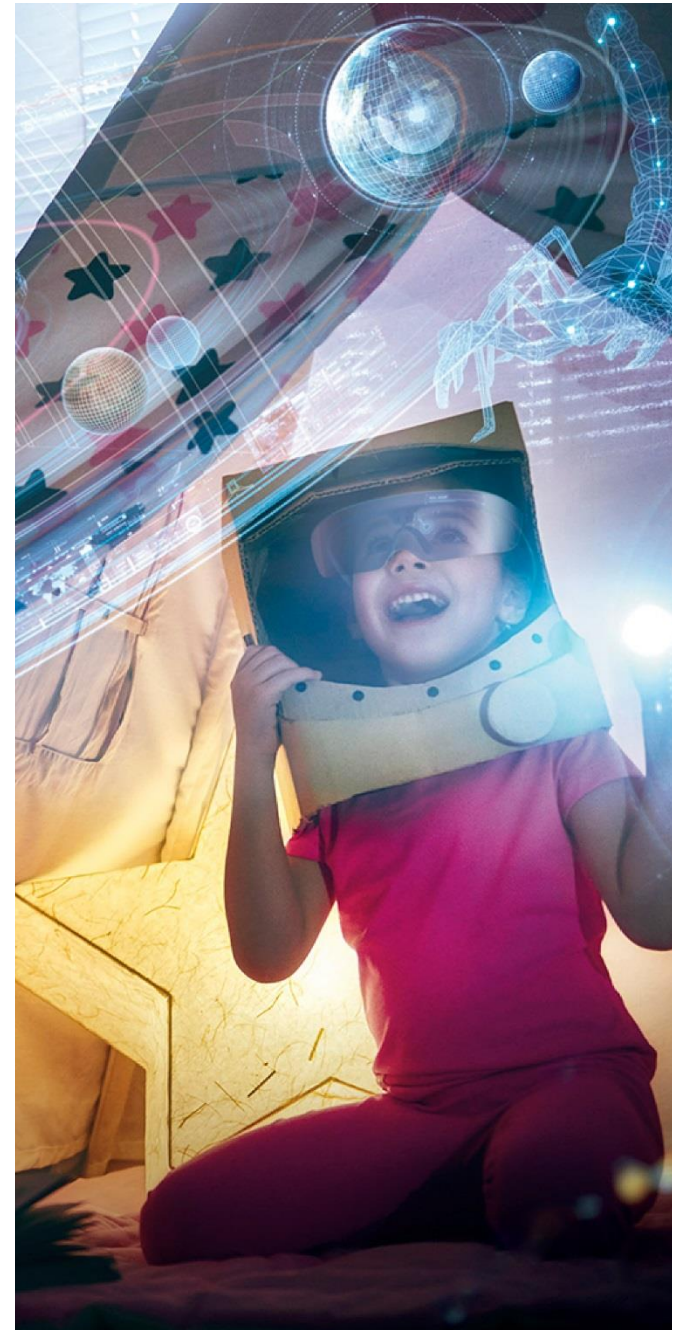


KT 3Q20 Earnings Release

November 6, 2020 | Investor Relations



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1 Income Statement

- Service revenue up +0.8% YoY due to the growth in Wireless/IPTV/B2B biz whereas Total revenue down -3.4% YoY with decrease in Handset sales

- Net income up +7.9%, Operating income down -6.4%

- KT Separate OP: KRW 206.8 billion (YoY +4.6%) / Affiliates' OP contributed: KRW 85.6 billion (YoY -25.4%)

(Unit: KRW bn)

	3Q19	2Q20	3Q20	QoQ	YoY	19 YTD	20 YTD	YoY
Operating Revenue	6,213.7	5,876.5	6,001.2	2.1%	-3.4%	18,146.6	17,709.4	-2.4%
Service Revenue	5,199.6	5,196.6	5,240.0	0.8%	0.8%	15,480.3	15,543.6	0.4%
Handset Revenue	1,014.1	679.9	761.2	12.0%	-24.9%	2,666.3	2,165.8	-18.8%
Operating Expense	5,901.2	5,534.7	5,708.8	3.1%	-3.3%	17,143.8	16,692.1	-2.6%
Operating Income	312.5	341.8	292.4	-14.5%	-6.4%	1,002.8	1,017.3	1.4%
Margin	5.0%	5.8%	4.9%	-0.9%p	-0.1%p	5.5%	5.7%	0.2%p
Margin*	6.0%	6.6%	5.6%	-1.0%p	-0.4%p	6.5%	6.5%	0.1%p
Non-op. Income/Loss	-42.2	-34.0	22.0	Turned to Black	Turned to Black	-51.2	-27.9	Deficit Decreased
Income before taxes	270.3	307.9	314.3	2.1%	16.3%	951.6	989.4	4.0%
Net Income	213.3	207.6	230.1	10.8%	7.9%	676.1	664.2	-1.8%
Margin	3.4%	3.5%	3.8%	0.3%p	0.4%p	3.7%	3.8%	0.1%p
EBITDA	1,209.8	1,252.6	1,197.1	-4.4%	-1.1%	3,710.7	3,745.6	0.9%
Margin	19.5%	21.3%	19.9%	-1.4%p	0.4%p	20.4%	21.2%	0.8%p

