

The **FINANCIAL LEADER**

# Daewoo Securities

1H FY2009

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# Company Information

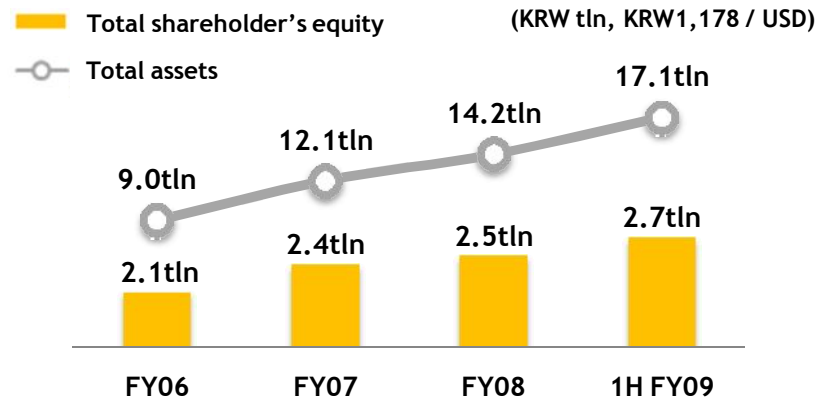
## History

- 1970. Sep - Established as Dong Yang Securities
- 1983. Oct - Renamed as Daewoo Securities
- 1999. Oct - Split from Daewoo Group
- 2000. May - Major shareholder changed to kdb
- 2009. Oct - Established kdb Holdings Company

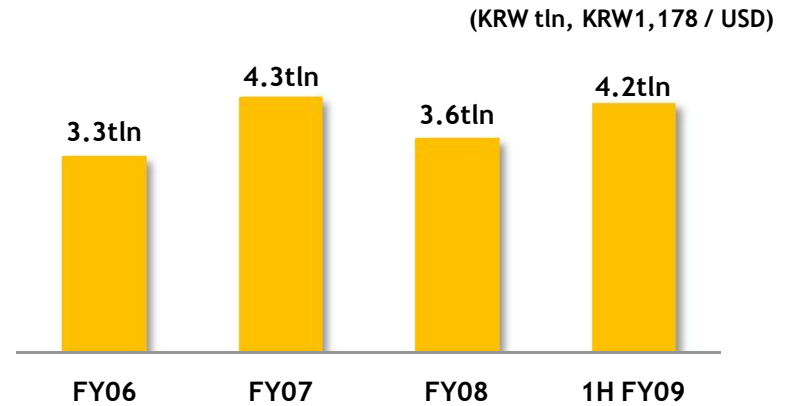
## Network

- Domestic - 124 Branches
- Overseas - 3 Overseas Subsidiaries (New York, London, Hong Kong)  
- 3 Regional Offices (Tokyo, Beijing, Ho Chi Minh)

