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Company Update



Jongwook Lee
Analyst
jwstar.lee@samsung.com
822 2020 7793

AT A GLANCE

SELL	HOLD	BUY
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Target price KRW10,000 (47.1%)

Current price	KRW6,800
Market cap	KRW149.23b/USD122.66m
Shares (float)	21,945,415 (56.9%)
52-week high/low	KRW13,650/KRW5,530
Avg daily trading value (60-day)	KRW1.4b/USD1.2m

ONE-YEAR PERFORMANCE

	1M	6M	12M
Simmtech (%)	13.3	-50.2	n/a
Vs Kosdaq (%pts)	21.1	-42.6	n/a

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	Not Rated	
Target price	10,000	n/a	n/a
2015E EPS	467	0	n/a
2016E EPS	1,329	0	n/a

SAMSUNG vs THE STREET

No of estimates	1
Target price	10,000
Recommendation	5.0

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

Simmtech (222800)

After a storm comes a calm

- We initiate coverage of Simmtech at BUY with a target price of KRW10,000. The firm was spun off from the old Simmtech (now Simmtech Holdings) in Jul 2015.
- Rising utilization should boost top-line growth and maximize operating leverage.
- Package substrate manufactures' sales recently stopped shrinking y-y, prompting shares to rally.

WHAT'S THE STORY?

Shares excessively discounted: Simmtech adopted a holding company structure in Jul 2015, changing its name to Simmtech Holdings and spinning off an operating entity called Simmtech. We initiate coverage of Simmtech at BUY with a 12-month target price of KRW10,000. Shares are trading at a mere 5.1x 2016 P/E, which we find excessively discounted even allowing for concerns over anemic growth of the mobile-device market. Product-mix improvement, market-share gains, and rising utilization should conspire to give sales growth momentum. As earnings should normalize this year and EPS grow 15% in 2017, we believe shares will rise to trade at the former entity's 10-year average P/E of 8x. In our view, upside of 47% (as implied by our target price) makes the stock worth a punt despite industry-related risks.

Time to accumulate shares: After having been battered by downstream weakness, shares in package substrate makers (including Simmtech) recently began to rebound. Simmtech's sales, although not impressive, have stopped shrinking y-y and are showing signs of recovery. Also, restructuring-related volatility has dissipated, and the firm has now released its first full-quarter earnings after re-listing. We believe shares are in a good position to rerate.

Catching up quickly: Every package substrate makers is struggling with soft growth in the PC and mobile markets. To cope with this, the market leaders are broadening their product portfolios, gaining growth at the expense of ASP. Simmtech's ASP, however, is trending up on the production of FC-CSPs and SIPs and stable utilization—the latter thanks to stable sales of memory-use PCBs amid increasing demand for SSDs and servers.

To maximize operating leverage: As Simmtech's variable portion of costs are low, the firm enjoys considerable operating leverage when sales growth is strong. We believe earnings will pick up momentum this year, as: 1) fixed costs have remained flat after the focus of production shifted to package substrates in 2014; and 2) interest expenses should fall sharply, with EBITDA coming in at around 40% of net debt. Simmtech is also likely to resume paying dividends.

SUMMARY FINANCIAL DATA

	2015E	2016E	2017E
Revenue (KRWb)	396	791	808
Net profit (adj) (KRWb)	10	29	34
EPS (adj) (KRW)	467	1,329	1,527
EPS (adj) growth (% y-y)	n/a	184.4	14.9
EBITDA margin (%)	10.1	11.0	11.1
ROE (%)	6.4	16.7	16.6
P/E (adj) (x)	14.6	5.1	4.5
P/B (x)	0.9	0.8	0.7
EV/EBITDA (x)	8.9	3.6	3.0
Dividend yield (%)	1.4	3.9	4.5

Source: Company data, Samsung Securities estimates

Valuation: Shares undervalued

As growth of the smartphone market has sharply slowed since 2015, related concerns and stiffening competition in the semiconductor package market have been rising. Nevertheless, we believe shares in Simmtech have been punished excessively due to market participants' top-down approach. The stock is trading at a 2016 P/E of 5.1x, the lower end of its historical band—despite having recovered 19% in February mtd. As the firm's product mix is improving and its utilization rising (via a market-share recovery), sales look set to grow, boding well for the stock.

Thank to deterioration of market sentiment, we believe investors have a chance to take a trading approach to Simmtech—though we acknowledge that this opportunity should only be viable in the short term and understand that the market has little interest in the traditional IT hardware PCB maker. Still, in our view, share-price upside of 47% (which assumes a discount to peers will dissipate) makes the stock worth a punt despite industry-related risks. We reinstate coverage of Simmtech at BUY with a target price of KRW10,000.

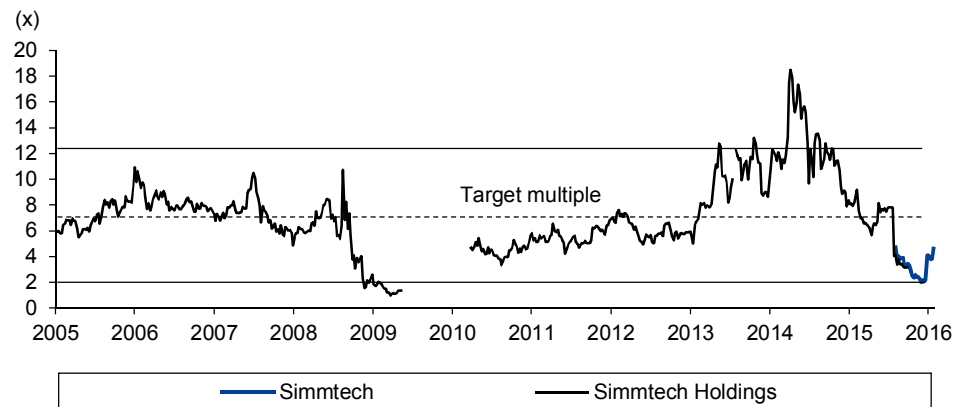
Our target price is based on 7.5x 2016 EPS of KRW1,329, the 11-year average multiple at which shares have traded (*ie*, the original entity before restructuring and the operating entity since it was spun off), which we believe is justified given that the firm's earnings structure should normalize in 2016, engendering further EPS growth. Shares are trading at 0.9x P/B, an all-time low (excluding 2009, when a derivatives-related crisis threatened the firm's survival) and similar to the multiple at which they traded in 2013, when the firm made a net loss due to a fire. We find Simmtech severely undervalued, even next to other global package substrate makers.

