

SK Telecom Announces 2Q 2023 Earnings Results

- *On a consolidated basis, SKT posts revenue of KRW 4.306 trillion, operating income of KRW 463.4 billion, and net income of KRW 347.8 billion.*
- *SKT actively joins hands with global partners, while making efforts to strengthen its capabilities.*
- *SKT continues to achieve growth in new business areas, including Enterprise, Media, and AIVERSE, while further solidifying its leadership in the mobile telecommunications market.*
- *SKT implements ESG management by executing shareholder return policies to enhance corporate value and shareholder value.*

Seoul, Korea, August 8, 2023 – SK Telecom (NYSE:SKM, “SKT”) today announced its earnings for the second quarter of 2023 on a K-IFRS consolidated basis: revenue of KRW 4.306 trillion, operating income of KRW 463.4 billion, and net income of KRW 347.8 billion.

Compared to the same period last year, SKT’s consolidated revenue and operating income increased by 0.4% and 0.8%, respectively, as it continued to achieve growth in its key businesses. The revenue of its data center business increased by more than 30% year-on-year (YoY) and its Cloud business revenue expanded by more than 60% YoY.

On a non-consolidated basis, SKT posted revenue of KRW 3.119 trillion, operating income of KRW 379.1 billion, and net income of KRW 272.8 billion.

SK Broadband’s revenue increased by 3.4% YoY to KRW 1.068 trillion and its operating income edged up by 5.8% YoY to KRW 82.7 billion.

Recently, SKT, Deutsche Telekom, e& and Singtel have formed the Global Telco AI Alliance and agreed to co-develop the Telco AI Platform, which will serve as the core foundation for new AI services, by combining their capabilities.

In collaboration with Microsoft, the company added ‘Chat T’ to its AI service ‘A.’, using the ChatGPT model of Microsoft’s Azure OpenAI service. Through interactions with ‘Chat T’, users can engage in rich conversations and receive informative responses beyond simple answers.



Moreover, SKT further enhanced its own Large Language Model (LLM) to facilitate multi-turn dialogue for users. The upgraded model can understand the context of a conversation and grasp complex intentions, resulting in a more logical and useful conversation.

The Enterprise business achieved remarkable revenue growth, with a YoY increase of over 9.2% YoY to KRW 407.1 billion. The data center business revenue increased by more than 30% YoY backed by the high utilization rate of new data centers and the establishment of a second center in Bundang. SKT is also preparing to open new data centers. The cloud service business revenue expanded by more than 60% YoY driven by orders from game companies and financial institutions, and is expected to grow further with the expansion of AI services and the hybrid cloud market.

The Media business revenue grew by 1.2% YoY to KRW 386.5 billion. The growth was mainly driven by the high-quality media assets such as TEAM studio and Btv.

In June 2023, SKT invested USD 100 million in Joby Aviation to acquire approximately 2 percent stake of the company. Furthermore, SKT is leading the Urban Air Mobility (UAM) industry by conducting research and development in the UAM field, and taking an active part in projects aimed at creating a UAM ecosystem in Korea.

SKT's metaverse platform 'ifland' is gaining traction in the global market, with 30% of its Monthly Active Users (MAU) coming from overseas in the second quarter. Since a metaverse social media feature called 'if home' was released in May 2023, a total of 400,000 if homes were created as of the end of July. The company's subscription service 'T Universe' has surpassed 2 million MAU in the same quarter backed by powerful partnerships including the one with YouTube Premium.

SKT is sustaining strong leadership in the fixed and mobile telecommunications market by generating business synergy with SK Broadband. As of the end of the second quarter, SKT had a total of 14.67 million 5G subscribers, and SK Broadband secured a total of 9.46 million pay TV subscribers and 6.81 broadband subscribers.

SKT made efforts to expand customers' options by introducing a total of 25 new price plans in the first half of this year. Particularly, the '0 Youth Plan,' which offers increased data and special benefits for customers aged between 19 and 34, has been chosen by 70% of those who newly subscribe to SKT's service, change their devices, or change their price plans. In addition, the 'Family Roaming' service, unveiled ahead of the June vacation season, has benefited 30,000 households, or 70,000 individuals, within just one month since its launch.

In July 2023, SKT decided to purchase treasury shares worth KRW 300 billion and cancel KRW 200 billion worth of shares, which is equivalent to around 2% of the total number of issued shares (as of the date of announcement of cancellation of treasury shares). The company continues to pay out quarterly dividends, confirming a dividend of KRW 830 per share for the second quarter of 2023.

SKT is actively pursuing various shareholder return policies to enhance corporate and shareholder value, and will continue to implement ESG management through advanced shareholder return policies.

“Based on our strong performance, we will strengthen our capabilities and promote partnerships to shape into an AI company that leads the global AI market,” said Kim Jin-won, CFO of SKT. “We will make best efforts so that our transformation into an AI company leads to the maximization of corporate and shareholder value.”

※ Attachment 1. Summary of Consolidated Income Statement (Unit: KRW billion)

Type	23.2Q	22.2Q	YoY	23.1Q	QoQ
Revenue	4,306.4	4,289.9	0.4%	4,372.2	△1.5%
Operating Income	463.4	459.6	0.8%	494.8	△6.4%
Net Income	347.8	258.1	34.8%	302.5	15%

※ Attachment 2. Summary of Non-Consolidated Income Statement (Unit: KRW billion)

Type	23.2Q	22.2Q	YoY	23.1Q	QoQ
Revenue	3,119.2	3,118.2	0.0%	3,117.3	0.1%
Operating Income	379.1	380.9	△0.5%	415.7	△8.8%
Net Income	272.8	224.5	21.5%	422.2	△35.4%



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About SK Telecom

SK Telecom has been leading the growth of the mobile industry since 1984. Now, it is taking customer experience to new heights by extending beyond connectivity. By placing AI at the core of its business, SK Telecom is rapidly transforming into an AI company. It is focusing on driving innovations in areas of telecommunications, media, AI, metaverse, cloud and connected intelligence to deliver greater value for both individuals and enterprises.

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