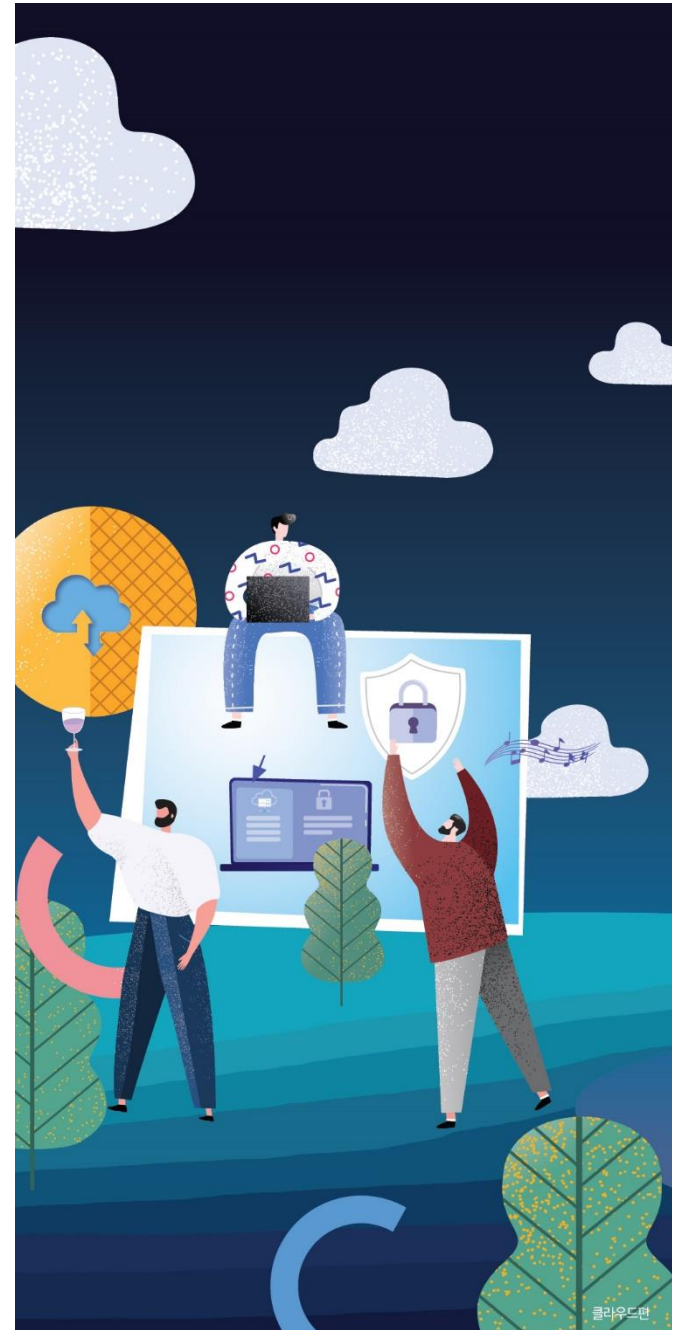


KT 3Q22 Earning Release

2022. 11. 8 | Investor Relations

DIGICO **KT**



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

Fax : +82-2-3495-5917

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1 3Q22 Highlights

Financials

(Unit: KRW)

<u>Consolidated</u>	Revenue	6,477.2bn (YoY +4.2%)	<u>KT Separate</u>	Revenue	4,590.2bn (YoY -1.6%)
	Operating Profit	452.9bn (YoY +18.4%)		Operating Profit	323.6bn (YoY +24.9%)

Operations

Growth portfolio integration
underpinned by DIGICO/B2B

DIGICO Accelerating B2B DX orders growth

- 3Q22 YTD B2B orders : 2.97tr, YoY +21%

Cloud/IDC growth continues

- Including kt cloud revenue : YoY +9.6%

TELCO Stable growth with premium subs adds

- 5G subs reached to 7.96m, 57% of total subs
- Wireless revenue up +1.1% YoY
- Wireless ARPU up +3.5% YoY