## Financials

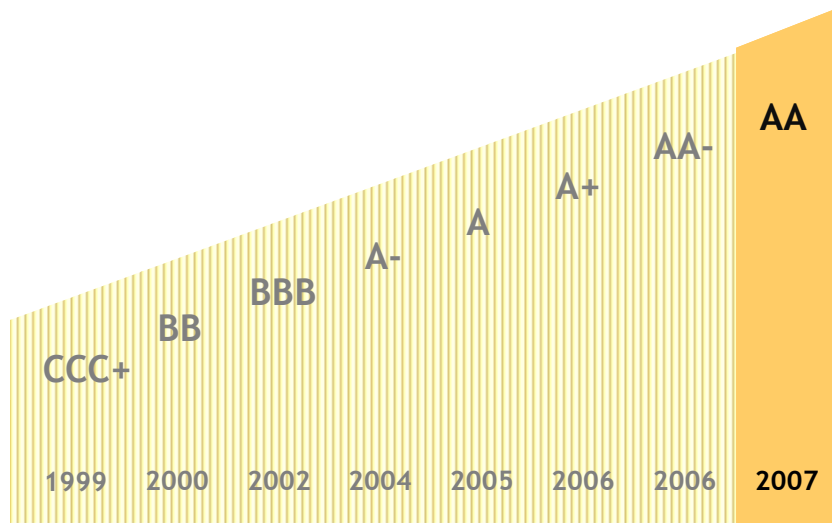


## Market Capitalization



# Company Information

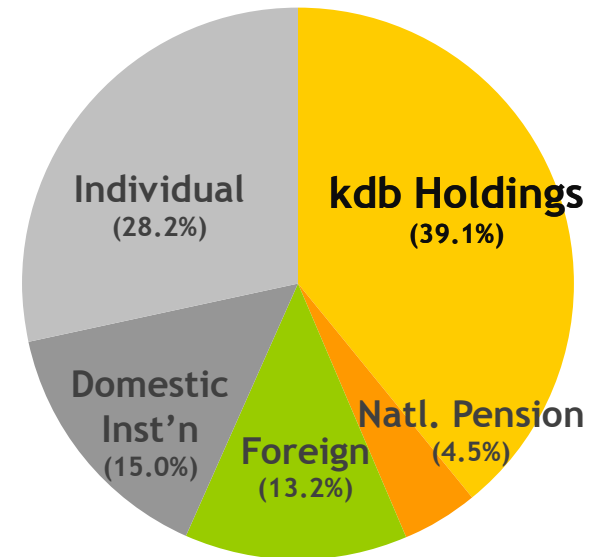
## Credit Rating



\* Source : Korean Credit Ratings

- Maintained the top credit rating in the sector

## Shareholder Structure



\* Common shares, As of Oct. 2009

- Well diversified shareholder structures
  - Major 39.1%, Inst'l Investors 32.7%, Individuals 28.2%

# 1HFY09 Earnings Highlights

- **DWS took market leadership, posting net income of USD 212 mln (KRW 250 bln)**

## Retail Brokerage

- High-margin retail brokerage maintained market leadership, further widening its lead over the second-largest firm.
  - 1HFY09 Retail brokerage M/S (based on commissions): 12.6% (gap w/ 2<sup>nd</sup> ranked co: 2.4%p)

## Wholesale Brokerage

- Wholesale brokerage (both domestic and international) obtained the largest market share
  - 1HFY09 Wholesale brokerage M/S (based on trading value): domestic 5.7%, international 4.4%

## WM

- Achieved the highest asset growth from WM products (including ELS, wrap, RP)
  - 1HFY09 WM assets: USD 26.9 bln (KRW31.7tn, up 14% QoQ)

## IB

- Expanded market dominance in high-valued segments such as ECM & advisory
  - 1HFY09 Commissions in ECM and advisory: USD 19.6 mln (KRW23.1bln, up 160% QoQ)

## Sales & Trading

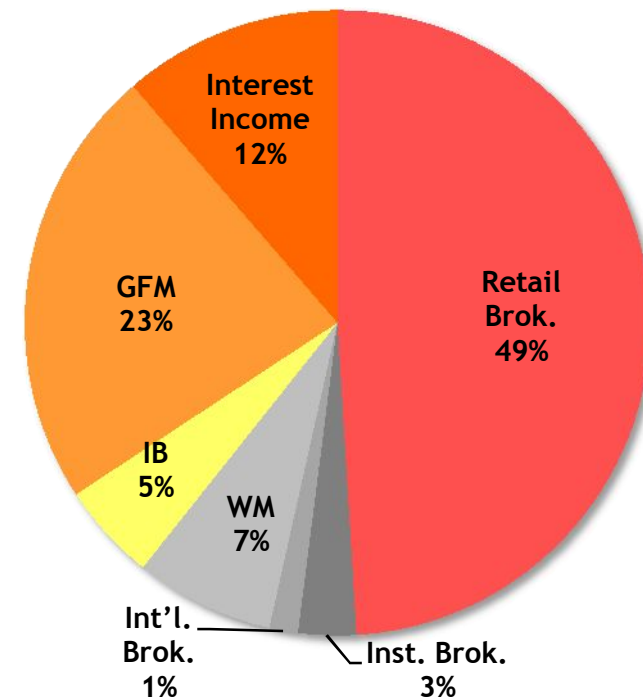
- Earnings contribution increased on the back of strength in developing structured securities and extensive retail sales network
  - 1HFY09 Revenue in sales and trading: USD 94.7 mln (KRW111.5bln)

# Financials

## Securing stable income structure through :

(W bn, %)	1HFY07	2HFY07	1HFY08	2HFY08	1HFY09
Operating revenue	565	451	262	441	522
Brokerage commissions	343	265	193	201	323
IB commissions	38	30	19	23	37
WM commissions	47	69	70	35	58
• Structured securities	30	47	51	19	36
Gain/loss on sales and valuation of securities	77	1	-116	69	-13
Interest income/loss	94	122	124	139	156
△ Commission expenses	-33	-35	-28	-27	-38
SG&A expenses	288	249	236	243	288
Others	-5	-13	7	-28	6
<b>Operating income</b>	<b>273</b>	<b>189</b>	<b>34</b>	<b>170</b>	<b>239</b>
Non-operating income	1	-	4	25	10
<b>Net income (before tax)</b>	<b>274</b>	<b>189</b>	<b>38</b>	<b>195</b>	<b>250</b>

