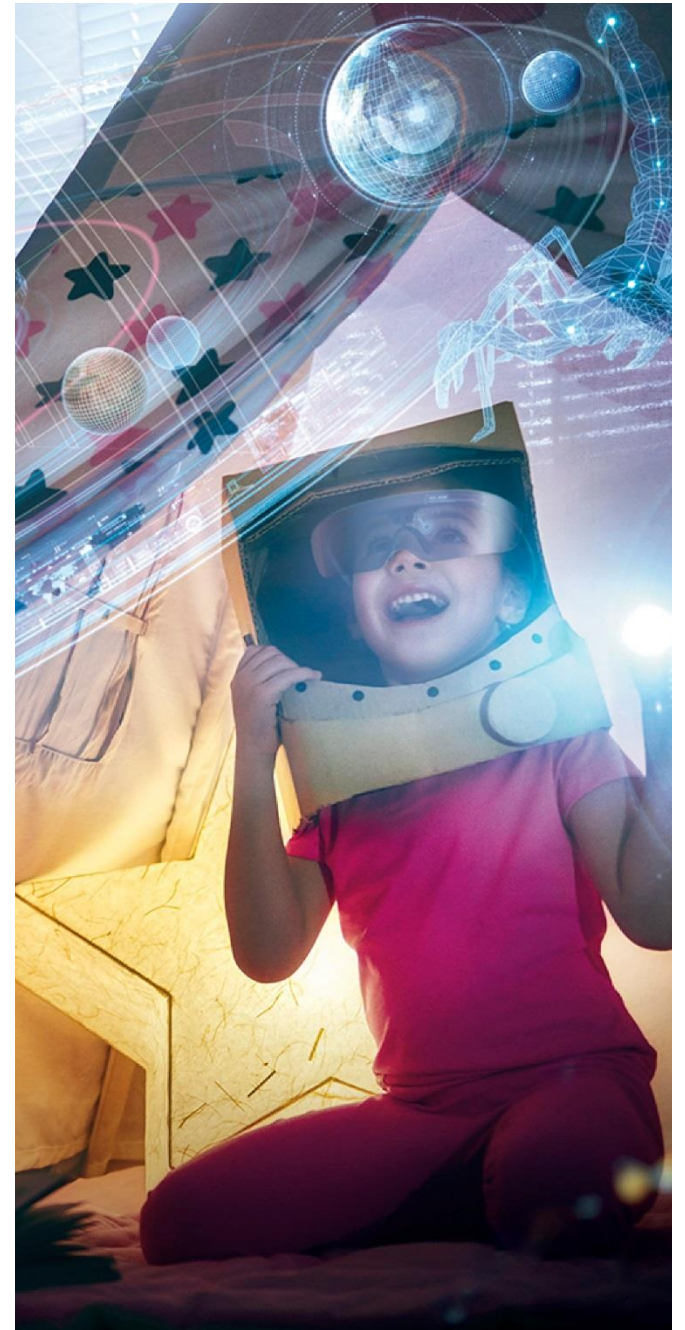


KT 2Q20 Earnings Release

August 7, 2020 | Investor Relations



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1 Income Statement

- Service revenue down -3.6% YoY due to the decline in Handset sales, BC card and Real estate sales affected by COVID-19, despite the solid growth in core Wireless and B2B biz
- Operating profit up +18.6% YoY with cost cutting efforts
 - KT Separate OP: KRW 252.7 billion (YoY +32.2%) / Affiliates' OP contributed: KRW 89.1 billion (YoY -8.2%)

(Unit: KRW bn)

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	QoQ	YoY
Operating Revenue	5,834.4	6,098.5	6,213.7	6,195.5	5,831.7	5,876.5	0.8%	-3.6%
Service Revenue	5,055.5	5,225.2	5,199.6	5,289.8	5,107.0	5,196.6	1.8%	-0.5%
Handset Revenue	778.9	873.3	1,014.1	905.7	724.7	679.9	-6.2%	-22.2%
Operating Expense	5,432.3	5,810.3	5,901.2	6,047.2	5,448.6	5,534.7	1.6%	-4.7%
Operating Income	402.1	288.2	312.5	148.2	383.1	341.8	-10.8%	18.6%
Margin	6.9%	4.7%	5.0%	2.4%	6.6%	5.8%	-0.8%p	1.1%p
Non-op. Income/Loss	-4.4	-4.7	-42.2	-120.2	-15.9	-34.0	Deficit Increased	Deficit Increased
Income before taxes	397.7	283.5	270.3	28.1	367.2	307.9	-16.2%	8.6%
Net Income	259.8	203.0	213.3	-6.8	226.6	207.6	-8.4%	2.2%
Margin	4.5%	3.3%	3.4%	-0.1%	3.9%	3.5%	-0.4%p	0.2%p
EBITDA	1,309.5	1,191.3	1,209.8	1,079.3	1,295.8	1,252.6	-3.3%	5.1%
Margin	22.4%	19.5%	19.5%	17.4%	22.2%	21.3%	-0.9%p	1.8%p

