

KT 3Q24 Earnings Release

2024. 11. | Investor Relations



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1-1 3Q24 Highlights

Financials

Stable B2C/B2B businesses and steady growth of real estate, DC/Cloud

Cons.

Revenue

6,654.6bn (YoY -0.6%)

Operating
Profit

464.1bn (YoY +44.2%)

Sep.

Revenue

4,765.0bn (YoY +2.0%)

Operating
Profit

338.9bn (YoY +75.1%)

Management Strategy

Transform into AICT Company by enhancing AX capabilities and restructuring

AX Capabilities

- ✓ Strategic Partnership with Microsoft(9/28)
 - Joint development and GTM* of Korean AI/Cloud services
 - New opportunities with establishment of specialized AX company
 - Joint R&D and fostering of AI specialists

* Go-To-Market Strategy
- ✓ Workforce Restructuring for AICT Transformation
 - Establishment of 2 Network-specialized subsidiaries
 - Special voluntary retirement program

Value-Up

- ✓ FY2028 Consolidated ROE Target 9%~10% (11/5)
 - AICT Transformation: FY2028 AI/IT rev. up 3x^{of 2023}
 - Increase Profitability: FY2028 Cons. OP Margin 9%
 - Liquidate Non-Core Assets (including idle real estate)
 - Enhance Capital Efficiency: KRW 1tr share buyback & cancellation between FY25~2028

Shareholder Return

- ✓ 3Q24 Quarterly dividend KRW 500 (10/31)
 - 3Q Cumulative DPS : KRW 1,500

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2-1 FY2028 Financial Target and Action Plans



2028 Target

Consolidated ROE 9% ~ 10%

Action Plan

AI/IT Rev. Up 3x^{of 2023}

Consolidated OP Margin 9%

Liquidate Non-Core Assets

Total ^{KRW}1tr. Share
Buyback&Cancellation

『Transform into AICT Company』

Innovate core business with AICT,
Attain top-tier AI/Cloud capabilities

『Increase Profitability』

Enhance OP through
streamlining low-profit businesses

『Increase Resources
for Capital Allocation』

Liquidate non-core assets and
idle real estate

『Additional Share
Buyback&Cancellations』

Enhance capital efficiency
through additional returns

Strategy

Integrate AICT into Core Biz. ^{Telco, Media, NW, IT}, Accelerate Growth of B2B AX and Revamp Management Structure

2-2 AICT Transformation

Complete a growth-oriented business portfolio by FY2028 through transforming into 'AICT Company' and streamlining low-profit/low-growth businesses

Transform into 『AICT Company』 ➔ AI/IT Revenue Share* 『2023 6% ⇒ 2028 19%』

Core Business(Telco, Media, Network/IT) Innovation through AICT Integration
B2B AX Growth with AICT Offering

B2B AX Growth

Customized B2B AICT Offerings

Leading AI/Cloud Market w/ Partnership

Accelerate Growth in Corporate Telco/AX

B2C Core Businesses Innovation

AI-based B2C Products/Distribution/NW

AI Media Platform/Contents

Targeting SME* AX Market

Transformation of Management Structure

Enhance Workforce and Organization
Structure to align with AICT Transformation

Revamp KT Group Portfolio and
Management System

Streamlining Business

Review Low Profit/Growth Businesses

Check Alignment with AICT Strategy

Revamp Business and Pricing Structure

Divest/Discontinue Low-Profit Businesses

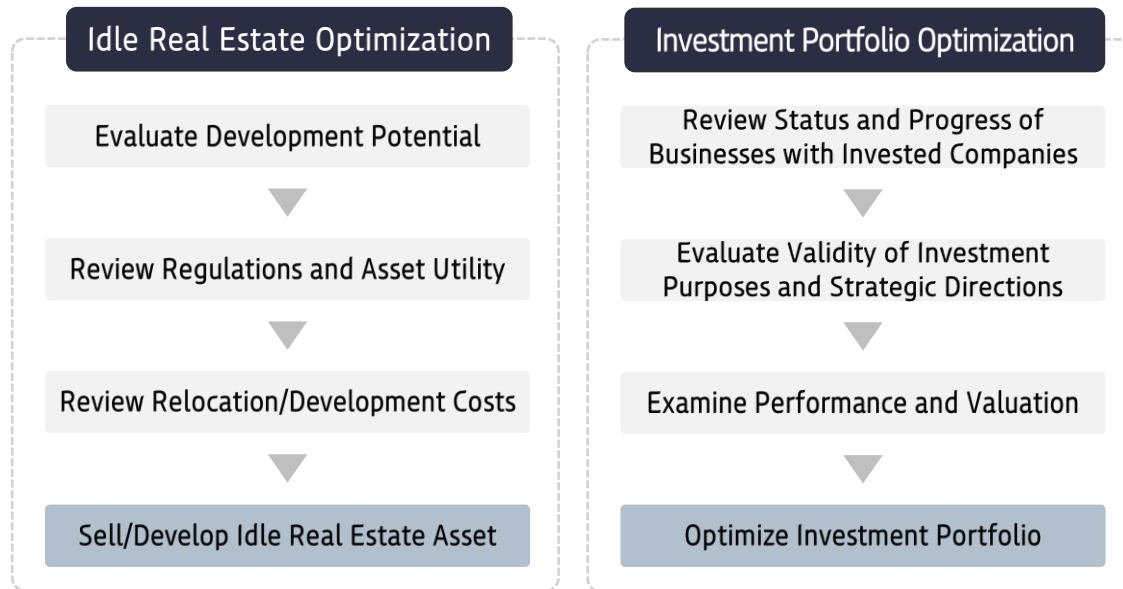
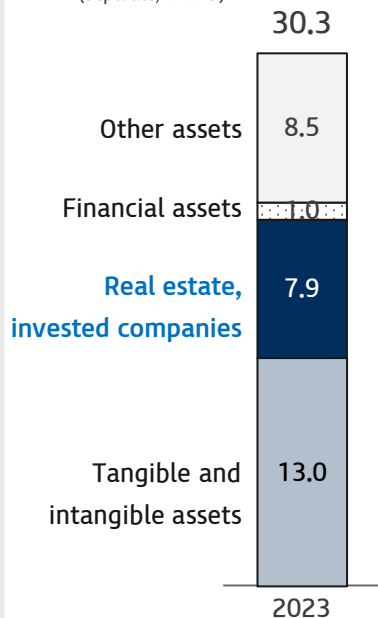
*AI/IT Revenue Share: based on KT separate service revenue, SME: Small and Medium-sized Enterprises

