

---

# **KT&G** **FY2025 First Quarter Results**

2025. 5. 8 | 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

**Q1 '25 Revenue Grew by 15.4%, Operating Profit by 20.7% / Adjusted OP by 45.1%** (excluding one-off cost impact)

Robust results from Global CC with record-high quarter revenue drove double-digit growth in consolidated revenue and profit

**Global CC Accelerated its 「Growth Trifecta(volume-revenue-profit)」 and Further Improved Profitability**

Volume growth in key regions and higher ASP via 'aggressive pricing + improved product mix'  
led to **23.3% volume growth, 53.9% revenue growth, 312.5% operating profit growth**

**HFF Launched Co-CEO System for Domestic and Overseas Operations to Better Tailor the Business to the Markets**

「(Domestic) Improving profitability via channel and product restructuring +  
(Overseas) Fostering localized brands and accelerating key channel business expansion」

**Kicking Off Projects for Future Growth Momentum by Expanding to a New Concept of 'Modern Products'**

Expanding partnerships with peers, developing and launching new independent products and seeking in-organic growth opportunities to execute a multi-category strategy

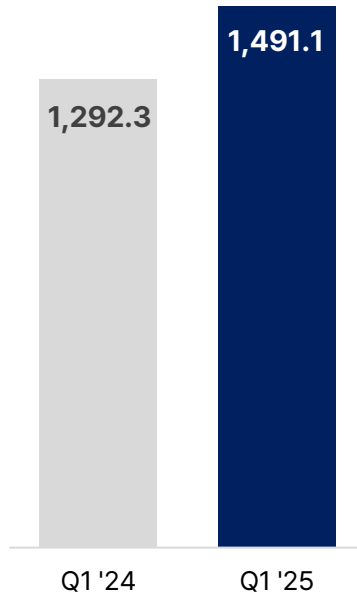
1. 2025 Q1 Performance Highlights

# Consolidated Results

## Revenue (KRW bn)

KRW 1.49 trn

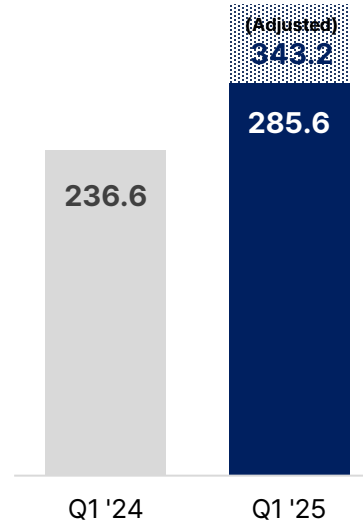
YoY +15.4%



## Operating Profit (KRW bn)

KRW 285.6 bn

YoY +20.7% / (Adjusted OP) YoY +45.1%



## Net Income

KRW 257.9 bn

YoY -9.7%

## EPS

KRW 2,370

YoY -4.7%

## EBITDA / EBITDA Margin

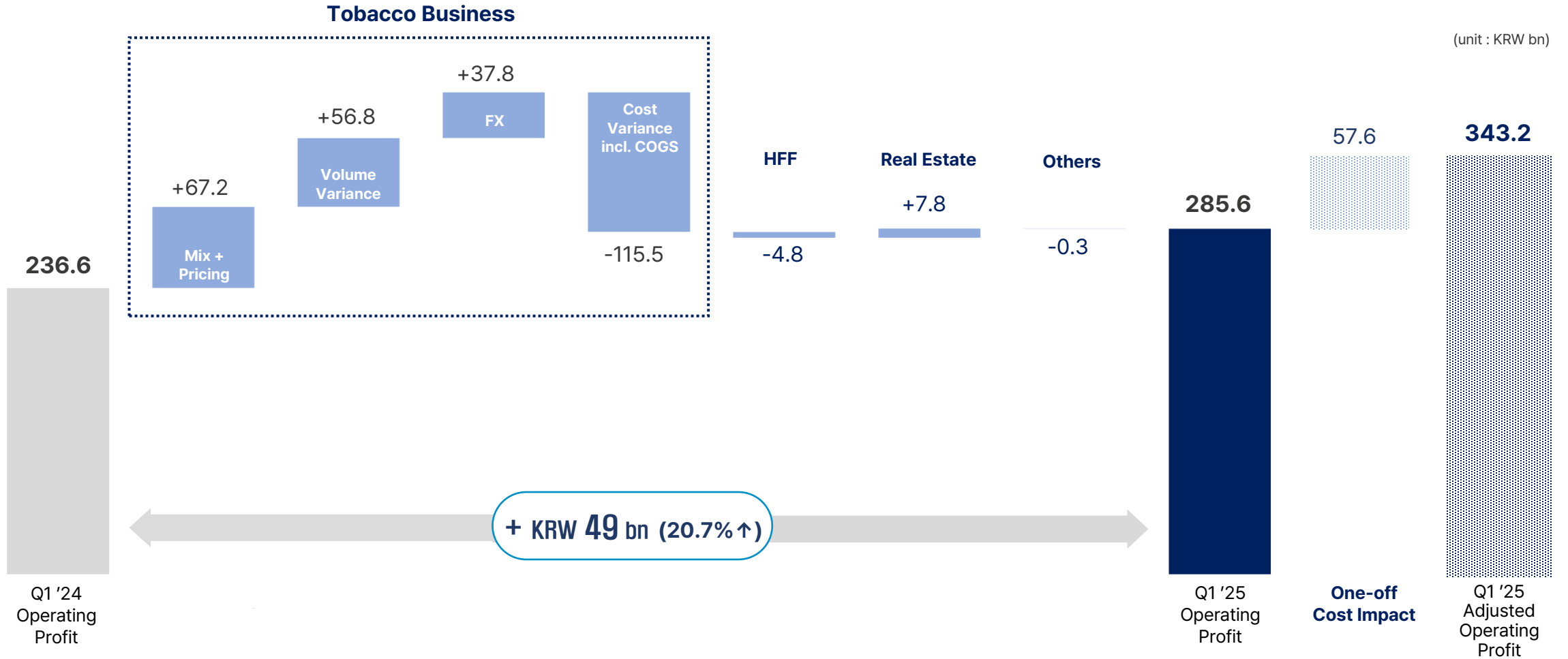
KRW 354.3 bn/23.8%

YoY +19.1%

YoY +0.8%p

## 1. 2025 Q1 Performance Highlights

# Movement in Earnings

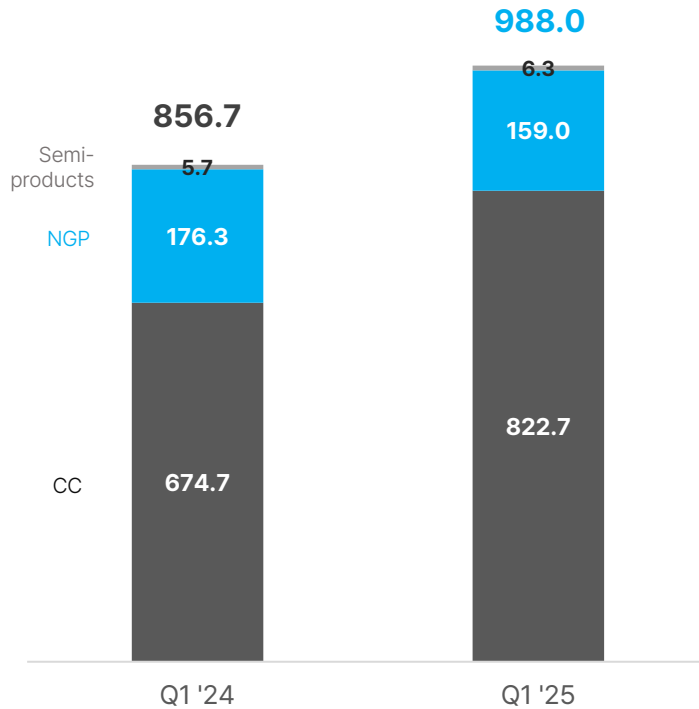


## 2. Performance by Business

# Tobacco Business

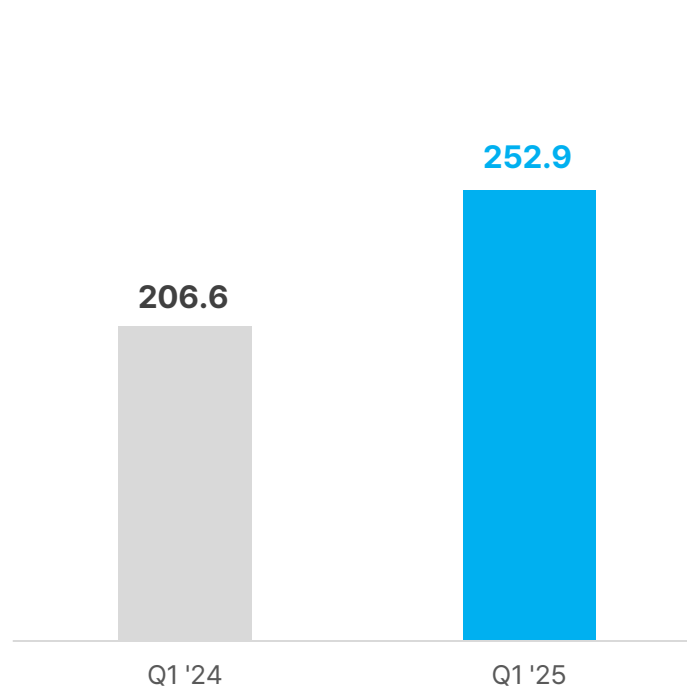
### Revenue (KRW bn)

- Double-digit revenue growth (YoY +15.3%) driven by a strong global CC business (YoY +53.9%) breaking the record for quarter revenue



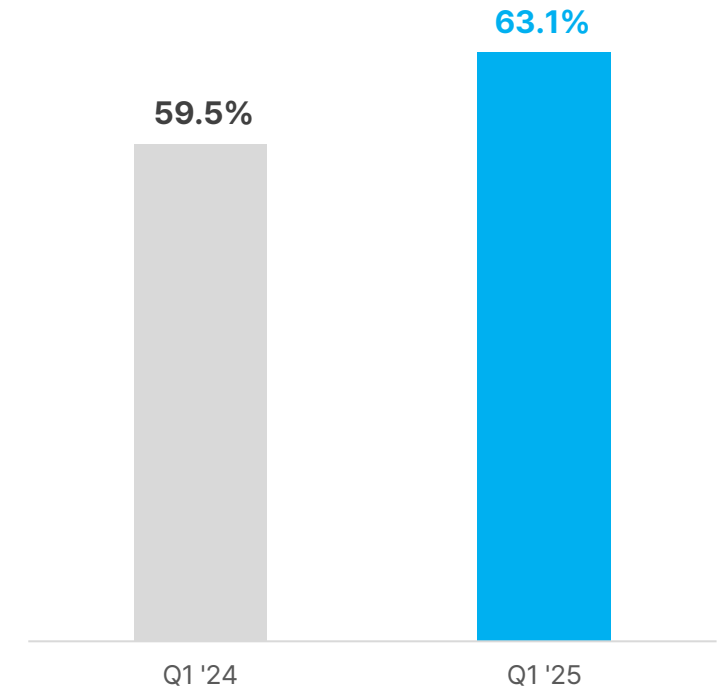
### Operating Profit (KRW bn)

- Parallel growth of operating profit and margin (YoY +22.4%, +1.5%p) as profitability of global CC surge



