

Daewoo Securities 2Q FY2008 Earnings Release

2Q FY2008 : July 2008 ~ September 2008



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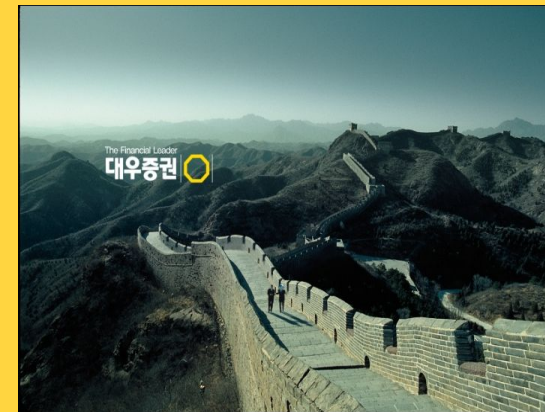
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This presentation material is prepared by Daewoo Securities Co., Ltd. for the information of current and future investors of the company. The contents are preliminary figures and forward-looking statements based on Daewoo Securities' internal projection.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

I. Company Overview

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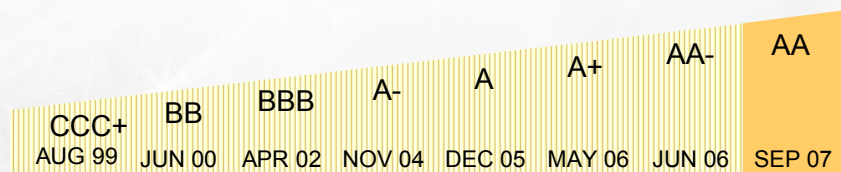


Company Profile

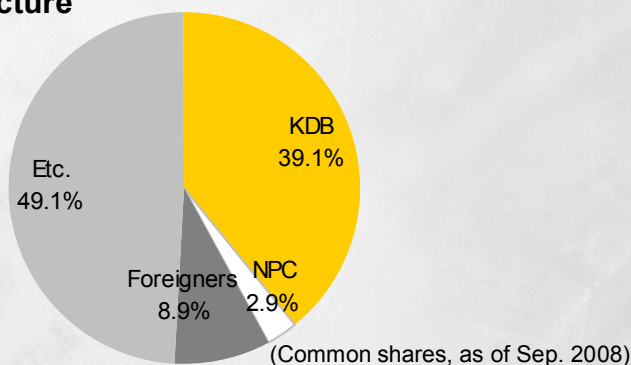
Established SEP 23, 1970 (Listed in 1975)

CEO Sung-Tae Kim (May 2007)

Credit Rating AA (Korea Ratings: Sep. 2007)



Shareholder Structure



Financial Highlights

(KRW tln)	FY07	FY06	(KRW bln)	FY07	FY06
Total Assets	12.1	9.0	Operating Income	462.1	455.2
Shareholder's Equity	2.4	2.1	Ordinary Income	463.2	470.8
Paid-in Capital	1.0	1.0	Net Income	336.8	446.1

Market Capitalization

(as of Sep. '08)	Common Shares	Preferred Shares	Total
Market Cap.(KRW tln)	3.21	0.09	3.30
Share Price (KRW)	16,900	6,490	-
Outstanding Shares	190,100,891	14,075,750	204,176,641

Number of Employees

(head count)	Sep. '08	March '08	March '07
Branches	1,946	1,858	1,825
Headquarter	1,335	1,253	1,085
Total	3,281	3,111	2,910

