MIRAE ASSET Securities

Media (Overweight/Initiate)

Bottoming out; new opportunities ahead in 2025

Mirae Asset Securities Co., Ltd.
Gyuyeon Kim
gyuyeon.kim@miraeasset.com



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Investment strategy

Earnings improvement and future profit-sharing opportunities

Korea boasts world-class content production capabilities. According to Netflix viewership data, Korean-language titles represented 11.1% of viewing hours in 1H24 despite accounting for only 6.8% of Netflix's library. On average, Korean content garnered 16.26mn viewing hours per title (47% higher than the figure for US-produced content) and 1.14mn views per title.

Currently, the financial rewards from hit titles largely accrue to platforms/distributors rather than to production studios. However, there are signs that the revenue structure may be changing. On Sep. 23, Netflix held a meeting with top US talent agencies (WME, CAA, UTA, Verve, etc.) to discuss possible changes in the way deals are structured. The streamer is reportedly considering moving away from the traditional cost-plus model and toward a performance-based model that will reward talent (e.g., directors, writers, and actors) for successful content; one idea reportedly under consideration is asking top talent to reduce their fees by 20-30% in exchange for a bigger cut on the back end.

Such a shift would present significant opportunities to domestic players, which are making content that often outperforms US-produced content at a fraction of the cost. However, as the transition to new profit-sharing models could take time, we believe investors should approach the domestic media sector with a long-term perspective. In other words, while platform players are positioned to reap the lion's share of profits from successful IP under the current industry structure, we believe that competitive content producers will be able to capitalize on market changes over the medium to longer term. For content producers, we expect earnings to trend upward from 2025 after bottoming in 2024, making now a good time to accumulate shares.

Domestic media stocks are bottoming out

For domestic media stocks, we believe share prices are bottoming out as opportunities in 2025 become visible. Domestic media firms boast world-class content production capabilities, and there are signs that revenue/profit models may shift to allow production companies to share in the success of popular content. In 2024, media stocks have retreated due to challenges like decreased production volume and rising costs, but these issues will likely be resolved in 2025, causing stocks to rebound. All in all, we believe the domestic media sector presents attractive medium/long-term investment opportunities.

Volume growth

1) Increase in TV slots

To improve earnings, TV networks need to expand ad revenue and boost licensing sales—goals that are more achievable with a higher number of broadcast slots for drama series. To that end, tvN is planning to reintroduce its Wednesday/Thursday drama slots, and JTBC is also expected to add more drama slots when it announces its plans for next year.

2) Robust demand for domestic content from streaming platforms

For video streaming platforms, we believe the Asia-Pacific region is the market with the highest subscriber growth potential. The North American and European markets (which contribute the bulk of revenue) are already mature, while the South American market has lower purchasing power. Korean dramas are particularly popular in the Asia-Pacific region, accounting for 36% of total viewership in the Asian market. Against this backdrop, there is growing demand for Korean content from streaming platforms, including not only Netflix and Disney+ but also Amazon Prime Video, Viu, and Rakuten Viki.

Cost burden to decline

1) Decrease in drama production costs

In recent years, production budgets have increased in line with higher costs. While higher costs have been negative for margins, higher budgets should have had a positive effect on the absolute scale of revenue and profits. In reality, however, the benefits of increased budgets have been concentrated among a handful of key creators (i.e., directors, writers, and leading actors) rather than shared by production companies themselves.

Going forward, we expect domestic media companies to reduce production budgets (e.g., through lower actor fees), as this would bring benefits such as margin improvement and increased bargaining power with global streaming platforms.

First, lower-budget productions can broaden the pool of potential buyers, as the licensing rights are more affordable. When budgets are high, only large players like global streaming platforms can typically afford to purchase the rights; production companies therefore have to sell such titles as originals, for which recoupment rates are usually limited to around 20%. However, lower-budget productions (with lower licensing prices) can be sold to multiple platforms, leading to higher overall recoupment rates.

Second, this expansion in the pool of potential licensees can help balance content supply/demand dynamics, allowing production companies to strengthen their negotiating power with global streaming platforms.

2) Cost pressures from overseas studios to ease

Since 2016, global streaming platforms have aggressively ramped up content investments, prompting Korean production companies to acquire overseas production studios to bolster top-line growth. In 2021, CJ ENM acquired Endeavor Content (since rebranded to Fifth Season), which has ties to Apple TV+, while ContentreeJoongAng bought Wiip, a studio with ties to Amazon Prime Video and Netflix.

However, due to the 2023 Hollywood strikes, these overseas studios failed to meet performance targets and in fact weighed on overall earnings (due to amortization and other fixed costs). That said, we expect these subsidiaries to report improved earnings from 2025. Content deliveries from Fifth Season are expected to normalize, while Wiip's PPA amortization expenses are likely to decrease by nearly half.

Our top pick is CJ ENM; our second-most preferred pick is Studio Dragon

CJ ENM (035760 KQ)

We believe the key share price variable for CJ ENM in 2025 is a potential earnings turnaround (both at Tving and on a consolidated net profit basis). We expect next year to mark a turning point, with the company: 1) delivering improved earnings at the film/drama division and Tving; and 2) leveraging music groups/IPs to enhance profitability. Accordingly, we expect CJ ENM to swing to a consolidated net profit and solidify its position as Korea's sole fully integrated media platform.

Music groups formed through competition programs are delivering rapid earnings growth. In 2025, such groups are likely to contribute meaningfully to both top- and bottom-line growth through: 1) increased album sales (which have high margins); and 2) larger-scale concerts. The 2023 scandal involving J-pop agency Johnny & Associates has left a void in the Japanese boy band market, creating opportunities for Korean entertainment companies. CJ ENM appears to be benefiting from the situation, with its groups gaining ground in Japan.

We initiate our coverage on CJ ENM with a Buy rating and target price of W80,000 (fair market cap: W1.65tr). We derived our target price by applying an EV/EBIT of 14.5x to our 2025F EBIT of W240.8bn (reflecting net debt, minority interests, and equity ownership in other companies).

Studio Dragon (253450 KQ)

Studio Dragon's share price shows a strong correlation with the number of drama episodes it produces and airs . In 2025, the number of total Studio Dragon episodes to be aired is set to increase 25% YoY. Accordingly, we expect share price momentum to increase at around end-2024, helping the stock reverse its long decline.

Studio Dragon is making efforts to control costs, including: 1) casting less established actors; and 2) leveraging generative AI to enhance productivity. By increasing production efficiency, the company aims to improve recoupment rates and overall profitability.

We initiate our coverage on Studio Dragon with a target price of W61,000. We derived our target price by applying an EV/EBIT of 32.5x to our 2025F EBIT of W51.6bn.

Table 1. CJ ENM and Studio Dragon: Investment points

	Company			Investment points
Streaming/ production	CJ ENM (035760 KQ)	Rating	Buy	1) Only domestic media company with its own streaming platform
		TP	W80,000	2) Tving business strengthening its offerings and film/drama division likely to swing to OP
		Upside	39.6%	3) Japanese artists/groups gaining ground
Production	Studio Dragon (253450 KQ)	Rating	Buy	1) Increase in slots at domestic broadcasters
		TP	W61,000	2) Higher recoupment rates from global streamers such as Netflix
		Upside	41.0%	3) Drama IP extension/expansion potential and efforts to improve cost efficiency

Source: Mirae Asset Securities Research

Table 2. CJ ENM and Studio Dragon: Key earnings metrics

		Earnings (Wbn)			Growth (%, %p)		
		Revenue	OP	OP margin	Revenue	OP	OP margin
CJ ENM (035760 KQ)	2023	4,368	-15	-0.3	-9%	TTR	TTR
	2024F	4,804	138	2.9	10%	TTB	TTB
	2025F	5,242	241	4.6	9%	75%	1.7%p
	2026F	5,517	299	5.4	5%	24%	0.8%p
Studio Dragon (235450 KQ)	2023	753	56	7.4	8%	8%	-1.9%p
	2024F	525	37	7	-30%	-30%	0.4%p
	2025F	639	52	8.1	22%	22%	1.1%p
	2026F	721	64	8.9	%	13%	0.8%p

Source: Company data, Mirae Asset Securities Research

Company analysis

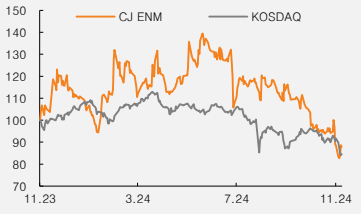
MIRAE ASSET Securities

Equity Research
November 18, 2024

(Initiate)	**Buy**
Target price	**W80,000**
Current price (11/15/24)	W57,300
Upside	39.6%

OP (24F, Wbn)	138
Consensus OP (24F, Wbn)	145
EPS growth (24F, %)	RR
Market EPS growth (24F, %)	72.5
P/E (24F, x)	-
Market P/E (24F, x)	10.0
KOSDAQ	685.42
Market cap (Wbn)	1,257
Shares (mn)	22
Free float (%)	51.8
Foreign ownership (%)	14.9
Beta (12M)	-0.01
52-week low (W)	54,000
52-week high (W)	91,100

(%)	1M	6M	12M
Absolute	-10.3	-31.9	-17.2
Relative	1.2	-14.3	-2.2



Mirae Asset Securities Co., Ltd.

