

Coway (021240 KS)

Earnings improvement in progress

BUY (MAINTAIN)

Price (Apr. 28)	W79,000
Target Price	W100,000
% variance	26.6%

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KOSPI	1,969.26p
KOSDAQ	556.96p
Market Cap.	W6,092.9bn/ US\$5,344.6mn
Par Value	W500
Outstanding Shares	77.1mn
Free Floating Shares	50.4mn(65.3%)
52-Week High/Low	W82,900/W50,100
60-Day Avg. Trading Volume	216,582shrs
60-Day. Avg. Trading T/O	W15,919mn
Foreign Ownership	53.99%
Major Shareholders	
Coway Holdings and 12 others	30.99%
Woori Bank	5.83%
Absolute Performance	3M 21.5%
	6M 33.9%
	12M 41.8%
Relative Performance	3M 18.3%
to KOSPI	6M 39.3%
	12M 40.1%

- ◆ 1Q14 sales of W494.8bn (+6.4% YoY), operating profit of W89.9bn (+29.8% YoY)
- ◆ Sustained growth in domestic rental business, high growth in exports
- ◆ Retain BUY for a target price of W100,000

1Q14 sales of W494.8bn (+6.4% YoY), operating profit of W89.9bn (+29.8% YoY)

Coway's 1Q14 standalone sales came in at W494.8bn (+6.4% YoY) and operating profit at W89.9bn (+29.8% YoY). Rental sales increased 4.8% YoY to W339.4bn with new rental accounts up 8.4% QoQ to 320,000. Exports jumped 43.6% YoY to W45.2bn. Lump-sum sales dropped 24.7% YoY to W27.6bn. Operating profit was in line with our estimate and better than the market consensus.

Sustained growth in domestic rental business, high growth in exports

This year water purifier sales are recovering from a slow 2013. Air purifier sales volume is expected to post strong growth of over 10%. We forecast new rental subscriptions at 1.25mn (+7.0% YoY) and total subscriptions at 4.72mn (+4.9% YoY) in 2014.

Air purifier exports to China are showing a steep increase. The plant is running at full capacity due to the rush of orders. ODM exports surged 43.1% YoY to W34.2bn in 1Q14. Coway plans to meet the spiking demand by adding new lines and implementing a shift schedule.

Margin improvement is expected to continue on stable top-line growth. We forecast 2014 rental sales of W1.4tr (+5.3% YoY) and exports of W201.8bn (+39.6% YoY). Overall sales are estimated to reach W2.1tr (+6.9% YoY) and operating profit W386.1bn (+15.9% YoY). Operating profit margin is likely to increase 1.5%p YoY to 18.7%.

Retain BUY for a target price of W100,000

We reiterate our BUY rating on Coway for a target price of W100,000. Operating profit beat the consensus for the fourth consecutive quarter. We expect China-bound air purifier exports to sustain strong growth in 2Q14. Lump-sum sales should grow along with the increase in dehumidifier sales. Earnings improvement is still in progress. The company's mid-long term growth potential is valid.

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 (%)
2012	1,806.8	227.8	161.5	119.7	1,553	(32.4)	10,408	28.0	9.6	4.2	15.4	58.9
2013	1,933.7	333.2	350.5	253.2	3,283	111.4	12,543	20.2	10.0	5.3	28.6	12.8
2014F	2,067.3	386.1	384.2	288.4	3,739	13.9	14,548	21.1	10.4	5.4	27.6	(2.6)
2015F	2,278.1	445.3	451.7	338.7	4,392	17.5	16,820	18.0	9.1	4.7	28.0	(14.3)
2016F	2,489.1	501.8	515.1	370.0	5,009	14.0	19,210	15.8	8.1	4.1	27.8	(23.7)

Note: K-IFRS standalone

1Q14 results

(bn KRW)	1Q14P	4Q13	% QoQ	1Q13	% YoY	SHIC	Consensus
Sales	494.8	482.4	2.6	465.2	6.4	501.1	498.0
OP	89.9	87.6	2.6	69.2	29.8	90.3	85.0
NP	66.1	50.0	32.4	80.2	(17.5)	67.2	63.6
OPM (%)	18.2	18.2		14.9		18.0	17.1
NPM (%)	13.4	10.4		17.2		13.4	12.8

Source: Company data, Shinhan Investment Corp.