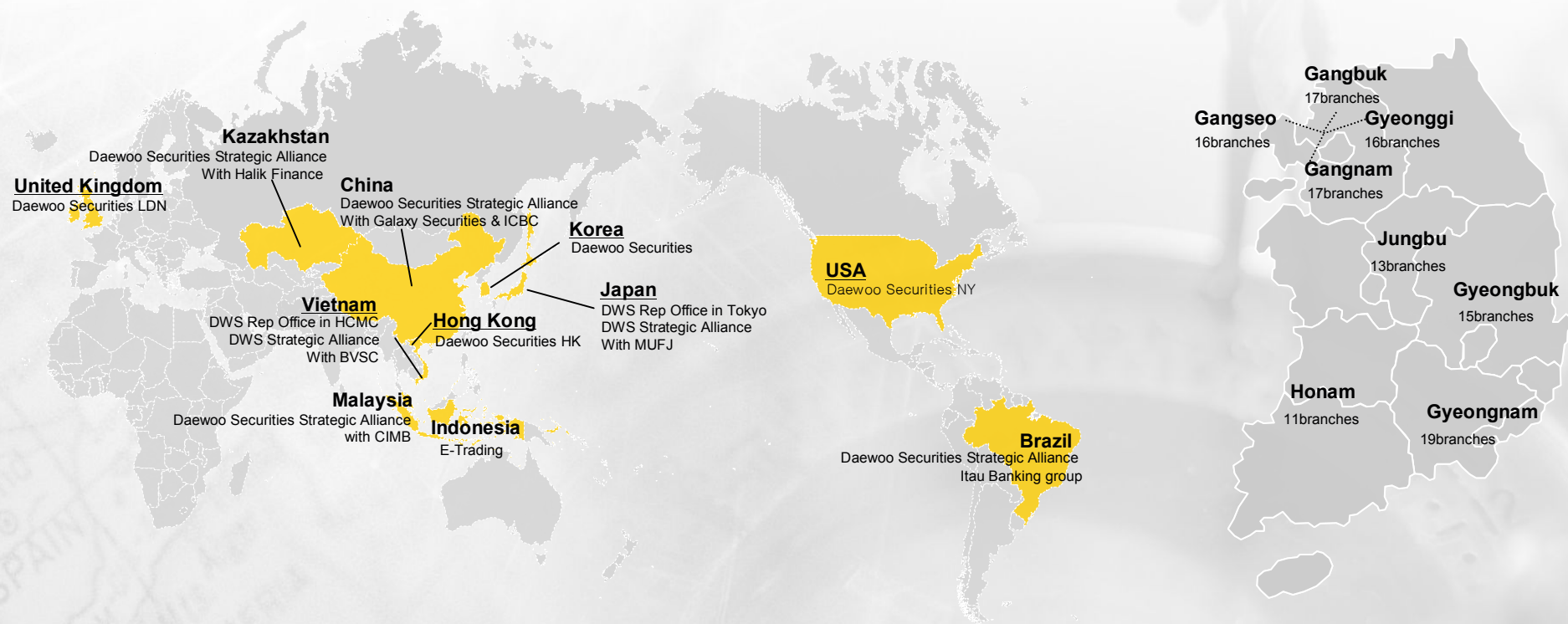
Overseas Network

Number of branches and alliances

Domestic Network 124 branches (10 Wealth Management Centers, 1 IB Center, 3 Representative Offices)

Overseas Network 3 Subsidiaries (Hong Kong, New York, London), 2 Representative Office (Tokyo, Ho Chi Minh)

Global Alliance 8 Financial Institutions in Japan, China, Indonesia, Malaysia, Vietnam, Kazakhstan, Brazil



Organization Chart



II. Business Performances

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I. Financial Highlight

Summarized Income Statement

(KRW bln, %)	2Q FY08	1Q FY08	Change QoQ (%)	2Q FY07	Change YoY (%)
Net Commissions	104.2	153.2	-32%	191.8	-46%
○ Brokerage Commissions	83.1	110.0	-24%	165.7	-50%
○ IB Commissions ¹⁾	12.1	14.0	-14%	16.0	-24%
○ WM Commissions ²⁾	25.6	44.4	-42%	28.1	-9%
• Structured Securities	17.1	34.3	-50%	19.1	-11%
△ Commission Expenses	16.6	15.3	9%	17.9	-7%
IB Gain or Loss of Sales and Valuation of Securities	-86.3	-32.8	-	9.2	-
Interest Income/Loss	59.2	64.8	-9%	47.4	25%
Others	3.7	3.6	4%	3.3	12%
SG&A	107.0	128.7	-17%	150.6	-29%
Operating Income	-26.2	60.2	-	101.1	-
Net non-operating income	2.0	2.2	-9%	1.0	97%
Income before Income Tax	-24.1	62.4	-	102.1	-
Income Tax Expenses	-6.2	17.7	-	28.0	-
Net Income (Loss)	-18.0	44.7	-	74.1	-

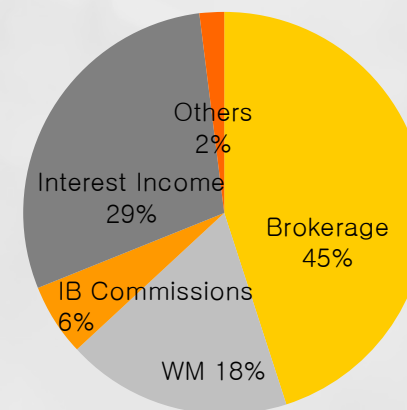
1) IB Commissions = Underwriting commissions + Consulting fee + Underwriting commissions on debentures + Other commissions

2) WM Commissions = Commissions on beneficiary certificates + Management fee on wrap account + Fees on sales of structured securities

3) The above figures have not yet been audited by independent auditors.

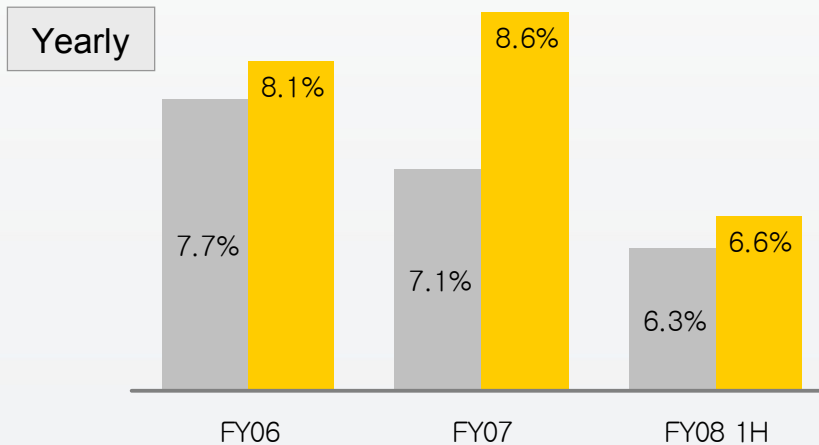
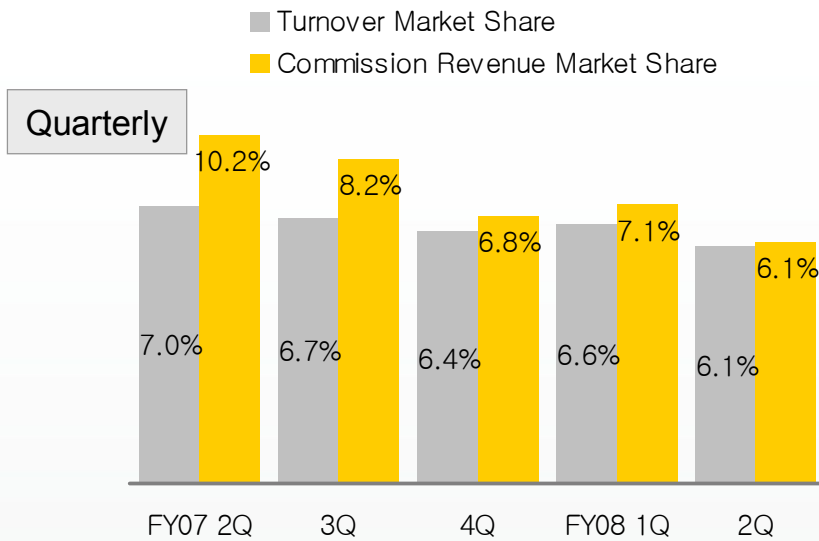
Highlights

