

kt skylife

2022 1Q Earnings Release

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02 Financial Highlights – Operating Profit

1Q 2022 Operating profit 25.7 bn.(YoY 18.8% ↑, QoQ 59.2% ↑), **EBITDA 54.2 bn.**(YoY 31.1% ↑, QoQ 20.4% ↑)

- **1Q 2022 operating profit** : Operating profit increased by 4.1 bn. YoY(18.8% ↑) due to the incorporation of HCN. Despite the doubling of new mobile subscribers YoY ('21.1Q 27K -> '22.1Q 54K), operating profit rose due to efficient execution of marketing costs.
- **1Q 2022 EBITDA** : EBITDA increased by 12.9 bn. YoY (31.1% ↑), maintaining overall cash-generating capacity stable.
 - ※ 1Q 2022 separate operating profit : skylife 19.4 bn, skylifeTV 1.8 bn, HCN 8.3 bn.
 - ※ 1Q 2022 separate EBITDA : skylife 33.4 bn, skylifeTV 7.9 bn, HCN 13.4 bn.



Summary: Income Statement (consolidated)

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

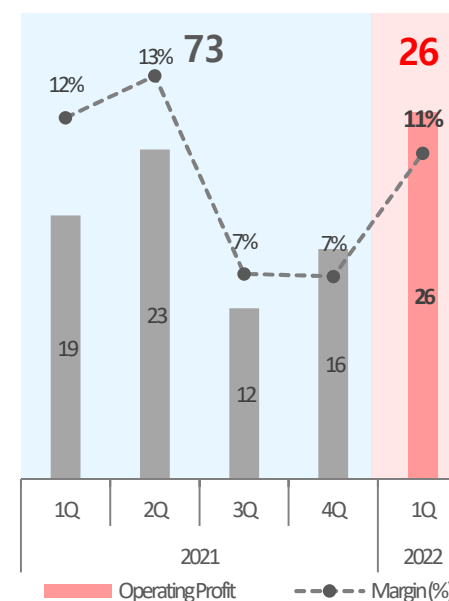
Category	FY 2021					FY 2022		
	1Q	2Q	3Q	4Q ¹⁾	Annual	1Q	YoY	QoQ
Operating Revenue	167	175	178	243	763	241	44.2%	-0.8%
Operating Expense	145	152	166	227	690	215	48.0%	-5.1%
Operating Profit	22	23	12	16	73	26	18.8%	59.2%
Margin (%)	13%	13%	7%	7%	10%	11%	-17.6%	60.5%
Net Profit	17	21	10	14	62	19	9.3%	32.6%
Margin (%)	10%	12%	5%	6%	8%	8%	-24.2%	33.8%
EBITDA	41	43	32	45	161	54	31.1%	20.4%
Margin (%)	25%	25%	18%	19%	21%	23%	-9.1%	21.4%

1) HCN income statement is only consolidated in 4Q 2021



Operating Profit (consolidated)

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



02 Financial Highlights – Platform Division (skylife+HCN)

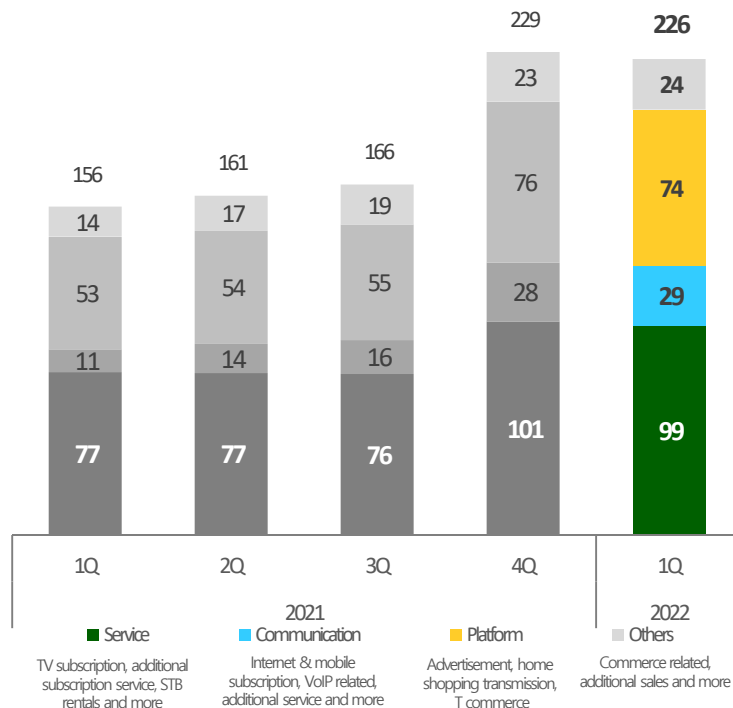
1Q 2022 Platform division operating revenue 225.8 bn. (YoY 45.0% ↑, QoQ -1.5% ↓), **Subscribers 5,804K** (YoY 36.7% ↑, QoQ 0.5% ↑)

