

Simmtech

BUY

Initiate	Semiconductor
Price (Sep. 26)	W8,790
Target Price	W12,000
% Variance	36.5%
Bloomberg Code	036710 KS
Reuters Code	036710 KQ

[Analyst]

YoungChan Kim
 ☎ (82-2) 3772-1595
 youngkim@shinhan.com

KOSPI	2,007.32p
KOSDAQ	532.83p
Market Cap.	W285.6bn / US265.9 bn
Par Value	W500
Outstanding Shares	32.2mn
Free Floating Shares	23.7mn (73.7%)
52-Week High/Low	W12,950/W7,510
60-Day Avg. Trading Volume	273,724shrs
60-Day. Avg. Trading T/O	2,307mn
Foreign Ownership	2.96%
Major Shareholders	
Jeon Se-Ho and 1 other	25.73%
Lee Min-Joo	9.17%
Absolute Performance	3M -6.7%
	6M 4.1%
	12M -27.9%
Relative Performance	3M -7.8%
to KOSDAQ	6M 8.9%
	12M -28.4%

Mobile is the way to go

Initiate coverage with a BUY rating and a target price of W12,000

We initiate our coverage on Simmtech with a BUY rating. Our target price is derived by applying a target P/E of 10.8x to 2014F EPS of W1,087. In 2013, the company shifted the focus of its product mix from PC to mobile. The effect should be felt in 2004, putting it back on the growth track. The shares have plenty of upside, currently trading at 2014F P/E of 8.2x.

2013 marks transition to mobile-oriented business, earnings turnaround expected in 3Q13

A slowdown of growth seems inevitable in 2013 due to cost increases resulting from fire damages in February and production line conversion (from PC to mobile). The decrease in order intakes is another factor. The company is expected to swing negative in 2013 with an operating loss of W4.5bn on sales of W563.4bn (-10.7% YoY). In 3Q13, operating income will turn positive QoQ to a W0.6bn profit, as repairs for fire damages and production line conversion are completed. In 4Q13, operating profit will soar 1,793.7% YoY to W11.4bn thanks to the transition to mobile substrate business (MCP, FC-CSP etc.).

Growth from mobile business to reach full potential in 2014; operating profit of W55.1bn expected in 2014

The benefits of line conversion will reach full potential in 2014. Mobile FC-CSP and MCP demand is expected to remain strong on the growth of low-end smartphones. SSD module demand stays brisk. The sales share of FC-CSP, MCP and other mobile products are projected to increase to 50%. In 2014, the company is expected to turn in sales of W694.9bn (+23.4% YoY) and operating profit of W55.1bn (positive swing YoY).

Year to Dec.	2011	2012	2013F	2014F	2015F
Sales (W bn)	612.3	630.6	563.4	694.9	729.6
OP (W bn)	62.5	46.3	(4.5)	55.1	62.4
Net Income (W bn)	41.9	24.5	(13.6)	35.0	43.6
EPS (won)	1,435	792	(423)	1,087	1,354
BPS (won)	5,895	6,676	6,054	6,942	8,097
OP Margin (%)	10.2	7.3	(0.8)	7.9	8.6
NP Margin (%)	6.8	3.9	(2.4)	5.0	6.0
ROE (%)	27.1	12.6	(6.6)	16.7	18.0
PER (x)	8.5	13.0	(21.0)	8.2	6.6
PBR (x)	2.1	1.5	1.5	1.3	1.1
EV/EBITDA (x)	5.3	5.7	12.5	4.5	4.6



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- Growth to ramp up on a shift to the mobile line, operating profit to reach W55.1bn (turnaround YoY)
- FC-CSP market to expand on low-end smartphone market growth

Investment summary

Competitiveness improves as production lines are converted to accommodate change in downstream industry paradigm

Conversion to mobile-oriented production lines

Amid stagnant PC demand, mobile demand has been growing steadily. The demand for high-end mobile devices has been stagnant, but that of low-end devices has been climbing rapidly. In response, Simmtech converted its PC-oriented production lines to mobile-oriented. The conversion was completed in 2Q13. Given the strong growth of mobile devices, the conversion will boost the company's growth and competitive edge in 2014.

Earnings turnaround from 3Q13, growth to resume in 2014 after a stomp in 2013

Growth stumped in 2013; earnings turnaround from 3Q13 and growth resuming in 2014

In 2013, Simmtech finished converting its PC substrate production lines into mobile substrate lines. Earnings downturn is inevitable in 2013 as the setback from fire damages hindered its attempt to adjust to the change in mobile paradigm. The company is expected to swing negative in 2013 with an operating loss of W4.5bn on sales of W563.4bn (-10.7% YoY).

Earnings are expected to rebound quickly from 3Q13 as the company recovers from fire damages and completes the production line conversion. In 3Q13, operating income will turn positive QoQ to a W0.6bn profit, as repairs for fire damages and production line conversion are completed.

After a stagnant year in 2013, the company will resume growth in 2014 thanks to the fast advance of MCP, FC-CSP and other mobile substrate business. The sales share of FC-CSP, MCP and other mobile products are expected to increase to 50%. In 2014, the company is expected to turn in sales of W694.9bn (+23.4% YoY) and operating profit of W55.1bn (positive swing YoY).

Wide customer base that includes top-tier global chipmakers

Key customers include Samsung Electronics, SK Hynix and other top-tier global chipmakers

Simmtech's customers include top-tier global chipmakers. Based on 2Q13 earnings, 45% of sales came from SK Hynix, 13% from Samsung Electronics, and 4% from Toshiba, Murata and other companies. The global back-end company STATSChipPAC accounts for about 6% of sales. Over 20% of sales are earned from other chipmakers in the U.S.

The company is poised for steady growth, given a wide customer base that includes top-tier global chipmakers and the completion of production line conversion in step with the mobile-oriented strategies of downstream companies.

