

# 2014 3Q Earnings Release

Oct. 27, 2014



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# Disclaimer

As of January 1, 2010 we adopted the Korean International Financial Reporting Standards (K-IFRS).

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# Contents

**1 Financial Highlights**

**2 Business Overview**

**3 Appendix**

## Summary (Consolidated)

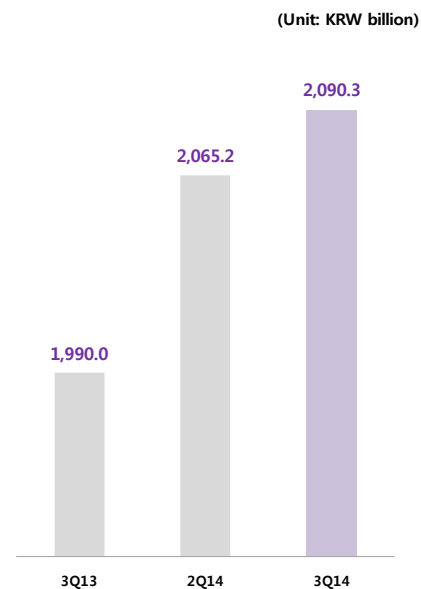
- Service Revenue up 5.0% YoY and 1.2% QoQ, recording KRW 2.09 trillion
- Operating Income up 17.0% YoY and 78.0% QoQ, recording KRW 174.5 billion

(Unit: KRW billion)

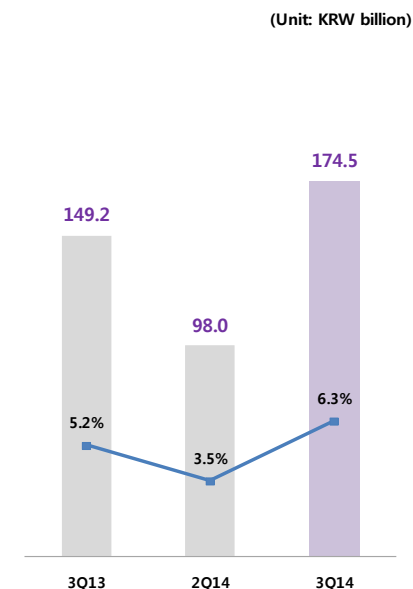
Classification	3Q13	2Q14	3Q14	YoY	QoQ
<b>Revenue</b>	<b>2,879.2</b>	<b>2,773.9</b>	<b>2,761.8</b>	<b>-4.1%</b>	<b>-0.4%</b>
Service Revenue	1,990.0	2,065.2	2,090.3	5.0%	1.2%
Handset Revenue	884.7	704.3	666.9	-24.6%	-5.3%
<b>Expenses</b>	<b>2,730.0</b>	<b>2,675.9</b>	<b>2,587.3</b>	<b>-5.2%</b>	<b>-3.3%</b>
<b>Operating Income</b>	<b>149.2</b>	<b>98.0</b>	<b>174.5</b>	<b>17.0%</b>	<b>78.0%</b>
<b>OP Margin<sup>(1)</sup></b>	<b>5.2%</b>	<b>3.5%</b>	<b>6.3%</b>	<b>1.1%p</b>	<b>2.8%p</b>
Non-operating Balance	(53.1)	(64.8)	(63.9)	20.2%	-1.4%
Income Before Tax	96.1	33.2	110.7	15.1%	232.9%
Income Tax	20.5	(0.3)	28.6	39.3%	-
<b>Net Income</b>	<b>75.6</b>	<b>33.6</b>	<b>82.0</b>	<b>8.6%</b>	<b>144.5%</b>
<b>EBITDA</b>	<b>478.4</b>	<b>466.7</b>	<b>558.9</b>	<b>16.8%</b>	<b>19.8%</b>
<b>EBITDA Margin<sup>(2)</sup></b>	<b>16.6%</b>	<b>16.8%</b>	<b>20.2%</b>	<b>3.6%p</b>	<b>3.4%p</b>

(1) OP Margin : Operating Income/Revenue (2) EBITDA Margin : EBITDA/Revenue

### Service Revenue



### Operating Income



## Operating Expense / Marketing Expense (Consolidated)

- Operating Expense down 5.2% YoY and 3.3% QoQ due to stabilized competition

(Unit: KRW billion)

Classification	3Q13	2Q14	3Q14	YoY	QoQ
<b>Operating Expense</b>	<b>2,730.0</b>	<b>2,675.9</b>	<b>2,587.3</b>	<b>-5.2%</b>	<b>-3.3%</b>
Wages	182.4	196.1	194.9	6.9%	-0.6%
Depreciation	302.1	326.4	341.1	12.9%	4.5%
Amortization	27.1	42.3	43.3	59.7%	2.3%
Outsourcing	72.3	88.2	86.4	19.6%	-2.0%
Electricity Fee	45.5	40.1	54.5	19.8%	35.8%
Interconnection	163.7	144.1	142.6	-12.9%	-1.0%
Sales Commission	580.9	541.2	562.9	-3.1%	4.0%
Advertising	80.1	71.5	70.9	-11.4%	-0.8%
Cost of Handset Sold	706.9	662.1	525.4	-25.7%	-20.6%
Others	569.0	564.0	565.2	-0.7%	0.2%

