

Travel Agencies



Korea
Travel
 4 July 2006

Overseas Travel Going Far

◆ Outbound Travel is going places

More Koreans are going overseas nowadays; while Korea's top outbound travel agencies are enjoying healthy growth momentum on the back of favourable structural changes. Things can only get better, and this sector should greatly appeal to investors seeking high growth, in our view.

◆ Long-haul positives

Reduced working hours with gradual introduction of a 5-day work-week in Korea should create more leisure time, resulting in higher demand of overseas travels. Growing income levels and demographic trends in Korea also favour the overseas travel industry. Positive impacts by those structural changes are likely to sustain long term, which we believe should lead to continued re-ratings of the share prices.

◆ Short-term travel incentives

Besides the long-term structural positives, Korean outbound travel agencies have near-term catalysts. A stronger Korean won is whetting Koreans' appetite for overseas tourism, while the present double-spring year in the Chinese calendar (implying good year for marriage) will trigger high demand for honeymoon trips. Also, Japan's visa waiver for Korean travelers (90 days) could see an increase in travels to Japan.

◆ Natural industry consolidation in progress

Big 4 travel agencies, armed with sustainable competitive advantages, are gaining market share from other smaller agencies. Their combined market share increased to 26% in 1Q06, up from 22% in 2005 and 13% in 2000. We believe this trend will continue, as larger-scale purchasing power, greater distribution network and stronger brand power become more critical in this business.

◆ Overweight on Korean outbound travel agencies

The Korean outbound travel industry clearly stands out based on its solid structural growth, with a very favourable return/risk profile, in our view. Buy Hana Tour Service (039130 KS) as the best bet on solid market leadership with the highest profitability and shareholder-friendly policies. Buy the number-two company, Modetour Network (080160 KS) on highest EPS growth expectation in 2006. We recommend a Sell on Lotte Tour Development (032350 KS) based on the current demanding valuations.

Company	Code	Rating	Target px (Won)	Up-side (%)	P/E (x)		EPS growth (%)		EV/EBITDA (x)		Dividend yield (%)	
					2006E	2007E	2006E	2007E	2006E	2007E	2006E	2007E
Hana Tour Service	039130 KS	Buy	90,000	25.9	28.0	20.7	56.4	35.2	20.3	14.3	1.0	1.5
Modetour Network	080160 KS	Buy	32,000	20.8	26.9	22.3	118.4	20.6	21.3	15.1	0.6	0.8
Lotte Tour Dev.	032350 KS	Sell	25,000	(30.8)	44.1	37.5	25.3	17.7	27.9	19.7	0.5	0.6
Average (arithmetic)					33.0	26.8	66.7	24.5	23.1	16.3	0.7	1.0

Overweight

Sector Initiation

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Investment Thesis

The number of Koreans traveling overseas is rising, which is driving healthy growth of travel agencies through a perfect mix of near-term catalysts and favourable structural changes. We believe the sector will appeal to investors seeking high growth investments.

I. Plenty of long-term, structural positives

Higher demand for overseas travel will eventuate from greater personal leisure time, with reduced working hours coupled with the gradual introduction of 5-day work-week. Rising personal incomes and lifestyle-changing demographic trends also favour the travel industry. We think these positive factors would likely sustain long-term re-ratings of travel stocks.

5-day work-week in motion in phases

More leisure time creating more leisure demand

1. More leisure time

The Korean workforce is set to enjoy greater personal leisure time with the government's introduction of a maximum 40-hour, 5-day work-week, that would be compulsory for companies to implement by the end of 2011. That is down from 2005's average of 45 hours a week. According to regulation, 26% of Korean workers should currently be in this revised scheme, with over 40% of workers estimated to already be in this "scheme" as some firms voluntarily adopted a 5-day work-week ahead of deadline.

Most developed countries had adopted the 5-day work-week long time ago. In Japan, the outbound travel industry has benefited from the 1987 introduction of the 5-day work-week. As the chart below shows, the Korean government has been gradually implementing changes since July 2004, which indicates the full benefits have yet to be fully realised. As such, we expect Koreans would be diverting their greater leisure time towards activities such as overseas tourism.

Figure 1: 5-day work-week introduction in phases



Note: (*) includes workers for all public sectors.
Source: Ministry of legislation, Ministry of Labor, KNSO

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5-day school-week favours overseas travels

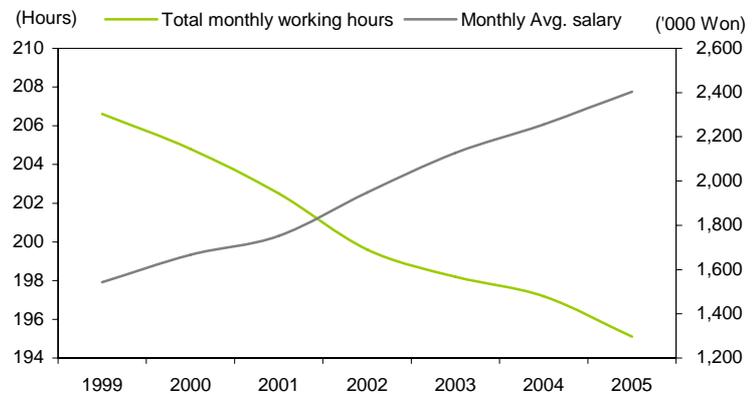
From March 2005, all Korean schools have been adopting, once a month, a 5-day school-week program (no classes on Saturday) according to official guidelines. Around 10% of schools (selected as model schools) are currently implementing a 5-day school-week twice a month. This is expected to gradually include all schools.

In tandem with the 5-day work-week, the expansion of a monthly 5-day school-week to twice monthly is likely to underpin demand for family tours to short-haul destinations.

Decreasing average monthly working hours VS increasing salary

Korean workers' work hours have fallen in the past five years, even as average monthly salaries have been rising. As the implementation of the 5-day work-week widens to all companies by 2011, we expect personal leisure time to grow accordingly.

Figure 2: Korean's monthly working hours & average salary

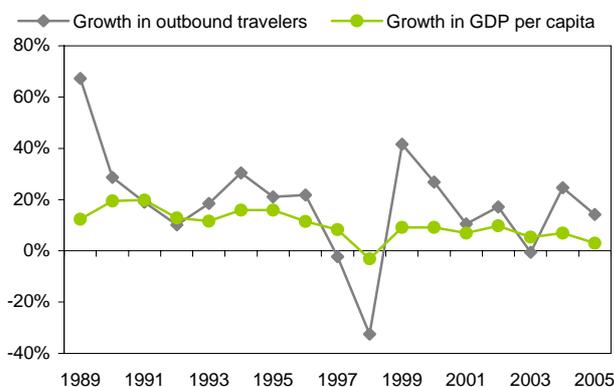


Source: Ministry of Labor

2. Growing income level

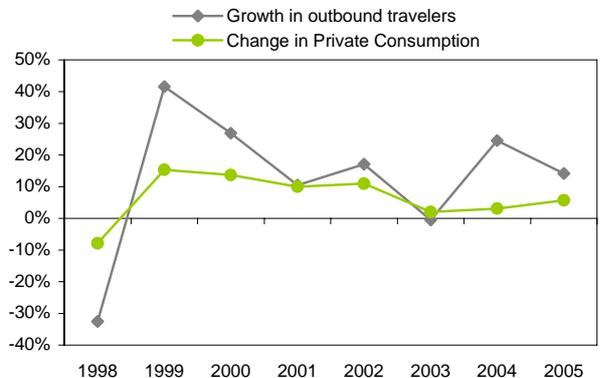
As a discretionary spending, tourism is believed to be positively correlated to income growth, although tourism spending is also evidently more resilient. With the gradual rise in household disposable incomes, so should the budgets for leisure activities and overseas travel.

Figure 3: Growth in GDP per capita vs number of outbound travelers



Source: KNTD, BoK

Figure 4: Growth in private consumption vs number of outbound travelers



Source: KNTD, NSO

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Relatively low spending on overseas tourism

No. of outbound travelers to total population is relatively low

Externally, although Korea and Taiwan share similarities in terms of size, GDP levels, and travel infrastructures, Taiwanese spend more on overseas trips than their Korean counterparts. OECD research shows Koreans spend about 1.7% of GDP on foreign holidays, while the Taiwanese spend around 2.3%. Furthermore, the percentage of outbound travelers in Taiwan relative to the population size was 34% in 2004, up from 26% in 2003. In comparison, Korea's percentage was 18% in 2004 and 13% in 2003. In our view, the rising personal income levels in Korea should sustain the future growth in overseas tourism.

