

2023. 11. 9

Tech Team

Minha Choi

Senior Analyst

minha22.choi@samsung.com

Studio Dragon (253450)

Influence in global market growing

- Studio Dragon reported 3Q consolidated operating profit of KRW21.9b (up 15.4% y-y), topping consensus by 24%. It lasts quarter booked some episodes of the dramas that will be aired in 4Q. Overseas sales expanded significantly.
- Its strategy of channel diversification is paying off. The firm is supplying content to major global OTT platforms and has also added new local platforms to boost earnings.
- In 2024, earnings should move up a level as the firm should extend the IP into a variety of media, its studio in Japan should perform well and the industry conditions should perk up. We maintain BUY rating.

▶ **AT A GLANCE**

Recommend	BUY	
Target price	KRW74,000	29.1%
Current price	KRW57,300	
Market cap	KRW1.7/USD1.3b	
Shares (float)	30,058,498 (45.2%)	
52-week high/low	KRW88,900/KRW46,100	
Avg daily trading value (60-day)	KRW5.6b/USD4.3m	

▶ **ONE-YEAR PERFORMANCE**

	1M	6M	12M
Studio Dragon (%)	15.5	-11.7	-17.3
Vs Kosdaq (%pts)	16.3	-8.3	-27.3

▶ **KEY CHANGES**

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	74,000	74,000	0.0%
2023E EPS	1,859	1,623	14.5%
2024E EPS	2,208	2,150	2.7%

▶ **SAMSUNG vs THE STREET**

No of estimates	12
Target price	76,083
Recommendation	4.0

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

WHAT'S THE STORY?

3Q review: Studio Dragon reported 3Q consolidated sales of KRW217.4b (down 5% y-y) and operating profit of KRW21.9b (up 15.4% y-y; beating consensus by 24%). The firm booked sales of Sweet Home S2 (Netflix original; two episodes that will be aired in December) and The Big Door Prize S2 (Apple TV+ original; five episodes). Although the number of episodes aired in 3Q plunged q-q to 75 (comprising 50 episodes on TV channels and 25 on OTT platforms; vs 160 episodes in 3Q22), the company minimized sales reduction and expanded operating profit. This proved its strong bargaining power. Overseas sales made up 77% of 3Q sales, with original content sales from global OTT platforms leaping 41% y-y and overseas sales 30% y-y.

Robust growth on diversified distribution channels: The company's strategy of channel diversification is paying off. It is providing content to major global OTT platforms (eg, Netflix, Disney+, and Amazon Prime) and has added new local platforms to boost earnings. Besides, it is renewing contracts with established clients on better terms and conditions. Its dramas broadcast in 4Q include tentpole dramas Gyeongseong Creature and Sweet Home Season 2 (both Netflix original) and the dramas aired simultaneously on Korean channel and global OTT platforms—eg, *Castaway Diva*, *Maestra: Strings of Truth*, and *A Bloody Lucky Day* (TVing original).

Maintaining BUY: Studio Dragon is enjoying solid earnings momentum based on its well-diversified distribution channels, which include a slew of Korean and global OTT platforms as well as linear channels. Undaunted by unfavorable industry conditions, the company has achieved both top- and bottom-line growth this year. Earnings should move up a level next year on the firm's tentpole drama production and one-source multi-use (OSMU) business model amid improving industry conditions. Its studio in Japan is performing well and should start shooting its first drama next year. We maintain BUY and a target price of KRW74,000 (based on 11.4x EV/EBITDA; a 20% discount to its 2020-2022 average).

