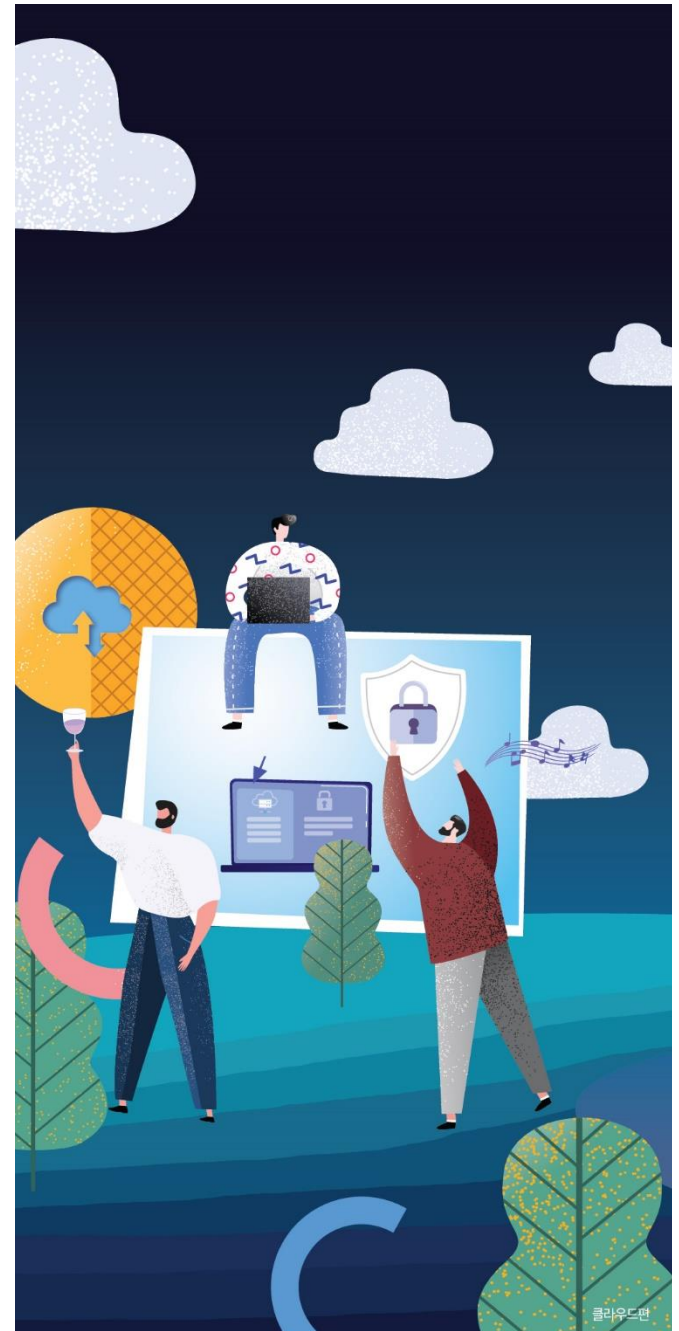


# KT 2Q21 Earnings Release

2021. 8. 10 | Investor Relations

DIGICO **KT**



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Tel : +82-2-3495-3557, 3254, 3564, 5344

Fax : +82-2-3495-5917

**1 2Q21 Highlights**

**2 Financial Highlights**

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**3 Business Overview**

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**4 Appendix**

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# 1 2Q21 Highlights

## Financial

(unit: KRW)

Service Revenue in upward trend with balanced growth in Telco and Digital Platform Business

Service Revenue  
(Consolidated)

**6,027.6** bn. (YoY + 2.6%)

Service Revenue  
(KT separate)

**4,478.8** bn. (YoY + 3.2%)

Operating Profit  
(Consolidated)

**475.8** bn. (YoY +38.5%)

Operating Profit  
(KT separate)

**351.2** bn. (YoY +38.1%)

## Business

Digital platform businesses expansion and Group business portfolio Restructuring for the growth

Securing **B2B growth momentum** &  
Maintaining **Telco business growth**



**B2B evolution to DX subscription model**

- AI/DX(IDC, Cloud, AICC) Rev. grew YoY +6.2%
- Pursue new B2B biz opportunities such as AI Robots, Digital Bio



**Solid growth from Telco business**

- Mobile subs adds recorded +533k in 1H21
- Mobile ARPU up +3% YoY
- Broadband revenue up +2.1% YoY

Accelerating **Group restructuring**  
for Digico transformation



(Finance) Kbank 2Q OP turnaround,  
Equity investment in Webcash



(Commerce) Establishment of KT Alpha,  
K deal in full-scale operation



(Contents) Reinforce Contents business  
centered around StudioGenie



- StudioGenie to acquire Hyundai Media
- Transferring Genie Music shares to the newly established entity 'Seezn'