※ OP Margin* = Operating Income/Service Revenue

2 Operating Expenses

(Unit: KRW bn)

	3Q19	2Q20	3Q20	QoQ	YoY	19 YTD	20 YTD	YoY
Operating Expenses	5,901.2	5,534.7	5,708.8	3.1%	-3.3%	17,143.8	16,692.1	-2.6%
Labor Cost	959.4	983.7	1,082.3	10.0%	12.8%	2,949.3	3,069.9	4.1%
General Expense	2,433.5	2,343.3	2,386.9	1.9%	-1.9%	7,219.9	6,989.7	-3.2%
- Depreciation	897.4	910.8	904.8	-0.7%	0.8%	2,707.9	2,728.3	0.8%
Cost of Service Provided	759.1	833.0	823.9	-1.1%	8.5%	2,156.4	2,416.1	12.0%
Selling Expense	592.3	587.4	614.3	4.6%	3.7%	1,778.4	1,753.3	-1.4%
Cost of Handset sold	1,156.9	787.3	801.4	1.8%	-30.7%	3,039.8	2,463.1	-19.0%

▪ Selling Expense (KT Separate)

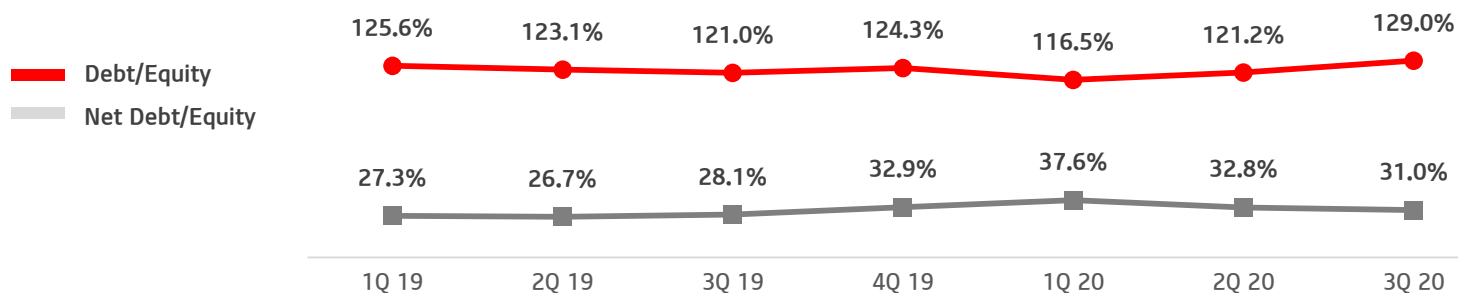
(Unit: KRW bn)

	3Q19	2Q20	3Q20	QoQ	YoY	19 YTD	20 YTD	YoY
Selling Expense	620.3	618.9	641.9	3.7%	3.5%	1,813.6	1,836.6	1.3%