Earnings forecast revision

(bn KRW)	2014F			2015F		
	Before	After	Change (%)	Before	After	Change (%)
Sales	2,098.1	2,067.3	(1.5)	2,338.3	2,278.1	(2.6)
OP	391.5	386.1	(1.4)	454.7	445.3	(2.1)
Consolidated NP	292.2	288.5	(1.3)	346.1	348.2	0.6

Source: Shinhan Investment Corp.

Note: K-IFRS consolidated

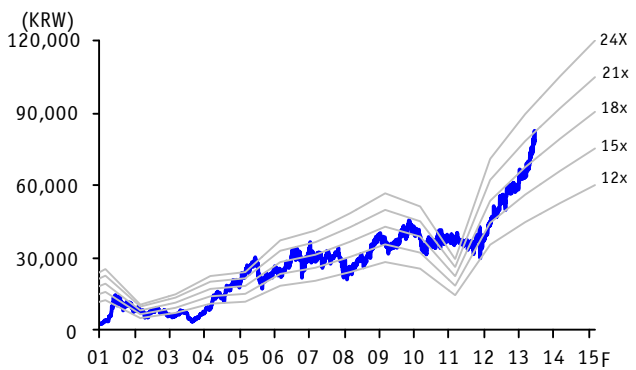
Target price calculation

(bn KRW)	Value	(bn KRW)	Value	(bn KRW)	Value
2014F NP	288.5	12-month forward NP	317.9	2015F NP	348.2
EPS (KRW)	3,741	EPS (KRW)	4,122	EPS (KRW)	4,515
PER (x)	27	Target PER (x)	24	PER (x)	22
Target price (KRW)	100,000	Target price (KRW)	100,000	Target price (KRW)	100,000
Current price (KRW)	79,000	Current price (KRW)	79,000	Current price (KRW)	79,000
Current PER (x)	21.1	Current PER (x)	19.2	Current PER (x)	17.5

Source: Shinhan Investment Corp.

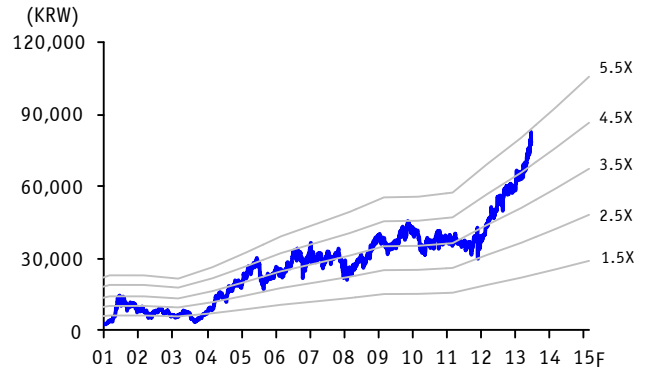
Note: K-IFRS consolidated; target PER represents a 20% premium to the past two-year average PER of 20x

12-month forward PER band



Source: QuantiWise, Shinhan Investment Corp.

12-month forward PBR band



Source: QuantiWise, Shinhan Investment Corp.