2-3 Asset Efficiency

Liquidate non-operating assets to fund capital allocation

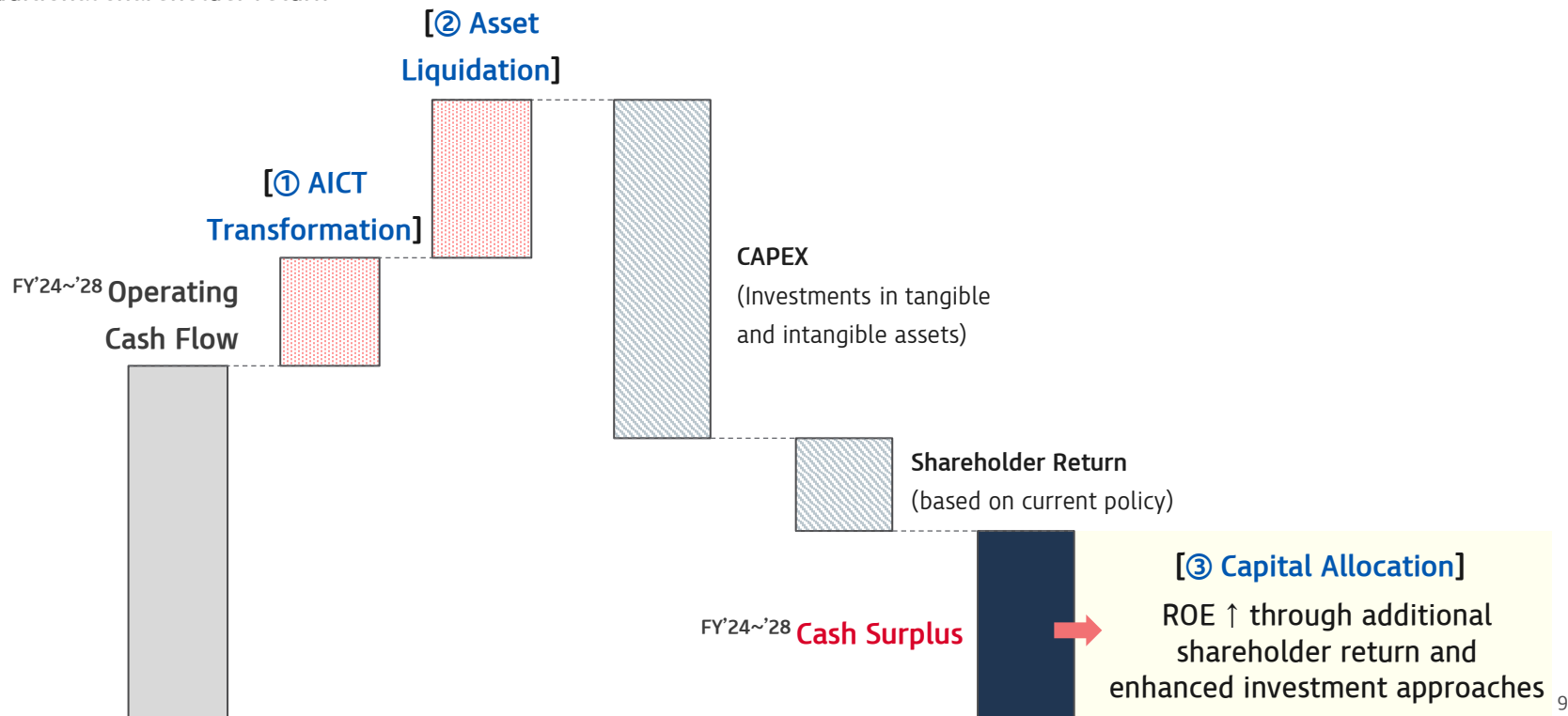
Liquidation of Non-Operating Assets, Including Idle Real Estate and Investment Assets

(Separate, KRW tr)



2-4 Capital Allocation

Generate additional cash surplus through improved profitability and asset liquidation, and allocate to improve ROE, including additional shareholder return



2-5 Capital Allocation (cont.)

