
KT&G **FY2025 Third Quarter Results**

2025. 11. 6 | 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.

KEY TAKEAWAYS

「New Record for Operating Profit Set in 5 Years」 with Highest-ever Quarter Figures in Revenue and OP

Strong results across the tobacco business with robust growth in global CC and improvements in NGP·Domestic CC, along with higher profit recognition from Real Estate ⇒ **Double-digit Growth in both Revenue and Operating Profit**

Global CC, 「Record-high Performance for 3 Consecutive Quarters」

Double-digit growth in both volume(+12.9%) and ASP(+10.7%) ⇒ **Quarter revenue surpassed KRW 500 billion for the first time**

「Raising Full-Year Guidance to Double-Digit Growth in Revenue and Operating Profit」 Driven by the Strong Global CC Growth Momentum

Strategic Partnership and Joint Acquisition of 'ASF' (Strong Nordic Nicotine Pouch Manufacturer) with Altria(US No.1 Tobacco Company)

Full-fledged global expansion of the nicotine pouch business beyond the 5 Nordic markets to Europe, Middle East, Africa, Asia and North America from 2026

1. 2025 Q3 Performance Highlights

Consolidated Results

Revenue (KRW bn)

KRW **1.83** trn

YoY +11.6%



Operating Profit (KRW bn)

