
KT&G FY2024 Fourth Quarter & Full Year Results

2025. 2. 6 | Investor Relations



Disclaimer

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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.

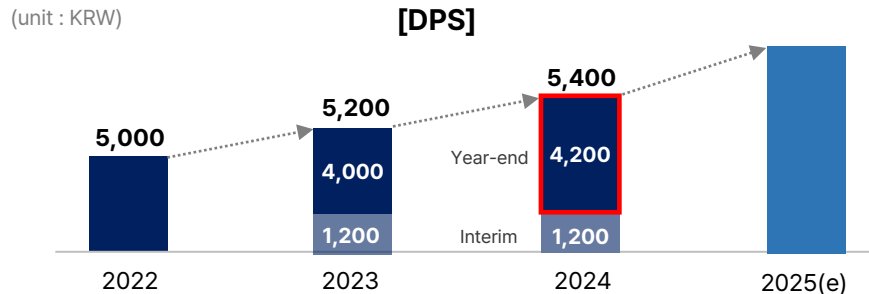
Shareholder Update

Dividend

Year-end Dividend **KRW 4,200** per share vs. PY **5% ↑**
 Yearly DPS **KRW 5,400**
 Payout ratio **51.5%**

Record date **Feb 28** (transaction required by Feb 26)
 Payout date **end-Apr** (within 1 month from approval at AGM, precise date to be further announced)

2025 Plan Interim and year-end dividends to be paid out in the scale of **total KRW 600 bn(e)** in line with the rising DPS trend

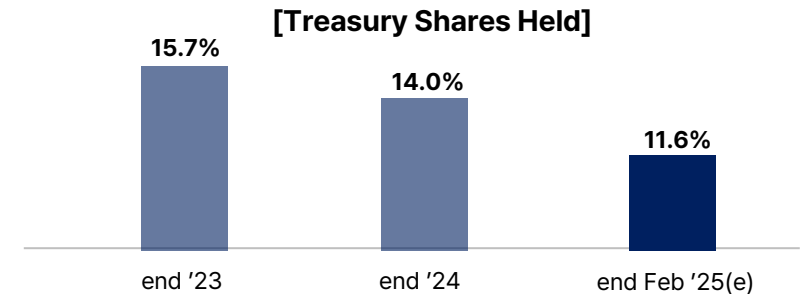


Share Cancellation

Cancellation Scale **3.3 mn existing treasury shares** **2.5%** (vs. outstanding shares in end '23)
KRW 360 bn (in market price)

Execution **Immediately** (modified-listing by end Feb)
 Shares held after cancellation **11.6%** (reduced by 2.4%p)

2025 Plan Share buyback/cancellation **KRW 300 bn+**
 Additional buyback/cancellation via **「Plus α」**
 (utilizing funds from divesting non-core assets)



KEY TAKEAWAYS

(Q4) 8.0% Growth in Revenue, 5.3% in Operating Profit

Topline growth and enhanced profitability in Global CC and NGP led to stronger performance for the entire group

(FY24) Record-high revenue and turnaround in profitability achieved since launch of New Leadership

Record-high revenue in Global CC > Tobacco Business > Overall Group Performance as well as a rebound in both group operating profit and margin

Improved capital efficiency as **ROE recorded 12.2%, a 2.3%p growth vs. '23**

(FY24) Record performance along with qualitative growth based on robust profits from the Global CC Business

Volume grew by 10.3% to post **record numbers** with stronger sales across all regions, and **revenue was up by 28.0%** also reaching **highest-ever figures**

Global CC **operating profit grew by 84.2% vs. '23** supported by a synergy of higher sales volume and an aggressive pricing strategy

(FY24) Top-class Shareholder Value Enhancement via active returns of approx. 100% total shareholder return ratio

Cash returns of approx. KRW 1.1 trillion (share buyback KRW 550 bn(e) + dividend KRW 590 bn(e)), total shareholder return ratio reaching **99.4%**(vs. net income)

Total 8.46 million shares cancelled including 3.5 million existing treasury shares(KRW 315 bn in market value), with **share count reduced by 6.3%**

Annual TSR 29.2% with share price increase driven by stronger fundamentals centered around the main business and active shareholder returns

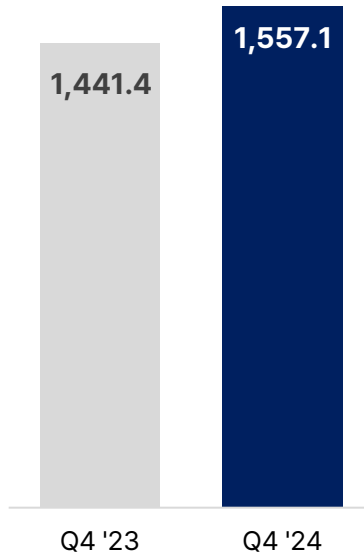
1. 2024 Performance Highlights

Q4 Results (consolidated)

Revenue (KRW bn)

KRW 1.56 trn

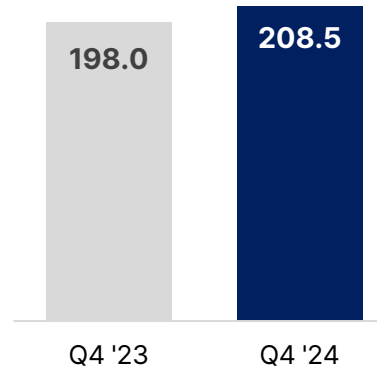
YoY +8.0%



Operating Profit (KRW bn)

KRW 208.5 bn

YoY +5.3%



Net Income

KRW 301.7 bn

YoY +167.2%

EPS

KRW 2,696

YoY +152.7%

EBITDA / EBITDA Margin

KRW 272.8 bn / 17.5%

YoY +5.0%

YoY -0.5%p

1. 2024 Performance Highlights

Full Year Results (consolidated)

Revenue (KRW bn)

KRW 5.91 trn

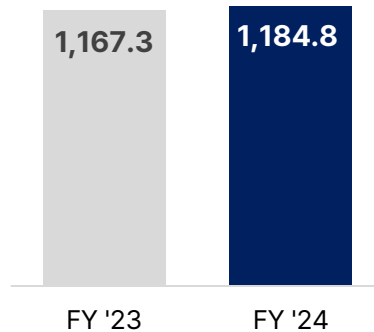
YoY +0.8%



Operating Profit (KRW bn)

