

RESPONSE CHECKLIST

If KT&G says...	Flashlight would respond...	My Guess	KT&G said
Overall			
A-1	We listened to various opinions of shareholders. Some shareholders said we are doing a very good job.	Who are your "some" shareholders? Do they represent the majority?	
A-2	KT&G stock performed well in 2022. If you carefully pick a certain point in the past, KT&G can look as if it outperformed Philip Morris.	Any stocks can find that magic period, but very few are stuck at the level of 15 years ago.	
A-3	KT&G's PER (~10x) is not bad. If stock price doubles, 20x PER? Impossible!	50% of P is cash! PER (x) EV/EBITDA (o)	
HNB			
B-1	Some shareholders say we don't need to change anything about HNB business.	Who are your "some" shareholders? Do they represent the majority?	
B-2	It's difficult. KT&G can't distribute lil overseas ourselves.	KT&G can do it. It has talented employees and KRW6 trillion.	
B-3	Can't tell you about HNB export profitability, due to confidentiality.	Really?	
B-4	Don't ask if PMI deal is profitable. We will just renew it next year.	Shareholders need to know if it's worth continuing.	
Free Ginseng			
C-1	Some shareholders think we should keep KGC as 100% subsidiary.	Who are your "some" shareholders? Let Shareholders Vote.	
C-2	Why IPO? We don't need more cash.	It's spin-off, not IPO.	
C-3	It is difficult.	There are so many successful precedents in Korea.	
C-4	Now is not the right time.	When is that "right time"? Mañana?	
C-5	KGC will not be properly valued under the current mkt condition.	Freed from tobacco, KGC will actually be valued higher.	
C-6	KT&G stock can implode without KGC, as it will become pure tobacco.	Is Philip Morris undervalued vs. KT&G?	
C-7	KGC already has ginseng expert as CEO. A long time ago he worked at KGC.	KGC needs consumer/mkt expert, not ginseng. Leveraging its great brand as well as talented employees. KGC needs to challenge the world stage and become a global brand.	
C-8	KGC can proposer only with CEO Baek's leadership.	Excuse me??	

Focus			
D-1	Some shareholders say we should continue RE business and other non-core biz.	Who are your "some" shareholders? Do they represent the majority?	
D-2	We did well on Real Estate; we made money in the past few years.	Who didn't?	
D-3	We can do more M&A!	Please don't...	
D-4	We will make HNB 50% of total revenue, build ginseng into a global brand, grow 9 non-core biz especially Real Estate Development.	Can't you focus?	
Excess Cash			
E-1	Some shareholders think we should not change our dividend/buyback policy.	"Some"? Do they represent the majority? Let Shareholders Vote.	
E-2	We need to balance between short-term and long-term shareholders.	By "long term" shareholders, do you mean CEO who owned 200 shares since 2017? For "whom" does the cash sleep?	
E-3	Our dividend yield / payout ratio is quite high for a Korean company.	Compare with your peers, i.e. global Top 4 tobacco's.	
E-4	Everyone loves our distribution plan last year.	Excess Cash is still not being addressed. What is your plan on Excess Cash?	
E-5	Excessive dividend can hurt KT&G's stability.	You are keeping KRW6 trillion for exactly what kind of risk?	
E-6	Triple dividend? That's not sustainable.	Huddling KRW6 trillion is sustainable?	
E-7	OK, ok... we will do it someday, but not now. Maybe 2024?	15 years was not long enough?	
E-8	OK, how about double, not triple.	Excess Cash, small or large, should be distributed to shareholders unless is a better way to use it.	
E-9	OK, then we'll start asset mgt business investing in PE, bonds, etc.	Why not distribution? Do you see cash as mgt team's asset?	
Governance			
F-1	Some shareholders say we should not change anything about our Board of Directors or governance.	Did that "some" shareholders oppose to board directors with shareholder perspective? Let Shareholders Vote.	
F-2	We don't need stock option.	Yes, you do.	
F-3	Our BOD members are perfect. KT&G needs no new members.	KT&G needs directors with "shareholder perspectives."	
F-4	Our BOD is the most transparent in Korea. BOD has governance sub-committee, evaluation sub-committee, management sub-committee, ESG sub-committee, audit sub-committee, CEO renomination committee, BOD recruit committee... and KT&G got AA rating from MSCI in 2021. What more can we do?"	It's substance, not form, that matters. We are not sure if the current KT&G's board is independent from the mgt team.	