- Marketing Expense down 13.2% QoQ and up 3.0% YoY due to decreased Subscribers Acquisition Cost

(Unit: KRW billion)

Classification	3Q13	2Q14	3Q14	YoY	QoQ
<b>Total Marketing Expense</b>	<b>463.1</b>	<b>549.7</b>	<b>477.2</b>	<b>3.0%</b>	<b>-13.2%</b>
Mkt. Exp./Service Revenue	23.3%	26.6%	22.8%	-0.4%p	-3.8%p

\* Mkt. Exp. = Sales Commission + Adv. - Gross Profit from Handset Sales

### Operating Expense

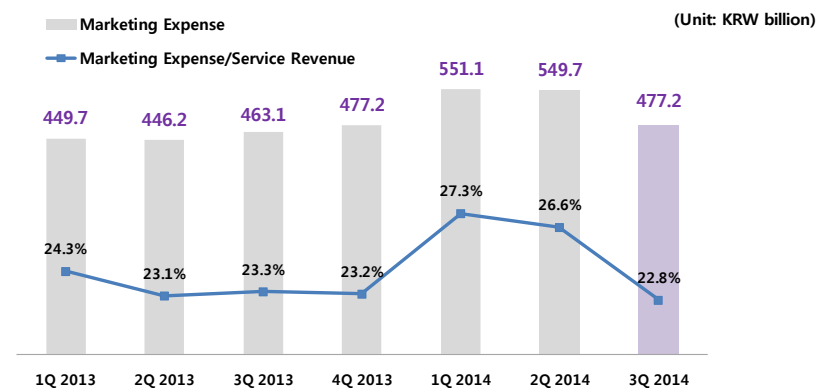
#### Asset related expense increased due to wideband LTE-A investments

- Depreciation : up 12.9% YoY, up 4.5% QoQ
- Amortization : up 59.7% YoY, up 2.3% QoQ
- Outsourcing : up 19.6% YoY, down 2.0% QoQ
- Electricity Fee : Up 19.8% YoY and 35.8% QoQ due to increased unit cost in 2013 and 3Q seasonality

#### Marketing expense decreased due to stabilized competition

- Sales Commission : down 3.1% YoY, up 4.0% QoQ
- Advertising : down 11.4% YoY, down 0.8% QoQ
- Cost of Handset Sold : down 25.7% YoY, down 20.6% QoQ

### Marketing Expense



# 1. Financial Highlights

# Non-operating Balance / CAPEX

## Non-operating Balance / CAPEX (Consolidated)

- Non-operating Balance up 20.2% YoY, down 1.4% QoQ

(Unit: KRW billion)

Classification	3Q13	2Q14	3Q14	YoY	QoQ
<b>Non-operating Income</b>	<b>15.6</b>	<b>25.1</b>	<b>37.7</b>	<b>141.9%</b>	<b>50.0%</b>
Interest Income	9.6	9.1	10.2	6.2%	12.2%
Others	6.0	16.0	27.5	361.3%	71.6%
<b>Non-operating Expense</b>	<b>68.7</b>	<b>89.9</b>	<b>101.5</b>	<b>47.8%</b>	<b>12.9%</b>
Interest Expense	52.4	54.5	53.4	2.0%	-1.9%
Loss on A/R sold	6.0	19.5	5.8	-4.1%	-70.4%
Loss on impairment/disposal of tangible asset	3.1	2.8	33.7	994.5%	1086.8%
Others	7.2	13.1	8.6	20.1%	-34.2%
<b>Non-operating Balance</b>	<b>(53.1)</b>	<b>(64.8)</b>	<b>(63.9)</b>	<b>20.2%</b>	<b>-1.4%</b>

- CAPEX down 29.5% QoQ due to completion of wideband LTE-A investment and up 36.1% YoY due to network stabilization

(Unit: KRW billion)

Classification	3Q13	2Q14	3Q14	YoY	QoQ
<b>CAPEX<sup>(1)</sup></b>	<b>346.9</b>	<b>669.2</b>	<b>472.1</b>	<b>36.1%</b>	<b>-29.5%</b>
Wireless Network	222.5	460.8	204.0	-8.3%	-55.7%
Wireline Network	108.4	192.1	196.6	81.5%	2.4%
Others (IT, etc)	16.0	16.2	71.5	345.3%	340.0%
<b>CAPEX/Revenue</b>	<b>12.0%</b>	<b>24.1%</b>	<b>17.1%</b>	<b>5.0%p</b>	<b>-7.0%p</b>

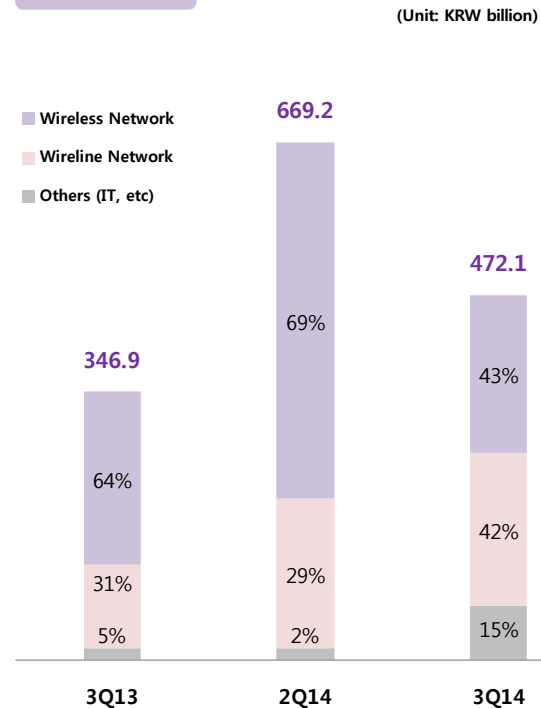
(1) Capital Expenditure includes Construction in Progress

