

Modetour Network Inc. (080160 KS)

Parent growing fast, subsidiaries need time

BUY (MAINTAIN)

Price (Oct. 2)	W40,450
Target Price	W51,000
% variance	26.1%

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KOSPI	1,969.68p
KOSDAQ	686.42p
Market Cap.	W509.7bn/ US447.1mn
Par Value	W500
Outstanding Shares	12.6mn
Free Floating Shares	9.6mn(76.5%)
52-Week High/Low	W45,000/W19,050
60-Day Avg. Trading Volume	170,161shrs
60-Day. Avg. Trading T/O	W6,717mn
Foreign Ownership	27.96%

Major Shareholders		
Jong-Ung Woo and 7 others	17.90%	
Truston Asset Management	7.19%	

Absolute Performance	3M	12.8%
	6M	15.7%
	12M	80.6%
Relative performance to KOSDAQ	3M	26.4%
	6M	9.7%
	12M	49.9%

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- ◆ 3Q15 preview: Consolidated operating profit of W6bn (-14.1% YoY)
- ◆ Parent company enjoys rapid growth, subsidiaries need time
- ◆ Retain BUY rating and raise target price to W51,000

3Q15 preview: Consolidated operating profit of W6bn (-14.1% YoY)

Modetour Network is expected to record 3Q15 consolidated sales of W50bn (+6.3% YoY) and operating profit of W6bn (-14.1% YoY). Operating profit should miss the consensus by W9bn. We cut our standalone operating forecast from W9.4bn to W6.9bn. Tour package sales may have dropped temporarily on cancellation of group tours and discounts after the MERS outbreak. Consolidated subsidiaries are projected to record a loss of W1bn.

Parent company records rapid growth, subsidiaries need time

1) Parent company: Package tour sales likely missed estimates due to the MERS effect in 3Q15. However, flight ticket sales are growing rapidly. The number of free independent travelers purchasing air tickets through Modetour Network has increased. Flight ticket sales grew 34% YoY in 2Q15 and by an estimated 49% YoY in 3Q15. The company's total market share combining air tickets and tour package is estimated at 10.5%-11.0%. The pace of growth is faster than expected.

2) Subsidiaries: Major subsidiaries (hotel and inbound travel businesses) are expected to extend their losing streak in 2H15. They have incurred operating losses since 1Q13. Earnings of the money-losing Jayu Tour have recently been included. It will take time for all subsidiaries to turn positive. Quarterly losses of W500mn-W1bn are likely to continue through 1H16.

Retain BUY rating and raise target price to W51,000

We raise the target price from W47,000 to W51,000 to reflect the change in base year for earnings to 2016F from 12-month forward, the same as for Hana Tour Service. The target price was derived by applying a PER of 27x to 2016F consolidated EPS of W1,899 (25% discount vs. Hana Tour due to subsidiary losses and market share gap). Given the significant difference with Hana Tour Service in subsidiary business, market cap comparison is inappropriate. Going forward, earnings should be the major variable for Modetour Network's share performance.

Year to Dec.	Sales (W bn)	OP (W bn)	Pre-tax (W bn)	NP (W bn)	EPS (Won)	Growth (%)	BPS (Won)	PER (X)	EV/EBITDA (X)	PBR (X)	ROE (%)	Net Debt Ratio (%)
2013	147.0	15.8	20.1	16.1	1,278	(8.4)	7,094	18.0	12.3	3.2	18.7	(88.9)
2014	164.7	16.6	19.3	15.3	1,218	(4.7)	7,835	19.9	13.6	3.1	16.3	(55.4)
2015F	197.9	22.5	24.7	16.6	1,319	8.3	8,534	30.7	17.2	4.7	16.1	(66.1)
2016F	226.0	30.6	31.8	24.1	1,916	45.3	9,639	21.1	12.9	4.2	21.1	(74.4)
2017F	238.7	32.4	33.8	26.4	2,093	9.2	10,874	19.3	11.9	3.7	20.4	(79.2)

Source: Company data, Shinhan Investment Corp.

