

Studio Dragon (253450 KS)

Corporate Day takeaways

BUY (MAINTAIN)

Price (Nov 30) W108,300
Target Price W146,000
% variance 34.8%

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KOSPI	2,096.86p
KOSDAQ	695.76p
Market Cap.	W3,036.4bn/ US2,663.5mn
Par Value	W500
Outstanding Shares	28.0mn
Free Floating Shares	6.7mn(23.9%)
52-Week High/Low	W119,800/W57,800
60-Day Avg. Trading Volume	152,849shrs
60-Day. Avg. Trading T/O	W16,038mn
Foreign Ownership	2.59%
Major Shareholders	CJ E&M and 3 others 75.66%
Absolute Performance	3M -1.5%
	6M 0.5%
	12M 67.9%
Relative performance	3M 13.8%
to KOSDAQ	6M 26.2%
	12M 86.2%

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- ♦ 4Q18 consolidated operating profit forecast at W13.1bn (+278.7% YoY)
- ♦ Final boost needed to drive market cap. above W4tr
- ♦ Retain BUY and target price of W146,000

4Q18 consolidated operating profit forecast at W13.1bn (+278.7% YoY)

We now expect Studio Dragon to post 4Q18 consolidated sales of W90.5bn (+25.9% YoY) and operating profit of W13.1bn (+278.7% YoY). Our forecasts remain largely unchanged from previous projections (operating profit of W13bn). Memories of the Alhambra, which saw viewership reach up to 7.5% for the first episode, should generate overseas distribution revenue through 4Q18-1Q19. In addition, roughly 30-40% of all domestic VOD sales are typically booked in the last quarter of the year. However, we maintain a fairly conservative outlook on earnings for 4Q18. Instead, we believe it reasonable to adopt a slightly aggressive outlook for 1Q19. Operating profit is forecast at W17.5bn (+64.4% YoY) for 1Q19, despite weak seasonality for VODs. Earnings should continue upward in 2Q18, backed by the low YoY base and the launch of Asadal Chronicles.

Final boost needed to drive market cap. above W4tr

Market focus will likely remain on China earnings in 2019, with forecasts for Netflix-driven growth already reflected in Studio Dragon's share price to a certain extent. A key factor is whether the Chinese government opens up the quota on Korean media contents, allowing the company to launch new dramas in Korea and China simultaneously and secure 50-60% of production costs from China. Our forecasts for China sales in 2019 currently remain low at W28.8bn, but will likely rise above W50bn on announcement of a quota for Korean media contents.

Meanwhile, earnings from original content produced for global platforms are expected to be booked as gross sales (current SHIC estimates are based on net sales) going forward. Assuming the production of four original dramas for global platforms in 2019, the shift in accounting method from net sales to gross sales would lead to an additional W50-80bn or 15-20% increase in full-year sales vs. current forecasts. As a result, top-line growth would reach up to 45% YoY for 2019 vs. our current projection of 28% YoY. In addition, increasing competition among global platforms should allow Studio Dragon to raise margins in excess of 20% over production costs (vs. current 15%) going forward.

Retain BUY and target price of W146,000

We retain our target price of W146,000 for Studio Dragon. Our rating remains unchanged at BUY, with: 1) annual sales growth nearing 30% YoY; 2) operating profit on a steep growth track; and 3) expectations rising for distribution revenue from China and production of original dramas. We expect growth momentum to build up in earnest in 2019.

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	368.3	52.6	56.4	43.6	1,555	48.1	14,696	69.7	21.8	7.4	11.2	(45.0)
2019F	471.1	103.7	108.3	82.3	2,937	88.9	17,633	36.9	14.8	6.1	18.2	(45.1)
2020F	523.8	120.0	125.2	95.1	3,393	15.5	21,026	31.9	12.9	5.2	17.6	(45.6)

