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SK Telecom Announces 1Q 2021 Earnings Results

- *The company posts revenue of KRW 4.781 trillion, operating income of KRW 388.8 billion, and net income of KRW 572.0 billion.*
- *Compared to the same period last year, the revenues of Media, Safety & Care and Commerce businesses increased by 17.6%, 20.3% and 7%, respectively.*
- *The company catered to diverse needs of customers by launching new 5G price plans and subscription-based services in areas including education and rental.*

Seoul, Korea, May 11, 2021 – SK Telecom (NYSE:SKM, hereinafter referred to as “SKT”) today announced its earnings for the first quarter of 2021 on a K-IFRS consolidated basis: revenue of KRW 4.781 trillion, operating income of KRW 388.8 billion, and net income of KRW 572.0 billion.

Compared to the same period last year, SKT’s consolidated revenue and operating income increased by 7.4% and 29%, respectively, backed by the growth of its New ICT businesses including Media, Safety & Care (formerly Security) and Commerce.

The combined total revenue of SKT’s New ICT Businesses has increased by 16.7% year-on-year (YoY) to KRW 1.521 trillion, taking up 31.8% of SKT’s total revenue for the first quarter. Their combined total operating income expanded by 64.1% YoY to KRW 103.4 billion.

Net income grew by 86.9% YoY affected by factors including increased equity method gains from SK Hynix.

The Media business achieved remarkable growth in both revenue and operating income affected by the growth of the IPTV business and SK Broadband’s merger with T-broad. Its revenue increased by 17.6% YoY to KRW 967.0 billion and the operating income surged by 98.8% to KRW 75.4 billion.

To strengthen the media business value chain including content, channel and platform, SK Broadband established a Multiple Program Provider named MediaS in January 2021 and began offering services in April 2021. Through collaboration with Kakao Entertainment and SM C&C, 70% of all programs being provided by ChannelsS, the entertainment channel of MediaS, are exclusive original content.



Wavve is making constant efforts to strengthen the competitiveness of its original content. It has recently recruited Lee Chan-ho, a renowned producer who created popular television series like Misaeng: Incomplete Life, Guardian: The Lonely and Great God, and Stranger as its Chief Content Officer (CCO).

The Safety & Care business - ADT Caps - achieved tangible results. Its revenue rose by 20.3% to reach KRW 350.5 billion, while the operating income increased by 9.4% to KRW 27.8 billion. Building on its solid growth in the existing security market, ADT Caps plans to develop more business models in home security, convergence security and cloud security by fully leveraging its technological capabilities.

The Commerce business – 11st and SK Stoa – reported KRW 203.7 billion in revenue for the first quarter, expanding by 7% YoY. It achieved both revenue and operating income growth compared to the same period last year despite intensified competition in the market driven by the increased non-face-to-face consumption.

11st is driving rapid progress in ecommerce fulfillment, offering next-day shipping to its customers, and is expanding its collaborations with major overseas and domestic brands.

T Map Mobility, which received an investment from Uber last year, is now worth KRW 1.4 trillion as it successfully attracts an additional investment of KRW 400 billion from financial investors. UT, a joint venture between T Map Mobility and Uber, plans to strengthen consumer choice and help drivers attract more users.

Achieving GMV growth for 11 straight quarters, One Store will strengthen its position as the leading local app market and offer a rich variety of content by securing Korean content IPs through the establishment of a joint venture with Yes24.

The MNO business revenue increased by 1.9% YoY to KRW 2.981 trillion. The company's 5G service, which recently marked its two-year anniversary, has further solidified its No.1 position in the Korean market by attracting a total of 6.74 million subscribers as of the end of 1Q 2021.

In the first quarter, SKT has made diverse efforts to meet customers' varying needs. It has released new 5G price plans and introduced an online exclusive price plan (Untact Plan).

The company is also developing subscription-based services in areas close to customers' daily lives such as education, rental and food & beverage through diverse partnerships. Along



with a new marketing platform, it plans to launch integrated subscription services that provide optimal offerings at reasonable prices along with a new marketing platform.

Moreover, to further improve its fixed and wireless telecommunication infrastructure, SKT is planning a capital expenditure (CAPEX) that is similar to that of last year. It is making multifaceted efforts to attain the goal of nationwide 5G service coverage in an earlier manner.

Following its April announcement of plans for a horizontal spin-off, SKT has been making continuous efforts to increase shareholder value. The company has cancelled 8,685,568 shares (worth KRW 2.6 trillion based on the closing price of its stock on May 3, 2021), which is equivalent to around 10.8% of the total number of issued shares.

The company plans to complete the spin-off within this year after going through all needed procedures, including a decision by the board of directors and a general meeting of shareholders. Through the spin-off, the surviving company and the spin-off company will both secure an optimal structure for their respective business areas - i.e. fixed/wireless telecommunication and New ICT - and speed up their pace of future growth.

“Best efforts will be made to complete the board of directors’ decision-making process for the horizontal spin-off within the first half of this year,” said Yoon Poong-young, CFO of SKT. “We will accelerate the growth of our New ICT subsidiaries and maximize shareholder value.”

※ The conference call in regard to SK Telecom’s 1Q 2021 earnings results can be heard via SK Telecom’s webpage on Tuesday, May 11, from 16:30 Seoul Time.

Link: <http://cast.emodoom.com/webcasting/202104085241201/EN>

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

Type	1Q 2021	1Q 2021	YoY	4Q 2020	QoQ
Revenue	4,780.5	4,450.6	7.4%	4,839.3	-1.2%
Operating Income	388.8	301.3	29.0%	331.1	17.4%
Net Income	572.0	306.0	86.9%	371.0	54.2%

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

Type	1Q 2021	1Q 2020	YoY	4Q 2020	QoQ
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Revenue	2,980.7	2,924.5	1.9%	2,938.4	1.4%
Operating Income	307.3	258.3	19.0%	230.9	33.1%
Net Income	466.0	404.8	15.1%	30.0	1453.3%

<Attachment 3> Revenue per Business (Unit: KRW billion)

Type	1Q 2021	1Q 2020	YoY	4Q 2020	QoQ
MNO	2,980.7	2,924.5	1.9%	2,938.4	1.4%
Media	967.0	822.1	17.6%	1,008.4	-4.1%
Safety & Care	350.5	291.4	20.3%	370.9	-5.5%
Commerce	203.7	190.3	7.0%	224.7	-9.3%

About SK Telecom

SK Telecom (NYSE:SKM) 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, SKT 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.

SKT 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 49 ICT subsidiaries and annual revenues approaching KRW 18.6 trillion.

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