

How they went from rags to riches



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Leading Traffic Light: **Green****Cosmo AM&T is...**

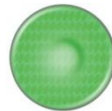
- ✓ A former leader in the A/V tape industry that is shifting its focus to rechargeable battery and electronics materials
- ✓ Business has been revitalized after acquisition by Cosmo Chem in 2010

**Green light because:**

- ✓ Entry into the rechargeable battery materials and release film markets has increased revenue and improved profitability.
- ✓ Undervalued compared to competitors

Growth Potential:

- Improved profitability due to the increased demand for rechargeable battery material and release film
- Average revenue increase of 20% YoY expected to continue through 2013F

**Management & shareholder concern:**

- CEO joined the company as an entry level employee 25 years ago and has been with the company through thick and thin
- Retained technological manpower even through restructuring, enabling entry into new business areas

**Strong Value Creation:**

- ROE returned to the black in 2010, 2013F ROE of 17.8% is expected
- Successfully restructured business by developing high-value-added products

**Valuation:**

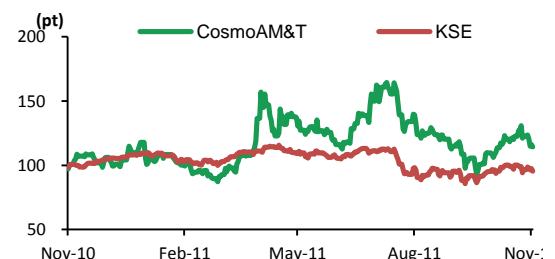
- 50% discount to the PER of EcoPro is warranted as the companies have similar business models
- Target price W11,400 per share with 75.4% share price appreciation potential

**BUY**

Target Price (KRW)	W11,400
Current Price (KRW)	W6,500
Upside potential	75.4%

Key Data	2011- 11- 18
Sector	Hardware
KOSPI	1,839.17
Market Cap. (Wbn)	90.9
Shares Outstanding (m)	14.0
Foreign Ownership (%)	0.0
52 Week High (W)	9,360
52 Week Low (W)	4,960
60-d avg .turnover (Wbn)	0.5
Major Shareholders	(%)
Cosmo Chem	42.0

Performance (%)	1M	6M	12M
Absolute	5.3	(10.2)	14.2
Relative	6.3	2.7	18.8

Relative Performance**CAVEAT EMPTOR!!! – Watch out for...**

- Possible delay in exiting the A/V industry
- Slowing increase in demand for mobile devices

Valuation Forecast

FY	Sales (Wbn)	% chg yoy	OP (Wbn)	OPM (%)	NP (Wbn)	EPS (W)	EPS Growth (%)	PER (x)	EV/EBITDA (x)	ROE (%)	P/B (x)
2008	114.7	10.9	(13.9)	(12.2)	(25.9)	(1,848.4)	N/A	N/A	(28.7)	(44.1)	2.0
2009	115.8	1.0	(5.2)	(4.5)	(8.7)	(623.3)	N/A	N/A	344.3	(21.1)	2.5
2010	164.1	41.6	7.9	4.8	68.8	4,920.2	N/A	1.3	10.9	97.8	0.9
2011E	168.9	2.9	5.2	3.1	2.4	173.7	(96.5)	38.0	10.9	2.3	0.9
2012F	207.0	22.6	15.7	7.6	13.3	951.0	447.5	6.9	6.1	11.8	0.8
2013E	282.7	36.6	25.2	8.9	23.4	1,670.2	75.6	4.0	3.8	17.8	0.6

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Key check points

✓ **Cutting its losses in the A/V tape industry to enter into more profitable industries**

Cosmo AM&T (formerly Saehan Media) was once the market leader in the audio/video (A/V) tape industry. Following the 1997 Asian financial crisis, the company began a serious decline and needed restructuring. After restructuring began in 2000, the company suffered losses in all but three years in the 2000s. In 2004, Cosmo AM&T decided to shift its focus to more profitable products: release film and rechargeable battery materials. These were specifically chosen because the company could use its existing technology to produce them. The company has thus successfully reinvented itself by investing in these products to the point that they accounted for 57% of total revenue in 2010. By 2013F, they are expected to represent 96% of the company's total revenue (Page 4).

✓ **Securing a new growth engine by concentrating on rechargeable battery materials**

Having doubled production capacity for battery materials in 3Q11, Cosmo AM&T's maximum output is now 2,400 tons per year. The company is the only domestic supplier of a LiCoO₂-based cathode active material for lithium batteries. These batteries are used in cellular phones and other mobile devices for which demand is expected to increase continuously. To meet this demand, the firm is expected to increase its yearly production capacity to about 4,800 tons by 2013F. Meanwhile, the company will also invest in a production line for another type of material for auto fuel cells in 2012. Based on this aggressive investment, the portion of total sales generated by battery materials is expected to increase to 46% in 2013F (up from 21% at the end of 2010). This huge increase indicates that battery materials will become the company's core business in the near future (Pages 14&15).

✓ **Increasing production capacity for high-value-added products**

Cosmo AM&T is also focusing on increasing the production capacity for release film and color toner, both of which have high profit margins. The firm doubled the production capacity for release film in 2011 and added another production line (600 tons annually) for color toner. Color toner is much more profitable than black toner, so this new product line is expected to significantly increase profitability (Page 16).

✓ **2011E earnings to mirror 2010, but future increases are expected as a result of efficient restructuring**

Battery material and toner are high-value-added products and the company increased sales of both in 2011E. However, the company's revenue figure for 2011E will likely hide this fact. This is because A/V tape still accounts for 25% of total sales. In addition, the global economic slowdown and the slump in the IT industry have negatively affected sales of iron oxide and film. Toner and battery material sales will likely be more noticeable in the revenue figure for 2012F (Page 17).

✓ **Target price of W11,400 per share implies upside potential of 75%**

We compared Cosmo AM&T and EcoPro because they have a similar business models. For the past few years, Cosmo AM&T was undervalued greatly because of constant yearly losses, but the company's recovery is now well underway. The company is contemplating pulling out of the loss generating A/V tape business in 2012. With the expected increases in production capacities and output of battery material, color toner, and release film, we expect that 2012F sales of these products will increase by 22.6% YoY and net profit will increase more than 5 times. However, Cosmo AM&T is still undervalued because it is unable to gain the trust of the market. Even though Cosmo AM&T's OPM and ROE are better, PER is not even 1/3 of EcoPro's. Because of Cosmo AM&T's undervaluation, we believe the company deserves a 50% discount to the 2012F PER of EcoPro of 23.8X, which renders 12X. Applying 12X PER to Cosmo AM&T's 2012F EPS of W951, we assess a target value of W11,400 per share which implies 75% appreciation potential (Page 18).

Section 1: Company Snapshot

Moving into the electronic materials market

Transformation into an electronic materials manufacturing firm

Cosmo AM&T was originally established in 1967 as Saehan Media and led the A/V tape market for 30 years. However, it is now pushing ahead with the plan to enter the rechargeable battery material, color toner, and release film markets. The company has also accumulated technology from over 30 years in the A/V tape industry.

Cosmo AM&T began a workout in 2000 due to the financial losses caused by the industry shift to digital storage media and the after-effects of the currency crisis in 1998. It was acquired by Cosmo Chem only after a decade lost to restructuring.

The company is moving further away from the A/V tape business. Sales from A/V tapes made up only 43% of total sales in 2010. The firm is planning to decrease the sales from A/V tapes by 40% annually and focus on expanding its new businesses.

Utilizing Coating/Powder technologies accumulated from tape business to efficiently produce LiCoO₂ for battery material, color toner, and release film

Utilizing powder technologies accumulated from 30 years of A/V Tape production, Cosmo AM&T became the first domestic producer of LiCoO₂, supplying mainly to Samsung SDI. In order to meet the increased demand for rechargeable batteries for electronic automobiles and mobile devices, the firm is going to expand its maximum output to 4,800 tons by 2013F.







Release film, which accounts for 18% of total film sales, is produced using the coating technology that the firm has already developed in its A/V market leading days. Cosmo AM&T and Toray Advanced Material are the only firms in the world that possess sufficient technology to produce MLCC Release film, and Cosmo AM&T supplies 30% of Samsung Electro-Mechanics' demand.

Revenue Breakdown (2010 → 2013)

- A/V Tape: 43% → 4%
- Battery material: 21% → 46%
- Film, toner: 35% → 50%

The firm is utilizing existing technologies to enter the toner, insulation film, and oxidized steel markets. A/V tape sales are expected to account for only 4% of total sales by 2013F, and new products such as release film and toner will account for more than 50% of total sales for the company. We predict that the firm will be able to successfully change its core business to electronic materials production.

Table 1. Product Portfolio

Division	Products	Function	Used for	Domestic M/S
	A/V film 	Audio and Video Tapes	Home use	Global leader
Coating	Release Film 	Protection for adhesive layers in electronic devices	MLCC (Multi-Layer Ceramic Capacitor)	Supplying 30% of Samsung Electro-Mechanic's demand
	Insulation Film 	Sheathe of the internal cables for electronic devices	All kinds of electronic devices	Supplying to Samsung
	Cathode active material (LiCoO ₂) 	Substances that contain lithium for charging/discharging	Rechargeable battery (Mobile Phones, PCs)	Only domestic manufacturer (LCO)
Powder	Toner 	Materials for toners used in printers	Printer and Copying machines	10% market share in the domestic market (Introduction Phase)
	Magnetic iron oxide 	When applied on tapes, sounds and images can be recorded	Tape, Currency, Cards	Only domestic manufacturer

Source: Company data, Leading Research Center

A/V tape industry's decline was a drag on financial performance

Starting in the year 2000, the A/V tape industry began to fall into decline. As this had been the core industry for the company, OP rapidly decreased. By 2005, deficits forced the company change course, so the company began concentrating on LiCoO₂ and toner. By 2008, the company began to recover, returning to the black in 2010.

