Korea Mobile Market Trend for Convergence & Ubiquitous Communication

2004. 03. 04.

SK Telecom

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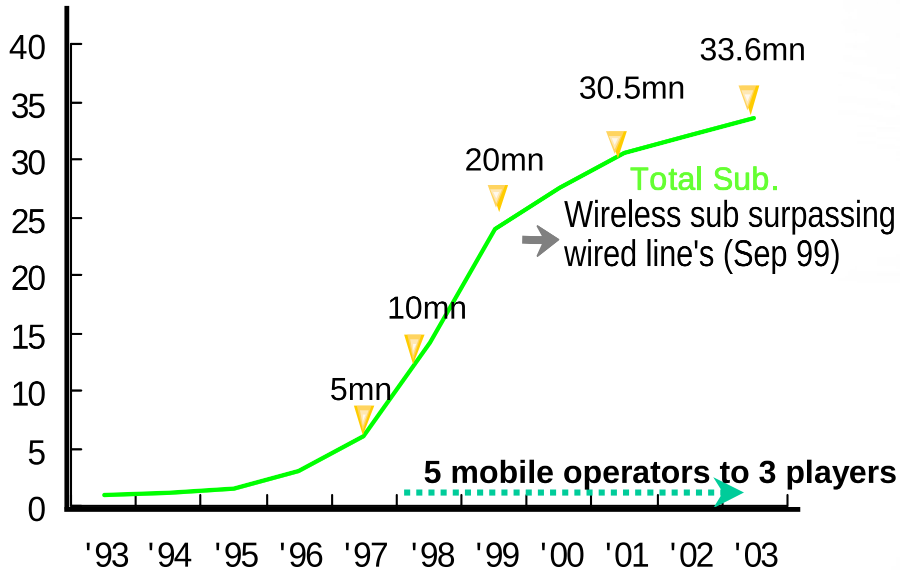
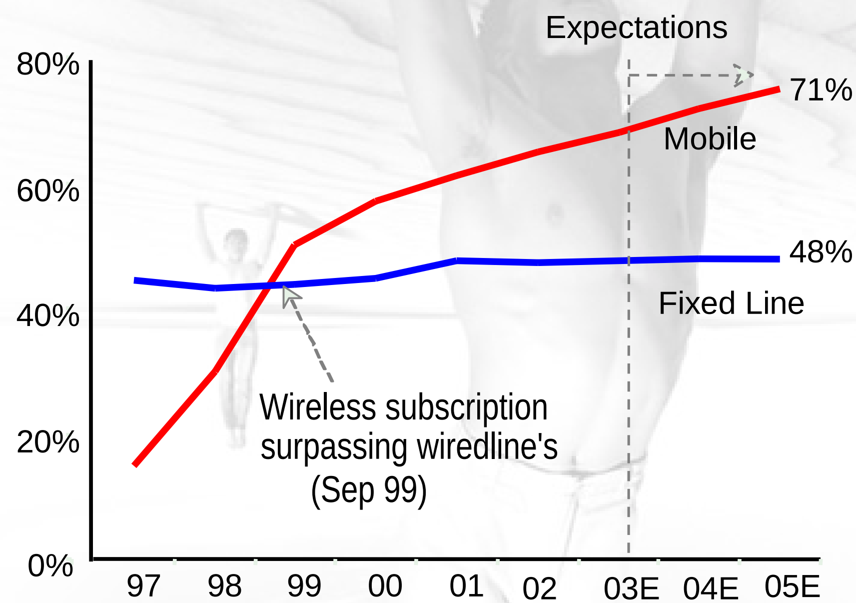
Mobile Market Shares In Korea



