

June 30th, 2021

KTH merges with KT mhow to establish 'kt alpha'

'kt alpha', the merged corporation of KTH and KT mhow, is to be established on July 1st. Both companies have decided on the merger last November, to concentrate their business ability and maximize the synergy, to actively deal with the rapidly changing commerce circumstances led by online and mobile market.

Upon presenting the nation's first T-commerce service 'K shopping', KTH has reinforced its competence in the TV shopping-based commerce market. By launching 'TV MCN' last September, a media commerce platform like YouTube, KTH is also driving differentiation by enabling personalized set up of personal preference in channels by applying cloud solution, which is the first in the field. Through these innovative efforts, K shopping has recorded the revenue CAGR of 26% for last three years. KTH's revenue and operating profit CAGR has achieved high growth by each showing the increase of 12% and 46% for last three years as well.

KT mhow is the No. 1 mobile coupon provider in the B2B market, with the mobile coupon 'giftishow's sales breakthrough of KRW 500 billion last year. Through differentiated customer services like 'giftishow biz', a mobile coupon service for enterprise only, of which the demand is rapidly increasing because of the recent non-face-to-face trend, the CAGR of the revenue and operating profit of KT mhow has increased by 30% and 26% each for last three years. Based on this, KT mhow is expanding the commerce business in full-scale, by launching the 'REPLE' service, a resell platform for limited-edition sneakers.

Based on the TV and mobile based infra and solution, accumulated know-hows of the channel operation, and competence in delivery/supply & demand of products, kt alpha is planning to increase distribution channel and product competitiveness and become a differentiated integrated commerce specialized corporation through reinforcement of mobile driven new business, etc.

With the core vision of 'customized commerce company', kt alpha has set its strategic direction in three big steps: 1) reinforcing mobile-TV live platform and expanding vertical business, 2) strengthening D2C (Direct to Consumer)¹ and 3) driving commerce solution platform business.

On June 10th, K shopping has launched a simultaneous live broadcast of mobile and TV app, which is the first in the live commerce market. Through this, customer base will be broadened from middle-aged generation, who mainly watch TV, to the trend sensitive MZ generation. K shopping is planning

¹ D2C: sales model of a manufacturer selling products directly to customers without the distribution process

to widen the scope of product type from tangible products that are optimized for home shopping to intangible products including mobile coupon. Also, by expanding 'vertical commerce' which targets specific category, K shopping is planning to aggressively proceed the commerce business through the MZ generation targeting limited-edition sneakers resell platform 'REPLE', which was formerly run by KT mhow's and USUN#, a premium gift select shop, etc.

kt alpha is planning to expand D2C (Direct to Consumer) commerce, which suggests customized product through prospecting competitive brand and various products reflecting customer needs through combination of advertisement/marketing utilizing big data and insight of consumption and preference of the 1030 generation. Especially, with the accumulated data from the YouTube advertisement business of KT's digital advertisement subsidiaries, Nasmedia and PlayD, kt alpha is expected to expand development and marketing of PB (private brand) or NPB (National Private Brand) and strengthen its product competitiveness by securing the exclusive license of famous oversea brands.

Lastly, kt alpha is planning to drive commerce solution platform business that connects sellers and customers for small and medium-sized enterprises and small business owners who need know-hows of the overall online shopping mall building and operation. Through this, kt alpha will support from customized online mall building by business to integrated sales managing, marketing consultation, expansion of sales channels, etc. By combining KTH's home shopping operation/production competency, IT solution building know-how, KT mhow's non-face-to-face B2B sales power, customer-base, mobile API transit/linkage technology, and Nasmedia & PlayD's advertisement/marketing solution, data analysis competency, a differentiated solution platform business is expected.

kt alpha has announced its goal of raising the GMV (Gross Merchandise Volume) of 1.4 trillion as of the year 2020, to 5 trillion by the year 2025. Based on the ICT infra & technology competency and the TV & mobile commerce field advantages, kt alpha will go beyond the normal home shopping market competition and enhance the group's enterprise value by taking a leap as the integrated commerce platform company that represent 'commerce' which is the main growing business of Digico, the digital platform company announced by the KT group.

■ Financial Status

Classification (Unit: KRW in bill.)		2018	2019	2020
KTH	Revenue	278.9	322.3	349.3
	Profit	5.6	10.7	11.8
	Asset size	272.8	279.8	280.6
KT mhow's	Revenue	26.6	33.4	44.8
	Profit	5.3	7.5	8.5
	Asset size	60.2	74.3	104.7

■ Shareholder Composition

KT	70.49%	KTIS	2.48%
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■ Main commerce business

	<ul style="list-style-type: none"> . Offer nation's first digital home shopping(T-commerce service) 'K shopping' (simultaneous live broadcast of mobile & TV app, the first in the live commerce) . Create a distribution ecosystem for the shared growth with small and medium-sized enterprises and small business owners
	<ul style="list-style-type: none"> . Offer smart mobile gift-card service 'giftishow' (Customers can purchase/present variety of tangible products through MMS, and the products can easily be exchanged at the on/offline brand shops)
	<ul style="list-style-type: none"> . Offer the premium resell platform 'REPLE' (Customers can trade limited-edition sneakers after checking market price and transaction status, without the risk of money transaction and fake products)
	<ul style="list-style-type: none"> . Offer the premium gift select shop 'USUN#' (Customers can easily purchase/present modern-style premium brands, curated based on the categories/themes)

■ GMV(Gross Merchandise Volume) of K shopping, giftishow in last 5 years

- KRW 1.4 trillion as of the year 2020, target KRW 5 trillion by the year 2025







(unit: KRW in bill.)

Disclaimer

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