

Coway (021240 KS)

Mid-long term growth in air purifier market

BUY (MAINTAIN)

Price (Mar. 17)	W71,900
Target Price	W90,000
% variance	25.2%

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KOSPI	1,927.53p
KOSDAQ	535.82p
Market Cap.	W5,545.3bn/ US4,864.3mn
Par Value	W500
Outstanding Shares	77.1mn
Free Floating Shares	50.6mn(65.6%)
52-Week High/Low	W74,100/W47,150
60-Day Avg. Trading Volume	154,157shrs
60-Day. Avg. Trading T/O	W10,379mn
Foreign Ownership	53.21%

Major Shareholders

Coway Holdings and 12 others	30.99%
Lazard Asset Management LLC and 33 others	6.17%
Absolute Performance	3M 12.7%
	6M 17.1%
	12M 50.6%
Relative performance to KOSPI	3M 14.9%
	6M 21.8%
	12M 55.2%

- ◆ Domestic and overseas air purifier sales to spike on worsening Chinese air pollution
- ◆ New air purifier rental subscriptions to grow 9.7% YoY in Korea in 2014
- ◆ Retain BUY, raising target price to W90,000

Domestic and overseas air purifier sales to spike on worsening Chinese air pollution

The Chinese air purifier market is showing explosive growth. According to Daxue Consulting, the market grew 100% YoY to W610.0bn in 2013. A 40% of annual sales was concentrated in November-December when air pollution worsened.

The penetration rate of air purifiers in Chinese households is less than 1%, compared to over 12% in Korea. We forecast the Chinese air purifier market to surpass W1tr in 2014 and reach W5tr by 2017. As a beneficiary of strong market growth, we expect Coway to post a 20-30% growth in exports.

New air purifier rental subscriptions to grow 9.7% YoY in Korea in 2014

Coway's domestic air purifier rental business is benefiting from the Chinese air pollution. New air purifier rental subscriptions increased 9.4% YoY to 220,000 in 2013. The number is expected to grow 9.7% YoY to 250,000 in 2014. Water purifier rental subscriptions declined 11.7% YoY to 540,000 in 2013 due to resistance to price hikes. Subscriptions should recover to 580,000 (+7.0% YoY) in 2014. We forecast overall new subscriptions to rise 7.6% YoY to 1.25mn in 2014 with net subscriptions up 40.2% YoY to 270,000.

While the domestic rental business is sustaining stable growth, the overseas business has entered the high growth phase. We forecast 2014 sales of W2.1tr (+6.8% YoY) and operating profit of W394.8bn (+18.2% YoY).

Retain BUY, raising target price to W90,000

We reiterate our BUY rating on Coway and revise up our target price from W85,000 to W90,000. We raise our target PER from 22x to 24x, reflecting the strong growth prospects of the air purifier market in the mid-long term. Additional premium looks possible in the future depending on the success of its overseas business. Year-end dividend yield is 2.5% based on the current share price.

Year to Dec.	Sales (W bn)	OP (W bn)	Pre-tax (W bn)	NP (W bn)	EPS (Won)	Growth (%)	BPS (Won)	PER (X)	EV/EBITDA (X)	PBR (X)	ROE (%)	Net Debt Ratio (%)
2011	1,709.9	243.3	225.4	177.1	2,296	(3.4)	9,704	15.9	8.3	3.8	24.0	62.6
2012	1,806.8	178.4	161.5	119.7	1,553	(32.4)	10,408	28.0	10.9	4.2	15.4	58.9
2013F	1,933.7	337.4	353.7	255.6	3,314	113.4	10,912	20.0	10.4	6.1	31.1	30.6
2014F	2,065.8	394.8	388.0	291.0	3,773	13.9	12,946	19.1	9.7	5.6	31.6	10.5
2015F	2,260.6	454.9	455.9	341.9	4,433	17.5	15,254	16.2	8.4	4.7	31.4	(6.6)

Note: K-IFRS standalone

Earnings forecast revision

(bn KRW)	2014F			2015F		
	Before	After	Change (%)	Before	After	Change (%)
Sales	2,060.9	2,065.8	0.2	2,257.9	2,260.6	0.1
OP	394.1	394.8	0.2	453.9	454.9	0.2
Consolidated NP	290.1	289.9	(0.1)	345.6	345.9	0.1

Source: Shinhan Investment Corp.