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# 1 Income Statement

- Total revenue increased +2.6% YoY with balanced growth in both Telco and Digital platform business
- Operating income increased +38.5% YoY with revenue growth and efficient cost spending

(Unit: KRW bn)

	2Q20	1Q21	2Q21	QoQ	YoY
<b>Operating Revenue</b>	5,876.5	6,029.4	<b>6,027.6</b>	0.0%	2.6%
Service Revenue	5,196.6	5,230.4	5,336.8	2.0%	2.7%
Handset Revenue	679.9	799.1	690.9	-13.5%	1.6%
<b>Operating Expense</b>	5,533.0	5,585.2	<b>5,551.8</b>	-0.6%	0.3%
<b>Operating Income</b>	343.5	444.2	<b>475.8</b>	7.1%	38.5%
Margin	5.8%	7.4%	7.9%	0.5%p	2.1%p
Margin*	6.6%	8.5%	8.9%	0.4%p	2.3%p
<b>Non-op. Income/Loss</b>	-34.2	24.0	<b>46.8</b>	95.2%	Turn Black
<b>Income before taxes</b>	309.4	468.2	<b>522.7</b>	11.7%	69.0%
<b>Net Income</b>	209.1	326.5	<b>370.8</b>	13.6%	77.4%
Margin	3.6%	5.4%	6.2%	0.8%p	2.6%p
<b>EBITDA</b>	1,254.7	1,345.3	<b>1,373.2</b>	2.1%	9.4%
Margin	21.4%	22.3%	22.8%	0.5%p	1.4%p

※ OP Margin\* = Operating Income/Service Revenue

## 2 Operating Expenses

(Unit: KRW bn)

	2Q20	1Q21	2Q21	QoQ	YoY
<b>Operating Expenses</b>	<b>5,533.0</b>	<b>5,585.2</b>	<b>5,551.8</b>	<b>-0.6%</b>	<b>0.3%</b>
Labor Cost	983.7	1,024.2	1,025.5	0.1%	4.3%
General Expense	2,341.6	2,320.7	2,380.9	2.6%	1.7%
- Depreciation	911.2	901.2	897.3	-0.4%	-1.5%
Cost of Service Provided	833.0	757.4	795.0	5.0%	-4.6%
Selling Expense	587.4	614.4	608.4	-1.0%	3.6%
Cost of Handset sold	787.3	868.5	741.9	-14.6%	-5.8%

### ▪ Selling Expense (KT Separate)

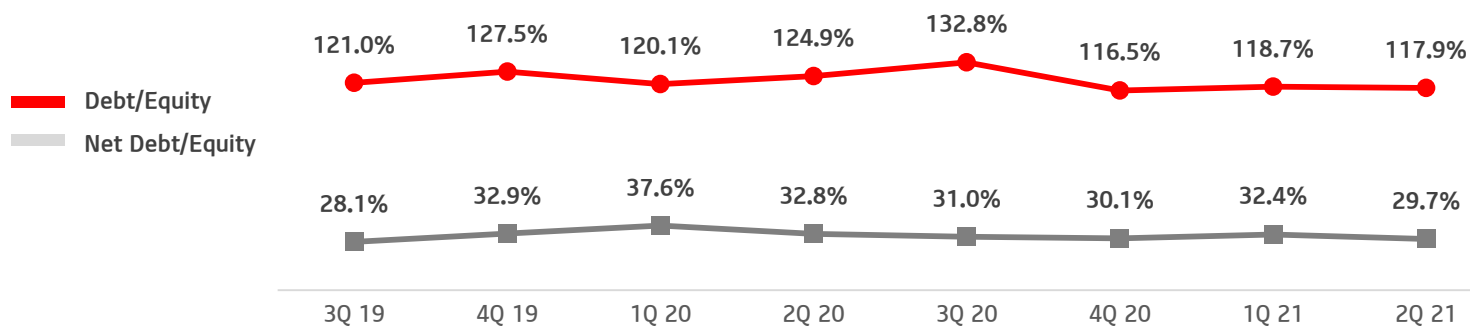
(Unit: KRW bn)

	2Q20	1Q21	2Q21	QoQ	YoY
Selling Expense	618.9	631.0	641.8	1.7%	3.7%

### 3 Financial Position

(Unit: KRW bn)