2014F P/E of 8.2x, plenty of upside given mobile-fueled growth

Mobile business to fuel growth in 2014; plenty of upside at 2014F P/E of 8.2x

The shares of domestic PCB peers (Daeduck Electronics, Daeduck GDS, ISU Petasys, etc.) are trading at 2013F P/E of 6.1-9.7x, while those of overseas peers are trading at a P/E of 13.9-20.5x.

Korean PCB companies are largely undervalued compared to their overseas counterparts. Simmtech shares are currently trading at 2014F P/E of 8.2x and 2015F P/E of 6.6x. Simmtech seems free of valuation burden vs. its overseas peers, despite the gap in sales and profit margins.

Since the growth of the mobile substrate business is expected to bring sharp earnings improvement in 2014, we advise investors to take a buying approach to Simmtech.

Valuation

Initiate coverage with a BUY rating and a target price of W12,000

Excessively undervalued at 2014F P/E of 6.6x vs. peers

We initiate our coverage on Simmtech with a BUY rating. Our target price is derived by applying a target P/E of 10.8x (30% discount to average 2014F P/E of three overseas peers) to 2014F EPS of W1,087.

In 2013, Simmtech finished converting its PC substrate production lines into mobile substrate lines. Earnings downturn is inevitable in 2013 as the setback from fire damages hindered its attempt to adjust to the change in mobile paradigm. The company is expected to swing negative in 2013 with an operating loss of W4.5bn on sales of W563.4bn (-10.7% YoY). In 3Q13, operating income will turn positive QoQ to a W0.6bn profit, as repairs for fire damages and production line conversion are completed.

The company is expected to resume growth from 2014 thanks to the shift to a mobile-oriented product mix. A good time to buy would be 2H13 when the company will likely stage an earnings turnaround.

The shares of domestic PCB peers (Daeduck Electronics, Daeduck GDS, ISU Petasys, etc.) are trading at 2013F P/E of 6.1-9.7x, while those of overseas peers are trading at a P/E of 13.9-20.5x.

Korean PCB companies are largely undervalued compared to their overseas counterparts. Simmtech shares are currently trading at 2014F P/E of 8.2x and 2015F P/E of 6.6x. Simmtech seems free of valuation burden vs. its overseas peers, despite the gap in sales and profit margins.

Target price calculation

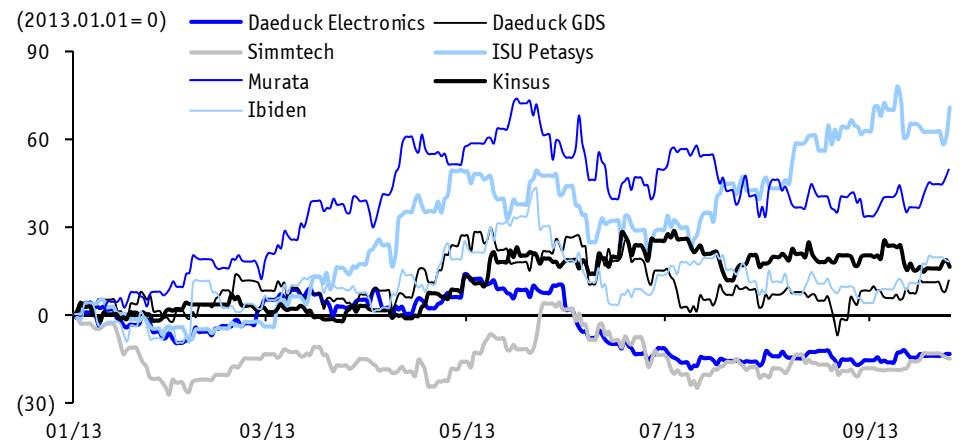
	2014F	Remark
EPS	1,087	
Target P/E (x)	10.8	30% discount to 3 overseas peers' average 2014F P/E of 15.1x
Per-share value (KRW)	1,1740	
Target price (KRW)	12,000	
Current price (KRW)	8,870	
Upside (%)	35.3	

Source: Shinhan Investment Corp.

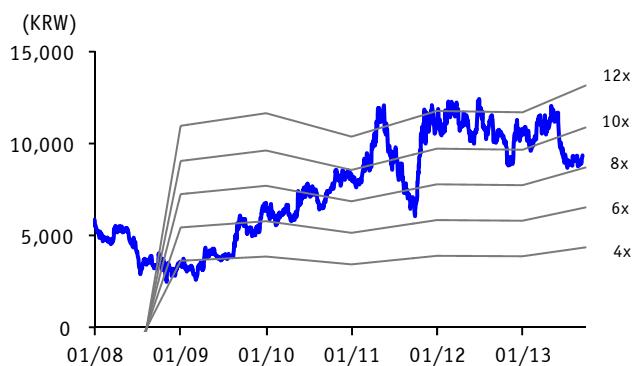
Global PCB peer group valuation

Region	Company	Market cap. (bn USD)	2013F				2014F			
			PER (x)	PBR (x)	EV/EBITDA (x)	ROE (%)	PER (x)	PBR (x)	EV/EBITDA (x)	ROE (%)
Korea	Interflex	0.59	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
	Daeduck Electronics	0.42	9.7	0.9	3.4	10.0	7.3	0.8	2.9	11.6
	Daeduck GDS	0.32	6.1	1.0	4.4	15.2	6.8	0.9	4.1	13.3
	ISU Petasys	0.30	9.6	1.7	6.8	19.3	7.6	1.4	5.7	19.6
	Simmtech	0.26	(21.0)	1.5	12.5	(6.6)	8.2	1.3	4.5	16.7
	BH	0.18	6.1	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Overseas	Murata	17.26	20.5	1.8	8.0	8.9	18.0	1.7	7.3	9.6
	Ibiden	2.47	17.5	0.8	4.1	4.6	15.5	0.7	3.9	5.0
	Kinsus	1.60	13.9	1.8	6.0	13.5	11.9	1.7	5.2	14.5

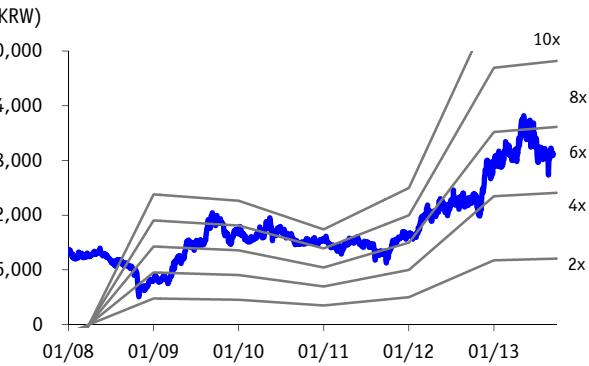
Source: Shinhan Investment Corp.

