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Company Update



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Coway (021240)

Moving forward gradually

- Coway's sales and operating profit in 4Q16 fell a respective 3% and 25% y-y, the latter missing both our forecast and consensus. Yet, the performance should impact shares little, given low expectations for the company's earnings over 4Q16-1Q17 due to a promotion offering a rent-free period to subscribers that: 1) used nickel-tainted water purifiers; and 2) signed on over October-November.
- Investors should focus on the Coway's pace of earnings normalization from 2Q17 and business strategy in the medium to long term. Guidance is aiming for faster-than-expected normalization at the rental business, while the company's overseas business plans are aggressive, both factors boding well for shares.
- We believe shares have limited downside based on positive guidance for 2017 and Coway's shareholder-return policy. That said, the company has yet to produce plans that back up guidance, so we advise waiting for the release of 2Q17 results before turning bullish. We cut our target price to KRW110,000 as we lower our 2017 forecasts to reflect weaker-than-expected 4Q16 results. We maintain BUY.

WHAT'S THE STORY?

4Q review: Coway's sales and operating profit in 4Q16 fell a respective 3% and 25% y-y to KRW614.1b and KRW96.4b, the latter missing our estimate by 10%. Yet, we see few reasons to be disappointed, given low expectations for earnings over 4Q16-1Q17 and stronger-than-expected effects of a rent-free promotion in the quarter. That the firm's overseas business grew robustly for a fifth consecutive quarter is positive.

- Sales at Coway's core rental-service unit fell 5.5% y-y (or 2% q-q) due to a promotion offering three-to-six months of free rentals to subscribers that: 1) used nickel-tainted water purifiers; and 2) joined in October-November. The event likely pared 4-5% from quarterly sales. The company's sales are widely expected to keep falling this quarter. We attribute the operating profit miss to rental-sales subscribers rising a stronger-than-expected 6% y-y and 33.5% q-q, with those accounts incurring normal costs but contributing nothing to sales. Yet, such growth does not guarantee the firm will recover fully from impacts of the nickel scandal, as cancellation rates remained high in 4Q at 1.26% (vs a usual 1%). Thus, we take a more conservative view (vs guidance) over Coway's rental service earnings this year. We will revisit our estimates after 1Q earnings are released, given the company's stronger-than-expected growth in new rental-sales subscribers and steadily—albeit gradually—declining cancellation rate on a monthly basis—ie, the latter was 1.4% in October, 1.21% in November, and 1.18% in December.

(Continued on the next page)

AT A GLANCE

SELL HOLD **BUY**

Target price KRW110,000 (23.6%)

Current price KRW89,000

Market cap	KRW6.8t/USD6.0b
Shares (float)	76,380,513 (64.2%)
52-week high/low	KRW113,000/KRW81,300
Avg daily trading value (60-day)	KRW12.4b/ USD10.9m

ONE-YEAR PERFORMANCE

	1M	6M	12M
Coway (%)	-2.0	-6.0	-6.8
Vs Kospi (%pts)	-2.3	-7.5	-16.7

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	110,000	115,000	-4.3%
2017E EPS	4,888	5,109	-4.3%
2018E EPS	5,416	5,565	-2.7%

SAMSUNG vs THE STREET

No of estimates	8
Target price	114,429
Recommendation	3.8

BUY★★★: 5 / BUY: 4 / HOLD: 3 / SELL: 2 / SELL★★★: 1

SUMMARY OF 4Q RESULTS

(KRWb)	4Q16	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	614.1	(2.7)	5.2	(1.4)	(3.4)
Operating profit	96.4	(25.0)	(9.9)	(10.2)	(11.3)
Pre-tax profit	103.2	(15.9)	14.6	(2.4)	(7.7)
Net profit	77.7	(14.2)	14.7	(1.8)	(4.7)
Margins (%)					
Operating profit	15.7				
Pre-tax profit	16.8				
Net profit	12.6				

