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## Tech Team

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# Studio Dragon (253450)

## Diversifying revenue sources and reinforcing fundamentals

- We believe Studio Dragon will post an in-line 3Q operating profit of KRW17.8b (down 5.9% y-y). Despite a high base and a fewer number of aired episodes (y-y), the company should be able to defend its bottom line in 3Q on ASP hikes for new content.
- Amid an adverse business environment, the firm has already proven its solid fundamentals (based on its strong capabilities and healthy track record). The company has been working to capitalize on its popular IP to diversify its sources of revenue. Its studio in Japan has been performing well.
- Studio Dragon has been reinforcing its fundamentals, aiming to level up its earnings. We reiterate our BUY rating.

### ▶ AT A GLANCE

<b>Recommend</b>	<b>BUY</b>	
<b>Target price</b>	<b>KRW74,000</b>	<b>47.1%</b>
<b>Current price</b>	<b>KRW50,300</b>	
Market cap	KRW1.5/USD1.1b	
Shares (float)	30,058,498 (45.2%)	
52-week high/low	KRW88,900/KRW48,100	
Avg daily trading value (60-day)	KRW6.9b/ USD5.2m	

### ▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
<b>Studio Dragon (%)</b>	<b>-0.4</b>	<b>-29.9</b>	<b>-28.7</b>
Vs Kosdaq (%pts)	2.8	-34.7	-37.4

### ▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	74,000	74,000	0.0%
2023E EPS	1,623	1,591	2.0%
2024E EPS	2,150	2,098	2.5%

### ▶ SAMSUNG vs THE STREET

No of estimates	14
Target price	80,000
Recommendation	4.0

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

### WHAT'S THE STORY?

**3Q preview:** We believe Studio Dragon will post 3Q consolidated sales and operating profit of KRW180.2b (down 21.3% y-y) and KRW17.8b (down 5.9% y-y; meeting consensus), respectively. While the number of episodes aired in 3Q should plunge q-q, the company should be able to defend its bottom line on ASP hikes for: 1) dramas aired simultaneously; and 2) OTT Original content. 68 episodes should be broadcast this quarter, comprising 50 episodes on TV channels and 18 on OTT platforms (ie, two episodes of The Big Door Prize Season 2 on Apple TV+; nine episodes of Song of the Bandits and seven episodes of Doona! on Netflix). While sales are destined to contract y-y on the high base (a lot of content was supplied to OTT service providers in 3Q22), the company should deliver solid 3Q results thanks to its strong track record and despite the difficult business environment.

**Fundamentals strong; strategy to boost growth:** While the business environment for media firms and content providers has been unfriendly ytd, Studio Dragon has been proving its competitiveness on its outstanding capabilities and track record. It is scheduled to provide tentpole dramas Gyeongseong Creature and Sweet Home Season 2 in 4Q. We highlight its efforts to boost its growth potential. Its drama Arthdal Chronicles is being made into an MMORPG game (*Arthdal Chronicles: The Sword of Aramoon*; developed by Netmarble), a title which is slated to be released in 4Q. In accordance with the game's performance, the IP owner should book minimum guarantees and share revenue. The country's top drama production firm is also stepping up efforts to take full advantage of its IP to maximize revenue. Its studio in Japan is performing well and should start shooting its first drama next year. Studio Dragon intends to scale up production in Japan to expand its global presence.

(Continued on the next page)

### SUMMARY FINANCIAL DATA

	2022	2023E	2024E	2025E
Revenue (KRWb)	698	741	884	1,017
Operating profit (KRWb)	65	70	84	99
Net profit (adj) (KRWb)	51	49	65	78
EPS (adj) (KRW)	1,684	1,623	2,150	2,596
EPS (adj) growth (% y-y)	29.4	-3.6	32.5	20.7
EBITDA margin (%)	31.3	27.6	24.2	23.4
ROE (%)	7.5	7.4	9.2	10.1
P/E (adj) (x)	51.1	31.0	23.4	19.4
P/B (x)	3.9	2.3	2.1	1.9
EV/EBITDA (x)	12.1	7.8	7.5	6.6
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

**Maintaining BUY:** Studio Dragon has been reinforcing its fundamentals in a bid to lift its earnings to the next level. The stock should rerate upon: industry conditions turning up, tentpole dramas being aired, and investment sentiment improving. We maintain BUY and a target price of KRW74,000 (based on 11.4x EV/EBITDA; a 20% discount to its 2020-2022 average).

