

# 2015 3Q Earnings Release

October 28, 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.

The information contained herein should not be utilized for any legal purposes in regards to investors' investment results. The Company hereby expressly disclaims any and all liability for any loss or damage resulting from the investors' reliance on the information contained herein.

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.

---

# Contents

1 Financial Highlights

2 Business Overview

3 Appendix

## Summary (Consolidated)

- Service Revenue recorded KRW 2.16 trillion, up 3.2% YoY and 0.1% QoQ
- Operating Income recorded KRW 172.1 billion, down 1.4% YoY and 10.5% QoQ

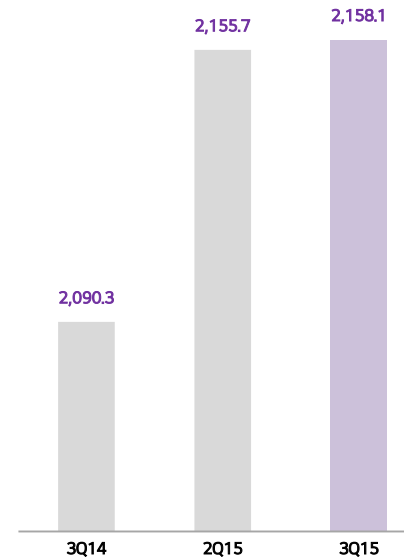
(Unit: KRW in billion)

Classification	3Q14	2Q15	3Q15	YoY	QoQ
<b>Revenue</b>	<b>2,761.8</b>	<b>2,661.4</b>	<b>2,716.8</b>	<b>-1.6%</b>	<b>2.1%</b>
Service Revenue	2,090.3	2,155.7	2,158.1	3.2%	0.1%
Handset Revenue	666.9	501.5	554.4	-16.9%	10.6%
<b>Expenses</b>	<b>2,587.3</b>	<b>2,469.1</b>	<b>2,544.6</b>	<b>-1.7%</b>	<b>3.1%</b>
<b>Operating Income</b>	<b>174.5</b>	<b>192.4</b>	<b>172.1</b>	<b>-1.4%</b>	<b>-10.5%</b>
<b>OP Margin<sup>(1)</sup></b>	<b>6.3%</b>	<b>7.2%</b>	<b>6.3%</b>	<b>0.0%p</b>	<b>-0.9%p</b>
Non-operating Balance	(63.9)	(43.2)	(24.7)	-61.3%	-42.8%
Income Before Tax	110.7	149.1	147.4	33.2%	-1.2%
Income Tax	28.6	33.3	33.8	18.2%	1.7%
<b>Net Income</b>	<b>82.0</b>	<b>115.9</b>	<b>113.6</b>	<b>38.4%</b>	<b>-2.0%</b>
<b>EBITDA</b>	<b>558.9</b>	<b>593.4</b>	<b>576.6</b>	<b>3.2%</b>	<b>-2.8%</b>
<b>EBITDA Margin<sup>(2)</sup></b>	<b>20.2%</b>	<b>22.3%</b>	<b>21.2%</b>	<b>1.0%p</b>	<b>-1.1%p</b>

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

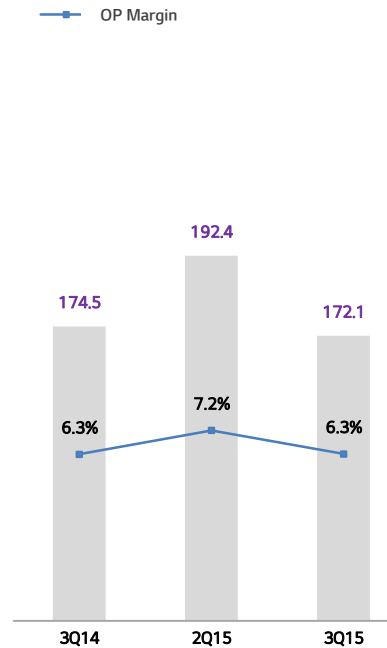
### Service Revenue

(Unit : KRW in billion)



### Operating Income

(Unit : KRW in billion)



## Operating Expense / Marketing Expense (Consolidated)

- Operating Expense down 1.7% YoY and up 3.1% QoQ from changes in sales commission and electricity fee

(Unit: KRW in billion)

Classification	3Q14	2Q15	3Q15	YoY	QoQ
<b>Operating Expense</b>	<b>2,587.3</b>	<b>2,469.1</b>	<b>2,544.6</b>	<b>-1.7%</b>	<b>3.1%</b>
Wages	194.9	212.8	197.6	1.4%	-7.2%
Depreciation	341.1	357.6	360.7	5.8%	0.9%
Amortization	43.3	43.4	43.8	1.1%	0.8%
Electricity Fee	54.5	41.1	53.9	-1.0%	31.2%
Repair Expense	35.6	35.4	41.6	16.9%	17.5%
Settlement	37.7	31.1	35.0	-7.1%	12.7%
Fees & Charges	282.2	311.2	314.7	11.5%	1.1%
Sales Commission	562.9	314.4	346.8	-38.4%	10.3%
Advertising	70.9	82.6	87.7	23.6%	6.1%
Cost of Handset Sold	525.4	591.5	622.7	18.5%	5.3%
Taxes & Dues	6.8	13.8	7.6	12.2%	-45.0%
Others	431.9	434.2	432.5	0.1%	-0.4%