\* CAPEX (LGU Only) : 346.7b (3Q'13), 669.1b (2Q'14), 471.7b (3Q'14)

## Non-operating Income & Expense

- Non-operating Income : Up 50.0% QoQ due to increase in interest income resulting from decreased factoring of handset receivables
- Non-operating Expense : Up 47.8% YoY and 12.9% QoQ due to disposal of idle asset

## CAPEX



## Statements of Financial Position (Consolidated)

(Unit: KRW billion)

Classification	2013. 09	2014. 06	2014. 09	YoY	QoQ
<b>Total Assets</b>	<b>11,354.4</b>	<b>11,941.0</b>	<b>11,963.9</b>	<b>5.4%</b>	<b>0.2%</b>
Current Assets	2,723.9	2,407.6	2,297.2	-15.7%	-4.6%
Cash & Cash Equivalents <sup>(1)</sup>	311.4	246.7	238.0	-23.6%	-3.5%
Non-current Assets	8,630.5	9,533.4	9,666.7	12.0%	1.4%
Property, Plant and Equipment	6,258.5	7,010.9	7,097.7	13.4%	1.2%
Intangible Assets	827.0	1,193.7	1,155.9	39.8%	-3.2%
<b>Total Liabilities</b>	<b>7,372.7</b>	<b>7,927.1</b>	<b>7,860.6</b>	<b>6.6%</b>	<b>-0.8%</b>
Current Liabilities	3,618.1	4,023.8	3,714.8	2.7%	-7.7%
Current Portion of LT Debt	1,172.0	1,326.4	1,297.3	10.7%	-2.2%
Non-current Liabilities	3,754.6	3,903.3	4,145.8	10.4%	6.2%
Corporate Bond etc. <sup>(2)</sup>	3,302.2	3,316.8	3,552.8	7.6%	7.1%
<b>Total Shareholders' Equity</b>	<b>3,981.7</b>	<b>4,013.9</b>	<b>4,103.3</b>	<b>3.1%</b>	<b>2.2%</b>
Retained Earnings	574.9	611.9	694.3	20.8%	13.5%
<b>Net Debt</b>	<b>4,162.8</b>	<b>4,396.5</b>	<b>4,612.2</b>	<b>10.8%</b>	<b>4.9%</b>
Net Debt to Equity Ratio <sup>(3)</sup>	104.5%	109.5%	112.4%	7.9%p	2.9%p
Debt to Equity Ratio <sup>(4)</sup>	185.2%	197.5%	191.6%	6.4%p	-5.9%p

(1) Cash & Cash Equivalents = Cash & Cash Equivalents + Short term AFS financial assets + Financial Institution Deposits

(2) Corporate Bond etc. : Corporate Bond + Long-term borrowings + Capital Lease

(3) Net Debt to Equity Ratio : Net Debt/Total Shareholders' Equity

(4) Debt to Equity Ratio : Total Liabilities/Total Shareholders' Equity

### Statements of Financial Position

#### Net Debt increased due to nationwide wideband LTE-A network investment

- Non-current Assets : Up 12.0% YoY
- Net Debt : Up 10.8% YoY
  - Net Debt to Equity Ratio : 112.4%, up 7.9%p YoY
- Debt to Equity Ratio : 191.6%, up 6.4%p YoY

## Wireless (Consolidated)

- Wireless Revenue up 6.5% YoY and 1.7% QoQ due to increase in subscriber net addition and LTE8 Unlimited Data plan

(Unit: KRW billion, KRW)

Classification	3Q13	2Q14	3Q14	YoY	QoQ
<b>Wireless Revenue</b>	<b>1,217.6</b>	<b>1,275.4</b>	<b>1,296.9</b>	<b>6.5%</b>	<b>1.7%</b>
Service Revenue <sup>(1)</sup>	1,077.0	1,146.4	1,173.6	9.0%	2.4%
Interconnection	123.2	112.4	108.3	-12.1%	-3.7%
Sign-up Fee	17.4	16.6	15.0	-13.6%	-9.3%
<b>Wireless ARPU<sup>(2)</sup></b>	<b>39,006</b>	<b>39,651</b>	<b>39,967</b>	<b>2.5%</b>	<b>0.8%</b>
Service ARPU <sup>(3)</sup>	34,495	35,636	36,159	4.8%	1.5%
Service ARPU (MVNO Incl.) <sup>(4)</sup>	33,808	34,787	35,313	4.5%	1.5%

(1) Service Revenue : Monthly fee+Usage Charges+VAS+Revenue Discount+Data

(2) LG Uplus subscribers only (3) Service ARPU : Excludes Interconnection & Sign-up fee from Wireless ARPU

