

Coway (021240 KS)

Set for growth in 2015

BUY (MAINTAIN)

Price (Feb. 12)	W83,700
Target Price	W115,000
% variance	37.4%

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KOSPI	1,941.63p
KOSDAQ	602.24p
Market Cap.	W6,455.3bn/ US\$5,662.6mn
Par Value	W500
Outstanding Shares	77.1mn
Free Floating Shares	50.3mn(65.2%)
52-Week High/Low	W94,600/W66,700
60-Day Avg. Trading Volume	173,533shrs
60-Day. Avg. Trading T/O	W14,622mn
Foreign Ownership	54.04%
Major Shareholders	
Coway Holdings, Inc. and 9 others	30.98%
Absolute Performance	3M 1.7%
	6M -4.3%
	12M 23.6%
Relative performance	3M 3.0%
to KOSPI	6M 0.6%
	12M 23.3%

- ◆ 4Q14 sales of W499.5bn (+3.6% YoY), OP of W93.2bn (+6.3% YoY)
- ◆ 2015 sales estimated at W2.2tr (+9.9% YoY), OP at W435.2bn (+15.2% YoY)
- ◆ Retain BUY rating for a target price of W115,000

4Q14 sales of W499.5bn (+3.6% YoY), operating profit of W93.2bn (+6.3% YoY)

Coway posted 4Q14 K-IFRS standalone sales of W499.5bn (+3.6% YoY) and operating profit of W93.2bn (+6.3% YoY). Net addition of rental accounts increased to 62,891 (+24.5% QoQ, +17.5% YoY). Rental sales stood at W356.7bn (+6.2% YoY). Sales from lump-sum subscriptions were W26.7bn (-9.1% YoY) and export sales W33.5bn (+9.3% YoY), missing expectations. Net profit fell to W45.3bn (-9.4% YoY) due to one-off cost of W30.6bn (investment asset impairment). Sales and operating profit missed the market's expectations.

2015 sales to reach W2.2tr (+9.9% YoY), operating profit W435.2bn (+15.2% YoY)

New rental sales are growing at a rapid pace (2014: +14.1% YoY, 2015F: +12.5% YoY) on addition of new sales channels such as home shopping and discount stores (sales share: 2.8% in 2013 → 4.2% in 2014). Rental net adds are estimated at 330,000 and total rental accounts at 5.27mn (+7.1% YoY) for 2015 due to a 1.8% YoY decline in the number of expiring accounts.

The rental business, which makes up 70% of total sales, has gross profit margin above 70% (margin estimate: 65% for lump-sum sales, 20% for exports). Profit margins can be boosted by favorable rental business. Rental sales are forecast to grow 8.2% YoY to W1.5tr in 2015. Sales from lump-sum subscriptions rose 38.1% YoY, while exports increased 16.7%. In 2015, the company is expected to turn in sales of W2.2tr (+9.9% YoY) and operating profit of W435.2bn (+15.2% YoY).

Retain BUY rating for a target price of W115,000

We retain BUY for a target price of W115,000. In 2014, sales rose just 4.1% YoY. The share price has been flat for over six months. However, slow growth is only temporary. In 2015, earnings should improve and the rental business should flourish on structural factors. Year-end dividend yield is forecast to exceed 3%. We suggest increasing weightings in the stock when it undergoes correction.

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	2,013.7	377.6	329.9	243.1	3,152	(4.0)	13,771	26.7	8.8	6.1	24.0	(11.5)
2015F	2,212.3	435.2	448.0	336.0	4,356	38.2	15,723	19.2	7.7	5.3	29.5	(30.8)
2016F	2,397.6	504.9	528.3	378.1	5,137	17.9	17,739	16.3	6.8	4.7	30.7	(45.5)

K-IFRS standalone

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4Q14 earnings

(bn KRW)	4Q14P	3Q14	% QoQ	4Q13	% YoY	SHIC	Consensus
Sales	499.5	496.1	0.7	482.4	3.6	527.5	516.0
OP	93.2	97.0	(3.9)	87.6	6.4	103.6	97.4
NP	45.3	66.4	(31.8)	50.0	(9.4)	77.5	71.5
OPM (%)	18.7	19.5		18.2		19.6	18.9
NPM (%)	9.1	13.4		10.4		14.7	13.9

Source: Company data, Shinhan Investment Corp.

