

(Initiate) **Buy**

Target Price (12M, W) **55,000**

Share Price (06/01/18, W) **36,950**

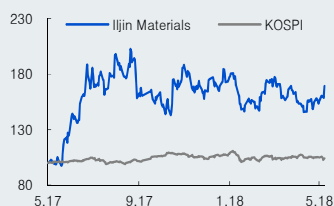
Expected Return **49%**

OP (18F, Wbn) 51
Consensus OP (18F, Wbn) 55

EPS Growth (18F, %) -3.0
Market EPS Growth (18F, %) 13.1
P/E (18F, x) 38.1
Market P/E (18F, x) 9.4
KOSPI 2,438.96

Market Cap (Wbn) 1,700
Shares Outstanding (mn) 46
Free Float (%) 43.3
Foreign Ownership (%) 4.6
Beta (12M) 1.63
52-Week Low 21,300
52-Week High 44,250

| (%) | 1M | 6M | 12M |
|----------|------|------|------|
| Absolute | 10.5 | -6.3 | 68.1 |
| Relative | 13.9 | -4.9 | 61.6 |



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Iljin Materials

(020150 KS)

EV capex shifting into high gear

Manufacturer of rechargeable battery-use elecfoils

Iljin Materials manufactures elecfoils for use in rechargeable batteries and IT products. Elecfoils are high-purity thin copper films produced through electrolysis of scrap copper. For the most part, elecfoils are used to: 1) make copper-clad laminates (CCLs)/flexible CCLs (FCCLs) for printed circuit boards (PCBs)/flexible PCBs (FPCBs); and 2) serve as anode current collectors in rechargeable batteries. In 2017, the I2B business (rechargeable battery-use elecfoils) accounted for 58.3% of Iljin Materials' parent revenue, while the ICS business (PCB-use elecfoils) accounted for 33.7%.

Investment point 1: EV capex moving into high gear

Rechargeable battery materials players, such as Iljin Materials and L&F, are ramping up capex in response to growing investments by downstream industries. Iljin Materials' annual rechargeable battery-use elecfoil capacity is projected to increase from 15,000 tonnes at end-2017 to 24,000 tonnes at end-2018. We expect the company's new production line to start making revenue contributions in 2019 following test runs in 4Q18. In addition, we believe that Iljin Materials is likely to announce additional capex plans going forward. The company may reallocate production capacity away from PCB-use elecfoils to meet growing demand for rechargeable battery-use elecfoils.

Investment point 2: Robust operating leverage effects

Iljin Materials incurs a higher share of fixed costs than other producers of rechargeable battery materials (e.g., cathode materials). Indeed, other players, which rely on significant input of metals, see limited operating leverage effects from top-line growth, due to high proportions of material costs in total production costs. In contrast, Iljin Materials stands to enjoy high leverage, helped by a lower share (mid-50% level) of material costs. We estimate that parent OP margin will rise to the 20% range in 2019, when the new production line becomes operational.

Investment point 3: Healthy short-term outlook for EVs and ESS

In April, battery electric vehicle (BEV) sales volume reached 92,000 units (+91.5% YoY). Notably, the revenue contributions of plug-in hybrid EVs (PHEVs) and BEVs have steadily increased, while hybrid EVs (HEVs) are displaying slowing revenue growth. The increasing revenue mix of PHEVs/BEVs, which are loaded with greater battery capacity, is favorable to the EV market supply chain. Moreover, energy storage system (ESS) revenue growth at Korean customers remains intact.

Initiate coverage with Buy and TP of W55,000

We initiate our coverage on Iljin Materials with a Buy call and target price of W55,000, which is based on a 2019F P/E of 34.5x (40% premium to the average multiple of global rechargeable battery materials players). We believe Iljin Materials is likely to benefit from increasing capex by existing customers and secure new customers, helped by market expansion. Given its high share of fixed costs, Iljin Materials is well positioned to enjoy significant profitability improvement amid top-line growth. Going forward, we expect to see P/E contraction to 23.1x (based on 2019F EPS) and a decrease in valuation burden (depending on further investment announcements).

| FY (Dec.) | 12/14 | 12/15 | 12/16 | 12/17 | 12/18F | 12/19F |
|--------------------|-------|-------|-------|-------|--------|--------|
| Revenue (Wbn) | 415 | 393 | 399 | 454 | 511 | 641 |
| OP (Wbn) | -29 | 14 | 29 | 50 | 51 | 94 |
| OP margin (%) | -7.0 | 3.6 | 7.3 | 11.0 | 10.0 | 14.7 |
| NP (Wbn) | 3 | -38 | 39 | 42 | 45 | 74 |
| EPS (W) | 83 | -946 | 971 | 1,000 | 970 | 1,602 |
| ROE (%) | 1.2 | -15.2 | 15.1 | 10.3 | 8.3 | 13.2 |
| P/E (x) | 83.0 | - | 13.9 | 38.3 | 38.1 | 23.1 |
| P/B (x) | 1.0 | 2.0 | 1.9 | 3.3 | 3.2 | 2.9 |
| Dividend yield (%) | 0.0 | 0.0 | 0.4 | 1.7 | 1.8 | 1.8 |

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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Investment point 1: EV capex shifting into high gear

