

# kt skylife

## 2023 1Q Earnings Release

Investor Relations | 2023.05.10.



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# 01 Financial Highlights – Operating profit

**1Q 2023 operating revenue 254.8 bn. (YoY 5.8% ↑), operating profit 16.0 bn. (YoY 5.8% ↑), EBITDA 51.6 bn. (YoY -4.9% ↓)**

- **Op. revenue** : Mobile and Internet subscribers net increased by 61K, achieving the highest quarterly communication service revenue. Revenue also increased by expanding the channel transmission and commerce businesses.
- **Op. profit** : Amortization of intangible assets increased due to the broadcasting of original dramas. Costs related to subscriber recruitment were carried forward due to the effect of IFRS-15, increasing the marketing costs.
- **EBITDA** : EBITDA, which excludes valuation items such as amortization and customer relations, maintained a reasonable cash-generating capacity at 20% of operating revenue.



## Summary: Income Statement (consolidated)

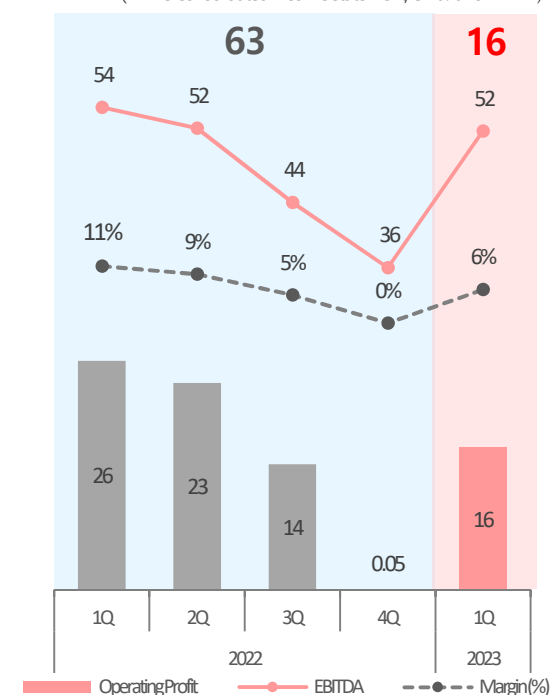
(K-IFRS consolidated income statement, Unit : billion KRW)

Category	FY 2022					FY 2023		
	1Q	2Q	3Q	4Q	Annual	1Q	YoY	QoQ
Operating Revenue	241	254	268	271	1,034	255	5.8%	-6.0%
Operating Expense	215	231	254	271	971	239	11.0%	-11.9%
Operating Profit	26	23	14	0	63	16	-37.9%	33897.3%
Margin (%)	11%	9%	5%	0%	6%	6%	-41.3%	36079.1%
Net Profit	19	17	10	-22	23	8	-59.4%	Turning into profit
Margin (%)	8%	7%	4%	-8%	2%	3%	-61.6%	Turning into profit
EBITDA	54	52	44	36	186	52	-4.9%	42.3%
Margin (%)	23%	20%	16%	13%	18%	20%	-10.1%	51.5%



## Operating profit & EBITDA (consolidated)

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



# 01 Financial Highlights – Platform division (skylife + HCN)

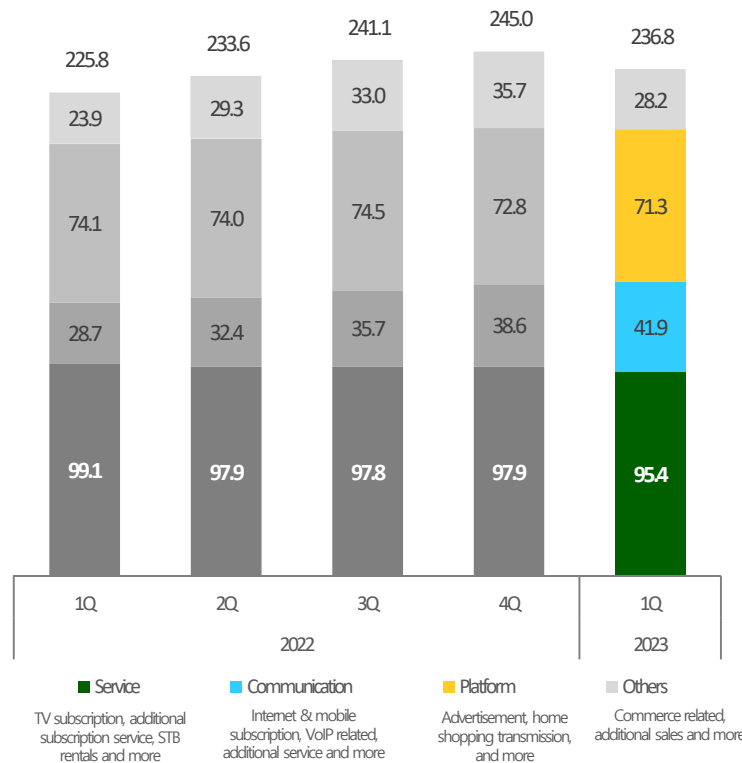
**1Q 2023 platform division revenue 236.8 bn.** (YoY 4.8% ↑), **subscribers 5,900K** (YoY 1.7% ↑, QoQ 0.2% ↑)