3 Financial Position

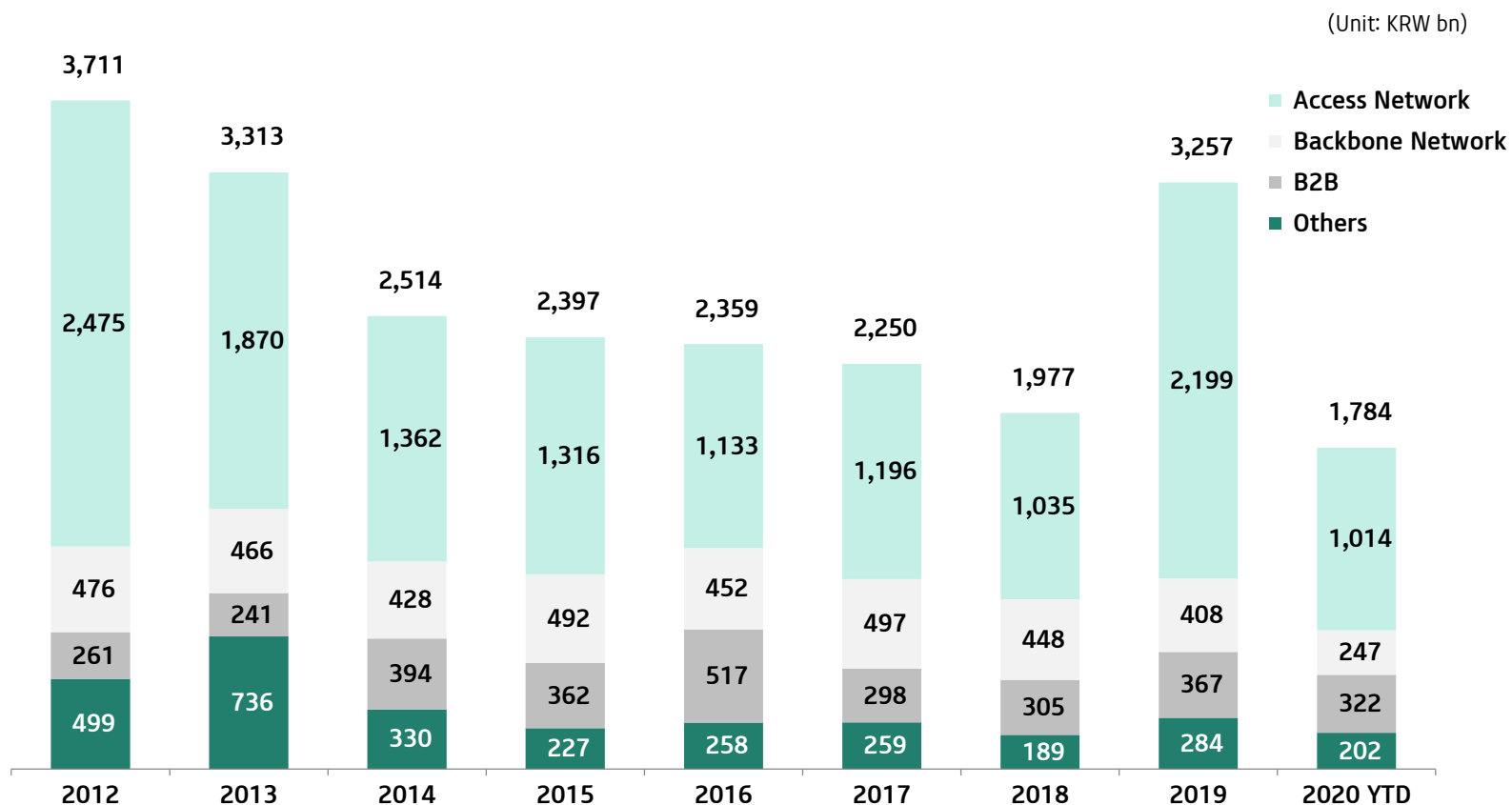
(Unit: KRW bn)

	3Q 19	2Q 20	3Q 20	QoQ	YoY
Assets	33,661.3	34,003.4	35,860.5	5.5%	6.5%
Cash & Cash Equivalents	2,128.4	2,942.2	2,990.9	1.7%	40.5%
Liabilities	18,430.1	18,629.6	20,204.0	8.5%	9.6%
Borrowings	6,408.3	7,987.6	7,850.9	-1.7%	22.5%
Equity	15,231.1	15,373.8	15,656.5	1.8%	2.8%
Capital Stock	1,564.5	1,564.5	1,564.5	0.0%	0.0%
Net Debt	4,279.9	5,045.4	4,860.0	-3.7%	13.6%
Debt / Equity	121.0%	121.2%	129.0%	7.8%p	8.0%p
Net Debt / Equity	28.1%	32.8%	31.0%	-1.8%p	2.9%p



4 CAPEX

- FY2020 CAPEX guidance 3.1 trillion won and 1.78 trillion won executed till 3Q20
 - Access Network 1,013.9bn, Backbone Network 246.9bn, B2B communications 321.5bn, others 201.8bn



