
KT&G FY2025 Second Quarter Results

2025. 8. 7 | Investor Relations



Disclaimer

This presentation is prepared and provided for the convenience of investors and shareholders prior to the completion of the external audit. Therefore, certain contents are subject to change during the auditing process.

The financial information in this presentation is based on K-IFRS standards.

This presentation and related discussions contain certain forward-looking statements related to expected future business, financial performance and/or the industry forecasts which are uncertain.

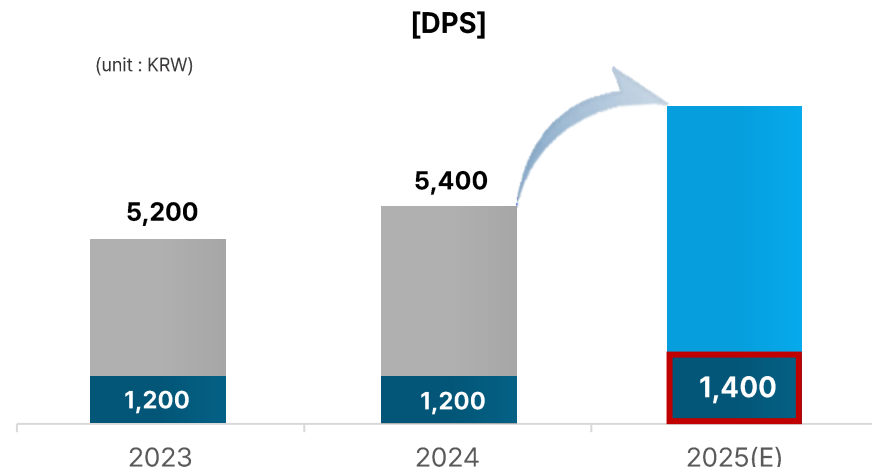
Therefore, the recipients of this presentation shall be aware of that the forward-looking statements set forth herein may not correspond to the actual results.

STRONGER RETURNS UPDATE

Interim Dividend

Dividend **KRW 1,400**/share (+KRW 200 vs. PY)
Reflecting H1 earnings growth to maintain balanced dividend metrics

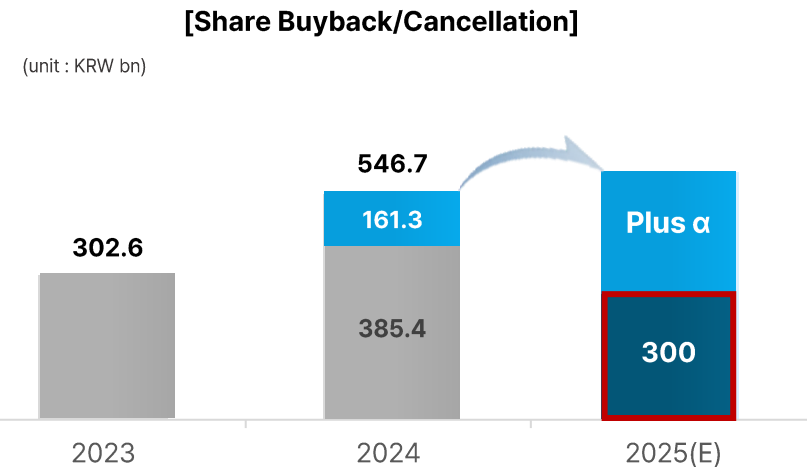
Future Plan **Further capacity to increase dividends**
to be reflected based on share price performance, profit growth and share buyback



Share Buyback·Cancellation

Scale **KRW 300 bn** (to be **cancelled immediately after** repurchase)
53% progress on '24~'27 plan (₩0.68 trn/₩1.3 trn)

Future Plan **Additional Share Buyback**
via divesting non-core assets (Plus α)



KEY TAKEAWAYS

Delivered 「Record-High First Half Revenue(KRW 3 trn)」 as Solid Growth Continued in Q2 2025

H1 revenue surpassed KRW 3 trn for the first time, supported by strong global CC growth and higher real estate development revenue

Robust Growth Momentum Continued for Global CC 「Setting New Records for Quarter Volume and Revenue」

Volume growth in key regions including APAC and Latin America combined with higher ASP through continued execution of pricing and product mix improvement led to exponential growth in **volume(+9.1%)**, **revenue(+30.6%)**, and **adjusted operating profit(+51.1%)**

Quality-focused Growth in HFF Driven by Structural Improvements on the Business

Enhanced profitability via portfolio restructuring towards high-profit channels/products and efficiency behind marketing execution

Targeting 「Double-Digit Growth in Annual Operating Profit」 by Pursuing Further Profit Enhancement

Driving further profitability improvements with sustained growth in global CC and better global cost competitiveness in H2

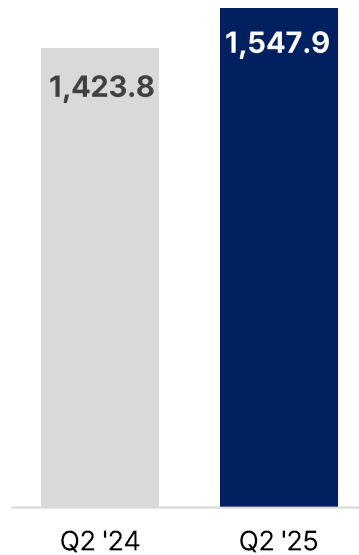
1. 2025 Q2 Performance Highlights

Consolidated Results

Revenue (KRW bn)

KRW 1.55 trn

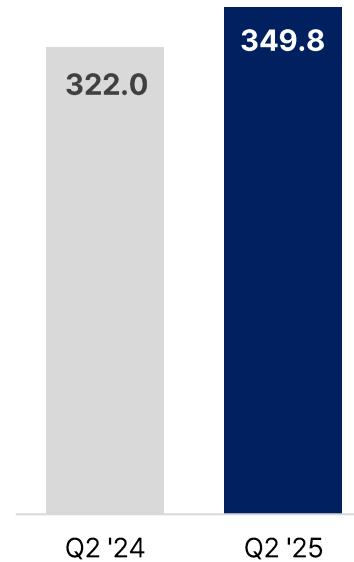
YoY +8.7%



Operating Profit (KRW bn)

