

KT

3Q24 Earnings Release

2024. 11. | Investor Relations



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1 3Q24 Highlights

Financials

Strong B2C/B2B businesses and accelerated growth of real estate, DC/Cloud

Cons.

Revenue **6,654.6bn** (YoY -0.6%)
Operating Profit **464.1bn** (YoY +44.2%)

Sep.

Revenue **4,765.0bn** (YoY +2.0%)
Operating Profit **338.9bn** (YoY +75.1%)

Management Strategy

Accelerate transformation into AICT Company through business restructuring

AX Capabilities

- ✓ Strategic Partnership with Microsoft(9/28)
 - Joint development and GTM* of Korean AI/Cloud services
 - New opportunities with establishment of specialized AX company
 - Joint R&D and fostering of AI specialists

* Go-To-Market Strategy

✓ Workforce Restructuring for AICT Transformation

- Establishment of 2 Network-specialized subsidiaries
- Special voluntary retirement program

Value-Up

- ✓ FY2028 Consolidated ROE Target 9%~10%
 - AICT Transformation: FY2028 AI/IT rev. up 3x^{of 2023}
 - Increase Profitability: FY2028 Cons. OP Margin 9%
 - Liquidate Non-Core Assets (including idle real estate)
 - Enhance Capital Efficiency: KRW 1tr share buyback & cancellation between FY2025~2028

Shareholder Return

- ✓ 3Q24 Quarterly Dividend Paid(10/31)
 - DPS: KRW 500 (3Q Cumulative DPS: KRW1,500)

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1 Income Statement

- Rev. -0.6% YoY due to decline in content subsidiaries despite growth in Telco/real estate/data center
- OP +44.2% due to base effect of 3Q23 wage negotiations and continued growth of core businesses

(Unit: KRW bn)

	3Q23	2Q24	3Q24	QoQ	YoY
Operating Revenue	6,697.4	6,546.4	6,654.6	1.7%	-0.6%
Service Revenue	5,842.5	5,776.6	5,752.0	-0.4%	-1.5%
Sale of goods	855.0	769.8	902.7	17.3%	5.6%
Operating Expense	6,375.5	6,052.4	6,190.5	2.3%	-2.9%
Operating Income	321.9	494.0	464.1	-6.0%	44.2%
Margin	4.8%	7.5%	7.0%	-0.6%p	2.2%p
Margin ¹	5.5%	8.6%	8.1%	-0.5%p	2.6%p
Non-op. Income/Loss	28.4	62.7	45.0	-28.3%	58.3%
Income before taxes	350.3	556.7	509.1	-8.6%	45.3%
Net Income	288.3	410.5	383.2	-6.7%	32.9%
Margin	4.3%	6.3%	5.8%	-0.5%p	1.5%p
EBITDA	1,259.9	1,460.2	1,428.9	-2.1%	13.4%
Margin	18.8%	22.3%	21.5%	-0.8%p	2.7%p

1) OP Margin¹ = Operating Income/Service Revenue

2 Operating Expenses

- Op. expenses -2.9% YoY, due to decrease in labor cost, selling expense, general expense, and cost of service

(Unit: KRW bn)

	3Q23	2Q24	3Q24	QoQ	YoY
Operating Expenses	6,375.5	6,052.4	6,190.5	2.3%	-2.9%
Labor Cost	1,191.0	1,213.2	1,118.3	-7.8%	-6.1%
General Expense	2,732.8	2,708.3	2,675.0	-1.2%	-2.1%
- Depreciation	937.9	966.2	964.8	-0.1%	2.9%
Cost of Service	784.5	656.6	717.5	9.3%	-8.5%
Selling Expense	623.2	600.8	600.8	0.0%	-3.6%
Cost of Goods sold	1,044.0	873.5	1,078.9	23.5%	3.3%

[Selling Expense (KT Separate)]

(Unit: KRW bn)

