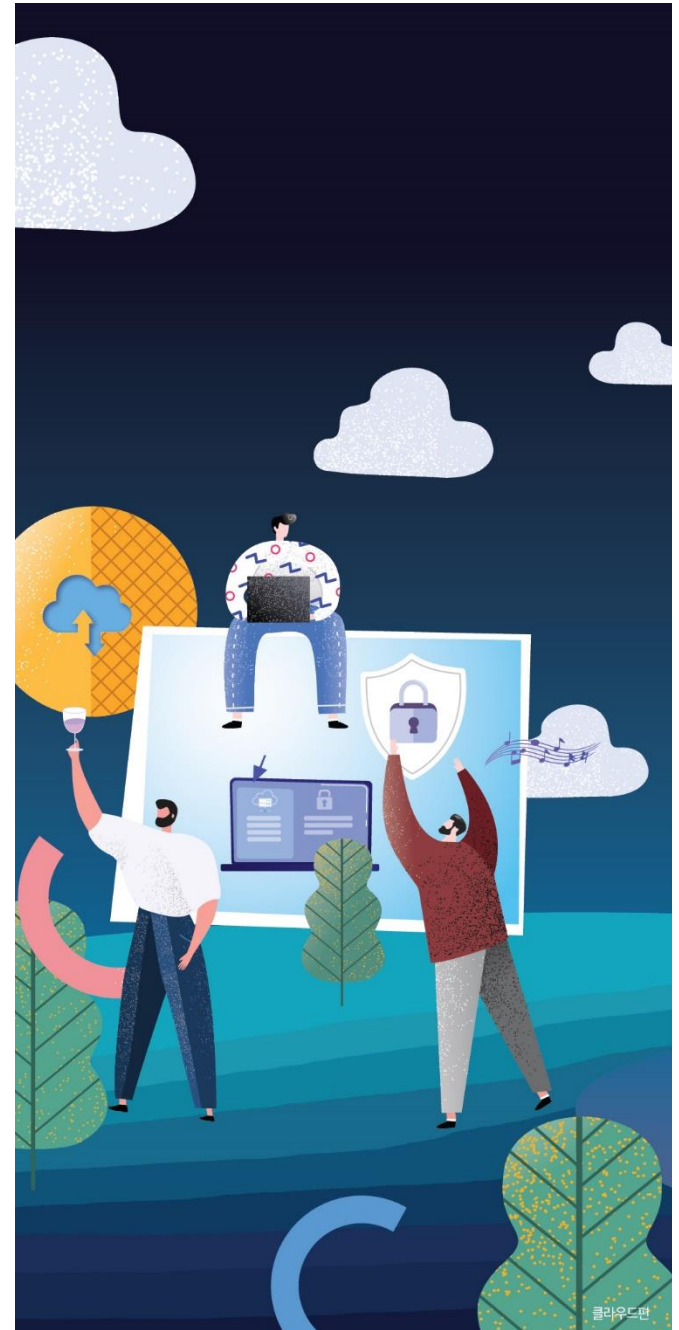


KT 3Q21 Earnings Release

2021. 11. 9 | Investor Relations

DIGICO **KT**



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1 3Q21 Highlights

Financial

Consolidated

Revenue **6,217.4** bn. (YoY + 3.6%)

Operating Profit **382.4** bn. (YoY +30.0%)

KT Separate

Revenue **4,664.7** bn. (YoY + 3.2%)

Operating Profit **259.1** bn. (YoY +24.3%)

Operations

Sustaining Telco and Platform biz growth

DIGICO

Strong growth momentum in B2B DX

- Recorded the best quarterly B2B order intake of KRW 1 tn.
- AI/DX(IDC/Cloud) Rev. up YoY +29.7%
- Launched new services such as AI Secretary, Service robots and etc.

TELCO

Solid growth from Telco business

- 5G subs increased to 5.61 mn
- Mobile service rev. up YoY +3.8%
- Broadband rev. up YoY +2.4%