**Table 1. Quarterly results and forecasts**

(KRWb)	3Q22	2Q23	3Q23E	Chg (% q-q)	Chg (% y-y)	Consensus	Diff (%)
Sales	228.9	163.5	180.2	10.2	-21.3	184.7	-2.5
Operating profit	18.9	16.3	17.8	9.6	-5.9	17.9	-0.4
Operating margin	8.3	9.9	9.9	-0.1	1.6	9.7	0.2
Pre-tax profit	25.5	15.8	17.3	9.3	-32.1	19.3	-10.2
Net profit (controlling)	17.8	10.2	11.1	9.3	-37.6	14.3	-22.2

Source: Company data, WiseFn, Samsung Securities

**Table 2. Results and forecasts**

(KRWb)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23E	4Q23E	2021	2022	2023E	2024E
<b>Sales</b>	<b>117.1</b>	<b>106.0</b>	<b>116.1</b>	<b>147.9</b>	<b>121.1</b>	<b>157.5</b>	<b>228.9</b>	<b>190.5</b>	<b>211.1</b>	<b>163.5</b>	<b>180.2</b>	<b>186.3</b>	<b>487.1</b>	<b>697.9</b>	<b>741.1</b>	<b>884.3</b>
Programing	43.8	28.2	36.2	53.2	35.4	43.8	59.4	54.0	43.2	42.5	36.1	19.7	161.3	192.5	141.5	142.2
Distribution	63.2	67.5	64.9	79.8	77.7	103.9	165.8	132.8	211.1	163.5	180.2	186.3	275.5	480.2	587.0	727.4
Others	10.1	10.3	15.0	14.9	8.0	9.8	3.8	3.7	2.3	2.1	3.2	4.9	50.3	25.2	12.6	14.6
<b>Gross profit</b>	<b>23.7</b>	<b>20.3</b>	<b>21.0</b>	<b>14.8</b>	<b>25.5</b>	<b>35.4</b>	<b>27.4</b>	<b>11.7</b>	<b>30.8</b>	<b>23.9</b>	<b>26.9</b>	<b>25.8</b>	<b>79.8</b>	<b>100.0</b>	<b>107.5</b>	<b>123.8</b>
SG&A	5.8	6.5	6.4	8.4	7.4	8.4	8.4	10.5	9.2	7.7	9.1	11.1	27.2	34.8	37.1	39.7
<b>Operating profit</b>	<b>17.9</b>	<b>13.8</b>	<b>14.6</b>	<b>6.3</b>	<b>18.1</b>	<b>27.0</b>	<b>18.9</b>	<b>1.2</b>	<b>21.6</b>	<b>16.3</b>	<b>17.8</b>	<b>14.7</b>	<b>52.6</b>	<b>65.2</b>	<b>70.4</b>	<b>84.1</b>
Non-operating profit	3.2	0.3	3.9	-7.9	2.0	3.0	6.5	-18.1	0.5	-0.4	-0.5	-0.6	-0.6	-6.6	-1.1	-0.8
Pre-tax profit	21.1	14.0	18.5	-1.6	20.1	30.0	25.5	-17.0	22.1	15.8	17.3	14.1	52.0	58.6	69.3	83.3
<b>Net profit (controlling)</b>	<b>15.6</b>	<b>9.5</b>	<b>14.8</b>	<b>-0.8</b>	<b>15.6</b>	<b>25.6</b>	<b>17.8</b>	<b>-8.5</b>	<b>18.4</b>	<b>10.2</b>	<b>11.1</b>	<b>9.1</b>	<b>39.0</b>	<b>50.6</b>	<b>48.8</b>	<b>64.6</b>
