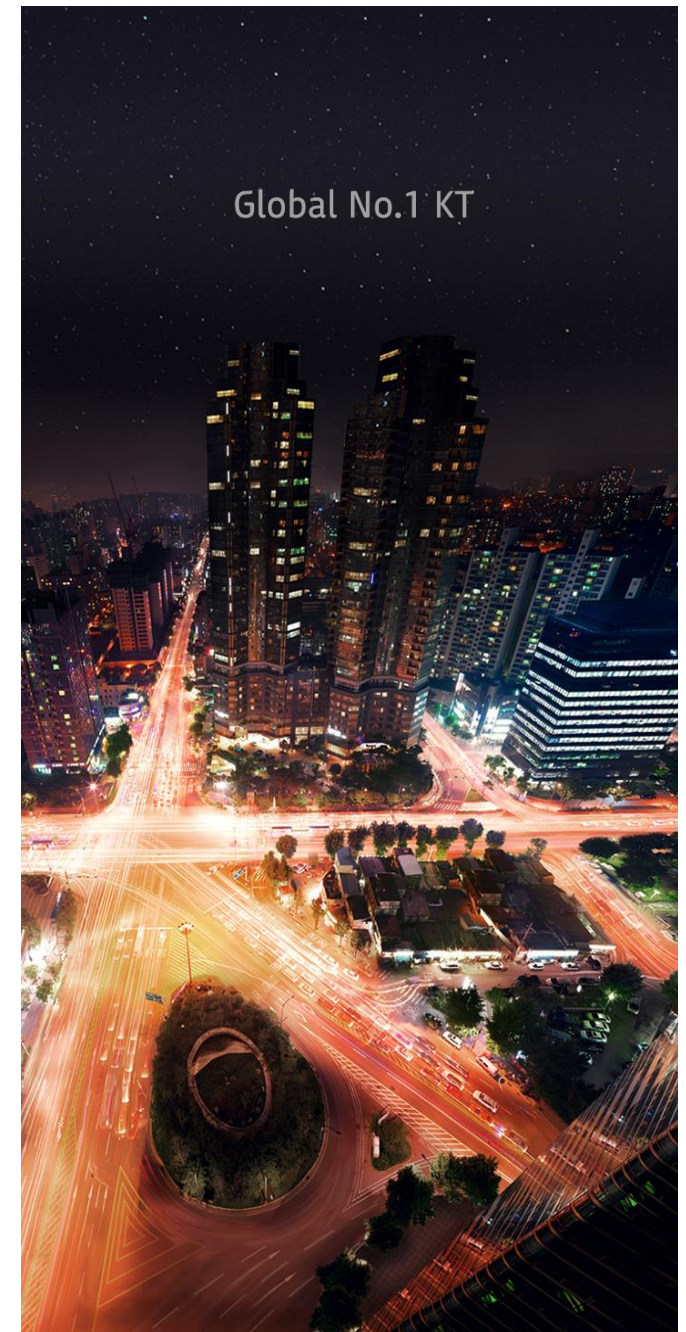


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KT 1Q19 Earnings Release

2019. 5. 3 | Investor Relations



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1-1 Financial Highlights

Income Statement

(Unit: KRW bn)

□ Operating Revenue KRW 5.83tn, YoY +2.2%

- Service Revenue
KRW 4.96tn, YoY +1.9%

□ Operating Income KRW 402.1bn, YoY +1.3%

□ Net Income KRW 259.8bn, YoY +15.9%

□ EBITDA KRW 1.31tn, YoY +6.6%

	1Q18	4Q18	1Q19	QoQ	YoY
Operating Revenue	5,710.2	5,994.5	5,834.4	-2.7%	2.2%
Service Revenue	4,863.6	5,021.1	4,955.5	-1.3%	1.9%
Merchandise Revenue	846.6	973.4	878.9	-9.7%	3.8%
Operating Expense	5,313.1	5,898.7	5,432.3	-7.9%	2.2%
Operating Income	397.1	95.8	402.1	319.8%	1.3%
Margin	7.0%	1.6%	6.9%	5.3%p	-0.1%p
Non-op. Income/loss	-44.1	-83.3	-4.4	Deficit Decreased	Deficit Decreased
Income before taxes	353.0	12.5	397.7	3,075.0%	12.7%
Net Income	224.1	18.1	259.8	1,337.0%	15.9%
Margin	3.9%	0.3%	4.5%	4.2%p	0.5%p
EBITDA	1,228.9	908.2	1,309.5	44.2%	6.6%
Margin	21.5%	15.2%	22.4%	7.3%p	0.9%p