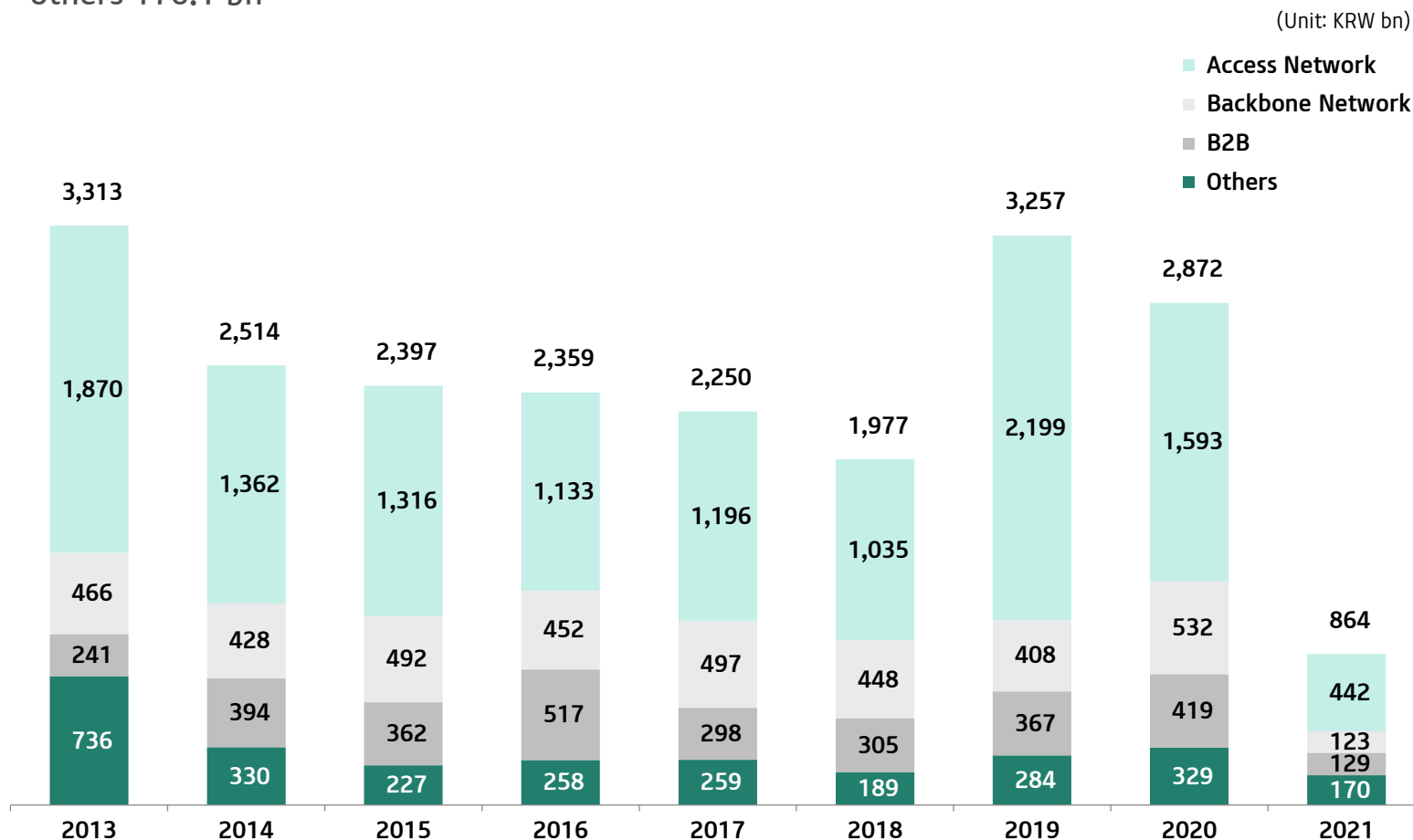
	2Q20	1Q21	2Q21	QoQ	YoY
<b>Assets</b>	<b>34,572.2</b>	<b>33,547.6</b>	<b>34,139.0</b>	<b>1.8%</b>	<b>-1.3%</b>
Cash & Cash equivalents	2,942.2	2,753.1	3,097.0	12.5%	5.3%
<b>Liabilities</b>	<b>19,199.7</b>	<b>18,209.7</b>	<b>18,475.2</b>	<b>1.5%</b>	<b>-3.8%</b>
Borrowings	7,987.6	7,724.6	7,755.7	0.4%	-2.9%
<b>Equity</b>	<b>15,372.5</b>	<b>15,337.9</b>	<b>15,663.8</b>	<b>2.1%</b>	<b>1.9%</b>
Capital Stock	1,564.5	1,564.5	1,564.5	0.0%	0.0%
<b>Net Debt</b>	<b>5,045.4</b>	<b>4,971.6</b>	<b>4,658.7</b>	<b>-6.3%</b>	<b>-7.7%</b>
Debt / Equity	124.9%	118.7%	117.9%	-0.8%p	-7.0%p
Net Debt / Equity	32.8%	32.4%	29.7%	-2.7%p	-3.1%p





