

# Studio Dragon (253450 KS)

## Recommend a buy-and-hold approach

### BUY (MAINTAIN)

Price (Mar 2)	W87,300
Target Price	W104,000
% variance	19.1%

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KOSPI	2,402.16p
KOSDAQ	860.23p
Market Cap.	W2,447.7bn/ US2,147.1mn
Par Value	W500
Outstanding Shares	28.0mn
Free Floating Shares	6.7mn(23.9%)
52-Week High/Low	W88,600/W57,800
60-Day Avg. Trading Volume	341,565shrs
60-Day. Avg. Trading T/O	W24,324mn
Foreign Ownership	1.35%
Major Shareholders	CJ E&M and 3 others 75.66%
Absolute Performance	3M 36.2%
	6M -
	12M -
Relative performance	3M 24.7%
to KOSDAQ	6M -
	12M -

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- ◆ 1Q18 consolidated operating profit estimated at W16.8bn (+20.4% YoY)
- ◆ No limit to growth
- ◆ Retain BUY and raise target price by 9.5% to W104,000

### 1Q18 consolidated operating profit estimated at W16.8bn (+20.4% YoY)

Studio Dragon is expected to post consolidated revenue of W91bn (+20.8% YoY) and operating profit of W16.8bn (+20.4% YoY) for 1Q. Earnings should continue steadily upwards despite the high YoY base created from the unprecedented success and exports of Guardian: The Lonely and Great God in 1Q17. Major growth drivers include the increase in domestic VOD sales and global OTT (over the top) exports (Netflix included) of hit dramas such as A Korean Odyssey and Live. Momentum should strengthen further in 2H on base effect, resumed exports to China, production of original dramas with global partners, and the airing of major dramas (Mr. Sunshine, Alhambra: Memories of the Kingdom). Operating profit growth should reach up to 235% YoY for 2H as a result.

### No limit to growth

Earnings from China, a key factor affecting share price, should inevitably resume going forward. Studio Dragon completed exports of two drama formats (including the format for Signal) in January-February and is waiting to finalize drama exports. With the surge in fees demanded by local actors driving up drama production costs in China to the level of several tens of billions of won, demand to bring in already-popular Korean dramas has visibly grown. As the price tag of a major Korean drama typically reaches above W8bn (based on iHQ's past export records), Studio Dragon should see earnings rise by roughly W40bn per year from exports to China going forward.

Adding to the upturn in exports to China, the expansion of global operators into the Asian market should help to drive further growth in earnings. Backed by the production of original dramas for Netflix, Studio Dragon, the biggest content production studio in Asia, should enjoy a surge in order intake over the next three years. By providing outsourced production of just 3-4 dramas per year, Studio Dragon should bring in additional profits of almost W20bn.

### Retain BUY and raise target price by 9.5% to W104,000

We raise our target price for Studio Dragon by 9.5% to W104,000, reflecting upgraded earnings forecasts for 2019 in view of original content production for Netflix. Studio Dragon remains our sector pick, based on: 1) expectations for top-line growth near 30% YoY; 2) forecasts for over-2x growth in operating profit; and 3) strong leverage effect expected from the upturn in exports to China. Current valuations are based on conservative earnings forecasts that do not reflect the company's growth potential in full. As such, we recommend a buy-and-hold approach on Studio Dragon.

Year to Dec.	Sales (W bn)	OP (W bn)	Pre-tax (W bn)	NP (W bn)	EPS (Won)	Growth (%)	BPS (Won)	PER (X)	EV/EBITDA (X)	PBR (X)	ROE (%)	Net Debt Ratio (%)
2015	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
2016	154.4	16.6	10.5	8.1	569	N/A	6,176	0.0	0.4	0.0	6.0	12.1
2017F	286.8	33.0	30.3	23.8	1,050	84.5	12,482	61.9	18.5	5.2	9.8	(50.2)
2018F	369.8	66.2	63.0	48.5	1,730	64.8	14,212	50.5	18.4	6.1	13.0	(52.8)
2019F	452.1	97.1	93.4	71.9	2,565	48.2	16,777	34.0	14.1	5.2	16.6	(56.1)

Source: Company data, Shinhan Investment Corp.