- **Operating revenue** : Due to the incorporation of HCN, operating revenue increase by 70.1 bn. YoY (45% ↑). Communication revenue increased due to increase in internet and mobile subscribers, but service revenue declined due to decrease in OTS subscribers from the previous quarter.
- **Subscribers** : skylife secured total of 5,804K subscribers which is a net increase of 30K QoQ. The internet and mobile subscribers continued to increase by 10K monthly, reaching 566K internet subscribers and 155K mobile subscribers.



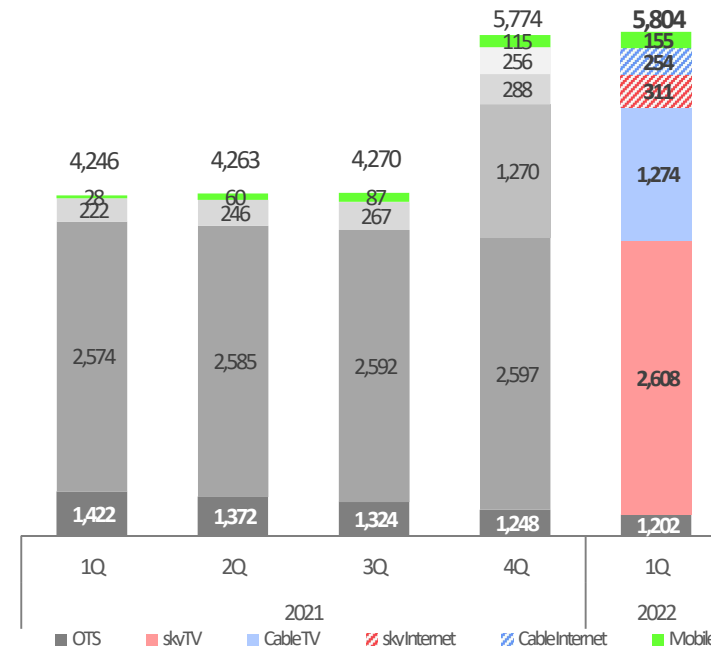
Platform Operating Revenue (consolidated)

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



Total Subscribers (skylife + HCN)

(* Unit: 1,000 subscribers)



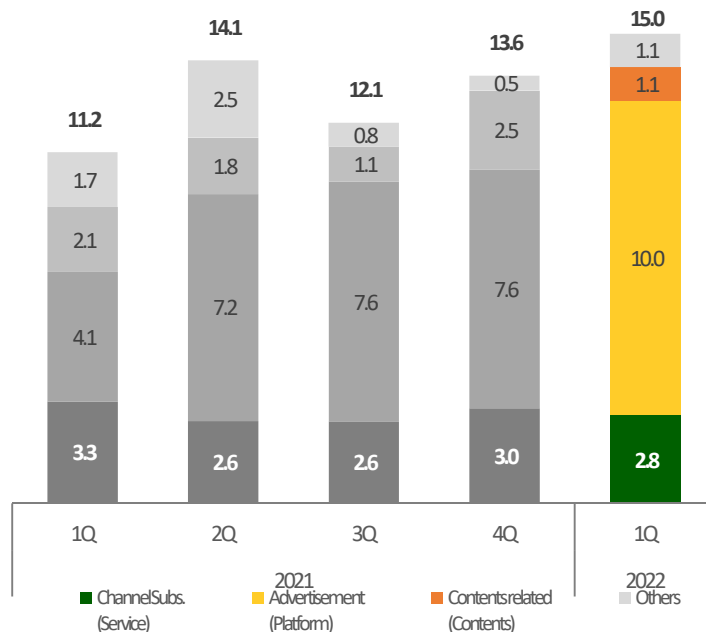
02 Financial Highlights – Contents Division (skylifeTV)

2022 1Q Contents division operating revenue 15.0 bn. (YoY 33.8% ↑, QoQ 9.8% ↑), **advertisement revenue 11.7 bn.** (YoY 89.4% ↑, QoQ 25.1% ↑)

- **Operating revenue** : For the first time, the advertisement revenue exceeded 10 bn. quarterly. Despite the decrease in service revenue due to the reduced number of channels and the termination of transmission BM, the growth trend in revenue is maintained with an increase of 3.8 billion won (33.8%).
- **Advertisement revenue** : General revenue for the advertisement continues to grow with “the Iron squad 2” launched in February, while re-launching ENA channel with the KT group is expected to show growth in the advertisement revenue.

