

Credit Card

Company Update
January 12, 2018

(Maintain) **Trading Buy**

Target Price (12M, W) **▲ 43,000**

Share Price (01/11/18, W) **37,900**

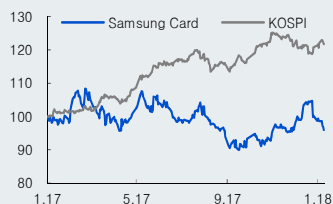
Expected Return **13%**

NP (18F, Wbn) 397
Consensus NP (18F, Wbn) 367

EPS Growth (17F, %) 11.7
Market EPS Growth (17F, %) 46.2
P/E (17F, x) 11.2
Market P/E (17F, x) 10.2
KOSPI 2,487.91

Market Cap (Wbn) 4,391
Shares Outstanding (mn) 116
Free Float (%) 22.7
Foreign Ownership (%) 12.3
Beta (12M) 0.39
52-Week Low 35,550
52-Week High 42,800

(%)	1M	6M	12M
Absolute	-3.1	-2.8	-3.9
Relative	-3.7	-6.4	-19.9



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Samsung Card

(029780 KS)

Overcoming headwinds slowly but surely

External environment looks challenging

We believe regulatory and business conditions are somewhat unfavorable to Samsung Card. First, the newly expanded scope of micro and small/mid-sized merchants (starting last August) is likely to push actual merchant fee rates lower, resulting in a W50bn headwind to the company's annual profits. Additionally, the maximum legal interest rate will be cut from 27.9% to 24% annually on February 8th. We believe this will affect some of the company's cash advance assets, shaving off roughly W6bn from annual profits. According to media reports, regulators are also looking to revise standard terms and conditions to allow credit card holders to convert their reward points into cash. In our view, this could push up annual costs by around W2-4bn. Meanwhile, the recent base rate hike and rising bond yields suggest a rise in new funding costs is inevitable.

But solid fundamentals will support steady profit generation

Despite these challenging conditions, we expect Samsung Card's net profit to grow, albeit modestly, from W390.4bn (+11.7% YoY) in 2017 to W397.1bn (+1.7% YoY) in 2018 and W402.5bn (+1.4% YoY) in 2019. We believe the decline in merchant fee rates will be mostly offset by: 1) strong growth of personal credit card transaction volume, driven by increasing online/mobile purchases; and 2) continued market share gains. We also anticipate cost savings to materialize from: 1) the rationalization of payment process regulations (i.e., VAN commission savings); and 2) the company's own cost efficiency efforts. Meanwhile, loan products (credit card loans and cash advances), which are more profitable than credit purchases, account for 24-25% of the company's earning assets, lower than those of peers (over 30%). The company is working to steadily raise that percentage, while managing asset quality at the same time. We think such efforts will contribute to profit growth.

Raise TP to W43,000; attractive dividend yields

We are raising our target price on Samsung Card to W43,000 (from W41,000), as we revised our 2017-19 net profit forecasts upwards by 6.7%, 9%, and 11.7%, respectively, and rolled forward our valuation to 2018 BPS estimates.

The stock does not look particularly cheap, trading at a 2018F P/B of 0.62x (2018F ROE of 5.7%) and a 2018F P/E of 11.1x (versus 2018F EPS growth of 1.7%), based on our estimates. However, we believe Samsung Card is compelling from a dividend perspective, as the company is likely to increase its dividend payout ratio, given demands for more aggressive shareholder returns. Our 2017-19 dividend payout forecasts are 50.5%, 52.4%, and 54.5%, respectively. Our 2017-19 DPS forecasts are W1,800, W1,900, and W2,000, respectively, which imply yields of 4.7-5.3%, based on current share prices.

Fiscal year-end	12/14	12/15	12/16	12/17F	12/18F	12/19F
Net interest inc. (Wbn)	3,522	3,302	3,470	3,787	3,885	4,096
PPOP (Wbn)	1,168	657	712	794	867	910
Operating profit (Wbn)	865	384	431	516	548	555
Net profit (Wbn)	656	334	349	390	397	402
EPS (W)	5,662	2,880	3,016	3,369	3,427	3,474
EPS growth (%)	140.1	-49.1	4.7	11.7	1.7	1.4
P/E (x)	6.7	13.2	12.6	11.2	11.1	10.9
P/PPOP (x)	3.8	6.7	6.2	5.5	5.1	4.8
P/B (x)	0.69	0.66	0.66	0.64	0.62	0.59
ROE (%)	10.4	5.1	5.3	5.8	5.7	5.5
Dividend yield (%)	2.6	4.0	4.0	4.7	5.0	5.3

Note: All figures are based on consolidated K-IFRS; NP refers to net profit attributable to controlling interests
Source: Company data, Mirae Asset Daewoo Research estimates

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4Q17 earnings to top consensus

We forecast Samsung Card's 4Q17 net profit to come in at W85bn (+29.4% YoY, -7.4% QoQ), 30% above the Bloomberg consensus (W65.4bn) and 19% above the FnGuide consensus (W71.3bn).

