

SK TELECOM CO LTD
Form 6-K
June 13, 2014
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934
FOR THE MONTH OF JUNE 2014
COMMISSION FILE NUMBER 333-04906

SK Telecom Co., Ltd.

(Translation of registrant's name into English)

Euljiro65(Euljiro2-ga), Jung-gu

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Seoul 100-999, Korea

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Note: Regulation S-T Rule 101(b)(1) only permits the submission in paper of a Form 6-K if submitted solely to provide an attached annual report to security holders.

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Note: Regulation S-T Rule 101(b)(7) only permits the submission in paper of a Form 6-K if submission to furnish a report or other document that the registration foreign private issuer must furnish and make public under the laws of the jurisdiction in which the registrant is incorporated, domiciled or legally organized (the registrant's home country), or under the rules of the home country exchange on which the registrant's securities are traded, as long as the report or other document is not a press release, is not required to be and has not been distributed to the registrant's security holders, and if discussing a material event, has already been the subject of a Form 6-K submission or other Commission filing on EDGAR.

Indicate by check mark whether by furnishing the information contained in this Form, the registrant is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes No

If Yes is marked, indicate below the file number assigned to the Registrant in connection with Rule 12g3-2(b): 82-

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QUARTERLY BUSINESS REPORT

(From January 1, 2014 to March 31, 2014)

THIS IS A SUMMARY OF THE QUARTERLY BUSINESS REPORT ORIGINALLY PREPARED IN KOREAN AND IS IN SUCH FORM AS REQUIRED BY THE KOREAN FINANCIAL SERVICES COMMISSION.

IN THE TRANSLATION PROCESS, SOME PARTS OF THE REPORT WERE REFORMATTED, REARRANGED OR SUMMARIZED FOR THE CONVENIENCE OF READERS.

ALL REFERENCES TO THE COMPANY, WE, US, OR OUR SHALL MEAN SK TELECOM CO., LTD. AND, UNLESS THE CONTEXT OTHERWISE REQUIRES, ITS CONSOLIDATED SUBSIDIARIES. REFERENCES TO SK TELECOM SHALL MEAN SK TELECOM CO., LTD., BUT SHALL NOT INCLUDE ITS CONSOLIDATED SUBSIDIARIES.

UNLESS EXPRESSLY STATED OTHERWISE, ALL INFORMATION CONTAINED HEREIN IS PRESENTED ON A CONSOLIDATED BASIS IN ACCORDANCE WITH THE INTERNATIONAL FINANCIAL REPORTING STANDARDS ADOPTED FOR USE IN KOREA (K-IFRS) WHICH DIFFER IN CERTAIN RESPECTS FROM GENERALLY ACCEPTED ACCOUNTING PRINCIPLES IN CERTAIN OTHER COUNTRIES, INCLUDING THE UNITED STATES. WE HAVE MADE NO ATTEMPT TO IDENTIFY OR QUANTIFY THE IMPACT OF THESE DIFFERENCES.

Table of Contents**I. COMPANY OVERVIEW****1. Company Overview**

Starting in the first quarter of 2011, the Company prepares and reports its financial statements under K-IFRS. The transition date of the Company and its consolidated subsidiaries to K-IFRS is January 1, 2010 and the adoption date is January 1, 2011. The Company's annual business report for the three months ended March 31, 2014 includes the following consolidated subsidiaries:

Name	Date of Establishment	Principal Business	Total Assets as of Dec. 31, 2013 (millions of Won)	Material Subsidiary*
SK Telink Co., Ltd.	Apr. 9, 1998	Telecommunication services and satellite broadcasting services	252,475	Material
M&Service Co., Ltd.	Feb. 10, 2000	Online information services	68,587	Material
SK Communications Co., Ltd.	Sep. 19, 1996	Internet portal and other Internet information services	205,792	Material
Stonebridge Cinema Fund	Sep. 30, 2005	Investment partnership	11,974	
Commerce Planet Co., Ltd.	Jul. 1, 1997	Online shopping mall operation services	26,237	
SK Broadband Co., Ltd.	Sep. 26, 1997	Fixed-line telecommunication services, multimedia and IPTV services	3,044,349	Material
K-net Culture and Contents Venture Fund	Nov. 24, 2008	Investment partnership	16,181	
Hwaitec Focus Investment Partnership 2	Dec. 12, 2008	Investment partnership	21,446	
Open Innovation Fund	Dec. 22, 2008	Investment partnership	27,996	
PS&Marketing Co., Ltd.	Apr. 3, 2009	Sale of telecommunication devices	277,300	Material
Service Ace Co., Ltd.	Jul. 1, 2010	Customer center management services	56,276	Material
Service Top Co., Ltd.	Jul. 1, 2010	Customer center management services	48,369	
Network O&S Co., Ltd.	Jul. 1, 2010	Network maintenance services	56,677	Material
BNCP Co., Ltd.	Dec. 7, 2009	Internet services	12,108	
SK Planet Co., Ltd.	Oct. 1, 2011	Telecommunication and platform services	2,528,054	Material
SK Planet Japan, K.K.	Mar. 14, 2012	Digital contents sourcing services	1,793	
SK Planet Global PTE, LTD.	Aug. 4, 2012	Digital contents sourcing services	697	
SK Planet America LLC	Jan. 27, 2012	Digital contents sourcing services	22,399	
SKP Global Holdings PTE, LTD.	Aug. 10, 2012	Holding company for overseas commerce	20,713	
SK Global Healthcare Business Group, Ltd.	Sep. 14, 2012	Investment	27,625	
Technology Innovation Partners, L.P.	Jun. 24, 2011	Investment	23,759	
SK Telecom China Fund I L.P.	Sep. 14, 2011	Investment	3,166	
SK Telecom China Holdings Co., Ltd.	Jul. 12, 2007	Investment	36,261	
Shenzhen E-eye High Tech Co., Ltd.	Apr. 1, 2000	Telematics manufacturing	17,894	

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Name	Date of Establishment	Principal Business	Total Assets as of Dec. 31, 2013 (millions of Won)	Material Subsidiary*
SKT Vietnam PTE., Ltd.	Apr. 5, 2000	Telecommunication services	11,773	
SKT Americas, Inc.	Dec. 29, 1995	Information collection and management consulting services	33,876	
YTK Investment Ltd.	Jul. 1, 2010	Investment	42,118	
Atlas Investment	Jun. 24, 2011	Investment	40,218	

* Material Subsidiary means a subsidiary with total assets of Won 50 billion or more as of the end of the latest fiscal year.

A. Corporate Legal Business Name: SK Telecom Co., Ltd.**B. Date of Incorporation: March 29, 1984****C. Location of Headquarters**

(1) Address: 65 Euljiro, Jung-gu, Seoul, Korea

(2) Phone: +82-2-6100-2114

(3) Website: <http://www.sktelecom.com>

D. Major Businesses**(1) Wireless business**

The Company provides wireless telecommunications services, characterized by its competitive strengths in handheld devices, affordable pricing, network coverage and an extensive contents library. Since the introduction of services employing LTE technology in July 2011, the telecommunications market for such services has grown as demand for fast data transfer speeds and differentiated services has increased. Having reached one million subscribers by January 2012 and over 10 million subscribers by April 2013, the Company has solidified its leadership position in LTE services as it has done with its 3G services. In June 2013, the Company became the first telecommunications service provider in the world to provide commercial LTE-Advanced (LTE-A) services using carrier aggregation technology. In September 2013, beginning with the Seoul area, the Company also began offering wideband LTE service, which utilizes the 1.8 GHz band to enhance the customer experience of new and existing LTE customers. The Company plans to increase profitability by adaptively strengthening its fundamental competitive basis for customer retention to the age of large data. In order to transition to a competitive model based on differentiated customer experiences of products and services, the Company will pioneer information and communication technology (ICT) trends through innovative services such as T-Phone which provides customers an innovative call experience. The Company is also improving the profitability of its wireless business through efficient capital expenditures and marketing and enhancement of marketing network and products.

In the business-to-business area, the Company is strengthening its solutions business through the implementation of five main solution products: Smart Store, Smart Work, Smart Cloud, Green & Safety and M Ad & Payment. Since the commercial launch of its mobile IPTV services, B tv Mobile, in October 2012, the Company has gained over one million paying subscribers as of March 2014. The Company is the first telecommunications services provider in the world to provide full high definition streaming services using its LTE-A network. With increasing

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video on demand usage and the potential to expand into other business areas such as advertising and shopping, the Company expects that the mobile IPTV services business will grow in the mid- to long-term. Additionally, from a mid- to long-term perspective, the Company will continue its efforts to identify and develop new growth businesses, such as health care, while simultaneously considering opportunities for growth momentum utilizing the Company's big data and related technologies in areas such as the intelligence business.

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In addition, in order to strengthen our sales channels, the Company has been offering a variety of fixed-line and wireless telecommunication convergence products to its customers through PS&Marketing Co., Ltd. (PS&Marketing), one of its subsidiaries. The Company operates customer call centers in Seoul and provides telemarketing services through Service Ace Co., Ltd., a subsidiary. Furthermore, Network O&S Co., Ltd., the Company's subsidiary responsible for the operation of the Company's 2G to 4G networks (including its CDMA, WCDMA and LTE networks), provides customers with quality network services and provides the Company with technological know-how in network operations.

(2) Fixed-line business

SK Broadband Co., Ltd. (SK Broadband) is engaged in providing telecommunications, broadcasting and new media services and various other services that are permitted to be carried out by SK Broadband under relevant regulations, as well as business activities that are directly or indirectly related to providing those services. In April 1999, SK Broadband launched its high-speed Internet service and landline phone service in Seoul, Busan, Incheon and Ulsan, and currently provides such services nationwide. SK Broadband also began providing commercialized TV-Portal service in July 2006 and, after receiving its IPTV business license in September 2008, began providing commercialized IPTV service in January 2009.

