

Korea Investment Holdings

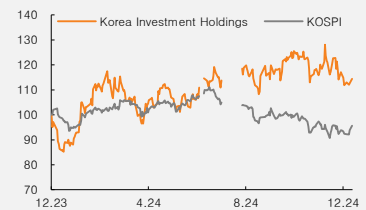
Likely to deliver in-line 4Q24 results despite sluggish trading income

(Maintain)	Buy
Target price	W110,000
Current price (1/6/25)	W72,200
Upside	52.4%

OP (24F, Wbn)	1,254
Consensus OP (24F, Wbn)	1,263
EPS growth (24F, %)	56.2
Market EPS growth (24F, %)	71.4
P/E (24F, x)	4.0
Market P/E (24F, x)	10.4
KOSPI	2,488.64

Market cap (Wbn)	4,023
Shares outstanding (mn)	56
Free float (%)	73.3
Foreign ownership (%)	40.9
Beta (12M)	1.13
52-week low (W)	53,800
52-week high (W)	80,800

(%)	1M	6M	12M
Absolute	-5.5	0.0	32.5
Relative	-7.8	15.0	37.2



Mirae Asset Securities Co., Ltd.

Tae Joon Jeong, CFA

taejoon.jeong@miraeasset.com

Reiterate Buy and TP of W110,000

We reiterate our Buy rating and target price of W110,000 on Korea Investment Holdings (KIH). For 4Q24, we expect the firm to post in-line net profit attributable to owners of the parent, and we estimate DPS at W4,300 (translating to a 6% yield). We also believe KIH will see a limited ex-dividend share price decline (relative to peers), as it is the only securities firm likely to deliver profit growth in 2025. Accordingly, we present the stock as our top long-term pick.

For 4Q24, we expect net profit attributable to owners of the parent to come largely in line with the consensus. While profits likely declined sharply QoQ due to lower trading/financial product income, we estimate the firm swung to a profit on a YoY basis on significant improvement in other income. Trading/financial product income likely fell sharply due to FX losses stemming from the weak won (in contrast to 3Q24, when the firm booked sizable FX gains on a stronger won). That said, other losses likely narrowed markedly YoY as provisioning for PF-related loans subsided. Meanwhile, in the brokerage segment, increased overseas stock trading and the firm's limited margin loan balance (equivalent to only one-third of its capital) likely helped keep fee/commission income and interest income steady QoQ.

We forecast 2024 DPS at W4,300 (based on common stock). While this implies a lower payout ratio (20.5%) relative to peers, it translates to an attractive dividend yield of 6% (based on the Jan. 6 closing price). Furthermore, we expect the stock to see a limited ex-dividend price drop (smaller in magnitude than its dividend yield), as KIH is likely to be the only securities firm to deliver profit growth in 2025.

In 2025, we forecast net profit attributable to owners of the parent to jump 11.8% YoY. While trading/financial product income is likely to decrease YoY on the removal of one-off gains (FX, etc.), we expect net fee/commission income, interest income, and other income to expand. Notably, other income is likely to surge due to the end of provisioning for PF-related loans.

(Dec.)	2022	2023	2024F	2025F	2026F
Net operating revenue (Wbn)	1,753	1,989	2,650	2,907	3,304
OP (Wbn)	546	820	1,254	1,535	1,849
NP (Wbn)	637	707	1,104	1,234	1,466
EPS (W)	10,341	11,480	17,929	20,044	23,798
BPS (W)	131,505	143,392	157,701	174,255	193,751
P/E (x)	5.2	5.3	4.0	3.6	3.0
P/B (x)	0.40	0.40	0.50	0.40	0.40
ROE (%)	8.4	8.8	12.6	12.7	13.6
Shareholder return yield (%)	4.3	4.3	6.0	6.5	7.9
Equity (Wbn)	7,706	8,445	9,286	10,253	11,392

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

Table 1. KIH: Earnings and forecasts (consolidated)

(Wbn)