SUMMARY 3Q RESULTS

(KRWb)	3Q23	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	217.4	-5.0	33.0	20.7	20.3
Operating profit	21.9	15.7	34.4	22.9	24.0
Pre-tax profit	25.1	-1.3	58.8	45.3	27.0
Net profit	18.2	1.9	78.3	51.2	33.5
Margins (%)					
Operating profit	10.1				
Pre-tax profit	11.5				
Net profit	8.4				

Source: Company data, Fnguide, Samsung Securities estimates

VALUATION SUMMARY

	2022	2023E	2024E
Valuation (x)			
P/E	51.1	30.8	26.0
P/B	3.9	2.6	2.3
EV/EBITDA	12.1	8.6	8.3
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	29.4	10.4	18.7
ROE (%)	7.5	8.4	9.4
Per-share data (KRW)			
EPS	1,684	1,859	2,208
BVPS	21,982	22,416	24,624
DPS	0	0	0

Table 1. Results and forecasts

(KRWb)	1Q21	2Q21	3Q21	4Q21	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23E	2021	2022	2023E	2024E
Sales	117.1	106.0	116.1	147.9	121.1	157.5	228.9	190.5	211.1	163.5	180.2	180.1	487.1	697.9	772.1	883.1
Programing	43.8	28.2	36.2	53.2	35.4	43.8	59.4	54.0	43.2	42.5	36.1	19.9	161.3	192.5	140.6	141.3
Distribution	63.2	67.5	64.9	79.8	77.7	103.9	165.8	132.8	211.1	163.5	180.2	180.1	275.5	480.2	622.2	729.1
Others	10.1	10.3	15.0	14.9	8.0	9.8	3.8	3.7	2.3	2.1	3.2	2.7	50.3	25.2	9.4	12.7
Gross profit	23.7	20.3	21.0	14.8	25.5	35.4	27.4	11.7	30.8	23.9	26.9	25.8	79.8	100.0	109.3	125.0
SG&A	5.8	6.5	6.4	8.4	7.4	8.4	8.4	10.5	9.2	7.7	9.1	11.0	27.2	34.8	34.9	39.0
Operating profit	17.9	13.8	14.6	6.3	18.1	27.0	18.9	1.2	21.6	16.3	17.8	14.7	52.6	65.2	74.4	86.0
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	-2.1	-0.6	-6.6	1.2	-0.5
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	12.6	52.0	58.6	75.6	85.5
Net profit (controlling)	15.6	9.5	14.8	-0.8	15.6	25.6	17.8	-8.5	18.4	10.2	11.1	9.1	39.0	50.6	55.9	66.4
Gross margin	20.2	19.2	18.1	10.0	21.1	22.5	12.0	6.1	14.6	14.6	15.0	14.3	16.4	14.3	14.2	14.2
Operating margin	15.3	13.0	12.6	4.3	15.0	17.1	8.3	0.6	10.2	9.9	9.9	8.2	10.8	9.3	9.6	9.7
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	5.1	8.0	7.2	7.2	7.5
Chg (% y-y)																
Sales	-2.7	-34.3	9.2	7.4	3.4	48.5	97.2	28.8	74.4	3.8	-21.3	-5.5	-7.3	43.3	10.6	14.4
Programing	-3.2	-56.9	-20.8	30.7	-19.1	55.4	64.0	1.5	21.9	-3.1	-39.1	-63.2	-18.1	19.4	-27.0	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	35.5	-1.5	74.3	29.5	17.2
Other	24.0	-49.3	54.0	39.3	-21.5	-5.1	-74.8	-75.3	-71.0	-78.4	-14.8	-27.6	2.9	-49.9	-62.6	35.2
Gross profit	42.2	-6.9	-1.3	-1.7	7.8	74.0	30.5	-20.7	20.8	-32.4	-1.6	120.1	6.7	25.4	9.3	14.4
SG&A	14.0	33.6	21.0	-19.1	27.7	28.1	31.7	25.1	24.3	-8.7	8.2	4.9	5.8	27.9	0.3	11.9
Operating profit	53.6	-18.2	-9.0	37.6	1.4	95.7	29.9	-81.4	19.3	-39.8	-5.9	1,148.1	7.0	24.0	14.1	15.5
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	29.0	13.1
Net profit (controlling)	82.2	-29.1	39.6	nm	0.4	170.2	20.5	nm	17.8	-60.1	-37.6	nm	31.8	29.5	10.5	18.7
Gross margin	6.4	5.7	-1.9	-0.9	0.9	3.3	-6.1	-3.8	-6.5	-7.8	3.0	8.2	2.2	-2.0	-0.2	-0.0
Operating margin	5.6	2.6	-2.5	0.9	-0.3	4.1	-4.3	-3.7	-4.7	-7.2	1.6	7.6	1.5	-1.4	0.3	0.1
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	9.5	2.4	-0.8	-0.0	0.3

