

Coway (021240 KS)

Confidence in growth

BUY (MAINTAIN)

Price (Dec. 17)	W82,200
Target Price	W115,000
% variance	39.9%

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KOSPI	1,900.16p
KOSDAQ	533.06p
Market Cap.	W6,339.7bn/ US5,561.1mn
Par Value	W500
Outstanding Shares	77.1mn
Free Floating Shares	50.3mn(65.2%)
52-Week High/Low	W94,600/W63,000
60-Day Avg. Trading Volume	183,687shrs
60-Day. Avg. Trading T/O	W15,530mn
Foreign Ownership	55.00%

Major Shareholders		
Coway Holdings and 11 others	30.98%	
Absolute Performance		
3M	-4.8%	
6M	-1.3%	
12M	28.8%	
Relative performance to KOSPI		
3M	3.4%	
6M	3.9%	
12M	33.3%	

- ◆ 4Q14 operating profit to top consensus at W103.6bn (+18% YoY)
- ◆ 2015 outlook: 1) Strong rental business; 2) fast growth of overseas business; 3) margin gains
- ◆ Retain BUY for a target price of W115,000

4Q14 operating profit to top consensus at W103.6bn (+18% YoY)

Coway is expected to turn in K-IFRS standalone sales of W527.5bn (+9.4% YoY) and operating profit of W103.6bn (+18.3% YoY) for 4Q14. The company should record a significant growth, acquiring 360,000 new rental accounts (+21.7% YoY). Net adds jumped 47% YoY to 79,000.

The company is expected to book revenue of W358.1bn (+6.6% YoY) from rentals, W32.4bn (+10.0% YoY) from lump-sum subscriptions, and W50bn (+63.4% YoY, +51.5% QoQ) from exports. Thanks to brisk sales and margin gains, operating profit will top the consensus of W98.8bn.

2015 outlook: 1) Strong rental business; 2) fast growth of overseas business; 3) margin gains

This year the company expanded its distribution channel to home shopping and discount stores. New rental subscriptions are expected to increase 11% YoY to 1.5mn in 2015. Net adds are estimated to surge 82.6% YoY to 330,000 thanks to a 2% YoY decrease in the number of expiring accounts. We forecast rental revenue to increase 8.5% YoY to W1.5tr in 2015.

Air purifier exports will normalize from 4Q14. The air purifier business should sustain growth for the long term, benefitting from China's air pollution. Total exports are projected to come in at W184bn (+27.2% YoY) in 2014 and W219.1bn (+19.1% YoY) in 2015.

Profit margins should continue to improve on strengthening operating leverage. The SG&A costs to sales ratio is estimated to decline 1.6%p YoY to W45.5% in 2015. Sales and operating profit are expected to climb 8.6% and 15.3% YoY, respectively, to W2.2tr and W447.4bn.

Retain BUY for a target price of W115,000

We retain our BUY rating on Coway for a target price of W115,000. Despite decent earnings improvement, the share price has remained flat in the past six months due to concerns over growth. The market's concerns will likely be lifted on confirmation of earnings improvement in 4Q14. We have a positive outlook for 2015: 1) strong rental business; 2) fast growth of overseas business; and 3) margin gains. The year-end dividend yield is estimated at 2.4% based on the current share price. We suggest increasing the weighting of Coway during corrections.

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	7.9	5.3	28.6	12.8
2014F	2,041.6	388.0	366.2	275.3	3,570	8.7	14,189	23.0	8.5	5.8	26.7	(12.9)
2015F	2,217.7	447.4	451.6	338.7	4,391	23.0	16,176	18.7	7.4	5.1	28.9	(31.7)
2016F	2,400.5	512.4	527.2	377.9	5,126	16.7	18,191	16.0	6.6	4.5	29.8	(45.8)

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4Q14 earnings forecast

(bn KRW)	4Q14F	3Q14	% QoQ	4Q13	% YoY	Consensus
Sales	527.5	496.1	6.3	482.4	9.4	518.8
OP	103.6	97.0	6.9	87.6	18.3	98.8
NP	77.5	66.4	16.8	50.0	55.2	75.3
OPM (%)	19.6	19.5		18.2		19.0
NPM (%)	14.7	13.4		10.4		14.5

Source: Company data, Shinhan Investment Corp.

