

Huons (243070 KS)

Continuing stable growth

Not Rated

CP (Jun. 11) KRW58,000

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- ◆ Strength in diversified business portfolio (drugs, beauty/healthcare, etc.)
- ◆ 2020 operating profit forecast at KRW53.8bn (+15.2% YoY)
- ◆ Undemanding share valuations after recent correction

KOSPI	2,111.81p
KOSDAQ	728.79p
Market cap	KRW521.1bn/USD457.1mn
Par value	KRW500
Outstanding shares	9.0mn
Free float	4.9mn(54.9%)
52-week high/low	KRW97,356/KRW54,600
60-day avg. trading volume	34,474shrs
60-day avg. turnover	KRW2,190mn
Foreign ownership	14.34%

Major shareholders		
	Huons Global and 6 others	45.02%
Absolute performance	3M	-20.4%
	6M	-13.4%
	12M	-33.6%
Relative performance to KOSDAQ	3M	-17.6%
	6M	-16.7%
	12M	-19.5%

Strength in diversified business portfolio (drugs, beauty/healthcare, etc.)

Huons was spun off from Huons Global (holding company) in May 2016. It has a diversified business portfolio with drugs making up 56% of sales, beauty/healthcare 23%, and CMO 13% (based on 2019 forecast). The company has seen continued growth in the drug market. Based on outpatient prescription sales, its domestic market rank rose from 41st in 2014 to 30th in 2016 and 25th in 2018.

Huons has started exporting its botulinum toxin product, Hutox, in 2016 and is preparing for the domestic launch of Liztox this year. Botulinum toxin sales were sluggish in 2018 due to weak China-bound exports, but should recover gradually from 2H19. We forecast KRW17.5bn (+44.6% YoY) for 2020 and KRW21bn (+20% YoY) for 2021.

2020 operating profit forecast at KRW53.8bn (+15.2% YoY)

In 2019, the company is expected to post sales of KRW353.8bn (+7.7% YoY) and operating profit of KRW46.7bn (+3.1% YoY). Earnings growth will not be significant due to the transfer of dermal filler and other medical aesthetic business units (2018 sales of about KRW20bn) to an affiliate. In 2020, sales will likely regain momentum and grow 10.6% YoY to KRW391.4bn. Profitability should also improve with operating profit of KRW53.8bn (+15.2% YoY) and operating margin of 13.7% (+0.5%p YoY).

Undemanding share valuations after recent correction

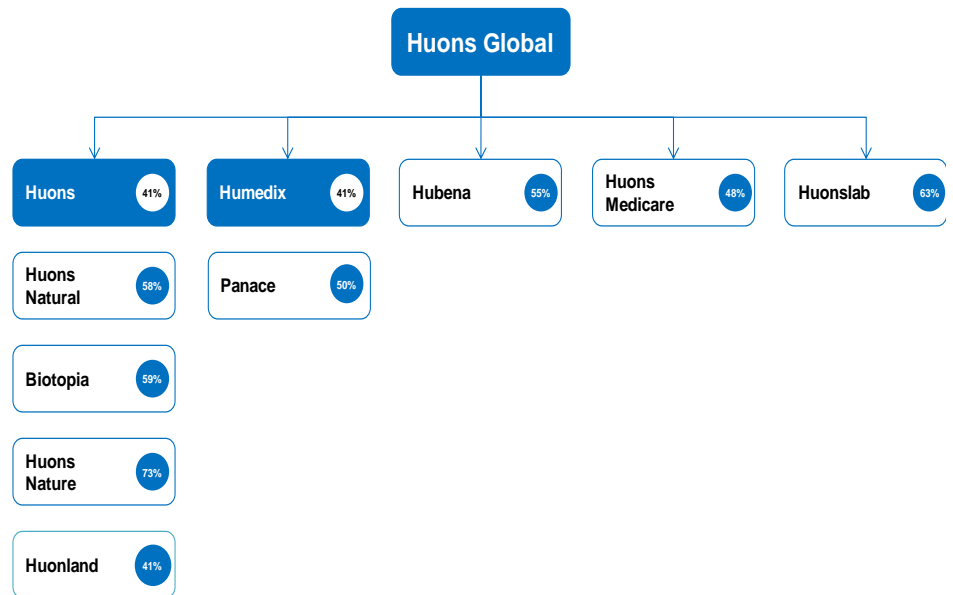
Huons shares have declined roughly 20% YTD, owing to: 1) weak share performance of botulinum toxin companies like Medy-Tox; and 2) forecast for slower-than-expected earnings growth in 2019 with the transfer of medical aesthetic business. The stock is currently undemanding at a PER of 14.1x, vs. average 14.4x of mid-tier peers. Both earnings and the share price may receive a boost if Liztox takes off in the domestic market faster than expected.

