

# Mirae Asset Daewoo FY2016 Earnings Release (Preliminary figures)

Mirae Asset Daewoo IR Team

February 2017

This presentation has been prepared by Mirae Asset Daewoo and although the information provided comes from a credible source Mirae Asset Daewoo is not responsible for its accuracy. These figures are subject to change without prior notice, and Mirae Asset Daewoo is neither obligated to provide revisions caused by changes regarding the projection and forecast presented in this document. Mirae Asset Daewoo accepts no liability for any loss and this presentation cannot be used in any legal matter. This presentation should not be distributed to any other party except with the written consent of Mirae Asset Daewoo.

**MIRAE ASSET**  
Building on principles

# Contents

I. Corporate Overview

II. 2016 Financial Summary

III. Core Strategies

# Corporate Overview

<b>Number of total shares outstanding</b>	680,392,158 (Common shares : 666,316,408 <sup>1)</sup> / Preferred shares : 14,075,750)		
<b>Market cap.</b>	₩5.95tr <sup>2)</sup>		
<b>Major shareholders<sup>3)</sup></b>	Mirae Asset Capital (123,058,703, 18.09%)	Treasury stocks (157,294,621, 23.12%)	
	Mirae Asset Consulting (1,037,604, 0.15%)	ESOP (25,631,481, 3.77%)	
	19 Related parties (2,287,733, 0.34%)	National pension (50,504,906, 7.42%)	
<b>Shareholders' Equity</b>	₩6.66tr (consolidated)	<b>Client Assets</b>	₩211tr
	₩6.59tr (separate)		
<b>Credit Ratings</b>	Baa2 (Moody's) AA (Korea Ratings, Korea Investors Service, NICE Information Service)		

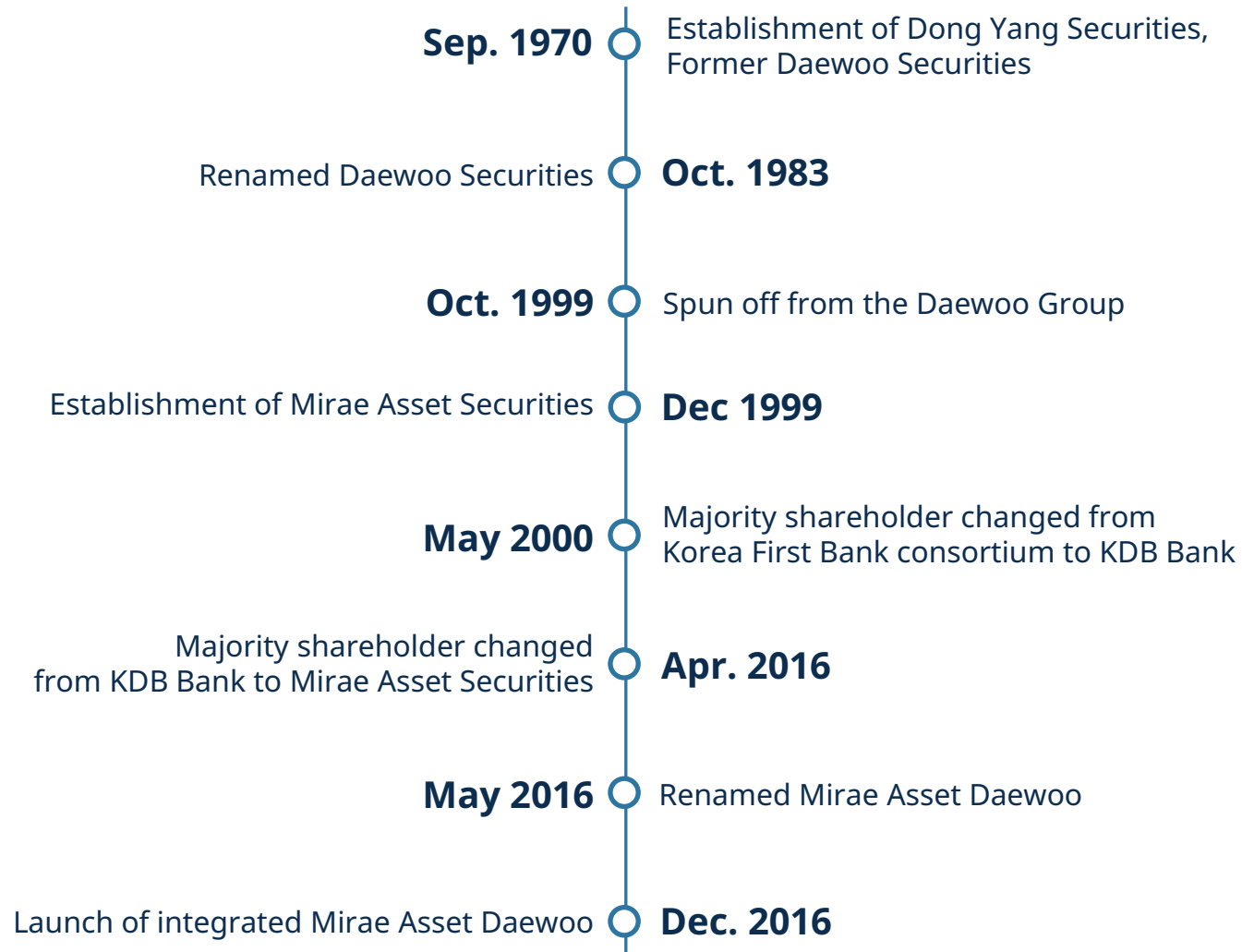
\* Note: 1) 339,615,517 common shares were newly listed as of January 20<sup>th</sup>, 2017 in accordance with the merger ratio of 1:2.9716317

