

# **LG U+**

## **2016 1Q Earnings Release**

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April 27, 2016



# 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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### Income Statement (Consolidated)

- Service Revenue recorded KRW 2.18 trillion, up 2.9% YoY and down 2.0% QoQ from wireless and wireline revenue growth
- Operating Income recorded KRW 170.6 billion, up 10.3% YoY and 50.8% QoQ from decreased marketing expense
- Net Income recorded KRW 110.1 billion, up 33.9% YoY and 178.2% QoQ from decreased interest expense and improvement in non-operating balance

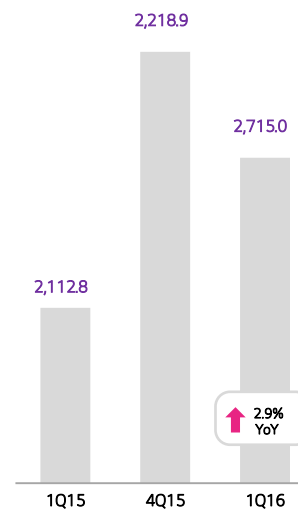
(Unit: KRW billion)

Classification	1Q15	4Q15	1Q16	YoY	QoQ
Revenue	2,556.0	2,861.1	2,712.8	6.1%	-5.2%
Service Revenue	2,112.8	2,218.9	2,175.0	2.9%	-2.0%
Handset Revenue	443.2	642.1	537.8	21.3%	-16.3%
Expenses	2,401.2	2,748.0	2,542.2	5.9%	-7.5%
Operating Income	154.7	113.1	170.6	10.3%	50.8%
OP Margin <sup>(1)</sup>	6.1%	4.0%	6.3%	0.2%p	2.3%p
Non-operating Balance	(44.4)	(54.0)	(26.6)	-40.2%	-50.8%
Income Before Tax	110.3	59.1	144.0	30.6%	143.5%
Net Income	82.2	39.6	110.1	33.9%	178.2%
Net Income Margin <sup>(2)</sup>	3.2%	1.4%	4.1%	0.8%p	2.7%p
EBITDA	547.1	524.2	573.6	4.8%	9.4%
EBITDA Margin <sup>(3)</sup>	21.4%	18.3%	21.1%	-0.3%p	2.8%p

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

(3) EBITDA Margin : EBITDA/Revenue

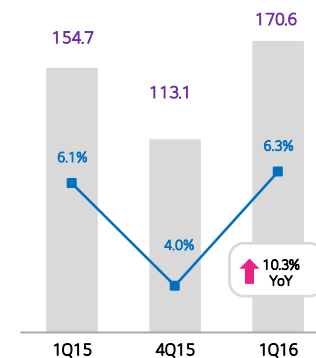
#### Service Revenue



#### Operating Income

(Unit : KRW in billion)

■ OP Margin



# 1. Financial Highlights

## Operating / Marketing Expense

### Operating Expense (Consolidated)

(Unit: KRW in billion)

Classification	1Q15	4Q15	1Q16	YoY	QoQ
<b>Operating Expense</b>	<b>2,401.2</b>	<b>2,748.0</b>	<b>2,542.2</b>	<b>5.9%</b>	<b>-7.5%</b>
Wages	209.9	230.9	227.9	8.6%	-1.3%
Depreciation	349.0	366.9	359.4	3.0%	-2.0%
Amortization	43.4	44.2	43.5	0.3%	-1.6%
Telecom Circuit Rent	67.1	58.7	68.2	1.6%	16.2%
Interconnection	139.8	153.0	138.4	-0.9%	-9.5%
Fees & Charges	295.0	326.5	330.1	11.9%	1.1%
Sales Commission	341.9	350.1	344.6	0.8%	-1.6%
Advertising	79.7	100.7	66.3	-16.8%	-34.2%
Cost of Handset Sold	534.8	751.7	614.6	14.9%	-18.2%
Taxes & Dues	12.0	7.9	13.6	13.2%	72.1%
Others	328.7	357.2	335.5	2.1%	-6.1%

#### Operating Expense

- Wage : Up 8.6% YoY and down 1.3% QoQ from wage increase and accrued expenses
- Telecom Circuit Rent : Up 1.6% and 16.2% QoQ from reversal of one-offs at the end of 2015
- Fees & Charges : Up 11.9% YoY and 1.1% QoQ from increased PG and contents fees
- Taxes & Dues : Up 13.2% YoY and 72.1% QoQ from increased wireless repeater and relevant taxes

