

## Tech Team

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## ▶ AT A GLANCE

<b>Recommend</b>	<b>BUY</b>	
<b>Target price</b>	<b>KRW51,000</b>	<b>26.4%</b>
<b>Current price</b>	<b>KRW40,350</b>	
Market cap	KRW1.2t/USD0.9b	
Shares (float)	30,058,498 (45.2%)	
52-week high/low	KRW57,300/KRW34,100	
Avg daily trading value (60-day)	KRW2.2b/USD1.6m	

## ▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
<b>Studio Dragon (%)</b>	<b>6.6</b>	<b>-6.3</b>	<b>-26.2</b>
Vs Kosdaq (%pts)	13.5	11.3	-17.1

## ▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	51,000	51,000	0.0%
2024E EPS	901	1,178	-23.5%
2025E EPS	1,478	1,505	-1.8%

## ▶ SAMSUNG vs THE STREET

No of estimates	14
Target price	53,357
Recommendation	3.9

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

# Studio Dragon (253450)

## Kindling sparks of hope in difficult times

- Studio Dragon incurred a 3Q operating loss of KRW900m—no surprise given that: 1) the number of its drama episodes broadcast in 3Q fell y-y; 2) only one drama was presold to OTT platforms; and 3) depreciation costs expanded q-q.
- In 4Q, the number of its drama episodes broadcast should also decline y-y but earnings should perk up q-q based on improving presale volume and its dramas' viewership ratings.
- The company should produce more dramas y-y next year thanks to its captive channel reinstating Wednesday/Thursday slots and its strategic alliance with KBS, and to supply dramas for overseas markets. It should also focus on making production structure more efficient. We maintain our BUY rating on the stock.

## WHAT'S THE STORY?

**3Q review:** Studio Dragon reported consolidated 3Q sales of KRW90.3b (down 58.5% y-y) with a y-y turn to an operating loss of KRW900m. The disappointing results were not surprising because: 1) only 59 episodes of its dramas were broadcast in 3Q (38 on TV channels and 21 on OTT platforms); and 2) few of the dramas aired on TV were simultaneously broadcast on global OTT platforms last quarter, with the exception of *Love Next Door* (14 episodes). Sales of old titles were sluggish q-q and the depreciation cost for the dramas aired in 1H24 expanded y-y, driving up the COGS ratio by 6.7%pts y-y to 93.5%. It was positive that OST sales were solid.

**Earnings set to improve:** Judging from the programming lineups, we believe only 43 episodes of its dramas will be broadcast in 4Q (26 on TV channels and 17 on OTT platforms), way lower than 71 episodes in 3Q23. However, 4Q earnings should pick up q-q as: 1) depreciation cost should contract q-q; 2) weekend drama *Jeongnyeon: The Star Is Born* (simultaneously aired on Tving and Disney+) is doing well; and 3) all of its weekend dramas broadcast on tvN were presold to global OTT service providers. In 2025, things should get better. Its captive channel will likely resume Wednesday/Thursday slots next year. The company should produce more dramas y-y next year based on its strategic alliance with KBS and to supply dramas for overseas markets. It should produce seven or more pieces of tentpole dramas annually to make profits, and should also produce small-budget dramas to diversify genres, discover new actors and writers, and grow its IP business. To curtailing cost, it should center on making production structure more efficient.

**Maintaining BUY:** The industry has passed the bottom. Studio Dragon's earnings should head north next year, backed by a y-y rise in the number of items of content produced and distribution channel expansion. The firm should start producing dramas for overseas markets (eg, Japan). It is high time investors shift the focus of their attention to 'improvement'. We maintain KRW51,000 target price (6.6x forward EV/EBITDA; a 20% discount to three-year average to reflect sluggish industry conditions).

