

# Investor Group Submits Value-Enhancing Shareholder Proposals for Consideration at Samsung C&T Corporation's 2024 Annual General Meeting

***Investor Group Consists of Local and Foreign Long-Term Shareholders, Including ANDA Asset Management, City of London Investment Management and Whitebox Advisors***

***Shareholder Proposals Include an Increased Dividend and Share Repurchase to Address Samsung C&T's Steep Discount Relative to NAV, Which Has Consistently Been Over 65%***

***Stakeholders are Encouraged to Visit [www.UnlockSCTValue.com](http://www.UnlockSCTValue.com) to Share Their Views, Sign-Up for Important Updates and Learn How to Support the Group's Shareholder Proposals***

NEW YORK, LONDON & SEOUL--(BUSINESS WIRE)--ANDA Asset Management Co., Ltd. ("ANDA"), City of London Investment Management Company Limited ("CLIM"), Whitebox Advisors LLC ("Whitebox") and other long-term shareholders (collectively with our affiliates, the "Investor Group," the "Group" or "we") are significant shareholders in Samsung C&T Corporation (KRX: 028260) ("SCT" or the "Company"), with collective ownership in excess of 1% of the Company's common shares. Today, the Investor Group issued a letter to shareholders detailing the two value-enhancing proposals (the "Shareholder Proposals") it has submitted for consideration at the Company's 2024 Annual General Meeting of Shareholders (the "AGM").

The Investor Group encourages all stakeholders to visit [www.UnlockSCTValue.com](http://www.UnlockSCTValue.com) to share their views, sign up for important updates and learn about the proposals to help deliver enhanced value to SCT shareholders.

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February 2, 2024

Fellow Shareholders,

ANDA, CLIM, Whitebox and other long-term shareholders, who collectively own more than 1% of SCT's outstanding common shares, have formed a group and submitted Shareholder Proposals to address the Company's inadequate capital allocation approach and steep discount to its Net Asset Value ("NAV").

SCT possesses an exceptionally valuable portfolio of assets that includes strategic stakes in key Samsung group affiliates (notably Samsung Electronics and Samsung Biologics) and diverse business operations spanning areas such as Engineering & Construction and Trading. Despite this fact and the Company's consistent growth in intrinsic value, SCT's share price has declined significantly since the 2015 Cheil Industries Inc. merger. Total shareholder returns were a disappointing -23% over this period, severely lagging the KOSPI Index, which delivered 52.4%.<sup>1</sup> This has resulted in an unacceptable widening of SCT's trading discount to NAV, which has consistently been more than 65%.<sup>2</sup> Rather than address local and foreign shareholder concerns about this long-term underperformance, SCT's Board of Directors (the

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<sup>1</sup> SCT's total shareholder return ("TSR") since the 2015 Cheil Industries Inc. merger to 6<sup>th</sup> November 2023, the day prior to CLIM making public its intent to submit proposals at the upcoming AGM. Source: Bloomberg. TSR includes dividends reinvested.

<sup>2</sup> NAV is estimated using the market value of listed assets, peer multiples for unlisted businesses, book value for other assets and net debt as of 26<sup>th</sup> January 2024. Treasury shares are treated as cancelled.

“Board”) has repeatedly dismissed or ignored our suggestions for enhancing shareholder value – which is why we are writing to you today.

### **Our Group’s Shareholder Proposals: Addressing SCT’s Steep Discount to NAV**

We believe there are clear opportunities to unlock shareholder value at SCT. That is why we have taken action to represent shareholders’ interests by putting forth the following proposals for consideration at the upcoming AGM:

- **Proposal #1: Increased Dividend Distribution:** We are proposing that a dividend of KRW 4,500 per common share and KRW 4,550 per preferred share be paid in respect to FY 2023. Approximately KRW 740 billion is needed for the dividend payout, which can be sourced sufficiently from the distribution of 100% of the post-tax dividend income from SCT affiliates and 25% of free cash flow (“FCF”) from operations (excluding Samsung Biologics). ***We believe increasing the dividend payment will help align capital allocation to shareholder expectations and set the tone for longer-term decisions to help reduce the steep “Korea Discount” SCT faces today.***
- **Proposal #2: Share Repurchase Program:** We are proposing that the Company allocate KRW 500 billion to a share repurchase program. This is equivalent to approximately 50% of annual FCF from operations (excluding Samsung Biologics) per SCT’s own estimates for FY 2023-2025. Based on the Company’s 2023 year-end share price, approximately 3,861,000 shares can be repurchased, or 2.4% of total shares outstanding.<sup>3</sup> This, coupled with an improved dividend yield of 3.5%, would bring the total shareholder yield to approximately 6% and help to narrow the discount. ***A share repurchase program will enhance both earnings and intrinsic value per share, and in our view, demonstrate SCT’s commitment toward addressing its valuation problem and improving shareholder value.***

Unfortunately, the Board has failed to take decisive action that properly addresses SCT’s long-term underperformance and persistent discount to NAV. In early 2023, the Company announced a “new” shareholder return policy for FY 2023-2025 that is largely unchanged from the preceding three-year period in terms of its ability to narrow the gap between SCT’s share price and NAV. Our Group has high conviction that this view is shared by a significant portion of the shareholder base, based on our engagement with other local and foreign minority shareholders.