### Share of Global Sales (volume)

- Share of global sales beyond 60% (YoY +3.6%p) as global CC business takes off

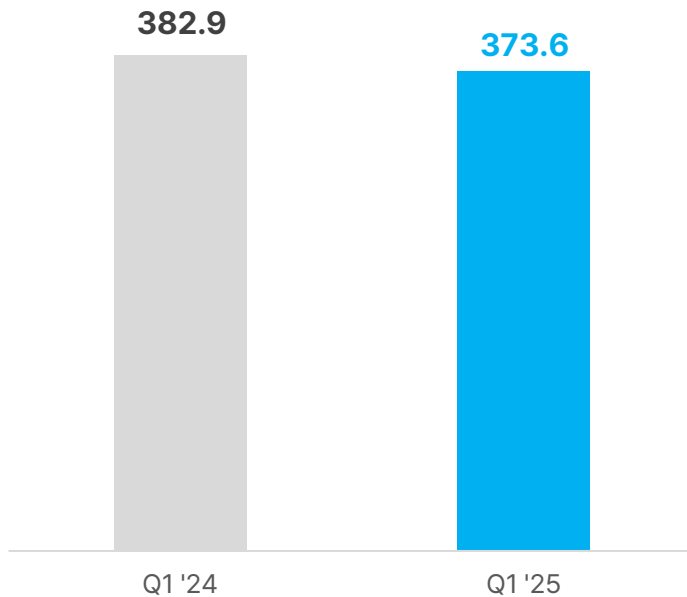


## 2. Performance by Business

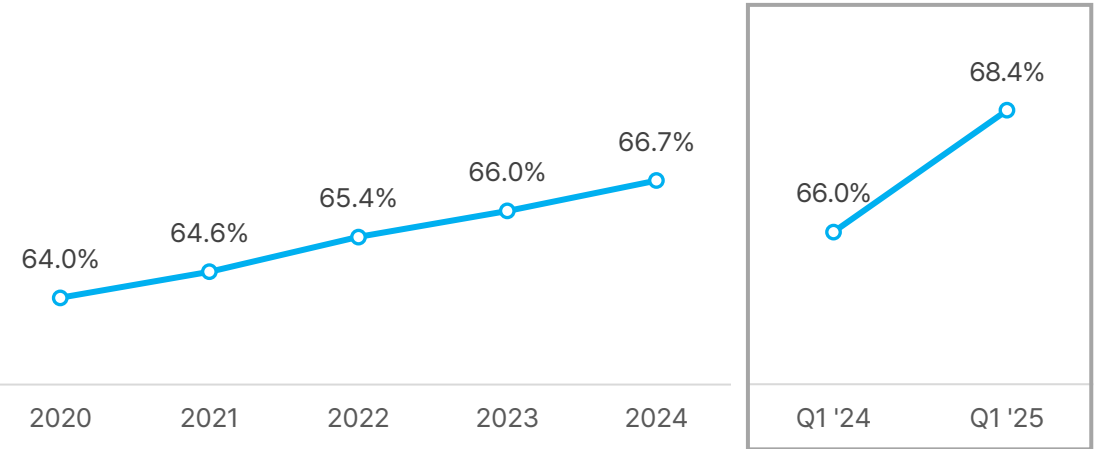
# Tobacco\_Domestic CC

- Continued SoM growth (YoY +2.4%p), and higher ASP (YoY +2.5%) led by stronger duty-free sales (YoY +14.0%) partially offsetting the revenue decline (YoY -2.4%) caused by steeper decline in market volume (impacted by climate and holidays, YoY -8.2%)

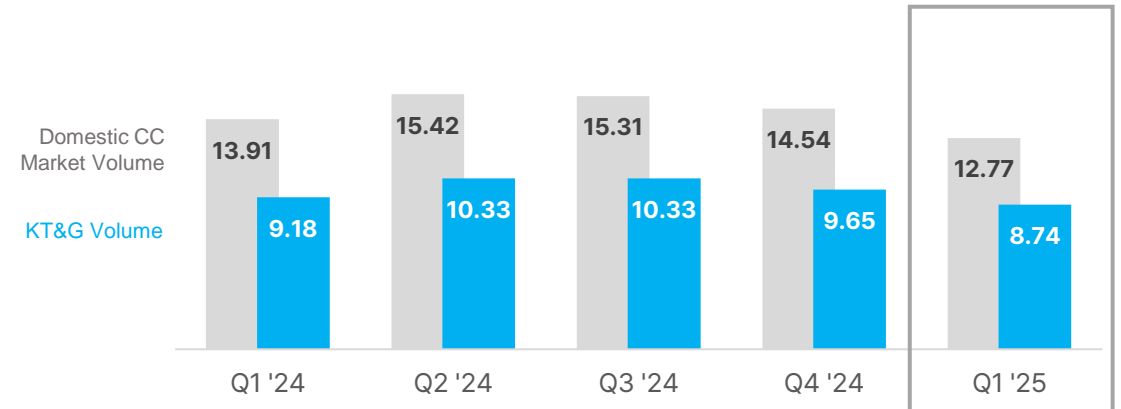
### Revenue (KRW bn)



### KT&G SoM<sup>1)</sup>



### Total Market Volume / KT&G Volume<sup>1)</sup> (bn sticks)



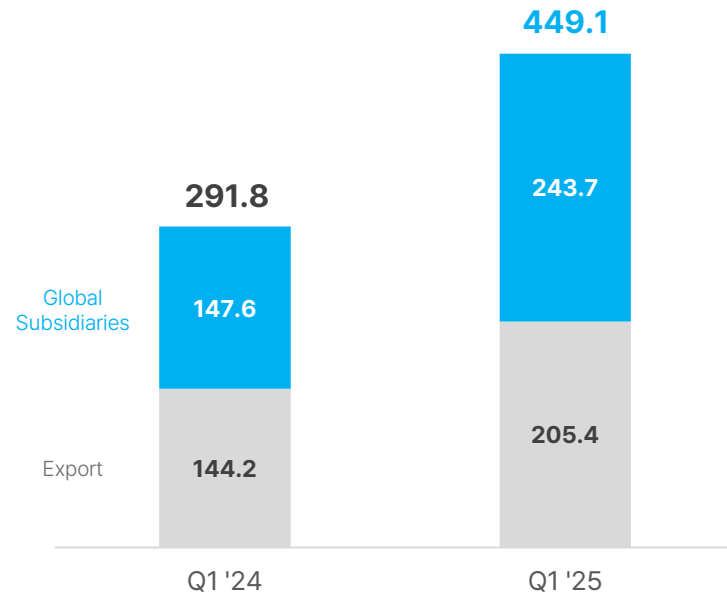
1) Source : Korea Tobacco Association data based on shipment volumes to general stores, centralized logistics, specialized channels, etc.

