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# Company Update

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### AT A GLANCE

SELL	HOLD	BUY
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**Target price** KRW88,000 (32.5%)

**Current price** KRW66,400

Market cap	KRW1.9t/USD1.6b
Shares (float)	28,095,260 (25.3%)
52-week high/low	KRW114,100/KRW54,000
Avg daily trading value (60-day)	KRW6.2b/ USD5.2m

### ONE-YEAR PERFORMANCE

	1M	6M	12M
Studio Dragon (%)	-5.4	-26.5	-33.9
Vs Kosdaq (%pts)	-7.0	-12.1	-24.6

### KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	88,000	88,000	0.0%
2019E EPS	1,249	1,103	13.2%
2020E EPS	2,210	1,813	21.9%

### SAMSUNG vs THE STREET

No of estimates	20
Target price	89,800
Recommendation	4.0

BUY\*\*\*: 5 / BUY: 4 / HOLD: 3 / SELL: 2 / SELL\*\*\*: 1

## Studio Dragon (253450)

### Fundamentals to improve in 2020

- The business environment in Korea and overseas is moving favorably for the media industry—eg, OTT platforms are launching around the world, a number of Korean players are engaging in M&A activity, and terrestrial broadcasters are investing more heavily in tent-pole content. These developments should lead to more demand for quality content, which bodes well for content producers in 2020.
- Studio Dragon should enjoy greater earnings stability by producing multi-season original content for OTT services. It may produce content for both Netflix and new global players. Terrestrial broadcasters are also eager to secure quality content.
- Capitalizing on its popular intellectual property and production prowess, the firm has been expanding into new business areas and should see solid top- and bottom-line growth next year. We raise our 12-month target price to KRW88,000.

### WHAT'S THE STORY?

**Poised to benefit from sea change in media market:** The business environment has been changing quickly at home and abroad. Several global giants are preparing to launch OTT platforms from November, and, in response, Korean OTT service providers are teaming up to boost their competitiveness. Struggling from low viewership ratings, the country's three terrestrial broadcasters have altered programming lineups and in September launched OTT platform Wavve in partnership with SK Telecom—the latter a move that may lead to greater investment in tent-pole dramas. Shifts in the market landscape bode well for Studio Dragon, Korea's leading drama production company.

**Producing multi-season original content is positive for earnings stability:** Content is ever more important in the media market. Armed with ample production abilities and production prowess, Studio Dragon should produce more original content and enjoy earnings growth next year. *Love Alarm*, its first original program for Netflix, aired in August, and its second piece of content, *I Am Alone*, should be released at year-end or in early 2020. Producing multiple seasons of these dramas would help improve the stability of its earnings. Studio Dragon may produce more original content for the US streaming giant, and could produce content for other global players that are considering entering the Korean market. It should see its earnings ratchet up to a higher level, backed by a rising number of dramas produced, greater per-drama investment, and improving margins.

(Continued on the next page)

### SUMMARY FINANCIAL DATA

	2018	2019E	2020E	2021E
Revenue (KRWb)	380	487	597	663
Operating profit (KRWb)	40	45	71	86
Net profit (adj) (KRWb)	36	35	62	75
EPS (adj) (KRW)	1,278	1,249	2,210	2,664
EPS (adj) growth (% y-y)	21.7	(2.3)	77.0	20.6
EBITDA margin (%)	30.3	26.9	29.3	30.2
ROE (%)	9.3	8.4	13.3	14.0
P/E (adj) (x)	52.0	53.2	30.0	24.9
P/B (x)	4.6	4.3	3.7	3.3
EV/EBITDA (x)	14.9	12.7	9.3	7.8
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

***To wield more bargaining power over terrestrial broadcasters:*** Studio Dragon has been providing dramas to terrestrial broadcasters in accordance with its strategy of platform diversification. It supplied *Doctor John* and *One Spring Night* this year, and next year it should provide *The King* (written by star writer Kim Eunsook; to air in 1H20). Faced with slumping viewership ratings, terrestrial broadcasters have turned more aggressive than ever to secure quality tent-pole dramas. This should give Studio Dragon more bargaining power and result in stronger earnings momentum.