- Marketing Expense up 2.7% YoY and 3.0% QoQ from increased handset sales

(Unit: KRW in billion)

Classification	3Q14	2Q15	3Q15	YoY	QoQ
<b>Total Marketing Expense</b>	<b>477.2</b>	<b>475.7</b>	<b>490.1</b>	<b>2.7%</b>	<b>3.0%</b>
Mkt. Exp./Service Revenue	22.8%	22.1%	22.7%	-0.1%p	0.6%p

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

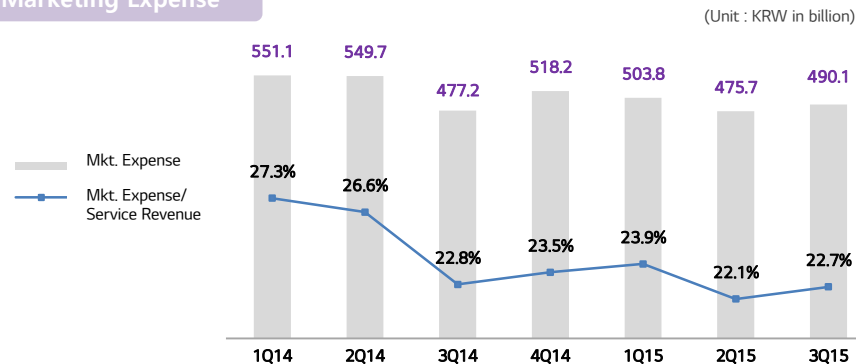
### Operating Expense

- Wage : Up 1.4% YoY and down 7.2% QoQ from increased personnel and settlement of 2015 wage projection
- Depreciation : Up 5.8% YoY and 0.9% QoQ due to increase in installment for Wideband LTE-A N/W
- Electricity Fee : Down 1.0% YoY and up 31.2% QoQ due to seasonality
- Repair Expense : Up 16.9% YoY and 17.5% QoQ from NW installment reallocation
- Fees & Charges : Up 11.5% YoY and 1.1% QoQ from increased PG and contents fees

### Marketing Expense

- Sales Commission : Down 38.4% YoY and up 10.3% QoQ from change in accounting method related to subsidy (Sales Commission→Handset Revenue Discount) and increased handset sales volume
- Advertising : Up 23.6% YoY and 6.1% QoQ from Home IoT advertisements and increased membership benefit
- Cost of Handset Sold : Up 18.5% YoY and 5.3% QoQ due to increased handset sales volume from new handset launch

### Marketing Expense



# 1. Financial Highlights

# Non-operating Balance / CAPEX

## Non-operating Balance / CAPEX (Consolidated)

- Non-operating Balance down 61.3% YoY and 42.8% QoQ

(Unit: KRW in billion)

Classification	3Q14	2Q15	3Q15	YoY	QoQ
<b>Non-operating Income</b>	<b>37.7</b>	<b>29.0</b>	<b>51.0</b>	<b>35.4%</b>	<b>75.7%</b>
Interest Income	10.2	9.3	8.6	-15.5%	-6.7%
Others	27.5	19.8	42.4	54.3%	114.3%
<b>Non-operating Expense</b>	<b>101.5</b>	<b>72.3</b>	<b>75.7</b>	<b>-25.4%</b>	<b>4.8%</b>
Interest Expense	53.4	52.1	48.1	-10.0%	-7.8%
Loss on A/R sold	5.8	2.9	7.5	30.7%	160.4%
Loss on impairment/disposal of tangible asset	33.7	7.9	4.3	-87.3%	-45.9%
Others	8.6	9.3	15.8	83.3%	69.6%
<b>Non-operating Balance</b>	<b>(63.9)</b>	<b>(43.2)</b>	<b>(24.7)</b>	<b>-61.3%</b>	<b>-42.8%</b>

- CAPEX down 31.1% YoY and up 1.5% QoQ from completion of Wideband LTE-A N/W and efficient CAPEX spending

(Unit: KRW in billion)

Classification	3Q14	2Q15	3Q15	YoY	QoQ
<b>CAPEX *</b>	<b>472.1</b>	<b>320.3</b>	<b>325.2</b>	<b>-31.1%</b>	<b>1.5%</b>
Wireless Network	204.0	81.5	75.7	-62.9%	-7.1%
Wireline Network	196.6	201.9	204.1	3.8%	1.1%
Others (IT, etc)	71.5	37.0	45.4	-36.5%	22.7%
<b>CAPEX/Revenue</b>	<b>17.1%</b>	<b>12.0%</b>	<b>12.0%</b>	<b>-5.1%p</b>	<b>-0.1%p</b>