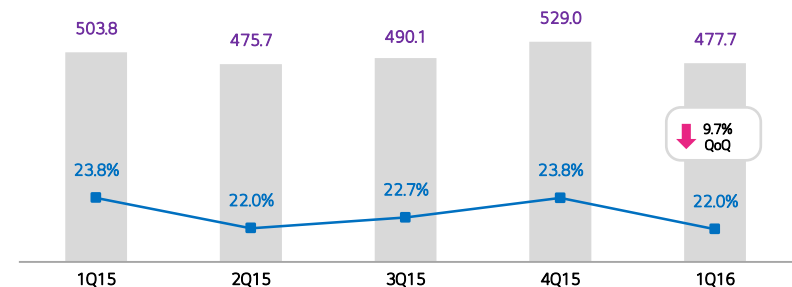
#### Marketing Expense

Marketing Expense down 5.2% YoY and 9.7% QoQ from changes in handset sales volume and decreased advertising

- Sales Commission : Up 0.8% YoY and down 1.6% QoQ from stabilized market competition leading to less volatility of sales commission
- Advertising : Down 16.8% YoY and 34.2% QoQ from decreased TV advertisements
- Cost of Handset Sold : Up 14.9% YoY and down 18.2% QoQ from changes in handset sales volume

■ Mkt. Exp./ Service Revenue

(Unit : KRW in billion)



# 1. Financial Highlights

## Statements of Financial Position

### Statements of Financial Position (Consolidated)

(Unit: KRW in billion)

Classification	2015.03	2015.12	2016.03	YoY	QoQ
<b>Total Assets</b>	<b>11,803.5</b>	<b>11,951.0</b>	<b>11,992.5</b>	<b>1.6%</b>	<b>0.3%</b>
Current Assets	2,465.5	2,599.2	2,906.2	17.9%	11.8%
Cash & Cash Equivalents <sup>(1)</sup>	261.2	313.3	474.8	81.8%	51.5%
Non-current Assets	9,338.0	9,351.8	9,086.3	-2.7%	-2.8%
Property, Plant and Equipment	7,147.3	7,223.8	7,075.6	-1.0%	-2.1%
Intangible Assets	1,078.7	966.6	931.3	-13.7%	-3.7%
<b>Total Liabilities</b>	<b>7,607.4</b>	<b>7,502.6</b>	<b>7,543.4</b>	<b>-0.8%</b>	<b>0.5%</b>
Current Liabilities	3,244.3	3,354.2	3,496.1	7.8%	4.2%
Current Portion of LT Debt	1,097.7	928.8	1,086.3	-1.0%	17.0%
Non-current Liabilities	4,363.1	4,148.4	4,047.3	-7.2%	-2.4%
Corporate Bond etc. <sup>(2)</sup>	3,848.3	3,631.3	3,591.8	-6.7%	-1.1%
<b>Total Shareholders' Equity</b>	<b>4,196.1</b>	<b>4,448.4</b>	<b>4,449.2</b>	<b>6.0%</b>	<b>0.0%</b>
Retained Earnings	781.0	1,035.8	1,036.3	32.7%	0.0%
<b>Net Debt</b>	<b>4,699.9</b>	<b>4,261.9</b>	<b>4,218.2</b>	<b>-10.2%</b>	<b>-1.0%</b>
Net Debt to Equity Ratio <sup>(3)</sup>	112.0%	95.8%	94.8%	-17.2%p	-1.0%p
Debt to Equity Ratio <sup>(4)</sup>	181.3%	168.7%	169.5%	-11.8%p	0.9%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