KRW 349.8 bn

YoY +8.6%



Net Income

KRW 143.5 bn

YoY -54.1%

EPS

KRW 1,328

YoY -51.1%

EBITDA / EBITDA Margin

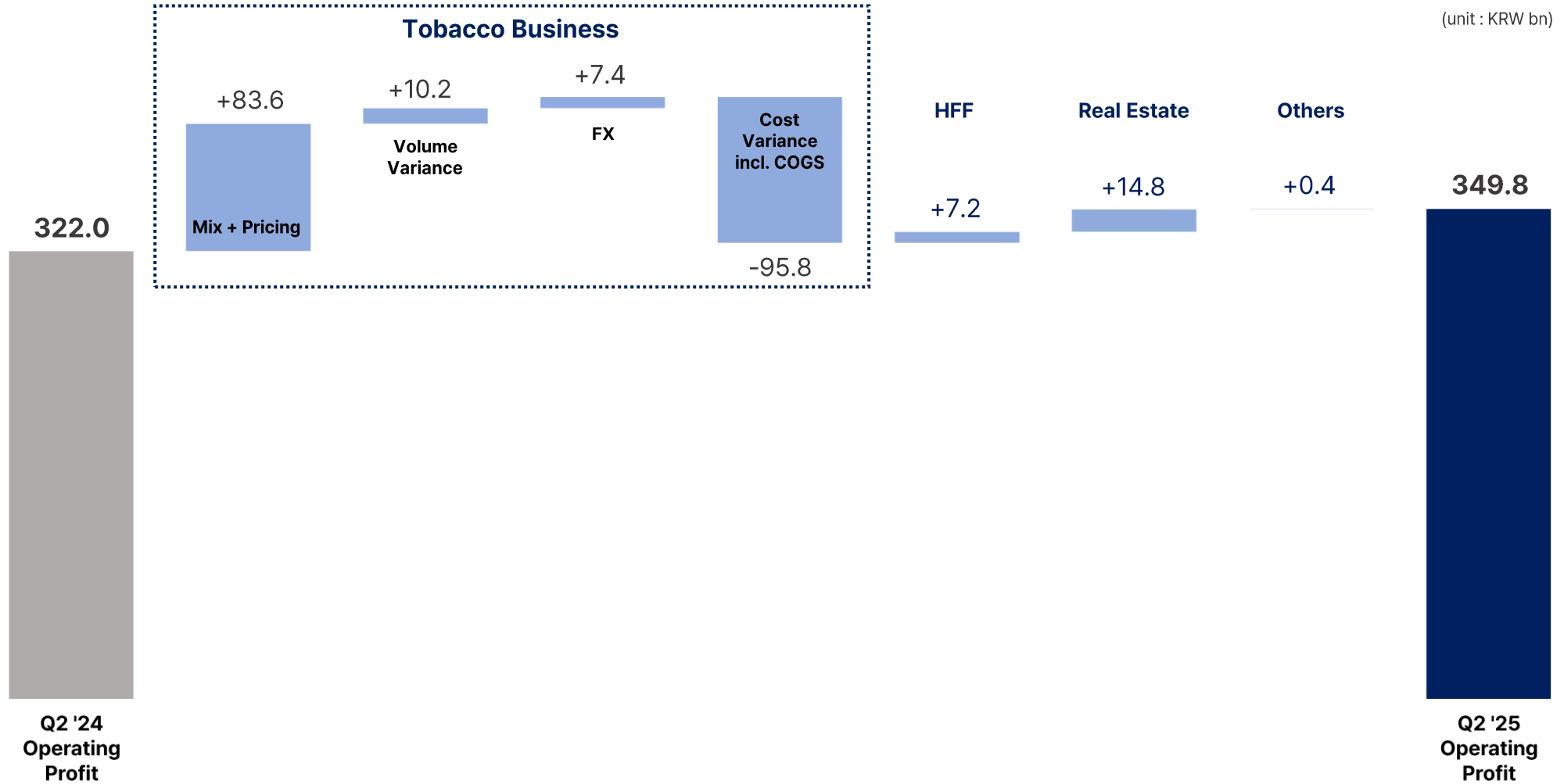
KRW 421.0 bn/27.2%

YoY +9.7%

YoY +0.3%p

1. 2025 Q2 Performance Highlights

Movement in Earnings

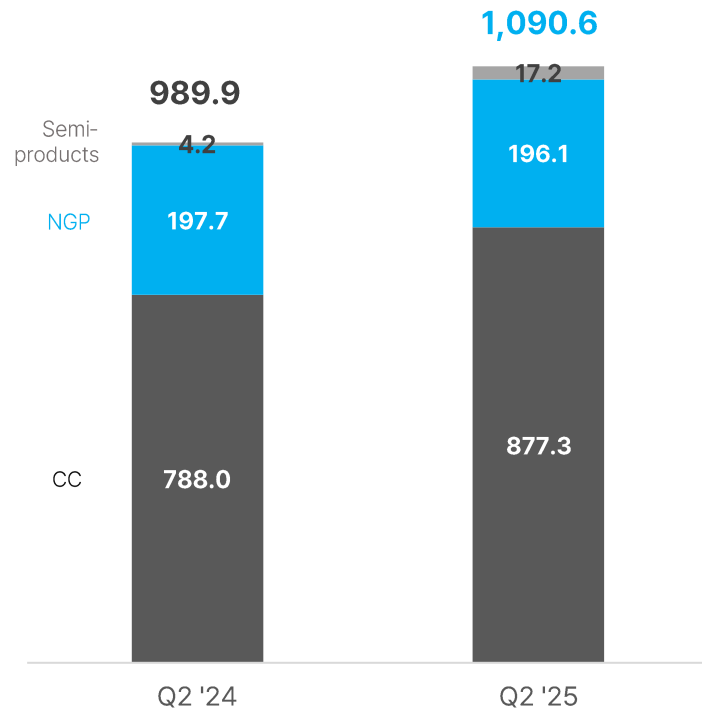


2. Performance by Business

Tobacco Business

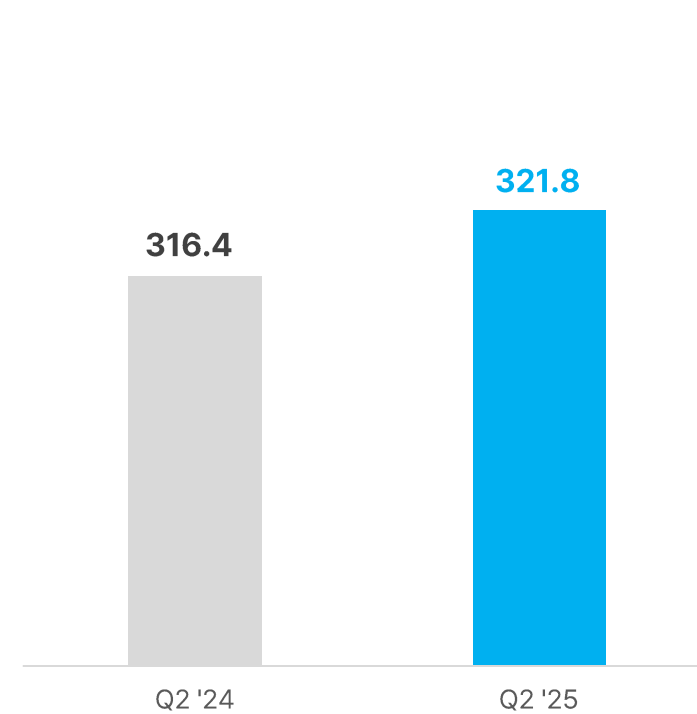
Revenue (KRW bn)

- Double-digit topline growth (YoY +10.2%) thanks to another record-breaking quarter revenue from global CC (YoY +30.6%)



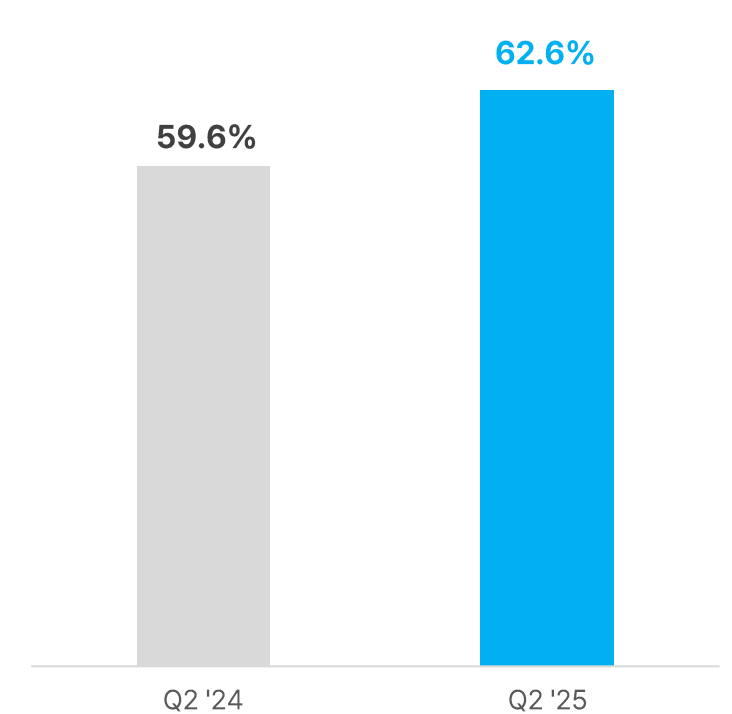
Operating Profit (KRW bn)

