

# 2015 2Q Earnings Release

July 30, 2015



New Life Creator

# Disclaimer

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

All financial information contained in this document is based on K-IFRS.

The aforementioned forward-looking statements are influenced by changes in the management environment and relative events, and by their nature, these statements refer to uncertain circumstances. Consequently, due to these uncertainties, the Company's actual future results may differ materially from those expressed or implied by such statements.

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In addition, the information contained herein has been prepared in advance, prior to being audited by external auditors, solely for the convenience of investors of the Company, and is subject to change in the process of final auditing by external auditors.

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## Summary (Consolidated)

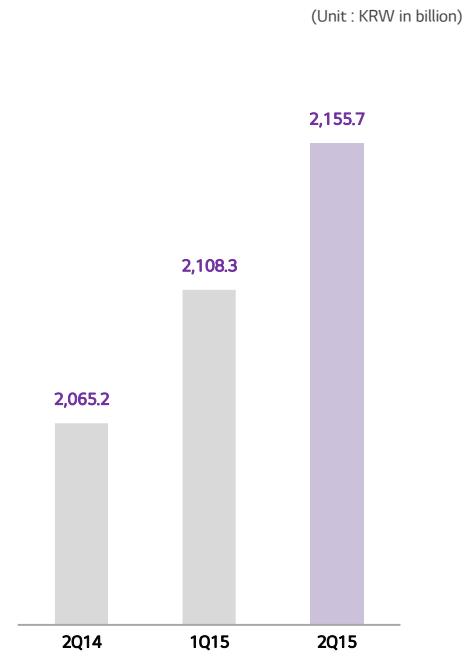
- Service Revenue recorded KRW 2.16 trillion, up 4.4% YoY and 2.2% QoQ
- Operating Income recorded KRW 192.4 billion, up 96.3% YoY and 24.3% QoQ

(Unit: KRW in billion)

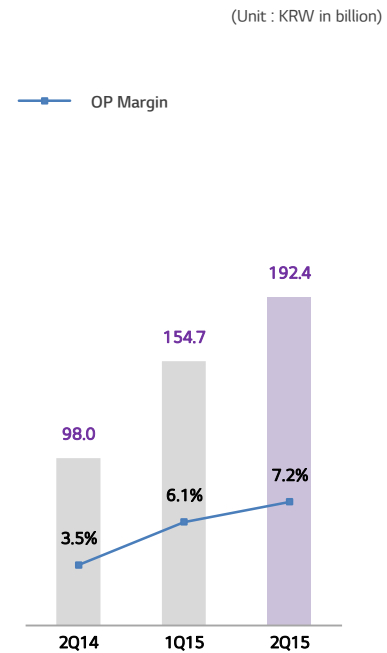
Classification	2Q14	1Q15	2Q15	YoY	QoQ
<b>Revenue</b>	<b>2,773.9</b>	<b>2,556.0</b>	<b>2,661.4</b>	<b>-4.1%</b>	<b>4.1%</b>
Service Revenue	2,065.2	2,108.3	2,155.7	4.4%	2.2%
Handset Revenue	704.3	443.2	501.5	-28.8%	13.2%
<b>Expenses</b>	<b>2,675.9</b>	<b>2,401.2</b>	<b>2,469.1</b>	<b>-7.7%</b>	<b>2.8%</b>
<b>Operating Income</b>	<b>98.0</b>	<b>154.7</b>	<b>192.4</b>	<b>96.3%</b>	<b>24.3%</b>
<b>OP Margin<sup>(1)</sup></b>	<b>3.5%</b>	<b>6.1%</b>	<b>7.2%</b>	<b>3.7%p</b>	<b>1.2%p</b>
Non-operating Balance	(64.8)	(44.4)	(43.2)	-33.3%	-2.7%
Income Before Tax	33.2	110.3	149.1	348.7%	35.3%
Income Tax	(0.3)	28.0	33.3	-10310.0%	18.6%
<b>Net Income</b>	<b>33.6</b>	<b>82.2</b>	<b>115.9</b>	<b>245.3%</b>	<b>40.9%</b>
<b>EBITDA</b>	<b>466.7</b>	<b>547.1</b>	<b>593.4</b>	<b>27.2%</b>	<b>8.5%</b>
<b>EBITDA Margin<sup>(2)</sup></b>	<b>16.8%</b>	<b>21.4%</b>	<b>22.3%</b>	<b>5.5%p</b>	<b>0.9%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 7.7% YoY and up 2.8% QoQ from lower Sales Commission and higher Cost of Handset Sold

(Unit: KRW in billion)

