

3Q FY2007 : October 2007 ~ December 2007

Daewoo Securities 3Q FY2007 Earnings Release

대우증권 | 
The Financial Leader

모두가 한 곳을 향한다고 모두가 그 길을 아는 것은 아닙니다

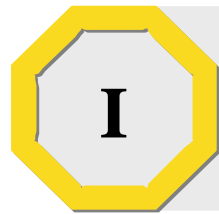


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This presentation material is prepared by Daewoo Securities Co., Ltd. for the information of current and future investors of the company. The contents are preliminary figures and forward-looking statements based on Daewoo Securities' internal projection. All such statements are subject to certain risks and uncertainties that could cause actual results to differ from those in this material.

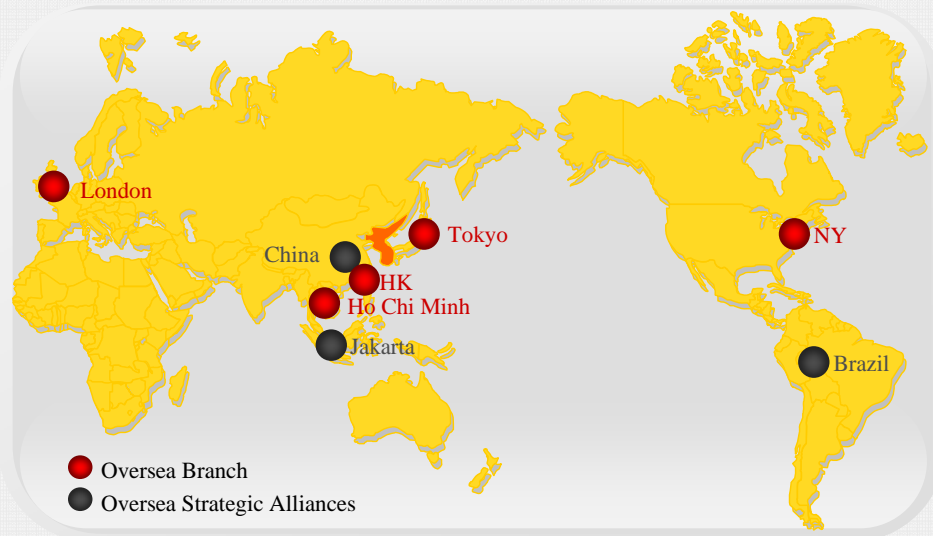


Company Overview

-  **Company Profile**
-  **Organization Chart**

Company Profile

Established	SEP 23, 1970	(Listed in 1975)
CEO	Sung-Tae Kim	(MAY 2007)
Employees	3,086	(DEC 2007)
Credit Rating	AA	(Korea Ratings : SEP 2007)
Domestic Network	119 Branches (5 WM Centers, 1 IB Center, 2 Offices)	
Overseas Network	3 Subsidiaries (HK, NY, LDN) 2 Representative Office (TKY, HCM)	

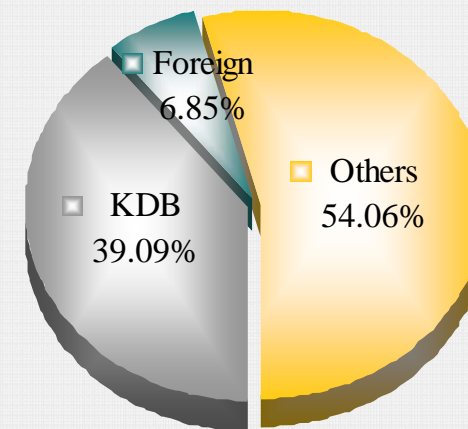


Market Capitalization

(KRW)	Common Shares	Preferred Shares	Total
Market Capitalization	5.82tln	0.21tln	6.03tln
Share Price	30,600	14,600	-
Outstanding Shares	190,100,890	14,075,750	204,176,461

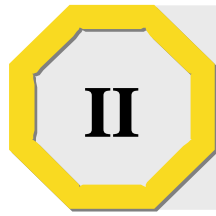
as of DEC 2007

Shareholder Structure



Organization Chart





Key Financials

- Operating Results
- Net Revenue Breakdown
- SG&A Expenses

Operating Results

■ Daewoo Securities 3QFY07 operating income records KRW105 bln, up 4% quarter-on-quarter

- In the third quarter, commissions on underwriting and structured securities grew by 63% and 29% respectively, while SG&A expenses decreased by 15% to KRW127.6 bln, thus leading to a 4% increase in operating income quarter-on-quarter amounting KRW105.0 bln
- Due to non-operating loss realized in December, net income declined 10% quarter-on-quarter to KRW67 bln

(KRW bln)	3Q FY07	2Q FY07	QoQ	3Q FY07 Acc.	3Q FY06 Acc.	YoY
1. Net Commissions	196.4	191.8	2%	590.9	325.2	82%
· Brokerage Commissions	163.3	165.7	-1%	506.7	280.2	81%
· Underwriting Commissions	9.8	6.0	63%	23.3	15.9	47%
· Commissions on Beneficiary Certificates	9.2	5.8	59%	19.7	9.4	110%
· Commissions on Wrap Accounts	3.2	2.6	23%	8.7	5.5	58%
· Other Commissions	6.1	10.0	-39%	31.3	17.8	76%
· Commissions on Trust	0.6	0.5	20%	1.5	0.6	150%
· Commissions on Structured Securities	24.6	19.1	29%	54.4	30.6	78%
△ Commission Expense	20.4	17.9	14%	54.7	34.8	57%
2. Net gain on Securities	(8.6)	9.2	-	68.3	20.8	228%
3. Net interest	48.6	47.4	3%	142.5	117.8	21%
4. Others	(3.8)	3.3	-	(8.3)	0	-
Net Revenue	253.0	269.6	-6%	848.1	498.7	70%
5. Selling & Administrative Expense	127.6	150.6	-15%	415.7	268.5	55%
Operating Income	105.0	101.1	4%	377.7	204.3	85%
6. Non-operating income	(10.7)	1.0	-	(9.2)	24.0	-
Ordinary Income	94.3	102.1	-8%	368.5	228.3	61%
Income Tax (Benefit)	27.4	28.0	-2%	105.9	(8.9)	-
Net Income	66.9	74.1	-10%	262.6	237.2	11%