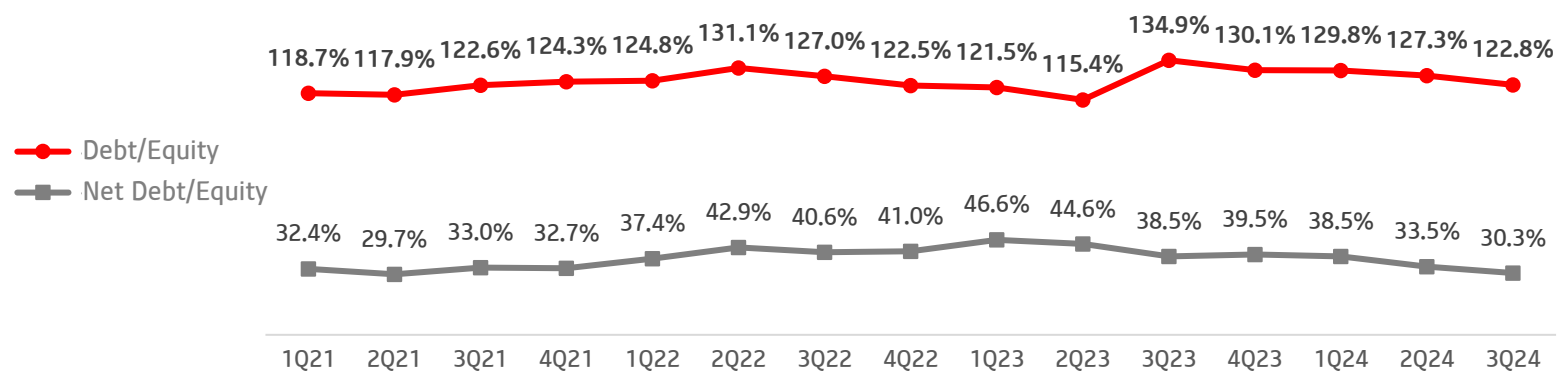
	3Q23	2Q24	3Q24	QoQ	YoY
Selling Expense	636.4	618.6	623.9	0.9%	-2.0%

3 Balance Sheet

- Net debt/equity ratio decreased by YoY 8.2%p.

(Unit: KRW bn)

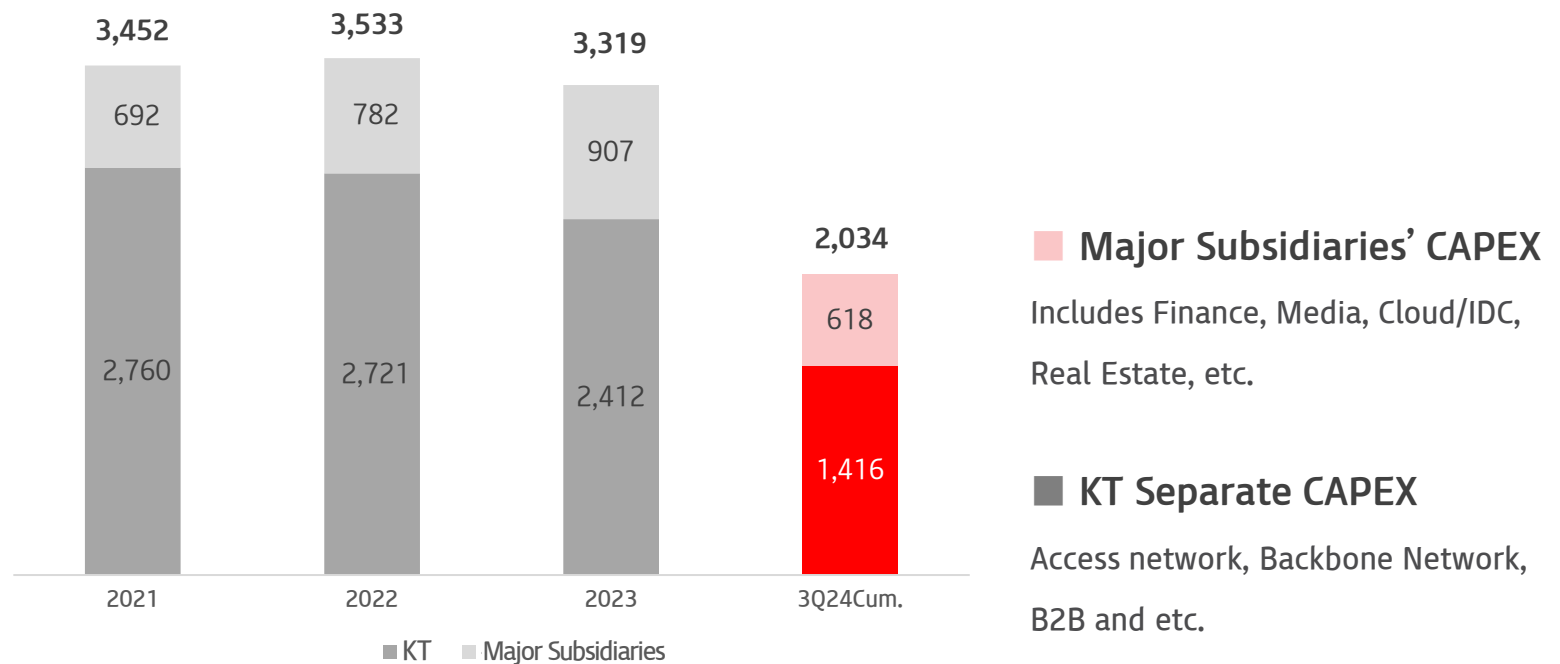
	Sept 30, 2023	Jun 30, 2024	Sept 30, 2024	QoQ	YoY
Assets	43,974.8	43,144.4	42,750.4	-0.9%	-2.8%
Cash & Cash equivalents	3,110.4	3,786.7	3,953.9	4.4%	27.1%
Liabilities	25,253.1	24,162.5	23,564.0	-2.5%	-6.7%
Borrowings	10,309.5	10,150.6	9,768.6	-3.8%	-5.2%
Equity	18,721.7	18,981.9	19,186.4	1.1%	2.5%
Capital Stock	1,564.5	1,564.5	1,564.5	0.0%	0.0%
Net Debt	7,199.1	6,363.9	5,814.7	-8.6%	-19.2%
Debt / Equity	134.9%	127.3%	122.8%	-4.5%p	-12.1%p
Net Debt / Equity	38.5%	33.5%	30.3%	-3.2%p	-8.2%p



