MIRAE ASSET
Building on principles

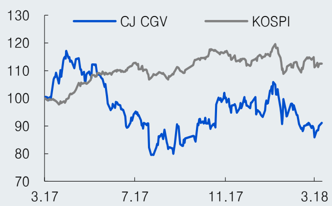
Media

Company Report
April 3, 2018

(Maintain)	Buy
Target Price (12M, W)	▲ 98,000
Share Price (04/02/18, W)	68,600
Expected Return	43%

OP (18F, Wbn)	117
Consensus OP (18F, Wbn)	108
EPS Growth (18F, %)	-
Market EPS Growth (18F, %)	16.0
P/E (18F, x)	29.2
Market P/E (18F, x)	9.3
KOSPI	2,444.16
Market Cap (Wbn)	1,452
Shares Outstanding (mn)	21
Free Float (%)	60.9
Foreign Ownership (%)	19.1
Beta (12M)	0.67
52-Week Low	59,900
52-Week High	88,200

(%)	1M	6M	12M
Absolute	0.4	6.5	-8.7
Relative	-1.3	4.4	-19.3



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CJ CGV
(079160 KS)

China deserves a second look

Raising TP after upwards revision of China valuation to W1.2tr

We reaffirm our Buy call on CJ CGV and raise our target price to W98,000. We revised our valuation of the China business upwards to W1.2tr (from W847.1bn previously), to reflect: 1) China's growing box office, which has normalized after suffering from several market distortions in 2015-16 (ticket subsidies and foreign film regulations); 2) the share price gains and high multiples (P/E of around 30x) of recently listed Chinese cinema operators; and 3) the prospect of renewed long-term box-office growth, due to continued content spending by major companies.

For years, CJ CGV's stock moved in line with China's box office (2012-16), after the company made an early entry into China's large, growing market and began opening consolidated theater sites. However, the stock has struggled to reflect the box-office normalization that has taken place in China since 2017, following a volatile period of strong growth (2015) and sharp slowdown (2016). This is mainly because worries have grown over domestic profit contraction and wage hikes, as well as increasing competition in China. However, we believe domestic issues will be addressed through tighter cost control, while worries over China should clear on demand normalization.

In 2018, we expect domestic margins to turn around (labor cost management and falling depreciation) and the value of the China business to gain renewed attention. We also see several potential catalysts heading into 2H18, including the listing of Vietnam CGV and a rise in ticket prices. In the near term, the much-anticipated *Avengers: Infinity War* (opening on April 25th) should fill the momentum gap. *The Avengers* series is one of Marvel's most popular franchises, with a huge following in Korea, China, and Turkey, CJ CGV's three biggest markets.

China: Market normalization and newly listed peers

China's box-office market enjoyed a period of healthy structural growth from 2005 to 2014 (35% CAGR), driven by shopping mall construction, transportation infrastructure buildout, and rising incomes. The market subsequently underwent some distortions in 2015 (+48%) and 2016 (+4%), due to ticket subsidies, but has resumed "healthy" growth since 2017 (+28%). In 1Q18, China's box office grew an impressive 38%. In our view, China deserves a second look.

We believe the main factor behind the market strength since 2017, which is also the key rationale behind our outlook of continued demand growth, is the increasing appeal of local content. This is evidenced by the growing number of Chinese films topping the monthly box office (seven titles in 2017), as well as major Chinese platforms' focus on content spending within the movie value chain over the past two years. Of note, Korea's rapid market growth during the 2000s coincided with the production of domestic blockbuster films.

Reflecting the recent market strength and outlook for increased content spending, stocks of Chinese peers are performing strongly. Pure cinema plays Hengdian Entertainment and Guangzhou Jinyi Media have advanced 45% and 27%, respectively, since their IPOs in October 2017, and are now trading at 2018F P/E multiples of 33x and 29x, respectively, underscoring investors' bullish outlook on China's box-office market. In China, cinema operators trade at a premium to film studios, rather than distributors/producers (unlike in Korea, where the theater market is maturing).

Domestic: Cost control to continue, competition to ease

On the domestic front, we expect competition to ease from 2018, and CJ CGV's cost control to continue. As with competitors, CJ CGV will likely focus on margins, rather than theater rollouts. The company's ability to reign in labor costs was already confirmed in the 4Q17 earnings report. Depreciation expenses should also begin to come down, as the number of new theaters has slowly declined since 2013.

FY (12)	12/14	12/15	12/16	12/17	12/18F	12/19F
Revenue (Wbn)	1,039	1,194	1,432	1,714	1,885	2,109
OP (Wbn)	52	67	70	86	117	154
OP margin (%)	5.0	5.6	4.9	5.0	6.2	7.3
NP (Wbn)	17	52	12	-1	50	74
EPS (W)	787	2,455	583	-66	2,348	3,476
ROE (%)	4.4	12.9	3.1	-0.4	15.1	19.2
P/E (x)	68.6	51.3	120.7	-	29.2	19.7
P/B (x)	3.0	6.3	4.0	5.1	4.1	3.5
Dividend yield (%)	0.6	0.3	0.5	0.5	0.5	0.5

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

Earnings forecasts and valuation

Earnings preview: 1Q to disappoint; *Avengers* film to boost 2Q results

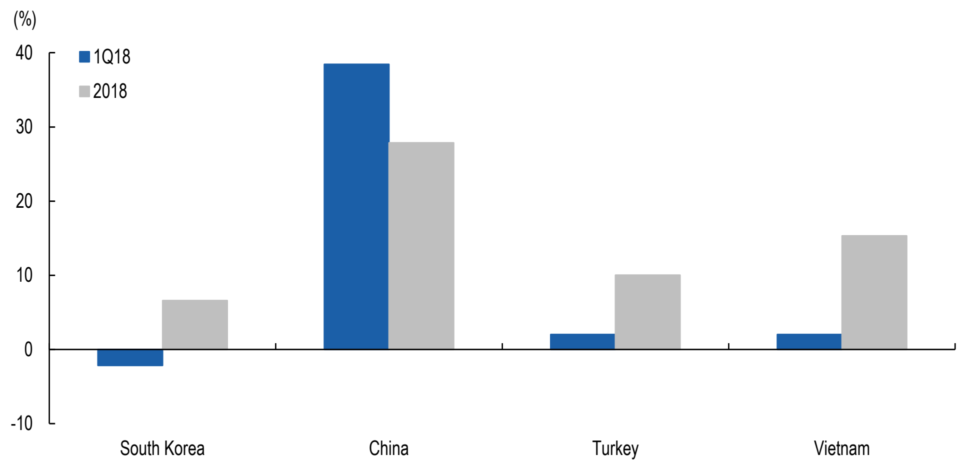
For 1Q18, we forecast consolidated revenue of W445.1bn (+9.8% YoY; all growth figures hereafter are YoY) and operating profit of W20.9bn (+43.1%), which is below the current consensus of W25.4bn. Robust box-office revenue across Korea, China, and Turkey in January had raised expectations on 1Q18 earnings. However, February and March proved to be somewhat slow, causing earnings expectations to diminish.

For the domestic business, we expect revenue of W218.1bn (+0.7%) and operating profit of W5.8bn (+34.2%). Several films released late last year continued to do well into January, but the PyeongChang Winter Olympics and absence of content had negative effects on February and March, resulting in a 2.2% decline in nationwide box-office revenue. We estimate screen ad revenue expanded 20%, helped by an easy comparison (due to last year's political uncertainty). Despite sluggish box-office revenue and wage increases, we believe domestic profit margins improved in the quarter.

Subsidiary performance is likely to be mixed. On a consolidated basis, we expect 1Q18 operating profit of W4.2bn (+317%) for China, W13.6bn (+8.8%; not adjusting for PPA) for Turkey, and W3.1bn (-40%) for Vietnam. For 4DPLEX, we expect an operating loss of W1bn (remaining in the red). We believe China benefited from strong box-office growth (+38%), thanks to robust local content and Chinese New Year effects. Vietnam, on the other hand, was likely hit by an overall weak market (due to the U-23 Championship event), won appreciation, and aggressive theater rollouts. The theater openings are part of the company's effort to consolidate its top market position, similar to the ticket price promotions implemented in the previous quarter. Once theater rollouts and promotions normalize, we expect the size of profits to grow. We believe Turkey was negatively affected by tepid box-office revenue and lira depreciation, while 4DPLEX was likely hurt by the absence of content.

Looking to 2Q18, we expect earnings to benefit from a low base of comparison caused by last year's massive domestic losses (the Yongsan location was temporarily shut down, due to renovation). Moreover, several highly anticipated films are set to hit theaters starting in April. Despite off-seasonality, we expect second-quarter profit to contribute 7% to annual consolidated profit (versus -4% in 2017). Avengers: Infinity War is probably the most-anticipated film coming out in 2Q18 (opens on April 25th in Korea and May 11th in China). The first two Avengers films sold roughly 7.07mn and 10.5mn tickets, respectively. Marvel's franchises have had a growing influence in the global box office, especially in Korea, China, and Turkey, CJ CGV's three biggest markets. Marvel films as a share of annual box-office revenue have increased: 1) from 2.8% in 2010 to 6.9% in 2017 in Korea; 2) from 1.7% in 2011 to 4.1% in 2017 in China; and 3) from 0.7% in 2010 to 3.6% in 2017 in Turkey.