Expand partnership and
Strengthen group growth engines

Mobility Strategic partnership w/ Hyundai Motor Group

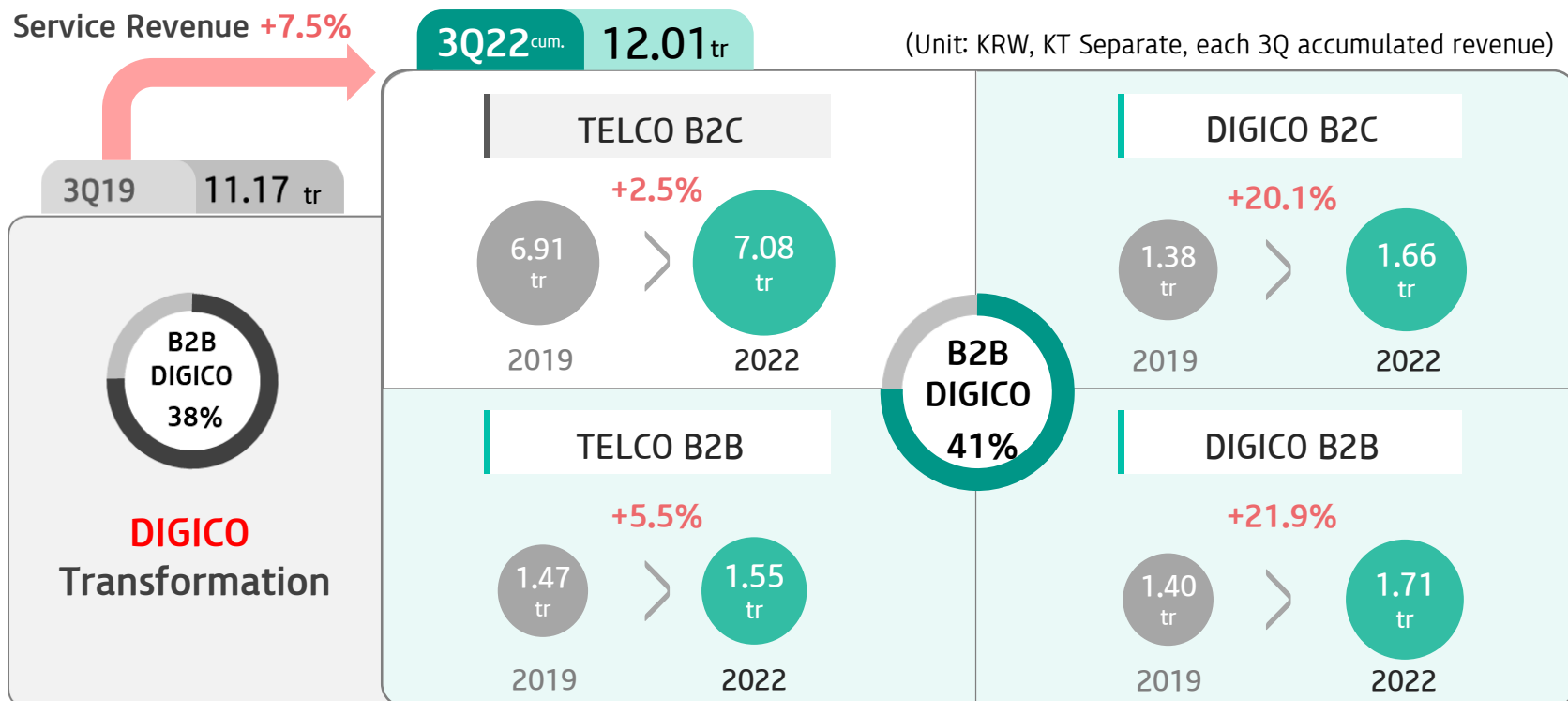
- Cooperation in fields of Connectivity, IDC/Cloud, Smart Factory and etc.
- Joint develop future biz like autonomous driving, UAM and etc. (UAM* : Urban Air Mobility)
- Equity swap to secure cooperation execution

Finance Growing trend of K Bank OP-indicators

- Deposit(13.5tr) +10% YoY / Loan (9.8tr) +58% YoY
- Clients 8.01m +21.3% YoY

2 DIGICO Transformation

Expand growth portfolio and accelerate service revenue growth through DIGICO transformation



※Cloud/IDC rev.(including kt cloud) reflected in total service rev. and DIGICO B2B

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1 Income Statement

- Revenue increased +4.2% YoY solidifying growth portfolio and leading DX
- Operating income increased +18.4% YoY based on DIGICO revenue growth

(Unit: KRW bn)

	3Q21	2Q22	3Q22	QoQ	YoY
Operating Revenue	6,217.4	6,312.2	6,477.2	2.6%	4.2%
Service Revenue	5,402.4	5,670.5	5,744.8	1.3%	6.3%
Handset Revenue	815.0	641.7	732.4	14.1%	-10.1%
Operating Expense	5,835.0	5,853.0	6,024.3	2.9%	3.2%
Operating Income	382.4	459.2	452.9	-1.4%	18.4%
Margin	6.2%	7.3%	7.0%	-0.3%p	0.8%p
Margin*	7.1%	8.1%	7.9%	-0.2%p	0.8%p
Non-op. Income/Loss	97.9	80.5	-13.9	Turn Red	Turn Red
Income before taxes	480.3	539.7	439.0	-18.7%	-8.6%
Net Income	337.7	363.4	326.2	-10.2%	-3.4%
Margin	5.4%	5.8%	5.0%	-0.8%p	-0.4%p
EBITDA	1,277.5	1,387.2	1,359.7	-2.0%	6.4%
Margin	20.5%	22.0%	21.0%	-1.0%p	0.5%p