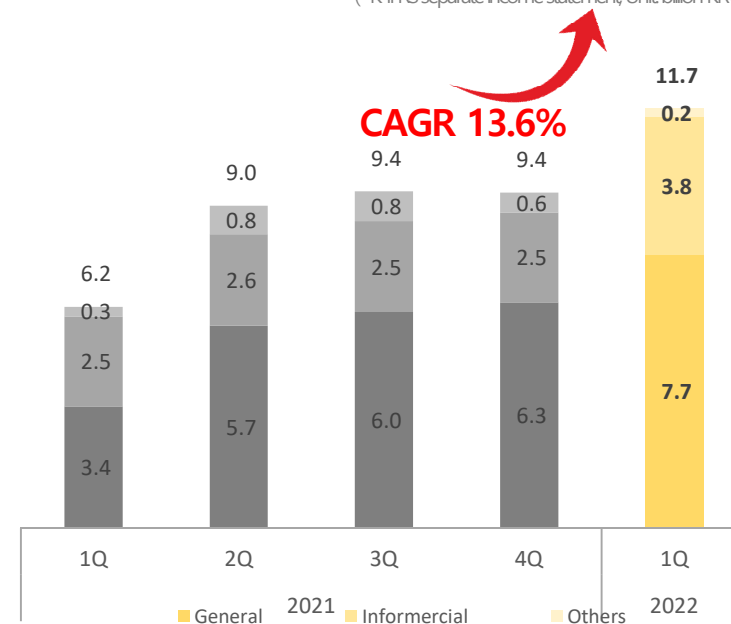
Contents Operating Revenue (consolidated)

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



Advertisement profit (seperate)

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



02 Financial Highlights – Operating Expense

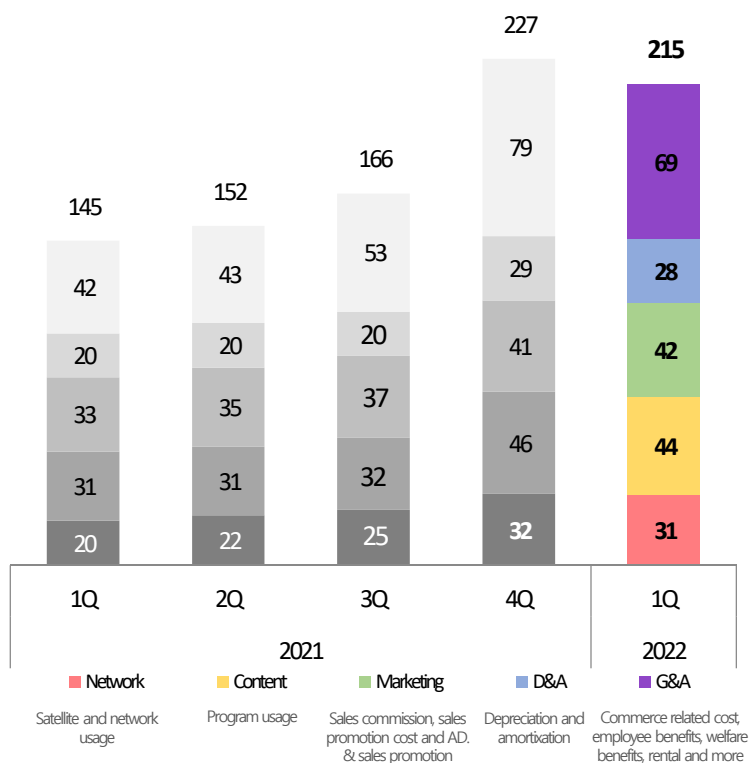
1Q 2022 Operating expense 215.1 bn. (YoY 48.0% ↑, QoQ -5.1% ↓), CAPEX 19.7 bn. (YoY 9.8% ↑, QoQ -27.0% ↓)

- **Operating expense** : Due to the consolidated effect of HCN, overall expense increased. As the new subscribers for the 1Q increased, YoY 17K, the marketing expenses also increased.
- **CAPEX** : CAPEX related to the broadcasting equipment continues to decrease, while skylifeTV's investment in the broadcasting programs increases.



