

SK Telecom Announces 2Q 2019 Earnings Results

- Posts revenue of KRW 4.437 trillion, operating income of KRW 322.8 billion and net income of KRW 259.1 billion
 - A revenue turnaround achieved in mobile communications business backed by No. 1 market share in 5G, while operating income decreased due to marketing expenses and 5G network investment
 - Media, security and commerce businesses have taken root as the company's solid growth engines through the successful reorganization of the New ICT business portfolio
 - Expects more than 2 million 5G subscribers this year and reevaluation of enterprise value by expanding the New ICT business
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Seoul, Korea, August 2, 2019 - SK Telecom (NYSE:SKM) today announced its earnings for the second quarter of 2019 on a K-IFRS 1115 consolidated basis: revenue of KRW 4.437 trillion, operating income of KRW 322.8 billion, and net income of KRW 259.1 billion.

On a consolidated basis, SK Telecom's revenue and operating income increased by 2.4% and 0.1% respectively, quarter-on-quarter (QoQ). With a revenue turnaround in mobile communications business and sustained growth in media, security and commerce businesses, SK Telecom achieved improved earnings compared to the previous quarter.

Net income decreased by 30.7% QoQ due to decreased equity method gains from SK Hynix.

Since launching the world's first 5G smartphone service on April 3, 2019, SK Telecom has taken up the largest 5G market share in Korea by securing 530,000 5G subscribers as of the end of June 2019.

On a non-consolidated basis, revenue increased by 1.3% QoQ to KRW 2.848 trillion. Mobile service revenue achieved a turnaround after declining for seven consecutive quarters since 4Q 2017.

Backed by its customer value innovation programs consistently implemented since 2018, SK Telecom has achieved a low churn rate of 0.9% and added about 100,000 new subscribers in the second quarter of 2019.



On a non-consolidated basis, operating income in mobile communications business fell by 10.0% QoQ to KRW 275.2 billion affected by a 3.9% QoQ increase in marketing expenses and reflection of 5G license fees for the first time.

SK Telecom has been carrying out company-wide efforts to allow 5G subscribers to experience stable network and differentiated service benefits.

The company started the world's first 5G roaming service with Swisscom on July 17 and launched three innovative 5G AR and VR services to deliver immersive eSports broadcasting experience on July 26.

In the second half of this year, SK Telecom plans to build multiple 5G clusters – equipped with premium network quality and innovative services - in main areas across the nation to shift the competition paradigm of the telecommunications industry centered around 5G services.

The company expects the number of its 5G subscribers to surpass 2 million this year.

Media business sustained both quantitative and qualitative growth in the second quarter backed by the increase of IPTV and UHD subscribers. Its revenue increased by 15.2% year-on-year (YoY) and 2.1% QoQ to KRW 322.1 billion.

SK Telecom's media business is preparing for a giant leap in the second half of this year. The company will newly introduce a representative OTT service in Korea by integrating 'oksusu' and 'POOQ'. Also, SK Telecom will drive a merger between SK Broadband and t-broad, a Multiple System Operator (MSO), to create a 'Total Media Company' with more than 8 million subscribers.

In security business, revenue and operating income increased by 7.5% and 26.7% respectively compared to the previous quarter, backed by increased sales of ADT Caps' security products and expansion of SK Infosec's converged security platform business.

SK Telecom plans to achieve yearly revenue of KRW 1 trillion for the first time in its security business through services like T Map Parking and converged security services of ADT Caps and SK Infosec.

In commerce business, 11st and SK Stoa have recorded a surplus for two consecutive quarters through efforts to improve profitability. In the second half of this year, SK Telecom plans to maintain firm growth in commerce business by further expanding SK Pay that provides an online and offline integrated payment environment.

“SK Telecom will continue to maintain its market leadership in 5G,” said Yoon Poong-young, Chief Financial Officer of SK Telecom. “We expect our enterprise value to be reevaluated by continuously expanding New ICT business centered on media, security and commerce.”

▶ **< Attachment 1 > Summary of Consolidated Income Statement**
< Attachment 2 > Summary of Non-Consolidated Income Statement

※ The conference call in regard to SK Telecom’s 2Q 2019 earnings results can be heard via SK Telecom’s webpage on Friday, August 2, from 3:00 PM Seoul Time.

Link: http://cc.onoffjoin.com/webcast/skt/skt2019Q2_en.php

< Attachment 1 > Summary of Consolidated Income Statement (Unit: KRW billion)

Type	2Q 2019	1Q 2019	Change(QoQ)	2Q 2018	Change(YoY)
Revenue	4,437.0	4,334.9	2.4%	4,154.3	6.8%
Operating Income	322.8	322.6	0.1%	346.9	-6.9%
Net Income	259.1	373.6	-30.7%	914.3	-71.7%

< Attachment 2 > Summary of Non-Consolidated Income Statement (Unit: KRW billion)

Type	2Q 2019	1Q 2019	Change(QoQ)	2Q 2018	Change(YoY)
Revenue*	2,847.7	2,812.2	1.3%	2,941.8	3.2%
Operating Income	275.2	305.7	-10.0%	368.3	-25.3%
Net Income	162.0	644.0	-74.8%	219.8	-26.3%

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About SK Telecom

SK Telecom is the largest mobile operator in Korea with nearly 50 percent of the market share. As the pioneer of all generations of mobile networks, the company has commercialized the fifth generation (5G) network on December 1, 2018 and announced the first 5G smartphone



subscribers on April 3, 2019. With its world's best 5G, SK Telecom is set to realize the Age of Hyper-Innovation by transforming the way customers work, live and play.

Building on its strength in mobile services, the company is also creating unprecedented value in diverse ICT-related markets including media, security and commerce.