The birth of Sunkyung Textiles
1953-1973

SK networks, launch of a global company
2003-Present

The Leap Forward
Launch of Sunkyung, opening a new chapter as a general trading company
1973-2002

The Growth Period

The Beginning

2003-PRESENT
Looking beyond today to tomorrow!  
Sixty-five years with our customers!

HISTORY

1953
Birth of SK networks

1962
First Korean textile company to export rayon fabric

1976
Acquires Korea National Oil Corporation

1980
Number of ICT sales agencies exceeds 3,000

1993
First Korean company to proceed with management changes

1996
Establishes corporate social responsibility project

1999
Acquires Dongyang Magic (renamed SK magic)

2003
Launches mega marketing strategy

2009
Launches SK networks

2017
Walkerhill launches Korea’s first capsule hotel, ‘DARAKhyu’

2018
SK broadband launches Korea’s first global services for content delivery network (CDN)

2019
SK hynix begins mass production of 128GB uFS 2.1, a next-generation storage device for mobile devices

SK Group Overview

Energy & Chemicals

The energy/chemicals division leads global growth, while the ICT/semiconductor division powers technological innovation, with SKC achieving global no.1 market share in optical film.

ICT & Semiconductors

SK is opening up new horizons by incorporating change in our business structure, along with new platforms, convergence and innovations in on/offline services.

Distribution Services & Bio

SK is a global business corporation by relentlessly pursuing change and innovation.

In the process of developing new solutions for the world, SK continues to evolve and grow in energy, eco-friendly materials, chemicals, pharmaceuticals and bio.

Customer Value

As a lifestyle partner, SK networks will always strive to maximize customer value today and explore future value for tomorrow.

Exploring a wider world through global operations, Paving the way to the future through ICT, Mobility for a smart car life and Energy can increase value. With a sound corporate culture, we will establish bold goals to increase customer value.

We foster a corporate culture in which employees can enjoy their work and the company can increase value. With a sound corporate culture, we will establish bold goals to increase customer value.

2018 Management Strategy

1. Focus on nurturing two business axes of ‘rental appliances’ and ‘mobility’
2. Innovate business model to focus on customer value
3. Share tangible and intangible assets and boost competitiveness of SK networks

SK is striving to create diverse values by uncovering new growth drivers. To this end, we embrace fundamental innovation, to foster a virtuous cycle of value.
Sixty-five years with our customers!

Looking beyond today to tomorrow!

The birth of SK networks in 1953 marked the start of a new chapter of growth for the Korean economy which had just emerged from the devastation of the Korean War. From the beginning, SK networks always strived to be a partner to our customers. It worked alongside the Korean people to deliver hopes and dreams to the nation rebuilding itself from the ashes of war.

In 1962, the company was granted a license to operate television stations, and in 1963, it took over a TV station. Chairman Chey Jong-hyun, who took office in 1963, took the company forward. In 1973, SK Networks Corporation adopted a new company name, SK Networks, to reflect the company’s new direction.

In 1980, SK acquired the Main Corporation, a trading company, and entered a number of international businesses. In 1995, SK launched SK networks, which grew to become a leading ICT company. In 1998, the company merged with Speedmate, a large automotive parts company, to begin the transformation into a rental company.

With its sound corporate culture and advanced management system, SK is creating new value in diverse fields with spirit and passion. SK is striving to create diverse values by uncovering new growth drivers. To this end, we embrace fundamental innovation, and the marketing/service division promotes customer happiness by focusing on bold change and the energy/chemicals division leads global growth, while the ICT/semiconductor division powers technological innovation.

With our extensive capabilities and assets in the telecommunication services and solutions business, along with the ICT & Semiconductors, Energy & Chemicals, Distribution Services & Bio, and Enterprise sectors, SK is opening up new horizons by incorporating change in our business structure and introducing creative ideas.

SK is always searching to provide new services for customers to deliver innovative value and enrich their everyday lives. SK networks for your everyday life!

2018 Management Strategy

SK networks seeks to innovate corporate value through digital transformation as a Customer Value Explorer.

1. Focus on nurturing two business axes of ‘rental appliances’ and ‘mobility’
2. Innovate business model to focus on customer value
3. Maximize tangible and intangible assets and boost competitiveness of global businesses

3. Share tangible and intangible assets and boost competitiveness of global businesses
   1. Focus on nurturing two business axes of ‘rental appliances’ and ‘mobility’
   2. Innovate business model to focus on customer value
   3. Maximize tangible and intangible assets and boost competitiveness of global businesses

Customer Value Explorer

SK networks is always searching to provide new services for customers to deliver innovative value and enrich their everyday lives.
01. SK networks creates value for customers around the world through global trading.

Our global trading business encompasses chemicals, steel, automotive, coal and other industrial materials. We aim to solidify our reputation as a global trading company specializing in the trade of industrial materials. Additionally, we are expanding our global business through synergy with SK magic.
02. SK networks provides new and creative services to offer enhanced convenience to customers.

Comprehensive mobility membership service, Most, world’s first application of IoT vehicle management system, SmartLink, Korea’s first capsule hotel, DARAKHYU, SK networks’ creative services deliver smart value to our customers.
03. SK networks offers efficient services so our customers can lead healthy and comfortable lives. SK rent-a-car’s new car-life services and SK magic’s appliance rental service deliver efficient value to customers.
Dear stakeholders,

Looking back on 2017, the year presented numerous challenges at home and abroad amidst the protective trade policies and interest rate hikes in the US, despite the overall recovery in the global economy. In this environment, SK networks concentrated on preparing the framework for a growth-oriented business structure and on stabilizing our financial structure.

2018 is likely to present yet more uncertainties due to the fast-changing business environment brought on by the 4th industrial revolution and sharing economy, in addition to ever-growing competition. To proactively respond to these changes, we are focusing on two major business areas of ‘appliance rental’ and ‘mobility’ to increase customer value and thereby our own corporate value. To this end, we will pursue the following three management objectives.

First, we will grow and expand customer value in the appliance rental business. Household appliance rental is a core business for us in 2018 and we aim to lead the market through innovative products and services that prioritize customer satisfaction. Furthermore, we will actively seek cooperative ties with other group affiliates and outside companies to offer products and services that will upgrade our customers’ lifestyles. Our mid to long-term goal is to expand into the healthcare sector to establish ourselves as a total health and lifestyle solutions provider.

Second, we will create new business models that enhance customer value based on shareable assets and memberships. We will draw on our assets in the energy retail sector that are in key locations nationwide to establish a mobility-centered total customer service system. Our rent-a-car, Speedmate and comprehensive membership program that allows customers to increase their value will play a pivotal role in setting up this system. Additionally, we will expand services related to electric car charging and parking, as well as contents based on external alliances, to continually increase customer convenience and satisfaction.

Third, we will further strengthen our global business base to preemptively deal with the fast-changing global market. We will harness our experience and knowhow in opening up new overseas markets, in addition to our extensive global network, to actively pursue expansion into new global markets and increase global partnerships.

Thanks to your steadfast support and encouragement, SK networks has become a sustainable company and we will not rest in our efforts to become a leading corporation. We will also abide by fair trade rules to realize ethical management and maximize value for all stakeholders through sound growth and development.

Thank you.

CEO & Chairman
Choi Shin-won

CEO & President
Park Sang-kyu
Creating future value through transparent management

SK Networks practices transparent management through BOD-centered activities. We established a BOD secretariat to support our board members and maintain an advanced corporate governance structure. Additionally, we increased the ratio of outside directors on the BOD to maximize investor profits. Committees under the BOD such as the Audit Committee are also headed by outside directors to maintain a strong and detailed system of checks and balances. In this way, we are striving to create sounder future value and repay our customers and investors through management transparency.

