



**LG U<sup>+</sup>**

## 2015 4Q Earnings Release

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February 1, 2016



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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.

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### Summary (Consolidated)

- Service Revenue recorded KRW 2.22 trillion, up 0.3% YoY and 2.6% QoQ
- Operating Income recorded KRW 113.1 billion, down 40.7% YoY and 34.3% QoQ

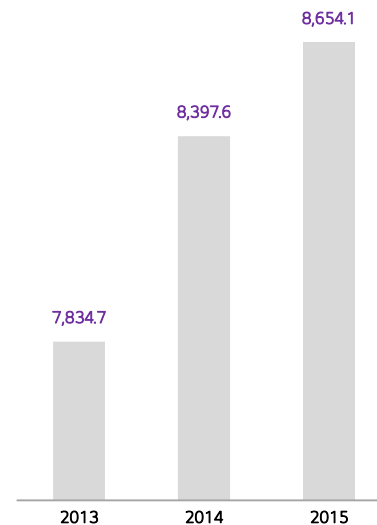
(Unit: KRW billion)

Classification	4Q14	3Q15	4Q15	YoY	QoQ	2014	2015	YoY
<b>Revenue</b>	<b>2,683.7</b>	<b>2,716.8</b>	<b>2,861.1</b>	<b>6.6%</b>	<b>5.3%</b>	<b>10,999.8</b>	<b>10,795.2</b>	<b>-1.9%</b>
Service Revenue	2,212.9	2,162.4	2,218.9	0.3%	2.6%	8,397.6	8,654.1	3.1%
Handset Revenue	470.7	554.4	642.1	36.4%	15.8%	2,602.2	2,141.2	-17.7%
<b>Expenses</b>	<b>2,493.0</b>	<b>2,544.6</b>	<b>2,748.0</b>	<b>10.2%</b>	<b>8.0%</b>	<b>10,423.5</b>	<b>10,162.9</b>	<b>-2.5%</b>
<b>Operating Income</b>	<b>190.6</b>	<b>172.1</b>	<b>113.1</b>	<b>-40.7%</b>	<b>-34.3%</b>	<b>576.3</b>	<b>632.3</b>	<b>9.7%</b>
<b>OP Margin<sup>(1)</sup></b>	<b>7.1%</b>	<b>6.3%</b>	<b>4.0%</b>	<b>-3.1%p</b>	<b>-2.4%p</b>	<b>5.2%</b>	<b>5.9%</b>	<b>0.6%p</b>
Non-operating Balance	(71.7)	(24.7)	(54.0)	-24.7%	118.2%	(256.2)	(166.4)	-35.1%
Income Before Tax	118.9	147.4	59.1	-50.3%	-59.9%	320.1	465.9	45.6%
Income Tax	33.6	33.8	19.6	-41.8%	-42.1%	92.4	114.7	24.2%
<b>Net Income</b>	<b>85.3</b>	<b>113.6</b>	<b>39.6</b>	<b>-53.6%</b>	<b>-65.2%</b>	<b>227.7</b>	<b>351.2</b>	<b>54.2%</b>
EBITDA	590.5	576.6	524.2	-11.2%	-9.1%	2,081.7	2,241.3	7.7%
<b>EBITDA Margin<sup>(2)</sup></b>	<b>22.0%</b>	<b>21.2%</b>	<b>18.3%</b>	<b>-3.7%p</b>	<b>-2.9%p</b>	<b>18.9%</b>	<b>20.8%</b>	<b>1.8%p</b>

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

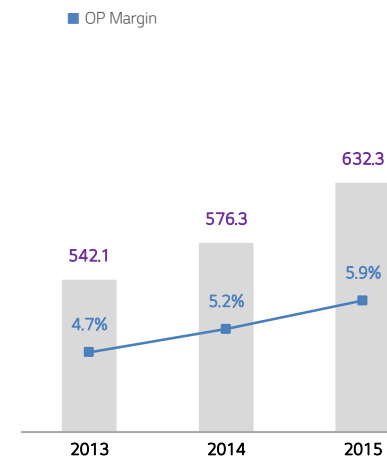
#### Service Revenue

(Unit : KRW in billion)



#### Operating Income

(Unit : KRW in billion)



# 1. Financial Highlights

## Operating / Marketing Expense

### Operating Expense (Consolidated)

- Operating Expense up 10.2% YoY and 8.0% QoQ from increase in fees & charges and wage

(Unit: KRW in billion)

Classification	4Q14	3Q15	4Q15	YoY	QoQ	2014	2015	YoY
<b>Operating Expense</b>	<b>2,493.0</b>	<b>2,544.6</b>	<b>2,748.0</b>	<b>10.2%</b>	<b>8.0%</b>	<b>10,423.5</b>	<b>10,162.9</b>	<b>-2.5%</b>
Wages	197.3	197.6	230.9	17.0%	16.9%	772.3	851.3	10.2%
Depreciation	356.6	360.7	366.9	2.9%	1.7%	1,334.4	1,434.1	7.5%
Amortization	43.3	43.8	44.2	2.0%	1.0%	171.0	174.8	2.2%
Electricity Fee	44.1	53.9	44.3	0.6%	-17.9%	181.5	186.3	2.6%
Interconnection	187.5	144.4	153.0	-18.4%	6.0%	616.4	582.4	-5.5%
Fees & Charges	272.1	314.7	326.5	20.0%	3.8%	1,102.9	1,247.4	13.1%
Sales Commission	358.0	346.8	350.1	-2.2%	1.0%	2,144.3	1,353.2	-36.9%
Advertising	92.7	87.7	100.7	8.7%	14.8%	299.6	350.6	17.1%
Cost of Handset Sold	561.6	622.7	751.7	33.8%	20.7%	2,332.3	2,500.6	7.2%
Others	379.9	372.4	379.5	-0.1%	1.9%	1,468.9	1,482.1	0.9%