Quarterly earnings forecasts (K-IFRS consolidated)															
(bn KRW)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15F	4Q15F	1Q16F	2Q16F	3Q16F	4Q16F	2014	2015F	2016F
Sales	40.4	36.4	47.0	40.9	50.5	49.6	50.0	48.5	56.1	51.9	63.6	54.5	164.7	198.5	226.0
OP	3.0	2.1	7.0	4.5	6.5	5.0	6.0	5.0	7.6	6.6	10.5	5.9	16.6	22.5	30.6
Pre-tax profit	6.5	2.7	6.1	4.0	7.6	5.5	6.5	5.2	8.2	6.6	10.9	6.1	5.3	6.8	7.7
NP	5.1	1.8	3.2	2.8	5.9	3.5	5.0	3.6	6.5	5.0	8.2	4.3	13.0	18.0	24.0
(% YoY growth)															
Sales	10.6	19.2	7.0	13.7	25.0	36.1	6.3	18.6	11.2	4.6	27.2	12.5	12.1	20.5	13.9
OP	(37.5)	TP	(2.6)	17.2	115.2	135.9	(14.1)	12.3	17.0	32.2	74.3	17.1	5.2	35.6	35.7
NP	19.7	119.1	(47.5)	(30.1)	16.5	90.1	54.0	25.4	9.3	44.6	65.0	20.9	(15.2)	38.9	33.2

Source: Company data, Shinhan Investment Corp.

Quarterly earnings (K-IFRS standalone)															
(bn KRW, 1,000 people)	1Q14	2Q14	3Q14	4Q14	1Q15	2Q15	3Q15F	4Q15F	1Q16F	2Q16F	3Q16F	4Q16F	2014	2015F	2016F
<Key assumptions>															
Outbound travelers (excl. flight crew)	3,610	3,340	3,978	3,807	4,355	4,095	4,513	4,278	4,682	4,386	4,883	4,616	14,735	17,241	18,566
Outbound travelers (PKG+AIR)	361	307	367	395	487	439	486	498	562	476	530	559	1,431	1,910	2,127
Outbound travelers (PKG)	263	211	249	257	335	288	291	308	375	311	347	342	980	1,222	1,374
M/S (PKG+AIR, %)	10.0	9.2	9.2	10.4	11.2	10.7	10.8	11.6	12.0	10.9	10.9	12.1	10.4	11.6	12.1
M/S (PKG, %)	7.3	6.3	6.3	6.7	7.7	7.0	6.8	7.2	8.0	7.1	7.1	7.4	6.7	7.2	29.6
Package travel deposits	267.6	224.4	254.4	235.0	292.6	250.4	267.5	277.5	323.9	265.8	343.7	307.5	981.4	1,088.0	1,240.8
Airfare deposits	65.7	65.1	79.5	83.0	91.2	87.4	118.2	111.4	110.1	93.3	117.9	124.9	293.3	408.2	446.1
<Earnings estimates>															
Operating revenue (sales)	39.5	35.6	42.8	37.3	46.8	43.8	46.5	45.0	52.4	46.0	58.8	50.5	155.2	182.1	207.6
Overseas travel agent commission	34.5	30.3	36.6	30.3	40.1	36.0	38.8	36.6	43.7	37.2	50.5	41.5	131.7	151.5	173.0
Airfare	2.1	2.6	2.7	3.4	4.1	4.5	4.1	4.5	5.0	5.1	4.0	5.0	10.9	17.1	19.1
Others	2.9	2.7	3.5	3.6	2.7	3.3	3.5	3.9	3.7	3.6	4.2	4.0	12.7	13.4	15.6
Operating expense (SG&A)	34.4	31.7	34.9	33.0	39.7	37.5	39.6	39.3	44.6	39.4	48.6	44.9	134.1	156.1	177.5
Wages	12.0	10.6	10.6	10.0	12.7	12.4	12.1	12.1	14.2	13.0	14.7	13.7	43.3	49.3	55.6
Fee	16.8	15.4	17.8	16.3	20.7	18.2	20.3	19.4	23.1	19.2	24.9	22.5	66.2	78.6	89.6
OP	5.1	3.8	7.9	4.3	7.1	6.3	6.9	5.6	7.9	6.5	10.2	5.6	21.1	26.0	30.2
NP	5.7	2.6	6.6	3.0	6.2	4.9	5.7	4.2	6.7	4.9	8.1	4.0	18.0	21.0	23.7
(% YoY growth)															
Outbound travelers (excl. Flight crew)	6.1	5.1	8.3	16.2	20.6	22.6	13.5	12.4	7.5	7.1	8.2	7.9	8.9	17.0	7.7
Outbound travelers (PKG+AIR)	1.7	0.7	5.1	23.5	35.0	42.9	32.4	25.9	15.4	8.5	9.0	12.2	7.6	33.5	11.4
Operating revenue	10.1	18.9	(1.1)	10.4	18.6	23.1	8.5	20.5	11.9	5.0	26.4	12.3	8.6	17.3	14.0
OP	(9.9)	112.5	(10.8)	26.8	41.0	64.2	(12.6)	30.8	10.0	3.7	47.3	(0.7)	7.2	23.0	16.1
NP	20.6	38.3	(12.3)	(16.8)	8.5	85.0	(13.4)	38.7	7.4	0.3	41.0	(3.8)	1.0	16.7	12.7
<Margin, %>															
OPM	12.8	10.8	18.5	11.5	15.2	14.4	14.9	12.5	15.0	14.2	17.3	11.1	13.6	14.3	14.5
NPM	14.5	7.4	15.5	8.0	13.2	11.2	12.4	9.2	12.7	10.7	13.8	7.9	11.6	11.5	11.4