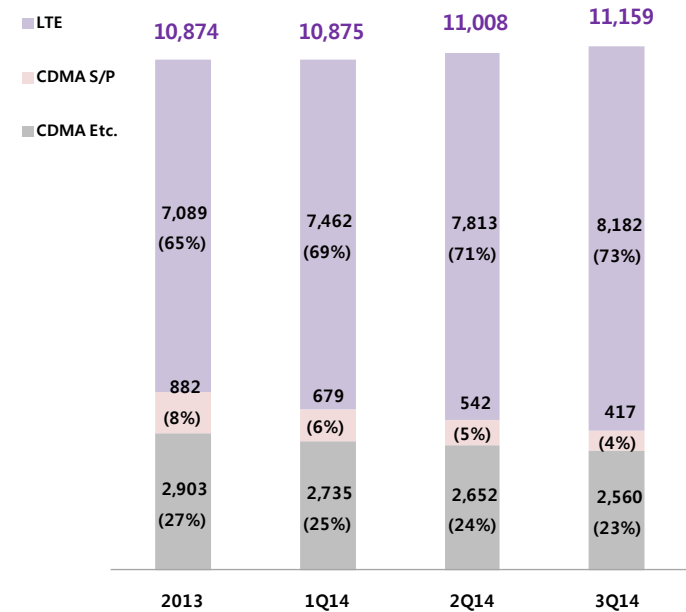
(4) LG Uplus MVNO Subscribers included

(Unit: subscribers in thousands)

Classification	3Q13	2Q14	3Q14	YoY	QoQ
<b>Wireless Subscribers</b>	<b>10,713</b>	<b>11,008</b>	<b>11,159</b>	<b>4.2%</b>	<b>1.4%</b>
MNO Subscribers	10,481	10,740	10,840	3.4%	0.9%
MVNO Subscribers	232	268	319	37.4%	18.9%

## Wireless Subscriber

(Unit: subscribers in thousands)





## TPS (Consolidated)

- TPS Revenue up 11.1% YoY and 2.6% QoQ due to IPTV subscriber growth

(Unit: KRW billion)

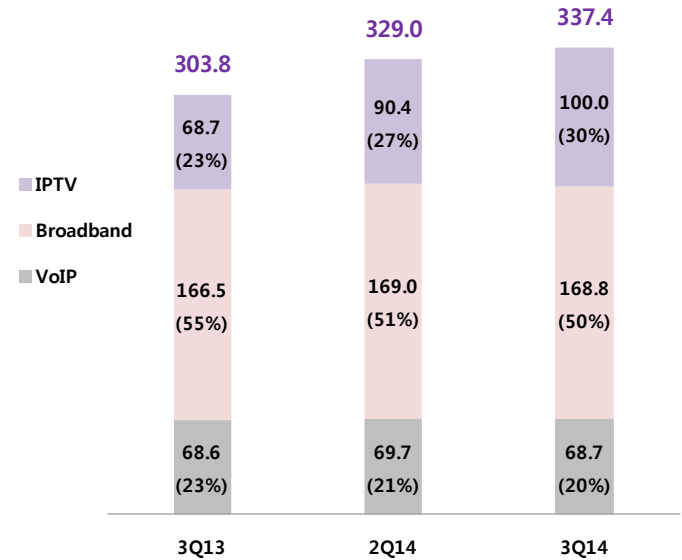
Classification	3Q13	2Q14	3Q14	YoY	QoQ
<b>TPS Revenue</b>	<b>303.8</b>	<b>329.0</b>	<b>337.4</b>	<b>11.1%</b>	<b>2.6%</b>
IPTV	68.7	90.4	100.0	45.5%	10.6%
Broadband	166.5	169.0	168.8	1.4%	-0.1%
VoIP	68.6	69.7	68.7	0.1%	-1.5%

(Unit: subscribers in thousands)

Classification	3Q13	2Q14	3Q14	YoY	QoQ
<b>TPS Subscribers</b>	<b>8,402</b>	<b>9,120</b>	<b>9,247</b>	<b>10.1%</b>	<b>1.4%</b>
IPTV	1,439	1,784	1,875	30.3%	5.1%
Broadband	2,901	2,993	3,010	3.8%	0.6%
VoIP	4,062	4,343	4,362	7.4%	0.4%

TPS Revenue

(Unit: KRW billion)