<table>
<thead>
<tr>
<th>No.</th>
<th>Name</th>
<th>Title</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Cho Dae-sik</td>
<td>Chairman of the BOD / Chairman of the SUPEX Council</td>
</tr>
<tr>
<td>2.</td>
<td>Choi Shin-won</td>
<td>CEO / Chairman</td>
</tr>
<tr>
<td>3.</td>
<td>Park Sang-kyu</td>
<td>CEO / President</td>
</tr>
<tr>
<td>4.</td>
<td>Hur Yong-suk</td>
<td>Outside Director / Standing Advisor, Sam4 Accounting Firm</td>
</tr>
<tr>
<td>5.</td>
<td>Lee Cheon-sei</td>
<td>Outside Director / Partner, DongIn Law Group</td>
</tr>
<tr>
<td>6.</td>
<td>Ha Young-won</td>
<td>Outside Director / Professor of Marketing, Sogang University</td>
</tr>
<tr>
<td>7.</td>
<td>Im Ho</td>
<td>Outside Director / Lawyer and Professor (Intellectual Property Law), Hongik University</td>
</tr>
</tbody>
</table>

Delivering trust and conviction to shareholders and customers

Enhanced transparency in corporate governance

We have already established the most advanced corporate governance structure in Korea and are readying diverse systematic tools to enable a BOD-centered management style that maximizes shareholder profits. Furthermore, committees under the BOD conduct checks and balances on the CEO.

Strengthened audit function

The Audit Committee is composed solely of outside directors to safeguard the committee’s independence. It is also given strong check functions and authority.

Greater accounting transparency and compliance activities

We updated 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 systemized 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.

Audit Committee

Members:
- 3 outside directors: Hur Yong-suk (Committee chair), Lee Cheon-sei, Ha Young-won
- 1 director: Park Sang-kyu (CEO)

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 director: Park Sang-kyu (CEO)
- 1 outside director: Lee Cheon-sei (Committee Chair), 1 outside director

Role: Establish processes for nomination of outside directors, form pool of candidates, nominate candidates
Our ICT business maintains a solid lead as the nation’s no.1 mobile phone distributor. Our leadership is based on the most expansive mobile phone distribution network in Korea and annual sales of over 7 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. Our subsidiary SK networks service also provides diverse services including network operations of SK telecom and SK broadband, as well as distribution of IT solution communications systems equipment.

With over 50 years of global business experience, we retain diverse and differentiated competitiveness in global sourcing, market intelligence and strategic networking. These strengths are applied to our global trading business centering on industrial commodities such as chemicals, steel, automotive and coal. Using our global outposts, we have secured a stable profit structure through strategic partnerships with major overseas suppliers.

SK networks has retained market leadership in the energy retail sector for the past 40 years, supplying petroleum products (gasoline, kerosene and diesel) to customers through our nationwide network of gas stations, asphalt sales and bunker oil (shipping fuel) business. Speedmate continues to expand its reach from its beginnings as an auto repair business to include emergency roadside services, imported car maintenance, distribution of car parts and tires, and exports of auto parts. SK rent-a-car delivers high levels of satisfaction by developing new services that enhance convenience for customers through our differentiated service infrastructure and membership benefits.

SK magic joined the SK networks family in November of 2016. The premium home appliance company had introduced gas ovens to the Korean market for the first time in 1985 and is continuing to expand its business scope to include gas/electric cooking ranges, electric ovens, dishwashing machines, water purifiers, air cleaners and bidets. SK magic is harnessing its more than 30 years of experience to make greater inroads into the growing appliance rental market.

Walkerhill hotel & Resort is a leader in the domestic hotel industry, offering general and business clients an oasis of rest and culture amid lush green surroundings in a city setting. Grand Walkerhill Seoul and Vista Walkerhill Seoul, the newly renovated Douglas House, along with Korea’s first airport capsule hotel ‘DARAKHYU’ shows the diversity and range of cultural spaces offered to customers to fulfill their evolving needs.

SK magic joined the SK networks family in November of 2016. The premium home appliance company had introduced gas ovens to the Korean market for the first time in 1985 and is continuing to expand its business scope to include gas/electric cooking ranges, electric ovens, dishwashing machines, water purifiers, air cleaners and bidets. SK magic is harnessing its more than 30 years of experience to make greater inroads into the growing appliance rental market.

**Global**

**ICT Marketing**

Our ICT business maintains a solid lead as the nation’s no.1 mobile phone distributor. Our leadership is based on the most expansive mobile phone distribution network in Korea and annual sales of over 7 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. Our subsidiary SK networks service also provides diverse services including network operations of SK telecom and SK broadband, as well as distribution of IT solution communications systems equipment.

With over 50 years of global business experience, we retain diverse and differentiated competitiveness in global sourcing, market intelligence and strategic networking. These strengths are applied to our global trading business centering on industrial commodities such as chemicals, steel, automotive and coal. Using our global outposts, we have secured a stable profit structure through strategic partnerships with major overseas suppliers.

**Mobility**

SK networks has retained market leadership in the energy retail sector for the past 40 years, supplying petroleum products (gasoline, kerosene and diesel) to customers through our nationwide network of gas stations, asphalt sales and bunker oil (shipping fuel) business. Speedmate continues to expand its reach from its beginnings as an auto repair business to include emergency roadside services, imported car maintenance, distribution of car parts and tires, and exports of auto parts. SK rent-a-car delivers high levels of satisfaction by developing new services that enhance convenience for customers through our differentiated service infrastructure and membership benefits.

**Hotel & Resort**

Walkerhill Hotel & Resort is a leader in the domestic hotel industry, offering general and business clients an oasis of rest and culture amid lush green surroundings in a city setting. Grand Walkerhill Seoul and Vista Walkerhill Seoul, the newly renovated Douglas House, along with Korea’s first airport capsule hotel ‘DARAKHYU’ shows the diversity and range of cultural spaces offered to customers to fulfill their evolving needs.

**Rental-Appliances**

SK magic joined the SK networks family in November of 2016. The premium home appliance company had introduced gas ovens to the Korean market for the first time in 1985 and is continuing to expand its business scope to include gas/electric cooking ranges, electric ovens, dishwashing machines, water purifiers, air cleaners and bidets. SK magic is harnessing its more than 30 years of experience to make greater inroads into the growing appliance rental market.
Speedmate plans to further strengthen partnerships from Continental, one of Europe’s largest tire makers.

Speedmate acquired exclusive rights to supply the Korean market with Matador tires. Matador is a global strategic brand of tires adopting technologies introduced to develop unique contents provided by Vista Walkerhill Seoul where “life, nature, and the future” coexist. The newly reopened space allows guests to enjoy ultimate relaxation inspired by nature and a healthy future.

Speedmate becomes exclusive supplier of Matador tires, first in Asia

Speedmate inked a partnership agreement with Multistrada Avena Sarasa (MASA). Speedmate signed an exclusive agreement to supply the Korean market with Arctica tires by the Indonesian tiremaker MASA. The agreement reflects efforts to secure a more diverse tire brand portfolio and to achieve customers’ needs for more reasonable purchases and meet the foundation for long-term growth.

Speedmate signs exclusive supply agreement with Multistrada Avena Sarasa (MASA)

September

Signed MOU with Hyundai Motor to build electric car charging infrastructure

SK networks signed an MOU with Hyundai Motor as part of plans to lead the future mobility market. One of the key contents of future mobility is charging infrastructure for electric cars. This is our entrance for the partnership of local inities between an energy distributor and auto manufacturers. According to the MOU, SK networks will lease three comprehensive teamwork charging stations, with two in Seoul and one in Gochang, for local operation of Hyundai Motor’s high speed electric car charging facilities. This collaborative relationship contributes to move closer to building charging infrastructure for the upcoming electric car era, providing mobility related services and testing competitive business models that can be applied to future markets.