KRW 1.18 trn

YoY +1.5%



Net Income

KRW 1,141.6 bn

YoY +23.8%

EPS

KRW 10,167

YoY +29.6%

EBITDA / EBITDA Margin

KRW 1,435 bn / 24.3%

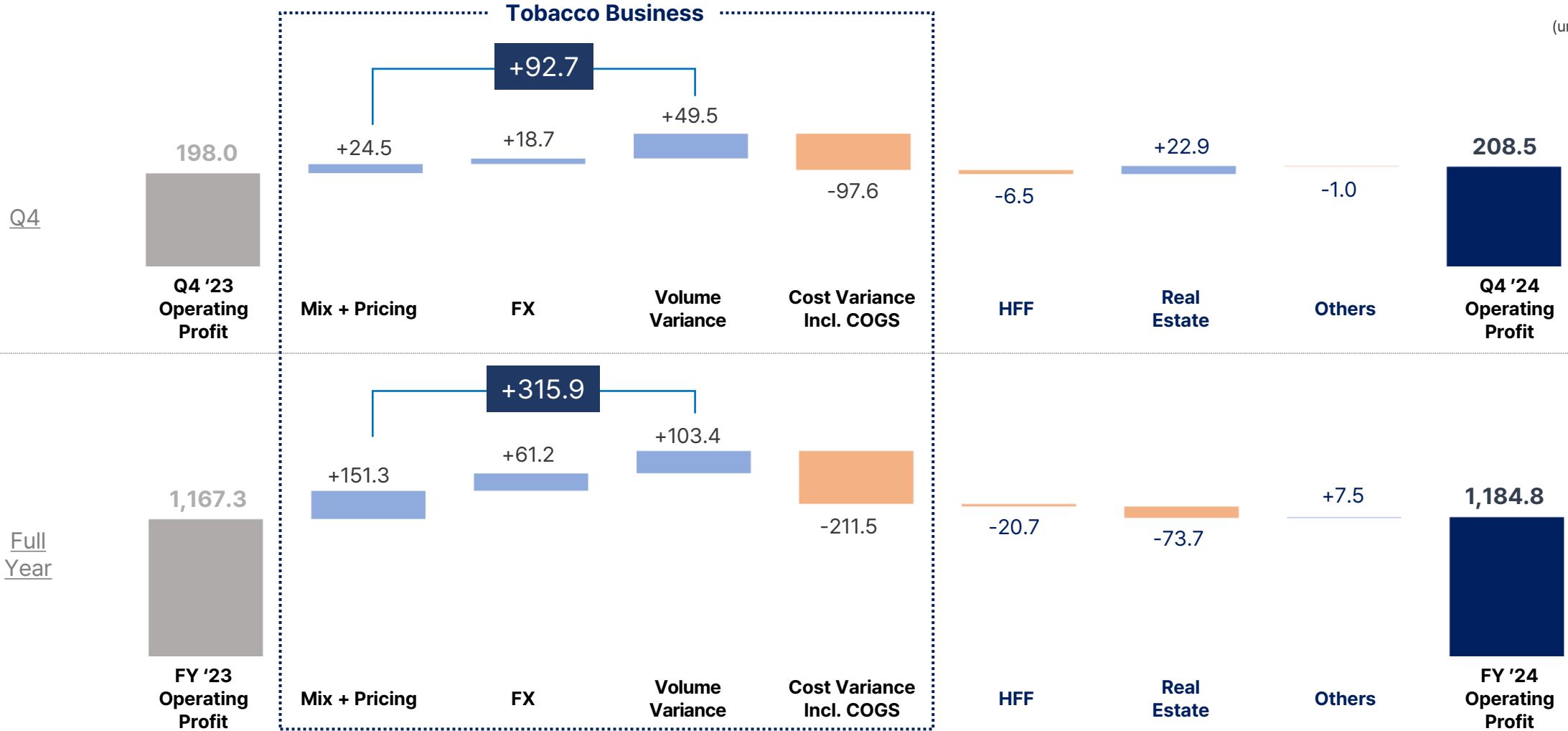
YoY +1.9%

YoY +0.3%p

1. 2024 Performance Highlights

Movement in Earnings

(unit : KRW bn)

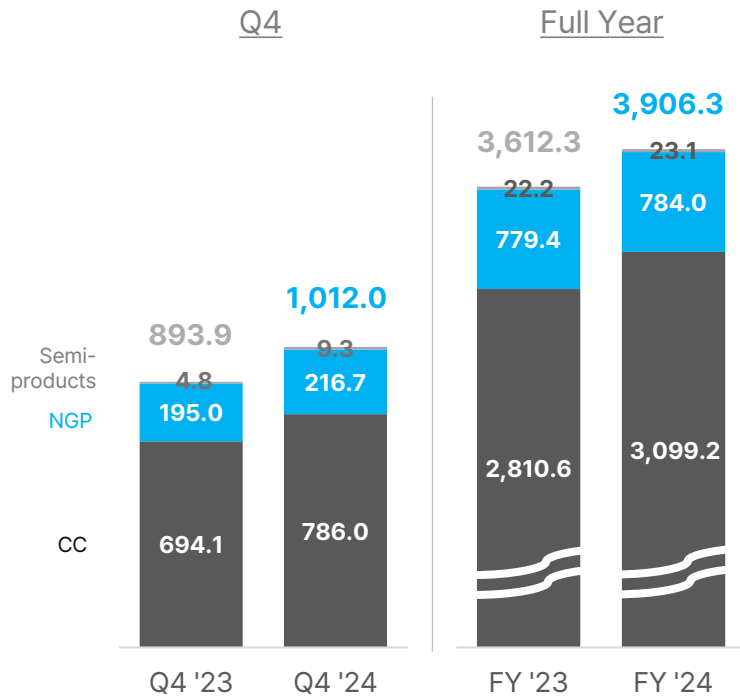


2. Performance by Business

Tobacco Business

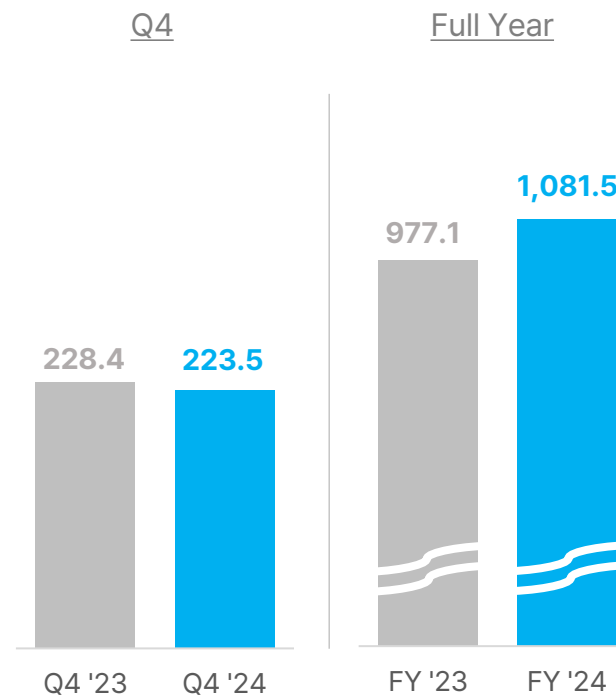
Revenue (KRW bn)

- (Q4 & '24) Growth in both quarterly (YoY +13.2%) and annual revenues (YoY +8.1%) driven by **record-high revenue from global CC for the year (YoY +28.0%)**



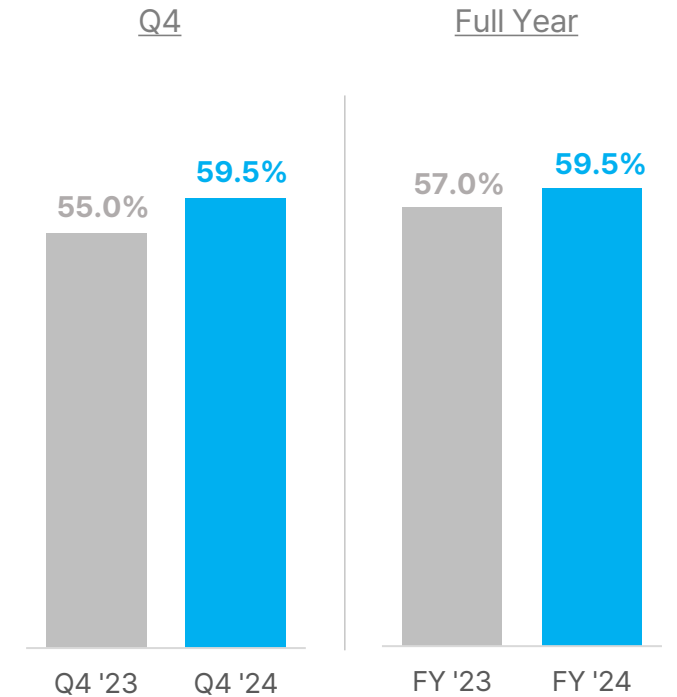
Operating Profit (KRW bn)

