

2024. 7. 12

Tech Team

Minha Choi
Senior Analyst
minha22.choi@samsung.com

Yeonghoon Kang
Research Associate
yeonghoon.kang@samsung.com

▶ AT A GLANCE

Recommend	BUY	
Target price	KRW55,000	32.1%
Current price	KRW41,650	
Market cap	KRW1.3t/USD0.9b	
Shares (float)	30,058,498 (45.2%)	
52-week high/low	KRW57,300/KRW40,050	
Avg daily trading value (60-day)	KRW2.7b/USD2.0m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Studio Dragon Corporation (%)	-1.5	-17.0	-16.7
Vs Kosdaq (%pts)	0.3	-14.1	-14.1

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	55,000	55,000	0.0%
2024E EPS	1,331	1,336	-0.4%
2025E EPS	1,557	1,575	-1.1%

▶ SAMSUNG vs THE STREET

No of estimates	13
Target price	60,769
Recommendation	3.9
BUY★★★: 5 / BUY: 4 / HOLD: 3 / SELL: 2 / SELL★★★: 1	

Studio Dragon (253450)

Still expecting poor 2Q results

- We believe Studio Dragon's operating profit fell 35.1% y-y to KRW10.6b in 2Q as only 42 episodes of its dramas aired—down q-q and y-y.
- More episodes should air h-h in 2H, as more of its content is available exclusively on OTT platforms.
- The firm should seek a top-line growth by raising ASP for new products (backed by enhanced bargaining power) and increasing local production globally.

WHAT'S THE STORY?

2Q preview—expectations need tempering: We forecast that Studio Dragon's 2Q results will miss consensus, showing an operating profit of KRW10.6b (down 35.1% y-y) on consolidated sales of KRW123.1b (down 24.7% y-y).

- First, only 42 episodes of its dramas were broadcast in 2Q (34 on TV channels and 8 on OTT platforms)—vs 83 in 2Q23 (64 on TV, 19 on OTTs) and 71 in 1Q24 (54 on TV, 17 on OTTs). For reference, drama *Lovely Runner* (broadcast on tvN on Mondays and Tuesdays over April-May) was planned and produced by CJ ENM Studios.
- Second, compared to 1Q (when it enjoyed an earnings surprise), production costs for dramas that aired in 2Q were small, and it supplied few dramas exclusively to global OTTs.
- Third, depreciation costs were high for dramas broadcast simultaneously globally in 1Q—*Captivating the King*, *Marry My Husband*, and *Queen of Tears*. Having said that, solid sales of older, high-margin dramas likely helped Studio Dragon defend its earnings.

2H outlook: The y-y decline in TV drama slots—a trend pronounced since mid-2023 due to changes in industry conditions and broadcasters' programming lineup strategies—should ease in 2H. Indeed, a greater number of dramas is set to air exclusively on OTT platforms in 2H than in 1H. Considering production/supply schedules, we estimate that 133 episodes of Studio Dragon dramas will air in 2H (74 on TV, 59 on OTTs)—vs 113 in 1H (88 on TV, 25 on OTTs). Still, tvN has filled its Monday and Tuesday drama slots with standalone, single-episode dramas for the first two weeks of July, and no Studio Dragon dramas (other than *Love Next Door*) are set to air globally simultaneously in 3Q. Yet, led by the competitiveness of its content, the firm should be able to raise its margin by increasing its new-content sales to multiple Korean OTT platforms.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2023	2024E	2025E	2026E
Revenue (KRWb)	753	663	757	891
Operating profit (KRWb)	56	56	67	79
Net profit (adj) (KRWb)	30	40	47	54
EPS (adj) (KRW)	1,001	1,331	1,557	1,801
EPS (adj) growth (% y-y)	-40.6	33.0	17.0	15.7
EBITDA margin (%)	32.1	28.7	25.2	23.7
ROE (%)	4.4	5.6	6.3	6.8
P/E (adj) (x)	51.5	31.3	26.8	23.1
P/B (x)	2.2	1.7	1.6	1.5
EV/EBITDA (x)	6.5	6.3	6.2	5.3
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

Still unrivalled: Studio Dragon is not impervious to the impact of the drama lineup contraction at Korean broadcasting channels, but it should seek both top- and bottom-line growth by raising its ASP for new content (backed by solid references and heightened bargaining power) and producing content for consumption on overseas markets. We maintain BUY on the stock, with a target price of KRW55,000 (based on 8.6x forward EV/EBITDA).

