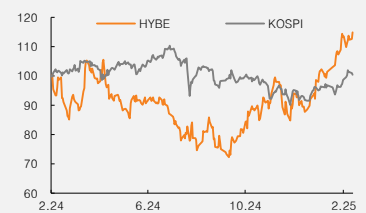


(Maintain)	Buy
Target price	▲ W310,000
Current price (2/25/25)	W251,000
Upside	23.5%

OP (24P, Wbn)	185
Consensus OP (24F, Wbn)	203
EPS growth (24P, %)	-52.7
Market EPS growth (24F, %)	68.1
P/E (24P, x)	90.7
Market P/E (24F, x)	11.2
KOSPI	2,630.29

Market cap (Wbn)	10,455
Shares (mn)	42
Free float (%)	52.2
Foreign ownership (%)	19.4
Beta (12M)	0.43
52-week low (W)	158,000
52-week high (W)	251,000

(%)	1M	6M	12M
Absolute	13.3	42.1	16.5
Relative	9.3	46.0	18.1



Mirae Asset Securities Co., Ltd.

Gyuyeon Kim

gyuyeon.kim@miraeasset.com

HYBE

Record-high revenue vs. record-low margins

4Q24 review: Record-high revenue vs. record-low margins

For 4Q24, HYBE posted revenue of W725.3bn (above the consensus of W666.6bn) and operating profit of W65.3bn (below the consensus of W83.1bn).

Revenue was strong across all segments except for content. Recorded music (albums/streaming) revenue totaled W251.8bn, driven by new releases from Seventeen, TXT, Enhypen, and BTS's Jin as well as Japanese albums from Seventeen (single album) and Enhypen (Japanese version of a mini album). Concert revenue reached a record W188.9bn, boosted by performances from several major artists. Merchandise/licensing revenue (which is closely tied to album and concert revenues) also hit a record high of W151.2bn.

Despite record-high revenue, profitability was sluggish, with OP margin falling to 9%. Increased concert expenses and a higher revenue mix of concerts led to a slight dip in gross margin, and rising labor expenses (driven by bonus payments and the revaluation of stock options) also weighed on the bottom line. Additionally, expenses from ongoing litigation were partially reflected in both SG&A and non-operating expenses. At the net level, the firm reported a loss of W26bn largely due to goodwill impairment related to Ithaca Holdings.

2025 outlook

For 2025, we look for revenue of W2.86tr and operating profit of W349.9bn. We forecast recorded music and concert revenues to grow 35% and 21% YoY, respectively, driven by increased spending power among fans of established artists as well as fan base expansion for newer artists. We expect merchandise/licensing revenue to expand sharply to W630.6bn, fueled by increased purchases at concerts amid higher concert attendance. The development of official characters (IP) has also expanded beyond BTS's BT21 with the launches of Seventeen's Miniteen and BoyNextDoor's Bbnexo. Additionally, the company began to recognize Weverse digital membership/ad revenue in Jan. 2025, which should further contribute to revenue and profit growth.

Lift TP to W310,000

We raise our target price for HYBE to W310,000 (from W270,000). We revised down our 2025F net profit attributable to owners of the parent by 13% in light of increased labor costs and legal expenses. However, with J-Hope resuming activities, we removed the 20% discount that we had previously applied due to risks related to an internal conflict.