Gyuyeon Kim
gyuyeon.kim@miraeasset.com

035760 KS · Media

CJ ENM

Earnings to be the key share price determinant in 2025

Likely to swing to profitability in 2025

We believe CJ ENM's key share price variable in 2025 will be a potential earnings turnaround. We expect next year to mark a turning point, with the company set to: 1) deliver improved earnings at the film/drama division and Tving; and 2) leverage its promising music group lineup to enhance profitability. On a consolidated basis, we expect CJ ENM to swing to net profit and solidify its position as Korea's sole fully integrated media platform.

This year, Tving has been laying the groundwork for profit improvement by strengthening its sports and original content offerings. Notably, it has enjoyed rapid subscriber growth since securing streaming rights for Korea Baseball Organization (KBO) League games earlier this year; by end-2024, we expect the platform to have a subscriber base of 4.7mn—up 24% vs. the end-2023 level (3.8mn). In 2025, we forecast Tving's subscription revenue to grow 12% YoY to W425.9bn, with ad revenue likely jumping 30% YoY to W46bn on a higher subscription mix of ad-based video on demand (AVOD). Top-line growth combined with the completion of cost-cutting measures (by end-2024) should support significant improvement in profitability.

Project groups gaining ground in Japan

Project groups (i.e., music groups formed through competition programs like *Produce 101*) are delivering rapid earnings growth. In 2025, such groups are likely to contribute meaningfully to both top- and bottom-line growth through: 1) increased album sales (which have high margins); and 2) larger-scale concerts. Of note, the 2023 scandal involving J-pop agency Johnny & Associates has left a void in the Japanese boy band market, creating opportunities for Korean entertainment companies. Indeed, CJ ENM appears to be benefiting from the situation, with its groups gaining ground in in Japan.

Initiate at Buy with a TP of W80,000; our top pick in the domestic media sector

We initiate our coverage on CJ ENM with a Buy rating and target price of W80,000 (fair market cap: W1.65tr). We derived our target price by applying an EV/EBIT of 14.5x to our 2025F EBIT of W240.8bn (factoring in net debt, minority interests, and equity ownership in other companies). Costs have grown markedly since the 2020-22 media industry boom, weighing on profitability. However, we expect the firm to swing to an operating profit in 2025, supported by efforts to improve fundamentals. We also believe CJ ENM has strong growth potential as the only domestic media company with its own streaming platform. Accordingly, the stock is our top pick in the sector.

(Dec.)	2022	2023	2024F	2025F	2026F
Revenue (Wbn)	4,792	4,368	4,804	5,242	5,517
OP (Wbn)	137	-15	138	241	299
OP margin (%)	2.9	-0.3	2.9	4.6	5.4
NP (Wbn)	-120	-316	-370	18	194
EPS (W)	-5,476	-14,405	-16,857	814	8,859
ROE (%)	-3.3	-9.3	-12.1	0.6	6.5
P/E (x)	-	-	-	70.4	6.5
P/B (x)	0.6	0.5	0.4	0.4	0.4
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

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Overview

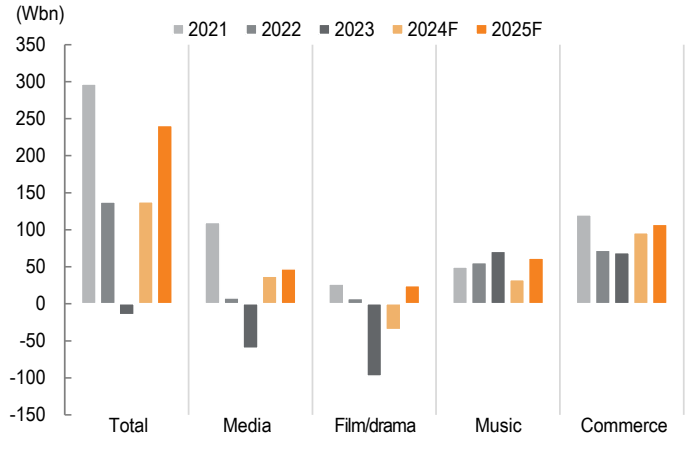
Table 3. CJ ENM: Investment summary

Company overview		Business profile		
Name	CJ ENM		**Core**	**Secondary**
Key market	Korea	**Business model**	Ad-based	Subscription
Market cap (Wbn)	1,256.5	**Primary category**	Legacy media	Video streaming
Target EV/EBIT	14.5x	**Secondary category**	Video	
Target price	W80,000	**Key variable**	MAUs	
Details				

Investment point 1: TVing is strengthening its offerings, and the film/drama division is likely to swing to an operating profit
Investment point 2: Project groups are gaining ground in Japan
Key risk: Relatively small size of domestic video streaming market

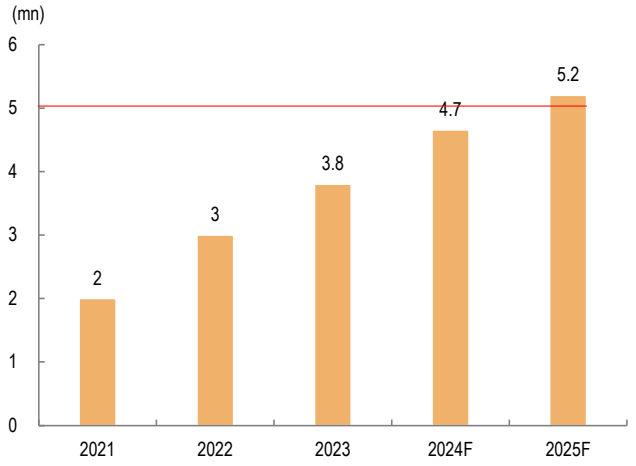
Key charts

Figure 1. CJ ENM: OP breakdown by business



Source: Company data, Mirae Asset Securities Research

Figure 2. Tving: Subscriber base (est.)



Source: Company data, Mirae Asset Securities Research

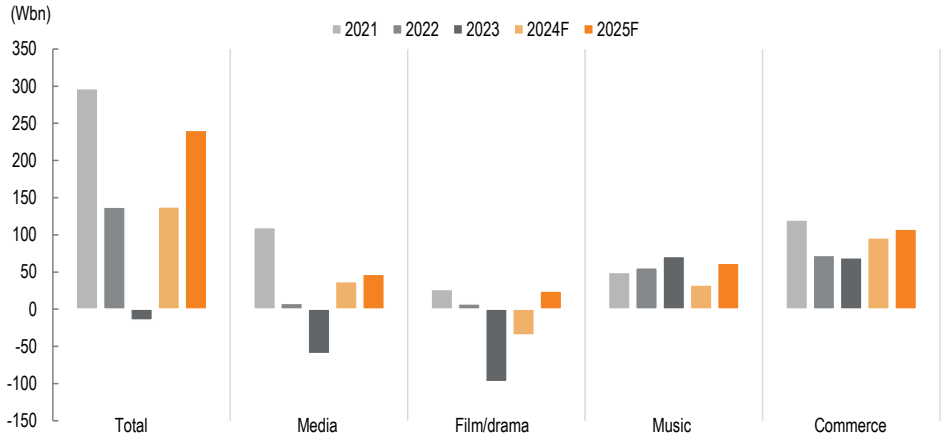
Investment points

Likely to swing to profitability in 2025

We believe CJ ENM's key share price variable in 2025 will be a potential earnings turnaround (Tving + consolidated net profit). The stock has been hurt by: 1) revenue contraction due to sluggish TV ads; 2) weak media and film/drama earnings due to increased production costs; 3) underwhelming results from the firm's global production studio Fifth Season; and 4) the financial strain of Tving's ongoing content investments.