Gross margin	20.2	19.2	18.1	10.0	21.1	22.5	12.0	6.1	14.6	14.6	15.0	13.9	16.4	14.3	14.5	14.0
Operating margin	15.3	13.0	12.6	4.3	15.0	17.1	8.3	0.6	10.2	9.9	9.9	7.9	10.8	9.3	9.5	9.5
Net margin (controlling)	13.3	8.9	12.8	-0.5	12.9	16.2	7.8	-4.4	8.7	6.2	6.2	4.9	8.0	7.2	6.6	7.3
<b>Chg (% y-y)</b>																
<b>Sales</b>	<b>-2.7</b>	<b>-34.3</b>	<b>9.2</b>	<b>7.4</b>	<b>3.4</b>	<b>48.5</b>	<b>97.2</b>	<b>28.8</b>	<b>74.4</b>	<b>3.8</b>	<b>-21.3</b>	<b>-2.2</b>	<b>-7.3</b>	<b>43.3</b>	<b>6.2</b>	<b>19.3</b>
Programing	-3.2	-56.9	-20.8	30.7	-19.1	55.4	64.0	1.5	21.9	-3.1	-39.1	-63.5	-18.1	19.4	-26.5	0.5
Distribution	-5.5	-10.8	27.7	-7.5	23.0	53.8	155.2	66.4	171.6	57.3	8.7	40.2	-1.5	74.3	22.2	23.9
Other	24.0	-49.3	54.0	39.3	-21.5	-5.1	-74.8	-75.3	-71.0	-78.4	-14.8	34.3	2.9	-49.9	-50.0	16.3
<b>Gross profit</b>	<b>42.2</b>	<b>-6.9</b>	<b>-1.3</b>	<b>-1.7</b>	<b>7.8</b>	<b>74.0</b>	<b>30.5</b>	<b>-20.7</b>	<b>20.8</b>	<b>-32.4</b>	<b>-1.6</b>	<b>120.4</b>	<b>6.7</b>	<b>25.4</b>	<b>7.5</b>	<b>15.1</b>
SG&A	14.0	33.6	21.0	-19.1	27.7	28.1	31.7	25.1	24.3	-8.7	8.2	5.4	5.8	27.9	6.7	6.9
<b>Operating profit</b>	<b>53.6</b>	<b>-18.2</b>	<b>-9.0</b>	<b>37.6</b>	<b>1.4</b>	<b>95.7</b>	<b>29.9</b>	<b>-81.4</b>	<b>19.3</b>	<b>-39.8</b>	<b>-5.9</b>	<b>1,146.5</b>	<b>7.0</b>	<b>24.0</b>	<b>7.9</b>	<b>19.5</b>
Non-operating profit	642.7	-20.8	nm	nm	-37.8	1,085.2	67.8	nm	-75.6	nm	nm	nm	nm	nm	nm	nm
Pre-tax profit	75.3	-18.2	21.3	nm	-4.6	113.7	37.9	nm	10.0	-47.3	-32.1	nm	25.2	12.7	18.1	20.3
<b>Net profit (controlling)</b>	<b>82.2</b>	<b>-29.1</b>	<b>39.6</b>	<b>nm</b>	<b>0.4</b>	<b>170.2</b>	<b>20.5</b>	<b>nm</b>	<b>17.8</b>	<b>-60.1</b>	<b>-37.6</b>	<b>nm</b>	<b>31.8</b>	<b>29.5</b>	<b>-3.5</b>	<b>32.5</b>
Gross margin	6.4	5.7	-1.9	-0.9	0.9	3.3	-6.1	-3.8	-6.5	-7.8	3.0	7.7	2.2	-2.0	0.2	-0.5
Operating margin	5.6	2.6	-2.5	0.9	-0.3	4.1	-4.3	-3.7	-4.7	-7.2	1.6	7.3	1.5	-1.4	0.2	0.0
Net margin (controlling)	6.2	0.7	2.8	1.6	-0.4	7.3	-5.0	-3.9	-4.2	-10.0	-1.6	9.3	2.4	-0.8	-0.7	0.7