We believe total transaction volume grew to W33.09tr (+8.2% YoY, +5.6% QoQ). Of this, we estimate the credit card business accounted for W32.59tr (+8.0% YoY, +5.6% QoQ), with W28.42tr (+8.2% YoY, +6.3% QoQ) coming from credit purchases. We estimate operating revenue from credit purchases increased to W579bn (+8.8% YoY, +4.2% QoQ). Total funding costs (based on balance) likely fell to 2.26% (-27bps YoY, -9bps QoQ), while the ratio of SG&A expenses to earning assets was likely contained at 12.7% (-77bps YoY, +54bps QoQ). Thanks to improved asset quality, we believe credit costs were W80.8bn, or just 1.48% of total credit (-27bps YoY, +7bps QoQ).

Table 1. 4Q17 preview

(Wbn)	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17F	1Q18F	2Q18F	2014	2015	2016	2017F	2018F	2019F
Operating revenue	816	959	838	1,090	838	897	962	969	944	3,522	3,302	3,470	3,787	3,885	4,096
Card business	697	717	738	726	747	761	793	782	802	2,456	2,601	2,820	3,027	3,245	3,400
Interest on credit card purchases	499	514	532	529	548	556	579	564	583	1,774	1,863	2,019	2,211	2,356	2,446
Interest on card loans	142	146	149	145	146	150	158	162	163	447	511	577	598	664	724
Interest on cash advances	56	57	57	53	54	55	56	56	56	235	227	224	218	225	231
Installment/lease	79	79	79	79	84	91	91	84	85	272	359	316	344	342	358
Interest on installment loans	7	8	10	11	12	13	13	12	14	32	24	31	49	58	67
Interest on loans	69	68	67	65	69	74	75	68	68	222	323	275	284	271	277
Other operating revenue	3	2	2	3	3	3	3	3	3	18	12	10	11	13	14
Other	40	164	21	285	7	45	79	104	57	794	342	334	416	297	338
Operating expenses	644	775	685	865	655	704	769	729	735	2,353	2,645	2,758	2,994	3,018	3,187
Interest expenses	68	71	72	72	75	79	80	77	75	308	281	282	306	310	344
SG&A expenses	583	591	653	604	627	632	687	631	656	1,942	2,255	2,378	2,549	2,667	2,793
Other operating expenses	-7	114	-41	189	-46	-7	3	21	4	103	110	98	138	41	50
PPOP	172	184	153	225	183	193	193	241	209	1,168	657	712	794	867	910
Loan loss provisions	62	64	86	72	52	74	81	80	61	303	273	281	278	319	355
Operating profit	110	120	67	153	131	119	112	160	148	865	384	431	516	548	555
Non-operating profit	0	8	17	-5	0	1	0	0	0	-1	42	25	-4	0	0
Pretax profit	110	129	84	148	132	120	112	160	148	864	426	456	512	548	555
Net profit	84	98	66	113	101	92	85	116	107	656	334	349	390	397	402

Source: Company data, Mirae Asset Daewoo Research

Table 2. Valuation

Sustainable ROE	7.40%
Growth	2.00%
Cost of equity	9.64%
Cost of equity	9.64%
Rf	2.50%
Beta	1.19
Market premium	6.00%
Fair P/B (x)	0.71
2017F BPS (W)	60,984
Fair value per share (W)	43,000

Source: Mirae Asset Daewoo Research

Table 3. Implied valuation at W43,000

(x, %)	2014	2015	2016	2017F	2018F	2019F
P/B	0.78	0.74	0.75	0.73	0.71	0.67
P/E	7.6	14.9	14.3	12.8	12.5	12.4
ROE	10.4	5.1	5.3	5.8	5.7	5.5
EPS growth	140.1	-49.1	4.7	11.7	1.7	1.4
Div. yield	2.3	3.5	3.5	4.2	4.4	4.7