Earnings estimate revision

(bn KRW)	2014P			2015F		
	Before	After	Change (%)	Before	After	Change (%)
Sales	2,041.6	2,013.7	(1.4)	2,217.7	2,212.3	(0.2)
OP	88.0	377.6	329.1	447.4	435.2	(2.7)
Consolidated NP	270.7	238.9	(11.8)	345.3	343.2	(0.6)

Source: Shinhan Investment Corp.

Note: Sales and operating profit are on K-IFRS standalone basis

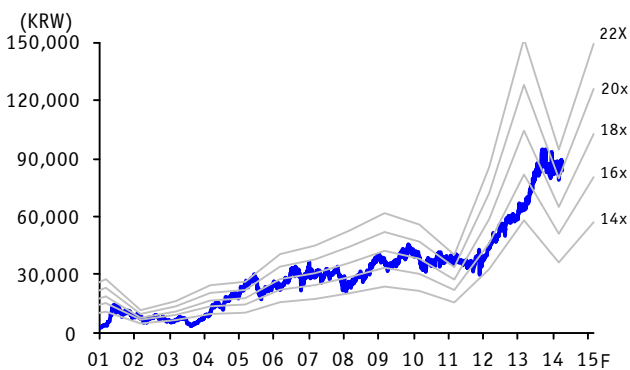
Target price calculation

(bn KRW)	Value	(bn KRW)	Value	(bn KRW)	Value
2014 NP	238.9	2015 NP	343.2	2016 NP	414.4
EPS (KRW)	3,097	EPS (KRW)	4,450	EPS (KRW)	5,373
PER (x)	37	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)	83,700	Current price (KRW)	83,700	Current price (KRW)	83,700
Current PER (x)	27.0	Current PER (x)	18.8	Current PER (x)	15.6

Source: Shinhan Investment Corp.

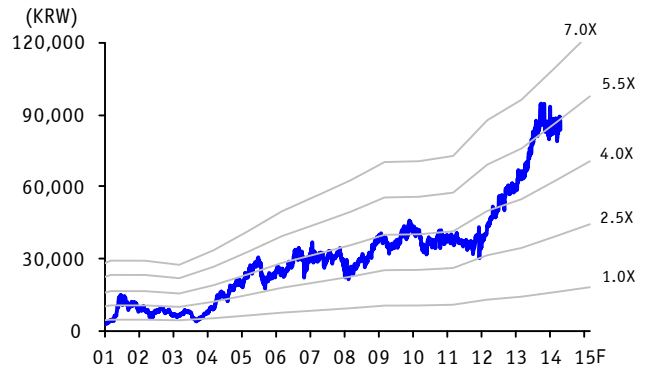
Note: K-IFRS consolidated; target PER represents a 30% premium to the average PER (20x) of the past two years

12-month forward PER band



Source: QuantiWise, Shinhan Investment Corp.

12-month forward PBR band



Source: QuantiWise, Shinhan Investment Corp.