***Expanding business areas based on popular IP, production capabilities:*** Studio Dragon recently bought a 20% stake in film production company Movie Rock. These days, the lines between film and drama production are blurring, and popular dramas are being made into films. A good case in point is *The Bad Guys: Reign of Chaos*, which was made from a Studio Dragon drama of the same name, which aired on OCN in 2014. This industry trend is positive in terms of intellectual property (IP) usage and business area expansion.

***Earnings to pick up next year:*** Favorable developments in the business environment should reinforce the bargaining power of content producers and augment their fundamentals. Earnings should keep growing thanks to the production of more dramas, larger investments per drama, and multi-season production. Shares in Studio Dragon have been quite volatile this year due to: 1) poor performances from tent-pole dramas in their early days; and 2) depreciation costs. But earnings should improve next year on greater use of IP and platform diversification. As we change our valuation basis from 2019 to 2020 EBITDA, we revise up our target price from KRW83,000 to KRW88,000 (based on 15.8x 2020 EV/EBITDA).

Table 1. 3Q preview

(KRWb)	3Q18	2Q19	3Q19E	Chg (% q-q)	Chg (% y-y)	Consensus	Difference (%)
Sales	123.7	128.2	129.6	1.1	4.8	108.0	20.0
Operating profit	21.5	10.8	10.9	1.3	(49.1)	10.3	6.5
Operating margin (%, %pts)	17.4	8.4	8.4	0.0	(8.9)	9.5	(1.1)
Pre-tax profit	22.1	11.9	12.1	1.5	(45.4)	12.9	(6.4)
Net profit (controlling)	17.3	7.3	8.0	9.7	(53.6)	9.0	(10.4)

Source: Company data, WiseFn, Samsung Securities estimates

Table 2. Studio Dragon: financial results and forecast

(KRWb)	1Q17	2Q17	3Q17	4Q17	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19E	4Q19E	2018	2019E	2020E
<b>Sales</b>	75.3	62.1	77.5	71.9	79.9	74.3	123.7	101.7	111.8	128.2	129.6	117.7	379.6	487.4	596.8
Programing	26.3	24.1	41.8	39.0	40.7	34.1	48.9	54.4	44.1	58.1	56.4	62.1	178.1	220.6	271.3
Distribution	36.5	26.3	23.3	25.7	32.1	28.8	63.4	37.8	56.2	60.3	61.7	44.6	162.1	222.7	279.3
Other	12.5	11.6	12.4	7.2	7.1	11.4	11.4	9.5	11.5	9.8	11.6	11.0	39.4	44.0	46.2
<b>Gross profit</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>15.4</b>	<b>15.5</b>	<b>17.7</b>	<b>55.6</b>	<b>63.6</b>	<b>92.2</b>
SG&A costs	2.8	3.3	4.0	4.0	3.0	3.3	3.3	6.0	4.0	4.6	4.6	5.8	15.7	19.0	20.8
<b>Operating profit</b>	<b>14.0</b>	<b>8.9</b>	<b>6.6</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>10.8</b>	<b>10.9</b>	<b>11.9</b>	<b>39.9</b>	<b>44.6</b>	<b>71.4</b>
Pre-tax profit	13.2	9.0	6.4	1.7	10.8	11.0	22.1	1.7	13.2	11.9	12.1	13.0	45.7	50.2	78.9
<b>Net profit</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>7.3</b>	<b>8.0</b>	<b>10.6</b>	<b>35.8</b>	<b>35.1</b>	<b>62.1</b>
Gross margin	22.2	19.6	13.9	10.4	17.1	14.3	20.1	6.4	13.4	12.0	12.0	15.0	14.6	13.0	15.4
Operating margin	18.5	14.3	8.6	4.8	13.3	9.9	17.4	0.4	9.9	8.4	8.4	10.1	10.5	9.2	12.0
Net margin	17.8	4.5	7.3	2.8	9.8	12.0	14.0	1.7	8.2	5.7	6.2	9.0	9.4	7.2	10.4
<b>Chg (% y-y)</b>															
Sales	-	-	-	-	6.0	19.6	59.7	41.5	40.0	72.6	4.8	15.7	32.4	28.4	22.4
Programing	-	-	-	-	54.5	41.1	17.1	39.5	8.4	70.5	15.3	14.2	35.7	23.9	23.0
Distribution	-	-	-	-	(12.0)	9.5	172.0	46.9	75.1	109.2	(2.7)	18.0	44.9	37.4	25.4
Other	-	-	-	-	(43.4)	(1.9)	(8.3)	33.1	63.1	(14.1)	1.5	15.7	(9.8)	11.5	5.1
Gross profit	-	-	-	-	(18.6)	(12.8)	131.0	(12.9)	9.9	45.1	(37.4)	172.2	17.9	14.5	45.0
SG&A costs	-	-	-	-	7.3	0.2	(16.6)	51.9	33.1	40.2	38.2	(4.7)	11.5	21.1	9.7
Operating profit	-	-	-	-	(23.7)	(17.6)	223.0	(87.3)	3.5	47.3	(49.1)	2,603.3	21.0	11.9	59.9
Pre-tax profit	-	-	-	-	(18.2)	23.0	247.7	1.9	22.2	7.6	(45.4)	657.7	51.0	9.9	57.1
Net profit	-	-	-	-	(41.3)	217.4	206.3	(12.6)	17.2	(17.4)	(53.6)	504.9	50.3	(1.9)	76.7
Gross margin	-	-	-	-	(23.2)	(27.1)	44.7	(38.5)	(21.5)	(16.0)	(40.2)	135.2	(10.9)	(10.9)	18.4
Operating margin	-	-	-	-	(28.1)	(31.1)	102.3	(91.0)	(26.1)	(14.7)	(51.4)	2,235.9	(8.6)	(12.9)	30.6
Net margin	-	-	-	-	(44.6)	165.3	91.9	(38.3)	(16.3)	(52.2)	(55.7)	422.7	13.5	(23.6)	44.3