Source: Korea Tourism Organization, company data, Shinhan Investment Corp.

Annual earnings (K-IFRS standalone)											
(bn KRW, 1,000 people)	2007	2008	2009	2010	2011	2012	2013	2014	2015F	2016F	2017F
<Key assumptions>	12,295.1	10,973.3	8,595.5	11,420.9	11,547.9	12,474.1	13,525.3	14,734.9	17,241.1	18,123.7	18,898.6
Outbound travelers (excl. flight crew)	926.5	848.5	665.4	1,039.3	1,111.5	1,238.8	1,329.4	1,430.7	1,910.0	2,126.8	2,362.3
Outbound travelers(PKG+AIR)	628.9	561.6	379.8	732.1	760.4	869.3	941.7	980.2	1,222.0	1,374.2	1,549.7
M/S (total, %)	7.5	7.7	7.7	9.3	9.6	9.6	9.8	10.4	11.6	12.1	12.5
M/S (package, %)	5.1	5.1	4.4	6.5	6.6	6.6	6.8	6.7	7.2	7.6	8.2
Operating revenue (sales)	94.4	83.1	61.4	117.1	121.0	131.8	142.9	155.2	182.1	207.6	224.3
Overseas travel agent commission	60.0	53.8	38.8	88.9	99.5	113.2	123.6	131.7	151.5	173.0	185.5
Airfare	30.7	26.0	19.4	22.9	14.2	11.9	9.6	10.9	17.1	19.1	22.1
Others	3.6	3.3	3.2	5.3	8.3	7.7	9.7	12.7	13.4	15.6	16.7
OP	14.3	0.7	0.2	17.5	16.6	21.2	19.7	21.1	26.0	30.2	33.7
NP	11.4	0.6	1.2	14.9	13.3	17.3	17.8	18.0	21.0	23.7	27.3
(% YoY growth)											
Sales	42.1	(12.0)	(26.1)	90.8	3.4	9.7	7.6	8.6	17.3	14.0	8.0
OP	46.8	(95.0)	(67.1)	7,306.4	(4.9)	27.1	(6.8)	7.2	23.0	16.1	11.8
NP	39.1	(94.6)	96.0	1,126.8	(11.0)	30.2	3.2	1.0	16.7	12.7	15.5
<Margin %>											
OPM	15.2	0.9	0.4	14.9	13.7	15.9	13.8	13.6	14.3	14.5	15.0
NPM	12.0	0.7	2.0	12.7	11.0	13.0	12.5	11.6	11.5	11.4	12.2

Source: Company data, Shinhan Investment Corp.

Annual earnings comparison (IFRS standalone vs. IFRS consolidated)									
(bn KRW)	2010	2011	2012	2013	2014	2015F	2016F	2017F	
(K-IFRS standalone)									
Sales	117.1	121.0	131.8	142.9	155.2	182.1	207.6	224.3	
OP	17.5	16.6	21.2	19.7	21.1	26.0	30.2	33.7	
NP	14.9	13.3	17.3	19.0	18.0	21.0	23.7	27.3	
(Consolidated subsidiaries earnings)									
Sales	4.8	3.9	6.1	2.5	9.5	16.4	18.4	14.4	
OP	0.6	(0.5)	0.1	(3.9)	(4.7)	(3.5)	0.4	3.0	
NP	0.2	0.3	0.3	(3.0)	(5.3)	(3.1)	0.3	2.2	
(K-IFRS consolidated)									
Sales	121.9	125.0	137.9	145.4	164.7	198.5	226.0	238.7	
OP	18.1	16.2	21.3	15.8	16.4	22.5	30.6	36.8	
NP	15.1	13.6	17.6	16.0	12.7	17.9	23.9	29.5	
Difference between standalone NP and consolidated NP (%)	1.5	2.2	1.8	(16.0)	(29.4)	(14.8)	1.2	7.9	
Standalone EPS (KRW)	1,182	1,052	1,370	1,509	1,428	1,666	1,877	2,168	
Consolidated EPS (KRW)	1,200	1,076	1,395	1,267	1,008	1,420	1,899	2,339	
Target price (KRW, applied consolidated PER of 27x)	32,388	29,042	37,660	34,219	27,209	38,342	51,283	63,156	

Source: Company data, Shinhan Investment Corp.

