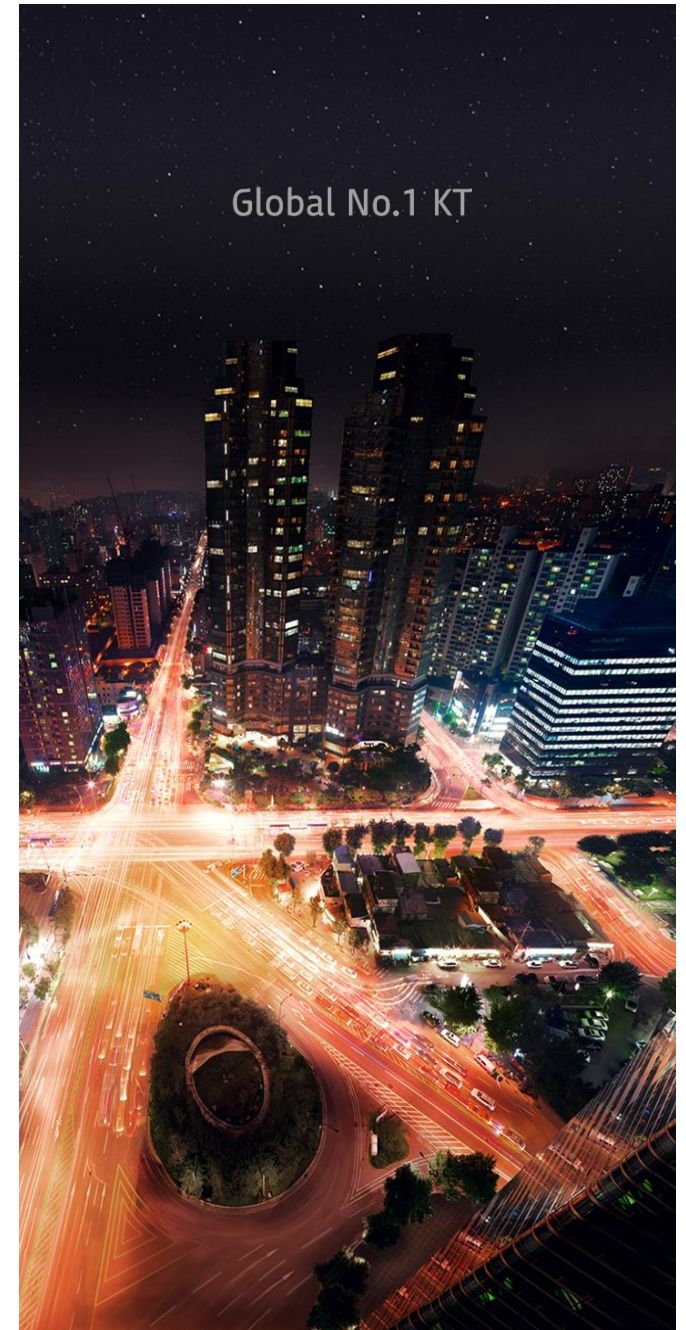


PEOPLE.  
TECHNOLOGY.

# KT 3Q19 Earnings Release

2019. 11. 8 | Investor Relations



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# 1-1 Financial Highlights

## Income Statement

(Unit: KRW bn)

	3Q18	2Q19	3Q19	QoQ	YoY
<input type="checkbox"/> <b>Operating Revenue</b> KRW 6.21tn, YoY +4.5%					
<ul style="list-style-type: none"> <li>▪ Service Revenue KRW 5.06tn, YoY -0.8%</li> </ul>					
<input type="checkbox"/> <b>Operating Income</b> KRW 312.5bn, YoY -15.4%					
<input type="checkbox"/> <b>Net Income</b> KRW 213.3bn, YoY -10.9%					
<input type="checkbox"/> <b>EBITDA</b> KRW 1.21tn, YoY +2.1%					
<b>Operating Revenue</b>	5,948.5	6,098.5	6,213.7	1.9%	4.5%
Service Revenue	5,096.9	5,088.2	5,058.1	-0.6%	-0.8%
Merchandise Revenue	851.5	1,010.4	1,155.6	14.4%	35.7%
<b>Operating Expense</b>	5,579.0	5,810.3	5,901.2	1.6%	5.8%
<b>Operating Income</b>	369.5	288.2	312.5	8.4%	-15.4%
Margin	6.2%	4.7%	5.0%	0.3%p	-1.2%p
<b>Non-op. Income/loss</b>	-35.4	-4.7	-42.2	Deficit Increased	Deficit Increased
<b>Income before taxes</b>	334.0	283.6	270.3	-4.7%	-19.1%
<b>Net Income</b>	239.5	203.0	213.3	5.0%	-10.9%
Margin	4.0%	3.3%	3.4%	0.1%p	-0.6%p
<b>EBITDA</b>	1,184.9	1,191.3	1,209.8	1.6%	2.1%
Margin	19.9%	19.5%	19.5%	-0.0%p	-0.4%p

# 1-2 Financial Highlights

## Operating Expenses

(Unit: KRW bn)