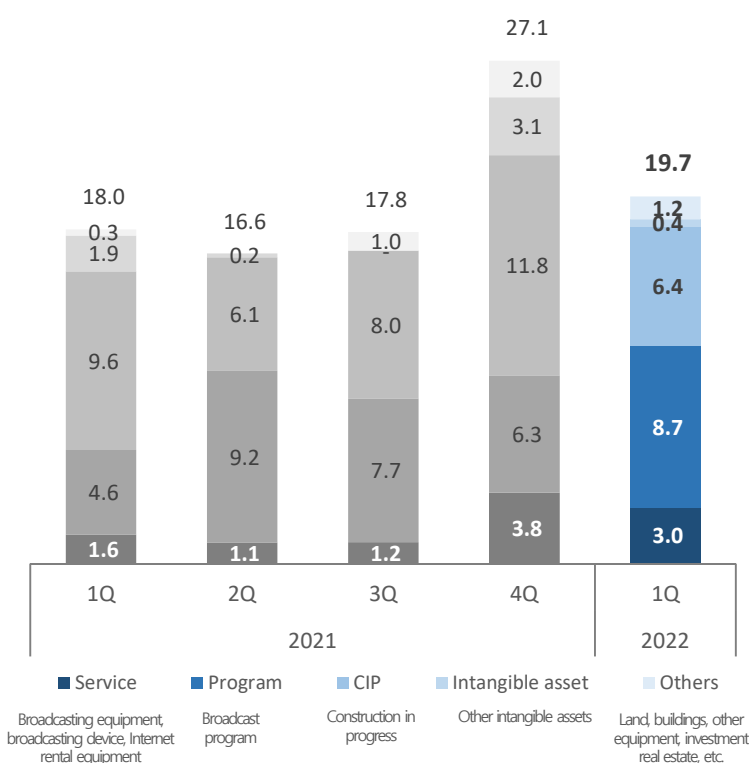
Operating Expense (consolidated)

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



CAPEX (consolidated)

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



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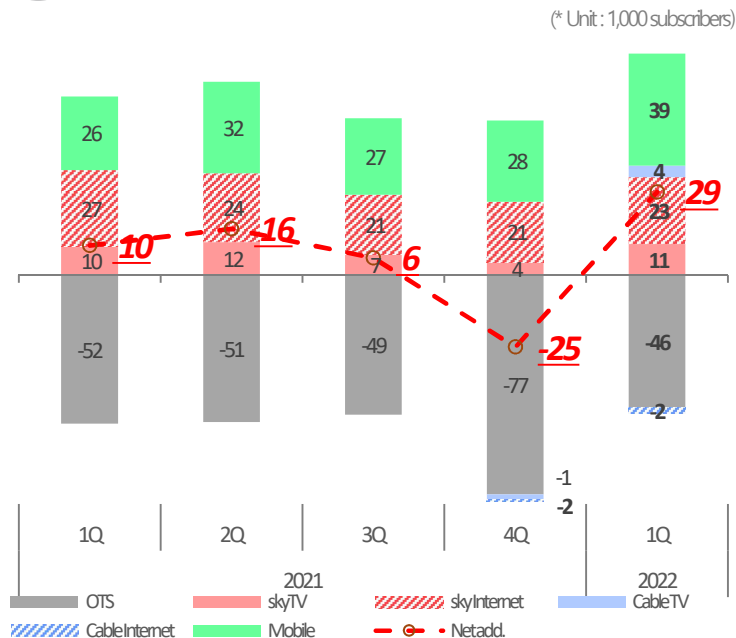
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03 Business Highlights – Platform Division (Subscribers)

Cable TV subscribers resulted in the quarterly net increase. Skylife achieved a quarterly net increase of 29K subscribers due to the increase in the new mobile subscribers.

- **Net addition** : Mobile net subscriber additions increased 52.7% YoY. Cable TV subscribers achieved net additions after about 14 years. As the net decrease of the OTS subscribers narrowed, the total number of Skylife subscribers increased by 29K. This is the largest quarterly net increase in subscribers over the past six years.
- **New & churn** : The number of subscribers is increasing as Skylife's Internet and mobile sales are possible through HCN. The net decrease of OTS subscribers is ongoing, with the collaboration of KT group, skylife hope to secure the OTS subscribers.