	1Q24	2Q24	3Q24	4Q24F	YoY	QoQ	2024F
Net operating revenue	706	651	730	563	84.9	-22.9	2,650
Net fee/commission income	297	311	303	311	44.2	2.5	1,222
Interest income	303	302	316	322	17.6	1.9	1,242
Trading/financial products	45	-7	173	39	-61.7	-77.7	250
Other	60	46	-62	-108	RR	RR	-64
SG&A expenses	324	352	367	354	28.3	-3.5	1,397
OP	381	299	364	209	629.6	-42.5	1,254
Pretax profit	465	390	401	235	TTB	-41.4	1,491
Taxes	123	109	86	63	TTB	-27.5	380
Consolidated NP	343	281	315	172	TTB	-45.2	1,111
NP attr. to owners of the parent	341	280	313	171	TTB	-45.5	1,104

Source: Mirae Asset Securities Research

Table 2. KIH: Earnings and forecasts (standalone)

(Wbn)

	1Q24	2Q24	3Q24	4Q24F	YoY	QoQ	2024F
Net operating revenue	813	582	657	434	148.1	-33.9	2,486
Net fee/commission income	239	253	242	249	53.0	3.2	983
Fee/commission income	286	298	283	292	46.5	3.2	1,159
Brokerage	111	109	107	109	35.0	1.6	436
WM	31	36	37	37	37.2	-1.1	141
IB/other	144	153	139	147	59.1	5.5	582
Fee/commission expenses	47	45	41	43	17.2	3.2	176
Interest income	133	121	130	134	16.7	3.4	518
Trading/financial products	29	66	167	33	6.9	-80.4	295
Other	412	142	118	18	TTB	-84.5	690
SG&A expenses	223	244	269	239	33.1	-11.3	975
OP	590	338	388	196	TTB	-49.5	1,511
Pretax profit	612	331	390	189	TTB	-51.6	1,523
Taxes	89	78	99	50	TTB	-49.5	316
Consolidated NP	523	253	292	139	TTB	-52.4	1,207

Source: Mirae Asset Securities Research

Korea Investment Holdings (071050 KS)

Income statement (stand-alone)

(Wbn)	2023	2024F	2025F	2026F
Net operating revenue	3,104	2,486	2,083	2,450
Net fee/commission income	844	983	1,032	1,137
Fees/commissions	1,004	1,159	1,208	1,331
Brokerage	367	436	445	513
WM	124	141	143	160
IB/other	514	582	619	659
Fee/commission expenses	160	176	176	194
Interest income	364	518	534	572
Trading/financial products	295	295	110	333
Other	1,601	690	408	408
SG&A expenses	796	975	913	994
OP	2,308	1,511	1,171	1,456
Non-OP	-286	12	16	16
Non-operating expenses	0	0	0	0
Pretax profit	2,022	1,523	1,187	1,472
Taxes	62	316	313	389
NP	1,960	1,207	873	1,083

Balance sheet (standalone)

(Wbn)	2023	2024F	2025F	2026F
Assets	75,710	79,299	85,234	91,658
Cash/deposits	7,264	7,517	8,079	8,688
Securities	56,183	58,847	63,251	68,019
Loans	6,643	7,548	7,744	8,700
Tangible assets	311	296	318	342
Intangible assets	92	84	90	97
Investment properties	13	12	13	14
Other	5,204	4,994	5,738	5,798
Liabilities	67,571	70,541	75,877	81,554
Deposits	10,875	11,351	12,209	13,122
Borrowings/debentures	50,171	52,380	56,342	60,557
Provisions for other est. liabilities	180	54	58	63
Deferred tax liabilities	0	0	0	0
Other	6,344	6,757	7,268	7,812
Equity	8,139	8,758	9,356	10,105
Capital stock	176	176	176	176
Capital surplus	4,530	4,530	4,530	4,530
Retained earnings	3,247	3,801	4,398	5,147
Other	187	252	252	252

ROA breakdown (standalone)