Source: Company data, Samsung Securities

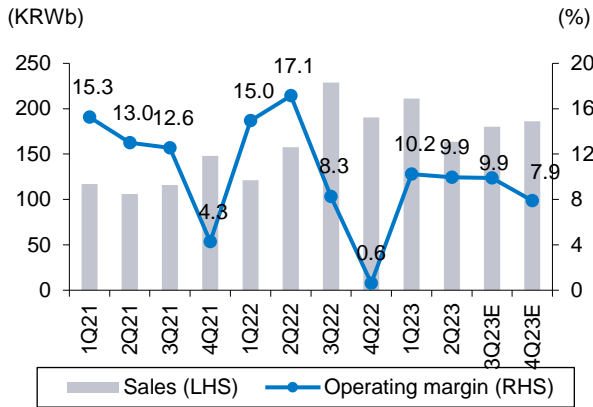
**Table 3. Drama lineup (from 2023)**

Year	No.	Channel	Title	Air dates	Episodes	Writers	Director	Days
2023	1	tvN	Alchemy of Souls 2: Light and Shadow	Dec 10, 2022-Jan 8, 2023	10	Hong sisters	Park Joonhwa	Sat, Sun
	2		Missing: The Other Side 2	Dec 19, 2022-Jan 31, 2023	14	Ban Giri, Jeong Soyeong	Min Yeonhong, Lee Yerim	Mon, Tue
	3		Poong, the Joseon Psychiatrist S2	Jan 11-Feb 9	10	Park Seulki	Park Wongook	Wed, Thu
	4		Crash Course in Romance	Jan 14-Mar 5	16	Yang Heeseung	Yoo Jewon	Sat, Sun
	5		Our Blooming Youth	Feb 6-Apr 11	20	Jung Hyunjung	Lee Jongjae	Wed, Thu
	6		The Heavenly Idol	Feb 15-Mar 23	12	Lee Chungum	Park Soyeon	Wed, Thu
	7		Pandora: Beneath the Paradise	Mar 11-Apr 30	16	Hyun Jimin	Choi Younghoon	Sat, Sun
	8		Stealer: The Treasure Keeper	Apr 12-May 18	12	Shin Kyungil	Choi Joonbae	Wed, Thu
	9		Family: The Unbreakable Bond	Apr 17-May 23	12	Jung yoosun	Jang Jungdo	Mon, Tue
	10		Tale of the Nine Tailed 1938 (Amazon Prime)	May 6-Jun 11	12	Han Woori	Kang Shinhyo	Sat, Sun
	11		Delightfully Deceitful	May 29-July 18	16	Han Wooju	Lee Suhyeon	Mon, Tue
	12		See you in My 19th Life	Jun 17-July 23	12	Choi Yeonglim	Lee Najung	Sat, Sun
	13		The Uncaany Cunter S2	July 29-Sep 3	12	Kim Saebom	Yoo Sundong	Sat, Sun
	14		Useless Lie	July 31- Sep 12	16	Seo Jeongeun	Nam Sungwoo	Wed, Thu
	15		Athdal Chronicles: The Sword of Aramoon	Sep 9-Oct 15	12	Kim Yeonghyeon	Kim Kwangsik	Sat, Sun
	16		Twinkling Watermelon	Sep 25- Nov 14	16	Jin Soowan	Son Junghyeon	Mon, Tue
	17		Castaway Diva	Oct 21-Nov 26	12	Park Hyeryeon	Oh Choonghwan	Sat, Sun
	18		Maestra	Dec 12, 2023 - Jan 7, 2024	12	Choi Yiyun	Kim Jeongkwon	Sat, Sun
19	Tving	Island Part 1 (Amazon Prime)	Dec 30, 2022-Jan 13,	6	Oh Bohyeon	Bae Jong		
19-(2)		Island Part 2 (Amazon Prime)	Feb 24-Mar 10	6	Oh Bohyeon	Bae Jong		
20	20-(2)	Duty After School Part1	Mar 3	6	Lee Namkyu	Sung Yongil		
20-(2)		Duty After School Part2	Apr 21	4	Lee Namkyu	Sung Yongil		
21		A Very Lucky Day	2H23	12	Kim Minseok Song Hanna	Pill Gamsung		
22	Netflix	The Glory Part 2	Mar 10	8	Kim Eunsook	Ahn Gilho		
23		Celebrity (supplied in 4Q22)	Jun 30	12	Kim Yiyoung	Kim Chulkyu		
24		Song of the Bandits	Sep 22	9	Han Junghoon	Hwang Joonhyuk		
25		Doona!	Oct 29	8	Jang Yuha	Lee Jeonghyo		
26		Sweet Home 2	Dec, 2023			Lee Eungbok		
27		Gyeongseong Creature	Dec, 2023	10	Kang Eungyeong	Jeong Dongyun		
28	Disney+	Shadow Detective 2 (supplied in 1H23)	Jul 5	8	Im Changse	Han Donghwa		
29	AppleTV+	The Big Door Prize (supplied in 3Q22-4Q22)	Mar 31-May 17	10	David West Read	Anu Valia		
30	Coupang	Decoy Part 1	Jan 27-Feb 10	6	Kim Jinwook	Kim Hongseon	Fri	
30-(2)	Play	Decoy Part 2 (supplied in 1Q23)	Apr 7-Apr 21	6	Kim Jinwook	Kim Hongseon	Fri	
31	ENA	Lies Hidden in My Garden	Jun 19-Jul 11	8	Ji Anni	Jung Jihyeon	Mon, Tue	
TBD	1	TvN	Queen of Tears	2024	16	Park Jieun	Kim Heewon	Sat, Sun
	2		Wedding Impossible	2024	12	Park Seulki	Kwon Yeongil	
	3		When the Stars Gossip	2024		Seo Sookhyang	Park Shinwoo	
	4	TBD	The Plotters	TBD			*Cowork with Universal Studio	
	5		Mastermind	TBD			*Cowork with CBS Studio	
	6	Tving	Study Group	2024		Um Seonho	Lee Janghoon	
	7	Netflix	Sweet Home 3	2024			Lee Eungbok	
	8		Gyeongseong Creature 2	TBD		Kang Eungyeong	Jeong Dongyun	
	9		Whielwind	TBD		Park Kyeongsoo	Kim Yongwan	
	10		Hierarchy	TBD		Cho Hyemi	Bae Hyunjin	
	11		Trunk (made by Gtist)	TBD		Park Eunyoung	Kim Kyutae	
	12		Crash Landing on you (US)	TBD				
	13		The Big Door Prize 2 (supply in 4Q23)	2024	10			

