# COMPANY UPDATE

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**Tech Team**

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# KT (030200)

## Building a stronger base for growth

- KT reported a 1Q consolidated operating profit of KRW482.7b (down 29.9% y-y and in line with consensus), with the y-y decline stemming from a high base effect from one-off property development gains recorded in 1Q25 and a slowdown in wireless sales due to the waiver of early termination fees following a cybersecurity breach.
- The company aims to secure mid-to-long-term growth foundations by strengthening its AI infrastructure capabilities. Reflecting its strong commitment to expanding shareholder returns, we maintain our BUY rating on the stock.

### ▶ AT A GLANCE

**BUY**

| | | |
|---|---|---|
| **Target price** | **KRW73,000** | **34.7%** |
| **Current price** | **KRW54,200** | |
| Market cap | KRW13.7t/USD9.1b | |
| Shares (float) | 252,021,685 (84.3%) | |
| 52-week high/low | KRW68,900/KRW48,250 | |
| Avg daily trading value (60-day) | KRW29.3b/ USD19.5m | |

### ▶ ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---|---|---|---|
| KT (%) | -12.2 | 8.0 | 4.8 |
| Vs Kospi (%pts) | -29.3 | -46.9 | -65.6 |

### ▶ KEY CHANGES

| (KRW) | New | Old | Diff |
|---|---|---|---|
| Recommend. | BUY | BUY | |
| Target price | 73,000 | 73,000 | 0.0% |
| 2026E EPS | 5,795 | 5,908 | -1.9% |
| 2027E EPS | 6,184 | 6,337 | -2.4% |

### ▶ SAMSUNG vs THE STREET

| | |
|---|---|
| No of estimates | 16 |
| Target price | 75,813 |
| Recommendation | 4.0 |

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

### WHAT'S THE STORY?

**1Q26 results in line with consensus:** KT reported 1Q consolidated sales of KRW6.78t (down 1.0% y-y) and operating profit of KRW482.7b (down 29.9% y-y), the latter matching consensus. The y-y decline in operating profit was primarily driven by: 1) a high base effect from property development gains in Gwangjin-gu recorded in 1Q25; and 2) a slowdown in wireless sales due to the waiver of early termination fees following a major cybersecurity breach (Dec 31, 2025 – Jan 13, 2026). Wireless service sales rose 0.4% y-y, but on a q-q basis, they fell 3.0%. The fixed-line business maintained a solid trajectory, supported by improved internet sales from an increase in Giga Internet subscribers and growth in media sales driven by the expansion of IPTV premium plans. Among major affiliates, KT estate delivered standout performance, with sales surging 72.9% y-y on improved hotel operating results and the full-blown recognition of presale gains from the Daejeon apartment development project as construction progress accelerated.

*(Continued on the next page)*

### SUMMARY 1Q RESULTS

| (KRWb) | 1Q26 | Chg | | Diff (%) | |
|---|---|---|---|---|---|
| | | (% y-y) | (% q-q) | Samsung | Consensus |
| Sales | 6,778.4 | -1.0 | -1.0 | 2.8 | n/a |
| Operating profit | 482.7 | -29.9 | 112.3 | -1.0 | n/a |
| Pre-tax profit | 512.5 | -28.0 | 271.6 | 11.9 | n/a |
| Net profit | 388.3 | -31.5 | 324.7 | 6.9 | n/a |
| **Margins (%)** | | | | | |
| Operating profit | 7.1 | | | | |
| Pre-tax profit | 7.6 | | | | |
| Net profit | 5.7 | | | | |

data, Fnguide, Samsung Securities estimates

### VALUATION SUMMARY

| | 2025 | 2026E | 2027E |
|---|---|---|---|
| **Valuation (x)** | | | |
| P/E | 7.7 | 9.4 | 8.8 |
| P/B | 0.7 | 0.7 | 0.6 |
| EV/EBITDA | 3.9 | 4.3 | 4.1 |
| Div yield (%) | 4.6 | 4.4 | 4.6 |
| EPS growth (% y-y) | 271.3 | -15.6 | 6.7 |
| ROE (%) | 10.2 | 8.0 | 8.0 |
| **Per-share data (KRW)** | | | |
| EPS | 6,869 | 5,795 | 6,184 |
| BVPS | 73,231 | 79,453 | 83,543 |
| DPS | 2,400 | 2,400 | 2,500 |

**Accelerating AX business expansion:** KT aims to secure mid-to-long-term growth foundations by strengthening its AI infrastructure capabilities. The company is expected to expand its AX business through strategic collaborations with global tech leaders (eg, Microsoft and Palantir), while bolstering its B2B competitiveness by leveraging established references in the financial and public sectors. The data center business is also projected to sustain a stable growth trend, driven by rising utilization rates at existing facilities and the expansion of new data centers.

**Sustained focus on shareholder returns:** KT has announced a mid-term shareholder return policy for 2026–2028, committing to allocate 50% of adjusted net profit for shareholder returns and maintaining a balanced mix of cash dividends, share buybacks, and cancellations. Despite the decline in 1Q earnings, the company decided to maintain the quarterly DPS at KRW600, unchanged from the 1Q25 level. Additionally, the ongoing share buyback program, initiated in February with a target of KRW250b in cancellations, should provide meaningful support to the stock price.

