

## Platform Business Team

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### ▶ AT A GLANCE

<b>Recommend</b>	<b>BUY</b>	
<b>Target price</b>	<b>KRW135,000</b>	<b>47.4%</b>
<b>Current price</b>	<b>KRW91,600</b>	
Market cap	KRW2.7t/USD2.2b	
Shares (float)	30,014,185 (45.1%)	
52-week high/low	KRW108,000/KRW73,100	
Avg daily trading value (60-day)	KRW9.9b/USD8.2m	

### ▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
<b>Studio Dragon (%)</b>	<b>4.0</b>	<b>1.0</b>	<b>-7.8</b>
Vs Kosdaq (%pts)	-1.7	1.3	-6.1

### ▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	135,000	135,000	0.0%
2022E EPS	2,198	2,171	1.2%
2023E EPS	2,791	2,828	-1.3%

### ▶ SAMSUNG vs THE STREET

No of estimates	14
Target price	127,286
Recommendation	4.0
BUY★★★: 5 / BUY: 4 / HOLD: 3 / SELL: 2 / SELL★★★: 1	

# Studio Dragon (253450)

## Diversifying into new channels

- We believe Studio Dragon's 1Q operating results met market expectations thanks to ASP hikes, though it likely produced fewer dramas y-y.
- Its earnings momentum looks set to gain traction from 2Q, backed by an increase in content production and ASP hikes.
- The stock should move up a level on the production of more varied content (spanning more genres), diversification of its distribution channel, and co-production with overseas players. We maintain our BUY rating.

### WHAT'S THE STORY?

**1Q preview:** We believe Studio Dragon recorded 1Q sales of KRW120.3b (up 2.7% y-y) and an operating profit of KRW18.7b (up 4.5% y-y), with the latter meeting the bottom end of consensus (KRW19.5b). Although the firm likely produced fewer pieces of content y-y in 1Q22 (4.6 vs 6 in 1Q21), its sales and operating profit likely improved y-y thanks to efforts to diversify its distribution channels and strengthened bargaining power. Two dramas—*Bulgasal: The Immortal Souls* (four episodes) and *Twenty-Five Twenty-One* (14 episodes)—were aired simultaneously on tvN and Netflix. Original content that was broadcast in 1Q included *Bad and Crazy* (7 episodes; the second original Korean series aired by iQiyi), *The King of Pigs* (4 episodes; a Tving Original), and *Juvenile Justice* (10 episodes; a Netflix Original). Studio Dragon also likely booked sales: 1) relating to copyright (on old and new titles) sold to overseas OTT platform operators; and 2) from 16-episode drama *Jirisan* (it was broadcast in 4Q21 but sales recognition from the drama was likely delayed to 1Q22).

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### SUMMARY OF FINANCIAL DATA

	2021	2022E	2023E	2024E
Revenue (KRWb)	487	637	738	818
Operating profit (KRWb)	53	82	104	123
Net profit (adj) (KRWb)	39	66	84	99
EPS (adj) (KRW)	1,301	2,198	2,791	3,296
EPS (adj) growth (% y-y)	24.6	68.9	27.0	18.1
EBITDA margin (%)	31.1	28.5	28.1	28.5
ROE (%)	6.0	9.0	10.1	10.8
P/E (adj) (x)	69.9	41.7	32.8	27.8
P/B (x)	4.0	3.5	3.2	2.8
EV/EBITDA (x)	17.7	13.1	11.1	9.5
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

**To deliver solid growth:** Studio Dragon is scheduled to produce 32 pieces of content in 2022 (7 more than in 2021) and the amount of content it produces should start rising in earnest from 2Q. ASP hikes combined with greater content production should add to its earnings momentum from this quarter. The company should also take steps to diversify its distribution channels further by securing new OTT service providers. It is slated to produce sitcom *Unicorn* as a Coupang Play Original, supply 16-episode drama *Big Mouth* (to be aired both on Disney Plus and tvN), and may produce other content for the US giant. The Korean production company began shooting *Big Door Prize* (a drama series co-produced with US company Skydance Television; for Apple TV+), which could be aired as early as this year. The firm's production this year should encompass new genres including sitcoms. It recently made an equity investment in Next Scene, and is likely to team up with more capable creators to create quality content.