Nevertheless, we believe the industry environment needs to change if shares are to rise to trade above 7.5x P/E. In our view, stiffening competition amid slowing growth and the introduction of fan-out packaging technology (which does not utilize substrates) will cap semiconductor substrate makers' valuations.

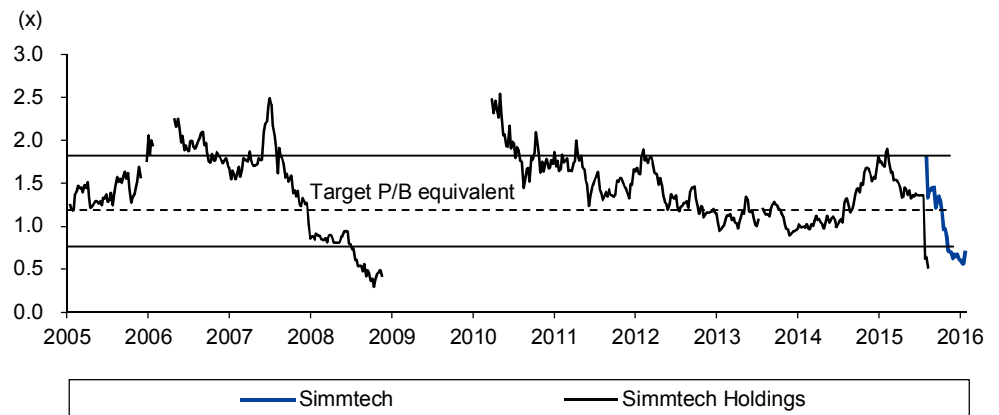
Table 1. Target-price calculation

(KRW)	
2016E EPS	1,329
Target P/E (x)	7.5
Fair value	9,965
Target price	10,000
Current share price	6,800
Upside	47.1%

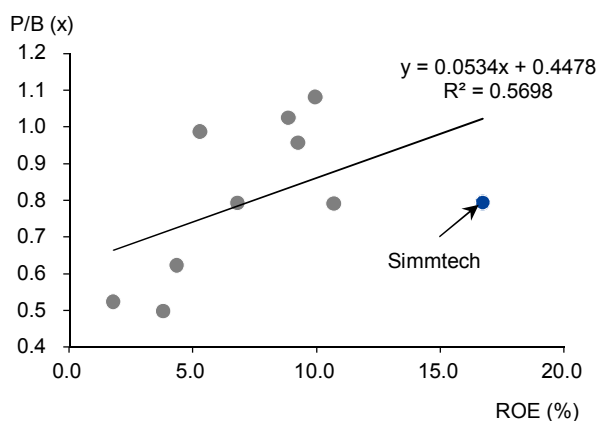
Source: Samsung Securities

Figure 1. Forward P/E ratio

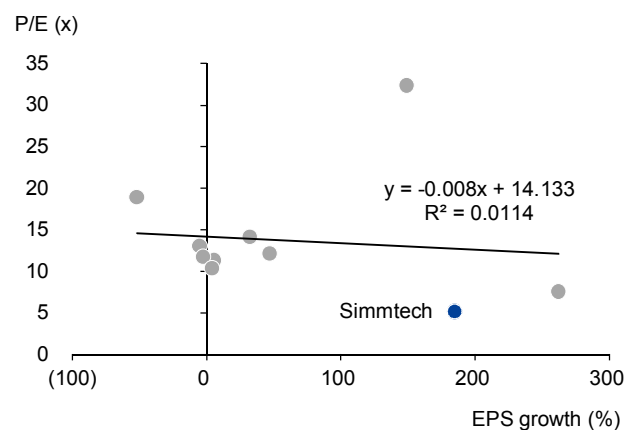
Source: WiseFn, Samsung Securities

Figure 2. Forward P/B ratio

Source: WiseFn, Samsung Securities

Figure 3. PCB firms: P/B vs ROE

Source: Bloomberg, Samsung Securities

Figure 4. PCB firms: P/E vs EPS growth

Source: Bloomberg, Samsung Securities

Shares in good position to rerate

Despite lackluster conditions in downstream industries, we see three reasons to buy Simmtech.

First, shares appear to have largely priced in downstream-related risk over a long period. Shares in Taiwanese semiconductor packaging manufacturer Kinsus, which is threatened directly by fan-out technology, have been recovering recently. Among Korean players, such package substrate makers as Korea Circuit and Daeduck Electronics have also seen shares bounce back recently.

Second, Simmtech's sales have stopped shrinking y-y and are showing signs that they might grow. Kinsus' sales have also stopped contracting since 2H15. Risk to Simmtech's 1H sales should be limited given that Samsung Electronics has started acquiring parts for its next flagship models in 1Q (ie, earlier than usual) and Chinese smartphone makers pared inventories in 2H15 after cutting growth forecasts.

