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Tech Team

Minha Choi
Senior Analyst
minha22.choi@samsung.com

▶ **AT A GLANCE**

Recommend	BUY	
Target price	KRW96,000	15.1%
Current price	KRW83,400	
Market cap	KRW2.5/USD2.0b	
Shares (float)	30,058,498 (45.2%)	
52-week high/low	KRW94,600/KRW59,100	
Avg daily trading value (60-day)	KRW16.7b/ USD13.3m	

▶ **ONE-YEAR PERFORMANCE**

	1M	6M	12M
Studio Dragon (%)	2.6	4.5	3.3
Vs Kosdaq (%pts)	-8.3	11.0	19.9

▶ **KEY CHANGES**

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	96,000	96,000	0.0%
2022E EPS	1,684	1,924	-12.5%
2023E EPS	2,453	2,552	-3.9%

▶ **SAMSUNG vs THE STREET**

No of estimates	14
Target price	102,429
Recommendation	4.0

BUY ★★★: 5 / BUY: 4 / HOLD: 3 / SELL: 2 / SELL ★★★: 1

Studio Dragon (253450)

Demand for K-content still strong

- Studio Dragon saw 4Q sales increase 28.9% y-y since OTT original content (made by Studio Dragon) as a portion of total content (made by the firm) aired was large. But its operating profit of KRW1.2b missed consensus by a wide mark due to: 1) heavier depreciation costs; and 2) purchase price allocation (related to its acquisition of Gil Pictures).
- In 2023, the company aims to broadcast 35 dramas, make 10 dramas simultaneously available on OTT platforms, and produce multiple seasons of nine dramas. It should also increase co-production with foreign partners.
- Korean content is still in great demand from global platforms. Studio Dragon should cement its market presence via distribution channel diversification and production capacity expansion. We maintain BUY rating.

WHAT'S THE STORY?

4Q review: Studio Dragon reported 4Q sales of KRW190.5b (up 28.9% y-y) and operating profit of KRW1.2b (down 81.4% y-y), the latter missing consensus of KRW16.1b. OTT original content (made by Studio Dragon) as a portion of total content (made by Studio Dragon) aired was large last quarter. Increasing production budget per drama sustained the robust topline growth. However, earnings was disappointing due to: 1) heavier depreciation costs; 2) purchase price allocation (related to its acquisition of Gil Pictures); and 3) incentive payment. The COGS ratio rose 3.8%pts y-y to 93.9% last quarter. Out of the 101 episodes aired last quarter, 25 episodes were broadcast on OTT platforms. The firm incurred non-operating loss of KRW18.1b due to a fall in forex valuation gains and a subsidiary's impairment losses on goodwill revaluation.

(Continued on the next page)

SUMMARY 4Q RESULTS

(KRWb)	4Q22	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	190.5	28.8	-16.8	22.5	17.1
Operating profit	1.2	-81.4	-93.8	-57.9	-86.3
Pre-tax profit	-17.0	nm	nm	nm	nm
Net profit	-8.5	nm	nm	nm	nm
Margins (%)					
Operating profit	0.6				
Pre-tax profit	-8.9				
Net profit	-4.5				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2021	2022E	2023E
Valuation (x)			
P/E	69.9	51.1	34.0
P/B	4.0	3.4	3.0
EV/EBITDA	17.7	14.5	11.2
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	24.6	29.4	45.7
ROE (%)	6.0	6.9	9.1
Per-share data (KRW)			
EPS	1,301	1,684	2,453
BVPS	22,785	25,661	28,115
DPS	0	0	0

Growth momentum solid in 2023: Studio Dragon's earnings should keep growing this year, backed by larger production budget per drama and adoption of a season-based production format. As for 2023, the company aims to broadcast 35 dramas, make 10 dramas simultaneously available on a bunch of OTT platforms, produce multiple seasons of nine dramas, and increase per-episode production budget by 30% via collaboration with top creators and genre diversification (eg, fantasy and historical drama). Many of its dramas should span multiple seasons (eg, Sweet Home, Shadow Detective, The Uncanny Counter, Tale of the Nine Tailed, Arthdal Chronicles, and Gyeongseong Creature). Thanks to better bargaining power, Studio Dragon recently renewed its contract with Netflix on more favorable terms and is in final stage to ink a deal with another OTT service provider. It is also stepping up efforts to co-produce dramas with foreign partners (eg, the US and Japan). The Big Door Prize, the first drama Studio Dragon produced with a foreign partner (US firm Skydance), should be broadcast in March. The Korean content maker is preparing to co-produce more dramas—eg, The Plotters (Universal Studios).

