

I. Introduction**II. Total Connections in Korea****III. Mobile Operators****IV. Financial Results**

Innovation History

Summary

Innovation history

Income statement

Mobile Connection Composition

Mobile connections/phone penetration

Mobile connections

Operating revenues

Market Brief

Access network

Access network

Capex

Mobile Traffic

Device type

Device type

Marketing expenses

LTE Service Quality Evaluation

MVNO

Smartphones

Mobile phones

IoT

IoT

MVNO

Net Additions

Mobile Service Revenues

Korea Mobile Communications Market Report - Q2 2017

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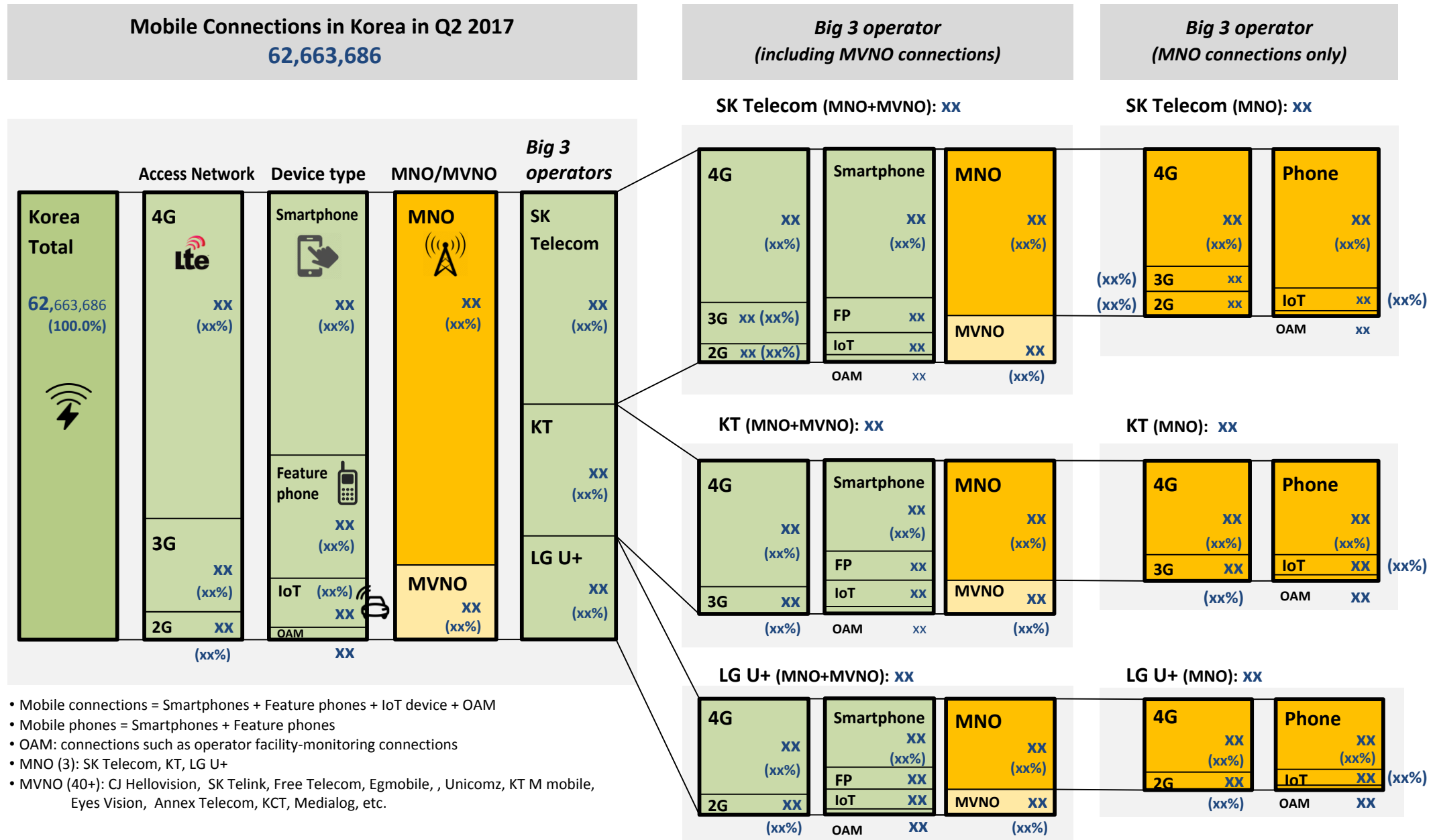
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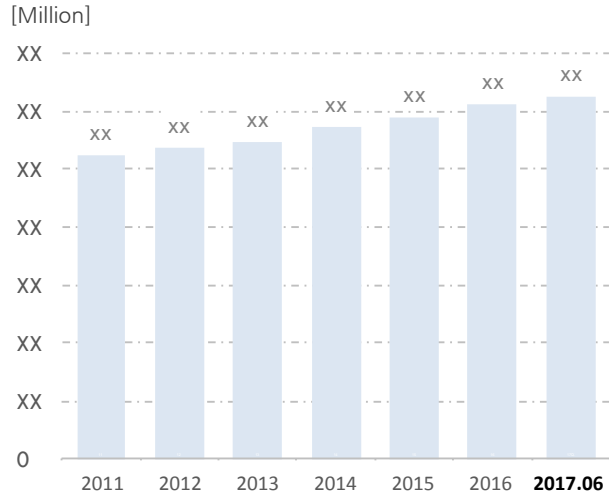
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Mobile connections in Korea in Q2 2017 - Big 3 operators