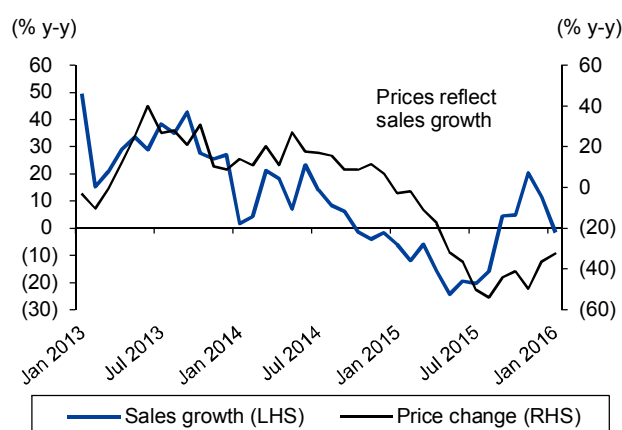
Third, volatility related to the shift to a holding company structure has dissipated, and Simmtech has released its first full-quarter earnings after re-listing. We believe shares are in a good position to rerate.

Table 2. PCB firms: Share-price performances

Company	Ticker	1 month	3 months	6 months	1 year
Unimicron	3037 TT	25.3	6.6	15.0	(26.6)
Ibiden	4062 JP	(15.3)	(29.0)	(32.5)	(30.2)
Semco	009150 KS	5.2	(10.6)	7.1	(11.0)
Shinko	6967 JP	(7.3)	(17.2)	(27.8)	(28.9)
Kinsus	3189 TT	17.7	21.5	20.2	(25.9)
LG Innotek	011070 KS	(1.0)	(4.9)	(4.1)	(17.3)
Simmtech	222800 KS	13.3	(2.3)	(50.2)	N/A
Daeduck	008060 KS	2.7	8.1	0.1	(17.7)
Korea Circuit	007810 KS	16.2	22.9	30.1	(8.6)

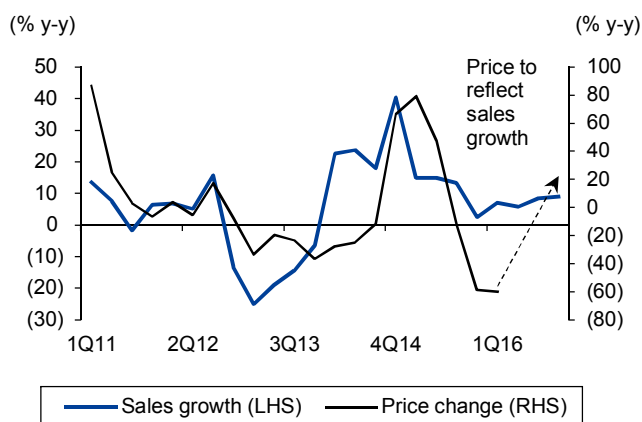
Source: Bloomberg, Samsung Securities

Figure 5. Kinsus: Sales vs share price



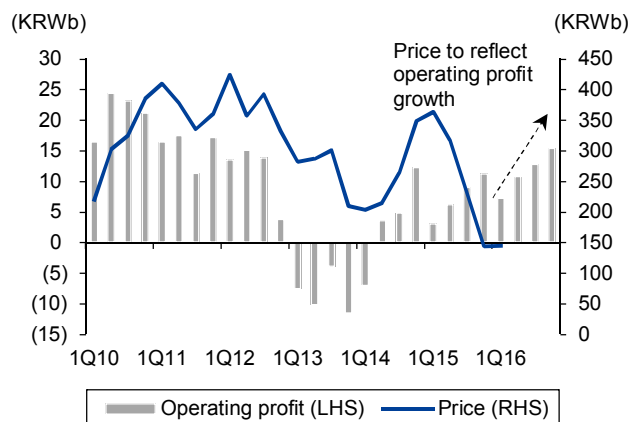
Source: Company data, Samsung Securities

Figure 6. Simmtech: Sales vs share price



Note: Based on original entity until 3Q15, operating entity from 3Q15
Source: Company data, Samsung Securities estimates

Figure 7. Simmtech: Operating profit vs share price



Note: Based on original entity until 3Q15, operating entity from 3Q15
Source: Company data, Samsung Securities estimates

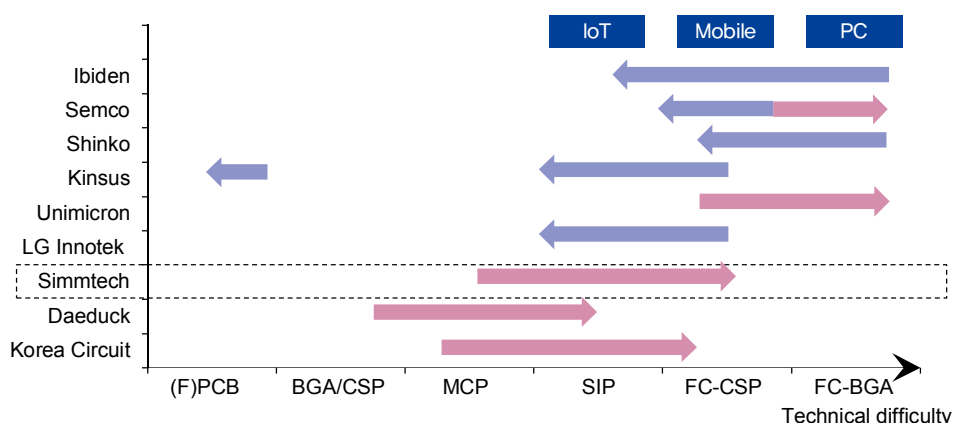
Catching up quickly

Catching up in product mix: All package substrate makers are struggling with soft growth in the PC and mobile-device markets. But each firm's situation is unique given its unique product mix.

