

# Studio Dragon (253450.KQ)

## Releasing dramas on Netflix every month

Company Comment | Jul 24, 2019

Reflecting adjustments to our 2H19 earnings forecasts, we lower our TP on Studio Dragon to W110,000. But, the firm's sales towards Netflix should remain steady, and a Netflix original series produced by the studio is to be released within August. We believe that the current burden of accelerated amortization represents a process of finding long-term margins stability.

### Maintain Buy, but lower TP to W110,000

We view some recent concerns over Studio Dragon's production capabilities (stemming from disappointment over Arthdal Chronicles) as being overly reflected in the company's share price. Believing that these worries will fade, we maintain a Buy rating on Studio Dragon, noting positive receptions to its recent releases such as Hotel Del Luna, Search: WWW, and Watcher. But, we lower our TP by 4.3% to W110,000, reflecting downward adjustments to our 2H19 earnings forecasts in light of: 1) the fact that tent-pole drama Hotel Del Luna is being sold on a region-by-region basis, and as such, related sales will be recorded over a longer-than-expected period (that said, distribution margins should come in similar to those on dramas sold to Netflix); and 2) our exclusion of 2H19 sales to China (W8bn).

### Releasing dramas on Netflix every month

Studio Dragon's dramas are being released on Netflix every month, including: 1) tent-poles such as Memories of the Alhambra (Jan 19) and Arthdal Chronicles (Jun 19); and 2) non-tent-poles such as Romance is a Bonus Book (Feb 19), Possessed (Mar 19), Abyss and One Spring Night (May 19), and Designated Survivor: 60 Days. Compared to 2018: 1) there has been a rise in the number of the firm's non-tent-pole dramas sold to Netflix; and 2) the inclusion of dramas of diverse genres stands out. In August, the first season of Netflix's original series Love Alarm (8 episodes; produced by Studio Dragon) is to be released. As it is based on a popular webtoon of the same name, the new series should: 1) attract fans of the original webtoon; and 2) quickly build an audience thanks to its easy to follow storyline. We believe that success for the series will bolster confidence in studio's acumen in producing multi-season dramas.

### 2Q19 preview: Four dramas released on Netflix, but accelerated amortization to increase as well

We expect Studio Dragon to record consolidated 2Q19 sales of W139bn (+87.1% y-y) and OP of W10.3bn (+41% y-y). Given that the firm sold four dramas to Netflix in 2Q19, distribution sales should come in solid; however, an increase in accelerated amortization of intangible assets looks inevitable, as well. However, it should be noted that as sales recognition period is much shorter for dramas sold to Netflix, the simultaneous recognition of sales and costs is to bode well for mid/long-term margins stability.

## Buy (maintain)

<b>TP</b>	<b>W110,000 (lower)</b>
<b>CP (19/07/23)</b>	<b>W66,800</b>
<b>Sector</b>	<b>Entertainment</b>
Kospi/Kosdaq	2,101.45 / 668.65
Market cap (common)	US\$1,590.8mn
Outstanding shares (common)	28.1mn
52W high ('18/10/01)	W116,300
low ('19/07/03)	W66,000
Average trading value (60D)	US\$10.3mn
Dividend yield (2019E)	0.00%
Foreign ownership	2.5%
<b>Major Shareholders</b>	
CJ ENM & 3 others	74.4%

Share perf	3M	6M	12M
Absolute (%)	-27.6	-24.5	-31.9
Relative (%)	-17.6	-21.5	-22.9

	2018	2019E	2020F	2021F
<b>Sales</b>	379.6	558.8	608.2	685.5
<b>Chg</b>	32.4	47.2	8.8	12.7
<b>OP</b>	39.9	55.9	81.5	101.1
<b>Chg</b>	20.9	40.1	45.8	24.0
<b>OPM</b>	10.5	10.0	13.4	14.7
<b>NP</b>	35.8	48.6	69.5	84.9
<b>EPS</b>	1,278	1,732	2,479	3,025
<b>Chg</b>	21.7	35.5	43.1	22.0
<b>P/E</b>	72.3	38.6	26.9	22.1
<b>P/B</b>	6.5	4.2	3.6	3.1
<b>EV/EBITDA</b>	21.2	9.8	8.0	6.9
<b>ROE</b>	9.3	11.4	14.3	15.1
<b>Debt/equity</b>	27.7	26.1	23.6	21.2
<b>Net debt</b>	-155.5	-142.1	-234.2	-333.2