Table 1. Quarterly results and forecasts

(KRWb)	2Q23	1Q24	2Q24E	Chg (% q-q)	Chg (% y-y)	Consensus	Diff (%)
Sales	163.5	192.1	123.1	-35.9	-24.7	140.4	-12.4
Operating profit	16.3	21.5	10.6	-51.0	-35.1	12.9	-18.3
Operating margin	9.9	11.2	8.6	-2.6	-1.4	9.2	-0.6
Pre-tax profit	15.8	27.2	11.8	-56.6	-25.2	11.5	2.8
Net profit (controlling)	10.2	20.2	8.8	-56.6	-13.9	9.2	-4.7

Source: Company data, WiseFn, Samsung Securities

Table 2. Results and forecasts

(KRWb)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24E	3Q24E	4Q24E	2022	2023	2024E	2025E
Sales	121.1	157.5	228.9	190.5	211.1	163.5	217.4	161.1	192.1	123.1	151.2	196.8	697.9	753.1	663.1	757.2
Programing	35.4	43.8	59.4	54.0	43.2	42.5	35.0	33.4	47.3	26.3	16.4	40.4	192.5	154.1	130.4	137.4
Distribution	77.7	103.9	165.8	132.8	211.1	163.5	217.4	161.1	192.1	123.1	151.2	196.8	480.2	588.9	517.2	603.1
Other	8.0	9.8	3.8	3.7	2.3	2.1	2.3	3.4	3.5	3.7	4.4	3.9	25.2	10.1	15.5	16.7
Gross profit	25.5	35.4	27.4	11.7	30.8	23.9	28.8	4.3	28.7	17.7	22.5	18.1	100.0	87.9	86.9	98.9
SG&A	7.4	8.4	8.4	10.5	9.2	7.7	6.9	8.2	7.2	7.1	7.6	8.6	34.8	32.0	30.5	32.3
Operating profit	18.1	27.0	18.9	1.2	21.6	16.3	21.9	-3.8	21.5	10.6	14.9	9.4	65.2	55.9	56.4	66.6
Non-operating profit	2.0	3.0	6.5	-18.1	0.5	-0.4	3.3	-22.0	5.7	1.3	-3.2	-7.0	-6.6	-18.7	-3.2	-6.0
Pre-tax profit	20.1	30.0	25.5	-17.0	22.1	15.8	25.1	-25.8	27.2	11.8	11.7	2.4	58.6	37.2	53.2	60.6
Net profit (controlling)	15.6	25.6	17.8	-8.5	18.4	10.2	18.2	-16.7	20.2	8.8	9.1	1.9	50.6	30.1	40.0	46.8
Gross margin	21.1	22.5	12.0	6.1	14.6	14.6	13.2	2.7	14.9	14.4	14.9	9.2	14.3	11.7	13.1	13.1
Operating margin	15.0	17.1	8.3	0.6	10.2	9.9	10.1	-2.4	11.2	8.6	9.9	4.8	9.3	7.4	8.5	8.8
Net margin (controlling)	12.9	16.2	7.8	-4.4	8.7	6.2	8.4	-10.4	10.5	7.1	6.1	1.0	7.2	4.0	6.0	6.2
Chg (% y-y)																
Sales	3.4	48.5	97.2	28.8	74.4	3.8	-5.0	-15.4	-9.0	-24.7	-30.5	22.1	43.3	7.9	-12.0	14.2
Programing	-19.1	55.4	64.0	1.5	21.9	-3.1	-41.0	-38.1	9.5	-38.2	-53.2	21.2	19.4	-20.0	-15.4	5.4
Distribution	23.0	53.8	155.2	66.4	171.6	57.3	31.2	21.3	-9.0	-24.7	-30.5	22.1	74.3	22.6	-12.2	16.6
Other	-21.5	-5.1	-74.8	-75.3	-71.0	-78.4	-38.3	-7.8	50.7	75.3	90.8	14.5	-49.9	-59.7	52.9	7.4
Gross profit	7.8	74.0	30.5	-20.7	20.8	-32.4	5.2	-63.1	-7.0	-26.0	-21.8	318.4	25.4	-12.1	-1.0	13.8
SG&A	27.7	28.1	31.7	25.1	24.3	-8.7	-17.8	-22.4	-22.5	-6.7	9.4	5.7	27.9	-8.0	-4.6	5.9
Operating profit	1.4	95.7	29.9	-81.4	19.3	-39.8	15.4	nm	-0.4	-35.1	-31.7	nm	24.0	-14.3	1.0	18.0
Non-operating profit	-37.8	1,085.2	67.8	nm	-75.6	nm	-49.9	nm	1,078.1	nm	nm	nm	nm	nm	nm	nm
Pre-tax profit	-4.6	113.7	37.9	nm	10.0	-47.3	-1.3	nm	23.2	-25.2	-53.3	nm	12.7	-36.5	42.9	14.0
Net profit (controlling)	0.4	170.2	20.5	nm	17.8	-60.1	1.9	Nm	9.8	-13.9	-49.7	nm	29.5	-40.5	33.0	17.0
Gross margin	0.9	3.3	-6.1	-3.8	-6.5	-7.8	1.3	-3.5	0.3	-0.2	1.6	6.5	-2.0	-2.7	1.4	-0.0
Operating margin	-0.3	4.1	-4.3	-3.7	-4.7	-7.2	1.8	-3.0	1.0	-1.4	-0.2	7.2	-1.4	-1.9	1.1	0.3
Net margin (controlling)	-0.4	7.3	-5.0	-3.9	-4.2	-10.0	0.6	-5.9	1.8	0.9	-2.3	11.3	-0.8	-3.3	2.0	0.1