**Maintaining BUY:** Studio Dragon achieved earnings growth last year despite its sales declining. Its market presence should expand this year on the back of its adding new distribution channels and producing more content (from this quarter). We expect the stock to move up a level as the firm is working hard on: producing content in new genres (ie, in those it has relatively little experience), diversifying its distribution channels, and expanding its value chain (eg, co-production with foreign firms). Studio Dragon signed a deal in 2019 to produce at least 21 original series for Netflix (with Netflix holding distribution rights) over three years from 2020. The contract is likely to be renewed this year, with better terms and conditions for the Korean production company. We maintain BUY and our target price of KRW135,000 (based on 16x 12-month forward EV/EBITDA).

Table 1. Quarterly results and forecasts

(KRWb)	1Q21	4Q21	1Q22E	Chg (% q-q)	Chg (% y-y)	Consensus	Diff (%)
Sales	117.1	147.9	120.3	-18.7	2.7	137.6	-12.5
Operating profit	17.9	6.3	18.7	194.2	4.5	19.5	-4.0
Operating margin (%)	15.3	4.3	15.5	11.2	0.3	14.1	1.4
Pre-tax profit	21.1	-1.6	20.6	nm	-2.3	22.9	-10.1
Net profit (controlling)	15.6	-0.8	15.6	nm	-0.1	15.8	-1.4

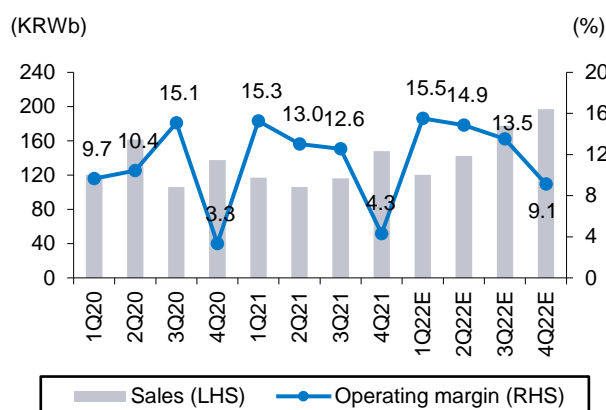
Source: Company data, WiseFn, Samsung Securities