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1 KT - Wireless

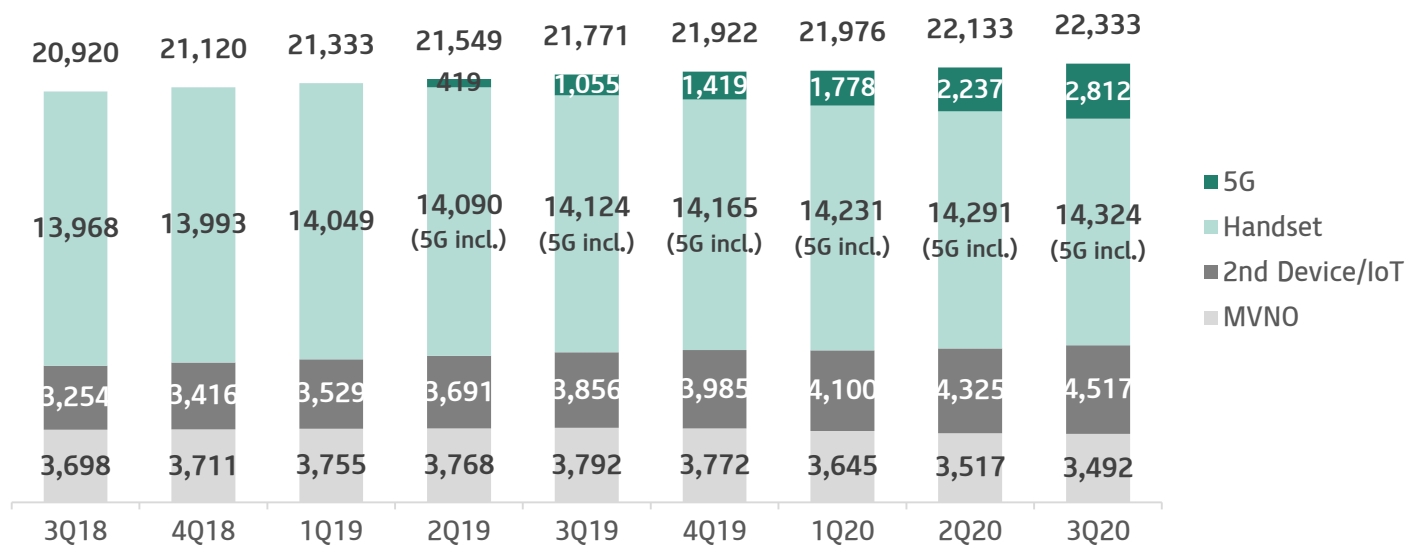
- Wireless service revenue up by +0.6% YoY with net addition of MNO subs despite the roaming sales decline affected by COVID-19 pandemic
- Total number of 5G subscribers reached 2.81 million (20% of Handset subscribers) in 3Q20

(Unit: KRW bn)

	3Q19	2Q20	3Q20	QoQ	YoY	19 YTD	20 YTD	YoY
Wireless	1,726.4	1,722.5	1,742.1	1.1%	0.9%	5,141.7	5,200.3	1.1%
Service	1,626.0	1,615.5	1,636.2	1.3%	0.6%	4,835.7	4,884.1	1.0%
Interconnection	100.4	107.0	105.9	-1.0%	5.5%	306.0	316.2	3.3%

Subscribers

(Unit: Thousands)



2 KT - Fixed Line/IPTV

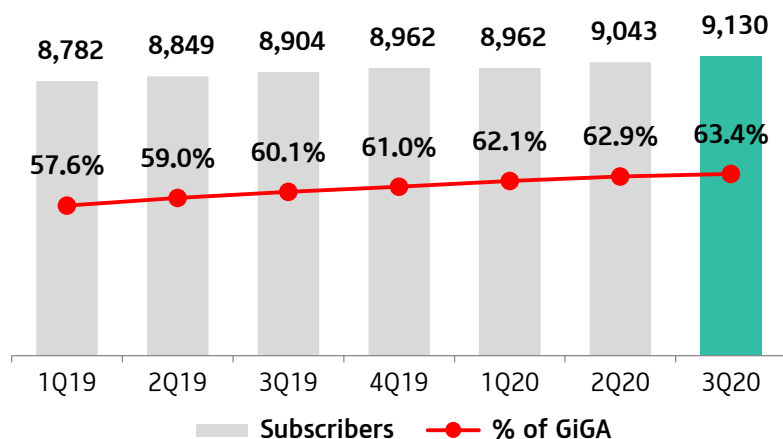
- Telephony and Broadband revenue down -7.0% and -0.3% YoY, respectively
- IPTV revenue up +11.9% YoY with subs increase and contract renewal of Home shopping transmission fee

(Unit: KRW bn)

	3Q19	2Q20	3Q20	QoQ	YoY	19 YTD	20 YTD	YoY
Telephony	397.0	372.2	369.2	-0.8%	-7.0%	1,198.0	1,113.9	-7.0%
Broadband	500.3	496.7	498.7	0.4%	-0.3%	1,503.3	1,497.9	-0.4%
IPTV	410.4	407.6	459.3	12.7%	11.9%	1,189.3	1,284.6	8.0%