Classification	2Q14	1Q15	2Q15	YoY	QoQ
<b>Operating Expense</b>	<b>2,675.9</b>	<b>2,401.2</b>	<b>2,469.1</b>	<b>-7.7%</b>	<b>2.8%</b>
Wages	196.1	209.9	212.8	8.6%	1.4%
Depreciation	326.4	349.0	357.6	9.6%	2.5%
Amortization	42.3	43.4	43.4	2.7%	0.1%
Electricity Fee	40.1	46.9	41.1	2.4%	-12.4%
Repair Expense	31.8	28.6	35.4	11.3%	23.8%
Settlement	36.6	35.4	31.1	-14.9%	-12.1%
Fees & Charges	279.6	295.0	311.2	11.3%	5.5%
Sales Commission	541.2	341.9	314.4	-41.9%	-8.0%
Advertising	71.5	79.7	82.6	15.5%	3.7%
Cost of Handset Sold	662.1	534.8	591.5	-10.7%	10.6%
Taxes & Dues	5.9	12.0	13.8	133.7%	14.9%
Others	442.4	424.7	434.2	-1.9%	2.2%

- Marketing Expense down 13.5% YoY and 5.6% QoQ due to lower SAC

(Unit: KRW in billion)

Classification	2Q14	1Q15	2Q15	YoY	QoQ
<b>Total Marketing Expense</b>	<b>549.7</b>	<b>503.8</b>	<b>475.7</b>	<b>-13.5%</b>	<b>-5.6%</b>
Mkt. Exp./Service Revenue	26.6%	23.9%	22.1%	-4.6%p	-1.8%p

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

### Operating Expense

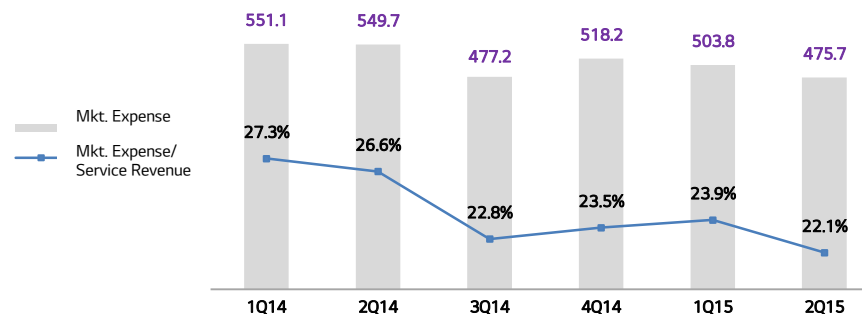
- Wage : Up 8.6% YoY and 1.4% QoQ from increased personnel and wage
- Depreciation : Up 9.6% YoY and 2.5% QoQ due to increase in installment for Wideband LTE-A N/W
- Electricity Fee : Up 2.4% YoY and down 12.4% QoQ from N/W investment and seasonality effect
- Repair Expense : Up 11.3% YoY and 23.8% QoQ from NW installment reallocation
- Fees & Charges : Up 11.3% YoY and 5.5% QoQ due to increased cost for one-click payment service and contents

### Marketing Expense

- Sales Commission : Down 41.9% YoY and 8.0% QoQ from change in accounting method related to subsidy (Sales Commission→Handset Revenue Discount) and lower Subscriber Acquisition Cost (SAC)
- Advertising : Up 15.5% YoY and 3.7% QoQ from increased advertisements
- Cost of Handset Sold : Down 10.7% YoY and up 10.6% QoQ

### Marketing Expense

(Unit : KRW in billion)



# 1. Financial Highlights

# Non-operating Balance / CAPEX

## Non-operating Balance / CAPEX (Consolidated)

- Non-operating Balance down 33.3% YoY and 2.7% QoQ

(Unit: KRW in billion)

Classification	2Q14	1Q15	2Q15	YoY	QoQ
<b>Non-operating Income</b>	<b>25.1</b>	<b>18.6</b>	<b>29.0</b>	<b>15.6%</b>	<b>56.4%</b>
Interest Income	9.1	9.1	9.3	1.6%	1.4%
Others	16.0	9.4	19.8	23.6%	109.7%
<b>Non-operating Expense</b>	<b>89.9</b>	<b>63.0</b>	<b>72.3</b>	<b>-19.6%</b>	<b>14.7%</b>
Interest Expense	54.5	45.8	52.1	-4.3%	13.9%
Loss on A/R sold	19.5	9.1	2.9	-85.1%	-68.2%
Loss on impairment/disposal of tangible asset	2.8	3.8	7.9	178.7%	109.4%
Others	13.1	4.4	9.3	-28.9%	113.9%
<b>Non-operating Balance</b>	<b>(64.8)</b>	<b>(44.4)</b>	<b>(43.2)</b>	<b>-33.3%</b>	<b>-2.7%</b>

- CAPEX down 52.1% YoY and up 34.5% QoQ from completion of Wideband LTE-A N/W and efficient CAPEX spending

(Unit: KRW in billion)

Classification	2Q14	1Q15	2Q15	YoY	QoQ
<b>CAPEX<sup>(1)</sup></b>	<b>669.2</b>	<b>238.2</b>	<b>320.3</b>	<b>-52.1%</b>	<b>34.5%</b>
Wireless Network	460.8	43.5	81.5	-82.3%	87.3%
Wireline Network	192.1	177.6	201.9	5.1%	13.7%
Others (IT, etc)	16.2	17.1	37.0	127.7%	116.5%
<b>CAPEX/Revenue</b>	<b>24.1%</b>	<b>9.3%</b>	<b>12.0%</b>	<b>-12.1%p</b>	<b>2.7%p</b>