(3) Other businesses

With respect to the Company's e-commerce business, 11th Street, a platform service that connects various sellers and purchasers online, continues to gain market share. In the commerce platform business area, the Company provides an increasing number of products involving OK Cashbag, Korea's largest loyalty mileage program with 37 million members, and Smart Wallet, Korea's largest mobile wallet service with 11.2 million members as of March 31, 2014. By providing optimal marketing solutions to partner businesses by incentivizing consumers to continually choose their products and services on the one hand, and providing benefits such as discount coupons and loyalty points to customers on the other hand, the Company's commerce platform business is evolving into a commercial platform that connects businesses and individuals. In the location-based services business area, users of the Company's T-Map Navigation service reached 19.4 million as of March 31, 2014. T-Map Navigation provides real time traffic information and various local information. Utilizing location-based service technology in other services, including leisure, logistics and travel services, the Company provides increased convenience and added value to customers. In the digital contents business area, the Company provides high-quality digital contents in its leading mobile contents marketplace, T Store, which had 22.4 million subscribers as of March 31, 2014 and which the Company plans to expand globally. In the media business area, the Company provides Hoppin service that enables subscribers to access various multimedia contents through personal computers, mobile devices and other digital devices. In the advertising business area, the Company is engaged in advertisement production, promotion services and research and consulting services to substantively help businesses increase their value in a rapidly evolving business environment. In addition, the Company develops, creates, supplies and maintains system software related to its platform business and provides other online information services through M&Service Co., Ltd. (M&Service), one of its subsidiaries.

SK Communications Co., Ltd. (SK Communications) provides integrated Internet portal services through NATE and instant messaging services through NATE-ON. Key sources of revenue for SK Communications are display advertising, search engine-based advertising, and contents and other services. Display advertising consists of image, video and Flash-based multimedia advertising carried on NATE and NATE-ON and aims to give greater exposure to the advertiser's brand name to the public. The increased effectiveness of online media as an advertising outlet has resulted in a greatly expanded advertiser base, and the increasing variety in the format of advertising has contributed to the growth of display advertising. Search engine-based advertising refers to the type of advertising that embeds advertisements within search results produced by searches of certain keywords on the NATE portal site. Search engine-based advertising has a certain appeal to small and medium-sized advertisers. Contents and other services include contents sales and providing certain types of services. Revenues from contents and other services are generated through revenues from NATE-ON instant messaging, custom decorations for mobile phones, cartoon strips, fortunetelling, movies and other contents services. In addition, SK Planet receives revenue from its services agreement with the Company in connection with operation of WAP wireless NATE services and application development.

See II-1. Business Overview for more information.

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(1) Corporate bonds

Credit rating date	Subject of rating	Credit rating	Credit rating entity (Credit rating range)	Rating classification
June 29, 2012	Corporate bond	AAA	NICE Investors Service Co., Ltd.	Regular rating
August 10, 2012	Corporate bond	AAA	Korea Ratings	Current rating
August 14, 2012	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
August 14, 2012	Corporate bond	AAA	NICE Investors Service Co., Ltd.	Current rating
April 11, 2013	Corporate bond	AAA	Korea Ratings	Current rating
April 11, 2013	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
April 11, 2013	Corporate bond	AAA	NICE Investors Service Co., Ltd.	Current rating
April 11, 2013	Corporate bond	AAA	Korea Ratings	Regular rating
April 11, 2013	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating
April 11, 2013	Corporate bond	AAA	NICE Investors Service Co., Ltd.	Regular rating
April 22, 2014	Corporate bond	AAA	Korea Ratings	Regular rating
April 22, 2014	Corporate bond	AAA	Korea Investors Service, Inc.	Regular rating
April 22, 2014	Corporate bond	AAA	NICE Investors Service Co., Ltd.	Regular rating
April 22, 2014	Corporate bond	AAA	Korea Ratings	Current rating
April 22, 2014	Corporate bond	AAA	Korea Investors Service, Inc.	Current rating
April 22, 2014	Corporate bond	AAA	NICE Investors Service, Co., Ltd.	Current rating

* Rating definition: AAA - The certainty of principal and interest payment is at the highest level with extremely low investment risk and is stable such that it will not be influenced by reasonably foreseeable changes in external factors.

(2) Commercial paper (CP)

Credit rating date	Subject of rating	Credit rating	Credit rating entity (Credit rating range)	Rating classification
June 22, 2012	CP	A1	Korea Investors Service, Inc.	Current rating
June 29, 2012	CP	A1	NICE Investors Service Co., Ltd.	Current rating
December 14, 2012	CP	A1	Korea Investors Service, Inc.	Regular rating
December 18, 2012	CP	A1	Korea Ratings	Regular rating
December 18, 2012	CP	A1	NICE Investors Service Co., Ltd.	Regular rating
April 11, 2013	CP	A1	Korea Ratings	Current rating
April 11, 2013	CP	A1	Korea Investors Service, Inc.	Current rating
April 11, 2013	CP	A1	NICE Investors Service Co., Ltd.	Current rating
November 29, 2013	CP	A1	Korea Ratings	Regular rating
December 18, 2013	CP	A1	Korea Investors Service, Inc.	Regular rating
December 20, 2013	CP	A1	NICE Investors Service Co., Ltd.	Regular rating
April 22, 2014	CP	A1	Korea Ratings	Current rating
April 22, 2014	CP	A1	Korea Investors Service, Inc.	Current rating
April 22, 2014	CP	A1	NICE Investors Service Co., Ltd.	Current rating

* Rating definition: A1 - Timely repayment capability is at the highest level with extremely low investment risk and is stable such that it will not be influenced by reasonably foreseeable changes in external factors.

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(3) International credit ratings

Date of credit rating	Subject of rating	Credit rating of		Rating type
		securities	Credit rating company	
June 6, 2012	Bonds denominated in Swiss Franc	A-	Fitch Inc.	Current rating
June 4, 2012	Bonds denominated in Swiss Franc	A3	Moody's Investors Service	Current rating
June 7, 2012	Bonds denominated in Swiss Franc	A-	Standard & Poor's Rating Services	Current rating
October 24, 2012	Bonds denominated in U.S. dollars	A-	Fitch Inc.	Current rating
October 24, 2012	Bonds denominated in U.S. dollars	A3	Moody's Investors Service	Current rating
October 24, 2012	Bonds denominated in U.S. dollars	A-	Standard & Poor's Rating Services	Current rating

2. Company History

March 2008: Purchased shares of SK Broadband Co., Ltd. (formerly Hanaro Telecom)

May 2009: Participated in the public share offering of SK Broadband Co., Ltd.

September 2009: Acquired leased line and related other business of SK Networks Co., Ltd.

February 2010: Purchased shares of Hana Card Co., Ltd.

October 2011: SK Planet Co., Ltd. was spun off from the Company.

February 2012: Purchased shares of SK hynix Inc. (formerly, Hynix Semiconductor Inc.)

A. Location of Headquarters

22 Dohwa-dong, Mapo-gu, Seoul (July 11, 1988)

16-49 Hangang-ro 3-ga, Yongsan-gu, Seoul (November 19, 1991)

267 Namdaemun-ro 5-ga, Jung-gu, Seoul (June 14, 1995)

99 Seorin-dong, Jongro-gu, Seoul (December 20, 1999)

65 Euljiro, Jung-gu, Seoul (December 13, 2004)

B. Significant Changes in Management

At the Extraordinary General Meeting of Shareholders held on August 31, 2011, Jun Ho Kim was elected as an inside director and Jin Woo So resigned from the Company's board of directors to transfer to an affiliate of the Company. At the 28th General Meeting of Shareholders held on March 23, 2012, (1) Young Tae Kim and Dong Seob Jee were elected as inside directors, (2) Hyun Chin Lim was re-elected as an independent director, and (3) Hyun Chin Lim was re-elected as a member of the audit committee of the Company's board of directors. At the 29th General Meeting of Shareholders held on March 22, 2013, Dae Sik Cho was elected as an inside director and Dae Shick Oh was elected as an

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independent director and member of the audit committee of the Company's board of directors. At the 30th General Meeting of Shareholders held on March 21, 2014, Jae Hoon Lee was elected as an independent director and Jae Hyeon Ahn was elected as an independent director and member of the audit committee of the Company's board of directors.

C. Change in Company Name

On March 23, 2012, SK hynix Inc., which became our subsidiary in February 2012, changed its name to SK hynix Inc. from Hynix Semiconductor Inc. in accordance with a resolution at its annual general meeting of shareholders.

Table of Contents**D. Mergers, Acquisitions and Restructuring
[SK Telecom]**

(1) Spin-off

In accordance with the resolution of the Company's board of directors on July 19, 2011 and the resolution of the shareholders' meeting on August 31, 2011, the Company spun off its platform business and established SK Planet Co., Ltd. effective as of October 1, 2011. The registration of the spin-off was completed on October 5, 2011. Set forth below are important details of the spin-off.

Description	Detail
Method of Spin-off	Simple vertical spin-off
Resulting Companies	SK Telecom Co., Ltd. (Surviving Company)
	SK Planet Co., Ltd. (Spin-off Company)
Effective Date	October 1, 2011

Set forth below is a summary of the Company's financial position before and after the spin-off.

Description	(in millions of Won)		
	Before the spin-off (As of September 30, 2011)	After the spin-off (As of October 1, 2011)	
	SK Telecom Co., Ltd.	SK Telecom Co., Ltd.	SK Planet Co., Ltd.
Total Assets	19,400,114	19,084,651	1,545,537
Total Liabilities	7,673,828	7,358,365	315,463
Total Shareholders' Equity	11,726,286	11,726,286	1,230,074

The schedule of the spin-off is set forth below.

