

ENTERTAINMENT, INTERNET & MOBILE IN KOREA

Nov. 5th, 2009

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South Korea is...



100,000 km²
48 million in population
GDP: € 622 Billion
GDP per capita: €12,821

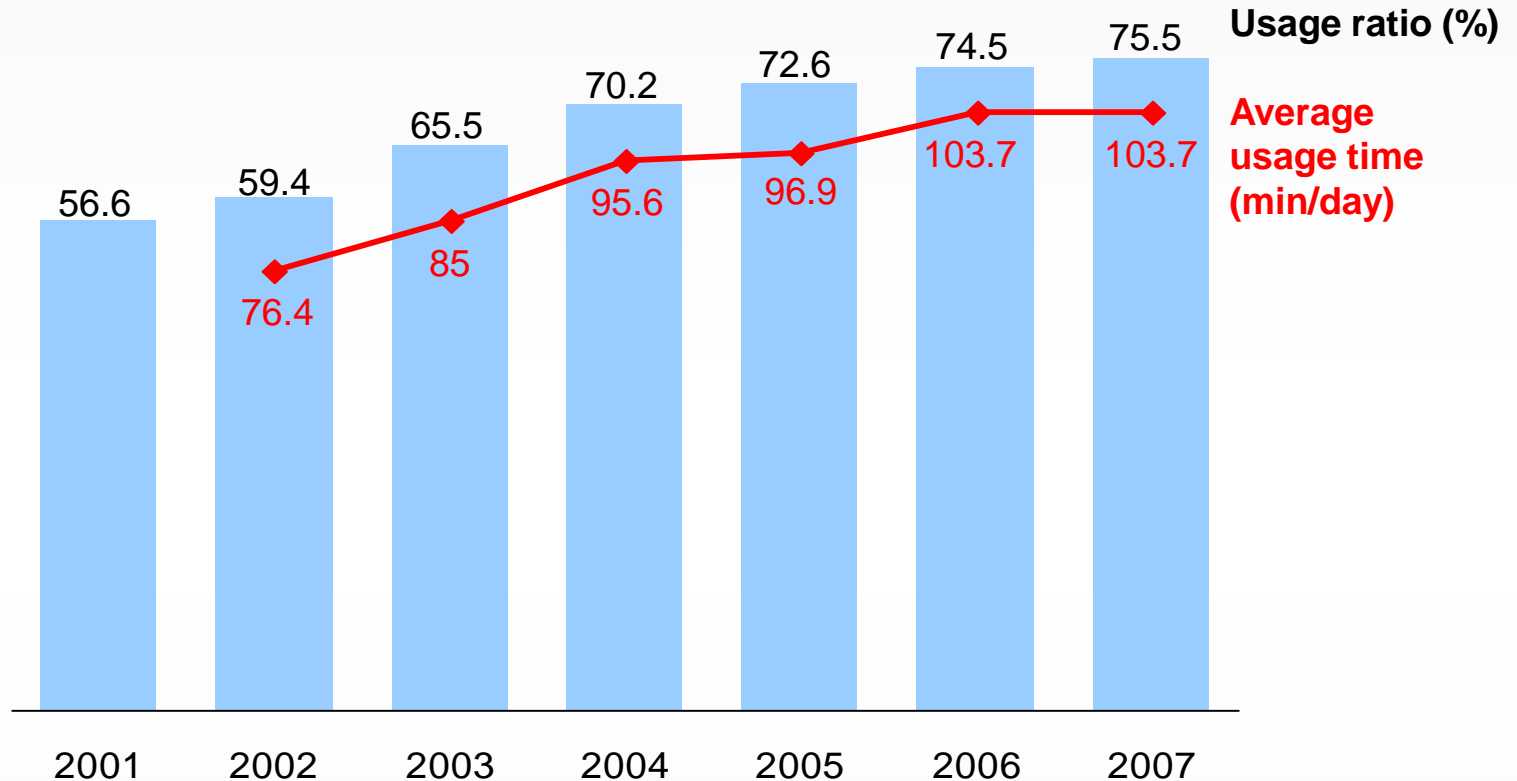
The South Korean Market

Internet

Mobile

Entertainment

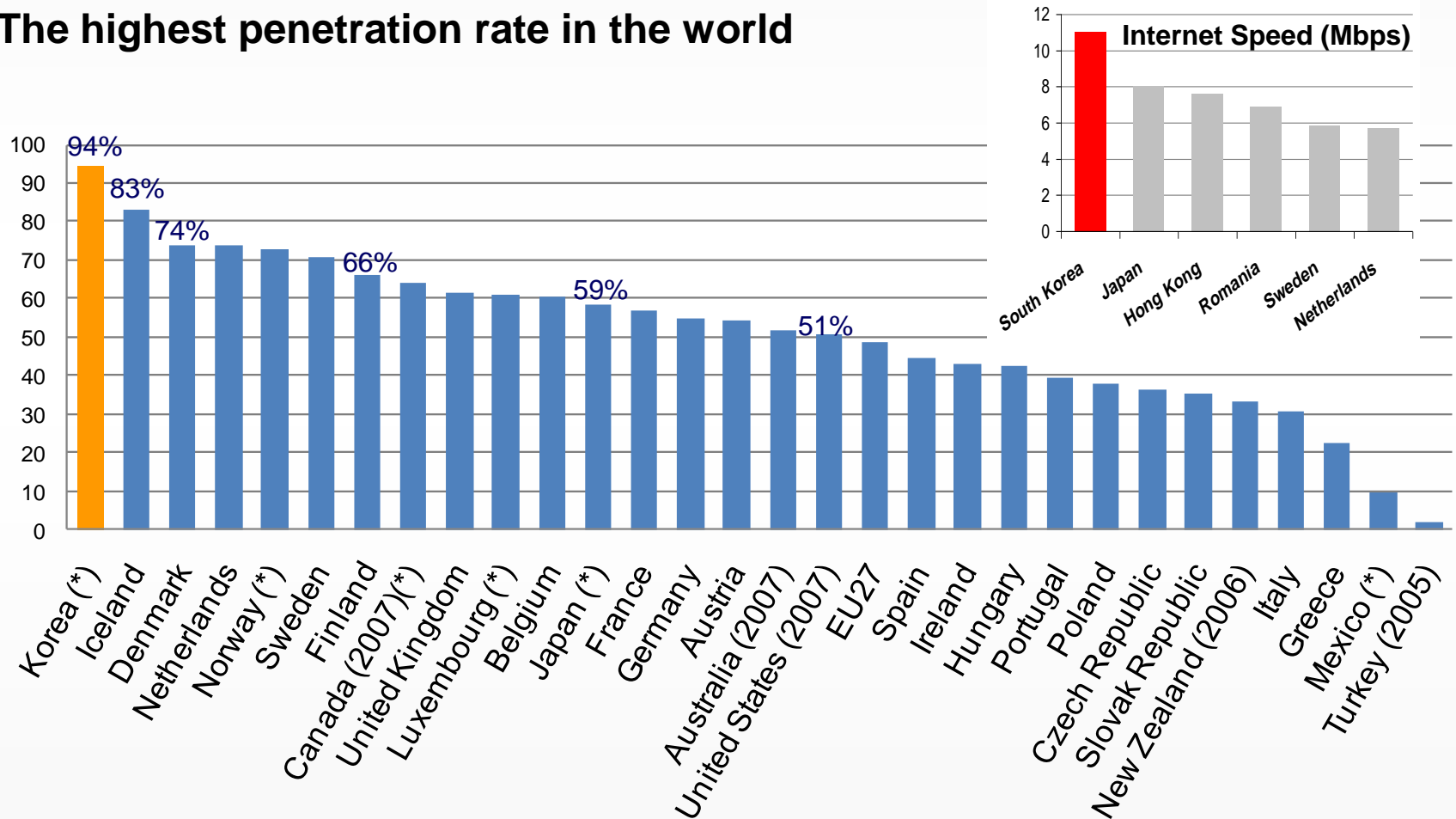
Heavy Internet Usage...