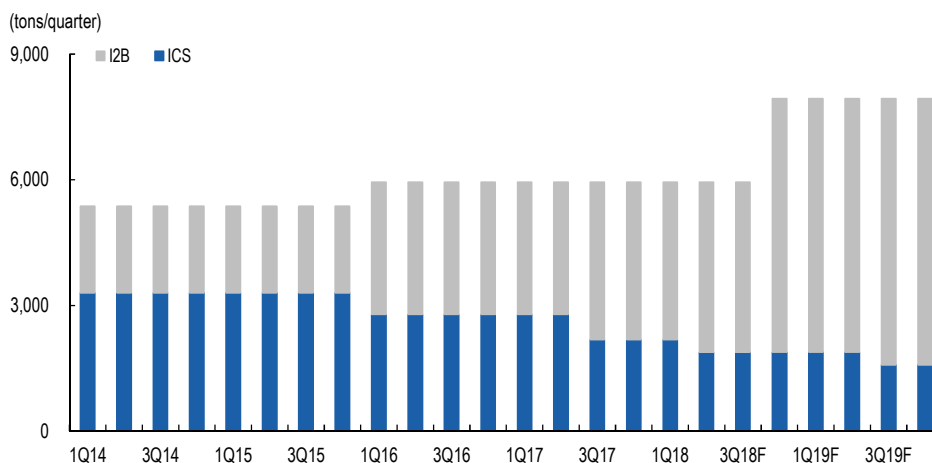
EV capex has been steadily increasing. Although new EV models are unlikely to be released until 2020, automakers are striving to secure superior EV materials.

Samsung SDI, one of Ijtin Materials' major customers, plans to expand its mid-/large-sized battery capacity from 6GW at end-2017 to 13G in 2018 and 30-40GW in 2020. In addition, other battery suppliers, including LG Chem and CATL, are continuing with aggressive capacity additions. Rechargeable battery materials players, such as Ijtin Materials and L&F, are ramping up capex in response to growing investments by downstream industries.

Ijtin Materials' annual rechargeable battery-use elecfoil capacity is projected to increase from 15,000 tonnes at end-2017 to 24,000 tonnes at end-2018. We expect the company's new production line to start making revenue contributions in 2019, following test runs in 4Q18. In addition, we believe that Ijtin Materials is likely to announce additional capex plans going forward. The company may reallocate production capacity away from PCB-use elecfoils to meet growing demand for rechargeable battery-use elecfoils.

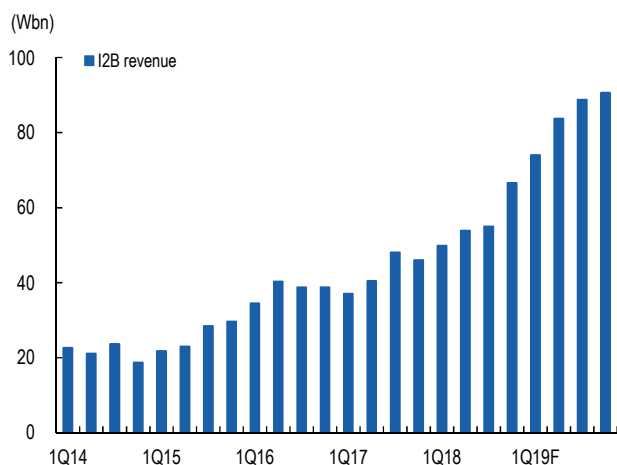
We expect the company's rechargeable battery-use elecfoil revenue to expand from W171.9bn in 2017 to W225.5bn in 2018 and W337.4bn in 2019.

Figure 1. Ijtin Materials' annual capacity trend



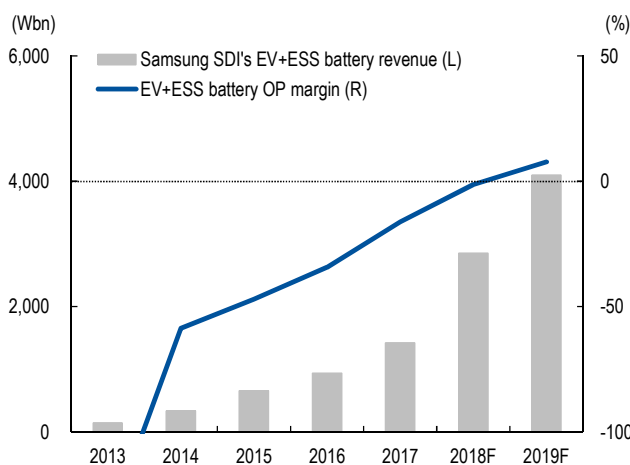
Source: Company data, Mirae Asset Daewoo Research

