

Studio Dragon (253450)

Lackluster Quantitative Growth Diminishing ASP Increase

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Maintain BUY, lower target price to	We maintain BUY but lower our TP by 14.6% to KRW70,000 on Studio Dragon. Our DCF-
KRW70,000	based TP reflects a 19.1% decrease in 2023E NP (to control. int.) due to adjustment in
	estimated no. of aired TV episodes (303→243) following the removal of tvN's Wed/Thu
	program lineup. The stock is trading at 2023/2024 P/E of 28.8x/20.1x, with revenue
	growth estimated at +7.6%/+24.4%. Despite expected momentum from the foray into
	China and receipt of serial orders from the U.S. in 2H23, political issues and the WGA
	strike have created uncertainty. We expect the 2024 Netflix contract renewal to boost
	original-content margins and add over KRW10.0bn to OP.

2Q23 preview: Lower no. of aired
episodes to drag earningsWe forecast 2Q23 revenue at KRW150.0bn (-4.8% YoY) and OP at KRW12.1bn (8.1%
OPM), which is below the market consensus. No. of episodes aired fell 30 YoY (107→77).
Programming revenue should decrease 11.0% YoY (no. of TV episodes down 23 YoY),
while Distribution revenue should increase 4.5% YoY (ASP increase; no. of OTT episodes
down 7 YoY). In terms of profitability, no. of multi-platform episodes should rise 4 YoY
(34→38) on diversification of OTT clients, but OPM should drop 8.0pp YoY on lack of
incentives amid weak viewership numbers and an increase in goodwill amortization costs.

Studio Dragon should have 166 episodes aired in 2H23. Programming revenue should shrink YoY, but Distribution revenue should grow YoY on an over 30% YoY increase in ASP with the release of original-content seasons and more multi-platform content, which has a high recoup rate. For 2024, earnings should reflect margins from original content (Netflix contract renewal); we see Netflix originals generating KRW100.0bn in revenue, boosting recoup ratio by 10% and adding over KRW10.0bn to OP.

Buy Maintain

Earnings Forecast & Valuation

contract renewal

Target Price (Lowered)	KRW70,000
Dividend yield*	0.0%
Total return	30.6%
Current price (Jun 30)	KRW53,600
Consensus target price	KRW96,000
Market capitalization	USD1.2bn
* 12-month forward	

Distribution to see growth in 2H23;

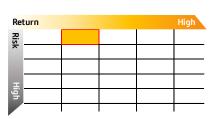
earning to grow with 2024 Netflix

Trading Data

Free float	45.2%			
Avg. T/O val. (3m, Kf	10.6			
Foreign ownership				8.2%
Major shareholders	CJ EN	54.8%		
	Nave	r		6.3%
Stock Price Perform	nance (t	otal retur	r)	
(%)	1M	3M	6M	12M
Absolute	-18.0	-23.5	-37.7	-24.0
Relative	-19.6	-25.1	-51.2	-35.2

-				
Fiscal year-end	2022A	2023E	2024E	2025E
Revenue (KRWbn)	698	751	934	1,121
OP (KRWbn)	65	70	102	141
NP to control, int. (KRWbn)	51	56	80	123
EPS (KRW)	1,684	1,860	2,662	4,107
EPS growth (%)	29.4	10.5	43.1	54.3
P/E (x)	51.1	28.8	20.1	13.0
EV/EBITDA (x)	12.1	6.1	4.9	3.9
Р/В (х)	3.9	2.2	2.0	1.7
ROE (%)	7.5	8.1	10.4	14.2
Div. yield (%)	0.0	0.0	0.0	0.0

Risk & Total Return (annualized over three years)



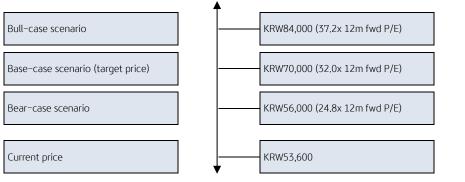
Stock Price & Relative Performance



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Source(s): Company data, KB Securities