- **Op. revenue** : The communication service revenue achieved the highest quarterly growth due to the net increase in mobile and Internet subscribers. As the advertising market revenue declined, sales related to platform advertising decreased. Other revenue increased by expanding the channel transmission and commerce businesses.
- **Subscribers** : From 2023, Skylife began recruiting subscribers focusing on profitability. As a result, net subscribers increased by 96K compared to YoY, and the total number of subscribers reached 5.9 million.



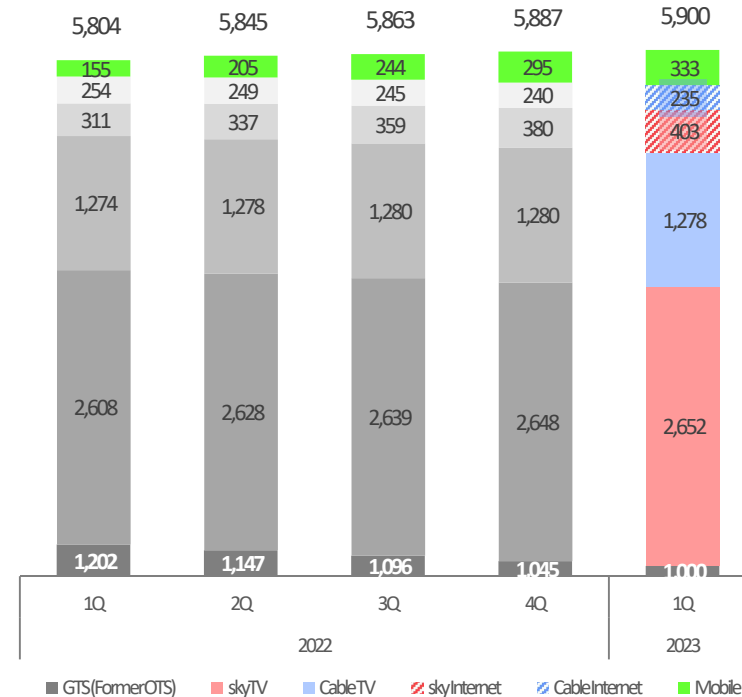
## Platform operating revenue (consolidated)

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



## Total Subscribers (skylife + HCN)

(Unit : 1,000 subscribers)



# 01 Financial Highlights – Content division (skylifeTV)

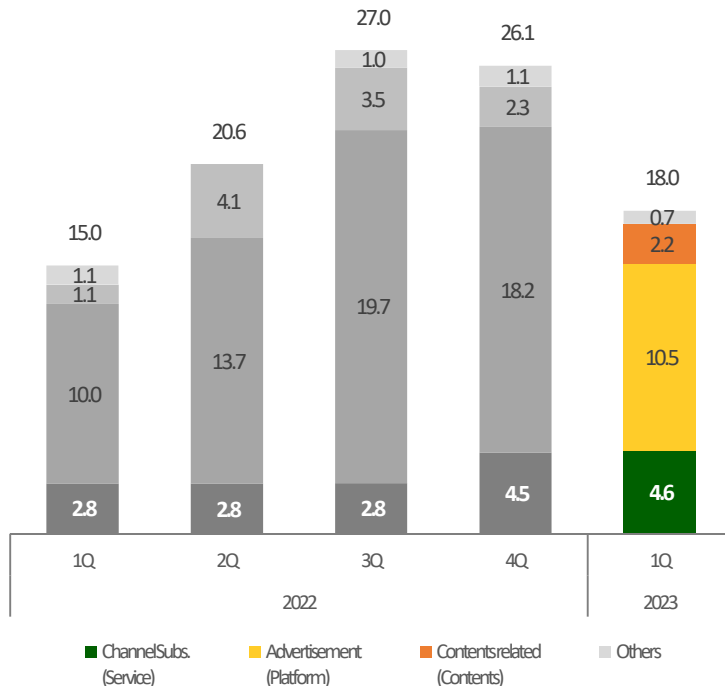
**1Q 2023 content division revenue 18.0 bn.** (YoY 20.4% ↑), **advertisement revenue 11.8 bn.**(YoY 0.4% ↑)

- **Op. revenue** : With the merger between skyTV and Media Genie, channel subscription revenue rose. Also, content-related revenue grew as the production of original variety shows increased.
- **Advertisement revenue** : Due to a decline in the advertising market, advertising revenue decreased QoQ. The advertisement time-band price per channel and the package price for drama ads were maintained.