- The global financial turmoil brought an overall economic deceleration in the 2Q of fiscal year 2008. In consequence, the Korean financial market also showed great instability, with interest rates of corporate bonds and bank debentures hiking and credit-spread widening.
- Hence, valuation losses in bonds brought Daewoo Securities to record net loss in the 2Q amounting KRW24.1 bln.
(※ Refer to p.8~17 for details on each business sector)



II. Brokerage Business ①

Brokerage Market Share



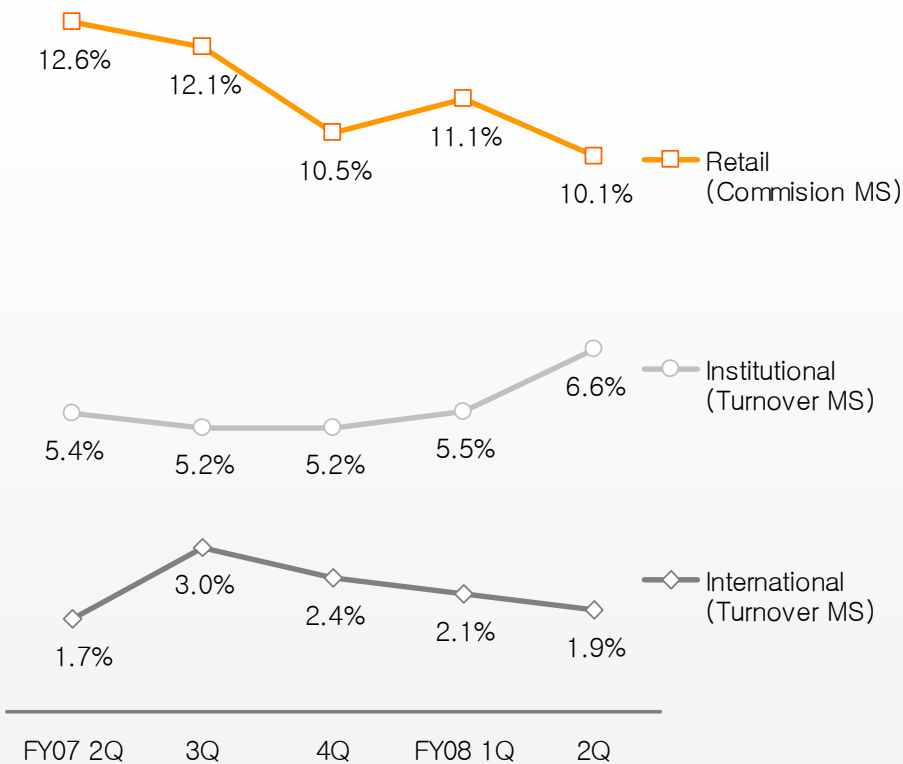
Brokerage Commission Revenue

	2Q FY08	1Q FY08	Change QoQ (%)	2Q FY07	Change YoY (%)
Brokerage Commissions	83.1 bln	110.0 bln	-24%	165.7 bln	-50%
Average Daily Trading Value	6.3 tln	7.2 tln	-14%	8.9 tln	-29%
Individual Portion in Mkt	52%	57%	-5%p	65%	13%p

- The Korean stock market experienced a downturn in the 2Q with individual investors taking 52% of the total market turnover, and 'average daily trading value' marking KRW6.3 tln, down by -5%pt and -14%, over the previous quarter respectively.
- Consequently, Daewoo's brokerage 'commission market share' decreased -1%pt to record 6.1%, and commission revenue decreased 24% to record KRW83.1 bln.
- Daewoo's second quarter 'turnover market share' sustained similar figures from previous quarter recording 6.1%, highly contributed to the steady performances in institutional and retail on-line performances.

II. Brokerage Business ②

Market Share by Investor Type



Highlights

【 Retail Market 】

- Bearish market conditions in the 2Q brought down the individual investor proportion in market turnover. Especially because Daewoo has competitiveness in the retail business, its retail commission market share was effected with a 1.0%pt decrease. (※ 2nd quarter retail commission market share:10.1%)
- Opening its discount brokerage service ‘Direct we’, the company is seeing a steady rate of increase in new accounts, showing positive signs to the growth of on-line business and client base. (※ Average daily new accounts : Sep. 100 → Oct. 250 → Nov. 423)