Figure 5: No. of outbound travelers to total population by country

Country	Population (million)	Outbound travelers (million)	Outbound travelers/ Total population
Korea	48.3	8.8	18.3%
Taiwan	22.7	7.8	34.3%
Singapore	4.3	4.2	98.9%
Malaysia	23.5	32.2	137.0%
Hong Kong	7.0	68.9	990.0%
Thailand	63.7	2.7	4.3%
China	1,298.9	28.9	2.2%
Australia	19.9	4.4	21.9%
U.S.A.	294.0	61.8	21.0%
Canada	32.2	19.6	61.0%
England	50.1	64.1	128.0%
Germany	82.4	74.6	90.5%
France	59.8	18.1	30.3%
Russia	142.9	20.2	14.1%

Note: No. of outbound travelers are multiple-counted.

Source: KNTA, NSO

3. Boosted by demographic trend with changing lifestyle

The demographic trends, we believe, is a long-time positive factor driving Korean demand for overseas tourism.

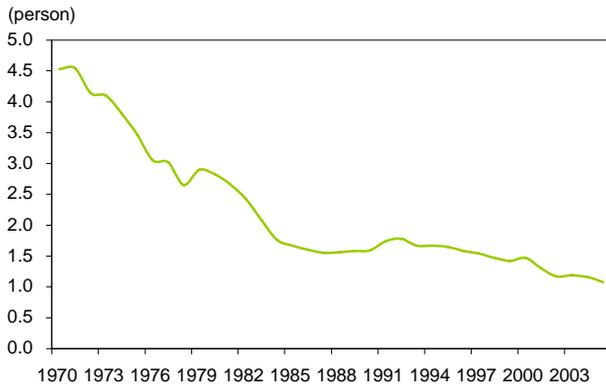
More leisure time with less no. of children

Firstly, Korean households have greater leisure time as birth-rates (the number of children per woman within the child-bearing age range) fall to 1.08 in 2005, from 2.83 in 1980. The declining birth-rates enable families to spend more on leisure activities.

Healthy retirees with growing financial assets imply more demand for overseas travel products

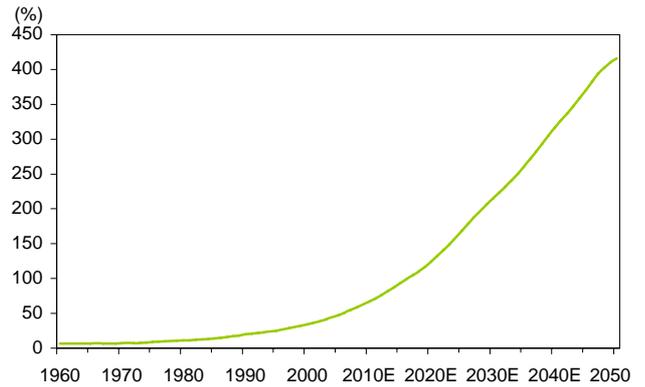
Secondly, Korea's aging population could be a boon to the travel industry. The rising number of healthy retirees with the financial means to travel will underpin the growth of the travel market. According to the Korea National Statistics Office, the ratio of people aged over 65 years to people aged below 14 years, has risen from around 20-1 in 1990, to over 47-1 in 2005, and is expected to be 93-1 in 10 years from now.

Figure 6: Birth rate



Note: Number of baby per woman under the child-bearing period
Source: NSO

Figure 7: Aging index

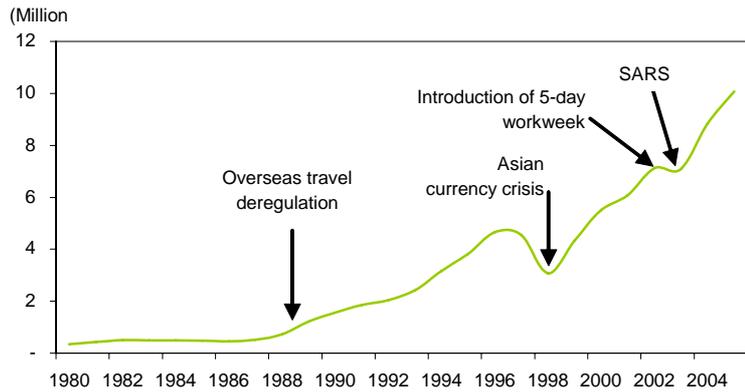


Note: Aging index defined by NSO as (population over 65-year old)/(population of 0-14 year-old)x100 Source: NSO

Changing life-style bodes well for overseas traveling

Lastly, younger Koreans are pursuing better quality of life and leisure activities as their priorities, rather than the long work days of their seniors in the past. We think consumers who are experienced travelers, are more likely to be repeat customers of travel packages.

Figure 8: No. of outbound travelers on the run



Source: KNTA, Kim Eng

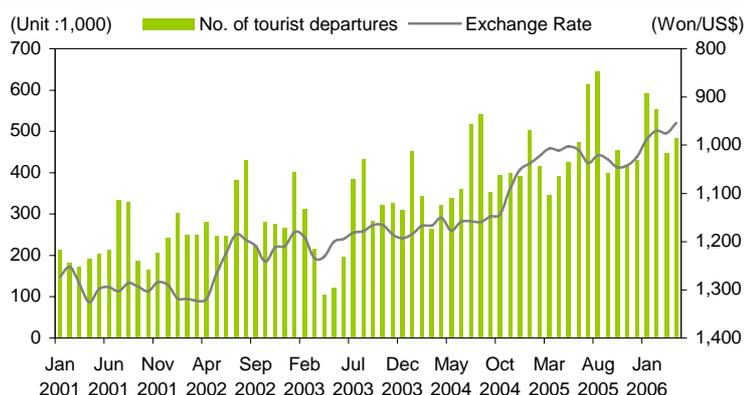
II. No shortage of near-term catalysts

The positive long-term structural trends we mentioned aside, there are also positive near-term catalysts driving the robust growth of overseas travel for the tourism industry.

1. Strong Korean won

From a currency standpoint, the rising Korean won is whetting Koreans' appetite for foreign holidays, as foreign consumer products become cheaper for Korean travelers. The chart below shows the Korean won appreciation has positive correlations with the growth of overseas travel.

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Figure 9: No. of outbound travelers vs. Foreign exchange rate

Source: KNTA, NSO

2. Double-spring year

The period between 29 January, 2006 and 17 February, 2007 is in the Year of the Dog, with two springs, according to the lunar calendar. Years with two springs are believed to be auspicious for weddings. Hence, with many couples seeking to get married during this period, the demand for overseas honeymoon holidays would be heightened.

3. Japan's visa waiver

In 2005, Japan approved a 90-day travel visa waiver to Korean travelers, and extended it indefinitely in early 2006. Although this has little positive impact for Korea's outbound tourism industry, nonetheless, this is a positive factor. Especially for family group tours to Japan (short-haul), as the full implementation of the 5-day school and work-week kicks in.

III. Industry consolidation in progress

Building scale economy and brand equity work as entry barriers

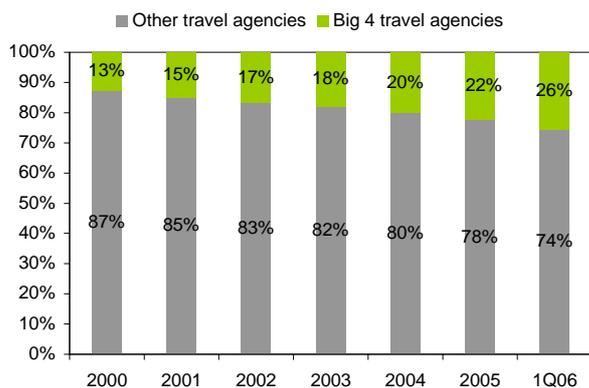
The low entry barriers to Korea's outbound tourism industry have seen the creation of over 7,000 travel agencies. To be sure, capital requirements are low, while popular travel products are easily reproduced. However, becoming a major industry player is difficult, as achieving economies of scale and building brand equities require time and competency.

Natural market consolidation underway

Due to their competitive size advantages, large travel agencies outgrew the overall industry. The four dominant travel agencies have been leeching market share from smaller players, enjoying a combined 26% market-share in 1Q06 versus 22% in 2005, 20% in 2004 and 18% in 2003.