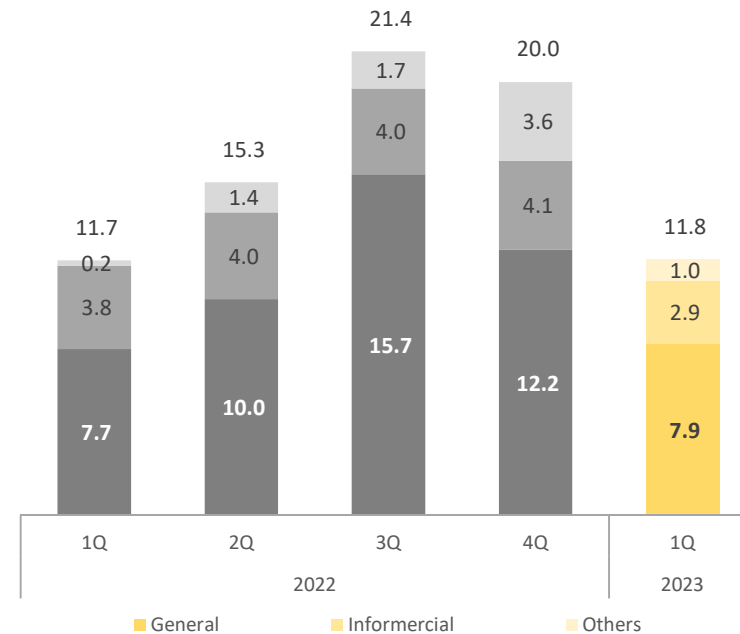
## Contents operating revenue (consolidated)

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



## Advertisement revenue (separate)

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



# 01 Financial Highlights – Operating expense (Platform & Contents)

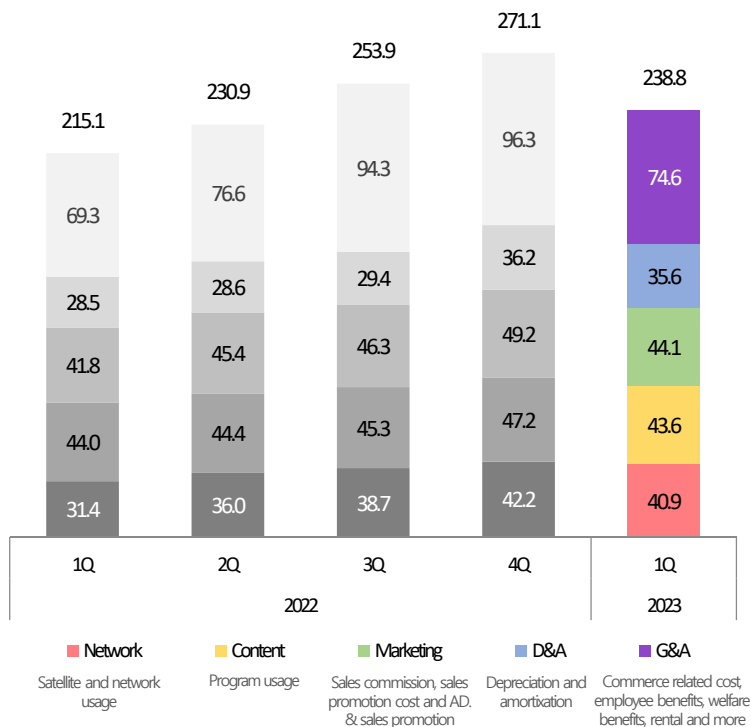
**2022 operating expense 971 bn.** (YoY 40.7% ↑), **CAPEX 109.4 bn.** (YoY 37.7% ↑)

- **Op. expense** : Amortization of intangible assets increased due to aggressive investments in original content. Subscriber recruitment-related marketing expenses were carried forward and increased due to IFRS-15 effects. Network usage costs also increased due to the increase in mobile and Internet subscribers. After the merger with Media Genie, related fixed costs were reflected.
- **CAPEX** : Acquisition of assets under construction increased as subscribers expanded. Also, SkyTV's investment in original content increased as the investment for growth continued.



