



KDB Daewoo Securities

3Q FY2012 Earnings Release

February 2013

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



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3Q FY12 Operating Summary

Posted pretax profit of W19.2bn for 3Q FY12

Revenue Structure

(Unit : Wbn)	FY11 4Q	FY12 1Q	FY12 2Q	FY12 3Q
Net Operating Revenues	241	167	212	151
Brokerage	93	57	66	58
Wealth Management	28	24	25	25
Investment Banking	14	7	9	10
Sales & Trading	110	77	126	84
Interest Income	15	8	2	-5
Others	-9	-2	-13	-15
△ Commission Expenses	-9	-4	-5	-6
SG&A Expenses	130	147	152	131
Operating Profit	112	20	60	20
Non-Operating Profit	-3	9	7	-1
Profit Before Tax Expenses	109	29	66	19
Tax Expenses	28	4	15	6
Net Profit	81	24	52	13

Key Points

Brokerage

- ❖ Slowdown in brokerage commissions attributable to decrease in trading volume (↓ W0.3tr QoQ) and retail participation (↓ 2.0%p QoQ)
- ❖ Revenues : W66.2bn → W58.1bn (↓ 12.3% QoQ)

Wealth Management

- ❖ Revenues remained stable QoQ on W48tr in WM assets (↑ W5tr YoY)
- ❖ Revenues : W25.2bn → W25.2bn (flat QoQ)

Investment Banking

- ❖ Revenues improved on the back of overall increase in commissions from IPOs and rights offerings amid slight recovery of ECM market
- ❖ Revenues : W9.3bn → W9.8bn (↑ 6.2% QoQ)

Sales & Trading

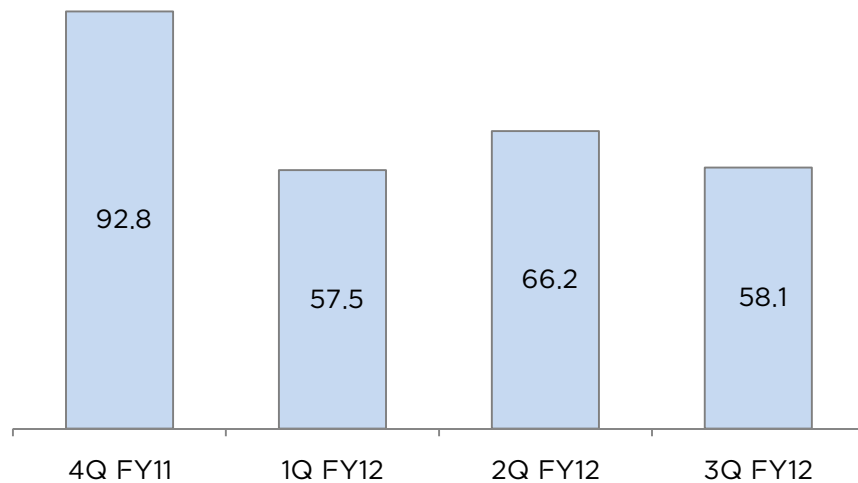
- ❖ Revenues fell on 1) subdued volatility in the bond market and 2) non-recurring losses
- ❖ Revenues : W126.5bn → W83.6bn (↓ 33.9% QoQ)

Performance by Business : Brokerage

Overall M/S increased despite difficult business environment

Brokerage Revenues

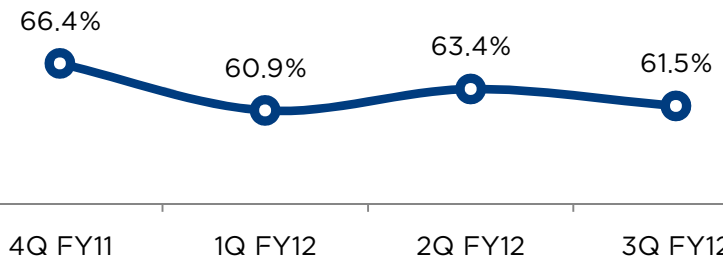
(Unit : Wbn)



❖ Although overall M/S increased (pg. 5), brokerage commissions decreased W8.1bn QoQ to W58.1bn attributable to decrease in trading volume (↓ 5%) and retail participation rate¹⁾ (↓ 2.0%p)

