# COMPANY UPDATE

2026. 9. 1


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# SK Telecom (017670)

## AI data center roadmap: SK Horizon and KRW3t investment

- SK Telecom is set to: 1) spin off subsidiary SK Broadband to establish SK Horizon (a dedicated AI data center firm); and 2) secure a KRW3.1t investment.
- Through a dual-track business structure—SK Horizon (to focus on existing data center operations and growth) and SK Hyper (in charge of development of gigawatt-scale projects)—SKT seeks both operational stability and growth.
- This strategic restructuring of SKT's AI data center business model should enhance its execution agility and help the firm establish robust foundations for sustained long-term value creation.

### AT A GLANCE

**BUY**

| | | |
|---|---|---|
| Target price | KRW115,000 | 22.1% |
| **Current price** | **KRW94,200** | |
| Market cap | KRW21.2t/USD15.4b | |
| Shares (float) | 214,790,053 (68.6%) | |
| 52-week high/low | KRW125,200/KRW52,100 | |
| Avg daily trading value (60-day) | KRW152.0b/ USD110.8m | |

### ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---|---|---|---|
| SK Telecom (%) | 20.0 | 23.6 | 79.6 |
| Vs Kospi (%pts) | 6.4 | 13.6 | -15.4 |

### KEY CHANGES

| (KRW) | New | Old | Diff |
|---|---|---|---|
| Recommend. | BUY | BUY | |
| Target price | 115,000 | 115,000 | 0.0% |
| 2026E EPS | 6,288 | 6,288 | 0.0% |
| 2027E EPS | 6,696 | 6,696 | 0.0% |

### SAMSUNG vs THE STREET

| | |
|---|---|
| No of estimates | 19 |
| Target price | 120,947 |
| Recommendation | 3.9 |

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

## WHAT'S THE STORY?

**Spin-off of SK Broadband to create SK Horizon, a dedicated AI data center subsidiary:** SK Telecom (SKT) aims to spin off its 100% owned subsidiary, SK Broadband, to establish a dedicated AI data center company (SK Horizon), it announced on Aug 27. Following the separation, the surviving entity should retain the name SK Broadband, while the new entity will be called SK Horizon. The asset split ratio, based on the book value of their net assets, will be about 0.84:0.16 (in SK Broadband's favor). SK Broadband should continue to focus on fixed-line services, media, and enterprise solutions, while SK Horizon should operate as a pure infrastructure company specializing in AI data center expansions. SK Horizon is expected to: 1) manage 318 MW of data center capacity, including eight existing data centers (Seocho, Ilsan (2), Bundang, Gasan, Busan Centum, Yangju, and Pangyo) and two major under-construction sites (Ulsan and Guro); and 2) lead strategic expansion efforts in the field of submarine cable projects. The spin-off is set for Feb 1, 2027, with SK Horizon set to begin official operations in 1Q27.

*(Continued on the next page)*

### SUMMARY FINANCIAL DATA

| | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|
| Revenue (KRWb) | 17,099 | 17,712 | 18,132 | 18,639 |
| Operating profit (KRWb) | 1,073 | 1,944 | 2,095 | 2,272 |
| Net profit (adj) (KRWb) | 375 | 1,332 | 1,428 | 1,568 |
| EPS (adj) (KRW) | 1,901 | 6,288 | 6,696 | 7,328 |
| EPS (adj) growth (% y-y) | -67.3 | 230.7 | 6.5 | 9.4 |
| EBITDA margin (%) | 27.3 | 31.6 | 32.3 | 33.0 |
| ROE (%) | 3.3 | 9.6 | 9.2 | 9.6 |
| P/E (adj) (x) | 28.1 | 15.7 | 14.7 | 13.5 |
| P/B (x) | 0.9 | 1.4 | 1.3 | 1.3 |
| EV/EBITDA (x) | 4.4 | 5.1 | 4.9 | 4.6 |
| Dividend yield (%) | 3.1 | 3.6 | 3.6 | 3.9 |

Source: Company data, Samsung Securities estimates

**To secure KRW3t investment via secondary share sale and new share issuance:** SKT, in conjunction with the spin-off, expects to secure a KRW3.08t investment from global private equity firm KKR and from a consortium (IMM Investment-Stonebridge Capital). The transaction structure involves a parallel process: SKT will sell existing shares SK Horizon (KRW1.8811t), while SK Horizon will issue new shares to the third parties (KRW1.2t). Upon completion, SK Horizon's ownership structure should be as follows: SKT (51%), KKR (29%), and the IMM consortium (20%). The key strategic outcome is that SKT will retain majority control and generate a substantial cash inflow. Moreover, SKT will leverage external capital to diversify its funding of large-scale infrastructure investments. The raised capital is expected to be used primarily to: 1) construct new AI data centers in Ulsan and Guro; and 2) develop additional infrastructure projects.