KRW **465.3** bn

YoY +11.4%



Net Income

KRW **418.7** bn

YoY +73.4%

EPS

KRW **3,898**

YoY +81.7%

EBITDA / EBITDA Margin

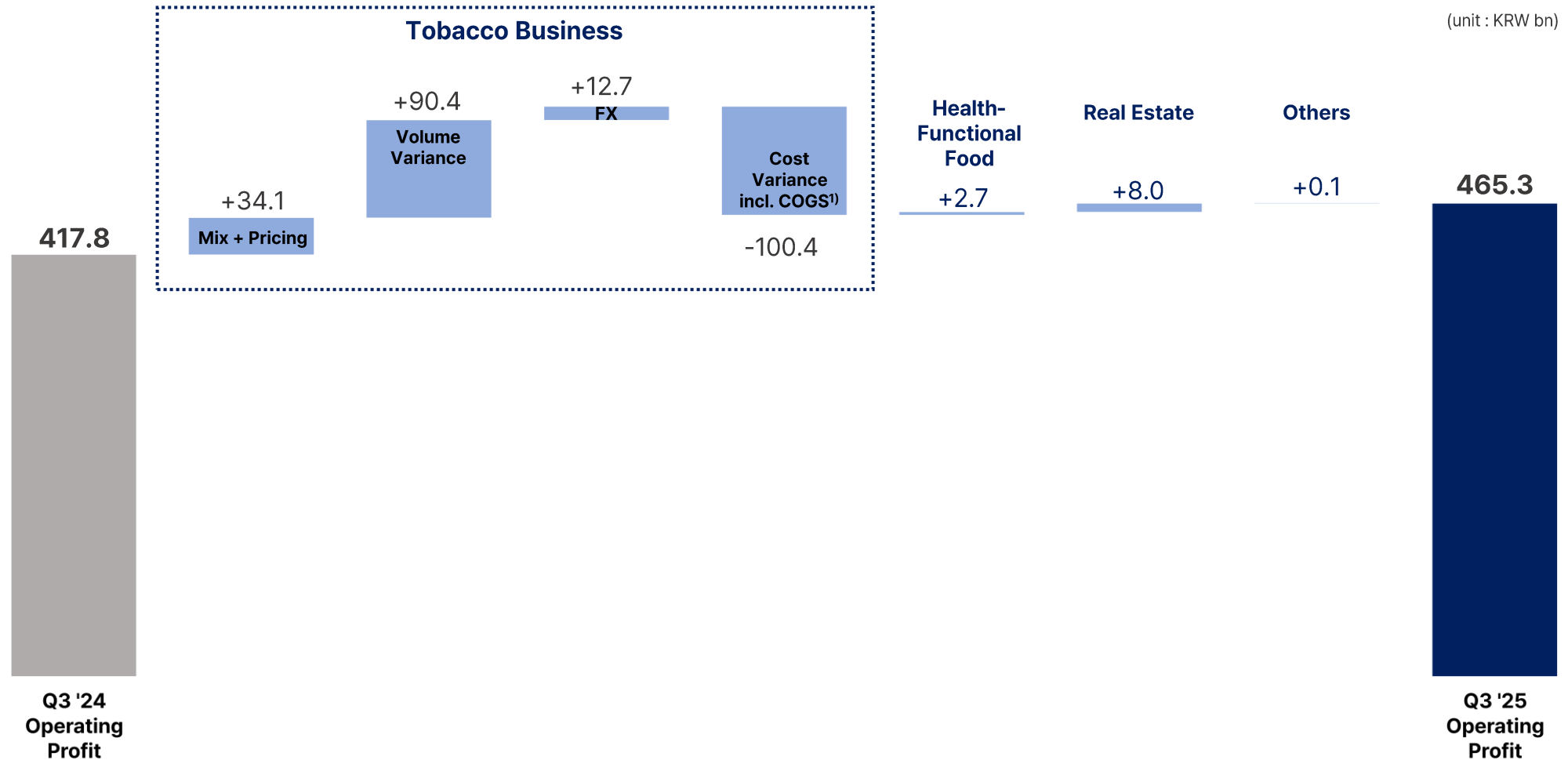
KRW **540.5** bn/**29.6%**

YoY +12.3%

YoY +0.2%p

1. 2025 Q3 Performance Highlights

Movement in Earnings



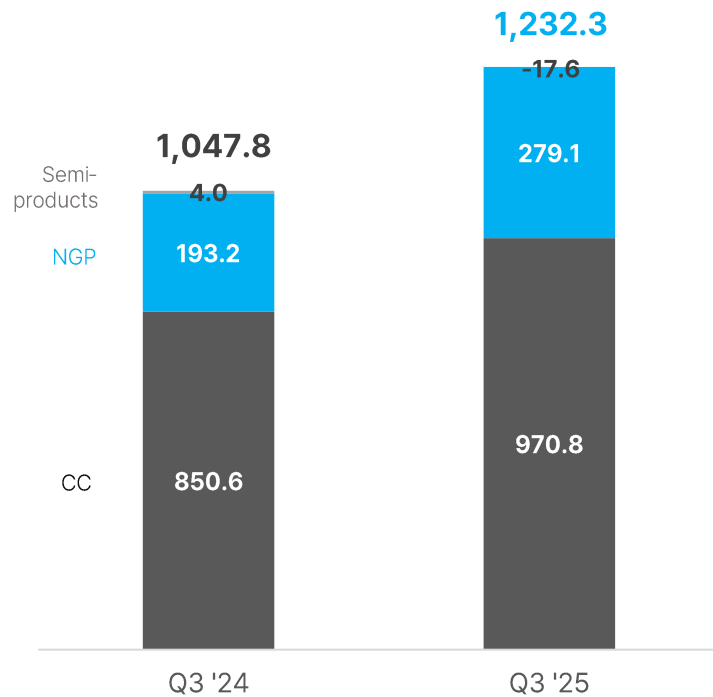
1) Reflecting changes in the accounting method for certain semi-products (gross → net) including retrospective adjustments for H1

2. Performance by Business

Tobacco Business

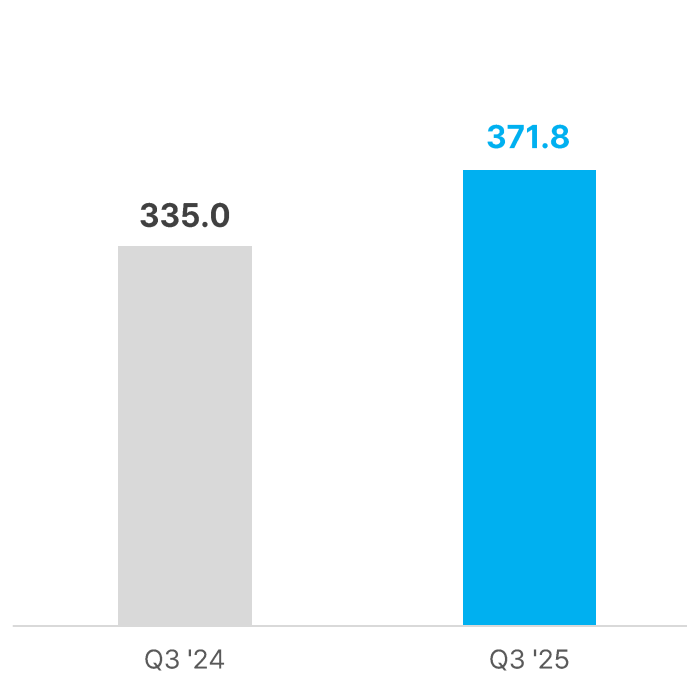
Revenue (KRW bn)

- **Robust performance in both CC and NGP** including record-high quarter global CC revenue led to double-digit growth at the overall topline (YoY +17.6%)



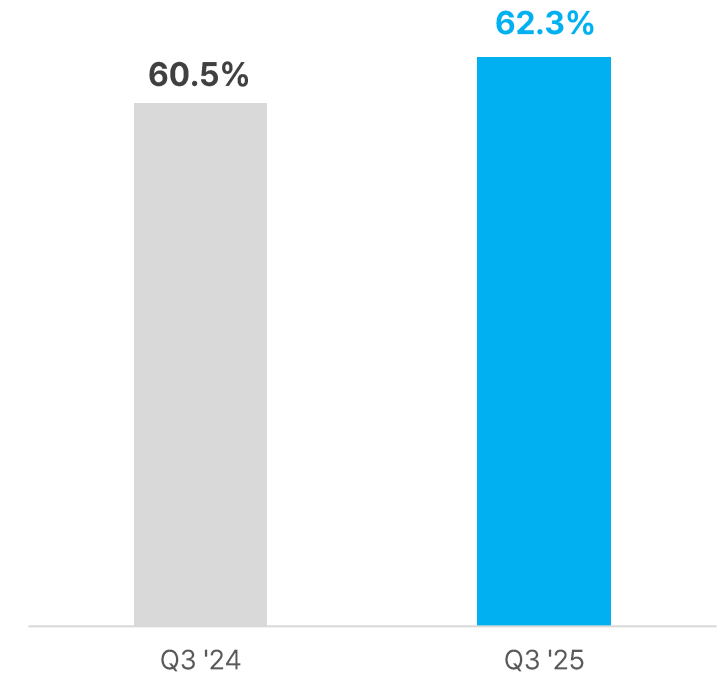
Operating Profit (KRW bn)

- **Double-digit growth in operating profit (YoY +11%)** driven by revenue growth across the tobacco business



Share of Global Sales (volume)

- **Continued to rise (YoY +1.8%p)** as double-digit volume growth is sustained in global CC

