

SK Telecom's Strategy towards Convergence

- How to Grow when Markets don't

September, 2005



SK Telecom

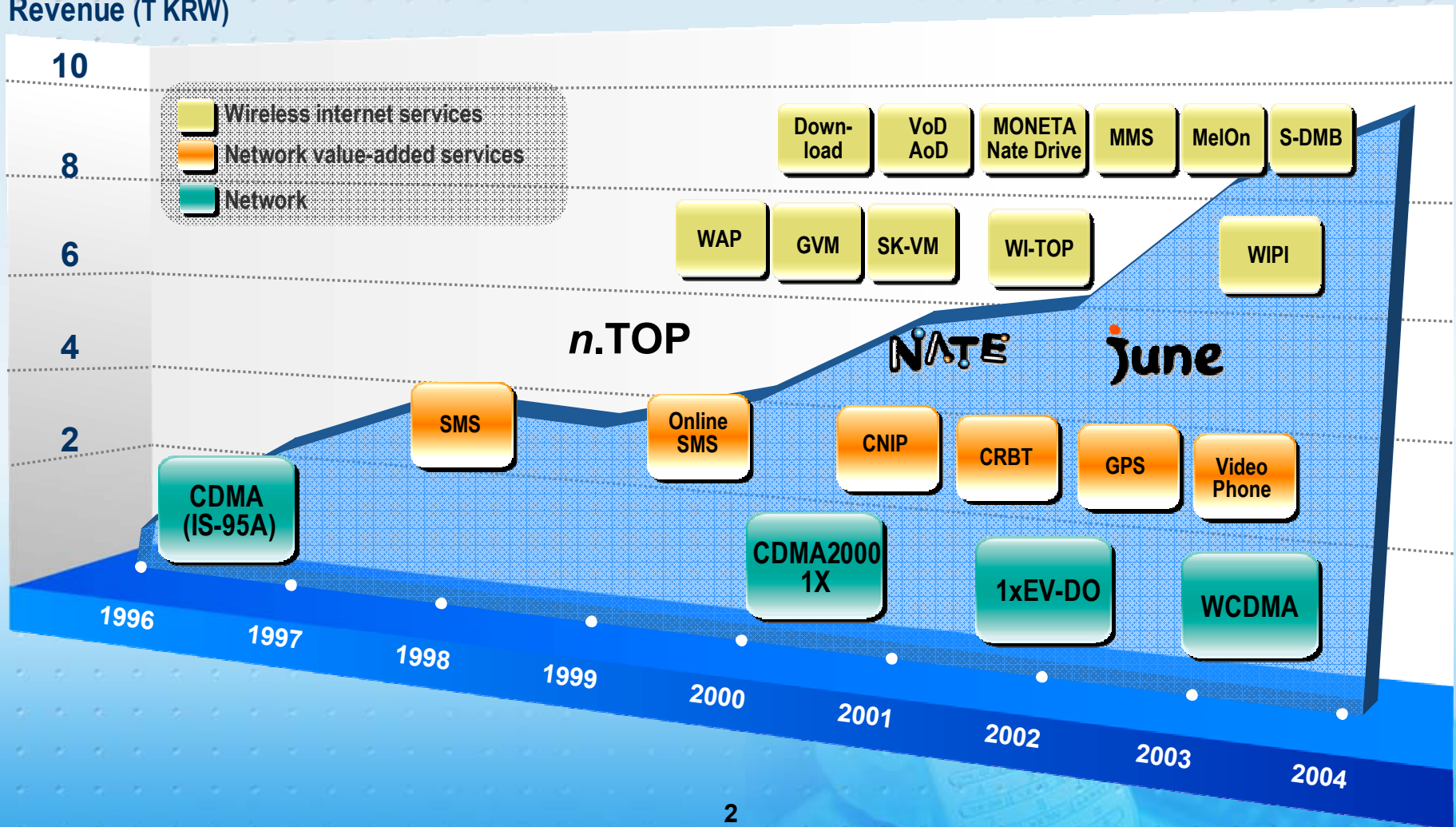
Agenda

- *Overview of SK Telecom*
- *Convergence Trend and Strategy*
- *Convergence Services of SK Telecom*
- *Success Factors for Future Mobile Communications*
- *Summary*