Accelerating progress in Group restructuring

 epsilon

Epsilon acquisition → Enhancing Global data

 kt skylife

Hyundai HCN acquisition → Strengthening 1st position in Korean pay tv market

 GENIE MUSIC

Millie's Library acquisition → Broadening AI Audio platform business areas

 kt StudioGenie

Business restructuring → Contents production

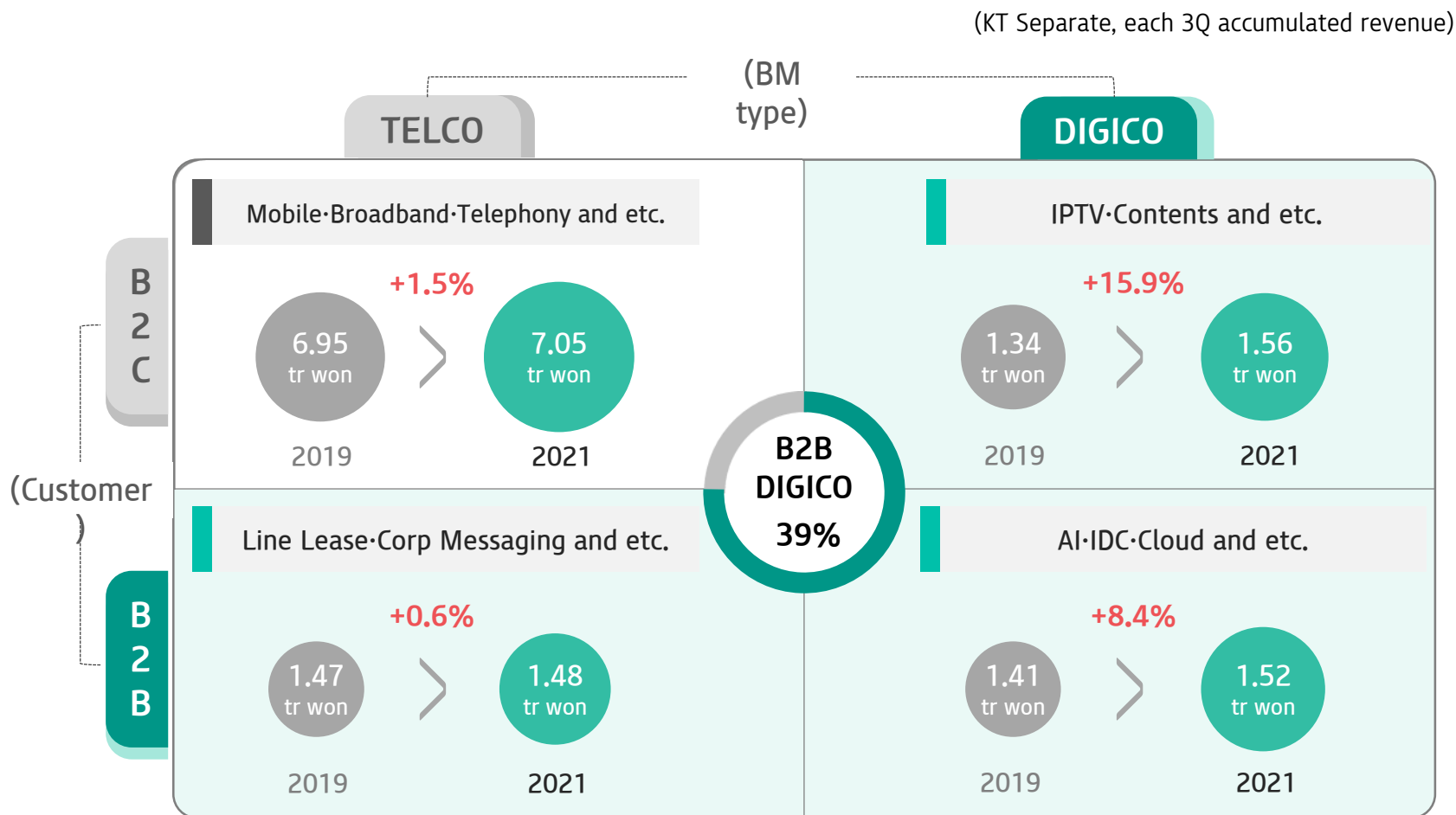
- Capital increase of KRW 175bn
- Seezn establishment & Hyundai media Acquisition

 make money Kbank

2 consecutive quarters profit improvement

2 DIGICO transformation

- 4 Business Categories by customer and BM - Telco B2C, Telco B2B, DIGICO B2C, DIGICO B2B
- B2B/DIGICO revenue portion target to 50% by 2025, which is currently 39% in 2021



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1 Income Statement

- Total revenue increased +3.6% YoY with balanced growth in both Telco and Digital platform business
- Operating income increased +30.0% YoY with revenue growth and efficient cost spending

(Unit: KRW bn)

	3Q20	2Q21	3Q21	QoQ	YoY
Operating Revenue	6,001.2	6,027.6	6,217.4	3.1%	3.6%
Service Revenue	5,240.0	5,336.8	5,402.4	1.2%	3.1%
Handset Revenue	761.2	690.9	815.0	18.0%	7.1%
Operating Expense	5,707.2	5,551.8	5,835.0	5.1%	2.2%
Operating Income	294.0	475.8	382.4	-19.6%	30.0%
Margin	4.9%	7.9%	6.2%	-1.7%p	1.3%p
Margin*	5.6%	8.9%	7.1%	-1.8%p	1.5%p
Non-op. Income/Loss	20.1	46.8	97.9	109.0%	386.2%
Income before taxes	314.2	522.7	480.3	-8.1%	52.9%
Net Income	229.9	370.8	337.7	-8.9%	46.9%
Margin	3.8%	6.2%	5.4%	-0.8%p	1.6%p
EBITDA	1,199.3	1,373.2	1,277.5	-7.0%	6.5%
Margin	20.0%	22.8%	20.5%	-2.3%p	0.5%p