Unit: Wbn, %, won, x

Note 1: NP excludes minority interests

Note 2: EPS, P/E, P/B, ROE based on NP (excl minority interests)

Source: NH I&S Research Center estimates



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## 2Q19 preview (K-IFRS consolidated)

(Unit: Wbn, %)

	2Q18	3Q18	4Q18	1Q19	2Q19E					3Q19F
					Revised	y-y	q-q	Previous	Consen	
Sales	74.3	123.7	101.7	111.8	139.0	87.1	24.3	125.8	119.9	164.6
OP	7.3	21.5	0.4	11.0	10.3	41.0	-6.4	13.2	11.0	23.4
OPM	9.9	17.4	0.4	9.9	7.4			10.5	9.2	14.2
Pre-tax profit	11.0	22.0	1.7	13.2	14.0	27.2	6.2	16.9	12.2	24.0
NP (excl minority interest)	8.9	17.3	1.7	9.2	11.0	23.3	19.0	13.2	10.6	18.7

Source: WISEfn, NH I&amp;S Research Center estimates

## Earnings forecasts (IFRS-consolidated)

(Unit: Wbn, won, x, %)

		2018	2019E	2020F	2021F
Sales	- Revised	379.6	558.8	608.2	685.5
	- Previous		527.3	578.3	681.2
	- Change		6.0	5.2	0.6
OP	- Revised	39.9	55.9	81.5	101.1
	- Previous		65.2	91.8	145.8
	- Change		-14.3	-11.2	-30.7
OPM	- Revised	10.5	10.0	13.4	14.7
EBITDA		115.2	176.1	205.5	222.1
NP (excl minority interests)		35.8	48.6	69.5	84.9
EPS	- Revised	1,278	1,732	2,479	3,025
	- Previous		1,990	2,767	4,267
	- Change		-13.0	-10.4	-29.1
P/E		72.3	38.6	26.9	22.1
P/B		6.5	4.2	3.6	3.1
EV/EBITDA		21.2	9.8	8.0	6.9
ROE		9.3	11.4	14.3	15.1

Note 1 : EPS, P/E, P/B, and ROE based on NP (excluding minority interests)

Note 2: Expectations for a reviving China business excluded from all earnings forecasts

Source: NH I&amp;S Research Center estimates

## Target EV/EBITDA calculations

(Unit: x, %, Wbn, won, 1,000 shr)

	2019E	Multiple	(x)	Value	Note
Operating value (A)	176.1	EV/EBITDA	16.5	2,904.9	2019E; a target EV/EBITDA at discount to average EV/EBITDA multiple for global OTT players and Chinese production companies
Net debt (B)				-230.0	
<b>Total value (A)-(B)</b>				<b>3,134.9</b>	
<b>Value/share</b>				<b>111,754</b>	<b>Upside 65%</b>
Number of outstanding shrs				28,051,490	

Note: NH I&amp;S Research Center

## Earnings forecasts, by division

(Unit: episodes, Wbn, %)