\* Capital Expenditure includes Construction in Progress

## Non-operating Income & Expense

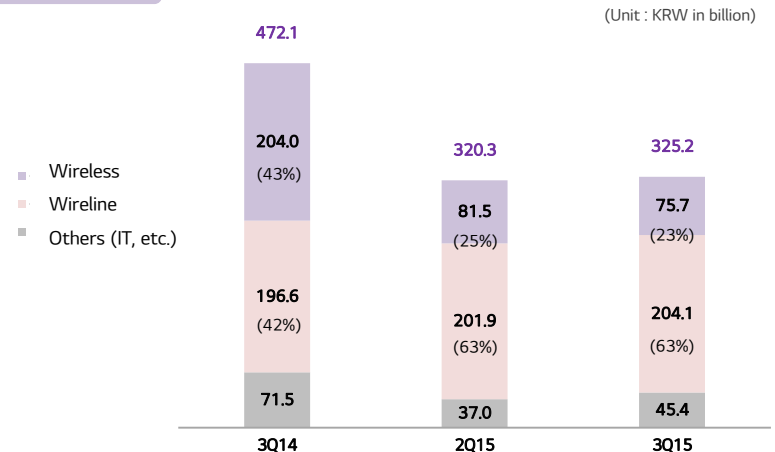
### Non-operating Income : Up 35.4% YoY and 75.7% QoQ

- Others : Up 54.3% YoY and 114.3% QoQ from reversal of impairment loss from reusing NW equipment

### Non-operating Expense : Down 25.4% YoY and up 4.8% QoQ

- Interest Expense : Down 10.0% YoY and 7.8% QoQ from decreased cost of debt
- Loss on A/R Sold : Up 30.7% YoY and 160.4% QoQ from increased factoring of handset receivables
- Loss on Impairment/disposal of Tangible Asset : Down 87.3% YoY and 45.9% QoQ due to disposal of unused assets
- Others : Up 83.3% YoY and 69.6% QoQ from KCC fine

## CAPEX



# 1. Financial Highlights

# Statements of Financial Position

## Statements of Financial Position (Consolidated)

(Unit: KRW in billion)

Classification	2014. 09	2015.06	2015.09	YoY	QoQ
<b>Total Assets</b>	<b>11,963.9</b>	<b>11,800.7</b>	<b>11,798.6</b>	<b>-1.4%</b>	<b>0.0%</b>
Current Assets	2,297.2	2,469.6	2,544.4	10.8%	3.0%
Cash & Cash Equivalents <sup>(1)</sup>	238.0	458.3	271.2	14.0%	-40.8%
Non-current Assets	9,666.7	9,331.2	9,254.3	-4.3%	-0.8%
Property, Plant and Equipment	7,097.7	7,119.7	7,124.2	0.4%	0.1%
Intangible Assets	1,155.9	1,042.6	1,004.7	-13.1%	-3.6%
<b>Total Liabilities</b>	<b>7,860.6</b>	<b>7,490.0</b>	<b>7,375.3</b>	<b>-6.2%</b>	<b>-1.5%</b>
Current Liabilities	3,714.8	2,987.1	2,975.4	-19.9%	-0.4%
Current Portion of LT Debt	1,297.3	815.6	696.7	-46.3%	-14.6%
Non-current Liabilities	4,145.8	4,502.9	4,399.8	6.1%	-2.3%
Corporate Bond etc. <sup>(2)</sup>	3,552.8	3,976.6	3,865.6	8.8%	-2.8%
<b>Total Shareholders' Equity</b>	<b>4,103.3</b>	<b>4,310.7</b>	<b>4,423.4</b>	<b>7.8%</b>	<b>2.6%</b>
Retained Earnings	694.3	896.8	1,010.4	45.5%	12.7%
<b>Net Debt</b>	<b>4,612.2</b>	<b>4,348.9</b>	<b>4,306.1</b>	<b>-6.6%</b>	<b>-1.0%</b>
Net Debt to Equity Ratio <sup>(3)</sup>	112.4%	100.9%	97.3%	-15.1%p	-3.5%p
Debt to Equity Ratio <sup>(4)</sup>	191.6%	173.8%	166.7%	-24.8%p	-7.0%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

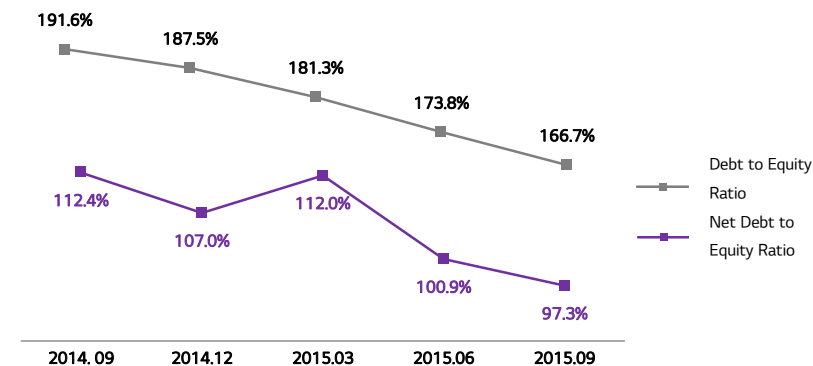
### Statements of Financial Position

Net Debt Ratio improved from decreased Net Debt and increased R/E

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

- Cash & Cash Equivalents : Up 14.0% YoY and down 40.8% QoQ
- Net Debt : Down 6.6% YoY and 1.0% QoQ
  - Net Debt to Equity Ratio : 97.3%, Down 15.1%p YoY and 3.5%p QoQ
- Debt to Equity Ratio : 166.7%, Down 24.8%p YoY and 7.0%p QoQ

### Debt Ratio



## Wireless (Consolidated)

- Wireless Revenue up 2.8% YoY and down 0.2% QoQ from wireless subscriber growth and lower ARPU