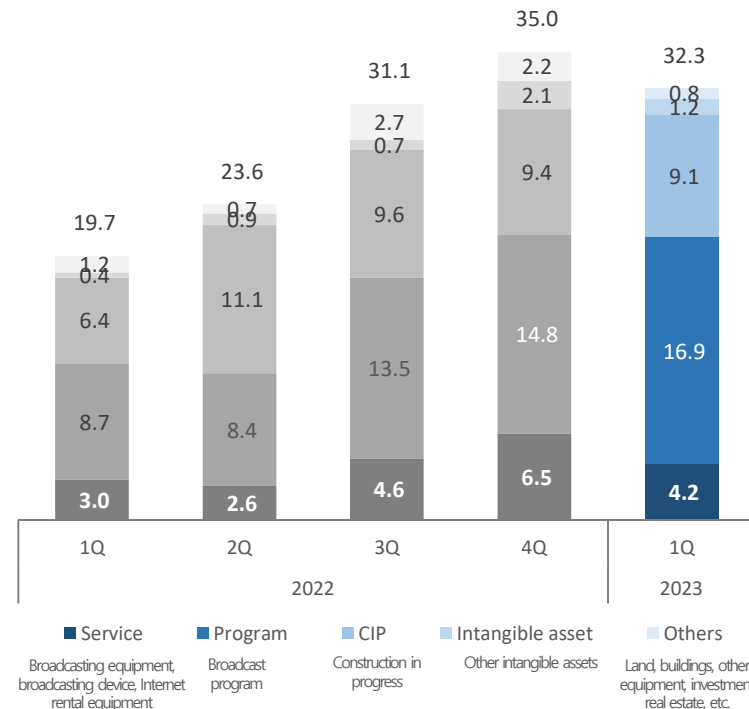
## Operating expense (consolidated)

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



## CAPEX (consolidated)

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





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## 02 Business Highlights – Platform division (subscribers)

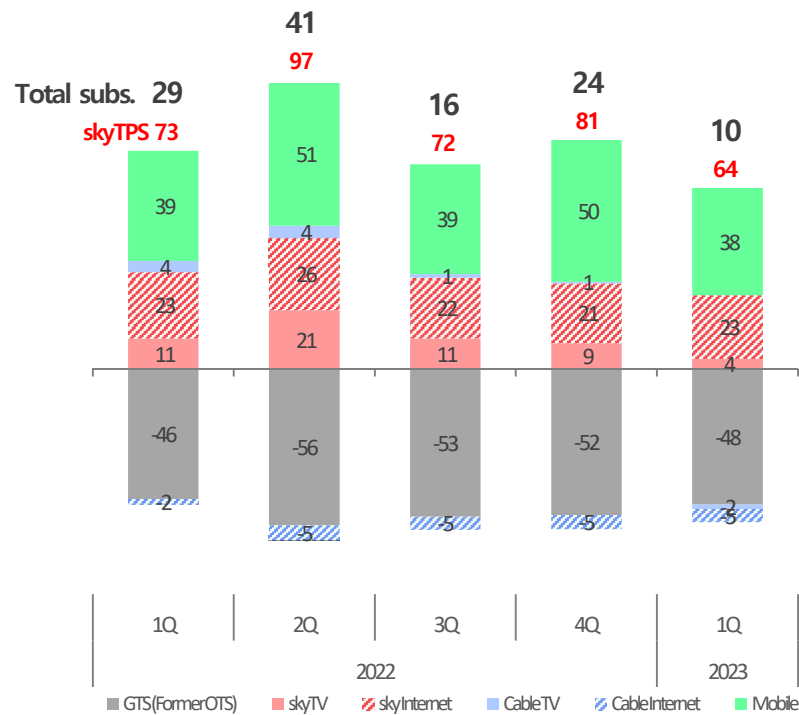
**SkyTPS (skyTV+skyInternet+Mobile) subscribers continue to rise, despite a net decline in GTS subscribers, total subscribers have increased for five consecutive quarters.**

- **Q. net addition** : SkyTPS subscribers net added 64,000 in 1Q, driving overall net subscriber additions. Total subscriber net additions decreased QoQ due to a profit-oriented subscriber recruitment strategy. Product competitiveness was strengthened with the release of HCN's Android TV STB.
- **Y. net addition** : Within the HCN's total new Internet subscribers, sky Internet subscribers account for more than 50%, rising acutely.