#### Operating Expense

- Wage : Up 17.0% YoY and 16.9% QoQ from increased personnel and incentives
- Depreciation : Up 2.9% YoY and 1.7% QoQ from Wideband LTE-A N/W investments
- Electricity Fee : Up 0.6% YoY and down 17.9% QoQ from seasonality
- Interconnection : Down 18.4% YoY and up 6.0% QoQ from settlement of 2014 interconnection rate and seasonality
- Fees & Charges : Up 20.0% YoY and 3.8% QoQ from increased PG and contents fees

#### Marketing Expense

- Sales Commission : Down 2.2% YoY and up 1.0% QoQ from reduced volatility of sales commission
- Advertising : Up 8.7% YoY and 14.8% QoQ from IPTV, IoT advertisements and increased membership benefit
- Cost of Handset Sold : Up 33.8% YoY and 20.7% QoQ due to increased handset sales volume from new handset launch

### Marketing Expense (Consolidated)

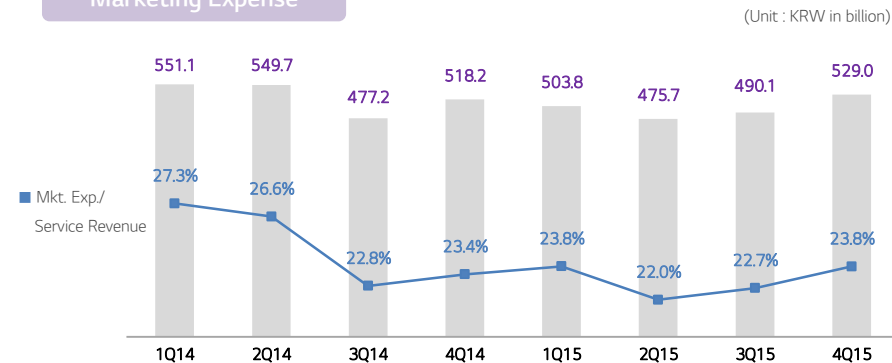
- Marketing Expense up 2.1% YoY and 7.9% QoQ from increased handset sales and advertising cost

(Unit: KRW in billion)

Classification	4Q14	3Q15	4Q15	YoY	QoQ	2014	2015	YoY
<b>Total Marketing Expense</b>	<b>518.2</b>	<b>490.1</b>	<b>529.0</b>	<b>2.1%</b>	<b>7.9%</b>	<b>2,096.2</b>	<b>1,998.7</b>	<b>-4.7%</b>
Mkt. Exp./Service Revenue	23.4%	22.7%	23.8%	0.4%p	1.2%p	25.0%	23.1%	-1.9%p

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

#### Marketing Expense



# 1. Financial Highlights

## Non-operating Balance / CAPEX

### Non-operating Balance / CAPEX (Consolidated)

- Non-operating Balance down 24.7% YoY and up 118.2% QoQ

(Unit: KRW in billion)

Classification	4Q14	3Q15	4Q15	YoY	QoQ	2014	2015	YoY
<b>Non-operating Income</b>	<b>32.0</b>	<b>51.0</b>	<b>32.5</b>	<b>1.8%</b>	<b>-36.2%</b>	<b>115.7</b>	<b>131.2</b>	<b>13.3%</b>
Interest Income	7.2	8.6	10.3	42.3%	19.1%	39.3	37.3	-5.1%
Others	24.7	42.4	22.3	-10.0%	-47.5%	76.4	93.8	22.8%
<b>Non-operating Expense</b>	<b>103.7</b>	<b>75.7</b>	<b>86.5</b>	<b>-16.5%</b>	<b>14.2%</b>	<b>372.0</b>	<b>297.5</b>	<b>-20.0%</b>
Interest Expense	53.1	48.1	41.9	-21.1%	-12.8%	210.1	187.9	-10.5%
Loss on A/R sold	14.8	7.5	4.7	-68.4%	-37.9%	48.6	24.2	-50.2%
Loss on impairment/disposal of tangible asset	7.9	4.3	19.1	142.6%	346.4%	51.7	35.1	-32.1%
Others	27.8	15.8	20.8	-25.3%	31.4%	61.6	50.3	-18.4%
<b>Non-operating Balance</b>	<b>(71.7)</b>	<b>(24.7)</b>	<b>(54.0)</b>	<b>-24.7%</b>	<b>118.2%</b>	<b>(256.2)</b>	<b>(166.4)</b>	<b>-35.1%</b>

#### Non-operating Balance

Non-operating Income : Up 1.8% YoY and down 36.2% QoQ

- Others : Down 10.0% YoY and 47.5% QoQ from reversal of impairment loss from NW equipment in the previous quarter

Non-operating Expense : Down 16.5% YoY and up 14.2% QoQ

- Interest Expense : Down 21.1% YoY and 12.8% QoQ from decreased debt & cost of debt
- Loss on A/R Sold : Down 68.4% YoY and 37.9% QoQ from decreased factoring of handset receivables
- Loss on Impairment/disposal of Tangible Asset : Up 142.6% YoY and 346.4% from disposal of obsolete CDMA equipment and reallocation of overhead lines, etc.

