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WHAT'S NEW

Hyundai Motor's Brazil sales to triple by 2014

Hyundai Motor Company (HMC) is preparing to become a major player in the Brazilian market, which is expected to become the world's third-largest vehicle market by country in 2014. HMC's new factory in Brazil will start producing the 'HB' from mid-2012, and HMC's vehicle sales in Brazil are expected to reach 300k units by 2014, triple 2010E's figures. With factory expansion to build and sell more localized models, another China story looks like a real possibility for HMC. We maintain our Buy rating and target price of W205,000 on Hyundai Motor.

» Brazil, the world's third-largest vehicle market by 2014

» Production expansion already in full steam

» HMC sales to triple by 2014, reaching 300k units

» Another China a real possibility for HMC

Brazil, the world's third-largest vehicle market by 2014

Brazil's new vehicle market, expected to reach 5 million units in 2014, will be the world's third-largest market by country after China and the U.S., overtaking Japan and Germany in the process. The key drivers in the sales uplift are (1) the strong growth of Brazil's economy since the financial crisis (GDP up 9% in 1Q10, 2010E up 7.3%) reinvigorating local and import vehicle demand; (2) the Central Bank of Brazil's efforts to underpin car financing operations in the country, freeing up credit; and (3) the world's leading car manufacturers investing up to US\$10 billion by 2014 to expand production in Brazil.

The Brazilian vehicle market is forecast to post 10%-12% annual growth until 2014. When car sales dropped dramatically in Q3 2008, due to the financial crisis, the government swiftly introduced stimulus measures, such as a purchase tax break on cars (equivalent to a 7% discount). As

IMPACT

Hedge fund investors

Hyundai Motor's recent strong stock performance may be a temptation to short. But a correction of the stock will be short-term as long as strong sales from the U.S. and China continue and yen stays strong.

Long-only investors

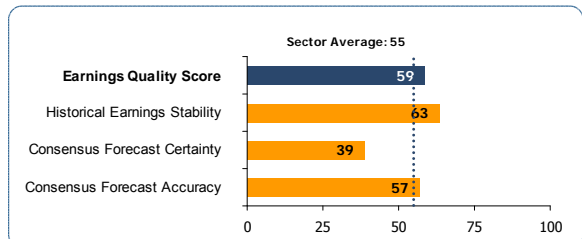
The success of Hyundai Motor's latest BRIC factory and market share gain in Brazil and South America will provide another re-rating opportunity for the stock.

Target price	W205,000
Current price (14 September 2010)	W157,000
Upside/downside	30.6%
Consensus target price	W190,380
Difference from consensus	7.7%

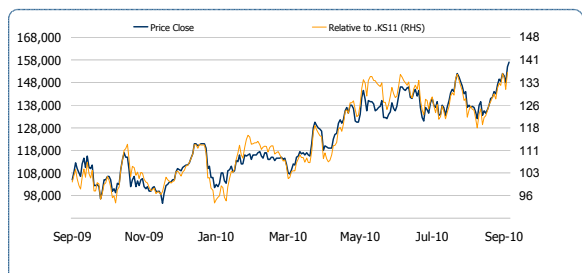
Forecast earnings & valuation

Fiscal year ending	Dec-09A	Dec-10E	Dec-11E	Dec-12E
Revenue (KRWb)	31,859	34,577	35,492	36,986
Op EBIT (KRWb)	2,235	2,848	2,933	3,014
Net income (KRWb)	2,962	3,806	4,026	4,274
Norm profit (KRWb)	1,773	2,317	2,448	2,604
EPS (KRW)	6,210	8,117	8,576	9,121
EPS growth	20.0%	30.7%	5.7%	6.4%
Norm P/E (x)	25.3	19.3	18.3	17.2
EV/EBITDA (x)	3.7	3.2	2.8	2.5
Dividend yield	0.7%	0.7%	0.7%	0.7%
P/B (x)	2.0	1.7	1.5	1.3
ROE	14.1%	15.8%	14.6%	13.6%
Net debt/equity	-23.8%	-18.9%	-28.2%	-33.4%
Cons EPS (KRW)	10,861	16,537	189,679	189,846
Prev EPS (adj) (KRW)	6,210	8,117	8,576	9,121

Earnings quality score



Performance



Trading data

Market cap (Wbn/US\$m)	32,782/28,234		
Shares outstanding	285.5m		
Free float	74%		
52-week price high/low	W94,600 -157,000		
Daily average turnover (3M)	US\$119.5m		
Performance	1M 3M 12M		
Absolute	14.2%	10.6%	49.5%
Relative to KOSPI	10.0%	3.0%	38.2%
Absolute (US\$)	17.4%	18.7%	57.1%
Major shareholders			
Hyundai Mobis			20.8%
MK Chung			5.2%

See the last page of this report for important disclosures

Source for data: Company, Thomson Reuters, Mirae Research estimates

a result, 2009 sales ended up 11.7% YoY, down just 3ppt versus 2008. Even with the termination of tax incentives, 2010 sales are expected to reach 3.45 million units (up 9.5% YoY, 1H10 sales up 10.8% YoY), thanks to strong economic growth.

The top players, such as Fiat, VW, GM and Ford, are dominating the Brazilian market, due to their strong local manufacturing presence. Based on 1H10 sales, their market shares are: Fiat, 22.2% m/s; VW, 20.4% m/s; GM, 19.3% m/s; and Ford, 10.8% m/s. Their factories, with a combined capacity of 3.9 million units (2010E), are mainly building previous generation European models customized for the local market.