However, we expect next year to mark a turning point, with the company set to: 1) deliver improved earnings at the film/drama division and Tving; and 2) leverage its promising music group lineup to enhance profitability. Accordingly, we expect CJ ENM to swing to a consolidated net profit and solidify its position as Korea's sole fully integrated media platform.

Figure 3. CJ ENM: OP breakdown by business



Source: Company data, Mirae Asset Securities Research

Power of K-content

Stronger content offerings and subscriber growth

This year, Tving has been laying the groundwork for profit improvements by strengthening its sports and original content offerings. Notably, it has enjoyed rapid subscriber growth since securing streaming rights for KBO League games.

By end-2024, we expect Tving to have a subscriber base of 4.7mn—up 24% vs. the end-2023 level (3.8mn). By end-2025, we expect the figure to grow 10% YoY to 5.2mn. Accordingly, we forecast the platform's subscription revenue to grow 12% YoY to W425.9bn in 2025, with ad revenue likely jumping 30% YoY to W46bn on a higher subscription mix of AVOD. Top-line growth combined with the completion of cost-cutting measures (by end-2024) should support significant improvement in profitability.

Expectations are also high for content revenue. This year, Paramount+ added two CJ ENM productions (*A Bloody Lucky Day* and *Queen Woo*) to its streaming lineup. Most of Tving's original dramas are romantic thrillers geared toward global audiences, helping to facilitate sales to global OTT platforms. Indeed, *Study Group* (starring Hwang Min-hyun and Han Ji-eun) will be released on Amazon Prime Video. The expansion of sales channels beyond Netflix and Disney+ is supporting profitability.

Meanwhile, Fifth Season has been a major drag on earnings at the film/drama division, as Hollywood strikes delayed productions. However, with production now getting back on track, we expect the studio to report improved revenue and profits.

Table 4. Tving: Upcoming original series (2025)

Title	Genre	Cast	Notes
Running Mate	Teen drama	Yoon Hyun-soo, Lee Jung-sic	
The Scandal of Chunhwa	Historical romance	Go Ara, Chang Ryul	
Study Group	Teen thriller	Hwang Min-hyun, Han Ji-eun	Amazon Prime Video
Way Back Love	Romance	Gong Myung, Kim Min-ha	
Dear X	Crime romance	Kim Yoo-jung, Kim Young-dae	Based on a webtoon

Source: Tving, Mirae Asset Securities Research

Ad revenue to expand

Backed by stronger sports content offerings, Tving's mix of male subscribers aged 25 and older climbed 2.6%p YoY to 32.1% in 3Q24 (from 29.5% in 3Q23).

Sports content should also help boost ad revenue for both TV (tvN) and Tving, as advertisers strongly favor digital media and sports content. Notably, CJ ENM plans to attract more advertisers through bundled ad sales, combining Tving's live broadcast ads and tvN ads into a single package. TV ad revenue has fallen steadily from W549bn in 2021 to an estimated W351bn in 2024 (a drop of around 40%), but we expect it to return to positive growth in 2025, reaching W371bn.

Table 5. YouTube CPM by region/category (US$)

Country	CPM	Category	CPM
Australia	39.83	Beauty/fashion	0.5-10
US	36.03	Sports	2-25
Canada	32.07	News/politics	0.25-5
New Zealand	30.97	Automotive	1-10
Switzerland	25.44	Entertainment	0.5-10
UK	23.75	Animals	0.25-5

Source: Pushbio, Mirae Asset Securities Research

Table 6. CJ ENM: Media earnings and forecasts (Wbn, %, W, mn)

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F	2023	2024F	2025F	2026F
Media	**278**	**343**	**314**	**327**	**314**	**353**	**356**	**363**	**1,262**	**1,386**	**1,492**	**1,578**
1) TV ads	**80**	**113**	**89**	**83**	**78**	**96**	**88**	**90**	**365**	**351**	**371**	**378**
Premium packages	62	86	84	65	67	76	76	76	296	296	311	317
General	19	28	5	18	11	19	11	13	69	55	60	61
Maximum revenue	143	145	136	135	129	133	132	135	559	529	530	530
Utilization	56	78	66	61	60	72	66	66	65	66	70	71
2) Cable TV	**67**	**66**	**66**	**61**	**74**	**69**	**69**	**69**	**261**	**281**	**295**	**301**
Program licensing fees (pay TV operators)	270	270	270	270	270	270	270	270	1,080	1,080	1,166	1,166
CJ ENM's share of licensing fees	24.8	24.6	24.6	22.5	27.4	25.5	25.5	25.5	24.1	26.0	25.3	25.8
CJ ENM's M/S (pay TV viewers)	13.1	13.3	11.9	12.6	13.6	13.2	13.2	13.2	12.7	13.3	13.0	13.2
3) Other	**131**	**163**	**159**	**184**	**162**	**189**	**200**	**204**	**636**	**755**	**826**	**899**
Tving	72	77	78	100	83	108	121	125	326	438	509	585
Monthly avg. price	7,257	7,102	7,023	8,765	6,467	7,743	8,292	8,676	7,158	7,833	8,098	8,146
Subscription	64	70	72	74	88	95	100	98	281	381	426	489.8
Paid subscribers	3.3	3.6	3.7	3.8	4.3	4.6	4.9	4.8	3.8	4.7	5.2	6.0
ASP/mo.	6,500	6,500	6,500	6,500	6,825	6,825	6,825	6,825	6,200	6,825	6,825	6,825
Ads						11	13	12		35	46	59.8
MAUs	4.1	4.5	4.9	4.7	6.0	6.6	6.8	6.1	4.5	6.4	7.0	8.4
Other	7.5	6.5	5.8	25.8	4.6	2.0	8.5	15.0	45.6	20.9	37.0	35.0
Non-Tving	59	86	81	84	79	81	79	79	310	317	317	315
OP	**-34**	**-30**	**2**	**2**	**-3**	**16**	**11**	**13**	**-60**	**37**	**47**	**93**
Tving	-40	-48	-31	-23	-39	-12	-7	-7	-142	-65	5	37

Source: Company data, Mirae Asset Securities Research

Project groups gaining ground in Japan

Project groups (i.e., music groups formed through competition programs like *Produce 101*) are delivering rapid earnings growth. In 2025, such groups are likely to contribute meaningfully to both top- and bottom-line growth through: 1) increased album sales (which have high margins); and 2) larger-scale concerts.

The 2023 scandal involving J-pop agency Johnny & Associates has left a void in the Japanese boy band market, creating opportunities for Korean entertainment companies. Indeed, CJ ENM appears to be benefiting from the situation, with its project groups gaining ground in the country. INI, a Japanese boy band that debuted in 2021, has reported a sharp rise in album sales; in 2024 the group sold 1mn copies of a single album, and its latest album (released on Oct. 30) has received triple platinum certification, with sales expected to surpass 1mn copies by year-end. INI's annual album sales (around 3mn copies) position it as a top-tier group on par with leading Korean boy bands.

ME:I, a girl group that debuted in 2023, has also performed strongly, selling over 250,000 copies of its first album. In addition, the girl group Izna (formed through the *I-Land 2* audition program, which aired this year on Mnet) is scheduled to debut soon.

We believe CJ ENM is well-positioned to profit from K-pop's globalization by leveraging its strong IP/artist lineup as well as its Mnet channel (which airs the influential MAMA Awards).