※ OP Margin* = Operating Income/Service Revenue

2 Operating Expenses

(Unit: KRW bn)

	3Q20	2Q21	3Q21	QoQ	YoY
Operating Expenses	5,707.2	5,551.8	5,835.0	5.1%	2.2%
Labor Cost	1,082.3	1,025.5	1,090.0	6.3%	0.7%
General Expense	2,385.3	2,380.9	2,447.7	2.8%	2.6%
- Depreciation	905.3	897.3	895.1	-0.2%	-1.1%
Cost of Service Provided	823.9	795.0	835.8	5.1%	1.5%
Selling Expense	614.3	608.4	582.0	-4.3%	-5.2%
Cost of Handset sold	801.4	741.9	879.4	18.5%	9.7%

▪ Selling Expense (KT Separate)

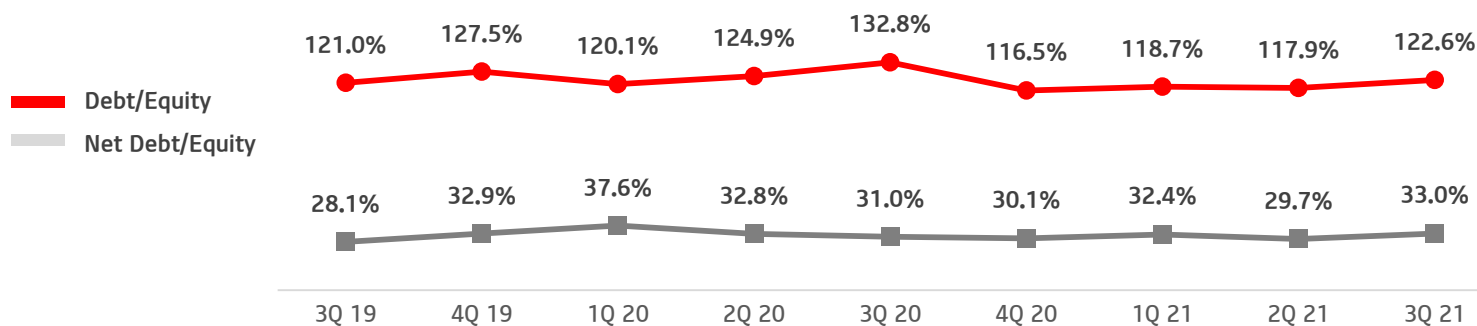
(Unit: KRW bn)

	3Q20	2Q21	3Q21	QoQ	YoY
Selling Expense	641.9	641.8	622.1	-3.1%	-3.1%

3 Financial Position

(Unit: KRW bn)