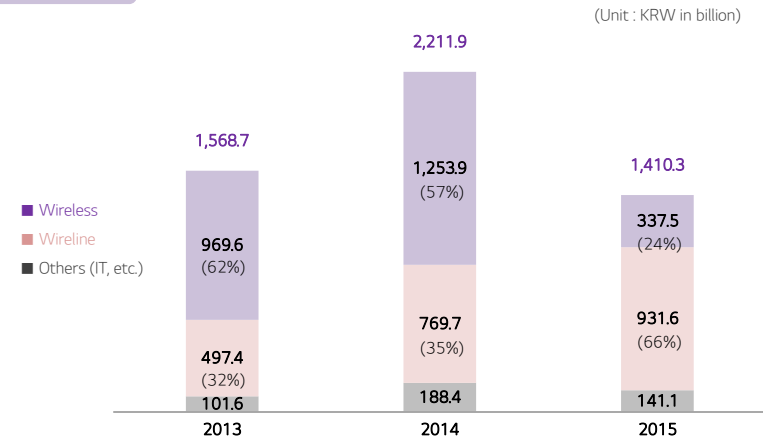
#### CAPEX

- CAPEX up 11.3% YoY and 61.9% QoQ from completion of Wideband LTE-A N/W Investment

(Unit: KRW in billion)

Classification	4Q14	3Q15	4Q15	YoY	QoQ	2014	2015	YoY
<b>CAPEX *</b>	<b>473.0</b>	<b>325.2</b>	<b>526.6</b>	<b>11.3%</b>	<b>61.9%</b>	<b>2,211.9</b>	<b>1,410.3</b>	<b>-36.2%</b>
Wireless Network	156.2	75.7	136.8	-12.5%	80.7%	1,253.9	337.5	-73.1%
Wireline Network	241.3	204.1	348.1	44.3%	70.5%	769.7	931.6	21.0%
Others (IT, etc)	75.4	45.4	41.7	-44.7%	-8.1%	188.4	141.1	-25.1%
<b>CAPEX/Revenue</b>	<b>17.6%</b>	<b>12.0%</b>	<b>18.4%</b>	<b>0.8%p</b>	<b>6.4%p</b>	<b>20.1%</b>	<b>13.1%</b>	<b>-7.0%p</b>

\* Capital Expenditure includes Construction in Progress



# 1. Financial Highlights

## Statements of Financial Position

### Statements of Financial Position (Consolidated)

(Unit: KRW in billion)

Classification	2014.12	2015.09	2015.12	YoY	QoQ
<b>Total Assets</b>	<b>12,012.7</b>	<b>11,798.6</b>	<b>11,951.0</b>	<b>-0.5%</b>	<b>1.3%</b>
Current Assets	2,489.9	2,544.4	2,599.2	4.4%	2.2%
Cash & Cash Equivalents <sup>(1)</sup>	444.6	271.2	313.3	-29.5%	15.5%
Non-current Assets	9,522.8	9,254.3	9,351.8	-1.8%	1.1%
Property, Plant and Equipmer	7,254.4	7,124.2	7,223.8	-0.4%	1.4%
Intangible Assets	1,116.5	1,004.7	966.6	-13.4%	-3.8%
<b>Total Liabilities</b>	<b>7,834.8</b>	<b>7,375.3</b>	<b>7,502.6</b>	<b>-4.2%</b>	<b>1.7%</b>
Current Liabilities	3,485.7	2,975.4	3,354.2	-3.8%	12.7%
Current Portion of LT Debt	1,113.5	696.7	928.8	-16.6%	33.3%
Non-current Liabilities	4,349.2	4,399.8	4,148.4	-4.6%	-5.7%
Corporate Bond etc. <sup>(2)</sup>	3,787.1	3,865.6	3,631.3	-4.1%	-6.1%
<b>Total Shareholders' Equity</b>	<b>4,177.8</b>	<b>4,423.4</b>	<b>4,448.4</b>	<b>6.5%</b>	<b>0.6%</b>
Retained Earnings	764.4	1,010.4	1,035.8	35.5%	2.5%
<b>Net Debt</b>	<b>4,471.1</b>	<b>4,306.1</b>	<b>4,261.9</b>	<b>-4.7%</b>	<b>-1.0%</b>
Net Debt to Equity Ratio <sup>(3)</sup>	107.0%	97.3%	95.8%	-11.2%p	-1.5%p
Debt to Equity Ratio <sup>(4)</sup>	187.5%	166.7%	168.7%	-18.9%p	1.9%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

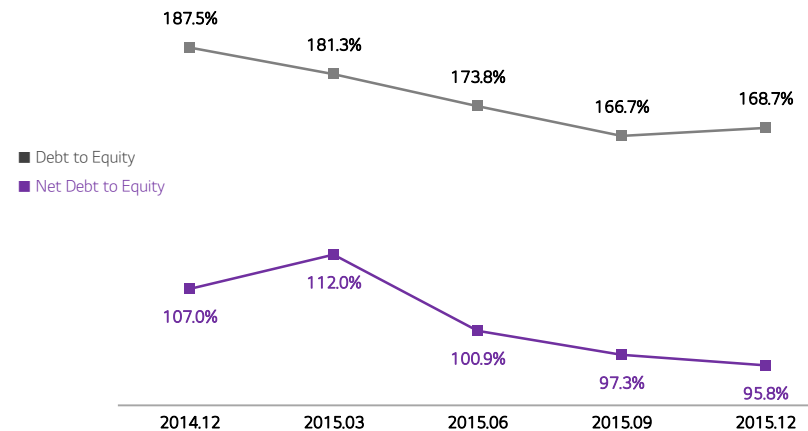
### Statements of Financial Position

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

Debt to Equity Ratio slightly went up from increased A/P in the year-end

- Cash & Cash Equivalents : Down 29.5% YoY and up 15.5% QoQ
- Net Debt : Down 4.7% YoY and 1.0% QoQ
  - Net Debt to Equity Ratio : 95.8%, down 11.2%p YoY and 1.5%p QoQ
- Debt to Equity Ratio : 168.7%, down 18.9%p YoY and up 1.9%p QoQ

### Debt Ratio



### Wireless (Consolidated)

- Wireless Service Revenue up 0.0% YoY and 0.9% QoQ from wireless subscriber growth

(Unit: KRW in billion, KRW)

