

KT 2023 Earnings Release

2024. 2. 8 | Investor Relations



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The Company has applied new accounting standard of K-IFRS 1115 as of Jan 1st, 2018 and K-IFRS 1116 ‘Leases’ as of Jan 1st, 2019. There are no obligation to apply the new standard to previous financial statements.

If you have any questions related to this material, please contact the IR department.

Tel: +82-2-3495-3564, 3595, 5344

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1 2023 Highlights

Financials

Both consolidated/separate revenues continue to achieve YoY growth (Unit: KRW)

Revenue	<u>Consolidated</u>	26,387.0bn (YoY +2.9%)	<u>KT Separate</u>	18,371.4bn (YoY +0.4%)
Operating Profit		1,649.8bn (YoY -2.4%)		1,185.4bn (YoY +1.5%)

- [B2C] Telco continues uptrend through premium subscribers (Wireless YoY +2.3%, Broadband YoY +2.8%, Media +2.3%)
- [B2B] Broadband/data and strategic growth biz. lead growth (Corp. BB/data +4.7%, key strategic growth biz. +2.4%)
- [Subsidiaries] Steady growth led by Finance/DX/Real Estate
 - BC Card, rev. increase driven by loan business and Paybooc
 - kt StudioGenie, introduced diversified Originals lineup
 - kt cloud, growth through Public/AI Cloud and IDC demand
 - Real estate, sturdy growth through hotels and apt. pre-sales

AI

Enhanced expertise in AI Transformation

- Launched Hyperscale AI Mi:Dm aiming private LLM market
- Improved AI capabilities through multi LLM and global partnerships
- Increase customer base with subscription-based AICC service

Shareholder return

Increased return based on improved earnings

- DPS 1,960 KRW
 - + Share buyback & cancellation KRW 27.1bn
- (FY23 Shareholder return per share is 2,070 KRW, +5.6% YoY)

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1 Income Statement

- Revenue +2.9% YoY due to balanced growth of B2C/B2B businesses and subsidiaries
- OP -2.4% YoY, due mainly to base effect of a one-time gain from real estate sales in 2022

(Unit: KRW bn)

	4Q22	3Q23	4Q23	QoQ	YoY	2022	2023	YoY
Operating Revenue	6,583.0	6,697.4	6,698.4	0.0%	1.8%	25,650.0	26,387.0	2.9%
Service Revenue	5,650.0	5,842.5	5,720.2	-2.1%	1.2%	22,245.2	22,994.7	3.4%
Sale of goods ¹	932.9	855.0	978.1	14.4%	4.8%	3,404.8	3,392.3	-0.4%
Operating Expense	6,431.5	6,375.5	6,432.8	0.9%	0.0%	23,960.0	24,737.2	3.2%
Operating Income	151.4	321.9	265.6	-17.5%	75.4%	1,690.1	1,649.8	-2.4%
Margin	2.3%	4.8%	4.0%	-0.8%p	1.7%p	6.6%	6.3%	-0.3%p
Margin ²	2.7%	5.5%	4.6%	-0.9%p	1.9%p	7.6%	7.2%	-0.4%p
Non-op. Income/Loss	121.8	28.4	-277.6	-	-	204.0	-325.7	-
Income before taxes	273.2	350.3	-12.0	-	-	1,894.1	1,324.1	-30.1%
Net Income	242.7	288.3	-41.7	-	-	1,387.7	988.7	-28.8%
Margin	3.7%	4.3%	-0.6%	-4.9%p	-4.3%p	5.4%	3.7%	-1.7%p
EBITDA	1,080.8	1,259.9	1,279.2	1.5%	18.4%	5,346.0	5,459.9	2.1%
Margin	16.4%	18.8%	19.1%	0.3%p	2.7%p	20.8%	20.7%	-0.1%p

1) Sale of goods: redefined from KT handset revenue → KT handset + subsidiaries' sale of goods

2) OP Margin² = Operating Income/Service Revenue

2 Operating Expenses

(Unit: KRW bn)