Earnings forecasts					
(bn KRW)	2012	2013	2014F	2015F	2016F
Sales	1,806.8	1,933.7	2,067.3	2,278.1	2,489.1
Growth (% YoY)	5.7	7.0	6.9	10.2	9.3
Rental subscribers (no. of contracts)	4,607,420	4,502,314	4,721,049	5,005,009	5,258,594
Growth (% YoY)	3.5	(2.3)	4.9	6.0	5.1
Rental ARPU (KRW)	22,824	24,436	24,544	24,987	25,406
Rental sales	1,261.9	1,320.2	1,390.5	1,500.7	1,603.2
Rental registration	23.8	13.2	10.2	6.7	4.4
Membership	161.3	172.3	176.4	178.5	180.6
Lump-sum	144.7	149.3	136.5	152.4	159.7
Exports	109.6	144.6	201.8	275.5	363.8
ODM		112.7	160.8	230.0	312.0
Overseas subsidiaries		31.9	41.0	45.5	51.8
Cosmetics	67.2	76.4	86.2	97.2	110.0
Others	38.3	57.7	65.6	67.1	67.4
Growth (% YoY)					
Rental	7.4	4.6	5.3	7.9	6.8
Rental registration	(23.4)	(44.6)	(22.4)	(34.4)	(34.4)
Membership	0.3	6.8	2.3	1.2	1.2
Lump-sum	4.7	3.2	(8.6)	11.7	4.8
Exports	11.8	32.0	39.6	36.5	32.1
Cosmetics	(1.4)	13.6	12.9	12.8	13.1
Others (living + water treatment)	(0.2)	50.7	13.7	2.2	0.4
COGS	605.4	651.7	718.2	815.6	918.7
COGS ratio (%)	33.5	33.7	34.7	35.8	36.9
Gross profit	1,201.4	1,282.1	1,349.1	1,462.5	1,570.5
Gross margin (%)	66.5	66.3	65.3	64.2	63.1
SG&A costs	973.6	948.9	963.0	1,017.2	1,068.6
SG&A costs/sales ratio (%)	53.9	49.1	46.6	44.7	42.9
OP	227.8	333.2	386.1	445.3	501.8
OPM (%)	12.6	17.2	18.7	19.5	20.2
Growth (% YoY)	(6.4)	46.3	15.9	15.3	12.7
Financial income	3.6	3.9	6.3	9.2	11.3
Financial expense	61.7	17.6	11.4	8.8	6.0
Other non-operating income	(5.0)	(9.1)	3.2	6.0	8.0
Pre-tax profit	161.5	350.5	384.2	451.7	515.1
Corporate tax	41.7	97.9	95.8	112.9	128.8
Corporate tax rate (%)	25.8	27.9	24.9	25.0	25.0
NP	119.7	252.6	288.4	338.7	386.3
NPM (%)	6.6	13.1	14.0	14.9	15.5
Growth (% YoY)	(32.4)	111.0	14.2	17.5	14.0
Subsidiaries income	(21.0)	(30.2)	0.1	9.5	16.3
Consolidated NP	98.7	222.4	288.5	348.2	402.6
Growth (% YoY)	(40.9)	125.2	29.7	20.7	15.6
Standalone EPS (KRW)	1,553	3,283	3,739	4,392	5,009
Consolidated EPS (KRW)	1,280	2,883	3,741	4,515	5,220

Source: Company data, Shinhan Investment Corp.

