

SK TELECOM CO LTD

Form 6-K

July 29, 2005

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1934 Act Registration No. 1-14418

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

**Form 6-K  
REPORT OF FOREIGN PRIVATE ISSUER  
PURSUANT TO RULE 13a-16 OR 15d-16 OF  
THE SECURITIES EXCHANGE ACT OF 1934  
FOR THE MONTH OF JULY 2005**

**SK Telecom Co., Ltd.**

*(Translation of registrant's name into English)*

11, Euljiro2-ga Jung-gu

Seoul 100-999, Korea

*(Address of principal executive offices)*

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

Form 20-F  R

Form 40-F  £

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

Yes  £

No  R

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

July 25, 2005

**Results for the year  
ended June 30, 2005**

**\* The information contained herein is based on Korean GAAP.**

**Seoul, Korea, July 25, 2005** SK Telecom Co., Ltd. (KSE: 017670, NYSE: SKM) ( SKT or the Company ), the leading wireless telecommunications company in Korea, today announced the results of its operations for the year ended June 30, 2005.

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

*the past or the future.*

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

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

(KRW bn)	Q2. 05	Q2. 04	Change	Q2. 05	Q1. 05	Change
<b>Operating revenue</b>	<b>2,527</b>	<b>2,384</b>	<b>6%</b>	<b>2,527</b>	<b>2,412</b>	<b>5%</b>
<b>Operating expenses</b>	<b>1,814</b>	<b>1,921</b>	<b>-6%</b>	<b>1,814</b>	<b>1,797</b>	<b>1%</b>
<b>Operating income</b>	<b>713</b>	<b>463</b>	<b>54%</b>	<b>713</b>	<b>614</b>	<b>16%</b>
<i>Operating margin</i>	<i>28.2%</i>	<i>19.4%</i>	<i>8.8%p</i>	<i>28.2%</i>	<i>25.5%</i>	<i>2.8%p</i>
<b>Other income</b>	<b>44</b>	<b>72</b>	<b>-39%</b>	<b>44</b>	<b>56</b>	<b>-20%</b>
<b>Other expenses</b>	<b>107</b>	<b>124</b>	<b>-14%</b>	<b>107</b>	<b>123</b>	<b>-13%</b>
<b>Ordinary income</b>	<b>651</b>	<b>411</b>	<b>58%</b>	<b>651</b>	<b>547</b>	<b>19%</b>
<b>Net income</b>	<b>467</b>	<b>299</b>	<b>56%</b>	<b>467</b>	<b>368</b>	<b>27%</b>
<i>Net margin</i>	<i>18.5%</i>	<i>12.5%</i>	<i>6.0%p</i>	<i>18.5%</i>	<i>15.3%</i>	<i>3.2%p</i>
<b>EBITDA<sup>1</sup></b>	<b>1,103</b>	<b>868</b>	<b>27%</b>	<b>1,103</b>	<b>984</b>	<b>12%</b>
<i>EBITDA margin</i>	<i>43.7%</i>	<i>36.4%</i>	<i>7.3%p</i>	<i>43.7%</i>	<i>40.8%</i>	<i>2.9%p</i>

**Other Main Items**

(KRW bn)	Q2. 05	Q2. 04	Change	Q2. 05	Q1. 05	Change
<b>Wireless Internet sales</b>	<b>597</b>	<b>417</b>	<b>43%</b>	<b>597</b>	<b>548</b>	<b>9%</b>
<i>% of Cellular revenue</i>	<i>26.0%</i>	<i>19.0%</i>	<i>6.9%p</i>	<i>26.0%</i>	<i>25.0%</i>	<i>1.0%p</i>
<b>Marketing expenses</b>	<b>442</b>	<b>575</b>	<b>-23%</b>	<b>442</b>	<b>436</b>	<b>1%</b>
- Marketing commissions	376	488	-23%	376	380	-1%
- Advertising	66	87	-24%	66	56	17%
<i>% of Revenue</i>	<i>17.5%</i>	<i>24.1%</i>	<i>-6.6%p</i>	<i>17.5%</i>	<i>18.1%</i>	<i>-0.6%p</i>
<b>Capital expenditure</b>	<b>278</b>	<b>358</b>	<b>-22%</b>	<b>278</b>	<b>90</b>	<b>207%</b>
<i>% of Revenue</i>	<i>11.0%</i>	<i>15.0%</i>	<i>-4.0%p</i>	<i>11.0%</i>	<i>3.7%</i>	<i>7.2%p</i>
<b>Interest-bearing debt</b>	<b>3,596</b>	<b>4,299</b>	<b>-16%</b>	<b>3,596</b>	<b>3,787</b>	<b>-5%</b>
<i>Debt/Equity ratio</i>	<i>49.6%</i>	<i>67.8%</i>	<i>-18.2%p</i>	<i>49.6%</i>	<i>55.5%</i>	<i>-5.9%p</i>