Year to December	Sales (bn KRW)	OP (bn KRW)	Pre-tax (bn KRW)	NP (bn KRW)	EPS (KRW)	Growth (%)	BPS (KRW)	PER (x)	EV/EBITDA (x)	PBR (x)	ROE (%)	Net debt ratio (%)
2017	284.8	36.2	44.8	35.1	3,904	51.8	13,657	17.4	13.2	5.0	32.4	(6.9)
2018	328.6	45.3	56.0	45.2	5,035	29.0	18,174	14.2	11.2	3.9	31.6	(5.0)
2019F	353.8	46.7	46.1	36.9	4,111	(18.4)	21,531	14.1	9.3	2.7	20.7	(12.8)
2020F	391.4	53.8	53.1	42.5	4,736	15.2	25,417	12.2	7.9	2.3	20.2	(18.1)
2021F	428.0	59.5	58.9	47.2	5,252	10.9	29,771	11.0	6.9	1.9	19.0	(22.7)

Source: Company data, Shinhan Investment Corp. / Note: TB = turn black, TR = turn red, RR = remain red

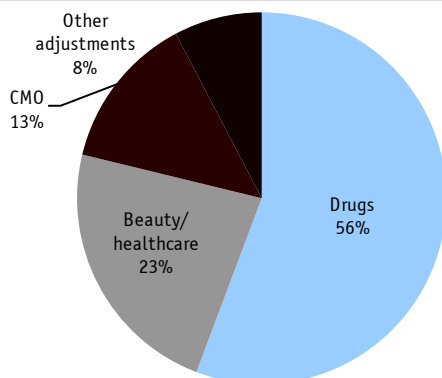
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Governance structure



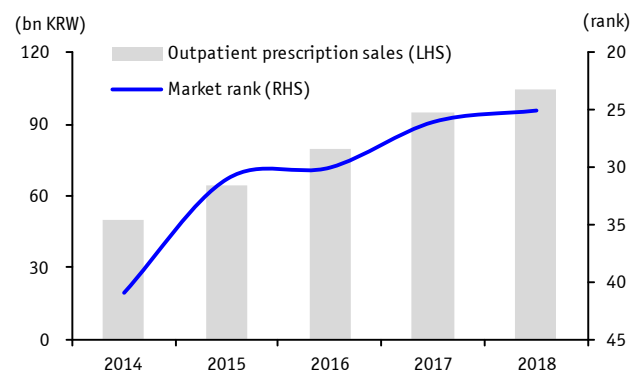
Source: Huons, Shinhan Investment Corp.

Sales share by division



Source: Huons, Shinhan Investment Corp.

Outpatient prescription sales and market rank



Source: UBIST, Shinhan Investment Corp.

Outpatient prescription sales of major products

(bn KRW)	Indication	2016	2017	2018	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19
Kynex	Medicated eye drop	14.2	11.8	8.9	3.8	3.6	3.5	3.3	3.3	3.1	2.9	2.5	2.6	2.5	2.2	1.6	2.5
Esuba	High cholesterol	0.5	5.0	6.6	0.0	0.0	0.1	0.3	0.9	1.2	1.5	1.4	1.6	1.6	1.6	1.8	1.9
Elbus	Peptic ulcer	3.9	4.7	4.9	0.7	1.0	1.1	1.2	1.1	1.2	1.2	1.1	1.1	1.2	1.2	1.4	1.3
Valsarex	Hypertension	3.4	4.1	4.6	0.6	0.9	1.0	0.9	0.9	0.9	1.1	1.1	1.2	1.2	1.2	1.1	1.1
Huons Atorvastatin	High cholesterol	2.8	3.7	3.9	0.6	0.6	0.8	0.8	0.8	0.9	1.0	1.0	0.9	1.0	1.0	1.0	1.0
Roston	High cholesterol	1.9	2.6	3.8	0.4	0.4	0.5	0.5	0.6	0.6	0.7	0.7	0.9	1.0	1.0	0.9	1.0
Rabesto	Peptic ulcer	1.9	2.9	3.6	0.4	0.4	0.5	0.5	0.7	0.6	0.8	0.8	0.8	0.8	0.9	1.0	1.0
Clithro	Antibiotics	1.1	2.1	3.2	0.3	0.3	0.2	0.3	0.5	0.5	0.4	0.8	0.9	0.8	0.5	1.0	1.0
Hurophen	Gastrointestinal disorder	2.2	2.2	2.4	0.5	0.6	0.6	0.6	0.5	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.7
Huons Karos	Hyperkalemia	2.1	2.3	2.3	0.4	0.5	0.6	0.6	0.6	0.6	0.6	0.5	0.5	0.5	0.6	0.6	0.6

