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Tech Team

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▶ AT A GLANCE

| | | |
|----------------------------------|---------------------|--------------|
| Recommend | BUY | |
| Target price | KRW61,000 | 23.9% |
| Current price | KRW49,250 | |
| Market cap | KRW1.5t/USD1.0b | |
| Shares (float) | 30,058,498 (45.2%) | |
| 52-week high/low | KRW51,400/KRW34,100 | |
| Avg daily trading value (60-day) | KRW7.9b/USD5.4m | |

▶ ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|--------------------------|-------------|-------------|------------|
| Studio Dragon (%) | -4.2 | 31.3 | 9.3 |
| Vs Kosdaq (%pts) | 4.1 | 46.2 | 42.3 |

▶ KEY CHANGES

| (KRW) | New | Old | Diff |
|--------------|--------|--------|-------|
| Recommend. | BUY | BUY | |
| Target price | 61,000 | 61,000 | 0.0% |
| 2025E EPS | 1,422 | 1,522 | -6.6% |
| 2026E EPS | 1,798 | 1,942 | -7.4% |

▶ SAMSUNG vs THE STREET

| | |
|---|--------|
| No of estimates | 13 |
| Target price | 55,615 |
| Recommendation | 4.0 |
| BUY★★★: 5 / BUY: 4 / HOLD: 3 / SELL: 2 / SELL★★★: 1 | |

Studio Dragon (253450)

Beyond the hurdles, opportunities await

- Studio Dragon's 1Q operating profit likely came in at KRW7b (down 67.7% y-y), falling far short of consensus as the number of episodes that aired in 1Q fell y-y and their viewership ratings were just modest.
- Judging from programming lineups, earnings momentum should strengthen in 2H.
- Earnings should improve as the company produce more dramas y-y, collaborates with management firms, and cut costs.

WHAT'S THE STORY?

1Q preview: We now expect Studio Dragon's 1Q results to show sales down 27.9% y-y to KRW138.5b and operating profit down 67.7% y-y to KRW7b, the latter far below consensus of KRW13.21b. We identify three reasons for the probable miss.

- First, the number of episodes of Studio Dragon dramas broadcast fell from 71 in 1Q24 (54 TV channels and 17 on OTT platforms) to 60 in 1Q25 (40 on TV channels and 20 on OTT platforms)—including *Study Group* (10; Tving), *The Queen Who Crowns: Before Sunrise* (2 prequels; tvN), and *Dear Hong Rang* (8; Netflix).
- Second, *When the Stars Gossip* put in a poor performance. Its production period was long and it was broadcast simultaneously on tvN and Netflix.
- Third, results were affected by a high base for viewership ratings—several commercial hits aired in 1Q24, including *Marry My Husband* and *Queen of Tears*.

Earnings to pick up steam in 2H: Judging from current programming lineups, we believe investors need to moderate their expectations about 1H earnings, as the number of episodes airing in 2Q should also decline y-y, and amortization costs for *When the Stars Gossip* should increase further. Full-year earnings momentum should improve as the company will producing more dramas y-y, though any earnings rebound may be delayed by adjustments to programming schedules. In 2H, captive channel tvN is planning to reinstate its Wednesday/Thursday slots, and several tentpole dramas such as *All the Love You Wish For* should be broadcast on Netflix. Studio Dragon is also scheduled to produce and supply two or more Japanese dramas this year (including a remake of *Marry My Husband*). Production process efficiency improvements should begin to curtail cost from mid-2025.

Maintaining BUY: Earnings should improve in earnest from 2H, backed by: 1) a rise in the production of dramas (25 pieces in 2025 vs 18 in 2024); 2) distribution channel expansion; 3) collaboration with entertainment agencies; and 4) greater production process efficiency.

SUMMARY FINANCIAL DATA

| | 2024 | 2025E | 2026E | 2027E |
|--------------------------|-------|-------|-------|-------|
| Revenue (KRWb) | 550 | 653 | 779 | 867 |
| Operating profit (KRWb) | 36 | 52 | 66 | 77 |
| Net profit (adj) (KRWb) | 33 | 43 | 54 | 61 |
| EPS (adj) (KRW) | 1,114 | 1,422 | 1,798 | 2,036 |
| EPS (adj) growth (% y-y) | 11.3 | 27.7 | 26.4 | 13.2 |
| EBITDA margin (%) | 33.3 | 33.5 | 30.9 | 29.2 |
| ROE (%) | 4.6 | 5.7 | 6.9 | 7.3 |
| P/E (adj) (x) | 38.6 | 34.6 | 27.4 | 24.2 |
| P/B (x) | 1.7 | 2.0 | 1.8 | 1.7 |
| EV/EBITDA (x) | 6.1 | 6.0 | 5.3 | 5.0 |
| Dividend yield (%) | 0.0 | 0.0 | 0.0 | 0.0 |