Simmtech looks better positioned than its rivals are in terms of ASP. While industry leaders with strength in high-end products are seeing ASPs decline as they diversify into lower-end items to maintain utilization, Simmtech's ASP is rising on the firm's addition of FC-CSP and SIP substrates to its offering. Whereas industry leaders are supplying semiconductor-use FC-CSPs for use in Apple's and Samsung Electronics' high-end smartphones—demand for which has stalled—Simmtech serves companies in Greater China that make semiconductors for low-end smart devices. SIP substrates, for which demand recently began growing, are weighing on leading rivals' ASPs, but boosting Simmtech's.

Simmtech also looks well placed in terms utilization. Most substrate firms are looking to maintain utilization by producing more HDIs and FPCBs, margins on which have already narrowed dramatically. This should ultimately erode overall margins. In contrast, Simmtech manufactures memory modules, which offer low margins but constitute a stable, oligopolistic market. Simmtech's prospects look solid given growth in demand for SSD-module and server-module PCBs.

Figure 8. PCB firms: Product-mix changes



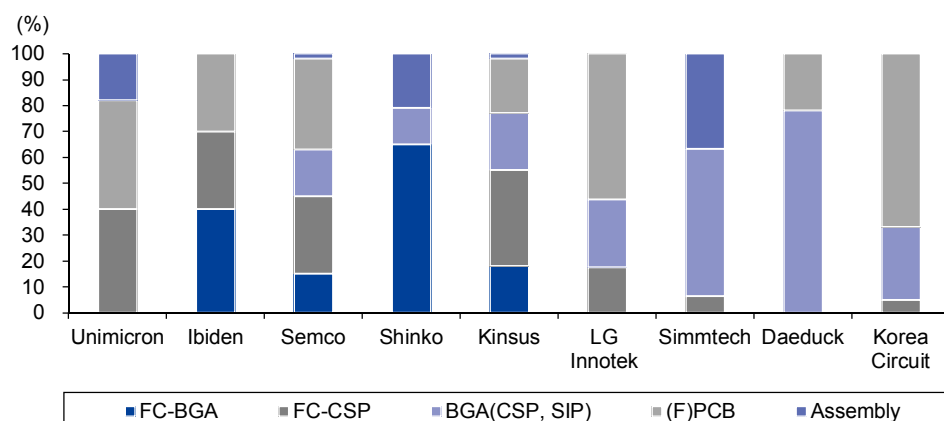
Source: Samsung Securities

Table 3. PCB firms: Growth strategies

	Issue	Enhancing product mix	Boosting utilization
Ibiden	FC-BGA profitability weakening		SIP, RF module
Semco	Failed to increase share of FC-BGA segment; FC-CSP risk rises	FC-BGA, Coreless BGA	SSD
Shinko	Failed to increase share of FC-CSP segment	Coreless BGA	
Kinsus	FC-CSP risk rises		SIP, PA substrate, FPCB
Unimicron		Coreless BGA	HDI
LG Innotek	FC-CSP risk rises	Coreless BGA	SIP
Simmtech	Memory segment weak	FC-CSP, SIP	SSD, Server
Daeduck	SEC smartphone shipments declining; memory segment weak	FC-CSP, SIP	
Korea Circuit	SEC smartphone shipments declining; memory segment weak	Thin BGA, FC-CSP	RFPCB

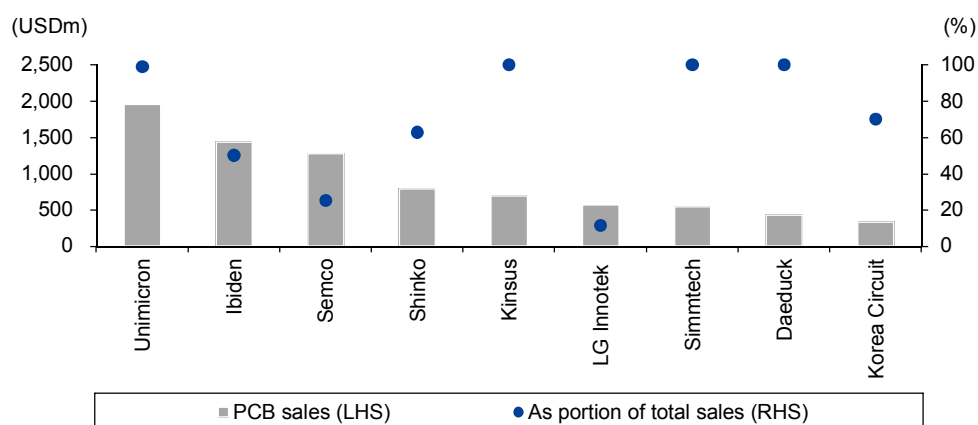
Note: PCB and package segments only

Source: Samsung Securities

Figure 9. PCB firms: Product mixes in 2015

Note: FY15 results or FY15 estimates

Source: Samsung Securities estimates

Figure 10. PCB firms: PCB sales and PCB portion of sales

Note: FY15 results or FY15 estimates

Source: Samsung Securities estimates

By segment, competition in 2016 should be fiercest in FC-CSPs. Samsung Electro-Mechanics and leading Japanese firms are knocking on the door of the crowded FC-CSP market in a bid to make up for weakness in demand for PC-use FC-BGA substrates (which require advanced technology). Korean package substrate firms that have made relatively lower-priced BGA substrates see FC-CSPs as a challenging yet attractive market they simply cannot give up on.