Source: Company data, Samsung Securities

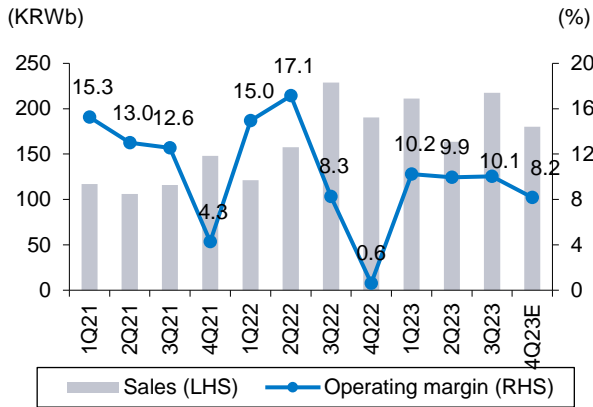
Table 2. Drama lineup (from 2023)

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	10	Hong sisters	Park Joonhwa	Sat, Sun
	2		Missing: The Other Side 2	Dec 19, 2022-Jan 31,	14	Ban Giri,	Min Yeonhong,	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 Chunggeum	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: Strings of Truth	Dec 9 - Jan 14, 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		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 Bloody Lucky Day	Nov 24	10	Kim Minseok	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	9	Jang Yuha	Lee Jeonghyo	
	26		Sweet Home 2	Dec 1	8		Lee Eungbok	
	27		Gyeongseong Creature	Dec 22	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	10		Lee Eungbok	
	8		Hong Rang	TBD	12	Kim Jin-a	Kim Hongsun	
	9		Gyeongseong Creature 2	TBD	8	Kang Eungyeong	Jeong Dongyun	
	10		Whielwind	TBD		Park Kyeongsoo	Kim Yongwan	
	11		Hierarchy	TBD		Cho Hyemi	Bae Hyunjin	
	12		Trunk (made by Gtist)	TBD		Park Eunyoung	Kim Kyutae	
	13		Crash Landing on you (US)	TBD				
	14		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

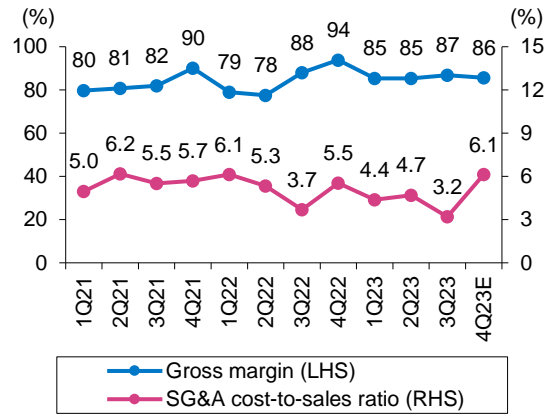
Source: Company data, Samsung Securities

