

Sung Nam  
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### Sung Kwang Band (014620)

Sung Kwang Band (014620)'s 목표주가 (Target Price) is 30,000원. 시가총액 (market cap) is \$61.5 MM, with 28.6MM shares outstanding, paying out 150원/share, or 21% payout ratio, off 715원/share in net income. Current price is roughly 10.5x 12 mo. forward EPS, or roughly 22,000원, a potential 36% appreciation. Even amidst the unstable global economic situation, oil prices are at \$91 and considerable investments are being allocated to energy/infrastructure development. The co. manufactures pipe(배관) fittings, used in plants, factories. Used to change direction of pipe, and pipe size. CEO owns about 40% of the equity. Fidelity unloaded a small portion of their holding (roughly 400,000 shares).

자본총계 (stockholder's equity) is \$30.1 MM, 단기/장기금융부채(short and long term debt) is \$4.4MM, 유형자산 (long term asset) is \$14.5 MM, 재고자산 (inventory) and 매출채권 (A/R) are \$25 MM. 매출액 (revenue) is \$25.6 MM, 매출총이익 (Gross income) is \$5.3MM, or 20.7% GM. 영업이익(net income) is \$2.9 MM. 영업활동으로 인한 현금흐름 (op. cash flow) would be a positive \$3MM if working capital didn't consume \$3MM. The co. is purchasing about \$2MM in 재고자산 and not collecting on \$1MM in 매출채권. The co. is investing \$500k in 유형자산처분 (cap ex investment).

Co. is growing off a \$30.1MM 자본총계. FCF could be about \$2MM, so we grow this out for 5 years, then asset+ FCF is roughly \$40MM. Assets would have grown \$3 MM and 3 more years of FCF would make disposition gain about \$10 MM. So, we value the co. at \$50MM in 5 years. We find this co. too expensive at the current price. We will skip on this co. for now.

In March, according the filings in Dart, the co. purchased a building in Pusan (부산 강서구 송정동 1578-3번지). SKB currently commands the market with a 52% market share and has been taking business away from 태광, the runner up with a 37% market share. The main customers are domestic construction companies such as Daewoo, Hyundai, Doosan, Samsung and GS. Raw material prices for alloy and stainless steel are inching up. Co. has increased the production capability and utilizing 81%.

<http://dart.fss.or.kr/dsab001/main.do?autoSearch=true>