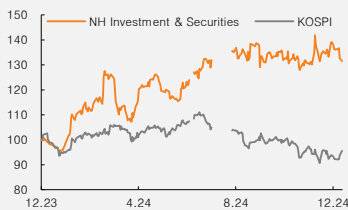


(Maintain)	Buy
Target price	W17,000
Current price (1/6/25)	W13,470
Upside	26.2%

OP (24F, Wbn)	982
Consensus OP (24F, Wbn)	920
EPS growth (24F, %)	36.2
Market EPS growth (24F, %)	71.4
P/E (24F, x)	6.5
Market P/E (24F, x)	10.4
KOSPI	2,488.64

Market cap (Wbn)	4,411
Shares outstanding (mn)	327
Free float (%)	40.2
Foreign ownership (%)	17.5
Beta (12M)	0.44
52-week low (W)	9,730
52-week high (W)	14,530

(%)	1M	6M	12M
Absolute	-3.1	4.1	33.9
Relative	-5.4	19.7	38.7



Mirae Asset Securities Co., Ltd.

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NH Investment & Securities

Positioned to benefit from a weaker won

Maintain Buy and TP of W17,000

We maintain our Buy rating and target price of W17,000 on NH Investment & Securities (NH I&S) and present the firm as our top short-term pick in the securities sector. We are positive on the stock due to its solid earnings momentum (4Q24 net profit attributable to owners of the parent likely to come in 32% above the consensus) and shareholder-friendly policies (2024 DPS estimated at W950). The company is also set to announce share buybacks/cancellations alongside dividends, which should help limit its ex-dividend price decline.

We expect 4Q24 net profit attributable to owners of the parent to come in significantly above the current consensus, mainly thanks to FX-related gains. Unlike its peers, NH I&S benefits from a weaker won; as such, FX volatility likely worked to its advantage in 4Q24 (unlike in 3Q24, when it incurred losses due to a stronger won). For the brokerage and IB businesses, we believe there were no extraordinary items in the quarter. For brokerage, we estimate commissions and interest income were largely stable thanks to increased overseas stock trading and the firm's limited margin loan balance (equivalent to only half of its capital). In IB, we do not think there were any significant impairment losses or new provisioning, as the firm gradually wrote back provisions for PF-related losses throughout 2024.

For 2024, we expect the company to pay out a DPS of W950, which translates to a dividend yield of 7.1% (based on the Jan. 6 closing price), a payout ratio of 41.1%, and a shareholder return ratio of 47.7%. We expect the stock to see a limited ex-dividend price decline (smaller in magnitude than its dividend yield), as the firm plans to announce a share buyback/cancellation alongside dividends as part of its value enhancement program. Indeed, in December, the company said it would implement shareholder returns through buybacks and cancellations if its ROE fell below the discount rate. Notably, when the firm simultaneously issued 2023 dividends and conducted share buybacks/cancellations, it experienced a muted ex-dividend price drop.

In 2025, we expect net profit attributable to owners of the parent to decline 3% YoY. While net fee/commission income is likely to improve YoY, we forecast interest income, trading/financial product income, and other income to shrink YoY.

(Dec.)	2022	2023	2024F	2025F	2026F
Net operating revenue (Wbn)	1,366	1,678	2,092	2,061	2,332
OP (Wbn)	521	726	982	1,015	1,281
NP (Wbn)	303	556	756	733	929
EPS (W)	882	1,582	2,155	2,103	2,700
BPS (W)	20,647	21,757	22,411	23,750	25,433
P/E (x)	9.9	6.5	6.5	6.4	5.0
P/B (x)	0.40	0.50	0.60	0.60	0.50
ROE (%)	4.5	7.8	9.8	9.2	11.1
Shareholder return yield (%)	8.0	7.7	8.2	7.8	10.3
Equity (Wbn)	7,228	7,613	7,749	8,123	8,586

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

Source: Company data, Mirae Asset Securities Research estimates

Table 1. NH I&S: Earnings and forecasts (consolidated)

(Wbn, %)