## 4 CAPEX

- CAPEX executed 864.1 bn won in 1H21
  - Access Network 442.4 bn, Backbone Network 122.5 bn, B2B communications 129.1 bn, others 170.1 bn



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**1 2Q21 Highlights**

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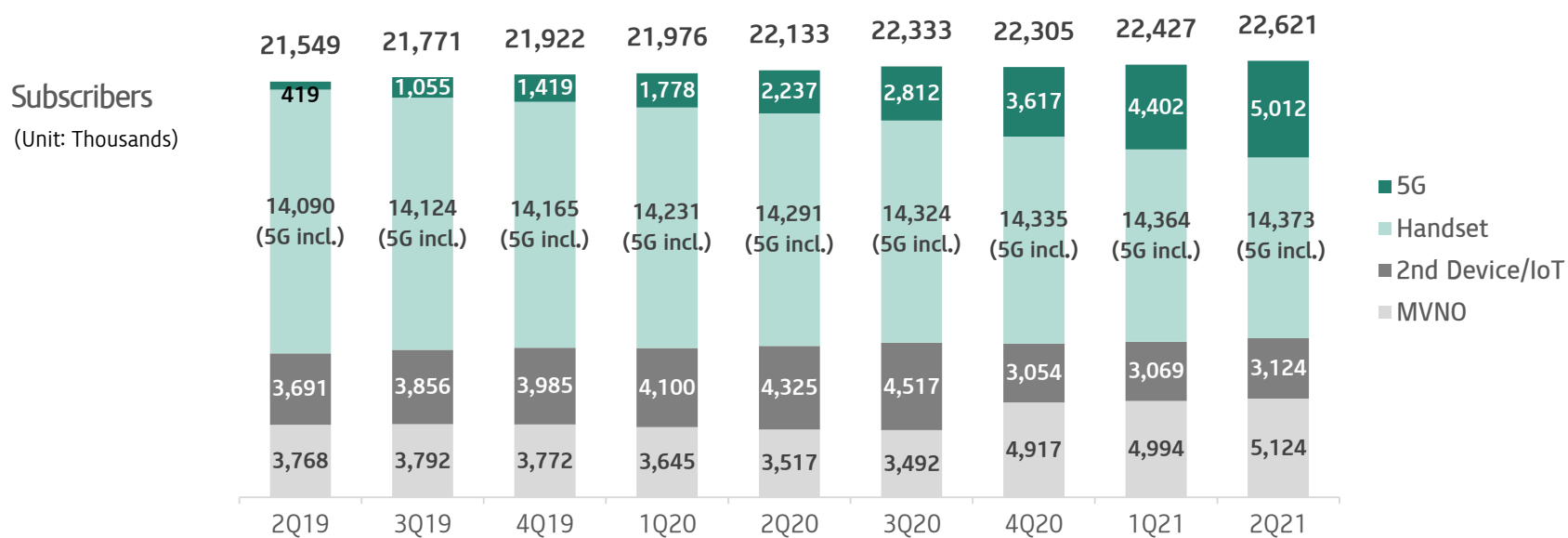
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# 1 KT - Wireless

- Wireless service revenue up +4.5% YoY with solid growth of 5G subscribers
- Total number of 5G subscribers recorded 5.01 million(35% of Handset subscribers)

(Unit: KRW bn)

	2Q20	1Q21	2Q21	QoQ	YoY
Wireless	1,722.5	1,770.7	1,788.5	1.0%	3.8%
Service	1,615.5	1,667.6	1,688.5	1.3%	4.5%
Interconnection	107.0	103.1	100.0	-3.0%	-6.6%



## 2 KT - Fixed Line/IPTV

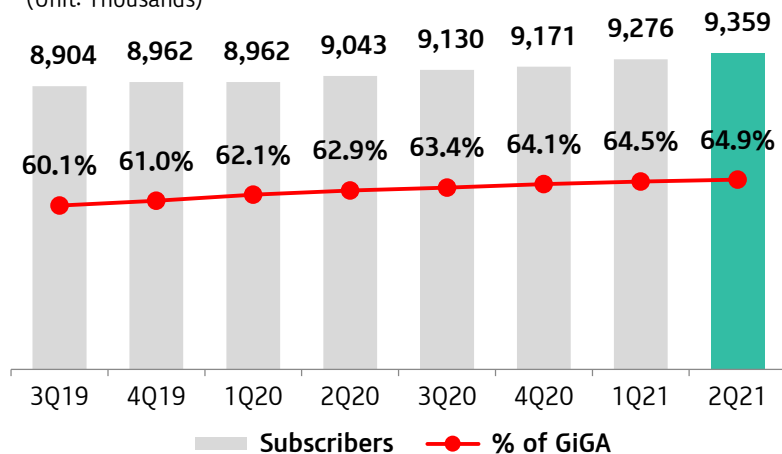
- Telephony revenue decline mitigated(-1.6% YoY) and Broadband revenue increased +2.1% YoY underpinned by solid growth in subscriber base
- IPTV revenue up +6.8% YoY with consistent subs growth and platform revenue growth