- Operating Expenses  
KRW 5.90tn, YoY +5.8%
- Labor Cost  
KRW 959.4bn, YoY +3.1%
- General Expense  
KRW 2.43tn, YoY -2.4%
- Cost of Service Provided  
KRW 648.0bn, YoY -4.5%
- Cost of Merchandise  
KRW 1.27tn, YoY +35.1%

	3Q18	2Q19	3Q19	QoQ	YoY
<b>Operating Expenses</b>	<b>5,579.0</b>	<b>5,810.3</b>	<b>5,901.2</b>	<b>1.6%</b>	<b>5.8%</b>
Labor Cost	930.1	1,006.1	959.4	-4.6%	3.1%
General Expense	2,494.6	2,459.3	2,433.5	-1.0%	-2.4%
Cost of Service Provided	678.8	601.0	648.0	7.8%	-4.5%
Selling Expense	536.6	613.9	592.3	-3.5%	10.4%
Cost of Merchandise	938.9	1,130.0	1,268.0	12.2%	35.1%

(Unit: KRW bn)

- Marketing Expenses  
KRW 720.2bn, YoY +23.4%

	3Q18	2Q19	3Q19	QoQ	YoY
<b>Marketing Expenses</b>	<b>583.8</b>	<b>711.6</b>	<b>720.2</b>	<b>1.2%</b>	<b>23.4%</b>

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

# 1-3 Financial Highlights

## Financial Position

(Unit: KRW bn)

### □ Debt Position

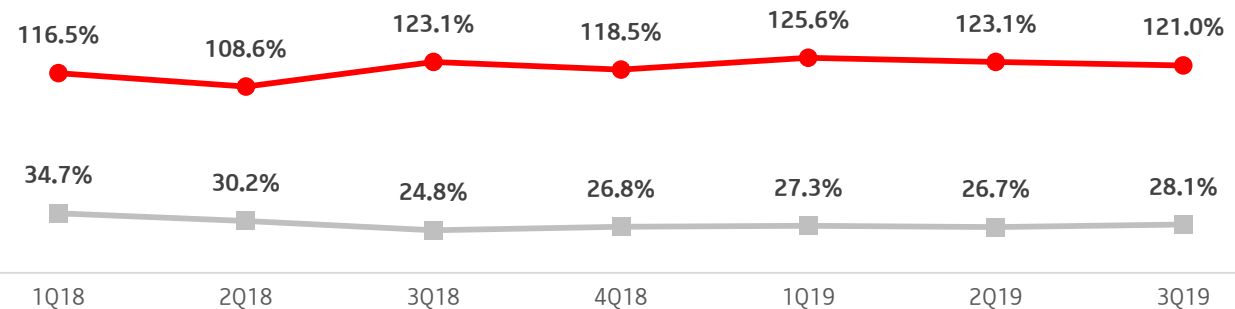
- Borrowings: KRW 6.41tn
- Net Debt: KRW 4.28tn

### □ Debt Ratio

- Debt to Equity: 121.0%
- Net Debt to Equity: 28.1%

	3Q 18	2Q 19	3Q 19	QoQ	YoY
<b>Assets</b>	<b>32,794.8</b>	<b>33,469.4</b>	<b>33,661.3</b>	<b>0.6%</b>	<b>2.6%</b>
Cash & Cash Equivalents	2,718.1	2,250.1	2,128.4	-5.4%	-21.7%
<b>Liabilities</b>	<b>18,093.3</b>	<b>18,464.8</b>	<b>18,430.1</b>	<b>-0.2%</b>	<b>1.9%</b>
Borrowings	6,370.2	6,256.8	6,408.3	2.4%	0.6%
<b>Equity</b>	<b>14,701.5</b>	<b>15,004.6</b>	<b>15,231.1</b>	<b>1.5%</b>	<b>3.6%</b>
Capital Stock	1,564.5	1,564.5	1,564.5	0.0%	0.0%
<b>Net Debt</b>	<b>3,652.1</b>	<b>4,006.7</b>	<b>4,279.9</b>	<b>6.8%</b>	<b>17.2%</b>
Debt / Equity	123.1%	123.1%	121.0%	-2.1%p	-2.1%p
Net Debt / Equity	24.8%	26.7%	28.1%	1.4%p	3.3%p