2) As of January 31<sup>st</sup>, 2017 (Includes market cap. Of preferred shares)

3) Percentage of ownership is calculated by total shares outstanding / Treasury shares and ESOP as of the end Sep. 2016, National pension as of the end Dec. 2016

# History

---



# FY2016 Financial Summary

(Unit: Wbn)

Consolidated	Annual results		
Category	2015	2016	YoY
<b>Net Operating Revenue</b>	<b>554.5</b>	<b>812.9</b>	<b>46.6%</b>
Wealth Management	139.9	176.3	26.0%
Brokerage	99.5	283.4	184.8%
IB & Trading	219.6	136.9	-37.7%
Interest income	95.6	216.4	126.4%
<b>SG&amp;A Expense</b>	<b>328.4</b>	<b>792.3</b>	<b>141.2%</b>
<b>Pretax Profit</b>	<b>226.1</b>	<b>20.6</b>	<b>-90.9%</b>
Net Profit	174.6	16.0	-90.9%
<b>Controlling interests</b>	<b>169.8</b>	<b>39.6</b>	<b>-76.7%</b>

## [ Summary ]

- Under '[K-IFRS]1103 Business Combinations', 2015 & 2016 figures are disclosed based on consolidated K-IFRS of Mirae Asset Securities
- Net profit attributable to controlling interests of W39.6bn for 2016
- Due to discrepancy in accounting standards between two companies and consolidated adjustments, NOR breakdown is provided for reference only. In addition, figures are subject to change after external auditors' review.
- Please refer to pg.5 for more detailed information

# FY2016 Financial Summary

## [ Summary ]

### [ Pretax profit before reflecting post-merger integration costs ]

**Pretax profit of MAS + MA-DW before reflecting post-merger integration costs (①+②): W324.4bn**

- ① Mirae Asset Securities (MAS) pretax profit (consolidated, excl. MA-DW): W179.6bn
- ② Mirae Asset Daewoo (MA-DW) pretax profit (consolidated): W144.8bn

### [ Costs related to post-merger integration ]

**Total costs (①+②+③): W303.8bn**

- ① Excl. MA-DW's 1Q16 pretax profit: W72.9bn
  - ② (Excl. MA-DW's 1Q pretax profit since it was before the acquisition)
- ② Purchase price allocation (PPA) adjustments: W102.9bn
  - ③ (Excl. MA-DW's 2Q~4Q deferred income which was reflected in advance during the PPA process in April 1<sup>st</sup>, 2016)
- ③ Costs related to post-merger integration of accounting standards & other one-offs: W128.0bn
  - ④ (Integration of accounting standards related to evaluating derivatives in a more conservative and less vulnerable to market volatility), and other one-off costs related to post-merger integration of IT system, allowance for bad debts, etc.)