Investment Opinion & Risks



Revised Earnings Estimates

(KRWbn, %)	Previo	ous	Revise	ed	Change		
	2023E	2024E	2023E	2024E	2023E	2024E	
Revenue	866.9	1,045.5	750.7	933.9	-13.4	-10.7	
OP	83.1	116.4	70.1	101.8	-15.6	-12.5	
NP (to control. int.)	69.1	95.3	55.9	80.0	-19.1	-16.0	

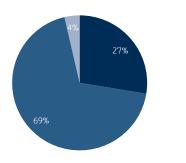
Source(s): KB Securities estimates

KB Estimates vs. Consensus

(KRWbn, %)	KB Estim	ates	Consen	sus	Difference		
	2023E	2024E	2023E	2024E	2023E	2024E	
Revenue	750.7	933.9	822.7	925.6	-8.8	0.9	
OP	70.1	101.8	82.1	100.7	-14.6	1.2	
NP (to control. int.)	55.9	80.0	64.7	77.6	-13.5	3.2	

Source(s): Quantiwise, KB Securities estimates

Revenue Composition (2023E)



Programming
 Distribution
 Others

Source(s): Company data, KB Securities estimates

Peer Group Comparison

(KRWtn, x, %)	Market	P/E		P/B		EV/EBITDA		ROE		Dividend Yield	
	Сар	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E	2023E	2024E
Studio Dragon	1.6	24.5	20.4	2.20	2.00	6.8	6.5	9.2	10.1	0.0	0.0
CJ ENM	1.4	-	10.7	0.38	0.37	3.4	3.3	-0.7	3.6	2.5	2.8
Netflix	257.2	38.9	30.0	8.19	6.93	27.9	22.3	21.9	22.9	0.0	0.0
Walt Disney	214.3	23.8	17.3	1.64	1.52	14.0	11.6	6.5	8.7	0.0	1.0

Source(s): Bloomberg consensus, KB Securities estimates

Base-case scenario: Catalysts

- 1) 2023E TV content at 243 episodes
- 2) 2023E OTT-bound original content at 112 episodes

Bull-case scenario: Upside risks

- 1) 2023E TV content at over 300 episodes
- 2) 2023E OTT-bound original content at over 130 episodes

Bear-case scenario: Downside risks

- 1) 2023E TV content at under 200 episodes
- 2) 2023E OTT-bound original content at under 100 episodes

Valuation & Target Price Calculation

- 1) Valuation method: Discounted cash flow model
- 2) Target price calculation:
 8.62% WACC
- 3) Target price range: KRW56,000 - KRW84,000
- 4) Valuation at target price: 32.0x 12m fwd P/E

Earnings Sensitivity Analysis

(%)	EPS Change						
	2023E	2024E					
+1% in FX rate	+1.1	+1.1					
+1pp in interest rate	-0.6	0.1					