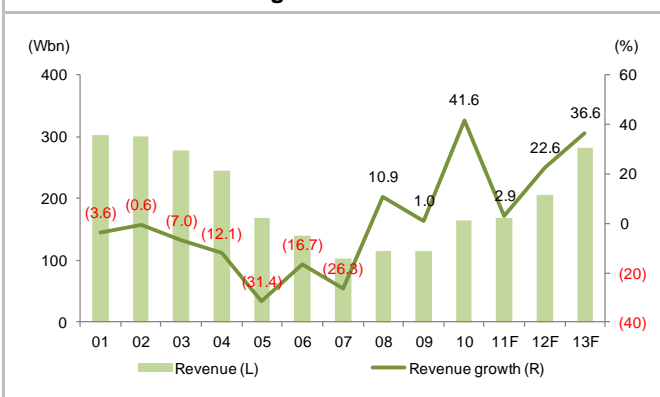
Maintaining stable earnings in 2011E despite global economic downturn

Unfavorable economic conditions in 2011E decreased the demand for film and oxidized steel. This will negatively affect the company on top of the losses expected from A/V tapes. However, the revenue from the new production lines (release film, LiCoO₂, and color toner) will result in a slight increase in revenue and OP.

Actual growth expected starting in 2012F

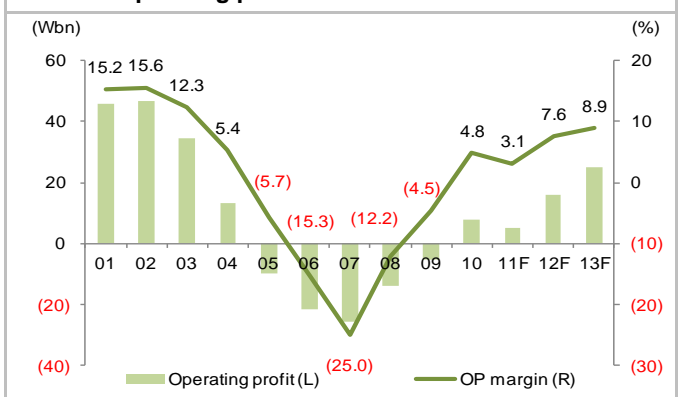
Actual growth is expected to begin in 2012F. The firm invested large amounts of money to double the production capacities of LiCoO₂, release film, and toner in 2011. Increased production capacity will result in sales increases in 2012F.

Chart 1. Revenue and growth trend



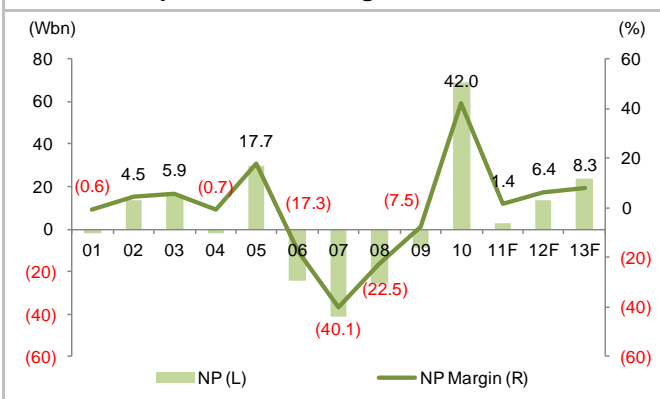
Source: Company data, Leading Research Center

Chart 2. Operating profit and OPM trend



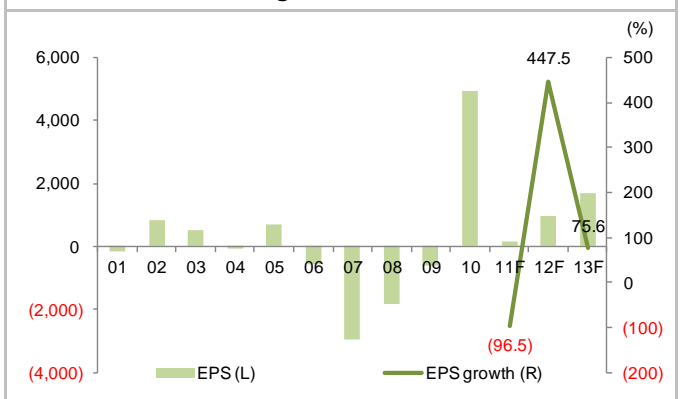
Source: Company data, Leading Research Center

Chart 3. Net profit and NP margin trend



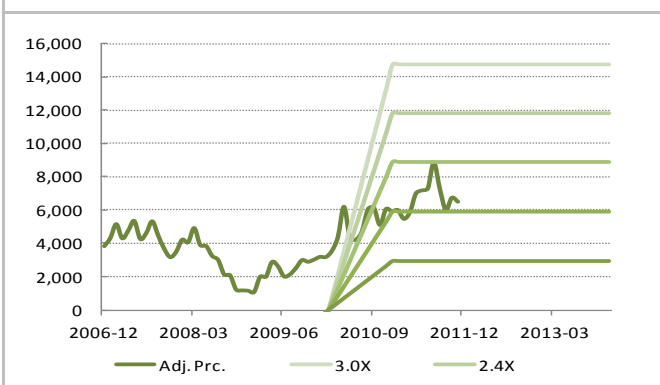
Source: Company data, Leading Research Center

Chart 4. EPS and EPS growth



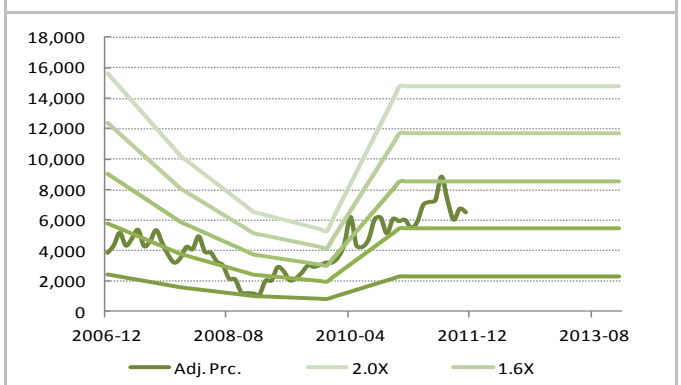
Source: Company data, Leading Research Center

Chart 5. PER Band



Source: FnGuide

Chart 6. PBR Band



Source: FnGuide

Section 2: Is the company a value creator?

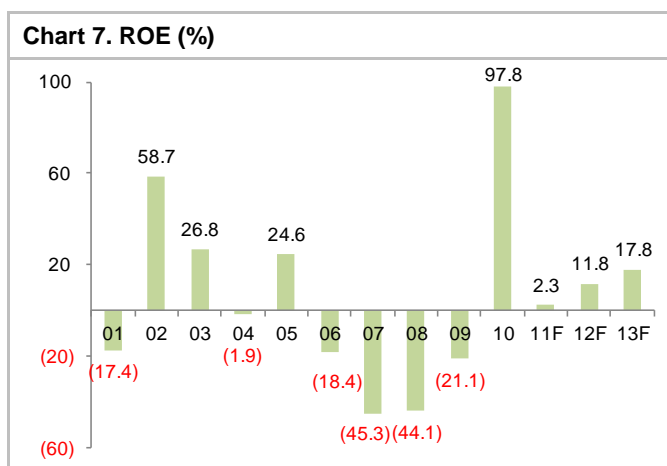
Improved ROE with the help of new businesses

Non-operating revenue from the gain on waive debts in 2010

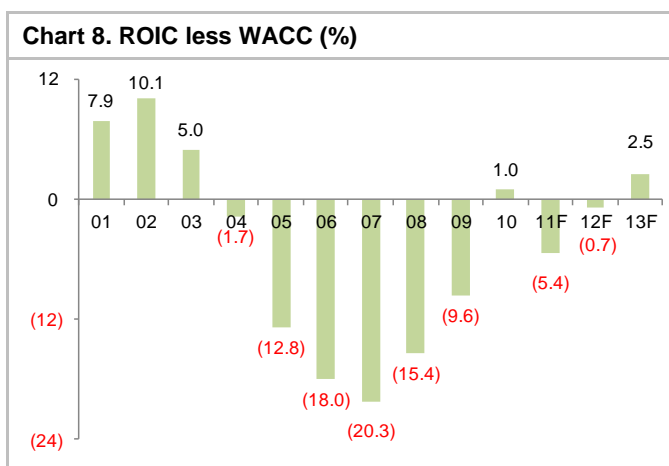
The unusual ROE increase in 2010 was the result of the gain on waived debts. W59.3bn in debt was waived by Cosmo Chem and Cosmo&Co.

Improved ROE expected from 2012 as a result of increased earnings

Cosmo AM&T went from deficit to surplus in 2010, and we think that the firm should be able to maintain a surplus going forward. In addition, the increase in production capacity for the company's high-value-added products should contribute to sizeable profits in 2012F. The firm's ROE is expected increase at a steady pace and eventually reach 17.8% by 2013F.



Source: Company data, Leading Research Center



Source: Company data, Leading Research Center

ROIC meeting the market expectation of 13.5% in 2013F

The firm has consistently sold its assets from 2000 to 2010, reducing the average capital from W290.9bn to W152.6 bn. However, NOPAT has consistently been negative since 2005. Hence, ROIC less WACC remained in the red from 2004 to 2009.

After Cosmo Chem acquired Cosmo AM&T in 2010, the firm's earnings returned to the black and ROIC improved as well. Restructuring made it possible for the firm to generate profit despite the decrease in average capital. Therefore, ROIC is expected to exceed WACC by 2.5% in 2013F and meet the market expectation.