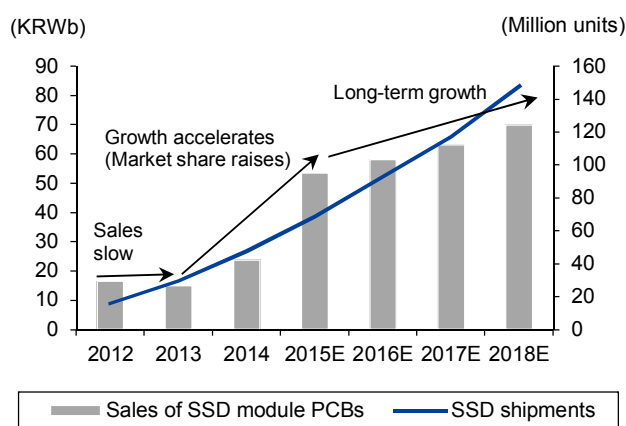
However, the FC-CSP segment has been hit hardest by the smartphone market stagnating. Demand from Qualcomm and MediaTek has already diminished, while Apple—another major FC-CSP client—has decided to adopt a fan-out packaging method that does not utilize FC-CSPs (spelling another drop in demand).

Against this backdrop, major players are turning their eyes to two markets. One is ultrathin BGAs (also called coreless or thin-core BGAs), which is likely to attract high-end substrate firms that want to improve product mix and meet their customers demand for thinner devices. The other is SIP substrates, which are increasingly replacing HDI substrates in wearable devices and Internet-of-Things modules.

Catching up in market share: Although Simmtech controls in excess of 30% of the global market for PC-use semiconductor substrates (i.e., memory module PCBs and BOC substrates), the arrival of new applications (e.g., smartphones and SSDs) has presented new challenges. Of note, brisk growth in the firm's sales of SSD module PCB substrates, and server module PCB and MCP substrates outpaced growth in downstream markets last year—suggesting the firm has gained market share in the new applications. In contrast to the concerns of some market watchers, we expect Simmtech's mobile-use MCP substrate sales to grow more quickly than the downstream sector does this year.

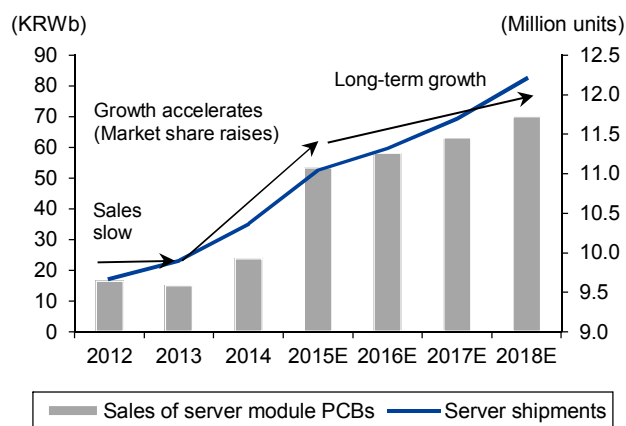
Besides, ongoing migration to new DDR technology—in which Simmtech has an edge over its rivals—should provide the firm with an opportunity.

Figure 11. SSD module PCBs: Sales vs shipments



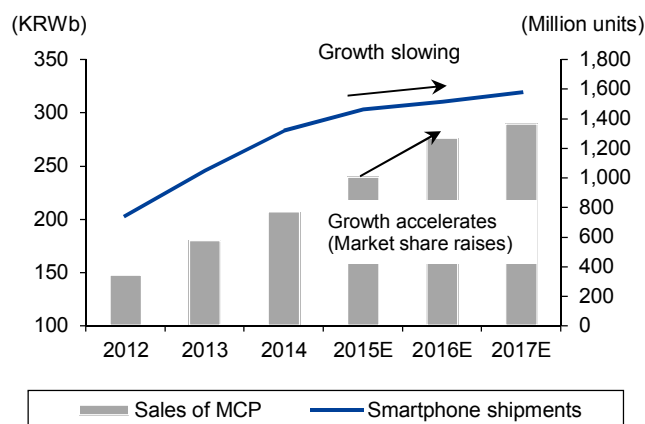
Note: Based on original entity until 3Q15, operating entity from 3Q15
Data: Samsung Securities estimates

Figure 12. Server module PCBs: Sales vs shipments



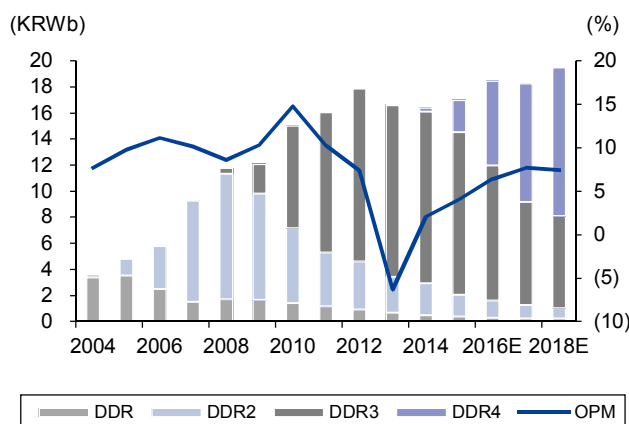
Note: Based on original entity until 3Q15, operating entity from 3Q15
Data: Samsung Securities estimates

Figure 13. MCP sales vs smartphone shipments



Note: Based on original entity until 3Q15, operating entity from 3Q15
Data: Samsung Securities estimates

Figure 14. DDR technology: Operating margin



Note: Based on original entity until 3Q15, operating entity from 3Q15
Data: Samsung Securities estimates