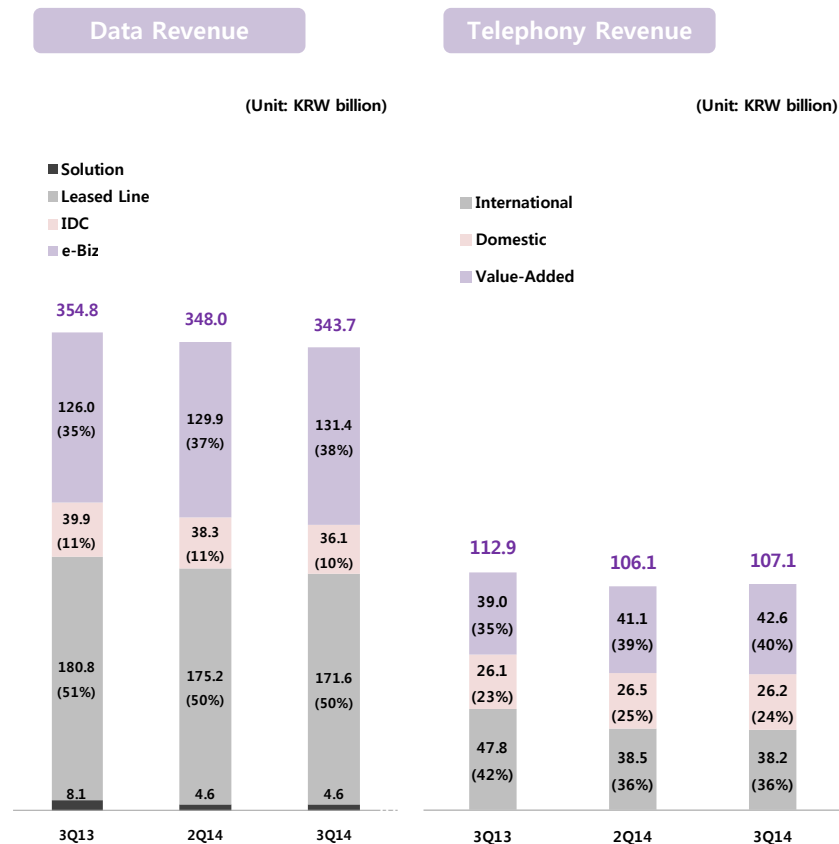
### Data / Telephony (Consolidated)

- Data Revenue down 3.1% YoY and 1.2% QoQ due to competition in IDC and Leased Line business
- Telephony Revenue down 5.1% YoY due to decrease in International Telephony Revenue, and up 1.0% QoQ from Value-Added Telephony Revenue growth

(Unit: KRW billion)

Classification	3Q13	2Q14	3Q14	YoY	QoQ
<b>Data Revenue</b>	<b>354.8</b>	<b>348.0</b>	<b>343.7</b>	<b>-3.1%</b>	<b>-1.2%</b>
e-Biz <sup>(1)</sup>	126.0	129.9	131.4	4.3%	1.1%
IDC	39.9	38.3	36.1	-9.6%	-5.8%
Leased Line	180.8	175.2	171.6	-5.1%	-2.0%
Solution	8.1	4.6	4.6	-42.9%	0.7%
<b>Telephony Revenue</b>	<b>112.9</b>	<b>106.1</b>	<b>107.1</b>	<b>-5.1%</b>	<b>1.0%</b>
Value-Added	39.0	41.1	42.6	9.3%	3.8%
Domestic	26.1	26.5	26.2	0.6%	-0.9%
International	47.8	38.5	38.2	-20.0%	-0.8%

(1) e-Biz : Webhard, e-Credit(Payment solution), SMS & Digital Signage, etc.



### 3. Appendix

## Statements of Income / Financial Position (Consolidated)

(Unit: KRW billion)