Source: company data, Mirae Asset Daewoo Research

Table 4. Earnings forecast revisions

(Wbn)	Revised			Previous			YoY chg. (% , %p)		
	2017F	2018F	2019F	2017F	2018F	2019F	2017F	2018F	2019F
Operating revenue	3,787	3,885	4,096	3,794	3,868	4,050	-0.2	0.4	1.1
Card business	3,027	3,245	3,400	3,016	3,183	3,365	0.4	1.9	1.0
Installment/lease	344	342	358	338	344	355	1.7	-0.4	0.9
Other	416	297	338	440	341	330	-5.4	-12.9	2.4
Operating expenses	2,994	3,018	3,187	3,036	3,085	3,250	-1.4	-2.2	-2.0
PPOP	794	867	910	758	784	800	4.8	10.6	13.7
Loan loss provisions	278	319	355	273	303	325	2.0	5.4	9.2
Operating profit	516	548	555	485	481	475	6.3	13.9	16.8
Non-operating profit	-4	0	0	-4	0	0	-14.1	N.A.	N.A.
Pretax profit	512	548	555	481	481	475	6.5	13.9	16.8
Net profit	390	397	402	366	364	360	6.7	9.0	11.7

Source: Mirae Asset Daewoo Research

Merchant fees: Uncertainty over possibility of further declines

At the end of 2012, under a revision to the Specialized Credit Finance Business Act, the methodology for the calculation of credit fees was changed so that only “fair costs” (including financing and risk management costs) would be borne by merchants. In addition, the revision set the criteria for designating micro and small/mid-sized merchants, as well as the details of their preferential fee structure. Going forward, merchant fee rates will be adjusted every three years, in order to reflect changes in the market environment. Indeed, under the revised act, merchant fee rates were reassessed and trimmed at end-2015 (with the cuts implemented in February 2016).

Effective August 1 2017, the annual revenue thresholds for micro merchants (0.8% merchant fee rate) and small/mid-sized merchants (1.3% rate) have been lifted to W300mn and W500mn, respectively (versus W200mn and W300mn previously).

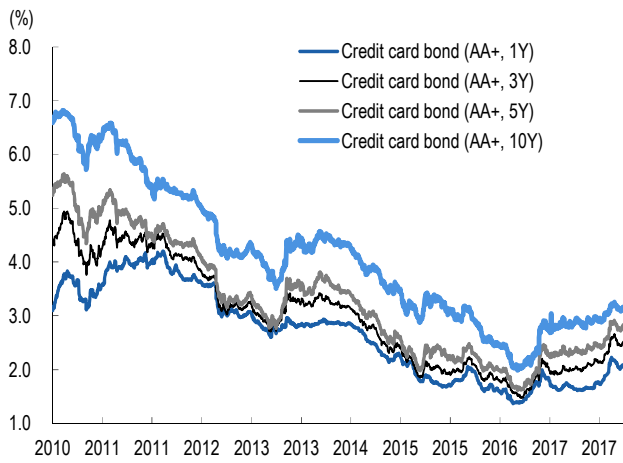
According to the revised Specialized Credit Finance Business Act, merchant fee rates will be adjusted at end-2018 and new rates will be applied in 2019. As such, we cannot fully rule out the possibility of additional declines in merchant fees for small/mid-sized merchants. However, we believe the financial authorities lack justification for further cuts to merchant fees, as the expanded scope of micro and small/mid-sized merchants (effective August 1st 2017) has already led to a decline in credit card merchant fee rates. Moreover, the decline in funding costs, a factor that had justified merchant fee cuts at end-2015, has recently been reversed.

Table 5. Merchant fee changes since 2007

Time	Type of change	Target	Previous	Revised
Aug. 2007	Credit card merchant fees	Micro merchants	2.0-4.5%	2.0-2.2%
		General merchants	1.5-4.5%	1.5-3.6%
	Debit card merchant fees	Overall	1.5-4.5%	1.5-2.5%
Oct. 2008	Credit card merchant fees	Small/mid-sized merchants providing everyday services (hair salons, clothing stores, restaurants)	2.74%	2.57%
Feb. 2009	Credit card merchant fees	Small/mid-sized merchants in traditional markets	2.0-3.6%	2.0-2.2%
Apr. 2010	Credit card merchant fees	Small/mid-sized merchants in traditional markets	2.0-2.2%	1.6-1.8%
		Other small/mid-sized merchants	3.3-3.6%	2.0-2.15%
Mar. 2011	Debit card merchant fees	Small/mid-sized merchants	2.0-2.1%	1%
		Small/mid-sized merchants in traditional markets	1.6-1.8%	1%
		General merchants (large merchants excluded)	2.0-2.5%	1.5-1.7%
Dec. 2011	Credit card merchant fees	Merchants with annual revenue less than W200mn	1.8%	1.5%
May 2014 (According to criteria previously released in 2012)	Credit card merchant fees	Micro merchants with annual revenue of W200mn or less	1.5%	80% of average merchant fee rate, or 1.5% (whichever is lower)
		Small/mid-sized merchants with annual revenue of W200mn-W300mn	2.0-2.15%	Average merchant fee rate, or 2.0% (whichever is lower)
Nov. 2015 (Applied from Feb. 2016)	Credit card merchant fees	Micro merchants with annual revenue of W200mn or less	1.5%	0.8%
		Small/mid-sized merchants with annual revenue of W200mn-W300mn	2.0%	1.3%
		General merchants with annual revenue of W300mn-W500mn	Approx. 2.15%	Approx. 1.85%
		General merchants with annual revenue of W0.3bn-W1bn	Approx. 2.22%	Approx. 1.92%
		General merchants with annual revenue of W1bn or more	Approx. 1.96%	Approx. 1.96%
		Upper limit of fee rate	2.7%	2.5%
		National tax fee rate	1.0%	0.8%
Debit card merchant fees	Micro merchants with annual revenue of W200mn or less	1.0%	0.5%	
	Small/mid-sized merchants with annual revenue of W200mn-300mn	1.5%	1.0%	
Jun. 2017 (Applied from Aug. 2017)	Reclassification	Micro merchants	Annual revenue of W200mn or less	Annual revenue of W300mn or less
		Small/mid-sized merchants	Annual revenue of W200-300mn	Annual revenue of W300-500mn