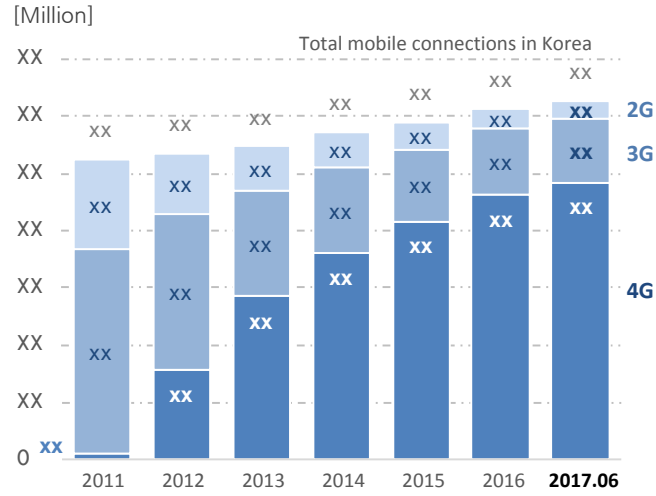


Mobile telecommunication market in Korea – Mobile connections breakdown

Total mobile connections in Korea

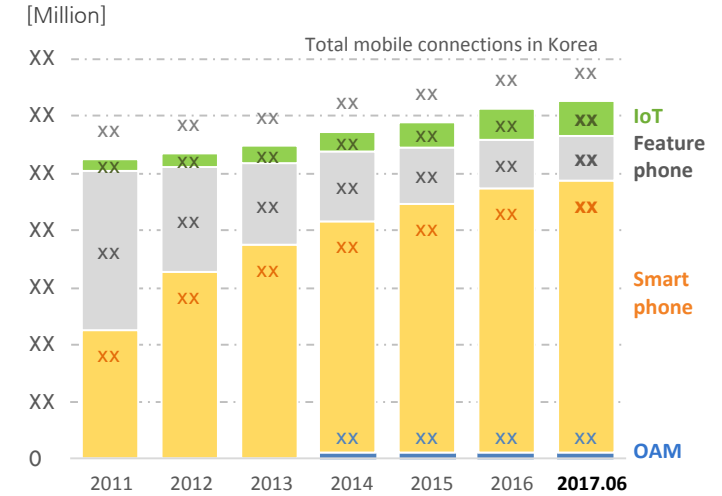


Breakdown of mobile connections by access network



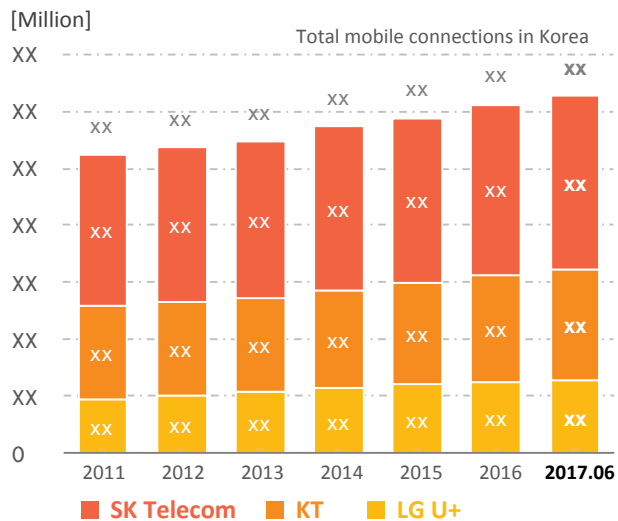
Mobile Connections (by access network) = 4G + 3G + 2G

Breakdown of mobile connections by device type

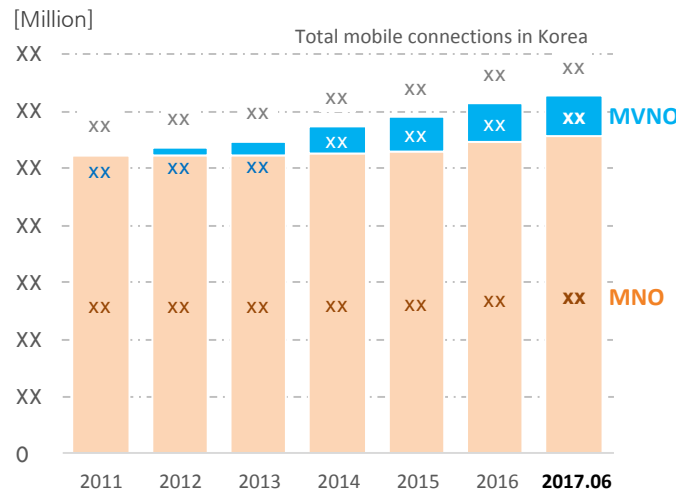


Mobile Connections (by device type) = Smartphones + Feature phones + IoT devices + OAM connections

Breakdown of mobile connections by operator

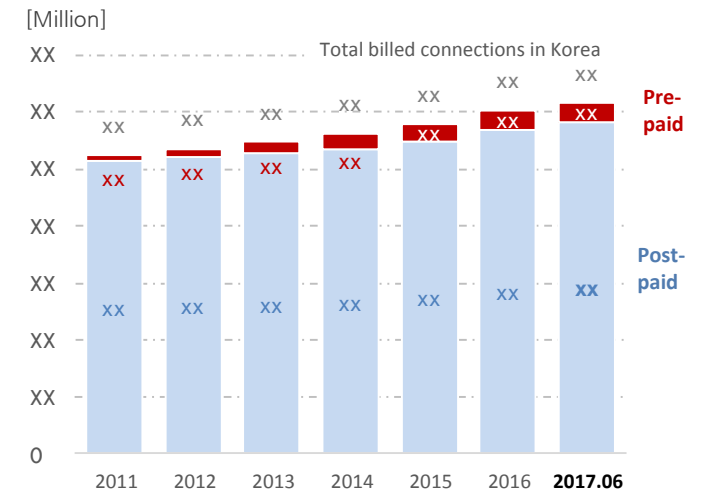


MVNO connections



Mobile Connections = MNO + MVNO

Post-paid vs. Pre-paid



I. Introduction

II. Total Connections in Korea

III. Mobile Operators

IV. Financial Results

Data: MSIP, KT, SK Telecom, LG U+

Summary | Mobile connections/phone penetration | Access network | Device type | MVNO | Mobile phones | IoT | Net additions

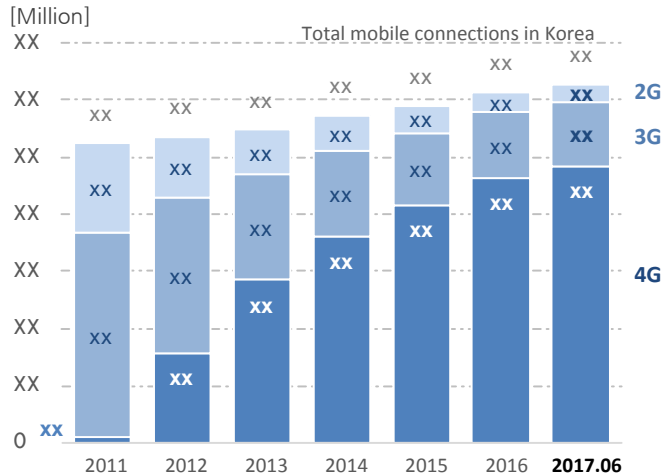
Summary - Mobile connections in Korea: number, penetration and growth - Table