	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19E	3Q19F	4Q19F	2017	2018P	2019E
<b>Number of dramas</b>	<b>4</b>	<b>6</b>	<b>6</b>	<b>7</b>	<b>6</b>	<b>6</b>	<b>6</b>	<b>8</b>	<b>7</b>	<b>8</b>	<b>10</b>	<b>8</b>	<b>22</b>	<b>25</b>	<b>33</b>
TV (domestic)	4	6	6	7	6	6	6	8	7	8	9	7	22	25	31
OTT	-	-	-	-	-	-	-	-	-	-	1	1	-	-	2
<b>Sales</b>	<b>75.3</b>	<b>62.1</b>	<b>77.5</b>	<b>71.9</b>	<b>79.9</b>	<b>74.3</b>	<b>123.7</b>	<b>101.7</b>	<b>111.8</b>	<b>139.0</b>	<b>164.6</b>	<b>143.3</b>	<b>286.8</b>	<b>379.6</b>	<b>558.8</b>
Broadcasting revenue	26.3	24.1	41.8	39.0	40.7	34.1	48.9	54.4	44.1	56.5	64.0	53.0	131.2	178.1	217.5
IP + VOD	36.5	26.3	23.3	25.7	32.1	28.8	63.4	37.8	56.2	70.6	85.1	77.0	111.8	162.1	289.0
Other (DVD, OST)	12.5	11.6	12.4	7.2	7.1	11.4	11.4	9.5	11.5	11.9	15.5	13.3	43.7	39.4	52.3
y-y (%)	-	-	-	-	6.0	19.6	59.7	41.5	40.0	87.1	33.1	40.9	46.7	32.4	47.2
<b>COGS</b>	<b>58.6</b>	<b>49.9</b>	<b>66.8</b>	<b>64.4</b>	<b>66.2</b>	<b>63.7</b>	<b>98.9</b>	<b>95.2</b>	<b>96.8</b>	<b>125.3</b>	<b>137.3</b>	<b>126.9</b>	<b>239.7</b>	<b>324.0</b>	<b>486.3</b>
Production costs	35.2	31.8	38.2	44.5	44.6	33.3	47.7	60.0	48.8	70.5	85.9	78.1	149.7	185.6	283.3
Amortization costs	9.9	9.8	10.3	10.9	12.6	13.1	23.3	25.9	26.7	34.2	31.3	27.6	41.0	74.9	119.9
Other	13.4	8.3	18.2	9.0	9.1	17.2	27.9	9.3	21.3	20.6	20.0	21.2	49.0	63.5	83.1
<b>GP</b>	<b>16.8</b>	<b>12.2</b>	<b>10.7</b>	<b>7.4</b>	<b>13.6</b>	<b>10.6</b>	<b>24.8</b>	<b>6.5</b>	<b>15.0</b>	<b>13.7</b>	<b>27.4</b>	<b>16.4</b>	<b>47.1</b>	<b>55.6</b>	<b>72.5</b>
GPM	22.2	19.6	13.9	10.4	17.1	14.3	20.1	6.4	13.4	9.9	16.6	11.4	16.4	14.6	13.0
<b>OP</b>	<b>14.0</b>	<b>8.9</b>	<b>6.7</b>	<b>3.5</b>	<b>10.7</b>	<b>7.3</b>	<b>21.5</b>	<b>0.4</b>	<b>11.0</b>	<b>10.3</b>	<b>23.4</b>	<b>11.2</b>	<b>33.1</b>	<b>39.8</b>	<b>55.9</b>
OPM	18.5	14.3	8.7	4.8	13.3	9.9	17.4	0.4	9.9	7.4	14.2	7.8	11.5	10.5	10.0
y-y (%)	-	-	-	-	-23.7	-17.6	218.5	-88.9	3.5	41.0	8.9	2,803.5	-	20.5	40.4
<b>NP</b>	<b>13.4</b>	<b>2.8</b>	<b>5.7</b>	<b>2.0</b>	<b>7.9</b>	<b>8.9</b>	<b>17.3</b>	<b>1.7</b>	<b>9.2</b>	<b>11.0</b>	<b>18.7</b>	<b>9.7</b>	<b>23.8</b>	<b>35.8</b>	<b>48.6</b>
NPM	17.8	4.5	7.3	2.8	9.8	12.0	14.0	1.7	8.2	7.9	11.4	6.8	8.3	9.4	8.7

Note: Number of dramas based on those aired in each quarter (if a drama is aired through two consecutive quarters, 0.5 is reflected for each quarter)

Source: NH I&amp;S Research Center estimates

## Love Alarm: Original Webtoon receives high scoring

좋아하면 울리는 시즌1~4

천계영 > 완결

★★★★★ 10.0

작품소개

490,538명이 보는 중 댓글 1.8만 >

24일 보면 캐시뽑기권 증정(종료) >

첫편부터 7편 무료

2일마다 무료 ? 무료 열람 가능

무료로 첫편보기

Source: Kakao Page, NH I&amp;S Research Center

## Netflix's Love Alarm to be released in August

시리즈 LOVE ALARM

누군가 나를 좋아한다. 그 사람이 나에게 다가오면 알람이 울린다. 마음을 알려주는 앱 '좋알람'의 시대, 힘겹게 살아가는 소녀 조조에게도 뜻밖의 사랑이 찾아온다.

✓ 내가 찜한 콘텐츠

본 콘텐츠가 사이트에 등록되어 시청이 가능해지는 즉시 내가 찜한 콘텐츠에 표시됩니다.