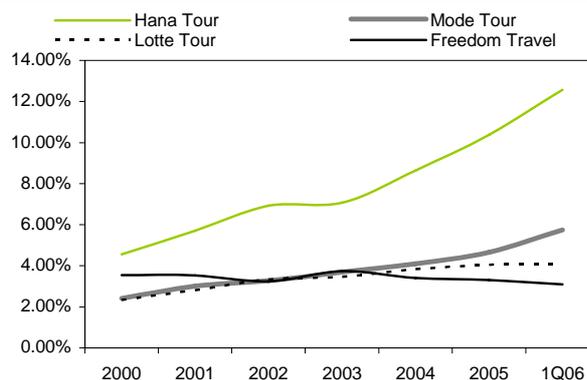
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Figure 10: Big 4 outbound travel agencies' combined market share on the rise



Source: KNTA, KATA

Figure 11: Big 4 outbound travel agencies' market share



Source: KNTA, KATA

Leading players in a virtuous circle of the value creation...

We believe that the four major agencies will continue to grow their combined market share, underpinned by increasingly critical factors like large-scale purchasing power, expanded distribution network and strong brand equity. As the industry naturally consolidates, we think that the entry barriers would become higher as the major players achieve large economies of scale and greater brand equities.

... on the back of scale economy

Bargaining power is key

With larger economies of scale, the major players become more cost-competitive. For instance, large travel agencies are able to negotiate deeper discounts, secure more flight seats and hotel rooms from airlines and hotels, compared to their smaller rivals – even during lull travel periods. The top travel agencies are able to provide diverse travel product packages to customers, which will draw more customers, and consequently derive greater economies of scale. In our view, achieving economies of scale is key to success.

... and brand power

Brand power matters

As with other consumer markets, having brand equity is crucial within the travel service industry. Consumers increasingly prefer large well-established travel agencies to smaller ones, believing larger agencies deliver products and services of higher quality.

Risk factors

Risks/concerns to our investment thesis are:

Short-term demand susceptible to unexpected accidents

Although catastrophic events have relatively short-term impact, demand for overseas travel in Korea could be adversely affected - as had happened after outbreaks of SARS, avian flu and the tsunami disasters in the recent past.

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Drastic rises of flight ticket prices due to jet-fuel price hikes

Airline tickets account for a very high portion of travel budgets. Hence, higher ticket prices, due to higher fuel surcharges, could dampen travel demand.

Deterioration of domestic economy

Although overseas travel and holiday spending are growing despite the weak domestic economic climate, a severe recession would likely crush demand for overseas travel.

Weak Korean won

In the event of a significant won depreciation, the demand for overseas travel would undoubtedly be impacted.

Conclusion

Based on Korea's solid structural growth outlook, we believe Korea's outbound travel industry will experience good growth. The advent of a nation-wide 5-day work-week, rising personal incomes, and favourable demographic trends would support the travel industry's long-term structural growth. The lack of domestic Korean tourism attractions due mainly to its small scale suggests that the outbound travel industry has a positive long-term growth outlook.

In our opinion, the travel sector's return-on-risks profile is attractive. As the brisk travel season during July and August approaches, we recommend an **Overweight rating on the sector**. We recommend a **BUY on Hana Tour Service (039130 KS)** as the best bet on the highest potential profits as Hana is a leading company with investor-friendly policies. We also recommend a **BUY on Modetour Network (080160 KS)**, the number two firm in the industry, as the best bet based on an expectation of the highest EPS growth in 2006. However, we recommend a **SELL on Lotte Tour Development (032350 KS)**, as current valuations are too expensive.

Valuation summary

Figure 12: Valuation comparisons

Company	Code	Rating	Target px (Won)	Upside (%)	P/E (x)		EPS growth (%)		EV/EBITDA (x)		Dividend yield		P/BV (x)		ROE (%)	
					2006E	2007E	2006E	2007E	2006E	2007E	2006E	2007E	2006E	2007E	2006E	2007E
Hana Tour Service	039130 KS	Buy	90,000	25.9	28.0	20.7	56.4	35.2	20.3	14.3	1.0	1.5	12.2	8.7	52.0	48.5
Modetour Network	080160 KS	Buy	32,000	20.8	26.9	22.3	118.4	20.6	21.3	15.1	0.6	0.8	4.2	3.8	24.2	18.4
Lotte Tour Dev.	032350 KS	Sell	25,000	(30.8)	44.1	37.5	25.3	17.7	27.9	19.7	0.5	0.6	4.0	4.2	13.9	11.7
Average (arithmetic)					33.0	26.8	66.7	24.5	23.1	16.3	0.7	1.0	6.8	5.6	30.0	26.2

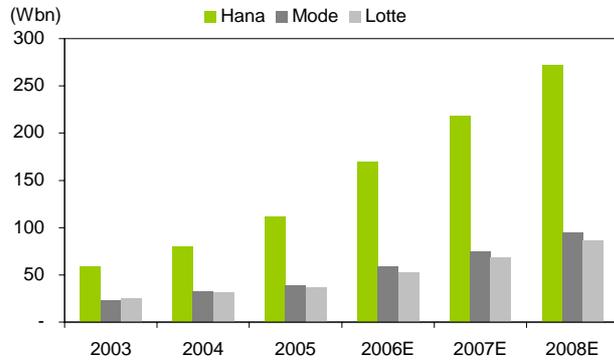
Note: prices as of 3 July, 2006

Source: Kim Eng estimates

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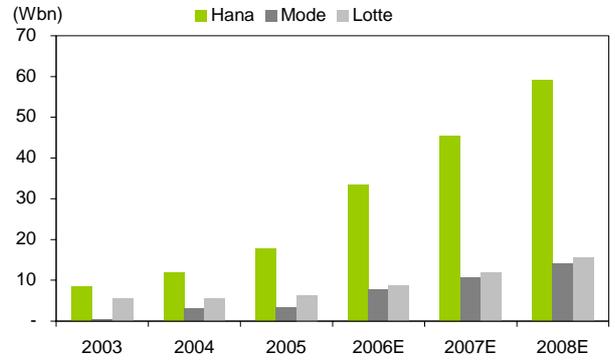
Appendix – Comparisons (Hana, Mode, Lotte)