2 Operating Expenses

(Unit: KRW bn)

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	QoQ	YoY
Operating Expenses	5,432.3	5,810.3	5,901.2	6,047.2	5,448.6	5,534.7	1.6%	-4.7%
Labor Cost	983.8	1,006.1	959.4	1,001.8	1,003.9	983.7	-2.0%	-2.2%
General Expense	2,327.1	2,459.3	2,433.5	2,579.7	2,259.5	2,343.3	3.7%	-4.7%
- Depreciation	907.4	903.0	897.4	931.0	912.7	910.8	-0.2%	0.9%
Cost of Service Provided	685.6	711.7	759.1	798.9	759.2	833.0	9.7%	17.0%
Selling Expense	572.2	613.9	592.3	499.5	551.6	587.4	6.5%	-4.3%
Cost of Handset sold	863.6	1,019.3	1,156.9	1,167.3	874.4	787.3	-10.0%	-22.8%

• Selling Expense (KT Separate)

(Unit: KRW bn)

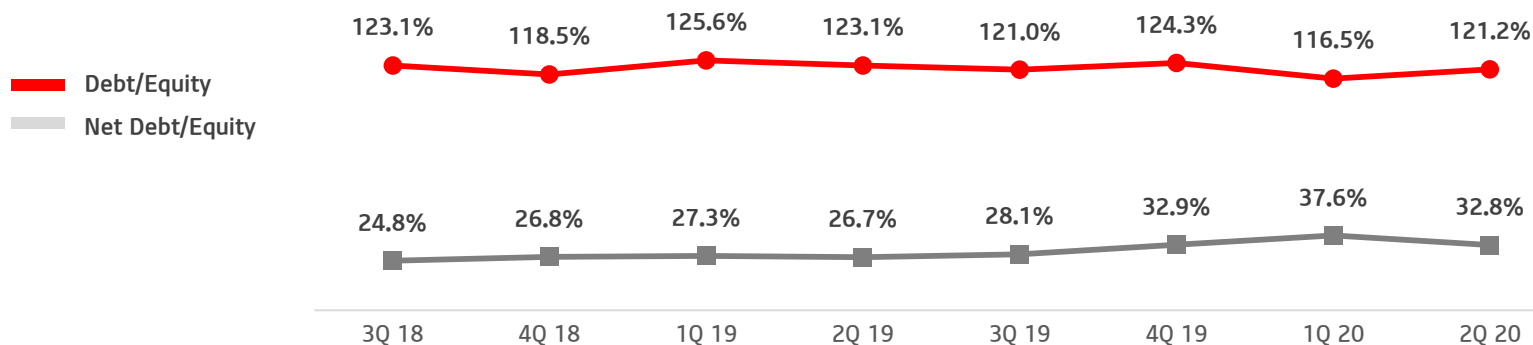
	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	QoQ	YoY
Selling Expense	581.0	612.4	620.3	566.0	575.8	618.9	7.5%	1.1%

※ Membership points used in FY19 are deducted from selling expense in Q4 2019

3 Financial Position

(Unit: KRW bn)