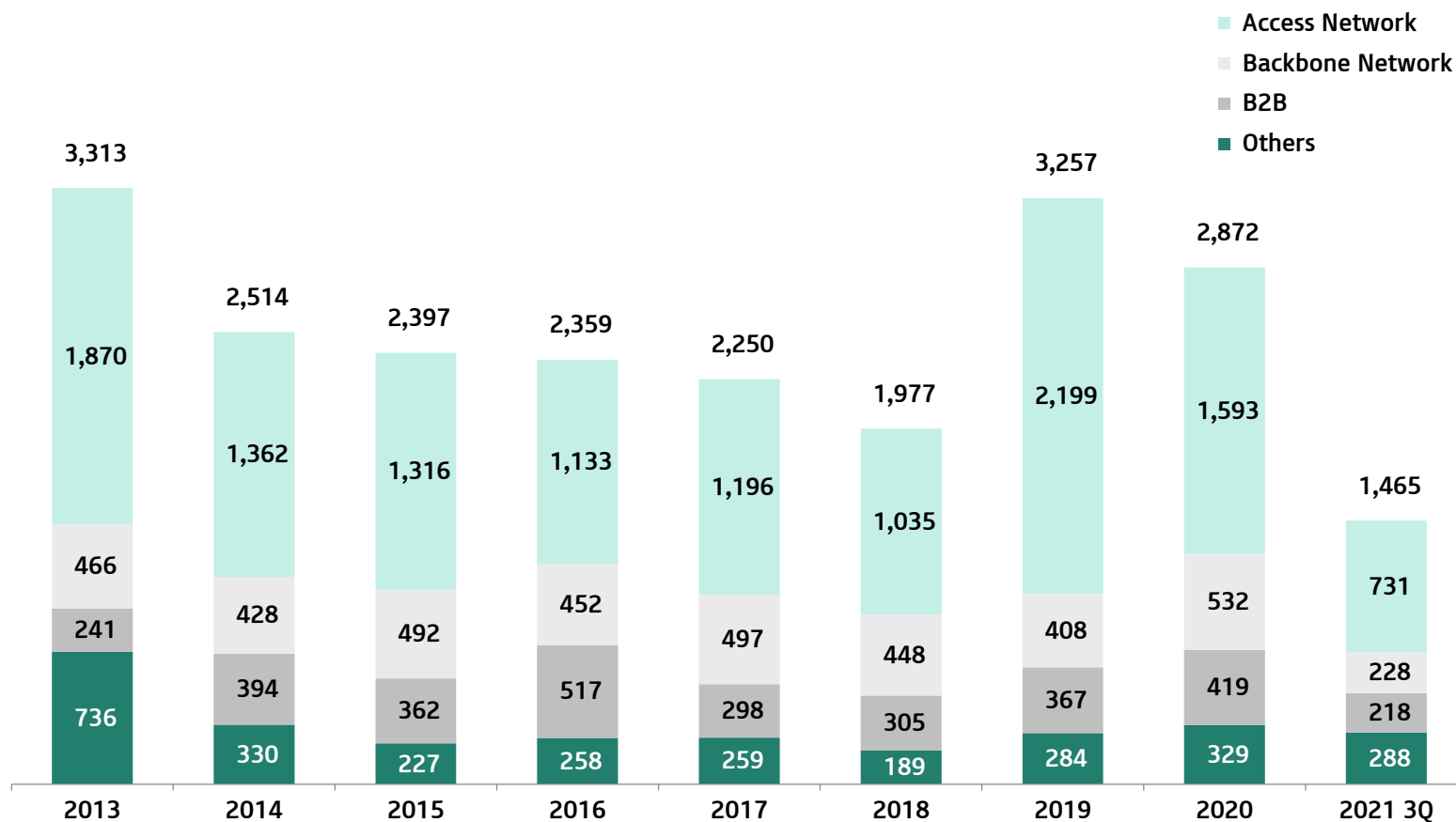
	3Q20	2Q21	3Q21	QoQ	YoY
Assets	36,449.2	34,139.0	35,831.2	5.0%	-1.7%
Cash & Cash equivalents	2,990.9	3,097.0	3,088.9	-0.3%	3.3%
Liabilities	20,794.0	18,475.2	19,733.7	6.8%	-5.1%
Borrowings	7,850.9	7,755.7	8,396.1	8.3%	6.9%
Equity	15,655.1	15,663.8	16,097.5	2.8%	2.8%
Capital Stock	1,564.5	1,564.5	1,564.5	0.0%	0.0%
Net Debt	4,860.0	4,658.7	5,307.2	13.9%	9.2%
Debt / Equity	132.8%	117.9%	122.6%	4.7%p	-10.2%p
Net Debt / Equity	31.0%	29.7%	33.0%	3.3%p	2.0%p



4 CAPEX

- CAPEX executed 1,464.8 bn won till 3Q21
 - Access Network 730.5 bn, Backbone Network 228.3 bn, B2B communications 217.9 bn, others 288.1 bn

(Unit: KRW bn)