Wireless & Wired Penetration Rate



1. SK Telecom

- **Subscribers : 18.3 Millions**
- **ARPU : U$38 (Data $6 included)**

2. Other Players

Subscribers : 15.2 Millions

ARPU : U$32

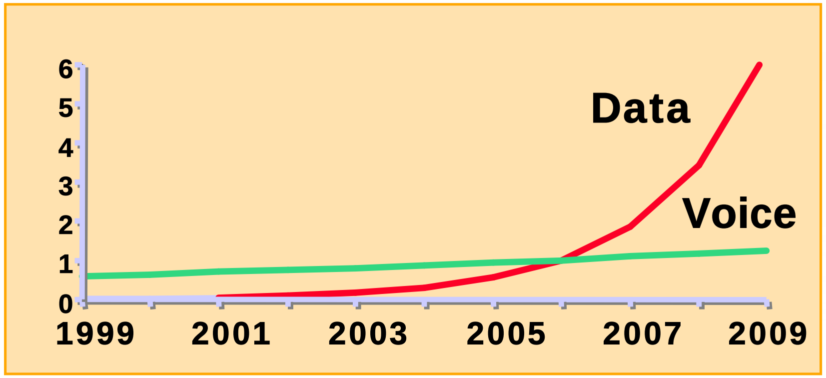
Major Asia Nations Penetration Rate

- Taiwan : 90.6 %
- Hong Kong : 83.1 %
- Singapore : 71.6 %
- Japan : 50.1 %

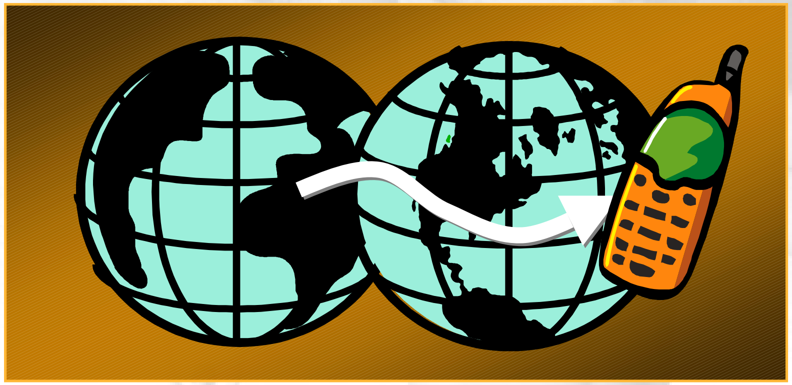
** Source : Global Mobile (Year 2001)*

- **Korea Wireless Market : 71 % (Yr. 2003)**

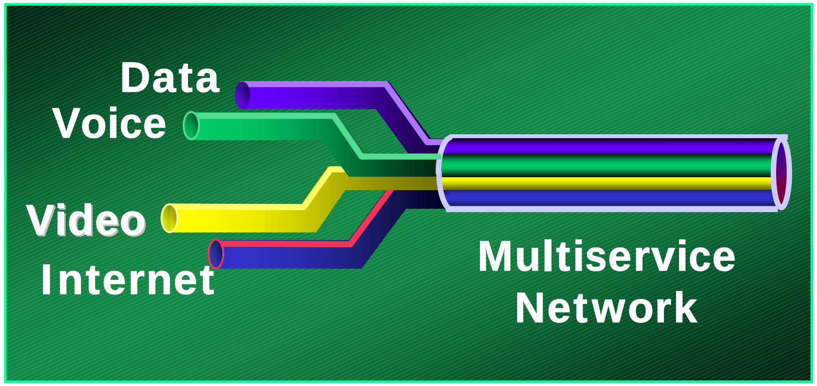
Market Growth Factors



Data Market Growth (Source : SKT Data)
(Current Data APPU Ratio : 15% vs. Yr.2002 : 10%)

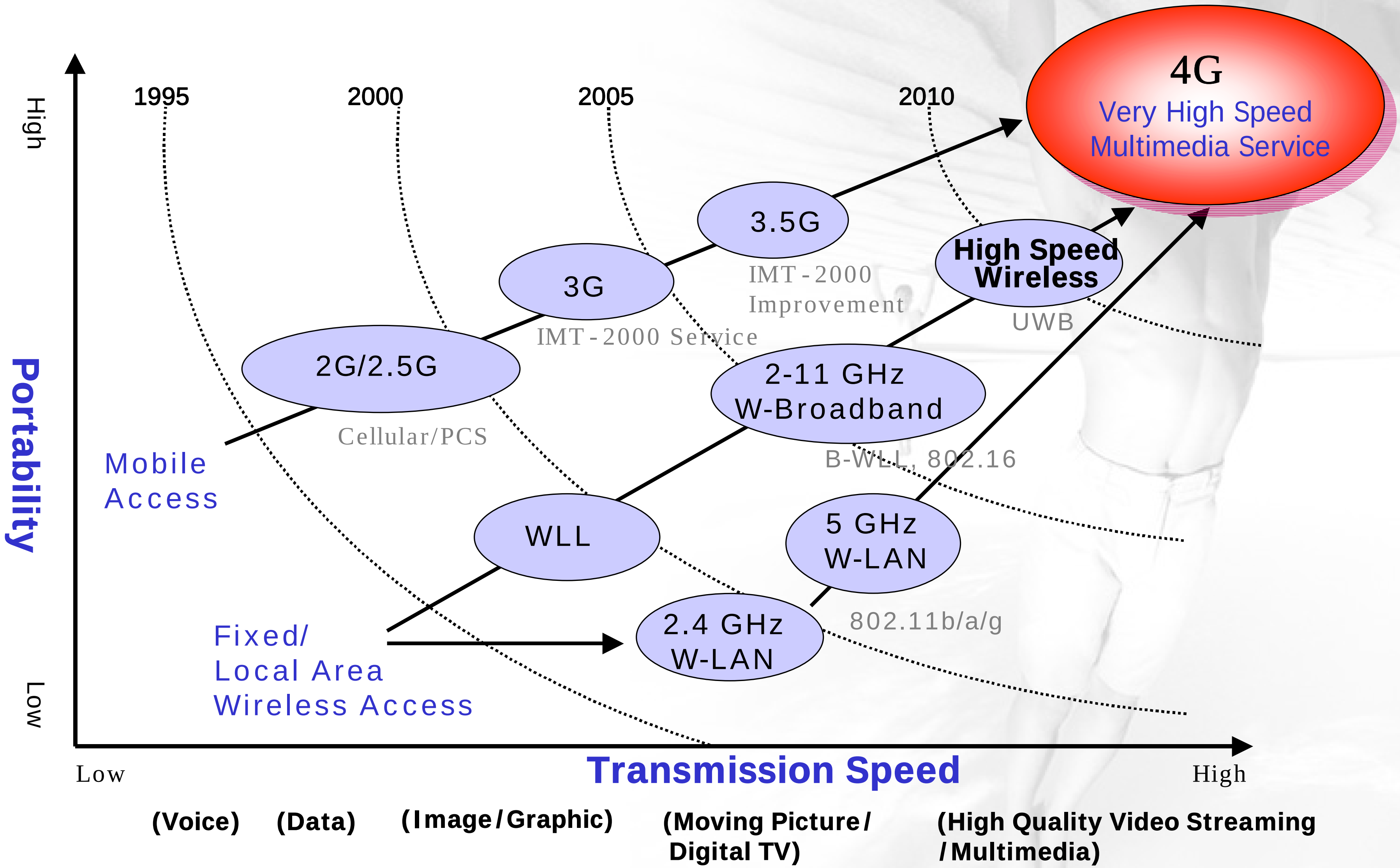


Global Telecommunication Unification
- Global Roaming : CDMA 13 nations,
- GSM-CDMA Inter Standard Roaming 44 nations
  (Source : SKT Data Yr. 2003)