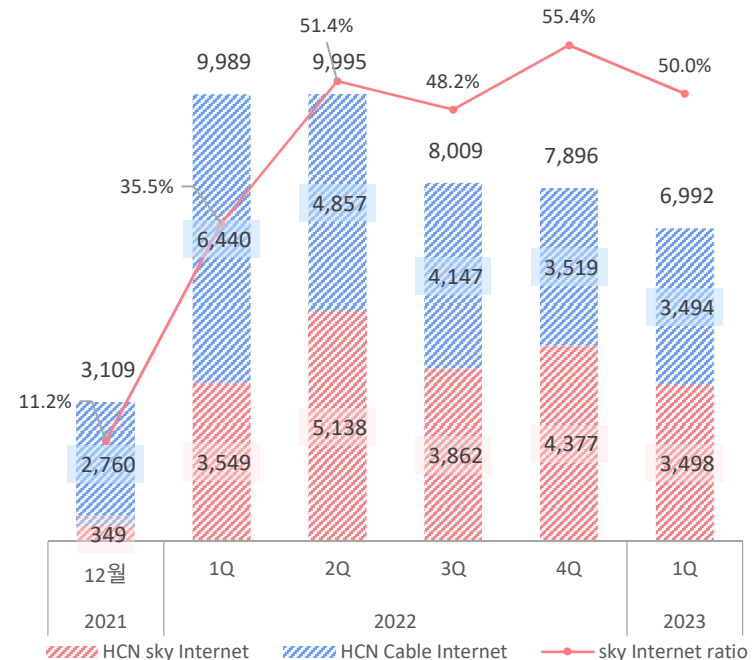
Quarterly subscriber net addition

(Unit : 1,000 subscribers)



HCN's new internet subscribers

(Unit : subscribers)



## 02 Business Highlights – Content division (ENA)

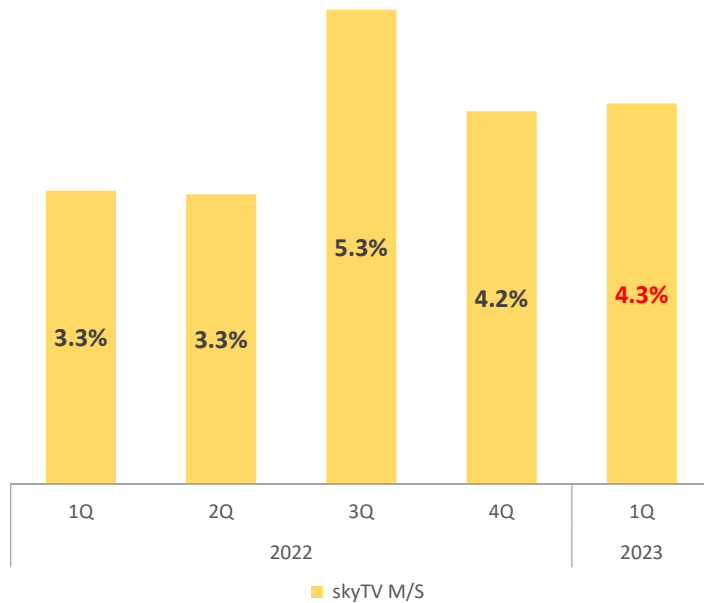
As content investment strengthens the value of the ENA channel rises → increasing skyTV's market share in the pay-TV ad market.

- Despite the decline in the pay-TV advertising market, SkyTV's market share increased QoQ.
- In 1Q 2023, while accelerating the production of original entertainment shows, skyTV produced popular shows such as I'm Solo and Earth Marble World Tour. ENA maintained its channel ratings rank, which increased by 41% compared to the first half of 2022.



skyTV's M/S in pay-TV ad market

(\* Unit : %)

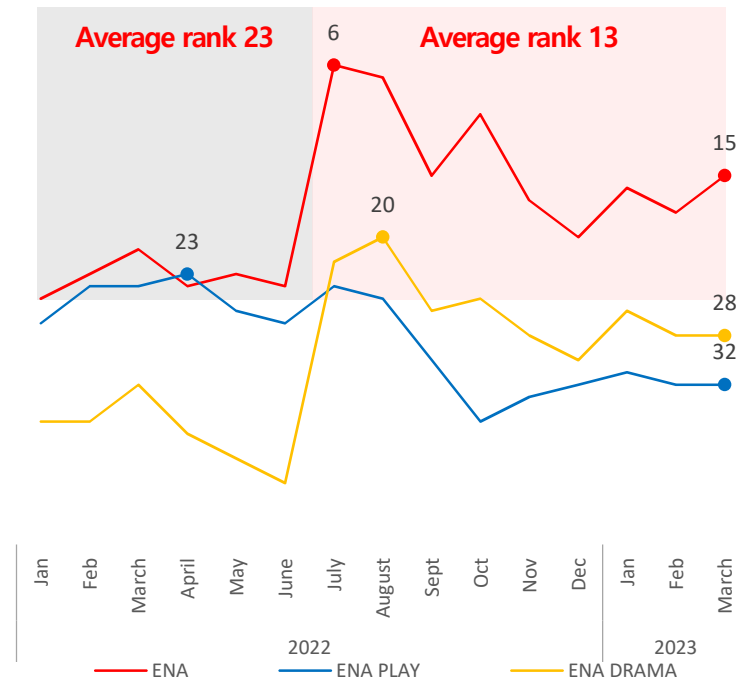


※ 3Q 2022, the effect of 'Extraordinary Attorney Woo' was reflected.



