



SK networks — Profile 2019

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From its beginning in 1953 as Sunkyung Textiles, the precursor to SK networks, SK Group has been constantly driving change and innovation to evolve into Korea's leading company that is also recognized on the global stage.

Each of the SK affiliates has been sharpening competencies and successfully seeking new growth engines in their respective fields of Energy & Chemicals, ICT & Semiconductor, and Logistics & Service. We will continue to evolve to meet market demand and strive to create value that delivers happiness to our stakeholders.



Energy & Chemicals

As Korea's leading energy and chemical company, SK is pursuing technology innovation and global competitiveness in electric car batteries, chemicals and biopharmaceuticals, in addition to energy development, along with manufacturing and sales of petroleum products.

SK innovation • SK energy • SK global chemical • SK lubricants • SK incheon petrochem
SK trading international • SK discovery • SK chemicals • SK gas • SKC • SK E&S
SK biopharmaceuticals • SK biotek

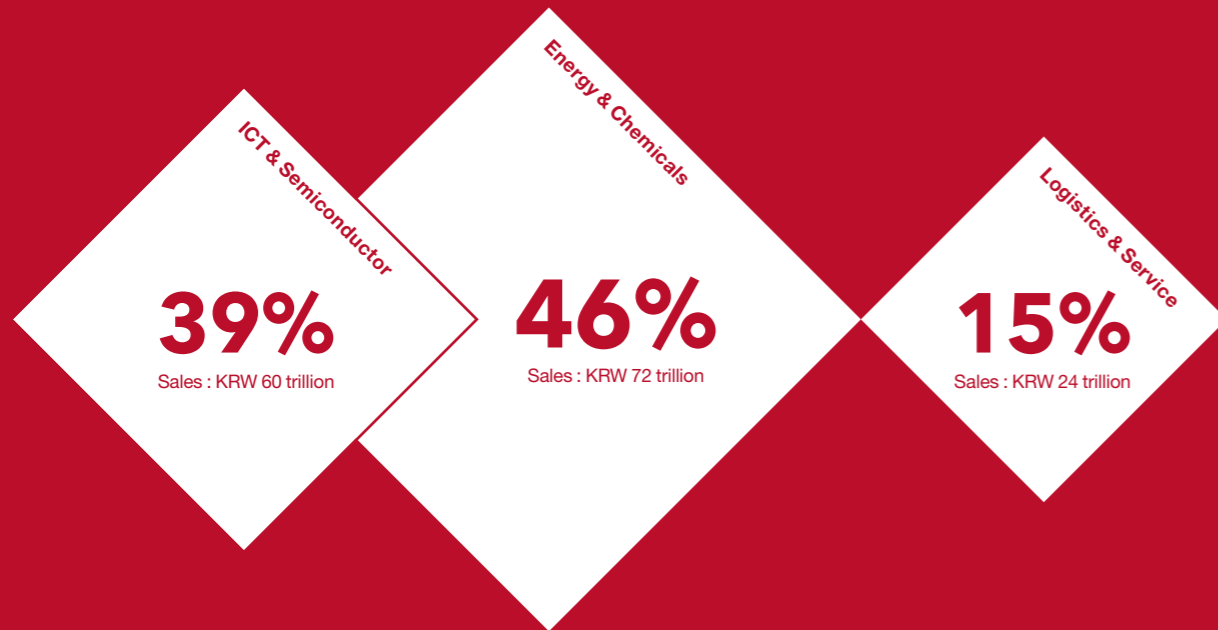
SK Group Overview

SK Group's
Total Revenue in 2018
KRW 157 trillion

Fortune Global 500
(2018)
No. 84

No. of Domestic Affiliates
(as of March 2019)
107

No. of Global
Subsidiaries & Offices
271



ICT & Semiconductor

As a provider of world-class semiconductors and IT services, SK is harnessing accumulated knowledge and technology to propel sustained growth. Going forward, we will concentrate our efforts in playing a central role in the ICT industry and evolving into a global semiconductor company.

SK telecom • SK hynix • SK planet • 11street co.,ltd • SK broadband
SK telesys • SK telink • ADT CAPS • SK materials • SK siltron

Logistics & Service

SK is creating new value centered on our customers through business innovation. We are bringing diverse means including logistics, distribution, lifestyle infrastructure, hotel service, construction, and finance.

SK networks • SK magic • SK E&C





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Customer Value EXPLORER



SK networks, always with our customers!

SK networks constantly seeks new services in customers' daily lives to deliver innovative value and enrich lives. We connect today with customers' future value and present new direction as 'Customer Value Explorer.'

We are expanding our global horizons and ushering in the future of ICT with Global Business; delivering 'smart car life' and fueling services with Mobility; providing creative and diverse cultural experiences through Walkerhill; and making life more convenient with Rental Appliances.

SK networks serves customers as their partner in life by innovating customer value and exploring future value.

2019 Management Strategy

SK networks is innovating corporate value for future growth in our role as ‘Customer Value Explorer.’ We are also creating a corporate culture that fosters ‘employee happiness and enhanced value.’

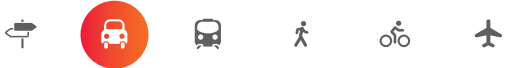
Based on such efforts, we will set bold objectives that raise customer value and achieve the objectives through proactive communication and continuous business innovation to deliver new, customer-oriented value.




Value-added Explorer

On the global stage

Through international experience amassed over more than 50 years, we have secured outstanding global sourcing ability, market intelligence and strategic networking that gives us a distinct competitive edge and stable profit structure. Going forward, we will advance our business model and expand our business scope based on global partnerships.






Domestic

Overseas

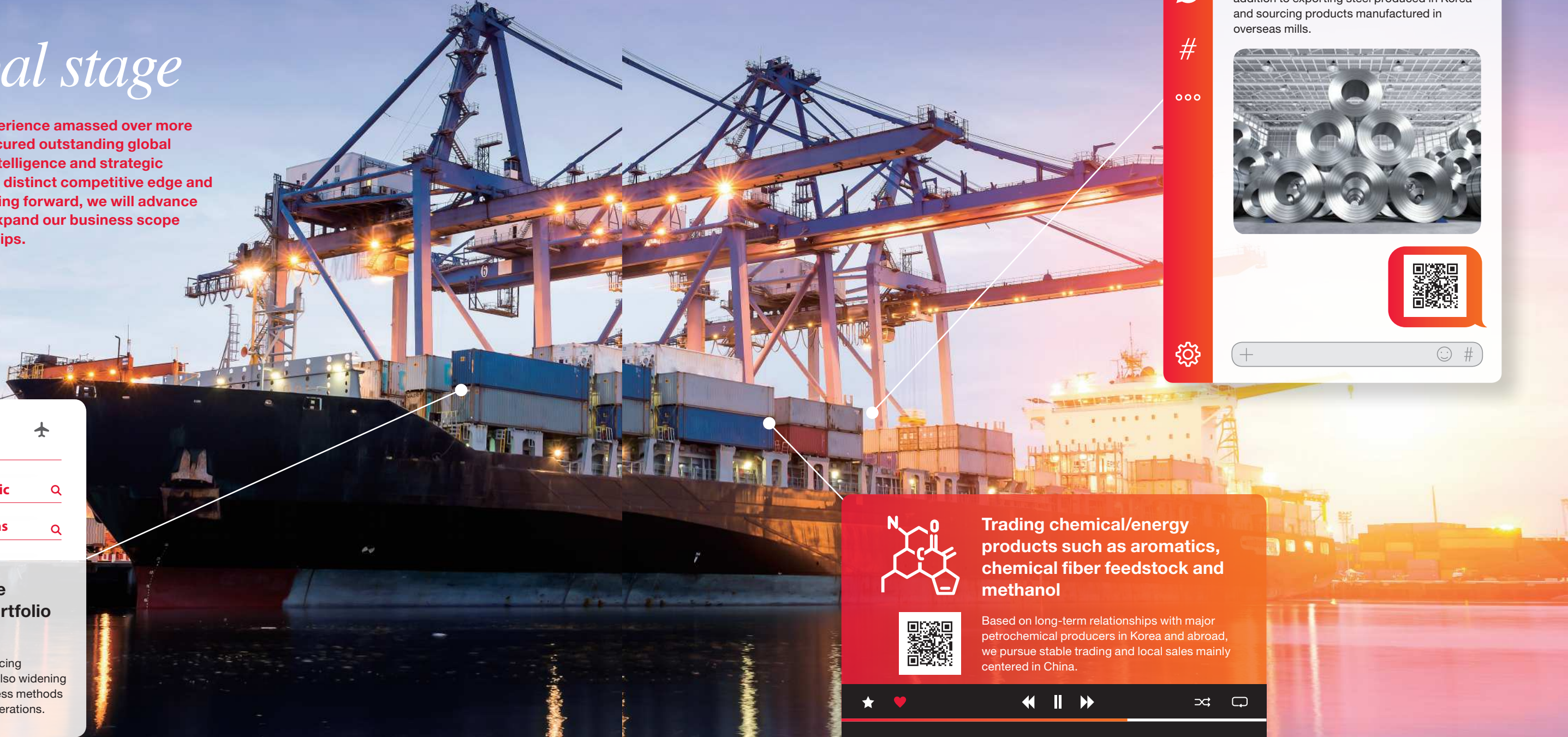
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Securing stable automotive operations via business portfolio diversification



We are expanding global sourcing providers and markets while also widening our scope of items and business methods to diversify our automotive operations.



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Trading steel manufactured in domestic and overseas mills

We are expanding our business through trade diversification by boosting tripartite trade in addition to exporting steel produced in Korea and sourcing products manufactured in overseas mills.

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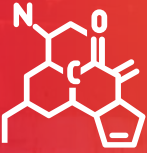





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Trading chemical/energy products such as aromatics, chemical fiber feedstock and methanol



Based on long-term relationships with major petrochemical producers in Korea and abroad, we pursue stable trading and local sales mainly centered in China.

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Innovation Explorer

With differentiated mobility service

We enhanced customer convenience and widened our service range with the launch of 'Most', our integrated mobility membership service (covering gas stations, car wash, repair/maintenance, tires, ERS, rental cars). SK networks will deliver distinctive value and new experience to customers through its mobility life platform.



Developed Korea's first refueling O2O platform, Most

Harnessing our competitive advantage, we offer unique services, multi-purpose gas stations and membership program such as our customer-oriented 'O2O (online to offline) gas filling service'.



Emergence as No.1 brand in automotive aftermarket

Speedmate is moving beyond the no.1 brand in car maintenance/repair service to emerge as the no.1 brand in the automotive aftermarket.



Sustaining growth driven by differentiated total car life service

Growing at the fastest pace among its peers, SK rent-a-car is enhancing customer satisfaction with its differentiated service infrastructure and membership service.



Maintaining market leadership in domestic petrochemical sales

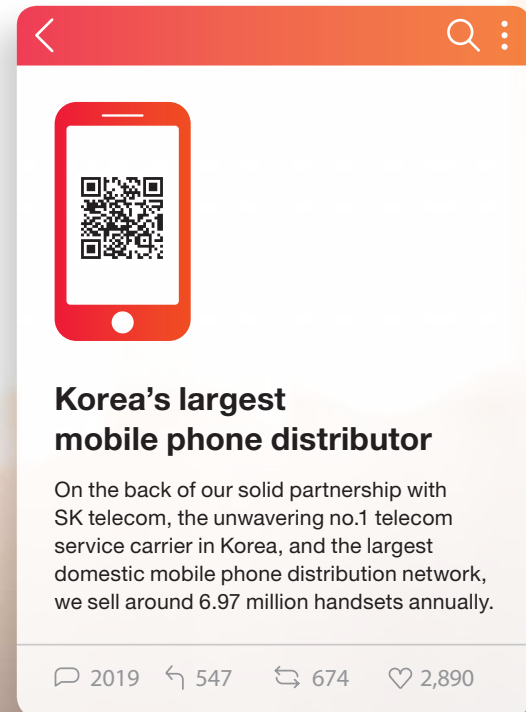
In addition to supplying petroleum products (gasoline, kerosene, diesel) through our nationwide mobility station network, we are engaged in asphalt sales and the bunkering (fuel for ships) business.