Table 7. CJ ENM subsidiaries: Japanese album sales/certifications by artist

Group	Release	Album title	Certification
Kep1er	3/15/23	*Fly-By*	Gold
(Korean girl group; debuted in 2022)	11/22/23	*Fly-High*	Gold
	5/8/24	*Kep1going*	Gold
INI	5/24/23	*Drop That*	Gold
(Japanese boy band; debuted in 2021)	10/11/23	*Tag Me*	Double platinum
	2/14/24	*Match Up*	Platinum
	6/26/24	*The Frame*	Million
	10/30/24	*The View*	Triple platinum; expected to reach million in Nov.
JO1	4/5/23	*Tropical Night*	Double platinum
(Japanese boy band; debuted in 2019)	9/20/23	*Equinox*	Double platinum
	5/15/24	*Kizuna*	Platinum
	5/29/24	*Hitchhiker*	Triple platinum
	10/2/24	*Where Do We Go*	Triple platinum
Zerobaseone (Korean boy band; debuted in 2023)	3/20/24	*ゆらゆら -運命の花-*	Double platinum
ME:I	4/17/24	*Mirai*	Platinum
(Japanese girl group; debuted in 2023)	8/28/24	*Hi-Five*	Platinum

Note: As of Oct. 2024; gold = 100,000 copies; platinum = 250,000; double platinum = 500,000 copies; triple platinum = 750,000 copies; million = 1mn copies
Source: Mirae Asset Securities Research

Earnings forecasts and valuation

Earnings review and outlook

3Q24 review

For 3Q24, CJ ENM posted consolidated revenue of W1.13tr (vs. consensus of W1.21tr) and operating profit of W15.8bn (vs. consensus of W46.8bn). The consensus miss was caused by production delays at Fifth Season and increased cost pressures at the music division.

The film/drama division posted revenue of W251.6bn and an operating loss of W6bn (narrowing YoY and QoQ but still falling short of the consensus), affected by Studio Dragon's swing to a loss and the delayed delivery of *Severance* season 2 to Apple TV+ (to 4Q24). Fifth Season reported revenue of W108.4bn and a wider operating loss of W23.2bn. The music division also faced challenges, including soft ad revenue from Mnet, higher concert production costs, and costs related to Izna's debut.

Meanwhile, the company incurred one-time losses of W302bn related to the disposal of CJ LiveCity's tangible assets, including W260bn from the impairment of a building under construction and W61.8bn from the return of land. Going forward, there should be no additional large-scale expenses related to this issue.

4Q24 preview

For 4Q24, we look for consolidated revenue of W1.36tr (+8% YoY) and operating profit of W74.3bn (+27% YoY)

While Tving's ad revenue is likely to fall 10% due to decreased traffic following the end of the baseball season, subscription revenue should see a more modest decline. We expect the film/drama division to contribute to earnings improvement, supported by Fifth Season's *Severance* season 2 and Studio Dragon's *Jeongnyeon: The Star Is Born*, *Love Your Enemy*, and *Harbin* (starring Hyun Bin). We also look for improved revenue and operating profit in the music division, backed by the debut of project girl group Izna, concert tours by Japanese groups, and the year-end peak season for concerts.

2025 preview

In 2025, we forecast consolidated revenue to jump 9.1% YoY to W5.24tr and operating profit to surge 74% YoY to W240.8bn. We expect Tving and Fifth Season to swing to profitability and project groups to achieve meaningful growth. Tving's subscriber base should expand on better sports and original content offerings, and Fifth Season's production deliveries are getting back on track with the end of the Hollywood strikes. In music, we anticipate market share gains in Japan (led by INI) and global fan base expansion for Zerobaseone and Izna.

Table 8. CJ ENM: Earnings and forecasts (Wbn)

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F	2023	2024F	2025F	2026F
Revenue												
Consolidated	**949**	**1,049**	**1,111**	**1,260**	**1,154**	**1,165**	**1,125**	**1,361**	**4,368**	**4,804**	**5,242**	**5,517**
Media	278	343	314	327	314	353	356	363	1,262	1,386	1,492	1,578
Film/drama	236	230	326	300	366	288	252	285	1,092	1,190	1,218	1,280
Music	119	131	170	257	126	152	183	343	676	804	1,085	1,254
Commerce	316	346	300	376	348	372	334	410	1,338	1,464	1,558	1,567
YoY (%)												
Consolidated	*-0.9*	*-12.0*	*-5.7*	*-14.0*	*21.6*	*11.0*	*1.2*	*8.0*	*-8.8*	*10.0*	*9.1*	*5.2*
Media	*-16.6*	*-11.6*	*-8.3*	*-10.2*	*13.1*	*3.0*	*13.4*	*10.9*	*-11.6*	*9.9*	*7.6*	*5.8*
Pictures	*9.2*	*-32.2*	*-8.7*	*-41.4*	*55.2*	*25.3*	*-22.9*	*-5.1*	*-23.3*	*9.0*	*2.3*	*5.1*
Music	*31.2*	*14.2*	*0.5*	*21.8*	*5.7*	*16.4*	*7.4*	*33.8*	*15.6*	*18.9*	*34.9*	*15.6*
Commerce	*-0.4*	*-1.7*	*-2.9*	*-0.3*	*10.0*	*7.6*	*11.2*	*9.2*	*-1.3*	*9.4*	*6.5*	*0.6*
OP												
Consolidated	**-50.3**	**-30.4**	**7.4**	**58.7**	**12.3**	**35.3**	**15.8**	**74.3**	**-14.6**	**137.8**	**240.8**	**298.7**
Media	-34.3	-29.9	1.9	2.3	-3.5	16.5	10.8	13.5	-59.9	37.3	47.1	93.4
Film/drama	-40.7	-31.1	-20.4	-5.3	-17.8	-18.2	-6.0	7.1	-97.5	-34.8	24.4	25.6
Music	8.1	12.0	15.5	35.4	4.8	4.9	2.4	20.6	70.9	32.6	61.8	71.5
Commerce	17.5	18.7	7.1	26.0	26.2	27.5	9.1	33.1	69.3	95.9	107.5	108.1
						17.5						
Consolidated	***TTR***	***TTR***	***-71***	***788***	***TTB***	***TTB***	***114***	***27***	***TTR***	***TTB***	***75***	***24***
Media	*TTR*	*TTR*	*TTB*	*TTB*	*RR*	*TTB*	*472*	*491*	*TTR*	*TTB*	*26*	*99*
Film/drama	*RR*	*TTR*	*RR*	*TTR*	*RR*	*RR*	*RR*	*TTB*	*TTR*	*RR*	*TTB*	*5*
Music	*-43*	*-1*	*-46*	*6,155*	*-41*	*-59*	*-85*	*-42*	*10*	*-54*	*90*	*16*
Commerce	*36*	*-4*	*23*	*-24*	*50*	*47*	*30*	*27*	*5*	*39*	*12*	*1*
OP margin (%)												
Consolidated	-4.4	-2.5	0.6	4.1	1.0	2.6	1.2	4.8	-0.3	2.5	4.6	5.4
Media	-12.3	-8.7	0.6	0.7	-1.1	4.7	3.0	3.7	-4.7	2.7	3.2	5.9
Film/drama	-17.2	-13.6	-6.2	-1.8	-4.9	-6.3	-2.4	2.5	-8.9	-2.9	2.0	2.0
Music	6.8	9.2	9.1	13.8	3.8	3.2	1.3	6.0	10.5	4.1	5.7	5.7
Commerce	5.5	5.4	2.4	6.9	7.5	7.4	2.7	8.1	5.2	6.6	6.9	6.9

Source: Company data, Mirae Asset Securities Research estimates

Table 9. CJ ENM: Valuation table (Wbn)

	Value	
2025F EBIT	241	
Target EV/EBIT	14.5x	Avg. EV/EBIT in 2020-22, the most recent years in which the company was in the black (OP basis)
- Net debt	1,658	
- Minority interests	842	
+ Equity ownership	658	
Netmarble	590	30% discount to 60D avg. closing price
Other	68	
Fair market cap	1,649	
No. of shares ('000)	21,370	
Target price (W)	80,000	
Current price (W)	57,300	
Upside	39.6%	