Table 2. Results and forecasts

(KRWb)	1Q20	2Q20	3Q20	4Q20	1Q21	2Q21	3Q21	4Q21	1Q22E	2Q22E	3Q22E	4Q22E	2020	2021	2022E	2023E
<b>Sales</b>	<b>120.3</b>	<b>161.4</b>	<b>106.3</b>	<b>137.7</b>	<b>117.1</b>	<b>106.0</b>	<b>116.1</b>	<b>147.9</b>	<b>120.3</b>	<b>142.3</b>	<b>177.7</b>	<b>196.9</b>	<b>525.7</b>	<b>487.1</b>	<b>637.2</b>	<b>737.7</b>
Programing	45.2	65.4	45.7	40.7	43.8	28.2	36.2	53.2	36.8	48.2	64.5	67.3	197.0	161.3	216.8	245.1
Distribution	66.9	75.7	50.9	86.3	63.2	67.5	64.9	79.8	70.3	80.3	97.8	114.6	279.7	275.5	363.1	430.4
Other	8.2	20.3	9.7	10.7	10.1	10.3	15.0	14.9	13.2	13.8	15.4	14.9	48.9	50.3	57.4	62.2
<b>Gross profit</b>	<b>16.7</b>	<b>21.8</b>	<b>21.3</b>	<b>15.0</b>	<b>23.7</b>	<b>20.3</b>	<b>21.0</b>	<b>14.8</b>	<b>25.6</b>	<b>28.4</b>	<b>31.5</b>	<b>26.6</b>	<b>74.8</b>	<b>79.8</b>	<b>112.1</b>	<b>136.8</b>
SG&A costs	5.1	4.9	5.3	10.4	5.8	6.5	6.4	8.4	6.9	7.2	7.5	8.6	25.7	27.2	30.3	32.6
<b>Operating profit</b>	<b>11.6</b>	<b>16.9</b>	<b>16.0</b>	<b>4.6</b>	<b>17.9</b>	<b>13.8</b>	<b>14.6</b>	<b>6.3</b>	<b>18.7</b>	<b>21.1</b>	<b>24.0</b>	<b>18.0</b>	<b>49.1</b>	<b>52.6</b>	<b>81.8</b>	<b>104.2</b>
Non-operating profit	0.4	0.3	-0.8	-7.5	3.2	0.3	3.9	-7.9	1.9	1.1	2.0	0.5	-7.6	-0.6	5.4	6.6
Pre-tax profit	12.0	17.2	15.2	-2.9	21.1	14.0	18.5	-1.6	20.6	22.2	26.0	18.5	41.5	52.0	87.3	110.8
<b>Net profit (controlling)</b>	<b>8.5</b>	<b>13.4</b>	<b>10.6</b>	<b>-2.8</b>	<b>15.6</b>	<b>9.5</b>	<b>14.8</b>	<b>-0.8</b>	<b>15.6</b>	<b>16.8</b>	<b>19.6</b>	<b>14.0</b>	<b>29.6</b>	<b>39.0</b>	<b>66.0</b>	<b>83.8</b>
Gross margin	13.8	13.5	20.0	10.9	20.2	19.2	18.1	10.0	21.3	19.9	17.7	13.5	14.2	16.4	17.6	18.5
Operating margin	9.7	10.4	15.1	3.3	15.3	13.0	12.6	4.3	15.5	14.9	13.5	9.1	9.3	10.8	12.8	14.1
Net margin (controlling)	7.1	8.3	10.0	-2.1	13.3	8.9	12.8	-0.5	12.9	11.8	11.1	7.1	5.6	8.0	10.4	11.4
<b>Chg (% y-y)</b>																
<b>Sales</b>	<b>7.6</b>	<b>25.9</b>	<b>-19.0</b>	<b>41.3</b>	<b>-2.7</b>	<b>-34.3</b>	<b>9.2</b>	<b>7.4</b>	<b>2.7</b>	<b>34.3</b>	<b>53.1</b>	<b>33.1</b>	<b>12.2</b>	<b>-7.3</b>	<b>30.8</b>	<b>15.8</b>
Programing	2.5	12.6	-24.9	-10.9	-3.2	-56.9	-20.8	30.7	-15.9	71.0	78.1	26.6	-5.6	-18.1	34.4	13.1
Distribution	19.1	25.5	-15.2	101.6	-5.5	-10.8	27.7	-7.5	11.2	18.9	50.7	43.6	27.6	-1.5	31.8	18.5
Other	-29.2	107.1	-6.4	20.2	24.0	-49.3	54.0	39.3	30.6	34.2	3.2	0.1	20.4	2.9	14.2	8.4
<b>Gross profit</b>	<b>11.1</b>	<b>41.7</b>	<b>39.2</b>	<b>585.3</b>	<b>42.2</b>	<b>-6.9</b>	<b>-1.3</b>	<b>-1.7</b>	<b>8.1</b>	<b>39.4</b>	<b>50.3</b>	<b>80.4</b>	<b>56.2</b>	<b>6.7</b>	<b>40.5</b>	<b>22.0</b>
SG&A costs	28.4	5.8	21.3	67.6	14.0	33.6	21.0	-19.1	19.2	10.1	17.0	2.7	34.0	5.8	11.4	7.6
<b>Operating profit</b>	<b>5.5</b>	<b>56.3</b>	<b>46.8</b>	<b>nm</b>	<b>53.6</b>	<b>-18.2</b>	<b>-9.0</b>	<b>37.6</b>	<b>4.5</b>	<b>53.3</b>	<b>64.9</b>	<b>183.4</b>	<b>71.1</b>	<b>7.0</b>	<b>55.6</b>	<b>27.4</b>
Non-operating profit	-79.7	-69.4	nm	nm	642.7	-20.8	nm	nm	-40.1	324.3	-49.6	nm	nm	nm	nm	21.5
Pre-tax profit	-9.2	44.5	16.2	nm	75.3	-18.2	21.3	nm	-2.3	58.2	40.8	nm	25.4	25.2	67.8	27.0
<b>Net profit (controlling)</b>	<b>-7.3</b>	<b>82.1</b>	<b>-8.0</b>	<b>nm</b>	<b>82.2</b>	<b>-29.1</b>	<b>39.6</b>	<b>nm</b>	<b>-0.1</b>	<b>77.5</b>	<b>32.7</b>	<b>nm</b>	<b>12.1</b>	<b>31.8</b>	<b>68.9</b>	<b>27.0</b>
Gross margin	0.4	1.5	8.4	8.7	6.4	5.7	-1.9	-0.9	1.1	0.7	-0.3	3.5	4.0	2.2	1.2	1.0
Operating margin	-0.2	2.0	6.8	7.5	5.6	2.6	-2.5	0.9	0.3	1.8	1.0	4.8	3.2	1.5	2.0	1.3
Net margin (controlling)	-1.1	2.6	1.2	-0.4	6.2	0.7	2.8	1.6	-0.4	2.9	-1.7	7.6	-0.0	2.4	2.3	1.0