Reiterating BUY: Korean content is still in huge demand from global platform operators. Armed with its global conference, Studio Dragon should sustain earnings momentum and structural margin improvement by supplying content to a variety of channels, increasing its content production capacity, and cementing its presence in Korea and abroad. We maintain BUY rating and our KRW96,000 target price (based on 12.2x 12-month forward EV/EBITDA).

Table 1. Results and forecasts

(KRWb)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23E	2Q23E	3Q23E	4Q23E	2020	2021	2022	2023E	2024E
Sales	117.1	106.0	116.1	147.9	121.1	157.5	228.9	190.5	130.4	163.9	238.1	242.4	525.7	487.1	697.9	774.9	908.4
Programing	43.8	28.2	36.2	53.2	35.4	43.8	59.4	54.0	32.6	35.0	72.0	51.0	197.0	161.3	192.5	190.6	212.2
Distribution	63.2	67.5	64.9	79.8	77.7	103.9	165.8	132.8	91.3	122.8	160.7	185.7	279.7	275.5	480.2	560.5	671.8
Others	10.1	10.3	15.0	14.9	8.0	9.8	3.8	3.7	6.5	6.2	5.4	5.6	48.9	50.3	25.2	23.7	24.4
Gross profit	23.7	20.3	21.0	14.8	25.5	35.4	27.4	11.7	27.8	36.0	37.6	30.6	74.8	79.8	100.0	132.0	152.1
SG&A	5.8	6.5	6.4	8.4	7.4	8.4	8.4	10.5	8.2	8.4	9.3	11.2	25.7	27.2	34.8	37.1	40.0
Operating profit	17.9	13.8	14.6	6.3	18.1	27.0	18.9	1.2	19.5	27.6	28.4	19.4	49.1	52.6	65.2	94.9	112.1
Non-operating profit	3.2	0.3	3.9	-7.9	2.0	3.0	6.5	-18.1	1.4	0.5	1.6	-0.9	-7.6	-0.6	-6.6	2.6	5.2
Pre-tax profit	21.1	14.0	18.5	-1.6	20.1	30.0	25.5	-17.0	21.0	28.1	30.0	18.5	41.5	52.0	58.6	97.5	117.4
Net profit (controlling)	15.6	9.5	14.8	-0.8	15.6	25.6	17.8	-8.5	15.8	21.2	22.7	14.0	29.6	39.0	50.6	73.7	88.7
Gross margin	20.2	19.2	18.1	10.0	21.1	22.5	12.0	6.1	21.3	22.0	15.8	12.6	14.2	16.4	14.3	17.0	16.7
Operating margin	15.3	13.0	12.6	4.3	15.0	17.1	8.3	0.6	15.0	16.8	11.9	8.0	9.3	10.8	9.3	12.3	12.3
Net margin (controlling)	13.3	8.9	12.8	-0.5	12.9	16.2	7.8	-4.4	12.1	13.0	9.5	5.8	5.6	8.0	7.2	9.5	9.8
Chg (% y-y)																	
Sales	-2.7	-34.3	9.2	7.4	3.4	48.5	97.2	28.8	7.7	4.1	4.0	27.3	12.2	-7.3	43.3	11.0	17.2
Programing	-3.2	-56.9	-20.8	30.7	-19.1	55.4	64.0	1.5	-7.9	-20.2	21.3	-5.4	-5.6	-18.1	19.4	-1.0	11.3
Distribution	-5.5	-10.8	27.7	-7.5	23.0	53.8	155.2	66.4	17.4	18.2	-3.0	39.8	27.6	-1.5	74.3	16.7	19.9
Other	24.0	-49.3	54.0	39.3	-21.5	-5.1	-74.8	-75.3	-18.1	-36.8	43.6	53.2	20.4	2.9	-49.9	-5.7	2.7
Gross profit	42.2	-6.9	-1.3	-1.7	7.8	74.0	30.5	-20.7	8.8	1.8	37.5	161.2	56.2	6.7	25.4	32.0	15.2
SG&A	14.0	33.6	21.0	-19.1	27.7	28.1	31.7	25.1	11.1	0.5	9.7	6.1	34.0	5.8	27.9	6.7	7.7
Operating profit	53.6	-18.2	-9.0	37.6	1.4	95.7	29.9	-81.4	7.9	2.3	49.9	1,545.1	71.1	7.0	24.0	45.6	18.1
Non-operating profit	642.7	-20.8	nm	nm	-37.8	1,085.2	67.8	nm	-28.6	-83.9	-75.4	nm	nm	nm	nm	nm	100.7
Pre-tax profit	75.3	-18.2	21.3	nm	-4.6	113.7	37.9	nm	4.3	-6.4	17.8	nm	25.4	25.2	12.7	66.4	20.3
Net profit (controlling)	82.2	-29.1	39.6	nm	0.4	170.2	20.5	nm	1.4	-17.0	27.1	nm	12.1	31.8	29.5	45.8	20.3
Gross margin	6.4	5.7	-1.9	-0.9	0.9	3.3	-6.1	-3.8	0.2	-0.5	3.8	6.5	4.0	2.2	-2.0	2.7	-0.3
Operating margin	5.6	2.6	-2.5	0.9	-0.3	4.1	-4.3	-3.7	0.0	-0.3	3.6	7.4	3.2	1.5	-1.4	2.9	0.1
Net margin (controlling)	6.2	0.7	2.8	1.6	-0.4	7.3	-5.0	-3.9	-0.7	-3.3	1.7	10.2	-0.0	2.4	-0.8	2.3	0.3

