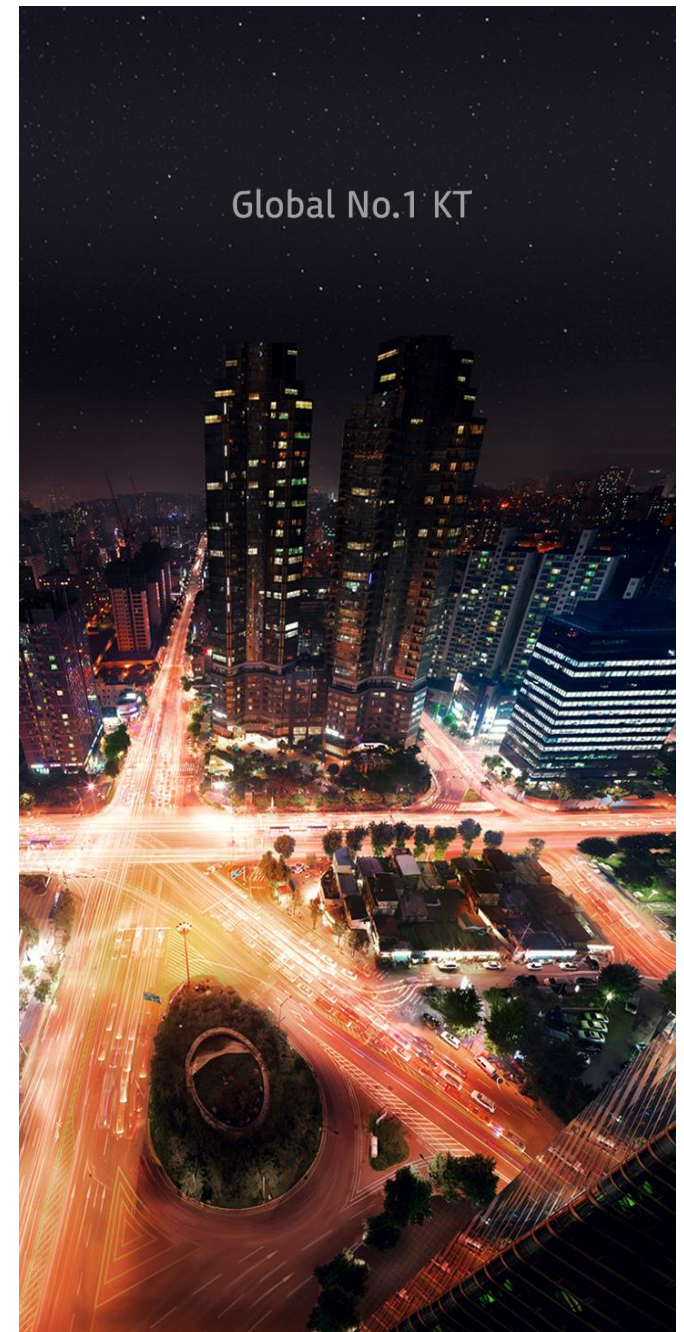


PEOPLE.  
TECHNOLOGY.

# KT '18 1Q Earnings Release

2018.05.03 | Investor Relations



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KT Corp has applied new accounting standard of ‘K-IFRS 1115’ as of Jan 1st, 2018. Accordingly, we have elected the modified retrospective approach which will recognize the cumulative impact of the new standard as an adjustment to retained earnings as at January 1 2018, the period of initial application. That said, there are no obligation to apply the new standard to previous financial statements.

In this material, despite the new accounting standard, we have included the restated figures for 1Q18 prepared under IFRS 1018(old standard) for investors’ understandings. The restated figures are followed by ‘\*’ marking. However, please be noted that these restated figures have not been audited or reviewed by external auditors.

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

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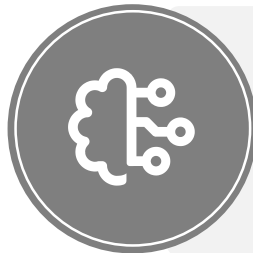
# 1 181Q Highlight

- ✓ Growth sustained on qualitative subscribers expansion despite wireless tariff cuts
- ✓ Long term growth momentum secured for 5G on strengthened smart energy, security, AI and other platform business



## Qualitative expansion on strengthened bundling & GiGA supremacy

- MNO net adds of 300k and handset net adds of 65k
- GiGA penetration of 49% with broadband revenue up by 4.8% YoY(stand-alone)
- IPTV net adds of 100k with revenue up by 15.4% YoY(stand-alone)



## Platform Business strengthened(*eg. GiGA Genie, Energy Manager, Eyes*)

- GiGA Genie subscribers of 710k, fostering various alliance for profit generating opportunities
- Energy and security service up by 147% and 28% YoY respectively



## B2B growth achieved on IT service(*eg. Cloud/IDC*) and enterprise IoT

- More orders won on launch of customized business models(eg. IDC BTL\*)

## Preparing enterprise 5G service and enforcing solutions like AI

\*IDC BTL(Build-Transfer-Lease) : Total solution FOR IDC from installment to operation