	In Korea	2011	2012	2013	2014	2015	2016	5-year CAGR	2016Q2	2017Q2	YoY
Number	Mobile connections	52,506,793	53,624,427	xx	xx	xx	xx	xx	xx	xx	xx
	Mobiles phones	50,523,973	51,032,150	xx	xx	xx	xx	xx	xx	xx	xx
	Population	49,779,440	50,004,441	xx	xx	xx	xx	xx	xx	xx	xx
	4G connections	1,191,334	15,811,360	xx	xx	xx	xx	xx	xx	xx	xx
	3G connections	35,499,972	27,059,688	xx	xx	xx	xx	xx	xx	xx	xx
	2G connections	15,815,487	10,753,379	xx	xx	xx	xx	xx	xx	xx	xx
	Smartphones	22,578,408	32,727,249	xx	xx	xx	xx	xx	xx	xx	xx
	Feature phones	27,945,565	18,304,901	xx	xx	xx	xx	xx	xx	xx	xx
	IoT connections	1,982,820	2,592,277	xx	xx	xx	xx	xx	xx	xx	xx
	MNO connections	52,104,108	52,348,016	xx	xx	xx	xx	xx	xx	xx	xx
	MVNO connections	402,685	1,276,411	xx	xx	xx	xx	xx	xx	xx	xx
	Post-paid connections	51,489,428	52,041,966	xx	xx	xx	xx	xx	xx	xx	xx
	Billed connections	52,506,793	53,624,427	xx	xx	xx	xx	xx	xx	xx	xx
Penetration	Mobile connections / Population	105.5%	107.2%	xx	xx	xx	xx	-	xx	xx	xx
	Phone connections / Population	101.5%	102.1%	xx	xx	xx	xx	-	xx	xx	xx
	4G LTE connections / Total connections	2.3%	29.5%	xx	xx	xx	xx	-	xx	xx	xx
	Smartphones / Total connections	43.0%	61.0%	xx	xx	xx	xx	-	xx	xx	xx
	Smartphones / Total phones	44.7%	64.1%	xx	xx	xx	xx	-	xx	xx	xx
	IoT connections / Total connections	3.8%	4.8%	xx	xx	xx	xx	-	xx	xx	xx
	MVNO connections / Total connections	0.8%	2.4%	xx	xx	xx	xx	-	xx	xx	xx
	Post-paid connections / Billed connections	98.1%	97.0%	xx	xx	xx	xx	-	xx	xx	xx
Growth (year-on-year)	Mobile connections	-	2.1%	xx	xx	xx	xx	-	-	xx	-
	Phone connections	-	1.0%	xx	xx	xx	xx	-	-	xx	-
	4G LTE connections	-	1227.2%	xx	xx	xx	xx	-	-	xx	-
	Smartphone connections	-	44.9%	xx	xx	xx	xx	-	-	xx	-
	Feature phone connections	-	-34.5%	xx	xx	xx	xx	-	-	xx	-
	IoT connections	-	30.7%	xx	xx	xx	xx	-	-	xx	-
	MVNO connections	-	217.0%	xx	xx	xx	xx	-	-	xx	-

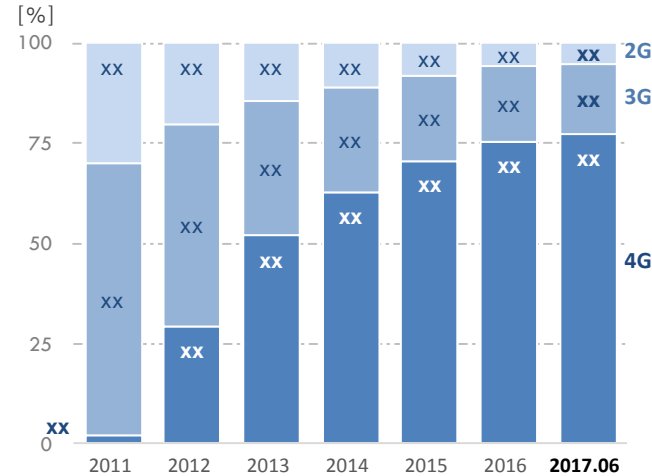
Summary | Mobile connections/phone penetration | Access network | Device type | MVNO | Mobile phones | IoT | Net additions

Mobile connections and market share in Korea - by access network ■ 4G ■ 3G ■ 2G

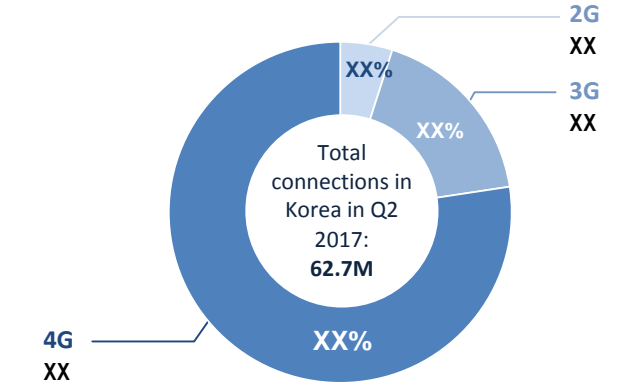
Mobile connection growth by access network (cumulative), Trend, 2011-2017Q2



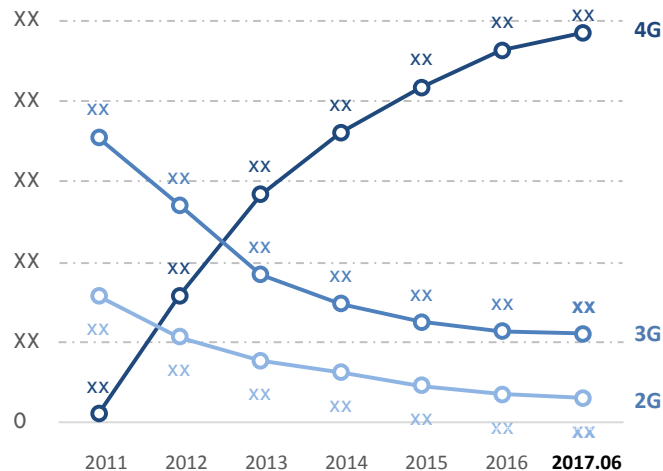
Mobile connection share by access network Trend, 2011-2017Q2