Source: Company data, Samsung Securities estimates

VALUATION SUMMARY

	2016	2017E	2018E
Multiples (x)			
P/E	27.1	18.2	16.4
P/B	5.5	4.9	4.4
EV/EBITDA	11.8	8.7	7.8
Div yield (%)	3.6	3.9	4.5
EPS growth (% y-y)	(26.9)	48.9	10.8
ROE (%)	19.4	27.6	27.6
Per-share data (KRW)			
EPS	3,283	4,888	5,416
BVPS	16,073	17,999	20,041
DPS	3,200	3,500	4,000

- Coway's overseas sales (exports) grew 26% y-y in 4Q16, marking a fifth straight quarter of robust growth. ODM exports rose 18% y-y and sales at local subsidiaries grew 35% y-y. Yet, we find it disappointing that the company has yet to produce a blueprint for its much-anticipated operations in China considering its current overseas operations (which accounted for 13% of sales in 2016) do not seem sufficient to offset slowing domestic demand.

Shareholder-return policy surprises: Coway on Feb 10 said it would pay a DPS of KRW3,200—which offers a 3.6% yield at current prices—vs our forecast of KRW2,800 (the same as in 2015). Payout ratio at that level is 97%, but it falls to 70% on adjusting for a one-off cost of around KRW130b. The company in 2014 raised its payout ratio 10%pts to 60% when earnings started growing steadily. We believe a ratio of 70% is an appropriate as it should not cause cash holdings to erode ROE—we expect the firm to keep its payout at this level. Coway this year opted to start paying a quarterly dividend, and plans to buy back and cancel KRW100b worth of shares. The company last year moved to enhance shareholder value via a buy-back and cancellation of 2% of shares.

2017 guidance: Guidance for 2017 has sales and operating profit rising a respective 13% and 46% y-y to KRW2.4t and KRW494b (with a margin of 18.5%), the former 3% above and the latter 3% below our estimates of KRW2.6t and KRW509.7b (with a margin of 19.7%). Adjusting for costs related to the nickel scandal—ie, KRW122b including KRW68b in refunds—the figures are up 9.5% and 7% y-y, respectively. The company produced aggressive guidance for both domestic and overseas sales, expecting growth of 4% y-y at its domestic environmental appliance business (vs our forecast of 2.5%) and 30% y-y at its overseas division (vs 25%). We intend to revisit our forecast for the domestic environmental appliance unit after cancellation rates recover to a usual 1% level, and that for the overseas business after the firm releases detailed growth plans. Coway seems to have pushed back the release of plans for its Chinese operations from early- to mid-2017. We note that the company seems committed to developing operations in that nation. For 2017, our sales estimate is below guidance but our operating profit one exceeds company expectations as we expect the firm's promotional activities in its high-margin core business to pay off and lift profitability.

Still a BUY: We lower our 2017 EPS forecast by 4% as factors behind sluggish 4Q16 earnings should continue to affect results, and accordingly cut our target price to KRW110,000. Our target assumes a WACC of 6.7%, terminal growth rate of 1%, and equates to 22.5x 2017 P/E, the latter a 15% premium to Coway's five-year average justified by the company's aggressive shareholder-return policy since 2014.

