MIRAE ASSET
Building on principles

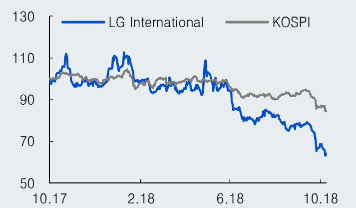
Energy

Results Comment
October 25, 2018

(Maintain)	Buy
Target Price(12M, W) ▼	24,000
Share Price (10/24/18, W)	17,900
Expected Return	34%

OP (18F, Wbn)	210
Consensus OP (18F, Wbn)	234
EPS Growth (18F, %)	-
Market EPS Growth (18F, %)	13.3
P/E (18F, x)	-
Market P/E (18F, x)	8.3
KOSPI	2,097.58
Market Cap (Wbn)	694
Shares Outstanding (mn)	39
Free Float (%)	73.4
Foreign Ownership (%)	14.4
Beta (12M)	1.16
52-Week Low	17,700
52-Week High	31,500

(%)	1M	6M	12M
Absolute	-17.3	-34.9	-35.1
Relative	-7.8	-23.5	-23.0



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[Transport/Energy]

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LG International
(001120 KS)

Expectations on Pantos Logistics remain intact

3Q18 review: Hurt by coal margin erosion

For 3Q18, LG International posted revenue of W2.57tr (-22.3% YoY). We attribute the revenue contraction to the continued decline in infrastructure revenue (-38.5% YoY) resulting from accounting rule changes in the trading segment. E&P revenue (-0.5% YoY) was relatively resilient, and logistics revenue (+10.8% YoY) resumed double-digit growth.

Operating profit came in at W47bn, below our estimate (W57bn) and the consensus (W57.4bn). In infrastructure, operating profit declined to W12.7bn (-37.1% YoY), hurt by shrinking EPC earnings. In E&P, operating profit fell 48.1% YoY due to the deferred shipment of crude oil from the Oman Block 8 field and lower coal prices. In logistics (Pantos Logistics), operating profit growth (+12.6% YoY) continued, and OP margin was maintained at 2.1%, supported by the continued expansion of overseas warehouse and distribution (W&D) operations and increased operating efficiency.

On the non-operating side, equity-method profit swung to W8.9bn in 3Q18 from a W400mn loss in 3Q17, aided by well-performing affiliates such as GeoPark (Colombia) amid rising oil prices. This helped to partly offset the weakness in operating profit. That said, equity-method profit declined QoQ (from W13.6bn in 2Q18) due to the suspension of coal-fired plants.

Focus on the value of Pantos Logistics

Recently, Koo Kwang-mo and other members of LG Group's controlling family decided to dispose of their stake (19.9%) in Pantos Logistics. We believe this move is aimed at: 1) removing regulatory issues over related-party transactions; and 2) raising funds to finance the group's leadership transfer.

The stake disposal is unlikely to be welcomed by investors looking for Pantos to expand earnings and increase its enterprise value. However, we see a silver lining for margins. Indeed, since LG International consolidated Pantos Logistics in 2015, a continuous increase in group-related volumes has weighed on margins.

We believe the introduction of outside shareholders in Pantos Logistics will lead to greater calls for: 1) earnings improvement; 2) increased dividends; and 3) an eventual IPO. This should bolster the value of LG International's 51% stake in Pantos Logistics. Moreover, global logistics companies have been trading at high valuations (EV/EBTIDA of 9.6x, P/E of 17.6x, and P/B of 2.4x), creating expectations for Pantos Logistics.

Maintain Buy, but lower TP to W24,000

We revised down our 2018 and 2019 net profit forecasts for LG International by 232.3% and 20.9%, respectively, and thus cut our target price to W24,000 (from W30,000), which implies a 2019F P/E of 10x. However, we maintain our Buy rating, as our target price implies 34% upside. We believe the stock is currently undervalued, trading at a 2019F P/E of 7.8x. We see potential for a rebound due to the likelihood of earnings stabilization and renewed attention to the value of Pantos Logistics.