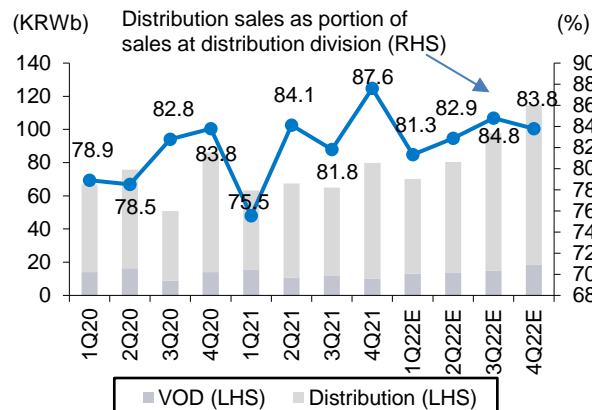
Source: Company data, Samsung Securities

Chart 1. Quarterly sales and operating margin



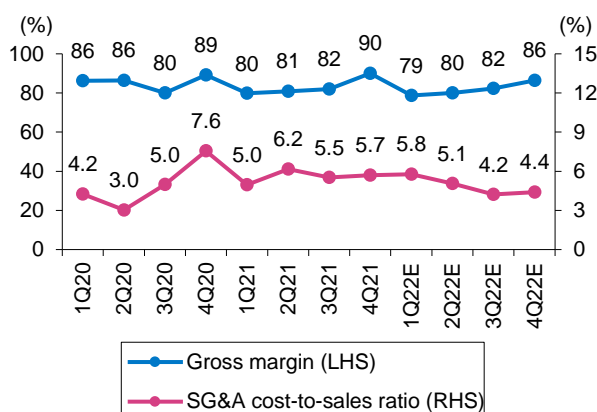
Source: Company data, Samsung Securities

Chart 2. VOD sales and distribution sales



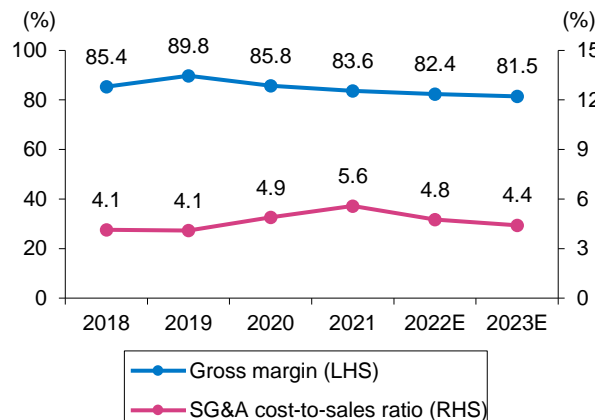
Source: Company data, Samsung Securities