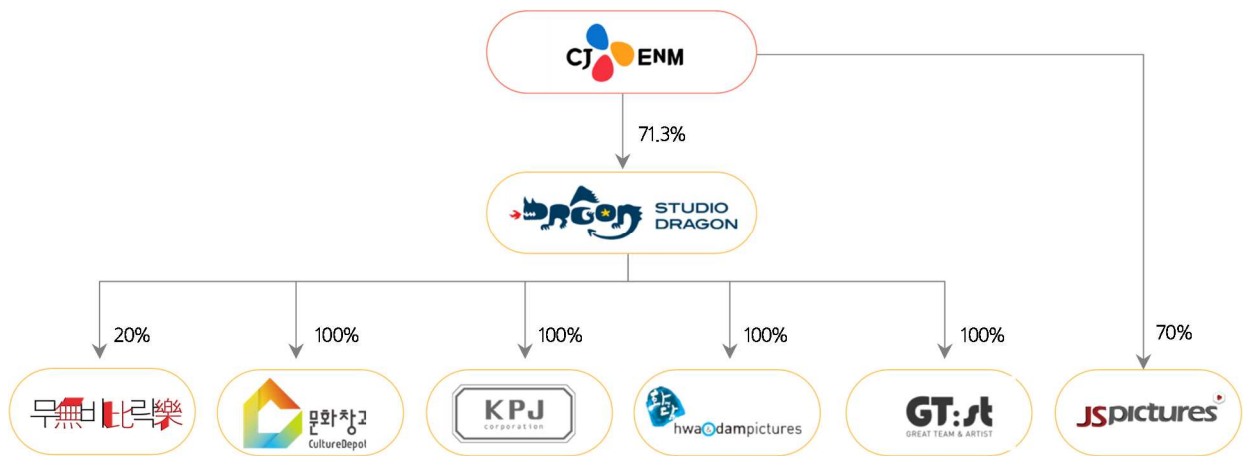
Source: Company data, Samsung Securities estimates