**Table 1. Results and forecasts**

| (KRWb) | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | 2Q26E | 3Q26E | 4Q26E | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Operating revenue (consolidated)** | **6,654.6** | **6,546.4** | **6,654.7** | **6,575.6** | **6,845.1** | **7,427.4** | **7,126.7** | **6,845.0** | **6,778.4** | **6,909.4** | **7,088.0** | **6,922.1** | **28,244.2** | **27,697.9** | **28,101.9** |
| Services | 5,722.7 | 5,776.6 | 5,752.0 | 5,754.7 | 5,700.4 | 5,817.8 | 5,920.8 | 5,949.4 | 5,733.4 | 5,338.2 | 5,967.8 | 6,023.1 | 23,388.4 | 23,062.5 | 23,520.7 |
| Products | 931.9 | 769.8 | 902.7 | 820.9 | 1,144.7 | 1,609.6 | 1,205.9 | 895.6 | 1,045.0 | 1,571.1 | 1,120.2 | 899.0 | 4,855.8 | 4,635.3 | 4,581.2 |
| **Operating revenue (parent)** | **4,694.8** | **4,548.3** | **4,765.0** | **4,571.6** | **4,682.0** | **4,772.8** | **5,109.0** | **4,760.2** | **4,834.6** | **4,761.0** | **5,035.7** | **4,785.3** | **19,324.0** | **19,416.6** | **19,652.1** |
| Wireless | 1,736.5 | 1,765.1 | 1,740.4 | 1,717.8 | 1,753.1 | 1,781.7 | 1,809.6 | 1,811.0 | 1,757.4 | 1,779.5 | 1,792.2 | 1,811.1 | 7,155.4 | 7,140.2 | 7,329.7 |
| Fixed-line | 1,322.4 | 1,316.6 | 1,312.6 | 1,317.1 | 1,311.7 | 1,334.5 | 1,331.9 | 1,333.0 | 1,321.6 | 1,341.0 | 1,332.1 | 1,335.0 | 5,311.1 | 5,329.7 | 5,339.9 |
| B2B | 895.0 | 882.7 | 926.4 | 856.5 | 892.2 | 922.7 | 932.7 | 858.6 | 872.4 | 942.3 | 955.6 | 885.4 | 3,606.2 | 3,655.6 | 3,726.9 |
| Real estate, *etc* | 86.7 | 83.6 | 89.6 | 104.3 | 87.4 | 92.8 | 105.6 | 120.0 | 117.6 | 95.6 | 112.4 | 112.7 | 405.8 | 438.4 | 457.0 |
| Handset | 654.2 | 500.3 | 696.0 | 575.8 | 637.5 | 641.1 | 929.1 | 637.7 | 765.5 | 602.6 | 843.4 | 641.1 | 2,845.4 | 2,852.6 | 2,798.5 |
| **Subsidiaries** | **3,202.2** | **3,286.9** | **3,248.8** | **3,518.3** | **3,524.2** | **4,159.5** | **3,681.4** | **3,913.2** | **3,430.3** | **3,679.3** | **3,614.1** | **3,724.4** | **15,278.3** | **14,448.0** | **14,802.8** |
| Operating costs | 6,148.1 | 6,052.4 | 6,190.6 | 7,230.7 | 6,156.3 | 6,412.6 | 6,588.5 | 6,617.7 | 6,295.7 | 6,333.4 | 6,517.9 | 6,505.5 | 25,775.1 | 25,652.5 | 25,863.2 |
| Labor | 1,100.9 | 1,213.2 | 1,118.3 | 2,189.6 | 1,121.8 | 1,119.4 | 1,167.6 | 1,184.0 | 1,173.9 | 1,130.6 | 1,178.3 | 1,208.8 | 4,592.8 | 4,691.5 | 4,782.9 |
| Depreciation | 973.7 | 966.2 | 964.8 | 973.1 | 968.7 | 975.9 | 965.7 | 969.9 | 957.3 | 960.8 | 956.4 | 959.5 | 3,880.2 | 3,833.9 | 3,849.8 |
| Marketing | 32.1 | 40.8 | 44.4 | 52.0 | 32.2 | 37.3 | 45.5 | 53.7 | 32.3 | 37.8 | 46.1 | 54.5 | 168.7 | 170.7 | 175.7 |
| SG&A expenses | 599.6 | 600.8 | 600.8 | 608.4 | 598.0 | 615.1 | 632.6 | 874.8 | 652.7 | 605.3 | 626.8 | 796.2 | 2,720.5 | 2,681.0 | 2,734.3 |
| **Operating profit** | **506.5** | **494.0** | **464.1** | **-655.1** | **688.8** | **1,014.8** | **538.2** | **227.3** | **482.7** | **575.9** | **570.1** | **416.7** | **2,469.1** | **2,045.4** | **2,238.7** |
| Operating margin (%) | 7.6 | 7.5 | 7.0 | -10.0 | 10.1 | 13.7 | 7.6 | 3.3 | 7.1 | 8.3 | 8.0 | 6.0 | 8.7 | 7.4 | 8.0 |
| Pre-tax profit | 529.0 | 556.7 | 509.1 | -1,010.1 | 711.8 | 974.9 | 593.4 | 137.9 | 512.5 | 571.0 | 622.4 | 329.8 | 2,418.1 | 2,035.7 | 2,207.5 |
| **Net profit (controlling)** | 375.5 | 393.0 | 357.3 | -655.6 | 539.8 | 687.9 | 391.5 | 111.7 | 352.2 | 419.5 | 453.6 | 235.2 | 1,731.0 | 1,460.5 | 1,558.5 |
| **Chg (% y-y)** | | | | | | | | | | | | | | | |
| **Operating revenue** | **3.3** | **0.0** | **-0.6** | **-1.8** | **2.9** | **13.5** | **7.1** | **4.1** | **-1.0** | **-7.0** | **-0.5** | **1.1** | **6.9** | **-1.9** | **1.5** |
| Services | 2.2 | -1.0 | -1.5 | 0.6 | -0.4 | 0.7 | 2.9 | 3.4 | 0.6 | -8.2 | 0.8 | 1.2 | 1.7 | -1.4 | 2.0 |
| Products | 10.1 | 8.0 | 5.6 | -16.1 | 22.8 | 109.1 | 33.6 | 9.1 | -8.7 | -2.4 | -7.1 | 0.4 | 41.8 | -4.5 | -1.2 |
| **KT (parent)** | 1.6 | 1.4 | 2.0 | -0.4 | -0.3 | 4.9 | 7.2 | 4.1 | 3.3 | -0.2 | -1.4 | 0.5 | 4.0 | 0.5 | 1.2 |
| Wireless | 1.7 | 2.5 | 1.9 | -0.8 | 1.0 | 0.9 | 4.0 | 5.4 | 0.2 | -0.1 | -1.0 | 0.0 | 2.8 | -0.2 | 2.7 |
| Fixed-line | 1.0 | -0.3 | -1.3 | 0.4 | -0.8 | 1.4 | 1.5 | 1.2 | 0.8 | 0.5 | 0.0 | 0.2 | 0.8 | 0.3 | 0.2 |
| B2B | 5.0 | -1.0 | 2.5 | 5.3 | -0.3 | 4.5 | 0.7 | 0.2 | -2.2 | 2.1 | 2.5 | 3.1 | 1.3 | 1.4 | 1.9 |
| Real estate, *etc* | 2.8 | -1.1 | 15.0 | 23.3 | 0.8 | 11.0 | 17.9 | 15.1 | 34.6 | 3.0 | 6.5 | -6.0 | 11.4 | 8.0 | 4.3 |
| Handset | -1.8 | 6.7 | 6.6 | -11.5 | -2.6 | 28.1 | 33.5 | 10.8 | 20.1 | -6.0 | -9.2 | 0.5 | 17.3 | 0.3 | -1.9 |
| **Subsidiaries** | **5.4** | **-0.4** | **-2.8** | **-2.1** | **10.1** | **26.5** | **13.3** | **11.2** | **-2.7** | **-11.5** | **-1.8** | **-4.8** | **15.3** | **-5.4** | **2.5** |
| Operating costs | 3.2 | 1.4 | -2.9 | 12.4 | 0.1 | 6.0 | 6.4 | -8.5 | 2.3 | -1.2 | -1.1 | -1.7 | 0.6 | -0.5 | 0.8 |
| Labor | 3.0 | 7.2 | -6.1 | 89.1 | 1.9 | -7.7 | 4.4 | -45.9 | 4.6 | 1.0 | 0.9 | 2.1 | -18.3 | 2.1 | 1.9 |
| Depreciation | 4.8 | 4.0 | 2.9 | -4.0 | -0.5 | 1.0 | 0.1 | -0.3 | -1.2 | -1.5 | -1.0 | -1.1 | 0.1 | -1.2 | 0.4 |
| Marketing | -9.1 | 1.7 | 15.0 | 31.0 | 0.3 | -8.6 | 2.5 | 3.3 | 0.3 | 1.4 | 1.4 | 1.4 | -0.4 | 1.2 | 2.9 |
| SG&A expenses | -0.2 | -5.2 | -3.6 | -5.8 | -0.3 | 2.4 | 5.3 | 43.8 | 9.1 | -1.6 | -0.9 | -9.0 | 12.9 | -1.5 | 2.0 |
| **Operating profit** | **4.2** | **-14.3** | **44.2** | **nm** | **36.0** | **105.4** | **16.0** | **nm** | **-29.9** | **-43.2** | **5.9** | **83.3** | **205.0** | **-17.2** | **9.5** |
| Operating margin (%) | 0.1 | -1.3 | 2.2 | -13.9 | 2.5 | 6.1 | 0.6 | 13.3 | -2.9 | -5.3 | 0.5 | 2.7 | 5.7 | -1.4 | 0.6 |
| Pre-tax profit | 20.9 | 1.6 | 45.3 | nm | 34.6 | 75.1 | 16.6 | nm | -28.0 | -41.4 | 4.9 | 139.2 | 313.6 | -15.8 | 8.4 |
| **Net profit (controlling)** | 26.6 | -0.4 | 35.2 | nm | 43.8 | 75.0 | 9.6 | nm | -34.8 | -39.0 | 15.9 | 110.6 | 268.1 | -15.6 | 6.7 |

