

Name	Muhak	Number of Shares	26,791,000
Ticker	033920	Market Cap	475,540,250
Market Price	17.75	Cash	31,000,000
Target Market Price	17.75	Debt	0
App./(Dep.)	0.00%	Net Cash	0
Sellside Target	475,540,250	Enterprise Value	475,540,250
		EBITDA	45,000,000
		EV/EBITDA	10.57

*Figures converted using USDKRW 1000 FX rate.

Business Overview

Business started 40 years ago. Soju producer. 15% market share. About 200BB KRW in revenue, 50% GM, 25% EBIT, 6% NI.

	2013년 (1월~2월)	2012년	2011년	2010년	2009년
무학	15.1	14	12.9	10	8.5
하이트진로	44.4	48.8	47.2	50.2	50
롯데BG	17.2	15.1	16.1	13.8	13.2
금복주	10.1	7.5	8	8.3	8.8
보해양조	4.1	5	5.1	5.1	5.2
선양	2.9	3.2	3.4	3.2	3.1
대선주조	2.8	3.3	4	5.9	7.5
충북소주	1.5	1.3	1.2	1.4	1.4
한라산	1.3	1.2	1.2	1.2	1.2
보배	0.7	0.8	0.9	1	1

Shareholder

최재호 Choi Jae Ho (Muhak's CEO) owns 49% of the outstanding shares. KB Asset owns 10%. FID owns 10%. These 3 individuals/entity combined own 70% of the shares. The remaining 3,282 individuals owns 23% of the shares. We think the balance is owned by foreigners.

Cash flow

Op. Cash flow is 40BB and cap ex is difficult to categorize, but we estimate about 5BB, so 7% FCF/Price yield.

Subsidiaries

The Co. owns 4 subsidiaries. Only 2 are making positive earnings. Their cumulative net asset is 22BB KRW.

법인명	최초취득 일자	출자 목적	최초취득 금액	기초잔액			증가(감소)			기말잔액			최근사업연도 재무현황	
				수량	지분율	장부 가액	취득(처분) 수량	금액	평가 손익	수량	지분율	장부 가액	총자산	당기 순손익
(주)지리산산청샘물	-	관계기업 투자주식	565	633,280	21.91	2,009	-	-	-	633,280	21.91	2,009	18,745	349
무학전기(해주)유한공사	-	종속기업 투자주식	120	-	100	4,137	-	-	-	-	100	4,137	4,515	-344
(주)무학워드	-	종속기업 투자주식	100	40,000	100	200	-	-	-	40,000	100	200	390	138
(주)좋은데이디엔에프	-	종속기업 투자주식	2,000	400,000	100	2,000	-	-	-	400,000	100	2,000	953	-879
합계				1,073,280	-	8,346	-	-	-	1,073,280	-	8,346	-	-

Valuation

Net tangible book value, excluding cash, is near 305BB KRW. Add on top of this 8 years of op. cash flow and you have 40BB KRW, which is 130% of market value. This stock is attractive with 64% downside protection and consistent cash flow.

The Co. owns 110BB in long term investments, and 140BB in cap ex property, so a lot of downside protection.

Dividend

Co. paid out 1.3BB KRW from 35BB KRW in earnings, or a 3.6% payout ratio. It's a 0.3% dividend yield, which is really crappy. The CEO essentially gets a 600BB KRW payout for his 50% shareholdings.