## Earnings trend and outlook (K-IFRS consolidated)

(bn KRW)	1Q16	2Q16	3Q16	4Q16	1Q17	2Q17	3Q17	4Q17P	1Q18F	2Q18F	3Q18F	4Q18F	2016	2017	2018F	2019F
<Assumptions for production>																
No. of dramas	5.0	4.0	5.0	5.0	5.0	6.0	7.0	4.0	7.0	7.0	6.0	6.0	19.0	22.0	28.0	33.0
<Earnings estimates>																
Total revenue	49.5	47.0	46.5	52.5	75.3	62.1	77.5	71.9	91.0	78.9	94.9	105.0	195.5	286.8	369.8	452.1
Production revenue	22.5	22.0	21.0	22.3	26.3	24.1	41.8	39.0	30.6	28.7	45.3	52.6	87.8	131.2	157.3	175.7
Distribution revenue	18.0	18.0	18.5	20.9	36.5	26.3	23.3	25.7	47.9	38.3	36.6	39.0	75.4	111.8	161.8	222.9
Other (PPL) revenue	9.0	7.0	7.0	9.3	12.5	11.6	12.4	7.2	12.5	11.9	12.9	13.4	32.3	43.7	50.7	53.6
<Assumptions for overseas operations>																
Overseas revenue	12.8	13.0	9.3	9.3	22.6	16.1	13.1	15.4	26.3	20.8	19.4	23.3	44.2	67.2	89.7	120.4
Overseas revenue share (%)	25.8	27.6	19.9	17.6	30.0	25.9	16.9	21.4	28.9	26.3	20.4	22.2	22.6	23.4	24.3	26.6
Japan	2.3	2.3	2.4	2.1	7.1	4.9	3.2	3.5	8.2	5.6	3.9	5.9	9.1	18.7	23.6	26.8
Asia including China	9.8	10.0	6.2	6.3	12.2	9.0	8.5	10.2	16.2	13.0	13.6	15.6	32.3	39.9	58.4	85.1
China	3.0	3.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	8.0	10.0	10.0	6.0	0.0	28.0	60.0
U.S.	0.6	0.6	0.6	0.8	3.2	2.1	1.3	1.6	1.8	2.0	1.8	1.7	2.6	8.2	7.3	8.0
Others	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.2	0.4	0.4	0.4
COGS	41.3	40.4	38.8	41.3	58.6	49.9	66.8	64.4	70.7	59.5	71.0	85.3	161.7	239.8	286.5	334.4
SG&A costs	2.8	3.3	3.2	3.3	2.8	3.3	4.0	4.0	3.5	3.9	4.8	4.9	12.6	14.1	17.1	20.6
OP	5.4	3.3	4.6	7.8	14.0	8.9	6.6	3.5	16.8	15.5	19.1	14.8	21.2	33.0	66.2	97.1
Pre-tax profit	4.3	2.3	3.8	6.6	13.2	9.0	6.4	1.7	16.1	14.8	18.3	13.8	17.1	30.3	63.0	93.4
NP	3.3	1.8	2.9	5.1	13.4	2.8	5.7	2.0	12.4	11.4	14.1	10.6	13.0	23.8	48.5	71.9
<% YoY growth>																
Total revenue	100.8	98.3	96.2	107.1	52.2	32.1	66.7	36.9	20.8	27.0	22.5	46.1	100.7	46.7	28.9	22.3
OP	4,721.5	(556.6)	325.5	266.9	157.3	165.9	44.7	(55.8)	20.4	74.3	187.4	325.7	716.2	55.4	100.7	46.6
NP	NM	(327.0)	386.5	184.3	306.9	57.3	96.3	(60.5)	(7.2)	307.7	148.3	431.2	801.1	83.3	103.4	48.2
<Profitability, %>																
OPM	11.0	7.1	9.9	15.0	18.5	14.3	8.6	4.8	18.5	19.6	20.1	14.1	10.9	11.5	17.9	21.5
NPM	6.6	3.8	6.2	9.6	17.8	4.5	7.3	2.8	13.7	14.5	14.8	10.1	6.7	8.3	13.1	15.9

Source: Company data, Shinhan Investment Corp.