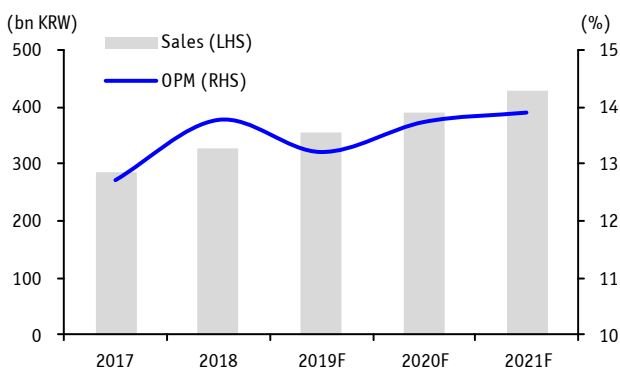
Source: UBIST, Shinhan Investment Corp.

Earnings trend and outlook

(bn KRW, %)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19F	3Q19F	4Q19F	1Q20F	2Q20F	3Q20F	4Q20F	2018	2019F	2020F
Sales	74.0	80.1	86.3	88.2	82.6	88.0	90.1	93.1	91.7	97.3	99.6	102.8	328.6	353.8	391.4
Drugs	39.1	41.8	43.6	47.0	46.2	48.3	49.8	52.8	51.2	53.2	55.0	58.1	171.5	197.1	217.5
Circulatory	7.9	8.3	9.1	8.6	9.5	9.8	10.5	10.0	10.7	11.0	11.7	11.2	34.0	39.8	44.6
Digestive	5.1	5.4	5.4	6.1	6.2	6.3	6.4	6.6	6.7	6.8	6.9	7.1	22.0	25.5	27.5
Anesthetic	5.0	5.1	4.5	6.7	5.6	5.8	5.2	7.5	6.2	6.4	5.8	8.2	21.4	24.1	26.6
Metabolic	3.5	4.6	4.2	4.4	5.1	5.5	5.3	5.6	5.8	6.2	6.0	6.3	16.7	21.5	24.3
Antibiotic	5.1	4.2	4.1	5.2	4.8	4.4	4.3	5.5	4.9	4.5	4.4	5.7	18.7	19.0	19.5
Antipyretic/analgesic/ anti-inflammatory	3.1	3.3	4.2	4.8	4.0	4.2	4.6	5.2	4.6	4.8	5.2	5.8	15.4	18.0	20.4
Others	9.3	10.8	12.2	11.1	11.0	12.3	13.5	12.4	12.3	13.5	15.0	13.8	43.4	49.2	54.6
Beauty/healthcare	24.4	25.5	25.5	23.4	19.7	20.6	20.6	20.6	21.8	23.0	22.9	23.0	98.9	81.5	90.7
Health products	17.1	16.9	16.4	15.3	16.4	17.0	16.5	16.0	16.8	17.5	17.0	16.5	65.6	65.9	67.8
Aesthetic products	7.3	8.6	9.1	7.9	2.6	2.8	3.2	3.5	3.8	4.2	4.5	5.0	33.0	12.1	17.5
Medical devices				0.2	0.7	0.8	0.9	1.1	1.2	1.3	1.4	1.5	0.2	3.5	5.4
CMO	9.0	11.1	11.6	11.4	10.1	12.3	12.8	12.6	11.4	13.6	14.1	13.9	43.0	47.8	53.0
Other adjustments	1.5	1.7	5.6	6.4	6.6	6.8	6.9	7.1	7.3	7.5	7.6	7.8	15.2	27.4	30.2
OP	11.4	12.5	13.4	8.0	12.0	13.6	12.6	8.6	13.8	15.4	14.4	10.2	45.3	46.7	53.8
Pre-tax profit	11.4	13.6	16.3	14.6	11.9	13.6	12.3	8.3	13.5	15.4	14.2	9.9	56.0	46.1	53.1
NP	8.5	10.5	13.2	12.4	9.4	10.6	10.0	6.4	10.5	11.9	11.2	8.3	45.2	36.9	42.5
Growth (YoY)															