Sales of imported cars have also shown strong growth since 2007, due to (1) the continuing appreciation of the Brazilian real against the U.S. dollar (up 34% in 2009); (2) customers' diversified demand, due to higher spending power; and (3) limited offerings from local factories. Total import volume for the market in 1H10 was up 35.5% YoY, while locally manufactured volume was up 7.5% in the same period. HMC's 1H10 sales, for example, were up 87.8% YoY, due to the success of the imported i30 (up 645% YoY) and SUVs (up 49% YoY).

Unique to the Brazilian market is the domination of 'flex-fuel' (ethanol/gasoline biofuel) car sales, with nearly 90% total market share. Brazil is the world's second-largest producer of ethanol fuel, and is considered to have the world's first sustainable biofuels economy. Since the government made it mandatory to blend ethanol with gasoline for all vehicles, the market share of 'flex-fuel' cars has rocketed from 4% in 2003 to over 90% in 2009. 'Flex-fuel' cars are now capable of running on either gasoline blended with ethanol (a 25% ethanol mix, also known as E25) or pure ethanol.

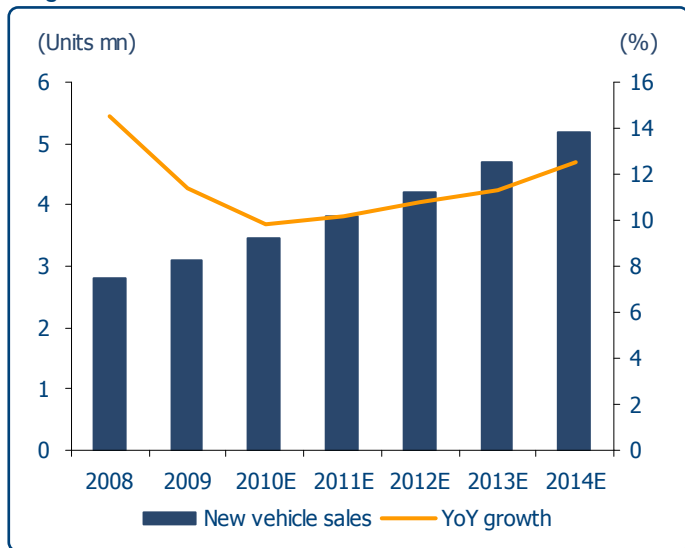
Brazil to become third-largest market by country in 2014

Locally produced cars dominating market

Import market posting record growth too

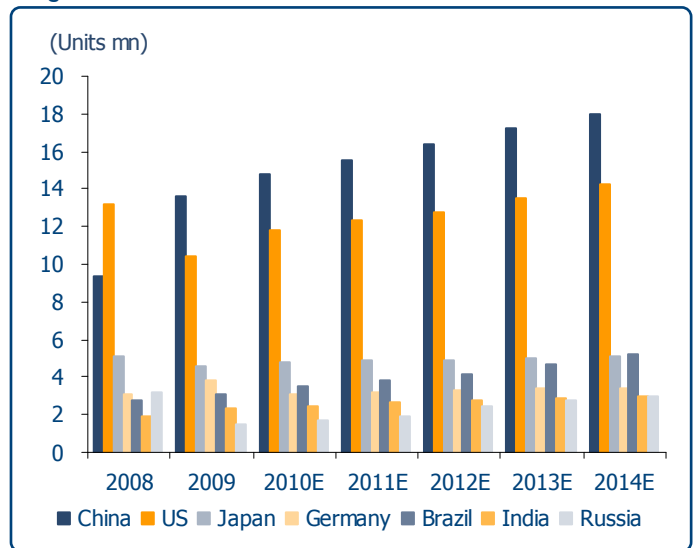
'Flex-fuel' vehicles with 90% market share

Figure 1 Brazil's vehicle sales trend and forecast



Source: ANFAVEA(Brazilian Association of Automotive Vehicle Manufacturers), Mirae Asset Research

Figure 2 Global vehicle sales forecast



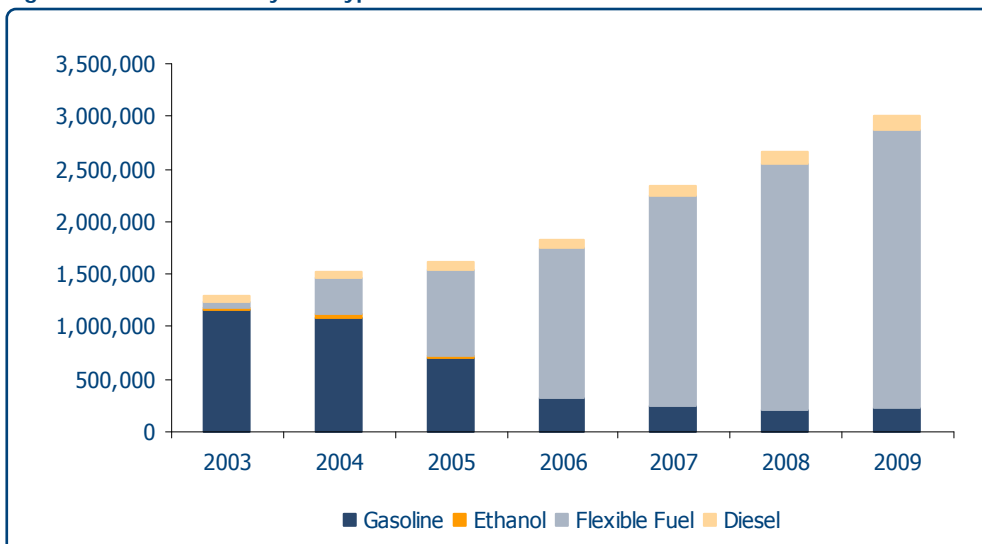
MarkLines, ANFAVEA, Mirae Asset Research

