

# kt skylife

## 2021 2Q Earnings Release

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# 01 Financial Highlights – Profit

**2Q 2021 Operating profit 19 bn.**(YoY 20.7%↓, QoQ 4.5% ↑ ), **Net profit 16 bn.**, **EBITDA 34 bn.**

- **YoY** : Decrease in an OTS subscription profit, increase in TPS marketing and advertisement expenses (21.2Q) and a base effect due to delayed PP contract ('20.2Q) resulted in decrease in an overall operating profit.
- **QoQ** : An operating profit increased due to increase in internet and mobile subscribers and expansion of commerce B2B business.



## Summary: Income Statement

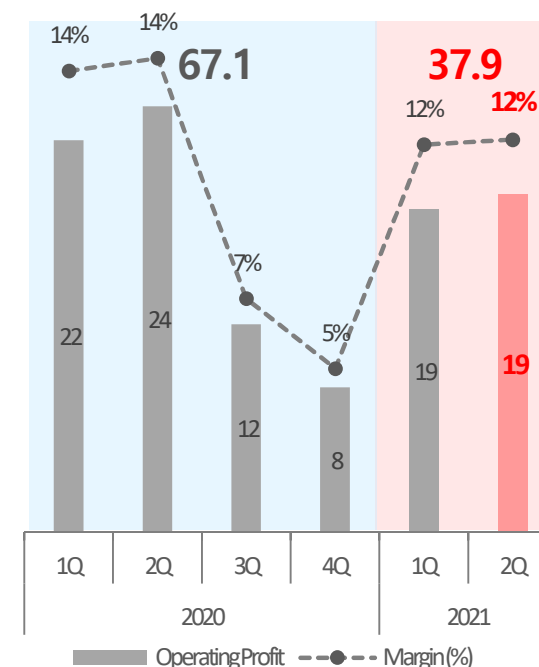
(\* K-IFRS separate income statement, Unit: billion KRW)

Category	FY 2020					FY 2021				
	1Q	2Q	3Q	4Q	Annual	1Q	2Q	YoY	QoQ	Annual
Operating Revenue	159	168	167	166	660	156	161	-4%	3%	317
Operating Expense	137	144	155	158	593	138	142	-2%	3%	279
Operating Profit	22	24	12	8	67	19	19	-21%	4%	38
Margin (%)	14%	14%	7%	5%	10%	12%	12%	-17%	1%	12%
Net Profit	18	20	10	10	58	15	16	-19%	3%	31
Margin (%)	11%	12%	6%	6%	9%	10%	10%	-16%	0%	10%
EBITDA	39	41	28	24	131	34	34	-16%	1%	68
Margin (%)	24%	24%	17%	14%	20%	22%	21%	-12%	-2%	21%



## Operating Profit

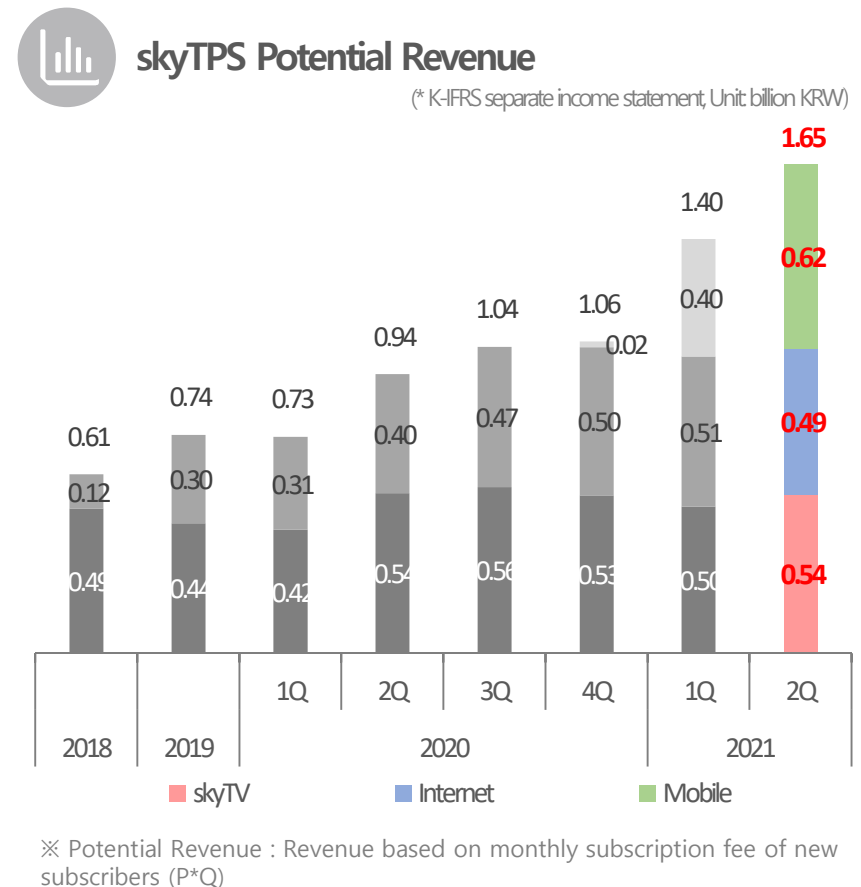
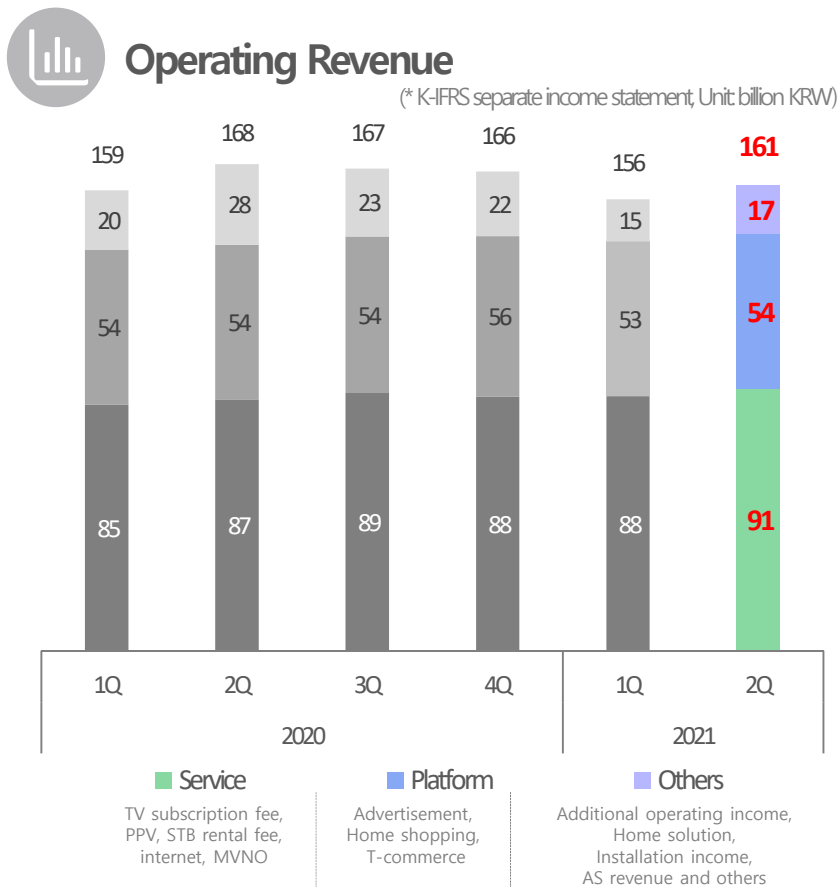
(\* K-IFRS separate income statement, Unit: billion KRW)



