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TECHNOLOGY.

**kth**

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Contents & Commerce Leader based on ICT

2019. 2Q Earnings Release

쇼핑의  
신,수지

**K** SHOPPING



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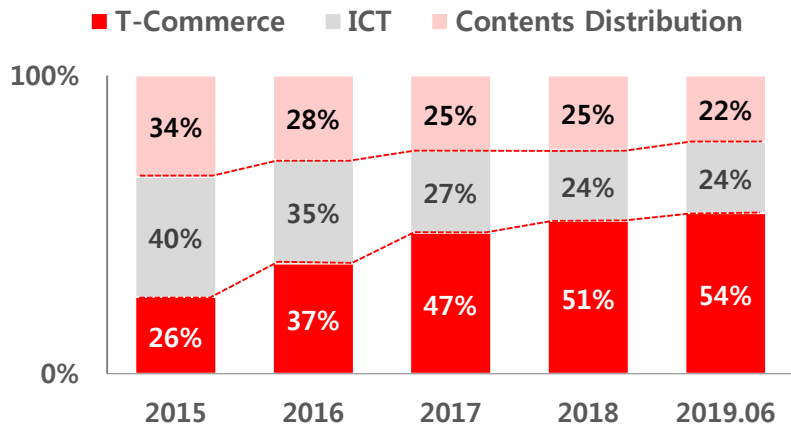
Fax : +82-2-3289-2080

# Overview Company Outline

## Company status

- **Establishment date** Dec, 1991
- **Listing date** Dec, 1999
- **CEO** Kim, Cheol-soo
- **The number of employees** 669 (2019.06.30)

## Business sectors (sales)

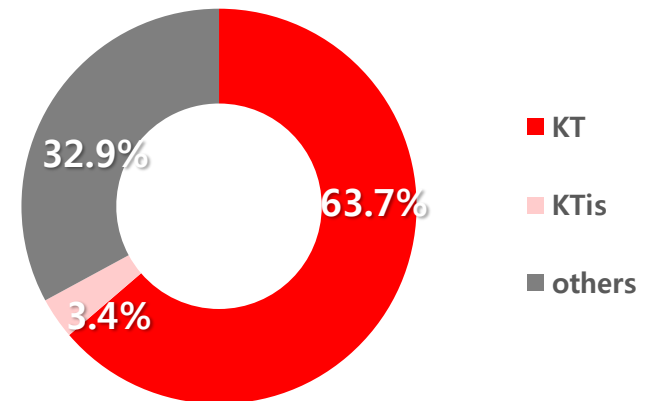


## Financial status

2019.06.30

- **Asset** 280.8 billion KRW  
: Cash and cash equivalent 40.4 billion KRW, ktcs retains 10.8 billion KRW (11.25%)
- **Liabilities** 72.4 billion KRW (Debt ratio 34.8%)
- **Equity** 208.4 billion KRW

## Shareholders



# Overview Business vision

Leading the market and expanding group collaboration  
as the first mover of **commerce & content** business

## 1. T-Commerce

## 2. Contents Distribution

## 3. ICT



### The No.1 T-Commerce Business

- Digital home shopping channel operation
- Internet, mobile shopping mall operation
- Operation of affiliated malls such as G-market, 11th Avenue, and Cupang

### The Leading content distributor

- Film distribution investment and distribution of secondary rights
- Korea's largest circulation of 15,000 copies
- Webtoons/Web novels/characters/performances, etc.

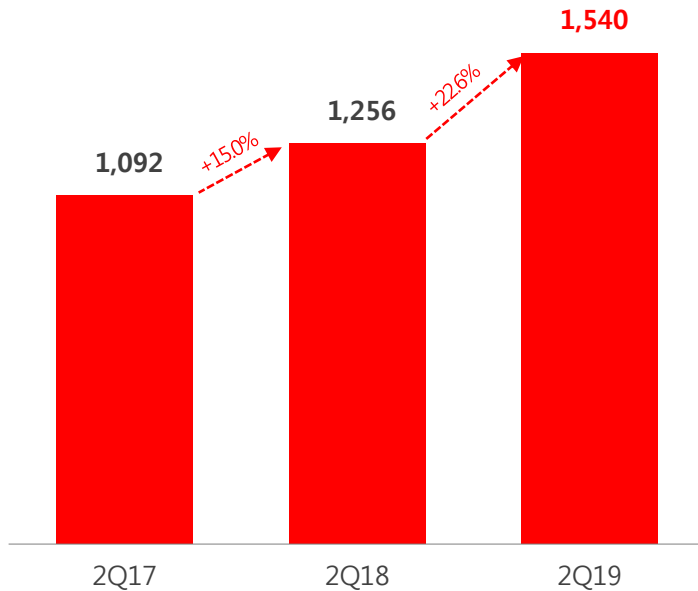
### The largest ICT partner of KT groups