Earnings forecasts					
(bn KRW)	12	13	14F	15F	16F
Sales	1,806.8	1,933.7	2,013.7	2,212.3	2,397.6
Growth (% YoY)	5.7	7.0	4.1	9.9	8.4
Rental subscribers (no. of contracts)	4,607,420	4,434,632	4,600,582	4,928,532	5,267,410
Growth (% YoY)	3.5	(3.8)	3.7	7.1	6.9
Rental ARPU (KRW)	25,258	25,359	25,647	26,317	26,581
Rental sales	1,261.9	1,320.2	1,390.3	1,504.6	1,626.1
Rental registration sales	23.8	13.2	10.2	6.7	4.4
Membership sales	161.3	172.3	183.4	188.8	191.1
Lump-sum sales	144.7	149.3	123.5	170.5	180.8
Exports	109.6	144.6	167.4	195.4	238.0
ODM		112.7	120.3	145.5	182.0
Overseas subsidiaries		31.9	47.1	49.9	56.0
Cosmetics sales	67.2	76.4	80.4	88.5	99.7
Others	38.3	57.7	58.4	57.7	57.6
Growth (% YoY)					
Rental	7.4	4.6	5.3	8.2	8.1
Rental registration	(23.4)	(44.6)	(22.4)	(34.4)	(34.4)
Membership	0.3	6.8	6.4	3.0	1.2
Lump-sum	4.7	3.2	(17.3)	38.1	6.0
Exports	11.8	32.0	15.8	16.7	21.8
Cosmetics	(1.4)	13.6	5.3	10.1	12.6
Others (living + water treatment)	(0.2)	50.7	1.2	(1.1)	(0.3)
COGS	605.4	651.7	673.4	744.5	815.0
COGS ratio (%)	33.5	33.7	33.4	33.7	34.0
Gross profit	1,201.4	1,282.1	1,340.3	1,467.8	1,582.7
Gross margin (%)	66.5	66.3	66.6	66.3	66.0
SG&A costs	973.6	948.9	962.7	1,032.6	1,077.8
SG&A costs/sales ratio (%)	53.9	49.1	47.8	46.7	45.0
OP	227.8	333.2	377.6	435.2	504.9
OPM (%)	12.6	17.2	18.8	19.7	21.1
Growth (% YoY)	(6.4)	46.3	13.3	15.2	16.0
Financial income	3.6	3.9	2.3	7.2	9.9
Financial expense	61.7	17.6	10.9	9.8	6.7
Other non-operating income	(5.0)	(9.1)	(8.5)	15.4	20.2
Pre-tax profit	161.5	350.5	329.9	448.0	528.3
Corporate tax	41.7	97.9	86.8	112.0	132.1
Corporate tax rate (%)	25.8	27.9	26.3	25.0	25.0
NP	119.7	252.6	243.1	336.0	396.2
NPM (%)	6.6	13.1	12.1	15.2	16.5
Growth (% YoY)	(32.4)	111.0	(3.8)	38.2	17.9
Profit of subsidiaries	(25.7)	(7.6)	(4.2)	7.2	18.2
Consolidated NP	94.0	245.1	238.9	343.2	414.4
Growth (% YoY)	(43.7)	160.6	(2.5)	43.7	20.7
Standalone EPS (KRW)	1,553	3,283	3,152	4,356	5,137
Consolidated EPS (KRW)	1,219	3,178	3,097	4,450	5,373

Source: Company data, Shinhan Investment Corp.