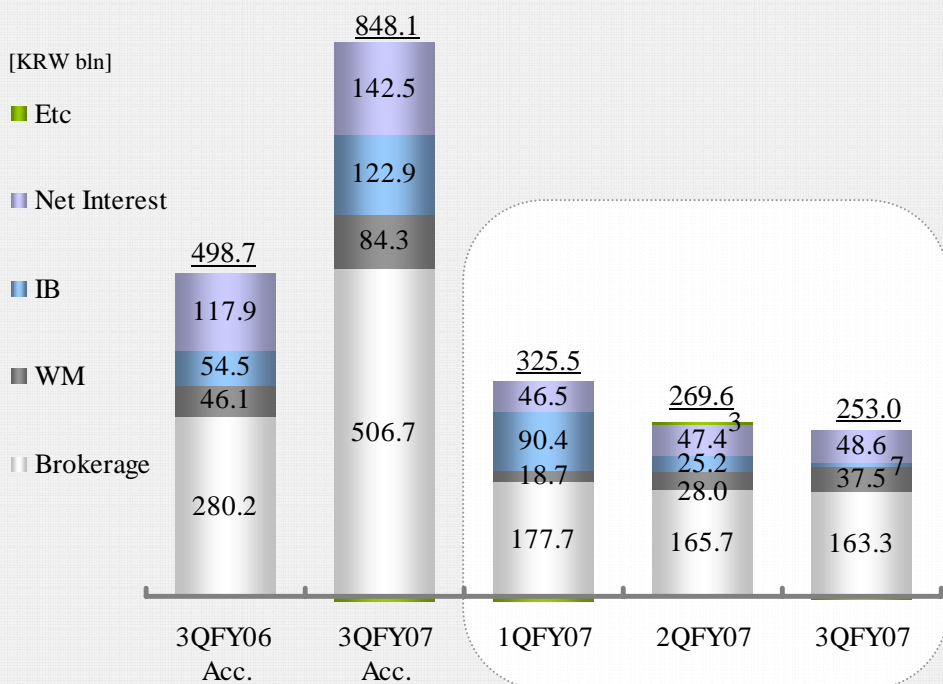
• Net Revenue : Operating Income before deducting SG&A expenses and commission expenses

Net Revenue Breakdown

■ WM revenue contributed as a stable source of revenue making up 15% of total net revenue (up 5%pt quarter-on-quarter)

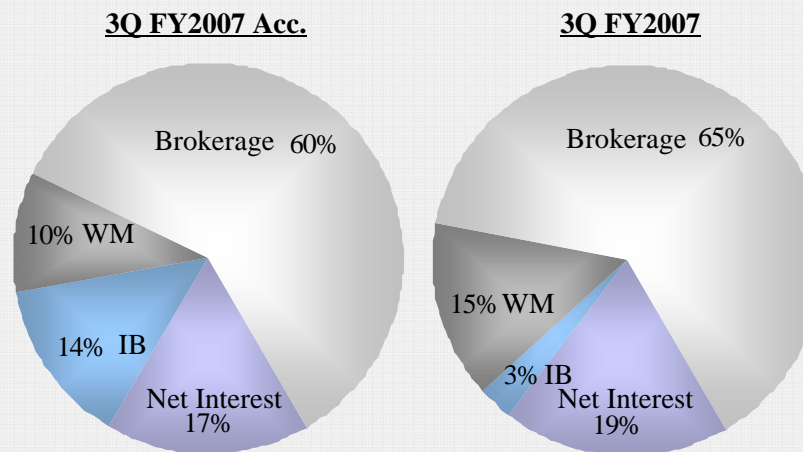
- Net revenue from brokerage business made up 65% of total net revenue, increased 4%pt quarter-on-quarter
- Net revenue from IB business declined 6%pt quarter-on-quarter to 3%, due to valuation loss in stocks and bonds

Net Revenue Breakdown by Amount



• Etc. : 3QFY07 Acc. Δ 8.3bln/ 1QFY07 Δ 7.8bln/ 3QFY07 Δ 3.7bln
 • Net Revenue : Operating Income before deducting SG&A expenses and commission expenses

Net Revenue Breakdown by Proportion



[Classifications on breakdown]

- Brokerage : Commission revenue
- WM : Commission on beneficiary certificates, wrap accounts, trust, and structured securities
- IB : Commission on underwriting & consulting, Net gain on Securities
- Net Interest : Interest income + dividend income + gain on valuation of reserve for claims of customers' deposits - Interest expense
- Others : Other operating income (others) - Other operating expenses

SG&A Expenses

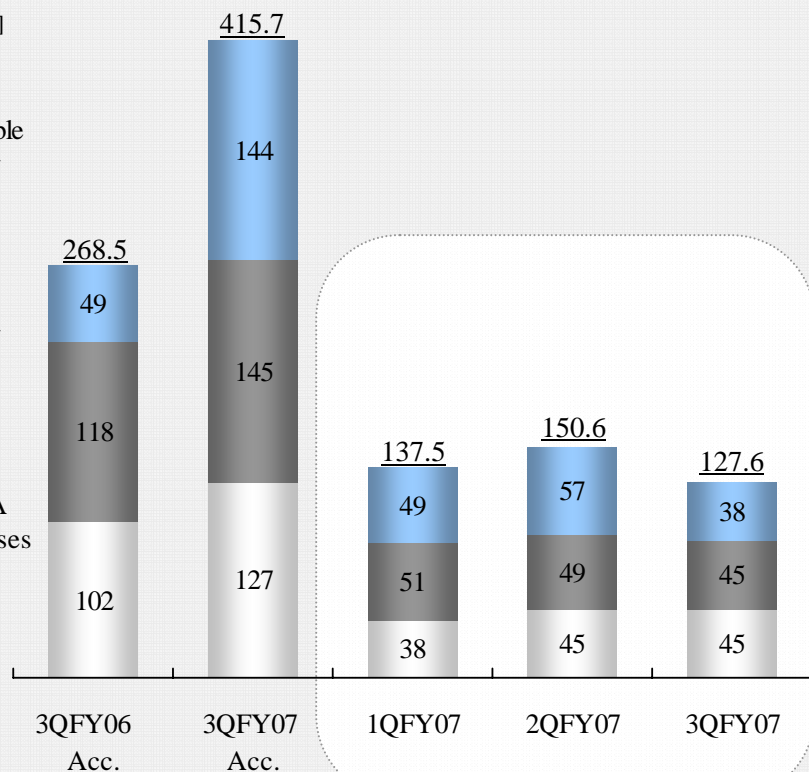
■ Decreased incentive payment contributed to an efficient cost-income ratio, recording 65% (down 14%pt quarter-on-quarter)

- Variable salary in 2nd quarter realized one-off payment in incentives, bringing 34% decrease in variable salary in the 3rd quarter
- Fixed salary records an increase year-on-year due to continuous increase in number of employees

Breakdown of SG&A Expenses

[KRW bln]