Chart 1. Quarterly sales and operating margin



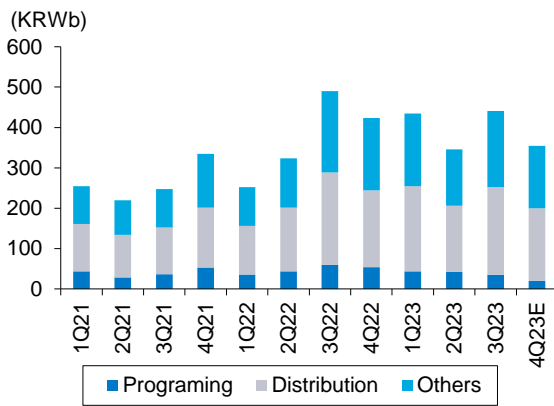
Source: Company data, Samsung Securities

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



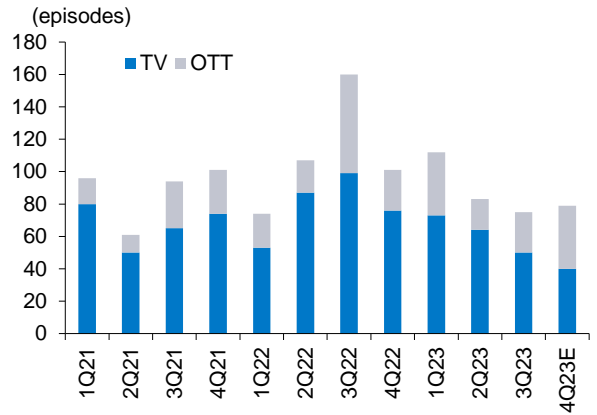
Source: Company data, Samsung Securities

Chart 3. Quarterly sales, by division



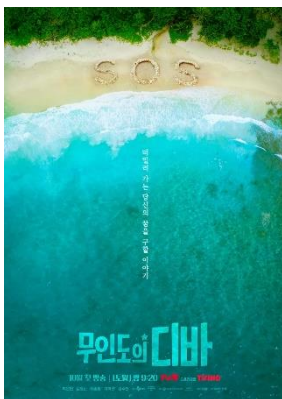
Source: Company data, Samsung Securities

Chart 4. Number of episodes supplied, by channel



Source: Company data, Samsung Securities

Chart 5. Castaway Diva (tvN; Oct 21)



Source: Company data, Samsung Securities

Chart 6. A Bloody Lucky Day (Tving; Nov 24)



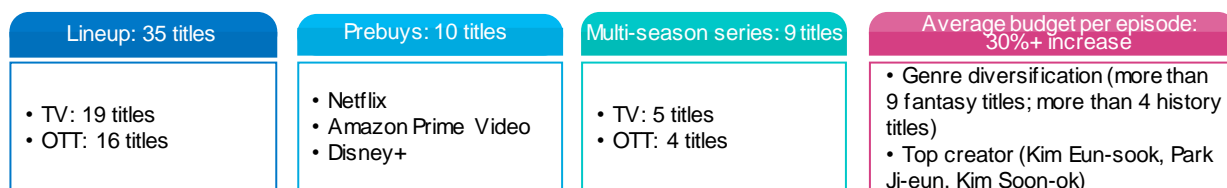
Source: Company data, Samsung Securities

Chart 7. Maestra: Strings of Truth (tvN; Dec 9)