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## 2-1 Financial Highlights

### Income Statement

(Unit: KRW bn)

#### □ Operating Revenue

KRW 5.8tn, (YoY) +4.0%

##### ▪ Service Revenue

KRW 4.9tn, (YoY) -0.5%

#### □ Operating Income

KRW 435.1bn, (YoY) +4.3%

#### □ Net Income

KRW 252.5bn, (YoY) +12.6%

#### □ EBITDA

KRW 1.27tn, (YoY) -0.1%

	1Q17*	4Q17*	1Q18*	QoQ	YoY	1Q18	Diff
Operating Revenue	5,611.7	6,106.6	5,837.9	-4.4%	4.0%	5,710.2	-127.7
Service revenue	4,948.5	5,058.2	4,921.7	-2.7%	-0.5%	4,863.6	-58.1
Merchandise revenue	663.1	1,048.4	916.1	-12.6%	38.2%	846.6	-69.5
Operating expense	5,194.7	5,972.8	5,402.7	-9.5%	4.0%	5,313.1	-89.7
Operating income	417.0	133.7	435.1	225.3%	4.3%	397.1	-38.0
Margin (%)	7.4%	2.2%	7.5%	5.3%p	0.1%p	7.0%	-0.5%p
Non-operating income(loss)	-99.0	-247.3	-47.2	Deficit Decreased	Deficit Decreased	-44.1	3.0
Income before taxes	318.0	-113.6	388.0	Turned Black	22.0%	353.0	-35.0
Net income	224.3	-123.5	252.5	Turned Black	12.6%	224.1	-28.4
Margin (%)	4.0%	-2.0%	4.3%	6.3%p	0.3%p	3.9%	-0.4%p
EBITDA	1,267.6	968.8	1,266.9	30.8%	-0.1%	1,228.9	-38.0
Margin (%)	22.6%	15.9%	21.7%	5.8%p	-0.9%p	21.5%	-0.2%p

\* IFRS 1018 applied(old standard) : Unaudited restated figures for 1Q18 have been provided for investors' understanding.  
The figures have not been audited or reviewed by external auditors. (applies to other slides)

## 2-2 Financial Highlights

### Operating Expenses

(Unit: KRW bn)

#### □ Operating Expenses

KRW 5.4tn, (YoY) +4.0%

- Labor Cost  
KRW 923.5bn, (YoY) +6.2%
- General Expense  
KRW 2.36tn, (YoY) -1.9%
- Cost of Merchandise  
KRW 944.4bn, (YoY) +14.2%

	1Q17*	4Q17*	1Q18*	QoQ	YoY	1Q18	Diff
Operating Expense	5,194.7	5,972.8	5,402.7	-9.5%	4.0%	5,313.1	-89.7
Labor cost	869.8	978.0	923.5	-5.6%	6.2%	922.1	-1.4
General expense	2,408.3	2,536.4	2,363.6	-6.8%	-1.9%	2,353.1	-10.5
Cost of service provided	627.3	676.4	649.7	-3.9%	3.6%	649.7	0.0
Selling expense	462.2	613.8	521.4	-15.0%	12.8%	443.7	-77.7
Cost of merchandise	827.0	1,168.1	944.4	-19.2%	14.2%	944.4	0.0

(Unit: KRW bn)

#### □ Marketing Expenses

KRW 615.6bn,  
(YoY) -3.7%

	1Q17*	4Q17*	1Q18*	QoQ	YoY
Marketing Expenses	639.5	703.2	615.6	-12.5%	-3.7%

※ KT Separate, Profit from handset sales adjusted / Selling expenses + Advertising expenses



## 2-3 Financial Highlights

### Financial Position

(Unit: KRW bn)

#### □ Equity increase on IFRS15

##### initial application

(Cumulative impact reflected  
in Jan 1<sup>st</sup>, 2018 retained earnings)