Mobile connection share by access network 2017 Q2



Mobile connection growth by access network Trend, 2011-2017Q2



Number of Mobile connections by access network, 2011-2017Q2

	2011	2012	2013	2014	2015	2016	5-year CAGR	2016Q2	2017Q2	YoY
2G	15,815,487	10,753,379	xx	xx	xx	xx	xx	xx	xx	xx
3G	35,499,972	27,059,688	xx	xx	xx	xx	xx	xx	xx	xx
4G	1,191,334	15,811,360	xx	xx	xx	xx	xx	xx	xx	xx
Total in Korea	52,506,793	53,624,427	xx	xx	xx	xx	xx	xx	xx	xx

Share of Mobile connections by access network, 2011-2017Q2

	2011	2012	2013	2014	2015	2016	2016Q2	2017Q2	YoY
2G	30.1%	20.1%	xx	xx	xx	xx	xx	xx	xx
3G	67.6%	50.5%	xx	xx	xx	xx	xx	xx	xx
4G	2.3%	29.5%	xx	xx	xx	xx	xx	xx	xx
Total in Korea	100.0%	100.0%	xx	xx	xx	xx	xx	xx	-

Innovation history | Mobile connections | Access network | Device type | Smartphone | IoT | MVNO | Mobile service revenue

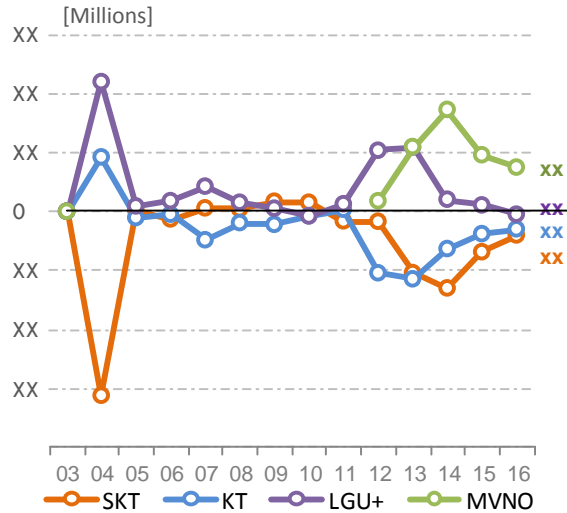
Summary - SK Telecom mobile connections¹⁾: number, penetration and growth

SK Telecom		5-year trend						Recent one year			
KPI	2011	2012	2013	2014	2015	2016	5-year CAGR	2016Q2	2017Q2	YoY	
Number	Total connections	26,552,716	26,961,045	xx	xx	xx	xx	xx	xx	xx	
	Phones	25,688,785	25,929,822	xx	xx	xx	xx	xx	xx	xx	
	4G connections	634,311	7,530,216	xx	xx	xx	xx	xx	xx	xx	
	3G connections	19,036,649	14,458,523	xx	xx	xx	xx	xx	xx	xx	
	2G connections	6,881,756	4,972,306	xx	xx	xx	xx	xx	xx	xx	
	Smartphones	11,085,192	15,978,717	xx	xx	xx	xx	xx	xx	xx	
	Feature phones	14,603,593	9,951,105	xx	xx	xx	xx	xx	xx	xx	
	IoT connections	863,931	1,031,223	xx	xx	xx	xx	xx	xx	xx	
	MNO connections	26,497,267	26,555,027	xx	xx	xx	xx	xx	xx	xx	
	MVNO connections	55,449	406,018	xx	xx	xx	xx	xx	xx	xx	
Penetration	Phones / Total connections	96.7%	96.2%	xx	xx	xx	xx	-	xx	xx	xx
	4G LTE connections / Total connections	2.4%	27.9%	xx	xx	xx	xx	-	xx	xx	xx
	Smartphones / Total connections	41.7%	59.3%	xx	xx	xx	xx	-	xx	xx	xx
	Smartphones / Total phones	43.2%	61.6%	xx	xx	xx	xx	-	xx	xx	xx
	IoT connections / Total connections	3.3%	3.8%	xx	xx	xx	xx	-	xx	xx	xx
	MVNO connections / Total connections	0.2%	1.5%	xx	xx	xx	xx	-	xx	xx	xx
Growth (year-on-year)	Mobile connections	-	1.5%	xx	xx	xx	xx	-	-	xx	-
	Phone connections	-	0.9%	xx	xx	xx	xx	-	-	xx	-
	4G LTE connections	-	1087.1%	xx	xx	xx	xx	-	-	xx	-
	Smartphone connections	-	44.1%	xx	xx	xx	xx	-	-	xx	-
	Feature phone connections	-	-31.9%	xx	xx	xx	xx	-	-	xx	-
	IoT connections	-	19.4%	xx	xx	xx	xx	-	-	xx	-
	MVNO connections	-	632.2%	xx	xx	xx	xx	-	-	xx	-

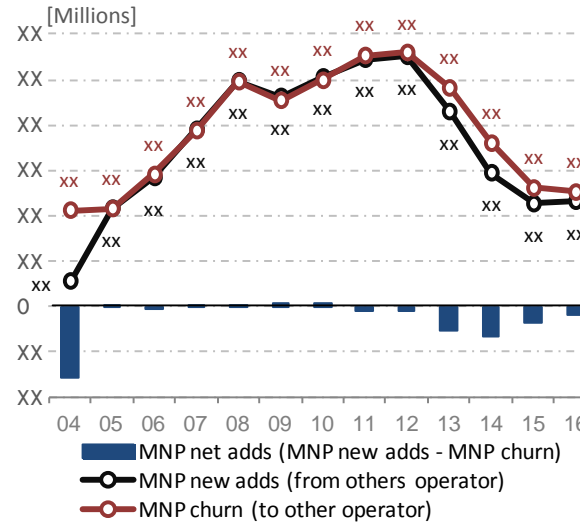
1) Includes MVNO subscribers that lease the mobile networks of SK Telecom.