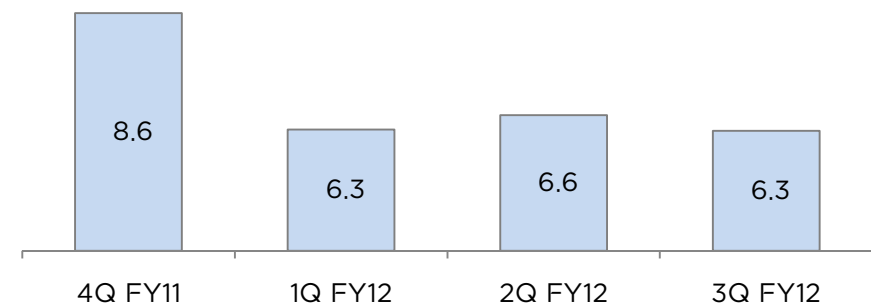
1) Net sold in KOSPI by retail investors: W9.3tr (2QFY12), W3.0tr (3QFY12)

Retail Participation



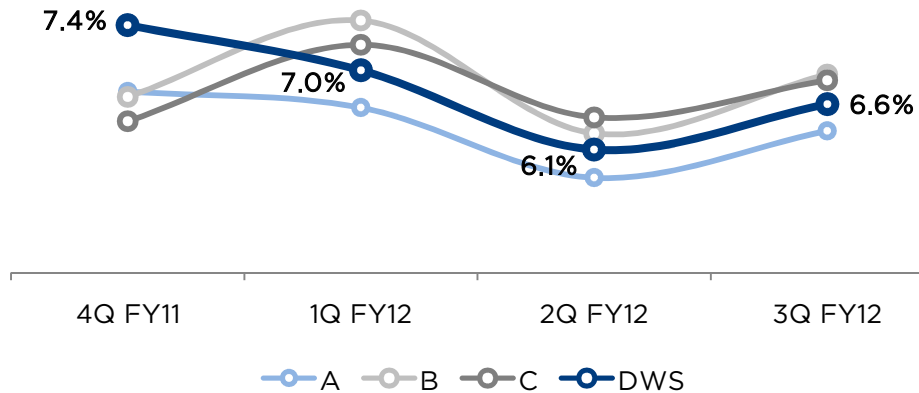
Average Daily Trading Volume (excl. ELW)

(Unit : Wtr)

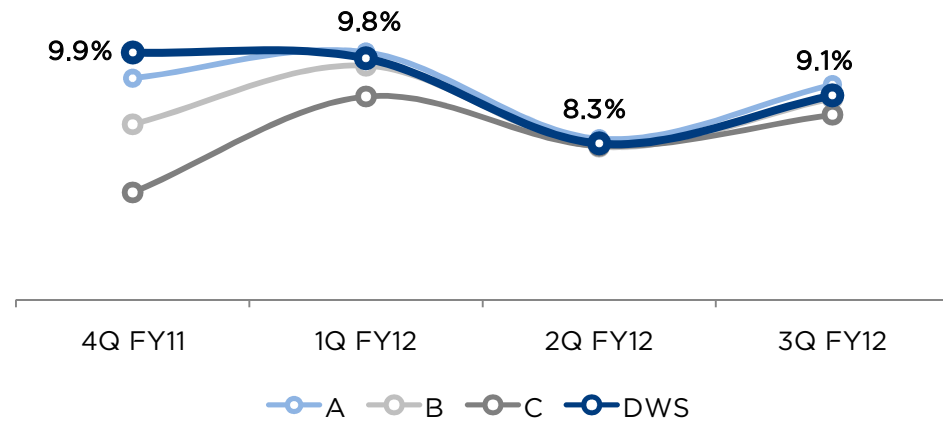


Performance by Business : Brokerage

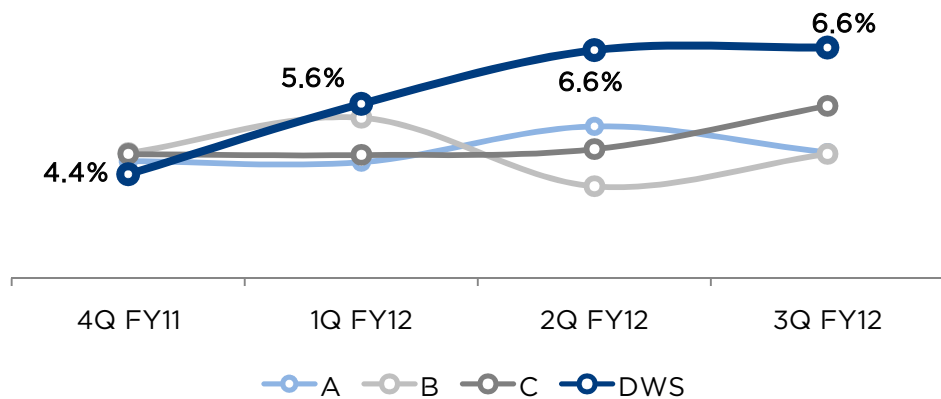
Total Brokerage M/S (by commission)