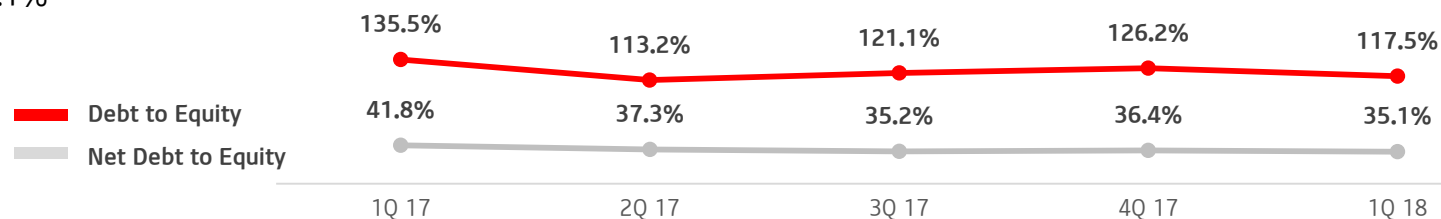
#### □ Debt Position

- Borrowings: KRW 6.69tn
- Net Debt: KRW 4.91tn

#### □ Debt Ratio

- Debt to Equity: 117.5%
- Net Debt to Equity: 35.1%

	1Q17*	4Q17*	18.01.01	1Q18	QoQ	YoY
<b>Assets</b>	<b>30,102.6</b>	<b>29,580.6</b>	<b>30,934.7</b>	<b>30,467.8</b>	<b>3.0%</b>	<b>1.2%</b>
Cash & cash Equivalents	2,002.1	1,928.2	1,928.2	1,777.5	-7.8%	-11.2%
<b>Debt</b>	<b>17,319.3</b>	<b>16,504.3</b>	<b>16,846.7</b>	<b>16,458.0</b>	<b>-0.3%</b>	<b>-5.0%</b>
Borrowings	7,345.2	6,683.7	6,683.7	6,689.3	0.1%	-8.9%
<b>Equity</b>	<b>12,783.3</b>	<b>13,076.4</b>	<b>14,088.0</b>	<b>14,009.8</b>	<b>7.1%</b>	<b>9.6%</b>
Capital Stock	1,564.5	1,564.5	1,564.5	1,564.5	0.0%	0.0%
<b>Net Debt</b>	<b>5,343.1</b>	<b>4,755.5</b>	<b>4,755.5</b>	<b>4,911.8</b>	<b>3.3%</b>	<b>-8.1%</b>
Debt/Equity	135.5%	126.2%	119.6%	117.5%	-8.7%p	-18.0%p
Net Debt/Equity	41.8%	36.4%	33.8%	35.1%	-1.3%p	-6.7%p



## 2-4 Financial Highlights

### CAPEX

(Unit: KRW bn)

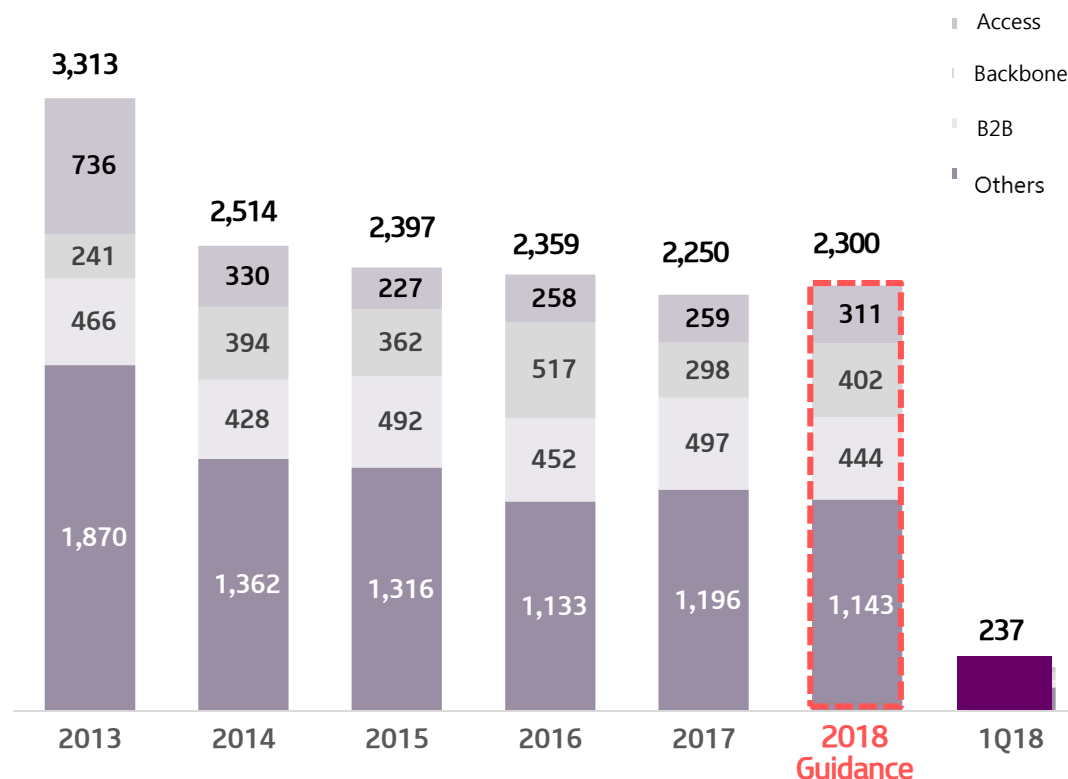
#### □ 18.1Q CAPEX

- KRW 237.0bn executed
- 10.3% executed as of 181Q

#### □ CAPEX Breakdown

- Access Network : KRW 128.0bn
- Backbone Network : KRW 39.0bn
- B2B : KRW 41.0bn
- Others : KRW 29.0bn

#### □ 2018 Guidance: KRW 2.3tn



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## 3-1 Business Overview

### Wireless

(Unit: KRW bn)

#### □ Wireless down by 0.9% YoY

- Revenue decline on increased take-up rate of selective tariff discount and uplifted tariff discount rate

