
SK Telecom Announces 3Q 2019 Earnings Results

- Posts revenue of KRW 4.561 trillion, operating income of KRW 302.1 billion and net income of KRW 274.4 billion
- Compared to the same period last year, mobile communications business revenue increased for the first time in eight quarters, while profit edged down due to expanded 5G investment
- Media, security and commerce businesses have driven the company's growth, accelerating its transformation into New ICT company
- "SK Telecom will position itself as global New ICT company through partnerships and cooperation."

Seoul, Korea, October 31, 2019 - SK Telecom (NYSE:SKM) today announced its earnings for the third quarter of 2019 on a K-IFRS 1115 consolidated basis: revenue of KRW 4.561 trillion, operating income of KRW 302.1 billion, and net income of KRW 274.4 billion.

On a consolidated basis, SK Telecom's revenue increased by 9.0% and operating income decreased by 0.7%, remaining similar to last year's figures. Net income increased by 5.9% compared to the previous quarter. In particular, mobile communications business revenue edged up by 0.1% year-on-year (YoY), representing an increase for the first time in eight quarters.

Backed by expanded 5G subscriber base, mobile communications business revenue grew by 0.1% YoY and 2.1% QoQ to stand at KRW 2.486 trillion. The number of SK Telecom's 5G subscribers exceeded 1.54 million as of the end of September 2019.

Affected by the consistent implementation of customer value innovation programs, the company achieved a low churn rate of 1.0% and ranked No.1 in the mobile communications category of Korean Customer Satisfaction Index 2019 for 22 consecutive years.

On a non-consolidated basis, operating income decreased by 18.6% YoY and 8.2% QoQ to KRW 252.8 billion due to expanded costs for 5G marketing and network investment.

For the third quarter, 45% of SK Telecom's consolidated revenue came from businesses other than the mobile communication business. This shows that the media, security and commerce businesses have become solid drivers of the company's growth and that SK Telecom is rapidly shifting itself from a mobile operator to New ICT company.



Media business is getting ready to take off as 'Total Media Service' based on strong growth of IPTV revenue. IPTV revenue for the third quarter increased by 14.0% YoY and 3.6% QoQ to KRW 333.7 billion.

In September 2019, SK Telecom has launched a new OTT media service named 'Wavve' by integrating 'oksusu' with 'POOQ,' and announced plans to secure 5 million paid subscribers by 2023 as well as its ambitions to enter into the global market. Moreover, it is promoting SK Broadband - t-broad merger, which is going through government approval processes.

SK Telecom's security business revenue rose by 3.0% to stand at KRW 306.0 billion affected by the growth of SK Infosec and ADT Caps. SK Infosec and ADT Caps are expanding their sales by continuously introducing diverse new IoT services.

Commerce business revenue recorded KRW 188.5 billion on the back of profitability-focused management of 11st and increased sales of SK Stoa. Operating income stood at KRW 1.5 billion, remaining in the black for three consecutive quarters.

Through successful restructuring of its business portfolio, in September 2019, SK Telecom has been listed on the Dow Jones Sustainability World Index for 12 years in a row, gaining recognition as a sustainable global company.

In addition, with the aim to expand its New ICT business, SK Telecom recently signed a strategic partnership and agreed to a KRW 300 billion stock swap transaction with Kakao. The two companies plan to cooperate in four areas namely mobile communications, commerce, digital content and future ICT.

"SK Telecom will position itself as global New ICT company through all-round cooperation with ICT industry players including Kakao," said Yoon Poong-young, Chief Financial Officer of SK Telecom.

▶ **< Attachment 1 > Summary of Consolidated Income Statement**

< Attachment 2 > Summary of Non-Consolidated Income Statement

※ The conference call in regard to SK Telecom's 3Q 2019 earnings results can be heard via SK Telecom's webpage on Thursday, October 31, from 3:00 PM Seoul Time.

Link: http://cc.onoffjoin.com/webcast/skt/skt2019Q3_en.php

< Attachment 1 > Summary of Consolidated Income Statement

(Unit: KRW billion)

Type	3Q 2019	2Q 2019	Change(QoQ)	3Q 2018	Change(YoY)
Revenue	4,561.2	4,437.0	2.8%	4,186.4	9.0%
Operating Income	302.1	322.8	-6.4%	304.1	-0.7%
Net Income	274.4	259.1	5.9%	1,049.8	-73.9%

< Attachment 2 > Summary of Non-Consolidated Income Statement

(Unit: KRW billion)

Type	3Q 2019	2Q 2019	Change(QoQ)	3Q 2018	Change(YoY)
Revenue*	2,911.5	2,847.7	2.2%	2,925.6	-0.5%
(Mobile communication business revenue)	2,486.4	2,435.8	2.1%	2,484.6	0.1%
Operating Income	252.8	275.2	-8.2%	310.6	-18.6%
Net Income	161.1	162.0	-0.6%	183.3	-12.1%

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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.

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