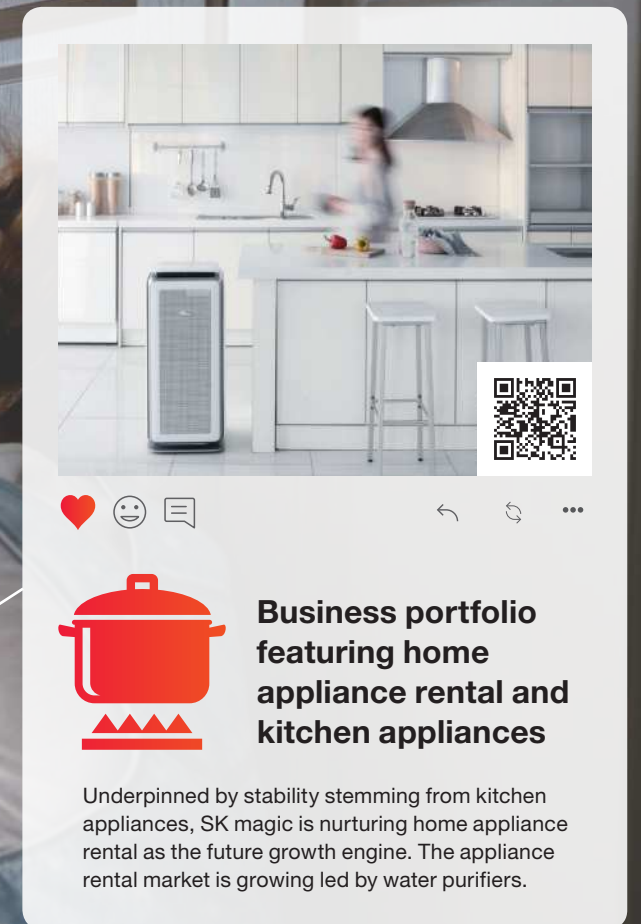
Quality Explorer

Offering happy lifestyles

Drawing on its unique competencies and knowhow, SK networks has built a reputation as a company that is trusted and admired by customers. We develop products and services that create value for our clients and strive to realize happy lifestyles suited to customers' diverse preferences and experiences.



A social media post with a red header bar containing a back arrow, a search icon, and a three-dot menu. The main content features a red-bordered smartphone icon with a QR code on its screen. Below the icon, the text reads: "Korea's largest mobile phone distributor". A paragraph follows: "On the back of our solid partnership with SK telecom, the unwavering no.1 telecom service carrier in Korea, and the largest domestic mobile phone distribution network, we sell around 6.97 million handsets annually." At the bottom, there are icons for comments (2019), replies (547), retweets (674), and likes (2,890).



A social media post with a white background and rounded corners. It features a photo of a modern kitchen with a white countertop and a tall, narrow appliance. A QR code is overlaid on the bottom right of the photo. Below the photo are icons for a heart, a smiley face, a comment bubble, and a share icon. The text reads: "Business portfolio featuring home appliance rental and kitchen appliances". A paragraph follows: "Underpinned by stability stemming from kitchen appliances, SK magic is nurturing home appliance rental as the future growth engine. The appliance rental market is growing led by water purifiers."



A social media post with a red background and rounded corners. It features a white icon of a hotel building and a briefcase. The text reads: "Domestic hotel leader enriching lives with in-house brands and high-quality services". A QR code is overlaid on the left side. A paragraph follows: "Walkerhill is spearheading advances in the domestic hotel industry. Drawing on the organic link among the different business units, it aims to deliver more creative services and grow into a hotel most preferred by customers."

CEO's Message

Dear shareholders and customers

The year 2018 presented challenging business conditions but we managed to post results on par with those of the previous year. In particular, by boldly investing in the car rental business which will serve as an axis for growth, we prepared the groundwork for future development. The successful acquisition of AJ Rent-a-Car allowed us to close the gap with the leader in the car rental industry. Meanwhile SK magic solidified its position in the home appliance rental market by passing the 1.5 million mark in accumulated domestic rental accounts and also took its first step overseas by establishing a subsidiary in Malaysia.

The coming year is predicted to bring yet even more challenges. The US-China trade war and rising trade protectionism around the world are intensifying uncertainties on the international stage. On the home front, a sluggish domestic economy and various systematic changes are likely to place a heavier burden on companies. In sum, we expect to face unprecedented headwinds both at home and abroad.

However, past experience and knowhow from having overcome numerous crises and difficulties is imprinted on our corporate DNA. We can once again turn challenges into an opportunity to spur innovation. We believe 2019 can be the year in which SK networks is able to raise its sail in earnest and head toward our goal of becoming a global leading firm. To this end, we plan to focus on the following tasks.



Chairman and Representative Director
Choi Shin Won

One, we will produce real results from future growth businesses.

By boldly investing in SK magic and the acquisition of AJ Rent-a-Car, we readied preparations to emerge as a leading company in the sharing economy. These businesses are now poised to produce results that will drive SK networks' growth. We will invest in SK magic to realize drastic improvements in technology, design and service levels to improve customer satisfaction and trust, and ultimately write a success story in the overseas market. Furthermore, we will maximize synergies in the rental car business to deliver differentiated value and novel experiences to more customers.

Two, we will strengthen existing businesses and group-wide risk management.

It is imperative for businesses to secure the competencies to survive and thrive as they face formidable challenges both at home and abroad. As such, SK networks will nimbly respond to domestic and international changes and build a sustainable business model by diversifying clients and products. Moreover, we will accurately analyze various risks in advance for quick and flexible responses so that we can strengthen our financial soundness and build greater trust with stakeholders.

Three, we will evolve to add social value through our business activities.

Companies today are required to co-exist and co-prosper with society. This is regarded as an essential value guiding how companies do business. SK networks will also explore and realize ways to add social value throughout our businesses. We will make 2019 the year in which we create deeper connections between economic and social values. To this end, we plan to upgrade our management system - from our business model in addition to evaluation and compensation systems.

Four, we will strive to build a happy company with happy employees.

Our objective is to create a happy corporate culture where members treat each other with respect and consideration, and strive together towards our goal of delivering satisfaction to customers. This requires embracing changes through horizontal communication and the taking root of an open culture that respects diversity. Employees will also need to learn core skills and competencies required of today's digital transformation, in order to grow as talents who can proactively respond to the fast-changing business environment.

This year marks a new stage of growth for SK networks based on the foundation that we have continued to fortify. By realizing value innovation for our customers, shareholders, society and employees, we aim to achieve future growth. The joint pursuit of profitability and growth will enable us to deliver value to our customers and society, and propel us further on our trajectory towards becoming a global leading company.

Thank you for your continued support and interest.



Representative Director
Park Sang Kyu

Board of Directors

Creating future value through transparent management

SK networks has established an advanced corporate governance structure, as indicated by separation of the chairman and BOD chairman and the autonomous operation of the Audit Committee. We practice transparent management to create healthy value for the future for the benefit of our clients and investors.

1. Board of Directors

<p>Choi Shin-won CEO / Chairman</p>	<p>Park Sang-kyu CEO / President</p>
<p>Cho Dae-sik Non-Executive Director / Chairman of the SUPEX Council</p>	<p>Hur Yong-suk Outside Director / Chairman of the BOD / Advisor, Samil Accounting Firm</p>

2. BOD Committees

Audit Committee

Members : 4 outside directors (Hur Yong-suk, Lee Cheon-sei, Ha Yung-won, Jeong Seok-woo)
Role : Audit management activities, examine soundness and validity of financial activities, check accuracy of financial statements along with validity of accounting standards and changes in accounting estimates

Nominating Committee for Outside Directors

Members : 1 inside director (Park Sang-kyu, CEO), 2 outside directors (Lee Cheon-sei (Committee Chair), Im ho)
Role : Establish process for nomination of outside directors, form pool of candidates, nominate candidates, BOD rules apply to the Nominating Committee for Outside Directors Committee

Delivering trust and conviction to shareholders and customers

Enhanced transparency in corporate governance

We have introduced various systematic measures to ensure BOD-centered management in order to maximize shareholder returns. These include the appointment of an outside director as chairman of the BOD. The BOD and the BOD committees carry out thorough assessment of the company's major business activities and ensure a system of checks and balances. Their activities are supported by the BOD secretariat.

Strengthened audit function

The Audit Committee is composed of outside directors who have vast knowledge and experience in their respective fields of expertise. In addition to autonomy, the committee has the authority to keep the BOD and the CEO in check. A permanent office has been set up to support the committee so that it can carry out its duties with proficiency and efficiency.

Greater accounting transparency and compliance activities

We upgraded our internal controls and are actively applying a system to have financial documents certified by the CEO. This has resulted in heightened credibility from shareholders and financial institutions. The introduction of a compliance officer system has also strengthened management stability through rigorous compliance standards.

Ethical management

In addition to enhancing transparency to maximize shareholder profits, we aim to fulfill our duties and responsibility to partner firms, customers and even competitors to foster a corporate culture that contributes to the greater social good. To this end, we introduced ethical management for all employees and adopted a detailed Code of Conduct.

<p>Lee Cheon-sei Outside Director / Partner, Dongin Law Group</p>	<p>Ha Yung-won Outside Director / Professor of Marketing, Sogang University</p>
<p>Im Ho Outside Director / Lawyer and Professor (Intellectual Property Law), Hongik University</p>	<p>Jeong Seok-woo Outside Director / Professor of Accounting, Korea University</p>

At a Glance

2018

May

The 7th Korea-Brazil Business Forum

The Korea-Brazil Business Forum was held to discuss the business environment in Brazil, which is receiving the spotlight as a promising market, and strategies for Korean companies' expansion into the local market.

The event is jointly organized by the Korea Brazil Society (chaired by SK networks chairman Choi Shin-won), Korea Institute for International Economic Policy, Korea Chamber of Commerce, and Ministry of Foreign Affairs. Held since 2012, the forum has helped to promote business ties and boost trading and investment between the two countries.



Mobility-related service agreement with BC Card

SK networks signed an MOU with BC Card to provide a wider range of mobility services. Mobility and homecare are regarded as core businesses of the future at SK networks. According to the MOU, the two companies plan to unveil joint services featuring the majority of benefits provided by SK networks' Most (app) as well as mobility services not offered by Most within the year's end.

June

SK networks chairman Choi Shin-won receives global management award

On June 30, SK networks chairman Choi Shin-won received the 'Global Business Leader' award at the 2018 APAIB-UN Joint Conference, jointly sponsored by the Asia Pacific Academy of International Business (APAIB, chairman Shin Geon-cheol) and the UN. Mr. Choi was acknowledged for his dedication to resolving major global issues including relief for refugees. In addition to carrying out global business activities, he has made valuable contributions as a member of the United Way Worldwide Leadership Council and the UN Global Compact (UNGC) Korea.



KCC I&C and SK networks launch connected car service based on rental cars

KCC I&C and SK networks will offer automotive control service that collects and analyzes real-time data on a vehicle's conditions using Internet of Things (IoT). The IoT service marks the first phase of connected cars. The two companies will cooperate to discover new business models related to the connected car platform such as automobile maintenance and insurance.

July

Agreement with Mesh Korea to set up urban logistics platform

SK networks concluded an agreement with Mesh Korea to build an urban logistics platform that will mainly handle food and beverage products.

Mesh Korea is an IT-based logistics start-up that operates the VROONG brand. Under the agreement, 'VROONG Station' will be set up within SK networks' directly run gas stations. The two companies plan to devise business models using gas stations as a retail foothold and secure future growth drivers using new logistics infrastructure.

August

Most and KakaoMap join forces for mobility life platform

Most, SK networks' integrated mobility membership service, will join forces with KakaoMap, the mobile map app offered by Kakao, to realize a mobility life platform. The collaboration is expected to produce synergies by combining SK networks' accumulated knowhow in mobility with KakaoMap's cutting-edge service and infrastructure.

Expansion into Indonesian steel market

SK networks has signed an MOU with Krakatau Steel of Indonesia to strengthen its steel business in Southeast Asia. The MOU is expected to facilitate expansion into the Indonesian steel market and enhance competitiveness in sourcing steel products for the Southeast Asian country. Going forward, SK networks hopes to grow its steel business in Indonesia to the USD 200 million range.

Fostering social value with the launch of Mobility Bank

Mobility Bank is a business model that creates social value by using SK rent-a-car's vehicles returned early to help underprivileged people facing mobility issues due to financial and other reasons. Under the model, the minivan Damas is rented out for free for one-year to social enterprises that create social value using the vehicle. With Mobility Bank just in its first year of operation, SK networks plans to continue upgrading the business model to build greater value for society.