	4Q22	3Q23	4Q23	QoQ	YoY	2022	2023	YoY
Operating Expenses	6,431.5	6,375.5	6,432.8	0.9%	0.0%	23,960.0	24,737.2	3.2%
Labor Cost	1,259.3	1,191.0	1,157.8	-2.8%	-8.1%	4,495.9	4,549.4	1.2%
General Expense	2,771.2	2,732.8	2,843.7	4.1%	2.6%	10,388.5	10,871.1	4.6%
- Depreciation	929.4	937.9	1,013.6	8.1%	9.1%	3,655.9	3,810.1	4.2%
Cost of Service*	793.4	784.5	725.5	-7.5%	-8.6%	3,009.6	2,890.0	-4.0%
Selling Expense	641.7	623.2	645.9	3.6%	0.7%	2,469.3	2,503.9	1.4%
Cost of Goods sold*	965.9	1,044.0	1,059.8	1.5%	9.7%	3,596.7	3,922.8	9.1%

* 'Cost of service provided' and 'cost of goods sold' redefined to align with reclassification of 'sale of goods'

Selling Expense (KT Separate)

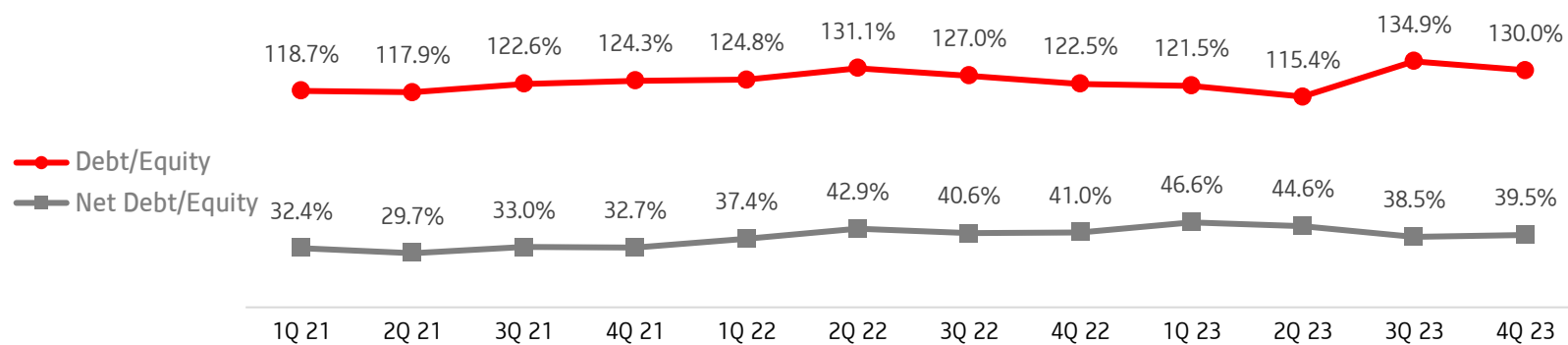
(Unit: KRW bn)

	4Q22	3Q23	4Q23	QoQ	YoY	2022	2023	YoY
Selling Expense	653.6	636.4	644.2	1.2%	-1.4%	2,574.5	2,543.7	-1.2%

3 Financial Position

(Unit: KRW bn)

	Dec 31, '22	Sept 30, '23	Dec 31, '23	QoQ	YoY
Assets	40,980.7	43,974.8	42,681.3	6.1%	4.1%
Cash & Cash equivalents	2,449.1	3,110.4	2,879.6	36.5%	17.6%
Liabilities	22,566.0	25,253.1	24,120.2	9.3%	6.9%
Borrowings	10,006.7	10,309.5	10,218.2	-0.9%	2.1%
Equity	18,414.7	18,721.7	18,561.1	2.3%	0.8%
Capital Stock	1,564.5	1,564.5	1,564.5	0.0%	0.0%
Net Debt	7,557.6	7,199.1	7,338.6	1.9%	-2.9%
Debt / Equity	122.5%	134.9%	130.0%	-4.9%p	7.5%p
Net Debt / Equity	41.0%	38.5%	39.5%	1.0%p	-1.5%p