Source: Company data, Samsung Securities

Chart 8. Ambitious 2023 targets



Source: Company data, Samsung Securities

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



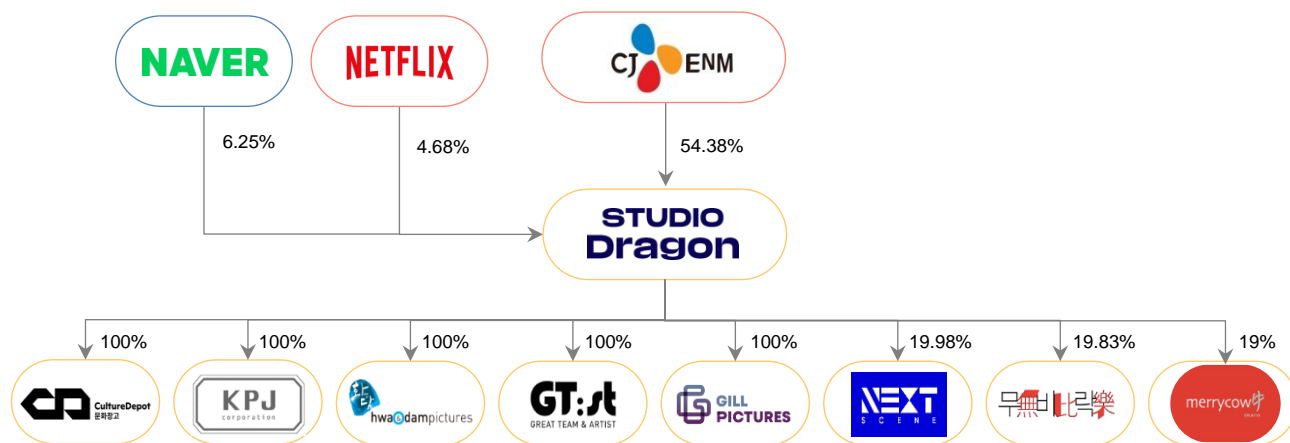
Source: Company data, Samsung Securities

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 3. Changes to full-year forecasts

(KRWb)	2023E			2024E		
	Previous	Revised	Chg (%)	Previous	Revised	Chg (%)
Sales	741.1	772.1	4.2	884.3	883.1	-0.1
Operating profit	70.4	74.4	5.8	84.1	86.0	2.3
OPM (% , %pts)	9.5	9.6	0.1	9.5	9.7	0.2
Pre-tax profit	69.3	75.6	9.2	83.3	85.5	2.7
NP (controlling)	48.8	55.9	14.5	64.6	66.4	2.7

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2021	2022	2023E	2024E	2025E
Sales	487	698	772	883	991
Cost of goods sold	407	598	663	758	850
Gross profit	80	100	109	125	142
Gross margin (%)	16.4	14.3	14.2	14.2	14.3
SG&A expenses	27	35	35	39	42
Operating profit	53	65	74	86	99
Operating margin (%)	10.8	9.3	9.6	9.7	10.0
Non-operating gains (losses)	-1	-7	1	-0	1
Financial profit	14	21	19	16	17
Financial costs	10	19	13	10	8
Equity-method gains (losses)	0	0	0	0	0
Other	-5	-9	-4	-7	-8
Pre-tax profit	52	59	76	86	100
Taxes	13	8	20	19	23
Effective tax rate (%)	24.9	13.7	26.1	22.4	22.4
Profit from continuing operations	39	51	56	66	78
Profit from discontinued operations	0	0	0	0	0
Net profit	39	51	56	66	78
Net margin (%)	8.0	7.2	7.2	7.5	7.9
Net profit (controlling interests)	39	51	56	66	78
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	152	219	208	216	238
EBITDA margin (%)	31.1	31.3	27.0	24.5	24.0
EPS (parent-based) (KRW)	1,301	1,684	1,859	2,208	2,594
EPS (consolidated) (KRW)	1,301	1,684	1,859	2,208	2,594
Adjusted EPS (KRW)*	1,301	1,684	1,859	2,208	2,594

Cash flow statement

Year-end Dec 31 (KRWb)	2021	2022	2023E	2024E	2025E
Cash flow from operations	-8	-63	200	199	235
Net profit	39	51	56	66	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	25	25	28
Changes in A/L from operating activities	-155	-280	4	-4	12
Cash flow from investments	27	-43	-167	-190	-205
Change in tangible assets	-2	-4	0	0	0
Change in financial assets	0	0	0	0	0
Other	28	-39	-167	-190	-205
Cash flow from financing	-3	165	-13	-9	-9
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	-20	-4	17
Cash at beginning of year	49	65	124	104	100
Cash at end of year	65	124	104	100	117
Gross cash flow	158	226	215	222	245
Free cash flow	-11	-67	200	199	235