## SUMMARY 3Q RESULTS

(KRWb)	3Q24	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	90.3	-58.5	-34.1	-20.6	-30.2
Operating profit	-0.9	nm	nm	nm	nm
Pre-tax profit	-4.1	nm	nm	nm	nm
Net profit	-6.1	nm	nm	nm	nm
<b>Margins (%)</b>					
Operating profit	-1.0				
Pre-tax profit	-4.5				
Net profit	-6.8				

Source: Company data, Fnguide, Samsung Securities estimates

## VALUATION SUMMARY

	2023	2024E	2025E
<b>Valuation (x)</b>			
P/E	51.5	44.8	27.3
P/B	2.2	1.7	1.6
EV/EBITDA	6.5	6.0	5.0
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	-40.6	-10.0	64.2
ROE (%)	4.4	3.8	6.1
<b>Per-share data (KRW)</b>			
EPS	1,001	901	1,478
BVPS	23,546	23,583	25,062
DPS	0	0	0

Table 1. Results and forecasts

(KRWb)	1Q22	2Q22	3Q22	4Q22	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24E	2022	2023	2024E	2025E
<b>Sales</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>217.4</b>	<b>161.1</b>	<b>192.1</b>	<b>137.1</b>	<b>90.3</b>	<b>117.7</b>	<b>697.9</b>	<b>753.1</b>	<b>537.2</b>	<b>670.3</b>
Programing	35.4	43.8	59.4	54.0	43.2	42.5	35.0	33.4	47.3	30.7	21.6	22.3	192.5	154.1	121.9	132.4
Distribution	77.7	103.9	165.8	132.8	211.1	163.5	217.4	161.1	192.1	137.1	90.3	117.7	480.2	588.9	399.6	521.0
Other	8.0	9.8	3.8	3.7	2.3	2.1	2.3	3.4	3.5	3.9	4.3	4.0	25.2	10.1	15.7	16.9
<b>Gross profit</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>28.8</b>	<b>4.3</b>	<b>28.7</b>	<b>18.1</b>	<b>5.9</b>	<b>16.2</b>	<b>100.0</b>	<b>87.9</b>	<b>69.0</b>	<b>90.9</b>
SG&A	7.4	8.4	8.4	10.5	9.2	7.7	6.9	8.2	7.2	7.7	6.8	8.3	34.8	32.0	30.0	31.7
<b>Operating profit</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>21.9</b>	<b>-3.8</b>	<b>21.5</b>	<b>10.5</b>	<b>-0.9</b>	<b>7.9</b>	<b>65.2</b>	<b>55.9</b>	<b>39.0</b>	<b>59.1</b>
Non-operating profit	2.0	3.0	6.5	-18.1	0.5	-0.4	3.3	-22.0	5.7	2.7	-3.1	-4.7	-6.6	-18.7	0.5	-1.6
Pre-tax profit	20.1	30.0	25.5	-17.0	22.1	15.8	25.1	-25.8	27.2	13.2	-4.1	3.2	58.6	37.2	39.5	57.6