4 CAPEX

- '24.3Q Total CAPEX Execution: KRW 1,416.0bn (KT Separate), KRW 617.8 bn (Major Subsidiaries)

(Unit: KRW bn)



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1 KT - Wireless

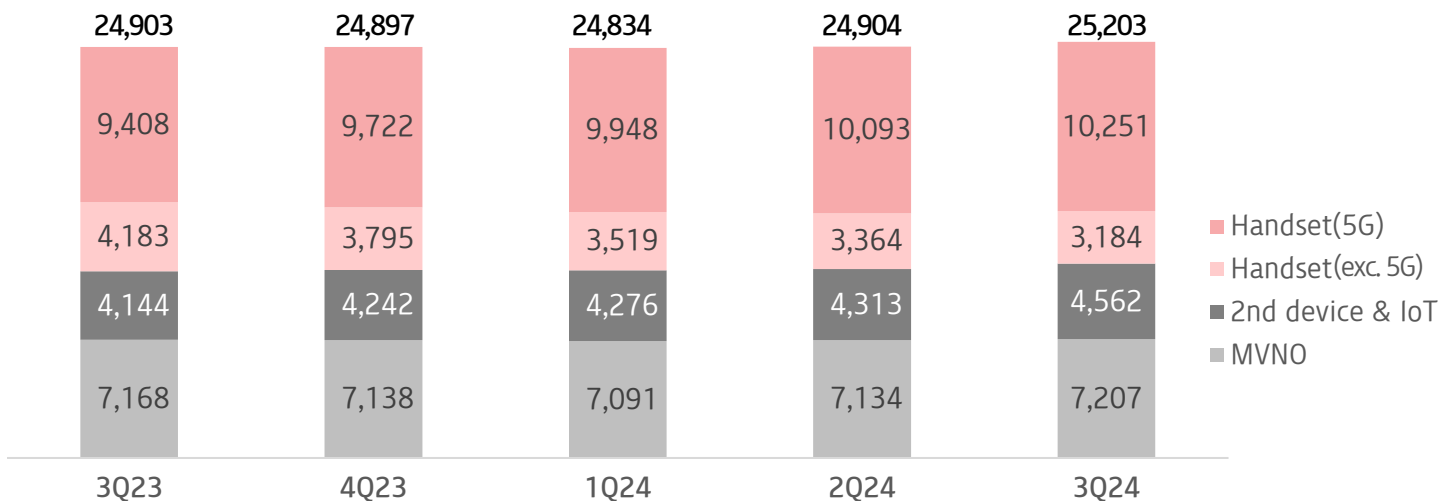
- Wireless service revenue +2.0% YoY with increased 5G penetration (76.3%) and MVNO/roaming
- Continued expansion of customer base, through online-focused promotions and new online-only plans