September

SK rent-a-car grabs no.1 spot in 2018 NCSI (National Customer Satisfaction Index)

SK rent-a-car captured the no.1 spot in the 2018 National Customer Satisfaction Index (NCSI). The recognition can be attributed to SK networks' nationwide network of gas stations and integrated mobility membership service based on Speedmate. SK rent-a-car is delivering satisfaction to customers with wide-ranging products and services that span from gas stations to car washes, auto repair/maintenance, tires, ERS (emergency road service) and parking.



Opening of 'IoT room' at Vista Walkerhill Seoul, Korea's first hotel with AI service in all rooms

Vista Walkerhill Seoul held the grand opening of IoT rooms featuring SK telecom's artificial intelligence (AI) service 'Nugu' on September 17. The soft opening of some of the hotel rooms with the AI service took place last August. After a one-month trial run, during which user patterns were identified, the AI system was enhanced and applied to all 250 rooms at the hotel. Vista Walkerhill Seoul is the first hotel in Korea offering AI service in all of its rooms.

SK networks BOD approves acquisition of AJ Rent-a-Car

SK networks revealed that the BOD approved the acquisition of a stake in AJ Rent-a-Car at a meeting on September 21. According to the disclosure, a 42.24% stake held by AJ Rent-a-Car and related parties will be acquired for KRW 300 billion, and the stock purchase agreement is set to be concluded within the day. The combination of expertise and assets held by SK rent-a-car and AJ Rent-a-Car is expected to generate considerable synergy.

October

Collaboration with SK telecom on automobile data and platform

SK networks and SK telecom are jointly developing a new rental car service for SK rent-a-car based on a dedicated IoT network and connected car platform. The cooperation will result in diverse and stable services by using Smartlink, a system for managing vehicle use data launched by SK networks in 2016, and the automotive IoT platform Smart Fleet and dedicated IoT network 'LTE Cat.M1' run by SK telecom.

SK networks and Hyundai Motor to build 'mobility lifestyle charging station'

On October 31, SK networks and Hyundai Motor signed an agreement to create the 'mobility lifestyle charging station', which refers to a forward-looking, eco-friendly charging station that can give a fresh boost to people and automobiles in terms of both mobility and lifestyle. In addition to increasing customer convenience in the age of electric vehicles, mobility lifestyle charging stations will offer users a place for rest and rejuvenation and serve as regional landmarks that bring local communities closer together.



December

Entry into Malaysia's home appliance rental market

The launch ceremony for SK Networks Retails Malaysia, SK networks' home appliance subsidiary, took place at Shangri-La Hotel in Kuala Lumpur. SK networks has been eyeing entry into overseas markets by drawing on SK Group's vast global network. Plans for penetration into Malaysia's home appliance rental market were drawn up based on market and customer surveys conducted between April and June. Subsequently, the SK Networks Retails Malaysia opened its office in October.



SK magic receives honors for three products at 2018 Good Design Award

Household appliance provider SK magic has been acknowledged for its design competitiveness, with three products receiving honors at the 2018 Good Design Award. The three are 'Touch On' dishwasher, 'Flex Zone' induction range and 'Bubble Wash' bidet. Touch On has also won global recognition, receiving awards at the Red Dot Design Award of Germany, the IDEA Design Award of Japan. In November, Flex Zone and Bubble Wash were acknowledged for their outstanding designs at the Pinup Concept Design Awards.

2019

March

Agreement with Daeyoung Chaevi to expand EV charging infrastructure

SK networks signed an agreement with Daeyoung Chaevi, a company specializing in EV charging, for the expansion of EV (electric vehicle) charging infrastructure. The two sides will utilize their respective assets and competencies for mutual benefits. Under the agreement, they will install EV chargers at SK networks' directly run gas stations and create business models based on EV users and charging times.

April

Speedmate ranks no.1 in K-BPI (Korea-Brand Power Index) for 17 years in a row

SK networks' Speedmate ranked in first place in the K-BPI (Korea-Brand Power Index) in the car maintenance category for the 17th consecutive year. Since launching auto repair/maintenance operations in 1999, Speedmate has been leading the domestic automotive aftermarket with reliable services, systematic CS (customer satisfaction) management, standardized prices, and high work quality. The scope of operations has continued to expand to include emergency road service (ERS), parts for imported vehicles, tire distribution and auto part exports.



BUSINESS OVERVIEW

SK networks is engaged in a wide range of businesses. The global trading division is centered on industrial goods such as chemicals, steel and automotive products. The ICT division distributes mobile phones and other ICT devices. The mobility division supplies petroleum products across Korea in addition to offering car rental and car repair/maintenance services. The business scope also includes household appliance and rental provided by SK magic as well as hotel and resort operations.



18p~21p

Global

Thanks to global business knowhow accumulated over more than 50 years, we have secured a competitive edge in global sourcing, market intelligence and strategic networking. These strengths are applied to our global trading business which centers on industrial goods such as chemicals, steel, automotive and coal. Through our global network and outposts, we have established a solid profit structure and will continue to sustain growth.

- Chemical
- Steel
- Automotive
- Coal

FY2018 Sales (Unit : KRW in billion)

5,410.3

ICT Marketing

Our ICT business maintains a solid lead as the nation's no.1 mobile phone distributor. The leadership is based on the most expansive mobile phone distribution network in Korea and annual sales of around 6.97 million handsets. In addition to mobile phones, we continue to expand the range of ICT products offered to tablet PCs, IoT devices related to smart homes and ICT accessories.

- Mobile Phones
- Distribution Service
- ICT Devices

FY2018 Sales (Unit : KRW in billion)

5,184.2

(including SK networks service's KRW 323.5 billion)



22p~23p



24p~27p

Mobility

The Most division is securing distinctive competitiveness through the nationwide Mobility Station network. SK rent-a-car continues to grow backed by its total car life service, while Speedmate is evolving from the no.1 brand in car maintenance to the no.1 brand in the automotive aftermarket.

- Car Rental
- Most
- Speedmate

FY2018 Sales (Unit : KRW in billion)

2,483.9

Hotels & Resorts

We provide truly multi-cultural space to customers through our unique hotel brands and service including Grand Walkerhill Seoul, Vista Walkerhill Seoul, Incheon Airport transit hotel and premium lounge. We are sustaining growth with launching of Darakhyu, the first airport capsule hotel in Korea and Douglas House, the secluded hideaway in the woods.

- Grand Walkerhill Seoul
- Vista Walkerhill Seoul
- Douglas House
- External Business

FY2018 Sales (Unit : KRW in billion)

256.8

(including PINX)



28p~31p

Rental Appliances

SK magic, which joined the SK networks family in November of 2016, is extending its reach from home appliances to the growing market for appliance rental. Having built a strong reputation at home over more than three decades, the company is pursuing expansion into global markets by taking advantage of the extensive overseas network of SK.

- Rental
- Home Appliances

FY2018 Sales (Unit : KRW in billion)

656.0

(Based on 2018 SK networks Annual Report)



32p~35p

Global

Evolution into a leading global trading company



No. of Global Outposts
28 (in 17 countries)

FY2018 Exports (Unit : USD in billion)

4.5

Chemical

The chemical division's products comprise raw materials for the petrochemical industry, including chemical fiber raw materials (PX, PTA, MEG, etc.), aromatics (BZ, SM, Tol, MX, etc.), methanol, solvents and PU materials. The division works with long-term partners that are major global petrochemical producers from Korea and overseas to carry out stable trading and local sales (Korea/China).

We have been steadily expanding our coverage in China, the largest consumer in the world. In addition, we are expanding to the Americas and Southeast Asia in line with the shift in market demand for petrochemicals and developing new businesses to continue nurturing our chemical business.

- ※ PX : Paraxylene
- ※ PTA : Purified Terephthalic Acid
- ※ MEG : Monoethylene Glycol
- ※ BZ : Benzene
- ※ SM : Styrene Monomer
- ※ Tol : Toluene
- ※ MX : Mixed Xylene
- ※ PU : Polyurethane
- ※ PET : Polyethylene Terephthalate



Trading chemical/energy products such as aromatics, chemical fiber feedstock and methanol.

Thanks to global business knowhow accumulated over more than 50 years, we have secured a competitive edge in global sourcing, market intelligence and strategic networking. These strengths are applied to our global trading business which centers on industrial goods such as chemicals, steel, automotive and coal. Through our global network and outposts, we have established a solid profit structure and will continue to sustain growth.

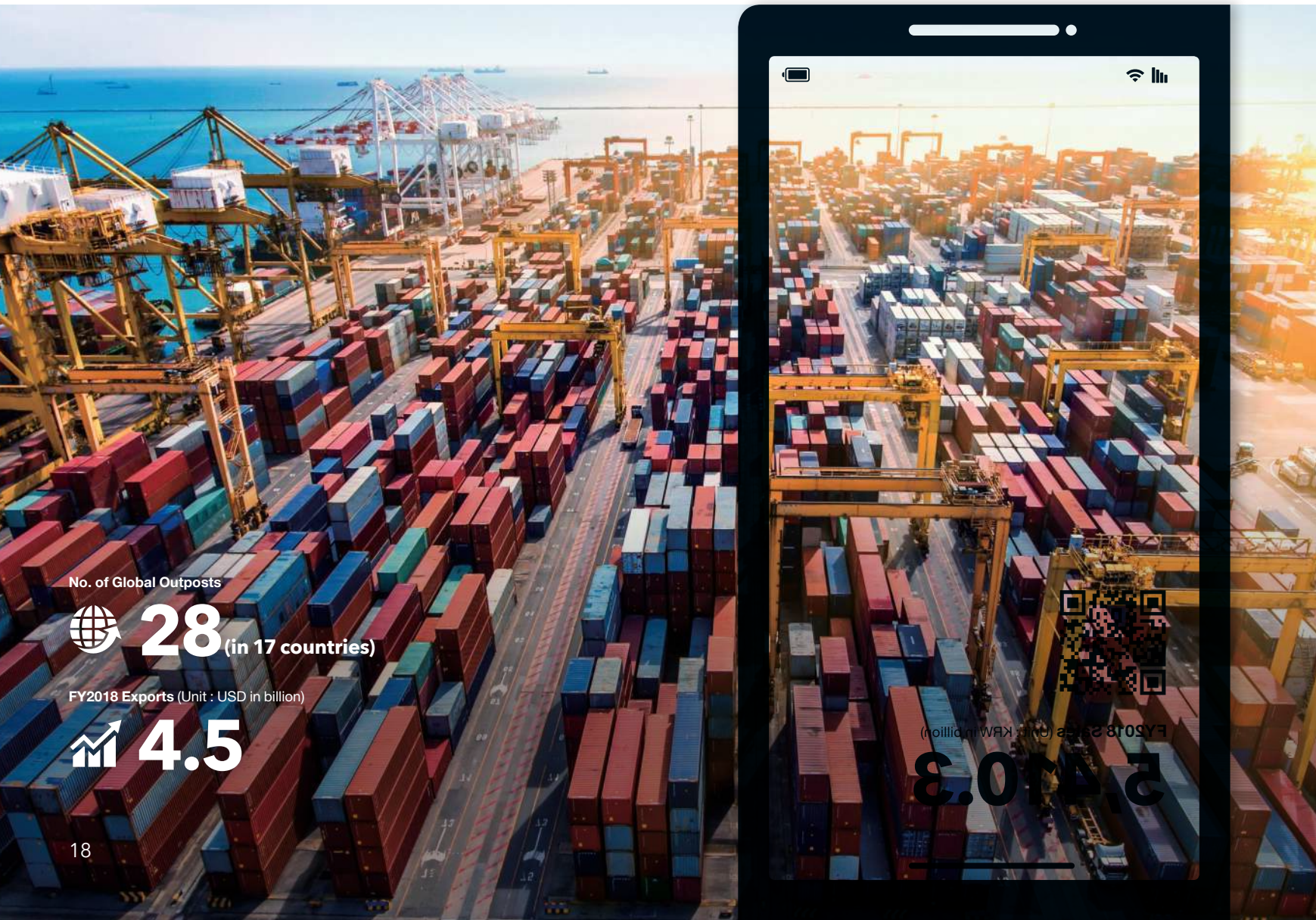


FY2018 Sales (Unit : KRW in billion)

5,410.3

Global

Evolution into a leading global trading company



No. of Global Outposts
28 (in 17 countries)

FY2018 Exports (Unit : USD in billion)

4.5

Chemical

The chemical division's products comprise raw materials for the petrochemical industry, including chemical fiber raw materials (PX, PTA, MEG, etc.), aromatics (BZ, SM, Tol, MX, etc.), methanol, solvents and PU materials. The division works with long-term partners that are major global petrochemical producers from Korea and overseas to carry out stable trading and local sales (Korea/China).