Earnings forecast revision

(bn KRW)	2014F			2015F		
	Before	After	Change (%)	Before	After	Change (%)
Sales	2,035.8	2,041.6	0.3	2,203.7	2,217.7	0.6
OP	388.4	388.0	(0.1)	442.6	447.4	1.1
NP	262.5	270.7	3.1	341.7	345.3	1.1

Source: Shinhan Investment Corp.

Note: K-IFRS standalone

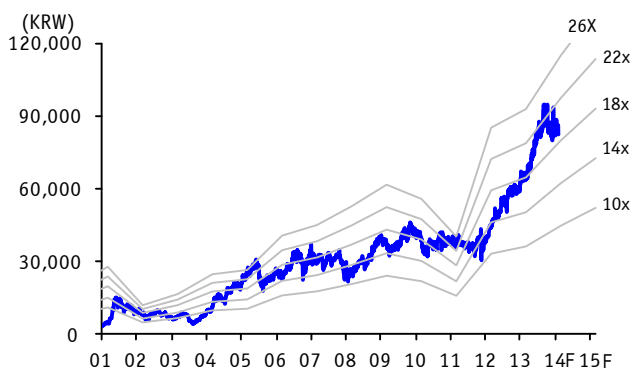
Target price calculation

(bn KRW)	Value	(bn KRW)	Value	(bn KRW)	Value
2014 NP	270.7	2015F NP	345.3	2016F NP	412.8
EPS (KRW)	3,510	EPS (KRW)	4,477	EPS (KRW)	5,352
PER (x)	33	Target PER (x)	26	PER (x)	21
Target price (KRW)	115,000	Target price (KRW)	115,000	Target price (KRW)	115,000
Current price (KRW)	82,200	Current price (KRW)	82,200	Current price (KRW)	82,200
Current PER (x)	23.4	Current PER (x)	18.4	Current PER (x)	15.4

Source: Shinhan Investment Corp.

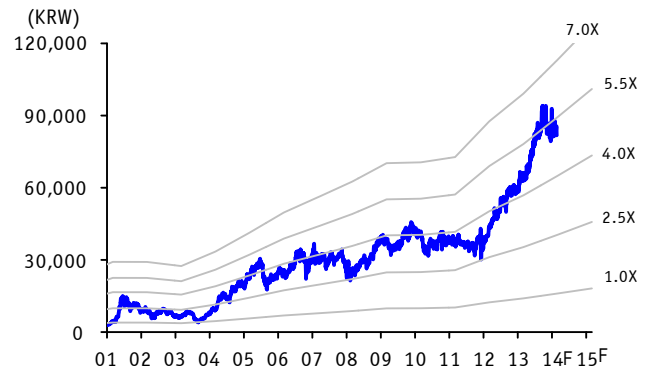
Note: K-IFRS consolidated; target PER based on a 30% premium to past 2-year average PER of 20x

12-month forward PER band



Source: QuantiWise, Shinhan Investment Corp.

12-month forward PBR band



Source: QuantiWise, Shinhan Investment Corp.