- Profit grew driven by expanded profits from global CC, albeit at a diluted rate due to unfavorable comparison from last year's allowance reversal, while adjusted operating profit grew in double-digits



Share of Global Sales (volume)

- Share of global business continues to rise (YoY +3.0%p) along with expanded coverage and sustained volume growth in global CC

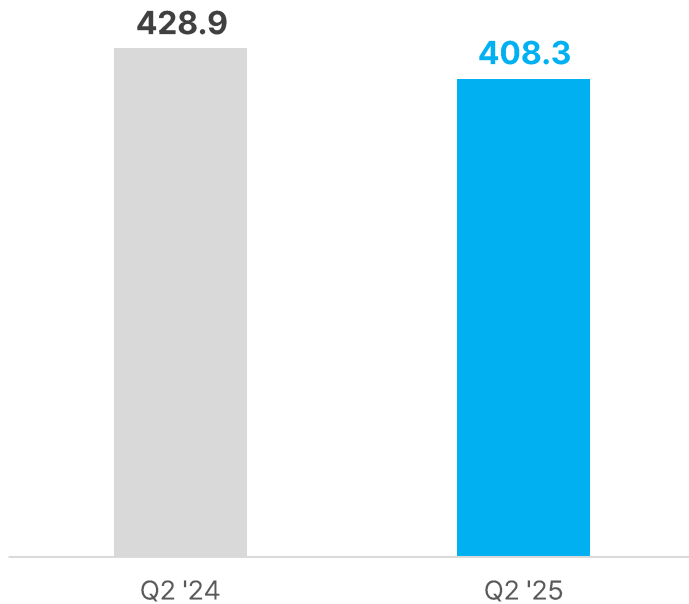


2. Performance by Business

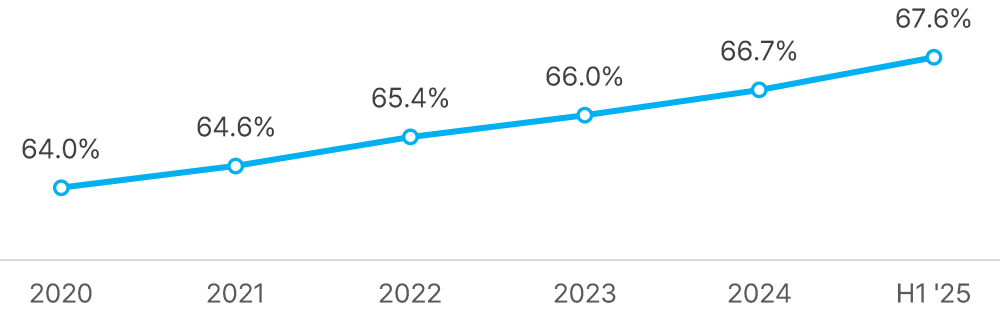
Tobacco_Domestic CC

- Topline impacted by **continued decline in market volume**, while **SoM expansion was sustained** through **new product launches catering to consumer needs**