Earnings forecast revision (K-IFRS consolidated)						
(bn KRW, KRW)	2015F			2016F		
	Before	After	Change (%)	Before	After	Change (%)
Sales (consolidated)	200.1	198.5	(0.8)	212.5	226.0	6.4
OP (consolidated)	24.3	22.5	(7.3)	31.5	30.6	(3.0)
NP (consolidated)	19.4	17.9	(7.8)	24.6	23.9	(2.7)
EPS (standalone)	1,741	1,666	(4.3)	1,840	1,877	2.0
EPS (consolidated)	1,542	1,420	(7.9)	1,949	1,899	(2.5)

Source: Shinhan Investment Corp.

Net profit of consolidated subsidiaries

(mn KRW) Company	Business	Location	Stake (%)	NP							
				2010	2011	2012	2013	2014	2015F	2016F	2017F
Modetour International	Travel service	Korea	67.5	487	499	114	(2,434)	(4,739)	(688)	462	584
Modetour H&D	Travel service	Korea	84.6	(348)	(211)	(202)	(176)	(174)	(139)	(111)	(56)
Cruise International	Travel service	Korea	89.9	19	10	75	17	19	(59)	(65)	(71)
Mode Tour Development (Jeju Hotel)	Hotel service	Korea	100.0	0	0	239	62	74	(37)	43	53
Modetour Real Estate Investment Trust (REIT)	Real estate	Korea	30					(369)	(205)	123	410
Mode Stay	Hotel service	Korea	100.0					700	0	800	1,200
Seoul Hotel School	Education	Korea	100.0					(800)	(300)	25	30
Jayu Tour									(1,700)	(1,000)	0
Total (mn KRW)				158	298	225	(2,530)	(5,289)	(3,129)	277	2,151
Total (bn KRW)				0.2	0.3	0.2	(2.5)	(5.3)	(3.1)	0.3	2.2

Source: Company data, Shinhan Investment Corp. / Note: Figures for 2015 and after based on SHIC estimates

PER valuation based on consolidated net profit: Target price of W51,000

(bn KRW)	Value	(bn KRW)	Value	(bn KRW)	Value	(bn KRW)	Value
2014F consolidated NP	14.0	2015F standalone NP	21.0	2015F consolidated NP	18.0	2016F consolidated NP	24.0
EPS (KRW)	1,114	EPS (KRW)	1,666	EPS (KRW)	1,428	EPS (KRW)	1,907
Target price (KRW)	24,508	Target price (KRW)	44,982	Target price (KRW)	38,556	Target price (KRW)	51,489
Target PER (x)	22.0	Target PER (x)	27.0	Target PER (x)	27.0	Target PER (x)	27.0
Current price (KRW)	40,450	Current price (KRW)	40,450	Current price (KRW)	40,450	Current price (KRW)	40,450
Current PER (x)	36.3	Current PER (x)	24.3	Current PER (x)	28.3	Current PER (x)	21.2

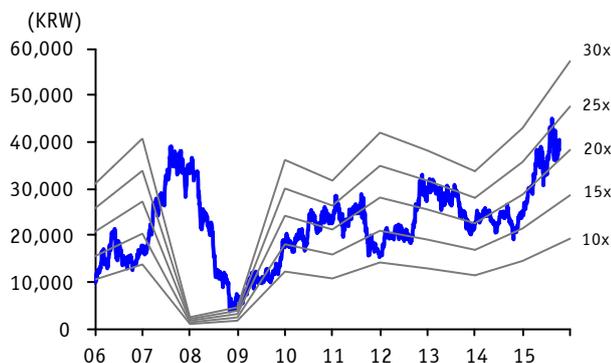
Source: Shinhan Investment Corp.