**AI data center portfolio to follow duel-track strategy:** With this spin-off, SKT's AI infrastructure business is set to adopt a clear two-track structure. While SKT should continue to oversee global big-tech partnerships and SK Group-wide AI initiatives, SK Horizon is expected to focus exclusively on: 1) optimizing SK Group's existing megawatt-scale infrastructure operations; and 2) expanding its data center capacity and submarine cable networks. In parallel, SK Hyper is expected to concentrate on developing large-scale, next-generation hyperscale mega-projects targeting 5 GW in data center capacity by end-2029 and 15 GW by end-2035—the projects will require substantial land acquisitions and power-supply commitments. The planned separation has enhanced the visibility of SKT's original data center capacity target of 318 MW and KRW1t in data center revenue *pa* by 2030, while maximizing execution efficiency. By isolating the risks associated with developing long-term mega-projects (by tapping stable cash flows from existing infrastructure), the new business structure assigns distinct responsibilities to each entity.

**AI data center growth trajectory clearly defined:** The phased restructuring of its AI data center business model (through the establishment of dedicated subsidiaries) is turning SKT's long-term AI infrastructure vision into a tangible, executable roadmap. By spinning off capital-intensive infrastructure operations into separate entities and attracting external capital, SKT has significantly reduced its financial burden and secured a sustainable platform for aggressive expansion. The cash inflow (from the sale of existing shares in SK Horizon) is expected to enhance SKT's financial flexibility and capital-allocation options. With the Ulsan and Guro data centers under construction, the next phase of AI data center expansions should extend nationwide to key regions including Yeongnam, Chungcheong, and the Southwest. These expansions should underscore the importance of AI infra as one of SKT's core growth engines, driving sustained corporate value creation over the long term.

### Table 1. Overview of SK Broadband's spin-off

| Category | Surviving entity (SK Broadband) | New entity (SK Horizon) | Note |
|---|---|---|---|
| **Main Business** | Wired communications, IPTV, B2B enterprise solutions, etc. | AI data centers (including CDN services), submarine cables, etc. | Specialization of business portfolio |
| **Spin-off method** | - | Simple spin-off | SK Telecom, the existing shareholder, is allocated 100% of the equity |
| **Spin-off ratio** | 83.51% (0.8351323) | 16.49% (0.1648677) | Based on net asset book value |
| **Net asset value** | Around KRW2.4t | Around KRW475.8b | As of Mar 31, 2026 |
| **Sales for the most recent fiscal year** | KRW4.2t | KRW331.1b | |

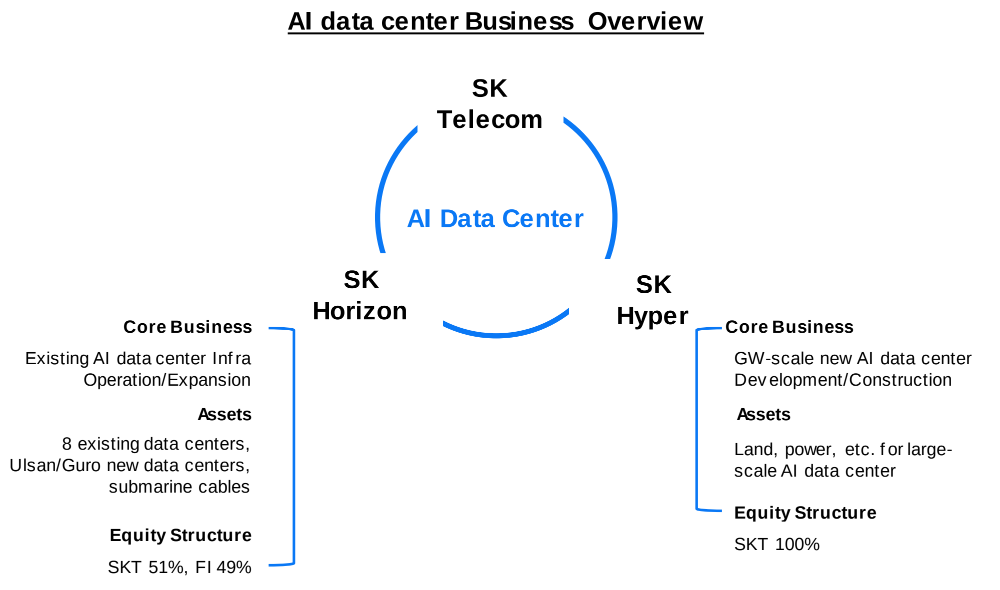
Note: SK Broadband's corporate spin-off decision disclosure (Aug 27, 2026)
Source: SK Telecom, SK Broadband, DART, Samsung Securities

