

Korean deal opens huge U.S. market to Richmond electronics company

International Technologies Corp. hoping to tap opportunity that generated \$20m in revenues last year

Glenn Drexhage

A local company anticipates entering the valuable U.S. market and boosting revenues thanks to a deal that's set to kick in at the beginning of June.

Richmond's **International Technologies Corp.** (ITI: TSX Venture) recently announced it had entered an agreement with **Hansol LCD Ltd. Co.**, a Korean firm that has distributed electronics products into the U.S. since 1995 through a subsidiary.

As of June 1, however, Hansol will grant ITC exclusive rights to distribute its monitors and other display products into the U.S.

Hansol's American business reaped revenues of about \$20 million in 2003, said **Michael Uhm**, ITC's president and CEO.

That's just slightly under ITC's 2003 sales of about \$24.9 million (the firm also reported net earnings of \$572,737).

"You add those two [sales figures] together – it's a pretty significant overall increase in our business,"

Uhm said.

As part of the deal, ITC agreed to a cash payment of US\$350,000. In return, it gets marketing services that are expected to reach up to US\$200,000.

Hansol is a Korean firm involved in industries ranging from electronics to construction to pulp and paper. The same family members own both Hansol and **Samsung**, another huge Korean conglomerate.

ITC is a direct importer and distributor of electronics products that works with exclusive agreements.

"You don't see exclusive arrangements with anybody else," said Uhm, 41, who has worked in the computer electronics business since 1986. "It's almost unheard of these days."

By doing so, Uhm said ITC streamlines the process whereby items make their way from a manufacturer to a reseller. That in turn leads to savings for the reseller and consumer, he said.

The company's customers are spread across Canada and include such retailers as **Future Shop/Best**



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Buy, A&B Sound and The Brick.

Its top partner is Hansol, which provides traditional and flat panel monitors. ITC also distributes digital audio products for **Digital Way**, plasma televisions for **Digital Device Inc.**, and LCD monitors and televisions for **Wooyoung Co. Ltd.**

Jim Smerdon, a retail analyst with **Hudema Consulting Group Ltd.** in Vancouver, highlighted the strong demand for personal electronic products.

"I think we're far away from the saturation point of electronic devices in the average consumer's house-

hold."

Yet he also noted the segment's challenges. "The competition is so strong in that sector that the margins can be very small," Smerdon said. "So it becomes a focus on what your business operating model is – whether you're able to keep your costs low."

ITC has grown so far with less than 20 employees. Five are based at the head office in Richmond, with others in Toronto, Montreal and Dallas. The firm also outsources much of its warehousing needs for its seasonal business. ITC started in 1998 as a private firm called **Hansol Multi-tech Canada Inc.** It acted as a subsidiary of Hansol's U.S. office.

Uhm decided the company needed to go public if it wanted to prosper.

It made its market debut in January 2002 through a qualifying transaction with **Wotan Capital Inc.**

At press time, ITC's share price stood at \$0.51, a situation that the company's chief executive isn't happy about.

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