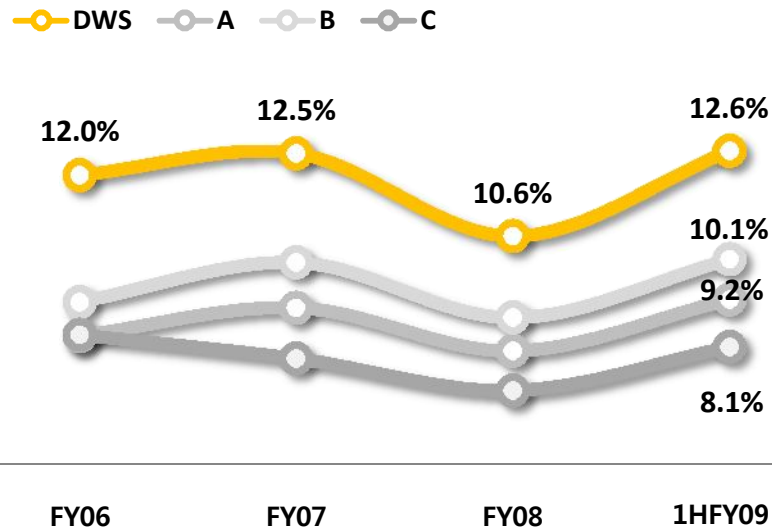
## 1HFY09 Revenue Structure



# Performance by Division – Retail

## Reaffirmed uncontested No.1 position

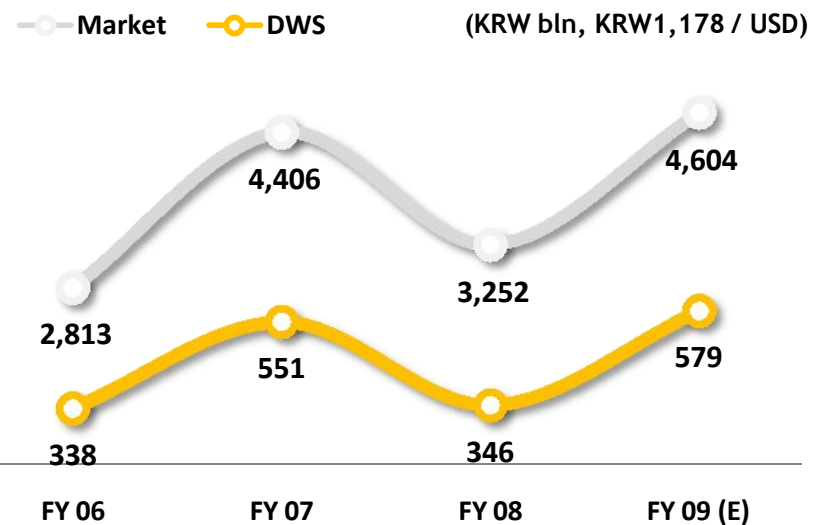
### Retail brokerage M/S (by commission)



- Due to the outstanding performance of sales brokers, DWS reaffirmed its uncontested No.1 spot in retail brokerage (based on commissions), widening the gap with 2nd ranked CO.

※ Gap w/t 2nd ranked co.: **1.6%p** (2HFY08) → **2.4%p** (1HFY09)

### DWS commission revenue in retail brokerage market



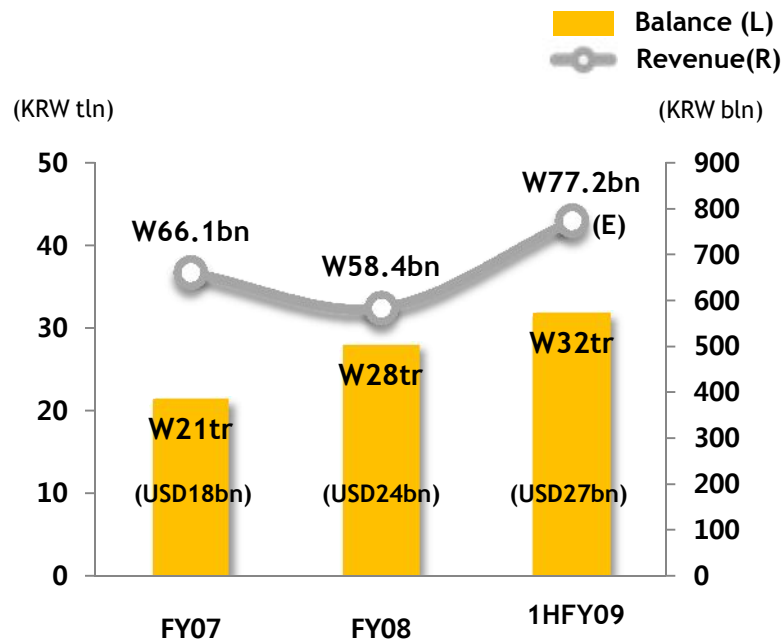
\* FY09(E) : annualized estimate

- DWS's commission revenue has continued to rise in line with the rise in total retail brokerage market revenue
- 1HFY09 cumulative brokerage commission revenue: W289.3bln