Source: Company data, Samsung Securities

Table 2. Drama lineup (2022)

Year	No.	Channel	Title	Air dates	Episodes	Writers	Director	Cast	Days
2022	1	tvN	Bad and Crazy	Dec 17, 2021-Jan 28, 2022	12	Kim Saebom	Yoo Seondong	Lee Dongwook, Wi Hajoong	Fri, Sat
	2		Bulgasal: The Immortal Souls	Dec 18, 2021-Feb 6, 2022	16	Kwon Sora	Jang Yeongwoo	Lee Jinwook, Kwon Nara	Sat, Sun
	3		Ghost Doctor	Jan 3-Feb 22	16	Kim Sunsoo	Boo Seongcheol	Jung Jihoon, Kim Beom	Mon, Tue
	4		Twenty-Five Twenty-One	Feb 12-Apr 3	16	Kwon Doeun	Jung Jihyun	Kim Taeri, Nam Joohyuk	Sat, Sun
	5		Military Prosecutor Doberman	Feb 28-Apr 26	16	Yoon Hyeonho	Jin Changgyoo	Ahn Bohyun, Jo Boah	Mon, Tue
	6		Our Blues	Apr 9-Jun 12	20	Noh Heekyung	Kim Kyutae	Lee Byunghyun, Han Jimin	Sat, Sun
	7		Shooting Stars	Apr 22-Jun 11	16	Choi Youngwoo	Lee Soohyun	Lee Sungkyung	Fri, Sat
	8		The Murderer's Shopping List	Apr 27-May 19	8	Han Jiwan	Lee Eonhee	Lee Kwangsoo, Seolhyun	Wed, Thu
	9		O'PENing	May 2-Aug 5	14	Lee Yiyoung	Cho Eunsol	Park Hoyoju	Fri
	10		Eve	Jun 1-Jul 21	16	Yoon Youngmi	Park Bongseob	Seo Yeji, Park Byungeun	Wed, Thu
	11		Link: Eat, Love, Die	Jun 6-Jul 26	16	Kwon Kiyeong	Hong Jongchan	Yeo Jingoo, Moon Gayoung	Mon, Tue
	13		Alchemy of Souls: Part 1	Jun 18-Aug 21	20	Hong sisters	Park Joonhwa	Lee Jaewook, Hwang Minhyeon	Sat, Sun
	14		Adamas	Jul 27-Sep 15	16	Choi Taekang	Park Seungwoo	Ji Sung, Seo Jihye	Wed, Thu
	15		Joseon Psychiatrist Yoo Se Poong 1	Aug 1-Sep 6	12	Park Seulki	Park Wongook	Kim Minjae, Kim Hyanggi, Kim Sangkyung	Mon, Tue
	16		Little Women	Sep 3-Oct 9	12	Jung Seokyeung	Kim Heewon	Kim Goeun, Nam Jihyun	Sat, Sun
	17		Mental Coach Je Gal Gil	Sep 12-Nov 1	16	Kim Bandi	Son Junghyun	Jung Woo, Lee Yoomi, Kwon Yool	Mon, Tue
	18		Blind	Sep 16-Nov 5	16	Kwon Kikyung	Shin Yonghwi	Ok Taecyeon, Ha Seokjin, Jung Eunji	Fri, Sat
	19		Shrubb	Oct 15-Dec 4	16	Park Bara	Kim Hyungsik	Kim Hyesoo, Bae Hyunsung	Sat, Sun
