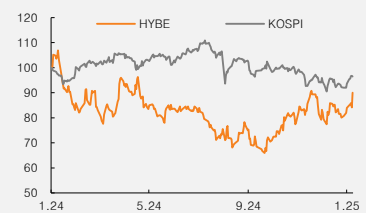


(Maintain)	Buy
Target price	₩270,000
Current price (1/10/25)	₩215,500
Upside	25.3%

OP (24F, Wbn)	206
Consensus OP (24F, Wbn)	208
EPS growth (24F, %)	-11.1
Market EPS growth (24F, %)	70.6
P/E (24F, x)	48.3
Market P/E (24F, x)	10.6
KOSPI	2,515.78

Market cap (Wbn)	8,976
Shares (mn)	42
Free float (%)	52.2
Foreign ownership (%)	19.3
Beta (12M)	0.38
52-week low (W)	158,000
52-week high (W)	256,000

(%)	1M	6M	12M
Absolute	9.2	13.1	-14.0
Relative	4.9	29.0	-13.1



Mirae Asset Securities Co., Ltd.

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HYBE

US momentum to drive valuation higher

4Q24 preview: Revenue of ₩651.6bn and OP of ₩86.9bn expected

For 4Q24, we expect HYBE to post revenue of ₩651.6bn and operating profit of ₩86.9bn, broadly in line with the consensus (₩665.8bn and ₩87.7bn, respectively).

We estimate album sales reached 10mn copies in the domestic market and at least 1mn copies in Japan. Notable releases included new albums from BTS's Jin and Seventeen, a repackaged album from Enhypen, and Japanese albums from Seventeen and &Team (both achieving double platinum certification). The number of streams declined roughly 2% QoQ overall but increased visibly for BTS's Jin, Le Sserafim, BoyNextDoor, and Katseye. We estimate concert revenue held steady QoQ at ₩144bn; highlights included concert tours from Seventeen, Enhypen, TXT, and BoyNextDoor, which are all still ongoing (with BoyNextDoor having begun its first Asian tour in Dec. 2024). We estimate operating profit at ₩86.9bn and OP margin at 13%.

2025 outlook: US momentum to drive earnings and valuation higher

For 2025, we look for revenue of ₩2.75tr (+26% YoY) and operating profit of ₩346.4bn (+68% YoY). Continued fan base expansion for newer artists and BTS's comeback are expected to generate fresh revenue streams. Notably, BTS's J-Hope recently announced his first solo world tour, with 31 concerts scheduled across 15 cities. Based on Suga's 2023 tour (which included 56 concerts across 11 cities), we think it is possible that J-Hope will add more concert dates in Japan. We also see potential for a new album release ahead of the tour (possibly before March). Meanwhile, there are growing indications that BTS will commemorate the 10th anniversary of its album *Young Forever* with a special release. BTS's comeback as a full group will likely occur in 2H25, with a world tour likely to follow in 2026. BoyNextDoor, &Team, and TWS are also expected to contribute to concert revenue.

The US-based girl group Katseye is also gaining traction, with Spotify streams in 4Q24 more than doubling QoQ (to about half of Enhypen's level and similar to Illit's). The group appears to be steadily expanding its US fan base. Building on its track record in 2024, HYBE plans to strengthen its localization strategies in the US going forward.

(Dec.)	2022	2023	2024F	2025F	2026F
Revenue (Wbn)	1,776	2,178	2,181	2,753	3,390
OP (Wbn)	237	296	206	346	473
OP margin (%)	13.3	13.6	9.4	12.6	14.0
NP (Wbn)	52	187	167	279	382
EPS (W)	1,265	4,504	4,003	6,704	9,173
ROE (%)	1.9	6.6	5.6	8.8	11.0
P/E (x)	137.1	51.8	48.3	32.1	23.5
P/B (x)	2.6	3.3	2.6	2.7	2.5
Dividend yield (%)	0.0	0.3	0.4	0.3	0.3

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

Source: Company data, Mirae Asset Securities Research estimates

Table 1. Quarterly and annual earnings

(Wbn)

