

## Platform Business Team

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## ► AT A GLANCE

Recommend	<b>BUY</b>
Target price	KRW108,000 (34.5%)
Current price	KRW80,300
Market cap	KRW2.3t/USD2.0b
Shares (float)	30,004,345 (38.3%)
52-week high/low	KRW92,500/KRW69,100
Avg daily trading value (60-day)	KRW20.0b/ USD17.7m

## ► ONE-YEAR PERFORMANCE

	1M	6M	12M
Studio Dragon (%)	-4.7	4.7	0.8
Vs Kosdaq (%pts)	-3.2	-20.5	-19.8

## ► KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	108,000	108,000	0.0%
2020E EPS	1,468	1,438	2.1%
2021E EPS	1,758	1,814	-3.1%

## ► SAMSUNG vs THE STREET

No of estimates	21
Target price	109,048
Recommendation	4.0
BUY★★★: 5 / BUY: 4 / HOLD: 3 / SELL: 2 / SELL★★★: 1	

# Studio Dragon (253450)

## Expanding global presence

- Studio Dragon's operating profit reached KRW16b in 3Q, beating market expectations by 51% thanks to the recognition of a downpayment (relating to the sale of two old titles to a Chinese OTT platform service provider).
- Its enhanced global presence can be confirmed by an increase in the number of dramas sold and a hike in the ASPs of its new and old titles.
- The company has laid the foundations for additional growth via expanding its distribution channel, signing co-production contracts with global players, and partnering with Naver. Our BUY rating and KRW108,000 target (based on 16x its 12-month forward EV/EBITDA) remain unchanged.

## WHAT'S THE STORY?

**3Q review:** Studio Dragon's consolidated sales fell 19% y-y to KRW106.3b in 3Q but its consolidated operating profit surged 46.8% y-y to KRW16b (beating consensus by 51%). Sales contracted y-y on pandemic-related impacts—ie, a drop in the number of dramas produced and a lack of tent-pole dramas (the firm produced *Arthdal Chronicles* and *Hotel del Luna* in 3Q19). The earnings surprise owes much to a downpayment relating to its selling two old titles to a Chinese OTT platform service provider. Under the deal, Studio Dragon will not have to return the deposit even if the dramas are not broadcast in China. It should receive more from the Chinese firm when the dramas are aired. This case testifies to its strong bargaining power when selling content overseas. Netflix aired a number of its dramas in 3Q: *It's Okay Not to Be Okay* (12 episodes); *Stranger* (14 episodes); and *Record of Youth* (8 episodes).

**Global presence growing:** With the popularity of K-content growing globally, Studio Dragon's overseas sales are gaining momentum. Its overseas sales accounted for only 22.6% of its total sales in 2016 versus 39.8% in 3Q20. Not only the number of dramas sold but also the prices of old and new titles are on the rise. Over 1Q-3Q, its ASP likely climbed 25% y-y for old titles and 60% y-y for new ones. Furthermore, Netflix was once the only global OTT platform buying content from the Korean firm. However, with K-content gaining international renown, Studio Dragon has begun forming business partnerships with Chinese OTT service providers. Its enterprise value may level up again next year as a Chinese OTT platform is considering ordering original content production (targeting global markets) from Studio Dragon.

## SUMMARY OF 3Q20 RESULTS

(KRWb)	3Q20	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	106.3	-18.9	-34.2	-0.8	-12.1
Operating profit	16.0	46.7	-5.1	63.7	50.4
Pre-tax profit	15.2	16.1	-11.5	53.8	34.9
Net profit	10.6	-8.0	-20.7	34.0	5.2
Margins (%)					
Operating profit	15.1				
Pre-tax profit	14.3				
Net profit	10.0				

Source: Company data, Samsung Securities estimates

## (Continued on the next page) VALUATION SUMMARY

	2019	2020E	2021E
<b>Valuation (x)</b>			
P/E	85.9	54.7	45.7
P/B	5.3	5.1	4.6
EV/EBITDA	15.0	12.1	10.9
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	-26.3	56.0	19.7
ROE (%)	6.4	9.3	10.7
<b>Per-share data (KRW)</b>			
EPS	941	1,468	1,758
BVPS	15,242	15,629	17,387
DPS	0	0	0