Speedmate signs agreement with Poolus on vehicle management

Speedmate signed a working agreement with Poolus, an O2O car pooling service provider, to provide improved services to customers. With the agreement, Speedmate will be able to provide vehicle, maintenance and certification services for Poolus driver registration at some 300 locations in and around the capital.

Speedmate signs agreement with Poolus on vehicle management

November

Signed mileage alliance with Asiana Airlines

SK networks signed a business agreement with Asiana Airlines and announced the first step in the industry to provide online mileage points when fueling at gas stations. Customers who use gas at 22,200 gas stations directly operated by SK networks using the mobile fueling application will be able to convert discounts on gas into Asiana Airlines mileage points.

Launched Most, a comprehensive mobility membership brand

SK networks launched “Most (www.clubmost.com),” a comprehensive mobility membership program by merging “Zamong, Korea’s first mobile fueling application, and the company’s own membership brand for directly-operated gas stations called ‘Happy Karu Members.’ The new program allows customers to enjoy combined membership benefits from fueling, car washes, car maintenance, emergency roadside service and rental car services. The brand name ‘Most’ combines ‘Me’ from mobility and ‘S’ from stations, and refers to our determination to provide optimal mobility related services at nationwide SK networks gas stations and Speedmate centers.

Established JV with Japanese appliance firm, cado

SK networks established a joint venture with Japanese appliance maker cado to enter into the Japanese beauty appliances market. Through the joint venture, SK networks expects to quickly develop premium beauty appliance products that reflect the latest global trends, verify marketability in the advanced Japanese market, source market-verified premium beauty appliances and supply them to the Korean and global markets. Meanwhile, cado will be able to benefit from diversifying its own product line which it has been limited to air conditioners and turntables.

December

SK rent-a-car receives prize at 12th Korea Internet Award

SK networks signed an agreement with ICT Minister Park in the internet business category at the 12th Korea Internet Award for its online platform. With the recognition, the company committed itself to be a leader in the online service industry and continue with its digital transformation to reach the top three in the online business in Korea.

SK networks wins the largest prize at the Internet Business Industry Awards

Established 24th with Japanese appliance firm, cado

March

SK networks’ CEO and Chairman Choi Shin-woo elected head of Korea Fencing Federation

February

SK networks CEO Choi Shin-woo wins Global Philanthropy Award at United Way Community Leaders Conference

Choi Shin-woo, CEO and Chairman of SK networks and member of the United Way Worldwide (UWW) Leadership Council, became the first person in Asia to win the United Way 10 Million Dollar Donor award. He received the recognition for his donations to the Community of Greater China and pledge of future donations. In addition to the honours, the award reflects light on Choi’s activities in leading, philanthropic activities in Asia and his role in solving global social issues as part of the UWW Leadership Council. Furthermore, Choi helped spread awareness and action for providing assistance to other countries such as Mexico and China.

At a Glance

May

SK networks CEO and Chairman Choi Shin-woo wins Global Philanthropy Award at United Way Community Leaders Conference

Choi Shin-woo, CEO and Chairman of SK networks and member of the United Way Worldwide (UWW) Leadership Council, became the first person in Asia to win the United Way 10 Million Dollar Donor award. He received the recognition for his donations to the Community of Greater China and pledge of future donations. In addition to the honours, the award reflects light on Choi’s activities in leading, philanthropic activities in Asia and his role in solving global social issues as part of the UWW Leadership Council. Furthermore, Choi helped spread awareness and action for providing assistance to other countries such as Mexico and China.

April

Opening of Vista Walkerhill Seoul

Vista Walkerhill Seoul proposed other innovations as a new lifestyle space offering harmony between nature, people and the future. Within the overall concept of sustainable luxury, various technologies have been introduced to develop unique contents provided by Vista Walkerhill Seoul where “life, nature, and the future” coexist. The newly reopened space allows guests to enjoy ultimate relaxation inspired by nature and a healthy future.

April

Walkhill signs investment deal for Hotel DARAKHYU with Expo 2012 Yeosu Foundation

Walkhill signed an agreement with Expo 2012 Yeosu Foundation for investment in Hotel DARAKHYU. According to the agreement, Walkhill will build the hotel (DARAKHYU) in the southern city of Yeosu, which has grown into a major tourist attraction with more than 13 million annual visitors. The Yeosu branch will mark the third hotel (DARAKHYU) after the walkers in the first and second terminals at Incheon International Airport. The addition in Yeosu is expected to promote the local economy and act as a platform for delivering stronger experiences.

April

Walkhill signs investment deal for Hotel DARAKHYU with Expo 2012 Yeosu Foundation

Walkhill’s agreement with Expo 2012 Yeosu Foundation for investment in Hotel DARAKHYU. According to the agreement, Walkhill will build the hotel (DARAKHYU) in the southern city of Yeosu, which has grown into a major tourist attraction with more than 13 million annual visitors. The Yeosu branch will mark the third hotel (DARAKHYU) after the walkers in the first and second terminals at Incheon International Airport. The addition in Yeosu is expected to promote the local economy and act as a platform for delivering stronger experiences.

April

Walkhill signs investment deal for Hotel DARAKHYU with Expo 2012 Yeosu Foundation

Walkhill’s agreement with Expo 2012 Yeosu Foundation for investment in Hotel DARAKHYU. According to the agreement, Walkhill will build the hotel (DARAKHYU) in the southern city of Yeosu, which has grown into a major tourist attraction with more than 13 million annual visitors. The Yeosu branch will mark the third hotel (DARAKHYU) after the walkers in the first and second terminals at Incheon International Airport. The addition in Yeosu is expected to promote the local economy and act as a platform for delivering stronger experiences.

April

Walkhill signs investment deal for Hotel DARAKHYU with Expo 2012 Yeosu Foundation

Walkhill’s agreement with Expo 2012 Yeosu Foundation for investment in Hotel DARAKHYU. According to the agreement, Walkhill will build the hotel (DARAKHYU) in the southern city of Yeosu, which has grown into a major tourist attraction with more than 13 million annual visitors. The Yeosu branch will mark the third hotel (DARAKHYU) after the walkers in the first and second terminals at Incheon International Airport. The addition in Yeosu is expected to promote the local economy and act as a platform for delivering stronger experiences.

April

Walkhill signs investment deal for Hotel DARAKHYU with Expo 2012 Yeosu Foundation

Walkhill’s agreement with Expo 2012 Yeosu Foundation for investment in Hotel DARAKHYU. According to the agreement, Walkhill will build the hotel (DARAKHYU) in the southern city of Yeosu, which has grown into a major tourist attraction with more than 13 million annual visitors. The Yeosu branch will mark the third hotel (DARAKHYU) after the walkers in the first and second terminals at Incheon International Airport. The addition in Yeosu is expected to promote the local economy and act as a platform for delivering stronger experiences.

April

Walkhill signs investment deal for Hotel DARAKHYU with Expo 2012 Yeosu Foundation

Walkhill’s agreement with Expo 2012 Yeosu Foundation for investment in Hotel DARAKHYU. According to the agreement, Walkhill will build the hotel (DARAKHYU) in the southern city of Yeosu, which has grown into a major tourist attraction with more than 13 million annual visitors. The Yeosu branch will mark the third hotel (DARAKHYU) after the walkers in the first and second terminals at Incheon International Airport. The addition in Yeosu is expected to promote the local economy and act as a platform for delivering stronger experiences.

April

Walkhill signs investment deal for Hotel DARAKHYU with Expo 2012 Yeosu Foundation

Walkhill’s agreement with Expo 2012 Yeosu Foundation for investment in Hotel DARAKHYU. According to the agreement, Walkhill will build the hotel (DARAKHYU) in the southern city of Yeosu, which has grown into a major tourist attraction with more than 13 million annual visitors. The Yeosu branch will mark the third hotel (DARAKHYU) after the walkers in the first and second terminals at Incheon International Airport. The addition in Yeosu is expected to promote the local economy and act as a platform for delivering stronger experiences.