- (Q4) Impact from one-off costs (allowances for ordinary pay and instant payment of back pay on increased wages) and reduced sales from domestic CC with high profit contribution
- ('24) Turnaround in profits supported by enhanced profitability in the robust global CC business



Share of Global Sales (volume)

- (Q4 & '24) Share of global business continues to grow as global subsidiaries and export business show simultaneous growth

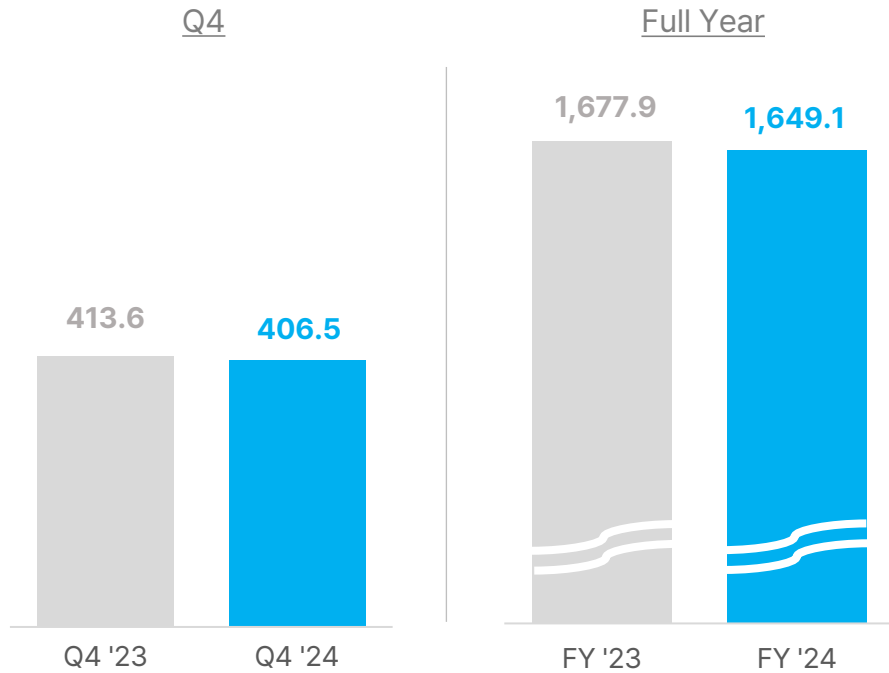


2. Performance by Business

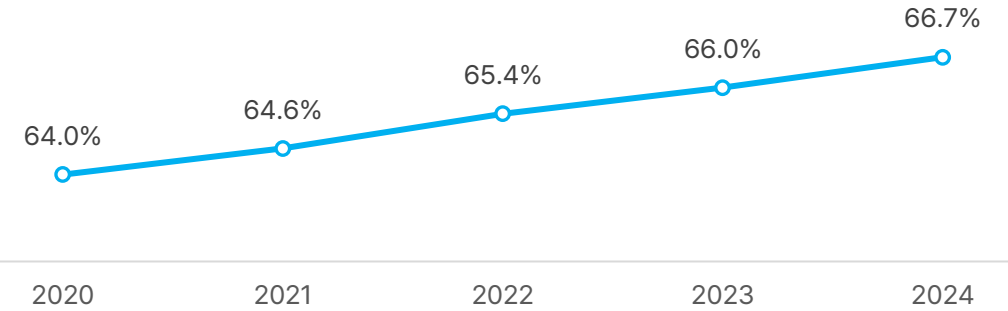
Tobacco_Domestic CC

- (Q4 & '24) Despite **accelerated decline in the CC market volume**, **revenue decline for the company was mitigated** via **continued market share gain** and **increased contribution from high-ASP products**

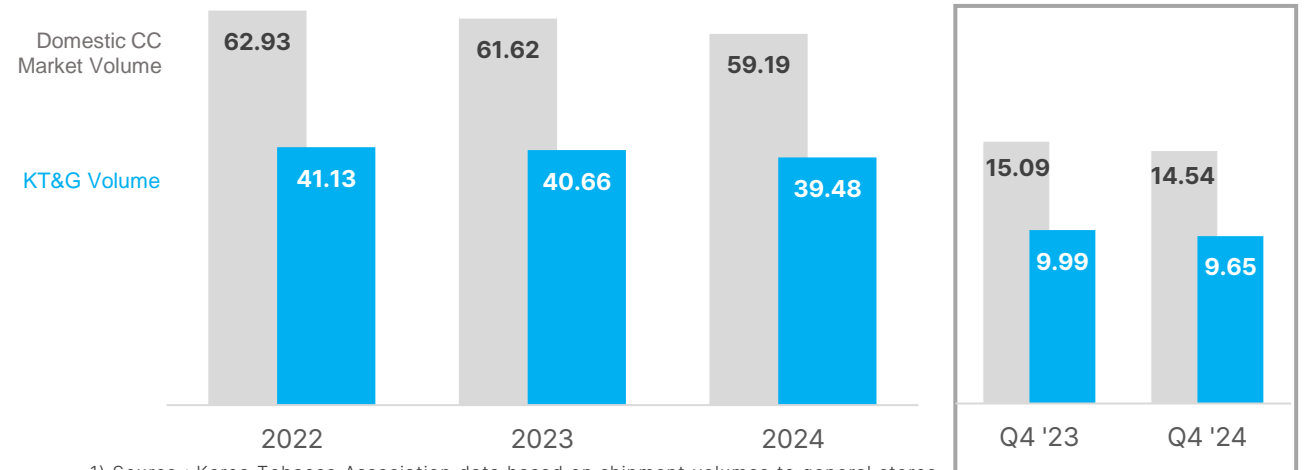
Revenue (KRW bn)



KT&G SoM¹⁾



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



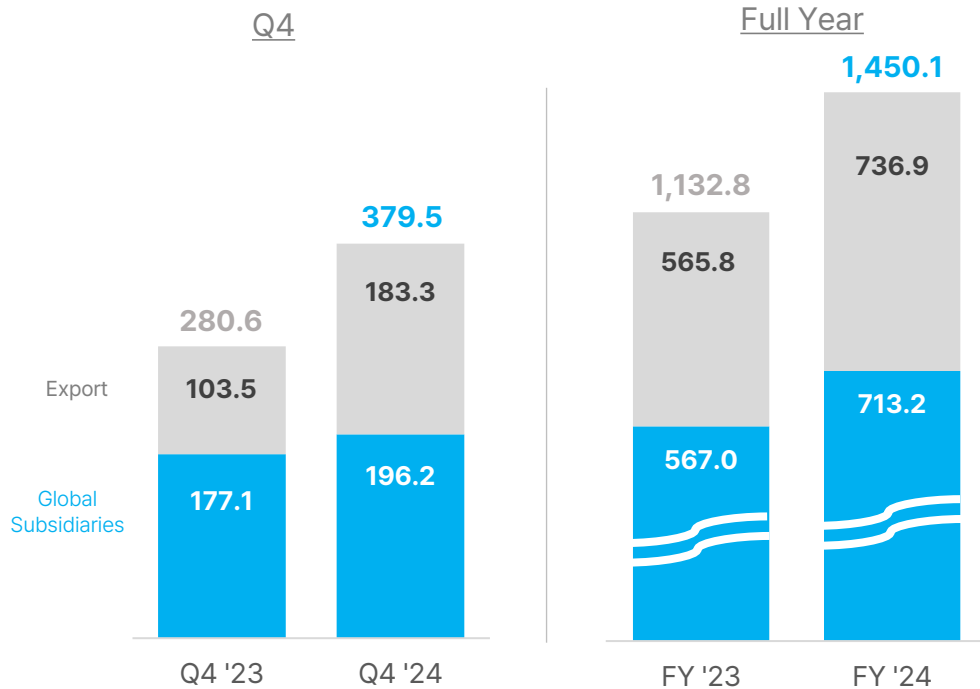
1) Source : Korea Tobacco Association data based on shipment volumes to general stores, centralized logistics, specialized channels, etc.