FY (Dec.)	12/15	12/16	12/17	12/18F	12/19F	12/20F
Revenue (Wbn)	13,224	11,967	12,827	9,968	10,301	11,107
OP (Wbn)	82	174	212	210	215	243
OP margin (%)	0.6	1.5	1.7	2.1	2.1	2.2
NP (Wbn)	-235	58	60	-23	89	116
EPS (W)	-6,074	1,500	1,553	-585	2,308	2,980
ROE (%)	-17.9	4.8	4.9	-1.9	7.3	8.7
P/E (x)	-	19.5	17.5	-	7.8	6.0
P/B (x)	1.1	0.9	0.9	0.6	0.5	0.5
Dividend yield (%)	0.6	0.9	0.9	1.4	1.4	1.4

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

Table 1. 3Q18 review (Wbn, %, %p)

	3Q17	2Q18	3Q18P			Growth	
			Preliminary	Mirae Asset Daewoo	Consensus	YoY	QoQ
Revenue	3,312	2,350	**2,572**	3,029	2,708	-22.3	9.5
Operating profit	65	54	**47**	57	57	-27.7	-13.7
OP margin (%)	2.0	2.3	**1.8**	1.7	2.1	-0.1	-0.5
Pretax profit	55	49	**44**	41	62	-20.3	-10.6
Net profit	22	18	**23**	19	30	5.7	26.2

Notes: Based on consolidated K-IFRS; net profit is attributable to controlling interests
Source: Company data, WISEfn, Mirae Asset Daewoo Research estimates

Table 2. Earnings forecast revisions (Wbn, W, %)

	Previous		Revised		% chg.		Notes
	18F	19F	18F	19F	18F	19F	
Revenue	9,864	10,229	9,968	10,301	1.1	0.7	Reflected 3Q18 results
Operating profit	238	254	210	215	-11.6	-15.3	Revised down estimates for coal and EPC earnings
Pretax profit	242	224	209	177	-13.8	-20.9	
Net profit	-7	113	-23	89	RR	-20.9	
EPS (W)	-176	2,919	-585	2,308	RR	-20.9	

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

Table 3. Quarterly and annual earnings (Wbn, %)

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18P	4Q18F	2017	2018F	2019F
Revenue	3,058	3,015	3,312	3,442	2,387	2,350	2,572	2,659	12,827	9,968	10,301
Infrastructure	1,967	1,891	2,171	2,201	1,215	1,148	1,336	1,314	8,230	5,014	5,035
E&P	292	238	251	269	294	241	250	266	1,050	1,051	1,051
Logistics	799	887	890	972	879	960	986	1,078	3,547	3,903	4,215
Operating profit	81	39	65	27	61	54	47	48	212	210	215
Infrastructure	28	9	20	2	11	13	13	8	59	44	41
E&P	36	12	27	4	29	20	14	17	79	79	75
Logistics	18	19	18	20	21	22	21	24	75	87	99
Pretax profit	75	34	55	13	70	49	44	46	178	209	177
Net profit	46	6	22	-14	-88	18	23	23	60	-23	89
OP margin (%)	2.7	1.3	2.0	0.8	2.5	2.3	1.8	1.8	1.7	2.1	2.1
Pretax margin (%)	2.5	1.1	1.7	0.4	2.9	2.1	1.7	1.7	1.4	2.1	1.7
Net margin (%)	1.8	0.5	0.9	-0.3	-3.3	1.2	1.1	1.2	0.5	-0.2	0.9

Notes: Based on consolidated K-IFRS; net profit is attributable to controlling interests
Source: Company data, Mirae Asset Daewoo Research estimates

Table 4. Pantos Logistics annual earnings (Wbn, %)

	2013	2014	2015	2016	2017	2018F
Revenue	2,042	2,216	2,189	2,998	3,616	3,903
YoY		8.5%	-1.2%	37.0%	20.6%	7.9%
Operating profit	59	78	77	75	76	87
YoY		30.8%	-0.2%	-2.9%	0.9%	14.5%
OP margin (%)	2.9%	3.5%	3.5%	2.5%	2.1%	2.2%
Net profit	49	71	107	46	46	
YoY		42.9%	51.3%	-57.2%	1.4%	
Net margin (%)	2.4%	3.2%	4.9%	1.5%	1.3%	
Dividend	10	10	10	10	10	
Dividend ratio	20.3%	14.2%	9.4%	21.9%	21.6%	

Notes: 2018 figures are estimates for LG International's logistics division.
Source: Company data, Mirae Asset Daewoo Research estimates

Table 5. Peer valuations: Global trading companies (x, %)