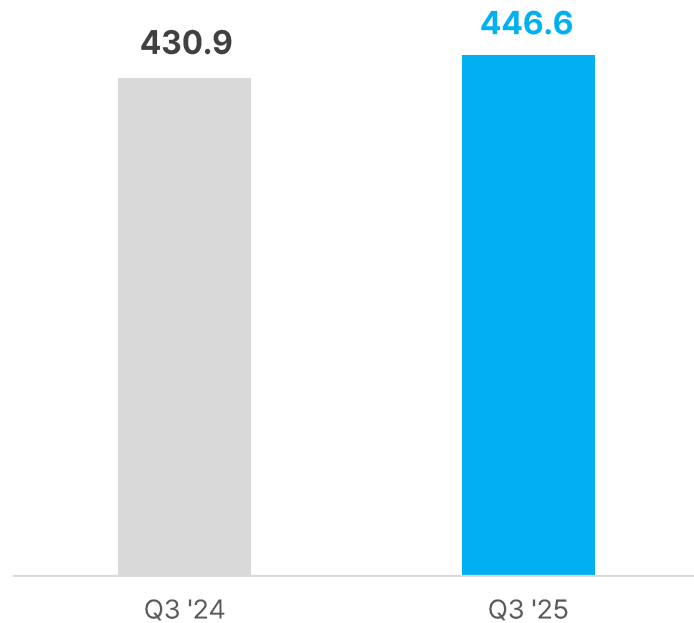


2. Performance by Business

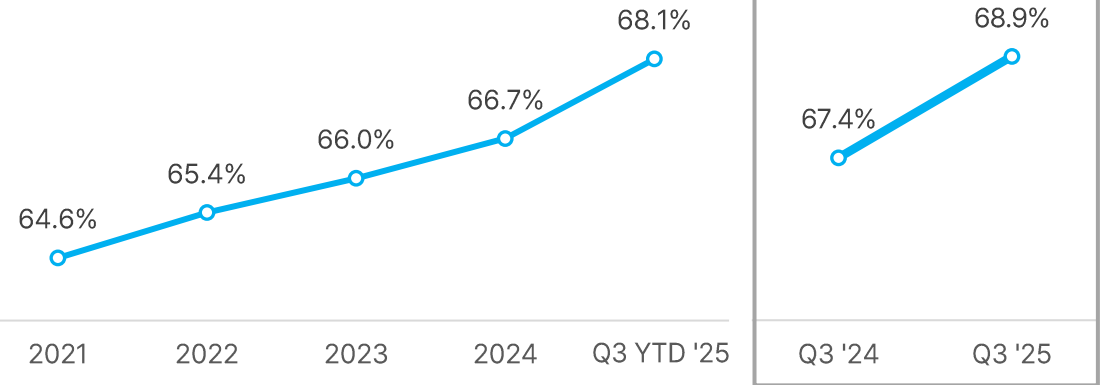
Tobacco_Domestic CC

- **Increased market and sales volumes** led by **advanced demand from the Chuseok holiday**
- Stronger market leadership with **SoM above 68% for Q3 YTD** thanks to **differentiated product launches**

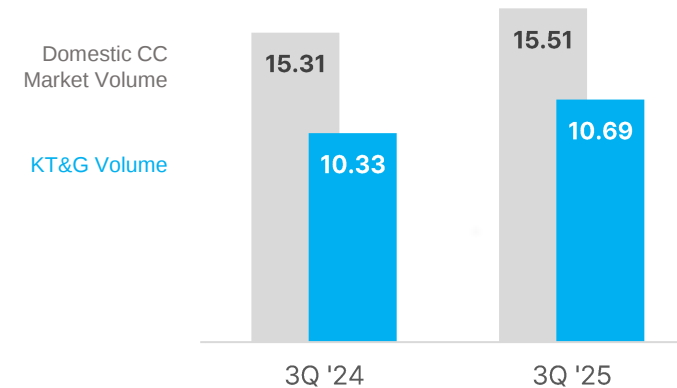
Revenue (KRW bn)



KT&G SoM¹⁾



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



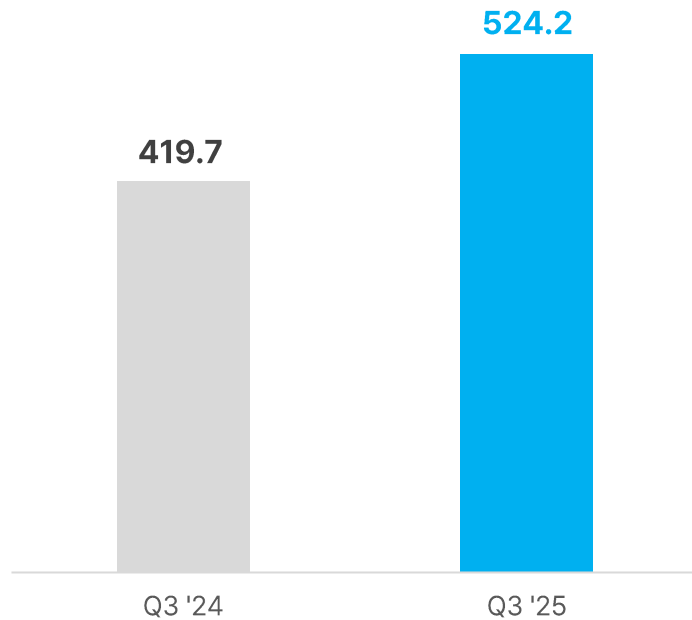
1) Source : Korea Tobacco Association data based on shipment volumes to general stores, centralized logistics, specialized channels, etc.