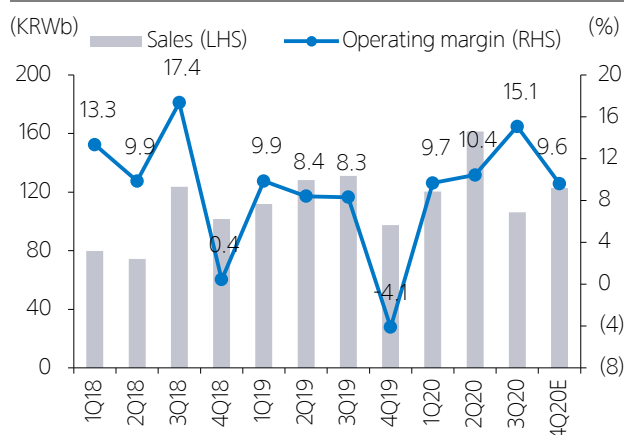
**Laying foundations for growth:** Although the pandemic has taken a toll on drama production and the broadcasting environment, Studio Dragon is laying the groundwork for additional growth—it plans to sell content to multiple OTT streaming services in the near future. The firm is in talks with global players to co-plan and co-produce new shows based on its original content and IP—it is likely to turn Naver’s IP (*eg*, that relating to webtoons and web novels) into films and dramas. It will also start producing middle and short content. We maintain BUY and our KRW108,000 target price (which is based on 16x its 12-month forward EV/EBITDA; the average of its lows over 2017-2018).