Historical valuation and target PER

(X, %)	2006	2007	2008	2009	2010	2011	2012	2013	2014	Average (excl. 2008-2009)
(X, %)	25.6	39.1	139.9	193.3	20.0	14.7	21.5	18.9	21.7	23.1
PER (end)	32.9	43.9	746.9	201.9	22.0	26.9	24.0	26.9	23.9	28.7
PER (high)	14.6	17.0	62.5	54.1	12.9	12.9	11.0	16.3	16.9	14.5
PER (low)	23.4	32.7	349.5	114.2	20.9	20.5	16.0	22.1	21.1	22.4
PER (average)										20.0
Discount (%)										26.9

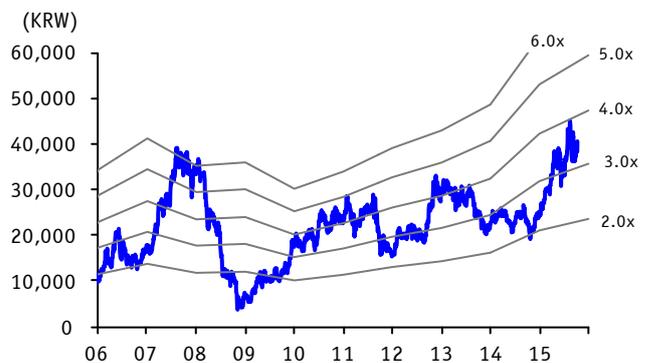
Source: Shinhan Investment Corp. / Note: PER of 27x represents 25% discount on Hana Tour Service's PER

12-month forward PER band



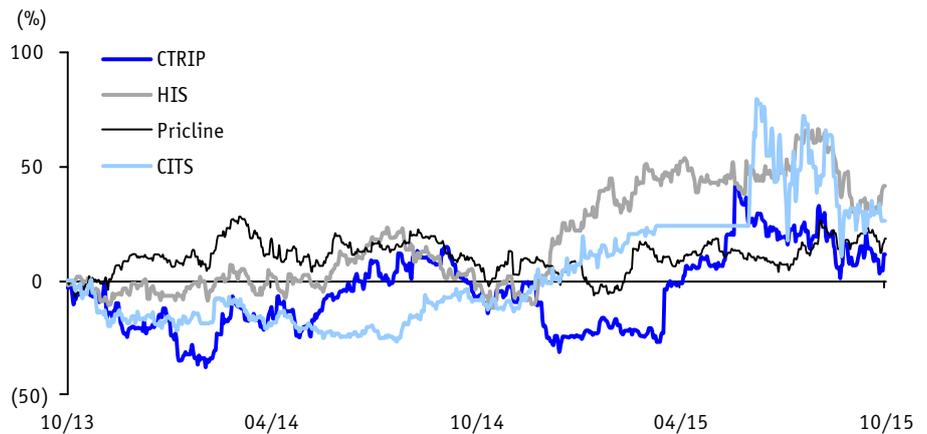
Source: Shinhan Investment Corp.

12-month forward PBR band



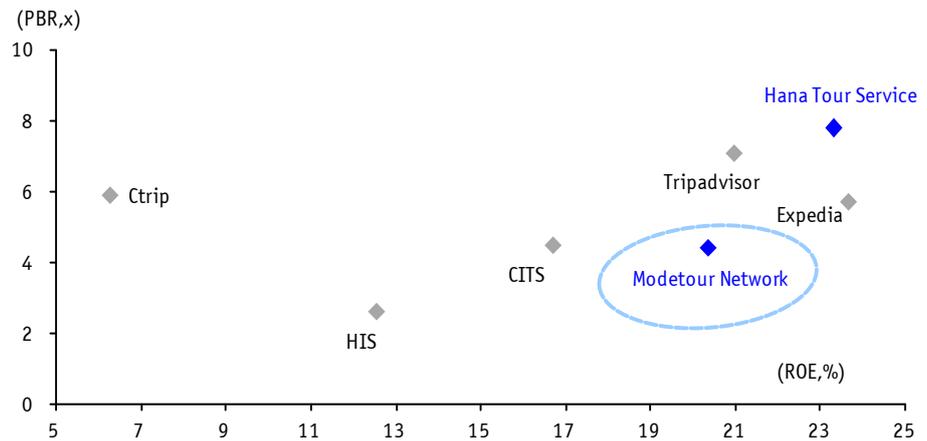
Source: Shinhan Investment Corp.

Share performances of overseas travel agencies (past 2 years)



Source: Bloomberg, Shinhan Investment Corp.

PBR and ROE of global peers



Source: Bloomberg, Shinhan Investment Corp.