- Variable Salary
- Fixed Salary
- Other SG&A expenses



Cost-Income Ratio

	3Q FY07	2Q FY07	QoQ	3Q FY07 Acc.	3Q FY06 Acc.	YoY
Cost Income Ratio*	65.0%	78.5%	△13.5%pt	70.4%	82.6%	△12.2%pt
No. of Employees	3,086	3,060	+0.8%	3,086	2,715	+13.7%

* Cost Income Ratio = SG&A Expenses / Net Commission Income



Business Performance

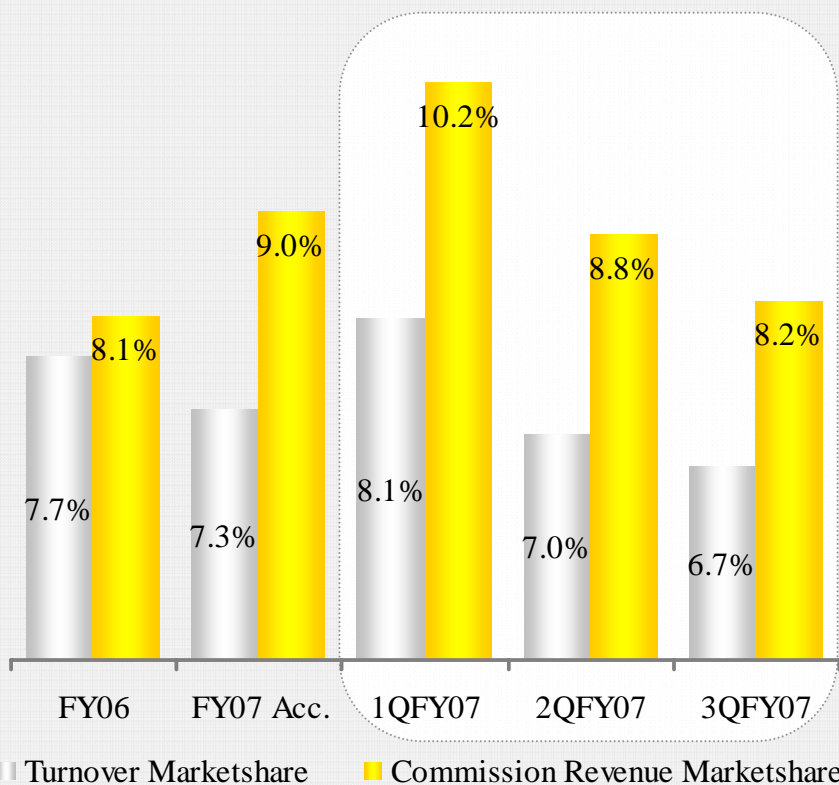
- Brokerage Business**
- IB Business**
- WM Business**

Brokerage Business I

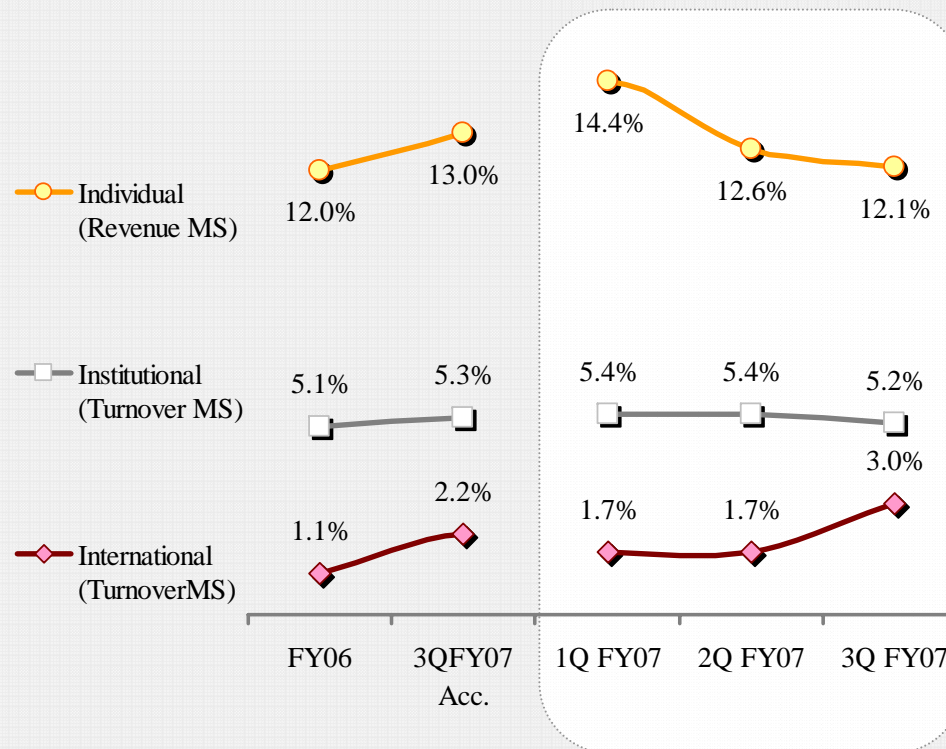
■ Marking 9.0% market share in the core business in Korean securities industry (3QFY07 Acc.)

- Individual : Bearish market conditions brought DWS' relative individual market share to decrease slightly(0.5%pt) quarter on quarter marking 12.1%
- Institutional : Sustained continuous market share of 5.2%
- International : Empowered sales force and newly launched DMA service contributed to a high increase in market share marking 3.0%

Brokerage Business Market Share in Total



Relative Brokerage Market Share by Investor Type



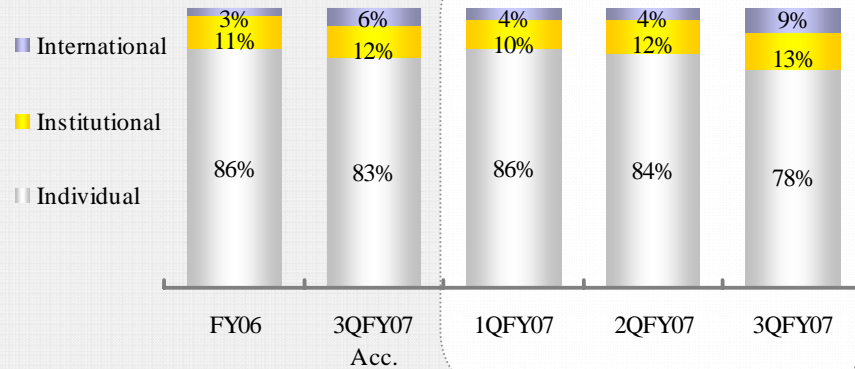
* 'Relative Market Share' indicates market share in each investor market

Brokerage Business II

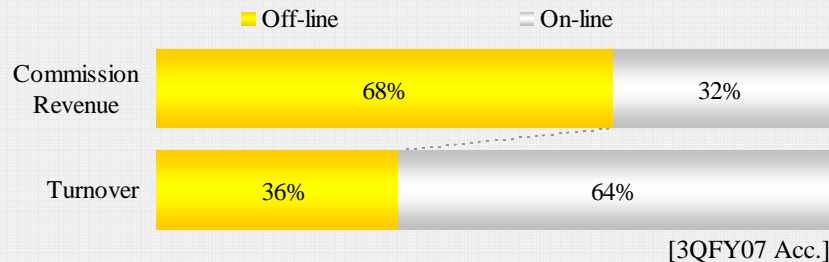
■ 68% of individual brokerage commission revenue is derived from off-line business (3QFY07 Acc.)