(Unit: KRW in billion)

Classification	3Q14	2Q15	3Q15	YoY	QoQ
<b>Wireless Revenue<sup>(1)</sup></b>	<b>1,296.9</b>	<b>1,336.2</b>	<b>1,333.3</b>	<b>2.8%</b>	<b>-0.2%</b>
Service Revenue	1,173.5	1,216.2	1,216.5	3.7%	0.0%
Interconnection	108.3	110.5	109.6	1.2%	-0.8%
Sign-up Fee	15.0	9.5	7.2	-52.0%	-23.7%
<b>Wireless ARPU<sup>(2)</sup></b>	<b>40,454</b>	<b>40,258</b>	<b>39,822</b>	<b>-1.6%</b>	<b>-1.1%</b>
Service ARPU <sup>(3)</sup>	36,600	36,606	36,294	-0.8%	-0.9%
Service ARPU (MVNO Incl.) <sup>(4)</sup>	35,735	35,626	35,306	-1.2%	-0.9%

(1) Wireless Revenue : Subsidiary MVNO revenue adjusted

Service Revenue : Monthly fee+Usage Charges+VAS+Revenue Discount+Data

(2) RASS(Repeater Air Surveillance System) and MVNO subscribers excluded

(3) Interconnection & Sign-up fee excluded from Wireless ARPU, (4) (3)+MVNO

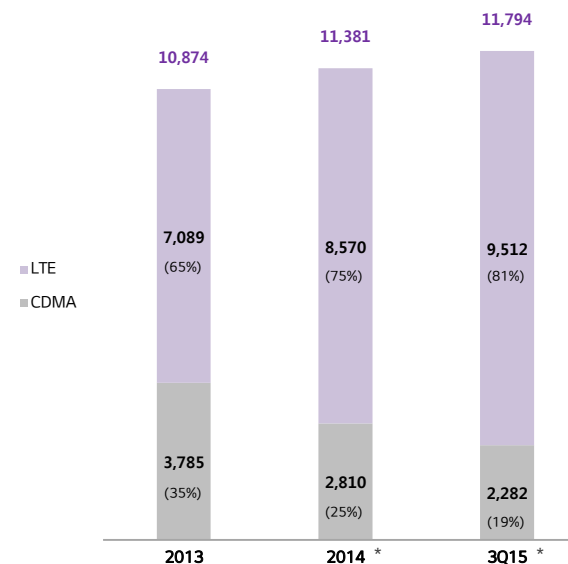
(Unit: subscriber in thousand)

Classification	3Q14	2Q15	3Q15	YoY	QoQ
<b>Wireless Subscribers *</b>	<b>11,271</b>	<b>11,690</b>	<b>11,794</b>	<b>4.6%</b>	<b>0.9%</b>
MNO Subscribers	10,952	11,251	11,343	3.6%	0.8%
MVNO Subscribers	319	439	451	41.6%	2.7%

\* Subscribers : MSIP's new subscriber disclosure basis, "line-based subscriber number" including RASS (Adjusted from 1Q14)

## Wireless Subscriber

(Unit : subscriber in thousand)





## TPS (Consolidated)

- TPS Revenue up 7.2% YoY and 0.6% QoQ from IPTV subscriber and ARPU growth

(Unit: KRW in billion)

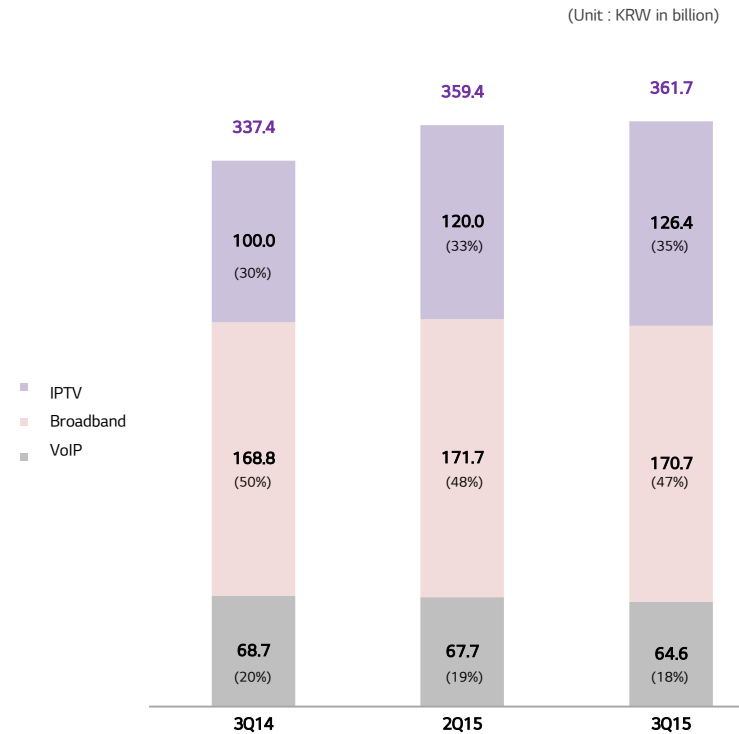
Classification	3Q14	2Q15	3Q15	YoY	QoQ
<b>TPS Revenue</b>	<b>337.4</b>	<b>359.4</b>	<b>361.7</b>	<b>7.2%</b>	<b>0.6%</b>
IPTV	100.0	120.0	126.4	26.5%	5.4%
Broadband	168.8	171.7	170.7	1.1%	-0.6%
VoIP	68.7	67.7	64.6	-5.9%	-4.5%

