2014 3Q Earnings Release Oct. 27, 2014

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## 1. Financial Highlights

## 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 |
| Revenue | 2,879.2 | 2,773.9 | 2,761.8 | -4.1\% | -0.4\% |
| 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\% |
| Expenses | 2,730.0 | 2,675.9 | 2,587.3 | -5.2\% | -3.3\% |
| Operating Income | 149.2 | 98.0 | 174.5 | 17.0\% | 78.0\% |
| OP Margin ${ }^{(1)}$ | 5.2\% | 3.5\% | 6.3\% | 1.1\%p | 2.8\%p |
| 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\% | - |
| Net Income | 75.6 | 33.6 | 82.0 | 8.6\% | 144.5\% |
| EBITDA | 478.4 | 466.7 | 558.9 | 16.8\% | 19.8\% |
| EBITDA Margin ${ }^{(2)}$ | 16.6\% | 16.8\% | 20.2\% | 3.6\%p | 3.4\%p |

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

## 1. Financial Highlights

## Operating Expense / Marketing Expense (Consolidated)

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

| Classification | 3Q13 | 2Q14 | 3Q14 | YoY | QoQ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Operating Expense | 2,730.0 | 2,675.9 | 2,587.3 | -5.2\% | -3.3\% |
| 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\% |
| Electricty 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

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

[^0]
## 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

| Classification |  |  |  | (Unit: KRW billion) |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
|  | 3Q13 | 2Q14 | 3Q14 | YoY | QoQ |
| Non-operating Income | 15.6 | 25.1 | 37.7 | 141.9\% | 50.0\% |
| Interest Income | 9.6 | 9.1 | 10.2 | 6.2\% | 12.2\% |
| Others | 6.0 | 16.0 | 27.5 | 361.3\% | 71.6\% |
| Non-operating Expense | 68.7 | 89.9 | 101.5 | 47.8\% | 12.9\% |
| 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\% |
| Non-operating Balance | (53.1) | (64.8) | (63.9) | 20.2\% | -1.4\% |

- 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 |
| CAPEX ${ }^{(1)}$ | 346.9 | 669.2 | 472.1 | 36.1\% | -29.5\% |
| 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\% |
| CAPEX/Revenue | 12.0\% | 24.1\% | 17.1\% | 5.0\%p | -7.0\%p |

(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

## (Unit: KRW billion)



## 1. Financial Highlights

Statements of Financial Position (Consolidated)

## Statements of Financial Position

(Unit: KRW billion)

| Classification | $\mathbf{2 0 1 3 . 0 9}$ | $\mathbf{2 0 1 4 . 0 6}$ | $\mathbf{2 0 1 4 . 0 9}$ | YoY | QoQ |
| :---: | ---: | ---: | ---: | ---: | ---: |
| Total Assets | $\mathbf{1 1 , 3 5 4 . 4}$ | $\mathbf{1 1 , 9 4 1 . 0}$ | $\mathbf{1 1 , 9 6 3 . 9}$ | $\mathbf{5 . 4 \%}$ | $\mathbf{0 . 2 \%}$ |
| Current Assets | $2,723.9$ | $2,407.6$ | $2,297.2$ | $-15.7 \%$ | $-4.6 \%$ |
| Cash \& Cash Equivalents $^{(1)}$ | 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 | $1,193.7$ | $1,155.9$ | $39.8 \%$ | $-3.2 \%$ |
| Total Liabilities | $\mathbf{7 , 3 7 2 . 7}$ | $\mathbf{7 , 9 2 7 . 1}$ | $\mathbf{7 , 8 6 0 . 6}$ | $\mathbf{6 . 6 \%}$ | $-\mathbf{0 . 8 \%}$ |
| 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. ${ }^{(2)}$ | $3,302.2$ | $3,316.8$ | $3,552.8$ | $7.6 \%$ | $7.1 \%$ |
| Total Shareholders' Equity | $\mathbf{3 , 9 8 1 . 7}$ | $\mathbf{4 , 0 1 3 . 9}$ | $\mathbf{4 , 1 0 3 . 3}$ | $\mathbf{3 . 1 \%}$ | $\mathbf{2 . 2 \%}$ |
| Retained Earnings | 574.9 | 611.9 | 694.3 | $20.8 \%$ | $13.5 \%$ |
| Net Debt | $\mathbf{4 , 1 6 2 . 8}$ | $\mathbf{4 , 3 9 6 . 5}$ | $\mathbf{4 , 6 1 2 . 2}$ | $\mathbf{1 0 . 8 \%}$ | $\mathbf{4 . 9 \%}$ |
| Net Debt to Equity Ratio ${ }^{(3)}$ | $104.5 \%$ | $109.5 \%$ | $112.4 \%$ | $7.9 \% p$ | $2.9 \% p$ |
| Debt to Equity Ratio ${ }^{(4)}$ | $185.2 \%$ | $197.5 \%$ | $191.6 \%$ | $6.4 \% p$ | $-5.9 \% p$ |