Source: FactSet, Mirae Asset Securities Research

CJ ENM (035760 KS)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	**4,368**	**4,804**	**5,242**	**5,517**
Cost of revenue	**2,851**	**3,060**	**3,293**	**3,389**
GP	**1,517**	**1,744**	**1,949**	**2,128**
SG&A expenses	**1,532**	**1,607**	**1,708**	**1,829**
OP (adj.)	**-15**	**138**	**241**	**299**
OP	**-15**	**138**	**241**	**299**
Non-operating profit	**-320**	**-531**	**-218**	**-79**
Net financial income	-140	-150	-148	-125
Net income from associates	-59	14	30	20
Pretax profit	-335	-393	23	220
Income tax	62	71	1	-24
Profit from continuing operations	-397	-464	22	244
Profit from discontinued operations	0	0	0	0
NP	**-397**	**-464**	**22**	**244**
Attributable to owners	-316	-370	18	194
Attributable to minority interests	-81	-95	5	50
Total comprehensive income	**-458**	**-464**	**22**	**244**
Attributable to owners	-380	-385	19	202
Attributable to minority interests	-78	-79	4	42
EBITDA	962	822	723	641
FCF	1,196	-383	497	580
EBITDA margin (%)	22.0	17.1	13.8	11.6
OP margin (%)	-0.3	2.9	4.6	5.4
Net margin (%)	-7.2	-7.7	0.3	3.5

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	**2,782**	**3,081**	**2,568**	**3,166**
Cash & equivalents	1,033	1,188	503	992
AR & other receivables	1,120	1,200	1,310	1,378
Inventory	116	128	139	146
Other current assets	513	565	616	650
Non-current assets	**7,168**	**6,652**	**6,340**	**6,105**
Investments in associates	1,657	1,822	1,988	2,093
PP&E	1,353	1,285	1,225	1,172
Intangible assets	2,857	2,241	1,819	1,530
Total assets	**9,950**	**9,733**	**8,908**	**9,270**
Current liabilities	**3,401**	**3,777**	**2,882**	**2,970**
AP & other payables	661	690	753	792
Short-term financial liabilities	1,391	2,279	1,248	1,250
Other current liabilities	1,349	808	881	928
Non-current liabilities	**2,371**	**2,243**	**2,291**	**2,321**
Long-term financial liabilities	1,905	1,721	1,721	1,721
Other non-current liabilities	466	522	570	600
Total liabilities	**5,772**	**6,020**	**5,173**	**5,290**
Equity attributable to owners	**3,239**	**2,869**	**2,887**	**3,081**
Capital stock	111	111	111	111
Capital surplus	2,456	2,456	2,456	2,456
Retained earnings	852	483	501	695
Minority interests	**939**	**844**	**849**	**899**
Shareholders' equity	**4,178**	**3,713**	**3,736**	**3,980**

Cash flow statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Operating cash flow	**1,296**	**-383**	**497**	**580**
NP	-397	-464	22	244
Non-cash income/expenses	1,431	889	600	421
Depreciation	77	68	60	53
Amortization	899	616	422	289
Other	455	205	118	79
Chg. in working capital	485	-588	22	14
Chg. in AR & other receivables	253	-93	-93	-59
Chg. in inventory	-26	-12	-12	-7
Chg. in AP & other payables	9	76	29	18
Income tax	-81	-71	-1	24
Cash flow from investing activities	**-1,268**	**-14**	**-14**	**-9**
Chg. in PP&E	-98	0	0	0
Chg. in intangible assets	-1,367	0	0	0
Chg. in financial assets	137	-14	-14	-9
Other	60	0	0	0
Cash flow from financing activities	**-127**	**704**	**-1,031**	**2**
Chg. in financial liabilities	-348	704	-1,031	2
Chg. in equity	43	0	0	0
Dividends	0	0	0	0
Other	178	0	0	0
Chg. in cash	**-101**	**156**	**-685**	**489**
Beginning balance	1,134	1,033	1,188	503
Ending balance	1,033	1,188	503	992

Key valuation metrics/ratios

	2023	2024F	2025F	2026F
P/E (x)	-	-	70.4	6.5
P/CF (x)	1.5	3.0	2.0	1.9
P/B (x)	0.5	0.4	0.4	0.4
EV/EBITDA (x)	4.9	5.8	6.1	6.2
EPS (W)	-14,405	-16,857	814	8,859
CFPS (W)	47,181	19,377	28,379	30,347
BPS (W)	159,891	143,035	143,849	152,708
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	-8.8	10.0	9.1	5.2
EBITDA growth (%)	-32.8	-14.6	-12.1	-11.4
OP growth (%)	TTR	TTB	74.7	24.0
EPS growth (%)	RR	RR	TTB	987.8
AR turnover (x)	4.2	4.9	4.9	4.8
Inventory turnover (x)	41.0	39.5	39.3	38.6
AP turnover (x)	10.0	10.8	9.8	9.4
ROA (%)	-3.9	-4.7	0.2	2.7
ROE (%)	-9.3	-12.1	0.6	6.5
ROIC (%)	-0.4	5.2	5.6	8.6
Debt-to-equity ratio (%)	138.2	162.1	138.5	132.9
Current ratio (%)	81.8	81.6	89.1	106.6
Net debt-to-equity ratio (%)	51.6	72.6	62.6	46.4
Interest coverage ratio (x)	-0.1	0.8	1.4	2.0

Source: Company data, Mirae Asset Securities Research estimates

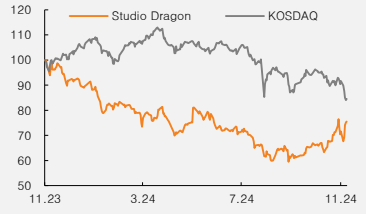
MIRAE ASSET Securities

Equity Research
November 18, 2024

(Initiate)	**Buy**
Target price	**W61,000**
Current price (11/15/24)	W43,250
Upside	41.0%

OP (24F, Wbn)	37
Consensus OP (24F, Wbn)	41
EPS growth (24F, %)	9.7
Market EPS growth (24F, %)	72.3
P/E (24F, x)	38.7
Market P/E (24F, x)	10.0
KOSDAQ	685.42
Market cap (Wbn)	1,300
Shares (mn)	30
Free float (%)	45.2
Foreign ownership (%)	8.5
Beta (12M)	0.22
52-week low (W)	34,100
52-week high (W)	56,600

(%)	1M	6M	12M
Absolute	12.6	-5.3	-22.4
Relative	27.2	19.2	-8.3



Mirae Asset Securities Co., Ltd.

Gyuyeon Kim
gyuyeon.kim@miraeasset.com

253450 KS · Media

Studio Dragon

Increase in drama series to provide share momentum

Increase in number of episodes to be aired → share momentum

Studio Dragon's share price shows a strong correlation with the number of drama episodes it produces and airs. In 2025, the number of total Studio Dragon episodes to be aired is set to increase 25% YoY. Accordingly, we expect share price momentum to increase around the end of 2024, helping the stock reverse its long decline.

With the end of the year approaching, major broadcasters are announcing their programming schedules for the coming months. Notably, tvN is set to reintroduce midweek (Wednesday/Thursday) prime time drama slots in addition to the existing Monday/Tuesday and Saturday/Sunday slots, marking a return to pre-2020 levels of drama programming (before the industry was hit by a TV advertising downturn). Furthermore, demand for original content from streaming platforms like Netflix, Disney+, and Tving is on the rise, echoing an earlier period when optimism about higher output from drama production companies led to strong investor interest.

Efforts to enhance cost efficiency

The current drama industry slump is mainly the result of ballooning production costs. Costs have increased sharply due to higher actor salaries and increased use of CGI (amid rising audience expectations for high-quality content), putting financial strain on TV networks. This has led to fewer dramas being produced and aired and contributed to the shift toward streaming platforms.

Studio Dragon is making efforts to control costs, including: 1) hiring less established actors to lower cost pressures; and 2) leveraging generative AI to enhance productivity. By improving production efficiency, the company aims to improve recoupment rates and overall profitability.

Initiate at Buy with a TP of W61,000

We initiate our coverage on Studio Dragon with a target price of W61,000. We derived our target price by applying an EV/EBIT of 32.5x to our 2025F EBIT of W51.6bn. Our target EV/EBIT is one standard deviation above the stock's three-year average multiple, reflecting expectations for increased drama production volume.

