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 Customer Appreciation Package. 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

KRW bn, subscribers in thousands	1Q24 Mar-24	2Q24 Jun-24	3Q24 Sept-24	4Q24 Dec-24	1Q25 Mar-25	2Q25 Jun-25	3Q25 Sept-25	Consensus	Var.(%)
Financials									
Mobile service revenue	**2,664**	**2,673**	**2,672**	**2,661**	**2,661**	**2,623**	**2,124**	**2,147**	**-1.1%**
Interconnection	113	108	106	86	97	94	95	93	1.9%
Others	411	410	425	443	409	419	446	431	3.4%
Revenue - Parent	**3,189**	**3,192**	**3,203**	**3,191**	**3,167**	**3,135**	**2,665**	**2,671**	**-0.2%**
% YoY	*2.3%*	*2.3%*	*1.7%*	*-0.4%*	*-0.7%*	*-1.8%*	*-16.8%*		
% QoQ	*-0.5%*	*0.1%*	*0.4%*	*-0.4%*	*-0.7%*	*-1.0%*	*-15.0%*		
SK broadband	**1,092**	**1,093**	**1,105**	**1,121**	**1,114**	**1,120**	**1,143**	**1,127**	**1.4%**
% YoY	*2.8%*	*2.3%*	*3.4%*	*3.8%*	*2.0%*	*2.5%*	*3.4%*		
% QoQ	*1.1%*	*0.1%*	*1.1%*	*1.4%*	*-0.6%*	*0.5%*	*2.1%*		
PayTV	**476**	**477**	**483**	**485**	**478**	**475**	**478**		
% YoY	*0.8%*	*0.6%*	*0.8%*	*1.0%*	*0.4%*	*-0.4%*	*-1.0%*		
% QoQ	*-0.8%*	*0.2%*	*1.3%*	*0.4%*	*-1.4%*	*-0.6%*	*0.6%*		
Fixed line	**276**	**279**	**283**	**288**	**289**	**286**	**285**		
% YoY	*4.5%*	*5.3%*	*5.6%*	*6.7%*	*4.7%*	*2.5%*	*0.7%*		
% QoQ	*2.2%*	*1.1%*	*1.4%*	*1.8%*	*0.3%*	*-1.0%*	*-0.3%*		
B2B Biz	**340**	**338**	**340**	**348**	**346**	**359**	**381**		
% YoY	*4.6%*	*2.7%*	*5.6%*	*5.5%*	*1.8%*	*6.2%*	*12.1%*		
% QoQ	*3.0%*	*-0.6%*	*0.6%*	*2.4%*	*-0.6%*	*3.8%*	*6.1%*		
Others	194	138	224	200	172	84	170		
Total revenue	**4,475**	**4,422**	**4,532**	**4,512**	**4,454**	**4,339**	**3,978**	**3,971**	**0.2%**
% YoY	*2.3%*	*2.7%*	*2.9%*	*-0.3%*	*-0.5%*	*-1.9%*	*-12.2%*	-12.4%	
% QoQ	*-1.2%*	*-1.2%*	*2.5%*	*-0.5%*	*-1.3%*	*-2.6%*	*-8.3%*		
AI revenue breakdown									
AIX	36	41	54	57	45	47	56		
AIDC	92	96	97	100	102	108	150		
Total	**127**	**137**	**151**	**157**	**147**	**155**	**206**		
% YoY									
AIX					27.3%	15.6%	3.1%		
AIDC					11.1%	12.6%	53.8%		
AI as % of revenue									
AIX					1.0%	1.1%	1.4%		
AIDC					2.3%	2.5%	3.8%		
AI as % of revenue					**3.3%**	**3.6%**	**5.2%**		
EBITDA	**1,429**	**1,454**	**1,454**	**1,181**	**1,484**	**1,233**	**946**	**939**	**0.8%**
YoY growth	*0.0%*	*3.0%*	*2.0%*	*-4.5%*	*3.9%*	*-15.2%*	*-34.9%*	-35.4%	
EBITDA margin	31.9%	32.9%	32.1%	26.2%	33.3%	28.4%	23.8%	23.6%	
D&A	**930**	**917**	**921**	**927**	**917**	**894**	**898**		
YoY growth	*-0.3%*	*-3.4%*	*-0.8%*	*-1.4%*	*-1.5%*	*-2.5%*	*-2.5%*		
EBIT	**498**	**538**	**533**	**254**	**567**	**338**	**48**	**43**	**10.5%**
YoY growth	*0.8%*	*16.0%*	*7.1%*	*-14.4%*	*13.8%*	*-37.1%*	*-90.9%*	-91.9%	
EBIT margin	11.1%	12.2%	11.8%	5.6%	12.7%	7.8%	1.2%	1.1%	
Net profit	**362**	**350**	**280**	**395**	**362**	**83**	**(167)**	**(84)**	**49.7%**
YoY growth	*19.6%*	*0.7%*	*-9.1%*	*110.6%*	*-0.1%*	*-76.2%*	*-159.5%*	-130.0%	
Net profit margin	8.1%	7.9%	6.2%	8.8%	8.1%	1.9%	-4.2%	-2.1%	
Net profit to equityholders	**353**	**337**	**269**	**291**	**364**	**90**	**(158)**	**(89)**	**43.9%**
YoY growth	*21.5%*	*2.5%*	*-9.7%*	*65.3%*	*3.2%*	*-73.4%*	*-158.8%*	-133.0%	
Net profit margin	7.9%	7.6%	5.9%	6.4%	8.2%	2.1%	-4.0%	-2.2%	
Total capex	**317**	**388**	**461**	**1,227**	**106**	**635**	**457**		
% change	*49.5%*	*-53.0%*	*2.9%*	*-2.3%*	*-66.6%*	*63.7%*	*-0.9%*		
Capex/sales	7.1%	8.8%	10.2%	27.2%	2.4%	14.6%	11.5%		