1-2 Financial Highlights

Operating Expenses

(Unit: KRW bn)

□ Operating Expenses KRW 5.43tn, YoY +2.2%

- Labor Cost
KRW 983.8bn, YoY +6.7%
- General Expense
KRW 2.33tn, YoY -1.1%
- Cost of Service Provided
KRW 606.3bn, YoY -6.7%
- Cost of Merchandise
KRW 942.9n, YoY -0.2%

	1Q18	4Q18	1Q19	QoQ	YoY
Operating Expenses	5,313.1	5,898.7	5,432.3	-7.9%	2.2%
Labor Cost	922.1	1,006.1	983.8	-2.2%	6.7%
General Expense	2,353.1	2,499.1	2,327.1	-6.9%	-1.1%
Cost of Service Provided	649.7	681.9	606.3	-11.1%	-6.7%
Selling Expense	443.7	606.0	572.2	-5.6%	29.0%
Cost of Merchandise	944.4	1,105.6	942.9	-14.7%	-0.2%

(Unit: KRW bn)

□ Marketing Expenses KRW 610.2bn, YoY +5.3%

	1Q18	4Q18	1Q19	QoQ	YoY
Marketing Expenses	579.5	624.9	610.2	-2.3%	5.3%

※ KT Separate, Profit from handset sales adjusted / Selling expenses + Advertising expenses

1-3 Financial Highlights

Financial Position

(Unit: KRW bn)