2. Performance by Business

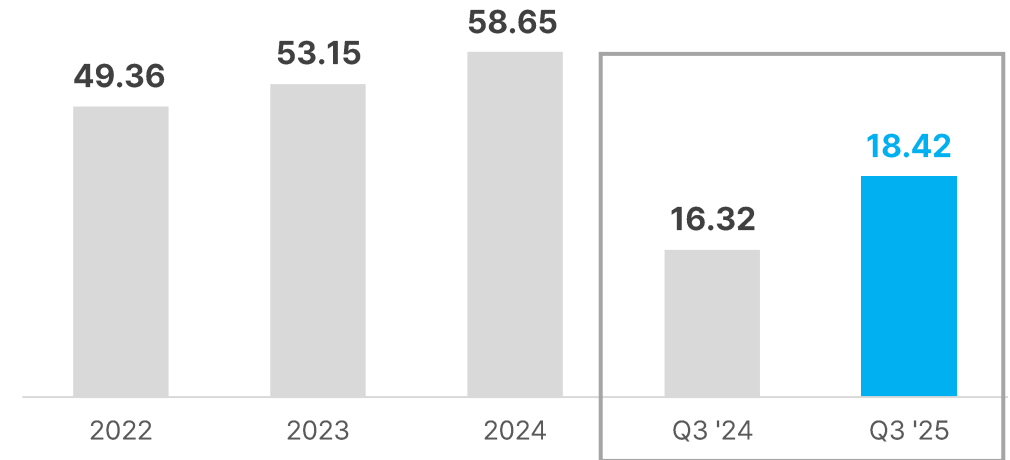
Tobacco_Global CC

- Continued **volume growth**(YoY +12.9%) across all regions and **ASP increase** (YoY +10.7%) via 'pricing + higher contribution from premium products' led to **revenue growth of 25%**
- Consecutive new records in quarter volume and revenue**

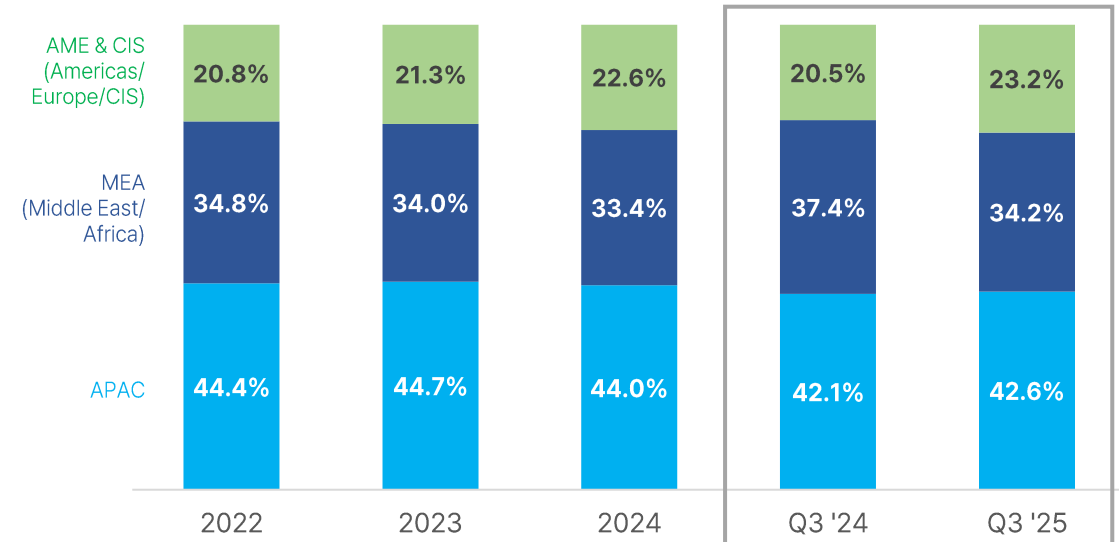
Revenue (KRW bn)



Volume (bn sticks)



Volume Share per Region



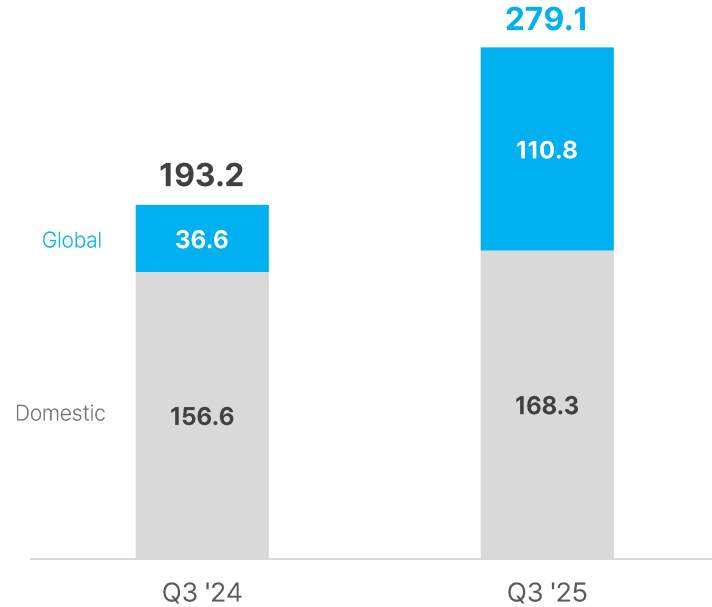
* Revenue and volumes are combined for export and global subsidiaries as the previous distinction is rendered irrelevant due to expansion of overseas production