(1) Capital Expenditure includes Construction in Progress

## Non-operating Income & Expense

### Non-operating Income : Up 15.6% YoY and 56.4% QoQ

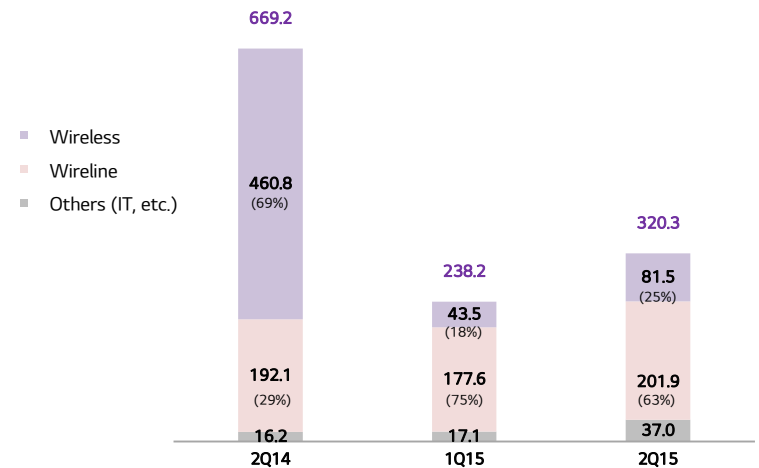
- Others : Up 23.6% YoY and 109.7% QoQ due to increased gain on A/R sold and miscellaneous profit

### Non-operating Expense : Down 19.6% YoY, and up 14.7% QoQ

- Interest Expense : Down 4.3% YoY and up 13.9% QoQ from decreased cost of debt due to lowered market rate and impact from early repayment charges from debt
- Loss on A/R Sold : Down 85.1% YoY and 68.2% QoQ due to decreased factoring of handset receivables
- Loss on Impairment/disposal of Tangible Asset : Up 178.7% YoY and 109.4% QoQ due to disposal of unused assets

## CAPEX

(Unit : KRW in billion)



# 1. Financial Highlights

## Statements of Financial Position

### Statements of Financial Position (Consolidated)

(Unit: KRW in billion)

Classification	2014. 06	2015.03	2015.06	YoY	QoQ
<b>Total Assets</b>	<b>11,941.0</b>	<b>11,803.5</b>	<b>11,800.7</b>	<b>-1.2%</b>	<b>0.0%</b>
Current Assets	2,407.6	2,465.5	2,469.6	2.6%	0.2%
Cash & Cash Equivalents <sup>(1)</sup>	246.7	261.2	458.3	85.8%	75.4%
Non-current Assets	9,533.4	9,338.0	9,331.2	-2.1%	-0.1%
Property, Plant and Equipment	7,010.9	7,147.3	7,119.7	1.6%	-0.4%
Intangible Assets	1,193.7	1,078.7	1,042.6	-12.7%	-3.3%
<b>Total Liabilities</b>	<b>7,927.1</b>	<b>7,607.4</b>	<b>7,490.0</b>	<b>-5.5%</b>	<b>-1.5%</b>
Current Liabilities	4,023.8	3,244.3	2,987.1	-25.8%	-7.9%
Current Portion of LT Debt	1,326.4	1,097.7	815.6	-38.5%	-25.7%
Non-current Liabilities	3,903.3	4,363.1	4,502.9	15.4%	3.2%
Corporate Bond etc. <sup>(2)</sup>	3,316.8	3,848.3	3,976.6	19.9%	3.3%
<b>Total Shareholders' Equity</b>	<b>4,013.9</b>	<b>4,196.1</b>	<b>4,310.7</b>	<b>7.4%</b>	<b>2.7%</b>
Retained Earnings	611.9	781.0	896.8	46.6%	14.8%
<b>Net Debt</b>	<b>4,396.5</b>	<b>4,699.9</b>	<b>4,348.9</b>	<b>-1.1%</b>	<b>-7.5%</b>
Net Debt to Equity Ratio <sup>(3)</sup>	109.5%	112.0%	100.9%	-8.6%p	-11.1%p
Debt to Equity Ratio <sup>(4)</sup>	197.5%	181.3%	173.8%	-23.7%p	-7.5%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

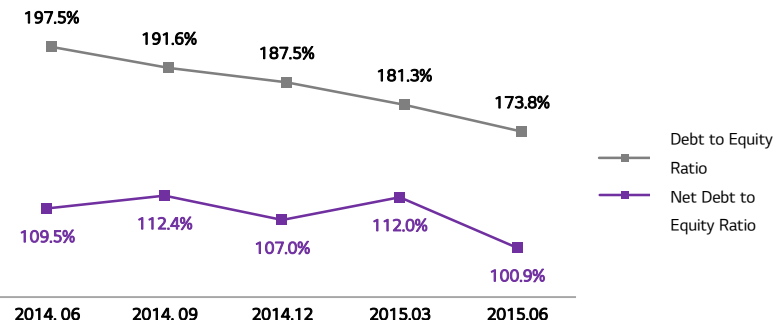
### Statements of Financial Position

Net Debt Ratio improved due to increased Cash & Cash equivalents and R/E

Debt to Equity Ratio improved due to decreased Current Liabilities and increased Total Shareholders' Equity