Note: Rental subscribers in 2014 excludes 297,634 uncollected bond accounts

Quarterly earnings															
(bn KRW)	1Q13	2Q13	3Q13	4Q13	1Q14P	2Q14F	3Q14F	4Q14F	1Q15F	2Q15F	3Q15F	4Q15F	2013	2014F	2015F
Sales	465.2	496.9	489.2	482.4	494.8	519.7	525.2	527.7	550.5	576.3	577.8	573.5	1,933.7	2,067.3	2,278.1
Growth (% YoY)	5.2	11.3	6.8	4.9	6.4	4.6	7.3	9.4	11.2	10.9	10.0	8.7	7.0	6.9	10.2
Rental	323.8	328.8	331.8	335.8	339.4	344.0	349.9	357.2	365.0	373.2	378.4	384.1	1,320.2	1,390.5	1,500.7
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	43.9	44.0	44.2	44.3	44.4	44.6	44.7	44.8	172.3	176.4	178.5
Lump-sum	36.6	47.8	35.4	29.4	27.6	39.9	34.9	34.1	37.7	40.7	36.1	37.9	149.3	136.5	152.4
Exports	31.5	44.6	38.0	30.6	45.2	51.6	54.6	50.3	61.7	75.4	75.5	62.9	144.6	201.8	275.5
Cosmetics	17.9	22.1	16.6	19.8	21.0	21.5	21.3	22.5	23.3	23.9	24.6	25.5	76.4	86.2	97.2
Others	9.1	7.8	21.1	19.8	14.8	15.9	17.9	17.1	16.4	16.8	17.1	16.8	57.7	65.6	67.1
COGS	154.7	167.9	169.9	159.2	169.3	181.2	185.0	182.7	194.8	209.6	209.6	201.7	651.7	718.2	815.6
COGS ratio (%)	33.2	33.8	34.7	33.0	34.2	34.9	35.2	34.6	35.4	36.4	36.3	35.2	33.7	34.7	35.8
SG&A costs	241.3	249.7	222.3	235.5	235.7	244.0	240.6	242.8	251.8	254.1	254.1	257.2	948.9	963.0	1,017.2
SG&A costs/sales ratio (%)	51.9	50.2	45.4	48.8	47.6	46.9	45.8	46.0	45.7	44.1	44.0	44.8	49.1	46.6	44.7
OP	69.2	79.4	97.0	87.6	89.9	94.5	99.6	102.2	103.9	112.6	114.1	114.7	333.2	386.1	445.3
OPM (%)	14.9	16.0	19.8	18.2	18.2	18.2	19.0	19.4	18.9	19.5	19.7	20.0	17.2	18.7	19.5
Growth (% YoY)	7.9	21.9	54.2	145.7	29.8	19.0	2.7	16.6	15.6	19.2	14.6	12.2	46.3	15.9	15.3
Financial income	0.6	1.3	0.6	1.4	0.7	1.7	1.8	2.1	2.1	2.2	2.4	2.6	3.9	6.3	9.2
Financial expense	5.7	4.3	4.1	3.5	2.9	3.0	2.8	2.7	2.5	2.3	2.1	1.9	17.6	11.4	8.8
Other non-operating income	6.0	4.4	(9.6)	(9.9)	0.2	1.0	1.0	1.0	1.5	1.5	1.5	1.5	(9.1)	3.2	6.0
Pre-tax profit	115.0	80.7	83.0	71.8	87.8	94.2	99.6	102.6	105.0	114.0	115.8	116.8	350.5	384.2	451.7
NP	80.2	60.3	62.2	50.0	66.1	70.6	74.7	76.9	78.8	85.5	86.9	87.6	252.6	288.4	338.7
NPM (%)	17.2	12.1	12.7	10.4	13.4	13.6	14.2	14.6	14.3	14.8	15.0	15.3	13.1	14.0	14.9
Growth (% YoY)	195.6	77.3	(660.7)	(29.6)	(17.5)	17.2	20.1	54.0	19.1	21.1	16.4	13.8	111.0	14.2	17.5

Source: Company data, Shinhan Investment Corp.