Section 3: Free cashflow generation and dividend policy

Expected to generate FCF starting in 2012F

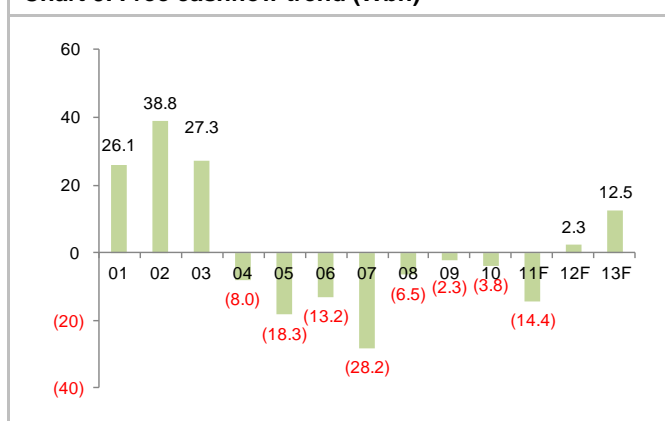
Optimistic view on generating FCF starting in 2012

Cosmo AM&T has been unable to generate FCF since 2006 due to consistent annual net loss. Even though the company was able to improve profit in 2010, a great amount of capital investment prevented the firm from generating FCF.

A net gain of W2.4bn is expected in 2011E, but FCF will remain negative because W24.5bn will be invested to increase the production capacities for color toner and LiCoO₂.

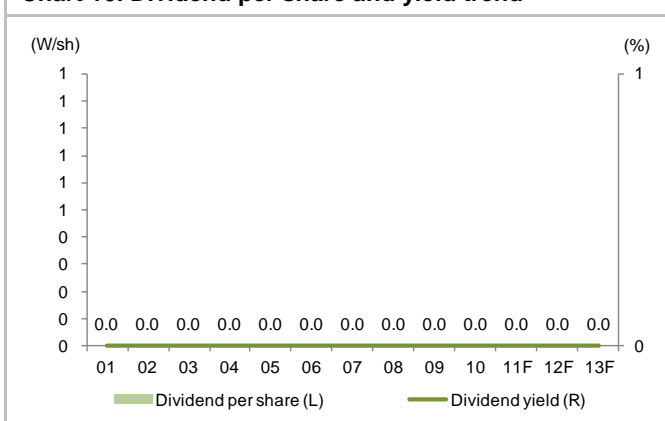
However, the firm will be able to generate up to W2.3bn in FCF in 2012F thanks to increased net gain and reduced capital investment. Furthermore, as added production capacity will be utilized in 2013F, FCF of W12.5bn is expected.

Chart 9. Free cashflow trend (Wbn)



Source: Company data, Leading Research Center

Chart 10. Dividend per share and yield trend



Source: Company data, Leading Research Center

Dividend payment planned after the completion of restructuring in 2013F

Cosmo AM&T does not have a dividend payment plan for now because it is still in the process of restructuring. However, once the firm begins to generate positive OP, it will start paying dividends to shareholders. Positive OP is expected starting in 2013F.

Table 2. Dividend Trend

(Wbn)	01	02	03	04	05	06	07	08	09	10	11E	12F	13F
Cash from operation	31.2	44.8	34.0	4.0	(12.6)	(3.6)	(25.5)	(5.8)	(1.3)	11.2	10.1	15.3	26.5
Capital expenditure	5.2	6.1	6.8	12.0	5.7	9.6	2.7	0.7	0.9	15.0	24.5	13.0	14.0
Free cashflow	26.1	38.8	27.3	(8.0)	(18.3)	(13.2)	(28.2)	(6.5)	(2.3)	(3.8)	(14.4)	2.3	12.5
Dividend paid	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Dividend per share (W/sh)	0	0	0	0	0	0	0	0	0	0	0	0	0
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0

Note: Dividend yield based on the closing price of the year

Source: Company data, Leading Research Center

Section 4: Are the debt and interest burden manageable?

Improved debt management after the M&A in 2010

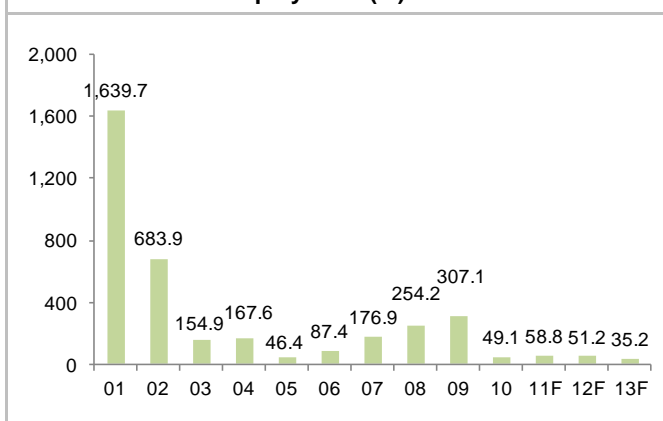
Improved net debt to equity ratio after M&A in 2010

Before the acquisition, consistent net losses forced the firm to operate with a large amount of debt. As a result, net debt to equity ratio reached nearly 300% in 2009. However, in the acquisition, the Cosmo group W59.3bn to pay off Saehan Media's debt.

Net debt to equity ratio to remain below 60%

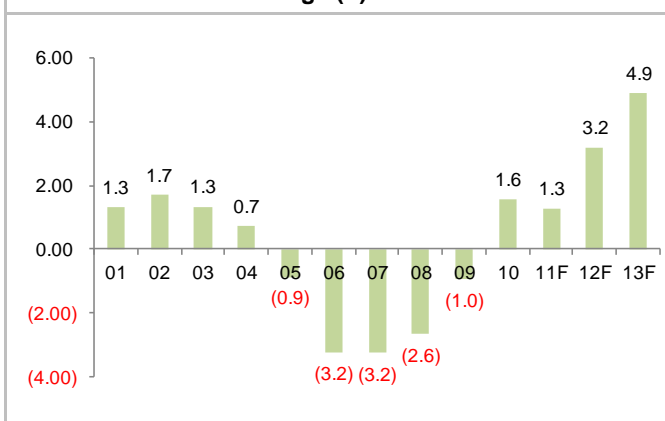
The firm's business has stabilized since the acquisition in 2010. Net debt to equity ratio went below 50% in 2010 and it is expected rise to the 50~60% range in 2011E and 2012F. It will then settle at around 35% in 2013F. Interest coverage is expected to increase starting in 2012F, and it could eventually increase to 5X by 2013F.

Chart 11. Net debt/equity ratio (%)



Source: Company data, Leading Research Center

Chart 12. Interest coverage (X)



Source: Company data, Leading Research Center

Table 3. Interest bearing debt and interest coverage trend

(Wbn)	01	02	03	04	05	06	07	08	09	10	11F	12F	13F
Interest bearing debt	282.3	234.6	181.7	174.3	105.2	120.9	129.9	118.4	119.3	63.0	88.0	101.0	101.0
Cash & equivalents	20.0	29.5	38.7	22.5	34.6	23.2	3.4	2.3	5.8	12.1	25.6	39.9	50.8
Net int bearing debt	262.3	205.1	143.0	151.8	70.6	97.7	126.5	116.1	113.5	50.9	62.4	61.1	50.2
Net int bear debt/eq(%)	1639.7	683.9	154.9	167.6	46.4	87.4	176.9	254.2	307.1	49.1	58.8	51.2	35.2
Interest expenses	35.1	27.6	25.6	18.4	11.2	6.7	7.9	5.3	5.5	5.0	4.1	4.9	5.2
Interest coverage (X)	1.3	1.7	1.3	0.7	(0.9)	(3.2)	(3.2)	(2.6)	(1.0)	1.6	1.3	3.2	4.9

Source: Company data, Leading Research Center

Section 5: Asking for money with share issues, CB & BW?

Issuing additional shares to raise W10bn in 2011

Raised W10bn by issuing BW in 2011

Continuous net losses forced the firm to keep raising capital. As a result, the increased number of shares caused extreme dilution, and the firm had to reverse split shares (3:1 ratio).

W13bn and W14bn will be invested in 2012F and 2013F respectively. However, FCF from increased OP will allow the firm to stop relying on funding from shareholders.

Table 4. Capital raised through stock issuance

(Wbn)	01	02	03	04	05	06	07	08	09	10	Incr.during '06-10
Paid-in capital	54.9	79.1	156.8	156.8	209.8	209.8	69.9	69.9	69.9	69.9	(139.9)
Paid-in cap in excess of par	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0
Capital raised through stock issue	-43.4	24.2	77.7	0.0	53.0	0.0	-139.9	0.0	0.0	0.0	(139.9)

Source: Company data

Overhang issues

Overhang issue regarding BW issued in 2011

The firm raised W10bn to expand the product lines for battery materials and color toner by issuing BW in 2011. The BW can be exercised after April 2012F. The company incurred debt of W14.5bn to finance its investment in release film.

Table 5. Outstanding CB and BW and number of shares exercisable

Type	Date issued	Due date	Face Value (Wbn)	Exercise period	Exercise price/sh	Remaining Value (Wbn)	No. shares exercisable
Detachable BW (non-secured)	2011.04.11	2015.04.01	10.0	2012.04.02~2015.03.01	5,397	10.0	1,852,881
Total			10.0			10.0	1,852,881

Source: Company data

Exercising BW can dilute EPS by 11.7%

Assuming all BW issued in 2011 are exercised in 2012, 2012F EPS will drop by 11.7%.

Table 6. Dilution in EPS and PER after all BWs are exercised

	2011F	2012F	2013F
Outstanding shares	13,988.0	13,988.0	13,988.0
No. shares exercisable	0.0	1,852.0	1,852.0
Total shares outstanding	13,988.0	15,840.0	15,840.0
EPS (W/sh)	173.7	951.0	1,670.2
PER (X)	38.0	6.9	4.0
Fully diluted EPS	173.7	839.8	1,474.9
% dilution	0.0	(11.7)	(11.7)
Fully diluted PER	38.0	7.9	4.5

Source: Company data, Leading Research Center

CEO worked his way through the ranks of the company

Section 6: What is the management philosophy?