(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

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


## 1. Financial Highlights

## 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 |
| Wireless Revenue | 1,217.6 | 1,275.4 | 1,296.9 | 6.5\% | 1.7\% |
| Service Revenue ${ }^{(1)}$ | 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\% |
| Wireless ARPU ${ }^{(2)}$ | 39,006 | 39,651 | 39,967 | 2.5\% | 0.8\% |
| Service ARPU ${ }^{(3)}$ | 34,495 | 35,636 | 36,159 | 4.8\% | 1.5\% |
| Service ARPU (MVNO Incl.) ${ }^{(4)}$ | 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 | 2 Q14 | 3Q14 | YoY | QoQ |
| :--- | ---: | ---: | ---: | ---: | ---: |
| Wireless Subscribers | $\mathbf{1 0 , 7 1 3}$ | $\mathbf{1 1 , 0 0 8}$ | $\mathbf{1 1 , 1 5 9}$ | $\mathbf{4 . 2 \%}$ | $\mathbf{1 . 4 \%}$ |
| 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)

| - LTE | 10,874 | 10,875 | 11,008 | 11,159 |
| :---: | :---: | :---: | :---: | :---: |
| CDMA S/P |  |  |  |  |
| - CDMA Etc. |  |  |  |  |
|  | $\begin{gathered} 7,089 \\ (65 \%) \end{gathered}$ | $\begin{aligned} & 7,462 \\ & (69 \%) \end{aligned}$ | $\begin{aligned} & 7,813 \\ & (71 \%) \end{aligned}$ | $\begin{aligned} & 8,182 \\ & (73 \%) \end{aligned}$ |
|  | 882 | 679 | 542 |  |
|  | (8\%) | (6\%) | (5\%) | (4\%) |
|  | $\begin{aligned} & 2,903 \\ & (27 \%) \end{aligned}$ | $\begin{aligned} & 2,735 \\ & (25 \%) \end{aligned}$ | $\begin{gathered} 2,652 \\ (24 \%) \end{gathered}$ | $\begin{array}{r} 2,560 \\ (23 \%) \end{array}$ |

## 2. Business Overview

## TPS (Consolidated)

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


## TPS Revenue



| (Unit: subcribers in thousands) |  |  |  |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Classification | 3Q13 | 2Q14 | 3Q14 | YoY | QoQ |
| TPS Subscribers | 8,402 | 9,120 | 9,247 | 10.1\% | 1.4\% |
| 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\% |



(Unit: KRW billion)
337.4
100.0
(30\%)
168.8
(50\%)
68.7
(20\%)
3Q14

## 2. Business Overview

## Data / Telephony (Consolidated)

- Data Revenue down 3.1\% YoY and 1.2\% QoQ due to competition in IDC and


## Data Revenue

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 |
| Data Revenue | $\mathbf{3 5 4 . 8}$ | $\mathbf{3 4 8 . 0}$ | $\mathbf{3 4 3 . 7}$ | $\mathbf{- 3 . 1 \%}$ | $\mathbf{- 1 . 2 \%}$ |
| e-Biz $^{(1)}$ | 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 | $-42.9 \%$ | $0.7 \%$ |
| Telephony Revenue | $\mathbf{1 1 2 . 9}$ | $\mathbf{1 0 6 . 1}$ | $\mathbf{1 0 7 . 1}$ | $\mathbf{- 5 . 1 \%}$ | $\mathbf{1 . 0 \%}$ |
| 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.
(Unit: KRW billion)