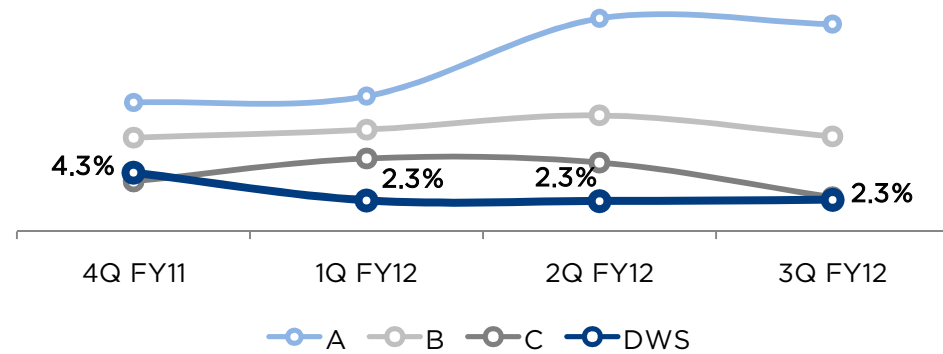
Retail Brokerage M/S (by commission)



Domestic Wholesale Brokerage M/S (by turnover)



Int'l Wholesale Brokerage M/S (by Turnover)



Performance by Business : Wealth Management

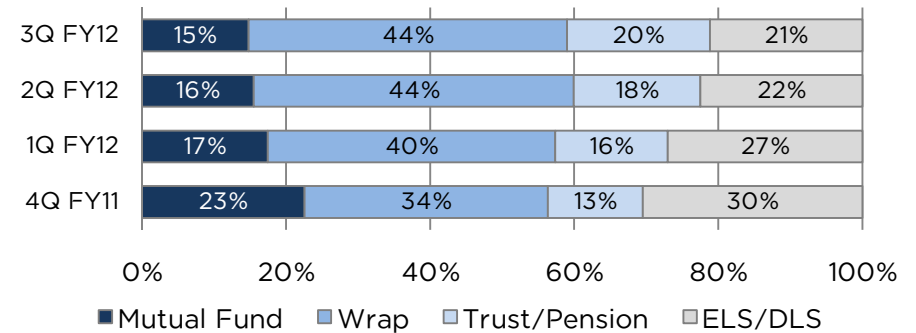
Stable profits on the back of well-diversified WM assets

WM Revenues

(Unit : Wbn)

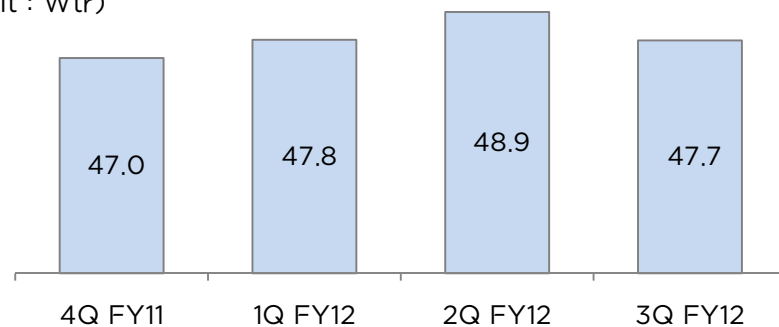


WM Revenues Breakdown

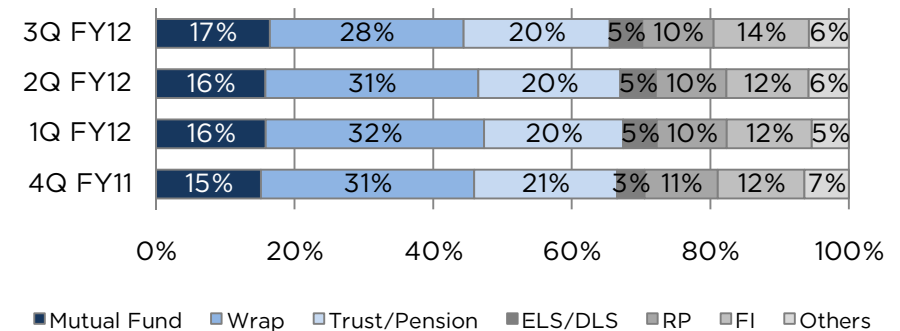


WM Assets

(Unit : Wtr)



