

Studio Dragon (253450 KS)

Changing the landscape of Korean dramas

BUY (MAINTAIN)

Price (Jun. 21) W116,100
Target Price W146,000
% variance 25.8%

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KOSPI	2,337.83p
KOSDAQ	826.22p
Market Cap.	W3,255.1bn/ US2,855.4mn
Par Value	W500
Outstanding Shares	28.0mn
Free Floating Shares	6.7mn(23.9%)
52-Week High/Low	W117,100/W57,800
60-Day Avg. Trading Volume	179,651shrs
60-Day. Avg. Trading T/O	W17,580mn
Foreign Ownership	1.93%
Major Shareholders	

	CJ E&M and 3 others	75.66%
Absolute Performance	3M	17.9%
	6M	86.7%
	12M	0.0%
Relative performance	3M	26.3%
to KOSDAQ	6M	67.2%
	12M	0.0%

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- ◆ 2Q consolidated operating profit forecast at W9bn (+1.7% YoY)
- ◆ Highest-ever drama sales
- ◆ Target price upgraded by 10.6% to W146,000; media sector top pick

2Q consolidated operating profit forecast at W9bn (+1.7% YoY)

Studio Dragon is forecast to post 2Q consolidated sales of W63.8bn (+2.7% YoY) and operating profit of W9bn (+1.7% YoY). Earnings for 2Q should have little significance due to the lack of tentpole dramas and revenues from China. Domestic VOD sales will rebound in earnest from 2H on seasonal demand. Earnings improvement is expected to be driven by revenues from Netflix and China. Consolidated operating profit in 2H is projected to soar 402% YoY to W50.8bn, accounting for more than 70% of yearly profit.

Highest-ever drama sales

Studio Dragon released a disclosure announcing that it sold the license for "Mr. Sunshine" to Netflix. Given the drama series generated 10% of total sales, as noted in the disclosure, revenues from the sale are estimated to reach W30bn. According to media reports, the production cost for "Mr. Sunshine" was W40bn. The sale of broadcasting rights to CJ E&M should bring in approximately W22bn in revenues. Domestic VOD revenues are expected to exceed W3bn considering the series has 24 episodes. Combining product placement ads (about W2bn) and license revenues from Netflix (W30bn), total revenues for "Mr. Sunshine" are estimated to amount to W57bn. Gross profit margin is likely to be higher than 40%. Contribution to profits should be around W12bn-13bn.

We forecast 3Q consolidated operating profit of W23.1bn (+246.9% YoY). We have excluded revenues from China to be conservative. The figure may surpass W30bn if revenues from China are generated from 3Q. Assuming about W12bn in China revenues, 4Q operating profit is estimated to surge 700.5% YoY to W27.8bn.

Target price upgraded by 10.6% to W146,000; media sector top pick

We upgrade our target price for Studio Dragon by 10.6% from W132,000 to W146,000, based on 2019F EPS and a target PER of 47x (15% premium to the upper end of Jcontentree's past three-year band). We keep Studio Dragon as our top pick in the media sector in view of: 1) annual average sales growth of over 30%; 2) double-digit growth of company-wide operating profit in 2018; and 3) anticipation for revenues from China.

Year to Dec.	Sales (W bn)	OP (W bn)	Pre-tax (W bn)	NP (W bn)	EPS (Won)	Growth (%)	BPS (Won)	PER (X)	EV/EBITDA (X)	PBR (X)	ROE (%)	Net Debt Ratio (%)
2016	154.4	16.6	10.5	8.1	569	N/A	6,176	0.0	0.4	0.0	6.0	12.1
2017	286.8	33.0	30.3	23.8	1,050	84.5	13,141	61.9	22.1	4.9	9.5	(49.4)
2018F	366.8	70.2	68.1	52.0	1,854	76.5	14,995	62.6	22.2	7.7	13.2	(48.6)
2019F	451.4	116.9	113.8	86.8	3,097	67.1	18,092	37.5	16.1	6.4	18.7	(49.8)
2020F	530.4	138.2	136.2	103.9	3,706	19.6	21,798	31.3	13.9	5.3	18.6	(50.4)

Source: Company data, Shinhan Investment Corp.