Name	Ticker	Rating	CP	TP	Country	EV/EBITDA (x)			ROE (%)			P/B (x)			P/E (x)		
						17	18F	19F	17	18F	19F	17	18F	19F	17	18F	19F
POSCO Daewoo	047050 KS	Buy	W18,350	W24,000	Korea	9.5	8.6	8.3	7.0	9.0	10.5	0.8	0.7	0.7	11.1	8.3	6.6
LG International	001120 KS	Buy	W17,900	W24,000	Korea	8.5	7.6	7.0	-5.1	1.8	10.0	0.8	0.7	0.7	-	200.8	6.7
Samsung C&T	000830 KS	Buy	W113,000	W175,000	Korea	1.2	-	-	1.8	3.0	3.2	-	-	-	-	-	-
SK Networks	001740 KS	Buy	W4,730	W7,600	Korea	9.2	9.5	8.6	1.6	1.8	3.5	0.5	0.5	0.5	21.4	27.4	13.5
JXTG Holdings	5020 JP		JPY763		Japan	5.9	5.5	5.8	20.2	15.0	11.7	1.0	0.9	0.8	5.4	6.5	7.4
TonenGeneral Sekiyu	5012 JP		-		Japan	5.0	-	-	25.3	-	-	-	-	-	-	-	-
Mitsubishi Corp.	8058 JP		JPY3,279		Japan	12.1	12.0	12.2	12.4	11.7	10.8	0.9	0.8	0.8	7.6	7.7	7.6
Marubeni Corp.	8002 JP		JPY914		Japan	16.3	13.8	13.5	14.3	13.8	12.7	0.9	0.9	0.8	6.5	6.5	6.4
Mitsui & Co.	8031 JP		JPY1,890		Japan	15.6	13.8	11.0	10.9	10.7	9.6	0.7	0.7	0.7	7.4	7.1	7.3
Sumitomo Corp.	8053 JP		JPY1,725		Japan	14.0	12.6	12.2	12.7	12.4	11.5	0.9	0.8	0.7	7.0	6.9	6.7
Average						9.7	10.4	9.8	10.1	8.8	9.3	0.8	0.8	0.7	9.5	33.9	7.8

Source: Bloomberg, Mirae Asset Daewoo Research estimates

Table 6. Peer valuations: Global E&P companies (x, %)

Name	Ticker	CP	Country	EV/EBITDA (x)			ROE (%)			P/B (x)			P/E (x)		
				17	18F	19F	17	18F	19F	17	18F	19F	17	18F	19F
PetroChina	601857 CH	RMB8.3	China	4.3	5.5	5.3	2.3	4.9	5.6	1.2	1.2	1.2	50.8	24.5	20.3
China Petroleum & Chemical	386 HK	RMB6.19	China	4.1	3.9	3.8	7.2	10.5	10.3	1.1	1.1	1.0	14.8	10.0	9.8
CNOOC	883 HK	HK$13.1	China	4.6	3.9	3.8	6.5	13.6	13.1	1.3	1.2	1.2	20.3	9.0	8.7
Tangshan Sanyou Chemical	600409 CH	RMB6.56	China	-	5.2	4.9	20.3	19.2	18.2	1.6	1.3	1.1	9.0	7.2	6.4
Total	FP FP	EUR51.6	France	6.9	5.7	5.2	9.0	11.7	11.5	1.4	1.3	1.3	16.2	11.6	10.5
Royal Dutch Shell	RDSA LN	EUR27.46	Netherlands	7.4	5.6	5.2	10.2	11.7	12.6	1.4	1.3	1.3	13.6	12.0	10.2
BP	BP/ LN	GBX532.9	UK	6.9	5.0	4.7	7.2	10.6	11.5	1.4	1.4	1.4	20.1	13.0	11.7
Eni	ENI IM	EUR14.95	Italy	3.8	3.7	3.4	9.2	8.8	9.6	1.2	1.2	1.1	12.8	13.8	12.0
Gazprom	Gazp Rx	RUB153.61	Russia	3.1	2.5	2.5	6.5	8.6	7.9	0.3	0.2	0.2	4.2	3.1	3.2
Petrobras	Petr4 BZ	BRL26.2	Brazil	6.1	4.5	4.1	4.4	11.2	11.3	0.8	0.6	0.6	20.4	6.7	5.6
Hess	HES US	US$61.43	US	-	10.3	8.9	31.7	-0.8	3.8	2.1	2.0	1.8	1,945.4	-	75.8
Murphy	MUR US	US$80.94	US	6.1	4.6	4.2	-2.9	7.1	5.7	1.1	1.1	1.1	72.6	18.2	14.2
ExxonMobil	XOM US	US$79.84	US	11.2	7.7	6.8	11.4	9.9	11.1	1.8	1.8	1.7	21.0	17.1	14.6
Chevron	CVX US	US$113.4	US	10.4	6.2	5.7	8.1	9.4	9.7	1.5	1.5	1.5	21.4	15.0	13.8
Suncor Energy	SU CN	CA$45.19	Canada	8.1	7.1	6.4	9.8	11.0	12.5	1.9	1.9	1.8	21.5	16.4	13.4
Imperial Oil	IMO CN	CA$42.77	Canada	11.5	8.4	8.1	3.9	8.3	8.9	1.4	1.4	1.3	37.0	16.5	14.0
Average				6.7	5.6	5.2	5.1	9.7	10.2	1.3	1.3	1.2	143.8	12.9	15.3