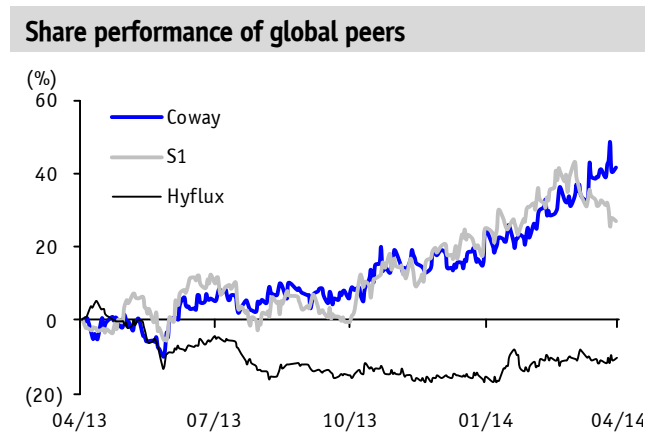
Note: K-IFRS standalone

Rental subscriptions and ARPU										
(subscriptions)	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F	
ARPU (KRW)	21,970	21,575	21,285	22,008	22,824	22,920	24,544	24,987	25,406	
Total subscriptions	3,639,197	3,898,647	4,145,102	4,450,003	4,607,420	4,799,948	4,721,049	5,005,009	5,258,594	
Net increase	26,706	259,450	246,455	304,901	157,417	192,528	(78,899)	283,960	253,585	
New subscriptions	1,045,248	1,188,939	1,167,378	1,272,538	1,218,911	1,165,966	1,248,028	1,304,083	1,327,967	
Cancellation rate (%)	13.9	13.5	12.9	12.5	12.1	10.8	10.0	10.4	9.9	
Growth (%)										
ARPU	2.8	(1.8)	(1.3)	3.4	3.7	0.4	7.1	1.8	1.7	
Total subscriptions	0.7	7.1	6.3	7.4	3.5	4.2	(1.6)	6.0	5.1	
Net increase	(80.1)	871.5	(5.0)	23.7	(48.4)	22.3	(141.0)	(459.9)	(10.7)	
New subscriptions	(10.9)	13.7	(1.8)	9.0	(4.2)	(4.3)	7.0	4.5	1.8	

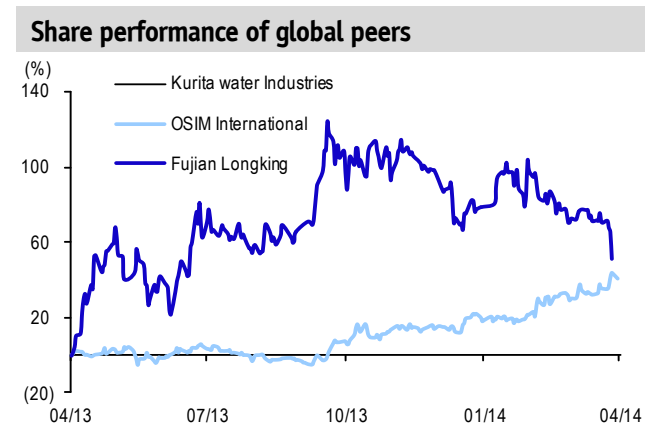
Source: Company data, Shinhan Investment Corp.

Global peers			Coway	Kurita Water Industries	S1	Fujian Longking	OSIM International	Hyflux
Company			021240 KS	6370 JP	012750 KS	600388 CH	OSIM SP	HYF SP
Ticker								
Market cap. (bn KRW)			6,062.0	2,584.9	3,115.9	2,071.6	839.1	1,669.2
Sales (bn KRW)	2013		2,118.3	2,434.1	1,274.1	971.6	465.9	566.7
	2014F		2,284.4	1,786.2	1,723.1	1,097.2	467.6	634.9
	2015F		2,473.5	1,869.8	1,877.0	1,219.7	678.5	715.5
OP (bn KRW)	2013		339.0	283.6	129.1	n/a	71.2	116.1
	2014F		381.7	152.5	199.7	88.0	71.3	130.5
	2015F		433.3	189.9	229.0	101.0	89.3	150.3
OPM (%)	2013		16.0	11.7	10.1	n/a	15.3	20.5
	2014F		16.7	8.5	11.6	8.0	15.3	20.6
	2015F		17.5	10.2	12.2	8.3	13.2	21.0
NP (bn KRW)	2013		245.1	155.1	79.2	81.3	38.5	88.9
	2014F		274.0	97.0	130.8	81.0	36.5	99.7
	2015F		314.8	122.0	151.6	89.7	46.7	114.2
NPM (%)	2013		11.6	6.4	6.2	8.4	8.3	15.7
	2014F		12.0	5.4	7.6	7.4	7.8	15.7
	2015F		12.7	6.5	8.1	7.4	6.9	16.0
EPS growth (% YoY)	2013		159.1	(32.1)	(21.6)	57.0	(47.0)	N/A
	2014F		10.3	T/B	54.8	T/B	58.4	6.5
	2015F		14.9	27.2	15.9	9.9	43.4	13.5
P/E (x)	2013		20.2	22.3	31.9	31.3	48.3	16.4
	2014F		21.7	26.9	22.6	27.2	30.5	17.3
	2015F		18.9	21.2	19.5	24.7	21.4	15.3
P/B (x)	2013		5.3	1.2	3.1	n/a	3.3	6.1
	2014F		5.2	1.2	3.9	3.8	1.3	5.3
	2015F		4.4	1.2	3.3	3.4	1.2	4.4
EV/EBITDA (x)	2013		9.4	4.9	9.6	n/a	7.6	10.9
	2014F		10.9	6.3	8.9	16.1	20.0	11.3
	2015F		9.9	5.7	8.2	15.5	16.6	9.9
ROE (%)	2013		28.4	5.5	10.0	n/a	4.2	43.5
	2014F		26.7	4.5	15.8	14.6	6.2	35.3
	2015F		26.3	5.6	16.4	14.3	6.8	31.7

Source: Bloomberg consensus, Shinhan Investment Corp.