(%)	2023	2024F	2025F	2026F
Net operating revenue				
Net fee/commission income	27.2	39.5	49.5	46.4
Fees/commissions	32.3	46.6	58.0	54.3
Brokerage	11.8	17.5	21.4	20.9
WM	4.0	5.7	6.9	6.5
IB/other	16.5	23.4	29.7	26.9
Interest income	11.7	20.8	25.6	23.3
Trading/financial products	9.5	11.8	5.3	13.6
Other	51.6	27.8	19.6	16.7
Asset turnover ratio				
Net fee/commission income	1.12	1.24	1.21	1.24
Fees/commissions	1.33	1.46	1.42	1.45
Brokerage	0.48	0.55	0.52	0.56
WM	0.16	0.18	0.17	0.17
IB/other	0.68	0.73	0.73	0.72
Interest income	0.48	0.65	0.63	0.62
Trading/financial products	0.39	0.37	0.13	0.36
Other	2.11	0.87	0.48	0.45

Financial statement (consolidated)

(Wbn)	2023	2024F	2025F	2026F
Net operating revenue	1,989	2,650	2,907	3,304
Net fee/commission income	1,040	1,222	1,278	1,383
Interest income	980	1,242	1,303	1,370
Trading/financial products	442	250	154	377
Other	-473	-64	173	173
SG&A expenses	1,169	1,397	1,373	1,454
OP	820	1,254	1,535	1,849
Non-OP	65	237	160	160
Non-operating expenses	0	0	0	0
Pretax profit	886	1,491	1,695	2,010
Taxes	178	380	453	536
NP	708	1,111	1,242	1,473
Attr. to owners of the parent	707	1,104	1,234	1,466
Minority interests	1	7	7	7
Assets	95,901	102,143	108,565	115,502
Liabilities	87,456	92,887	98,687	104,847
Equity	8,445	9,286	10,253	11,392

Investment indicators

(x, %, W)	2023	2024F	2025F	2026F
Valuation				
P/B	0.40	0.50	0.40	0.40
P/E	5.3	4.0	3.6	3.0
Payout ratio	4.3	6.0	6.5	7.9
Per-share indicators				
BPS	143,392	157,701	174,255	193,751
EPS	11,480	17,929	20,044	23,798
DPS	2,650	4,300	4,700	5,700
Growth				
BPS	9.0	10.0	10.5	11.2
EPS	11.0	56.2	11.8	18.7
Profitability				
ROE	8.8	12.6	12.7	13.6
ROA	0.80	1.10	1.20	1.30
Cost-to-income ratio	25.6	39.2	43.8	40.6
OP margin	41.2	47.3	52.8	56.0
Pretax margin	44.5	56.2	58.3	60.8
Net margin	35.5	41.7	42.5	44.4
Financial leverage (stand-alone)	7.5	7.1	7.1	7.1

ROA breakdown (consolidated)

(%)	2023	2024F	2025F	2026F
Net operating revenue				
Net fee/commission income	52.3	46.1	43.9	41.9
Interest income	49.3	46.9	44.8	41.5
Trading/financial products	22.2	9.4	5.3	11.4
Other	-23.8	-2.4	6.0	5.2
Asset turnover ratio				
Net fee/commission income	1.08	1.20	1.18	1.20
Interest income	1.02	1.22	1.20	1.19
Trading/financial products	0.46	0.24	0.14	0.33
Other	-0.49	-0.06	0.16	0.15

No. of shares & dividend payout ratio

('000, %)	2023	2024F	2025F	2026F
Issued shares (year-end)	61,584	61,584	61,584	61,584
Common	55,726	55,726	55,726	55,726
Preferred	5,858	5,858	5,858	5,858
Dividend payout ratio	21.9	22.9	22.3	22.8
Common	19.8	20.5	20.1	20.5
Preferred	2.2	2.3	2.3	2.3