Category	Date
Board resolution on spin-off	July 19, 2011
Record Date for Determination of Shareholders for the Shareholders' Meeting for Spin-off	August 4, 2011
Shareholders' Meeting for Approval of Spin-off Plan	August 31, 2011
Date of Spin-off	October 1, 2011
Shareholders' Meeting for Report of Spin-off and Inaugural Meeting of Shareholders	October 4, 2011
Registration of Spin-off	October 5, 2011
Notice of closure of shareholders register	July 20, 2011
Others	
Period of closure of shareholders register	August 5, 2011~ August 8, 2011
Public notice of shareholders' meeting	August 10, 2011 and August 12, 2011
Dispatch of notice of shareholders' meeting	August 12, 2011

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Changes in shareholding, including majority shareholder
Not applicable because the spin-off is a simple vertical spin-off.

Appraisal rights of shareholders
Not applicable because the spin-off is a simple vertical spin-off.

Protection of creditors
In accordance with Article 530-1 Paragraph 1, both SK Telecom and SK Planet will be jointly and severally liable for the payment of all obligations of SK Telecom incurred prior to the spin-off.

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Allocation of new shares

In accordance with Articles 530-2 through 530-12, the spin-off is a simple vertical spin-off and all shares of SK Planet were allocated to SK Telecom.

(2) Acquisition of shares of SK hynix Inc. (formerly, Hynix Semiconductor Inc.)

In accordance with the resolution of the Company's board of directors on November 14, 2011, the Company purchased 146,100,000 shares of SK hynix Inc. (formerly, Hynix Semiconductor Inc.) (SK Hynix) (aggregate purchase price of Won 3,374,726 million) on February 14, 2012 in order to acquire control of SK Hynix. The Company had a 21.05% equity interest in SK Hynix after the purchase. The Company's equity interest in SK Hynix decreased to 20.6% after certain convertible bonds issued by SK Hynix were converted into shares upon the exercise of conversion rights by their holders during the three months ended September 30, 2013.

(3) Merger of SK Planet and SK Marketing & Company Co., Ltd.

On January 11, 2013, the Company acquired the remaining 50% equity stake in SK Marketing & Company Co., Ltd. (SK Marketing & Company), a company providing e-commerce and advertising services, from SK Innovation Co., Ltd. and gained control of both SK Marketing & Company and its subsidiary, M&Service Co., Ltd. The Company thereafter contributed the 100% equity stake in SK Marketing & Company to SK Planet and merged SK Marketing & Company into SK Planet as of February 1, 2013.

(4) Acquisition of shares of PS&Marketing

On February 20, 2014, the board of directors of the Company resolved to invest an additional Won 100 billion (20 million common shares) into PS&Marketing, an affiliated company, in order to increase its mid- to long-term competitiveness in distribution. The closing date of such investment is April 2, 2014 and the cumulative investment amount will total Won 330 billion.

(5) Disposition of shares of iHQ Inc.

On March 10, 2014, the Company disposed of 3,790,000 shares (its 9.4% equity share) of iHQ Inc. in order to rebalance its investment portfolio.

[SK Broadband]

(1) Merger

On July 26, 2012, the board of directors of SK Broadband resolved to merge Broadband D&M Co., Ltd., its wholly-owned subsidiary, into SK Broadband after transferring Broadband D&M Co., Ltd.'s network maintenance business to Network O&S Co., Ltd. The merger was effective as of September 26, 2012. In connection with this merger, SK Broadband did not issue any new shares.

On October 25, 2012, the board of directors of SK Broadband resolved to merge Broadband CS Co., Ltd., its wholly-owned subsidiary, into SK Broadband after transferring Broadband CS Co., Ltd.'s customer service business to Service Ace Co., Ltd. The merger was effective as of December 26, 2012. In connection with this merger, SK Broadband did not issue any new shares.

On January 3, 2013, the board of directors of SK Broadband approved the merger of Broadband Media Co., Ltd., its wholly-owned subsidiary, into SK Broadband. The merger was effective as of March 22, 2013 and was recorded as of March 25, 2013. Please refer to the Merger Completion Report filed with the Financial Services Commission on March 25, 2013. In connection with this merger, SK Broadband did not issue any new shares.

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[SK Planet]

(1) Merger

On January 11, 2013, the Company acquired the remaining 50% equity stake in SK Marketing & Company, a company providing e-commerce and advertising services, from SK Innovation Co., Ltd. and gained control of both SK Marketing & Company and its subsidiary, M&Service Co., Ltd. The Company thereafter contributed the 100% equity stake in SK Marketing & Company to SK Planet and merged SK Marketing & Company into SK Planet as of February 1, 2013. In connection with this merger, the merger ratio between SK Planet and SK Marketing & Company was 1.2927317:1 and SK Planet issued 12,927,317 of its common stock.

On April 22, 2013, the board of directors of SK Planet resolved to merge Madsmart, Inc., its wholly-owned subsidiary, into SK Planet to enhance the competitiveness of its platform business and provide faster service to customers by merging the ICT capabilities of the two companies. The merger was effective as of June 1, 2013 and SK Planet did not issue any new shares in connection with the merger.

(2) Disposition of shares of Loen Entertainment

During the year ended December 31, 2013, SK Planet sold 13,294,369 shares (52.6% ownership interest) of Loen Entertainment, a company engaged in the publishing of music and provision of online music services, to Star Invest Holdings Limited. Consideration for the sale amounted to Won 265,887 million, and following the disposition of shares, SK Planet's ownership interests in Loen Entertainment decreased to 15.0%. As a result of the transaction, Loen Entertainment was excluded from scope of consolidation.

[SK Telink]

(1) Merger

On July 22, 2010, the board of directors of SK Telink Co., Ltd. (SK Telink) approved the merger of TU Media Corp. into SK Telink effective as of November 1, 2010. In connection with this merger, SK Telink issued 256,763 shares of its common stock.

[SK Communications]

(1) Disposition and acquisition of businesses

1. Disposition of publishing business division

On April 10, 2009, SK Communications sold its publishing business division to Etoos for Won 4,785 million in accordance with the resolution of its board of directors of March 5, 2009.

2. Acquisition of the KUKU division

On July 1, 2009, SK Communications purchased the KUKU division from SK I-Media Co., Ltd. for a purchase price of Won 1,157 million, in accordance with the June 25, 2009 resolution of its board of directors.

3. Disposition of the Spicus division

Pursuant to the July 23, 2009 resolution of its board of directors, SK Communications sold the Spicus division, its telephone English education division, to Spicus Inc., a subsidiary of Altos Ventures on August 1, 2009 for a purchase price of Won 1,493 million.

4. Disposition of the Cyworld division

Pursuant to the March 8, 2014 resolution of its board of directors, SK Communications sold the Cyworld service and certain assets to Cyworld Co., Ltd. on April 8, 2014 for a purchase price of Won 2,824 million.

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(2) Disposition of shares

1. Disposition of shares of Etoos

SK Communications sold all of its shares in Etoos to Cheong Sol pursuant to a resolution of its board of directors of October 19, 2009 and, as consideration, received Won 50 billion principal amount of convertible bonds. Pursuant to a resolution of its board of directors of July 23, 2010, SK Communications converted Won 25 billion principal amount, out of a total of Won 50 billion principal amount, of convertible bonds of Etoos into 701,000 shares of Etoos (15.58%). Pursuant to a resolution of its board of directors of January 13, 2012, SK Communications sold Won 20 billion principal amount, out of the remaining Won 25 billion principal amount, of convertible bonds of Etoos Education Co., Ltd. to Shinhan Private Equity Fund No. 2 at a price of Won 19 billion.

2. Disposition of shares of SK i-Media

Pursuant to a resolution of its board of directors of October 17, 2011, SK Communications sold all shares of SK i-Media Co., Ltd. held by it to LK Media Tech Co., Ltd. at a price of Won 1 million.

3. Disposition of shares of U-Land, an overseas entity

Pursuant to a resolution of its board of directors of December 21, 2011, SK Communications sold all of its 29.85% interest in U-Land, an overseas entity, to SK Planet at a price of Won 10 million.

4. Disposition of shares of Service-In

On November 19, 2012, SK Communications sold all of its shares (80,000 common shares) in Service-In Co., Ltd., its subsidiary, to the chief executive officer of Service-In Co., Ltd., pursuant to a resolution of its board of directors of October 31, 2012.

[PS&Marketing]

On February 20, 2014, the board of directors of PS&Marketing resolved to acquire the retail distribution business, including related assets, liabilities, contracts and human capital of the information technology and mobile division of SK Networks, an affiliate, for a purchase price of Won 123.7 billion. The board of directors of PS&Marketing also resolved to acquire retail stores, including their assets and liabilities, of LCNC Co., Ltd., an affiliate, for a purchase price of Won 10.9 billion and the purchase was completed on April 30, 2014.

[M&Service]

Following the merger into SK Planet by SK Marketing & Company, which held a 100% equity stake in M&Service, on February 1, 2013, SK Planet holds a 100% equity stake in M&Service as of March 31, 2014.

E. Other Important Matters related to Management Activities

[SK Telecom]

(1) Issuance of bonds

On April 23, 2013, the Company issued two tranches of fixed-rate unsecured bonds in the principal amounts of Won 230 billion (with an annual interest rate of 3.03% and a maturity date of April 23, 2023) and Won 130 billion (with an annual interest rate of 3.22% and a maturity date of April, 23, 2033).

(2) Issuance of hybrid securities

On June 7, 2013, the Company issued Won 400 billion principal amount of hybrid securities in the form of unguaranteed subordinated bonds with an annual interest rate of 4.21%, which interest rate is adjusted five years after the date of issuance. The Company classified the hybrid securities as equity as there is no contractual obligation to deliver financial assets to the bondholders. The maturity date of the hybrid securities is June 7, 2073, which can be extended by the Company without any notice or announcement.