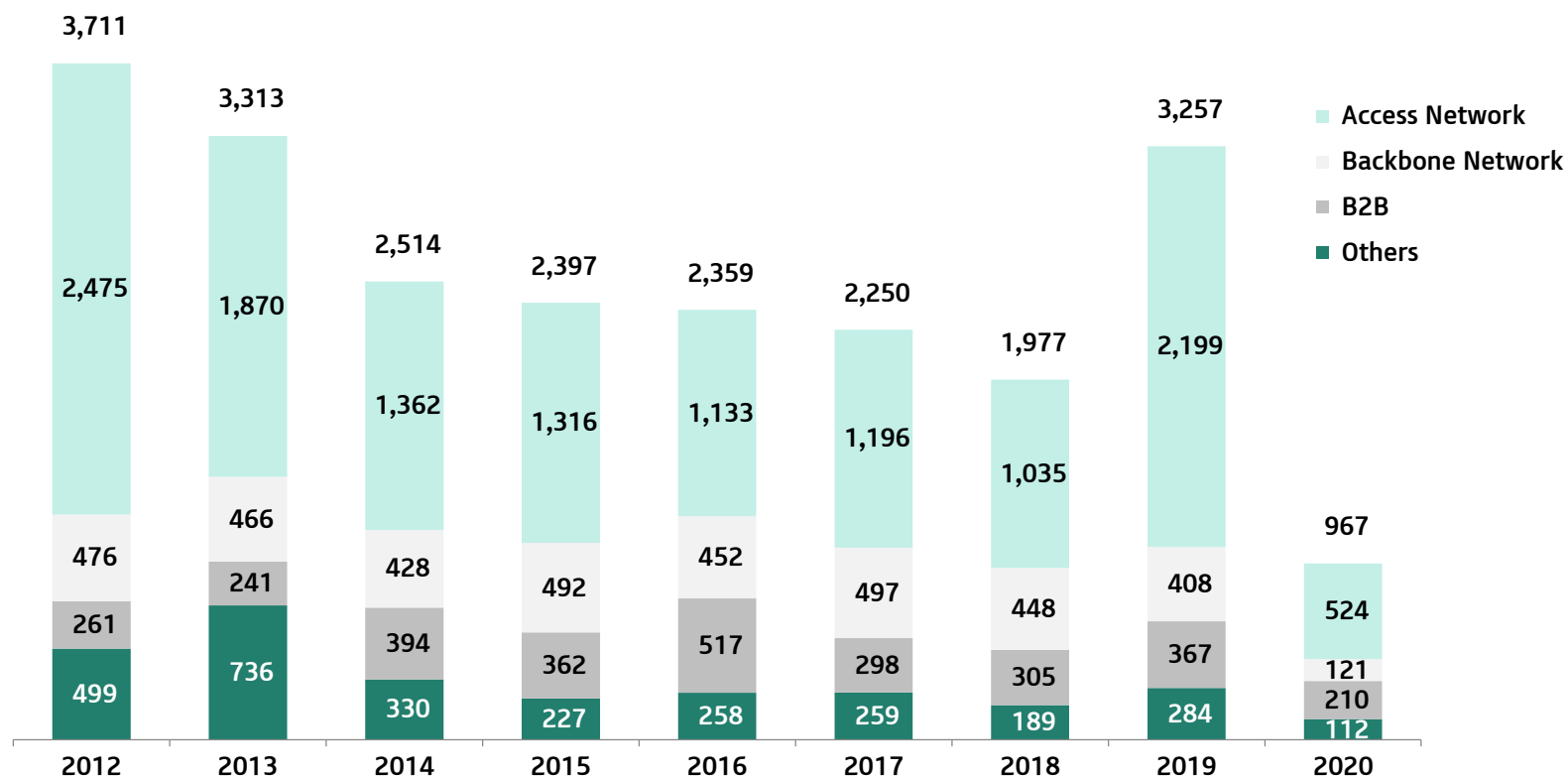
	2Q 19	1Q 20	2Q 20	QoQ	YoY
Assets	33,469.4	32,631.0	34,003.4	4.2%	1.6%
Cash & Cash Equivalents	2,250.1	1,627.1	2,942.2	80.8%	30.8%
Liabilities	18,464.8	17,559.4	18,629.6	6.1%	0.9%
Borrowings	6,256.8	7,286.9	7,987.6	9.6%	27.7%
Equity	15,004.6	15,071.6	15,373.8	2.0%	2.5%
Capital Stock	1,564.5	1,564.5	1,564.5	0.0%	0.0%
Net Debt	4,006.7	5,659.8	5,045.4	-10.9%	25.9%
Debt / Equity	123.1%	116.5%	121.2%	4.7%p	-1.9%p
Net Debt / Equity	26.7%	37.6%	32.8%	-4.7%p	6.1%p



4 CAPEX

- FY2020 CAPEX guidance, 3.1 trillion won and 967.3bn won executed in H1 2020
 - Access Network 524.3bn, Backbone Network 121.3bn, B2B communications 209.6bn, others 112.1bn

(Unit: KRW bn)