## 2. Performance by Business

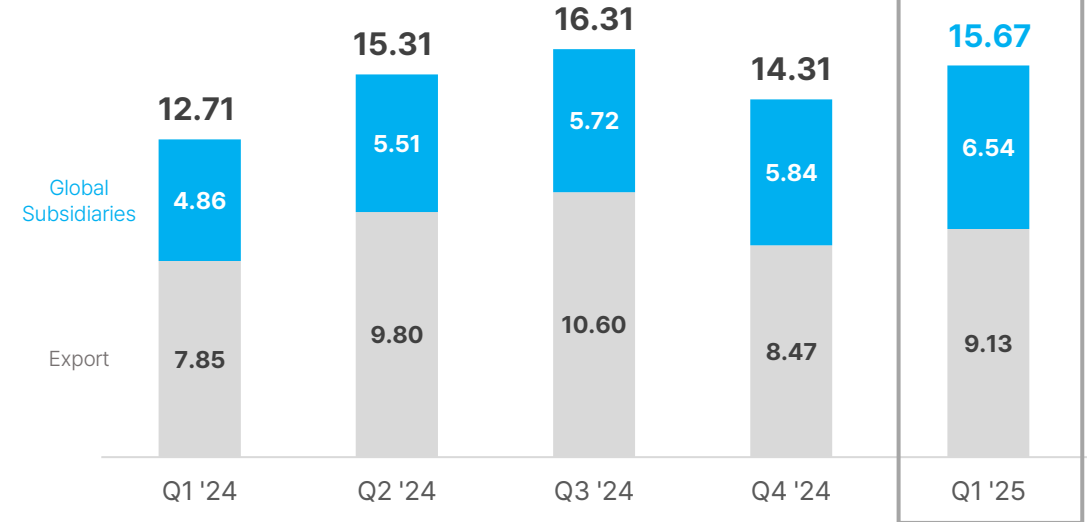
# Tobacco\_Global CC

- Strong volume growth (YoY +23.3%) in key regions and higher ASP via 'aggressive pricing + improved product mix' drove highest-ever quarter revenues (YoY +53.9%)

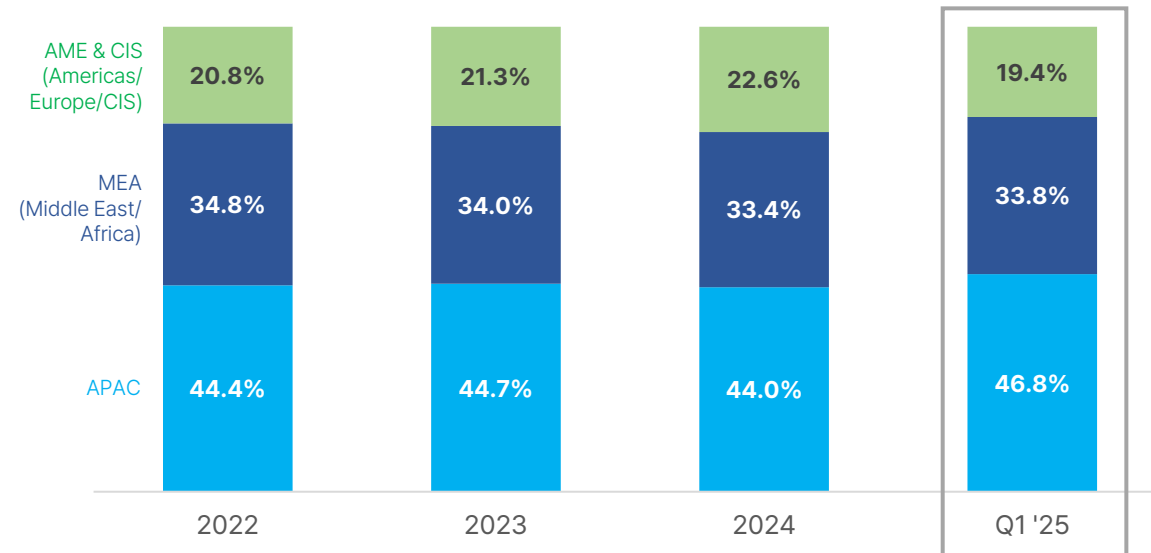
### Revenue (KRW bn)



### Volume (bn sticks)



### Volume Share per Region



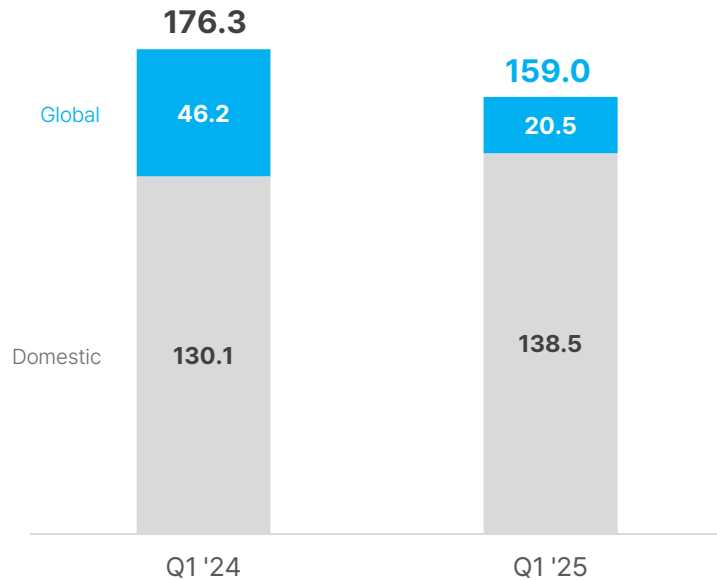


## 2. Performance by Business

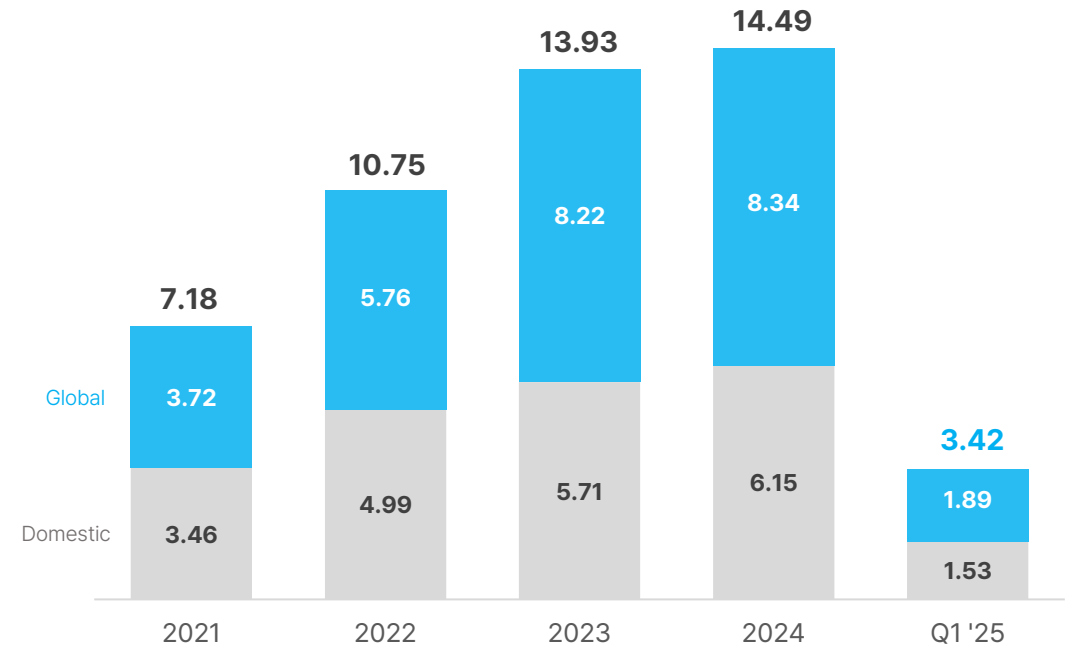
# Tobacco\_NGP (Next Generation Products)