Figure 3 Brazil's vehicle sales and m/s trend, by manufacturer

Make	1H10			1H09			2009			2008			2007	
	Sales	m/s	YoY	Sales	m/s	YoY	Sales	m/s	YoY	Sales	m/s	YoY	Sales	m/s
Fiat	361,290	22.2%	2.9%	351,021	23.9%		749,636	23.8%	12.6%	665,614	23.6%	8.6%	612,701	24.9%
VW	331,148	20.4%	-2.3%	339,098	23.1%		695,395	22.0%	10.1%	631,523	22.4%	10.0%	574,275	23.3%
GM	313,934	19.3%	14.6%	274,016	18.7%		610,836	19.4%	8.9%	560,849	19.9%	8.0%	519,199	21.1%
Ford	176,036	10.8%	11.2%	158,320	10.8%		337,980	10.7%	13.9%	296,833	10.5%	14.8%	258,484	10.5%
PSA	79,125	4.9%	10.3%	71,730	4.9%		151,510	4.8%	-0.8%	152,803	5.4%	15.5%	132,345	5.4%
Renault	65,946	4.1%	28.7%	51,245	3.5%		117,270	3.7%	1.7%	115,363	4.1%	50.5%	76,674	3.1%
Honda	63,631	3.9%	4.9%	60,685	4.1%		128,079	4.1%	5.2%	121,725	4.3%	38.4%	87,956	3.6%
Toyota	46,016	2.8%	7.6%	42,765	2.9%		95,781	3.0%	18.0%	81,162	2.9%	17.9%	68,811	2.8%
Hyundai	56,744	3.5%	87.8%	30,211	2.1%		77,846	2.5%	84.2%	42,261	1.5%	133.5%	18,098	0.7%
Others	130,039	8.0%	50.2%	86,552	5.9%		189,662	6.0%	22.0%	155,507	5.5%	36.7%	113,775	4.6%
Market Total	1,623,909	100.0%	10.8%	1,465,643	100.0%		3,153,995	100.0%	11.7%	2,823,640	100.0%	14.7%	2,462,318	100.0%
Local/Import Mix	Sales	m/s	YoY	Sales	m/s		Sales	m/s	YoY	Sales	m/s	YoY	Sales	m/s
Local	1,389,538	85.6%	7.5%	1,292,622	88.2%		2,731,452	86.6%	9.6%	2,493,178	88.3%	11.9%	2,227,136	90.4%
Import	234,371	14.4%	35.5%	173,021	11.8%		422,543	13.4%	27.9%	330,462	11.7%	40.5%	235,182	9.6%

Source: ANFAVEA, Mirae Asset Research, Including CKD

Figure 4 Vehicle sales by fuel type in Brazil



Source: ANFAVEA, Mirae Asset Research

Production expansion already in full steam

The attractiveness of the market is inviting further expansion by the leading manufacturers, who have announced plans to spend up to US\$10 billion by 2014, to expand existing capacity or build new plants.

The Brazilian car market is dominated by locally produced models (circa 90% market share), due to the government's heavy taxation policy on imported cars, currently at 35%. Thus, Fiat, VW, and GM are planning to ramp up their production capacity in Brazil to one million units a year each, and Toyota, Honda and HMC are all building new plants with 100k to 300k unit capacities. In total, production capacity in Brazil will easily surpass five million units by 2014, supporting the strong growth in sales.

For the first time, HMC is entering the Brazilian market as a mass local manufacturer, in order to become a major player in the rapidly expanding Brazilian market. HMC will commence construction of its first Brazilian plant in October 2010, and when it is completed in 2H12, its initial capacity will be 150k units per year. But, as with Hyundai/Kia's other overseas plants, capacity can easily be expanded to 300k units, by switching to two-shift production.

Brazil attracting record investment from top players

HMC entering the market as a mass local manufacturer to become a major player

HMC will also use the Brazilian plant as an export base to other South American markets, as strong sales growth potential can be found in the region, exhibited by the 25% YoY growth in 1H10. HMC is predicting that approximately 15% of its production volume from Brazil will be exported to the rest of South America.

Until now, HMC's sole production base in Brazil has been a 50k unit capacity CKD plant, run by the CAO group (HMC's local distributor), assembling the HR (Porter) and Tucson.