※ OP Margin* = Operating Income/Service Revenue

2 Operating Expenses

(Unit: KRW bn)

	3Q21	2Q22	3Q22	QoQ	YoY
Operating Expenses	5,835.0	5,853.0	6,024.3	2.9%	3.2%
Labor Cost	1,090.0	1,120.9	1,075.3	-4.1%	-1.3%
General Expense	2,447.7	2,560.2	2,586.0	1.0%	5.7%
- Depreciation	895.1	928.0	906.8	-2.3%	1.3%
Cost of Service Provided	835.8	863.0	887.6	2.9%	6.2%
Selling Expense	582.0	606.0	648.4	7.0%	11.4%
Cost of Handset sold	879.4	703.0	827.0	17.6%	-6.0%

▪ Selling Expense (KT Separate)

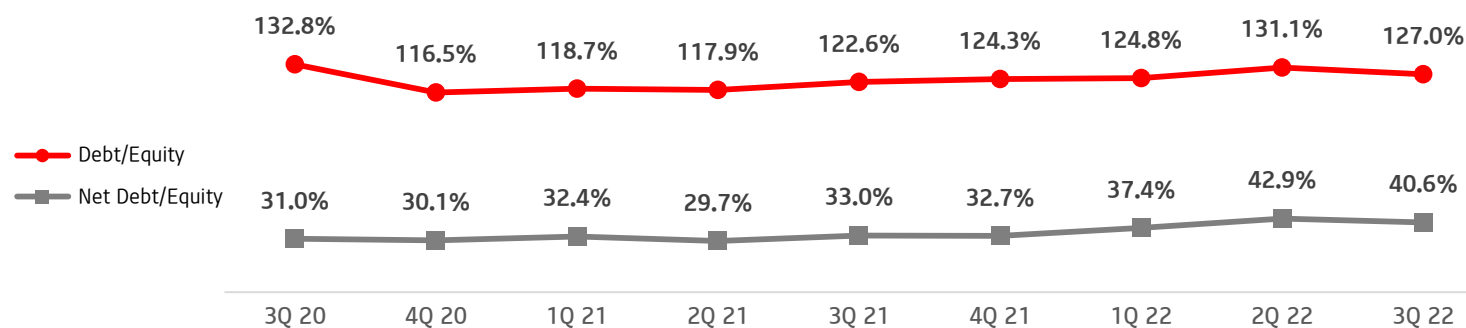
(Unit: KRW bn)

	3Q21	2Q22	3Q22	QoQ	YoY
Selling Expense	622.1	657.4	650.3	-1.1%	4.5%

3 Financial Position

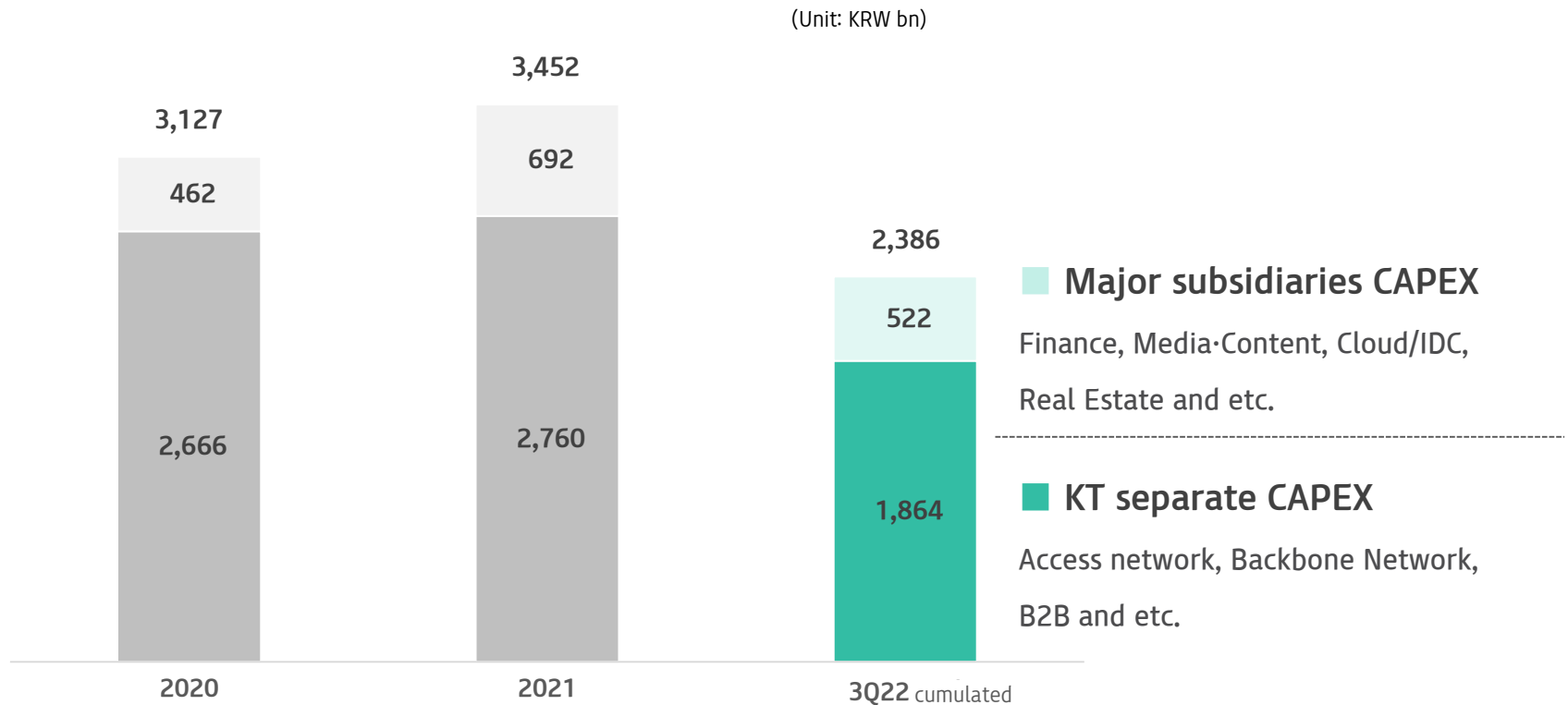
(Unit: KRW bn)