	20		Call My Agent	Nov 7-Dec 13	12	Park Soyoun	Baek Seungryong	Lee Seojin, Kwak Sunyoung	Mon, Tue
	21		Alchemy of Souls: Part 2	Dec 10, 2022-Jan 8, 2023	10	Hong sisters	Park Joonhwa	Lee Jaewook, Hwang Minhyun	Sat, Sun
	22		Missing: The Other Side 2	Dec 19, 2022-Jan 31, 2023	14	Ban Giri, Jeong Soyeong	Min Yeonhong, Lee Yerim	Go Su, Heo Junho, Ahn Sohui	Mon, Tue
	23		MBC	Big Mouse	Jul 29-Sep 17	16	Kim Haram	Oh Choongwan	Lee Jongsuk, Im Yoonah
24	OCN	A Superior Day	Mar 13-May 1	8	Lee Jihyun	Jo Namhyung	Jingoo, Ha Dokwon	Sun	
25	Tving	The King of Pigs	Mar 18-Apr 22	12	Tak Jaeyoung	Kim Daejin	Kim Dongwook, Chae Jeongahn	Fri	
26		Strange	Apr 29	6	Yeon Sangho	Jang Geonjae	Shin Hyunbin, Koo Kyohwan	Fri	
27		Yumi's Cells 2	Jun 10-Jul 22	14	Song Jaejeong	Lee Sangyeob	Kim Goeun, Jinyoung	Fri	
28		Ants are Riding	Aug 12-Sep 16	12	Lim Yeonsoo	Choi Jiyoung	Hong Jonghyun, Han Jieun	Fri	
29		Island Part1	Dec 30, 2022-Jan 13, 2023	6	Oh Bohyun	Park Baejong	Kim Namgil, Lee Dahee	Fri	
30	Coupang Play	Unicorn	Aug 26-Sep 29	12	Yoo Byungjae	Kim Hyeyoung	Shin Hakyun, Won JiNa	Fri	
31	Disney+	Shadow Detective	Oct 26-Nov 16	8	Im Changse	Han Donghwa	Lee Sungmin, Jin Goo		
32		Connect	Dec 7	6	Song Jinsun	Miike Takashi	Jung Haein, Go Kyungpyo		
33	Netflix	Juvenile Justice	Feb 25	10	Kim Minseok	Hong Jongchan	Kim Hyesoo, Kim Muyeol		
34		The Fabulous	Dec 23	8	Kim Jihee, Im Jinsun	Kim Junghyun	Chae Soomin, Choi Minho		
35		The Glory Part 1	Dec 30	8	Kim Eun-sook	Ahn Gilho	Song Hyekyo, Lee Dohyun		
36	ENA	Summer Strike	Nov 21-Dec 27	12	Hong Munpyo, Lee Yoonjung	Hong Munpyo, Lee Yoonjung	Seol Hyun, Yim Siwan	Mon, Tue	

Note: Titles highlighted in green are streamed through Netflix, grey iQiyi Global, light blue Tving, and orange Disney+

Source: Company data, Samsung Securities

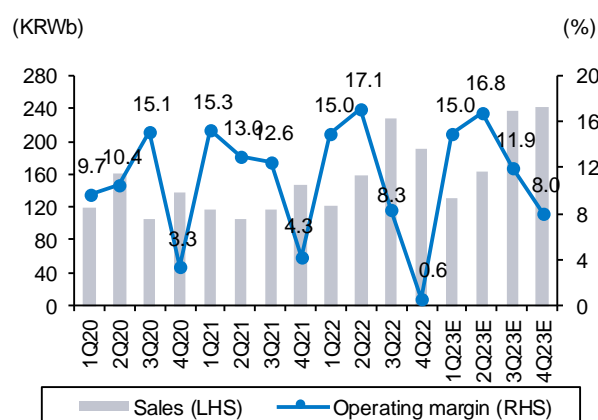
Table 3. Drama lineup (2023~)