April

Walkhill signs investment deal for Hotel DARAKHYU with Expo 2012 Yeosu Foundation

Walkhill’s agreement with Expo 2012 Yeosu Foundation for investment in Hotel DARAKHYU. According to the agreement, Walkhill will build the hotel (DARAKHYU) in the southern city of Yeosu, which has grown into a major tourist attraction with more than 13 million annual visitors. The Yeosu branch will mark the third hotel (DARAKHYU) after the walkers in the first and second terminals at Incheon International Airport. The addition in Yeosu is expected to promote the local economy and act as a platform for delivering stronger experiences.

April

Walkhill signs investment deal for Hotel DARAKHYU with Expo 2012 Yeosu Foundation

Walkhill’s agreement with Expo 2012 Yeosu Foundation for investment in Hotel DARAKHYU. According to the agreement, Walkhill will build the hotel (DARAKHYU) in the southern city of Yeosu, which has grown into a major tourist attraction with more than 13 million annual visitors. The Yeosu branch will mark the third hotel (DARAKHYU) after the walkers in the first and second terminals at Incheon International Airport. The addition in Yeosu is expected to promote the local economy and act as a platform for delivering stronger experiences.
Trading aromatics, chemical fiber materials, solvents, and other chemical products

With over 50 years of international experience, we have built up our competitiveness in global trading with outstanding capabilities in global sourcing, market intelligence, and strategic networking, which we utilize in trading chemicals, steel, automobiles, coal, and other industrial commodities. As we develop our global business by offering key products through trading posts around the world, we are forming strategic partnerships with major global suppliers and securing a stable profit structure. Going forward, we will continue our efforts to sustain growth by building a strong business platform for each business division, in particular, we will explore new growth engines by expanding our business scope through multifaceted partnerships with major global customers.

Global

Global

The chemicals 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, fertilizers, and PU materials. The division works with long-term partners that are major global petrochemical producers from Korea (SKGC, GS Caltex, Lotte Chemical, S-Oil, etc.) and overseas (SABIC, Methanex, etc.) to carry out trading and local sales in Korea and China.

Harnessing operational expertise gained from manufacturing subsidiaries in China, namely, Shantou PS, Ningbo PET and R-PET, we have been progressively growing our business in the Chinese market, the largest consumer in the world. Following the shift in market demand for petrochemical products, we will also expand to the Americas and Southeast Asia.

Chemical

Trading aromatics, chemical fiber materials, solvents, and other chemical products
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, Dongbu 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. We are also expanding the scope of our tripartite trade beyond exporting domestic products to sourcing overseas products.

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

Demonstrating capabilities in domestic coal trading, investing in the development of coal mines in Australia.

The coal division launched the resource development business in 2005 and has invested in numerous mining development projects for coal, iron ore, copper, and other nonferrous metals. In 2012, we reorganized the business portfolio to concentrate on our capabilities in the domestic coal trade and development of coal mines in Australia. Based on such efforts, we have steadily reinforced our market presence.

Our goal for 2018 is to secure stable trading earnings based on effective management of investment assets.

Automotive

The automotive division supplies CKD*, CBu*, auto parts and other related products to the global market. Key items range from finished cars and CKDs mostly made in Korea to auto parts such as car seats, while our major markets are based in the Middle East, Europe, and Asia. The automotive division began in 2014 with the export of Korean cars and major markets to the Middle East. In 2016, we formed a strategic partnership with well-established buyers, which gave us a foundation for expansion. We entered the Chinese-made car business in 2017 and continue to grow at a rapid pace. In 2018, we are expanding further with a stronger and more stable business portfolio. Our plan involves global sourcing and market expansion and discovering additional items like car-related parts. We will also continue developing our role as customer value explorer to secure RM-based profit and growth.

Steel

The steel division supplies overseas buyers with products made in Korea and abroad. We are actively involved in global trading with POSCO, Hyundai Steel, Dongbu 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, and ArcelorMittal. We are also expanding the scope of our tripartite trade beyond exporting domestic products to sourcing overseas products.

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

Coal

The coal division launched the resource development business in 2005 and has invested in numerous mining development projects for coal, iron ore, copper, and other nonferrous metals. In 2012, we reorganized the business portfolio to concentrate on our capabilities in the domestic coal trade and development of coal mines in Australia. Based on such efforts, we have steadily reinforced our market presence.

Our goal for 2018 is to secure stable trading earnings based on effective management of investment assets.

Automotive

The automotive division supplies CKD*, CBu*, auto parts and other related products to the global market. Key items range from finished cars and CKDs mostly made in Korea to auto parts such as car seats, while our major markets are based in the Middle East, Europe, and Asia. The automotive division began in 2014 with the export of Korean cars and major markets to the Middle East. In 2016, we formed a strategic partnership with well-established buyers, which gave us a foundation for expansion. We entered the Chinese-made car business in 2017 and continue to grow at a rapid pace. In 2018, we are expanding further with a stronger and more stable business portfolio. Our plan involves global sourcing and market expansion and discovering additional items like car-related parts. We will also continue developing our role as customer value explorer to secure RM-based profit and growth.

Steel

The steel division supplies overseas buyers with products made in Korea and abroad. We are actively involved in global trading with POSCO, Hyundai Steel, Dongbu 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, and ArcelorMittal. We are also expanding the scope of our tripartite trade beyond exporting domestic products to sourcing overseas products.

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

Coal

The coal division launched the resource development business in 2005 and has invested in numerous mining development projects for coal, iron ore, copper, and other nonferrous metals. In 2012, we reorganized the business portfolio to concentrate on our capabilities in the domestic coal trade and development of coal mines in Australia. Based on such efforts, we have steadily reinforced our market presence.

Our goal for 2018 is to secure stable trading earnings based on effective management of investment assets.
Specializing in ICT sales and distribution with a focus on mobile devices

ICT Marketing

Professional ICT marketer delivering a happy digital life to customers

The ICT division is securely positioned as the no. 1 mobile phone distributor in Korea, selling over 7 million devices annually based on the nation’s largest mobile phone sales network. We are progressively expanding our products to include not only mobile devices but also tablet computers, IoT devices for home automation, and ICT accessories. We also provide various services through our subsidiary SK networks service, including operation of SK telecom and SK broadband’s networks as well as distribution of communication system equipment for IT solutions. The ICT Business is now aiming to optimize existing business models based on innovation in customer value and discover new businesses. To that end, we will increase competitiveness by strengthening data-based marketing and improving services. We will also focus on discovering new business models that meet the needs of diverse customers by building a contents distribution platform, launching in-house brand ICT products, and more. Ultimately, we hope to make it more convenient and enjoyable for customers to stay connected to the world by providing them with customized digital life services as well as integrated online/offline/mobile platforms.

FY2017 Sales

KR₩ 5,172.0 billion

(Including SK networks service)

Mobile Phones

We are Korea’s foremost mobile device distributor. With a mobile phone network and distribution infrastructure that spans the nation, we provide customers with the device 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 operate some 1,150 exclusive sales agencies. In addition to supplying these agencies with a variety of mobile devices purchased from both domestic and foreign manufacturers, we provide them with credit loans and operational consulting as part of our win-win business model. In the future, we plan to expand the role of the ICT business within the mobile phone market to secure profitability and sustainable growth.

Distribution Service

We deliver differentiated value to our customers based on a nationwide distribution infrastructure and system whose coverage has grown for the last 20 years alongside our ICT equipment distribution business. Based on our vast experience, we are expanding into third party logistics, storage & warehouse, and other related services. Looking ahead, we plan to build and expand an integrated distribution system that will help us maintain and develop leading SCM capabilities.

