



SK networks Profile 2016

SK Group Overview >>

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* Business Overview & Financial statements

As the original parent company of SK Group, SK networks has been delivering innovative value and prosperous lives to customers since 1953. We are always there to support our customers in their everyday lives.

Expanding our global reach through trading!

Creating a smart ICT world with ICT marketing!

Upgrading the driving experience with total car-life services!

Generating happiness through energy marketing!

Providing affluent lifestyles through fashion!

Offering premium hotel services!

We promise to be our customers' steadfast partner in growth, and to become 'Outstanding, Communicative, and Thriving SK networks'.



SK Group Overview

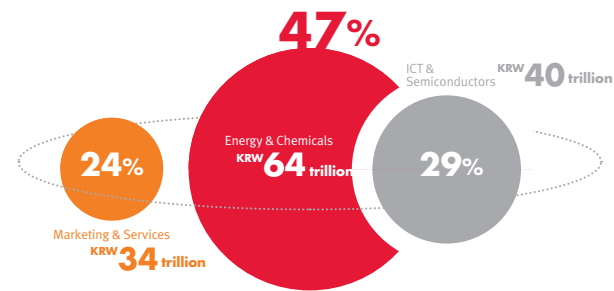
SK began as Sunkyung Textiles (precursor to SK networks) in 1953 and is now one of Korea's representative corporations with over 60 years of history and authority.

Having grown alongside the national economy, SK pioneers next-generation resource development in the energy and chemical sectors, breaks down barriers to introduce smart new technology in the ICT and semiconductor sectors, and finds new solutions for changing times in the marketing and services sectors.

We welcome creative management, change and innovation as we take the next step toward becoming a global leader in our broad range of businesses.

2015 Total Revenue

KRW 138 trillion



SK Group Ranked 57th

* SK Group ranked 57th in terms of sales revenue by Fortune 500(2015)

Affiliates & Subsidiaries

86 Companies

Global Network

Operates in 36 Countries

* Asia 13, Europe 12, Middle East 7, Americas 3, Oceania 1



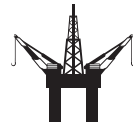
Semiconductor

SK hynix introduced the world to the first, smallest, fastest, and lowest-voltage innovations following its establishment in 2012.

With leading technology and a portfolio of high-value products, SK hynix is the no. 2 memory chip manufacturer in the world.

- SK hynix: Developed world's highest density 16GB module based on 16GB DDR4 NVDIMM
- SK hynix: Developed world's first 20nm class 8GB LPDDR4
- SK hynix: Developed industry first 20nm class 4GB graphic DDR3 DRAM

SK hynix



Energy

As Korea's first oil refining company, SK entered the overseas resource development market in the 1980s and rose to become the #1 energy company in Korea with an unparalleled passion for energy.

- SK innovation: First Korean company in the petroleum development business to reach KRW 1 trillion in sales
- SK energy: No.1 in domestic oil market share
- SK gas and SK E&S: No.1 in domestic market share of LPG and city gas

SK innovation · SK energy · SK lubricants · SK E&S · SK gas



Marketing

SK networks started as Sunkyung Textiles in 1953 and now trades globally in chemicals, steel, coal and other high value-added products. It distributes petroleum products to gas and LPG stations via a nationwide network. Meanwhile, it operates as a prestige lifestyle provider of car-life services, ICT distribution, fashion and other high-quality consumer goods, and hotel services. As the main subsidiary of the SK Group, SK networks continues to grow through synergy with other subsidiaries.

- SK networks: Operates SK rent-a-car, one of Korea's top 3 rental car companies(50,000 vehicles)
- SK networks: O'2nd brand enters more global markets than any other domestic women's apparel brand
- SK networks: Operates Speedmate, with network of approximately 700 auto repair shops nationwide

SK networks



Information & Telecommunication

From wired-wireless services to ubiquitous mobile connectivity, SK has always stayed a step ahead of the market since entering the ICT sector in 1994.

Today, it stands as an industry leader in Korea and the world.

- SK telecom: Commercialized first LTE service in Korea
- SK planet: 11th St. posts KRW 280 billion in mobile shopping sales, the highest in domestic industry
- SK broadband: 1st in Korea to launch global services of content delivery network(CDN)

SK telecom · SK planet · SK broadband · SK telesys · SK telink · SK communications



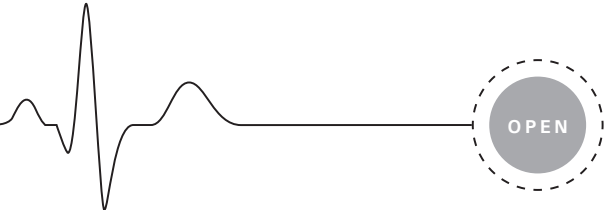
Chemicals

SK's advancements in research and technological development led the way for Korea's chemical industry.

Now SK is competing with the top global companies in everything from biotechnology to cutting-edge materials.

- SK global chemical: No.1 in domestic production of BTX(benzene, toluene and xylene)
- SK chemicals: Developed Ecozen®, the world's first environmentally friendly chemical resin
- SKC: No.1 in global market share of optical film

SK global chemical · SK incheon petrochem · SK chemicals · SKC · SK biopharmaceuticals



Services

From its beginnings in overseas construction, SK is growing into a top-tier global company by providing new services in international financial services and marine resource transportation that include gas and bulk carriers, and bunkering.

- SK E&C: 1st construction company to attain highest rating in Win-Win Index
- SK shipping: 1st in world to sign shale gas transportation contract
- SK securities: 1st in industry to adopt Quant(stock recommendation services) and SRS(stock rating system)

SK E&C · SK shipping · SK security



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OPEN

2016 Management Strategy

SK networks established the direction of its future growth with a view toward becoming the #1 corporation in total car-life services.

We are committed to creating an enjoyable working environment and building a corporate culture that enables us to strengthen our capabilities, communicate proactively with stakeholders and be innovative. As a result, we are aiming to become 'Outstanding, Communicative, and Thriving SK networks.

1. We will strive to accelerate growth of the car-life business
2. We will concentrate on enhancing the value of our business through strengthened competitiveness in core sectors, including ICT and energy marketing
3. We will secure a self-sufficient foundation for the lifestyle business





We are actively growing the car-life business with a focus on the rental car service

In 1999, SK networks launched Speedmate, Korea's first specialized maintenance and repair shop. We are now the no. 1 maintenance brand, but will not stop growing. We will steadily expand our investment in rental cars, ERS, and other car-life businesses to realize our vision of becoming Korea's no. 1 and a global car-life services company.



We offer a differentiated car-life service that includes Speedmate's maintenance services for imported cars

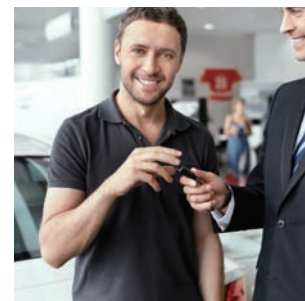
CAR LIFE

SK networks is Korea's Only Provider of Total Car-Life Services, Encompassing Rental Cars, Maintenance, ERS, and Parts Distribution.

We are Developing a New and Unique Car-Life Style that Incorporates all the Automobile Related Needs of our Customers.

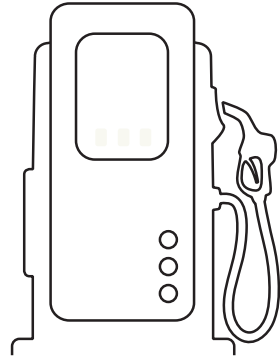


We are always working to become more competitive through synergy and shared customers within the car-life businesses





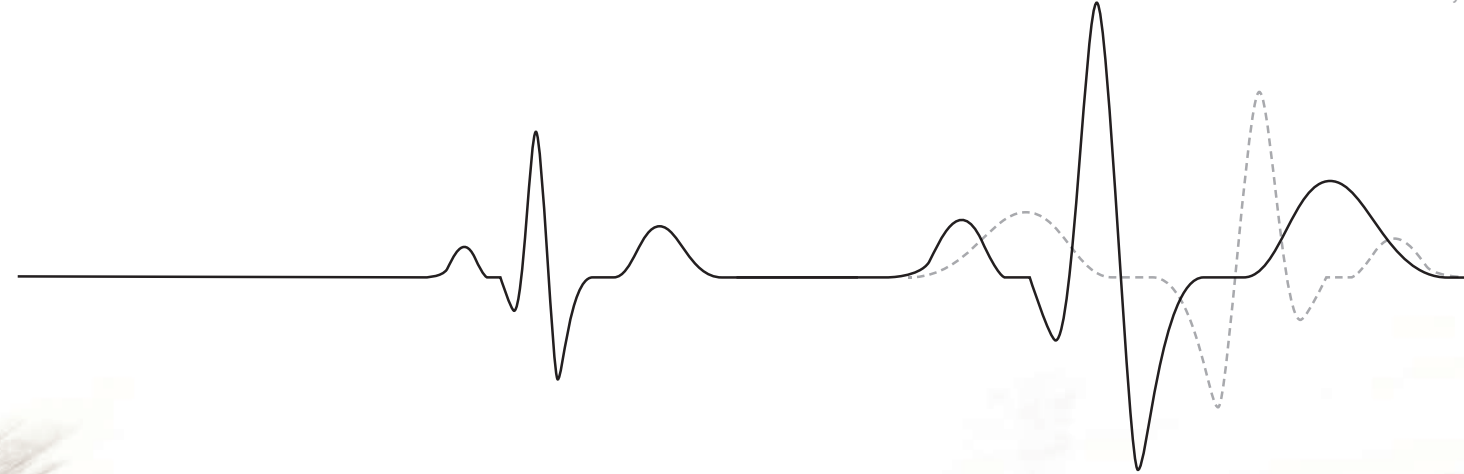
The ICT business is always close to customers thanks to the nation's largest distribution and logistics infrastructure



We are enhancing customer convenience and our competitiveness by developing new businesses beyond fuel



AFFLUENT LIFE



SK networks Delivers an Affluent Lifestyle to Customers through its Global Business, Petroleum Products and ICT Devices.

We Promote Happier Lives for our Customers by Stabilizing Profits of Core Businesses in Trade, Energy Marketing, and ICT as Well as by Evolving our Business Model.



We will develop partnerships with various businesses that include service stations and others



We are solidifying our reputation as a major trading company in industrial commodities. Our ICT business platform will be upgraded from distribution to marketing while energy marketing will be elevated from retail to a sustainable business model.



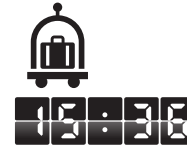
SK network's fashion business will diversify its portfolio with licensed and in-house brands

SK networks is Creating an Elegant and Refined Lifestyle.

Our Fashion Business Consists of Sophisticated Imported Brands and Popular In-House Brands. We Also Provide High-End Services through Clubhouses, Restaurants, and Hotel Operations that Include Walkerhill and W Hotel.