Figure 5 Capacity expansion plan by manufacturer

Top Manufacturers	Assembly plant	Annual production capacity (1,000 units)	Production vehicle models
Fiat Automoveis S.A.	Betim	800→ 1,000	Fiat Doblo, Idea, Linea, Palio, Punto, Siena, Stilo, Uno, Fiorino, Strada
Volkswagen do Brasil Ltda.	Anchieta	800→ 1,000	VW Gol, Voyage, Polo, Kombi, Saveiro
	Taubate		VW Gol, Parati
General Motors do Brasil Ltda.	Curitiba	800→ 1,000	VW Golf, Fox
	Sao Caetano do Sul		Chevrolet Astra, Vectra, Classic (Corsa sedan)
	Sao Jose dos Campos		Chevrolet Corsa, Meriva, Zafira, Blazer, Montana, S10
Ford Motor Company Brasil Ltda.	Gravatani	250→ 300	Chevrolet Celta, Prisma
	Camacari		Ford EcoSport, Fiesta, Fiesta Sedan
Toyota do Brasil Ltda.	Sao Bernardo do Campo	250	Ford Fiesta, Ka, Courier, F-Series, Trucks
	Indaiatuba	70	Toyota Corolla
Honda Automoveis do Brasil Ltda.	Sorocaba	0→ 150	Etios (from 2011)
	Sumare	120	Honda City, Fit, Civic
HMC	Piracicaba	0→ 150→ 300	HB (from 2012), City car/SUV

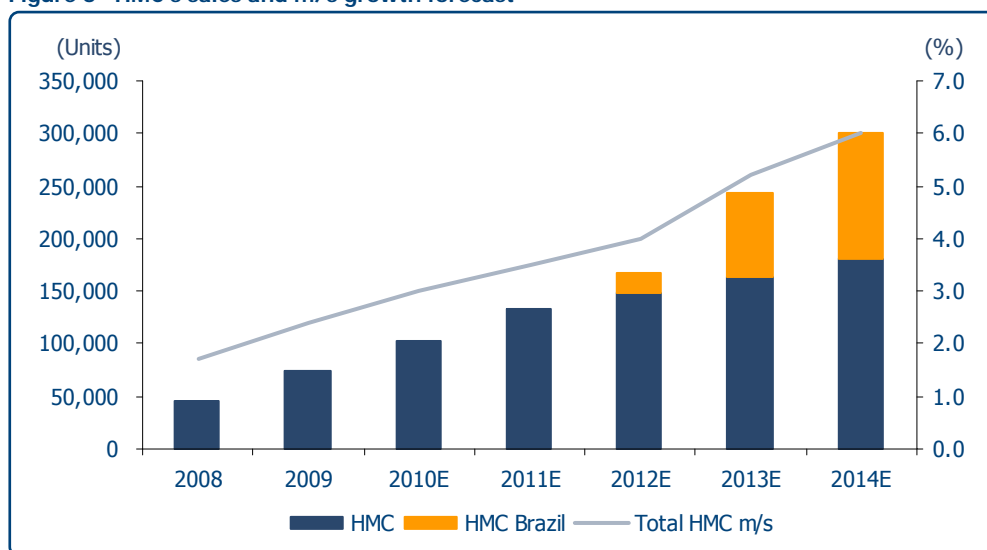
Source: MarkLines, Mirae Asset Research

HMC sales to triple by 2014, reaching 300k units

We expect HMC to achieve 6% market share in 2014, up from its current 3%, due to (1) the HB, the Brazilian built RB (Verna/Accent), achieving 4.5% market share in the B segment (subcompact segment) and contributing an additional 120k unit sales; and (2) current import volume increasing by an average of 15% annually, reaching unit sales of 180k. Together, we expect HMC to achieve unit sales of 300k by 2014, up from 100k units in 2010.

HMC to achieve 6% m/s by 2014, through incremental HB volume and surging import sales

Figure 6 HMC's sales and m/s growth forecast



Source: Company data, Mirae Asset Research

HMC's key focus in the Brazilian market is the B segment, as it is the biggest volume segment, with a 57% share of the total market. HMC is entering this segment first with the new HB, and is aiming for 120k unit sales, with a 4.5% segment share, by 2014. It will be produced in hatchback and sedan forms, with 1.0 and 1.6-litre 'flex-fuel' engines, capable of running on either gasoline-blended ethanol (E25) or pure ethanol.

HB sales reaching 120k units by 2014

We expect a successful market entry for the HB, due to (1) it being a superior product, compared with other Brazilian-built B-segment competitors, many of which are 'recycled' European models originally developed in the 1980s and 1990s; and (2) HMC's strong brand awareness in South America, thanks to popular high-end models, such as the Azera (Grandeur), Tucson, Santa Fe and Veracruz.

HB to benefit from ageing competitors and HMC's strong brand awareness

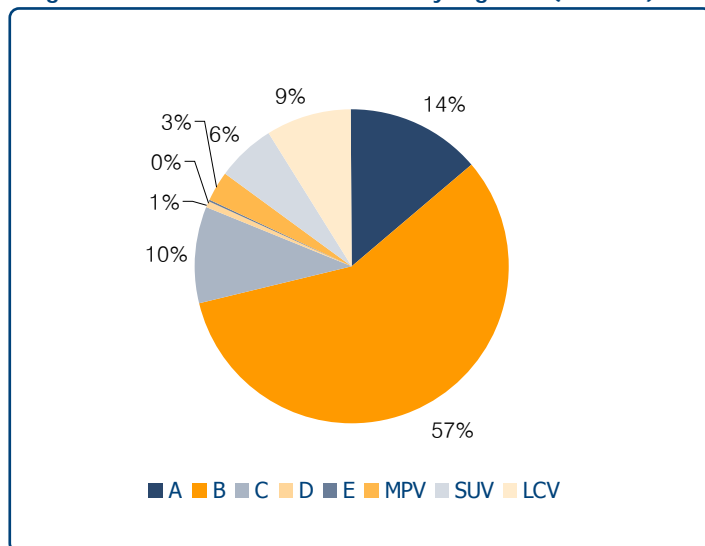
The current B-segment leaders built in Brazil are based on platforms that are over ten years old. The best selling VW Golf/Voyage family, with 394,626 units (23% segment share) sold in 2009, is based on VW's PQ24 platform, which was originally developed for the Skoda Fabia Mk1 in 1999. The Fiat Palio/Siena family, with 369,025 units sold in 2009, was originally developed in 1996, aimed at such developing countries as Brazil, China, and Iran, and has stayed largely unchanged since launch.