Source: Company data, Shinhan Investment

Earnings trend and outlook (K-IFRS consolidated)																
(bn KRW)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	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	7.0	6.0	7.0	7.0	8.0	7.0	9.0	19.0	22.0	26.0	31.0
<Earnings estimates>																
Total revenue	75.3	62.1	77.5	71.9	79.9	74.3	123.7	90.5	96.7	146.0	112.7	115.6	195.5	286.8	368.3	471.1
Production revenue	26.3	24.1	41.8	39.0	40.7	34.1	48.9	46.0	49.8	53.1	44.9	53.9	87.8	131.2	169.6	201.8
- Global platforms					0.0	0.0	0.0	0.0	0.0	0.0	6.0	6.0	0.0	0.0	0.0	12.0
Distribution revenue	36.5	26.3	23.3	25.7	32.1	28.8	63.4	34.4	36.6	79.8	50.8	45.2	75.4	111.8	158.7	212.4
Other (PPL) revenue	12.5	11.6	12.4	7.2	7.1	11.4	11.4	10.1	10.3	13.0	11.0	10.5	32.3	43.7	40.0	44.9
<Assumptions for overseas operations>																
Overseas revenue	22.6	16.1	13.1	15.4	22.7	16.5	46.2	21.0	22.2	65.4	30.7	30.2	44.2	67.2	106.4	148.5
Overseas revenue share (%)	30.0	25.9	16.9	21.4	70.8	57.2	72.9	61.1	60.7	81.9	60.4	66.8	58.6	60.1	67.1	69.9
Japan	7.1	4.9	3.2	3.5	3.5	4.5	3.4	3.8	3.7	4.9	3.6	3.9	9.1	18.7	15.2	16.1
Asia including China	12.2	9.0	8.5	10.2	8.9	10.5	10.4	13.0	12.2	25.1	18.7	16.0	32.3	39.9	42.9	72.0
China	0.0	0.0	0.0	0.0	0.0	0.0	0.0	1.2	1.8	15.0	6.0	6.0	6.0	0.0	1.2	28.8
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	63.7	98.9	73.2	75.8	104.2	84.0	88.0	161.7	239.8	302.0	352.0
SG&A	2.8	3.3	4.0	4.0	3.0	3.3	3.3	4.2	3.4	4.1	3.4	4.5	12.6	14.1	13.8	15.4
OP	14.0	8.9	6.6	3.5	10.7	7.3	21.5	13.1	17.5	37.6	25.3	23.2	21.2	33.0	52.6	103.7
Pre-tax profit	13.2	9.0	6.4	1.7	10.8	11.0	22.0	12.5	18.6	38.8	26.6	24.4	17.1	30.3	56.4	108.3
NP	13.4	2.8	5.7	2.0	7.9	8.9	17.3	9.5	14.1	29.5	20.2	18.6	13.0	23.8	43.6	82.3
<% YoY growth>																
Total revenue	52.2	32.1	66.7	36.9	6.0	19.6	59.6	25.9	21.1	96.5	(8.8)	27.8	100.7	46.7	28.4	27.9
OP	157.3	165.9	44.7	(55.8)	(23.7)	(17.8)	223.0	278.7	64.4	415.1	17.9	76.5	716.2	55.4	59.4	97.2
NP	306.9	57.3	96.3	(60.5)	(41.3)	216.8	206.3	376.6	79.4	232.5	16.4	95.0	801.1	83.3	82.8	88.9
<Profitability, %>																
OPM	18.5	14.3	8.6	4.8	13.3	9.8	17.4	14.5	18.1	25.8	22.5	20.1	10.9	11.5	14.3	22.0
NPM	17.8	4.5	7.3	2.8	9.8	11.9	14.0	10.5	14.6	20.2	17.9	16.0	6.7	8.3	11.8	17.5

Source: Company data, Shinhan Investment Corp.

Note: 1) Global production revenue forecasts for 2019 are in net terms; 2) Distribution rights sales from Netflix included in overseas distribution revenue

Earnings forecast revision (K-IFRS consolidated)						
(bn KRW)	2018F			2019F		
	Before	After	Change (%)	Before	After	Change (%)
Sales	368.2	368.3	0.0	470.9	471.1	0.0
OP	52.5	52.6	0.1	108.0	103.7	(4.0)
NP	43.5	43.6	0.2	85.7	82.3	(3.9)

Source: Shinhan Investment Corp.

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

(bn KRW)	Value	(bn KRW)	Value	(bn KRW)	Value
2018F NP	43.6	2019F NP	82.3	2020F NP	95.1
EPS (KRW)	1,555	EPS (KRW)	2,937	EPS (KRW)	3,393
Target price (KRW)	78,000	Target price (KRW)	146,000	Target price (KRW)	170,000
Target PER (x)	50	Target PER (x)	50	Target PER (x)	50
		Current price	108,300		
		Estimated PER	36.9		

Source: Shinhan Investment Corp.

Note: Target multiple reflects a 25% premium to the upper end of Jcontentree's past 3-year average PER in view of Studio Dragon's dominant market share in content production and accelerating growth in distribution rights sales/profits from Netflix. Studio Dragon's share price could start to move in tandem with Netflix once the inflow of global production orders rises in earnest.

Jcontentree's PER valuation trend

(x)	2013	2014	2015	2016	2017	Past 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.