Year	No.	Channel	Title	Air dates	Episodes	Writers	Director	Cast	Days
2023	1	tvN	Joseon Psychiatrist Yoo Se Poong 2	Jan 11-Feb 9	12	Park Seulki	Park Wongook	Kim Minjae, Kim Hyanggi, Kim Sangkyung	Wed, Thu
	2		Ilta Scandal	Jan 14-Mar 5	16	Yang Heeseung	Yoo Jewon	Jeon Doyeon, Jung Kyungho	Sat, Sun
	3		Youth Monthly Talk	Feb 6-Apr 11	20	Jung Hyunjung	Lee Jongjae	Park Hyungsik, Jeon Sony	Wed, Thu
	4		The Heavenly Idol	Feb 15-Mar 23	12	Lee Chunggeum	Park Soyeon	Kim Mingyu, Go Bogyeol	Wed, Thu
	5		Pandora: Beneath the Paradise	Mar 11-Apr 30	16	Hyun Jimin	Choi Younghoon	Lee Jiah, Lee Sangyoon	Sat, Sun
	6		See You in My 19th Life	1H23	12	Choi Youngrim	Lee Najung	Shin Hyesun, Ahn Bohyun	Mon, Tue
	7		Queen of Tears	2H23		Park Jieun	Kim Heewon	Kim Suhyun, Kim Jiwon	
	8		When the Stars Gossip	2023		Seo Sookhyang	Park Sinwoo	Lee Minho, Gong Hyojin	
	9		Tale of the Nine Tailed	2023		Han Woori	Kang Shinhyo	Lee Dongwook, Kim Soyeon, Kim Bum	
	10		Stealer- Seven Joseon Notices	2023	12	Shin Kyungil	Choi Joonbae	Joo Won, Lee Joowoo	
	11		Arthdal Chronicles 2	2023	12	Kim Younghyun, Park Sangyun	Kim Gwangsik	Shin Sekyung, Lee Junki	
12	Tving	Duty After School	Mar 2023	10	Lee Namgyu	Seong Yongil	Shin Hyunsoo		
13		Island Part2	2023	6	Jang Yunmi	Park Baejong	Kim Namgil, Lee Dahee		
14	Netflix	The Glory Part 2	Mar 10	8	Kim Eunsook	Ahn Gilho	Song Hyekyo, Lee Dohyun		
15		Thief: Sound of the Sword	2023		Han Junghoon	Hwang Joonhyuk	Kim Namgil, Seo Hyun		
16		Celebrity	2023	12	Kim Yiyong	Kim Chulkyu	Lee Chunga, Park Kyuyoung		
17		Gyeongseong Creature	2023	10	Kang Eungyeong	Jeong Dongyun	Park Seojun, Han Sohee		
18		The Girl Downstairs	2023	8	Jang Yuha	Lee Jeonghyo	Bae Suzy, Yang Sejong		
19		Sweet Home 2	2023			Lee Eungbok	Song Kang, Lee Jinwook		
20		Sweet Home 3	2023			Lee Eungbok	Song Kang, Lee Jinwook		
21	Disney+	Shadow Detective 2	2023		Im Changse	Han Donghwa	Lee Sungmin, Jung Jinyoung		
22	Apple TV+	The Big Door Prize	Mar 2023	10	David West Read				
23	Coupang Play	The Bait Part 1	Jan 27-Feb 10	6	Kim Jinwook	Kim Hongseon	Jang Geunseok, Heo Sungtae		
24		The Bait Part 2	1H23		Kim Jinwook	Kim Hongseon	Jang Geunseok, Heo Sungtae		
TBD	1		The Price of Confession	TBD		Jeon Jongkwan		Song Hyekyo, Han Sohee	
	2		Plotters (Joint with Universal Studios)	TBD					
	3		Mastermind (Joint with CSB Studios)	TBD					
	4	Netflix	Gyeongseong Creature 2	TBD		Kang Eungyeong	Jeong Dongyun	Park Seojun, Han Sohee	
	5		Juvenile Justice 2	TBD		Kim Minseok	Hong Jongchan	Kim Hyesoo	

Note: Titles highlighted in green are streamed through Netflix, grey iQiyi Global, light blue Tving, and orange Disney+