ICT device

We supply a variety of phone-related package products and accessories to meet the demand for ICT devices and accessories which has surged with the widespread use of smartphones. Our goal is to grow into a specialized ICT distributor that satisfies unmet customer needs with differentiated products and brands.

ICT Marketing

Professional ICT marketer delivering a happy digital life to customers

The ICT division is securely positioned as the no. 1 mobile phone distributor in Korea, selling over 7 million devices annually based on the nation’s largest mobile phone sales network. We are progressively expanding our products to include not only mobile devices but also tablet computers, IoT devices for home automation, and ICT accessories. We also provide various services through our subsidiary SK networks service, including operation of SK telecom and SK broadband’s networks as well as distribution of communication system equipment for IT solutions. The ICT Business is now aiming to optimize existing business models based on innovation in customer value and discover new businesses. To that end, we will increase competitiveness by strengthening data-based marketing and improving services. We will also focus on discovering new business models that meet the needs of diverse customers by building a contents distribution platform, launching in-house brand ICT products, and more. Ultimately, we hope to make it more convenient and enjoyable for customers to stay connected to the world by providing them with customized digital life services as well as integrated online/offline/mobile platforms.
Gas Stations
We offer high-test gasoline, kerosene, and diesel through a nationwide network of gas stations supplying petroleum products (gasoline, kerosene, diesel), asphalt sales, and bunker oil business. In July 2016, we launched the Korea’s first mobile fueling application called Zamong, and we diversified our stations to include various best services and strengthened membership benefits to ensure SK network’s unique competitiveness.

Speedmate, the no. 1 brand in automobile service, began as a repair and maintenance business and grew to include emergency roadside services, imported car maintenance and parts distribution, tire distribution, and parts import. It also provides high-quality car-life services to customers through online, offline, mobile channels to solidify the brand’s top place in the car aftermarket.

SK rent-a-car, also a vast growing brand in the industry, and continue to seek customer satisfaction levels through the development of ‘smart car services’ based on differentiated service infrastructure and membership services. These include the car operation control system ‘Smart Link’ which uses the world’s first LoRaWAN technology dedicated to IoT as well as ‘SK rent-a-car Online Direct Service’ using artificial intelligence and virtual reality.

As a leader in the domestic petroleum market, we continually strive to strengthen future growth potential by innovating management structure, improving service quality, and practicing differentiated marketing.

Energy Retail

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 modified asphalt products with outstanding durability. In addition, we will bunker C oil and marine lubricants to national flag-carrying vessels and inbound foreign vessels to Korea.

Annual Sales Volume

<table>
<thead>
<tr>
<th>Gas Stations</th>
<th>Membership</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.4 million drums</td>
<td>1.34 million persons</td>
</tr>
<tr>
<td>460 nationwide</td>
<td>(approx.)</td>
</tr>
</tbody>
</table>
Since its establishment in 2009 with 3,800 vehicles, SK rent-a-car continues on the path of growth to the tune of nearly 20% annually through unique total car-life services.

### Speedmate_Car Maintenance/Repair

**Repair and Maintenance / Tire Distribution**

Speedmate has been morally-led by upgrading, standards in Korea’s automobile repair and maintenance industry by strengthening its own service quality with standardized processes, maintenance quality assurance practice, etc., based on systematic CS management. As such, Speedmate is recognized as the top brand in the industry and has upheld its no. 1 ranking on K-BPI, the Korea Brand Power Index, for sixteen consecutive years. We currently have a 700-strong network accessible nationwide, including 1,500 service locations at SK gas stations and e-mart. We are helping to make imported car maintenance more affordable by providing services at prices 30-40% lower than official dealerships. We offer repair and maintenance services for imported cars in some 220 shops staffed by mechanics with trusted expertise and knowledge.

Furthermore, we continue to strengthen service quality through customer-centered initiatives like “Fair Service Campaign” and “Conversations with Customers.” Starting 2017, we began to directly purchase a number of parts for imported cars in some 220 shops staffed by mechanics with trusted expertise and knowledge. By quickly developing the business with a focus on the major imported brands, we have established Speedmate as the current leader in the domestic imported car parts distribution market.

We steadily increase the buyers by participating overseas parts expos, even though quality PB parts produced by verified Korean manufacturers to overseas parts distributors, and proactively expand targeting markets in regions that include Middle East, Russia, Central and South America.

**ERS**

Our ERS business began in 2001, with Korea’s first on-site accident assistance service. In 2005, we built the industry’s first system for locating customers and linking them directly to dispatch networks, and have since made bold investments and systematically managed our network to provide sophisticated services.

Currently, we operate a nationwide network of some 540 dispatch agencies and 24-hour call center for prompt services. We are also developing a variety of services in line with the evolving mobility environment, including mobile emergency dispatch services connected to Smart IVR and T-Map and emergency dispatch services based on the tracking device in mobile devices. Moving forward, we will continue to upgrade our ERS business model through the core infrastructure for mobility services like eCall for emergency calls and iCall for breakdown assistance, both based on remote diagnostics.

### Car Rental

**Individual Long-term Rentals**

We offer leases that run from three to five years to individual customers and auto proprietors, giving them an economical and convenient way to enjoy brand new cars while SK rent-a-car manages all auto-related details like taxes, maintenance, and insurance as well as accident and sales processing. Customers can also enjoy benefits like discounts for gas and maintenance service as well as free car wash through membership program. In March 2018, we launched Online Direct Service that incorporates artificial intelligence and virtual reality for added convenience.

**Corporate Long-term Rentals**

For corporate clients, we offer long-term leases on vehicles used for business purposes. SK rent-a-car has established a nationwide network and has been aggressive in its marketing not only to large companies but also to regional SMEs. We are building a mobile maintenance system that can be available throughout the whole country. Meanwhile, we differentiate our service competitiveness through ‘Smart Link’ (car operation control system equipped with IoT technology) by increasing operational efficiency and significantly reducing expenses.
Walkerhill, representative hotel industry leader creating value

From Grand Walkerhill Seoul and Vista Walkerhill Seoul to Doghouse House and the new transit hotel/premium lounge/capsule hotel at Incheon International Airport, Walkerhill Hotel & Resort has a varied range of hotels with different concepts that balance each other to create synergy. Walkerhill is Korea’s leading hotel company, and its continued efforts to make guests happy, in remarkable progress in the domestic hotel industry, sustainable solutions for customers’ health.

Grand Walkerhill Seoul
Situated between the forests of Mt. Acha and the scenic Han River, Grand Walkerhill Seoul is a natural haven in Seoul that offers comfort, rest, banquet services, entertainment, leisure activities, and exceptional services. It is a famous showcase for the natural beauty of Korea’s four seasons—cherry blossoms in spring, lush greenery in the summer, fall foliage, and snowscape in the winter. Facilities include an outdoor pool that overlooks the river, a special Camping Zone, exciting Kids Club, and relaxing Beach Cafe. From April to June of 2017, Grand Club by Walkerhill underwent a three-month renovation and now boasts an exclusive ‘skyview’ lounge as well as premium rooms 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. Our Convention Center has nine banquet halls of various sizes (Grand Hall, Vista Hall, Walkerhill Theater, Cosmos Hall, Casa Room, Art Hall, Pine Room, Oak Room, Ida Room), in addition to which we have special facilities like Aston Room, Oak Room, Ida Room. In the early days of Walkerhill, Douglas House was the hotel of the period and well known as the work of architect Kim Sang-geun. It was Kim who said “don’t fight nature; let it be” and made the building a part of the natural mountainals. Douglas House reopened in April 2018 after a five-month renovation with a new look. Nestled at the foot of Mt. Acha with panoramic views of the Han River, it was carefully designed to deliver comfort and privacy. 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.