Source: Bloomberg, Shinhan Investment Corp.



Source: Bloomberg, Shinhan Investment Corp.

Balance Sheet

Year to Dec. (W bn)	2012	2013	2014F	2015F	2016F
Assets	1,701.5	1,641.1	1,793.1	1,950.8	2,126.9
Total Current Assets	691.3	642.5	788.7	928.8	1,082.8
Cash and Cash Equivalents	118.9	201.3	317.4	409.4	515.3
Accounts Receivables	278.4	265.9	284.2	313.2	342.2
Inventories	41.3	40.9	43.7	48.2	52.6
Non-Current Assets	1,010.2	998.6	1,004.4	1,022.0	1,044.1
Tangible Assets	594.2	596.8	598.4	604.8	614.7
Intangible Assets	157.5	150.9	144.4	138.9	134.2
Investment Assets	158.3	154.0	164.6	181.4	198.2
Other Financial Institutions Assets	0.0	0.0	0.0	0.0	0.0
Liabilities	898.8	673.7	671.1	653.5	629.0
Current Liabilities	719.6	636.8	631.7	610.1	581.6
ST Borrowings	295.7	172.0	150.0	100.0	50.0
Account Payables	28.9	29.5	38.4	49.9	54.5
Current Portion of LT Debt	109.9	146.1	131.1	116.1	101.1
Non-Current Liabilities	179.2	36.9	39.4	43.4	47.5
Bonds	117.8	0.0	0.0	0.0	0.0
LT Borrowings(incl. LT Fin. Liab.)	35.9	0.0	0.0	0.0	0.0
Other Financial Institutions Liab.	0.0	0.0	0.0	0.0	0.0
Shareholders' Equity	802.7	967.3	1,122.0	1,297.3	1,497.8
Capital Stock	40.7	40.7	40.7	40.7	40.7
Capital Surplus	130.6	130.8	130.8	130.8	130.8
Other Reserves	(84.6)	(94.4)	(94.4)	(94.4)	(94.4)
Accu. Other Comp. Income	(0.8)	(0.2)	(0.2)	(0.2)	(0.2)
Retained Earnings	716.8	890.4	1,045.1	1,220.4	1,404.7
Owners of Parent Equity	802.7	967.3	1,122.0	1,297.3	1,481.5
Non-Controlling Interests Equity	0.0	0.0	0.0	0.0	16.3
*Total Debt	592.2	325.1	288.5	224.3	160.1
*Net Debts(Cash)	472.7	123.4	(28.9)	(185.1)	(355.3)