# Performance by Division – Retail

## Recorded solid growth in WM revenue and assets

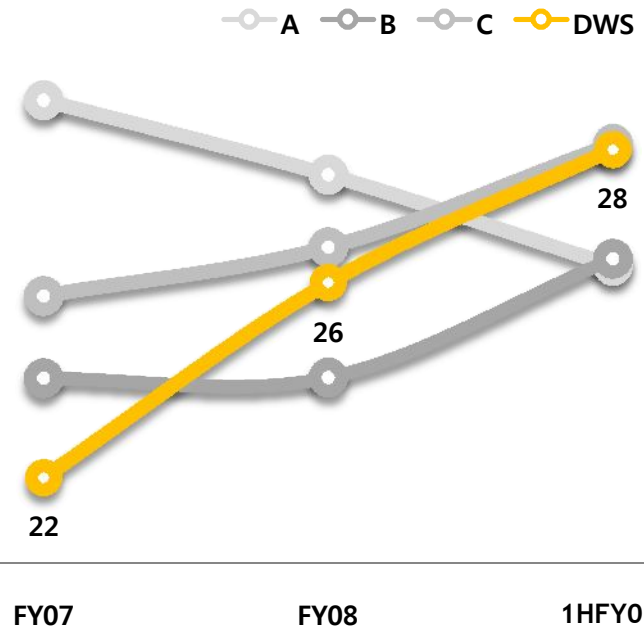
**WM revenue and balance trend** (KRW1,178 / USD)



\* FY09 revenue : annualized estimate

- **WM commission revenue reached W38.6bn, up 48%** over 2HFY08 by providing competitive WM products which meet customer needs

**DWS WM assets against peers** (KRW tln, KRW1,178 / USD)



\* By balance of major WM products

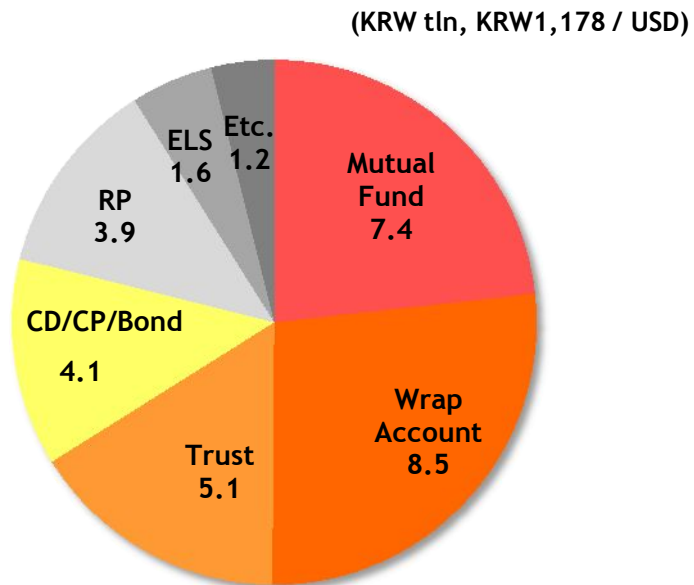
- **Recorded the fastest WM asset growth in the sector** as the balance of WM products posted a sharp increase.



# Performance by Division – Retail

## Establish a diversified WM portfolio

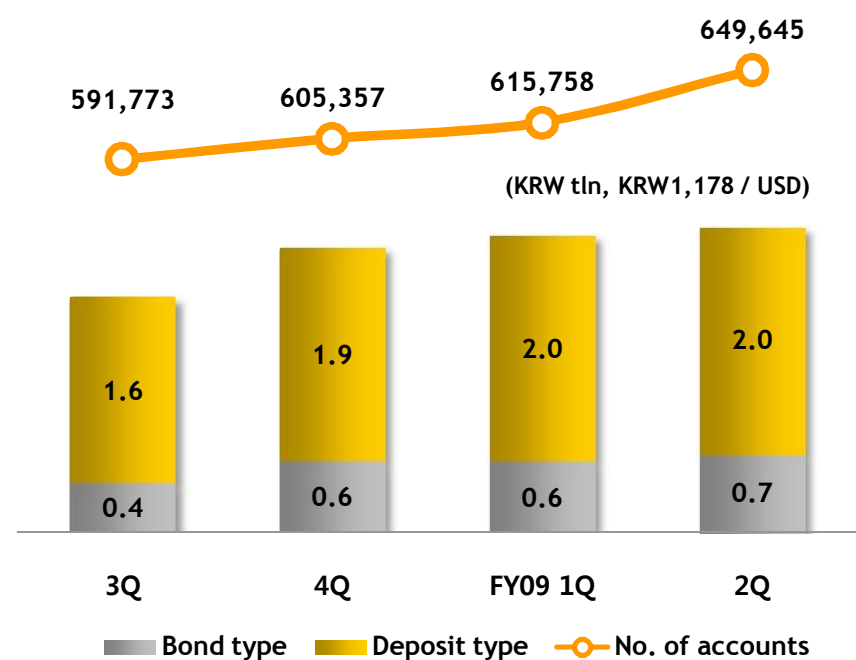
WM products (as of end Sep. 2009)



\* Etc. : REITs, vessel-related fund and etc.