## 3. Appendix

Statements of Income / Financial Position (Consolidated)

| Classification | 3Q13 | 2Q14 | 3Q14 | YoY | QoQ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Revenue | 2,879.2 | 2,773.9 | 2,761.8 | -4.1\% | -0.4\% |
| 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\% |
| Rental Revenue | 4.4 | 4.4 | 4.6 | 2.9\% | 3.2\% |
| Expense | 2,730.0 | 2,675.9 | 2,587.3 | -5.2\% | -3.3\% |
| Operating Expenses | 2,730.0 | 2,675.9 | 2,587.3 | -5.2\% | -3.3\% |
| 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\% |
| Telecom Circuit Rent | 67.7 | 69.4 | 66.5 | -1.8\% | -4.2\% |
| Rental | 77.2 | 80.2 | 80.3 | 4.1\% | 0.2\% |
| Outsourcing | 72.3 | 88.2 | 86.4 | 19.6\% | -2.0\% |
| Electricty Fee | 45.5 | 40.1 | 54.5 | 19.8\% | 35.8\% |
| Repair Expense | 28.0 | 31.8 | 35.6 | 27.2\% | 11.9\% |
| Interconnection | 163.7 | 144.1 | 142.6 | -12.9\% | -1.0\% |
| Settlement | 44.5 | 36.6 | 37.7 | -15.3\% | 3.2\% |
| Fees \& Charges | 286.2 | 279.6 | 282.2 | -1.4\% | 0.9\% |
| Sales Comission | 580.9 | 541.2 | 562.9 | -3.1\% | 4.0\% |
| Advertising | 80.1 | 71.5 | 70.9 | -11.4\% | -0.8\% |
| Cost of Handsets Sold | 706.9 | 662.1 | 525.4 | -25.7\% | -20.6\% |
| Handset purchase | 686.9 | 641.4 | 510.3 | -25.7\% | -20.4\% |
| Etc | 20.0 | 20.7 | 15.2 | -24.1\% | -26.8\% |
| Ordinary R\&D Expense | 17.7 | 11.5 | 13.9 | -21.5\% | 21.5\% |
| Taxes \& Dues | 8.3 | 5.9 | 6.8 | -18.8\% | 14.6\% |
| Others | 39.3 | 49.2 | 42.2 | 7.4\% | -14.1\% |
| Operating Income | 149.2 | 98.0 | 174.5 | 17.0\% | 78.0\% |
| Non-operating Income | 15.6 | 25.1 | 37.7 | 141.9\% | 50.0\% |
| Non-operating Expense | 68.7 | 89.9 | 101.5 | 47.8\% | 12.9\% |
| Income Before Tax | 96.1 | 33.2 | 110.7 | 15.1\% | 232.9\% |
| Income Tax | 20.5 | (0.3) | 28.6 | 39.3\% | -8883.4\% |
| Net Income | 75.6 | 33.6 | 82.0 | 8.6\% | 144.5\% |