■ Debt to Equity  
■ Net Debt to Equity



# 1-4 Financial Highlights

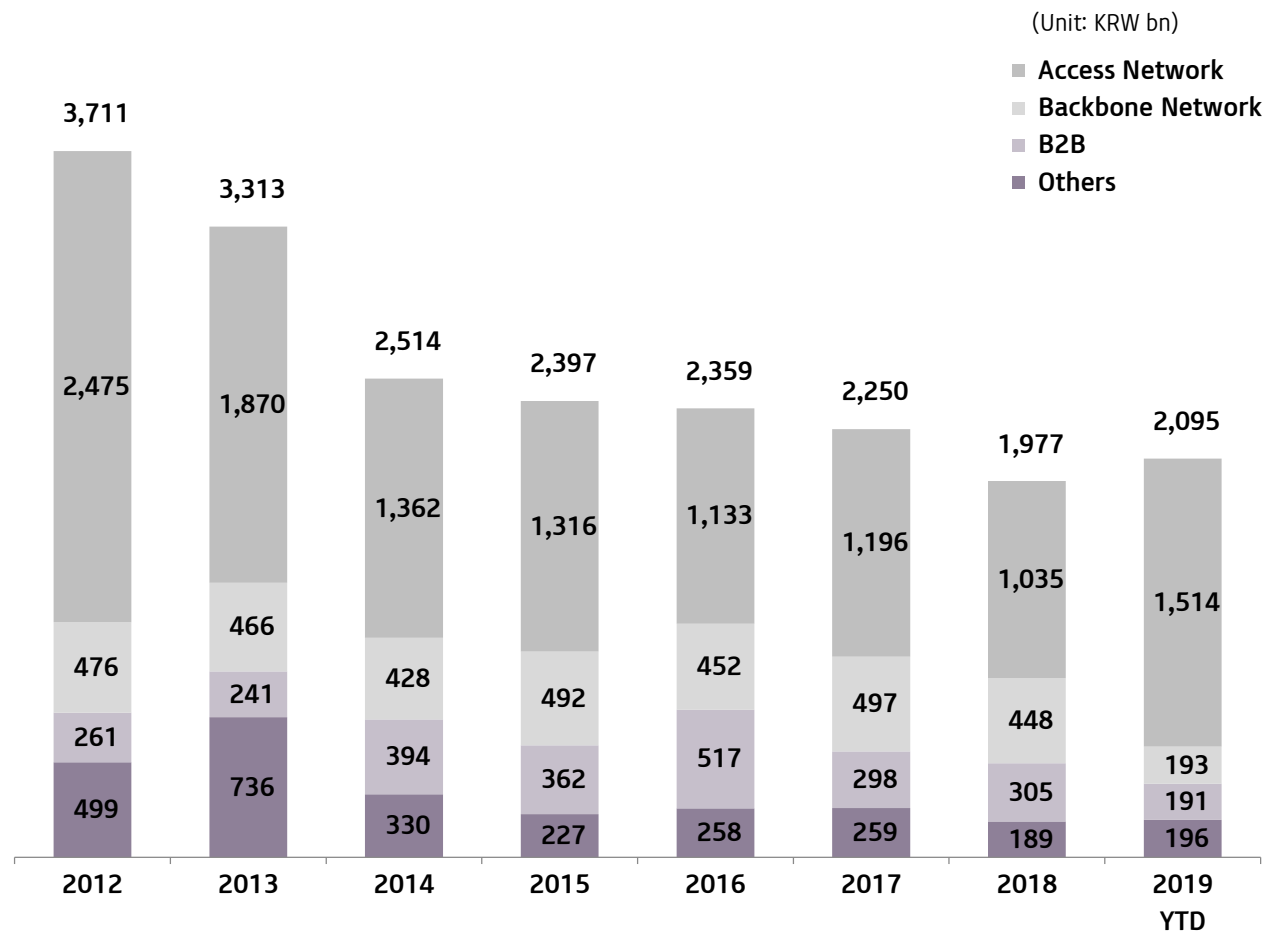
## CAPEX

### 2019 CAPEX YTD

- Executed KRW 2.1tn
- Focused on access network investment for 5G

### CAPEX Breakdown

- Access Network: KRW 1.51tn
- Backbone Network: KRW 193.4bn
- B2B: KRW 191.4bn
- Others: KRW 196.0bn





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## 2-1 Business Overview

### Wireless

(Unit: KRW bn)

#### □ Wireless down by 0.2% YoY

- Service revenue up by 1.0% YoY due to 5G subscriber increase

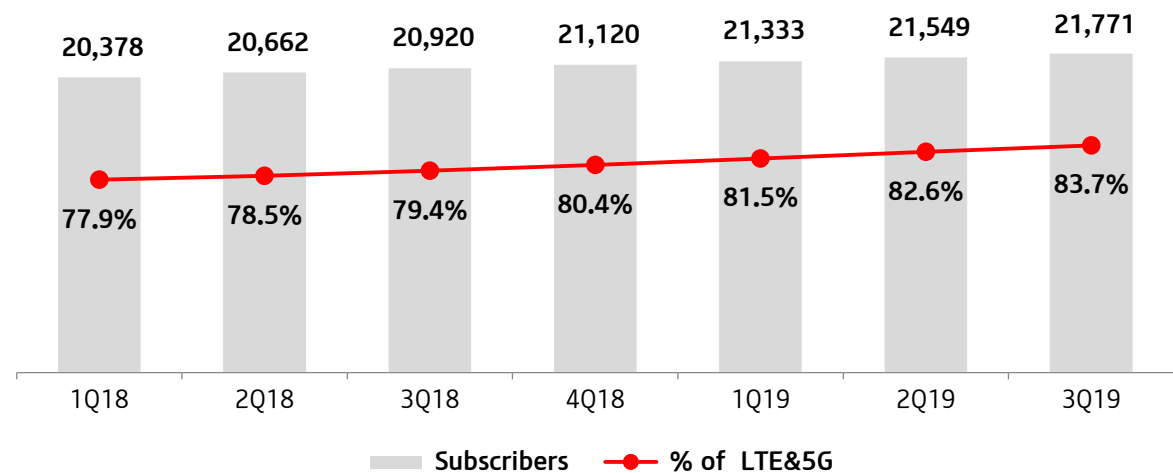
	3Q18	2Q19	3Q19	QoQ	YoY
<b>Wireless</b>	<b>1,760.1</b>	<b>1,743.4</b>	<b>1,756.4</b>	<b>0.7%</b>	<b>-0.2%</b>
Service	1,638.9	1,643.6	1,656.0	0.7%	1.0%
Interconnection	121.2	99.7	100.4	0.7%	-17.1%