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

Quarterly earnings															
(bn KRW)	1Q13	2Q13	3Q13	4Q13	1Q14	2Q14	3Q14	4Q14P	1Q15F	2Q15F	3Q15F	4Q15F	13	14P	15F
Sales	465.2	496.9	489.2	482.4	494.8	523.3	496.1	499.5	532.2	556.6	556.4	567.1	1,933.7	2,013.7	2,212.3
Growth (% YoY)	5.2	11.3	6.8	4.9	6.4	5.3	1.4	3.6	7.6	6.4	12.2	13.5	7.0	4.1	9.9
Rental sales	323.8	328.8	331.8	335.8	339.4	344.0	350.3	356.7	364.4	373.7	379.9	386.7	1,320.2	1,390.3	1,504.6
Rental registration sales	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 sales	42.8	42.8	43.2	43.6	43.9	45.7	46.9	46.9	47.0	47.1	47.3	47.4	172.3	183.4	188.8
Lump-sum sales	36.6	47.8	35.4	29.4	27.6	37.4	31.8	26.7	40.1	46.8	40.4	43.3	149.3	123.5	170.5
Exports	31.5	44.6	38.0	30.6	45.2	55.7	33.0	33.5	42.5	50.8	51.2	51.0	144.6	167.4	195.4
Cosmetics sales	17.9	22.1	16.6	19.8	21.0	22.3	17.2	20.0	21.7	21.9	21.8	23.1	76.4	80.4	88.5
Others	9.1	7.8	21.1	19.8	14.8	15.4	14.6	13.6	14.6	14.5	14.3	14.3	57.7	58.4	57.7
COGS	154.7	167.9	169.9	159.2	169.3	180.5	162.5	161.1	177.4	188.6	187.9	190.6	651.7	673.4	744.5
COGS ratio (%)	33.2	33.8	34.7	33.0	34.2	34.5	32.8	32.3	33.3	33.9	33.8	33.6	33.7	33.4	33.7
SG&A costs	241.3	249.7	222.3	235.5	235.7	245.2	236.6	245.2	254.9	258.2	257.0	262.5	948.9	962.7	1,032.6
SG&A costs/sales ratio (%)	51.9	50.2	45.4	48.8	47.6	46.9	47.7	49.1	47.9	46.4	46.2	46.3	49.1	47.8	46.7
OP	69.2	79.4	97.0	87.6	89.9	97.6	97.0	93.2	99.8	109.8	111.5	114.1	333.2	377.6	435.2
OPM (%)	14.9	16.0	19.8	18.2	18.2	18.7	19.5	18.7	18.8	19.7	20.0	20.1	17.2	18.8	19.7
Growth (% YoY)	7.9	21.9	54.2	145.7	29.8	23.0	(0.1)	6.4	11.0	12.5	15.0	22.4	46.3	13.3	15.2
Financial income	0.6	1.3	0.6	1.4	0.7	0.4	0.7	0.4	1.5	1.8	1.9	2.0	3.9	2.3	7.2
Financial expense	5.7	4.3	4.1	3.5	2.9	3.1	2.8	2.1	2.7	2.6	2.3	2.1	17.6	10.9	9.8
Other non-operating income	6.0	4.4	(9.6)	(9.9)	0.2	(8.3)	(6.6)	6.1	3.4	3.7	4.0	4.3	(9.1)	(8.5)	15.4
Pre-tax profit	115.0	80.7	83.0	71.8	87.9	86.7	88.2	67.0	102.0	112.7	115.0	118.3	350.5	329.9	448.0
NP	80.2	60.3	62.2	50.0	66.2	65.2	66.4	45.3	76.5	84.5	86.3	88.7	252.6	243.1	336.0
NPM (%)	17.2	12.1	12.7	10.4	13.4	12.5	13.4	9.1	14.4	15.2	15.5	15.6	13.1	12.1	15.2
Growth (% YoY)	195.6	77.3	(660.7)	(29.6)	(17.4)	8.1	6.7	(9.4)	15.5	29.6	30.0	95.9	111.0	(3.8)	38.2

Source: Company data, Shinhan Investment Corp.

Note: K-IFRS standalone

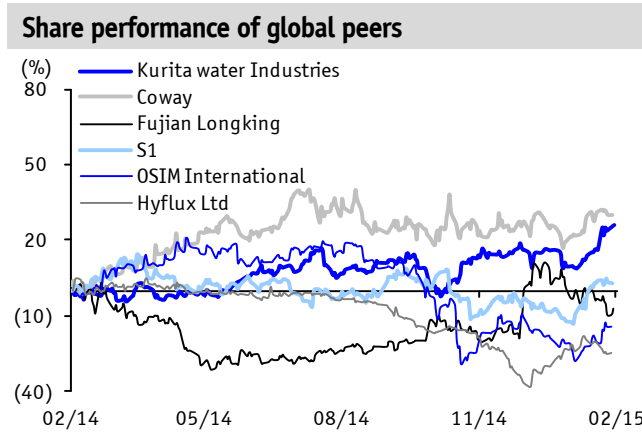
Rental subscribers and ARPU									
(No.)	08	09	10	11	12	13	14	15F	16F
ARPU (KRW)	24,522	24,713	24,129	24,905	25,258	25,359	25,647	26,317	26,581
Total subscribers	3,639,197	3,898,647	4,145,102	4,450,003	4,607,420	4,434,632	4,600,582	4,928,532	5,267,410
Net adds	26,706	259,450	246,455	304,901	157,417	(172,788)	165,950	327,950	338,878
New subscribers	1,045,248	1,188,939	1,167,378	1,272,538	1,218,911	1,165,966	1,330,052	1,496,225	1,527,392
Cancellation rate (%)	13.9	13.5	12.9	12.5	12.1	10.8	11.8	11.4	10.8
Growth (%)									
ARPU	1.0	0.8	(2.4)	3.2	1.4	0.4	1.1	2.6	1.0
Total subscribers	0.7	7.1	6.3	7.4	3.5	(3.8)	3.7	7.1	6.9
Net adds	(80.1)	871.5	(5.0)	23.7	(48.4)	(209.8)	(196.0)	97.6	3.3
New subscribers	(10.9)	13.7	(1.8)	9.0	(4.2)	(4.3)	14.1		

Source: Company data, Shinhan Investment Corp.