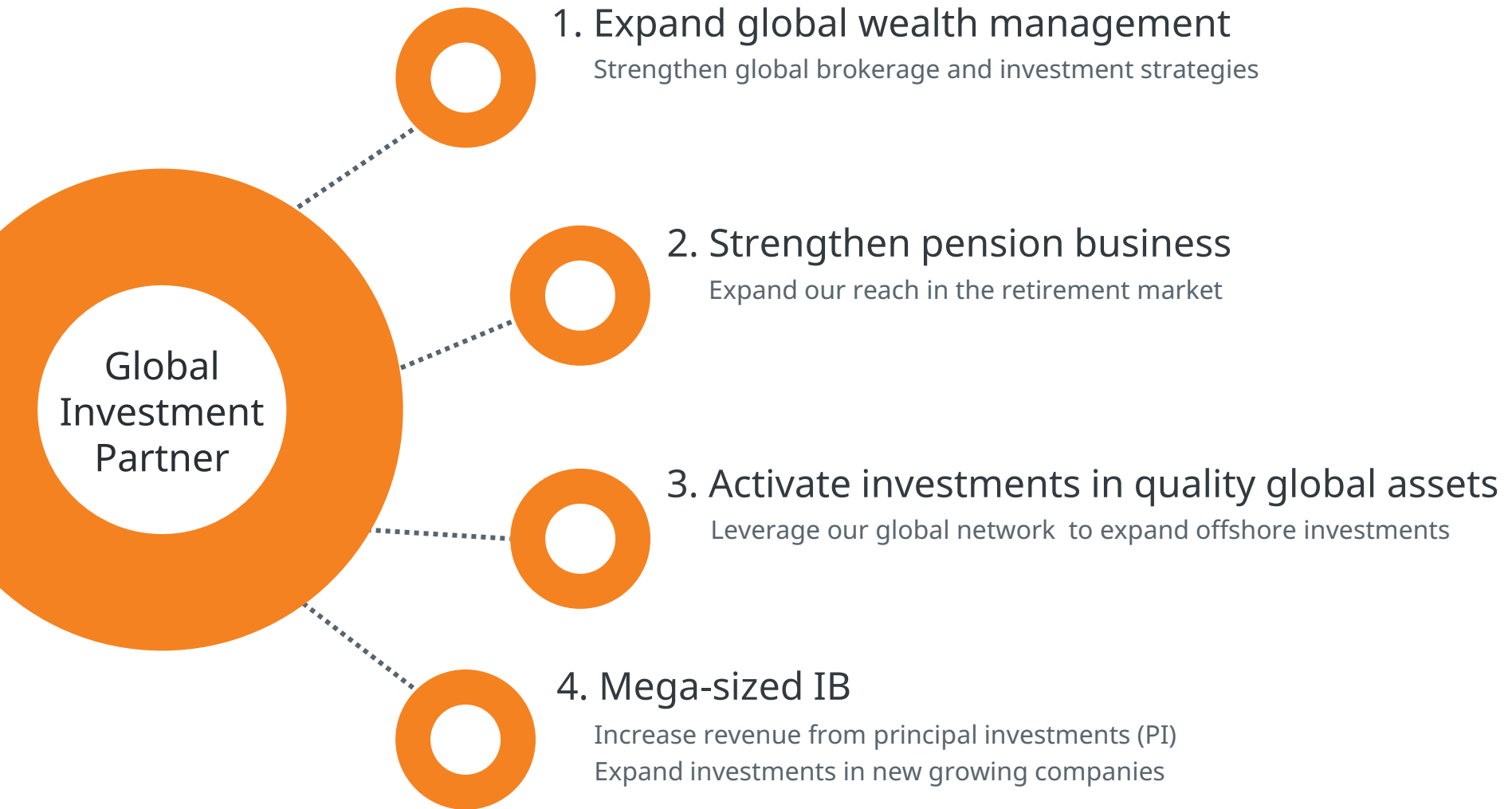
### [ Pretax profit after reflecting post-merger integration costs ]

- ① Pretax profit before reflecting post-merger integration costs: W324.4bn
- ② Total costs related to post-merger integration: W303.8bn

**Pretax profit after reflecting post-merger integration costs (①-②): W20.6bn**

# Core Strategies

---



# 1. Expand global wealth management

---

Secure clients' return by providing diverse investment opportunities with global asset allocation strategies