We have been steadily expanding our coverage in China, the largest consumer in the world. In addition, we are expanding to the Americas and Southeast Asia in line with the shift in market demand for petrochemicals and developing new businesses to continue nurturing our chemical business.

- ※ PX : Paraxylene
- ※ PTA : Purified Terephthalic Acid
- ※ MEG : Monoethylene Glycol
- ※ BZ : Benzene
- ※ SM : Styrene Monomer
- ※ Tol : Toluene
- ※ MX : Mixed Xylene
- ※ PU : Polyurethane
- ※ PET : Polyethylene Terephthalate

Trading chemical/energy products such as aromatics, chemical fiber feedstock and methanol.

Thanks to global business knowhow accumulated over more than 50 years, we have secured a competitive edge in global sourcing, market intelligence and strategic networking. These strengths are applied to our global trading business which centers on industrial goods such as chemicals, steel, automotive and coal. Through our global network and outposts, we have established a solid profit structure and will continue to sustain growth.



Steel

Supplying steel products to buyers around the world, expanding customer contact points via local processing/distribution centers.

The steel division supplies overseas buyers with products made in Korea and abroad. We are actively involved in global trading with POSCO, Hyundai Steel, Dongkuk Steel and Dongbu Steel in Korea as well as steel mills in China and other regions such as Wuhan Iron and Steel, Anshan Iron and Steel, Jiangsu Shagang, Taiyuan Iron and Steel, and ArcelorMittal. Going beyond the export of Korean products, we are expanding the scope of our tripartite trade with the sourcing of overseas products.

Key items include hot-rolled coil, plates, cold-rolled coil, galvalume, long products and stainless steel products used in buildings, ships and home appliances. We export worldwide to China, Japan, Taiwan, India and Southeast Asia as well as the Middle East, Europe, the Americas and Australia.



Automotive

Supplying cars and related products to global buyers; pursuing customer base, product and regional expansion.



The automotive division supplies CKD, CBU, auto parts and other related products to the global market. Key items range from finished cars, CKDs and DKDs to auto parts and auto production equipment. Our major markets are based in the Middle East, Europe and Asia.

SK networks' automotive division began in 2014 with the export of Korean cars and auto parts to the Middle East. We expanded our operations by forming strategic partnerships with well-established buyers in 2016 and expanding into the Chinese-made car business in 2017. In particular, since 2018, we have ventured into new markets beyond the Middle East, such as Africa, Southwest Asia and Europe, to strengthen our profit base.

- ※ CKD : Complete Knock Down
- ※ CBU : Complete Built Up
- ※ DKD : Disassembly Knock Down

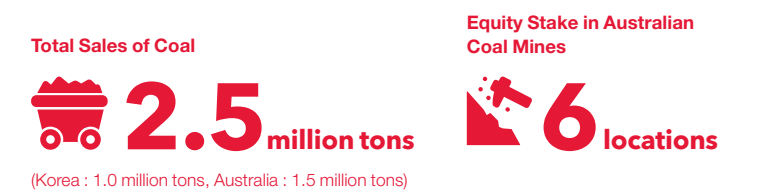
Coal

Carrying out domestic coal trade based on strategic partnership with prominent overseas companies, mainly in bituminous coal.



The coal division launched the resource development business in 2005 and has since invested in numerous mining development projects for coal, iron ore, copper, and other nonferrous metals. In 2013, we reorganized the business portfolio to concentrate our capabilities on the domestic coal trade and development of coal mines in Australia. Based on such efforts, we have steadily reinforced our market presence.

We are generating stable trading earnings on the back of effective management of investment assets and the trust of business partners. We plan to maintain growth through business portfolio expansion, item diversification and expanded global sourcing.



ICT Marketing

Promoting a happy digital life for customers via distribution of ICT products

FY2018 Sales of Mobile Phones

 **6.97** million

No. of Sales Agencies

 **Approx. 1,065**

Specializing in ICT sales and distribution with a focus on mobile devices.



ICT Marketing

Mobile Phones

SK networks is Korea's foremost mobile device distributor. With a mobile phone network and distribution infrastructure that spans the nation, we provide customers with the devices they want, whenever and wherever they need it. Based on a solid partnership with SK telecom, the country's no.1 mobile service carrier, we supply some 1,065 exclusive sales agencies with a variety of mobile devices made by domestic and foreign manufacturers. We also provide the agencies with credit loans, distribution service and sales consulting as part of our win-win business model. We plan to expand the role of SK networks' ICT business in the mobile phone market to secure profitability and stable growth.

Logistics Service

We provide differentiated value to our customers based on a nationwide logistics infrastructure and system we have built up during our more than 20 years of experience in ICT device distribution. Based on our distribution knowhow, we are expanding into third party logistics, storage & warehouse, and other related services. We plan to construct a new distribution center to expand our integrated logistics system which, in turn, will help us maintain and develop leading SCM capabilities.

ICT Devices

We supply a variety of smartphone-related accessories, package products, and VR and IoT devices to meet the demand for ICT devices and accessories. Demand for smartphone-related ICT devices and accessories has grown. With the advent of 5G technology, future growth is expected to be driven by IoT products such as VR devices and AI speakers. Our goal is to grow into a specialized ICT distributor that satisfies unmet customer needs with differentiated products and brands.



Our ICT business maintains a solid lead as the nation's no.1 mobile phone distributor. The leadership is based on the most expansive mobile phone distribution network in Korea and annual sales of around 6.97 million handsets. In addition to mobile phones, we continue to expand the range of ICT products offered to tablet PCs, IoT devices related to smart homes and ICT accessories.



FY2018 Sales (Unit : KRW in billion)

5,184.2

(including SK networks service' KRW 323.5 billion)


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FY2018 Sales of Mobile Phones

 **6.97** million

No. of Sales Agencies

 **Approx. 1,065**



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Mobility

Strengthen competitive advantage
with unique mobility service



Annual petroleum sales volume

4.7 million drums
(1 drum = 200 liters) (approx.)

No. of Most app subscribers

580,000

No. of gas stations

327 nationwide

No. of membership subscribers

1.46 million

Most

Energy Retail

In 2018, the energy retail business launched 'CLUB Most', the integrated mobility membership service that combines mobile gas station app Zamong with Happy Auto Members, the membership brand of SK network's directly run gas stations. The membership adds good price, convenience and fun, which are characteristics of mobile apps, to the traditional gas station business. It encompasses quality services in fueling, car washing, maintenance, tire, emergency roadside assistance, and car rental. We are leading the way in providing unique customer value through co-marketing programs and transforming gas stations into user-friendly spaces with a variety of food services (CU, McDonald's, Burger King, Krispy Kreme, etc.). Going forward, we will establish a sustainable business model that can maximize customer satisfaction through regular service evaluations, differentiated membership benefits, and diverse partnerships.

Asphalt and Bunker Oil Sales

We supply premium asphalt products across the nation and are expanding our product range beyond regular asphalt to include high quality asphalt products with outstanding durability. We also sell bunker C oil and marine lubricants to national flag-carrying vessels and inbound foreign vessels to Korea.



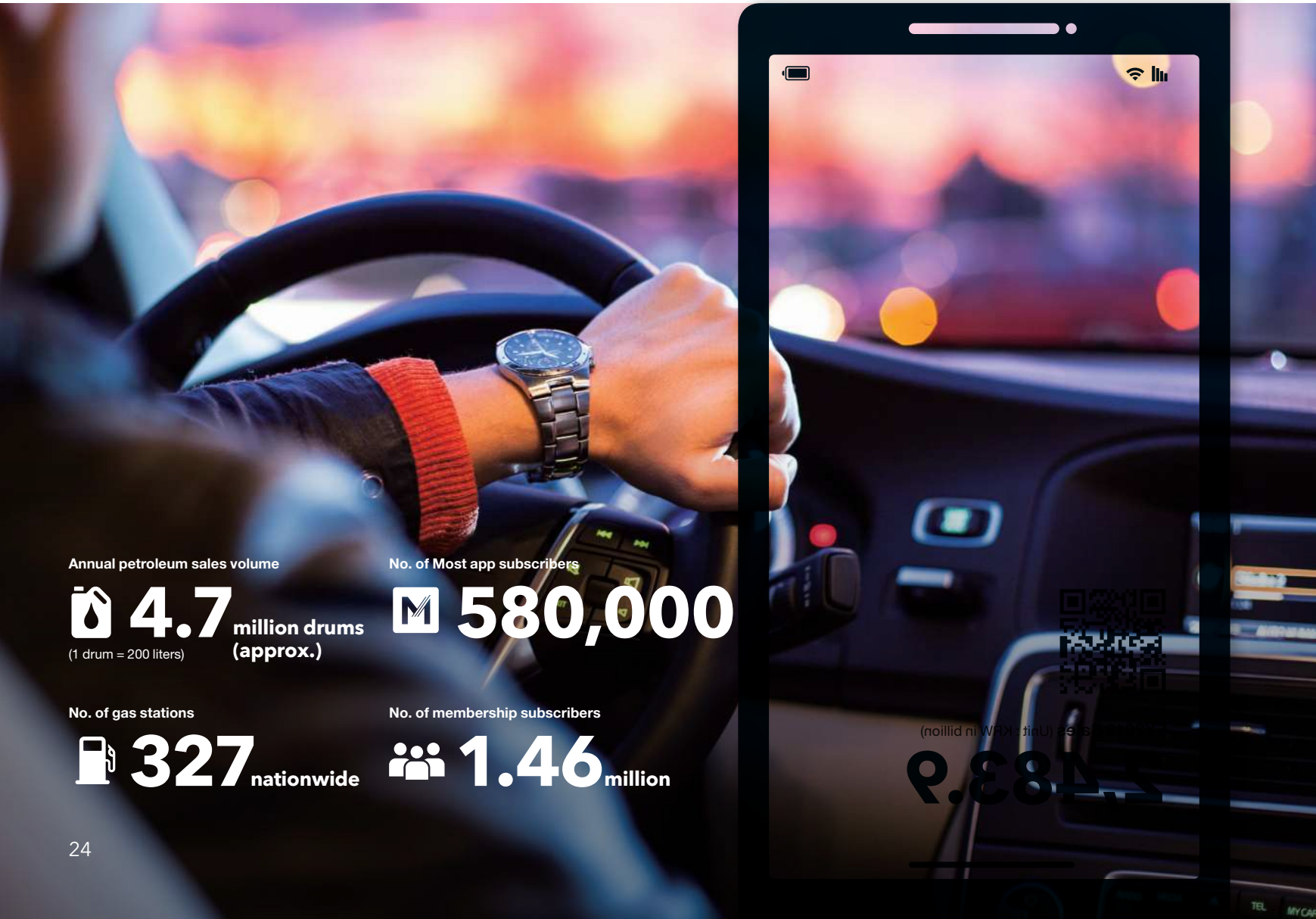
The Most business is harnessing its nationwide Mobility Station network to supply diverse petroleum products (gasoline, kerosene, diesel) and offer various customer services from car washing to quick service restaurants.

The Most division is securing distinctive competitiveness through the nationwide Mobility Station network. SK rent-a-car continues to grow backed by its total car life service, while Speedmate is evolving from the no.1 brand in car maintenance to the no.1 brand in the automotive aftermarket.

FY2018 Sales (Unit : KRW in billion)
2,483.9

Mobility

Strengthen competitive advantage
with unique mobility service



Annual petroleum sales volume

4.7 million drums
(1 drum = 200 liters)
(approx.)

No. of Most app subscribers

580,000

No. of gas stations

327 nationwide

No. of membership subscribers

1.46 million

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Car Rental

Individual Long-term Rentals

The individual long-term car rental service offers individuals and sole proprietors a 3-5 year contract to lease a brand new car. It is a convenient way to drive a new car as SK rent-a-car manages all auto-related details like taxes, maintenance, and insurance as well as accident and sales processing. The company also provides differentiated membership benefits like discounts for gas and maintenance service as well as free car wash. To further enhance customer convenience, we launched 'SK long-term rent-a-car direct' on March 2018 that incorporates artificial intelligence and virtual reality.

Corporate Long-term Rentals

Our corporate rentals offer long-term leases to clients who use vehicles for business purposes. Operating at a nationwide scale, SK rent-a-car actively markets its services to large companies and local SMEs. In addition to operating a mobile maintenance system available throughout the country, we offer differentiated services through Smartlink (IoT technology-based total car management system) that improves operational efficiency and dramatically reduces maintenance costs.