MNP net additions by operator (Big 4)

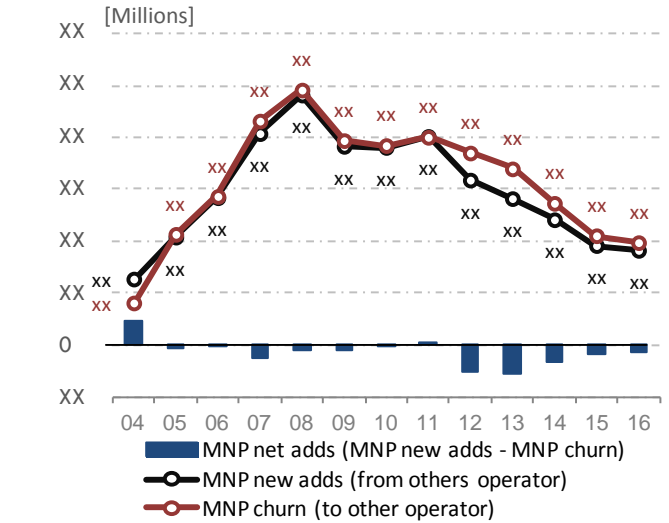
MNP net additions by operator
Trend, 2006-2016



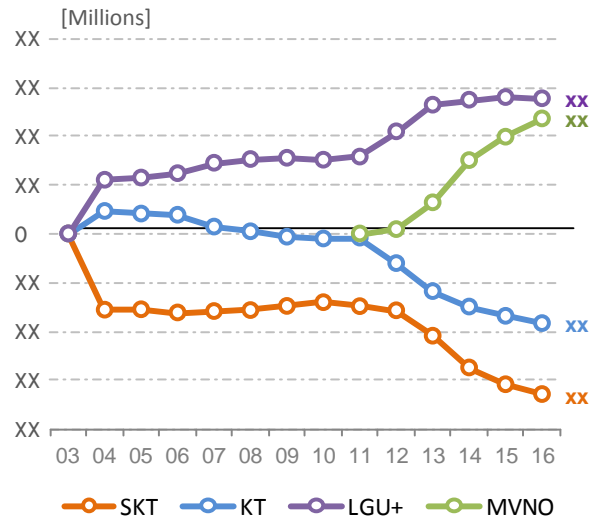
MNP net additions of SK Telecom
Trend, 2006-2016



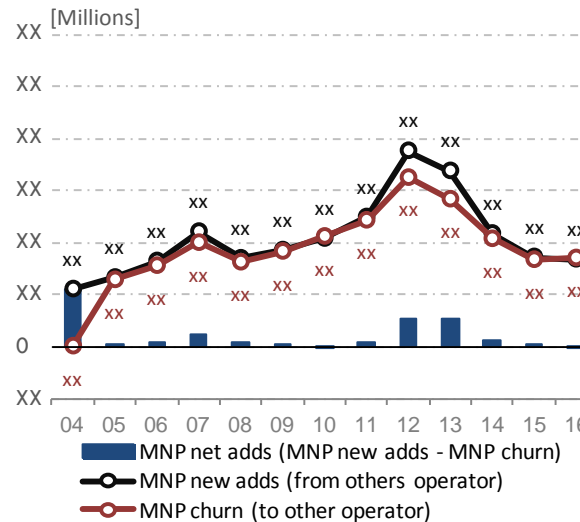
MNP net additions of KT
Trend, 2006-2016



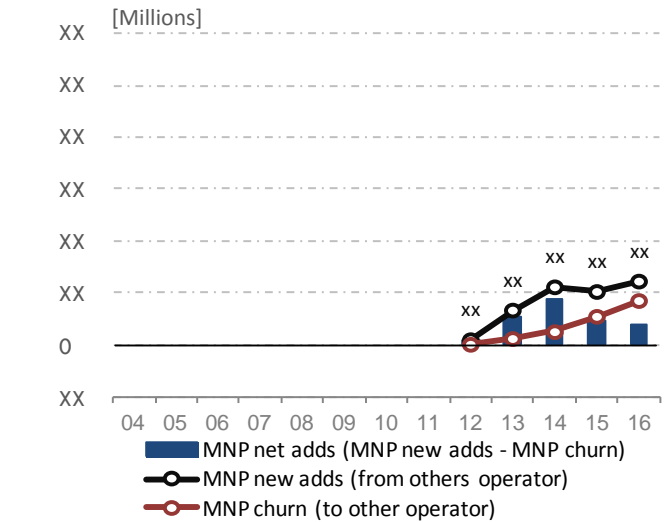
MNP net additions by operator (Cumulative)
Trend, 2006-2016



MNP net additions of LG U+
Trend, 2006-2016



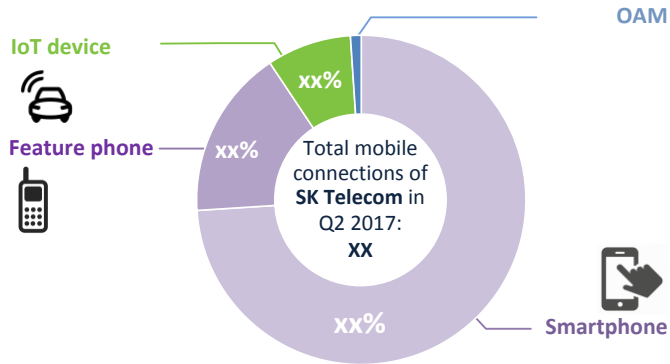
MNP net additions of MVNO
Trend, 2006-2016



Mobile connections and market share by device type (Big 3, including MVNO connections)