【 Institutional Market 】

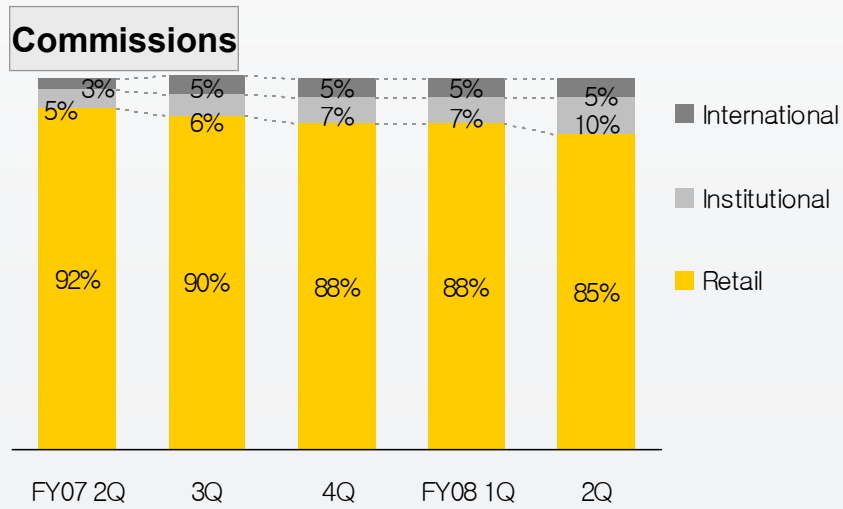
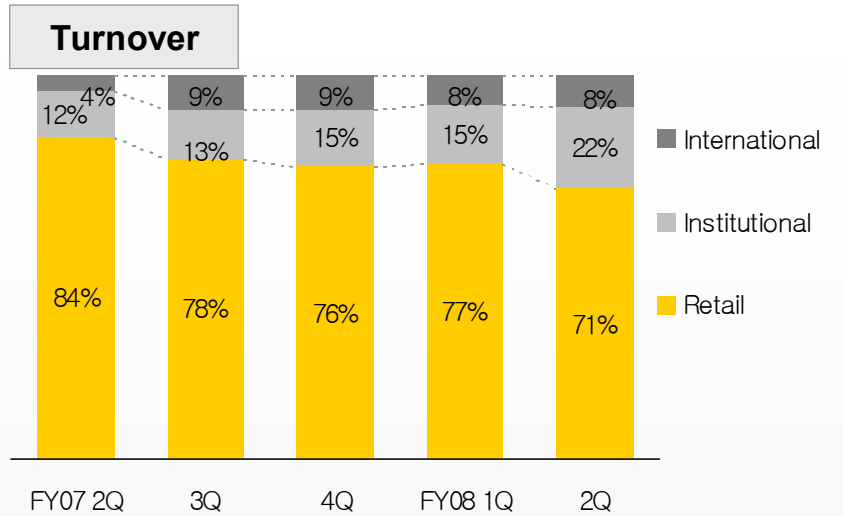
- Daewoo recorded the highest institutional market share in its history marking 6.6%, highly contributed to the growth in all areas of equity, futures and option orders.
- Moreover, Daewoo’s institutional investor brokerage team was awarded the ‘Best Institutional Investor Team’ for the first half of 2008 and the last 7 consecutive terms. (※ Awarded from Hankyung Business)

【 International Market 】

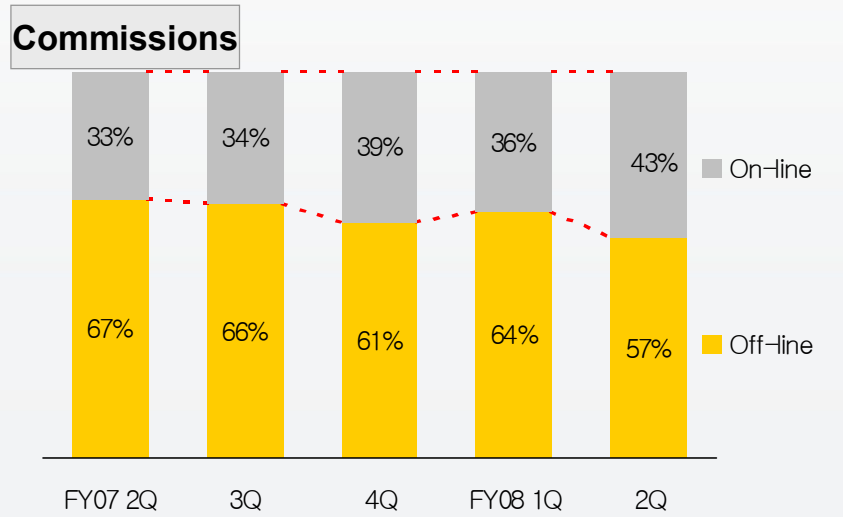
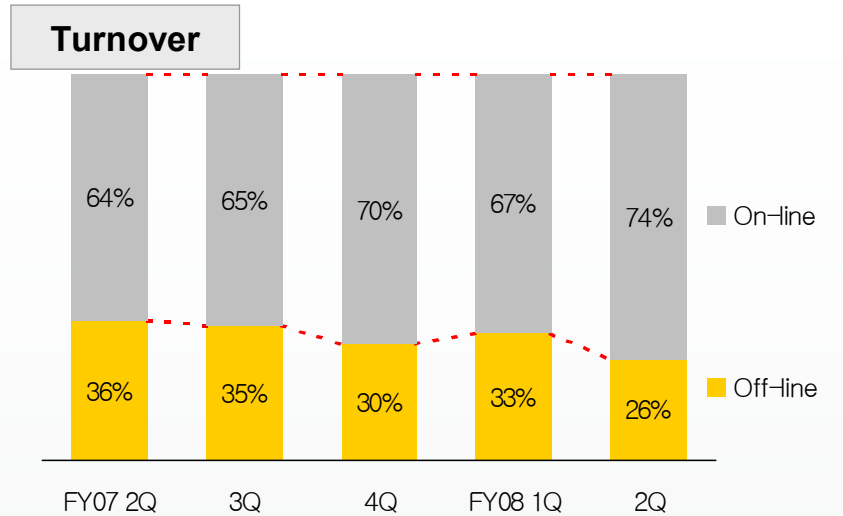
- Market share of international investors maintained a similar level over the previous quarter amounting 1.9%.
- In order to strengthen competitiveness in international business, Daewoo expanded its efforts by opening prime brokerage and DMA service.

II. Brokerage Business ③

Turnover Breakdown by Investor Type



Retail Business : On-line vs Off-line



III. Wealth Management Business ①

End-Balance of WM Products

(KRW tln)



* Etc. : REITs, Ship-building mutual funds included

Highlights

【 Earnings 】

- WM commission revenue decreased 42% over the quarter to record KRW25.6 bln, highly due to the decrease in the issuance of ELS(equity linked securities) products, included in structured securities.