- Operation of Ole TV VOD, Operation of Ringo
- Development and sales of own Big Data Solution
- Development of Iot product for child care, operation of MR sports hall

# Financial Highlights (1)

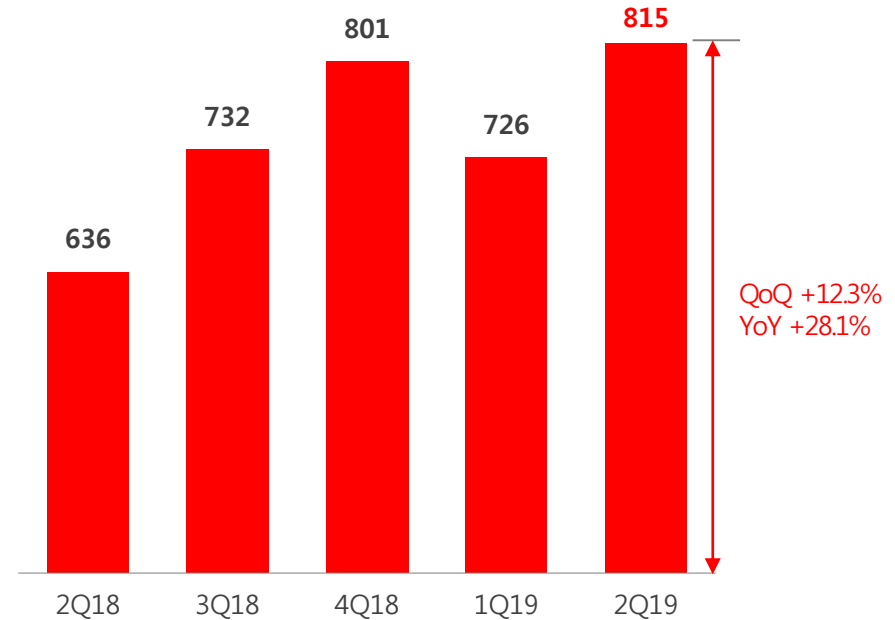
Sales(YTD)

Unit : KRW 100m



Sales(Quarterly)

Unit : KRW 100m

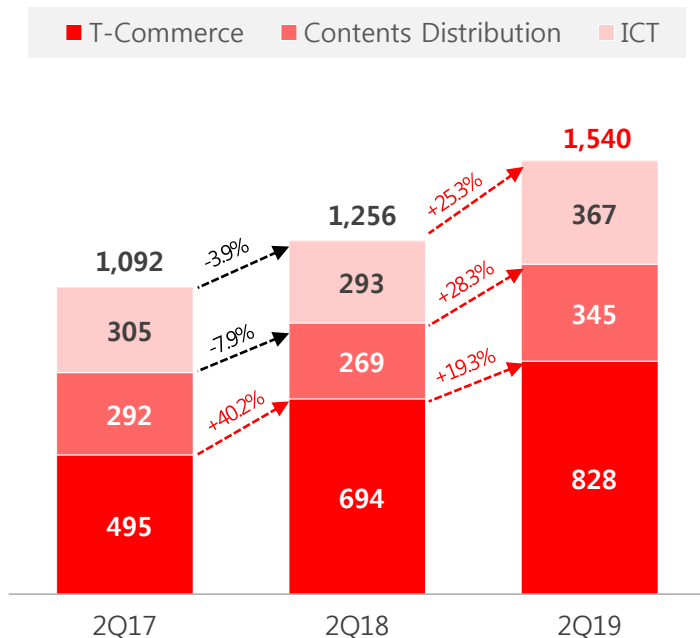


- Second-quarter revenue of 81.5 billion won (QoQ +12.3%, YoY +28.1%), up 17.9 billion won from a year earlier
- Achieved more than 20% growth in all business lines, mainly in the commerce business