Figure 2. Ijtin Materials' I2B revenue trend



Source: Company data, Mirae Asset Daewoo Research

Figure 3. Samsung SDI's mid-/large-sized battery revenue and OP margin



Source: Samsung SDI, Mirae Asset Daewoo Research

Investment point 2: Robust operating leverage effects

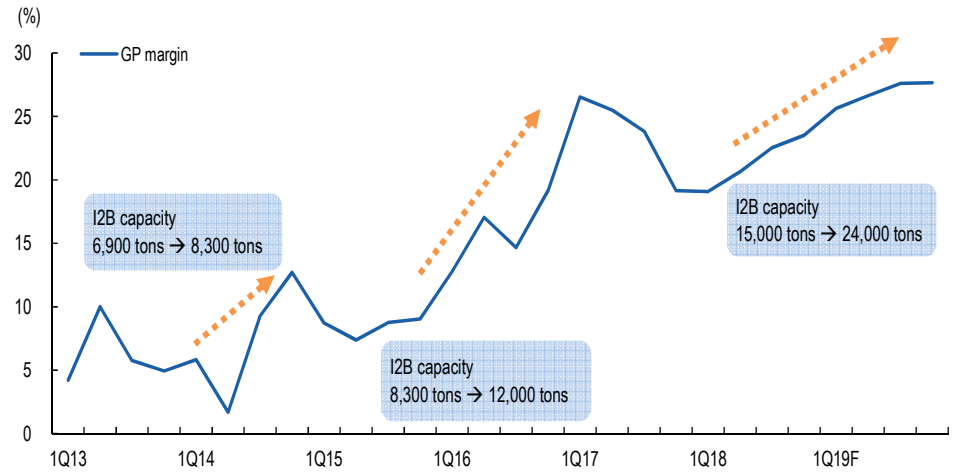
In 2019, we expect Ijjin Materials to see robust operating leverage effects.

The company incurs a higher share of fixed costs than other producers of rechargeable battery materials (e.g., cathode materials). Indeed, other players, which rely on significant input of metals, see limited operating leverage effects from top-line growth, due to high proportions of material costs in total production costs. In contrast, Ijjin Materials stands to enjoy high leverage, helped by a lower share (mid-50% level) of material costs. We estimate that parent OP margin will rise to the 20% range in 2019, when the new production line becomes operational.

Indeed, the company's gross margin has moved in line with its I2B capacity growth. In particular, since I2B capacity surged around 50% YoY in 2016, gross margin has improved sharply, amid volume growth.

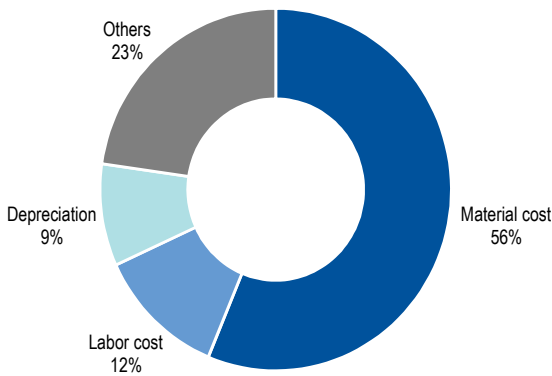
In 1Q18, gross margin stood at 19.1% amid the sluggish PCB market. In 2H18, the PCB market is likely to pick up. In addition, with a new I2B line expected to come online in 4Q18, revenue and profitability will likely steadily improve, after bottoming in 1Q18.

Figure 4. Ijjin Materials' gross margin improved in line with its I2B capacity growth



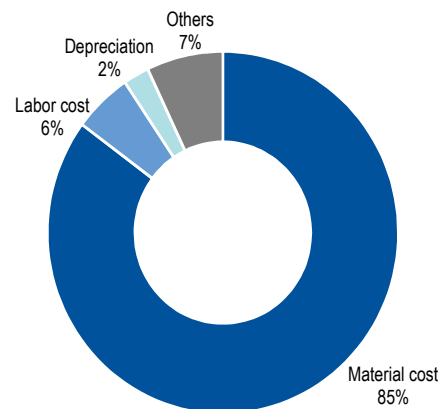
Source: Company data, Mirae Asset Daewoo Research

Figure 5. Ijjin Materials' cost breakdown (unconsolidated)



Source: Dart, Mirae Asset Daewoo Research

Figure 6. L&F's cost breakdown (consolidated)



Source: Dart, Mirae Asset Daewoo Research

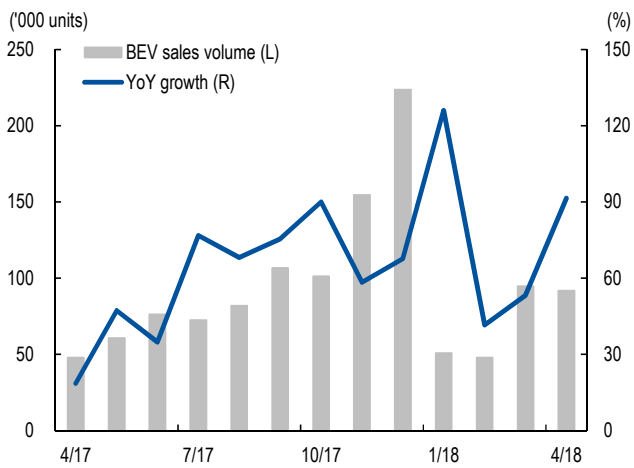
Investment point 3: Healthy short-term outlook for EVs and ESS

In April, battery electric vehicle (BEV) sales volume reached 92,000 units (+91.5% YoY). Notably, the revenue contributions of plug-in hybrid EVs (PHEVs) and BEVs have steadily increased, while hybrid EVs (HEVs) are displaying slowing revenue growth. Global HEV sales volume inched up only 0.8% to 162,000 units. The increasing revenue mix of PHEVs/BEVs, which are loaded with greater battery capacity, is favorable to the EV market supply chain.