	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F	2023	2024F	2025F	2026F
Revenue	411	621	538	609	361	641	528	652	2,178	2,181	2,753	3,390
YoY	44%	21%	21%	14%	-12%	3%	-2%	7%	23%	0%	26%	23%
OP	53	81	73	89	14	51	54	87	296	206	346	473
YoY	42%	-8%	20%	76%	-73%	-37%	-25%	-3%	25%	-30%	68%	37%
OP margin	13%	13%	14%	15%	4%	8%	10%	13%	14%	9%	13%	14%
NP (attr. to owners of the parent)	24	117	102	-57	11	21	6	69	189	107	295	355
YoY	-25%	20%	13%	-107%	-55%	-82%	-94%	TTB	262%	-43%	175%	20%
Net margin	6%	19%	19%	-9%	3%	3%	1%	10%	9%	5%	11%	10%
Revenue by business												
Direct	234	436	382	418	217	424	323	407	1,471	1,371	1,636	2,064
Recorded music	184	246	264	276	145	250	214	228	970	837	903	1,040
Concerts	25	158	87	89	44	144	74.0	144	359	406	581	850
Ads/appearances	25	33	31	52	28	30	34	35	142	128	152	174
Indirect	176	185	155	190	144	217	205	245	707	810	1,118	1,327
Merchandise/licensing	69	112	86	59	61	109	99	134	326	403	593	684
Content	87	51	49	103	61	84	80	82	290	307	399	479
Other (fan club, etc.)	20	22	21	28	22	24	26	29	91	101	126	163
Revenue breakdown												
Direct	57%	70%	71%	69%	60%	66%	61%	62%	68%	63%	59%	61%
Recorded music	45%	40%	49%	45%	40%	39%	41%	35%	45%	38%	33%	31%
Concerts	6%	25%	16%	15%	12%	22%	14%	22%	16%	19%	21%	25%
Ads/appearances	6%	5%	6%	9%	8%	5%	7%	5%	7%	6%	6%	5%
Indirect	43%	30%	29%	31%	40%	34%	39%	38%	32%	37%	41%	39%
Merchandise/licensing	17%	18%	16%	10%	17%	17%	19%	21%	15%	18%	22%	20%
Content	21%	8%	9%	17%	17%	13%	15%	13%	13%	14%	14%	14%
Other (fan club, etc.)	5%	4%	4%	5%	6%	4%	5%	4%	4%	5%	5%	5%

Source: Mirae Asset Securities Research estimates

Table 2. Valuation table

	Value	
2025F NP attributable to owners of the parent (Wbn)	294.8	20% discount (reflecting internal issues) to the P/E in 2021, when HYBE demonstrated sustainable growth in the US with BTS and expanded its portfolio of labels
Target P/E (x)	38x	
Target market cap (Wbn)	11,319	
No. of shares ('000)	41,652	
TP (W)	270,000	
CP (W)	215,500	
Upside	25.3%	

Source: Mirae Asset Securities Research

HYBE (352820 KS)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	2,178	2,181	2,753	3,390
Cost of revenue	1,169	1,228	1,517	1,906
GP	1,009	953	1,236	1,484
SG&A expenses	713	747	890	1,011
OP (adj.)	296	206	346	473
OP	296	206	346	473
Non-operating profit	-46	-4	0	15
Net financial income	0	8	0	10
Net income from associates	11	0	0	0
Pretax profit	250	202	346	488
Income tax	67	61	87	133
Profit from continuing operations	183	141	260	355
Profit from discontinued operations	0	0	0	0
NP	183	141	260	355
Attributable to owners	187	167	279	382
Attributable to minority interests	-4	-25	-19	-27
Total comprehensive income	205	141	260	355
Attributable to owners	210	0	261	357
Attributable to minority interests	-5	-1	-1	-2
EBITDA	423	355	486	615
FCF	288	131	409	630
EBITDA margin (%)	19.4	16.3	17.7	18.1
OP margin (%)	13.6	9.4	12.6	14.0
Net margin (%)	8.6	7.7	10.1	11.3