Relative share performance of global PCB peer group

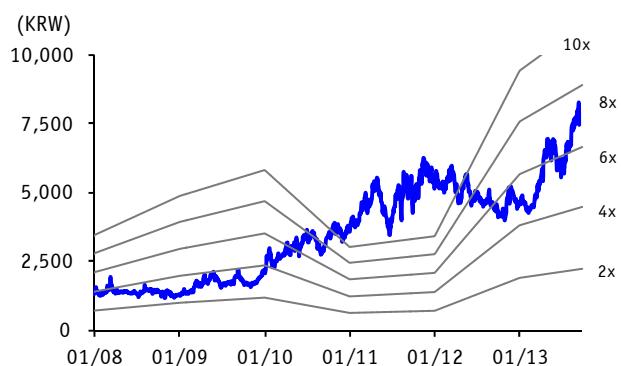
Source: Bloomberg, Shinhan Investment Corp.

Daeduck Electronics' P/E band

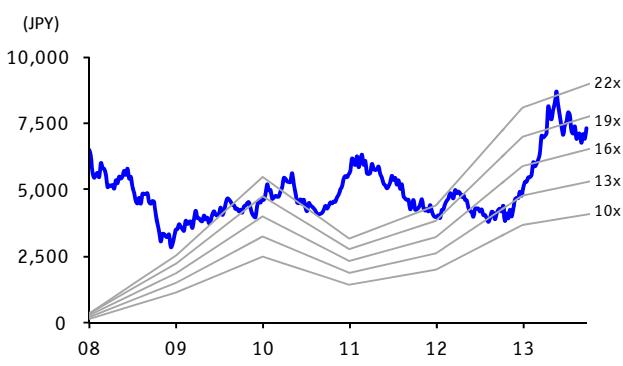
Source: Bloomberg, Shinhan Investment Corp.

Daeduck GDS' P/E band

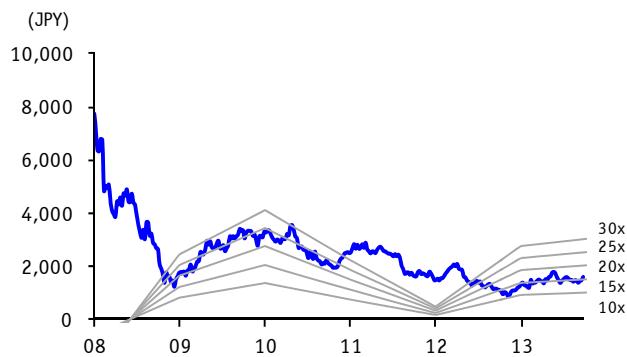
Source: Bloomberg, Shinhan Investment Corp.

ISU Petasys' P/E band

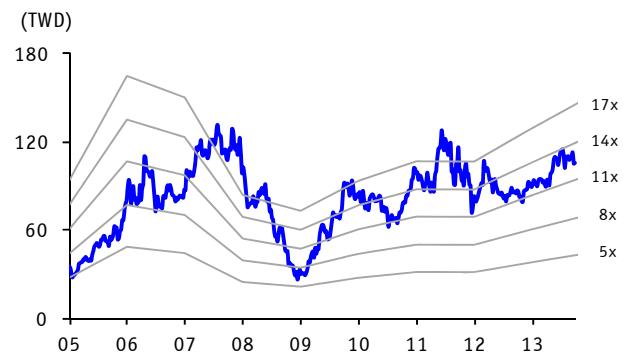
Source: Bloomberg, Shinhan Investment Corp.

Murata's P/E band

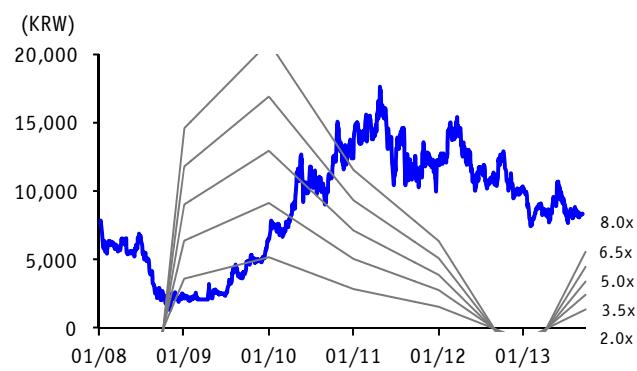
Source: Bloomberg, Shinhan Investment Corp.

Ibiden's P/E band

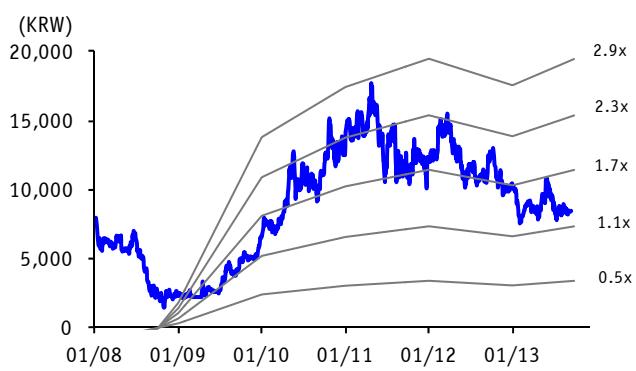
Source: Bloomberg, Shinhan Investment Corp.

Kinsus' P/E band

Source: Bloomberg, Shinhan Investment Corp.