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1 KT - Wireless

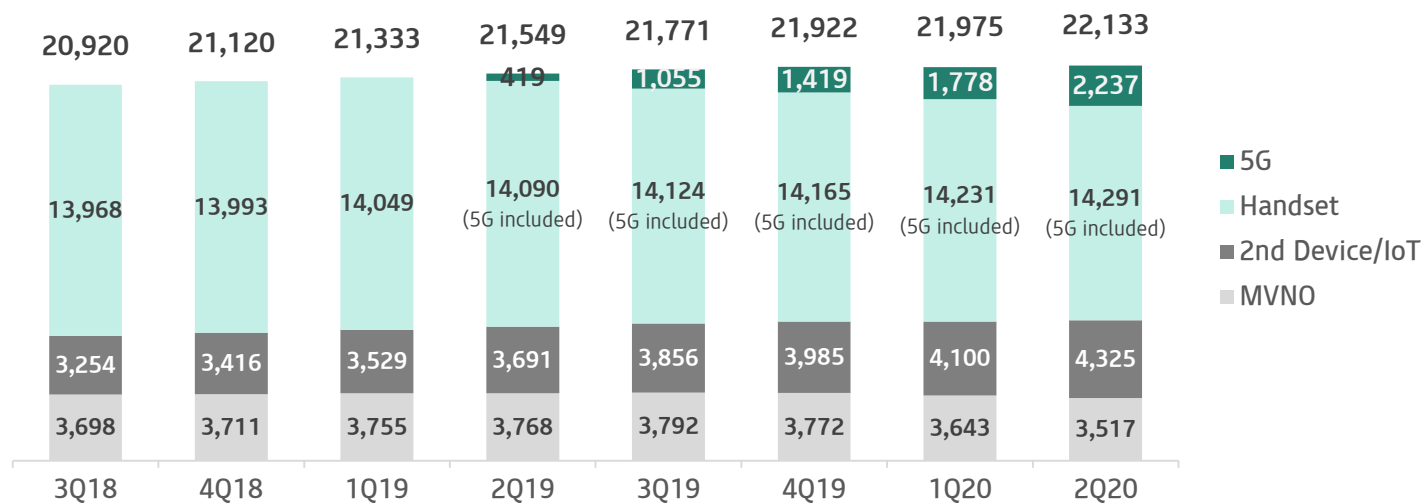
- Wireless service revenue up by +0.2% YoY with net addition of MNO subs despite the roaming sales decline affected by COVID-19 pandemic and accounting rule change of “Membership Points”
- Total number of 5G subscribers reached 2.24 million (16% of Handset subscribers) in 2Q20

(Unit: KRW bn)

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	QoQ	YoY
Wireless	1,702.8	1,712.5	1,726.4	1,705.4	1,735.7	1,722.5	-0.8%	0.6%
Service	1,596.9	1,612.7	1,626.0	1,607.1	1,632.4	1,615.5	-1.0%	0.2%
Interconnection	105.9	99.7	100.4	98.3	103.3	107.0	3.6%	7.3%

Subscribers

(Unit: Thousands)



2 KT - Fixed Line/IPTV

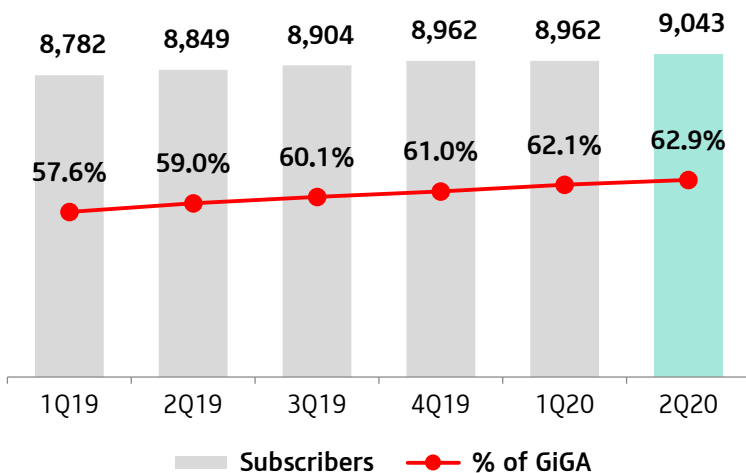
- Telephony and Broadband revenue down -7.0% and -1.2% YoY, respectively
- IPTV revenue up +0.5% YoY with subs increase despite the delay on Home shopping fee negotiation