Entering Saehan Media in 1985 as an entry level employee, CEO Kim Jae-Myung has witnessed the company's ups and downs over 25 years. He was a part of the company during the peak of the A/V tape industry, and he was also there when the industry shifted to digital storage media. His extensive knowledge of the company's strengths and weaknesses makes him a highly competent leader as the company rapidly evolves.

Emphasizing talent, technology, and decision making

Accumulated technologies from a long experience as a market leader in A/V Tape industry

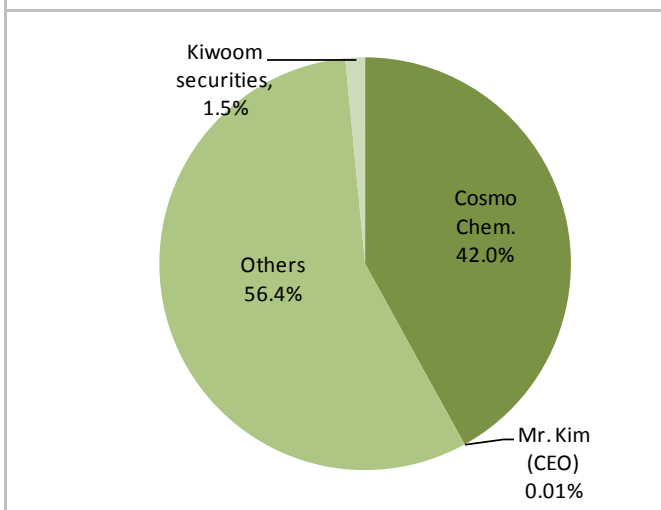
Cosmo AM&T was able to shift its core business from A/V tapes to LiCoO₂ and release film through technology that the company already possessed. This was possible because Mr. Kim has the ability to utilize the strengths of the firm.

He was able to prevent experienced employees from leaving the firm during the company's difficult times. He also recognized that the company could adapt while still using existing technologies.

25 years of experience at Cosmo AM&T gives him confidence to reinvent the company. His extensive knowledge of the company makes him the best decision maker for the firm.

CEO Profile

Chart 13. Shareholders



Source: Company data

Table 7. CEO profile – Mr. Jae-Myung Kim

Career, Education	
Career	Cosmo AM&T CEO Saehan Media CEO (2009~) Saehan Media Head of management support (2003~) Saehan Media Head of HR (2000~) Saehan Media, deputy head of the optical disk sales department (1997) Joined Saehan Media HR(1985)
Education	Sogang Univ. MBA(2009) Chongju Univ. B.A in Business (1986) Sekwang High school (1980)

Source: Company data

Section 7: Peer group valuation comparison

EcoPro: Domestic manufacturer for active positive polar substances

We compared Cosmo AM&T with another domestic rechargeable battery material manufacturer, EcoPro.

EcoPro has been manufacturing battery materials since 2008, and its manufacturing capacity is similar to that of Cosmo AM&T. The revenue from battery materials accounts for 60% of EcoPro's total revenue, and they also are increasing production capacity. Another similar aspect is the fact that EcoPro's percentage of battery material sales is increasing (2012F: 37% → 2013F: 46%).

Undervalued despite higher ROE and OPM

Cosmo AM&T's PER and EV/EBITDA are still undervalued compared to those of EcoPro, despite a higher expected ROE and OPM for 2012F. Investors are concerned because the company has not yet exited the A/V tape industry. However, as the company is reducing A/V tape output by 40% every year, the problems associated with A/V tape should be insignificant by 2012F.

Premium from stable supply of CoSO₄

Cosmo Chem, the parent company, produces cobalt(II) sulfate (CoSO₄), which is necessary for the reaction that produces LiCoO₂. Because this raw material is produced in house, Cosmo AM&T has a more stable source of raw materials than other firms in the same industry. This advantage will help the firm generate relatively high net gain.

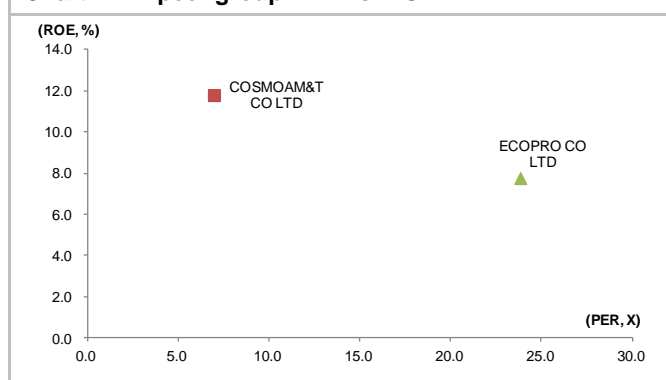
Table 8. Peer group comparison

Name	Ticker	Country	Market Cap (Mil,USD)	Sales (mil, USD)				OP Margin (%)			
				09	10	11E	12E	09	10	11E	12E
Cosmo AM&T	005070KS	South Korea	92.3	115.8	164.1	168.9	207.0	(4.5)	4.8	3.1	7.6
EcoPro	086520KQ	South Korea	148.5	34.9	55.2	90.0	150.0	7.1	6.5	7.0	7.2

Name	PER (X)				EV/EBITDA (X)				P/B (X)				ROE (%)			
	09	10	11E	12E	09	10	11E	12E	09	10	11E	12E	09	10	11E	12E
Cosmo AM&T	N/A	1.3	38.0	6.9	344.3	10.9	10.9	6.1	2.5	0.9	0.9	0.8	(21.1)	97.8	2.3	11.8
EcoPro	93.6	65.1	56.5	23.8	23.0	17.7	15.1	11.4	1.9	2.2	1.7	1.7	3.3	3.6	3.9	7.8

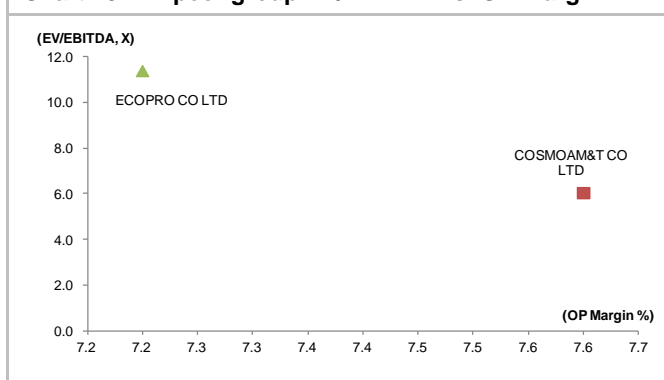
Source: Company data, Bloomberg, Leading Research Center (as of November.17, 2011)

Chart 14. A peer group PER vs. ROE



Source: Bloomberg, Leading Research Center

Chart 15. A peer group EV/EBITDA vs. OP margin



Source: Bloomberg, Leading Research Center

Section 8: FX exposures and sensitivities

FX sensitivities

Exports are 90% of total sales
 100% of raw materials are imported
 1% increase in currency rate: OP 5.7%↑
 Revenue 0.9%↑

Cosmo AM&T generates 90% of its total sales from exports. 100% of its purchased raw materials are imported using US dollars. Therefore, FX risk can naturally be hedged.

Our sensitivity tests show that a 1% increase in the KRW/USD exchange rate would increase 2012F OP by 5.75% and revenue by 0.9%.

Table 9. FX sensitivity 2011E

Currency rate change	-5%	-1%	Base	1%	5%
Year-end KRW/USD	1,020	1,063	1,074	1,085	1,128
Year-avg KRW/USD	1,028	1,071	1,082	1,093	1,136
Revenue (Wbn)	161.3	167.4	168.9	170.4	176.5
Operating Profit (Wbn)	3.7	4.9	5.2	5.5	6.7
NP (Wbn)	0.9	2.1	2.4	2.7	3.9
EPS(W)	67	152	174	195	280
PER(X)	98.6	43.3	38.0	33.8	23.5
Revenue change (%)	(4.5)	(0.9)	0.0	0.9	4.5
OP change (%)	(28.5)	(5.7)	0.0	5.7	28.5
NP change (%)	(61.4)	(12.3)	0.0	12.3	61.4
EPS change (%)	(61.4)	(12.3)	0.0	12.3	61.4

Source: Company data, Leading Research Center

Table 10. FX sensitivity 2012 F

Currency rate change	-5%	-1%	Base	1%	5%
Year-end KRW/USD	960	1,001	1,011	1,021	1,062
Year-avg KRW/USD	979	1,020	1,030	1,040	1,082
Revenue (Wbn)	197.7	205.1	207.0	208.9	216.3
Operating Profit (Wbn)	13.6	15.3	15.7	16.2	17.9
NP (Wbn)	11.1	12.9	13.3	13.7	15.5
EPS (W)	796	920	951	982.0	1,106.1
PER	8.3	7.2	6.9	6.7	6.0
Revenue change (%)	(4.5)	(0.9)	0.0	0.9	4.5
OP change (%)	(13.8)	(2.8)	0.0	2.8	13.8
NP change (%)	(16.3)	(3.3)	0.0	3.3	16.3
EPS change (%)	(16.3)	(3.3)	0.0	3.3	16.3

Source: Company data, Leading Research Center

Table 11. FX sensitivity 2013 F

Currency rate change	-5%	-1%	Base	1%	5%
Year-end KRW/USD	1,014	1,056	1,067	1,078	1,120
Year-avg KRW/USD	1,002	1,044	1,055	1,066	1,108
Revenue (Wbn)	270.0	280.2	282.7	285.3	295.4
Operating profit (Wbn)	22.1	24.5	25.2	25.8	28.3
NP (Wbn)	20.3	22.7	23.4	24.0	26.5
EPS (W)	1,449	1,626	1,670	1,714.5	1,891.7
PER	4.6	4.1	4.0	3.8	3.5
Revenue change (%)	(4.5)	(0.9)	0.0	0.9	4.5
OP change (%)	(12.3)	(2.5)	0.0	2.5	12.3
NP change (%)	(13.3)	(2.7)	0.0	2.7	13.3
EPS change (%)	(13.3)	(2.7)	0.0	2.7	13.3