Simmtech's P/E band

Source: Bloomberg, Shinhan Investment Corp.

Simmtech's P/B band

Source: Bloomberg, Shinhan Investment Corp.

Company overview

Maker of PCBs for semiconductor and mobile devices, sales grow ten-fold from 2002 to 2012

PCB (printed circuit board) was first developed in 1930. The PCB market has expanded since the 1980s and 1990s in line with IT industry growth.

Simmtech, established in 1987, manufactures PCBs for semiconductor and mobile devices. Its sales increased about tenfold from W64.4bn in 2002 to W630.6bn in 2012.

Simmtech's business is divided into mainboard (module PCB) and package substrate (key component to memory and non-memory chip assembly).

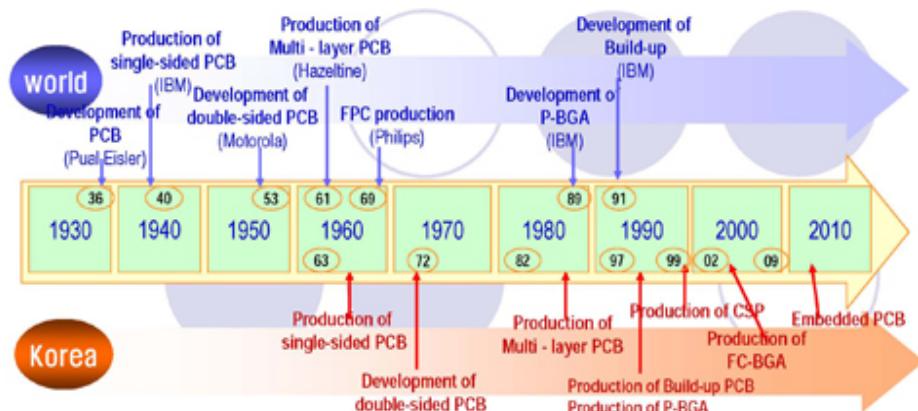
Mainboard is the main PCB holding many of the crucial components of electronics products. PCB that is used to expand DRAM capacity of a PC or server is called a memory module PCB, while PCB equipped in mobile phones is a mobile phone build-up board. SSD module PCB also belongs to the module PCB category.

Package substrate is a component that conveys electrical signals between semiconductors and the mainboard of electronics products. Various package substrates are used depending on the chip. PBGA (Plastic Ball Grid Array) and CSP (Chip Scale Package) are used for telecom or mobile chips, BOC and NAND flash card for DRAM chips, and MCP substrates for multi-chips.

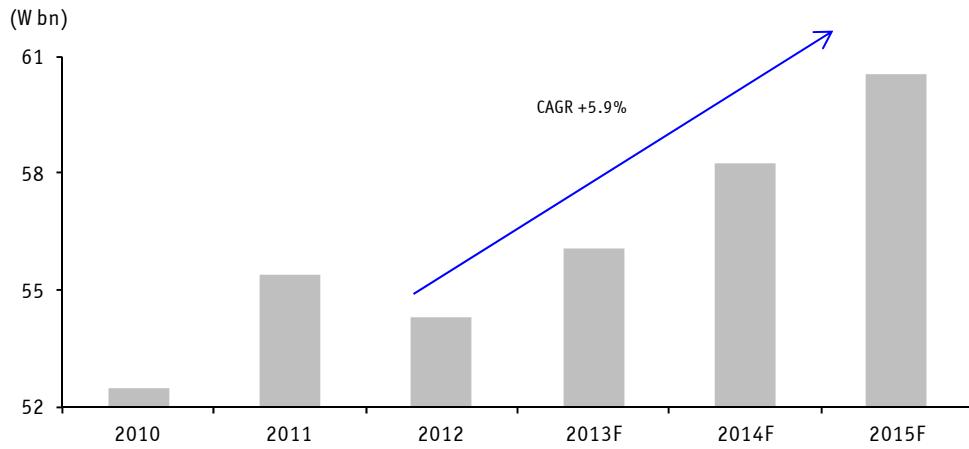
Simmtech has the largest global market share in module PCB and BOC substrate for DRAM package. The share of mobile AP (application processor) substrates is expected to increase going forward, helping to fuel future growth of Simmtech.

Simmtech's production lines are located in Cheongju and Ochang (Korea) and Xian (China).

PCB timeline



Source: Gartner, Shinhans Investment Corp.

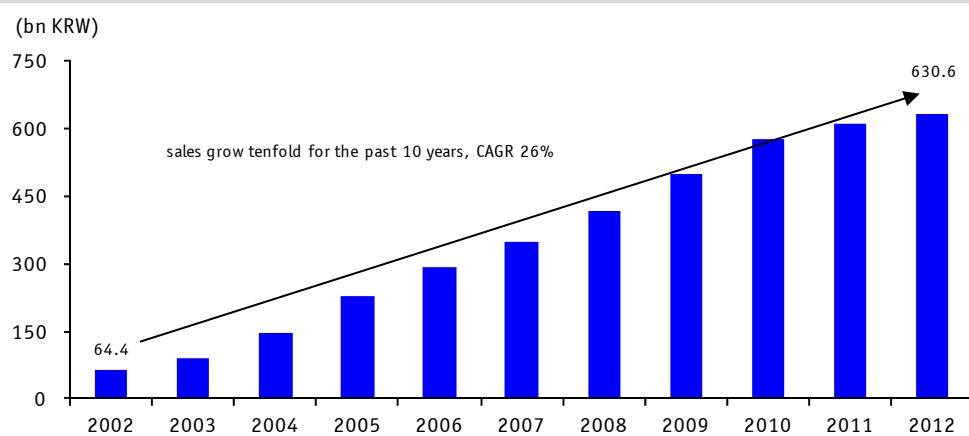
PCB market outlook

Source: Gartner, Shinhan Investment Corp.