Classification	3Q13	2Q14	3Q14	YoY	QoQ	Classification	2013. 09	2014. 06	2014. 09	YoY	QoQ
<b>Revenue</b>	<b>2,879.2</b>	<b>2,773.9</b>	<b>2,761.8</b>	<b>-4.1%</b>	<b>-0.4%</b>	<b>Current Assets</b>	<b>2,723.9</b>	<b>2,407.6</b>	<b>2,297.2</b>	<b>-15.7%</b>	<b>-4.6%</b>
Service Revenue	1,990.0	2,065.2	2,090.3	5.0%	1.2%	Cash and Cash Equivalents	276.1	213.4	206.1	-25.3%	-3.4%
Handset Revenue	884.7	704.3	666.9	-24.6%	-5.3%	Short-term Loans & Accounts Receivables	1,840.6	1,669.3	1,663.7	-9.6%	-0.3%
Rental Revenue	4.4	4.4	4.6	2.9%	3.2%	Inventories	481.5	396.8	299.4	-37.8%	-24.5%
<b>Expense</b>	<b>2,730.0</b>	<b>2,675.9</b>	<b>2,587.3</b>	<b>-5.2%</b>	<b>-3.3%</b>	Other Current Assets	125.8	128.1	127.9	1.7%	-0.2%
Operating Expenses	2,730.0	2,675.9	2,587.3	-5.2%	-3.3%	<b>Non Current Assets</b>	<b>8,630.5</b>	<b>9,533.4</b>	<b>9,666.7</b>	<b>12.0%</b>	<b>1.4%</b>
Wages	182.4	196.1	194.9	6.9%	-0.6%	Available for Sales Securities	85.5	71.5	77.2	-9.8%	7.9%
Depreciation	302.1	326.4	341.1	12.9%	4.5%	Property, Plant and Equipment	6,258.5	7,010.9	7,097.7	13.4%	1.2%
Amortization	27.1	42.3	43.3	59.7%	2.3%	Intangible Assets	827.0	1,193.7	1,155.9	39.8%	-3.2%
Telecom Circuit Rent	67.7	69.4	66.5	-1.8%	-4.2%	Long-term Loans & Long Trade Receivables	867.2	696.7	777.5	-10.3%	11.6%
Rental	77.2	80.2	80.3	4.1%	0.2%	Investment in Properties	92.7	94.5	96.7	4.3%	2.4%
Outsourcing	72.3	88.2	86.4	19.6%	-2.0%	Other Non-current Assets	499.6	466.1	461.7	-7.6%	-0.9%
Electricity Fee	45.5	40.1	54.5	19.8%	35.8%	<b>Total Assets</b>	<b>11,354.4</b>	<b>11,941.0</b>	<b>11,963.9</b>	<b>5.4%</b>	<b>0.2%</b>
Repair Expense	28.0	31.8	35.6	27.2%	11.9%	<b>Current Liabilities</b>	<b>3,618.1</b>	<b>4,023.8</b>	<b>3,714.8</b>	<b>2.7%</b>	<b>-7.7%</b>
Interconnection	163.7	144.1	142.6	-12.9%	-1.0%	Accounts Payable & Other Payables	3,311.7	3,671.0	3,415.9	3.1%	-6.9%
Settlement	44.5	36.6	37.7	-15.3%	3.2%	Other Liabilities	306.4	351.2	297.6	-2.9%	-15.3%
Fees & Charges	286.2	279.6	282.2	-1.4%	0.9%	Derivative liabilities	-	1.6	1.2	-	-25.6%
Sales Comission	580.9	541.2	562.9	-3.1%	4.0%	<b>Non-current Liabilities</b>	<b>3,754.6</b>	<b>3,903.3</b>	<b>4,145.8</b>	<b>10.4%</b>	<b>6.2%</b>
Advertising	80.1	71.5	70.9	-11.4%	-0.8%	Accounts Payable & Other Payables	3,608.1	3,775.0	4,010.0	11.1%	6.2%
Cost of Handsets Sold	706.9	662.1	525.4	-25.7%	-20.6%	Other Liabilities	143.3	128.3	135.8	-5.3%	5.8%
Handset purchase	686.9	641.4	510.3	-25.7%	-20.4%	Others	3.2	-	-	-100.0%	-
Etc	20.0	20.7	15.2	-24.1%	-26.8%	<b>Total Liabilities</b>	<b>7,372.7</b>	<b>7,927.1</b>	<b>7,860.6</b>	<b>6.6%</b>	<b>-0.8%</b>
Ordinary R&D Expense	17.7	11.5	13.9	-21.5%	21.5%	<b>Shareholders' Equity</b>	<b>3,980.1</b>	<b>4,012.1</b>	<b>4,102.4</b>	<b>3.1%</b>	<b>2.3%</b>
Taxes & Dues	8.3	5.9	6.8	-18.8%	14.6%	Capital Stock	2,574.0	2,574.0	2,574.0	0.0%	0.0%
Others	39.3	49.2	42.2	7.4%	-14.1%	Capital Surplus	836.6	836.6	837.0	0.1%	0.1%
<b>Operating Income</b>	<b>149.2</b>	<b>98.0</b>	<b>174.5</b>	<b>17.0%</b>	<b>78.0%</b>	Retained Earnings	574.9	611.9	694.3	20.8%	13.5%
<b>Non-operating Income</b>	<b>15.6</b>	<b>25.1</b>	<b>37.7</b>	<b>141.9%</b>	<b>50.0%</b>	Accumulated Other Comprehensive Income	(5.3)	(10.3)	(2.8)	-46.9%	-72.8%
<b>Non-operating Expense</b>	<b>68.7</b>	<b>89.9</b>	<b>101.5</b>	<b>47.8%</b>	<b>12.9%</b>	<b>Non-controlling Interest</b>	<b>1.6</b>	<b>1.8</b>	<b>0.9</b>	<b>-42.4%</b>	<b>-51.1%</b>
<b>Income Before Tax</b>	<b>96.1</b>	<b>33.2</b>	<b>110.7</b>	<b>15.1%</b>	<b>232.9%</b>	<b>Total Shareholders' Equity</b>	<b>3,981.7</b>	<b>4,013.9</b>	<b>4,103.3</b>	<b>3.1%</b>	<b>2.2%</b>
Income Tax	20.5	(0.3)	28.6	39.3%	-8883.4%	<b>Total Liabilities and Shareholders' Equity</b>	<b>11,354.4</b>	<b>11,941.0</b>	<b>11,963.9</b>	<b>5.4%</b>	<b>0.2%</b>
<b>Net Income</b>	<b>75.6</b>	<b>33.6</b>	<b>82.0</b>	<b>8.6%</b>	<b>144.5%</b>						

### 3. Appendix

### Statements of Income / Financial Position (Separate)

(Unit: KRW billion)