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	1,889	1,350	1,690	2,025
Cash & equivalents	358	241	497	638
AR & other receivables	268	286	330	350
Inventory	126	80	102	126
Other current assets	1,137	743	761	911
Non-current assets	3,457	3,649	3,591	3,792
Investments in associates	241	230	230	230
PP&E	101	97	102	108
Intangible assets	2,165	2,886	2,801	2,973
Total assets	5,346	4,999	5,281	5,834
Current liabilities	1,772	856	850	1,013
AP & other payables	226	216	174	212
Short-term financial liabilities	914	181	96	87
Other current liabilities	632	459	580	714
Non-current liabilities	464	920	978	1,042
Long-term financial liabilities	249	699	699	699
Other non-current liabilities	215	221	279	343
Total liabilities	2,236	1,776	1,828	2,055
Equity attributable to owners	2,919	3,057	3,307	3,660
Capital stock	21	21	21	21
Capital surplus	1,570	1,570	1,570	1,570
Retained earnings	1,420	1,558	1,808	2,161
Minority interests	191	165	146	119
Shareholders' equity	3,110	3,222	3,453	3,779

Cash flow statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Operating cash flow	311	181	469	690
NP	183	141	260	355
Non-cash income/expenses	236	127	204	243
Depreciation	53	55	55	55
Amortization	74	94	85	88
Other	109	-22	64	100
Chg. in working capital	-40	-56	70	193
Chg. in AR & other receivables	3	-27	-33	-7
Chg. in inventory	-51	46	-22	-24
Chg. in AP & other payables	-17	11	2	6
Income tax	-170	-61	-87	-133
Cash flow from investing activities	-471	305	-119	-334
Chg. in PP&E	-22	-50	-60	-60
Chg. in intangible assets	-68	-50	-20	-100
Chg. in financial assets	273	316	-39	-174
Other	-654	89	0	0
Cash flow from financing activities	-11	-312	-115	-38
Chg. in financial liabilities	6	-283	-85	-9
Chg. in equity	-1,081	0	0	0
Dividends	0	-29	-29	-29
Other	1,064	0	-1	0
Chg. in cash	-174	-116	256	141
Beginning balance	532	358	241	497
Ending balance	358	241	497	638

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

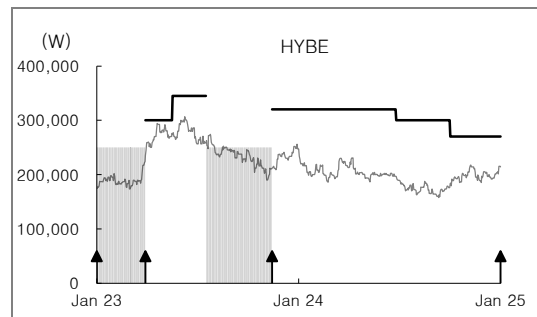
	2023	2024F	2025F	2026F
P/E (x)	51.8	48.3	32.1	23.5
P/CF (x)	23.1	30.0	19.4	15.0
P/B (x)	3.3	2.6	2.7	2.5
EV/EBITDA (x)	22.9	22.9	17.8	13.5
EPS (W)	4,504	4,003	6,704	9,173
CFPS (W)	10,094	6,445	11,135	14,366
BPS (W)	70,090	73,397	79,401	87,874
DPS (W)	700	700	700	700
Dividend payout ratio (%)	15.9	20.6	11.2	8.2
Dividend yield (%)	0.3	0.3	0.3	0.3
Revenue growth (%)	22.6	0.1	26.3	23.1
EBITDA growth (%)	18.9	-16.1	36.9	26.7
OP growth (%)	24.8	-30.2	67.8	36.5
EPS growth (%)	256.0	-11.1	67.5	36.8
AR turnover (x)	10.1	9.5	10.6	12.2
Inventory turnover (x)	21.2	21.2	30.3	29.8
AP turnover (x)	39.4	42.8	42.7	48.2
ROA (%)	3.6	2.7	5.1	6.4
ROE (%)	6.6	5.6	8.8	11.0
ROIC (%)	11.6	7.7	9.5	12.6
Debt-to-equity ratio (%)	71.9	55.1	52.9	54.4
Current ratio (%)	106.6	157.6	198.8	200.0
Net debt-to-equity ratio (%)	-7.7	-3.3	-13.5	-20.3
Interest coverage ratio (x)	6.3	4.0	10.2	14.8

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
HYBE (352820)	10/14/24	Buy	270,000
	07/08/24	Buy	300,000
	11/27/23	Buy	320,000
	07/31/23	No Coverage	
	05/31/23	Buy	345,000
	04/12/23	Buy	300,000
	10/11/22	No Coverage	



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	84.62%	7.14%	8.24%	0%
Investment banking services	85.71%	0%	14.29%	0%

* Based on recommendations in the last 12-months (as of December 31, 2024)

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