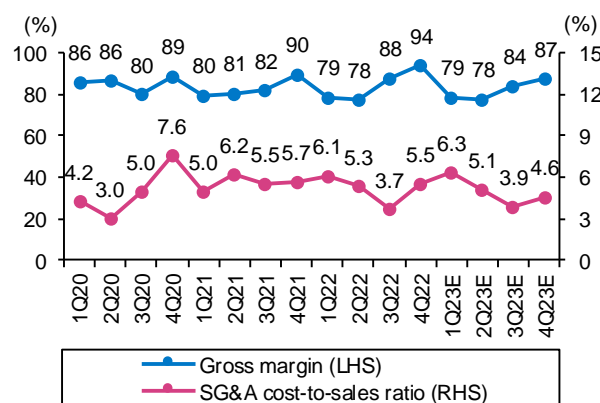
Source: Company data, Samsung Securities

Chart 1. Quarterly sales and operating margin



Source: Company data, Samsung Securities

Chart 2. Quarterly gross margin vs SG&A cost-to-sales ratio



Source: Company data, Samsung Securities

Chart 3. The Bait
(Coupang Play; Jan 27)

Source: Company data, Samsung Securities

Chart 4. The Glory: Part 2
(Netflix; Mar 10)

Source: Company data, Samsung Securities

Chart 5. Duty After School (Tving;
Mar 2023)

Source: Company data, Samsung Securities

Table 4. Goodwill arising from the acquisition of Gil Pictures

	Amount (KRWb)
Total transfer price	32.0
Fair value of net assets	3.2
Goodwill	28.8

Source: DART, Company data, Samsung Securities

Table 5. Gil Pictures: 3Q22 financial results

(KRWb)	Assets	Liability	Sales	Net profit
Gil Pictures	6.3	1.7	14.3	1.4

Note: Data after the point of acquisition of control

Source: DART, Company data, Samsung Securities

Chart 6. 2022 highlights

Lineup	New OTT platforms	Distribution revenue	Overseas portion of revenue	Total production budget
+8 titles	+4 channels	+74%y-y	53%	+61%y-y

Source: Company data, Samsung Securities

Chart 7. Strategies for 2023

① Business conditions improved with bargaining power	② Globalization	③ Localization
<p>ASP of new titles</p> <p>Long-term contract with Netflix</p> <p>Started prebuy service to Amazon, Disney+</p> <p>19% (2020), 8% (2021), 48% (2022)</p> <p>Contract renewal with Netflix</p> <ul style="list-style-type: none"> Began long-term contract with Netflix in 2020 → ASP increased dramatically Expect to level-up in 2023 by proving the company's bargaining power <p>Contracts with new OTTs</p> <ul style="list-style-type: none"> Launched service to new platforms, contributing to higher ASP in 2022 Positive impact on profitability expected by stable supply of new & old titles 	<p>Premium IP</p> <ul style="list-style-type: none"> <Song of the Bandits> <Gyeongseong Creature> <Doona!> <p>Multi-season series</p> <ul style="list-style-type: none"> <Sweet Home> <The Uncanny Counter> <Tale of the Nine Tailed> 	<p>2022</p> <p><The Big Door Prize></p> <ul style="list-style-type: none"> First release of global projects Co-produced with Skydance Media First Apple TV+ original series <p>2023</p> <ul style="list-style-type: none"> Hollywood: Stabilize production & series order process Japan: Aim to show the progress of projects

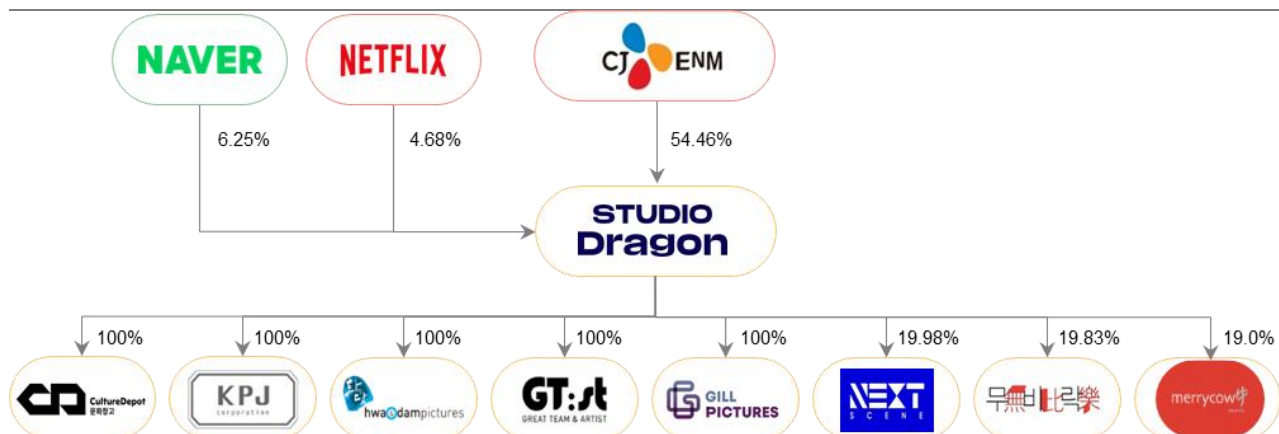
Source: Company data, Samsung Securities