Source: Company data, Leading Research Center

Section 9: Operations Overview

Utilizing accumulated A/V Tape technologies

Restructuring the business and entering new markets

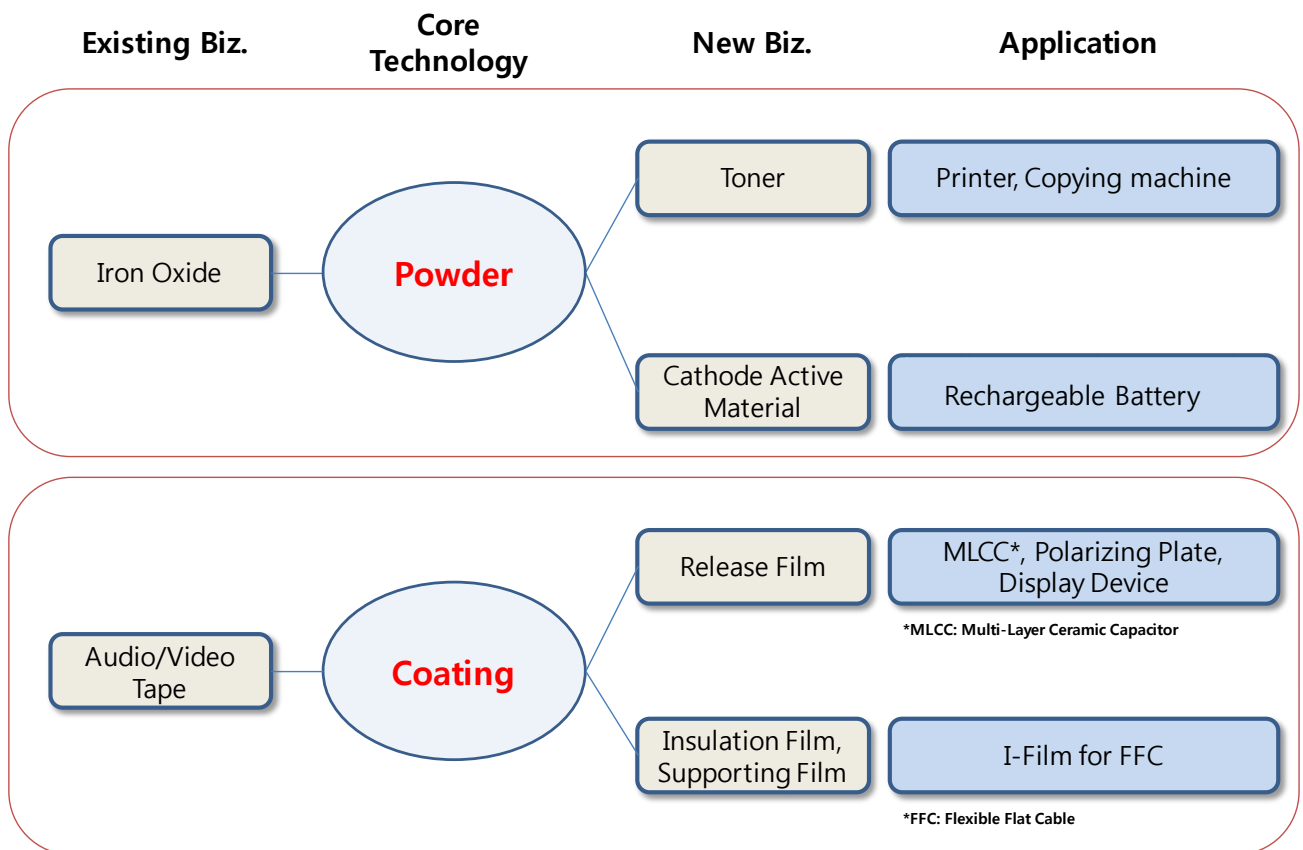
The powder and coating technologies that Cosmo AM&T developed and perfected for its A/V tape business are relevant to its new products. The relative ease with which Cosmo AM&T was able to change its focus has allowed the company to easily widen the range of its businesses.

Powder technology involves the breaking down of raw materials into powder. The powder influences the quality of magnetic film used for A/V tapes. The firm built an iron oxide powder factory in the 1980s.

Coating gives tape and film magnetic properties. Coating must be smooth, of uniform thickness, and evenly spread through the whole medium. How well the coating has been applied directly affects the sound or picture quality in A/V tapes.

The company's accumulated technologies are good foundations for producing rechargeable battery material and release film.

Chart 16. Business Portfolio



Source: Company data, Leading Research Center

Concentrating on cathode active materials

Concentrating on the battery material market while slowly exiting A/V Tape market

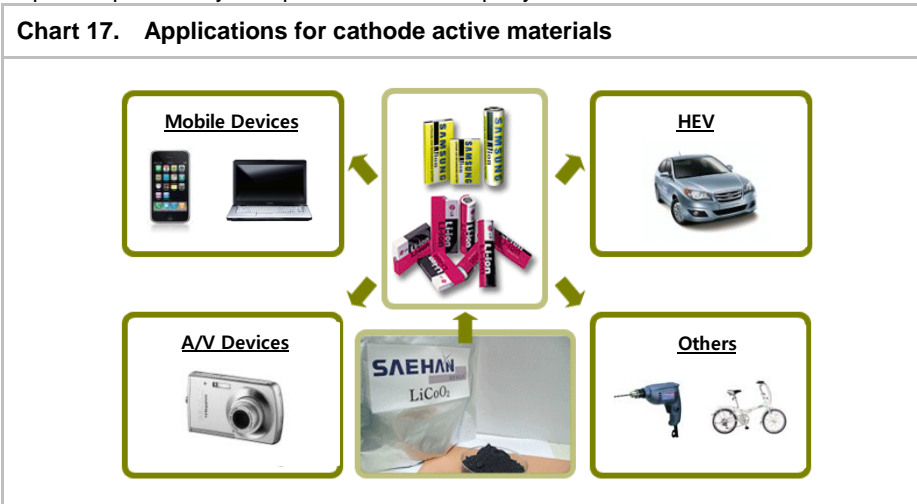
Increased demand for battery material due to increased used of Mobile devices

Plan to produce NCM active material to meet the demand increase in the electric automobile industry

Cosmo AM&T is now concentrating on LiCoO_2 for rechargeable batteries. Even though production started in 2008, the output and sales figures were unremarkable (40tons monthly, W16bn in annual sales) until the firm was acquired by Cosmo Chem in 2010. The firm is a supplier of LiCoO_2 to Samsung SDI.

There are several types of active materials, each with different applications. The firm mainly produces LiCoO_2 , which is the integral material for lithium ion batteries. These batteries are used in computers, mobile phones and other electronic devices. Cosmo AM&T is a beneficiary of the booming smartphone industry, and they supply to domestic manufacturers like Samsung SDI and LG Chem.

The firm is planning to produce another battery material, NCM ($\text{LiNi}_{1/3}\text{Co}_{1/3}\text{Mn}_{1/3}\text{O}_2$), which will be used in fuel cells for hybrid and electric (HEV) automobiles in 2013F. We anticipate that the HEV industry will soon experience a boom. Therefore, improved profitability is expected for the company.



Source: Company data

Table 12. Characteristics of Cathode active materials

Types	LCO (LiCoO_2)	NCM ($\text{LiNi}_{1/3}\text{Co}_{1/3}\text{Mn}_{1/3}\text{O}_2$)	LMO (LiMn_2O_4)	LFP (LiFePO_4/C)
Application	Batteries for IT devices	High capacity, large size	High output, large size	High output, stability
Strength	High output, high stability	Maintaining low cost is possible through reducing the amount of Co required, stability, high capacity	Low cost, no overheating, stability	Low cost, no overheating, stability, long life span
Weakness	Cost of Co is high, Difficult to make it larger	Low power output in cold temperature, low capacity, short life span in high temperature	Low energy density, not efficient at a higher temperature, short life span	Low conductivity (Low average voltage)
Capacity	140mAh/g	170mAh/g	120mAh/g	150mAh/g
Voltage	3.6V	3.6V	3.8V	3.45V
Battery Manufacturers	Majority of companies in the industry	LG Chem, Samsung SDI	LG Chem, EnerDel	A123, BYD
Active material Manufacturers	Nichia, Umicore, Cosmo AM&T	L&F, EcoPro Daejung EM, Toda Kogyo	Phoenix materials	Hanhwa Chemical

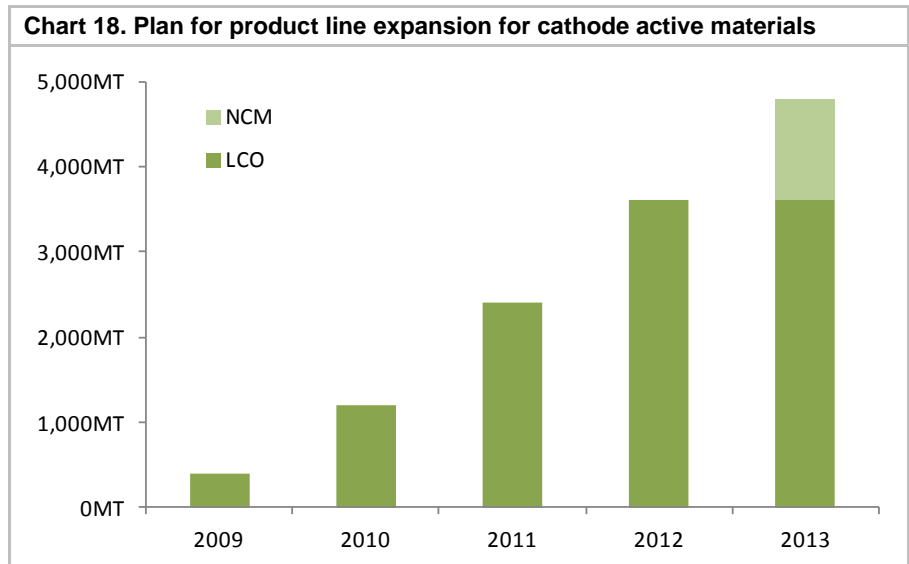
Source: Company data, Leading Research Center