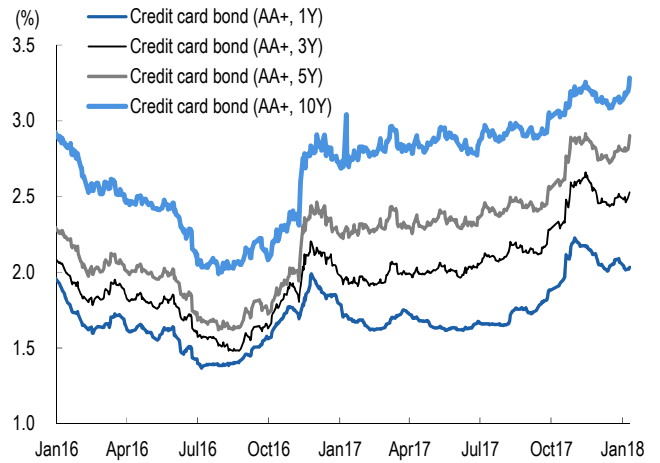
Source: FSS, FSC, Mirae Asset Daewoo Research

Figure 1. Credit card bond (AA+) yield trends



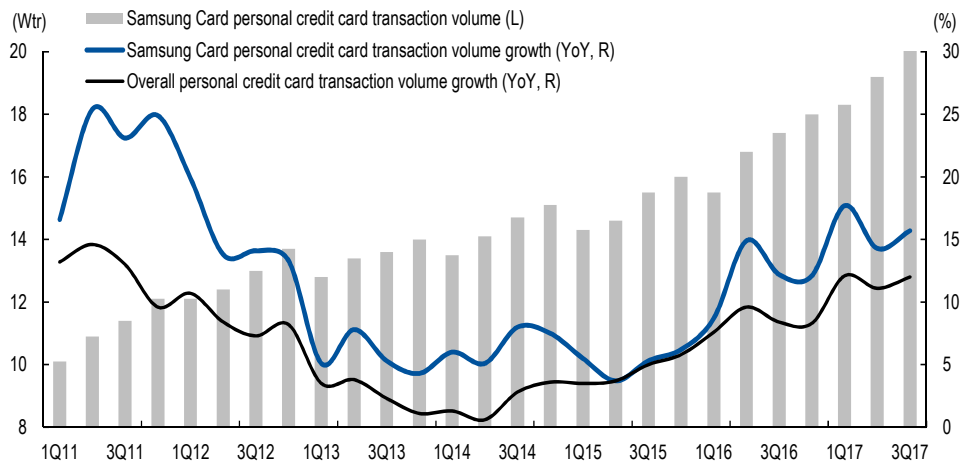
Source: KOSCOM, Mirae Asset Daewoo Research

Figure 2. Credit card bond (AA+) yield trends



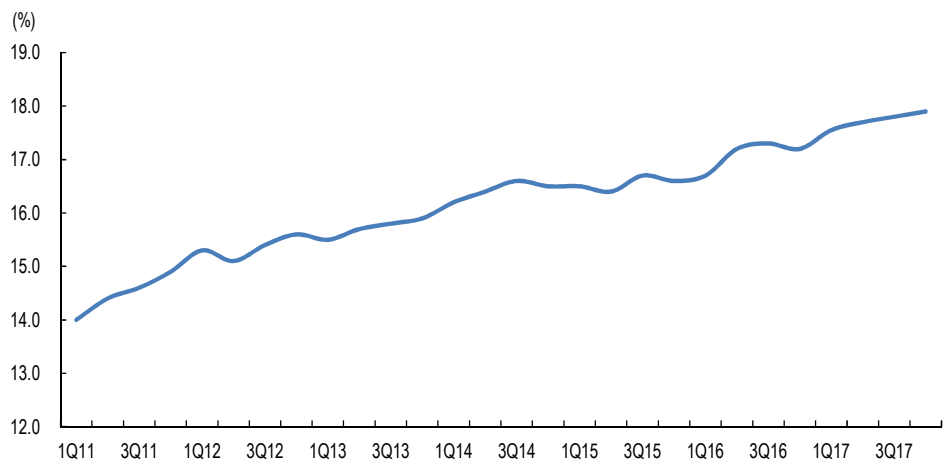
Source: KOSCOM, Mirae Asset Daewoo Research