Figure 1. Box-office growth assumptions in major countries



Source: Mirae Asset Daewoo Research

Table 1. Consolidated earnings and forecasts (Wbn, %, mn, %p)

	1Q17	2Q17	3Q17	4Q17	1Q18F	2Q18F	3Q18F	4Q18F	2016	2017	2018F
Revenue	406	383	472	454	445	427	526	487	1,432	1,714	1,885
Parent	217	197	269	249	218	214	317	242	915	932	991
Subsidiaries	189	185	203	205	227	213	209	245	518	782	894
China (consolidated)	68	67	74	72	94	85	97	94	241	281	393
Turkey	65	44	38	65	71	48	35	78	115	211	232
Vietnam	34	39	30	28	29	38	33	29	111	131	129
4DPLEX	13	26	50	27	20	30	32	31	82	115	113
Operating profit	14.6	-3.1	32.2	42.6	20.9	7.6	49.4	38.8	70	86	117
OP margin	3.6	-0.8	6.8	9.4	4.7	1.8	9.4	8.0	4.9	5.0	6.2
Parent	4.3	-9.0	22.5	26.2	5.8	-1.7	40.8	18.4	62	44	63
Subsidiaries	10.3	5.9	9.7	16.4	15.1	9.3	8.6	20.4	8	42	53
China (consolidated)	1.0	1.6	2.2	1.3	4.2	4.0	5.5	4.6	-1	6	18
Turkey (excluding PPA)	12.5	1.5	-0.2	13.3	13.6	2.7	0.1	15.8	8	27	32
Vietnam	5.1	4.2	1.7	0.1	3.1	3.5	1.9	0.4	12	11	9
4DPLEX	-2.6	2.1	10.1	2.6	-1.0	3.6	5.3	3.9	3	12	12
Other & consolidation adj. (including PPA)	-5.7	-3.5	-4.1	-0.9	-4.7	-4.4	-4.2	-4.3	-13	-14	-18
Pretax profit	0.4	-16.1	36.6	-9.4	12.1	-1.5	40.8	30.7	18	12	82
Net profit	1.9	-11.8	30.2	-10.2	9.4	-1.1	31.8	23.9	6	10	64
Net margin	0.5	-3.1	6.4	-2.3	2.1	-0.3	6.0	4.9	0.4	0.6	3.4
Net profit attributable to controlling interests	-4.4	-11.2	29.1	-14.9	3.9	-1.3	30.7	16.4	12.3	-1.4	49.7
YoY											
Revenue	29.0	21.6	11.9	19.1	9.8	11.6	11.3	7.4	20.0	19.7	10.0
Parent	6.2	-2.2	-6.7	13.0	0.7	8.4	17.8	-2.7	2.0	1.9	6.3
Subsidiaries	71.4	64.2	51.9	27.5	20.2	15.0	2.7	19.6	74.4	51.1	14.3
China (consolidated)	-1.9	18.6	27.3	26.4	37.4	27.6	31.1	30.6	48.2	16.6	39.7
Turkey		243.3	0.3	0.3	10.2	9.1	-6.5	19.5	-	83.7	9.8
Vietnam	8.0	30.4	19.0	13.4	-15.0	-2.1	11.5	4.5	21.9	17.6	-1.0
4DPLEX	-23.6	19.1	127.4	25.5	48.9	17.6	-35.6	14.8	23.7	40.6	-2.4
Operating profit	-17.7	TTR	-5.3	139.3	43.1	TTB	53.5	-9.0	5.1	22.6	35.2
Net profit	-86.0	TTR	6,569.9	-21.6	390.0	RR	5.3	-333.7	-12.4	2.4	23.0
Key assumptions											
China attendance	411	368	454	388	560	449	553	473	1,374	1,620	2,036
CGV share	2.6	2.8	2.5	2.8	2.9	2.9	2.9	2.9	2.7	2.7	2.9
Turkey attendance	25	14	10	22	25	16	11	25	58	71	77
CGV share	40.7	42.1	46.7	44.0	42.2	43.6	48.2	45.5	41.9	42.8	44.4

Source: Company data, Mirae Asset Daewoo Research estimates

Table 2. Consolidated earnings forecast revisions (Wbn, %, %p)

	Previous		Revised		Change	
	18F	19F	18F	19F	18F	19F
Revenue	1,921	2,108	1,885	2,109	-1.9	0.1
Operating profit	131	183	117	154	-10.7	-16.0
OP margin	6.8	8.7	6.2	7.3	-0.6	-1.4

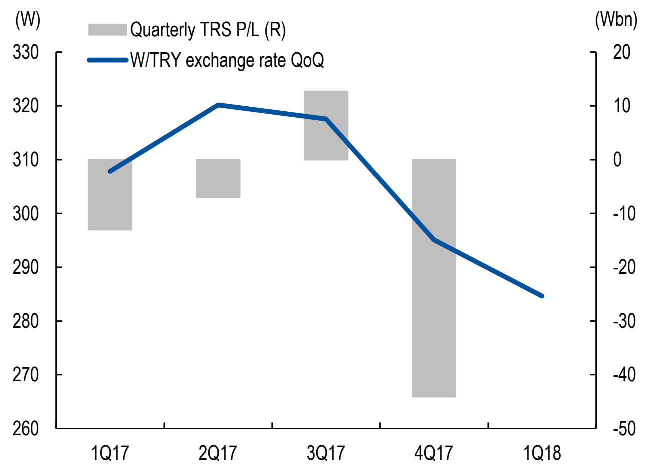
Notes: All figures are based on consolidated K-IFRS; net profit is attributable to controlling interests
Source: Mirae Asset Daewoo Research estimates

Table 3. CJ CGV earnings and forecasts (Wbn, %, mn, %p)

	1Q17	2Q17	3Q17	4Q17	1Q18F	2Q18F	3Q18F	4Q18F	2016	2017	2018F
Revenue	217	197	269	249	218	214	317	242	915	932	991
Box office	145	128	174	162	143	138	214	159	615	609	653
Concessions	38	33	46	41	37	36	50	37	160	158	159
Screen ads	18	23	28	29	22	26	30	31	95	100	109
Other	16	13	21	16	16	14	23	16	44	65	69
Operating profit	4	-9	22	26	6	-2	41	18	62	44	63
OP margin	2.0	-4.6	8.4	10.5	2.6	-0.8	12.9	7.6	6.8	4.7	6.4
Pretax profit	-7	-17	15	-22	0	-8	35	12	47	-31	39
Net profit	-4	-13	9	-18	0	-6	27	10	37	-26	31
Net margin	-1.9	-6.6	3.2	-7.0	-0.1	-2.8	8.6	4.0	4.1	-2.8	3.1
YoY											
Revenue	6.2	-2.2	-6.7	13.0	0.7	8.4	17.8	-2.7	2.0	1.9	6.3
Box office	6.4	-4.6	-11.9	9.8	-1.5	8.1	22.6	-2.0	3.7	-1.1	7.3
Concessions	3.0	-3.2	-11.8	11.0	-1.9	6.8	10.1	-11.6	4.1	-1.3	0.8
Screen ads	-8.5	4.4	6.7	13.4	20.3	10.8	6.3	5.0	2.0	4.7	9.6
Other	40.4	17.3	69.9	69.4	3.4	10.3	10.9	-1.2	-22.0	49.3	6.0
Operating profit	-57.3	TTR	-42.0	164.3	34.2	RR	81.7	-29.8	-13.4	-29.2	43.9
Net profit	TTR	TTR	-58.0	RR	RR	RR	216.8	TTB	-35.4	TTR	TTB
Domestic attendance											
Domestic attendance	52	45	64	59	51	49	70	52	217	220	222
CGV attendance	25	21	30	27	24	23	33	24	104	104	104
CGV share	47.1	47.7	47.3	46.8	46.8	46.8	46.8	46.8	47.8	47.2	46.8
YoY											
Domestic attendance	5.7	-0.3	-11.6	17.2	-1.9	8.0	10.0	-11.0	-0.1	1.3	1.2
CGV attendance	3.6	-1.2	-11.4	14.1	-2.5	6.1	8.9	-11.0	-2.0	0.1	0.4
CGV share	-0.9	-0.4	0.1	-1.3	-0.3	-0.8	-0.5	0.0	-0.9	-0.6	-0.4

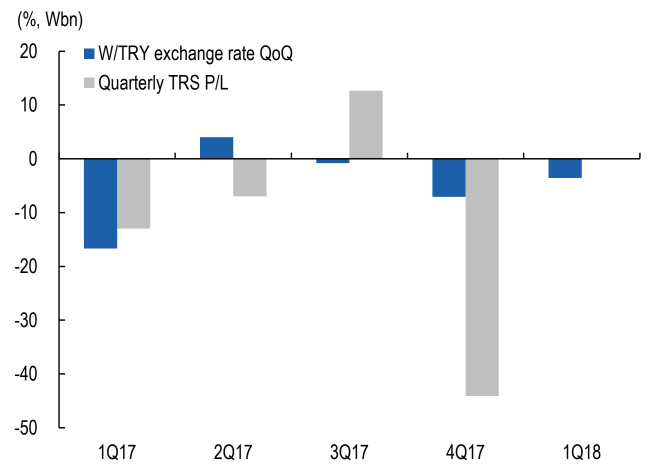
Source: Company data, Mirae Asset Daewoo Research

Figure 2. Actual impact of total return swap (TRS) profit/losses will be limited



Source: Mirae Asset Daewoo Research

Figure 3. Actual impact of TRS profit/losses will be limited



Source: Mirae Asset Daewoo Research

Table 2. CJ CGV fair value calculation (Wbn, x, %)

Valuation - EV/EBITDA (18F)		Details
Parent fair EV (a)	917	
18F EBITDA	114	
Target EV/EBITDA	8.0	Applied multiple of mature markets (US)
China business fair EV (b)	1,201	
EBITDA	63	50% of joint venture earnings are reflected
Target EV/EBITDA	19.1	Applied avg. multiple of Wanda, Hengdian, and Jinyi
Turkey business fair EV (c)	252	39% ownership
18F EBITDA	51	
Target EV/EBITDA	12.6	Based on multiple of Major Cineplex (Thailand)
Vietnam business fair EV (d)	221	80% ownership
EBITDA	22	
Target EV/EBITDA	12.6	Based on multiple of Major Cineplex (Thailand)
4DPLEX fair EV (e)	226	
EBITDA	22	
Target EV/EBITDA	10.4	Based on a 20% discount to multiple of IMAX China
Market value of Indonesian entity (f)	164	51% stake
Total EV (g)	2,980	(a)+(b)+(c)+(d)+(e)+(f)
Net debt (h)	914	
Equity value (i)	2,067	(g)-(h)
Target price (W)	97,658	(i) / (s)