Expand capital allocation for additional shareholder return and investment

Capital Allocation on 『Investment』 and 『Additional Shareholder Return』 to Increase ROE

Investment

Financial Criteria

Profitability, size of asset/capital is enough to increase ROE



Strategic Criteria

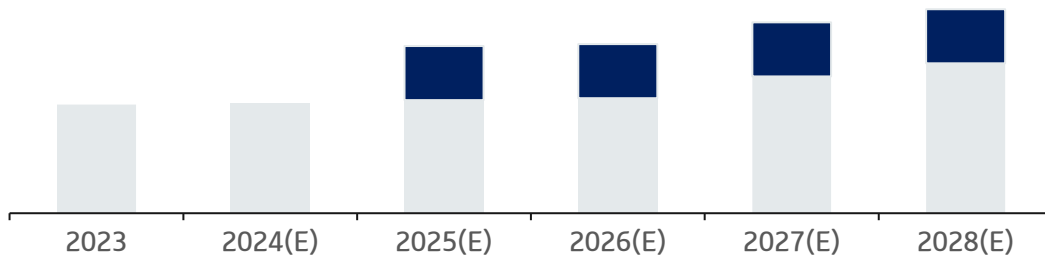
Alignment with AICT Strategy,
Synergy with existing portfolio,
possession of competitiveness

Additional Shareholder Return

Share Buyback&Cancellation of ^{KRW}1tr. for 4 Years

■ Additional Shareholder Return
■ Shareholder Return by Current policy

FY2026~ shareholder return assumes current policy of '50% of adjusted* standalone net income'



* Adjustments for non-cash income / expense

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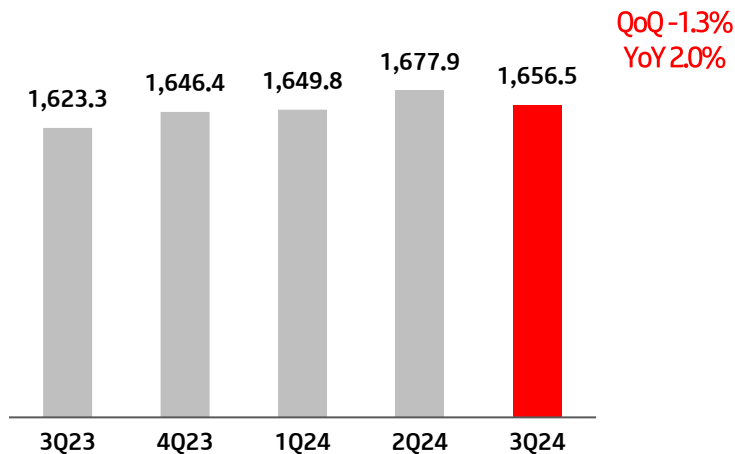
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3-1 KT - Wireless

Wireless service revenue up +2.0% YoY with increased 5G penetration and MVNO/roaming rev.

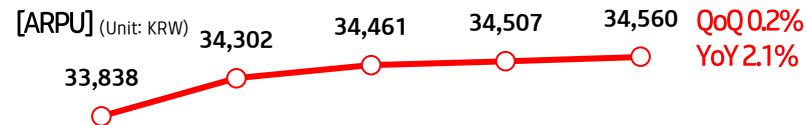
3Q24 Performance

Service Rev. (Unit: KRW bn.)

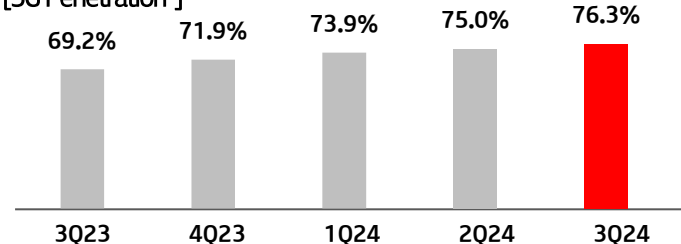


Highlights

ARPU & 5G Penetration



[5G Penetration*]



* (5G Handset Subs.) / (MNO Handset Subs.)

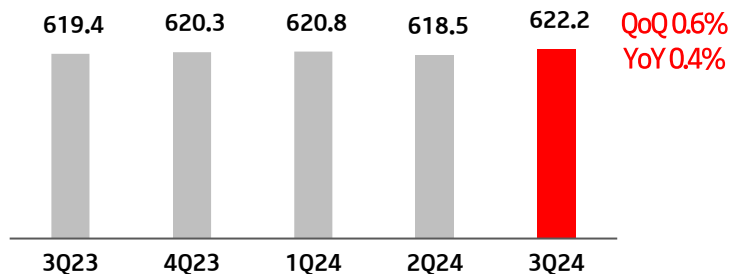
3-2 KT - Fixed Line

Broadband rev. up +0.4% YoY due to the expansion in premium plans and value-added services.