Figure 3. Personal credit card transaction volume growth: Samsung Card vs. average of top eight players



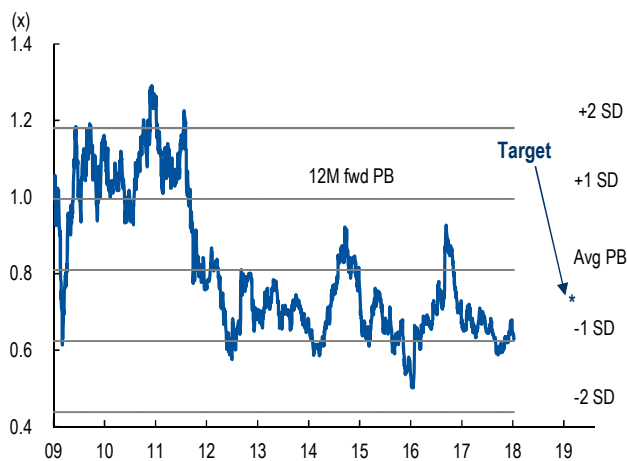
Source: Company data, Mirae Asset Daewoo Research

Figure 4. Samsung Card's share of domestic credit card transactions



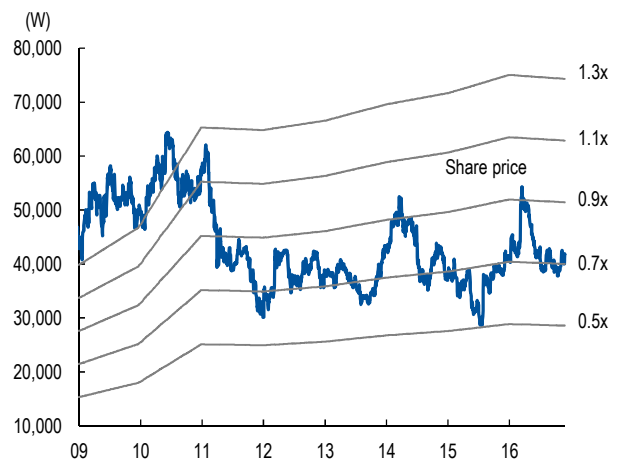
Source: Company data, Mirae Asset Daewoo Research

Figure 5. Samsung Card: 12-month forward and target P/B



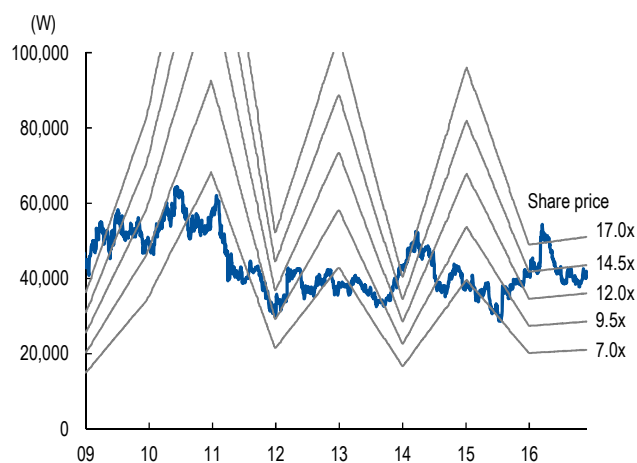
Source: Company data, Quantiwise, Mirae Asset Daewoo Research

Figure 6. Samsung Card: 12-month forward P/B



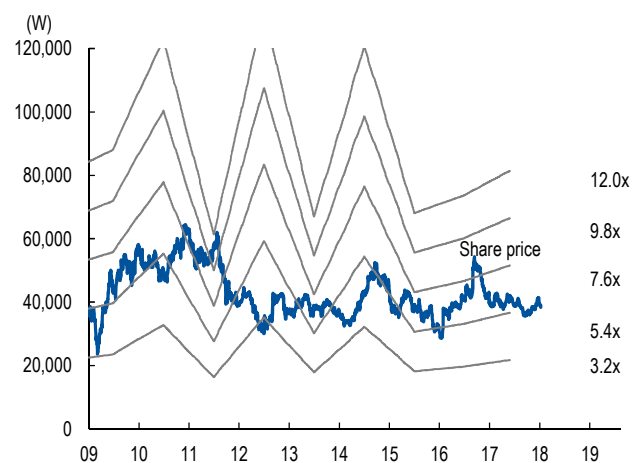
Source: Company data, Quantiwise, Mirae Asset Daewoo Research