<b>Net profit (controlling)</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>18.2</b>	<b>-16.7</b>	<b>20.2</b>	<b>8.2</b>	<b>-6.1</b>	<b>4.8</b>	<b>50.6</b>	<b>30.1</b>	<b>27.1</b>	<b>44.4</b>
Gross margin	21.1	22.5	12.0	6.1	14.6	14.6	13.2	2.7	14.9	13.2	6.5	13.8	14.3	11.7	12.8	13.6
Operating margin	15.0	17.1	8.3	0.6	10.2	9.9	10.1	-2.4	11.2	7.6	-1.0	6.7	9.3	7.4	7.3	8.8
Net margin (controlling)	12.9	16.2	7.8	-4.4	8.7	6.2	8.4	-10.4	10.5	5.9	-6.8	4.1	7.2	4.0	5.0	6.6
<b>Chg (% y-y)</b>																
<b>Sales</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>-5.0</b>	<b>-15.4</b>	<b>-9.0</b>	<b>-16.1</b>	<b>-58.5</b>	<b>-26.9</b>	<b>43.3</b>	<b>7.9</b>	<b>-28.7</b>	<b>24.8</b>
Programing	-19.1	55.4	64.0	1.5	21.9	-3.1	-41.0	-38.1	9.5	-27.6	-38.4	-33.2	19.4	-20.0	-20.9	8.6
Distribution	23.0	53.8	155.2	66.4	171.6	57.3	31.2	21.3	-9.0	-16.1	-58.5	-26.9	74.3	22.6	-32.1	30.4
Other	-21.5	-5.1	-74.8	-75.3	-71.0	-78.4	-38.3	-7.8	50.7	85.4	85.8	18.6	-49.9	-59.7	55.2	7.4
<b>Gross profit</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>5.2</b>	<b>-63.1</b>	<b>-7.0</b>	<b>-24.2</b>	<b>-79.5</b>	<b>276.1</b>	<b>25.4</b>	<b>-12.1</b>	<b>-21.5</b>	<b>31.8</b>
SG&A	27.7	28.1	31.7	25.1	24.3	-8.7	-17.8	-22.4	-22.5	0.3	-1.5	1.7	27.9	-8.0	-6.3	5.9
<b>Operating profit</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>15.4</b>	<b>nm</b>	<b>-0.4</b>	<b>-35.7</b>	<b>nm</b>	<b>nm</b>	<b>24.0</b>	<b>-14.3</b>	<b>-30.2</b>	<b>51.7</b>
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	-16.8	nm	nm	12.7	-36.5	6.2	45.7
<b>Net profit (controlling)</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>1.9</b>	<b>nm</b>	<b>9.8</b>	<b>-20.0</b>	<b>nm</b>	<b>nm</b>	<b>29.5</b>	<b>-40.5</b>	<b>-10.0</b>	<b>64.2</b>
Gross margin	0.9	3.3	-6.1	-3.8	-6.5	-7.8	1.3	-3.5	0.3	-1.4	-6.7	11.1	-2.0	-2.7	1.2	0.7
Operating margin	-0.3	4.1	-4.3	-3.7	-4.7	-7.2	1.8	-3.0	1.0	-2.3	-11.1	9.1	-1.4	-1.9	-0.2	1.6
Net margin (controlling)	-0.4	7.3	-5.0	-3.9	-4.2	-10.0	0.6	-5.9	1.8	-0.3	-15.1	14.5	-0.8	-3.3	1.0	1.6