Results and forecasts

	1Q16	2Q16	3Q16	4Q16	1Q17E	2Q17E	3Q17E	4Q17E	2016	2017E	2018E	2019E
Summary (KRWb)												
Sales	623.7	555.0	583.5	614.1	625.8	644.8	647.2	673.0	2,376.3	2,590.7	2,796.6	3,017.0
Gross profit	416.6	355.9	391.0	400.6	420.3	451.4	453.8	459.5	1,564.2	1,785.0	1,926.9	2,078.7
Operating profit	123.6	11.8	107.0	96.4	112.3	139.0	128.6	129.8	338.8	509.7	562.5	612.4
Pre-tax profit	125.3	5.2	90.0	103.2	108.0	134.7	124.3	125.5	323.8	492.5	546.1	596.9
Net profit	95.2	2.8	67.7	77.3	81.1	101.2	93.5	94.3	243.3	369.4	409.6	447.7
Margins (%)												
Gross profit	66.8	64.1	67.0	65.2	67.2	70.0	70.1	68.3	65.8	68.9	68.9	68.9
Operating profit	19.8	2.1	18.3	15.7	17.9	21.6	19.9	19.3	14.3	19.7	20.1	20.3
Pre-tax profit	20.1	0.9	15.4	16.8	17.3	20.9	19.2	18.7	13.6	19.0	19.5	19.8
Net profit	15.3	0.5	11.6	12.6	13.0	15.7	14.4	14.0	10.2	14.3	14.6	14.8
Chg (% y-y)												
Sales	13.8	(0.1)	0.5	(2.7)	0.3	16.2	10.9	9.6	2.6	9.0	7.9	7.9
Gross profit	11.7	(7.5)	(2.8)	(6.0)	0.9	26.8	16.1	14.7	(1.4)	14.1	7.9	7.9
Operating profit	23.2	(89.3)	(13.7)	(25.0)	(9.2)	1,074.5	20.2	34.7	(26.9)	50.4	10.4	8.9
Pre-tax profit	23.9	(95.2)	(26.0)	(15.9)	(13.8)	2,473.3	38.1	21.6	(28.8)	52.1	10.9	9.3
Net profit	22.7	(96.6)	(26.7)	(14.5)	(14.8)	3,548.4	38.1	22.0	(29.1)	51.8	10.9	9.3
Chg (% q-q)												
Sales	(1.2)	(11.0)	5.1	5.2	1.9	3.0	0.4	4.0				
Gross profit	(2.3)	(14.6)	9.9	2.4	4.9	7.4	0.5	1.2				
Operating profit	(3.9)	(90.4)	804.2	(9.9)	16.4	23.8	(7.4)	0.9				
Pre-tax profit	2.1	(95.8)	1,620.4	14.6	4.6	24.7	(7.7)	1.0				
Net profit	5.2	(97.1)	2,339.7	14.2	4.9	24.7	(7.7)	1.0				
Sales breakdown												
Household electronics	495.0	509.3	479.2	477.9	482.4	504.3	507.7	516.6	1,961.3	2,011.0	2,124.0	2,233.8
Outright sales	50.4	54.1	42.6	48.7	50.4	56.8	55.4	61.0	195.7	223.5	252.3	282.5
Rental	380.1	384.1	367.5	360.9	361.1	376.4	382.2	386.4	1,492.6	1,506.1	1,584.7	1,658.3
Membership	43.0	42.5	42.1	40.0	43.0	42.5	42.1	40.0	167.5	167.5	167.5	167.5
Financial lease	21.5	28.6	27.0	28.4	27.9	28.6	28.0	29.3	105.4	113.9	119.6	125.6
Exports	56.7	59.8	48.1	52.3	68.1	77.7	62.5	73.7	217.0	282.1	338.5	406.2
Cosmetics	20.1	17.3	18.1	18.7	21.1	18.2	19.1	19.6	74.2	77.9	81.8	85.9
Other (water treatment)	5.8	(63.4)	5.1	4.5	5.8	4.5	5.1	4.5	(48.0)	20.0	20.0	20.0
Consolidated other	46.1	32.1	33.0	60.7	48.4	40.1	52.8	58.5	171.8	199.7	232.2	271.0
Chg (% y-y)												
Household electronics	12.7	11.2	(0.4)	(5.2)	(2.5)	(1.0)	6.0	8.1	4.2	2.5	5.6	5.2
Outright sales	68.1	30.6	(6.6)	(10.3)	0.0	5.0	30.0	25.3	14.3	14.2	12.8	12.0
Rental	4.6	3.5	(2.4)	(5.1)	(5.0)	(2.0)	4.0	7.1	0.1	0.9	5.2	4.6
Membership	(6.7)	(6.4)	(5.4)	(8.6)	0.0	0.0	0.0	0.0	(6.8)	0.0	0.0	0.0
Financial lease			81.9	8.8	30.0	0.0	4.0	3.2		8.0	5.0	5.0
Exports	71.8	53.3	34.4	26.3	20.0	30.0	30.0	40.8	45.4	30.0	20.0	20.0
Cosmetics	(13.1)	(17.9)	(2.5)	(7.8)	5.0	5.0	5.0	5.0	(10.7)	5.0	5.0	5.0
Other (water treatment)	(45.3)	(771.3)	(48.4)	(72.0)	0.0	(107.1)	0.0	1.1	(204.0)	(141.7)	0.0	0.0
Consolidated other	9.4	15.1	(4.9)	23.1	5.0	25.0	60.0	(3.7)	(11.8)	16.2	16.3	16.7
Portion of total sales (%)												
Household electronics	79.4	91.8	82.1	77.8	77.1	78.2	78.4	76.8	82.5	77.6	76.0	74.0
Outright sales	8.1	9.7	7.3	7.9	8.1	8.8	8.6	9.1	8.2	8.6	9.0	9.4
Rental	60.9	69.2	63.0	58.8	57.7	58.4	59.1	57.4	62.8	58.1	56.7	55.0
Membership	6.9	7.7	7.2	6.5	6.9	6.6	6.5	5.9	7.0	6.5	6.0	5.6
Financial lease	3.4	5.2	4.6	4.6	4.5	4.4	4.3	4.4	4.4	4.4	4.3	4.2
Exports	9.1	10.8	8.2	8.5	10.9	12.1	9.7	11.0	9.1	10.9	12.1	13.5
Cosmetics	3.2	3.1	3.1	3.0	3.4	2.8	2.9	2.9	3.1	3.0	2.9	2.8
Other (water treatment)	0.9	(11.4)	0.9	0.7	0.9	0.7	0.8	0.7	(2.0)	0.8	0.7	0.7
Consolidated other	7.4	5.8	5.7	9.9	7.7	6.2	8.2	8.7	7.2	7.7	8.3	9.0