# 01 Financial Highlights – Operating Revenue

2Q 2021 Operating revenue 161.2 bn.(YoY 4.3%↓, QoQ 3.2%↑), skyTPS potential revenue 1.7 bn. (YoY 75.5%↑, QoQ 17.9%↑)

- **Operating revenue** : In comparison to 2Q 2020, a service revenue increased by 3.7 bn. KRW due to increase in TPS subscribers, while an other revenue decreased by 11.1 bn. KRW due to closure of a funeral related business.
- **skyTPS potential revenue** : The potential service revenue attained 1.65 bn. KRW which in comparison to 2Q 2020, increase by 0.71 bn. KRW (75.5%) due to increase in mobile unlimited data plan subscribers.



# 01 Financial Highlights – Operating Expense

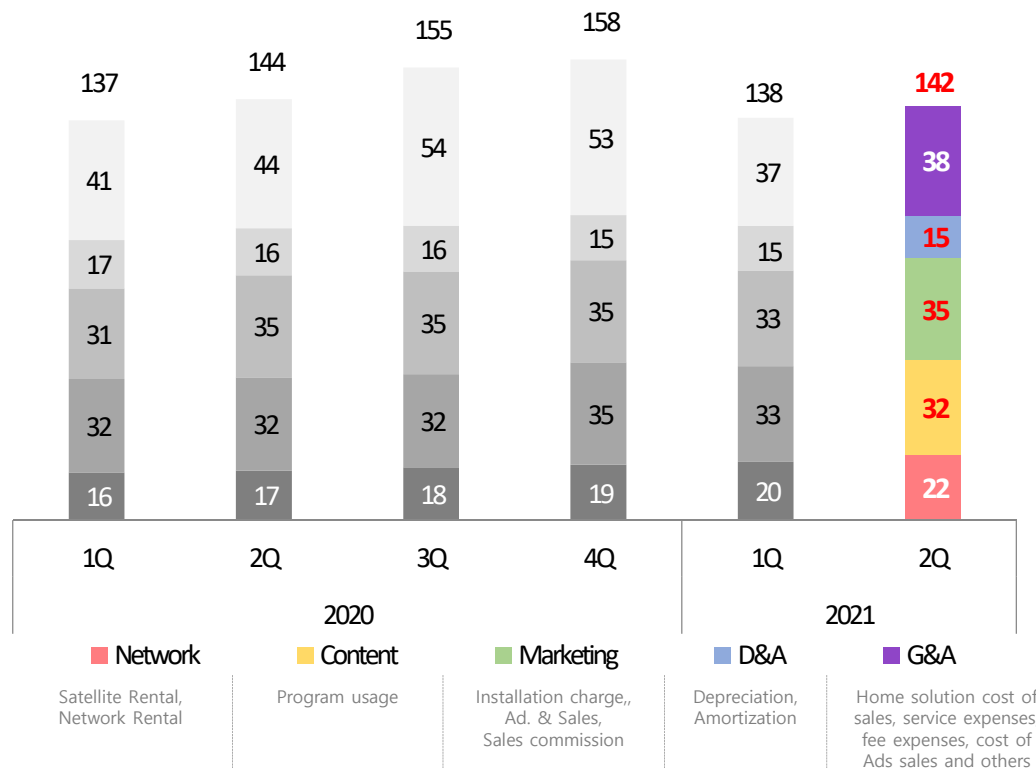
**2Q 2021 Operating expense 141.8 bn.**(YoY 1.5% ↓, QoQ 3.0% ↑)

- **YoY** : Effect of increase in internet and mobile subscribers resulted in increase in a network expense (31% ↑), while closure of a funeral related business resulted in a G&A decrease (14.7% ↓).
- **QoQ** : Effect of increase in internet and mobile subscribers resulted in increase in a network expense (12% ↑) and a marketing expense increased due to increase in advertisement (9.3% ↑).