Source: Company data, Samsung Securities

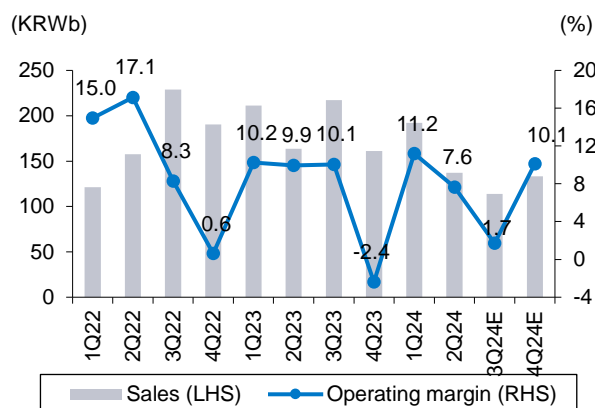
Table 2. Drama lineup (from 2024)

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		Jeongnyeon: The Star is Born	Oct 12-Nov 17	12	Choi Hyobi	Jung Jiin	Sat, Sun
	12		Love Your Enemy	Nov 23-Dec 29	12	Lim Yejin	Park Joonhwa	Sat, Sun
	13	TVING	Dong Jae, the Good or the Bastard	Oct 14-Nov 12	10	Hwang Hajeong	Park Gunho	
	14	Netflix	Hierarchy (supply in 1Q24)	Jun 7	7	Cho Hyemi	Bae Hyunjin	
	15		Whirlwind (supply over 1Q24-2Q24)	Jun 28	12	Park Kyeongsoo	Kim Yongwan	
	16		Sweet Home 3	Jul 19	8		Lee Eungbok	
	17		Gyeongseong Creature S2	Sep 27	7	Kang Eungyeong	Jeong Dongyun	
	18		The Trunk (supply in 3Q24)	Nov 29	8	Park Eunyoung	Kim Kyutae	
	19	GenieTV	To My Harry (Broadcasted in ENA)	Sep 23-Oct 29	12	Han Garam	Jung Jihyun	Mon, Tue
	20	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	Jan 2025	16	Seo Sookhyang	Park Shinwoos	Sat, Sun
	2		Won Kyung (tvN X Tving)	Jan 2025	13	Lee Youngmi	Kim Sangho	Mon, Tue
	3		My Dearest Nemesis	Feb 2025	16	Kim Sooyeon	Lee Suhyeon	Mon, Tue
	4		Take care of Keumju	2025	12	Myeong Soohyeon	Jang Yujung	Mon, Tue
	5		Typhoon Boss	2025	16		Lee Najung	
	6		Gyeon U and Fairy	2025	12	Yang Jihoon	Kim Yongwan	
	7		The Confidence Man KR	2025	12	Hong Seunghyeon	Nam Kihoon	
	8		Signal 2	2025	10	Kim Eunhi	Ahn Taejin	
	9	Tving	Study Group (Amazon Prime)	1H25	10	Um Seonho	Lee Janghoon	
	10		Dear X	TBD	12			
	11	Netflix	Hong Rang	1H25	12	Kim Jin-a	Kim Hongsun	
	12		All the Love You Wish For	TBD	12	Kim Eunsook	Lee Byeonghun	
	13		The Price of Confession	TBD		Kwon Jongkwan	Lee Junghyo	
	14	KBS	Unknown Seoul	2025	12	Lee Kang	Park Shinwoo	
	15		Dear bandit	TBD		Lee Sun		
	16	Japan	Marry My Husband (JPN)	TBD			(Japanese drama)	
	17		Show Business	TBD	22	No Heekyung	Lee Yunjung	
	18		Mary Kills People	TBD	12		Park Joonwoo	
	19		I'm Against My Romance	TBD		Kim Eun	Lee Eungbok	

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

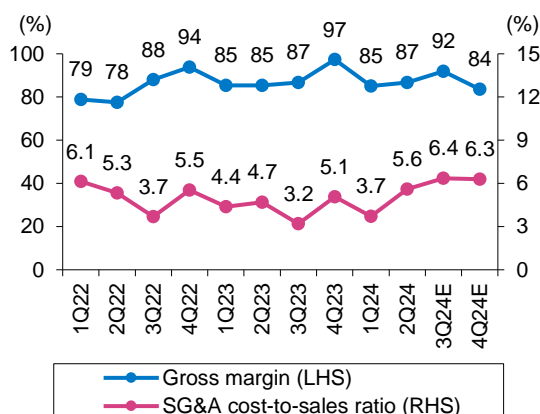
Source: Company data, Samsung Securities

Chart 1. Quarterly sales and operating margin



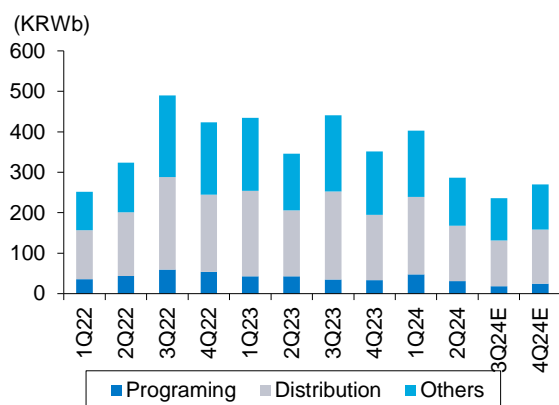
Source: Company data, Samsung Securities