(Unit: KRW bn)

	2Q20	1Q21	2Q21	QoQ	YoY
Telephony	376.5	377.3	370.5	-1.8%	-1.6%
Broadband	496.7	503.2	507.4	0.8%	2.1%
IPTV	407.6	446.2	466.6	4.6%	14.5%

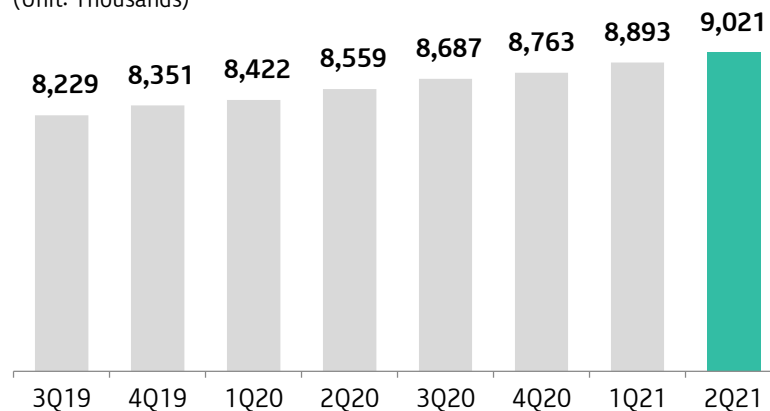
### Broadband Subscriber

(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 7,872,660 in 2H 2020 (6 month average)

### 3 KT - B2B and others

- Corporate Fixed Line revenue up +4.2% YoY with traffic and project order increase
- AI/DX revenue up +6.2% with business growth in AICC, IDC, Cloud and others

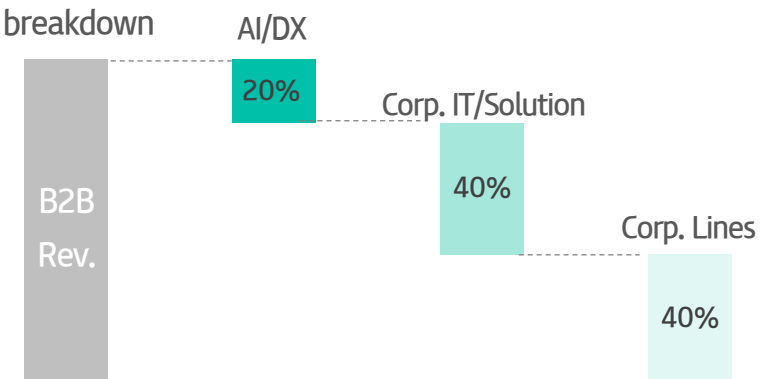
(Unit: KRW bn)

	2Q20	1Q21	2Q21	QoQ	YoY
<b>B2B</b>	<b>696.8</b>	<b>684.2</b>	<b>691.3</b>	<b>1.0%</b>	<b>-0.8%</b>
Corporate Fixed Line	267.4	269.3	278.6	3.5%	4.2%
Corporate IT/Solution	300.2	280.4	275.5	-1.7%	-8.2%
AI/DX	129.2	134.5	137.2	2.0%	6.2%
<b>Real estate</b>	<b>43.1</b>	<b>41.3</b>	<b>43.6</b>	<b>5.5%</b>	<b>1.1%</b>
<b>Handset revenue</b>	<b>596.4</b>	<b>751.6</b>	<b>610.9</b>	<b>-18.7%</b>	<b>2.4%</b>

※ Most of Bizmeka revenue, which was in AI/DX, transferred to Corp. IT/Solution due to the decision of business termination and reallocation (Retrospectively reflected in revenue of FY2020)

#### B2B revenue

##### breakdown



AI/DX	IDC, Cloud, AI Platform, Block chain, Smart mobility, etc.
Corp. IT/Solution	SI, Global ICT, Energy, Video security, etc.
Corp. Lines	Line lease, KorNet

# 4 Major subsidiaries

- BC card revenue up +4.6% YoY from increased credit card transaction volume
- Contents subsidiaries revenue up +16.3% YoY with growth of digital ads, T-Commerce and others

Subsidiaries Revenue

(Unit: KRW bn)