Technology Leadership

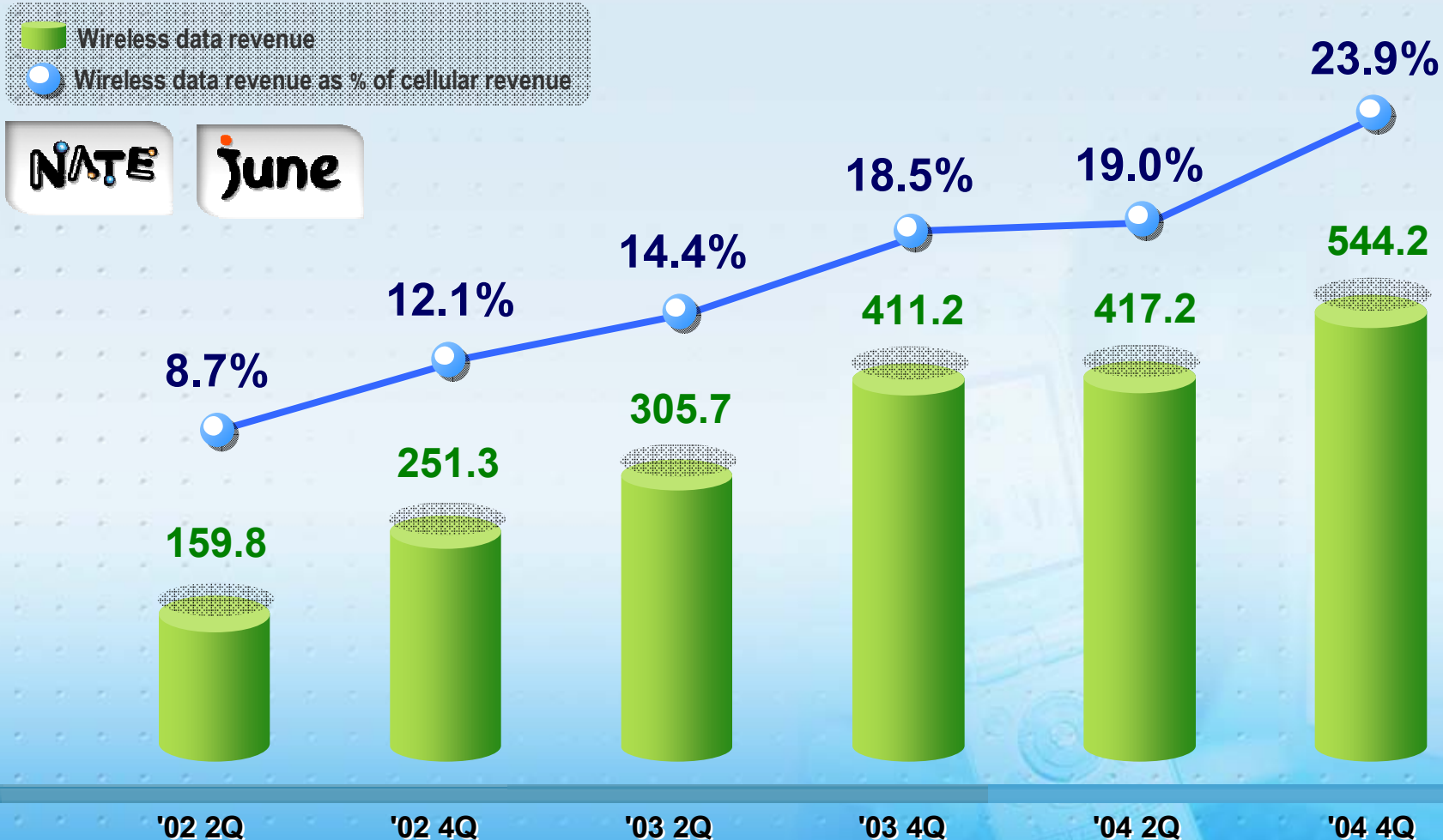
SK Telecom has been a market leader in developing new mobile technologies and rolling out innovative mobile services

Revenue (T KRW)