- Over 37 million users (2.9% of worldwide users)
- Annual growth of online advertising 45%, commerce 30%
- Entertainment content growing by 40% CAGR

...Over High Speed Broadband Internet Infra

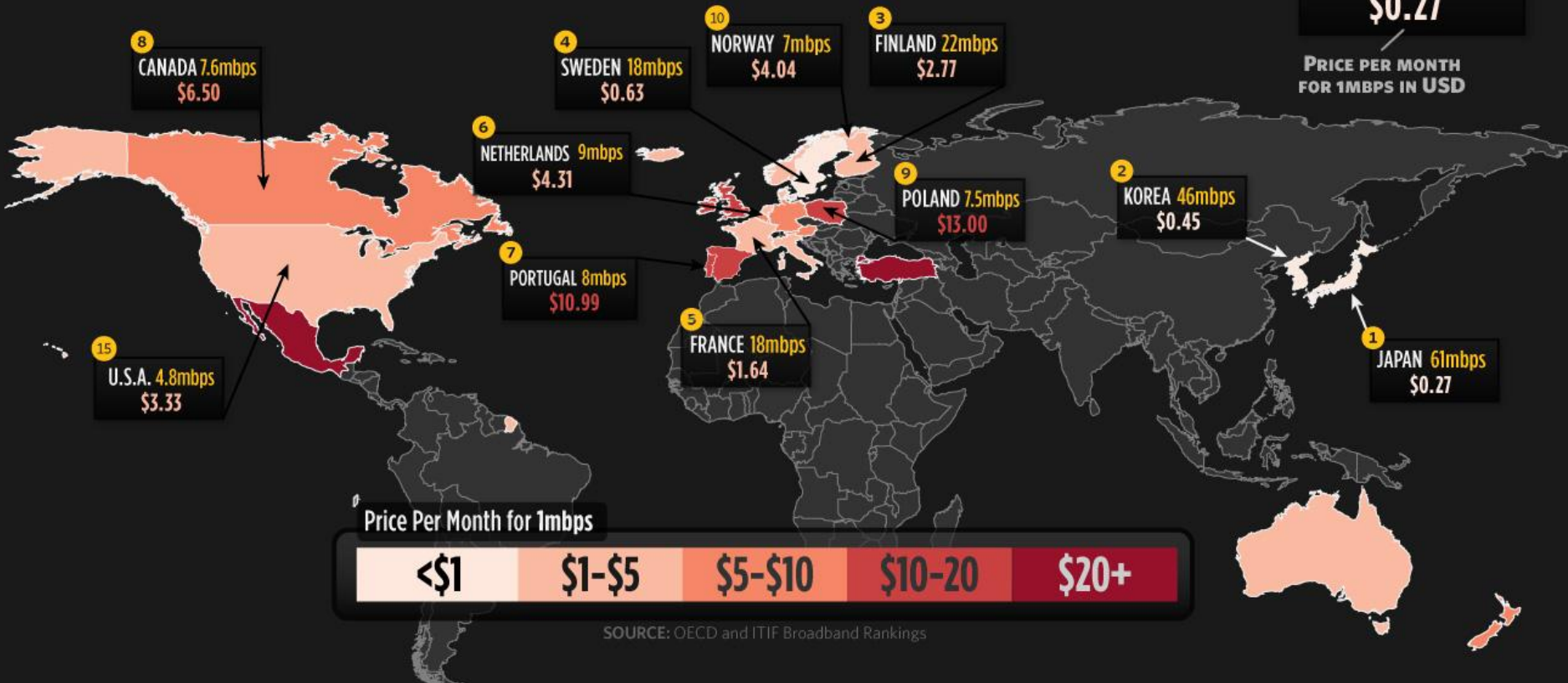
- Over 94% of total homes, over 15 million subscriptions
- The highest penetration rate in the world