Source: Company data, Samsung Securities estimates

Table 1. Quarterly results and forecasts

| (KRWb) | 1Q24 | 4Q24 | 1Q25E | Chg (% q-q) | Chg (% y-y) | Consensus | Diff (%) |
|--------------------------|-------|-------|-------|-------------|-------------|-----------|----------|
| Sales | 192.1 | 130.6 | 138.5 | 6.1 | -27.9 | 141.8 | -2.4 |
| Operating profit | 21.5 | 5.4 | 7.0 | 30.1 | -67.7 | 13.1 | -46.7 |
| Operating margin | 11.2 | 4.1 | 5.0 | 0.9 | -6.2 | 9.2 | -4.2 |
| Pre-tax profit | 27.2 | -8.1 | 9.8 | nm | -64.0 | 17.0 | -42.5 |
| Net profit (controlling) | 20.2 | 11.3 | 7.7 | -31.7 | -61.9 | 11.6 | -33.6 |

Source: Company data, FnGuide, Samsung Securities

Table 1. Results and forecasts

| (KRWb) | 1Q23 | 2Q23 | 3Q23 | 4Q23 | 1Q24 | 2Q24 | 3Q24 | 4Q24 | 1Q25E | 2Q25E | 3Q25E | 4Q25E | 2023 | 2024 | 2025E | 2026E |
|---------------------------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Sales | 211.1 | 163.5 | 217.4 | 161.1 | 192.1 | 137.1 | 90.3 | 130.6 | 138.5 | 118.9 | 187.1 | 208.9 | 753.1 | 550.1 | 653.5 | 778.6 |
| Programing | 43.2 | 42.5 | 35.0 | 33.4 | 47.3 | 30.7 | 21.6 | 27.6 | 37.0 | 17.3 | 45.7 | 47.5 | 154.1 | 127.2 | 147.6 | 173.3 |
| Distribution | 211.1 | 163.5 | 217.4 | 161.1 | 192.1 | 137.1 | 90.3 | 130.6 | 138.5 | 118.9 | 187.1 | 208.9 | 588.9 | 406.5 | 488.0 | 586.2 |
| Other | 2.3 | 2.1 | 2.3 | 3.4 | 3.5 | 3.9 | 4.3 | 4.6 | 4.3 | 4.4 | 4.6 | 4.6 | 10.1 | 16.4 | 17.9 | 19.0 |
| Gross profit | 30.8 | 23.9 | 28.8 | 4.3 | 28.7 | 18.1 | 5.9 | 15.3 | 14.8 | 10.8 | 30.8 | 28.3 | 87.9 | 68.0 | 84.6 | 101.7 |
| SG&A | 9.2 | 7.7 | 6.9 | 8.2 | 7.2 | 7.7 | 6.8 | 9.9 | 7.8 | 7.8 | 8.2 | 9.1 | 32.0 | 31.6 | 32.9 | 35.3 |
| Operating profit | 21.6 | 16.3 | 21.9 | -3.8 | 21.5 | 10.5 | -0.9 | 5.4 | 7.0 | 3.0 | 22.5 | 19.2 | 55.9 | 36.4 | 51.7 | 66.3 |
| Non-operating profit | 0.5 | -0.4 | 3.3 | -22.0 | 5.7 | 2.7 | -3.1 | -13.4 | 2.8 | 1.9 | 3.3 | -5.3 | -18.7 | -8.2 | 2.7 | 2.5 |
| Pre-tax profit | 22.1 | 15.8 | 25.1 | -25.8 | 27.2 | 13.2 | -4.1 | -8.1 | 9.8 | 4.8 | 25.8 | 13.9 | 37.2 | 28.2 | 54.4 | 68.8 |
| Net profit (controlling) | 18.4 | 10.2 | 18.2 | -16.7 | 20.2 | 8.2 | -6.1 | 11.3 | 7.7 | 3.8 | 20.3 | 11.0 | 30.1 | 33.5 | 42.7 | 54.1 |