Increasing production capacity for battery materials
 2010: 1,200t/yr → 2013F 4,800t/yr

NCM will account for 50% of total production

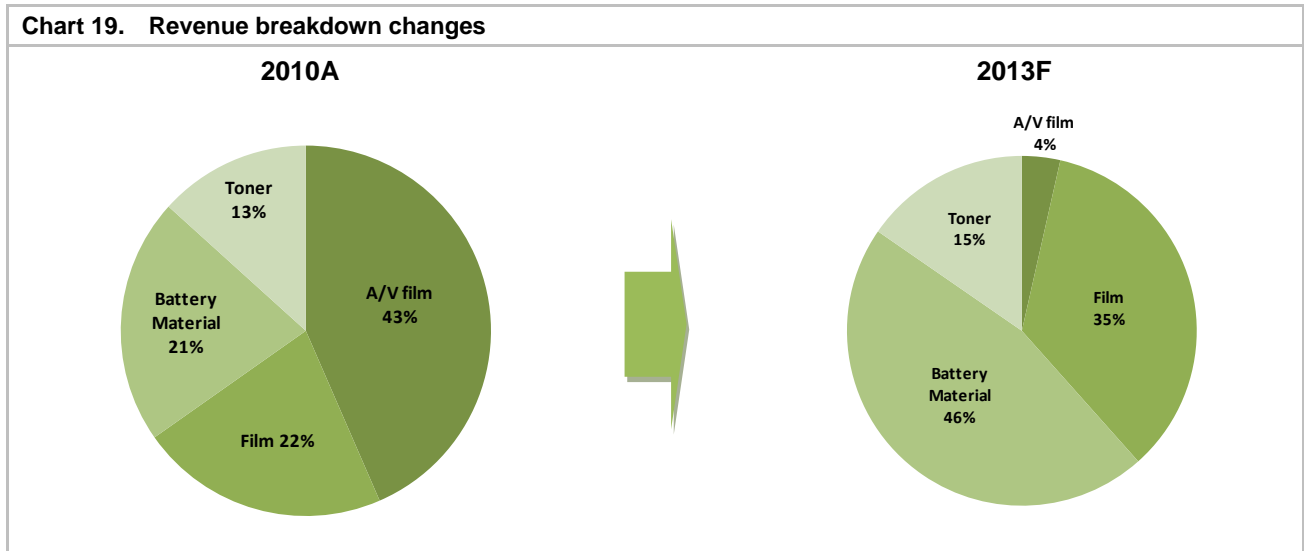
Cosmo AM&T has quickly increased capacity for battery material production. The firm was able to increase its maximum yearly output to 2,400 tons by 3Q11, and is expecting to further increase capacity to 4,800 tons per year by the end of 2013F.

The firm is going to focus on producing LiCoO₂, until the electric automobile market begins to take off. From that point, 50% of production capacity will be converted to produce NCM. Improved profit is expected due to the company's plans to enter the NCM market.



Source: Company data, Leading Research Center

The revenue breakdown will differ noticeably as the firm slowly exits the A/V tape industry. Revenue from A/V Tapes still accounts for 43% of total revenue, but this is expected to decrease to 4% by 2013F. On the other hand, revenue from battery material is expected to increase by 53% annually and eventually make up 46% of total sales.



Source: Company data, Leading Research Center

Investment in new businesses for a competitive edge

Besides battery material, Cosmo AM&T has aggressively invested in other technologies. In 2010, release film accounted for the third largest proportion of total revenue with 120mn m² produced. The firm supplies 30% of Samsung Electro-Mechanic's demand for release film, while its competitor, Toray Advanced Materials, supplies the rest. Samsung Electro-Mechanic has recently requested higher quality release film, and Cosmo AM&T improved its production line in 2Q11 to meet this request, indicating that the firm is very adaptable to customer needs.

Improving overall business performance by adding production capacity for toner, ensuring higher profit

Cosmo AM&T's toner production capacity at the beginning of 2011 was 1,200 tons (black: 600 tons, color: 600 tons). An additional production line for color toner with a yearly capacity of 600 tons per was built in Q311, and the firm is planning to keep adding a new product line each year until 2013F. The company will then be able to produce 3,000 tons of toner annually and have independent product lines for all four basic colors: cyan, magenta, yellow, and black.

Canon and Fuji have about 70% of the global toner market share, while LG Chem is dominating the domestic market. Hence, Cosmo AM&T's market share of 5% is not very noticeable. However, the expansion of production capacity and the firm's accumulated technologies can help to increase its market share in the future.

Table 13. Investment plan

Product	Year	2010	2011E	2012F	2013F	Raising Capital(2011E)
Toner	Investment cost(Wbn)	-	3	3	3	Issuing BW
	Capacity (ton/yr)	1,200	1,800	2,400	3,000	
Powder	Investment cost(Wbn)	-	6	6	6	
	Capacity(ton/yr)	1,200	2,400	3,600	4,800	
Precursor (NCM)	Investment cost(Wbn)	-	1	4	5	
	Capacity(ton/yr)	-	-	120	240	
Coating	Investment cost(Wbn)	-	14.5	-	-	Debt
	Capacity(mn m ² /yr)	120	240	-	-	
Total (Wbn)			24.5	13.0	14.0	

Source: Company data, Leading Research Center

Table 14. Sales forecasts

(Wbn)	Revenue				Revenue Breakdown				
	2010 A	2011E	2012F	2013F	2010A	2011E	2012F	2013F	
Powder	Cathode active Mats	35.5	55.0	76.1	130.6	21%	33%	37%	46%
	Toners	11.0	16.0	21.1	27.8	7%	10%	10%	10%
	Oxidized steel	11.0	13.0	14.3	15.7	7%	8%	7%	6%
Coating	Release Film	18.0	30.5	53.0	63.0	11%	18%	26%	22%
	Insulation, stiffening plate	18.0	10.2	18.5	20.6	11%	6%	9%	7%
	Semiconductor sealing +LMT	0.0	0.0	4.0	15.0	0%	0%	2%	5%
A/V Tape		71.9	42.0	20.0	10.0	43%	25%	10%	4%
Total		165.4	166.7	207.0	282.7	100%	100%	100%	100%

Source: Company data, Leading Research Center

Earnings Report

Earnings similar to 2010 due to three negative factors

Earnings similar to 2010

2011E is a very meaningful year, as the firm was able to invest a lot in its future. Even so, because of several negative factors, profit will probably not improve significantly compared to 2010. Since revenue from LiCoO₂, release film, and toner made up for the decreased revenue from A/V tapes, the firm was able to maintain a revenue total similar to that in 2010.

Minor decrease in OPM due to three negative factors

Although the revenues from LiCoO₂ and color toner are expected to increase, OPM is expected to decrease compared to its 2010 level. OP is negative due to the decreased price of A/V Tapes and the decreased OPMs of release film, insulating film, and iron oxide. The Global economic crisis and the downturn in the IT industry also were unfavorable to the firm.

Revenue and profit are to be increased with increased sales from battery material and toners

However, revenue is expected to increase starting in 2012F due to increased sales of LiCoO₂ and toner. Furthermore, the production of high-value-added release film will also help the firm generate profits. We expect a 7% increase in profit.

Table 15. Quarterly Earnings Review

(Wbn,%)	3Q10	4Q10	1Q11	2Q11	3Q11	4Q11E	3Q11 QoQ(%)	3Q11 YoY(%)
Revenue	43.5	42.4	43.0	41.7	41.4	42.8	(0.0)	0.0
Operating profit	4.6	(0.7)	2.1	0.9	0.6	1.0	(0.9)	(2.4)
Financing profit	2.9	1.5	0.5	0.1	0.1	0.1	(1.0)	(0.9)
Financing expense	3.2	2.8	2.3	1.2	1.2	1.2	(0.6)	(0.6)
Profit before tax	12.7	55.3	0.8	0.5	0.1	0.6	(1.0)	(1.0)
Net profit	12.7	55.3	0.8	0.5	0.5	0.6	(1.0)	(1.0)
OPM(%)	10.6%	-1.7%	4.8%	2.2%	1.4%	2.3%		
NPM(%)	29.2%	130.3%	1.9%	1.3%	1.3%	1.4%		

Source: Company data, Leading Research Center

Table 16. Annual Earnings Review

(Wbn,%)	2010	2011E	2012F	2013F	2011E YoY(%)	2012F YoY(%)	2013F YoY(%)
Revenue	164	169	207	283	2.9	22.6	36.6
Gross profit	18	16	28	42	(10.3)	74.9	48.5
Operating profit	8	5	16	25	(33.9)	200.5	59.9
Profit before tax	69	2	13	23	(96.5)	447.5	75.6
Net profit	69	2	13	23	(96.5)	447.5	75.6
EPS	4920	174	951	1670	(96.5)	447.5	75.6
OPM (%)	4.8%	3.1%	7.6%	8.9%			
NPM (%)	42.0%	1.4%	6.4%	8.3%			

Source: Company data, Leading Research Center

Section 10: Valuation – Target Price of W14,000 per share

EcoPro has a very similar business model

Because of continuous loss stemming from the A/V tape industry, Cosmo AM&T has not been properly valued recently. Although the company recorded a net gain in 2010, this net gain did not directly influence the valuation since it came from waived debt, which is separate from OP. However, increased production capacity for LiCoO₂ and other high-value-added products is expected to turn deficit into surplus in the near future.