Internet Speeds and Costs Around the World

Top 20 Nations in ITIF Broadband Rankings

ITIF RANK
1
NATION
JAPAN
AVERAGE CONNECTION SPEED
61mbps
PRICE PER MONTH FOR 1MBPS IN USD
\$0.27



Strong Local Players vs. Struggling Global Players

Top Domain By StartPage

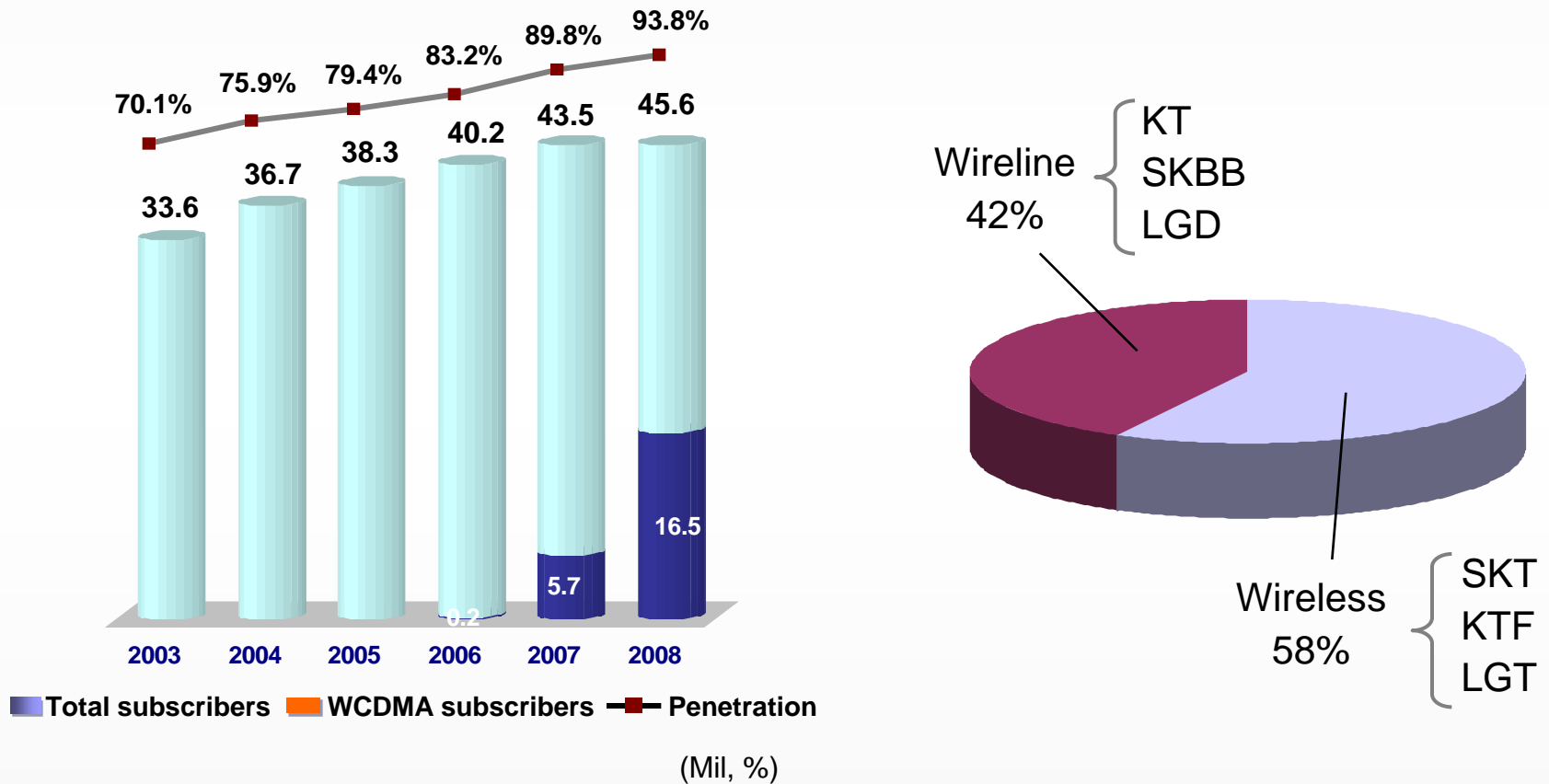
Home > Top Domain By StartPage

Month Week 200903

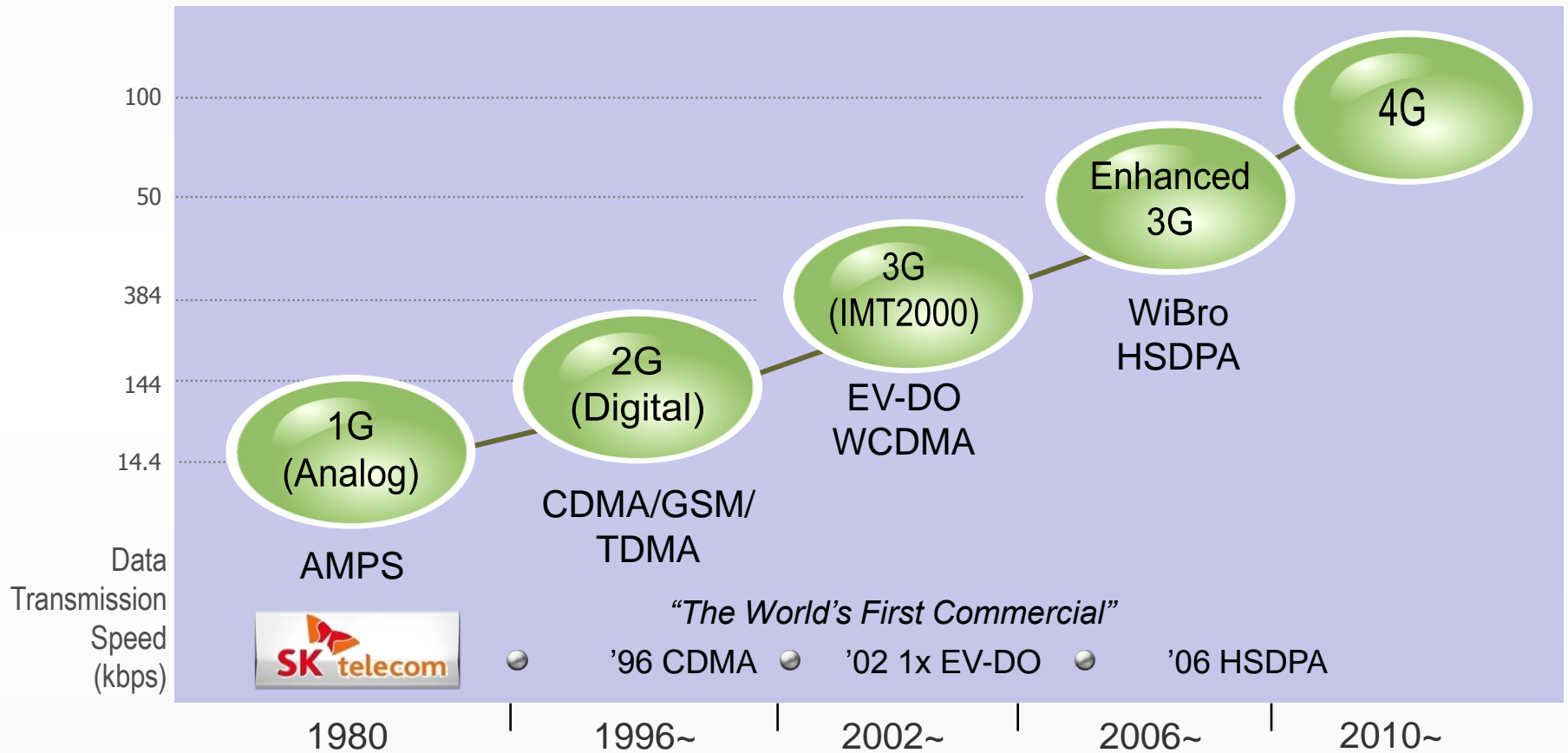
#	Domain	Unique Visitor	Market Share (%)	Reach (%)
1	naver.com	20,766,135	39.85	64.28
2	daum.net	11,436,477	21.95	35.40
3	nate.com	4,181,800	8.03	12.94
4	yahoo.co.kr	2,717,243	5.21	8.41
5	about:blank	1,713,477	3.29	5.30
6	cyworld.com	1,563,483	3.00	4.84
7	sayclub.com	703,365	1.35	2.18
8	netmarble.net	676,757	1.30	2.09
9	paran.com	644,465	1.24	1.99
10	nexon.com	524,654	1.01	1.62
11	microsoft.com	522,240	1.00	1.62
12	dbg.com	502,102	0.96	1.55
13	gajai.com	399,937	0.77	1.24
14	empas.com	399,648	0.77	1.24
15	google.co.kr	350,172	0.67	1.08
16	gemmir.com	275,247	0.53	0.85
17	msn.com	190,406	0.37	0.59
18	megapass.net	168,771	0.32	0.52
19	hanafos.com	157,975	0.30	0.49
20	dreamwiz.com	150,255	0.29	0.47

Local players (Naver, Daum, Nate) have nearly 70% of market share

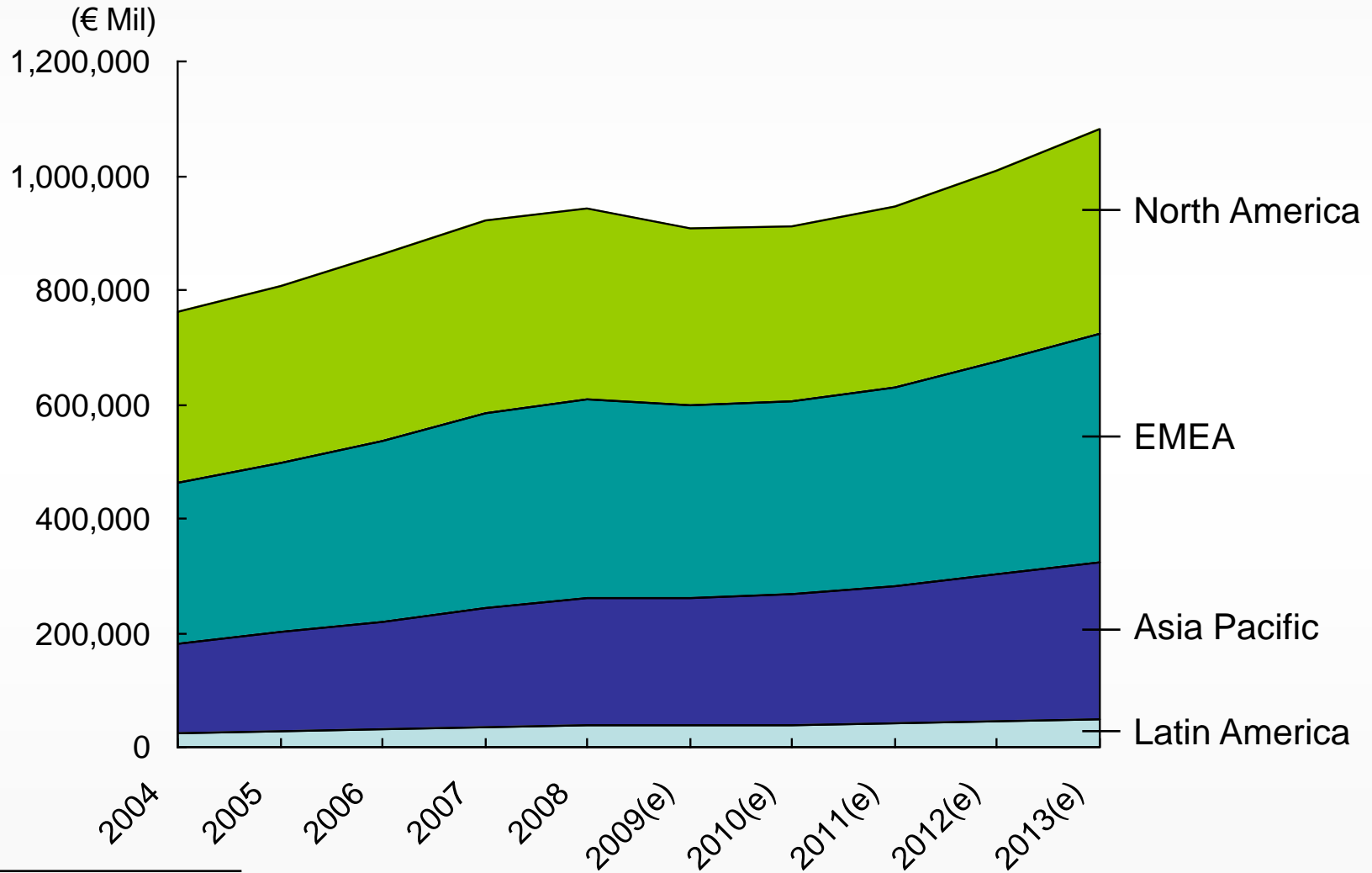
Highly Penetrated, Larger Than Fixed, Mobile Market