Global travel peers

	Ticker Bloomberg	Market cap. (bn KRW)	PER (x)		PBR (x)		EV/EBITDA (x)		ROE (%)	
			15F	16F	15F	16F	15F	16F	15F	16F
Hana Tour Service	039130 KS	1,707.6	36.6	27.8	7.8	6.4	23.2	17.8	23.3	25.8
Interpark	108790 KS	716.3	34.9	25.0	4.6	4.0	19.4	15.4	12.4	15.7
Modetour Network	080160 KS	509.7	22.8	18.6	4.4	3.8	15.6	12.8	20.4	21.8
Priceline	PCLN US	75,447.7	22.1	18.4	6.7	5.2	18.1	15.1	30.9	31.9
Expedia	EXPE US	18,616.6	29.8	21.3	5.7	4.8	13.5	10.3	23.7	25.8
Tripadvisor	TRIP US	11,242.4	32.2	25.3	7.1	5.7	18.7	14.6	21.0	21.3
Ctrip	CTRP US	11,036.5	83.2	35.5	5.9	5.4	81.8	30.7	6.3	15.5
CITS	601888 CH	9,437.2	27.6	22.6	4.5	3.9	16.5	13.3	16.7	18.0
China CYTS Tours	600138 CH	2,690.2	34.5	25.3	3.0	2.8	17.2	13.9	8.6	10.5
HIS	9603 JP	2,676.9	22.7	18.9	2.6	2.3	8.3	7.0	12.5	14.0

Source: Bloomberg, Shinhan Investment Corp.

Balance Sheet

Year to Dec. (W bn)	2013	2014	2015F	2016F	2017F
Assets	152.3	224.3	250.2	277.5	298.6
Total Current Assets	117.0	132.3	157.7	184.0	205.0
Cash and Cash Equivalents	36.4	55.3	65.1	78.2	93.3
Accounts Receivables	22.0	19.2	23.1	26.3	27.8
Inventories	0.0	0.0	0.1	0.1	0.1
Non-Current Assets	35.3	92.0	92.5	93.6	93.6
Tangible Assets	10.0	13.4	10.6	8.7	7.4
Intangible Assets	1.3	4.3	3.8	3.6	3.5
Investment Assets	18.8	18.8	22.6	25.8	27.3
Other Financial Institutions Assets	0.0	0.0	0.0	0.0	0.0
Liabilities	62.6	115.2	131.0	144.5	150.5
Current Liabilities	56.7	84.2	99.9	113.3	119.3
ST Borrowings	0.5	5.9	5.9	5.9	5.9
Account Payables	0.0	0.0	0.0	0.0	0.0
Current Portion of LT Debt	0.1	0.0	0.0	0.0	0.0
Non-Current Liabilities	5.9	31.1	31.1	31.2	31.2
Bonds	0.0	0.0	0.0	0.0	0.0
LT Borrowings(incl. LT Fin. Liab.)	2.2	30.8	30.8	30.8	30.8
Other Financial Institutions Liab.	0.0	0.0	0.0	0.0	0.0
Shareholders' Equity	89.8	109.1	119.2	133.1	148.2
Capital Stock	6.3	6.3	6.3	6.3	6.3
Capital Surplus	28.1	28.4	28.4	28.4	28.4
Other Reserves	(14.9)	(14.2)	(14.2)	(14.2)	(14.2)
Accu. Other Comp. Income	0.0	0.0	0.0	0.0	0.0
Retained Earnings	69.8	78.2	87.0	101.0	116.5
Owners of Parent Equity	89.4	98.7	107.5	121.4	137.0
Non-Controlling Interests Equity	0.4	10.4	11.7	11.7	11.2
*Total Debt	2.8	36.7	36.7	36.7	36.7
*Net Debts(Cash)	(79.8)	(60.4)	(78.8)	(99.0)	(117.4)