By market, sales volume increased sharply in China. In April, the Chinese market saw BEV sales volume of 65,000 units (+112% YoY), while its PHEV sales volume surged 189% YoY. In the US market, BEV sales volume increase 61% YoY to 9,600 units.

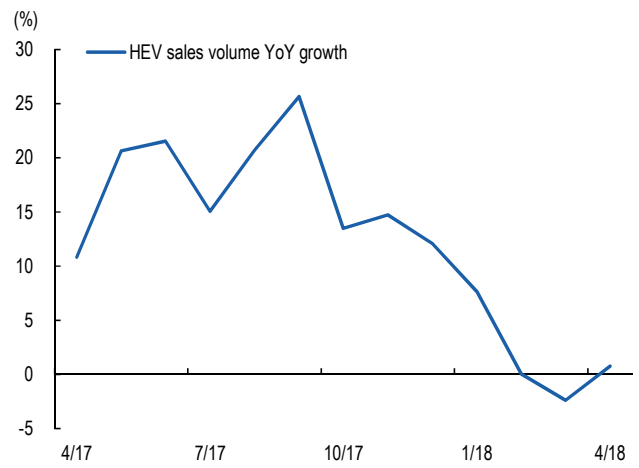
Moreover, energy storage system (ESS) revenue growth at Korean customers remains intact. Samsung SDI's ESS revenue will likely expand 55% YoY to W397bn in 2Q18. Domestic ESS orders have increased sharply, as the Ministry of Trade, Industry and Energy (MOTIE) has recently decided to keep solar PV REC multiplier intact until end-2019. We believe ESS demand will remain solid going forward.

Figure 7. BEV sales volume YoY growth



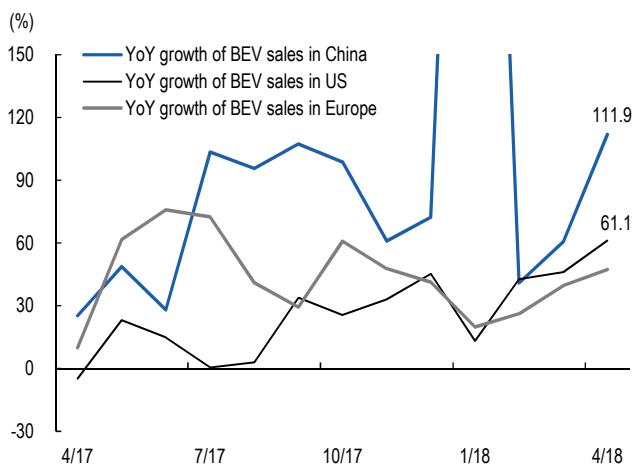
Source: SNE Research, Mirae Asset Daewoo Research

Figure 8. HEV sales volume YoY growth



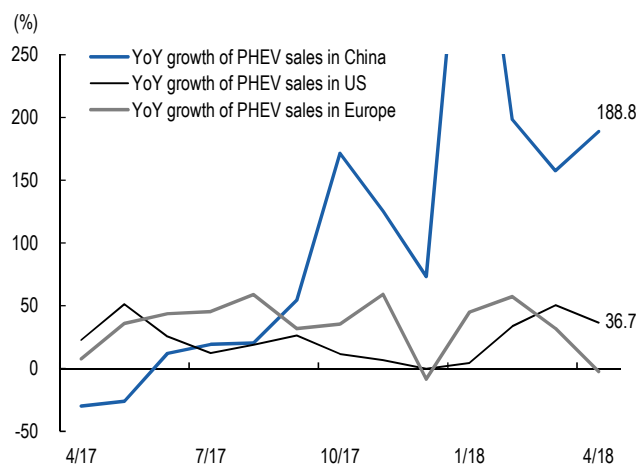
Source: SNE Research, Mirae Asset Daewoo Research

Figure 9. BEV sales volume YoY growth by market



Source: SNE Research, Mirae Asset Daewoo Research

Figure 10. PHEV sales volume YoY growth by market



Source: SNE Research, Mirae Asset Daewoo Research

Valuation: Initiate coverage with Buy and TP of W55,000

We initiate our coverage on Iljin Materials with a Buy call and target price of W55,000, which is based on a 2019F P/E of 34.5x (40% premium to the average multiple of global rechargeable battery materials players). In our view, the premium can be justified in light of: 1) higher operating leverage relative to peers; 2) the company's leadership in the global rechargeable battery-use electric foil market; and 3) expected increase in investments.

We believe Iljin Materials is likely to benefit from increasing capex by existing customers and to secure new customers, helped by market expansion. Finished carmakers continue to place orders for batteries and materials for the EV models to be launched in 2020 and after. Thus, top-tier EV component makers with proven track records are expected to enjoy benefits from EV market growth for a while.

Given its high share of fixed costs, Iljin Materials is well positioned to enjoy significant profitability improvement amid top-line growth. Going forward, we expect to see P/E contraction to 23.1x (based on 2019F EPS) and a reduced valuation burden (depending on further investment announcements).