Source: Company data, Samsung Securities

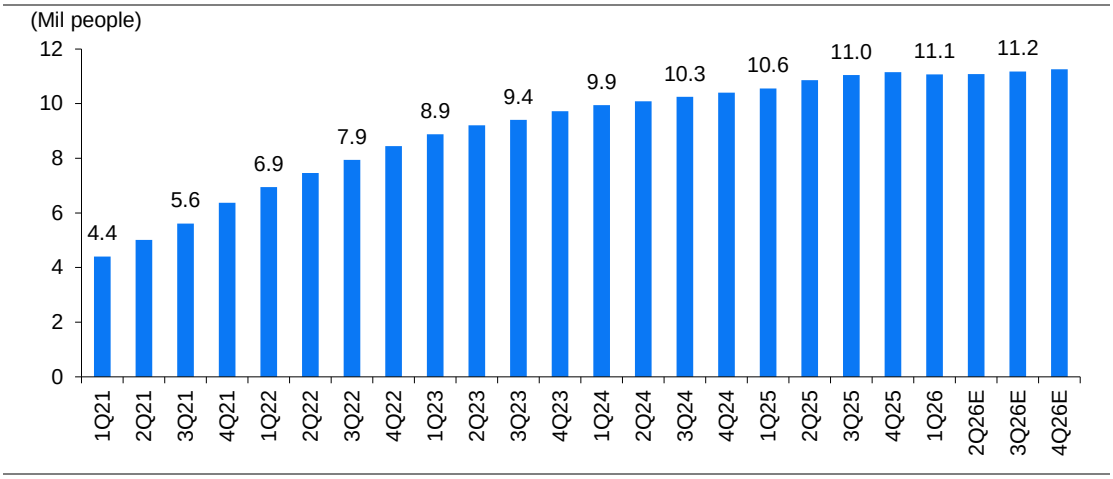
**Table 2. Key operating metrics**

| ('000 people) | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | 2Q26E | 3Q26E | 4Q26E | 2025 | 2026E | 2027E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Wireless subscribers*** | **24,834** | **24,904** | **25,199** | **26,132** | **26,445** | **27,491** | **28,328** | **28,985** | **29,162** | **29,423** | **29,626** | **29,890** | **28,985** | **29,890** | **30,488** |
| Net additions (q-q) | -63 | 70 | 295 | 933 | 313 | 1,046 | 837 | 657 | 177 | 261 | 203 | 263 | 2,853 | 905 | 598 |
| 5G** | 9,948 | 10,093 | 10,251 | 10,400 | 10,552 | 10,866 | 11,048 | 11,156 | 11,070 | 11,082 | 11,183 | 11,254 | 11,156 | 11,254 | 11,648 |
| LTE*** | 3,416 | 3,270 | 3,099 | 2,894 | 2,736 | 2,739 | 2,600 | 2,585 | 2,069 | 2,003 | 1,951 | 1,887 | 2,585 | 1,887 | 1,660 |
| **Fixed-line subscribers** | **21,321** | **21,171** | **21,171** | **20,924** | **20,758** | **20,665** | **20,559** | **20,423** | **20,260** | **20,172** | **20,089** | **19,962** | **20,423** | **19,962** | **19,707** |
| Broadband | 9,862 | 9,899 | 9,899 | 9,956 | 9,984 | 10,073 | 10,135 | 10,170 | 10,188 | 10,235 | 10,275 | 10,308 | 10,170 | 10,308 | 10,436 |
| IPTV | 9,418 | 9,423 | 9,423 | 9,449 | 9,438 | 9,490 | 9,520 | 9,533 | 9,520 | 9,537 | 9,546 | 9,551 | 9,533 | 9,551 | 9,572 |
| PSTN + VoIP | 11,903 | 11,748 | 11,748 | 11,475 | 11,320 | 11,175 | 11,039 | 10,890 | 10,740 | 10,635 | 10,543 | 10,411 | 10,890 | 10,411 | 10,135 |
| **ARPU** | **34,461** | **34,507** | **34,560** | **34,302** | **34,856** | **35,236** | **35,295** | **35,335** | **34,781** | **34,565** | **34,377** | **34,601** | **35,181** | **34,581** | **35,167** |
| Chg (% q-q, % y-y) | 0.5 | 0.1 | 0.2 | -0.7 | 1.6 | 1.1 | 0.2 | 0.1 | -1.6 | -0.6 | -0.5 | 0.7 | 2.1 | -1.7 | 1.7 |