## Results and forecasts

(KRWb)	1Q18	2Q18	3Q18	4Q18	1Q19	2Q19	3Q19	4Q19	1Q20	2Q20	3Q20	4Q20E	2018	2019	2020E	2021E
<b>Sales</b>	<b>79.9</b>	<b>74.3</b>	<b>123.7</b>	<b>101.7</b>	<b>111.8</b>	<b>128.2</b>	<b>131.2</b>	<b>97.4</b>	<b>120.3</b>	<b>161.4</b>	<b>106.3</b>	<b>122.8</b>	<b>379.6</b>	<b>468.7</b>	<b>510.8</b>	<b>593.4</b>
Programing	40.7	34.1	48.9	54.4	44.1	58.1	60.8	45.7	45.2	65.4	45.7	43.6	178.1	208.7	199.9	215.7
Distribution	32.1	28.8	63.4	37.8	56.2	60.3	60.0	42.8	66.9	75.7	50.9	66.4	162.1	219.3	259.9	322.4
Other	7.1	11.4	11.4	9.5	11.5	9.8	10.4	8.9	8.2	20.3	9.7	12.7	39.4	40.6	50.9	55.3
<b>Gross profit</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>15.3</b>	<b>2.2</b>	<b>16.7</b>	<b>21.8</b>	<b>21.3</b>	<b>18.2</b>	<b>55.6</b>	<b>47.9</b>	<b>77.9</b>	<b>88.1</b>
SG&A costs	3.0	3.3	3.3	6.0	4.0	4.6	4.4	6.2	5.1	4.9	5.3	6.4	15.7	19.2	21.7	23.4
<b>Operating profit</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>-4.0</b>	<b>11.6</b>	<b>16.9</b>	<b>16.0</b>	<b>11.8</b>	<b>39.9</b>	<b>28.7</b>	<b>56.3</b>	<b>64.6</b>
Non-operating profit	0.2	3.7	0.6	1.3	2.1	1.1	2.2	-1.1	0.4	0.3	-0.8	0.6	5.7	4.3	0.5	2.2
Pre-tax profit	10.8	11.0	22.1	1.7	13.2	11.9	13.1	-5.1	12.0	17.2	15.2	12.4	45.7	33.1	56.8	66.8
<b>Net profit (controlling)</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>11.5</b>	<b>-1.6</b>	<b>8.5</b>	<b>13.4</b>	<b>10.6</b>	<b>9.2</b>	<b>35.8</b>	<b>26.4</b>	<b>41.7</b>	<b>52.8</b>
Gross margin (%)	17.1	14.3	20.1	6.4	13.4	12.0	11.7	2.2	13.8	13.5	20.0	14.8	14.6	10.2	15.3	14.8
Operating margin (%)	13.3	9.9	17.4	0.4	9.9	8.4	8.3	-4.1	9.7	10.4	15.1	9.6	10.5	6.1	11.0	10.9
Net margin (controlling) (%)	9.8	12.0	14.0	1.7	8.2	5.7	8.8	-1.7	7.1	8.3	10.0	7.5	9.4	5.6	8.2	8.9
<b>Chg (% y-y)</b>																
<b>Sales</b>	<b>6.0</b>	<b>19.6</b>	<b>59.7</b>	<b>41.5</b>	<b>40.0</b>	<b>72.6</b>	<b>6.0</b>	<b>-4.2</b>	<b>7.6</b>	<b>25.9</b>	<b>-19.0</b>	<b>26.0</b>	<b>32.4</b>	<b>23.5</b>	<b>9.0</b>	<b>16.2</b>
Programing	54.5	41.1	17.1	39.5	8.4	70.5	24.4	-16.1	2.5	12.6	-24.9	-4.4	35.7	17.2	-4.2	7.9
Distribution	-12.0	9.5	172.0	46.9	75.1	109.2	-5.4	13.3	19.1	25.5	-15.2	55.3	44.9	35.3	18.5	24.1
Other	-43.4	-1.9	-8.3	33.1	63.1	-14.1	-9.0	-6.7	-29.2	107.1	-6.4	42.8	-9.8	3.0	25.3	8.7
<b>Gross profit</b>	<b>-18.6</b>	<b>-12.8</b>	<b>131.0</b>	<b>-12.9</b>	<b>9.9</b>	<b>45.1</b>	<b>-38.4</b>	<b>-66.2</b>	<b>11.1</b>	<b>41.7</b>	<b>39.2</b>	<b>730.4</b>	<b>17.9</b>	<b>-13.8</b>	<b>62.8</b>	<b>13.0</b>
SG&A costs	7.3	0.2	-16.6	51.9	33.1	40.2	31.0	2.7	28.4	5.8	21.3	3.1	11.5	22.4	13.1	8.1
<b>Operating profit</b>	<b>-23.7</b>	<b>-17.6</b>	<b>223.0</b>	<b>-87.3</b>	<b>3.5</b>	<b>47.3</b>	<b>-49.2</b>	<b>Turned neg</b>	<b>5.5</b>	<b>56.3</b>	<b>46.8</b>	<b>To turn pos</b>	<b>21.0</b>	<b>-28.1</b>	<b>96.1</b>	<b>14.8</b>
Non-operating profit	Turned pos	3.9	48.9	Turned pos	1,160.7	-71.7	290.9	Turned neg	-79.7	-69.4	적전	To turn pos	Turned pos	-24.3	-87.7	303.4
Pre-tax profit	-18.2	23.0	247.7	1.9	22.2	7.6	-40.8	Turned neg	-9.2	44.5	16.2	To turn pos	51.0	-27.5	71.5	17.6
<b>Net profit (controlling)</b>	<b>-41.3</b>	<b>217.4</b>	<b>206.3</b>	<b>-12.6</b>	<b>17.2</b>	<b>-17.4</b>	<b>-33.5</b>	<b>Turned neg</b>	<b>-7.3</b>	<b>82.1</b>	<b>-8.0</b>	<b>To turn pos</b>	<b>50.3</b>	<b>-26.3</b>	<b>57.8</b>	<b>26.5</b>
Gross margin (%pts)	-5.2	-5.3	6.2	-4.0	-3.7	-2.3	-8.4	-4.1	0.4	1.5	8.4	12.6	-1.8	-4.4	5.0	-0.4
Operating margin (%pts)	-5.2	-4.5	8.8	-4.4	-3.5	-1.4	-9.0	-4.6	-0.2	2.0	6.8	13.7	-1.0	-4.4	4.9	-0.1
Net margin (controlling) (%pts)	-7.9	7.5	6.7	-1.1	-1.6	-6.2	-5.2	-3.4	-1.1	2.6	1.2	9.2	1.1	-3.8	2.5	0.7