Table 1. Valuation table

| | | Notes |
|---------------------|--------|--------------------------------------------------------------------------------------|
| 2019F EPS (W) | 1,602 | |
| Current P/E (x) | 23.1 | |
| Target P/E (x) | 34.5 | 40% premium to the average multiple of global rechargeable battery materials players |
| Target price (W) | 55,000 | |
| Current price (W) | 36,950 | |
| Expected return (%) | 49% | |

Source: Mirae Asset Daewoo Research estimates

Table 2. Earnings table

| | 1Q18 | 2Q18F | 3Q18F | 4Q18F | 1Q19F | 2Q19F | 3Q19F | 4Q19F | 2017 | 2018F | 2019F |
|------------------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|-------|
| Revenue | 115.5 | 122.8 | 128.5 | 144.6 | 141.7 | 159.1 | 168.0 | 172.6 | 454.0 | 511.3 | 641.4 |
| ICS | 21.2 | 21.8 | 25.9 | 26.4 | 24.0 | 23.3 | 23.0 | 21.5 | 99.5 | 95.3 | 91.8 |
| I2B | 49.9 | 53.9 | 55.0 | 66.7 | 74.1 | 83.8 | 88.9 | 90.6 | 171.9 | 225.5 | 337.4 |
| Other | 5.8 | 6.4 | 6.8 | 6.7 | 7.7 | 8.3 | 8.8 | 9.4 | 23.6 | 25.7 | 34.2 |
| Subsidiaries | 38.7 | 40.6 | 40.8 | 44.8 | 35.9 | 43.8 | 47.3 | 51.1 | 159.1 | 164.9 | 178.0 |
| Proportion (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| ICS | 18.4 | 17.8 | 20.2 | 18.3 | 17.0 | 14.6 | 13.7 | 12.5 | 21.9 | 18.6 | 14.3 |
| I2B | 43.2 | 43.9 | 42.8 | 46.1 | 52.3 | 52.7 | 52.9 | 52.5 | 37.9 | 44.1 | 52.6 |
| Other | 5.0 | 5.3 | 5.3 | 4.6 | 5.4 | 5.2 | 5.3 | 5.5 | 5.2 | 5.0 | 5.3 |
| Subsidiaries | 33.5 | 33.1 | 31.7 | 31.0 | 25.3 | 27.5 | 28.1 | 29.6 | 35.0 | 32.2 | 27.7 |
| Operating profit | 7.9 | 11.0 | 14.1 | 18.3 | 19.2 | 22.9 | 25.6 | 26.1 | 49.5 | 51.3 | 93.8 |
| Pretax profit | 8.5 | 12.6 | 14.6 | 16.4 | 18.8 | 23.6 | 25.8 | 23.8 | 41.6 | 52.1 | 92.1 |
| Net profit | 6.6 | 11.0 | 12.7 | 14.3 | 15.1 | 18.9 | 20.6 | 19.0 | 42.2 | 44.6 | 73.7 |
| OP margin | 6.9 | 8.9 | 11.0 | 12.7 | 13.6 | 14.4 | 15.2 | 15.1 | 10.9 | 10.0 | 14.7 |
| Pretax margin | 7.3 | 10.3 | 11.4 | 11.3 | 13.3 | 14.9 | 15.3 | 13.8 | 9.2 | 10.2 | 14.4 |
| Net margin | 5.7 | 9.0 | 9.9 | 9.9 | 10.6 | 11.9 | 12.3 | 11.0 | 9.3 | 8.7 | 11.5 |
| Change (QoQ/YoY) | | | | | | | | | | | |
| Revenue | -2.2 | 6.3 | 4.6 | 12.5 | -2.0 | 12.3 | 5.6 | 2.8 | 13.1 | 12.6 | 25.4 |
| ICS | 1.3 | 2.9 | 18.8 | 1.9 | -9.0 | -3.1 | -1.1 | -6.6 | 28.7 | -4.2 | -3.7 |
| I2B | 8.3 | 8.1 | 2.0 | 21.2 | 11.1 | 13.1 | 6.0 | 2.0 | 12.6 | 31.2 | 49.6 |
| Other | 81.4 | 11.2 | 4.9 | -1.5 | 15.6 | 7.4 | 6.6 | 7.0 | 75.8 | 9.0 | 33.3 |
| Subsidiaries | -19.2 | 5.0 | 0.4 | 10.0 | -20.0 | 22.0 | 8.0 | 8.0 | 5.5 | 3.6 | 7.9 |
| Operating profit | 10.3 | 38.7 | 28.2 | 30.1 | 4.9 | 19.2 | 11.6 | 2.0 | 68.4 | 3.6 | 82.8 |
| Pretax profit | 756.6 | 49.0 | 15.4 | 12.5 | 14.9 | 25.4 | 9.1 | -7.7 | 1.3 | 25.3 | 76.7 |
| Net profit | TTB | 66.3 | 15.4 | 12.5 | 5.6 | 25.4 | 9.1 | -7.7 | 5.2 | 5.5 | 65.2 |