Figure 13: Sales



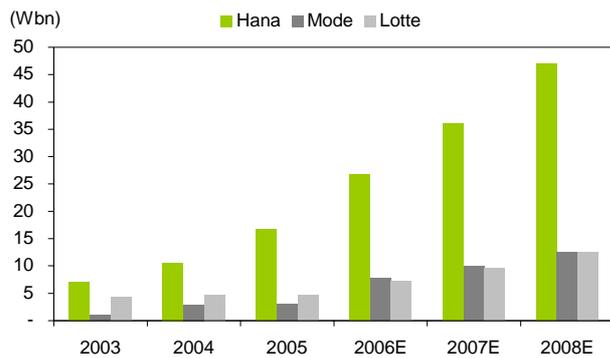
Source: Company data, Kim Eng estimates

Figure 14: Operating profit



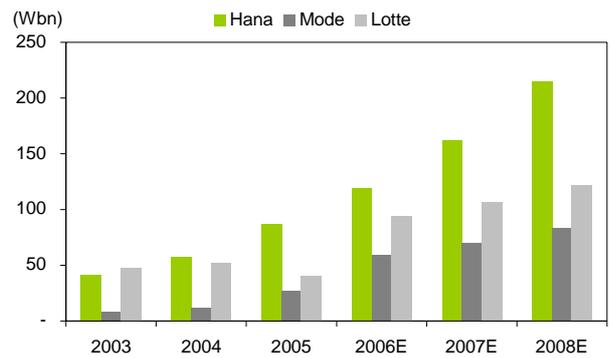
Source: Company data, Kim Eng estimates

Figure 15: Net profit



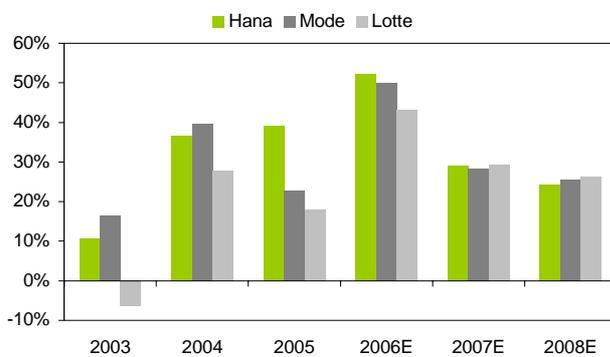
Source: Company data, Kim Eng estimates

Figure 16: Total Assets



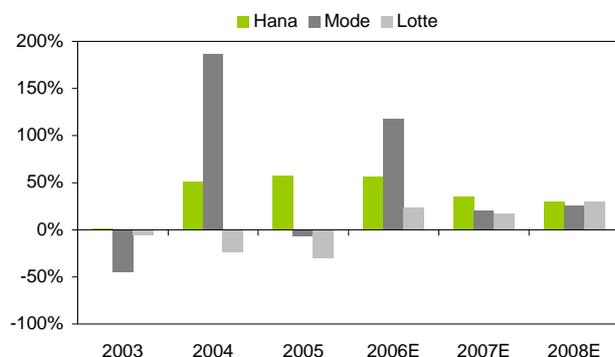
Source: Company data, Kim Eng estimates

Figure 17: Sales growth, YoY



Source: Company data, Kim Eng estimate

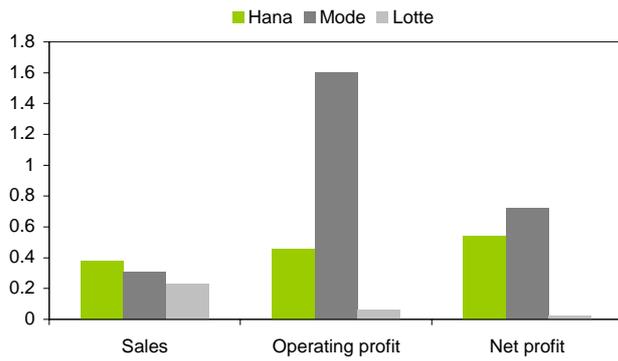
Figure 18: EPS growth, YoY



Source: Company data, Kim Eng estimates

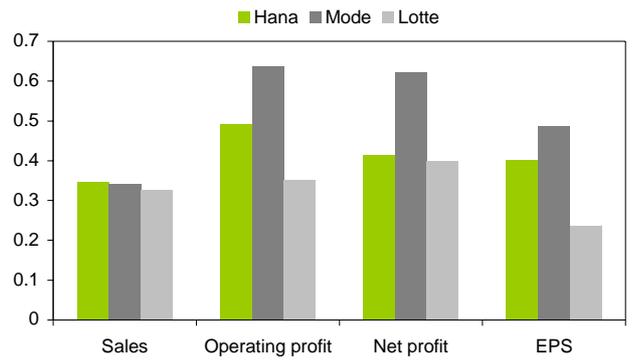
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Figure 19: Past 2-year CAGR



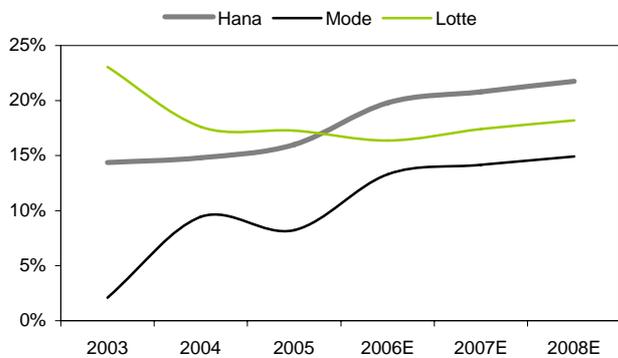
Source: Company data

Figure 20: Next 3-year CAGR



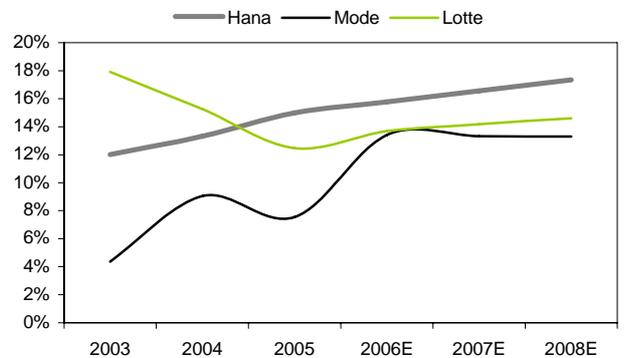
Source: Kim Eng estimates

Figure 21: Operating profit margin



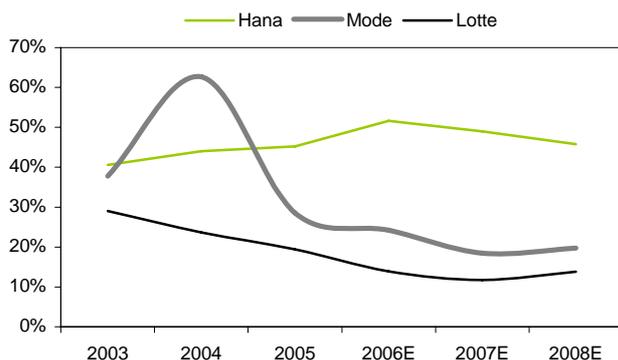
Source: Company data, Kim Eng estimates

Figure 22: Net profit margin



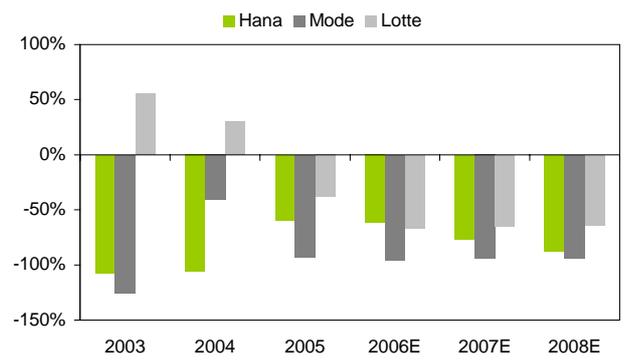
Source: Company data, Kim Eng estimates

Figure 23: ROE



Source: Company data, Kim Eng estimates

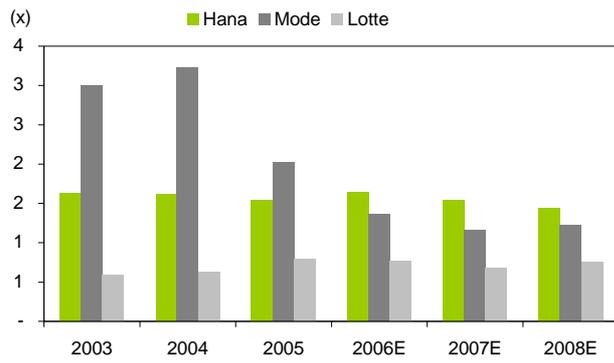
Figure 24: Net Debt/Equity ratio



Source: Company data, Kim Eng estimates

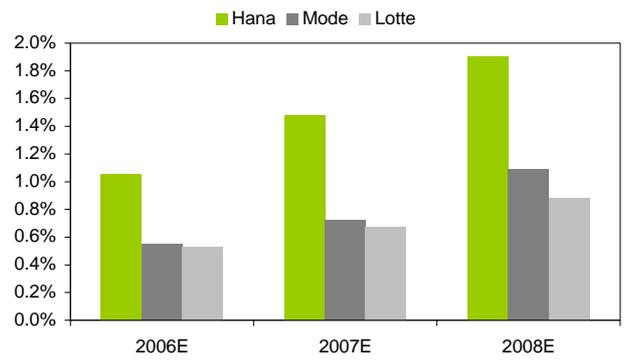
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Figure 25: Total Asset Turnover



Source: Company data, Kim Eng estimates

Figure 26: Dividend yield



Source: Company data, Kim Eng estimates

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Hana Tour Service



Korea
Travel
4 July 2006

Guided Tour to Growth

◆ World Cup weakens June results

Hana Tour released expectedly weak July monthly results, as the 2006 FIFA World Cup led to less Korean outbound traveling in June. Hana Tour's operating and net profits in June declined by 47%, and 29% yoy, whereas sales grew 12% yoy.

◆ Solid growth ahead of schedule

Hana Tour has still been enjoying robust growth momentum YTD 1H06, with sales, operating profit and net profit growing by 55%, 145% and 132% respectively yoy. Despite slowed growth in June, net profit in 1H06 accounts for 41% of our full-year earnings estimate, while net profit in 1H05 accounted for 28% of 2005 net profit.

◆ Upgraded target price: W90,000

We upgrade our target price from W74,000 to W90,000 based on DCF. Considering Hana Tour's strengthening leadership in the fast-growing Korean outbound travel industry, we changed our terminal growth assumption for DCF valuation from 0% to 1%, with fine-tuned earnings forecasts.

◆ Leading the group

We believe Hana Tour is Korea's best outbound travel agency bet, appealing to investors with high growth appetites. Their economies of scale enable cost advantages through larger-scaled purchasing. Hana Tour is also able to provide the most diverse travel products to customers, leading to more outbound travelers and even greater economies of scale.

◆ 26% upside potential; reiterate BUY

Hana Tour stands out with shareholder-friendly policies like a minimum 30% payout and share buyback program. The company also provides investors good visibility of earnings with transparent monthly results releases. We thus believe Hana Tour deserves premium valuations. However, the share currently trades at discounts to its peers. We reiterate BUY with a lifted target price of W90,000.