<sup>1</sup> EBITDA =  
Operating  
income +  
Depreciation  
(including R&D  
related  
depreciation)

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

(KRW bn)	Q2. 05	Q2. 04	Change	Q2. 05	Q1. 05	Change
Sign-up fees	59	57	3%	59	61	-4%
Monthly fees	650	756	-14%	650	667	-3%
Call charges	894	875	2%	894	825	8%
VAS & others	98	89	11%	98	94	5%
Wireless Internet sales	597	417	43%	597	548	9%
<i>% of Cellular service</i>	26.0%	19.0%	6.9%p	26.0%	25.0%	1.0%p
<b>Total cellular service</b>	<b>2,299</b>	<b>2,194</b>	<b>5%</b>	<b>2,299</b>	<b>2,195</b>	<b>5%</b>
<b>Interconnection revenue</b>	<b>228</b>	<b>190</b>	<b>20%</b>	<b>228</b>	<b>217</b>	<b>5%</b>
L -> M	102	101	1%	102	102	1%
M -> M	126	89	41%	126	116	9%
<b>Operating revenue</b>	<b>2,527</b>	<b>2,384</b>	<b>6%</b>	<b>2,527</b>	<b>2,412</b>	<b>5%</b>

**1) Sign-up fees**

- The QoQ decrease was due to decrease in the number of new subscribers.

**2) Monthly fees**

- The YoY decrease was due to the tariff cut in monthly fee implemented in September 1, 2004, which was partly offset by increase in average subscriber number.

- The QoQ decrease was due to increase in phone mail discount from increased usage, as phone mail discount is reflected in monthly fees. (Phone mail discount: 05 1Q. KRW 134.7 bn à 05 2Q. KRW 171.7 bn)

**3) Call charges**

- The YoY and QoQ increase was due to increase in number of business days and average number of subscribers.

**4) VAS & others**

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

**5) Wireless Internet sales**

- The YoY and QoQ increase was due to the continued adoption of high-end handsets and increased usage of new services and unlimited SMS tariff plan together with increase in data free tariff plan subscribers.

**6) Interconnection revenue**

- The YoY and QoQ increase was due to the increased call traffic.

- 04 2Q interconnection revenue was relatively low because the full impact of interconnection rate adjustment amount for the 1st half of 2004 was reflected in the 2nd quarter of 2004 when the new interconnection rate was agreed on July 2004.

**Table of Contents****B. Operating expenses**

(KRW bn)	Q2. 05	Q2. 04	Change	Q2. 05	Q1. 05	Change
<b>Labor cost</b>	74	96	-23%	74	148	-50%
<b>Commissions paid</b>	716	820	-13%	716	714	0%
<b>Marketing commissions</b>	376	488	-23%	376	380	-1%
Initial commissions	136	145	-6%	136	142	-5%
Monthly commissions	89	107	-17%	89	85	5%
Retention commissions	151	236	-36%	151	152	-1%
<b>Other commissions</b>	340	332	2%	340	334	2%
<b>Advertising</b>	66	87	-24%	66	56	17%
<b>Depreciation<sup>1</sup></b>	390	405	-4%	390	370	6%
<b>Network interconnection</b>	240	232	4%	240	218	10%
M -> M	190	175	8%	190	170	12%
M -> L	50	57	-11%	50	48	4%
<b>Leased line</b>	95	90	6%	95	97	-2%
<b>Others<sup>2</sup></b>	232	191	22%	232	195	19%
<b>Operating expenses</b>	<b>1,814</b>	<b>1,921</b>	<b>-6%</b>	<b>1,814</b>	<b>1,797</b>	<b>1%</b>

**1) Labor cost**

- The QoQ decrease in labor cost was due to incentive bonus paid in 1st quarter of this year.