Note: K-IFRS standalone

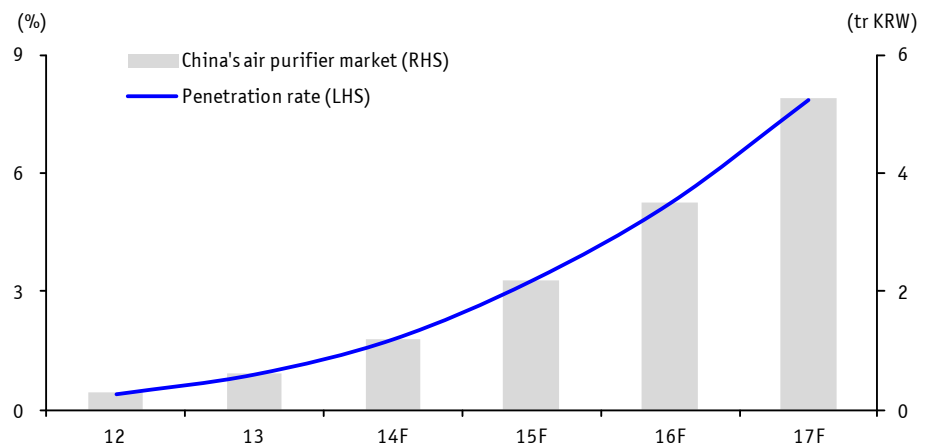
Target price calculation

(bn KRW)	Value	(bn KRW)	Value	(bn KRW)	Value
2014F NP	289.9	12-month forward NP	303.7	2015F NP	345.9
EPS (KRW)	3,759	EPS (KRW)	3,938.2	EPS (KRW)	4,485
PER (x)	24	Target PER (x)	23	PER (x)	20
Target price (KRW)	90,000	Target price (KRW)	90,000	Target price (KRW)	90,000
Current price (KRW)	71,900	Current price (KRW)	71,900	Current price (KRW)	71,900
Current price PER (x)	19.1	Current price PER (x)	18.3	Current price PER (x)	16.0

Source: Shinhan Investment Corp.

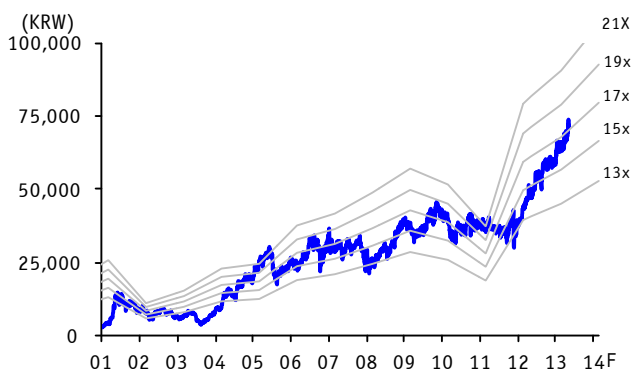
Note: K-IFRS consolidated; target PER represents a 20% premium to 2-year average PER

China's air purifier market



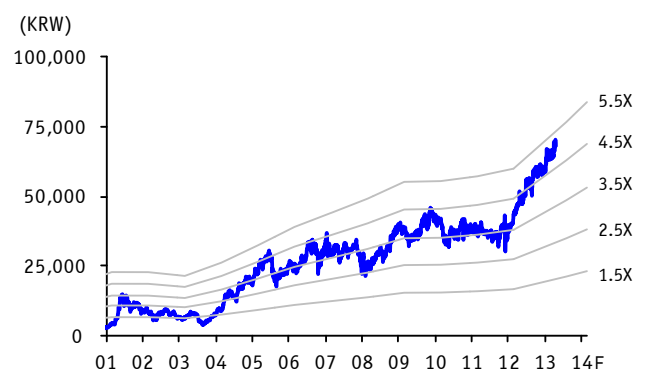
Source: Company data, Shinhan Investment Corp.

12-month forward PER band



Source: QuantiWise, Shinhan Investment Corp.

12-month forward PBR band



Source: QuantiWise, Shinhan Investment Corp.