Year end Dec 31	2004	2005	2006E	2007E	2008E
Sales (Wbn)	79.8	111.0	169.0	218.1	271.3
Pre-tax profit (Wbn)	15.6	23.2	38.1	51.6	67.2
Net profit (Wbn)	10.6	16.6	26.7	36.1	47.1
EPS (Won)	1,034	1,632	2,553	3,453	4,500
EPS growth (%)	50.9%	57.8%	56.4%	35.2%	30.3%
PER (x)	69.1	43.8	28.0	20.7	15.9
EV/EBITDA (x)	56.1	37.6	20.3	14.3	10.4
Dividend yield (%)	0.6	0.7	1.0	1.5	1.9

Note: 2005 earnings include one-off gain of W2.4bn from the disposition of investment securities

BUY

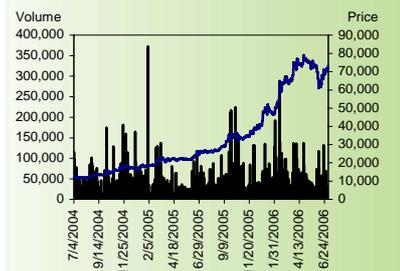
Company Update

Analyst:

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(82 2) 6730 1551

Price	W71,500
Target	W90,000
KOSPI	1,294.61

Historical Chart



Performance	1m	3m	6m
Absolute (%)	5.0	3.2	46.0
Relative (%)	6.1	10.4	58.0

Stock Information

Stock code	039130 KS
Market Cap. (US\$m)	791.1
52-week high	W79,000
52-week low	W25,450
Shares issued (m)	10.5
6m avg. daily vol (US\$m)	3.7
Est Free float (%)	67.0
Major Shareholders (%)	
CEO Sang Hwan Park(9.1)	
Other management & employees(22.2)	

Key Indicators

ROE (%)	52.0
ROA (%)	26.1
Net gearing (%)	-61.6
BVPS (2006)	W5,847

Figure 1: Hana Tour - Quarterly results

(Unit: Wbn)	1Q04	2Q04	3Q04	4Q04	1Q05	2Q05	3Q05	4Q05	1Q06	2Q06	2006E	Run-rate
Revenue	17.6	15.5	26.8	19.9	23.3	23.0	37.7	27.1	39.7	31.8	169.0	42.3%
Operating profit	3.3	1.0	7.3	0.3	3.8	2.1	11.0	0.9	11.4	3.0	33.4	43.1%
Recurring profit	3.8	2.0	7.9	1.9	4.5	2.5	13.8	2.4	12.1	3.3	38.1	40.4%
Net profit	2.6	1.4	5.3	1.4	3.2	1.5	9.9	2.0	8.6	2.3	26.7	41.0%
<u>Quarterly contribution</u>												
Revenue	22%	19%	34%	25%	21%	21%	34%	24%				
OP	28%	8%	61%	2%	22%	12%	62%	5%				
RP	24%	13%	51%	12%	19%	11%	60%	10%				
NP	24%	13%	50%	13%	19%	9%	59%	12%				
<u>YoY growth</u>												
Revenue	18.7%	120.1%	28.2%	26.9%	31.9%	48.4%	40.6%	36.6%	70.8%	38.5%		
Operating profit	51.4%	-199.1%	58.8%	-89.5%	16.9%	107.1%	51.5%	213.8%	198.3%	45.2%		
Net profit	35.8%	-453.2%	57.7%	-37.4%	24.0%	9.5%	87.1%	49.5%	169.7%	52.3%		
<u>QoQ growth</u>												
Revenue	12.7%	-12.3%	73.1%	-25.9%	17.2%	-1.3%	64.0%	-28.0%	46.5%	-20.0%		
Operating profit	22.3%	-69.4%	624.1%	-96.1%	1257.3%	-45.8%	429.5%	-91.9%	1190.2%	-73.6%		
Net profit	17.6%	-45.4%	276.9%	-74.1%	133.1%	-51.8%	544.0%	-79.3%	320.4%	-72.8%		
<u>Margins</u>												
OP margin	18.6%	6.5%	27.1%	1.4%	16.4%	9.0%	29.2%	3.3%	28.7%	9.5%		
RP margin	21.4%	12.7%	29.7%	9.8%	19.3%	10.9%	36.7%	8.9%	30.3%	10.5%		

Source: Company data, Kim Eng estimates

Figure 2: Hana Tour - Semiannual results

(Unit: Wbn)	1H05	2005	Run-rate	1H06	2006E	Run-rate
Revenue	46.2	111.0	41.6%	71.5	169.0	42.3%
Operating profit	5.9	17.8	33.2%	14.4	33.4	43.1%
Recurring profit	7.0	23.2	30.1%	15.4	38.1	40.4%
Net profit	4.7	16.6	28.3%	10.9	26.7	41.0%
Normalised NP	4.7	15.9	29.6%	10.9	26.7	41.0%
<u>YoY growth</u>						
Revenue	39.6%			54.7%		
Operating profit	38.0%			144.5%		
Net profit	21.7%			120.6%		
Normalised NP	18.9%			131.5%		
<u>Margins</u>						
OP margin	12.8%			20.2%		
RP margin	15.1%			21.5%		
NP margin	10.2%			15.3%		

Source: Company data, Kim Eng estimates

Figure 3: Hana Tour - Earnings estimates fine-tuned

(Wbn)	Revised		Previous		% change	
	2006E	2007E	2006E	2007E	2006E	2007E
Sales	169.0	218.1	169.0	213.8	0.0%	2.0%
Operating profit	33.4	45.4	32.8	42.9	2.0%	5.7%
Recurring profit	38.1	51.6	37.4	49.2	1.9%	4.7%
Net profit	26.7	36.1	26.2	34.5	1.9%	4.7%
EPS (Won)	2,553	3,453	2,504	3,297	1.9%	4.7%
DPS (Won)	750	1,050	750	1,050	0.0%	0.0%
OP margin	19.8%	20.8%	19.4%	20.1%		
RP margin	22.5%	23.6%	22.1%	23.0%		
Net margin	15.8%	16.5%	15.5%	16.1%		

Source: Kim Eng estimates

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Figure 4: Hana Tour - DCF summary

(Wbn)	2006F	2007F	2008F	2009F	2010F	2011F	2012F	2013F	2014F	2015F
Free Cash Flow	21.6	37.0	47.2	52.5	64.6	76.8	88.4	98.6	106.1	110.0
PV of FCF	21.6									
Sum of FCF's PV	413.6									
PV of TV	479.7									
Enterprise Value	893.3									
Other Assets	12.3									
Net (debt) or cash	37.7									
Equity Value	943.3									
No of shares ('000)	10,447									
Value per share (KRW)	90,300									
WACC	10.46%									
Cost of Equity	10.46%									
Cost of Debt	5.10%									
Beta	0.80									
Market risk premium (Rm-Rf)	6.70%									
Risk-free rate (Rf)	5.10%									
Target gearing	0.00%									
Effective tax rate	30.0%									
Debt premium	0.00%									
Terminal Value										
FCF n+1	111.1									
WACC	10.5%									
Terminal growth	1.0%									
TV	1,174.5									
PV of TV	479.7									

Source: Kim Eng estimates

Figure 5: Hana Tour - DCF sensitivity

	Growth	WACC				
		8.5%	9.5%	10.5%	11.5%	12.5%
	0.0%	108,130	95,569	85,498	77,260	70,409
	0.5%	112,213	98,583	87,778	79,020	71,790
	1.0%	116,843	101,954	90,300	80,948	73,291
	1.5%	122,139	105,748	93,102	83,069	74,930
	2.0%	128,255	110,050	96,236	85,415	76,725

Source: Kim Eng estimates

Figure 6: Hana Tour - Valuation comparison with selected Korean companies

	Hana Tour 039130 KS		NHN 035420 KS		NC Soft 036570 KS		Interpark 035080 KS		Daum Comm. 035720 KS	
	2006E	2007E	2006E	2007E	2006E	2007E	2006E	2007E	2006E	2007E
P/E (x)	28.0	20.7	31.9	22.5	22.9	15.2	26.2	17.1	(1,391.2)	30.3
P/BV (x)	12.2	8.7	12.6	8.0	2.5	2.1	8.2	5.6	8.1	6.3
ROE (%)	52.0	48.5	49.1	45.1	11.5	14.4	37.4	36.1	(3.3)	21.7
Dividend yield (%)	1.0	1.5	n.a	n.a	n.a	n.a	n.a	n.a	n.a	n.a