Media rev. down -1.2% YoY due to the decrease in PPV and advertising revenues despite net subscriber additions

Broadband

Service Rev. (Unit: KRW bn.)



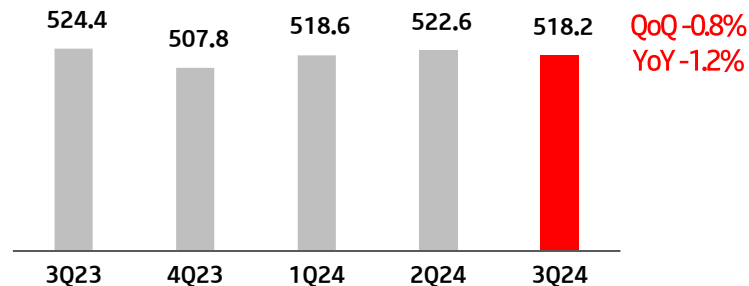
Subscribers (Unit: Thousands)

	3Q23	4Q23	1Q24	2Q24	3Q24	YoY
Total	9,810	9,827	9,862	9,899	9,928	1.2%
GiGA %*	68.0%	68.3%	68.5%	68.7%	68.9%	0.9%p

* (Cumulative GiGA Subs.) / (Total Broadband Subs.)

Media

Service Rev. (Unit: KRW bn.)



Subscribers (Unit: Thousands)

	3Q23	4Q23	1Q24	2Q24	3Q24	YoY
Total	9,430	9,409	9,418	9,423	9,440	0.1%
15K ↑ %*	30.7%	31.6%	31.6%	32.8%	32.2%	1.5%p

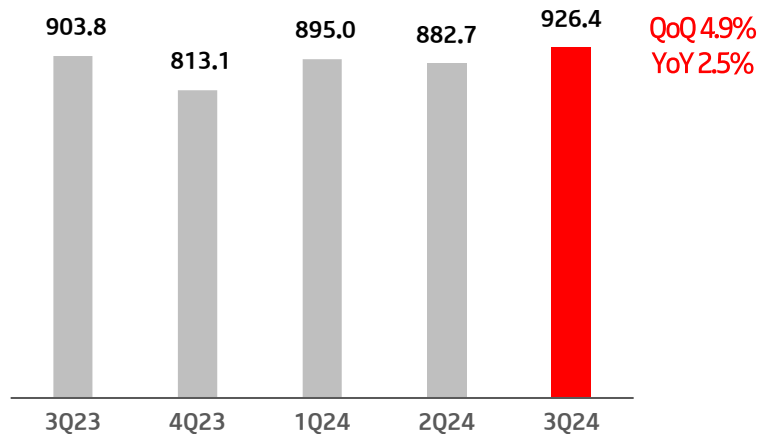
* (Cumulative 15K ↑ Subs.) / (Total IPTV Mass Subs.)

3-3 KT - B2B Services

B2B Service rev. +2.5% YoY with focus on service-based businesses despite streamlining low-profit businesses

3Q24 Performance

Rev. (Unit: KRW bn.)



Streamlining Businesses

Principle & Direction

[Principle] Driving essential and sustainable growth

Selection and Focus

- Streamlining low-margin biz.
- Solar Energy, Digital logistics, etc.

Re-design of Biz. structure

- One-time project → Service Model
- AICC, Robot, etc.

3-4 KT - AI Partnership

Aim to rapidly evolve into AICT company and to secure global-level competitiveness by leveraging strategic partnership

Full-scale collaboration in “Korea-customized AI/Cloud, Infrastructure, Go-to-Market, and Fostering of AI specialists” for the next five years

Significance of Partnership



Focus on
AX(AI driven DX)
leveraging the latest
AI technologies

Long-term partnerships
that enable sustainable
growth and innovation

Focus on **execution/
capabilities/ecosystem** to
secure competitive
advantage in AX tech.

Partnership Details

5-year partnership

1

Korea-customized AI/Cloud
(AI Agent/Platform/Model, Secure Public Cloud)

2

Hyperscale Infrastructure
(Network, IDC, GPU)

3

Go-to-Market
(New AX-specialized service company,
AX Strategic Fund)

4

Fostering of AI specialists
(Co-innovation center & Upskilling Program)

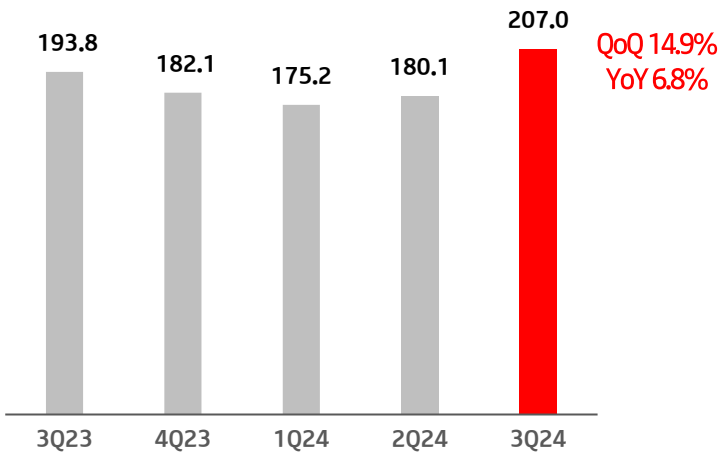
3-5 kt cloud

Rev. +6.8% YoY with increased demand for data centers and expansion of DBO* business