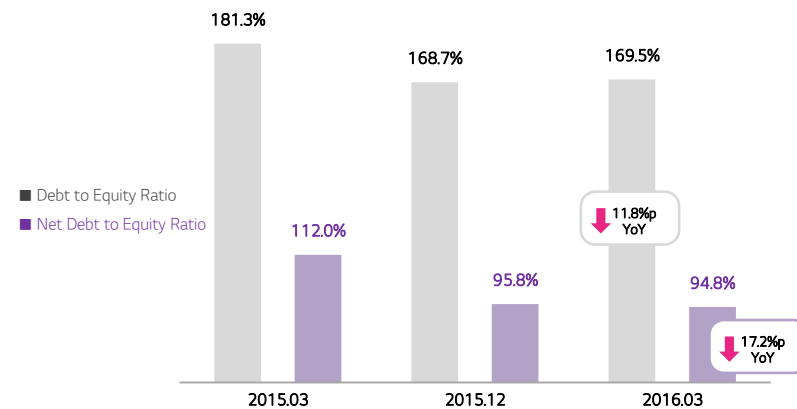
(4) Debt to Equity Ratio : Total Liabilities/Total Shareholders' Equity

#### Statements of Financial Position

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

- Cash & Cash Equivalents : Up 81.8% YoY and 51.5% QoQ
- Net Debt : Down 10.2% YoY and 1.0% QoQ
  - Net Debt to Equity Ratio : 94.8%, down 17.2%p YoY and 1.0%p QoQ
- Debt to Equity Ratio : 169.5%, down 11.8%p YoY and 0.9%p QoQ

#### Debt Ratio



## CAPEX (Consolidated)

- CAPEX down 16.1% YoY and 62.0% QoQ from winter time seasonality and decreased wireless network investment

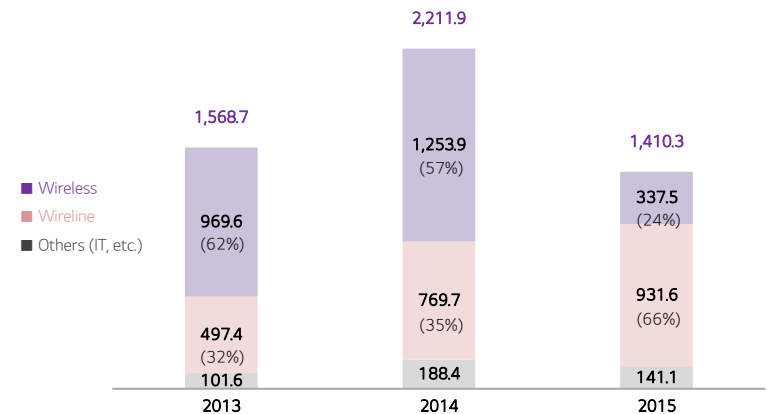
(Unit: KRW in billion)

Classification	1Q15	4Q15	1Q16	YoY	QoQ
CAPEX *	238.2	526.6	199.9	-16.1%	-62.0%
Wireless Network	43.5	136.8	51.1	17.5%	-62.6%
Wireline Network	177.6	348.1	139.8	-21.3%	-59.8%
Others (IT, etc)	17.1	41.7	9.0	-47.1%	-78.3%
CAPEX/Revenue	9.3%	18.4%	7.4%	-1.9%p	-11.0%p

\* Capital Expenditure includes Construction in Progress

## CAPEX

(Unit : KRW in billion)



### Wireless (Consolidated)

- Wireless Service Revenue up +3.2% YoY and down 0.1% QoQ from solid subscriber growth

(Unit: KRW in billion, subscriber in thousand)

Classification	1Q15	4Q15	1Q16	YoY	QoQ
<b>Wireless Revenue<sup>(1)</sup></b>	<b>1,303.5</b>	<b>1,349.0</b>	<b>1,320.6</b>	<b>1.3%</b>	<b>-2.1%</b>
Service Revenue	1,187.7	1,227.0	1,225.7	3.2%	-0.1%
Interconnection	104.0	116.3	90.7	-12.8%	-22.0%
Sign-up Fee	11.8	5.7	4.2	-64.2%	-26.2%
<b>Wireless Subscribers<sup>(2)</sup></b>	<b>11,566</b>	<b>11,949</b>	<b>12,104</b>	<b>4.7%</b>	<b>1.3%</b>

