

# LG Uplus

4Q19 Earnings Release

February 7<sup>th</sup>, 2020

# Disclaimer

As of January 1, 2010 we adopted the Korean International Financial Reporting Standards (K-IFRS).

The aforementioned forward-looking statements are influenced by changes in the management environment and relative events, and by their nature, these statements refer to uncertain circumstances. Consequently, due to these uncertainties, the Company's actual future results may differ materially from those expressed or implied by such statements.

We applied new accounting standard of 'K-IFRS 1115' as of Jan 1st, 2018 and K-IFRS 1116 'Leases' is effective for annual periods beginning on or after January 1, 2019. That said, there are no obligation to apply the new standard to previous financial statements.

In relation to LGHV (LG HelloVision) acquisition, considered date of acquisition is 31 December 2019. There are no revenue and profit booked for the current period from LGHV after the date of acquisition, while LGHV's financial position is reflected in the Balance Sheet.

As the PG (Payment Gateway) business is scheduled for sale as of 1 June 2020, corresponding assets and liabilities are presented as Assets held-for-sale, Liabilities held-for-sale; and P/L from operations is under Profit(Loss) from Discontinued Operations.

The information contained herein should not be utilized for any legal purposes in regards to investors' investment results. The Company hereby expressly disclaims any and all liability for any loss or damage resulting from the investors' reliance on the information contained herein.

In addition, the information contained herein has been prepared in advance, prior to being audited by external auditors, solely for the convenience of investors of the Company, and is subject to change in the process of final auditing by external auditors.

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# Income Statements (Consolidated)

- In line with the scheduled sale of PG business, revenue and net amount of expense are classified as Profit(Loss) from Discontinued Operations in the Income Statement.
- With regard to LGHV acquisition, considered date of acquisition is 31 December 2019, with no revenue and profit booked for the current period.
- Due to the reclassification of account for membership, a portion of membership expense out of the Advertisement & Promotion Expense is deducted from the revenue and fully booked in Q4 2019.

(Unit : KRW in billion)

Classification	2018	2019	YoY	4Q18	3Q19	4Q19	YoY	QoQ	2018	2019	YoY
<b>Revenue</b>	<b>11,725.6</b>	<b>12,382.0</b>	<b>+5.6%</b>	<b>3,172.5</b>	<b>3,244.2</b>	<b>3,293.8</b>	<b>+3.8%</b>	<b>+1.5%</b>	<b>12,125.1</b>	<b>12,758.0</b>	<b>+5.2%</b>
Service Revenue <sup>1)</sup>	8,945.1	9,205.6	+2.9%	2,405.6	2,404.2	2,485.0	+3.3%	+3.4%	9,344.5	9,581.6	+2.5%
Handset Revenue	2,780.6	3,176.4	+14.2%	766.9	840.0	808.8	+5.5%	Δ3.7%	2,780.6	3,176.4	+14.2%
<b>Expenses<sup>2)</sup></b>	<b>10,984.9</b>	<b>11,695.7</b>	<b>+6.5%</b>	<b>3,068.4</b>	<b>3,088.3</b>	<b>3,108.8</b>	<b>+1.3%</b>	<b>+0.7%</b>	<b>11,394.1</b>	<b>12,073.8</b>	<b>+6.0%</b>
<b>Operating Income</b>	<b>740.7</b>	<b>686.2</b>	<b>Δ7.4%</b>	<b>104.1</b>	<b>155.9</b>	<b>185.1</b>	<b>+77.8%</b>	<b>+18.7%</b>	<b>730.9</b>	<b>684.2</b>	<b>Δ6.4%</b>
OP Margin <sup>3)</sup>	6.3%	5.5%	Δ0.8%p	3.3%	4.8%	5.6%	+2.3%p	+0.8%p	6.0%	5.4%	Δ0.7%p
OP Margin <sup>4)</sup>	8.3%	7.5%	Δ0.8%p	4.3%	6.5%	7.4%	+3.1%p	+1.0%p	7.8%	7.1%	Δ0.7%p
Non-operating Balance	(82.7)	(112.3)	+35.8%	(14.7)	(19.9)	(57.1)	+287.6%	+186.4%	(82.7)	(112.3)	+35.8%
<b>Income Before Tax</b>	<b>658.1</b>	<b>573.9</b>	<b>Δ12.8%</b>	<b>89.4</b>	<b>136.0</b>	<b>128.0</b>	<b>+43.2%</b>	<b>Δ5.9%</b>	<b>648.3</b>	<b>571.9</b>	<b>Δ11.8%</b>
<b>Profit(Loss) from Discontinued Operations</b>	<b>Δ9.8</b>	<b>Δ2.1</b>	<b>Δ78.7%</b>								
<b>Net Income</b>	<b>481.6</b>	<b>438.8</b>	<b>Δ8.9%</b>	<b>75.3</b>	<b>104.5</b>	<b>103.3</b>	<b>+37.3%</b>	<b>Δ1.1%</b>	<b>481.6</b>	<b>438.8</b>	<b>Δ8.9%</b>
Net Income Margin <sup>5)</sup>	4.1%	3.5%	Δ0.6%p	2.4%	3.2%	3.1%	+0.8%p	Δ0.1%p	4.0%	3.4%	Δ0.5%p
<b>EBITDA</b>	<b>2,403.7</b>	<b>2,726.9</b>	<b>+13.4%</b>	<b>532.2</b>	<b>668.2</b>	<b>725.6</b>	<b>+36.4%</b>	<b>+8.6%</b>	<b>2,402.8</b>	<b>2,734.8</b>	<b>+13.8%</b>
<b>01.감가상각비</b>	<b>1,419.7</b>	<b>1,730.1</b>	<b>+21.9%</b>	<b>362.5</b>	<b>434.7</b>	<b>462.5</b>	<b>+17.4%</b>	<b>+15.4%</b>	<b>1,428.6</b>	<b>1,740.1</b>	<b>+21.8%</b>
<b>02.무형자산상각비</b>	<b>243.3</b>	<b>310.5</b>	<b>+27.6%</b>	<b>65.6</b>	<b>77.6</b>	<b>78.1</b>	<b>+28.1%</b>	<b>+17.3%</b>	<b>243.3</b>	<b>310.6</b>	<b>+27.6%</b>
EBITDA Margin <sup>6)</sup>	20.5%	22.0%	+1.5%p	16.8%	20.6%	22.0%	+5.3%p	+1.4%p	19.8%	21.4%	+1.6%p
EBITDA Margin <sup>7)</sup>	26.9%	29.6%	+2.8%p	22.1%	27.8%	29.2%	+7.1%p	+1.4%p	25.7%	28.5%	+2.8%p

1) Profit from Discontinued Operations ('19 376 bn, '18 399 bn) excluded

2) Expense from Discontinued Operations ('19 378 bn, '18 409 bn) excluded

3) Operating Income/Revenue 4) Operating Income/Service Revenue 5) Net Income/Revenue