LIFE STYLE

The fashion division will expand into new lifestyle areas as it continues to strengthen its brand portfolio and pursue stable growth in China. The hotel division will focus on adding value by instituting Walkerhill's own standard operating procedure(SOP).



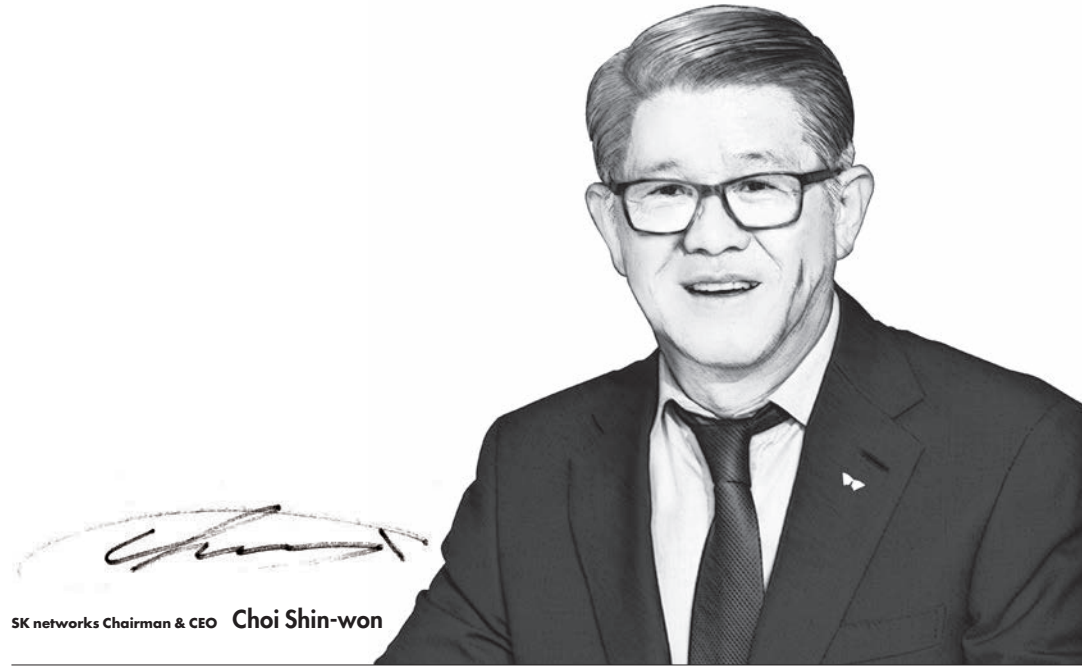
As a trend-setter in the hotel service industry and the operator of Sheraton Grande Walkerhill and W Seoul-Walkerhill, we provide a truly restful experience, stylish spaces and quality services



We will emerge as a top tier global fashion company



CEO'S Message



SK networks Chairman & CEO **Choi Shin-won**

TO OUR VALUED CUSTOMERS AND SHAREHOLDERS,

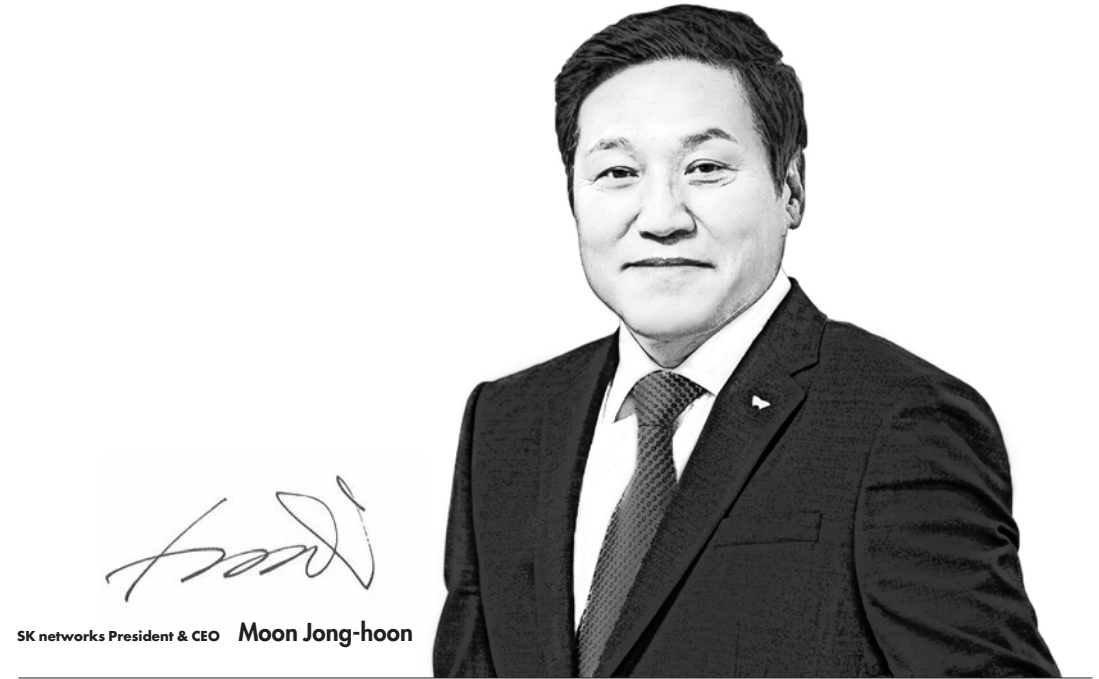
2015 proved to be a challenging year on both the domestic and overseas fronts with MERS and the sluggish global economy. However, SK networks posted KRW 100.2 billion in pre-tax income for 2015, a large increase over the previous year, thanks to the stable performance of our main businesses. The car rental business joined the industry top 3 as the number of cars in our fleet passed the 50,000 unit mark. This allowed us to prepare a foundation for future growth centered on the car-life business.

More difficulties are forecast for the year 2016. The US is expected to normalize its monetary policy while China and other newly emerging countries are expected to see their economic growth slow. Meanwhile domestic business conditions are likely to remain lethargic. To overcome these challenges and establish ourselves as 'Sound SK networks', we will concentrate on the following three strategic areas.

First, SK networks will emerge as the no.1 company in the car-life business, offering a complete range of services including rental cars, maintenance and auto parts.

The rental car market in Korea is recording rapid growth of over 20% annually due to changing customer perceptions, economic value and convenience. We predict that in the future, rentals will become the favored purchase method for new cars by Korean consumers. We have a clear competitive edge and are leading market growth. By boldly pursuing greater expansion and profitability, we will emerge as a top player in the business.

Furthermore, as imported cars account for a larger share of the Korean market along with rentals, we will continue to expand our maintenance service and parts distribution business for imported cars. We will consider diverse ways of doing this, including the possibility of M&As.



SK networks President & CEO **Moon Jong-hoon**

Second, we will continue to generate stable profits by increasing the core competitiveness of our main businesses.

As market leaders in ICT and energy marketing, we will respond flexibly to the changing environment and strengthen our unique competitiveness. This will further underscore the role of ICT and energy as core drivers of our future growth. For trading, we will fortify our primary competitiveness in 2016 after having recovered our earning power last year. Efforts will be focused on proactively utilizing market conditions and changing state of affairs, such as the lifting of sanctions against Iran, to maximize profits.

Third, we will establish a corporate culture that strengthens the competency of each member to lead future growth.

Our aim is to establish a corporate culture that is centered on trust, customers and performance. Leaders that take the initiative in managing and executing each business segment will be crucial to achieving this aim. This will allow each business to grow strong and create synergies with each other, thereby writing a new success story.

DEAR CUSTOMERS AND SHAREHOLDERS,

Your wholehearted support and encouragement allowed us to sharpen our profitability and prepare the foundation for new growth in 2015. In the year ahead, all of us at SK networks will do everything we can to maximize shareholder value by pursuing growth and progress.

Thank you.

BOARD OF DIRECTORS

WE CREATE VALUE FOR THE FUTURE THROUGH TRANSPARENT MANAGEMENT.

The Board of Directors(BOD) leads SK networks in practicing transparent management. It has already succeeded in establishing a sophisticated corporate governance structure, including a BOD Secretariat which supports the BOD. Furthermore, the ratio of outside directors was increased to help BOD-led management maximize profits for stakeholders. The outside directors also chair subcommittees like the Audit Committee to review the BOD's activities and provide a strong system of checks and balances. With transparent management, we will create value and a rewarding future for customers and stakeholders.



1. Cho Dae-sik
Chairman of the BOD(non-executive director) /
CEO & President of SK Co. Ltd.

2. Choi Shin-won
CEO & Chairman

3. Moon Jong-hoon
CEO & President

WE INSPIRE TRUST AND CONFIDENCE IN OUR STAKEHOLDERS AND CUSTOMERS.

Enhanced Transparency of Corporate Governance

We have already established the most advanced corporate governance structure in Korea and set up various institutional measures to help the BOD lead management activities. In addition, BOD subcommittees are able to check and balance the CEO when necessary.

Strengthened Auditing

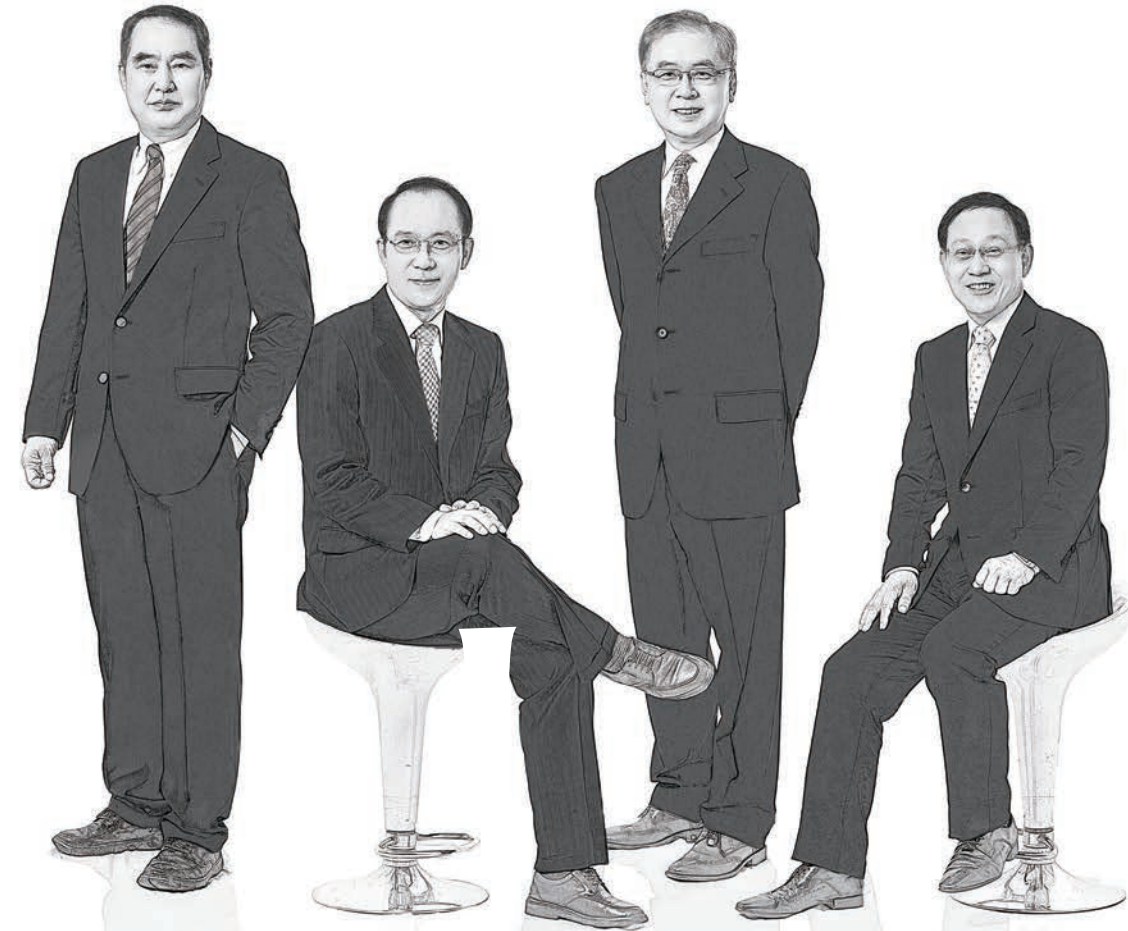
The Audit Committee is composed wholly of outside directors to ensure its independence and authority to conduct checks and balances over the BOD and CEO's activities.