#### □ Net subscriber addition continues

- Wireless net adds of 222K
- 1 million 5G subscribers achieved in September with introduction of new 5G smartphones
- LTE and 5G penetration reached 83.7%  
- 5G penetration: 4.8%

[Wireless Subscriber]

(Unit: 1,000)



## 2-2 Business Overview

### Wireline

(Unit: KRW bn)

#### □ Wireline down by 1.5% YoY

	3Q18	2Q19	3Q19	QoQ	YoY
Wireline	1,186.4	1,188.9	1,168.2	-1.7%	-1.5%
Telephony	421.1	400.1	396.7	-0.9%	-5.8%
Broadband	499.7	506.1	503.3	-0.6%	0.7%
Line lease	265.5	282.7	268.3	-5.1%	1.0%

#### □ Telephony

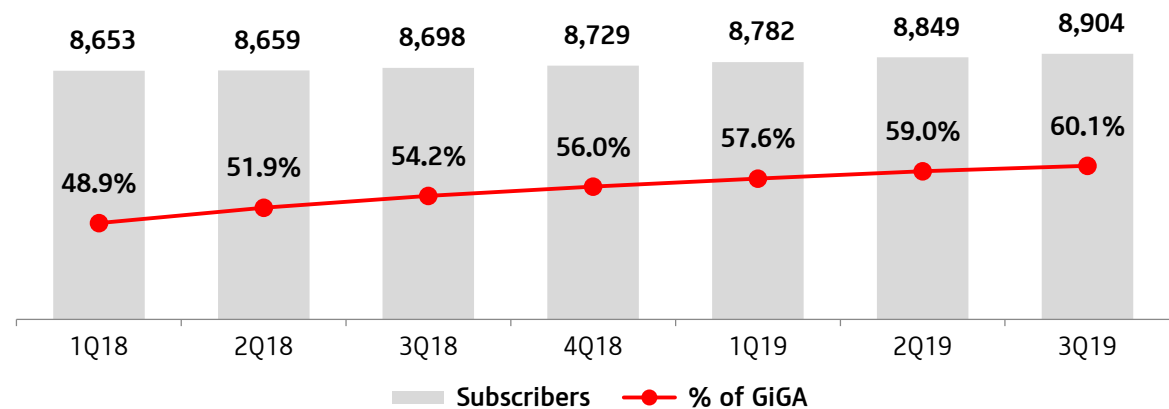
- Revenue down by 5.8% YoY on cord-cutting and usage drop

#### □ Broadband

- Revenue up by 0.7% YoY on continued net additions and greater GiGA subscribers

#### [Broadband Subscriber]

(Unit: 1,000)



## 2-3 Business Overview

### Media / Contents

(Unit: KRW bn)

#### □ Media/Contents up by 13.8% YoY

	3Q18	2Q19	3Q19	QoQ	YoY
<b>Media / Contents</b>	<b>616.2</b>	<b>689.9</b>	<b>701.3</b>	<b>1.7%</b>	<b>13.8%</b>
Media	493.2	544.1	548.7	0.8%	11.3%
Contents	123.0	145.8	152.7	4.7%	24.1%

#### □ Media

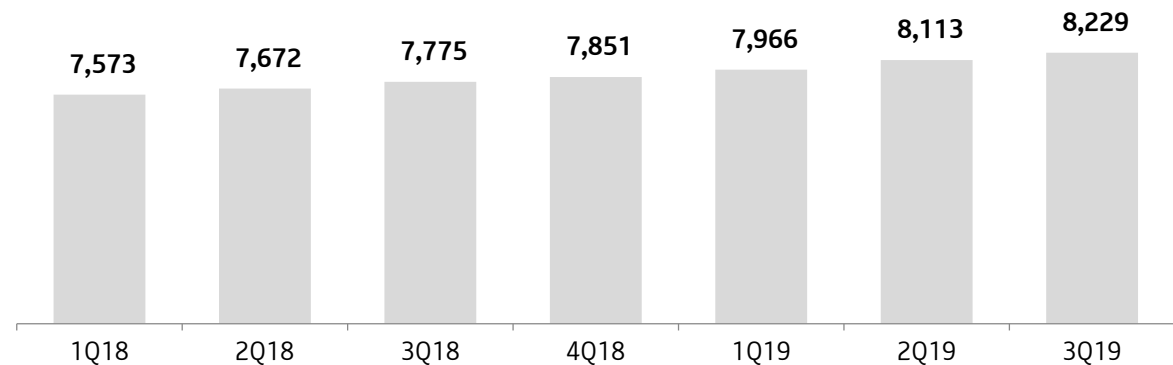
- IPTV net adds of 116K
- Media revenue up by 11.3% YoY on high-quality subscriber expansion and platform revenue increase