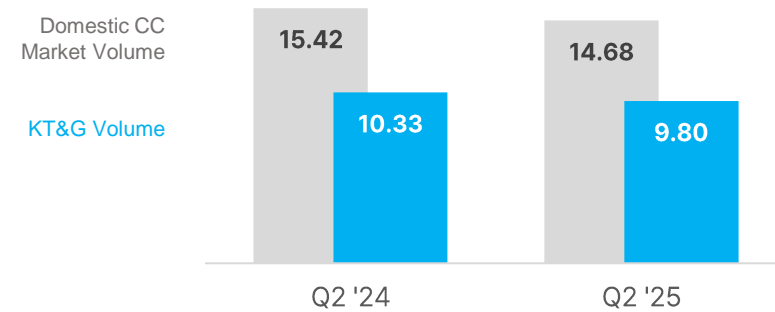
Revenue (KRW bn)



KT&G SoM¹⁾



Total Market Volume / KT&G Volume¹⁾ (bn sticks)



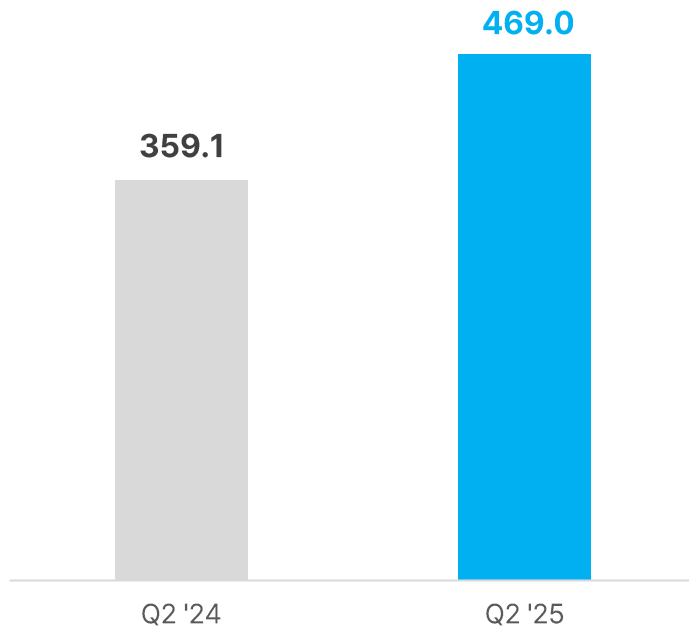
1) Source : Korea Tobacco Association data based on shipment volumes to general stores, centralized logistics, specialized channels, etc.

2. Performance by Business

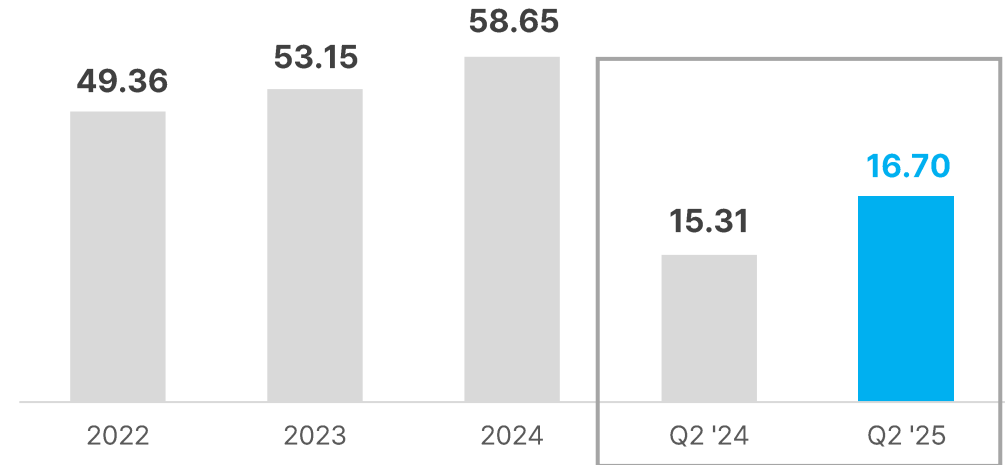
Tobacco_Global CC

- **Robust volume growth**(YoY +9.1%) in key regions including APAC and Latin America combined with continued ASP increase via **'pricing + improved mix'** led to another **record-breaking quarter for volume and revenue**

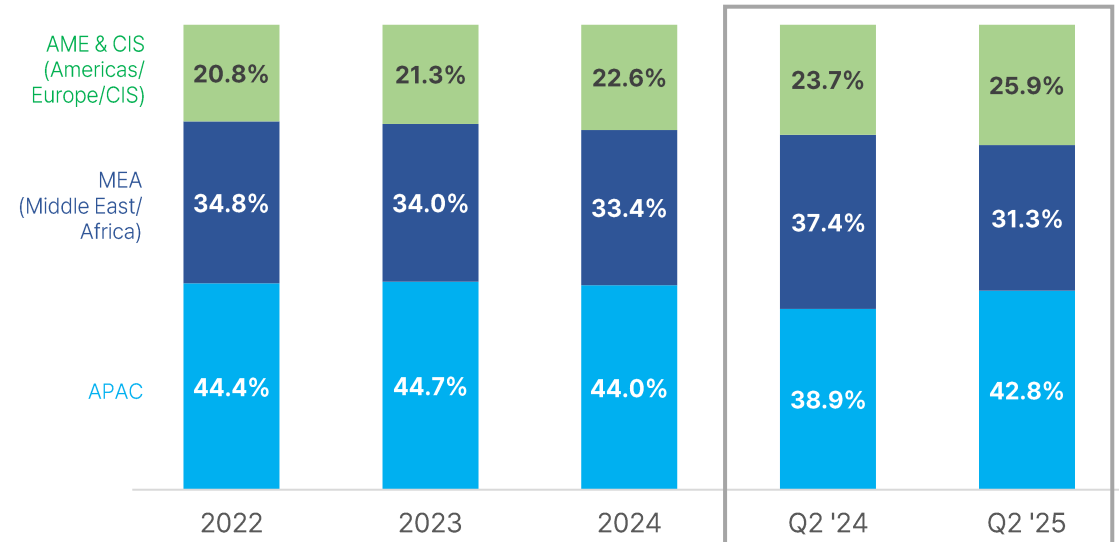
Revenue (KRW bn)



Volume (bn sticks)