Turnover Breakdown by Investor Type

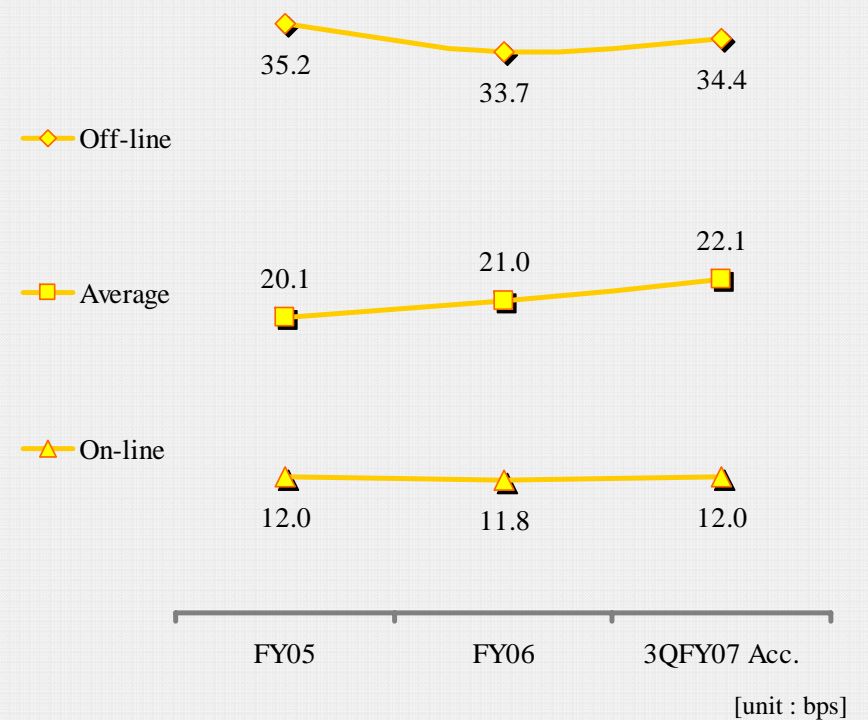
■ Turnover Breakdown



■ On-line vs Off-line Individual Investor



Average Commission Rate for Individual Investor



Brokerage Business III

■ Total client assets amounted KRW66.4 tln, up 16% year-on-year, derived from efforts to enlarge customer base

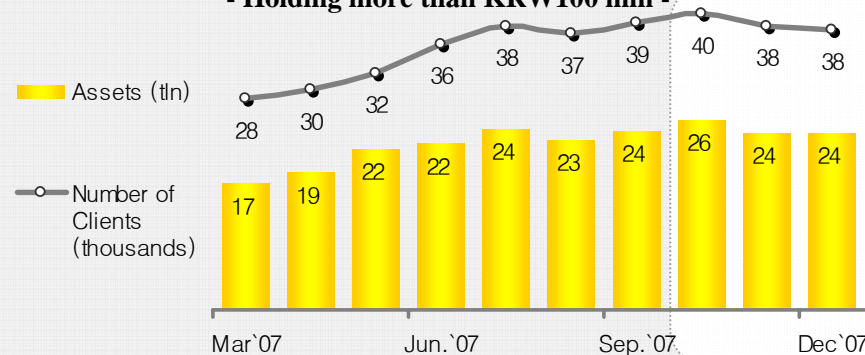
- However comparing quarter-on-quarter, bearish market conditions brought a decrease in total client assets and number of new clients

Client Asset

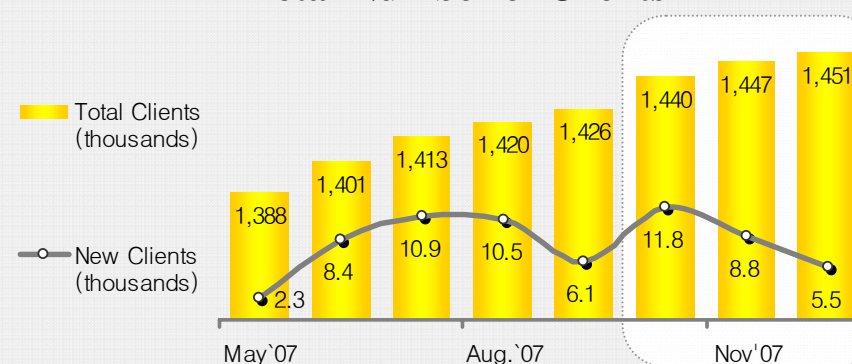
(as of the end of / KRW tln)	3Q FY07	2Q FY07	QoQ	3Q FY06	YoY
Securities in custody	65.2	67.1	-3%	56.0	16%
Trustor securities in custody	58.3	59.7	-2%	48.9	19%
Saver securities in custody	0.3	0.3	0%	0.3	0%
Beneficiary securities in custody	5.5	6.1	-10%	6.1	-10%
Others	1.1	1.0	10%	0.7	57%
Customers' Deposits	1.2	1.6	-25%	1.2	0%
Total	66.4	68.8	-3%	57.2	16%