Subscriber Net Addition



New & Churn Subscriber

(* Unit : 1,000 subscribers)

Category			21.1Q	21.4Q	22.1Q
New	TV	Satellite ¹⁾	77.8	69.0	68.3
		Cable ²⁾	31.0	35.0	31.0
	Internet	Sky	31.5	29.0	31.3
		Cable	7.0	7.0	6.4
Mobile			26.7	41.0	53.9
Churn	TV	Satellite	-58.5	-65.0	-57.5
		Cable	-35.0	-37.0	-27.0
	Internet	Sky	-4.7	-8.0	-7.8
		Cable	-8.0	-8.0	-8.4
Mobile			-1.0	-12.0	-14.7
Net Add.	TV	Satellite	9.9	4.0	10.8
		Cable	-4.0	-2.0	4.0
	Internet	Sky	26.9	21.0	23.5
		Cable	-1.0	-1.0	-2.0
Mobile			25.6	28.0	39.2

1) Exclude OTS new and churn subscribers

2) HCN's Cable TV and internet subscribers before the company acquisition are provided for direct comparison

03 Business Highlights – Contents Division (Ratings & Content Investment)

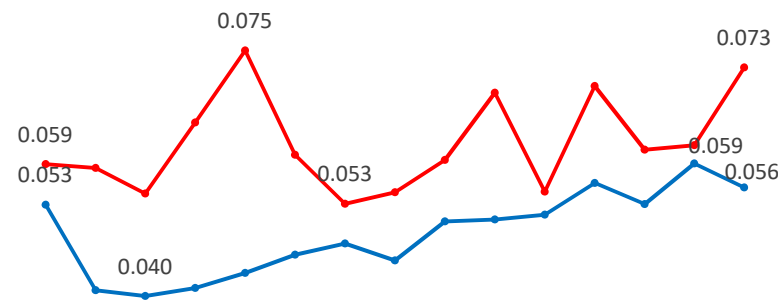
Continue to produce original content in 2022. Monthly channel rankings are on the rise

- While Re-launching of SKY and NQQ channels to ENA and ENA Play (April 29th), skylifeTV continues to invest in contents production and broadcasting.
- Channel ratings continued to rise, reaching 21st for ENA and 24th for ENA Play. (the Korea's individual 2049 targets of the 350 general channel ranking).
- "I am SOLO" achieved 1.128% in viewership ratings for the first time in skylifeTV's original contents. (April 13th, ep. 40)



Channel Ranking and Monthly Ranks

(* Unit : Individual 2049 ratings, Channel ranking)



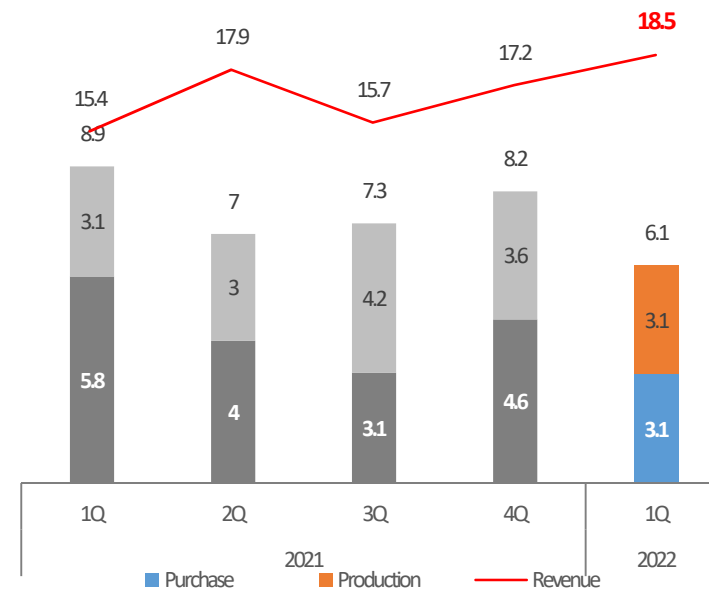
Rank	2021												2022		
	Jan	Feb	March	April	May	June	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	March
ENA	28	28	27	23	22	23	26	27	25	23	24	23	25	23	21
ENA Play	32	36	34	35	34	30	28	30	27	27	25	25	27	24	24

1) Individual 2049 channel ranking. (Terrestrial, General service program providers and CJ included)



Contents Investment and Revenue (separate)

(* Unit : billion KRW)



03 Business Highlights – Contents Line up (2022 1H Release)

Variety Contents Line up

<Good luck this week>



- Programing : ENA, tvN story
- Co-prod. : skyTV, tvN story
- On-air : May 2nd
- Episodes : 12
- Cast : Sung Dong-il, Ko Chang-seok