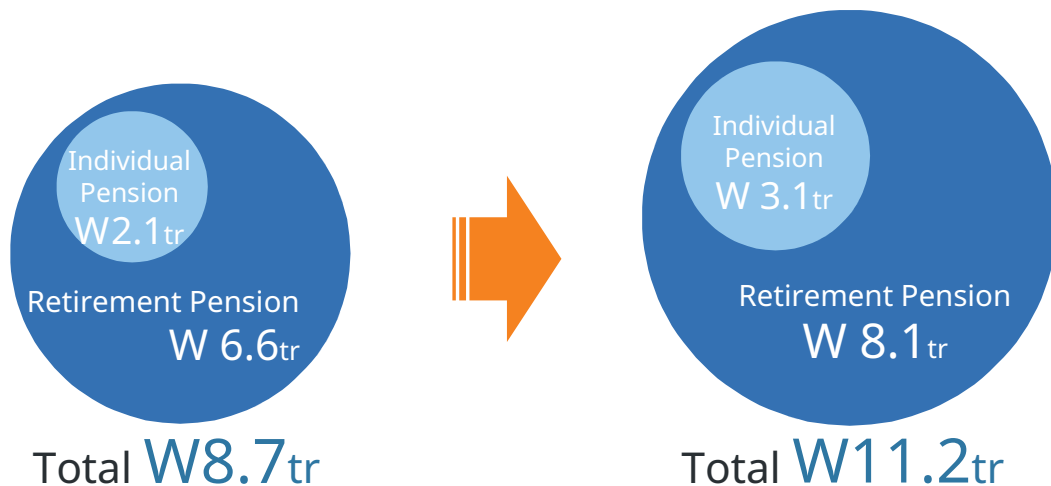


## 2. Strengthen pension business

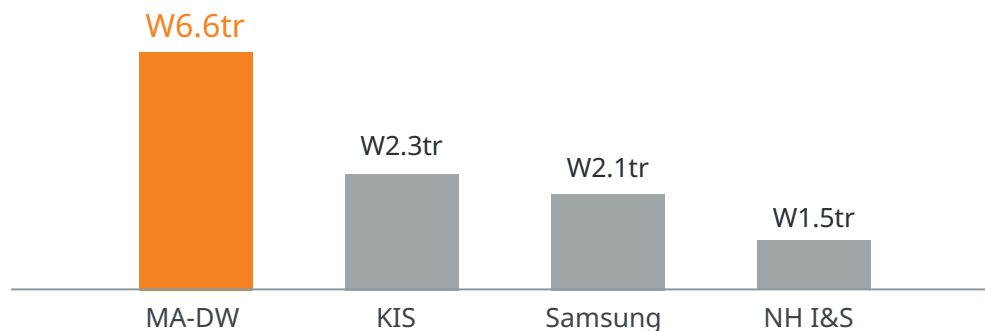
Growth of the pension market is a new move in WM business

As of end-Dec. 2016

2017 Target



Retirement pension assets of big 4 brokers



\* Mirae Asset Daewoo as of the end=Dec. 2016, others as of the end=Nov. 2016

[ Annual average rate of return of retirement pension plans (7-year disclosed rate of return) ]

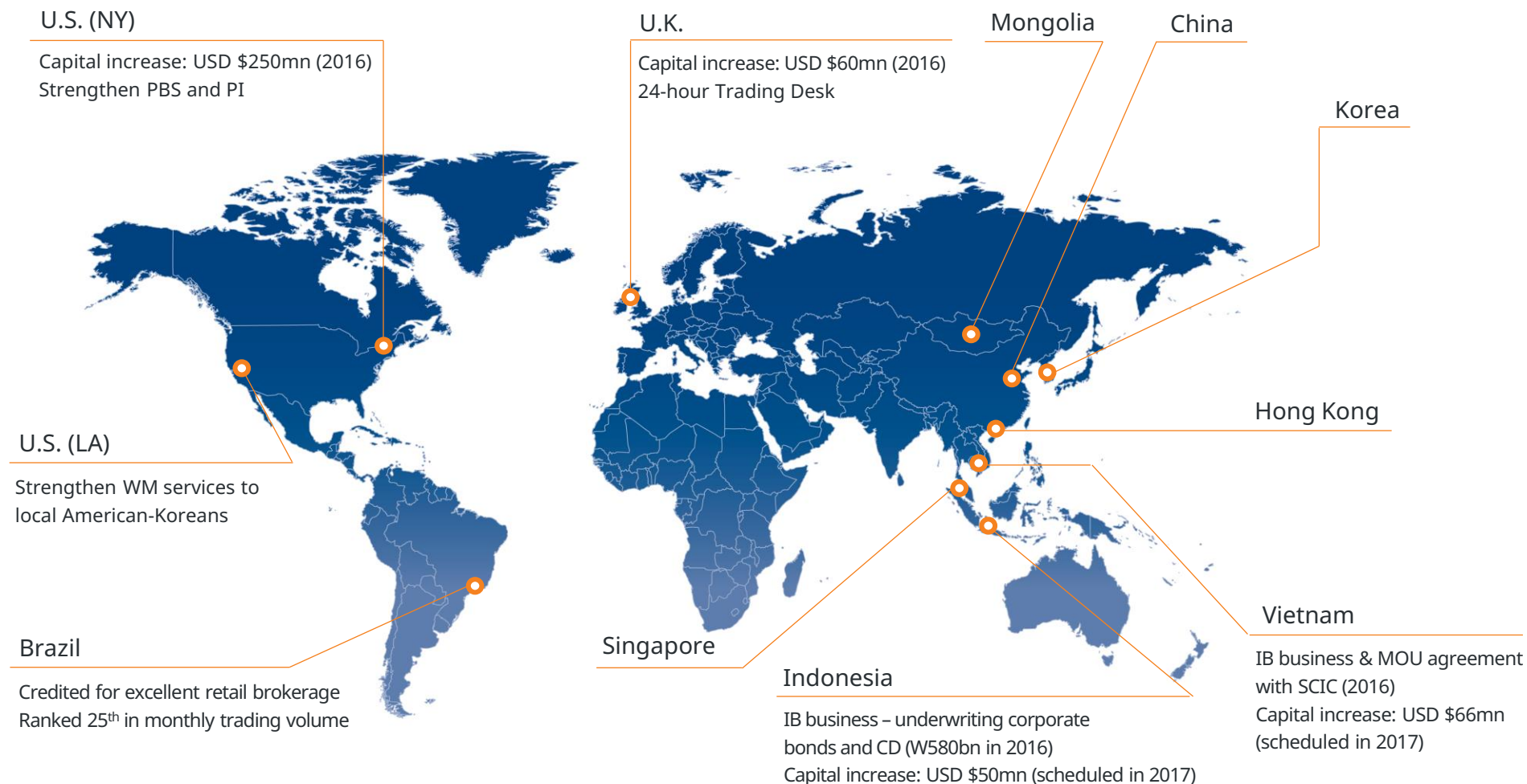
Provider	Defined Benefit (DB)	Defined Contribution (DC)
Mirae Asset Daewoo	4.77%	5.66%
Kyobo Life	4.20%	4.73%
Kookmin Bank	3.58%	4.30%
Shinhan Bank	3.72%	4.26%
NH Bank	3.55%	4.20%
KEB Hana Bank	3.69%	4.17%
Samsung Life	3.51%	4.12%
Woori Bank	3.54%	4.03%
Industrial Bank of Korea	3.35%	3.92%