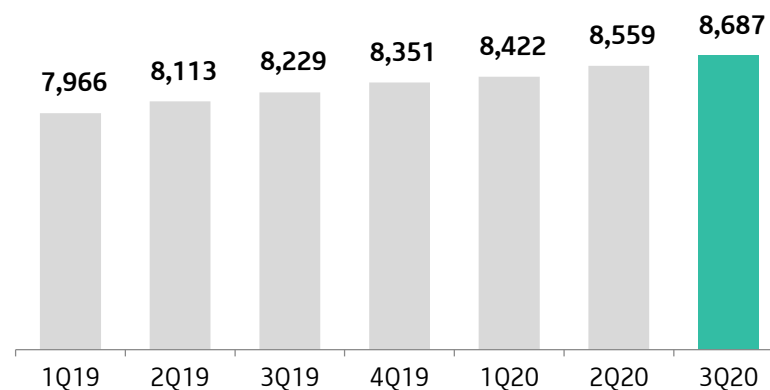
Broadband Subscriber

(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

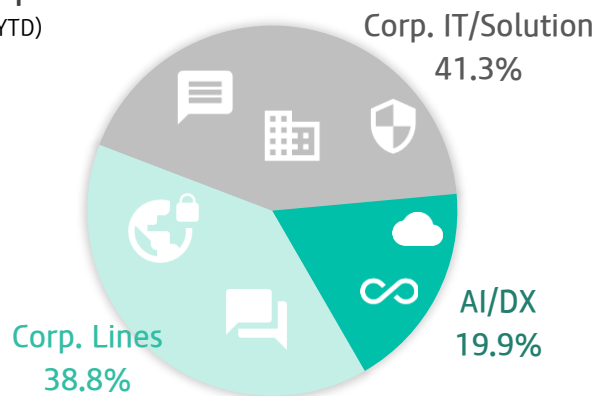
- B2B revenue up +0.8% YoY maintaining competitive advantage in IDC and expanding Cloud biz area toward public and finance sector

(Unit: KRW bn)

	3Q19	2Q20	3Q20	QoQ	YoY	19 YTD	20 YTD	YoY
B2B	684.9	701.1	690.3	-1.5%	0.8%	1,993.2	2,066.2	3.7%
Corporate Fixed Line	266.2	267.4	266.9	-0.2%	0.3%	795.3	801.8	0.8%
Corporate IT/Solution	294.2	294.3	288.7	-1.9%	-1.9%	846.0	852.5	0.8%
AI/DX	124.6	139.4	134.7	-3.4%	8.1%	351.9	411.9	17.1%
Real estate	46.8	43.1	45.4	5.3%	-3.0%	137.0	134.3	-2.0%
Handset revenue	939.8	596.4	715.5	20.0%	-23.9%	2,436.0	1,992.0	-18.2%

Composition of B2B Rev

('20 YTD)



Corp. Lines

Line lease, Kornet

Corp.
IT/SolutionSI, Global ICT, Energy, Video security,
etc.

AI/DX

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

4 Major subsidiaries

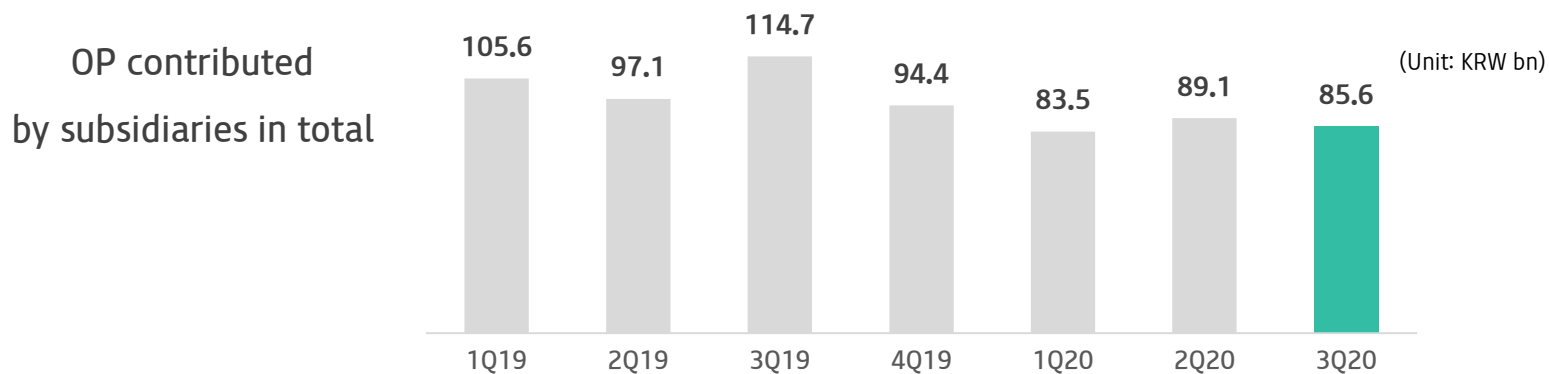
- BC card and KT Estate's revenue down by -0.6% and -39.4%, respectively, due to decreased usage of credit cards and slump in rental business, impacted by COVID-19
- Contents subsidiaries revenue up +8.6% YoY with volume growth in Digital Ad and T-Commerce

