

SK TELECOM CO LTD

Form 6-K

May 04, 2005

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

Form 6-K

**REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13a-16 OR 15d-16 OF
THE SECURITIES EXCHANGE ACT OF 1934**

FOR THE MONTH OF APRIL 2005

SK Telecom Co., Ltd.

(Translation of registrant's name into English)

11, Euljiro2-ga Jung-gu
Seoul, Korea

(Address of principal executive offices)

(Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.)

Form 20-F Form 40-F

(Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.)

Yes No

(If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):82-
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April 28, 2005

**Results for the year
ended March 31, 2005**

* The information contained herein is based on Korean GAAP.

Seoul, Korea, April 28, 2005 SK Telecom Co., Ltd. (KSE: 017670, NYSE: SKM) (SKT or the Company), the leading wireless telecommunications company in Korea, today announced the results of its operations for the year ended March 31, 2005.

This material contains forward-looking statements with respect to the financial condition, results of operations and business of SK Telecom and plans and objectives of the management of SK Telecom. Statements that are not historical facts, including statements about SK Telecom's beliefs and expectations, are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results or performance of SK Telecom to be materially different from any future results or performance expressed or implied by such forward-looking statements. SK Telecom does not make any representation or warranty, expressed or implied, as to the accuracy or completeness of the information contained in this management presentation, and nothing contained herein is, or shall be relied upon as, a promise or representation, whether as to the past or the future.

Such forward-looking statements were based on current plans, estimates and projections of SK Telecom and the political and economic environment in which SK Telecom will operate in the future, and therefore you should not place undue reliance on them. Forward-looking statements speak only as of the date they are made, and SK Telecom understates no obligation to update publicly any of them in light of new information or future events. Additional information concerning these and other risk factors are contained in SK Telecom's latest annual report on Form 20-F and in SK Telecom's other filings with The U.S. Securities and Exchange Commission (SEC).

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Table of Contents**I. Financial Highlights****Summary of Income Statement**

(KRW bn)	Q1. 05	Q1. 04	Change	Q1. 05	Q4. 04	Change
Operating revenue	2,412	2,401	0%	2,412	2,485	-3%
Operating expenses	1,797	1,709	5%	1,797	1,890	-5%
Operating income	614	691	-11%	614	594	3%
<i>Operating margin</i>	<i>25.5%</i>	<i>28.8%</i>	<i>-3.3%p</i>	<i>25.5%</i>	<i>23.9%</i>	<i>1.6%p</i>
Other income	56	90	-38%	56	47	19%
Other expenses	123	111	11%	123	160	-23%
Ordinary income	547	670	-18%	547	481	14%
Net income	368	453	-19%	368	348	6%
<i>Net margin</i>	<i>15.3%</i>	<i>18.9%</i>	<i>-3.6%p</i>	<i>15.3%</i>	<i>14.0%</i>	<i>1.3%p</i>
EBITDA ¹⁾	984	1,063	-7%	984	1,090	-10%
<i>EBITDA margin</i>	<i>40.8%</i>	<i>44.3%</i>	<i>-3.5%p</i>	<i>40.8%</i>	<i>43.9%</i>	<i>-3.1%p</i>

1) EBITDA = Operating income + Depreciation (including R&D related depreciation)

Other Main Items

(KRW bn)	Q1. 05	Q1. 04	Change	Q1. 05	Q4. 04	Change
Wireless Internet sales	548	392	40%	548	544	1%
<i>% of Cellular revenue</i>	<i>25.0%</i>	<i>18.1%</i>	<i>6.8%p</i>	<i>25.0%</i>	<i>23.9%</i>	<i>1.0%p</i>
Marketing expenses	436	478	-9%	436	372	17%
- Marketing commissions	380	386	-2%	380	291	30%
- Advertising	56	92	-39%	56	80	-30%
<i>% of Revenue</i>	<i>18.1%</i>	<i>19.9%</i>	<i>-1.8%p</i>	<i>18.1%</i>	<i>15.0%</i>	<i>3.1%p</i>
Capital expenditure	90	106	-15%	90	726	-88%

<i>% of Revenue</i>	3.7%	4.4%	-0.7%p	3.7%	29.2%	-25.5%p
Interest-bearing debt	3,787	4,118	-8%	3,787	3,790	0%
<i>Debt/Equity ratio</i>	55.5%	68.2%	-12.7%p	55.5%	53.2%	2.3%p

Table of Contents**II. Financial Results****1. Income Statement****A. Operating revenue**