Volume Share per Region



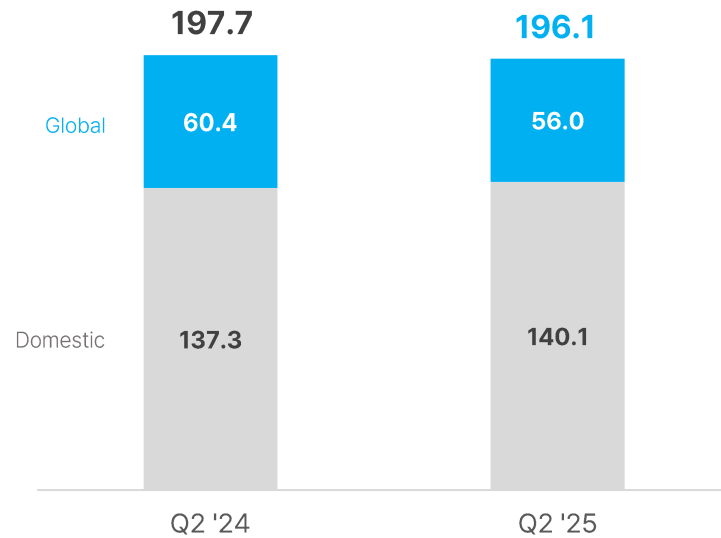
* Revenue and volumes are combined for export and global subsidiaries as the previous distinction is rendered irrelevant due to expansion of overseas production

2. Performance by Business

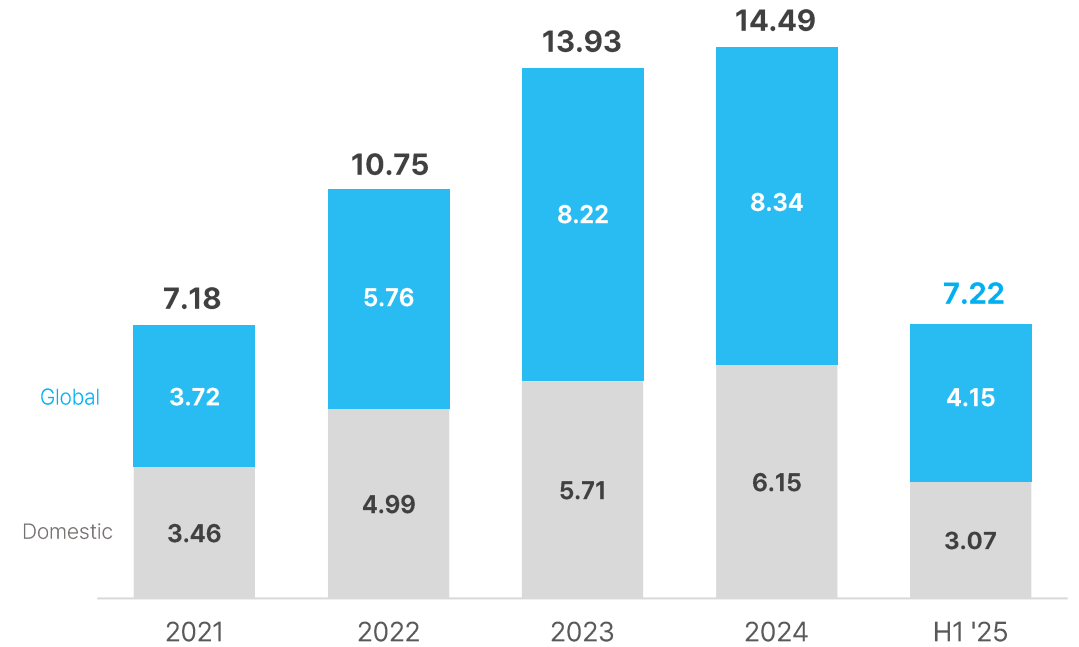
Tobacco_NGP(Next Generation Products)

- Continued setback in domestic and global revenue growth **caused by the device supply disruption in the beginning of the year**

Revenue (KRW bn)



Stick Volume (bn sticks)

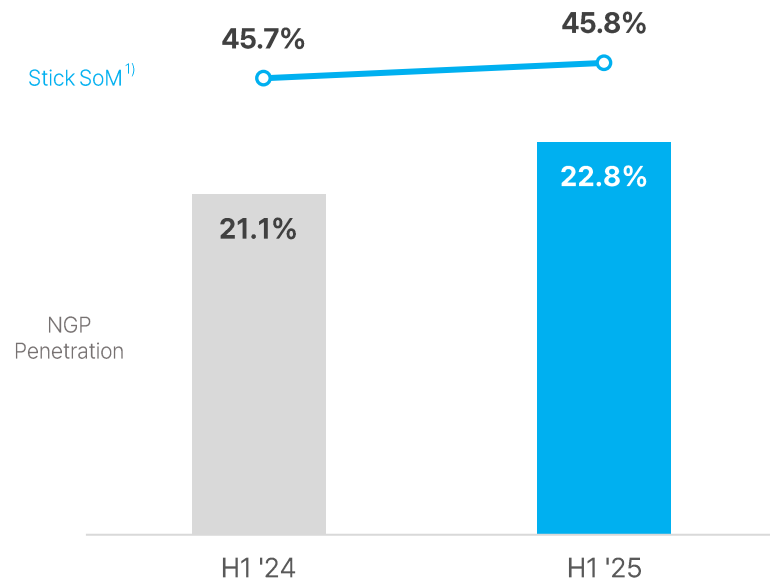


2. Performance by Business

Tobacco_NGP(Next Generation Products)

Domestic Operation

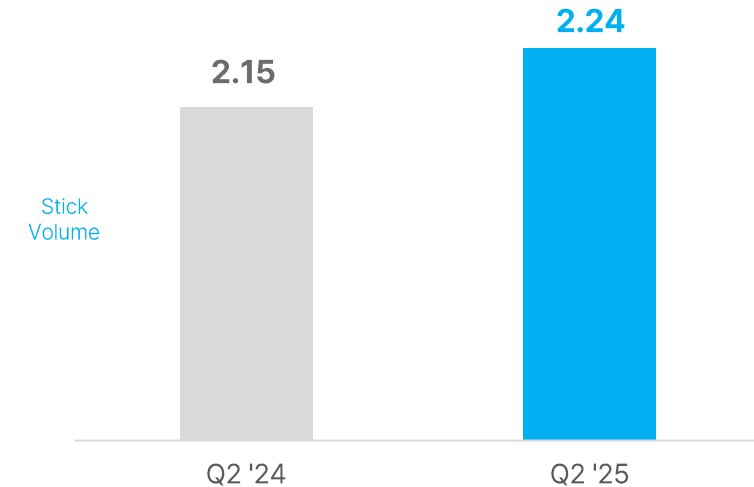
- **Market penetration continued** with increased demand for NGP
- **SoM growth sustained despite increasing competitive activity** thanks to stronger results from lil Aible