Since the announcement of this policy, SCT’s share price underperformed by an additional 5.1% relative to the KOSPI Index, while the Company’s discount to NAV widened to 67%.<sup>4</sup> This negative market reaction clearly signals the Board has been unable to present a compelling capital allocation framework that investors believe adequately balances investment for future growth with shareholder returns. In addition, while we are supportive of the cancellation of all treasury shares, without an accompanying share repurchase program, the Company’s policy does not go far enough. We also do not understand the rationale for SCT’s continuing position to dilute the impact of the treasury share cancellation by enacting it over multiple years and we disagree with the Company’s characterization of this as a “shareholder return.”

In sharp contrast, the Company’s discount to NAV recently narrowed as shareholders began publicly advocating for positive change at SCT.<sup>5</sup> This reaction signals that investors are encouraged by the prospect

<sup>3</sup> Based on the Company’s closing share price of KRW 129,500 as of 28<sup>th</sup> December 2023.

<sup>4</sup> Calculated from the Company’s announcement on 16<sup>th</sup> February 2023 to 6<sup>th</sup> November 2023, the day prior to CLIM making public its intent to submit proposals at the upcoming AGM.

<sup>5</sup> From 7<sup>th</sup> November 2023, the day CLIM made public its intent to submit proposals at the upcoming AGM, to the end of FY2023, SCT’s share price rose by 17.8%, well ahead of the KOSPI return of 6.1%. This outperformance was primarily driven by the discount narrowing, not by an increase in value of the underlying portfolio.

of the Board taking action to increase shareholder returns, improve governance and help unlock the value currently trapped in the Company's shares.

### **The Path Forward: Unlocking Shareholder Value at SCT**

In order to realize SCT's value for all shareholders, we believe that the Board must adopt a transparent, shareholder-friendly capital allocation framework that systematically considers the returns on different uses of capital, including growth investments and share repurchases. For as long as the discount persists at these elevated levels, this approach inevitably calls for allocating a portion of FCF to repurchasing shares. In fact, we not only believe that share repurchases should be pursued as a way to reduce the discount, but also that they absolutely make sense from a capital allocation perspective at current valuation levels. By way of illustration, shares repurchased at a 60% discount to NAV produce a return on investment of 150%, setting a high hurdle for alternative uses of cash.

As long-term shareholders, our Group recognizes SCT's immense potential value and believes the Board will demonstrate its respect for investor feedback and commitment to enhancing shareholder value by including both our proposals on the 2024 AGM agenda.

In the coming weeks, we will issue a presentation detailing our vision to improve shareholder returns and enhance corporate governance at SCT. Our Group firmly believes that supporting our proposals will pave the way for SCT's share price to begin to reflect the true value of its assets – benefiting the Company, its employees, shareholders and all stakeholders.

Thank you in advance for your willingness to evaluate our proposals. To learn more about our plans to help catalyze positive change at SCT, visit [www.UnlockSCTValue.com](http://www.UnlockSCTValue.com).

Sincerely,

ANDA Asset Management Co.,  
Ltd.

City of London Investment  
Management Company Limited

Whitebox Advisors LLC

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#### **About ANDA**

ANDA Asset Management Co., Ltd. is a leading asset management firm that invests across both traditional and alternative assets in Korea. Founded in 2011 and based in Seoul, ANDA's investment philosophy is grounded in proprietary research, capital growth and preservation with a focus on delivering superior, long-term returns for our investors.

#### **About CLIM**

CLIM is a UK headquartered asset management firm, established in 1991. CLIM is a long-term investor in global markets via closed-end funds and other securities using a value-based approach exploiting anomalies between price and intrinsic value. CLIM has a strong focus on corporate governance and regularly engages with portfolio companies to enhance shareholder value.

#### **About Whitebox**

Whitebox Advisors LLC is a multi-strategy alternative asset manager that seeks to generate optimal risk-adjusted returns for a diversified base of public institutions, private entities and qualified individuals. Founded in 1999, Whitebox invests across asset classes, geographies, and markets through the hedge fund vehicles and institutional accounts we advise. The firm maintains offices in Minneapolis, Austin, New York, London and Sydney.

### **Contacts**

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