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# Press Release

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## Direct Corporate Financing Decreases in August

Data compiled by the FSS showed that stocks and bonds issued by domestic companies in August totaled KRW3.74 trillion, marking a decrease of 30.9% from a month earlier. The decrease in direct corporate financing was due to the seasonal effect of low demand for corporate financing. Stocks and bonds issued fell 46.4% to KRW290.6 billion and 29.1% to KRW3.45 trillion from a month earlier, respectively.

### Stocks and Bonds Issued: August 2005

(In KRW, billions)

	07/2005	08/2005	% Change	01-08/2004	01-08/2005	%Change
Stocks	542.6	290.6	-46.4	7,322.4	4,241.5	-42.1
Bonds	4,866.1	3,449.3	-29.1	30,386.9	33,919.1	11.6
Total	5,408.7	3,739.9	-30.9	37,709.3	38,160.6	1.2

### Equity Financing

Stocks issued fell 46.4% in August due to temporary adjustments in the stock market. There were two IPOs during August totaling KRW16.8 billion, compared with 14 IPOs of KRW215.4 billion in July. The amount of seasoned equity offerings (SEOs) in August fell 16.3% from a month earlier to KRW273.8 billion.

### Equity Financing by Market and Industry

(In KRW, billions)

			07/2005	08/2005	% Change	01-08/2004	01-08/2005	% Change
IPOs	By Market	Stock Market	39.6	-	-100.0	458.7	156.7	-65.8
		KOSDAQ	175.8	16.8	-90.4	264.8	434.2	64.0
	By Industry	Manufacturing	182.9	5.8	-96.8	510.3	500.6	-1.9
		Financial	-	-	-	9.8	-	-100.0
		Others	32.5	11.0	-66.2	203.4	90.3	-55.6
Subtotal			215.4	16.8	-92.2	723.5	590.9	-18.3
SEOs	By Market	Stock Market	62.3	23.9	-61.6	4,260.5	1,317.1	-69.1
		KOSDAQ	107.8	240.0	122.6	628.8	836.0	33.0
		Others	157.1	9.9	-93.7	1,709.6	1,497.5	-12.4
	By Industry	Manufacturing	60.4	203.7	237.3	909.3	791.4	-13.0
		Financial	120.0	24.8	-79.3	5,208.7	2,337.1	-55.1
		Others	146.8	45.3	-69.1	480.9	522.0	8.5
Subtotal			327.2	273.8	-16.3	6,598.9	3,650.5	-44.7
Total			542.6	290.6	-46.4	7,322.4	4,241.5	-42.1



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## Debt Financing

### Corporate Bonds

Excluding Asset-backed securities (ABS) and financial bonds, corporate debt issues decreased 19.8% to KRW1.40 trillion in August as interest rates in the bond market rose and the amount of maturing bonds decreased KRW618.4 billion from a month earlier. Corporate debt issued for facilities investment and rollovers increased 311.5% and 14.7%, respectively, while corporate debt for operating capital dropped 35.6%.

### Debt Financing by Type and Use

		(In KRW, billions)					
		07/2005	08/2005	% Change	01-08/ 2004	01-08/ 2005	% Change
Secured/ Unsecured	Guaranteed <sup>1</sup>	-	-	-	132.7	166.7	25.6
	Secured	-	-	-	-	-	-
	Unsecured	1,749.2	1,402.1	-19.8	16,150.2	15,579.0	-3.5
Securities Type	Corporate bonds	1,639.7	1,402.1	-14.5	16,271.1	15,551.2	-4.4
	Bonds with stock features	109.5	-	-100.0	11.8	194.5	1,548.3
Use	Facilities investment	20.0	82.3	311.5	633.3	787.0	24.3
	Operating capital	1,318.5	848.8	-35.6	6,909.4	9,726.1	40.8
	Rollovers	410.7	471.0	14.7	8,740.2	5,232.6	-40.1
Total		1,749.2	1,402.1	-19.8	16,282.9	15,745.7	-3.3

Notes:

1. Backed by third-party guaranty
2. Backed by issuer collateral
3. Convertible bonds, bonds with warrants and exchangeable bonds

### Financial Bonds

Financial bonds issued in August fell 30.4% to KRW803.0 billion from KRW1,153.0 billion in July due to a rise in bond interest rates. Bonds issued by credit card companies and installment finance companies dropped 34.8% to KRW543.0 billion and 18.8% to KRW260.0 billion, respectively.

### Asset-Backed Securities

Asset-backed securities (ABS) issued by public offering totaled KRW1.24 trillion in August, down 36.6% from July but up 26.1% from the same period last year. The total ABS issuances in August came to KRW2.59 trillion, up 2.0% from July and 19.1% from the same period last year.



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## Direct Financing by Large Companies and SMEs

The amount of debt (excluding ABS and financial bonds) and equity financing by large companies fell 26.5% to KRW1,433.1 billion and that of SMEs also fell 23.9% to KRW259.6 billion from a month earlier.

### Direct Financing by Large Companies and SMEs

(In KRW, billions)

		07/2005	08/2005	% Change	01-08/2004	01-08/2005	% Change
Subtotal	Large companies	1,950.5	1,433.1	-26.5	22,328.6	18,289.3	-18.1
	SMEs	341.3	259.6	-23.9	1,276.7	1,697.9	33.0
Equity financing	Large companies	201.3	31.0	-84.6	6,090.6	2,713.6	-55.4
	SMEs	341.3	259.6	-23.9	1,231.8	1,527.9	24.0
Debt financing*	Large companies	1,749.2	1,402.1	-19.8	16,238.0	15,575.7	-4.1
	SMEs	-	-	-	44.9	170.0	278.6
Total		2,291.8	1,692.7	-26.1	23,605.3	19,987.2	-15.3

\*Excluding ABS and financial bonds

## Unsecured Corporate Bonds by Credit Rating

There were 21 unsecured corporate bond issuances totaling KRW1.40 trillion in August, down 19.8% from a month earlier. Unsecured corporate bonds with an A or higher credit rating decreased 6.7% to KRW840.0 billion, while those with a BBB or lower rating fell 33.8% to KRW562.1 billion. The share of bonds issued with a BBB or lower rating showed an 8.5% decrease to 40.0% in August.

### Unsecured Corporate Bonds by Credit Rating

(In KRW, billions)

	07/2005	08/2005	% Change	01-08/2004	01-08/2005	% Change
A or higher	900.0	840.0	-6.7	10,980.0	10,091.0	-8.1
BBB	849.2	562.1	-33.8	5,032.1	5,448.0	8.3
BB or lower	-	-	-	138.1	40.0	-71.0
Total	1,749.2	1,402.1	-19.8	16,150.2	15,579.0	-3.5

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