(1) Wireless Revenue : Subsidiary MVNO revenue adjusted

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

(2) Subscribers : MSIP's new subscriber disclosure basis including RASS

### Net Addition

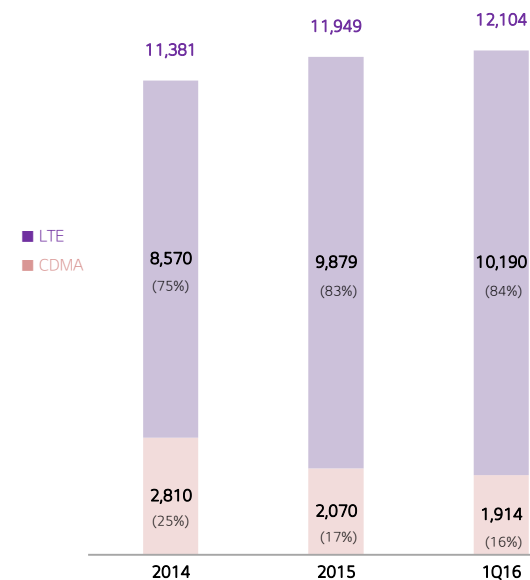
(Unit: subscribers in thousands)

Classification	1Q15	2Q15	3Q15	4Q15	1Q16
<b>Total Net Addition*</b>	<b>185</b>	<b>125</b>	<b>104</b>	<b>155</b>	<b>155</b>
MNO Net Addition	136	97	92	149	126
MNO Net Addition (%)	74%	78%	89%	96%	81%

\* Subscribers : MSIP's new subscriber disclosure basis including RASS

### Wireless Subscriber

(Unit : subscriber in thousand)







### TPS (Consolidated)

- TPS Revenue up 9.3% YoY and 2.7% QoQ from IPTV subscriber and VOD revenue growth

(Unit: KRW in billion)

Classification	1Q15	4Q15	1Q16	YoY	QoQ
TPS Revenue	349.7	372.5	382.4	9.3%	2.7%
IPTV	113.9	136.5	143.6	26.1%	5.2%
Broadband	168.2	171.9	175.0	4.0%	1.8%
VoIP	67.6	64.1	63.8	-5.7%	-0.4%

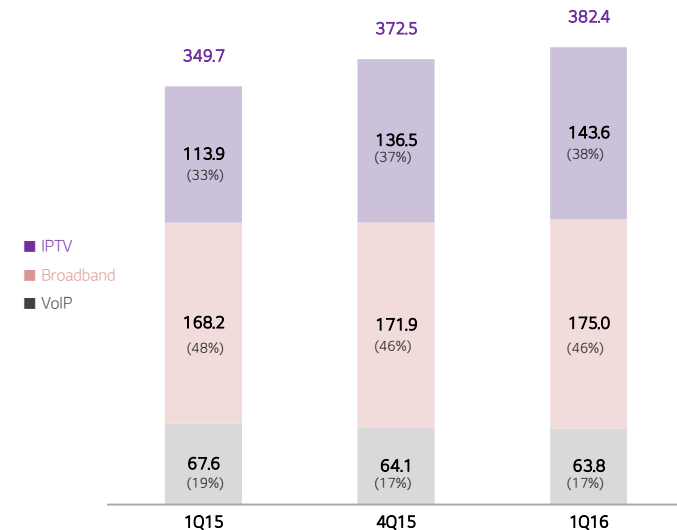
(Unit: subscriber in thousand)

Classification	1Q15	4Q15	1Q16	YoY	QoQ
IPTV <sup>(1)</sup>	2,040	2,280	2,355	15.4%	3.3%
Broadband <sup>(2)</sup>	3,050	3,483	3,520	15.4%	1.0%
VoIP	4,450	4,540	4,543	2.1%	0.1%

(1) IPTV : subscriber base (2) Broadband : Including corporate subscribers from Aug. 2015

### TPS Revenue

(Unit : KRW in billion)