2. Performance by Business

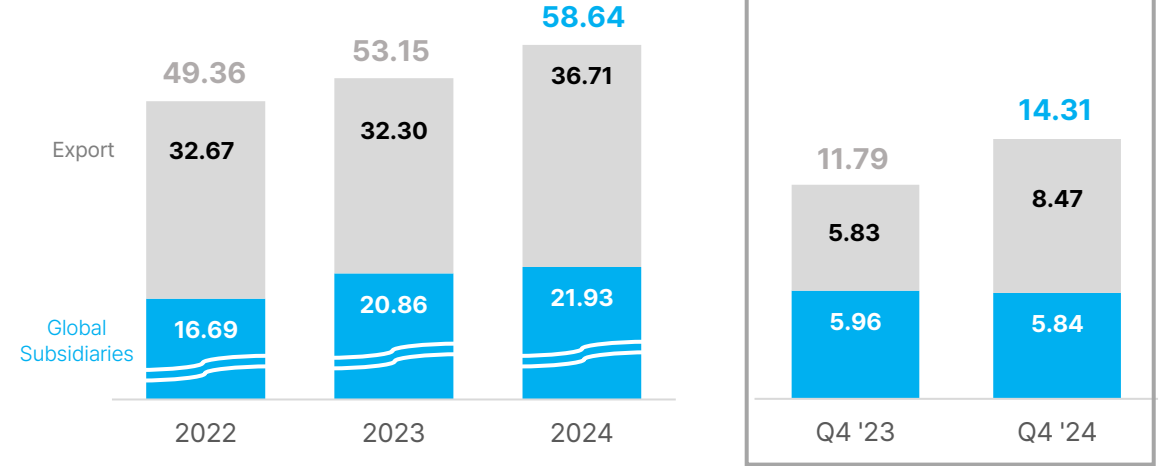
Tobacco_Global CC

- (Q4) **Higher quarterly revenues** (YoY +35.2%) **supported by exponential growth in high-ASP export volumes** (YoY +45.3%)
- ('24) Growth in both global subsidiaries and export volumes led to **record-high annual sales volume** for the business, while **active pricing strategies** added to the equation drove **record top line figures** (YoY+28.0%)

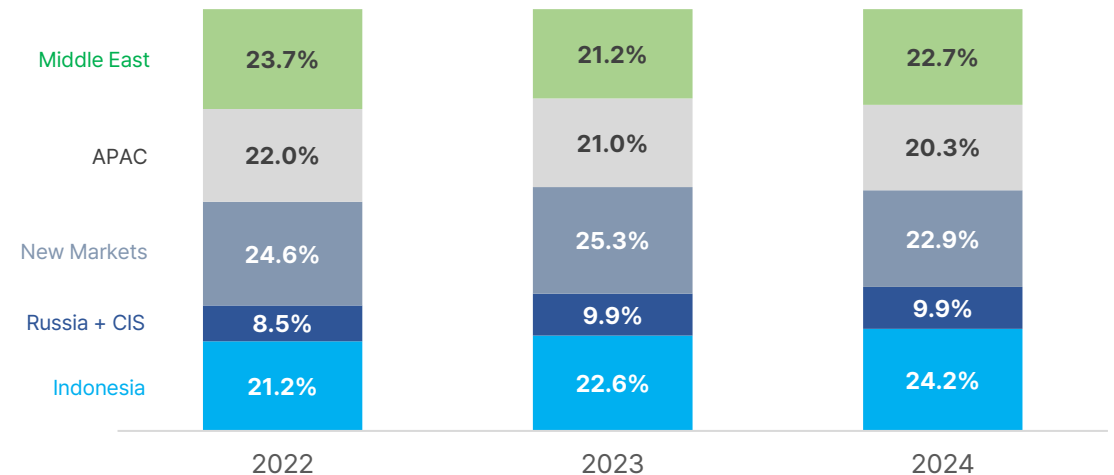
Revenue (KRW bn)



Volume (bn sticks)