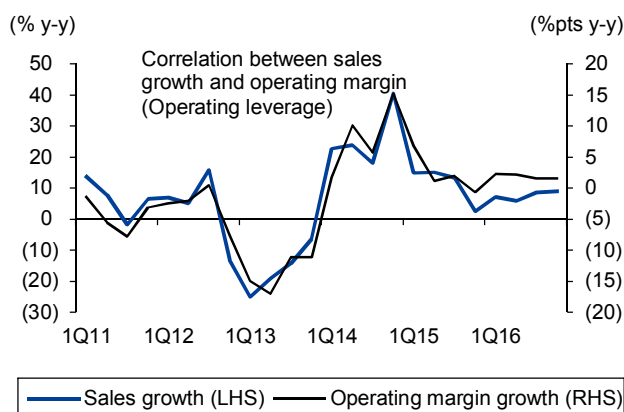
To maximize operating leverage

Steady top-line growth should give us confidence that Simmtech's operating margin will improve, because the top-line is critical to broadly all of the firm's financials. The chart below shows a clear correlation between Simmtech's sales growth and operating profit. After shifting the focus of its production to package substrates in 2014, the firm has achieved steady growth in utilization and sales without having to make additional investments, paving the way for dramatic improvement in profitability. We do expect Simmtech to enjoy operating leverage until 2017 without any rise in fixed costs, thanks to rising utilization rates and higher ASPs.

Though the firm's post-spinoff debt levels may look burdensome, we expect debt to decline rapidly on annual EBITDA reaching as high as 40% of net debt. We estimate that Simmtech's net debt-to-equity ratio will fall from around 130% in 2015 to below 60% in 2017 based on high growth in ROE and net profit.

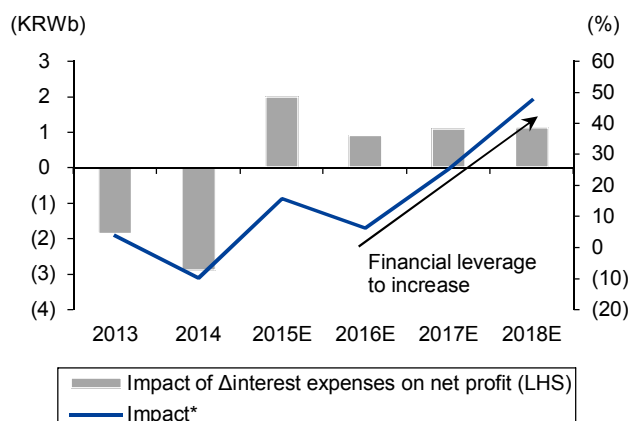
Furthermore, Simmtech is likely to resume paying dividends on its turn to a net profit and thanks to the adoption of a holding company structure. Although dividends are not a matter of interest at this time of year, a payout ratio of 20% (implying a dividend yield of 4% at the current share price) would justify a rerating.

Figure 15. Sales growth vs operating margin



Note: Based on original entity until 3Q15, operating entity from 3Q15
Data: Samsung Securities estimates

Figure 16. Impact of interest expenses on net profit



Note: Based on original entity until 3Q15, operating entity from 3Q15
*Portion of change in net income attributable to change in interest expenses
Data: Samsung Securities estimates

Table 4. Dividend payout scenarios

	DPS 10%	DPS 15%	DPS 20%	DPS 25%	DPS 30%
Dividend yield (current price)*	2.0%	2.9%	3.9%	4.9%	5.9%
Dividend yield (target price)	1.3%	2.0%	2.7%	3.3%	4.0%

Note: *P/E of 5.1x

Source: Samsung Securities estimates

4Q results in-line

Sales and operating profit at Simmtech grew 10% and 33% q-q, respectively, to KRW208.4b and KRW12b in 4Q. Despite lackluster sales of PCBs for SSD and server modules, operating results were in line thanks to: 1) the start of PC-use DDR4 module PCB sales; and 2) a recovery in sales of package substrates (which dipped in 3Q).

Table 5. 4Q result

(KRWb)	4Q15	3Q15	4Q14	Chg	
				(% q-q)	(% y-y)
Sales	208.4	190.0	188.4	9.7	10.6
Operating profit	12.0	9.0	12.3	33.3	(2.5)
Pre-tax profit	9.1	3.0	11.2	202.3	(18.4)
Net profit	8.1	2.3	12.7	255.2	(36.1)
Margins (%)					
Operating profit	5.8	4.7	6.5		
Pre-tax profit	4.4	1.6	5.9		
Net profit	3.9	1.2	6.8		

Note: Based on original entity until 3Q15, operating entity from 3Q15

Data: Samsung Securities estimates

Table 6. 1Q16 forecasts

(KRWb)	1Q16E	4Q15	1Q15	Chg	
				(% q-q)	(% y-y)
Sales	178.3	208.4	166.7	(14.5)	7.0
Operating profit	7.2	12.0	3.1	(39.7)	131.6
Pre-tax profit	4.7	9.1	0.3	(48.3)	1,766.9
Net profit	3.8	8.1	0.3	(53.6)	1,239.9
Margins (%)					
Operating profit	4.1	5.8	1.9		
Pre-tax profit	2.6	4.4	0.2		
Net profit	2.1	3.9	0.2		

Note: Based on original entity until 3Q15, operating entity from 3Q15

Data: Samsung Securities estimates

Table 7. Results and forecasts (as reported by company)

(KRWb)	1Q15	2Q15	3Q15	4Q15	1Q16E	2Q16E	3Q16E	4Q16E	2015	2016E	2017E
Sales			187.2	208.4	178.3	197.1	205.9	210.0	395.6	791.3	807.8
Module PCB			63.3	76.3	62.5	76.8	76.9	78.5	139.6	294.6	301.1
Package substrate			118.6	122.6	112.7	117.1	125.7	128.8	241.2	484.3	494.6
Other			5.3	6.4	3.0	3.3	3.4	2.7	11.7	12.4	12.1
Operating profit			7.4	12.0	7.2	10.8	12.8	15.4	19.4	46.2	50.9
Pre-tax profit			3.0	9.1	4.7	8.3	10.4	13.1	11.9	36.4	41.9
Net profit			2.3	8.1	3.8	6.7	8.3	10.4	10.3	29.2	33.5
Margins (%)											
Operating profit			3.9	5.8	4.1	5.5	6.2	7.3	4.9	5.8	6.3
Pre-tax profit			1.6	4.4	2.6	4.2	5.0	6.2	3.0	4.6	5.2
Net profit			1.2	3.9	2.1	3.4	4.0	5.0	2.6	3.7	4.1