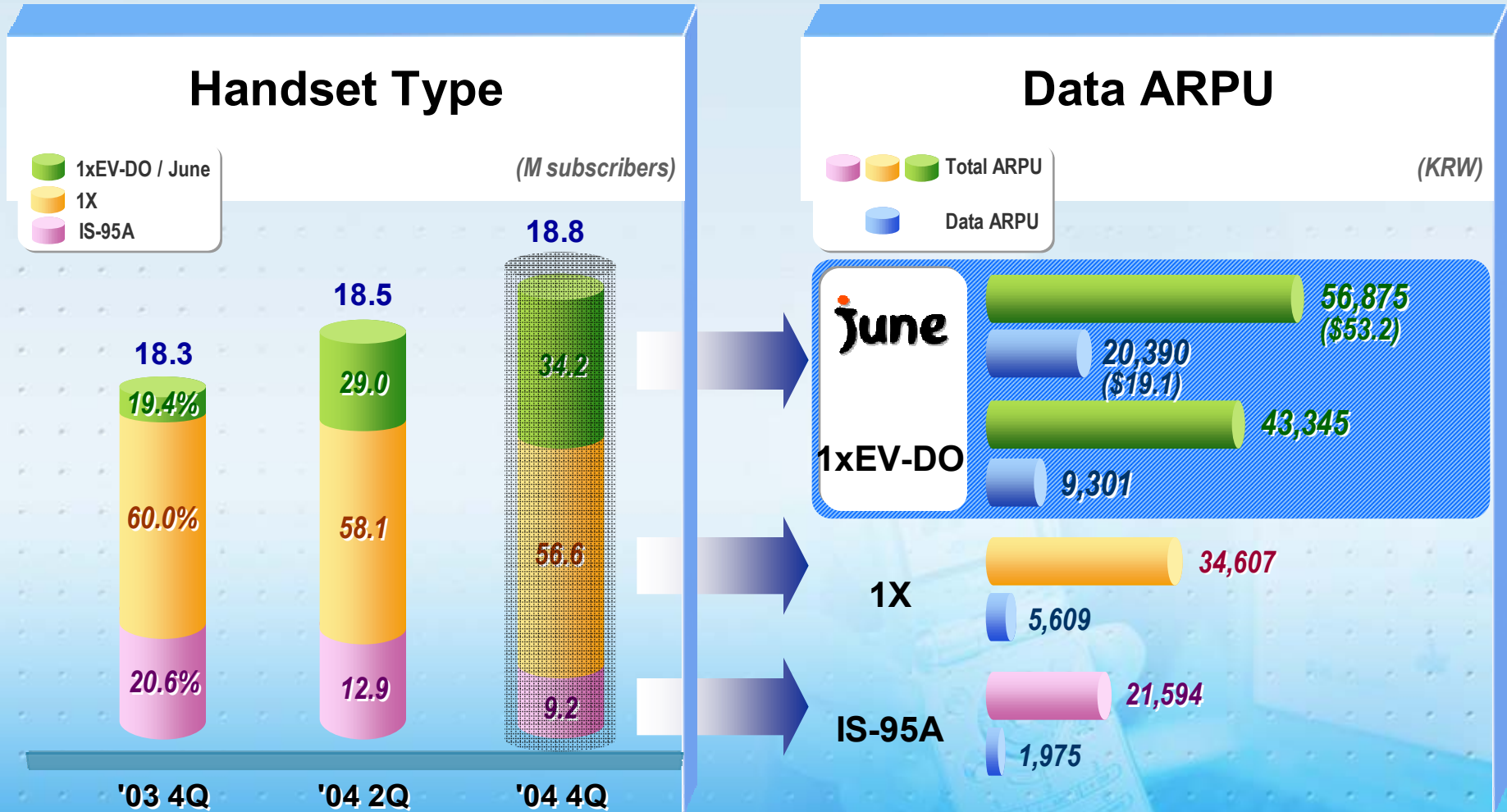
Wireless Data Revenue

The revenue from wireless data services has jumped four fold over the past three years and the momentum is expected to continue



※ Company data as of Dec 2004, Unit of revenue : B KRW

There is a trend toward more data usage if subscribers own advanced multimedia handset



※ Company data as of Sep 2004

※ US\$1=KRW 1,070

Market Leadership

A strong brand power and differentiated mobile services have enabled SK Telecom to maintain leadership of the Korean mobile market

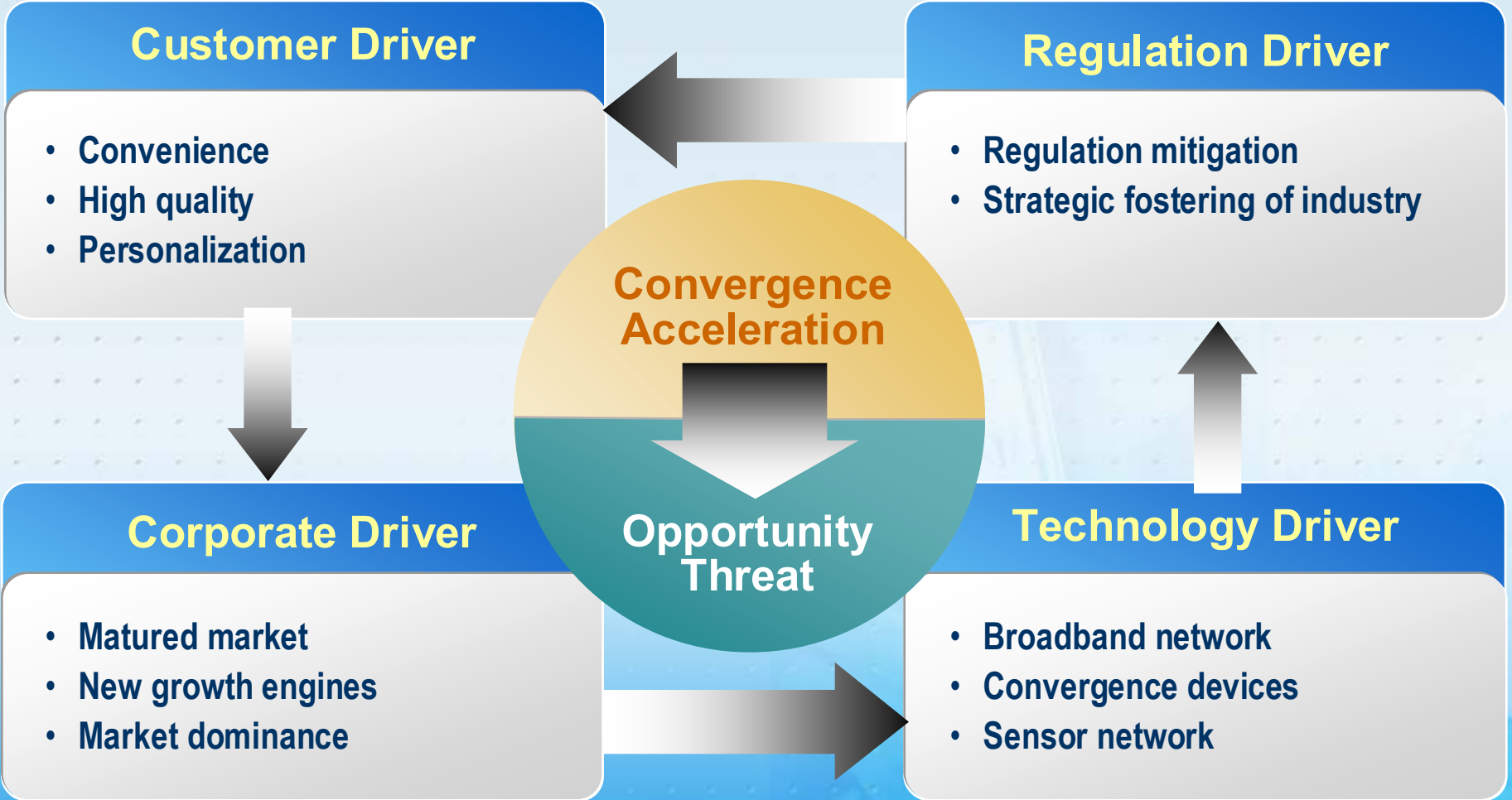
Year of 2004	SK Telecom	A	B
Subscribers(M)	18.8	11.7	6.1
Market Share(%)	51.3	32.1	16.6
Revenue (T KRW)	9.7	4.6	3.2
Net Income (T KRW)	1.5	0.3	0.02
Wireless Data Revenue(%)	20.6	15.7	11.9