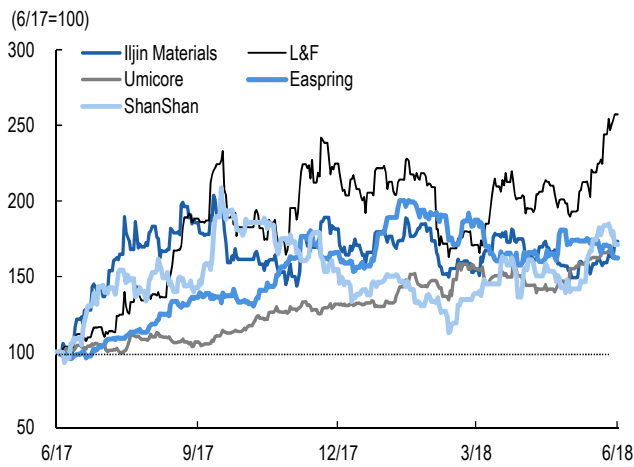
Source: Company data, Mirae Asset Daewoo Research estimates

Table 3. Global peers' valuation

| | Market cap | Revenue | | OP | | NP | | ROE | | P/E | | P/B | | EV/EBITDA | |
|------------------------|--------------|-------------|------------|-----------|-----------|-----------|-----------|-------------|-------------|-------------|-------------|------------|------------|-------------|-------------|
| | | 18F | 19F | 18F | 19F | 18F | 19F | 18F | 19F | 18F | 19F | 18F | 19F | 18F | 19F |
| | | (Wbn, %, x) | | | | | | | | | | | | | |
| Ijlin Materials | 1,700 | 511 | 641 | 51 | 94 | 45 | 74 | 8.3 | 13.2 | 38.1 | 23.1 | 3.2 | 2.9 | 20.0 | 12.6 |
| L&F | 1,228 | 520 | 626 | 39 | 55 | 27 | 39 | 20.5 | 23.8 | 44.7 | 31.5 | 7.9 | 6.4 | 27.2 | 20.2 |
| Umicore | 15,293 | 17,178 | 19,875 | 621 | 740 | 434 | 537 | 14.7 | 14.1 | 34.2 | 27.6 | 4.3 | 4.0 | 17.8 | 15.1 |
| Easpring | 2,129 | 616 | 802 | 56 | 79 | 51 | 69 | 15.0 | 17.7 | 37.4 | 27.1 | 5.7 | 4.8 | 31.7 | 21.5 |
| Ningbo Shanshan | 3,957 | 2,042 | 2,535 | 206 | 263 | 152 | 188 | 9.3 | 10.2 | 25.3 | 20.4 | 2.3 | 2.0 | 18.0 | 14.4 |
| Avg. | | | | | | | | 13.0 | 14.0 | 32.3 | 25.0 | 4.1 | 3.6 | 22.5 | 17.0 |

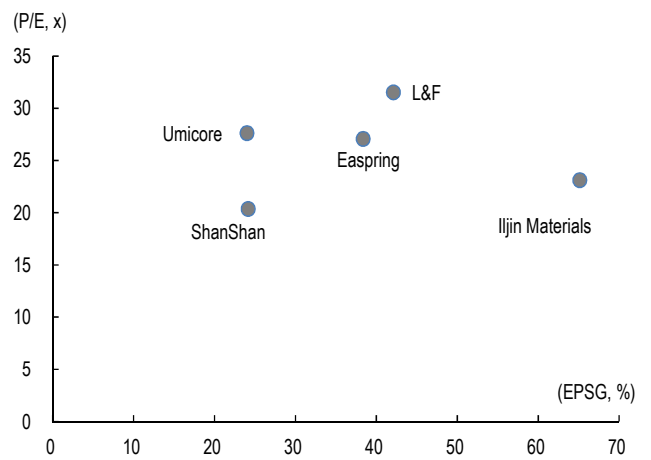
Source: Mirae Asset Daewoo Research, Bloomberg

Figure 11. Global rechargeable battery materials makers' relative share performance