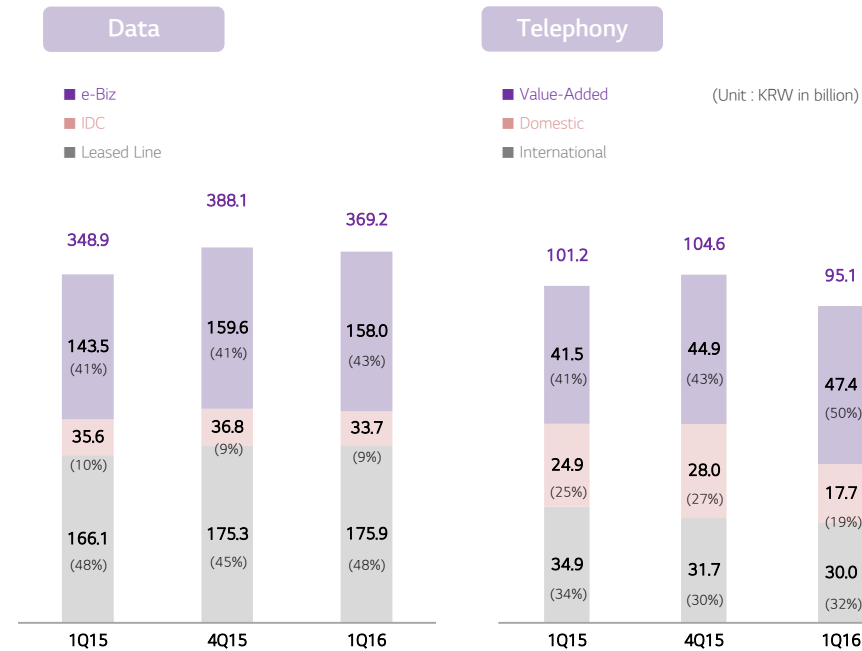


### Data / Telephony (Consolidated)

- Data Revenue up 5.8% YoY and down 4.9% QoQ from e-Biz revenue growth
- Telephony Revenue down 6.0% YoY and 9.0% QoQ from seasonality

Classification	1Q15	4Q15	1Q16	YoY	QoQ
<b>Data Revenue</b>	<b>348.9</b>	<b>388.1</b>	<b>369.2</b>	<b>5.8%</b>	<b>-4.9%</b>
e-Biz*	143.5	159.6	158.0	10.1%	-1.0%
IDC	35.6	36.8	33.7	-5.4%	-8.4%
Leased Line	166.1	175.3	175.9	5.9%	0.4%
<b>Telephony Revenue</b>	<b>101.2</b>	<b>104.6</b>	<b>95.1</b>	<b>-6.0%</b>	<b>-9.0%</b>
Value-Added	41.5	44.9	47.4	14.4%	5.6%
Domestic	24.9	28.0	17.7	-29.1%	-36.8%
International	34.9	31.7	30.0	-13.8%	-5.3%

\* e-Biz : Payment, SMS & Webhard, etc.



### 3. Appendix

## Statements of Income / Financial Position (Consolidated)

(Unit: KRW in billion)

Classification	1Q15	4Q15	1Q16	YoY	QoQ
<b>Revenue</b>	<b>2,556.0</b>	<b>2,861.1</b>	<b>2,712.8</b>	<b>6.1%</b>	<b>-5.2%</b>
Service Revenue	2,112.8	2,218.9	2,175.0	2.9%	-2.0%
Other Revenue	4.5	3.1	4.9	8.1%	57.5%
Handset Revenue	443.2	642.1	537.8	21.3%	-16.3%
<b>Expense</b>	<b>2,401.2</b>	<b>2,748.0</b>	<b>2,542.2</b>	<b>5.9%</b>	<b>-7.5%</b>
Wages	209.9	230.9	227.9	8.6%	-1.3%
Depreciation	349.0	366.9	359.4	3.0%	-2.0%
Amortization	43.4	44.2	43.5	0.3%	-1.6%
Telecom Circuit Rent	67.1	58.7	68.2	1.6%	16.2%
Rental	82.2	83.0	84.3	2.6%	1.6%
Outsourcing	94.6	112.4	101.9	7.7%	-9.3%
Electricity Fee	46.9	44.3	47.5	1.3%	7.3%
Repair Expense	28.6	41.0	33.0	15.6%	-19.4%
Interconnection	139.8	153.0	138.4	-0.9%	-9.5%
Settlement	35.4	33.4	31.6	-10.6%	-5.5%
Fees & Charges	295.0	326.5	330.1	11.9%	1.1%
Sales Comission	341.9	350.1	344.6	0.8%	-1.6%
Advertising	79.7	100.7	66.3	-16.8%	-34.2%
Cost of Handsets Sold	534.8	751.7	614.6	14.9%	-18.2%
Handset purchase	525.5	720.3	604.7	15.1%	-16.1%
Etc	9.3	31.4	9.9	6.5%	-68.5%
Ordinary R&D Expense	11.3	15.4	10.1	-11.0%	-34.6%
Taxes & Dues	12.0	7.9	13.6	13.2%	72.1%
Others	29.7	27.7	27.1	-8.8%	-2.3%
<b>Operating Income</b>	<b>154.7</b>	<b>113.1</b>	<b>170.6</b>	<b>10.3%</b>	<b>50.8%</b>
<b>Non-operating Income</b>	<b>18.6</b>	<b>32.5</b>	<b>28.2</b>	<b>52.1%</b>	<b>-13.3%</b>
Interest Income	9.1	10.3	10.1	10.1%	-2.3%
<b>Non-operating Expense</b>	<b>63.0</b>	<b>86.5</b>	<b>54.8</b>	<b>-13.0%</b>	<b>-36.7%</b>
Interest Expense	45.8	41.9	34.3	-25.2%	-18.3%
<b>Income Before Tax</b>	<b>110.3</b>	<b>59.1</b>	<b>144.0</b>	<b>30.6%</b>	<b>143.5%</b>
Income Tax	28.0	19.6	34.0	21.1%	73.4%
<b>Net Income</b>	<b>82.2</b>	<b>39.6</b>	<b>110.1</b>	<b>33.9%</b>	<b>178.2%</b>