*DBO(Design-Build-Operate): a project where a single contractor is appointed to design, build and operate a data center for a certain period

3Q24 Performance

Rev. (Unit: KRW bn.)

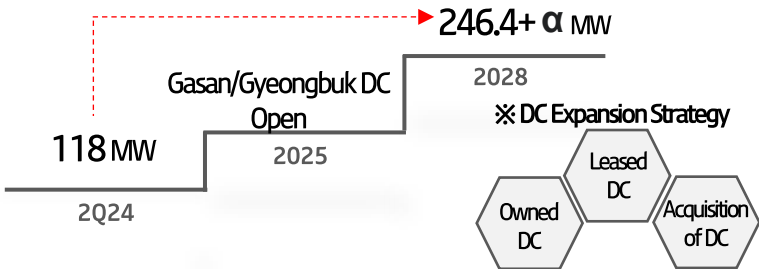


Highlights

Performance

- DC**
 - Continued revenue growth from global clients
 - Increase in DBO business (Gasan, Gyeongbuk, etc.)
- Cloud**
 - Sustained competitive advantage in public sector through successful retention of expired customers

DC Capacity (by IT load capacity)



3-6 Finance

(BC Card) Profitability improved with increased PLCC and strong platform revenue growth despite declined transaction volume

(K bank) Profit improved due to continued loan/deposit growth and cost stabilization by strengthening loan portfolio

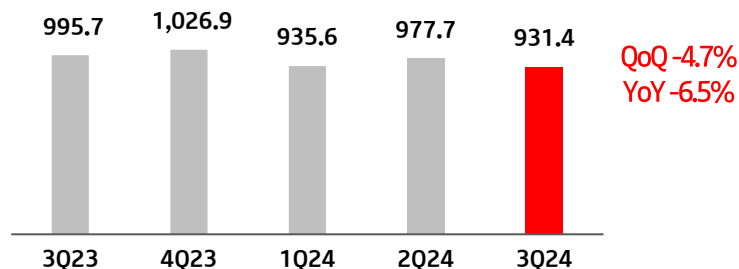
BC Card

- **Rev. decreased due to the declined transaction volume impacted by Woori Card's exit**
 - 3Q24 Rev. KRW 931bn (YoY -6.5%)
- **Exceeded KRW 1 tr. in PLCC volume in 3Q24 and rev. growth in platform biz.**

K bank

- **Continued profit improvement based on solid deposit/loan/client and cost stabilization**
- **Preparing for IPO within Feb. 2025**

BC Card Rev. (Unit: KRW bn.)



K bank Performance

	3Q23	4Q23	1Q24	2Q24	3Q24	YoY
Deposit (KRW tn.)	17.2	19.1	24.0	21.9	22.0	27.6%
Loan (KRW tn.)	12.8	13.9	14.8	15.7	16.2	26.5%
Client (in mn)	916	953	1,033	1,147	1,205	31.5%

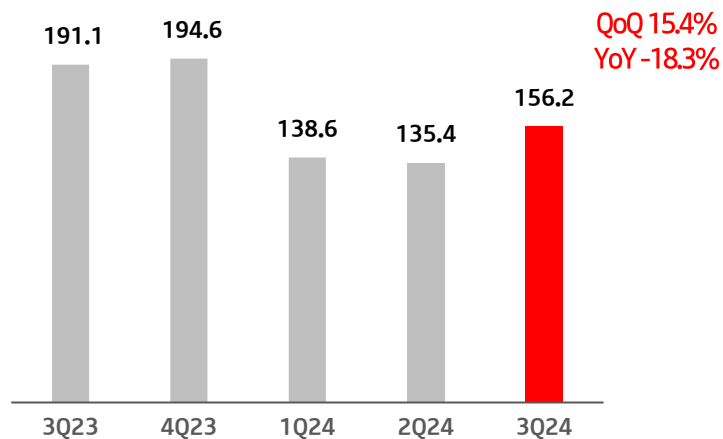
3-7 Media/Content

Content subsidiaries revenue down -18.3% YoY due to fewer content episodes aired

SkyTV channel value increased from the success of group original content

3Q24 Performance

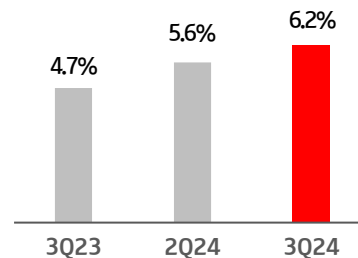
Content Subsidiaries* Rev. (Unit: KRW bn.)