Source: Company data, Samsung Securities

Table 3. Drama lineup (from 2024)

Year	No.	Channel	Title	Air dates	Episodes	Writers	Director	Days
2024	1	tvN	Maestra: Strings of Truth	Dec 9, 2023- Jan 14	12	Choi Yiyun	Kim Jeongkwon	Sat, Sun
	2		Marry My Husband	Jan 1-Feb 20	16	Sin Yudam	Park Wonkook	Mon, Tue
	3		Captivating the King	Jan 21-Mar 3	16	Kim Seonduk	Cho Namkook	Sat, Sun
	4		Wedding Impossible	Feb 26-Apr 2	12	Park Seulki	Kwon Yeongil	Mon, Tue
	5		Queen of Tears	Mar 9-Apr 28	16	Park Jieun	Kim Heewon	Sat, Sun
	6		The Midnight Romance in Hagwon	May 11-Jun 30	16	Park Kyeonghwa	Ahn Panseok	Sat, Sun
	7		Player S2: Master of Swindlers	Jun 3-Jul 9	12	Park Sangmoon	So Jaehyun	Mon, Tue
	8		The Auditors	Jul 6-Aug 11	16	Choi Minho	Kwon Youngil	Mon, Tue
			O'PENing 2024	Jul 15-	7	One-act play	6 dramas	
	9		Serendipity's Embrace	Jul 22-Aug 13	8	Park Gro	Song Hyeonwook	Mon, Tue
	10		Love Next Door	Aug 17-Oct 6	16	Shin Haeun	Yu Jewon	Sat, Sun
	11		Parole Officer, Lee Han Shin	Sep 30-Nov 5	12	Park Chihyoung	Yoon Sangho	Mon, Tue
	12		Jeong Nyeon	Aug 31- Oct 20	16	Choi Hyobi	Jung Jiin	Sat, Sun
	13		Won Kyung (tvN X Tving)	Nov 11-Dec 17	13	Lee Youngmi	Kim Sangho	Mon, Tue
	14		Love on a Single Log Bridge	Dec 7-Jan 12, 2025	12	Lim Yejin	Park Joonhwa	
	15	Tving	Study Group	2H24	10	Um Seonho	Lee Janghoon	
	16		Good or Bad Dong Jae	2024		Hwang Hajeong	Park Gunho	
	17	Netflix	Hierarchy (supply in 1Q24)	Jun 7	7	Cho Hyemi	Bae Hyunjin	
	18		Whirlwind (supply over 1Q24-2Q24)	Jun 28	12	Park Kyeongsoo	Kim Yongwan	
	19		Sweet Home 3	Jul 19	8		Lee Eungbok	
	20		Gyeongseong Creature S2	3Q24	7	Kang Eungyeong	Jeong Dongyun	
	21		The Trunk (made by Glist)	4Q24	8	Park Eunyoung	Kim Kyutae	
	22	ENA	To My Harry	Sep 2024	12	Han Garam	Jung Jihyun	
	23	AppleTV+	The Big Door Prize 2 (supply over 3Q23-4Q23)	Apr 24-Jun 12	10	David West Read	Anu Valia	
TBD	1	tvN	When the Stars Gossip	TBD	20	Seo Sookhyang	Park Shinwoo	
	2		Black Salt Dragon	TBD	16		Lee Suhyeon	
	3	Netflix	All the Love You Wish For	TBD	12	Kim Eunsook	Lee Byeonghun	
	4		Hong Rang	TBD	12	Kim Jin-a	Kim Hongsun	
	5		Crash Landing on you (US)	TBD				
	6		The Price of Confession	TBD		Kwon Jongkwan	Lee Junghyo	
	7		I'm Against My Romance	TBD		Kim Eun	Lee Eungbok	
	8		Show Business	TBD		No Heekyung		
	9		The Plotters*	TBD				
	10		Mastermind**	TBD				