Earnings estimates					
(bn KRW)	2011	2012	2013	2014F	2015F
Sales	1,709.9	1,806.8	1,933.7	2,065.8	2,260.6
Growth (% YoY)	13.9	5.7	7.0	6.8	9.4
Rental subscribers (no. of contracts)	4,450,003	4,607,420	4,799,948	5,069,966	5,407,610
Growth (% YoY)	7.4	3.5	4.2	5.6	6.7
Rental ARPU (KRW)	22,008	22,824	22,920	22,976	23,175
Rental sales	1,175.2	1,261.9	1,320.2	1,397.9	1,503.9
Water purifier	689.0	733.8	760.2	793.3	837.2
Air purifier	182.3	196.7	206.9	225.3	252.1
Bidet	217.2	233.9	243.5	254.8	271.7
Water softener	78.8	79.6	77.3	75.0	73.5
Others (food disposal, etc.)	7.8	8.2	9.1	9.6	10.2
Mattress		6.9	23.2	39.9	59.3
Rental registration sales	31.1	23.8	13.2	10.2	6.7
Membership sales	160.8	161.3	172.3	174.9	176.3
Lump-sum sales	138.2	144.7	149.3	154.8	174.6
Exports	98.0	109.6	144.6	177.5	236.0
Cosmetics sales	68.2	67.2	76.4	85.6	96.6
Others	38.4	38.3	57.7	64.9	66.5
Growth (% YoY)					
Rental	11.0	7.4	4.6	5.9	7.6
Rental registration	(34.5)	(23.4)	(44.6)	(22.4)	(34.4)
Membership	8.8	0.3	6.8	1.5	0.8
Lump-sum	28.7	4.7	3.2	3.7	12.8
Exports	41.6	11.8	32.0	22.8	33.0
Cosmetics	191.9	(1.4)	13.6	12.0	12.9
Others (living + water treatment)	(19.8)	(0.3)	50.8	12.5	2.4
COGS	552.0	605.3	651.5	708.4	794.2
COGS ratio (%)	32.3	33.5	33.7	34.3	35.1
Gross profit	1,157.9	1,201.5	1,282.2	1,357.4	1,466.4
Gross margin (%)	67.7	66.5	66.3	65.7	64.9
SG&A costs	913.1	987.5	948.1	962.6	1,011.4
SG&A costs/sales ratio (%)	53.4	54.7	49.0	46.6	44.7
Other operating income	0.6	1.4	1.5	1.5	1.6
Other operating expense	46.8	70.8	46.9	43.5	43.5
OP	244.8	213.9	334.1	394.8	454.9
OPM (%)	14.3	11.8	17.3	19.1	20.1
Growth (% YoY)	(8.0)	(12.6)	56.2	18.2	15.2
Financial income	2.2	3.7	3.5	4.5	7.4
Financial expense	25.8	67.5	18.4	11.2	8.8
Other non-operating income	6.4	4.6	54.7	7.3	10.3
Pre-tax profit	226.4	146.0	350.5	388.0	455.9
Corporate tax	48.2	41.7	97.2	97.0	114.0
Corporate tax rate (%)	21.3	28.5	27.7	25.0	25.0
NP	178.2	104.3	253.2	291.0	341.9
NPM (%)	10.4	5.8	13.1	14.1	15.1
Growth (% YoY)	(5.3)	(41.5)	142.8	14.9	17.5
Consolidated NP	167.1	95.9	227.5	289.9	345.9
Growth (% YoY)	(13.8)	(42.6)	137.3	27.4	19.3
Standalone EPS (KRW)	2,296	1,553	3,314	3,773	4,433
Consolidated EPS (KRW)	2,149	1,243	2,950	3,759	4,485

Source: Company data, Shinhan Investment Corp.