Classification	3Q13	2Q14	3Q14	YoY	QoQ
<b>Revenue</b>	<b>2,880.5</b>	<b>2,769.7</b>	<b>2,741.8</b>	<b>-4.8%</b>	<b>-1.0%</b>
Service Revenue	1,989.1	2,058.7	2,084.5	4.8%	1.3%
Handset Revenue	884.7	704.3	650.4	-26.5%	-7.7%
Rental Revenue	6.7	6.7	7.0	4.8%	3.6%
<b>Expense</b>	<b>2,730.8</b>	<b>2,671.8</b>	<b>2,555.9</b>	<b>-6.4%</b>	<b>-4.3%</b>
Operating Expenses	2,730.8	2,671.8	2,555.9	-6.4%	-4.3%
Wages	143.4	156.2	155.2	8.2%	-0.6%
Depreciation	301.9	326.1	340.9	12.9%	4.5%
Amortization	26.7	41.5	41.4	55.4%	-0.1%
Telecom Circuit Rent	67.6	69.4	66.5	-1.7%	-4.2%
Rental	77.0	79.9	80.1	4.0%	0.3%
Outsourcing	114.9	127.0	126.9	10.4%	-0.1%
Electricity Fee	45.5	40.1	54.5	19.8%	35.8%
Repair Expense	27.9	31.7	35.5	27.2%	12.0%
Interconnection	163.7	144.1	142.6	-12.9%	-1.0%
Settlement	44.5	36.6	37.7	-15.3%	3.2%
Fees & Charges	286.6	280.1	280.8	-2.0%	0.3%
Sales Comission	580.9	541.2	534.7	-8.0%	-1.2%
Advertising	80.3	71.7	71.1	-11.5%	-0.8%
Cost of Handsets Sold	706.9	662.1	527.8	-25.3%	-20.3%
Handset purchase	686.9	641.4	512.6	-25.4%	-20.1%
Etc	20.0	20.7	15.2	-24.1%	-26.8%
Ordinary R&D Expense	17.8	12.0	14.1	-20.6%	18.1%
Taxes & Dues	7.3	4.8	5.5	-24.5%	13.1%
Others	37.9	47.5	40.6	7.3%	-14.4%
<b>Operating Income</b>	<b>149.7</b>	<b>97.9</b>	<b>185.9</b>	<b>24.2%</b>	<b>90.0%</b>
<b>Non-operating Income</b>	<b>14.8</b>	<b>24.2</b>	<b>40.6</b>	<b>174.2%</b>	<b>67.7%</b>
<b>Non-operating Expense</b>	<b>68.7</b>	<b>89.9</b>	<b>101.5</b>	<b>47.7%</b>	<b>12.9%</b>
<b>Income Before Tax</b>	<b>95.8</b>	<b>32.2</b>	<b>125.0</b>	<b>30.5%</b>	<b>288.7%</b>
Income Tax	20.5	(0.3)	28.8	40.5%	-8964.6%
<b>Net Income</b>	<b>75.3</b>	<b>32.5</b>	<b>96.2</b>	<b>27.8%</b>	<b>196.2%</b>

Classification	2013. 09	2014. 06	2014. 09	YoY	QoQ
<b>Current Assets</b>	<b>2,696.4</b>	<b>2,376.4</b>	<b>2,262.9</b>	<b>-16.1%</b>	<b>-4.8%</b>
Cash and Cash Equivalents	255.7	195.4	187.9	-26.5%	-3.8%
Short-term Loans & Accounts Receivables	1,836.5	1,659.0	1,657.6	-9.7%	-0.1%
Inventories	481.5	396.8	296.9	-38.3%	-25.2%
Other Current Assets	122.8	125.3	120.5	-1.9%	-3.9%
<b>Non Current Assets</b>	<b>8,630.5</b>	<b>9,529.9</b>	<b>9,675.2</b>	<b>12.1%</b>	<b>1.5%</b>
Available for Sales Securities	85.5	71.5	77.2	-9.8%	7.9%
Property, Plant and Equipment	6,255.2	7,008.4	7,095.2	13.4%	1.2%
Intangible Assets	821.0	1,184.2	1,146.5	39.6%	-3.2%
Long-term Loans & Long Trade Receivables	866.8	696.4	777.0	-10.4%	11.6%
Investment in Properties	92.7	94.5	96.7	4.3%	2.4%
Other Non-current Assets	509.2	475.0	482.7	-5.2%	1.6%
<b>Total Assets</b>	<b>11,326.9</b>	<b>11,906.3</b>	<b>11,938.1</b>	<b>5.4%</b>	<b>0.3%</b>
<b>Current Liabilities</b>	<b>3,609.3</b>	<b>4,009.6</b>	<b>3,697.8</b>	<b>2.5%</b>	<b>-7.8%</b>
Accounts Payable & Other Payables	3,304.4	3,659.2	3,401.5	2.9%	-7.0%
Other Liabilities	304.8	348.7	295.1	-3.2%	-15.4%
Derivative liabilities	-	1.6	1.2	-	-25.6%
<b>Non-current Liabilities</b>	<b>3,742.9</b>	<b>3,891.8</b>	<b>4,132.4</b>	<b>10.4%</b>	<b>6.2%</b>
Accounts Payable & Other Payables	3,608.1	3,775.0	4,010.0	11.1%	6.2%
Other Liabilities	131.7	116.8	122.4	-7.0%	4.8%
Others	3.2	-	-	-100.0%	-
<b>Total Liabilities</b>	<b>7,352.2</b>	<b>7,901.4</b>	<b>7,830.2</b>	<b>6.5%</b>	<b>-0.9%</b>
<b>Shareholders' Equity</b>	<b>3,974.7</b>	<b>4,004.9</b>	<b>4,107.8</b>	<b>3.3%</b>	<b>2.6%</b>
Capital Stock	2,574.0	2,574.0	2,574.0	0.0%	0.0%
Capital Surplus	836.6	836.6	836.6	0.0%	0.0%
Retained Earnings	569.2	604.1	700.2	23.0%	15.9%
Accumulated Other Comprehensive Income	(5.0)	(9.8)	(2.9)	-42.3%	-70.8%
<b>Total Shareholders' Equity</b>	<b>3,974.7</b>	<b>4,004.9</b>	<b>4,107.8</b>	<b>3.3%</b>	<b>2.6%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>11,326.9</b>	<b>11,906.3</b>	<b>11,938.1</b>	<b>5.4%</b>	<b>0.3%</b>