| Gross margin | 14.6 | 14.6 | 13.2 | 2.7 | 14.9 | 13.2 | 6.5 | 11.7 | 10.7 | 9.1 | 16.4 | 13.6 | 11.7 | 12.4 | 13.0 | 13.1 |
| Operating margin | 10.2 | 9.9 | 10.1 | -2.4 | 11.2 | 7.6 | -1.0 | 4.1 | 5.0 | 2.5 | 12.0 | 9.2 | 7.4 | 6.6 | 7.9 | 8.5 |
| Net margin (controlling) | 8.7 | 6.2 | 8.4 | -10.4 | 10.5 | 5.9 | -6.8 | 8.6 | 5.6 | 3.2 | 10.8 | 5.2 | 4.0 | 6.1 | 6.5 | 6.9 |
| Chg (% y-y) | | | | | | | | | | | | | | | | |
| Sales | 74.4 | 3.8 | -5.0 | -15.4 | -9.0 | -16.1 | -58.5 | -19.0 | -27.9 | -13.3 | 107.2 | 60.0 | 7.9 | -27.0 | 18.8 | 19.1 |
| Programing | 21.9 | -3.1 | -41.0 | -38.1 | 9.5 | -27.6 | -38.4 | -17.2 | -21.7 | -43.6 | 111.8 | 72.0 | -20.0 | -17.4 | 16.0 | 17.5 |
| Distribution | 171.6 | 57.3 | 31.2 | 21.3 | -9.0 | -16.1 | -58.5 | -19.0 | -27.9 | -13.3 | 107.2 | 60.0 | 22.6 | -31.0 | 20.0 | 20.1 |
| Other | -71.0 | -78.4 | -38.3 | -7.8 | 50.7 | 85.4 | 85.8 | 36.4 | 22.7 | 13.2 | 5.7 | 0.1 | -59.7 | 61.2 | 9.5 | 6.3 |
| Gross profit | 20.8 | -32.4 | 5.2 | -63.1 | -7.0 | -24.2 | -79.5 | 253.4 | -48.5 | -40.5 | 420.9 | 85.6 | -12.1 | -22.6 | 24.5 | 20.1 |
| SG&A | 24.3 | -8.7 | -17.8 | -22.4 | -22.5 | 0.3 | -1.5 | 21.3 | 9.2 | 1.5 | 20.5 | -8.3 | -8.0 | -1.3 | 4.3 | 7.3 |
| Operating profit | 19.3 | -39.8 | 15.4 | nm | -0.4 | -35.7 | nm | nm | -67.7 | -71.4 | nm | 259.6 | -14.3 | -34.9 | 42.1 | 28.2 |
| Non-operating profit | -75.6 | nm | -49.9 | nm | 1,078 | nm | nm | nm | -50.3 | -31.0 | nm | nm | nm | nm | nm | -8.5 |
| Pre-tax profit | 10.0 | -47.3 | -1.3 | nm | 23.2 | -16.8 | nm | nm | -64.0 | -63.1 | nm | nm | -36.5 | -24.2 | 92.8 | 26.4 |
| Net profit (controlling) | 17.8 | -60.1 | 1.9 | nm | 9.8 | -20.0 | nm | nm | -61.9 | -53.2 | nm | -2.7 | -40.5 | 11.3 | 27.7 | 26.4 |
| Gross margin | -6.5 | -7.8 | 1.3 | -3.5 | 0.3 | -1.4 | -6.7 | 9.0 | -4.3 | -4.2 | 9.9 | 1.9 | -2.7 | 0.7 | 0.6 | 0.1 |
| Operating margin | -4.7 | -7.2 | 1.8 | -3.0 | 1.0 | -2.3 | -11.1 | 6.5 | -6.2 | -5.1 | 13.1 | 5.1 | -1.9 | -0.8 | 1.3 | 0.6 |
| Net margin (controlling) | -4.2 | -10.0 | 0.6 | -5.9 | 1.8 | -0.3 | -15.1 | 19.0 | -5.0 | -2.7 | 17.6 | -3.4 | -3.3 | 2.1 | 0.5 | 0.4 |