Note: 1) Quarterly earnings are SHIC estimates based on annual figures (quarterly data not available)

2) Revenue details are SHIC estimates

3) Estimated earnings before spin-off from CJ E&amp;M also included in 2016 figures

## Earnings forecast revision (K-IFRS consolidated)

(bn KRW)	2018F			2019F		
	Before	After	Change (%)	Before	After	Change (%)
Total revenue	372.1	369.8	(0.6)	440.9	452.1	2.6
OP	66.0	66.2	0.3	88.2	97.1	10.1
NP	48.3	48.5	0.4	64.6	71.9	11.3

Source: Shinhan Investment Corp.

## PER valuation based on 12-month forward EPS: Target price of W104,000

(bn KRW)	Value	(bn KRW)	Value	(bn KRW)	Value
2018F NP	48.5	12-month forward NP	56.7	2019F NP	71.9
EPS (KRW)	1,730	EPS (KRW)	2,022	EPS (KRW)	2,565
Target price (KRW)	88,000	Target price (KRW)	104,000	Target price (KRW)	130,100
Target PER (x)	51	Target PER (x)	51	Target PER (x)	51
		Current price	87,300		
		Estimated PER	43.2		

Source: Shinhan Investment Corp.

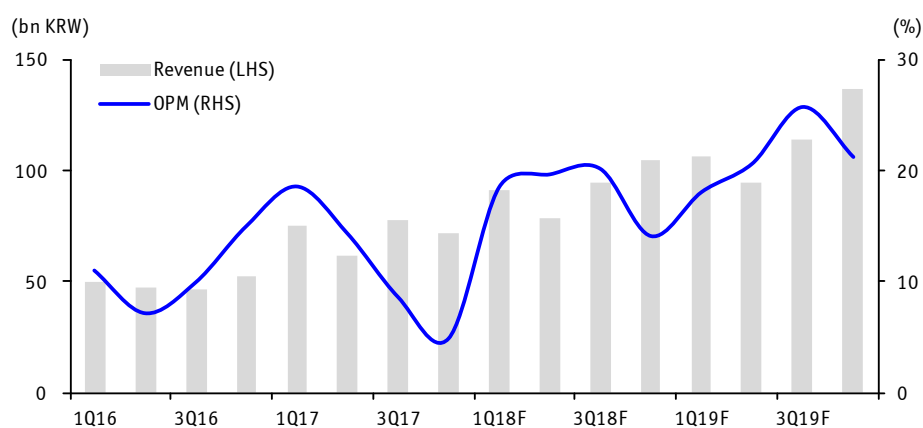
Note: Our target multiple (38x) is based on the average 2018F PER of Paradise, Hotel Shilla and AmorePacific, but we believe shares should trade at a premium over cosmetics companies and duty-free/casino operators with Studio Dragon driving the Korean Wave in pop culture. We also expect the company to enjoy significant earnings leverage effect, irrespective of Chinese inbound traffic, with growth driven by intangible assets.

## Distribution rights of major drama series sold to China

Drama title	Selling price (100mn KRW)	Producer	Broadcast date
My Love from the Star	6	HB Entertainment	2H13
The Heirs	6	Hwa & Dam Pictures	2H13
Fated to Love You	24	Number Three Pictures, Page One Films	2H14
Pinocchio	62	iHQ	2H14
Descendants of the Sun	50+RS	Hwa & Dam Pictures	1H16
Moon Lovers: Scarlet Heart Ryeo	91	BaramiBunda	2H16
The Legend of the Blue Sea	Over W10bn	Culture Depot	2H16
The History of Saimdang	62	Group Eight	1H17
While You Were Sleeping	75	iHQ	1H18

Source: Media reports, Shinhan Investment Corp.