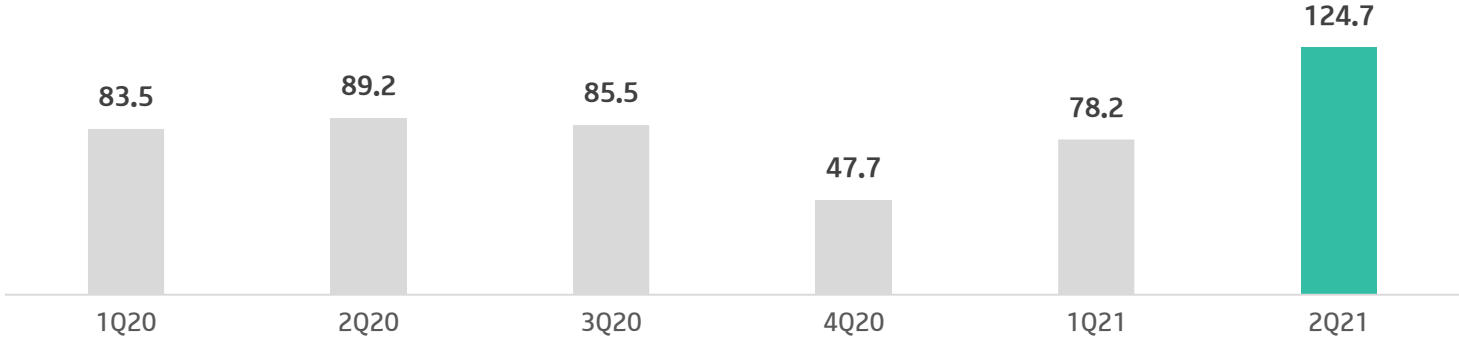
	2Q20	1Q21	2Q21	QoQ	YoY
BC card	867.1	839.5	906.8	8.0%	4.6%
Skyline	177.7	166.9	175.1	4.9%	-1.5%
Contents subsidiaries	182.1	199.6	211.8	6.1%	16.3%
KT estate	104.4	62.6	66.8	6.7%	-36.0%

※ Contents subsidiaries : Storywiz(2Q20), KT Studio Genie(1Q21) added

※ KT estate : transferred its FM(facility management) unit to KT Telecop in August 2020

OP contribution by subsidiaries in total

(Unit: KRW bn)



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**1 2Q21 Highlights**

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**4 Appendix**

# 1 K-IFRS Income Statement

(Unit: KRW bn)

Consolidated	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	KT Separate	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
Operating revenue	5,876.5	6,001.2	6,207.3	6,029.4	6,027.6	Operating revenue	4,339.6	4,520.5	4,590.0	4,574.5	4,478.8
Service revenue	5,196.6	5,240.0	5,302.5	5,230.4	5,336.8	Service revenue	3,743.2	3,805.0	3,785.5	3,822.9	3,867.9
Handset revenue	679.9	761.2	904.7	799.1	690.9	Handset revenue	596.4	715.5	804.5	751.6	610.9
Operating expense	5,533.0	5,707.2	6,045.5	5,585.2	5,551.8	Operating expense	4,085.3	4,312.0	4,476.1	4,208.5	4,127.6
Service expense	4,745.7	4,905.7	5,037.5	4,716.8	4,809.8	Service expense	3,442.9	3,569.5	3,610.3	3,443.8	3,531.7
Labor cost	983.7	1,082.3	1,053.8	1,024.2	1,025.5	Labor cost	535.4	629.2	548.1	569.0	567.1
General expense	2,341.6	2,385.3	2,440.5	2,320.7	2,380.9	General expense	1,654.4	1,690.4	1,761.4	1,644.8	1,714.9
Cost of svc provided	833.0	823.9	860.6	757.4	795.0	Cost of svc provided	617.6	592.6	592.9	584.4	594.9
Selling expense	587.4	614.3	682.6	614.4	608.4	Selling expense	635.5	657.3	707.9	645.6	654.9
Cost of device sold	787.3	801.4	1,008.1	868.5	741.9	Cost of device sold	642.4	742.5	865.7	764.7	595.9
Operating income	343.5	294.0	161.7	444.2	475.8	Operating income	254.3	208.5	114.0	366.0	351.2
N-OP income (loss)	-34.2	20.1	-178.0	24.0	46.8	N-OP income (loss)	-28.2	12.6	-182.5	86.3	50.2
N-OP income	87.6	157.8	302.7	245.0	145.6	N-OP income	84.4	95.6	278.9	289.3	148.6
N-OP expense	116.8	142.6	502.2	226.7	126.8	N-OP expense	112.5	82.9	461.4	203.0	98.4
Equity Method (G/L)	-4.8	4.9	21.5	5.7	28.1						
Income bf tax	309.4	314.2	-16.3	468.2	522.7	Income bf tax	226.2	221.1	-68.5	452.2	401.4
Income tax	100.3	84.2	-53.4	141.7	151.9	Income tax	58.9	58.1	-83.0	117.8	104.6
Net income	209.1	229.9	37.2	326.5	370.8	Net income	167.2	163.0	14.5	334.4	296.8
NI contribution to KT	178.1	203.3	67.7	302.6	338.8						
EBITDA	1,254.7	1,199.3	1,067.1	1,345.3	1,373.2	EBITDA	1,065.4	1,012.3	919.6	1,173.6	1,159.4
EBITDA Margin	21.4%	20.0%	17.2%	22.3%	22.8%	EBITDA Margin	24.6%	22.4%	20.0%	25.7%	25.9%