Table of Contents**(3) Conversion of convertible notes**

On April 7, 2009, the Company issued convertible notes with a maturity of five years in the principal amount of US\$332,528,000 with an annual interest rate of 1.75%. In 2013, holders exercised their conversion rights with respect to an aggregate principal amount of US\$326,023,000 of the convertible notes. The Company delivered 1,241,337 treasury shares in respect of US\$170,223,000 of the exercised aggregate principal amount and delivered cash in respect of the remainder due to the limit on foreign ownership. In connection with such conversion, the Company recognized Won 135,108 million in financial costs in 2013. On November 13, 2013, the Company exercised its early redemption right and on December 13, 2013, redeemed the US\$6,505,000 principal amount of convertible notes not exercised for conversion by noteholders. A 20-day volume weighted average pricing formula was used for the delivery of cash made in place of treasury shares. Due to such calculation, the Company still had US\$91,108,507 outstanding in payables as of December 31, 2013. The amount was delivered in full as of January 6, 2014.

[SK Broadband]

SK Broadband acquired subscriberships of regional cable and other service providers on several different occasions. Such acquisitions were intended to secure a stable subscriber base for its broadband Internet service and, at the same time, increase the service coverage area. Because such acquisitions were conducted on a relatively small scale and involved purchase of subscriberships, SK Broadband did not believe such acquisitions rose to the level of purchasing an entire business line from another company or were likely to have a material impact on its business, and therefore decided that such acquisitions did not require resolutions of its shareholders.

[SK Communications]

In July 2011, there was a leak of personal information of subscribers of NATE and Cyworld websites operated by SK Communications. As of March 31, 2014, 22 lawsuits were filed against SK Communications, alleging that the leak was caused by its poor management of subscribers personal information and seeking damages of approximately Won 5.5 billion. With respect to a few of the lawsuits, the relevant district courts have rendered judgments for the relevant plaintiffs claims in part and SK Communications has appealed such judgments to the applicable high courts, where the cases are currently pending. Other cases remain pending at various district courts in Korea.

3. Total Number of Shares**A. Total Number of Shares**

(As of March 31, 2014)

(Unit: in shares)

Classification	Share type		Remarks
	Common shares	Total	
I. Total number of authorized shares	220,000,000	220,000,000	
II. Total number of shares issued to date	89,278,946	89,278,946	
III. Total number of shares retired to date	8,533,235	8,533,235	
a. reduction of capital			
b. retirement with profit	8,533,235	8,533,235	
c. redemption of redeemable shares			
d. others			
IV. Total number of shares (II-III)	80,745,711	80,745,711	
V. Number of treasury shares	9,809,375	9,809,375	
VI. Number of shares outstanding (IV-V)	70,936,336	70,936,336	

On July 20, 2011, the Company publicly disclosed its plan to repurchase treasury shares. The Company repurchased 1.4 million shares of treasury shares from July 25, 2011 to September 30, 2011 through the Korea Exchange. For more information on the repurchase of treasury shares, please see public disclosures made on July 20, 2011 and October 5, 2011.

Table of Contents**B. Treasury Shares**

(1) Acquisitions and dispositions of treasury shares

(As of March 31, 2014)

(Unit: in shares)

Acquisition methods	Type of shares	At the beginning of period	Changes			At the end of period
			Acquired (+)	Disposed (-)	Retired (-)	
Acquisition pursuant to the Financial Investment Services and Capital Markets Act of Korea (FSCMA)	Common shares	7,086,028				7,086,028
	Preferred shares					
	Direct acquisition from market					
	Common shares					
	Preferred shares					
	Direct over-the-counter acquisition					
	Common shares					
	Preferred shares					
	Tender offer					
	Common shares	7,086,028				7,086,028
Preferred shares						
Sub-total						
	Common shares					
	Preferred shares					
	Held by trustee					
	Common shares					
	Preferred shares					
Acquisition through trust and other agreements	Held in actual stock	3,886,710				3,886,710
	Common shares					
	Preferred shares					
	Sub-total	3,886,710				3,886,710
	Common shares					
	Preferred shares					
Other acquisition	Common shares	(1,163,363)				(1,163,363)
	Preferred shares					
Total	Common shares	9,809,375				9,809,375

Preferred
shares

* Due to the Company's exercise of its early redemption right with respect to its convertible notes on November 13, 2013, the conversion right exercise period had expired by December 31, 2013 and there are no more treasury shares deposited with the Korea Securities Depository.

Table of Contents**4. Status of Voting Rights**

(As of March 31, 2014) Classification		Number of shares	(Unit: in shares) Remarks
Total shares (A)	Common share	80,745,711	
	Preferred share		
Number of shares without voting rights (B)	Common share	9,809,375	Treasury shares
	Preferred share		
Shares without voting rights pursuant to the Company's articles of incorporation (the Articles of Incorporation) (C)	Common share		
	Preferred share		
Shares with restricted voting rights pursuant to Korean law (D)	Common share		
	Preferred share		
Shares with reestablished voting rights (E)	Common share		
	Preferred share		
The number of shares with exercisable voting rights (F = A - B - C - D + E)	Common share	70,936,336	
	Preferred share		

5. Dividends and Others**A. Dividends**

- (1) Distribution of cash dividends was approved during the 27th General Meeting of Shareholders held on March 11, 2011.

Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.

- (2) Distribution of interim dividends of Won 1,000 was approved during the 330th Board of Directors Meeting on July 28, 2011.

- (3) Distribution of cash dividends was approved during the 28th General Meeting of Shareholders held on March 23, 2012.

Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.

- (4) Distribution of interim dividends of Won 1,000 was approved during the 344th Board of Directors Meeting on July 25, 2012.

- (5) Distribution of cash dividends was approved during the 29th General Meeting of Shareholders held on March 22, 2013.

Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.

- (6) Distribution of interim dividends of Won 1,000 was approved during the 357th Board of Directors Meeting on July 25, 2013.

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- (7) Distribution of cash dividends was approved during the 30th General Meeting of Shareholders held on March 21, 2014.

Distribution of cash dividends per share of Won 8,400 (exclusive of an interim dividend of Won 1,000) was approved.

Table of Contents**B. Dividends for the Last Three Fiscal Years**

(Unit: in millions of Won, except per share values and percentages)

Classification	As of and for the year ended December 31, 2013	As of and for the year ended December 31, 2012	As of and for the year ended December 31, 2011
Par value per share (Won)	500	500	500
Net income	910,157	1,242,767	1,694,363
Net income per share (Won)	12,837	17,832	24,002
Total cash dividend	666,374	655,133	656,533
Total stock dividends			
Percentage of cash dividend to available income (%)	73.2	52.7	38.7
Cash dividend yield ratio (%)	4.1	6.2	6.6
	Common share		
	Preferred share		
Stock dividend yield ratio (%)			
	Common share		
	Preferred share		
Cash dividend per share (Won)	9,400	9,400	9,400
	Common share		
	Preferred share		
Stock dividend per share (share)			
	Common share		
	Preferred share		

* The above figures were prepared based on separate financial statements. Net income per share means basic net income per share.

* The total cash dividend of Won 656,533 million for the year ended December 31, 2011 includes the total interim dividend amount of Won 71,095 million, and the cash dividend amount per share of Won 9,400 includes the interim cash dividend amount per share of Won 1,000.

* The total cash dividend of Won 655,133 million for the year ended December 31, 2012 includes the total interim dividend amount of Won 69,695 million, and the cash dividend amount per share of Won 9,400 includes the interim cash dividend amount per share of Won 1,000.

* The total cash dividend of Won 666,374 million for the year ended December 31, 2013 includes the total interim dividend amount of Won 70,508 million, and the cash dividend amount per share of Won 9,400 includes the interim cash dividend amount per share of Won 1,000.

Table of Contents**II. BUSINESS**

Each company in the consolidated entity is a separate legal entity providing independent services and products. The business is primarily separated into (1) the wireless business consisting of cellular voice, wireless data and wireless Internet services, (2) the fixed-line business consisting of fixed-line telephone, high speed Internet, data and network lease services, among others, and (3) other businesses consisting of platform services and Internet portal services, among others.

1. Business Overview

Set forth below is a summary business description of material consolidated subsidiaries.

Classification	Company name	Description of business
Wireless	SK Telecom Co., Ltd.	Wireless voice and data telecommunications services via digital wireless networks
	PS&Marketing Co., Ltd.	Sale of fixed-line and wireless telecommunications products through wholesale, retail and online distribution channels
	Network O&S Co., Ltd.	Network maintenance services such as the operation of the Company's base stations and related transmission and power facilities
Fixed-line	Service Ace Co., Ltd.	Customer call center operations and telemarketing services
	SK Broadband Co., Ltd.	High-speed Internet, TV, telephone, commercial data and other fixed-line services and management of the transmission system for online digital contents
Other business		Various media-related services, such as channel management, including video on demand, and mobile IPTV services
	SK Telink Co., Ltd.	International wireless direct-dial 00700 services, pre-paid international card calling services, voice services using Internet protocol and Mobile Virtual Network Operator (MVNO) services
	SK Planet Co., Ltd.	Various platform services such as 11th Street, T Store, T-Map Navigation and Hoppin in the application, commerce and new media areas, among others
	SK Communications Co., Ltd.	Integrated portal services through NATE and instant messaging services through NATE-ON
	M&Service Co., Ltd.	System software development, creation, supply and maintenance services and other online information services
	YTK Investment Ltd.	Established to strategically invest in funds in order to find future growth opportunities and strengthen the Company's competitiveness
	Atlas Investment	
[Wireless Business]		

A. Industry Characteristics

As of December 31, 2013, the Korean mobile communication market can be considered to have reached its maturation stage with more than a 100% penetration rate. However, the Korean mobile communications market continues to improve in the quality of services with the help of advances in network-related technology and the development of highly advanced LTE-A, LTE and 3G smartphones which enable the provision of convergence services for multimedia contents, mobile commerce, telematics, new media and other related services. In addition, through the commercialization of LTE network in July 2011 and LTE-A network in June 2013, B2B businesses, such as the corporate connected workforce business which can directly contribute to an enhancement in productivity, are expected to grow rapidly. We expect network technologies will continue to evolve with wideband LTE-A service expected to be commercialized in the second half of 2014 and 3band LTE-A service, which bundles three different bandwidths, to be commercially available as early as late 2014.