## Revenue and operating profit margin



Source: Company data, Shinhan Investment Corp.

## 1Q18 earnings estimates

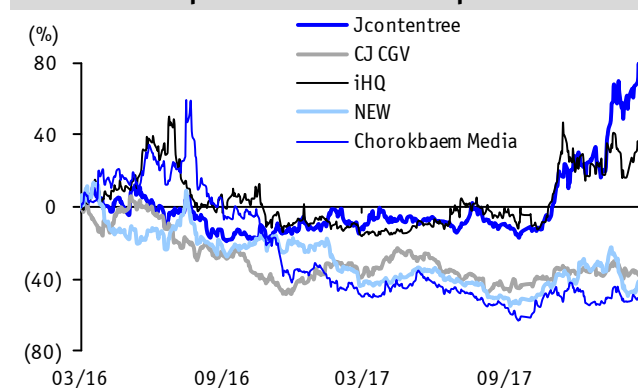
(bn KRW)	1Q18F	4Q17	% QoQ	1Q17	% YoY	Previous	Consensus
Total revenue	91.0	71.9	26.6	75.3	20.8	93.1	90.1
OP	16.8	3.5	380	14.0	20.4	17.6	15.3
NP	12.4	2.0	520	13.4	(7.2)	13.0	12.1
OPM (%)	18.5	4.8		18.5		18.9	17.0
NPM (%)	13.7	2.8		17.8		14.0	13.4

Source: Company data, FnGuide, Shinhan Investment Corp.

Global peers									
Ticker		036420 KS	003560 KS	160550 KS	047820 KS	DIS US	TWX US	300027 CH	300133 CH
Company		Jcontentree	iHQ	NEW	Chorokbaem Media	Walt Disney	Time Warner	Huayi Brothers	Zhejiang Huace Film & TV
Market cap. (bn KRW)		887.5	397.7	233.5	94.0	167,330.1	78,853.3	4,644.2	3,854.3
Sales	2016	335.2	109.4	125.7	105.9	64,550.7	34,030.8	608.9	774.0
(bn KRW)	2017F	408.2	120.2	-	-	61,877.4	33,273.0	663.4	909.8
	2018F	541.0	139.0	-	-	62,498.9	34,769.5	836.8	1,141.6
OP	2016	28.9	11.3	6.6	7.7	16,424.3	8,958.7	59.2	87.0
(bn KRW)	2017F	35.7	15.1	-	-	16,196.5	8,776.2	169.8	115.2
	2018F	57.3	22.7	-	-	15,739.6	9,282.2	216.2	152.3
OPM	2016	8.6	10.3	5.3	7.3	25.4	26.3	9.7	11.2
(%)	2017F	8.8	12.6	-	-	26.2	26.4	25.6	12.7
	2018F	10.6	16.3	-	-	25.2	26.7	25.8	13.3
NP	2016	19.2	4.4	4.4	4.9	10,879.1	5,368.1	5.0	79.6
(bn KRW)	2017F	15.2	12.0	-	-	10,110.5	5,300.8	152.5	105.4
	2018F	32.6	17.0	-	-	11,881.0	6,447.9	177.4	133.9
Sales growth	2016	(4.2)	3.0	52.2	326.3	10.3	6.9	(12.2)	-
(% YoY)	2017F	21.8	9.8	-	-	(4.1)	(2.2)	9.0	17.5
	2018F	32.5	15.7	-	-	1.0	4.5	26.1	25.5
EPS growth	2016	9.7	29.8	309.4	(298.2)	14.8	25.2	(95.3)	-
(% YoY)	2017F	(27.9)	61.0	-	-	(4.0)	(2.7)	2,849.1	-
	2018F	127.2	44.1	-	-	19.8	22.2	17.8	-
PER	2016	19.2	60.2	69.7	19.6	16.2	16.5	37.9	42.0
(x)	2017F	61.9	32.9	-	-	17.9	15.0	31.5	36.1
	2018F	27.3	22.8	-	-	14.5	12.4	26.8	28.7
PBR	2016	5.2	1.2	2.3	1.3	3.4	3.1	3.4	3.1
(x)	2017F	6.2	1.7	-	-	4.0	2.6	2.7	3.2
	2018F	4.5	1.6	-	-	3.5	2.1	2.5	2.9
EV/EBITDA	2016	16.2	4.4	32.1	9.8	10.1	11.6	80.8	40.8
(x)	2017F	21.0	6.7	-	-	10.5	10.6	25.7	30.9
	2018F	16.3	5.0	-	-	10.1	10.0	19.9	24.1
ROE	2016	26.3	2.0	3.3	7.2	21.4	19.3	0.3	7.4
(%)	2017F	12.9	5.3	-	-	21.6	18.8	8.8	9.1
	2018F	20.6	7.2	-	-	24.2	19.0	9.7	10.7