Number of High-net-worth Clients

- Holding more than KRW100 mln -



Total Number of Clients

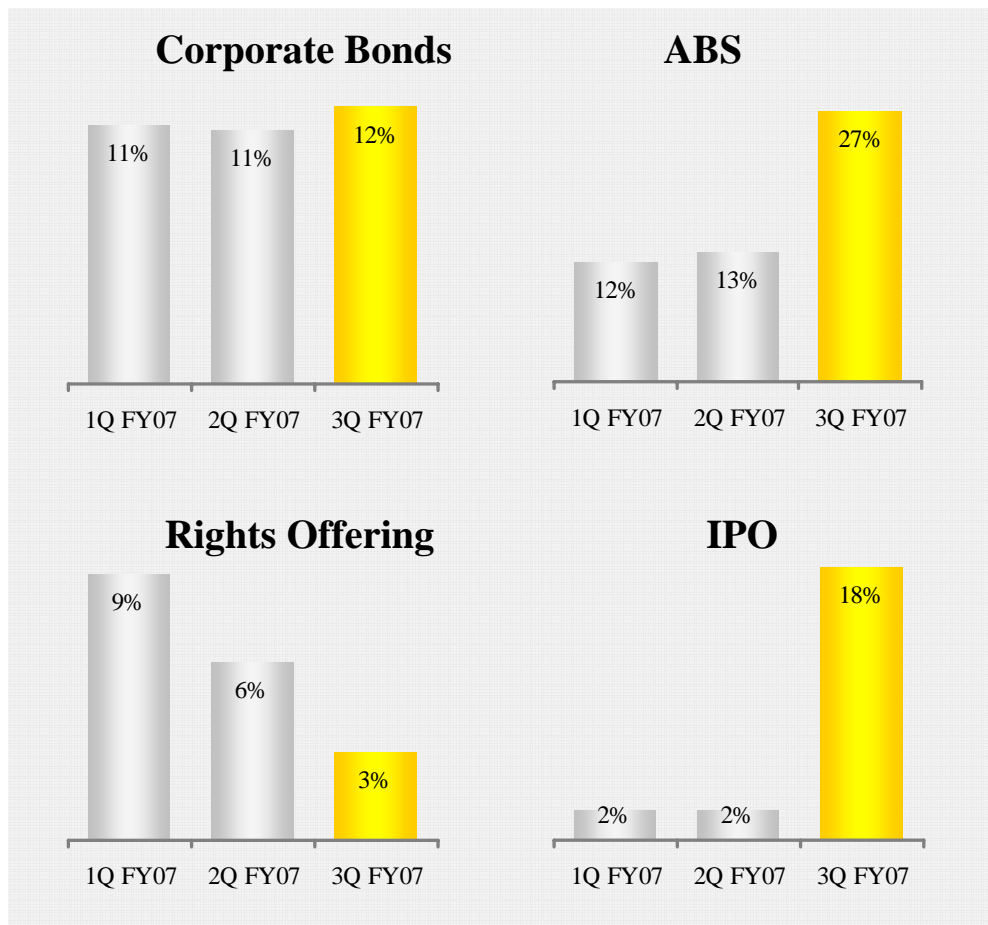


* Total Number of clients holding an account in DWS

Investment Banking I

■ Top performance in traditional Investment Banking business

- Issuance amount of corporate bond and ABS reached KRW1.88 tln and KRW1.70 tln respectively, topping the industry record once again
- Listed Hwafeng Textile International Group, Sungjin Geotec, RF Semi-Technologies, and JM Telecom on the stock market as the lead manager



Underwriting Amount and MS

[KRW bln, %]	3Q FY2007 Acc.	FY2006	FY2005
Corporate Bond	1,877 (11%)	2,003 (12%)	1,801 (11%)
ABS	1,697 (17%)	2,173 (18%)	1,935 (11%)
Rights Offering	251 (4%)	238 (8%)	266 (11%)
IPO	163 (7%)	51 (6%)	1,034 (52%)

Investment Banking II

▣ Paradigm shift in IB business, from underwriting to principal investments

- Recording the largest volume of principal investment in the securities industry

Principal Investment

[as of DEC 07 / KRW bln]	Invested Amount	No. of Deals	Representing Deals
Equity	230.1	16	Daewoo E&C (200bln), PEF, Pre-IPO Co.
Fixed Income	473.1	31	M&A, Project Financing
Alternative Inv.	89.2	5	Infra, Real Estate related Funds
Total	792.4	52	

- Daewoo Securities principal investment scheme
 - Target IRR : 20%
 - Average duration : 1 year
 - Investments executed after thorough examination from Risk Management Dept. and Investment Committee

Proprietary Trading

[as of DEC 07 / KRW bln]	Avg. Monthly Operating Amt.	Others
Stock	53.8	Equity portfolio yield+50.0% KOSPI yield +30.6%
Bond	284.6	Average duration 0.98 years
Total	338.4	

- Net revenue in equity, futures, option, and bond
 - FY07 : 31.8 bln (DEC Acc.)
 - FY06 : 19.0 bln

Investment Banking III

■ Expanding regional and global network in IB business

- Established HoChiMinh representative office in order to execute market survey and research
- Held research seminar inviting head of research from China Galaxy Securities, signed PI advisory contract with Industrial Commercial Bank of China, and applied for China QFII (Qualified Foreign Institutional Investor) License

Strategy for Domestic IB Market

Limited regional coverage

- Alliance with local financial firms
- Found local IB center

Establish specialized network

Strategy for Asian IB Market

Limited volume in Korean IB market

- Mega Deal : Alliance w/ regional networks
- Small Deal : Connect local firms to targeted Asian markets

Discover new business opportunities by exploring new markets

Efforts to Build Regional Networks in Global Market

China

- Signed PI Advisory contract with Industrial and Commercial Bank of China [DEC 07]
- Signed MOU agreement with Galaxy Securities [OCT 07]
- Managed the first Chinese Company IPO in Korean stock market 'Hwafeng' [NOV 07]

Indonesia

- Invested in Indonesia's biggest online securities firm 'eTrading' [JUN 07]
- Invested in Indonesian natural resource coal mining company 'PT. BUI' [JUL 06]

Vietnam

- Opened Ho Chi Minh Representative Office [NOV 07]
- Signed MOU agreement with Vietnam's No.1 Securities firm 'BaoViet' [JUN 07]

Japan

- Signed MOU agreement with 'Mitsubishi UFJ Securities' [JAN 07], 'Mizuho Securities' [FEB 06]

Brazil

- Signed MOU agreement with Brazil's largest financial firm 'Itau' [AUG 07]
- Invested in Brazil Futures Exchange IPO

Wealth Management I

■ The end-balance of WM products recorded KRW 21.1 tln, up KRW 5 tln year-on-year