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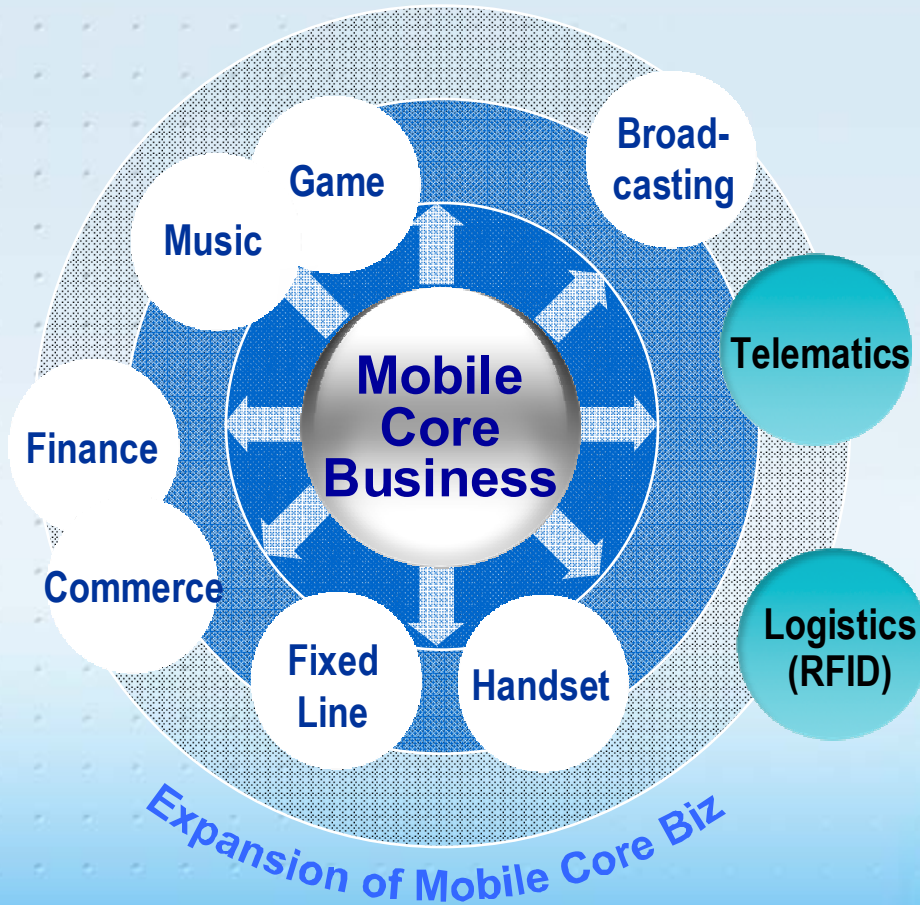
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Convergence Trend

Interaction of key drivers accelerates the convergence trend and presents opportunities and threats to operators



SK Telecom has been developing new convergence business models to find new growth opportunity



- Commercialized services
- To be commercialized

SK Telecom's Business Expansion Strategy

- **Identify new business area**
 - Develop convergence business models
 - Detect new convergence areas by applying new technologies
- **Expand mobile core business**
 - Enhance services with personalization
 - Provide higher service accessibility

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Satellite DMB is a multimedia mobile broadcasting service provided via handset and it will be converged with mobile internet service

Milestone

- **Sep 2003** *Satellite co-ownership agreement (MBCo)*
- **Mar 2003** *Satellite launched*
- **Dec 2004** *S-DMB license granted*
- **Jan 2005** *Pilot service (36Ch)*
 - 14 Video Ch
 - 22 Audio Ch
- **May 2005** *Commercial service launched*

Commerce

Combined with mobile Internet

Hybrid
Terminal

Vehicle-mounted
Terminal

Dedicated
Terminal

Satellite DMB will offer 12 video and 22 audio channels at a monthly flat fee and 2 premium channels will be available at additional prices

		Channel	Terminal
Video	12ch	TV retransmission, drama, sports, game, news, education	 <p>Dedicated</p> <ul style="list-style-type: none"> • MP3 player • 1M pixel camera • 2.8" QVGA • Jun '05
Audio	22ch	music, news, education (non-stop music, DJ music, variety, etc)	 <p>Vehicle-mounted</p> <ul style="list-style-type: none"> • Set-top box • MP3 player • 7" TFT LCD • Jan '05
Premium	2ch	movie (pay per channel, pay per view)	 <p>Hybrid</p> <ul style="list-style-type: none"> • Mobile phone • 1M pixel camera