Note: Subscriber statistics adjusted from 1Q23 due to changes in MSIT criteria (excluding 5G second devices and 5G IoT)

Source: Company data, Samsung Securities

**Chart 1. Number of 5G subscribers**



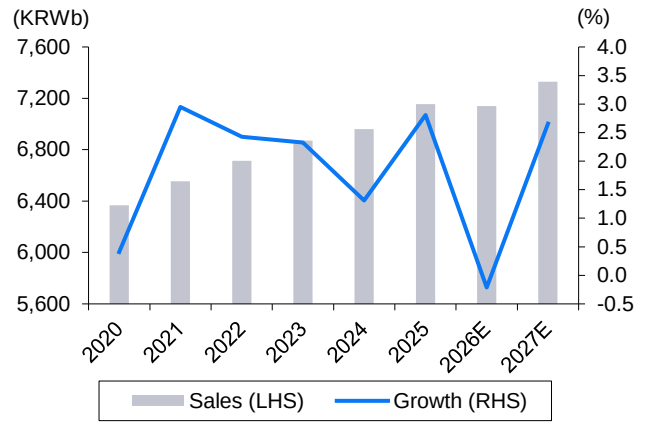

Source: Company data, Samsung Securities

**Table 3. KT's customer compensation**

| Category | Details |
|---|---|
| **Data** | Provide 100GB of data monthly for 6 months to all customers |
| **OTT** | Provide OTT subscription pass |
| **Membership** | Discounts on popular brands for 6 months (Feb-Jul) |
| | Provide twice a month, up to 2 brands per session |
| **Insurance** | Safety/security insurance for 2 years |
| | Coverage for damages such as phone phishing, hacking (up to KRW10m), and internet shopping fraud (up to KRW2m) |
| | Customers aged 65 and older are automatically provided without application |
| **Roaming** | Provide 50% additional data for 6 months (Mar-Aug) |

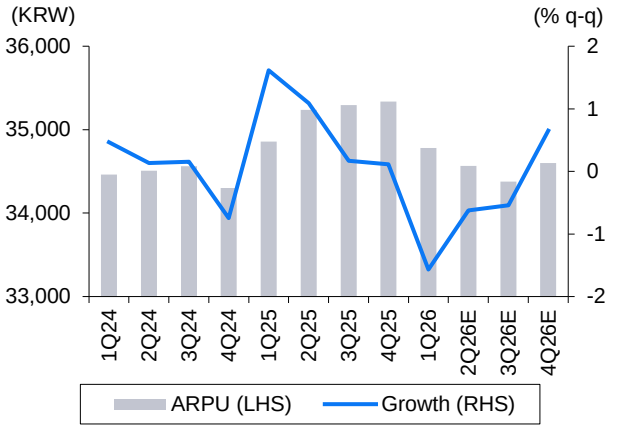
Source: Company data, Samsung Securities