Source: Company data, Samsung Securities

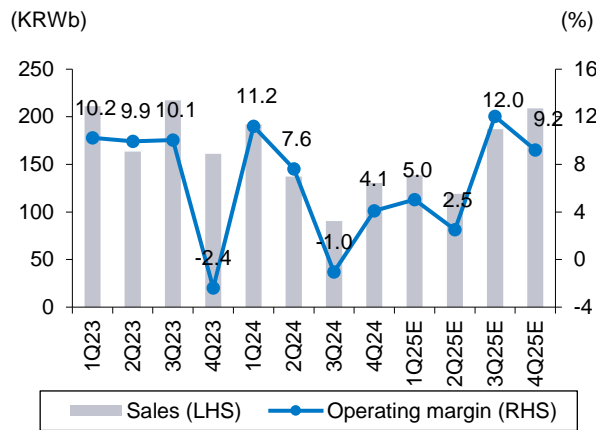
Table 2. Drama lineup (from 2025)

| Year | No. | Channel | Title | Air dates | Episodes | Writers | Director | Days |
|------|-----|---------|---|---------------|----------|-----------------|------------------|-----------|
| TBD | 1 | tvN | When the Stars Gossip | Jan 4-Feb 23 | 16 | Seo Sookhyang | Park Shinwoos | Sat, Sun |
| | 2 | | The Queen Who Crowns | Jan 6-Feb 11 | 12+2 | Lee Youngmi | Kim Sangho | Mon, Tue |
| | 3 | | My Dearest Nemesis | Feb 17- Apr 8 | 16 | Kim Sooyeon | Lee Suhyeon | Mon, Tue |
| | 4 | | Second Shot at Love | May 12-Jun 17 | 12 | Myeong Soohyeon | Jang Yujung | Mon, Tue |
| | 5 | | Unknown Seoul | May 24-Jun 29 | 12 | Lee Kang | Park Shinwoo | Sat, Sun |
| | 6 | | Gyeon U and Fairy | Jun 23-Jul 29 | 12 | Yang Jihoon | Kim Yongwan | Mon, Tue |
| | 7 | | First, for Love | Aug 4-Sep 9 | 12 | Yang Heesun | Yoo Jaewon | Mon., Tue |
| | 8 | | The Tyrant's Chef | Aug 16-Sep 21 | 12 | Hapjak | Jang Taeyu | Sat, Sun |
| | 9 | | New President Project | Sep 15-Oct 21 | 12 | Ban Giri | Sin Gyeongsoo | Mon, Tue |
| | 10 | | Typhoon Boss | Sep 27-Nov 16 | 16 | Jang Hyunsook | Lee Najung | Sat, Sun |
| | 11 | | Mean Love | Oct 27-Dec 16 | 16 | Jung Yeorang | Kim Garam | Mon, Tue |
| | 12 | | Pro Bono | 2H25 | | Moon Yuseok | Kim Sungyoon | Sat, Sun |
| | 13 | | Asura Balbalta | 2H25 | 12 | Ahn Areum | Jung Jeehyun | Wed, Thu |
| | 14 | | I'll Give You the Universe | 2H25 | 12 | Soojin | | Wed, Thu |
| | 15 | Tving | Study Group (Amazon Prime) | Jan 20 | 10 | Um Seonho | Lee Janghoon | |
| | 16 | | Dear X | TBD | 12 | Choi Jaewon | Lee Eungbok | |
| | 17 | Netflix | Dear Hong Rang (supply over 4Q24-1Q25) | 2Q25 | 12 | Kim Jin-a | Kim Hongsun | |
| | 18 | | Genie, Make a Wish | 4Q25 | 12 | Kim Eunsook | Lee Byeonghun | |
| | 19 | | The Price of Confession | 4Q25 | 12 | Kwon Jongkwan | Lee Junghyo | |
| | 20 | Disney+ | The Manipulated | 2025 | 10 | Oh Sangho | Park Shinwoo | |
| | 21 | KBS2 | Dear Bandit | 2025 | | Lee Sun | Ham Younggul | |
| | 22 | Japan | Marry My Husband (JPN) | TBD | | | (Japanese drama) | |
| TBD | 1 | tvN | The Second Signal | 1H26 | 10 | Kim Eunhi | Ahn Taejin | |
| | 2 | Tving | Yumi's Cells Season 3 | TBD | | | | |
| | 3 | Netflix | Slowly and Intensely | TBD | 22 | No Heekyung | Lee Yunjung | |
| | 4 | SBS | Doctor X: Age of the White Mafia | 1H26 | | Pyeon Sungeun | Lee Jungnim | |
| | 5 | TBD | I'm Against My Romance | TBD | | Kim Eun | Lee Eungbok | |
| | 6 | | Gold Land | TBD | | Hwang Joyoon | Kim Seonghoon | |
| | 7 | | Becoming a Cooking Soldier Legend | TBD | | Choi Ryong | Cho Namhyung | |

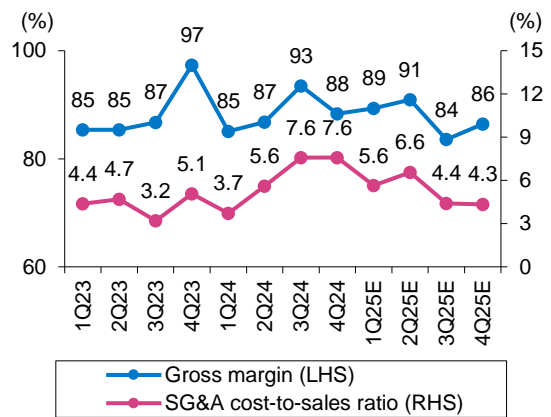
Note: Titles highlighted in green are streamed through Netflix, light blue Tving, and orange Disney+, yellow Amazon Prime

The Queen Who Crown's 2 episodes are prequel series (Jan 21, 2025)