	3Q21	2Q22	3Q22	QoQ	YoY
Assets	35,831.2	39,066.3	40,651.5	4.1%	13.5%
Cash & Cash equivalents	3,088.9	2,821.7	3,095.1	9.7%	0.2%
Liabilities	19,733.7	22,161.7	22,745.9	2.6%	15.3%
Borrowings	8,396.1	10,074.5	10,366.6	2.9%	23.5%
Equity	16,097.5	16,904.6	17,905.6	5.9%	11.2%
Capital Stock	1,564.5	1,564.5	1,564.5	0.0%	0.0%
Net Debt	5,307.2	7,252.8	7,271.5	0.3%	37.0%
Debt / Equity	122.6%	131.1%	127.0%	-4.1%p	4.4%p
Net Debt / Equity	33.0%	42.9%	40.6%	-2.3%p	7.6%p



4 CAPEX

- 3Q22 YTD CAPEX execution : KRW 1,864.0 bn(KT separate), KRW 522.3bn(major subsidiaries)



※ Cloud/IDC related investment in 2020 and 2021 are retroactively reflected in subsidiaries CAPEX

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1 KT - Telco B2C

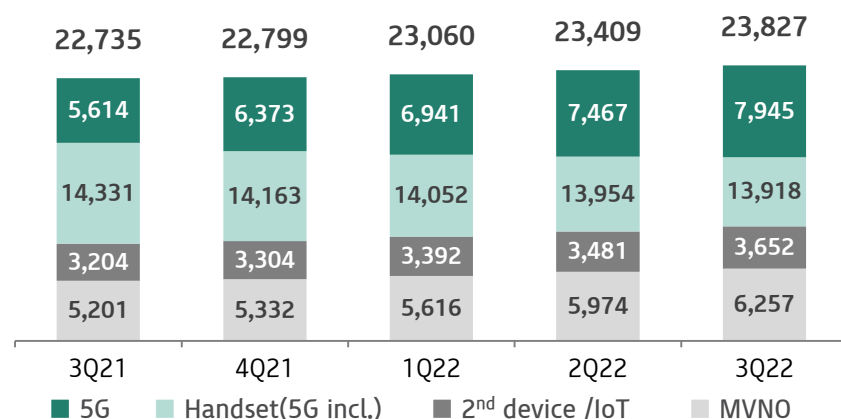
- Telco B2C revenue up +0.6% with mobile/broadband quality subs growth
- Leading Mobile revenue growth, 5G subs reached to about 57% of total handset subs

(Unit: KRW bn)

	3Q21	2Q22	3Q22	QoQ	YoY
Telco B2C	2,343.3	2,371.9	2,356.7	-0.6%	0.6%
Wireless	1,531.2	1,550.3	1,547.0	-0.2%	1.0%
Broadband	585.0	596.3	600.3	0.7%	2.6%
Telephony	227.2	225.3	209.4	-7.1%	-7.8%