Data Service Expansion (Multimedia etc.)
(Current Throughput : Avg. 600kbps)

Paradigm Shift of Technology & Industry
(Company & Company → Industry Integration)

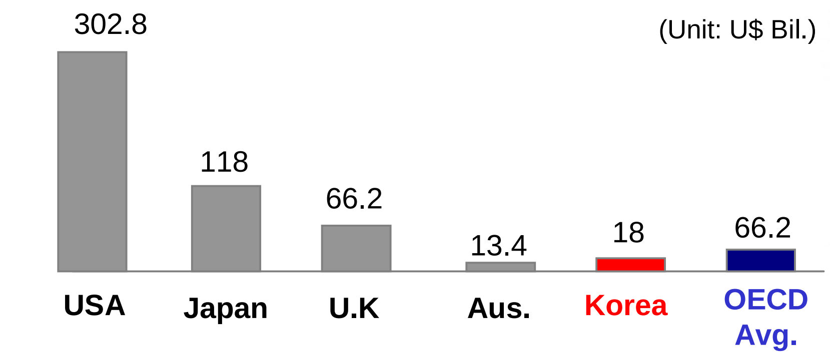


4G
Very High Speed Multimedia Service
1995
2000
2005
2010
High
Low
Portability
3.5G
IMT-2000 Improvement
3G
IMT-2000 Service
2G/2.5G
Cellular/PCS
High Speed Wireless
UWB
2-11 GHz W-Broadband
B-WLL, 802.16
Mobile Access
WLL
5 GHz W-LAN
2.4 GHz W-LAN
802.11b/a/g
Fixed/ Local Area Wireless Access
Low
Transmission Speed
High
(Voice)
(Data)
(Image/Graphic)
(Moving Picture/ Digital TV)
(High Quality Video Streaming /Multimedia)

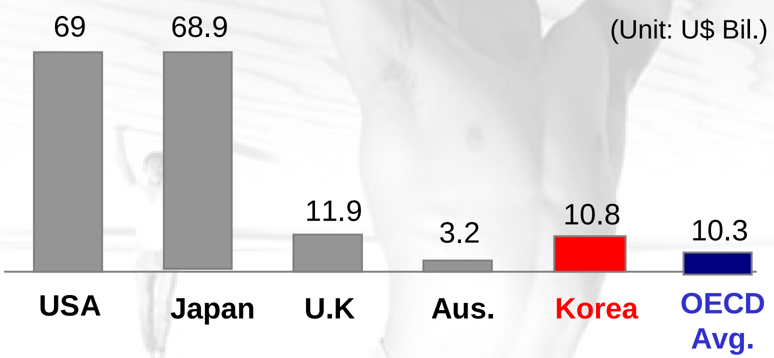
I. Mobile Market Situation

Total Telecom. Market Volume (Yr. ’01)

- Accounting for U$18 Billion
- The 9th ranks among OECD 24 nations

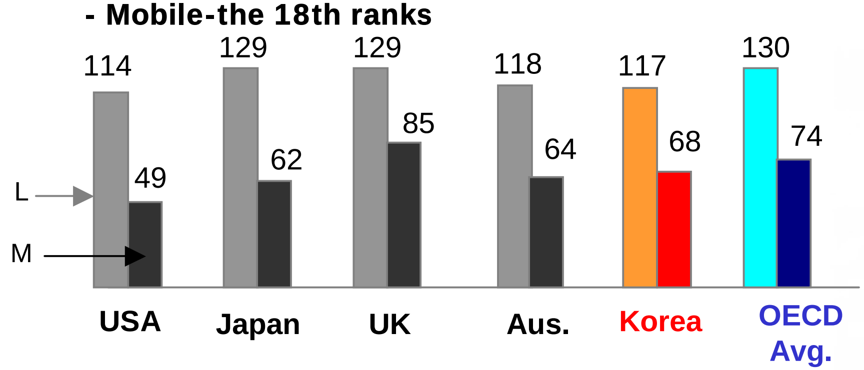


Mobile Market Sales Revenue (Yr.’01)

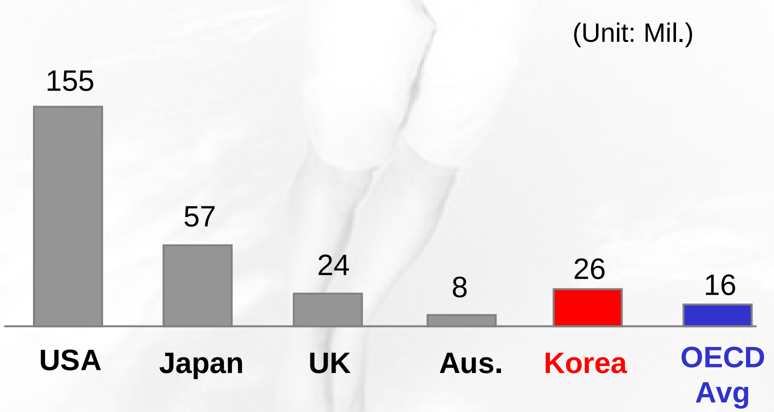


Wired/Mobile Subscribers in 100 People Basis (Yr ’02)

- 100 Unit Subscribers of the Population :
  - Wired Line-the 21st ranks,
  - Mobile-the 18th ranks