(Unit: KRW bn)

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	QoQ	YoY
Telephony	400.6	400.4	397.0	382.5	372.5	372.2	-0.1%	-7.0%
Broadband	500.0	503.0	500.3	498.8	502.5	496.7	-1.1%	-1.2%
IPTV	373.2	405.7	410.4	410.2	417.7	407.6	-2.4%	0.5%

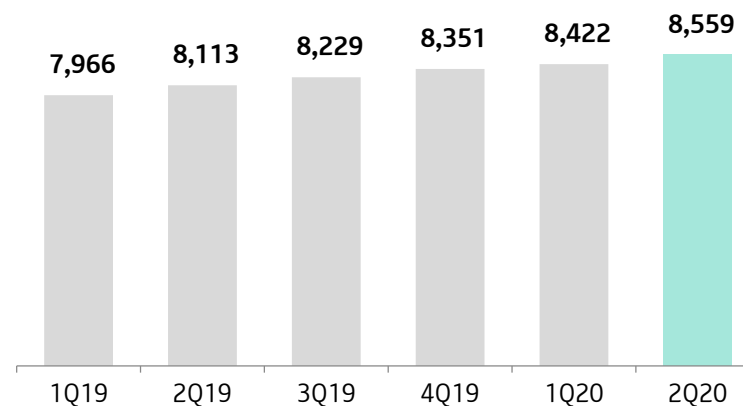
Broadband Subscriber

(Unit: Thousands)



IPTV Subscriber

(Unit: Thousands)



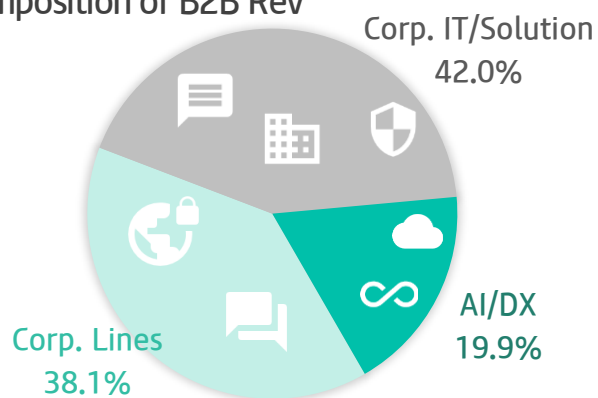
※ Number of IPTV subscribers above deviates from MSIT's released figure below following IPTV law
 - Number of KT pay TV subscriber is 7,377,514 in 2H 2019 (6 month average)

3 KT - B2B and others

- B2B revenue up +2.4% YoY maintaining competitive edge in IDC and expanding Cloud biz area toward public and finance sector

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	QoQ	YoY
B2B	623.4	684.8	684.9	725.9	674.8	701.1	3.9%	2.4%
Corporate Fixed Line	263.0	266.1	266.2	268.9	267.5	267.4	0.0%	0.5%
Corporate IT/Solution	253.2	298.6	294.2	316.2	269.5	294.3	9.2%	-1.4%
AI/DX	107.2	120.1	124.6	140.8	137.8	139.4	1.2%	16.0%
Real estate	45.3	44.9	46.8	45.6	45.8	43.1	-6.0%	-4.0%
Handset revenue	688.9	807.3	939.8	837.8	680.1	596.4	-12.3%	-26.1%

Composition of B2B Rev



Corp. Lines

Line lease, Kornet

Corp. IT/Solution

SI, Global ICT, Energy, Video security, etc.

AI/DX

IDC, Cloud, bizmeka, AI Platform, Block chain, Smart mobility, etc.