WM Balance Composition

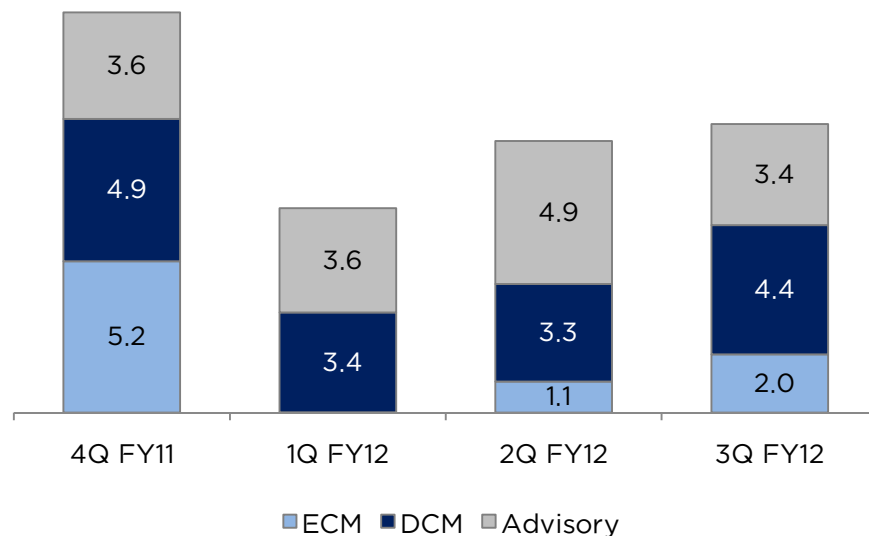


Performance by Business : Investment Banking

IB commissions improved on IB market recovery

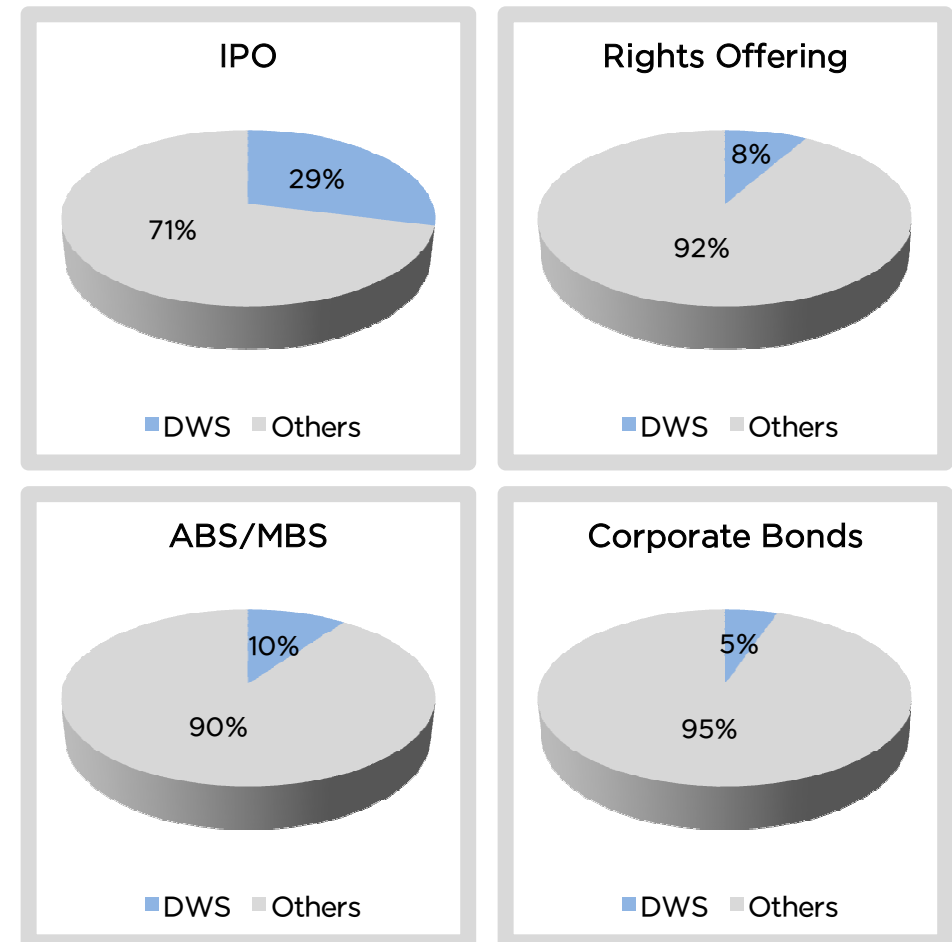
IB Commissions

(Unit : Wbn)



- ❖ IB commission revenues increased W0.5bn QoQ to W9.8bn on the back of increased commission revenues including IPO and rights offering from slight recovery of ECM market
- ※ ECM market size : W0.4tr (2Q FY12) → W1.4tr (3Q FY12)
