

SK TELECOM CO LTD  
Form 20-F  
June 30, 2006

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**As filed with the Securities and Exchange Commission on June 30, 2006**

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

**FORM 20-F**

**(Mark One)**

- o REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g) OF THE SECURITIES EXCHANGE ACT OF 1934**
- OR**
- o ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
**For the fiscal year ended December 31, 2005**
- OR**
- o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
- OR**
- o SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**  
Date of event requiring this shall company report  
**For the transition period from      to**

**Commission file number 1-14418**

**SK Telecom Co., Ltd.**  
**(Exact name of Registrant as specified in its charter)**

**SK Telecom Co., Ltd.**  
**(Translation of Registrant's name into English)**

**The Republic of Korea**  
**(Jurisdiction of incorporation or organization)**

**11, EULJIRO 2-GA, JUNG-GU**  
**SEOUL, KOREA**

**(Address of principal executive offices)**

**Securities registered or to be registered pursuant to Section 12(b) of the Act.**

<b>Title of each class</b>	<b>Name of each exchange on which registered</b>
American Depositary Shares, each representing one-ninth of one share of Common Stock	New York Stock Exchange, Inc.
Common Stock, par value ₩500 per share	New York Stock Exchange, Inc.*

\* Not for trading, but only in connection with the registration of the American Depositary Shares.  
**Securities registered or to be registered pursuant to Section 12(g) of the Act.**

None

**Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.**

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

**82,276,711 shares of common stock, par value ₩500 per share**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.  Yes  No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.  Yes  No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.  Yes  No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Indicate by check mark which financial statement item the registrant has elected to follow.  Item 17  Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  Yes  No

**(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)**

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.  Yes  No

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**CERTAIN DEFINED TERMS AND CONVENTIONS USED IN THIS REPORT**

All references to Korea contained in this report shall mean The Republic of Korea. All references to the Government shall mean the government of The Republic of Korea. All references to we, us, our or the Company mean SK Telecom Co., Ltd. and its consolidated subsidiaries. References to SK Telecom shall mean SK Telecom Co., Ltd., but shall not include its consolidated subsidiaries. All references to U.S. shall mean the United States of America. Unless otherwise indicated, from 2001 onwards, all references to our number of subscribers shall include subscribers attributable to Shinsegi Telecomm, Inc. ( Shinsegi ).

All references to KHz contained in this report shall mean kilohertz, a unit of frequency denoting one thousand cycles per second, used to measure band and bandwidth. All references to MHz shall mean megahertz, a unit of frequency denoting one million cycles per second. All references to GHz shall mean gigahertz, a unit of frequency denoting one billion cycles per second. All references to Kbps shall mean one thousand binary digits, or bits, of information per second. All references to Mbps shall mean one million bits of information per second. Any discrepancies in any table between totals and the sums of the amounts listed are due to rounding.

In this report, we refer to third generation, or 3G, technology and 3.5G technology. Second generation, or 2G, technology was designed primarily with voice communications in mind. On the other hand, 3G and 3.5G technologies are designed to transfer both voice data and non-voice, or multimedia, data, generally at faster transmission speeds than was previously possible.

All references to Won, (Won) or W in this report are to the currency of Korea, all references to Dollars, \$ or are to the currency of the United States of America and all references to Yen or ¥ are to the currency of Japan.

Unless otherwise indicated, all financial information in this report is presented in accordance with Korean generally accepted accounting principles ( Korean GAAP ).

Unless otherwise indicated, translations of Won amounts into Dollars in this report were made at the noon buying rate in The City of New York for cable transfers in Won per US\$1.00 as certified for customs purposes by the Federal Reserve Bank of New York. Unless otherwise stated, the translations of Won into Dollars were made at the noon buying rate in effect on December 31, 2005, which was Won 1,010.0 to US\$1.00. On June 26, 2006, the noon buying rate was Won 959.2 to US\$1.00. See Item 3A. Selected Financial Data Exchange Rates .

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**FORWARD-LOOKING STATEMENTS**

This report contains forward-looking statements, as defined in Section 27A of the U.S. Securities Act of 1933, as amended, and Section 21E of the U.S. Securities Exchange Act of 1934, as amended, that are based on our current expectations, assumptions, estimates and projections about our company and our industry. The forward-looking statements are subject to various risks and uncertainties. Generally, these forward-looking statements can be identified by the use of forward-looking terminology such as anticipate, believe, considering, depends, estimate, expect, plan, planning, planned, project and similar expressions, or that certain events, actions or results will, may, should or could occur, be taken or be achieved.