Table 3. 2H19-2020 drama line-up

Year	No.	Channel	Title	Air date	Episodes	Writers	Director	Leading actors	Days
2019	1	tvN	60 Days, Designated Survivor	Jul 1-Aug 20	16	Kim Tae Hui	Yoo Jong-Sun	Jin Ji-hee, Lee Jun-hyuk, H o Jun-ho	Mon, Tue
	2		Hotel Del Luna	Aug 3-Sep 22	16	Hong Jung-eun, Hong Mi-ran	Oh Chung-hwan	Lee Ji-eun(IU), Yeo Jin-gu	Sat, Sun
	3		Faust	Jul 31-Sep 19	16	No Hye-Young	Min Jin-Ki	Jeong Kyeong-Ho, Park Seong-Woong, Go Ah-Sung	Sat, Sun
	4		The great show	Aug.26~	16	Sul Joon-suk	Shin Yong-hwi	Song Seung-hun, Lee Sun-bin	Mon, Tue
	5		Arthdal Chronicles (Season1, part 3)	Sep 7-Sep 22	6	Kim Young-Hyun, Park Sang-Yeon	Kim, Won-Suk	Song Jong-Ki, Jang Dong-Gun, Kim, Ji-Won	Sat, Sun
	6		Miss Lee	September		Park Jung-hwa	Han Dong-hwa	Lee Hye-ri, Kim Sang-kyeong, Lee Chang-yeop	Wed, Thu
	7		Catch the ghost!	Oct 21~		So Won, Lee Young-joo	Shin Yun-sup	Moon Guen-young, Kim Sun-ho	Mon, Tue
	8		Melting Me Softly	Oct 19-Dec 8	16	Baek Mi-kyeong	Shin Woo-chul	Ji Chang-wook, Won Jin-ah, Yoon Se-ah	Sat, Sun
	9		Psychopath Diary	November		Ryu Yong-jae	Lee Jong-jae	Yoon Si-yoon, Jung In-sun, Park Sung-hoon	Wed, Thu
	10		Emergency lands of love	December		Park Ji-eun	Lee Jung-hyo	Hyeon Bin, Son Ye-jin, Seo Ji-hye	Sat, Sun
	11		Sweet Home	Dec 20 ~		Kwon Mi kyeong	Lee Eung Bok	Lee Jin Wook, Song Kang, Ko Min Shi	Fri
	12	Netflix	Love Alarm	Aug 22	8	Lee Ah-yeon, Seo Bo-ra	Lee Na-jung	Kim So-hyun, Jung Garam, Song Kang	
	13		I Am Alone	2H/2020		Ryu Yong Jae	Lee Sang Yeob	Yoon Hyeon Min, Ko Sung Hee	
	14	OCN	Undercover Teacher	Jul 17-Sep 15	16	Jang Hong-Cheol	Seong Yong-il	Yoon Gyun-sang, Geumsae-rok, Lee Jun-young, Choi Yoo-hwa	Wed, Thu
	15		Watcher	Jul 6-Aug 25	16	Han Sang-woon	Ahn Gil-ho	Han Seok-gyu, Seo Kang Jun, Kim Hyun Joo	Sat, Sun
	16		Strangers From Hell	Aug 31~	10	Jung Eh-Doh	Lee Chang-hui	Im Si-wan, Lee Dong Wook, Lee Jung Eun	Sat, Sun
	17		Running investigator	September	16	Baek Jung-chul	Kim Yong-su	Lee Yo-won, Choi Kwi-hwa, Jang Hyeon-sung	Wed, Thu
	18		Everyone's lies	October		Jun Young-shin, Won Yu-jung	Lee Yun-jung	Lee Min-ki, Lee Yu-young, Yoon Jong-suk	Sat, Sun
	19	SBS	Doctor John	Jul 19-Sep 7	16	Kim Ji-woon	Jo Su-won, Kim Young-hwan	Ji Sung, Lee Se-young, Lee Kyu-hyung, Hwang Hee	Fri, Sat
2020	1	tvN	Black Dog	January	16	Park Ju Yeon	Hwang Jun Hyeok	Seo Hyeon Jin, Ra Mi Ran	Mon, Tue
	2		Half Of Half	March	16	Lee Sook Yeon	Lee Sang Yeob	Jung Hae In, Chae Soo Bin	Mon, Tue
	3		Money Game	TBD		Lee Young Mi	Kim Sang Ho	Ko Soo, Sim Eun Kyeong	Wed, Thu
	4		Method	TBD		Yeon Sang Ho	Kim Yong Wan	Um Ji Won, Sung Dong Il, Cho Min Soo	
	5		Live (Season 2)	TBD			Kim Sang Ho		
	6		Secret Forest (Season 2)	TBD		Lee Su Yeon	Park Hyeon Suk	Cho Seun Woo, Yoon Sae Ah, Lee Jun Hyeok	
	7		Signal (Season 2)	TBD		Kim Eun Hee		Kim Hye Soo, Jo Jin Woong, Lee Jae Hoon	
	8		Younger	TBD		Jung Hyeon Jung	Lee Jung Hyo	Lee Jong Suk (TBD)	
	9	OCN	Rugal	TBD		Do Hyeon	Kang Chul Woo	Park Sung Woong, Choi Jin Hyeok	
	10		Extramarital Investigation	TBD		Lee Yu Jin	Kang Hyo Jin	Cha Tae Hyeon (TBD)	
	11		Call It Like You See It	TBD		Ko Young Jae	Lee Jun Hyeong	Jang Hyeok, Jin Su Yeon	
	12	SBS	The King: The Eternal Monarch	TBD	16	Kim Eun Sook	Paik Sang Hoon	Lee Min Ho, Kim Ko Eun, Woo Do Hwan	Fri, Sat
	13	TBD	Golden Hour	1H20		So Hyeon Kyeong, On Lee Won			