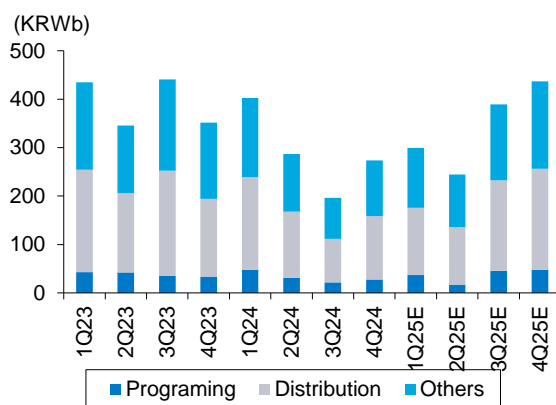
Source: Company data, Samsung Securities

Chart 1. Quarterly sales and operating margin

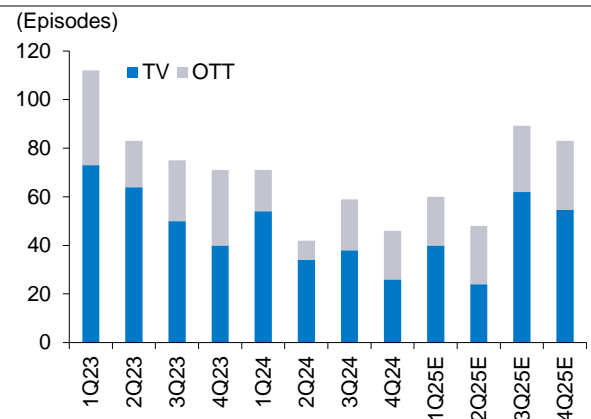
Source: Company data, Samsung Securities

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

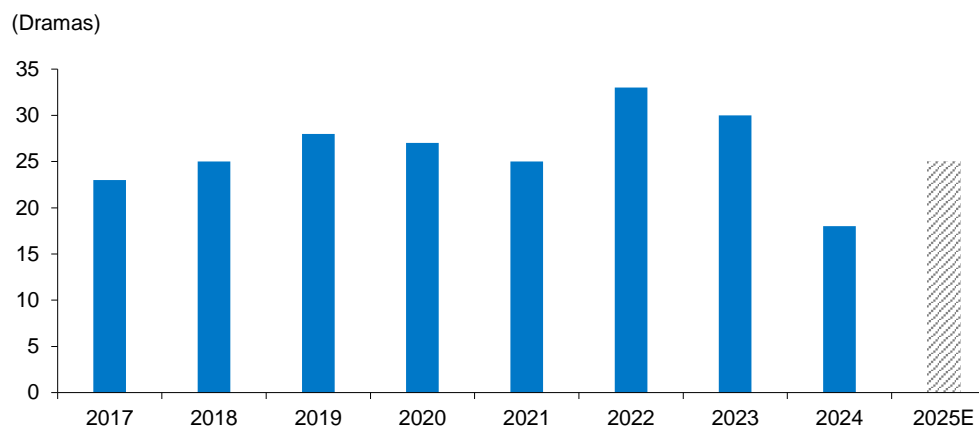
Source: Company data, Samsung Securities

Chart 3. Quarterly sales, by division

Source: Company data, Samsung Securities

Chart 4. Number of episodes supplied, by broadcaster type

Source: Company data, Samsung Securities

Chart 5. Dramas delivered per year

Source: Company data, Samsung Securities

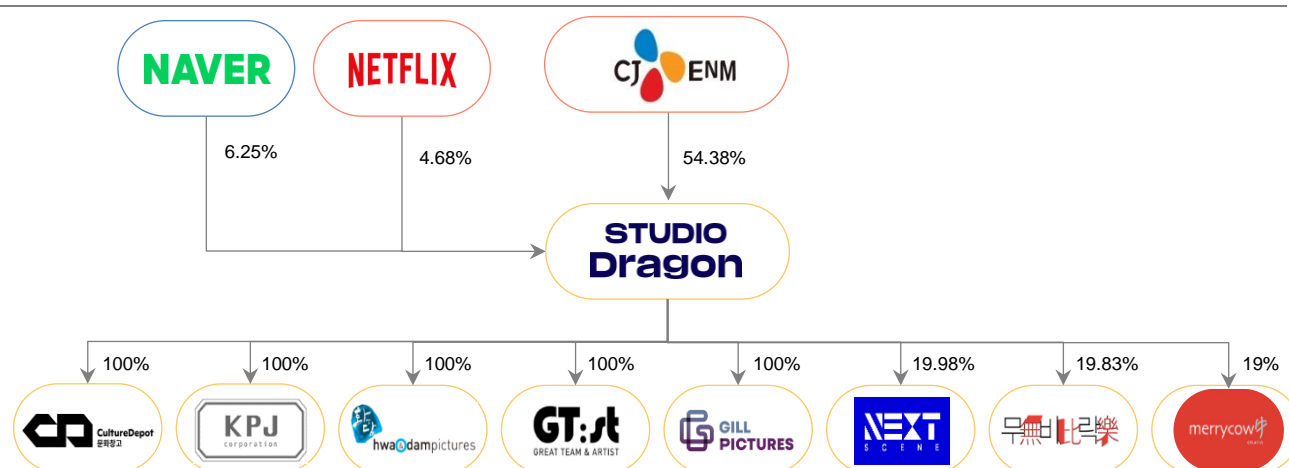
Chart 6. The Queen Who Crowns
(tvN; Jan 6)