Internet Users (Yr. ’02)



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II. Market Driven Factors

Customer Segmentation

•Weekday Worker Pattern
•Daylight Activity Saturday Pattern
•Overall Low Usage
•High Proportional Usage in High Rate
•High Proportional Low Call Usage
•Short Call
•Low Proportional Mobile Call
•Low SMS Usage
•Low WAP Minutes
•Age (40's & 50's)

•Overall High Usage / Weekday Pattern
•Worker Weekday Pattern Saturday Daylight Pattern
•High Proportional Usage in High Rate
•High International Usage
•High Mobility / High Sphere
•Medium WAP Usage/ High Voice Mail/VAS Utilization

•Overall Medium Usage
•Work_Driven Weekday Pattern
•Night_Life Saturday Pattern
•High Usage in High Rate Period
•Low Mobility
•Small Sphere

Segment 2
Old Generation

Segment 3
Mobile Biz. Person

Segment 1
Non-Mobile Medium Usage

Segment 6
Work & Family

Segment 4
College/ Trainee

Segment 5
Happy Hour

Segment 8
Pleasure Phone

Segment 9
Eventual Phone

Segment 7
New Generation

•Weekday Night Life Pattern
(No worker Pattern)
•Saturday Daylight Activity Pattern
•Overall Medium Usage
•Low Mobility / Small Sphere
•High Concentration in Numbers
•High Proportional WAP Minutes
•Low Percentage of Using VAS
•Low Call Forwarding Utilization
•Low Call Waiting Utilization
•Age (Late 20s and 30s)

•Weekday Intra_week Pattern
•Saturday Night-life Pattern
•Sunday Night-life Pattern
•Overall High Usage
•High Proportional Usage in Low Rate
•High Proportional 011 Call
•High Proportional Mobile Call Usage
•Very Long Call
•Medium Sphere
•High Area Concentration
•Medium Mobility
•High WAP/SMS Usage
•High Voice Mail Utilization
•Age (10's & Early 20's)

•Overall Very Low Usage
•Overall Very High CV
•Very High Concentration
•Very Low Mobility

•Very Similar to Segment 4 Except
•Weekend Pattern
•Longest Call
•Age (10's & Early 20's)

•Weekday(75%), Weekend(25%)
•Weekday : 9 to 5 Working Pattern
•Saturday Daylight Activity Pattern
•Overall Medium Usage
•High Proportional Usage in High Rate
•Medium WAP Usage
•Medium SMS Usage

•Weekend Intra_week Pattern
•Saturday Night Activity Pattern
•Overall Medium Usage/ Medium Call
•High Proportional Usage in Medium Rate
•High Proportional WAP Minutes
•Low Sphere / Low Mobility
•Low Usage of Call Forwarding

Segment Brands & Target Marketing Since 1999

Segment Brands Introduction

'99
- SKT TTL (July)

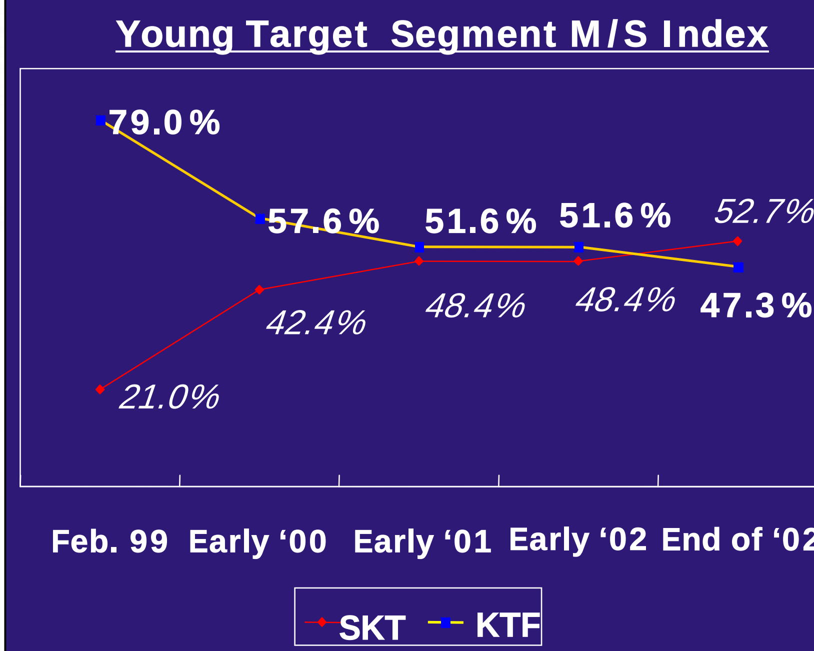
'00
- LGT why be normal? (Feb.)
- KTF Na DRAMA (May)

'01
- LGT (July)
- SKT ting (Aug.)
- KTF Bigi (Aug.)
- SKT my address UTO (Oct.)
- KTF Main (Oct.)