### Chart 2. Wireless sales (parent)



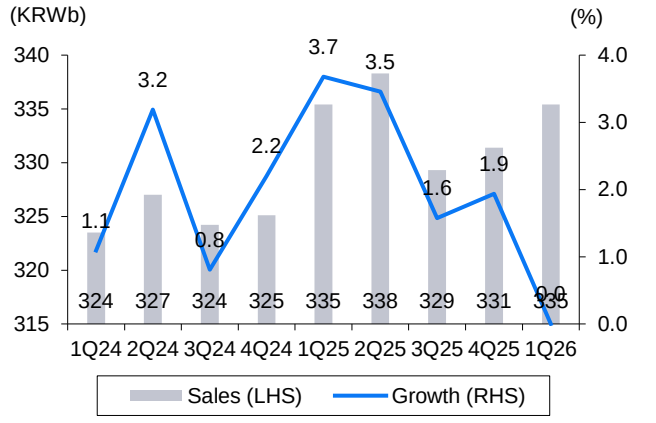

Source: Company data, Samsung Securities

### Chart 3. ARPU



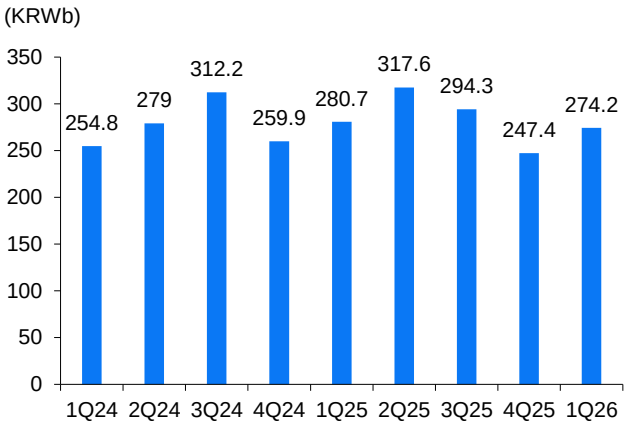

Source: Company data, Samsung Securities

### Chart 4. Enterprise broadband and data sales



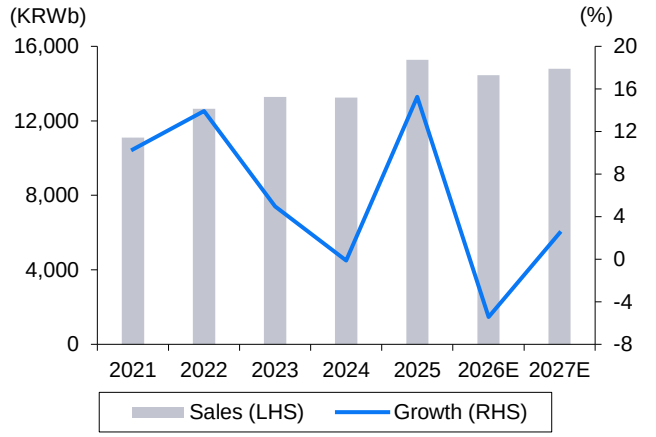

Source: Company data, Samsung Securities

### Chart 5. AI/IT sales



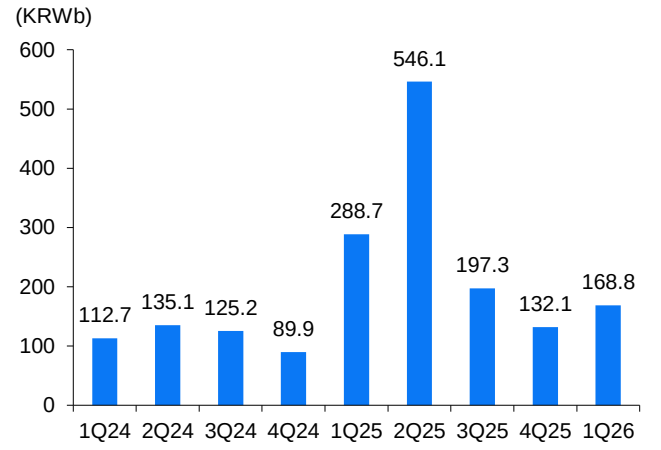

Source: Company data, Samsung Securities

### Chart 6. Subsidiaries: Sales




Source: Company data, Samsung Securities

### Chart 7. Subsidiaries: Contribution to consolidated OP




Source: Company data, Samsung Securities

**Table 4. KT: Growth plan for 'AICT' strategy**

| Phase | Phase 1 (2024) | Phase 2 (2025) | Phase 3 (2026~) |
|---|---|---|---|
| Growth plan | Gain infra and capabilities for AX transform | Full-scale growth of AX business (AI, cloud, IT) | Complete conversion into AX and AICT company |

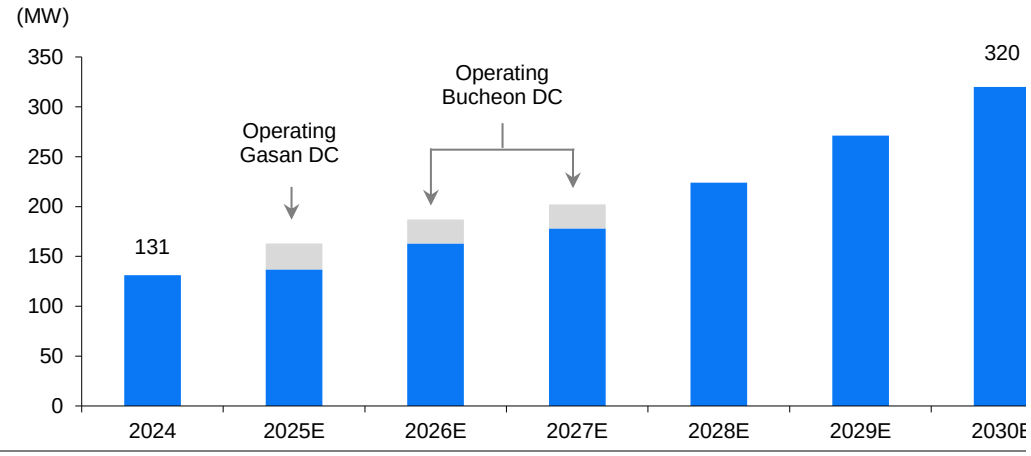
Source: Company data, Samsung Securities

**Table 5. KT's data centers**

| Category | Location | Note | Capacity |
|---|---|---|---|
| **Seoul Metropolitan Area (9+)** | Bundang | | |
| | Ganganam | | |
| | Mokdong 1 | | |
| | Yeouido | | |
| | Mokdong 2 | | |
| | Yongsan | | 40 MW |
| | Namguro | | |
| | Baeksuk | | |
| | Gasan | Launched Nov 5, 2025 | 26 MW |
| | Bucheon | Scheduled to launch in 2026 | 48 MW |
| **Provinces (7+)** | Cheonan | | |
| | Gimhae | | |
| | Daejeon | | |
| | Cheonan | | |
| | Cheongju | | |
| | Busan | | |
| | Yecheon | Launched in Jun 2025 | |

Note: As of Apr 2026, 9 sites in Seoul Metropolitan Area, 7 in the provinces in operation, Bucheon under construction targeting mid-2026 completion
Source: Company data, Samsung Securities

**Chart 8. KT: Data center capacity forecasts**



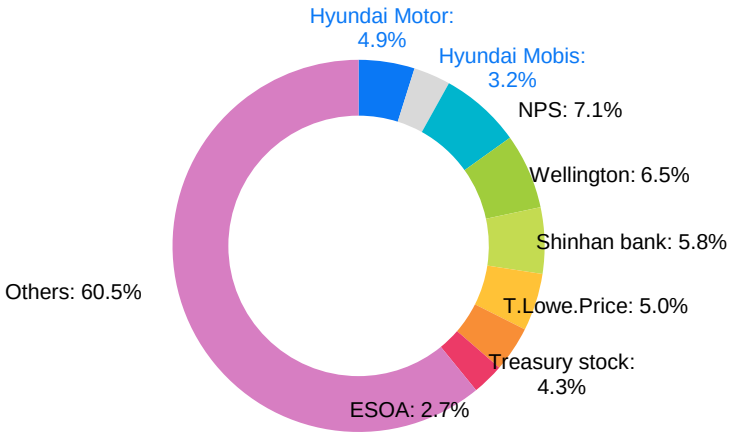

Note: Total data center capacity is 163 MW in 3Q25;
Plans to add 60-100 MW annually through 2027, securing more than 500 MW over the longer term
Source: Company data, Samsung Securities