ENA brand channel ratings rank

(Unit : Individual 2049 ratings, Channel ranking)



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# Appendix – Income Statement (consolidated)

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

Category	FY 2022					FY 2023		
	Q1	Q2	Q3	Q4	Annual	Q1	YoY	QoQ
<b>Operating Revenue</b>	240.8	254.2	268.1	271.1	1,034.2	<b>254.8</b>	5.8%	-6.0%
<b>Service</b>	102.0	100.7	100.7	102.4	405.7	100.0	-1.9%	-2.3%
<b>Communication</b>	28.7	32.4	35.7	38.6	135.4	41.9	45.9%	8.5%
<b>Platform</b>	84.1	87.7	94.3	91.0	357.1	81.8	-2.8%	-10.2%
<b>Contents</b>	1.1	4.1	3.5	2.3	10.9	2.2	107.3%	-1.6%
<b>Others</b>	25.0	29.3	34.0	36.9	125.1	28.9	15.6%	-21.6%
<b>Operating Expense</b>	215.1	230.9	253.9	271.1	971.0	<b>238.8</b>	11.0%	-11.9%
<b>Satellite usage</b>	12.6	12.6	12.6	12.6	50.2	12.6	0.0%	0.0%
<b>Network usage</b>	18.9	23.4	26.1	29.6	98.0	28.3	50.1%	-4.4%
<b>Contents</b>	44.0	44.4	45.3	47.2	180.9	43.6	-0.9%	-7.6%
<b>Marketing</b>	41.8	45.4	46.3	49.2	182.7	44.1	5.4%	-10.4%
<b>D&amp;A</b>	28.5	28.6	29.4	36.2	122.7	35.6	24.9%	-1.7%
<b>G&amp;A</b>	69.3	76.6	94.3	96.3	336.5	74.6	7.7%	-22.5%
<b>EBITDA</b>	54.2	51.9	43.6	36.2	185.9	<b>51.6</b>	-4.9%	42.3%
<b>(EBITDA margin)</b>	22.5%	20.4%	16.3%	13.4%	18.0%	<b>20.2%</b>	-10.1%	51.5%
<b>Operating profit</b>	25.7	23.3	14.1	0.0	63.2	16.0	-37.9%	33897.3%
<b>(OP margin)</b>	10.7%	9.2%	5.3%	0.0%	6.1%	<b>6.3%</b>	-41.3%	36079.1%
Non-operating profit	0.8	0.9	0.6	1.9	4.2	0.8	0.7%	-57.2%
Non-operating expense	1.3	2.0	2.4	29.4	35.0	2.5	95.8%	-91.6%
Financial profit	1.5	1.6	2.2	2.2	7.5	1.4	-4.2%	-37.4%
Financial expense	1.2	1.3	1.4	1.9	5.7	1.9	63.0%	0.8%
Investment accounted in equity method	-0.5	0.3	0.5	-1.0	-0.7	-1.2	116.9%	12.4%
<b>Profit before income tax</b>	25.1	22.7	13.7	-28.1	33.4	12.7	-49.4%	Turning into profit
Income tax	6.2	6.1	3.8	-5.9	10.3	5.0	-19.3%	Turning into profit
<b>Net profit</b>	18.8	16.6	9.9	-22.2	23.1	<b>7.6</b>	-59.4%	Turning into profit

# Appendix – Statement of Financial Position (consolidated)

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

Category	FY 2022				FY 2023		
	1Q	2Q	3Q	4Q	1Q	YoY	QoQ
<b>Assets</b>	1,284.4	1,306.1	1,322.8	1,361.3	<b>1,307.7</b>	1.8%	-3.9%
Current Assets	422.7	427.3	414.9	406.5	<b>376.3</b>	-11.0%	-7.4%
Cash & cash equivalents	196.6	195.4	162.0	145.1	<b>133.2</b>	-32.2%	-8.2%
Non-current Assets	861.7	878.8	907.9	954.8	<b>931.4</b>	8.1%	-2.5%
Property, Plant & Equipment	271.8	261.5	259.0	258.3	<b>252.3</b>	-7.2%	-2.3%
Intangible Assets	458.9	458.7	469.6	489.8	<b>490.4</b>	6.9%	0.1%
<b>Liabilities</b>	473.1	472.1	474.0	503.8	<b>461.7</b>	-2.4%	-8.4%
Current Liabilities	256.6	249.4	240.1	274.7	<b>229.8</b>	-10.4%	-16.3%
Debt	100.0	100.0	65.0	45.7	<b>27.0</b>	-73.0%	-41%
Non-current Liabilities	216.5	222.6	233.9	229.0	<b>231.8</b>	7.1%	1.2%
Debt	149.7	149.7	149.7	149.8	<b>149.8</b>	0.1%	0.0%
<b>Shareholder's Equity</b>	811.3	834.1	848.8	857.5	<b>846.1</b>	4.3%	-1.3%
Capital Stock	119.6	119.6	119.6	119.6	<b>119.6</b>	0%	0%
Capital Surplus	161.1	161.1	161.1	161.1	<b>161.1</b>	0%	0%
Accumulated Profit	516.8	538.6	551.8	534.0	<b>525.1</b>	1.6%	-1.7%