'02
- SKT CARA (Aug)

– ***During 4 yrs. 10 of Segment Brands were launched in Korea mobile market***

Segment Brand Performance



☎ **Young Generation Subscribers' Demand & Satisfaction**

Newly Emerging Wireless Data Market In Korea : New Demands? : Data

1 Seamless SVC Demand Increase (Ubiquitous Environment)

- Continuous Demanding Unlimited Communication & Information Needs

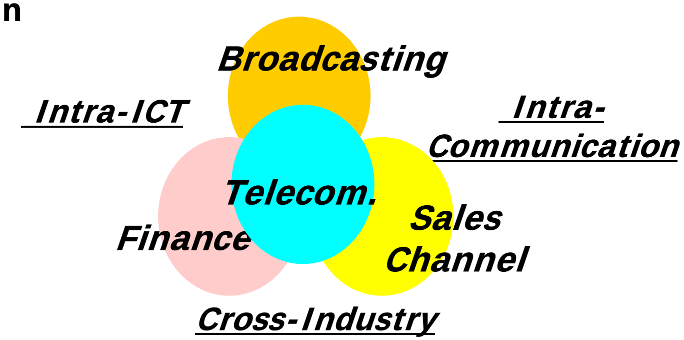
Any Time | Any Device | Any Place

One Market, One Platform

High Mobility, High Bandwidth Upscale Service Needs

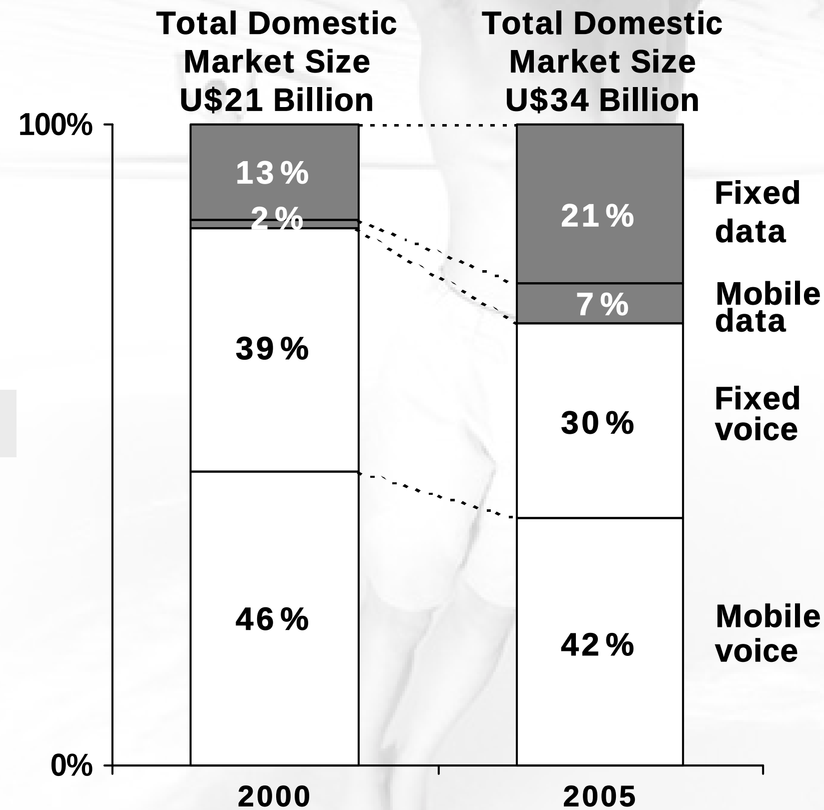
2 Biz Convergence as a Driving Force In The Market

- Telecom.,Broadcasting, Finance, and Sales Channel are being reformed and closely Integrated as a new value chain