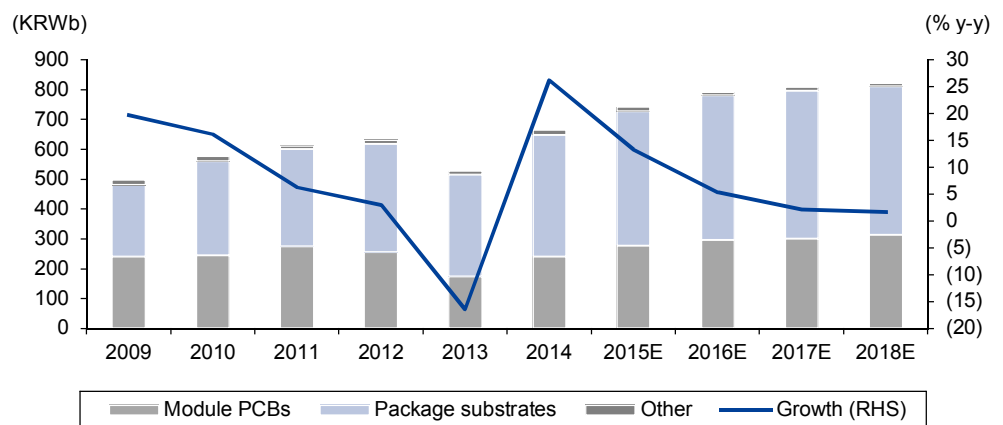
Data: Samsung Securities estimates

Table 8. Results and forecasts (including pre-split results)

(KRWb)	1Q15	2Q15	3Q15	4Q15	1Q16E	2Q16E	3Q16E	4Q16E	2015	2016E	2017E
Sales	166.7	186.6	190.0	208.4	178.3	197.1	205.9	210.0	751.6	791.3	807.8
Module PCB	67.5	69.9	63.3	76.3	62.5	76.8	76.9	78.5	277.0	294.6	301.1
Package substrate	95.9	113.6	118.6	122.6	112.7	117.1	125.7	128.8	450.7	484.3	494.6
Other	3.3	3.1	5.2	6.4	3.0	3.3	3.4	2.7	18.0	12.4	12.1
Operating profit	3.1	6.2	9.0	12.0	7.2	10.8	12.8	15.4	30.4	46.2	50.9
Pre-tax profit	0.3	7.0	3.0	9.1	4.7	8.3	10.4	13.1	19.4	36.4	41.9
Net profit	0.3	4.2	2.3	8.1	3.8	6.7	8.3	10.4	14.9	29.2	33.5
Margins (%)											
Operating profit	1.9	3.3	4.7	5.8	4.1	5.5	6.2	7.3	4.0	5.8	6.3
Pre-tax profit	0.2	3.8	1.6	4.4	2.6	4.2	5.0	6.2	2.6	4.6	5.2
Net profit	0.2	2.2	1.2	3.9	2.1	3.4	4.0	5.0	2.0	3.7	4.1

Note: Based on original entity until 3Q15, operating entity from 3Q15.

Data: Samsung Securities estimates

Figure 17. Sales breakdown

Note: Based on original entity until 3Q15, operating entity from 3Q15.

Data: Samsung Securities estimates

Table 9. Peer valuations

Company	Market cap (USDm)	P/E (x)		P/B (x)		EV/EBITDA (x)		Operating margin (%)		ROE (%)		EPS growth (%)	
		2015E	2016E	2015E	2016E	2015E	2016E	2015E	2016E	2015E	2016E	2015E	2016E
Semco	3,622	18.9	16.6	1.0	0.9	5.0	4.7	5.2	5.5	5.3	5.5	(52.0)	13.6
LG Innotek	1,656	12.1	9.1	1.0	0.9	3.7	3.3	4.3	4.9	8.9	10.7	46.9	33.7
Daeduck	309	11.9	11.3	0.8	0.8	2.8	2.5	4.7	4.7	6.4	6.8	11.4	5.6
Korea Circuit	238	27.3	7.5	0.9	0.8	2.6	2.1	8.8	8.6	4.0	10.7	7,359.2	262.0
Ibiden	1,661	12.3	13.0	0.5	0.5	2.2	2.2	7.7	7.0	4.4	3.8	(20.6)	(5.4)
Shinko	767	18.6	14.1	0.6	0.6	2.0	2.0	6.6	6.3	4.3	4.4	(26.7)	32.1
Kinsus	998	11.7	11.2	1.1	1.0	3.2	2.8	13.0	13.7	9.9	9.0	(2.5)	3.9
Unimicron	710	n/a	26.5	0.5	0.5	3.3	3.0	1.6	1.7	1.8	1.9	148.9	22.2
Average		16.1	13.7	0.8	0.8	3.1	2.8	6.5	6.6	5.6	6.6	933.1	46.0