Classification	2015.03	2015.12	2016.03	YoY	QoQ
<b>Current Assets</b>	<b>2,465.5</b>	<b>2,599.2</b>	<b>2,906.2</b>	<b>17.9%</b>	<b>11.8%</b>
Cash and Cash Equivalents	239.0	292.1	453.6	89.8%	55.3%
Short-term Loans & Accounts Receivables	1,777.4	1,751.3	1,949.5	9.7%	11.3%
Inventories	335.7	364.8	326.9	-2.6%	-10.4%
Other Current Assets	113.4	190.9	176.2	55.4%	-7.7%
<b>Non Current Assets</b>	<b>9,338.0</b>	<b>9,351.8</b>	<b>9,086.3</b>	<b>-2.7%</b>	<b>-2.8%</b>
Available for Sales Securities	76.9	36.5	30.0	-61.0%	-17.9%
Property, Plant and Equipment	7,147.3	7,223.8	7,075.6	-1.0%	-2.1%
Intangible Assets	1,078.7	966.6	931.3	-13.7%	-3.7%
Long-term Loans & Long Trade Receivables	487.0	660.5	592.9	21.7%	-10.2%
Investment in Properties	36.4	38.5	37.2	2.0%	-3.5%
Other Non-current Assets	511.8	425.8	419.3	-18.1%	-1.5%
<b>Total Assets</b>	<b>11,803.5</b>	<b>11,951.0</b>	<b>11,992.5</b>	<b>1.6%</b>	<b>0.3%</b>
<b>Current Liabilities</b>	<b>3,244.3</b>	<b>3,354.2</b>	<b>3,496.1</b>	<b>7.8%</b>	<b>4.2%</b>
Accounts Payable & Other Payables	2,843.6	2,990.6	2,958.0	4.0%	-1.1%
Other Liabilities	400.8	363.5	538.1	34.3%	48.0%
<b>Non-current Liabilities</b>	<b>4,363.1</b>	<b>4,148.4</b>	<b>4,047.3</b>	<b>-7.2%</b>	<b>-2.4%</b>
Accounts Payable & Other Payables	4,232.1	4,008.2	3,895.2	-8.0%	-2.8%
Other Liabilities	131.0	140.2	152.2	16.2%	8.5%
<b>Total Liabilities</b>	<b>7,607.4</b>	<b>7,502.6</b>	<b>7,543.4</b>	<b>-0.8%</b>	<b>0.5%</b>
<b>Shareholders' Equity</b>	<b>4,195.5</b>	<b>4,448.0</b>	<b>4,448.8</b>	<b>6.0%</b>	<b>0.0%</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	781.0	1,035.8	1,036.3	32.7%	0.0%
Accumulated Other Comprehensive Income	3.5	1.1	1.4	-60.1%	28.8%
<b>Non-controlling Interest</b>	<b>0.6</b>	<b>0.5</b>	<b>0.4</b>	<b>-32.0%</b>	<b>-12.4%</b>
<b>Total Shareholders' Equity</b>	<b>4,196.1</b>	<b>4,448.4</b>	<b>4,449.2</b>	<b>6.0%</b>	<b>0.0%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>11,803.5</b>	<b>11,951.0</b>	<b>11,992.5</b>	<b>1.6%</b>	<b>0.3%</b>

