Mobile Convergence Service

November, 2009
Contents

Ⅰ. Introduction
  - Overview of Korean Wireless Market
  - SK ICT Companies
  - SKT Financial Highlights

Ⅱ. Convergence Services

Ⅲ. Implication
Overview of Korean Wireless Market

Wireless data market maintains steady growth despite market saturation

Mobile Telecommunications Market Trend

('000s)

Wireless Data Market Trend

($ million, 1$=1400KRW)

Source: Company Release data from SKT, LGT & KTF

Total subscribers

WCDMA subscribers

Source: MIC, NSO
3 operators are competing with innovative services and SK Telecom is leading the market.
SK ICT Companies

SK has 34 ICT Companies including SK Telecom, SK Broadband and SK C&C.
SKT Financial Highlights

**SK Telecom continues show robust financial performance and sound financial structure**

### Revenue, EBITDA & Net Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Revenue (KRW Bn)</th>
<th>EBITDA (KRW Bn)</th>
<th>Net Income (KRW Bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>9,520</td>
<td>4,693</td>
<td>1,943</td>
</tr>
<tr>
<td>2004</td>
<td>9,704</td>
<td>4,059</td>
<td>1,495</td>
</tr>
<tr>
<td>2005</td>
<td>10,161</td>
<td>4,279</td>
<td>1,871</td>
</tr>
<tr>
<td>2006</td>
<td>10,651</td>
<td>4,232</td>
<td>1,447</td>
</tr>
<tr>
<td>2007</td>
<td>11,286</td>
<td>4,024</td>
<td>1,642</td>
</tr>
</tbody>
</table>

### Assets & Debt-Equity Ratio

<table>
<thead>
<tr>
<th>Year</th>
<th>Assets (KRW Bn)</th>
<th>Debt/Equity Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>13,376</td>
<td>73%</td>
</tr>
<tr>
<td>2004</td>
<td>14,02</td>
<td>53%</td>
</tr>
<tr>
<td>2005</td>
<td>14,460</td>
<td>38%</td>
</tr>
<tr>
<td>2006</td>
<td>15,814</td>
<td>32%</td>
</tr>
<tr>
<td>2007</td>
<td>18,143</td>
<td>25%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Year</th>
<th>CapEx (KRW Bn)</th>
<th>CapEx/Revenue Ratio</th>
</tr>
</thead>
<tbody>
<tr>
<td>2003</td>
<td>1,696</td>
<td>17.8%</td>
</tr>
<tr>
<td>2004</td>
<td>1,607</td>
<td>16.6%</td>
</tr>
<tr>
<td>2005</td>
<td>1,466</td>
<td>14.4%</td>
</tr>
<tr>
<td>2006</td>
<td>1,518</td>
<td>14.3%</td>
</tr>
<tr>
<td>2007</td>
<td>1,855</td>
<td>16.4%</td>
</tr>
</tbody>
</table>

Source: Company Data

Note 1) EBITDA : Operating Income + Depreciation (including R&D related depreciation)

Note 2) Debt/Equity Ratio : Interest-bearing financial debt/Shareholder’s Equity
Contents

I. Introduction

II. Convergence Services
- Service Evolution Overview
- Mobile Multimedia Portal: June
- Mobile Internet Portal: NATE
- Music Portal: MelOn
- Game Portal: GXG
- Mobile Finance: MONETA
- Telematics: Nate Drive
- SNS Service: CyWorld
- Video Telephony
- Gifticon
- Mobile TV: TU
- IPTV
- Wireless Internet Access: T-LOGIN
- Korea Smart Grid

III. Implication
SK Telecom has been leading the market by developing new mobile technologies and rolling out innovative mobile multimedia services.

Service Evolution Overview

The World’s First Segmentation Culture Marketing (Telecom Field)

Entry of 3 New Service Providers

Operating Income

Network Evolution

CDMA 2000 1x

CDMA

CDMA

EVDO

WCDMA

WiMAX

HSDPA
SKT’s Convergence Services

Convergence business models connected with diverse industries

Convergence Services on Your Palm

Mobile + Fixed
Online Portal, Messenger, SNS with Mobile Interface

Comm. + FINANCE
Mobile Banking, Stock Trading, etc.

Comm. + Broadcasting
Broadcasting via Mobile & Fixed N/W

Comm. + COMMERCE
e-Commerce via Mobile Phone & Messenger

Comm. + ENTERTAINMENT
Ubiquitous Music, Game via Multi-Devices

Comm. + TRANSPORTATION
Location-based Contents via Mobile Phones

MAP
June is SK Telecom’s CDMA 1xEV-DO/WCDMA network-based wireless Internet portal which offers premium multimedia oriented contents, such as VOD & MOD.
Mobile Internet Portal: NATE

Approximately 103,000 contents from over 900 Content Providers are being offered on the NATE Portal, which is SK Telecom’s CDMA 1x/EVDO, WCDMA network-based wireless internet portal.
MelOn is a rental-based music portal service that lets users enjoy their favorite songs ubiquitously via mobile handset, PC and MP3 player. The World First Ubiquitous Music Portal Service.

- **Multimedia Music Service**
  - Web Magazine, Karaoke, Music Video, e-Language, Broadcasting Service

- **“Rental-based” Flat Rate**
  - Monthly flat rate($ 5) for unlimited music service
  - SKT’s DRM Protection

- **COLORING**
GXG allows game manias to experience the extreme 3D games through total entertainment devices in mobile network.

GIGA Game Phone

Popular PC, arcade & console games enjoyed any time, any where via mobile phone!

Multimedia Game Service
- Puzzle/Board
- Arcade
- Action RPG
- Simulation Game
- Shooting/Action
- Gambling

Game Publishing
Over 60 Popular 3D Online/Video Games Currently Available

Launched in April 2005
MONETA provides mobile banking, credit card, stock trading, ID card, mobile payment service through mobile handset with IC chip.