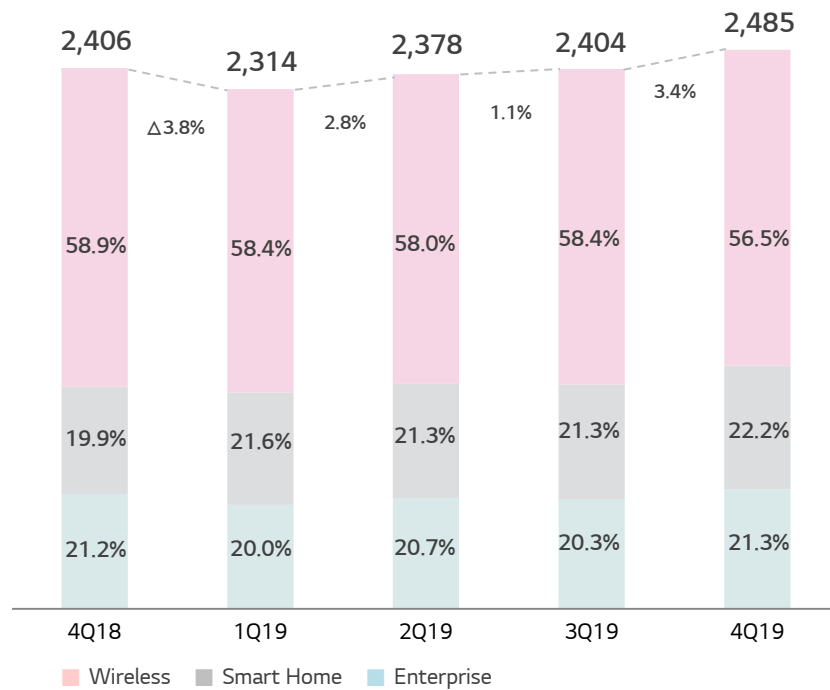
6) EBITDA/Revenue 7) EBITDA/Service Revenue

※ PG effect excluded for quarterly index

## Service Revenue/Operating Income (Consolidated)

### Service Revenue\*

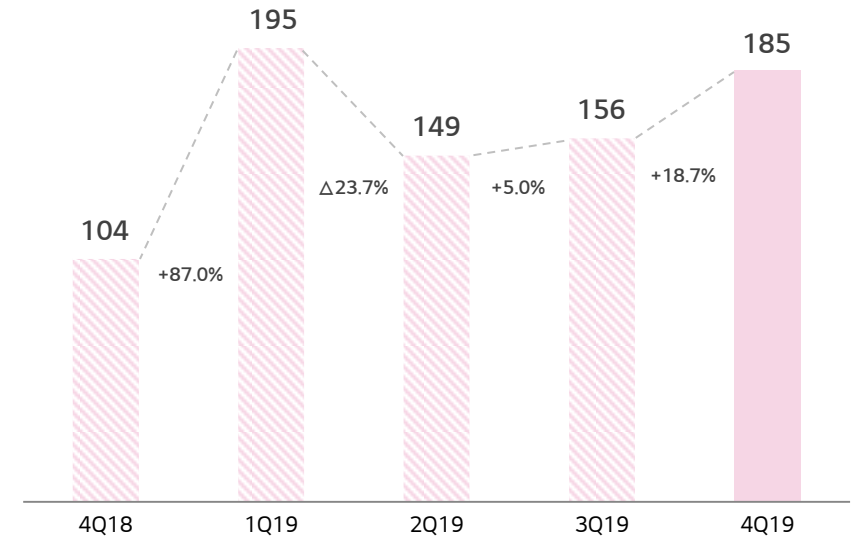
(Unit : KRW in billion)



\* PG effect excluded

### Operating Income\*

(Unit : KRW in billion)



## Balance Sheets (Consolidated)

- Asset, Liability, and Debt Ratio increased on adjustment of the 'Lease' contract period under IFRS 16.
- In line with the sale of the PG business, corresponding assets and liabilities are classified as Assets held-for-sale, and Liabilities held-for-sale in the Balance Sheet.
- Impact of LGHV is captured in the 2019 consolidated Balance Sheet.

Classification	(Unit : KRW in billion)		
	2018.12	2019.12	YoY
<b>Total Assets</b>	<b>13,939.9</b>	<b>17,941.1</b>	<b>+28.7%</b>
Current Assets	4,247.2	4,805.5	+13.1%
Cash & Cash Equivalents <sup>1)</sup>	399.9	496.1	+24.1%
Assets held- for- sale	-	207.2	
Non-current Assets	9,692.7	13,135.6	+35.5%
Property, Plant and Equipment	6,465.8	8,861.1	+37.0%
Right-of-use assets	-	670.1	
Intangible Assets	1,705.7	2,218.9	+30.1%
<b>Total Liabilities</b>	<b>7,086.6</b>	<b>10,591.4</b>	<b>+49.5%</b>
Current Liabilities	3,833.0	4,648.9	+21.3%
Short-term Borrowings	10.0	5.0	△50.0%
Current Portion of LT Debt	884.8	824.6	△6.8%
Lease Liabilities(Current)	-	136.3	
Liabilities held- for- sale	-	167.0	
Non-current Liabilities	3,253.6	5,942.6	+82.6%
Lease Liabilities(Non-current)	-	448.9	
Corporate Bond etc <sup>2)</sup>	2,076.3	4,356.6	+109.8%
<b>Total Shareholders' Equity</b>	<b>6,853.4</b>	<b>7,349.6</b>	<b>+7.2%</b>
Retained Earnings	3,447.2	3,673.6	+6.6%
Net Debt	2,571.2	4,690.1	+82.4%
<b>Net Debt to Equity Ratio<sup>3)</sup></b>	<b>37.5%</b>	<b>63.8%</b>	<b>+26.3%p</b>
<b>Total Liabilities to Equity Ratio<sup>4)</sup></b>	<b>103.4%</b>	<b>144.1%</b>	<b>+40.7%p</b>

1) Cash & Cash Equivalents : Cash & Cash Equivalents + Financial Institution Deposit

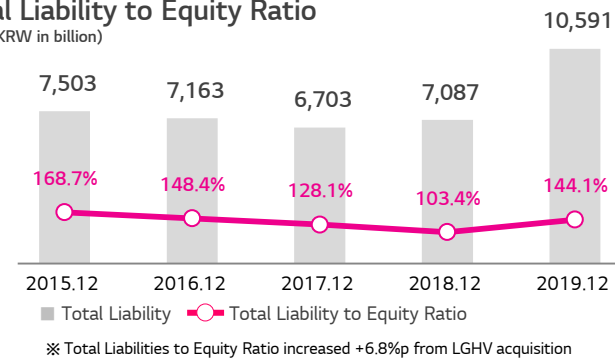
2) Corporate Bond etc : Corporate Bond + Long-term borrowings

3) Net Debt to Equity Ratio : Net Debt/Total Shareholders' Equity

4) Total Liabilities to Equity Ratio : Total Liabilities/Total Shareholders' Equity

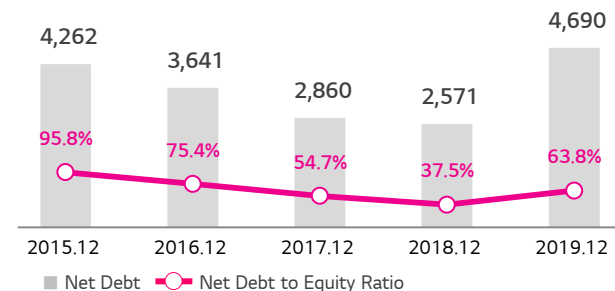
### Total Liability to Equity Ratio

(Unit : KRW in billion)



### Net Debt to Equity Ratio

(Unit : KRW in billion)



## Consumer \_ Wireless

(Unit: KRW in billion, Thousands, KRW)