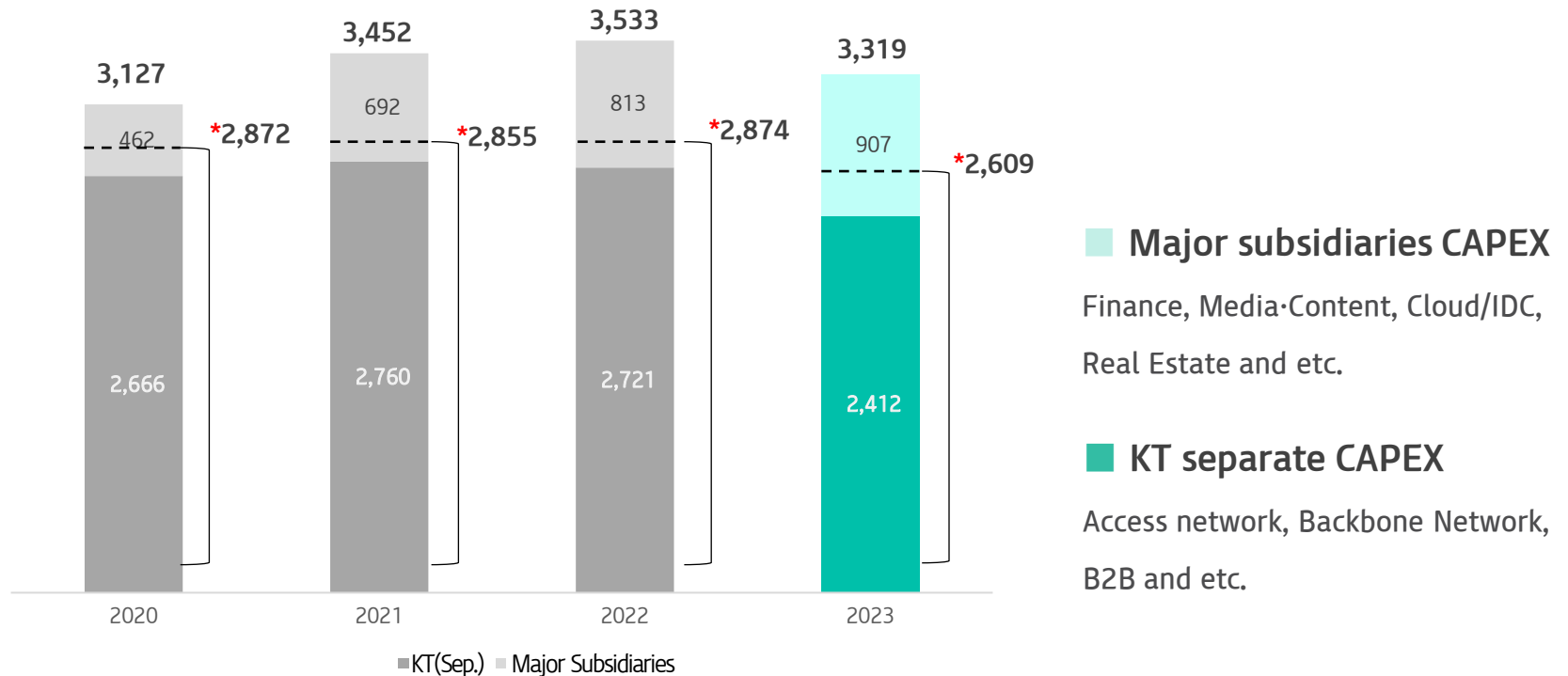


4 CAPEX

- 2023 CAPEX Execution: KRW 2,411.6bn(KT Separate), KRW 907.4bn(major subsidiaries)

(Unit: KRW bn)