(Unit: subscriber in thousand)

Classification	3Q14	2Q15	3Q15	YoY	QoQ
<b>TPS Subscribers</b>	<b>9,247</b>	<b>9,715</b>	<b>10,164</b>	<b>9.9%</b>	<b>4.6%</b>
IPTV <sup>(1)</sup>	1,875	2,123	2,199	17.2%	3.6%
Broadband <sup>(2)</sup>	3,010	3,087	3,445	14.5%	11.6%
VoIP	4,362	4,506	4,520	3.6%	0.3%

(1) IPTV : subscriber base (2) Broadband : Including corporate subscribers from 3Q15

TPS Revenue



## Data / Telephony (Consolidated)

- Data Revenue up 3.8% YoY and 1.4% QoQ from e-Biz revenue growth
- Telephony Revenue down 3.6% YoY and 2.1% QoQ due to lower traffic from seasonality

(Unit: KRW in billion)

Classification	3Q14	2Q15	3Q15	YoY	QoQ
<b>Data Revenue</b>	<b>343.7</b>	<b>351.8</b>	<b>356.8</b>	<b>3.8%</b>	<b>1.4%</b>
e-Biz <sup>(1)</sup>	131.4	142.4	147.2	12.0%	3.4%
IDC	36.1	33.7	34.7	-3.8%	2.9%
Leased Line	171.6	169.4	168.9	-1.6%	-0.3%
NI <sup>(2)</sup>	4.6	6.3	6.1	31.0%	-3.9%
<b>Telephony Revenue</b>	<b>107.1</b>	<b>105.4</b>	<b>103.2</b>	<b>-3.6%</b>	<b>-2.1%</b>
Value-Added	42.6	44.4	43.4	1.7%	-2.2%
Domestic	26.2	26.3	25.8	-1.8%	-2.0%
International	38.2	34.8	34.1	-10.8%	-2.0%

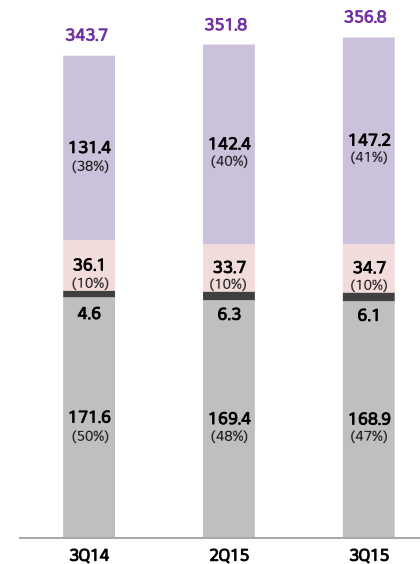
(1) e-Biz : Payment, SMS & Webhard, etc.

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

### Data

(Unit : KRW in billion)

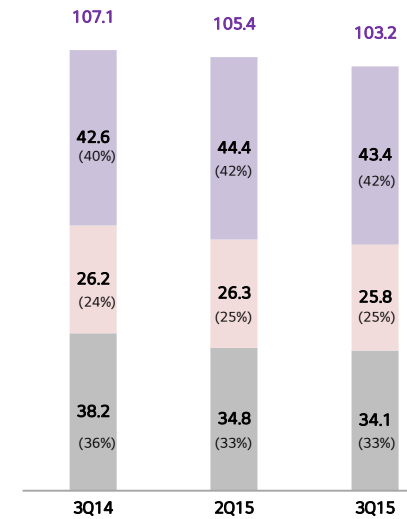
- e-Biz
- IDC
- Network Integration
- Leased Line



### Telephony

(Unit : KRW in billion)

- International
- Domestic
- Value-Added



### 3. Appendix

## Statements of Income / Financial Position (Consolidated)

(Unit: KRW in billion)