Volume Share per Region

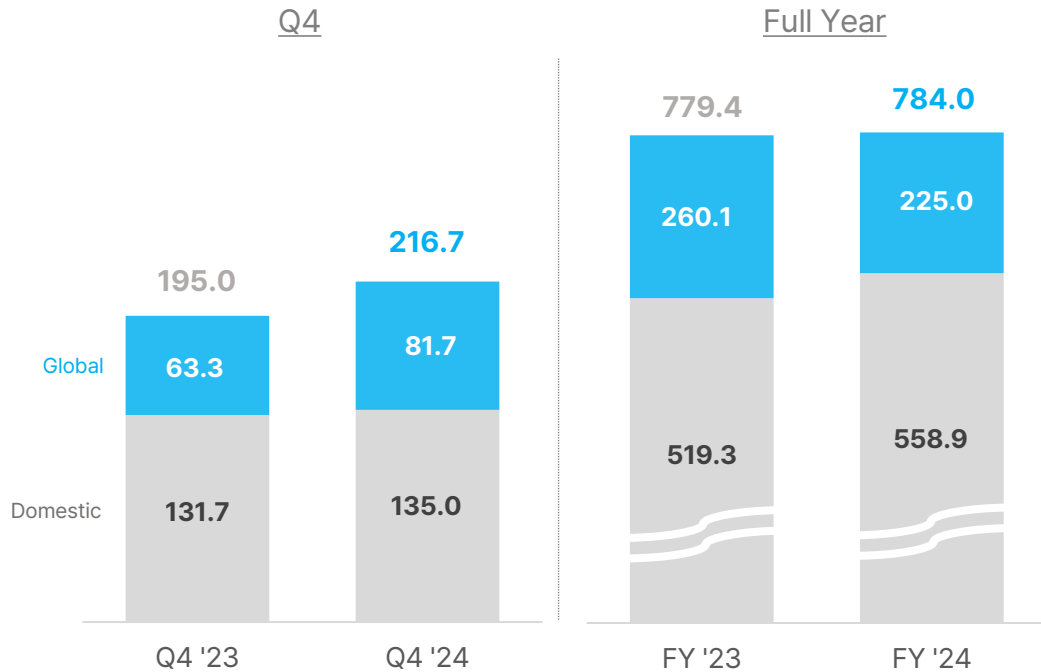


2. Performance by Business

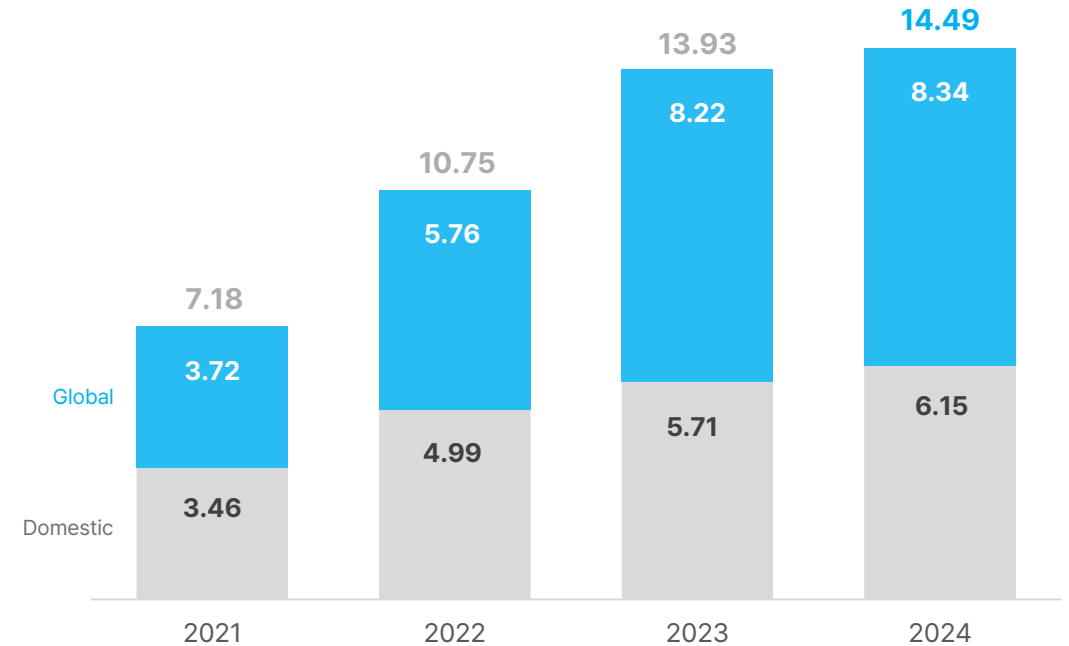
Tobacco_NGP (Next Generation Products)

- (Q4) Revenue expanded (YoY +11.1%) as **both domestic and global businesses grew**
- ('24) Despite strategic inventory adjustment of devices in preparation for new platform launch overseas, **domestic performance and higher stick sales volume** sustained the revenue growth trend

Revenue (KRW bn)



Stick Volume (bn sticks)

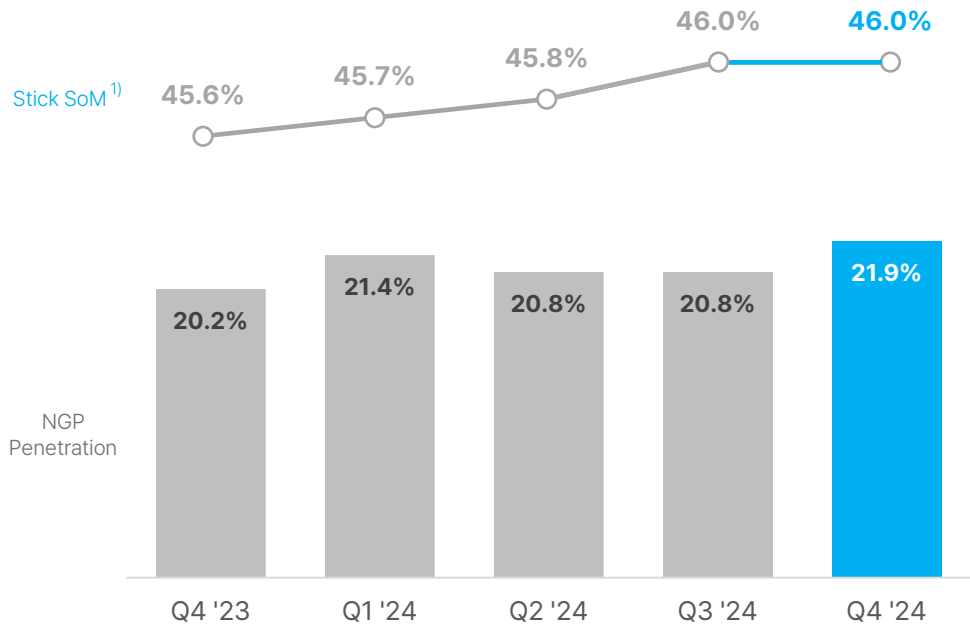


2. Performance by Business

Tobacco_NGP (Next Generation Products)

Domestic Operation

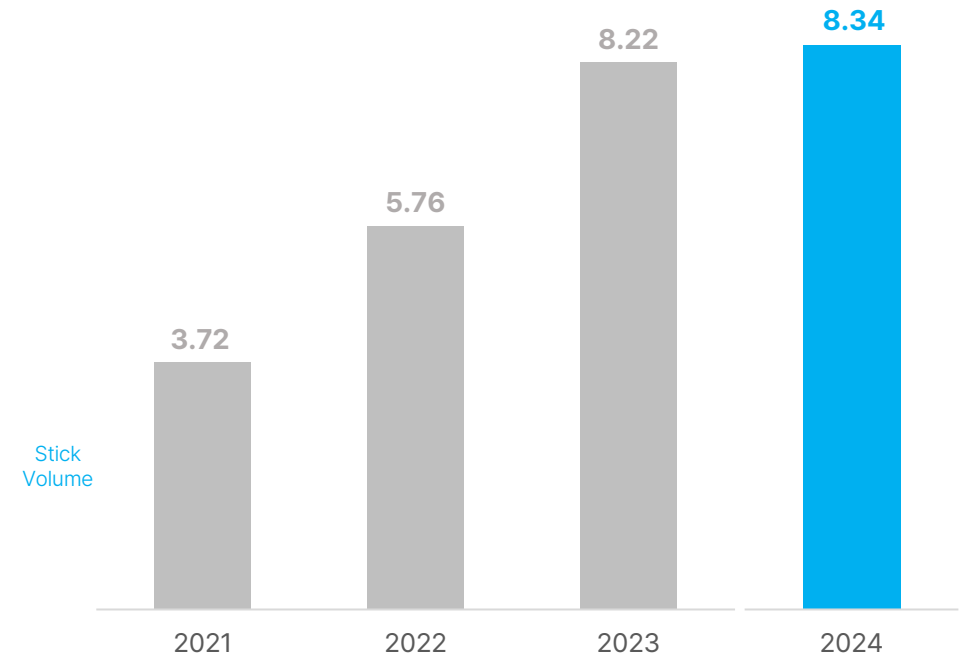
- Aggressive product launches and stronger marketing by respective players led to **higher acquisition of consumers and expanded market scale**
- **Continued stick SoM growth and consolidated market leadership** with consumer attraction via diverse stick launches for different platforms



1) CVS offtake data

Global Operation (bn sticks)

- Impact from strategic inventory adjustment for new platform launch more than offset by upsides including lil Hybrid launch in Russia, **to continue growth in annual stick sales volume**



2. Performance by Business

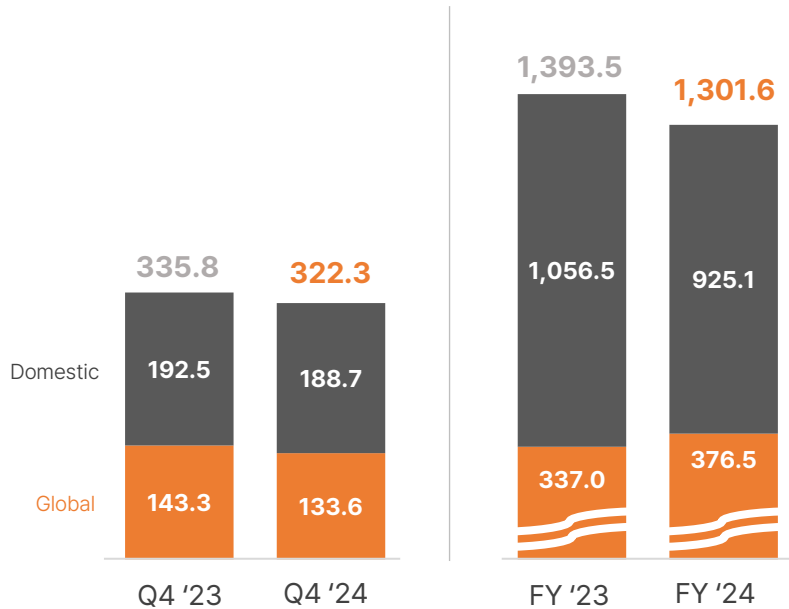
Health-Functional Food

Revenue (KRW bn)