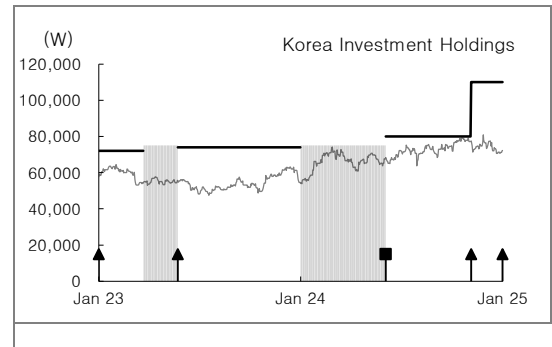
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Korea Investment Holdings (071050)	11/11/24	Buy	110,000
	06/10/24	Trading Buy	80,000
	01/08/24	No Coverage	
	05/31/23	Buy	74,000
	03/30/23	No Coverage	
	11/23/22	Buy	72,000



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)

Disclosures

As of the publication date, Mirae Asset Securities Co., Ltd. has acted as a liquidity provider for equity-linked warrants backed by shares of Korea Investment Holdings as an underlying asset; other than this, Mirae Asset Securities has no other special interests in the covered companies.

Analyst certification

The research analysts who prepared this report (the "Analysts") are registered with the Korea Financial Investment Association and are subject to Korean securities regulations. They are neither registered as research analysts in any other jurisdiction nor subject to the laws or regulations thereof. Each Analyst responsible for the preparation of this report certifies that (i) all views expressed in this report accurately reflect the personal views of the Analyst about any and all of the issuers and securities named in this report and (ii) no part of the compensation of the Analyst was, is, or will be directly or indirectly related to the specific recommendations or views contained in this report. Mirae Asset Securities Co., Ltd. ("Mirae Asset Securities") policy prohibits its Analysts and members of their households from owning securities of any company in the Analyst's area of coverage, and the Analysts do not serve as an officer, director, or advisory board member of the subject companies. Except as otherwise specified herein, the Analysts have not received any compensation or any other benefits from the subject companies in the past 12 months and have not been promised the same in connection with this report. Like all employees of Mirae Asset Securities, the Analysts receive compensation that is determined by overall firm profitability, which includes revenues from, among other business units, the institutional equities, investment banking, proprietary trading, and private client divisions. At the time of publication of this report, the Analysts do not know or have reason to know of any actual, material conflict of interest of the Analyst or Mirae Asset Securities except as otherwise stated herein.

Disclaimers

This report was prepared by Mirae Asset Securities, a broker-dealer registered in the Republic of Korea and a member of the Korea Exchange. Information and opinions contained herein have been compiled in good faith and from sources believed to be reliable, but such information has not been independently verified and Mirae Asset Securities makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness, or correctness of the information and opinions contained herein or of any translation into English from the Korean language. In case of an English translation of a report prepared in the Korean language, the original Korean language report may have been made available to investors in advance of this report. The intended recipients of this report are sophisticated institutional investors who have substantial knowledge of the local business environment, its common practices, laws, and accounting principles, and no person whose receipt or use of this report would violate any laws or regulations or subject Mirae Asset Securities or any of its affiliates to registration or licensing requirements in any jurisdiction shall receive or make any use hereof.

This report is for general information purposes only and is not and shall not be construed as an offer or a solicitation of an offer to effect transactions in any securities or other financial instruments. The report does not constitute investment advice to any person, and such person shall not be treated as a client of Mirae Asset Securities by virtue of receiving this report. This report does not take into account the particular investment objectives, financial situations, or needs of individual clients. The report is not to be relied upon in substitution for the exercise of independent judgment. Information and opinions contained herein are as of the date hereof and are subject to change without notice. The price and value of the investments referred to in this report and the income from them may depreciate or appreciate, and investors may incur losses on investments. Past performance is not a guide to future performance. Future returns are not guaranteed, and a loss of original capital may occur. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents do not accept any liability for any loss arising out of the use hereof.

Mirae Asset Securities may have issued other reports that are inconsistent with, and reach different conclusions from, the opinions presented in this report. The reports may reflect different assumptions, views, and analytical methods of the analysts who prepared them. Mirae Asset Securities may make investment decisions that are inconsistent with the opinions and views expressed in this research report. Mirae Asset Securities, its affiliates, and their directors, officers, employees, and agents may have long or short positions in any of the subject securities at any time and may make a purchase or sale, or offer to make a purchase or sale, of any such securities or other financial instruments from time to time in the open market or otherwise, in each case either as principals or agents. Mirae Asset Securities and its affiliates may have had, or may be expecting to enter into, business relationships with the subject companies to provide investment banking, market-making, or other financial services as are permitted under applicable laws and regulations.