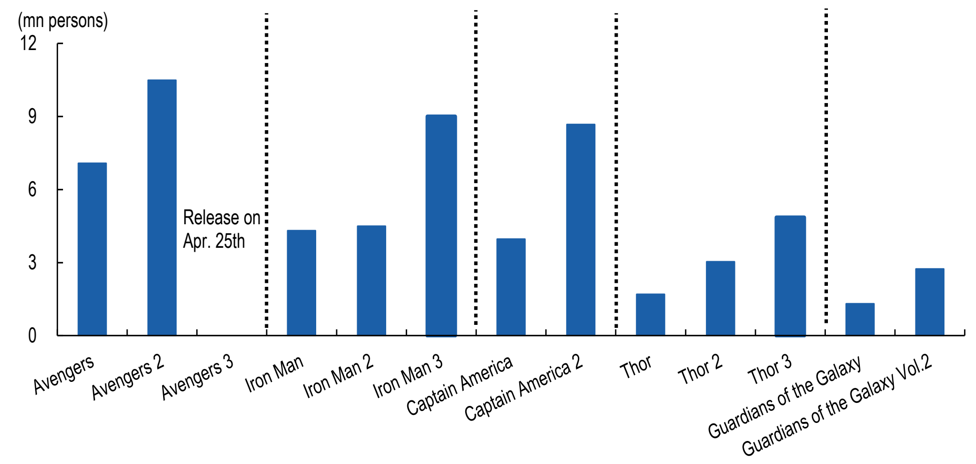
Source: Mirae Asset Daewoo Research

Table 3. 2018 movie lineup (from March)

	Titles	Distribution		Titles	Distribution
Mar. 21th	Pacific Rim Uprising	UPI	May 5th	Wonderstruck	CGV ARTHOUSE
22nd	Call Me by Your Name	Sony		Champion	Warner
	Microhabitat	CGV ARTHOUSE	9th	Wrestler	Lotte
	Mini Special Forces X	SAMG Animation	17th	Peter Rabbit	Sony
28th	Seven years of Night	CJ E&M		**Deadpool2**	Fox
	The Bachelors	Artnine		Truth or Dare	UPI
	Gonjiam: Haunted Asylum	Showbox	24th	Solo: A Star Wars Story	Disney
	Ready Player One	Warner	31st	Deja Vu	Cineguru
29th	Night is Short, Walk On Girls	Like Contents	Unknown	Burning	CGV ARTHOUSE
Apr. 5th	What a Man Wants	NEW		Drug War	NEW
	The Lightning Man's Secret Island	Filmonly 1	Jun. 7th	**Jurassic World: Fallen Kingdom**	UPI
	Stand By Me	Megabox	14th	**Ocean's 8**	Warner
	Lady Bird	UPI		The Accidental Detective 2	CJ E&M
12th	Rampage	Warner	28th	**Ant-Man and the Wasp**	Disney
	A Tiger in Winter	Greennarae	Unknown	Loser's Adventure	CGV ARTHOUSE
	My Love Story!!	Filmonly 1		Midnight Sun	KIDARIENT
	Snatch Up	Little big pictures		Changover	Megabox
	True Fiction	Storm Pictures		Everyday	Greennarae
	A Quiet Place	Lotte	Jul. 19th	Incredibles 2	Disney
19th	Criminal Squad	ISU C&E	26th	**Mission: Impossible - Fallout**	Lotte
	Marionette	Cineguru	Unknown	**The Drug King**	Showbox
	Mothers	CGV ARTHOUSE	Apr. 2nd	**Along with the Gods: The Last 49 Days**	Lotte
25th	**Avengers: Infinity War**	Disney	8th	Hotel Transylvania 3	Sony
	Dangal	NEW	Unknown	**Duke**	CJ E&M
Unknown	Marrowbone	ISU C&E			

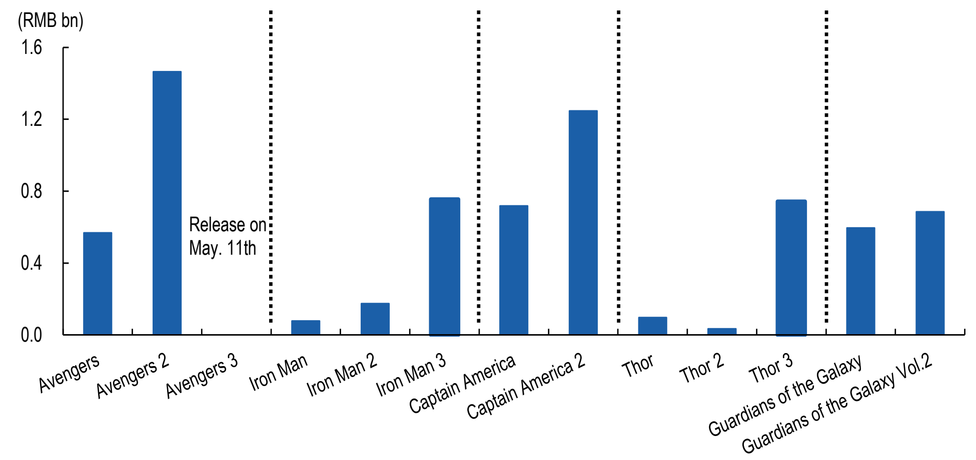
Source: Company data, Mirae Asset Daewoo Research

Figure 4. No. of domestic viewers of Marvel's franchises



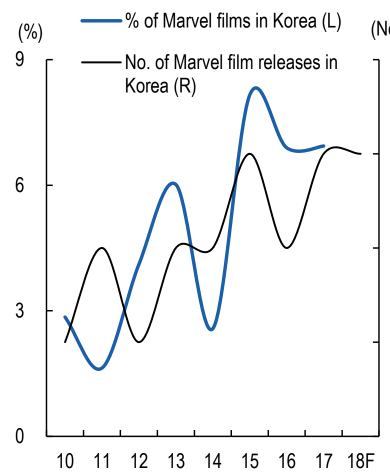
Source: KOFIC, CBOO, BOM, Mirae Asset Daewoo Research

Figure 5. Revenue from Marvel's franchises in China



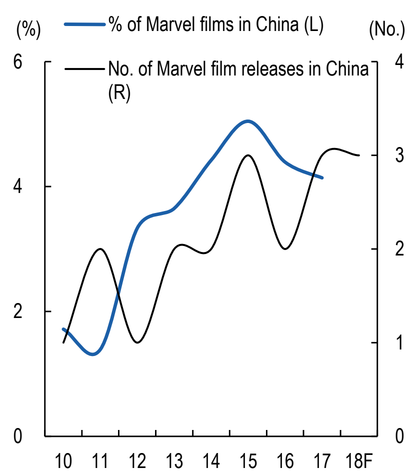
Source: KOFIC, CBOO,BOM, Mirae Asset Daewoo Research

Figure 6. Steady uptrend in Marvel films as % of annual box-office revenue (Korea)



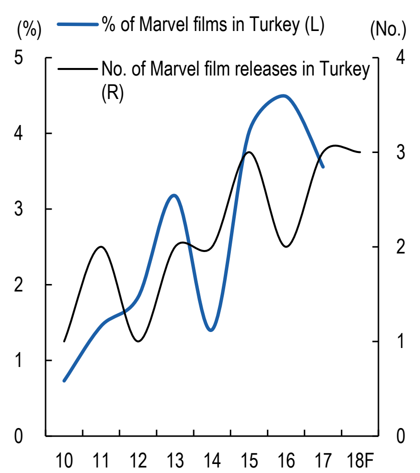
Source: KOFIC, Mirae Asset Daewoo Research

Figure 7. Steady uptrend in Marvel films as % of annual box-office revenue (China)



Source: CBOO, BOM, Mirae Asset Daewoo Research

Figure 8. Steady uptrend in Marvel films as % of annual box-office revenue (Turkey)



Source: BOT, Mirae Asset Daewoo Research

Table 6. Earnings of global theater chains and equipment (%, Wbn)

Company	Revenue			OP			OP margin			Net profit			EPS growth		
	17(F)	18F	19F	17(F)	18F	19F	17(F)	18F	19F	17(F)	18F	19F	17(F)	18F	19F
Theater chains															
CJ CGV	1,714	1,910	2,133	86	111	138	5.0	5.8	6.4	-1	55	79	NA	4,056.5	41.4
J Contentree	420	549	629	33	57	69	7.9	10.4	11.0	6	34	42	-71.6	422.8	24.5
AMC Ent. (US)	5,743	5,721	5,937	115	262	336	2.0	4.6	5.7	-551	3	62	NA	102.3	2,573.7
Regal Ent.	3,576	3,516	3,593	307	349	366	8.6	9.9	10.2	127	195	165	-33.9	NA	6.1
CINEMARK	3,382	3,341	3,527	444	459	506	13.1	13.8	14.3	299	313	339	3.2	6.0	10.4
Cineplex (Canada)	1,355	1,353	1,437	100	NA	NA	7.4	NA	NA	62	62	73	-11.9	10.1	21.0
CINEWORLD (UK)	1,297	4,477	5,268	187	535	651	14.4	12.0	12.4	147	257	438	20.5	154.9	16.9
VILLAGE ROADSHOW (Australia)	857	816	842	-32	39	55	-3.8	4.8	6.5	-57	13	27	NA	-32.3	108.1
WANDA CINEMA LINE (China)	2,408	2,978	3,570	381	513	608	15.8	17.2	17.0	295	389	483	30.5	32.5	24.7
HENGDIAN ENT.	402	523	614	63	86	105	15.7	16.4	17.1	55	74	91	-10.1	21.3	22.9
JINYI MEDIA	375	420	468	44	50	61	11.6	12.0	12.9	35	40	48	NA	14.2	12.2
SFG	200	240	NA	43	57	NA	21.3	23.6	NA	41	51	NA	-12.7	21.4	11.9
CFC	1,459	1,660	1,774	212	257	NA	14.5	15.5	NA	173	198	222	-2.0	20.1	12.1
SMI	745	867	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA	7.1	NA
INOX LEISURE (India)	228	268	307	22	31	34	1.0	11.6	11.2	12	17	22	131.5	48.1	26.9
PVR	390	462	531	43	65	77	11.1	14.1	14.5	20	31	40	24.1	52.4	29.4
MAJOR CINEPLEX (Thailand)	299	333	357	42	39	46	14.2	11.8	12.9	40	37	41	0.0	-11.8	14.3
GRAHA LAYAR PRIMA (Indonesia)	72	NA	NA	2	NA	NA	2.3	NA	NA	1	NA	NA	NA	NA	NA
Theater equipment															
IMAX (US)	431	422	447	35	78	96	8.1	18.6	21.4	3	48	55	-90.7	36.6	15.5
IMAX CHINA (China)	143	151	164	62	68	75	43.1	44.8	45.9	49	54	59	20.0	8.6	11.7
DOLBY Lab. (US)	1,237	1,254	1,333	284	325	367	23.0	25.9	27.5	231	98	294	7.0	-23.9	51.9
Avg.							**11.8**	**15.2**	**15.4**				**0.3**	**260.4**	**159.8**