**Table 6. Main affiliates: Key financial metrics**

| Affiliates | (KRWb) | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26 | 2023 | 2024 | 2025 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **BC Card** | Sales | 936 | 978 | 931 | 961 | 872 | 910 | 918 | 935 | 874 | 4,026.90 | 3,805.80 | 3,635.10 |
| | Operating profit | 35 | 47 | 36 | 16 | 36 | 46 | 33 | 20 | | 98.6 | 132.6 | 134.5 |
| | Net profit | 50 | 50 | 29 | 14 | 35 | 60 | 41 | 16 | | 75.5 | 143.3 | 151.7 |
| **KT Cloud** | Sales | 175 | 180 | 207 | 221 | 249 | 222 | 249 | 228 | 250 | 678.3 | 783.2 | 997.5 |
| | Operating profit | | | | | | | | | | 43.1 | 52.7 | 66.3 |
| | Net profit | 3 | 11 | 22 | -1 | 19 | 17 | 11 | -10 | | 64 | 35.7 | 38.1 |
| **KT Estate** | Sales | 136 | 156 | 148 | 181 | 135 | 160 | 190 | 235 | 237 | 603.6 | 620.5 | 719.3 |
| | Operating profit | | | | | | | | | | 77.3 | 101.8 | 100.5 |
| | Net profit | 5 | 9 | 2 | 20 | -2 | 5 | 10 | 39 | | 17.4 | 34.7 | 51.8 |
| **KT Skylife** | Sales | 254 | 255 | 257 | 257 | 243 | 247 | 247 | 247 | 239 | 1,025.60 | 1,022.90 | 984.2 |
| | Operating profit | 3 | 0 | 2 | -6 | 5 | 13 | 16 | -12 | 5 | 14.1 | -1.1 | 23 |
| | Net profit | 1 | -2 | 2 | -158 | 2 | 11 | 12 | -23 | 0.3 | -113.7 | -156.1 | 1.5 |
| **KT Nasmedia** | Sales | 23 | 36 | 35 | 39 | 24 | 26 | 31 | 37 | 26 | 146.8 | 142.6 | 117.9 |
| | Operating profit | 2 | 7 | 6 | 5 | 2 | 3 | 4 | 4 | 3 | 20.5 | 19.9 | 12.3 |
| | Net profit | 3 | 7 | 6 | -21 | 3 | 0 | 5 | -1 | 4 | 17.7 | -4.6 | 6.8 |
| **KT Genie** | Sales | 74 | 74 | 80 | 74 | 69 | 73 | 83 | 77 | 75 | 307 | 301.6 | 302.9 |
| **Music** | Operating profit | 3 | 5 | 3 | 1 | 4 | 5 | 6 | 1 | 5 | 15.4 | 12.2 | 16.2 |
| | Net profit | 3 | -1 | 3 | -19 | 2 | 4 | 4 | -29 | 4 | 21.7 | -13.8 | -18.5 |
| **KT Alpha** | Sales | 97 | 108 | 99 | 84 | 97 | 100 | 96 | 103 | 96 | 430.4 | 388.2 | 395.9 |
| | Operating profit | 9 | 9 | 3 | 3 | 12 | 14 | 11 | 7 | 14 | 12.3 | 24.6 | 44.2 |
| | Net profit | 8 | 3 | 4 | 4 | 11 | 13 | 13 | 7 | 11 | 16.3 | 19.7 | 43.6 |
| **KT Studio** | Sales | 107 | 99 | 121 | 129 | 113 | 117 | 122 | 118 | | 540.3 | 455.2 | 470.3 |
| **Genie** | Operating profit | | | | | | | | | | 45.8 | 12 | 17.8 |
| | Net profit | 2 | -5 | 3 | -26 | 3 | 7 | 3 | -55 | | 13 | -26 | -41.6 |

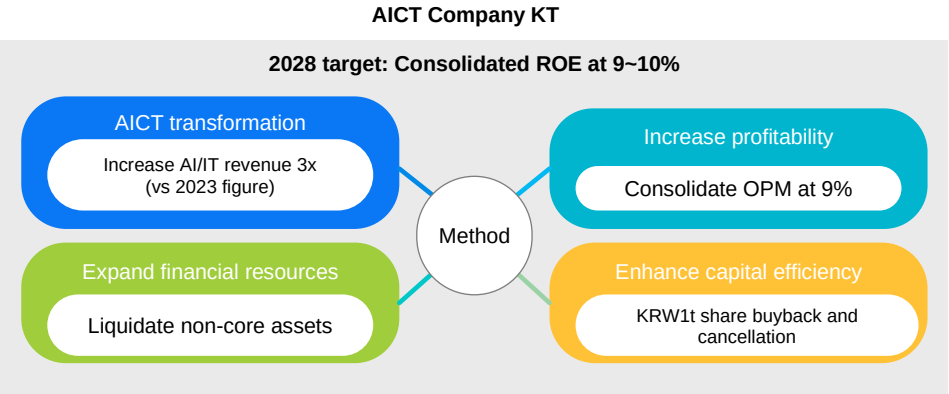
Source: Company data, Samsung Securities

**Chart 9. KT: Shareholders (as of 4Q25)**




Note: Wellington is as of Jan 15, 2026. NPS is as of Jan 29; T.Lowe.Price is as of Feb 3, 2026
Source: Company data, Samsung Securities

### Chart 10. KT'S value-up plan




Note: Announced on Nov 5, 2024;
Targeting 2028 ROE 9~10% (announced Mar 31, 2026 "2025 corporate value enhancement plan" )
Source: Company data, Samsung Securities

### Table 7. 2026-2028 shareholder return policy

| Category | Details | |
|---|---|---|
| Title | Mid-term shareholder return policy | |
| Period | 2026-2028 | |
| Details | Shareholder return resources | 50% of adjusted standalone net income |
| | Shareholder return method | Dividends and treasury share buyback/cancellation |
| | Adjustment items | Non-cash gains and non-recurring gains/loses |