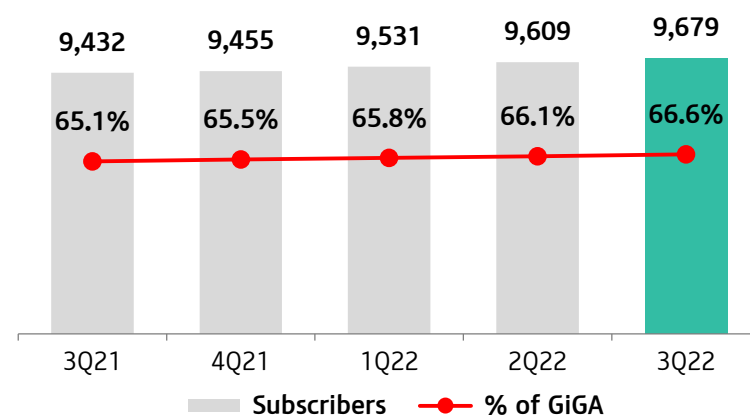
Wireless Subscribers

(Unit: Thousands)



Broadband Subscribers

(Unit: Thousands)



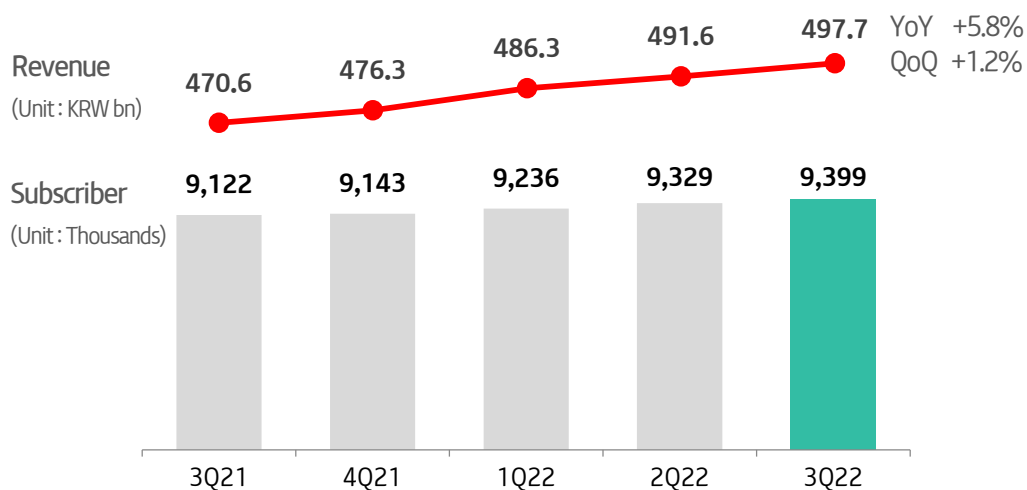
2 KT - DIGICO B2C

- DIGICO B2C revenue up +3.6% YoY based on balanced growth of media and mobile platform biz
- IPTV revenue up +5.8% YoY with consistent IPTV subs adds and platforms revenue growth

(Unit: KRW bn)

	3Q21	2Q22	3Q22	QoQ	YoY
DIGICO B2C	538.9	554.4	558.5	0.7%	3.6%
Media	486.7	500.8	504.5	0.7%	3.7%
Mobile Platform	52.3	53.7	54.1	0.7%	3.4%

IPTV



※ Number of IPTV subscribers above deviates from MSIT's released figure below following IPTV law
 - Number of KT pay TV subscriber is 8,396,249 in 2H 2021 (6 month average)

DIGICO B2C

Media	IPTV
	***Seezn OTT
	Media and etc.
Mobile Platform	*Finance Platform
	**Contents Market
	IoT

* Finance Platform : Mobile payment, Authentication, Fintech and etc.

** Contents Market : App market payment, One-store, Contents distribution and etc.

*** Seezn OTT : Acquired by Studio Genie in 3Q21

3 KT - TELCO B2B

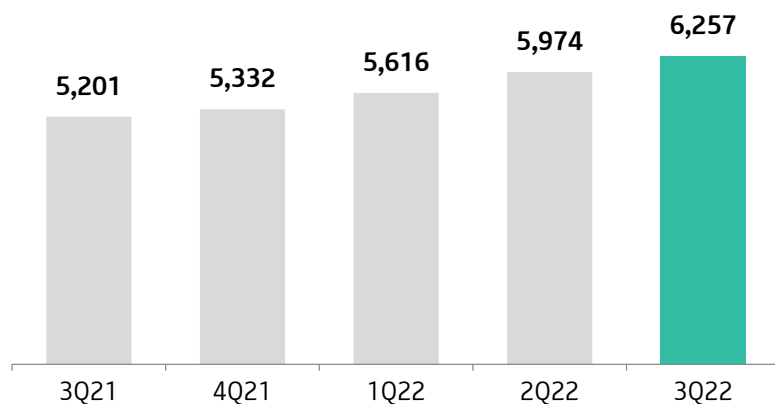
- Corporate broadband/data revenue up +10.9% YoY based on data traffic and premium service growth
- Corporate telephony revenue up +6.8% with growth of Communication DX and MVNO subscribers

(Unit: KRW bn)