3 Data Drive Telecommunication Service

- Moving From Voice To Data



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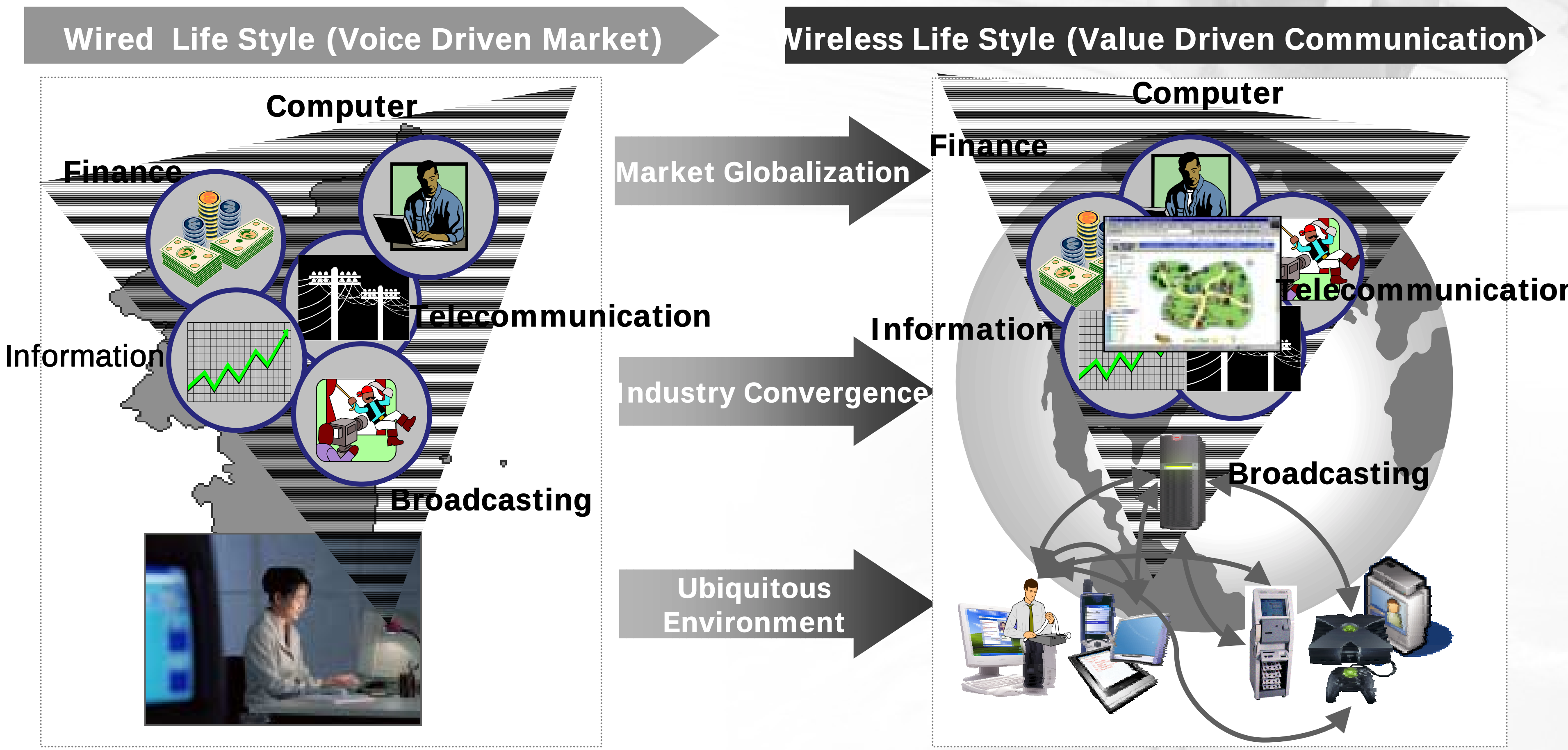
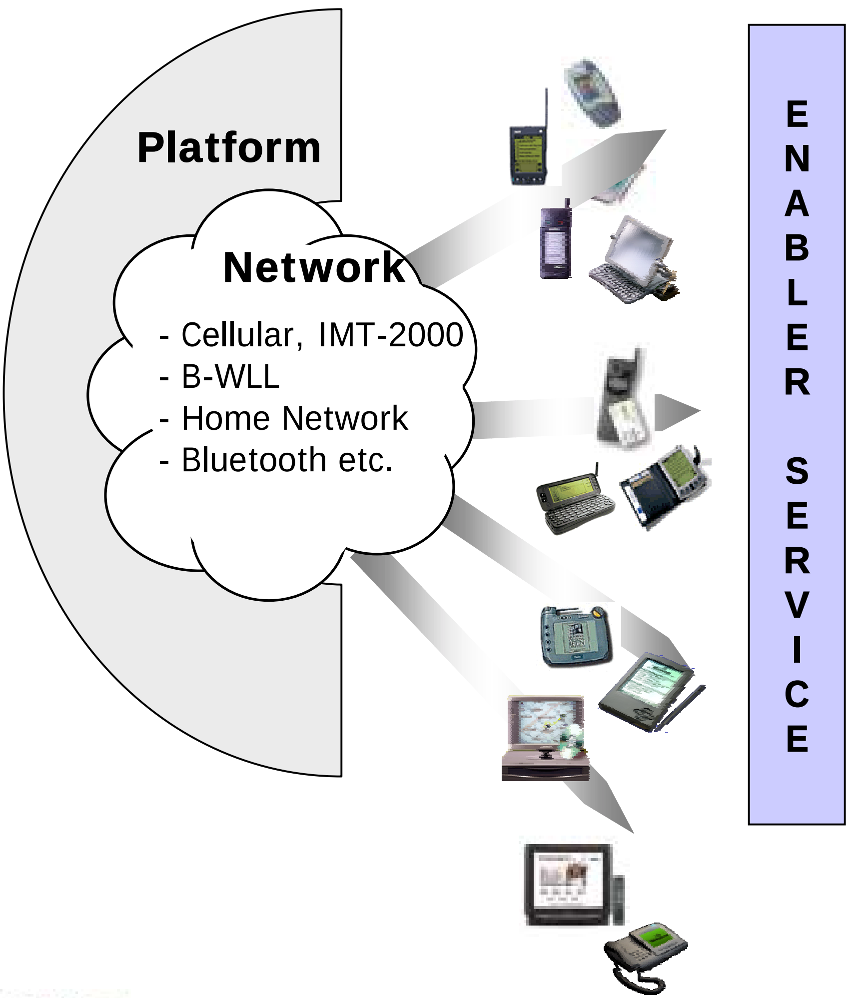
Industrial Convergence by Various Customers' Needs, Technology Infra Development, and Government Policy & Support



Comm. Infra | **Terminal**



Various Communication Service

Mobile Information Service

- Artificial Intelligence Service
- Information Multicasting
- UMS, Audio/Graphic/Video Mail
- Location Service : Safety Service, Smart Yellow Page
- VMT Service (Information Car Navigation, etc.)

E-Commerce Service (B to C, C to C)

- Commerce Portal & Commerce Gateway
- Electronic Money/Cyber Cash, Security
- Virtual Shopping, Cyber Finance (Banking,Stocks, Action, Insurance, etc.)
- Voice/Digital Writer /Biometrics Application Service