Table of Contents**B. Growth Potential**

(Unit: in 1,000 persons)

Classification		As of		As of December 31,		
		March 31, 2014	2013	2012	2011	2010
Number of subscribers	SK Telecom	27,814	27,352	26,961	26,553	25,705
	Others (KT, LGU+)	27,348	27,328	26,663	25,954	25,062
	Total	55,162	54,680	53,624	52,507	50,767

* Source: Ministry of Science, ICT and Future Planning (MSIP) website and each Korean telecommunications company s respective earnings releases (including MVNOs).

C. Domestic and Overseas Market Conditions

The Korean mobile communication market includes the entire population of Korea with mobile communication service needs, and almost every Korean is considered a potential user. Sales revenue related to data services is expected to increase due to the increasing popularity of smartphones and high-speed wireless networks. The importance of the business-to-business segment, which creates added value by selling and developing various solutions, is also growing. Seasonal and economic fluctuations have much less impact on the Korean mobile communication market compared to other industries.

Set forth below is the historical market share of the Company.

(Unit: in percentages)

Classification	As of		As of December 31,		
	March 31, 2014	2013	2012	2011	2010
Mobile communication services	50.4	50.0	50.3	50.6	50.6

* Source: MSIP website and each Korean telecommunications company s respective earnings releases (including MVNOs).

D. Business Overview and Competitive Strengths

The Company is seeking to transform itself from a telecommunications service provider into a comprehensive ICT service provider. It has continued to innovate the scope of its services and achieved strong growth in subscribers amid fierce competition and rate cuts, although it experienced a temporary increase in expenses during the first three months of 2014 due to excessive competition. During the three months ended March 31, 2014, the Company recorded Won 4.2 trillion in revenue and Won 250 billion in operating income on a consolidated basis and Won 3.3 trillion in revenue and Won 250 billion in operating income on a separate basis.

The number of subscribers (including MVNO subscribers) as of March 31, 2014 was 27.81 million, an increase of approximately 460,000 from the previous quarter. In particular, the number of smartphone subscribers as of March 31, 2014 was 18.82 million, an increase of approximately 530,000 from the previous quarter, including 14.77 million LTE subscribers, solidifying the Company s market leadership. Following the launch of commercial LTE services in July 2011, the Company became the first telecommunications service provider in the world to launch commercial LTE-A services in June 2013. In September 2013, the Company launched commercial wideband LTE services utilizing its newly acquired 1.8 GHz band. Following provision of such services throughout Seoul and other metropolitan cities, the Company plans to expand coverage nationwide by July 2014. By launching various high quality services utilizing the LTE-A and wideband LTE networks such as group video conference call services, full high definition mobile IPTV streaming services, and T Baseball Multiview, which allows users to watch multiple

baseball games on one screen, the Company plans to provide an innovative user experience, enhance customer satisfaction and increase profitability.

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The Company has proved that it has superior network quality compared to its competitors according to the Korea Communications Commission quality evaluations. The Company has also proved to be the leader in Korea's top three customer satisfaction indices: according to the National Customer Satisfaction Index, Korean Customer Satisfaction Index and Korean Standard Service Quality Index, the Company has continued to hold the leading position for 17 years, 16 years and 14 years, respectively.

SK Telink, a consolidated subsidiary of the Company, expanded its operations to the MVNO business based on its technical expertise and know-how obtained in its international telecommunications business and launched its MVNO service, 7Mobile, which is offered at reasonable rates and provides excellent quality. SK Telink is increasing its efforts to develop low-cost distribution channels and create niche markets through targeted marketing towards customers with lower average revenue per user. An MVNO leases the networks of a mobile network operator (MNO) and provides wireless telecommunication services under its own brand and fee structure, without owning telecommunication networks or frequencies.

Network O&S, a subsidiary of the Company responsible for the operation of the Company's base stations and related transmission and power facilities, offers quality fixed-line and wireless network services to customers, including mobile office products to business customers.

PS&Marketing, a subsidiary of the Company, provides a sales platform for products of the Company and SK Broadband including fixed-line and wireless telecommunication products which address customers' needs for various convergence products. PS&Marketing provides differentiated service to clients through the establishment of new sales channels and product development.

[Fixed-line Business]**A. Industry Characteristics**

As subscribers to various bundled wireless and fixed-line products are continuing to increase, the IPTV business is evolving to satisfy diverse customer needs for media services through differentiated service offerings including mobile IPTV, bundled wireless and IPTV products and smart set-top box services for smart televisions. The market for our corporate business is also growing with cloud computing, mobile offices and other new information and communications technologies being commercialized. The increased usage of smartphones and tablet computers, the pilot programming of commercial ultra-high definition television broadcasting services and competition for wideband LTE services has greatly increased data traffic, thereby further emphasizing the importance of fixed-line network infrastructure that is capable of handling large capacities of data traffic with stability and efficiency.

B. Growth Potential

Classification		(Unit: in 1,000 persons)		
		As of March 31, 2014	As of December 31, 2013	2012
Fixed-line Subscribers	High-speed Internet	18,853	18,738	18,253
	Fixed-line telephone	17,427	17,620	18,261
	IPTV (real-time)	9,017	8,522	6,310

* Source: MSIP website, Korea Communications Commission website and the Korea Digital Media Industry Association website.

C. Cyclical Nature and Seasonality

High-speed Internet, fixed-line telephone and IPTV services are mature markets that are generally not sensitive to cyclical economic changes due to the easing of competition resulting from the decrease in differentiation between service providers and the nature of the respective services. The telecommunications services market overall is not expected to be particularly affected by economic downturns due to the low income elasticity of demand for telecommunication services.

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Set forth below is the historical market share of the Company.

Classification	(Unit: in percentages)		
	As of March 31, 2014	As of December 31, 2013	As of December 31, 2012
High-speed Internet (include resales)	24.6	24.4	24.1
Fixed-line telephone (include Voice over Internet Protocol)	16.9	16.9	16.7
IPTV (real-time)	25.0	24.4	22.2

* Source: MSIP website, Korea Communications Commission website and the Korea Digital Media Industry Association website.

D. Business Overview and Competitive Strengths

In 1999, the Company was the first in the world to commence commercial ADSL services and on the back of its premium technology and enhanced competitiveness achieved through bundled products, it is currently expanding its subscriber base across all of its businesses, including broadband Internet, telephone and IPTV. In particular, SK Broadband has positioned itself to focus on corporate customer services and IPTV services as key strategic areas for mid- to long-term growth, exploiting opportunities in new ICT-based businesses that have led to revenue growth, and providing differentiated contents in its IPTV business by securing popular programming which includes exclusive children's channels and live broadcasts of Major League Baseball games. In addition, in September 2013, the Company developed video compression technology for its ultra-high definition IPTV services and, in the first quarter of 2014, the Company developed and commercialized transmission technology that enables efficient utilization of the limited frequencies in hybrid fiber-coaxial networks. Furthermore, the Company recently gained a competitive advantage for the provision of high-quantity, high-quality broadcasting by becoming the first service provider in the IPTV industry to commercialize direct-to-TV ultra high-definition service without the installation of set-top boxes.

SK Telink provides international telecommunications service. SK Telink has been able to establish itself as a market leader as a result of its affordable pricing, proactive marketing and the quality of its services. It launched a mobile phone-based international calling service under the brand name 00700 in 1998, creating a new niche market within the long-distance telephony market that was otherwise dominated by existing service providers. In 2003, SK Telink was designated a common carrier for international calling services, which allowed us to expand our international calling services to fixed-line international calling services. SK Telink plans to strategically target the convergence of wireless and fixed-line telecommunications and strengthen its existing business, including international and long-distance calling services, value-added services for local calling and B2B services, and video conference call services while aiming to satisfy the diverse needs of customers through the provision of quality solutions at reasonable prices.

[Other Business]**A. Industry Characteristics**

As the number of smartphones distributed in Korea exceeds 30 million, the growth in various mobile devices has spurred the rise of the service provider with a strong platform business as the leader in the ICT market. It is becoming increasingly important to enhance competitiveness by building a platform with large data capacity to handle the increase in data transmission.

A platform business acts as an intermediary by promoting interactions among various customer groups, thereby generating new values. It is important for a platform business to continually attract subscribers and users and to create an ecosystem with certain lock-in effects. A platform can exist in various forms, including as a technological standard (iOS, Android OS), a subscriber-based service platform (Facebook, Twitter) or a marketplace (Amazon, T Store). Platform businesses are evolving and expanding globally.

A platform business has strong growth potential due to its connectivity with related services and ease of global expansion. Apple became a world-leading smartphone producer based on its innovative design and the competitive strength of its App Store platform. Google has created a new ecosystem of long-tail advertising by attracting millions of third parties to its advertising platform, as well as showing strong growth in mobile markets with its competitive platform based on Android OS. It is becoming increasingly important to enhance competitiveness through a database that can register and analyze purchase patterns of customers across all areas and a platform with large data capacity to utilize this database and provide differentiated services to customers.

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B. Growth Potential

The scope and value generated by the platform business, including application and content marketplaces and N-screen services, continues to increase, as smartphones and tablet computers become more popular and the bandwidth and speed of network infrastructure improve. As the wireless network evolves to LTE, business opportunities for the platform business exist, including multimedia streaming, N-screen service based on cloud technology and high-definition location-based services. Since the platform business realizes profit by connecting with advertisements or commerce sites after building a critical mass of subscribers and traffic, the recent growth in the advertising and commerce markets is expected to present an opportunity for platform businesses. The importance of building a platform with large data capacity that is connected to various digital contents and commerce is expected to increase in the future.

C. Domestic and Overseas Market Conditions

(1) Commerce markets

The Company expects that online commerce markets will continue to grow due to the growth potential of the Internet shopping population and the strengthening of online business models by off-line operators.