Reinforced Accounting Transparency and Compliance System

We significantly improved our credibility among shareholders and financial institutions by updating our internal control system and proactively accepting a certification system for financial documents by the CEO and others. We also appointed a Compliance Officer to systematize our compliance standards and strengthen management stability.

Realization of Ethical Management

We not only serve our shareholders' interests through transparent management, but seek to promote the common interests of our society by fulfilling our responsibility to customers, partners and competitors. We are guided in the practice of ethical management by the company's detailed Code of Conduct.



4. Song Hah-zoong
Outside Director /
Professor, College of Politics and
Economics in Public Administration,
Kyunghee University

5. Yoon Nam-geun
Outside Director /
Professor, Korea University Law School

6. Kim Sung-min
Outside Director /
Graduate School of Finance, Korea
Advanced Institute of Science and
Technology

7. Hur Yong-suk
Outside Director /
Standing Advisor, Samil Accounting Firm

Chemical
Steel
Coal

Mobile Phones
Distribution Service
ICT Device

Car Rental
Speedmate

Energy Marketing

Fashion
Hotel

Real estate
Logistics
Chemicals & Steel
Fashion

BUSINESS OVERVIEW

SK networks is always evolving to become a better partner to our customers.

Our goal is to help make everyday lives more comfortable and affluent.

From the moment you wake up to when the day ends, we are by your side as you choose your outfit, drive to work, talk to friends on the phone, and enter the hotel restaurant to have dinner with your loved one.

At SK networks, we put our customers first and foremost,
and our unwavering commitment to improving lives will inspire us to keep growing.

2015 May

Acquisition of Steve J & Yoni P and SJYP



SK networks acquired Steve J & Yoni P which recently rose to fame with its inimitable European-style collection as well as SJYP, the brand's denim line. We plan to develop the brand into the next OBZEE/O'2nd based on its global potential. By bringing together SK networks' business knowhow and Steve J & Yoni P's design capabilities, we hope to create another global success story.

2016 June

Global Expert Invited to Lead Maintenance Training at Speedmate

As part of an effort to upgrade services, Speedmate invited the head engineer of TRW Automotive, the global automobile parts supplier, to carry out a maintenance training program for imported cars. TRW Automotive is an American company with headquarters in Livonia, Michigan; 185 research/manufacturing/sales offices in 24 countries; and approximately 65,000 employees. TRW Automotive manufactures parts for braking, steering and suspension, and airbags that directly affect automobile safety. Speedmate currently has approximately 170 maintenance shops nationwide that deal with imported cars. It will continue to cooperate with TRW Automotive and other global component companies to offer affordable import car repair services to customers.

2015

AMERICAN EAGLE OUTFITTERS Opens 1st Store in Korea

The casual fashion brand, AMERICAN EAGLE OUTFITTERS, opened its first store in Korea on the 4th floor of Lotte Young Plaza. The store offers the same products as those in the United States at comparable prices. We will invest generously to establish AMERICAN EAGLE OUTFITTERS as a top-tier brand in the Korean market within five years by opening a new e-commerce site, aggressively expanding the distribution network into key commercial areas, and engaging in large-scale marketing.



Strategic Partnership with Dongbu Insurance



SK networks agreed to extend its Happy Auto Members benefits to Dongbu Insurance's car insurance customers. The benefits include discounts on fuel and repairs as well as free car washes. The partnership will allow both companies to target driver-customers through cooperative marketing.

2015 September

O'2nd Presents at New York Fashion Week

O'2nd invited buyers and the media for an official presentation of its collection during New York Fashion Week and raised the brand's global visibility. Moon Jong-hoon, President of SK networks, was also in New York during Fashion Week to share his ideas for expanding O'2nd's presence in the American market with business partners.



2015 October

Walkerhill Caters the 2015 Presidents Cup



Walkerhill was the official caterer of the world renowned golf tournament which came to Asia for the first time in 2015. Operating 27 booths, Walkerhill was in charge of all breakfast, luncheon, and snack items served to VIPs and gallery spectators throughout the tournament. The sophisticated cuisine and service, based on Walkerhill's extensive experience catering state dinners and international events, made a deep impression on all and changed the world's perception of Korea's fine dining industry.

SK rent-a-car Launches Mobile Web Service of TCMS for Corporate Customers

SK rent-a-car upgraded its Total Car Management Solution(TCMS) program for corporate customers. TCMS, which previously existed as a desktop or mobile application, now comes in a more user-friendly mobile web version. We were the first in the industry to develop such a service, and we are continuing to improve TCMS functions by increasing the selection of devices that can use the service and upgrading TCMS service functions.



At a Glance

2016 January

PIMS and ISMS Certification for Automobile/Fashion/Hotel Businesses

SK networks simultaneously acquired both Personal Information Management System(PIMS) and Information Security Management System(ISMS) certifications for its Happy Auto Members, SK Fashion Mall and Walkerhill websites. The Korea Communications Commission uses PIMS to review whether a company has the necessary means to protect personal information in a systematic and consistent manner.

2016

SK rent-a-car Breaks through into 'Industry Top 3' with 50,000 Cars



This was the first time PIMS certification was awarded to a rental car, fashion or hotel business. The achievement is confirmation of a high level of online security and serves to further raise consumers' trust in SK networks.

2016 February

SK rent-a-car Strengthens Electric Car Rental Service in Jeju

SK rent-a-car celebrated reaching 50,000 cars with an event at Walkerhill Hotel Acadia and vowed to continue investing in and enhancing services to turn the company into an industry leader with 100,000 cars by 2018. SK rent-a-car's fast growth was possible because it was the only company in the industry with a comprehensive infrastructure that included a nationwide network of gas stations and maintenance shops, emergency response system(ERS), etc. Since beginning with 3,800 cars in 2009, it grew at over twice the rate of the industry to become a top 3 rental car company with 50,000 cars.

2016 March

SK rent-a-car Introduces First Long-Term Electric Car Rental Service



SK rent-a-car started Korea's first electric car rental service on Jeju Island in 2012. It still operates the largest electric car rental service in the industry and is continuing to expand its range of models and products to provide an environmentally friendly driving service to tourists.

Speedmate Wins 1st Place on K-BPI for 14th Consecutive Year

In line with Jeju's ambitious plan to become a zero emission island, SK rent-a-car introduced a long-term electric car rental service for the first time in Korea. It plans to increase the number of models and expand the service from Jeju to cover the entire nation.



Speedmate Enters Partnership with Hi Plus Card



Speedmate was rated first on the 2016 Korea Brand Power Index(K-BPI) released by Korean Management Association Consulting in the automobile maintenance division. K-BPI uses consumer surveys to measure brand recognition and loyalty. Speedmate's 14th consecutive year at the top reflects customers' faith in the brand and its indisputable position as industry leader.

Speedmate Enters Partnership with Hi Plus Card

Speedmate agreed to offer rechargeable cards and charging stations for Hi-pass users at its shops, and to provide discounts on engine oil and filter changes for Hi Plus Card customers. In addition to the discounts, the partnership will allow customers more convenient access to Hi-pass services by expanding the sales of Hi-pass cards to approximately 400 Speedmate affiliates nationwide.





Making the Leap to Become a Top Global Trading Company

CHEMICAL



STEEL



COAL



Our global trading business is founded on over 50 years of international experience. We have diverse and outstanding capabilities in global sourcing, market intelligence and strategic networking, which we utilize in trading chemicals, steel, coal and other industrial commodities.

We are currently optimizing our trading capabilities through value chain investments and operations even as we break new ground in the international market with industry experts and regional specialists at outposts around the world.

We will target new openings in the market by advancing a business model that is based on enhancing trading operations, as well as creating synergy between trading and investment assets. Such efforts will enable us to reach our ultimate goal of becoming a top global trading company.

FY2015 Sales

KRW 5,495 billion

Create that Move



TRADING AROMATICS, CHEMICAL FIBER MATERIALS, SOLVENTS, FERTILIZERS AND OTHER CHEMICAL PRODUCTS.

Chemical



The chemicals division operates sales subsidiaries in Shanghai and Guangzhou, China. It oversees trading (imports, exports, tripartite trade) and domestic sales (Korea and China) of products including chemical fiber raw materials (PX, PTA, MEG), aromatics (BZ, SM, Tol, MX), methanol, solvents, fertilizers, and PU materials.

We established the Chemical business platform based on global trading, domestic sales in China and Korea which we will expand into a global trading system.

After a smart exit of our investment in manufacturing subsidiaries - Shantou PS, Ningbo PET and R-PET- we focused on obtaining sources of purchase and sales rights without requiring us to make direct investments. Subsequently, we acquired several such sources in China, including a PTA factory (PX sales and PTA purchases) and a polyester factory (PTA/MEG sales).

In short, our alternative strategy (obtaining purchase and sales rights) gives us the same force as operating factories with low risk. When combined with trading and domestic sales, it's expected that the new Chemical business platform will trade over 5.5 million tons in 2016, an increase of 1 million tons from 2015.