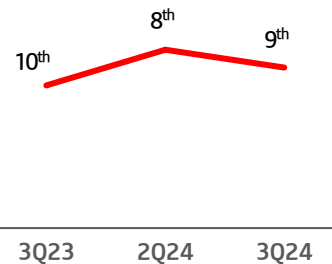
3Q24 Highlights

ENA, Channel value boosted with multiple original content hits

SkyTV's M/S in PayTV Ad



ENA Channel Viewership Ranking



*Content Subsidiaries : Nasmedia(PlayD incl.), KT Studiogenie(Genie music, Storywiz, and others incl.)

3-8 Real Estate

Rev. +3.6% YoY due to steady growth of hotel and office rentals

3Q24 Performance

- **Strong hotel business and continued growth in office rental**

- kt estate, 3Q24 rev. increased 3.6% YoY

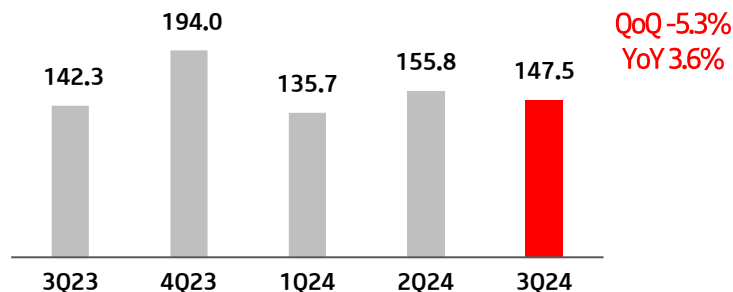
※ Major asset status

408 Offices, 7 sites of rental housing, 4 sites of hotel

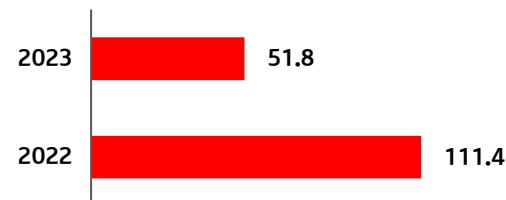
FY24 Strategy

- **Diversified asset portfolio including office · rental housing · hotel**
- **Major development project in Seoul scheduled for completion in 2025**
 - (APT) 631units/ (Hotel) 150 rooms
 - (Rental housing) 282rooms / (Office) 1mn ft²/ (Shopping mall) 1.1 mn ft²

kt estate rev. (Unit: KRW bn.)



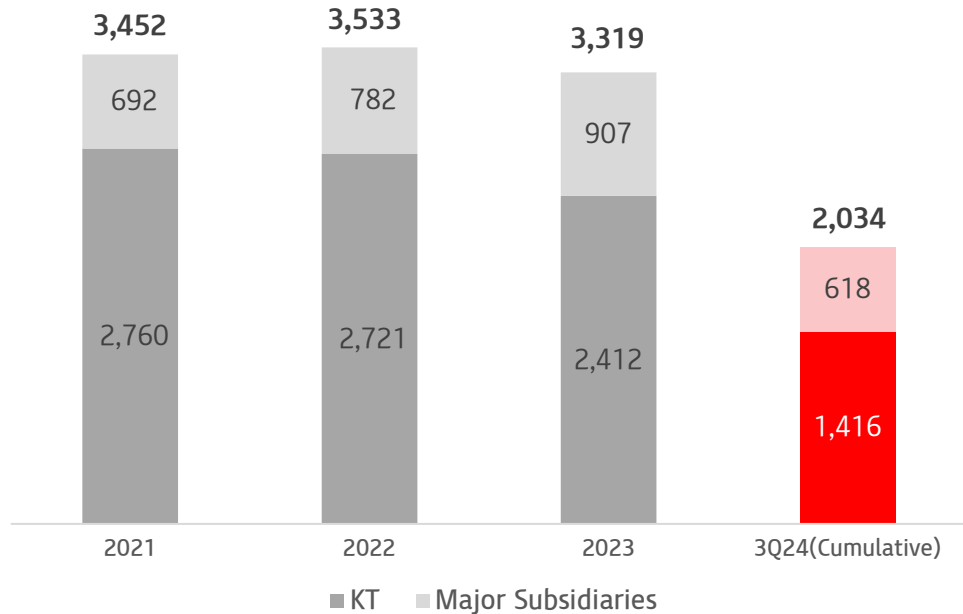
Profit by selling properties (Unit: KRW bn.)



3-9 CAPEX

'24 3Q Cumulative Capex Execution : KRW 14,160 bn(KT Separate), KRW 618.0bn (Major Subsidiaries)

(Unit: KRW bn)



■ Major Subsidiaries' CAPEX

Includes Finance, Media, Cloud/IDC, Real Estate and etc.

■ KT Separate CAPEX

Access network, Backbone Network, B2B and etc.