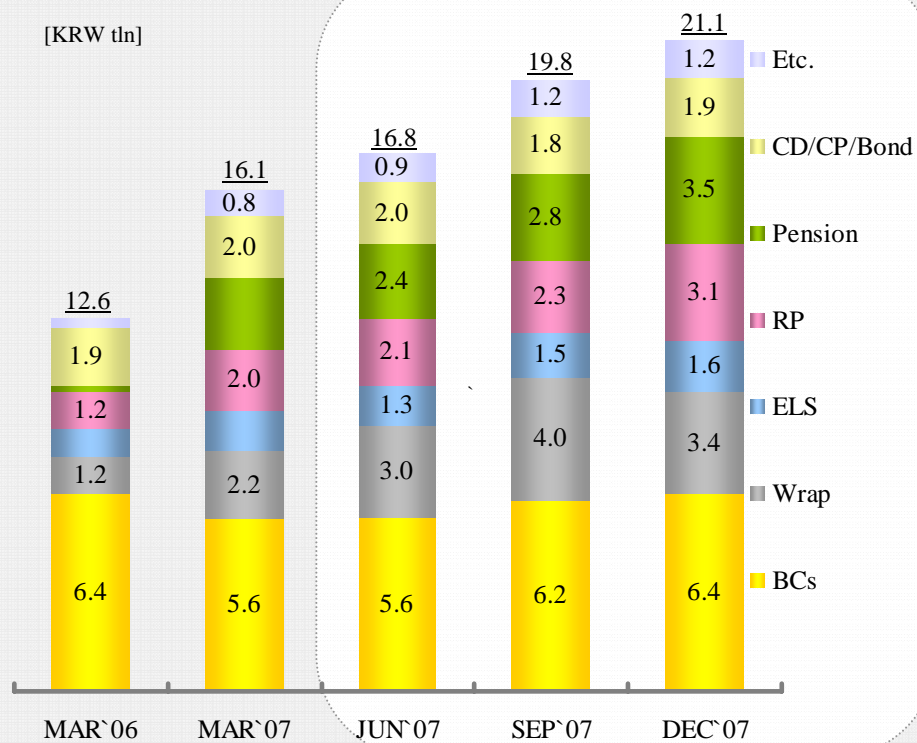
- Accomplished balanced growth through the increased balance of Wrap, ELS, and Trust/Pensions

- Balance of ‘Strategic WM Products’ (equity type, hybrid equity and etc.) recorded a high increase (85% year-on-year), accredited to MegaTrend Promotion

※ MegaTrend : Fund Portfolio which introduces new investment trends (Level 1~3 : Infrastructure, Natural resources, and KoBRICs related funds)

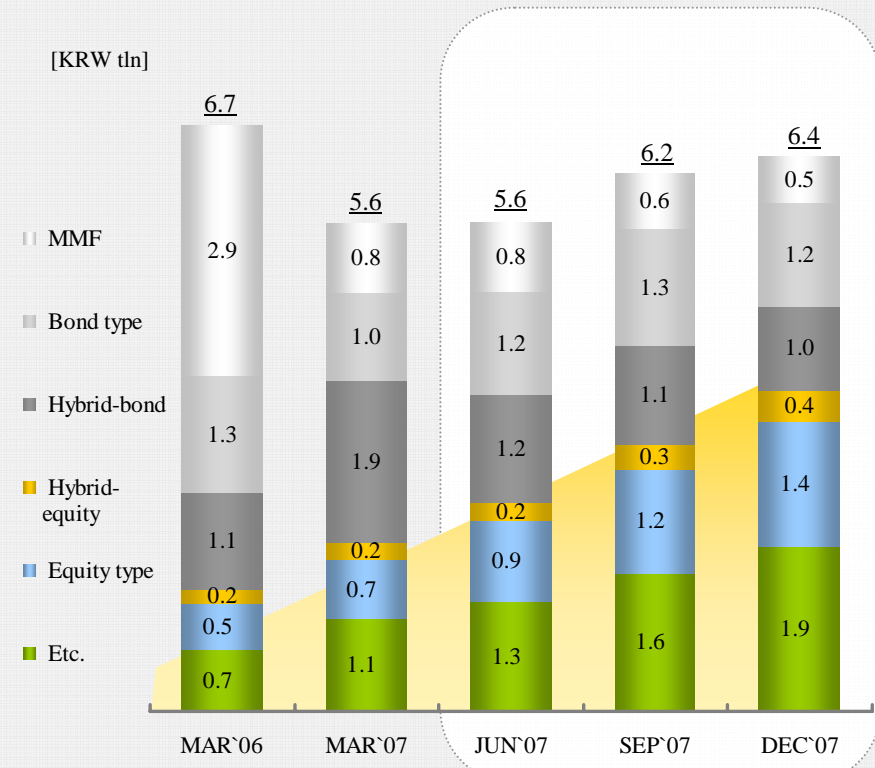
End-Balance of WM Products

[KRW tln]



Breakdown of Beneficiary Certificates

[KRW tln]