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
Current assets	233	400	360	368	373
Cash & equivalents	65	124	104	100	117
Accounts receivable	124	142	153	153	150
Inventories	0	0	0	0	0
Other current assets	44	135	103	115	106
Fixed assets	652	691	729	796	869
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
Total assets	884	1,091	1,089	1,164	1,242
Current liabilities	184	416	402	410	410
Accounts payable	17	16	25	27	34
Short-term debt	0	170	170	170	170
Other current liabilities	167	230	207	213	205
Long-term liabilities	17	14	13	14	14
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	17	14	13	14	14
Total liabilities	200	430	415	424	423
Owners of parent equity	684	661	674	740	818
Capital stock	15	15	15	15	15
Capital surplus	470	473	473	473	473
Retained earnings	162	213	268	335	413
Other	37	-40	-83	-83	-83
Non-controlling interests' equity	0	0	0	0	0
Total equity	684	661	674	740	818
Net debt	-54	59	75	79	62

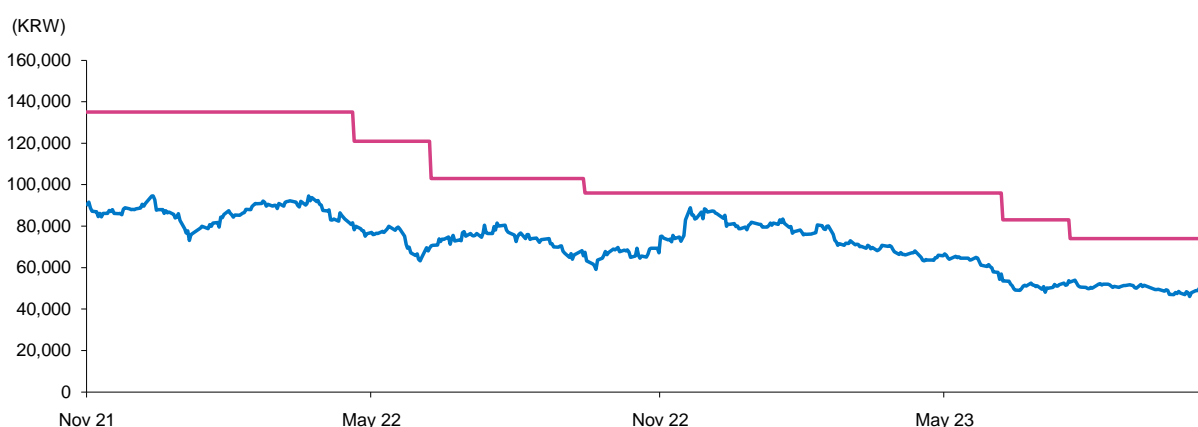
Financial ratios

Year-end Dec 31	2021	2022	2023E	2024E	2025E
Growth (%)					
Sales	-7.3	43.3	10.6	14.4	12.2
Operating profit	7.0	24.0	14.1	15.5	15.6
Net profit	31.8	29.5	10.5	18.7	17.5
Adjusted EPS**	24.6	29.4	10.4	18.7	17.5
Per-share data (KRW)					
EPS (parent-based)	1,301	1,684	1,859	2,208	2,594
EPS (consolidated)	1,301	1,684	1,859	2,208	2,594
Adjusted EPS**	1,301	1,684	1,859	2,208	2,594
BVPS	22,785	21,982	22,416	24,624	27,218
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	69.9	51.1	30.8	26.0	22.1
P/B***	4.0	3.9	2.6	2.3	2.1
EV/EBITDA	17.7	12.1	8.6	8.3	7.5
Ratios (%)					
ROE	6.0	7.5	8.4	9.4	10.0
ROA	4.8	5.1	5.1	5.9	6.5
ROIC	10.9	12.1	9.8	10.8	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	11.2	10.7	7.6
Interest coverage (x)	67.6	13.2	8.1	9.4	10.9