### Table 2. Capital raised as a result of establishing SK Horizon and changing equity stakes in it

| | Shareholding ratio after split | Transaction method (existing shares/new shares) | Existing shares sales/Acquisition | New shares issued/acquired | Final equity stake |
|---|---|---|---|---|---|
| **SK Telecom (parent)** | 63.03% | Sale of existing shares | KRW1.9t | | 51% |
| **KKR** | 36.97% | Existing share purchase + new share capital increase | Purchase of existing shares (KRW1.9t) | New shares acquired (KRW1.2t) | 29% |
| **IMM-Stonebridge Consortium** | | Existing share acquisition + new share capital increase | | | 20% |
| **Total** | 100% | Sale of existing shares + Paid-in capital Increase | Total KRW3.1t | | 100% |

Note: 1. KKR (QUANTUM ASIA HOLDINGS II PTE. LTD.), IMM Consortium (Korea Digital Infrastructure Co., Ltd.); 2. The existing share disposal is scheduled for Mar 4, 2027.
Source: SK Telecom, SK Broadband, DART, Samsung Securities

### Chart 1. SK Telecom's AI data center business structure



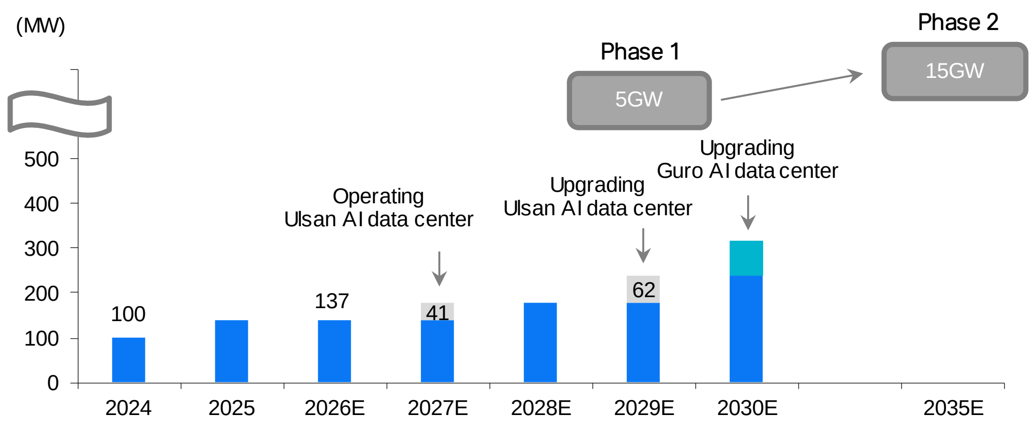

Source: SK Telecom, Samsung Securities

**Table 3. Data centers: 8 centers + α**

| Category | Location | Remarks | Capacity |
|---|---|---|---|
| SMA | Seocho | | |
| (7+α) | Ilshan 1 | | |
| | Bundang | | |
| | Gasan | | 46 MW |
| | Ilsan 2 | | |
| | Yangju | | |
| | Pangyo | Acquired from SK AX in 2025 | 30 MW |
| | Guro (planned) | Target operation in 2030 | |
| Non-metropolitan areas | Busan Centum | | |
| (1 site+α) | Ulsan | Target: 2027 (Phase 1), 2029 (Phase 2) | Stage 1 (41 MW), Stage 2 (103 MW, cumulative) |

Note: As of Aug 2026, 7data centers are operating in the Seoul Metropolitan Area (SMA) and one in the provinces, with construction of data centers in Guro and Ulsan underway.
Source: Company data, Samsung Securities