Source: Company data, Samsung Securities

Chart 7. Study Group
(Tving; Jan 23)Source: Company data, Samsung Securities
When the Stars GossipChart 8. My Dearest Nemesis
(tvN; Feb 17)

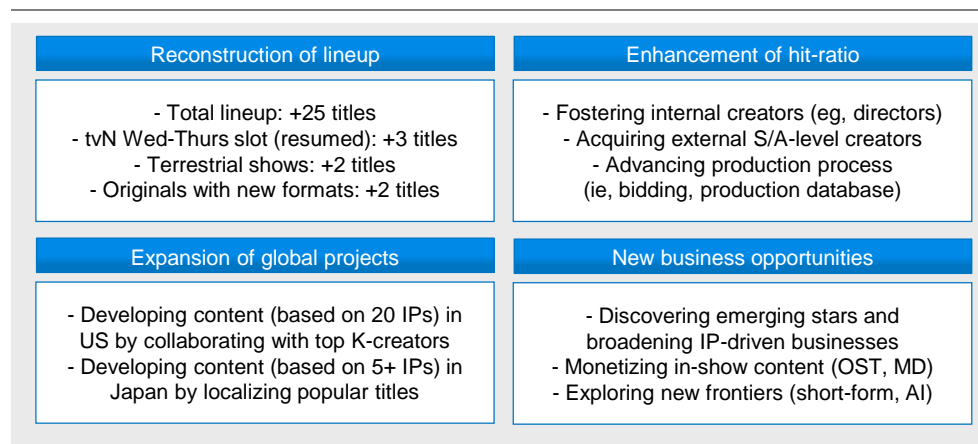
Source: Company data, Samsung Securities

Chart 9. Ownership structure



Note: As of 4Q24 / Source: Company data, Samsung Securities

Chart 10. Key strategies



Source: Company data, Samsung Securities

Table 3. Changes to full-year forecasts

| (KRWb) | 2025E | | | 2026E | | |
|------------------|----------|---------|---------|----------|---------|---------|
| | Previous | Revised | Chg (%) | Previous | Revised | Chg (%) |
| Sales | 677.5 | 653.5 | -3.6 | 840.5 | 778.6 | -7.4 |
| Operating profit | 56.1 | 51.7 | -7.9 | 71.8 | 66.3 | -7.7 |
| OPM (% , %pts) | 8.3 | 7.9 | -0.4 | 8.5 | 8.5 | -0.0 |
| Pre-tax profit | 58.2 | 54.4 | -6.6 | 74.3 | 68.8 | -7.4 |
| NP (controlling) | 45.8 | 42.7 | -6.6 | 58.4 | 54.1 | -7.4 |

Source: Company data, Samsung Securities

Income statement

| Year-end Dec 31 (KRWb) | 2023 | 2024 | 2025E | 2026E | 2027E |
|--|------------|------------|------------|------------|------------|
| Sales | 753 | 550 | 653 | 779 | 867 |
| Cost of goods sold | 665 | 482 | 569 | 677 | 752 |
| Gross profit | 88 | 68 | 85 | 102 | 114 |
| Gross margin (%) | 11.7 | 12.4 | 13.0 | 13.1 | 13.2 |
| SG&A expenses | 32 | 32 | 33 | 35 | 38 |
| Operating profit | 56 | 36 | 52 | 66 | 77 |
| Operating margin (%) | 7.4 | 6.6 | 7.9 | 8.5 | 8.8 |
| Non-operating gains (losses) | -19 | -8 | 3 | 2 | 1 |
| Financial profit | 15 | 20 | 20 | 21 | 23 |
| Financial costs | 18 | 8 | 6 | 6 | 5 |
| Equity-method gains (losses) | 0 | 0 | 0 | 0 | 0 |
| Other | -16 | -20 | -12 | -12 | -17 |
| Pre-tax profit | 37 | 28 | 54 | 69 | 78 |
| Taxes | 7 | -5 | 12 | 15 | 17 |
| Effective tax rate (%) | 19.2 | -18.7 | 21.4 | 21.4 | 21.4 |
| Profit from continuing operations | 30 | 33 | 43 | 54 | 61 |
| Profit from discontinued operations | 0 | 0 | 0 | 0 | 0 |
| Net profit | 30 | 33 | 43 | 54 | 61 |
| Net margin (%) | 4.0 | 6.1 | 6.5 | 6.9 | 7.1 |
| Net profit (controlling interests) | 30 | 33 | 43 | 54 | 61 |
| Net profit (non-controlling interests) | 0 | 0 | 0 | 0 | 0 |
| EBITDA | 242 | 183 | 219 | 240 | 253 |
| EBITDA margin (%) | 32.1 | 33.3 | 33.5 | 30.9 | 29.2 |
| EPS (parent-based) (KRW) | 1,001 | 1,114 | 1,422 | 1,798 | 2,036 |
| EPS (consolidated) (KRW) | 1,001 | 1,114 | 1,422 | 1,798 | 2,036 |
| Adjusted EPS (KRW)* | 1,001 | 1,114 | 1,422 | 1,798 | 2,036 |