## Operating Expense

(\* K-IFRS separate income statement, Unit: billion KRW)



## Comparison of the operating expense executions YoY

- **Network** : 31.3% increase in a network expense due to internet and mobile subscribers.
- **Contents** : 1.5% increase due to the 2020 PP contract.
- **Marketing** : 0.2% decrease due to sales commission decrease by decrease in OTS sales.
- **D&A** : 9.1% decrease due to STB and other depreciation expense decrease.
- **G&A** : 14.7% decrease due to decrease in a funeral related business cost.

# 01 Financial Highlights – skylife TV

**2Q Operating revenue 17.9 bn.**(YoY 28.4% ↑, QoQ 16.2% ↑), **Operating profit 3.7 bn., Net profit 2.5 bn.**

- **YoY** : An operating revenue and an operating profit increased by 4 bn. KRW (28% ↑) and 2.1 bn. KRW (129%) respectively, due to growth in advertisement through original contents (Steel Troops and more).
- **QoQ** : Achieved 9 bn. in the advertisement revenue, which is 46% increase in comparison to 1Q 2021 and the highest quarterly advertisement revenue since the company was founded.

**21.2Q Cumulative operating income reached 6.9 bn., surpassing 2020 overall operating income (6.7 bn.) within second quarters.**



## Summary: Income Statement

(\* K-IFRS separate income statement, Unit: billion KRW)

Category	FY 2020					FY 2021				
	1Q	2Q	3Q	4Q	Annual	1Q	2Q	Cumulative	YoY	QoQ
<b>Operating Revenue</b>	13.5	13.9	14.4	15.3	57.1	15.4	17.9	33.2	28.4%	16.2%
Broadcast	7.4	7.4	7.6	7.6	30.1	7.6	6.8	14.4	-8.7%	-10.7%
<b>Contents</b>	0.8	0.2	0.6	0.5	<b>2.1</b>	1.4	<b>1.2</b>	<b>2.6</b>	413.8%	-14.9%
<b>Advertisement</b>	5.1	6.0	5.9	6.9	<b>23.9</b>	6.2	<b>9.0</b>	<b>15.2</b>	51.2%	45.6%
Others	0.2	0.3	0.2	0.3	1.0	0.2	0.9	1.0	222.4%	390.4%
<b>Operating Expense</b>	11.8	12.3	12.7	13.7	50.4	12.2	14.1	26.3	15.0%	16.1%
<b>Operating Profit</b>	1.7	1.6	1.7	1.7	6.7	3.2	<b>3.7</b>	<b>6.9</b>	128.9%	16.7%
<b>Net Profit</b>	0.6	1.2	1.2	1.3	4.4	2.4	2.5	4.9	114.9%	6.5%