Note: Based on Bloomberg consensus as of March 30th; Source: Bloomberg, Mirae Asset Daewoo Research

Table 7. Valuation multiples of global theater chains and equipment (%, Wbn, x)

Company	Share performance		Market cap	ROE			PER			PSR			EV/EBITDA		
	-1M	-3M		17(F)	18F	19F	17(F)	18F	19F	17(F)	18F	19F	17(F)	18F	19F
Theater chains															
CJ CGV	-3.8	-8.4	1,439	-0.4	16.6	22.5	NA	25.9	18.3	0.8	0.8	0.7	11.6	10.0	9.0
J Contentree	4.1	44.0	897	5.3	22.2	21.7	137.9	26.6	21.4	2.1	1.6	1.4	14.1	14.8	12.6
AMC Ent. (US)	-6.3	-7.0	1,907	-23.6	0.8	3.5	57.1	739.5	27.7	0.4	0.3	0.3	10.2	7.3	6.7
Regal Ent.	0.0	-0.1	3,834	NA	-20.7	-30.9	25.4	20.7	19.5	1.1	1.1	1.1	11.2	9.0	8.8
Cinemark	-11.5	8.2	4,660	19.9	19.0	17.8	15.1	15.6	14.1	1.5	1.4	1.3	8.9	7.7	7.2
Cineplex (Canada)	-4.9	-16.0	1,637	9.7	11.1	14.0	28.7	25.7	21.2	1.3	1.2	1.1	12.4	9.9	9.1
CINEWORLD (UK)	-0.5	-11.3	4,819	14.0	12.4	13.0	14.4	12.1	10.3	1.6	1.1	0.9	9.8	5.7	4.5
VILLAGE ROADSHOW (Australia)	-10.3	-19.8	413	22.4	8.3	5.7	4.5	31.5	15.1	0.5	0.5	0.5	NA	6.7	5.7
WANDA CINEMA LINE (China)	0.0	0.0	10,349	15.6	17.6	18.6	34.3	25.9	20.7	4.3	3.5	2.9	20.1	15.3	12.7
HENGDIAN ENT.	-4.7	11.3	2,435	22.6	19.9	19.7	39.7	32.7	26.6	5.5	4.7	4.0	23.4	23.8	19.5
JINYI MEDIA	8.4	7.3	1,092	19.0	17.7	17.5	32.9	28.8	25.7	2.8	2.5	2.3	NA	NA	NA
SFG	-3.6	-8.2	1,184	11.9	13.6	NA	28.6	23.5	21.0	5.9	4.9	NA	17.1	14.0	NA
CFC	0.1	9.5	5,331	10.2	10.9	11.4	29.2	24.3	21.7	3.6	3.2	3.0	13.5	12.2	11.9
SMI	-9.1	-17.1	1,252	8.1	7.2	NA	12.1	11.3	NA	1.7	1.5	NA	6.0	5.8	NA
INOX LEISURE (India)	-5.6	-9.6	417	11.1	14.8	16.0	36.0	24.3	19.1	1.9	1.6	1.4	12.9	9.9	8.5
PVR	-8.0	-13.9	926	11.8	15.7	17.5	46.4	30.4	23.5	2.4	2.0	1.8	16.0	12.5	10.5
MAJOR CINEPLEX (Thailand)	8.5	-0.9	876	18.3	16.1	18.0	21.6	24.5	21.4	2.9	2.7	2.5	11.6	12.6	11.6
GRAHA LAYAR PRIMA (Indonesia)	0.5	-5.4	322	1.1	NA	NA	336.6	NA	NA	4.9	NA	NA	27.7	NA	NA
Theater equipment															
IMAX (US)	-9.0	-17.1	1,324	0.4	9.4	10.3	27.0	22.7	19.6	3.3	3.2	3.0	14.7	8.8	8.0
IMAX CHINA (China)	11.5	5.8	1,199	20.1	18.7	17.7	25.0	23.0	20.6	8.9	8.1	7.4	13.5	13.0	11.6
DOLBY Lab. (US)	-1.5	2.5	6,989	3.3	9.4	13.8	28.5	32.0	21.1	5.9	5.6	5.3	16.0	12.1	11.0
Avg.	-2.2	-2.2		10.0	12.0	12.6	49.0	60.1	20.5	3.0	2.6	2.3	14.2	11.1	9.9

Note: Based on Bloomberg consensus as of March 30th; Source: Bloomberg, Mirae Asset Daewoo Research

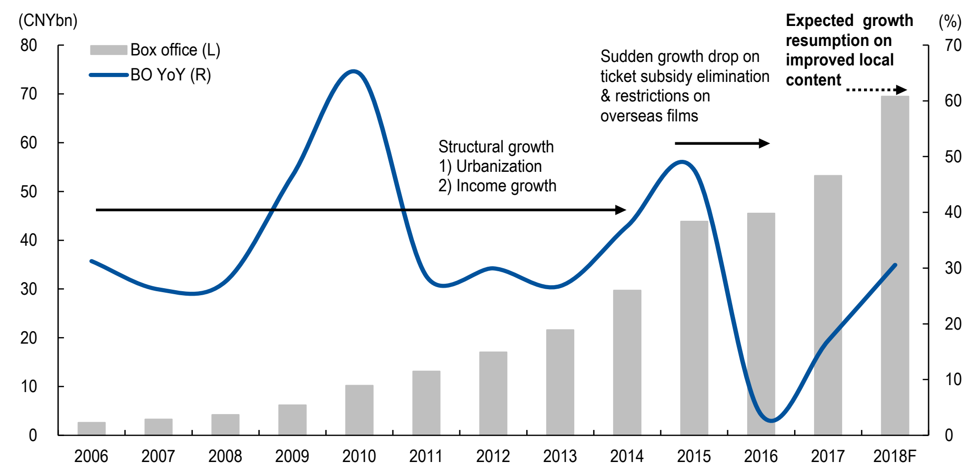
China valuation revised upwards to W1.2tr

Shares remain stagnant following market distortions in 2015-16

China's film market enjoyed a period of healthy structural growth from 2005 to 2014 (35% CAGR), driven by shopping mall construction, transportation infrastructure buildout, and rising income. Following the long-term boom, the market underwent some distortions in 2015 (+48%) and 2016 (+4%), due mainly to external factors, such as the introduction/abolition of ticket subsidies at local internet firms, and tightened foreign film regulations. With its hefty exposure to China, CJ CGV has seen its enterprise value fluctuate drastically, depending on Chinese market conditions.

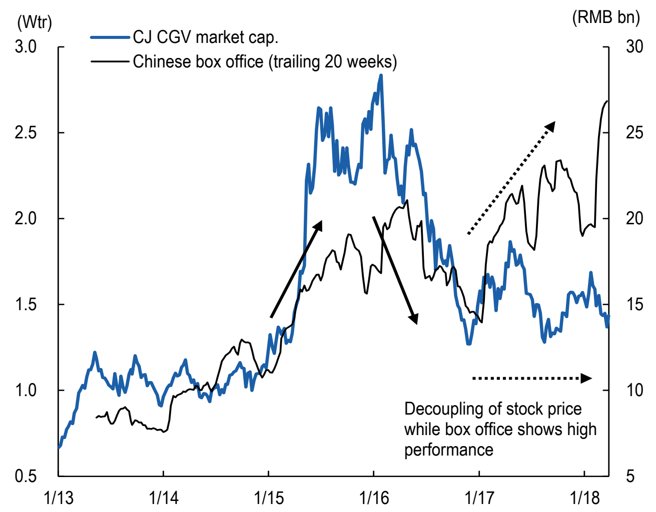
Meanwhile, amid the absence of a favorable comparison stemming from ticket subsidies in 2015-16, China's film market has normalized since 2017, thanks to the increased appeal of local content. Nevertheless, shares of CJ CGV remain low, at the level seen shortly after the sharp slowdown of the China market, due mainly to worries over domestic profit contraction (in 2017) and minimum wage hikes and increasing competition in China (2018).