Note: K-IFRS standalone

Quarterly earnings															
(bn KRW)	1Q13	2Q13	3Q13	4Q13	1Q14F	2Q14F	3Q14F	4Q14F	1Q15F	2Q15F	3Q15F	4Q15F	2013	2014F	2015F
Sales	465.2	496.9	489.2	482.4	501.1	523.9	519.2	521.5	538.8	570.4	574.3	577.1	1,933.7	2,065.8	2,260.6
Growth (% YoY)	5.2	11.3	6.8	4.9	7.7	5.4	6.1	8.1	7.5	8.9	10.6	10.7	7.0	6.8	9.4
Rental	323.8	328.8	331.8	335.8	340.9	347.0	352.0	358.0	365.4	373.7	379.4	385.4	1,320.2	1,397.9	1,503.9
Rental registration	3.6	3.2	3.1	3.3	3.0	2.7	2.4	2.2	2.0	1.8	1.6	1.4	13.2	10.2	6.7
Membership	42.8	42.8	43.2	43.6	43.0	44.1	44.0	43.8	43.7	43.8	44.2	44.5	172.3	174.9	176.3
Lump-sum	36.6	47.8	35.4	29.4	39.7	40.5	35.9	38.7	42.4	45.2	42.3	44.7	149.3	154.8	174.6
Exports	31.5	44.6	38.0	30.6	39.5	52.5	46.0	39.5	46.0	65.5	65.5	59.0	144.6	177.5	236.0
Cosmetics	17.9	22.1	16.6	19.8	20.6	21.4	21.2	22.4	23.1	23.8	24.4	25.3	76.4	85.6	96.6
Others	7.8	10.4	9.3	10.7									57.7	64.9	66.5
COGS	154.6	167.8	169.8	159.3	169.8	182.8	179.3	176.4	184.4	203.5	204.4	202.0	651.5	708.4	794.2
COGS ratio (%)	33.2	33.8	34.7	33.0	33.9	34.9	34.5	33.8	34.2	35.7	35.6	35.0	33.7	34.3	35.1
SG&A costs	241.3	249.8	222.3	234.6	239.4	242.3	238.5	242.4	250.5	252.0	251.5	257.4	948.1	962.6	1,011.4
SG&A costs/sales ratio (%)	51.9	50.3	45.4	48.6	47.8	46.2	45.9	46.5	46.5	44.2	43.8	44.6	49.0	46.6	44.7
OP	69.2	79.4	97.0	88.5	91.8	98.9	101.4	102.7	103.8	114.9	118.4	117.7	334.1	394.8	454.9
OPM (%)	14.9	16.0	19.8	18.3	18.3	18.9	19.5	19.7	19.3	20.2	20.6	20.4	17.3	19.1	20.1
Growth (% YoY)	41.9	22.0	54.3	138.0	32.6	24.6	4.5	16.0	13.0	16.2	16.8	14.7	56.2	18.2	15.2
Financial income	0.4	1.4	0.5	1.2	0.9	1.2	1.2	1.2	1.6	1.9	2.0	2.0	3.5	4.5	7.4
Financial expense	6.5	4.3	4.1	3.5	3.2	2.9	2.6	2.5	2.5	2.2	2.1	2.0	18.4	11.2	8.8
Other non-operating income	51.1	4.4	(9.6)	(9.9)	(0.1)	0.0	(0.2)	0.2	(0.0)	0.6	0.7	1.0	54.7	7.3	10.3
Pre-tax profit	114.2	80.8	82.9	72.6	89.5	97.2	99.8	101.6	102.9	115.2	119.0	118.8	350.5	388.0	455.9
NP	80.2	60.4	62.1	50.7	67.1	72.9	74.8	76.2	77.1	86.4	89.3	89.1	253.2	291.0	341.9
NPM (%)	17.2	12.1	12.7	10.5	13.4	13.9	14.4	14.6	14.3	15.1	15.5	15.4	13.1	14.1	15.1
Growth (% YoY)	209.9	37.2	381.8	122.4	(16.3)	20.7	20.5	50.3	15.0	18.5	19.3	16.9	142.8	14.9	17.5

Source: Company data, Shinhan Investment Corp.