Chart 8. Ambitious 2023 targets

Lineup: 35 titles	Prebuys: 10 titles	Multi-season series: 9 titles	Average budget per episode: 30%+ increase
<ul style="list-style-type: none"> TV: 19 titles OTT: 16 titles 	<ul style="list-style-type: none"> Netflix Amazon Prime Video Disney+ 	<ul style="list-style-type: none"> TV: 5 titles OTT: 4 titles 	<ul style="list-style-type: none"> Genre diversification (more than 9 fantasy titles; more than 4 history titles) Top creator (Kim Eun-sook, Park Ji-eun, Kim Soon-ok)

Source: Company data, Samsung Securities

Chart 9. Ownership structure



Note: As of 3Q22

Source: Company data, Samsung Securities

Table 6. Changes to full-year forecasts

(KRWb)	2023E			2024E		
	Previous	Revised	Chg (%)	Previous	Revised	Chg (%)
Sales	750.3	774.9	3.3	869.5	908.4	4.5
Operating profit	98.0	94.9	-3.1	116.4	112.1	-3.7
Operating margin (%, %pts)	13.1	12.3	-0.8	13.4	12.3	-1.0
Pre-tax profit	101.5	97.5	-3.9	120.7	117.4	-2.8
Net profit (controlling)	76.7	73.7	-3.9	91.3	88.7	-2.8

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2020	2021	2022E	2023E	2024E
Sales	526	487	698	775	908
Cost of goods sold	451	407	598	643	756
Gross profit	75	80	100	132	152
Gross margin (%)	14.2	16.4	14.3	17.0	16.7
SG&A expenses	26	27	35	37	40
Operating profit	49	53	65	95	112
Operating margin (%)	9.3	10.8	9.3	12.3	12.3
Non-operating gains (losses)	-8	-1	-7	3	5
Financial profit	10	14	21	18	19
Financial costs	14	10	19	12	10
Equity-method gains (losses)	0	0	0	0	0
Other	-4	-5	-9	-3	-4
Pre-tax profit	42	52	59	98	117
Taxes	12	13	8	24	29
Effective tax rate (%)	28.7	24.9	13.7	24.4	24.4
Profit from continuing operations	30	39	51	74	89
Profit from discontinued operations	0	0	0	0	0
Net profit	30	39	51	74	89
Net margin (%)	5.6	8.0	7.2	9.5	9.8
Net profit (controlling interests)	30	39	51	74	89
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	165	152	172	211	241
EBITDA margin (%)	31.4	31.1	24.6	27.2	26.5
EPS (parent-based) (KRW)	1,044	1,301	1,684	2,453	2,952
EPS (consolidated) (KRW)	1,044	1,301	1,684	2,453	2,952
Adjusted EPS (KRW)*	1,044	1,301	1,684	2,453	2,952

Cash flow statement

Year-end Dec 31 (KRWb)	2020	2021	2022E	2023E	2024E
Cash flow from operations	5	-8	116	218	199
Net profit	30	39	51	74	89
Non-cash profit and expenses	135	119	114	138	155
Depreciation	3	4	2	1	1
Amortization	113	95	104	114	128
Other	19	20	7	22	26
Changes in A/L from operating activities	-144	-155	-40	30	-16
Cash flow from investments	-16	27	-129	-143	-162
Change in tangible assets	-7	-2	0	0	0
Change in financial assets	47	0	0	0	0
Other	-56	28	-129	-143	-162
Cash flow from financing	0	-3	-5	-1	-1
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	32	65	27
Cash at beginning of year	60	49	65	97	162
Cash at end of year	49	65	97	162	188
Gross cash flow	165	158	164	212	243
Free cash flow	-2	-11	116	218	199