Data: Bloomberg, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2015E	2016E	2017E
Sales	396	791	808
Cost of goods sold	350	694	706
Gross profit	45	97	102
Gross margin (%)	11.5	12.3	12.6
SG&A expenses	26	51	51
Operating profit	19	46	51
Operating margin (%)	4.9	5.8	6.3
Non-operating gains (losses)	(7)	(10)	(9)
Financial profit	16	32	32
Financial costs	24	40	39
Equity-method gains (losses)	0	0	0
Other	1	(2)	(2)
Pre-tax profit	12	36	42
Taxes	2	7	8
Effective tax rate (%)	14.2	20.0	20.0
Profit from continuing operations	10	29	34
Profit from discontinued operations	0	0	0
Net profit	10	29	34
Net margin (%)	2.6	3.7	4.1
Net profit (controlling interests)	10	29	34
Net profit (non-controlling interests)	0	0	0
EBITDA	40	87	90
EBITDA margin (%)	10.1	11.0	11.1
EPS (parent-based) (KRW)	467	1,329	1,527
EPS (consolidated) (KRW)	467	1,329	1,527
Adjusted EPS (KRW)*	467	1,329	1,527

Cash flow statement

Year-end Dec 31 (KRWb)	2015E	2016E	2017E
Cash flow from operations	(133)	70	80
Net profit	10	29	34
Non-cash profit and expenses	31	57	54
Depreciation	21	41	39
Amortization	0	0	0
Other	11	15	15
Changes in A/L from operating activities	(172)	(8)	0
Cash flow from investments	(28)	(20)	(25)
Change in tangible assets	(19)	(20)	(25)
Change in financial assets	(5)	(0)	(0)
Other	(4)	0	0
Cash flow from financing	(25)	(51)	(53)
Change in debt	(20)	(40)	(40)
Change in equity	0	0	0
Dividends	0	(2)	(6)
Other	(5)	(9)	(7)
Change in cash	11	(0)	2
Cash at beginning of year	0	11	11
Cash at end of year	11	11	13
Gross cash flow	42	86	88
Free cash flow	(152)	50	55

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)	2015E	2016E	2017E
Current assets	190	213	219
Cash & equivalents	11	11	13
Accounts receivable	66	88	90
Inventories	99	99	101
Other current assets	14	15	15
Fixed assets	394	373	359
Investment assets	5	5	5
Tangible assets	364	343	329
Intangible assets	24	24	24
Other long-term assets	1	1	1
Total assets	584	586	578
Current liabilities	307	310	294
Accounts payable	68	75	77
Short-term debt	129	89	79
Other current liabilities	110	146	138
Long-term liabilities	116	88	68
Bonds & long-term debt	89	59	39
Other long-term liabilities	27	28	29
Total liabilities	423	397	362
Owners of parent equity	161	188	216
Capital stock	11	11	11
Capital surplus	137	137	137
Retained earnings	13	40	67
Other	0	(0)	0
Non-controlling interests' equity	0	0	0
Total equity	161	188	216
Net debt	206	167	125

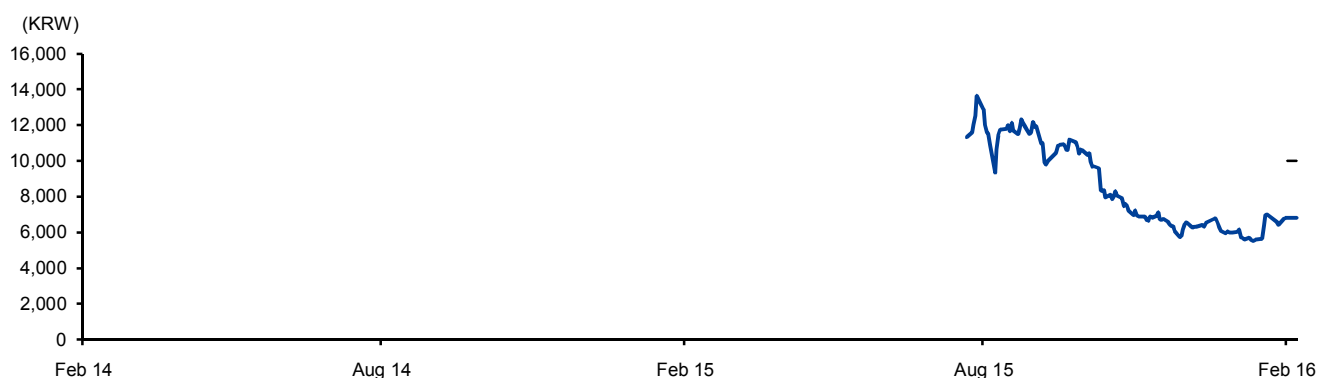
Financial ratios

Year-end Dec 31	2015E	2016E	2017E
Growth (%)			
Sales	n/a	100.0	2.1
Operating profit	n/a	138.1	10.3
Net profit	n/a	184.4	14.9
Adjusted EPS**	n/a	184.4	14.9
Per-share data (KRW)			
EPS (parent-based)	467	1,329	1,527
EPS (consolidated)	467	1,329	1,527
Adjusted EPS**	467	1,329	1,527
BVPS	7,339	8,575	9,837
DPS (common)	93	266	305
Valuations (x)			
P/E***	14.6	5.1	4.5
P/B***	0.9	0.8	0.7
EV/EBITDA	8.9	3.6	3.0
Ratios (%)			
ROE	6.4	16.7	16.6
ROA	1.8	5.0	5.8
ROIC	4.3	9.6	11.0
Payout ratio	20.0	20.0	20.0
Dividend yield (common)	1.4	3.9	4.5
Net debt to equity	128.2	88.6	57.8
Interest coverage (x)	4.0	5.4	6.8

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Target price changes in past two years



Rating changes in past two years

Date	2016/2/17
Recommendation	BUY
Target price (KRW)	10,000

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BUY★★★	Expected to increase in value by 30% or more within 12 months and is highly attractive within sector
BUY	Expected to increase in value by 10% or more within 12 months
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SELL	Expected to decrease in value by 10% or more within 12 months
SELL★★★	Expected to decrease in value by 30% or more within 12 months

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, 2015

BUY (69.8%) | HOLD (30.2%) | SELL (0%)

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