Note: K-IFRS standalone

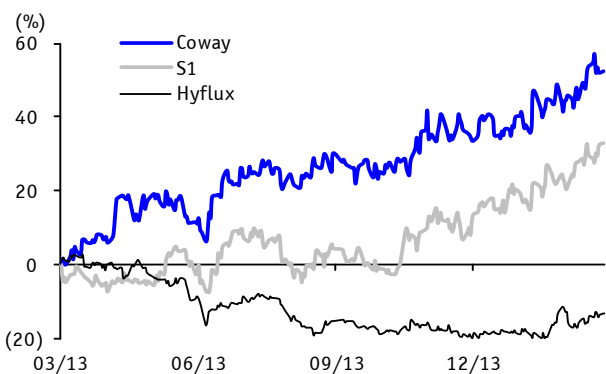
Rental subscribers and ARPU										
(subscriptions)	2007	2008	2009	2010	2011	2012	2013	2014F	2015F	
ARPU (KRW)	21,369	21,970	21,575	21,285	22,008	22,824	22,920	22,976	23,175	
Total subscribers	3,612,491	3,639,197	3,898,647	4,145,102	4,450,003	4,607,420	4,799,948	5,069,966	5,407,610	
Net subscriber increase	134,456	26,706	259,450	246,455	304,901	157,417	192,528	270,018	337,644	
New subscribers	1,173,707	1,045,248	1,188,939	1,167,378	1,272,538	1,218,911	1,165,966	1,254,481	1,307,376	
Cancellation rate (%)	11.5	13.9	13.5	12.9	12.5	12.1	10.8	9.6	8.9	
Growth (%)										
ARPU	(0.3)	2.8	(1.8)	(1.3)	3.4	3.7	0.4	0.2	0.9	
Total subscribers	3.9	0.7	7.1	6.3	7.4	3.5	4.2	5.6	6.7	
Net subscriber increase	(48.5)	(80.1)	871.5	(5.0)	23.7	(48.4)	22.3	40.2	25.0	
New subscribers	13.9	(10.9)	13.7	(1.8)	9.0	(4.2)	(4.3)	7.6	4.2	

Source: Company data, Shinhan Investment Corp.

Global peers							
Company		Coway	Kurita Water Industries	S1	Fujian Longking	Hyflux	OSIM International
Ticker		021240 KS	6370 JP	012750 KS	600388 CH	HYF SP	OSIM SP
Market cap. (bn KRW)		4,534.9	2,762.2	2,591.5	2,145.4	944.3	1,303.1
Sales	2012	1,806.8	2,729.3	1,096.5	750.0	607.5	542.5
(bn KRW)	2013	1,927.1	2,119.1	1,204.0	959.5	601.3	578.4
	2014F	2,086.8	2,120.0	1,303.0	1,116.3	648.7	631.2
OP	2012	227.8	413.8	134.6	61.9	71.2	101.5
(bn KRW)	2013	289.8	254.8	147.9	75.1	88.9	109.6
	2014F	337.7	250.5	165.6	89.4	98.4	122.0
OP margin	2012	12.6	15.2	12.3	8.3	11.7	18.7
(%)	2013	15.0	12.0	12.3	7.8	14.8	18.9
	2014F	16.2	11.8	12.7	8.0	15.2	19.3
NP	2012	119.7	233.0	100.9	52.0	55.0	78.4
(bn KRW)	2013	238.6	141.1	114.5	66.0	47.4	87.7
	2014F	252.8	153.5	131.3	76.6	60.6	99.3
NP margin	2012	6.6	8.5	9.2	6.9	9.1	14.4
(%)	2013	12.4	6.7	9.5	6.9	7.9	15.2
	2014F	12.1	7.2	10.1	6.9	9.3	15.7
EPS growth	2012	T/B	2.0	(20.2)	19.0	5.4	N/A
(% YoY)	2013	94.0	T/B	5.4	31.8	30.7	10.2
	2014F	6.5	13.1	14.2	13.0	21.8	11.9
P/E	2012	27.0	15.5	23.4	16.1	28.9	14.5
(x)	2013	18.8	19.7	20.6	31.6	21.9	15.1
	2014F	17.6	17.6	18.1	27.9	18.0	13.5
P/B	2012	4.0	1.2	3.1	1.8	3.3	6.4
(x)	2013	4.7	1.2	2.8	4.2	1.8	6.4
	2014F	4.1	1.1	2.6	3.7	1.7	5.1
EV/EBITDA	2012	9.2	4.3	9.1	11.7	7.6	9.5
(x)	2013	9.5	4.4	9.0	22.4	13.8	9.6
	2014F	8.7	4.7	8.3	19.3	12.0	8.6
ROE	2012	15.4	8.1	13.4	12.0	12.2	48.1
(%)	2013	27.6	6.1	14.2	12.9	6.8	44.9
	2014F	24.7	6.5	15.0	13.4	7.7	40.4

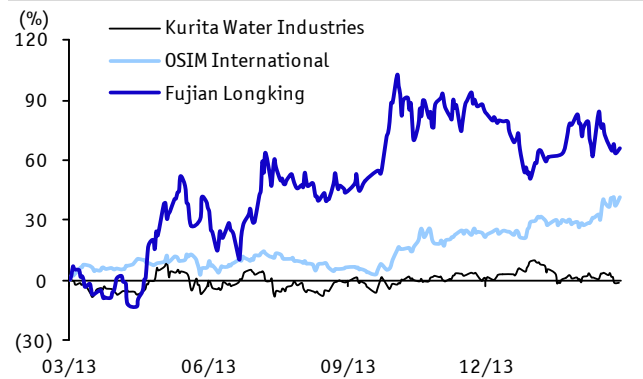
Source: Bloomberg consensus, Shinhan Investment Corp.