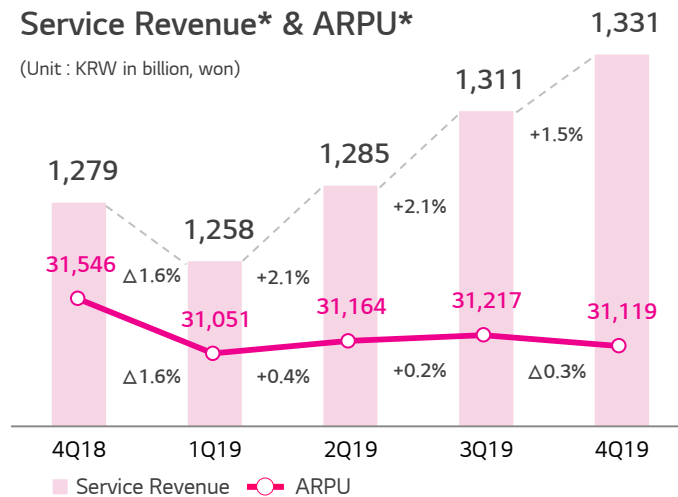
Classification	2018	2019	YoY	4Q18	3Q19	4Q19	YoY	QoQ
<b>Revenue<sup>1)</sup></b>	<b>5,438.2</b>	<b>5,516.8</b>	<b>+1.4%</b>	<b>1,411.5</b>	<b>1,397.7</b>	<b>1,400.3</b>	<b>Δ0.8%</b>	<b>+0.2%</b>
Service Revenue	5,059.9	5,164.1	+2.1%	1,278.8	1,311.1	1,310.1	+2.4%	Δ0.1%
Service Revenue*	5,059.9	5,184.9	+2.5%	1,278.8	1,311.1	1,330.9	+4.1%	+1.5%
Interconnection	378.3	352.8	Δ6.7%	132.7	86.6	90.2	Δ32.0%	+4.1%
<b>Subscribers<sup>2)</sup></b>	<b>14,128</b>	<b>15,256</b>	<b>+8.0%</b>	<b>14,128</b>	<b>14,961</b>	<b>15,256</b>	<b>+8.0%</b>	<b>+2.0%</b>
MNO	13,359	14,164	+6.0%	13,359	13,923	14,164	+6.0%	+1.7%
MVNO	768	1,091	+42.1%	768	1,038	1,091	+42.1%	+5.1%
Total Net Adds	945	1,128	+19.4%	156	267	295	+88.6%	+10.2%
Service ARPU <sup>3)</sup>	32,452	31,014	Δ4.4%	31,546	31,217	30,635	Δ2.9%	Δ1.9%
Service ARPU*	32,452	31,143	Δ4.0%	31,546	31,217	31,139	Δ1.3%	Δ0.2%

1) Wireless Revenue : Subsidiary MVNO revenue adjusted  
 Service Revenue : Monthly fee+Usage Charges+VAS+Revenue Discount+Data  
 2) Subscribers : MSIT's new subscriber disclosure basis including RASS  
 3) MNO ARPU

\* Membership effect excluded

### Service Revenue\* & ARPU\*

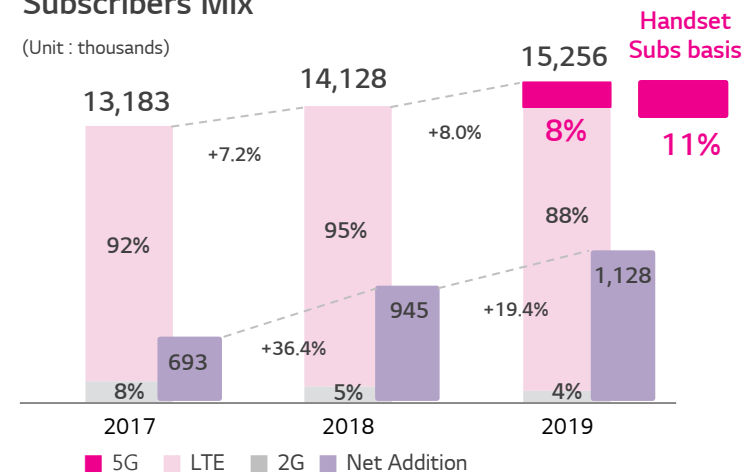
(Unit : KRW in billion, won)



\* Membership effect excluded

### Subscribers Mix

(Unit : thousands)



Handset Subs basis

11%

## Consumer \_ Smart Home

(Unit: KRW in billion, Thousands)

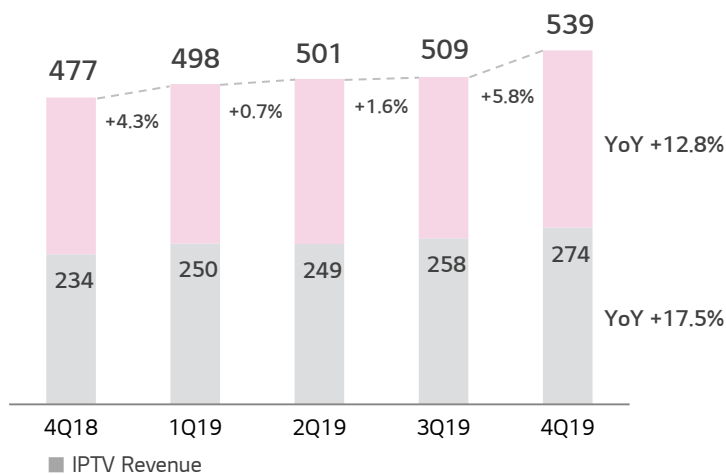
Classification	2018	2019	YoY	4Q18	3Q19	4Q19	YoY	QoQ
<b>Revenue</b>	<b>1,845.6</b>	<b>2,046.2</b>	<b>+10.9%</b>	<b>477.2</b>	<b>509.0</b>	<b>538.5</b>	<b>+12.8%</b>	<b>+5.8%</b>
IPTV	885.3	1,032.3	+16.6%	233.6	258.4	274.5	+17.5%	+6.2%
Broadband	746.6	813.5	+9.0%	190.4	201.6	215.3	+13.1%	+6.8%
VoIP	213.7	200.3	△6.3%	53.2	49.0	48.7	△8.4%	△0.6%
<b>Subscribers</b>								
IPTV <sup>1)</sup>	4,019	4,477	+11.4%	4,019	4,358	4,477	+11.4%	+2.7%
Broadband <sup>2)</sup>	4,038	4,284	+6.1%	4,038	4,225	4,284	+6.1%	+1.4%
VoIP	3,981	3,834	△3.7%	3,981	3,870	3,834	△3.7%	△0.9%

1) IPTV : STB subscriber base

2) Broadband : Including corporate subscribers from Aug. 2015

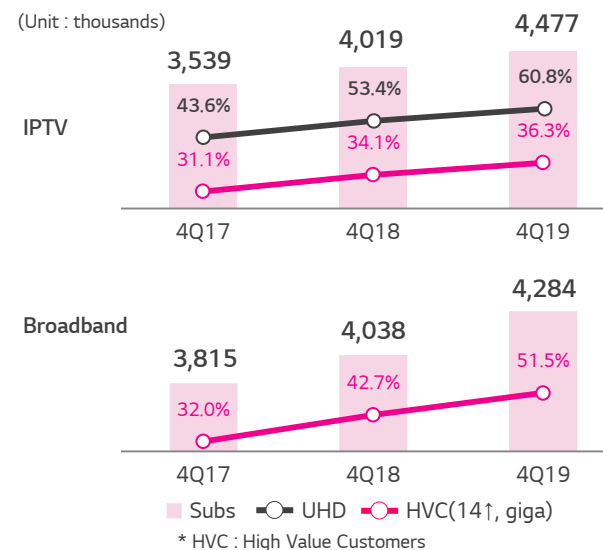
### Revenue

(Unit : KRW in billion)