# Financial Highlights (2)

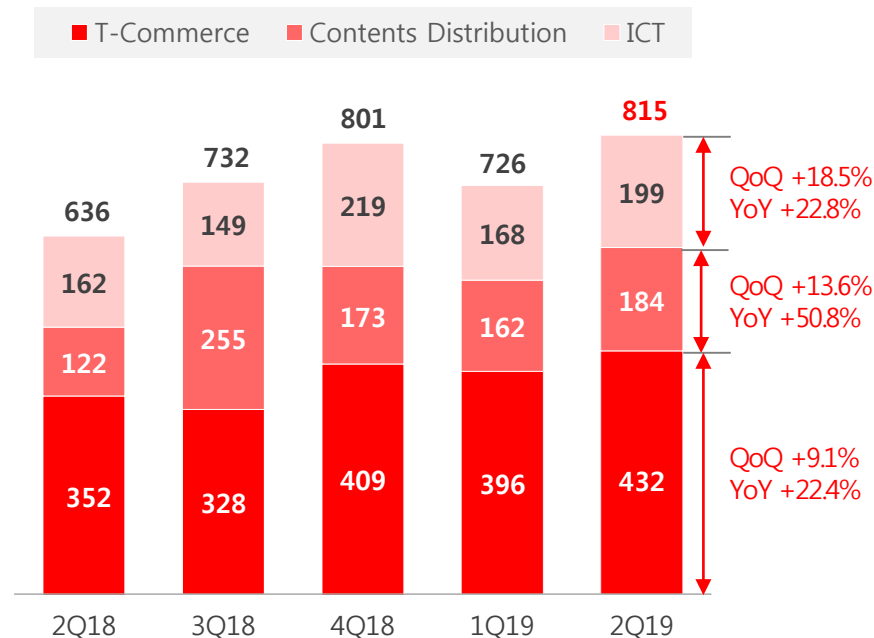
## Sales(YTD)

Unit : KRW 100m



## Sales(Quarterly)

Unit : KRW 100m



### Commerce

Sales growth of +22.4% YoY due to increased channel and product competitiveness and profit-oriented management

### Content Distribution

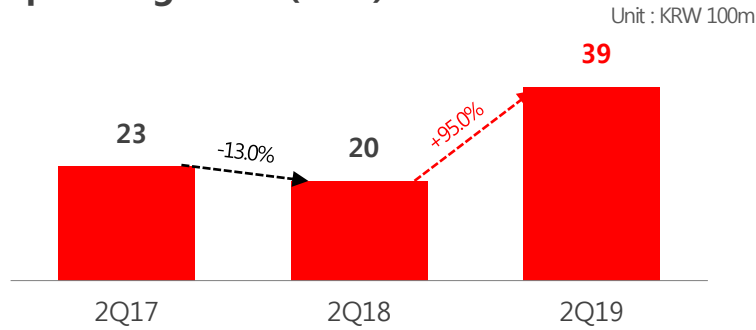
Sales growth of +50.8% YoY due to expanded library movie sales and non-movie content distribution

### ICT Platform

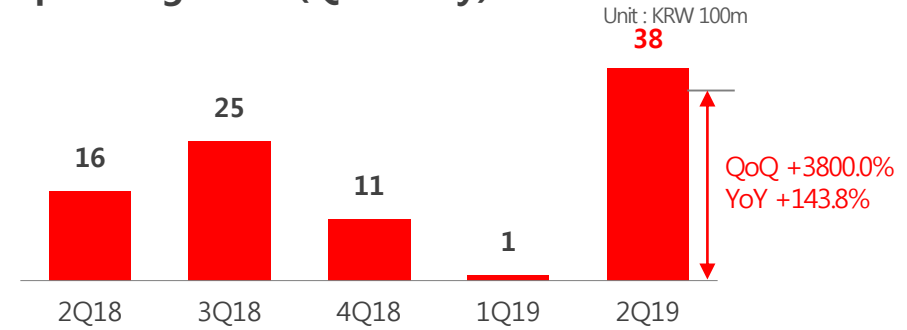
Sales growth of +22.8% YoY due to 5G-related future business and media business orders

# Financial Highlights (3)

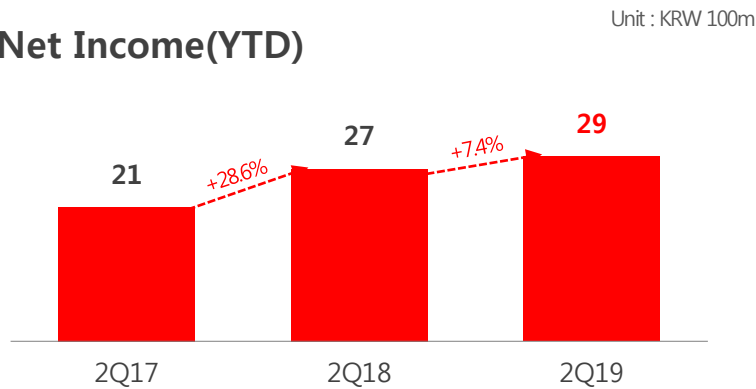
## Operating Profit(YTD)