Share performance of global peers



Source: Bloomberg, Shinhan Investment Corp.

Share performance of global peers



Source: Bloomberg, Shinhan Investment Corp.

Balance Sheet

Year to Dec. (W bn)	2011	2012	2013F	2014F	2015F
Assets	1,576.5	1,701.5	1,564.6	1,708.3	1,879.0
Total Current Assets	511.5	691.3	530.7	649.2	799.1
Cash and Cash Equivalents	64.9	118.9	71.4	166.9	282.4
Accounts Receivables	240.1	278.4	280.0	285.0	290.0
Inventories	73.0	41.3	44.3	47.3	51.7
Non-Current Assets	1,065.0	1,010.2	1,033.9	1,059.2	1,079.9
Tangible Assets	534.7	594.2	593.8	605.3	611.3
Intangible Assets	156.0	157.5	150.2	144.0	138.7
Investment Assets	285.1	155.3	186.7	206.7	226.7
Other Financial Institutions Assets	0.0	0.0	0.0	0.0	0.0
Liabilities	828.1	898.8	723.0	709.8	702.6
Current Liabilities	534.3	719.6	582.0	577.0	577.0
ST Borrowings	164.8	295.7	180.0	170.0	130.0
Account Payables	28.7	28.9	40.5	52.6	68.4
Current Portion of LT Debt	110.0	109.9	30.0	0.0	0.0
Non-Current Liabilities	293.8	179.2	141.0	132.9	125.6
Bonds	176.7	117.8	107.8	97.8	87.8
LT Borrowings(incl. LT Fin. Liab.)	90.3	35.9	5.9	5.9	5.9
Other Financial Institutions Liab.	0.0	0.0	0.0	0.0	0.0
Shareholders' Equity	748.4	802.7	841.6	998.5	1,176.4
Capital Stock	40.7	40.7	40.7	40.7	40.7
Capital Surplus	130.9	130.6	130.6	130.6	130.6
Other Reserves	(98.8)	(84.6)	(84.6)	(84.6)	(84.6)
Accu. Other Comp. Income	(2.0)	(0.8)	(0.8)	(0.8)	(0.8)
Retained Earnings	677.7	716.8	755.7	912.5	1,090.5
Owners of Parent Equity	748.4	802.7	841.6	998.5	1,176.4
Non-Controlling Interests Equity	0.0	0.0	0.0	0.0	0.0
*Total Debt	542.0	592.2	358.9	311.3	264.8
*Net Debts(Cash)	468.3	472.7	257.4	104.4	(77.6)

Cash Flow

Year to Dec. (W bn)	2011	2012	2013F	2014F	2015F
Operating Cash Flow	317.6	429.1	409.9	564.9	509.4
Net Profit	177.1	119.7	255.6	291.0	341.9
Depreciation	144.9	164.8	173.0	181.7	190.8
Amortization	7.5	7.1	7.3	6.2	5.3
Losses(Gains) on F/X Translation	1.4	0.3	0.0	0.0	0.0
Losses(Gains) on Disp. of Assets	44.1	59.8	0.0	0.0	0.0
Losses(Gains) in Asso., Subs., JVs	0.0	3.2	0.0	0.0	0.0
Chg. in A/L from Op. Activities	(111.5)	(37.7)	(42.1)	78.4	(30.7)
(Payments of Income Taxes)	(42.0)	(34.7)	(98.1)	(97.0)	(114.0)
Others	96.1	146.6	114.2	104.6	116.1
Investing Cash Flow	(344.2)	(300.9)	(232.0)	(219.9)	(230.6)
Incr. in Tangible Assets(CAPEX)	(299.4)	(295.0)	(252.7)	(283.2)	(296.8)
Decr. in Tangible Assets	8.9	3.4	80.0	90.0	100.0
Decr.(Incr.) in Intangible Assets	(6.7)	(7.7)	0.0	0.0	0.0
Decr.(Incr.) in Investment Assets	(21.4)	4.3	(31.4)	(20.0)	(20.0)
Others	(25.6)	(5.9)	(27.9)	(6.7)	(13.8)
Free Cash Flow	(35.6)	(102.3)	369.4	220.0	261.8
Financing Cash Flow	35.6	(73.6)	(251.0)	(275.1)	(188.9)
Incr.(Decr.) in Borrowing	213.0	20.9	(233.3)	(47.6)	(46.5)
Decr.(Incr.) of Treasury Stock	73.5	0.0	0.0	0.0	0.0
Dividend	(79.9)	(77.8)	0.0	(216.7)	(134.1)
Others	(171.0)	(16.7)	(17.7)	(10.8)	(8.3)
Other Cash Flows	0.0	0.0	25.6	25.6	25.6
Change of Consolidated Scope	0.0	0.0	0.0	0.0	0.0
Difference by Chg. in F/X Rates	(0.5)	(0.6)	0.0	0.0	0.0
Incr.(Decr.) in Cash	8.5	54.0	(47.5)	95.5	115.5
Beginning Cash	56.4	64.9	118.9	71.4	166.9
Ending Cash	64.9	118.9	71.4	166.9	282.4