- DWS has **established a diversified WM portfolio** as internally managing products such as RP, ELS, and wrap accounts continue to grow based on strength in WM product development and sales capacity.

CMA balance & accounts

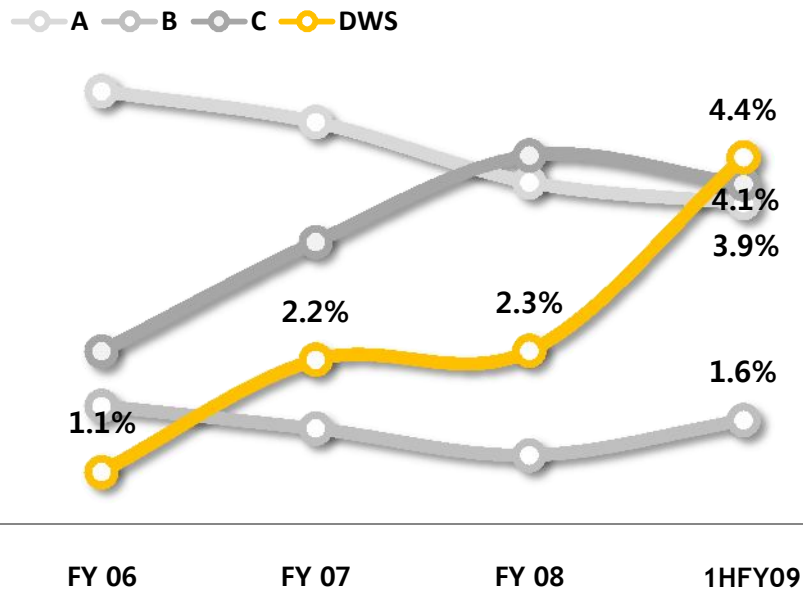


- DWS has **expanded its client base without taking risks** by commissioning the Korea Securities Finance Corporation to manage most funds in DWS's CMA accounts.

# Performance by Division – Wholesale

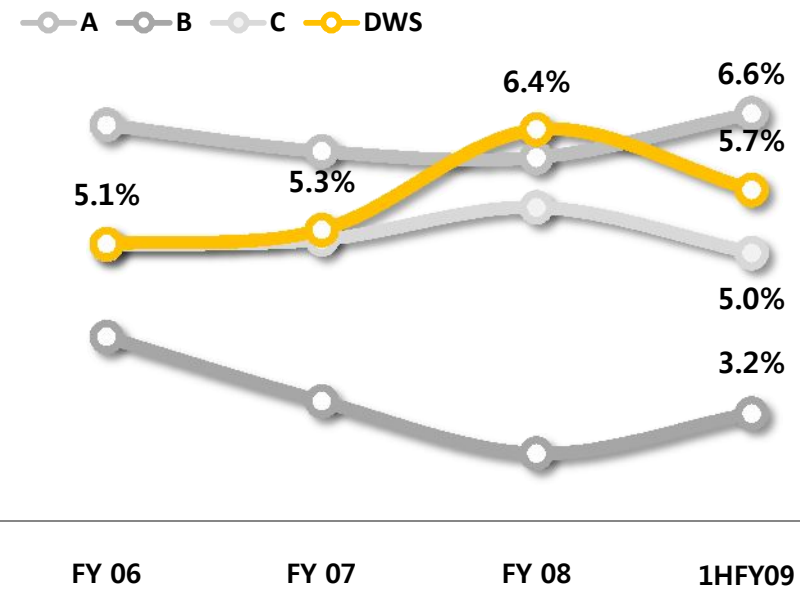
## Secured the leading position in the wholesale brokerage market

International wholesale brokerage M/S by turnover



- Int'l wholesale's M/S rose to 4.4% in 1HFY09, ranking 1<sup>st</sup> in international wholesale brokerage. The stellar performance was attributable to our efforts in customer service, including increased NDR and sales marketing activities, and publication of quality English research reports

Domestic wholesale brokerage M/S by turnover



- Maintained high M/S through 1) strong manpower and 2) differentiated sales activities based on tight collaboration with Research Center
  - ※ Selected as 'the Best Institutional Sales Team' for fourth straight years by Hankyung Business Weekly