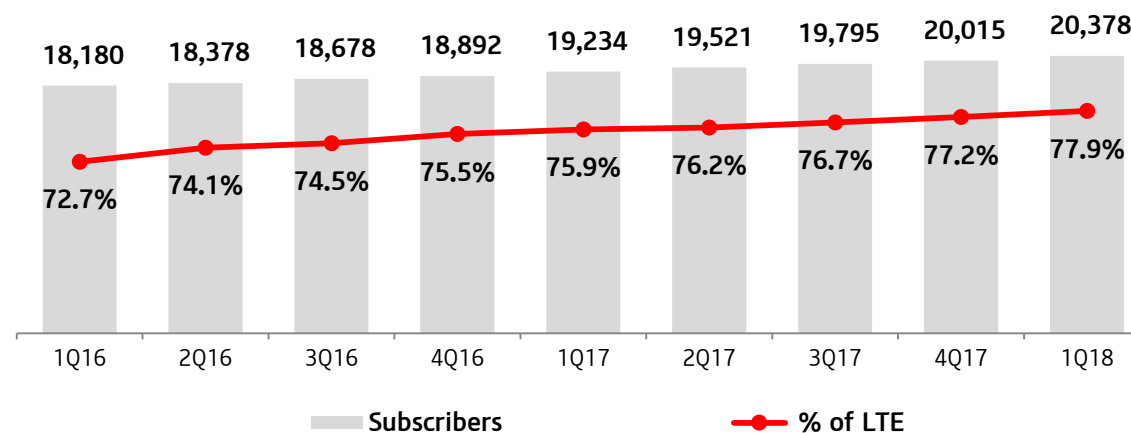
	1Q17*	4Q17*	1Q18*	QoQ	YoY	1Q18	Diff
<b>Wireless</b>	<b>1,793.9</b>	<b>1,811.4</b>	<b>1,777.9</b>	<b>-1.8%</b>	<b>-0.9%</b>	<b>1,740.8</b>	<b>-37.1</b>
Service	1,667.0	1,699.9	1,660.2	-2.3%	-0.4%	1,623.1	-37.1
Interconnection	126.8	111.5	117.7	5.5%	-7.2%	117.7	0.0

#### [Wireless Subscriber]

(Unit: 1,000)

#### □ Net additions and LTE penetration continues

- Wireless net adds of 360k
- Handset & 2nd Device subscribers both increased on targeted marketing; 'Premium Family Bundles'
- LTE penetration reached 77.9%



## 3-2 Business Overview

### Wireline

(Unit: KRW bn)

#### □ Wireline down by 3.3% YoY

	1Q17*	4Q17*	1Q18*	QoQ	YoY	1Q18	Diff
Wireline	1,254.3	1,202.6	1,212.4	0.8%	-3.3%	1,198.8	-13.6
Telephony	489.8	431.0	437.6	1.5%	-10.7%	436.9	-0.8
Broadband	496.2	512.0	516.7	0.9%	4.1%	503.9	-12.8
Line lease	268.2	259.6	258.0	-0.6%	-3.8%	258.0	0.0

#### □ Telephony

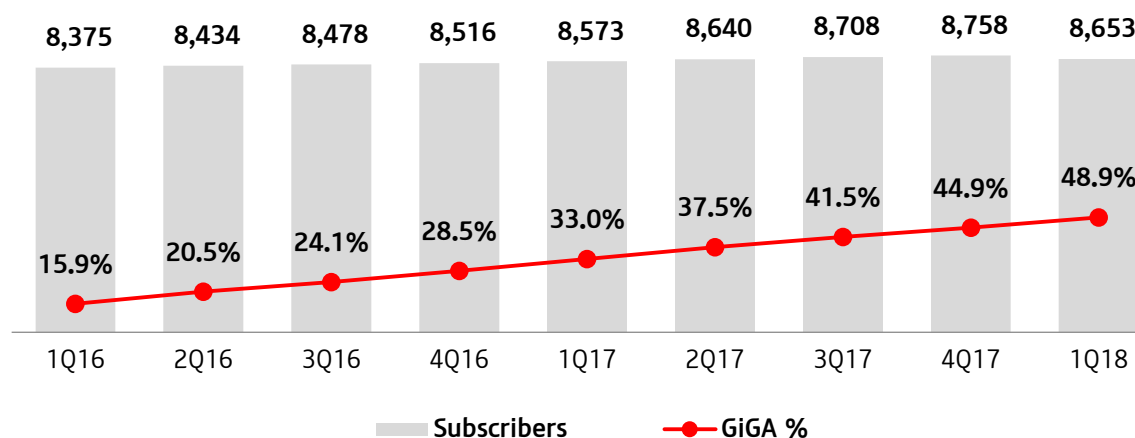
- Revenue down by 10.7% YoY on cord-cutting and usage drop

#### □ Broadband

- High quality subscribers expanded on GiGA network competitiveness
- GiGA subscribers reached 4.2m
- Revenue up by 4.1% YoY (KT Separate, up by 4.8% YoY)