Figure 7. Samsung Card: 12-month forward P/E



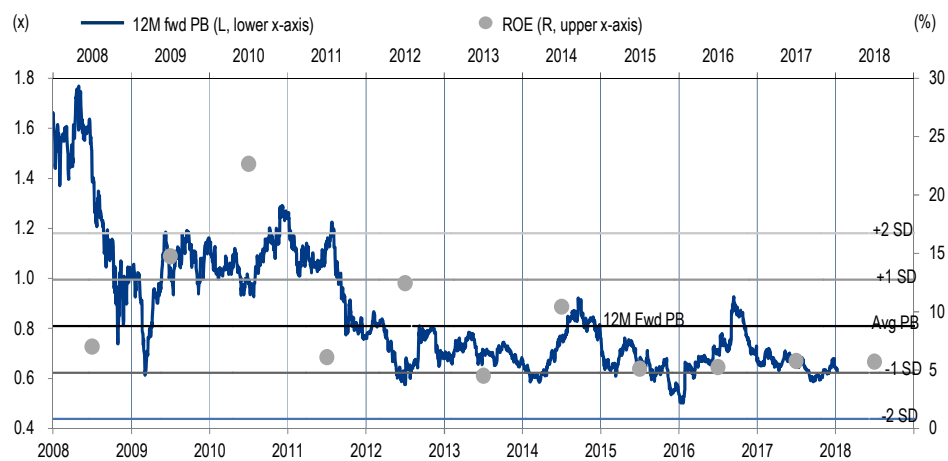
Source: Company data, Quantiwise, Mirae Asset Daewoo Research

Figure 8. Samsung Card: 12-month forward P/POP



Source: Company data, Quantiwise, Mirae Asset Daewoo Research

Figure 9. Samsung Card: 12-month forward P/B and forecast ROE



Source: Company data, Quantiwise, Mirae Asset Daewoo Research

Table 6. Global peer group valuation table

Stock		Samsung Card	Visa	MasterCard	American Express	Capital One	Discover	Aeon Credit Service	Credit Saison
Ticker		029780 KS	V US	MA US	AXP US	COF US	DFS US	8570JP	8253JP
Share price (local)		37,900	118.98	159.86	101.22	103.14	79.47	2,837	2,214
Market cap (local bn)		4,391	269.6	169.2	87.9	50.0	28.9	639.8	410.6
P/E (x)	2015	13.2	37.2	47.6	20.0	14.4	15.5	15.8	15.0
	2016	12.6	43.1	43.2	17.9	14.8	13.8	15.0	8.6
	2017F	11.2	34.7	35.0	17.9	13.2	13.4	15.4	8.7
	2018F	11.1	28.8	29.4	14.7	11.1	10.8	15.1	8.9
	2019F	10.9	24.7	25.2	13.5	9.9	9.8	14.5	8.2
P/B (x)	2015	0.66	9.70	29.60	4.74	1.24	3.13	1.94	0.86
	2016	0.66	10.25	30.55	4.46	1.15	2.87	1.77	0.81
	2017F	0.64	8.93	25.29	4.70	1.02	2.64	1.65	0.75
	2018F	0.62	8.24	18.62	4.30	0.93	2.46	1.54	0.71
	2019F	0.59	7.80	14.06	3.84	0.86	2.29	1.44	0.66
ROE (%)	2015	5.1	22.1	59.4	25.0	8.8	20.5	12.7	6.1
	2016	5.3	19.1	69.5	26.3	7.9	21.2	12.4	9.8
	2017F	5.8	25.4	79.5	25.7	8.2	20.4	11.3	9.3
	2018F	5.7	28.1	75.6	28.0	8.9	22.2	11.0	8.0
	2019F	5.5	30.4	72.2	28.6	9.4	23.0	10.8	8.1
ROA (%)	2015	1.8	16.2	24.1	3.2	1.3	2.7	1.0	1.1
	2016	1.7	11.6	23.2	3.4	1.1	2.7	1.0	1.6
	2017F	1.7	12.4	24.9	3.2	1.1	2.4	0.9	1.6
	2018F	1.6	14.1	25.8	3.3	1.2	2.4	1.0	1.4
	2019F	1.5	15.7	26.6	3.3	1.2	2.3	1.0	1.5
Dividend yield (%)	2015	4.0	0.4	0.4	1.1	1.5	1.4	2.3	1.6
	2016	4.0	0.5	0.5	1.2	1.6	1.5	2.4	1.6
	2017F	4.7	0.6	0.6	1.3	1.6	1.6	2.4	1.6
	2018F	5.0	0.6	0.6	1.4	1.6	1.8	2.5	1.7
	2019F	5.3	0.8	0.7	1.5	1.8	1.9	2.6	1.8
EPS adj. growth (%)	2015	-49.1	67.5	30.6	3.3	2.3	3.4	n.a.	-17.4
	2016	4.7	-13.8	10.1	11.8	-2.7	12.3	5.4	75.5
	2017F	11.7	24.2	23.4	-0.2	12.5	2.5	-2.7	-1.3
	2018F	1.7	20.4	19.1	21.4	18.3	25.0	2.0	-2.7
	2019F	1.4	16.7	16.8	9.3	11.9	10.0	4.0	8.5
Net profit (local bn)	2015	334	6.33	3.81	5.16	4.05	2.30	35.8	26.2
	2016	349	5.99	4.06	5.41	3.75	2.39	39.5	42.3
	2017F	390	8.20	4.88	5.20	3.72	2.23	40.0	41.8
	2018F	397	9.61	5.68	5.79	4.41	2.53	41.1	39.8
	2019F	402	10.89	6.42	6.01	4.72	2.54	43.0	43.0