#### [IPTV Subscriber]

(Unit: 1,000)

#### □ Contents

- Revenue up by 24.1% YoY on KTH's T-commerce revenue growth and Genie Music's subscriber expansion



※ Number of IPTV subscribers deviates from MSIT's released figure below (computed per IPTV law)  
 - KT's 6-month average pay TV subscribers for 2H18 is 6,861,288.

## 2-4 Business Overview

### Finance and Others

(Unit: KRW bn)

Finance down by 5.2% YoY

Other Services down by 8.6% YoY

- IT/Solution services revenue up on continuous IDC business growth
- Real estate revenue down by 42.4% YoY due to lower development projects

	3Q18	2Q19	3Q19	QoQ	YoY
Finance	882.3	849.8	836.2	-1.6%	-5.2%
Other Services	652.0	616.1	596.0	-3.3%	-8.6%
IT / Solution	273.1	293.9	292.4	-0.5%	7.1%
Real Estate	141.3	85.1	81.3	-4.5%	-42.4%
Others	237.6	237.0	222.2	-6.3%	-6.5%

(Unit: KRW bn)

Merchandise up by 35.7% YoY

	3Q18	2Q19	3Q19	QoQ	YoY
Merchandise	851.5	1,010.4	1,155.6	14.4%	35.7%

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# 4-1 K-IFRS Income Statement

(Unit: KRW bn)