Earnings trend and outlook (K-IFRS consolidated)

(bn KRW)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18F	3Q18F	4Q18F	1Q19F	2Q19F	3Q19F	4Q19F	2016	2017	2018F	2019F
<Assumptions for production>																
No. of dramas	5.0	6.0	7.0	4.0	7.0	6.0	7.0	7.0	8.0	7.0	8.0	8.0	19.0	22.0	27.0	31.0
<Earnings estimates>																
Total revenue	75.3	62.1	77.5	71.9	79.9	63.8	127.0	104.6	108.3	94.8	127.1	134.2	195.5	286.8	375.2	464.4
Production revenue	26.3	24.1	41.8	39.0	40.7	30.5	56.1	46.0	46.2	36.1	52.2	54.4	87.8	131.2	173.4	189.0
- Global platforms					0.0	0.0	0.0	0.0	4.0	4.0	0.0	4.0	0.0	0.0	0.0	12.0
Distribution revenue	36.5	26.3	23.3	25.7	32.1	24.8	56.7	50.4	49.7	44.7	63.3	66.2	75.4	111.8	164.0	223.9
Other (PPL) revenue	12.5	11.6	12.4	7.2	7.1	8.4	14.3	8.2	8.4	10.0	11.5	9.6	32.3	43.7	37.9	39.5
<Assumptions for overseas operations>																
Overseas revenue	22.6	16.1	13.1	15.4	22.7	15.5	42.4	36.9	37.8	32.1	47.8	49.4	44.2	67.2	117.5	167.1
Overseas revenue share (%)	30.0	25.9	16.9	21.4	70.8	62.2	74.8	73.2	75.9	71.8	75.5	74.7	58.6	60.1	71.6	74.6
Japan	7.1	4.9	3.2	3.5	3.5	3.6	2.4	3.8	3.7	3.7	2.3	4.4	9.1	18.7	13.4	14.1
Asia including China	12.2	9.0	8.5	10.2	8.9	9.4	9.6	17.8	19.7	19.0	19.1	22.7	32.3	39.9	45.7	80.5
China	0.0	0.0	0.0	0.0	0.0	0.0	0.0	12.0	10.0	10.0	10.0	10.0	6.0	0.0	12.0	40.0
U.S.	3.2	2.1	1.3	1.6	0.2	0.3	0.3	0.2	0.2	0.3	0.3	0.2	2.6	8.2	1.0	1.0
Others	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.4	0.4	0.4
COGS	58.6	49.9	66.8	64.4	66.2	50.6	99.4	72.6	80.5	63.9	91.1	94.7	161.7	239.8	288.8	330.2
SG&A	2.8	3.3	4.0	4.0	3.0	4.2	4.6	4.2	3.4	4.4	4.8	4.5	12.6	14.1	15.9	17.1
OP	14.0	8.9	6.6	3.5	10.7	9.0	23.1	27.8	24.4	26.5	31.2	35.0	21.2	33.0	70.5	117.1
Pre-tax profit	13.2	9.0	6.4	1.7	10.8	8.4	22.3	26.9	23.7	25.7	30.4	34.2	17.1	30.3	68.4	114.0
NP	13.4	2.8	5.7	2.0	7.9	6.5	17.2	20.7	18.1	19.6	23.2	26.1	13.0	23.8	52.2	87.0
<% YoY growth>																
Total revenue	52.2	32.1	66.7	36.9	6.0	2.7	63.9	45.5	35.6	48.7	0.0	28.3	100.7	46.7	30.8	23.8
OP	157.3	165.9	44.7	(55.8)	(23.7)	1.7	246.9	700.5	129.3	193.3	35.1	25.9	716.2	55.4	113.9	66.0
NP	306.9	57.3	96.3	(60.5)	(41.3)	132.3	203.2	935.9	129.8	201.9	34.9	26.1	801.1	83.3	119.0	66.5
<Profitability, %>																
OPM	18.5	14.3	8.6	4.8	13.3	14.2	18.2	26.6	22.6	28.0	24.5	26.1	10.9	11.5	18.8	25.2
NPM	17.8	4.5	7.3	2.8	9.8	10.2	13.5	19.8	16.7	20.7	18.2	19.4	6.7	8.3	13.9	18.7

Source: Company data, Shinhan Investment Corp.