#### [Broadband Subscriber]

(Unit: 1,000)



## 3-3 Business Overview

### Media / Contents

(Unit: KRW bn)

#### □ Media/Contents up by 8.1% YoY

	1Q17*	4Q17*	1Q18*	QoQ	YoY	1Q18	Diff
Media/Contents	519.7	584.8	561.7	-3.9%	8.1%	554.2	-7.4
Media	424.3	472.3	461.5	-2.3%	8.8%	454.3	-7.2
Contents	95.4	112.4	100.2	-10.9%	5.1%	99.9	-0.2

#### □ Media

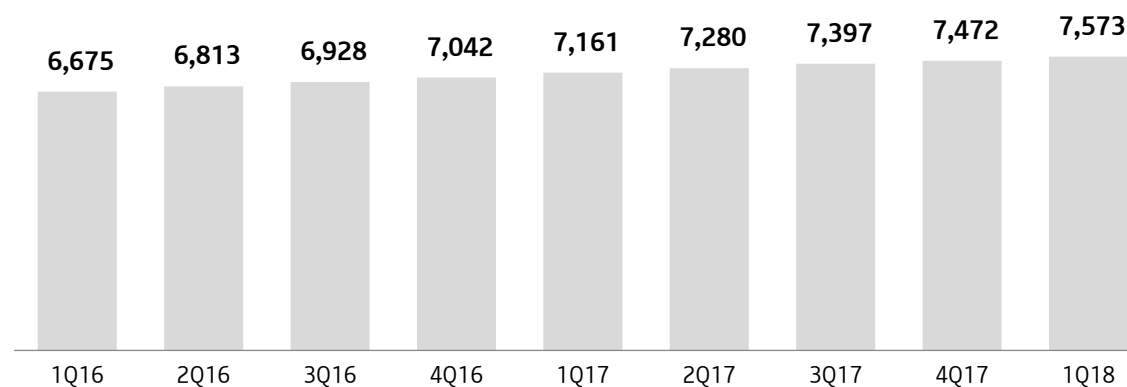
- Media revenue up by 8.8% YoY on high quality subscribers expansion and platform revenue increase

#### □ Contents

- Up by 5.1% YoY on T-commerce(KTH)

#### [IPTV Subscriber]

(Unit: 1,000)



※ Number of IPTV subscribers differ from MSIP's release that applies "Combined Market Share Regulation" under the IPTV law. (KT's average(6-month average) pay TV subscribers as of 1H17 are 6,065,731)

## 3-4 Business Overview

### Finance and others

(Unit: KRW bn)

#### □ Finance, (YoY) -1.7%

- Finance revenue declined on decreased 'Union-Pay' card transactions

#### □ Other Service , (YoY) +0.6%

- Other revenue up on IDC and security business expansion

	1Q17*	4Q17*	1Q18*	QoQ	YoY	1Q18	Diff
Finance	847.0	892.8	832.7	-6.7%	-1.7%	832.7	0.0
Other Service	533.7	566.6	537.0	-5.2%	0.6%	537.1	0.0
IT/Solution	212.4	237.0	235.5	-0.6%	10.9%	235.5	0.0
Real estate	114.2	113.6	97.1	-14.5%	-15.0%	97.1	0.0
Others	207.1	216.1	204.4	-5.4%	-1.3%	204.4	0.0

(Unit: KRW bn)

#### □ Merchandise, up by 38.2% YoY

- Total volume and premium handset sales increased

	1Q17*	4Q17*	1Q18*	QoQ	YoY	1Q18	Diff
Merchandise	663.1	1,048.4	916.1	-12.6%	38.2%	846.6	-69.5

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## 5-1 K-IFRS Income Statement