Note: Titles highlighted in green are streamed through Netflix, light blue Tving, and orange Disney+, purple Amazon Prime

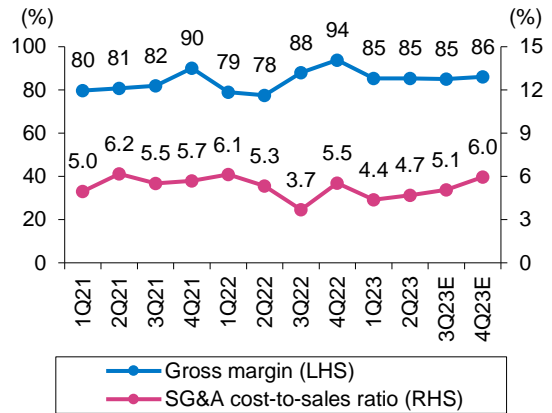
Source: Company data, Samsung Securities

**Chart 1. Quarterly sales and operating margin**



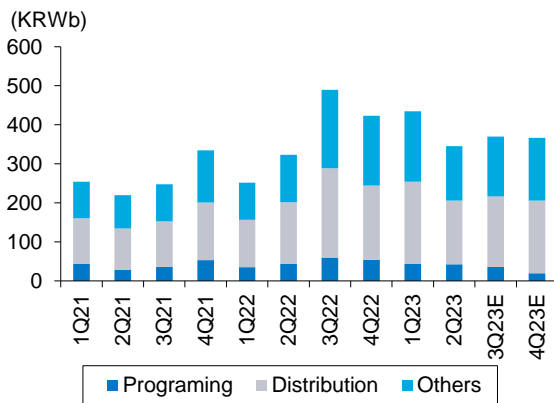
Source: Company data, Samsung Securities

**Chart 2. Gross margin vs SG&A cost-to-sales ratio**



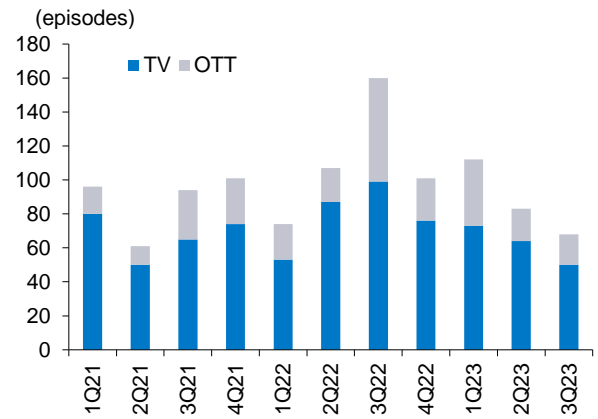
Source: Company data, Samsung Securities

**Chart 3. Quarterly sales, by division**



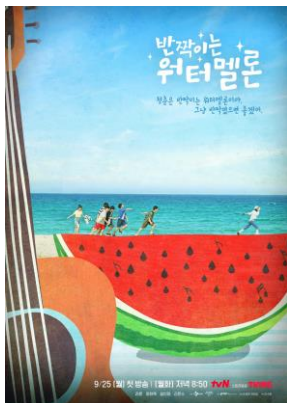
Source: Company data, Samsung Securities