- ❖ Main deals in 3Q : IPO (CJ HelloVision), rights offerings (Lotte Insurance, Hyundai Merchant Marine)

IB Market Share (CY12 Accumulated)

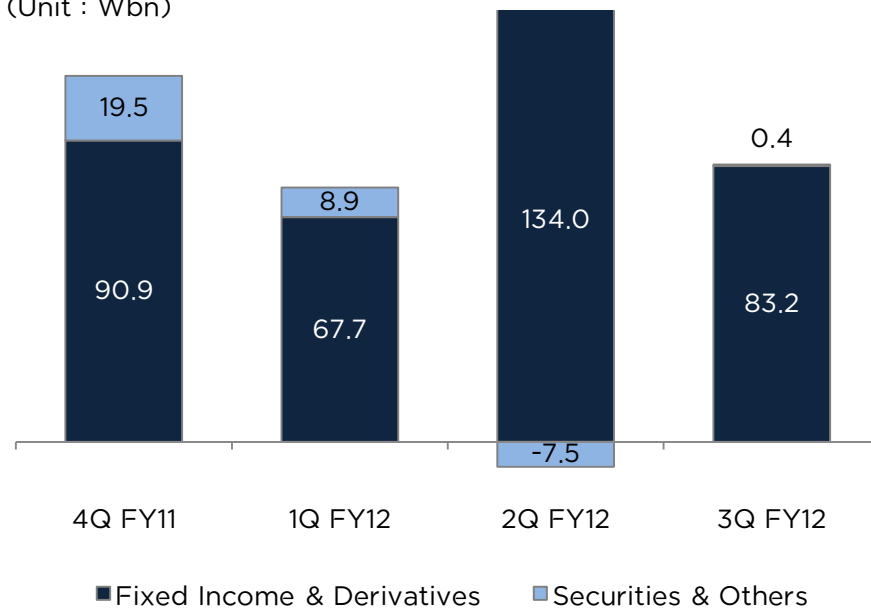


Performance by Business : Sales & Trading

Sluggish revenues due to unfavorable trading environment

S&T Revenues

(Unit : Wbn)



❖ Revenue from trading of Fixed Income & Derivatives and Securities & Others was W83.2bn (incl. W73.2bn of interest income) and W0.4bn, respectively

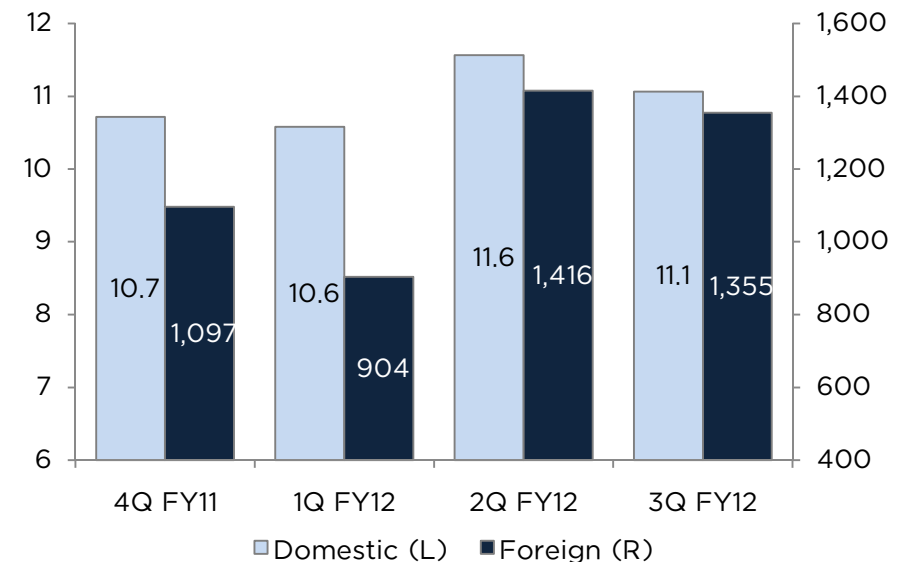
1) Includes reduction loss related to Kumho Industry: W9.5bn