**2) Commissions paid****- Marketing commissions:**

The YoY decrease was due to relatively high marketing commission level in the 2nd quarter of last year resulting from one-way mobile number portability( MNP ) environment and severe competition in new 010 number market.

**3) Advertising cost**

- The QoQ increase was due to increase in advertising for promotion of new services.

**4) Network interconnection cost**

- The YoY and QoQ increase was due to increase in call traffic.

**5) Leased line**

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

<sup>1</sup> *Includes R&D related depreciation*

<sup>2</sup> *For details, please refer to non-consolidated statements of income in appendix*

**Table of Contents****C. Non-operating items**

(KRW bn)	Q2. 05	Q2. 04	Change	Q2. 05	Q1. 05	Change
<b>Other income</b>	<b>44</b>	<b>72</b>	<b>-39%</b>	<b>44</b>	<b>56</b>	<b>-20%</b>
Interest income	12	18	-35%	12	11	6%
Equity in earnings of affiliates	12	20	N/A	12	6	N/A
Others <sup>1</sup>	20	34	-39%	20	38	-46%
<b>Other expenses</b>	<b>107</b>	<b>124</b>	<b>-14%</b>	<b>107</b>	<b>123</b>	<b>-13%</b>
Interest	66	81	-19%	66	66	-1%
Equity in losses of affiliates	18		N/A	18	20	-11%
R&D contribution & donations	19	21	-8%	19	33	-43%
Others <sup>1</sup>	5	23	-79%	5	4	23%

**1) Equity in earnings of affiliates**

- The QoQ increase was largely due to the increase in earnings of SK Telink and SK Communications.

**2) Others in Non-Operating Income**

- The QoQ decrease was mainly due to the high dividend income in 1Q 2005.

**3) Equity in losses of affiliates**

- The YoY increase was largely due to the net loss from SK Teletech and TU Media.

**4) Others in Non-Operating expenses**

- The YoY decrease was largely due to high impairment loss in long-term investment securities in the 2nd quarter of 2004.

**2. Capital Expenditure**

(KRW bn)	Q2. 05	Q2. 04	Change	Q2. 05	Q1. 05	Change
<b>Network</b>	<b>230</b>	<b>270</b>	<b>-15%</b>	<b>230</b>	<b>45</b>	<b>415%</b>
2G / 1X / EV-DO	101	238	-58%	101	4	2,424%
WCDMA	108	2	4,774%	108	37	189%
Backbone & others	21	30	-28%	21	3	565%
<b>Non-Network</b>	<b>48</b>	<b>87</b>	<b>-46%</b>	<b>48</b>	<b>46</b>	<b>4%</b>
Wireless Internet & marketing	35	54	-36%	35	34	3%
General supporting	13	34	-62%	13	12	8%
<b>Total CapEx</b>	<b>278</b>	<b>358</b>	<b>-22%</b>	<b>278</b>	<b>90</b>	<b>207%</b>

<sup>1</sup> For details, please refer to non-consolidated statements of income in appendix