주연: 김소현, 송강, 정가람

장르: 한국 드라마, TV 드라마, TV 프로그램·로맨스

프로그램 특징: 감정 공부, 로맨스

Source: Netflix, NH I&amp;S Research Center

## Studio Dragon's 2019 drama line-up

Title	Airing date	Quarter	Channel	Type	Highest viewership	Remarks
God's Quiz: Reboot	18.11.14~19.01.10	4Q, 1Q	OCN	16 episodes	2.7%	All episodes supplied to Netflix
Tale of Fairy	18.11.05~18.12.25	4Q, 1Q	tvN	16 episodes	5.6%	
Priest	18.11.24~19.01.20	4Q, 1Q	OCN	16 episodes	2.5%	
Eunjoo's Room	18.11.06~19.01.22	4Q, 1Q	Olive	12 episodes	0.6%	Second season possible
Encounter	18.11.28~18.01.24	4Q, 1Q	tvN	16 episodes	10.3%	Export to more than 100 countries
Memories of the Alhambra	18.12.01~18.01.20	1Q	tvN	16 episodes	10.0%	<b>[Tent-pole]</b> Supplied to Netflix Exported to China
The Man Who Became a King	19.01.07~19.03.04	1Q	tvN	16 episodes	10.9%	
Touch Your Heart	19.02.06~19.03.28	1Q	tvN	16 episodes	4.7%	
Romance is a Bonus Book	19.01.26~19.03.17	1Q	tvN	16 episodes	6.7%	Globally aired on Netflix
Possessed	19.03.06~19.04.25	1Q, 2Q	OCN	16 episodes	2.6%	
Kill it	19.03.23~19.04.28	1Q, 2Q	OCN	12 episodes	2.8%	
He is Psychometric	19.03.11~19.04.30	1Q, 2Q	tvN	16 episodes	2.8%	
Confession	19.03.23~19.05.12	1Q, 2Q	tvN	16 episodes	6.3%	
Her Private Life	19.04.10~19.05.30	2Q	tvN	16 episodes	3.1%	
Abyss	19.05.06~19.06.25	2Q	tvN	16 episodes	3.9%	Globally aired on Netflix
Save Me 2	19.05.08~19.06.27	2Q	OCN	16 episodes	3.6%	
Voice 3	19.05.11~19.06.16	2Q	OCN	12 episodes	5.5%	
Spring Night	19.05.22~19.07.11	2Q, 3Q	MBC	16 episodes	9.5%	Globally aired on Netflix; JS Pictures
Arthdal Chronicles S1	19.06.01~19.07.07	2Q, 3Q	tvN	12 episodes	7.7%	<b>[Tent-pole]</b> Multi-season drama
Search: WWW	19.06.05~19.07.25	2Q, 3Q	tvN	16 episodes	4.0%	
Watcher	19.07.06~19.08.25	3Q	OCN	16 episodes	5.4%	
Designated Survivor	19.07.01~19.08.20	3Q	tvN	16 episodes	4.3%	Globally aired on Netflix
Class of Lies	19.07.17~19.09.05	3Q	tvN	16 episodes	2.4%	
Hotel del Luna	19.07.13~19.08.31	3Q	tvN	16 episodes	8.3%	<b>[Tent-pole]</b>
Doctor John	19.07.19~19.09.07	3Q	SBS	16 episodes	10.1%	
When the Devil Calls Your Name	19.07.31~19.09.19	3Q	tvN	16 episodes		
Arthdal Chronicles S1part 3	19.09.07~19.09.22	3Q	tvN	6 episodes		
Hell is others	19.08.31~19.09.29	3Q	OCN	10 episodes		
Catch the Ghost	19.08.26~19.10.15	3Q, 4Q	tvN	16 episodes		
Miss Lee	19.09.25~19.11.14	3Q, 4Q	tvN	16 episodes		
Melting Me Softly	19.10.19~19.12.08	4Q	tvN	16 episodes		
Great Show	19.10.21~19.12.10	4Q	tvN	16 episodes		
Emergency Love Landing	19.11~	4Q	tvN	16 episodes		
Love Alarm S1	To be released on Aug 22, 2019	3Q	Netflix	8 episodes		Netflix original, multi-season drama
I am Alone S1		4Q	Netflix	12~ 15 episodes		Netflix original, multi-season drama

Source: Studio Dragon, media report, Nielson Korea, NH I&amp;S Research Center estimates