(KRW bn)	Q1. 05	Q1. 04	Change	Q1. 05	Q4. 04	Change
Sign-up fees	61	53	15%	61	46	32%
Monthly fees	667	755	-12%	667	685	-3%
Call charges	825	877	-6%	825	906	-9%
VAS & others	94	84	11%	94	91	3%
Wireless Internet sales	548	392	40%	548	544	1%
<i>% of Cellular service</i>	<i>25.0%</i>	<i>18.1%</i>	<i>6.8%p</i>	<i>25.0%</i>	<i>23.9%</i>	<i>1.0%p</i>
Total cellular service	2,195	2,161	2%	2,195	2,272	-3%
Interconnection revenue	217	240	-9%	217	212	2%
L -> M	102	126	-20%	102	94	8%
M -> M	116	113	2%	116	118	-2%
Operating revenue	2,412	2,401	0%	2,412	2,485	-3%

1) Sign-up fees

- The YoY and QoQ increase was due to increase in the number of subscribers.

2) Monthly fees

- The YoY decrease was due to the tariff cut in monthly fee implemented in September 1, 2004.

- The QoQ decrease was due to increase in phone mail discount from increased usage, as phone mail discount is reflected in monthly fees. (Table 1)

3) Call charges

- The YoY decrease was due to the implementation of new discount plans such as long term contract with discount and Free Holiday tariff plans.

- The QoQ call charges decreased because of shorter number of working days due to Lunar new year holiday and less number of days in February.

4) VAS & others

- The YoY and QoQ increase was due to the increase in the number of subscribers.

5) Wireless Internet sales

- The YoY and QoQ increase was due to the continued adoption of high-end handsets, increased monthly fee which resulted from the introduction of unlimited data tariff plan, and the launch of brand new services.

6) Interconnection revenue

- LM: The YoY decrease was due to the interconnection rate adjustment and the decrease in call traffic. The QoQ interconnection revenue increased as some of the international interconnection rates were finalized in October 2004 resulting in retroactive adjustment of the figures.

- MM: The YoY increase was due to the increased call traffic despite the changes in interconnection rate.

Table 1: Phone mail discount

(KRW bn)	Q1. 05	Q4. 04	Q3. 04	Q2. 04	Q1. 04	Q4. 03
Phone Mail Discount	135	101	64	63	60	52

Table of Contents**B. Operating expenses**

(KRW bn)	Q1. 05	Q1. 04	Change	Q1. 05	Q4. 04	Change
Labor cost	148	162	-9%	148	90	65%
Commissions paid	714	652	9%	714	659	8%
Marketing commissions	380	386	-2%	380	291	30%
Initial commissions	142	85	67%	142	95	50%
Monthly commissions	85	105	-19%	85	91	-7%
Retention commissions	152	195	-22%	152	105	45%
Other commissions	334	266	26%	334	367	-9%
Advertising	56	92	-39%	56	80	-30%
Depreciation¹⁾	370	372	-1%	370	495	-25%
Network interconnection	218	168	30%	218	245	-11%
M -> M	170	127	33%	170	180	-6%
M -> L	48	40	20%	48	66	-26%
Leased line	97	82	18%	97	99	-2%
Others²⁾	195	182	7%	195	222	-12%
Operating expenses	1,797	1,709	5%	1,797	1,890	-5%

1) *Includes R&D related depreciation*

2) *For details, please refer to non-consolidated statements of income in appendix*

1) Labor cost

- The QoQ increase in labor cost was due to incentive bonus payment.

2) Commissions paid

- **Marketing commissions:**

The YoY decrease was due to decrease of retention commission and decrease in the number of subscribers on which monthly commissions are being paid.

The QoQ increase was due to the increased number of subscribers resulting in more initial as well as retention commission.

- Other commissions:

The YoY increase was due to increase in the payment of Information Usage Fee to Content Providers as the wireless Internet usage increased and the increase in the international roaming commissions. The QoQ decrease was due to seasonality.

3) Advertising cost

- The YoY and QoQ advertising cost decreased due to decrease in advertising for promotion of different services.

4) Depreciation

- The QoQ decrease resulted from the decrease in depreciable assets.

5) Network interconnection cost

- The YoY increase was due to increase in traffic, adjustment on interconnection rate, and increase in SMS usage.

- The QoQ decrease was due to decrease in traffic, the interconnection rate adjustment in July 2004, and SKT's portion of Universal Service Fund(USF) being reflected in the 4Q, making the figure for the quarter to be bigger.

6) Leased line

- Leased line expense increased YoY as more lines were leased to accommodate the increase in wireless Internet traffic, and to enhance call quality after the implementation of the number portability system.