Source: Company data, Samsung Securities estimates

Accounts overview

('000)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15	4Q15	1Q16	2Q16	3Q16	4Q16
Accounts												
Total	5,469	5,539	5,571	5,617	5,661	5,714	5,730	5,771	5,794	5,846	5,732	5,704
Chg (% y-y)	3.5	3.2	2.8	2.8	3.5	3.2	2.8	2.8	2.4	2.3	0.0	(1.2)
Rental	4,455	4,487	4,538	4,601	4,666	4,747	4,780	4,832	4,861	4,921	4,823	4,849
Chg (% y-y)	(2.0)	(8.1)	(8.1)	(7.6)	4.7	5.8	5.3	5.0	4.2	3.7	0.9	0.4
Membership	1,014	1,052	1,034	1,016	994	967	950	939	933	924	908	854
Chg (% y-y)	7.5	(0.1)	8.7	8.4	(2.0)	(8.1)	(8.1)	(7.6)	(6.2)	(4.4)	(4.5)	(9.0)
Rental cancellations	129	139	130	130	134	143	151	138	146	148	224	183
Monthly churn (%)	0.1	1.3	21.5	95.9	3.2	2.7	16.2	6.9	9.1	4.0	47.8	32.1
Rental account additions	317	371	311	332	341	371	338	359	351	385	285	381
Chg (% y-y)	1.0	1.0	1.1	1.0	7.5	(0.1)	8.7	8.4	2.9	3.7	(15.6)	5.8
Outright sales account additions	40	60	52	32	40	60	63	63	66	68	54	57
Chg (% y-y)	4.7	5.8	5.3	5.0	0.1	1.3	21.5	95.9	67.2	12.2	(14.8)	(8.9)

Source: Company data, Samsung Securities estimates

2017 guidance vs Samsung vs consensus

	Guidance (A)		Samsung (B)		Consensus (C)		2016
	(KRWb)	(% y-y)	(KRW)	Diff % (A/B)	(KRWb)	Diff % (A/C)	
Sales	2,430.0	2.3	2,590.7	(6.2)	2,604.2	(6.7)	2,376.3
Operating profit	500.0	47.6	509.7	(1.9)	500.1	(0.0)	338.8
Margin (%)	20.6		19.7		19.2		14.3

Source: Company data, WiseFn, Samsung estimates

Full-year forecast revisions

(KRWb)	2016	New		Old		Chg (%)	
		2017E	2018E	2017E	2018E	2017E	2018E
Sales	2,376	2,591	2,797	2,560	2,765	1.2	1.1
Operating profit	339	510	563	522	567	(2.5)	(0.9)
Pre-tax profit	324	493	546	515	561	(4.3)	(2.7)
Net profit	243	369	410	386	421	(4.3)	(2.7)
EBITDA	576	774	857	779	850	(0.7)	0.8
EPS (KRW)	3,283	4,888	5,416	5,109	5,565	(4.3)	(2.7)