Note: prices as of 3 Jul, 2006

Source: Kim Eng estimates for Hana Tour, I/B/E/S consensus estimates for others

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Income Statement

YE Dec (Wbn)	2004	2005	2006E	2007E	2008E
Revenue	79.8	111.0	169.0	218.1	271.3
Cost of sales	n.a	n.a	n.a	n.a	n.a
Gross Profit	n.a	n.a	n.a	n.a	n.a
SG&A	68.0	93.3	135.6	172.8	212.2
Personnel expenses	24.5	32.9	47.6	59.1	71.1
Selling & Admin. Expenses	43.0	59.7	87.2	112.6	139.8
Other expenses	0.5	0.7	0.8	1.1	1.4
Operating Profit	11.8	17.8	33.4	45.4	59.0
Non-operating Income (Exp)	3.8	5.4	4.7	6.2	8.2
Net interest	1.0	1.1	1.6	2.9	4.5
Interest income	1.0	1.1	1.6	2.9	4.5
Interest expense	0.0	0.0	0.0	0.0	0.0
Net investment income/(loss)	0.1	0.0	0.0	0.0	0.0
Net equity method gain (loss)	1.7	1.0	3.0	3.3	3.7
Net other non-operating	1.0	3.3	0.0	0.0	0.0
Recurring profit	15.6	23.2	38.1	51.6	67.2
Extraordinary gain (loss)	0.0	0.0	0.0	0.0	0.0
Pretax income	15.6	23.2	38.1	51.6	67.2
Income taxes	5.0	6.6	11.4	15.5	20.2
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net profit	10.6	16.6	26.7	36.1	47.1
EBITDA	12.6	19.0	34.4	46.4	60.2
Adj. EPS(Won)	1,034	1,632	2,553	3,453	4,500

Source: Company data, Kim Eng estimates

Balance sheet

YE Dec (Wbn)	2004	2005	2006E	2007E	2008E
Total assets	57.8	86.6	119.4	162.7	215.3
Current assets	43.8	45.7	69.0	106.6	154.3
Cash and ST investment	29.9	25.1	37.7	66.1	103.9
Inventories	0.0	0.0	0.0	0.0	0.0
Account Receivables	6.2	10.4	15.9	20.5	25.5
Others	7.7	10.2	15.5	20.0	24.9
Other assets	14.0	40.8	50.3	56.1	61.0
Net Fixed Asset	1.4	30.3	30.8	31.2	31.6
LT investment	12.5	10.5	19.5	24.7	29.3
Others	0.0	0.1	0.1	0.1	0.1
Total liabilities	29.6	44.3	58.3	76.5	96.1
Current liabilities	29.2	43.8	57.8	75.9	95.6
Trade and other payables	29.2	43.8	57.8	75.9	95.6
ST borrowings	0.0	0.0	0.0	0.0	0.0
Others	0.0	0.0	0.0	0.0	0.0
Long-term liabilities	0.4	0.6	0.6	0.6	0.6
Long-term debts	0.0	0.0	0.0	0.0	0.0
Others	0.4	0.6	0.6	0.6	0.6
Shareholder's equity	28.2	42.3	61.1	86.2	119.1
Capital Stock	5.2	5.2	5.2	5.2	5.2
Capital Surplus	3.7	0.3	0.3	0.3	0.3
Retained earnings	27.4	39.6	58.4	83.5	116.4
Capital Adjustment	(8.1)	(2.7)	(2.7)	(2.7)	(2.7)

Source: Company data, Kim Eng estimates

Cash flow

YE Dec (Wbn)	2004	2005	2006E	2007E	2008E
Operating cash flow	16.2	18.8	23.5	39.7	51.2
Net Profit	10.6	16.6	26.7	36.1	47.1
Depreciation & amortisation	0.8	1.2	1.0	1.1	1.2
Change in working capital	3.7	0.7	(1.1)	5.9	6.6
Others	1.0	0.2	(3.0)	(3.3)	(3.7)
Investment cash flow	(10.5)	(15.7)	(7.4)	(3.4)	(2.4)
Capex	(0.0)	(29.1)	(1.5)	(1.5)	(1.5)
Change in other assets	(10.5)	13.3	(5.9)	(1.9)	(0.9)
Cash flow after invt.	5.6	3.1	16.1	36.3	48.8
Financing cash flow	(3.2)	1.2	(3.6)	(7.8)	(11.0)
Increase in share capital	(0.8)	(3.4)	0.0	0.0	0.0
Net change in debt	0.0	0.0	0.0	0.0	0.0
Change in others	(2.4)	4.6	(3.6)	(7.8)	(11.0)
Net cash flow	2.4	4.2	12.5	28.5	37.8
Cash at beginning of year	21.5	29.9	25.1	37.7	66.1
Cash at end of year	24.0	34.1	37.7	66.1	103.9

Source: Company data, Kim Eng estimates

Key ratios

YE Dec (Wbn)	2004	2005	2006E	2007E	2008E
Growth (% YoY)					
Sales	36.5	39.2	52.2	29.1	24.4
OP	40.6	50.5	88.1	35.7	30.2
EBITDA	38.4	50.2	81.2	34.9	29.7
NP	51.1	56.8	60.3	35.4	30.3
EPS	50.9	57.8	56.4	35.2	30.3
Profitability (%)					
Gross margin	n.a	n.a	n.a	n.a	n.a
Operating margin	14.8	16.0	19.8	20.8	21.8
EBITDA margin	15.9	17.1	20.4	21.3	22.2
Net Profit margin	13.3	15.0	15.8	16.5	17.3
ROA	21.5	23.0	26.1	25.5	24.9
ROE	44.0	47.3	52.0	48.5	45.8
Stability					
Gross debt/equity (%)	0.0	0.0	0.0	0.0	0.0
Net debt/equity (%)	-106.1	-59.5	-61.6	-76.7	-87.2
Int. coverage (X)	n.a	n.a	n.a	n.a	n.a
Current ratio (X)	1.5	1.0	1.2	1.4	1.6
Quick ratio (X)	1.5	1.0	1.2	1.4	1.6
Net debt (Wbn)	(29.9)	(25.1)	(37.7)	(66.1)	(103.9)
Per share data (Won)					
Adj. EPS	1,034	1,632	2,553	3,453	4,500
CFPS	1,661	1,841	2,253	3,801	4,895
BVPS	2,898	4,144	5,847	8,245	11,396
SPS	8,201	10,889	16,180	20,863	25,944
EBITDA/share	1,301	1,863	3,295	4,440	5,757
DPS	400	500	750	1,050	1,350

Source: Company data, Kim Eng estimates

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Modetour Network



**Korea
Travel**
4 July 2006

Soaring Higher in 2006

◆ Penultimate travel agency

Modetour is Korea's second largest outbound travel agency. Their business model, as a wholesale travel agency that sells flight tickets and overseas travel packages to retail agents, is similar to that of Hana Tour's. Its competitive advantages have enabled Modetour to increase their market share from 2.4% in 2000 to 5.8% in 1Q06.

◆ Blood transfusion for growth

The stock's July 2005 listing reaped roughly W6bn. To accelerate the growth momentum, Modetour performed new rights offering in May 2006 securing about W27bn, which will be used to expand the business. Based on the recent successful rights offering along with its competitive advantages, Modetour is expected to record over 110% of EPS growth in 2006 and 49% EPS CAGR over the next 3 years.

◆ Favourable shift in sales mix

The sales portion of overseas travel packages (higher margin than flight ticket sales) has been rising to 59% in 1Q06, from 50% in 2005 and 45% in 2004. With this and economies of scale, Modetour's OP margin is expected to improve to 13% in 2006 and 14% in 2007, up from 8% in 2005. (1Q06's OP margin stood at 21%).

◆ Following Hana Tour's suit

The company plans to enhance their brand image through active marketing, adopting an employee stock option program to boost the morale of competent employees and investing in overseas affiliates to provide better quality services. While this is akin to Hana Tour's strategy, it would be difficult for Modetour to drastically catch up with Hana. Yet these efforts should enhance corporate value down the road.

◆ W32,000 target price; initiate BUY

We believe Modetour will be one of the key beneficiaries from Korea's overseas travel market expansion with favorable structural trends. Based on our expectations, Modetour has the strongest momentum in 2006 (over 110% EPS growth) among its peers. BUY for a DCF-derived target of W32,000, implying 21% upside potential from current levels.