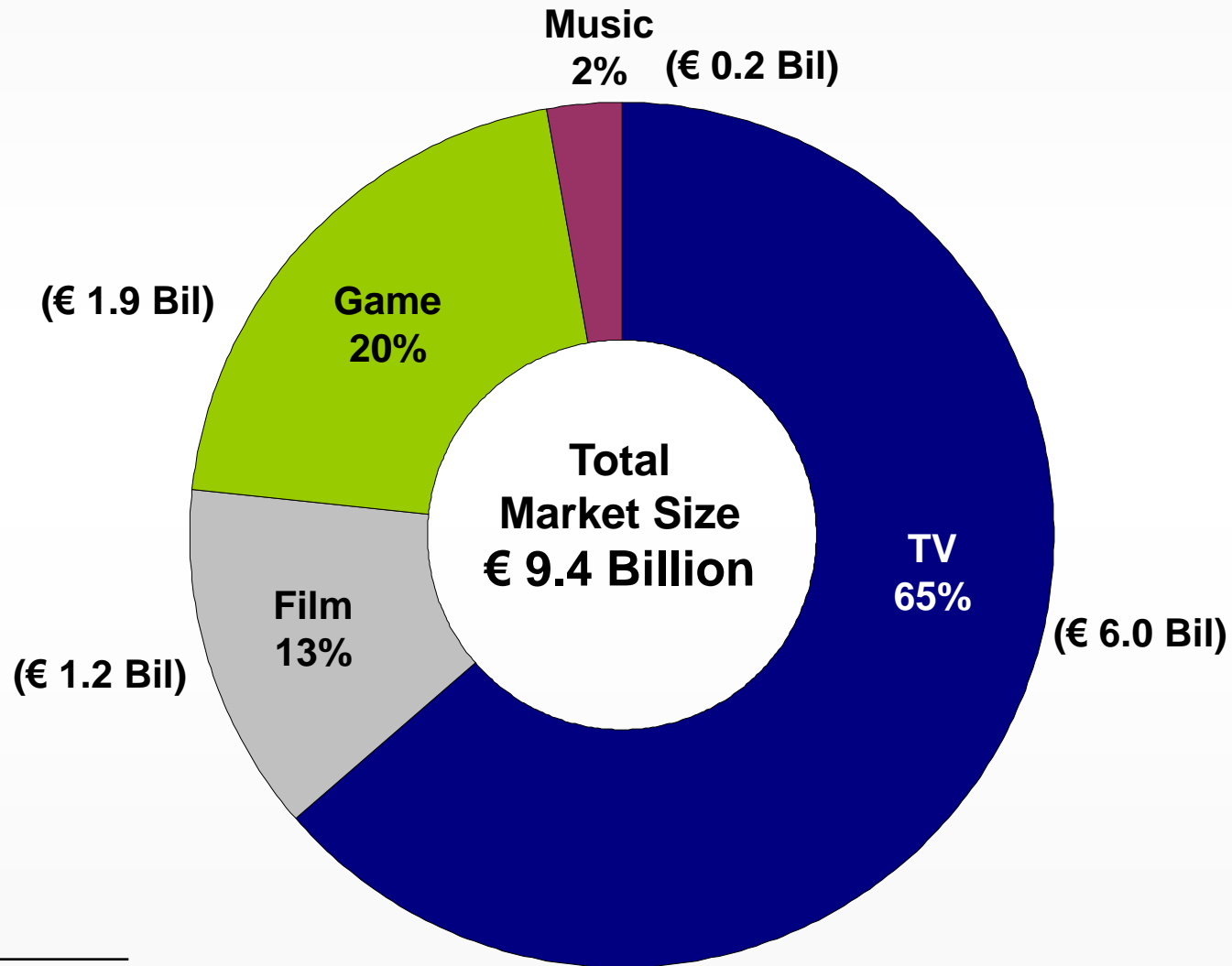
Evolution in Mobile Network in S. Korea



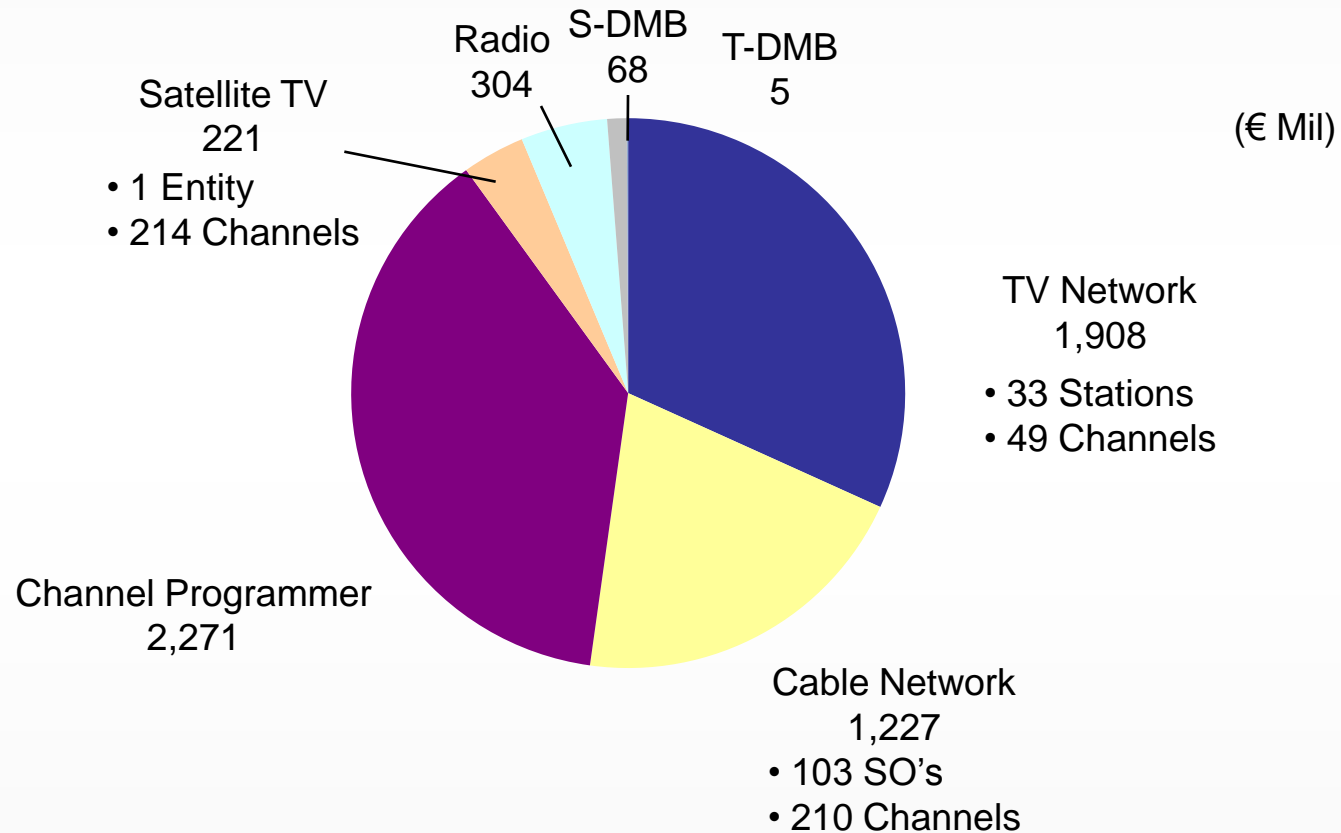
Fast Growing Asian Entertainment Market



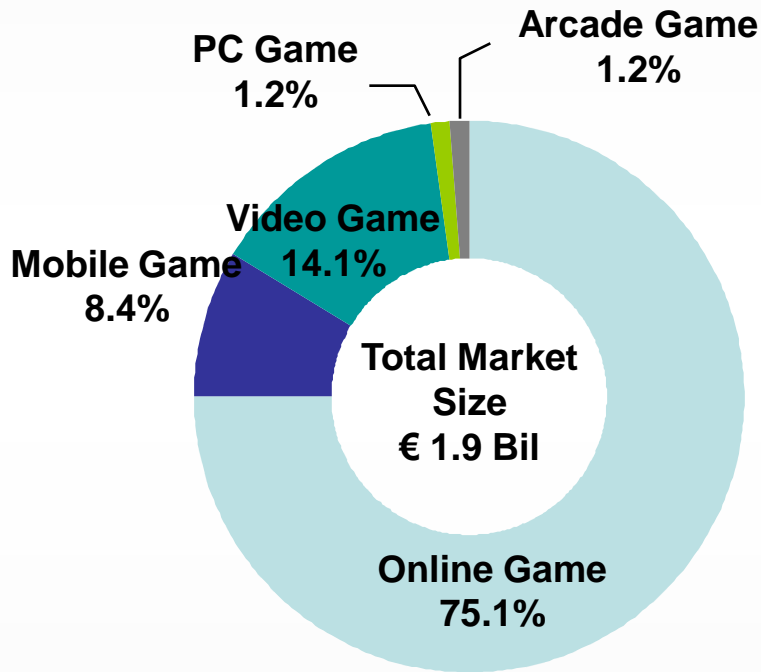
Majority of Entertainment in Korea is Media and Game



TV Market Highly Sophisticated, Dominated by Networks



Unique Game Market of Korea



- Key Business Model : Internet cafe



- Key Players



NC Soft



Nexon



Blizzard



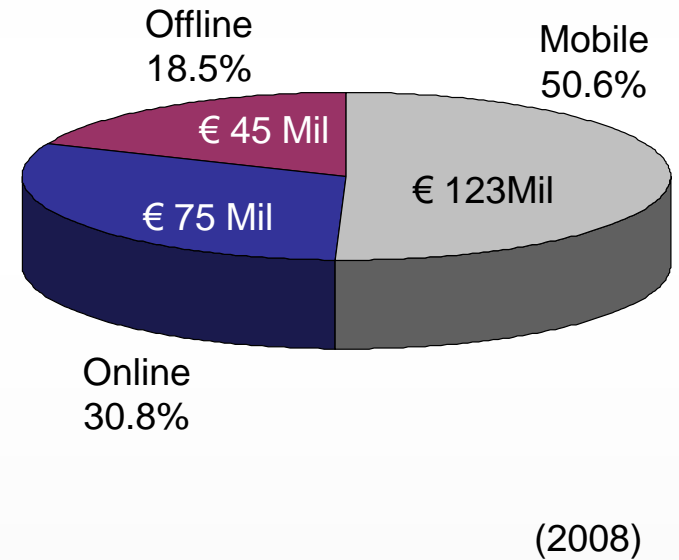