* KT(sep.) + kt cloud



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

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1 KT - Wireless

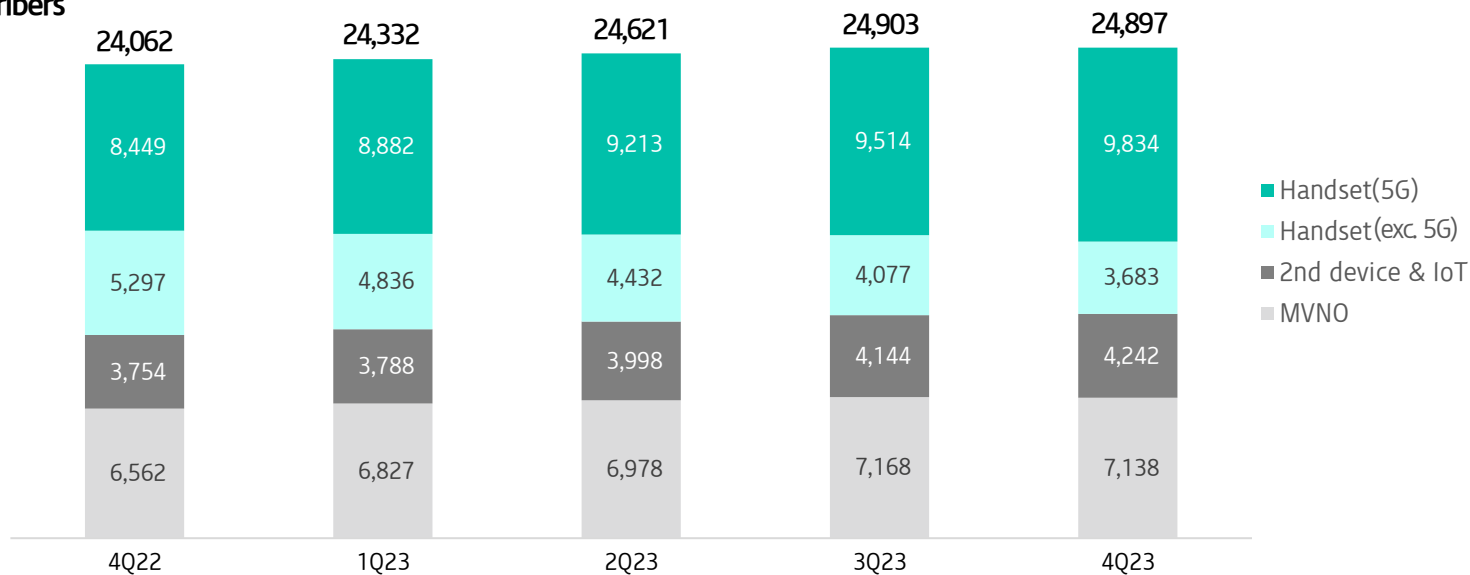
- Wireless rev. +2.3% YoY, with 5G penetration reaching 73% and increased roaming revenue
- Various efforts to expand customer base, including new online-only plans

(Unit: KRW bn)

	4Q22	3Q23	4Q23	QoQ	YoY	2022	2023	YoY
Wireless	1,685.1	1,708.1	1,732.2	1.4%	2.8%	6,713.4	6,869.6	2.3%
Wireless Service	1,608.3	1,623.3	1,646.4	1.4%	2.4%	6,330.7	6,522.7	3.0%
Interconnection	76.8	84.8	85.7	1.1%	11.6%	382.7	346.9	-9.4%

Wireless Subscribers

(Unit: Thousands)



2 KT - Fixed Line

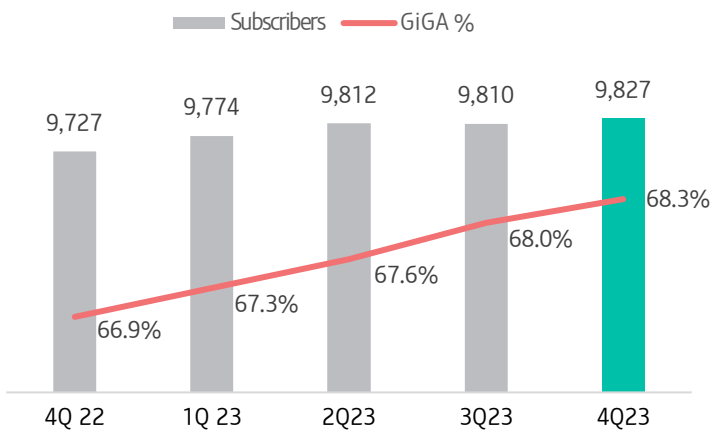
- Broadband revenue +2.8% YoY, with GiGA subscribers portion reaching 68.3%
- Media revenue +2.3% YoY, led by increased premium IPTV subscribers

(Unit: KRW bn)

	4Q22	3Q23	4Q23	QoQ	YoY	2022	2023	YoY
Fixed Line	1,311.3	1,330.1	1,311.4	-1.4%	0.0%	5,220.2	5,271.1	1.0%
Broadband	605.3	619.4	620.3	0.1%	2.5%	2,393.0	2,460.0	2.8%
Media	509.8	524.4	507.8	-3.2%	-0.4%	2,011.0	2,057.1	2.3%
Home Telephony	196.2	186.3	183.3	-1.6%	-6.6%	816.2	754.1	-7.6%