- Cash & Cash Equivalents : Up 85.8% YoY and 75.4% QoQ
- Net Debt : Down 1.1% YoY and 7.5% QoQ
  - Net Debt to Equity Ratio : 100.9%, Down 8.6%p YoY and 11.1%p QoQ
- Debt to Equity Ratio : 173.8%, Down 23.7%p YoY and 7.5%p QoQ

### Debt Ratio



## Wireless (Consolidated)

- Wireless Revenue up 4.3% YoY and 2.4% QoQ from wireless subscriber and ARPU growth

(Unit: KRW in billion)

Classification	2Q14	1Q15	2Q15	YoY	QoQ
<b>Wireless Revenue</b>	<b>1,275.4</b>	<b>1,298.6</b>	<b>1,330.0</b>	<b>4.3%</b>	<b>2.4%</b>
Service Revenue <sup>(1)</sup>	1,146.4	1,182.8	1,210.0	5.6%	2.3%
Interconnection	112.4	104.0	110.5	-1.7%	6.3%
Sign-up Fee	16.6	11.8	9.5	-42.9%	-19.7%
<b>Wireless ARPU<sup>(2)</sup></b>	<b>39,651</b>	<b>39,312</b>	<b>39,782</b>	<b>0.3%</b>	<b>1.2%</b>
Service ARPU <sup>(3)</sup>	35,636	35,793	36,173	1.5%	1.1%
Service ARPU (MVNO Incl.) <sup>(4)</sup>	34,787	34,872	35,220	1.2%	1.0%

(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

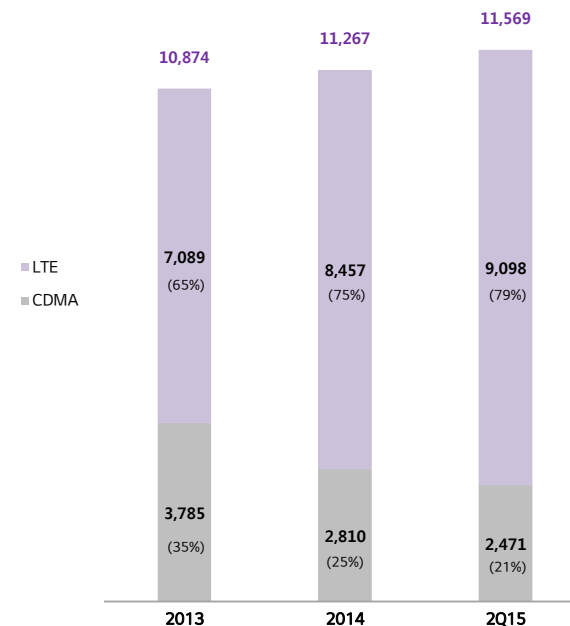
(4) LG Uplus MVNO Subscribers included

(Unit: subscriber in thousand)

Classification	2Q14	1Q15	2Q15	YoY	QoQ
<b>Wireless Subscribers</b>	<b>11,008</b>	<b>11,449</b>	<b>11,569</b>	<b>5.1%</b>	<b>1.1%</b>
MNO Subscribers	10,740	11,037	11,130	3.6%	0.8%
MVNO Subscribers	268	412	439	64.0%	6.6%

### Wireless Subscriber

(Unit : subscriber in thousand)





## TPS (Consolidated)

- TPS Revenue up 9.2% YoY and 2.8% QoQ from IPTV subscriber and ARPU growth

(Unit: KRW in billion)

Classification	2Q14	1Q15	2Q15	YoY	QoQ
<b>TPS Revenue</b>	<b>329.0</b>	<b>349.7</b>	<b>359.4</b>	<b>9.2%</b>	<b>2.8%</b>
IPTV	90.4	113.9	120.0	32.8%	5.4%
Broadband	169.0	168.2	171.7	1.6%	2.1%
VoIP	69.7	67.6	67.7	-2.9%	0.0%

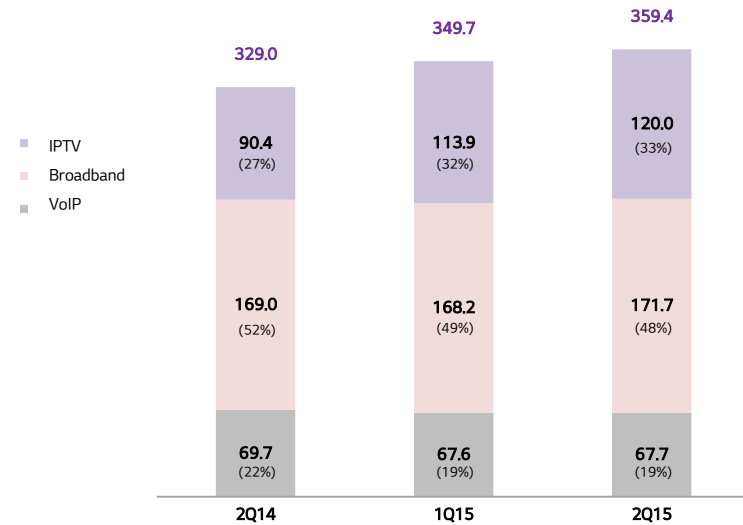
(Unit: subscriber in thousand)