**Chart 4. Number of episodes supplied, by channel**



Source: Company data, Samsung Securities

**Chart 5. Twinkling Watermelon (tvN; Sep 25)**



Source: Company data, Samsung Securities

**Chart 6. Doona! (Netflix; Oct 20)**



Source: Company data, Samsung Securities

**Chart 7. Castaway Diva (tvN; Oct 21)**



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"> <li>• TV: 19 titles</li> <li>• OTT: 16 titles</li> </ul>	<ul style="list-style-type: none"> <li>• Netflix</li> <li>• Amazon Prime Video</li> <li>• Disney+</li> </ul>	<ul style="list-style-type: none"> <li>• TV: 5 titles</li> <li>• OTT: 4 titles</li> </ul>	<ul style="list-style-type: none"> <li>• Genre diversification (more than 9 fantasy titles; more than 4 history titles)</li> <li>• Top creator (Kim Eun-sook, Park Ji-eun, Kim Soon-ok)</li> </ul>

Source: Company data, Samsung Securities

**Chart 9. Athdal Chronicles: The Sword of Aramoon (1)**  
(PC + mobile versions of the game will be released)



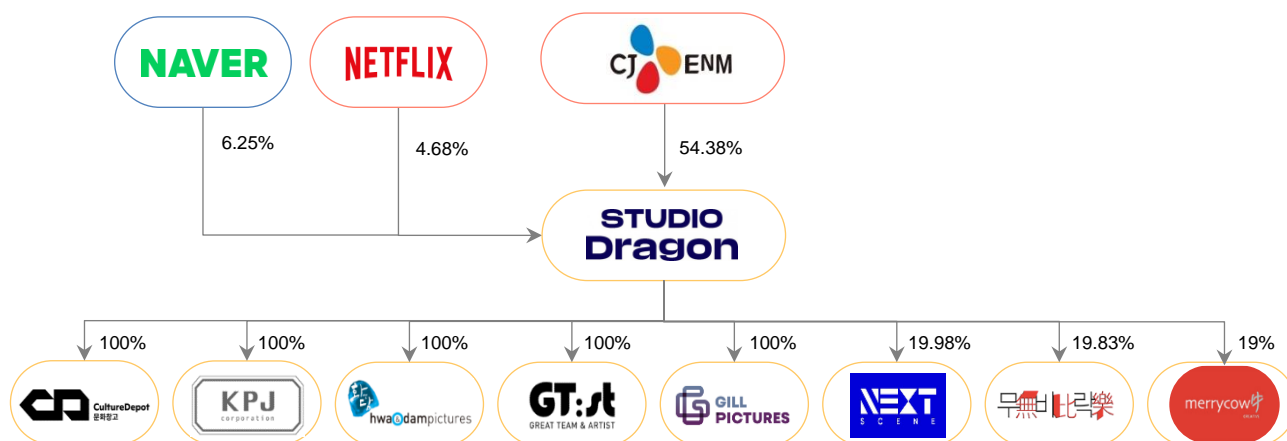
Source: Company data, Samsung Securities

**Chart 10. Athdal Chronicles: The Sword of Aramoon (2)**



Source: Company data, Samsung Securities

**Chart 11. Ownership structure**



Note: As of 2Q23

Source: Company data, Samsung Securities

**Table 4. Changes to full-year forecasts**

(KRWb)	2023E			2024E		
	Previous	Revised	Chg (%)	Previous	Revised	Chg (%)
Sales	729.8	741.1	1.6	872.5	884.3	1.3
Operating profit	68.9	70.4	2.2	82.0	84.1	2.5
OPM (% , %pts)	9.4	9.5	0.1	9.4	9.5	0.1
Pre-tax profit	67.8	69.3	2.2	81.3	83.3	2.5
NP (controlling)	47.8	48.8	2.0	63.1	64.6	2.5

