

<b>Name</b>	<b>Golf Zon</b>	Number of Shares	12,283,000
<b>Ticker</b>	<b>121440</b>	Market Cap	880,691,100
Market Price	71.70	Cash	60,000,000
Target Market Price	71.70	Debt	88,000,000
App./(Dep.)	0.00%	Net Cash	-28,000,000
<b>SNV Opinion:</b>	<b>NEUTRAL</b>	Enterprise Value	908,691,100
		EBIT	70,000,000
		EV/EBITDA	12.98

\*Figures converted using USDKRW 1000 FX rate.

**Business Overview**

Screen golf manufacturer. Screens enjoy a 63% gross margin and a 25% YoY growth (247/197). 2,922 screens installed by GolfZon, out of a total domestic market of 3,198 screens. But the trend is scary. Down from 6,578 in 2010. This is a drastically saturated market. We don't know if this is a razor/blade business model, but if it isn't then future growth is sketchy. 277 patents, primarily in Korea.

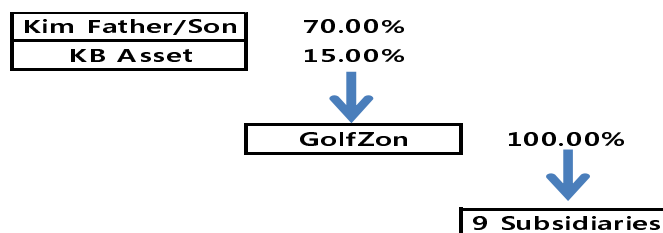
**Shareholder**

김원일 Kim Won Il is the CEO and owns 55% of the shares. He is only 37 years old. Kim Yong Chan owns 15%, They are father and son. KB Asset owns 8%. 9826 shareholders own 25% of the remaining shares.

**Subsidiaries**

The Co. owns 9 subsidiaries – all are private entities, which are 5 representative offices in HK, Taiwan, China, Canada and Japan. Also, they run an After service business, driving range consulting business, and golf apparel and item retail business.

**Holdings Diagram**



**Cash flow**

Op. Cash flow is 60BB and cap ex is difficult to categorize, but we estimate about 40BB, so 3% FCF/Price yield. 2012 FY numbers reflect 290BB KRW in revenue, 55% GM, 25% EBIT, 25% NI.

**Dividend**

Co. pays out 14MM KRW in dividend, or a 2% dividend yield.

**Valuation**

Net tangible book value, excluding cash, is near 410BB KRW. Add on top of this 8 years of op. cash flow and you have 890BB KRW, which is 101% of market value. 46% downside protection.

**Summary**

Priced appropriately. There is a lot of growth potential for this business, with expansion plans at work in Japan, HK, Taiwan, which we assume carry an expensive price tag for a round of golf, due to a restrictive land mass. Not sure how long the business will last, but they have a command of the domestic market. Koreans love golf and will continue to visit the screen golf sites during the hot summer/cold winter seasons.

## SN Valuation Korean Portfolio

As of 2013-07-18

### Buy

Name	Ticker	Market Price	Entry Price	Date	Gain/(Loss)
Idis Holdings	054800	13.05	13.00	07/16/2013	0.38%
Moatech	033200	3.67	3.61	07/12/2013	1.66%

### Follow

Name	Ticker	Market Price	Entry Price	Date	Gain/(Loss)
China King	900120	2.29	2.30	07/17/2013	-0.43%