Note: 1) Estimated earnings before spin-off from CJ E&M included in 2016 figures

2) Global production revenue forecasts for 2019 are in net terms

3) License sale to Netflix included in overseas distribution revenue

Earnings forecast revision (K-IFRS consolidated)

(bn KRW)	2018F			2019F		
	Before	After	Change (%)	Before	After	Change (%)
Total revenue	366.7	375.2	2.3	482.5	464.4	(3.8)
OP	66.1	70.5	6.7	113.1	117.1	3.5
NP	48.8	52.2	7.0	84.1	87.0	3.4

Source: Shinhan Investment Corp.

Note: Annual operating profit forecast is raised by only 6.7% as recognition of revenues from China is assumed to start in 4Q, instead of 3Q. Almost a 15% increase is possible if China revenues are booked from 3Q.

PER valuation based on 2019F EPS: Target price of W146,000

(bn KRW)	Value	(bn KRW)	Value	(bn KRW)	Value
2018F NP	52.0	2019F NP	86.8	2020F NP	103.9
EPS (KRW)	1,854	EPS (KRW)	3,097	EPS (KRW)	3,706
Target price (KRW)	87,000	Target price (KRW)	146,000	Target price (KRW)	174,000
Target PER (x)	47	Target PER (x)	47	Target PER (x)	47
		Current price	116,100		
		Estimated PER	25.8		

Source: Shinhan Investment Corp.

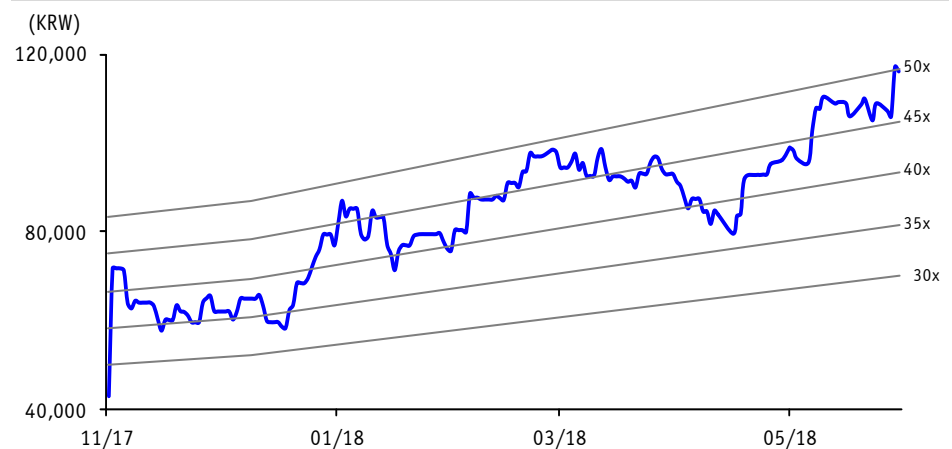
Note: Target multiple reflects a 15% premium to the upper end of Jcontentree's past 3-year average PER to reflect Studio Dragon's dominant market share in content production and accelerating growth in distribution rights sales/profits from Netflix. Studio Dragon share price could start to move in tandem with Netflix as the inflow of global production orders rises in earnest.

Valuation multiple (excluding Studio Dragon)

(x)	2013	2014	2015	2016	2017	3-year average
PER (high)	96.8	19.8	29.4	31.8	60.1	40.4
PER (low)	64.0	13.3	13.2	16.8	37.7	22.6
PER (average)	77.9	16.0	18.9	21.8	43.6	28.1

Source: Shinhan Investment Corp.

12-month forward PER



Source: Bloomberg, Shinhan Investment Corp.

2Q18 earnings estimates

(bn KRW)	2Q18F	1Q18	% QoQ	2Q17	% YoY	Previous	Consensus
Sales	63.8	79.9	(20.2)	62.1	2.7	64.2	73.5
OP	9.0	10.7	(15.9)	8.9	1.7	10.2	10.7
NP	6.5	7.9	(17.7)	2.8	132.3	7.4	8.3
OPM (%)	14.2	13.3		14.3		15.9	14.6
NPM (%)	10.2	9.8		4.5		11.5	11.3

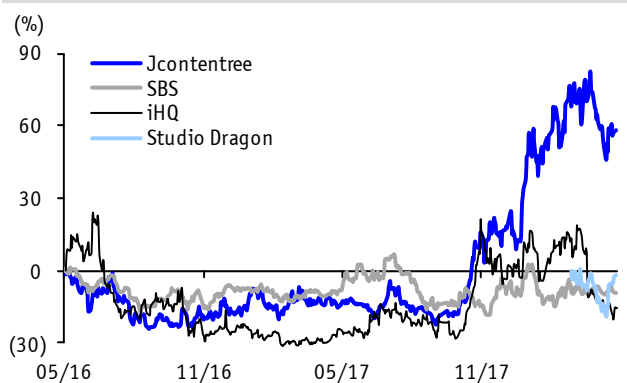
Source: Company data, FnGuide, Shinhan Investment Corp.