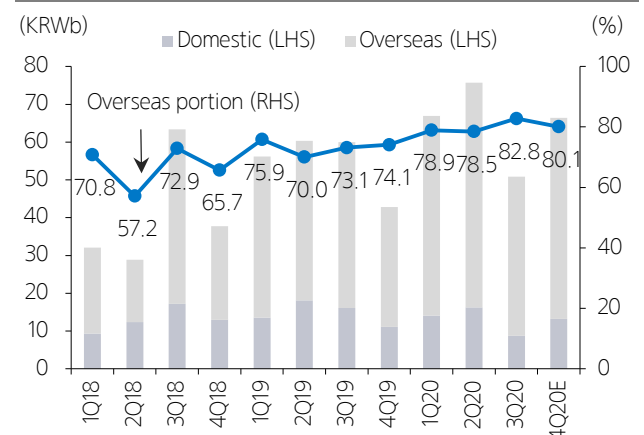
Source: Company data, Samsung Securities

## Quarterly sales and operating margin



Source: Company data, Samsung Securities

## Sales: Domestic and overseas



Source: Company data, Samsung Securities

## 2020 drama lineup

Year	No.	Channel	Title	Air dates	Episodes	Writers	Director	Leading actors	Days
2020	1		<i>Black Dog</i>	Dec 14, 2019- Feb 4, 2020	16	Park Ji-eun	Lee Jung-hyo	Hyeon Bin, Son Ye-jin, Seo Ji-hye	Mon, Tue
	2		<i>Crash Landing on You</i>	Dec 16, 2019- Feb 16, 2020	16	Park Ju Yeon	Hwang Jun Hyeok	Seo Hyeon Jin, Ra Mi Ran	Sat, Sun
	3		<i>Money Game</i>	Jan 5-Mar 5	16	Lee Young Mi	Kim Sang Ho	Ko Soo, Sim Eun Kyeong	Wed, Thu
	4		<i>Method</i>	Feb 10-Mar 17	12	Yeon Sang Ho	Kim Yong Wan	Um Ji Won, Sung Dong Il, Cho Min Soo	Mon, Tue
	5		<i>Hi Bye Mama</i>	Feb 22-Apr 12	16	Kwon Hye-joo	Yoo Je-won	Kim Tae-hee, Lee Kyu-hyung	Sat, Sun
	6		<i>Memorist</i>	Mar 11-Apr 30	16	Ahn Doha, Hwang Hana	Kim Hui, So Jae-hyun	Yoo Seung-ho, Lee Se-young	Wed, Thu
	7		<i>A Piece of Your Mind</i>	Mar 23-Apr 28	12	Lee Sook Yeon	Lee Sang Yeob	Jung Hae-in, Chae Soo-bin	Mon, Tue
	8		<i>When My Love Blooms</i>	Apr 25-Jun 14	16	Jeon Hui-yung	Son Jung-hyun	Yoo Ji-tae, Lee Bo-yung	Sat, Sun
	9		<i>Mothers</i>	May 4-5	2	Ryu Bori Jang	Jang Jeong-do	Han Hye Jin, Kim Mi Kyung, Jung Jung Yeon	Mon, Tue
	10	tvN	<i>Oh My Baby</i>	May 13-Jul 2	16	Roh Seon-jae	Nam Ki-hoon	Jang Nara, Ko Jun, Park Byung-eun	Wed, Thu
	11		<i>My Unfamiliar Family</i>	Jun 1-Jul 21	16	Kim Eun-jung	Kwon Yung-il	Han Ye Ri, Choo Jae Hyun, Hye Jung	Mon, Tue
	12		<i>It's Okay to Not Be Okay</i>	Jun 20 - Aug 9	16	Cho Yong	Park Shin-woo	Kim Soo-hyun, Seo Ye-ji	Sat, Sun
	13		<i>The Flower of Evil</i>	Jul 29-Sep 17	16	Yoo Jung-hui	Kim Chul-kyu	Lee Jun-ki, Moon Chae-won	Wed, Thu