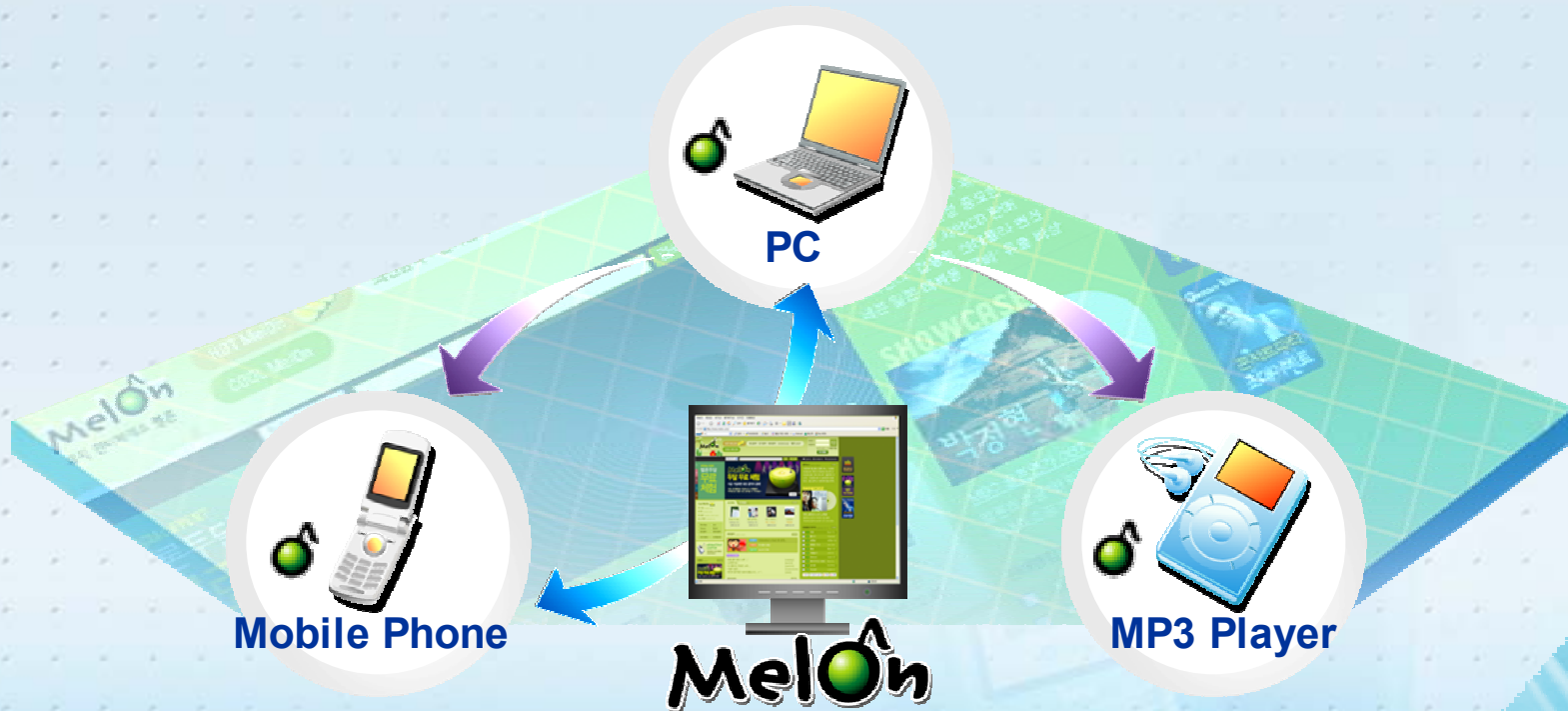
※ About 10 S-DMB terminals to be introduced in 2005

MONETA provides mobile banking, credit card, stock trading and transportation card service based on IC chip



- Mobile financial service based on both offline and online infrastructure
- Mobile banking service rolled on Mar 2004
- One chip (MONETA + USIM + CAS) will be developed

MelOn lets users to download music files and play on mobile handset, PC and MP3 player, as long as subscription with monthly flat fee is valid



Multimedia Music Service

Music video, photo album

“Rental-based” Flat Rate

Monthly flat rate for unlimited service

Launched in Nov 2004

660,000 subscribers (Jan 2005)