1) CVS offtake data

Global Operation (bn sticks)

- **Quarter volumes rebounded** (YoY +4.2%) with expanded coverage in Russia

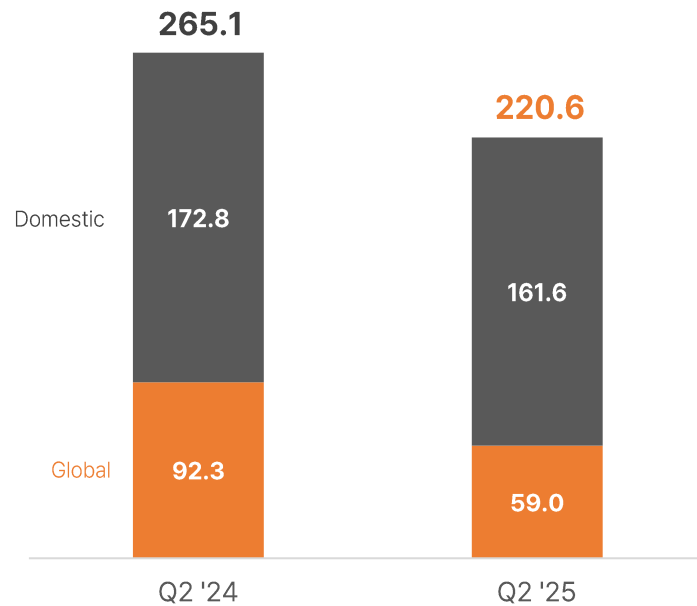


2. Performance by Business

Health-Functional Food

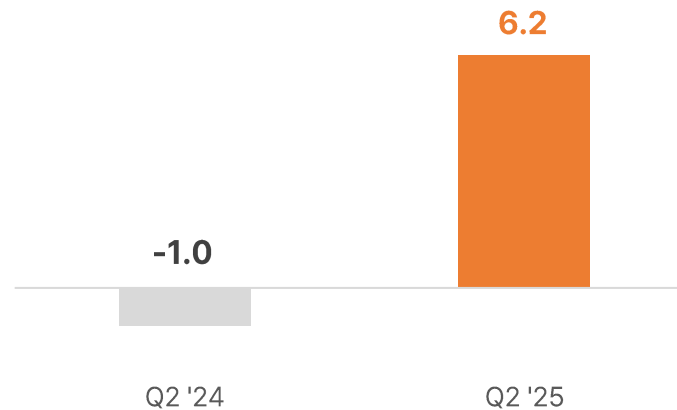
Revenue (KRW bn)

- Lower revenue due to **business portfolio realignment towards high-profit channels/products**



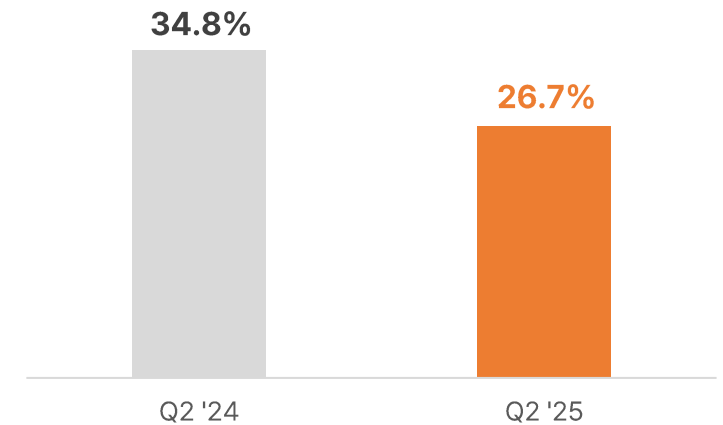
Operating Profit (KRW bn)

- Turnaround to profits** via profit-centered strategies including **optimization of marketing execution**



Share of Global Sales (revenue)

- Share of global sales reduced as lower revenue is recognized from Greater China