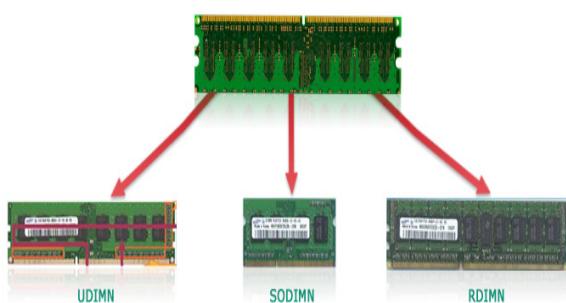
Simmtech's key products

Business area	Key products	Application
Main board (module PCB)	Memory module PCB	PC
	Mobile phone build-up board	Mobile
	SSD module PCB	PC
Package substrate	PBGA/CSP	PC, Mobile
	BOC	PC
	FMC	PC, Mobile
	MCP/CSP	Mobile
	FC-CSP	Mobile, Telecommunications
	Advanced(SiP)	PC, Mobile, Telecommunications

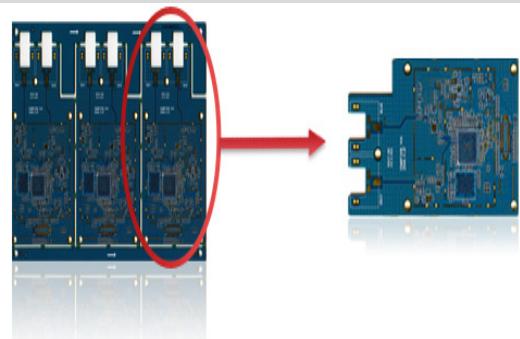
Source: Company data, Shinhan Investment Corp.

Simmtech's sales during 2002-2012

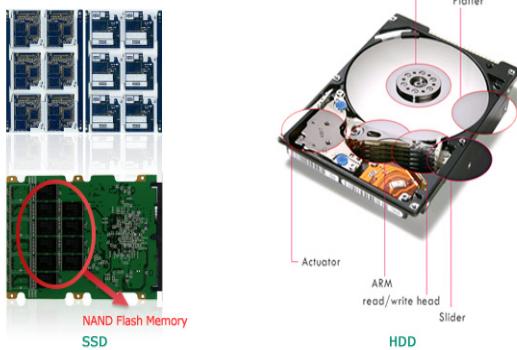
Source: Company data, Shinhan Investment Corp.

Memory module PCB

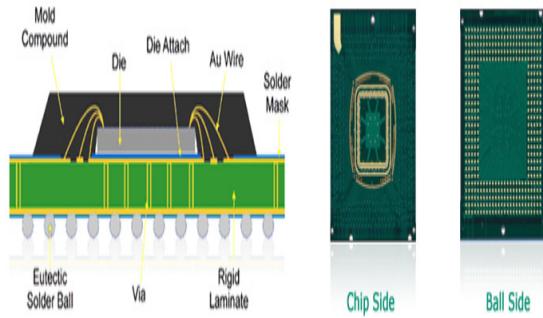
Source: Company data, Shinhan Investment Corp.

Board for mobile phone

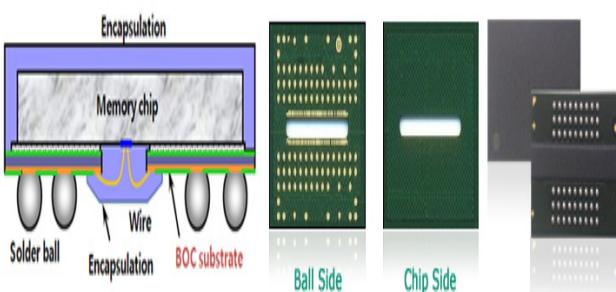
Source: Company data, Shinhan Investment Corp.

SSD module PCB

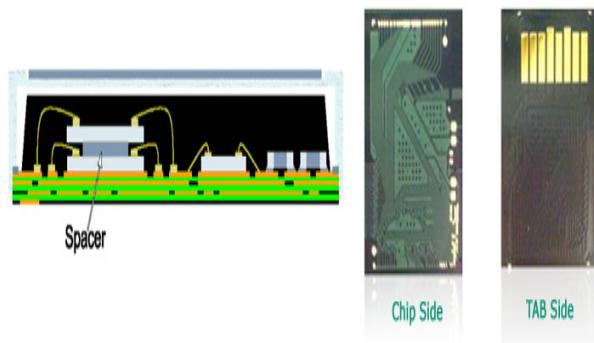
Source: Company data, Shinhan Investment Corp.

PBGA substrate

Source: Company data, Shinhan Investment Corp.

BOC substrate

Source: Company data, Shinhan Investment Corp.

FMC substrate

Source: Company data, Shinhan Investment Corp.

Earnings forecast

Operating loss (W4.5bn) inevitable in 2013, but turnaround from 3Q

Temporary slowdown in 2013 due to fire and line conversion

A slowdown seems inevitable this year due to increase in costs resulting from fire damages in February and production line conversion (from PC to mobile), as well as a decrease in order intake. For 2013, Simmtech is expected to turn in sales of W564.3bn (-10.7% YoY) and operating loss of W4.5bn.

Fire damage restoration and the line conversion were completed by the end of 2Q. Earnings are expected to improve at a rapid pace from 3Q. We forecast 3Q13 sales of W145.7bn (+11.3% QoQ) and operating profit of W600mn (turnaround QoQ). Operating profit is projected to skyrocket 1793.7% QoQ to W11.4bn in 4Q13 due to the mobile line shift (MCP, FC-CSP, etc.) and increased capacity utilization in memory module.

Mobile-led growth from 2014, operating profit to reach W55.1bn

Sales share of mobile products including FC-CSP and MCP to rise to 50% in 2014

With the shift from PC to mobile and recovery from the fire incident, Simmtech will likely be back on the growth path in 2014. Growth has slowed for high-end smartphones, but low-end smartphones are enjoying a boom. Growth has slowed in the overall mobile market, but we still expect the market to expand at a rate of over 20%.