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



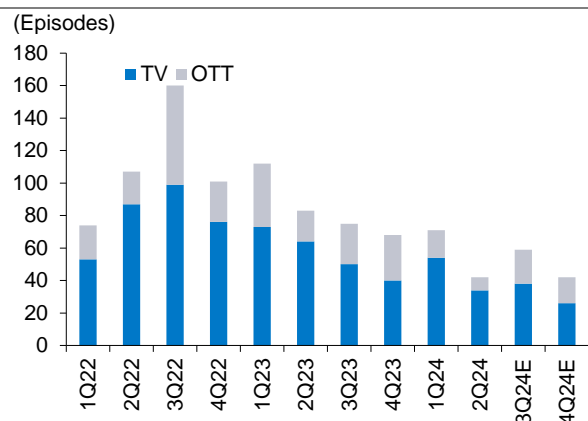
Source: Company data, Samsung Securities

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. Sweethome S3  
(Netflix; Jul 19)

Source: Company data, Samsung Securities

Chart 1. Love next door  
(Netflix; Aug 17)

Source: Company data, Samsung Securities

Chart 2. To My Harry  
(ENA; Sep 23)

Source: Company data, Samsung Securities

Chart 3. Gyeongseong Creature S2  
(Netflix; Sep 27)

Source: Company data, Samsung Securities

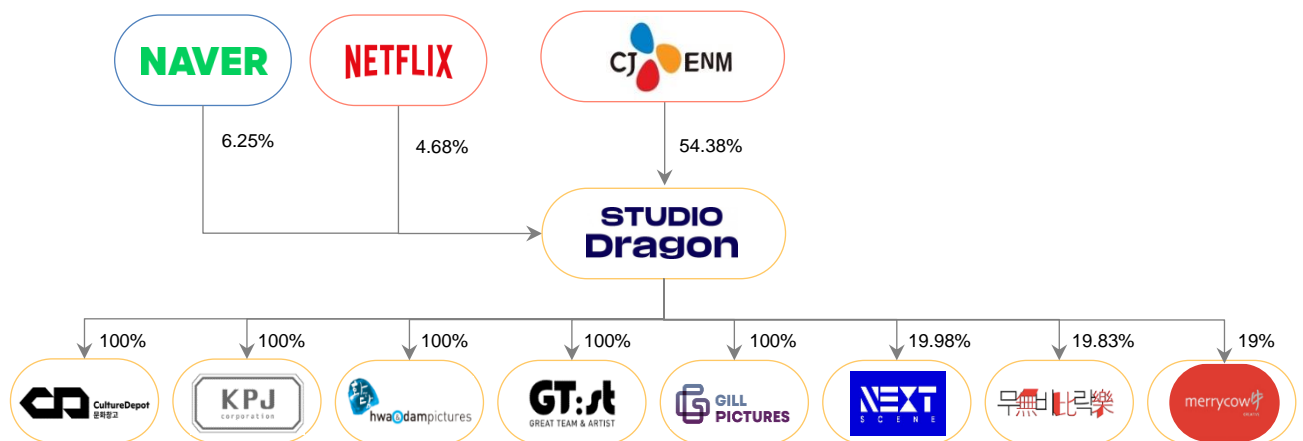
Chart 4. Dong Jae, the Good or the  
Bastard (Tving; Oct 10)

Source: Company data, Samsung Securities

Chart 5. Jeong Nyeon  
(tvN; Oct 12)