Table 1. Earnings Forecast

(KRWbn, %)	1022	2Q22	3Q22	4022	1Q23	2Q23E	3Q23E	4Q23E	2021	2022	2023E	2024E
TV content (no. of episodes)	53	87	99	76	73	64	53	53	_	315	243	245
OTT content (no. of episodes)	21	20	61	25	39	13	30	30	-	127	112	120
Revenue	121.1	157.5	228.9	190.5	211.1	150.0	193.9	195.7	487.1	697.9	750.7	933.9
Programming	35.4	43.8	59.4	54.0	43.2	39.0	33.9	35.6	161.3	192.5	151.7	153.9
Distribution	77.7	103.9	165.8	132.8	165.7	108.6	157.4	157.4	275.5	480.2	589.1	767.9
Others	8.0	9.8	3.8	3.7	2.3	2.4	2.5	2.7	50.3	25.2	10.0	12.1
% YoY	3.4	48.5	97.2	28.8	74.4	-4.8	-15.3	2.7	-7.3	43.3	7.6	24.4
Programming	-19.1	55.4	64.0	1.5	21.9	-11.0	-42.9	-34.0	-18.1	19.4	-21.2	1.4
Distribution	23.0	53.8	155,2	66.4	113.1	4.5	-5.0	18.5	-1.5	74.3	22.7	30.4
Others	-21.5	-5.1	-74.8	-75.3	-71.0	-75.2	-32,4	-27.3	2.6	-49.9	-60.4	21.6
% QoQ	-18.1	30.0	<i>45.3</i>	-16.8	10.8	-29.0	29.3	0.9				
Programming	-33.4	23.7	35.5	-9.1	-20.0	-9.7	-13.0	5.0				
Distribution	-2.6	33.7	59.5	-19.9	24.7	-34.5	45.0	0.0				
Others	-46.6	22.8	-61.4	-2.4	-37.2	5.0	5.0	5.0				
OP	18.1	27.0	18.9	1.2	21.6	12.1	19.7	16.7	52.6	65.2	70.1	101.8
(% YoY)	1.4	<i>95.</i> 7	29.9	-81.4	19.3	-55.3	4,3	1316.0	7.0	24.0	7.5	45.2
(% QoQ)	185.4	49.1	-29.9	-93.8	1732.1	-44.1	63,5	-15.4				
OPM (%)	15.0	17.1	8.3	0.6	10.2	8.1	10.2	8.5	10.8	9.3	9.3	10.9
NP to control. int.	15.6	25.6	17.8	-8.5	18.4	10.9	19.3	7.4	39.0	50.6	55.9	80.0
(% YoY)	0.4	170.2	20.5	RR	17.8	-57.5	8.1	TTB	31.8	29.5	10.6	43.1
(% QoQ)	TTB	63.8	-30.3	TTR	TTB	-40.9	77.3	-61.7				
NPM (%)	12.9	16.2	7.8	-4.4	8.7	7.3	9.9	3.8	8.0	7.2	7.4	8.6

Note: RR=remain in red, TTB=turn to black, TTR=turn to red

Source(s): Company data, KB Securities estimates

Table 2. Key Valuation Measures

(KRWbn, x, '000 shares, KRW)	2018	2019	2020	2021	2022	2023E	2024E
EV/Sales	6.4x	4.6x	5.1x	5.5x	3.8x	2.2x	1.8x
Revenue	380	469	526	487	698	751	934
% YoY	32.4	23.5	12,2	(7.3)	43.3	7.6	24.4
EV/EBITDA	21.1x	14.9x	16.2x	17.6x	12.1x	6.1x	4.9x
EBITDA	115	146	165	152	219	275	340
% Y0Y	55.1	26.4	13.6	(8.3)	44.1	25.7	23.8
P/E	72.3x	85.9x	88.7x	69.9x	51.1x	28.8x	20.1x
EPS	1,278	941	1,044	1,301	1,684	1,860	2,662
% Y0Y	21.7	(26.3)	10.9	24.6	29.4	10.4	43.1
P/B	6.46x	5.31x	4.56x	3.99x	3.91x	2.21x	1.99x
BVPS	14,305	15,242	20,309	22,785	21,982	24,233	26,895
% Y0Y	8.9	6.5	33.2	12,2	(3.5)	10.2	11.0
Share price	92,400	80,900	92,600	91,000	86,000	53,600	53,600
No. of shares	28,038	28,068	28,369	30,008	30,020	30,058	30,058
Market cap	2,592	2,273	2,778	2,731	2,585	1,611	1,611