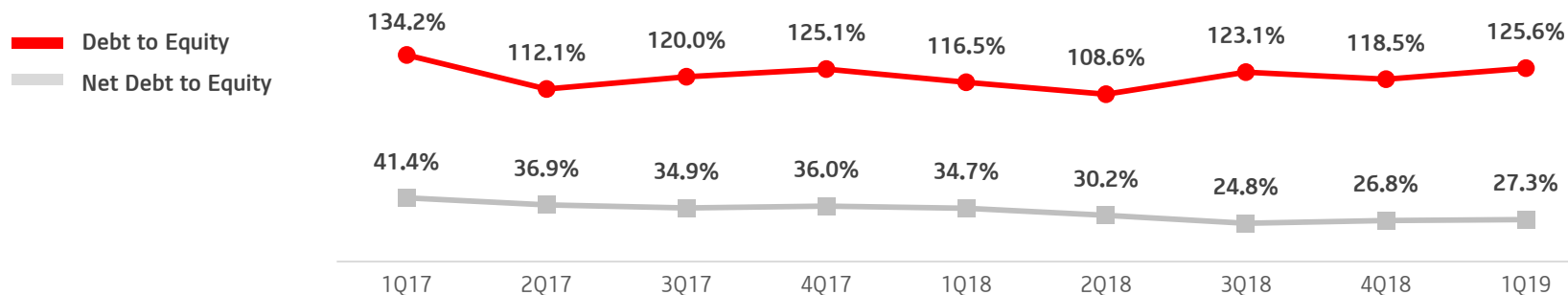
□ Debt Position

- Borrowings: KRW 6.79tn
- New Debt: KRW 4.03tn

□ Debt Ratio

- Debt to Equity: 125.6%
- Net Debt to Equity: 27.3%

	1Q 18	4Q 18	1Q 19	QoQ	YoY
Assets	30,618.1	32,188.8	33,247.8	3.3%	8.6%
Cash & Cash Equivalents	1,777.5	2,703.4	2,765.0	2.3%	55.6%
Liabilities	16,474.1	17,457.6	18,509.4	6.0%	12.4%
Borrowings	6,689.3	6,648.3	6,790.1	2.1%	1.5%
Equity	14,144.0	14,731.3	14,738.5	0.0%	4.2%
Capital Stock	1,564.5	1,564.5	1,564.5	0.0%	0.0%
Net Debt	4,911.8	3,944.9	4,025.1	2.0%	-18.1%
Debt / Equity	116.5%	118.5%	125.6%	7.1%p	9.1%p
Net Debt / Equity	34.7%	26.8%	27.3%	0.5%p	-7.4%p