We applied the valuation of Copra because it has a very similar business model. EcoPro's core business is manufacturing battery material, and it is also producing high-value-added environmental products and filters.

Cosmo AM&T lost the trust of investors due to continuous net losses in the past decade. Although Cosmo AM&T's 2012F expected ROE and OPM are higher than EcoPro's, its 2012F PER and EV/EBITA are expected to be relatively lower. We expect that the 2012F PER and EV/EBITA of EcoPro will be 23.8 and 11.4 respectively, while Cosmo AM&T's ratios will stay at only 6.9 and 6.1.

Undervalued despite high ROE and OPM

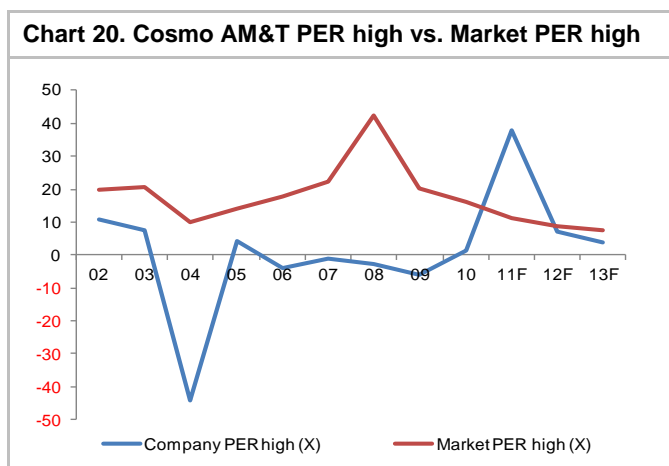
Despite Cosmo AM&T's relatively high profitability and stability, it is not properly valued by the market at this point. However, we expect to see improvement starting in 2012F given the positive changes that have taken place recently. Therefore, we apply 50% discount to EcoPro's 2012F PER which renders 12X PER.

We calculated our target price of W11,400 per share by using the 2012F EPS of 951 and PER of 12X. This implies a 75.4% appreciation potential compared to the current share price of W6,500.

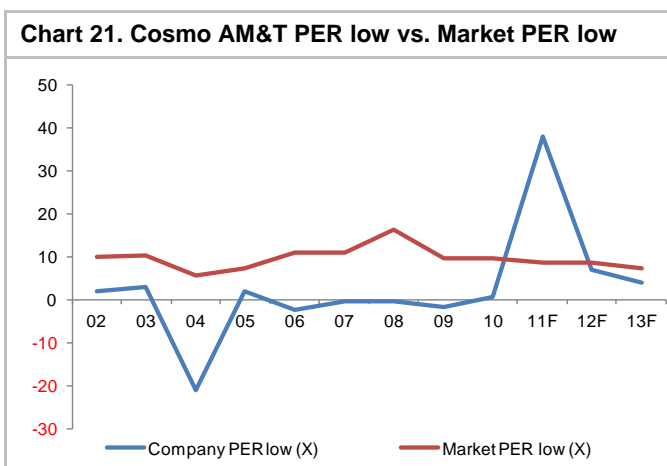
Table 17. Discount in Cosmo AM&T PER to Market PER

(X, %)	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011E	2012F	2013F
Company PER high	11.0	7.4	(44.3)	4.1	(4.2)	(1.0)	(2.7)	(5.9)	1.3	38.0	6.9	4.0
Market PER high	19.9	20.7	9.9	13.9	17.9	22.3	42.4	20.4	16.0	11.2	8.5	7.4
Premium/(Discount) to market (%)	(44.8)	(64.4)	NA	(70.8)	NA	NA	NA	NA	(92.1)	239.3	(18.6)	(46.8)
Company PER low (X)	2.0	2.9	(21.2)	2.0	(2.5)	(0.4)	(0.5)	(1.7)	0.6	38.0	6.9	4.0
Market PER low (X)	9.9	10.2	5.7	7.2	11.0	10.9	16.2	9.8	9.6	8.6	8.5	7.4
Premium/(Discount) to market (%)	(80.1)	(71.6)	NA	(72.8)	NA	NA	NA	NA	(93.8)	341.8	(18.6)	(46.8)

Source: Company data, Leading Research Center
 *Market = KOSPI + KOSDAQ,



Source: Fnguide, Leading Research Center



Source: Fnguide, Leading Research Center

Summary of financials

Income statement

(Wbn)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011F	2012F	2013F
Revenue	302.2	300.4	279.4	245.5	168.4	140.4	103.5	114.7	115.8	164.1	168.9	207.0	282.7
% chg YoY	(3.6)	(0.6)	(7.0)	(12.1)	(31.4)	(16.7)	(26.3)	10.9	1.0	41.6	2.9	22.6	36.6
COGS	235.8	231.3	220.8	210.8	161.1	145.9	114.3	117.0	112.6	146.0	152.7	178.6	240.6
Gross profit	66.3	69.1	58.5	34.8	7.4	(5.5)	(10.8)	(2.3)	3.3	18.1	16.2	28.4	42.1
GP margin (%)	22.0	23.0	21.0	14.2	4.4	(3.9)	(10.4)	(2.0)	2.8	11.0	9.6	13.7	14.9
SG&A	20.3	22.2	24.2	21.6	17.0	16.1	15.0	11.7	8.5	10.2	11.0	12.6	17.0
Operating income	46.0	46.9	34.4	13.2	(9.6)	(21.5)	(25.8)	(13.9)	(5.2)	7.9	5.2	15.7	25.2
OP margin (%)	15.2	15.6	12.3	5.4	(5.7)	(15.3)	(25.0)	(12.2)	(4.5)	4.8	3.1	7.6	8.9
Non-operating income	14.8	27.9	16.6	13.3	61.2	34.3	5.0	16.6	14.2	74.0	7.1	7.7	8.6
Interest income	1.2	1.3	1.3	1.2	0.6	1.1	0.7	0.6	0.6	0.2	0.5	0.9	1.5
FX related gains	5.0	4.7	3.9	3.3	2.6	3.7	2.4	10.4	11.8	4.5	4.5	4.5	4.4
Equity method gains	0.0	5.1	5.5	1.5	0.4	0.7	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Non-operating expenses	62.5	61.3	34.7	28.3	21.8	37.0	15.2	27.7	17.7	13.1	9.9	10.1	10.4
Interest expenses	35.1	27.6	25.6	18.4	11.2	6.7	7.9	5.3	5.5	5.0	4.1	4.9	5.2
FX related losses	5.4	4.1	4.3	4.4	3.2	3.9	3.0	21.0	10.6	4.2	4.0	3.8	3.7
Equity method losses	1.5	0.0	0.4	0.8	3.7	0.0	0.0	0.0	0.8	1.6	0.7	0.5	0.5
Profit before tax	(1.7)	13.5	16.4	(1.8)	29.8	(24.3)	(36.1)	(25.0)	(8.7)	68.8	2.4	13.3	23.4
Tax	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Tax rate (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net income	(1.7)	13.5	16.4	(1.8)	29.8	(24.3)	(41.5)	(25.9)	(8.7)	68.8	2.4	13.3	23.4

Balance sheet

(Wbn)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011F	2012F	2013F
Cash & deposit	19.9	29.4	38.5	22.2	20.4	22.9	3.2	2.3	5.8	12.1	9.1	8.5	5.5
Marketable securities	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0
A/R	26.3	28.8	24.5	25.7	24.9	20.6	17.6	14.2	14.9	19.7	20.3	25.5	35.3
Other quick assets	7.3	3.5	4.9	4.0	5.7	3.8	2.5	3.0	1.0	1.7	1.7	1.5	1.6
Total quick assets	53.5	61.7	68.1	52.1	65.1	47.6	23.5	19.5	21.7	33.4	47.6	66.9	87.7
Inventory	20.2	21.0	21.7	20.7	21.8	21.2	18.0	21.7	15.4	16.0	15.0	17.0	22.1
Total current assets	73.7	82.7	89.8	72.8	86.9	68.7	41.5	41.2	37.1	49.4	62.5	83.8	109.9
Investments	14.1	17.9	22.7	23.3	4.1	4.7	4.2	4.2	3.3	1.7	1.3	1.5	2.0
Tangible assets	282.6	236.2	223.5	215.5	203.0	196.2	184.6	155.3	150.0	149.6	165.1	168.5	170.6
Others	6.0	3.2	2.3	1.5	3.3	3.5	1.5	1.2	0.8	0.8	0.8	0.8	0.8
Total non-current assets	302.7	257.3	248.5	240.3	210.5	204.3	190.3	160.7	154.1	152.0	167.2	170.8	173.4
Total assets	376.5	340.0	338.3	313.1	297.4	273.1	231.8	201.9	191.2	201.5	229.7	254.6	283.3
Trade Payables	52.8	53.6	43.1	34.1	22.9	20.5	12.3	18.2	21.7	15.2	15.6	17.0	23.1
Short-term borrowings	10.4	2.0	0.0	0.1	8.1	32.5	26.5	23.4	25.7	63.0	63.0	63.0	63.0
Current portion of LT debt	5.6	5.2	11.3	16.1	0.1	22.5	22.5	10.1	10.1	0.0	0.0	0.0	0.0
Others	22.8	17.1	14.3	10.1	9.7	11.5	8.4	10.3	6.3	10.5	11.1	8.3	7.0
Total current liabilities	91.5	77.9	68.7	60.5	40.8	87.0	69.7	62.0	63.9	88.7	89.7	88.3	93.1
Bonds	109.8	74.0	60.0	53.7	39.7	30.8	31.8	31.8	31.8	0.0	10.0	10.0	10.0
Long-term debt	156.5	153.4	110.4	104.3	57.2	35.1	49.1	53.1	51.7	0.0	15.0	28.0	28.0
Allowance for retirement	1.7	4.4	6.6	3.8	7.5	8.3	9.5	9.1	6.7	8.5	8.5	8.6	8.9
Others	1.0	0.3	0.3	0.2	0.1	0.1	0.1	0.2	0.2	0.5	0.4	0.3	0.5
Total LT liabilities	269.0	232.2	177.3	162.0	104.6	74.3	90.5	94.2	90.4	9.1	33.9	46.9	47.4
Total liabilities	360.5	310.0	246.0	222.5	145.4	161.3	160.3	156.3	154.3	97.8	123.6	135.2	140.5
Paid-in capital	54.9	79.1	156.8	156.8	209.8	209.8	69.9	69.9	69.9	69.9	69.9	69.9	69.9
Capital surplus	0.0	0.0	0.0	0.0	0.0	0.0	141.2	23.6	0.0	0.0	0.0	0.0	0.0
Retained earnings	(109.6)	(96.1)	(79.7)	(81.5)	(51.8)	(76.1)	(117.6)	(21.1)	(6.2)	62.6	65.0	78.3	101.7
Capital adjustments	70.7	47.0	15.2	15.3	(6.1)	(22.0)	(22.0)	(26.8)	(26.8)	(28.8)	(28.8)	(28.8)	(28.8)
Total shareholder equity	16.0	30.0	92.3	90.6	152.0	111.7	71.5	45.7	37.0	103.7	106.1	119.4	142.8