	3Q21	2Q22	3Q22	QoQ	YoY
Telco B2B	498.9	529.9	546.4	3.1%	9.5%
Corp. BB/data	333.3	356.4	369.6	3.7%	10.9%
Corp. telephony	165.6	173.5	176.8	1.9%	6.8%

MVNO Subscriber

(Unit: Thousands)



TELCO B2B

Corp. Broadband/Data	Leased Line, KORNET, VPN
	Global Data, Wholesale
	Internet Exchange
Corp. Telephony	MVNO
	Corporate Telephony
	Corporate Intelligent Network

4 KT - DIGICO B2B

- DIGICO B2B rev. down -10.4% YoY due to kt cloud despite growth from AICC, Smart mobility and etc.
- Including kt cloud revenue, DIGICO B2B revenue up +9.9% YoY to KRW 592.4bn

(Unit: KRW bn)

	3Q21	2Q22	3Q22	QoQ	YoY
DIGICO B2B	538.9	481.0	482.9	0.4%	-10.4%
Enterprise DX	272.1	304.3	294.6	-3.2%	8.3%
Cloud/IDC	121.4	23.5	23.5	0.0%	-80.6%
AI/New Biz	103.3	108.5	117.8	8.6%	14.1%
Real Estate	42.1	44.7	46.9	4.9%	11.2%

※ Cloud/IDC revenue including kt cloud

	3Q21	2Q22	3Q22	QoQ	YoY
Cloud/IDC	121.4	121.1	133.1	9.9%	9.6%

DIGICO B2B

Enterprise DX	Enterprise Messaging
	Managed, Enterprise IoT
	Global ICT
	ICT and etc.
Cloud/IDC	Cloud
	IDC

AI/ New Biz	AICC, AI Robot
	Smart Mobility
	Smart Space solution
	Blockchain, Energy, Video Security
	New Biz and etc.
Real Estate	

5 Major subsidiaries

- BC card revenue up +10.8% with increased credit card transaction volume and new biz expansion
- Contents subsidiaries revenue up +24.7% with full-fledged operation of Contents biz and growth of digital ads, T-commerce and others

Major Subsidiaries

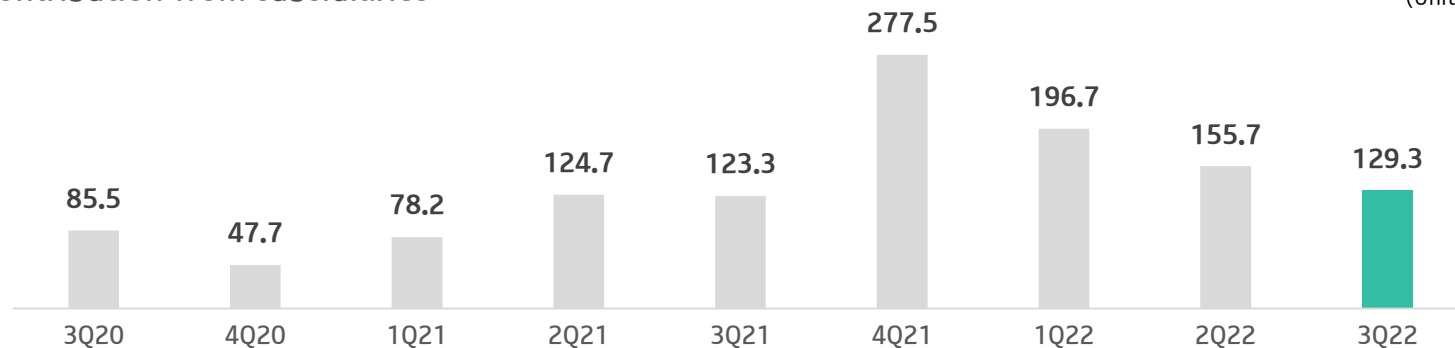
(Unit: KRW bn)

	3Q21	2Q22	3Q22	QoQ	YoY
BC card	888.1	991.2	984.2	-0.7%	10.8%
Skylife	178.4	254.2	268.1	5.5%	50.3%
Contents Subsidiaries	241.6	285.3	301.2	5.6%	24.7%
KT Estate	111.3	97.7	109.2	11.7%	-1.9%
kt cloud	-	129.7	144.1	11.1%	N/A

※ Contents Subsidiaries : Nasmedia(PlayD incl.), KT alpha, KT Studiogenie(Genie music, Storywiz, KT Seezn and others incl.)