【 Structured Securities 】

- The total issuance amount of ELS decreased significantly, in accordance to tightened risk management policies, rooted from unstable market conditions.
- Although Daewoo maintained the top tier market share of 13% in ELS issuance, the downsized market size effected Daewoo's 'structured securities commissions' to decrease 50% quarter-on-quarter, amounting KRW17.1 bln.

【 Mutual Funds 】

- Due to unfavorable market conditions, Daewoo's mutual fund balance decreased 13% over the quarter to KRW6.2 tln. In result, mutual fund commissions recorded KRW5.2 bln in the 2Q.

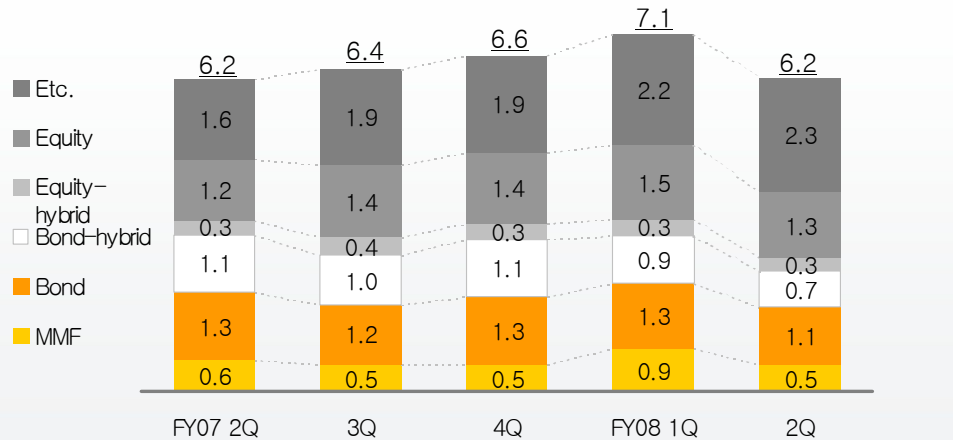
【 CMA 】

- After Daewoo launched its RP type CMA in September, the total number of CMA accounts increased 44% over the quarter to reach 266,355 clients and marking a total balance of KRW2.4 tln.

III. Wealth Management Business ②

Breakdown on Mutual Funds

(Valuation amount/ KRW tln)

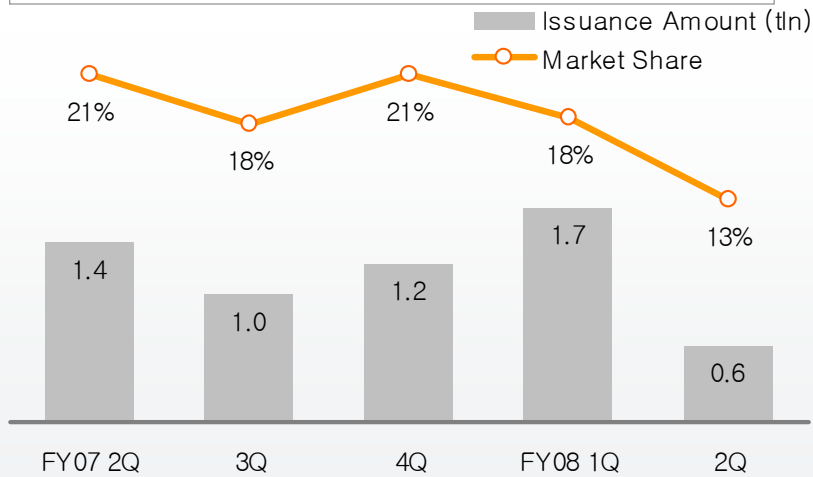


1) Mutual Funds – Etc. : Property, Commodities, Fund of Funds included

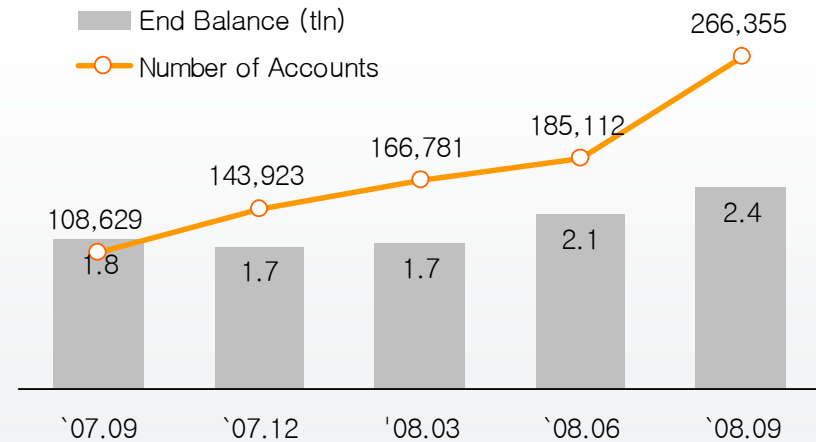
WM Commissions

(KRW bln)	2Q FY08	1Q FY08	Change QoQ (%)	2Q FY07	Change YoY (%)
WM related commissions	25.6	44.4	-42%	28.1	-9%
Beneficiary Certificates	5.2	6.6	-21%	5.8	-21%
Wrap Accounts	2.5	2.7	-7%	2.6	-7%
Trust/Pension	0.7	0.8	-11%	0.5	40%
Structured Securities	17.1	34.3	-50%	19.1	-10%