Classification	2Q14	1Q15	2Q15	YoY	QoQ
<b>TPS Subscribers</b>	<b>9,120</b>	<b>9,540</b>	<b>9,715</b>	<b>6.5%</b>	<b>1.8%</b>
IPTV *	1,784	2,040	2,123	19.0%	4.1%
Broadband	2,993	3,050	3,087	3.1%	1.2%
VoIP	4,343	4,450	4,506	3.7%	1.2%

\*IPTV : subscriber base

### TPS Revenue

(Unit : KRW in billion)



## Data / Telephony (Consolidated)

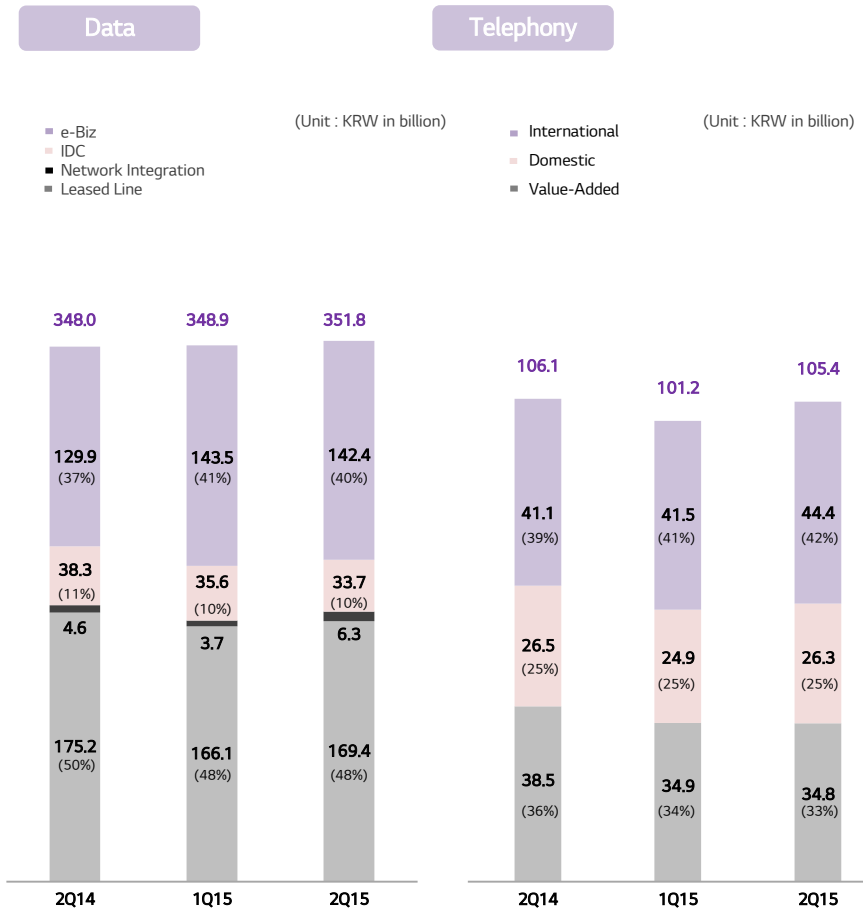
- Data Revenue up 1.1% YoY and 0.8% QoQ from e-Biz and Leased Line revenue growth
- Telephony Revenue down 0.6% YoY and up 4.2% QoQ due to decrease in International telephony revenue and increase in Value-Added telephony revenue

(Unit: KRW in billion)

Classification	2Q14	1Q15	2Q15	YoY	QoQ
<b>Data Revenue</b>	<b>348.0</b>	<b>348.9</b>	<b>351.8</b>	<b>1.1%</b>	<b>0.8%</b>
e-Biz <sup>(1)</sup>	129.9	143.5	142.4	9.6%	-0.8%
IDC	38.3	35.6	33.7	-12.0%	-5.4%
Leased Line	175.2	166.1	169.4	-3.3%	2.0%
Network Integration	4.6	3.7	6.3	37.2%	69.7%
<b>Telephony Revenue</b>	<b>106.1</b>	<b>101.2</b>	<b>105.4</b>	<b>-0.6%</b>	<b>4.2%</b>
Value-Added	41.1	41.5	44.4	8.0%	7.0%
Domestic	26.5	24.9	26.3	-0.7%	5.5%
International	38.5	34.9	34.8	-9.8%	-0.2%

(1) e-Biz : Payment, SMS & Webhard, etc.