Source(s): Company data, KB Securities estimates

Table 3. Valuation: Discounted Cash Flow Model

(KRWbn, %, k shares, KRW)	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	Terminal
NOPLAT	26.6	30.1	22.1	37.2	39.6	57.2	53.8	78.4	106.4	130.5	153.3	177.9	
Operating profit	33.0	39.9	28.7	49.1	52.6	65.2	70.1	101.8	141.3	173.1	203.4	236.3	
Taxes	(6.4)	(9.8)	(6.6)	(11.9)	(13.0)	(8.1)	(16.4)	(23.5)	(34.8)	(42.6)	(50.1)	(58.4)	
D&A	41.3	75.3	116.8	116.2	99.1	153.3	204.6	238.4	266.7	292.6	317.5	342.5	
Depreciation	0.3	0.3	1.8	2.9	3.8	3.3	3.0	3.3	3.4	3.5	3.6	3.7	
Amortization	41.0	75.0	115.0	113.3	95.3	150.0	201.6	235.1	263.3	289.0	313.9	338.8	
(–)Change in working capital	(72.9)	(139.4)	(142.9)	(144.1)	(154.9)	(279.6)	(58.2)	0.5	(21.6)	(12.3)	(8.3)	(8.7)	
Decrease/increase in accounts receivable	(13.7)	(27.2)	(21.8)	(31.4)	2.2	(35.2)	(0.4)	(1.4)	(22.8)	(13.4)	(9.0)	(9.5)	
Decrease/increase in inventories	(2.1)	0.3	0.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	
Decrease/increase in account payables	9.0	25.9	8.6	(11.5)	18.7	11.7	(3.7)	1.9	1.2	1.0	0.7	0.7	
Other	(66.1)	(138.4)	(130.2)	(101.2)	(175.8)	(256.0)	(54.1)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	
(-) Tangible capital expenditures	(0.0)	(0.2)	(0.5)	(7.2)	(1.8)	(3.9)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	
(-) Intangible capital expenditures	(0.2)	(0.1)	(0.3)	(1.2)	(0.8)	(2.5)	(220.4)	(291.0)	(311.3)	(333.1)	(356.4)	(381.4)	
(-) Other	(2.1)	5.0	(8.2)	(4.1)	7.9	6.2	(0.1)	1.6	17.0	20.7	24.5	29.1	
Free cash flow	(7.5)	(29.4)	(13.0)	(3.1)	(11.0)	(69.3)	(24.0)	24.2	53.4	94.5	126.7	155.5	2,903.7
(KRWbn, %, k shares, KRW)	2017	2018	2019	2020	2021	2022	2023E	2024E	2025E	2026E	2027E	2028E	Terminal
Operating cash flow	(7.2)	(29.1)	(12.2)	5.2	(8.4)	(62.9)	200.1	319.0	368.6	431.4	486.9	540.7	
(-) Tangible capital expenditures	(0.0)	(0.2)	(0.5)	(7.2)	(1.8)	(3.9)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	(3.8)	
(-) Intangible capital expenditures	(0.2)	(0.1)	(0.3)	(1.2)	(0.8)	(2.5)	(220.4)	(291.0)	(311.3)	(333.1)	(356.4)	(381.4)	
Free cash flow	(7.5)	(29.4)	(13.0)	(3.1)	(11.0)	(69.3)	(24.0)	24.2	53.4	94.5	126.7	155.5	2,903.7

Note: Studio Dragon's content investments reflected as intangible capital expenditures (cash flow from investing activities)

Source(s): Company data, KB Securities estimates

Table 4. Valuation: Discounted Cash Flow Model

(KRWbn, %, k shares, KRW)	Valuation
Total PV of 2023–2028 cash flow	323.4
PV of terminal value (1% TGR)	1,841.4
Enterprise value	2,164.8
(-) Net debt	70.6
(-) Non-controlling interests	0.0
(+) Investments in non-consolidated affiliates	12.8
Equity value	2,107.0
(÷) No. of shares	30,058.5
Target price	70,000
Current price	53,600
Upside	30.6

Source(s): KB Securities estimates

Income Statement

(KRWbn)	2021A	2022A	2023E	2024E	2025E
(Reporting standard)	(IFRS-C)	(IFRS-C)	(IFRS-C)	(IFRS-C)	(IFRS-C)
Revenue	487	698	751	934	1,121
Cost of revenue	407	598	575	675	794
Gross profit	80	100	176	259	327
SG&A expenses	27	35	106	157	186
Operating profit	53	65	70	102	141
EBITDA	152	219	275	340	408
Non-operating accounts	-1	-7	2	2	17
Interest income	1	2	3	5	7
Interest expenses	1	5	7	10	10
Profit on equity method	0	0	0	0	0
Net other non-operating income	-1	-4	5	6	20
Profit before tax	52	59	72	103	158
Income tax expense	13	8	16	23	35
Net profit	39	51	56	80	123
NP attributable to controlling interests	39	51	56	80	123
Adj. net profit	39	51	56	80	123