Following a four-year slump, drama demand is normalizing. Studio Dragon has produced a diverse range of dramas, proving its production capabilities. We believe the company is poised for significant earnings growth in 2025 (with revenue and operating profit expanding 22% and 41% YoY, respectively), likely fueling share price momentum.

(Dec.)	2022	2023	2024F	2025F	2026F
Revenue (Wbn)	698	753	525	639	721
OP (Wbn)	65	56	37	52	64
OP margin (%)	9.3	7.4	7.0	8.1	8.9
NP (Wbn)	51	30	33	47	59
EPS (W)	1,684	1,001	1,098	1,564	1,950
ROE (%)	7.5	4.4	4.6	6.1	7.2
P/E (x)	51.1	51.5	39.4	27.7	22.2
P/B (x)	3.9	2.2	1.8	1.7	1.5
Dividend yield (%)	0.0	0.0	0.0	0.0	0.0

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Analysts who prepared this report are registered as research analysts in Korea but not in any other jurisdiction, including the US.
Please see analyst certifications and important disclosures & disclaimers in Appendix 1 at the end of the report.

Overview

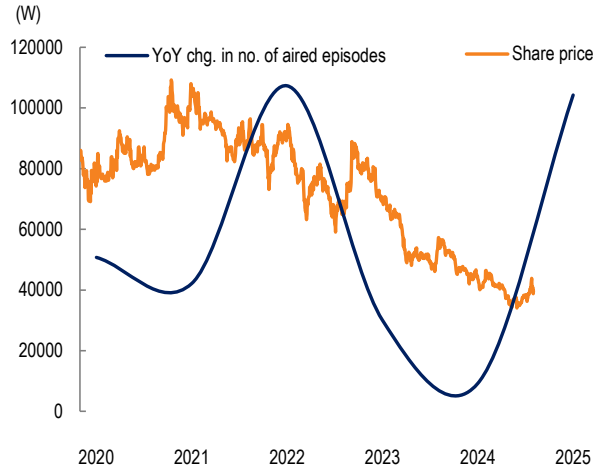
Table 10. Investment summary

Company overview		Business profile		
Name	Studio Dragon		**Core**	**Secondary**
Market	Korea	**Type of business**	Production	
Market cap (Wbn)	1,300.0	**Primary category**	Production	
Target EV/EBIT	32.5x	**Secondary category**		
Target price	W61,000	**Key variables**	No. of aired titles	Production costs x recoupment rate
Details				

Investment point 1: Increased drama production volume
Investment point 2: Drama IP expansion/extension and efforts to enhance cost efficiency
Key risk: Relatively low investment appeal of production company business model

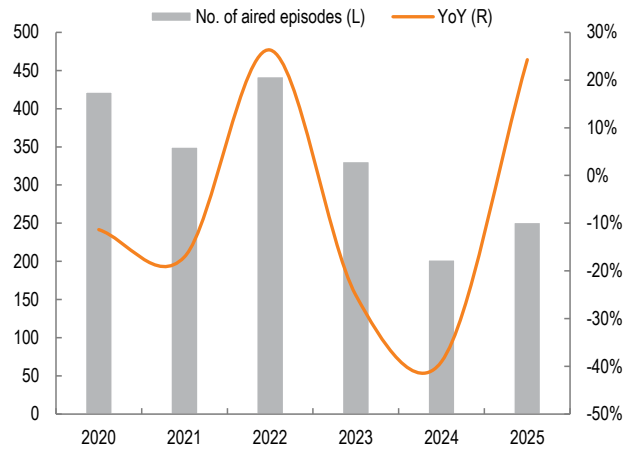
Key charts

Figure 4. Studio Dragon: Share price moves in line with no. of aired episodes



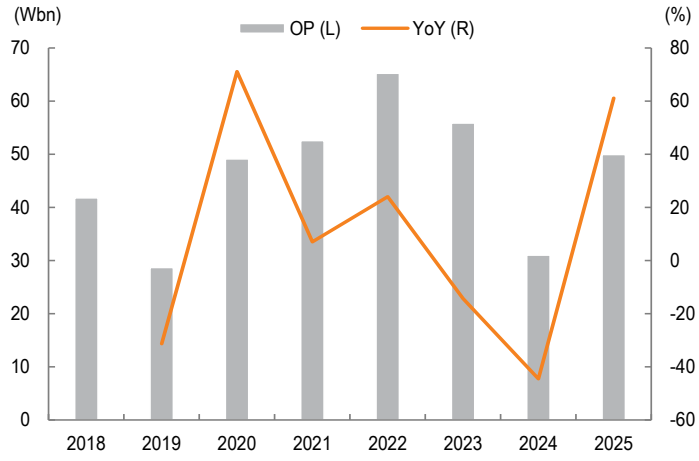
Source: Company data, Mirae Asset Securities Research

Figure 5. Studio Dragon: No. of aired episodes to increase 25% YoY in 2025



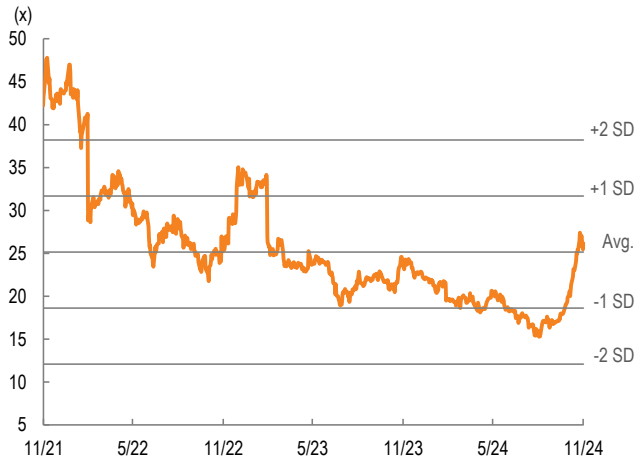
Source: Company data, Mirae Asset Securities Research

Figure 6. Studio Dragon: OP and YoY growth



Source: Company data, Mirae Asset Securities Research

Figure 7. Studio Dragon: 12-month forward EV/EBIT band chart



Source: Bloomberg, Mirae Asset Securities Research

Investment points

Increased drama production volume

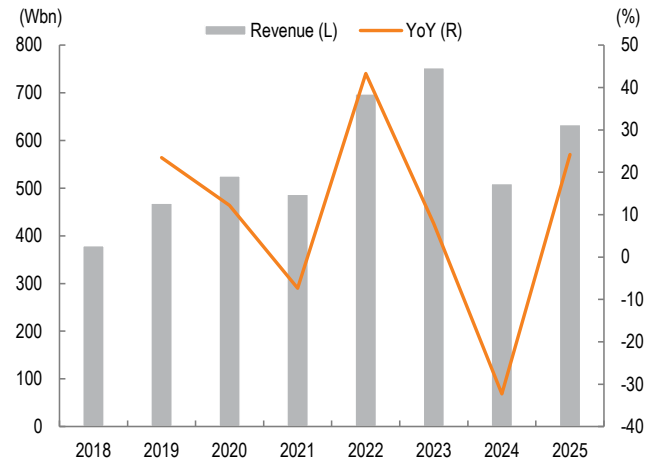
Studio Dragon's share price shows a strong correlation with the number of drama episodes it produces and airs. In 2025, the number of Studio Dragon episodes to be aired is set to increase 25% YoY. Accordingly, we expect share price momentum to increase at around end-2024, helping the stock reverse its long decline.

Revenue and operating profit are positively correlated with production volume. For drama series, revenue is determined by the production cost per episode, the number of episodes, and the recoupment rate.

Although per-episode production costs and recoupment rates vary, revenue generally correlates with the number of aired episodes. Of note, broadcasters and streaming platforms typically plan and announce their drama schedules well ahead of time, as drama production takes a long time (from six to 18 months); as a result, drama broadcast slots are a key leading indicator of revenue and share prices.