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
Current assets	228	233	304	365	406
Cash & equivalents	49	65	97	162	188
Accounts receivable	107	124	165	158	173
Inventories	0	0	0	0	0
Other current assets	73	44	42	45	44
Fixed assets	529	652	666	705	750
Investment assets	180	241	231	240	249
Tangible assets	8	8	5	4	3
Intangible assets	230	298	319	347	380
Other long-term assets	111	105	110	113	118
Total assets	757	884	969	1,070	1,156
Current liabilities	132	184	178	203	199
Accounts payable	6	17	17	25	28
Short-term debt	0	0	0	0	0
Other current liabilities	126	167	162	178	171
Long-term liabilities	16	17	20	21	23
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	16	17	20	21	23
Total liabilities	148	200	198	225	222
Owners of parent equity	609	684	771	845	934
Capital stock	15	15	15	15	15
Capital surplus	470	470	470	470	470
Retained earnings	123	162	212	286	375
Other	1	37	74	74	74
Non-controlling interests' equity	0	0	0	0	0
Total equity	609	684	771	845	934
Net debt	-38	-54	-90	-155	-181

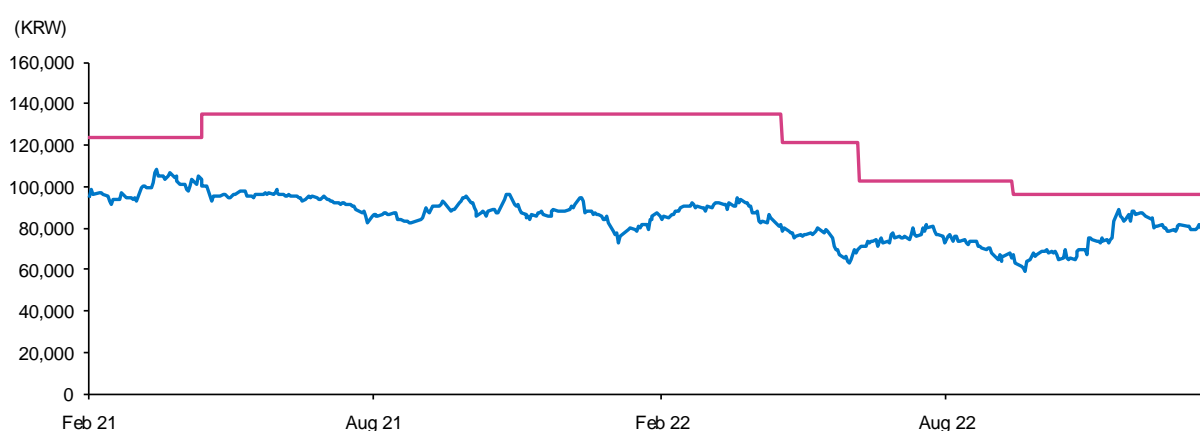
Financial ratios

Year-end Dec 31	2020	2021	2022E	2023E	2024E
Growth (%)					
Sales	12.2	-7.3	43.3	11.0	17.2
Operating profit	71.1	7.0	24.0	45.6	18.1
Net profit	12.1	31.8	29.5	45.8	20.3
Adjusted EPS**	10.9	24.6	29.4	45.7	20.3
Per-share data (KRW)					
EPS (parent-based)	1,044	1,301	1,684	2,453	2,952
EPS (consolidated)	1,044	1,301	1,684	2,453	2,952
Adjusted EPS**	1,044	1,301	1,684	2,453	2,952
BVPS	20,309	22,785	25,661	28,115	31,067
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	88.7	69.9	51.1	34.0	28.2
P/B***	4.6	4.0	3.4	3.0	2.7
EV/EBITDA	16.6	17.7	14.5	11.2	9.7
Ratios (%)					
ROE	5.7	6.0	6.9	9.1	10.0
ROA	4.4	4.8	5.5	7.2	8.0
ROIC	11.2	10.9	13.3	15.9	17.6
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	-6.3	-7.8	-11.6	-18.3	-19.4
Interest coverage (x)	84.8	67.6	100.0	185.9	219.6

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Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2021/1/22	5/7	2022/5/7	2022/5/12	6/30	10/6
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	124000	135000	135000	121000	103000	96000
Gap* (average)	-19.74	-33.60	-39.75	-39.04	-28.47	
(max or min)**	-12.50	-25.78	-39.56	-33.88	-20.87	

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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SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodaero-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

**For more information,
please call our sales representatives:**

LONDON

Samsung Securities Europe Limited

1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited

1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited

Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office

Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao
Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office

#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953



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