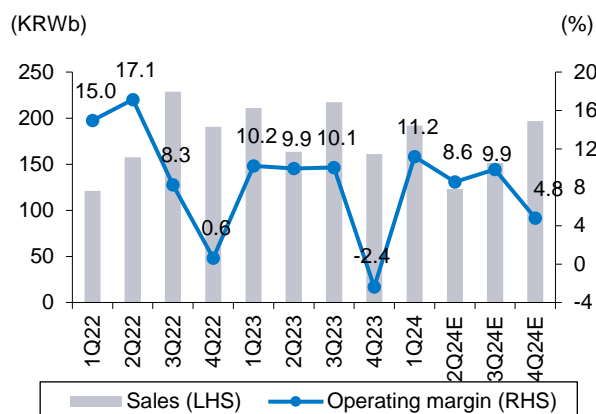
Note: Titles highlighted in green are streamed through Netflix, light blue Tving, and orange Disney+, yellow Amazon Prime

*Co-produced with Universal Studios

**Co-produced with CBS Studio

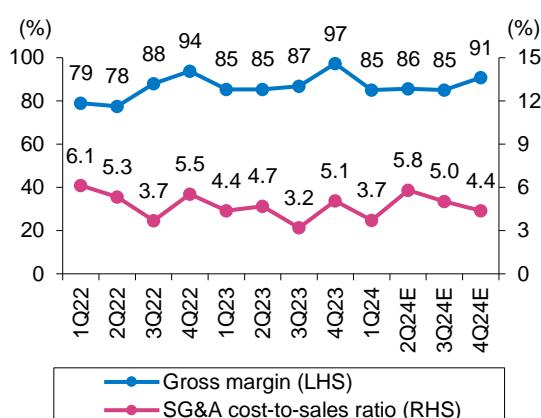
Source: Company data, Samsung Securities

Chart 1. Quarterly sales and operating margin



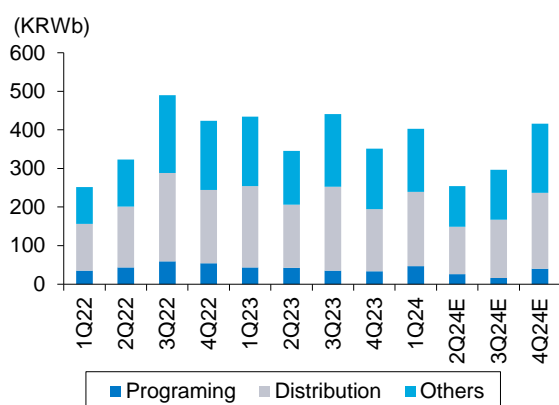
Source: Company data, Samsung Securities

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



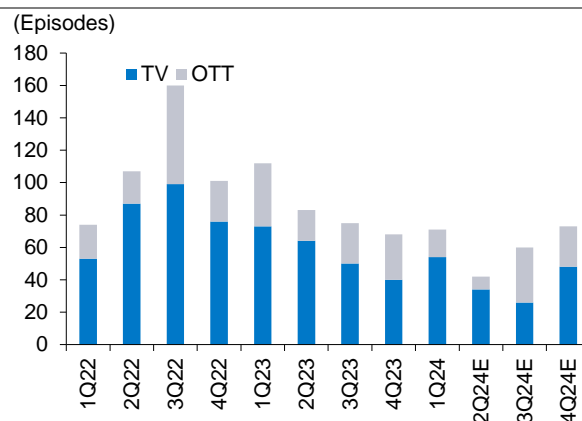
Source: Company data, Samsung Securities