Operating Statistics & Ratios

(%)	2021A	2022A	2023E	2024E	2025E
Revenue growth	-7.4	43.3	7.6	24.4	20.0
OP growth	7.0	24.0	7.5	45.2	38.7
EBITDA growth	-8.3	44.1	25.7	23.8	19.9
NP growth of parent	31.8	29.5	10.6	43.1	54.3
GP margin	16.4	14.3	23.4	27.7	29.2
OP margin	10.8	9.3	9.3	10.9	12.6
EBITDA margin	31.1	31,3	36.6	36.4	36.4
EBT margin	10.7	8.4	9.6	11.1	14.1
NP margin of parent	8.0	7.3	7.5	8.6	11.0

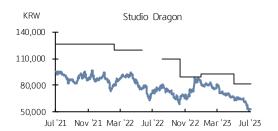
Statement of Cash Flows

(KRWbn)	2021A	2022A	2023E	2024E	2025E
Cash flow from operating activities	-8	-63	200	319	369
Net profit	39	51	56	80	123
Depreciation & amortization	99	153	205	238	267
Other non-cash adjustments	20	23	16	23	35
Investments in working capital	-155	-280	-58	1	-22
Decrease(Increase) in receivables	2	-35	0	-1	-23
Decrease(Increase) in inventory	0	0	0	0	0
Increase(Decrease) in payables	19	12	-4	2	1
Investments in other working capital	-176	-256	-54	0	0
Other operating cash flow	-11	-10	-18	-23	-35
Cash flow from investing activities	27	-43	-230	-301	-315
Capital expenditure	-2	-4	-4	-4	-4
Investments in intangibles	-1	-3	-220	-291	-311
Changes in investment assets	28	-12	-1	0	0
Other investment cash flow	1	-25	-4	-7	0
Cash flow from financing activities	-3	165	13	0	1
Proceeds from (repayment of) debt	-2	168	0	0	0
Changes in equity	0	3	0	0	0
Dividends paid	0	0	0	0	0
Other financing cash flow	-1	-5	14	0	1
Other cash flow	0	0	1	0	0
Increase/decrease in cash	16	59	-15	18	54
Cash and cash equivalents at FYE	65	124	109	126	180
Free cash flow	-11	-69	-24	24	53
Net cash flow	-30	-114	-20	18	54
Net cash (net debt)	63	-51	-71	-53	1