- Limited growth in domestic revenue (YoY +6.5%) and sales restraint in global business due to temporary delay in device procurement caused by a supply disruption led to weaker revenue

Revenue (KRW bn)



Stick Volume (bn sticks)

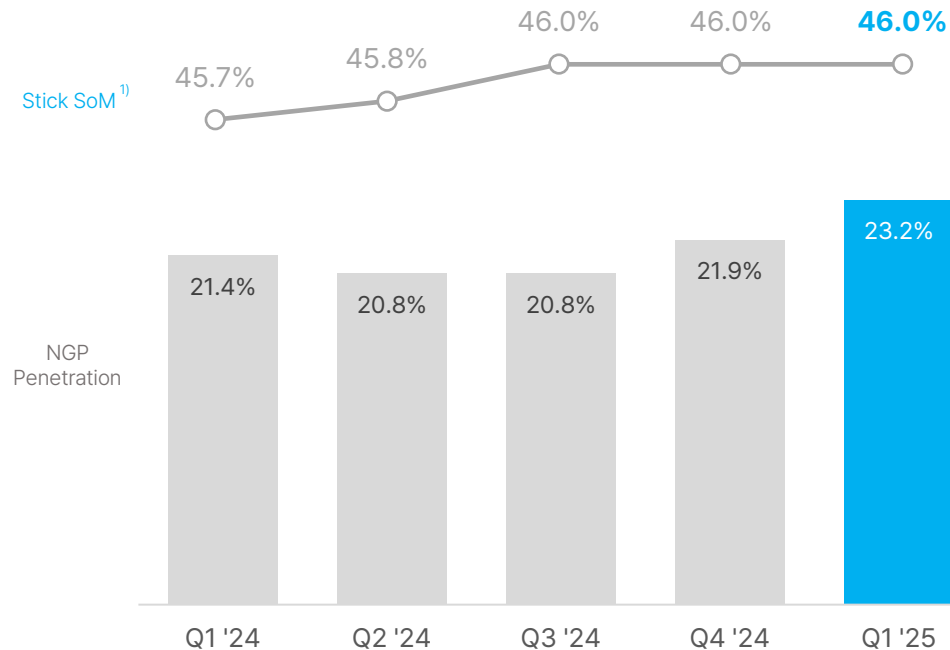


## 2. Performance by Business

# Tobacco\_NGP (Next Generation Products)

### Domestic Operation

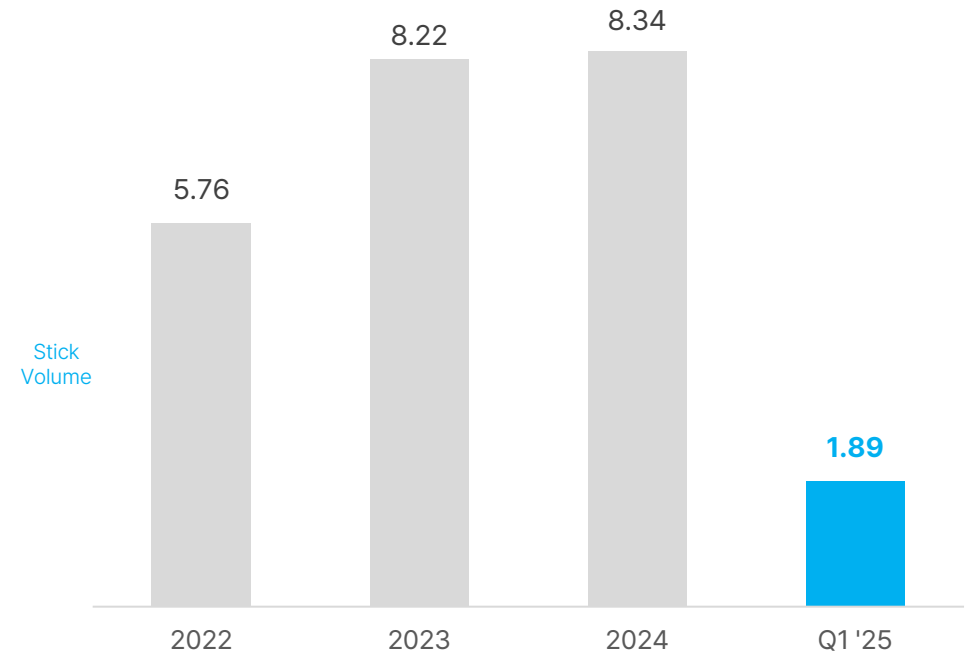
- Higher demand in NGP further drove the market penetration of the category (YoY +1.8%p), while KT&G market leadership was maintained despite unfavorable environment of intensified competition and device supply disruption



1) CVS offtake data

### Global Operation (bn sticks)

- Delay in new demand for sticks due to impact from device supply disruption and existing devices becoming outdated