(Unit: KRW bn)

	3Q23	2Q24	3Q24	QoQ	YoY
Wireless	1,708.1	1,765.1	1,740.4	-1.4%	1.9%
Wireless Service	1,623.3	1,677.9	1,656.5	-1.3%	2.0%
Interconnection	84.8	87.2	83.9	-3.7%	-1.0%

Wireless Subscribers

(Unit: Thousands)



2 KT - Fixed Line

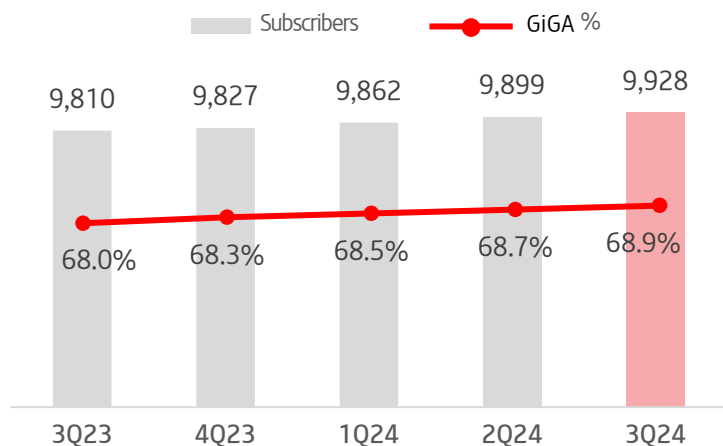
- Broadband rev. +0.4% YoY due to expansion in premium plans and value-added services
- Media rev. -1.2% YoY due to decrease in PPV and advertising revenue despite net subscriber additions

(Unit: KRW bn)

	3Q23	2Q24	3Q24	QoQ	YoY
Fixed Line	1,330.1	1,316.6	1,312.6	-0.3%	-1.3%
Broadband	619.4	618.5	622.2	0.6%	0.4%
Media	524.4	522.6	518.2	-0.8%	-1.2%
Home Telephony	186.3	175.6	172.2	-1.9%	-7.6%

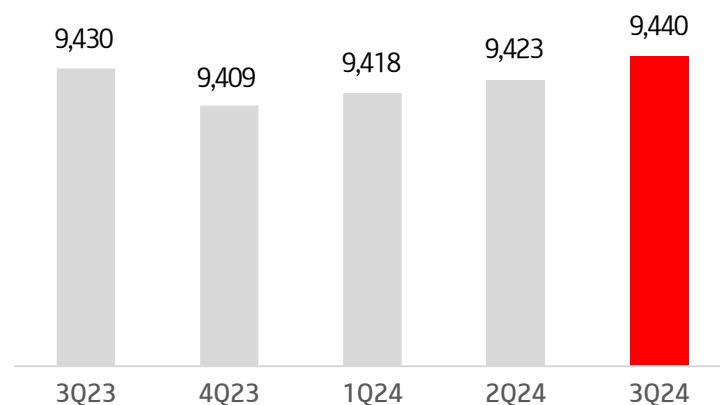
Broadband Subscribers

(Unit: Thousands)



IPTV Subscribers

(Unit: Thousands)



3 KT - B2B Services

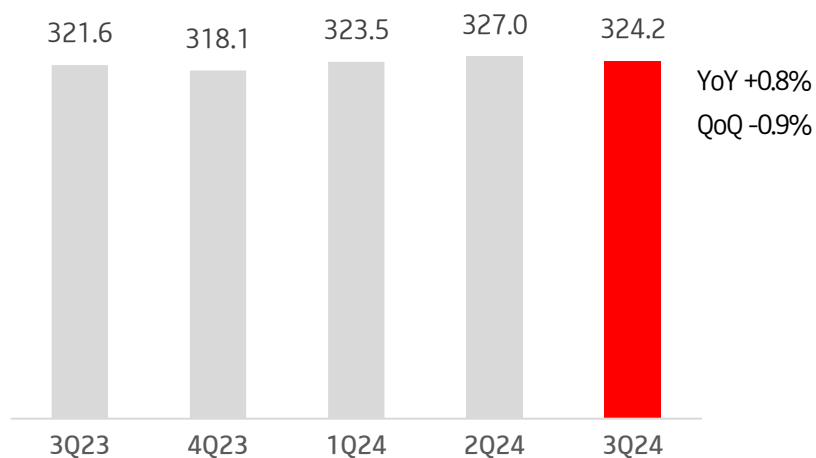
- B2B Service rev. +2.5% YoY with focus on service-based businesses despite streamlining low-profit businesses