Source: Company data, Shinhan Investment Corp.

Profit and Loss

Year to Dec. (W bn)	2011	2012	2013F	2014F	2015F
Sales	1,709.9	1,806.8	1,933.7	2,065.8	2,260.6
Growth (%)	13.9	5.7	7.0	6.8	9.4
COGS	552.0	605.4	651.5	708.4	794.2
Gross Profit	1,157.9	1,201.4	1,282.2	1,357.4	1,466.4
Gross margin (%)	67.7	66.5	66.3	65.7	64.9
SG&A	914.5	1,023.0	944.8	962.6	1,011.4
Operating Income	243.3	178.4	337.4	394.8	454.9
Growth (%)	(20.7)	(26.7)	89.1	17.0	15.2
Operating margin (%)	14.2	9.9	17.4	19.1	20.1
Other Net Non-Operating Profits	(18.0)	(17.0)	16.3	(6.8)	0.9
Financial Income/Expenses	(23.5)	(58.1)	(15.0)	(6.8)	(1.3)
Net Other Non-Operating Profits	5.5	44.3	31.3	(0.0)	2.3
Net Gains in Asso., Subs., and JVs	0.0	(3.2)	0.0	0.0	0.0
Pre-tax Profit from Cont. Op.	225.4	161.5	353.7	388.0	455.9
Income Taxes	48.2	41.7	98.1	97.0	114.0
Profit from Continuing Op.	177.1	119.7	255.6	291.0	341.9
Profit from Discontinued Op.	0.0	0.0	0.0	0.0	0.0
Net Profit	177.1	119.7	255.6	291.0	341.9
Growth (%)	(3.4)	(32.4)	113.4	13.9	17.5
Net Profit margin (%)	10.4	6.6	13.2	14.1	15.1
Net Profit of Parent	177.1	119.7	255.6	291.0	341.9
Net Profit to Non-Controlling	0.0	0.0	0.0	0.0	0.0
Total Comprehensive Income	172.7	118.2	255.6	291.0	341.9
Total Comp. Income of Parent	172.7	118.2	255.6	291.0	341.9
Total Comp. Income to Non-Cont.	0.0	0.0	0.0	0.0	0.0
EBITDA	395.8	350.3	517.7	582.7	651.0
Growth (%)	(11.1)	(11.5)	47.8	12.6	11.7
EBITDA Margin (%)	23.1	19.4	26.8	28.2	28.8

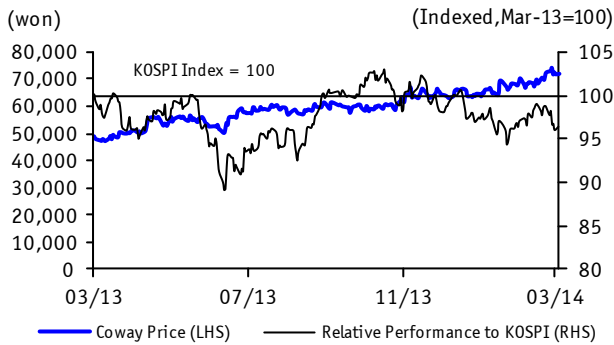
Note: Operating profit is based on 2012 K-IFRS (gross profit - SG&A costs)