## Performance by Division – IB

Dominated in value-added businesses, including ECM and Advisory

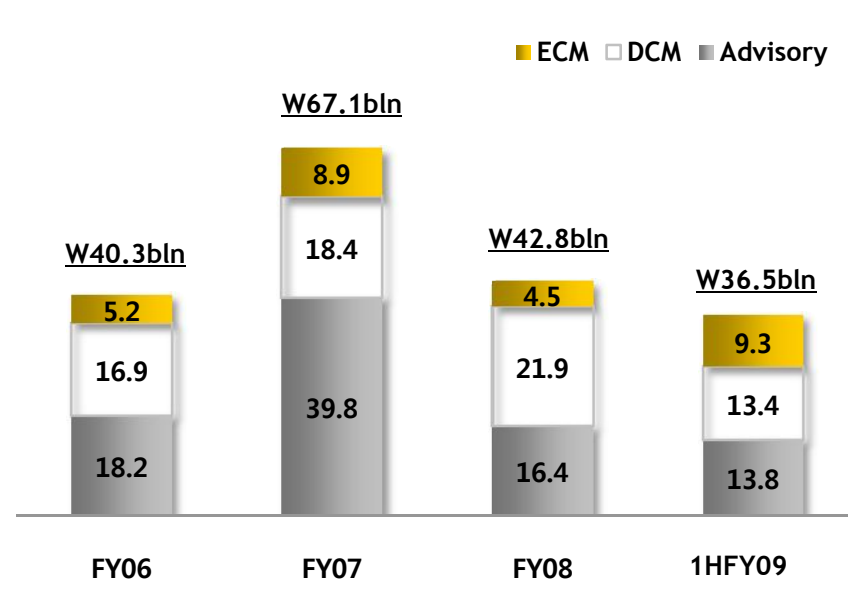
Domestic IB league table (1HFY09)

IPO			Right Offerings		
Rank	Book runner	M/S	Rank	Book runner	M/S
1	A	27.4%	1	A	9.5%
2	Daewoo Securities	13.7%	2	B	9.2%
3	B	13.2%	4	Daewoo Securities	9.2%
ABS			Mezzanine		
Rank	Book runner	M/S	Rank	Book runner	M/S
1	Daewoo Securities	16.6%	1	A	25.3%
2	A	9.8%	2	Daewoo Securities	14.2%
3	B	9.7%	3	B	9.0%

\* Source : FSS (dart.fss.or.kr)

IB commission revenue

(KRW bln, KRW1,178 / USD)



- 1HFY09 Commission revenues soared by 56% to W36.5bn from 2HFY09, backed by extensive customer network and strength in ECM
- Major deals secured during this period include rights offering by Hynix, BW issuance by STX Offshore and Shipbuilding, and IPO by Dongah Geological Engineering

### Outstanding track record arising from massive deals

#### Participation in major deals in Korean capital market



- 1<sup>st</sup> life insurance firm listed  
- KRW 340bln (USD 289mln)



- Largest rights offering in 1HFY09  
- KRW 725bln (USD 615mln)



- Major rights offering in 1HFY09  
- KRW 80bln (USD 68mln)



- Largest mezzanine deal in 1H  
-KRW 400bln (USD 340mln)



- Major mezzanine deal in 1H  
-KRW 350bln (USD 297mln)

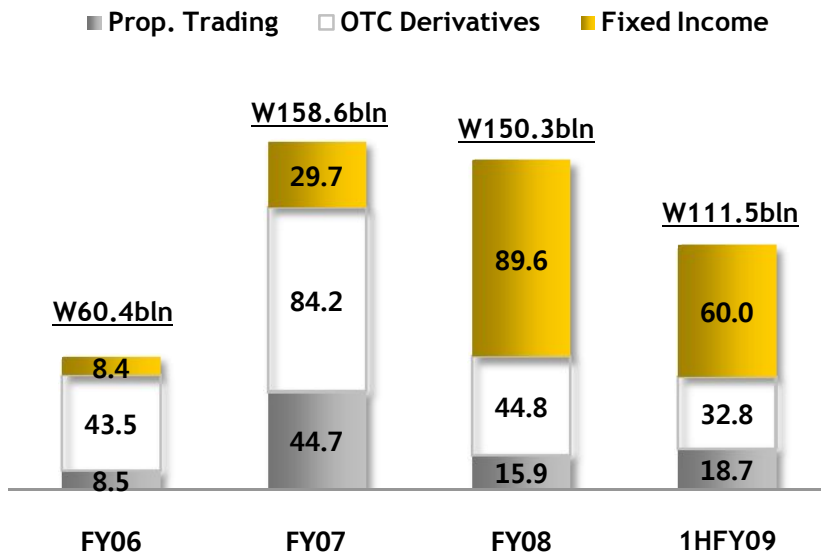


- Major mezzanine deal in 1H  
- KRW 180bln (USD 153mln)