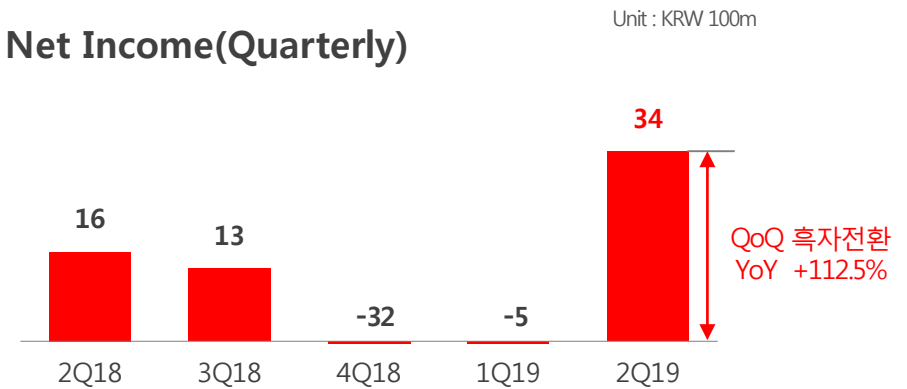
## Operating Profit(Quarterly)



## Net Income(YTD)



## Net Income(Quarterly)

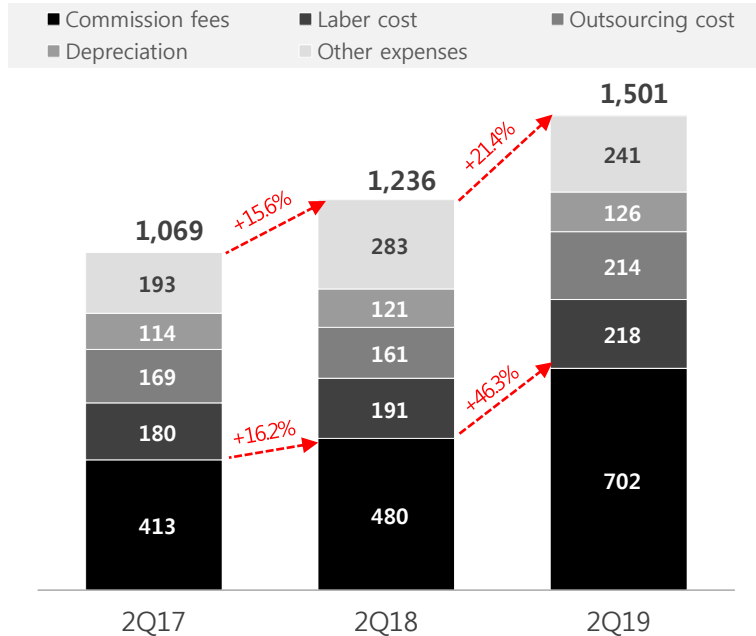


- Operating profit for second quarter is 3.8 billion won (+143.8% YoY) due to increased efficiency of commerce business and formation of profit-oriented products.
- Achieved surplus of operating profit for second quarter and forecast of full-scale entry of profit period

# Financial Highlights Operating Expenses

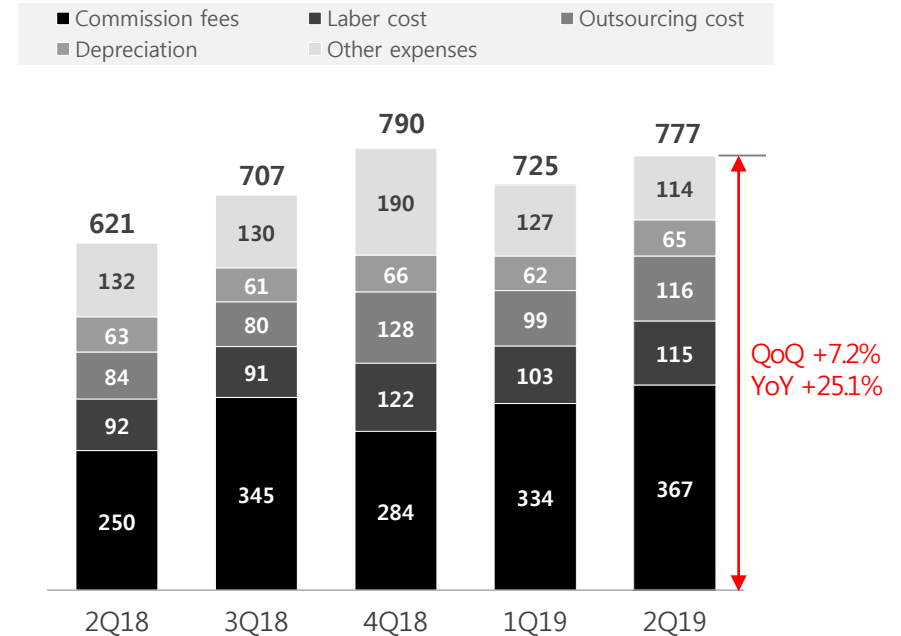
## Operating Expenses(YTD)