Consolidated	1Q 17*	2Q 17*	3Q 17*	4Q 17*	1Q 18*	1Q 18
<b>Operating revenue</b>	<b>5,611.7</b>	<b>5,842.5</b>	<b>5,826.6</b>	<b>6,106.6</b>	<b>5,837.9</b>	<b>5,710.2</b>
<b>Service Revenue</b>	<b>4,948.5</b>	<b>5,069.1</b>	<b>5,047.2</b>	<b>5,058.2</b>	<b>4,921.7</b>	<b>4,863.6</b>
Wireless	1,793.9	1,781.4	1,816.6	1,811.4	1,777.9	1,740.8
Fixed line	1,254.3	1,226.1	1,218.0	1,202.6	1,212.4	1,198.8
Media/Contents	519.7	561.4	572.6	584.8	561.7	554.2
Finance	847.0	914.7	873.9	892.8	832.7	832.7
Others	533.7	585.5	566.2	566.6	537.0	537.1
<b>Merchandise Rev.</b>	<b>663.1</b>	<b>773.3</b>	<b>779.3</b>	<b>1,048.4</b>	<b>916.1</b>	<b>846.6</b>
<b>Operating expense</b>	<b>5,194.7</b>	<b>5,395.2</b>	<b>5,449.3</b>	<b>5,972.8</b>	<b>5,402.7</b>	<b>5,313.1</b>
<b>Service expense</b>	<b>4,367.7</b>	<b>4,551.7</b>	<b>4,524.9</b>	<b>4,804.7</b>	<b>4,458.3</b>	<b>4,368.6</b>
Labor expense	869.8	872.1	848.5	978.0	923.5	922.1
General expense	2,408.3	2,442.3	2,481.1	2,536.4	2,363.6	2,353.1
Cost of svc provided	627.3	661.6	603.3	676.4	649.7	649.7
Selling expense	462.2	575.6	592.1	613.8	521.4	443.7
<b>Merchandise Cost</b>	<b>827.0</b>	<b>843.5</b>	<b>924.4</b>	<b>1,168.1</b>	<b>944.4</b>	<b>944.4</b>
<b>Operating income</b>	<b>417.0</b>	<b>447.3</b>	<b>377.3</b>	<b>133.7</b>	<b>435.1</b>	<b>397.1</b>
<b>N-OP income (loss)</b>	<b>-99.0</b>	<b>-131.4</b>	<b>-60.5</b>	<b>-247.3</b>	<b>-47.2</b>	<b>-44.1</b>
N-operating income	283.6	53.7	120.7	235.6	128.7	130.0
N-operating expense	379.5	185.9	183.7	469.1	174.9	173.2
Equity Method (G/L)	-3.2	0.8	2.4	-13.9	-1.0	-1.0
<b>Income bf taxes</b>	<b>318.0</b>	<b>315.9</b>	<b>316.7</b>	<b>-113.6</b>	<b>388.0</b>	<b>353.0</b>
Income tax	93.6	57.8	114.1	9.9	135.4	128.9
<b>Income from con. op</b>	<b>224.3</b>	<b>258.1</b>	<b>202.6</b>	<b>-123.5</b>	<b>252.5</b>	<b>224.1</b>
Income from discon. op	0.0	0.0	0.0	0.0	0.0	0.0
<b>Net income</b>	<b>224.3</b>	<b>258.1</b>	<b>202.6</b>	<b>-123.5</b>	<b>252.5</b>	<b>224.1</b>
NI contribution to KT	200.8	222.2	179.9	-126.1	227.5	197.0
<b>EBITDA</b>	<b>1,267.6</b>	<b>1,288.3</b>	<b>1,215.1</b>	<b>968.8</b>	<b>1,266.9</b>	<b>1,228.9</b>
EBITDA Margin	22.6%	22.1%	20.9%	15.9%	21.7%	21.5%

KT Separate	1Q 17*	2Q 17*	3Q 17*	4Q 17*	1Q 18*	1Q 18
<b>Operating revenue</b>	<b>4,161.4</b>	<b>4,292.6</b>	<b>4,312.0</b>	<b>4,575.3</b>	<b>4,418.4</b>	<b>4,297.2</b>
<b>Service Revenue</b>	<b>3,541.3</b>	<b>3,588.2</b>	<b>3,607.5</b>	<b>3,570.0</b>	<b>3,555.1</b>	<b>3,501.5</b>
Wireless	1,770.5	1,759.5	1,791.2	1,782.5	1,751.3	1,713.8
Fixed line	1,231.2	1,212.6	1,210.1	1,186.5	1,197.9	1,186.5
Media/Contents	279.9	308.8	311.6	317.6	323.1	318.7
Other service	259.6	307.2	294.7	283.4	282.7	282.5
<b>Merchandise rev.</b>	<b>620.1</b>	<b>704.4</b>	<b>704.5</b>	<b>1,005.3</b>	<b>863.3</b>	<b>795.6</b>
<b>Operating expense</b>	<b>3,842.5</b>	<b>3,991.2</b>	<b>4,040.6</b>	<b>4,514.9</b>	<b>4,078.8</b>	<b>3,992.2</b>
<b>Service expense</b>	<b>3,106.4</b>	<b>3,253.8</b>	<b>3,278.5</b>	<b>3,473.3</b>	<b>3,227.9</b>	<b>3,141.3</b>
Labor expense	497.8	502.5	491.0	575.3	526.9	526.9
General expense	1,605.6	1,655.8	1,687.6	1,779.0	1,633.4	1,627.8
Cost of svc provided	500.8	510.1	509.2	507.6	519.0	519.0
Selling expense	502.2	585.4	590.7	611.3	548.5	467.6
<b>Cost of merch sold</b>	<b>736.1</b>	<b>737.3</b>	<b>762.0</b>	<b>1,041.7</b>	<b>850.9</b>	<b>850.9</b>
<b>Operating income</b>	<b>318.9</b>	<b>301.4</b>	<b>271.4</b>	<b>60.4</b>	<b>339.6</b>	<b>305.0</b>
<b>N-OP income (loss)</b>	<b>39.3</b>	<b>-127.7</b>	<b>-46.2</b>	<b>-205.2</b>	<b>124.3</b>	<b>127.3</b>
N-operating income	389.0	45.5	106.6	200.8	283.5	284.8
N-operating expense	349.6	173.2	152.7	406.0	159.2	157.5
<b>Income bf taxes</b>	<b>358.3</b>	<b>173.7</b>	<b>225.3</b>	<b>-144.8</b>	<b>463.9</b>	<b>432.2</b>
Income tax	73.7	13.0	77.3	-14.8	123.9	115.4
<b>Net Income</b>	<b>284.6</b>	<b>160.7</b>	<b>148.0</b>	<b>-130.1</b>	<b>340.0</b>	<b>316.8</b>
<b>EBITDA</b>	<b>1,083.8</b>	<b>1,057.4</b>	<b>1,021.8</b>	<b>805.7</b>	<b>1,081.3</b>	<b>1,046.6</b>
EBITDA Margin	26.0%	24.6%	23.7%	17.6%	24.5%	24.4%