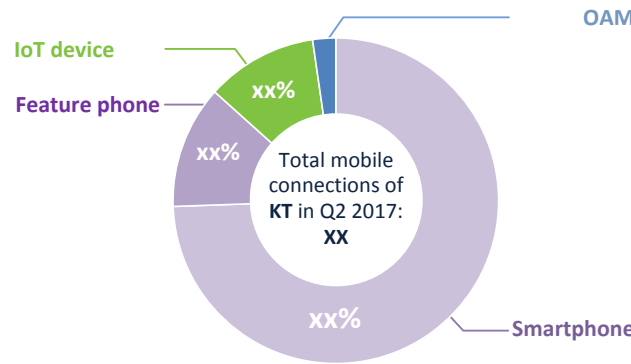
IoT device Smartphone Feature phone OAM

SK Telecom, 2017Q2



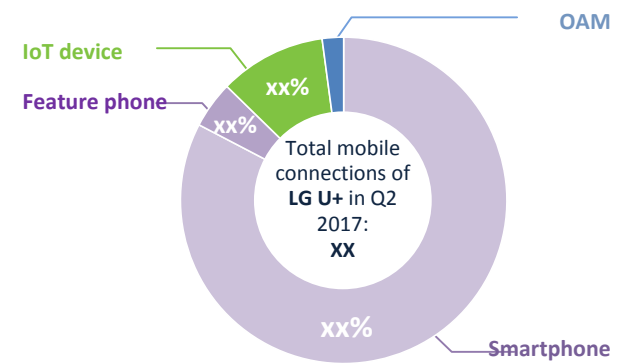
2017Q2	Smart Phone	Feature Phone	IoT Device	OAM	Total
Connections	xx	xx	xx	xx	xx
Share	xx%	xx%	xx%	xx%	xx%
YoY	xx%	xx%	xx%	xx%	xx%

KT, 2017Q2



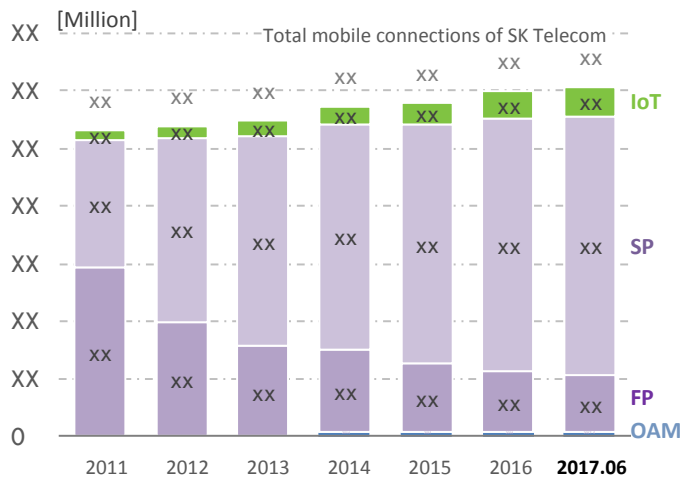
2017Q2	Smart Phone	Feature Phone	IoT Device	OAM	Total
Connections	xx	xx	xx	xx	xx
Share	xx%	xx%	xx%	xx%	xx%
YoY	xx%	xx%	xx%	xx%	xx%

LG U+, 2017Q2

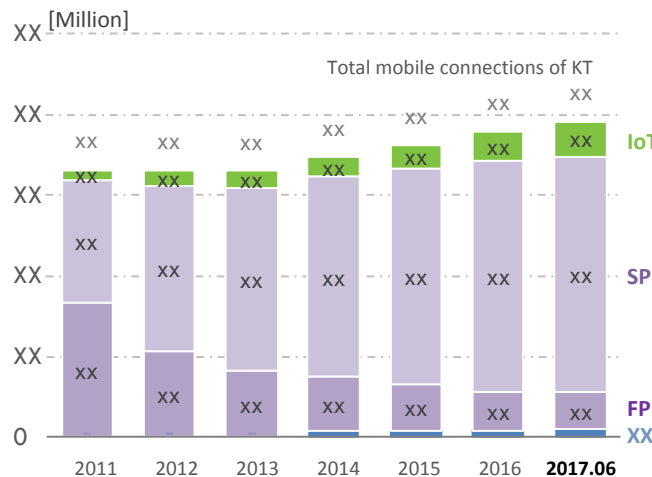


2017Q2	Smart Phone	Feature Phone	IoT Device	OAM	Total
Connections	xx	xx	xx	xx	xx
Share	xx%	xx%	xx%	xx%	xx%
YoY	xx%	xx%	xx%	xx%	xx%