Compliance notice

- As of 11/8 2023, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 11/8 2023, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
- This report has been prepared without any undue external influence or interference, and accurately reflects the views of the analyst(s) covering the company or companies herein.
- All material presented in this report, unless specifically indicated otherwise, is under copyright to Samsung Securities.
- Neither the material nor its content (including copies) may be altered in any form, or by any means transmitted, copied, or distributed to another party, without prior express written permission from Samsung Securities.
- This memorandum is based upon information available to the public. While we have taken all reasonable care to ensure its reliability, we do not guarantee its accuracy or completeness. This memorandum is not intended to be an offer, or a solicitation of any offer, to buy or sell the securities mentioned herein. Samsung Securities shall not be liable whatsoever for any loss, direct or consequential, arising from the use of this memorandum or its contents. Statements made regarding affiliates of Samsung Securities are also based upon publicly available information and do not necessarily represent the views of management at such affiliates.
- This material has not been distributed to institutional investors or other third parties prior to its publication.

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

Samsung Securities uses the following investment ratings*

Company	Industry
BUY Expected to increase in value by 15% or more within 12 months and is highly attractive within sector	OVERWEIGHT Expected to outperform market by 5% or more within 12 months
HOLD Expected to increase/decrease in value by less than 15% within 12 months	NEUTRAL Expected to outperform/underperform market by less than 5% within 12 months
SELL Expected to decrease in value by 15% or more within 12 months	UNDERWEIGHT Expected to underperform market by 5% or more within 12 months

* 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 2023.09.30

BUY(80.4%)·HOLD(19.6%)·SELL(0%)

Global Disclosures & Disclaimers

General

This research report is for information purposes only. It is not and should not be construed as an offer or solicitation of an offer to purchase or sell any securities or other financial instruments or to participate in any trading strategy. This report does not provide individually tailored investment advice. This report does not take into account individual client circumstances, objectives, or needs and is not intended as recommendations of particular securities, financial instruments or strategies to any particular client. The securities and other financial instruments discussed in this report may not be suitable for all investors. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein and investors should seek the advice of a financial adviser.

This report may not be altered, reproduced, distributed, transmitted or published in whole or in part for any purpose. References to "Samsung Securities" are references to any company in the Samsung Securities, Co., Ltd. group of companies.

Samsung Securities and/or other affiliated companies, its and their directors, officers, representatives, or employees may have long or short positions in any of the securities or other financial instruments mentioned in this report or of issuers described herein and may purchase and/or sell, or offer to purchase and/or sell, at any time, such securities or other financial instruments in the open market or otherwise, as either a principal or agent. Any pricing of securities or other financial instrument contained herein is as of the close of market for such day, unless otherwise stated. Opinions and estimates contained herein constitute our judgment as of the date of this report and are subject to change without notice.

The information provided in this report is provided "AS IS". Although the information contained herein has been obtained from sources believed to be reliable, no representation or warranty, either expressed or implied, is provided by Samsung Securities in relation to the accuracy, completeness or reliability of such information or that such information was provided for any particular purpose and Samsung Securities expressly disclaims any warranties of merchantability or fitness for a particular purpose. Furthermore, this report is not intended to be a complete statement or summary of the securities, markets or developments referred to herein.

