



Korea Telecom

November 2001

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Presentation Outline

I. *Business Highlights*

II. *Management for Shareholders*

III. *Privatization & Regulatory Changes*

IV. *Future Growth Strategy*

V. *2002 Guideline*

Solid 2001 3Q Performance

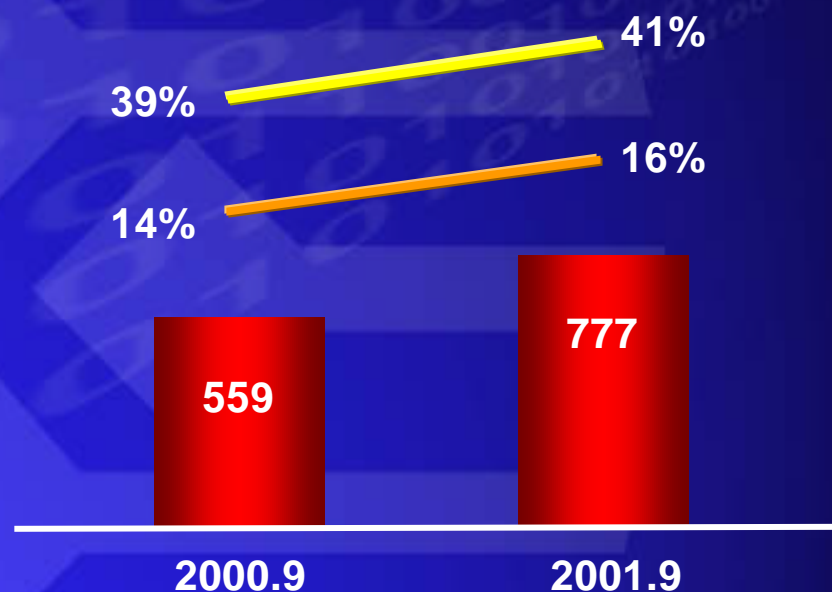
Revenue

(KRW billion)



Profitability

(KRW billion)



▬ EBITDA Margin ▬ Operating Margin
▬ Net Income (Normalized)

•Net Income (normalized) excludes gains on disposal of SKT shares in 2000 and goodwill amortization of M.com in 2000 and 2001 after effective tax rate of 21%

Rebounding from Fixed-Line Revenue Decline

Quarter-over-Quarter Revenue

(KRW billion)



Year-over-Year Revenue

(KRW billion)



Steady Cash Flow from LM Interconnection

LM Interconnection Revenue

(KRW billion)



LM Interconnection Margin*

(KRW billion)



- Mobile Market Penetration Ratio
- LM interconnection revenue

* Revenue minus Interconnection expense to mobile operators

Broadband – Driving Growth & Profitability

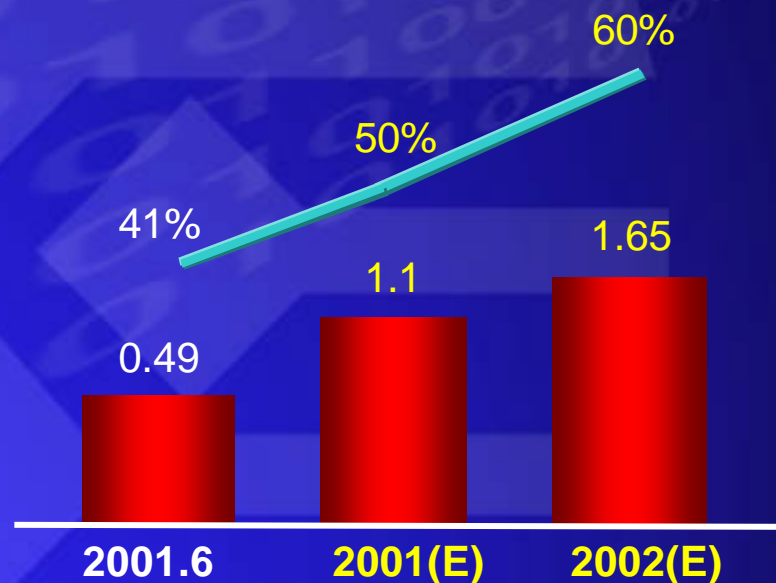
Subscribers & Market Share

(Million)



Revenue & EBITDA Margin

(KRW Trillion)



— Market share ■ Subscribers — EBITDA Margin ■ Broadband Revenue

Delivering Wireless Profitability

Revenue & Subscribers

(KRW billion)



— KTF Subscribers ■ KTF Revenue

Profitability

(KRW billion)