**Table of Contents****3. Balance Sheet**

<b>(KRW bn)</b>	<b>2005. 6</b>	<b>2004. 6</b>	<b>Change</b>	<b>2005. 6</b>	<b>2005. 3</b>	<b>Change</b>
<b>Total assets</b>	<b>13,758</b>	<b>13,490</b>	<b>2%</b>	<b>13,758</b>	<b>14,108</b>	<b>-2%</b>
Current assets	3,983	3,648	9%	3,983	4,101	-3%
Cash & marketable securities	810	736	10%	810	1,016	-20%
Investment assets	2,012	1,997	1%	2,012	2,112	-5%
Property & equipment	4,333	4,351	0%	4,333	4,408	-2%
Intangible assets	3,430	3,493	-2%	3,430	3,487	-2%
<b>Total liabilities</b>	<b>6,509</b>	<b>7,147</b>	<b>-9%</b>	<b>6,509</b>	<b>7,282</b>	<b>-11%</b>
Current liabilities	2,246	3,384	-34%	2,246	2,998	-25%
Short-term borrowings	500	180	178%	500	200	150%
Current portion of long-term debt		1,398	N/A		499	N/A
Long-term liabilities	4,263	3,763	13%	4,263	4,284	0%
Bond payable & long-term borrowings	3,096	2,722	14%	3,096	3,087	0%
<b>Total shareholders equity</b>	<b>7,249</b>	<b>6,343</b>	<b>14%</b>	<b>7,249</b>	<b>6,826</b>	<b>6%</b>
<b>Debt/Equity ratio<sup>1</sup></b>	<b>49.6%</b>	<b>67.8%</b>	<b>-18.2%p</b>	<b>49.6%</b>	<b>55.5%</b>	<b>-5.9%p</b>

**1) Cash & marketable securities**

- QoQ decrease was due temporarily to the high balance as of March in consideration of dividend payment due in April.

**2) Investment assets**

- The QoQ decrease was due to the revaluation of investment securities such as POSCO shares

**3) Total liabilities**

- The QoQ decrease in debt to equity ratio was due to repayment of mature debt.

**4) Total Shareholders equity**

- Increase in shareholders equity was due to increase in retained earnings as of June 2005.

<sup>1</sup> *Debt/Equity*

*Ratio =*

*Interest-bearing  
debt /*

*Shareholders  
equity*

*\* Interest-bearing  
debt =*

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



**Table of Contents****III. Operating Result**

	<b>Q2. 05</b>	<b>Q2. 04</b>	<b>Change</b>	<b>Q2. 05</b>	<b>Q1. 05</b>	<b>Change</b>
Subscribers ( 000)	19,196	18,595	3%	19,196	19,007	1%
Net adds	189	157	21%	189	224	-16%
Activations	1,261	1,277	-1%	1,261	1,323	-5%
Deactivations	1,072	1,120	-4%	1,072	1,099	-2%
<i>Monthly churn rate</i>	<i>1.9%</i>	<i>2.0%</i>	<i>-0.1%p</i>	<i>1.9%</i>	<i>1.9%</i>	<i>-0.1%p</i>
Average subscribers( 000)	19,099	18,540	3%	19,099	18,892	1%
ARPU (KRW)	44,105	42,861	3%	44,105	42,557	4%
Sign-up fee	1,025	1,022	0%	1,025	1,082	-5%
Monthly fee & call charge	26,962	29,316	-8%	26,962	26,325	2%
VAS & others	1,719	1,601	7%	1,719	1,651	4%
Wireless Internet	10,419	7,501	39%	10,419	9,664	8%
Interconnection	3,981	3,421	16%	3,981	3,835	4%
MOU (Minutes) <sup>1</sup>						
Outgoing	196	194	1%	196	185	6%
Incoming	117	113	3%	117	107	9%
Subscribers by handset feature ( 000)						
1x (Including EV-DO)	17,940	16,210	11%	17,940	17,580	2%
EV-DO (Including June)	7,416	5,398	37%	7,416	7,022	6%
June	4,801	2,777	73%	4,801	4,055	18%
Color	16,279	13,329	22%	16,279	15,671	4%
Data ARPU by handset (KRW) <sup>2</sup>						
2G	2,242	1,604	40%	2,242	2,074	8%
1X(Including EV-DO)	10,622	7,644	39%	10,622	9,730	9%
Color	11,594	9,016	29%	11,594	10,764	8%

<sup>1</sup> *MOU for May and June of 2005 is an estimate.*

<sup>2</sup> *Excludes others in wireless internet sales such as financial enabler, Solution/Platform sales, etc.*

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**IV. Appendix (Non-Consolidated Statements of Income)**

<b>(KRW mn)</b>	<b>Q2. 05</b>	<b>Q2. 04</b>	<b>Change</b>	<b>Q2. 05</b>	<b>Q1. 05</b>	<b>Change</b>
Operating revenue	2,527,150	2,383,994				