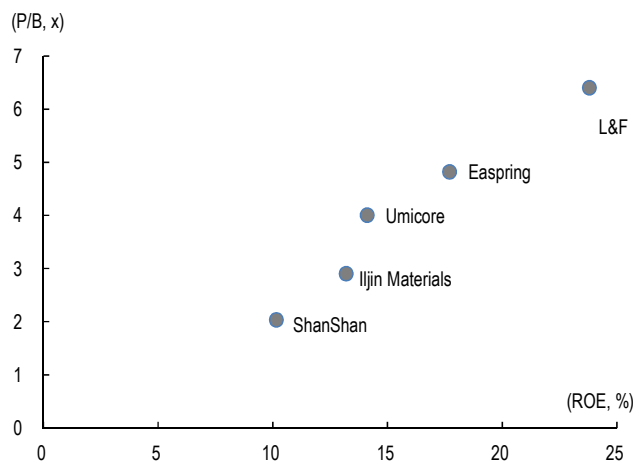
Source: Mirae Asset Daewoo Research

Figure 12. Global rechargeable battery materials makers' P/E-EPG



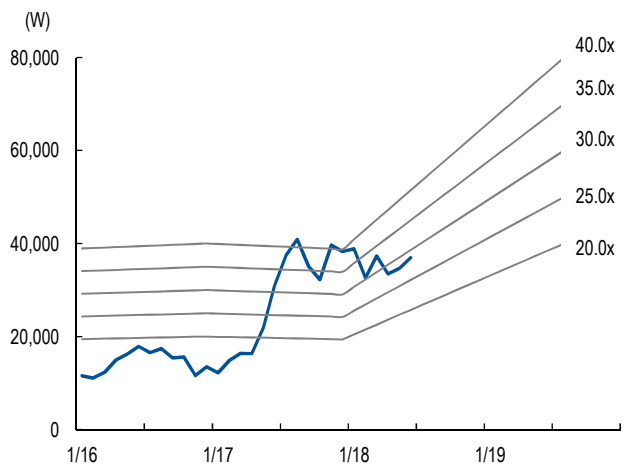
Source: Mirae Asset Daewoo Research

Figure 13. Global rechargeable battery materials makers' P/B-ROE



Source: Mirae Asset Daewoo Research

Figure 14. Ijlin Materials' 12MF P/E



Source: Mirae Asset Daewoo Research

Iljin Materials (020150 KS/Buy/TP: W55,000)

Comprehensive Income Statement (Summarized)

| (Wbn) | 12/16 | 12/17 | 12/18F | 12/19F |
|-------------------------------------|------------|------------|------------|------------|
| Revenue | 399 | 454 | 511 | 641 |
| Cost of Sales | 343 | 373 | 428 | 509 |
| Gross Profit | 56 | 81 | 83 | 132 |
| SG&A Expenses | 27 | 31 | 32 | 38 |
| Operating Profit (Adj) | 29 | 50 | 51 | 94 |
| Operating Profit | 29 | 50 | 51 | 94 |
| Non-Operating Profit | -9 | -8 | 1 | -2 |
| Net Financial Income | 0 | 1 | 1 | 1 |
| Net Gain from Inv in Associates | 0 | 0 | 0 | 0 |
| Pretax Profit | 20 | 42 | 52 | 92 |
| Income Tax | 1 | -1 | 8 | 18 |
| Profit from Continuing Operations | 19 | 42 | 45 | 74 |
| Profit from Discontinued Operations | 21 | 0 | 0 | 0 |
| Net Profit | 41 | 42 | 45 | 74 |
| Controlling Interests | 39 | 42 | 45 | 74 |
| Non-Controlling Interests | 1 | 0 | 0 | 0 |
| Total Comprehensive Profit | 57 | 54 | 40 | 74 |
| Controlling Interests | 53 | 54 | 40 | 74 |
| Non-Controlling Interests | 4 | 0 | 0 | 0 |
| EBITDA | 52 | 73 | 74 | 114 |
| FCF (Free Cash Flow) | 42 | 44 | 10 | 83 |
| EBITDA Margin (%) | 13.0 | 16.1 | 14.5 | 17.8 |
| Operating Profit Margin (%) | 7.3 | 11.0 | 10.0 | 14.7 |
| Net Profit Margin (%) | 9.8 | 9.3 | 8.8 | 11.5 |

Cash Flows (Summarized)

| (Wbn) | 12/16 | 12/17 | 12/18F | 12/19F |
|---------------------------------------|------------|-------------|-----------|------------|
| Cash Flows from Op Activities | 73 | 61 | 22 | 83 |
| Net Profit | 41 | 42 | 45 | 74 |
| Non-Cash Income and Expense | 14 | 31 | 30 | 37 |
| Depreciation | 22 | 23 | 22 | 20 |
| Amortization | 1 | 1 | 0 | 0 |
| Others | -9 | 7 | 8 | 17 |
| Chg in Working Capital | 27 | -11 | -48 | -11 |
| Chg in AR & Other Receivables | 21 | -12 | -8 | -13 |
| Chg in Inventories | 11 | -7 | -15 | -14 |
| Chg in AP & Other Payables | -10 | 4 | -4 | 6 |
| Income Tax Paid | -9 | 0 | -6 | -18 |
| Cash Flows from Inv Activities | -50 | -220 | 56 | -38 |
| Chg in PP&E | -31 | -18 | -12 | 0 |
| Chg in Intangible Assets | 0 | 0 | 0 | 0 |
| Chg in Financial Assets | -10 | -217 | 75 | -38 |
| Others | -9 | 15 | -7 | 0 |
| Cash Flows from Fin Activities | -23 | 180 | -3 | -30 |
| Chg in Financial Liabilities | -81 | -2 | -1 | 0 |
| Chg in Equity | 0 | 192 | 0 | 0 |
| Dividends Paid | 0 | -2 | -2 | -30 |
| Others | 58 | -8 | 0 | 0 |
| Increase (Decrease) in Cash | -1 | 20 | 75 | 15 |
| Beginning Balance | 28 | 27 | 46 | 121 |
| Ending Balance | 27 | 46 | 121 | 136 |