— KTF EBITDA Margin
■ KTF Net Income

* KTF Only

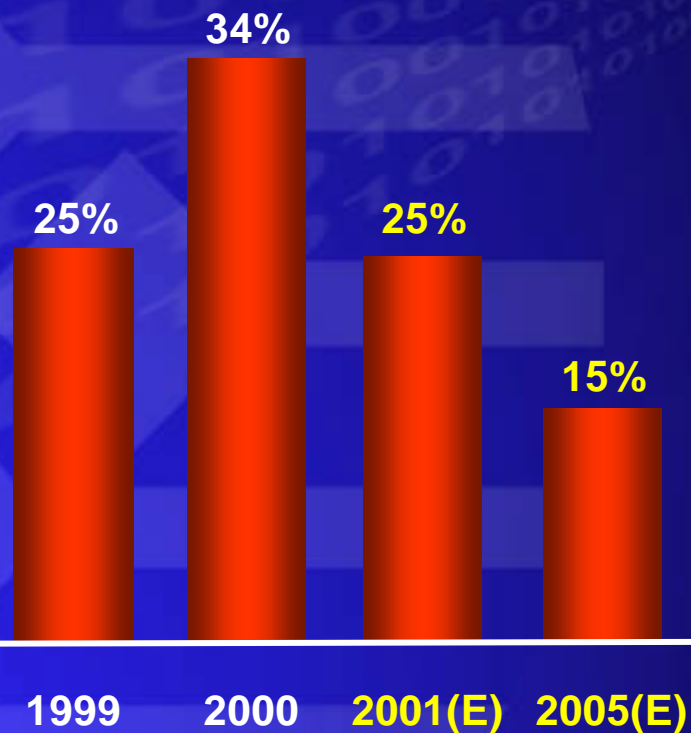
** Figures derived after KTF + KTM Merger

Efficient Control of Labor Cost and CAPEX

Labor Cost / Revenue



CAPEX / Revenue



Management for Shareholders

Profit-oriented Management

- **1,300 Employee Reduction in 2001**
 - Spin-Off 114 Phone Directory Service
- **Disposal of Non-core Subsidiaries**
 - Sold KT Realty Development
- **Investment Coordination Committee**
 - Save ADSL Equipment Cost by 60%

SKT Share Disposition

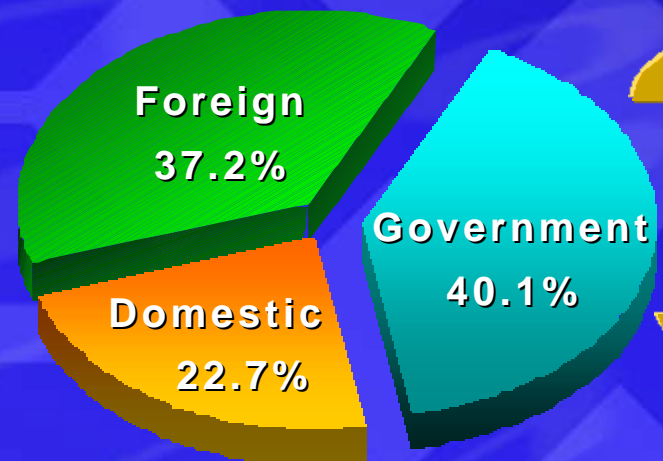
- **KT Sold 3% of SKT in Nov. 2001**
- **Disposal of Non-core Assets**
 - Net Profit increase by KRW 470bn
 - Improving ROE
- **Commitment to Shareholders**

Improving Shareholder Value

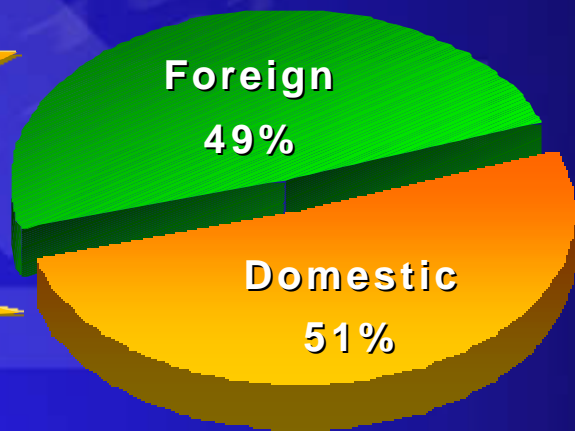
Privatization Plan - Increase Corporate Value