- | | | |
|--|--|--|
| <ul style="list-style-type: none"> • PX : Para Xylene • PTA : Purified Terephthalic Acid • MEG : Monoethylene Glycol | <ul style="list-style-type: none"> • BZ : Benzene • SM : Styrene Monomer • Tol : Toluene • MX : Mixed Xylene | <ul style="list-style-type: none"> • PU : Polyurethane • PS : Poly Styrene • PET : Polyethylene Terephthalate • R-PET : Recycled PET |
|--|--|--|



SUPPLYING A VARIETY OF STEEL PRODUCTS TO BUYERS AROUND THE WORLD, AND EXPANDING OUR OVERSEAS PROCESSING AND DISTRIBUTION CENTERS.

Steel



The steel division supplies overseas buyers with products made in Korea and abroad. We are actively engaged in global trading with POSCO, Hyundai Steel, Dongkuk Steel and Dongbu Steel in Korea, as well with Wuhan Iron and Steel, Anshan Iron and Steel, Jiangsu Shagang, Taiyuan Iron and Steel, and ArcelorMittal around the world. We are also expanding the scope of our tripartite trade beyond exporting domestic products to sourcing overseas products.

Our HRC, plates, cold-rolled coils/Galvalume, long products and stainless steel products are used in buildings, ships and home appliances. We are also working to launch a new automobile trading business that includes CKD and CBU. We export to China, Japan, Taiwan, India and Southeast Asia as well as the Middle East, Europe, the Americas and Australia.

- **HRC** : Hot-Rolled Coil
- **Plate**
- **Cold-Rolled Coil/Galvalume**

- **CKD** : Complete Knock Down
- **CBU** : Complete Built Up



FOCUSING ON COAL MARKETING IN KOREA AND INVESTMENT IN COLLIERIES IN AUSTRALIA.

Coal



Since we launched mineral resources development business in 2005, numerous mining projects were carried out for coal, iron ore, copper, and other non-ferrous metal with the portfolio restructured for coal in 2013, we now focus on coal marketing in Korea and investment in collieries in Australia which resulted in expanding market presence in the region.

Going forward, SK networks will pursue steady growth with sustainability through adding values between our investment assets and marketing strategy.





**Professional
ICT Marketer Delivering a
Happy Digital Life to Customers**



MOBILE
PHONES



DISTRIBUTION
SERVICE



ICT DEVICES



The ICT business operates on a massive scale as the nation's no. 1 mobile phone distributor. SK sells 7.7 million handsets annually, utilizing the largest mobile phone sales network in Korea and its numerous customer service centers. SK seeks to further expand the business through distribution of diverse ICT devices such as tablets and wearable devices.

SK networks service(SKNS) is a subsidiary that offers various services such as A/S for mobile devices, network management and distribution of ICT equipment.

The goal of our ICT business is to develop a specialized ICT distribution platform. This will enable us to achieve sustainable competitiveness. Customers will be able to experience customized digital lifestyles and stay connected to the world with greater ease and enjoyment through online, offline, and mobile platforms.

FY2015 Sales

KRW 5,051 billion



EXECUTING ICT SALES AND DISTRIBUTION, WITH A FOCUS ON MOBILE DEVICES

ICT Marketing



SALES OF MOBILE DEVICES

Annually **7.68 million**

MARKET SHARE

43%

NO. OF SALES AGENCIES

1,150

Mobile Phones

SK is Korea's foremost mobile device distributor. With a nationwide mobile phone network and distribution infrastructure, we provide customers with what they need, when they need it. Based on a solid partnership with SK Telecom, the country's no. 1 mobile service carrier, we operate over 1,150 exclusive sales agencies and sell both domestic and foreign mobile devices. We pursue a business model that supports joint growth with sales agencies, providing them with credit loans as well as operational consulting. In the future, we plan to expand the role of SK networks' ICT business within the mobile phone market, to secure and maintain profitability.

Distribution Service

Based on our 20-year old knowhow in the ICT equipment distribution business, we deliver differentiated value to our customers through a distribution infrastructure and system that covers the entire country. We not only provide ICT devices, but also printers, set-top boxes, audio equipment, and auto parts and maintenance products using our extensive experience in logistics. We are expanding our distribution centers to include third party storage centers and warehouses. Looking ahead, we plan to secure and extend our distribution system to operate as a top domestic SCM.

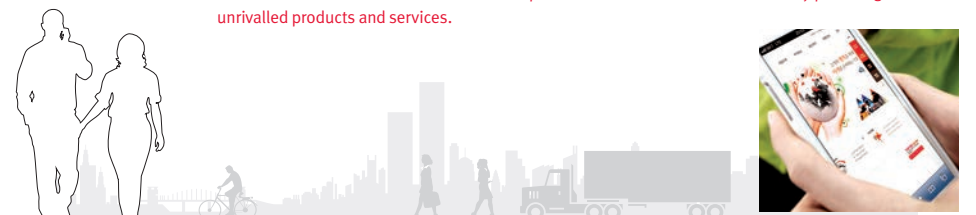
ICT Devices

With the widespread use of smartphones, demand is surging for various ICT devices such as Bluetooth and accessories. This division sells mobile phone-related accessories and package products in addition to second devices with communication modules. Our goal is to further expand this business by sourcing a greater variety of ICT devices.

SK networks service (subsidiary)

Established in 2007 to deliver enhanced ICT customer management and service quality, SK networks service strives to provide customers with a better ICT life. The service division operates 60 A/S centers nationwide. Main responsibilities include after-sales service and recycling of SK telecom mobile devices. There are plans to diversify and expand the scope of operations.

The network division offers total network services, including the operation, maintenance and integrated control of SK telecom and SK broadband's networks. Accordingly, the division serves as a professional wired network manager for the group. Business is expanding to include B2B operations for finance firms and large corporations. The IT solutions division, responsible for the distribution of ICT equipment, is also evolving to provide business solutions as an IT consultant. SK networks service aims to become a total ICT service and solutions provider that fulfills customer needs by providing them with unrivalled products and services.





**Racing Ahead to
Become Korea's No. 1 and Global
Car-Life Service Company**

CAR RENTAL



SPEEDMATE



Our car-life business revolves around SK rent-a-car, the fastest growing company in the industry, and Speedmate, the no. 1 domestic auto maintenance brand. We offer total car-life services ranging from vehicle supply to care through a variety of channels and products that only SK networks can provide.

SK rent-a-car differentiates itself from competitors through its service infrastructure and products. Speedmate is growing its business through auto maintenance of imported/domestic cars, distribution of imported auto parts and export of domestic car components, and ERS in order to gain customers' trust and offer them enhanced convenience.

Based on knowhow and capacity built through our car rental and Speedmate businesses, our vision is to grow into Korea's no. 1 and a global car-life service company. This will involve venturing into new business fields such as electric cars and new mobility services.

FY2015 Sales

KRW 1,116 billion

Create that Move



SK RENT-A-CAR CONTINUES TO GROW THROUGH UNIQUE AND COMPREHENSIVE CAR-LIFE SERVICES.

Car Rental



NO. OF REGISTERED VEHICLES AT SK RENT-A-CAR

Approx. **50,000** vehicles -
No. 3 in the industry
(based on no. of registered vehicles nationwide)

The domestic rental car market is evolving. Customers' mindset is changing from ownership to rental, and there is growing awareness about the economic benefits and convenience of rent-a-car. SK rent-a-car utilizes in-house products and services such as gas stations, maintenance, ERS, and selective membership to post unmatched growth in the rental car market.

As of the end of 2015, the rental car business saw a net increase of around 20% YoY in the number of total rental cars available. As a result, the total number of registered vehicles nationwide for SK rent-a-car surged to around 50,000, putting the company in third place in the industry. The rental car business is becoming a driving force in the expansion of SK networks' car-life business.

In addition, SK rent-a-car's selective membership system provides a variety of exclusive benefits through connections to Speedmate and Walkerhill Hotels.

SK also became the first rental company to offer electric cars for short- and long-term rental on Jeju Island, pioneering an eco-friendly trend for the future. We plan to further expand the rental car business to generate greater value for customers by increasing our sales channels and offering differentiated products.





Long-Term Car Rental

A long-term car rental refers to contracts made with individuals or personal business owners whereby a customer rents a brand new car for three to five years. SK rent-a-car handles all auto-related operations, such as taxes, maintenance, insurance as well as accident and sales processing. Customers are able to enjoy the convenient and economical use of a new car. In particular, SK rent-a-car's long-term membership service offers a variety of plans, such as the maintenance option (discount on gas prices of up to KRW 200 per liter), travelling support option (selected based on customer's lifestyle), and urban leisure option.

Business Car Rental

SK rent-a-car operates on a nationwide scale, marketing to both corporations and regional SMEs so that companies can make long-term rentals for business purposes. Our mobile maintenance system offers service anywhere in the nation. We also provide total car management system (TCMS), to increase operational efficiency and drastically reduce maintenance costs, increasing our service's competitiveness.

Short-Term Car Rental

This service applies to vehicles rented for use on vacation or leisure activities as well as vehicles rented on a monthly basis by companies and public institutions for business purposes. SK only offers relatively new cars that are on average about one year old. It also offers various discounts through multiple alliances. Customers can access services with greater ease and convenience through diverse channels, including social commerce sites, websites and mobile platforms. We are developing various package products that are tailored to customer needs.

SPEEDMATE IS THE NO. 1 BRAND IN THE DOMESTIC MAINTENANCE MARKET. IT NOW AIMS TO BECOME THE NO. 1 BRAND IN THE CAR AFTERMARKET BY INCREASING ITS GLOBAL CAPACITIES IN IMPORTED CAR MAINTENANCE AND PARTS SUPPLY.