Annual earnings					
(bn KRW)	2012	2013	2014F	2015F	2016F
Sales	1,806.8	1,933.7	2,041.6	2,217.7	2,400.5
Growth (% YoY)	5.7	7.0	5.6	8.6	8.2
Rental subscribers (no. of contracts)	4,607,420	4,434,632	4,616,398	4,948,370	5,292,018
Growth (% YoY)	3.5	(3.8)	4.1	7.2	6.9
Rental ARPU (KRW)	25,258	25,359	25,629	26,326	26,590
Rental sales	1,261.9	1,320.2	1,391.8	1,510.8	1,633.7
Rental registration sales	23.8	13.2	10.2	6.7	4.4
Membership sales	161.3	172.3	183.5	189.5	191.8
Lump-sum sales	144.7	149.3	129.1	139.0	146.5
Exports	109.6	144.6	184.0	219.1	259.7
ODM		112.7	132.8	162.4	195.0
Overseas subsidiaries		31.9	51.1	56.7	64.7
Cosmetics sales	67.2	76.4	82.0	91.1	102.9
Others	38.3	57.7	60.9	61.4	61.5
Growth (% YoY)					
Rental	7.4	4.6	5.4	8.5	8.1
Rental registration	(23.4)	(44.6)	(22.4)	(34.4)	(34.4)
Membership	0.3	6.8	6.5	3.3	1.2
Lump-sum	4.7	3.2	(13.5)	7.7	5.4
Exports	11.8	32.0	27.2	19.1	18.5
Cosmetics	(1.4)	13.6	7.4	11.1	12.9
Others (living + water treatment)	(0.2)	50.7	5.5	0.8	0.2
COGS	605.4	651.7	693.0	760.3	829.4
COGS ratio (%)	33.5	33.7	33.9	34.3	34.6
Gross profit	1,201.4	1,282.1	1,348.7	1,457.4	1,571.1
Gross margin (%)	66.5	66.3	66.1	65.7	65.4
SG&A costs	973.6	948.9	960.6	1,010.0	1,058.7
SG&A costs/sales ratio (%)	53.9	49.1	47.1	45.5	44.1
OP	227.8	333.2	388.0	447.4	512.4
OPM (%)	12.6	17.2	19.0	20.2	21.3
Growth (% YoY)	(6.4)	46.3	16.5	15.3	14.5
Financial income	3.6	3.9	3.7	9.0	11.7
Financial expense	61.7	17.6	11.3	9.8	6.7
Other non-operating income	(5.0)	(9.1)	(14.1)	5.0	9.8
Pre-tax profit	161.5	350.5	366.2	451.6	527.1
Corporate tax	41.7	97.9	90.9	112.9	131.8
Corporate tax rate (%)	25.8	27.9	24.8	25.0	25.0
NP	119.7	252.6	275.3	338.7	395.4
NPM (%)	6.6	13.1	13.5	15.3	16.5
Growth (% YoY)	(32.4)	111.0	9.0	23.0	16.7
Profit of subsidiaries	(25.7)	(7.6)	(4.6)	6.6	17.4
Consolidated NP	94.0	245.1	270.7	345.3	412.8
Growth (% YoY)	(43.7)	160.6	10.5	27.6	19.5
Standalone EPS (KRW)	1,553	3,283	3,570	4,391	5,126
Consolidated EPS (KRW)	1,219	3,178	3,510	4,477	5,352

Source: Company data, Shinhan Investment Corp.

Note: K-IFRS standalone; rental subscribers in 2013 exclude 365,316 non-performing accounts