2. Performance by Business

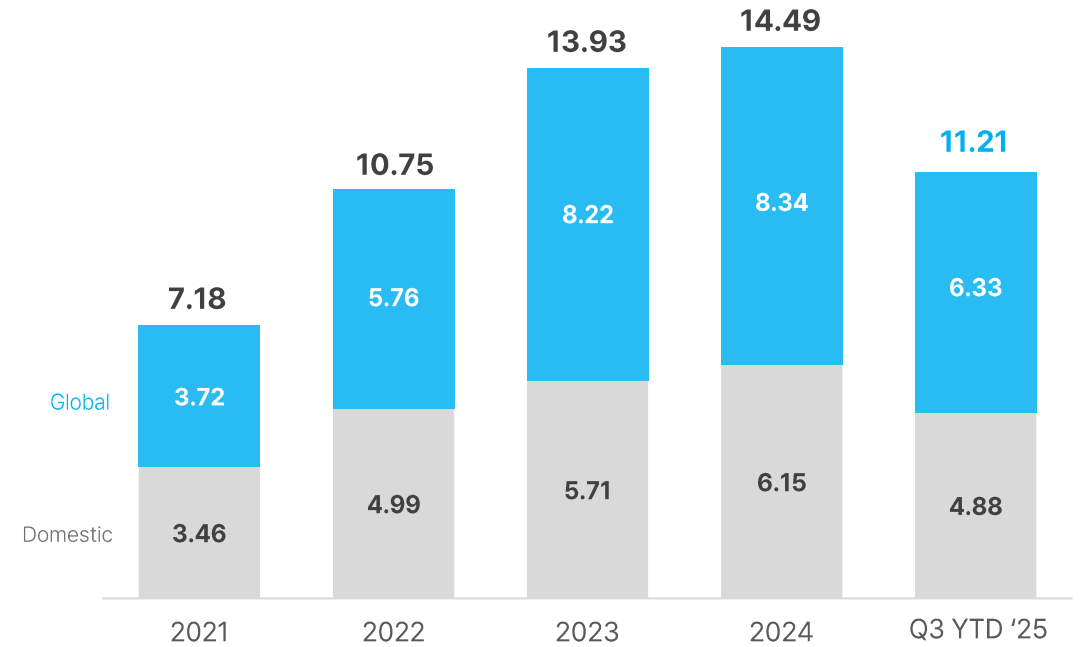
Tobacco_NGP_(Next Generation Products)

- Product line extension in device and stick domestically and internationally, and the catch-up supply of the device backlog from the first half led to stronger revenue

Revenue (KRW bn)



Stick Volume (bn sticks)

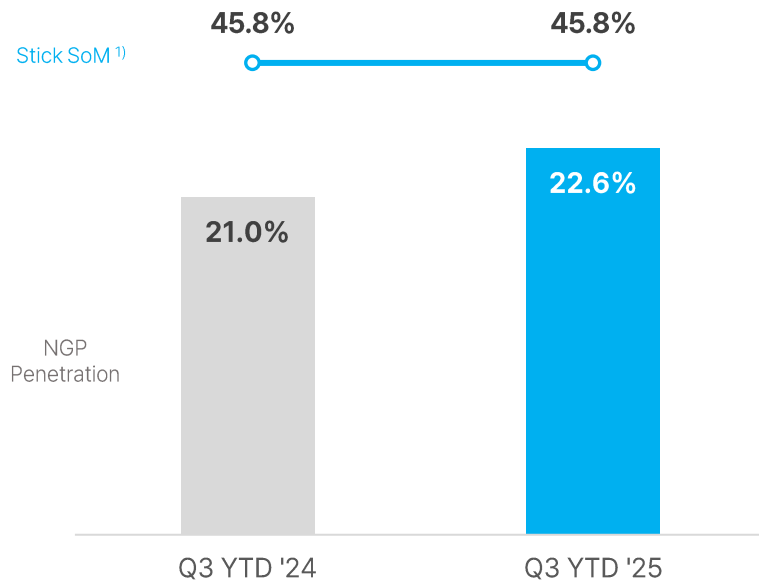


2. Performance by Business

Tobacco_NGP_(Next Generation Products)

Domestic Business

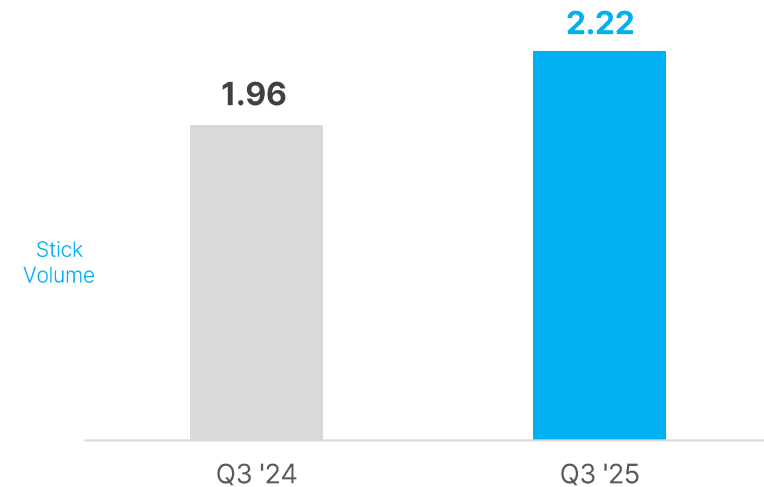
- While the **NGP penetration continues to grow**, **SoM was maintained** with **new product launches** despite **intensified promotional activities from competition**



1) CVS offtake data

Global Business (bn sticks)

- Stick volume grew as higher number of devices (YoY +13.3%)** were sold driven by the launch of an upgraded lil Solid version in Russia and the catch-up supply of devices from the first half