Chart 3. Quarterly gross margin vs SG&amp;A cost-to-sales ratio



Source: Company data, Samsung Securities

Chart 4. Annual gross margin vs SG&amp;A cost-to-sales ratio



Source: Company data, Samsung Securities

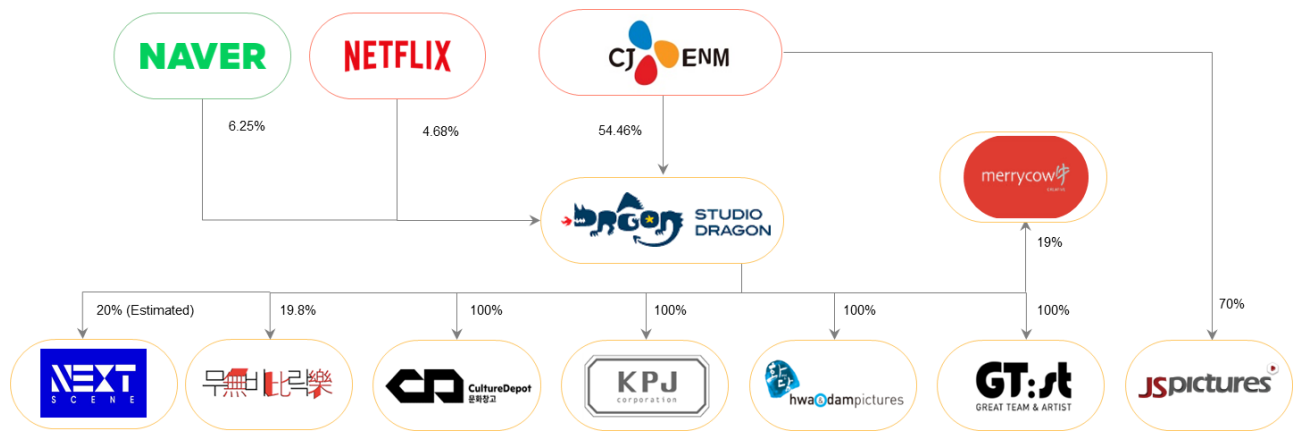
Table 3. Drama lineup

Year	No.	Channel	Title	Dates to be aired	Episodes	Writers	Director	Cast	Days
2022	1	tvN	Bad and Crazy	Dec 17, 2021-Jan 28, 2022	12	Kim Sae-bom	Yoo Seon-dong	Lee Dong-wook, Wi Ha-joon	Fri, Sat
	2		Bulgasal: The Immortal Souls	Dec 18, 2021-Feb 6, 2022	16	Kwon So-ra	Jang Yeong-woo	Lee Jin-wook, Kwon Na-ra	Sat, Sun
	3		Ghost Doctor	Jan 3-Feb 22	16	Kim Sun-soo	Boo Seong-cheol	Jung Ji-hoon, Kim Beom	Mon, Tue
	4		Twenty-Five Twenty-One	Feb 12-Apr 3	16	Kwon Do-eun	Jung Ji-hyun	Kim Tae-ri, Nam Joo-hyuk	Sat, Sun
	5		Military Prosecutor Doberman	Feb 28-Apr 19	16	Yoon Hyeon-ho	Jin Chang-gyoo	Ahn Bo-hyun, Jo Bo-ah	Mon, Tue
	6		Our Blues	Apr 9-Jun 12	20	Noh Hee-kyung	Kim Kyu-tae	Lee Byung-hun, Han Ji-min	Sat, Sun
	7		Shooting Stars	Apr 22-Jun 11	16	Choi Young-woo	Lee Soo-hyun	Lee Sung-kyung, Kim Young-dae	Fri, Sat
	8		The Murderer's Shopping List	Apr 27-May 19	8	Han Ji-wan	Lee Eon-hee	Lee Kwang-soo, Seolhyun	Wed, Thu
	9		Link: Eat, Love, Die	May 16-Jul 5	16	Kwon Ki-yeong	Hong Jong-chan	Yeo Jin-goo, Moon Ga-young	Mon, Tue
	10		Eve	May 25-Jul 14	16	Yoon Young-mi	Park Bong-seob	Seo Ye-ji, Park Byung-eun	Wed, Thu
	11		Soul Marriage	Jun 18-Aug 7	16	Hong sisters	Park Joon-hwa	Lee Jae-wook, Hwang Min-hyeon	Sat, Sun
	12		Joseon Psychiatrist Yoo Se Poong	2022	12	Park Seul-Ki	Park Won-Gook	Kim Min Jae, Kim Hyang Gi, Kim Sang Kyung	Mon, Tue
	13		Big Mouse	2022	16	Ha Ram	Oh Choong Hwan	Lee Jong Suk, Im Yoon Ah	
	14		Mental Coach Je Gal Gil	2022	16	Kim Ban Di	Son Jung Hyun	Jung Woo, Lee Yoo Mi, Kwon Yool	Mon, Tue
	15		Little Women	2022	12	Jung Seo Kyung	Kim Hee Won	Kim Go Eun, Nam Ji Hyun	Sat, Sun