Source: Company data, Samsung Securities

## Income statement

Year-end Dec 31 (KRWb)	2021	2022	2023E	2024E	2025E
<b>Sales</b>	<b>487</b>	<b>698</b>	<b>741</b>	<b>884</b>	<b>1,017</b>
Cost of goods sold	407	598	634	760	875
<b>Gross profit</b>	<b>80</b>	<b>100</b>	<b>108</b>	<b>124</b>	<b>142</b>
Gross margin (%)	16.4	14.3	14.5	14.0	14.0
SG&A expenses	27	35	37	40	43
<b>Operating profit</b>	<b>53</b>	<b>65</b>	<b>70</b>	<b>84</b>	<b>99</b>
Operating margin (%)	10.8	9.3	9.5	9.5	9.8
<b>Non-operating gains (losses)</b>	<b>-1</b>	<b>-7</b>	<b>-1</b>	<b>-1</b>	<b>1</b>
Financial profit	14	21	17	16	17
Financial costs	10	19	15	12	10
Equity-method gains (losses)	0	0	0	0	0
Other	-5	-9	-4	-5	-7
<b>Pre-tax profit</b>	<b>52</b>	<b>59</b>	<b>69</b>	<b>83</b>	<b>101</b>
Taxes	13	8	20	19	23
Effective tax rate (%)	24.9	13.7	29.5	22.4	22.4
Profit from continuing operations	39	51	49	65	78
Profit from discontinued operations	0	0	0	0	0
<b>Net profit</b>	<b>39</b>	<b>51</b>	<b>49</b>	<b>65</b>	<b>78</b>
Net margin (%)	8.0	7.2	6.6	7.3	7.7
Net profit (controlling interests)	39	51	49	65	78
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	152	219	204	214	238
EBITDA margin (%)	31.1	31.3	27.6	24.2	23.4
EPS (parent-based) (KRW)	1,301	1,684	1,623	2,150	2,596
EPS (consolidated) (KRW)	1,301	1,684	1,623	2,150	2,596
Adjusted EPS (KRW)*	1,301	1,684	1,623	2,150	2,596

## Cash flow statement

Year-end Dec 31 (KRWb)	2021	2022	2023E	2024E	2025E
<b>Cash flow from operations</b>	<b>-8</b>	<b>-63</b>	<b>194</b>	<b>196</b>	<b>235</b>
Net profit	39	51	49	65	78
Non-cash profit and expenses	119	176	160	155	167
Depreciation	4	3	2	2	1
Amortization	95	150	132	129	138
Other	20	23	26	25	29
Changes in A/L from operating activities	-155	-280	5	-5	12
<b>Cash flow from investments</b>	<b>27</b>	<b>-43</b>	<b>-167</b>	<b>-190</b>	<b>-206</b>
Change in tangible assets	-2	-4	0	0	0
Change in financial assets	0	0	0	0	0
Other	28	-39	-167	-190	-206
<b>Cash flow from financing</b>	<b>-3</b>	<b>165</b>	<b>-13</b>	<b>-9</b>	<b>-9</b>
Change in debt	0	172	-3	0	0
Change in equity	0	3	0	0	0
Dividends	0	0	0	0	0
Other	-4	-9	-9	-9	-9
Change in cash	16	59	-26	-7	17
Cash at beginning of year	49	65	124	98	91
Cash at end of year	65	124	98	91	108
<b>Gross cash flow</b>	<b>158</b>	<b>226</b>	<b>209</b>	<b>220</b>	<b>245</b>
<b>Free cash flow</b>	<b>-11</b>	<b>-67</b>	<b>194</b>	<b>196</b>	<b>235</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)	2021	2022	2023E	2024E	2025E
<b>Current assets</b>	<b>233</b>	<b>400</b>	<b>343</b>	<b>360</b>	<b>370</b>
Cash & equivalents	65	124	98	91	108
Accounts receivable	124	142	147	154	154
Inventories	0	0	0	0	0
Other current assets	44	135	99	115	109
<b>Fixed assets</b>	<b>652</b>	<b>691</b>	<b>729</b>	<b>796</b>	<b>869</b>
Investment assets	241	150	152	156	159
Tangible assets	8	11	9	7	6
Intangible assets	298	378	426	483	545
Other long-term assets	105	152	142	150	159
<b>Total assets</b>	<b>884</b>	<b>1,091</b>	<b>1,072</b>	<b>1,155</b>	<b>1,239</b>
<b>Current liabilities</b>	<b>184</b>	<b>416</b>	<b>392</b>	<b>410</b>	<b>416</b>
Accounts payable	17	16	24	27	35
Short-term debt	0	170	170	170	170
Other current liabilities	167	230	199	213	211
<b>Long-term liabilities</b>	<b>17</b>	<b>14</b>	<b>13</b>	<b>14</b>	<b>14</b>
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	17	14	13	14	14
<b>Total liabilities</b>	<b>200</b>	<b>430</b>	<b>405</b>	<b>424</b>	<b>430</b>
<b>Owners of parent equity</b>	<b>684</b>	<b>661</b>	<b>667</b>	<b>731</b>	<b>809</b>
Capital stock	15	15	15	15	15
Capital surplus	470	473	473	473	473
Retained earnings	162	213	261	326	404
Other	37	-40	-83	-83	-83
<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>684</b>	<b>661</b>	<b>667</b>	<b>731</b>	<b>809</b>
Net debt	-54	59	81	88	71