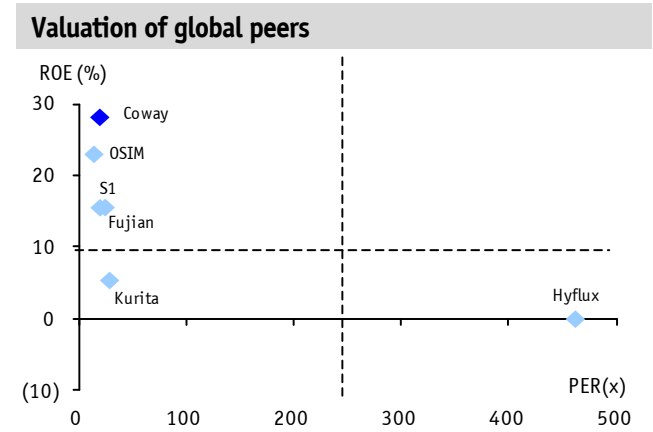
Note: K-IFRS standalone; rental subscribers in 2013 exclude 365,316 non-performing accounts

Global peers							
Company Ticker		Coway 021240 KS	Kurita water Industries 6370 JP	S1 012750 KS	OSIM International OSIM SP	Fujian Longking 600388 CH	Hyflux Ltd HYF SP
Market cap. (bn KRW)		6,455.3	3,100.5	3,020.9	2,367.7	607.6	1,248.7
Sales (bn KRW)	2013	2,118.3	2,434.1	1,274.1	971.6	465.9	566.7
	2014F	2,170.3	1,773.7	1,722.0	1,220.7	335.4	564.2
	2015F	2,327.2	1,733.1	1,883.1	1,373.1	409.4	606.6
OP (bn KRW)	2013	339.0	283.6	129.1	76.9	73.6	116.1
	2014F	380.0	150.3	174.4	75.6	19.0	103.9
	2015F	429.3	166.4	205.9	85.9	51.6	116.2
OP margin (%)	2013	16.0	11.7	10.1	7.9	15.8	20.5
	2014F	17.5	8.5	10.1	6.2	5.7	18.4
	2015F	18.4	9.6	10.9	6.3	12.6	19.2
NP (bn KRW)	2013	245.1	155.1	79.2	81.3	38.5	88.9
	2014F	272.3	95.4	120.2	85.8	(37.0)	80.7
	2015F	322.8	106.0	149.0	96.0	5.3	89.6
NP margin (%)	2013	11.6	6.4	6.2	8.4	8.3	15.7
	2014F	12.5	5.4	7.0	7.0	(11.0)	14.3
	2015F	13.9	6.1	7.9	7.0	1.3	14.8
EPS growth (% YoY)	2013	159.1	T/B	T/B	57.0	T/B	13.8
	2014F	8.1	T/B	39.7	1.8	T/B	T/B
	2015F	18.6	12.2	21.3	14.2	T/B	8.9
P/E (x)	2013	20.2	22.3	31.9	31.3	48.3	16.4
	2014F	23.6	35.7	24.3	28.3	n/a	15.6
	2015F	19.9	28.9	20.0	24.8	462.5	14.4
P/B (x)	2013	5.3	1.2	3.1	5.2	2.0	6.1
	2014F	5.8	1.6	3.2	4.2	1.2	3.8
	2015F	5.1	1.5	2.9	3.7	1.2	3.3
EV/EBITDA (x)	2013	9.4	4.9	9.6	28.5	18.7	10.9
	2014F	11.0	8.4	10.9	16.7	25.1	8.9
	2015F	10.2	7.7	10.2	14.6	21.1	7.9
ROE (%)	2013	28.4	5.5	10.0	17.1	4.2	43.5
	2014F	26.9	4.5	14.1	15.5	3.3	27.1
	2015F	28.2	5.3	15.5	15.5	(0.1)	22.9