Source: Company data, Samsung Securities

### Table 8. Revisions to full-year forecasts

| (KRWb) | 2026E | | | 2027E | | |
|---|---|---|---|---|---|---|
| | Old | New | Chg (%) | Old | New | Chg (%) |
| Sales | 27,647.1 | 27,697.9 | 0.2 | 28,081.7 | 28,101.9 | 0.1 |
| Operating income | 2,074.5 | 2,045.4 | -1.4 | 2,279.9 | 2,238.7 | -1.8 |
| Operating margin (%, %pts) | 7.5 | 7.4 | -0.1 | 8.1 | 8.0 | -0.2 |
| Pre-tax income | 2,014.9 | 2,035.7 | 1.0 | 2,225.1 | 2,207.5 | -0.8 |
| Net income | 1,489.0 | 1,460.5 | -1.9 | 1,597.1 | 1,558.5 | -2.4 |

Source: Samsung Securities

## Income statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Sales** | **26,431** | **28,244** | **27,698** | **28,102** | **28,842** |
| Cost of goods sold | 0 | 0 | 0 | 0 | 0 |
| **Gross profit** | **26,431** | **28,244** | **27,698** | **28,102** | **28,842** |
| Gross margin (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| SG&A expenses | 25,622 | 25,775 | 25,653 | 25,863 | 26,479 |
| **Operating profit** | **809** | **2,469** | **2,045** | **2,239** | **2,362** |
| Operating margin (%) | 3.1 | 8.7 | 7.4 | 8.0 | 8.2 |
| **Non-operating gains (losses)** | **-225** | **-51** | **-10** | **-31** | **-5** |
| Financial profit | 918 | 627 | 469 | 458 | 466 |
| Financial costs | 995 | 772 | 628 | 632 | 656 |
| Equity-method gains (losses) | 9 | 18 | 16 | 14 | 14 |
| Other | -156 | 76 | 133 | 128 | 172 |
| **Pre-tax profit** | **585** | **2,418** | **2,036** | **2,207** | **2,357** |
| Taxes | 168 | 581 | 510 | 557 | 594 |
| Effective tax rate (%) | 28.7 | 24.0 | 25.0 | 25.2 | 25.2 |
| Profit from continuing operations | 417 | 1,837 | 1,526 | 1,651 | 1,763 |
| Profit from discontinued operations | 0 | 0 | 0 | 0 | 0 |
| **Net profit** | **417** | **1,837** | **1,526** | **1,651** | **1,763** |
| Net margin (%) | 1.6 | 6.5 | 5.5 | 5.9 | 6.1 |
| Net profit (controlling interests) | 470 | 1,731 | 1,461 | 1,558 | 1,662 |
| Net profit (non-controlling interests) | -53 | 106 | 65 | 92 | 100 |
| EBITDA | 4,739 | 6,407 | 5,857 | 5,972 | 5,978 |
| EBITDA margin (%) | 17.9 | 22.7 | 21.1 | 21.3 | 20.7 |
| EPS (parent-based) (KRW) | 1,850 | 6,869 | 5,795 | 6,184 | 6,596 |
| EPS (consolidated) (KRW) | 1,641 | 7,288 | 6,054 | 6,551 | 6,995 |
| Adjusted EPS (KRW)* | 1,850 | 6,869 | 5,795 | 6,184 | 6,596 |

## Cash flow statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Cash flow from operations** | **5,066** | **4,942** | **4,433** | **4,962** | **5,067** |
| Net profit | 417 | 1,837 | 1,526 | 1,651 | 1,763 |
| Non-cash profit and expenses | 4,864 | 5,238 | 4,367 | 4,349 | 4,294 |
| Depreciation | 3,278 | 3,330 | 3,200 | 3,121 | 3,013 |
| Amortization | 652 | 608 | 611 | 613 | 603 |
| Other | 934 | 1,301 | 556 | 616 | 678 |
| Changes in A/L from operating activities | 69 | -1,775 | -947 | -484 | -409 |
| **Cash flow from investments** | **-2,845** | **-4,518** | **-3,660** | **-3,701** | **-3,769** |
| Change in tangible assets | -2,806 | -3,539 | -2,590 | -2,561 | -2,643 |
| Change in financial assets | -286 | 130 | -103 | -5 | -59 |
| Other | 247 | -1,110 | -967 | -1,135 | -1,067 |
| **Cash flow from financing** | **-1,390** | **-631** | **-625** | **-705** | **-574** |
| Change in debt | 180 | 673 | -48 | -128 | 26 |
| Change in equity | -0 | -0 | 0 | 0 | 0 |
| Dividends | -872 | -578 | -577 | -576 | -600 |
| Other | -698 | -727 | -0 | 0 | 0 |
| Change in cash | 837 | -210 | 129 | 345 | 369 |
| Cash at beginning of year | 2,880 | 3,717 | 3,507 | 3,636 | 3,981 |
| Cash at end of year | 3,717 | 3,507 | 3,636 | 3,981 | 4,350 |
| **Gross cash flow** | **5,281** | **7,075** | **5,893** | **6,000** | **6,057** |
| **Free cash flow** | **2,156** | **1,345** | **1,844** | **2,401** | **2,424** |

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

## Balance sheet

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Current assets** | **14,252** | **13,978** | **15,066** | **15,895** | **17,068** |
| Cash & equivalents | 3,717 | 3,507 | 3,636 | 3,981 | 4,350 |
| Accounts receivable | 2,922 | 2,938 | 3,165 | 3,328 | 3,496 |
| Inventories | 940 | 416 | 732 | 694 | 774 |
| Other current assets | 6,673 | 7,116 | 7,534 | 7,893 | 8,448 |
| **Fixed assets** | **27,628** | **28,971** | **29,187** | **29,223** | **29,443** |
| Investment assets | 4,321 | 4,927 | 5,441 | 5,575 | 5,797 |
| Tangible assets | 14,826 | 14,258 | 13,648 | 13,088 | 12,718 |
| Intangible assets | 1,863 | 1,557 | 1,525 | 1,528 | 1,507 |
| Other long-term assets | 6,618 | 8,229 | 8,572 | 9,032 | 9,420 |
| **Total assets** | **41,880** | **42,949** | **44,252** | **45,118** | **46,511** |
| **Current liabilities** | **13,875** | **11,693** | **11,600** | **11,493** | **11,645** |
| Accounts payable | 1,037 | 1,144 | 1,148 | 1,186 | 1,231 |
| Short-term debt | 450 | 710 | 710 | 710 | 710 |
| Other current liabilities | 12,388 | 9,839 | 9,742 | 9,597 | 9,704 |
| **Long-term liabilities** | **10,009** | **11,798** | **11,706** | **11,604** | **11,682** |
| Bonds & long-term debt | 6,616 | 8,286 | 8,286 | 8,286 | 8,286 |
| Other long-term liabilities | 3,393 | 3,512 | 3,420 | 3,318 | 3,396 |
| **Total liabilities** | **23,883** | **23,491** | **23,306** | **23,097** | **23,327** |
| **Owners of parent equity** | **16,211** | **17,656** | **19,079** | **20,061** | **21,123** |
| Capital stock | 1,564 | 1,564 | 1,564 | 1,564 | 1,564 |
| Capital surplus | 1,443 | 1,443 | 1,443 | 1,443 | 1,443 |
| Retained earnings | 13,780 | 14,964 | 15,848 | 16,830 | 17,892 |
| Other | -577 | -316 | 224 | 224 | 224 |
| **Non-controlling interests' equity** | **1,786** | **1,802** | **1,868** | **1,960** | **2,061** |
| **Total equity** | **17,997** | **19,458** | **20,947** | **22,021** | **23,184** |
| Net debt | 8,754 | 9,707 | 9,461 | 8,991 | 8,603 |