Classification	3Q14	2Q15	3Q15	YoY	QoQ
<b>Revenue</b>	<b>2,761.8</b>	<b>2,661.4</b>	<b>2,716.8</b>	<b>-1.6%</b>	<b>2.1%</b>
Service Revenue	2,090.3	2,155.7	2,158.1	3.2%	0.1%
Handset Revenue	666.9	501.5	554.4	-16.9%	10.6%
Rental Revenue	4.6	4.3	4.2	-7.7%	-1.6%
<b>Expense</b>	<b>2,587.3</b>	<b>2,469.1</b>	<b>2,544.6</b>	<b>-1.7%</b>	<b>3.1%</b>
Operating Expenses	2,587.3	2,469.1	2,544.6	-1.7%	3.1%
Wages	194.9	212.8	197.6	1.4%	-7.2%
Depreciation	341.1	357.6	360.7	5.8%	0.9%
Amortization	43.3	43.4	43.8	1.1%	0.8%
Telecom Circuit Rent	66.5	68.1	73.0	9.8%	7.1%
Rental	80.3	83.1	83.2	3.6%	0.1%
Outsourcing	86.4	91.8	84.3	-2.5%	-8.2%
Electricity Fee	54.5	41.1	53.9	-1.0%	31.2%
Repair Expense	35.6	35.4	41.6	16.9%	17.5%
Interconnection	142.6	145.2	144.4	1.3%	-0.6%
Settlement	37.7	31.1	35.0	-7.1%	12.7%
Fees & Charges	282.2	311.2	314.7	11.5%	1.1%
Sales Commission	562.9	314.4	346.8	-38.4%	10.3%
Advertising	70.9	82.6	87.7	23.6%	6.1%
Cost of Handsets Sold	525.4	591.5	622.7	18.5%	5.3%
Handset purchase	510.3	580.2	610.0	19.5%	5.1%
Etc	15.2	11.3	12.7	-16.0%	12.8%
Ordinary R&D Expense	13.9	15.6	17.1	22.7%	9.1%
Taxes & Dues	6.8	13.8	7.6	12.2%	-45.0%
Others	42.2	30.3	30.6	-27.5%	1.1%
<b>Operating Income</b>	<b>174.5</b>	<b>192.4</b>	<b>172.1</b>	<b>-1.4%</b>	<b>-10.5%</b>
<b>Non-operating Income</b>	<b>37.7</b>	<b>29.0</b>	<b>51.0</b>	<b>35.4%</b>	<b>75.7%</b>
<b>Non-operating Expense</b>	<b>101.5</b>	<b>72.3</b>	<b>75.7</b>	<b>-25.4%</b>	<b>4.8%</b>
<b>Income Before Tax</b>	<b>110.7</b>	<b>149.1</b>	<b>147.4</b>	<b>33.2%</b>	<b>-1.2%</b>
Income Tax	28.6	33.3	33.8	18.2%	1.7%
<b>Net Income</b>	<b>82.0</b>	<b>115.9</b>	<b>113.6</b>	<b>38.4%</b>	<b>-2.0%</b>

Classification	2014. 09	2015.06	2015.09	YoY	QoQ
<b>Current Assets</b>	<b>2,297.2</b>	<b>2,469.6</b>	<b>2,544.4</b>	<b>10.8%</b>	<b>3.0%</b>
Cash and Cash Equivalents	206.1	431.1	250.0	21.3%	-42.0%
Short-term Loans & Accounts Receivables	1,663.7	1,627.9	1,875.8	12.7%	15.2%
Inventories	299.4	295.6	301.2	0.6%	1.9%
Other Current Assets	127.9	115.0	117.4	-8.2%	2.1%
<b>Non Current Assets</b>	<b>9,666.7</b>	<b>9,331.2</b>	<b>9,254.3</b>	<b>-4.3%</b>	<b>-0.8%</b>
Available for Sales Securities	77.2	43.2	41.5	-46.2%	-3.9%
Property, Plant and Equipment	7,097.7	7,119.7	7,124.2	0.4%	0.1%
Intangible Assets	1,155.9	1,042.6	1,004.7	-13.1%	-3.6%
Long-term Loans & Long Trade Receivables	777.5	584.0	558.5	-28.2%	-4.4%
Investment in Properties	96.7	37.5	38.6	-60.1%	2.8%
Other Non-current Assets	461.7	504.2	486.8	5.4%	-3.4%
<b>Total Assets</b>	<b>11,963.9</b>	<b>11,800.7</b>	<b>11,798.6</b>	<b>-1.4%</b>	<b>0.0%</b>
<b>Current Liabilities</b>	<b>3,714.8</b>	<b>2,987.1</b>	<b>2,975.4</b>	<b>-19.9%</b>	<b>-0.4%</b>
Accounts Payable & Other Payables	3,415.9	2,633.9	2,643.4	-22.6%	0.4%
Other Liabilities	297.6	353.3	332.1	11.6%	-6.0%
Derivative liabilities	1.2	0.0	0.0	-100.0%	-
<b>Non-current Liabilities</b>	<b>4,145.8</b>	<b>4,502.9</b>	<b>4,399.8</b>	<b>6.1%</b>	<b>-2.3%</b>
Accounts Payable & Other Payables	4,010.0	4,360.9	4,250.0	6.0%	-2.5%
Other Liabilities	135.8	141.9	149.8	10.3%	5.6%
<b>Total Liabilities</b>	<b>7,860.6</b>	<b>7,490.0</b>	<b>7,375.3</b>	<b>-6.2%</b>	<b>-1.5%</b>
<b>Shareholders' Equity</b>	<b>4,102.4</b>	<b>4,310.2</b>	<b>4,422.9</b>	<b>7.8%</b>	<b>2.6%</b>
Capital Stock	2,574.0	2,574.0	2,574.0	0.0%	0.0%
Capital Surplus	837.0	837.0	837.0	0.0%	0.0%
Retained Earnings	694.3	896.8	1,010.4	45.5%	12.7%
Accumulated Other Comprehensive Income	(2.8)	2.3	1.5	-153.3%	-36.3%
<b>Non-controlling Interest</b>	<b>0.9</b>	<b>0.5</b>	<b>0.5</b>	<b>-47.0%</b>	<b>-9.6%</b>
<b>Total Shareholders' Equity</b>	<b>4,103.3</b>	<b>4,310.7</b>	<b>4,423.4</b>	<b>7.8%</b>	<b>2.6%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>11,963.9</b>	<b>11,800.7</b>	<b>11,798.6</b>	<b>-1.4%</b>	<b>0.0%</b>