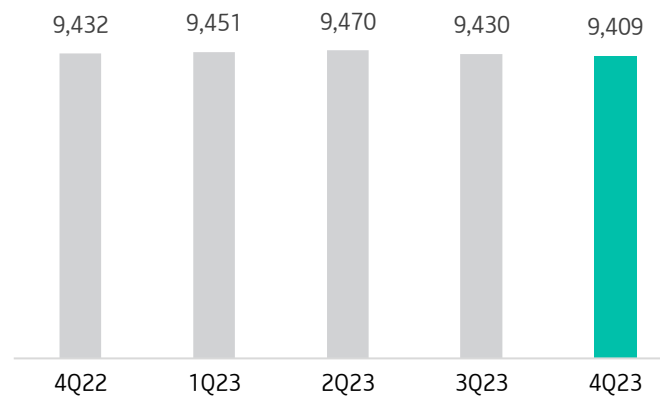
Broadband Subscribers

(Unit: Thousands)



IPTV Subscribers

(Unit: Thousands)



3 KT - B2B Services

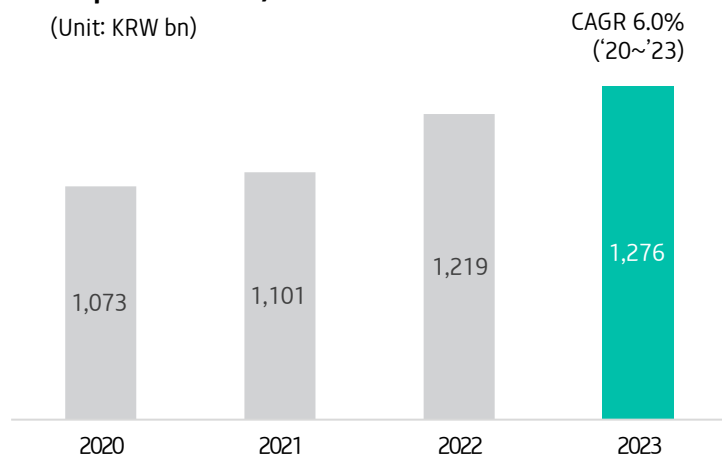
- B2B Service rev. +2.0% YoY, through high demand for telco. services and emerging businesses (AI, IoT, etc.)
- Corp. Broadband/data revenue +4.7% YoY, driven by increase in data traffic

(Unit: KRW bn)

	4Q22	3Q23	4Q23	QoQ	YoY	2022	2023	YoY
B2B Service	835.3	903.8	813.1	-10.0%	-2.7%	3,393.8	3,460.4	2.0%
Real Estate, etc.	91.6	77.9	84.6	8.6%	-7.6%	439.7	331.3	-24.7%

Corp. Broadband/Data Revenue

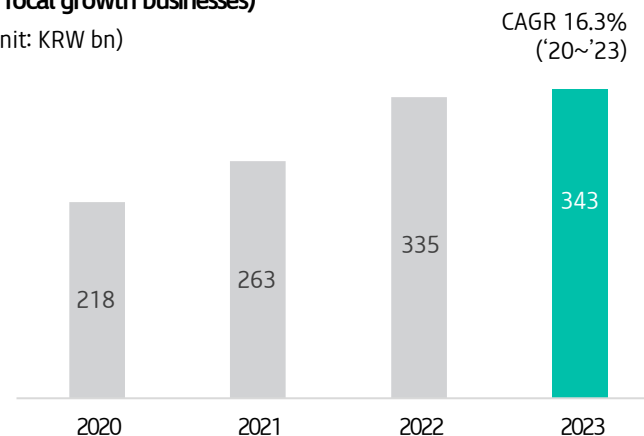
(Unit: KRW bn)



※ Corp. Broadband/data rev includes:
Leased line/Kornet/VPN/Global data

Revenue of Strategic Growth Business (5 focal growth businesses)

(Unit: KRW bn)



※ 5 focal growth businesses include:
AICC, IoT, Smart Mobility, Smart Space, Energy Biz.

4 Major Subsidiaries

- BC Card rev. +3.3% YoY, through expansion of loan business and increased revenue from Paybooc
- kt cloud rev. achieved double-digit growth to reach KRW 678.3bn with leadership in public cloud and IDC market
- kt estate rev. +21.8% YoY led by uptrend in hotel/office/rental housing and increase in development rev.