STATEMENT OF COMPREHENSIVE INCOME				
(Wbn)	2018/12A	2019/12E	2020/12F	2021/12F
<b>Sales</b>	<b>379.6</b>	<b>558.8</b>	<b>608.2</b>	<b>685.5</b>
Growth (%)	32.4	47.2	8.8	12.7
<b>COGS</b>	<b>324.0</b>	<b>486.3</b>	<b>506.2</b>	<b>558.2</b>
<b>Gross Profit</b>	<b>55.6</b>	<b>72.5</b>	<b>102.0</b>	<b>127.3</b>
Gross margin (%)	14.6	13.0	16.8	18.6
SG&A	15.7	16.6	20.6	26.2
<b>Operating Income</b>	<b>39.9</b>	<b>55.9</b>	<b>81.5</b>	<b>101.1</b>
Growth (%)	20.9	40.1	45.8	24.0
Operating margin (%)	10.5	10.0	13.4	14.7
<b>EBITDA</b>	<b>115.2</b>	<b>176.1</b>	<b>205.5</b>	<b>222.1</b>
<b>Non-Operating Profit</b>	<b>5.8</b>	<b>7.7</b>	<b>7.7</b>	<b>7.7</b>
Financial Income(Costs)	6.1	7.6	7.6	7.6
Other Non-Operating Profit	-0.3	0.1	0.1	0.1
Gains(Losses) in Associates, Subsidiaries and JVs	0.0	0.0	0.0	0.0
<b>Pre-tax Profit from Cont. Op.</b>	<b>45.6</b>	<b>63.7</b>	<b>89.2</b>	<b>108.8</b>
<b>Income Taxes</b>	<b>9.8</b>	<b>15.1</b>	<b>19.6</b>	<b>23.9</b>
Profit from Continuing Op.	35.8	48.6	69.5	84.9
<b>Net Profit</b>	<b>35.8</b>	<b>48.6</b>	<b>69.5</b>	<b>84.9</b>
Growth (%)	50.4	35.8	43.0	22.2
Net margin (%)	9.4	8.7	11.4	12.4
Net Profit of Parent	35.8	48.6	69.5	84.9
Net Profit to Non-Controlling	0.0	0.0	0.0	0.0
Other Comprehensive Income	-1.1	0.0	0.0	0.0
Total Comprehensive Income	34.7	48.6	69.5	84.9

Valuation / Profitability / Stability				
	2018/12A	2019/12E	2020/12F	2021/12F
Price/Earnings (x)	72.3	38.6	26.9	22.1
Price/Book Value (x)	6.5	4.2	3.6	3.1
Price/Gross Cash Flow (x)	23.5	10.4	8.9	8.4
Price/Sales (x)	6.8	3.4	3.1	2.7
EV/EBITDA (x)	21.2	9.8	8.0	6.9
EV/EBIT (x)	61.1	31.0	20.1	15.2
Fully diluted EPS (won)	1,278	1,732	2,479	3,025
BVPS (won)	14,305	16,037	18,516	21,542
Sales PS (won)	13,539	19,922	21,682	24,436
ROE (%)	9.3	11.4	14.3	15.1
ROA (%)	7.4	9.0	11.5	12.4
ROIC (%)	11.5	15.9	23.4	29.6
Dividend Yield (%)	0.0	0.0	0.0	0.0
Payout Ratio (%)	0.0	0.0	0.0	0.0
Total Cash Dividend (Wbn)	0.0	0.0	0.0	0.0
Cash DPS (won)	0	0	0	0
Net debt(cash)/ equity (%)	-38.8	-31.6	-45.1	-55.1
Debt/ equity (%)	27.7	26.1	23.6	21.2
Interest-Bearing Debts (Wbn)	0.0	0.0	0.0	0.0
Current Ratio (%)	228.4	220.4	292.6	362.0
Total shares (mn)	28	28	28	28
Par value (won)	500	500	500	500
Share price (won)	92,400	66,800	66,800	66,800
Market Cap (Wbn)	2,592	1,874	1,874	1,874