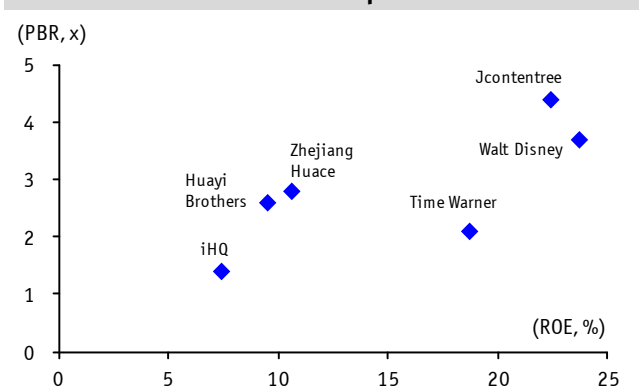
Source: Bloomberg, Shinhan Investment Corp.

## Relative share performance of content providers



Source: Bloomberg, Shinhan Investment Corp.

## 2018F PBR and ROE of content providers



Source: Bloomberg, Shinhan Investment Corp.

## Balance Sheet

Year to Dec. (W bn)	2015	2016	2017F	2018F	2019F
<b>Assets</b>	<b>N/A</b>	<b>242.0</b>	<b>443.2</b>	<b>493.8</b>	<b>567.1</b>
Total Current Assets	N/A	81.4	287.0	336.6	407.0
Cash and Cash Equivalents	N/A	11.5	203.5	238.0	291.6
Accounts Receivables	N/A	37.0	46.4	57.3	70.0
Inventories	N/A	0.0	0.0	0.0	0.0
Non-Current Assets	N/A	160.6	156.2	157.1	160.1
Tangible Assets	N/A	1.2	1.2	1.2	1.2
Intangible Assets	N/A	123.9	117.5	117.2	119.0
Investment Assets	N/A	2.3	4.2	5.5	6.7
Other Financial Institutions Assets	N/A	0.0	0.0	0.0	0.0
<b>Liabilities</b>	<b>N/A</b>	<b>105.9</b>	<b>93.2</b>	<b>95.3</b>	<b>96.8</b>
Current Liabilities	N/A	84.5	70.5	71.8	72.5
ST Borrowings	N/A	8.1	8.1	8.1	8.1
Account Payables	N/A	5.8	5.9	6.0	6.2
Current Portion of LT Debt	N/A	0.0	0.0	0.0	0.0
Non-Current Liabilities	N/A	21.4	22.7	23.5	24.3
Bonds	N/A	19.9	19.9	19.9	19.9
LT Borrowings(incl. LT Fin. Liab.)	N/A	0.0	0.0	0.0	0.0
Other Financial Institutions Liab.	N/A	0.0	0.0	0.0	0.0
<b>Shareholders' Equity</b>	<b>N/A</b>	<b>136.1</b>	<b>350.0</b>	<b>398.5</b>	<b>470.4</b>
Capital Stock	N/A	11.0	11.0	11.0	11.0
Capital Surplus	N/A	114.7	304.7	304.7	304.7
Other Reserves	N/A	2.0	2.0	2.0	2.0
Accu. Other Comp. Income	N/A	0.0	0.0	0.0	0.0
Retained Earnings	N/A	8.3	32.2	80.7	152.6
Owners of Parent Equity	N/A	136.1	350.0	398.5	470.4
Non-Controlling Interests Equity	N/A	0.0	0.0	0.0	0.0
*Total Debt	N/A	28.1	28.1	28.1	28.1
*Net Debts(Cash)	N/A	16.4	(175.7)	(210.3)	(263.9)