(Unit: KRW bn)

	3Q23	2Q24	3Q24	QoQ	YoY
B2B Service	903.8	882.7	926.4	4.9%	2.5%
Real Estate, etc.	77.9	83.6	89.6	7.3%	15.1%

Corp. Broadband/Data Revenue

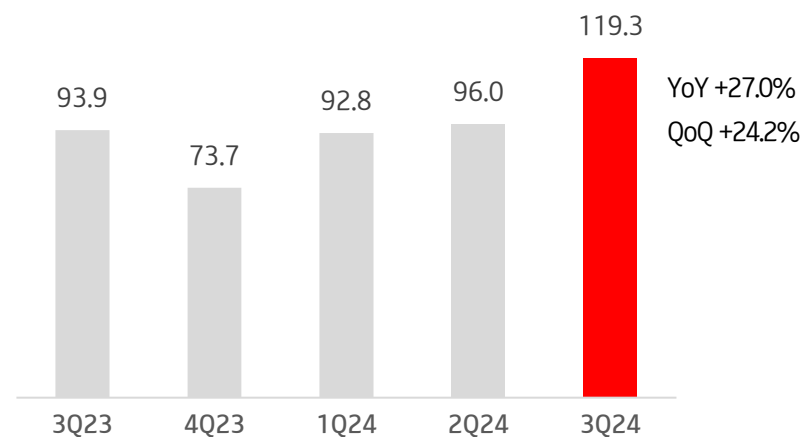
(Unit: KRW bn)



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

Revenue of 5 Major Growth Drivers

(Unit: KRW bn)



※ 5 Major Growth Drivers include:
AICC, IoT, Smart Mobility, Smart Space, Energy Biz.

4 Major Subsidiaries

- kt cloud rev. +6.8% YoY, with increased demand for data centers and expansion of DBO* business
*DBO(Design-Build-Operate): a project where a single contractor is appointed to design, build and operate a data center for a certain period
- kt estate rev. +3.6% YoY, due to steady growth of hotel and office rentals

Revenue of Major Subsidiaries (consolidated)

(Unit: KRW bn)

	3Q23	2Q24	3Q24	QoQ	YoY
BC Card	995.7	977.7	931.4	-4.7%	-6.5%
Skylife	260.5	254.6	256.9	0.9%	-1.4%
Content Subsidiaries ¹	191.1	135.4	156.2	15.4%	-18.3%
kt cloud	193.8	180.1	207.0	14.9%	6.8%
KT Estate	142.3	155.8	147.5	-5.3%	3.6%

1) Nasmedia(PlayD incl.), KT Studiogenie(Genie music, Storywiz, and others incl.)

Subsidiaries' OP Contribution (Unit: KRW bn)



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1 K-IFRS Income Statement

(Unit: KRW bn)