Year end Dec 31	2004	2005	2006E	2007E	2008E
Sales (Wbn)	31.6	38.9	58.3	74.9	94.1
Pre-tax profit (Wbn)	4.0	4.1	10.8	13.8	17.3
Net profit (Wbn)	2.9	2.9	7.8	10.0	12.5
EPS (Won)	486.7	450.8	984.7	1,187.5	1,489.3
EPS growth (%)	189.7	(7.4)	118.4	20.6	25.4
PER (x)	54.4	58.8	26.9	22.3	17.8
EV/EBITDA (x)	68.2	59.6	21.3	15.1	10.9
Dividend yield (%)	0.0	0.4	0.6	0.8	1.1

BUY

Initiation

Analyst:

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Price	W26,500
Target	W32,000
KOSPI	1,294.61

Historical Chart



Performance	1m	3m	6m
Absolute (%)	5.8	34.0	52.6
Relative (%)	7.7	44.4	66.3

Stock Information

Stock code	080160 KS
Market Cap. (US\$m)	235.6
52-week high	W31,950
52-week low	W7,996
Shares issued (m)	8.4
6m avg. daily vol (US\$m)	1.3
Est Free float (%)	63
Major Shareholders (%)	
CEO J.W. Woo and directors	(27.1)
ESOP	(10.3)
Korea ITMC	(5.1)

Key Indicators

ROE (%)	24.2
ROA (%)	18.3
Net gearing (%)	-95.9
BVPS (2006, Won)	6,290

Income Statement

YE Dec (Wbn)	2004	2005	2006E	2007E	2008E
Revenue	31.6	38.9	58.3	74.9	94.1
Cost of sales	n.a.	n.a.	n.a.	n.a.	n.a.
Gross Profit	n.a.	n.a.	n.a.	n.a.	n.a.
SG&A	28.6	35.7	50.6	64.3	80.0
Personnel expense	10.4	12.5	16.0	20.6	25.8
General expense	17.4	21.6	30.9	39.1	48.5
Selling expense	0.8	1.6	3.7	4.6	5.7
Other expenses	0.0	0.0	0.0	0.0	0.0
Operating Profit	3.0	3.2	7.8	10.6	14.0
Net interest	0.2	0.2	2.5	2.8	3.2
Interest income	0.2	0.2	2.5	2.8	3.2
Interest expense	0.0	0.0	0.0	0.0	0.0
Net investment income/(loss)	0.0	0.0	0.0	0.0	0.0
Net other non-op. JV+Assoc.	0.0	0.0	0.5	0.3	0.0
Net extraordinary	0.9	0.6	0.0	0.0	0.0
Pretax income	4.0	4.1	10.8	13.8	17.3
Income taxes	1.2	1.1	3.0	3.8	4.7
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net profit	2.9	2.9	7.8	10.0	12.5
Normalised net profit	2.9	2.9	7.8	10.0	12.5
EBITDA	3.2	3.5	8.2	11.1	14.6
EPS(Won)	487	451	985	1,187	1,489

Source: Company data, Kim Eng estimates

Balance sheet

YE Dec (Wbn)	2004	2005	2006E	2007E	2008E
Total assets	11.8	26.5	59.2	70.2	83.6
Current assets	4.2	16.6	52.6	61.0	71.7
Cash and ST investment	2.5	13.6	48.0	55.1	64.3
Inventories	0.0	0.0	0.0	0.0	0.0
Account Receivables	1.2	2.3	3.5	4.5	5.7
Others	0.5	0.7	1.1	1.4	1.7
Other assets	7.7	9.9	6.7	9.2	12.0
Net Fixed Asset	0.5	0.5	0.6	0.6	0.5
LT investment	7.1	9.4	6.1	8.6	11.4
Others	0.0	0.0	0.0	0.0	0.0
Total liabilities	5.9	11.9	9.2	11.9	15.4
Current liabilities	5.2	10.5	9.2	11.9	15.4
Trade and other payables	0.0	0.0	0.0	0.0	0.0
ST borrowings	0.0	0.0	0.0	0.0	0.0
Others	5.2	10.5	9.2	11.9	15.4
Long-term liabilities	0.7	1.5	0.0	0.0	0.0
Long-term debts	0.0	0.0	0.0	0.0	0.0
Others	0.7	1.5	0.0	0.0	0.0
Shareholder's equity	6.0	14.6	50.0	58.3	68.3
Capital Stock	1.7	2.1	4.2	4.2	4.2
Capital Surplus	0.0	5.3	32.0	32.0	32.0
Retained earnings	4.3	7.2	13.8	22.1	32.1
Capital Adjustment	0.0	0.0	0.0	0.0	0.0

Source: Company data, Kim Eng estimates

Cash flow

YE Dec (Wbn)	2004	2005	2006E	2007E	2008E
Operating cash flow	4.5	7.8	3.2	11.4	14.2
Net Profit	2.9	2.9	7.8	10.0	12.5
Depreciation & amortisation	0.2	0.3	0.4	0.5	0.5
Change in working capital	0.8	3.5	-3.6	0.9	1.1
Others	0.6	1.1	-1.5	0.0	0.0
Investment cash flow	-4.0	-7.0	2.8	-3.0	-3.3
Capex	-0.1	0.0	-0.5	-0.5	-0.5
Change in other assets	-3.9	-7.0	3.3	-2.5	-2.8
Cash flow after invt.	0.5	0.8	6.0	8.4	10.8
Financing cash flow	0.0	5.7	28.4	-1.3	-1.7
Increase in share capital	0.0	5.7	28.8	0.0	0.0
Net change in debt	0.0	0.0	0.0	0.0	0.0
Change in others	0.0	0.0	-0.4	-1.3	-1.7
Net cash flow	0.5	6.5	34.4	7.1	9.2
Cash at beginning of year	4.5	7.8	3.2	11.4	14.2
Cash at end of year	2.9	2.9	7.8	10.0	12.5

Source: Company data, Kim Eng estimates

Key ratios

YE Dec (Wbn)	2004	2005	2006E	2007E	2008E
Growth (% YoY)					
Sales	39.8	22.9	50.1	28.3	25.6
OP	534.1	6.9	142.3	37.0	32.1
EBITDA	369.2	8.7	133.8	35.6	31.1
NP	189.7	2.5	167.1	27.4	25.4
EPS	189.7	-7.4	118.4	20.6	25.4
Profitability (%)					
Gross margin	100.0	100.0	100.0	100.0	100.0
Operating margin	9.5	8.2	13.3	14.2	14.9
EBITDA margin	10.2	9.0	14.0	14.8	15.5
Net Profit margin	9.0	7.5	13.4	13.3	13.3
ROA	29.2	15.3	18.3	15.4	16.3
ROE	62.7	28.4	24.2	18.4	19.8
Stability					
Gross debt/equity (%)	0.0	0.0	0.0	0.0	0.0
Net debt/equity (%)	-41.1	-92.9	-95.9	-94.5	-94.1
Int. coverage (X)	n.a.	n.a.	n.a.	n.a.	n.a.
Int. & ST debt coverage (X)	n.a.	n.a.	n.a.	n.a.	n.a.
Cash flow int. coverage (X)	n.a.	n.a.	n.a.	n.a.	n.a.
Cash flow int. & ST debt (X)	n.a.	n.a.	n.a.	n.a.	n.a.
Current ratio (X)	0.8	1.6	5.7	5.1	4.7
Quick ratio (X)	0.8	1.6	5.7	5.1	4.7
Net debt (Wbn)	-2.5	-13.6	-48.0	-55.1	-64.3
Per share data (Won)					
EPS	487	451	985	1,187	1,489
CFPS	765	1,198	403	1,358	1,685
BVPS	1,019	2,248	6,290	6,941	8,130
SPS	5,381	5,978	7,339	8,914	11,199
EBITDA/share	549	539	1,031	1,323	1,734
DPS	0	100	150	200	300

Source: Company data, Kim Eng estimates

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Lotte Tour Development

**Korea
Travel**
4 July 2006

Too Costly A Trip

◆ No. 3 player with a difference

Lotte Tour is the third largest travel agency in the outbound travel market. The company's business model differs from that of Hana Tour and Modetour's, as Lotte is a retail travel agency that sells flight tickets and overseas travel packages directly to individual travelers. Lotte Tour has been gradually gaining market share from 2.3% in 2000 to 4.1% in 1Q06.

◆ Garnering a 'Lotte' of recognition

As the largest "direct-sales" retail agency, Lotte Tour has advantages that wholesales agencies like Hana and Mode don't. For instance, Lotte doesn't need to pay commissions to retail agencies. Furthermore, the company has been using the well-established 'Lotte' group brand because of its family ties, as the chairman of Lotte Tour is a brother-in-law of the Lotte group's chairman. However, retail agencies need to spend more on fixed costs, such as advertising and expansion of sales networks compared to wholesale agencies.

◆ Flying high

Lotte Tour was listed on the Korea Stock Exchange on 8 June 2006. Since its listing, the share has been soaring despite a general weak stock market climate. Based on its IPO price of W18,000, the stock is trading 101% above its IPO price, after correcting from its peak of W49,650—which was 174% above its IPO price.

