

PRESS RELEASE

The hypercompetitive South Korea mobile operator space has resulted in lower margins for Korean carriers, according to new mobile operator market research report by IEMR

Vancouver, October 16, 2008 – IE Market Research Corp. (IEMR), the Canadian-based provider of market intelligence services, announced today the release of its 4Q08 South Korea Mobile Operator Forecast.

“While top line metrics remained strong in Korea, Margins remain under pressure in Korea, hitting a new low of 27% of service revenues for 2Q08,” said Koichi Miyazawa, Principal Research Associate at IEMR. “Margin pressure was most severe this quarter for SKT and KTF,” said Mr. Miyazawa.

According to IEMR’s Mobile Operator Forecast for South Korea, ARPU levels were down only -1.3% and subscriber growth was a still robust +6.3%. This resulted in a 5.6% growth in service revenue. Voice RPM was up in 2Q08 (+1.6%), while data ARPU continued to decline (by -11% in 2Q08). Despite fierce competition, market shares have been stable in terms of both subscribers and revenues, with SKT ceding revenue market share at the margin to KTF.

“The overall mobile operator market in South Korea has been depressed by KTF, which saw EBITDA fall 30% YoY and margins contract by 9.5 pts to 11.5% in 2Q08, despite service revenue growth of 10%. This margin pressure came largely from high aggressive handset promotions to accelerate customer migration from CDMA to WCDMA,” said Mr. Miyazawa.

IEMR’s South Korea Mobile Operator Forecast covers up to 65 financial and operational metrics on the three wireless operators in the country. Notable highlights of the 4Q08 South Korea Mobile Operator Forecast include:

- The wireless market in South Korea will continue to expand in the coming years. We forecast that the number of total subscribers will increase from 43.5 million in 2007 to our forecasted 48.5 million in 2010 (previously 48.4 million in 2010).
- The level of wireless penetration in South Korea will increase from 89.8% in 2007 to 99.6% in 2010 (previously 99.2% in 2010).
- The three operators - SK Telecom, KTF and LG Telecom – will continue to show relatively stable subscriber market shares at 50.3%, 31.5% and 18.2% respectively over the forecast period of 2008 – 2010.

- SK Telecom will continue to enjoy the lowest monthly churn among the three competitors in 2010 at around 2.7% (previously 1.6%). In 2010, SK Telecom will also receive the highest ARPU in the country at KRW 41,460.

- Given the declines in ARPUs, we have lowered our EBITDA margin forecasts across the board for all South Korean Operators. We are still forecasting that SK Telecom, the largest operator, will have the highest EBITDA margins at 36.6% (previously 38.8%).

IEMR's Global Mobile Operator Forecast covers up to 65 operational metrics of 213 mobile operators in 50+ countries, making up 80% of the world's population. Forecasts are based on our proprietary, country-specific forecasting models. These models deploy multiple regression analysis and cross-impact matrices that estimate relationships between subscriber data, technology use and deployment data, overall economic and demographic changes expected in a particular country; and relate these to company operational and financial metrics.

Companies Covered in this Country Mobile Operator Forecast

SK Telecom

KTF

LG Telecom

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About IE Market Research Corp.:

IE Market Research Corp. ("IEMR") is a market intelligence and business strategy consulting firm. Our goal is to assist our clients build value and compete in international markets. We build value in four sectors: wireless telecommunications, health care, finance, and government. We build value for our clients by undertaking international brand perception surveys, consumer satisfaction surveys, distributor/channel partner selection and due diligence, market size and opportunity assessments, competitor strategy assessments, government regulatory analysis, and public opinion surveys.

We offer a variety of research products including **CONSUMEREADY™** and **EXPORTREADY™**. **CONSUMEREADY™** provides detailed demographic information on brand strengths and marketing strategies that are crucial to know when competing in international markets. **EXPORTREADY™** is based on our on-going business strategy research that allows us to establish strengths and weaknesses of firms in a wide variety of areas, ranging from intellectual property portfolios to strengths of marketing strategies to quality of engineering. These results are highlighted in our **EXPORTREADY™** publications and form a valuable tool for firms wanting to strategize their market entry options in international markets.

Our corporate values are: Top-Quality Service to Clients, Commitment to see the Client Succeed, Excellence and Integrity in Research, Transparency and Respect toward our Employees. These core values drive all of our research and every client engagement.

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