<My heart is beating 36.5>



- Programing : ENA Play, MBC
- Co-prod. : skyTV, MBC
- On-air : May 4th
- Episodes : 10
- Cast : Yoon Se-ah, Kim Jun-hyun

<Hamington Family's Dream Closet>



- Programing : ENA, ENA Drama
- Co-prod. : skyTV, ENA Drama
- On-air : May 6th
- Episodes : 12
- Cast : Sam Hamington

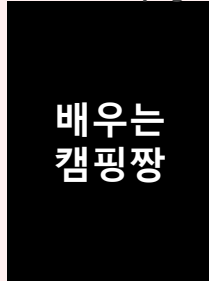
<Off the Grid – D.O.>



- Programing : ENA, Discovery
- Co-prod. : skyTV, JV Discovery
- On-air : May 12th
- Episodes : 2
- Cast : D.O. (EXO)

Drama Contents Line up

<Actor is the Camping King>



- Programing : ENA, Channel A
- Co-prod. : skyTV, Channel A
- On-air : June
- Episodes : ~14
- Cast : Park Sung-woong, Hong Jong-hyun

<Never give up>



- Programing : ENA, ENA Play(1~2 ep. only)
- Prod. : Studio Genie
- On-air : May 4th
- Episodes : 12
- Cast : Kwak Do-won, Yoon Doo-joon, Jung Dong-won

<Extraordinary Attorney Woo>



- Programing : ENA
- Prod. : Studio Genie
- On-air : June
- Episodes : 16
- Cast : Park Eun-bin, Kang Tae-oh

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Appendix – Income Statement (Consolidated)

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

Category	FY 2021					FY 2021		
	Q1	Q2	Q3	Q4	Annual	Q1	YoY	QoQ
Operating Revenue	166.9	175.1	178.4	242.8	763.2	240.8	44.2%	-0.8%
Service	80.6	79.5	79.0	104.3	343.5	102.0	26.5%	-2.3%
Communication	10.8	13.8	16.1	28.0	68.6	28.7	166.6%	2.5%
Platform	57.5	60.8	62.5	84.1	264.9	84.1	46.2%	0.0%
Contents	2.1	1.8	1.1	2.5	7.5	1.1	-48.4%	-57.5%
Others	16.0	19.1	19.6	24.0	78.7	25.0	56.1%	4.4%
Operating Expense	145.3	151.9	166.4	226.7	690.2	215.1	48.0%	-5.1%
Satellite usage	12.2	12.2	12.6	12.6	49.6	12.6	2.6%	0.0%
Network usage	7.8	10.2	12.3	19.4	49.7	18.9	143.0%	-2.7%
Contents	30.9	30.7	32.3	45.7	139.5	44.0	42.4%	-3.7%
Marketing	33.2	35.4	36.5	40.8	145.9	41.8	26.1%	2.5%
D&A	19.7	20.0	19.8	28.9	88.4	28.5	44.7%	-1.3%
G&A	41.5	43.4	52.8	79.3	217.1	69.3	67.0%	-12.7%
EBITDA	41.4	43.2	31.9	45.1	161.4	54.2	31.1%	20.4%
(EBITDA margin)	24.8%	24.7%	17.9%	18.6%	21.2%	22.5%	-9.1%	21.4%
Operating profit	21.7	23.2	12.0	16.2	73.0	25.7	18.8%	59.2%
(OP margin)	13.0%	13.2%	6.7%	6.7%	9.6%	10.7%	-17.6%	60.5%
Non-operating profit	0.7	3.2	1.4	5.0	10.4	0.8	16.7%	-83.6%
Non-operating expense	1.3	1.3	1.5	1.7	5.8	1.3	-2.8%	-24.2%
Financial profit	2.2	2.0	2.0	1.2	7.4	1.5	-34.1%	19.1%
Financial expense	0.1	0.1	0.9	1.2	2.2	1.2	1681.2%	-3.9%
Investment accounted in equity method	-0.5	0.5	0.4	-1.4	-1.0	-0.5	-2.2%	-62.1%
Profit before income tax	22.7	27.5	13.5	18.1	81.9	25.1	10.5%	38.1%
Income tax	5.5	6.2	4.0	4.0	19.6	6.2	14.2%	57.9%
Net profit	17.2	21.3	9.6	14.2	62.3	18.8	9.3%	32.6%