**Chart 2. SK Telecom's data center capacity and expansion plan**




Note: 137 MW as of 2026
Source: Company data, Samsung Securities

**Table 4. SK-AWS Ulsan AI data center project**

| Category | Detail |
| --- | --- |
| Location | Ulsan Mipo National Industrial Complex |
| Total investment | About KRW7t |
| Participating companies | SK Group's affiliates, Amazon Web Service (AWS)<br>- SK Broadband (SK Telecom): Cloud network infrastructure<br>- SK Hynix: Supply of HBM-based AI semiconductors<br>- SK Innovation and ·SK Gas: Power supply via LNG cogeneration plant<br>- SK Ecoplant: Design, construction, and eco-friendly infrastructure<br>- SK AX: IT infrastructure integration and data center operation |
| Purpose | Construction and operation of a hyperscale AI data center<br>- Secure high-performance AI computing infrastructure to strengthen Korea's AI competitiveness |
| Key features | 1) Largest in Korea: The nation's first and largest hyperscale AI-dedicated data center<br>2) Location: 10,000-pyeong site adjacent to the SKMU power plant<br>3) Eco-friendly AI DC: Highest efficiency in Korea, powered by LNG-based district electricity<br>4) Global partner AWS: Partnership with AWS, the world's No.1 cloud provider, to boost domestic AI capabilities and growth |
| Ground breaking | Sep 1, 2025 |
| Operation starts | Phase 1: Nov 2027 (41 MW) / Phase 2: Feb 2029 (103 MW) |

Note: SK Broadband acquired land and buildings in Nam-gu, Ulsan from SK Chemicals for KRW28.3b on Apr 17, 2025;
SK-AWS held a contract signing ceremony, officially announcing the construction of the Ulsan AI data center;
SK Broadband will serve as the owner and operator of the Ulsan AI data center

Source: Company data, Samsung Securities

**Table 5. Disclosure on long-term data center development plan**

| Category | Details |
| --- | --- |
| **Future Plan** | Initiative for long-term development of AI data centers |
| **Objective** | To respond to growing demand for AI data centers |
| **Key Details** | 1) Evaluate phased implementation of a total 15 GW AI data center (AIDC) development program over the medium to long term<br>2) Phase 1: Target to gradually launch a 5 GW AIDC starting in 2029<br>3) Subject to progress of Phase 1 and market demand, plan to sequentially expand by an additional 10 GW by 2035 |
| **Funding Source** | Exploring funding options through strategic partnerships with global big tech firms and overseas capital, utilizing diverse investment structures |
| **Investment Scale** | To be determined based on timing of implementation, investment structure, and terms |
| **Expected Impact** | Capture new business opportunities by meeting rising demand for AI infrastructure |

Note: Disclosure of Future Business Strategy (Jun 29, 2026)