Quarterly earnings estimates															
(bn KRW)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14F	1Q15F	2Q15F	3Q15F	4Q15F	13	14F	15F
Sales	465.2	496.9	489.2	482.4	494.8	523.3	496.1	527.5	534.7	557.6	554.1	571.3	1,933.7	2,041.6	2,217.7
Growth (% YoY)	5.2	11.3	6.8	4.9	6.4	5.3	1.4	9.4	8.1	6.6	11.7	8.3	7.0	5.6	8.6
Rental sales	323.8	328.8	331.8	335.8	339.4	344.0	350.3	358.1	365.9	375.1	381.3	388.5	1,320.2	1,391.8	1,510.8
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	45.7	46.9	47.0	47.2	47.3	47.4	47.6	172.3	183.5	189.5
Lump-sum	36.6	47.8	35.4	29.4	27.6	37.4	31.8	32.4	34.1	37.0	33.1	34.9	149.3	129.1	139.0
Exports	31.5	44.6	38.0	30.6	45.2	55.7	33.0	50.0	48.3	58.6	52.8	59.4	144.6	184.0	219.1
Cosmetics	17.9	22.1	16.6	19.8	21.0	22.3	17.2	21.7	22.2	22.5	22.5	24.0	76.4	82.0	91.1
Others	9.1	7.8	21.1	19.8	14.8	15.4	14.6	16.1	15.2	15.3	15.3	15.5	57.7	60.9	61.4
COGS	154.7	167.9	169.9	159.2	169.3	180.5	162.5	180.7	181.5	193.1	188.8	196.9	651.7	693.0	760.3
COGS ratio (%)	33.2	33.8	34.7	33.0	34.2	34.5	32.8	34.3	33.9	34.6	34.1	34.5	33.7	33.9	34.3
SG&A costs	241.3	249.7	222.3	235.5	235.7	245.2	236.6	243.2	250.1	252.3	251.2	256.4	948.9	960.6	1,010.0
SG&A costs/sales ratio (%)	51.9	50.2	45.4	48.8	47.6	46.9	47.7	46.1	46.8	45.3	45.3	44.9	49.1	47.1	45.5
OP	69.2	79.4	97.0	87.6	89.9	97.6	97.0	103.6	103.2	112.2	114.1	117.9	333.2	388.0	447.4
OPM (%)	14.9	16.0	19.8	18.2	18.2	18.7	19.5	19.6	19.3	20.1	20.6	20.6	17.2	19.0	20.2
Growth (% YoY)	7.9	21.9	54.2	145.7	29.8	23.0	(0.1)	18.3	14.8	14.9	17.7	13.8	46.3	16.5	15.3
Financial income	0.6	1.3	0.6	1.4	0.7	0.4	0.7	1.8	2.0	2.2	2.3	2.5	3.9	3.7	9.0
Financial expense	5.7	4.3	4.1	3.5	2.9	3.1	2.8	2.5	2.7	2.6	2.3	2.1	17.6	11.3	9.8
Other non-operating income	6.0	4.4	(9.6)	(9.9)	0.2	(8.3)	(6.6)	0.5	0.8	1.1	1.4	1.7	(9.1)	(14.1)	5.0
Pre-tax profit	115.0	80.7	83.0	71.8	87.9	86.7	88.2	103.4	103.3	112.9	115.5	119.9	350.5	366.2	451.6
NP	80.2	60.3	62.2	50.0	66.2	65.2	66.4	77.5	77.4	84.6	86.6	89.9	252.6	275.3	338.7
NPM (%)	17.2	12.1	12.7	10.4	13.4	12.5	13.4	14.7	14.5	15.2	15.6	15.7	13.1	13.5	15.3
Growth (% YoY)	195.6	77.3	(660.7)	(29.6)	(17.4)	8.1	6.7	55.2	16.9	29.8	30.6	16.0	111.0	9.0	23.0

Source: Company data, Shinhan Investment Corp.

Note: K-IFRS standalone

Rental subscribers and ARPU									
	2008	2009	2010	2011	2012	2013	2014F	2015F	2016F
ARPU (KRW)	24,522	24,713	24,129	24,905	25,258	25,359	25,629	26,326	26,590
Total subscribers	3,639,197	3,898,647	4,145,102	4,450,003	4,607,420	4,434,632	4,616,398	4,948,370	5,292,018
Net adds	26,706	259,450	246,455	304,901	157,417	(172,788)	181,766	331,973	343,647
New subscribers	1,045,248	1,188,939	1,167,378	1,272,538	1,218,911	1,165,966	1,353,907	1,503,201	1,534,564
Cancellation rate (%)	13.9	13.5	12.9	12.5	12.1	10.8	11.8	11.5	10.8
Growth (%)									
ARPU	1.0	0.8	(2.4)	3.2	1.4	0.4	1.1	2.7	1.0
Total subscribers	0.7	7.1	6.3	7.4	3.5	(3.8)	4.1	7.2	6.9
Net adds	(80.1)	871.5	(5.0)	23.7	(48.4)	(209.8)	(205.2)	82.6	3.5
New subscribers	(10.9)	13.7	(1.8)	9.0	(4.2)	(4.3)	16.1	11.0	2.1

Source: Company data, Shinhan Investment Corp.