ELS Issuance Market Share

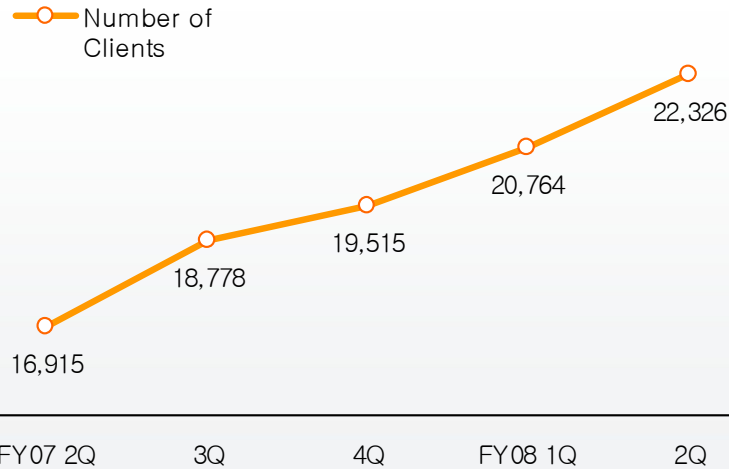


CMA End-Balance



III. Wealth Management Business ③

Number of Clients

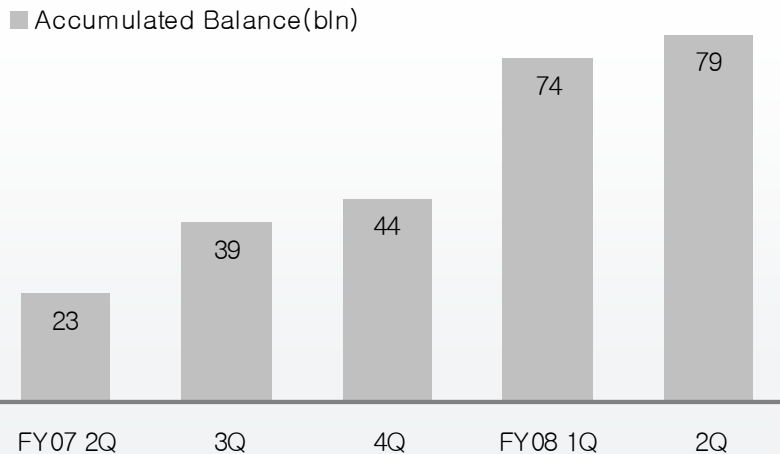


Market Pension Balance

(2Q 2008)

(KRW bln)	Defined Benefit	Defined Contrib.	IRA	Total	
Banks	107.1	69.3	23.5	199.8	43.4%
Insurance	173.6	27.7	7.3	20805	45.3%
Securities	22.3	29.0	0.3	5107	11.2%
Total	303.0	126.0	31.1	460.0	100.0%

Accumulated Balance



Pension Business Highlights

- Daewoo's accumulated balance in pension increased KRW35.2 bln in the fiscal year 2008 and recorded the largest growth rate among securities companies. The company secured 22,326 clients, increased by 1,562 clients in the second quarter.
- Daewoo was chosen as the main pension partner for employees of Andong MBC, KNN (Kyungnam Broadcasting), Jeju Province Development Corporation and etc.

IV. Investment Banking ① – Underwriting

IB League Table

※ Underwriting Amount & Market Share

(KRW bln)	FY2008 2Q	FY2008 1Q	FY2007 2Q
Corporate Bonds	109 12%, Rank 3 rd	89 11%, Rank 1 st	59 9%
ABS	61 22%, Rank 1 st	85 28%, Rank 1 st	39 12%
Right Offerings	24 38%, Rank 1 st	15 14%, Rank 3 rd	6 6%
IPO	14 62%, Rank 1 st	–	2 2%

•Source : Bloomberg

IB Commission Revenue

(KRW bln)	FY08 2Q	FY08 1Q	QoQ	FY07 2Q	YoY
IB Related Commission Revenue	12.1	14.0	-14%	16.0	-50%
Underwriting	5.6	4.2	35%	6.0	-7%
Consulting Fee	0.6	1.9	-71%	6.2	-90%
Debenutres	0.1	0.1	-22%	0.1	–
Others	5.8	7.8	-25%	3.7	57%

- IB related commissions decreased 14% over the previous quarter amounting KRW12.1 bln. This is due to conservative business practices on new project financing deals, which fees are realized in 'other commissions'.
- Daewoo successfully managed the IPO of LG Innotek, and the corporate bond issuance of GS Caltex and Kia. In result, underwriting commissions increased 35% to record KRW5.6 bln.
- In the ABS business, on the back of differentiated structuring capabilities the company once again recorded the dominating 22% market share, leading the industry for 4 consecutive years.

IV. Investment Banking ② – Net Gain/Loss on Securities

Net Gain/Loss on Securities

(KRW bln)	FY08 2Q
Net Gain/Loss on Securities	-86.3
Bond	-62.8
Structured Securities, etc	-23.5

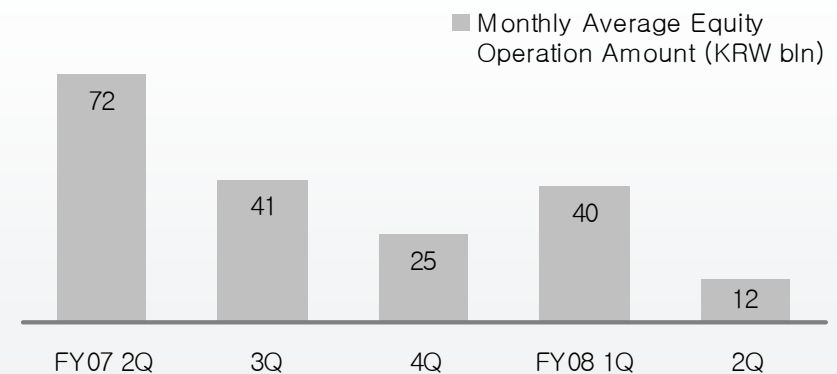
- Due to unfavorable conditions in the global financial market in the 2Q, interest rates on corporate bonds and bank debentures hiked and credit spread widened. Hence, Daewoo realized valuation loss in bonds amounting KRW62.8bln.
- Holding cash and cash equivalents amounting over KRW1 tn, the company secures sufficient liquidity. As Daewoo plans to hold these bond till maturity, the majority of these valuation losses will be recovered.