❖ S&T revenues : W83.6bn (↓ W42.9bn QoQ)

Fixed Income Balance

(Unit: Wtr)

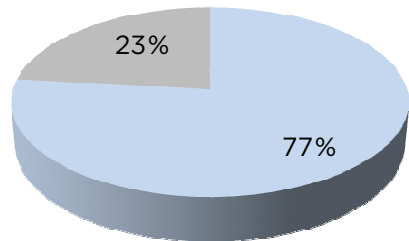
(Wbn)



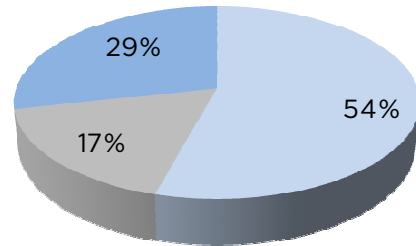
❖ Trading revenues fell mainly due to subdued volatility in the bond market, non-recurring losses related to Kumho Industry, and ex-dividend effects of ELS

Performance by Business : Sales & Trading

Fixed Income Portfolio



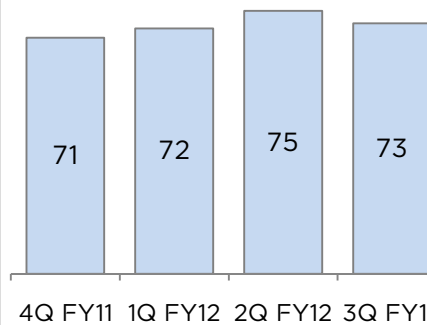
■ Trading Securities
■ Available for Sales



■ Gov't & Gov't Guaranteed Bonds
■ Bank Debentures
■ Others

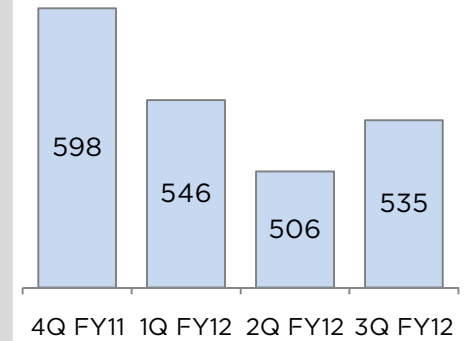
Interest Income

(Unit : Wbn)



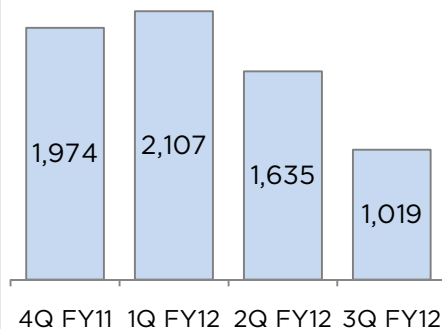
Net Capital Ratio

(%)



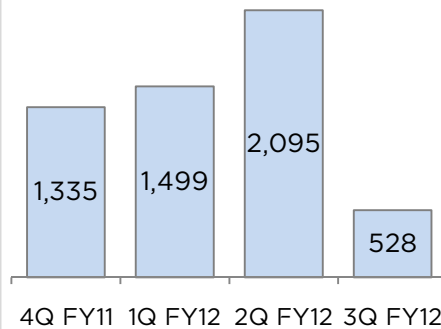
ELS Issuance

(Unit : Wbn)



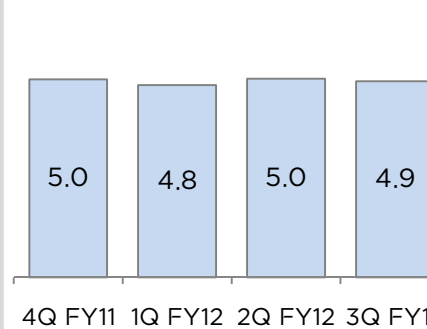
DLS Issuance

(Unit : Wbn)