1-4 Financial Highlights

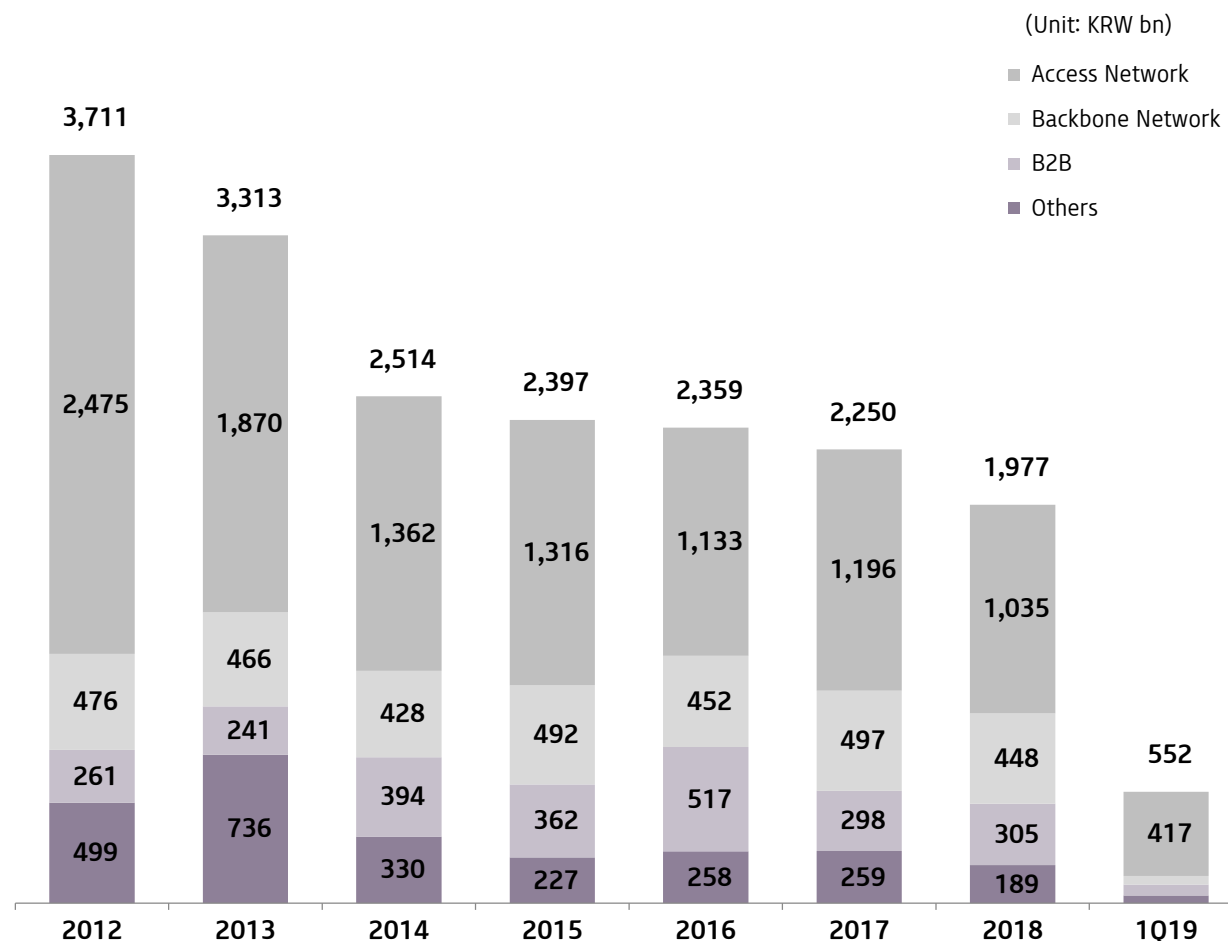
CAPEX

1Q19 CAPEX

- KRW 552.1bn executed
- Focused on access network investment for 5G

CAPEX Breakdown

- Access Network: KRW 417.3bn
- Backbone Network: KRW 42.8bn
- B2B: KRW 53.7bn
- Others: KRW 38.3bn



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2-1 Business Overview

Wireless

(Unit: KRW bn)

□ Wireless down by 0.5% YoY

- Service revenue increased by 0.2% YoY on slow down of 'selective tariff discount' take-up

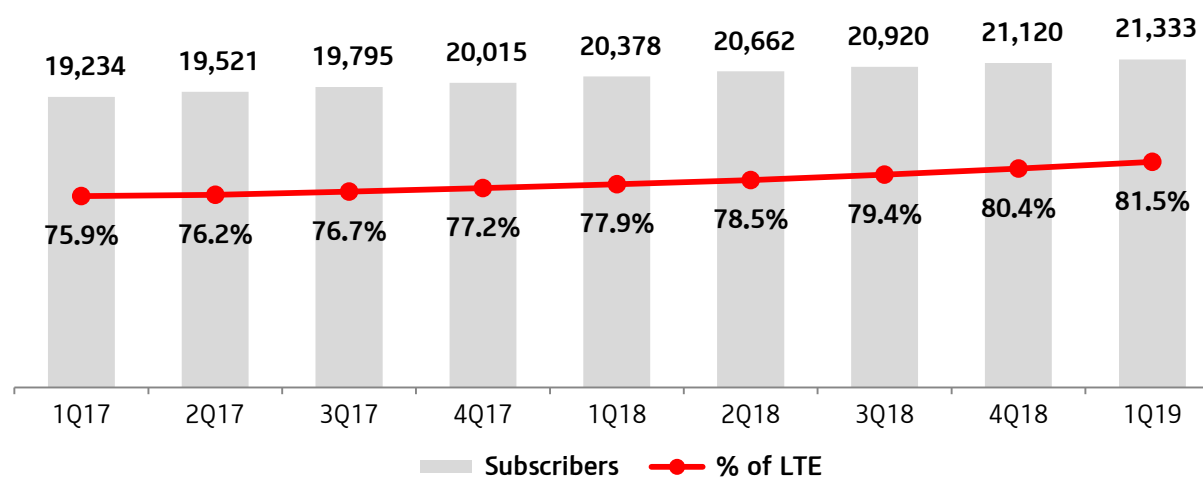
	1Q18	4Q18	1Q19	QoQ	YoY
Wireless	1,740.8	1,689.6	1,732.5	2.5%	-0.5%
Service	1,623.1	1,616.8	1,626.6	0.6%	0.2%
Interconnection	117.7	72.7	105.9	45.6%	-10.0%

□ Net addition and LTE penetration continues

- Wireless net adds of 213K
- Net subscriber addition continues with effective sales of new pricing plan 'Data ON'
- LTE penetration reached 81.5%

[Wireless Subscriber]

(Unit: 1,000)



2-2 Business Overview

Wireline

(Unit: KRW bn)

□ Wireline down by 2.7% YoY

	1Q18	4Q18	1Q19	QoQ	YoY
Wireline	1,198.8	1,178.4	1,167.0	-1.0%	-2.7%
Telephony	436.9	417.8	399.3	-4.4%	-8.6%
Broadband	503.9	500.3	503.3	0.6%	-0.1%
Line lease	258.0	260.4	264.4	1.6%	2.5%