### HVC (cum.)

(Unit : thousands)





## Enterprise

(Unit: KRW in billion)

Classification	2018	2019	YoY	4Q18	3Q19	4Q19	YoY	QoQ
Revenue <sup>1)</sup>	2,009.5	1,982.7	Δ1.3%	508.5	485.9	539.7	+6.1%	+11.1%
e-Biz <sup>2)</sup>	746.8	727.6	Δ2.6%	182.7	177.1	208.7	+14.2%	+17.9%
IDC	162.6	196.2	+20.7%	43.0	47.7	49.2	+14.4%	+3.1%
Leased Line	742.8	711.0	Δ4.3%	186.7	181.6	179.9	Δ3.7%	Δ0.9%
Telephony	335.5	308.0	Δ8.2%	87.5	75.3	78.6	Δ10.1%	+4.4%

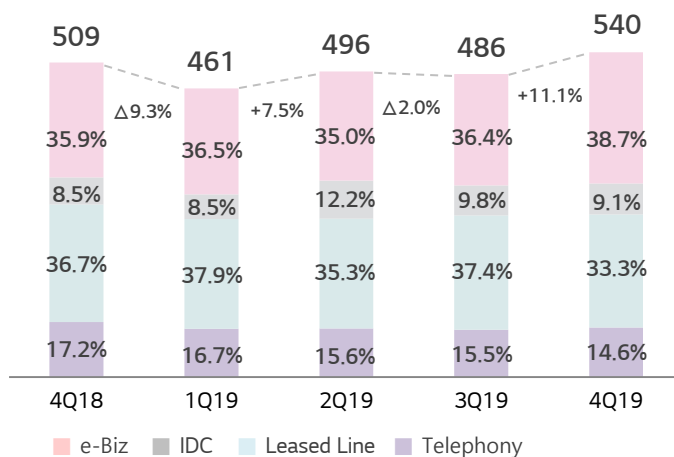
1) Equipment revenue is included, PG effect excluded

2) e-Biz : Payment, SMS etc

※ PG effect excluded

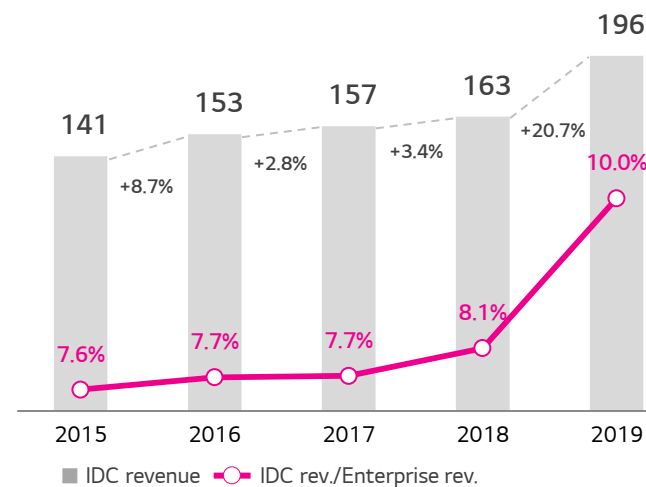
### Revenue

(Unit : KRW in billion)



### IDC Revenue

(Unit : KRW in billion)



## Expenses

(Unit : KRW in billion)

Classification	2018	2019	YoY	4Q18	3Q19	4Q19	YoY	QoQ
<b>Operating Expenses</b>	<b>10,984.9</b>	<b>11,695.7</b>	<b>+6.5%</b>	<b>3,068.4</b>	<b>3,088.3</b>	<b>3,108.8</b>	<b>+1.3%</b>	<b>+0.7%</b>
Wages	1,068.9	1,152.6	+7.8%	307.3	302.0	266.5	△13.3%	△11.8%
Depreciation	1,419.7	1,730.1	+21.9%	362.5	434.7	462.5	+27.6%	+6.4%
Amortization	243.3	310.5	+27.6%	65.6	77.6	78.1	+19.1%	+0.6%
Telecom Circuit Rent	200.3	188.5	△5.9%	50.8	47.4	45.2	△11.1%	△4.8%
Rental	325.4	74.3	△77.2%	84.3	21.0	13.8	△83.7%	△34.3%
Outsourcing	326.2	237.8	△27.1%	70.8	63.6	69.8	△1.4%	+9.7%
Electricity Fee	184.2	206.8	+12.3%	46.6	57.3	55.4	+19.0%	△3.3%
Repair Expense	149.1	133.0	△10.8%	41.3	32.0	35.7	△13.5%	+11.5%
Fees & Charges	1,164.0	1,247.2	+7.2%	400.9	389.7	427.1	+6.5%	+9.6%
Sales Commision	1,701.1	1,809.0	+6.3%	440.6	465.7	474.0	+7.6%	+1.8%
Advertising	270.6	291.1	+7.6%	76.5	74.5	60.9	△20.5%	△18.3%
Cost of Handset Sold	3,002.2	3,437.7	+14.5%	845.4	906.1	905.7	+7.1%	△0.1%
Others	156.6	154.1	△1.6%	45.0	38.8	38.2	△15.2%	△1.6%

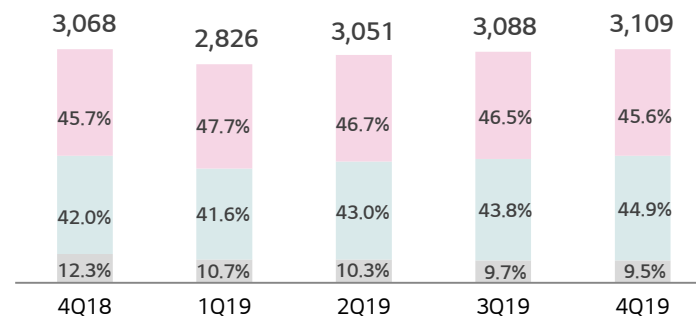
※ PG effect excluded

YoY +1.3% QoQ +0.7%

- Wages
  - Down 13.3% YoY and 11.8% QoQ from reversal of incentive
- Depreciation
  - Up 27.6% YoY and 6.4% QoQ from K-IFRS16 'Leases' and 5G investment (refer to Rental)
- Amortization
  - Up 19.1% YoY and down 0.6% QoQ from depreciated 5G spectrum

## Expenses

(Unit : KRW in billion)