### 3. Appendix

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

(Unit: KRW in billion)

Classification	3Q14	2Q15	3Q15	YoY	QoQ
<b>Revenue</b>	<b>2,741.8</b>	<b>2,658.6</b>	<b>2,713.4</b>	<b>-1.0%</b>	<b>2.1%</b>
Service Revenue	2,084.5	2,148.6	2,148.7	3.1%	0.0%
Handset Revenue	650.4	503.2	557.9	-14.2%	10.9%
Rental Revenue	7.0	6.8	6.7	-3.7%	-0.9%
<b>Expense</b>	<b>2,555.9</b>	<b>2,463.9</b>	<b>2,537.7</b>	<b>-0.7%</b>	<b>3.0%</b>
Operating Expenses	2,555.9	2,463.9	2,537.7	-0.7%	3.0%
Wages	155.2	168.9	152.6	-1.7%	-9.6%
Depreciation	340.9	357.4	360.5	5.8%	0.9%
Amortization	41.4	42.4	42.5	2.6%	0.4%
Telecom Circuit Rent	66.5	68.2	73.0	9.8%	7.1%
Rental	80.1	82.8	82.8	3.4%	0.0%
Outsourcing	126.9	142.2	136.6	7.6%	-4.0%
Electricity Fee	54.5	41.1	53.9	-1.0%	31.2%
Repair Expense	35.5	35.3	41.5	16.9%	17.6%
Interconnection	142.6	145.2	144.4	1.3%	-0.6%
Settlement	37.7	31.1	35.0	-7.1%	12.7%
Fees & Charges	280.8	310.3	308.1	9.7%	-0.7%
Sales Comission	534.7	307.7	341.6	-36.1%	11.0%
Advertising	71.1	82.6	87.5	23.1%	5.9%
Cost of Handsets Sold	527.8	591.2	625.1	18.4%	5.7%
Handset purchase	512.6	580.0	612.4	19.5%	5.6%
Etc	15.2	11.3	12.7	-16.0%	12.8%
Ordinary R&D Expense	14.1	15.9	17.2	21.9%	8.1%
Taxes & Dues	5.5	12.8	6.6	19.6%	-48.8%
Others	40.6	28.8	28.8	-29.3%	-0.3%
<b>Operating Income</b>	<b>185.9</b>	<b>194.7</b>	<b>175.6</b>	<b>-5.5%</b>	<b>-9.8%</b>
<b>Non-operating Income</b>	<b>40.6</b>	<b>28.7</b>	<b>50.7</b>	<b>24.9%</b>	<b>76.8%</b>
<b>Non-operating Expense</b>	<b>101.5</b>	<b>71.9</b>	<b>75.4</b>	<b>-25.7%</b>	<b>4.9%</b>
<b>Income Before Tax</b>	<b>125.0</b>	<b>151.5</b>	<b>150.9</b>	<b>20.7%</b>	<b>-0.4%</b>
Income Tax	28.8	33.3	33.8	17.5%	1.7%
<b>Net Income</b>	<b>96.2</b>	<b>118.2</b>	<b>117.1</b>	<b>21.7%</b>	<b>-0.9%</b>

Classification	2014. 09	2015.06	2015.09	YoY	QoQ
<b>Current Assets</b>	<b>2,262.9</b>	<b>2,411.0</b>	<b>2,486.2</b>	<b>9.9%</b>	<b>3.1%</b>
Cash and Cash Equivalents	187.9	390.6	210.5	12.0%	-46.1%
Short-term Loans & Accounts Receivables	1,657.6	1,612.1	1,862.4	12.4%	15.5%
Inventories	296.9	294.3	298.4	0.5%	1.4%
Other Current Assets	120.5	114.0	115.0	-4.5%	0.9%
<b>Non Current Assets</b>	<b>9,675.2</b>	<b>9,370.7</b>	<b>9,293.8</b>	<b>-3.9%</b>	<b>-0.8%</b>
Available for Sales Securities	77.2	38.9	40.0	-48.2%	2.9%
Property, Plant and Equipment	7,095.2	7,061.3	7,066.5	-0.4%	0.1%
Intangible Assets	1,146.5	1,034.1	995.7	-13.2%	-3.7%
Long-term Loans & Long Trade Receivables	777.0	583.1	557.6	-28.2%	-4.4%
Investment in Properties	96.7	92.5	93.1	-3.8%	0.6%
Other Non-current Assets	482.7	560.8	541.0	12.1%	-3.5%
<b>Total Assets</b>	<b>11,938.1</b>	<b>11,781.7</b>	<b>11,780.1</b>	<b>-1.3%</b>	<b>0.0%</b>
<b>Current Liabilities</b>	<b>3,697.8</b>	<b>2,962.6</b>	<b>2,949.6</b>	<b>-20.2%</b>	<b>-0.4%</b>
Accounts Payable & Other Payables	3,401.5	2,612.4	2,620.1	-23.0%	0.3%
Other Liabilities	295.1	350.2	329.5	11.6%	-5.9%
Derivative liabilities	1.2	0.0	0.0	-100.0%	-
<b>Non-current Liabilities</b>	<b>4,132.4</b>	<b>4,488.0</b>	<b>4,383.0</b>	<b>6.1%</b>	<b>-2.3%</b>
Accounts Payable & Other Payables	4,010.0	4,360.9	4,250.0	6.0%	-2.5%
Other Liabilities	122.4	127.1	133.1	8.7%	4.7%
<b>Total Liabilities</b>	<b>7,830.2</b>	<b>7,450.6</b>	<b>7,332.6</b>	<b>-6.4%</b>	<b>-1.6%</b>
<b>Shareholders' Equity</b>	<b>4,107.8</b>	<b>4,331.1</b>	<b>4,447.5</b>	<b>8.3%</b>	<b>2.7%</b>
Capital Stock	2,574.0	2,574.0	2,574.0	0.0%	0.0%
Capitall Surplus	836.6	836.6	836.6	0.0%	0.0%
Retained Earnings	700.2	918.1	1,035.1	47.8%	12.7%
Accumulated Other Comprehensive Income	(2.9)	2.4	1.8	-162.7%	-26.4%
<b>Total Shareholders' Equity</b>	<b>4,107.8</b>	<b>4,331.1</b>	<b>4,447.5</b>	<b>8.3%</b>	<b>2.7%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>11,938.1</b>	<b>11,781.7</b>	<b>11,780.1</b>	<b>-1.3%</b>	<b>0.0%</b>