4 Major subsidiaries

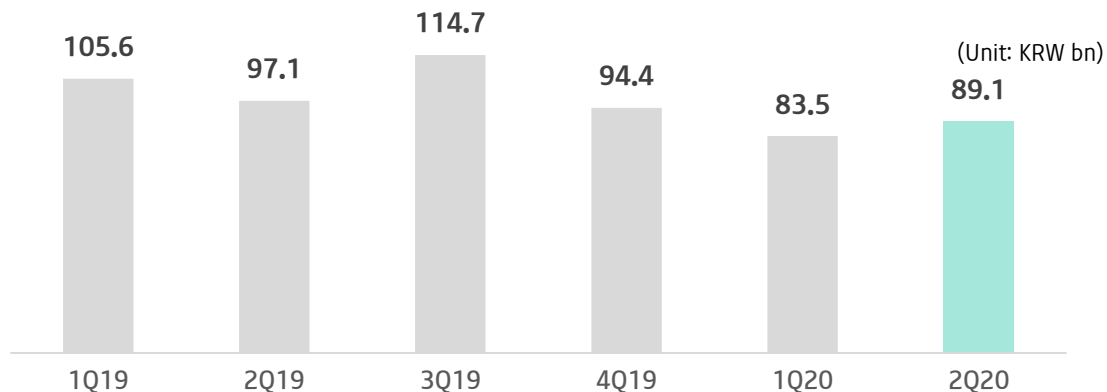
- BC card and KT Estate's revenue down by -1.5% and -7.9%, respectively, due to decreased usage of credit cards and slump in hotel business, impacted by COVID-19
- Skylife revenue up +2.0% YoY with subscriber increase in premium satellite TV plan

Sales Revenue

(Unit: KRW bn)

	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	QoQ	YoY
BC card	865.7	880.6	868.8	921.4	799.4	867.1	8.5%	-1.5%
Skylife	170.7	174.2	182.3	167.4	167.9	177.7	5.8%	2.0%
Contents subsidiaries	158.8	177.6	178.7	189.1	177.9	177.8	-0.1%	0.1%
KT estate	116.4	113.4	125.6	129.8	106.7	104.4	-2.2%	-7.9%

OP contributed
by subsidiaries in total



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1 K-IFRS Income Statement

(Unit: KRW bn)

Consolidated	1Q 19	2Q 19	3Q 19	4Q 19	2019	1Q 20	2Q 20	KT Separate	1Q 19	2Q 19	3Q 19	4Q 19	2019	1Q 20	2Q 20
Operating revenue	5,834.4	6,098.5	6,213.7	6,195.5	24,342.0	5,831.7	5,876.5	Operating revenue	4,334.3	4,558.5	4,705.7	4,606.2	18,204.7	4,429.1	4,339.6
Service revenue	5,055.5	5,225.2	5,199.6	5,289.8	20,770.0	5,107.0	5,196.6	Service revenue	3,645.4	3,751.3	3,765.9	3,768.5	14,931.0	3,749.0	3,743.2
Device revenue	778.9	873.3	1,014.1	905.7	3,572.0	724.7	679.9	Device revenue	688.9	807.3	939.8	837.8	3,273.7	680.1	596.4
Operating expense	5,432.3	5,810.3	5,901.2	6,047.2	23,191.0	5,448.6	5,534.7	Operating expense	4,037.8	4,367.4	4,508.0	4,552.3	17,465.5	4,129.5	4,086.9
Service expense	4,568.7	4,791.0	4,744.3	4,879.9	18,983.9	4,574.2	4,747.4	Service expense	3,325.3	3,493.6	3,504.9	3,551.7	13,875.5	3,368.7	3,444.5
Labor cost	983.8	1,006.1	959.4	1,001.8	3,951.1	1,003.9	983.7	Labor cost	543.6	573.7	528.5	537.5	2,183.2	555.1	535.4
General expense	2,327.1	2,459.3	2,433.5	2,579.7	9,799.6	2,259.5	2,343.3	General expense	1,595.7	1,671.8	1,690.7	1,800.3	6,758.4	1,613.2	1,656.0
Cost of svc provided	685.6	711.7	759.1	798.9	2,955.3	759.2	833.0	Cost of svc provided	588.1	618.4	649.0	688.2	2,543.6	609.0	617.6
Selling expense	572.2	613.9	592.3	499.5	2,277.9	551.6	587.4	Selling expense	598.0	629.7	636.7	525.7	2,390.2	591.4	635.5
Cost of device sold	863.6	1,019.3	1,156.9	1,167.3	4,207.1	874.4	787.3	Cost of device sold	712.5	873.8	1,003.1	1,000.6	3,590.1	760.8	642.4
Operating income	402.1	288.2	312.5	148.2	1,151.0	383.1	341.8	Operating income	296.4	191.1	197.7	53.9	739.2	299.6	252.7
N-OP income (loss)	-4.4	-4.7	-42.2	-120.2	-171.4	-15.9	-34.0	N-OP income (loss)	100.7	-1.8	-99.5	-112.0	-112.6	134.2	-28.0
N-OP income	181.5	199.2	208.4	94.7	683.8	290.5	85.3	N-OP income	271.7	179.4	195.2	60.1	706.4	389.0	82.2
N-OP expense	186.5	199.1	252.3	214.0	851.9	302.9	114.5	N-OP expense	170.9	181.2	294.7	172.2	819.0	254.8	110.2
Equity Method (G/L)	0.7	-4.8	1.7	-0.9	-3.3	-3.5	-4.8								
Income bf tax	397.7	283.5	270.3	28.1	979.7	367.2	307.9	Income bf tax	397.2	189.4	98.2	-58.1	626.6	433.8	224.7
Income tax	138.0	80.5	57.0	34.9	310.4	140.6	100.3	Income tax	104.5	49.7	25.8	14.8	194.8	113.8	58.9
Net income	259.8	203.0	213.3	-6.8	669.3	226.6	207.6	Net income	292.6	139.7	72.4	-72.9	431.8	320.0	165.8
NI contribution to KT	231.1	173.9	189.7	24.4	619.2	208.3	176.6								
EBITDA	1,309.5	1,191.3	1,209.8	1,079.3	4,790.0	1,295.8	1,252.6	EBITDA	1,108.1	997.7	999.3	872.6	3,977.8	1,113.5	1,063.3
EBITDA Margin	22.4%	19.5%	19.5%	17.4%	19.7%	22.2%	21.3%	EBITDA Margin	25.6%	21.9%	21.2%	18.9%	21.9%	25.1%	24.5%

