

SK Telecom Announces FY 2019 Results

- Posts revenue of 17.744 trillion, operating income of 1.110 trillion, and net income of KRW 861.9 billion
 - Achieved a record annual revenue led by new growth engine businesses including media and security
 - Expects to reach KRW 19.2 trillion of revenue in 2020 backed by strong growth of 5G and new businesses
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Seoul, South Korea, February 7, 2019 - SK Telecom (NYSE:SKM) today announced its earnings for the year 2019 on a K-IFRS consolidated basis: revenue of KRW 17.744 trillion, operating income of KRW 1.110 trillion, and net income of KRW 861.9 billion.

SK Telecom's revenue increased by 5.2% compared to the previous year, reaching a record yearly revenue in 2019. This comes as a result of sizable growth in its new business areas including media and security, along with its strengthened leadership in the mobile business through the world's first commercialization of 5G.

Operating income fell by 7.6% compared to the previous year affected by expanded investment in 5G network, which includes 5G spectrum license costs. Net income dropped by 72.5% due to factors including decreased equity method gains from SK Hynix.

On a non-consolidated basis, SK Telecom's annual revenue edged down 2.5% year-on-year (YoY) to KRW 11.416 trillion affected by the increased number of subscribers who choose contract-based mobile fee discounts. Revenue for year 2020 is expected to make a turnaround as mobile communication business revenue continues to expand since the second quarter of 2019 on the back of growing mobile data usage and 5G subscriber number.

SK Broadband's IPTV business revenue for 2019 increased 10.7% YoY to KRW 1.299 trillion affected by growth in premium subscribers and content consumption. It secured 5.19 million cumulative IPTV subscribers by adding 464,000 net subscribers in 2019.

SK Telecom's security business - ADT Caps and SK Infosec – posted an annual revenue of KRW 1.193 trillion representing a 17.4% YoY growth and annual operating income of KRW 153.5 billion reflecting a 21.9% increase from 2018. In 2019, ADT Caps strengthened its position in the dispatch security market and introduced new services that integrate physical and



information security with SK Infosec.

In commerce business, annual operating income of both 11st and SK Stoa turned to surplus backed by substantial business growth.

SK Telecom expects to reach a consolidated revenue of KRW 19.2 trillion this year based on improved performance of its mobile communication business driven by 5G market expansion, and solid growth of media, security and commerce businesses.

For its mobile communication business, the company plans to strengthen its 5G service competitiveness and launch services for enterprise customers through hyper-collaboration with diverse companies of both home and abroad. The number of SK Telecom's 5G subscribers recorded 2.08 million as of the end of 2019 and is expected to reach 6 to 7 million by the end of this year.

With the launch of the merged entity of SK Broadband and T-broad at the end of April 2020, SK Telecom's media business will further strengthen its position in the market with 8 million paid TV subscribers. Moreover, Wavve, an OTT platform jointly launched by SK Telecom and three Korean terrestrial broadcasters, plans to secure market competitiveness by focusing on strengthening its premium content lineup through the creation of original content.

SK Telecom plans to accelerate the growth of its security business by working closely with other ICT affiliates of SK to expand convergence security, unmanned parking and home security services, and launch new services built with advanced ICT.

Commerce business, which has achieved a turnaround despite intensified competition, will continue its stable growth this year by proactively responding to changes in the market. 11st aims to become an advanced commerce portal by securing differentiated product competitiveness through strategic partnerships and providing customers with an enhanced shopping experience.

SK Telecom also secured a solid foundation for growth of its new businesses. ONE store, a mobile app market in Korea, attracted external funding of KRW 100 billion, and the implied value of the company is KRW 500 billion. T1, an esports team, established a global esports joint venture by receiving an investment of USD 41 million.



“We have been strengthening our capabilities to become a global New ICT company,” said Yoon Poong-young, Chief Financial Officer of SK Telecom. “In 2020, SK Telecom will continue to increase its corporate value through improved performance of mobile communication business and sustained growth of new businesses.”

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

※ The conference call in regard to SK Telecom’s 2019 earnings results can be heard via SK Telecom’s webpage on Friday, February 7, from 11:00 AM Seoul Time.

Link: http://cc.onoffjoin.com/webcast/skt/skt2019Q4_en.php

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

Type	2019	2018	Change	Q4 2019	Q3 2019	Change
Revenue	17,743.7	16,874	5.2%	4,410.6	4,561.2	-3.3%
Operating Income	1,110	1,201.8	- 7.6%	162.5	302.1	- 46.2%
Net Income	861.9	3,132	- 72.5%	- 45.2	274.4	-

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

Type	2019	2018	Change	4Q 2019	3Q 2019	Change
Revenue	11,416.2	11,705.6	-2.5%	2,844.7	2,911.5	-2.3%
Operating Income	950.1	1,307.5	-27.3%	116.4	252.8	-54.0%
Net Income	980.3	933.9	5.0%	13.2	161.1	-91.8%

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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.