Sales	13.6	11.1	15.8	20.7	11.6	9.8	4.4	5.6	11.0	10.6	10.5	10.4	15.4	7.7	10.6
Drugs	12.9	20.9	12.2	24.2	18.1	15.5	14.3	12.3	10.7	10.1	10.4	10.0	17.5	14.9	10.3
Circulatory	27.3	24.9	17.0	17.7	20.4	18.4	15.1	16.1	12.1	12.2	11.4	12.0	21.4	17.4	11.9
Digestive	11.7	4.8	0.3	18.2	21.5	16.8	19.3	7.8	7.6	7.9	7.8	7.6	8.6	16.0	7.7
Anesthetic	15.1	39.1	(7.9)	61.0	10.0	12.7	15.2	11.3	11.7	10.3	11.5	9.3	24.9	12.1	10.6
Metabolic	16.8	13.8	20.5	29.1	45.4	19.1	27.7	28.4	13.1	12.7	13.2	12.5	19.8	29.2	12.9
Antibiotic	31.1	4.1	2.5	10.0	(7.1)	3.6	5.9	5.7	2.6	2.3	2.3	3.6	11.7	1.7	2.8
Antipyretic/analgesic/ anti-inflammatory	13.6	14.2	28.8	53.9	29.8	27.4	10.4	7.6	15.1	14.3	13.0	11.5	28.4	17.1	13.3
Others	(5.4)	33.9	20.4	12.4	18.6	13.7	10.7	11.4	11.7	9.8	11.1	11.3	14.5	13.3	10.9
Beauty/healthcare	14.6	(2.0)	(1.3)	(3.7)	(19.5)	(19.3)	(19.3)	(11.9)	10.9	11.7	11.2	11.7	1.4	(17.6)	11.3
Health products	8.5	1.7	(6.5)	(1.6)	(4.0)	0.6	0.7	4.9	2.4	2.9	3.0	3.1	0.4	0.4	2.9
Aesthetic products	32.0	(8.5)	9.8	(9.8)	(64.6)	(67.5)	(64.9)	(55.9)	45.9	50.0	40.6	42.9	2.9	(63.3)	44.6
Medical devices								444.6	84.0	62.5	55.6	36.4		1,608.9	56.4
CMO	9.6	8.4	48.7	35.2	13.2	10.8	10.7	10.7	12.5	10.6	10.2	10.3	24.3	11.2	10.8
Other adjustments	46.4	37.2	174.8	154.1	336.3	299.0	23.0	11.2	11.0	10.3	10.1	9.9	122.8	80.1	10.3
OP	59.5	42.7	17.2	(10.3)	5.8	8.6	(6.4)	7.7	14.2	13.8	14.5	18.8	24.9	3.1	15.2
Pre-tax profit	(10.9)	59.0	30.4	33.9	3.9	0.3	(24.6)	(43.0)	14.0	12.7	15.7	18.8	24.9	(17.5)	14.9
NP	(11.1)	57.4	41.5	34.8	10.6	1.5	(24.4)	(48.3)	11.8	11.6	12.4	29.2	28.3	(18.4)	15.2
OPM	15.4	15.6	15.6	9.0	14.6	15.4	13.9	9.2	15.0	15.8	14.4	9.9	13.8	13.2	13.7
NPM	11.5	13.1	15.4	14.0	11.4	12.1	11.1	6.9	11.5	12.2	11.3	8.0	13.6	10.3	10.7

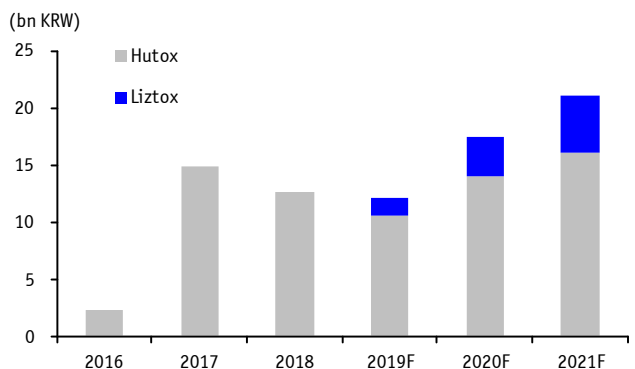
Source: Company data, Shinhan Investment Corp.