	14		<i>Secret Forest Season 2</i>	Aug 15-Oct 4	16	Lee Soo-yeon	Park Hyun-seok	Cho Seung-woo, Yoon Se-ah, Lee Jun-hyuk	Sat, Sun
	15		<i>A Record of Youth</i>	Sep 7-Oct 27	16	Ha Myung-hee	Ahn Gil-ho	Park Bo-gum, Park So-dam	Mon, Tue
	16		<i>The Tale of a Gumiho</i>	Oct 7-Nov 26	16	Han Woo-ri	Kang Shin-hyo	Lee Dong Wook, Jo Bo-ah	Wed, Thu
	17		<i>StartUp</i>	Oct 17-Dec 6	16	Park Hye-ryun	Oh Chung-hwan	Nam Ju-hyuk, Suji, Kim Sun-ho	Sat, Sun
	18		<i>Day and Night</i>	Nov 30-Jan 19, 2021	16	Shin Yoo-dam	Jo Soo-won	Namgung-min, Lee Chung-a	Mon, Tue
	19		<i>True Beauty</i>	Dec 9-Jan 28, 2021	16	Lee Si-eun	Kim Sang-hyeop	Cha Eun-woo, Moon Ga-young	Wed, Thu
	20		<i>Queen Cheorin</i>	Dec 12-Feb 14, 2021	20	Park Gye-ok, Choi Jin-young	Yoon Sung-sik	Shin Hye-seon, Kim Jung-hyun	Mon, Tue
	21		<i>Call It Like You See It</i>	Feb 1 - Mar 22	16	Ko Young Jae	Lee Jun Hyeong	Jang Hyeok, Jin Su Yeon	Sat, Sun
	22		<i>Rugal</i>	Mar 28 - May 17	16	Do Hyeon	Kang Chul Woo	Park Sung Woong, Choi Jin Hyeok	Sat, Sun
	23	OCN	<i>Train</i>	Jul 11 - Aug 16	12	Park Ga-yeon	Ryu Seung-jin	Kim Jae-wook	Sat, Sun
	24		<i>Missing</i>	Aug 29-Oct 11	16	Ban Ki-ri, Jung So-young	Kim Sung-soo	Ko Soo, Ahn So-hee, Seo Eun-soo	Sat, Sun
	25		<i>Wonderful Rumors</i>	Nov 28-Jan 28, 2021		YeoJina	Yoo Seon-dong	Cho Byung-gyu, Yoo Jun-sang, Kim Se-jung	Sat, Sun
	26		<i>My Holo Love</i>	Feb 7	12	Ryu Yong-jae	Lee Sang-yeop	Yoon Hyun-min, Ko Sung-hee	-
	27	Netflix	<i>Sweet Home</i>	Dec	10	Hong So-ri, Kim Hyung-min	Lee Eung-bok	Song Kang, Lee Jin-wook, Lee Si-young	-
	28	KBS	<i>I've Been There Once</i>	Mar 28-Sep 13	50	Yang Hee-seung	Lee Jae-sang	Lee Min-jung, Lee Sang-yeop, Lee Jung-eun	Sat, Sun
	29	SBS	<i>The King: The Eternal Monarch</i>	Apr 17-Jun 12	16	Kim Eun Sook	Paik Sang Hoon	Lee Min Ho, Kim Ko Eun, Woo Do Hwan	Fri, Sat

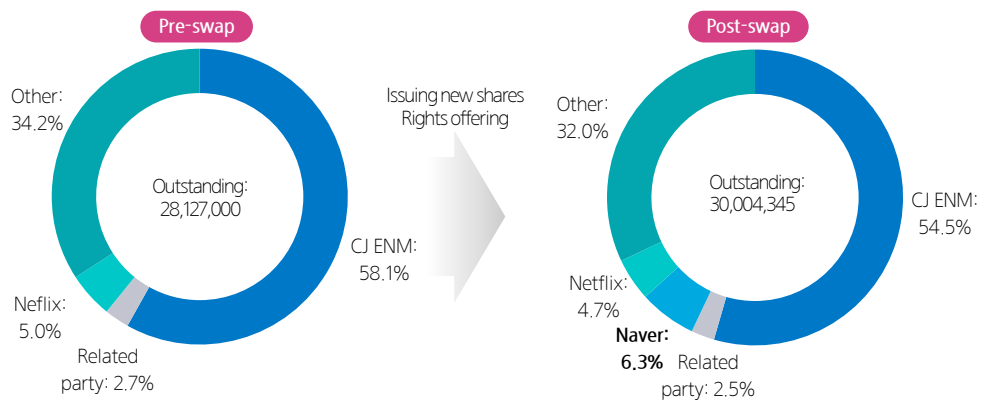
Source: Company data, Samsung Securities