	June '08	September '08	Growth
Korea Treasury Bond (3Y)	5.90%	5.74%	-0.16pt
Bank Debentures (3Y)	6.40%	7.53%	+1.13pt
Interest Rate Swap (3Y)	5.73%	5.50%	-0.23pt
KTB-IRS Spread	-16.95pt	-24.00pt	-7.05pt

Investment Status

[as of Sep. '08 / KRW bln]	Invested Amount	No. of Deals	Representing Deals
Equity	237.0	21	Daewoo E&C (200bln), Renaissance #1 PEF, etc
Fixed Income	270.5	30	Project Financing, Convertible Bonds, Bond Warrants, etc.
Etc.	59.4	4	Infra, Real Estate related Funds
Total	566.9	55	

Proprietary Trading



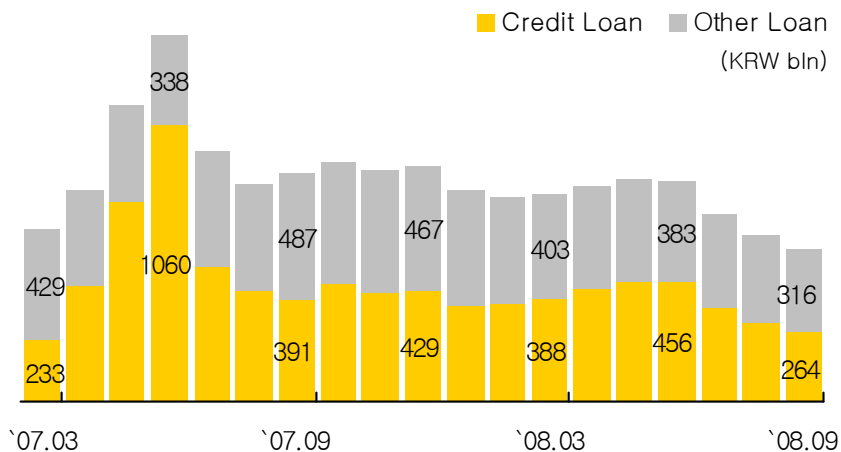
V. Interest Income & Client Assets

Interest Income

(KRW bln)	FY08 2Q	FY08 1Q	QoQ	FY07 2Q	YoY
Interest Income	59.2	64.8	-9%	47.4	25%

- Interest income includes interest on loans, bonds, deposits, receivables and etc.
- Interest income of 2Q decreased 9% quarter on quarter to record KRW59.2 bln, however excluding the dividend income realized in first quarter interest income figures are similar to that of the previous quarter.

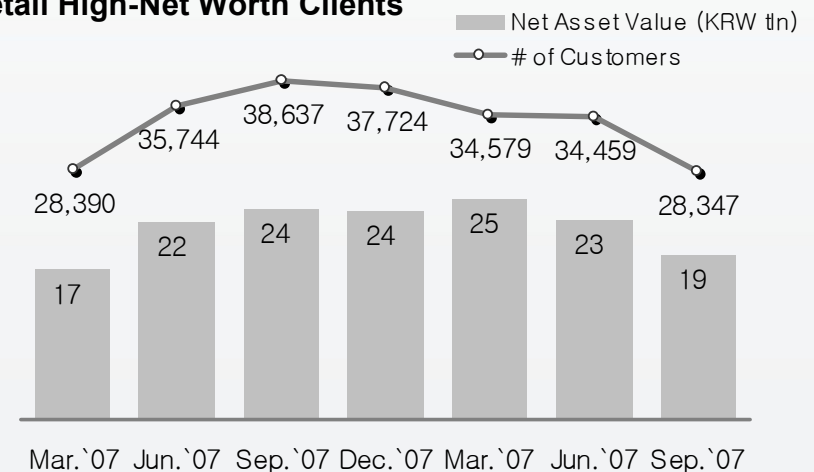
※ Client Loan Balance



Total Client Assets

(end-balance / KRW tln)	'08.09	'08.06	QoQ	'07.09	YoY
Securities in custody	52.7	58.8	-10%	67.2	-22%
Trustor securities in custody	45.2	50.2	-10%	59.7	-24%
Saver securities in custody	0.2	0.2	-	0.3	-33%
Beneficiary securities in custody	6.0	6.6	-9%	6.1	-2%
Others	1.2	1.8	-33%	1.0	-20%
Customer's deposit	1.2	1.2	-	1.6	-25%
Total	53.9	60.0	-10%	68.8	-22%

※ Retail High-Net Worth Clients

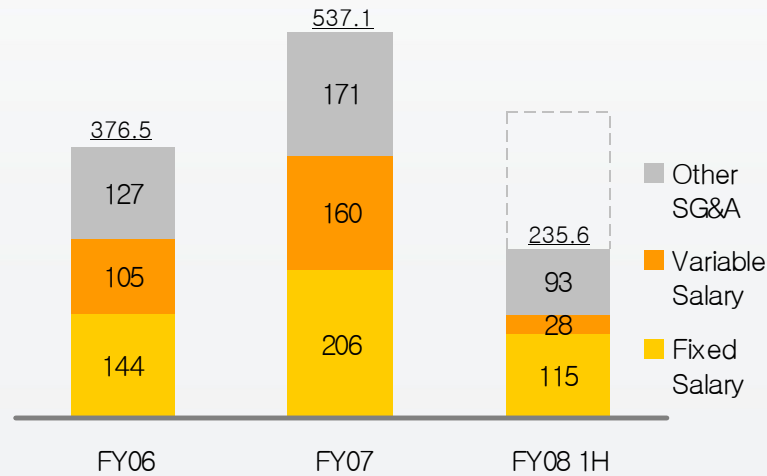
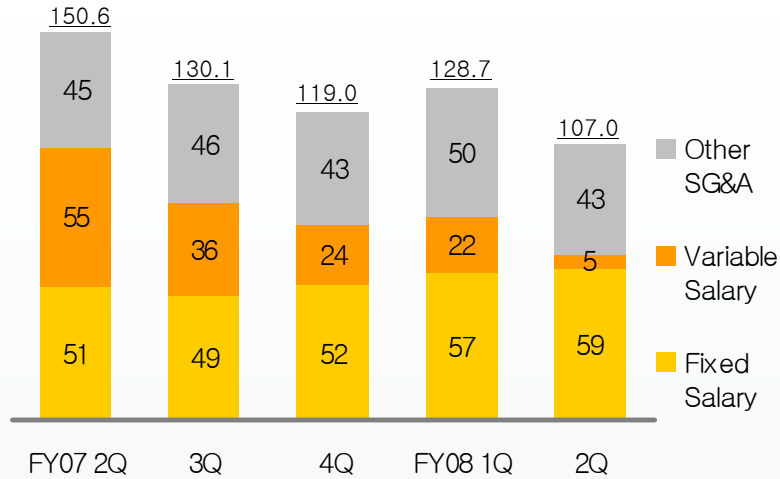