Source: Company data, Mirae Asset Daewoo Research estimates

Statement of Financial Condition (Summarized)

| (Wbn) | 12/16 | 12/17 | 12/18F | 12/19F |
|----------------------------------|------------|------------|------------|------------|
| Current Assets | 148 | 395 | 425 | 499 |
| Cash and Cash Equivalents | 27 | 46 | 121 | 136 |
| AR & Other Receivables | 52 | 55 | 71 | 84 |
| Inventories | 52 | 59 | 73 | 88 |
| Other Current Assets | 17 | 235 | 160 | 191 |
| Non-Current Assets | 243 | 256 | 257 | 252 |
| Investments in Associates | 0 | 0 | 0 | 0 |
| Property, Plant and Equipment | 176 | 176 | 163 | 143 |
| Intangible Assets | 6 | 4 | 4 | 4 |
| Total Assets | 391 | 650 | 681 | 751 |
| Current Liabilities | 69 | 89 | 106 | 126 |
| AP & Other Payables | 30 | 37 | 46 | 55 |
| Short-Term Financial Liabilities | 11 | 8 | 7 | 7 |
| Other Current Liabilities | 28 | 44 | 53 | 64 |
| Non-Current Liabilities | 27 | 31 | 37 | 43 |
| Long-Term Financial Liabilities | 2 | 4 | 4 | 4 |
| Other Non-Current Liabilities | 25 | 27 | 33 | 39 |
| Total Liabilities | 96 | 120 | 143 | 169 |
| Controlling Interests | 287 | 530 | 538 | 582 |
| Capital Stock | 20 | 23 | 23 | 23 |
| Capital Surplus | 190 | 379 | 379 | 379 |
| Retained Earnings | 56 | 96 | 108 | 152 |
| Non-Controlling Interests | 8 | 0 | 0 | 0 |
| Stockholders' Equity | 295 | 530 | 538 | 582 |

Forecasts/Valuations (Summarized)

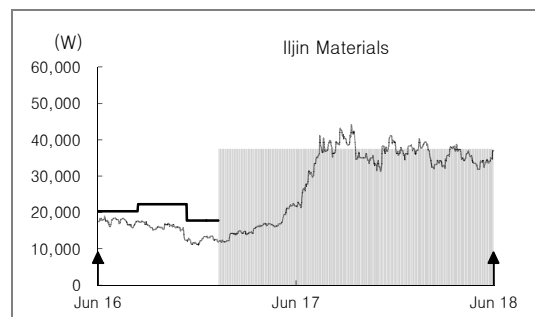
| | 12/16 | 12/17 | 12/18F | 12/19F |
|----------------------------------|-------|--------|--------|--------|
| P/E (x) | 13.9 | 38.3 | 38.1 | 23.1 |
| P/CF (x) | 10.1 | 22.2 | 22.7 | 15.3 |
| P/B (x) | 1.9 | 3.3 | 3.2 | 2.9 |
| EV/EBITDA (x) | 10.4 | 20.8 | 20.0 | 12.6 |
| EPS (W) | 971 | 1,000 | 970 | 1,602 |
| CFPS (W) | 1,339 | 1,723 | 1,631 | 2,413 |
| BPS (W) | 7,071 | 11,531 | 11,695 | 12,647 |
| DPS (W) | 50 | 650 | 650 | 650 |
| Payout ratio (%) | 4.8 | 70.9 | 67.0 | 40.6 |
| Dividend Yield (%) | 0.4 | 1.7 | 1.8 | 1.8 |
| Revenue Growth (%) | 1.5 | 13.8 | 12.6 | 25.4 |
| EBITDA Growth (%) | 0.0 | 40.4 | 1.4 | 54.1 |
| Operating Profit Growth (%) | 107.1 | 72.4 | 2.0 | 84.3 |
| EPS Growth (%) | - | 3.0 | -3.0 | 65.2 |
| Accounts Receivable Turnover (x) | 6.5 | 8.8 | 8.5 | 8.8 |
| Inventory Turnover (x) | 6.5 | 8.3 | 7.8 | 8.0 |
| Accounts Payable Turnover (x) | 12.9 | 18.8 | 15.9 | 15.6 |
| ROA (%) | 9.8 | 8.1 | 6.7 | 10.3 |
| ROE (%) | 15.1 | 10.3 | 8.3 | 13.2 |
| ROIC (%) | 10.7 | 20.5 | 17.8 | 29.1 |
| Liability to Equity Ratio (%) | 32.6 | 22.6 | 26.6 | 29.1 |
| Current Ratio (%) | 215.4 | 443.1 | 398.9 | 396.6 |
| Net Debt to Equity Ratio (%) | -5.7 | -45.0 | -41.8 | -45.0 |
| Interest Coverage Ratio (x) | 122.3 | 115.9 | 191.9 | 354.0 |

APPENDIX 1

Important Disclosures & Disclaimers

2-Year Rating and Target Price History

| Company (Code) | Date | Rating | Target Price |
|--------------------------|------------|-------------|--------------|
| Iljin Materials (020150) | 06/03/2018 | Buy | 55,000 |
| | 01/12/2017 | No Coverage | |
| | 11/14/2016 | Buy | 17,814 |
| | 08/16/2016 | Buy | 22,268 |
| | 05/16/2016 | Buy | 20,332 |



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 | 74.13% | 15.92% | 9.95% | 0.00% |
| Investment Banking Services | 75.00% | 11.11% | 13.89% | 0.00% |

* Based on recommendations in the last 12-months (as of March 31, 2018)

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