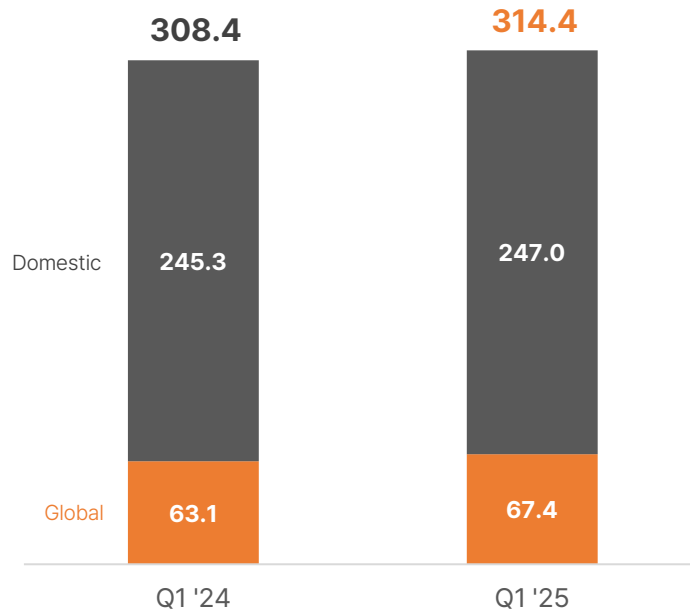


## 2. Performance by Business

# Health-Functional Food

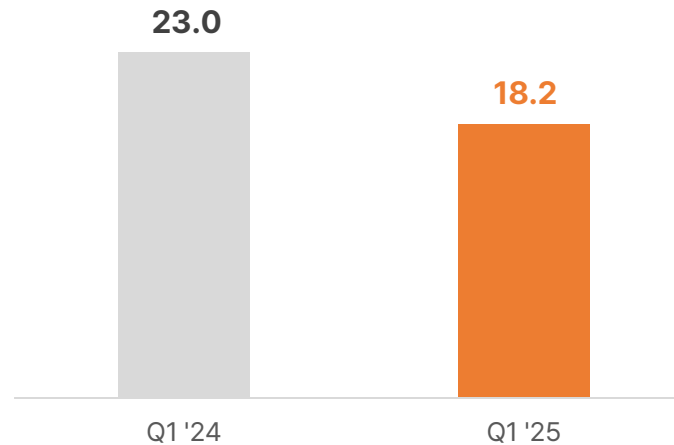
### Revenue (KRW bn)

- Revenue grew (YoY +1.9%) as the impact of a slow economy was more than offset by the Lunar New Year promotion and higher sales from key overseas markets



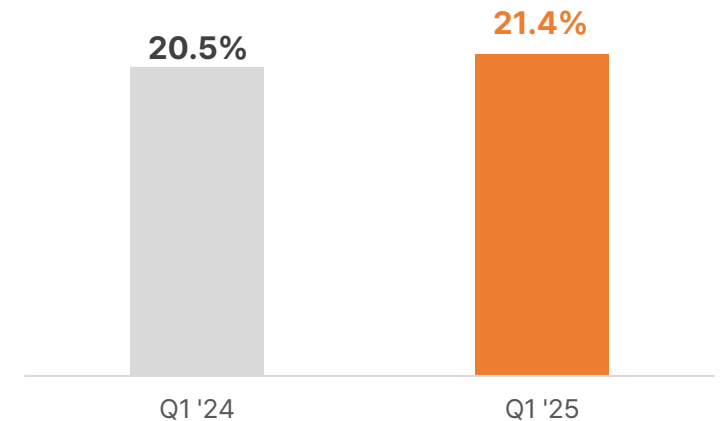
### Operating Profit (KRW bn)

- Reduced operating profits (YoY -20.9%) due to higher marketing expenses to revitalize forward domestic demand despite improved profitability in the global business



### Share of Global Sales (revenue)

- Increase in share of global sales (YoY +0.9%p) with higher overseas revenue

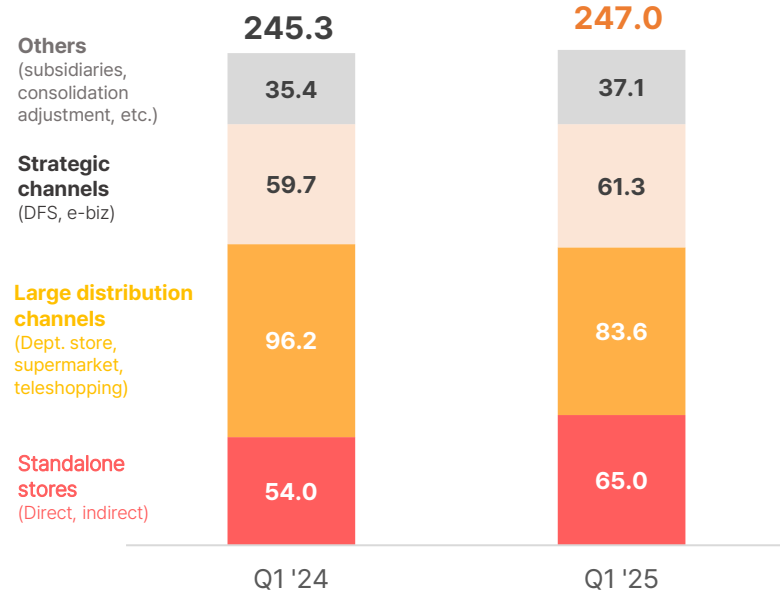


## 2. Performance by Business

# Health-Functional Food

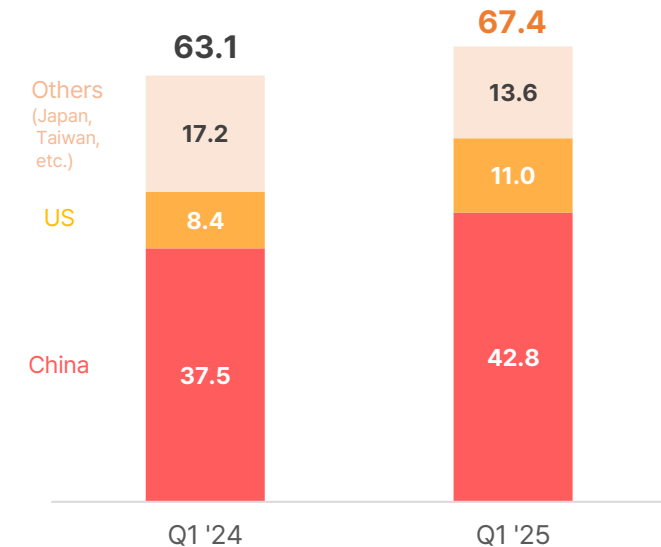
### Domestic Revenue by Channel (KRW bn)

- Growth in new brands(Gidarim, GL-Pro, etc.) and increase in Lunar New Year holiday gift demands led to **higher sales from standalone stores**
- Fostering strategic channels via expanding online product line-ups, and boosting advertising efforts led to **stronger sales from e-biz, especially among the big 3 platforms**