## Studio Dragon-Naver: Equity-swap deal details

Category	Detail	
Company	Studio Dragon	Naver
Target	Naver	Studio Dragon
Outstanding	164,263,395	28,127,000
Shares received	523,560	1,877,345
Value (KRWb)	150	150
<b>Stake (%)</b>	<b>0.32</b>	<b>6.26</b>
Method	1) Naver will give treasury shares to Studio Dragon 2) Studio Dragon will offer new shares to Naver	
Method	Rights offering	Treasury shares
Purpose	Strengthen strategic cooperation 1) Expansion of premium content production by securing original IP 2) Business diversification 3) Cooperation in global business	
Contract date	Oct 26, 2020	
Board of directors resolution	Oct 26, 2020	
Swap date	Nov 10, 2020	
Contract details	Options within contract: 1) Right to sell stake 2) Right to first refusal if counterparty decides to sell stake	
Note	Naver will be second-largest shareholder in Studio Dragon	

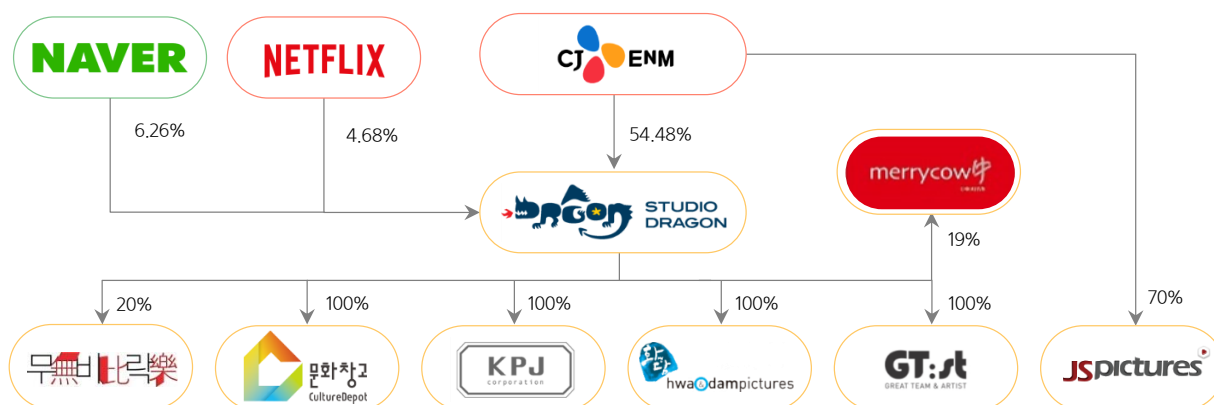
Source: Company data, Samsung Securities

## Studio Dragon: Change in major shareholders



Source: Company data, Samsung Securities

## Ownership structure



Source: Company data, Samsung Securities

## Earnings revision

(KRWb)	2020E			2021E		
	Old	New	Chg %	Old	New	Chg %
Sales	514.6	510.8	-0.7	594.2	593.4	-0.1
Operating profit	50.3	56.3	12.0	61.1	64.6	5.8
Operating margin (% , %pts)	9.8	11.0	1.3	10.3	10.9	0.6
Pre-tax profit	51.8	56.8	9.6	64.5	66.8	3.5
Net profit (controlling)	40.4	41.7	3.2	51.0	52.8	3.5