Consolidated	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	KT Separate	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19
<b>Operating revenue</b>	<b>5,710.2</b>	<b>5,806.9</b>	<b>5,948.5</b>	<b>5,994.5</b>	<b>5,834.4</b>	<b>6,098.5</b>	<b>6,213.7</b>	<b>Operating revenue</b>	<b>4,297.2</b>	<b>4,283.0</b>	<b>4,358.2</b>	<b>4,418.2</b>	<b>4,334.3</b>	<b>4,558.5</b>	<b>4,705.7</b>
<b>Service revenue</b>	<b>4,863.6</b>	<b>5,003.6</b>	<b>5,096.9</b>	<b>5,021.1</b>	<b>4,955.5</b>	<b>5,088.2</b>	<b>5,058.1</b>	<b>Service revenue</b>	<b>3,501.5</b>	<b>3,581.3</b>	<b>3,582.3</b>	<b>3,508.3</b>	<b>3,553.4</b>	<b>3,625.2</b>	<b>3,637.7</b>
Wireless	1,740.8	1,763.7	1,760.1	1,689.6	1,732.5	1,743.4	1,756.4	Wireless	1,713.8	1,735.5	1,731.4	1,655.0	1,705.2	1,715.7	1,729.4
Fixed line	1,198.8	1,181.5	1,186.4	1,178.4	1,167.0	1,188.9	1,168.2	Fixed line	1,186.4	1,176.3	1,174.7	1,167.1	1,156.2	1,161.6	1,154.6
Media/Contents	554.2	595.2	616.2	648.7	641.2	689.9	701.3	Media	318.7	357.2	353.5	362.3	377.4	408.4	410.5
Finance	832.7	866.7	882.3	863.2	839.0	849.8	836.2	Other service	282.5	312.3	322.6	323.9	314.7	339.5	343.2
Others	537.1	596.5	652.0	641.2	575.8	616.1	596.0								
<b>Merchandise rev.</b>	<b>846.6</b>	<b>803.4</b>	<b>851.5</b>	<b>973.4</b>	<b>878.9</b>	<b>1,010.4</b>	<b>1,155.6</b>	<b>Merchandise rev.</b>	<b>795.7</b>	<b>701.7</b>	<b>775.9</b>	<b>909.9</b>	<b>780.8</b>	<b>933.3</b>	<b>1,068.0</b>
<b>Operating expense</b>	<b>5,313.1</b>	<b>5,407.8</b>	<b>5,579.0</b>	<b>5,898.7</b>	<b>5,432.3</b>	<b>5,810.3</b>	<b>5,901.2</b>	<b>Operating expense</b>	<b>3,992.2</b>	<b>3,975.4</b>	<b>4,077.6</b>	<b>4,359.8</b>	<b>4,037.8</b>	<b>4,367.4</b>	<b>4,508.0</b>
<b>Service expense</b>	<b>4,368.6</b>	<b>4,499.6</b>	<b>4,640.2</b>	<b>4,793.2</b>	<b>4,489.4</b>	<b>4,680.3</b>	<b>4,633.2</b>	<b>Service expense</b>	<b>3,141.3</b>	<b>3,256.4</b>	<b>3,296.6</b>	<b>3,412.9</b>	<b>3,246.0</b>	<b>3,382.9</b>	<b>3,393.8</b>
Labor expense	922.1	987.5	930.1	1,006.1	983.8	1,006.1	959.4	Labor expense	526.9	599.0	540.4	542.6	543.6	573.7	528.5
General expense	2,353.1	2,454.6	2,494.6	2,499.1	2,327.1	2,459.3	2,433.5	General expense	1,627.8	1,658.8	1,658.3	1,731.2	1,595.7	1,671.8	1,690.7
Cost of svc provided	649.7	609.8	678.8	681.9	606.3	601.0	648.0	Cost of svc provided	519.0	518.1	540.4	528.7	508.8	507.7	537.8
Selling expense	443.7	447.8	536.6	606.0	572.2	613.9	592.3	Selling expense	467.6	480.5	557.5	610.3	598.0	629.7	636.7
<b>Merchandise cost</b>	<b>944.4</b>	<b>908.2</b>	<b>938.9</b>	<b>1,105.6</b>	<b>942.9</b>	<b>1,130.0</b>	<b>1,268.0</b>	<b>Merchandise cost</b>	<b>850.9</b>	<b>718.9</b>	<b>781.0</b>	<b>946.9</b>	<b>791.8</b>	<b>984.5</b>	<b>1,114.2</b>
<b>Operating income</b>	<b>397.1</b>	<b>399.1</b>	<b>369.5</b>	<b>95.8</b>	<b>402.1</b>	<b>288.2</b>	<b>312.5</b>	<b>Operating income</b>	<b>305.0</b>	<b>307.7</b>	<b>280.6</b>	<b>58.4</b>	<b>296.4</b>	<b>191.1</b>	<b>197.7</b>
<b>N-OP income (loss)</b>	<b>-44.1</b>	<b>-7.9</b>	<b>-35.4</b>	<b>-83.3</b>	<b>-4.4</b>	<b>-4.7</b>	<b>-42.2</b>	<b>N-OP income (loss)</b>	<b>127.3</b>	<b>-21.3</b>	<b>-4.2</b>	<b>-167.7</b>	<b>100.7</b>	<b>-1.8</b>	<b>-99.5</b>
N-operating income	130.0	211.3	101.0	147.9	181.5	199.2	208.4	N-operating income	284.8	186.0	105.2	126.3	271.7	179.4	195.2
N-operating expense	173.2	220.5	133.5	228.4	186.5	199.1	252.3	N-operating expense	157.5	207.2	109.4	294.0	170.9	181.2	294.7
Equity method (G/L)	-1.0	1.2	-3.0	-2.7	0.7	-4.8	1.7								
<b>Income bf taxes</b>	<b>353.0</b>	<b>391.2</b>	<b>334.0</b>	<b>12.5</b>	<b>397.7</b>	<b>283.6</b>	<b>270.3</b>	<b>Income bf taxes</b>	<b>432.2</b>	<b>286.4</b>	<b>276.4</b>	<b>-109.3</b>	<b>397.2</b>	<b>189.4</b>	<b>98.2</b>
Income tax	128.9	110.5	94.6	-5.6	138.0	80.5	57.0	Income tax	115.4	76.5	73.8	58.8	104.5	49.7	25.8
<b>Income from con. op</b>	<b>224.1</b>	<b>280.7</b>	<b>239.5</b>	<b>18.1</b>	<b>259.8</b>	<b>203.0</b>	<b>213.3</b>								
Income from discon. op	0.0	0.0	0.0	0.0	0.0	0.0	0.0								
<b>Net income</b>	<b>224.1</b>	<b>280.7</b>	<b>239.5</b>	<b>18.1</b>	<b>259.8</b>	<b>203.0</b>	<b>213.3</b>	<b>Net income</b>	<b>316.8</b>	<b>209.9</b>	<b>202.6</b>	<b>-168.1</b>	<b>292.6</b>	<b>139.7</b>	<b>72.4</b>
NI contribution to KT	197.0	251.0	222.5	18.0	231.1	173.9	189.7								
<b>EBITDA</b>	<b>1,228.9</b>	<b>1,221.2</b>	<b>1,184.9</b>	<b>908.2</b>	<b>1,309.5</b>	<b>1,191.3</b>	<b>1,209.8</b>	<b>EBITDA</b>	<b>1,046.6</b>	<b>1,039.4</b>	<b>1,003.1</b>	<b>779.7</b>	<b>1,108.1</b>	<b>997.7</b>	<b>999.3</b>
EBITDA Margin	21.5%	21.0%	19.9%	15.2%	22.4%	19.5%	19.5%	EBITDA Margin	24.4%	24.3%	23.0%	17.6%	25.6%	21.9%	21.2%



## 4-2 K-IFRS Balance Sheet

(Unit: KRW bn)