Note: Provided as reference due to the lack of historical data for Studio Dragon (completed IPO in late-2017)

12-month forward PER



Source: Bloomberg, Shinhan Investment Corp.

4Q18 earnings forecasts

(bn KRW)	4Q18F	3Q18	% QoQ	4Q17	% YoY	Previous	Consensus
Sales	90.5	123.7	(26.8)	71.9	25.9	90.4	106.4
OP	13.1	21.5	(39.1)	3.5	278.7	13.0	17.2
NP	9.5	17.3	(45.1)	2.0	376.6	9.4	14.2
OPM (%)	14.5	17.4		4.8		14.4	16.2
NPM (%)	10.5	14.0		2.8		10.4	13.3

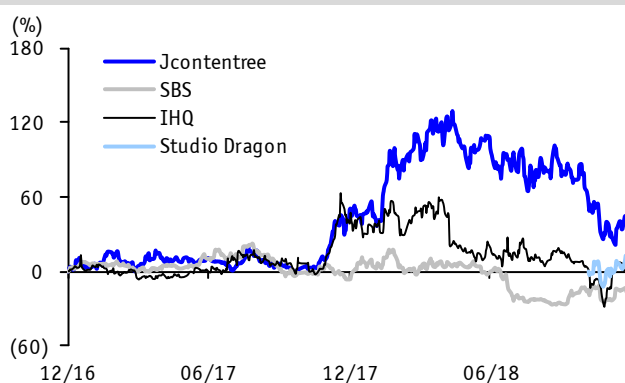
Source: Company data, FnGuide, Shinhan Investment Corp.

Global peer valuation

Ticker		253450 KS	036420 KS	003560 KS	160550 KS	DIS US	300027 CH	300133 CH
Company		Studio Dragon	Jcontentree	IHQ	NEW	Walt Disney	Huayi Brothers	Zhejiang Huace Film & TV
Market cap. (bn KRW)		3,036.4	687.2	295.4	136.7	192,686.7	2,228.1	2,523.5
Sales	2017	286.8	420.3	126.8	94.5	63,067.6	657.4	874.9
(bn KRW)	2018F	368.3	512.4	116.9	224.2	66,125.3	740.1	1,049.7
	2019F	471.1	588.1	160.7	259.0	70,341.5	863.9	1,265.0
OP	2017	33.0	33.3	15.3	(5.2)	15,868.4	87.2	128.6
(bn KRW)	2018F	52.6	43.4	7.8	6.7	16,622.7	135.2	144.8
	2019F	103.7	61.5	26.5	16.2	16,679.4	164.9	183.4
OPM	2017	11.5	7.9	12.1	(5.5)	25.2	13.3	14.7
(%)	2018F	14.3	8.5	6.6	3.0	25.1	18.3	13.8
	2019F	22.0	10.5	16.5	6.3	23.7	19.1	14.5
NP	2017	23.8	7.9	10.0	(6.8)	10,291.1	63.2	207.2
(bn KRW)	2018F	43.6	22.1	6.5	2.3	11,655.5	107.5	125.1
	2019F	82.3	32.6	19.3	12.9	12,170.5	131.8	159.8
Sales growth	2017	85.7	25.4	15.9	(7.2)	(2.3)	8.0	-
(% YoY)	2018F	28.4	21.9	(7.8)	1.0	4.8	12.6	20.0
	2019F	27.9	14.8	37.5	5.0	6.4	16.7	20.5
EPS growth	2017	84.5	(59.7)	37.0	TN	(1.7)	1,155.2	-
(% YoY)	2018F	48.1	138.5	(37.0)	TP	17.4	94.5	-
	2019F	88.9	36.5	195.1	459.5	4.0	22.6	-
PER	2017	61.9	95.8	141.1	N/A	17.3	29.1	14.9
(x)	2018F	61.7	28.4	45.3	81.4	16.7	18.1	19.9
	2019F	32.7	20.8	15.3	14.6	16.1	14.8	15.8
PBR	2017	4.9	3.9	1.6	2.0	3.6	2.5	2.6
(x)	2018F	6.5	2.8	1.3	1.4	3.7	1.3	2.0
	2019F	5.4	2.4	1.2	1.3	3.1	1.2	1.8
EV/EBITDA	2017	22.1	14.1	4.6	N/A	10.4	46.2	23.5
(x)	2018F	19.2	10.0	4.3	6.6	11.0	16.7	17.0
	2019F	13.0	8.3	3.9	5.5	11.0	14.4	13.5
ROE	2017	9.5	6.5	4.5	(5.2)	21.3	4.0	18.6
(%)	2018F	11.2	11.5	2.9	1.8	24.4	6.9	10.5
	2019F	18.2	13.3	8.4	9.4	20.6	7.9	12.2