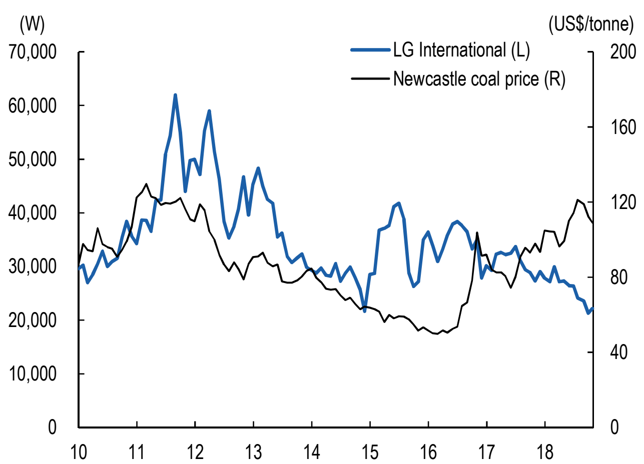
Source: Bloomberg, Mirae Asset Daewoo Research estimates

Table 7. Peer valuations: Global logistics companies (x, %)

Name	Ticker	Rating	CP	TP	Country	EV/EBITDA (x)			ROE (%)			P/B (x)			P/E (x)		
						17	18F	19F	17	18F	19F	17	18F	19F	17	18F	19F
CJ Logistics	000120 KS	Buy	W161,500	W200,000	Korea	14.7	14.6	12.0	1.7	3.3	4.4	1.1	1.2	1.2	65.8	40.1	28.3
Hyundai Glovis	086280 KS	Buy	W109,000	W190,000	Korea	5.8	5.9	5.4	12.7	11.6	12.5	1.2	1.1	1.0	9.6	9.8	8.2
Hanjin Transportation	002320 KS	Hold	W38,150	-	Korea	10.5	10.7	9.3	6.8	8.8	2.6	0.4	0.4	0.4	6.6	5.1	16.4
Yamato Holdings	9064 JP		JPY3,251		Japan	12.3	11.3	9.6	5.6	7.0	8.4	2.4	2.3	2.2	44.3	34.9	27.3
Nippon Express	9062 JP		JPY6,650		Japan	8.0	7.1	6.9	1.1	8.6	8.5	1.2	1.1	1.1	109.7	14.0	13.2
Mitsubishi Logistics	9301 JP		JPY2,780		Japan	9.8	9.8	9.6	3.6	3.9	3.8	0.7	0.7	0.7	21.4	19.4	18.7
Kintetsu World Express	9375 JP		JPY1,821		Japan	8.5	8.0	7.5	8.3	7.9	8.8	1.4	1.2	1.1	16.5	16.0	13.8
Sankyu	906 JP		JPY5,790		Japan	8.0	8.2	7.8	12.3	12.5	11.8	1.9	1.7	1.6	16.2	14.9	14.4
Kamigumi	9364 JP		JPY2,314		Japan	-	6.7	6.5	5.5	5.5	5.5	0.8	0.8	0.8	15.4	14.8	14.4
Seino Holdings	9076 JP		JPY1,548		Japan	6.4	5.3	5.0	5.5	5.5	6.1	0.9	0.8	0.8	15.8	15.7	13.7
Hitachi Transport System	9086 JP		JPY2,825		Japan	8.8	8.7	8.4	10.0	10.3	10.2	1.6	1.4	1.3	16.0	14.9	13.8
Fukuyama Transporting	9075 JP		JPY4,340		Japan	11.1	10.4	10.0	5.4	5.5	5.5	1.1	1.0	1.0	20.3	19.8	19.1