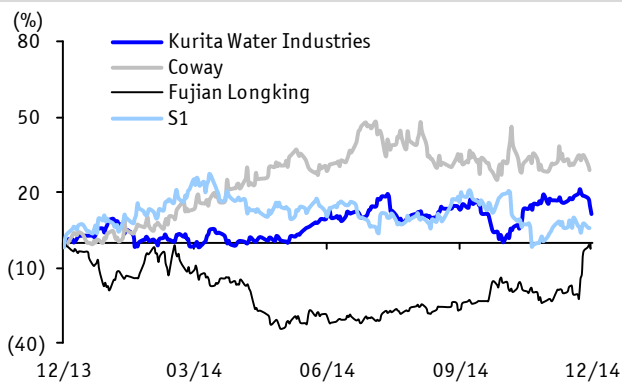
Note: Rental subscribers in 2013 exclude 365,316 non-performing accounts

Earnings estimates of global peers

Company Ticker		Coway 021240 KS	Kurita Water Industries 6370 JP	S1 012750 KS	OSIM International OSIM SP	Fujian Longking 600388 CH	Hyflux HYF SP
Market cap. (bn KRW)		6,339.7	2,637.1	2,815.7	2,572.0	503.5	1,311.7
Sales (bn KRW)	2013	2,118.3	2,434.1	1,274.1	971.6	465.9	566.7
	2014F	2,191.6	1,773.7	1,742.1	1,220.7	374.3	590.9
	2015F	2,349.0	1,729.0	1,906.5	1,373.1	483.8	643.9
OP (bn KRW)	2013	339.0	283.6	129.1	76.9	73.6	116.1
	2014F	380.4	150.3	177.5	75.6	19.6	107.3
	2015F	429.2	162.1	217.3	85.9	52.2	117.6
OP margin (%)	2013	16.0	11.7	10.1	7.9	15.8	20.5
	2014F	17.4	8.5	10.2	6.2	5.2	18.2
	2015F	18.3	9.4	11.4	6.3	10.8	18.3
NP (bn KRW)	2013	245.1	155.1	79.2	81.3	38.5	88.9
	2014F	274.2	95.4	122.1	85.8	(38.3)	85.8
	2015F	322.2	103.1	151.2	96.0	9.9	95.8
NP margin (%)	2013	11.6	6.4	6.2	8.4	8.3	15.7
	2014F	12.5	5.4	7.0	7.0	(10.2)	14.5
	2015F	13.7	6.0	7.9	7.0	2.0	14.9
EPS growth (% YoY)	2013	159.1	T/B	T/B	57.0	T/B	13.8
	2014F	9.3	T/B	41.3	1.4	T/B	T/B
	2015F	17.6	9.0	23.9	12.7	T/B	8.4
P/E (x)	2013	20.2	22.3	31.9	31.3	48.3	16.4
	2014F	22.9	30.1	22.4	31.3	n/a	15.5
	2015F	19.5	25.3	18.1	27.8	91.9	14.3
P/B (x)	2013	5.3	1.2	3.1	5.2	2.0	6.1
	2014F	5.7	1.3	3.0	4.6	0.6	3.8
	2015F	5.0	1.3	2.7	4.0	0.7	3.3
EV/EBITDA (x)	2013	9.4	4.9	9.6	28.5	18.7	10.9
	2014F	10.9	6.6	10.0	18.1	21.6	9.0
	2015F	10.0	6.1	8.2	15.9	17.5	8.1
ROE (%)	2013	28.4	5.5	10.0	17.1	4.2	43.5
	2014F	27.1	4.5	13.9	15.5	7.2	28.0
	2015F	27.9	5.2	15.7	15.5	0.6	23.9