(Dec.)	2022	2023	2024P	2025F	2026F
Revenue (Wbn)	1,776	2,178	2,255	2,858	3,418
OP (Wbn)	237	296	185	350	417
OP margin (%)	13.3	13.6	8.2	12.2	12.2
NP (Wbn)	52	187	89	249	328
EPS (W)	1,265	4,504	2,132	5,966	7,878
ROE (%)	1.9	6.6	3.0	8.0	9.7
P/E (x)	137.1	51.8	90.7	42.1	31.9
P/B (x)	2.6	3.3	2.7	3.2	3.0
Dividend yield (%)	0.0	0.3	0.1	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	4Q24P	2023	2024P	2025F	2026F
Revenue	411	621	538	609	361	640	528	725	2,178	2,255	2,858	3,418
YoY	44%	21%	21%	14%	-12%	3%	-2%	19%	23%	4%	27%	20%
OP	53	81	73	89	14	51	54	65	296	185	350	417
YoY	42%	-8%	20%	76%	-73%	-37%	-25%	-27%	25%	-37%	89%	19%
OP margin	13%	13%	14%	15%	4%	8%	10%	9%	14%	8%	12%	12%
NP (attr. to owners of the parent)	24	117	102	-57	11	21	6	-29	189	9	267	328
YoY	-25%	20%	13%	-107%	-55%	-82%	-94%	RR	262%	-95%	2902%	28%
Net margin	6%	19%	19%	-9%	3%	3%	1%	-4%	9%	0%	9%	10%
Revenue by business												
Direct	234	436	382	418	217	424	323	481	1,471	1,445	1,728	2,106
Recorded music	184	246	264	276	145	250	214	252	970	861	988	1,078
Concerts	25	158	87	89	44	144	74	189	359	451	588	855
Ads/appearances	25	33	31	52	28	30	34	41	142	133	152	173
Indirect	176	185	155	190	144	217	205	244	707	809	1,130	1,312
Merchandise/licensing	69	112	86	59	61	109	99	151	326	420	631	709
Content	87	51	49	103	61	84	80	62	290	287	373	425
Other (fan clubs, etc.)	20	22	21	28	22	24	26	30	91	102	126	178
Revenue breakdown												
Direct	57%	70%	71%	69%	60%	66%	61%	66%	68%	64%	60%	62%
Recorded music	45%	40%	49%	45%	40%	39%	41%	35%	45%	38%	35%	32%
Concerts	6%	25%	16%	15%	12%	22%	14%	26%	16%	20%	21%	25%
Ads/appearances	6%	5%	6%	9%	8%	5%	7%	6%	7%	6%	5%	5%
Indirect	43%	30%	29%	31%	40%	34%	39%	34%	32%	36%	40%	38%
Merchandise/licensing	17%	18%	16%	10%	17%	17%	19%	21%	15%	19%	22%	21%
Content	21%	8%	9%	17%	17%	13%	15%	9%	13%	13%	13%	12%
Other (fan clubs, etc.)	5%	4%	4%	5%	6%	4%	5%	4%	4%	5%	4%	5%

Source: Mirae Asset Securities Research estimates

Table 2. 4Q24 review

(Wbn)

	4Q23	3Q24	4Q24P				
			Preliminary	Mirae Asset	Diff.	Consensus	Diff.
Revenue	609	528	725	652	11%	667	9%
OP	89	54	65	87	-25%	83	-22%
OP margin	15%	10%	9%	13%	-4%p	12%	-3%p
NP (attr. to owners of the parent)	-57	6	-29	69	-	64	-

Source: Company data, FnGuide, Mirae Asset Securities Research

Table 3. Earnings forecast revisions

(Wbn)

	Previous		Revised		Chg. (%)		Notes
	25F	26F	25F	26F	25F	26F	
Revenue	2,753	3,390	2,858	3,418	4%	1%	Adjusted album ASP assumptions
OP	346	473	350	417	1%	-12%	Revised labor expense estimates
NP (attr. to owners of the parent)	295	355	257	328	-13%	-8%	Adjusted non-operating profit/loss based on 2024 earnings

Source: Mirae Asset Securities Research

Table 4. Valuation table

	Value	Notes
2025F NP attributable to owners of the parent (Wbn)	267	
Target P/E (x)	48x	48x was HYBE's avg. P/E in 2021, when the firm demonstrated sustainable growth in the US with BTS and expanded its portfolio of labels
Target market cap (Wbn)	12,801	
No. of shares ('000)	41,652	
TP (W)	310,000	
CP (W)	251,000	
Upside	23.5%	

Source: Mirae Asset Securities Research

HYBE (352820 KS)

Income statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Revenue	2,178	2,255	2,858	3,418
Cost of revenue	1,169	1,294	1,585	1,943
GP	1,009	961	1,273	1,475
SG&A expenses	713	776	924	1,058
OP (adj.)	296	185	350	417
OP	296	185	350	417
Non-operating profit	-46	8	-19	21
Net financial income	0	-8	-8	2
Net income from associates	11	15	17	17
Pretax profit	250	193	331	438
Income tax	67	227	83	109
Profit from continuing operations	183	-34	249	328
Profit from discontinued operations	0	0	0	0
NP	183	-34	249	328
Attributable to owners	187	89	249	328
Attributable to minority interests	-4	-123	0	0
Total comprehensive income	205	-34	249	328
Attributable to owners	210	-35	255	336
Attributable to minority interests	-5	1	-6	-8
EBITDA	423	332	498	556
FCF	288	-207	374	383
EBITDA margin (%)	19.4	14.7	17.4	16.3
OP margin (%)	13.6	8.2	12.2	12.2
Net margin (%)	8.6	3.9	8.7	9.6

Balance sheet (summarized)