	16		Adamas	2022	-	Choi Tae Kang	Park Seung Woo	Ji Sung, Seo Ji Hye	
	17		Umbrella	2022	-	Park Bara	Kim Hyung Sik	Kim Hye Soo, Bae Hyun Sung	
	18		Call My Agent!	2022	-	Park So Young	Baek Seung Ryong	Lee Seo Jin, Kwak Sun Young	
2022	19	OCN	A Superior Day	Mar 3-May 1	8	Lee Ji-hyun	Jo Nam-hyung	Jin-goo, Ha Do-kwon	Sun
	20		Blind	Jun, 2022	16	Kwon Ki Kyung	Shin Yong Hwi	Ok Taec Yeon, Ha Seok Jin, Jung Eun Ji	Sat, Sun
	21		Island (Tving Original)	2022	20	Jang Yoon-mi	Park Bae-jong	Kim Nam-gil, Lee Da-hee	
	22	Netflix	Juvenile Judgement	Feb 25	10	Kim Min-seok	Hong Jong-chan	Kim Hye-soo, Kim Mu-yeol	
	23		Celebrity	2H22	12	Kim I-yeong	Kim Cheol-gyoo	Lee Chung-ah, Park Gyu-young	
	24	Tving	The King of Pigs	Mar 18	12	Tak Jae-young	Kim Dae-jin	Kim Dong-wook, Chae Jeong-ahn	
	25		Strange	Apr 29	6	Yeon Sang-ho	Jang Geon-jae	Shin Hyun-bin, Koo Kyo-hwan	
	26		Ants are Riding	Jun, 2022		Lim Yeon-soo	Choi Ji-young	Hong Jong-hyun, Han Ji-eun	
	27		Yumi's Cells 2	2022		Kim Yoon-joo	Lee Sang-yeob	Kim Go-eun, Jinyoung	
	28		Duty After School	2022	10	Lee Nam-gyu	Seong Yong-il	Shin Hyun-soo	
	29	Apple TV+	The Big Door Prize	2022	10	David West Read	-	Christ O'Dowd	
	30	Coupang Play	Unicorn	Summer, 2022	-	In Ji-Hye	Kim Hye Young	Shin Ha Kyun, Won Jin-A	
	31	Disney+	Connect	2022	6	Miike Takashi	-	Jung Hae In, Go Kyung Pyo	
2023	1	tvN	Ask the Stars	2023	-	-	-	Lee Min ho, Gong Hyo Jin	
	2		Tale of the Nine-Tailed Season 2	1H23	12	Han Woo-ri	Kang Shin Hyo	Lee Dong Wook, Kim So Yeon, Kim Bum	
	3	Netflix	Sweet Home 2	TBD				Park Gyu-young, Lee Si-young	
	4		The Glory 1 & 2	TBD	16	Kim Eun-sook	Ahn Gil-ho	Song Hye-kyo, Lee Do-hyun	
	5		Song of the Bandits	TBD	-	Han Jung Hoon	Hwang Joon Hyuk	Kim Nam Gil, Seo Hyun	
	6		The Girl Downstairs	TBD	-	-	Lee Jeong Hyo	Bae Suzy	
TBD	1		Arthdal Chronicles Season 2	TBD	-	-	Kim Kwang Sik	-	
	2		Immortal Days	TBD	-	-	-	-	
	3		Greenhouse at the End of the Earth	TBD	-	-	-	-	