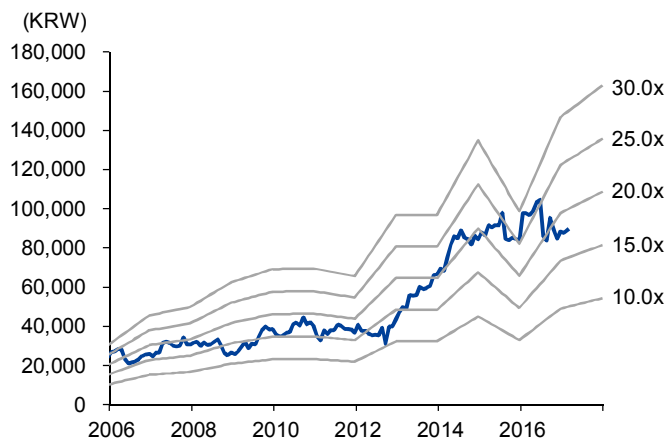
Source: Company data, Samsung Securities estimates

Valuation summary

Year-end	Sales	Operating profit	Pre-tax profit	Net profit	EPS	Chg	P/E	P/B	ROE	EV/EBITDA	Net debt
Dec 31	(KRWb)	(KRWb)	(KRWb)	(KRWb)	(KRW)	(% y-y)	(x)	(x)	(%)	(x)	(KRWb)
2013	2,118	339	327	245	3,222	47.5	27.6	7.9	28.4	12.7	83
2014	2,160	364	332	250	3,225	0.1	27.6	6.9	25.2	11.8	12
2015	2,315	463	454	343	4,492	39.3	19.8	5.8	30.1	9.9	(38)
2016	2,376	339	324	243	3,283	(26.9)	27.1	5.5	19.4	11.8	22
2017E	2,591	510	493	369	4,888	48.9	18.2	4.9	27.6	8.7	(3)
2018E	2,797	563	546	410	5,416	10.8	16.4	4.4	27.6	7.8	(82)

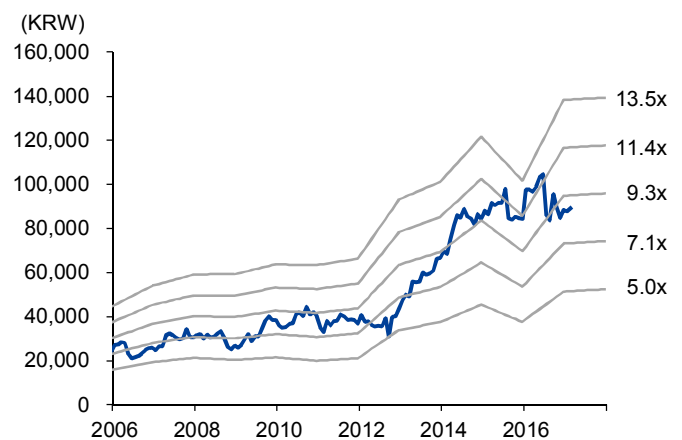
Source: Company data, Samsung Securities estimates

Forward P/E



Source: Company data, Samsung Securities estimates

Forward EV/EBITDA



Source: Company data, Samsung Securities estimates

DCF valuation

(KRWb)	2016	2017E	2018E	2019E	2020E	2021E	2022E	2023E	2024E	2025E	2026E
EBIT	339	510	563	612	671	705	740	777	816	856	899
Tax	90	162	177	183	208	219	230	241	253	266	279
Capex	360	374	374	374	374	378	382	386	390	394	398
Change in working capital	(8)	20	18	19	22	22	22	23	23	23	23
Depreciation	230	257	287	309	323	326	329	333	336	339	343
Amortization	8	8	8	8	8	8	8	8	8	8	8
Free cash flow	134	217	287	352	397	419	443	467	494	521	550
Terminal value	9,522										
Terminal growth (%)	1.0										
NPV of FCF	2,526										
Present value of terminal value	5,060										
Enterprise value	7,587										
Equity value (adjusted)**	8,341										
Shares outstanding	75,609										
Fair value per share (KRW)	110,313										
Current share price (KRW)*	89,000										
Upside (%)	23.9%										