Classification	4Q14	3Q15	4Q15	YoY	QoQ	2014	2015	YoY
<b>Wireless Revenue<sup>(1)</sup></b>	<b>1,393.6</b>	<b>1,333.3</b>	<b>1,349.9</b>	<b>-3.1%</b>	<b>1.2%</b>	<b>5,210.8</b>	<b>5,297.8</b>	<b>1.7%</b>
Service Revenue	1,226.4	1,216.5	1,227.0	0.0%	0.9%	4,674.3	4,822.2	3.2%
Interconnection	153.8	109.6	116.3	-24.4%	6.1%	473.9	440.4	-7.1%
Sign-up Fee	13.4	7.2	6.7	-50.2%	-7.5%	62.5	35.1	-43.8%
<b>Wireless ARPU<sup>(2)</sup></b>	<b>40,063</b>	<b>39,822</b>	<b>39,853</b>	<b>-0.5%</b>	<b>0.1%</b>	<b>40,810</b>	<b>39,930</b>	<b>-2.2%</b>
Service ARPU <sup>(3)</sup>	37,906	36,294	36,204	-4.5%	-0.2%	36,601	36,333	-0.7%
Service ARPU (MVNO Incl.) <sup>(4)</sup>	36,959	35,306	35,320	-4.4%	0.0%	35,732	35,383	-1.0%

(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

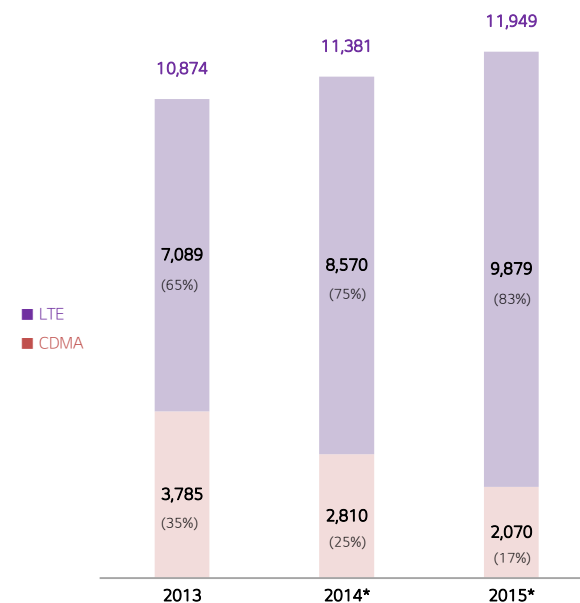
(Unit: subscriber in thousand)

Classification	4Q14	3Q15	4Q15	YoY	QoQ	2014	2015	YoY
<b>Wireless Subscribers *</b>	<b>11,381</b>	<b>11,794</b>	<b>11,949</b>	<b>5.0%</b>	<b>1.3%</b>	<b>11,381</b>	<b>11,949</b>	<b>5.0%</b>
MNO Subscribers	11,017	11,343	11,492	4.3%	1.3%	11,017	11,492	4.3%
MVNO Subscribers	364	451	457	25.7%	1.4%	364	457	25.7%

\* 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 8.6% YoY and 3.0% QoQ from IPTV subscriber and ARPU growth

#### TPS Revenue

(Unit: KRW in billion)

(Unit : KRW in billion)

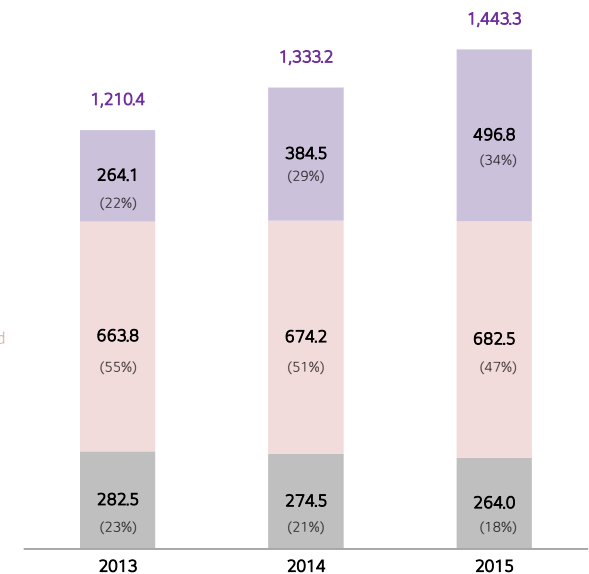
Classification	4Q14	3Q15	4Q15	YoY	QoQ	2014	2015	YoY
TPS Revenue	343.0	361.7	372.5	8.6%	3.0%	1,333.2	1,443.3	8.3%
IPTV	108.3	126.4	136.5	26.1%	8.0%	384.5	496.8	29.2%
Broadband	168.2	170.7	171.9	2.2%	0.7%	674.2	682.5	1.2%
VoIP	66.6	64.6	64.1	-3.7%	-0.8%	274.5	264.0	-3.8%

(Unit: subscriber in thousand)

Classification	4Q14	3Q15	4Q15	YoY	QoQ	2014	2015	YoY
TPS Subscribers	9,387	10,164	10,304	9.8%	1.4%	9,387	10,304	9.8%
IPTV <sup>(1)</sup>	1,949	2,199	2,280	17.0%	3.7%	1,949	2,280	17.0%
Broadband <sup>(2)</sup>	3,014	3,445	3,483	15.6%	1.1%	3,014	3,483	15.6%
VoIP	4,424	4,520	4,540	2.6%	0.5%	4,424	4,540	2.6%