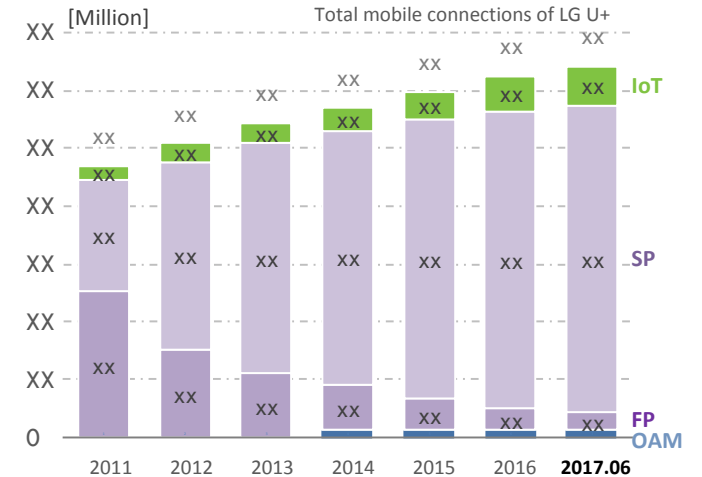
SK Telecom, Trend, 2011-2017Q2



KT, Trend, 2011-2017Q2



LG U+, Trend, 2011-2017Q2

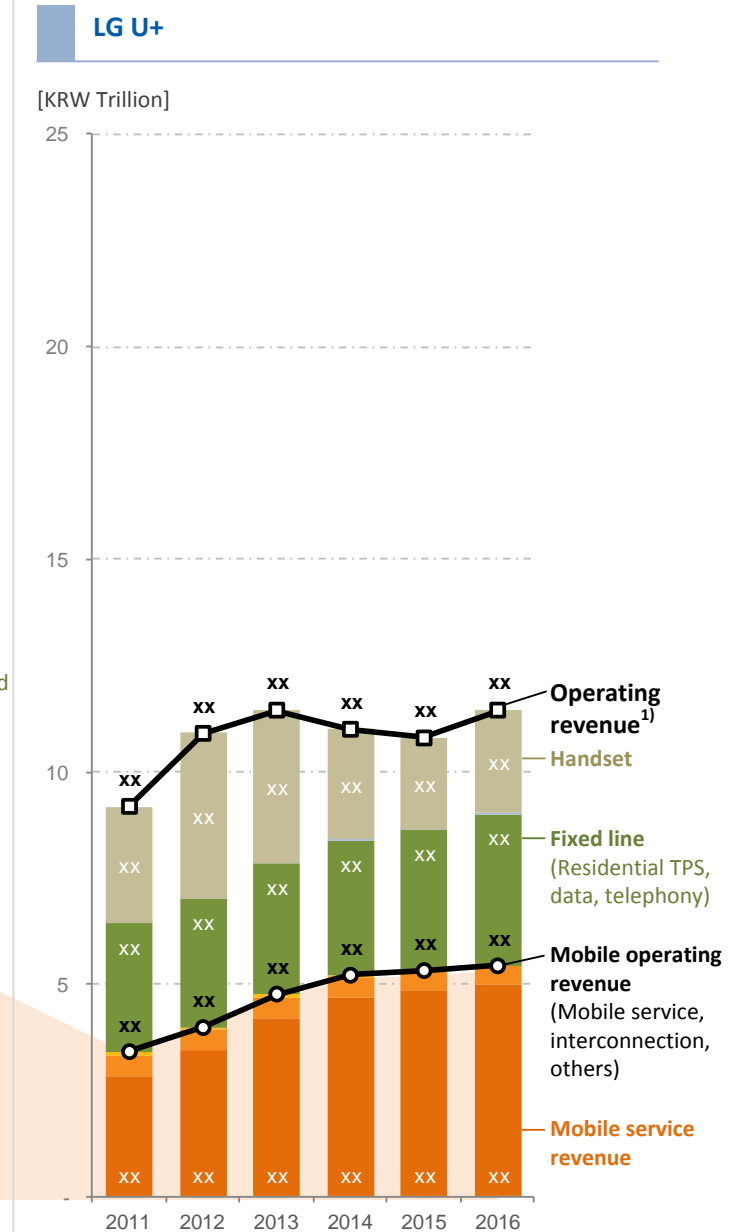
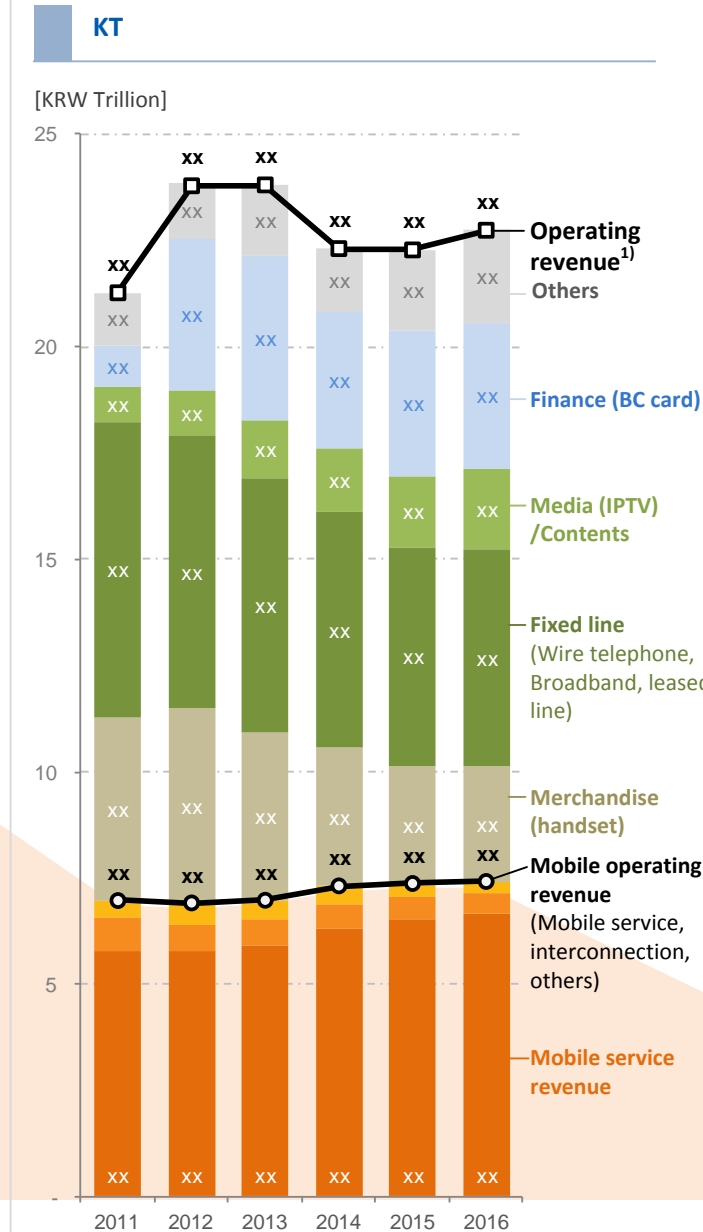
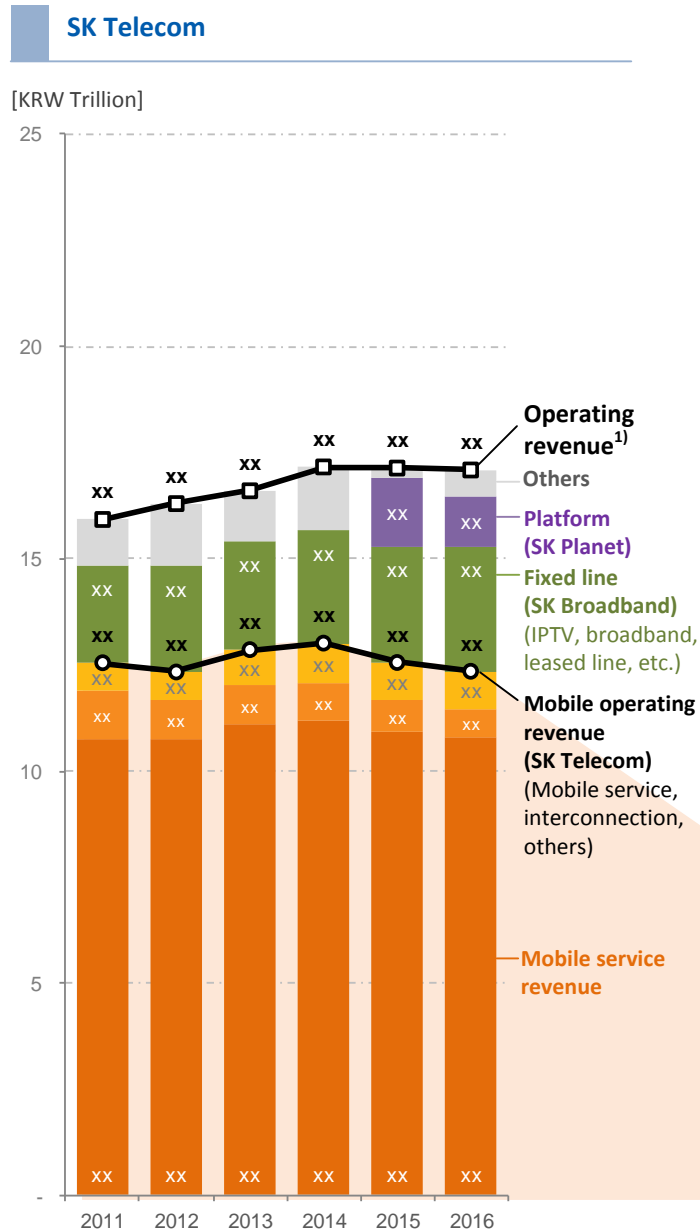