(2) NI : Network Integration (Previous 'Solution Revenue')



### 3. Appendix

## Statements of Income / Financial Position (Consolidated)

(Unit: KRW in billion)

Classification	2Q14	1Q15	2Q15	YoY	QoQ
<b>Revenue</b>	<b>2,773.9</b>	<b>2,556.0</b>	<b>2,661.4</b>	<b>-4.1%</b>	<b>4.1%</b>
Service Revenue	2,065.2	2,108.3	2,155.7	4.4%	2.2%
Handset Revenue	704.3	443.2	501.5	-28.8%	13.2%
Rental Revenue	4.4	4.5	4.3	-3.3%	-4.6%
<b>Expense</b>	<b>2,675.9</b>	<b>2,401.2</b>	<b>2,469.1</b>	<b>-7.7%</b>	<b>2.8%</b>
Operating Expenses	2,675.9	2,401.2	2,469.1	-7.7%	2.8%
Wages	196.1	209.9	212.8	8.6%	1.4%
Depreciation	326.4	349.0	357.6	9.6%	2.5%
Amortization	42.3	43.4	43.4	2.7%	0.1%
Telecom Circuit Rent	69.4	67.1	68.1	-1.8%	1.5%
Rental	80.2	82.2	83.1	3.7%	1.1%
Outsourcing	88.2	94.6	91.8	4.1%	-3.0%
Electricity Fee	40.1	46.9	41.1	2.4%	-12.4%
Repair Expense	31.8	28.6	35.4	11.3%	23.8%
Interconnection	144.1	139.8	145.2	0.8%	3.9%
Settlement	36.6	35.4	31.1	-14.9%	-12.1%
Fees & Charges	279.6	295.0	311.2	11.3%	5.5%
Sales Commission	541.2	341.9	314.4	-41.9%	-8.0%
Advertising	71.5	79.7	82.6	15.5%	3.7%
Cost of Handsets Sold	662.1	534.8	591.5	-10.7%	10.6%
Handset purchase	641.4	525.5	580.2	-9.5%	10.4%
Etc	20.7	9.3	11.3	-45.5%	21.3%
Ordinary R&D Expense	11.5	11.3	15.6	36.6%	37.9%
Taxes & Dues	5.9	12.0	13.8	133.7%	14.9%
Others	49.2	29.7	30.3	-38.4%	1.9%
<b>Operating Income</b>	<b>98.0</b>	<b>154.7</b>	<b>192.4</b>	<b>96.3%</b>	<b>24.3%</b>
<b>Non-operating Income</b>	<b>25.1</b>	<b>18.6</b>	<b>29.0</b>	<b>15.6%</b>	<b>56.4%</b>
<b>Non-operating Expense</b>	<b>89.9</b>	<b>63.0</b>	<b>72.3</b>	<b>-19.6%</b>	<b>14.7%</b>
<b>Income Before Tax</b>	<b>33.2</b>	<b>110.3</b>	<b>149.1</b>	<b>348.7%</b>	<b>35.3%</b>
Income Tax	(0.3)	28.0	33.3	-10310.0%	18.6%
<b>Net Income</b>	<b>33.6</b>	<b>82.2</b>	<b>115.9</b>	<b>245.3%</b>	<b>40.9%</b>

Classification	2014. 06	2015.03	2015.06	YoY	QoQ
<b>Current Assets</b>	<b>2,407.6</b>	<b>2,465.5</b>	<b>2,469.6</b>	<b>2.6%</b>	<b>0.2%</b>
Cash and Cash Equivalents	213.4	239.0	431.1	102.0%	80.3%
Short-term Loans & Accounts Receivables	1,669.3	1,777.4	1,627.9	-2.5%	-8.4%
Inventories	396.8	335.7	295.6	-25.5%	-11.9%
Other Current Assets	128.1	113.4	115.0	-10.2%	1.4%
<b>Non Current Assets</b>	<b>9,533.4</b>	<b>9,338.0</b>	<b>9,331.2</b>	<b>-2.1%</b>	<b>-0.1%</b>
Available for Sales Securities	71.5	76.9	43.2	-39.6%	-43.8%
Property, Plant and Equipment	7,010.9	7,147.3	7,119.7	1.6%	-0.4%
Intangible Assets	1,193.7	1,078.7	1,042.6	-12.7%	-3.3%
Long-term Loans & Long Trade Receivables	696.7	487.0	584.0	-16.2%	19.9%
Investment in Properties	94.5	36.4	37.5	-60.3%	3.0%
Other Non-current Assets	466.1	511.8	504.2	8.2%	-1.5%
<b>Total Assets</b>	<b>11,941.0</b>	<b>11,803.5</b>	<b>11,800.7</b>	<b>-1.2%</b>	<b>0.0%</b>
<b>Current Liabilities</b>	<b>4,023.8</b>	<b>3,244.3</b>	<b>2,987.1</b>	<b>-25.8%</b>	<b>-7.9%</b>
Accounts Payable & Other Payables	3,671.0	2,843.6	2,633.9	-28.3%	-7.4%
Other Liabilities	351.2	400.8	353.3	0.6%	-11.9%
Derivative liabilities	1.6	0.0	0.0	-100.0%	-
<b>Non-current Liabilities</b>	<b>3,903.3</b>	<b>4,363.1</b>	<b>4,502.9</b>	<b>15.4%</b>	<b>3.2%</b>
Accounts Payable & Other Payables	3,775.0	4,232.1	4,360.9	15.5%	3.0%
Other Liabilities	128.3	131.0	141.9	10.6%	8.4%
<b>Total Liabilities</b>	<b>7,927.1</b>	<b>7,607.4</b>	<b>7,490.0</b>	<b>-5.5%</b>	<b>-1.5%</b>
<b>Shareholders' Equity</b>	<b>4,012.1</b>	<b>4,195.5</b>	<b>4,310.2</b>	<b>7.4%</b>	<b>2.7%</b>
Capital Stock	2,574.0	2,574.0	2,574.0	0.0%	0.0%
Capital Surplus	836.6	837.0	837.0	0.1%	0.0%
Retained Earnings	611.9	781.0	896.8	46.6%	14.8%
Accumulated Other Comprehensive Income	(10.3)	3.5	2.3	-122.7%	-33.5%
<b>Non-controlling Interest</b>	<b>1.8</b>	<b>0.6</b>	<b>0.5</b>	<b>-71.3%</b>	<b>-9.9%</b>
<b>Total Shareholders' Equity</b>	<b>4,013.9</b>	<b>4,196.1</b>	<b>4,310.7</b>	<b>7.4%</b>	<b>2.7%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>11,941.0</b>	<b>11,803.5</b>	<b>11,800.7</b>	<b>-1.2%</b>	<b>0.0%</b>