Sinotrans Limited	598 HK		HKD2.78		China	5.7	5.6	5.1	13.6	10.6	11.1	0.8	0.7	0.7	7.3	7.9	7.2
Xiamen Xiangyu	600057 CH		RMB4.47		China	-	-	-	10.1	-	-	1.1	-	-	12.3	9.3	7.4
Kerry Logistics Network	636 HK		HK$12.8		Hong Kong	6.8	8.3	7.8	11.9	7.1	7.3	0.9	0.9	0.9	8.5	11.7	10.6
Singapore Post	SPOST SP		SG$1.04		Singapore	15.0	13.1	12.2	8.3	7.3	8.0	1.9	1.5	1.5	26.0	23.3	19.7
Pos Malaysia	POSM MK		MYR3.19		Malaysia	9.9	11.3	8.0	4.8	5.3	6.6	1.6	1.6	1.5	34.3	31.0	23.8
TASCO	TASCO MK		MYR 1.34		Malaysia	8.4	6.4	5.7	7.7	9.5	9.9	0.9	0.8	0.8	12.4	9.6	8.4
Container Corporation of India	CCRI IN		INR 576.85		India	19.0	17.4	14.5	11.7	12.0	13.5	3.3	3.0	2.7	29.3	27.8	23.1
Gemadept	GMD VN		-		Vietnam	11.0	9.9	8.3	30.1	15.6	9.4	1.3	1.3	1.2	4.3	8.8	13.0
UPS	UPS US		US$1114.16		US	11.9	12.4	11.1	291.0	261.0	117.1	45.0	25.6	14.0	18.4	16.8	15.4
FedEx	FDX US		US$218.38		US	10.0	8.2	7.3	25.8	21.5	22.0	3.4	3.0	2.5	16.3	14.2	12.3
Deutsche Post	DPW GR		EUR27.97		Germany	8.1	8.1	7.0	22.2	17.1	19.8	3.2	2.9	2.6	14.7	17.0	13.6
Qube Holdings	QUB AU		AU$2.41		Australia	11.4	17.9	15.5	7.4	4.8	5.7	1.6	1.7	1.6	21.8	34.4	28.9
Kuehne + Nagel	KNIN VX		CHF132		Switzerland	14.8	-	-	40.5	34.2	35.1	-	-	-	-	-	-
Average						10.1	9.6	8.6	22.2	20.3	14.6	3.2	2.4	1.8	22.8	17.6	15.7

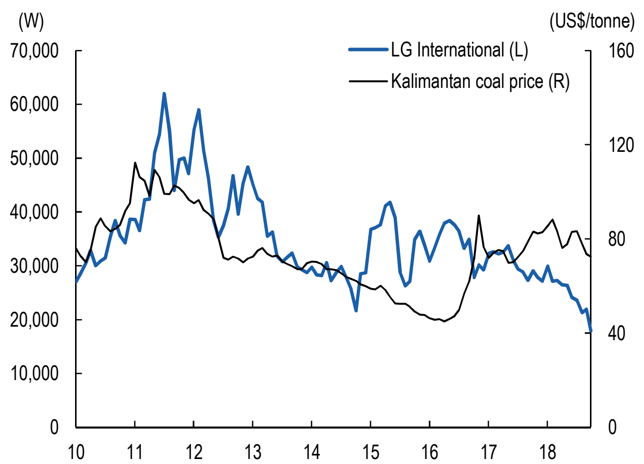
Source: Bloomberg, Mirae Asset Daewoo Research estimates

Figure 1. Share price and Newcastle coal price trends



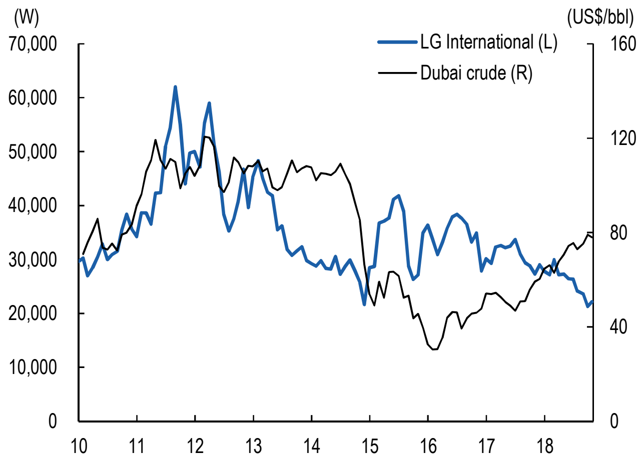
Source: Bloomberg, Mirae Asset Daewoo Research