Global peers

Ticker		036420 KS	003560 KS	160550 KS	047820 KS	DIS US	TWX US	300027 CH	300133 CH
Company		Jcontentree	iHQ	NEW	Chorokbaem Media	Walt Disney	Time Warner	Huayi Brothers	Zhejiang Huace Film & TV
Market cap. (bn KRW)		837.3	307.8	245.8	113.1	167,112.5	79,586.4	4,205.4	3,415.9
Sales	2017	420.3	126.8	125.7	105.9	63,067.6	35,357.0	657.4	874.9
(bn KRW)	2018F	549.1	138.7	-	-	63,839.1	35,184.3	786.2	1,123.6
	2019F	624.8	160.7	-	-	66,365.0	36,615.0	932.3	1,344.8
OP	2016	33.3	15.3	6.6	7.7	15,756.3	8,954.9	56.4	137.2
(bn KRW)	2017F	57.7	17.8	-	-	16,402.6	9,217.6	185.5	152.6
	2018F	76.9	26.5	-	-	16,373.5	9,770.8	226.2	203.2
OPM	2016	7.9	12.1	5.3	7.3	25.0	25.3	8.6	15.7
(%)	2017F	10.5	12.8	-	-	25.7	26.2	23.6	13.6
	2018F	12.3	16.5	-	-	24.7	26.7	24.3	15.1
NP	2016	6.4	2.5	4.4	4.9	10,271.6	5,932.6	138.7	106.2
(bn KRW)	2017F	30.5	15.1	-	-	11,955.5	6,922.6	175.7	133.1
	2018F	40.0	18.0	-	-	11,943.5	7,008.0	207.7	172.8
Sales growth	2016	25.4	15.9	52.2	326.3	(2.3)	3.9	8.0	-
(% YoY)	2017F	30.6	9.4	-	-	1.2	(0.5)	19.6	28.4
	2018F	13.8	15.9	-	-	4.0	4.1	18.6	19.7
EPS growth	2016	(66.6)	(41.9)	309.4	(298.2)	(1.9)	30.8	(0.9)	-
(% YoY)	2017F	368.5	474.8	-	-	19.4	14.0	25.6	-
	2018F	31.2	19.0	-	-	6.8	2.1	13.7	-
P/E	2016	95.8	141.1	69.7	19.6	17.3	12.2	29.1	30.1
(x)	2017F	27.5	20.3	-	-	14.4	11.8	24.0	25.6
	2018F	21.0	17.1	-	-	13.5	11.5	21.1	20.1
P/B	2016	3.9	1.6	2.3	1.3	3.6	2.5	2.5	2.8
(x)	2017F	4.5	1.3	-	-	3.4	2.1	2.3	2.6
	2018F	3.7	1.2	-	-	3.1	1.8	2.1	2.3
EV/EBITDA	2016	14.1	4.6	32.1	9.8	10.5	10.7	62.6	-
(x)	2017F	11.9	11.0	-	-	10.0	10.1	24.0	21.3
	2018F	10.0	8.2	-	-	10.1	9.6	20.5	16.2
ROE	2016	5.3	1.1	3.3	7.2	21.2	19.9	8.9	9.6
(%)	2017F	17.9	6.5	-	-	25.1	19.9	9.8	10.5
	2018F	20.1	7.2	-	-	23.0	17.8	10.6	12.4

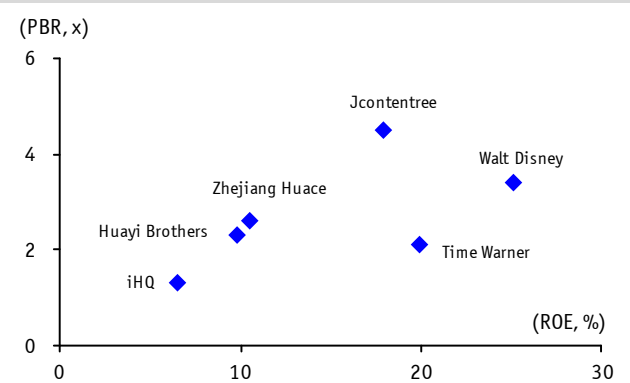
Source: Bloomberg, Shinhan Investment Corp.