The success of the imported i30 shows strong potential for the HB. The HMC i30's dominance in the C segment (compact segment) since its May 2009 launch in Brazil (13% segment share in 1H10) is a result of its superior product/price competitiveness against ageing competitors.

HB sales will also be supported by HMC's strong presence and brand awareness in the high-end market, including the RV sector. Currently, the Azera (Grandeur), Tucson, Santa Fe, and Veracruz command 91%, 21%, 5%, and 3% segment shares, respectively.

In our opinion, therefore, the 4.5% segment share forecast for the HB is a conservative target.

Figure 7 1H10 Brazilian car market by segment (PC+LCV)



Source: ANFAVEA, Mirae Asset Research

Figure 8 1H10 HMC sales by model and segment share

Segment	Model	Sales	
		Unit	%
C	i30	Unit	19,585
		%	34.5%
		Seg. Share	12.8%
D	Azera	Unit	4,151
		%	7.3%
		Seg. Share	90.7%
SUV	Tucson/ix35	Unit	18,882
		%	33.3%
		Seg. Share	20.6%
	Santa Fe	Unit	4,745
		%	8.4%
		Seg. Share	5.2%
Veracruz	Unit	2,684	
	%	4.7%	
	Seg. Share	2.9%	
LCV	HR	Unit	6,697
		%	11.8%
		Seg. Share	4.9%
Total		Unit	56,746
		Market Share	3.5%

Source: ANFAVEA, Mirae Asset Research, Including CKD

Figure 9 Ageing competitors allowing quick market penetration for HMC HB

	VW Gol/Voyage	Fiat Palio/Siena	Hyundai HB (RB Verna)
B Segment (Brazil)			
Sales (2009)	394,626	369,025	120,000 (2014F)
Body Style	5dr Hatchback/4dr Sedan	5dr Hatchback/4dr Sedan	5dr Hatchback/4dr Sedan
Engines	1.0, 1.6 In-line	1.0, 1.4, 1.8 8V	1.0, 1.4, 1.6 16V CVT
Fuel Type	Gasoline 'Flex-fuel'	Gasoline 'Flex-fuel'	Gasoline 'Flex-fuel'
Layout	FF	FF	FF
Origin	1999 Skoda Fabia	1996 Fiat Palio (Project 178)	2010 Hyundai RB (Verna)
Production	Brazil	Brazil, Argentina, China, Iran, Vietnam, N. Korea (Pyeonghwa Hwiparam)	S. Korea, China, Russia, Brazil

Source: Company data, Mirae Asset Research

Another sales growth driver will be HMC's imported models, including the i30, Tucson and Santa Fe. We expect further growth in volume, due to (1) the growing import market (1H10 total import volume up 36% YoY), due to increasing spending power by consumers, on the back of robust GDP growth and appreciating local currency; and (2) diversified customer demand, with desire for quality and modern technology.

HMC's import sales reaching 180k units by 2014

As mentioned above, we forecast HMC's 2010E sales (sales of imported models and CKD) to surpass 100k units, up 33% YoY. 1H10 sales are already up 88% YoY at 56,744 units, but the growth rate will slow down in 2H10, due to high basis 2H09. We forecast an average of 15% YoY growth for HMC's import volume in Brazil, reaching 180k units by 2014.

Thus, HMC's combined sales by 2014 (HB + imports) are expected to reach 300k units, taking a 6% share of the total market volume of 5 million units.

HMC's total sales in Brazil to reach 300k units by 2014

Figure 10 Brazil vehicle market and HMC sales forecast

Market	2009	2010E	2011E	2012E	2013E	2014E
A	419,481	458,850	505,653	560,263	623,573	665,000
B	1,707,888	1,868,175	2,058,729	2,281,072	2,538,833	2,707,500
C	299,630	327,750	361,181	400,188	445,409	475,000
D	20,974	22,943	25,283	28,013	31,179	33,250
E/F	8,989	9,833	10,835	12,006	13,362	14,250
MPV	89,889	98,325	108,354	120,056	133,623	142,500
SUV	179,778	196,650	216,708	240,113	267,246	285,000
LCV	269,667	294,975	325,062	360,169	400,868	427,500
PC/LCV Total	2,996,295	3,277,500	3,611,805	4,001,880	4,454,092	4,750,000
CV	157,700	172,500	190,095	210,625	234,426	250,000
Grand Total	3,153,995	3,450,000	3,801,900	4,212,505	4,688,518	5,000,000
HMC	77,846	103,500	133,067	147,438	164,098	180,000
HMC Brazil				20,000	80,000	120,000
HMC Total	77,846	103,500	133,067	167,438	244,098	300,000
YoY change		33.0%	28.6%	25.8%	45.8%	22.9%
HMC m/s	2.5%	3.0%	3.5%	4.0%	5.2%	6.0%