Figure 2. Share price and Kalimantan coal price trends



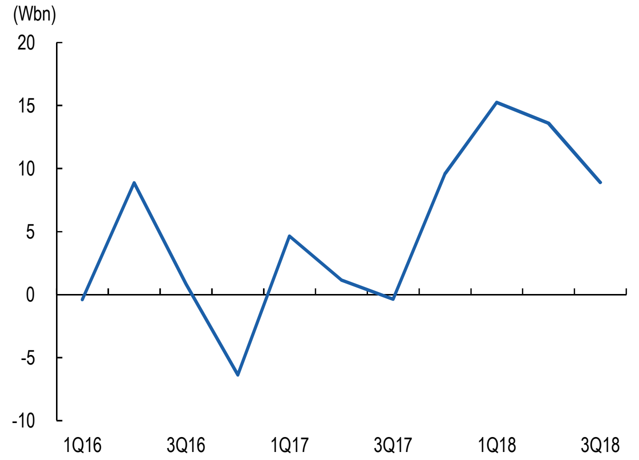
Source: Bloomberg, Mirae Asset Daewoo Research

Figure 3. Share price and oil price trends



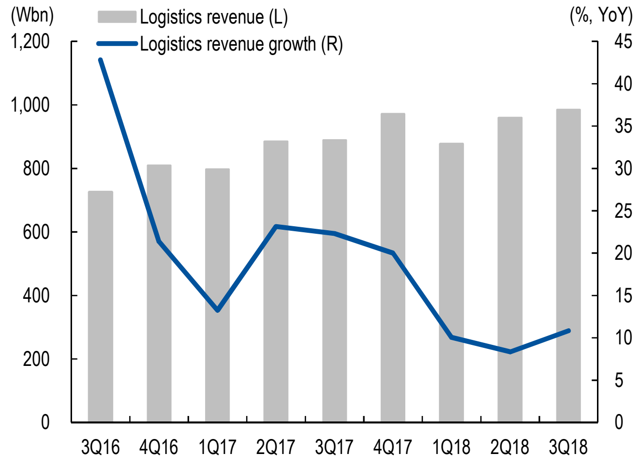
Source: Bloomberg, Mirae Asset Daewoo Research

Figure 4. Equity-method gains trend



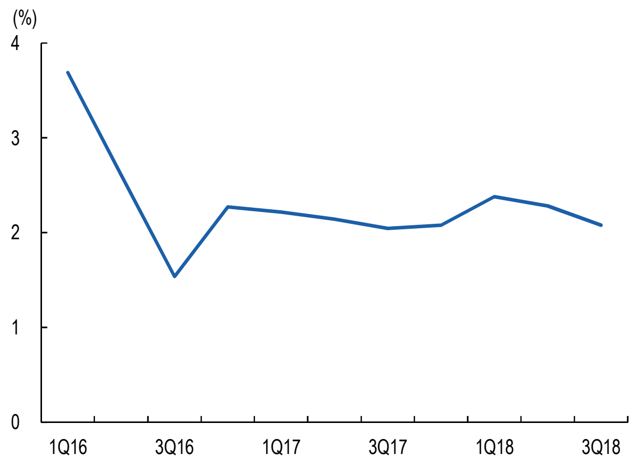
Source: Company data, Mirae Asset Daewoo Research