Figure 9. China' box-office growth trend



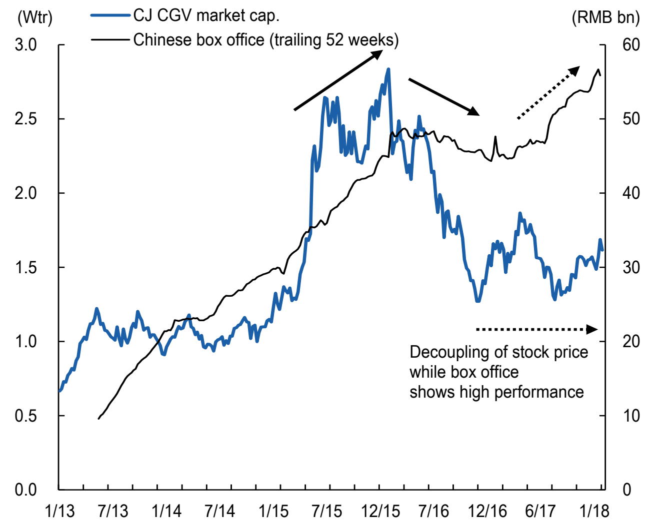
Source: CBOO, ENT Group, Mirae Asset Daewoo Research

Figure 10. Decoupling of CJ CGV's share price and China's box-office performance



Source: CBOO, Mirae Asset Daewoo Research

Figure 11. Decoupling of CJ CGV's share price and China's box-office performance



Source: CBOO, Mirae Asset Daewoo Research

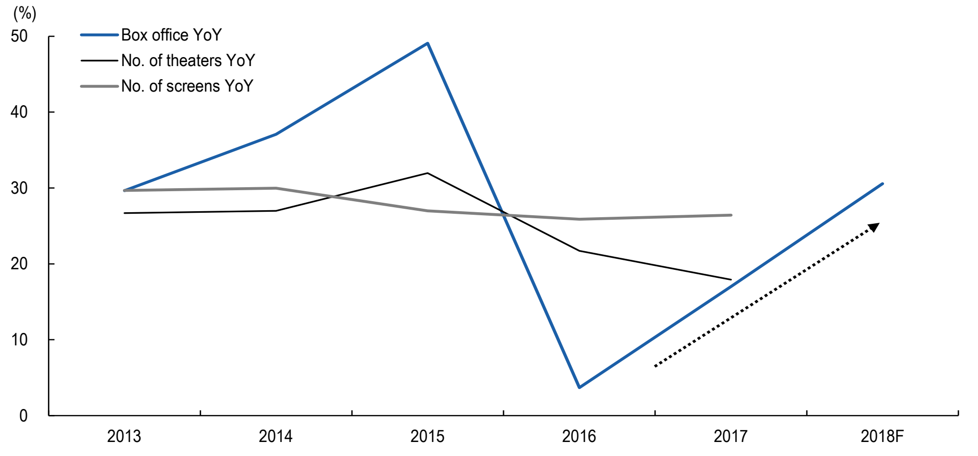
Eye on increasing appeal of local content since 2017

At present, CJ CGV shares are weighed down by concerns over intensifying competition in China, which we believe are caused by sluggish demand, rather than supply growth. Indeed, China's box office (demand) growth, which had persistently exceeded its theater and screen count (supply) growth, temporarily fell short in 2016 and 2017.

In China, theater count growth slipped from 27% in 2013 to 18% in 2017, with screen count growth also slowing from 30% to 26% during the same period. In contrast, its box-office growth is expected to remain strong at 2013 levels (nearly 30%) in 2018. We have yet to see signs of a dramatic change in screen-count growth. Thus, if demand growth remains solid, amid a steady fall in supply growth, we expect worries over China to be resolved gradually going forward.

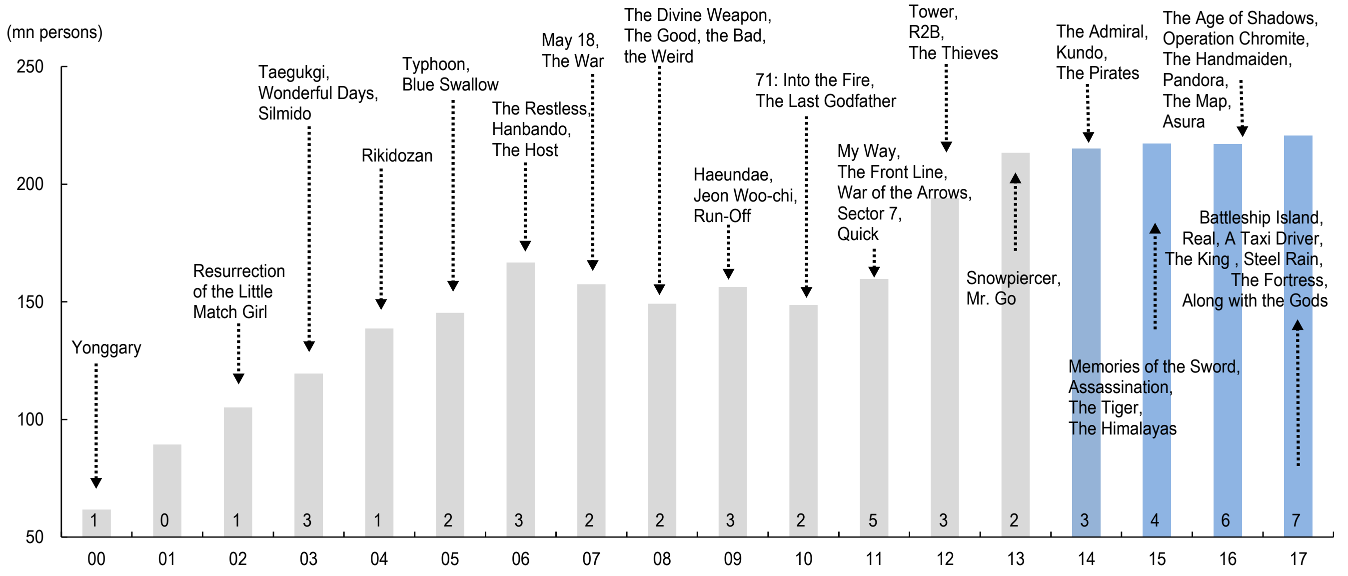
We believe the main factor behind China's film market strength since 2017, which is also the key rationale behind our outlook of continued demand growth, is the increasing appeal of local content. Aided by the increased competitiveness of local content, we expect China's box-office to see a resumption of healthy growth going forward. Notably, Korea's rapid market growth during the 2000s also coincided with the production of domestic blockbuster films.

Figure 12. Worries over intensifying competition in China should clear on demand pickup



Source: ENBASE, Mirae Asset Daewoo Research

Figure 13. Korea's rapid market growth during 2000s also coincided with production of domestic blockbuster films (over W10bn production cost)



Source: KOFIC, Media reports, Mirae Asset Daewoo Research

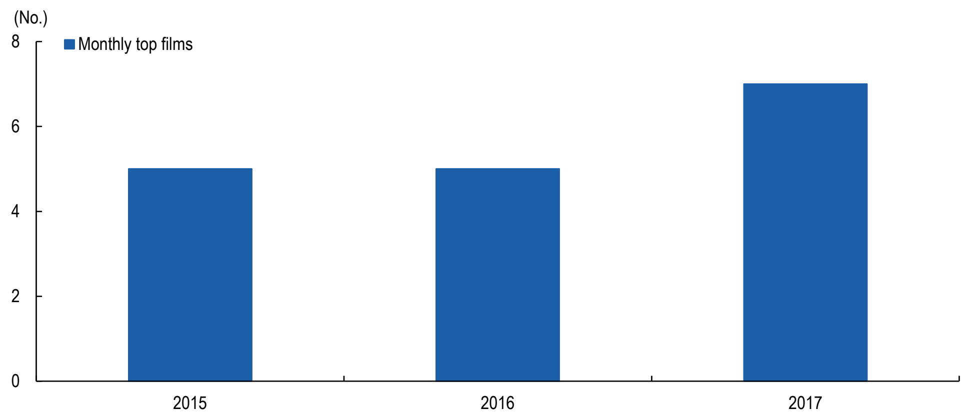
The increasing appeal of local content is evidenced by the growing number of Chinese films topping the monthly box office—six titles in 2014, five each in 2015 and 2016, and seven in 2017—as well as the focus on content spending within the movie value chain by major Chinese platforms/content firms. In particular, Chinese platforms/content firms shifted their investments from theater construction in 2014 to a cinema-ticket-booking platform in 2015, and film production and studio acquisitions in 2016 (including Wanda's acquisition of Legendary Pictures, Huayi Brothers' equity investments in STX, and Tencent's investments in film production). Given the amount of time required to produce films, investments made in 2016 appear to have led to film releases in 2017. Indeed, many of the films topping the monthly box office were produced by companies that had previously spent heavily on content.

Table 4. Major Chinese companies' investment in film business

Company	Details	Date
Wanda	Acquired Legendary Pictures for US$3.5bn	Jan. 2016
	Acquired UK movie theater chains Odeon & UCI (US$1.2bn) Acquired Chinese film distributor Mtime (US$5mn)	Jul. 2016
	Forged strategic partnership with Hehe Pictures and Sony Pictures	Sep. 2016
	Acquired Swedish movie theater chain Nordic Cinema (US$9.6mn)	Jan. 2017
	Purchased stake in Chinese film distributor Bona Film (RMB3mn)	May. 2017
Alibaba	Created an arts/media investment fund (RMB2bn)	Aug. 2016
	Acquired stakes in Chinese theater chains Hangzhou Xingji and Dadi Cinema for RMB1bn and RMB 0.1bn, respectively	May. 2016
	Forged strategic partnership with Hehe Pictures Announced co-production plans with US film producer Amblin	Dec. 2016
	Acquired India online ticket platform TicketNew (US$1.8mn)	Jun. 2017
	Announced strategic partnership with Sony and Comcast	Dec. 2017
	Purchased stake in Wanda (US$1.2bn)	Feb. 2018
Huayi Brothers Media	Created the joint venture Anthem and Song with the Russo brothers Jointly invested in US film distributor STX Entertainment with Tencent	Aug. 2016
	Purchased stake in Chinese movie theater chain Dadi Cinema (US$245mn)	Jan. 2017
Tencent	Jointly invested in US film distributor STX Entertainment with Huayi Brothers Media	Aug. 2016
	Announced plan to invest in film production in Hollywood and China (RMB2bn), purchased stake in Chinese film distributor Bona Film	Nov. 2016
	Purchased stake in Chinese online ticket platform Maoyen ($US150mn)	Nov. 2017
	Purchased about 10% stake in US film producer Skydance	Jan. 2018
Beijing Enlight Media	Acquired 57% stake in an online ticketing platform	May. 2016
	Acquired additional 11% stake in an online ticketing platform	Sep. 2017
Baidu	Created film industry investment fund (RMB2bn) via online ticketing platform Nuomi	Oct. 2016
Huace Film & TV	Invested in Wanda Pictures (RMB200mn)	Mar. 2016
WePiao	Invested in UK ticketing software firm Vista Entertainment	Aug. 2016
	Established film distribution company	Oct. 2016