### 3. Appendix

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

(Unit: KRW in billion)

Classification	2Q14	1Q15	2Q15	YoY	QoQ
<b>Revenue</b>	<b>2,769.7</b>	<b>2,550.2</b>	<b>2,658.6</b>	<b>-4.0%</b>	<b>4.2%</b>
Service Revenue	2,058.7	2,098.5	2,148.6	4.4%	2.4%
Handset Revenue	704.3	444.8	503.2	-28.6%	13.1%
Rental Revenue	6.7	6.9	6.8	0.6%	-1.8%
<b>Expense</b>	<b>2,671.8</b>	<b>2,389.0</b>	<b>2,463.9</b>	<b>-7.8%</b>	<b>3.1%</b>
Operating Expenses	2,671.8	2,389.0	2,463.9	-7.8%	3.1%
Wages	156.2	168.0	168.9	8.1%	0.5%
Depreciation	326.1	348.6	357.4	9.6%	2.5%
Amortization	41.5	41.9	42.4	2.2%	1.0%
Telecom Circuit Rent	69.4	67.2	68.2	-1.8%	1.5%
Rental	79.9	81.9	82.8	3.7%	1.1%
Outsourcing	127.0	137.5	142.2	11.9%	3.4%
Electricity Fee	40.1	46.9	41.1	2.4%	-12.4%
Repair Expense	31.7	28.5	35.3	11.4%	23.8%
Interconnection	144.1	139.8	145.2	0.8%	3.9%
Settlement	36.6	35.4	31.1	-14.9%	-12.1%
Fees & Charges	280.1	296.1	310.3	10.8%	4.8%
Sales Comission	541.2	333.6	307.7	-43.1%	-7.8%
Advertising	71.7	78.9	82.6	15.3%	4.7%
Cost of Handsets Sold	662.1	534.3	591.2	-10.7%	10.7%
Handset purchase	641.4	525.0	580.0	-9.6%	10.5%
Etc	20.7	9.3	11.3	-45.5%	21.3%
Ordinary R&D Expense	12.0	11.6	15.9	33.1%	37.3%
Taxes & Dues	4.8	11.1	12.8	164.3%	15.8%
Others	47.5	27.8	28.8	-39.3%	3.5%
<b>Operating Income</b>	<b>97.9</b>	<b>161.2</b>	<b>194.7</b>	<b>98.9%</b>	<b>20.7%</b>
<b>Non-operating Income</b>	<b>24.2</b>	<b>18.3</b>	<b>28.7</b>	<b>18.5%</b>	<b>57.0%</b>
<b>Non-operating Expense</b>	<b>89.9</b>	<b>62.5</b>	<b>71.9</b>	<b>-20.0%</b>	<b>15.0%</b>
<b>Income Before Tax</b>	<b>32.2</b>	<b>117.0</b>	<b>151.5</b>	<b>370.8%</b>	<b>29.5%</b>
Income Tax	(0.3)	28.2	33.3	-10349.3%	18.1%
<b>Net Income</b>	<b>32.5</b>	<b>88.8</b>	<b>118.2</b>	<b>263.7%</b>	<b>33.1%</b>