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1 K-IFRS Income Statement

(Unit: KRW bn)

Consolidated	3Q23	4Q23	1Q24	2Q24	3Q24	KT Separate	3Q23	4Q23	1Q24	2Q24	3Q24
Operating revenue	6,697.4	6,687.6	6,654.6	6,546.4	6,654.6	Operating revenue	4,673.0	4,592.0	4,694.8	4,548.3	4,765.0
Service revenue	5,842.5	5,720.2	5,722.7	5,776.6	5,752.0	Service revenue	4,020.0	3,941.2	4,040.6	4,048.0	4,069.0
Sale of goods	855.0	967.4	931.9	769.8	902.7	Handset revenue	653.0	650.8	654.2	500.3	696.0
Operating expense	6,375.5	6,422.0	6,148.1	6,052.4	6,190.5	Operating expense	4,479.5	4,395.7	4,301.0	4,189.4	4,426.1
Cost of Service	5,331.5	5,372.9	5,101.2	5,178.9	5,111.6	Cost of Service	3,808.8	3,707.6	3,624.7	3,696.8	3,688.7
Labor cost	1,191.0	1,157.8	1,100.9	1,213.2	1,118.3	Labor cost	634.6	530.5	540.7	631.3	534.6
General expense	2,732.8	2,843.7	2,674.2	2,708.3	2,675.0	General expense	1,828.6	1,925.0	1,777.1	1,804.2	1,832.7
Cost of service	784.5	725.5	726.5	656.6	717.5	Cost of service	695.2	594.2	673.2	630.6	685.6
Selling expense	623.2	645.9	599.6	600.8	600.8	Selling expense	650.4	657.9	633.7	630.7	635.7
Cost of Goods sold	1,044.0	1,049.1	1,046.9	873.5	1,078.9	Cost of Devices sold	670.6	688.1	676.3	492.6	737.3
Operating income	321.9	265.6	506.5	494.0	464.1	Operating income	193.5	196.3	393.8	358.8	338.9
N-OP income (loss)	28.4	-277.6	22.5	62.7	45.0	N-OP income (loss)	34.7	-91.6	72.4	50.3	69.2
N-OP income	255.0	105.8	323.1	325.8	35.8	N-OP income	226.7	50.0	309.0	260.0	32.5
N-OP expense	223.7	340.7	310.9	260.1	-11.1	N-OP expense	192.0	141.6	236.6	209.7	-36.7
Equity Method (G/L)	-2.8	-42.7	10.2	-3.0	-1.9						
Income bf tax	350.3	-12.0	529.0	556.7	509.1	Income bf tax	228.2	104.8	466.1	409.2	408.0
Income tax	62.0	29.7	136.0	146.2	125.9	Income tax	17.6	7.0	112.1	94.7	98.2
Net income	288.3	-41.7	393.0	410.5	383.2	Net income	210.6	97.8	354.0	314.5	309.8
NI contribution to KT	264.3	54.4	375.5	393.0	357.3						
EBITDA	1,259.9	1,279.2	1,480.2	1,460.2	1,428.9	EBITDA	979.9	1,031.5	1,199.1	1,162.9	1,144.8
EBITDA Margin	18.8%	19.1%	22.2%	22.3%	21.5%	EBITDA Margin	21.0%	22.5%	25.5%	25.6%	24.0%

2 K-IFRS Balance Sheet

(Unit: KRW bn)

Consolidated	3Q23	4Q23	1Q24	2Q24	3Q24
Assets	43,974.8	42,710.0	42,710.0	43,144.4	42,750.4
Current assets	15,520.6	14,518.2	14,997.4	15,175.2	15,197.0
Cash & cash equivalents	3,110.4	2,879.6	3,000.7	3,786.7	3,953.9
Trade & other receivables	4,515.4	4,287.3	4,571.4	4,161.7	4,304.2
Inventories	707.4	912.3	899.1	964.0	903.2
Other current asset	7,187.3	6,438.9	6,526.2	6,262.7	6,035.7
- Prepaid_Contract cost	1,270.3	1,252.1	1,249.2	1,233.6	1,236.7
- Contract assets	590.7	581.8	620.4	611.1	625.6
Non-current assets	28,454.1	28,191.8	27,712.6	27,969.2	27,553.4
Trade & other rec	406.0	451.7	381.2	398.4	357.0
Tangible assets	14,669.9	14,872.1	14,585.7	14,591.7	14,509.1
Other current assets	13,378.2	12,868.1	12,745.7	12,979.1	12,687.3
- Prepaid_Contract cost	486.0	475.4	465.1	471.4	485.2
- Contract assets	248.7	240.1	229.3	226.3	225.3
Liabilities	25,253.1	24,148.9	24,127.8	24,162.5	23,564.0
Current liabilities	13,478.5	13,147.5	14,046.1	14,095.2	14,644.5
Trade & other payables	9,264.6	8,054.9	8,282.4	8,052.3	7,712.9
Short-term borrowings	2,368.7	3,058.6	3,538.6	3,595.0	4,358.7
Others	1,845.2	2,033.9	2,225.1	2,447.9	2,572.9
- Contract liabilities	245.2	229.2	239.3	231.2	230.6
Non-current liabilities	11,774.6	11,001.4	10,081.7	10,067.3	8,919.5
Trade & other payables	856.0	819.6	554.1	556.2	573.4
Long-term borrowings	7,940.8	7,159.6	6,612.8	6,555.6	5,409.9
Others	2,977.9	3,022.3	2,914.8	2,955.4	2,936.2
- Contract liabilities	37.2	49.6	48.7	43.6	48.7
Equity	18,721.7	18,561.1	18,582.2	18,981.9	19,186.4
Retained earnings	14,570.7	14,494.4	14,361.5	14,452.7	14,675.2