Source: Company materials, media reports, Mirae Asset Daewoo Research

Figure 14. Growing number of Chinese films top monthly box office charts



Source: Mirae Asset Daewoo Research

Table 5. Domestic films increasingly taking first place in China's monthly top box office

	Titles	Country	Major investment/production companies
Jan. 2014	Personal Tailor	China	Huayi Brothers Media, Yaolai Ent. Media
Feb	The Monkey King	Hong Kong	Beijing Variety Star Media, China Film Group
Mar	Need for Speed	US	Electronic Arts, DreamWorks Pic
Apr	Captain America: The Winter Soldier	US	Marvel Studios, Sony Pic
May	My Old Classmate	China	Beijing Motianlun Media, Tianjin Sikai Investment
Jun	X-Men: Days of Future Past	US	Donners' Company, Marvel Studios, Dune Ent. III
Jul	Transformers: Age of Extinction	US / China	Paramount Pic, Di Bonaventura Pic, Jiaflix Enterprises
Aug	The Continent	China	Beijing Laolei Pic, Bona Film Group
Sep	Dawn of the Planet of the Apes	US	Chernin Ent., Soho VFX, TSG Ent.
Oct	Breakup Buddies	China	China Film Group, Beijing Talent Media
Nov	Interstellar	US/UK	Warner Bros. Pic, Legendary Pic
Dec	Fleet of Time	China	Beijing Enlight Pic, Heyi Pic, DianPing.com
Jan. 2015	The Hobbit: The Battle of the Five Armies	US	New Line Cinema, Metro-Goldwyn-Mayer (MGM)
Feb	The Man From Macau II	Hong Kong / China	Hong Kong Star Dynasty, Bona Film Group
Mar	Cinderella (2015)	US	Walt Disney Studios
Apr	Furious 7	US/Japan	Universal Pic, Dentsu, Fuji TV Network
May	Avengers 2: Age of Ultron	US	Marvel Studios, Prime Focus
Jun	Jurassic World	US	Legendary Pic, Universal Pic, Dentsu, Fuji TV
Jul	Monster Hunt	China / Hong Kong	Tencent Video, Heyi Pic, Zhejiang Film and TV
Aug	Monster Hunt	China / Hong Kong	Tencent Video, Heyi Pic, Zhejiang Film and TV
Sep	Lost in Hong Kong	China	Beijing Enlight Pic, Shannan Guangxian Pic, Beijing PULIN Production
Oct	Charlotte Worries (Goodbye Mr. Loser)	China	Beijing happy twist film, Tencent Video, Wanda Media
Nov	Spectre	US/UK	MGM Studios Metro-Goldwyn-Mayer (MGM), Sony
Dec	Dragon Tactics	China / Hong Kong	Wanda Media, Huayi Brothers Media, Beijing Enlight Pic
Jan. 2016	Star Wars: The Force Awakens	US	Lucasfilm, Bad Robot Productions
Feb	The Mermaid (2016)	China / Hong Kong	China Film Group, Beijing Enlight, Shanghai New Culture, Alibaba Pic
Mar	Zootopia	US	Walt Disney Pic
Apr	The Jungle Book (2016)	US	Moving Picture Company (MPC), Walt Disney Pic
May	Captain America: Civil War	US	Marvel Studios, Studio Babelsberg
Jun	Warcraft	US	Universal Pic, Legendary Pic, Blizzard Ent., Tencent Pic, Huayi Brothers
Jul	Skiptrace	China / Hong Kong /US	Cider Mill Pic, InterTitle Films, JC Group, Talent International Media
Aug	Time Raiders	China	Shanghai Film Group, Le Vision Pic (Beijing), Shanghai Haishang Pic
Sep	Star Trek Beyond	US	Skydance Media, Alibaba Pic, Huahua Media, Bad Robot Productions
Oct	Operation Mekong	China / Hong Kong	Bona Film, Huaxia Film, Beijing Huaming International, Yiyi Ent.
Nov	Dr. Strange	US	Marvel Studios, Walt Disney Pic
Dec	The Great Wall	China/US	China Film Group, Legendary Pic, Universal Pic
Jan. 2017	Journey to the West: Demon Chapter	China	China Film Group, Wuxi World Culture, Tencent Video, Baidu Online
Feb	Kung Fu Yoga	China / India	Shanghai Taihe Pic, China Film Group, Huaxia Film, Horgos Culture
Mar	Logan	US	Marvel Ent., TSG Ent.
Apr	The Fate of the Furious	US	Universal Studios, One Race Films, American original film
May	Dangal	India	Aamir Khan Productions, Walt Disney Pic India
Jun	Transformers: The Last Knight	US / China	Di Bonaventura Pic, Paramount Pic
Jul	Wolf Warriors 2	China	Horgos Orange Media, China Film Group, Wanda Media
Aug	Wolf Warriors 2	China	Horgos Dengfeng, China Film Group, Wanda Media
Sep	Spider-Man: Homecoming	US	Columbia Pic, Marvel Studios,
Oct	Never Say Die	China	Wanda Media, Horgos Culture Technology, Dadi Century Films
Nov	Thor: Ragnarok	US	Marvel Ent., Walt Disney Pic
Dec	Youth	China	Huayi Brothers Film, Yaolai Ent. Media

Source: CBOO, Mirae Asset Daewoo Research

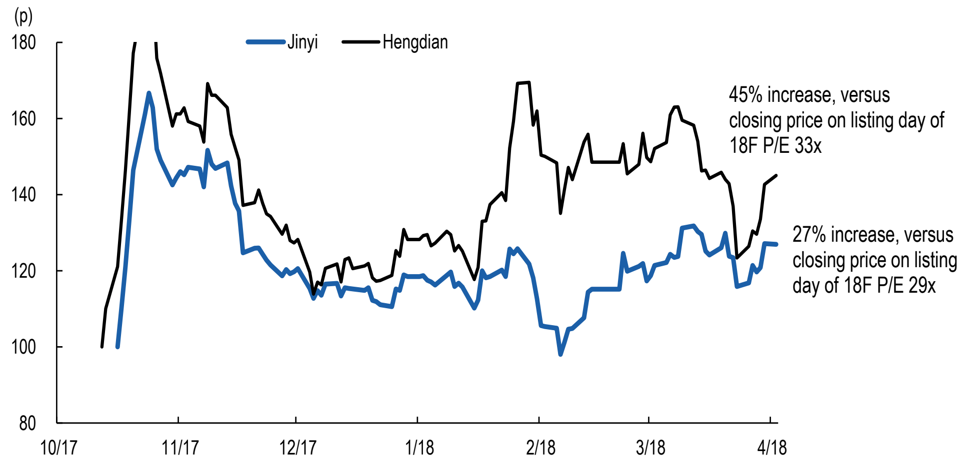
Notably high valuations of newly-listed Chinese peers

Reflecting the recent market strength and outlook for increased content spending, stocks of Chinese peers are performing strongly. Pure cinema plays Hengdian Entertainment and Guangzhou Jinyi Media have advanced 45% and 27%, respectively, since their IPOs in October 2017. The stocks are now trading at 2018F P/E multiples of 33x and 29x, respectively, although most of the proceeds from the IPOs were spent on new site openings. The high valuations underscore investors' focus on demand normalization, rather than competition for new site opening.

To reflect investors' bullish outlook on China's box-office market, we revised our valuation of the China business upwards to W1.2tr (from W847.1bn previously). We raised our annual EBITDA estimate by 4%, in light of the solid Chinese box office market, and considered the new valuations of recently listed Hengdian Entertainment and Guangzhou Jinyi Media. We applied a target EV/EBITDA of 19x.

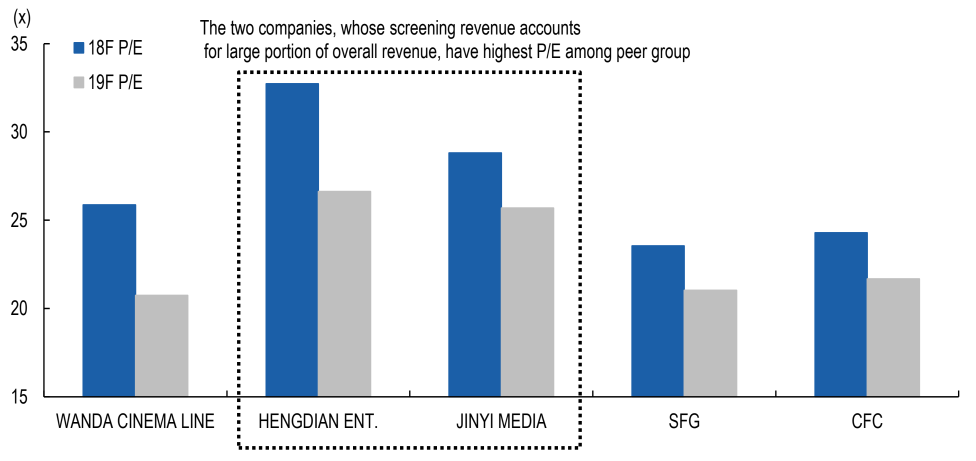
We believe the newly listed peers are pretty comparable to CJ CGV, in terms of market share (3.8% for Hengdian and 3.1% for Jinyi, versus 2.9% for CGV) and box office revenue per screen (RMB1.2mn for Hengdian and RMB1.7mn for Jinyi, versus RMB1.9mn for CGV). In comparison, previous peers have their limitations, in terms of comparability and timeliness, due to: 1) their high exposure to the film distribution and content licensing businesses (SFG and CFC); and 2) protracted trading suspension, stemming a series of M&As (Wanda).