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1 **Financial Highlights**

2 **Business Overview**

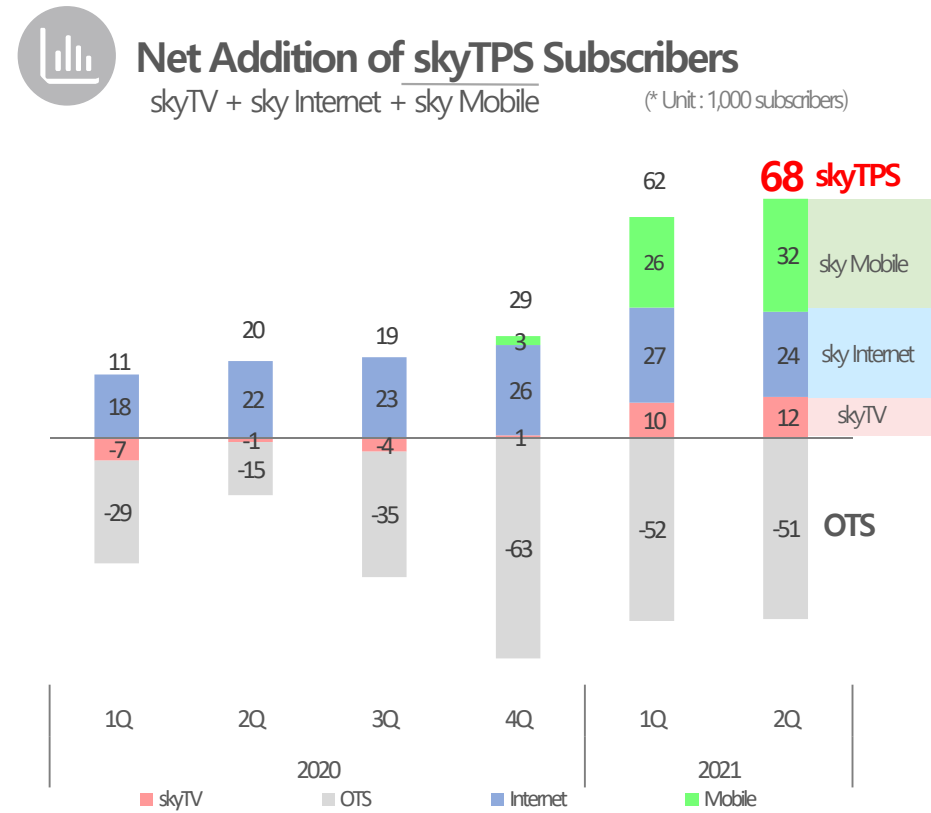
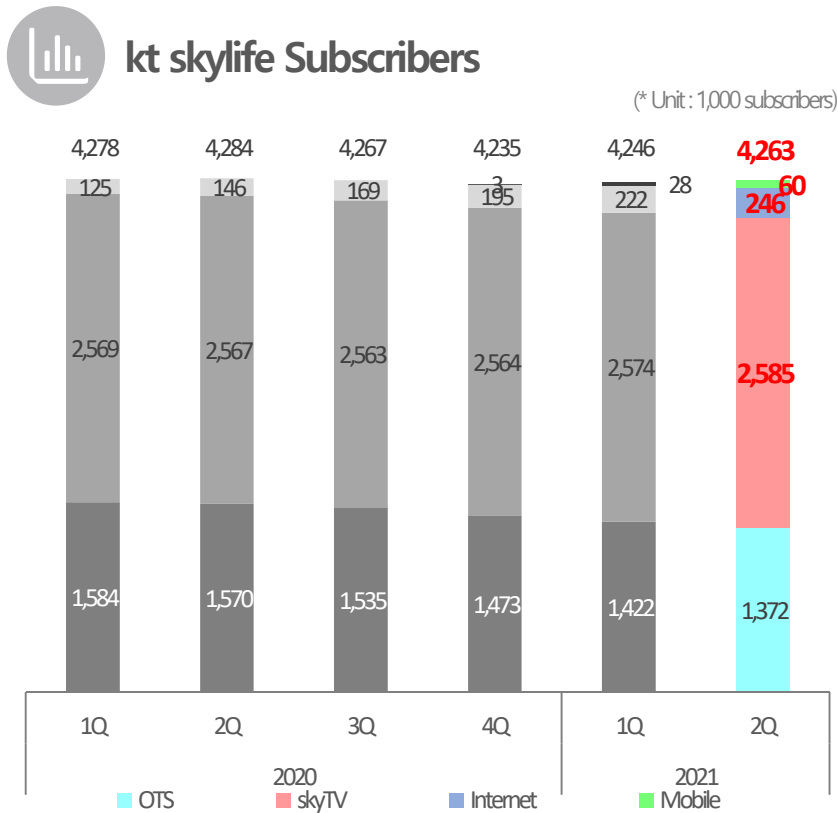
**Appendix**

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# 02 Business Overview – Subscriber: Total & Net Addition

2Q 2021 Achieved a net increase in kt skylife subscribers for two consecutive quarters, since 2021.

- **kt skylife subscribers** : Despite the 50K net decrease in OTS subscribers, the overall kt skylife subscribers increased by 17K, in comparison to 1Q 2021, and achieved total of 4,263K subscribers.
- **Net addition of skyTPS subscribers** : The skyTPS subscribers achieved net increase of 68K subscribers through net increase in skyTV for three consecutive quarters, maintaining a stable internet subscriber growth and aggressive sales of mobile service.