Consolidated	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19
<b>Asset</b>	<b>30,618.1</b>	<b>30,118.3</b>	<b>32,794.8</b>	<b>32,188.8</b>	<b>33,247.8</b>	<b>33,469.4</b>	<b>33,661.3</b>
<b>Current assets</b>	<b>11,078.6</b>	<b>10,847.2</b>	<b>13,812.8</b>	<b>11,894.3</b>	<b>12,396.1</b>	<b>11,818.3</b>	<b>11,716.7</b>
Cash & cash equi.	1,777.5	2,249.7	2,718.1	2,703.4	2,765.0	2,250.1	2,128.4
Trade & other rec	3,636.7	3,740.1	3,951.1	3,874.9	4,129.5	4,364.8	4,108.2
Inventories	716.0	594.5	503.5	684.0	646.4	607.6	636.2
Other current asset	4,948.5	4,262.9	6,640.1	4,631.9	4,855.2	4,595.7	4,843.9
- Prepaid_Contract cost	987.2	1,037.8	1,070.5	1,098.2	1,106.3	1,165.2	1,318.5
- Contract assets	313.1	298.4	305.2	306.9	330.9	377.8	430.6
<b>Non-current assets</b>	<b>19,539.5</b>	<b>19,271.1</b>	<b>18,982.0</b>	<b>20,294.6</b>	<b>20,851.8</b>	<b>21,651.1</b>	<b>21,944.6</b>
Trade & other rec	689.2	770.1	678.8	810.6	690.4	867.9	943.6
P.P.E	13,161.7	13,000.0	12,855.3	13,068.3	12,811.1	13,192.8	13,349.7
Other current assets	5,688.5	5,501.0	5,448.0	6,415.7	7,350.3	7,590.4	7,651.3
- Prepaid_Contract cost	343.5	362.6	368.5	371.7	364.4	403.5	460.3
- Contract assets	74.0	79.3	92.9	91.9	94.1	111.3	126.5
<b>Liabilities</b>	<b>16,474.1</b>	<b>15,681.3</b>	<b>18,093.3</b>	<b>17,457.6</b>	<b>18,509.4</b>	<b>18,464.8</b>	<b>18,430.1</b>
<b>Current liabilities</b>	<b>9,453.7</b>	<b>9,117.6</b>	<b>11,185.1</b>	<b>9,387.7</b>	<b>9,926.8</b>	<b>9,908.1</b>	<b>9,973.8</b>
Trade & other payables	6,974.4	6,199.7	8,700.2	6,948.2	7,264.0	7,980.9	7,709.7
Short-term borrowings	1,534.3	1,940.0	1,417.0	1,368.5	1,149.0	583.6	915.7
Others	945.1	977.9	1,067.9	1,071.0	1,513.8	1,343.6	1,348.4
- Contract liabilities	270.8	281.0	289.3	300.7	302.9	304.4	304.1
<b>Non-current liabilities</b>	<b>7,020.4</b>	<b>6,563.7</b>	<b>6,908.2</b>	<b>8,069.8</b>	<b>8,582.5</b>	<b>8,556.7</b>	<b>8,456.4</b>
Trade & other payables	667.9	661.0	658.2	1,409.3	1,132.7	1,110.0	1,125.6
Long-term borrowings	5,155.0	4,664.5	4,953.2	5,279.8	5,641.1	5,673.2	5,492.6
Others	1,197.5	1,238.2	1,296.8	1,380.7	1,808.7	1,773.5	1,838.2
- Contract liabilities	52.1	45.8	42.1	46.8	44.3	42.7	45.0
<b>Equity</b>	<b>14,144.0</b>	<b>14,437.0</b>	<b>14,701.5</b>	<b>14,731.3</b>	<b>14,738.5</b>	<b>15,004.6</b>	<b>15,231.1</b>
Retained earnings	10,860.2	11,107.9	11,336.5	11,328.9	11,269.5	11,438.9	11,627.4

