Value Creation Strategies | Market Context & Issues | Business Cases Where We Operate Our Target & Goals

**Partner for New Possibilities Corporate Value of KRW 100 Trillion** & Global Top 100

## 'Happiness' with Customers

Chosen by more customers by creating the highest customer value

## 'Companion' with Society

Vision 2020

Creating new opportunities through the growth of the industry and ecosystem

Value Driven Possibilities Improving the future value by realizing creative economy and ICTnomincs

## Strategic Pillars **Market Driven Priorities**

A shift in paradigm toward competition centering on products and services

proved Customer Retention through Innovative Plans and Products

· Changes in the mobile telecommu

nications market caused by market

Improved LTE Leadership through Top Network Technology

Increased need to secure a subscriber

base due to the maturation of

Innovative Solutions based on Convergence





maturity and regulation changes · Pursuit of customer happiness by creating the highest customer value

the LTE-based market Provision of the top quality network and telecommunications services

Changes in the information and communications environment such as IoT and device diversification

Presentation and realization of new potentials through ICT in the convergence environment

ICT through Venture and Start-up Support

Creation of Shared Value in



Development of Platforms

for Social GHG Emission

Competition by Improving Human Capital



Creation of shared values for the company and society and the company through the ICT ecosystem Maximization of the economic value of ICT and role as the contact point of the realization of creative economy, the top priority of the government

· Support for ventures and start-ups

Development and provision of

mutual growth with SMEs

Agriculture and Fisheries

for the expansion of the ICT ecosystem

Accelerated changes in the renewable energy-based industries and regulations such as the greenhouse gas emission trading scheme

Creation of opportunities for innovation and contribution to the prevention of climate change through ICT technology and platform

· Creation of platforms for social GHG

Development of energy and GHG

Reduction of GHG emissions and im-

provement of environmental efficiency

emission reductions

The future competitiveness of the ICT industry will be based on intangible assets such as knowledge and human

Securing a Base for Future

Development of global ICT experts within the company with top competency in the market

Where We Focus

Why This is Material

Vision

Core Value

 Introduction of innovative service plans and services

Quality- and service-based marketing

· Reinforcement of customer protection and security services

· Improvement of LTE network quality Management of the network traffic and frequencies

Persistent efforts toward technological

Increased revenue from IoT and Green Solutions, etc.

Expansion of business based on

Expansion of the healthcare business

· 23 cases of venture start-up support

ICT solutions based on social needs

through "BRAVO! Restart" · 10 venture incubating cases through

the Center for Creative Economy and Innovation Development of Smart Solutions for

GHG emissions increase rate: less than 5% Cloud BEMS and FEMS solutions applied to 30 business sites

Investment into human capital development through education and training

Reasonable performance evaluations Enhancement of the efficiency of human capital return on investment (ROI)

100% completion of the 'Anywhere,

Anytime Smart Learning' environment

Human capital development expenses

per employee: KRW 3.46 million

Ratio of employee performance

evaluation: 96%

2014 Performance

Average annual churn rate: below 2.0% Customer information leakage cases: 0

No. 1 in three major customer satisfaction surveys

· LTE penetration rate: 59% · Commercialization of 3band LTE-A

20% growth in revenue in the B2B solution business

5.2 million fixed-line and wireless IPTV

 Export the Hospital Information System (HIS) to Saudi Arabia

· 'Happy Venture', ICT solution based startup program (BRAVO! Restart) leading to 34 accumulated business case creation (by 2015)

GHG emissions increase rate: less than 5%; Achieve the absolute target for GHG emissions (by 2015)

Certified Emission Reduction (CER) for the amount of GHG emissions reduced using T Map

Fostering of 500 global Next-Generation leaders (by 2015)

Target & Goals

· Average annual churn rate: maintain at 2.0% (by 2018) · Maintain zero customer information

· Maintain the No. 1 position in three major customer satisfaction surveys · LTE penetration rate: 65% (by 2015)

and 80% (by 2018) Commercialization of 5G service (by 2020)

Revenue from the solution business: KRW 697 billion (by 2015) Fixed-line and wireless IPTV

subscribers: 15 million (by 2018) Revenue from the healthcare business:

KRW 1 trillion (by 2020)

Business Cases 4 (p.66) · Non-Financial MD&A (p.122)

Non-Financial MD&A (p.123)

Business Cases 5 (p.70)

Business Cases 6 (p.74) Non-Financial MD&A (p.119)

Link In this Report

· Business Cases 1 (p.52)

Non Financial MD&A (p. 121)

· Business Cases 2 (p.58)

Business Cases 3 (p.62)

SK Telecom Annual Report 2014 Partner for New Possibilities

50 | 51