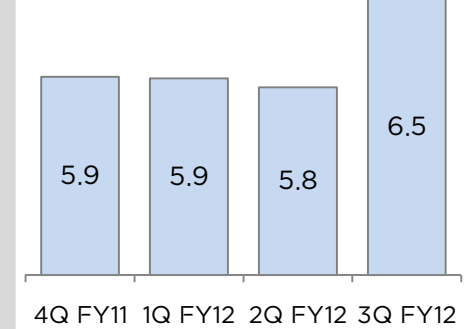
RP Account Balance

(Unit : Wtr)



FI Account Balance

(Unit : Wtr)





Appendix

Company Information

Global Network

Key Financials

Company Information

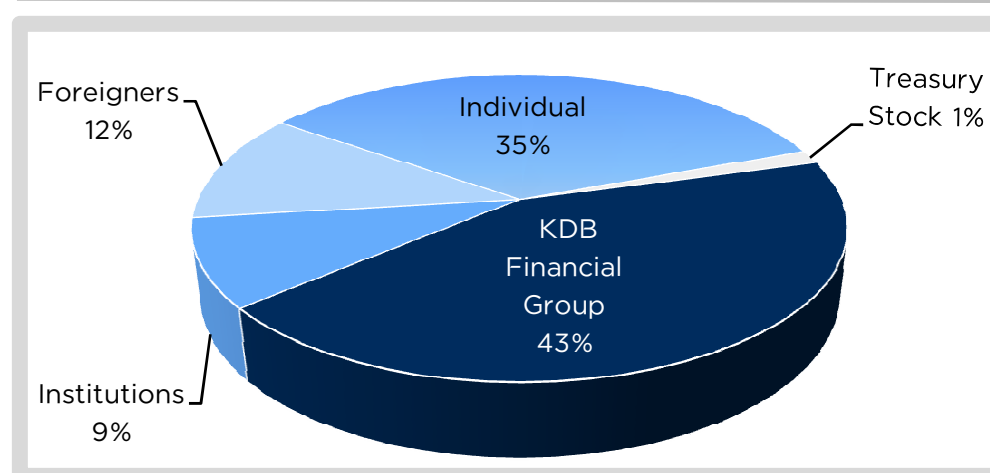
General

President & CEO		Kibum Kim
Date Established		23 September 1970
Date of Listing		30 September 1975
No. of Shares	Common	326,700,891 Shares
	Preferred	14,075,750 Shares
Paid-in-Capital		W1.7tr
No. of Employees		3,150
Domestic Network		107 Branches
Global Network	Overseas Subsidiaries	Hong Kong (1994), London (1991), New York (1992), Singapore (2012)
	Investment Advisory	Beijing (2011)
	Branch Office	Tokyo (2011)
	Rep. Offices	Beijing (2008), Shanghai (2010), Ho Chi Minh (2007)
Credit Rating		AA+ Stable (3 Domestic Rating Agencies) Baa2 Stable (Moody's)
Headquarters Address		Gukjegeumyung-ro 56, Yeongdeungpo-Gu, Seoul

History

September 1970	Established as Dong Yang Securities
September 1975	IPO
October 1999	Split from Daewoo Group
October 2009	Launch of KDB Financial Group; KDB Financial Group becomes major shareholder
November 2011	Capital Increase (W1.12tr)

Shareholder Structure (as of 31 March 2012)



Global Network

KDB Daewoo Securities (Hong Kong) Ltd.

Date Established	29 September 1994
Managing Director	Ki Young Kim
No. of Employees	42
Paid-in-Capital	USD 300 mn
Main Business	Brokerage, Prop. Trading, Underwriting, Advisory

KDB Daewoo Securities (America) Inc.

Date Established	7 July 1992
Managing Director	Hee Kwon Kim
No. of Employees	13
Paid-in-Capital	USD 12 mn
Main Business	Brokerage, Prop. Trading, Advisory

KDB Daewoo Securities (Europe) Ltd.

Date Established	3 May 1991
Managing Director	Tae Joong Lim
No. of Employees	9
Paid-in-Capital	USD 18.4 mn
Main Business	Brokerage, Prop. Trading, Underwriting, Advisory

KDB Daewoo Securities (Singapore) Pte. Ltd.