\* K-IFRS 1018( Old Standard)

## 5-2 K-IFRS Balance Sheet

Consolidated	1Q 17*	2Q 17*	3Q 17*	4Q 17*	1Q 18
<b>Asset</b>	<b>30,102.6</b>	<b>27,825.5</b>	<b>29,373.0</b>	<b>29,580.6</b>	<b>30,467.8</b>
<b>Current assets</b>	<b>9,858.1</b>	<b>7,592.8</b>	<b>9,354.1</b>	<b>9,522.1</b>	<b>10,928.3</b>
Cash & cash equi.	2,002.1	1,656.5	2,168.6	1,928.2	1,777.5
Trade & other rec	3,196.7	3,384.9	3,440.8	3,555.9	3,486.4
Inventories	499.0	420.0	346.7	457.7	716.0
Other current asset	4,160.2	2,131.6	3,398.0	3,580.4	4,948.5
- Prepaid_Contract cost	-	-	-	-	987.2
- Contract Assets	-	-	-	-	313.1
<b>Non-current assets</b>	<b>20,244.5</b>	<b>20,232.7</b>	<b>20,018.9</b>	<b>20,058.5</b>	<b>19,539.5</b>
Trade & other rec	609.6	647.8	629.8	800.6	689.2
P.P.E	13,865.5	13,409.7	13,288.5	13,562.3	13,161.7
Other current asset	5,769.4	6,175.2	6,100.5	5,695.6	5,688.5
- Prepaid_Contract cost	-	-	-	-	343.5
- Contract Assets	-	-	-	-	74.0
<b>Liabilities</b>	<b>17,319.3</b>	<b>14,771.1</b>	<b>16,085.9</b>	<b>16,504.3</b>	<b>16,458.0</b>
<b>Current liabilities</b>	<b>9,714.6</b>	<b>7,275.8</b>	<b>8,815.7</b>	<b>9,458.1</b>	<b>9,437.6</b>
Trade & other payables	7,384.0	5,626.9	6,672.0	7,355.5	6,972.4
Short-term borrowings	1,647.5	988.7	1,586.0	1,573.5	1,534.3
Others	683.1	660.2	557.6	529.1	931.0
- Contract liabilities	-	-	-	-	270.8
<b>Non-current liabilities</b>	<b>7,604.7</b>	<b>7,495.4</b>	<b>7,270.2</b>	<b>7,046.1</b>	<b>7,020.4</b>
Trade & other payables	886.9	894.1	900.6	893.1	667.9
Short-term borrowings	5,697.7	5,536.3	5,262.2	5,110.2	5,155.0
Others	1,020.0	1,065.0	1,107.5	1,042.8	1,197.5
- Contract liabilities	-	-	-	-	52.1
<b>Equity</b>	<b>12,783.3</b>	<b>13,054.4</b>	<b>13,287.1</b>	<b>13,076.4</b>	<b>14,009.8</b>
Retained Earnings	9,657.9	9,877.3	10,056.5	9,854.2	10,726.0