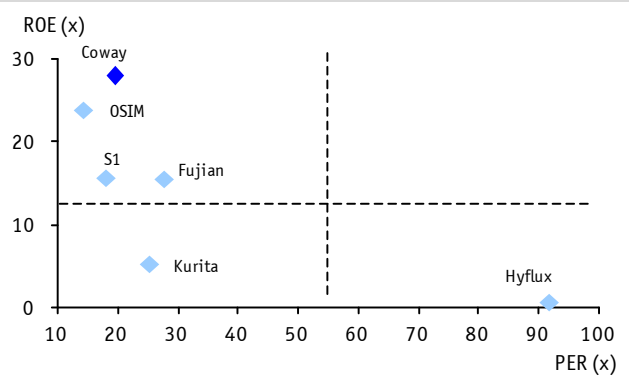
Source: Bloomberg consensus, Shinhan Investment Corp.

Share performance of global peers



Source: Bloomberg, Shinhan Investment Corp.

Valuation of global peers



Source: Bloomberg, Shinhan Investment Corp.

Balance Sheet

Year to Dec. (W bn)	2012	2013	2014F	2015F	2016F
Assets	1,701.5	1,641.1	1,764.8	1,894.9	2,038.3
Total Current Assets	691.3	642.5	894.8	1,125.5	1,358.1
Cash and Cash Equivalents	118.9	201.3	429.3	620.0	810.8
Accounts Receivables	278.4	265.9	280.7	304.9	330.1
Inventories	41.3	40.9	43.2	46.9	50.7
Non-Current Assets	1,010.2	998.6	870.1	769.4	680.3
Tangible Assets	594.2	596.8	471.0	364.6	267.1
Intangible Assets	157.5	150.9	139.6	131.3	125.1
Investment Assets	158.3	154.0	162.6	176.6	191.2
Other Financial Institutions Assets	0.0	0.0	0.0	0.0	0.0
Liabilities	898.8	673.7	670.5	647.3	617.9
Current Liabilities	719.6	636.8	631.6	605.0	572.1
ST Borrowings	295.7	172.0	150.0	100.0	50.0
Account Payables	28.9	29.5	38.4	49.9	54.0
Current Portion of LT Debt	109.9	146.1	131.1	116.1	101.1
Non-Current Liabilities	179.2	36.9	38.9	42.3	45.8
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	1,094.3	1,247.6	1,420.4
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	1,017.4	1,170.7	1,326.1
Owners of Parent Equity	802.7	967.3	1,094.3	1,247.6	1,403.0
Non-Controlling Interests Equity	0.0	0.0	0.0	0.0	17.4
*Total Debt	592.2	325.1	288.4	224.1	159.7
*Net Debts(Cash)	472.7	123.4	(140.9)	(395.9)	(651.1)