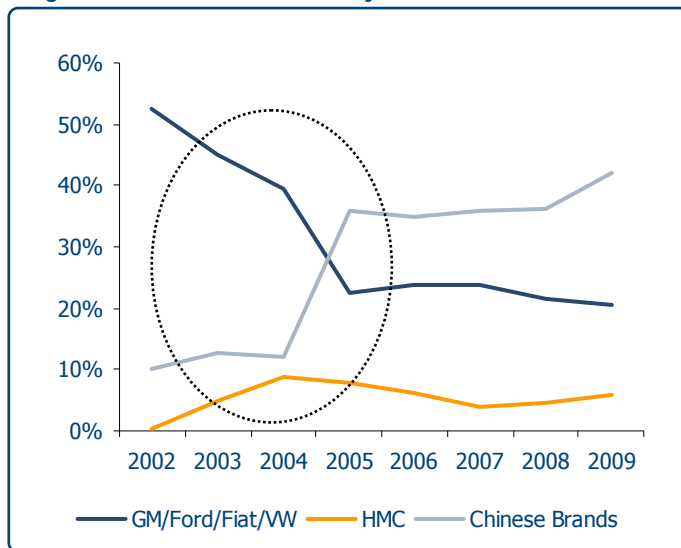
Source: ANFAVEA, Company data, Mirae Asset Research

Another China a real possibility for HMC

We believe Brazil will become ‘another China’ for HMC, but compared with China, HMC could experience much quicker market penetration and gain greater market share, for three reasons: (1) Brazilian consumers, who in the past were only offered locally produced versions of aged models, will quickly turn to companies like HMC, that offer up-to-date models (VW/GM’s strategy of relocating old model production lines to China ultimately failed and led to a dramatic decline in market share); (2) unlike China, there are no local brands which could rapidly gain market share; and (3) HMC’s brand value and product awareness will greatly improve on the back of a successful marketing campaign surrounding the 2014 World Cup, to be held in Brazil.

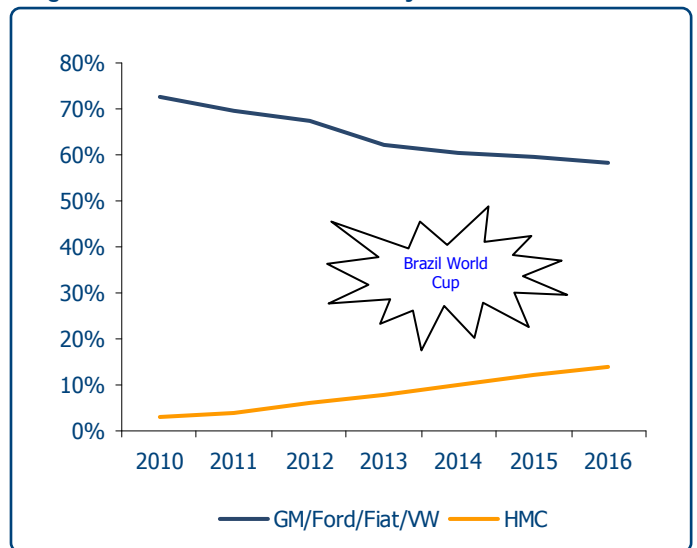
‘Another China’, with greater market share, possible for HMC

Figure 11 Chinese m/s trend by manufacturer



Source: Company data, MarkLines, Mirae Asset Research

Figure 12 Brazilian m/s forecast by manufacturer



Source: ANFAVEA, Mirae Asset Research

Furthermore, we expect HMC to bring additional models to the Brazilian factory and expand its capacity to 300k units, running additional shifts by 2016. Possible models to be produced next in the newly expanded factory include an A segment car (ix-Metro or PA (i10)) with a 1.0L turbocharged engine, or an SUV (Tucson ix).

If HMC’s Brazilian market penetration goes as planned, performance results from HMC’s Brazilian factory will be a key up/downside factor in share/target price movements.

We maintain our Buy rating and target price of W205,000 on Hyundai Motor.

Summary financial statements

Profit & Loss

(KRWb)	Dec-08A	Dec-09A	Dec-10E	Dec-11E	Dec-12E
Revenue	32,190	31,859	34,577	35,492	36,986
Cost of goods sold	(25,059)	(24,885)	(26,703)	(27,486)	(28,702)
Gross profit	7,131	6,975	7,874	8,006	8,284
SG and A	(5,254)	(4,740)	(5,026)	(5,073)	(5,270)
Op profit	1,877	2,235	2,848	2,933	3,014
Op EBITDA	3,221	3,649	4,326	4,382	4,522
Depreciation	(880)	(900)	(987)	(981)	(1,064)
Amortisation	(464)	(514)	(492)	(468)	(445)
Op EBIT	1,877	2,235	2,848	2,933	3,014
Net interest	203	84	92	191	300
Associates and JCEs	-	-	-	-	-
Other income	(249)	(55)	(43)	(64)	(59)
Net exceptional income	(36)	1,518	1,862	1,973	2,088
Profit before tax	1,795	3,781	4,758	5,033	5,343
Tax	(347)	(820)	(952)	(1,007)	(1,069)
Post-tax profit	1,448	2,962	3,806	4,026	4,274
Minorities	-	-	-	-	-
Preferred dividends	-	-	-	-	-
Net income	1,448	2,962	3,806	4,026	4,274
Norm profit	1,477	1,773	2,317	2,448	2,604
Dividends	(236)	(317)	(318)	(318)	(318)
Retained earnings	1,212	2,644	3,489	3,709	3,957