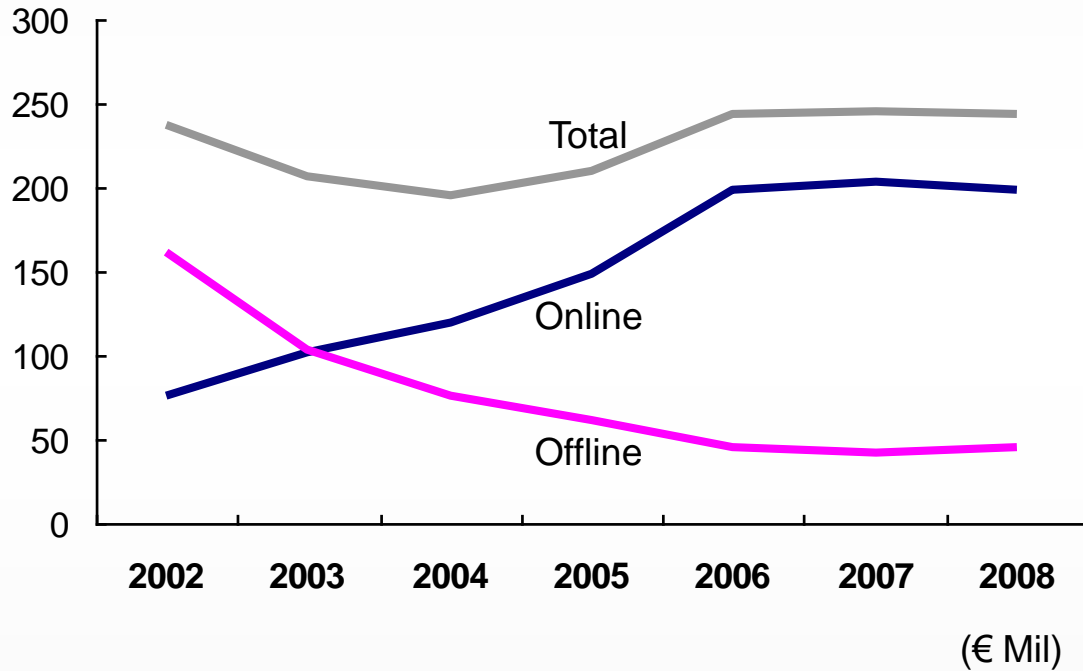
EA

Film Market, Mostly Contributed by Box Office, Is Facing New Era of Online Consumption

- **World 10th largest market**
 - **US\$1.4 billion**
 - **# of theatre = 320; # of screens = 1975**
- **Box Office accounts for 80% of total film market**
- **Relatively small market for 2nd window (DVD) due to piracy**
- **Increasing online consumption**
 - **VOD Services, IPTV**
 - **Web P2P market is estimated to amount to € 3 billion**