| Classification | 2013. 09 | 2014. 06 | 2014. 09 | YoY | QoQ |
| :---: | :---: | :---: | :---: | :---: | :---: |
| Current Assets | 2,723.9 | 2,407.6 | 2,297.2 | -15.7\% | -4.6\% |
| Cash and Cash Equivalents | 276.1 | 213.4 | 206.1 | -25.3\% | -3.4\% |
| Short-term Loans \& Accounts Receivables | 1,840.6 | 1,669.3 | 1,663.7 | -9.6\% | -0.3\% |
| Inventories | 481.5 | 396.8 | 299.4 | -37.8\% | -24.5\% |
| Other Current Assets | 125.8 | 128.1 | 127.9 | 1.7\% | -0.2\% |
| Non Current Assets | 8,630.5 | 9,533.4 | 9,666.7 | 12.0\% | 1.4\% |
| Available for Sales Securities | 85.5 | 71.5 | 77.2 | -9.8\% | 7.9\% |
| 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\% |
| Long-term Loans \& Long Trade Receivables | 867.2 | 696.7 | 777.5 | -10.3\% | 11.6\% |
| Investment in Properties | 92.7 | 94.5 | 96.7 | 4.3\% | 2.4\% |
| Other Non-current Assets | 499.6 | 466.1 | 461.7 | -7.6\% | -0.9\% |
| Total Assets | 11,354.4 | 11,941.0 | 11,963.9 | 5.4\% | 0.2\% |
| Current Liabilities | 3,618.1 | 4,023.8 | 3,714.8 | 2.7\% | -7.7\% |
| Accounts Payable \& Other Payables | 3,311.7 | 3,671.0 | 3,415.9 | 3.1\% | -6.9\% |
| Other Liabilities | 306.4 | 351.2 | 297.6 | -2.9\% | -15.3\% |
| Derivative liabilities | - | 1.6 | 1.2 |  | -25.6\% |
| Non-current Liabilities | 3,754.6 | 3,903.3 | 4,145.8 | 10.4\% | 6.2\% |
| Accounts Payable \& Other Payables | 3,608.1 | 3,775.0 | 4,010.0 | 11.1\% | 6.2\% |
| Other Liabilities | 143.3 | 128.3 | 135.8 | -5.3\% | 5.8\% |
| Others | 3.2 | - | - | -100.0\% |  |
| Total Liabilities | 7,372.7 | 7,927.1 | 7,860.6 | 6.6\% | -0.8\% |
| Shareholders' Equity | 3,980.1 | 4,012.1 | 4,102.4 | 3.1\% | 2.3\% |
| Capital Stock | 2,574.0 | 2,574.0 | 2,574.0 | 0.0\% | 0.0\% |
| Captial Surplus | 836.6 | 836.6 | 837.0 | 0.1\% | 0.1\% |
| Retained Earnings | 574.9 | 611.9 | 694.3 | 20.8\% | 13.5\% |
| Accumulated Other Comprehensive Income | (5.3) | (10.3) | (2.8) | -46.9\% | -72.8\% |
| Non-controlling Interest | 1.6 | 1.8 | 0.9 | -42.4\% | -51.1\% |
| Total Shareholders' Equity | 3,981.7 | 4,013.9 | 4,103.3 | 3.1\% | 2.2\% |
| Total Liabilities and Shareholders' Equity | 11,354.4 | 11,941.0 | 11,963.9 | 5.4\% | 0.2\% |