2 K-IFRS Balance Sheet

(Unit: KRW bn)

Consolidated	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20
Assets	33,247.8	33,469.4	33,661.3	34,061.3	32,631.0	34,003.4
Current assets	12,396.1	11,818.3	11,716.7	11,725.1	10,887.2	12,480.5
Cash & cash equi.	2,765.0	2,250.1	2,128.4	2,305.9	1,627.1	2,942.2
Trade & other rec	4,129.5	4,364.8	4,108.2	3,931.5	4,121.3	4,159.9
Inventories	646.4	607.6	636.2	665.5	634.7	640.6
Other current asset	4,855.2	4,595.7	4,843.9	4,822.2	4,504.1	4,737.8
- Prepaid_Contract cost	1,106.3	1,165.2	1,318.5	1,389.5	1,362.5	1,378.4
- Contract assets	330.9	377.8	430.6	409.8	393.7	391.2
Non-current assets	20,851.8	21,651.1	21,944.6	22,336.2	21,743.8	21,522.9
Trade & other rec	690.4	867.9	943.6	1,238.0	996.7	1,123.4
Tangible assets	12,811.1	13,192.8	13,349.7	13,785.3	13,497.4	13,454.5
Other current assets	7,350.3	7,590.4	7,651.3	7,312.9	7,249.7	6,945.0
- Prepaid_Contract cost	364.4	403.5	460.3	459.8	461.3	456.9
- Contract assets	94.1	111.3	126.5	147.3	147.2	161.6
Liabilities	18,509.4	18,464.8	18,430.1	18,874.3	17,559.4	18,629.6
Current liabilities	9,926.8	9,908.1	9,973.8	10,074.9	9,171.5	9,894.9
Trade & other payables	7,264.0	7,980.9	7,709.7	7,597.5	6,524.1	6,601.7
Short-term borrowings	1,149.0	583.6	915.7	1,185.7	1,271.3	1,652.3
Others	1,513.8	1,343.6	1,348.4	1,291.7	1,376.2	1,640.9
- Contract liabilities	302.9	304.4	304.1	313.6	314.6	315.5
Non-current liabilities	8,582.5	8,556.7	8,456.4	8,799.5	8,387.9	8,734.7
Trade & other payables	1,132.7	1,110.0	1,125.6	1,082.2	801.7	811.1
Long-term borrowings	5,641.1	5,673.2	5,492.6	6,113.1	6,015.6	6,335.3
Others	1,808.7	1,773.5	1,838.2	1,604.1	1,570.6	1,588.3
- Contract liabilities	44.3	42.7	45.0	52.0	58.5	51.5
Equity	14,738.5	15,004.6	15,231.1	15,187.0	15,071.6	15,373.8
Retained earnings	11,269.5	11,438.9	11,627.4	11,637.2	11,575.1	11,936.1