Cash Flow

Year to Dec. (W bn)	2012	2013	2014F	2015F	2016F
Operating Cash Flow	429.1	517.6	670.5	721.8	762.7
Net Profit	119.7	253.2	275.3	338.7	395.4
Depreciation	164.8	316.0	331.8	348.4	348.4
Amortization	7.1	13.0	11.3	8.4	6.2
Losses(Gains) on F/X Translation	0.3	0.3	0.0	0.0	0.0
Losses(Gains) on Disp. of Assets	59.8	69.5	0.0	0.0	0.0
Losses(Gains) in Asso., Subs., JVs	3.2	(85.0)	0.0	0.0	0.0
Chg. in A/L from Op. Activities	(37.7)	(41.8)	44.1	23.9	16.1
(Payments of Income Taxes)	(34.7)	(41.4)	(90.9)	(112.9)	(131.8)
Others	146.6	33.8	98.9	115.3	128.4
Investing Cash Flow	(300.9)	(58.4)	(211.0)	(248.7)	(255.5)
Incr. in Tangible Assets(CAPEX)	(295.0)	(245.7)	(296.0)	(332.1)	(341.0)
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	(8.6)	(14.0)	(14.6)
Others	(5.9)	(10.6)	3.6	7.4	10.1
Free Cash Flow	(65.7)	488.4	345.4	357.6	387.4
Financing Cash Flow	(73.6)	(376.8)	(171.5)	(222.5)	(256.4)
Incr.(Decr.) in Borrowing	20.9	(266.5)	(36.6)	(64.4)	(64.3)
Decr.(Incr.) of Treasury Stock	0.0	18.8	0.0	0.0	0.0
Dividend	(77.8)	(78.4)	(123.6)	(148.3)	(185.4)
Others	(16.7)	(50.7)	(11.3)	(9.8)	(6.7)
Other Cash Flows	0.0	0.0	(60.0)	(60.1)	(60.0)
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	228.1	190.5	190.8
Beginning Cash	64.9	118.9	201.3	429.4	619.9
Ending Cash	118.9	201.3	429.4	619.9	810.7

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	2,041.6	2,217.7	2,400.5
Growth (%)	5.7	7.0	5.6	8.6	8.2
COGS	605.4	651.7	693.0	760.3	829.4
Gross Profit	1,201.4	1,282.1	1,348.7	1,457.4	1,571.1
Gross margin (%)	66.5	66.3	66.1	65.7	65.4
SG&A	973.6	948.9	960.6	1,010.0	1,058.7
Operating Income	227.8	333.2	388.0	447.4	512.4
Growth (%)	(6.4)	46.3	16.5	15.3	14.5
Operating margin (%)	12.6	17.2	19.0	20.2	21.3
Other Net Non-Operating Profits	(66.3)	17.3	(21.8)	4.2	14.8
Financial Income(Expenses)	(58.1)	(13.7)	(7.6)	(0.8)	5.0
Net Other Non-Operating Profits	(5.0)	(9.1)	(14.1)	5.0	9.8
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	366.2	451.6	527.2
Income Taxes	41.7	97.4	90.9	112.9	131.8
Profit from Continuing Op.	119.7	253.2	275.3	338.7	395.4
Profit from Discontinued Op.	0.0	0.0	0.0	0.0	0.0
Net Profit	119.7	253.2	275.3	338.7	395.4
Growth (%)	(32.4)	111.4	8.7	23.0	16.7
Net Profit margin (%)	6.6	13.1	13.5	15.3	16.5
Net Profit of Parent	119.7	253.2	275.3	338.7	377.9
Net Profit to Non-Controlling	0.0	0.0	0.0	0.0	17.4
Total Comprehensive Income	118.2	252.6	275.3	338.7	395.4
Total Comp. Income of Parent	118.2	252.6	275.3	338.7	395.4
Total Comp. Income to Non-Cont.	0.0	0.0	0.0	0.0	0.0
EBITDA	399.7	662.3	731.2	804.2	867.0
Growth (%)	1.0	65.7	10.4	10.0	7.8
EBITDA Margin (%)	22.1	34.2	35.8	36.3	36.1