## 3. Appendix

| Classification | 3Q13 | 2Q14 | 3Q14 | YoY | QoQ | Classification | 2013. 09 | 2014. 06 | 2014. 09 | YoY | QoQ |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Revenue | 2,880.5 | 2,769.7 | 2,741.8 | -4.8\% | -1.0\% | Current Assets | 2,696.4 | 2,376.4 | 2,262.9 | -16.1\% | -4.8\% |
| Service Revenue | 1,989.1 | 2,058.7 | 2,084.5 | 4.8\% | 1.3\% | Cash and Cash Equivalents | 255.7 | 195.4 | 187.9 | -26.5\% | -3.8\% |
| Handset Revenue | 884.7 | 704.3 | 650.4 | -26.5\% | -7.7\% | Short-term Loans \& Accounts Receivables | 1,836.5 | 1,659.0 | 1,657.6 | -9.7\% | -0.1\% |
| Rental Revenue | 6.7 | 6.7 | 7.0 | 4.8\% | 3.6\% | Inventories | 481.5 | 396.8 | 296.9 | -38.3\% | -25.2\% |
| Expense | 2,730.8 | 2,671.8 | 2,555.9 | -6.4\% | -4.3\% | Other Current Assets | 122.8 | 125.3 | 120.5 | -1.9\% | -3.9\% |
| Operating Expenses | 2,730.8 | 2,671.8 | 2,555.9 | -6.4\% | -4.3\% | Non Current Assets | 8,630.5 | 9,529.9 | 9,675.2 | 12.1\% | 1.5\% |
| Wages | 143.4 | 156.2 | 155.2 | 8.2\% | -0.6\% | Available for Sales Securities | 85.5 | 71.5 | 77.2 | -9.8\% | 7.9\% |
| Depreciation | 301.9 | 326.1 | 340.9 | 12.9\% | 4.5\% | Property, Plant and Equipment | 6,255.2 | 7,008.4 | 7,095.2 | 13.4\% | 1.2\% |
| Amortization | 26.7 | 41.5 | 41.4 | 55.4\% | -0.1\% | Intangible Assets | 821.0 | 1,184.2 | 1,146.5 | 39.6\% | -3.2\% |
| Telecom Circuit Rent | 67.6 | 69.4 | 66.5 | -1.7\% | -4.2\% | Long-term Loans \& Long Trade Receivables | 866.8 | 696.4 | 777.0 | -10.4\% | 11.6\% |
| Rental | 77.0 | 79.9 | 80.1 | 4.0\% | 0.3\% | Investment in Properties | 92.7 | 94.5 | 96.7 | 4.3\% | 2.4\% |
| Outsourcing | 114.9 | 127.0 | 126.9 | 10.4\% | -0.1\% | Other Non-current Assets | 509.2 | 475.0 | 482.7 | -5.2\% | 1.6\% |
| Electricty Fee | 45.5 | 40.1 | 54.5 | 19.8\% | 35.8\% | Total Assets | 11,326.9 | 11,906.3 | 11,938.1 | 5.4\% | 0.3\% |
| Repair Expense | 27.9 | 31.7 | 35.5 | 27.2\% | 12.0\% |  |  |  |  |  |  |
| Interconnection | 163.7 | 144.1 | 142.6 | -12.9\% | -1.0\% | Current Liabilities | 3,609.3 | 4,009.6 | 3,697.8 | 2.5\% | -7.8\% |
| Settlement | 44.5 | 36.6 | 37.7 | -15.3\% | 3.2\% | Accounts Payable \& Other Payables | 3,304.4 | 3,659.2 | 3,401.5 | 2.9\% | -7.0\% |
| Fees \& Charges | 286.6 | 280.1 | 280.8 | -2.0\% | 0.3\% | Other Liabilities | 304.8 | 348.7 | 295.1 | -3.2\% | -15.4\% |
| Sales Comission | 580.9 | 541.2 | 534.7 | -8.0\% | -1.2\% | Derivative liabilities | - | 1.6 | 1.2 |  | -25.6\% |
| Advertising | 80.3 | 71.7 | 71.1 | -11.5\% | -0.8\% | Non-current Liabilities | 3,742.9 | 3,891.8 | 4,132.4 | 10.4\% | 6.2\% |
| Cost of Handsets Sold | 706.9 | 662.1 | 527.8 | -25.3\% | -20.3\% | Accounts Payable \& Other Payables | 3,608.1 | 3,775.0 | 4,010.0 | 11.1\% | 6.2\% |
| Handset purchase | 686.9 | 641.4 | 512.6 | -25.4\% | -20.1\% | Other Liabilities | 131.7 | 116.8 | 122.4 | -7.0\% | 4.8\% |
| Etc | 20.0 | 20.7 | 15.2 | -24.1\% | -26.8\% | Others | 3.2 | - | - | -100.0\% |  |
| Ordinary R\&D Expense | 17.8 | 12.0 | 14.1 | -20.6\% | 18.1\% | Total Liabilities | 7,352.2 | 7,901.4 | 7,830.2 | 6.5\% | -0.9\% |
| Taxes \& Dues | 7.3 | 4.8 | 5.5 | -24.5\% | 13.1\% |  |  |  |  |  |  |
| Others | 37.9 | 47.5 | 40.6 | 7.3\% | -14.4\% | Shareholders' Equity | 3,974.7 | 4,004.9 | 4,107.8 | 3.3\% | 2.6\% |
|  |  |  |  |  |  | Capital Stock | 2,574.0 | 2,574.0 | 2,574.0 | 0.0\% | 0.0\% |
| Operating Income | 149.7 | 97.9 | 185.9 | 24.2\% | 90.0\% | Captial Surplus | 836.6 | 836.6 | 836.6 | 0.0\% | 0.0\% |
|  |  |  |  |  |  | Retained Earnings | 569.2 | 604.1 | 700.2 | 23.0\% | 15.9\% |
| Non-operating Income | 14.8 | 24.2 | 40.6 | 174.2\% | 67.7\% | Accumulated Other Comprehensive Income | (5.0) | (9.8) | (2.9) | -42.3\% | -70.8\% |
| Non-operating Expense | 68.7 | 89.9 | 101.5 | 47.7\% | 12.9\% |  |  |  |  |  |  |
| Income Before Tax | 95.8 | 32.2 | 125.0 | 30.5\% | 288.7\% |  |  |  |  |  |  |
| Income Tax | 20.5 | (0.3) | 28.8 | 40.5\% | -8964.6\% | Total Shareholders' Equity | 3,974.7 | 4,004.9 | 4,107.8 | 3.3\% | 2.6\% |
| Net Income | 75.3 | 32.5 | 96.2 | 27.8\% | 196.2\% | Total Liabilities and Shareholders' Equity | 11,326.9 | 11,906.3 | 11,938.1 | 5.4\% | 0.3\% |