# Performance by Division – Global Financial Market

## Sales & Trading turns into a new growth engine

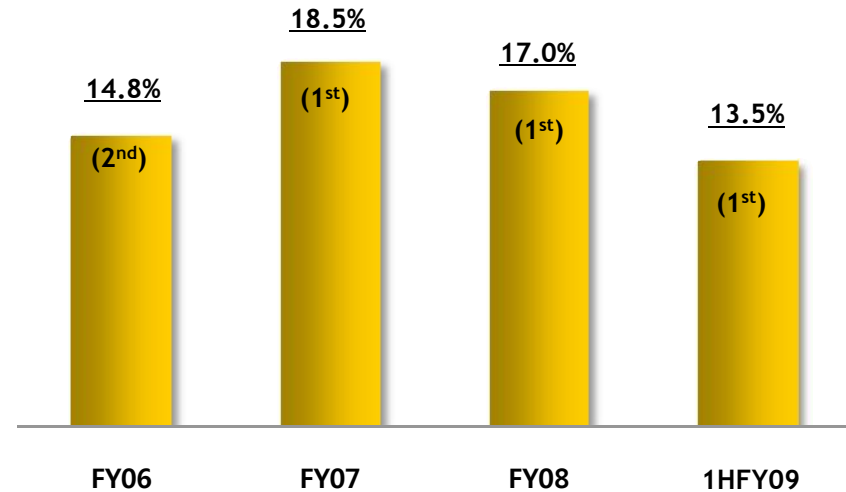
### Sales & Trading revenue (KRW bln, KRW1,178 / USD)



- Sales & Trading division recorded W111.5bln in revenue on the back of its strength in structured securities and extensive sales network

(75% of last year's revenue already reached in just six months)

### ELS M/S & Rank



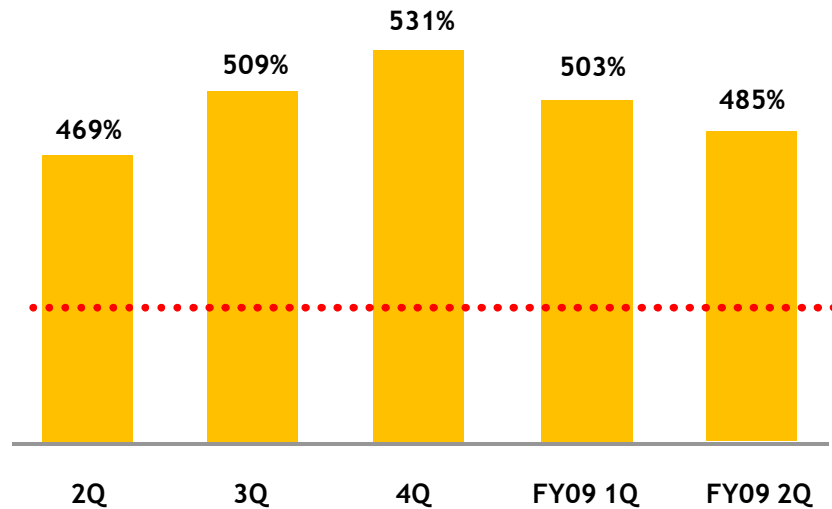
- **No. 1 in M/S** for three consecutive years despite intensifying competition, thanks to timely launch of new products and excellent management performance

※ Gap w/ 2nd ranked co.: 0.8%p in 2H08 → 2.3%p in 1H09

# Performance by Division – Global Financial Market

## Stable asset management based on tight internal risk management

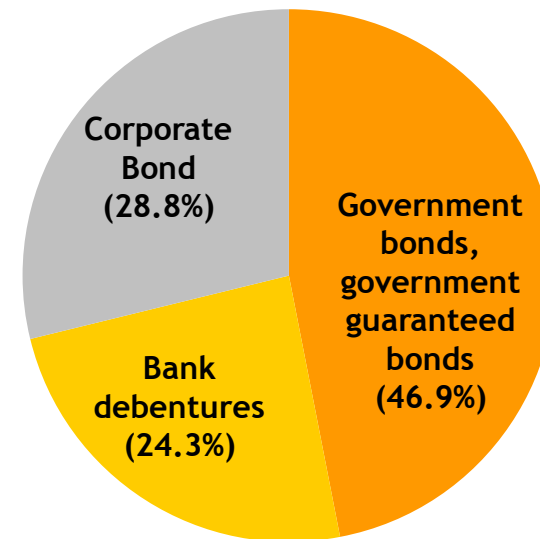
### NCR



..... 300% NCR (based on OTC derivatives license)

- Maintain **stable NCR** by exceeding 300% required by Financial Supervisory Service for OTC derivatives management

### Bond portfolio (as of Sep. 2009)



- **Over 95% of total portfolio are bonds with an A grade or above** (50% in government and government-guaranteed bonds)