Short-term Rentals

This service is for individual customers who need a short-term rental for vacations or business trips and for businesses and public companies that need to rent cars on a monthly basis. We operate a fleet of relatively new cars and offer various discounts through multiple partnerships. Customers can access our services with ease and convenience through diverse channels, including social commerce sites, websites, and mobile platforms. We are also developing package products so that customers can make smart choices tailored to their needs.

No. of registered vehicles

108,426

Growth rate YoY

23.9%
(20,946 vehicles)

Chosun Ilbo's First National Brand Awards

Grand Prize
(car rental category)

2018 National Customer Satisfaction Index (NCSI)

Ranked No.1

Speedmate Car Maintenance/Repair

Repair and Maintenance / Tire Distribution

Speedmate is recognized as the top brand in Korea's automobile repair and maintenance industry. It has been credited with upgrading industry standards with its CS management system, standardized prices and quality assurance plan and other activities to strengthen service quality. Speedmate has been ranked No.1 in the Korea Brand Power Index for 17 consecutive years. More than 670 repair/maintenance shops are in operation nationwide at accessible locations like SK gas stations and E-mart stores. We also provide high-quality maintenance and repair services for imported cars at some 100 shops at prices 30-40% lower than official dealerships, making imported car maintenance more affordable. Furthermore, we continue to strengthen service quality through customer-centered initiatives like 'Good Repair Campaign' and 'Conversations with Customers'. With a view to become a new leader in the domestic tire distribution market, we began to offer customers more choices with directly sourced local and imported tire brands in 2017. With a simplified distribution structure, we are appealing to customers who want greater value for their money. We entered the online tire market to offer quality tires at more reasonable prices in 2018 and are laying the foundation for establishing an O2O platform for the automotive aftermarket.

Auto Parts Distribution

Speedmate is engaged in the distribution of imported auto parts for major foreign brands in Korea, as well as the export of Speedmate PB (Private Brand) parts for Korean cars in overseas markets. In 2015, we built the infrastructure for automotive aftermarket parts distribution by joining the global buying group TEMOT International and partnering with CARPOS, the Korean alliance of car repair shops. Anticipating increased demand for imported auto repair and parts with the expansion of the foreign car market, we focused our business on major imported brands and emerged as a leading distributor of imported auto parts. After our success on domestic market, we have continuously brought the success into the foreign markets by exporting Speedmate PB products worldwide. Speedmate PB products are currently present in over 40 countries and keep growing. These cover wide arrays of maintenance product, ranging from batteries, lubricants, and up to auto spare-parts. We ensure a high level of customer satisfaction by producing its high-quality and cost-effective products, the finest alternative to OE products, for Automotive Aftermarket industry.

ERS

Our ERS business began in 2001 with Korea's first on-site emergency road service. Since then, we have been making bold investments to offer premier service, such as the industry first GPS-based road assistance launched in 2005. Currently, we operate a nationwide network of some 300 dispatch agencies and 24-hour call center for prompt response. We are also developing a variety of services in line with the evolving mobility environment, including mobile emergency dispatch connected to Smart IVR and T-Map and emergency dispatch based on the tracking device in mobile phones. Moving forward, we will upgrade our ERS business as a core infrastructure in automotive mobility services like e-call for emergency calls and b-call for breakdown assistance, both based on remote diagnostics.

Speedmate is the undisputed leader in Korea's automotive aftermarket. From humble beginnings as an auto repair shop, it now boasts a wide business scope including emergency road service (ERS), imported car maintenance and auto parts supply, tire distribution and auto part exports.



Hotels & Resorts

Korea's finest hotels & resorts facilities offering a perfect place to relax in an urban setting

2019 National Brand Awards
No.1 in hotel and resort category

3 straight years

No. of rooms

728

(GWS - 478 / VWS - 250)

RevPAR (Unit : KRW)

145,388

(GWS - KRW 121,825 / VWS - KRW 185,389)



Walkerhill,
industry leader creating
value.



Hotels & Resorts

As a leader in Korea's hospitality industry, we offer customers the unparalleled experience in leisure, culture and business. We operate a variety of facilities best represented by the famed urban resort Grand Walkerhill Seoul and Vista Walkerhill Seoul, the newly renovated Douglas House, and Darakhyu, the first airport capsule hotel in Korea. By providing truly multicultural spaces, we are meeting our customers' every want and need. In 2019, we were named no.1 in the hotel and resort category at the National Brand Awards for the third straight year, solidifying our position as Korea's premier hotel operator.

From Grand Walkerhill Seoul and Vista Walkerhill Seoul to Douglas House and the transit hotel, premium lounge and capsule hotel Darakhyu at Incheon International Airport, we offer a varied range of hotel brands with different concepts that balance each other to create synergy. As Korea's leading hotel company, we will continue with efforts to make customers happy and advance the domestic hospitality industry.



We provide truly multi-cultural space to customers through our unique hotel brands and service including Grand Walkerhill Seoul, Vista Walkerhill Seoul, Incheon Airport transit hotel and premium lounge. We are sustaining growth with launching of Darakhyu, the first airport capsule hotel in Korea and Douglas House, the secluded hideaway in the woods.



FY2018 Sales (Unit : KRW in billion)

256.8

(including PINX)

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Grand Walkerhill Seoul

Surrounded by the spectacular views of the Hangang River and the Achasan Mountain, Grand Walkerhill Seoul serves as the ultimate place to relax and unwind while enjoying a wide variety of entertainment options with unmatched quality and service. It is an ideal location to enjoy Korea's beauty all year round - the magnificent cherry blossom in spring, the shade of the green forest in summer, the colors of the leaves in fall and the crisp snow of winter. For urban escape, we have various facilities, such as an outdoor swimming pool that oversees the Han River, an exotic camping zone, exciting kids club and library for your reading pleasure. Grand Club by Walkerhill boasts an exclusive sky view lounge and premium rooms which have been outfitted for the specific needs of couples, families and VIP guests. The Club floor has eight types of rooms, ranging from deluxe to the presidential suite, to offer couples and families a retreat in nature, and domestic and foreign VIP guests a luxurious and restful stay.

11 multi-functional convention rooms in various sizes that are fully furnished with equipment, including Vista Hall, Walker Hall, Walkerhill Theater, Grand Hall and so on, as well as special facilities such as Aston House and camping zone. They feature a simultaneous interpretation system and state-of-the-art video, audio and lighting facilities to accommodate events, ranging from family gatherings and weddings to international conferences and business meetings.

Vista Walkerhill Seoul

Opened in April 2017 as a new lifestyle hotel, Vista Walkerhill Seoul has transformed into a vibrant space where customers can immerse in creative experiences and appreciate culture and the latest trends. Under the new brand slogan, "REFRESHING. VIVIDLY.", the hotel offers unique experiences and new inspiration that are imbued with VISTA's creative DNA and positive energy. In collaboration with emerging artists and musicians, VISTA presents the new and next in art and music. In addition, the hotel serves innovative mixed cocktails and creatively designed gourmet dishes.

At VISTA, guests can have an outstanding stay experience with various unique service and facilities such as the rooftop garden SKYARD overlooking the river, an indoor swimming pool with breathtaking views of Seoul, a premium social lounge for tastemakers, Re:BAR, as well as cutting-edge services like AI voice recognition device NUGU and in-room digital request service. Vista Walkerhill Seoul also operates Wellness Club with Health Connect (healthcare company formed jointly by Seoul National University Hospital and SK telecom) which provides Korea's first residency wellness program featuring personalized health and nutritional consulting for sustainable healthcare solutions.



Douglas House

Designed by one of the best architects of our era, Kim Soo Geun, Douglas House was the best hotel in Korea when it first opened in 1963. It was Kim who said "don't fight nature; let it be" and made the building a part of the natural mountainside. Retaining its original spirit, Douglas House reopened in April 2018 with the new concept "a hideaway in the forest, my querencia." Made using only nature-friendly materials and colors and minimally decorated with only the bare necessities, Douglas House presents a soothing atmosphere for customers to rest undisturbed in their own private retreat. To assure a comfortable rest and maximize healing effect, the Douglas House offers exclusive services and facilities like a lounge providing light breakfasts & happy hour service, library, open kitchen, garden and guest programs – 'Cook & Mix' and 'Culture Salon'.

External Businesses

We are achieving results from various external ventures, including operation of a capsule hotel, transit hotel and premium lounge at Incheon International Airport; Faro Grand Chinese restaurants and restaurant at the BMW Driving Center; and catering services for international events like the 2015 Presidents Cup.



Rental· Appliances

(Subsidiaries)

No. of rental accounts
(cumulative)

1.54 million

(as of end of December 2018)

Achieved Grand Slam of the world's 4 most
prestigious design awards

**red dot,
iF, IDEA,
Good Design**
(Japan)



SK magic,
lifestyle technology brand
bringing healthy happiness.

SK magic

SK magic, which became a member of the SK networks family in November 2016, started out as a premium kitchen appliance company with the introduction of the first gas oven to the domestic market in 1985. Since then, it has successfully grown its business to include gas/electric ranges, microwave ovens, dishwashers, water and air purifiers, and bidets.

Backed by over 30 years of experience, SK magic is expanding its reach to the growing market for home appliance rental. It maintains a comfortable lead over the competition in key categories, including tankless water purifiers, gas and electric ranges, electric ovens, microwaves, and dishwashers. It also strengthened its profit base in the built-in sector by exceeding KRW 120 billion in annual orders. In particular, the innovative tankless water purifier has the largest market share of over 30%. SK magic also introduced a series of three Super Air Purifiers with AI-based self-cleaning systems, the first of their kind in Korea.

Going forward, SK magic will accelerate growth by studying customers, developing innovative technology and products, creating excellent designs, and collaborating with SK networks and its subsidiaries to introduce products and services that create outstanding customer value and actively pursuing global markets.



SK magic, which joined the SK networks family in November of 2016, is extending its reach from home appliances to the growing market for appliance rental. Having built a strong reputation at home over more than three decades, the company is pursuing expansion into global markets by taking advantage of the extensive overseas network of SK.



FY2018 Sales (Unit : KRW in billion)

656.0

(Based on 2018 SK networks Annual Report)

Rental·Appliances

(Subsidiaries)

No. of rental accounts
(cumulative)

1.54 million

(as of end of December 2018)

Achieved Grand Slam of the world's 4 most
prestigious design awards

**red dot,
iF, IDEA,
Good Design**
(Japan)



FY2018 Sales (Unit : KRW in billion)

926.0

(Based on 2018 SK networks Annual Report)

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Rentals

Since introducing the world's first innovative water purifier that can purify hot and cold water directly without a tank in 2015, we have been leading the domestic water purifier market by introducing creative new functions like UV sterilization, child-friendly buttons, stainless steel pipes, and tankless ice-making. Our rental business has enjoyed fast growth as it led the transition to tankless water purifiers in the domestic market. Building on that success, we are expanding to products like air purifiers and bidets. In particular we are responding to rapid growth of the air purifier market with a variety of products that feature AI and IoT based innovative functions.

All-in-One Tankless Ice-Making Water Purifier

- Completely tankless system (hot/cold water, water purification + only tankless ice-making function in the domestic market)
- Use of stainless steel pipes for the first time in Korea
- Korea's smallest ice-making hot/cold water purifier (width 25cm)
- UV LED 99.9% sterilization protection system, S-Mark certificate (instant sterilization / automatic sterilization of cork 12 times a day/ automatic sterilization of ice room twice a day)
- IoT self-care function



All-in-One Tankless Water Purifier

- Completely tankless system (hot/cold water, water purification)
- Use of stainless steel pipes for the first time in Korea
- Korea's smallest hot/cold water purifier (width 17cm)
- UV LED 99.9% sterilization protection system, S-Mark certificate (instant sterilization / automatic sterilization of cork 12 times a day)
- Child-friendly buttons
- IoT self-care function



Touch On, Power Wash Dishwasher

- 39 water jets for powerful and thorough cleaning
- High heat sterilization and washing at 80°C
- "Touch On" button to open/close door
- Automatic door opening after completed cleaning cycle
- Minimal design using real stainless material
- Choice between free standing or built-in installation

Hybrid Electric Range

- First hybrid electric range to be introduced to domestic market (gas range + hilight / gas range + induction / hilight + induction)
- Works for pots and pans of all materials
- Savings in electricity bills
- Improved cleaning efficiency



Home Appliances

SK magic's brand power in the home appliance sector remains strong. The 2019 Korea Brand Power Index (K-BPI) ranked the company no.1 in dishwashers for the 17th consecutive year and multi-ovens for the 12th consecutive year. SK magic continues to maintain the largest market share in key categories, including gas and electric ranges, electric ovens, microwaves, and dishwashers. SK magic is leading the kitchen and home appliances market with its Super Cook Gas Range that feature IoT functions, Hybrid Electric Range which combines induction and hilight methods, and other innovative products.