□ Telephony

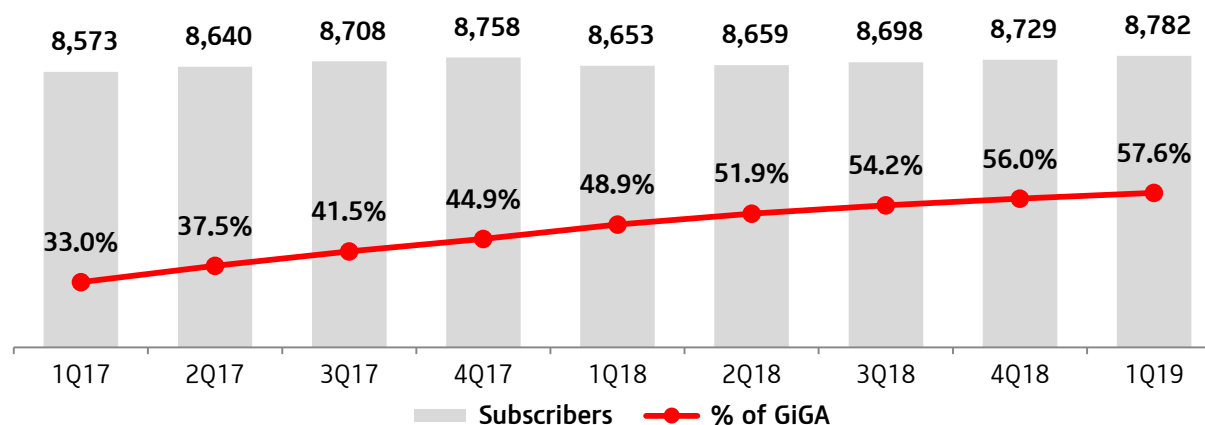
- Revenue down by 8.6% YoY on cord-cutting and usage drop

□ Broadband

- Revenue down by 0.1% YoY on interconnection rate decline
- Revenue excluding interconnection up by 1.3% YoY

[Broadband Subscriber]

(Unit: 1,000)



2-3 Business Overview

Media / Contents

(Unit: KRW bn)

Media/Contents up by 15.7% YoY

Media

- IPTV net adds of 115K
- Media revenue up by 12.9% YoY on high-quality subscriber expansion and platform revenue increase

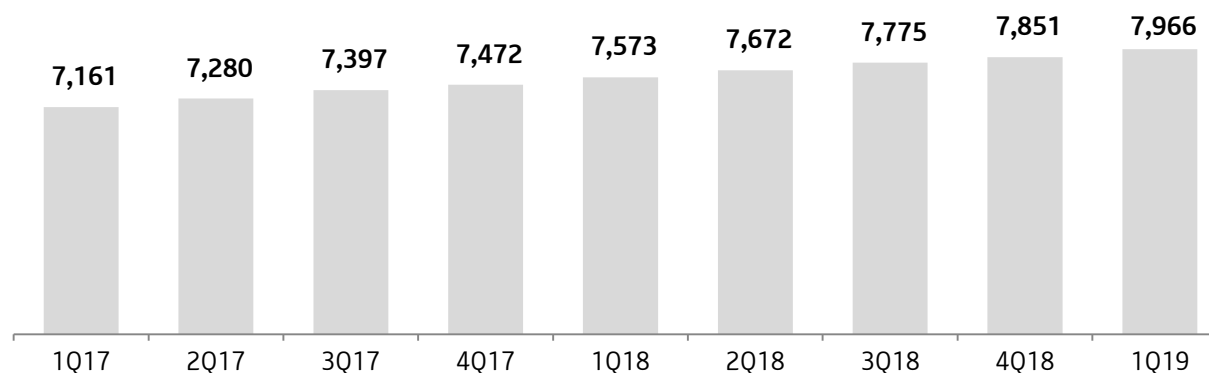
Contents

- Revenue up by 28.6% YoY on T-commerce revenue growth of KTH and subscriber expansion of Genie Music

	1Q18	4Q18	1Q19	QoQ	YoY
Media / Contents	554.2	648.7	641.2	-1.2%	15.7%
Media	454.3	508.0	512.7	0.9%	12.9%
Contents	99.9	140.7	128.5	-8.7%	28.6%

[IPTV Subscriber]

(Unit: 1,000)



※ Number of IPTV subscribers differs from MSIT's release that applies "Combined Market Share Regulation" under the IPTV law. (KT's 6-month average pay TV subscribers as of 1H18 are 6,605,107.)