Relative share performance of content provider peers



Source: Bloomberg, Shinhan Investment Corp.

2018F PBR and ROE of content provider peers



Source: Bloomberg, Shinhan Investment Corp.

Balance Sheet

Year to Dec. (W bn)	2016	2017	2018F	2019F	2020F
Assets	242.0	459.5	513.3	601.3	706.3
Total Current Assets	81.4	289.8	341.5	425.8	526.4
Cash and Cash Equivalents	11.5	51.3	66.0	106.7	154.7
Accounts Receivables	37.0	54.9	79.4	110.7	146.7
Inventories	0.0	1.3	1.7	2.0	2.4
Non-Current Assets	160.6	169.6	171.8	175.5	179.9
Tangible Assets	1.2	1.1	1.0	1.0	1.0
Intangible Assets	123.9	127.5	128.7	131.4	134.7
Investment Assets	2.3	3.8	4.9	6.0	7.0
Other Financial Institutions Assets	0.0	0.0	0.0	0.0	0.0
Liabilities	105.9	91.0	92.9	94.0	95.1
Current Liabilities	84.5	90.7	92.5	93.6	94.6
ST Borrowings	8.1	0.0	0.0	0.0	0.0
Account Payables	5.8	6.1	6.4	6.7	7.0
Current Portion of LT Debt	0.0	10.0	10.0	10.0	10.0
Non-Current Liabilities	21.4	0.3	0.4	0.5	0.6
Bonds	19.9	0.0	0.0	0.0	0.0
LT Borrowings(incl. LT Fin. Liab.)	0.0	0.0	0.0	0.0	0.0
Other Financial Institutions Liab.	0.0	0.0	0.0	0.0	0.0
Shareholders' Equity	136.1	368.4	420.4	507.3	611.1
Capital Stock	11.0	14.0	14.0	14.0	14.0
Capital Surplus	114.7	319.6	319.6	319.6	319.6
Other Reserves	2.0	2.7	2.7	2.7	2.7
Accu. Other Comp. Income	0.0	0.0	0.0	0.0	0.0
Retained Earnings	8.3	32.1	84.1	170.9	274.8
Owners of Parent Equity	136.1	368.4	420.4	507.3	611.1
Non-Controlling Interests Equity	0.0	0.0	0.0	0.0	0.0
*Total Debt	28.1	10.0	10.0	10.0	10.0
*Net Debts(Cash)	16.4	(182.2)	(204.4)	(252.4)	(307.9)

Cash Flow

Year to Dec. (W bn)	2016	2017	2018F	2019F	2020F
Operating Cash Flow	(12.4)	(7.2)	91.6	121.2	132.4
Net Profit	8.1	23.8	52.0	86.8	103.9
Depreciation	0.2	0.3	0.3	0.3	0.3
Amortization	22.0	41.0	67.1	69.8	73.1
Losses(Gains) on F/X Translation	0.3	0.8	0.0	0.0	0.0
Losses(Gains) on Disp. of Assets	0.0	(0.0)	(0.0)	(0.0)	(0.0)
Losses(Gains) in Asso., Subs., JVs	0.0	0.0	0.0	0.0	0.0
Chg. in A/L from Op. Activities	(46.1)	(72.9)	(27.5)	(35.2)	(44.1)
(Payments of Income Taxes)	(1.7)	(10.4)	(16.1)	(27.0)	(32.3)
Others	4.8	10.2	15.8	26.5	31.5
Investing Cash Flow	(69.5)	(141.0)	(76.1)	(79.6)	(83.6)
Incr. in Tangible Assets(CAPEX)	(1.1)	(0.1)	(0.4)	(0.3)	(0.4)
Decr. in Tangible Assets	0.0	0.1	0.1	0.1	0.1
Decr.(Incr.) in Intangible Assets	(0.1)	(0.2)	(68.3)	(72.4)	(76.4)
Decr.(Incr.) in Investment Assets	(0.3)	0.0	(1.1)	(1.1)	(1.0)
Others	(68.0)	(140.8)	(6.4)	(5.9)	(5.9)
Free Cash Flow	N/A	43.6	93.0	123.7	134.2
Financing Cash Flow	93.5	188.1	(0.9)	(0.9)	(0.9)
Incr.(Decr.) in Borrowing	27.2	(18.1)	0.0	0.0	0.0
Decr.(Incr.) of Treasury Stock	0.0	0.0	0.0	0.0	0.0
Dividend	0.0	0.0	0.0	0.0	0.0
Others	66.3	206.2	(0.9)	(0.9)	(0.9)
Other Cash Flows	0.0	0.0	0.1	(0.0)	0.1
Change of Consolidated Scope	0.0	0.0	0.0	0.0	0.0
Difference by Chg. in F/X Rates	(0.0)	(0.1)	0.0	0.0	0.0
Incr.(Decr.) in Cash	11.5	39.8	14.7	40.7	48.0
Beginning Cash	0.0	11.5	51.3	66.0	106.7
Ending Cash	11.5	51.3	66.0	106.7	154.7