Sales and operating profit margin



Source: Company data, Shinhan Investment Corp.

Hutox and Liztox sales

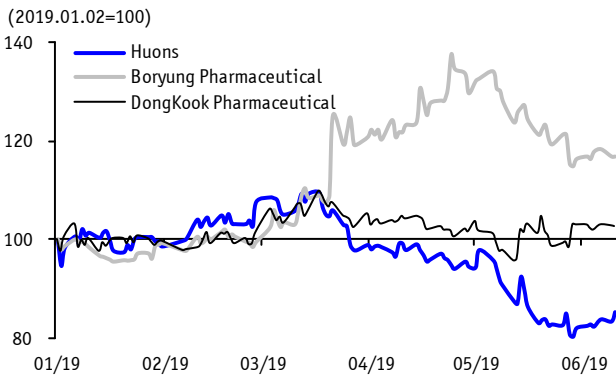


Source: Company data, Shinhan Investment Corp.

Peer group valuation													
Company	Market cap (bn KRW)	2019F						2020F					
		PER (x)	PBR (x)	EV/EBITDA (x)	ROE (%)	OPM (%)	NPM (%)	PER (x)	PBR (x)	EV/EBITDA (x)	ROE (%)	OPM (%)	NPM (%)
Hanmi Pharm	4,778.4	140.8	6.5	42.4	5.1	6.6	3.8	117.9	6.3	38.7	5.6	7.0	4.1
Yuhan	3,175.1	38.1	1.7	24.0	5.2	3.9	5.5	35.2	1.7	23.2	5.4	4.2	5.6
Daewoong Pharmaceutical	1,824.9	50.7	2.9	-	5.6	5.6	3.2	29.9	2.6	-	10.3	7.5	5.5
Green Cross	1,443.3	34.0	1.3	16.2	3.9	4.1	3.2	28.4	1.3	14.0	4.6	5.0	3.7
Chong Kun Dang Pharmaceutical	962.4	18.8	2.0	10.0	11.4	7.4	5.0	16.8	1.9	9.0	11.6	7.6	5.3
Dong-A ST	852.8	21.2	1.4	11.2	6.7	8.1	6.9	24.4	1.3	11.3	5.5	7.2	5.7
Huons	521.1	14.1	2.7	9.3	20.7	13.2	10.3	12.2	2.3	7.9	20.2	13.7	10.7
Boryung Pharmaceutical	519.4	16.3	1.8	11.4	11.8	6.4	6.3	14.9	1.6	9.9	11.6	7.0	6.3
DongKook Pharmaceutical	517.5	10.9	1.4	6.3	13.9	13.5	10.9	10.5	1.3	5.4	12.7	13.2	10.3
Ildong Pharmaceutical	452.3	21.2	1.6	10.2	7.5	5.3	3.8	19.6	1.5	9.6	7.8	5.3	3.9
Korea United Pharm	389.0	11.5	1.4	6.9	14.0	18.1	14.9	10.5	1.2	5.9	13.6	18.7	15.2
Whanin Pharm	346.0	15.1	1.0	7.5	8.5	17.3	14.1	14.6	1.0	6.8	8.3	16.9	13.8
Daewon Pharmaceutical	315.6	11.5	1.5	6.7	14.0	11.0	8.6	10.6	1.4	5.7	13.6	11.0	8.5

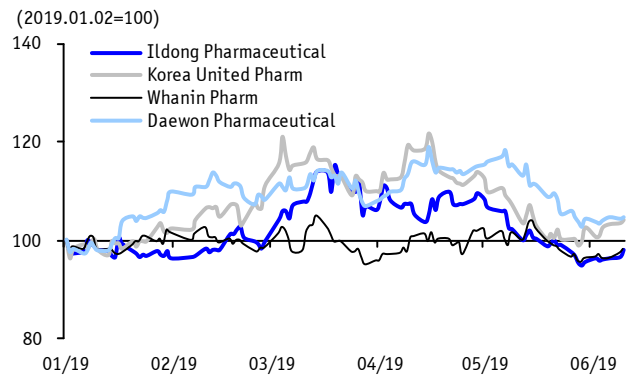
Source: QuantiWise, Shinhan Investment Corp.