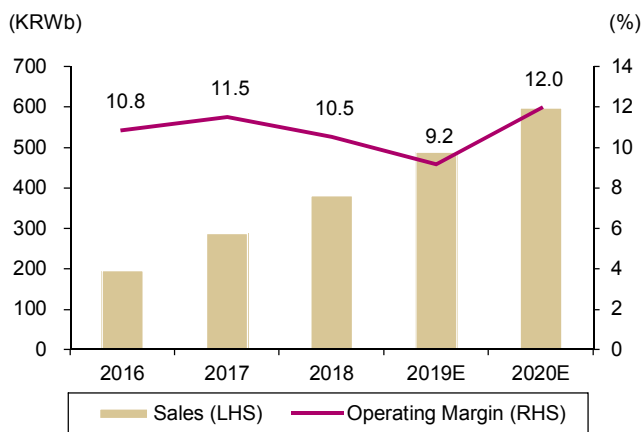
Source: Company data, Samsung Securities

Chart 1. Studio Dragon structure



Source: Company data, Samsung Securities

Chart 2. Sales and operating margin



Source: Company data, Samsung Securities

Chart 3. Netflix originals



Source: Company image, Samsung Securities

## Income statement

Year-end Dec 31 (KRWb)	2017	2018	2019E	2020E	2021E
<b>Sales</b>	<b>287</b>	<b>380</b>	<b>487</b>	<b>597</b>	<b>663</b>
Cost of goods sold	240	324	424	505	554
<b>Gross profit</b>	<b>47</b>	<b>56</b>	<b>64</b>	<b>92</b>	<b>109</b>
Gross margin (%)	16.4	14.6	13.0	15.4	16.4
SG&A expenses	14	16	19	21	23
<b>Operating profit</b>	<b>33</b>	<b>40</b>	<b>45</b>	<b>71</b>	<b>86</b>
Operating margin (%)	11.5	10.5	9.2	12.0	13.0
<b>Non-operating gains (losses)</b>	<b>(3)</b>	<b>6</b>	<b>5</b>	<b>8</b>	<b>9</b>
Financial profit	1	7	11	12	13
Financial costs	3	1	5	4	3
Equity-method gains (losses)	0	0	0	0	0
Other	(0)	(0)	(0)	(0)	(0)
<b>Pre-tax profit</b>	<b>30</b>	<b>46</b>	<b>50</b>	<b>79</b>	<b>95</b>
Taxes	6	10	15	17	20
Effective tax rate (%)	21.2	21.5	30.0	21.3	21.3
Profit from continuing operations	24	36	35	62	75
Profit from discontinued operations	0	0	0	0	0
<b>Net profit</b>	<b>24</b>	<b>36</b>	<b>35</b>	<b>62</b>	<b>75</b>
Net margin (%)	8.3	9.4	7.2	10.4	11.3
Net profit (controlling interests)	24	36	35	62	75
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	74	115	131	175	200
EBITDA margin (%)	25.9	30.3	26.9	29.3	30.2
EPS (parent-based) (KRW)	1,050	1,278	1,249	2,210	2,664
EPS (consolidated) (KRW)	1,050	1,278	1,249	2,210	2,664
Adjusted EPS (KRW)*	1,050	1,278	1,249	2,210	2,664