Full Privatization Plan by June 2002

NOW



NEXT



Strategic Alliance



Domestic Offering

Limited Impact from Regulatory Changes

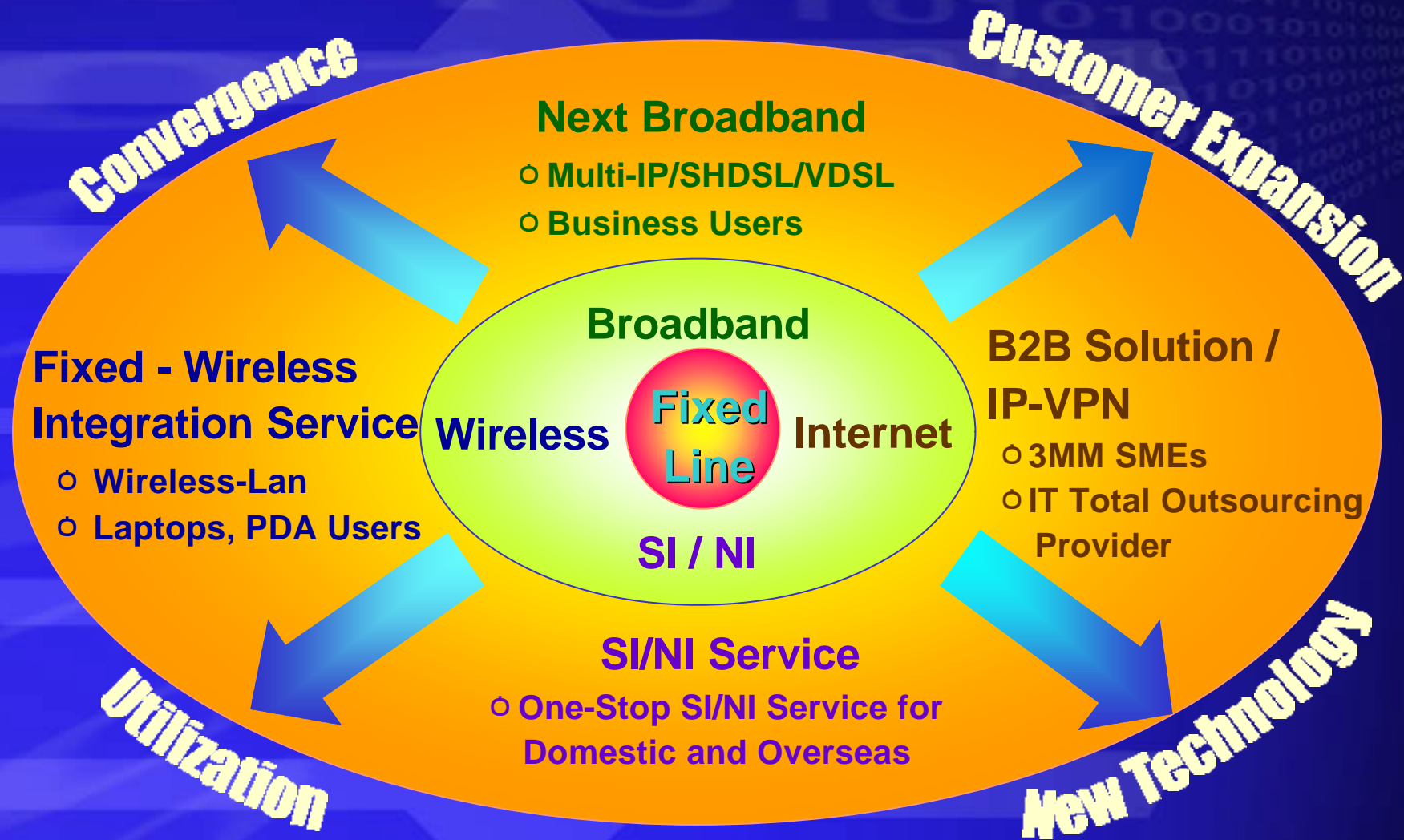
Local Loop Unbundling

- KT will Maintain Dominance in Broadband
- U.S. Case, Incumbent Telco Lost Only 1%~2%
- New Revenue Expected from Unbundling

DLD Interconnection

- Discount Rate Increased from 35% to 55%
- Revenue Erosion from DLD Discount Rate Change
Estimated to be KRW 23bn

Future Strategy : Value Networking



2002 Guideline

(Unconsolidated)

Revenue

About 10% growth

Operating Margin

About 15%

EBITDA Margin

About 40%

Labor Expense

Less than CPI increase



Korea Telecom

Questions & Answers