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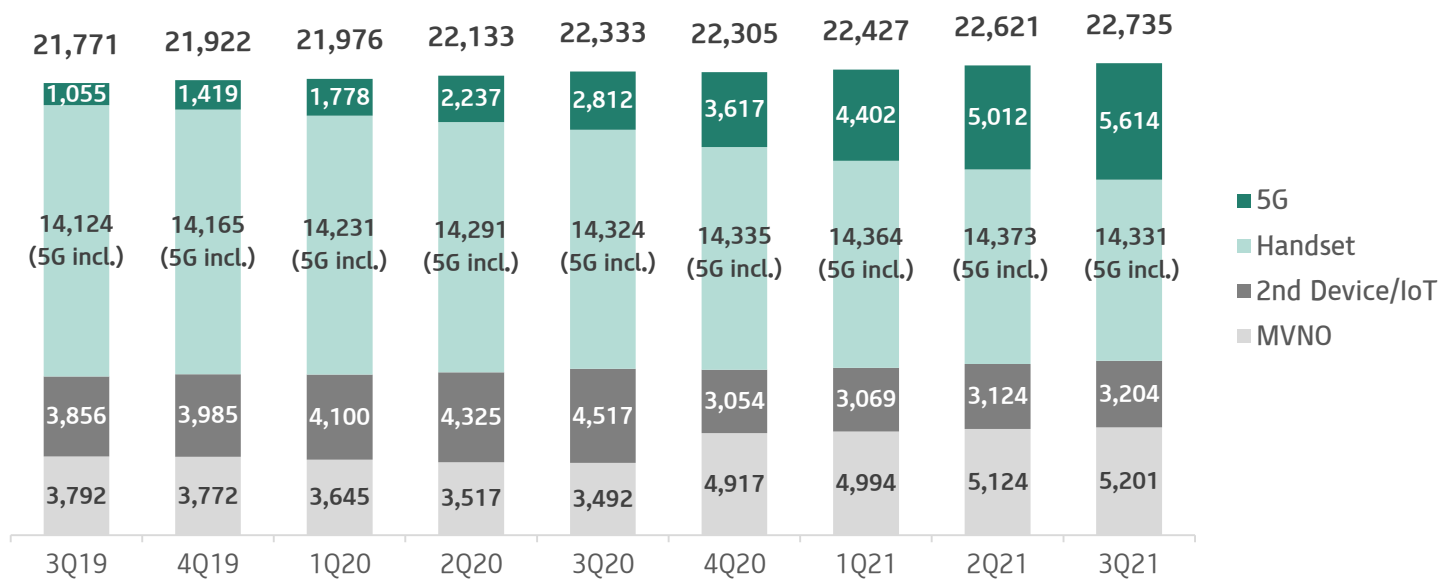
1 KT - Wireless

- Wireless service revenue up +3.8% YoY with solid growth of 5G subscribers
- Total number of 5G subscribers recorded 5.61 million(39% of Handset subscribers)

(Unit: KRW bn)

	3Q20	2Q21	3Q21	QoQ	YoY
Wireless	1,742.1	1,788.5	1,794.7	0.3%	3.0%
Service	1,636.2	1,688.5	1,697.8	0.6%	3.8%
Interconnection	105.9	100.0	96.9	-3.1%	-8.5%

Subscribers
(Unit: Thousands)



2 KT - Fixed Line/IPTV

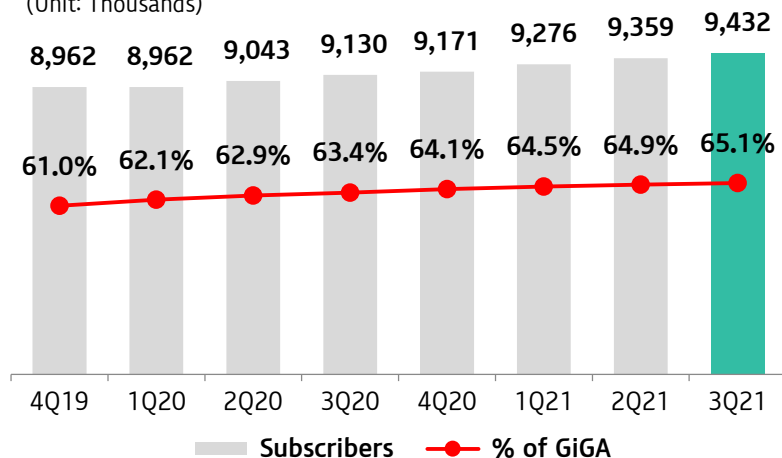
- Telephony revenue decline mitigated(-1.2% YoY) and Broadband revenue increased +2.4% YoY underpinned by solid growth in subscriber base
- IPTV revenue up +3.1% YoY with consistent subs growth and platform revenue growth

(Unit: KRW bn)

	3Q20	2Q21	3Q21	QoQ	YoY
Telephony	373.0	370.5	368.4	-0.6%	-1.2%
Broadband	498.7	507.4	510.7	0.7%	2.4%
IPTV	459.3	466.6	473.4	1.4%	3.1%

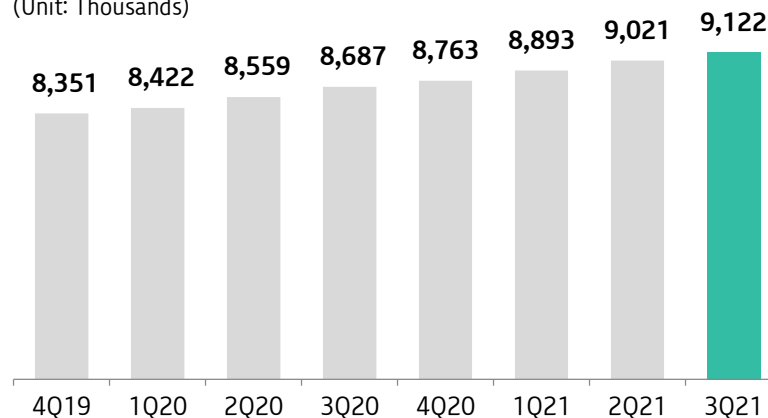
Broadband Subscriber

(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

- B2B total revenue up +6.0% YoY with data traffic increase and Digital demands growth
- AI/DX revenue up +29.7% with continued growth in AICC, IDC, Cloud and others