Smart Motion AI Air Purifier

- 6 smart sensors to detect source of dust
- Auto-rotation toward source of dust and focused suction
- Multi-discharge of purified air in all directions
- 3-level pop up based on air quality (fully focused care function)
- Super surround system (interlocked operation of two or more SK magic air purifiers)
- AI based self-cleaning system (automatic turn-on to maintain optimal air quality)



IoT Super Cook Gas Range

- Korea's first gas range with IoT function
- Smartphone turn-off function, child lock, timer (automatic extinguisher) setting
- Titanium stovetop for superior durability and cleaning efficiency
- Automatic temperature control function for better taste and safety

2018 Awards

Title	Product	Details	Conferring Organization
iF design award	Super L Air Purifier (VCL-V15)	Award	Germany iF design award
	Super L Air Purifier (VCL-V16)		
	IoT Hybrid Electric Range (ERA-H310E)		
reddot design award	Power Wash Dishwasher (DWA-80)	Award	Germany Red Dot design award
	Flex Zone Induction Range (HRBF311)		
	Built-in Premium Steam Oven (EON-B440SA)		
IDEA design award	All-in-One Tankless Water Purifier (WPUA700)	Award	Industrial Designers Society of America
	All-in-One Tankless Ice-Making Water Purifier (WPUI210)		
	Power Wash Dishwasher (DWA-80)		
Japan GD (Good Design)	All-in-One Tankless Water Purifier (WPUA700)	Award	JDP Industrial Designers Society of Japan
	UV Safe-Care Water Purifier (WPUB300)		
	Premium Cooktop (GRABC30IA, GRABC30AA, GRABC301D)		
Korean GD (Good Design)	Power Wash Dishwasher (DWA-80)	Award	Korea Institute of Design Promotion (KIDP)
	Flex Zone Induction Range (HRBF311)		
	Bubble Wash Bidet (BIDS31D)		
PIN UP Design Award	All-in-One Tankless Water Purifier (WPUA700)	Main Award : PIN UP 100	Korea Association of Industrial Designers
	All-in-One Tankless Ice-Making Water Purifier (WPUI210)		
	Flex Zone Induction Range (HRBF311)		
	Power Wash Dishwasher (DWA-80)		
	Easycook Hybrid (ERAF210M00PG)		
Korea Brand Power Index (K-BPI), No.1	Bubble Wash Bidet (BIDS31D)	Award	
	UV Safe-Care Water Purifier (WPUB300)		
	Steam Oven		
Korea Well-Being Consumer Index (KS-WCI), No. 1	Dishwasher	12 consecutive years	Korea Management Association
	Electric Range	17 consecutive years	
2018 Green Star	Steam Lightwave Oven	No.1 for 7 consecutive years in the oven category	Korean Standards Association
	Electric Range		
2018 INNO STAR	SK magic Ecoburner Gas Range	7 consecutive years	Korea Management Certification
	Smart Motion Air Purifier (ACL-140M)	3 consecutive years	
2018 The 6th Korea Marketing Award	Bubble Wash Bidet (BID-S31D, S32D)	2 consecutive years	Korea Marketing Association
	SK magic Tankless Water Purifier series	3 consecutive years	
Korea's Best Workplace	SK magic	Heart to Heart Index (HTHI), No. 1 in the environment electronics category	Ministry of Employment and Labor
Establish Malaysia Sales Corporation			

SUBSIDIARIES

SK networks service

SK networks service was established in 2007 to improve the quality of customer care and services for SK Group's information and communication technology (ICT) businesses. The infrastructure division operates and maintains SK telecom and SK broadband's networks, and it is also reaching out to financial companies, large corporations and others in the B2B market. The IT solutions division, a distributor of ICT equipment, has recently been strengthening its profitability through sales of hardware combined with solutions. The service division carries out after-sales services for SK telecom's mobile devices and home appliances through Service N.



SK rent-a-car service

The company was officially launched in March 2016 to provide professional support for the car rental business. Its operating scope encompasses short-term rentals, repairs and maintenance, courtesy car services, customer services and other related operations. Since changing its name to SK rent-a-car service in March 2018, the company has been working to increase customer trust and service expertise on the back of the SK brand's strong reputation. It will strive for continual innovation to become a reliable partner to SK's rental car business.



AJ Rent-a-Car

Established in June 1988, AJ Rent-a-Car was the first rental car company to be listed on the KOSPI. It has been a major driving force behind the industry's transformation and innovation over the past 30 years. Armed with a network of 180 rental locations nationwide and a fleet of 83,000 vehicles (as of June 2019), AJ Rent-a-Car has grown into Korea's representative rental car brand. The company also increased brand value by obtaining Korea Service Quality Certification four consecutive times, and ranked first in Korea Well-Being Consumer Index for six straight years. The company plans to leverage its unique expertise and differentiated service to become the no.1 mobility service provider.



SK pinx

SK pinx's holdings include Korea's first golf course to rank among the world's top 100 as well as premium resort facilities like Podo Hotel, selected as one of the seven most beautiful architectures in Jeju Island, and The Annex, a hot springs hotel. At SK pinx properties, customers can reconnect with nature and enjoy refined arts and culture along with exceptional service. Going forward, SK pinx will solidify its position as a world-class resort and strive to create an ultimate retreat for resting and healing.



FAIR TRADE

SK networks has implemented a strong corporate compliance program (CP) since 2002. A compliance officer appointed by the Board of Directors oversees CP operations and is supported by a department dedicated to CP (Sustainability Management Office). They report to the BOD on the state of the program, and strive to spread and establish a culture of fair trade and compliance.



01. Fair Trade Education & Training

We are educating and training our employees on the latest revisions and enactment of fair trade laws to prevent violations by raising employees' awareness of fair trade and strengthening each business division's voluntary compliance of fair trade laws. In 2019, we plan to set up a consultative body with partner firms to continue to encourage compliance and strengthen enforcement.

02. Compliance Activities

The compliance officer and department in charge of CP (Sustainability Management Office) provide the foundation for voluntary compliance by reviewing each business division's practice of fair trade, preventing factors with potential to restrict fair trade, and communicating crucial policies related to fair trade compliance with relevant departments.

03. Internal Trade Committee

In order to improve transparency in large-scale internal trades, the Audit Committee has taken on the role of Internal Trade Committee since 2012. Thus far, the committee has deliberated and reported on a total of 20 cases.

SOCIAL VALUE CREATION

SK DBL (Double Bottom Line)

SK Group is working to incorporate social value into its corporate value system and upgrade its business model to focus on social value creation. To do so, it is moving away from economic value-centered 'Single Bottom Line' to 'Double Bottom Line' management, which encompasses both economic and social values. In sum, DBL represents SK's management principle whereby SK business activities should create economic value and increase social value so that society can share in the company's growth.



SK DBL Strategy

Amid growing stakeholder expectations, corporate social value (SV) has been gaining momentum as a way to improve business competitiveness. Pursuing stakeholder happiness and solving common issues facing society have also become vital to sustainability of a company. SK networks designated 2018 as the 'Year One for a New SK' and put a greater emphasis on enhancing social value along with economic value as an essential corporate strategy for survival. Going forward, we will continue to fulfill our social responsibilities and innovate products and services to seek mutual growth with local communities and reduce social damage.



SK networks' social value strategies

SK networks is going beyond enhancing customer value to fulfill its social responsibility and innovate its products and services to bring social change. In an effort to increase our positive impact on society, SK networks has been using SK Group's social performance metrics since last year to measure the fundamental impact of its business activities from the environmental, social, and governance aspects. Moreover, we are embracing forward-thinking sustainability policies such as discovering business models that leverage our accumulated assets and capabilities to resolve social challenges and problems. Through such efforts we will achieve sustainable growth supported by all our stakeholders.



Examples of SV Creation

Reducing ICT distribution distance

SK networks is cutting air pollution and CO₂ emissions by providing integrated logistics and supply service through our nationwide smart phone distribution network and logistics infrastructure. After smart phone makers like Samsung, LG and Apple ship their products to our regional logistics centers, we deliver them to ICT sales agencies across the country. Compared to each phone maker making individual shipments to sales agencies, the distribution route that links smartphone makers, SK networks logistics centers and nationwide sales agencies cuts the delivery vehicles' total mileage which then results in energy and GHG reduction. We plan to continue to expand the business so that we will create not only environmental but also social value by pursuing green logistics and logistics infrastructure sharing.

Mobility Bank, renting vehicles to the mobility and transport disadvantaged

SK rent-a-car's Mobility Bank selects those who need mobility assistance from social enterprises, start-ups and self-employed business owners who will then use the vehicles to create social value which will be considered as the rental fee. We invited participants to apply for the program for two weeks in August 2018 through the SK rent-a-car website. From more than 140 candidates, we chose 58 from various industries and offered Damas vans to be used for one year. Through the Mobility Bank, we are creating social value by putting returned vehicles into good use and turning unused resources into a socially viable business.

Sharing auto maintenance and repair expertise

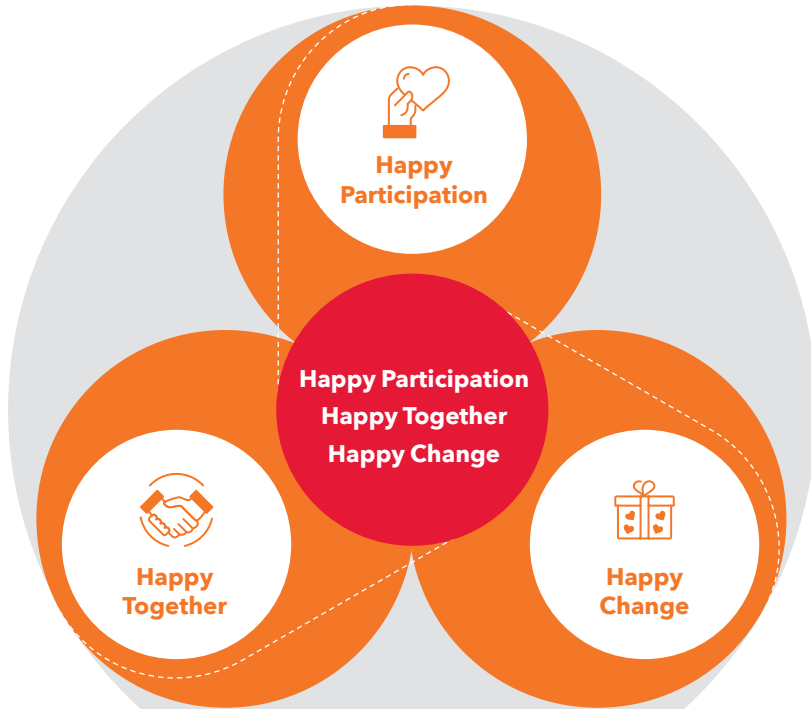
Speedmate is using its shops as a platform for sharing knowledge with its customers. It has designated DIY Auto Repair Day in which customers are invited to learn about how to check and fix their own cars. Going beyond just offering a space to do simple repair work, Speedmate is enhancing customer experience with experts giving customers practical tips on how to do basic auto check-up and repairs like changing tires and oil. Beginning in 2019, we plan to launch a Youtube channel to strengthen communication with customers and provide tips on car maintenance and DIY repairs.

SOCIAL RESPONSIBILITIES

CSR Management System

SK networks is taking active measures that are designed to bring positive change to communities where we operate. In addition to activities led by specialized groups from different business divisions, we ensure employee engagement in CSR initiatives of their choice and expand the scope of our activities through partnerships with diverse stakeholders. We pledge to continue our efforts to create greater social value and help communities grow through consistent and sincere CSR activities.

> All SK networks employees proactively engage in workplace volunteering in line with SK Group's CSR philosophy.



> We share capabilities and knowhow by maintaining a close partnership with local communities, NGOs, and the government to maximize the impact of CSR activities.

> We seek fundamental social change by helping the underprivileged become self-reliant rather than offering temporary charity.

Happy Participation

Happy Sharing Kimchi

Every year, SK networks organizes the Happy Sharing Kimchi Volunteering event in which our employees make kimchi for low-income people in Seoul and Gyeonggi-do area. We partnered with the Gyeonggi branch of Community Chest of Korea and Suwon Chamber of Commerce and Industry in November 2018 to make and deliver 8,000 heads of kimchi to local welfare centers for the disabled and disadvantaged.