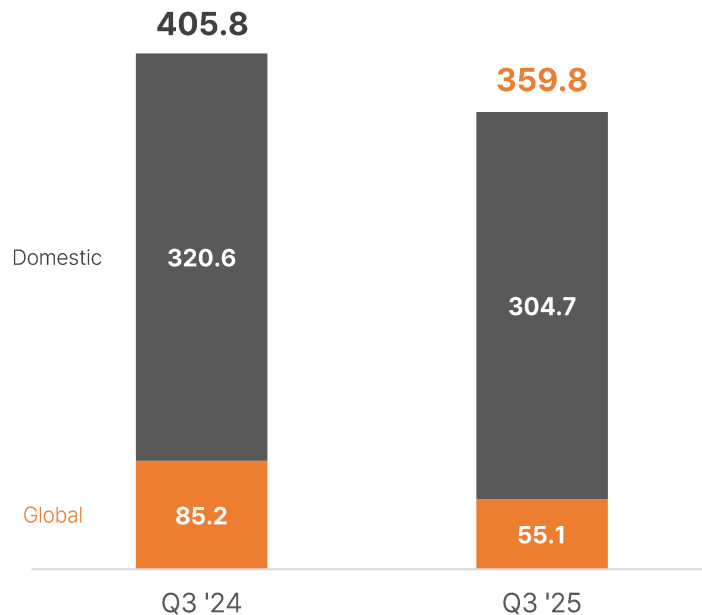


2. Performance by Business

Health-Functional Food

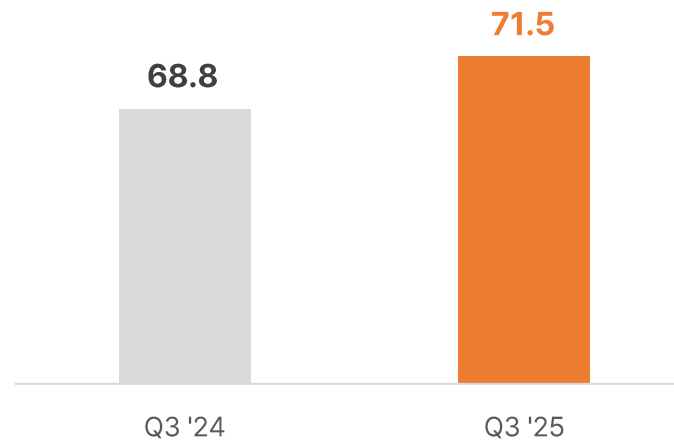
Revenue (KRW bn)

- **Reduced demand** due to **subdued consumer sentiment and price pressure**, and **continued restructuring of business fundamentals toward high-profit channels and products** led to **lower revenue**



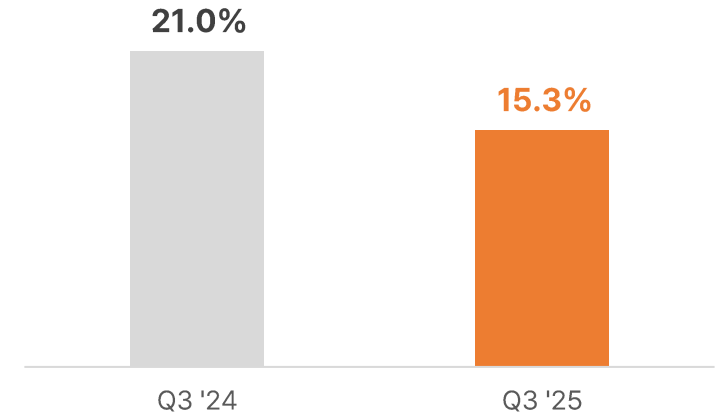
Operating Profit (KRW bn)

- **Higher profit (YoY +3.9%)** led by continued enforcement of the profit-centered strategy including **optimization of cost and marketing execution**



Share of Global Sales (revenue)

- Share of global revenue was reduced due to **lower revenue from Greater China**