◆ Demanding valuations

The stock's out-performance has resulted in the share price being over-valued. We estimate that the stock is currently trading at 44.1x 2006 PE and 37.5x 2007 PE. Lotte enjoys a significant premium relative to its peers such as Hana and Mode, despite its smaller market share and inferior EPS growth outlook and ROE.

◆ Initiate with a Sell on an overly expensive tour package

At such a rich valuation, we initiate coverage with a SELL rating on Lotte Tour, with a TP of W25,000, based on DCF (10.5% WACC and 1% terminal growth), implying a 31% downside potential. We don't see any reason for Lotte Tour to trade at a significant premium to its superior peers.

Year end Dec 31	2004	2005	2006E	2007E	2008E
Sales (Wbn)	31.1	36.7	52.5	68.0	86.0
Pre-tax profit (Wbn)	6.6	6.3	9.9	13.3	17.3
Net profit (Wbn)	4.7	4.6	7.2	9.6	12.6
EPS (Won)	947.0	653.6	819.2	963.8	1,255.7
EPS growth (%)	(23.8)	(31.0)	25.3	17.7	30.3
PER (x)	38.2	55.3	44.1	37.5	28.8
EV/EBITDA (x)	53.9	42.4	27.9	19.7	14.6
Dividend yield (%)	0.7	0.4	0.5	0.6	0.8

SELL

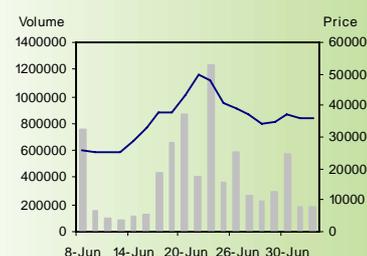
Initiation

Analyst:

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Price	W36,150
Target	W25,000
KOSPI	1,294.61

Historical Chart



Performance	1m	3m	6m
Absolute (%)	-	-	-
Relative (%)	-	-	-

Stock Information

Stock code	032350 KS
Market Cap. (US\$m)	335.7
52-week high	49,650
52-week low	25,000
Shares issued (m)	8.8
6m avg. daily vol (US\$m)	16.9
Est Free float (%)	24
Major Shareholders (%)	
	Ki Byeong Kim and related (70.0)
	ESOP (6.0)

Key Indicators

ROE (%)	13.9
ROA (%)	10.6
Net gearing (%)	-66.6
BVPS (2006, Won)	8,958

Income Statement

YE Dec (Wbn)	2004	2005	2006E	2007E	2008E
Sales	31.1	36.7	52.5	68.0	86.0
Cost of sales	8.3	10.9	14.1	17.4	21.0
Gross Profit	22.7	25.8	38.4	50.6	65.0
SG&A	17.3	19.5	29.8	38.8	49.3
Personnel expense	8.7	10.2	14.9	20.1	26.6
General expense	3.8	5.2	7.8	10.1	12.8
Selling expense	4.7	4.0	7.1	8.5	9.9
Other expenses	0.0	0.1	0.0	0.0	0.0
Operating Profit	5.5	6.3	8.6	11.8	15.6
Net interest	0.6	0.3	2.1	2.2	2.5
Interest income	0.6	0.3	2.1	2.2	2.5
Interest expense	0.1	0.0	0.0	0.0	0.0
Net investment income/(loss)	0.0	0.0	0.0	0.0	0.0
Net other non-op. JV+Assoc.	0.0	-0.8	-0.8	-0.8	-0.8
Net extraordinary	0.5	0.3	0.0	0.0	0.0
Pretax income	6.6	6.3	9.9	13.3	17.3
Income taxes	1.8	1.7	2.7	3.7	4.8
Minority Interest	0.0	0.0	0.0	0.0	0.0
Net profit	4.7	4.6	7.2	9.6	12.6
Normalised net profit	4.7	4.6	7.2	9.6	12.6
EBITDA	5.9	7.1	9.2	12.9	17.0
EPS(Won)	947	654	819	964	1,256

Source: Company data, Kim Eng estimates

Balance sheet

YE Dec (Wbn)	2004	2005	2006E	2007E	2008E
Total assets	51.8	40.9	94.4	106.4	121.5
Current assets	31.9	17.9	64.3	71.4	80.6
Cash and ST investment	7.0	9.5	52.4	55.9	61.0
Inventories	0.0	0.0	0.0	0.0	0.0
Account Receivables	0.2	0.2	0.3	0.4	0.4
Others	24.7	8.2	11.7	15.1	19.1
Other assets	19.9	23.0	30.1	35.1	40.9
Net Fixed Asset	6.0	6.8	10.7	13.2	15.3
LT investment	13.8	15.5	18.6	21.1	24.9
Others	0.1	0.8	0.8	0.8	0.8
Total liabilities	28.9	16.1	15.8	20.5	26.0
Current liabilities	28.8	15.5	15.8	20.5	26.0
Trade and other payables	0.7	0.7	1.0	1.2	1.4
ST borrowings	14.0	0.0	0.0	0.0	0.0
Others	14.1	14.7	14.9	19.3	24.6
Long-term liabilities	0.1	0.6	0.0	0.0	0.0
Long-term debts	0.0	0.0	0.0	0.0	0.0
Others	0.1	0.6	0.0	0.0	0.0
Shareholder's equity	22.9	24.8	78.6	85.9	95.5
Capital Stock	2.0	3.5	5.0	5.0	5.0
Capital Surplus	0.0	0.0	46.9	46.9	46.9
Retained earnings	20.9	21.3	26.7	34.0	43.6
Capital Adjustment	0.0	0.0	0.0	0.0	0.0

Source: Company data, Kim Eng estimates

Cash flow

YE Dec (Wbn)	2004	2005	2006E	2007E	2008E
Operating cash flow	2.3	6.7	3.1	11.3	14.7
Net Profit	4.7	4.6	7.2	9.6	12.6
Depreciation & amortisation	0.4	0.7	0.6	1.0	1.4
Change in working capital	-3.4	0.5	-4.0	0.6	0.7
Others	0.6	0.9	-0.6	0.0	0.0
Investment cash flow	-2.8	8.3	-7.6	-6.0	-7.3
Net capex	-4.4	-2.2	-4.5	-3.5	-3.5
Change in other assets	1.6	10.4	-3.1	-2.5	-3.8
Cash flow after invt.	-0.5	15.0	-4.5	5.3	7.4
Financing cash flow	0.6	-15.0	47.4	-1.8	-2.3
Change in share capital	1.0	1.5	48.4	0.0	0.0
Net change in debt	-2.1	-14.0	0.0	0.0	0.0
Change in others	1.7	-2.5	-1.0	-1.8	-2.3
Net cash flow	0.2	-0.1	42.9	3.5	5.1

Source: Company data, Kim Eng estimates

Key ratios

YE Dec (Wbn)	2004	2005	2006E	2007E	2008E
Growth (% YoY)					
Sales	27.9	18.1	43.2	29.4	26.4
OP	-2.2	15.7	35.8	37.6	32.2
EBITDA	-1.5	19.6	30.3	39.9	32.3
NP	8.8	-3.4	57.1	34.1	30.3
EPS	-23.8	-31.0	25.3	17.7	30.3
Profitability (%)					
Gross margin	73.2	70.4	73.1	74.4	75.6
Operating margin	17.6	17.3	16.4	17.4	18.2
EBITDA margin	19.0	19.2	17.5	18.9	19.8
Net Profit margin	15.2	12.5	13.7	14.2	14.6
ROA	9.6	9.9	10.6	9.6	11.0
ROE	23.6	19.2	13.9	11.7	13.8
Stability					
Gross debt/equity (%)	61.1	0.0	0.0	0.0	0.0
Net debt/equity (%)	30.5	-38.4	-66.6	-65.0	-63.9
Int. coverage (X)	61.1	n.a.	n.a.	n.a.	n.a.
Int. & ST debt coverage (X)	-95.1	n.a.	n.a.	n.a.	n.a.
Cash flow int. coverage (X)	26.0	n.a.	n.a.	n.a.	n.a.
Cash flow int. & ST debt (X)	0.2	n.a.	n.a.	n.a.	n.a.
Current ratio (X)	1.1	1.2	4.1	3.5	3.1
Quick ratio (X)	1.1	1.2	4.1	3.5	3.1
Net debt (Wbn)	7.0	-9.5	-52.4	-55.9	-61.0
Per share data (Won)					
EPS	947	654	819	964	1,256
CFPS	465	957	353	1,129	1,466
BVPS	4,584	3,546	8,958	8,595	9,550
SPS	6,213	5,241	5,988	6,802	8,598
EBITDA/share	1,181	1,009	1,048	1,287	1,702
DPS	250	143	180	230	300

Source: Company data, Kim Eng estimates

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