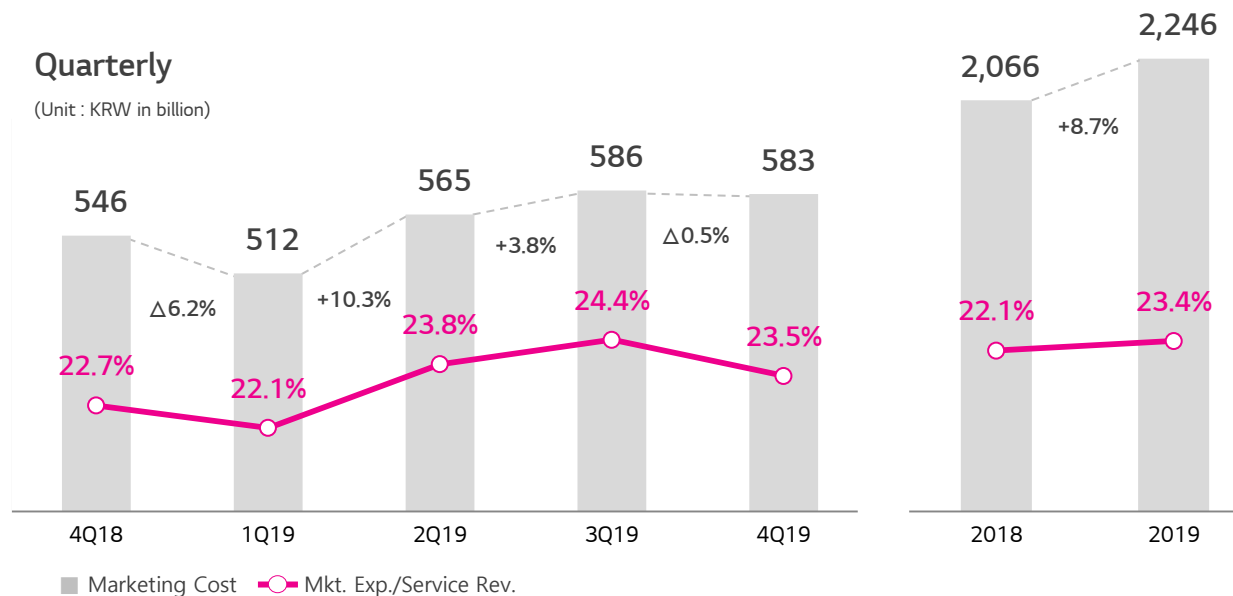
■ Fixed Cost : Wages, D&A, Outsourcing, Electricity Fee, etc.  
■ Variable Cost : Marketing Cost, Fees & Charges  
■ Others : Tax, Interconnection Fee, R&D, etc.

## Marketing Cost

(Unit : KRW in billion)

Classification	2018	2019	YoY	4Q18	3Q19	4Q19	YoY	QoQ
Total Marketing Exp.	2,066.3	2,246.0	+8.7%	546.1	586.1	582.9	+6.7%	Δ0.5%
Mkt Exp / Service Rev.	22.1%	23.4%	+1.3%p	22.7%	24.4%	23.5%	+0.8%p	Δ0.9%p

\* Mkt. Exp. = Sales Commission + Adv. - Profit from Handset Sales



## CAPEX

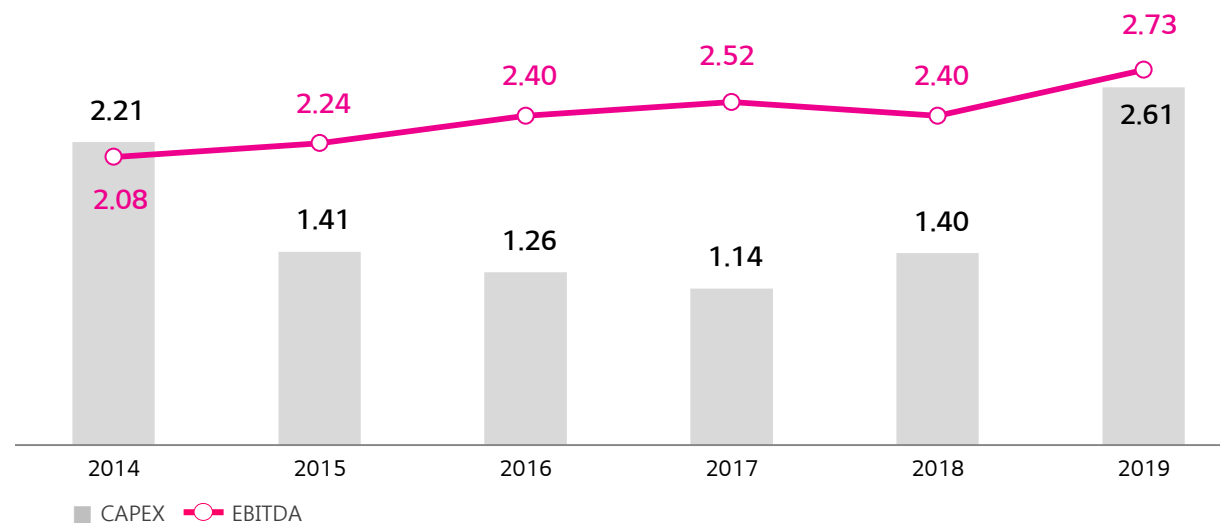
(Unit: KRW in billion)

Classification	2018	2019	YoY	4Q18	3Q19	4Q19	YoY	QoQ
CAPEX	1,397.2	2,608.5	+86.7%	640.9	784.4	817.3	+27.5%	+4.2%
Wireless Network	340.3	1,488.6	+337.4%	243.4	548.5	390.3	+60.3%	△28.8%
Wireline Network	646.1	792.9	+22.7%	258.7	178.0	327.3	+26.5%	+83.9%
Others (IT, etc)	410.8	327.1	△20.4%	138.8	57.9	99.7	△28.2%	+72.2%

※ Consolidated basis

## Yearly

(Unit : KRW in trillion)



## Appendix (Consolidated)

(Unit : KRW in billion)