## 3. Appendix

| Classification | 1Q12 | 2Q12 | 3Q12 | 4Q12 | 1Q13 | 2Q13 | 3Q13 | 4Q13 | 1Q14 | 2Q14 | 3Q14 |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
| Wireless Subscribers | 9,554 | 9,852 | 10,020 | 10,162 | 10,363 | 10,521 | 10,713 | 10,874 | 10,875 | 11,008 | 11,159 |
| Net Addition | 163 | 298 | 168 | 141 | 201 | 158 | 192 | 161 | 1 | 132 | 151 |
| LTE Subscribers | 1,484 | 2,576 | 3,564 | 4,380 | 5,202 | 5,896 | 6,549 | 7,089 | 7,462 | 7,813 | 8,182 |
| 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\% |
| CDMA Smartphone | 3,133 | 2,852 | 2,473 | 2,137 | 1,775 | 1,424 | 1,134 | 854 | 679 | 542 | 417 |
| CDMA Etc. | 4,947 | 4,440 | 4,002 | 3,664 | 3,386 | 3,201 | 3,031 | 2,932 | 2,735 | 2,652 | 2,560 |
| Churn Rate(\%) | 2.94\% | 2.89\% | 3.33\% | 2.56\% | 2.63\% | 2.54\% | 2.47\% | 2.60\% | 2.84\% | 2.14\% | 2.30\% |
| 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 |
| Wireless ARPU (KRW) | 32,173 | 34,592 | 36,072 | 35,012 | 37,063 | 38,200 | 39,006 | 40,063 | 39,021 | 39,651 | 39,967 |
| 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 |
| TPS Subscribers | 6,957 | 7,102 | 7,225 | 7,414 | 7,793 | 8,134 | 8,402 | 8,599 | 8,881 | 9,120 | 9,247 |
| Net Addition | 57 | 145 | 123 | 189 | 379 | 341 | 268 | 197 | 282 | 240 | 127 |
| IPTV ${ }^{(1)}$ | 893 | 938 | 980 | 1,054 | 1,183 | 1,321 | 1,439 | 1,550 | 1,672 | 1,784 | 1,875 |
| Net Addition | 31 | 45 | 43 | 74 | 128 | 139 | 118 | 111 | 122 | 112 | 91 |
| VoIP ${ }^{(2)}$ | 3,299 | 3,409 | 3,509 | 3,617 | 3,808 | 3,949 | 4,062 | 4,121 | 4,246 | 4,343 | 4,362 |
| Net Addition | 71 | 110 | 100 | 108 | 192 | 141 | 112 | 59 | 125 | 97 | 19 |
| Broadband | 2,765 | 2,755 | 2,736 | 2,743 | 2,802 | 2,864 | 2,901 | 2,928 | 2,963 | 2,993 | 3,010 |
| Net Addition | -45 | -10 | -20 | 7 | 59 | 62 | 38 | 27 | 35 | 30 | 17 |
| PSTN Subscribers ${ }^{(3)}$ | 451 | 455 | 469 | 491 | 502 | 499 | 491 | 516 | 512 | 509 | 499 |
| Net Addition | -3 | 4 | 14 | 21 | 11 | -3 | -8 | 26 | -5 | -2 | -11 |

[^1]
## 3. Appendix

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[^0]:    Mkt. Exp. = Sales Commission + Adv. - Gross Profit from Handset Sales

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