Douglas House
In the early days of Walkerhill, Douglas House was Korea’s first airport capsule hotel at Incheon International Airport, Walkerhill hotel & resort was opened in 2003, and it was a part of the natural mountainals. Douglas House reopened in April 2018 after a five-month renovation with a new look. Nestled at the foot of Mt. Acha with panoramic views of the Han River, it was carefully designed to deliver comfort and privacy. 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.

External Businesses
Walkerhill is reaping great success from various other external ventures, including the operation of a capsule hotel, hotel and premium lounge at Incheon International Airport; a restaurant at the BMW Driving Center; and catering services for international events like the 2023 Presidents Cup.

Vista Walkerhill Seoul
Vista Walkerhill Seoul relaunched in April 2017 with a nature-based motif and a focus on “Wellness & Technology.” It is the ideal place for customers looking to get away from their busy life in the city or those seeking out a unique cultural experience. Vista Walkerhill Seoul is a lifestyle place where nature, people, and the future coexist. We utilized technology to transform the place under the concept of sustainable luxury. Our brand name itself includes the idea of “vista” which was inspired by our magnificent views but also signifies a future vision for Walkerhill. Vista Walkerhill Seoul also operates a Wellness Club with Health Connect, the healthcare company formed jointly by Seoul National University Hospital and SK telecom. With diverse facilities and programs that have not been introduced to Korea before, the Wellness Club offers differentiated, sustainable solutions for customers’ health.

As Korea’s leading representative in the hotel industry, Walkerhill Hotel & Resort offers guests the finest experience in leisure, culture, and business. We operate a variety of facilities best represented by the famed Grand Walkerhill Seoul and Vista Walkerhill Seoul in the heart of the city, the newly renovated Douglas House and DARAKhyu, the first airport capsule hotel in Korea. Through our various locations, we are able to meet new needs and provide truly multicultural spaces for guests. In 2018, we were ranked No.1 in the hotel and resort category of the National Brand Awards for the second straight year and solidified our position as Korea’s top hotel company.
Before joining SK networks in November 2016, SK magic began as a premium kitchen appliances company, introducing the gas oven to the domestic market in 1985. Since then, it has successfully expanded into gas/electric ranges, electric ovens, dishwashers, water and air purifiers, and bidets.

SK magic has over 30 years of experience on which to build its business. With kitchen and home appliances at the center, it is expanding its reach into the growing market for home appliance rentals. It maintains a comfortable lead over the competition in key categories, including tankless water purifiers, gas and electric ranges, electric ovens, microwaves, dishwashers, and further strengthened its profit base in the built-in sector by passing KRW 110 billion in annual orders. In particular, the innovative tankless water purifier has a no. 1 market share of over 40%. SK magic also introduced a series of three Super Air Purifiers with AI-based self-cleaning systems, the first of their kind in Korea, to stay ahead of the market.

SK magic will accelerate growth by studying customers, developing innovative technology and products, creating excellent designs, and partnering with SK networks and its subsidiaries to introduce products and services that create outstanding customer value and actively plan to enter foreign markets.

Techology for a healthier, happier life with SK magic

Cumulative total of rental accounts
1.26 million
(as of end of December 2017)

'Slant' of the world’s 4 most prestigious design awards
Red Dot, iF, IDEA, Good Design (Japan)
SK magic’s brand power in the home appliance sector continues to hold strong. As the number one of the Korean Brand Power Index, SK magic has been the number one brand in the Korean home appliance market.
SK networks has introduced and operated a compliance program (CP) since 2002. CP operations are overseen by a compliance officer appointed by the Board of Directors working with a department exclusively committed 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.

**Implementation**
- Education, monitoring, distribution of CP manual

**Commitment to Compliance**
- CEO and management

**Fair Trade**

**01. Fair Trade Education Programs**
We seek to raise employees’ awareness of fair trade and strengthen each division’s voluntary compliance through education programs focused on the latest revisions and enactment of fair trade laws so that we may prevent violations of fair trade laws. In 2017, we carried out a training course for all company employees that focused on the importance of fair trade compliance. We also revised and distributed our CP manual with guidelines for compliance to minimize the risk of violating any laws from the ground up.

**02. Compliance Program 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 the Internal Trade Committee since 2012. Thus far, the committee has deliberated and reported on 13 cases.

---

**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 ICT market. The IT solutions division, the 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. SK networks service is seeking to move beyond its existing scope of service jobs and establish itself in the ICT sector as a technical service platform operator that can innovate customer value. To that end, it will strengthen its technical capabilities to expand the solution division and improve products in addition to growing beyond its role as a simple hardware distributor to improve products and services in the ICT distribution sector.

**SK rent-a-car service**

The company was launched in March 2016 as Car Life Service Ltd. to provide professional support for short-term rentals, accident repairs and regular maintenance, courtesy car services, customer centers, and numerous other operations. In March 2018, it changed its name to SK rent-a-car Service Ltd. and is making every effort to support SK’s rental car business through continued endeavors and innovation.

**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 and Biotopia. SK pinx offers customers a chance to enjoy sports, commune with nature, and immerse themselves in arts and culture through high-end service. Going forward, it will solidify its position as a world-class resort and strive to create a new prestige living culture.
According to SK Group’s management philosophy, SKMS (SK Management System), the concept of stakeholder happiness means “A corporation must consistently achieve stability and growth to persevere and advance. In doing so, a corporation must also create greater happiness for customers, employees, shareholders, and society.” We are actively engaged in sustainable management rooted in this concept. SK Group also designated 2018 as “Year One for a New SK” and is pursuing enhanced social value (SV) as a vital corporate strategy for survival. Ultimately, we seek to realize sustainable growth together with society.

SK networks recognizes the pursuit of social value is indispensable to the sustainable growth of the company and its employees. In 2018, it selected the pursuit of social value as one of the management policies supporting the beginning of DBL (Double Bottom Line). Furthermore, it sought to identify the social issues associated with each business division and made a quantitative measure of the fundamental impact of all SK networks-led business activities from the environmental, social, and governance aspects. Going forward, we will continue research and monitoring to expand the range of indicators for measuring social value and develop a more sophisticated methodology. We will also uncover ways to create social value and cultivate business models based on the measure of social value.

SK DBL (Double Bottom Line) is SK’s management principle which states all SK business activities should create economic value and increase social value so that society can share in the company’s growth.

DBL’s Key Strategies:
- Expand the scope of SV creation beyond CSR to overall concept of Biz Value Chain
- Actively review ways to grow SV during decision-making process (Decreasing (−)SV, generating (+)SV)
- SK management principle of growing with society

Economic Value:
- Financial performance disclosed through corporate accounting
  - Generally recognized as the final results of corporate economic activities
  - Income
  - Expense

Social Value:
- Social performance resulting from decreasing cost of social damage and creating social benefits through corporate economic activities
  - Creation of social benefits
  - Social damage costs

Creating a ‘shared world’ of happiness in harmony and balance

SK networks Profile 2018

Sustainability Management
**Social Responsibilities**

Creating a better world with ‘Happiness Management’ that puts people first

---

**CSR Implementation System**

SK networks carries out a variety of activities to bring positive changes to society. In addition to activities led by specialists in various business divisions, we enable individuals to volunteer freely. We are expanding the scope of our activities through partnerships with NPOs, schools, social enterprises, and civic volunteer groups. We pledge to continue our efforts to create greater social value and help communities grow through consistent and sincere CSR activities.

---

**Disability People / Children**

Support for the blind and visually impaired

**Happy Participation**

All SK networks employees are enthusiastic and devoted volunteers who share in SK Group’s CSR philosophy.

**Happy Coexistence**

SK networks shares capabilities and knowledge by maintaining a close partnership with local communities, NPOs, and the government so it can maximize the impact of CSR activities.

**Happy Change**

We seek fundamental social change by helping people in need become self-reliant rather than offering temporary charity.