	1Q24	2Q24	3Q24	4Q24F	YoY	QoQ	2024F
Net operating revenue	540	563	456	533	41.1	16.9	2,092
Net fee/commission income	238	227	239	238	33.8	-0.2	942
Interest income	202	201	195	194	-10.5	-0.7	792
Trading/financial products	52	98	-70	70	TTB	TTB	149
Other	48	37	92	32	61.4	-65.7	209
SG&A expenses	263	295	268	285	17.4	6.3	1,110
OP	277	269	188	249	83.6	32.1	982
Pretax profit	291	270	203	244	89.7	19.9	1,009
Taxes	66	73	49	65	50.8	31.0	253
Consolidated NP	225	197	154	179	109.3	16.3	756
NP attr. to owners of the parent	225	197	154	179	101.5	16.3	756

Source: Mirae Asset Securities Research

Table 2. NH I&S: Earnings and forecasts (standalone)

(Wbn)

	1Q24	2Q24	3Q24	4Q24F	YoY	QoQ	2024F
Net operating revenue	509	514	442	478	40.9	8.2	1,943
Net fee/commission income	241	226	240	239	26.5	-0.2	946
Fee/commission income	283	273	288	288	23.8	0.0	1,132
Brokerage	133	127	126	124	28.2	-1.0	509
WM	31	30	22	22	13.3	-0.1	105
IB/other	120	116	140	141	21.9	0.9	517
Fee/commission expenses	42	47	48	48	12.2	1.1	186
Interest income	172	173	160	156	-16.1	-2.8	661
Trading/financial products	36	73	-6	54	TTB	TTB	157
Other	60	42	48	30	TTB	TTB	180
SG&A expenses	241	274	246	263	18.8	7.1	1,023
OP	268	241	196	215	82.4	9.7	920
Pretax profit	264	226	202	211	85.8	4.3	903
Taxes	59	71	52	56	33.6	6.9	238
Consolidated NP	205	155	150	155	116.0	3.5	664

Source: Mirae Asset Securities Research

NH Investment & Securities (005940 KS)

Income statement (standalone)

(Wbn)	2023	2024F	2025F	2026F
Net operating revenue	1,564	1,943	1,874	2,144
Net fee/commission income	789	946	991	1,095
Fees/commissions	981	1,132	1,188	1,314
Brokerage	470	509	511	601
WM	95	105	94	104
IB/other	416	517	583	609
Fee/commission expenses	192	186	198	219
Interest income	679	661	626	665
Trading/financial products	-50	157	79	204
Other	146	180	180	180
SG&A expenses	874	1,023	959	964
OP	690	920	915	1,180
Non-OP	26	60	60	60
Non-operating expenses	130	78	78	78
Pretax profit	586	903	897	1,162
Taxes	151	238	237	307
NP	435	664	660	855

Balance sheet (standalone)

(Wbn)	2023	2024F	2025F	2026F
Assets	53,454	59,880	63,326	67,415
Cash/deposits	4,633	5,267	5,570	5,930
Securities	33,282	38,040	40,229	42,826
Loans	8,153	8,485	8,656	9,620
Tangible assets	173	153	162	172
Intangible assets	16	17	18	19
Investment properties	52	54	57	61
Other	7,145	7,865	8,635	8,788
Liabilities	46,347	52,752	55,896	59,596
Deposits	6,629	8,219	8,893	9,529
Borrowings/debentures	32,206	36,374	38,358	40,849
Provisions for other est. liabilities	60	47	49	53
Deferred tax liabilities	0	159	168	180
Other	7,452	7,954	8,428	8,985
Equity	7,107	7,128	7,430	7,819
Capital stock	1,783	1,783	1,783	1,783
Capital surplus	1,885	1,885	1,885	1,885
Retained earnings	3,189	3,194	3,546	3,995
Other	250	266	217	156

ROA breakdown (stand-alone)

(%)	2023	2024F	2025F	2026F
Net operating revenue				
Net fee/commission income	50.5	48.7	52.8	51.1
Fees/commissions	62.7	58.2	63.4	61.3
Brokerage	30.1	26.2	27.3	28.0
WM	6.1	5.4	5.0	4.9
IB/other	26.6	26.6	31.1	28.4
Interest income	43.4	34.0	33.4	31.0
Trading/financial products	-3.2	8.1	4.2	9.5
Other	9.3	9.2	9.6	8.4
Asset turnover ratio				
Net fee/commission income	1.48	1.58	1.56	1.62
Fees/commissions	1.84	1.89	1.88	1.95
Brokerage	0.88	0.85	0.81	0.89
WM	0.18	0.18	0.15	0.15
IB/other	0.78	0.86	0.92	0.90
Interest income	1.27	1.10	0.99	0.99
Trading/financial products	-0.09	0.26	0.12	0.30
Other	0.27	0.30	0.28	0.27