Note: Fiscal year ends in September for Visa, and March for both Aeon Credit Services and Credit Saison; for both Aeon Credit Service and Credit Saison, the 2017 (2017F),

2018 (2018F), and 2019 (2019F) fiscal years end in March 2018, March 2019, and March 2020, respectively; EPS data for Samsung Card are reported, not adjusted, figures

Source: Bloomberg Consensus estimates, Mirae Asset Daewoo Research

Samsung Card (029780 KS/Trading Buy/TP: W43,000)

Comprehensive Income Statement (Summarized)

Comprehensive Income Statement (Summarized)				
Year end 12 (Wbn)	12/16	12/17F	12/18F	12/19F
Operating revenues	3,470	3,787	3,885	4,096
Card business	2,820	3,027	3,245	3,400
Interest on credit purchase	2,019	2,211	2,356	2,446
Interest on card loans	577	598	664	724
Interest on cash advances	224	218	225	231
Installment/lease	316	344	342	358
Other operating revenues	334	416	297	338
Operating expenses	2,758	2,994	3,018	3,187
Interest expense	282	306	310	344
SG&A expenses	2,378	2,549	2,667	2,793
Other operating expenses	98	138	41	50
Pre-provision operating income	712	794	867	910
Loan loss provision	281	278	319	355
Operating income	431	516	548	555
Net non-operating income (expense)	25	-4	0	0
Pre-tax profit	456	512	548	555
Income tax	107	121	151	153
Net income	349	390	397	402

DuPont analysis (%)

Operating revenues	16.9	16.5	15.6	15.4
Card business	13.8	13.2	13.0	12.8
Interest on credit purchase	9.9	9.6	9.5	9.2
Interest on card loans	2.8	2.6	2.7	2.7
Interest on cash advances	1.1	0.9	0.9	0.9
Installment financing/lease	1.5	1.5	1.4	1.3
Others	1.6	1.8	1.2	1.3
Operating expenses	13.5	13.0	12.1	12.0
Interest expense	1.4	1.3	1.2	1.3
SG&A	11.6	11.1	10.7	10.5
Others	0.5	0.6	0.2	0.2
Pre-provision operating income	3.5	3.5	3.5	3.4
Loan loss provision	1.4	1.2	1.3	1.3
Operating income	2.1	2.2	2.2	2.1
Net non-operating income (expense)	0.1	0.0	0.0	0.0
Pre-tax profit	2.2	2.2	2.2	2.1
Income tax	0.5	0.5	0.6	0.6
Net income (ROA)	1.7	1.7	1.6	1.5
Leverage (x)	3.1	3.4	3.6	3.7
ROE	5.3	5.8	5.7	5.5
Per share items (KRW)				
EPS (reported)	3,016	3,369	3,427	3,474
EPS (normalized)	2,937	3,369	3,427	3,474
PPOP/ share	6,148	6,850	7,483	7,853
BVPS	57,101	59,259	60,984	64,458
DPS				

Statement of Financial Condition (Summarized)