\* Source: Financial Supervisory Service (as of the end 2015)

### 3. Activate investments in quality global assets

Expansive global network across nine strategic markets

Strengthen investments and trading by raising capital at global subsidiaries including U.S. and U.K.



### 3. Activate investments in quality global assets (cont'd)

Major investments made by the Group

Project	Region	Invested amount (₩)	Mirae Asset Daewoo's investment (₩)	Year of investment
Mirae Asset Tower	Pudong, Shanghai	260bn	38bn	2006
Acquisition of Acushnet (listed in 2016)	U.S.	1.3tr	106bn	2011
1081 K Street (occupant: FRB)	Washington DC, U.S.	460bn	30bn	2014
Four Seasons Hotel	Seoul, Korea	520bn	-	2015
The Fairmont Hotel	San Francisco, U.S.	520bn	149bn	2015
Fedex Logistics	Six cities in U.S.	510bn	100bn	2016
Office buildings	Cologne, Germany	490bn		2016
Hyatt Regency Waikiki Beach Resort & Spa	Hawaii, U.S.	900bn	348bn	2016
Amazon headquarter building	Seattle, U.S.	290bn	17bn	2016
State Farm office building	Dallas, U.S.	950bn	195bn	2016
Ocean Resort Complex in Gyeong Island	Yeosu, Korea	1.1tr	Undecided	2016~

## 4. Mega-sized IB

Services will be allowed based on the size of shareholders' equity

### W3tr ~ W4tr

- Prime brokerage service (PBS)
- Expand lending limits
  - Higher cap on corporate and retail credit lending (up 200%)
- NCR-II applied (A new standard about financial soundness)
- Allowing to arrange multilateral trading and brokering of unlisted stocks
- Reinforcement of cooperation with policy banks and sovereign funds
- Expansion of overseas M&A deals via K-Growth Ladder Fund

### W4tr ~ W8tr

- Issue of promissory notes
  - Secure diversified funding
  - Improve efficiency and autonomy of investment
  - Issuance limits up to 200% of equity
  - Leverage regulation not applied
  - Not eligible for deposit protection
- Expansion of FX operations
  - Permits spot FX trading with corporate clients

### More than W8tr

- IMA<sup>1)</sup>
  - Integrated management of customer deposits
  - Various product line-ups
  - No limits of issuance
  - Leverage regulation not applied
  - Not eligible for deposit protection
- Property-backed trust business
  - More comprehensive corporate financial services

1) IMA: Investment Management Account

# End of Document