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(KRW bn)	Q1. 05	Q1. 04	Change	Q1. 05	Q4. 04	Change
Other income	56	90	-38%	56	47	19%
Interest income	11	19	-41%	11	16	-28%
Equity in earnings of affiliates	6	24	N/A	6		N/A
Others ¹⁾	38	47	-20%	38	31	23%
Other expenses	123	111	11%	123	160	-23%
Interest	66	76	-13%	66	67	-1%
Equity in losses of affiliates	20		N/A	20	4	345%
R&D contribution & donations	33	19	74%	33	29	13%
Others ¹⁾	23	16	48%	23	63	-63%

1) For details, please refer to non-consolidated statements of income in appendix

1) Interest Income

- The QoQ decrease was due to reserved retirement pension interest which was recognized in 4Q 2004.

2) Others in Non-Operating Income

- The YoY decrease was largely due to 8.8 billion(KRW) surplus from the refund of Yankee Bond in 1Q 2004.

3) Interest

- Interest expense decreased due to fall in average balance of debts.

4) Equity in losses of affiliates

- The YoY increase was largely due to performance of affiliates such as SK Teletch and TU Media Corp.

2. Capital Expenditure

(KRW bn)	Q1. 05	Q1. 04	Change	Q1. 05	Q4. 04	Change
Network	45	63	-29%	45	483	-91%
95 A/B	0	14	-100%	0	29	-100%
CDMA 2000 1X	4	26	-85%	4	208	-98%

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1X	4	24	-84%	4	202	-98%
EV-DO		2	N/A		6	N/A
WCDMA	37	3	1355%	37	157	-76%
Backbone & others	3	19	-83%	3	89	-96%
Non-Network	46	44	5%	46	243	-81%
Wireless Internet & marketing	34	24	40%	34	77	-56%
General supporting	12	19	-39%	12	166	-93%
Total CapEx	90	106	-15%	90	726	-88%

Table of Contents**3. Balance Sheet**

(KRW bn)	2005. 3	2004. 3	Change	2005. 3	2004. 12	Change
Total assets	14,108	13,415	5%	14,108	14,021	1%
Current assets	4,101	3,626	13%	4,101	3,854	6%
Cash & marketable securities	1,016	766	33%	1,016	761	34%
Investment assets	2,112	1,898	11%	2,112	2,112	0%
Property & equipment	4,408	4,358	1%	4,408	4,605	-4%
Intangible assets	3,487	3,533	-1%	3,487	3,449	1%
Total liabilities	7,282	7,379	-1%	7,282	6,894	6%
Current liabilities	2,998	3,969	-24%	2,998	2,860	5%
Short-term borrowings	200	576	-65%	200	400	-50%
Current portion of long-term debt	499	1,134	-56%	499	498	0%
Long-term liabilities	4,284	3,409	26%	4,284	4,034	6%
Bond payable & long-term borrowings	3,087	2,408	28%	3,087	2,892	7%
Total shareholders equity	6,826	6,036	13%	6,826	7,127	-4%
Debt/Equity ratio ¹⁾	55.5%	68.2%	-12.7%p	55.5%	53.2%	2.3%p

1) *Debt/Equity Ratio = Interest-bearing debt / Shareholders equity*

* *Interest-bearing debt = Short-term borrowings + Current portion of long-term debt + Corporate bonds*

1) Cash & marketable securities

- YoY and QoQ cash and marketable securities were up temporarily because of dividend payment due in April.

2) Investment assets

- The YoY increase was due to the increase in valuation gain.

3) Total liabilities

- Debt to equity ratio increased QoQ due to increase in dividends liabilities and decrease in equity.

4) Total Shareholder s equity

- Total shareholder s equity decreased QoQ due to the higher dividend pay-out.

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Table of Contents**III. Operating Result**

	Q1. 05	Q1. 04	Change	Q1. 05	Q4. 04	Change
Subscribers (000)	19,007	18,439	3%	19,007	18,783	1%
Net adds	224	126	78%	224	180	24%
Activations	1,323	1,210	9%	1,323	1,018	30%
Deactivations	1,099	1,085	1%	1,099	837	31%
<i>Monthly churn rate</i>	<i>1.9%</i>	<i>2.0%</i>	<i>0.0%p</i>	<i>1.9%</i>	<i>1.5%</i>	<i>0.4%p</i>
Average subscribers(000)	18,892	18,343	3%	18,892	18,682	1%
ARPU (KRW)	42,557	43,623	-2%	42,557	44,336	-4%
Sign-up fee	1,082	968	12%	1,082	827	31%
Monthly fee & call charge						