Classification	2018	2019	YoY	4Q18	3Q19	4Q19	YoY	QoQ	2018	2019	YoY	Classification	2018.12	2019.12	YoY
<b>Revenue</b>	<b>11,725.6</b>	<b>12,382.0</b>	<b>+5.6%</b>	<b>3,172.5</b>	<b>3,244.2</b>	<b>3,293.8</b>	<b>+3.8%</b>	<b>+1.5%</b>	<b>12,125.1</b>	<b>12,758.0</b>	<b>+5.2%</b>	Current Assets	4,277.2	4,805.5	+12.4%
Service Revenue	8,945.1	9,205.6	+2.9%	2,405.6	2,404.2	2,485.0	+3.3%	+3.4%	9,344.5	9,581.6	+2.5%	Cash and Cash Equivalents	253.5	474.4	+87.1%
Other Revenue	23.3	20.5	Δ12.0%	6.1	5.3	5.2	Δ15.5%	Δ1.7%	23.3	20.5	Δ12.0%	Short-term Loans & Accounts Receivables	1,904.9	2,023.6	+6.2%
Handset Revenue	2,780.6	3,176.4	+14.2%	766.9	840.0	808.8	+5.5%	Δ3.7%	2,780.6	3,176.4	+14.2%	Inventories	455.1	436.7	Δ4.0%
<b>Expense</b>	<b>10,984.9</b>	<b>11,695.7</b>	<b>+6.5%</b>	<b>3,068.4</b>	<b>3,088.3</b>	<b>3,108.8</b>	<b>+1.3%</b>	<b>+0.7%</b>	<b>11,394.1</b>	<b>12,073.8</b>	<b>+6.0%</b>	Other Current Assets	1,464.0	1,662.5	+13.6%
Wages	1,068.9	1,152.6	+7.8%	307.3	302.0	266.5	Δ13.3%	Δ11.8%	1,096.5	1,182.7	+7.9%	Assets held- for- sale	-	207.2	
Depreciation	1,419.7	1,730.1	+21.9%	362.5	434.7	462.5	+27.6%	+6.4%	1,428.6	1,740.1	+21.8%	Non Current Assets	9,692.7	13,135.6	+35.5%
Amortization	243.3	310.5	+27.6%	65.6	77.6	78.1	+19.1%	+0.6%	243.3	310.6	+27.6%	Available for Sales Securities	33.1	40.7	+23.0%
Telecom Circuit Rent	200.3	188.5	Δ5.9%	50.8	47.4	45.2	Δ11.1%	Δ4.8%	200.3	188.5	Δ5.9%	Property, Plant and Equipment	6,465.8	8,861.1	+37.0%
Rental	325.4	74.3	Δ77.2%	84.3	21.0	13.8	Δ83.7%	Δ34.3%	326.2	74.6	Δ77.1%	Intangible Assets	1,705.7	2,218.9	+30.1%
Outsourcing	326.2	237.8	Δ27.1%	70.8	63.6	69.8	Δ1.4%	+9.7%	344.1	254.8	Δ25.9%	Long-term Loans & Long Trade Receivables	754.9	1,143.8	+51.5%
Electricity Fee	184.2	206.8	+12.3%	46.6	57.3	55.4	+19.0%	Δ3.3%	184.5	207.1	+12.2%	Investment in Properties	35.6	34.2	Δ3.7%
Repair Expense	149.1	133.0	Δ10.8%	41.3	32.0	35.7	Δ13.5%	+11.5%	151.3	135.1	Δ10.7%	Other Non-current Assets	697.7	836.9	+20.0%
Interconnection	573.4	528.9	Δ7.8%	184.4	133.2	134.6	Δ27.0%	+1.1%	573.4	528.9	Δ7.8%	<b>Total Assets</b>	<b>13,939.9</b>	<b>17,941.1</b>	<b>+28.7%</b>
Settlement	87.3	86.4	Δ1.1%	22.2	21.5	21.2	Δ4.5%	Δ1.1%	87.3	86.4	Δ1.1%	Current Liabilities	3,833.0	4,648.9	+21.3%
Fees & Charges	1,164.0	1,247.2	+7.2%	400.9	389.7	427.1	+6.5%	+9.6%	1,509.6	1,561.0	+3.4%	Accounts Payable & Other Payables	3,130.2	3,767.2	+20.3%
Sales Comission	1,701.1	1,809.0	+6.3%	440.6	465.7	474.0	+7.6%	+1.8%	1,701.9	1,809.7	+6.3%	Other Liabilities	702.8	881.7	+25.5%
Advertising	270.6	291.1	+7.6%	76.5	74.5	60.9	Δ20.5%	Δ18.3%	271.1	291.5	+7.5%	Liabilities held- for- sale	-	167.0	
Cost of Handsets Sold	3,002.2	3,437.7	+14.5%	845.4	906.1	905.7	+7.1%	Δ0.1%	3,002.4	3,437.7	+14.5%	Non-current Liabilities	3,253.6	5,942.6	+82.6%
Handset purchase	2,854.9	3,321.1	+16.3%	795.9	885.8	856.8	+7.7%	Δ3.3%	2,855.2	3,321.2	+16.3%	Bond payable, Long-term debt & etc	2,983.6	5,046.8	+69.2%
Etc	147.3	116.6	Δ20.8%	49.5	20.3	48.8	Δ1.3%	+140.7%	147.3	116.6	Δ20.8%	Other Liabilities	270.0	895.8	+231.8%
Ordinary R&D Expense	58.5	52.3	Δ10.5%	14.4	14.3	10.1	Δ29.5%	Δ29.1%	58.7	52.5	Δ10.6%	<b>Total Liabilities</b>	<b>7,086.6</b>	<b>10,591.4</b>	<b>+49.5%</b>
Taxes & Dues	54.2	55.3	+2.0%	10.0	8.7	10.0	+0.4%	+14.8%	54.8	55.9	+1.9%	Shareholders' Equity	6,853.2	7,080.9	+3.3%
Others	156.6	154.1	Δ1.6%	45.0	38.8	38.2	Δ15.2%	Δ1.6%	160.0	156.7	Δ2.1%	Capital Stock	2,574.0	2,574.0	+0.0%
						0			0	0	+0.0%	Capital Surplus	836.9	836.9	+0.0%
<b>Operating Income</b>	<b>740.7</b>	<b>686.2</b>	<b>Δ7.4%</b>	<b>104.1</b>	<b>155.9</b>	<b>185.1</b>	<b>+77.8%</b>	<b>+18.7%</b>	<b>730.9</b>	<b>684.2</b>	<b>Δ6.4%</b>	Retained Earnings	3,447.2	3,673.6	+6.6%
<b>Non-operating Income</b>	<b>89.1</b>	<b>102.8</b>	<b>+15.4%</b>	<b>25.0</b>	<b>27.2</b>	<b>30.4</b>	<b>+21.7%</b>	<b>+11.9%</b>	<b>89.1</b>	<b>102.8</b>	<b>+15.4%</b>	Accumulated Other Comprehensive Income	(4.8)	(3.6)	Δ25.5%
Interest Income	34.3	41.3	+20.4%	9.5	11.7	12.3	+29.2%	+5.0%	34.3	41.3	+20.4%	Non-controlling Interest	0.1	268.8	+0.0%
<b>Non-operating Expense</b>	<b>171.8</b>	<b>215.1</b>	<b>+25.2%</b>	<b>39.7</b>	<b>47.1</b>	<b>87.5</b>	<b>+120.3%</b>	<b>+85.7%</b>	<b>171.8</b>	<b>215.1</b>	<b>+25.2%</b>	<b>Total Shareholders' Equity</b>	<b>6,853.4</b>	<b>7,349.6</b>	<b>+7.2%</b>
Interest Expense	101.5	111.2	+9.6%	24.0	28.8	27.7	+15.3%	Δ3.8%	101.5	111.2	+9.6%	Total Liabilities and Shareholders' Equity	<b>13,939.9</b>	<b>17,941.1</b>	<b>+28.7%</b>
<b>Income Before Tax</b>	<b>658.1</b>	<b>573.9</b>	<b>Δ12.8%</b>	<b>89.4</b>	<b>136.0</b>	<b>128.0</b>	<b>+43.2%</b>	<b>Δ5.9%</b>	<b>648.3</b>	<b>571.9</b>	<b>Δ11.8%</b>				
Income Tax	166.7	133.0	Δ20.2%	14.1	31.5	24.7	+75.2%	Δ21.7%	166.7	133.0	Δ20.2%				
<b>Profit(Loss) from Discontinued Operations</b>	<b>(9.8)</b>	<b>(2.1)</b>	<b>Δ78.7%</b>												
<b>Net Income</b>	<b>481.6</b>	<b>438.8</b>	<b>Δ8.9%</b>	<b>75.3</b>	<b>104.5</b>	<b>103.3</b>	<b>+37.3%</b>	<b>Δ1.1%</b>	<b>481.6</b>	<b>438.8</b>	<b>Δ8.9%</b>				

※ PG effect excluded for quarterly index

※ Non-controlling Interest : LGHV effect

## Appendix (Separate)

(Unit : KRW in billion)