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. The Big Door Prize S2
(AppleTV+; Apr 24)

Source: Company data, Samsung Securities

Chart 6. The Midnight Romance in Hagwon (tvN; May 11)



Source: Company data, Samsung Securities

Chart 7. Player S2: Master of Swindlers (tvN; Jun 3)



Source: Company data, Samsung Securities

Chart 8. Hierarchy
(Netflix; Jun 7)

Source: Company data, Samsung Securities

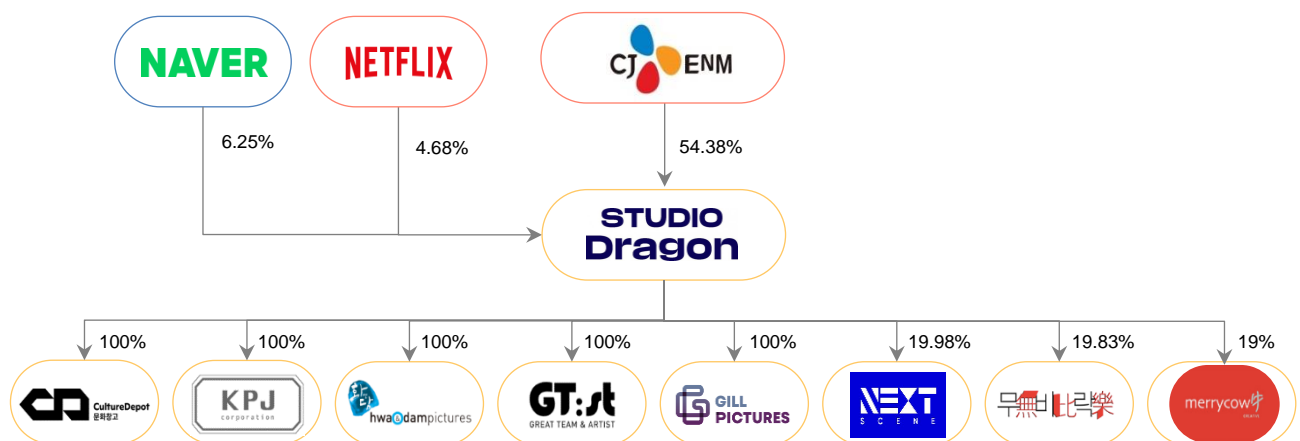
Chart 9. Whirlwind
(Netflix; Jun 28)

Source: Company data, Samsung Securities

Chart 10. Sweet Home 3
(Netflix; Jul 19)

Source: Company data, Samsung Securities

Chart 11. Ownership structure



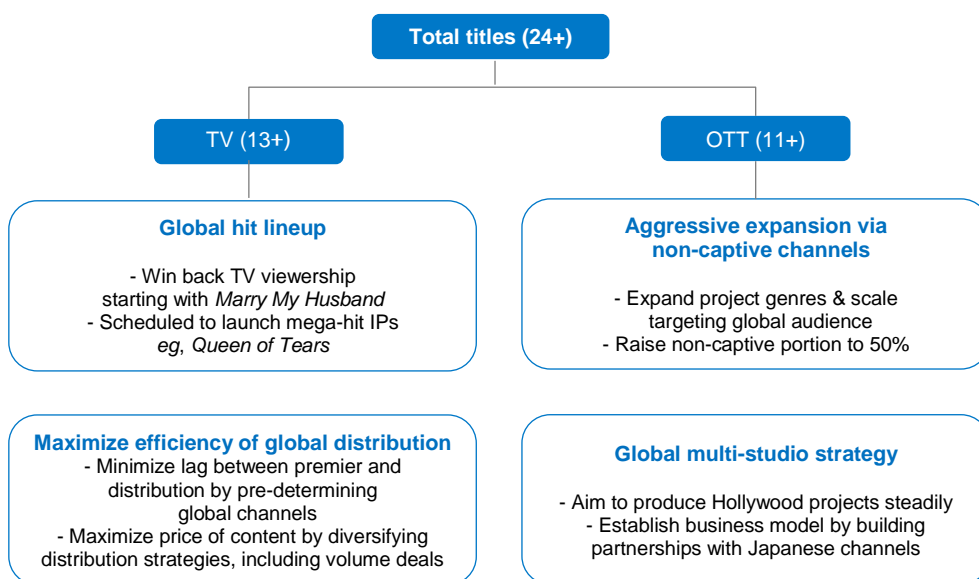
Note: As of 1Q24

Source: Company data, Samsung Securities

Table 4. 2024 strategies to facilitate transition to major global studio

	2017-2023	2024-
Non-captive portion of projects	13%	50%-
In-house portion of production	26%	50%-
Major strategies for platforms	Volume deals	More volume deals
Programming strategies	Mainly programming/distribution; a smaller portion of IP development	Equal parts programming/distribution and IP development