---

**Local Community / Environment**

**Local Community**

As part of our effort to create a beautiful landscape for local communities, we lead a project that transforms boring and lifeless walls near schools into vibrant scenes full of hopes and dreams. As works of public art, the walls brighten up the neighborhood and convey a sense of stability and happiness. We will continue to work with the public arts social enterprise Walimade to enhance our communities.

Additionally, SK networks’ nationwide regional offices support their local welfare organizations in a variety of ways. In Seoul, employees deliver winter necessities to impoverished inner city neighborhoods. In the Seoul and Gyeonggi area, we also provide kimchi and coal briquettes to low income families.

In 2017, some 50 volunteers from SK networks, Suwon Chamber of Commerce and Industry, and the Community Chest of Gyeonggi visited a neighborhood in the city of Yeoju in Gyeonggi province to deliver 15,000 coal briquettes to 55 households and rice to 400 families. The 2017 winter kimchi event drew the participation of 150 employees. We made and delivered kimchi out of some 8,000 heads of cabbage under the supervision of 190 employees. We made and delivered kimchi and coal briquettes to winter necessities to impoverished inner city neighborhoods. In the Seoul and Gyeonggi area, we also provide kimchi and coal briquettes to low income families.

In 2017, some 50 volunteers from SK networks, Suwon Chamber of Commerce and Industry, and the Community Chest of Gyeonggi visited a neighborhood in the city of Yeoju in Gyeonggi province to deliver 15,000 coal briquettes to 55 households and rice to 400 families. The 2017 winter kimchi event drew the participation of 150 employees. We made and delivered kimchi out of some 8,000 heads of cabbage under the direction of Chef Lee Seon-hee of Supper Kimchi Research Institute.

---

**Global CSR Activities**

The Dream Package Project is a global effort that delivers school supplies to children in need, including those with access to education. Employees of SK networks and SK affiliates, civilian volunteers, and social enterprises come together to give children around the world a better future. The project has helped approximately 5,000 children in eight countries so far. We are also actively carrying out CSR activities in regions where SK networks has overseas subsidiaries and branches. This includes supporting nursing homes, special needs schools, and ‘study room’ centers for children with regular volunteer work and donations. Our global outputs also enable us to support recovery efforts in areas devastated by natural disasters.
Global Network

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

27 Locations in 17 Countries

* The above map displays the locations of subsidiaries and overseas offices for the convenience of investors and customers.
## Consolidated Financial Statement

### The 65th Period (Current): As of December 31, 2017

### The 64th Period (Previous): As of December 31, 2016

### Assets

1. **Current Assets**
   - Cash and cash equivalents
   - Short-term financial instruments
   - Held-to-maturity investments
   - Trade and other receivables
   - Financial derivatives
   - Other financial assets
   - Other current assets
   - Inventory
   - Non-current assets as held for sale

2. **Non-current assets**
   - Long-term financial instruments
   - Available-for-sale financial assets
   - Held-to-maturity financial assets
   - Investments in associates and fellow subsidiary
   - Derivative financial assets
   - Other non-current financial assets
   - Tangible assets
   - Goodwill & Intangible assets
   - Investments in real estate
   - Deferred income tax assets
   - Other non-current assets

### Liabilities

1. **Current liabilities**
   - Trade and other payables
   - Short-term borrowings
   - Current portion of long-term debts
   - Derivative financial liabilities
   - Other financial liabilities
   - Current income tax liabilities
   - Current provisions for liabilities and charges
   - Other current liabilities

2. **Non-current liabilities**
   - Borrowings and Debentures
   - Derivative financial liabilities
   - Other financial liabilities
   - Deferred income tax liabilities
   - Net Defined benefit obligations
   - Provisions
   - Other non-current liabilities

### Shareholders' equity

1. **Equity attributable to owners**
   - Capital stock
   - Consolidated capital surplus
   - Consolidated retained earnings
   - Consolidated other reserves

2. **Attributable to; non-controlling interest**

### Total shareholders' equity

### Total liabilities and shareholders' equity

<table>
<thead>
<tr>
<th><strong>Assets</strong></th>
<th><strong>Liabilities</strong></th>
<th><strong>Total</strong></th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>Trade and other payables</td>
<td>263,364</td>
</tr>
<tr>
<td>Short-term financial instruments</td>
<td>Short-term borrowings</td>
<td>7,448</td>
</tr>
<tr>
<td>Held-to-maturity investments</td>
<td>Current portion of long-term debts</td>
<td>45</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>Derivative financial liabilities</td>
<td>1,145,129</td>
</tr>
<tr>
<td>Financial derivatives</td>
<td>Other financial liabilities</td>
<td>1,060</td>
</tr>
<tr>
<td>Other financial assets</td>
<td>Current income tax liabilities</td>
<td>101,948</td>
</tr>
<tr>
<td>Other current assets</td>
<td>Current provisions for liabilities and charges</td>
<td>193,134</td>
</tr>
<tr>
<td>Inventory</td>
<td>Other current liabilities</td>
<td>635,348</td>
</tr>
<tr>
<td>Non-current assets as held for sale</td>
<td>Non-current liabilities</td>
<td>261,923</td>
</tr>
<tr>
<td>Total assets</td>
<td>Total liabilities</td>
<td>3,540,077</td>
</tr>
</tbody>
</table>

**Financial Review**

The financial review provides a detailed analysis of the company's financial performance and position. It covers revenue, expenses, profitability, liquidity, and solvency ratios. The review is crucial for stakeholders to understand the company's financial health and future prospects.
Consolidated Statements of Comprehensive Income

The 64th Period (Previous) : As of December 31, 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>2016.01.01 (Beginning of previous period)</th>
<th>2016.12.31 (End of previous period)</th>
<th>2017.01.01 (Beginning of current period)</th>
<th>2017.12.31 (End of current period)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total comprehensive income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated net income from continuing operations</td>
<td>2,370,219</td>
<td>2,428,001</td>
<td>2,405,537</td>
<td>2,519,386</td>
<td>8,725,093</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>175</td>
<td>200</td>
<td>176</td>
<td>304</td>
<td>765</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income attributable to owners of the Company</td>
<td>2,380,269</td>
<td>2,428,001</td>
<td>2,405,537</td>
<td>2,519,386</td>
<td>8,725,093</td>
</tr>
</tbody>
</table>

Consolidated Statements of Changes in Equity

The 64th Period (Previous) : As of December 31, 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>2016.01.01 (Beginning of previous period)</th>
<th>2016.12.31 (End of previous period)</th>
<th>2017.01.01 (Beginning of current period)</th>
<th>2017.12.31 (End of current period)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total comprehensive income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated net income from continuing operations</td>
<td>2,370,219</td>
<td>2,428,001</td>
<td>2,405,537</td>
<td>2,519,386</td>
<td>8,725,093</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>175</td>
<td>200</td>
<td>176</td>
<td>304</td>
<td>765</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income attributable to owners of the Company</td>
<td>2,380,269</td>
<td>2,428,001</td>
<td>2,405,537</td>
<td>2,519,386</td>
<td>8,725,093</td>
</tr>
</tbody>
</table>

The 65th Period (Current): As of December 31, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>2017.01.01 (Beginning of current period)</th>
<th>2017.12.31 (End of current period)</th>
<th>2018.01.01 (Beginning of next period)</th>
<th>2018.12.31 (End of next period)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total comprehensive income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated net income from continuing operations</td>
<td>2,405,537</td>
<td>3,374</td>
<td>34,610</td>
<td>1,236</td>
<td>5,312,527</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>22,336</td>
<td>-7,410</td>
<td>9,313</td>
<td>27</td>
<td>13,579</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income attributable to owners of the Company</td>
<td>2,527,802</td>
<td>1,236</td>
<td>35,923</td>
<td>1,236</td>
<td>5,326,106</td>
</tr>
</tbody>
</table>