Source: Company data, Shinhan Investment Corp.

Profit and Loss

Year to Dec. (W bn)	2016	2017	2018F	2019F	2020F
Sales	154.4	286.8	366.8	451.4	530.4
Growth (%)	N/A	85.7	27.9	23.1	17.5
COGS	132.8	239.7	281.4	318.3	373.4
Gross Profit	21.6	47.1	85.4	133.1	157.0
Gross margin (%)	14.0	16.4	23.3	29.5	29.6
SG&A	5.0	14.2	15.2	16.2	18.8
Operating Income	16.6	33.0	70.2	116.9	138.2
Growth (%)	N/A	98.3	112.9	66.6	18.2
Operating margin (%)	10.8	11.5	19.1	25.9	26.1
Other Net Non-Operating Profits	(6.1)	(2.7)	(2.1)	(3.1)	(2.0)
Financial Income(Expenses)	(1.1)	(2.5)	(0.8)	(0.1)	0.2
Net Other Non-Operating Profits	(5.0)	(0.2)	(1.3)	(3.0)	(2.2)
Net Gains in Asso., Subs., and JVs	0.0	0.0	0.0	0.0	0.0
Pre-tax Profit from Cont. Op.	10.5	30.3	68.1	113.8	136.2
Income Taxes	2.4	6.4	16.1	27.0	32.3
Profit from Continuing Op.	8.1	23.8	52.0	86.8	103.9
Profit from Discontinued Op.	0.0	0.0	0.0	0.0	0.0
Net Profit	8.1	23.8	52.0	86.8	103.9
Growth (%)	N/A	192.9	117.9	67.1	19.6
Net Profit margin (%)	5.3	8.3	14.2	19.2	19.6
Net Profit of Parent	8.1	23.8	52.0	86.8	103.9
Net Profit to Non-Controlling	0.0	0.0	0.0	0.0	0.0
Total Comprehensive Income	8.3	23.8	52.0	86.8	103.9
Total Comp. Income of Parent	8.3	23.8	52.0	86.8	103.9
Total Comp. Income to Non-Cont.	0.0	0.0	0.0	0.0	0.0
EBITDA	38.8	74.3	137.6	187.0	211.5
Growth (%)	N/A	91.4	85.3	35.8	13.1
EBITDA Margin (%)	25.1	25.9	37.5	41.4	39.9

Note: Operating profit is based on 2012 K-IFRS (gross profit - SG&A costs)

