

February 15th, 2022

KT establishes ‘kt cloud’, a company specialized in Cloud/IDC to enhance corporate value.

KT has decided to launch a new corporation named ‘kt cloud’, a company specialized in Cloud/IDC which has played a pivotal role as a core DX business of a company over the last 20 years. This decision has been made to strengthen the business competitiveness based on an independent and professional business management structure and to build strong leadership in its industry. KT will make in-kind investment of Cloud/IDC related assets worth about KRW 900bn into kt cloud. KT will hold a 100% stake of kt cloud.

KT’s Cloud/IDC is one of the KT’s representative DX businesses maintaining its market leadership. Especially IDC has been positioned as a top player in the market preemptively dealing with the explosive needs for its domestic and global clients. Despite this solid market power, Cloud/IDC business has been undervalued up until now hidden under KT’s valuation with its sales reaching only 1.8% of KT’s consolidated sales.

For this reason, the establishment of a new company will allow KT to prove growth potentials of KT’s Cloud/IDC business with the recruitment of industry experts, agile response to the market, and a variety of business partnerships. In consequence, shareholders’ value as well as corporate value will be naturally improved with Cloud/IDC value fully materializing.

Furthermore, KT is considering adopting additional measures to protect existing shareholders’ value. Along with the Government’s policies regarding the split-off, KT plans to immediately adopt measures when related laws are enforced. In addition to that, KT plans to set the grounds for distributing in-kind dividends of subsidiaries share through the amendment of the articles of incorporation at the upcoming general shareholders’ meeting.

kt cloud aims to become the largest DX enterprise in Korea. Based on its competitiveness of providing integrated solution of network, IDC, and Cloud as a whole, main business focus will be specialized DX infra businesses including AI infra and DaaS etc. The company plans to reinforce customized services aligned with Government’s plan to convert and integrate administrative and public institutions information to cloud systems, which is 800 billion won in size, and to secure its leading position by building a specialized business organization for the public sector.

In an effort to secure global-level AI cloud competitiveness, KT plans to invest in AI infrastructure starting with the Hyperscale AI Computing (HAC) service launched last year for the first time in the world, and to expand our business to AI platforms and service areas.

Through the launch of a new Cloud/IDC corporation, KT will respond agilely to the rapidly changing DX market dynamics and provide new growth opportunity through active investment. With these strategies, we will continuously strive to maximize corporate and shareholders' value.

※ 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.