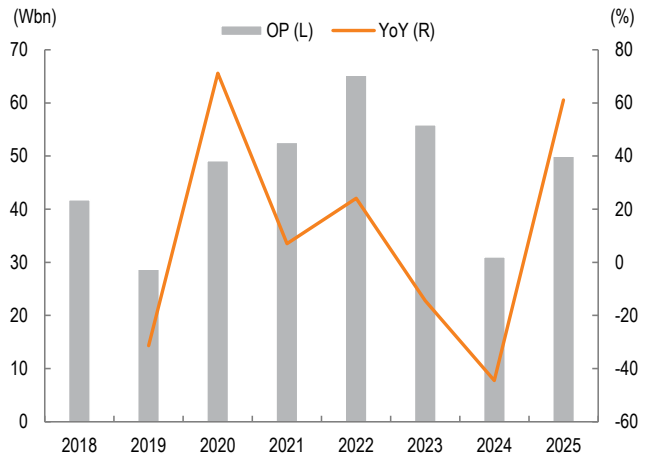
With the end of the year approaching, major broadcasters are announcing their programming schedules for the coming months. Notably, tvN is set to reintroduce midweek (Wednesday/Thursday) prime time drama slots in addition to the existing Monday/Tuesday and Saturday/Sunday slots, marking a return to pre-2020 levels of drama programming (before the industry was hit by a TV advertising downturn). Furthermore, demand for original content from streaming platforms like Netflix, Disney+, and Tving is on the rise, echoing an earlier period when optimism about higher output from drama production companies led to strong investor interest.

Figure 8. Studio Dragon: Revenue and YoY growth



Source: Company data, Mirae Asset Securities Research

Figure 9. Studio Dragon: OP and YoY growth



Source: Company data, Mirae Asset Securities Research

Efforts to leverage hit drama IPs and enhance cost efficiency

Drama series have the potential to generate value beyond their initial airing through additional indirect revenue streams. Indeed, the connections that viewers form with characters can pave the way for new opportunities and endorsements; we have seen this play out with K-drama stars such as Song Joong-ki and Kim Soo-hyun. Going forward, we believe that leading content producers are likely to develop business models that will enable them to benefit more directly from these opportunities.

Production companies can also leverage the value of their IPs to strengthen their bargaining power with partners (streaming platforms, etc.), leading to enhanced cost efficiency. The current drama industry slump is mainly the result of ballooning production costs. Costs have increased sharply due to higher actor salaries and increased use of CGI (amid rising audience expectations for high-quality content), putting financial strain on TV networks. This has led to fewer dramas being produced and aired and contributed to the shift toward streaming platforms.

Studio Dragon is making efforts to control costs, including: 1) hiring less established actors to lower salary cost pressures; and 2) leveraging generative AI to enhance productivity. By increasing production efficiency, the company aims to improve recoupment rates and overall profitability. Notably, *Lovely Runner*, which aired on tvN in Apr.-May 2024, became a massive hit based on its engaging storytelling despite the cast's lack of experience in leading roles.

Earnings forecasts and valuation

Earnings review and outlook

3Q24 review

For 3Q24, Studio Dragon reported revenue of W90.3bn (-59% YoY) and an operating loss of W0.9bn (turning to loss YoY), missing consensus estimates (revenue of W129.3bn and operating profit of W6bn). The number of drama episodes aired in 3Q24 fell by 16 YoY to 59 (from 75 in 3Q23). Also, the absolute level of profits decreased due to the absence of major, high-budget productions like *Arthdal Chronicles 2* and *Sweet Home*.

4Q24 preview

For 4Q24, we estimate revenue at W105.7bn (-34% YoY) and operating profit at W5.7bn (turning to profit YoY). Amortization expenses should decline (driven by a more than 50% QoQ decrease in amortization expenses related to *Queen of Tears*), contributing to profit growth.

The company has 19 original episodes set to air on streaming platforms in 4Q24 (nine episodes of *Dear Hyeri* and 10 episodes of *Dongjae, the Good or the Bastard*), representing 44% of total episodes. In addition, *Jeongnyeon: The Star is Born* is airing simultaneously on tvN and Disney+ (and is also available on Hulu) which should ensure a high recoupment rate. We also think this drama has the potential to generate additional ancillary revenue. Meanwhile, the highly anticipated upcoming drama *Love Your Enemy* (starring Ju Ji-hoon and Jung Yu-mi) is set to be released on both Disney+ and Rakuten Viki; as the screenwriter for *Love Your Enemy* (Im Hye-jin) also wrote the popular *The Tale of Nokdu*, we think the new series could receive similar acclaim.

2025 preview

For 2025, we look for revenue of W639.5bn (+22% YoY) and operating profit of W51.6bn (+52% YoY).

Notably, the number of episodes to be aired is expected to increase by about 50 YoY. Factors behind the likely increase in production volume include: 1) the return of tvN's Wednesday/Thursday prime time slots; 2) drama productions aimed at the Japanese market; and 3) potential growth in original content for streaming platforms. In addition, recoupment rates are likely to rise, supported by the upcoming contract renewal with Netflix and growing demand for rom-coms from platforms like Disney+, Amazon Prime Video, Rakuten Viki, and Viu.

The ad market downturn has led to reduced demand from broadcasters, but at the same time, the growing global popularity of K-content has strengthened production companies' negotiating power with streaming platforms, driving up production budgets. Thanks to Studio Dragon's improved resilience against risks and strategic planning, we believe earnings will begin to improve in 2025.

Table 11. Studio Dragon: Earnings and forecasts (Wbn)

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F	2023	2024F	2025F	2026F
Revenue	211.1	163.5	217.4	161.1	192.1	137.1	90.3	105.7	753.1	525.2	639.5	720.7
YoY (%)	74.4	3.8	-5.0	-15.4	-9.0	-16.1	-58.5	-34.4	7.9	-30.3	21.8	12.7
Programming	43.2	42.5	35.0	33.4	47.3	30.7	21.6	33.8	154.1	133.4	147.6	176.2
Distribution	165.7	118.9	180.0	124.3	141.3	102.5	64.4	67.5	588.9	375.7	466.9	512.5
Other	2.3	2.1	2.3	3.4	3.5	3.9	4.3	4.3	10.1	16.0	25.0	32.0
GP	30.8	23.9	28.8	4.3	28.7	18.1	5.9	15.2	87.9	67.9	84.8	101.7
Gross margin (%)	14.6	14.6	13.2	2.7	14.9	13.2	6.6	14.4	11.7	12.9	13.3	14.1
Production costs	108.1	78.9	121.9	89.3	91.3	59.6	45.4	49.8	398.3	246.1	319.7	338.7
Amortization	46.4	41.3	46.0	49.0	50.1	38.5	26.1	23.9	182.6	138.6	148.6	182.7
OP	21.6	16.3	21.9	-3.8	21.5	10.5	-0.9	5.7	55.9	36.7	51.6	64.3
OP margin (%)	10.2	9.9	10.1	-2.4	11.2	7.6	-1.0	5.4	7.4	7.0	8.1	8.9
NP	18.4	10.2	18.2	-16.7	20.2	8.2	-6.1	11.1	30.1	33.3	46.6	58.6
Key variables												
Broadcast slots	98	83	75	79	71	32	59	43	331	205	251	277
Total ASP	2.2	2.0	3.1	2.0	2.7	4.3	1.6	2.5	2.3	2.6	2.5	2.6
Production costs per episode	1.6	1.5	2.3	1.7	1.9	4.2	1.1	1.6	1.7	2.0	2.0	1.9

Source: Company data, Mirae Asset Securities Research

Table 12. Valuation table (Wbn)

	Value	
2025F EBIT	51.6	Target multiple is 1 SD above the 3Y avg., reflecting expectations for increased drama production volumes going forward (following a sharp drop in demand since the pandemic)
Target EV/EBIT	32.5x	
Net debt	-133.3	
Fair market cap	1,835	
No. of shares ('000)	30,058	
Target price (W)	61,000	
Current price (W)	43,250	
Upside	41.0%	