Source(s): Company data, KB Securities estimates

(KRWbn)	2021A	2022A	2023E	2024E	2025
(Reporting standard)	(IFRS-C)	(IFRS-C)	(IFRS-C)	(IFRS-C)	(IFRS-
Total assets	884	1,091	1,176	1,258	1,38
Current assets	233	400	388	407	48
Cash and cash equivalents	65	124	109	126	18
Current financial assets	5	5	6	6	
Trade receivables	124	142	143	144	16
Inventory	0	0	0	0	
Other current assets	39	130	130	130	13
Non-current assets	652	691	788	851	9
Investment assets	241	150	150	150	1
Property, plant and equipment	8	11	12	13	
Intangible assets	298	378	429	485	5.
Other non-current assets	105	152	197	204	2
Fotal liabilities	200	430	448	450	4
Current liabilities	184	416	431	433	4
Trade payables	17	16	10	12	
Short-term financial liabilities	0	170	173	173	1
Other current liabilities	167	230	248	248	2
Non-current liabilities	17	14	17	17	
Non-current financial liabilities	7	9	12	12	
Other non-current liabilities	9	4	4	4	
Fotal equity	684	661	728	808	9
Issued capital	15	15	15	15	
Share premium	470	473	473	473	4
Other equity interest	0	0	0	0	
Accumulated other comprehensive income	37	-40	-28	-28	-;
Retained earnings	162	213	268	349	4
Controlling interests	684	661	728	808	9
Non-controlling interests	0	0	0	0	
x, %, KRW) Aultiples	2021A	2022A	2023E	2024E	2025
P/E	69,9	51,1	28,8	20,1	13
р/В	4.0	3.9	2,2	2.0	1
P/S	5.6	3.7	2.2	1.7	1
EV/EBITDA	17.6	12,1	6,1	4.9	2
EV/EBIT	11.0	12,1	0.1	4.7	
- V/ LUII	EU 0	10.1	24.0	16.7	
Vivideod vield, ordinary (%)	50.8	40.4	24.0	16.3	11
	0.0	0.0	0.0	0.0	11 (
EPS	0.0 1,301	0.0 1,684	0.0 1,860	0.0 2,662	11 (4,10
EPS BVPS	0.0 1,301 22,785	0.0 1,684 21,982	0.0 1,860 24,233	0.0 2,662 26,895	11 C 4,10 31,00
EPS BVPS SPS	0.0 1,301 22,785 16,233	0.0 1,684 21,982 23,250	0.0 1,860	0.0 2,662	11 C 4,10 31,00
EPS BVPS SPS (annual, ordinary)	0.0 1,301 22,785 16,233 0	0.0 1,684 21,982 23,250 0	0.0 1,860 24,233 24,974 0	0.0 2,662 26,895 31,070 0	11 C 4,10 31,00 37,28
EPS 3VPS 5PS 0PS (annual, ordinary) Cash dividends payout ratio (%)	0.0 1,301 22,785 16,233	0.0 1,684 21,982 23,250	0.0 1,860 24,233	0.0 2,662 26,895	11 C 4,10 31,00 37,28
EPS 3VPS SPS DPS (annual, ordinary) Cash dividends payout ratio (%) Dperating performance	0.0 1,301 22,785 16,233 0 0.0	0.0 1,684 21,982 23,250 0 0.0	0.0 1,860 24,233 24,974 0 0.0	0.0 2,662 26,895 31,070 0 0.0	11 C 4,10 31,00 37,28 C
EPS 3VPS 5PS DPS (annual, ordinary) Cash dividends payout ratio (%) Dperating performance ROE	0.0 1,301 22,785 16,233 0 0.0	0.0 1,684 21,982 23,250 0 0.0	0.0 1,860 24,233 24,974 0 0.00	0.0 2,662 26,895 31,070 0 0.0	11 C 4,10 31,00 37,28 C
EPS SVPS SPS Cash dividends payout ratio (%) Operating performance ROE ROA	0.0 1,301 22,785 16,233 0 0.0 6.0 4.8	0.0 1,684 21,982 23,250 0 0.0 7.5 5.1	0.0 1,860 24,233 24,974 0 0.0 8.1 4.9	0.0 2,662 26,895 31,070 0 0.0 10,4 6.6	11 C 4,10 31,00 37,28 C 14 9
EPS 8VPS 5PS Cash dividends payout ratio (%) Deparating performance ROE ROA ROIC	0.0 1,301 22,785 16,233 0 0.0	0.0 1,684 21,982 23,250 0 0.0	0.0 1,860 24,233 24,974 0 0.00	0.0 2,662 26,895 31,070 0 0.0	11 C 4,10 31,00 37,28 C 14 9
EPS SVPS SVPS SPS Cash dividends payout ratio (%) Deperating performance ROE ROA ROIC Coliniancial structure (%)	0.0 1,301 22,785 16,233 0 0.0 6.0 4.8 6.1	0.0 1,684 21,982 23,250 0 0.0 7.5 5.1 7.3	0.0 1,860 24,233 24,974 0 0.0 0.0 8.1 4.9 7,1	0.0 2,662 26,895 31,070 0 0.0 10.4 6.6 9,4	111 C 4,10 31,00 37,28 C 14 S 12
EPS SVPS SVPS SVPS Cash dividends payout ratio (%) Deperating performance ROE ROA ROIC Cinancial structure (%) Total liab./equity	0.0 1,301 22,785 16,233 0 0.0 0.0 6.0 4.8 6.1 4.8 6.1	0.0 1,684 21,982 23,250 0 0.0 7.5 5.1 7.3 7.3	0.0 1,860 24,233 24,974 0 0.0 8.1 4.9 7.1 4.9 7.1	0.0 2,662 26,895 31,070 0 0.0 10,4 6.6 9,4	111 C 4,10 31,00 37,28 C 14 9 12 12