(Wbn)	2023	2024F	2025F	2026F
Current assets	1,889	1,825	1,987	2,198
Cash & equivalents	358	168	300	484
AR & other receivables	268	302	351	341
Inventory	126	160	143	143
Other current assets	1,137	1,195	1,193	1,230
Non-current assets	3,457	3,359	3,371	3,361
Investments in associates	241	230	230	230
PP&E	101	103	105	107
Intangible assets	2,165	2,111	2,097	2,061
Total assets	5,346	5,183	5,358	5,559
Current liabilities	1,772	936	952	937
AP & other payables	226	219	277	262
Short-term financial liabilities	914	218	175	175
Other current liabilities	632	499	500	500
Non-current liabilities	464	1,200	1,118	1,036
Long-term financial liabilities	249	1,025	925	825
Other non-current liabilities	215	175	193	211
Total liabilities	2,236	2,136	2,071	1,973
Equity attributable to owners	2,919	2,979	3,219	3,518
Capital stock	21	21	21	21
Capital surplus	1,570	1,570	1,570	1,570
Retained earnings	1,420	1,480	1,720	2,019
Minority interests	191	68	68	68
Shareholders' equity	3,110	3,047	3,287	3,586

Cash flow statement (summarized)

(Wbn)	2023	2024F	2025F	2026F
Operating cash flow	311	-152	429	438
NP	183	-34	249	328
Non-cash income/expenses	236	345	229	207
Depreciation	53	53	53	53
Amortization	74	94	95	86
Other	109	198	81	68
Chg. in working capital	-40	-250	20	-11
Chg. in AR & other receivables	3	-36	-35	23
Chg. in inventory	-51	-34	17	0
Chg. in AP & other payables	-17	8	8	-5
Income tax	-170	-227	-83	-109
Cash flow from investing activities	-471	-153	-163	-143
Chg. in PP&E	-22	-55	-55	-55
Chg. in intangible assets	-68	-40	-80	-50
Chg. in financial assets	273	-58	2	-38
Other	-654	0	-30	0
Cash flow from financing activities	-11	50	-151	-129
Chg. in financial liabilities	6	79	-142	-100
Chg. in equity	-1,081	0	0	0
Dividends	0	-29	-8	-29
Other	1,064	0	-1	0
Chg. in cash	-174	-190	132	184
Beginning balance	532	358	168	300
Ending balance	358	168	300	484

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

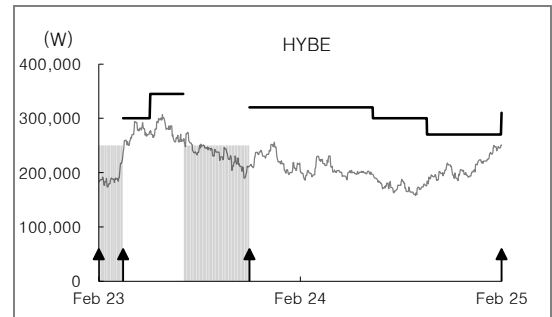
	2023	2024F	2025F	2026F
P/E (x)	51.8	90.7	42.1	31.9
P/CF (x)	23.1	25.8	21.9	19.5
P/B (x)	3.3	2.7	3.2	3.0
EV/EBITDA (x)	22.9	24.4	20.6	17.9
EPS (W)	4,504	2,132	5,966	7,878
CFPS (W)	10,094	7,482	11,469	12,856
BPS (W)	70,090	71,522	77,289	84,469
DPS (W)	700	200	700	700
Dividend payout ratio (%)	15.9	-24.6	11.7	8.9
Dividend yield (%)	0.3	0.1	0.3	0.3
Revenue growth (%)	22.6	3.5	26.8	19.6
EBITDA growth (%)	18.9	-21.6	50.1	11.6
OP growth (%)	24.8	-37.5	89.3	19.1
EPS growth (%)	256.0	-52.7	179.9	32.0
AR turnover (x)	10.1	9.7	10.7	12.5
Inventory turnover (x)	21.2	15.8	18.9	23.9
AP turnover (x)	39.4	48.2	45.5	53.1
ROA (%)	3.6	-0.6	4.7	6.0
ROE (%)	6.6	3.0	8.0	9.7
ROIC (%)	11.6	-1.3	11.9	14.2
Debt-to-equity ratio (%)	71.9	70.1	63.0	55.0
Current ratio (%)	106.6	194.9	208.6	234.5
Net debt-to-equity ratio (%)	-7.7	-0.8	-8.3	-15.9
Interest coverage ratio (x)	6.3	3.8	7.4	9.8

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (₩)
HYBE (352820)	02/26/25	Buy	310,000
	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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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