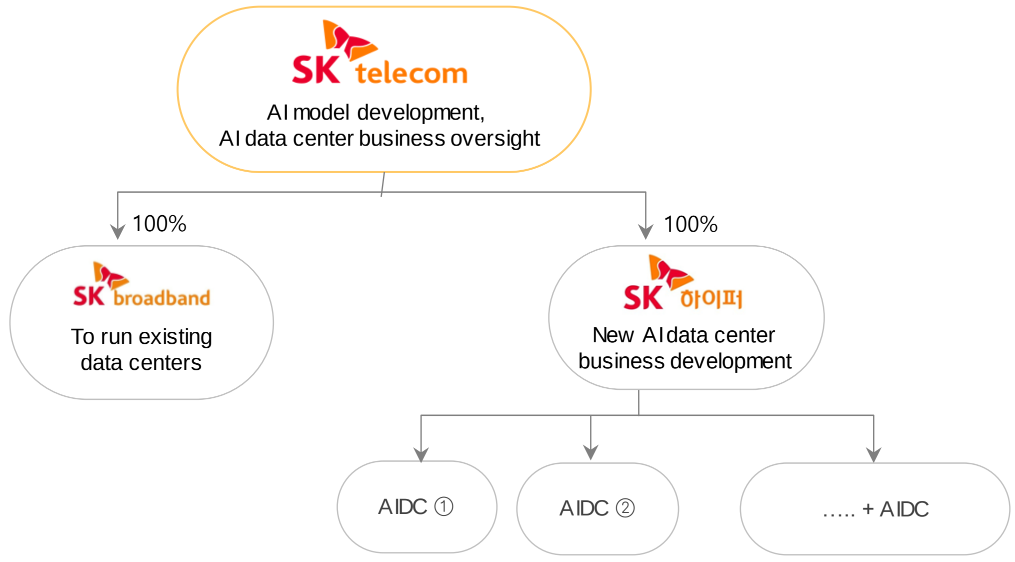
Source: Dart, Samsung Securities

### Table 6. Public disclosure on the establishment of SK Hyper

| Category | Details | |
|---|---|---|
| Title | Decision on Establishment and Equity Investment in SK Hyper | |
| Key Highlights | 1) SK Telecom decided to establish and invest in SK Hyper | |
| | 2) Issuing Company | |
| | - Company Name | SK Hyper |
| | - CEO | Seok-geun Jeong |
| | - Primary Business | AI data center business, etc. |
| | 3) Shares to be Acquired | |
| | - Number of Shares | 1.875m shares |
| | - Acquisition Amount | KRW750b |
| | - Expected Acquisition Date | KRW330b (by Jul 2026) |
| | | KRW420b (to be invested based on business progress, by Dec 31, 2030) |
| | 4) Acquisition Method | Cash investment |
| | 5) Purpose of Acquisition | Strengthening competitiveness in the AI data center business |

Note: Public disclosure on major management matters related to investment decisions and acquisition of shares in other corporations (Jul 23, 2026)
Source: Company data, Samsung Securities

### Chart 3. SK Telecom's AI data center value chain




Source: Company data, Samsung Securities

## Income statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Sales** | **17,941** | **17,099** | **17,712** | **18,132** | **18,639** |
| Cost of goods sold | 0 | 0 | 0 | 0 | 0 |
| **Gross profit** | **17,941** | **17,099** | **17,712** | **18,132** | **18,639** |
| Gross margin (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| SG&A expenses | 16,117 | 16,026 | 15,768 | 16,037 | 16,367 |
| **Operating profit** | **1,823** | **1,073** | **1,944** | **2,095** | **2,272** |
| Operating margin (%) | 10.2 | 6.3 | 11.0 | 11.6 | 12.2 |
| **Non-operating gains (losses)** | **-62** | **-351** | **-201** | **-221** | **-213** |
| Financial profit | 355 | 219 | 187 | 185 | 185 |
| Financial costs | 606 | 482 | 446 | 411 | 396 |
| Equity-method gains (losses) | 322 | -64 | 27 | -4 | -2 |
| Other | -133 | -25 | 31 | 10 | -1 |
| **Pre-tax profit** | **1,762** | **722** | **1,743** | **1,874** | **2,060** |
| Taxes | 375 | 347 | 411 | 446 | 492 |
| Effective tax rate (%) | 21.3 | 48.1 | 23.6 | 23.8 | 23.9 |
| Profit from continuing operations | 1,387 | 375 | 1,332 | 1,428 | 1,568 |
| Profit from discontinued operations | 0 | 0 | 0 | 0 | 0 |
| **Net profit** | **1,387** | **375** | **1,332** | **1,428** | **1,568** |
| Net margin (%) | 7.7 | 2.2 | 7.5 | 7.9 | 8.4 |
| Net profit (controlling interests) | 1,250 | 408 | 1,351 | 1,438 | 1,574 |
| Net profit (non-controlling interests) | 137 | -33 | -18 | -10 | -6 |
| EBITDA | 5,523 | 4,663 | 5,597 | 5,864 | 6,158 |
| EBITDA margin (%) | 30.8 | 27.3 | 31.6 | 32.3 | 33.0 |
| EPS (parent-based) (KRW) | 5,810 | 1,901 | 6,288 | 6,696 | 7,328 |
| EPS (consolidated) (KRW) | 6,446 | 1,746 | 6,203 | 6,648 | 7,300 |
| Adjusted EPS (KRW)* | 5,810 | 1,901 | 6,288 | 6,696 | 7,328 |