EPS SVPS SVPS SPS Cash dividends payout ratio (%) Deperating performance ROE ROA ROC Col Cinancial structure (%) Total liab./equity Net debt/equity	0.0 1,301 22,785 0 0.0 0.0 4.8 6.0 4.8 6.1 29,3 Net Cash	0.0 1,684 21,982 23,250 0 0 0,00 7,5 5,1 7,3 65,1 7,7	0.0 1,860 24,233 24,974 0 0 0.0 8.1 4.9 7.1 61.5 9.7	0.0 2,662 26,895 31,070 0 0.0 10,4 6.6 9,4 55,6 6,6	111 C 4,1(31,0(37,28 C C 14 9 12 12 12 48 Net Ca
EPS 3VPS 5PS CPS (annual, ordinary) Cash dividends payout ratio (%) Cperating performance ROE ROA ROC Col cinancial structure (%) Total liab./equity Net debt/equity Current ratio	0.0 1,301 22,785 16,233 0 0 0 0 0 4.8 6.1 29.3 Net Cash 1,3	0.0 1,684 21,982 23,250 0 0 0,00 7,5 5,1 7,3 65,1 7,7 1,0	0.0 1,860 24,233 24,974 0 0 0.0 8.1 4.9 7,1 4.9 7,1 61.5 9,7 0,9	0.0 2,662 26,895 31,070 0 0.0 10.4 6.6 9,4 55.6 6.6 6.6 0.9	111 C 4,1(31,0() 37,28 C 14 9 12 14 9 12 48 Net Ca 1
EPS SVPS SVPS SVPS Cash dividends payout ratio (%) Derating performance ROE ROA ROC ROIC Coll Coll liab./equity Net debt/equity Lurrent ratio nterest coverage (x)	0.0 1,301 22,785 0 0.0 0.0 4.8 6.0 4.8 6.1 29,3 Net Cash	0.0 1,684 21,982 23,250 0 0 0,00 7,5 5,1 7,3 65,1 7,7	0.0 1,860 24,233 24,974 0 0 0.0 8.1 4.9 7.1 61.5 9.7	0.0 2,662 26,895 31,070 0 0.0 10,4 6.6 9,4 55,6 6,6	111 C 4,1(31,0() 37,28 C 14 9 12 14 9 12 48 Net Ca 1
PS 3VPS 5PS CPS (annual, ordinary) Cash dividends payout ratio (%) Cperating performance ROE ROA ROIC Coll liab./equity Rotal liab./equity Net debt/equity Current ratio nterest coverage (x) Activity ratios	0.0 1,301 22,785 16,233 0 0 0.0 4.8 6.1 29.3 Net Cash 1.3 67.6	0.0 1,684 21,982 23,250 0 0 0,00 7,5 5,1 7,3 65,1 7,7 1,0	0.0 1,860 24,233 24,974 0 0 0.0 8.1 4.9 7,1 4.9 7,1 61.5 9,7 0,9	0.0 2,662 26,895 31,070 0 0.0 10.4 6.6 9,4 55.6 6.6 6.6 0.9	11 0 4,10 31,00 37,28 0 14 9 12 12 48 Net Ca: 1 14
PS 3VPS 5PS CPS (annual, ordinary) Cash dividends payout ratio (%) Cperating performance 2007 ROE ROA ROC Coll coll liab./equity Coll liab./equity Net debt/equity Current ratio nterest coverage (x) Activity ratios Asset turnover (x)	0.0 1,301 22,785 16,233 0 0 0 0 0 4.8 6.1 29.3 Net Cash 1.3 67.6	0.0 1,684 21,982 23,250 0 0 0,00 7,5 5,1 7,3 65,1 7,7 1,0	0.0 1,860 24,233 24,974 0 0 0.0 8.1 4.9 7,1 4.9 7,1 61.5 9,7 0,9	0.0 2,662 26,895 31,070 0 0.0 10.4 6.6 9,4 55.6 6.6 6.6 0.9	111 0 4,10 31,00 37,28 0 14 9 12 14 9 12 48 Net Ca: 1
PS 3VPS 5PS CPS (annual, ordinary) Cash dividends payout ratio (%) Cperating performance 2007 ROE ROA ROC Coll coll liab./equity Coll liab./equity Net debt/equity Current ratio nterest coverage (x) Activity ratios Asset turnover (x)	0.0 1,301 22,785 16,233 0 0 0.0 4.8 6.1 29.3 Net Cash 1.3 67.6	0.0 1,684 21,982 23,250 0 0,00 7,5 5,1 7,3 65,1 7,7 1,0 13,2	0.0 1,860 24,233 24,974 0 0 0.0 8.1 4.9 7,1 61.5 9,7 0.9 10.7	0.0 2,662 26,895 31,070 0 0.0 10.4 6.6 9,4 55.6 6.6 0.9 10.5	11 C 4,10 31,00 37,28 C 14 9 12 14 8 Net Ca 1 14 14 14
Dividend yield, ordinary (%) EPS BVPS SPS DPS (annual, ordinary) Cash dividends payout ratio (%) Doperating performance ROE ROA ROIC Financial structure (%) Total liab./equity Carrent ratio Interest coverage (x) Activity ratios Acset turnover (x) Receivables turnover (x) Payables turnover (x)	0.0 1,301 22,785 16,233 0 0 0 0 0 4.8 6.1 29.3 Net Cash 1.3 67.6	0.0 1,684 21,982 23,250 0 0 0,00 7,5 5,1 7,7 65,1 7,7 1,0 13,2 4,07	0.0 1,860 24,233 24,974 0 0 0.0 8.1 4.9 7,1 6 1.5 9,7 0.9 10.7	0.0 2,662 26,895 31,070 0 0.0 10.4 6.6 9,4 55.6 6.6 0.9 10.5	11 C 4,1(31,00 37,28 C 14 S 12 12 14 Net Ca 1 14 C