Revenues for Major Subsidiaries (consolidated)

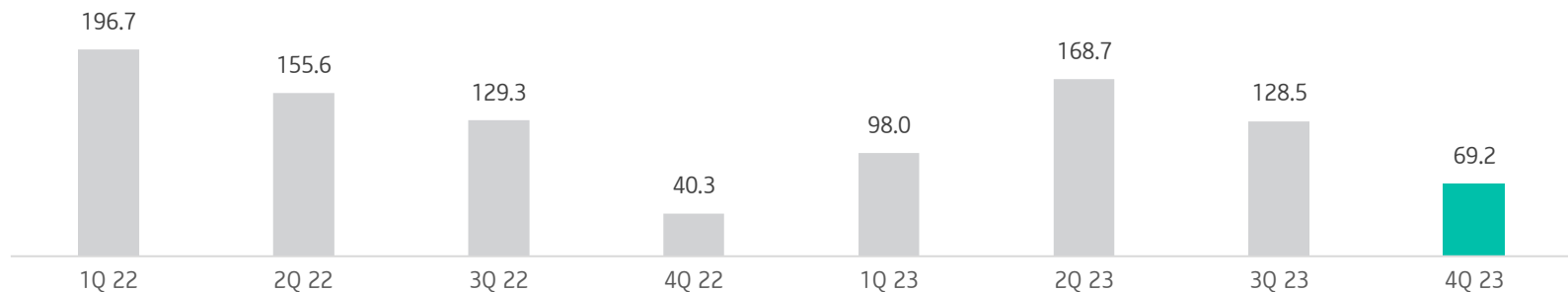
(Unit: KRW bn)

	4Q22	3Q23	4Q23	QoQ	YoY	2022	2023	YoY
BC Card	1,018.2	995.7	1,026.9	3.1%	0.9%	3,895.8	4,025.0	3.3%
Skylife	271.1	260.5	262.2	0.6%	-3.3%	1,034.2	1,038.7	0.4%
Content Subsidiaries ¹	182.9	191.1	194.6	1.8%	6.4%	650.4	687.0	5.6%
KT Estate	130.9	142.3	194.0	36.4%	48.2%	488.3	594.5	21.8%
kt cloud ²	158.3	193.8	182.1	-6.0%	15.1%	432.1	678.3	57.0%

1) Content Subsidiaries : Nasmmedia(PlayD incl.), KT Studiogenie(Genie music, Storywiz, and others incl.)

2) kt cloud revenue for 2022 is a total of 2Q~4Q results (established in '22.4)

Subsidiaries' OP Contribution (Unit: KRW bn)



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1 K-IFRS Income Statement

(Unit: KRW bn)

Consolidated	4Q 22	1Q 23	2Q 23	3Q 23	4Q 23	2022	2023	KT Separate	4Q 22	1Q 23	2Q 23	3Q 23	4Q 23	2022	2023
Operating revenue	6,583.0	6,443.7	6,547.5	6,697.4	6,698.4	25,650.0	26,387.0	Operating revenue	4,572.8	4,619.0	4,487.4	4,673.0	4,592.0	18,289.2	18,371.4
Service revenue	5,650.0	5,597.5	5,834.4	5,842.5	5,720.2	22,245.2	22,994.7	Service revenue	3,923.3	3,952.6	4,018.6	4,020.0	3,941.2	15,767.2	15,932.4
Sale of goods	932.9	846.1	713.1	855.0	978.1	3,404.8	3,392.3	Handset revenue	649.5	666.4	468.8	653.0	650.8	2,522.1	2,439.0
Operating expense	6,431.5	5,957.6	5,971.4	6,375.5	6,432.8	23,960.0	24,737.2	Operating expense	4,461.7	4,230.9	4,079.9	4,479.5	4,395.7	17,121.1	17,186.0
Cost of Service	5,465.6	4,991.3	5,118.8	5,331.5	5,372.9	20,363.2	20,814.4	Cost of Service	3,783.7	3,491.5	3,618.7	3,808.8	3,707.7	14,563.0	14,626.7
Labor cost	1,259.3	1,069.1	1,131.5	1,191.0	1,157.8	4,495.9	4,549.4	Labor cost	689.7	530.2	583.2	634.6	530.5	2,380.7	2,278.5