Key Ratios

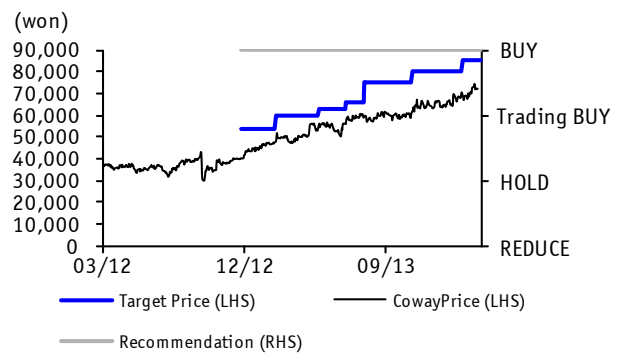
Year to Dec.	2011	2012	2013F	2014F	2015F
EPS_C (won)	2,296	1,553	3,314	3,773	4,433
EPS_P (won)	2,296	1,553	3,314	3,773	4,433
BPS_C (won)	9,704	10,408	10,912	12,946	15,254
BPS_P (won)	9,704	10,408	10,912	12,946	15,254
DPS (won)	1,050	0	2,910	1,800	2,200
PER_C (x)	15.9	28.0	20.0	19.1	16.2
PER_P (x)	15.9	28.0	20.0	19.1	16.2
PBR_C (x)	3.8	4.2	6.1	5.6	4.7
PBR_P (x)	3.8	4.2	6.1	5.6	4.7
EV/EBITDA (x)	8.3	10.9	10.4	9.7	8.4
EV/EBIT (x)	13.5	21.5	15.9	14.3	12.0
Dividend Yield (%)	2.9	0.0	4.4	2.5	3.1
Profitability					
EBITDA Margin (%)	23.1	19.4	26.8	28.2	28.8
OP Margin (%)	14.2	9.9	17.4	19.1	20.1
NP Margin (%)	10.4	6.6	13.2	14.1	15.1
ROA (%)	12.1	7.3	15.6	17.8	19.1
ROE (%)	24.0	15.4	31.1	31.6	31.4
ROIC (%)	25.8	14.2	25.8	35.5	41.7
Stability					
D/E Ratio (%)	110.6	112.0	85.9	71.1	59.7
Net Debt to Equity (%)	62.6	58.9	30.6	10.5	(6.6)
Cash Ratio (%)	12.1	16.5	12.3	28.9	48.9
Interest Coverage (x)	9.7	6.2	19.1	36.5	54.7
Activity (%)					
Working Capital Turnover (t)	11.8	7.5	9.8	23.2	32.8
Inventory Turnover (d)	15.6	11.5	8.1	8.1	8.0
Receivable Turnover (d)	47.4	52.4	52.7	49.9	46.4

Source: Company data, Shinhan Investment Corp.

Share Price Performance



Target Price & Recommendation History



Compliance Notice

- ◆ Analyst Certification: The following analysts hereby certify the information and material presented in this report are accurate expressions of their views, and that they have not received wrongful pressure to express such views: Joshua Kong, SeungWoo Son.
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History Table

	Recommendation	Target Price (won)
2012. 03. 19	BUY	58,000
2012. 12. 12	BUY	54,000
2013. 02. 17	BUY	60,000
2013. 05. 12	BUY	63,000
2013. 07. 04	BUY	66,000
2013. 08. 09	BUY	75,000
2013. 11. 10	BUY	80,000
2014. 02. 15	BUY	85,000

SHIC Rating Classifications (As of 25 Jul. 2011)

Stock	Sector
<ul style="list-style-type: none"> ◆ BUY: Expected return of over +15% in the next 6 months ◆ Trading BUY: Expected return of 0% ~ +15% in the next 6 months ◆ HOLD: Expected return of -15% ~ 0% in the next 6 months ◆ REDUCE: Expected return of below -15% in the next 6 months 	<ul style="list-style-type: none"> ◆ OVERWEIGHT: Prevalence of BUY rating for stocks in our sector coverage universe based on market cap ◆ NEUTRAL: Prevalence of HOLD rating for stocks in our sector coverage universe based on market cap ◆ UNDERWEIGHT: Prevalence of REDUCE rating for stocks in our sector coverage universe based on market cap