## Cash Flow

Year to Dec. (W bn)	2015	2016	2017F	2018F	2019F
<b>Operating Cash Flow</b>	<b>N/A</b>	<b>(12.4)</b>	<b>53.9</b>	<b>90.2</b>	<b>112.5</b>
Net Profit	N/A	8.1	23.8	48.5	71.9
Depreciation	N/A	0.2	0.0	0.0	0.0
Amortization	N/A	22.0	55.9	55.6	57.4
Losses(Gains) on F/X Translation	N/A	0.3	0.0	0.0	0.0
Losses(Gains) on Disp. of Assets	N/A	0.0	0.0	0.0	0.0
Losses(Gains) in Asso., Subs., JVs	N/A	0.0	0.0	0.0	0.0
Chg. in A/L from Op. Activities	N/A	(46.1)	(26.2)	(12.9)	(15.3)
(Payments of Income Taxes)	N/A	(1.7)	(6.4)	(14.5)	(21.5)
Others	N/A	4.8	6.8	13.5	20.0
<b>Investing Cash Flow</b>	<b>N/A</b>	<b>(69.5)</b>	<b>(50.2)</b>	<b>(53.9)</b>	<b>(57.2)</b>
Incr. in Tangible Assets(CAPEX)	N/A	(1.1)	0.0	0.0	0.0
Decr. in Tangible Assets	N/A	0.0	0.0	0.0	0.0
Decr.(Incr.) in Intangible Assets	N/A	(0.1)	(49.5)	(55.4)	(59.2)
Decr.(Incr.) in Investment Assets	N/A	(0.3)	(2.0)	(1.2)	(1.2)
Others	N/A	(68.0)	1.3	2.7	3.2
<b>Free Cash Flow</b>	<b>N/A</b>	<b>N/A</b>	<b>54.4</b>	<b>92.9</b>	<b>116.1</b>
<b>Financing Cash Flow</b>	<b>N/A</b>	<b>93.5</b>	<b>188.3</b>	<b>(1.7)</b>	<b>(1.7)</b>
Incr.(Decr.) in Borrowing	N/A	27.2	0.0	0.0	0.0
Decr.(Incr.) of Treasury Stock	N/A	0.0	0.0	0.0	0.0
Dividend	N/A	0.0	0.0	0.0	0.0
Others	N/A	66.3	188.3	(1.7)	(1.7)
Other Cash Flows	N/A	0.0	0.0	0.0	0.0
Change of Consolidated Scope	N/A	0.0	0.0	0.0	0.0
Difference by Chg. in F/X Rates	N/A	(0.0)	0.0	0.0	0.0
<b>Incr.(Decr.) in Cash</b>	<b>N/A</b>	<b>11.5</b>	<b>192.0</b>	<b>34.6</b>	<b>53.6</b>
Beginning Cash	N/A	0.0	11.5	203.5	238.0
Ending Cash	N/A	11.5	203.5	238.0	291.6

Source: Company data, Shinhan Investment Corp.