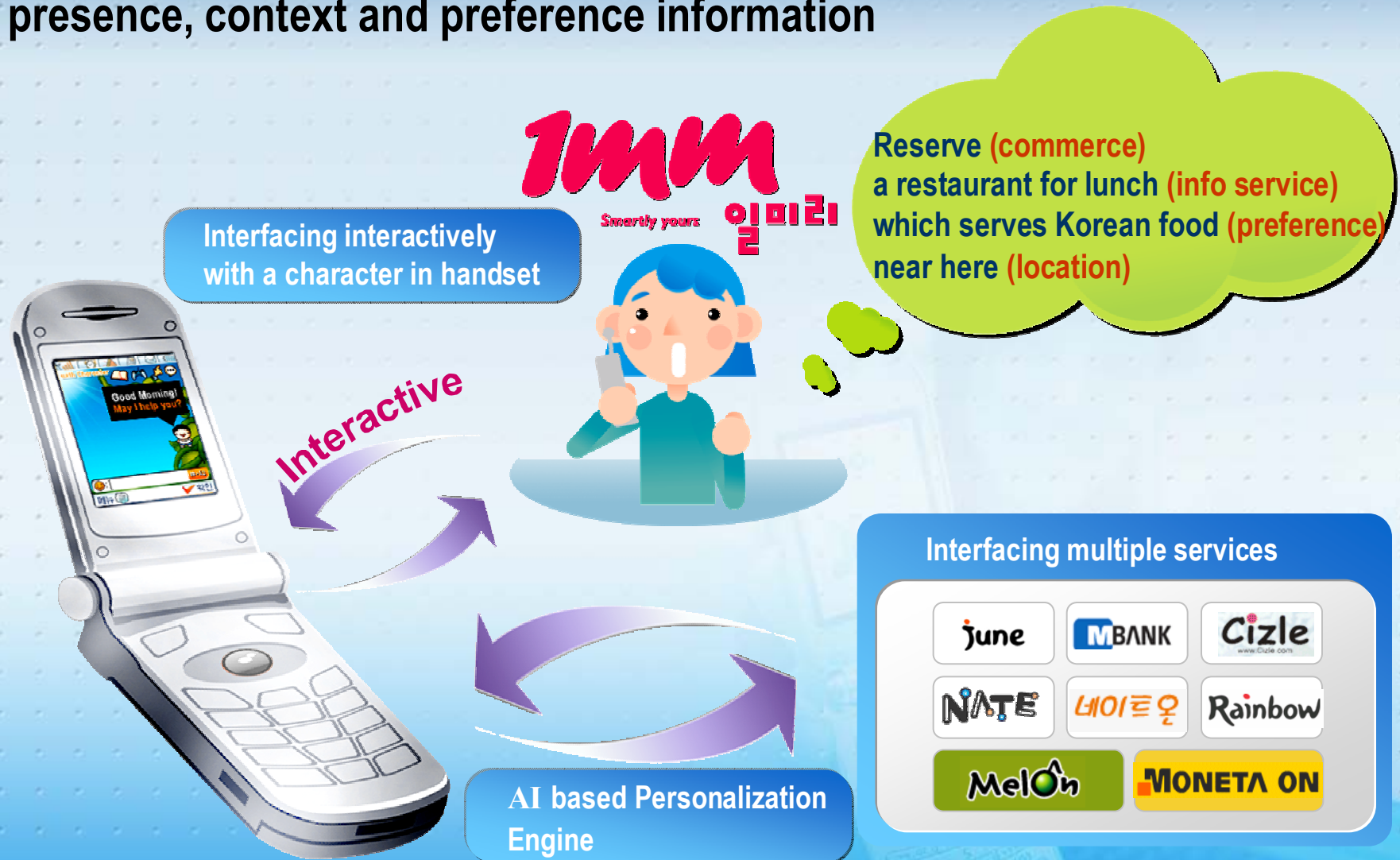
NATE Drive is a mobile handset based navigation service that guides driver to the shortest route using real time traffic information



Personalized Navigation Service

- Finds shortest route based on real time traffic information
 - traffic jam, emergency
- Voice-activated navigation
- Launched in Mar 2002
 - 260,000 subscribers (Jan 2005)
- Launched telematics service in Jeju island (Dec 2004)

1mm is a personal agent providing intelligent interface to the services based on presence, context and preference information



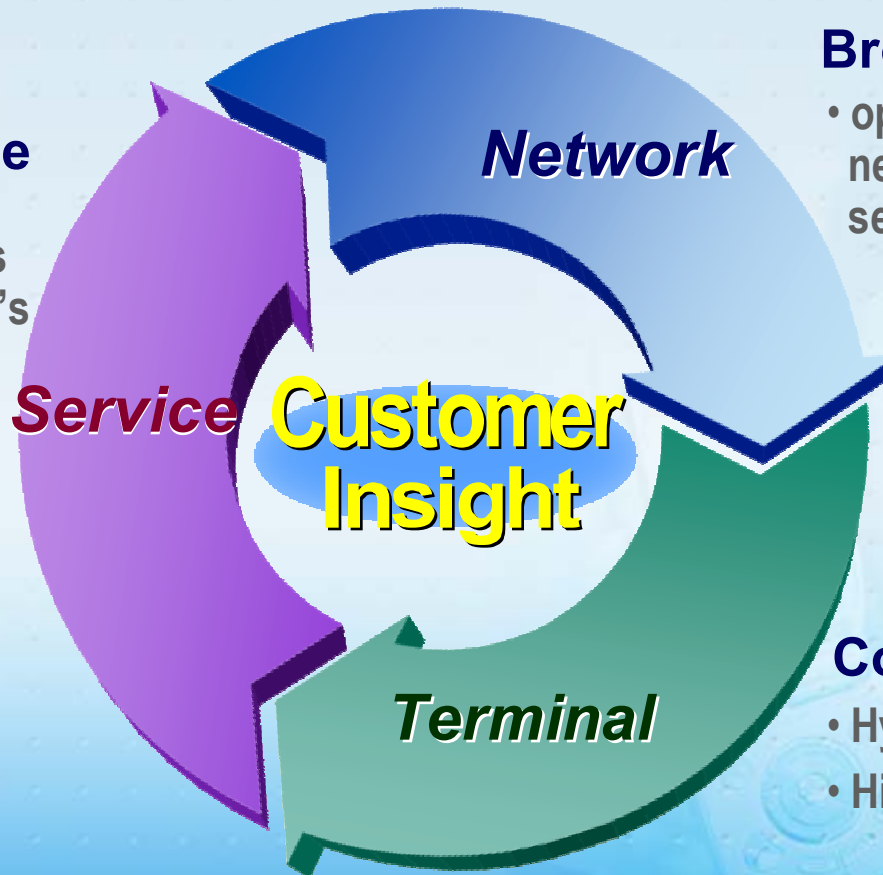
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To seize the opportunity for convergence offers, it is of paramount importance to have comprehensive understanding of customers and desire to enhance customer value