Statement of Financial Condition (Summarized)				
Year end 12 (Wbn)	12/16	12/17F	12/18F	12/19F
Credit card assets	17,506	19,012	20,376	21,848
Credit purchase	12,392	13,383	14,320	15,322
Cash advances and card	5,115	5,629	6,056	6,526
Installment, lease, and loan assets	2,545	2,872	3,163	3,393
Earning assets	0	0	0	0
Allowance for loan losses	-423	-391	-434	-483
Other assets	2,276	2,588	2,643	2,703
Total assets	21,904	24,081	25,749	27,462
Borrowings	1,030	1,050	1,129	1,211
Debentures	8,489	10,599	11,311	12,044
Securitization	2,287	2,585	2,780	2,981
Other liabilities	3,483	2,982	3,463	3,758
Total liabilities	15,289	17,215	18,683	19,994
Capital stock	615	615	615	615
Additional paid-in capital	1,643	1,643	1,643	1,643
Capital adjustments	0	0	0	0
Accumulated other comprehensive income	250	274	274	274
Retained earnings	4,108	4,334	4,534	4,937
Total shareholders' equity	6,616	6,866	7,066	7,468

Key ratios (%)

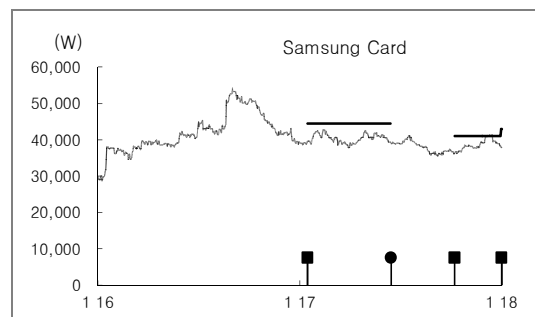
Growth (YoY)				
Card assets growth	12.1	8.6	7.2	7.2
Installment/lease financing assets growth	226.2	30.0	17.0	13.0
Total earning assets growth	14.0	9.1	7.6	7.2
Total interest-bearing borrowings growth	20.2	20.6	6.9	6.7
Total liabilities growth	23.5	12.6	8.5	7.0
Shareholders' equity growth	-1.1	3.8	2.9	5.7
Total assets growth	14.9	9.9	6.9	6.7
Card business revenue growth	8.4	7.4	7.2	4.8
Installment/lease revenue growth	-12.0	8.8	-0.5	4.6
Total operating revenue growth	5.1	9.1	2.6	5.4
Total operating expenses growth	4.3	8.5	0.8	5.6
Net profit growth	4.7	11.7	1.7	1.4
Profitability				
Operating profit margin	12.4	13.6	14.1	13.6
ROA	1.7	1.7	1.6	1.5
ROE	5.3	5.8	5.7	5.5
Asset quality				
NPL ratio (substandard & below)	1.0	0.8	0.7	0.7
NPL coverage ratio	219.7	259.2	272.0	280.0
Reserves to total credits	2.1	1.9	2.0	2.0
Credit cost (LLP charge/total credit)	1.5	1.3	1.4	1.4
Effective delinquency ratio	1.3	1.3	1.3	1.3
FSC delinquency ratio	1.2	1.1	1.1	1.1
Dividend				

APPENDIX 1

Important Disclosures & Disclaimers

2-Year Rating and Target Price History

Company (Code)	Date	Rating	Target Price
Samsung Card (029780)	01/11/2018	Trading Buy	43,000
	10/19/2017	Trading Buy	41,000
	06/26/2017	Hold	
	01/26/2017	Trading Buy	44,500



Stock Ratings

Buy	: Relative performance of 20% or greater
Trading Buy	: Relative performance of 10% or greater, but with volatility
Hold	: Relative performance of -10% and 10%
Sell	: Relative performance of -10%

Industry Ratings

Overweight	: Fundamentals are favorable or improving
Neutral	: Fundamentals are steady without any material changes
Underweight	: Fundamentals are unfavorable or worsening

Ratings and Target Price History (Share price (—), Target price (—), Not covered (≡), Buy (▲), Trading Buy (■), Hold (●), Sell (◆))

* Our investment rating is a guide to the relative return of the stock versus the market over the next 12 months.

* Although it is not part of the official ratings at Mirae Asset Daewoo Co., Ltd., we may call a trading opportunity in case there is a technical or short-term material development.

* The target price was determined by the research analyst through valuation methods discussed in this report, in part based on the analyst's estimate of future earnings.

* The achievement of the target price may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Equity Ratings Distribution & Investment Banking Services

	Buy	Trading Buy	Hold	Sell
Equity Ratings Distribution	74.52%	12.50%	12.98%	0.00%
Investment Banking Services	70.73%	19.51%	9.76%	0.00%

* Based on recommendations in the last 12-months (as of September 30, 2017)

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