Cash Flow

Year to Dec. (W bn)	2013	2014	2015F	2016F	2017F
Operating Cash Flow	15.5	29.4	24.9	28.0	26.7
Net Profit	15.3	14.0	17.9	24.1	25.9
Depreciation	1.0	1.7	2.8	1.9	1.3
Amortization	0.3	0.4	0.5	0.2	0.1
Losses(Gains) on F/X Translation	0.6	0.1	0.0	0.0	0.0
Losses(Gains) on Disp. of Assets	(0.0)	(0.0)	(3.4)	(3.4)	(3.4)
Losses(Gains) in Asso., Subs., JVs	(0.0)	(0.2)	0.0	0.0	0.0
Chg. in A/L from Op. Activities	(6.5)	11.3	7.1	5.0	2.7
(Payments of Income Taxes)	(5.7)	(4.6)	(6.8)	(7.7)	(8.0)
Others	10.5	6.7	6.8	7.9	8.1
Investing Cash Flow	(12.3)	(45.6)	(12.2)	(10.4)	(4.7)
Incr. in Tangible Assets(CAPEX)	(0.8)	(3.5)	0.0	0.0	0.0
Decr. in Tangible Assets	0.0	0.0	0.0	0.0	0.0
Decr.(Incr.) in Intangible Assets	(0.4)	(0.5)	0.0	0.0	0.0
Decr.(Incr.) in Investment Assets	(3.1)	3.8	(3.8)	(3.2)	(1.4)
Others	(8.0)	(45.4)	(8.4)	(7.2)	(3.3)
Free Cash Flow	15.1	32.1	28.3	32.7	29.5
Financing Cash Flow	(8.5)	33.6	(6.2)	(7.8)	(10.2)
Incr.(Decr.) in Borrowing	1.1	32.3	(0.0)	0.0	0.0
Decr.(Incr.) of Treasury Stock	4.1	0.3	0.0	0.0	0.0
Dividend	(5.5)	(6.0)	(6.1)	(7.8)	(10.2)
Others	(8.2)	7.0	(0.1)	0.0	0.0
Other Cash Flows	0.0	0.0	3.3	3.3	3.3
Change of Consolidated Scope	0.0	1.5	0.0	0.0	0.0
Difference by Chg. in F/X Rates	(0.0)	0.0	0.0	0.0	0.0
Incr.(Decr.) in Cash	(5.4)	18.9	9.8	13.1	15.2
Beginning Cash	41.8	36.4	55.3	65.1	78.2
Ending Cash	36.4	55.3	65.1	78.2	93.4

Source: Company data, Shinhan Investment Corp.

Profit and Loss

Year to Dec. (W bn)	2013	2014	2015F	2016F	2017F
Sales	147.0	164.7	197.9	226.0	238.7
Growth (%)	6.6	12.1	20.1	14.2	5.6
COGS	1.5	3.9	9.5	10.5	11.7
Gross Profit	145.4	160.8	188.4	215.6	227.0
Gross margin (%)	99.0	97.7	95.2	95.4	95.1
SG&A	129.6	144.2	165.9	185.0	194.5
Operating Income	15.8	16.6	22.5	30.6	32.4
Growth (%)	(25.7)	5.2	35.1	36.2	6.1
Operating margin (%)	10.7	10.1	11.3	13.5	13.6
Other Net Non-Operating Profits	4.3	2.7	2.2	1.3	1.4
Financial Income(Expenses)	1.7	0.7	0.4	0.7	1.0
Net Other Non-Operating Profits	2.6	1.8	1.7	0.4	0.2
Net Gains in Asso., Subs., and JVs	0.0	0.2	0.2	0.2	0.2
Pre-tax Profit from Cont. Op.	20.1	19.3	24.7	31.8	33.8
Income Taxes	4.8	5.3	6.8	7.7	8.0
Profit from Continuing Op.	15.3	14.0	17.9	24.1	25.9
Profit from Discontinued Op.	0.0	0.0	0.0	0.0	0.0
Net Profit	15.3	14.0	17.9	24.1	25.9
Growth (%)	(13.4)	(8.1)	27.6	34.8	7.2
Net Profit margin (%)	10.4	8.5	9.1	10.7	10.8
Net Profit of Parent	16.1	15.3	16.6	24.1	26.4
Net Profit to Non-Controlling	(0.8)	(1.3)	1.3	0.0	(0.5)
Total Comprehensive Income	15.2	13.1	17.9	24.1	25.9
Total Comp. Income of Parent	16.0	14.4	19.7	26.5	28.5
Total Comp. Income to Non-Cont.	(0.8)	(1.3)	(1.8)	(2.4)	(2.6)
EBITDA	17.1	18.8	25.7	32.7	33.9
Growth (%)	(24.3)	9.6	37.3	27.2	3.5
EBITDA Margin (%)	11.6	11.4	13.0	14.5	14.2

Note: Operating profit is based on 2012 K-IFRS (gross profit - SG&A costs)