2-4 Business Overview

Finance and Others

(Unit: KRW bn)

☐ Finance up by 0.8% YoY

☐ Other Services up by 7.2% YoY

- Other Services revenue up on continuous IDC business growth

	1Q18	4Q18	1Q19	QoQ	YoY
Finance	832.7	863.2	839.0	-2.8%	0.8%
Other Services	537.1	641.2	575.8	-10.2%	7.2%
IT / Solution	235.5	271.3	260.3	-4.1%	10.5%
Real Estate	97.1	128.5	95.8	-25.5%	-1.3%
Others	204.4	241.3	219.7	-9.0%	7.5%

(Unit: KRW bn)

☐ Merchandise up by 3.8% YoY

	1Q18	4Q18	1Q19	QoQ	YoY
Merchandise	846.6	973.4	878.9	-9.7%	3.8%

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4-1 K-IFRS Income Statement

(Unit: KRW bn)

Consolidated	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	KT Separate	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19
Operating revenue	5,710.2	5,806.9	5,948.5	5,994.5	5,834.4	Operating revenue	4,297.2	4,283.0	4,358.2	4,418.2	4,334.3
Service revenue	4,863.6	5,003.6	5,096.9	5,021.1	4,955.5	Service revenue	3,501.5	3,581.3	3,582.3	3,508.3	3,553.4
Wireless	1,740.8	1,763.7	1,760.1	1,689.6	1,732.5	Wireless	1,713.8	1,735.5	1,731.4	1,655.0	1,705.2
Fixed line	1,198.8	1,181.5	1,186.4	1,178.4	1,167.0	Fixed line	1,186.4	1,176.3	1,174.7	1,167.1	1,156.2
Media/Contents	554.2	595.2	616.2	648.7	641.2	Media	318.7	357.2	353.5	362.3	377.4
Finance	832.7	866.7	882.3	863.2	839.0	Other service	282.5	312.3	322.6	323.9	314.7
Others	537.1	596.5	652.0	641.2	575.8						
Merchandise rev.	846.6	803.4	851.5	973.4	878.9	Merchandise rev.	795.7	701.7	775.9	909.9	780.8
Operating expense	5,313.1	5,407.8	5,579.0	5,898.7	5,432.3	Operating expense	3,992.2	3,975.4	4,077.6	4,359.8	4,037.8
Service expense	4,368.6	4,499.6	4,640.2	4,793.2	4,489.4	Service expense	3,141.3	3,256.4	3,296.6	3,412.9	3,246.0
Labor expense	922.1	987.5	930.1	1,006.1	983.8	Labor expense	526.9	599.0	540.4	542.6	543.6
General expense	2,353.1	2,454.6	2,494.6	2,499.1	2,327.1	General expense	1,627.8	1,658.8	1,658.3	1,731.2	1,595.7
Cost of svc provided	649.7	609.8	678.8	681.9	606.3	Cost of svc provided	519.0	518.1	540.4	528.7	508.8
Selling expense	443.7	447.8	536.6	606.0	572.2	Selling expense	467.6	480.5	557.5	610.3	598.0
Merchandise cost	944.4	908.2	938.9	1,105.6	942.9	Merchandise cost	850.9	718.9	781.0	946.9	791.8
Operating income	397.1	399.1	369.5	95.8	402.1	Operating income	305.0	307.7	280.6	58.4	296.4
N-OP income (loss)	-44.1	-7.9	-35.4	-83.3	-4.4	N-OP income (loss)	127.3	-21.3	-4.2	-167.7	100.7
N-operating income	130.0	211.3	101.0	147.9	181.5	N-operating income	284.8	186.0	105.2	126.3	271.7
N-operating expense	173.2	220.5	133.5	228.4	186.5	N-operating expense	157.5	207.2	109.4	294.0	170.9
Equity method (G/L)	-1.0	1.2	-3.0	-2.7	0.7						
Income bf taxes	353.0	391.2	334.0	12.5	397.7	Income bf taxes	432.2	286.4	276.4	-109.3	397.2
Income tax	128.9	110.5	94.6	-5.6	138.0	Income tax	115.4	76.5	73.8	58.8	104.5
Income from con. op	224.1	280.7	239.5	18.1	259.8						
Income from discon. op	0.0	0.0	0.0	0.0	0.0						
Net income	224.1	280.7	239.5	18.1	259.8	Net income	316.8	209.9	202.6	-168.1	292.6
NI contribution to KT	197.0	251.0	222.5	18.0	231.1						
EBITDA	1,228.9	1,221.2	1,184.9	908.2	1,309.5	EBITDA	1,046.6	1,039.4	1,003.1	779.7	1,108.1
EBITDA Margin	21.5%	21.0%	19.9%	15.2%	22.4%	EBITDA Margin	24.4%	24.3%	23.0%	17.6%	25.6%