Note: Reflects rights offering

Source: Samsung Securities

## Income statement

Year-end Dec 31 (KRWb)	2018	2019	2020E	2021E	2022E
<b>Sales</b>	<b>380</b>	<b>469</b>	<b>511</b>	<b>593</b>	<b>641</b>
Cost of goods sold	324	421	433	505	541
<b>Gross profit</b>	<b>56</b>	<b>48</b>	<b>78</b>	<b>88</b>	<b>100</b>
Gross margin (%)	14.6	10.2	15.3	14.8	15.6
SG&A expenses	16	19	22	23	25
<b>Operating profit</b>	<b>40</b>	<b>29</b>	<b>56</b>	<b>65</b>	<b>75</b>
Operating margin (%)	10.5	6.1	11.0	10.9	11.7
<b>Non-operating gains (losses)</b>	<b>6</b>	<b>4</b>	<b>0</b>	<b>2</b>	<b>2</b>
Financial profit	7	10	8	5	4
Financial costs	1	6	7	2	2
Equity-method gains (losses)	0	0	-0	0	0
Other	-0	0	-0	-0	-0
<b>Pre-tax profit</b>	<b>46</b>	<b>33</b>	<b>57</b>	<b>67</b>	<b>77</b>
Taxes	10	7	15	14	16
Effective tax rate (%)	21.5	20.1	26.6	21.0	21.0
Profit from continuing operations	36	26	42	53	61
Profit from discontinued operations	0	0	0	0	0
<b>Net profit</b>	<b>36</b>	<b>26</b>	<b>42</b>	<b>53</b>	<b>61</b>
Net margin (%)	9.4	5.6	8.2	8.9	9.5
Net profit (controlling interests)	36	26	42	53	61
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	115	146	178	195	213
EBITDA margin (%)	30.3	31.1	34.8	32.9	33.2
EPS (parent-based) (KRW)	1,278	941	1,468	1,758	2,030
EPS (consolidated) (KRW)	1,278	941	1,468	1,758	2,030
Adjusted EPS (KRW)*	1,278	941	1,468	1,758	2,030

## Cash flow statement

Year-end Dec 31 (KRWb)	2018	2019	2020E	2021E	2022E
<b>Cash flow from operations</b>	<b>-29</b>	<b>-12</b>	<b>134</b>	<b>165</b>	<b>181</b>
Net profit	36	26	42	53	61
Non-cash profit and expenses	84	124	134	142	150
Depreciation	0	2	1	1	1
Amortization	75	115	120	129	137
Other	9	7	13	11	13
Changes in A/L from operating activities	-139	-143	-26	-16	-14
<b>Cash flow from investments</b>	<b>141</b>	<b>-81</b>	<b>-104</b>	<b>-146</b>	<b>-158</b>
Change in tangible assets	-0	-0	-1	-1	-1
Change in financial assets	140	-42	4	-8	-6
Other	1	-39	-107	-137	-151
<b>Cash flow from financing</b>	<b>-10</b>	<b>-0</b>	<b>-3</b>	<b>-4</b>	<b>-0</b>
Change in debt	-8	8	-2	-4	0
Change in equity	1	2	0	0	0
Dividends	0	0	0	0	0
Other	-2	-9	-1	-0	-0
Change in cash	102	-93	27	12	19
Cash at beginning of year	51	153	60	86	98
Cash at end of year	153	60	86	98	118
<b>Gross cash flow</b>	<b>120</b>	<b>150</b>	<b>176</b>	<b>194</b>	<b>211</b>
<b>Free cash flow</b>	<b>-29</b>	<b>-13</b>	<b>133</b>	<b>164</b>	<b>180</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)	2018	2019	2020E	2021E	2022E
<b>Current assets</b>	<b>247</b>	<b>244</b>	<b>293</b>	<b>351</b>	<b>402</b>
Cash & equivalents	153	60	86	98	118
Accounts receivable	69	84	100	122	134
Inventories	1	0	1	1	1
Other current assets	25	101	106	130	150
<b>Fixed assets</b>	<b>265</b>	<b>337</b>	<b>335</b>	<b>350</b>	<b>374</b>
Investment assets	4	13	22	26	32
Tangible assets	1	1	1	1	1
Intangible assets	199	233	226	232	240
Other long-term assets	62	89	86	92	101
<b>Total assets</b>	<b>512</b>	<b>582</b>	<b>628</b>	<b>702</b>	<b>777</b>
<b>Current liabilities</b>	<b>108</b>	<b>145</b>	<b>151</b>	<b>175</b>	<b>189</b>
Accounts payable	20	18	23	27	29
Short-term debt	0	0	0	0	0
Other current liabilities	89	127	128	148	160
<b>Long-term liabilities</b>	<b>3</b>	<b>8</b>	<b>9</b>	<b>5</b>	<b>5</b>
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	3	8	9	5	5
<b>Total liabilities</b>	<b>111</b>	<b>153</b>	<b>159</b>	<b>180</b>	<b>194</b>
<b>Owners of parent equity</b>	<b>401</b>	<b>428</b>	<b>469</b>	<b>522</b>	<b>583</b>
Capital stock	14	14	14	14	14
Capital surplus	320	322	322	322	322
Retained earnings	68	94	135	188	249
Other	-0	-1	-2	-2	-2
<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>401</b>	<b>428</b>	<b>469</b>	<b>522</b>	<b>583</b>
Net debt	-153	-91	-107	-129	-152