Source: Company data, Samsung Securities

Chart 6. Ownership structure



Note: As of 2Q24 / Source: Company data, Samsung Securities

Table 3. 2024 strategies to facilitate transition to major global studio

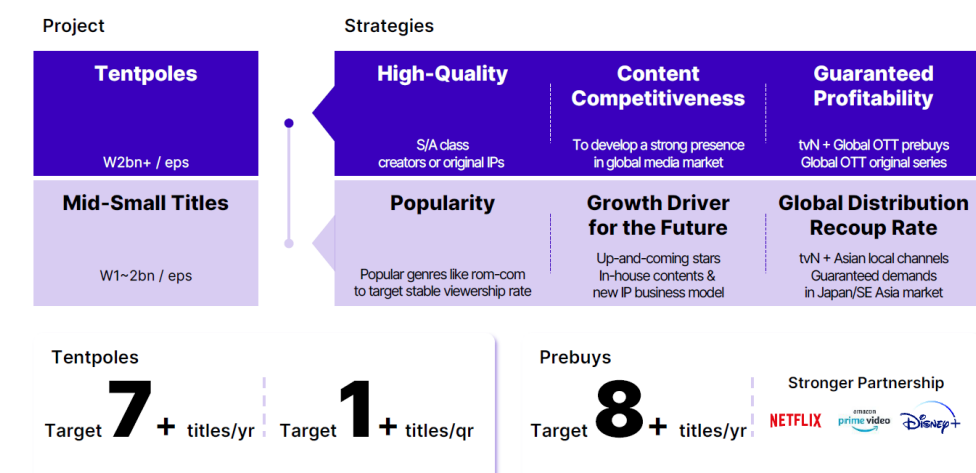
	2017-2023	2024-
Non-captive portion of projects	13%	50%-
In-house portion of production	26%	50%-
Major strategies for platforms	Volume deals	More volume deals
Programming strategies	Mainly programming/distribution; a smaller portion of IP development	Equal parts programming/distribution and IP development

Source: Company data, Samsung Securities

Chart 7. Key strategies

## / KEY STRATEGIES

## Growth of Q&amp;P based on Portfolio Optimization Strategy



Source: Company data, Samsung Securities

Table 4. Changes to full-year forecasts

(KRWb)	2024E			2025E		
	Previous	Revised	Chg (%)	Previous	Revised	Chg (%)
Sales	576.2	537.2	-6.8	694.9	670.3	-3.5
Operating profit	47.4	39.0	-17.8	62.2	59.1	-5.0
OPM (% , %pts)	8.2	7.3	-1.0	9.0	8.8	-0.1
Pre-tax profit	49.4	39.5	-20.0	58.6	57.6	-1.8
NP (controlling)	35.4	27.1	-23.5	45.2	44.4	-1.8

Source: Company data, Samsung Securities



## Income statement

Year-end Dec 31 (KRWb)	2022	2023	2024E	2025E	2026E
<b>Sales</b>	<b>698</b>	<b>753</b>	<b>537</b>	<b>670</b>	<b>800</b>
Cost of goods sold	598	665	468	579	692
<b>Gross profit</b>	<b>100</b>	<b>88</b>	<b>69</b>	<b>91</b>	<b>108</b>
Gross margin (%)	14.3	11.7	12.8	13.6	13.5
SG&A expenses	35	32	30	32	34
<b>Operating profit</b>	<b>65</b>	<b>56</b>	<b>39</b>	<b>59</b>	<b>74</b>
Operating margin (%)	9.3	7.4	7.3	8.8	9.2
<b>Non-operating gains (losses)</b>	<b>-7</b>	<b>-19</b>	<b>1</b>	<b>-2</b>	<b>-3</b>
Financial profit	21	15	17	13	14
Financial costs	19	18	11	11	12
Equity-method gains (losses)	0	0	0	0	0
Other	-9	-16	-6	-4	-5
<b>Pre-tax profit</b>	<b>59</b>	<b>37</b>	<b>40</b>	<b>58</b>	<b>71</b>
Taxes	8	7	12	13	16
Effective tax rate (%)	13.7	19.2	31.5	22.8	23.0
Profit from continuing operations	51	30	27	44	55
Profit from discontinued operations	0	0	0	0	0
<b>Net profit</b>	<b>51</b>	<b>30</b>	<b>27</b>	<b>44</b>	<b>55</b>
Net margin (%)	7.2	4.0	5.0	6.6	6.8
Net profit (controlling interests)	51	30	27	44	55
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	219	242	188	228	268
EBITDA margin (%)	31.3	32.1	35.1	34.0	33.6
EPS (parent-based) (KRW)	1,684	1,001	901	1,478	1,820
EPS (consolidated) (KRW)	1,684	1,001	901	1,478	1,820
Adjusted EPS (KRW)*	1,684	1,001	901	1,478	1,820