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

■ IPTV  
■ Broadband  
■ VoIP



### Data / Telephony (Consolidated)

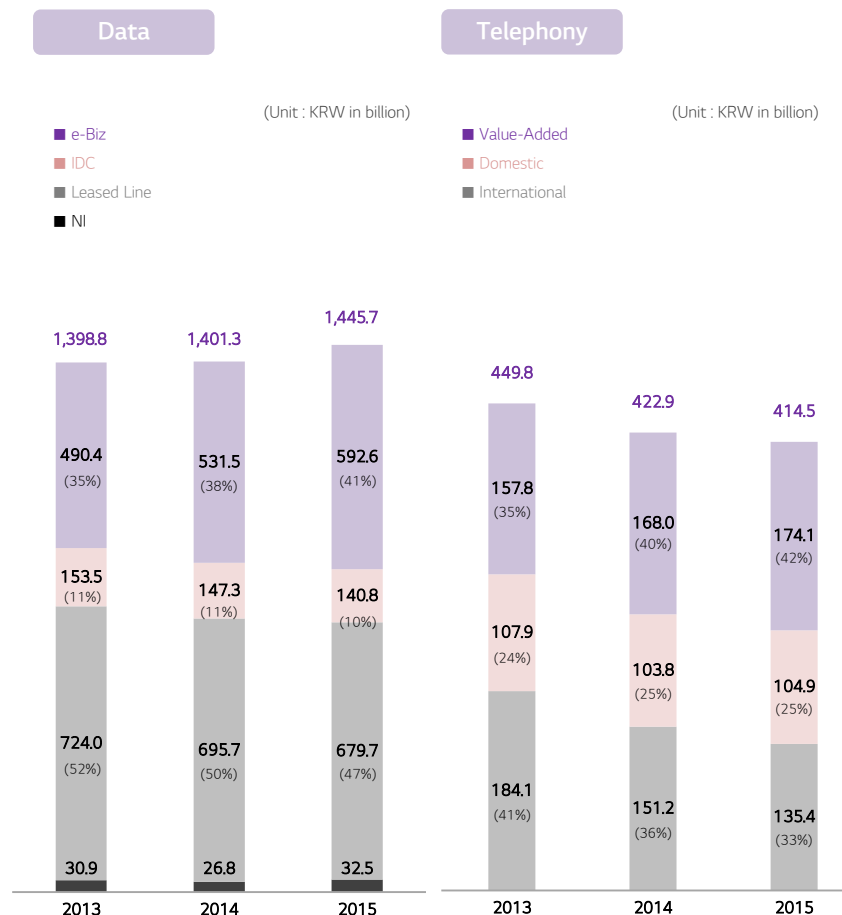
- Data Revenue up 5.5% YoY and 8.7% QoQ from e-Biz and NI revenue growth
- Telephony Revenue down 1.5% YoY and up 1.3% QoQ due to seasonality in Value-Added and Domestic Telephony

(Unit: KRW in billion)

Classification	4Q14	3Q15	4Q15	YoY	QoQ	2014	2015	YoY
<b>Data Revenue</b>	<b>367.9</b>	<b>356.8</b>	<b>388.1</b>	<b>5.5%</b>	<b>8.7%</b>	<b>1,401.3</b>	<b>1,445.7</b>	<b>3.2%</b>
e-Biz <sup>(1)</sup>	145.3	147.2	159.6	9.9%	8.5%	531.5	592.6	11.5%
IDC	36.8	34.7	36.8	-0.2%	6.0%	147.3	140.8	-4.4%
Leased Line	174.9	168.9	175.3	0.2%	3.8%	695.7	679.7	-2.3%
NI <sup>(2)</sup>	10.8	6.1	16.4	52.0%	170.5%	26.8	32.5	21.1%
<b>Telephony Revenue</b>	<b>106.2</b>	<b>103.2</b>	<b>104.6</b>	<b>-1.5%</b>	<b>1.3%</b>	<b>422.9</b>	<b>414.5</b>	<b>-2.0%</b>
Value-Added	43.8	43.4	44.9	2.5%	3.6%	168.0	174.1	3.6%
Domestic	25.4	25.8	28.0	10.2%	8.6%	103.8	104.9	1.1%
International	37.0	34.1	31.7	-14.3%	-7.0%	151.2	135.4	-10.4%

(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	4Q14	3Q15	4Q15	YoY	QoQ	2014	2015	YoY
<b>Revenue</b>	<b>2,683.7</b>	<b>2,716.8</b>	<b>2,861.1</b>	<b>6.6%</b>	<b>5.3%</b>	<b>10,999.8</b>	<b>10,795.2</b>	<b>-1.9%</b>
Service Revenue	2,212.9	2,162.4	2,218.9	0.3%	2.6%	8,397.6	8,654.1	3.1%
Other Revenue	4.6	4.2	3.1	-32.6%	-26.9%	18.1	16.1	-11.1%
Handset Revenue	470.7	554.4	642.1	36.4%	15.8%	2,602.2	2,141.2	-17.7%
<b>Expense</b>	<b>2,493.0</b>	<b>2,544.6</b>	<b>2,748.0</b>	<b>10.2%</b>	<b>8.0%</b>	<b>10,423.5</b>	<b>10,162.9</b>	<b>-2.5%</b>
Operating Expenses	2,493.0	2,544.6	2,748.0	10.2%	8.0%	10,423.5	10,162.9	-2.5%
Wages	197.3	197.6	230.9	17.0%	16.9%	772.3	851.3	10.2%
Depreciation	356.6	360.7	366.9	2.9%	1.7%	1,334.4	1,434.1	7.5%
Amortization	43.3	43.8	44.2	2.0%	1.0%	171.0	174.8	2.2%
Telecom Circuit Rent	89.7	73.0	58.7	-34.5%	-19.5%	294.5	267.0	-9.3%
Rental	82.0	83.2	83.0	1.2%	-0.3%	320.8	331.6	3.3%
Outsourcing	81.5	84.3	112.4	38.0%	33.4%	331.4	383.0	15.6%
Electricity Fee	44.1	53.9	44.3	0.6%	-17.9%	181.5	186.3	2.6%
Repair Expense	37.4	41.6	41.0	9.5%	-1.5%	129.0	146.5	13.6%
Interconnection	187.5	144.4	153.0	-18.4%	6.0%	616.4	582.4	-5.5%
Settlement	38.2	35.0	33.4	-12.6%	-4.6%	151.4	134.9	-10.9%
Fees & Charges	272.1	314.7	326.5	20.0%	3.8%	1,102.9	1,247.4	13.1%
Sales Commission	358.0	346.8	350.1	-2.2%	1.0%	2,144.3	1,353.2	-36.9%
Advertising	92.7	87.7	100.7	8.7%	14.8%	299.6	350.6	17.1%
Cost of Handsets Sold	561.6	622.7	751.7	33.8%	20.7%	2,332.3	2,500.6	7.2%
Handset purchase	538.2	610.0	720.3	33.8%	18.1%	2,254.7	2,436.0	8.0%
Etc	23.4	12.7	31.4	34.0%	146.6%	77.6	64.7	-16.7%
Ordinary R&D Expense	11.7	17.1	15.4	32.3%	-9.6%	51.4	59.5	15.7%
Taxes & Dues	6.2	7.6	7.9	28.1%	4.0%	32.4	41.3	27.7%
Others	33.3	30.6	27.7	-16.7%	-9.4%	158.0	118.3	-25.1%
<b>Operating Income</b>	<b>190.6</b>	<b>172.1</b>	<b>113.1</b>	<b>-40.7%</b>	<b>-34.3%</b>	<b>576.3</b>	<b>632.3</b>	<b>9.7%</b>
<b>Non-operating Income</b>	<b>32.0</b>	<b>51.0</b>	<b>32.5</b>	<b>1.8%</b>	<b>-36.2%</b>	<b>115.7</b>	<b>131.2</b>	<b>13.3%</b>
<b>Non-operating Expense</b>	<b>103.7</b>	<b>75.7</b>	<b>86.5</b>	<b>-16.5%</b>	<b>14.2%</b>	<b>372.0</b>	<b>297.5</b>	<b>-20.0%</b>
<b>Income Before Tax</b>	<b>118.9</b>	<b>147.4</b>	<b>59.1</b>	<b>-50.3%</b>	<b>-59.9%</b>	<b>320.1</b>	<b>465.9</b>	<b>45.6%</b>
Income Tax	33.6	33.8	19.6	-41.8%	-42.1%	92.4	114.7	24.2%
<b>Net Income</b>	<b>85.3</b>	<b>113.6</b>	<b>39.6</b>	<b>-53.6%</b>	<b>-65.2%</b>	<b>227.7</b>	<b>351.2</b>	<b>54.2%</b>