(2) Digital contents

The growth of application marketplaces, which started with Apple's App Store, provides the platform business with new opportunities for revenue generation. The competitive paradigm is shifting from a competition among platform operators toward a competition among eco-systems that include application developers as well as platform operators.

Due to an increase in the number of devices owned by each user and an increase in network speed, each user can now enjoy music or video files anywhere and anytime by storing them in cloud servers, which is called N-screen service. Users can recommend music to other users through social networking services and this is expected to become a distribution model for digital media contents. Various service providers are competing in this market expecting a strong growth in the online and mobile video market.

D. Business Overview and Competitive Strengths

The Company plans to expand its platform ecosystem focusing on its Open & Collaboration motto in operating its commerce business such as 11th Street and OK Cashbag, its digital contents business such as T Store and Hoppin, and its location-based service business such as T-Map Navigation, thereby ultimately increasing its enterprise value.

(1) Commerce

11th Street, an online marketplace, has continued its growth through effective marketing and customer satisfaction. Despite its later entry into the online commerce market (launched in 2008) which was already divided between Auction and G-Market, it is leading the domestic e-commerce market and is also firmly establishing its position as the leader in the mobile commerce market. Growth plans involving overseas joint ventures based on 11th Street's business expertise have resulted in the successful launch of an open online commerce market in Turkey in partnership with Doğuş Group in March 2013. In Indonesia, an open market platform was successfully launched through a joint venture established in July 2013 with PT XM Axiata Tbk, an Indonesian wireless telecommunications company.

OK Cashbag is a point-based loyalty marketing program which has grown to become a global top-tier loyalty marketing program since its inception in 1999. Customers have access to increased benefits through accumulation of loyalty reward points and partner companies use OK Cashbag as a marketing resource. With 37 million subscribers, OK Cashbag maintains a leading position in the industry and plans to continue strengthening its position by providing customized services befitting customers' needs and market conditions.

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Smart Wallet is Korea's largest mobile wallet service that allows smartphones to be used for the issue and management of membership cards and for the use of coupons, gift token messages and gift vouchers, as well as for purchases. Through its membership affiliations in the areas of shopping, leisure, dining, airlines and beauty, Smart Wallet boosts the convenience factor in the daily commerce activities of its users, and through future affiliations with OK Cashbag, is expected to develop into a comprehensive commerce platform.

(2) Location-based services

T-Map Navigation provides map, local information, real-time traffic information and navigation services. With cumulative subscribers of 19.36 million as of March 31, 2014, T-Map Navigation is one of the leading location-based service platforms in Korea. The Company is broadening the range of its location-based services by also providing infotainment systems to commercial vehicle businesses as well as providing localized content on its products, such as region-specific information and advertisements. The Company plans to further develop the T-Map Navigation platform by initiating open application programming interface-based services, providing services to more diverse types of devices and providing local area-based services.

(3) Digital contents

T Store, launched in September 2009, reached 22.35 million subscribers and cumulative downloads of 2.0 billion as of March 31, 2014, solidifying its leadership position in the Korean application market and plans to widen its services to tablets and navigation devices. The Company intends to further develop T Store into a personalized gateway and mobile playground through expansion of the scope of serviceable devices, reinforcement of digital content offerings and enhancement of search services, among other things.

The Company's Hoppin service enables subscribers to enjoy wide-ranging video on demand contents. Through continual service improvements and stable service provision, Hoppin has become the leading mobile video on demand service.

(4) Social networking services (SNS) and Internet portal services

The Company's instant messenger service, Nate-On, had the largest market share of 41.4% in the instant messenger market in Korea with 6 million net users during the first three months of 2014. The Company's Internet search portal service, Nate, had a page-view market share of 5.3% as of April 30, 2014. (Source: Korean Click, based on fixed-line access)

ø Satellite DMB service

The Company launched its Hanbyul satellite in 2004 and received government approval in December 30, 2004 to provide satellite DMB services. Broadcasting through satellite DMB commenced in May 2005 and satellite DMB services expanded nationwide thereafter. On August 23, 2012, the board of directors of SK Telink resolved to discontinue operation of its satellite DMB services due to the rapid decrease in satellite DMB subscribers and the continued burden of fixed costs.

2. Major Products & Services**A. Updates on Major Products and Services**

(Unit: in millions of Won and percentages)				
Business	Major Companies	Item	Major Trademarks	Consolidated Sales Amount (ratio)
Wireless	SK Telecom Co., Ltd., PS&Marketing Co., Ltd., Service	Mobile communication service, wireless data service, ICT service	T and others	3,357,944 (79.9%)

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	Ace Co., Ltd., Network O&S Co., Ltd.			
Fixed-line	SK Broadband Co., Ltd.,	Fixed-line phone, high speed Internet, data and network lease service	B tv , 00700 international call, 7Mobile and others	600,613 (14.3%)
	SK Telink Co., Ltd.			
	SK Planet Co., Ltd ,			
Other	SK Communications Co., Ltd.,	Internet portal service, e-commerce and investment	OK Cashbag, NATE, T Store, T-Map Navigation and others	243,363 (5.8%)
	M&Service Co., Ltd.,			
		Total		4,201,920 (100.0%)

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[Wireless Business]

In the past, based on the Company's basic monthly subscription plan, the basic service fee was Won 13,000 per month and the usage fee was Won 20 per 10 seconds (daytime calls) and based on the Company's standard monthly subscription plan, the basic service fee was Won 12,000 per month and the usage fee was Won 18 per 10 seconds. As of March 31, 2014, based on the Company's standard monthly subscription plan, the basic service fee was Won 11,000 per month and the usage fee was Won 1.8 per second.

[Fixed-line Business]

SK Broadband provides broadband Internet access service, telephony, TV, corporate data services and other services for both individual and corporate customers. As of March 31, 2014, broadband Internet and TV services comprised 46.3% of SK Broadband's revenue, telephony service 24.0%, corporate data services 23.5% and other telecommunications services 6.2%. Price fluctuations in the different services provided by SK Broadband are due to discounts provided for long-term contracts, changes in equipment costs and competition between companies.

Table of Contents**[Other Business]**

Set forth below are major products and services of the Company's material consolidated subsidiaries.

Business	Item	Major Trademarks
Platform	ICT services, new media services, advertisement services, telecommunications sales, e-commerce and others	T Store, 11th Street, T Map, Hoppin, OK Cashbag and others
Display advertisement	Online advertisement services	Nate, Nate-On
Search advertisement	Online advertisement services	Nate, Nate-On
Contents and others	Pay content sales and other services	Nate, Nate-On

3. Investment Status**[Wireless Business]****A. Investment in Progress**

(Unit: in 100 millions of Won)

Business	Classification	Investment period	Subject of investment	Investment effect	Expected investment amount	Amount already invested	Future investment
Network/Common	Upgrade/ New installation	2014	Network, systems and others	Capacity increase and quality improvement; systems improvement	21,000	2,651	
	Total				21,000	2,651	

B. Future Investment Plan

(Unit: in 100 millions of Won)

Business	Expected investment amount	Expected investment for each year			Investment effect	
	Asset type	Amount	2014	2015	2016	
Network/Common	Network, systems and others	21,000	21,000	To be determined	To be determined	Upgrades to the existing services and expanded provision of services including wideband LTE-A
	Total	21,000	21,000	To be determined	To be determined	

[Fixed-line Business]**A. Investment in Progress**

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(Unit: in 100 millions of Won)

Business	Classification	Investment period	Subject of investment	Investment effect	Total	Amount	Future
					investments	already invested	investment
High-speed Internet	Upgrade/ New installation	For the three months ended March 31, 2014	Backbone and subscriber network / others	Expand subscriber networks and		177	To be determined
Telephone				facilities		7	
Television				Increase leased-line and integrated	797	211	
Corporate Data				information system		386	
Others				Expand networks and required space		16	
Total					797	797	

Table of Contents**4. Revenues**

				(Unit: in millions of Won)		
Business	Sales type	Item		For the three	For the year	For the year
				months ended	ended	ended
				March 31,	December 31,	December 31,
				2014	2012*	2011*
Wireless	Services	Mobile communication	Export	339	2,526	14,202
			Domestic	3,357,605	13,313,006	13,204,702
			Subtotal	3,357,944	13,315,532	13,218,904
Fixed-line	Services	Fixed-line, B2B data, High-speed Internet, TV	Export	35,279	28,002	29,883
			Domestic	565,334	2,296,387	2,163,978
			Subtotal	600,613	2,324,389	2,193,861
Other	Services	Display and Search ad., Content	Export		14,049	4,698
			Domestic	243,363	948,084	723,946
			Subtotal	243,363	962,133	728,644
Total			Export	35,618	44,577	48,783
			Domestic	4,166,302	16,557,477	16,092,626
			Total	4,201,920	16,602,054	16,141,409

* Revenue for the year ended December 31, 2011 has been retroactively revised to reflect the effect of discontinued operations resulting from the sale of Loen Entertainment.

								(Unit: in millions of Won)
For the three months ended								
March 31, 2014	Wireless	Fixed	Other	Sub total	Internal transaction	After consolidation		
Total sales	3,715,091	735,241	420,215	4,870,547	(668,627)	4,201,920		
Internal sales	357,147	134,628	176,852	668,627	(668,627)			
External sales	3,357,944	600,613	243,363	4,201,920		4,201,920		
Operating income (loss)	260,421	15,382	(23,407)	252,396		252,396		
Net income (loss)						332,577		
Total assets	22,710,345	3,207,206	2,941,881	28,859,432	(2,792,206)	26,067,226		
Total liabilities	9,669,003	1,948,975	787,924	12,405,902	(163,634)	12,242,268		

Table of Contents**5. Derivative Transactions****A. Current Swap Contract Applying Cash Flow Risk Hedge Accounting**

Currency swap contracts under cash flow hedge accounting as of March 31, 2014 are as follows.