- (Q4 & '24) Lower revenue due to impact from structural decline in the domestic HFF market and reshuffling of low-efficiency channels to improve fundamentals of the business

Q4

Full Year

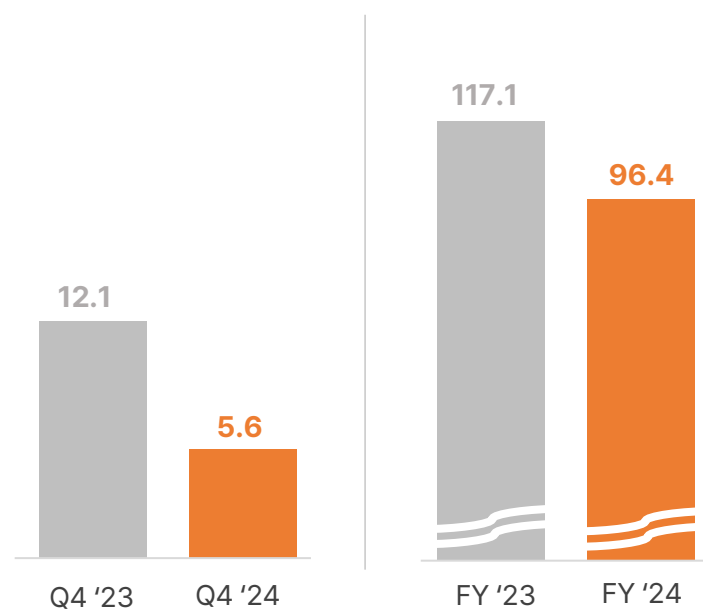


Operating Profit (KRW bn)

- (Q4 & '24) Despite improved profitability in the global business, lower domestic revenue and higher marketing costs from new brand launches led to decline in operating profit

Q4

Full Year

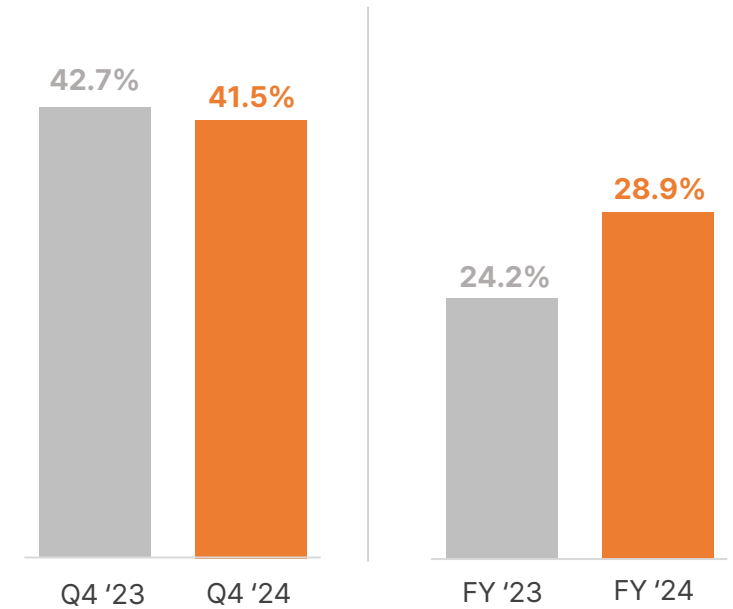


Share of Global Sales (revenue)

- (Q4 & '24) Despite reduced revenue in some overseas subsidiaries due to streamlined inventory, annual figures continued to grow as a result of the strategic drive behind global business growth