Speedmate



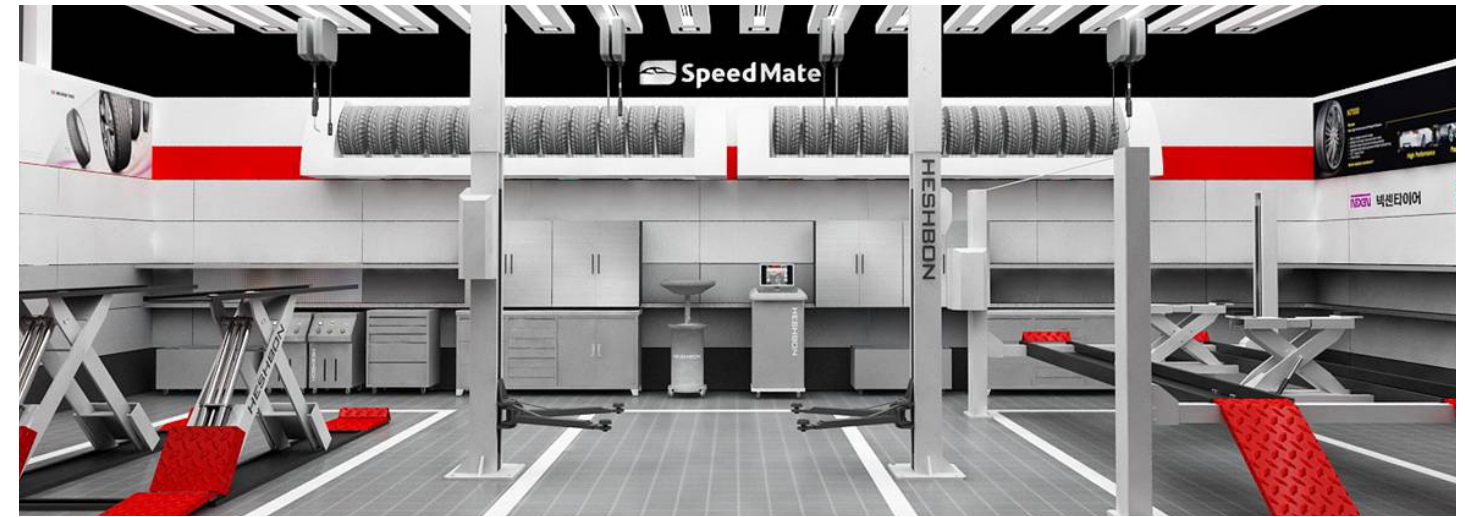
NO. OF MEMBERS
CUSTOMER
Approx. **1.7** million
K-BPI **No. 1** Speedmate, No. 1 on K-BPI for 14 consecutive years

Speedmate was launched as an automobile repair and maintenance brand. Since then, it has expanded to include emergency roadside service (ERS), distribution of imported auto parts, and export of auto parts. Speedmate also uses online/offline/mobile channels to provide diverse, high quality car-life service to customers. With a membership base of approximately 1.7 million customers, Speedmate is actively exploring business opportunities in diverse car-life sectors to lead the automobile lifestyle of the future.

Repair and Maintenance

Speedmate is dedicated to providing outstanding repair and maintenance services through skilled mechanics and quality-assured auto parts. The aim is to ensure that customers' cars run in optimal condition, and we lead the market by offering authentic parts, fixed-price wages, and high quality maintenance services.

Speedmate currently operates some 700 shops nationwide. In 2014, it initiated repair and maintenance services for imported cars which are now available at 240 shops and attract over 1,500 customers per month. Future plans call for greater differentiation of car-related contents and an upgrade of franchise capabilities to cement our position as the no. 1 brand in repair and maintenance. We will continue to forge cooperative ties with the repair industry through group purchasing for parts and by extending support for training. Additionally, we will continue the strategic development of specialized shops and build a large network centered on the capital city and other metropolitan areas.



Auto Parts Distribution

Speedmate engages in the distribution of imported auto parts for imported brands in Korea as well as the export of Speedmate Private Brand (PB) auto parts for Korean vehicles in overseas markets. In 2015, we established the infrastructure for aftermarket parts distribution by joining TEMOT International, one of the largest international buying groups in the aftermarket. We also entered into an alliance with CARPOS, one of Korea's largest alliances of car repair shops.

Business for imported auto parts and repairs is expected to continue to grow along with domestic demand for imported cars. Having focused on major foreign brands, we are now positioned as the leading player in the market. In addition, we export high-quality PB auto parts made by proven Korean manufacturers through buyers found at numerous overseas parts expos. Speedmate is steadily increasing the number of clients by targeting markets in the Middle East, Russia, and Central America.

Emergency Roadside Service (ERS)

The ERS business began as an emergency roadside assistance service in 1996 and expanded to include Korea's first on-site accident assistance services in 2001. Since then, systematic network management and bold investments in our system has enabled us to maintain a high level of services. In 2005, Speedmate set another industry record by being the first to offer a cutting-edge emergency response system (ERS) that uses GPS to locate customers in need of assistance and link them directly with dispatch services. Currently, we operate a nationwide network of 340 shops and a 24-hour call center for fast and efficient services. In 2011, evolving mobile technology prompted us to launch a smartphone-based ERS system which delivers even greater convenience and efficiency in services. In 2015, we developed a mobile emergency roadside assistance service with T-map to raise customer satisfaction. It provides faster services even in harsh winter conditions and allows customers to check the current location of repair personnel and their estimated time of arrival in real-time.



Car-Life Service Ltd.
(subsidiary)

In March 2016, Car-Life Service Ltd. was officially launched as a separate entity to provide more professional support in short-term rentals, accident repairs and regular maintenance services, customer centers, and other operations. Car-Life Service will continue to innovate as a provider of reliable services and a solid supporter of SK networks' car-life business.



**Differentiated
Competitiveness Fortifies Our
Position as the Leader
in the Domestic Distribution
Market for Petroleum
Products.**



ENERGY
MARKETING



Our energy marketing business has steadfastly held the market leader position for the last four decades. This is due to our nationwide network of approximately 3,000 gas and LPG stations that supplies a variety of petroleum products (gasoline, kerosene, diesel, LPG). The division also sells asphalt and bunker oil.

SK networks differentiates itself and generates loyal customers by offering total service gas stations that include a convenience store, fast food restaurant and high quality car wash system. Membership benefits and designation as the gas supplier for public institutions add to our competitive edge.

FY2015 Sales

KRW 7,590 billion



AS THE LEADER IN THE DOMESTIC PETROLEUM PRODUCTS MARKET, WE CONTINUE TO STRENGTHEN THE PLATFORM FOR FUTURE GROWTH THROUGH MANAGEMENT INNOVATION, SERVICE QUALITY IMPROVEMENT, AND DIFFERENTIATED MARKETING.

Energy Marketing



PETROLEUM PRODUCT SALES

Annually **3,400** million drums

NETWORK

Approx. **2,900** gas stations
65 LPG stations
134 total service gas stations

Gas Stations

SK networks commands 19.1% of the domestic petroleum products distribution market based on its extensive nationwide network. We contribute to energizing customers' lives by providing high quality kerosene and diesel as well as EnClean, an eco- and engine-friendly gasoline.

There are currently 134 total service stations in operation. All stations include Bubble I, our high quality car wash brand. In addition, some combine Speedmate, our repair and maintenance service, and various food offerings (such as CU convenience store, McDonald's, Burger King, Krispy Kreme Doughnuts.) The inclusion of such services differentiates SK gas stations by creating high customer value and providing an eco-friendly living space. Thus, SK commands the leading position in the domestic petroleum distribution market. Additionally, in December 2015, SK was designated as the official gas supplier for public institutions, which expanded our network by around 10,000 public clients.

In the future, SK networks will continue to focus on increasing the scope of our customer satisfaction. We will conduct regular gas station service evaluations, provide CS ratings, given only to outstanding gas stations, and offer various partnership services such as Happy Auto Membership. We will also proactively develop our inner capabilities to secure a sustainable business model.

LPG Stations

65 LPG stations, mainly for taxis and commercial vehicles, provide quality products that our customers can trust. We employ the customer DB to offer various marketing activities and management programs to both maintain our existing clientele and attract new clients. We are also striving to enhance the competitiveness of LPG stations by providing various car-life contents, thus adding value for our customers.

Asphalt and Bunker Oil Sales Business

SK networks prides itself on supplying high quality asphalt products throughout the nation. We are also expanding our asphalt product portfolio to include distribution of asphalt with outstanding durability. In addition, we sell bunker C oil and marine lubricants to national flag-carrying vessels and inbound foreign vessels to Korea.

Enriching People's
Lives with Cutting-Edge
Fashion Trends and High Quality
Service



FASHION



HOTEL



FASHION & HOTEL

Our fashion business both imports sophisticated brands and manages competitive in-house brands, adding affluence and elegance to customers' lifestyles. The sector is also creating new growth momentum for SK networks through a successful overseas expansion centered on China.

As a leading entertainment company with lasting values, we conduct a range of business lines, comprising Sheraton Grande Walkerhill, W Seoul-Walkerhill, and Incheon Airport Transit Hotel which represents one of the external business fields. We also offer a true cultural complex that meets new demands of our guests. In addition to leading the development of hotel industry through a close ties between each business line, Walkerhill is expected to become a beloved hotel with its further creative service.

FY2015 Fashion Business Sales

KRW 566 billion

FY2015 Walkerhill Sales

KRW 474 billion

Create that Move



WE MANAGE SUPERIOR LICENSED BRANDS AND COMPETITIVE IN-HOUSE BRANDS, OFFERING OUR CUSTOMERS MORE AFFLUENT AND FASHIONABLE LIFESTYLES.

Fashion



Top 10
Fashion House in Korea

Our fashion business carries both in-house brands including OBZEE and O'2nd, as well as the newly launched rouge & lounge and 2nd floor etc., and Top-notch international brands such as TOMMY HILFIGER and DKNY etc. This adds variety to our brand portfolio, propelling the continued growth of our fashion business and solidifying its position as a major player in the domestic fashion scene. In China, we are accelerating the pace of localizing in-house brands such as OBZEE and O'2nd.

In 2015, we successfully launched AMERICAN EAGLE OUTFITTERS, a mid-priced US fast fashion brand to cater to the ever-changing market and customers' needs. SK also added to its lineup CANALI, the luxury menswear brand from Italy. Local additions included the designer brand Steve J & Yoni P and its contemporary denim label SJYP, both of which are showing growth in domestic and overseas markets.

We operate SK Fashion Mall and a mobile fashion mall to stay abreast of the growing demand for online shopping. SK Fashion Mall doubled the number of available brands to 10 over the last year, strengthening its position in the online distribution channel. It was also recognized for its outstanding system, winning the 2015 &Award's Fashion & Beauty Service Award.

The fashion business will continue its ascent to become a global top tier fashion house, delivering greater happiness to our customers.





OBZÉE

Accessible Femininity

OBZEE is a women's character brand that blends class, trendiness and practicality with a feminine sensibility. In 2013, OBZEE entered the Chinese market with boutiques in Shanghai's Jiu Guang Department Store and Friendship Shop in Chang sha. Since then, OBZEE has aggressively expanded its presence in China, adding key distribution channels such as Hangzhou Tower and Wuhan International Plaza to operate a total of 22 retail stores in the country.

DKNY

Advanced Contemporary Brand

DKNY is the representative luxury designer brand from NYC. Two of the hottest names on the NY fashion scene, Dao-Yi Chow and Maxwell Osborne, took the reins as creative directors starting in the spring 2016 season, signaling a new era of elevated urban sensibility for the brand.

steve j & yoni SJYP

Young Classic, Unique, Witty | New, Young, Fresh

Steve J & Yoni P(launched in 2007) and SJYP(launched in 2014) are wholesale brands that have successfully laid roots in the European market. Steve J & Yoni P is a high-end collection line with a distinctly witty style, while SJYP is a young contemporary denim brand. Both have been well received at world famous retailers: Bon Marche and Colette in Paris, Selfridges and Harvey Nichols in London, and Net-a-Porter. SK networks took over the brands in 2015 and is actively expanding retail sales in the domestic market.