### Global Revenue by Market (KRW bn)

- Higher revenue (YoY +8.8%) driven by **stronger performance in China** with Spring Festival demands and **new partnership execution in the US**

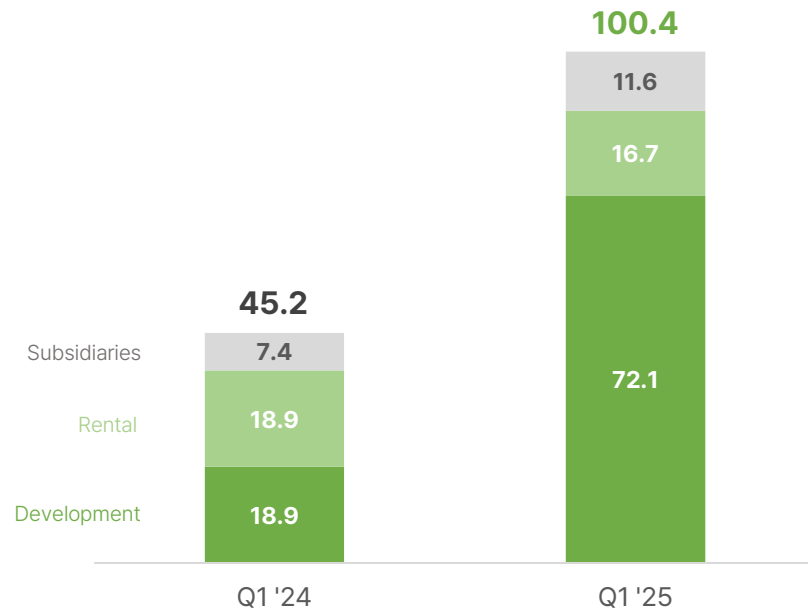


## 2. Performance by Business

# Real Estate

### Revenue (KRW bn)

- Topline growth as more revenue is recognized from small-and-medium size development projects including Anyang, Mia and East-Daejeon as per progress in their construction



### Operating Profit (KRW bn)

- Increased operating profit with higher profit recognition from small-and-medium size development projects



# Q&A

# Appendix. Income Status by Business Segment

(units : KRW bn, sticks bn)		Q1 '24	Q2 '24	Q3 '24	Q4 '24	Q1 '25
Tobacco	<b>Volume</b>	<b>25.43</b>	<b>29.32</b>	<b>30.24</b>	<b>27.64</b>	<b>27.83</b>
	NGP	3.54	3.68	3.59	3.68	3.42
	Domestic	1.43	1.53	1.63	1.56	1.53
	Global	2.11	2.15	1.96	2.12	1.89
	CC	21.89	25.64	26.65	23.96	24.41
	Domestic	9.18	10.33	10.33	9.65	8.74
	Global	12.71	15.31	16.32	14.31	15.67
	<b>Revenue</b>	<b>856.6</b>	<b>989.9</b>	<b>1,047.8</b>	<b>1,011.3</b>	<b>988.0</b>
	NGP	176.3	197.7	193.2	216.7	159.0
	Domestic	130.1	137.3	156.6	135.0	138.5
	Global	46.2	60.4	36.6	81.7	20.5
	CC	674.7	788.0	850.6	786.2	822.7
	Domestic	382.9	428.9	430.9	406.5	373.6
	Global	291.8	359.1	419.7	379.7	449.1
	Semi-products	5.6	4.2	4.0	8.4	6.3
	<b>Operating Profit</b>	<b>206.6</b>	<b>316.4</b>	<b>335.0</b>	<b>226.1</b>	<b>252.9</b>
	OP Margin	24.1%	32.2%	32.0%	22.4%	25.6%
Health-Functional Food	<b>Revenue</b>	<b>308.4</b>	<b>265.1</b>	<b>405.8</b>	<b>322.3</b>	<b>314.4</b>
	Domestic	243.0	172.8	320.6	188.7	247.0
	Global	65.4	92.3	85.2	133.6	67.4
	<b>Operating Profit</b>	<b>23.0</b>	<b>-1.0</b>	<b>68.8</b>	<b>7.4</b>	<b>18.2</b>
	OP Margin	7.5%	-	17.0%	2.3%	5.8%
Real Estate	<b>Revenue</b>	<b>45.2</b>	<b>80.5</b>	<b>98.5</b>	<b>137.1</b>	<b>100.4</b>
	Development	18.9	51.8	68.1	108.0	72.1
	Rental Properties	18.9	18.7	18.7	17.7	16.7
	Subsidiaries	7.4	10.0	11.7	11.4	11.6
	<b>Operating Profit</b>	<b>2.6</b>	<b>2.9</b>	<b>12.7</b>	<b>-23.1</b>	<b>10.4</b>
	OP Margin	5.8%	3.6%	12.9%	-	10.4%
Others	<b>Revenue</b>	<b>82.1</b>	<b>88.3</b>	<b>84.2</b>	<b>85.7</b>	<b>88.3</b>
	Pharmaceutical	64.2	62.2	62.0	62.9	63.9
	Cosmetics	17.9	26.1	22.2	22.8	24.4
	<b>Operating Profit</b>	<b>4.4</b>	<b>3.7</b>	<b>1.3</b>	<b>2.0</b>	<b>4.1</b>
	OP Margin	5.4%	4.2%	1.5%	2.3%	4.6%

# 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)	Q1 '25	YE'24
<b>Current assets<sup>(a)</sup></b>	<b>7,135.5</b>	<b>7,176.3</b>
Cash <sup>(*)</sup>	1,687.3	1,844.2
Trade and other receivables	1,522.7	1,561.7
Inventories	3,117.7	3,101.3
Others	747.8	669.1
<b>Non-current assets</b>	<b>6,931.9</b>	<b>6,748.9</b>
Property, plant, and equipment	2,808.2	2,664.4
Investment property	742.5	761.2
Others	3,381.2	3,323.3
<b>Total assets</b>	<b>14,067.4</b>	<b>13,925.2</b>
Current liabilities <sup>(b)</sup>	3,421.7	3,142.9
Non-current liabilities	1,458.1	1,423.9
<b>Total liabilities<sup>(c)</sup></b>	<b>4,879.8</b>	<b>4,566.8</b>
<b>Total equity<sup>(d)</sup></b>	<b>9,187.6</b>	<b>9,358.4</b>
Current ratio <sup>(a/b)</sup>	208.5%	228.3%
Debt-to-equity ratio <sup>(c/d)</sup>	53.1%	48.8%