OP Contribution from subsidiaries

(Unit: KRW bn)



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1 K-IFRS Income Statement

(Unit: KRW bn)

Consolidated	3Q 21	4Q 21	1Q 22	2Q 22	3Q 22	KT Separate	3Q 21	4Q 21	1Q 22	2Q 22	3Q 22
Operating revenue	6,217.4	6,623.6	6,277.7	6,312.2	6,477.2	Operating revenue	4,664.7	4,669.5	4,608.4	4,517.8	4,590.2
Service revenue	5,402.4	5,758.1	5,565.5	5,670.5	5,744.8	Service revenue	3,920.1	3,892.7	3,962.1	3,937.3	3,944.4
Handset revenue	815.0	865.5	712.2	641.7	732.4	Handset revenue	744.6	776.8	646.2	580.5	645.8
Operating expense	5,835.0	6,254.1	5,651.1	5,853.0	6,024.3	Operating expense	4,405.6	4,577.5	4,178.5	4,214.3	4,266.6
Service expense	4,955.6	5,285.3	4,884.2	5,150.1	5,197.3	Service expense	3,662.8	3,743.2	3,516.0	3,655.4	3,607.9
Labor cost	1,090.0	1,076.1	1,040.4	1,120.9	1,075.3	Labor cost	629.3	542.7	549.3	605.8	535.8
General expense	2,447.7	2,601.2	2,471.0	2,560.2	2,586.0	General expense	1,763.9	1,863.6	1,692.8	1,719.4	1,743.6
Cost of svc provided	835.8	987.0	799.6	863.0	887.6	Cost of svc provided	634.4	649.2	646.4	660.2	666.7
Selling expense	582.0	620.9	573.2	606.0	648.4	Selling expense	635.2	687.7	627.4	670.0	661.8
Cost of device sold	879.4	968.8	766.9	703.0	827.0	Cost of device sold	742.8	834.3	662.5	558.9	658.7
Operating income	382.4	369.4	626.6	459.2	452.9	Operating income	259.1	92.0	429.9	303.5	323.6
N-OP income (loss)	97.9	137.9	15.6	80.5	-13.9	N-OP income (loss)	50.2	66.4	99.2	23.0	1.5
N-OP income	307.6	335.8	223.2	445.1	515.8	N-OP income	279.9	268.1	268.7	359.1	468.3
N-OP expense	273.8	216.1	204.0	385.7	520.8	N-OP expense	229.7	201.7	169.6	336.0	466.8
Equity Method (G/L)	64.1	18.2	-3.6	21.0	-8.9						
Income bf tax	480.3	507.2	642.2	539.7	439.0	Income bf tax	309.3	158.3	529.1	326.5	325.1
Income tax	142.6	82.9	186.8	176.3	112.8	Income tax	80.6	27.8	138.1	302.1	84.9
Net income	337.7	424.4	455.4	363.4	326.2	Net income	228.7	130.6	391.0	24.4	240.3
NI contribution to KT	310.9	404.6	409.8	313.1	297.6						
EBITDA	1,277.5	1,283.5	1,518.3	1,387.2	1,359.7	EBITDA	1,061.1	891.8	1,217.1	1,070.9	1,096.5
EBITDA Margin	20.5%	19.4%	24.2%	22.0%	21.0%	EBITDA Margin	22.7%	19.1%	26.4%	23.7%	23.9%

2 K-IFRS Balance Sheet

(Unit: KRW bn)

Consolidated	3Q 21	4Q 21	1Q 22	2Q 22	3Q 22
Assets	35,831.2	37,159.3	37,301.1	39,066.3	40,651.5
Current assets	11,897.4	11,858.4	12,189.9	12,563.7	13,042.2
Cash & cash equi.	3,088.9	3,019.6	2,682.2	2,821.7	3,095.1
Trade & other rec	4,156.5	3,869.8	4,074.7	3,857.6	4,095.0
Inventories	406.6	514.1	1,406.5	513.3	675.7
Other current asset	4,245.3	4,454.8	4,026.4	5,371.2	5,176.5
- Prepaid_Contract cost	1,291.8	1,305.0	1,304.2	1,316.8	1,313.5
- Contract assets	482.8	510.6	522.9	551.9	565.8
Non-current assets	23,933.8	25,301.0	25,111.3	26,502.5	27,609.3
Trade & other rec	814.3	809.4	671.6	670.3	578.0
Tangible assets	13,720.8	14,464.9	14,272.6	14,540.4	14,466.0
Other current assets	9,398.7	10,026.7	10,167.0	11,291.8	12,565.2
- Prepaid_Contract cost	472.4	496.3	486.8	514.8	515.8
- Contract assets	230.8	234.5	225.5	242.8	249.3
Liabilities	19,733.7	20,592.1	20,707.3	22,161.7	22,745.9
Current liabilities	9,381.3	10,072.4	9,883.5	11,070.8	10,583.6
Trade & other payables	6,155.8	6,641.4	6,548.3	6,545.1	6,795.4
Short-term borrowings	1,588.2	1,731.4	1,583.7	2,773.7	2,052.0
Others	1,637.3	1,699.6	1,751.6	1,752.1	1,736.3
- Contract liabilities	270.4	274.6	276.1	274.8	251.6
Non-current liabilities	10,352.4	10,519.7	10,823.7	11,090.9	12,162.3
Trade & other payables	1,082.7	1,338.8	1,061.8	1,070.6	1,087.9
Long-term borrowings	6,807.9	6,706.3	7,311.3	7,300.9	8,314.6
Others	2,461.8	2,474.7	2,450.7	2,719.4	2,759.8
- Contract liabilities	43.7	49.1	44.7	35.0	34.1
Equity	16,097.5	16,567.2	16,593.8	16,904.6	17,905.6
Retained earnings	12,821.7	13,287.4	13,234.9	13,551.0	13,857.3