Rating & Target Price Changes (Share price —, Target price —)



Studio Dragon (253450) Date Analyst TP Differential (%) Rating Max/Min (KRW) Avg. Jun-15-2021 127,000 29,87 Buy Danny Lee Feb-11-2022 -21.17 Buy 120,000 -32.37 Danny Lee Aug-08-2022 Buy 110,000 -35.02 -25.91 Yonghyun Choi Oct-17-2022 -17.07 -1.22 90,000 Buy Yonghyun Choi Jan-04-2023 93,000 -19.32 -10.32 Buy Yonghyun Choi May-08-2023 82,000 -23.81 -18,78 Buy Yonghyun Choi Jul-03-2023 70,000 Buy Yonghyun Choi Jul-03-2023 70,000 Buy Yonghyun Choi

Classification of Investment Ratings

 Stock Ratings (based on expected 12m performance)

 Buy: +15% or beyond
 Hold: Between 15% and -15%
 Sell: -15% or beyond

 Note: Classification revised from four ratings (Strong BUY, BUY, Marketperform, Underperform) to three (Buy, Hold, Sell) as of Feb 23, 2017; Basis for ratings revised from expected 6m return to expected 12m return as of Feb 10, 2020

Sector Ratings (based on	expected 12m performance)	
Positive:	Neutral:	Negative:
To outperform market	To perform in line with market	To underperform market
Note: Classification revised from	Overweight/Neutral/Underweight to Po	sitive/Neutral/Negative as of Jun
28, 2017; Basis for ratings revise	d from expected 6m return to expected 1	2m return as of Feb 10, 2020

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Ratings Distribution (as of June 30, 2023)				
Buy	Hold	Sell		
88.7	11.3	-		

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