4-2 K-IFRS Balance Sheet

(Unit: KRW bn)

Consolidated	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19
Asset	30,618.1	30,118.3	32,794.8	32,188.8	33,247.8
Current assets	11,078.6	10,847.2	13,812.8	11,894.3	12,396.1
Cash & cash equi.	1,777.5	2,249.7	2,718.1	2,703.4	2,765.0
Trade & other rec	3,636.7	3,740.1	3,951.1	3,874.9	4,129.5
Inventories	716.0	594.5	503.5	684.0	646.4
Other current asset	4,948.5	4,262.9	6,640.1	4,631.9	4,855.2
- Prepaid_Contract cost	987.2	1,037.8	1,070.5	1,098.2	1,106.3
- Contract assets	313.1	298.4	305.2	306.9	330.9
Non-current assets	19,539.5	19,271.1	18,982.0	20,294.6	20,851.8
Trade & other rec	689.2	770.1	678.8	810.6	690.4
P.P.E	13,161.7	13,000.0	12,855.3	13,068.3	12,811.1
Other current assets	5,688.5	5,501.0	5,448.0	6,415.7	7,350.3
- Prepaid_Contract cost	343.5	362.6	368.5	371.7	364.4
- Contract assets	74.0	79.3	92.9	91.9	94.1
Liabilities	16,474.1	15,681.3	18,093.3	17,457.6	18,509.4
Current liabilities	9,453.7	9,117.6	11,185.1	9,387.7	9,926.8
Trade & other payables	6,974.4	6,199.7	8,700.2	6,948.2	7,264.0
Short-term borrowings	1,534.3	1,940.0	1,417.0	1,368.5	1,149.0
Others	945.1	977.9	1,067.9	1,071.0	1,513.8
- Contract liabilities	270.8	281.0	289.3	300.7	302.9
Non-current liabilities	7,020.4	6,563.7	6,908.2	8,069.8	8,582.5
Trade & other payables	667.9	661.0	658.2	1,409.3	1,132.7
Long-term borrowings	5,155.0	4,664.5	4,953.2	5,279.8	5,641.1
Others	1,197.5	1,238.2	1,296.8	1,380.7	1,808.7
- Contract liabilities	52.1	45.8	42.1	46.8	44.3
Equity	14,144.0	14,437.0	14,701.5	14,731.3	14,738.5
Retained earnings	10,860.2	11,107.9	11,336.5	11,328.9	11,269.5