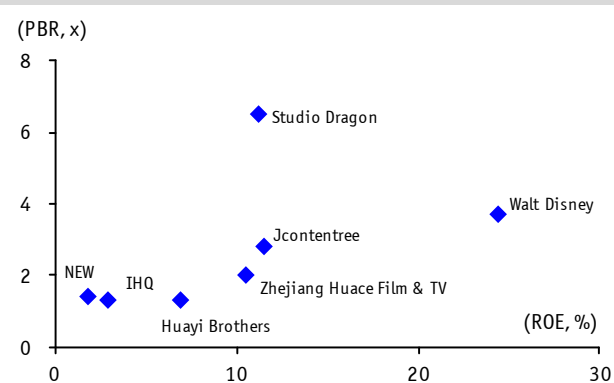
Source: Bloomberg, Shinhan Investment Corp.

Relative share performance vs. domestic peers



Source: Bloomberg, Shinhan Investment Corp.

2018F PBR and ROE vs. global peers



Source: Bloomberg, Shinhan Investment Corp.

Balance Sheet

Year to Dec. (W bn)	2016	2017	2018F	2019F	2020F
Assets	242.0	459.5	504.9	588.5	684.7
Total Current Assets	81.4	289.8	322.6	396.4	484.3
Cash and Cash Equivalents	11.5	51.3	47.1	77.2	115.7
Accounts Receivables	37.0	54.9	79.4	110.7	146.7
Inventories	0.0	1.3	1.7	2.1	2.4
Non-Current Assets	160.6	169.6	182.4	192.0	200.4
Tangible Assets	1.2	1.1	1.0	1.0	1.0
Intangible Assets	123.9	127.5	139.2	147.6	155.3
Investment Assets	2.3	3.8	4.9	6.2	6.9
Other Financial Institutions Assets	0.0	0.0	0.0	0.0	0.0
Liabilities	105.9	91.0	92.9	94.1	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	412.0	494.4	589.5
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	75.7	158.0	253.2
Owners of Parent Equity	136.1	368.4	412.0	494.4	589.5
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)	(185.5)	(223.0)	(268.9)

Cash Flow

Year to Dec. (W bn)	2016	2017	2018F	2019F	2020F
Operating Cash Flow	(12.4)	(7.2)	93.8	133.0	147.7
Net Profit	8.1	23.8	43.6	82.3	95.1
Depreciation	0.2	0.3	0.3	0.3	0.3
Amortization	22.0	41.0	77.6	86.0	93.7
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)	(40.8)
(Payments of Income Taxes)	(1.7)	(10.4)	(12.8)	(26.0)	(30.0)
Others	4.8	10.2	12.6	25.6	29.4
Investing Cash Flow	(69.5)	(141.0)	(97.2)	(102.0)	(108.4)
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)	(89.3)	(94.4)	(101.4)
Decr.(Incr.) in Investment Assets	(0.3)	0.0	(1.1)	(1.4)	(0.7)
Others	(68.0)	(140.8)	(6.5)	(6.0)	(6.0)
Free Cash Flow	N/A	43.6	90.6	129.4	143.9
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)	0.1	0.0
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	(4.3)	30.3	38.4
Beginning Cash	0.0	11.5	51.3	47.0	77.2
Ending Cash	11.5	51.3	47.0	77.2	115.7

Source: Company data, Shinhan Investment

Profit and Loss

Year to Dec. (W bn)	2016	2017	2018F	2019F	2020F
Sales	154.4	286.8	368.3	471.1	523.8
Growth (%)	N/A	85.7	28.4	27.9	11.2
COGS	132.8	239.7	302.0	352.0	386.5
Gross Profit	21.6	47.1	66.4	119.1	137.3
Gross margin (%)	14.0	16.4	18.0	25.3	26.2
SG&A	5.0	14.2	13.8	15.4	17.4
Operating Income	16.6	33.0	52.6	103.7	120.0
Growth (%)	N/A	98.3	59.4	97.2	15.7
Operating margin (%)	10.8	11.5	14.3	22.0	22.9
Other Net Non-Operating Profits	(6.1)	(2.7)	3.8	4.7	5.2
Financial Income(Expenses)	(1.1)	(2.5)	3.6	3.7	4.0
Net Other Non-Operating Profits	(5.0)	(0.2)	0.2	0.9	1.3
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	56.4	108.3	125.2
Income Taxes	2.4	6.4	12.8	26.0	30.0
Profit from Continuing Op.	8.1	23.8	43.6	82.3	95.1
Profit from Discontinued Op.	0.0	0.0	0.0	0.0	0.0
Net Profit	8.1	23.8	43.6	82.3	95.1
Growth (%)	N/A	192.9	82.8	88.9	15.5
Net Profit margin (%)	5.3	8.3	11.8	17.5	18.2
Net Profit of Parent	8.1	23.8	43.6	82.3	95.1
Net Profit to Non-Controlling	0.0	0.0	0.0	0.0	0.0
Total Comprehensive Income	8.3	23.8	43.6	82.3	95.1
Total Comp. Income of Parent	8.3	23.8	43.6	82.3	95.1
Total Comp. Income to Non-Cont.	0.0	0.0	0.0	0.0	0.0
EBITDA	38.8	74.3	130.5	190.0	213.9
Growth (%)	N/A	91.4	75.7	45.6	12.6
EBITDA Margin (%)	25.1	25.9	35.4	40.3	40.8