Figure 15. Shares of recently-listed Chinese cinema operators performing strongly



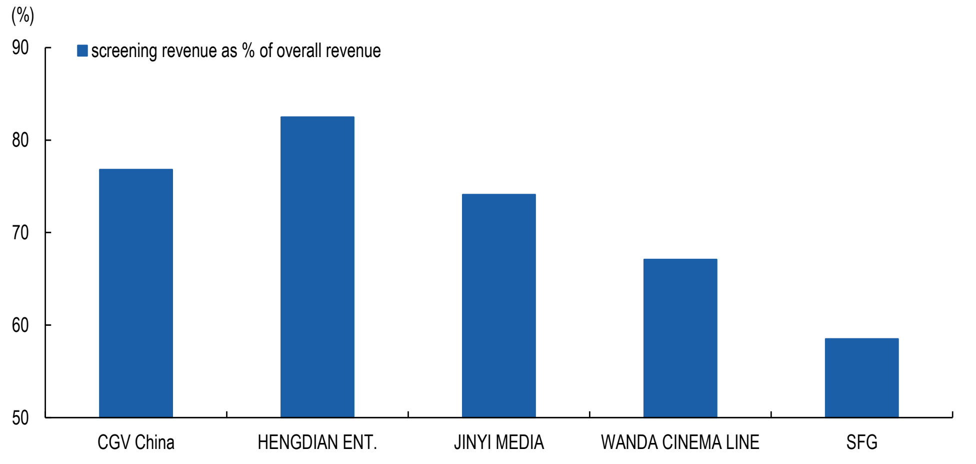
Source: Mirae Asset Daewoo Research

Figure 16. P/E comparison of Chinese cinema operators



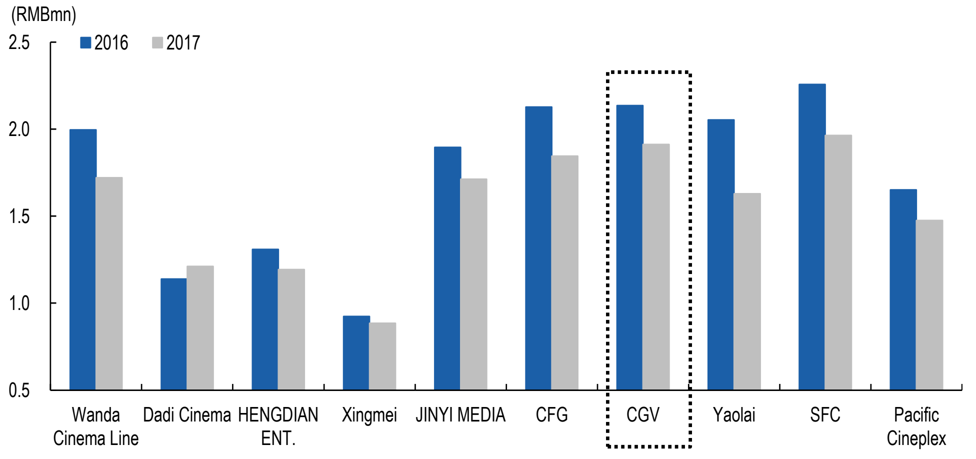
Source: Mirae Asset Daewoo Research

Figure 17. Chinese cinema operators' box-office revenue contributions



Note: Wanda's screening revenue includes distribution revenue
Source: Bloomberg, Mirae Asset Daewoo Research

Figure 18. Box office revenue per screen in Chinese film market: CJ CGV boasts high level



Source: ENBASE, Mirae Asset Daewoo Research

Domestic margins could rebound

Labor costs to remain well under control; depreciation expenses to begin to decline

We expect CJ CGV to record a smaller-than-expected increase in costs in 2018. With a decline in depreciation expenses by W7.5bn offsetting an increase in labor costs by W13bn, overall costs are projected to rise by just W5.5bn YoY this year.

1) Despite the increase in wages per employee, due to the minimum wage hike (+16.4%), the company will likely be able to effectively manage costs via various efforts, such as the automation of site operations. Indeed, the company saw its labor costs fall 13.7% YoY in 4Q17. For the full year, labor costs rose just 1.3% YoY (versus 15% in 2016). In light of the company's workforce reduction plans, we project its labor costs will increase 8.9% in 2018, with labor costs accounting for 33% of total SG&A expenses. Given the smooth progress in CJ CGV's workforce restructuring, concerns over a potential increase in costs that have lingered over the past several months are excessive, in our view.

2) Depreciation costs will likely decrease steeply starting in 2018, as depreciation for the sites rolled out until the end of 2015 has been completed. CJ CGV had opened an annual average of seven new sites from 2007 through 2015. Its plan is to roll out five sites annually from 2016 to 2019. We project depreciation expenses will decline steadily from W73.2bn in 2015 to W58.7bn in 2017, and W51.2bn in 2018.

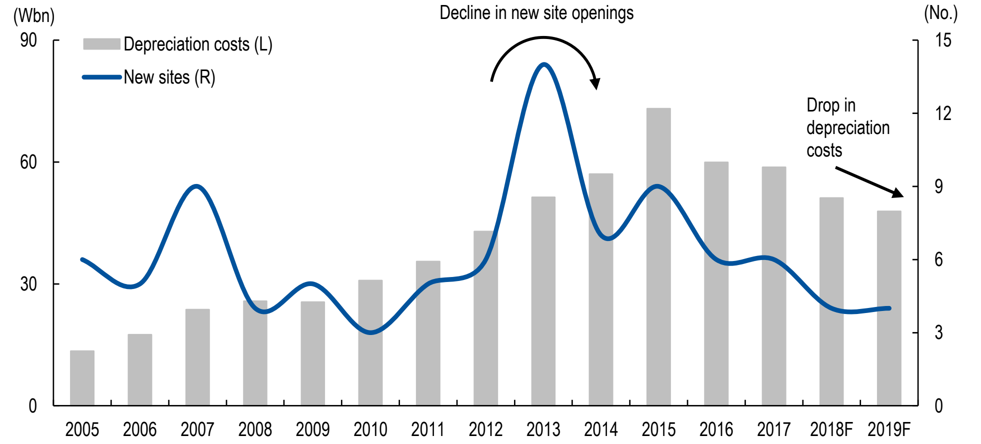
In light of an expected normalization of screen ad revenue and a low base of comparison from the shutdown of the Yongsan location last year, the company should be able to maintain margins at last year's levels, even if we assume this year's nationwide box-office growth at 0%. Any success of highly-anticipated films or a potential increase in ticket prices should lead to a visible rebound in margins.

Domestic competition to ease

We expect competition between domestic multiplexes to ease from 2018 onwards, as theaters refrain from aggressive site rollouts and promotions. Such a trend could eventually lead to a slowdown in their property rents, in our view.

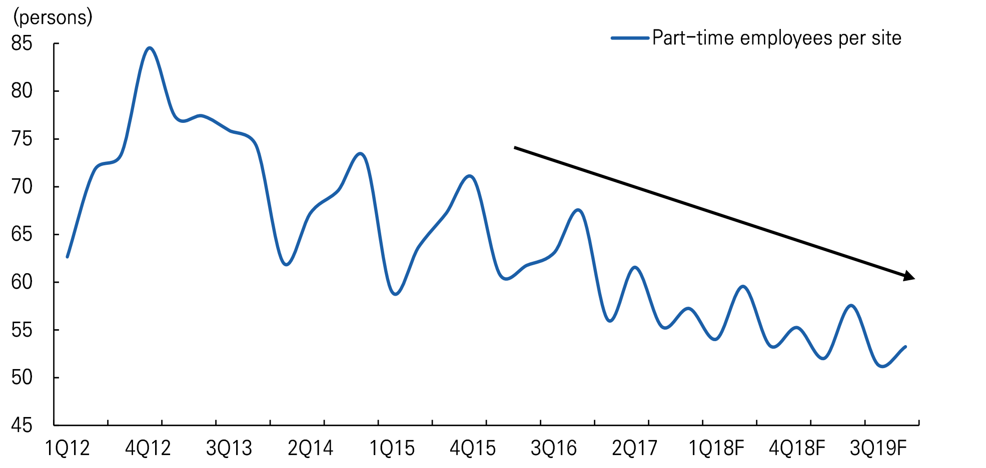
Following strong box office growth through 2014, companies had competitively opened new sites. Indeed, from 2015 to 2017, growth in the number of screens had outpaced box-office growth, leading to the deterioration of theaters' profitability. Now theaters are putting a greater focus on profitability than top-line expansion, which is partly motivated by the IPO plans of Lotte Cinema and Megabox. In particular, it is worth to note that Megabox, which had been the most aggressive in theater rollouts over the past three years, recently shifted its strategic focus toward profitability.