2nd floor

Modern, Trendy, Unique

2nd floor symbolizes a 'space where new style exists.' It appeals to the younger generation's preferences for modern, trendy, and unique designs. Since SK networks acquired OBZEE in 2008, 2nd floor was launched in 2014 as our first in-house, women's ready-to-wear line. There are currently 29 stores in Korea, with plans to aggressively expand sales volume through online channels to grow 2nd floor into a top mass women's brand.



TOMMY HILFIGER

Classic American Cool with a Twist

TOMMY HILFIGER hails from the US and is one of the world's leading designer lifestyle brands that celebrates the essence of classic American cool style. We currently offer TOMMY HILFIGER's men, women, denim, kids, and Hilfiger collections.



O'2nd

Color, Taste, Humor

O'2nd incorporates art, culture, fashion in a 'pop boutique' format. The designer's sensibility is translated in an easily accessible manner. The brand has met with great success in China, reaching its BEP within one year of venturing into the market, and winning the highest sales award in an upscale Shanghai mall for two consecutive years.



rouge&lounge

Unexpected Modern Classic as Advanced Contemporary

rouge & lounge is a relatively new brand that was launched in 2013. The advanced contemporary accessories brand offers a unique take on the modern classic look. rouge & lounge operates 60 stores in Korea, 10 in China, and an additional two in Taiwan which opened in the second half of 2014.

CLUB MONACO

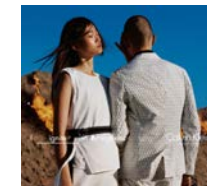
Affordable Luxury with a Modern Sensibility

CLUB MONACO international lifestyle brand that offers affordable luxury with modern sensibility.

Calvin Klein

Sexy, Urban, and Youthful. a Full Lifestyle Brand

Calvin Klein Platinum is a bridge collection from the world-renowned US designer Calvin Klein. Driven by an urban sexy and modern concept, this brand is characterized by its innovative fabrics, unique color palette, and chic yet refined designs.



AMERICAN EAGLE OUTFITTERS

Optimistic, Individual, American Style

AMERICAN EAGLE OUTFITTERS is a casual brand from the US inspired by twenty-somethings and their positive, energetic and individual spirit. High-quality goods are offered at approachable prices. The brand's signature style is best seen in the denim, offered in a wide variety of fits and trendy designs.



CANALI

Contemporary Gentlemen

CANALI is a luxury menswear brand from Italy that was launched in 1934. For over 80 years, CANALI has served men's needs and desire for individuality, taking pride in its tradition of '100% made in Italy.'



**WALKERHILL –
THE HOTEL WITH OVER HALF A CENTURY
OF KOREAN HISTORY**

Hotel



Sheraton Grande Walkerhill's competitiveness lies in strong sales of its rooms and F&B in connection to a casino. Restaurant renovations are expected to further boost the hotel's F&B sales. W Seoul-Walkerhill opened in 2004 and since then, it has consistently posted growth in room sales. Its revenue per available room (RevPar) index, which measures operational efficiency, continues to maintain industry-leading levels.

Sheraton Grande Walkerhill

Nestled at the foot of Mount Acha while overlooking Han River, Sheraton Grande Walkerhill was the first Korean hotel to become part of the Starwood Hotel Group. With a history spanning half a century, Sheraton Grande Walkerhill has maintained its reputation as an urban resort by offering differentiated services, such as restful stays, banquets, and entertainment in nature.



The hotel comprises 583 rooms, 8 restaurants & gourmet shop, a convention center that can seat up to 1,500 persons, and outdoor leisure sports facilities. We cater to both domestic and foreign business travelers as well as leisure guests. We also take full advantage of Mount Acha's four distinct seasons and hold themed events such as a strawberry buffet promotion, Walkerhill Cherry Blossom Festival, pool party at the outdoor swimming pool 'Riverpark', camping zone, and SUPEX kimchi-gimjang festival. Such signature programs deliver a variety of activities that can be enjoyed throughout the year.

In addition, the hotel business is also reaping success in various other related ventures, including Incheon Airport Transit Hotel, Faro Grand, and operations of the restaurant at BMW Driving Center. It also oversaw catering at major international events such as the President's Cup in 2015.

W Seoul Walkerhill

W is Starwood's style-oriented hotel brand that transcends the everyday hotel experience. Drawing inspiration from NYC's energy and sensibility, W Seoul Walkerhill pursues an urban image and iconic design along with dramatic space layout and color schemes. In addition, the hotel's trademark "whatever, whenever®" service delivers a new luxury lifestyle to customers.

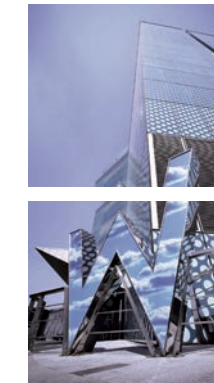
W Seoul Walkerhill boasts 252 chic rooms. The restaurants Kitchen and Namu offer savory tastes and appealing presentations. Woobar features live music from DJs and W style cocktails against the lovely backdrop of Han River. Away Spa is a popular getaway among urban workers. The indoor swimming pool WET and fitness center FIT boast outstanding views, while meeting and banquet rooms equipped with cutting-edge facilities deliver truly satisfying events.

Walkerhill Duty Free

Walkerhill Duty Free offers a high-quality shopping experience against the stunning backdrop of Mount Acha and Han River. The store provides a one-of-a-kind shopping experience in Seoul where customers can enjoy diverse shopping and services of a top-notch hotel.

It offered the first and largest duty free boutique specializing in watches and jewelry, allowing customers to choose from world-class luxury brands, diverse fashion and cosmetics brands all in one place.

In the future, Walkerhill Duty Free Shop will strive to prepare diverse programs and differentiated services and merchandising, to usher in a new paradigm in shopping.



**SK pinx
(subsidiary)**

SK pinx is a premium resort company operating first-class facilities including Podo Hotel, the Annex Hotel, and Biotopia. It also runs a golf course that became the first in Korea to rank among the world's top 100 golf courses. SK pinx ensures that customers enjoy sports, interact with nature and become immersed in arts and culture. The company's vision is to grow into a world-class resort by creating a 'new prestige living culture'.



Globalization through China



CHINA BUSINESS



In 1991, SK networks became the first company in the SK Group to venture into China. At the end of 2009, a China Office was established to integrate our Chinese operations and create greater synergy.

Accelerated motorization and the rise of the middle class hail the full-fledged start of a consumption-driven economic trend in China. The mission of the Chinese Office is to realize the SK networks' globalization plans that are focused in the region. It is therefore pursuing new growth in areas such as distribution, fashion, real estate, and logistics. SK networks will continue to seek growth through a localization strategy and actively contribute to the Chinese economy and society, solidifying its reputation as a partner in growth.

FY2015 Sales

KRW 884 billion

Create that Move



WE ARE EXPANDING OUR VALUE CHAIN BASED ON STEEL AND CHEMICALS TRADING TO REAL ESTATE DEVELOPMENT, BONDED WAREHOUSE IN DANDONG, AND FASHION BUSINESSES.

China Business



**4 Business Divisions,
1 Office, 117 Business Sites,
41 Regions**

Real Estate

Following the completion of a residential/commercial complex in Dandong near the Yalu River, we are in the midst of selling units in a newly completed office and residential/commercial complex in a new city development adjacent to Dandong. Our goal is to become a localized multi-complex real estate developer by securing R&C and a solid growth model.

Logistics

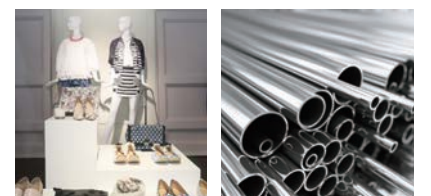
We operate a bonded warehouse in Dandong, near the new Yalu Bridge. We are striving to become Northeast Asia's leading logistics service provider for multinational manufacturers and trading businesses.

Chemicals & Steel

The trade of industrial materials such as chemicals and steel is a core business at SK networks. We have expanded our scope to domestic production and processing, and thus operate a full value chain of related products.

Fashion

The successful launch of O'2nd into China's prestige market fortified our existing portfolio of OBZEE and rouge & lounge. The localization of our fashion business will further enhance our presence in China as a top fashion company.



FAIR TRADE

SK networks has adopted and followed a fair trade compliance program(CP) since 2002 in order to establish an ethical and sound corporate culture. CP observance is led by a compliance officer appointed by the Board of Directors working with a department exclusively committed to CP(Corporate Relations Team). Their efforts, including a half-yearly report to the BOD, are directed at spreading a culture of fair trade and compliance.



01.

Fair Trade Education Programs

Each department participates in a customized fair trade education program designed to raise members' awareness and encourage the department's voluntary compliance. In 2015, we focused on training programs for on-site employees in order to maximize the impact of education and risk prevention.

02.

Compliance Program Activities

The compliance officer, Communications Council, consist of the heads of relevant departments, and Compliance Department (Corporate Relations Team) conduct regular reviews of each business unit to prevent high risk factors that may restrict fair competition.

03.

Internal Trade Committee

Since 2012, the Audit Committee has also been functioning as the Internal Trade Committee, tasked with maintaining the transparency of large-scale internal trades. The committee has deliberated and reported on 13 items to date.



Social Responsibilities

OUR HAPPY MANAGEMENT PHILOSOPHY IS ABOUT PUTTING PEOPLE FIRST AND CREATING A BETTER WORLD.

Our corporate social responsibility (CSR) activities are rooted in SK networks Happy Management philosophy. In order to bring positive changes to the community, we encourage both group activities organized by business unit as well as independent, individual activities.

We are also expanding the scope of activities through partnerships with NPOs, schools, social enterprises and civic volunteer groups. We vow to continue creating social value and contributing to regional growth through consistent and sincere CSR activities.

DISABLED PEOPLE · CHILDREN · YOUTHS

01. Happy Outings for Blind and Visually Impaired Children

The Happy Outings program is for children who are unable to enjoy frequent outdoor activities because of visual impairments. Every spring and fall, volunteers are paired 1:1 with the children from Seoul National School for the Blind and Hanbit School for the Blind to enjoy outdoor recreation. 'Happy Outings' has met over 10 times so far and succeeded in invigorating many children's lives.

02. Accessible Books for Visually Impaired People

We sponsor the production of CDs, braille and audio books to promote equal access of information for the visually impaired. Once we convert a selection of notable print books, we work with the Korea Blind Union to donate the alternative materials to schools and libraries where they will reach and benefit the most people.

03. Support for Abused Children

We sponsor organizations that provide victims of child abuse with a safe and peaceful environment. The proceeds from our latest fundraising walkathon were donated to Holt Children's Services shelter for abused children in Incheon.

04. Working with Disabled Volunteers at Goodwill

Employees in the fashion business regularly work with disabled volunteers to sort and organize clothes donated to Goodwill. Their combined expertise in fashion and textiles makes this fun activity particularly productive.