## Profit and Loss

Year to Dec. (W bn)	2015	2016	2017F	2018F	2019F
<b>Sales</b>	<b>N/A</b>	<b>154.4</b>	<b>286.8</b>	<b>369.8</b>	<b>452.1</b>
Growth (%)	N/A	N/A	85.7	28.9	22.3
<b>COGS</b>	<b>N/A</b>	<b>132.8</b>	<b>239.8</b>	<b>286.5</b>	<b>334.4</b>
<b>Gross Profit</b>	<b>N/A</b>	<b>21.6</b>	<b>47.0</b>	<b>83.3</b>	<b>117.7</b>
Gross margin (%)	N/A	14.0	16.4	22.5	26.0
<b>SG&amp;A</b>	<b>N/A</b>	<b>5.0</b>	<b>14.1</b>	<b>17.1</b>	<b>20.6</b>
<b>Operating Income</b>	<b>N/A</b>	<b>16.6</b>	<b>33.0</b>	<b>66.2</b>	<b>97.1</b>
Growth (%)	N/A	N/A	98.3	100.7	46.6
Operating margin (%)	N/A	10.8	11.5	17.9	21.5
<b>Other Net Non-Operating Profits</b>	<b>N/A</b>	<b>(6.1)</b>	<b>(2.7)</b>	<b>(3.2)</b>	<b>(3.7)</b>
Financial Income(Expenses)	N/A	(1.1)	0.7	(0.4)	0.1
Net Other Non-Operating Profits	N/A	(5.0)	(3.4)	(2.8)	(3.8)
Net Gains in Asso., Subs., and JVs	N/A	0.0	0.0	0.0	0.0
<b>Pre-tax Profit from Cont. Op.</b>	<b>N/A</b>	<b>10.5</b>	<b>30.3</b>	<b>63.0</b>	<b>93.4</b>
Income Taxes	N/A	2.4	6.4	14.5	21.5
Profit from Continuing Op.	N/A	8.1	23.8	48.5	71.9
Profit from Discontinued Op.	N/A	0.0	0.0	0.0	0.0
<b>Net Profit</b>	<b>N/A</b>	<b>8.1</b>	<b>23.8</b>	<b>48.5</b>	<b>71.9</b>
Growth (%)	N/A	N/A	192.9	103.4	48.2
Net Profit margin (%)	N/A	5.3	8.3	13.1	15.9
Net Profit of Parent	N/A	8.1	23.8	48.5	71.9
Net Profit to Non-Controlling	N/A	0.0	0.0	0.0	0.0
<b>Total Comprehensive Income</b>	<b>N/A</b>	<b>8.3</b>	<b>23.8</b>	<b>48.5</b>	<b>71.9</b>
Total Comp. Income of Parent	N/A	8.3	23.8	48.5	71.9
Total Comp. Income to Non-Cont.	N/A	0.0	0.0	0.0	0.0
<b>EBITDA</b>	<b>N/A</b>	<b>38.8</b>	<b>88.9</b>	<b>121.8</b>	<b>154.5</b>
Growth (%)	N/A	N/A	129.0	37.1	26.8
EBITDA Margin (%)	N/A	25.1	31.0	32.9	34.2

Note: Operating profit is based on 2012 K-IFRS (gross profit - SG&amp;A costs)