Cash Flow

Year to Dec. (W bn)	2012	2013	2014F	2015F	2016F
Operating Cash Flow	429.1	517.6	484.7	514.0	556.4
Net Profit	119.7	253.2	288.4	338.7	386.3
Depreciation	164.8	181.2	190.3	199.8	199.8
Amortization	7.1	7.5	6.5	5.5	4.7
Losses(Gains) on F/X Translation	0.3	(0.1)	0.0	0.0	0.0
Losses(Gains) on Disp. of Assets	59.8	38.8	0.0	0.0	0.0
Losses(Gains) in Asso., Subs., JVs	3.2	(40.1)	0.0	0.0	0.0
Chg. in A/L from Op. Activities	(37.7)	(41.8)	(6.6)	(31.2)	(30.6)
(Payments of Income Taxes)	(34.7)	(41.4)	(95.8)	(112.9)	(128.8)
Others	146.6	160.3	101.9	114.1	125.0
Investing Cash Flow	(300.9)	(58.4)	(197.1)	(215.3)	(216.9)
Incr. in Tangible Assets(CAPEX)	(295.0)	(245.7)	(281.9)	(296.1)	(299.8)
Decr. in Tangible Assets	3.4	6.1	90.0	90.0	90.0
Decr.(Incr.) in Intangible Assets	(7.7)	(2.1)	0.0	0.0	0.0
Decr.(Incr.) in Investment Assets	4.3	193.9	(10.6)	(16.8)	(16.8)
Others	(5.9)	(10.6)	5.4	7.6	9.7
Free Cash Flow	(65.7)	348.0	205.4	237.3	268.4
Financing Cash Flow	(73.6)	(376.8)	(171.4)	(206.7)	(233.7)
Incr.(Decr.) in Borrowing	20.9	(266.5)	(36.5)	(64.2)	(64.2)
Decr.(Incr.) of Treasury Stock	0.0	18.8	0.0	0.0	0.0
Dividend	(77.8)	(78.4)	(123.6)	(133.7)	(163.5)
Others	(16.7)	(50.7)	(11.3)	(8.8)	(6.0)
Other Cash Flows	0.0	0.0	(0.0)	0.0	0.0
Change of Consolidated Scope	0.0	0.0	0.0	0.0	0.0
Difference by Chg. in F/X Rates	(0.6)	(0.0)	0.0	0.0	0.0
Incr.(Decr.) in Cash	54.0	82.4	116.2	92.0	105.9
Beginning Cash	64.9	118.9	201.3	317.4	409.4
Ending Cash	118.9	201.3	317.4	409.4	515.3

Source: Company data, Shinhan Investment Corp.

Profit and Loss

Year to Dec. (W bn)	2012	2013	2014F	2015F	2016F
Sales	1,806.8	1,933.7	2,067.3	2,278.1	2,489.1
Growth (%)	5.7	7.0	6.9	10.2	9.3
COGS	605.4	651.7	718.2	815.6	918.7
Gross Profit	1,201.4	1,282.1	1,349.1	1,462.5	1,570.5
Gross margin (%)	66.5	66.3	65.3	64.2	63.1
SG&A	973.6	948.9	963.0	1,017.2	1,068.6
Operating Income	227.8	333.2	386.1	445.3	501.8
Growth (%)	(6.4)	46.3	15.9	15.3	12.7
Operating margin (%)	12.6	17.2	18.7	19.5	20.2
Other Net Non-Operating Profits	(66.3)	17.3	(1.9)	6.4	13.3
Financial Income(Expenses)	(58.1)	(13.7)	(5.1)	0.4	5.3
Net Other Non-Operating Profits	(5.0)	(9.1)	3.2	6.0	8.0
Net Gains in Asso., Subs., and JVs	(3.2)	40.1	0.0	0.0	0.0
Pre-tax Profit from Cont. Op.	161.5	350.5	384.2	451.7	515.1
Income Taxes	41.7	97.4	95.8	112.9	128.8
Profit from Continuing Op.	119.7	253.2	288.4	338.7	386.3
Profit from Discontinued Op.	0.0	0.0	0.0	0.0	0.0
Net Profit	119.7	253.2	288.4	338.7	386.3
Growth (%)	(32.4)	111.4	13.9	17.5	14.0
Net Profit margin (%)	6.6	13.1	14.0	14.9	15.5
Net Profit of Parent	119.7	253.2	288.4	338.7	370.0
Net Profit to Non-Controlling	0.0	0.0	0.0	0.0	16.3
Total Comprehensive Income	118.2	252.6	288.4	338.7	386.3
Total Comp. Income of Parent	118.2	252.6	288.4	338.7	386.3
Total Comp. Income to Non-Cont.	0.0	0.0	0.0	0.0	0.0
EBITDA	399.7	521.9	582.9	650.6	706.3
Growth (%)	1.0	30.6	11.7	11.6	8.6
EBITDA Margin (%)	22.1	27.0	28.2	28.6	28.4