Relative share performance of small/mid-size pharmaceuticals (1)



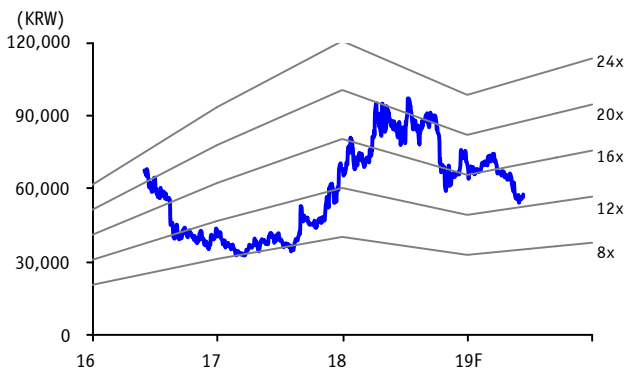
Source: QuantiWise, Shinhan Investment Corp.

Relative share performance of small/mid-size pharmaceuticals (2)



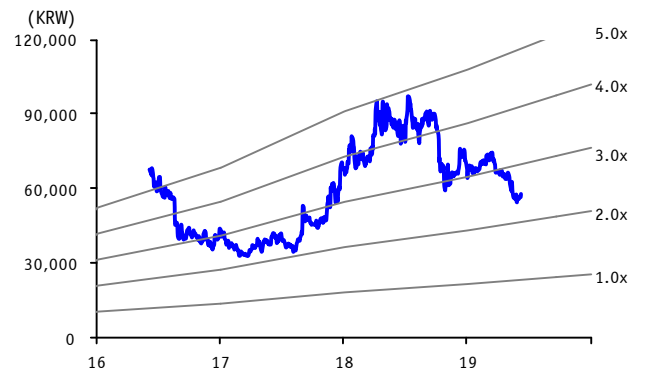
Source: QuantiWise, Shinhan Investment Corp.

12-month forward PER band



Source: QuantiWise, Shinhan Investment Corp.

12-month forward PBR band



Source: QuantiWise, Shinhan Investment Corp.

Statement of financial position

Year to December (bn KRW)	2017	2018	2019F	2020F	2021F
Total assets	216.0	251.4	278.4	318.2	361.9
Current assets	152.2	171.9	192.2	223.5	257.1
Cash and equivalents	39.4	26.0	35.1	49.6	66.9
Accounts receivable	66.8	83.0	89.3	98.8	108.1
Inventories	35.2	42.0	45.3	50.1	54.8
Non-current assets	63.8	79.5	86.1	94.7	104.9
Tangible assets	51.3	62.9	69.1	76.9	86.3
Intangible assets	2.1	1.3	1.4	1.5	1.7
Investment assets	5.7	10.4	10.8	11.4	12.0
Other financial assets	0.0	0.0	0.0	0.0	0.0
Total liabilities	91.7	83.7	81.0	86.5	91.9
Current liabilities	78.6	76.1	73.4	78.9	84.1
Short-term borrowings	23.2	13.0	13.0	12.0	11.0
Accounts payable	18.5	15.9	17.1	18.9	20.7
Current portion of long-term debt	0.8	7.0	0.0	0.0	0.0
Non-current liabilities	13.1	7.6	7.6	7.7	7.7
Bonds	0.0	0.0	0.0	0.0	0.0
Long-term borrowings	12.3	6.9	6.9	6.9	6.9
Other financial liabilities	0.0	0.0	0.0	0.0	0.0
Total shareholders' equity	124.3	167.7	197.3	231.6	270.1
Capital stock	3.1	4.1	4.5	4.5	4.5
Capital surplus	74.9	73.6	73.6	73.6	73.6
Other capital	(2.8)	(3.1)	(3.1)	(3.1)	(3.1)
Accumulated other comprehensive income	1.0	0.9	0.9	0.9	0.9
Retained earnings	46.6	87.7	117.4	152.4	191.5
Controlling interest equity	122.7	163.3	193.4	228.3	267.5
Non-controlling interest equity	1.6	4.4	3.9	3.3	2.6
*Total debt	38.9	29.4	22.6	21.9	21.2
*Net debt (cash)	(8.6)	(8.4)	(25.3)	(41.9)	(61.3)