Demand for FC-CSP and MCP substrates should remain solid, while demand for SSD modules is forecast to rise on ultrabook market growth. The share of high value-added mobile products in the sales mix is forecast to rise to 50% in 2014, helping the company return to the growth track.

In 2014, Simmtech is expected to post sales of W694.9bn (+23.4% YoY) and operating profit of W55.1bn (positive swing YoY).

3Q13 earnings forecast							
(bn KRW)	3Q13F	2Q13	% QoQ	3Q12	% YoY	Cons.	% variance
Sales	145.7	130.9	11.3	166.3	(12.4)	158.0	(7.8)
OP	0.6	(8.8)	TP	15.1	TN	1.0	(39.9)
NP	(2.2)	(10.8)	TP	9.9	TN	(2.0)	8.5
OPM (%)	0.4	(6.7)		9.1		0.6	
NPM (%)	(1.5)	(8.2)		5.9		(1.3)	

Source: Shinhan Investment Corp.

Earnings forecast												
(bn KRW)	1Q13	2Q13	3Q13F	4Q13F	1Q14F	2Q14F	3Q14F	4Q14F	2012	2013F	2014F	2015F
Sales	118.5	130.9	145.7	168.2	159.8	173.3	183.4	178.5	630.6	563.4	694.9	729.6
Module PCB	42.2	47.4	47.7	57.3	52.3	57.9	60.0	60.6	267.4	194.7	230.9	228.4
Substrate	76.3	83.5	98.0	110.8	107.5	115.3	123.4	117.8	363.2	368.7	464.0	501.2
Sales share												
Module PCB	36%	36%	33%	34%	33%	33%	33%	34%	42%	35%	33%	31%
Substrate	64%	64%	67%	66%	67%	67%	67%	66%	58%	65%	67%	69%
OP	(7.6)	(8.8)	0.6	11.4	10.6	14.0	16.3	14.2	46.3	(4.5)	55.1	62.4
NP	(8.1)	(10.8)	(2.7)	8.0	5.6	9.0	11.3	9.2	24.5	(13.6)	35.0	43.6
OPM (%)	-6.4%	-6.7%	0.4%	6.8%	6.6%	8.1%	8.9%	7.9%	7.3%	-0.8%	7.9%	8.6%
NPM (%)	-6.9%	-8.2%	-1.9%	4.8%	3.5%	5.2%	6.2%	5.1%	3.9%	-2.4%	5.0%	6.0%

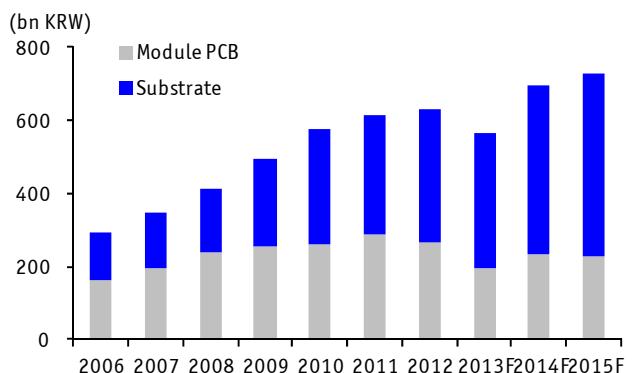
Source: Shinhan Investment Corp.

FC-CSP market to grow on demand for low-end smartphone AP

FC-CSP market to expand fueled by low-end smartphones

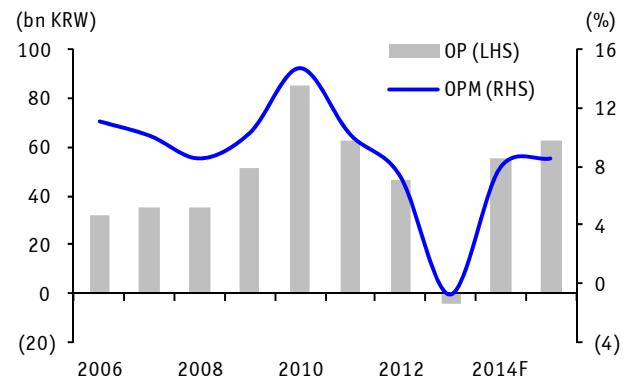
The FC-CSP market is dominated by Samsung Electro-Mechanics and Ibiden, but strong demand for low-end AP is expected to create new opportunity in the market. Simmtech has already shipped products to low-end AP manufacturers in Taiwan. The sales share of mobile products at Simmtech is projected to climb from 30% in 2Q13 to 50% in 2014.

Sales outlook



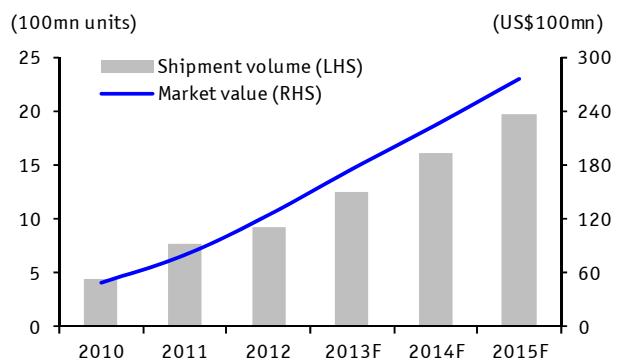
Source: Shinhan Investment Corp.

Operating profit outlook



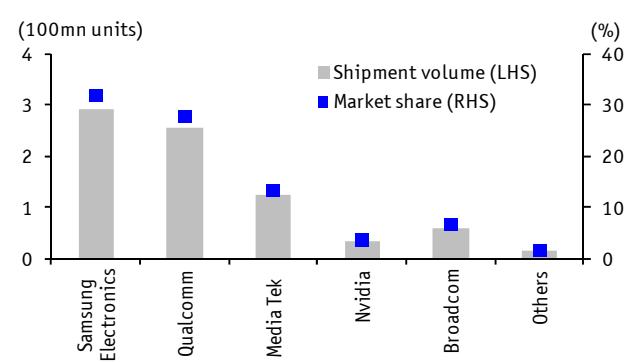
Source: Shinhan Investment Corp.