## Standalone

(unit : KRW bn)	Q1 '25	YE'24
<b>Current assets<sup>(a)</sup></b>	<b>3,994.7</b>	<b>4,166.9</b>
Cash <sup>(*)</sup>	687.1	988.9
Trade and other receivables	1,739.0	1,621.6
Inventories	1,327.1	1,316.2
Others	241.5	240.2
<b>Non-current assets</b>	<b>7,118.2</b>	<b>6,934.6</b>
Property, plant, and equipment	1,526.9	1,505.7
Investment property	720.4	741.4
Others	4,870.9	4,687.5
<b>Total assets</b>	<b>11,112.9</b>	<b>11,101.5</b>
Current liabilities <sup>(b)</sup>	2,721.6	2,485.4
Non-current liabilities	929.8	908.6
<b>Total liabilities<sup>(c)</sup></b>	<b>3,651.4</b>	<b>3,394.0</b>
<b>Total equity<sup>(d)</sup></b>	<b>7,461.5</b>	<b>7,707.5</b>
Current ratio <sup>(a/b)</sup>	146.8%	167.7%
Debt-to-equity ratio <sup>(c/d)</sup>	48.9%	44.0%

(\*) 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 <sup>1)</sup>

(unit : KRW bn)	Q1 '25	Q1 '24
<b>Revenue</b>	<b>1,491.1</b>	<b>1,292.3</b>
Cost of goods sold	737.4	648.1
<b>Gross profit</b>	<b>753.7</b>	<b>644.2</b>
Selling, general and administrative expense	468.1	407.6
<b>Operating profit</b>	<b>285.6</b>	<b>236.6</b>
Other income/expenses	13.1	102.5
Financial gain/loss	18.6	27.0
Net income from continuing operations	260.2	287.6
Net income from discontinued operations <sup>1)</sup>	(2.3)	(2.0)
<b>Net income</b>	<b>257.9</b>	<b>285.6</b>
<b>Gross profit margin</b>	<b>50.5%</b>	<b>49.8%</b>
<b>Operating profit margin</b>	<b>19.2%</b>	<b>18.3%</b>
<b>Net income margin</b>	<b>17.3%</b>	<b>22.1%</b>

## Standalone

(unit : KRW bn)	Q1 '25	Q1 '24
<b>Revenue</b>	<b>917.2</b>	<b>791.8</b>
Cost of goods sold	459.6	388.1
<b>Gross profit</b>	<b>457.6</b>	<b>403.7</b>
Selling, general and administrative expense	258.6	195.0
<b>Operating profit</b>	<b>199.0</b>	<b>208.7</b>
Other income/expenses	31.5	95.1
Financial gain/loss	33.9	41.5
<b>Net income</b>	<b>207.6</b>	<b>278.1</b>
<b>Gross profit margin</b>	<b>49.9%</b>	<b>51.0%</b>
<b>Operating profit margin</b>	<b>21.7%</b>	<b>26.4%</b>
<b>Net income margin</b>	<b>22.6%</b>	<b>35.1%</b>

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)	Q1 '25	Q1 '24
<b>Cash and cash equivalents at January 1</b>	<b>1,136.0</b>	<b>1,032.0</b>
<b>Cash flows from operating activities</b>	<b>99.7</b>	<b>347.2</b>
Cash generated from operations	186.9	411.0
Income tax paid	(87.2)	(63.8)
<b>Cash flows from investing activities</b>	<b>(125.5)</b>	<b>(384.9)</b>
Acquisition of property, plant and equipment	(119.3)	(163.9)
<b>Cash flows from financing activities</b>	<b>(122.6)</b>	<b>27.8</b>
Net increase in cash and cash equivalents	(148.4)	(9.9)
<b>Effect of exchange rate fluctuation</b>	<b>31.1</b>	<b>22.9</b>
<b>Cash and cash equivalents at March 31</b>	<b>1,018.7</b>	<b>1,045.0</b>

## Standalone

(unit : KRW bn)	Q1 '25	Q1 '24
<b>Cash and cash equivalents at January 1</b>	<b>588.8</b>	<b>210.4</b>
<b>Cash flows from operating activities</b>	<b>149.3</b>	<b>230.5</b>
Cash generated from operations	224.8	283.4
Income tax paid	(75.5)	(52.9)
<b>Cash flows from investing activities</b>	<b>(298.1)</b>	<b>(296.4)</b>
Acquisition of property, plant and equipment	(48.0)	(75.2)
<b>Cash flows from financing activities</b>	<b>(134.9)</b>	<b>43.3</b>
Net increase in cash and cash equivalents	(283.7)	(22.6)
<b>Effect of exchange rate fluctuation</b>	<b>(4.9)</b>	<b>5.2</b>
<b>Cash and cash equivalents at March 31</b>	<b>300.2</b>	<b>193.0</b>

# 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)	Q1 '25	YE '24
<b>Current assets</b>	<b>1,802.1</b>	<b>1,804.9</b>
Inventories	1,161.4	1,228.1
Cash and cash equivalents	244.6	114.4
Others	396.1	462.4
<b>Non-current assets</b>	<b>786.4</b>	<b>783.3</b>
Property, plant and equipment	332.1	335.2
Intangible assets	26.6	26.9
Others	427.7	421.2
<b>Total assets</b>	<b>2,588.5</b>	<b>2,588.2</b>
Current liabilities	126.2	154.8
Non-current liabilities	101.9	97.7
<b>Total liabilities</b>	<b>228.1</b>	<b>252.5</b>
<b>Total equity</b>	<b>2,360.4</b>	<b>2,335.7</b>

## Income Statement

(unit : KRW bn)	Q1 '25	Q1 '24
<b>Revenue</b>	<b>292.7</b>	<b>265.3</b>
Cost of goods sold	136.4	130.9
<b>Gross profit</b>	<b>156.3</b>	<b>134.5</b>
SG&A	128.7	119.6
<b>Operating profit</b>	<b>27.6</b>	<b>14.9</b>
Other income/expense	0.6	3.4
Financial gain/loss	2.7	2.7
<b>Net income</b>	<b>24.4</b>	<b>12.6</b>

---

**Thank you**