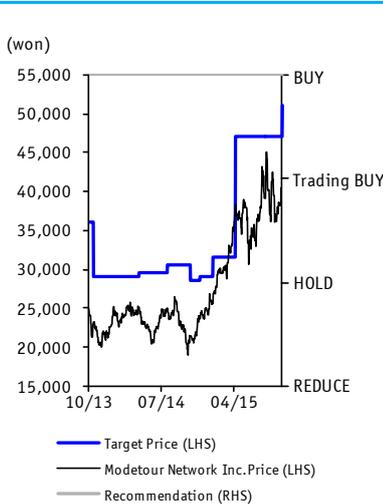
Key Ratios

Year to Dec.	2013	2014	2015F	2016F	2017F
EPS_C (won)	1,212	1,114	1,422	1,916	2,054
EPS_P (won)	1,278	1,218	1,319	1,916	2,093
BPS_C (won)	7,125	8,657	9,459	10,564	11,761
BPS_P (won)	7,094	7,835	8,534	9,639	10,874
DPS (won)	500	510	650	850	900
PER_C (x)	18.9	21.7	28.4	21.1	19.7
PER_P (x)	18.0	19.9	30.7	21.1	19.3
PBR_C (x)	3.2	2.8	4.3	3.8	3.4
PBR_P (x)	3.2	3.1	4.7	4.2	3.7
EV/EBITDA (x)	12.3	13.6	17.2	12.9	11.9
Payout Ratio (%)	37.2	39.9	47.0	42.3	41.0
Dividend Yield (%)	2.2	2.1	1.6	2.1	2.2
Profitability					
EBITDA Margin (%)	11.6	11.4	13.0	14.5	14.2
OP Margin (%)	10.7	10.1	11.3	13.5	13.6
NP Margin (%)	10.4	8.5	9.1	10.7	10.8
ROA (%)	10.1	7.5	7.6	9.2	9.0
ROE (%)	18.7	16.3	16.1	21.1	20.4
ROIC (%)	(141.0)	(67.7)	(52.0)	(55.1)	(50.5)
Stability					
D/E Ratio (%)	69.7	105.7	109.9	108.5	101.5
Net Debt to Equity (%)	(88.9)	(55.4)	(66.1)	(74.4)	(79.2)
Cash Ratio (%)	64.2	65.7	65.2	69.0	78.3
Interest Coverage (x)	642.0	23.6	17.2	23.4	24.8
Activity (%)					
Working Capital Turnover (t)	(7.2)	(5.1)	(4.2)	(4.1)	(3.9)
Inventory Turnover (d)	0.1	0.1	0.1	0.1	0.1
Receivable Turnover (d)	58.7	45.7	39.0	39.9	41.4

Source: Company data, Shinhan Investment Corp.

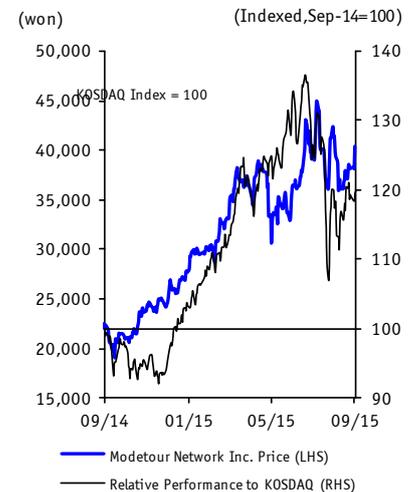
Modetour Network Inc. (080160 KS)

Target Price & Recommendation History



Date	Recommendation	Target Price (won)
2013. 10. 05	BUY	36,000
2013. 10. 21	BUY	29,000
2014. 04. 11	BUY	29,500
2014. 07. 27	BUY	30,500
2014. 10. 22	BUY	28,500
2014. 11. 27	BUY	29,000
2015. 01. 15	BUY	31,500
2015. 04. 10	BUY	47,000

Share Price Performance



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SHIC Rating Classifications (As of Jul. 25, 2011)

Stock	Sector
<ul style="list-style-type: none"> ◆ BUY: Expected return of over +15% in the next 6 months ◆ Trading BUY: Expected return of 0% ~ +15% in the next 6 months ◆ HOLD: Expected return of -15% ~ 0% in the next 6 months ◆ REDUCE: Expected return of below -15% in the next 6 months 	<ul style="list-style-type: none"> ◆ OVERWEIGHT: Prevalence of BUY rating for stocks in our sector coverage universe based on market cap ◆ NEUTRAL: Prevalence of HOLD rating for stocks in our sector coverage universe based on market cap ◆ UNDERWEIGHT: Prevalence of REDUCE rating for stocks in our sector coverage universe based on market cap

SHIC Universe Rating Classification Ratio (as of Oct. 2, 2015)

BUY (BUY)	87.98%	Trading BUY (HOLD)	7.21%	HOLD (HOLD)	4.81%	REDUCE (SELL)	0%
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