Figure 5. Logistics revenue and growth



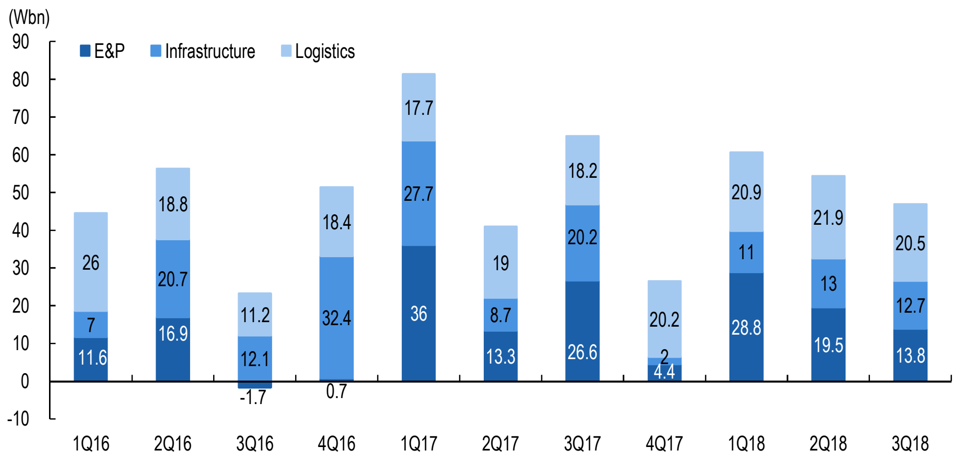
Source: Company data, Mirae Asset Daewoo Research

Figure 6. Logistics OP margin trend



Source: Company data, Mirae Asset Daewoo Research

Figure 7. OP by business



Source: Company data, Mirae Asset Daewoo Research

LG International (001120 KS/Buy/TP: W24,000)

Comprehensive Income Statement (Summarized)

(Wbn)	12/17	12/18F	12/19F	12/20F
Revenue	**12,827**	**9,968**	**10,301**	**11,107**
Cost of Sales	**12,077**	**9,261**	**9,591**	**10,314**
Gross Profit	**750**	**707**	**710**	**793**
SG&A Expenses	**538**	**497**	**495**	**550**
Operating Profit (Adj)	**212**	**210**	**215**	**243**
Operating Profit	**212**	**210**	**215**	**243**
Non-Operating Profit	**-34**	**-1**	**-38**	**4**
Net Financial Income	-39	-32	-39	-37
Net Gain from Inv in Associates	15	33	32	32
Pretax Profit	178	209	177	247
Income Tax	90	198	53	86
Profit from Continuing Operations	88	11	124	160
Profit from Discontinued Operations	0	0	0	0
Net Profit	88	11	124	160
Controlling Interests	60	-23	89	116
Non-Controlling Interests	28	34	35	45
Total Comprehensive Profit	**-43**	**52**	**124**	**160**
Controlling Interests	-45	8	90	116
Non-Controlling Interests	2	44	34	44
EBITDA	292	264	270	298
FCF (Free Cash Flow)	106	-19	26	13
EBITDA Margin (%)	2.3	2.6	2.6	2.7
Operating Profit Margin (%)	1.7	2.1	2.1	2.2
Net Profit Margin (%)	0.5	-0.2	0.9	1.0

Statement of Financial Condition (Summarized)

(Wbn)	12/17	12/18F	12/19F	12/20F
Current Assets	**2,554**	**1,985**	**2,080**	**2,229**
Cash and Cash Equivalents	395	317	329	344
AR & Other Receivables	1,330	1,027	1,078	1,161
Inventories	598	462	485	522
Other Current Assets	231	179	188	202
Non-Current Assets	**2,413**	**2,560**	**2,633**	**2,703**
Investments in Associates	401	461	479	516
Property, Plant and Equipment	553	634	701	737
Intangible Assets	882	892	870	848
Total Assets	**4,968**	**4,545**	**4,713**	**4,932**
Current Liabilities	**2,130**	**1,581**	**1,630**	**1,690**
AP & Other Payables	1,577	1,218	1,267	1,273
Short-Term Financial Liabilities	295	164	156	194
Other Current Liabilities	258	199	207	223
Non-Current Liabilities	**1,252**	**1,350**	**1,354**	**1,363**
Long-Term Financial Liabilities	1,111	1,241	1,241	1,241
Other Non-Current Liabilities	141	109	113	122
Total Liabilities	**3,382**	**2,931**	**2,984**	**3,052**
Controlling Interests	**1,194**	**1,189**	**1,269**	**1,374**
Capital Stock	194	194	194	194
Capital Surplus	101	101	101	101
Retained Earnings	961	923	1,002	1,108
Non-Controlling Interests	**391**	**425**	**460**	**505**
Stockholders' Equity	**1,585**	**1,614**	**1,729**	**1,879**

Cash Flows (Summarized)