## Financial ratios

| Year-end Dec 31 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Growth (%)** | | | | | |
| Sales | 0.2 | 6.9 | -1.9 | 1.5 | 2.6 |
| Operating profit | -50.9 | 205.0 | -17.2 | 9.5 | 5.5 |
| Net profit | -57.8 | 340.4 | -16.9 | 8.2 | 6.8 |
| Adjusted EPS** | -52.4 | 271.3 | -15.6 | 6.7 | 6.7 |
| **Per-share data (KRW)** | | | | | |
| EPS (parent-based) | 1,850 | 6,869 | 5,795 | 6,184 | 6,596 |
| EPS (consolidated) | 1,641 | 7,288 | 6,054 | 6,551 | 6,995 |
| Adjusted EPS** | 1,850 | 6,869 | 5,795 | 6,184 | 6,596 |
| BVPS | 65,942 | 73,231 | 79,453 | 83,543 | 87,966 |
| DPS (common) | 2,000 | 2,400 | 2,400 | 2,500 | 2,600 |
| **Valuations (x)** | | | | | |
| P/E*** | 23.7 | 7.7 | 9.4 | 8.8 | 8.2 |
| P/B*** | 0.7 | 0.7 | 0.7 | 0.6 | 0.6 |
| EV/EBITDA | 4.6 | 3.9 | 4.3 | 4.1 | 4.1 |
| **Ratios (%)** | | | | | |
| ROE | 2.9 | 10.2 | 8.0 | 8.0 | 8.1 |
| ROA | 1.0 | 4.3 | 3.5 | 3.7 | 3.8 |
| ROIC | 2.7 | 9.0 | 7.1 | 7.6 | 8.0 |
| Payout ratio | 104.5 | 33.6 | 39.5 | 38.5 | 37.6 |
| Dividend yield (common) | 4.6 | 4.6 | 4.4 | 4.6 | 4.8 |
| Net debt to equity | 48.6 | 49.9 | 45.2 | 40.8 | 37.1 |
| Interest coverage (x) | 2.2 | 6.7 | 6.0 | 6.5 | 6.9 |

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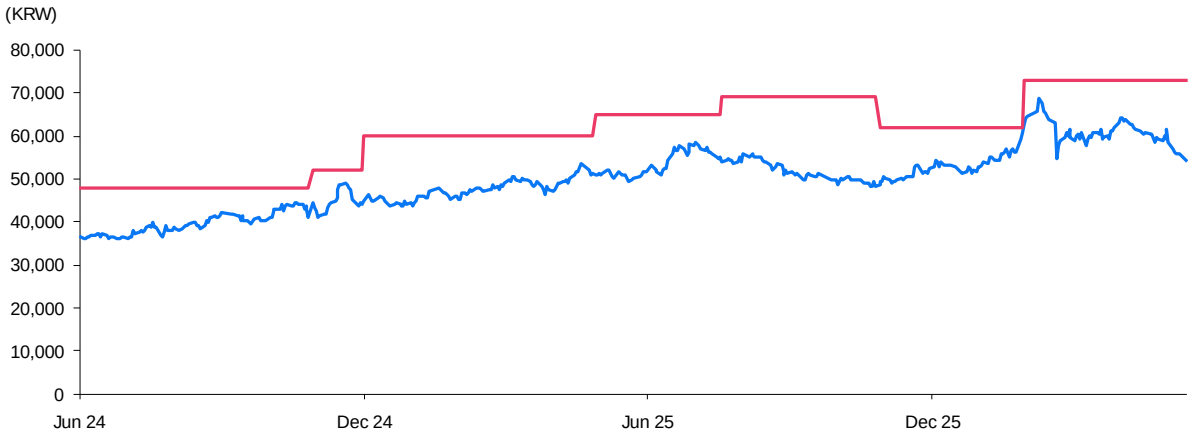


## Rating changes over past two years (adjusted share prices)

| Date | 2024/5/14 | 11/11 | 12/13 | 2025/5/12 | 8/1 | 11/10 | 2026/2/11 |
|---|---|---|---|---|---|---|---|
| Recommendation | BUY | BUY | BUY | BUY | BUY | BUY | BUY |
| Target price (KRW) | 48000 | 52000 | 60000 | 65000 | 69000 | 62000 | 73000 |
| Gap* (average) | -18.62 | -13.45 | -20.80 | -17.43 | -24.94 | -14.65 | |
| (max or min)** | -7.60 | -5.77 | -10.83 | -10.15 | -19.28 | -2.10 | |

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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| | |
|---|---|
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| **HOLD** | Expected to increase/decrease in value by less than 15% within 12 months |
| **SELL** | Expected to decrease in value by 15% or more within 12 months |

**Industry**

| | |
|---|---|
| **OVERWEIGHT** | Expected to outperform market by 5% or more within 12 months |
| **NEUTRAL** | Expected to outperform/underperform market by less than 5% within 12 months |
| **UNDERWEIGHT** | Expected to underperform market by 5% or more within 12 months |

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

**Percentage of ratings in 12 months prior to 2026.03.31**

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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