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

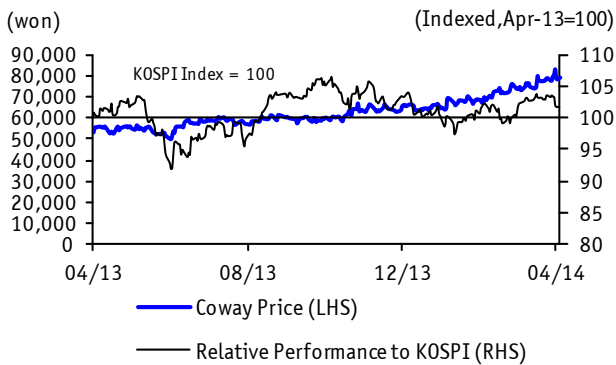
Key Ratios

Year to Dec.	2012	2013	2014F	2015F	2016F
EPS_C (won)	1,553	3,283	3,739	4,392	5,009
EPS_P (won)	1,553	3,283	3,739	4,392	5,009
BPS_C (won)	10,408	12,543	14,548	16,820	19,421
BPS_P (won)	10,408	12,543	14,548	16,820	19,210
DPS (won)	0	2,710	1,800	2,200	2,500
PER_C (x)	28.0	20.2	21.1	18.0	15.8
PER_P (x)	28.0	20.2	21.1	18.0	15.8
PBR_C (x)	4.2	5.3	5.4	4.7	4.1
PBR_P (x)	4.2	5.3	5.4	4.7	4.1
EV/EBITDA (x)	9.6	10.0	10.4	9.1	8.1
EV/EBIT (x)	16.8	15.7	15.7	13.3	11.5
Dividend Yield (%)	0.0	4.1	2.3	2.8	3.2
Profitability					
EBITDA Margin (%)	22.1	27.0	28.2	28.6	28.4
OP Margin (%)	12.6	17.2	18.7	19.5	20.2
NP Margin (%)	6.6	13.1	14.0	14.9	15.5
ROA (%)	7.3	15.1	16.8	18.1	18.9
ROE (%)	15.4	28.6	27.6	28.0	27.8
ROIC (%)	18.0	26.3	33.2	38.2	42.5
Stability					
D/E Ratio (%)	112.0	69.6	59.8	50.4	42.0
Net Debt to Equity (%)	58.9	12.8	(2.6)	(14.3)	(23.7)
Cash Ratio (%)	16.5	31.6	50.2	67.1	88.6
Interest Coverage (x)	7.9	19.0	34.2	50.9	84.1
Activity (%)					
Working Capital Turnover (t)	7.5	9.0	15.7	16.9	17.3
Inventory Turnover (d)	11.5	7.8	7.5	7.4	7.4
Receivable Turnover (d)	52.4	51.4	48.6	47.9	48.1

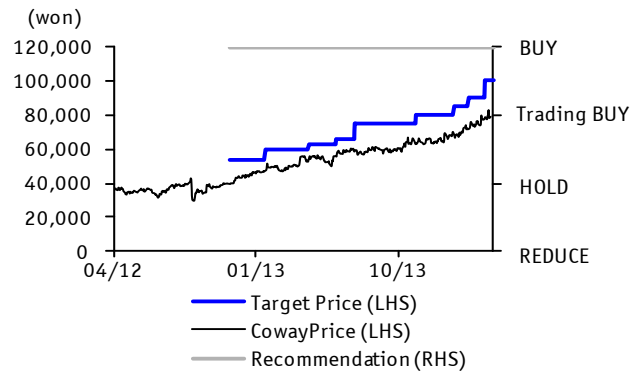
Source: Company data, Shinhan Investment Corp.

Coway (021240 KS)

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.
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- ◆ As of this date, Shinhan Investment Corp. has not participated as the lead underwriter or advisor in issuance of the securities of the company during the past 1 year.
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	Recommendation	Target Price (won)
2011. 10. 10	BUY	58,000
2012. 12. 11	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	54,000
2013. 11. 10	BUY	80,000
2014. 02. 15	BUY	85,000
2014. 03. 17	BUY	90,000
2014. 04. 17	BUY	100,000

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