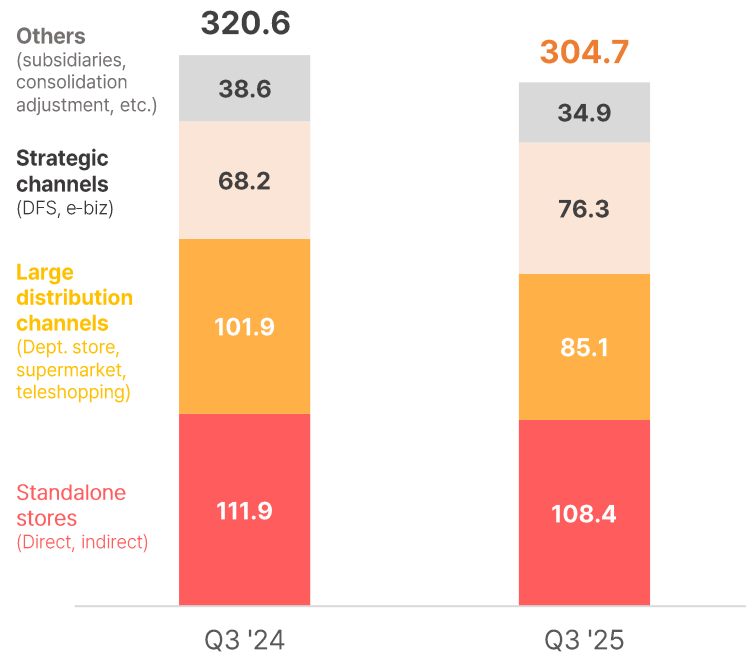


2. Performance by Business

Health-Functional Food

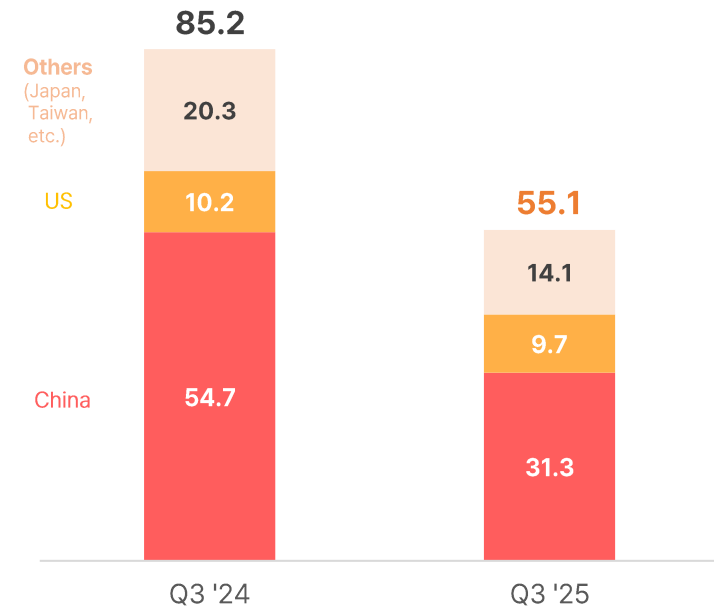
Domestic Revenue by Channel (KRW bn)

- Despite **growth in high-profit strategic channels** including DFS and e-biz, **offline revenue** from supermarket chains and department store **was reduced** due to portfolio restructuring of low-profit channels



Global Revenue by Market (KRW bn)

- Reduced advertisements/promotions under a cost optimization policy** impacted the overseas revenue

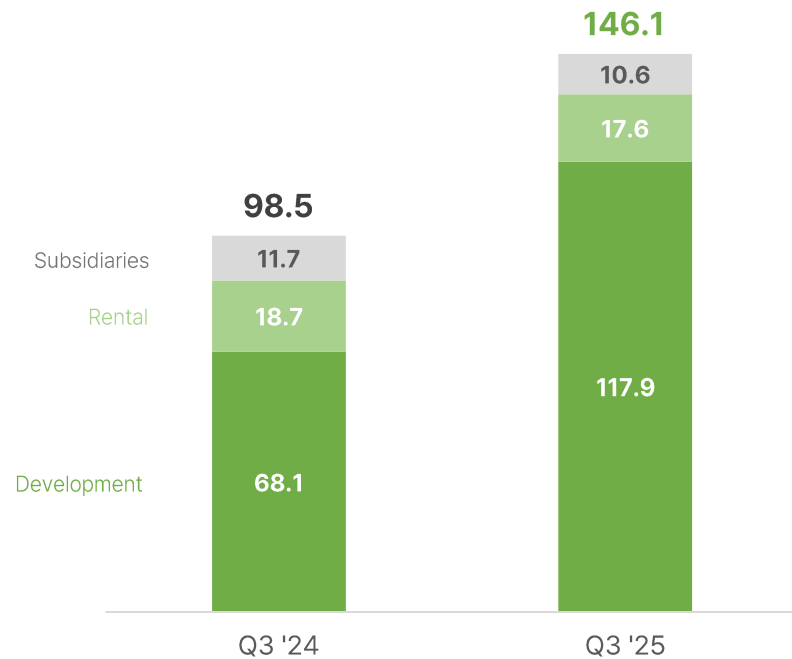


2. Performance by Business

Real Estate

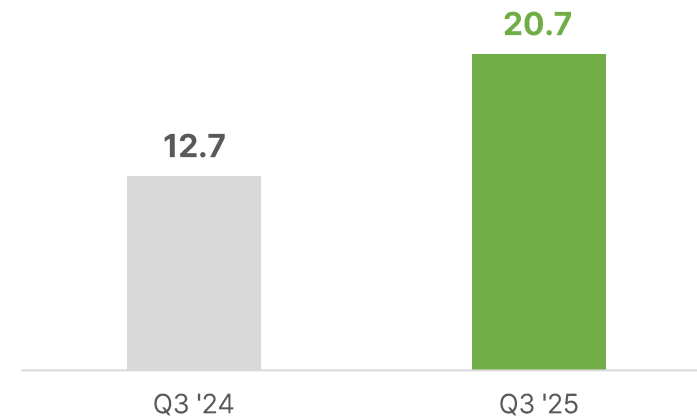
Revenue (KRW bn)

- **Higher revenue recognition 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)		Q3 '24	Q4 '24	Q1 '25	Q2 '25	Q3 '25
Tobacco	Volume	30.24	27.64	27.84	30.24	33.15
	NGP	3.59	3.68	3.43	3.74	4.04
	Domestic	1.63	1.56	1.53	1.53	1.82
	Global	1.96	2.12	1.90	2.21	2.22
	CC	26.65	23.96	24.41	26.50	29.11
	Domestic	10.33	9.65	8.74	9.80	10.69
	Global	16.32	14.31	15.67	16.70	18.42
	Revenue	1,047.8	1,011.3	988.1	1,090.5	1,232.3
	NGP	193.2	216.7	159.0	196.1	279.1
	Domestic	156.6	135.0	138.5	140.1	168.3
	Global	36.6	81.7	20.5	56.0	110.8
	CC	850.6	786.2	822.7	877.3	970.8
	Domestic	430.9	406.5	373.6	408.3	446.6
	Global	419.7	379.7	449.1	469.0	524.2
	Semi-products	4.0	8.4	6.4	17.1	-17.6
	Operating Profit	335.0	226.1	252.9	321.9	371.8
	OP Margin	32.0%	22.4%	25.6%	29.5%	30.2%
Health-Functional Food	Revenue	405.8	322.4	314.4	220.6	359.8
	Domestic	320.6	188.7	244.7	161.6	304.7
	Global	85.2	133.7	69.7	59.0	55.1
	Operating Profit	68.8	7.5	18.2	6.2	71.5
	OP Margin	17.0%	2.3%	5.8%	2.8%	19.9%
Real Estate	Revenue	98.5	137.1	100.4	143.8	146.1
	Development	68.1	108.0	72.1	116.2	117.9
	Rental Properties	18.7	17.7	16.7	16.7	17.6
	Subsidiaries	11.7	11.4	11.6	10.9	10.6
	Operating Profit	12.7	-23.1	10.4	17.7	20.7
	OP Margin	12.9%	-	10.4%	12.3%	14.2%
Others	Revenue	84.2	85.7	88.3	93.1	88.7
	Pharmaceutical	62.0	62.9	63.9	62.5	60.9
	Cosmetics	22.2	22.8	24.4	30.6	27.8
	Operating Profit	1.3	2.0	4.1	4.1	1.4
	OP Margin	1.5%	2.3%	4.6%	4.4%	1.6%