## Balance sheet

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Current assets** | **7,477** | **6,727** | **7,910** | **7,949** | **8,283** |
| Cash & equivalents | 2,024 | 1,490 | 2,173 | 2,190 | 2,236 |
| Accounts receivable | 1,989 | 1,919 | 2,094 | 2,152 | 2,274 |
| Inventories | 210 | 168 | 185 | 189 | 200 |
| Other current assets | 3,254 | 3,151 | 3,458 | 3,419 | 3,573 |
| **Fixed assets** | **23,039** | **23,381** | **24,215** | **24,748** | **25,256** |
| Investment assets | 4,476 | 5,763 | 6,526 | 6,732 | 6,895 |
| Tangible assets | 12,617 | 11,902 | 12,108 | 12,459 | 12,809 |
| Intangible assets | 4,267 | 3,783 | 3,686 | 3,648 | 3,617 |
| Other long-term assets | 1,678 | 1,933 | 1,895 | 1,910 | 1,935 |
| **Total assets** | **30,515** | **30,108** | **32,125** | **32,697** | **33,539** |
| **Current liabilities** | **9,224** | **6,530** | **6,583** | **6,359** | **6,454** |
| Accounts payable | 127 | 111 | 119 | 119 | 123 |
| Short-term debt | 100 | 130 | 130 | 130 | 130 |
| Other current liabilities | 8,998 | 6,289 | 6,334 | 6,110 | 6,201 |
| **Long-term liabilities** | **9,463** | **10,623** | **10,215** | **10,337** | **10,313** |
| Bonds & long-term debt | 6,567 | 7,594 | 7,354 | 7,329 | 7,329 |
| Other long-term liabilities | 2,897 | 3,028 | 2,860 | 3,008 | 2,984 |
| **Total liabilities** | **18,688** | **17,152** | **16,798** | **16,696** | **16,767** |
| **Owners of parent equity** | **11,699** | **12,863** | **15,253** | **15,938** | **16,715** |
| Capital stock | 30 | 30 | 30 | 30 | 30 |
| Capital surplus | 1,771 | 1,771 | 1,771 | 1,771 | 1,771 |
| Retained earnings | 22,976 | 22,938 | 23,758 | 24,442 | 25,220 |
| Other | -13,079 | -11,877 | -10,306 | -10,306 | -10,306 |
| **Non-controlling interests' equity** | **129** | **92** | **74** | **64** | **58** |
| **Total equity** | **11,828** | **12,955** | **15,327** | **16,001** | **16,772** |
| Net debt | 8,604 | 9,030 | 7,364 | 7,306 | 7,144 |

## Cash flow statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Cash flow from operations** | **5,087** | **3,924** | **5,072** | **5,103** | **5,343** |
| Net profit | 1,387 | 375 | 1,332 | 1,428 | 1,568 |
| Non-cash profit and expenses | 4,313 | 4,437 | 4,212 | 4,372 | 4,516 |
| Depreciation | 3,700 | 3,590 | 3,652 | 3,769 | 3,886 |
| Amortization | 0 | 0 | 0 | 0 | 0 |
| Other | 613 | 846 | 559 | 602 | 630 |
| Changes in A/L from operating activities | -109 | -144 | 128 | -83 | -102 |
| **Cash flow from investments** | **-2,712** | **-1,737** | **-3,923** | **-4,063** | **-4,264** |
| Change in tangible assets | -2,440 | -1,966 | -3,858 | -4,121 | -4,235 |
| Change in financial assets | -213 | 201 | -156 | 17 | -50 |
| Other | -59 | 28 | 91 | 41 | 21 |
| **Cash flow from financing** | **-1,810** | **-2,712** | **-1,394** | **-870** | **-893** |
| Change in debt | -192 | -388 | -845 | -99 | -80 |
| Change in equity | 0 | 0 | 0 | 0 | 0 |
| Dividends | -804 | -628 | -530 | -754 | -797 |
| Other | -814 | -1,695 | -18 | -17 | -16 |
| Change in cash | 569 | -534 | 683 | 16 | 47 |
| Cash at beginning of year | 1,455 | 2,024 | 1,490 | 2,173 | 2,190 |
| Cash at end of year | 2,024 | 1,490 | 2,173 | 2,190 | 2,236 |
| **Gross cash flow** | **5,700** | **4,812** | **5,544** | **5,800** | **6,084** |
| **Free cash flow** | **2,600** | **1,717** | **1,215** | **982** | **1,108** |