PRO BONO WORK · TALENT DONATION

05. 'Tasty Consulting' with Walkerhill Chefs

The top chefs and staff of Walkerhill hotel share their expertise with social enterprises in the restaurant industry through Tasty Consulting, SK Group's representative pro bono project. From passing on recipes to hosting dinner shows, the chefs participate in a variety of projects to support social welfare organizations like the Jeju Peace Village.

06. Speedmate's Talent Donation Activities

Speedmate applies its superior automobile maintenance skills to provide free checkups on assistive wheelchairs and scooters for the disabled. It also sponsors a competition for repairing such devices as part of its pro bono efforts.

07. Photo Albums for Orphanage Infants

Every month, our employees visit homes for infants awaiting adoption to take photographs. The volunteers capture the earliest moments of the infants' lives and collect the pictures in albums for adoptive parents and their children to cherish as they start anew.

LOCAL COMMUNITY · ENVIRONMENT

08. Murals for Schools

We work with the public arts social enterprise Wallmade to improve and beautify local communities. Our 'murals for schools' art project covers school walls with bright and hopeful paintings that encourage students to dream. The murals transform dark and unfriendly walls into works of art for the whole community to enjoy.

09. Support for Local Welfare Organizations

SK networks' nationwide regional offices support local welfare organizations in a variety of ways. The company provides financial support to provide hot meals for the elderly who live alone, and many of our employees participate as volunteers to hand deliver meals. We also donate gift certificates redeemable at traditional markets, helping local businesses as well as people in need.

10. Environmental Conservation and Protection

We believe in protecting the local environment. Our efforts include the conservation of Mount Acha near Sheraton Grande Walkerhill, planting 'SK Happy Forest' within Noeul Park in Seoul, and cleaning up the environment near SK distribution centers around the country.

GLOBAL CSR ACTIVITIES

11. Dream Package Project

The Dream Package Project delivers school supplies to children in need, including those without access to education. We work with an international network of volunteers and social enterprises to give children a better future. The project has helped approximately 4,000 children in seven countries so far, and worked with the Korean National Commission for UNESCO to help children in Nepal after the devastating 2015 earthquake.

12. Global Post Activities

We regularly volunteer at and provide financial support to local communities, such as special schools and homes for the elderly, disabled, or poverty-stricken. Through Global Post, we also support recovery efforts from natural disasters around the world.

SK GROUP

13. Participation in SK Group Activities

SK networks participates in many of the SK Group's CSR activities. We offer financial support to non-profit organizations, including the Korea Handball Federation, Korea Foundation for Advanced Studies, SK Happiness Foundation and more. We also help underprivileged neighbors prepare for the winter through charity bazaars, kimchi making events and fundraising for impoverished children and the elderly.



Domestic Network



China Network



GLOBAL NETWORK

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

Los Angeles

New York

Amsterdam

Prague

Frankfurt

Madrid

Teheran

Seoul

Tokyo

Riyadh

Dubai

Yangon

Zagreb

Mumbai

Ho Chi Minh City

Kuala Lumpur

Jakarta

Sydney

HISTORY

- 2016** Choi Shin-won appointed as CEO & Chairman
SK rent-a-car passes 50,000 cars in service
- 2015** Acquired Steve J & Yoni P
Moon Jong-hoon appointed as CEO & President
Launched AMERICAN EAGLE OUTFITTERS and CANALI
- 2014** O'2nd launched in 19 countries
Launched 2nd floor
- 2013** Launched rouge & lounge
- 2012** Posted KRW1 trillion in annual retail sales of mobile phones

- 2011** Passed KRW 500 billion mark in fashion business sales
Reached 100 million units in cumulative sales of mobile phones
- 2010** Opened SK Bus Terminal in Shenyang - first foreign company to build public facility in China
- 2009** Merged with Walkerhill
Began rental car business
- 2007** Acquired OBZEE - Fortified global fashion business
- 2003** Changed company name to SK networks
- 2000** Launched marketing company, SK Global

- 1999** Merged Speedmate and SK Distribution
- 1996** Number of ICT sales agencies passed 1,000
- 1995** Number of SK gas stations passed 3,000
- 1980** Acquired Korea National Oil Corporation
- 1976** Merged with Sunil Textiles and changed company name to Sunkyung Co., Ltd.
Designated as general trading company / awarded USD 100 Million Export Tower
- 1973** Awarded Gold Tower Order of Industrial Service Merit
- 1962** First in industry to export rayon textiles to Hong Kong
- 1953** Established Sunkyung Textiles

SUBSIDIARIES & AFFILIATES

01. Subsidiaries

SK networks service

Mobile phone A/S and network maintenance
Olive Tower 14th Fl, 41 Sejong-daero 9-gil,
Jung-gu, Seoul, Korea
82-1600-0466

SK pinx

Integrated real estate services
863 Sallongnam-ro, Andeok-myeon, Seogwipo,
Jeju-do, Korea
82-64-792-5200

Car-Life Service

Short-term rental car center
460 Bongeunsa-ro, Gangnam-gu, Seoul, Korea
82-2-6495-6141

02. Affiliates

SK Corporation www.sk.co.kr

Energy & Chemicals

SK innovation
www.skinnovation.com

SKC
www.skcc.co.kr

SK energy
www.skenergy.com

SK E&S
www.skens.com

SK global chemical
www.skglobalchemical.com

SK gas
www.skgas.co.kr

SK lubricants
www.sklubricants.com

SK chemicals
www.skchemicals.com

SK incheon petrochem
www.skincheonpetrochem.com

Information, Telecommunication & Semiconductor

SK telecom
www.sktelecom.com

SK telesys
www.sktelesys.com

SK hynix
www.skhynix.com

SK telink
www.sktelink.com

SK planet
www.skplanet.com

SK communications
<http://corp.nate.com>

SK broadband
www.skbroadband.com

Marketing & Services

SK E&C
www.skec.com

SK shipping
www.skshipping.com

SK securities
www.priden.com

SK networks Welcomes your Business Proposals and Suggestions.

[Proposal ideas]

New profit models and business ideas that may be commercialized.
Ideas for strategic partnerships such as affiliated marketing.

[How to submit your proposal]

- **Online:** Upload your business proposal onto our homepage → customer page
(<http://www.sknetworks.co.kr>)

- **Dedicated hotline:** 82-70-7800-1234

Consolidated Financial Statement

63th Year: As of December 31, 2015
62th Year: As of December 31, 2014

SK networks and subsidiaries	(Unit - KRW)	
	End of 63th year(current)	End of 62th year(prior)
Assets		
Current assets	3,923,275,208,345	4,292,658,691,303
Cash and cash equivalents	1,128,967,455,434	1,291,768,823,247
Short-term financial instruments	8,104,928,237	11,568,741,325
Held-to-maturity investments	44,999,992	44,999,992
Trade and other receivables	1,236,232,759,141	1,460,284,721,493
Financial derivatives	25,915,772,864	43,782,291,907
Other financial assets	268,350,714,425	195,599,344,957
Other current assets	109,553,027,871	140,572,478,308
Inventory	1,141,744,143,548	948,187,290,955
Non-current assets as held for sale	24,361,406,833	200,849,999,119
Non-current assets	4,279,876,876,618	4,212,050,653,735
Long-term financial instruments	245,500,000	809,589,000
Available-for-sale financial assets	54,157,584,148	114,291,560,621
Held-to-maturity financial assets	915,000,077	960,000,069
Investments in associates and fellow subsidiary	132,690,223,755	156,444,916,027
Derivative financial asset	601,939,200	
Other non-current financial assets	233,283,564,554	199,585,110,278
Tangible assets	3,518,873,878,258	3,515,338,944,614
Intangible assets	94,804,689,844	98,980,557,763
Investments in real estate	105,043,758,991	35,443,617,941
Deferred income tax assets	49,115,434,140	40,570,318,343
Other non-current assets	90,145,302,651	49,626,039,079
Total assets	8,203,152,083,963	8,504,709,345,038
Liabilities		
Current liabilities	4,261,849,930,500	4,549,691,529,790
Trade and other payables	2,636,070,086,360	2,627,977,294,360
Borrowings and bonds payable	1,218,834,576,979	1,472,982,452,860
Financial derivatives liabilities	2,263,072,374	9,854,642,837
Other financial liabilities	263,829,760,503	265,956,767,523
Other Inventories	25,113,415,535	38,349,306,348
Current provisions for liabilities and charges	669,424,128	477,749,525
Other current liabilities	114,348,853,403	133,401,543,072
Liability directly related to non-current assets as held for sale	720,541,218	671,753,265
Non-current liabilities	1,421,916,397,166	1,436,774,894,650
Borrowings and bonds payable	1,254,133,093,793	1,266,435,590,340
Financial derivatives liabilities		85,297,920
Other financial liabilities	126,239,976,731	110,381,338,773
Deferred income tax liabilities	19,986,639,608	28,092,700,697
Defined benefit obligations	5,012,912,902	4,191,026,342
Allowances	8,790,798,550	25,568,187,550
Other non-current liabilities	7,752,975,582	2,020,753,028
Total liabilities	5,683,766,327,666	5,986,466,424,440
Shareholders' equity		
Controlling interest	2,527,801,895,675	2,525,600,529,985
Capital stock	648,653,775,000	648,653,775,000
Consolidated capital surplus	814,734,979,999	814,611,369,251
Consolidated retained earnings	1,108,153,290,439	1,059,429,400,399
Consolidated other reserves	(43,740,149,763)	2,905,985,335
Non-controlling interest	(8,416,139,378)	(7,357,609,387)
Total shareholders' equity	2,519,385,756,297	2,518,242,920,598
Total liabilities and shareholders' equity	8,203,152,083,963	8,504,709,345,038

Consolidated Statements of Comprehensive Income

63th Year: As of December 31, 2015
62th Year: As of December 31, 2014

SK networks and subsidiaries	(Unit - KRW)	
	End of 63th year(current)	End of 62th year(prior)
Sales	20,355,840,898,479	22,408,068,203,616
Cost of goods sold	18,809,464,153,565	20,667,045,398,746
Gross Profit	1,546,376,744,914	1,741,022,804,870
Selling and administrative expenses	1,354,800,272,724	1,539,681,242,985
Operating income	191,576,472,190	201,341,561,885
Other revenue	97,322,128,507	112,839,084,163
Other expenses	89,379,490,228	175,577,489,541
Finance income	252,337,734,797	268,255,466,192
Finance charge	343,145,319,352	366,475,195,199
Equity Losses on Investments	(8,536,040,520)	(3,109,815,389)
Income Before Income Tax Expenses(loss)	100,175,485,394	37,273,612,111
Income Tax Expenses	27,136,708,422	5,655,375,969
Net Income	73,038,776,972	31,618,236,142
Equity attributable to owners of the Company	73,515,714,775	32,068,893,151
Non-controlling interests	(476,937,803)	(450,657,009)
Other comprehensive income	(46,318,931,773)	(15,342,152,456)
Items to be reclassified subsequently to profit or loss:	(46,173,755,256)	(10,500,956,708)
Capital change using equity method	(36,392,966,510)	(12,528,745,897)
Negative capital change using equity method	(6,804,495,377)	(143,576,155)
Gain(loss) on valuation of available-for-sale financial assets	(2,458,724,991)	(576,799,035)
Foreign currency gains and exchange difference	(1,116,400,341)	(2,242,367,457)
Gains on Valuation of Derivatives	598,831,963	4,990,532,036
Items that will not be reclassified subsequently to profit or loss	(145,176,517)	(4,841,195,748)
Remeasurements of net defined benefit liability	(145,176,517)	(4,841,195,748)
Comprehensive income	26,910,724,442	16,272,723,080
Attributable to equity holders of the Company	(190,879,243)	3,360,606
Non-controlling interests		
Earnings per share		
Basic earnings per share	296	129
Diluted earnings per share	321	154