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

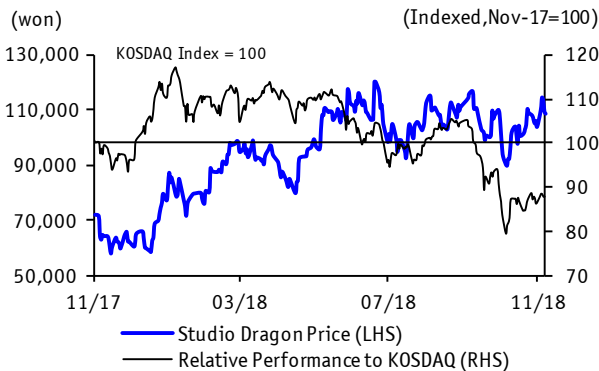
Key Ratios

Year to Dec.	2016	2017	2018F	2019F	2020F
EPS_C (won)	569	1,050	1,555	2,937	3,393
EPS_P (won)	569	1,050	1,555	2,937	3,393
BPS_C (won)	6,176	13,141	14,696	17,633	21,026
BPS_P (won)	6,176	13,141	14,696	17,633	21,026
DPS (won)	0	0	0	0	0
PER_C (x)	0.0	61.9	69.7	36.9	31.9
PER_P (x)	0.0	61.9	69.7	36.9	31.9
PBR_C (x)	0.0	4.9	7.4	6.1	5.2
PBR_P (x)	0.0	4.9	7.4	6.1	5.2
EV/EBITDA (x)	0.4	22.1	21.8	14.8	12.9
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	35.4	40.3	40.8
OP Margin (%)	10.8	11.5	14.3	22.0	22.9
NP Margin (%)	5.3	8.3	11.8	17.5	18.2
ROA (%)	3.4	6.8	9.0	15.1	14.9
ROE (%)	6.0	9.5	11.2	18.2	17.6
ROIC (%)	N/A	17.9	24.6	38.1	36.1
Stability					
D/E Ratio (%)	77.8	24.7	22.5	19.0	16.1
Net Debt to Equity (%)	12.1	(49.4)	(45.0)	(45.1)	(45.6)
Cash Ratio (%)	13.6	56.6	50.9	82.6	122.4
Interest Coverage (x)	19.5	19.0	57.6	113.6	131.5
Activity (%)					
Working Capital Turnover (t)	(23.5)	55.2	12.0	7.6	5.2
Inventory Turnover (d)	-	0.8	1.5	1.5	1.6
Receivable Turnover (d)	87.4	58.5	66.5	73.6	89.7

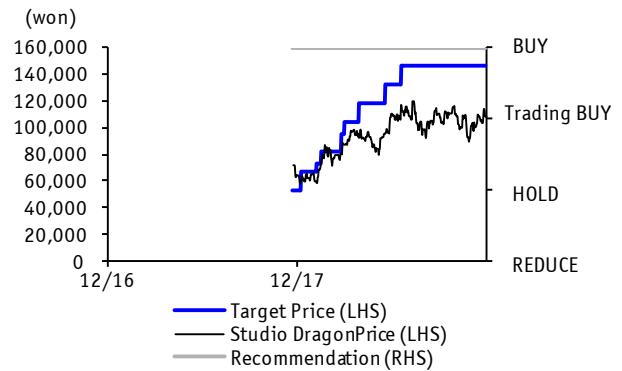
Source: Company data, Shinhan Investment

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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SHIC Rating Classifications (As of Apr. 1, 2017)

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 Nov. 30, 2018)

BUY (BUY)	95.02%	Trading BUY (HOLD)	2.26%	HOLD (HOLD)	2.71%	REDUCE (SELL)	0%
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