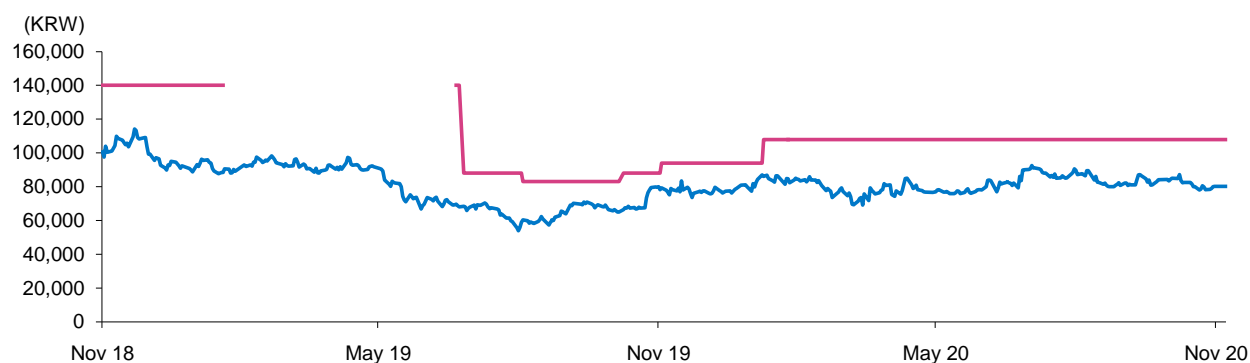
## Financial ratios

Year-end Dec 31	2018	2019	2020E	2021E	2022E
<b>Growth (%)</b>					
Sales	32.4	23.5	9.0	16.2	8.1
Operating profit	21.0	-28.1	96.0	14.9	16.1
Net profit	50.3	-26.3	57.7	26.6	15.5
Adjusted EPS**	21.7	-26.3	56.0	19.7	15.5
<b>Per-share data (KRW)</b>					
EPS (parent-based)	1,278	941	1,468	1,758	2,030
EPS (consolidated)	1,278	941	1,468	1,758	2,030
Adjusted EPS**	1,278	941	1,468	1,758	2,030
BVPS	14,305	15,242	15,629	17,387	19,417
DPS (common)	0	0	0	0	0
<b>Valuations (x)</b>					
P/E***	72.3	85.9	54.7	45.7	39.6
P/B***	6.5	5.3	5.1	4.6	4.1
EV/EBITDA	21.2	15.0	12.1	10.9	9.9
<b>Ratios (%)</b>					
ROE	9.3	6.4	9.3	10.7	11.0
ROA	7.4	4.8	6.9	7.9	8.2
ROIC	15.2	8.7	13.5	15.5	16.6
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	-38.2	-21.2	-22.8	-24.7	-26.0
Interest coverage (x)	343.0	58.1	77.0	132.7	231.2

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### Target price changes in past two years



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

Date	2018/7/12	2019/7/1	8/9	10/14	11/8	2020/11/14
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	140,000	88,000	83,000	88,000	94,000	108,000
Gap* (average)	-27.09	-26.53	-21.77	-17.92	-16.65	
(max or min)**	-14.43	-20.00	-14.46	-8.98	-7.45	

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

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