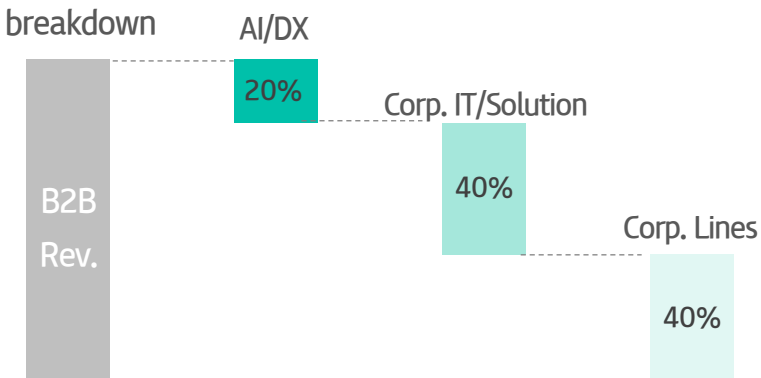
(Unit: KRW bn)

	3Q20	2Q21	3Q21	QoQ	YoY
B2B	686.4	691.3	727.7	5.3%	6.0%
Corporate Fixed Line	266.9	278.6	274.1	-1.6%	2.7%
Corporate IT/Solution	295.2	275.5	292.3	6.1%	-1.0%
AI/DX	124.3	137.2	161.2	17.5%	29.7%
Real estate	45.4	43.6	44.3	1.6%	-2.5%
Handset revenue	715.5	610.9	745.6	22.1%	4.2%

※ 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 +2.9% YoY from increased credit card transaction volume
- Contents subsidiaries revenue up +24.6% YoY with growth of digital ads, T-Commerce and others

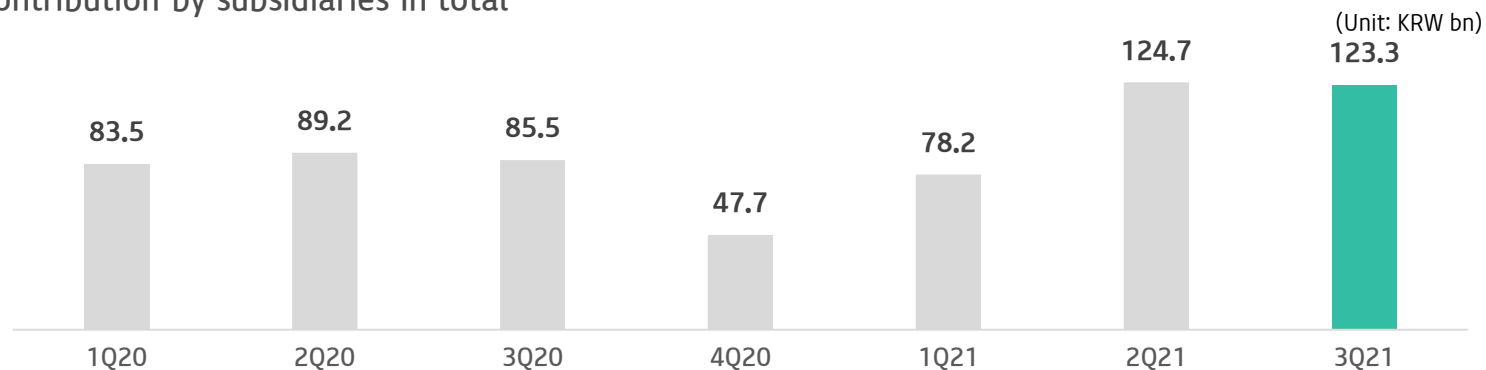
Subsidiaries Revenue

(Unit: KRW bn)

	3Q20	2Q21	3Q21	QoQ	YoY
BC card	863.4	906.8	888.1	-2.1%	2.9%
Skylife	176.6	175.1	178.4	1.9%	1.0%
Contents subsidiaries	194.0	211.8	241.6	14.1%	24.6%
KT estate	76.2	66.8	111.3	66.6%	46.1%

※ Contents subsidiaries : KT Seezn(3Q21) added

OP contribution by subsidiaries in total



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1 K-IFRS Income Statement

(Unit: KRW bn)