Seperate	1Q 17*	2Q 17*	3Q 17*	4Q 17*	1Q 18
<b>Asset</b>	<b>23,677.2</b>	<b>22,881.3</b>	<b>23,381.9</b>	<b>23,334.9</b>	<b>24,639.8</b>
<b>Current assets</b>	<b>4,502.2</b>	<b>3,954.2</b>	<b>4,603.1</b>	<b>4,379.6</b>	<b>6,312.7</b>
Cash & cash equi.	1,102.6	911.6	1,323.8	1,166.4	1,064.1
Trade & other rec	2,563.5	2,617.5	2,601.6	2,740.3	2,847.6
Inventories	287.2	205.3	142.3	232.2	450.7
Other current asset	548.8	219.7	535.4	240.6	1,950.3
- Prepaid_Contract cost	-	-	-	-	1,005.8
- Contract Assets	-	-	-	-	289.1
<b>Non-current assets</b>	<b>19,175.1</b>	<b>18,927.1</b>	<b>18,778.9</b>	<b>18,955.4</b>	<b>18,327.1</b>
Trade & other rec	541.7	581.7	556.8	735.7	624.1
P.P.E	11,538.2	11,117.3	11,074.7	11,375.0	11,008.2
Other current asset	7,095.2	7,228.1	7,147.3	6,844.6	6,694.9
- Prepaid_Contract cost	-	-	-	-	331.4
- Contract Assets	-	-	-	-	64.0
<b>Liabilities</b>	<b>12,492.0</b>	<b>11,533.4</b>	<b>11,878.7</b>	<b>12,023.8</b>	<b>12,304.3</b>
<b>Current liabilities</b>	<b>5,636.5</b>	<b>4,741.9</b>	<b>5,338.2</b>	<b>5,596.7</b>	<b>5,883.2</b>
Trade & other payables	3,842.5	3,653.6	3,733.4	4,109.5	4,074.7
Short-term borrowings	1,433.4	712.4	1,336.6	1,298.5	1,230.1
Others	360.6	376.0	268.3	188.6	578.4
- Contract liabilities	-	-	-	-	274.4
<b>Non-current liabilities</b>	<b>6,855.5</b>	<b>6,791.5</b>	<b>6,540.5</b>	<b>6,427.2</b>	<b>6,421.1</b>
Trade & other payables	942.9	945.0	946.3	958.2	728.4
Short-term borrowings	5,370.6	5,278.5	5,006.7	4,914.4	5,007.5
Others	542.0	568.0	587.4	554.6	685.2
- Contract liabilities	-	-	-	-	47.6
<b>Equity</b>	<b>11,185.2</b>	<b>11,347.9</b>	<b>11,503.2</b>	<b>11,311.1</b>	<b>12,335.5</b>
Retained Earnings	9,242.1	9,400.9	9,548.3	9,344.5	10,380.4

\* K-IFRS 1018( Old Standard)

## 5-3 Subscribers(Separate)

Wireless	1Q 17	2Q 17	3Q 17	4Q 17	1Q 18	QoQ	YoY
<b>Subscribers (Unit: 1,000)<sup>1)</sup></b>							
<b>Total (LTE+WCDMA)</b>	<b>19,234</b>	<b>19,521</b>	<b>19,795</b>	<b>20,015</b>	<b>20,378</b>	<b>1.8%</b>	<b>5.9%</b>
Net additions	342	287	274	220	363	65.0%	6.1%
Gross additions	1,242	1,224	1,270	1,264	1,211	-4.2%	-2.5%
Deactivation <sup>2)</sup>	900	937	996	1,043	848	-18.7%	5.8%
Churn rate	1.6%	1.6%	1.7%	1.7%	1.4%	-0.3%p	-0.2%p
LTE	14,608	14,869	15,179	15,462	15,867	2.6%	8.6%
LTE Penetration rate	75.9%	76.2%	76.7%	77.2%	77.9%	0.7%p	2.0%p
<b>ARPU (KRW)<sup>3)</sup></b>	<b>34,537</b>	<b>34,554</b>	<b>34,608</b>	<b>34,077</b>	<b>32,993<sup>4)</sup></b>	<b>-3.2%</b>	<b>-4.5%</b>

Note1) Subscribers: MSIP's new guidelines for subscriber disclosure (Retroactively applied from 1Q14, MVNO included)

Note2) Deactivation: Mandatory deactivation included

Note3) ARPU= Wireless revenue\*/Wireless subscribers\*\*

\* Wireless revenue(3G+LTE and IoT included): Revenue of Voice and Data usage(Interconnection/Subscription fee excluded), VAS, Contract/ Bundled Discounts, and etc. included

\*\* Wireless subscribers(3G+LTE and IoT included): Based on MSIP's guidelines for average billed subscribers in quarter

Note4) ARPU based on old standard(Note : New standard wireless ARPU : 32,283won)

Wireline	1Q 17	2Q 17	3Q 17	4Q 17	1Q 18	QoQ	YoY
<b>Subscribers (Unit: 1,000)</b>							
<b>Telephony</b>	<b>16,129</b>	<b>16,045</b>	<b>15,815</b>	<b>15,610</b>	<b>15,478</b>	<b>-0.8%</b>	<b>-4.0%</b>
PSTN	12,679	12,576	12,375	12,201	12,080	-1.0%	-4.7%
VoIP	3,450	3,469	3,440	3,409	3,398	-0.3%	-1.5%
<b>Broadband</b>	<b>8,573</b>	<b>8,639</b>	<b>8,708</b>	<b>8,758</b>	<b>8,653</b>	<b>-1.2%</b>	<b>0.9%</b>
<b>IPTV (OTV+OTS)</b>	<b>7,161</b>	<b>7,280</b>	<b>7,397</b>	<b>7,472</b>	<b>7,573</b>	<b>1.4%</b>	<b>5.8%</b>

※ Number of IPTV subscribers differ from MSIP's release as MSIP number applies "Combined Market Share Regulation" under the IPTV law.  
(Average of KT's pay TV subscribers as 1H of 2017(average subs for 6 months) are 6,065,731.)

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