Financial statement (consolidated)

(Wbn)	2023	2024F	2025F	2026F
Net operating revenue	1,678	2,092	2,061	2,332
Net fee/commission income	789	942	987	1,091
Interest income	791	792	774	815
Trading/financial products	-67	149	141	266
Other	164	209	159	159
SG&A expenses	953	1,110	1,046	1,050
OP	726	982	1,015	1,281
Non-OP	95	117	60	60
Non-operating expenses	100	90	78	78
Pretax profit	721	1,009	998	1,264
Taxes	168	253	264	335
NP	553	756	733	929
Attr. to owners of the parent	556	756	733	929
Minority interests	0	0	0	0
Assets	56,698	63,265	66,812	71,002
Liabilities	49,084	55,516	58,688	62,416
Equity	7,613	7,749	8,123	8,586

Investment indicators

(x, %, W)	2023	2024F	2025F	2026F
Valuation				
P/B	0.50	0.60	0.60	0.50
P/E	6.5	6.5	6.4	5.0
Payout ratio	7.7	6.8	6.7	8.9
Per-share indicators				
BPS	21,757	22,411	23,750	25,433
EPS	1,582	2,155	2,103	2,700
DPS	800	950	900	1,200
Growth				
BPS	5.4	3.0	6.0	7.1
EPS	79.4	36.2	-2.4	28.4
Profitability				
ROE	7.8	9.8	9.2	11.1
ROA	1.00	1.30	1.10	1.30
Cost-to-income ratio	55.9	52.6	51.2	45.0
OP margin	43.2	47.0	49.3	55.0
Pretax margin	42.9	48.2	48.4	54.2
Net margin	33.2	36.1	35.6	39.8
Financial leverage (stand-alone)	6.8	7.4	7.4	7.4

ROA breakdown (consolidated)

(%)	2023	2024F	2025F	2026F
Net operating revenue				
Net fee/commission income	47.0	45.0	47.9	46.8
Interest income	47.1	37.8	37.5	34.9
Trading/financial products	-4.0	7.1	6.8	11.4
Other	9.8	10.0	7.7	6.8
Asset turnover ratio				
Net fee/commission income	1.39	1.49	1.48	1.54
Interest income	1.40	1.25	1.16	1.15
Trading/financial products	-0.12	0.24	0.21	0.38
Other	0.29	0.33	0.24	0.22

No. of shares & dividend payout ratio

('000, %)	2023	2024F	2025F	2026F
Issued shares (year-end)				
Common	350,537	346,363	342,651	338,197
Preferred	331,666	327,492	323,780	319,326
Dividend payout ratio				
Common	18,871	18,871	18,871	18,871
Preferred	50.5	43.6	42.1	43.7
Common	47.6	41.1	39.7	41.2
Preferred	2.9	2.5	2.4	2.5

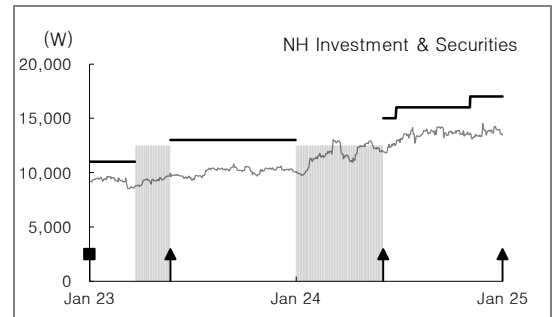
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
NH Investment & Securities (005940)	11/11/24	Buy	17,000
	07/03/24	Buy	16,000
	06/10/24	Buy	15,000
	01/08/24	No Coverage	
	05/31/23	Buy	13,000
	03/30/23	No Coverage	
	11/23/22	Trading Buy	11,000



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)

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