## Cash flow statement

Year-end Dec 31 (KRWb)	2017	2018	2019E	2020E	2021E
<b>Cash flow from operations</b>	<b>(7)</b>	<b>(29)</b>	<b>123</b>	<b>165</b>	<b>188</b>
Net profit	24	36	35	62	75
Non-cash profit and expenses	46	74	95	116	129
Depreciation	0	0	0	0	0
Amortization	41	75	86	104	114
Other	5	(1)	8	12	15
Changes in A/L from operating activities	(73)	(139)	8	4	4
<b>Cash flow from investments</b>	<b>(141)</b>	<b>141</b>	<b>(124)</b>	<b>(133)</b>	<b>(144)</b>
Change in tangible assets	(0)	(0)	0	0	0
Change in financial assets	(143)	139	(47)	(8)	(15)
Other	2	2	(77)	(125)	(129)
<b>Cash flow from financing</b>	<b>188</b>	<b>(10)</b>	<b>(0)</b>	<b>(0)</b>	<b>(1)</b>
Change in debt	(18)	(8)	0	0	(1)
Change in equity	208	1	0	0	0
Dividends	0	0	0	0	0
Other	(2)	(2)	(0)	(0)	(0)
Change in cash	40	102	(0)	32	43
Cash at beginning of year	12	51	153	153	185
Cash at end of year	51	153	153	185	228
<b>Gross cash flow</b>	<b>70</b>	<b>110</b>	<b>130</b>	<b>178</b>	<b>204</b>
<b>Free cash flow</b>	<b>(7)</b>	<b>(29)</b>	<b>123</b>	<b>165</b>	<b>188</b>

Note: \* Excluding one off items, \*\* Fully diluted, excluding one-off items

\*\*\* From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

## Balance sheet

Year-end Dec 31 (KRWb)	2017	2018	2019E	2020E	2021E
<b>Current assets</b>	<b>290</b>	<b>247</b>	<b>315</b>	<b>382</b>	<b>454</b>
Cash & equivalents	51	153	153	185	228
Accounts receivable	55	69	73	99	104
Inventories	1	1	1	1	1
Other current assets	182	25	88	97	120
<b>Fixed assets</b>	<b>170</b>	<b>265</b>	<b>262</b>	<b>289</b>	<b>310</b>
Investment assets	4	4	4	5	6
Tangible assets	1	1	1	1	0
Intangible assets	128	199	212	234	251
Other long-term assets	37	62	45	50	52
<b>Total assets</b>	<b>459</b>	<b>512</b>	<b>577</b>	<b>671</b>	<b>763</b>
<b>Current liabilities</b>	<b>91</b>	<b>108</b>	<b>138</b>	<b>170</b>	<b>188</b>
Accounts payable	6	20	18	26	27
Short-term debt	0	0	0	0	0
Other current liabilities	85	89	120	143	161
<b>Long-term liabilities</b>	<b>0</b>	<b>3</b>	<b>3</b>	<b>3</b>	<b>2</b>
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	0	3	3	3	2
<b>Total liabilities</b>	<b>91</b>	<b>111</b>	<b>141</b>	<b>173</b>	<b>190</b>
<b>Owners of parent equity</b>	<b>368</b>	<b>401</b>	<b>436</b>	<b>498</b>	<b>573</b>
Capital stock	14	14	14	14	14
Capital surplus	320	320	320	320	320
Retained earnings	32	68	103	165	240
Other	3	(0)	(0)	(0)	(0)
<b>Non-controlling interests' equity</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Total equity</b>	<b>368</b>	<b>401</b>	<b>436</b>	<b>498</b>	<b>573</b>
Net debt	(183)	(153)	(199)	(239)	(297)