Sales Revenue

(Unit: KRW bn)

	3Q19	2Q20	3Q20	QoQ	YoY	19 YTD	20 YTD	YoY
BC card	868.8	867.1	863.4	-0.4%	-0.6%	2,615.1	2,530.0	-3.3%
Skylife	182.3	177.7	176.6	-0.6%	-3.1%	527.2	522.2	-0.9%
Contents subsidiaries	178.7	182.1	194.0	6.5%	8.6%	515.1	554.0	7.5%
KT estate	125.6	104.4	76.2	-27.0%	-39.4%	355.4	287.3	-19.2%

※ "Storywiz," specialized in web fiction/web cartoon contents, included in Contents subsidiaries since 2Q 2020



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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	3Q 20	KT Separate	1Q 19	2Q 19	3Q 19	4Q 19	2019	1Q 20	2Q 20	3Q 20
Operating revenue	5,834.4	6,098.5	6,213.7	6,195.5	24,342.0	5,831.7	5,876.5	6,001.2	Operating revenue	4,334.3	4,558.5	4,705.7	4,606.2	18,204.7	4,429.1	4,339.6	4,520.5
Service revenue	5,055.5	5,225.2	5,199.6	5,289.8	20,770.0	5,107.0	5,196.6	5,240.0	Service revenue	3,645.4	3,751.3	3,765.9	3,768.5	14,931.0	3,749.0	3,743.2	3,805.0
Handset revenue	778.9	873.3	1,014.1	905.7	3,572.0	724.7	679.9	761.2	Handset revenue	688.9	807.3	939.8	837.8	3,273.7	680.1	596.4	715.5
Operating expense	5,432.3	5,810.3	5,901.2	6,047.2	23,191.0	5,448.6	5,534.7	5,708.8	Operating expense	4,037.8	4,367.4	4,508.0	4,552.3	17,465.5	4,129.5	4,086.9	4,313.7
Service expense	4,568.7	4,791.0	4,744.3	4,879.9	18,983.9	4,574.2	4,747.4	4,907.4	Service expense	3,325.3	3,493.6	3,504.9	3,551.7	13,875.5	3,368.7	3,444.5	3,571.2
Labor cost	983.8	1,006.1	959.4	1,001.8	3,951.1	1,003.9	983.7	1,082.3	Labor cost	543.6	573.7	528.5	537.5	2,183.2	555.1	535.4	629.2
General expense	2,327.1	2,459.3	2,433.5	2,579.7	9,799.6	2,259.5	2,343.3	2,386.9	General expense	1,595.7	1,671.8	1,690.7	1,800.3	6,758.4	1,613.2	1,656.0	1,692.1
Cost of svc provided	685.6	711.7	759.1	798.9	2,955.3	759.2	833.0	823.9	Cost of svc provided	588.1	618.4	649.0	688.2	2,543.6	609.0	617.6	592.6
Selling expense	572.2	613.9	592.3	499.5	2,277.9	551.6	587.4	614.3	Selling expense	598.0	629.7	636.7	525.7	2,390.2	591.4	635.5	657.3
Cost of device sold	863.6	1,019.3	1,156.9	1,167.3	4,207.1	874.4	787.3	801.4	Cost of device sold	712.5	873.8	1,003.1	1,000.6	3,590.1	760.8	642.4	742.5
Operating income	402.1	288.2	312.5	148.2	1,151.0	383.1	341.8	292.4	Operating income	296.4	191.1	197.7	53.9	739.2	299.6	252.7	206.8
N-OP income (loss)	-4.4	-4.7	-42.2	-120.2	-171.4	-15.9	-34.0	22.0	N-OP income (loss)	100.7	-1.8	-99.5	-112.0	-112.6	134.2	-28.0	14.5
N-OP income	181.5	199.2	208.4	94.7	683.8	290.5	85.3	157.5	N-OP income	271.7	179.4	195.2	60.1	706.4	389.0	82.2	95.3
N-OP expense	186.5	199.1	252.3	214.0	851.9	302.9	114.5	140.4	N-OP expense	170.9	181.2	294.7	172.2	819.0	254.8	110.2	80.8
Equity Method (G/L)	0.7	-4.8	1.7	-0.9	-3.3	-3.5	-4.8	4.9									
Income bf tax	397.7	283.5	270.3	28.1	979.7	367.2	307.9	314.3	Income bf tax	397.2	189.4	98.2	-58.1	626.6	433.8	224.7	221.3
Income tax	138.0	80.5	57.0	34.9	310.4	140.6	100.3	84.2	Income tax	104.5	49.7	25.8	14.8	194.8	113.8	58.9	58.1
Net income	259.8	203.0	213.3	-6.8	669.3	226.6	207.6	230.1	Net income	292.6	139.7	72.4	-72.9	431.8	320.0	165.8	163.2
NI contribution to KT	231.1	173.9	189.7	24.4	619.2	208.3	176.6	203.4									
EBITDA	1,309.5	1,191.3	1,209.8	1,079.3	4,790.0	1,295.8	1,252.6	1,197.1	EBITDA	1,108.1	997.7	999.3	872.6	3,977.8	1,113.5	1,063.3	1,010.0
EBITDA Margin	22.4%	19.5%	19.5%	17.4%	19.7%	22.2%	21.3%	19.9%	EBITDA Margin	25.6%	21.9%	21.2%	18.9%	21.9%	25.1%	24.5%	22.3%