Classification	2014.12	2015.09	2015.12	YoY	QoQ
<b>Current Assets</b>	<b>2,489.9</b>	<b>2,544.4</b>	<b>2,599.2</b>	<b>4.4%</b>	<b>2.2%</b>
Cash and Cash Equivalents	415.9	250.0	292.1	-29.8%	16.8%
Short-term Loans & Accounts Receivables	1,675.4	1,875.8	1,751.3	4.5%	-6.6%
Inventories	276.0	301.2	364.8	32.2%	21.1%
Other Current Assets	122.5	117.4	190.9	55.8%	62.6%
<b>Non Current Assets</b>	<b>9,522.8</b>	<b>9,254.3</b>	<b>9,351.8</b>	<b>-1.8%</b>	<b>1.1%</b>
Available for Sales Securities	74.1	41.5	36.5	-50.7%	-12.0%
Property, Plant and Equipment	7,254.4	7,124.2	7,223.8	-0.4%	1.4%
Intangible Assets	1,116.5	1,004.7	966.6	-13.4%	-3.8%
Long-term Loans & Long Trade Receivables	560.2	558.5	660.5	17.9%	18.3%
Investment in Properties	36.7	38.6	38.5	5.0%	-0.1%
Other Non-current Assets	481.0	486.8	425.8	-11.5%	-12.5%
<b>Total Assets</b>	<b>12,012.7</b>	<b>11,798.6</b>	<b>11,951.0</b>	<b>-0.5%</b>	<b>1.3%</b>
<b>Current Liabilities</b>	<b>3,485.7</b>	<b>2,975.4</b>	<b>3,354.2</b>	<b>-3.8%</b>	<b>12.7%</b>
Accounts Payable & Other Payables	3,199.3	2,643.4	2,990.6	-6.5%	13.1%
Other Liabilities	285.9	332.1	363.5	27.1%	9.5%
Derivative liabilities	0.4	0.0	0.0	-100.0%	-
<b>Non-current Liabilities</b>	<b>4,349.2</b>	<b>4,399.8</b>	<b>4,148.4</b>	<b>-4.6%</b>	<b>-5.7%</b>
Accounts Payable & Other Payables	4,244.4	4,250.0	4,008.2	-5.6%	-5.7%
Other Liabilities	104.7	149.8	140.2	33.9%	-6.4%
<b>Total Liabilities</b>	<b>7,834.8</b>	<b>7,375.3</b>	<b>7,502.6</b>	<b>-4.2%</b>	<b>1.7%</b>
<b>Shareholders' Equity</b>	<b>4,177.1</b>	<b>4,422.9</b>	<b>4,448.0</b>	<b>6.5%</b>	<b>0.6%</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	764.4	1,010.4	1,035.8	35.5%	2.5%
Accumulated Other Comprehensive Income	1.7	1.5	1.1	-37.2%	-26.9%
<b>Non-controlling Interest</b>	<b>0.7</b>	<b>0.5</b>	<b>0.5</b>	<b>-32.9%</b>	<b>-4.8%</b>
<b>Total Shareholders' Equity</b>	<b>4,177.8</b>	<b>4,423.4</b>	<b>4,448.4</b>	<b>6.5%</b>	<b>0.6%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>12,012.7</b>	<b>11,798.6</b>	<b>11,951.0</b>	<b>-0.5%</b>	<b>1.3%</b>

### 3. Appendix

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

(Unit: KRW in billion)