Statement of cash flow

Year to December (bn KRW)	2017	2018	2019F	2020F	2021F
Cash flow from operations	30.2	20.9	37.2	40.5	45.8
Net profit	34.8	44.6	36.4	41.9	46.5
Depreciation expense	5.1	6.3	6.8	7.2	7.6
Amortization expense	0.1	0.2	0.2	0.3	0.3
FX translation loss (gain)	0.0	0.0	(0.2)	0.0	0.0
Asset disposal loss (gain)	0.0	0.2	0.0	0.0	0.0
Equity method loss (gain)	1.3	0.8	0.7	0.7	0.7
Change in working capital	(10.9)	(28.0)	(6.8)	(9.6)	(9.3)
(Payment of income tax)	(8.1)	(9.7)	(9.7)	(11.1)	(12.4)
Others	7.9	6.5	9.8	11.1	12.4
Cash flow from investments	(11.7)	(25.5)	(15.2)	(18.1)	(20.1)
Increase in tangible assets	(8.5)	(10.3)	(13.0)	(15.0)	(17.0)
Decrease in tangible assets	0.0	0.1	0.0	0.0	0.0
Change in intangible assets	0.2	0.8	(0.3)	(0.4)	(0.5)
Change in investment assets	(2.8)	0.0	(1.1)	(1.3)	(1.3)
Others	(0.6)	(16.1)	(0.8)	(1.4)	(1.3)
Free cash flow	24.2	4.4	24.4	25.2	28.5
Cash flow from financing	5.1	(9.1)	(12.9)	(7.9)	(8.3)
Change in borrowings	(1.7)	(10.8)	(6.8)	(0.7)	(0.7)
Change in treasury stock	0.1	0.4	0.0	0.0	0.0
Dividends	0.0	(3.7)	(6.5)	(7.2)	(7.6)
Others	6.7	5.0	0.4	0.0	(0.0)
Other cash flow	0.0	0.0	0.0	0.0	0.0
Change in consolidated scope	0.0	0.0	0.0	0.0	0.0
Change in FX rates	(0.1)	0.2	0.0	0.0	0.0
Change in total cash	23.5	(13.5)	9.1	14.6	17.3
Beginning cash	16.0	39.4	26.0	35.1	49.6
Ending cash	39.4	26.0	35.1	49.6	67.0

Source: Company data, Shinhan Investment Corp.

Statement of comprehensive income

Year to December (bn KRW)	2017	2018	2019F	2020F	2021F
Sales	284.8	328.6	353.8	391.4	428.0
Growth (%)	68.6	15.4	7.7	10.6	9.4
COGS	129.0	147.0	158.4	175.1	191.0
Gross profit	155.9	181.6	195.4	216.3	237.0
GPM (%)	54.7	55.3	55.2	55.3	55.4
SG&A	119.6	136.3	148.7	162.5	177.5
Operating profit	36.2	45.3	46.7	53.8	59.5
Growth (%)	68.2	24.9	3.1	15.2	10.7
OPM (%)	12.7	13.8	13.2	13.7	13.9
Non-operating profit	8.6	10.7	(0.6)	(0.7)	(0.6)
Financial profit	1.7	2.0	(0.6)	(0.5)	(0.4)
Other non-operating profit	8.1	9.5	0.8	0.5	0.4
Equity method gain (loss)	(1.3)	(0.8)	(0.7)	(0.7)	(0.7)
Pre-tax profit	44.8	56.0	46.1	53.1	58.9
Income tax	10.0	11.4	9.7	11.1	12.4
Continuing operations	34.8	44.6	36.4	41.9	46.5
Discontinued operations	0.0	0.0	0.0	0.0	0.0
Net profit	34.8	44.6	36.4	41.9	46.5
Growth (%)	134.6	28.3	(18.4)	15.2	10.9
NPM (%)	12.2	13.6	10.3	10.7	10.9
Controlling interest	35.1	45.2	36.9	42.5	47.2
Non-controlling interest	(0.3)	(0.6)	(0.5)	(0.6)	(0.7)
Comprehensive income	34.5	44.6	36.4	41.9	46.5
Controlling interest	34.8	45.2	36.9	42.5	47.2
Non-controlling interest	(0.3)	(0.6)	(0.5)	(0.6)	(0.7)
EBITDA	41.5	51.7	53.7	61.2	67.4
Growth (%)	61.3	24.6	3.9	14.0	10.1
EBITDA margin (%)	14.6	15.7	15.2	15.6	15.7

