

Sung Nam
August 1, 2013

Name	Biosmart	Number of Shares	12,085,000
Ticker	038460	Market Cap	31,118,875
Market Price	2.58	Cash	5,000,000
SNV Opinion:	BUY	Debt	20,000,000
5 Yr Target Price:	10.00	Net Cash	-15,000,000
		Enterprise Value	46,118,875
		EBIT	8,000,000
		EV/EBIT	5.76

*Figures converted using USDKRW 1000 FX rate.

Business Overview

The Co. is mainly a manufacturer of plastic credit cards, and they bought a cosmetics Co. a few years ago. Costs about 0.80 cents per card.

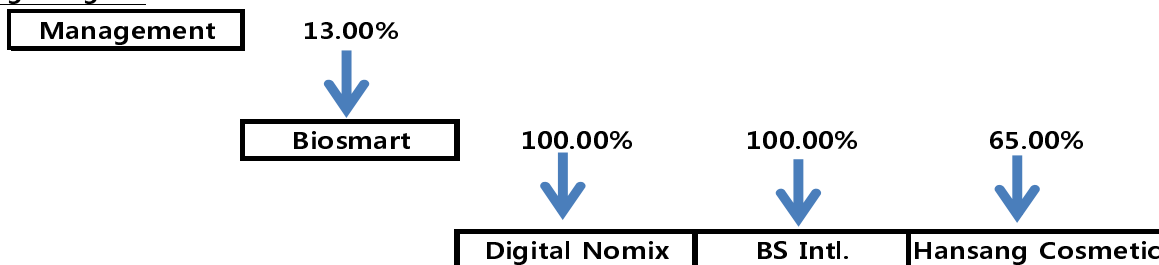
Shareholder

Management owns 13% of the shares. IBK Capital is a 5% shareholder. 3700 shareholders own 72%.

Subsidiaries

Owns 3 subsidiaries – Digital Nomix (DNA analysis), BS Intl (investment firm), Hansang Cosmetics (traditional cosmetics/beauty care provider).

Holdings Diagram



Cash flow

Op. Cash flow is 4BB and cap ex is difficult to categorize, but we estimate about 2BB, so 7% FCF/Price yield. 2012 FY numbers reflect 42BB KRW in revenue, 36% GM, 18% EBIT, 5% NI.

Dividend

Co. pays out zero dividend.

Valuation

Net tangible book value, excluding cash, is near 41BB KRW. Add on top of this 8 years of op. cash flow and you have 70BB KRW, which is 218% of market value. 128% downside protection.

Summary

The company is cheap. Although we find the plastic card industry close to being outrun by the new, cardless technology, the cards are still ubiquitous, so we will add in our portfolio.

SN Valuation Korean Portfolio

As of 2013-08-01

Buy

Name	Ticker	Market Price*	Entry Price	Date	Gain/(Loss)
Idis Holdings	054800	15.00	13.00	07/16/2013	15.38%
Moatech	033200	3.74	3.61	07/12/2013	3.46%
Danawa	119860	10.00	9.38	07/22/2013	6.61%
Kishin Elec.	092440	7.21	6.64	07/23/2013	8.58%
BYC	001460	199.50	196.50	07/29/2013	1.53%
Korea Exp. Exc.	002200	25.40	25.90	07/31/2013	-1.93%
Biosmart	038460	2.58	2.58	07/31/2013	-0.19%

Average Total Return

4.78%

Follow

Name	Ticker	Market Price*	Entry Price	Date	Gain/(Loss)
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