Source: Company data, Mirae Asset Research estimates

Cashflow

(KRWb)	Dec-08A	Dec-09A	Dec-10E	Dec-11E	Dec-12E
Op EBITDA	3,221	3,649	4,326	4,382	4,522
Decrease in working capital	(1,073)	2,386	(1,844)	359	(79)
Other operating cashflow	3,520	8,568	5,691	7,508	7,491
Operating cashflow	5,669	14,604	8,173	12,248	11,934
Tax paid	(347)	(820)	(952)	(1,007)	(1,069)
Net interest	203	84	92	191	300
Dividends received	-	-	-	-	-
Cashflow	5,525	13,868	7,313	11,433	11,166
Capital expenditure	(1,486)	(1,632)	(1,605)	(1,525)	(1,449)
Net acquisitions	-	-	-	-	-
Net investments	(943)	(1,580)	(1,877)	(891)	(946)
Other investing cashflow	(1)	(1,051)	(51)	(515)	(567)
Investing cashflow	(2,430)	(4,263)	(3,533)	(2,932)	(2,962)
Dividends paid	(236)	(317)	(318)	(318)	(318)
Increase in equity	(176)	(118)	-	-	-
Increase in debt	1,105	(833)	(301)	(247)	(202)
Other financing cashflow	107	189	(138)	231	(202)
Financing cash flow	801	(1,079)	(757)	(334)	(722)
Beginning cash	4,496	5,013	7,361	6,647	9,801
Total cash generated	3,896	8,527	3,023	8,168	7,482
Forex effects	-	-	-	-	-
Ending cash	8,392	13,540	10,385	14,815	17,283

Source: Company data, Mirae Asset Research estimates

Balance Sheet

(KRWb)	Dec-08A	Dec-09A	Dec-10E	Dec-11E	Dec-12E
Current assets	10,301	11,792	11,736	14,574	17,365
Cash and equivalents	5,013	7,361	6,647	9,801	12,467
Receivables	3,080	2,733	2,921	2,932	2,989
Inventories	1,809	1,384	1,854	1,527	1,595
Other current assets	398	314	314	314	314
Non current assets	21,867	23,654	25,896	26,708	27,873
Net operating fixed assets	9,754	9,726	10,091	10,012	10,232
Interest in associates	9,249	10,885	12,517	13,143	13,800
Other non-current ssets	2,864	3,043	3,287	3,552	3,841
Total assets	32,168	35,446	37,631	41,282	45,238
Current liabilities	7,915	8,924	7,846	7,968	8,108
Payables	2,444	3,847	2,771	2,884	3,005
ST debt	1,688	754	700	655	619
Other current liabilities	3,784	4,323	4,376	4,429	4,484
Total non-current liabilities	4,600	4,493	4,267	4,088	3,947
LT debt	1,263	1,364	1,117	915	750
Other non-current liabilities	3,337	3,130	3,150	3,172	3,197
Total liabilities	12,515	13,417	12,113	12,056	12,055
Issued capital	1,489	1,489	1,489	1,489	1,489
Share premium reserve	3,321	3,321	3,321	3,321	3,321
Reserves/Adjustments	2,530	2,485	2,485	2,485	2,485
Retained earnings	12,419	14,991	18,480	22,188	26,145
Minorities	-	-	-	-	-
Other equity	(108)	(257)	(257)	(257)	(257)
Shareholders' equity	19,652	22,029	25,518	29,226	33,183

Source: Company data, Mirae Asset Research estimates

Key Ratios

	Dec-08A	Dec-09A	Dec-10E	Dec-11E	Dec-12E
Turnover growth	5.13%	(1.03%)	8.53%	2.65%	4.21%
Gross profit growth	19.2%	(2.2%)	12.9%	1.7%	3.5%
Operating profit growth	(3.5%)	19.1%	27.4%	3.0%	2.8%
EBITDA growth	(9.6%)	74.1%	20.2%	2.4%	4.1%
EPS growth	(5.2%)	20.0%	30.7%	5.7%	6.4%
Norm BPS growth	5.4%	12.8%	15.7%	14.4%	13.4%
Gross margin	22.2%	21.9%	22.8%	22.6%	22.4%
Operating margin	5.83%	7.02%	8.24%	8.26%	8.15%
EBITDA margin	9.1%	16.0%	17.8%	17.7%	17.7%
EBIT margin	4.9%	11.6%	13.5%	13.6%	13.6%
Net income margin	4.5%	9.3%	11.0%	11.3%	11.6%
ROE	7.5%	14.1%	15.8%	14.6%	13.6%
ROA	4.7%	8.8%	10.4%	10.2%	9.9%
Net debt/equity	(10.5%)	(23.8%)	(18.9%)	(28.2%)	(33.4%)
Interest cover ratio	10.24	9.63	18.09	22.72	27.03
Dividend payout ratio	16.3%	10.7%	8.3%	7.9%	7.4%
Inventory days	26.42	20.31	25.35	20.28	20.33
Account receivable days	35.02	31.31	30.83	30.15	29.58
Account payable days	35.69	56.42	37.88	38.29	38.32
Reported EPS (KRW)	5,075	10,374	13,334	14,104	14,973
EPS (KRW)	5,177	6,210	8,117	8,576	9,121
Reported BPS (KRW)	69,216	78,066	90,287	103,278	117,137
Norm BPS (KRW)	69,216	78,066	90,287	103,278	117,137
DPS (KRW)	826	1,111	1,113	1,113	1,113
Cashflow per share (KRW)	19,367	48,579	25,617	40,048	39,112
Reported P/E (x)	30.93	15.13	11.77	11.13	10.49
Norm P/E (x)	30.33	25.28	19.34	18.31	17.21
P/B (x)	2.27	2.01	1.74	1.52	1.34
P/CF	8.11	3.23	6.13	3.92	4.01
EV/EBITDA (x)	7.80	3.69	3.16	2.81	2.48
EV/Operating Cashflow (x)	4.04	1.29	2.37	1.44	1.36
EV/Sales (x)	0.71	0.59	0.56	0.50	0.44
Dividend yield	0.53%	0.71%	0.71%	0.71%	0.71%