General expense	2,771.2	2,604.0	2,690.6	2,732.8	2,843.7	10,388.5	10,871.1	General expense	1,824.0	1,720.5	1,745.5	1,828.6	1,925.0	6,979.8	7,219.6
Cost of service	793.4	717.3	662.8	784.5	725.5	3,009.6	2,890.0	Cost of service	605.1	601.6	638.7	695.2	594.2	2,578.4	2,529.7
Selling expense	641.7	600.9	633.9	623.2	645.9	2,469.3	2,503.9	Selling expense	664.9	639.3	651.3	650.4	657.9	2,624.2	2,598.8
Cost of Goods sold	965.9	966.3	852.6	1,044.0	1,059.8	3,596.7	3,922.8	Cost of Devices sold	678.0	739.4	461.2	670.6	688.1	2,558.1	2,559.3
Operating income	151.4	486.1	576.1	321.9	265.6	1,690.1	1,649.8	Operating income	111.1	388.1	407.5	193.5	196.3	1,168.1	1,185.4
N-OP income (loss)	121.8	-48.5	-28.0	28.4	-277.6	204.0	-325.7	N-OP income (loss)	-21.1	39.6	-12.8	34.7	-91.6	102.6	-30.1
N-OP income	101.6	242.3	185.5	255.0	105.8	1,285.8	788.6	N-OP income	-110.8	265.1	161.2	226.7	50.0	985.4	703.0
N-OP expense	-46.1	287.0	219.5	223.7	340.7	1,064.5	1,070.9	N-OP expense	-89.7	225.5	174.0	192.0	141.6	882.7	733.1
Equity Method (G/L)	-25.9	-3.8	6.0	-2.8	-42.7	-17.3	-43.4								
Income bf tax	273.2	437.6	548.1	350.3	-12.0	1,894.1	1,324.1	Income bf tax	90.1	427.7	394.7	228.2	104.8	1,270.7	1,155.3
Income tax	30.5	128.0	115.6	62.0	29.7	506.4	335.4	Income tax	-18.0	107.8	89.6	17.6	7.0	507.0	222.0
Net income	242.7	309.6	432.5	288.3	-41.7	1,387.7	988.7	Net income	108.1	319.9	305.1	210.6	97.8	763.7	933.3
NI contribution to KT	242.0	296.6	394.5	264.3	54.4	1,262.5	1,009.9								
EBITDA	1,080.8	1,415.5	1,505.3	1,259.9	1,279.2	5,346.0	5,459.9	EBITDA	889.4	1,167.4	1,190.0	979.9	1,031.5	4,273.9	4,368.7
EBITDA Margin	16.4%	22.0%	23.0%	18.8%	19.1%	20.8%	20.7%	EBITDA Margin	19.5%	25.3%	26.5%	21.0%	22.5%	23.4%	23.8%