Q4

Full Year

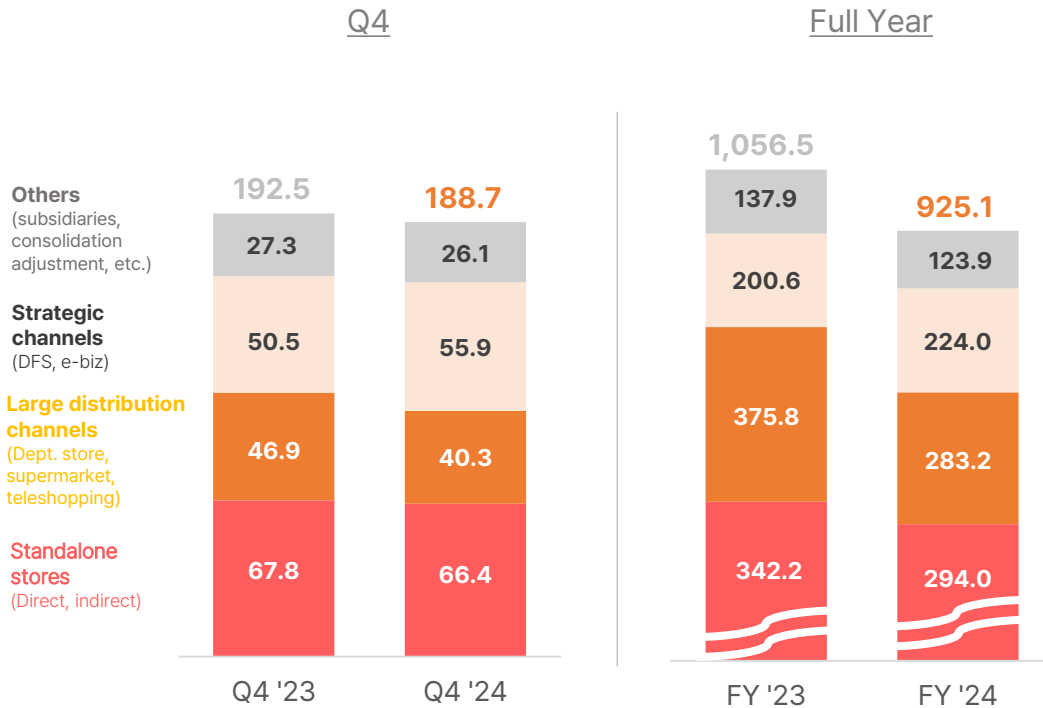


2. Performance by Business

Health-Functional Food

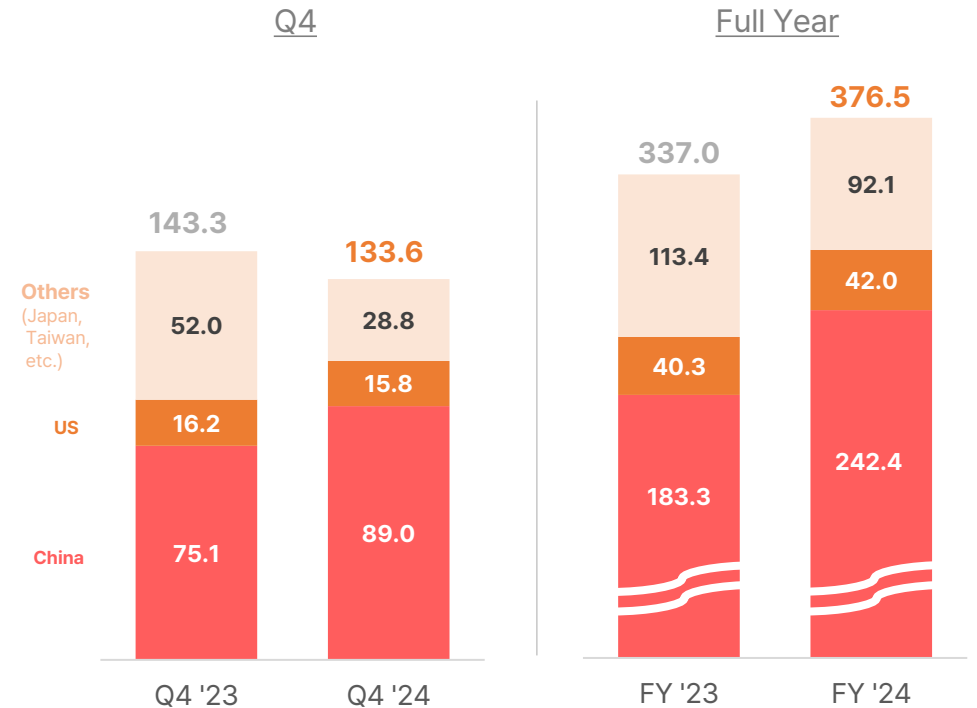
Domestic Revenue by Channel (KRW bn)

- While strategic channels including duty-free and e-commerce grew, revenues from all other channels were reduced as a result of a subdued market



Global Revenue by Market (KRW bn)

- While lower revenue from other markets including Japan and Taiwan due to streamlining of inventory dragged down the top line, **annual global revenue grew** (YoY +11.7%) based on **continued robust growth in China** (YoY +32.2%)

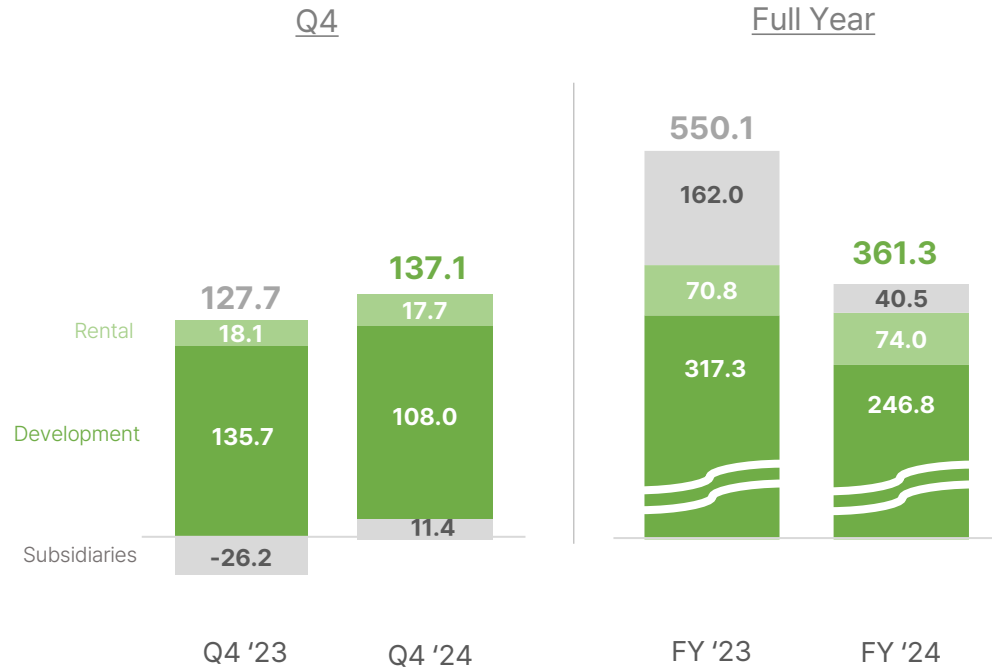


2. Performance by Business

Real Estate

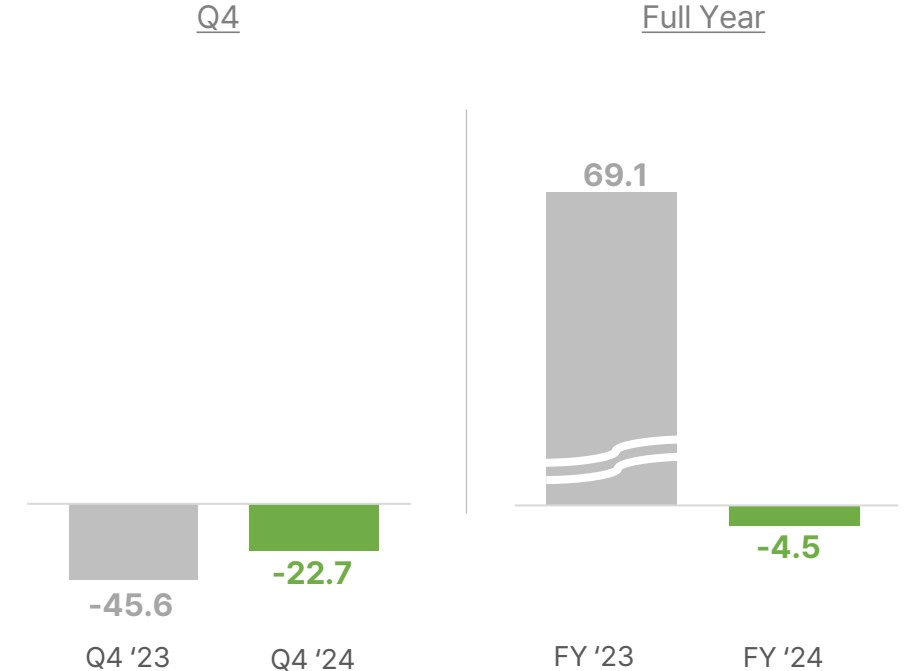
Revenue (KRW bn)

- (Q4) Quarterly revenue grew year-on-year due to favorable comparison of reduced revenues in the previous year
- ('24) Annual revenue declined with completion of major development projects and realignment of business directions for real estate



Operating Profit (KRW bn)

- (Q4) Continued losses due to infrastructure costs incurred from the Suwon development project as per the previous year
- ('24) Impact from completion of major projects and realignment of business directions led to reduced revenue and operating loss for the full year



Annual Guidance

Business Performance

Revenue Growth (con)
5.0 ~ 7.0%

Operating Profit Growth (con)
6.0 ~ 8.0%

2025

Shareholder Return

Existing Treasury Share
Cancellation (immediate)

2.5%¹⁾
 (5.1% in agg.)