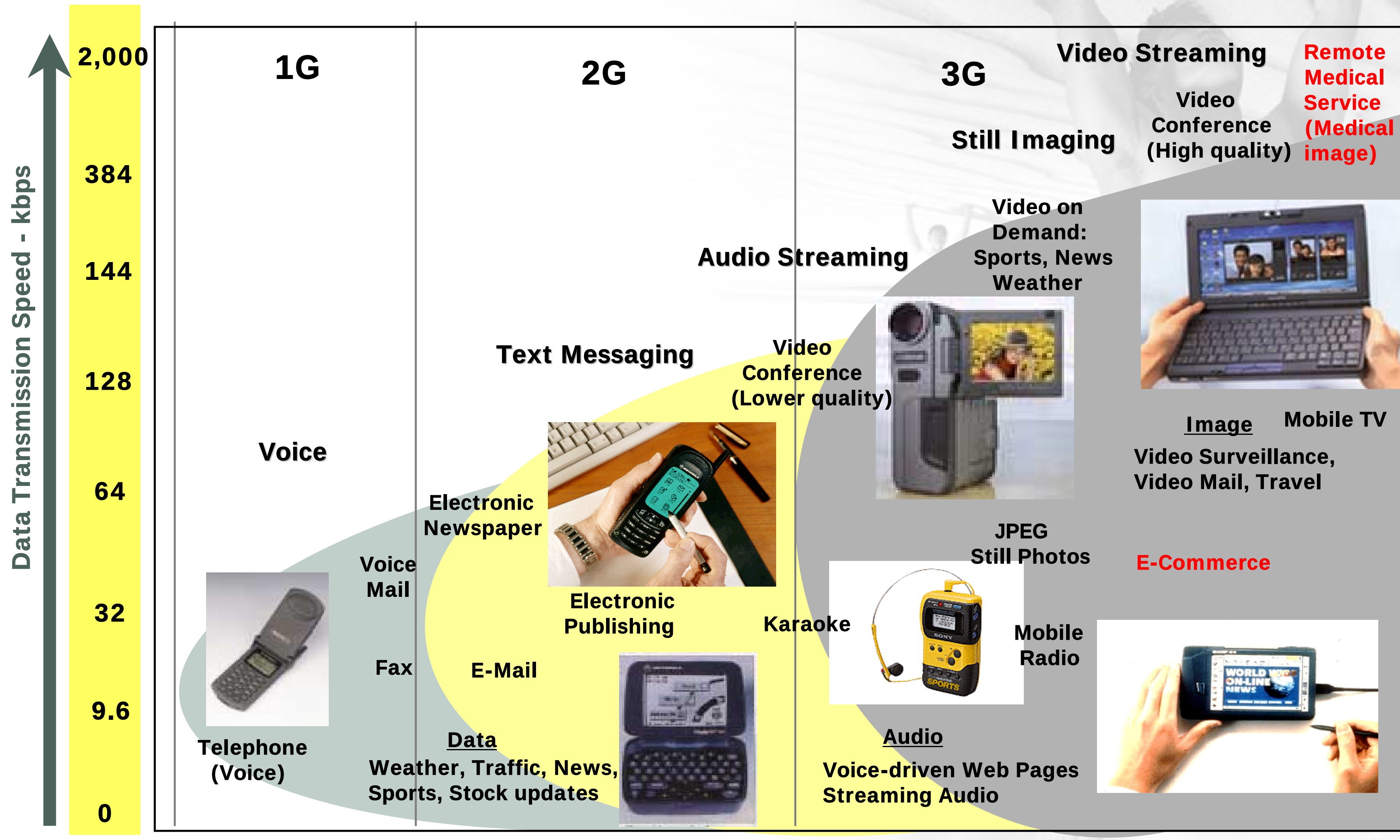
Entertainment · Education Service

- Virtual Campus, Virtual Studio, e-Book, Network Library
- Internet Broadcasting , e-Music, MOD, VOD, Network Game, Multimedia Kiosk

Home Networking, Regional Networking

- Home Networking / Remote Control
- Home Care, Tele Medicine

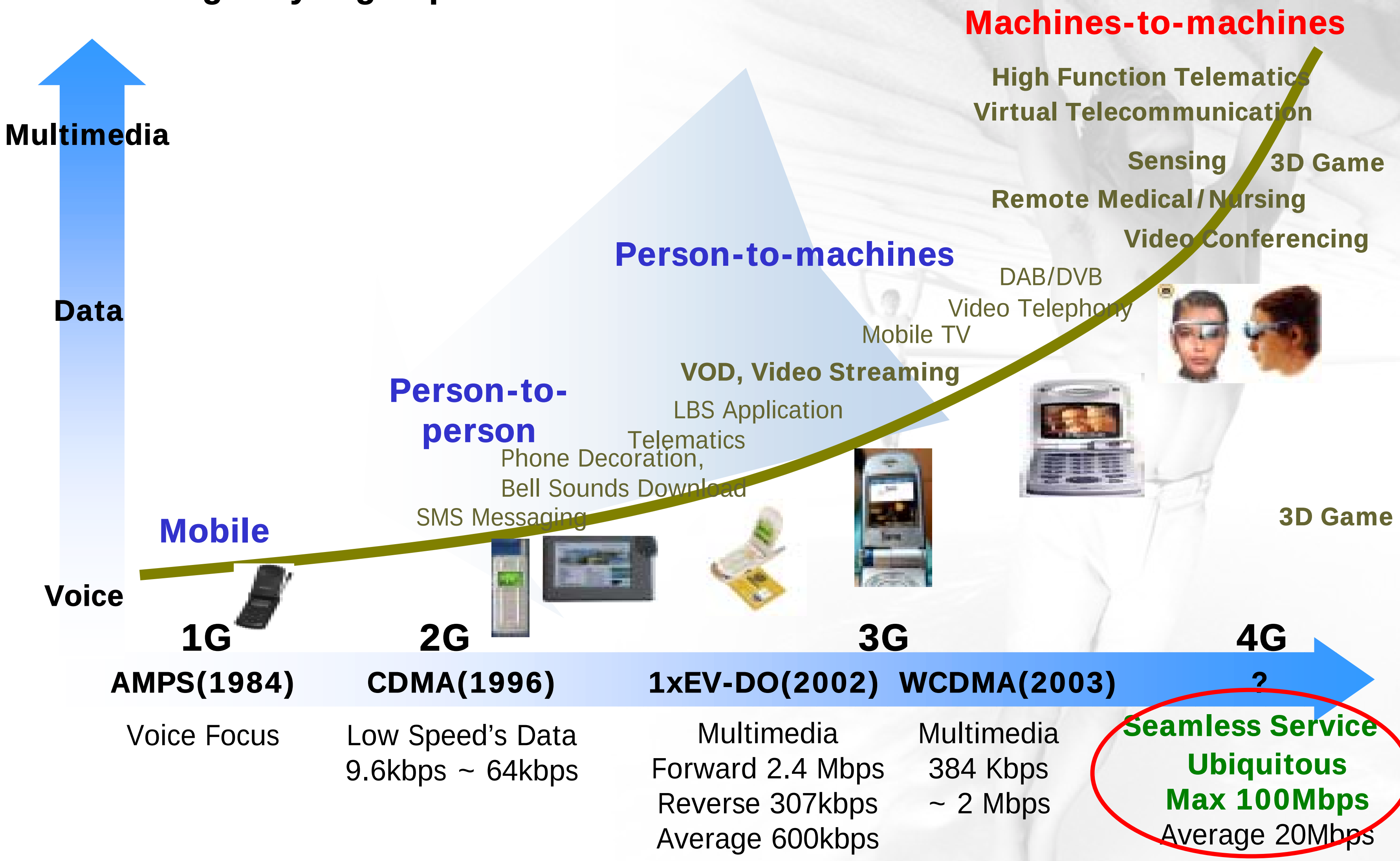
- **Through Wired & Wireless Market Synergy Based on High Speed Infra, Customers Will Be Satisfied and Enjoy End-Benefit In Real Time.**