Borrowing date	Hedged item	Hedged risk	Contract type	Financial institution	Duration of contract
Jul. 20, 2007	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$400,000,000)	Foreign currency risk	Cross currency swap	Morgan Stanley and five other banks	Jul. 20, 2007 Jul. 20, 2027
Dec. 15, 2011	Floating-to-fixed cross currency interest rate swap (Singapore dollar denominated bonds face value of SGD 65,000,000)	Foreign currency risk and interest rate risk	Cross currency interest rate swap	United Overseas Bank	Dec. 15, 2011 Dec. 12, 2014
Dec. 15, 2011	Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of US\$250,000,000)	Foreign currency risk and interest rate risk	Cross currency interest rate swap	DBS Bank and Citibank	Dec. 15, 2011 Dec. 12, 2014
Jun. 12, 2012	Fixed-to-fixed cross currency swap (Swiss Franc denominated bonds face value of CHF 300,000,000)	Foreign currency risk	Cross currency swap	Citibank and five other banks	Jun. 12, 2012 Jun. 12, 2017
Nov. 1, 2012	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$700,000,000)	Foreign currency risk	Cross currency swap	Barclays and nine other banks	Nov. 1, 2012 May. 1, 2018
Jan. 17, 2013	Fixed-to-fixed cross currency swap (Australia dollar denominated bonds face value of AUD 300,000,000)	Foreign currency risk	Cross currency swap	BNP Paribas and three other banks	Jan. 17, 2013 Nov. 17, 2017
Mar. 7, 2013	Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of US\$300,000,000)	Foreign currency risk and interest rate risk	Cross currency interest rate swap	DBS Bank	Mar. 7, 2013 Mar. 7, 2020
Oct. 29, 2013	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$300,000,000)	Foreign currency risk	Cross currency swap	Korea Development Bank and others	Oct. 29, 2013 Oct. 26, 2018
Dec. 16, 2013	Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$97,929,000)	Foreign currency risk	Cross currency swap	Deutsche Bank	Dec. 16, 2013 Apr. 29, 2022

Table of Contents**B. Treatment of Derivative Instruments on the Balance Sheet**

As of March 31, 2014, fair values of the above derivatives recorded in assets or liabilities and details of derivative instruments are as follows.

Hedged item	(Unit: in millions of Won and thousands of foreign currencies)					Trading purposes	Total
	Accumulated gain (loss) on valuation of derivatives	Tax effect	Cash flow hedge Foreign currency translation gain (loss)	Others ^(*)	Fair value		
Current assets:							
Convertible option ^(*) (face amounts of Won 1,500 million)						10	10
Non-current assets:							
Fixed-to-fixed cross currency swap							
(U.S. dollar denominated bonds face value of US\$400,000,000)	(36,990)	(11,809)	(29,533)	129,806			51,474
Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of US\$300,000,000)	7,880	2,516	(4,419)				5,977
Fixed-to-fixed cross currency swap (U.S. dollar denominated bonds face value of US\$300,000,000)	(879)		2,220				1,341
Total assets							58,802
Non-current liabilities:							
Floating-to-fixed cross currency interest rate swap (Singapore dollar denominated bonds face value of SGD 65,000,000)	21	7	(2,263)				(2,235)
Floating-to-fixed cross currency interest rate swap (U.S. dollar denominated bonds face value of US\$250,000,000)	5,697	1,819	(22,237)				(14,721)
Fixed-to-fixed cross currency swap							
(Swiss Franc denominated bonds face value of CHF 300,000,000)	(5,424)	(1,731)	(2,159)				(9,314)
Fixed-to-fixed cross currency swap							
(U.S. dollar denominated bonds face value of US\$700,000,000)	(9,904)	(3,162)	(15,074)				(28,140)
Fixed-to-fixed cross currency swap							
(Australia dollar denominated bonds face value of AUD 300,000,000)	6,098	1,945	(38,748)				(30,705)
Fixed-to-fixed cross currency swap							
(U.S. dollar denominated bonds face value of US\$97,929,000)	(3,040)	(971)	1,421				(2,590)
Total liabilities							(87,705)

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- (*1) Cash flow hedge accounting has been applied to the relevant contract from May 12, 2010. Others represent gain on valuation of currency swap incurred prior to the application of hedge accounting and was recognized through profit or loss prior to the year ended December 31, 2012.
- (*2) Fair value of the conversion option of convertible bonds held by SK Communications Co., Ltd. amounting to Won 10 million was accounted for as derivative financial assets.

Table of Contents**6. Major Contracts**
[SK Telecom]

(Unit: in 100 millions of Won)

Category	Vendor	Start Date	Completion Date	Contract Title	Contract Amount
Real Estate	Individuals	January 1, 2014	April 30, 2014	Purchase of land for construction of new headquarters and 8 other buildings	86
		Subtotal			86

[SK Broadband]

SK Broadband enters into contracts to use telecommunications facilities, including the use of line conduits and interconnection among telecommunication service providers.

Counterparty	Contract Contents	Contract Period	Note
Telecommunication service providers	Interconnection among telecommunication service providers		Automatically renews every two years unless specific amendments are requested
KEPCO	Provision of electric facilities	From Dec. 2013 to Nov. 2014	Use of electricity poles
Seoul City Railway	Use of telecommunication line conduits	From Jan. 2009 to Dec. 2012 (Renewal in progress)	Use of railway telecommunication conduit (Serviced areas to expand)
Busan Transportation Corporation	Use of telecommunication line conduits	From July 2009 to July 2013 (Renewal in progress)	Use of railway telecommunication conduit (Serviced areas to expand)
Seoul Metro	Use of telecommunication line conduits	From May 2010 to May 2013 (Renewal in progress)	Use of railway telecommunication conduit (Serviced areas to expand)
Gwangju City Railway	Use of telecommunication line conduits	From Sep. 2010 to Dec. 2012 (Renewal in progress)	Use of railway telecommunication conduit (Service lease)

* Renewal is in progress after negotiation of lower usage fees.

[SK Communications]

Counterparty	Purpose	Contract Period	Contract Amount
Daum Communications	Cost-per-click Internet search advertisement		Amount determined based on the number of clicks

* SK Communications and Daum Communications have agreed not to publicly disclose the contract period with respect to the contract with Daum Communications.

Table of Contents**7. R&D Investments**

Set forth below are the Company's R&D expenditures.

Category	(Unit: in millions of Won except percentages)			Remarks
	For the three	For the year ended		
	months ended	December 31,		
	March 31, 2014	2013	2012	
Raw material	56	38	42	
Labor	17,016	79,865	59,050	
Depreciation	47,376	158,158	163,295	
Commissioned service	24,412	22,923	62,399	
Others	13,319	102,668	61,546	
Total R&D costs	102,179	363,652	346,332	
Accounting				
Sales and administrative expenses	100,906	352,385	304,557	
Development expenses (Intangible assets)	1,273	11,267	41,775	
R&D cost / sales amount ratio (Total R&D costs / Current sales amount×100)	2.43%	2.19%	2.12%	

8. Other information relating to investment decisions**A. Trademark Policies**

The Company manages its corporate brand and other product brands in a comprehensive way to protect and increase their value. The Company's Brand Strategy Council in charge of overseeing its systematic corporate branding operates full-time to execute decisions involving major brands and operates Brandnet, an intranet system to manage corporate brands which provides solutions including registering and licensing of the brands.

B. Business-related Intellectual Property**[SK Telecom]**

The Company holds 5,151 Korean-registered patents, 306 U.S.-registered patents, 209 Chinese-registered patents (all including patents held jointly with other companies) and more patents with other countries. The Company holds 897 Korean-registered trademarks and owns intellectual property rights to the design of the alphabet T. The designed alphabet T is registered in all business categories for trademarks (total of 45) and is being used as the primary brand of the Company.

[SK Broadband]

SK Broadband holds 409 Korean-registered patents relating to high-speed Internet, telephone and IPTV service. In addition, SK Broadband has applied for a patent relating to two-way broadcasting system. SK Broadband also holds a number of trademarks and service marks relating to its service and brand.

[SK Planet]

As of March 31, 2014, SK Planet held 2,293 registered patents, 104 registered design marks, 1,168 registered trademarks and one copyright (including those held jointly with other companies) in Korea. It also holds 77 U.S.-registered patents, 76 Chinese-registered patents, 45 Japanese-registered patents, 22 E.U.-registered patents (all including patents held jointly with other companies) and 213 registered trademarks, along with a number of other intellectual property rights, in other countries.

[SK Communications]

As of March 31, 2014, SK Communications held 73 registered patents, 26 registered design rights and 723 registered trademarks in Korea.

C. Business-related Pollutants and Environmental Protection

The Company does not engage in any manufacturing and therefore does not undertake any industrial processes that emit pollutants into the air or industrial processes in which hazardous materials are used.