### 3. Appendix

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

(Unit: KRW in billion)

Classification	1Q15	4Q15	1Q16	YoY	QoQ
<b>Revenue</b>	<b>2,550.2</b>	<b>2,858.2</b>	<b>2,713.0</b>	<b>6.4%</b>	<b>-5.1%</b>
Service Revenue	2,105.4	2,211.4	2,166.3	2.9%	-2.0%
Other Revenue	6.9	5.6	7.4	6.8%	31.7%
Handset Revenue	444.8	646.8	546.7	22.9%	-15.5%
<b>Expense</b>	<b>2,389.0</b>	<b>2,743.4</b>	<b>2,539.1</b>	<b>6.3%</b>	<b>-7.4%</b>
Wages	168.0	169.5	179.5	6.8%	5.9%
Depreciation	348.6	366.6	359.2	3.0%	-2.0%
Amortization	41.9	42.5	42.3	1.0%	-0.4%
Telecom Circuit Rent	67.2	58.8	68.3	1.6%	16.2%
Rental	81.9	82.6	83.9	2.4%	1.6%
Outsourcing	137.5	172.2	153.1	11.4%	-11.1%
Electricity Fee	46.9	44.3	47.5	1.3%	7.3%
Repair Expense	28.5	40.8	33.0	15.6%	-19.3%
Interconnection	139.8	153.0	138.4	-0.9%	-9.5%
Settlement	35.4	33.4	31.6	-10.6%	-5.5%
Fees & Charges	296.1	332.6	328.6	11.0%	-1.2%
Sales Comission	333.6	343.9	339.4	1.8%	-1.3%
Advertising	78.9	100.3	71.6	-9.3%	-28.7%
Cost of Handsets Sold	534.3	754.5	614.7	15.0%	-18.5%
Handset purchase	525.0	723.1	604.8	15.2%	-16.4%
Etc	9.3	31.4	9.9	6.5%	-68.5%
Ordinary R&D Expense	11.6	15.7	10.3	-11.5%	-34.7%
Taxes & Dues	11.1	6.8	12.3	11.5%	80.9%
Others	27.8	25.9	25.6	-8.2%	-1.4%
<b>Operating Income</b>	<b>161.2</b>	<b>114.8</b>	<b>173.9</b>	<b>7.8%</b>	<b>51.4%</b>
<b>Non-operating Income</b>	<b>18.3</b>	<b>32.6</b>	<b>27.9</b>	<b>52.5%</b>	<b>-14.6%</b>
Interest Income	8.9	10.1	9.8	11.0%	-2.3%
<b>Non-operating Expense</b>	<b>62.5</b>	<b>85.2</b>	<b>54.5</b>	<b>-12.8%</b>	<b>-36.0%</b>
Interest Expense	45.6	41.8	34.1	-25.2%	-18.3%
<b>Income Before Tax</b>	<b>117.0</b>	<b>62.2</b>	<b>147.2</b>	<b>25.9%</b>	<b>136.5%</b>
Income Tax	28.2	19.0	34.0	20.5%	78.9%
<b>Net Income</b>	<b>88.8</b>	<b>43.3</b>	<b>113.3</b>	<b>27.6%</b>	<b>161.8%</b>