Cash flow statement

| Year-end Dec 31 (KRWb) | 2023 | 2024 | 2025E | 2026E | 2027E |
|--|------------|-------------|-------------|-------------|-------------|
| Cash flow from operations | 45 | 180 | 192 | 230 | 232 |
| Net profit | 30 | 33 | 43 | 54 | 61 |
| Non-cash profit and expenses | 216 | 159 | 172 | 182 | 186 |
| Depreciation | 3 | 4 | 2 | 2 | 1 |
| Amortization | 183 | 143 | 164 | 172 | 176 |
| Other | 30 | 12 | 5 | 8 | 9 |
| Changes in A/L from operating activities | -179 | 4 | -12 | 9 | 1 |
| Cash flow from investments | -1 | 10 | -167 | -189 | -206 |
| Change in tangible assets | -3 | -1 | 0 | 0 | 0 |
| Change in financial assets | -4 | 0 | 1 | -1 | 0 |
| Other | 6 | 11 | -168 | -189 | -207 |
| Cash flow from financing | -9 | -175 | -2 | -0 | -0 |
| Change in debt | -1 | -172 | -2 | 0 | 0 |
| Change in equity | 0 | 0 | 0 | 0 | 0 |
| Dividends | 0 | 0 | 0 | 0 | 0 |
| Other | -8 | -3 | -0 | -0 | -0 |
| Change in cash | 35 | 20 | -5 | 36 | 20 |
| Cash at beginning of year | 124 | 158 | 178 | 174 | 209 |
| Cash at end of year | 158 | 178 | 174 | 209 | 229 |
| Gross cash flow | 246 | 192 | 215 | 236 | 247 |
| Free cash flow | 42 | 178 | 192 | 230 | 232 |