Note: Titles highlighted are streaming through Netflix (green), iQiyi Global (grey), Tving (light blue), and Disney+(orange)

Source: Company data, Samsung Securities

Chart 5. Ownership structure



Note: On Mar 28, 2022, Studio Dragon signed a contract to buy a stake in drama production company, Next Scene. While the size of its stake remains under wraps, it is estimated to be around 20% given its other investments.

Source: Company data, Samsung Securities

Table 4. Earnings revisions

(KRWb)	2022E			2023E		
	Old	New	Chg (%)	Old	New	Chg (%)
Sales	613.3	637.2	3.9	713.4	737.7	3.4
Operating profit	79.1	81.8	3.5	103.9	104.2	0.3
Operating margin (%, %pts)	12.9	12.8	-0.1	14.6	14.1	-0.4
Pre-tax profit	86.2	87.3	1.2	112.3	110.8	-1.3
Net profit (controlling)	65.2	66.0	1.2	84.9	83.8	-1.3

Source: Company data, Samsung Securities

## Income statement

Year-end Dec 31 (KRWb)	2020	2021	2022E	2023E	2024E
<b>Sales</b>	<b>526</b>	<b>487</b>	<b>637</b>	<b>738</b>	<b>818</b>
Cost of goods sold	451	407	525	601	660
<b>Gross profit</b>	<b>75</b>	<b>80</b>	<b>112</b>	<b>137</b>	<b>158</b>
Gross margin (%)	14.2	16.4	17.6	18.5	19.3
SG&A expenses	26	27	30	33	35
<b>Operating profit</b>	<b>49</b>	<b>53</b>	<b>82</b>	<b>104</b>	<b>123</b>
Operating margin (%)	9.3	10.8	12.8	14.1	15.0
<b>Non-operating gains (losses)</b>	<b>-8</b>	<b>-1</b>	<b>5</b>	<b>7</b>	<b>8</b>
Financial profit	10	14	14	15	16
Financial costs	14	10	5	4	3
Equity-method gains (losses)	0	0	0	0	0
Other	-4	-5	-4	-5	-5
<b>Pre-tax profit</b>	<b>42</b>	<b>52</b>	<b>87</b>	<b>111</b>	<b>131</b>
Taxes	12	13	21	27	32
Effective tax rate (%)	28.7	24.9	24.4	24.4	24.4
Profit from continuing operations	30	39	66	84	99
Profit from discontinued operations	0	0	0	0	0
<b>Net profit</b>	<b>30</b>	<b>39</b>	<b>66</b>	<b>84</b>	<b>99</b>
Net margin (%)	5.6	8.0	10.4	11.4	12.1
Net profit (controlling interests)	30	39	66	84	99
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	165	152	182	207	233
EBITDA margin (%)	31.4	31.1	28.5	28.1	28.5
EPS (parent-based) (KRW)	1,044	1,301	2,198	2,791	3,296
EPS (consolidated) (KRW)	1,044	1,301	2,198	2,791	3,296
Adjusted EPS (KRW)*	1,044	1,301	2,198	2,791	3,296

## Cash flow statement

Year-end Dec 31 (KRWb)	2020	2021	2022E	2023E	2024E
<b>Cash flow from operations</b>	<b>5</b>	<b>-8</b>	<b>161</b>	<b>192</b>	<b>203</b>
Net profit	30	39	66	84	99
Non-cash profit and expenses	135	119	118	124	134
Depreciation	3	4	2	1	1
Amortization	113	95	97	102	109
Other	19	20	18	21	24
Changes in A/L from operating activities	-144	-155	-1	12	2
<b>Cash flow from investments</b>	<b>-16</b>	<b>27</b>	<b>-103</b>	<b>-108</b>	<b>-123</b>
Change in tangible assets	-7	-2	0	0	0
Change in financial assets	47	0	0	0	0
Other	-56	28	-103	-108	-123
<b>Cash flow from financing</b>	<b>0</b>	<b>-3</b>	<b>-5</b>	<b>-1</b>	<b>-1</b>
Change in debt	1	0	-4	0	0
Change in equity	149	0	0	0	0
Dividends	0	0	0	0	0
Other	-150	-4	-1	-1	-1
Change in cash	-11	16	310	83	80
Cash at beginning of year	60	49	65	375	458
Cash at end of year	49	65	375	458	538
<b>Gross cash flow</b>	<b>165</b>	<b>158</b>	<b>184</b>	<b>207</b>	<b>233</b>
<b>Free cash flow</b>	<b>-2</b>	<b>-11</b>	<b>161</b>	<b>192</b>	<b>203</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