Forward-looking statements in this annual report include, but are not limited to, statements about the following:

our ability to anticipate and respond to various competitive factors affecting the wireless telecommunications industry, including new services that may be introduced, changes in consumer preferences, economic conditions and discount pricing strategies by competitors;

our implementation of high-speed download packet access, or HSDPA, technology and wireless broadband internet, or WiBro, technology;

our plans to spend approximately Won 1.6 trillion for capital expenditures in 2006 for a range of projects, including expansion of our upgraded, HSDPA-ready WCDMA network, as well as investments in our wireless Internet-related businesses and our expected future capital expenditures on various initiatives;

our efforts to make significant investments to build, develop and broaden our businesses, including developing and providing wireless data, multimedia, mobile commerce and Internet services;

our ability to comply with governmental rules and regulations, including the regulations of the Ministry of Information and Communication, or the MIC, related to telecommunications providers, rules related to our status as a market-dominating business entity under the Korean Monopoly Regulation and Fair Trade Act, or the Fair Trade Act, and the effectiveness of steps we have taken to comply with such regulations;

our ability to manage effectively our bandwidth and to implement timely and efficiently new bandwidth-efficient technologies;

our expectations and estimates related to interconnection fees; tariffs charged by our competitors; regulatory fees; operating costs and expenditures; working capital requirements; principal repayment obligations with respect to long-term borrowings, bonds and obligations under capital leases; and research and development expenditures and other financial estimates;

the success of our various joint ventures and investments in other telecommunications service providers; and

the growth of the telecommunications industry in Korea and other markets in which we do business and the effect that economic, political or social conditions have on our number of subscribers, call volumes and results of operations.

We caution you that reliance on any forward-looking statement involves risks and uncertainties, and that although we believe that the assumptions on which our forward-looking statements are based are reasonable, any of those assumptions could prove to be inaccurate, and, as a result, the forward-looking statements based on those assumptions could be incorrect. Risks and uncertainties associated with our business, include but are not limited to, risks related to changes in the regulatory environment; technology changes; potential litigation and governmental actions; changes in the competitive environment; political changes; foreign exchange currency risks; foreign ownership limitations; credit risks and other risks and uncertainties that are more fully described under the heading Item 3. Key Information Risk

Factors and elsewhere in this report. In light of these and other uncertainties, you should not conclude that we will necessarily achieve any plans and objectives or



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projected financial results referred to in any of the forward-looking statements. We do not undertake to release the results of any revisions of these forward-looking statements to reflect future events or circumstances.

**Item 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS****Item 1A. Directors and Senior Management**

Not applicable.

**Item 1B. Advisers**

Not applicable.

**Item 1C. Auditors**

Not applicable.

**Item 2. OFFER STATISTICS AND EXPECTED TIMETABLE**

Not applicable.

**Item 3. KEY INFORMATION****Item 3A. Selected Financial Data**

You should read the selected consolidated financial and operating data below in conjunction with the consolidated financial statements and the related notes included elsewhere in this report. The selected consolidated financial data for the five years ended December 31, 2005 are derived from our audited consolidated financial statements and related notes thereto. Information as of and for the year ended December 31, 2001 includes information as of and for the year ended December 31, 2001 for Shinsegi unless otherwise specified. Shinsegi was merged into SK Telecom in January 2002.

Our consolidated financial statements are prepared in accordance with Korean GAAP, which differ in certain respects from U.S. GAAP. For more detailed information you should refer to notes 30 and 31 of the notes to our audited consolidated financial statements included in this annual report.

**As of or for the Year Ended December 31,**

**2001                      2002                      2003                      2004                      2005                      2005**

**(In billions of won and millions of dollars, except per share and percentage data)**

**INCOME  
STATEMENT  
DATA****Korean  
GAAP:**

Total												
Operating												
Revenue(1)	₩	8,371.9	₩	9,324.0	₩	10,272.1	₩	10,570.6	₩	10,721.8	US\$	10,615.6
Cellular												
Service(1)		8,203.0		9,156.8		10,091.8		10,297.6		10,361.9		10,259.3
Paging												
Service(2)		8.8										
Other(3)		160.1		167.2		180.3		273.0		359.9		356.3
Operating												
Expenses		6,047.4		6,526.4		7,167.0		8,130.9		8,051.2		7,971.5
Operating												
Income		2,324.5		2,797.6		3,105.1		2,439.7		2,670.6		2,644.2
Income before		1,976.7		2,218.8		2,754.3		2,123.2		2,561.6		2,536.2
Income Taxes												
and Minority												