Unit : KRW 100m



## Operating Expenses(Quarterly)

Unit : KRW 100m



- Operating expenses increased 25.1% YoY due to expanding share of commission fees and outsourcing cost.
- Commission fees increased 46.8% YoY reflecting increased platform commission due to enhanced channel competitiveness



# Appendix Financial Position

(K-IFRS / non-consolidated)

Unit : KRW 100m

	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
Current assets	1,503	1,378	1,377	1,550	1,612	1,366	1,137
Cash & cash equivalents	216	139	229	203	392	273	294
Other Current Financial Assets	400	350	210	170	312	256	260
Trade and other current receivables	405	370	350	543	441	453	514
Inventories	47	72	56	36	64	56	43
Other current non-financial assets	435	447	532	598	403	327	26
Non-current assets	1,079	1,135	1,172	1,156	1,116	1,353	1,671
Other non-current financial assets	245	241	244	258	274	302	299
Tangible assets	241	234	228	227	229	242	232
Intangible assets	251	267	272	281	276	298	305
Other non-current assets	342	393	428	391	337	511	835
<b>Assets</b>	<b>2,582</b>	<b>2,513</b>	<b>2,549</b>	<b>2,705</b>	<b>2,728</b>	<b>2,719</b>	<b>2,808</b>
Current liabilities	499	407	419	541	631	535	600
Trade and other current payables	393	357	355	458	509	404	481
Other current liabilities	106	50	63	82	122	130	119
Non-current liabilities	30	38	45	52	28	120	124
Post-employment benefit obligations	21	29	36	43	14	23	30
Other non-current liabilities	9	9	9	9	14	97	94
<b>Liabilities</b>	<b>529</b>	<b>445</b>	<b>463</b>	<b>593</b>	<b>659</b>	<b>655</b>	<b>724</b>
Capital Stock	357	357	357	357	357	357	357
Share premium	2,145	2,145	2,145	2,145	2,145	2,145	2,144
Other capital component	-39	-42	-40	-64	-76	-76	-90
Retained earnings	-410	-392	-376	-325	-357	-361	-327
<b>Equity</b>	<b>2,053</b>	<b>2,068</b>	<b>2,085</b>	<b>2,113</b>	<b>2,069</b>	<b>2,064</b>	<b>2,084</b>

# Appendix Income Statement

(K-IFRS / non-consolidated)

Unit : KRW 100m

	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19
<b>Operating revenue</b>	<b>630</b>	<b>619</b>	<b>636</b>	<b>732</b>	<b>801</b>	<b>726</b>	<b>815</b>
T-commerce	305	341	353	328	409	396	432
Contents distribution	158	147	122	255	173	162	183
ICT platform	167	131	162	149	219	168	199
<b>Operating expense</b>	<b>608</b>	<b>616</b>	<b>620</b>	<b>707</b>	<b>790</b>	<b>724</b>	<b>776</b>
Labor cost	104	100	92	91	122	103	115
Outsourced cost	93	77	84	80	128	99	116
Depreciation	61	58	63	61	66	62	65
Commission fees	231	240	250	345	284	335	367
Other expenses	119	141	132	130	190	125	114
<b>Operating income</b>	<b>22</b>	<b>4</b>	<b>16</b>	<b>25</b>	<b>11</b>	<b>1</b>	<b>39</b>
Non-operating income (loss)	-16	4	-3	-12	-22	2	-5
Income before income taxes	<b>7</b>	<b>8</b>	<b>13</b>	<b>13</b>	<b>-11</b>	<b>3</b>	<b>34</b>
Income tax expense	-9	-3	-3	0	21	7	0
<b>Net income</b>	<b>16</b>	<b>12</b>	<b>16</b>	<b>13</b>	<b>-32</b>	<b>-5</b>	<b>34</b>

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