Consolidated	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21	KT Separate	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
Operating revenue	6,001.2	6,207.3	6,029.4	6,027.6	6,217.4	Operating revenue	4,520.5	4,590.0	4,574.5	4,478.8	4,664.7
Service revenue	5,240.0	5,302.5	5,230.4	5,336.8	5,402.4	Service revenue	3,805.0	3,785.5	3,822.9	3,867.9	3,919.1
Handset revenue	761.2	904.7	799.1	690.9	815.0	Handset revenue	715.5	804.5	751.6	610.9	745.6
Operating expense	5,707.2	6,045.5	5,585.2	5,551.8	5,835.0	Operating expense	4,312.0	4,476.1	4,208.5	4,127.6	4,405.6
Service expense	4,905.7	5,037.5	4,716.8	4,809.8	4,955.6	Service expense	3,569.5	3,610.3	3,443.8	3,531.7	3,662.8
Labor cost	1,082.3	1,053.8	1,024.2	1,025.5	1,090.0	Labor cost	629.2	548.1	569.0	567.1	629.3
General expense	2,385.3	2,440.5	2,320.7	2,380.9	2,447.7	General expense	1,690.4	1,761.4	1,644.8	1,714.9	1,763.9
Cost of svc provided	823.9	860.6	757.4	795.0	835.8	Cost of svc provided	592.6	592.9	584.4	594.9	634.4
Selling expense	614.3	682.6	614.4	608.4	582.0	Selling expense	657.3	707.9	645.6	654.9	635.2
Cost of device sold	801.4	1,008.1	868.5	741.9	879.4	Cost of device sold	742.5	865.7	764.7	595.9	742.8
Operating income	294.0	161.7	444.2	475.8	382.4	Operating income	208.5	114.0	366.0	351.2	259.1
N-OP income (loss)	20.1	-178.0	24.0	46.8	97.9	N-OP income (loss)	12.6	-182.5	86.3	50.2	50.2
N-OP income	157.8	302.7	245.0	145.6	307.6	N-OP income	95.6	278.9	289.3	148.6	279.9
N-OP expense	142.6	502.2	226.7	126.8	273.8	N-OP expense	82.9	461.4	203.0	98.4	229.7
Equity Method (G/L)	4.9	21.5	5.7	28.1	64.1						
Income bf tax	314.2	-16.3	468.2	522.7	480.3	Income bf tax	221.1	- 68.5	452.2	401.4	309.3
Income tax	84.2	-53.4	141.7	151.9	142.6	Income tax	58.1	- 83.0	117.8	104.6	80.6
Net income	229.9	37.2	326.5	370.8	337.7	Net income	163.0	14.5	334.4	296.8	228.7
NI contribution to KT	203.3	67.7	302.6	338.8	310.9						
EBITDA	1,199.3	1,067.1	1,345.3	1,373.2	1,277.5	EBITDA	1,012.3	919.6	1,173.6	1,159.4	1,061.1
EBITDA Margin	20.0%	17.2%	22.3%	22.8%	20.5%	EBITDA Margin	22.4%	20.0%	25.7%	25.9%	22.7%

2 K-IFRS Balance Sheet

(Unit: KRW bn)

Consolidated	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
Assets	36,449.2	33,662.5	33,547.6	34,139.0	35,831.2
Current assets	14,211.2	11,154.2	11,567.1	11,695.3	11,897.4
Cash & cash equi.	2,990.9	2,634.6	2,753.1	3,097.0	3,088.9
Trade & other rec	4,272.5	3,840.2	4,029.5	3,785.5	4,156.5
Inventories	851.9	534.6	591.9	474.1	406.6
Other current asset	6,095.9	4,144.7	4,192.6	4,338.8	4,245.3
- Prepaid_Contract cost	1,379.9	1,345.7	1,310.8	1,279.0	1,291.8
- Contract assets	382.9	392.3	415.8	441.5	482.8
Non-current assets	22,237.9	22,508.4	21,980.5	22,443.6	23,933.8
Trade & other rec	1,060.6	1,128.5	945.3	958.5	814.3
Tangible assets	13,773.5	14,206.1	13,877.4	13,627.3	13,720.8
Other current assets	7,403.8	7,173.7	7,157.8	7,857.8	9,398.7
- Prepaid_Contract cost	466.4	458.2	448.2	447.7	472.4
- Contract assets	176.5	194.2	209.4	219.5	230.8
Liabilities	20,794.0	18,111.1	18,209.7	18,475.2	19,733.7
Current liabilities	11,535.4	9,192.5	9,271.5	8,325.7	9,381.3
Trade & other payables	8,255.6	6,210.1	5,969.6	5,741.7	6,155.8
Short-term borrowings	1,546.0	1,418.1	1,449.0	945.9	1,588.2
Others	1,733.8	1,564.3	1,853.0	1,638.1	1,637.3
- Contract liabilities	316.3	327.1	321.2	288.5	270.4
Non-current liabilities	9,258.6	8,918.6	8,938.2	10,149.5	10,352.4
Trade & other payables	810.0	807.5	690.4	1,178.9	1,082.7
Long-term borrowings	6,304.9	5,898.2	6,275.7	6,809.8	6,807.9
Others	2,143.8	2,212.9	1,972.1	2,160.8	2,461.8
- Contract liabilities	52.2	57.1	50.0	43.9	43.7
Equity	15,655.1	15,551.4	15,337.9	15,663.8	16,097.5
Retained earnings	12,138.4	12,155.4	12,113.9	12,506.1	12,821.7