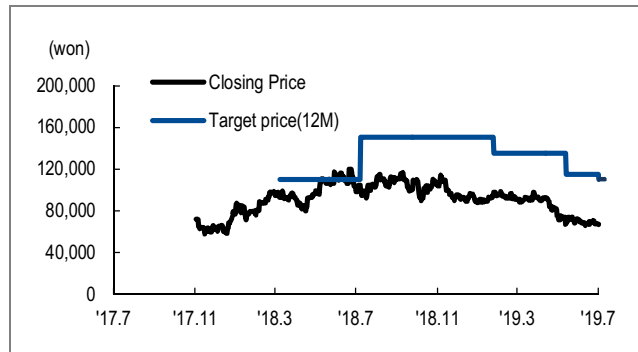
STATEMENT OF FINANCIAL POSITION				
(Wbn)	2018/12A	2019/12E	2020/12F	2021/12F
Cash and Cash Equivalents	153.0	139.5	231.5	330.3
Accounts Receivables	68.8	82.5	85.8	88.4
<b>Total Current Assets</b>	<b>247.2</b>	<b>248.3</b>	<b>344.4</b>	<b>446.7</b>
Tangible Assets	1.0	0.7	0.5	0.4
Investment Assets	3.7	30.5	5.7	5.9
<b>Non-Current Assets</b>	<b>265.2</b>	<b>318.8</b>	<b>297.4</b>	<b>285.8</b>
<b>Assets</b>	<b>512.4</b>	<b>567.1</b>	<b>641.8</b>	<b>732.5</b>
Short-Term Debt	0.0	0.0	0.0	0.0
Account Payables	19.6	19.6	20.0	20.8
<b>Current Liabilities</b>	<b>108.2</b>	<b>112.6</b>	<b>117.7</b>	<b>123.4</b>
Long-Term Debt	2.1	3.5	3.5	3.5
Long-Term Allowance	0.7	1.1	1.2	1.3
<b>Non-Current Liabilities</b>	<b>2.9</b>	<b>4.6</b>	<b>4.7</b>	<b>4.8</b>
<b>Liabilities</b>	<b>111.1</b>	<b>117.2</b>	<b>122.4</b>	<b>128.2</b>
Capital Stock	14.0	14.0	14.0	14.0
Capital Surplus	320.1	320.1	320.1	320.1
Retained Earnings	67.6	116.2	185.8	270.6
Non-Controlling Interests Equity	0.0	0.0	0.0	0.0
<b>Shareholders' Equity</b>	<b>401.3</b>	<b>449.9</b>	<b>519.4</b>	<b>604.3</b>

CASH FLOW STATEMENT				
(Wbn)	2018/12A	2019/12E	2020/12F	2021/12F
<b>Operating Cash Flow</b>	<b>-29.1</b>	<b>156.0</b>	<b>190.9</b>	<b>202.6</b>
Net Profit	35.8	48.6	69.5	84.9
Depreciation & Amortization	75.3	120.1	124.0	121.0
+ Loss(Gains) from Subs	0.0	0.0	0.0	0.0
+ FC translation loss(profit)	-0.5	0.0	0.0	0.0
Gross Cash Flow	110.2	180.8	209.4	224.1
- Incr. (Decr.) in WC	-139.4	-9.7	1.1	2.5
<b>Investing Cash Flow</b>	<b>140.6</b>	<b>-170.9</b>	<b>-98.9</b>	<b>-103.8</b>
+ Decr. In Tangible Assets	0.0	0.0	0.0	0.0
- Incr. In Tangible Assets (capex)	-0.2	0.0	0.0	0.0
+ Disp.(Acq.) of Inv. Assets	0.1	-26.8	24.8	-0.2
Free Cash Flow	-29.3	156.0	190.9	202.6
Net Cash Flow	111.5	-14.9	92.0	98.8
<b>Financing Cash Flow</b>	<b>-9.7</b>	<b>1.4</b>	<b>0.0</b>	<b>0.0</b>
Equity Financing	0.5	0.0	0.0	0.0
Debt Financing	-10.2	1.4	0.0	0.0
Incr.(Decr.) in Cash	101.7	-13.5	92.0	98.8
Ending Cash and Cash Equivalents	153.0	139.5	231.5	330.3
Net Debt (Cash)	-155.5	-142.1	-234.2	-333.2

## Rating and TP update

Date	Rating	TP	Disparity ratio (%)	
			Avg	Max/Min
2019.07.24	Buy	W110,000(12M)	-	-
2019.06.04	Buy	W115,000(12M)	-39.5%	-35.8%
2019.02.15	Buy	W135,000(12M)	-34.2%	-27.2%
2018.07.30	Buy	W150,000(12M)	-32.9%	-22.5%
2018.03.30	Buy	W110,000(12M)	-8.5%	8.9%

## Studio Dragon (253450.KQ)



## NH Investment &amp; Securities stock ratings

1. Rating based on a stock's forecasted absolute return over a period of 12 months from the date of publication.

- Buy: Greater than +15%
- Hold: -15% to +15%
- Sell: Less than -15%

2. Regarding listed companies under NH I&S' coverage, our stock ratings break down as follows (as of Jul 19, 2019).

● NH I&S' stock rating distribution

Buy	Hold	Sell
77.7%	22.3%	0.0%

- The stock rating on an individual company can change at irregular intervals. Our stock rating distribution is calculated on a weekly basis.

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