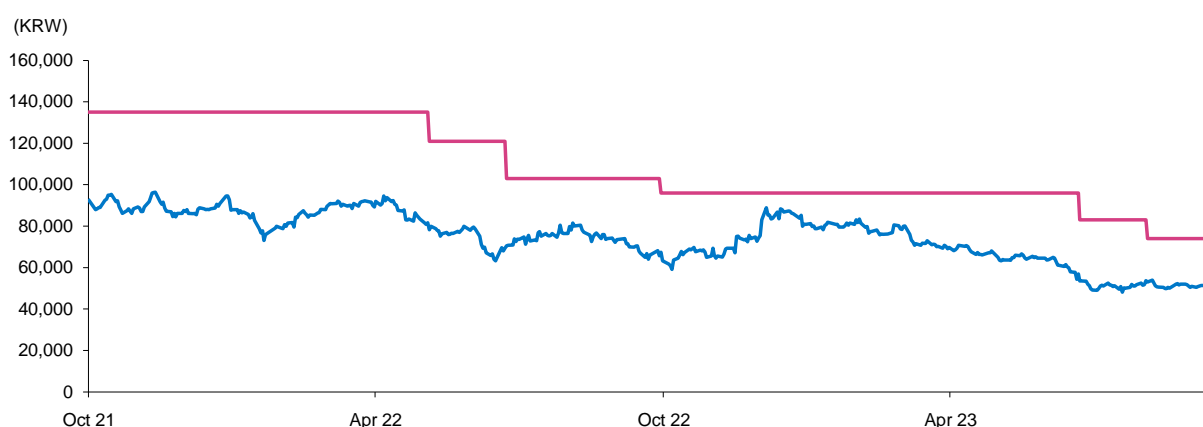
## Financial ratios

Year-end Dec 31	2021	2022	2023E	2024E	2025E
<b>Growth (%)</b>					
Sales	-7.3	43.3	6.2	19.3	15.1
Operating profit	7.0	24.0	7.9	19.5	18.1
Net profit	31.8	29.5	-3.5	32.5	20.7
Adjusted EPS**	24.6	29.4	-3.6	32.5	20.7
<b>Per-share data (KRW)</b>					
EPS (parent-based)	1,301	1,684	1,623	2,150	2,596
EPS (consolidated)	1,301	1,684	1,623	2,150	2,596
Adjusted EPS**	1,301	1,684	1,623	2,150	2,596
BVPS	22,785	21,982	22,180	24,330	26,926
DPS (common)	0	0	0	0	0
<b>Valuations (x)</b>					
P/E***	69.9	51.1	31.0	23.4	19.4
P/B***	4.0	3.9	2.3	2.1	1.9
EV/EBITDA	17.7	12.1	7.8	7.5	6.6
<b>Ratios (%)</b>					
ROE	6.0	7.5	7.4	9.2	10.1
ROA	4.8	5.1	4.5	5.8	6.5
ROIC	10.9	12.1	8.8	10.6	11.4
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	-7.8	8.9	12.2	12.0	8.8
Interest coverage (x)	67.6	13.2	7.6	9.2	10.9

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### Target price changes in past two years



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

Date	2021/5/7	2022/5/7	2022/5/12	6/30	10/6	2023/6/29	8/11
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	135000	135000	121000	103000	96000	83000	74000
Gap* (average)	-33.60	-39.75	-39.04	-28.47	-24.88	-38.39	
(max or min)**	-25.78	-39.56	-33.88	-20.87	-7.40	-35.30	

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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\* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

### Percentage of ratings in 12 months prior to 2023.06.30

BUY (79.9%)-HOLD (20.1%)-SELL (0%)



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