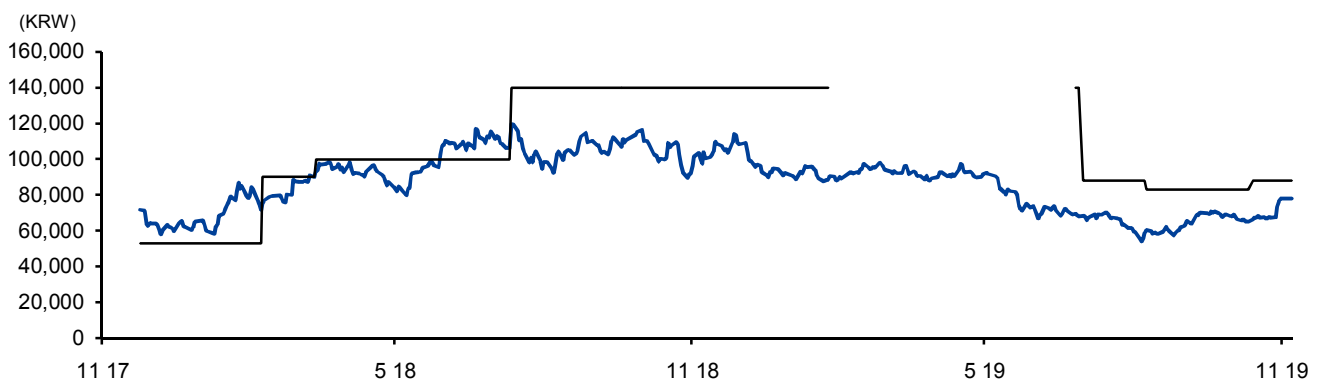
## Financial ratios

Year-end Dec 31	2017	2018	2019E	2020E	2021E
<b>Growth (%)</b>					
Sales	85.7	32.4	28.4	22.4	11.0
Operating profit	98.3	21.0	11.9	59.9	20.5
Net profit	192.9	50.3	(2.2)	77.1	20.6
Adjusted EPS**	84.5	21.7	(2.3)	77.0	20.6
<b>Per-share data (KRW)</b>					
EPS (parent-based)	1,050	1,278	1,249	2,210	2,664
EPS (consolidated)	1,050	1,278	1,249	2,210	2,664
Adjusted EPS**	1,050	1,278	1,249	2,210	2,664
BVPS	13,141	14,305	15,531	17,741	20,405
DPS (common)	0	0	0	0	0
<b>Valuations (x)</b>					
P/E***	63.2	52.0	53.2	30.0	24.9
P/B***	5.1	4.6	4.3	3.7	3.3
EV/EBITDA	22.7	14.9	12.7	9.3	7.8
<b>Ratios (%)</b>					
ROE	9.5	9.3	8.4	13.3	14.0
ROA	6.8	7.4	6.4	9.9	10.4
ROIC	15.6	15.0	15.7	23.4	26.2
Payout ratio	0.0	0.0	0.0	0.0	0.0
Dividend yield (common)	0.0	0.0	0.0	0.0	0.0
Net debt to equity	(49.5)	(38.2)	(45.7)	(47.9)	(51.8)
Interest coverage (x)	19.0	343.0	1,092.6	1,747.3	2,807.2

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## Target price changes in past two years



## Rating changes over past two years (adjusted share prices)

Date	2017/11/23	2018/2/8	3/13	7/12	2019/7/1	8/9	10/14
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	53,000	90,000	100,000	140,000	88,000	83,000	88,000
Gap* (average)	29.29	(7.62)	(1.06)	(27.09)	(26.53)	(21.77)	
(max or min)**	64.15	1.11	17.10	(14.43)	(20.00)	(14.46)	

Note: \* [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%

\*\* Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

Samsung Securities uses the following investment ratings.

### Company

<b>BUY</b>	Expected to increase in value by 10% or more within 12 months and is highly attractive within sector
<b>HOLD</b>	Expected to increase/decrease in value by less than 10% within 12 months
<b>SELL</b>	Expected to decrease in value by 10% or more within 12 months

### Industry

<b>OVERWEIGHT</b>	Expected to outperform market by 5% or more within 12 months
<b>NEUTRAL</b>	Expected to outperform/underperform market by less than 5% within 12 months
<b>UNDERWEIGHT</b>	Expected to underperform market by 5% or more within 12 months

## Percentage of ratings in 12 months prior to Sep 30, 2019

BUY (76.6%) | HOLD (23.4%) | SELL (0%)



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