Briquette Delivery

In October 2018, SK networks visited Baeksa village, one of the poorest neighborhoods in Seoul, and delivered coal briquettes to low-income families to help them prepare for winter. Some 50 employees volunteered in providing 200 briquettes each to 10 households along with rice and kimchi.

Happy Sharing Delivery of Love

Every year, SK networks visits the underprivileged who live in extremely cramped 'slice rooms' (cell-like living units) in downtown Seoul. With the endeavor in its fifth year, some 65 employees and volunteers took part in the December event to deliver care packages to the residents.

Happy Sharing Bazaar

SK networks held Happy Sharing Bazaar at the SK networks building in Myeongdong in December 2018. All sales proceeds from the bazaar went to SK Group's Happiness Foundation to help low-income families pay their heating bill.

Local Community

SK networks, which has many of its hospitality businesses like Grand Walkerhill Seoul and Vista Walkerhill Seoul based in the Gwangjin-gu district of Seoul, actively takes part in local festivals to support the community. In 2018, we received a commendation from the head of Gwangjin-gu Office for our many contributions such as supporting Seoul Children's Story Festival and the annual Mt. Ahasan Sunrise Festival.

Happy Together

Pro Bono Work & Talent Donation

To enhance employees' ability to respond to health-related emergencies, Walkerhill has been conducting mandatory CPR training. After receiving CPR training certification from the Korean Association of Cardiopulmonary Resuscitation in March 2018, the hotel partnered with Gwangjin-gu Health Center to support CPR training across schools in the district to help build a safer society. It dispatched CPR instructors to 20 elementary, middle and high schools, and provided 680 students with training on how to perform CPR and use an automated external defibrillator. Students also learned about basic first aid skills and safety drills to prepare for possible onsite accidents and emergencies.

Environment

SK networks implements initiatives to protect and preserve our environment. In April 2018, 670 employees from SK networks and subsidiaries planted 1,650 trees at Noeul Park in Sangam-dong to celebrate the 65th anniversary of the company's foundation. To raise employee awareness on the environment, the company conducted various activities such as removing harmful plants, weeds and trash from Mt. Ahasan and cleaning JoongRang Stream.



Happy Sharing Delivery of Love (2014 ~ 2018)

5 times



Environment Cleaning Activity

670 participants

670 employees from SK networks and subsidiaries

Happy Change

Support for the Disabled

For the disabled in local communities, we pursue activities designed to help them reach their fullest potential and become self-sufficient. One of our key programs is offering free car maintenance service to customers with disabilities. Many heavily rely on their vehicles but cannot get them checked due to lack of time or money. Moreover, we are supporting a group that was set up to empower low-income women with disabilities to be self-reliant. In these ways and more, we will continue our efforts to improve inclusion in our society.

Support for disadvantaged children

SK networks sponsors children in need to help them overcome their disadvantages. We make monthly contributions to ChildFund Korea to provide quality meals for hungry children. We also support a non-profit organization that holds birthday parties for underprivileged kids every month.



MOVING BEYOND TODAY TO TOMORROW! SIXTY-SIX YEARS OF GROWING WITH OUR CUSTOMERS!

HISTORY.

The birth of SK networks in 1953 marked the start of a new chapter in the Korean economy devastated by the Korean War.

Bringing hopes and dreams to the nation rebuilding itself from the ashes of war, SK networks has always been by our customers' side.



1953-1973

Rising from the ashes of war – the birth of Sunkung Textiles

- 1953**
Small textile company born from the ashes of the Korean War
- 1962**
First in the industry to export rayon fabric to Hong Kong
- 1963**
Receives Gold Tower, Order of Industrial Service Merit

- 1973**
Chairman Chey Jong-hyun inaugurated
Receives Gold Tower, Order of Industrial Service Merit
- 1976**
Receives USD 100 Million Export Tower, designated as general trading company
- 1977**
IPO and listing of Sunkung shares on the stock market
- 1980**
Acquires Korea National Oil Corporation
- 1995**
Number of SK gas stations exceed 3,000
- 1996**
Number of ICT sales agencies exceed 1,000
- 1998**
Changes company name to SK Global
- 1999**
Unveiling of SK Global's turn-around vision
Merges with Speedmate and SK Distribution
- 2000**
Launches SK Global

1973-2002

Launch of Sunkung, opening a new chapter as a general trading company



2003-PRESENT

SK networks, the birth of a global company

- 2003**
Launches SK networks
- 2009**
Merges with Walkerhill
- 2014**
Launches SK rent-a-car
- 2016**
Acquires Tong Yang Magic (current SK magic)
- 2017**
Walkerhill launches Korea's first capsule hotel, 'Darakhyu'
- 2019**
Acquires AJ Rent-a-Car

GLOBAL NETWORK

※ The above map displays the locations of subsidiaries and overseas offices for the convenience of investors and customers.

28 Locations in
17 Countries

Domestic Network



China Network







SK networks
FACT BOOK
2019

ENG

Customer Value EXPLORER



SK networks, always with our customers!

SK networks constantly seeks new services in customers' daily lives to deliver innovative value and enrich lives. We connect today with customers' future value and present new direction as 'Customer Value Explorer.'

We are expanding our global horizons and ushering in the future of ICT with Global Business; delivering 'smart car life' and fueling services with Mobility; providing creative and diverse cultural experiences through Walkerhill; and making life more convenient with Rental Appliances.

SK networks serves customers as their partner in life by innovating customer value and exploring future value.

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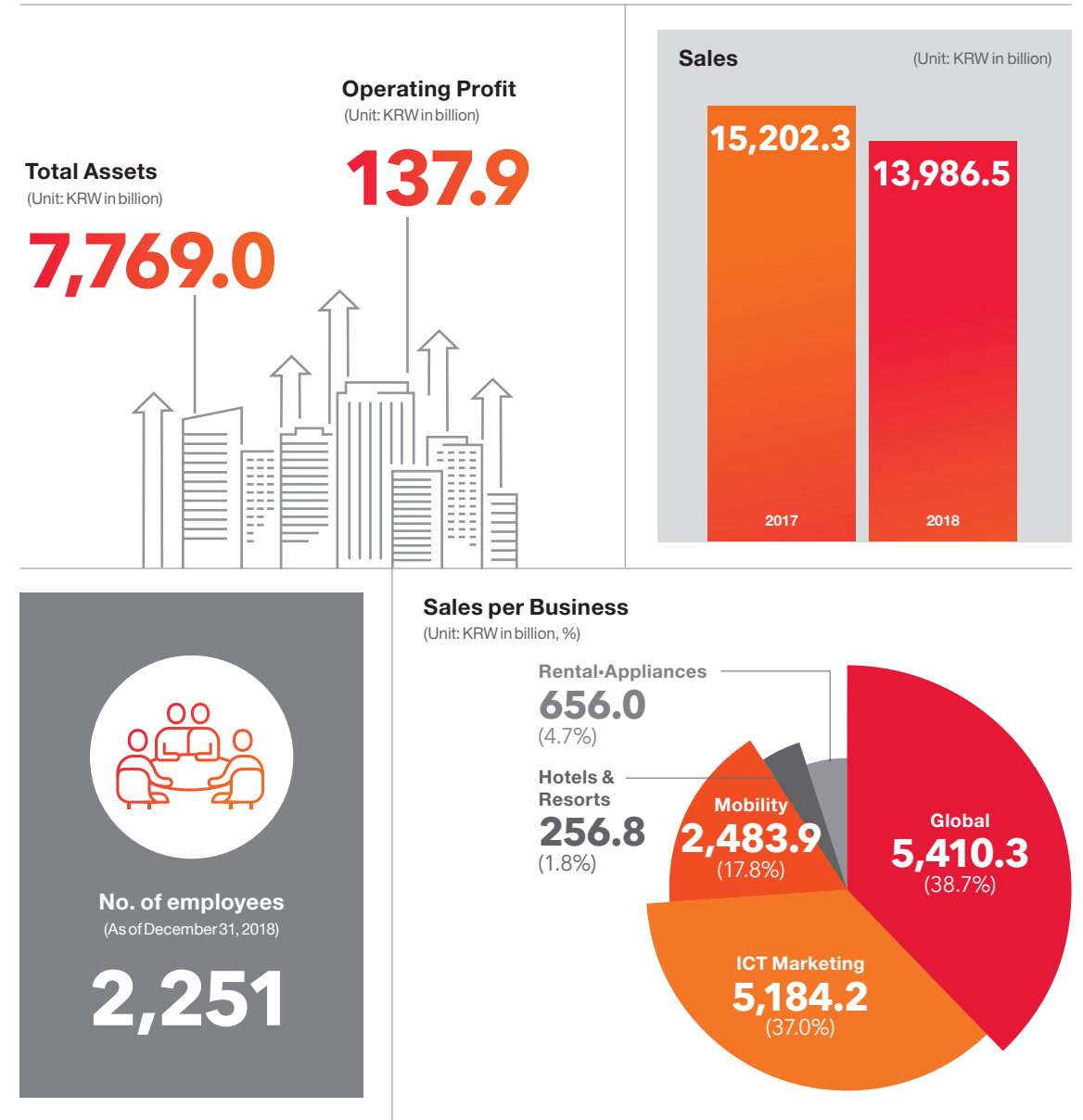
FINANCIAL HIGHLIGHTS

Despite numerous challenges at home and abroad, SK networks achieved KRW 13,986.5 trillion in sales and KRW 60.1 billion in earnings before taxes. We established ourselves as one of the top two players in the rental car market, while SK magic which was acquired in 2016 also gained a strong footing with the number of domestic rental accounts (cumulative) surpassing 1.5 million.

(Unit: KRW in billion, %)

		2017	2018
Income	Sales	15,202.3	13,986.5
	Gross Profit	1,098.4	1,072.6
	Operating Income	142.8	137.9
	Income before Taxes	62.8	60.1
	Net Income	34.6	7.7
	EBITDA	376.2	390.2
Balance	Total Assets	7,227.4	7,769.0
	Total Liabilities	4,878.9	5,457.2
	Total Shareholders' Equity	2,348.5	2,311.9
Major Indices	Operating Profit Margin	0.94%	0.99%
	EBITDA Margin	2.47%	2.79%
	Net Profit Margin	0.23%	0.06%
	Debt to Equity Ratio	207.75%	236.05%

※ Based on consolidated K-IFRS



BUSINESS OVERVIEW

SK networks is engaged in a wide range of businesses. The global trading division is centered on industrial goods such as chemicals, steel and automotive products. The ICT division distributes mobile phones and other ICT devices. The mobility division supplies petroleum products across Korea in addition to offering car rental and car maintenance services. The business scope also includes household appliance and rental provided by SK magic as well as hotel and resort operations.

Global

Evolution into a leading global trading company

Thanks to global business knowhow accumulated over more than 50 years, we have secured a competitive edge in global sourcing, market intelligence and strategic networking. These strengths are applied to our global trading business which centers on industrial goods such as chemicals, steel, automotive and coal. Through our global network and outposts, we have established a solid profit structure and will continue to sustain growth.

- Chemical
- Steel
- Automotive
- Coal



FY2018 Sales (Unit: KRW in billion)

5,410.3

ICT Marketing

Promoting a happy digital life for customers via distribution of ICT products

Our ICT business maintains a solid lead as the nation's no.1 mobile phone distributor. The leadership is based on the most expansive mobile phone distribution network in Korea and annual sales of around 6.97 million handsets. In addition to mobile phones, we continue to expand the range of ICT products offered to tablet PCs, IoT devices related to smart homes and ICT accessories.

- Mobile Phones
- Distribution Service
- ICT Devices

FY2018 Sales (Unit: KRW in billion)

5,184.2

(including SK networks service's KRW 323.5 billion)



Hotels & Resorts

Korea's finest hotels & resorts facilities offering a perfect place to relax in an urban setting

We provide truly multi-cultural space to customers through our unique hotel brands and service including Grand Walkerhill Seoul, Vista Walkerhill Seoul, Incheon Airport transit hotel and premium lounge. We are sustaining growth with launching of Darakhyu, the first airport capsule hotel in Korea and Douglas House, the secluded hideaway in the woods.

- Grand Walkerhill Seoul
- Vista Walkerhill Seoul
- Douglas House
- External Business



Rental Appliances

SK magic, lifestyle technology brand bringing healthy happiness

SK magic, which joined the SK networks family in November of 2016, is extending its reach from home appliances to the growing market for appliance rental. Having built a strong reputation at home over more than three decades, the company is pursuing expansion into global markets by taking advantage of the extensive overseas network of SK.