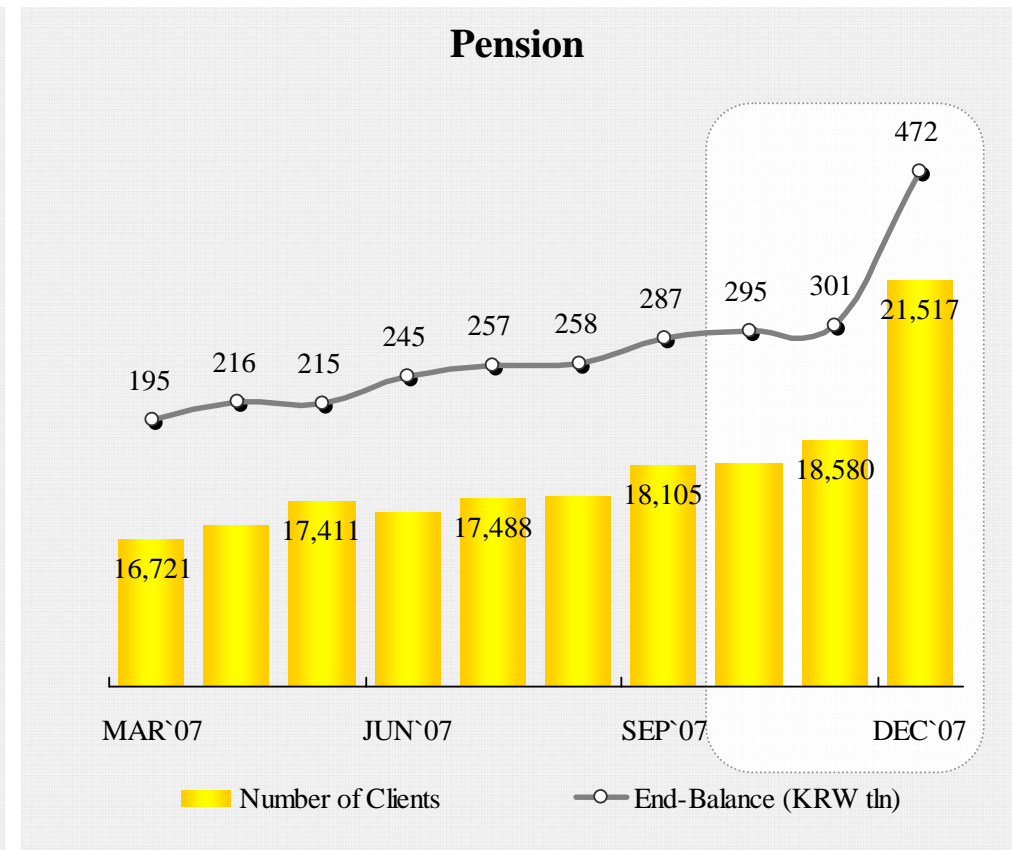
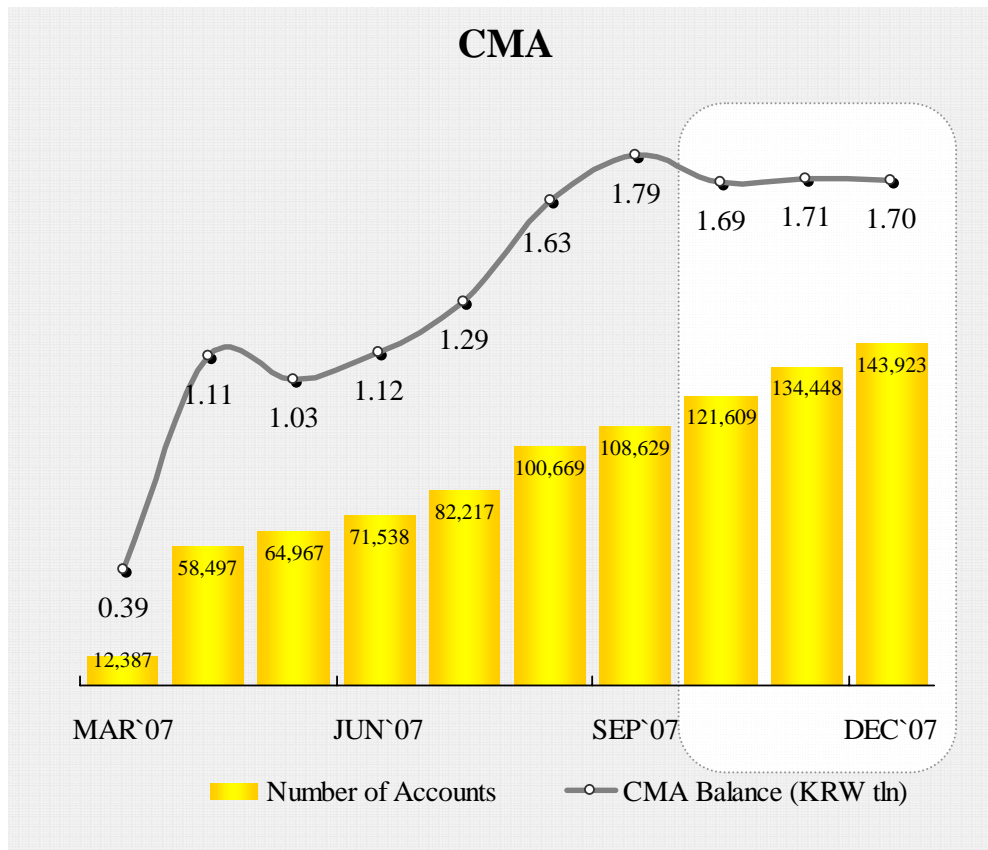
Wealth Management II

■ **Number of CMA accounts recorded as many as 143,923 accounts up 32% quarter-on-quarter**

- Awarded 'Best new financial product' for wrap-account based CMA, presented from the governor of Financial Supervisory Service

■ **Total number of clients under the pension consulting service reached 21,517 clients, up 18% quarter-on-quarter**

