

September 9th, 2021

KT acquires global data company ‘Epsilon’

KT signed a Stock Purchase Agreement(SPA) with Malaysia-based Kuok Group to acquire 100% stake in Singapore-based Epsilon Global Communications Pte, Ltd(Epsilon) for \$145mn(about KRW 170bn) on September 8th. Daishin Private Equity(Daishin PE), which is a subsidiary of Daishin Securities, participated in the acquisition as a financial investor(FI) while KT has control of Epsilon. (Acquisition stake : KT 58%/ Daishin PE 42%)

Epsilon, founded in 2003 in London and specialized in global data business, has more than 260 PoPs(Point of Presence) across over 41 cities in 20 countries and operates 3 data centers in London, New York and Singapore. Epsilon has a head office in Singapore and its footholds in UK, USA, Bulgaria and Hong Kong. Based on this, Epsilon is providing headquarter-branch connection global data service, data centers and cloud connection services for telecommunication companies and corporate customers around the world such as USA, Europe and Asia

Global data business provides domestic and foreign corporates and telecommunication companies with international data connectivity service based upon PoPs, data centers, submarine cables and others global infrastructure. The market size of global data business was around KRW 72 tr in 2020 and is expected to grow to KRW 100 tr by 2025. To enhance competitive edge in explosively growing global data business and get readiness for global customers' needs, KT decided to acquire Epsilon which has technical edge and relevant infrastructure.

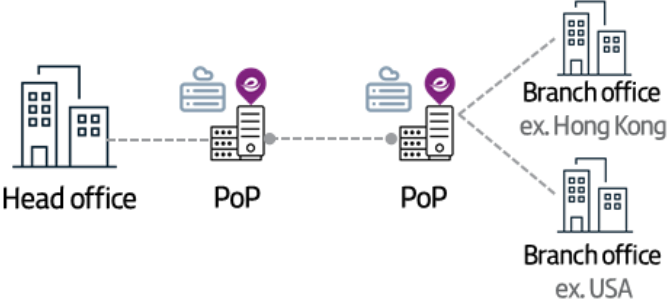
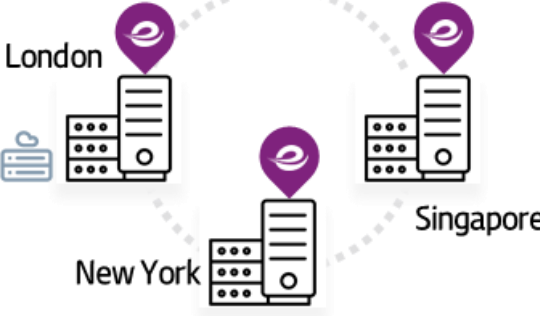
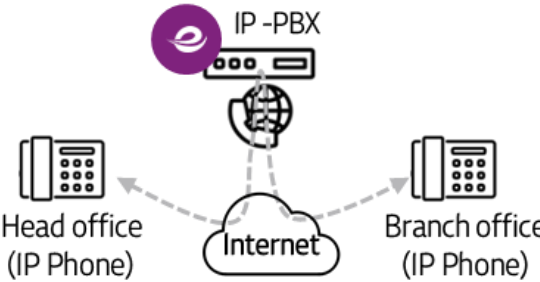
If Epsilon's global network, operating bases and technologies are combined with KT's global ICT, sales capabilities and domestic B2B customer base, greater synergy is expected for both KT and Epsilon. First, KT will be able to expand global data infrastructure from Asia to Europe, USA and other regions with broadened PoP coverage. Thus, it is expected for KT to secure new customers such as domestic companies that enter overseas market and foreign companies that expand into Asia. In terms of business capabilities, KT will be able to integrate Epsilon's IT platform solution, data centers and other capabilities in a short term. Also, more advanced services would be available such as network connectivity including international leased lines, which KT has competitive edge over competitors, data center interconnect, multi-cloud networking and SD-WAN(Software-defined wide area network).

Through the acquisition of Epsilon, KT will continue to accelerate the transformation into DIGICO, digital platform company, by combining the infrastructure and advanced services of global data business with artificial intelligence (AI) services (GiGA Genie) and robots (AI hotel, serving robot) into the digital transformation (DX) business.

■ Epsilon overview

Foundation/ Location	<ul style="list-style-type: none"> . Founded in 2003 . 5 offices in Singapore(Head office), London, New York, Hong Kong, Bulgaria
Equity Stake	<ul style="list-style-type: none"> . Kuok Group 64%, Stone Family 32%, others 4%
Core Assets	<ul style="list-style-type: none"> . PoP 252+ (75 Company owned PoP, 177+ Partner owned PoP) . 3 Data centers (Singapore, London, Europe) . On-demand service IT platform 'Infiny'
Business size	<ul style="list-style-type: none"> . FY2020 Revenue KRW 59 bn (Data 37.4 bn/ Colocation 13.0 bn/ Voice 8.6 bn)

■ Products and services

Data	<ul style="list-style-type: none"> . Data network service that connects customer head office with branches based on PoP networks  <p>The diagram illustrates a data network service. On the left, a building icon represents the 'Head office'. A dashed line connects it to a server rack icon labeled 'PoP'. Another dashed line connects this 'PoP' to a second server rack icon labeled 'PoP'. From this second 'PoP', two dashed lines branch out to two building icons labeled 'Branch office ex. Hong Kong' and 'Branch office ex. USA'.</p>
Colocation	<ul style="list-style-type: none"> . Data center rack space rental and maintenance service  <p>The diagram shows three data center locations: 'London', 'New York', and 'Singapore'. Each location is represented by a server rack icon with a purple location pin above it. Dotted lines connect the three server racks, forming a triangular network.</p>
Voice	<ul style="list-style-type: none"> . Local dial number and VoIP line services for enterprise customers  <p>The diagram depicts a voice service setup. At the top, a purple location pin is above an 'IP-PBX' icon. Below it, a cloud icon labeled 'Internet' is shown. Two dashed lines connect the 'Internet' cloud to two phone icons labeled 'Head office (IP Phone)' and 'Branch office (IP Phone)'.</p>

Disclaimer

Such forward-looking statements are based upon current expectations and involve risks and uncertainties. Actual results may differ materially from those stated in any forward-looking statement based on a number of important factors and risks. In no way does KT assume any responsibility for any investment or other decisions made based upon the information provided on this transcript