## 2 K-IFRS Balance Sheet

(Unit: KRW bn)

Consolidated	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
<b>Assets</b>	<b>34,572.2</b>	<b>36,449.2</b>	<b>33,662.5</b>	<b>33,547.6</b>	<b>34,139.0</b>
<b>Current assets</b>	<b>12,474.5</b>	<b>14,211.2</b>	<b>11,154.2</b>	<b>11,567.1</b>	<b>11,695.3</b>
Cash & cash equi.	2,942.2	2,990.9	2,634.6	2,753.1	3,097.0
Trade & other rec	4,159.9	4,272.5	3,840.2	4,029.5	3,785.5
Inventories	640.6	851.9	534.6	591.9	474.1
Other current asset	4,731.8	6,095.9	4,144.7	4,192.6	4,338.8
- Prepaid_Contract cost	1,378.4	1,379.9	1,345.7	1,310.8	1,279.0
- Contract assets	391.2	382.9	392.3	415.8	441.5
<b>Non-current assets</b>	<b>22,097.7</b>	<b>22,237.9</b>	<b>22,508.4</b>	<b>21,980.5</b>	<b>22,443.6</b>
Trade & other rec	1,123.4	1,060.6	1,128.5	945.3	958.5
Tangible assets	13,454.5	13,773.5	14,206.1	13,877.4	13,627.3
Other current assets	7,519.8	7,403.8	7,173.7	7,157.8	7,857.8
- Prepaid_Contract cost	456.9	466.4	458.2	448.2	447.7
- Contract assets	161.6	176.5	194.2	209.4	219.5
<b>Liabilities</b>	<b>19,199.7</b>	<b>20,794.0</b>	<b>18,111.1</b>	<b>18,209.7</b>	<b>18,475.2</b>
<b>Current liabilities</b>	<b>9,961.4</b>	<b>11,535.4</b>	<b>9,192.5</b>	<b>9,271.5</b>	<b>8,325.7</b>
Trade & other payables	6,601.7	8,255.6	6,210.1	5,969.6	5,741.7
Short-term borrowings	1,667.3	1,546.0	1,418.1	1,449.0	945.9
Others	1,692.4	1,733.8	1,564.3	1,853.0	1,638.1
- Contract liabilities	315.5	316.3	327.1	321.2	288.5
<b>Non-current liabilities</b>	<b>9,238.3</b>	<b>9,258.6</b>	<b>8,918.6</b>	<b>8,938.2</b>	<b>10,149.5</b>
Trade & other payables	811.1	810.0	807.5	690.4	1,178.9
Long-term borrowings	6,320.3	6,304.9	5,898.2	6,275.7	6,809.8
Others	2,106.9	2,143.8	2,212.9	1,972.1	2,160.8
- Contract liabilities	51.5	52.2	57.1	50.0	43.9
<b>Equity</b>	<b>15,372.5</b>	<b>15,655.1</b>	<b>15,551.4</b>	<b>15,337.9</b>	<b>15,663.8</b>
Retained earnings	11,933.2	12,138.4	12,155.4	12,113.9	12,506.1