Source: Company data, Mirae Asset Research estimates

Recommendations

By stock (12 months)

Buy: A target price + 10% or more above the current price,
 Hold: Target price within - 10% to +10% of the current price
 Reduce: A target price of -10% or less below the current price

By industry

Overweight: over +10% of the current industry index
 Neutral: -10% to +10% of the current industry index
 Underweight: -10% or less than the current industry index

Earnings quality score

Earnings Quality Score = 0.70*(Historical Earnings Stability) + 0.15*(Consensus Forecast Certainty) + 0.15*(Consensus Forecast Accuracy)

1. Historical Earnings Stability

- The variability of the net profit growth rate (YOY) over the last 20 quarters was translated into percentage terms.
- Earnings growth variability was calculated based on MAD (Median Absolute Deviation), rather than SD (Standard Deviation) in order to minimize distortion from outliers.
- The lower the earnings growth variability, the higher this indicator.

2. Consensus Forecast Certainty

- The gap between analysts' views on 12-month forward EPS was translated into percentage terms.
- The gap is calculated by dividing the SD of 12-month forward EPS with the average value.
- The narrower the gap is, the higher this indicator.

3. Consensus Forecast Accuracy

- The median value of absolute EPS surprise over the last 3-year was translated into percentage terms.
- EPS surprise was calculated based on 'the actual figure at the end of the year / the consensus estimate at the beginning of the year - 1'.
- The lower the absolute EPS surprise, the higher this indicator.

* Reference

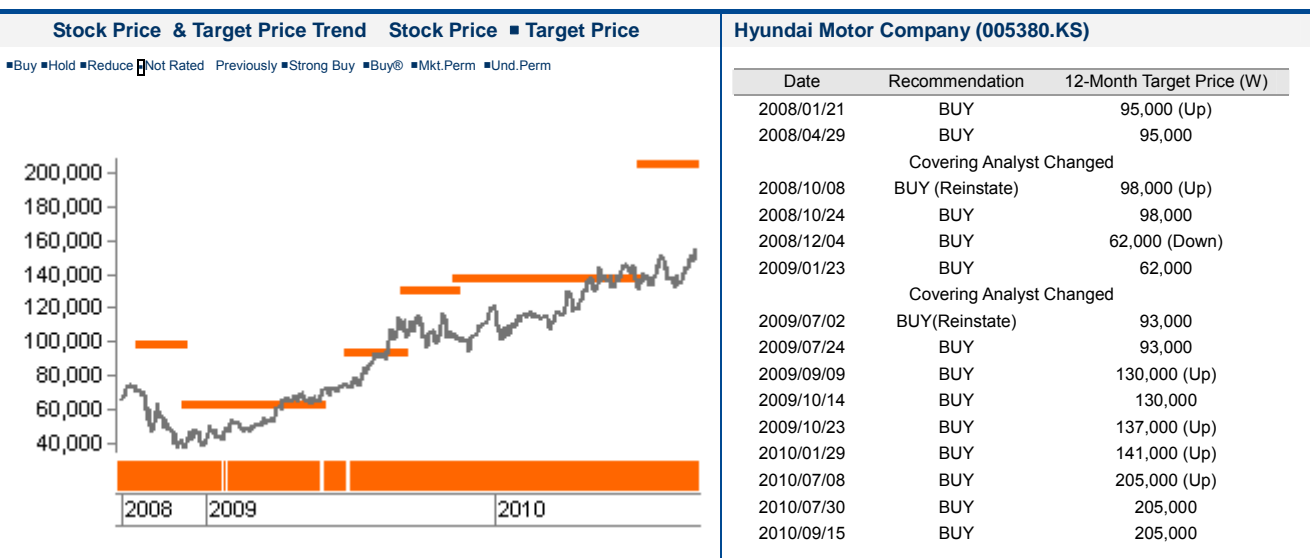
- 1) Consensus Forecast Certainty and Consensus Forecast Accuracy were applied only to companies with more than 5 years of EPS estimates.
- 2) We gave the average score of 50 to cases in which the aforementioned indicators could not be produced.

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[Analyst: Sokje Lee]

Stock	Analyst	Type	Securities Held by the Analyst		Purchase Date	Holdings of share of over 1%	Participation in Issuance of Securities	Involvement with Affiliates	Treasury Stock Held
			Number of Shares	Purchase Price					
			N/A						



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