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

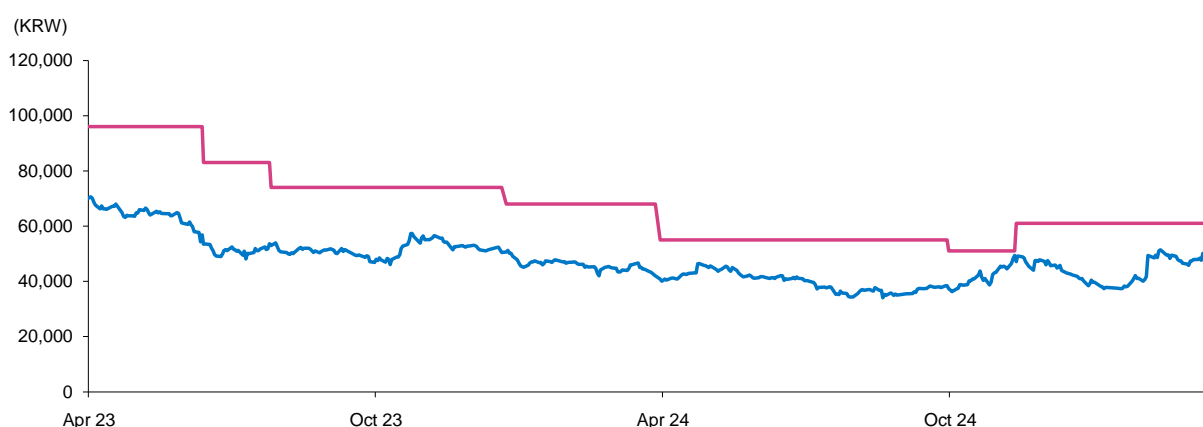
| Year-end Dec 31 (KRWb) | 2023 | 2024 | 2025E | 2026E | 2027E |
|--|--------------|------------|------------|--------------|--------------|
| Current assets | 405 | 394 | 384 | 433 | 444 |
| Cash & equivalents | 158 | 178 | 174 | 209 | 229 |
| Accounts receivable | 149 | 101 | 102 | 108 | 104 |
| Inventories | 0 | 0 | 0 | 0 | 0 |
| Other current assets | 97 | 115 | 108 | 116 | 111 |
| Fixed assets | 688 | 532 | 543 | 570 | 613 |
| Investment assets | 175 | 156 | 160 | 166 | 171 |
| Tangible assets | 12 | 12 | 9 | 8 | 6 |
| Intangible assets | 359 | 205 | 227 | 253 | 288 |
| Other long-term assets | 141 | 159 | 146 | 144 | 148 |
| Total assets | 1,092 | 926 | 927 | 1,003 | 1,057 |
| Current liabilities | 368 | 169 | 153 | 173 | 164 |
| Accounts payable | 11 | 5 | 9 | 10 | 12 |
| Short-term debt | 170 | 2 | 2 | 2 | 2 |
| Other current liabilities | 187 | 163 | 143 | 162 | 151 |
| Long-term liabilities | 16 | 16 | 17 | 20 | 21 |
| Bonds & long-term debt | 0 | 0 | 0 | 0 | 0 |
| Other long-term liabilities | 16 | 16 | 17 | 20 | 21 |
| Total liabilities | 384 | 186 | 171 | 193 | 185 |
| Owners of parent equity | 708 | 740 | 756 | 810 | 872 |
| Capital stock | 15 | 15 | 15 | 15 | 15 |
| Capital surplus | 473 | 473 | 473 | 473 | 473 |
| Retained earnings | 242 | 275 | 318 | 372 | 433 |
| Other | -23 | -24 | -49 | -49 | -49 |
| Non-controlling interests' equity | 0 | 0 | 0 | 0 | 0 |
| Total equity | 708 | 740 | 756 | 810 | 872 |
| Net debt | 23 | -169 | -166 | -201 | -221 |

Financial ratios

| Year-end Dec 31 | 2023 | 2024 | 2025E | 2026E | 2027E |
|-----------------------------|--------|--------|--------|--------|--------|
| Growth (%) | | | | | |
| Sales | 7.9 | -27.0 | 18.8 | 19.1 | 11.3 |
| Operating profit | -14.3 | -34.9 | 42.1 | 28.2 | 15.4 |
| Net profit | -40.5 | 11.3 | 27.7 | 26.4 | 13.2 |
| Adjusted EPS** | -40.6 | 11.3 | 27.7 | 26.4 | 13.2 |
| Per-share data (KRW) | | | | | |
| EPS (parent-based) | 1,001 | 1,114 | 1,422 | 1,798 | 2,036 |
| EPS (consolidated) | 1,001 | 1,114 | 1,422 | 1,798 | 2,036 |
| Adjusted EPS** | 1,001 | 1,114 | 1,422 | 1,798 | 2,036 |
| BVPS | 23,546 | 24,606 | 25,165 | 26,963 | 28,999 |
| DPS (common) | 0 | 0 | 0 | 0 | 0 |
| Valuations (x) | | | | | |
| P/E*** | 51.5 | 38.6 | 34.6 | 27.4 | 24.2 |
| P/B*** | 2.2 | 1.7 | 2.0 | 1.8 | 1.7 |
| EV/EBITDA | 6.5 | 6.1 | 6.0 | 5.3 | 5.0 |
| Ratios (%) | | | | | |
| ROE | 4.4 | 4.6 | 5.7 | 6.9 | 7.3 |
| ROA | 2.8 | 3.3 | 4.6 | 5.6 | 5.9 |
| ROIC | 8.5 | 9.7 | 10.7 | 12.8 | 13.9 |
| 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 | 3.3 | -22.8 | -21.9 | -24.9 | -25.4 |
| Interest coverage (x) | 6.4 | 7.8 | 124.1 | 178.0 | 205.5 |

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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 | 11/28 |
|--------------------|-----------|-----------|--------|----------|--------|--------|-------|
| Recommendation | BUY | BUY | BUY | BUY | BUY | BUY | BUY |
| Target price (KRW) | 96000 | 83000 | 74000 | 68000 | 55000 | 51000 | 61000 |
| Gap* (average) | -24.88 | -38.39 | -30.14 | -32.59 | -27.80 | -18.23 | |
| (max or min)** | -7.40 | -35.30 | -22.57 | -24.71 | -15.55 | -3.14 | |

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 2025.03.31

BUY(79%)-HOLD(21%)-SELL(0%)

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General

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