2 K-IFRS Balance Sheet

(Unit: KRW bn)

Consolidated	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20
Assets	33,247.8	33,469.4	33,661.3	34,061.3	32,631.0	34,003.4	35,860.5
Current assets	12,396.1	11,818.3	11,716.7	11,725.1	10,887.2	12,480.5	14,215.2
Cash & cash equi.	2,765.0	2,250.1	2,128.4	2,305.9	1,627.1	2,942.2	2,990.9
Trade & other rec	4,129.5	4,364.8	4,108.2	3,931.5	4,121.3	4,159.9	4,272.5
Inventories	646.4	607.6	636.2	665.5	634.7	640.6	851.9
Other current asset	4,855.2	4,595.7	4,843.9	4,822.2	4,504.1	4,737.8	6,099.9
- Prepaid_Contract cost	1,106.3	1,165.2	1,318.5	1,389.5	1,362.5	1,378.4	1,379.9
- Contract assets	330.9	377.8	430.6	409.8	393.7	391.2	382.9
Non-current assets	20,851.8	21,651.1	21,944.6	22,336.2	21,743.8	21,522.9	21,645.3
Trade & other rec	690.4	867.9	943.6	1,238.0	996.7	1,123.4	1,060.6
Tangible assets	12,811.1	13,192.8	13,349.7	13,785.3	13,497.4	13,454.5	13,773.5
Other current assets	7,350.3	7,590.4	7,651.3	7,312.9	7,249.7	6,945.0	6,811.2
- Prepaid_Contract cost	364.4	403.5	460.3	459.8	461.3	456.9	466.4
- Contract assets	94.1	111.3	126.5	147.3	147.2	161.6	176.5
Liabilities	18,509.4	18,464.8	18,430.1	18,874.3	17,559.4	18,629.6	20,204.0
Current liabilities	9,926.8	9,908.1	9,973.8	10,074.9	9,171.5	9,894.9	11,479.1
Trade & other payables	7,264.0	7,980.9	7,709.7	7,597.5	6,524.1	6,601.7	8,255.6
Short-term borrowings	1,149.0	583.6	915.7	1,185.7	1,271.3	1,652.3	1,546.0
Others	1,513.8	1,343.6	1,348.4	1,291.7	1,376.2	1,640.9	1,677.5
- Contract liabilities	302.9	304.4	304.1	313.6	314.6	315.5	316.3
Non-current liabilities	8,582.5	8,556.7	8,456.4	8,799.5	8,387.9	8,734.7	8,724.9
Trade & other payables	1,132.7	1,110.0	1,125.6	1,082.2	801.7	811.1	810.0
Long-term borrowings	5,641.1	5,673.2	5,492.6	6,113.1	6,015.6	6,335.3	6,304.9
Others	1,808.7	1,773.5	1,838.2	1,604.1	1,570.6	1,588.3	1,610.0
- Contract liabilities	44.3	42.7	45.0	52.0	58.5	51.5	52.2
Equity	14,738.5	15,004.6	15,231.1	15,187.0	15,071.6	15,373.8	15,656.5
Retained earnings	11,269.5	11,438.9	11,627.4	11,637.2	11,575.1	11,936.1	12,139.8