KT Separate	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21
<b>Assets</b>	<b>28,146.8</b>	<b>28,774.1</b>	<b>28,027.9</b>	<b>27,693.7</b>	<b>28,203.4</b>
<b>Current assets</b>	<b>7,445.4</b>	<b>8,098.4</b>	<b>7,155.7</b>	<b>7,287.3</b>	<b>7,254.5</b>
Cash & cash equi.	1,422.1	1,911.6	1,541.2	1,564.4	1,926.7
Trade & other rec	3,372.7	3,473.7	3,127.0	3,353.6	3,069.8
Inventories	459.5	649.4	353.3	349.8	262.2
Other current asset	2,191.1	2,063.7	2,134.2	2,019.6	1,995.9
- Prepaid_Contract cost	1,431.6	1,432.8	1,406.9	1,398.9	1,378.5
- Contract assets	349.7	338.2	343.4	351.1	352.7
<b>Non-current assets</b>	<b>20,701.4</b>	<b>20,675.7</b>	<b>20,872.2</b>	<b>20,406.4</b>	<b>20,948.9</b>
Trade & other rec	1,063.8	1,001.3	1,080.3	898.9	906.8
Tangible assets	11,250.6	11,502.2	11,999.7	11,725.9	11,511.7
Other current assets	8,387.0	8,172.2	7,792.2	7,781.6	8,530.4
- Prepaid_Contract cost	446.0	454.7	454.8	445.1	439.3
- Contract assets	98.6	106.5	118.8	125.6	128.5
<b>Liabilities</b>	<b>15,036.5</b>	<b>15,467.8</b>	<b>14,824.4</b>	<b>14,681.3</b>	<b>14,877.6</b>
<b>Current liabilities</b>	<b>6,613.7</b>	<b>7,037.2</b>	<b>6,608.0</b>	<b>6,563.9</b>	<b>5,767.9</b>
Trade & other payables	4,182.5	4,670.0	4,568.4	4,409.4	3,987.6
Short-term borrowings	1,539.3	1,381.4	1,228.8	1,204.5	823.8
Others	891.9	985.9	810.8	950.0	956.4
- Contract liabilities	316.0	319.7	316.8	325.0	318.7
<b>Non-current liabilities</b>	<b>8,422.8</b>	<b>8,430.5</b>	<b>8,216.4</b>	<b>8,117.4</b>	<b>9,109.7</b>
Trade & other payables	1,570.2	1,530.5	1,512.9	1,206.2	1,874.9
Long-term borrowings	6,082.7	6,080.7	5,717.0	5,973.1	6,265.5
Others	769.9	819.3	986.5	938.1	969.3
- Contract liabilities	49.9	50.9	54.6	54.1	51.7
<b>Equity</b>	<b>13,110.2</b>	<b>13,306.3</b>	<b>13,203.5</b>	<b>13,012.4</b>	<b>13,325.8</b>
Retained earnings	11,083.6	11,247.5	11,233.7	11,221.4	11,517.5

### 3 Subscribers

Wireless	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	QoQ	YoY
Subscribers (Unit: Thousands) <sup>1)</sup>							
<b>Total</b>	<b>22,133</b>	<b>22,333</b>	<b>22,305</b>	<b>22,427</b>	<b>22,621</b>	<b>0.9%</b>	<b>2.2%</b>
Net additions	157	200	-28	122	194	58.8%	23.4%
Gross additions	1,030	1,033	999	1,165	1,041	-10.7%	1.0%
Deactivation <sup>2)</sup>	873	833	1,026	1,043	847	-18.8%	-3.0%
Churn rate	1.3%	1.2%	1.5%	1.6%	1.3%	-0.3%p	0.0%p
LTE	16,954	16,774	16,174	15,739	15,504	-1.5%	-8.6%
5G	2,237	2,813	3,619	4,404	5,014	13.8%	124.1%
LTE+5G Penetration rate	86.7%	87.7%	88.7%	89.8%	90.7%	0.9%p	4.0%p
<b>ARPU (KRW)<sup>3)</sup></b>	<b>31,393</b>	<b>31,620</b>	<b>31,946</b>	<b>32,003</b>	<b>32,342</b>	<b>1.1%</b>	<b>3.0%</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, 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	2Q 20	3Q 20	4Q 20	1Q 21	2Q 21	QoQ	YoY
Subscribers (Unit: Thousands)							
<b>Telephony</b>	<b>13,863</b>	<b>13,732</b>	<b>13,582</b>	<b>13,460</b>	<b>13,329</b>	<b>-1.0%</b>	<b>-3.9%</b>
PSTN	10,736	10,594	10,449	10,311	10,169	-1.4%	-5.3%
VoIP	3,127	3,138	3,133	3,149	3,159	0.3%	1.0%
<b>Broadband</b>	<b>9,043</b>	<b>9,130</b>	<b>9,171</b>	<b>9,276</b>	<b>9,359</b>	<b>0.9%</b>	<b>3.5%</b>
<b>IPTV (OTV+OTS)</b>	<b>8,559</b>	<b>8,687</b>	<b>8,763</b>	<b>8,893</b>	<b>9,021</b>	<b>1.4%</b>	<b>5.4%</b>

※ Number of IPTV subscribers above deviates from MSIT's released figure below following IPTV law  
 - Number of KT pay TV subscriber is 7,872,660 in 2H 2020 (6 month average)

**kt**