Music Industry Almost Online Now

- Online music takes 82.4% of the market



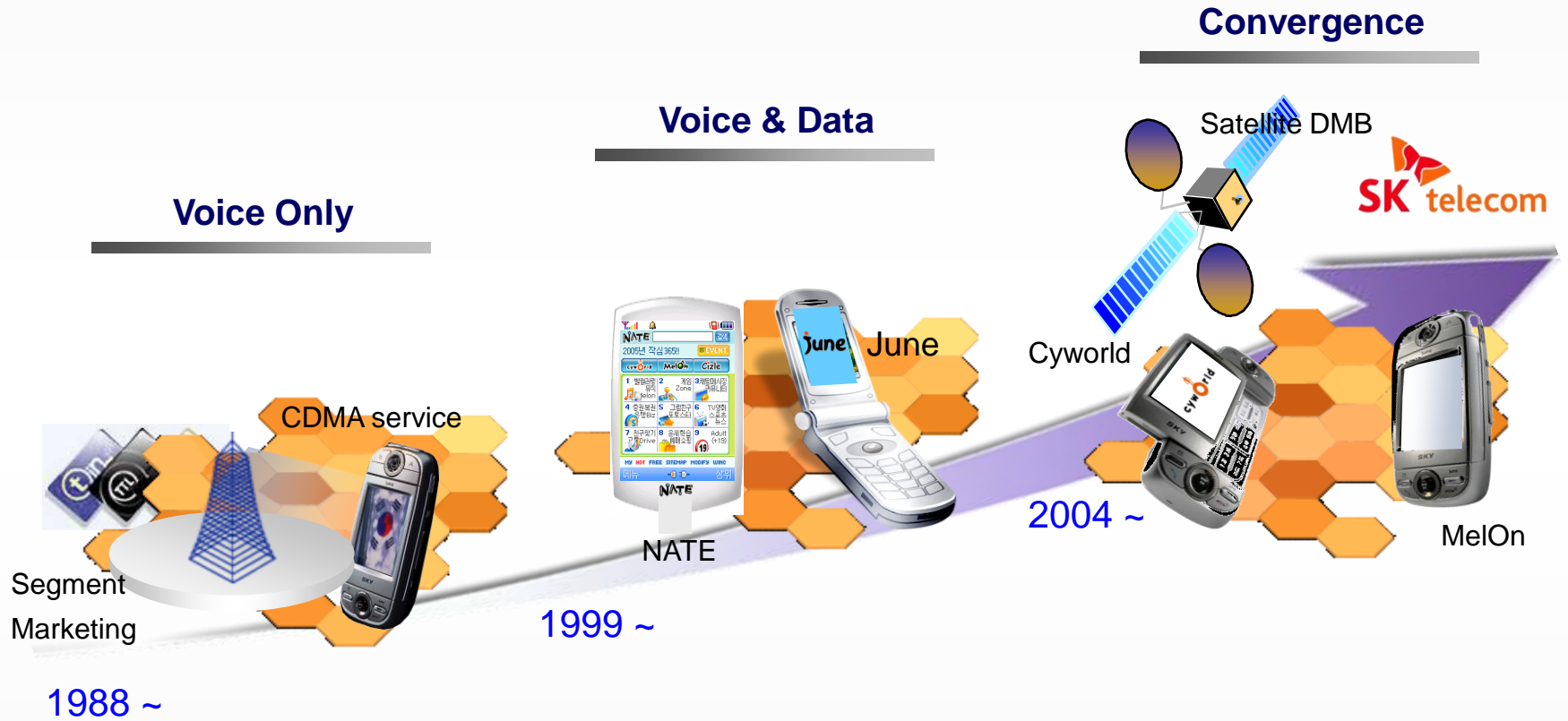
SKT Approaches

Wired/Wireless Internet

Content

Broadcasting

SK Telecom's Innovation History

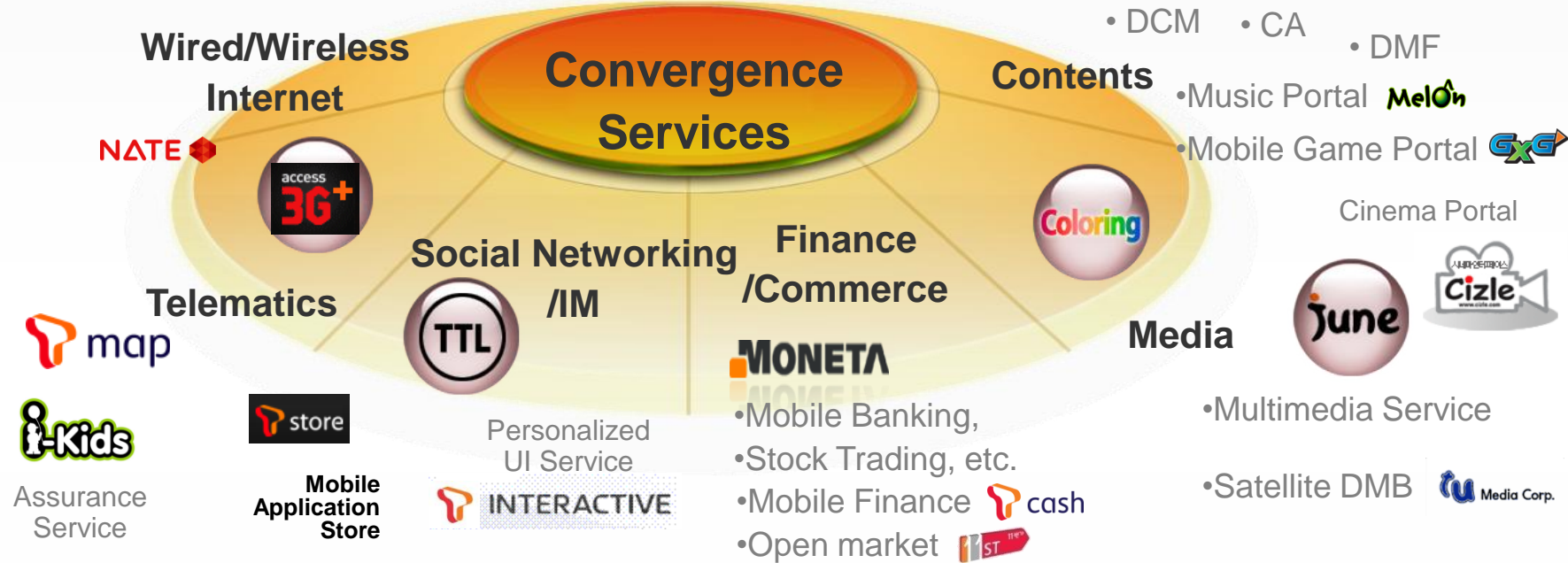


- Growth in Telco industry
- Expanding market size
- World's first to commercialize CDMA

- Growth in data revenue
- Data revenue composes 25% of total revenue
- Establishing data biz model