Consolidated Statements of Changes in Equity

63th Year: As of December 31, 2015
62th Year: As of December 31, 2014

SK networks and subsidiaries	Equity attributable to owners of the Company						Total Equity
	Capital stock	Additional Paid-in and Other Capital	Retained Earnings	Other components of equity	Total	Non-controlling interests	
2014.01.01	648,653,775,000	874,412,331,872	1,032,379,971,430	13,682,691,224	2,569,128,769,526	(4,044,007,685)	2,565,084,761,841
Equity at the beginning of period							
Changes in Equity							
Total comprehensive income for the year							
Net income(loss)			32,068,893,151		32,068,893,151	(450,657,009)	31,618,236,142
Capital change using equity method				(12,528,745,897)	(12,528,745,897)		(12,528,745,897)
Negative capital change using equity method				(143,576,155)	(143,576,155)		(143,576,155)
Loss on valuation of available-for-sale financial assets				(576,799,035)	(576,799,035)		(576,799,035)
Translation of foreign currency financial statements				(2,518,116,838)	(2,518,116,838)	275,749,181	(2,242,367,657)
Gains on valuation of derivatives				4,990,532,036	4,990,532,036		4,990,532,036
Remeasurements of net defined benefit liabilities				(5,019,464,182)	(5,019,464,182)	178,268,434	(4,841,195,748)
Dividends paid							
Additional acquisition of consolidated group							
M&As among subsidiaries		(458,921,343)			(458,921,343)	(3,316,962,308)	(3,775,883,651)
Other		(59,342,041,278)			(59,342,041,278)		(59,342,041,278)
2014.12.31 Equity at the end of period	648,653,775,000	814,611,369,251	1,059,429,400,399	2,905,985,335	2,525,600,529,985	(7,357,609,387)	2,518,242,920,598
2015.01.01	648,653,775,000	814,611,369,251	1,059,429,400,399	2,905,985,335	2,525,600,529,985	(7,357,609,387)	2,518,242,920,598
Equity at the beginning of period							
Changes in Equity							
Total comprehensive income for the year							
Net income(loss)			73,515,714,775		73,515,714,775	(476,937,803)	73,038,776,972
Capital change using equity method				(36,392,966,510)	(36,392,966,510)		(36,392,966,510)
Negative capital change using equity method				(6,804,495,377)	(6,804,495,377)		(6,804,495,377)
Loss on valuation of available-for-sale financial assets				(2,458,724,991)	(2,458,724,991)		(2,458,724,991)
Translation of foreign currency financial statements				(1,588,780,183)	(1,588,780,183)	472,379,842	(1,116,400,341)
Gains on valuation of derivatives				598,831,963	598,831,963		598,831,963
Remeasurements of net defined benefit liabilities				41,144,765	41,144,765	(186,321,282)	(145,176,517)
Dividends paid				24,832,969,500	24,832,969,500		24,832,969,500
Additional acquisition of consolidated group		123,610,748			123,610,748	(867,650,748)	(744,040,000)
M&As among subsidiaries							
Other							
2015.12.31 Equity at the end of period	648,653,775,000	814,734,979,999	1,108,153,290,439	(43,740,149,763)	2,527,801,895,675	(8,416,139,378)	2,519,385,756,297

Consolidated Statements of Cash Flow

63th Year: As of December 31, 2015
62th Year: As of December 31, 2014

SK networks and subsidiaries	(Unit - KRW)	
	End of 63th year(current)	End of 62th year(prior)
Cash flows from operating activities	119,166,240,369	(234,382,105,309)
Net income(loss)	73,038,776,972	31,618,236,142
Adjustments for non-cash items	260,247,565,246	379,102,196,298
Adjustments for working capital	(92,667,095,550)	(549,246,793,109)
Interest received	17,559,472,502	22,292,461,201
Interest paid	(90,195,520,862)	(92,447,348,243)
Dividends received		194,917,403
Corporate taxes	(48,816,957,939)	(25,895,775,011)
Cash outflow from investment activities	25,796,887,283	338,153,634,831
Increase/Decrease in short-term financial instruments	2,276,749,868	16,006,831,500
Increase/Decrease in long-term financial instruments	564,089,000	(762,089,000)
Increase/Decrease in financial derivatives	32,787,599,325	4,514,409,459
Increase/Decrease in financial derivatives liabilities	1,551,609,120	(37,775,459,946)
Increase/Decrease in short-term loans	(2,683,488,230)	(4,177,916,549)
Increase/Decrease in long-term loans	(1,531,781,403)	5,749,799,808
Disposal of Held-to-maturity investment	44,999,992	45,000,000
Proceeds from disposal of available-for-sale financial assets	26,256,835,239	1,399,464,961
Purchase of available-for-sale financial assets	(1,739,526,933)	(2,130,989,644)
Disposal of non-current assets as held for sale	34,318,748,055	339,701,843,609
Disposal of investments in associates and subsidiaries, joint venture		1,850,423,053
Purchase of investments in associates and subsidiaries, joint venture		
Proceeds from disposal of property and equipment	65,615,082,434	19,779,039,906
Purchase of property and equipment	(124,355,085,814)	(154,965,040,707)
Proceeds from disposal of investment property	329,924,737	533,867,363
Purchase of investment property	(149,942,772)	(243,900,712)
Proceeds from disposal of intangible assets	3,321,247,277	9,030,578,224
Purchase of intangible assets	(7,876,661,759)	(4,460,517,958)
Net increase/decrease in deposits paid	(583,933,906)	9,297,678,671
Cash flows from disposal of business		136,611,035,866
Cash outflow in a business combination	(4,200,000,000)	
Other		
Cash flow from Financing Activities	(306,500,903,926)	(116,622,370,172)
Increase/Decrease in short-term borrowings	(223,926,260,122)	81,551,184,881
Repayment of current portion of long-term borrowings	(219,024,774,029)	(299,136,673,550)
Repayment of current portion of long-term bonds		(200,000,000,000)
Proceeds from issuance of non-current borrowings	14,134,933,063	22,430,335,700
Proceeds from issuance of debentures	348,653,800,000	338,287,638,482
Settlement of currency swap		(8,172,932,928)
Settlement of interest rate swap	(761,593,338)	
Net increase/decrease in debt on non-current asset held for sale		(47,806,039,106)
Dividends paid	(24,832,969,500)	
Cash outflows from consolidated capital transactions	(744,040,000)	(3,775,883,651)
Net increase/decrease in cash and cash equivalents	(161,537,776,274)	(12,850,840,450)
Cash and cash equivalents at the beginning of year	1,291,768,823,247	1,306,526,351,273
Difference in cash and cash equivalents by changes in foreign exchange rates	(1,263,591,539)	(911,646,039)
Cash and cash equivalents estimated sales price		(995,041,337)
Cash and cash equivalents on the consolidated statement of financial position at the end of year	1,128,967,455,434	1,291,768,823,247





TRADING

ICT MARKETING

CAR LIFE

ENERGY

FASHION & HOTEL

CHINA BUSINESS

Making the Leap to Become a Top Global Trading Company

Our global trading business is founded on over 50 years of international experience. We have diverse and outstanding capabilities in global sourcing, market intelligence and strategic networking, which we utilize in trading chemicals, steel, coal and other industrial commodities.

Trading: Chemical, Steel, Coal

Professional ICT Marketer Delivering a Happy Digital Life to Customers

The ICT business operates on a massive scale as the nation's no. 1 mobile phone distributor. SK sells 7.7 million handsets annually, utilizing the largest mobile phone sales network in Korea and its numerous customer service centers.

ICT Marketing: Mobile Phones, Distribution Service, ICT Device

Racing Ahead to Become No. 1 in Domestic & Global Car-Life Services

Our car-life business revolves around SK rent-a-car, the fastest growing company in the industry, and Speedmate, the no. 1 domestic auto maintenance brand. We offer total car-life services ranging from vehicle supply to care through a variety of channels and products that only SK networks can provide.

Car Rental: Long-Term Car Rental, Business Car Rental, Short-Term Car Rental
Speedmate: Repair and Maintenance, Auto Parts Distribution, Emergency Roadside Service

Differentiated Competitiveness Fortifies Our Position as the Leader in the Domestic Distribution Market for Petroleum Products.

Our energy marketing business has steadfastly held the market leader position for the last four decades. This is due to our nationwide network of approximately 3,000 gas and LPG stations that supplies a variety of petroleum products (gasoline, kerosene, diesel, LPG).

Energy Marketing: Gas Stations, LPG Stations, Asphalt and Bunker Oil Sales Business

Enriching People's Lives with Cutting-Edge Fashion Trends and High Quality Service.

Our fashion business both imports sophisticated brands and manages competitive in-house brands, adding affluence and elegance to customers' lifestyles. As a leading entertainment company with lasting values, we conduct a range of business lines, comprising Sheraton Grande Walkerhill, W Seoul-Walkerhill, and Incheon Airport Transit Hotel which represents one of the external business fields.

Fashion: OBZEE, O'2nd, rouge & lounge, 2nd floor, Steve J & Yoni P, TOMMY HILFIGER, DKNY, Calvin Klein Platinum, CLUB MONACO, AMERICAN EAGLE OUTFITTERS, CANALI
Hotel: Sheraton Grande Walkerhill, W Seoul Walkerhill, Walkerhill Duty Free

Globalization through China

In 1991, SK networks became the first company in the SK Group to venture into China. At the end of 2009, a China Office was established to integrate our Chinese operations and create greater synergy. Accelerated motorization and the rise of the middle class hail the full-fledged start of a consumption-driven economic trend in China. The mission of the Chinese Office is to realize the SK networks' globalization plans that are focused in the region. It is therefore pursuing new growth in areas such as trading, fashion, real estate, and logistics.

China Business: Real estate, Logistics, Chemicals & Steel, Fashion