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

## Financial ratios

| Year-end Dec 31 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Growth (%)** | | | | | |
| Sales | 1.9 | -4.7 | 3.6 | 2.4 | 2.8 |
| Operating profit | 4.0 | -41.1 | 81.2 | 7.7 | 8.5 |
| Net profit | 21.0 | -73.0 | 255.2 | 7.2 | 9.8 |
| Adjusted EPS** | 16.3 | -67.3 | 230.7 | 6.5 | 9.4 |
| **Per-share data (KRW)** | | | | | |
| EPS (parent-based) | 5,810 | 1,901 | 6,288 | 6,696 | 7,328 |
| EPS (consolidated) | 6,446 | 1,746 | 6,203 | 6,648 | 7,300 |
| Adjusted EPS** | 5,810 | 1,901 | 6,288 | 6,696 | 7,328 |
| BVPS | 54,952 | 60,395 | 71,596 | 74,807 | 78,455 |
| DPS (common) | 3,540 | 1,660 | 3,540 | 3,590 | 3,840 |
| **Valuations (x)** | | | | | |
| P/E*** | 9.5 | 28.1 | 15.7 | 14.7 | 13.5 |
| P/B*** | 1.0 | 0.9 | 1.4 | 1.3 | 1.3 |
| EV/EBITDA | 3.7 | 4.4 | 5.1 | 4.9 | 4.6 |
| **Ratios (%)** | | | | | |
| ROE | 10.8 | 3.3 | 9.6 | 9.2 | 9.6 |
| ROA | 4.6 | 1.2 | 4.3 | 4.4 | 4.7 |
| ROIC | 7.7 | 3.1 | 8.2 | 8.7 | 9.2 |
| Payout ratio | 60.3 | 86.5 | 55.8 | 53.2 | 52.0 |
| Dividend yield (common) | 6.4 | 3.1 | 3.6 | 3.6 | 3.9 |
| Net debt to equity | 72.7 | 69.7 | 48.0 | 45.7 | 42.6 |
| Interest coverage (x) | 4.5 | 2.8 | 5.5 | 6.2 | 7.1 |

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- As of 8/31 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
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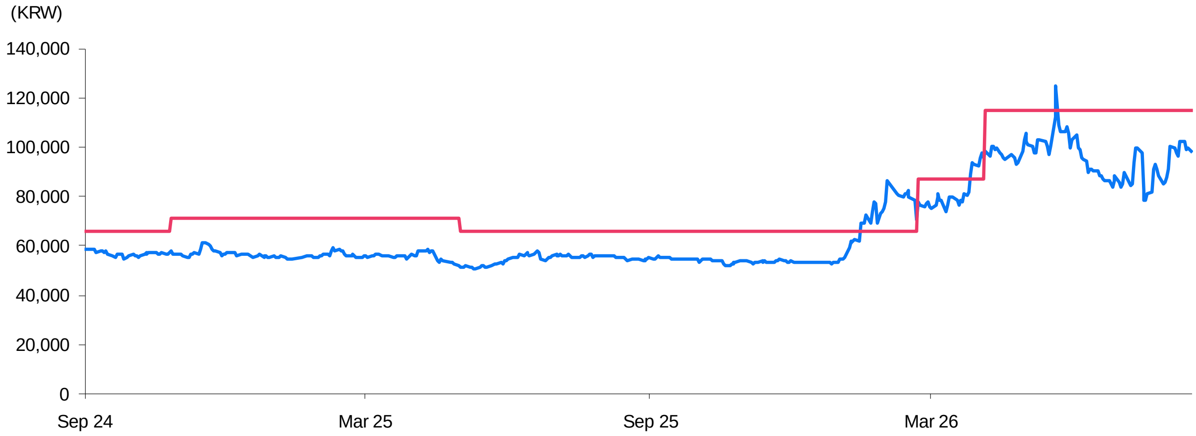
## Target price changes in past two years




## Rating changes over past two years (adjusted share prices)

| Date | 2024/7/17 | 11/7 | 2025/5/13 | 2026/3/5 | 4/17 |
|---|---|---|---|---|---|
| Recommendation | BUY | BUY | BUY | BUY | BUY |
| Target price (KRW) | 66000 | 71000 | 66000 | 87000 | 115000 |
| Gap* (average) | -15.43 | -20.65 | -13.50 | -5.94 | |
| (max or min)** | -11.52 | -13.38 | 31.06 | 12.76 | |

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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**BUY** Expected to increase in value by 15% or more within 12 months and is highly attractive within sector

**HOLD** Expected to increase/decrease in value by less than 15% within 12 months

**SELL** Expected to decrease in value by 15% or more within 12 months

**Industry**

**OVERWEIGHT** Expected to outperform market by 5% or more within 12 months

**NEUTRAL** Expected to outperform/underperform market by less than 5% within 12 months

**UNDERWEIGHT** Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

**Percentage of ratings in 12 months prior to 2026.06.30**

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

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