Classification	4Q14	3Q15	4Q15	YoY	QoQ	2014	2015	YoY
<b>Revenue</b>	<b>2,688.4</b>	<b>2,713.4</b>	<b>2,858.2</b>	<b>6.3%</b>	<b>5.3%</b>	<b>10,984.9</b>	<b>10,780.4</b>	<b>-1.9%</b>
Service Revenue	2,215.2	2,155.5	2,211.4	-0.2%	2.6%	8,396.8	8,627.7	2.8%
Other Revenue	7.0	6.7	5.6	-19.9%	-16.7%	27.5	26.0	-5.5%
Handset Revenue	473.2	557.9	646.8	36.7%	15.9%	2,588.2	2,152.6	-16.8%
<b>Expense</b>	<b>2,492.5</b>	<b>2,537.7</b>	<b>2,743.4</b>	<b>10.1%</b>	<b>8.1%</b>	<b>10,391.8</b>	<b>10,134.0</b>	<b>-2.5%</b>
Operating Expenses	2,492.5	2,537.7	2,743.4	10.1%	8.1%	10,391.8	10,134.0	-2.5%
Wages	146.6	152.6	169.5	15.6%	11.0%	602.1	659.0	9.4%
Depreciation	356.3	360.5	366.6	2.9%	1.7%	1,333.4	1,433.1	7.5%
Amortization	42.2	42.5	42.5	0.7%	-0.1%	166.5	169.2	1.6%
Telecom Circuit Rent	89.7	73.0	58.8	-34.5%	-19.5%	294.7	267.2	-9.3%
Rental	82.0	82.8	82.6	0.7%	-0.3%	319.9	330.0	3.2%
Outsourcing	141.4	136.6	172.2	21.7%	26.1%	518.0	588.4	13.6%
Electricity Fee	44.1	53.9	44.3	0.6%	-17.9%	181.5	186.3	2.6%
Repair Expense	37.3	41.5	40.8	9.4%	-1.6%	128.7	146.1	13.6%
Interconnection	187.5	144.4	153.0	-18.4%	6.0%	616.4	582.4	-5.5%
Settlement	38.2	35.0	33.4	-12.6%	-4.6%	151.4	134.9	-10.9%
Fees & Charges	302.0	308.1	332.6	10.2%	8.0%	1,132.1	1,247.1	10.2%
Sales Commission	319.2	341.6	343.9	7.7%	0.7%	2,077.2	1,326.8	-36.1%
Advertising	92.8	87.5	100.3	8.1%	14.6%	300.2	349.4	16.4%
Cost of Handsets Sold	563.7	625.1	754.5	33.9%	20.7%	2,336.6	2,505.1	7.2%
Handset purchase	540.3	612.4	723.1	33.8%	18.1%	2,259.0	2,440.4	8.0%
Etc	23.4	12.7	31.4	34.0%	146.6%	77.6	64.7	-16.7%
Ordinary R&D Expense	13.5	17.2	15.7	16.0%	-8.7%	54.3	60.4	11.3%
Taxes & Dues	4.7	6.6	6.8	44.2%	4.0%	27.4	37.2	35.8%
Others	31.3	28.8	25.9	-17.2%	-9.8%	151.4	111.3	-26.4%
<b>Operating Income</b>	<b>195.9</b>	<b>175.6</b>	<b>114.8</b>	<b>-41.4%</b>	<b>-34.6%</b>	<b>593.1</b>	<b>646.3</b>	<b>9.0%</b>
<b>Non-operating Income</b>	<b>31.6</b>	<b>50.7</b>	<b>32.6</b>	<b>3.0%</b>	<b>-35.7%</b>	<b>116.9</b>	<b>130.2</b>	<b>11.4%</b>
<b>Non-operating Expense</b>	<b>101.1</b>	<b>75.4</b>	<b>85.2</b>	<b>-15.8%</b>	<b>12.9%</b>	<b>369.4</b>	<b>295.0</b>	<b>-20.1%</b>
<b>Income Before Tax</b>	<b>126.4</b>	<b>150.9</b>	<b>62.2</b>	<b>-50.8%</b>	<b>-58.8%</b>	<b>340.6</b>	<b>481.6</b>	<b>41.4%</b>
Income Tax	37.6	33.8	19.0	-49.6%	-43.9%	96.6	114.3	18.3%
<b>Net Income</b>	<b>88.8</b>	<b>117.1</b>	<b>43.3</b>	<b>-51.3%</b>	<b>-63.1%</b>	<b>244.0</b>	<b>367.3</b>	<b>50.5%</b>

Classification	2014.12	2015.09	2015.12	YoY	QoQ
<b>Current Assets</b>	<b>2,418.2</b>	<b>2,486.2</b>	<b>2,547.2</b>	<b>5.3%</b>	<b>2.5%</b>
Cash and Cash Equivalents	368.4	210.5	259.0	-29.7%	23.0%
Short-term Loans & Accounts Receivables	1,657.1	1,862.4	1,737.0	4.8%	-6.7%
Inventories	272.5	298.4	363.5	33.4%	21.8%
Other Current Assets	120.2	115.0	187.8	56.2%	63.3%
<b>Non Current Assets</b>	<b>9,568.1</b>	<b>9,293.8</b>	<b>9,392.0</b>	<b>-1.8%</b>	<b>1.1%</b>
Available for Sales Securities	74.0	40.0	33.7	-54.4%	-15.6%
Property, Plant and Equipment	7,192.3	7,066.5	7,157.7	-0.5%	1.3%
Intangible Assets	1,108.9	995.7	957.6	-13.6%	-3.8%
Long-term Loans & Long Trade Receivables	559.6	557.6	659.2	17.8%	18.2%
Investment in Properties	95.6	93.1	101.4	6.0%	8.9%
Other Non-current Assets	537.7	541.0	482.3	-10.3%	-10.8%
<b>Total Assets</b>	<b>11,986.3</b>	<b>11,780.1</b>	<b>11,939.2</b>	<b>-0.4%</b>	<b>1.4%</b>
<b>Current Liabilities</b>	<b>3,458.0</b>	<b>2,949.6</b>	<b>3,327.8</b>	<b>-3.8%</b>	<b>12.8%</b>
Accounts Payable & Other Payables	3,174.5	2,620.1	2,963.5	-6.6%	13.1%
Other Liabilities	283.2	329.5	364.3	28.6%	10.6%
Derivative liabilities	0.4	0.0	0.0	-100.0%	-
<b>Non-current Liabilities</b>	<b>4,338.9</b>	<b>4,383.0</b>	<b>4,133.9</b>	<b>-4.7%</b>	<b>-5.7%</b>
Accounts Payable & Other Payables	4,244.4	4,250.0	4,008.2	-5.6%	-5.7%
Other Liabilities	94.5	133.1	125.7	33.0%	-5.6%
<b>Total Liabilities</b>	<b>7,797.0</b>	<b>7,332.6</b>	<b>7,461.7</b>	<b>-4.3%</b>	<b>1.8%</b>
<b>Shareholders' Equity</b>	<b>4,189.3</b>	<b>4,447.5</b>	<b>4,477.6</b>	<b>6.9%</b>	<b>0.7%</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	777.1	1,035.1	1,065.7	37.1%	3.0%
Accumulated Other Comprehensive Income	1.8	1.8	1.3	-24.6%	-26.2%
<b>Total Shareholders' Equity</b>	<b>4,189.3</b>	<b>4,447.5</b>	<b>4,477.6</b>	<b>6.9%</b>	<b>0.7%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>11,986.3</b>	<b>11,780.1</b>	<b>11,939.2</b>	<b>-0.4%</b>	<b>1.4%</b>