Financial Review

SK networks Financial Review 2018

The 65th Period (Current): As of December 31, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>2017.01.01 (Beginning of current period)</th>
<th>2017.12.31 (End of current period)</th>
<th>2018.01.01 (Beginning of next period)</th>
<th>2018.12.31 (End of next period)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total comprehensive income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated net income from continuing operations</td>
<td>2,405,537</td>
<td>3,374</td>
<td>34,610</td>
<td>1,236</td>
<td>5,312,527</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>22,336</td>
<td>-7,410</td>
<td>9,313</td>
<td>27</td>
<td>13,579</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income attributable to owners of the Company</td>
<td>2,527,802</td>
<td>1,236</td>
<td>35,923</td>
<td>1,236</td>
<td>5,326,106</td>
</tr>
</tbody>
</table>

Consolidated Statements of Comprehensive Income

The 64th Period (Previous) : As of December 31, 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>2016.01.01 (Beginning of previous period)</th>
<th>2016.12.31 (End of previous period)</th>
<th>2017.01.01 (Beginning of current period)</th>
<th>2017.12.31 (End of current period)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total comprehensive income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated net income from continuing operations</td>
<td>2,370,219</td>
<td>2,428,001</td>
<td>2,405,537</td>
<td>2,519,386</td>
<td>8,725,093</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>175</td>
<td>200</td>
<td>176</td>
<td>304</td>
<td>765</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income attributable to owners of the Company</td>
<td>2,380,269</td>
<td>2,428,001</td>
<td>2,405,537</td>
<td>2,519,386</td>
<td>8,725,093</td>
</tr>
</tbody>
</table>

Consolidated Statements of Changes in Equity

The 64th Period (Previous) : As of December 31, 2016

<table>
<thead>
<tr>
<th>Description</th>
<th>2016.01.01 (Beginning of previous period)</th>
<th>2016.12.31 (End of previous period)</th>
<th>2017.01.01 (Beginning of current period)</th>
<th>2017.12.31 (End of current period)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total comprehensive income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated net income from continuing operations</td>
<td>2,370,219</td>
<td>2,428,001</td>
<td>2,405,537</td>
<td>2,519,386</td>
<td>8,725,093</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>175</td>
<td>200</td>
<td>176</td>
<td>304</td>
<td>765</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income attributable to owners of the Company</td>
<td>2,380,269</td>
<td>2,428,001</td>
<td>2,405,537</td>
<td>2,519,386</td>
<td>8,725,093</td>
</tr>
</tbody>
</table>

The 65th Period (Current): As of December 31, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>2017.01.01 (Beginning of current period)</th>
<th>2017.12.31 (End of current period)</th>
<th>2018.01.01 (Beginning of next period)</th>
<th>2018.12.31 (End of next period)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total comprehensive income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated net income from continuing operations</td>
<td>2,405,537</td>
<td>3,374</td>
<td>34,610</td>
<td>1,236</td>
<td>5,312,527</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>22,336</td>
<td>-7,410</td>
<td>9,313</td>
<td>27</td>
<td>13,579</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income attributable to owners of the Company</td>
<td>2,527,802</td>
<td>1,236</td>
<td>35,923</td>
<td>1,236</td>
<td>5,326,106</td>
</tr>
</tbody>
</table>

Financial Review

SK networks Financial Review 2018

The 65th Period (Current): As of December 31, 2017

<table>
<thead>
<tr>
<th>Description</th>
<th>2017.01.01 (Beginning of current period)</th>
<th>2017.12.31 (End of current period)</th>
<th>2018.01.01 (Beginning of next period)</th>
<th>2018.12.31 (End of next period)</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total comprehensive income:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated net income from continuing operations</td>
<td>2,405,537</td>
<td>3,374</td>
<td>34,610</td>
<td>1,236</td>
<td>5,312,527</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>22,336</td>
<td>-7,410</td>
<td>9,313</td>
<td>27</td>
<td>13,579</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive income attributable to owners of the Company</td>
<td>2,527,802</td>
<td>1,236</td>
<td>35,923</td>
<td>1,236</td>
<td>5,326,106</td>
</tr>
<tr>
<td>Description</td>
<td>End-of-period balance</td>
<td>Change from period</td>
<td>% change</td>
<td></td>
<td></td>
</tr>
<tr>
<td>-----------------------------------------------------------------------------</td>
<td>-----------------------</td>
<td>--------------------</td>
<td>----------</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>1. Consolidated net income</td>
<td>634,642</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>2. Adjustments for income tax</td>
<td>(65,510)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>3. Adjustments for working capital</td>
<td>(94,013)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>4. Interest income</td>
<td>18,126</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>5. Interest paid</td>
<td>(60,408)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>6. Derivative income</td>
<td>(79)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>7. Corporate income</td>
<td>68</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>8. Cash outflow from investment activities</td>
<td>878,023</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>9. Net increase (decrease) in short-term financial instruments</td>
<td>19,308</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>10. Net increase (decrease) in long-term financial instruments</td>
<td>(28)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>11. Net increase (decrease) in financial investments</td>
<td>14,913</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>12. Net increase (decrease) in short-term loans</td>
<td>(10,994)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>13. Net increase (decrease) in long-term loans</td>
<td>(13,158)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>14. Disposal of offset to minority shareholders</td>
<td>(41)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>15. Proceeds from disposal of available-for-sale financial assets</td>
<td>604,308</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>16. Purchase of available-for-sale financial assets</td>
<td>(19,701)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>17. Net increase (decrease) in net assets</td>
<td>51,706</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>18. Derivative income</td>
<td>3,706</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>19. Disposal of derivative instruments &amp; joint venture</td>
<td>3,706</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>20. Purchase of property, plant and equipment</td>
<td>(19,701)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>21. Disposal of intangible assets</td>
<td>2,000</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>22. Disposal of intangible assets</td>
<td>(13,158)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>23. Disposal of investment property</td>
<td>204</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>24. Purchase of investment property</td>
<td>(213)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>25. Net increase (decrease) in income in deposits paid</td>
<td>6,538</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>26. Net decrease in deposits paid</td>
<td>3,706</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>27. Disposal of non-current assets used up for sale</td>
<td>11,808</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>28. Transfer of business</td>
<td>98R,168</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>29. Net cash outflow due to business combinations</td>
<td>6,538</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>30. Disposal of non-current assets</td>
<td>(2,094)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>31. Net cash outflow from operating activities</td>
<td>263,364</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>32. Cash flows from investing activities</td>
<td>263,364</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>33. Net increase (decrease) in short-term bank borrowings</td>
<td>845,399</td>
<td>145,720</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>34. Repayment of current portion of long-term bank borrowings</td>
<td>80,819</td>
<td>(81,779)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>35. Repayment of current portion of long-term bonds</td>
<td>(18,650)</td>
<td>(18,650)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>36. Proceeds from issuance of non-current bank borrowings</td>
<td>23,869</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>37. Proceeds from issuance of debentures</td>
<td>25,913</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>38. Derivative gain</td>
<td>(2,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>39. Disposal of debt</td>
<td>(4,000)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>40. Proceeds from disposal of debt</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>41. Disposal of notes</td>
<td>(60,513)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>42. Net cash inflows from consolidated capital transactions</td>
<td>3,573</td>
<td>(1,751)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>43. Increase in cash and cash equivalents (net)</td>
<td>(183,750)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>44. Cash and cash equivalents at the beginning of the period</td>
<td>868,364</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>45. Difference in cash and cash equivalents due to change in foreign exchange rates</td>
<td>100</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>46. Cash and cash equivalents included in non-current assets held for sale</td>
<td>(729)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>47. Cash and cash equivalents on the consolidated statement of financial position as of the end of the period</td>
<td>(1,631)</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>