### 3. Appendix

### Subscriber Trend

(Unit: subscribers in thousands)

Classification	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15
<b>Wireless Subscribers<sup>(1)</sup></b>	<b>10,363</b>	<b>10,521</b>	<b>10,713</b>	<b>10,874</b>	<b>10,982</b>	<b>11,117</b>	<b>11,271</b>	<b>11,381</b>	<b>11,566</b>	<b>11,690</b>	<b>11,794</b>
Net Addition	201	158	192	161	108	135	154	110	185	125	104
<b>LTE Subscribers</b>	<b>5,202</b>	<b>5,896</b>	<b>6,549</b>	<b>7,089</b>	<b>7,811</b>	<b>8,117</b>	<b>8,304</b>	<b>8,570</b>	<b>8,906</b>	<b>9,216</b>	<b>9,512</b>
Net Addition	822	694	653	540	722	306	187	266	336	310	296
LTE Penetration Rate (%)	50.2%	56.0%	61.1%	65.2%	71.1%	73.0%	73.7%	75.3%	77.0%	78.8%	80.7%
<b>CDMA</b>	<b>5,161</b>	<b>4,626</b>	<b>4,164</b>	<b>3,785</b>	<b>3,171</b>	<b>3,000</b>	<b>2,967</b>	<b>2,810</b>	<b>2,659</b>	<b>2,474</b>	<b>2,282</b>
<b>Churn Rate (%)</b>	<b>2.6%</b>	<b>2.5%</b>	<b>2.5%</b>	<b>2.6%</b>	<b>2.8%</b>	<b>2.1%</b>	<b>2.3%</b>	<b>1.8%</b>	<b>1.9%</b>	<b>1.7%</b>	<b>1.8%</b>
New adds	1,003	954	978	1,004	934	841	920	720	852	721	750
Churn	802	797	786	843	931	706	766	610	667	596	646
<b>Wireless ARPU (KRW)</b>	<b>37,063</b>	<b>38,200</b>	<b>39,006</b>	<b>40,063</b>	<b>39,506</b>	<b>40,141</b>	<b>40,454</b>	<b>43,104</b>	<b>39,788</b>	<b>40,258</b>	<b>39,822</b>
Service ARPU	32,616	33,834	34,495	35,388	35,362	35,636	36,600	37,906	36,226	36,606	36,294
Service ARPU (MVNO Incl.)	31,965	33,165	33,808	34,650	34,588	34,787	35,735	36,959	35,278	35,626	35,306

(1) Subscribers : MSIP's new subscriber disclosure basis, "line-based subscriber number" including RASS (Adjusted from 1Q14)

Classification	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15
<b>TPS Subscribers</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>	<b>10,164</b>
Net Addition	379	341	268	197	282	240	127	140	153	175	449
<b>IPTV<sup>(1)</sup></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>	<b>2,199</b>
Net Addition	128	139	118	111	122	112	91	74	91	83	76
<b>VoIP<sup>(2)</sup></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>	<b>4,520</b>
Net Addition	192	141	112	59	125	97	19	62	27	55	14
<b>Broadband<sup>(3)</sup></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>	<b>3,445</b>
Net Addition	59	62	38	27	35	30	17	4	36	37	358
<b>PSTN Subscribers<sup>(4)</sup></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>	<b>507</b>
Net Addition	11	-3	-8	26	-5	-2	-11	-4	0	10	2

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

(3) Broadband : Retail + Corporate subscribers (Including corporate subscribers from 3Q15) (4) PSTN Subscribers : Retail(Retail VoIP callforwarding) + Corporate subscribers

## 3. Appendix

---

**ir@lguplus.co.kr**

---

<b>Jay Park</b>	<b>+82-70-4080-6915</b>
<b>Claire Park</b>	<b>+82-70-4080-8058</b>
<b>Daniel Choe</b>	<b>+82-70-4080-1620</b>
<b>Irene Huh</b>	<b>+82-70-4080-3037</b>