KT Separate	3Q23	4Q23	1Q24	2Q24	3Q24
Assets	30,814.8	30,308.9	30,334.8	30,464.8	29,957.1
Current assets	7,505.4	7,088.6	7,578.4	7,451.7	7,447.7
Cash & cash equi.	1,477.3	1,242.0	1,331.6	1,722.5	1,608.7
Trade & other rec.	3,425.8	3,190.3	3,546.3	3,097.6	3,275.6
Inventories	276.6	368.1	310.3	404.1	264.6
Other current asset	2,325.6	2,288.2	2,390.2	2,227.5	2,298.8
- Prepaid_Contract cost	1,360.3	1,340.2	1,335.4	1,312.5	1,318.3
- Contract assets	527.0	535.8	540.2	548.6	542.0
Non-current assets	23,309.4	23,220.4	22,756.4	23,013.1	22,509.4
Trade & other rec	322.1	370.7	298.8	321.1	278.2
Tangible assets	11,288.5	11,492.8	11,214.3	11,264.4	11,185.6
Other current assets	11,698.8	11,356.9	11,243.3	11,427.6	11,045.6
- Prepaid_Contract cost	478.7	464.2	451.9	453.8	475.3
- Contract assets	227.5	219.1	207.4	204.1	201.7
Liabilities	15,831.4	15,265.4	15,335.6	15,166.7	14,513.1
Current liabilities	6,925.2	6,957.5	7,477.8	7,315.1	8,074.9
Trade & other payables	5,021.2	4,459.0	4,864.3	4,694.7	4,421.5
Short-term borrowings	1,173.8	1,725.2	1,914.9	1,789.5	2,860.3
Others	730.2	773.3	698.5	830.8	793.0
- Contract liabilities	222.6	223.9	227.0	206.9	210.5
Non-current liabilities	8,906.2	8,307.9	7,857.9	7,851.6	6,438.2
Trade & other payables	1,337.9	1,364.8	1,074.2	1,063.8	1,010.2
Long-term borrowings	6,497.5	5,834.7	5,652.2	5,675.7	4,290.7
Others	1,070.8	1,108.4	1,131.5	1,112.0	1,137.3
- Contract liabilities	32.4	35.8	36.0	26.4	32.9
Equity	14,983.4	15,043.5	14,999.2	15,298.1	15,444.1
Retained earnings	12,541.3	12,544.4	12,390.5	12,404.2	12,579.2

3 Subscribers

K-IFRS / Separate

(Unit: Thousands)

Wireless Subscribers	3Q 23	4Q 23	1Q 24	2Q 24	3Q 24	QoQ	YoY
Total	24,903	24,897	24,834	24,904	25,203	1.2%	1.2%
- MNO	17,735	17,759	17,743	17,770	17,997	1.3%	1.5%
- MVNO	7,168	7,138	7,091	7,134	7,207	1.0%	0.5%
5G Handset¹⁾	9,408	9,722	9,948	10,093	10,251	1.6%	9.0%
Churn rate²⁾	1.1%	1.1%	1.1%	1.0%	1.0%	0.0%p	-0.1%p
ARPU (KRW)³⁾	33,838	34,302	34,461	34,507	34,560	0.2%	2.1%

1) 5G Handset : Retroactively applied from 1Q23 based on the change of subscriber disclosure criteria by the MSIT (excludes 5G 2nd Device and 5G IoT)

2) Churn rate : Based on MNO subscribers (excludes IoT)

3) ARPU = Wireless revenue* / Wireless subscribers**

* Wireless revenue(3G, LTE, 5G incl.): Revenue of Voice/Data usage (Interconnection/Subscription fee exc.), VAS, Contract/ Bundled Discounts, and etc. incl.

** Wireless subscribers: Based on MSIT's guidelines for average billed subscribers in quarter (IoT/M2M exc.)

(Unit: Thousands)

Fixed Line Subscribers	3Q 23	4Q 23	1Q 24	2Q 24	3Q 24	QoQ	YoY
Telephony	12,184	12,035	11,903	11,748	11,616	-1.1%	-4.7%
- PSTN	8,960	8,820	8,673	8,526	8,395	-1.5%	-6.3%
- VoIP	3,225	3,215	3,230	3,222	3,222	0.0%	-0.1%
Broadband	9,810	9,827	9,862	9,899	9,928	0.3%	1.2%
IPTV (GTV+GTS)	9,430	9,409	9,418	9,423	9,440	0.2%	0.1%

※ Number of IPTV subscribers above differs from MSIT figures that follow the IPTV law

- Number of KT pay TV subscribers in 2H 2023 is 8,827,392 (6-month average)