# Appendix – Income Statement (separate: skylife)

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

Category	FY 2022					FY 2023		
	Q1	Q2	Q3	Q4	연간	Q1	YoY	QoQ
<b>Operating Revenue</b>	168.2	174.9	179.5	182.4	704.9	<b>178.7</b>	6.2%	-2.0%
<b>Service</b>	75.0	74.3	74.3	73.7	297.2	<b>72.6</b>	-3.2%	-1.5%
<b>Communication</b>	20.5	24.2	27.2	30.3	102.3	<b>34.1</b>	66.1%	12.5%
<b>Platform</b>	54.1	53.9	55.0	54.2	217.2	<b>51.8</b>	-4.1%	-4.4%
<b>Others</b>	18.6	22.5	23.0	24.1	88.2	<b>20.1</b>	8.3%	-16.5%
<b>Operating Expense</b>	148.8	157.9	171.3	176.3	654.3	<b>162.4</b>	9.1%	-7.9%
<b>Satellite usage</b>	12.6	12.6	12.6	12.6	50.2	<b>12.6</b>	0.0%	0.0%
<b>Network usage</b>	15.5	19.3	21.6	24.3	80.7	<b>25.5</b>	64.4%	4.8%
<b>Contents</b>	33.8	33.7	34.2	35.2	136.9	<b>33.7</b>	-0.1%	-4.1%
<b>Marketing</b>	34.4	37.1	37.6	39.5	148.6	<b>36.4</b>	5.8%	-7.8%
Installation	8.4	9.9	9.1	8.9	36.4	<b>7.7</b>	-8.2%	-13.4%
Ad. & Sales promotion	4.2	5.3	5.5	6.6	21.6	<b>4.4</b>	5.7%	-33.4%
Sales commission	21.8	21.9	23.0	23.9	90.6	<b>24.2</b>	11.2%	1.4%
<b>D&amp;A</b>	14.0	14.0	13.8	13.7	55.5	<b>13.1</b>	-7.0%	-4.6%
Depreciation	13.3	13.1	12.9	12.7	52.0	<b>12.0</b>	-9.3%	-5.2%
Amortization	0.8	0.9	0.9	1.0	3.5	<b>1.0</b>	33.9%	3.2%
<b>G&amp;A</b>	38.5	41.3	51.5	51.1	182.5	<b>41.2</b>	6.9%	-19.4%
Service expenses	8.3	8.7	8.6	9.2	34.7	<b>8.1</b>	-2.4%	-12.0%
Fee expenses	3.9	3.8	12.4	5.0	25.1	<b>4.1</b>	3.8%	-18.3%
cost of Ads sales	3.0	2.9	2.6	2.8	11.2	<b>2.0</b>	-33.2%	-27.8%
Others	23.3	26.0	28.0	34.2	111.5	<b>27.0</b>	15.8%	-20.9%
<b>EBITDA</b>	33.4	30.9	21.9	19.8	106.1	<b>29.4</b>	-12.2%	48.3%
<b>(EBITDA margin)</b>	19.9%	17.7%	12.2%	10.9%	15.0%	<b>16.4%</b>	-17.3%	51.4%
<b>Operating profit</b>	19.4	16.9	8.2	6.1	50.6	<b>16.3</b>	-15.9%	166.9%
<b>(OP margin)</b>	11.5%	9.7%	4.5%	3.4%	7.2%	<b>9.1%</b>	-20.9%	172.4%
Non-operating profit	20.8	0.8	0.5	1.0	23.1	<b>17.0</b>	-18.3%	1594.6%
Non-operating expense	1.0	1.7	0.8	24.8	28.3	<b>2.1</b>	108.1%	-91.4%
Financial profit	1.0	1.2	1.6	1.6	5.4	<b>0.8</b>	-21.2%	-49.5%
Financial expense	1.1	1.2	1.4	1.5	5.1	<b>1.4</b>	27.0%	-2.2%
<b>Profit before income tax</b>	39.1	16.0	8.1	-17.6	45.7	<b>30.5</b>	-21.8%	Turning into profit
Income tax	4.6	4.0	2.1	0.5	11.3	<b>2.3</b>	-49.4%	325.5%
<b>Net profit</b>	34.5	12.0	6.0	-18.1	34.3	<b>28.2</b>	-18.2%	Turning into profit