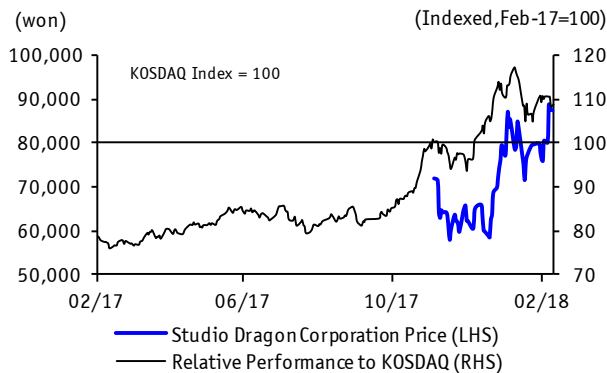
## Key Ratios

Year to Dec.	2015	2016	2017F	2018F	2019F
EPS_C (won)	N/A	569	1,050	1,730	2,565
EPS_P (won)	N/A	569	1,050	1,730	2,565
BPS_C (won)	N/A	6,176	12,482	14,212	16,777
BPS_P (won)	N/A	6,176	12,482	14,212	16,777
DPS (won)	0	0	0	0	0
PER_C (x)	N/A	0.0	61.9	50.5	34.0
PER_P (x)	N/A	0.0	61.9	50.5	34.0
PBR_C (x)	N/A	0.0	5.2	6.1	5.2
PBR_P (x)	N/A	0.0	5.2	6.1	5.2
EV/EBITDA (x)	N/A	0.4	18.5	18.4	14.1
Payout Ratio (%)	N/A	0.0	0.0	0.0	0.0
Dividend Yield (%)	N/A	N/A	0.0	0.0	0.0
<b>Profitability</b>					
EBITDA Margin (%)	N/A	25.1	31.0	32.9	34.2
OP Margin (%)	N/A	10.8	11.5	17.9	21.5
NP Margin (%)	N/A	5.3	8.3	13.1	15.9
ROA (%)	N/A	3.4	7.0	10.4	13.6
ROE (%)	N/A	6.0	9.8	13.0	16.6
ROIC (%)	N/A	N/A	20.8	35.2	46.4
<b>Stability</b>					
D/E Ratio (%)	N/A	77.8	26.6	23.9	20.6
Net Debt to Equity (%)	N/A	12.1	(50.2)	(52.8)	(56.1)
Cash Ratio (%)	N/A	13.6	288.6	331.7	402.4
Interest Coverage (x)	N/A	19.5	19.3	38.8	56.9
<b>Activity (%)</b>					
Working Capital Turnover (t)	N/A	(23.5)	39.9	13.3	10.6
Inventory Turnover (d)	-	-	-	-	-
Receivable Turnover (d)	-	87.4	53.1	51.2	51.4

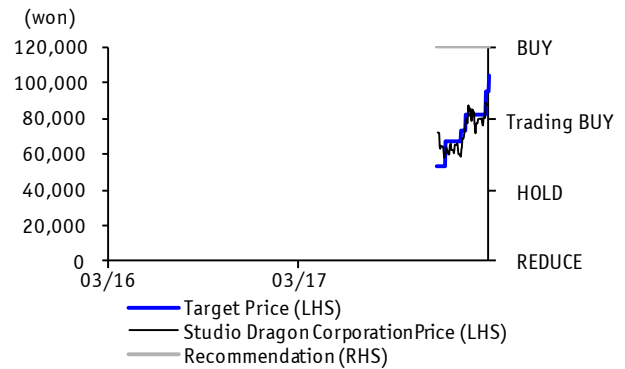
Source: Company data, Shinhan Investment Corp.

## Studio Dragon (253450 KS)

### Share Price Performance



### Target Price



### Compliance Notice

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Date	Recommendation	Target Price (won)	Target Price Gap (%)	
			Average	Max/Min
2017.11.23	BUY	53,000	20.8	35.5
2017.12.10	BUY	67,000	(6.9)	(1.8)
2018.01.09	BUY	73,000	(6.2)	1.9
2018.01.18	BUY	82,000	(3.3)	6.1
2018.02.26	BUY	95,000	(7.5)	(6.7)
2018.03.04	BUY	104,000	-	-

Note: Calculation of target price gap based on the past 6 months

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### SHIC Rating Classifications (As of Apr. 1, 2017)

Stock	Sector
<ul style="list-style-type: none"> <li>◆ <b>BUY:</b> Expected return of over +10% in the next 6 months</li> <li>◆ <b>Trading BUY:</b> Expected return of -10% ~ +10% in the next 6 months</li> <li>◆ <b>HOLD:</b> Expected return of -20% ~ -10% in the next 6 months</li> <li>◆ <b>REDUCE:</b> Expected return of below -20% in the next 6 months</li> </ul>	<ul style="list-style-type: none"> <li>◆ <b>OVERWEIGHT:</b> Prevalence of BUY rating for stocks in our sector coverage universe based on market cap</li> <li>◆ <b>NEUTRAL:</b> Prevalence of HOLD rating for stocks in our sector coverage universe based on market cap</li> <li>◆ <b>UNDERWEIGHT:</b> Prevalence of REDUCE rating for stocks in our sector coverage universe based on market cap</li> </ul>

### SHIC Universe Rating Classification Ratio (as of Mar. 2, 2018)

BUY (BUY)	91.87%	Trading BUY (HOLD)	4.31%	HOLD (HOLD)	3.83%	REDUCE (SELL)	0%
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