(Wbn)	12/17	12/18F	12/19F	12/20F
Cash Flows from Op Activities	181	89	126	83
Net Profit	88	11	124	160
Non-Cash Income and Expense	197	237	85	117
Depreciation	29	30	33	34
Amortization	51	24	22	22
Others	117	183	30	61
Chg in Working Capital	-5	-17	-21	-101
Chg in AR & Other Receivables	74	-53	-49	-79
Chg in Inventories	-81	-27	-23	-37
Chg in AP & Other Payables	68	138	44	0
Income Tax Paid	**-67**	**-136**	**-53**	**-86**
Cash Flows from Inv Activities	-10	-113	-111	-91
Chg in PP&E	-70	-108	-100	-70
Chg in Intangible Assets	-29	-6	0	0
Chg in Financial Assets	83	-10	-11	-21
Others	**6**	**11**	**0**	**0**
Cash Flows from Fin Activities	-67	-57	-17	28
Chg in Financial Liabilities	-129	-2	-8	37
Chg in Equity	0	0	0	0
Dividends Paid	-19	-30	-10	-10
Others	**81**	**-25**	**1**	**1**
Increase (Decrease) in Cash	84	-78	11	15
Beginning Balance	311	395	317	329
Ending Balance	**395**	**317**	**329**	**344**

Forecasts/Valuations (Summarized)

	12/17	12/18F	12/19F	12/20F
P/E (x)	17.5	-	7.8	6.0
P/CF (x)	3.7	2.8	3.3	2.5
P/B (x)	0.9	0.6	0.5	0.5
EV/EBITDA (x)	8.3	8.3	8.1	7.6
EPS (W)	1,553	-585	2,308	2,980
CFPS (W)	7,356	6,403	5,390	7,146
BPS (W)	30,840	30,708	32,767	35,498
DPS (W)	250	250	250	250
Payout ratio (%)	11.0	84.3	7.8	6.0
Dividend Yield (%)	0.9	1.4	1.4	1.4
Revenue Growth (%)	7.2	-22.3	3.3	7.8
EBITDA Growth (%)	28.1	-9.6	2.3	10.4
Operating Profit Growth (%)	21.8	-0.9	2.4	13.0
EPS Growth (%)	3.5	-	-	29.1
Accounts Receivable Turnover (x)	9.6	8.8	10.2	10.3
Inventory Turnover (x)	23.0	18.8	21.8	22.1
Accounts Payable Turnover (x)	8.6	7.4	8.6	9.1
ROA (%)	1.7	0.2	2.7	3.3
ROE (%)	4.9	-1.9	7.3	8.7
ROIC (%)	5.5	2.7	7.9	8.0
Liability to Equity Ratio (%)	213.3	181.6	172.6	162.4
Current Ratio (%)	119.9	125.5	127.6	131.9
Net Debt to Equity Ratio (%)	62.0	66.0	60.4	56.7
Interest Coverage Ratio (x)	4.0	3.9	3.5	4.0

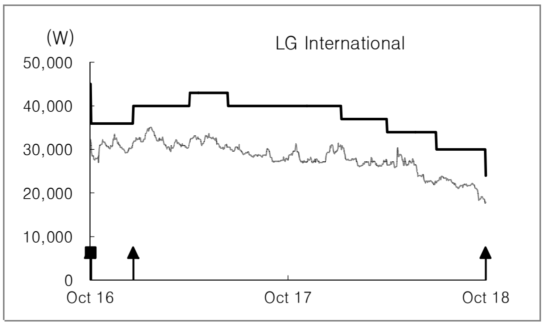
Source: Company data, Mirae Asset Daewoo Research estimates

APPENDIX 1

Important Disclosures & Disclaimers

2-Year Rating and Target Price History

Company (Code)	Date	Rating	Target Price
LG International(001120)	10/24/2018	Buy	24,000
	07/25/2018	Buy	30,000
	04/25/2018	Buy	34,000
	01/31/2018	Buy	37,000
	07/06/2017	Buy	40,000
	04/26/2017	Buy	43,000
	01/12/2017	Buy	40,000
	10/26/2016	Trading Buy	36,000
	10/12/2016	Buy	45,000



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	73.71%	13.92%	12.37%	0.00%
Investment Banking Services	82.61%	4.35%	13.04%	0.00%

* Based on recommendations in the last 12-months (as of September 30, 2018)

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