# Appendix – Statement of Financial Position (separate: skylife)

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

Category	FY 2022				FY 2023		
	Q1	Q2	Q3	Q4	Q1	YoY	QoQ
<b>Assets</b>	1,174.0	1,176.3	1,160.9	1,160.0	<b>1,132.5</b>	-3.5%	-2.4%
Current Assets	301.6	300.7	270.3	273.7	<b>262.0</b>	-13.1%	-4.3%
Cash & cash equivalents	117.7	136.1	100.9	97.3	<b>76.0</b>	-35.4%	-21.8%
Non-current Assets	872.4	875.6	890.6	886.3	<b>870.5</b>	-0.2%	-1.8%
Property, Plant & Equipment	180.0	178.2	176.5	175.2	<b>171.6</b>	-4.7%	-2.1%
Intangible Assets	48.5	45.8	45.5	48.8	<b>48.1</b>	-1.0%	-1.5%
<b>Liabilities</b>	377.2	363.8	339.4	357.6	<b>320.8</b>	-15.0%	-10.3%
Current Liabilities	209.0	194.8	158.2	178.8	<b>144.2</b>	-31.0%	-19.3%
Debt	100.0	100.0	50.0	40.0	<b>20.0</b>	-80.0%	-50.0%
Non-current Liabilities	168.2	169.0	181.2	178.9	<b>176.5</b>	4.9%	-1.3%
Debt	149.7	149.7	149.7	149.8	<b>149.8</b>	0.1%	0.0%
<b>Shareholders' Equity</b>	796.8	812.6	821.5	802.4	<b>811.7</b>	1.9%	1.2%
Capital Stock	119.6	119.6	119.6	119.6	<b>119.6</b>	0.0%	0.0%
Capital Surplus	161.1	161.1	161.1	161.1	<b>161.1</b>	0.0%	0.0%
Accumulated Profit	517.5	533.3	542.1	526.2	<b>535.5</b>	3.5%	1.8%
<b>D/E Ratio</b>	47.3%	44.8%	41.3%	44.6%	<b>39.5%</b>	-16.5%	-11.3%
<b>Net Cash</b>	-131.9	-113.6	-98.9	-92.5	<b>-93.7</b>	-28.9%	1.4%



# Appendix – Subscribers

(Unit : subscriber)

Category			FY 2021	FY 2022					FY 2023
			Annual	1Q	2Q	3Q	4Q	Annual	1Q
skylife	Subscriber	<b>Total</b>	3,844,751	3,809,787	3,775,567	3,735,456	3,692,850	3,692,850	<b>3,648,609</b>
		skyTV	2,596,920	2,607,733	2,628,490	2,639,270	2,648,349	2,648,349	<b>2,651,893</b>
		GTS (Former OTS)	1,247,831	1,202,054	1,147,077	1,096,186	1,044,501	1,044,501	<b>996,716</b>
		New	312,600	72,771	87,192	77,778	75,409	313,150	<b>67,285</b>
		Churn	508,219	108,294	122,057	119,566	118,264	468,181	<b>111,966</b>
		-Ratio	3.2%	2.8%	3.2%	3.2%	3.2%	3.1%	<b>3.1%</b>
		UHD	1,561,578	1,571,860	1,640,452	1,679,378	1,712,760	1,712,760	<b>1,740,922</b>
		-Ratio	40.6%	41.3%	43.4%	45.0%	46.4%	46.4%	<b>47.7%</b>
		<b>Internet</b>	287,772	311,260	336,979	358,637	379,946	379,946	<b>402,557</b>
		<b>Mobile</b>	115,443	154,614	205,407	244,467	294,759	294,759	<b>332,906</b>
	<b>Total</b>	4,247,966	4,275,661	4,317,953	4,338,560	4,367,555	4,367,555	<b>4,384,072</b>	
	Net Adds	Broadcasting	-192,530	-34,964	-34,220	-40,111	-42,606	-151,901	<b>-44,241</b>
		Internet	92,995	23,488	25,719	21,658	21,309	92,174	<b>22,611</b>
Mobile		112,834	39,171	50,793	39,060	50,292	179,316	<b>38,147</b>	
<b>Total</b>		13,299	27,695	42,292	20,607	28,995	119,589	<b>16,517</b>	

Category			FY 2021	FY 2022					FY 2023
			Annual	1Q	2Q	3Q	4Q	Annual	1Q
HCN	Subscriber	<b>Broad casting</b>							
		Cable TV Total	1,269,971	1,273,978	1,278,293	1,279,519	1,280,116	1,280,116	<b>1,278,412</b>
		New	34,764	31,004	31,799	28,974	24,560	116,337	<b>20,248</b>
		Churn	36,704	26,997	27,484	27,748	23,963	106,192	<b>21,952</b>
		<b>Cable Internet</b>	256,441	254,454	249,157	244,575	239,558	239,558	<b>234,975</b>
<b>Total</b>	1,526,412	1,528,432	1,527,450	1,524,094	1,519,674	1,519,674	<b>1,513,387</b>		

**kt** skylife