## Balance sheet

Year-end Dec 31 (KRWb)	2022	2023	2024E	2025E	2026E
<b>Current assets</b>	<b>400</b>	<b>405</b>	<b>417</b>	<b>420</b>	<b>454</b>
Cash & equivalents	124	158	256	251	274
Accounts receivable	142	149	93	101	106
Inventories	0	0	0	0	0
Other current assets	135	97	68	69	74
<b>Fixed assets</b>	<b>691</b>	<b>688</b>	<b>612</b>	<b>662</b>	<b>711</b>
Investment assets	150	175	172	178	183
Tangible assets	11	12	10	9	7
Intangible assets	378	359	295	329	375
Other long-term assets	152	141	135	146	146
<b>Total assets</b>	<b>1,091</b>	<b>1,092</b>	<b>1,029</b>	<b>1,082</b>	<b>1,166</b>
<b>Current liabilities</b>	<b>416</b>	<b>368</b>	<b>306</b>	<b>313</b>	<b>341</b>
Accounts payable	16	11	11	13	16
Short-term debt	170	170	170	170	170
Other current liabilities	230	187	125	130	155
<b>Long-term liabilities</b>	<b>14</b>	<b>16</b>	<b>15</b>	<b>15</b>	<b>17</b>
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	14	16	15	15	17
<b>Total liabilities</b>	<b>430</b>	<b>384</b>	<b>320</b>	<b>329</b>	<b>358</b>
<b>Owners of parent equity</b>	<b>661</b>	<b>708</b>	<b>709</b>	<b>753</b>	<b>808</b>
Capital stock	15	15	15	15	15
Capital surplus	473	473	473	473	473
Retained earnings	213	242	269	314	368
Other	-40	-23	-49	-49	-49
<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>661</b>	<b>708</b>	<b>709</b>	<b>753</b>	<b>808</b>
Net debt	59	23	-76	-71	-95

## Cash flow statement

Year-end Dec 31 (KRWb)	2022	2023	2024E	2025E	2026E
<b>Cash flow from operations</b>	<b>-63</b>	<b>45</b>	<b>197</b>	<b>213</b>	<b>267</b>
Net profit	51	30	27	44	55
Non-cash profit and expenses	176	216	163	181	210
Depreciation	3	3	2	2	1
Amortization	150	183	147	167	193
Other	23	30	13	12	15
Changes in A/L from operating activities	-280	-179	20	-0	19
<b>Cash flow from investments</b>	<b>-43</b>	<b>-1</b>	<b>-66</b>	<b>-204</b>	<b>-230</b>
Change in tangible assets	-4	-3	0	0	0
Change in financial assets	0	-4	2	-1	0
Other	-39	6	-69	-204	-230
<b>Cash flow from financing</b>	<b>165</b>	<b>-9</b>	<b>-11</b>	<b>-9</b>	<b>-9</b>
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	98	-5	24
Cash at beginning of year	65	124	158	256	251
Cash at end of year	124	158	256	251	274
<b>Gross cash flow</b>	<b>226</b>	<b>246</b>	<b>190</b>	<b>226</b>	<b>265</b>
<b>Free cash flow</b>	<b>-67</b>	<b>42</b>	<b>197</b>	<b>213</b>	<b>267</b>