Classification	2018	2019	YoY	4Q18	3Q19	4Q19	YoY	QoQ	2018	2019	YoY	Classification	2018.12	2019.12	YoY
<b>Revenue</b>	<b>11,697.4</b>	<b>12,337.7</b>	<b>+5.5%</b>	<b>3,166.8</b>	<b>3,230.5</b>	<b>3,284.4</b>	<b>+3.7%</b>	<b>+1.7%</b>	<b>12,096.8</b>	<b>12,713.7</b>	<b>+5.1%</b>	Current Assets	4,172.1	4,458.4	+6.9%
Service Revenue	8,915.9	9,168.7	+2.8%	2,399.3	2,392.0	2,478.2	+3.3%	+3.6%	9,315.3	9,544.7	+2.5%	Cash and Cash Equivalents	318.8	340.8	+6.9%
Other Revenue	34.6	32.0	Δ7.6%	9.0	8.1	8.1	Δ10.0%	Δ0.4%	34.6	32.0	Δ7.6%	Short-term Loans & Accounts Receivables	1,946.9	1,838.9	Δ5.5%
Handset Revenue	2,781.5	3,169.0	+13.9%	767.5	838.6	806.2	+5.0%	Δ3.9%	2,781.5	3,169.1	+13.9%	Inventories	452.1	430.1	Δ4.9%
<b>Expense</b>	<b>10,952.9</b>	<b>11,646.0</b>	<b>+6.3%</b>	<b>3,060.8</b>	<b>3,077.2</b>	<b>3,098.5</b>	<b>+1.2%</b>	<b>+0.7%</b>	<b>11,362.1</b>	<b>12,024.0</b>	<b>+5.8%</b>	Other Current Assets	1,454.3	1,848.6	+27.1%
Wages	866.5	952.1	+9.9%	251.3	253.4	218.1	Δ13.2%	Δ14.0%	894.0	982.1	+9.9%	Assets held- for- sale	-	207.2	
Depreciation	1,418.4	1,728.3	+21.8%	362.2	434.0	462.1	+27.6%	+6.5%	1,427.3	1,738.3	+21.8%	Non Current Assets	9,783.0	12,375.9	+26.5%
Amortization	239.6	307.9	+28.5%	64.9	77.0	77.3	+19.1%	+0.4%	239.6	307.9	+28.5%	Available for Sales Securities	26.4	26.8	+1.9%
Telecom Circuit Rent	200.5	188.7	Δ5.9%	50.9	47.4	45.3	Δ10.9%	Δ4.4%	200.5	188.7	Δ5.9%	Property, Plant and Equipment	6,376.2	8,048.8	+26.2%
Rental	325.1	74.2	Δ77.2%	84.2	21.0	13.8	Δ83.6%	Δ34.3%	325.8	74.5	Δ77.1%	Intangible Assets	1,696.9	1,362.0	Δ19.7%
Outsourcing	543.5	453.2	Δ16.6%	129.1	120.2	121.0	Δ6.2%	+0.7%	561.4	470.3	Δ16.2%	Long-term Loans & Long Trade Receivables	754.1	1,078.5	+43.0%
Electricity Fee	184.2	206.8	+12.3%	46.6	57.3	55.4	+19.0%	Δ3.3%	184.5	207.1	+12.2%	Investment in Properties	122.0	114.6	Δ6.1%
Repair Expense	149.0	132.8	Δ10.9%	41.2	32.0	35.7	Δ13.5%	+11.7%	151.2	134.8	Δ10.8%	Other Non-current Assets	807.4	1,745.2	+116.1%
Interconnection	573.6	529.1	Δ7.8%	184.4	133.3	134.7	Δ27.0%	+1.1%	573.6	529.1	Δ7.8%	<b>Total Assets</b>	<b>13,955.1</b>	<b>16,834.3</b>	<b>+20.6%</b>
Settlement	87.3	86.4	Δ1.1%	22.2	21.5	21.2	Δ4.5%	Δ1.1%	87.3	86.4	Δ1.1%	Current Liabilities	3,822.1	4,047.9	+5.9%
Fees & Charges	1,157.5	1,235.1	+6.7%	400.2	383.1	426.1	+6.5%	+11.2%	1,503.0	1,548.9	+3.1%	Accounts Payable & Other Payables	3,122.7	3,200.5	+2.5%
Sales Comission	1,686.1	1,796.4	+6.5%	437.2	462.6	473.1	+8.2%	+2.3%	1,686.8	1,797.1	+6.5%	Other Liabilities	699.4	847.4	+21.2%
Advertising	266.8	283.6	+6.3%	75.4	72.5	58.5	Δ22.4%	Δ19.3%	267.4	284.0	+6.2%	Liabilities held- for- sale	-	167.0	
Cost of Handsets Sold	3,002.6	3,429.6	+14.2%	846.3	905.4	903.5	+6.8%	Δ0.2%	3,002.9	3,429.7	+14.2%	Non-current Liabilities	3,237.3	5,653.6	+74.6%
Handset purchase	2,855.4	3,313.1	+16.0%	796.8	885.1	854.6	+7.3%	Δ3.4%	2,855.6	3,313.1	+16.0%	Accounts Payable & Other Payables	2,983.6	4,862.5	+63.0%
Etc	147.3	116.6	Δ20.8%	49.5	20.3	48.8	Δ1.3%	+140.7%	147.3	116.6	Δ20.8%	Other Liabilities	253.7	791.1	+211.9%
Ordinary R&D Expense	61.8	54.6	Δ11.6%	15.4	14.6	10.6	Δ31.5%	Δ27.8%	62.0	54.8	Δ11.7%	<b>Total Liabilities</b>	<b>7,059.4</b>	<b>9,701.6</b>	<b>+37.4%</b>
Taxes & Dues	47.4	48.0	+1.3%	8.1	6.8	8.2	+1.1%	+19.7%	48.0	48.6	+1.2%	Capital Stock	2,574.0	2,574.0	+0.0%
Others	143.2	139.2	Δ2.8%	41.1	35.2	33.9	Δ17.4%	Δ3.8%	146.6	141.8	Δ3.3%	Capitall Surplus	828.7	828.7	+0.0%
<b>Operating Income</b>	<b>744.5</b>	<b>691.8</b>	<b>Δ7.1%</b>	<b>106.0</b>	<b>153.3</b>	<b>185.9</b>	<b>+75.4%</b>	<b>+21.3%</b>	<b>734.7</b>	<b>689.7</b>	<b>Δ6.1%</b>	Retained Earnings	3,497.7	3,733.6	+6.7%
<b>Non-operating Income</b>	<b>85.6</b>	<b>99.0</b>	<b>+15.6%</b>	<b>22.3</b>	<b>26.1</b>	<b>29.4</b>	<b>+31.8%</b>	<b>+12.6%</b>	<b>85.6</b>	<b>99.0</b>	<b>+15.6%</b>	Accumulated Other Comprehensive Income	(4.6)	(3.6)	Δ22.5%
Interest Income	33.3	40.3	+20.9%	9.2	11.4	12.0	+31.2%	+5.1%	33.3	40.3	+20.9%	<b>Total Shareholders' Equity</b>	<b>6,895.7</b>	<b>7,132.7</b>	<b>+3.4%</b>
<b>Non-operating Expense</b>	<b>175.1</b>	<b>210.7</b>	<b>+20.3%</b>	<b>46.3</b>	<b>45.7</b>	<b>86.2</b>	<b>+86.4%</b>	<b>+88.4%</b>	<b>175.1</b>	<b>210.6</b>	<b>+20.3%</b>	<b>Total Liabilities and Shareholders' Equity</b>	<b>13,955.1</b>	<b>16,834.3</b>	<b>+20.6%</b>
Interest Expense	100.9	110.7	+9.7%	23.9	28.7	26.4	+10.6%	Δ7.9%	100.9	109.7	+8.7%				
<b>Income Before Tax</b>	<b>655.0</b>	<b>580.1</b>	<b>Δ11.4%</b>	<b>82.0</b>	<b>133.7</b>	<b>129.1</b>	<b>+57.4%</b>	<b>Δ3.4%</b>	<b>645.3</b>	<b>578.1</b>	<b>Δ10.4%</b>				
Income Tax	168.5	132.4	Δ21.4%	16.6	31.4	24.5	+48.0%	Δ22.0%	168.5	132.4	Δ21.4%				
<b>Profit(Loss) from Discontinued Operations</b>	<b>(9.8)</b>	<b>(2.1)</b>	<b>Δ78.7%</b>												
<b>Net Income</b>	<b>476.8</b>	<b>445.6</b>	<b>Δ6.5%</b>	<b>65.5</b>	<b>102.2</b>	<b>104.6</b>	<b>+59.7%</b>	<b>+2.3%</b>	<b>476.8</b>	<b>445.6</b>	<b>Δ6.5%</b>				