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

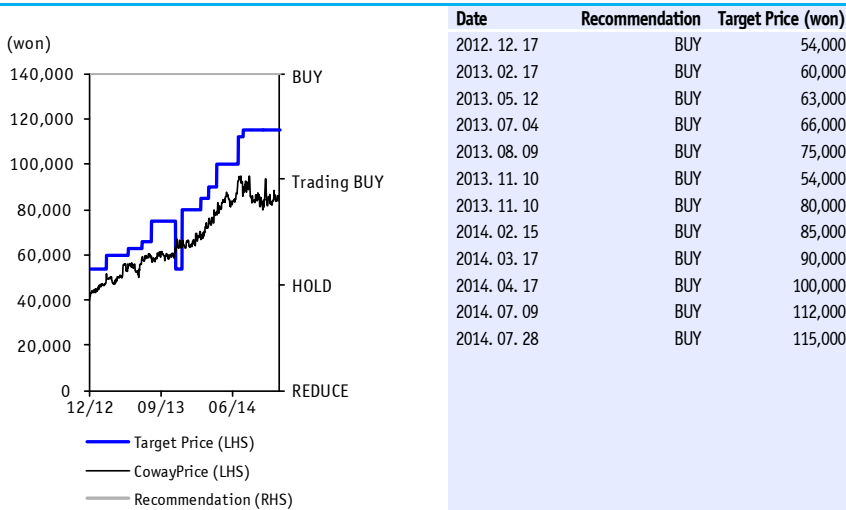
Key Ratios

Year to Dec.	2012	2013	2014F	2015F	2016F
EPS_C (won)	1,553	3,283	3,570	4,391	5,126
EPS_P (won)	1,553	3,283	3,570	4,391	5,126
BPS_C (won)	10,408	12,543	14,189	16,176	18,417
BPS_P (won)	10,408	12,543	14,189	16,176	18,191
DPS (won)	0	2,710	2,000	2,500	3,000
PER_C (x)	28.0	20.2	23.0	18.7	16.0
PER_P (x)	28.0	20.2	23.0	18.7	16.0
PBR_C (x)	4.2	5.3	5.8	5.1	4.5
PBR_P (x)	4.2	5.3	5.8	5.1	4.5
EV/EBITDA (x)	9.6	7.9	8.5	7.4	6.6
Payout Ratio (%)	0.0	79.8	53.9	54.8	58.9
Dividend Yield (%)	0.0	4.1	2.4	3.0	3.6
Profitability					
EBITDA Margin (%)	22.1	34.2	35.8	36.3	36.1
OP Margin (%)	12.6	17.2	19.0	20.2	21.3
NP Margin (%)	6.6	13.1	13.5	15.3	16.5
ROA (%)	7.3	15.1	16.2	18.5	20.1
ROE (%)	15.4	28.6	26.7	28.9	29.8
ROIC (%)	18.0	26.3	36.2	49.5	66.8
Stability					
D/E Ratio (%)	112.0	69.6	61.3	51.9	43.5
Net Debt to Equity (%)	58.9	12.8	(12.9)	(31.7)	(45.8)
Cash Ratio (%)	16.5	31.6	68.0	102.5	141.7
Interest Coverage (x)	7.9	19.0	34.5	45.7	76.9
Activity (%)					
Working Capital Turnover (t)	7.5	9.0	15.8	17.5	18.0
Inventory Turnover (d)	11.5	7.8	7.5	7.4	7.4
Receivable Turnover (d)	52.4	51.4	48.9	48.2	48.3

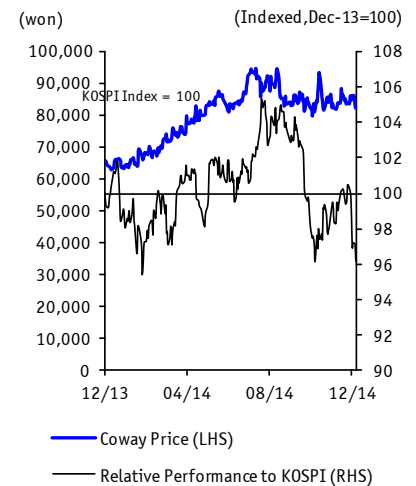
Source: Company data, Shinhan Investment Corp.

Coway (021240 KS)

Target Price & Recommendation History



Share Price Performance



Compliance Notice

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Stock	Sector
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