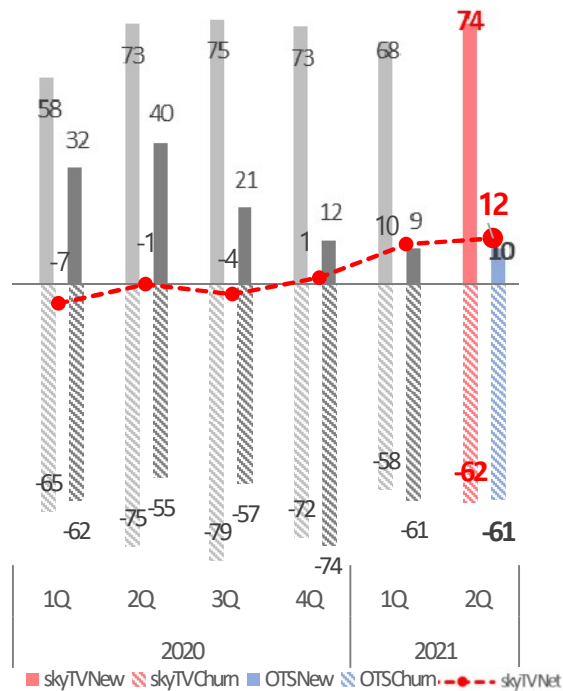


# 02 Business Overview – Subscriber: New vs. Deactivation

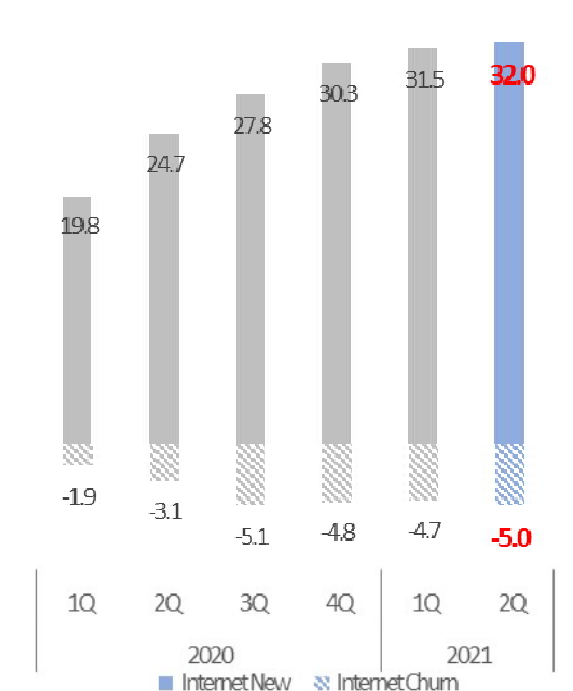
The number of new subscribers continues to increase, centered on the skyTPS subscribers.

- **TV** : Net decrease in the OTS subscribers continues, while the skyTV subscribers achieved net increase of 12K and the overall TV subscribers achieved net increase for three consecutive quarters, since 4Q 2020.
- **Internet** : Internet maintains strong growth trend by attaining 30.3K new internet subscribers with an average of 5K deactivation per quarters.
- **Mobile** : In comparison to 26.7K in 1Q 2021, achieved 26% growth by attaining 34K new mobile subscribers.

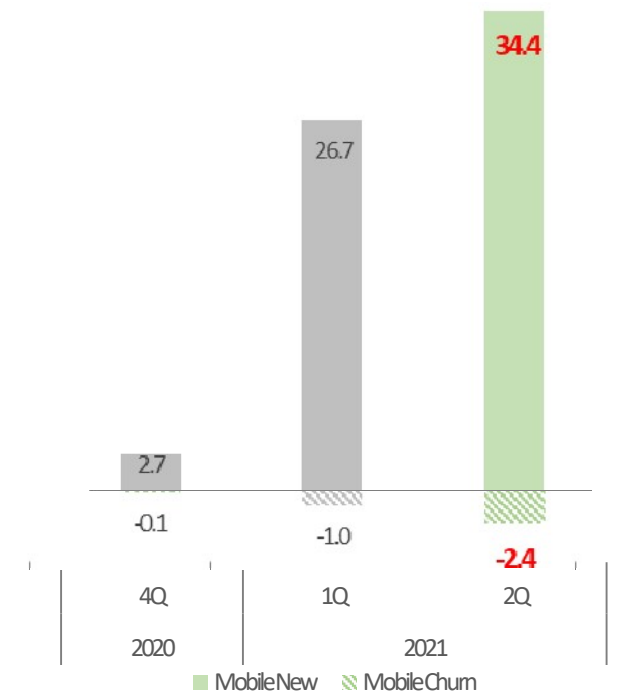
**TV: New and Deactivation**  
(\*Unit : 1,000 subscribers)



**Internet: New and Deactivation**  
(\* Unit : 1,000 subscribers)



**Mobile: New and Deactivation**  
(\* Unit : 1,000 subscribers)

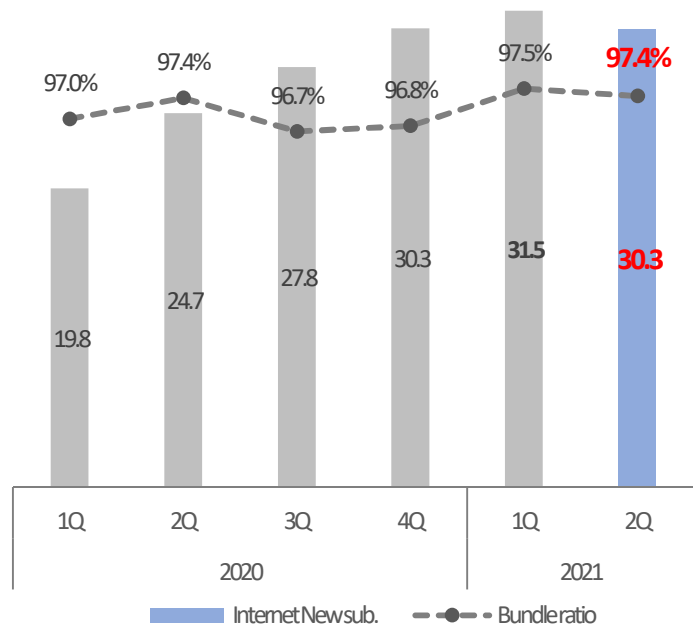


## 02 Business Overview – Bundled Subscriber

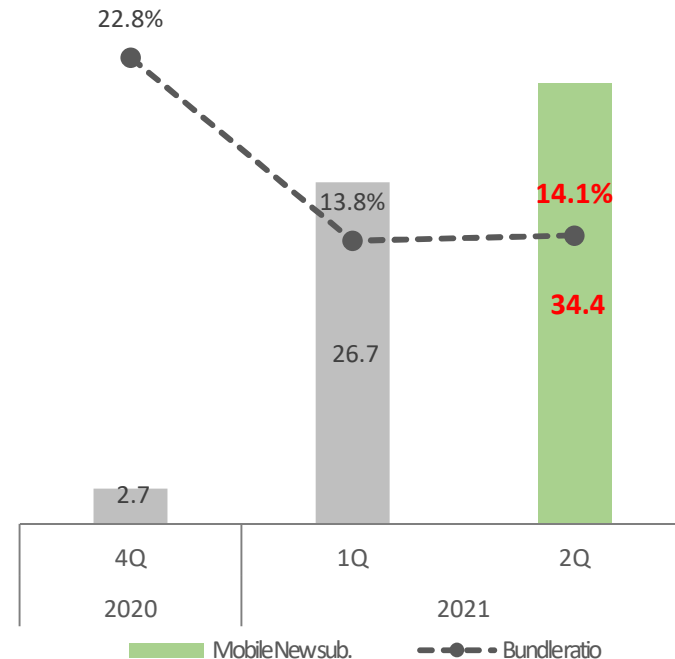
Internet and mobile subscribers bundled with skyTV increased.