Classification	2014. 06	2015.03	2015.06	YoY	QoQ
<b>Current Assets</b>	<b>2,376.4</b>	<b>2,388.2</b>	<b>2,411.0</b>	<b>1.5%</b>	<b>1.0%</b>
Cash and Cash Equivalents	195.4	187.7	390.6	99.9%	108.2%
Short-term Loans & Accounts Receivables	1,659.0	1,757.1	1,612.1	-2.8%	-8.2%
Inventories	396.8	333.1	294.3	-25.8%	-11.7%
Other Current Assets	125.3	110.3	114.0	-9.0%	3.3%
<b>Non Current Assets</b>	<b>9,529.9</b>	<b>9,383.8</b>	<b>9,370.7</b>	<b>-1.7%</b>	<b>-0.1%</b>
Available for Sales Securities	71.5	76.0	38.9	-45.7%	-48.9%
Property, Plant and Equipment	7,008.4	7,088.6	7,061.3	0.8%	-0.4%
Intangible Assets	1,184.2	1,072.5	1,034.1	-12.7%	-3.6%
Long-term Loans & Long Trade Receivables	696.4	486.3	583.1	-16.3%	19.9%
Investment in Properties	94.5	91.9	92.5	-2.1%	0.7%
Other Non-current Assets	475.0	568.4	560.8	18.1%	-1.4%
<b>Total Assets</b>	<b>11,906.3</b>	<b>11,772.0</b>	<b>11,781.7</b>	<b>-1.0%</b>	<b>0.1%</b>
<b>Current Liabilities</b>	<b>4,009.6</b>	<b>3,207.5</b>	<b>2,962.6</b>	<b>-26.1%</b>	<b>-7.6%</b>
Accounts Payable & Other Payables	3,659.2	2,809.6	2,612.4	-28.6%	-7.0%
Other Liabilities	348.7	397.9	350.2	0.4%	-12.0%
Derivative liabilities	1.6	0.0	0.0	-100.0%	-
<b>Non-current Liabilities</b>	<b>3,891.8</b>	<b>4,350.3</b>	<b>4,488.0</b>	<b>15.3%</b>	<b>3.2%</b>
Accounts Payable & Other Payables	3,775.0	4,232.1	4,360.9	15.5%	3.0%
Other Liabilities	116.8	118.2	127.1	8.8%	7.5%
<b>Total Liabilities</b>	<b>7,901.4</b>	<b>7,557.8</b>	<b>7,450.6</b>	<b>-5.7%</b>	<b>-1.4%</b>
<b>Shareholders' Equity</b>	<b>4,004.9</b>	<b>4,214.2</b>	<b>4,331.1</b>	<b>8.1%</b>	<b>2.8%</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	604.1	800.1	918.1	52.0%	14.8%
Accumulated Other Comprehensive Income	(9.8)	3.6	2.4	-124.9%	-31.6%
<b>Total Shareholders' Equity</b>	<b>4,004.9</b>	<b>4,214.2</b>	<b>4,331.1</b>	<b>8.1%</b>	<b>2.8%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>11,906.3</b>	<b>11,772.0</b>	<b>11,781.7</b>	<b>-1.0%</b>	<b>0.1%</b>

### 3. Appendix

### Subscriber Trend

(Unit: subscriber in thousand, KRW)

Classification	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15
<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>	<b>11,267</b>	<b>11,449</b>	<b>11,569</b>
Net Addition	163	298	168	141	201	158	192	161	1	132	151	108	182	120
<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>	<b>8,457</b>	<b>8,793</b>	<b>9,098</b>
Net Addition	927	1,091	988	816	822	694	653	540	373	351	369	274	336	306
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%	75.1%	76.8%	78.6%
Net Addition	8,070	7,276	6,457	5,782	5,161	4,626	4,164	3,785	3,413	3,195	2,976	2,810	2,656	2,471
<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>	<b>1.82%</b>	<b>1.96%</b>	<b>1.73%</b>
New adds	997	1,139	1,162	915	1,003	954	978	1,004	931	838	917	718	849	717
Churn	834	842	994	774	802	797	786	843	930	706	765	610	667	596
<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>	<b>42,584</b>	<b>39,312</b>	<b>39,782</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	37,449	35,793	36,173
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	36,526	34,872	35,220

Classification	1Q12	2Q12	3Q12	4Q12	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15
<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>	<b>9,387</b>	<b>9,540</b>	<b>9,715</b>
Net Addition	57	145	123	189	379	341	268	197	282	240	127	140	153	175
<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>	<b>1,949</b>	<b>2,040</b>	<b>2,123</b>
Net Addition	31	45	43	74	128	139	118	111	122	112	91	74	91	83
<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>	<b>4,424</b>	<b>4,450</b>	<b>4,506</b>
Net Addition	71	110	100	108	192	141	112	59	125	97	19	62	27	55
<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>	<b>3,014</b>	<b>3,050</b>	<b>3,087</b>
Net Addition	-45	-10	-20	7	59	62	38	27	35	30	17	4	36	37
<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>	<b>495</b>	<b>495</b>	<b>505</b>
Net Addition	-3	4	14	21	11	-3	-8	26	-5	-2	-11	-4		10

(1) IPTV subscribers : Retail + B2B subscribers (2) VoIP subscribers : Corporate +Retail subscribers

(3) PSTN Subscribers : Corporate +Retail(Retail VoIP callforwarding) subscribers

## 3. Appendix

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