- Commercial service launched on Nov 2002
- Mobile banking service launched on Mar 2004
- Alliance: 6 major credit card companies, VISA, Mater Card equipped
Telematics: NATE Drive

NATE Drive is a mobile handset-based navigation service that guides drivers to their destination via the fastest route using real time traffic information.

Personalized Navigation Service

- Finds the fastest route based on real time traffic information: traffic jam, accidents etc.
- Voice-activated navigation
- Launched in Mar 2002
- Launched Telematics Service in Jeju island (Dec 2004)
Cyworld is a personal media networking service that provides users with template-based homepage services and ways to link them to the users’ network of friends and acquaintances.

**Personalized Mini-Hompage**

- Launched in 1999
- Registered Users: 20+ Million
- 90% of population in 24~29 age use Cyworld

**Mobile CyWorld**
- User: + 1 Million
SK Telecom differentiates its Video Telephony from competitors by providing diverse value-added services.
Gifticon, combining features of mobile, online and offline services, attracted 2.5 million users and posted $6 mil. in revenue in 2007.

- Offers over 100 products of 33 partner companies
- Partners: Starbucks, Baskin Robins, Mr. Pizza, Burger King, TGIF, etc
Satellite DMB is a multimedia mobile broadcasting service provided via handset and it will be converged with mobile Internet services.
IPTV can deliver interactive multimedia services such as real-time Broadcasting, VoD, gaming, T-commerce through high speed internet network.
Wireless Internet Access: T-Login

T-Login service is a brand name for the wireless internet access with EV-DO/WCDMA and WiMAX modem which enables web surfing and multimedia services.

- **WiMAX Modem (PCMCIA)**
- **HSDPA/EVDO Dual-Mode**
- **WiMAX/HSDPA Dual-Mode**
- **Smart-phone PDA Phone PMP**
- **Handheld PC with WiMAX**
- **Multimedia Devices**

**T-Login Main Features**

- Internet Access S/W, SMS Transfer, Automatic S/W Upgrade Function
- HSDPA/HSUPA/EV-DO/WiMAX International Roaming Service
- Connected to Portable Devices like PMP (Portable Media Player), PSP, PDA, Digital Camera, etc.
Korea Smart Grid : Jeju Testbed

After Jeju testbed will be installed, the integrated test of Smart Grid will be performed. Henceforth, SKT smart grid will be scheduled to expand into nationwide scale and propel global expansion.

**Testbed Overview**

- **Vision**: Promoting the commercialization and the export industrialization of Smart Grid Tech.
- **Concept**

**Objective**

- **R&D output**
  - Interface between output of power IT & grid
  - Interface renewable energy (solar, wind)
- **Smart Grid Demo.**
  - Charging infra of PHEV, Power storage
  - Installing AMI & consumer energy saving device

**Consortium Industry**

<table>
<thead>
<tr>
<th>Classification</th>
<th>Consortium Industry</th>
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<tbody>
<tr>
<td>Smart Residence</td>
<td>3~5 Consortium : Telco, Appliance, Construction</td>
</tr>
<tr>
<td>Smart Transportation</td>
<td>2~3 Consortium : Battery, Automobile, Telco</td>
</tr>
<tr>
<td>Smart Renewable</td>
<td>2~3 Consortium : Renewable generation, Battery</td>
</tr>
</tbody>
</table>

**Participation Process**

- **Biz Plan** (~'09.8)
- **Select consortium** (~'09.11)
- **Testbed startup** (~'09.12)

**Consortium Selection Method**

- Government budget + private capital : selected by high score order after evaluating proposal
- Private capital only : separate deliberation

**Region**: Jeju Gujwa-eup, 7,500 Households
**Period**: '08.12~'13.12 (Phase I: '09~'11, Phase II: '12~'13 years)
**Biz Area**: Smart Residence, Smart Transportation, etc
**Budget (Government)**: 58 billion won ± α
**Target**: Installing the largest & cutting edge testbed in the world until 2011

**Carbon Free Island, Carbon Free Island, Carbon Free Island, Carbon Free Island**
SKT believes that SK Group can deliver the comprehensive smart grid solution throughout the whole value chain. Smart Grid.

Emerging Biz Opportunity

- ElectriNet Biz
  - M2M Communication Biz

- ESM (Energy Saving Management) Biz
  - Providing energy management service to save power thru leveraging ICT & Home R&C
    ➔ Platform Biz

- EM (Energy Marketplace) Biz
  - During the paradigm shift from centralized to distributed energy structure, Biz opportunity is emerging
    - Renewable / Battery Power Sales Biz
    ➔ Platform Biz

- V2G (Vehicle to Grid) Biz
  - EV Mobile Energy Resource Management Biz
Contents

Ⅰ. Introduction

Ⅱ. Convergence Services

Ⅲ. Implication
Biz convergence between industries will be accelerated by the interaction of 4 key drivers:

- Convenience & High quality
- Personalization
- Deregulation
- Fostering strategic industries

Implications: Acceleration of Biz Convergence

- Customer
  - Convenience & High quality
  - Personalization
  - Maturing market
  - Seek new growth momentum

- Business
  - Cross-Industry
    - ICT + Auto/Finance/Distribution...
  - Intra-ICT Industry
  - Intra-Comm.
  - Mobile
    - Voice
    - Data
    - Fixed+Mobile

- Regulation
  - Deregulation
  - Fostering strategic industries
    - Broadband network
    - Multi-functional high performance device

- Technology
  - Digital Innovation
  - Business Technology
  - Intra-Comm.
  - Mobile
Thank You!