Source: Company data, Samsung Securities

Chart 12. 2024 strategies: Strategic turning point

Source: Company data, Samsung Securities

Table 5. Changes to full-year forecasts

(KRWb)	2024E			2025E		
	Previous	Revised	Chg (%)	Previous	Revised	Chg (%)
Sales	700.0	663.1	-5.3	803.4	757.2	-5.8
Operating profit	57.1	56.4	-1.2	66.7	66.6	-0.2
OPM (% , %pts)	8.2	8.5	0.4	8.3	8.8	0.5
Pre-tax profit	53.2	53.2	-0.1	60.7	60.6	-0.1
NP (controlling)	40.2	40.0	-0.4	47.3	46.8	-1.2

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2022	2023	2024E	2025E	2026E
Sales	698	753	663	757	891
Cost of goods sold	598	665	576	658	777
Gross profit	100	88	87	99	114
Gross margin (%)	14.3	11.7	13.1	13.1	12.8
SG&A expenses	35	32	31	32	35
Operating profit	65	56	56	67	79
Operating margin (%)	9.3	7.4	8.5	8.8	8.9
Non-operating gains (losses)	-7	-19	-3	-6	-9
Financial profit	21	15	19	12	13
Financial costs	19	18	12	11	11
Equity-method gains (losses)	0	0	0	0	0
Other	-9	-16	-10	-7	-11
Pre-tax profit	59	37	53	61	70
Taxes	8	7	13	14	16
Effective tax rate (%)	13.7	19.2	24.8	22.8	22.8
Profit from continuing operations	51	30	40	47	54
Profit from discontinued operations	0	0	0	0	0
Net profit	51	30	40	47	54
Net margin (%)	7.2	4.0	6.0	6.2	6.1
Net profit (controlling interests)	51	30	40	47	54
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	219	242	190	191	212
EBITDA margin (%)	31.3	32.1	28.7	25.2	23.7
EPS (parent-based) (KRW)	1,684	1,001	1,331	1,557	1,801
EPS (consolidated) (KRW)	1,684	1,001	1,331	1,557	1,801
Adjusted EPS (KRW)*	1,684	1,001	1,331	1,557	1,801

Balance sheet

Year-end Dec 31 (KRWb)	2022	2023	2024E	2025E	2026E
Current assets	400	405	438	447	505
Cash & equivalents	124	158	239	255	304
Accounts receivable	142	149	115	114	118
Inventories	0	0	0	0	0
Other current assets	135	97	84	77	83
Fixed assets	691	688	637	670	696
Investment assets	150	175	174	179	183
Tangible assets	11	12	10	9	7
Intangible assets	378	359	318	337	359
Other long-term assets	152	141	135	146	146
Total assets	1,091	1,092	1,075	1,117	1,201
Current liabilities	416	368	338	332	361
Accounts payable	16	11	14	15	18
Short-term debt	170	170	170	170	170
Other current liabilities	230	187	154	147	173
Long-term liabilities	14	16	16	16	17
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	14	16	16	16	17
Total liabilities	430	384	353	348	378
Owners of parent equity	661	708	722	769	823
Capital stock	15	15	15	15	15
Capital surplus	473	473	473	473	473
Retained earnings	213	242	282	329	383
Other	-40	-23	-49	-49	-49
Non-controlling interests' equity	0	0	0	0	0
Total equity	661	708	722	769	823
Net debt	59	23	-59	-75	-124