# Appendix - Brand Recognition

## Strong brand power in all core businesses

### Best securities firm · research house

- Korea Economic Daily  
'Best Securities firm · Research House · Institutional Broker of first half 2009'
- Maeil Economic Daily  
'Best Research House of first half 2009'



### International awards

- Asiamoney [JUN 2009, 2004 ~ 2007]  
'Best Equity House in Korea'
- FinanceAsia [JUN 2009]  
'2009 Best Equity House in Korea'
- The Asset [SEP 2006]  
'2006 Best Bond House in Korea'



### Renowned awards

- Seoul Economy Daily  
'Grand Prize in Customer Satisfaction' at 2008 Korea Securities Awards' [Dec 2008]
- Korea Productivity Center  
'No.1 Securities House' on 2007 National Customer Satisfaction Index [Dec 2007]
- Korea Chamber of Commerce and Industry  
'13th Corporate Innovation Awards' [Nov 2006]



### Recognized in IB business

#### 'MONEYTODAY' Korea IB Awards

- 5<sup>th</sup> : Best Structured Security of the Year [May 2008]
- 4<sup>th</sup> : Best PI/PEF Deal of the Year [April 2007]
- 3<sup>rd</sup> : Best Lead Manager of the Year [April 2006]
- 2<sup>nd</sup> : Best Lead Manager of the Year [March 2005]
- 1<sup>st</sup> : Best Deal, Bond House, M&A company of the Year [May 2004]



# Appendix - Summarized Financial Statements

## Annual base

[KRW bln]	Annual			
	FY2005 (06.03)	FY2006 (07.03)	FY2007 (08.03)	FY2008 (09.03)
Operating Revenue	776	820	1,016	703
Brokerage Commissions	492	372	608	394
IB Commissions	47	40	67	43
WM Commissions (Structured Securities)	115 96	69 46	116 77	104 71
Gain or Loss of Sales and Valuation of Securities	36	103	78	-47
Interest Income/Loss	142	280	215	263
Commission Expense	-56	-44	-68	-55
SG&A	390	370	537	478
Others	0	5	-17	-21
<b>Operating Income</b>	<b>386</b>	<b>456</b>	<b>462</b>	<b>204</b>
Non Operating Income	8	15	1	30
<b>Net Income Before Income Tax</b>	<b>395</b>	<b>471</b>	<b>463</b>	<b>233</b>
Income Tax Expense	-16	25	126	53
<b>Net Income</b>	<b>410</b>	<b>446</b>	<b>337</b>	<b>181</b>
<b>Balance Sheet (KRW tln)</b>				
Total Assets	6.50	9.00	12.07	14.23
Total Liabilities	4.76	6.89	9.66	11.74
Total Shareholder's Equity	1.73	2.11	2.43	2.49
<b>Net Capital Ratio (NCR)</b>				
Net Capital Ratio (%)	592%	621%	489%	531%
Net working capital (KRW bln)	1,227	1,332	1,565	1,917
Risk-weighted assets (KRW bln)	207	214	320	361

## Quarterly base

Net Quarter								
2QFY07	3QFY07	4QFY07	1QFY08	2QFY08	3QFY08	4QFY08	1QFY09	2QFY09
248	236	215	185	77	229	212	291	231
166	163	101	110	83	99	101	173	149
15	15	15	12	8	10	13	23	14
28	38	32	44	26	16	19	32	26
19	25	23	34	17	9	10	22	15
9	-9	9	-33	-83	50	19	4	-17
47	50	72	65	59	63	76	78	78
-17	-21	-14	-13	-15	-9	-18	-19	-19
151	128	121	129	107	123	120	134	154
3	-4	-9	4	4	-13	-15	-2	7
<b>101</b>	<b>105</b>	<b>85</b>	<b>60</b>	<b>-26</b>	<b>93</b>	<b>77</b>	<b>155</b>	<b>84</b>
1	-10	10	2	2	20	6	5	6
<b>102</b>	<b>94</b>	<b>95</b>	<b>62</b>	<b>-24</b>	<b>113</b>	<b>83</b>	<b>160</b>	<b>90</b>
28	27	-7	18	-6	28	13	39	23
<b>74</b>	<b>67</b>	<b>102</b>	<b>45</b>	<b>-18</b>	<b>84</b>	<b>70</b>	<b>121</b>	<b>66</b>
11.07	11.96	12.08	13.70	14.09	13.07	14.23	15.80	17.15
8.78	9.62	9.66	11.32	11.75	10.68	11.74	13.22	14.48
2.29	2.34	2.43	2.38	2.34	2.39	2.49	2.58	2.67
492%	495%	489%	461%	469%	509%	531%	503%	485%
1,374	1,513	1,565	1,562	1,552	1,635	1,917	2,083	2,118
280	306	320	339	331	321	361	414	437





Thank you