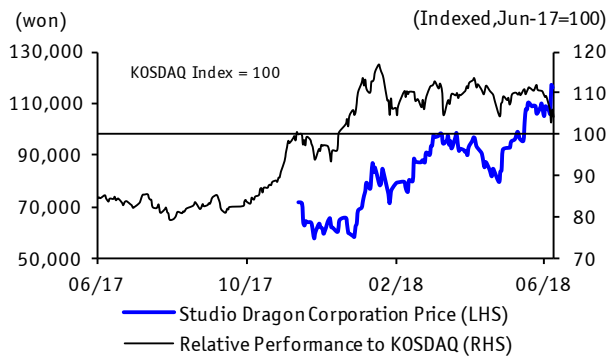
Key Ratios

Year to Dec.	2016	2017	2018F	2019F	2020F
EPS_C (won)	569	1,050	1,854	3,097	3,706
EPS_P (won)	569	1,050	1,854	3,097	3,706
BPS_C (won)	6,176	13,141	14,995	18,092	21,798
BPS_P (won)	6,176	13,141	14,995	18,092	21,798
DPS (won)	0	0	0	0	0
PER_C (x)	0.0	61.9	62.6	37.5	31.3
PER_P (x)	0.0	61.9	62.6	37.5	31.3
PBR_C (x)	0.0	4.9	7.7	6.4	5.3
PBR_P (x)	0.0	4.9	7.7	6.4	5.3
EV/EBITDA (x)	0.4	22.1	22.2	16.1	13.9
Payout Ratio (%)	0.0	0.0	0.0	0.0	0.0
Dividend Yield (%)	N/A	0.0	0.0	0.0	0.0
Profitability					
EBITDA Margin (%)	25.1	25.9	37.5	41.4	39.9
OP Margin (%)	10.8	11.5	19.1	25.9	26.1
NP Margin (%)	5.3	8.3	14.2	19.2	19.6
ROA (%)	3.4	6.8	10.7	15.6	15.9
ROE (%)	6.0	9.5	13.2	18.7	18.6
ROIC (%)	N/A	17.9	33.5	46.2	44.7
Stability					
D/E Ratio (%)	77.8	24.7	22.1	18.5	15.6
Net Debt to Equity (%)	12.1	(49.4)	(48.6)	(49.8)	(50.4)
Cash Ratio (%)	13.6	56.6	71.3	114.1	163.6
Interest Coverage (x)	19.5	19.0	77.0	128.2	151.5
Activity (%)					
Working Capital Turnover (t)	(23.5)	55.2	11.9	7.3	5.2
Inventory Turnover (d)	-	0.8	1.5	1.5	1.5
Receivable Turnover (d)	87.4	58.5	66.8	76.9	88.6

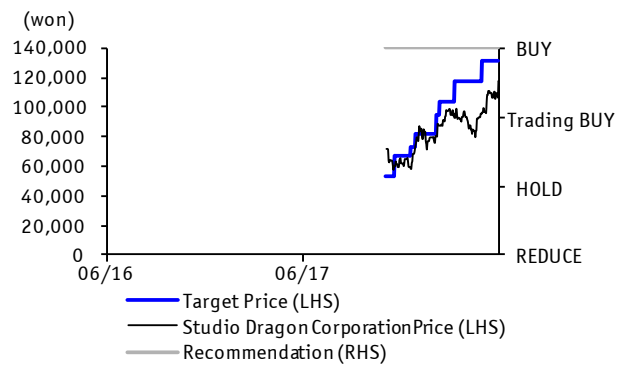
Source: Company data, Shinhan Investment Corp.

Studio Dragon (253450 KS)

Share Price Performance



Target Price



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Date	Recommendation	Target Price (won)	Target Price Gap (%)	
			Average	Max/Min
2017.11.23	BUY	53,000	20.8	35.5
2017.12.10	BUY	67,000	(6.9)	(1.8)
2018.01.09	BUY	73,000	(6.2)	1.9
2018.01.18	BUY	82,000	(3.3)	6.1
2018.02.26	BUY	95,000	(7.5)	(6.7)
2018.03.04	BUY	104,000	(9.9)	(5.3)
2018.04.01	BUY	118,000	(23.0)	(16.4)
2018.05.22	BUY	132,000	(19.3)	(11.3)
2018.06.22	BUY	146,000	-	-

Note: Calculation of target price gap based on the past 6 months

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Stock	Sector
<ul style="list-style-type: none"> BUY: Expected return of over +10% in the next 6 months Trading BUY: Expected return of -10% ~ +10% in the next 6 months HOLD: Expected return of -20% ~ -10% in the next 6 months REDUCE: Expected return of below -20% in the next 6 months 	<ul style="list-style-type: none"> OVERWEIGHT: Prevalence of BUY rating for stocks in our sector coverage universe based on market cap NEUTRAL: Prevalence of HOLD rating for stocks in our sector coverage universe based on market cap UNDERWEIGHT: Prevalence of REDUCE rating for stocks in our sector coverage universe based on market cap

SHIC Universe Rating Classification Ratio (as of Jun. 20, 2018)

BUY (BUY)	94.09%	Trading BUY (HOLD)	3.64%	HOLD (HOLD)	2.27%	REDUCE (SELL)	0%
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