※ PG effect excluded for quarterly index

## Subscribers

(Unit: subscribers in thousand, KRW)

Classification	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	YoY	QoQ	2018	2019	YoY
<b>Wireless Subscribers<sup>1)</sup></b>	<b>13,410</b>	<b>13,678</b>	<b>13,971</b>	<b>14,128</b>	<b>14,398</b>	<b>14,694</b>	<b>14,961</b>	<b>15,256</b>	<b>8.0%</b>	<b>2.0%</b>	<b>14,128</b>	<b>15,256</b>	<b>8.0%</b>
Net Addition	228	267	294	156	270	296	267	295	88.6%	10.2%	945	1,128	19.4%
<b>5G Subscribers<sup>1)</sup></b>						<b>387</b>	<b>875</b>	<b>1,165</b>		<b>33.1%</b>		<b>1,165</b>	<b>0.0%</b>
<b>LTE Subscribers<sup>1)</sup></b>	<b>12,439</b>	<b>12,789</b>	<b>13,113</b>	<b>13,336</b>	<b>13,684</b>	<b>13,650</b>	<b>13,480</b>	<b>13,514</b>	<b>1.3%</b>	<b>0.3%</b>	<b>13,336</b>	<b>13,514</b>	<b>1.3%</b>
<b>LTE,5G Penetration Rate (%)</b>	<b>92.8%</b>	<b>93.5%</b>	<b>93.9%</b>	<b>94.4%</b>	<b>95.0%</b>	<b>95.5%</b>	<b>95.9%</b>	<b>96.2%</b>	<b>1.8%p</b>	<b>0.3%p</b>	<b>94.4%</b>	<b>96.2%</b>	<b>1.8%p</b>
CDMA	971	889	859	792	714	657	606	577	-27.1%	-4.8%	792	577	-27.1%
MVNO	615	682	737	768	863	958	1,038	1,091	42.1%	5.1%	768	1,091	42.1%
<b>Churn Rate (%)</b>	<b>1.6%</b>	<b>1.5%</b>	<b>1.5%</b>	<b>1.7%</b>	<b>1.5%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>1.7%</b>	<b>0.0%p</b>	<b>0.0%p</b>	<b>1.6%</b>	<b>1.6%</b>	<b>0.0%p</b>
New adds	854	894	918	875	903	1,023	1,007	1,073	22.7%	6.6%	3,540	4,005	13.1%
Churn	626	626	624	718	633	727	737	779	8.4%	5.7%	2,595	2,875	10.8%
<b>Service ARPU<sup>2)</sup></b>	<b>33,250</b>	<b>32,861</b>	<b>32,245</b>	<b>31,546</b>	<b>31,051</b>	<b>31,164</b>	<b>31,217</b>	<b>30,635</b>	<b>-2.9%</b>	<b>-1.9%</b>	<b>32,452</b>	<b>31,014</b>	<b>-4.4%</b>
<b>Service ARPU(Membership excluded)</b>	<b>33,250</b>	<b>32,861</b>	<b>32,245</b>	<b>31,546</b>	<b>31,051</b>	<b>31,164</b>	<b>31,217</b>	<b>31,139</b>	<b>-1.3%</b>	<b>-0.2%</b>	<b>32,452</b>	<b>31,143</b>	<b>-4.0%</b>
<b>Service ARPU (MVNO Incl.)</b>	<b>32,382</b>	<b>31,937</b>	<b>31,375</b>	<b>30,731</b>	<b>30,150</b>	<b>30,119</b>	<b>30,056</b>	<b>29,439</b>	<b>-4.2%</b>	<b>-2.1%</b>	<b>31,567</b>	<b>29,935</b>	<b>-5.2%</b>

1) Subscribers : MSIT's new subscriber disclosure basis, "line-based subscriber number" including RASS (Adjusted from 1Q14)

2) Old Accounting basis(K-IFRS 1018) until 4Q17, 'K-IFRS 1115' basis since 1Q18)

Service ARPU (incl. CDMA+LTE+5G and IoT) : Including telephony and data(excl. Interconnection, sign-up fee) + VAS + revenue discount(contract and combined discount)

Wireless Subscribers (incl. CDMA+LTE+5G and IoT) : MSIT's average subscriber of quarter basis

(Unit : Subs in Thousand)

Classification	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	YoY	QoQ	2018	2019	YoY
<b>IPTV(STB)<sup>1)</sup></b>	<b>3,672</b>	<b>3,790</b>	<b>3,908</b>	<b>4,019</b>	<b>4,149</b>	<b>4,241</b>	<b>4,358</b>	<b>4,477</b>	<b>11.4%</b>	<b>2.7%</b>	<b>4,019</b>	<b>4,477</b>	<b>11.4%</b>
Net Addition	132	119	117	111	130	92	118	118	6.4%	0.5%	479	458	-4.5%
<b>VoIP<sup>2)</sup></b>	<b>4,095</b>	<b>4,060</b>	<b>4,019</b>	<b>3,981</b>	<b>3,942</b>	<b>3,901</b>	<b>3,870</b>	<b>3,834</b>	<b>-3.7%</b>	<b>-0.9%</b>	<b>3,981</b>	<b>3,834</b>	<b>-3.7%</b>
Net Addition	-54	-36	-41	-38	-39	-41	-31	-35	-7.9%	14.0%	-168	-146	-13.1%
<b>Broadband<sup>3)</sup></b>	<b>3,881</b>	<b>3,946</b>	<b>4,010</b>	<b>4,038</b>	<b>4,111</b>	<b>4,170</b>	<b>4,225</b>	<b>4,284</b>	<b>6.1%</b>	<b>1.4%</b>	<b>4,038</b>	<b>4,284</b>	<b>6.1%</b>
Net Addition	65	66	64	28	73	59	55	59	113.0%	6.7%	222	246	10.8%
<b>PSTN<sup>4)</sup></b>	<b>502</b>	<b>506</b>	<b>520</b>	<b>530</b>	<b>517</b>	<b>515</b>	<b>509</b>	<b>494</b>	<b>-6.7%</b>	<b>-2.8%</b>	<b>530</b>	<b>494</b>	<b>-6.7%</b>
Net Addition	-8	4	14	10	-13	-2	-6	-14	-248.9%	148.4%	20	-36	-279.5%

1) IPTV subscribers : Set-top box subscribers (Adjusted from 1Q15) 2) VoIP subscribers : Retail +Corporate subscribers

3) Broadband : Including corporate subscribers from 3Q15 4) PSTN Subscribers : Retail(Retail VoIP callforwarding) + Corporate subscribers

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