- **Internet bundled rate** : Within the new internet subscribers, 97.4% is bundled with skyTV, which provides positive effect on TV subscriber retention.
- **Mobile bundled rate** : Within the new mobile subscribers, 14.1% is bundled with skyTV (※ TPS bundle rate is 9.1%).

 **New internet subscribers vs. TV bundle rate**  
(\*Unit : 1,000 subscribers)



 **New mobile subscribers vs. TV bundle rate**  
(\*Unit : 1,000 subscribers)



## 02 Business Overview –skylife TV

Rating and awareness increased with popularity of the original contents → increase in advertisement and contents revenue.

- Achieved 9 bn. KRW for an advertisement revenue which is the highest quarterly revenue since the company was founded.

Provided the potential of transforming from a PP operator to a total contents operator through production of popular original contents, such as the Steel Troops, the Hottest couples and more.

- Achieved a cumulative of 2.6 bn. KRW in 2Q 2021, with sales of original broadcasting rights and VOD sales, exceeding annual contents revenue of 2.1 bn. KRW in 2020.



Increased awareness of the SKY channel with original content power

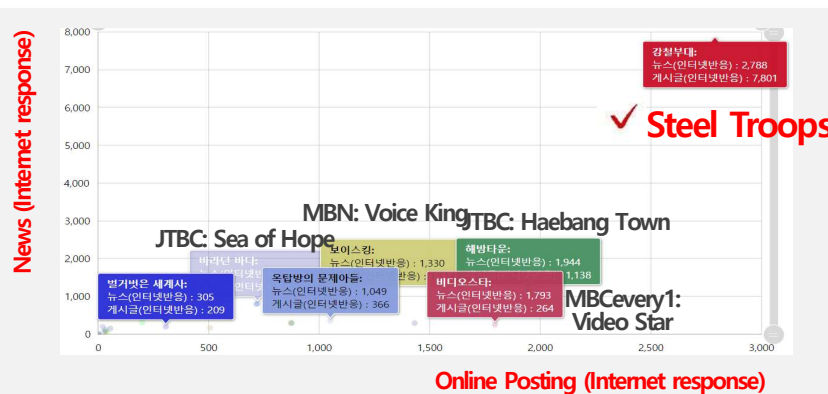
Entered the top 10 in rating

\* Nielsen Korea capital area 2049 target : June 17<sup>th</sup> 2021 based

Rank	Channel	Rating (%)	Rank	Channel	Rating (%)
1	tVN	0.49557	8	MBN	0.18954
2	SBS	0.48696	10	SKY	0.12297
3	MBC	0.41643	11	채널A	0.12245
4	KBS1	0.39274	12	YTN	0.12102
5	KBS2	0.25496	13	KBS드라마	0.10022
6	TV조선	0.23793	14	MBCevery1	0.08198
7	JTBC	0.19923	15	SPOTV2	0.08054

No.1 in the entertainment topic index

\* RACOI : June 2021 Tuesday Entertainment show based



Increase in the 2Q management results

(\* K-IFRS separate income statement, Unit: billion KRW)

Category	Ads.	Contents
'20	1Q	0.8
	2Q	2.3
	1H	1.0
	Annual	2.1
'21	1Q	1.4
	2Q	9.0
	1H	2.6

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1 **Financial Highlights**

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2 **Business Overview**

**Appendix**

# Appendix – Income Statement (Separate)

(\* K-IFRS separate income statement , Unit : billion KRW)