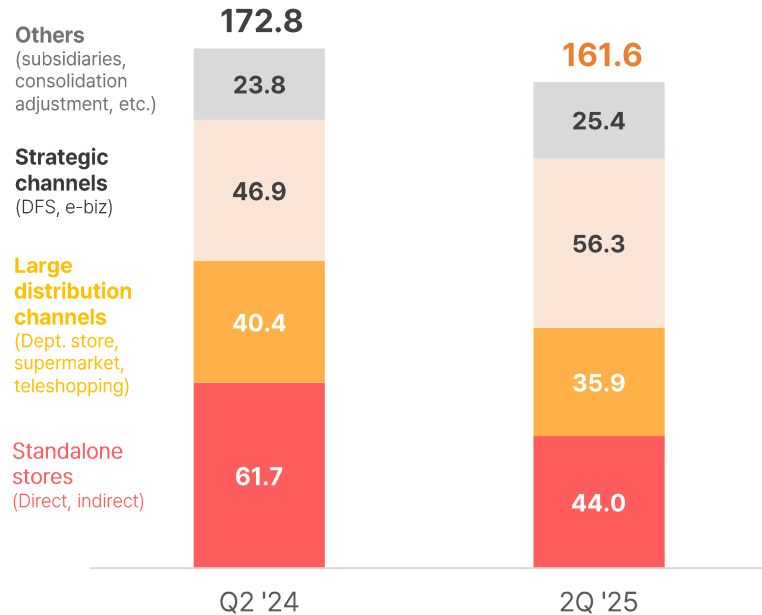


2. Performance by Business

Health-Functional Food

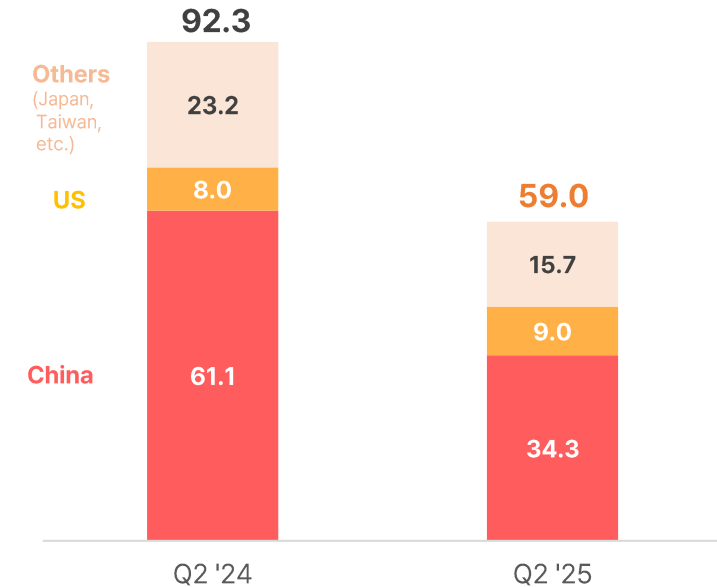
Domestic Revenue by Channel (KRW bn)

- Despite **growth in high-profit strategic channels** including online platforms, subdued demand in domestic HFF and adjusting of low-profit business/products led to reduced offline sales, **driving down domestic revenue**



Global Revenue by Market (KRW bn)

- Revenue suffered due to **strategic reduction in advertisements and promotions for Greater China**, in line with a cost-efficiency initiative

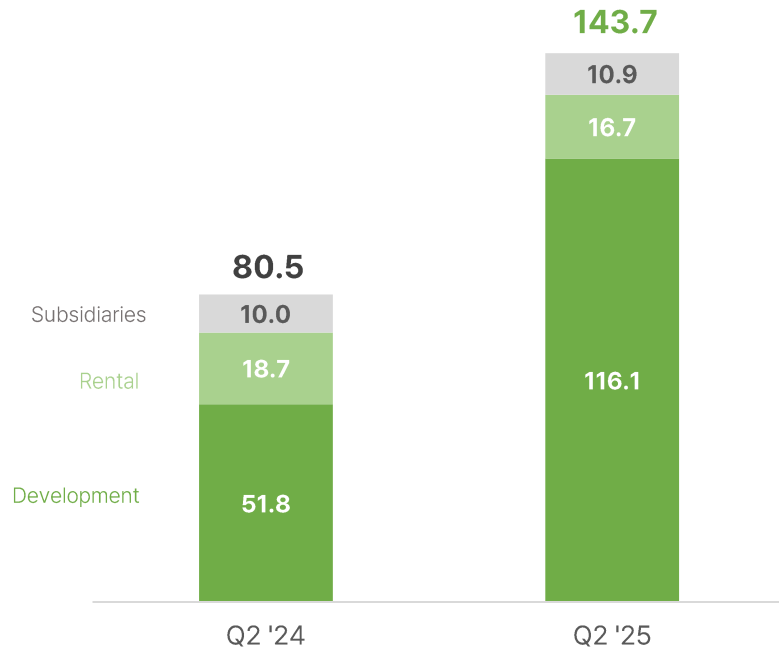


2. Performance by Business

Real Estate

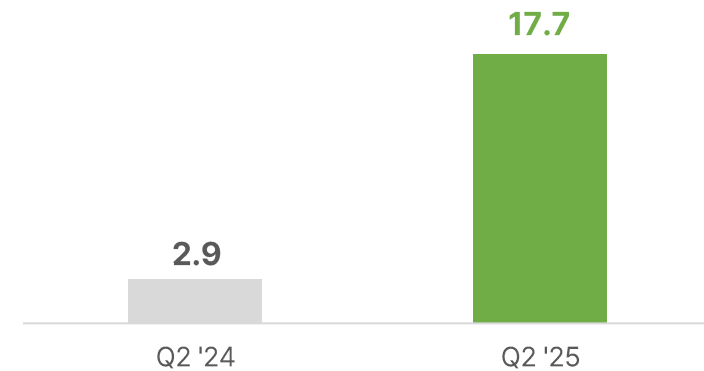
Revenue (KRW bn)

- Higher revenue recognized for the quarter as construction progresses on development projects including Anyang, Mia and East Daejeon



Operating Profit (KRW bn)

- Higher operating profit driven by increased revenue from development projects



Q&A

Appendix. Income Status by Business Segment

(units: KRW bn, sticks bn)		Q2 '24	Q3 '24	Q4 '24	Q1 '25	Q2 '25
Tobacco	Volume	29.32	30.24	27.64	27.85	30.27
	NGP	3.68	3.59	3.68	3.44	3.77
	Domestic	1.53	1.63	1.56	1.53	1.53
	Global	2.15	1.96	2.12	1.91	2.24
	CC	25.64	26.65	23.96	24.41	26.50
	Domestic	10.33	10.33	9.65	8.74	9.80
	Global	15.31	16.32	14.31	15.67	16.70
	Revenue	989.9	1,047.8	1,011.3	988.0	1,090.6
	NGP	197.7	193.2	216.7	159.0	196.1
	Domestic	137.3	156.6	135.0	138.5	140.1
	Global	60.4	36.6	81.7	20.5	56.0
	CC	788.0	850.6	786.2	822.7	877.3
	Domestic	428.9	430.9	406.5	373.6	408.3
	Global	359.1	419.7	379.7	449.1	469.0
Semi-products	4.2	4.0	8.4	6.3	17.2	
Operating Profit	316.4	335.0	226.1	252.9	321.8	
OP Margin	32.2%	32.0%	22.4%	25.6%	29.5%	
Health-Functional Food	Revenue	265.1	405.8	322.3	314.4	220.6
	Domestic	172.8	320.6	188.7	247.0	161.6
	Global	92.3	85.2	133.6	67.4	59.0
	Operating Profit	-1.0	68.8	7.4	18.2	6.2
OP Margin	-	17.0%	2.3%	5.8%	2.8%	
Real Estate	Revenue	80.5	98.5	137.1	100.4	143.7
	Development	51.8	68.1	108.0	72.1	116.1
	Rental Properties	18.7	18.7	17.7	16.7	16.7
	Subsidiaries	10.0	11.7	11.4	11.6	10.9
	Operating Profit	2.9	12.7	-23.1	10.4	17.7
OP Margin	3.6%	12.9%	-	10.4%	12.3%	
Others	Revenue	88.3	84.2	85.7	88.3	93.1
	Pharmaceutical	62.2	62.0	62.9	63.9	62.5
	Cosmetics	26.1	22.2	22.8	24.4	30.6
	Operating Profit	3.7	1.3	2.0	4.1	4.1
	OP Margin	4.2%	1.5%	2.3%	4.6%	4.4%

Appendix. KT&G Condensed Balance Sheet

* The results below are still under audit by the outside auditors and may be subject to change.