No part of this document may be copied or reproduced in any manner or form or redistributed or published, in whole or in part, without the prior written consent of Mirae Asset Securities. For further information regarding company-specific information as it pertains to the representations and disclosures in this Appendix 1, please contact compliance@miraeasset.us.com or +1 (212) 407-1000.

Distribution

United Kingdom: This report is being distributed by Mirae Asset Securities (UK) Ltd. in the United Kingdom only to (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "Order"), and (ii) high net worth companies and other persons to whom it may lawfully be communicated, falling within Article 49(2)(A) to (E) of the Order (all such persons together being referred to as "Relevant Persons"). This report is directed only at Relevant Persons. Any person who is not a Relevant Person should not act or rely on this report or any of its contents.

United States: Mirae Asset Securities is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This report is distributed in the U.S. by Mirae Asset Securities (USA) Inc., a member of FINRA/SIPC, to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6(b)(4) under the U.S. Securities Exchange Act of 1934, as amended. All U.S. persons that receive this document by their acceptance hereof represent and warrant that they are a major U.S. institutional investor and have not received this report under any express or implied understanding that they will direct commission income to Mirae Asset Securities or its affiliates. Any U.S. recipient of this document wishing to effect a transaction in any securities discussed herein should contact and place orders with Mirae Asset Securities (USA) Inc. Mirae Asset Securities (USA) Inc. accepts responsibility for the contents of this report in the U.S., subject to the terms hereof, to the extent that it is delivered to a U.S. person other than a major U.S. institutional investor. Under no circumstances should any recipient of this research report effect any transaction to buy or sell securities or related financial instruments through Mirae Asset Securities. The securities described in this report may not have been registered under the U.S. Securities Act of 1933, as amended, and, in such case, may not be offered or sold in the U.S. or to U.S. persons absent registration or an applicable exemption from the registration requirements.

Hong Kong: This report is distributed in Hong Kong by Mirae Asset Securities (HK) Limited, which is regulated by the Hong Kong Securities and Futures Commission. The contents of this report have not been reviewed by any regulatory authority in Hong Kong. This report is for distribution only to professional investors within the meaning of Part I of Schedule 1 to the Securities and Futures Ordinance of Hong Kong (Cap. 571, Laws of Hong Kong) and any rules made thereunder and may not be redistributed in whole or in part in Hong Kong to any person.

India: This report is being distributed by Mirae Asset Capital Markets (India) Private Limited ("MACM") in India to the customers based in India and is personal information only for those authorised recipient(s). MACM is inter alia a Securities and Exchange Board of India ("SEBI") registered Research Analyst in India and is not registered outside India. MACM and Mirae Asset, Korea are group entities. MACM makes no guarantee, representation or warranty, express or implied, as to the fairness, accuracy, completeness or correctness of the information and opinions contained herein. The user assumes the entire risk of any use made of this information. This report has been provided for assistance only and is not intended to be and must not alone be taken as the basis for an investment decision. Recipient must read the entire Appendix 1 to the report carefully for Important Disclosures & Disclaimers.

All other jurisdictions: Customers in all other countries who wish to effect a transaction in any securities referenced in this report should contact Mirae Asset Securities or its affiliates only if distribution to or use by such customer of this report would not violate applicable laws and regulations and not subject Mirae Asset Securities and its affiliates to any registration or licensing requirement within such jurisdiction.

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 (USA) Inc.

810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

Mirae Asset Securities (Singapore) Pte. Ltd.

6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

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

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 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 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

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)

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)

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

Mirae Asset Securities (UK) Ltd.

41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

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 Mongolia UTsk LLC

#406, Blue Sky Tower, Peace Avenue 17
1 Khoroo, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

Shanghai Representative Office

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

Tel: 86-21-5013-6392