Note: * As of Feb 15 close; ** reflects a one-month adjustment to end-2016 discount rate

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2014	2015	2016	2017E	2018E
Sales	2,160	2,315	2,376	2,591	2,797
Cost of goods sold	727	729	812	806	870
Gross profit	1,434	1,586	1,564	1,785	1,927
Gross margin (%)	66.4	68.5	65.8	68.9	68.9
SG&A expenses	1,069	1,123	1,225	1,275	1,364
Operating profit	364	463	339	510	563
Operating margin (%)	16.9	20.0	14.3	19.7	20.1
Non-operating gains (losses)	(32)	(9)	(15)	(17)	(16)
Financial profit	3	1	1	1	2
Financial costs	12	4	6	7	7
Equity-method gains (losses)	0	0	0	0	0
Other	(23)	(6)	(10)	(11)	(11)
Pre-tax profit	332	454	324	493	546
Taxes	83	111	80	123	137
Effective tax rate (%)	24.9	24.5	24.8	25.0	25.0
Profit from continuing operations	250	343	243	369	410
Profit from discontinued operations	0	0	0	0	0
Net profit	250	343	243	369	410
Net margin (%)	11.6	14.8	10.2	14.3	14.6
Net profit (controlling interests)	250	343	244	369	410
Net profit (non-controlling interests)	(0)	(0)	(0)	0	0
EBITDA	578	691	576	774	857
EBITDA margin (%)	26.8	29.8	24.3	29.9	30.6
EPS (parent-based) (KRW)	3,237	4,449	3,167	4,851	5,378
EPS (consolidated) (KRW)	3,237	4,449	3,163	4,851	5,378
Adjusted EPS (KRW)*	3,225	4,492	3,283	4,888	5,416

Cash flow statement

Year-end Dec 31 (KRWb)	2014	2015	2016	2017E	2018E
Cash flow from operations	537	513	509	636	708
Net profit	250	343	243	369	410
Non-cash profit and expenses	240	231	274	293	325
Depreciation	206	220	230	257	287
Amortization	8	8	8	8	8
Other	27	3	36	29	30
Changes in A/L from operating activities	47	(61)	(8)	(27)	(26)
Cash flow from investments	(299)	(329)	(360)	(374)	(374)
Change in tangible assets	(296)	(317)	(360)	(374)	(374)
Change in financial assets	0	1	0	0	0
Other	(3)	(13)	0	0	0
Cash flow from financing	(328)	(213)	(149)	(241)	(264)
Change in debt	(163)	(77)	59	(5)	(8)
Change in equity	0	0	(0)	(0)	0
Dividends	(124)	(148)	(208)	(236)	(255)
Other	(42)	12	0	0	0
Change in cash	(91)	(31)	0	20	70
Cash at beginning of year	239	147	116	116	136
Cash at end of year	147	116	116	136	206
Gross cash flow	490	574	517	663	734
Free cash flow	211	182	116	236	307

Note: * Excluding one off items, ** Fully diluted, excluding one-off items

*** From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

Balance sheet

Year-end Dec 31 (KRWb)	2014	2015	2016	2017E	2018E
Current assets	597	653	649	695	789
Cash & equivalents	147	116	116	136	206
Accounts receivable	229	283	291	317	342
Inventories	62	70	72	78	84
Other current assets	158	184	170	163	156
Fixed assets	1,025	1,122	1,222	1,310	1,368
Investment assets	81	78	78	78	78
Tangible assets	675	700	800	888	945
Intangible assets	171	169	169	169	169
Other long-term assets	98	176	176	176	176
Total assets	1,622	1,775	1,871	2,005	2,156
Current liabilities	526	473	534	534	531
Accounts payable	59	60	61	67	72
Short-term debt	16	8	14	13	12
Other current liabilities	451	405	459	454	447
Long-term liabilities	56	64	64	64	64
Bonds & long-term debt	1	8	8	8	8
Other long-term liabilities	55	56	56	56	56
Total liabilities	582	537	598	599	596
Owners of parent equity	1,039	1,237	1,272	1,405	1,560
Capital stock	41	41	40	40	40
Capital surplus	126	127	127	127	127
Retained earnings	986	1,177	1,212	1,346	1,500
Other	(114)	(108)	(108)	(108)	(108)
Non-controlling interests' equity	1	1	1	1	1
Total equity	1,039	1,238	1,273	1,406	1,561
Net debt	12	(38)	22	(3)	(82)