* 'High-Net Worth Clients' are retail clients holding more than KRW100 mln in assets

SG&A Expense

SG&A Expense

(KRW bln)

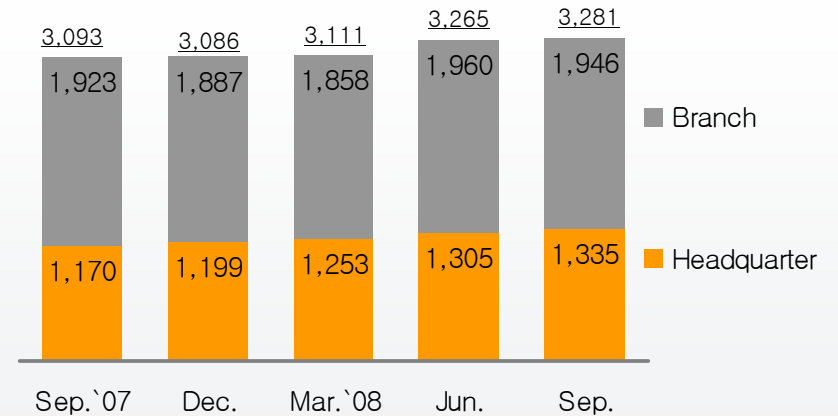


Highlights

- 2Q fixed salary stayed at a similar level with the previous quarter. Whereas variable salary dropped 76% to record KRW5.3 bln, mainly due to decreased incentive payments.
- As for SG&A expenses excluding salary, Daewoo recorded KRW96.4 bln, 14% decrease over the previous quarter in contribution to company-wide cost-cut efforts.

Number of Employees

(head count)



Summarized F/S & Ratios

Income Statement (KRW bln)	Annual				200609	200612	200703	200706	200709	200712	200803	200806	200809
	200503	200603	200703	200803									
Operating Revenue	824	1,858	2,765	3,693	767	624	687	955	1,152	822	816	1,011	882
Operating Expense	735	1,472	2,310	3,231	701	563	436	784	1,051	717	732	951	908
1. Net Commissions	262	598	437	724	101	109	112	203	192	196	134	153	121
● Brokerage Commissions	243	492	374	608	86	91	93	178	166	163	101	110	83
● IB Commissions	31	47	41	70	12	15	7	23	16	16	16	14	12
● WM Commissions	18	115	69	116	14	15	22	19	28	38	32	44	26
- Commissions on Structured Securities	0	96	46	77	9	9	16	11	19	25	23	34	17
▲ Commission Expense	29	56	46	70	11	12	11	16	18	20	15	15	17
2. Net gain/loss on valuation and sales of securities	37	36	105	74	14	4	84	68	9	-9	5	-33	-86
3. Interest Income	69	142	278	214	40	38	160	47	47	49	72	65	59
4. SG&A	282	390	370	537	89	91	102	137	151	128	121	129	107
5. Etc.	2	0	6	-13	0	0	6	-8	3	-4	-5	4	4
Operating Income	89	386	456	462	66	60	260	172	101	105	84	60	-26
6. Non Operating Income	-238	8	21	1	13	7	-14	0	1	-11	10	2	2
Net Income Before Income Tax	-149	395	471	463	80	68	243	172	102	94	95	62	-24
Income Tax Expense	0	-16	25	127	-10	2	34	51	28	28	21	18	-6
Net Income	-149	410	446	337	90	66	209	122	74	67	74	45	-18
EPS(KRW)	-783	2,131	2,318	1,743	474	348	1,070	640	390	352	742	940	28
Balance Sheet (KRW tln)													
Total Assets	5.05	6.50	9.00	12.07	8.93	9.20	9.00	10.78	11.07	11.96	12.08	13.70	14.09
Total Liabilities	3.75	4.76	6.89	9.66	7.08	7.29	6.89	8.63	8.78	9.62	9.66	11.32	11.75
Total Shareholder's Equity	1.29	1.73	2.11	2.43	1.85	1.91	2.11	2.16	2.29	2.34	2.43	2.38	2.34
Net Capital Ratio (NCR)													
Net Capital Ratio (%)	460%	592%	621%	482%	531%	514%	621%	513%	493%	495%	476%	463%	471%
Net working capital (KRW bln)	962	1,227	1,332	1,531	1,322	1,166	1,332	1,210	1,377	1,513	1,543	1,566	1,550
Risk-weighted assets (KRW bln)	209	207	214	318	249	227	214	236	280	306	324	339	329

대우증권 |  | **DAEWOO
SECURITIES**

Thank You

Daewoo Securities IR Team

Tel: +82-2-768-2103/ 3903

Fax: +82-2-768-2101

Email: irteam@bestez.com