Consolidated

(unit : KRW bn)	Q2 '25	YE'24
Current assets^(a)	7,082.7	7,176.3
Cash ^(*)	1,699.3	1,844.2
Trade and other receivables	1,559.2	1,561.7
Inventories	3,001.2	3,101.3
Others	823.0	669.1
Non-current assets	6,959.0	6,748.9
Property, plant, and equipment	2,875.5	2,664.4
Investment property	741.2	761.2
Others	3,342.3	3,323.3
Total assets	14,041.7	13,925.2
Current liabilities ^(b)	3,135.0	3,142.9
Non-current liabilities	1,669.1	1,423.9
Total liabilities^(c)	4,804.1	4,566.8
Total equity^(d)	9,237.6	9,358.4
Current ratio ^(a/b)	225.9%	228.3%
Debt-to-equity ratio ^(c/d)	52.0%	48.8%

(*) Cash and cash equivalents, current other financial assets, current fair value through profit or loss

Standalone

(unit : KRW bn)	Q2 '25	YE'24
Current assets^(a)	4,340.1	4,166.9
Cash ^(*)	832.0	988.9
Trade and other receivables	1,904.4	1,621.6
Inventories	1,252.3	1,316.2
Others	351.5	240.2
Non-current assets	7,118.2	6,934.6
Property, plant, and equipment	1,539.9	1,505.7
Investment property	714.4	741.4
Others	4,804.8	4,687.5
Total assets	11,399.2	11,101.5
Current liabilities ^(b)	2,449.4	2,485.4
Non-current liabilities	1,298.4	908.6
Total liabilities^(c)	3,747.8	3,394.0
Total equity^(d)	7,651.4	7,707.5
Current ratio ^(a/b)	177.2%	167.7%
Debt-to-equity ratio ^(c/d)	49.0%	44.0%

Appendix. KT&G Condensed Income Statement

* The results below are still under audit by the outside auditors and may be subject to change.

Consolidated ¹⁾

(unit : KRW bn)	Q2 '25	Q2 '24
Revenue	1,547.9	1,423.8
Cost of goods sold	795.5	709.7
Gross profit	752.4	714.1
Selling, general and administrative expense	402.6	392.1
Operating profit	349.8	321.9
Other income/expenses	(175.4)	90.8
Financial gain/loss	11.4	21.2
Net income from continuing operations	145.0	314.2
Net income from discontinued operations ¹⁾	(1.5)	(1.4)
Net income	143.5	312.8
Gross profit margin	48.6%	50.2%
Operating profit margin	22.6%	22.6%
Net income margin	9.3%	22.0%

Standalone

(unit : KRW bn)	Q2 '25	Q2 '24
Revenue	1,046.4	944.1
Cost of goods sold	560.1	388.1
Gross profit	486.3	462.6
Selling, general and administrative expense	198.9	199.9
Operating profit	287.5	281.6
Other income/expenses	(166.3)	94.7
Financial gain/loss	69.6	22.4
Net income	153.6	299.9
Gross profit margin	46.5%	51.0%
Operating profit margin	27.5%	29.8%
Net income margin	14.7%	31.8%

1) Due to the temporary suspension of US cigarette sales in '21. 4Q, the financial items of the US cigarette business (US subsidiary) has been segregated from net income from continuing operations and reclassified as a separate account of 'net income from discontinued operations' for comparison with previous income statement.

Appendix. KT&G Condensed Cash Flow

* The results below are still under audit by the outside auditors and may be subject to change.

Consolidated

(unit : KRW bn)	Q2 '25	Q2 '24
Cash and cash equivalents at April 1	1,136.0	1,032.0
Cash flows from operating activities	388.1	553.7
Cash generated from operations	596.5	744.5
Income tax paid	(208.3)	(190.9)
Cash flows from investing activities	(255.0)	(469.6)
Acquisition of property, plant and equipment	(348.2)	(335.4)
Cash flows from financing activities	(132.4)	(168.8)
Net increase in cash and cash equivalents	0.7	(84.7)
Effect of exchange rate fluctuation	2.9	76.9
Cash and cash equivalents at June 30	1,139.5	1,024.2

Standalone

(unit : KRW bn)	Q2 '25	Q2 '24
Cash and cash equivalents at April 1	588.8	210.4
Cash flows from operating activities	337.3	489.5
Cash generated from operations	509.4	644.0
Income tax paid	(172.1)	(154.5)
Cash flows from investing activities	(282.4)	(289.6)
Acquisition of property, plant and equipment	(97.2)	(152.6)
Cash flows from financing activities	(150.0)	(151.2)
Net increase in cash and cash equivalents	(95.1)	48.7
Effect of exchange rate fluctuation	(28.8)	10.3
Cash and cash equivalents at June 30	300.2	269.4

Appendix. KGC Condensed Financial Statement (standalone)

* The results below are still under audit by the outside auditors and may be subject to change.

Balance Sheet

(unit: KRW bn)	Q2 '25	YE'24
Current assets	1,725.8	1,804.9
Inventories	1,130.4	1,228.1
Cash and cash equivalents	221.7	114.4
Others	373.7	462.4
Non-current assets	821.5	783.3
Property, plant and equipment	324.5	335.2
Intangible assets	26.1	26.9
Others	470.9	421.2
Total assets	2,547.3	2,588.2
Current liabilities	151.0	154.8
Non-current liabilities	86.1	97.7
Total liabilities	237.1	252.5
Total equity	2,310.2	2,335.7

Income Statement

(unit: KRW bn)	Q2 '25	Q2 '24
Revenue	202.7	229.4
Cost of goods sold	99.1	115.0
Gross profit	103.6	114.4
SG&A	98.5	118.0
Operating profit	5.1	-3.6
Other income/expense	-7.8	9.7
Financial gain/loss	-4.2	2.9
Net income	0.2	7.6

Thank you