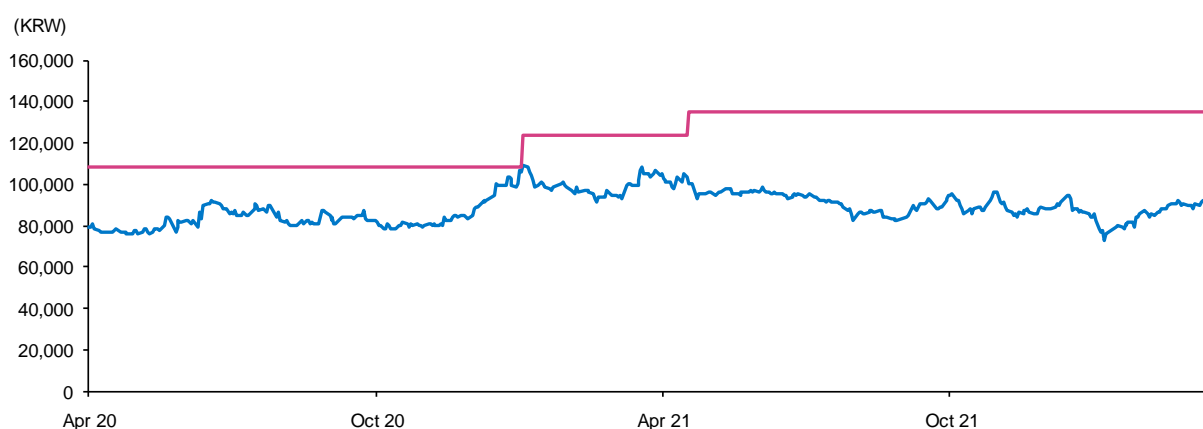
Year-end Dec 31 (KRWb)	2020	2021	2022E	2023E	2024E
<b>Current assets</b>	<b>228</b>	<b>233</b>	<b>526</b>	<b>631</b>	<b>695</b>
Cash & equivalents	49	65	375	458	538
Accounts receivable	107	124	118	132	121
Inventories	0	0	0	0	0
Other current assets	73	44	33	41	36
<b>Fixed assets</b>	<b>529</b>	<b>652</b>	<b>442</b>	<b>454</b>	<b>475</b>
Investment assets	180	241	24	24	24
Tangible assets	8	8	5	4	3
Intangible assets	230	298	303	313	330
Other long-term assets	111	105	110	113	118
<b>Total assets</b>	<b>757</b>	<b>884</b>	<b>968</b>	<b>1,085</b>	<b>1,170</b>
<b>Current liabilities</b>	<b>132</b>	<b>184</b>	<b>163</b>	<b>194</b>	<b>179</b>
Accounts payable	6	17	15	24	25
Short-term debt	0	0	0	0	0
Other current liabilities	126	167	148	170	154
<b>Long-term liabilities</b>	<b>16</b>	<b>17</b>	<b>19</b>	<b>21</b>	<b>22</b>
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	16	17	19	21	22
<b>Total liabilities</b>	<b>148</b>	<b>200</b>	<b>181</b>	<b>214</b>	<b>201</b>
<b>Owners of parent equity</b>	<b>609</b>	<b>684</b>	<b>787</b>	<b>871</b>	<b>969</b>
Capital stock	15	15	15	15	15
Capital surplus	470	470	470	470	470
Retained earnings	123	162	228	311	410
Other	1	37	74	74	74
<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>609</b>	<b>684</b>	<b>787</b>	<b>871</b>	<b>969</b>
Net debt	-38	-54	-368	-451	-531

## Financial ratios

Year-end Dec 31	2020	2021	2022E	2023E	2024E
<b>Growth (%)</b>					
Sales	12.2	-7.3	30.8	15.8	10.9
Operating profit	71.1	7.0	55.6	27.4	18.1
Net profit	12.1	31.8	68.9	27.0	18.1
Adjusted EPS**	10.9	24.6	68.9	27.0	18.1
<b>Per-share data (KRW)</b>					
EPS (parent-based)	1,044	1,301	2,198	2,791	3,296
EPS (consolidated)	1,044	1,301	2,198	2,791	3,296
Adjusted EPS**	1,044	1,301	2,198	2,791	3,296
BVPS	20,309	22,785	26,212	29,003	32,299
DPS (common)	0	0	0	0	0
<b>Valuations (x)</b>					
P/E***	88.7	69.9	41.7	32.8	27.8
P/B***	4.6	4.0	3.5	3.2	2.8
EV/EBITDA	16.6	17.7	13.1	11.1	9.5
<b>Ratios (%)</b>					
ROE	5.7	6.0	9.0	10.1	10.8
ROA	4.4	4.8	7.1	8.2	8.8
ROIC	11.2	10.9	15.7	19.9	22.7
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	-6.3	-7.8	-46.8	-51.8	-54.8
Interest coverage (x)	84.8	67.6	125.4	204.1	241.0

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**Target price changes in past two years****Rating changes over past two years** (adjusted share prices)

Date	2020/1/14	2021/1/14	2021/1/22	5/7
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	108000	108000	124000	135000
Gap* (average)	-23.70	-5.37	-19.74	
(max or min)**	-3.98	-1.02	-12.50	

Note: \*  $\frac{[(\text{average, maximum, or minimum share price over duration of target price} - \text{target price}) / \text{target price}] \times 100\%}{}$

\*\* 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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