- Rental
- Home Appliances

FY2018 Sales (Unit: KRW in billion)

656.0

(Based on 2018 SK networks Annual Report)

Mobility

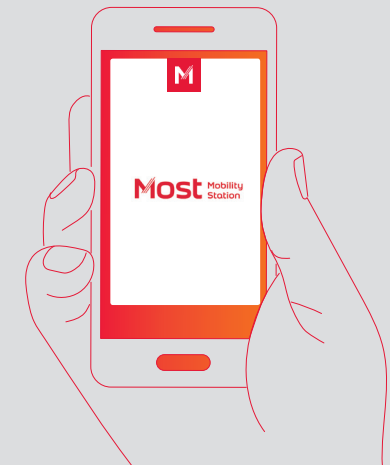
Strengthen competitive advantage with unique mobility service

The Most division is securing distinctive competitiveness through the nationwide Mobility Station network. SK rent-a-car continues to grow backed by its total car life service, while Speedmate is evolving from the no.1 brand in car maintenance to the no.1 brand in the automotive aftermarket.

- Most
- Car Rental
- Speedmate

FY2018 Sales (Unit: KRW in billion)

2,483.9



CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

As at December 31, 2018 and 2017

SK networks Co., Ltd. and its subsidiaries

(Unit: KRW in million)

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	484,466	263,364
Short-term financial instruments	19,117	7,448
Short-term investment securities	45	-
Current held-to-maturity investments	-	45
Trade accounts and notes receivable, net	1,144,439	1,145,129
Current derivative financial assets	2,358	1,060
Current other financial assets, net	80,746	101,948
Other current assets	292,129	193,134
Inventories, net	1,008,017	635,348
Non-current assets classified as held for sale	221,847	261,923
Total current assets	3,253,164	2,609,399
Non-current assets:		
Long-term financial instruments	50	50
Long-term investment securities	71,072	-
Available-for-sale financial assets	-	50,232
Non-current held-to-maturity investments	-	825
Investments in associates and joint ventures	21,290	18,670
Non-current derivative financial assets	379	-
Non-current other financial assets	116,215	112,458
Property, plant and equipment, net	3,399,690	3,540,077
Goodwill and intangible assets, net	561,346	555,098
Investment properties, net	96,095	98,611
Deferred tax assets	116,107	117,677
Other non-current assets	133,634	124,275
Total non-current assets	4,515,878	4,617,973
Total assets	7,769,042	7,227,372

SK networks Co., Ltd. and its subsidiaries

(Unit: KRW in million)

	2018	2017
Liabilities		
Current liabilities:		
Trade accounts payable	1,967,998	1,988,494
Short-term borrowings	848,949	417,019
Current portion of long-term liabilities	381,728	332,628
Current derivative financial liabilities	3,476	14,604
Current other financial liabilities	316,675	234,322
Income tax payable	6,145	10,877
Current provisions	6,230	9,129
Other current liabilities	104,808	86,141
Liabilities directly associated with assets classified as held for sale	103,732	113,855
Total current liabilities	3,739,741	3,207,069
Non-current liabilities:		
Borrowings and bonds payable	1,399,294	1,363,255
Non-current derivative financial liabilities	210	1,107
Non-current other financial liabilities	156,577	156,872
Deferred tax liabilities	85,831	87,822
Net defined benefit liability	49,565	36,572
Non-current provisions	10,870	10,647
Other non-current liabilities	15,084	15,527
Total non-current liabilities	1,717,431	1,671,802
Total liabilities	5,457,172	4,878,871
Equity		
Equity attributable to owners of the parent:	2,336,629	2,370,219
Issued capital	648,654	648,654
Share premium	814,476	814,476
Retained earnings	979,131	1,012,341
Other components of equity	(105,632)	(105,252)
Non-controlling interests	(24,759)	(21,718)
Total equity	2,311,870	2,348,501
Total liabilities and equity	7,769,042	7,227,372

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2018 and 2017

SK networks Co., Ltd. and its subsidiaries

(Unit: KRW in million)

	2018	2017
Sales	13,986,475	15,202,346
Cost of sales	12,913,854	14,103,978
Gross profit	1,072,621	1,098,368
Selling, general and administrative expenses	934,755	955,572
Operating profit	137,866	142,796
Finance income	164,739	275,673
Finance cost	224,036	328,167
Other non-operating income	44,130	32,449
Other non-operating expenses	62,543	60,054
Share of profit (loss) in associates and joint ventures	(15)	149
Net income before income tax from continuing operations	60,141	62,846
Income tax expense from continuing operations	34,912	16,404
Net income for the year from continuing operations	25,229	46,442
Net loss for the year from discontinued operations	(17,562)	(11,832)
Net income for the year	7,667	34,610
Attributable to:		
Equity holders of the parent	7,252	33,412
Non-controlling interests	415	1,198
Other comprehensive income (loss) for the year:		
Other comprehensive loss not to be reclassified to profit or loss in subsequent periods:	(8,912)	(1,290)
Re-measurement loss on defined benefit plans	(13,470)	(1,290)
Loss on valuation of financial assets at fair value through OCI	(786)	-
Net change on cash flow hedges	5,344	-
Other comprehensive income (loss) to be reclassified to profit or loss in subsequent periods:	(909)	(10,984)
Net gain (loss) on valuation of available-for-sale financial assets	-	1,094
Equity adjustments in equity method	71	(917)
Negative equity adjustments in equity method	76	5,562

SK networks Factbook 2019

Financial Review

Consolidated Statements of Comprehensive Income

SK networks Co., Ltd. and its subsidiaries

(Unit: KRW in million)

	2018	2017
Net change on cash flow hedges	(173)	(9,313)
Foreign currency translation differences on foreign operations	(883)	(7,410)
Other comprehensive loss for the year, net of income tax	(9,821)	(12,274)
Total comprehensive income (loss) for the year	(2,154)	22,336
Attributable to:		
Equity holders of the parent	(2,218)	21,590
Non-controlling interests	64	746
Earnings per share: (Unit: KRW)		
Basic earnings per share attributable to ordinary stock	30	136
Basic earnings per share attributable to preferred stock	55	142
Basic earnings from continuing operations per share attributable to ordinary stock	99	182
Basic earnings from continuing operations per share attributable to preferred stock	124	188

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

For the years ended December 31, 2018 and 2017

SK networks Co., Ltd. and its subsidiaries

(Unit: KRW in million)

	Issued capital	Share premium	Retained earnings	Other components of equity	Equity attributable to equity holders of the parent	Non-controlling interests	Total equity
As at January 1, 2017	648,654	814,503	1,005,009	(40,165)	2,428,001	(22,464)	2,405,537
Comprehensive income (loss) for the year							
Net income for the year	-	-	33,412	-	33,412	1,198	34,610
Re-measurement loss on defined benefit plans	-	-	(1,247)	-	(1,247)	(43)	(1,290)
Net gain on valuation of available-for-sale financial assets	-	-	-	1,094	1,094	-	1,094
Equity adjustments in equity method	-	-	-	(917)	(917)	-	(917)
Negative equity adjustments in equity method	-	-	-	5,562	5,562	-	5,562
Net change on cash flow hedges	-	-	-	(9,313)	(9,313)	-	(9,313)
Foreign currency translation differences for foreign operations	-	-	-	(7,001)	(7,001)	(409)	(7,410)
Total comprehensive income (loss) for the year	-	-	32,165	(10,575)	21,590	746	22,336
Transactions with owners of the Company, recognized directly in equity:							
Dividend	-	-	(24,833)	-	(24,833)	-	(24,833)
Acquisition of treasury stocks	-	-	-	(54,512)	(54,512)	-	(54,512)
Others	-	(27)	-	-	(27)	-	(27)
Total transactions with owners of the Company	-	(27)	(24,833)	(54,512)	(79,372)	-	(79,372)
As at December 31, 2017	648,654	814,476	1,012,341	(105,252)	2,370,219	(21,718)	2,348,501
As at January 1, 2018	648,654	814,476	1,012,341	(105,252)	2,370,219	(21,718)	2,348,501
Effect of changes in accounting policies (Note 2)	-	-	1,553	(4,297)	(2,744)	-	(2,744)
Revised equity as at January 1, 2018	648,654	814,476	1,013,894	(109,549)	2,367,475	(21,718)	2,345,757
Comprehensive income (loss) for the year							
Net income for the year	-	-	7,252	-	7,252	415	7,667
Re-measurement loss on defined benefit plans	-	-	(13,134)	-	(13,134)	(336)	(13,470)
Net loss on valuation of financial assets at fair value through OCI	-	-	-	(786)	(786)	-	(786)
Equity adjustments in equity method	-	-	-	71	71	-	71
Negative equity adjustments in equity method	-	-	-	76	76	-	76
Net change on cash flow hedges	-	-	-	5,171	5,171	-	5,171
Foreign currency translation differences for foreign operations	-	-	-	(868)	(868)	(15)	(883)
Total comprehensive income (loss) for the year	-	-	(5,882)	3,664	(2,218)	64	(2,154)
Transactions with owners of the Company, recognized directly in equity:							
Dividend	-	-	(28,881)	-	(28,881)	(3,105)	(31,986)
Stock compensation expense	-	-	-	253	253	-	253
Total transactions with owners of the Company	-	-	(28,881)	253	(28,628)	(3,105)	(31,733)
As at December 31, 2018	648,654	814,476	979,131	(105,632)	2,336,629	(24,759)	2,311,870

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the years ended December 31, 2018 and 2017

SK networks Co., Ltd. and its subsidiaries

(Unit: KRW in million)

	2018	2017
Operating activities:		
Net income for the year	7,667	34,610
Non-cash adjustments to reconcile net income for the year to net cash flows used in operating activities	394,361	354,200
Working capital adjustments	(495,017)	(953,240)
Interest received	6,794	10,122
Interest paid	(80,688)	(80,849)
Dividends received	420	475
Income taxes paid	(32,547)	40
Net cash flows used in operating activities	(199,010)	(634,642)
Investing activities:		
Decrease (increase) in short-term financial instruments, net	(13,634)	10,000
Decrease in long-term financial instruments, net	-	7
Decrease (increase) in derivative financial assets, net	(6,210)	16,802
Decrease (increase) in short-term loans, net	1,622	(10,494)
Decrease (increase) in long-term loans, net	18	(1,576)
Proceeds from disposal of long-term investment securities	346	-
Acquisition of long-term investment securities	(25,103)	-
Proceeds from disposal of held-to-maturity financial assets	-	67
Proceeds from disposal of available-for-sale financial assets	-	193
Acquisition of available-for-sale financial assets	-	(19,701)
Acquisition of investments in associates and joint ventures	(2,489)	-
Proceeds from disposal of property, plant and equipment	90,342	117,068
Acquisition of property, plant and equipment	(127,098)	(156,741)
Proceeds from disposal of intangible assets	2,387	1,613
Acquisition of intangible assets	(3,327)	(4,696)
Proceeds from disposal of investment properties	2,406	-
Acquisition of investment properties	-	(122)
Decrease in guarantee deposits, net	(3,703)	(6,428)
Proceeds from disposal of assets classified as held for sale	10,288	345,794
Proceeds from disposal of business	-	585,168

SK networks Factbook 2019

Financial Review

Consolidated Statements of Cash Flows

SK networks Co., Ltd. and its subsidiaries

(Unit: KRW in million)

	2018	2017
Acquisition of business	(8,571)	-
Decrease in other non-current assets	92	1,069
Net cash flows provided by (used in) investing activities	(82,634)	878,023
Financing activities:		
Increase (decrease) in short-term borrowings, net	473,836	(584,299)
Repayment of current portion of long-term borrowings	(351,593)	(62,872)
Repayment of current portion of bonds payable	(220,000)	(130,000)
Increase in long-term borrowings	268,953	136,982
Issuance of bonds payable	368,460	39,815
Dividends paid	(28,881)	(24,833)
Acquisition of treasury stocks	-	(54,512)
Cash flows from the other financing activities	(6,975)	3,573
Net cash flows provided by (used in) financing activities	503,800	(676,146)
Increase (decrease) in cash and cash equivalents	222,156	(432,765)
Cash and cash equivalents as at January 1	263,364	696,360
Net effect of foreign exchange differences	(1,054)	(231)
Cash and cash equivalents as at December 31	484,466	263,364