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)	Q3 '25	YE '24
Current assets^(a)	7,757.6	7,176.3
Cash ^(*)	1,735.8	1,844.2
Trade and other receivables	2,012.8	1,561.7
Inventories	3,128.7	3,101.3
Others	880.3	669.1
Non-current assets	7,021.6	6,748.9
Property, plant, and equipment	2,803.8	2,664.4
Investment property	821.1	761.2
Others	3,396.7	3,323.3
Total assets	14,779.2	13,925.2
Current liabilities ^(b)	4,075.0	3,142.9
Non-current liabilities	1,536.2	1,423.9
Total liabilities^(c)	5,611.2	4,566.8
Total equity^(d)	9,168.0	9,358.4
Current ratio ^(a/b)	192.3%	228.3%
Debt-to-equity ratio ^(c/d)	61.2%	48.8%

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

Standalone

(unit : KRW bn)	Q3 '25	YE'24
Current assets^(a)	4,772.2	4,166.9
Cash ^(*)	883.9	988.9
Trade and other receivables	2,160.3	1,621.6
Inventories	1,296.9	1,316.2
Others	431.1	240.2
Non-current assets	6,996.4	6,934.6
Property, plant, and equipment	1,541.3	1,505.7
Investment property	637.4	741.4
Others	4,817.7	4,687.5
Total assets	11,768.6	11,101.5
Current liabilities ^(b)	3,208.6	2,485.4
Non-current liabilities	1,128.2	908.6
Total liabilities^(c)	4,336.8	3,394.0
Total equity^(d)	7,431.8	7,707.5
Current ratio ^(a/b)	148.7%	167.7%
Debt-to-equity ratio ^(c/d)	58.4%	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)	Q3 '25	Q3 '24
Revenue	1,826.9	1,636.3
Cost of goods sold	927.9	780.9
Gross profit	899.0	855.4
Selling, general and administrative expense	433.7	437.7
Operating profit	465.3	417.8
Other income/expenses	39.9	(126.3)
Financial gain/loss	11.5	27.8
Net income from continuing operations	415.7	243.2
Net income ¹⁾ from discontinued operations	3.0	(1.8)
Net income	418.7	241.5
Gross profit margin	49.2%	52.3%
Operating profit margin	25.5%	25.5%
Net income margin	22.9%	14.8%

Standalone

(unit : KRW bn)	Q3 '25	Q3 '24
Revenue	1,129.1	997.6
Cost of goods sold	616.6	488.8
Gross profit	512.6	508.9
Selling, general and administrative expense	213.3	202.1
Operating profit	299.3	306.8
Other income/expenses	60.9	(141.8)
Financial gain/loss	15.5	29.5
Net income	272.9	146.4
Gross profit margin	45.4%	51.0%
Operating profit margin	26.5%	30.8%
Net income margin	24.2%	14.7%

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)	Q3 '25	Q3 '24
Cash and cash equivalents at July 1	1,136.0	1,032.0
Cash flows from operating activities	523.2	915.1
Cash generated from operations	880.7	1,230.9
Income tax paid	(357.5)	(315.8)
Cash flows from investing activities	(214.2)	(424.7)
Acquisition of property, plant and equipment	(359.6)	(501.6)
Cash flows from financing activities	(313.4)	(318.5)
Net increase in cash and cash equivalents	(4.5)	171.9
Effect of exchange rate fluctuation	21.6	16.0
Cash and cash equivalents at September 30	1,153.1	1,219.8

Standalone

(unit : KRW bn)	Q3 '25	Q3 '24
Cash and cash equivalents at July 1	588.8	210.4
Cash flows from operating activities	565.3	848.3
Cash generated from operations	885.8	1,114.7
Income tax paid	(320.6)	(266.4)
Cash flows from investing activities	(294.3)	(116.6)
Acquisition of property, plant and equipment	(136.0)	(251.7)
Cash flows from financing activities	(342.8)	(356.2)
Net increase in cash and cash equivalents	(71.8)	375.6
Effect of exchange rate fluctuation	(14.1)	(0.7)
Cash and cash equivalents at September 30	502.9	585.3

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)	Q3 '25	YE '24
Current assets	1,869.4	1,804.9
Inventories	1,180.5	1,228.1
Cash and cash equivalents	182.9	114.4
Others	506.0	462.4
Non-current assets	809.9	783.3
Property, plant and equipment	326.3	335.2
Intangible assets	25.4	26.9
Others	458.2	421.2
Total assets	2,679.3	2,588.2
Current liabilities	204.3	154.8
Non-current liabilities	102.4	97.7
Total liabilities	306.7	252.5
Total equity	2,372.6	2,335.7

Income Statement

(unit: KRW bn)	Q3 '25	Q3 '24
Revenue	335.3	362.9
Cost of goods sold	145.4	162.9
Gross profit	189.9	200.0
SG&A	115.0	138.7
Operating profit	74.9	61.3
Other income/expense	2.9	-1.3
Financial gain/loss	2.2	3.2
Net income	64.0	46.8

Thank You