Consolidated	3Q23	4Q23	1Q24	2Q24	3Q24	KT Separate	3Q23	4Q23	1Q24	2Q24	3Q24
Operating revenue	6,697.4	6,687.6	6,654.6	6,546.4	6,654.6	Operating revenue	4,673.0	4,592.0	4,694.8	4,548.3	4,765.0
Service revenue	5,842.5	5,720.2	5,722.7	5,776.6	5,752.0	Service revenue	4,020.0	3,941.2	4,040.6	4,048.0	4,069.0
Sale of goods	855.0	967.4	931.9	769.8	902.7	Handset revenue	653.0	650.8	654.2	500.3	696.0
Operating expense	6,375.5	6,422.0	6,148.1	6,052.4	6,190.5	Operating expense	4,479.5	4,395.7	4,301.0	4,189.4	4,426.1
Cost of Service	5,331.5	5,372.9	5,101.2	5,178.9	5,111.6	Cost of Service	3,808.8	3,707.6	3,624.7	3,696.8	3,688.7
Labor cost	1,191.0	1,157.8	1,100.9	1,213.2	1,118.3	Labor cost	634.6	530.5	540.7	631.3	534.6
General expense	2,732.8	2,843.7	2,674.2	2,708.3	2,675.0	General expense	1,828.6	1,925.0	1,777.1	1,804.2	1,832.7
Cost of service	784.5	725.5	726.5	656.6	717.5	Cost of service	695.2	594.2	673.2	630.6	685.6
Selling expense	623.2	645.9	599.6	600.8	600.8	Selling expense	650.4	657.9	633.7	630.7	635.7
Cost of Goods sold	1,044.0	1,049.1	1,046.9	873.5	1,078.9	Cost of Devices sold	670.6	688.1	676.3	492.6	737.3
Operating income	321.9	265.6	506.5	494.0	464.1	Operating income	193.5	196.3	393.8	358.8	338.9
N-OP income (loss)	28.4	-277.6	22.5	62.7	45.0	N-OP income (loss)	34.7	-91.6	72.4	50.3	69.2
N-OP income	255.0	105.8	323.1	325.8	35.8	N-OP income	226.7	50.0	309.0	260.0	32.5
N-OP expense	223.7	340.7	310.9	260.1	-11.1	N-OP expense	192.0	141.6	236.6	209.7	-36.7
Equity Method (G/L)	-2.8	-42.7	10.2	-3.0	-1.9						
Income bf tax	350.3	-12.0	529.0	556.7	509.1	Income bf tax	228.2	104.8	466.1	409.2	408.0
Income tax	62.0	29.7	136.0	146.2	125.9	Income tax	17.6	7.0	112.1	94.7	98.2
Net income	288.3	-41.7	393.0	410.5	383.2	Net income	210.6	97.8	354.0	314.5	309.8
NI contribution to KT	264.3	54.4	375.5	393.0	357.3						
EBITDA	1,259.9	1,279.2	1,480.2	1,460.2	1,428.9	EBITDA	979.9	1,031.5	1,199.1	1,162.9	1,144.8
EBITDA Margin	18.8%	19.1%	22.2%	22.3%	21.5%	EBITDA Margin	21.0%	22.5%	25.5%	25.6%	24.0%

2 K-IFRS Balance Sheet

(Unit: KRW bn)

Consolidated	3Q23	4Q23	1Q24	2Q24	3Q24
Assets	43,974.8	42,710.0	42,710.0	43,144.4	42,750.4
Current assets	15,520.6	14,518.2	14,997.4	15,175.2	15,197.0
Cash & cash equivalents	3,110.4	2,879.6	3,000.7	3,786.7	3,953.9
Trade & other receivables	4,515.4	4,287.3	4,571.4	4,161.7	4,304.2
Inventories	707.4	912.3	899.1	964.0	903.2
Other current asset	7,187.3	6,438.9	6,526.2	6,262.7	6,035.7
- Prepaid_Contract cost	1,270.3	1,252.1	1,249.2	1,233.6	1,236.7
- Contract assets	590.7	581.8	620.4	611.1	625.6
Non-current assets	28,454.1	28,191.8	27,712.6	27,969.2	27,553.4
Trade & other rec	406.0	451.7	381.2	398.4	357.0
Tangible assets	14,669.9	14,872.1	14,585.7	14,591.7	14,509.1
Other current assets	13,378.2	12,868.1	12,745.7	12,979.1	12,687.3
- Prepaid_Contract cost	486.0	475.4	465.1	471.4	485.2
- Contract assets	248.7	240.1	229.3	226.3	225.3
Liabilities	25,253.1	24,148.9	24,127.8	24,162.5	23,564.0
Current liabilities	13,478.5	13,147.5	14,046.1	14,095.2	14,644.5
Trade & other payables	9,264.6	8,054.9	8,282.4	8,052.3	7,712.9
Short-term borrowings	2,368.7	3,058.6	3,538.6	3,595.0	4,358.7
Others	1,845.2	2,033.9	2,225.1	2,447.9	2,572.9
- Contract liabilities	245.2	229.2	239.3	231.2	230.6
Non-current liabilities	11,774.6	11,001.4	10,081.7	10,067.3	8,919.5
Trade & other payables	856.0	819.6	554.1	556.2	573.4
Long-term borrowings	7,940.8	7,159.6	6,612.8	6,555.6	5,409.9
Others	2,977.9	3,022.3	2,914.8	2,955.4	2,936.2
- Contract liabilities	37.2	49.6	48.7	43.6	48.7
Equity	18,721.7	18,561.1	18,582.2	18,981.9	19,186.4
Retained earnings	14,570.7	14,494.4	14,361.5	14,452.7	14,675.2