Cash Dividends
(interim + year-end)

total KRW 600 bn^(e)
 (rising DPS)

Cash Return KRW 1.1 trn+

Shareholder Return Ratio 100%+

Share Cancellation 4.5% + α

Share Buyback /
Cancellation Plan

KRW 300 bn+
 (2.0%+)

Additional
Buyback/Cancellation

「 Plus α 」

1) % of total outstanding shares in end '23

Q&A

Appendix. Income Status by Business Segment

(units : KRW bn, sticks bn)		Q4 '23	FY '23	Q1 '24	Q2 '24	Q3 '24	Q4 '24	FY '24
Tobacco	Volume	25.40	107.74	25.43	29.32	30.24	27.64	112.63
	NGP	3.63	13.93	3.54	3.68	3.59	3.69	14.49
	Domestic	1.46	5.71	1.43	1.53	1.63	1.56	6.15
	Global	2.17	8.22	2.11	2.15	1.96	2.13	8.34
	CC	21.78	93.81	21.89	25.64	26.65	23.96	98.14
	Domestic	9.99	40.66	9.18	10.33	10.33	9.65	39.49
	Global	11.79	53.15	12.71	15.31	16.32	14.31	58.65
	Revenue	893.9	3,612.3	856.6	989.9	1,047.8	1,012.0	3,906.3
	NGP	195.0	779.4	176.3	197.7	193.2	216.7	784.0
	Domestic	131.7	519.3	130.1	137.3	156.6	135.0	559.0
	Global	63.3	260.1	46.2	60.4	36.6	81.7	225.0
	CC	694.1	2,810.6	674.7	788.0	850.6	786.0	3,099.2
	Domestic	413.6	1,677.9	382.9	428.9	430.9	406.5	1,649.1
	Global	280.6	1,132.8	291.8	359.1	419.7	379.5	1,450.1
Semi-products	4.8	22.2	5.6	4.2	4.0	9.3	23.1	
Operating Profit	228.4	977.1	206.6	316.4	335.0	223.5	1,081.5	
OP Margin	25.6%	27.0%	24.1%	32.2%	32.0%	22.1%	27.7%	
Health-Functional Food	Revenue	335.8	1,393.5	308.4	265.1	405.8	322.3	1,301.6
	Domestic	192.5	1,056.5	243.0	172.8	320.6	188.7	925.1
	Global	143.3	337.0	65.4	92.3	85.2	133.6	376.5
	Operating Profit	12.1	117.1	23.0	-1.0	68.8	5.6	96.4
OP Margin	3.6%	8.4%	7.5%	-	17.0%	1.7%	7.4%	
Real Estate	Revenue	127.7	550.1	45.2	80.5	98.5	137.1	361.3
	Development	135.7	317.3	18.9	51.8	68.1	108.0	246.8
	Rental Properties	18.1	70.8	18.9	18.7	18.7	17.7	74.0
	Subsidiaries	-26.2	162.0	7.4	10.0	11.7	11.4	40.5
	Operating Profit	-45.6	69.1	2.6	2.9	12.7	-22.7	-4.5
OP Margin	-	12.6%	5.8%	3.6%	12.9%	-	-	
Others	Revenue	84.1	306.7	82.1	88.3	84.2	85.7	340.3
	Pharmaceutical	63.8	233.9	64.2	62.2	62.0	62.9	251.3
	Cosmetics	20.3	72.8	17.9	26.1	22.2	22.8	89.0
	Operating Profit	3.0	4.0	4.4	3.7	1.3	2.0	11.4
	OP Margin	3.6%	1.3%	5.4%	4.2%	1.5%	2.3%	3.3%

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)	YE'24	YE'23
Current assets^(a)	7,216.8	6,418.4
Cash ^(*)	1,844.2	1,669.0
Trade and other receivables	1,559.9	1,506.5
Inventories	3,103.0	2,763.8
Others	709.7	479.1
Non-current assets	6,722.6	6,354.1
Property, plant, and equipment	2,638.1	2,096.5
Investment property	761.2	1,018.4
Others	3,323.3	3,239.2
Total assets	13,939.4	12,772.5
Current liabilities ^(b)	3,165.5	2,672.4
Non-current liabilities	1,431.4	805.2
Total liabilities^(c)	4,596.9	3,477.6
Total equity^(d)	9,342.5	9,294.9
Current ratio ^(a/b)	228.0%	240.2%
Debt-to-equity ratio ^(c/d)	49.2%	37.4%

Standalone

(unit : KRW bn)	YE'24	YE'23
Current assets^(a)	4,166.9	3,554.3
Cash ^(*)	989.0	655.7
Trade and other receivables	1,621.6	1,433.9
Inventories	1,316.2	1,222.8
Others	240.1	241.9
Non-current assets	6,933.9	6,819.6
Property, plant, and equipment	1,505.7	1,282.1
Investment property	741.4	992.5
Others	4,686.8	4,545.0
Total assets	11,100.8	10,373.9
Current liabilities ^(b)	2,486.1	2,164.2
Non-current liabilities	915.3	377.2
Total liabilities^(c)	3,401.4	2,541.4
Total equity^(d)	7,699.4	7,832.5
Current ratio ^(a/b)	167.6%	164.2%
Debt-to-equity ratio ^(c/d)	44.2%	32.4%

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

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)	FY'24	FY'23
Revenue	5,909.5	5,862.6
Cost of goods sold	3,006.9	3,054.4
Gross profit	2,902.6	2,808.2
Selling, general and administrative expense	1,717.8	1,640.9
Operating profit	1,184.8	1,167.3
Other income/expenses	301.8	7.5
Financial gain/loss	60.4	71.1
Net income from continuing operations	1,148.6	929.6
Net income from discontinued operations ¹⁾	(7.0)	(7.2)
Net income	1,141.6	922.4
Gross profit margin	49.1%	47.9%
Operating profit margin	20.0%	19.9%
Net income margin	19.3%	15.7%

Standalone

(unit : KRW bn)	FY'24	FY'23
Revenue	3,704.5	3,586.7
Cost of goods sold	1,927.1	1,881.5
Gross profit	1,777.4	1,705.2
Selling, general and administrative expense	799.9	773.5
Operating profit	977.5	931.7
Other income/expenses	267.1	8.8
Financial gain/loss	90.3	136.6
Net income	995.1	804.9
Gross profit margin	48.0%	47.5%
Operating profit margin	26.4%	26.0%
Net income margin	26.9%	22.4%

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)	FY'24	FY'23
Cash and cash equivalents at January 1	1,032.0	1,401.0
Cash flows from operating activities	809.9	1,266.0
Cash generated from operations	1,134.9	1,646.3
Income tax paid	(325.0)	(380.3)
Cash flows from investing activities	(483.6)	(848.3)
Acquisition of property, plant and equipment	(792.7)	(472.8)
Cash flows from financing activities	(284.4)	(775.8)
Net increase in cash and cash equivalents	41.9	(358.1)
Changes in consolidation scope etc.	-	(47.3)
Effect of exchange rate fluctuation	66.9	(10.9)
Cash and cash equivalents at December 31	1,140.8	1,032.0

Standalone

(unit : KRW bn)	FY'24	FY'23
Cash and cash equivalents at January 1	210.4	939.6
Cash flows from operating activities	810.1	969.8
Cash generated from operations	1,080.5	1,292.7
Income tax paid	(270.4)	(322.9)
Cash flows from investing activities	(160.8)	(955.8)
Acquisition of property, plant and equipment	(346.3)	(259.7)
Cash flows from financing activities	(314.2)	(741.3)
Net increase in cash and cash equivalents	335.1	(727.3)
Effect of exchange rate fluctuation	43.3	(1.9)
Cash and cash equivalents at December 31	588.8	210.4

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)	YE'24	YE'23
Current assets	1,804.9	1,687.0
Inventories	1,228.1	1,119.5
Cash and cash equivalents	114.4	177.2
Others	462.4	390.3
Non-current assets	783.8	836.6
Property, plant and equipment	335.2	355.3
Intangible assets	26.9	26.2
Others	421.7	455.1
Total assets	2,588.7	2,523.6
Current liabilities	156.7	136.3
Non-current liabilities	97.7	90.0
Total liabilities	254.4	226.3
Total equity	2,334.3	2,297.3

Income Statement

(unit : KRW bn)	FY'24	FY'23
Revenue	1,105.2	1,223.4
Cost of goods sold	536.9	612.8
Gross profit	568.3	610.6
SG&A	503.9	529.5
Operating profit	64.4	81.1
Other income/expense	15.2	1.6
Financial gain/loss	13.2	13.4
Net income	64.6	81.6

Thank you