Category	FY 2020					FY 2021			
	Q1	Q2	Q3	Q4	연간	Q1	Q2	YoY	QoQ
<b>Operating Revenue</b>	159.3	168.4	166.8	165.9	660.4	156.2	<b>161.2</b>	-4.3%	3.2%
<b>Service</b>	79.6	80.4	81.1	78.9	320.0	77.3	<b>76.9</b>	-4.3%	-0.6%
<b>Communication</b>	5.5	6.6	8.1	9.1	29.3	10.8	<b>13.8</b>	108.3%	28.3%
<b>Platform</b>	53.6	53.5	54.2	55.6	217.0	53.5	<b>53.6</b>	0.1%	0.2%
<b>Others</b>	20.5	27.9	23.4	22.3	94.2	14.6	<b>16.8</b>	-39.7%	15.0%
<b>Operating Expense</b>	136.8	144.0	154.9	157.6	593.3	137.7	<b>141.8</b>	-1.5%	3.0%
<b>Satellite usage</b>	11.9	11.9	12.2	12.2	48.3	12.2	<b>12.2</b>	2.7%	0.0%
<b>Network usage</b>	4.5	5.2	5.9	6.7	22.4	7.8	<b>10.2</b>	97.3%	31.3%
<b>Contents</b>	31.9	31.8	31.8	35.1	130.6	32.7	<b>32.3</b>	1.5%	-1.3%
<b>Marketing</b>	31.0	34.9	35.1	34.9	136.0	32.8	<b>34.8</b>	-0.2%	6.2%
Installation	8.1	9.7	9.4	9.4	36.6	8.6	<b>8.9</b>	-8.7%	2.7%
Ad. & Sales promotion	3.1	4.5	5.9	6.7	20.3	4.9	<b>6.0</b>	32.9%	24.2%
Sales commission	19.8	20.7	19.8	18.9	79.1	19.3	<b>19.9</b>	-3.4%	3.2%
<b>D&amp;A</b>	16.5	16.2	15.7	15.4	63.8	15.1	<b>14.7</b>	-9.1%	-2.8%
Depreciation	16.0	15.6	15.1	14.8	61.4	14.4	<b>14.0</b>	-10.0%	-2.7%
Amortization	0.6	0.6	0.6	0.6	2.3	0.7	<b>0.6</b>	14.2%	-3.5%
<b>G&amp;A</b>	41.0	44.1	54.1	53.2	192.3	37.1	<b>37.6</b>	-14.7%	1.4%
Service expenses	7.9	8.0	7.8	7.9	31.8	7.9	<b>7.9</b>	-1.2%	0.5%
Fee expenses	5.5	5.3	14.5	8.7	34.1	3.9	<b>4.2</b>	-20.9%	7.5%
cost of Ads sales	3.5	3.2	3.3	4.0	14.1	3.3	<b>3.4</b>	4.9%	2.7%
Others	24.0	27.5	28.4	32.5	112.4	22.0	<b>22.0</b>	-19.8%	0.4%
<b>EBITDA</b>	39.0	40.6	27.6	23.7	130.9	33.6	<b>34.0</b>	-16.1%	1.2%
<b>(EBITDA margin)</b>	24.5%	24.1%	16.6%	14.3%	19.8%	21.5%	<b>21.1%</b>	-12.3%	-1.9%
<b>Operating profit</b>	22.5	24.4	11.9	8.3	67.1	18.5	<b>19.4</b>	-20.7%	4.5%
<b>(OP margin)</b>	14.1%	14.5%	7.1%	5.0%	10.2%	11.9%	<b>12.0%</b>	-17.2%	1.3%
Non-operating profit	1.6	2.7	2.3	1.0	7.7	0.7	<b>1.0</b>	-62.0%	39.0%
Non-operating expense	2.2	3.3	3.0	2.5	10.9	1.2	<b>1.4</b>	-58.1%	16.7%
Financial profit	2.1	2.1	2.5	6.5	13.3	2.2	<b>2.0</b>	-6.2%	-11.4%
Financial expense	0.0	0.0	0.0	0.0	0.2	0.0	<b>0.0</b>	-15.2%	-15.9%
<b>Profit before income tax</b>	24.0	25.9	13.8	13.4	77.0	20.2	<b>20.9</b>	-19.1%	3.3%
Income tax	6.2	6.2	3.4	3.5	19.3	4.8	<b>5.1</b>	-18.7%	5.0%
<b>Net profit</b>	17.8	19.6	10.4	9.9	57.7	15.4	<b>15.8</b>	-19.2%	2.8%

# Appendix – Statement of Financial Position (Separate)

(\* K-IFRS separate income statement , Unit : billion KRW)

Category	FY 2020				FY 2021			
	Q1	Q2	Q3	Q4	Q1	Q2	YoY	QoQ
<b>Assets</b>	823.8	841.2	885.5	890.6	896.1	<b>906.9</b>	7.8%	1.2%
Current Assets	465.2	480.0	522.8	471.8	484.5	<b>499.8</b>	4.1%	3.2%
Cash & cash equivalents	321.5	333.8	358.9	326.0	343.1	<b>353.2</b>	5.8%	2.9%
Non-current Assets	358.6	361.2	362.7	418.8	411.6	<b>407.1</b>	12.7%	-1.1%
Property, Plant & Equipment	217.5	212.9	207.2	202.1	194.7	<b>190.8</b>	-10.4%	-2.0%
Intangible Assets	37.7	37.5	37.4	39.4	39.0	<b>38.6</b>	2.7%	-1.0%
<b>Liabilities</b>	130.5	128.5	162.0	159.3	165.2	<b>159.7</b>	24.2%	-3.3%
Current Liabilities	112.8	111.1	144.3	142.0	148.6	<b>142.8</b>	28.5%	-3.9%
Debt	-	-	-	0.2	0.2	<b>0.2</b>	-	0%
Non-current Liabilities	17.7	17.4	17.7	17.3	16.6	<b>16.8</b>	-3.2%	1.4%
Debt	-	-	-	-	-	<b>-</b>	-	-
<b>Shareholders' Equity</b>	693.4	712.7	723.5	731.3	730.9	<b>747.2</b>	4.8%	2.2%
Capital Stock	119.6	119.6	119.6	119.6	119.6	<b>119.6</b>	0%	0%
Capital Surplus	161.1	161.1	161.1	161.1	161.1	<b>161.1</b>	0%	0%
Accumulated Profit	419.1	438.5	449.2	460.8	460.4	<b>476.7</b>	8.7%	3.5%
<b>D/E Ratio</b>	18.8%	18.0%	22.4%	21.8%	22.6%	<b>21.4%</b>	18.5%	-5.4%
<b>Net Cash</b>	321.5	333.8	358.9	325.8	342.9	<b>353.0</b>	5.7%	2.9%