KT Separate	3Q23	4Q23	1Q24	2Q24	3Q24
Assets	30,814.8	30,308.9	30,334.8	30,464.8	29,957.1
Current assets	7,505.4	7,088.6	7,578.4	7,451.7	7,447.7
Cash & cash equi.	1,477.3	1,242.0	1,331.6	1,722.5	1,608.7
Trade & other rec.	3,425.8	3,190.3	3,546.3	3,097.6	3,275.6
Inventories	276.6	368.1	310.3	404.1	264.6
Other current asset	2,325.6	2,288.2	2,390.2	2,227.5	2,298.8
- Prepaid_Contract cost	1,360.3	1,340.2	1,335.4	1,312.5	1,318.3
- Contract assets	527.0	535.8	540.2	548.6	542.0
Non-current assets	23,309.4	23,220.4	22,756.4	23,013.1	22,509.4
Trade & other rec	322.1	370.7	298.8	321.1	278.2
Tangible assets	11,288.5	11,492.8	11,214.3	11,264.4	11,185.6
Other current assets	11,698.8	11,356.9	11,243.3	11,427.6	11,045.6
- Prepaid_Contract cost	478.7	464.2	451.9	453.8	475.3
- Contract assets	227.5	219.1	207.4	204.1	201.7
Liabilities	15,831.4	15,265.4	15,335.6	15,166.7	14,513.1
Current liabilities	6,925.2	6,957.5	7,477.8	7,315.1	8,074.9
Trade & other payables	5,021.2	4,459.0	4,864.3	4,694.7	4,421.5
Short-term borrowings	1,173.8	1,725.2	1,914.9	1,789.5	2,860.3
Others	730.2	773.3	698.5	830.8	793.0
- Contract liabilities	222.6	223.9	227.0	206.9	210.5
Non-current liabilities	8,906.2	8,307.9	7,857.9	7,851.6	6,438.2
Trade & other payables	1,337.9	1,364.8	1,074.2	1,063.8	1,010.2
Long-term borrowings	6,497.5	5,834.7	5,652.2	5,675.7	4,290.7
Others	1,070.8	1,108.4	1,131.5	1,112.0	1,137.3
- Contract liabilities	32.4	35.8	36.0	26.4	32.9
Equity	14,983.4	15,043.5	14,999.2	15,298.1	15,444.1
Retained earnings	12,541.3	12,544.4	12,390.5	12,404.2	12,579.2

3 Subscribers

(Unit: Thousands)

Wireless Subscribers	3Q 23	4Q 23	1Q 24	2Q 24	3Q 24	QoQ	YoY
Total	24,903	24,897	24,834	24,904	25,203	1.2%	1.2%
- MNO	17,735	17,759	17,743	17,770	17,997	1.3%	1.5%
- MVNO	7,168	7,138	7,091	7,134	7,207	1.0%	0.5%
5G Handset¹⁾	9,408	9,722	9,948	10,093	10,251	1.6%	9.0%
Churn rate²⁾	1.1%	1.1%	1.1%	1.0%	1.0%	0.0%p	-0.1%p
ARPU (KRW)³⁾	33,838	34,302	34,461	34,507	34,560	0.2%	2.1%

1) 5G Handset : Retroactively applied from 1Q23 based on the change of subscriber disclosure criteria by the MSIT (excludes 5G 2nd Device and 5G IoT)

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

3) ARPU = Wireless revenue* / Wireless subscribers**

* Wireless revenue(3G, LTE, 5G incl.): Revenue of Voice/Data usage (Interconnection/Subscription fee exc.), VAS, Contract/ Bundled Discounts, and etc. incl.

** Wireless subscribers: Based on MSIT's guidelines for average billed subscribers in quarter (IoT/M2M exc.)

(Unit: Thousands)

Fixed Line Subscribers	3Q 23	4Q 23	1Q 24	2Q 24	3Q 24	QoQ	YoY
Telephony	12,184	12,035	11,903	11,748	11,616	-1.1%	-4.7%
- PSTN	8,960	8,820	8,673	8,526	8,395	-1.5%	-6.3%
- VoIP	3,225	3,215	3,230	3,222	3,222	0.0%	-0.1%
Broadband	9,810	9,827	9,862	9,899	9,928	0.3%	1.2%
IPTV (GTV+GTS)	9,430	9,409	9,418	9,423	9,440	0.2%	0.1%

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

- Number of KT pay TV subscribers in 2H 2023 is 8,827,392 (6-month average)