2 K-IFRS Balance Sheet

(Unit: KRW bn)

Consolidated	4Q 22	1Q 23	2Q 23	3Q 23	4Q 23	KT Separate	4Q 22	1Q 23	2Q 23	3Q 23	4Q 23
Assets	40,980.7	40,214.4	39,756.0	43,974.8	42,681.3	Assets	30,417.8	30,386.9	29,592.2	30,814.8	30,280.2
Current assets	12,681.6	12,202.0	11,405.7	15,520.6	14,518.1	Current assets	6,603.5	6,972.1	6,172.5	7,505.4	7,088.6
Cash & cash equivalents	2,449.1	2,109.2	1,805.5	3,110.4	2,879.6	Cash & cash equi.	966.3	866.3	625.7	1,477.3	1,242.0
Trade & other receivables	3,951.8	4,098.7	3,933.1	4,515.4	4,287.3	Trade & other rec.	3,055.6	3,283.3	3,018.4	3,425.8	3,190.3
Inventories	709.2	779.6	636.9	707.4	912.3	Inventories	349.9	380.1	260.1	276.6	368.1
Other current asset	5,571.5	5,214.5	5,030.3	7,187.3	6,438.9	Other current asset	2,231.7	2,442.4	2,268.4	2,325.6	2,288.2
- Prepaid_Contract cost	1,307.2	1,284.2	1,269.5	1,270.3	1,252.1	- Prepaid_Contract cost	1,386.3	1,367.2	1,351.6	1,360.3	1,340.2
- Contract assets	565.8	560.0	565.8	590.7	581.8	- Contract assets	493.4	488.2	500.3	527.0	535.8
Non-current assets	28,299.1	28,012.6	28,350.3	28,454.1	28,163.1	Non-current assets	23,814.3	23,414.8	23,419.6	23,309.4	23,191.6
Trade & other rec	609.4	473.9	490.7	406.0	451.7	Trade & other rec	527.0	399.4	402.8	322.1	370.7
Tangible assets	14,772.2	14,562.2	14,675.6	14,669.9	14,872.1	Tangible assets	11,540.2	11,240.4	11,276.3	11,288.5	11,492.8
Other current assets	12,917.5	12,976.5	13,184.0	13,378.2	12,839.4	Other current assets	11,747.1	11,775.0	11,740.6	11,698.8	11,328.1
- Prepaid_Contract cost	510.4	484.7	480.4	486.0	475.4	- Prepaid_Contract cost	496.8	476.0	469.8	478.7	464.2
- Contract assets	236.4	232.7	236.8	248.7	240.1	- Contract assets	186.0	183.1	196.3	227.5	219.1
Liabilities	22,566.0	22,062.4	21,302.3	25,253.1	24,120.2	Liabilities	15,559.7	15,766.5	14,817.5	15,831.4	15,236.7
Current liabilities	10,699.3	10,164.8	9,862.9	13,478.5	13,147.4	Current liabilities	6,321.4	6,582.7	6,153.7	6,925.2	6,957.5
Trade & other payables	7,371.0	6,424.7	6,225.9	9,264.6	8,054.9	Trade & other payables	4,672.6	4,477.0	4,253.7	5,021.2	4,459.0
Short-term borrowings	1,827.0	2,224.2	2,105.6	2,368.7	3,058.6	Short-term borrowings	984.7	1,359.5	1,131.5	1,173.8	1,725.2
Others	1,501.2	1,515.9	1,531.4	1,845.2	2,033.9	Others	664.1	746.2	768.6	730.2	773.3
- Contract liabilities	242.4	264.3	264.1	245.2	229.2	- Contract liabilities	241.0	256.4	235.1	222.6	223.9
Non-current liabilities	11,866.7	11,897.7	11,439.4	11,774.6	10,972.7	Non-current liabilities	9,238.2	9,183.8	8,663.8	8,906.2	8,279.2
Trade & other payables	1,064.1	833.6	818.5	856.0	819.6	Trade & other payables	1,620.6	1,342.5	1,331.9	1,337.9	1,336.1
Long-term borrowings	8,179.6	8,352.9	7,930.4	7,940.8	7,159.6	Long-term borrowings	6,510.8	6,675.8	6,205.6	6,497.5	5,834.7
Others	2,622.9	2,711.2	2,690.5	2,977.9	2,993.6	Others	1,106.8	1,165.5	1,126.3	1,070.8	1,108.4
- Contract liabilities	41.7	44.5	39.3	37.2	49.6	- Contract liabilities	40.4	43.1	33.8	32.4	35.8
Equity	18,414.7	18,152.0	18,453.7	18,721.7	18,561.1	Equity	14,858.1	14,620.4	14,774.7	14,983.4	15,043.5
Retained earnings	14,257.3	14,008.3	14,404.0	14,570.7	14,494.4	Retained earnings	12,347.4	12,123.3	12,429.0	12,541.3	12,544.4

3 Subscribers

(Unit: Thousands)

Wireless	4Q22	1Q 23	2Q 23	3Q 23	4Q 23	QoQ	YoY
Total	24,062	24,332	24,621	24,903	24,897	0.0%	3.5%
- MNO	17,500	17,505	17,643	17,735	17,759	0.1%	1.5%
└ 5G	8,449	8,882	9,213	9,514	9,834	3.4%	16.4%
└ 4G(LTE)	8,310	8,003	7,855	7,669	7,393	-3.6%	-11.0%
- MVNO	6,562	6,827	6,978	7,168	7,138	-0.4%	8.8%
Churn rate¹⁾	1.3%	1.0%	1.0%	1.1%	1.1%	0.0%p	-0.2%p
ARPU (KRW)²⁾	33,542	33,771	33,948	33,838	34,302	1.4%	2.3%

1) Churn rate : Based on MNO subscribers (excludes IoT)

2) 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)

(Unit: Thousands)

Fixed Line/IPTV	4Q 22	1Q 23	2Q 23	3Q 23	4Q 23	QoQ	YoY
Telephony	12,581	12,445	12,310	12,184	12,035	-1.2%	-4.3%
- PSTN	9,376	9,226	9,089	8,960	8,820	-1.6%	-5.9%
- VoIP	3,206	3,219	3,221	3,225	3,215	-0.3%	0.3%
Broadband	9,727	9,774	9,812	9,810	9,827	0.2%	1.0%
IPTV (GTV+GTS)	9,432	9,451	9,470	9,430	9,409	-0.2%	-0.2%

※ Number of IPTV subscribers above differs from MSIT figures that follow the IPTV law

- Number of KT pay TV subscribers in 1H 2023 is 8,865,968 (6-month average)

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