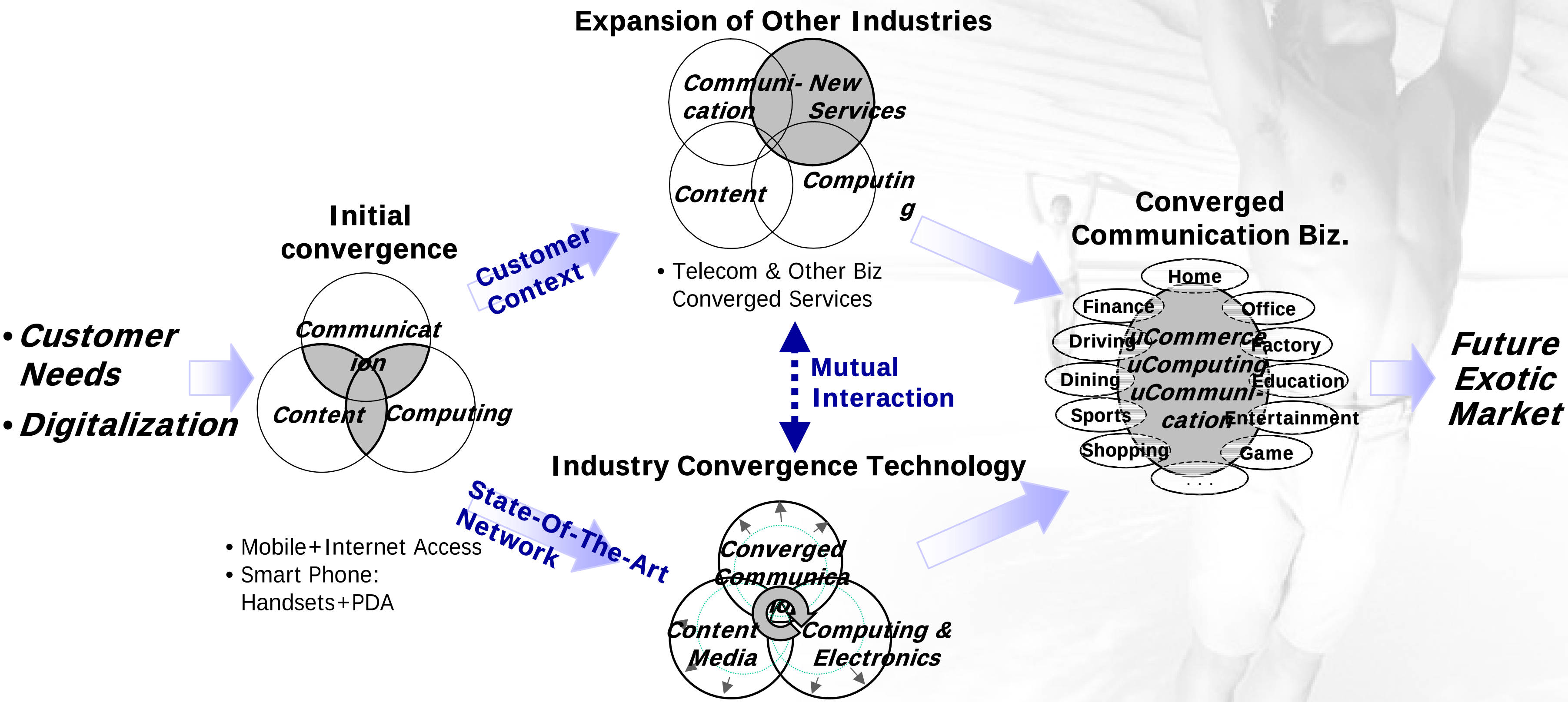
III. Market Paradigm Shift

Convergence &Ubiquitous

- **Providing Very High Speed Multimedia Services**



Future Market Movement By Mobile Centered Convergence Environment



• Various Comm. Methodology’s Integration
• Mmultifunction Terminal
• Artificial Intelligence and Wearable Computing, etc.