KT Separate	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21
Assets	28,774.1	28,027.9	27,693.7	28,203.4	28,607.5
Current assets	8,098.4	7,155.7	7,287.3	7,254.5	7,533.0
Cash & cash equi.	1,911.6	1,541.2	1,564.4	1,926.7	1,829.5
Trade & other rec	3,473.7	3,127.0	3,353.6	3,069.8	3,430.9
Inventories	649.4	353.3	349.8	262.2	186.6
Other current asset	2,063.7	2,134.2	2,019.6	1,995.9	2,086.1
- Prepaid_Contract cost	1,432.8	1,406.9	1,398.9	1,378.5	1,372.7
- Contract assets	338.2	343.4	351.1	352.7	360.6
Non-current assets	20,675.7	20,872.2	20,406.4	20,948.9	21,074.5
Trade & other rec	1,001.3	1,080.3	898.9	906.8	760.2
Tangible assets	11,502.2	11,999.7	11,725.9	11,511.7	11,463.6
Other current assets	8,172.2	7,792.2	7,781.6	8,530.4	8,850.7
- Prepaid_Contract cost	454.7	454.8	445.1	439.3	441.5
- Contract assets	106.5	118.8	125.6	128.5	134.7
Liabilities	15,467.8	14,824.4	14,681.3	14,877.6	15,016.2
Current liabilities	7,037.2	6,608.0	6,563.9	5,767.9	6,419.4
Trade & other payables	4,670.0	4,568.4	4,409.4	3,987.6	4,240.0
Short-term borrowings	1,381.4	1,228.8	1,204.5	823.8	1,196.0
Others	985.9	810.8	950.0	956.4	983.4
- Contract liabilities	319.7	316.8	325.0	318.7	316.0
Non-current liabilities	8,430.5	8,216.4	8,117.4	9,109.7	8,596.8
Trade & other payables	1,530.5	1,512.9	1,206.2	1,874.9	1,731.6
Long-term borrowings	6,080.7	5,717.0	5,973.1	6,265.5	5,947.2
Others	819.3	986.5	938.1	969.3	918.1
- Contract liabilities	50.9	54.6	54.1	51.7	50.0
Equity	13,306.3	13,203.5	13,012.4	13,325.8	13,591.3
Retained earnings	11,247.5	11,233.7	11,221.4	11,517.5	11,746.6

3 Subscribers

Wireless	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21	QoQ	YoY
Subscribers (Unit: Thousands) ¹⁾							
Total	22,333	22,305	22,427	22,621	22,735	0.5%	1.8%
Net additions	200	-28	122	194	114	-41.2%	-42.9%
Gross additions	1,033	999	1,165	1,041	986	-5.3%	-4.5%
Deactivation ²⁾	833	1,026	1,043	847	871	2.8%	4.5%
Churn rate	1.2%	1.5%	1.6%	1.3%	1.3%	0.0%p	0.1%p
LTE	16,774	16,174	15,739	15,504	15,161	-2.2%	-9.6%
5G	2,813	3,619	4,404	5,014	5,617	12.0%	99.7%
LTE+5G Penetration rate	87.7%	88.7%	89.8%	90.7%	91.4%	0.7%p	3.7%p
ARPU (KRW)³⁾	31,620	31,946	32,003	32,342	32,476	0.4%	2.7%

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	3Q 20	4Q 20	1Q 21	2Q 21	3Q 21	QoQ	YoY
Subscribers (Unit: Thousands)							
Telephony	13,732	13,582	13,460	13,329	13,218	-0.8%	-3.7%
PSTN	10,594	10,449	10,311	10,169	10,037	-1.3%	-5.3%
VoIP	3,138	3,133	3,149	3,159	3,180	0.7%	1.4%
Broadband	9,130	9,171	9,276	9,359	9,432	0.8%	3.3%
IPTV (OTV+OTS)	8,687	8,763	8,893	9,021	9,122	1.1%	5.0%

※ 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)