Interest						
Income before						
Minority						
Interest	1,126.4	1,520.3	1,965.3	1,493.4	1,868.3	1,849.8
Net Income	1,146.0	1,487.2	1,966.1	1,491.5	1,873.0	1,854.5
Income per						
Share of						
Common						
Stock(4)	13,242	17,647	26,187	20,261	25,443	25.19
Diluted Net						
Income per						
Share of						
Common						
Stock(4)	13,242	17,647	26,187	20,092	25,036	24.79
Dividends						
Declared per						
Share of						
Common						
Stock(5)	690	1,800	5,500	10,300	9,000	8.91
Weighted						
Average						
Number of						
Shares	86,545,041	84,270,450	75,078,219	73,614,297	73,614,296	73,614,296

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	2001	2002	2003	2004	2005	2005
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**(In billions of won and millions of dollars, except per share and percentage data)****U.S. GAAP:**

Total Operating Revenue	₩ 8,307.1	₩ 9,219.7	₩ 10,225.1	₩ 10,534.6	₩ 10,701.4	US\$ 10,595.5
Operating Expenses	6,235.0	6,643.4	7,044.5	8,137.6	7,847.7	7,770.0
Operating Income	2,072.1	2,576.3	3,180.6	2,397.0	2,853.7	2,825.5
Net Income	1,111.6	1,301.1	2,062.7	1,553.1	2,027.6	2,007.5
Income per Share of Common Stock(4)	12,844	15,440	27,475	21,097	27,543	27.27
Diluted Net Income per Share of Common Stock(4)	12,844	15,439	27,475	20,918	27,089	26.82

**BALANCE****SHEET DATA****Korean GAAP:**

Working Capital (Deficiency)(6)	₩ 668.2	₩ (189.7)	₩ (461.4)	₩ 1,323.8	₩ 1,735.2	US\$ 1,718.0
Fixed Assets Net	4,174.7	4,569.4	4,641.5	4,703.9	4,663.4	4,617.2
Total Assets	13,326.3	14,228.7	13,818.2	14,283.4	14,704.8	14,559.2
Long-term Liabilities(7)	3,498.4	3,693.4	3,193.5	4,010.7	3,513.9	3,479.1
Total Shareholders Equity	6,149.3	6,231.9	6,093.8	7,205.7	8,327.5	8,245.1

**U.S. GAAP:**

Working Capital (Deficiency)	729.6	(108.2)	(445.5)	1,311.3	1,587.2	1,571.5
Total Assets	13,841.0	15,720.7	15,586.2	15,576.8	16,351.2	16,189.3
Total Shareholders Equity	5,820.1	6,356.2	7,014.7	8,237.0	9,472.4	9,378.6

**OTHER****FINANCIAL DATA****Korean GAAP:**

EBITDA(8)	₩ 3,932.4	₩ 3,954.1	₩ 4,706.4	₩ 4,085.8	₩ 4,434.2	US\$ 4,390.3
Capital Expenditures(9)	1,382.1	2,024.7	1,647.6	1,631.9	1,416.6	1,402.6
R&D Expenses(10)	153.7	253.3	300.7	336.1	321.1	317.9
Internal R&D	130.7	194.3	235.8	267.1	252.0	249.5
External R&D	23.0	59.0	64.9	69.0	69.1	68.4
Depreciation and Amortization	1,759.6	1,543.3	1,646.3	1,752.5	1,675.5	1,658.9
Cash Flow from Operating Activities	2,424.5	4,268.4	3,329.4	2,516.8	3,404.1	3,370.4
	(1,973.4)	(3,064.0)	(1,415.1)	(1,470.3)	(1,938.2)	(1,919.0)

Cash Flow from Investing Activities						
Cash Flow from Financing Activities	331.2	(1,418.2)	(2,261.0)	(968.6)	(1,429.0)	(1,414.9)
Margins (% of total sales):						
EBITDA Margin(8)	47.0%	42.4%	45.8%	38.7%	41.4%	41.4%
Operating Margin	27.8	30.0	30.2	23.1	24.9	24.9
Net Margin	13.7	15.9	19.1	14.1	17.5	17.5
<b>U.S. GAAP:</b>						
EBITDA(8)	3,859.1	3,620.7	4,679.1	3,970.4	4,412.2	4,368.5
Capital Expenditures(9)	1,382.1	2,024.7	1,668.0	1,656.9	1,429.3	1,415.1
Cash Flow from Operating Activities	2,428.3	3,606.2	3,144.3	3,228.9	3,293.8	3,261.2
Cash Flow from Investing Activities	(1,977.3)	(2,892.5)	(1,285.5)	(1,634.1)	(1,816.5)	(1,798.5)
Cash Flow from Financing Activities	331.2	(927.5)	(2,205.5)	(1,514.8)	(1,439.3)	(1,425.1)

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