Source: Company data, Visible Alpha

Key Performance Indicators

KPIs	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25
Mobile							
Mobile subs	**34,016**	**34,187**	**34,268**	**34,283**	**34,469**	**33,409**	**33,539**
Net adds	354	171	81	15	186	(1,060)	130
MNO subs	**31,662**	**31,710**	**31,762**	**31,786**	**31,885**	**31,006**	**31,082**
Net adds	386	48	52	24	99	(879)	76
Implied MVNO subs	**2,354**	**2,477**	**2,506**	**2,497**	**2,584**	**2,403**	**2,457**
Net adds	(32)	123	29	(9)	87	(181)	54
MNO Mobile ARPU	**29,239**	**29,298**	**29,389**	**29,495**	**29,202**	**29,204**	**24,125**
% change	*-2.9%*	*-2.1%*	*-1.8%*	*-0.2%*	*-0.1%*	*-0.3%*	*-17.9%*
% QoQ	*-1.1%*	*0.2%*	*0.3%*	*0.4%*	*-1.0%*	*0.0%*	*-17.4%*
Seasonality	*-1.2%*	*0.3%*	*0.2%*	*-0.5%*	*-1.2%*	*0.1%*	*0.1%*
Fixed							
Fixed subscribers							
Pay-TV subs	9,588	9,603	9,616	9,608	9,600	9,493	9,459
IPTV subs	6,762	6,782	6,799	6,803	6,813	6,721	6,709
Cable TV subs	2,827	2,821	2,817	2,806	2,787	2,772	2,750
Broadband subscribers	6,990	7,048	7,113	7,156	7,215	7,173	7,196
Net adds							
Pay-TV subs	39	15	13	-8	-8	-107	-34
IPTV subs	34	20	17	4	10	-92	-12
Cable TV subs	6	-6	-4	-11	-19	-15	-22
Broadband subscribers	64	58	65	43	59	-42	23
Fixed ARPU							
PayTV implied ARPU	16,582	16,570	16,754	16,819	16,590	16,585	16,814
% change	*-1.3%*	*-1.1%*	*-0.4%*	*0.2%*	*0.0%*	*0.1%*	*0.4%*
Broadband implied ARPU	13,222	13,250	13,323	13,456	13,407	13,252	13,223
% change	*1.1%*	*1.8%*	*2.0%*	*3.1%*	*1.4%*	*0.0%*	*-0.8%*

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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