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	1,731.9	1,863.5	2,008.6
Total Current Assets	691.3	642.5	869.4	1,101.4	1,337.1
Cash and Cash Equivalents	118.9	201.3	410.3	597.0	790.5
Accounts Receivables	278.4	265.9	276.9	304.2	329.7
Inventories	41.3	40.9	42.6	46.8	50.7
Non-Current Assets	1,010.2	998.6	862.5	762.1	671.5
Tangible Assets	594.2	596.8	465.6	357.8	258.6
Intangible Assets	157.5	150.9	139.6	131.3	125.1
Investment Assets	158.3	154.0	160.4	176.2	190.9
Other Financial Institutions Assets	0.0	0.0	0.0	0.0	0.0
Liabilities	898.8	673.7	669.8	650.9	622.3
Current Liabilities	719.6	636.8	631.4	608.7	576.6
ST Borrowings	295.7	172.0	150.0	100.0	50.0
Account Payables	28.9	29.5	38.4	49.9	54.1
Current Portion of LT Debt	109.9	146.1	131.1	116.1	101.1
Non-Current Liabilities	179.2	36.9	38.4	42.2	45.7
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	1,062.1	1,212.6	1,386.3
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	985.2	1,135.7	1,291.3
Owners of Parent Equity	802.7	967.3	1,062.1	1,212.6	1,368.1
Non-Controlling Interests Equity	0.0	0.0	0.0	0.0	18.2
*Total Debt	592.2	325.1	288.3	224.1	159.7
*Net Debts(Cash)	472.7	123.4	(122.0)	(373.0)	(630.8)

Cash Flow

Year to Dec. (W bn)	2012	2013	2014F	2015F	2016F
Operating Cash Flow	429.1	517.6	644.7	718.4	764.1
Net Profit	119.7	253.2	243.1	336.0	396.2
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)	49.9	23.0	16.4
(Payments of Income Taxes)	(34.7)	(41.4)	(86.8)	(112.0)	(132.1)
Others	146.6	33.8	95.4	114.6	129.0
Investing Cash Flow	(300.9)	(58.4)	(204.4)	(249.2)	(254.2)
Incr. in Tangible Assets(CAPEX)	(295.0)	(245.7)	(290.7)	(330.6)	(339.3)
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	(6.4)	(15.8)	(14.8)
Others	(5.9)	(10.6)	2.7	7.2	9.9
Free Cash Flow	(65.7)	488.4	343.7	348.5	383.7
Financing Cash Flow	(73.6)	(376.8)	(171.2)	(222.4)	(256.4)
Incr.(Decr.) in Borrowing	20.9	(266.5)	(36.7)	(64.3)	(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)	(10.9)	(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	209.1	186.7	193.5
Beginning Cash	64.9	118.9	201.3	410.4	597.0
Ending Cash	118.9	201.3	410.4	597.0	790.5

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	2,013.7	2,212.3	2,397.6
Growth (%)	5.7	7.0	4.1	9.9	8.4
COGS	605.4	651.7	673.4	744.5	815.0
Gross Profit	1,201.4	1,282.1	1,340.3	1,467.8	1,582.7
Gross margin (%)	66.5	66.3	66.6	66.3	66.0
SG&A	973.6	948.9	962.7	1,032.6	1,077.8
Operating Income	227.8	333.2	377.6	435.2	504.9
Growth (%)	(6.4)	46.3	13.3	15.2	16.0
Operating margin (%)	12.6	17.2	18.8	19.7	21.1
Other Net Non-Operating Profits	(66.3)	17.3	(47.8)	12.8	23.4
Financial Income(Expenses)	(58.1)	(13.7)	(8.6)	(2.6)	3.2
Net Other Non-Operating Profits	(5.0)	(9.1)	(39.1)	15.4	20.2
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	329.9	448.0	528.3
Income Taxes	41.7	97.4	86.8	112.0	132.1
Profit from Continuing Op.	119.7	253.2	243.1	336.0	396.2
Profit from Discontinued Op.	0.0	0.0	0.0	0.0	0.0
Net Profit	119.7	253.2	243.1	336.0	396.2
Growth (%)	(32.4)	111.4	(4.0)	38.2	17.9
Net Profit margin (%)	6.6	13.1	12.1	15.2	16.5
Net Profit of Parent	119.7	253.2	243.1	336.0	378.1
Net Profit to Non-Controlling	0.0	0.0	0.0	0.0	18.2
Total Comprehensive Income	118.2	252.6	243.1	336.0	396.2
Total Comp. Income of Parent	118.2	252.6	243.1	336.0	396.2
Total Comp. Income to Non-Cont.	0.0	0.0	0.0	0.0	0.0
EBITDA	399.7	662.3	720.7	792.0	859.5
Growth (%)	1.0	65.7	8.8	9.9	8.5
EBITDA Margin (%)	22.1	34.2	35.8	35.8	35.8

