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SK Telecom Announces 3Q 2020 Earnings Results

- *For the third quarter of 2020, the company posts revenue of KRW 4.731 trillion, operating income of KRW 361.5 billion and net income of KRW 395.7 billion.*
- *The combined revenue and operating income of SKT's three key new businesses, namely media, security and commerce, have increased by 19% and 40%, respectively.*

Seoul, Korea, November 5, 2020 - SK Telecom (NYSE:SKM, hereinafter referred to as "SKT") today announced its earnings for the third quarter of 2020 on a K-IFRS consolidated basis: revenue of KRW 4.731 trillion, operating income of KRW 361.5 billion, and net income of KRW 395.7 billion.

Compared to the same period last year, SKT's revenue and operating income increased by 3.7% and 19.7%, respectively, backed by improved performance of its mobile communication business and steep growth of its new businesses. Net income grew by 44.2% affected by factors including increased equity method gains from SK Hynix.

SKT's new businesses, namely media, security and commerce, continued their strong growth, playing a role as the company's solid growth engine. The combined total revenue of these businesses have increased by 18.9% year-on-year (YoY) to KRW 1.527 trillion as they have each achieved a two-digit YoY growth in their revenues. The combined operating income of these three businesses have exceeded KRW 100 billion for the first time backed by a 40.3% YoY growth.

The media business posted KRW 966.8 billion in revenue, increasing by 20.3% YoY affected by the growth of the IPTV business and SK Broadband's merger with T-broad. By strengthening its contents, including latest movies, international TV series and kids contents, and reorganizing its services to meet the needs of mobile customers, SK Broadband secured a total of 8.5 million paid IPTV subscribers as of the end of September after adding 129,000 subscribers in the third quarter.

The company's security business - ADT Caps and SK Infosec – posted a quarterly revenue of KRW 353.3 billion, representing a 15.5% YoY increase. ADT Caps and SK Infosec plan to accelerate growth by expanding services fit for the current non-contact trend such as AI face



recognition temperature screening and walk-through access security solutions, along with security solutions business based on the latest ICT, including cloud and convergence security.

The commerce business - 11st and SK Stoa - reported KRW 206.6 billion in revenue for the third quarter, expanding by 18.7% YoY. SK Stoa's revenue grew by 47.7% YoY, vaulting the company to No.1 position in the T-commerce market. 11st achieved both revenue and operating profit growth by responding proactively to the non-face-to-face consumption trend through strengthened live commerce and expanded same-day delivery shopping service.

SKT is redoubling efforts to secure new growth engines for the post-COVID-19 era. The mobile app market One Store has been proving its corporate value and growth potential by successfully attracting both apps and users. One Store plans to speed up its preparations for an initial public offering (IPO) next year.

In addition, SKT will promote mobility as its fifth key business by establishing a specialized mobility company based on T Map, Korea's largest mobility platform. The new mobility company will focus on T Map-based platform business in areas of parking and advertising; all-in-one Mobility as a Service (MaaS) that offers diverse means of transportation through subscription; and taxi-hailing service with its strategic partner Uber.

SK Telecom's revenue for its mobile communication business increased by 1.0% YoY to KRW 2.941 trillion. Despite decreased sales caused by the termination of its 2G service and prolonged impact of the COVID-19 pandemic, SKT has become a solid leader in the 5G market with 4.26 million 5G subscribers as of September-end and No.1 ranking in all three major customer satisfaction surveys in Korea, thanks to its efforts to enhance 5G network quality and expand customer-oriented services.

In particular, SKT is making swift moves to create an innovative customer experience in the new era of non-face-to-face. It has launched non-face-to-face online to offline (O2O) services including an instant delivery service; released 'V Coloring,' a subscription-based video ringback tone service; and opened T Factory, a facility that best showcases its vision and innovations. Going forward, SKT plans to further solidify its market leadership by offering a differentiated customer experience.

"Our efforts to enhance corporate value are turning into meaningful and tangible results," said Yoon Poong-young, CFO of SKT. "We will secure growth engines based on our five major



businesses, while further solidifying our leadership in 5G to turn into a leading company in ICT.”

▶ < Attachment 1 > Summary of Consolidated Income Statement

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

※ The conference call in regard to SK Telecom’s 2020 3Q earnings results can be heard via SK Telecom’s webpage on Thursday, November 5, from 4:30 PM Seoul Time.

Link: http://cc.onoffjoin.com/webcast/skt/skt2020Q3_en.php

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

Type	3Q 2020	3Q 2019	Change(YoY)	2Q 2020	Change(QoQ)
Revenue	4,730.8	4,561.2	3.7%	4,602.8	2.8%
Operating Income	361.5	302.1	19.7%	359.5	0.6%
Net Income	395.7	274.4	44.2%	432.2	-8.4%

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

Type	3Q 2020	3Q 2019	Change(YoY)	2Q 2020	Change(QoQ)
Revenue	2,940.6	2,911.5	1.0%	2,939.8	0.0%
Operating Income	264.1	252.8	4.5%	270.3	-2.3%
Net Income	158.4	161.1	-1.7%	168.6	-6.1%

<Attachment 3> Revenue per Business

(Unit: KRW billion)

Type	3Q 2020	3Q 2019	Change(YoY)	2Q 2020	Change(QoQ)
Mobile Communication	2,940.6	2,911.5	1.0%	2,939.8	0.0%
Media	966.8	803.5	20.3%	918.4	5.3%
Security	353.3	306.0	15.5%	323.0	9.4%
Commerce	206.6	174.0	18.7%	192.6	7.3%

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About SK Telecom

SK Telecom is Korea’s leading ICT company, driving innovations in the areas of mobile



communications, media, security, commerce and mobility. Armed with cutting-edge ICT including AI and 5G, the company is ushering in a new level of convergence to deliver unprecedented value to customers. As the global 5G pioneer, SK Telecom is committed to realizing the full potential of 5G through ground-breaking services that can improve people's lives, transform businesses, and lead to a better society.

SK Telecom boasts unrivaled leadership in the Korean mobile market with over 30 million subscribers, which account for nearly 50 percent of the market. The company now has 48 ICT subsidiaries and annual revenues approaching KRW 17.7 trillion.

For more information, please contact skt_press@sk.com or visit our LinkedIn page www.linkedin.com/company/sk-telecom.