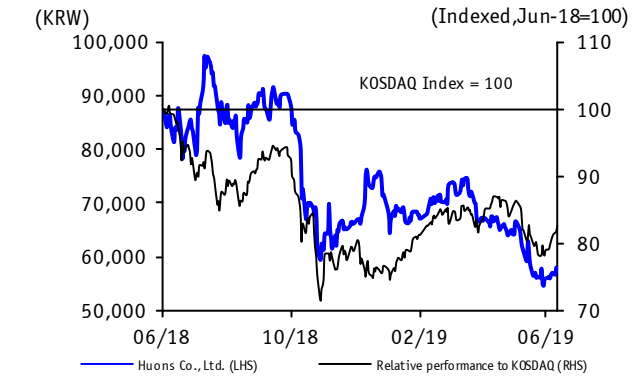
Key ratios

Year to December	2017	2018	2019F	2020F	2021F
EPS (KRW)	3,869	4,964	4,053	4,669	5,178
EPS of controlling interest (KRW)	3,904	5,035	4,111	4,736	5,252
BPS (KRW)	13,835	18,665	21,964	25,784	30,063
BPS of controlling interest (KRW)	13,657	18,174	21,531	25,417	29,771
DPS (KRW)	413	727	800	850	900
PER (x)	17.6	14.4	14.3	12.4	11.2
PER of controlling interest (x)	17.4	14.2	14.1	12.2	11.0
PBR (x)	4.9	3.8	2.6	2.2	1.9
PBR of controlling interest (x)	5.0	3.9	2.7	2.3	1.9
EV/EBITDA (x)	13.2	11.2	9.3	7.9	6.9
Dividend payout ratio (%)	11.5	15.3	19.4	17.9	17.1
Dividend yield (%)	0.6	1.0	1.4	1.5	1.6
Profitability					
EBITDA margin (%)	14.6	15.7	15.2	15.6	15.7
OPM (%)	12.7	13.8	13.2	13.7	13.9
NPM (%)	12.2	13.6	10.3	10.7	10.9
ROA (%)	17.6	19.1	13.7	14.1	13.7
ROE (%)	32.4	31.6	20.7	20.2	19.0
ROIC (%)	24.6	27.9	23.7	24.9	24.9
Stability					
Debt to equity ratio (%)	73.8	49.9	41.1	37.4	34.0
Net debt ratio (%)	(6.9)	(5.0)	(12.8)	(18.1)	(22.7)
Cash ratio (%)	50.1	34.1	47.8	62.9	79.6
Interest coverage ratio (x)	33.4	47.2	42.7	51.4	58.8
Activity (%)					
Working capital turnover (times)	5.0	4.6	4.0	4.1	4.0
Inventory turnover (days)	41.9	42.9	45.0	44.5	44.7
Receivable turnover (days)	83.9	83.2	88.9	87.7	88.2

Source: Company data, Shinhan Investment Corp.

Huons (243070 KS)

Share performance



Rating Distribution - SHIC Universe (as of 11 June 2019)

BUY (BUY)	96.70%	Trading BUY (HOLD)	0.94%	HOLD (HOLD)	2.36%	SELL (SELL)	0%
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Rating Distribution - SHIC Investment Banking Clients (as of 11 June 2019)

BUY (BUY)	90.48%	Trading BUY (HOLD)	4.76%	HOLD (HOLD)	4.76%	SELL (SELL)	0%
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SHIC Ratings (as of 1 April 2017)

Stock	Sector
<ul style="list-style-type: none"> ◆ BUY: Expected 6-month gain of 10% or more ◆ Trading BUY: Expected 6-month gain of 10% to loss of 10% ◆ HOLD: Expected 6-month loss of 10% to 20% ◆ SELL: Expected 6-month loss of 20% or more 	<ul style="list-style-type: none"> ◆ OVERWEIGHT: Based on market cap, largest share of sector stocks under coverage is rated BUY ◆ NEUTRAL: Based on market cap, largest share of sector stocks under coverage is rated Trading BUY or HOLD ◆ UNDERWEIGHT: Based on market cap, largest share of sector stocks under coverage is rated SELL

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