- Growth in convergence
- Building Win-Win biz model with convergence partners

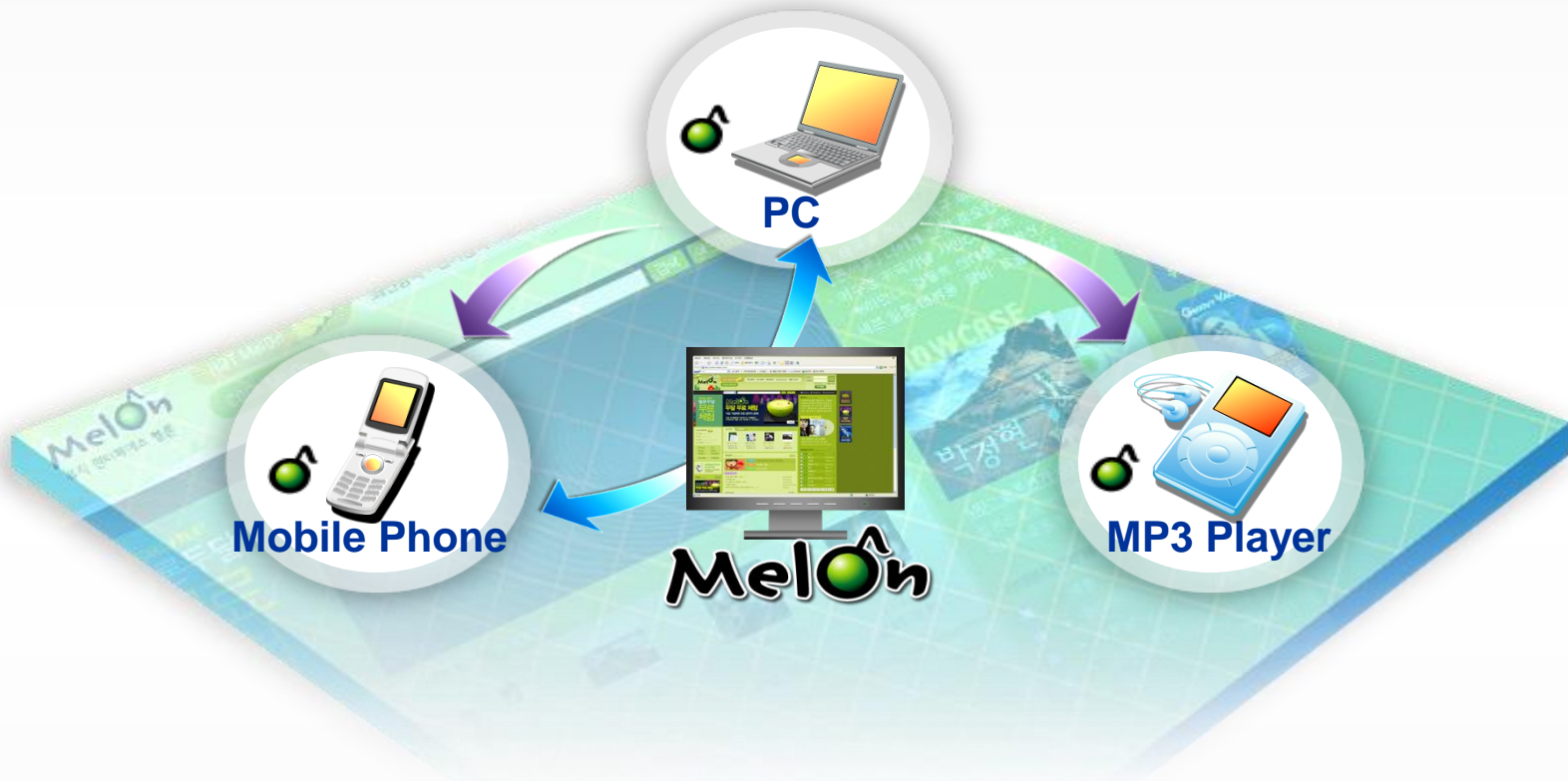
SK Telecom's Convergence Businesses



Subsidiaries

Game Development NATE.com	Star Management & Content Production iHQ	Satellite DMB Media Corp.	Music LOEN ENTERTAINMENT
Online Messaging Service NATEON	Social Networking Service cyWORLD	ISP & IPTV broad & tv	Music Portal Melon
	Security Information PAXNet		

Breaking New Barriers in Digital Music Service



Ubiquitous Music Services

- Music Content via on/off-line

Multimedia Music Services

- Music Video, Photo Album

Rental Flat Rate Plan

- Monthly Flat Rate,
- Unlimited Streaming Music

Breaking New Barriers in Digital Music Service



No.1 in Subscriber Base (Oct. 2009)

: 1.2 million users; 1,000,000 monthly subscribers

No.1 in Visitors to Music Portal

: About 6 million Unique Visitors a Month

Over 1 Million Licensed Music Sources

iPod Killers

- New rivals take aim at the champ

"Korea's SK Telecom Co. offers a \$5 a month music subscription that allows customers to download any of 700,000 songs to a phone, PC, or music player.

That makes the subscription much more convenient than similar services in the U.S. because Korean customers can get any song they want, **wherever and whenever they want it.**"

BusinessWeek(15/4/2005)



Ubiquitous Music Services

- Music Content via on/off-line

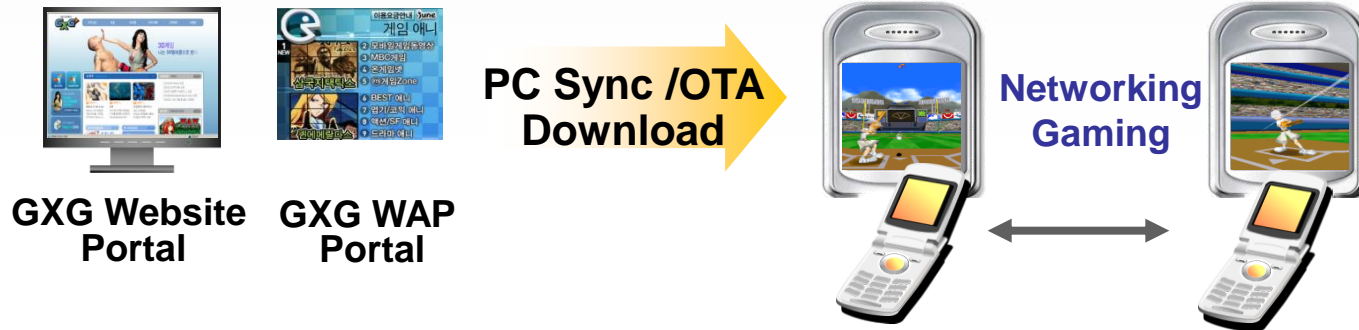
Multi

- Mus

• Unlimited

Focused on Mobile Games, Expanding to PC Online

● Mobile Games



● Online Games



Crossing the Movie Industry Value Chain

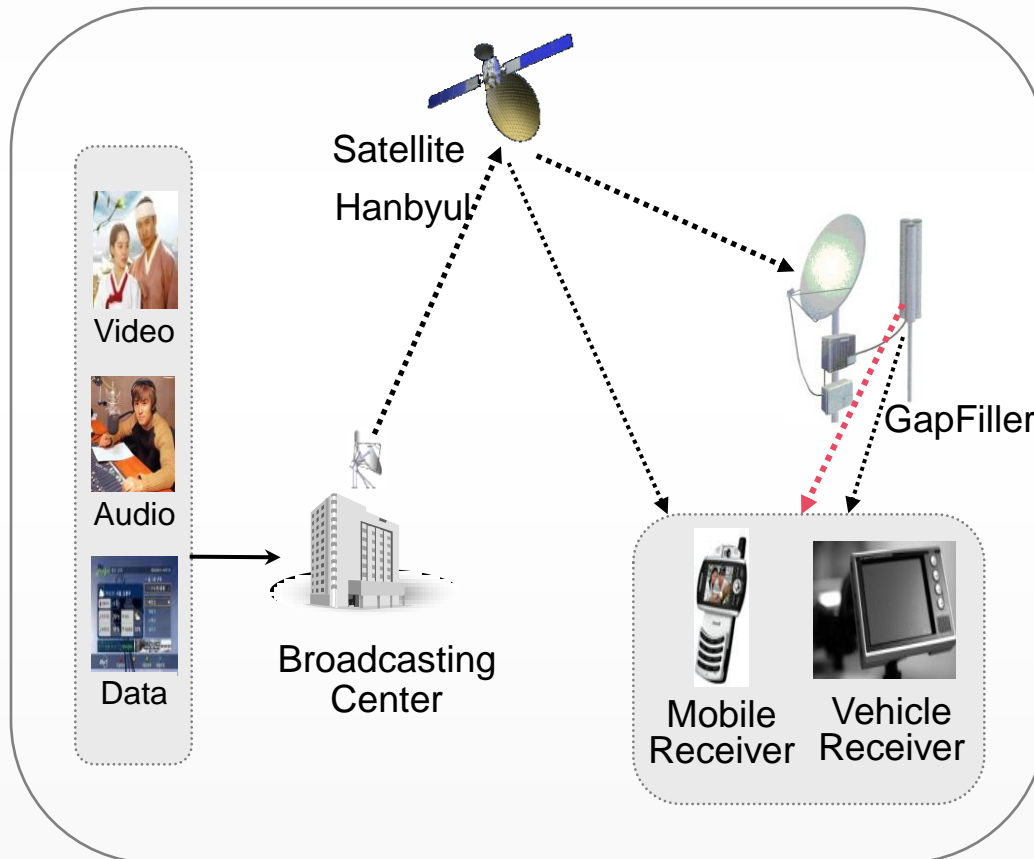
- **Strong commitment to investment and distribution of movies since 2008**
 - Top 5 distributor in 2008
 - € 42 million invested through four funds
 - Total 75 movies distributed up to now
- **The largest movie star management company as a subsidiary: iHQ**
- **Movie portal service for mobile and Internet users**
- **In negotiation to acquire theatre chain**