Source: FactSet, Mirae Asset Securities Research

Studio Dragon (253450 KS)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	**753**	**525**	**639**	**721**
Cost of revenue	**665**	**457**	**555**	**619**
GP	**88**	**68**	**84**	**102**
SG&A expenses	**32**	**31**	**33**	**37**
OP (adj.)	**56**	**37**	**52**	**64**
OP	**56**	**37**	**52**	**64**
Non-operating profit	**-19**	**0**	**4**	**8**
Net financial income	-4	-1	3	6
Net income from associates	0	0	0	0
Pretax profit	37	37	56	72
Income tax	7	7	10	13
Profit from continuing operations	30	30	46	59
Profit from discontinued operations	0	0	0	0
NP	**30**	**33**	**47**	**59**
Attributable to owners	30	33	47	59
Attributable to minority interests	0	0	0	0
Total comprehensive income	**47**	**33**	**47**	**59**
Attributable to owners	47	33	47	59
Attributable to minority interests	0	0	0	0
EBITDA	242	151	122	108
FCF	42	159	107	90
EBITDA margin (%)	32.1	28.8	19.1	15.0
OP margin (%)	7.4	7.0	8.1	8.9
Net margin (%)	4.0	6.3	7.4	8.2

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	**405**	**495**	**641**	**763**
Cash & equivalents	158	322	431	527
AR & other receivables	149	104	127	143
Inventory	0	0	0	0
Other current assets	98	69	83	93
Non-current assets	**688**	**569**	**501**	**459**
Investments in associates	12	9	10	12
PP&E	12	10	9	7
Intangible assets	359	247	178	136
Total assets	**1,092**	**1,063**	**1,141**	**1,222**
Current liabilities	**368**	**308**	**338**	**359**
AP & other payables	69	48	59	66
Short-term financial liabilities	172	171	172	172
Other current liabilities	127	89	107	121
Non-current liabilities	**16**	**14**	**15**	**16**
Long-term financial liabilities	10	10	10	10
Other non-current liabilities	6	4	5	6
Total liabilities	**384**	**322**	**354**	**376**
Equity attributable to owners	**708**	**741**	**788**	**846**
Capital stock	15	15	15	15
Capital surplus	473	473	473	473
Retained earnings	242	275	322	381
Minority interests	**0**	**0**	**0**	**0**
Shareholders' equity	**708**	**741**	**788**	**846**

Cash flow statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Operating cash flow	**45**	**159**	**107**	**90**
NP	30	33	47	59
Non-cash income/expenses	216	121	75	49
Depreciation	3	2	2	1
Amortization	183	112	69	42
Other	30	7	4	6
Chg. in working capital	-179	12	-6	-4
Chg. in AR & other receivables	15	45	-23	-16
Chg. in inventory	0	0	0	0
Chg. in AP & other payables	-18	-3	2	1
Income tax	-22	-7	-9	-13
Cash flow from investing activities	**-1**	**10**	**13**	**16**
Chg. in PP&E	-3	0	0	0
Chg. in intangible assets	0	0	0	0
Chg. in financial assets	-4	1	-1	0
Other	6	9	14	16
Cash flow from financing activities	**-9**	**-9**	**-8**	**-9**
Chg. in financial liabilities	-1	-1	0	0
Chg. in equity	0	0	0	0
Dividends	0	0	0	0
Other	-8	-8	-8	-9
Chg. in cash	**35**	**164**	**109**	**96**
Beginning balance	124	158	322	431
Ending balance	158	322	431	527

Key valuation metrics/ratios

	2023	2024F	2025F	2026F
P/E (x)	51.5	39.4	27.7	22.2
P/CF (x)	6.3	8.4	10.7	12.1
P/B (x)	2.2	1.8	1.7	1.5
EV/EBITDA (x)	6.5	7.7	8.6	8.8
EPS (W)	1,001	1,098	1,564	1,950
CFPS (W)	8,185	5,126	4,051	3,577
BPS (W)	23,546	24,644	26,208	28,157
DPS (W)	0	0	0	0
Dividend payout ratio (%)	0.0	0.0	0.0	0.0
Dividend yield (%)	0.0	0.0	0.0	0.0
Revenue growth (%)	7.9	-30.3	21.8	12.7
EBITDA growth (%)	10.7	-37.6	-19.3	-11.8
OP growth (%)	-14.3	-34.3	40.5	24.6
EPS growth (%)	-40.6	9.7	42.4	24.7
AR turnover (x)	5.2	4.2	5.5	5.4
Inventory turnover (x)	0.0	0.0	0.0	0.0
AP turnover (x)	48.7	48.4	64.5	61.6
ROA (%)	2.8	3.1	4.3	5.0
ROE (%)	4.4	4.6	6.1	7.2
ROIC (%)	8.5	6.5	11.7	16.7
Debt-to-equity ratio (%)	54.3	43.5	44.9	44.4
Current ratio (%)	109.9	160.6	189.5	212.2
Net debt-to-equity ratio (%)	3.3	-19.4	-32.1	-41.2
Interest coverage ratio (x)	6.4	4.2	5.9	7.4

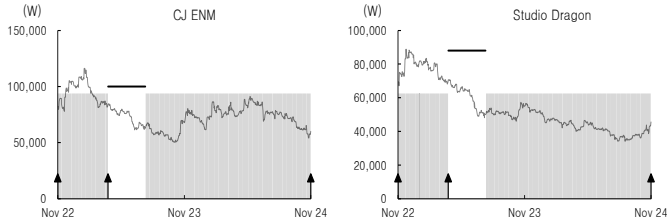
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

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Two-year rating and TP history

Company	Date	Rating	TP (USD)	Company	Date	Rating	TP (USD)
CJ ENM (035760)					11/18/24	Buy	61,000
	11/18/24	Buy	80,000		07/31/23	No Coverage	
	07/31/23	No Coverage			04/13/23	Buy	88,000
	04/13/23	Buy	100,000		12/15/21	No Coverage	
	12/15/21	No Coverage					
Studio Dragon (253450)							



Stock ratings	
Buy	Expected 12-month performance: +20% or greater
Trading Buy	Expected 12-month performance: +10% to +20%
Hold	Expected 12-month performance: -10% to +10%
Sell	Expected 12-month performance: -10% or worse

Sector ratings	
Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

Rating and TP history: Share price (—), TP (▬), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (♦)
* Our investment rating is a guide to the expected return of the stock over the next 12 months.
* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.
* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.
* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	82.38%	10.23%	7.39%	0%
Investment banking services	84.21%	5.26%	10.53%	0%

* Based on recommendations in the last 12-months (as of September 30, 2024)

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Mirae Asset Securities International Network

Mirae Asset Securities Co., Ltd. (Seoul)
One-Asia Equity Sales Team
Mirae Asset Center 1 Building
26 Eulji-ro 5-gil, Jung-gu, Seoul 04539
Korea

Tel: 82-2-3774-2124

Mirae Asset Securities (HK) Ltd.
Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong
Tel: 852-2845-6332

Mirae Asset Securities (UK) Ltd.
41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

Mirae Asset Securities (USA) Inc.
810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

Mirae Asset Wealth Management (Brazil) CCTVM
Rua Funchal, 418, 18th Floor, E-Tower Building
Vila Olimpia
Sao Paulo - SP
04551-060
Brazil
Tel: 55-11-2789-2100

PT. Mirae Asset Sekuritas Indonesia
District 8, Treasury Tower Building Lt. 50
Sudirman Central Business District
Jl. Jend. Sudirman, Kav. 52-54
Jakarta Selatan 12190
Indonesia
Tel: 62-21-5088-7000

Mirae Asset Securities (Singapore) Pte. Ltd.
6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

Mirae Asset Securities (Vietnam) LLC
7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3911-0633 (ext.110)

Mirae Asset Securities Mongolia UTsK LLC
#406, Blue Sky Tower, Peace Avenue 17
1 Khoroo, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Mirae Asset Investment Advisory (Beijing) Co., Ltd
2401B, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699

Beijing Representative Office
2401A, 24th Floor, East Tower, Twin Towers
B12 Jianguomenwai Avenue, Chaoyang District
Beijing 100022
China

Tel: 86-10-6567-9699 (ext. 3300)

Shanghai Representative Office
38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
Shanghai 200120
China

Tel: 86-21-5013-6392

Ho Chi Minh Representative Office
7F, Saigon Royal Building
91 Pasteur St.
District 1, Ben Nghe Ward, Ho Chi Minh City
Vietnam

Tel: 84-8-3910-7715

Mirae Asset Capital Markets (India) Pvt Ltd
1st Floor, Tower 4, Equinox Business Park,
LBS Marg, Off BKC, Kurla (West), Mumbai - 400 070
India

Tel: 91-22-62661300 / 48821300