KT Separate	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20
Assets	26,837.7	26,959.8	27,076.4	27,733.9	27,069.1	27,578.0	28,185.5
Current assets	7,307.3	7,052.4	6,961.4	7,113.2	6,884.5	7,451.4	8,102.4
Cash & cash equi.	1,750.1	1,394.9	1,189.2	1,328.4	754.1	1,422.1	1,911.6
Trade & other rec	3,357.8	3,451.0	3,300.9	3,108.0	3,490.2	3,372.7	3,473.7
Inventories	446.4	404.8	437.6	477.1	439.4	459.5	649.4
Other current asset	1,753.1	1,801.7	2,033.7	2,199.7	2,200.8	2,197.1	2,067.7
- Prepaid_Contract cost	1,134.5	1,210.6	1,368.1	1,432.1	1,408.2	1,431.6	1,432.8
- Contract assets	300.2	339.1	384.4	382.2	359.2	349.7	338.2
Non-current assets	19,530.4	19,907.4	20,115.0	20,620.6	20,184.6	20,126.6	20,083.1
Trade & other rec	641.7	806.4	888.0	1,186.5	954.4	1,063.8	1,001.3
Tangible assets	10,656.7	10,914.5	11,092.4	11,448.0	11,284.6	11,250.6	11,502.2
Other current assets	8,232.0	8,186.5	8,134.5	7,986.2	7,945.6	7,812.2	7,579.6
- Prepaid_Contract cost	351.4	398.9	457.0	444.2	448.8	446.0	454.7
- Contract assets	84.0	101.4	112.5	95.8	93.6	98.6	106.5
Liabilities	14,099.7	14,076.5	14,122.0	14,837.2	14,133.3	14,466.5	14,877.7
Current liabilities	6,283.8	6,238.7	6,471.1	6,728.1	6,486.4	6,562.1	6,980.9
Trade & other payables	4,472.4	5,118.4	5,006.4	5,025.7	4,560.1	4,130.9	4,613.6
Short-term borrowings	948.5	380.4	744.7	1,052.5	1,168.5	1,539.3	1,381.4
Others	862.9	739.9	720.0	649.9	757.8	891.9	985.9
- Contract liabilities	302.1	306.7	304.2	314.5	316.7	316.0	319.7
Non-current liabilities	7,815.9	7,837.8	7,650.9	8,109.1	7,646.9	7,904.4	7,896.8
Trade & other payables	1,524.9	1,476.1	1,454.2	1,371.5	1,061.2	1,051.7	996.8
Long-term borrowings	5,502.7	5,549.0	5,371.1	5,975.5	5,854.5	6,082.7	6,080.7
Others	788.3	812.6	825.6	762.1	731.2	770.0	819.3
- Contract liabilities	41.4	40.1	42.4	49.1	55.5	49.9	50.9
Equity	12,738.0	12,883.3	12,954.3	12,896.7	12,935.8	13,111.5	13,307.8
Retained earnings	10,741.7	10,880.2	10,952.9	10,870.0	10,919.6	11,084.8	11,249.0

3 Subscribers

Wireless	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	QoQ	YoY
Subscribers (Unit: Thousands) ¹⁾									
Total	21,333	21,549	21,771	21,922	21,976	22,133	22,333	0.9%	2.6%
Net additions	213	216	222	150	55	157	200	27.0%	-10.2%
Gross additions	1,181	1,133	1,077	1,067	938	1,030	1,033	0.3%	-4.2%
Deactivation ²⁾	968	917	855	917	884	873	833	-4.6%	-2.6%
Churn rate	1.5%	1.4%	1.3%	1.4%	1.3%	1.3%	1.2%	-0.1%p	-0.1%p
LTE	17,393	17,383	17,169	17,153	17,035	16,954	16,774	-1.1%	-2.4%
5G		419	1,055	1,419	1,779	2,237	2,813	25.7%	166.6%
LTE+5G Penetration rate	81.5%	82.6%	83.7%	84.7%	85.6%	86.7%	87.7%	1.0%p	4.0%p
ARPU (KRW)³⁾	31,490	31,727	31,906	31,341	31,773	31,393	31,620	0.7%	-0.9%

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

Fixed Line/IPTV	1Q 19	2Q 19	3Q 19	4Q 19	1Q 20	2Q 20	3Q 20	QoQ	YoY
Subscribers (Unit: Thousands)									
Telephony	14,830	14,554	14,386	14,185	14,033	13,863	13,732	-0.9%	-4.5%
PSTN	11,489	11,343	11,192	11,052	10,898	10,736	10,594	-1.3%	-5.3%
VoIP	3,340	3,211	3,194	3,133	3,135	3,127	3,138	0.3%	-1.8%
Broadband	8,782	8,849	8,904	8,962	8,962	9,043	9,130	1.0%	2.5%
IPTV (OTV+OTS)	7,966	8,113	8,229	8,351	8,422	8,559	8,687	1.5%	5.6%

※ 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)