Integrated Service

- convergence services driven from customer's needs



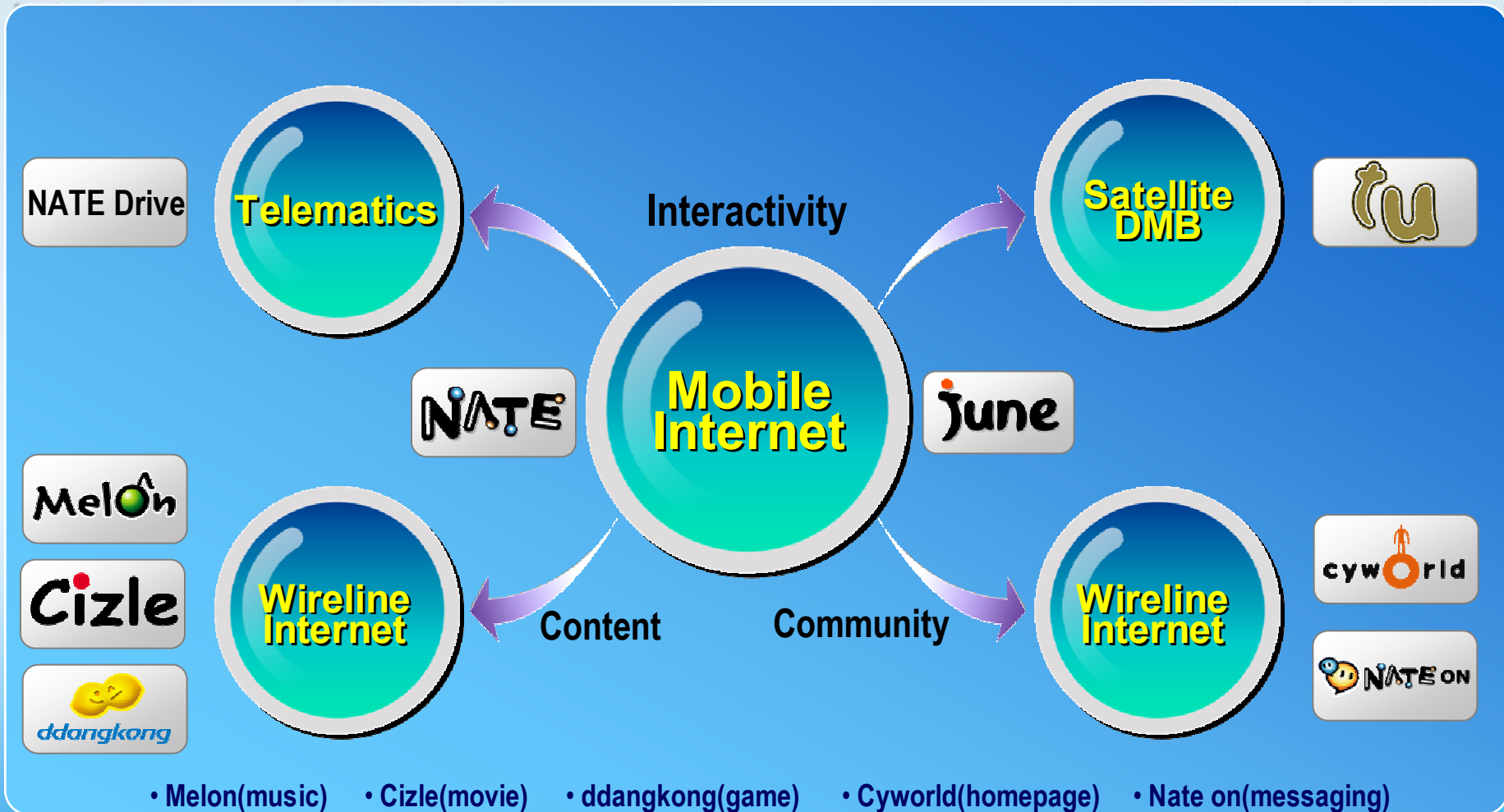
Broadband Network

- optimal portfolio of broadband networks suitable for each service characteristics

Convergent Terminal

- Hybrid functionalities
- Highly flexible to new services

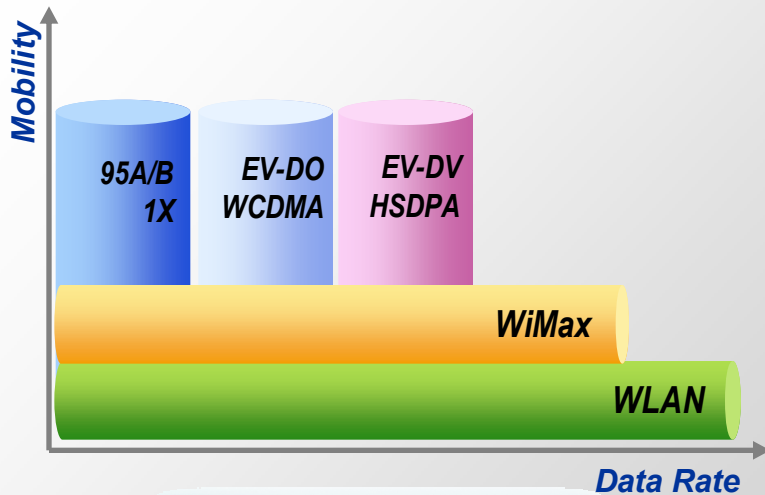
Each industry's characteristics, such as communication's interactivity, internet's content and community, are integrated to create new services