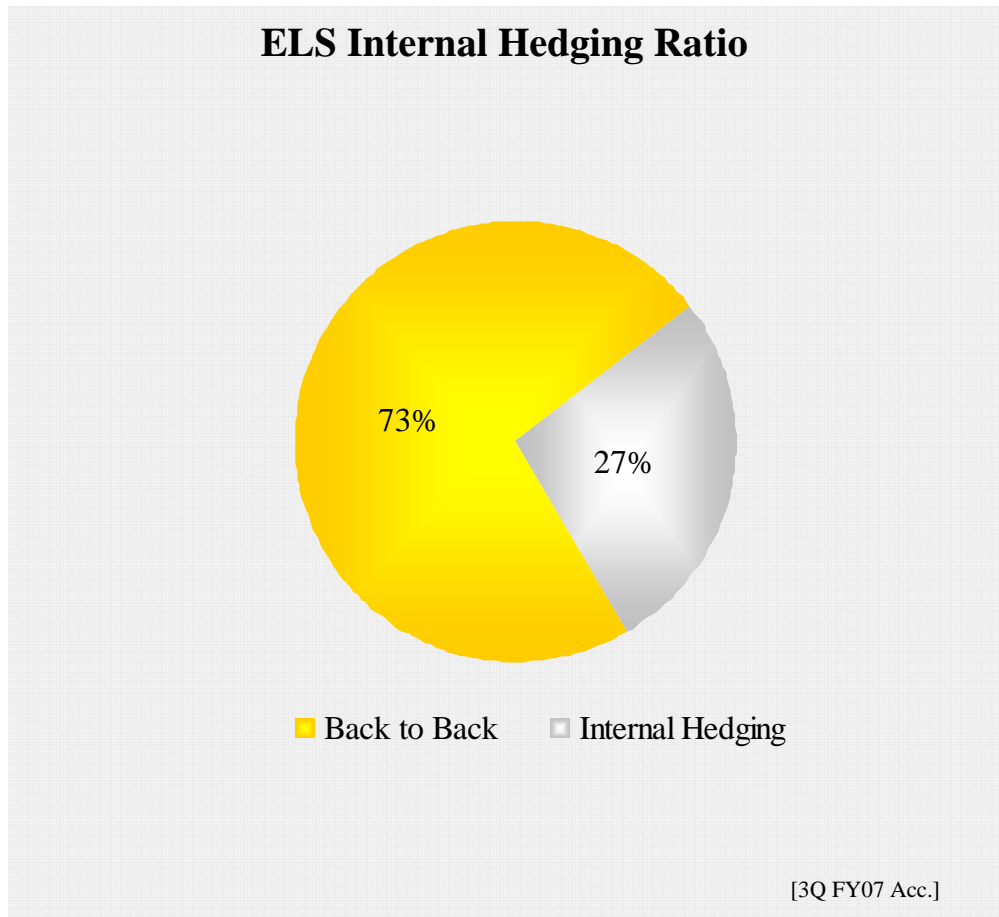
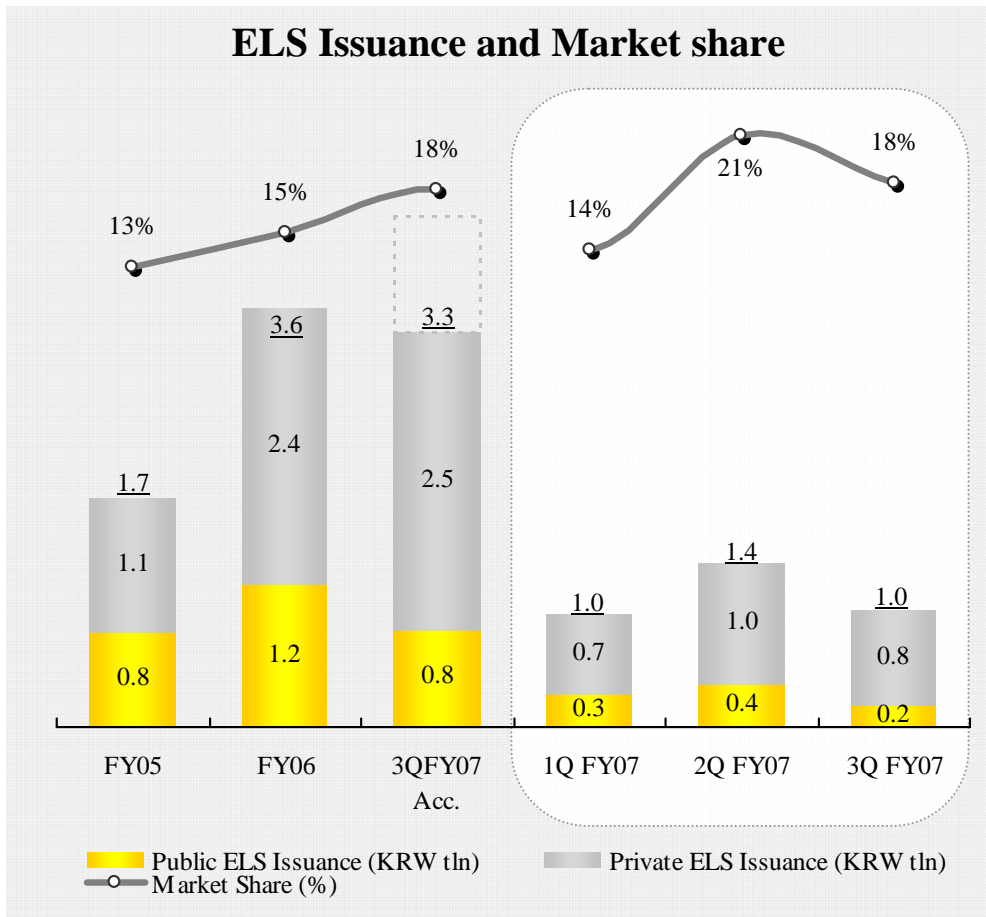
- Topping the industry in number of clients of defined contribution type pension / Appointed as the main pension consulting company for Munhwa Broadcasting corporation, Korea Tourism Organization, Daejeon Metropolitan City Development Authority



Wealth Management III

■ Top market share of 18% in ELS issuance amount

- Total ELS issuance amount recorded KRW 3.3 tln (Dec. FY07 acc.), narrowing down the gap with the 1st player
- Recorded the highest internal hedging ratio in the domestic securities industry of 27%
 - Improving product incubation abilities in order to reach a higher internal hedging ratio in derivatives products





IV

Appendix

○ Summarized Financial Statement & Ratios

Summarized Financial Statement & Ratios

Income Statement (KRW bln)	Annual				Net Quarter							
	200403	200503	200603	200703	200603	200606	200609	200612	200703	200706	200709	200712
Operating Revenue	782	824	1,858	2,753	561	675	767	624	687	955	1,152	822
Commission Revenue	323	291	654	483	194	127	112	121	123	219	210	217
Brokerage commissions	279	243	492	374	137	103	86	91	93	178	166	163
Underwriting commissions	19	24	34	21	14	3	5	7	5	7	6	10
Brokerage commissions on beneficiary certificates	19	12	12	14	3	3	3	3	4	5	6	9
Management fee on wrap account and asset management	2	6	7	8	2	2	2	2	2	3	3	3
Consulting fee	0	4	6	9	1	2	2	4	1	7	6	2
Interest income	82	118	175	228	52	49	58	61	60	67	72	94
Operating Expense	622	735	1,472	2,309	443	609	701	563	436	784	1,051	717
Commission expense	29	29	56	46	15	12	11	12	11	16	18	20
Interest expense	90	90	95	136	25	26	35	37	38	39	44	61
Selling and administrative expense	318	282	390	377	96	91	88	91	106	138	151	128
Operating Income	160	89	386	444	117	66	67	60	251	172	101	105
Non-Operating Income	-28	-238	8	27	-17	15	13	7	-8	0.5	102	-11
Net Income Before Income Tax	133	-149	395	471	100	81	80	68	242	172	102	94
Income Tax Expense	0	0	-16	25	6	0	-10	2	34	51	28	28
Net Income	133	-149	410	446	94	81	90	66	209	122	74	67
EPS(KRW)	697	-783	2,131	2,318	466	426	474	348	1,070	640	390	350
Balance Sheet (KRW tln)												
Total Assets	4.06	5.05	6.50	9.00	6.50	8.12	8.93	9.20	9.00	10.78	11.07	11.96
Total Liabilities	2.81	3.75	4.76	6.89	4.76	6.39	7.08	7.29	6.89	8.63	8.78	9.62
Total Shareholder's Equity	1.24	1.29	1.73	2.11	1.73	1.73	1.85	1.91	2.11	2.16	2.29	2.34
Financial Ratios												
	Annual				Annual							
	200403	200503	200603	200703		200403	200503	200603	200703	200803(E)		
Common stock DPS(KRW)	-	-	400	400	ROA(%)	3.6	-3.3	7.1	5.8	2.9		
Preferred stock DPS(KRW)	-	-	440	440	ROE(%)	11.4	-11.7	27.1	23.2	15.7		
Net Capital Ratio(%)	577.1	460.1	592.4	621.2	BPS(KRW)	6,681	6,945	9,271	11,262	12,325		
Net working capital (KRW bln)	1,135	962	1,227	1,332	PER(x)	7.3	N/A	7.6	7.7	14.4		
Risk-weighted Assets (KRW bln)	197	209	207	214	PBR(x)	0.8	1.0	1.8	1.6	2.5		



Thank You

Daewoo Securities Investor Relations

Contact us at irteam@bestez.com