Note: \* Excluding one-off items

\*\* Fully diluted, excluding one-off items

\*\*\* From companies subject to equity-method valuation

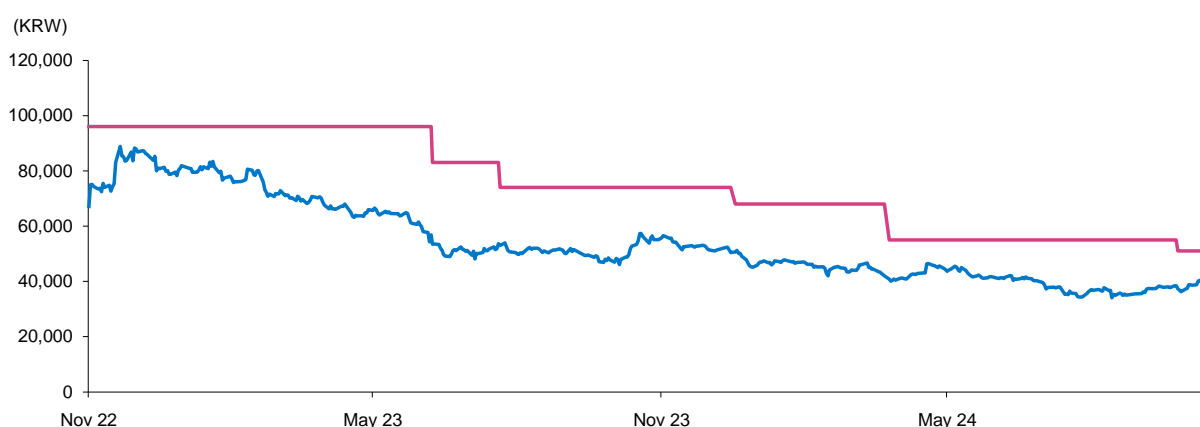
Source: Company data, Samsung Securities estimates

## Financial ratios

Year-end Dec 31	2022	2023	2024E	2025E	2026E
<b>Growth (%)</b>					
Sales	43.3	7.9	-28.7	24.8	19.4
Operating profit	24.0	-14.3	-30.2	51.7	24.9
Net profit	29.5	-40.5	-10.0	64.2	23.1
Adjusted EPS**	29.4	-40.6	-10.0	64.2	23.1
<b>Per-share data (KRW)</b>					
EPS (parent-based)	1,684	1,001	901	1,478	1,820
EPS (consolidated)	1,684	1,001	901	1,478	1,820
Adjusted EPS**	1,684	1,001	901	1,478	1,820
BVPS	21,982	23,546	23,583	25,062	26,882
DPS (common)	0	0	0	0	0
<b>Valuations (x)</b>					
P/E***	51.1	51.5	44.8	27.3	22.2
P/B***	3.9	2.2	1.7	1.6	1.5
EV/EBITDA	12.1	6.5	6.0	5.0	4.2
<b>Ratios (%)</b>					
ROE	7.5	4.4	3.8	6.1	7.0
ROA	5.1	2.8	2.6	4.2	4.9
ROIC	12.1	8.5	5.5	9.9	11.5
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	-10.8	-9.4	-11.7
Interest coverage (x)	13.2	6.4	4.5	6.8	8.6

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**Target price changes in past two years****Rating changes over past two years** (adjusted share prices)

Date	2022/10/6	2023/6/29	8/11	2024/1/8	4/15	10/16
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	96000	83000	74000	68000	55000	51000
Gap* (average)	-24.88	-38.39	-30.14	-32.59	-27.80	
(max or min)**	-7.40	-35.30	-22.57	-24.71	-15.55	

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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**Industry**

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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 2024.09.30**

BUY(81.3%)·HOLD(18.7%)·SELL(0%)



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