KT Separate	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19
Asset	24,790.1	24,528.5	24,958.9	26,010.9	26,837.7
Current assets	6,462.9	6,416.9	7,126.4	6,861.6	7,307.3
Cash & cash equi.	1,064.1	1,464.3	1,832.5	1,779.7	1,750.1
Trade & other rec	2,997.9	2,977.9	2,969.0	2,968.8	3,357.8
Inventories	450.7	360.4	298.5	465.3	446.4
Other current asset	1,950.3	1,614.4	2,026.4	1,647.8	1,753.1
- Prepaid_Contract cost	1,005.8	1,048.7	1,090.8	1,127.8	1,134.5
- Contract assets	289.1	274.7	282.5	285.3	300.2
Non-current assets	18,327.1	18,111.6	17,832.5	19,149.3	19,530.4
Trade & other rec	624.1	705.1	611.1	766.3	641.7
P.P.E	11,008.2	10,777.8	10,645.3	10,864.4	10,656.7
Other current assets	6,694.9	6,628.7	6,576.1	7,518.6	8,232.0
- Prepaid_Contract cost	331.4	336.9	349.8	360.0	351.4
- Contract assets	64.0	69.3	82.5	81.6	84.0
Liabilities	12,320.3	11,869.2	12,091.3	13,299.2	14,099.7
Current liabilities	5,899.2	5,943.6	5,822.2	5,908.5	6,283.8
Trade & other payables	4,074.7	3,602.2	3,887.7	4,002.4	4,472.4
Short-term borrowings	1,230.1	1,688.7	1,179.3	1,181.4	948.5
Others	594.4	652.8	755.2	724.7	901.1
- Contract liabilities	274.4	280.0	287.4	301.1	302.1
Non-current liabilities	6,421.1	5,925.5	6,269.1	7,390.7	7,815.9
Trade & other payables	728.4	711.1	706.2	1,460.1	1,524.9
Long-term borrowings	5,007.5	4,515.1	4,815.8	5,132.1	5,502.7
Others	685.2	699.4	747.1	798.5	788.3
- Contract liabilities	47.6	41.7	38.8	43.7	41.4
Equity	12,469.8	12,659.4	12,867.6	12,711.7	12,738.0
Retained earnings	10,514.6	10,721.5	10,923.0	10,740.0	10,741.7

4-3 Subscribers

Wireless	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	QoQ	YoY
Subscribers (Unit: 1,000) ¹⁾							
Total (LTE+WCDMA)	20,378	20,662	20,920	21,120	21,333	1.0%	4.7%
Net additions	363	284	258	200	213	6.4%	-41.2%
Gross additions	1,211	1,160	1,200	1,179	1,181	0.2%	-2.5%
Deactivation ²⁾	848	876	942	978	968	-1.1%	13.3%
Churn rate	1.4%	1.4%	1.5%	1.6%	1.5%	-0.1%p	0.1%p
LTE	15,867	16,224	16,612	16,971	17,393	2.5%	9.6%
LTE Penetration rate	77.9%	78.5%	79.4%	80.4%	81.5%	1.1%p	3.6%p
ARPU (KRW)³⁾	32,283	32,320	32,028	31,450	31,496	0.1%	-2.4%

Note 1) Subscribers: MSIT's new guidelines for subscriber disclosure (Retroactively applied from 1Q14, MVNO included)

Note 2) Deactivation: Mandatory deactivation included

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

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

** Wireless subscribers: Based on MSIT's guidelines for average billed subscribers in quarter

Wireline	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	QoQ	YoY
Subscribers (Unit:1,000)							
Telephony	15,478	15,343	15,163	14,992	14,830	-1.1%	-4.2%
PSTN	12,080	11,949	11,786	11,637	11,489	-1.3%	-4.9%
VoIP	3,398	3,394	3,377	3,355	3,340	-0.4%	-1.7%
Broadband	8,653	8,659	8,698	8,729	8,782	0.6%	1.5%
IPTV (OTV+OTS)	7,573	7,672	7,775	7,851	7,966	1.5%	5.2%

※ Number of IPTV subscribers differs from MSIT's release that applies "Combined Market Share Regulation" under the IPTV law.
(KT's 6-month average pay TV subscribers as of 1H18 are 6,605,107.)

Hi Five! 

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