OAM connections: connections such as operator facility - monitoring connections

Income statement | Operating revenues | Marketing expense | Capex

Operating revenue structure of Big 3 (KRW Trillion)

□ Operating revenue ○ Mobile operating revenue ■ Mobile service revenue ■ Interconnection ■ Others



1) consolidated

Income statement | Operating revenues | Marketing expense | Capex

Operating revenue by operator in 2016 (Big 3) - Consolidated (unit: KRW bn)

SK Telecom

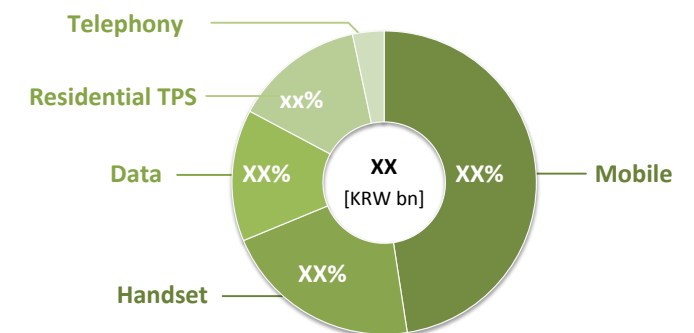
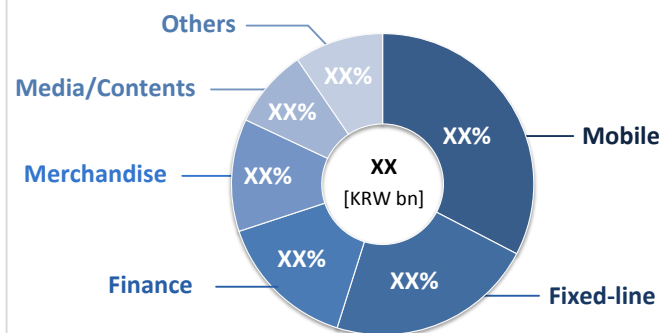
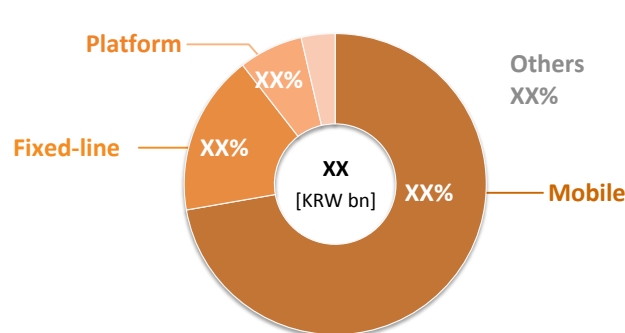
	Revenue	% of Rev.	Subscribers
Mobile (SK Telecom)	xx	xx%	
Mobile services	xx	xx%	xx ¹⁾
Interconnection	xx	xx%	
Others ²⁾	xx	xx%	
Fixed-line (SK Broadband)	xx	xx%	
IPTV	xx	xx%	xx
Others ³⁾	xx	xx%	xx ⁴⁾
Platform (SK Planet)	xx	xx%	
Others	xx	xx%	
Total operating revenue	xx	100.0%	

KT

	Revenue	% of Rev.	Subscribers
Mobile	xx	xx%	
Mobile services	xx	xx%	xx ¹⁾
Interconnection	xx	xx%	
Others	xx	xx%	
Fixed-line	xx	xx%	
Wire telephone	xx	xx%	xx ²⁾
Broadband Internet	xx	xx%	xx
Leased line	xx	xx%	
Media/Contents	xx	xx%	
Media (IPTV)	xx	xx%	xx
Contents	xx	xx%	
Finance	xx	xx%	
Others	xx	xx%	
Merchandise³⁾	xx	xx%	
Total operating revenue	xx	100.0%	

LG U+

	Revenue	% of Rev.	Subscribers
Mobile	xx	xx%	
Mobile services	xx	xx%	xx ¹⁾
Interconnection	xx	xx%	
Sign-up Fee	xx	xx%	
Residential TPS	xx	xx%	
IPTV	xx	xx%	xx
Broadband Internet	xx	xx%	xx
VoIP	xx	xx%	xx
Data (B2B)	xx	xx%	
e-Biz	xx	xx%	
IDC	xx	xx%	
Leased line	xx	xx%	
Telephony	xx	xx%	
Value-added	xx	xx%	
Domestic	xx	xx%	
International	xx	xx%	
Handset Revenue	xx	xx%	
Total operating revenue	xx	100.0%	



Source: SK Telecom, SK Broadband

1) Billed connections (Includes phone and IoT, MNO and MVNO)

2) Includes revenues from leased line, fixed-line resale, solutions and other businesses

3) Others : High speed internet, residential, B2B, others, etc.

4) Broadband subscribers

Source: KT

1) Billed connections (Includes phone and IoT connections, MNO and MVNO connections)

2) PSTN: 12,790,903, VoIP: 3,435,507

3) Includes mobile handset sales.

Source: LG U+

1) Billed connections (Includes phone and IoT connections, MNO and MVNO connections)