Appendix – Statement of Financial Position (Consolidated)

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

Category	FY 2021				FY 2021		
	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
Assets	929.7	943.4	1,225.4	1,275.6	1,284	38.2%	0.7%
Current Assets	494.0	507.3	377.3	408.5	423	-14.4%	3.5%
Cash & cash equivalents	345.1	351.9	163.2	183.5	197	-43.0%	7.1%
Non-current Assets	435.7	436.1	848.1	867.2	862	97.8%	-0.6%
Property, Plant & Equipment	205.8	201.4	286.5	284.4	272	32.1%	-4.4%
Intangible Assets	68.3	70.0	440.1	453.6	459	571.5%	1.2%
Liabilities	183.8	175.3	444.3	469.7	473	157.4%	0.7%
Current Liabilities	162.6	154.2	234.5	249.7	257	57.8%	2.8%
Debt	3.2	3.2	103.0	100.0	100	3025.0%	0%
Non-current Liabilities	21.2	21.1	209.8	220.0	216	922.8%	-1.6%
Debt	-	-	149.6	149.6	150		0.0%
Shareholder's Equity	745.9	768.1	781.1	806.0	811	8.8%	0.7%
Capital Stock	119.6	119.6	119.6	119.6	120	0%	0%
Capital Surplus	161.1	161.1	161.1	161.1	161	0%	0%
Accumulated Profit	465.7	487.2	497.3	511.8	517	11.0%	1.0%

Appendix – Income Statement (Separate)

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

Category	FY 2021					FY 2021		
	Q1	Q2	Q3	Q4	Annual	Q1	YoY	QoQ
Operating Revenue	156.2	161.2	167.2	170.8	655.4	168.2	7.7%	-1.5%
Service	77.3	76.9	76.4	75.8	306.5	75.0	-3.0%	-1.1%
Communication	10.8	13.8	16.1	17.9	58.5	20.5	90.8%	15.0%
Platform	53.5	53.6	54.9	57.3	219.2	54.1	1.1%	-5.6%
Others	14.6	16.8	19.8	19.8	71.2	18.6	26.9%	-6.3%
Operating Expense	137.7	141.8	158.8	159.6	597.9	148.8	8.1%	-6.8%
Satellite usage	12.2	12.2	12.6	12.6	49.6	12.6	2.6%	0.0%
Network usage	7.8	10.2	12.3	14.8	45.0	15.5	99.5%	5.0%
Contents	32.7	32.3	33.8	34.5	133.3	33.8	3.3%	-2.1%
Marketing	32.8	34.8	36.1	33.0	136.7	34.4	4.8%	4.4%
Installation	8.6	8.9	9.4	9.1	36.0	8.4	-2.2%	-7.2%
Ad. & Sales promotion	4.9	6.0	6.4	7.2	24.4	4.2	-14.1%	-41.8%
Sales commission	19.3	19.9	20.3	16.7	76.3	21.8	12.8%	30.5%
D&A	15.1	14.7	14.6	14.2	58.6	14.0	-7.1%	-1.4%
Depreciation	14.4	14.0	13.8	13.5	55.8	13.3	-8.1%	-1.4%
Amortization	0.7	0.6	0.7	0.8	2.8	0.8	13.9%	-1.3%
G&A	37.1	37.6	49.4	50.6	174.7	38.5	3.9%	-23.8%
Service expenses	7.9	7.9	8.4	8.5	32.8	8.3	4.9%	-2.9%
Fee expenses	3.9	4.2	12.3	6.6	27.1	3.9	-0.5%	-40.7%
cost of Ads sales	3.3	3.4	3.2	3.4	13.3	3.0	-8.5%	-12.0%
Others	22.0	22.0	25.5	32.0	101.6	23.3	6.2%	-27.2%
EBITDA	33.6	34.0	22.9	25.4	116.0	33.4	-0.6%	31.5%
(EBITDA margin)	21.5%	21.1%	13.7%	14.9%	17.7%	19.9%	-7.7%	33.6%
Operating profit	18.5	19.4	8.4	11.2	57.4	19.4	4.7%	-66.2%
(OP margin)	11.9%	12.0%	5.0%	6.5%	8.8%	11.5%	-2.8%	76.2%
Non-operating profit	0.7	1.0	4.2	0.8	6.8	20.8	2707.6%	2371.2%
Non-operating expense	1.2	1.4	1.5	1.7	5.7	1.0	-14.4%	-38.3%
Financial profit	2.2	2.0	2.0	2.0	8.2	1.0	-54.6%	-49.3%
Financial expense	0.0	0.0	0.9	1.2	2.1	1.1	2955.1%	-1.4%
Profit before income tax	20.2	20.9	12.2	11.2	64.6	39.1	93.0%	249.3%
Income tax	4.8	5.1	2.9	0.4	13.3	4.6	-5.1%	933.0%
Net profit	15.4	15.8	9.3	10.7	51.3	34.5	123.8%	221.0%