An optimal portfolio of network technologies and seamless handover are critical factors for efficient data service delivery

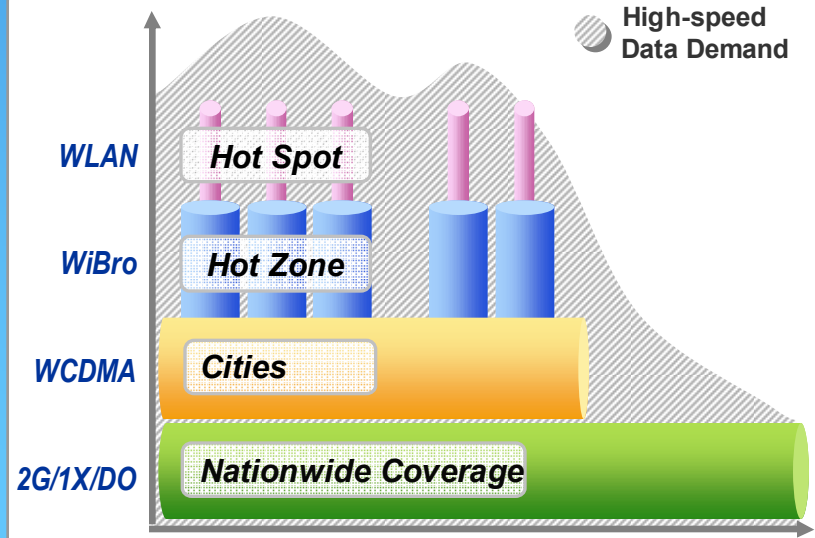
Multi Access Technologies

Improve Data Rate & Mobility



Optimal Network Portfolio

Optimal Network Portfolio



- Combination of networks
- Seamless handover

Convergent Terminal - Evolution

Handset, as the center of convergence, must evolve to have hybrid functionalities to innovate convenience of customer



MMMB



SCH W-120
 • WCDMA
 • 1X/DO
 • JUNE



SCH B-100
 • S-DMB
 • JUNE
 • QVGA



IM-8200
 • S-DMB
 • JUNE
 • QVGA

MONETA M-Bank



PH-S4
 • MONETA
 • 2 mega pixel
 • QVGA

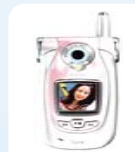


SCH V-600
 • JUNE,MP3
 • MONETA
 • 1.3 mega pixel



SCH V-650
 • JUNE,MP3
 • WIPI2.0
 • QVGA
 • MONETA

Multimedia

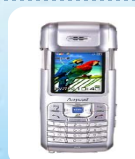


SV-520
 • JUNE,MP3
 • 1.3 mega pixel
 • Mini SDm



A-GPS
 • JUNE
 • QVGA

Camera



SCH S-250
 • 5 mega pixel
 • Intenna
 • QVGA

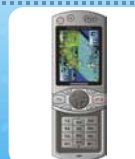


• 5 mega pixel
 • 3X Zoom

Game



PH-S3500
 • GIGA
 • 86M memory
 • WIPI1.2



GIGA
 • 2 mega pixel



PH-S6000
 • Bluetooth
 • GIGA

Ubiquitous Interface

- WiBro
- RFID
- ZigBee

Perceptual Interface

- Healthcare (Sensor)

Integrated Function

- Mini-HDD
- 7 mega pixel
- VGA
- Smart chip

Convergent Terminal - Terminal Platform (WIPI) SK Telecom

WIPI is a Java-based terminal platform supporting over-the-air platform upgrade and it also ensures compatibility with different types of contents

Advantages

- Dynamic API upgrade over the air
- Java-based, J2ME compatibility
- Use binary code to improve execution speed
- Hardware independent architecture
- Multi-linguistic support

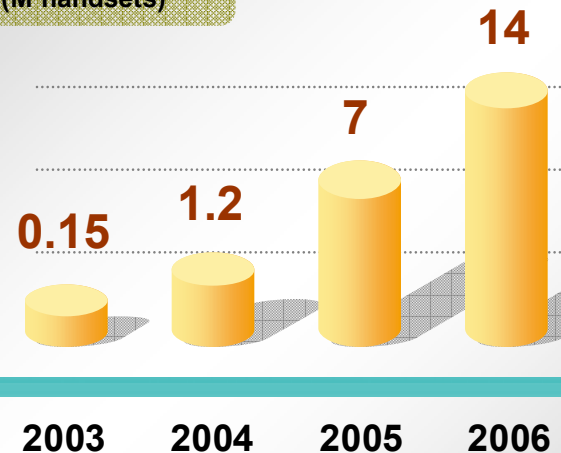


Easier to develop new applications

WIPI Penetration

No. of Terminals

(M handsets)



- Develop GSM/GPRS WIPI Platform by 2Q 2005
- Use WIPI in SK-EarthLink joint MVNO in USA

※ WIPI : Wireless Internet Platform for Interoperability

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Various business models and more convenient services to deliver higher values to customers



Continuous pursuit for technology innovation to enable the optimal service environment



Strengthening global partnership to identify new business opportunity



Thank You!

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SKTelecom