Cash flow statement

Year-end Dec 31 (KRWb)	2022	2023	2024E	2025E	2026E
Cash flow from operations	-63	45	190	173	206
Net profit	51	30	40	47	54
Non-cash profit and expenses	176	216	148	138	147
Depreciation	3	3	2	2	1
Amortization	150	183	132	123	131
Other	23	30	14	13	15
Changes in A/L from operating activities	-280	-179	15	2	21
Cash flow from investments	-43	-1	-75	-144	-143
Change in tangible assets	-4	-3	0	0	0
Change in financial assets	0	-4	2	-1	0
Other	-39	6	-77	-143	-144
Cash flow from financing	165	-9	-11	-9	-9
Change in debt	172	-1	-2	0	0
Change in equity	3	0	0	0	0
Dividends	0	0	0	0	0
Other	-9	-8	-9	-9	-9
Change in cash	59	35	80	16	49
Cash at beginning of year	65	124	158	239	255
Cash at end of year	124	158	239	255	304
Gross cash flow	226	246	188	184	201
Free cash flow	-67	42	190	173	206

Note: * Excluding one-off items

** Fully diluted, excluding one-off items

*** From companies subject to equity-method valuation

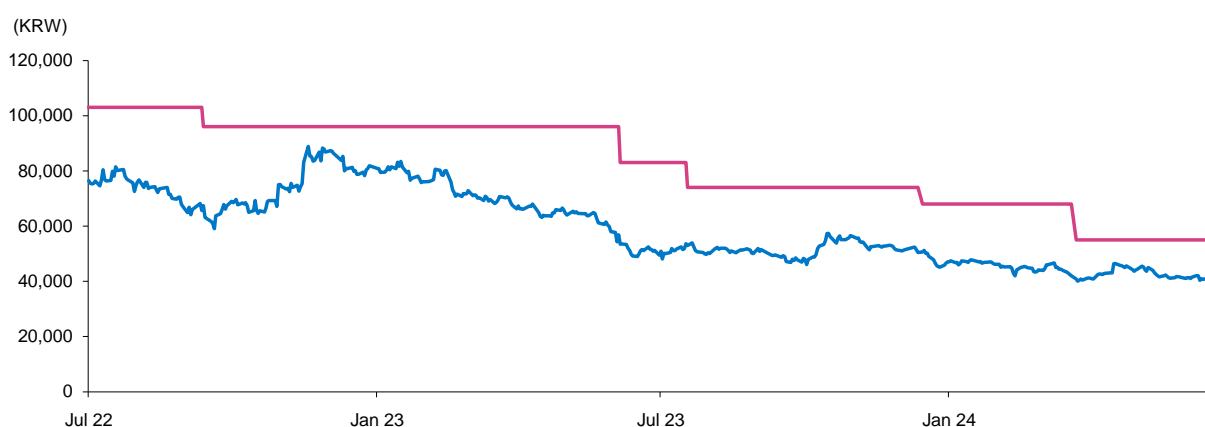
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2022	2023	2024E	2025E	2026E
Growth (%)					
Sales	43.3	7.9	-12.0	14.2	17.7
Operating profit	24.0	-14.3	1.0	18.0	19.2
Net profit	29.5	-40.5	33.0	17.0	15.7
Adjusted EPS**	29.4	-40.6	33.0	17.0	15.7
Per-share data (KRW)					
EPS (parent-based)	1,684	1,001	1,331	1,557	1,801
EPS (consolidated)	1,684	1,001	1,331	1,557	1,801
Adjusted EPS**	1,684	1,001	1,331	1,557	1,801
BVPS	21,982	23,546	24,014	25,571	27,372
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	51.1	51.5	31.3	26.8	23.1
P/B***	3.9	2.2	1.7	1.6	1.5
EV/EBITDA	12.1	6.5	6.3	6.2	5.3
Ratios (%)					
ROE	7.5	4.4	5.6	6.3	6.8
ROA	5.1	2.8	3.7	4.3	4.7
ROIC	12.1	8.5	8.5	10.7	12.5
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	8.9	3.3	-8.2	-9.8	-15.1
Interest coverage (x)	13.2	6.4	6.5	7.7	9.2

Compliance notice

- As of 7/11 2024, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 7/11 2024, 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	2022/6/30	10/6	2023/6/29	8/11	2024/1/8	4/15
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	103000	96000	83000	74000	68000	55000
Gap* (average)	-28.47	-24.88	-38.39	-30.14	-32.59	
(max or min)**	-20.87	-7.40	-35.30	-22.57	-24.71	

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**

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% 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 2024.06.30

BUY(80%)·HOLD(20%)·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,
Seochoda-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