

## SK Telecom – Q3 25 Quick Take: Dividend cut

By Chris Hoare October 30, 2025

What's new: Numbers were in-line with expectations, but shares fell slightly today due to the absence of dividends this quarter, implying a dividend cut for the year. Nevertheless, with the overhang on the data breach fine removed and recovery now in progress, we think SKT's valuation is compelling for investors who can look past this year. We therefore stay Buyers with a KRW 78k price target.

## Key takeaway:

- 3Q25 performance was as expected as SKT had previously announced a 50% discount on August's bills as part of its <u>Customer Appreciation Package</u>. Both revenue and EBITDA were in-line with consensus. The company has also paid off the one-time fine (KRW134.8bn) to PIPC. The key source of disappointment however is the absence of dividends in Q3 given this quarter's net loss and the lack of dividend visibility from management on the call. We had assumed dividends to stay flat for the year while consensus anticipated a 1% drop.
- Nevertheless, we see signs of recovery. SK broadband improved to 3.4% YoY from 2.5% on B2B strength.
  AIDC accelerated to 54% YoY through the Pangyo DC acquisition and together with AIDC now forms 5% of
  revenue, up from 3% previously. As a reminder, SKT's medium-term goal is to double its capacity from
  137MW today to at least 300MW by 2030, aided by the Ulsan AI DC which is set to operate from 2027.
  Altogether, SKT expects AIDC revenue to contribute KRW 1tn in sales by 2030.
- Based on the Group's KRW17tn revenue guidance for 2025, it implies another decline in Q4 albeit at a slower pace (-6% YoY) but consensus is more optimistic (-3% YoY).
- Having lost 1m subscribers last quarter, the resumption of mobile net additions (+130k) is encouraging.
  Management commentary suggests they have no intention on taking back subscriber share, which bodes well for the overall sector.
- To support its customer base, the company had introduced an e-SIM product called "Air" in October.

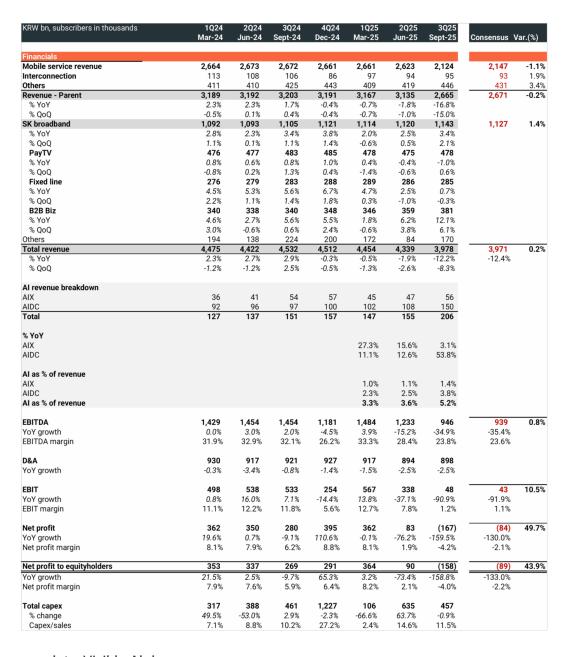


Targeted at the younger populace, it is an online-only registration with same-day SIM delivery. The plan starts from KRW 27k for 7GB to KRW58k for unlimited data and is likely to have limited impact on ARPU.

• SKT's domestic Personal AI Agent, A. surpassed the 10m subscriber mark. This comes 2 years after launch and the pathway to monetisation, either through an add-on or bundled service is expected to commence in 1H26. Within the B2C AI space, we remain somewhat sceptical on SKT's ability to drive good returns from its AI investments. Where we do see promise is its 2B use cases as SKT expects some revenue to start flowing through in Q4.

**Key Financials** 

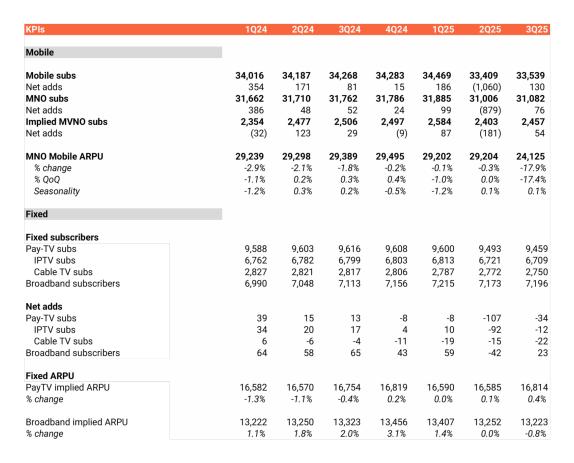




Source: Company data, Visible Alpha

## **Key Performance Indicators**





Source: Company data, New Street Research analysis

**Conclusion:** 3Q performance was as expected and the resumption of mobile net additions and improvement in SKB performance were encouraging. However, the lack of a quarterly dividend is negative. At current price levels however, valuation is compelling, and we see it as an opportunity to accumulate. We stay Buyers of SKT with a KRW 78k price target.



Full 12-month historical recommendation changes are available on request

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