Date Established	12 July 2012
Managing Director	Bo Sung Choi
No. of Employees	5
Paid-in-Capital	SGD 10 mn
Main Business	Brokerage

KDB Daewoo Investment Advisory Co., Ltd.

Date Established	19 August 2011
Managing Director	Kang Won Choi
No. of Employee	4
Paid-in-Capital	USD 5 mn
Main Business	Advisory for Chinese Companies' IPO in Korea, Advisory for Investment

Other Networks

China	Beijing / Shanghai Representative Offices
Vietnam	Ho Chi Minh Representative Office
Japan	Tokyo Branch Office
Indonesia	PT. ETRADING SECURITIES * 38.35% stake held by HK subsidiary

Key Financials

(Unit: Wbn)	FY2010				FY2011				FY2012			FY09 (K-GAAP)	FY10 (K-IFRS)	FY11 (K-IFRS)	FY12 YTD
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q				
Net Operating Revenues	178.5	292.1	227.8	265.0	183.1	168.8	180.9	241.5	166.8	211.5	150.7	1,005.9	963.4	774.3	529.1
Brokerage	108.7	99.9	119.8	104.0	100.3	100.1	91.3	92.8	57.5	66.2	58.1	530.1	432.4	384.5	181.7
Wealth Management	22.5	23.9	24.7	28.4	28.8	23.6	20.8	27.7	23.9	25.2	25.2	69.1	99.5	100.8	74.2
Investment Banking	10.4	6.8	20.0	17.4	11.4	6.5	12.0	13.6	6.9	9.3	9.8	83.5	54.6	43.6	26.0
Sales & Trading	19.0	150.1	71.5	52.4	32.6	25.0	63.6	110.4	76.7	126.5	83.6	350.8	293.0	231.6	286.7
Interest Income	16.2	22.7	9.0	74.5	19.7	10.4	5.6	14.5	8.5	2.3	△5.4	80.0	122.4	50.3	5.4
Others	9.9	△2.2	△7.2	△2.2	0.9	13.4	△5.7	△8.7	△2.3	△13.0	△14.7	△42.9	△1.8	△0.2	△29.9
Commission Expenses	△8.1	△9.2	△9.9	△9.5	△10.6	△10.2	△6.6	△8.8	△4.3	△4.9	△5.9	△64.7	△36.7	△36.2	△15.1
SG&A Expenses	139.5	192.2	158.6	173.7	140.1	138.7	154.2	129.9	146.9	151.7	130.8	593.8	664.0	562.9	429.3
Operating Profit	39.1	99.9	69.1	91.3	43.0	30.1	26.7	111.6	20.0	59.9	19.9	412.0	299.4	211.4	99.8
Non-Operating Profit	15.2	4.9	△12.7	9.1	6.9	5.7	0.8	△2.6	8.8	6.6	△0.7	11.1	16.5	10.9	14.7
Income Before Tax Expenses	54.3	104.8	56.4	100.4	49.9	35.8	27.6	109.0	28.8	66.5	19.2	423.1	315.9	222.4	114.4
Tax Expenses	25.0	24.6	16.6	23.8	13.9	11.8	1.9	27.8	4.3	14.9	6.0	104.0	89.9	55.4	25.3
Net Income	29.3	80.2	39.9	76.6	36.0	24.0	25.7	81.2	24.4	51.5	13.2	319.1	225.9	166.9	89.2

Balance Sheet (Wtn)															
Total Assets	17.7	18.5	18.2	19.4	19.7	20.8	20.4	22.5	23.2	25.8	23.7	17.5	19.4	22.5	23.7
Total Liabilities	15.1	15.8	15.5	16.7	17.0	18.1	16.5	18.5	19.2	21.7	19.7	14.7	16.7	18.5	19.7
Shareholders' Equity	2.6	2.7	2.7	2.7	2.7	2.7	3.9	4.0	3.9	4.0	4.0	2.9	2.7	4.0	4.0

Net Capital Ratio (NCR)	358%	366%	423%	425%	463%	495%	679%	598%	546%	506%	535%	435%	425%	598%	535%
Net Working Capital	2,031	2,092	2,154	2,154	2,134	2,158	3,202	3,240	2,950	3,050	3,070	2,267	2,154	3,240	3,070
Risk-Weighted Assets	567	572	509	507	461	436	472	542	540	603	574	522	507	542	574



KDB Daewoo Securities

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