KT Separate	3Q 21	4Q 21	1Q 22	2Q 22	3Q 22
Assets	28,607.5	29,362.4	29,305.6	30,169.5	31,055.2
Current assets	7,533.0	7,167.0	7,443.7	7,352.7	7,612.4
Cash & cash equi.	1,829.5	1,708.7	1,496.0	1,592.4	1,645.1
Trade & other rec	3,430.9	3,092.4	3,326.0	3,135.9	3,294.1
Inventories	186.6	289.3	333.6	238.7	300.4
Other current asset	2,086.1	2,076.6	2,288.0	2,385.7	2,372.9
- Prepaid_Contract cost	1,360.9	1,381.5	1,383.2	1,394.1	1,391.1
- Contract assets	428.3	450.3	459.1	484.6	499.5
Non-current assets	21,074.5	22,195.3	21,861.9	22,816.8	23,442.8
Trade & other rec	760.2	750.8	608.6	595.2	485.8
Tangible assets	11,463.6	12,021.1	11,806.6	11,405.0	11,209.0
Other current assets	8,850.7	9,423.4	9,446.7	10,816.5	11,748.0
- Prepaid_Contract cost	461.7	486.2	476.3	499.1	500.7
- Contract assets	163.8	169.4	164.3	184.3	194.2
Liabilities	15,016.2	15,497.5	15,509.5	16,405.9	16,401.5
Current liabilities	6,419.4	6,968.7	6,910.1	7,580.4	6,848.2
Trade & other payables	4,240.0	4,792.1	4,631.1	4,603.9	4,628.6
Short-term borrowings	1,196.0	1,338.2	1,267.7	1,990.4	1,358.0
Others	983.4	838.4	1,011.3	986.2	861.6
- Contract liabilities	281.7	286.4	283.4	266.2	249.7
Non-current liabilities	8,596.8	8,528.8	8,599.4	8,825.5	9,553.4
Trade & other payables	1,731.6	1,958.0	1,644.4	1,651.9	1,644.0
Long-term borrowings	5,947.2	5,611.4	6,007.6	6,048.3	6,850.7
Others	918.1	959.4	947.4	1,125.2	1,058.7
- Contract liabilities	44.0	47.9	43.7	34.2	33.1
Equity	13,591.3	13,864.9	13,796.1	13,763.6	14,653.7
Retained earnings	11,746.6	11,931.5	11,859.8	11,882.2	12,121.9

3 Subscribers

Wireless	3Q 21	4Q 21	1Q 22	2Q 22	3Q 22	QoQ	YoY
Subscribers (Unit: Thousands) ¹⁾							
Total	22,735	22,799	23,060	23,409	23,827	1.8%	4.8%
Net additions	114	64	261	349	418	19.8%	265.5%
Gross additions	986	1,064	1,039	1,010	984	-2.6%	-0.2%
Deactivation²⁾	871	1,000	778	661	566	-14.4%	-35.1%
Churn rate	1.3%	1.5%	1.1%	0.9%	0.8%	-0.1%p	-0.5%p
LTE	15,161	14,662	14,454	14,357	14,392	0.2%	-5.1%
5G	5,617	6,378	6,949	7,479	7,962	6.5%	41.8%
LTE+5G Penetration rate	91.4%	92.3%	92.8%	93.3%	93.8%	0.5%p	2.4%p
ARPU (KRW)³⁾	31,815	31,825	32,308	32,446	32,917	1.5%	3.5%

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 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 (IoT/M2M excluded)

Fixed Line/IPTV	3Q 21	4Q 21	1Q 22	2Q 22	3Q 22	QoQ	YoY
Subscribers (Unit: Thousands)							
Telephony	13,218	13,096	12,969	12,842	12,709	-1.0%	-3.8%
PSTN	10,037	9,905	9,768	9,634	9,500	-1.4%	-5.4%
VoIP	3,180	3,191	3,201	3,208	3,209	0.0%	0.9%
Broadband	9,432	9,455	9,531	9,609	9,679	0.7%	2.6%
IPTV (OTV+OTS)	9,122	9,143	9,236	9,329	9,399	0.8%	3.0%

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

- Number of KT pay TV subscriber is 8,396,249 in 2H 2021 (6 month average)