Free cashflow analysis

(Wbn)	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011F	2012F	2013F
Net profit	(1.7)	13.5	16.4	(1.8)	29.8	(24.3)	(41.5)	(25.9)	(8.7)	68.8	2.4	13.3	23.4
Add non-cash expenses	52.3	60.5	38.9	30.1	28.0	46.9	26.7	25.5	13.7	12.2	13.8	14.7	17.4
Depreciation	20.4	17.8	16.4	15.6	15.2	15.5	8.9	6.7	5.8	5.2	8.9	9.6	11.9
Equity method losses	1.5	0.0	0.4	0.8	3.7	0.0	0.0	0.0	0.8	1.6	0.7	0.5	0.5
Other non-cash	31.1	41.9	21.7	13.7	12.7	31.0	17.3	18.8	7.9	7.0	4.9	5.1	5.5
Subtract non-cash	6.6	22.6	9.7	8.6	57.0	29.5	2.5	7.3	7.9	60.4	2.7	2.9	3.3
Equity method gains	0.0	5.1	5.5	1.5	0.4	0.7	0.1	0.1	0.0	0.0	0.0	0.0	0.0
Other non-cash	6.6	17.6	4.2	7.1	56.6	28.8	2.4	7.2	7.9	60.4	2.7	2.9	3.3
Add chgs in op asset	(12.8)	(6.6)	(11.6)	(15.8)	(13.4)	3.3	(8.2)	1.9	1.6	(9.4)	(3.5)	(9.8)	(10.9)
Investment in WC	18.3	2.4	6.9	9.2	11.5	(2.5)	2.1	(5.6)	(9.1)	11.9	(0.8)	5.8	8.9
Others	(5.5)	4.2	4.7	(6.6)	1.9	(0.7)	6.1	3.7	7.6	(2.5)	(4.3)	(4.0)	(2.0)
Cash from operation	31.2	44.8	34.0	4.0	(12.6)	(3.6)	(25.5)	(5.8)	(1.3)	11.2	10.1	15.3	26.5
Subtract capital	5.2	6.1	6.8	12.0	5.7	9.6	2.7	0.7	0.9	15.0	24.5	13.0	14.0
Free cashflow	26.1	38.8	27.3	(8.0)	(18.3)	(13.2)	(28.2)	(6.5)	(2.3)	(3.8)	(14.4)	2.3	12.5
Dividend	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net investments	(0.7)	(1.2)	(0.3)	0.0	(24.2)	(0.1)	(0.9)	(0.1)	0.0	0.0	(0.4)	0.2	0.5
Share issues	0.0	0.2	0.0	0.0	1.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Increase in debt	(20.5)	(47.8)	(52.9)	(7.4)	(69.1)	15.7	9.0	(11.5)	0.9	(56.3)	25.0	13.0	0.0
Others	(13.7)	(17.1)	(34.2)	0.8	(60.0)	0.0	1.5	(17.0)	(4.9)	(66.4)	0.0	0.0	0.0
Net cashflow	19.9	9.5	9.0	(16.3)	(1.9)	2.6	(19.7)	(0.9)	3.5	6.3	11.0	15.1	12.0
Beginning cash	0.0	19.9	29.4	38.5	22.2	20.4	22.9	3.2	2.3	5.8	12.0	23.0	38.2
Ending cash	19.9	29.4	38.5	22.2	20.4	22.9	3.2	2.3	5.8	12.1	23.0	38.2	50.2

Key ratios and stability ratios

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011F	2012F	2013F
Current ratio	80.6	106.3	130.7	120.3	212.8	79.0	59.6	66.5	58.1	55.7	69.7	95.0	118.0
Quick ratio	50.5	74.8	91.7	79.2	110.8	50.1	29.8	26.6	32.4	35.8	32.7	38.5	43.9
Inventory holding period (days)	32.1	32.5	35.3	36.7	48.1	53.7	62.6	62.0	60.2	39.3	37.0	32.6	29.7
A/R collection period (days)	40.8	33.5	34.8	37.3	54.7	59.1	67.4	50.7	45.9	38.5	43.1	40.3	39.2
A/P period (days)	108.6	83.7	79.7	67.2	64.1	54.6	54.0	46.2	68.6	46.0	37.0	32.9	29.8
Interest bear debt (Wbn)	282.3	234.6	181.7	174.3	105.2	120.9	129.9	118.4	119.3	63.0	88.0	101.0	101.0
Cash & equivalents (Wbn)	20.0	29.5	38.7	22.5	34.6	23.2	3.4	2.3	5.8	12.1	25.6	39.9	50.8
Net int. bear debt (Wbn)	262.3	205.1	143.0	151.8	70.6	97.7	126.5	116.1	113.5	50.9	62.4	61.1	50.2
Net debt/equity (%)	1,639.7	683.9	154.9	167.6	46.4	87.4	176.9	254.2	307.1	49.1	58.8	51.2	35.2
Liability/equity (%)	2,253.3	1,034.0	266.5	245.6	95.7	144.4	224.0	342.0	417.3	94.3	116.4	113.2	98.4
Interest coverage (X)	1.3	1.7	1.3	0.7	-0.9	-3.2	-3.2	-2.6	-1.0	1.6	1.3	3.2	4.9

Valuations and margins

	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011F	2012F	2013F
EV/EBITDA (X)	5.0	4.7	6.8	12.1	61.9	(66.6)	(13.3)	(28.7)	344.3	10.9	10.9	6.1	3.8
EPS (W)	(152)	852	522	(57)	710	(579)	(2,967)	(1,848)	(623)	4,920	174	951	1,670
EPS y-y (%)	N/A	N/A	(38.7)	N/A	N/A	N/A	N/A	N/A	N/A	N/A	(96.5)	447.5	75.6
PER (X)	N/A	7.7	12.6	N/A	9.3	N/A	N/A	N/A	N/A	1.3	38.0	6.9	4.0
BVPS (W)	1,044	2,237	3,912	2,888	4,144	2,663	2,557	3,266	2,643	7,414	7,588	8,539	10,209
P/BVPS (X)	6.3	3.0	1.7	2.3	1.6	2.5	2.6	2.0	2.5	0.9	0.9	0.8	0.6
Dividend (W)	0	0	0	0	0	0	0	0	0	0	0	0	0
Yield (%)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
ROE (%)	(17.4)	58.7	26.8	(1.9)	24.6	(18.4)	(45.3)	(44.1)	(21.1)	97.8	2.3	11.8	17.8
ROA (%)	(0.4)	3.8	4.8	(0.5)	9.8	(8.5)	(16.4)	(11.9)	(4.4)	35.1	1.1	5.5	8.7
GP margin (%)	22.0	23.0	21.0	14.2	4.4	(3.9)	(10.4)	(2.0)	2.8	11.0	9.6	13.7	14.9
OP margin (%)	15.2	15.6	12.3	5.4	(5.7)	(15.3)	(25.0)	(12.2)	(4.5)	4.8	3.1	7.6	8.9
NP margin (%)	(0.6)	4.5	5.9	(0.7)	17.7	(17.3)	(40.1)	(22.5)	(7.5)	42.0	1.4	6.4	8.3
EBITDA margin (%)	22.3	21.8	18.5	12.1	3.3	(4.0)	(15.9)	(6.3)	0.5	8.0	8.4	12.2	13.1
ROIC (%)	15.8	18.3	14.6	5.5	(4.1)	(10.0)	(12.7)	(7.7)	(3.4)	5.2	3.2	9.0	13.5
WACC (%)	7.9	8.2	9.6	7.2	8.6	8.0	7.6	7.6	6.2	4.2	8.2	9.1	10.5
ROIC less WACC (%)	7.9	10.1	5.0	(1.7)	(12.8)	(18.0)	(20.3)	(15.4)	(9.6)	1.0	(5.0)	(0.1)	3.0

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► Ratings and target price history in past two years

Cosmo AM&T (005070 KS)

Date	2011-11-21
Rating	BUY
Target Price	11,400

► Target price changes in past two years



► Investment period and ratings

Company

BUY	The stock is expected to outperform the market by at least 15%p over the next 12 months.
HOLD	The stock is expected to either outperform or underperform the market by less than 15%p over the next 12 months.
SELL	The stock is expected to underperform the market by at least 15%p over the next 12 months

Industry

OVERWEIGHT	Industry indicators are expected to outperform the market by at least 5%p over the next 12 months.
NEUTRAL	Industry indicators are expected to be in line with the market within 5%p over the next 12 months.
UNDERWEIGHT	Industry indicators are expected to underperform the market by at least 5%p over the next 12 months.

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