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

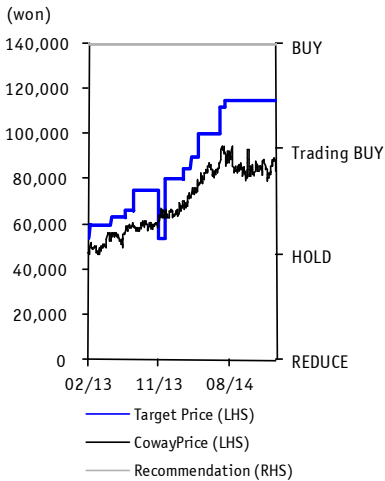
Key Ratios

Year to Dec.	2012	2013	2014F	2015F	2016F
EPS_C (won)	1,553	3,283	3,152	4,356	5,137
EPS_P (won)	1,553	3,283	3,152	4,356	5,137
BPS_C (won)	10,408	12,543	13,771	15,723	17,975
BPS_P (won)	10,408	12,543	13,771	15,723	17,739
DPS (won)	0	2,710	2,000	2,500	3,000
PER_C (x)	28.0	20.2	26.7	19.2	16.3
PER_P (x)	28.0	20.2	26.7	19.2	16.3
PBR_C (x)	4.2	5.3	6.1	5.3	4.7
PBR_P (x)	4.2	5.3	6.1	5.3	4.7
EV/EBITDA (x)	9.6	7.9	8.8	7.7	6.8
Payout Ratio (%)	0.0	79.8	61.0	55.2	58.9
Dividend Yield (%)	0.0	4.1	2.4	3.0	3.6
Profitability					
EBITDA Margin (%)	22.1	34.2	35.8	35.8	35.8
OP Margin (%)	12.6	17.2	18.8	19.7	21.1
NP Margin (%)	6.6	13.1	12.1	15.2	16.5
ROA (%)	7.3	15.1	14.4	18.7	20.5
ROE (%)	15.4	28.6	24.0	29.5	30.7
ROIC (%)	18.0	26.3	34.8	49.1	67.3
Stability					
D/E Ratio (%)	112.0	69.6	63.1	53.7	44.9
Net Debt to Equity (%)	58.9	12.8	(11.5)	(30.8)	(45.5)
Cash Ratio (%)	16.5	31.6	65.0	98.1	137.1
Interest Coverage (x)	7.9	19.0	34.8	44.5	75.8
Activity (%)					
Working Capital Turnover (t)	7.5	9.0	16.0	18.2	18.6
Inventory Turnover (d)	11.5	7.8	7.6	7.4	7.4
Receivable Turnover (d)	52.4	51.4	49.2	47.9	48.2

Source: Company data, Shinhan Investment Corp.

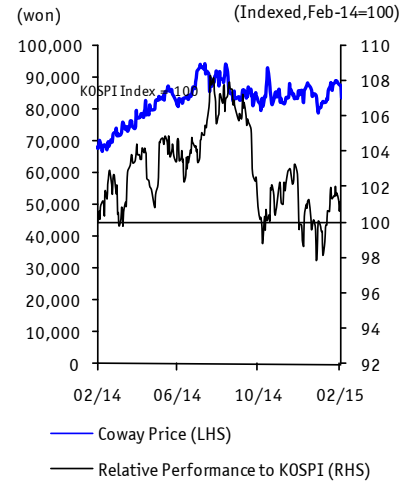
Coway (021240 KS)

Target Price & Recommendation History



Date	Recommendation	Target Price (won)
2013. 02. 13	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
2014. 07. 09	BUY	112,000
2014. 07. 28	BUY	115,000

Share Price Performance



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Stock	Sector
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