Table of Contents**III. FINANCIAL INFORMATION****1. Summary Financial Information (Consolidated)****A. Summary Financial Information (Consolidated)**

(Unit: in millions of Won except number of companies)

	As of March 31, 2014	As of December 31, 2013	As of December 31, 2012	As of December 31, 2011
Assets				
Current Assets	4,781,781	5,123,415	5,294,421	6,117,479
Cash and Cash Equivalents	1,067,354	1,398,639	920,125	1,650,794
Accounts Receivable Trade, net	2,245,130	2,257,316	1,954,920	1,823,170
Accounts Receivable Other, net	641,673	643,603	582,098	908,836
Others	827,624	823,857	1,837,278	1,734,679
Non-Current Assets	21,285,445	21,453,100	20,301,138	18,248,557
Long-Term Investment Securities	940,901	968,527	953,712	1,537,945
Investments in Associates and Joint Ventures	5,490,421	5,325,297	4,632,477	1,384,605
Property and Equipment, net	9,966,833	10,196,607	9,712,719	9,030,998
Intangible Assets, net	2,653,885	2,750,782	2,689,658	2,995,803
Goodwill	1,733,261	1,733,261	1,744,483	1,749,933
Others	500,144	478,626	568,089	1,549,273
Total Assets	26,067,226	26,576,515	25,595,559	24,366,036
Liabilities				
Current Liabilities	6,283,342	6,069,220	6,174,895	6,673,590
Non-Current Liabilities	5,958,926	6,340,738	6,565,882	4,959,737
Total Liabilities	12,242,268	12,409,958	12,740,777	11,633,327
Equity				
Equity Attributable to Owners of the Parent Company	13,113,486	13,452,372	11,854,777	11,661,881
Share Capital	44,639	44,639	44,639	44,639
Capital Surplus (Deficit) and Other Capital Adjustments	317,367	317,508	(288,883)	(285,347)
Retained Earnings	12,772,574	13,102,495	12,124,657	11,642,525
Reserves	(21,094)	(12,270)	(25,636)	260,064
Non-controlling Interests	711,472	714,185	1,000,005	1,070,828
Total Equity	13,824,958	14,166,557	12,854,782	12,732,709
Total Liabilities and Equity	26,067,226	26,576,515	25,595,559	24,366,036
Number of Companies Consolidated	28	28	32	31

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(Unit: in millions of Won except per share amounts)

	For the three months ended March 31, 2014	For the year ended December 31, 2013	For the year ended December 31, 2012*	For the year ended December 31, 2011*
Operating Revenue	4,201,920	16,602,054	16,141,409	15,803,174
Operating Income	252,396	2,011,109	1,730,049	2,266,197
Profit Before Income Tax	332,577	1,827,101	1,519,368	2,212,273
Profit for the Period	267,309	1,609,549	1,115,663	1,582,073
Profit for the Period Attributable to Owners of the Parent Company	269,814	1,638,964	1,151,705	1,612,889
Profit for the Period Attributable to Non-controlling Interests	(2,505)	(29,415)	(36,042)	(30,816)
Basic Earnings Per Share (Won)	3,804	23,211	16,525	22,848
Diluted Earnings Per Share (Won)	3,804	23,211	16,141	22,223

* Financial information for the years ended December 31, 2011 and 2012 have been retroactively revised to reflect the effect of discontinued operations resulting from the sale of Loen Entertainment.

B. Changes to Accounting Standards Adopted During 2012**(1) Financial Instruments: Disclosures**

The Company has applied the amendments to K-IFRS No.1107, Financial Instruments: Disclosures since January 1, 2012. The amendments require disclosing the nature of transferred assets, their carrying amount, and the description of risks and rewards for each class of transferred financial assets that are not derecognized in their entirety. If the Company derecognizes transferred financial assets but still retains their specific risks and rewards, the amendments require additional disclosures of their risks.

(2) Presentation of Financial Statements

The Company adopted the amendments pursuant to the amended K-IFRS No. 1001, Presentation of Financial Statements starting with the year ended December 31, 2012. The Company's operating income is calculated as operating revenue less operating expense. Operating expense represents expense incurred from the Company's main operating activities and includes cost of products that have been resold and selling, general and administrative expenses.

C. Changes to Accounting Standards Adopted During 2013**(1) Presentation of Financial Statements**

The Company has applied the amendments to K-IFRS No. 1001, Presentation of Financial Statements since January 1, 2013, classified items within other comprehensive income by nature and presented items that are not subsequently recycled through profit or loss and items that are subsequently reclassified if certain conditions are met as a group.

(2) Consolidated Financial Statements

The Company has applied the amendments to K-IFRS No. 1110, Consolidated Financial Statements since January 1, 2013. The standard introduces a single control model to determine whether an investee should be consolidated. Subsidiary is an entity that is controlled by a controlling entity or a subsidiary of a controlling company. A controlling entity or a subsidiary of a controlling company controls a subsidiary when the controlling entity or the subsidiary of the controlling company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.

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(3) Joint Arrangements

The Company has applied the amendments to K-IFRS No. 1111, Joint Arrangements since January 1, 2013. The standard classifies joint arrangements into two types joint operations and joint ventures. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint operators) have rights to the assets, and obligations for the liabilities, relating to the arrangement. A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement (i.e. joint ventures) have rights to the net assets of the arrangement. The standard requires a joint operator to recognize and measure the assets and liabilities (and recognize the related revenues and expenses) in relation to its interest in the arrangement in accordance with relevant IFRSs applicable to the particular assets, liabilities, revenues and expenses. The standard requires a joint venture to recognize an investment and to account for that investment using the equity method.

(4) Disclosure of Interests in Other Entities

The Company has applied the amendments to K-IFRS No. 1112, Disclosure of Interests in Other Entities since January 1, 2013. The standard brings together into a single standard all the disclosure requirements about an entity's interests in subsidiaries, joint arrangements, associates and unconsolidated structured entities. The Company is currently assessing the disclosure requirements for interests in subsidiaries, interests in joint arrangements and associates and unconsolidated structured entities in comparison with the existing disclosures. The standard requires the disclosure of information about the nature, risks and financial effects of these interests.

(5) Employee Benefits

The Company has applied the amendments to K-IFRS No. 1019, Employee Benefits since January 1, 2013. The standard requires recognition of actuarial gains and losses immediately in other comprehensive income and to calculate expected return on plan assets based on the rate used to discount the defined benefit obligation.

(6) Fair Value Measurement

The Company has applied the amendments to K-IFRS No. 1113, Fair Value Measurement since January 1, 2013. The standard defines fair value and a single framework for fair value, and requires disclosures about fair value measurements.

D. Impact of Changes in Accounting Policies

(1) Consolidated Financial Statements

In accordance with the transitional provision on K-IFRS No. 1110, the Company assessed control on investees as of January 1, 2013, the initial adoption date of the standard, and there have been no changes in subsidiaries upon adoption of the standard.

Table of Contents**2. Summary Financial Information (Separate)****A. Summary Financial Information (Separate)**

	As of	As of	As of	(Unit: in millions of Won) As of
	March 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Assets				
Current Assets	2,563,759	2,817,782	2,589,699	3,948,077
Cash and Cash Equivalents	321,657	448,459	256,577	895,558
Accounts Receivable				
Trade, net	1,471,702	1,513,138	1,407,206	1,282,234
Accounts Receivable				
Other, net	330,775	388,475	383,048	774,221
Others	439,625	467,710	542,868	996,064
Non-Current Assets	19,692,242	20,009,637	19,659,803	16,572,450
Long-Term Investment				
Securities	670,749	729,703	733,893	1,312,438
Investments in				
Subsidiaries and Associates	8,010,121	8,010,121	7,915,547	4,647,506
Property and Equipment,				
net	7,282,205	7,459,986	7,119,090	6,260,169
Intangible Assets, net	2,153,064	2,239,167	2,187,872	2,364,795
Goodwill	1,306,236	1,306,236	1,306,236	1,306,236
Others	269,867	264,424	397,165	681,306
Total Assets	22,256,001	22,827,419	22,249,502	20,520,527
Liabilities				
Current Liabilities	4,511,948	4,288,07	4,343,086	4,467,006
Non-Current Liabilities	4,912,019	5,223,938	5,529,368	4,087,219
Total Liabilities	9,423,967	9,512,011	9,872,454	8,554,225
Equity				
Share Capital	44,639	44,639	44,639	44,639
Capital Surplus and Other				
Capital Adjustments	433,894	433,894	(236,160)	(236,016)
Retained Earnings	12,220,249	12,665,699	12,413,981	11,837,185
Reserves	133,252	171,176	154,588	320,494
Total Equity	12,832,034	13,315,408	12,377,048	11,966,302
Total Liabilities and Equity	22,256,001	22,827,419	22,249,502	22,520,527

(Unit: in millions of Won except per share amounts)

	For the three months ended	For the year ended	For the year ended	For the year ended
	March 31, 2014	December 31, 2013	December 31, 2012	December 31, 2011
Operating Revenue	3,263,703	12,860,379	12,332,719	12,551,255

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Operating Income	251,294	1,969,684	1,675,388	2,184,498
Profit Before Income Tax	195,944	1,220,797	1,546,719	2,274,421
Profit for the Period	153,533	910,157	1,242,767	1,694,363
Basic Earnings Per Share (Won)	2,164	12,837	17,832	24,002
Diluted Earnings Per Share (Won)	2,164	12,837	17,406	23,343

B. Changes to Accounting Standards Adopted During 2012

(1) Financial Instruments: Disclosures

The Company has applied the amendments to K-IFRS No.1107, Financial Instruments: Disclosures since January 1, 2012. The amendments require disclosing the nature of transferred assets, their carrying amount, and the description of risks and rewards for each class of transferred financial assets that are not derecognized in their entirety. If the Company derecognizes transferred financial assets but still retains their specific risks and rewards, the amendments require additional disclosures of their risks.

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(2) Presentation of Financial Statements

The Company adopted the amendments pursuant to the amended K-IFRS No. 1001, Presentation of Financial Statements starting with the year ended December 31, 2012. The Company's operating income is calculated as operating revenue less operating expense. Operating expense represents expense incurred from the Company's main operating activities and includes cost of products that have been resold and selling, general and administrative expenses.

C. Changes to Accounting Standards Adopted During 2013

(1) Presentation of Financial Statements

The Company has applied the amendments to K-IFRS No. 1001, Presentation of Financial Statements since January 1, 2013, classified items within other comprehensive income by nature and presented items that are not subsequently recycled through profit or loss and items that are subsequently reclassified if certain conditions are met as a group.

(2) Consolidated Financial Statements

The Company has applied the amendments to K-IFRS No. 1110, Consolidated Financial Statements since January 1, 2013. The standard introduces a single control model to determine whether an investee should be consolidated. Subsidiary is an entity that is controlled by a controlling entity or a subsidiary of a controlling company. A controlling entity or a subsidiary of a controlling company controls a subsidiary when the controlling entity or the subsidiary of the controlling company is exposed, or has rights, to variable returns from its involvement with the subsidiary and has the ability to affect those returns through its power over the subsidiary.