### 3. Appendix

### Subscriber Trend

(Unit: subscribers in thousands, KRW)

Classification	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
<b>Wireless Subscribers</b>	<b>9,554</b>	<b>9,852</b>	<b>10,020</b>	<b>10,162</b>	<b>10,363</b>	<b>10,521</b>	<b>10,713</b>	<b>10,874</b>	<b>10,875</b>	<b>11,008</b>	<b>11,159</b>
Net Addition	163	298	168	141	201	158	192	161	1	132	151
<b>LTE Subscribers</b>	<b>1,484</b>	<b>2,576</b>	<b>3,564</b>	<b>4,380</b>	<b>5,202</b>	<b>5,896</b>	<b>6,549</b>	<b>7,089</b>	<b>7,462</b>	<b>7,813</b>	<b>8,182</b>
Net Addition	927	1,091	988	816	822	694	653	540	373	351	369
LTE Penetration Rate (%)	15.5%	26.1%	35.6%	43.1%	50.2%	56.0%	61.1%	65.2%	68.6%	71.0%	73.3%
<b>CDMA Smartphone</b>	<b>3,133</b>	<b>2,852</b>	<b>2,473</b>	<b>2,137</b>	<b>1,775</b>	<b>1,424</b>	<b>1,134</b>	<b>854</b>	<b>679</b>	<b>542</b>	<b>417</b>
<b>CDMA Etc.</b>	<b>4,947</b>	<b>4,440</b>	<b>4,002</b>	<b>3,664</b>	<b>3,386</b>	<b>3,201</b>	<b>3,031</b>	<b>2,932</b>	<b>2,735</b>	<b>2,652</b>	<b>2,560</b>
<b>Churn Rate(%)</b>	<b>2.94%</b>	<b>2.89%</b>	<b>3.33%</b>	<b>2.56%</b>	<b>2.63%</b>	<b>2.54%</b>	<b>2.47%</b>	<b>2.60%</b>	<b>2.84%</b>	<b>2.14%</b>	<b>2.30%</b>
New adds	997	1,139	1,162	915	1,003	954	978	1,004	931	838	917
Churn	834	842	994	774	802	797	786	843	930	706	765
<b>Wireless ARPU (KRW)</b>	<b>32,173</b>	<b>34,592</b>	<b>36,072</b>	<b>35,012</b>	<b>37,063</b>	<b>38,200</b>	<b>39,006</b>	<b>40,063</b>	<b>39,021</b>	<b>39,651</b>	<b>39,967</b>
Service ARPU	27,204	29,903	31,224	31,697	32,616	33,834	34,495	35,388	35,362	35,636	36,159
Service ARPU (MVNO Incl.)	26,677	29,332	30,633	31,085	31,965	33,165	33,808	34,650	34,588	34,787	35,313
Classification	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14
<b>TPS Subscribers</b>	<b>6,957</b>	<b>7,102</b>	<b>7,225</b>	<b>7,414</b>	<b>7,793</b>	<b>8,134</b>	<b>8,402</b>	<b>8,599</b>	<b>8,881</b>	<b>9,120</b>	<b>9,247</b>
Net Addition	57	145	123	189	379	341	268	197	282	240	127
<b>IPTV<sup>(1)</sup></b>	<b>893</b>	<b>938</b>	<b>980</b>	<b>1,054</b>	<b>1,183</b>	<b>1,321</b>	<b>1,439</b>	<b>1,550</b>	<b>1,672</b>	<b>1,784</b>	<b>1,875</b>
Net Addition	31	45	43	74	128	139	118	111	122	112	91
<b>VoIP<sup>(2)</sup></b>	<b>3,299</b>	<b>3,409</b>	<b>3,509</b>	<b>3,617</b>	<b>3,808</b>	<b>3,949</b>	<b>4,062</b>	<b>4,121</b>	<b>4,246</b>	<b>4,343</b>	<b>4,362</b>
Net Addition	71	110	100	108	192	141	112	59	125	97	19
<b>Broadband</b>	<b>2,765</b>	<b>2,755</b>	<b>2,736</b>	<b>2,743</b>	<b>2,802</b>	<b>2,864</b>	<b>2,901</b>	<b>2,928</b>	<b>2,963</b>	<b>2,993</b>	<b>3,010</b>
Net Addition	-45	-10	-20	7	59	62	38	27	35	30	17
<b>PSTN Subscribers<sup>(3)</sup></b>	<b>451</b>	<b>455</b>	<b>469</b>	<b>491</b>	<b>502</b>	<b>499</b>	<b>491</b>	<b>516</b>	<b>512</b>	<b>509</b>	<b>499</b>
Net Addition	-3	4	14	21	11	-3	-8	26	-5	-2	-11

(1) IPTV subscribers : Retail + B2B subscribers (2) VoIP subscribers : Corporate +Retail subscribers (3) PSTN Subscribers : Corporate +Retail(Retail VoIP callforwarding) subscribers

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