Classification	2015.03	2015.12	2016.03	YoY	QoQ
<b>Current Assets</b>	<b>2,388.2</b>	<b>2,547.2</b>	<b>2,862.4</b>	<b>19.9%</b>	<b>12.4%</b>
Cash and Cash Equivalents	187.7	259.0	421.9	124.8%	62.9%
Short-term Loans & Accounts Receivables	1,757.1	1,737.0	1,945.3	10.7%	12.0%
Inventories	333.1	363.5	322.2	-3.3%	-11.3%
Other Current Assets	110.3	187.8	173.0	56.8%	-7.9%
<b>Non Current Assets</b>	<b>9,383.8</b>	<b>9,392.0</b>	<b>9,126.1</b>	<b>-2.7%</b>	<b>-2.8%</b>
Available for Sales Securities	76.0	33.7	27.9	-63.2%	-17.2%
Property, Plant and Equipment	7,088.6	7,157.7	7,010.1	-1.1%	-2.1%
Intangible Assets	1,072.5	957.6	921.1	-14.1%	-3.8%
Long-term Loans & Long Trade Receivables	486.3	659.2	591.6	21.7%	-10.3%
Investment in Properties	91.9	101.4	99.6	8.4%	-1.8%
Other Non-current Assets	568.4	482.3	475.7	-16.3%	-1.4%
<b>Total Assets</b>	<b>11,772.0</b>	<b>11,939.2</b>	<b>11,988.5</b>	<b>1.8%</b>	<b>0.4%</b>
<b>Current Liabilities</b>	<b>3,207.5</b>	<b>3,327.8</b>	<b>3,477.6</b>	<b>8.4%</b>	<b>4.5%</b>
Accounts Payable & Other Payables	2,809.6	2,963.5	2,937.2	4.5%	-0.9%
Other Liabilities	397.9	364.3	540.3	35.8%	48.3%
<b>Non-current Liabilities</b>	<b>4,350.3</b>	<b>4,133.9</b>	<b>4,029.4</b>	<b>-7.4%</b>	<b>-2.5%</b>
Accounts Payable & Other Payables	4,232.1	4,008.2	3,895.2	-8.0%	-2.8%
Other Liabilities	118.2	125.7	134.2	13.5%	6.8%
<b>Total Liabilities</b>	<b>7,557.8</b>	<b>7,461.7</b>	<b>7,507.0</b>	<b>-0.7%</b>	<b>0.6%</b>
			0.0		
<b>Shareholders' Equity</b>	<b>4,214.2</b>	<b>4,477.6</b>	<b>4,481.6</b>	<b>6.3%</b>	<b>0.1%</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	800.1	1,065.7	1,069.4	33.7%	0.4%
Accumulated Other Comprehensive Income	3.6	1.3	1.6	-55.5%	19.7%
<b>Total Shareholders' Equity</b>	<b>4,214.2</b>	<b>4,477.6</b>	<b>4,481.6</b>	<b>6.3%</b>	<b>0.1%</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>11,772.0</b>	<b>11,939.2</b>	<b>11,988.5</b>	<b>1.8%</b>	<b>0.4%</b>

### 3. Appendix

### Subscriber Trend

(Unit: subscribers in thousands)

Classification	1Q14	2Q14	3Q14	4Q14	2014	1Q15	2Q15	3Q15	4Q15	2015	1Q16
<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>	<b>12,104</b>
Net Addition	108	135	154	110	507	185	125	104	155	568	155
<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>	<b>10,190</b>
Net Addition	722	306	187	266	1,482	336	310	296	366	1,308	312
LTE Penetration Rate (%)	71.1%	73.0%	73.7%	75.3%	75.3%	77.0%	78.8%	80.7%	82.7%	82.7%	84.2%
<b>MVNO</b>	<b>257</b>	<b>268</b>	<b>319</b>	<b>364</b>	<b>364</b>	<b>412</b>	<b>439</b>	<b>451</b>	<b>457</b>	<b>457</b>	<b>487</b>
<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>1,914</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>	<b>1.8%</b>
New adds	934	841	920	720	3,415	852	721	750	838	3,161	810
Churn	931	706	766	610	3,013	667	596	646	684	2,593	655
<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>	<b>38,672</b>
Service ARPU <sup>(3)</sup>	35,802	36,077	36,600	37,906	36,601	36,226	36,606	36,294	36,204	36,333	35,857
Service ARPU (MVNO Incl.) <sup>(4)</sup>	35,008	35,206	35,735	36,959	35,732	35,278	35,626	35,306	35,320	35,383	35,018

(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	1Q16
<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>	<b>2,355</b>
Net Addition	122	112	91	74	400	91	83	76	81	331	75
<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>	<b>4,543</b>
Net Addition	125	97	19	62	303	27	55	14	21	116	3
<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>	<b>3,520</b>
Net Addition	35	30	17	4	86	36	37	358	38	469	36
<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>	<b>495</b>
Net Addition	-5	-2	-11	-4	-22	0	10	2	-2	10	-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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[ir@lguplus.co.kr](mailto:ir@lguplus.co.kr)

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JK Park	+82-70-4080-6915
Inhoi Yoo	+82-70-4080-4104
Daniel Choe	+82-70-4080-1620
Irene Huh	+82-70-4080-3037