KT Separate	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20
Assets	26,837.7	26,959.8	27,076.4	27,733.9	27,069.1	27,578.0
Current assets	7,307.3	7,052.4	6,961.4	7,113.2	6,884.5	7,451.4
Cash & cash equi.	1,750.1	1,394.9	1,189.2	1,328.4	754.1	1,422.1
Trade & other rec	3,357.8	3,451.0	3,300.9	3,108.0	3,490.2	3,372.7
Inventories	446.4	404.8	437.6	477.1	439.4	459.5
Other current asset	1,753.1	1,801.7	2,033.7	2,199.7	2,200.8	2,197.1
- Prepaid_Contract cost	1,134.5	1,210.6	1,368.1	1,432.1	1,408.2	1,431.6
- Contract assets	300.2	339.1	384.4	382.2	359.2	349.7
Non-current assets	19,530.4	19,907.4	20,115.0	20,620.6	20,184.6	20,126.6
Trade & other rec	641.7	806.4	888.0	1,186.5	954.4	1,063.8
Tangible assets	10,656.7	10,914.5	11,092.4	11,448.0	11,284.6	11,250.6
Other current assets	8,232.0	8,186.5	8,134.5	7,986.2	7,945.6	7,812.2
- Prepaid_Contract cost	351.4	398.9	457.0	444.2	448.8	446.0
- Contract assets	84.0	101.4	112.5	95.8	93.6	98.6
Liabilities	14,099.7	14,076.5	14,122.0	14,837.2	14,133.3	14,466.5
Current liabilities	6,283.8	6,238.7	6,471.1	6,728.1	6,486.4	6,562.1
Trade & other payables	4,472.4	5,118.4	5,006.4	5,025.7	4,560.1	4,130.9
Short-term borrowings	948.5	380.4	744.7	1,052.5	1,168.5	1,539.3
Others	862.9	739.9	720.0	649.9	757.8	891.9
- Contract liabilities	302.1	306.7	304.2	314.5	316.7	316.0
Non-current liabilities	7,815.9	7,837.8	7,650.9	8,109.1	7,646.9	7,904.4
Trade & other payables	1,524.9	1,476.1	1,454.2	1,371.5	1,061.2	1,051.7
Long-term borrowings	5,502.7	5,549.0	5,371.1	5,975.5	5,854.5	6,082.7
Others	788.3	812.6	825.6	762.1	731.2	770.0
- Contract liabilities	41.4	40.1	42.4	49.1	55.5	49.9
Equity	12,738.0	12,883.3	12,954.3	12,896.7	12,935.8	13,111.5
Retained earnings	10,741.7	10,880.2	10,952.9	10,870.0	10,919.6	11,084.8

3 Subscribers

Wireless	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	QoQ	YoY
Subscribers (Unit: Thousands) ¹⁾								
Total	21,333	21,549	21,771	21,922	21,976	22,133	0.7%	2.7%
Net additions	213	216	222	150	55	157	187.6%	-27.2%
Gross additions	1,181	1,133	1,077	1,067	930	1,030	10.8%	-9.1%
Deactivation²⁾	968	917	855	917	875	873	-0.3%	-4.8%
Churn rate	1.5%	1.4%	1.3%	1.4%	1.3%	1.3%	0.0%p	-0.1%p
LTE	17,393	17,383	17,169	17,153	17,035	16,954	-0.5%	-2.5%
5G		419	1,055	1,419	1,779	2,237	25.8%	433.6%
LTE+5G Penetration rate	81.5%	82.6%	83.7%	84.7%	85.6%	86.7%	1.1%p	4.1%p
ARPU (KRW)³⁾	31,490	31,727	31,906	31,341	31,773	31,393⁴⁾	-1.2%	-1.1%

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, 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

Note 4) ARPU would be 31,549 won if the effect of accounting rule change regarding membership points is eliminated

Fixed Line/IPTV	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	QoQ	YoY
Subscribers (Unit: Thousands)								
Telephony	14,830	14,554	14,386	14,185	14,033	13,863	-1.2%	-4.7%
PSTN	11,489	11,343	11,192	11,052	10,898	10,736	-1.5%	-5.4%
VoIP	3,340	3,211	3,194	3,133	3,135	3,127	-0.3%	-2.6%
Broadband	8,782	8,849	8,904	8,962	8,962	9,043	0.9%	2.2%
IPTV (OTV+OTS)	7,966	8,113	8,229	8,351	8,422	8,559	1.6%	5.5%

※ Number of IPTV subscribers above deviates from MSIT's released figure below following IPTV law

- Number of KT pay TV subscriber is 7,377,514 in 2H 2019 (6 month average)

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