Cinema Portal



Satellite Digital Multimedia Broadcasting (S-DMB) Since 2005



- **World's first Satellite DMB service**
 - 1.4 Million Subscribers
 - 19 Video & 16 Audio Channels

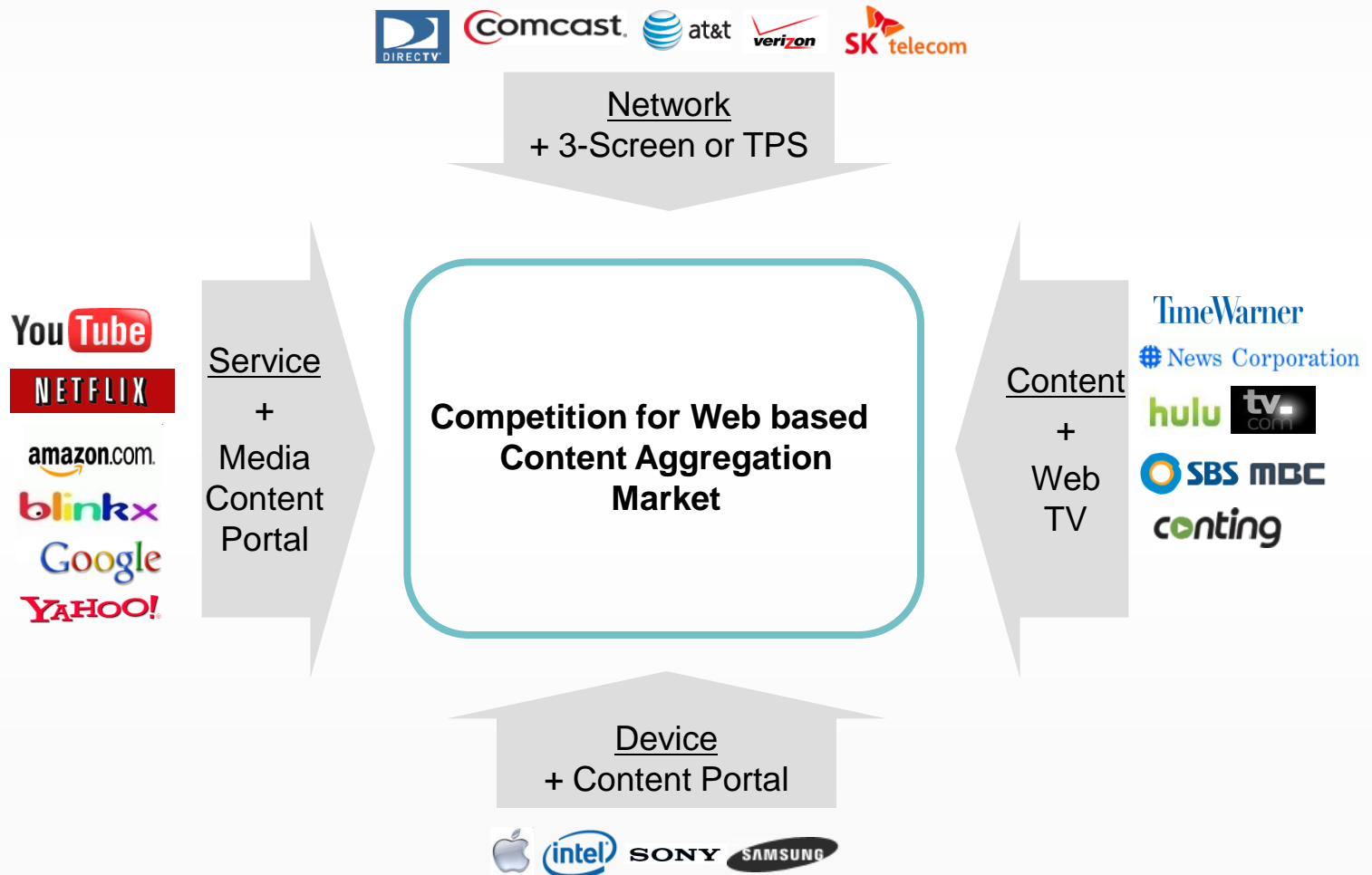
IPTV Service Launched This Year



- 85,000 programs on-demand
- 89 channels + value add services

Outlook

Fierce Competition Toward Online Presence From All Industries



Over the years, we have seen entertainment moving into the Internet space and firmly taking a root. This expansion will further translate into content ubiquity as mobile infrastructure and device advance.



SK Telecom, Preparing For The Future With 3-Screen Personal Media Services

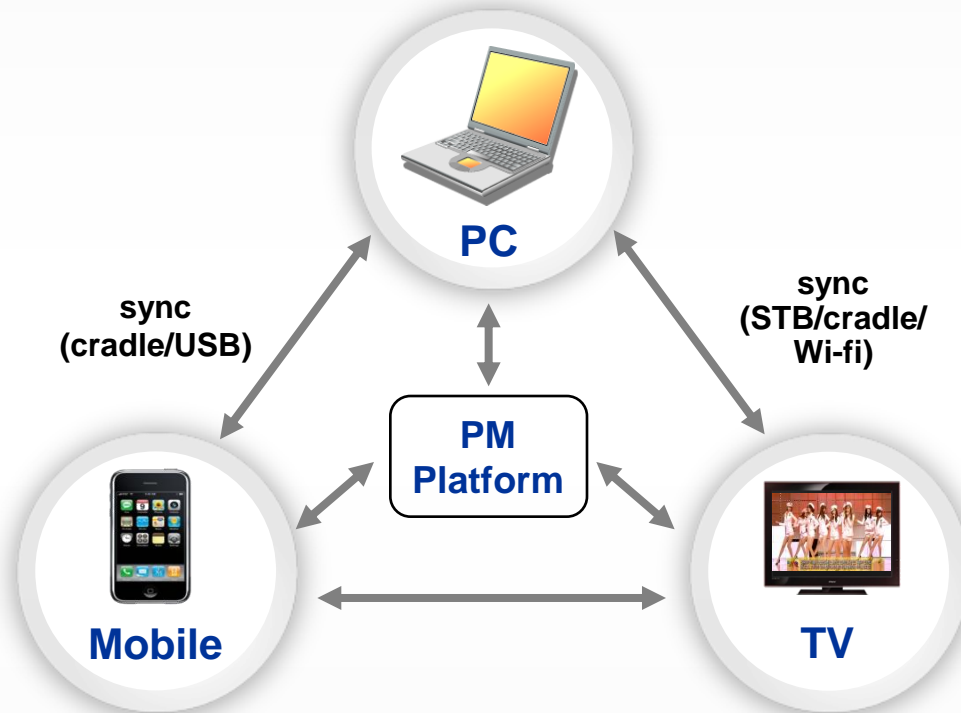
Video/ Music..

Media Service

Game

Editing Tool

Others



- Seamless Content Consumption
- Personalized Provision
- Socially Connected Content Service

Questions?

Thank You