Mobile AP shipment and market share



Source: Strategy Analytics, Shinhan Investment Corp.

Shipment and market share of top-tier mobile AP companies in 2012



Source: Strategy Analytics, Shinhan Investment Corp.

Note: Samsung Electronics' AP shipment includes foundry volume for Apple's smartphones and tablet PCs

Appendix : Financial statements

Statement of financial position

Year to Dec. (W bn)	2011	2012	2013F	2014F	2015F
Assets	447.2	503.2	487.0	525.8	558.0
Total Current Assets	152.8	191.4	186.4	220.9	247.0
Cash and Cash Equivalents	15.6	51.8	39.0	52.2	70.0
Accounts Receivables	56.0	43.1	49.6	54.6	57.3
Inventories	65.8	74.3	78.0	89.7	94.1
Non-Current Assets	294.4	311.8	300.6	304.9	310.9
Tangible Assets	230.8	239.1	241.4	235.0	238.6
Intangible Assets	4.7	5.3	4.4	3.6	3.0
Investment Assets	39.5	37.8	49.5	61.0	64.1
Other Financial Institutions Assets	0.0	0.0	0.0	0.0	0.0
Liabilities	274.0	288.3	292.3	302.4	297.1
Current Liabilities	226.3	167.7	163.1	165.6	170.6
ST Borrowings	126.4	63.6	63.6	63.6	63.6
Account Payables	38.2	45.9	41.3	49.6	52.0
Current Portion of LT Debt	0.0	0.0	0.0	0.0	0.0
Non-Current Liabilities	47.7	120.5	129.2	136.8	126.5
Bonds	0.0	45.1	55.1	60.1	50.1
LT Borrowings(incl. LT Fin. Liab.)	35.0	63.0	63.0	63.0	62.0
Other Financial Institutions Liab.	0.0	0.0	0.0	0.0	0.0
Shareholders' Equity	173.1	215.0	194.9	223.5	260.7
Capital Stock	14.7	16.1	16.1	16.1	16.1
Capital Surplus	82.2	102.1	102.1	102.1	102.1
Other Reserves	(2.1)	(0.7)	(0.7)	(0.7)	(0.7)
Accru. Other Comp. Income	0.0	0.0	0.0	0.0	0.0
Retained Earnings	78.3	97.5	77.5	106.1	143.3
Owners of Parent Equity	173.1	215.0	194.9	223.5	260.7
Non-Controlling Interests Equity	0.0	0.0	0.0	0.0	0.0
*Total Debt	161.4	171.6	181.6	186.6	175.6
*Net Debts(Cash)	145.0	119.8	142.6	134.4	105.7

Statement of Comprehensive Income

Year to Dec. (W bn)	2011	2012	2013F	2014F	2015F
Sales	612.3	630.6	563.4	694.9	729.6
Growth (%)	6.2	3.0	(10.7)	23.4	5.0
COGS	514.0	544.4	527.5	595.0	618.7
Gross Profit	98.4	86.2	35.9	99.9	110.8
Gross margin (%)	16.1	13.7	6.4	14.4	15.2
SG&A	35.8	39.9	40.4	44.8	48.4
Operating Income	62.5	46.3	(4.5)	55.1	62.4
Growth (%)	(26.6)	(26.0)	TN	TP	13.2
Operating margin (%)	10.2	7.3	(0.8)	7.9	8.6
Other Net Non-Operating Profits	(11.0)	(13.5)	(10.6)	(11.3)	(7.9)
Financial Income(Expenses)	(9.4)	(4.6)	(5.4)	(4.9)	(4.0)
Net Other Non-Operating Profits	(1.4)	(5.7)	(5.7)	(7.1)	(5.1)
Net Gains in Asso., Subs., and JVs	(0.2)	(3.1)	0.5	0.7	1.2
Pre-tax Profit from Cont. Op.	51.5	32.8	(15.1)	43.8	54.5
Income Taxes	9.6	8.3	(1.5)	8.8	10.9
Profit from Continuing Op.	41.9	24.5	(13.6)	35.0	43.6
Profit from Discontinued Op.	0.0	0.0	0.0	0.0	0.0
Net Profit	41.9	24.5	(13.6)	35.0	43.6
Growth (%)	(40.7)	(41.5)	TN	TP	24.5
Net Profit margin (%)	6.8	3.9	(2.4)	5.0	6.0
Net Profit of Parent	41.9	24.5	(13.6)	35.0	43.6
Net Profit to Non-Controlling	0.0	0.0	0.0	0.0	0.0
Total Comprehensive Income	40.0	24.9	(13.6)	35.0	43.6
Total Comp. Income of Parent	40.0	24.9	(13.6)	35.0	43.6
Total Comp. Income to Non-Cont.	0.0	0.0	0.0	0.0	0.0
EBITDA	94.5	79.2	34.1	92.3	84.4
Growth (%)	(15.5)	(16.1)	(56.9)	170.5	(8.5)
EBITDA Margin (%)	15.4	12.6	6.1	13.3	11.6