Figure 19. Depreciation costs to decline visibly going forward



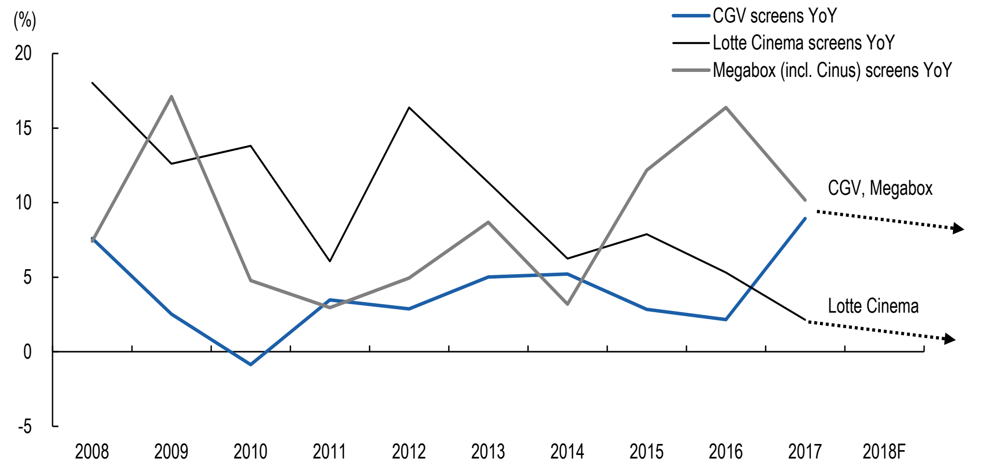
Source: CJ CGV, Mirae Asset Daewoo Research

Figure 20. CJ CGV to continue with labor cost-control efforts



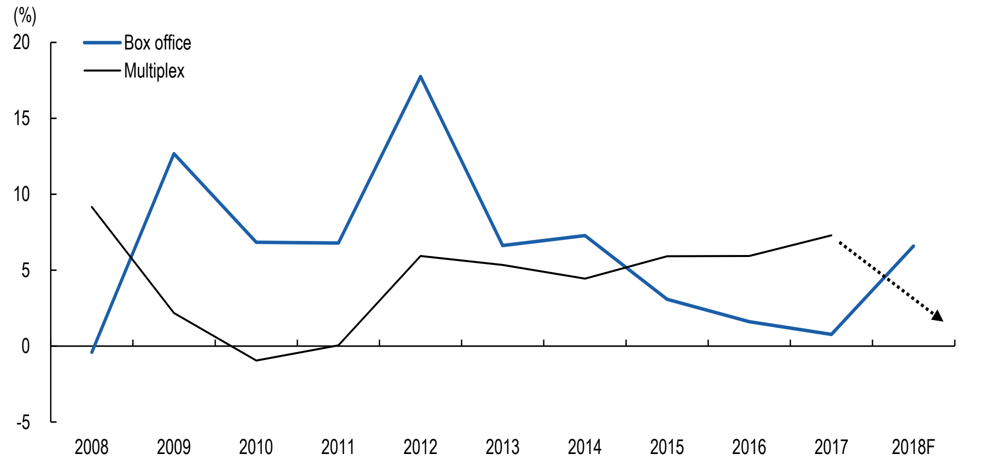
Source: CJ CGV, Mirae Asset Daewoo Research

Figure 21. Competition to ease from 2018 onwards



Source: KOFIC, Mirae Asset Daewoo Research

Figure 22. Screen count growth likely to slow



Source: KOFIC, Mirae Asset Daewoo Research

CJ CGV (079160 KS/Buy/TP: W98,000)

Comprehensive Income Statement (Summarized)

(Wbn)	12/16	12/17	12/18F	12/19F
Revenue	**1,432**	**1,714**	**1,885**	**2,109**
Cost of Sales	**703**	**847**	**916**	**1,017**
Gross Profit	**729**	**867**	**969**	**1,092**
SG&A Expenses	**659**	**781**	**852**	**938**
Operating Profit (Adj)	**70**	**86**	**117**	**154**
Operating Profit	**70**	**86**	**117**	**154**
Non-Operating Profit	**-52**	**-74**	**-35**	**-33**
Net Financial Income	-32	-34	-40	-41
Net Gain from Inv in Associates	-6	5	5	5
Pretax Profit	18	12	82	121
Income Tax	12	2	18	27
Profit from Continuing Operations	6	10	64	94
Profit from Discontinued Operations	0	0	0	0
Net Profit	6	10	64	94
Controlling Interests	12	-1	50	74
Non-Controlling Interests	-7	11	14	21
Total Comprehensive Profit	**-133**	**-144**	**64**	**94**
Controlling Interests	-38	-58	32	47
Non-Controlling Interests	-95	-86	32	47
EBITDA	203	256	296	351
FCF (Free Cash Flow)	-4	-84	-22	25
EBITDA Margin (%)	14.2	14.9	15.7	16.6
Operating Profit Margin (%)	4.9	5.0	6.2	7.3
Net Profit Margin (%)	0.8	-0.1	2.7	3.5

Statement of Financial Condition (Summarized)

(Wbn)	12/16	12/17	12/18F	12/19F
Current Assets	**514**	**458**	**429**	**471**
Cash and Cash Equivalents	200	133	97	102
AR & Other Receivables	174	201	205	228
Inventories	17	18	18	20
Other Current Assets	123	106	109	121
Non-Current Assets	**2,028**	**2,002**	**2,130**	**2,243**
Investments in Associates	48	47	50	56
Property, Plant and Equipment	913	1,002	1,153	1,283
Intangible Assets	893	728	697	670
Total Assets	**2,542**	**2,460**	**2,559**	**2,714**
Current Liabilities	**815**	**868**	**904**	**961**
AP & Other Payables	272	321	345	383
Short-Term Financial Liabilities	367	392	392	393
Other Current Liabilities	176	155	167	185
Non-Current Liabilities	**806**	**814**	**821**	**831**
Long-Term Financial Liabilities	704	724	724	724
Other Non-Current Liabilities	102	90	97	107
Total Liabilities	**1,621**	**1,682**	**1,725**	**1,793**
Controlling Interests	**373**	**308**	**350**	**416**
Capital Stock	11	11	11	11
Capital Surplus	90	90	90	90
Retained Earnings	330	320	362	428
Non-Controlling Interests	**547**	**470**	**484**	**505**
Stockholders' Equity	**920**	**778**	**834**	**921**

Cash Flows (Summarized)

(Wbn)	12/16	12/17	12/18F	12/19F
Cash Flows from Op Activities	**188**	**194**	**278**	**325**
Net Profit	6	10	64	94
Non-Cash Income and Expense	209	280	227	254
Depreciation	102	131	149	171
Amortization	31	38	31	27
Others	76	111	47	56
Chg in Working Capital	10	-59	35	33
Chg in AR & Other Receivables	-18	-56	-4	-19
Chg in Inventories	-2	-3	0	-2
Chg in AP & Other Payables	54	64	9	14
Income Tax Paid	-16	-16	-18	-27
Cash Flows from Inv Activities	**-835**	**-286**	**-304**	**-308**
Chg in PP&E	-190	-278	-300	-300
Chg in Intangible Assets	-18	3	0	0
Chg in Financial Assets	-12	43	-4	-8
Others	-615	-54	0	0
Cash Flows from Fin Activities	**705**	**36**	**-7**	**-7**
Chg in Financial Liabilities	492	44	1	1
Chg in Equity	0	0	0	0
Dividends Paid	-7	-8	-7	-7
Others	220	0	-1	-1
Increase (Decrease) in Cash	**60**	**-67**	**-36**	**5**
Beginning Balance	139	200	133	97
Ending Balance	200	133	97	102

Forecasts/Valuations (Summarized)

	12/16	12/17	12/18F	12/19F
P/E (x)	120.7	-	29.2	19.7
P/CF (x)	6.9	5.4	5.0	4.2
P/B (x)	4.0	5.1	4.1	3.5
EV/EBITDA (x)	14.1	11.7	9.9	8.4
EPS (W)	583	-66	2,348	3,476
CFPS (W)	10,153	13,720	13,756	16,468
BPS (W)	17,654	14,554	16,553	19,679
DPS (W)	350	350	350	350
Payout ratio (%)	131.7	73.8	11.6	7.9
Dividend Yield (%)	0.5	0.5	0.5	0.5
Revenue Growth (%)	19.9	19.7	10.0	11.9
EBITDA Growth (%)	15.3	26.1	15.6	18.6
Operating Profit Growth (%)	4.5	22.9	36.0	31.6
EPS Growth (%)	-76.3	-	-	48.0
Accounts Receivable Turnover (x)	10.7	10.7	10.9	11.4
Inventory Turnover (x)	94.2	98.8	104.3	109.3
Accounts Payable Turnover (x)	7.0	7.2	7.5	7.6
ROA (%)	0.3	0.4	2.6	3.6
ROE (%)	3.1	-0.4	15.1	19.2
ROIC (%)	1.8	4.4	5.4	6.8
Liability to Equity Ratio (%)	176.1	216.3	206.7	194.6
Current Ratio (%)	63.1	52.7	47.5	49.0
Net Debt to Equity Ratio (%)	89.8	123.1	119.0	107.0
Interest Coverage Ratio (x)	2.0	2.2	2.6	3.5

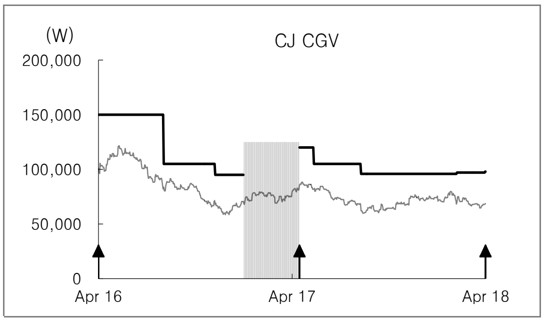
Source: Company data, Mirae Asset Daewoo Research estimates

APPENDIX 1

Important Disclosures & Disclaimers

2-Year Rating and Target Price History

Company (Code)	Date	Rating	Target Price
CJ CGV (079160)	04/02/2018	Buy	98,000
	02/08/2018	Buy	97,000
	08/11/2017	Buy	96,000
	05/14/2017	Buy	105,000
	04/17/2017	Buy	120,000
	01/02/2017	No Coverage	
	11/09/2016	Buy	95,000
	08/04/2016	Buy	105,000
	2016.07.16	AFTER 1YR	
	07/16/2015	Buy	150,000



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	75.50%	16.00%	8.50%	0.00%
Investment Banking Services	62.50%	33.33%	4.17%	0.00%

* Based on recommendations in the last 12-months (as of December 31, 2017)

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