# Appendix – Consolidated Financial Statement

## ► Consolidated Income Statement

(\* K-IFRS separate income statement , Unit : billion KRW)

Category	FY 2020					FY 2021				
	1Q	2Q	3Q	4Q	Annual	1Q	2Q	Cumulative	YoY	QoQ
<b>Operating Revenue</b>	167.9	177.7	176.6	176.5	698.7	166.9	<b>175.1</b>	342.0	-1.5%	4.9%
<b>Operating Expense</b>	143.7	151.5	163.0	166.6	624.9	145.3	<b>151.9</b>	297.2	0.2%	4.6%
<b>Operating Profit</b>	24.2	26.1	13.6	9.9	73.8	21.7	<b>23.2</b>	44.8	-11.3%	6.9%
<b>Net Profit</b>	18.3	21.3	11.4	7.1	58.2	17.2	<b>21.3</b>	38.6	0.1%	24.1%

## ► Consolidated Financial Statement

(\* K-IFRS separate income statement , Unit : billion KRW)

Category	FY 2020				FY 2021			
	1Q	2Q	3Q	4Q	1Q	2Q	YoY	QoQ
<b>Assets</b>	852.1	868.9	914.6	919.5	929.7	<b>943.4</b>	8.6%	1.5%
Current Assets	478.3	491.3	532.7	480.4	494.0	<b>507.3</b>	3.3%	2.7%
Cash & cash equivalents	329.6	339.4	362.7	327.7	345.1	<b>351.9</b>	3.7%	2.0%
Non-current Assets	373.7	377.5	381.9	439.0	435.7	<b>436.1</b>	15.5%	0.1%
Property, Plant & Equipment	229.2	224.3	218.5	213.3	205.8	<b>201.4</b>	-10.2%	-2.2%
Intangible Assets	60.5	59.1	62.0	64.3	68.3	<b>70.0</b>	18.4%	2.4%
<b>Liabilities</b>	145.8	141.6	175.5	175.0	183.8	<b>175.3</b>	23.8%	-4.6%
Current Liabilities	125.0	119.5	153.0	153.2	162.6	<b>154.2</b>	29.0%	-5.2%
Debt	4.0	3.0	3.0	3.2	3.2	<b>3.2</b>	6.7%	0%
Non-current Liabilities	20.8	22.0	22.4	21.8	21.2	<b>21.1</b>	-4.1%	-0.1%
Debt	-	-	-	-	-	-	-	-
<b>Shareholder's Equity</b>	706.3	727.3	739.1	744.4	745.9	<b>768.1</b>	5.6%	3.0%
Capital Stock	119.6	119.6	119.6	119.6	119.6	<b>119.6</b>	0%	0%
Capital Surplus	161.1	161.1	161.1	161.1	161.1	<b>161.1</b>	0%	0%
Accumulated Profit	423.7	444.5	456.1	464.7	465.7	<b>487.2</b>	9.6%	4.6%

# Appendix – Subscriber Fact Sheet

(Unit : Subscriber)

Category		FY 2019	FY 2020					FY 2021		
		Annual	1Q	2Q	3Q	4Q	Annual	1Q	2Q	Cumulative
Subscriber	<b>Total</b>	4,187,717	4,152,731	4,137,092	4,098,092	4,037,281	4,037,281	3,996,051	<b>3,956,970</b>	3,956,970
	skyTV	2,575,152	2,568,561	2,567,309	2,563,321	2,563,899	2,563,899	2,573,789	<b>2,585,324</b>	2,585,324
	OTS	1,612,565	1,584,170	1,569,783	1,534,771	1,473,382	1,473,382	1,422,262	<b>1,371,646</b>	1,371,646
	New	452,100	90,666	113,393	95,784	84,520	384,363	77,846	<b>83,417</b>	161,263
	Churn	537,315	126,265	129,662	135,256	146,482	537,665	119,885	<b>123,253</b>	243,138
	-Ratio	12.7%	3.0%	3.1%	3.3%	3.6%	13.1%	3.0%	<b>3.1%</b>	1.5%
	UHD	1,292,460	1,329,725	1,363,968	1,395,217	1,424,475	1,424,475	1,458,621	<b>1,496,496</b>	1,496,496
	-Ratio	30.9%	32.0%	33.0%	34.0%	35.3%	35.3%	36.5%	<b>37.8%</b>	37.8%
	<b>Internet</b>	107,031	124,858	146,491	169,217	194,777	194,777	221,633	<b>245,669</b>	245,669
	<b>Mobile</b>	-	-	-	-	2,609	2,609	28,256	<b>60,298</b>	60,298
<b>Total</b>	4,294,748	4,277,589	4,283,583	4,267,309	4,234,667	4,234,667	4,245,940	<b>4,262,937</b>	4,262,937	
Net Adds	Broadcasting	-84,949	-34,986	-15,639	-39,000	-60,811	-150,436	-41,230	<b>-39,081</b>	-80,311
	Internet	67,315	17,827	21,633	22,726	25,560	87,746	26,856	<b>24,036</b>	50,892
	Mobile	-	-	-	-	2,609	2,609	25,647	<b>32,042</b>	57,689
	<b>Total</b>	-17,634	-17,159	5,994	-16,274	-32,642	-60,081	11,273	<b>16,997</b>	28,270

**kt** skylife