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

Cash Flow

Year to Dec. (W bn)	2011	2012	2013F	2014F	2015F
Operating Cash Flow	62.5	70.0	14.9	59.6	66.6
Net Profit	41.9	24.5	(13.6)	35.0	43.6
Depreciation	31.7	32.1	37.7	36.4	21.4
Amortization	0.3	0.9	1.0	0.8	0.6
Losses(Gains) on F/X Translation	3.8	(0.5)	0.0	0.0	0.0
Losses(Gains) on Disp. of Assets	0.4	1.5	3.8	3.8	3.8
Losses(Gains) in Asso., Subs.,JVs	0.0	0.0	(0.2)	(0.2)	(0.2)
Chg. in A/L from Op. Activities	(33.3)	(6.3)	(13.8)	(16.2)	(2.6)
(Payments of Income Taxes)	0.0	(3.2)	1.5	(8.8)	(10.9)
Others	17.7	21.0	(1.5)	8.8	10.9
Investing Cash Flow	(15.5)	(64.3)	(27.2)	(41.4)	(27.9)
Incr. in Tangible Assets(CAPEX)	(20.9)	(62.2)	(40.0)	(30.0)	(25.0)
Decr. in Tangible Assets	0.8	0.4	0.0	0.0	0.0
Decr.(Incr.) in Intangible Assets	0.6	(0.7)	0.0	0.0	0.0
Decr.(Incr.) in Investment Assets	(0.9)	4.0	(11.5)	(11.4)	(2.9)
Others	4.9	(5.8)	24.3	0.0	0.0
Free Cash Flow	53.3	6.4	(17.8)	32.5	43.6
Financing Cash Flow	(44.8)	30.9	3.6	(1.4)	(17.4)
Incr.(Decr.) in Borrowing	(39.9)	17.1	10.0	5.0	(11.0)
Decr.(Incr.) of Treasury Stock	2.1	0.0	0.0	0.0	0.0
Dividend	(4.9)	(5.8)	(6.4)	(6.4)	(6.4)
Others	(2.1)	19.6	0.0	0.0	0.0
Other Cash Flows	0.0	0.0	(4.3)	(3.8)	(3.8)
Change of Consolidated Scope	0.0	0.0	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	2.2	36.6	(13.1)	13.0	17.6
Beginning Cash	13.5	15.7	52.4	39.3	52.3
Ending Cash	15.7	52.4	39.3	52.3	69.9

Source: Company data, Shinhan Investment Corp.

Key Ratios

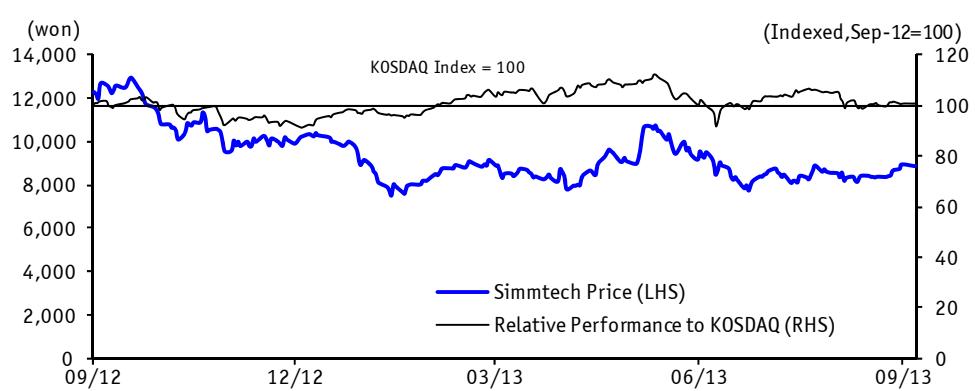
Year to Dec.	2011	2012	2013F	2014F	2015F
EPS_C (won)	1,435	792	(423)	1,087	1,354
EPS_P (won)	1,435	792	(423)	1,087	1,354
BPS_C (won)	5,895	6,676	6,054	6,942	8,097
BPS_P (won)	5,895	6,676	6,054	6,942	8,097
DPS (won)	200	200	200	200	200
PER_C (x)	8.5	13.0	(21.0)	8.2	6.6
PER_P (x)	8.5	13.0	(21.0)	8.2	6.6
PBR_C (x)	2.1	1.5	1.5	1.3	1.1
PBR_P (x)	2.1	1.5	1.5	1.3	1.1
EV/EBITDA (x)	5.3	5.7	12.5	4.5	4.6
EV/EBIT (x)	8.1	9.8	(95.0)	7.6	6.3
Dividend Yield (%)	1.6	1.9	2.3	2.3	2.3
Profitability					
EBITDA Margin (%)	15.4	12.6	6.1	13.3	11.6
OP Margin (%)	10.2	7.3	(0.8)	7.9	8.6
NP Margin (%)	6.8	3.9	(2.4)	5.0	6.0
ROA (%)	9.4	5.2	(2.8)	6.9	8.0
ROE (%)	27.1	12.6	(6.6)	16.7	18.0
ROIC (%)	16.1	14.2	2.7	14.7	16.2
Stability					
D/E Ratio (%)	158.3	134.1	150.0	135.3	114.0
Net Debt to Equity (%)	83.8	55.7	73.2	60.1	40.5
Cash Ratio (%)	6.9	30.9	23.9	31.5	41.0
Interest Coverage (x)	6.8	7.0	(0.6)	8.4	10.7
Activity					
Working Capital Turnover (t)	19.1	17.5	13.5	12.1	10.7
Inventory Turnover (d)	34.1	40.5	49.3	44.0	46.0
Receivable Turnover (d)	30.4	28.7	30.0	27.4	28.0

Source: Company data, Shinhan Investment Corp.



Simmtech (036710 KS)

... Share Price Performance





Shinhan Investment Network



SEOUL

Shinhan Investment Corp.
Shinhan Investment Tower
23-2, Youido-dong, Yongsungpo-gu,
Seoul, Korea 150-712
Tel : (82-2) 3772-2700, 2702
Fax : (82-2) 6671-7573

Hong Kong

Shinhan Investment Asia Ltd.
Unit 7705 A, Level 77
International Commerce Centre
1 Austin Road West
Kowloon, Hong Kong
Tel : (852) 3713-5333
Fax : (852) 3713-5300

NEW YORK

Shinhan Investment America Inc.
1325 Avenue of the Americas Suite 702,
New York, NY 10019
Tel : (1-212) 397-4000
Fax : (1-212) 397-0032

Shanghai

Shinhan Investment Corp.
Shanghai Representative Office
Room 104, Huaneng Union Mansion No.958,
Lujiazui Ring Road, PuDong, Shanghai, China
Tel : (86-21) 6888-9135/6
Fax : (86-21) 6888-9139

SHIC Rating Classifications: BUY; Over +15%, Trading BUY; 0 to 15%, HOLD; -15% to 0, REDUCE; -15% or More (As of 25 Jul. 2011)

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