KT Separate	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19
<b>Asset</b>	<b>24,790.1</b>	<b>24,528.5</b>	<b>24,958.9</b>	<b>26,010.9</b>	<b>26,837.7</b>	<b>26,959.8</b>	<b>27,076.4</b>
<b>Current assets</b>	<b>6,462.9</b>	<b>6,416.9</b>	<b>7,126.4</b>	<b>6,861.6</b>	<b>7,307.3</b>	<b>7,052.4</b>	<b>6,961.4</b>
Cash & cash equi.	1,064.1	1,464.3	1,832.5	1,779.7	1,750.1	1,394.9	1,189.2
Trade & other rec	2,997.9	2,977.9	2,969.0	2,968.8	3,357.8	3,451.0	3,300.9
Inventories	450.7	360.4	298.5	465.3	446.4	404.8	437.6
Other current asset	1,950.3	1,614.4	2,026.4	1,647.8	1,753.1	1,801.7	2,033.7
- Prepaid_Contract cost	1,005.8	1,048.7	1,090.8	1,127.8	1,134.5	1,210.6	1,368.1
- Contract assets	289.1	274.7	282.5	285.3	300.2	339.1	384.4
<b>Non-current assets</b>	<b>18,327.1</b>	<b>18,111.6</b>	<b>17,832.5</b>	<b>19,149.3</b>	<b>19,530.4</b>	<b>19,907.4</b>	<b>20,115.0</b>
Trade & other rec	624.1	705.1	611.1	766.3	641.7	806.4	888.0
P.P.E	11,008.2	10,777.8	10,645.3	10,864.4	10,656.7	10,914.5	11,092.4
Other current assets	6,694.9	6,628.7	6,576.1	7,518.6	8,232.0	8,186.5	8,134.5
- Prepaid_Contract cost	331.4	336.9	349.8	360.0	351.4	398.9	457.0
- Contract assets	64.0	69.3	82.5	81.6	84.0	101.4	112.5
<b>Liabilities</b>	<b>12,320.3</b>	<b>11,869.2</b>	<b>12,091.3</b>	<b>13,299.2</b>	<b>14,099.7</b>	<b>14,076.5</b>	<b>14,122.0</b>
<b>Current liabilities</b>	<b>5,899.2</b>	<b>5,943.6</b>	<b>5,822.2</b>	<b>5,908.5</b>	<b>6,283.8</b>	<b>6,238.7</b>	<b>6,471.1</b>
Trade & other payables	4,074.7	3,602.2	3,887.7	4,002.4	4,472.4	5,118.4	5,006.4
Short-term borrowings	1,230.1	1,688.7	1,179.3	1,181.4	948.5	380.4	744.7
Others	594.4	652.8	755.2	724.7	862.9	739.9	720.0
- Contract liabilities	274.4	280.0	287.4	301.1	302.1	306.7	304.2
<b>Non-current liabilities</b>	<b>6,421.1</b>	<b>5,925.5</b>	<b>6,269.1</b>	<b>7,390.7</b>	<b>7,815.9</b>	<b>7,837.8</b>	<b>7,650.9</b>
Trade & other payables	728.4	711.1	706.2	1,460.1	1,524.9	1,476.1	1,454.2
Long-term borrowings	5,007.5	4,515.1	4,815.8	5,132.1	5,502.7	5,549.0	5,371.1
Others	685.2	699.4	747.1	798.5	788.3	812.6	825.6
- Contract liabilities	47.6	41.7	38.8	43.7	41.4	40.1	42.4
<b>Equity</b>	<b>12,469.8</b>	<b>12,659.4</b>	<b>12,867.6</b>	<b>12,711.7</b>	<b>12,738.0</b>	<b>12,883.3</b>	<b>12,954.3</b>
Retained earnings	10,514.6	10,721.5	10,923.0	10,740.0	10,741.7	10,880.2	10,952.9

## 4-3 Subscribers

Wireless	1Q 18	2Q 18	3Q 18	4Q 18	1Q 19	2Q 19	3Q 19	QoQ	YoY
Subscribers (Unit: 1,000) <sup>1)</sup>									
<b>Total</b>	<b>20,378</b>	<b>20,662</b>	<b>20,920</b>	<b>21,120</b>	<b>21,333</b>	<b>21,549</b>	<b>21,771</b>	<b>1.0%</b>	<b>4.1%</b>
Net additions	363	284	258	200	213	216	222	2.9%	-13.8%
Gross additions	1,211	1,160	1,200	1,179	1,181	1,133	1,077	-4.9%	-10.2%
Deactivation <sup>2)</sup>	848	876	942	978	968	917	855	-6.8%	-9.2%
Churn rate	1.4%	1.4%	1.5%	1.6%	1.5%	1.4%	1.3%	-0.1%p	-0.2%p
LTE	15,867	16,224	16,612	16,971	17,393	17,383	17,169	-1.2%	3.4%
5G						419	1,055	151.6%	-
LTE+5G Penetration rate	77.9%	78.5%	79.4%	80.4%	81.5%	82.6%	83.7%	1.1%p	4.3%p
<b>ARPU (KRW)<sup>3)</sup></b>	<b>32,283</b>	<b>32,320</b>	<b>32,028</b>	<b>31,450</b>	<b>31,496</b>	<b>31,745</b>	<b>31,912</b>	<b>0.5%</b>	<b>-0.4%</b>

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, 5G 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	2Q 19	3Q 19	QoQ	YoY
Subscribers (Unit: 1,000)									
<b>Telephony</b>	<b>15,478</b>	<b>15,343</b>	<b>15,163</b>	<b>14,992</b>	<b>14,830</b>	<b>14,554</b>	<b>14,386</b>	<b>-1.2%</b>	<b>-5.1%</b>
PSTN	12,080	11,949	11,786	11,637	11,489	11,343	11,192	-1.3%	-5.0%
VoIP	3,398	3,394	3,377	3,355	3,340	3,211	3,194	-0.5%	-5.4%
<b>Broadband</b>	<b>8,653</b>	<b>8,659</b>	<b>8,698</b>	<b>8,729</b>	<b>8,782</b>	<b>8,849</b>	<b>8,904</b>	<b>0.6%</b>	<b>2.4%</b>
<b>IPTV (OTV+OTS)</b>	<b>7,573</b>	<b>7,672</b>	<b>7,775</b>	<b>7,851</b>	<b>7,966</b>	<b>8,113</b>	<b>8,229</b>	<b>1.4%</b>	<b>5.8%</b>

※ Number of IPTV subscribers deviates from MSIT's released figure below (computed per IPTV law)

- KT's 6-month average pay TV subscribers for 2H18 is 6,861,288.

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