### 3. Appendix

### Subscriber Trend

(Unit: subscribers in thousands)

Classification	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
<b>Wireless Subscribers<sup>(1)</sup></b>	<b>10,982</b>	<b>11,117</b>	<b>11,271</b>	<b>11,381</b>	<b>11,381</b>	<b>11,566</b>	<b>11,690</b>	<b>11,794</b>	<b>11,949</b>	<b>11,949</b>
Net Addition	108	135	154	110	507	185	125	104	155	568
<b>LTE Subscribers</b>	<b>7,811</b>	<b>8,117</b>	<b>8,304</b>	<b>8,570</b>	<b>8,570</b>	<b>8,906</b>	<b>9,216</b>	<b>9,512</b>	<b>9,879</b>	<b>9,879</b>
Net Addition	722	306	187	266	1,482	336	310	296	366	1,308
LTE Penetration Rate (%)	71.1%	73.0%	73.7%	75.3%	75.3%	77.0%	78.8%	80.7%	82.7%	82.7%
<b>CDMA</b>	<b>3,171</b>	<b>3,000</b>	<b>2,967</b>	<b>2,810</b>	<b>2,810</b>	<b>2,659</b>	<b>2,474</b>	<b>2,282</b>	<b>2,070</b>	<b>2,070</b>
<b>Churn Rate (%)</b>	<b>2.8%</b>	<b>2.1%</b>	<b>2.3%</b>	<b>1.8%</b>	<b>2.3%</b>	<b>1.9%</b>	<b>1.7%</b>	<b>1.8%</b>	<b>1.8%</b>	<b>1.9%</b>
New adds	934	841	920	720	3,415	852	721	750	838	3,161
Churn	931	706	766	610	3,013	667	596	646	684	2,593
<b>Wireless ARPU (KRW)<sup>(2)</sup></b>	<b>39,506</b>	<b>40,141</b>	<b>40,454</b>	<b>43,104</b>	<b>40,810</b>	<b>39,788</b>	<b>40,258</b>	<b>39,822</b>	<b>39,853</b>	<b>39,930</b>
Service ARPU <sup>(3)</sup>	35,362	35,636	36,600	37,906	36,601	36,226	36,606	36,294	36,204	36,333
Service ARPU (MVNO Incl.) <sup>(4)</sup>	34,588	34,787	35,735	36,959	35,732	35,278	35,626	35,306	35,320	35,383

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

(2) Wireless ARPU : Interconnection, sign-up fee included, excluding RASS and MVNO (3) Service ARPU : Excluding Interconnection, sign-up fee, and RASS. (4) (3) + MVNO

Classification	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015
<b>TPS Subscribers</b>	<b>8,881</b>	<b>9,120</b>	<b>9,247</b>	<b>9,387</b>	<b>9,387</b>	<b>9,540</b>	<b>9,715</b>	<b>10,164</b>	<b>10,304</b>	<b>10,304</b>
Net Addition	282	240	127	140	789	153	175	449	140	916
<b>IPTV<sup>(1)</sup></b>	<b>1,672</b>	<b>1,784</b>	<b>1,875</b>	<b>1,949</b>	<b>1,949</b>	<b>2,040</b>	<b>2,123</b>	<b>2,199</b>	<b>2,280</b>	<b>2,280</b>
Net Addition	122	112	91	74	400	91	83	76	81	331
<b>VoIP<sup>(2)</sup></b>	<b>4,246</b>	<b>4,343</b>	<b>4,362</b>	<b>4,424</b>	<b>4,424</b>	<b>4,450</b>	<b>4,506</b>	<b>4,520</b>	<b>4,540</b>	<b>4,540</b>
Net Addition	125	97	19	62	303	27	55	14	21	116
<b>Broadband<sup>(3)</sup></b>	<b>2,963</b>	<b>2,993</b>	<b>3,010</b>	<b>3,014</b>	<b>3,014</b>	<b>3,050</b>	<b>3,087</b>	<b>3,445</b>	<b>3,483</b>	<b>3,483</b>
Net Addition	35	30	17	4	86	36	37	358	38	469
<b>PSTN Subscribers<sup>(4)</sup></b>	<b>512</b>	<b>509</b>	<b>499</b>	<b>495</b>	<b>495</b>	<b>495</b>	<b>505</b>	<b>507</b>	<b>505</b>	<b>505</b>
Net Addition	-5	-2	-11	-4	-22	0	10	2	-2	10

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

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

### 3. Appendix

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