Appendix – Statement of Financial Position (Separate)

(* K-IFRS separate FP , Unit : billion KRW)

Category	FY 2021				FY 2021		
	Q1	Q2	Q3	Q4	Q1	YoY	QoQ
Assets	896.1	906.9	1,111.8	1,147.0	1,174.0	31.0%	2.4%
Current Assets	484.5	499.8	261.9	273.7	301.6	-37.7%	10.2%
Cash & cash equivalents	343.1	353.2	105.0	102.0	117.7	-65.7%	15.4%
Non-current Assets	411.6	407.1	849.9	873.3	872.4	111.9%	-0.1%
Property, Plant & Equipment	194.7	190.8	186.5	188.2	180.0	-7.6%	-4.3%
Intangible Assets	39.0	38.6	37.9	40.1	48.5	24.6%	21.2%
Liabilities	165.2	159.7	354.2	369.7	377.2	128.4%	2.0%
Current Liabilities	148.6	142.8	185.7	199.5	209.0	40.7%	4.7%
Debt	0.2	0.2	100.0	100.0	100.0	49900.0%	0.0%
Non-current Liabilities	16.6	16.8	168.5	170.2	168.2	913.0%	-1.2%
Debt			149.6	149.6	149.7	-	0.0%
Shareholders' Equity	730.9	747.2	757.6	777.3	796.8	9.0%	2.5%
Capital Stock	119.6	119.6	119.6	119.6	119.6	0.0%	0.0%
Capital Surplus	161.1	161.1	161.1	161.1	161.1	0.0%	0.0%
Accumulated Profit	460.4	476.7	487.0	498.0	517.5	12.4%	3.9%
D/E Ratio	22.6%	21.4%	46.8%	47.6%	47.3%	109.5%	-0.5%
Net Cash	342.9	353.0	-144.6	-147.6	-131.9	-138.5%	-10.6%

Appendix – Subscribers

(Unit : subscriber)

Category				FY 2020	FY 2021					FY 2022
				Annual	1Q	2Q	3Q	4Q	Annual	1Q
skylife	Subscriber	Broad casting	Total	4,037,281	3,996,051	3,956,970	3,916,000	3,844,751	3,844,751	3,809,787
			skyTV	2,563,899	2,573,789	2,585,324	2,592,429	2,596,920	2,596,920	2,607,733
			OTS	1,473,382	1,422,262	1,371,646	1,323,571	1,247,831	1,247,831	1,202,054
			New	384,363	77,846	83,417	80,079	71,258	312,600	72,771
			Churn	537,665	119,885	123,253	121,690	143,391	508,219	108,294
			-Ratio	13.1%	3.0%	3.1%	3.1%	3.7%	3.2%	2.8%
			UHD	1,424,475	1,458,621	1,496,496	1,532,560	1,561,578	1,561,578	1,571,860
			-Ratio	35.3%	36.5%	37.8%	39.1%	40.6%	40.6%	41.3%
		Internet	194,777	221,633	245,669	266,616	287,772	287,772	311,260	
		Mobile	2,609	28,256	60,296	87,064	115,443	115,443	154,612	
	Total	4,234,667	4,245,940	4,262,935	4,269,680	4,247,966	4,247,966	4,275,659		
	Net Adds	Broadcasting	-150,436	-41,230	-39,081	-40,970	-71,249	-192,530	-34,964	
		Internet	87,746	26,856	24,036	20,947	21,156	92,995	23,488	
		Mobile	2,609	25,647	32,040	26,768	28,379	112,834	39,169	
Total		-60,081	11,273	16,995	6,745	-21,714	13,299	27,693		

Category				FY 2020	FY 2021					FY 2022	
				Annual	1Q	2Q	3Q	4Q	Annual	1Q	
HCN	Subscriber	Broad casting	Cable TV Total						1,269,971	1,269,971	1,273,978
			New						34,764	34,764	31,004
			Churn						36,704	36,704	26,997
		Cable Internet						256,441	256,441	254,454	
		Total						1,526,412	1,526,412	1,528,432	

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