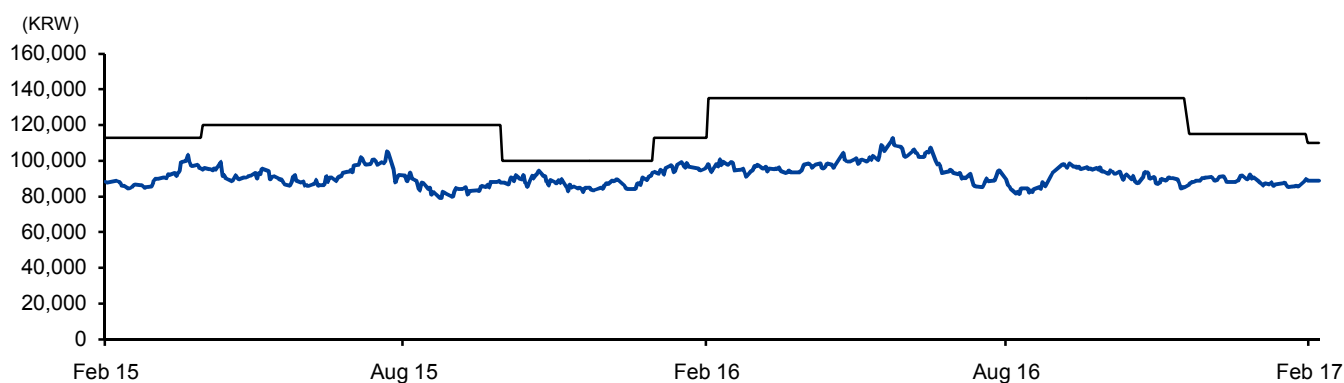
Financial ratios

Year-end Dec 31	2014	2015	2016	2017E	2018E
Growth (%)					
Sales	2.0	7.2	2.6	9.0	7.9
Operating profit	7.5	27.1	(26.9)	50.4	10.4
Net profit	11.6	14.8	10.2	14.3	14.6
Adjusted EPS**	0.1	39.3	(26.9)	48.9	10.8
Per-share data (KRW)					
EPS (parent-based)	3,237	4,449	3,167	4,851	5,378
EPS (consolidated)	3,237	4,449	3,163	4,851	5,378
Adjusted EPS**	3,225	4,492	3,283	4,888	5,416
BVPS	12,934	15,465	16,073	17,999	20,041
DPS (common)	2,000	2,800	3,200	3,500	4,000
Valuations (x)					
P/E***	27.6	19.8	27.1	18.2	16.4
P/B***	6.9	5.8	5.5	4.9	4.4
EV/EBITDA	11.8	9.9	11.8	8.7	7.8
Ratios (%)					
ROE	25.2	30.1	19.4	27.6	27.6
ROA	15.2	20.2	13.3	19.1	19.7
ROIC	22.8	31.1	20.0	28.0	28.9
Payout ratio	59.4	60.6	96.9	69.1	71.2
Dividend yield (common)	2.2	3.1	3.6	3.9	4.5
Net debt to equity	1.1	(3.0)	1.7	(0.2)	(5.2)
Interest coverage (x)	31.6	106.8	57.6	70.4	81.4

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Target price changes in past two years



Rating changes in past two years

Date	2015/2/16	4/16	10/15	2016/1/15	2/17	12/4	2017/2/15
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	113,000	120,000	100,000	113,000	135,000	115,000	110,000

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BUY	Expected to increase in value by 10% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 10% within 12 months
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Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

Percentage of ratings in 12 months prior to Dec 31, 2016

BUY (82%) | HOLD (18%) | SELL (0%)

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