Samsung Securities does not undertake that investors will obtain any profits, nor will it share with investors any investment profits. Samsung Securities, its affiliates, or any of its and their affiliates, directors, officers, employees or agents disclaim any and all responsibility or liability whatsoever for any loss (direct or consequential) or damage arising out of the use of all or any part of this report or its contents or otherwise arising in connection therewith. Information and opinions contained herein are subject to change without notice. Past performance is not indicative of future results. Foreign currency rates of exchange may adversely affect the value, price or income of any security or financial instrument mentioned in this report. For investment advice, trade execution or other enquiries, clients should contact their local sales representative. Any opinions expressed in this report are subject to change without notice and may differ or be contrary to opinions expressed by other business areas or groups of Samsung Securities. Any analysis contained herein is based on numerous assumptions. Different assumptions may result in materially different results. Samsung Securities is under no obligation to update or keep current the information contained herein. Samsung Securities relies on information barriers to control the flow of information contained in one or more areas or groups within Samsung Securities into other areas or groups of Samsung Securities. Any prices stated in this report are for information purposes only and do not represent valuations for individual securities or other financial instruments. Samsung Securities makes no representation that any transaction can or could have been effected at those prices and any prices contained herein may not reflect Samsung Securities' internal books and records or theoretical model-based valuations and may be based on certain assumptions. Different assumptions by Samsung Securities or any other source may yield substantially different results. Additional information is available upon request.

For reports to be distributed to US:

Securities research is prepared, issued and exclusively distributed by Samsung Securities Co., Ltd., an organization licensed with the Financial Supervisory Service of South Korea. This research may be distributed in the United States only to major institutional investors as defined in Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended, and may not be circulated to any other person otherwise. All transactions by U.S. investors involving securities discussed in this report must be effected through Samsung Securities (America) Inc., a broker-dealer registered with the U.S. Securities & Exchange Commission and a member of the Financial Industry Regulatory Authority/SIPC, and not through any non-U.S. affiliate thereof. The analysts listed [on the front of this report] are employees of Samsung Securities Co., Ltd., or a non-U.S. affiliate thereof, and are not registered/qualified as research analysts under applicable U.S. rules and regulations and may not be subject to U.S. restrictions on communications with covered companies, public appearances, and trading securities held by a research analyst account.

For reports to be distributed to UK:

This report is not an invitation nor is it intended to be an inducement to engage in investment activity for the purpose of section 21 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA"). To the extent that this report does constitute such an invitation or inducement, it is directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (as amended) of the United Kingdom (the "Financial Promotion Order"); (ii) persons who fall within Articles 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc.") of the Financial Promotion Order; and (iii) any other persons to whom this report can, for the purposes of section 21 of FSMA, otherwise lawfully be made (all such persons together being referred to as "relevant persons").

Any investment or investment activity to which this report relates is available only to relevant persons and will be engaged in only with relevant persons. Persons who are not relevant persons must not act or rely on this report.

For reports to be distributed to Korea:

This report is for private circulation only, not for sale, and is issued and distributed only to persons permitted under the laws and regulations of Korea.

For reports to be distributed to Singapore:

This report is provided pursuant to the financial advisory licensing exemption under Regulation 27(1)(e) of the Financial Advisers Regulation of Singapore and accordingly may only be provided to persons in Singapore who are "institutional investors" as defined in Section 4A of the Securities and Futures Act, Chapter 289 of Singapore. This report is intended only for the person to whom Samsung Securities has provided this report and such person may not send, forward or transmit in any way this report or any copy of this report to any other person.

Analyst certification

The views expressed in this research report accurately reflect the personal views of the analyst(s) about the subject securities or issuers and no part of the compensation of such analyst(s) was, is, or will be directly or indirectly related to the inclusion of specific recommendations or views in this research report. The analyst(s) principally responsible for the preparation of this research report receives compensation based on determination by research management and senior management (not including investment banking), based on the overall revenues, including investment banking revenues of Samsung Securities Co., Ltd. and its related entities and has taken reasonable care to achieve and maintain independence and objectivity in making any recommendations.

Copyright © 2010 Samsung Securities Co., Ltd.. All rights reserved. This report or any portion hereof may not be reprinted, sold or redistributed without the prior written consent of Samsung Securities America Inc

Samsung Securities

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



Member of
**Dow Jones
Sustainability Indices**
Powered by the S&P Global CSA