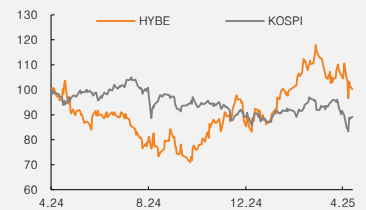


(Maintain)	Buy
Target price	₩310,000
Current price (4/14/25)	₩223,000
Upside	39.0%

OP (25F, Wbn)	324
Consensus OP (25F, Wbn)	321
EPS growth (25F, %)	2,695.5
Market EPS growth (25F, %)	25.3
P/E (25F, x)	35.4
Market P/E (25F, x)	8.9
KOSPI	2,455.89

Market cap (Wbn)	9,288
Shares (mn)	42
Free float (%)	52.2
Foreign ownership (%)	19.3
Beta (12M)	0.36
52-week low (W)	158,000
52-week high (W)	262,500

(%)	1M	6M	12M
Absolute	-3.9	21.0	4.7
Relative	0.4	29.2	14.3



Mirae Asset Securities Co., Ltd.

Gyuyeon Kim

gyuyeon.kim@miraeasset.com

HYBE

Time to translate momentum into profit improvement

1Q25 preview

For 1Q25, we expect HYBE to post revenue of ₩510.7bn (in line with the consensus) and operating profit of ₩32.9bn (23% below the consensus).

Recorded music (albums/streaming): We estimate recorded music revenue at ₩125.8bn. Album sales were weak due to the absence of major artist comebacks; a total of 2.6mn album copies were sold, including 710,000 from BSS (sub-unit of Seventeen), 450,000 from Hoshi x Woozi, and 650,000 from Le Sserafim (mini album). The number of streams slid 5% YoY.

Concerts: We estimate concert revenue at ₩137bn. Aside from TWS, all of HYBE's boy bands (including J-Hope, Seventeen, TXT, Enhypen, and BoyNextDoor) held concerts. Established artists accounted for 62% of total concert activity, likely resulting in a less favorable profit-sharing ratio for HYBE. That said, cost pressures from inflation were likely limited, as Japan (typically a high-cost region) accounted for a small portion of concerts.

Indirect revenue: We estimate HYBE generated ₩109.3bn from merchandise/licensing, ₩82.2bn from content, and ₩27.4bn from fan clubs. Pop-up events were held in Korea for Seventeen, TWS, Le Sserafim, and BoyNextDoor and in China for BoyNextDoor and Enhypen. J-Hope released photo cards and merchandise in connection with his digital single.

While there were no one-off expenses in the quarter, increased costs related to concerts and pop-up events likely pushed up the cost ratio. We estimate gross margin at 44% and OP margin at 6.4%. We estimate non-operating profit at ₩60bn, reflecting valuation gains of ₩84.8bn from share price gains at SM Entertainment and YG Plus.

Cost management holds the key

HYBE is showing visible revenue growth, supported by both new and established artists. However, costs remain the key issue. The earnings weakness in 2024 stemmed from heavy marketing expenses for game publishing and high costs related to artist debuts in North America. Our 2025 forecasts assume that such costs will not occur again at the same scale. However, with earnings estimates being revised down (due to changes in artist activity assumptions and rising cost ratios), we believe HYBE needs to prove its ability to generate profits through better cost control to provide downside support for shares.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	2,178	2,256	2,819	3,320	3,438
OP (Wbn)	296	184	324	371	385
OP margin (%)	13.6	8.2	11.5	11.2	11.2
NP (Wbn)	187	9	262	316	176
EPS (₩)	4,504	225	6,295	7,596	4,236
ROE (%)	6.6	0.3	7.8	8.8	4.6
P/E (x)	51.8	858.8	35.4	29.4	52.6
P/B (x)	3.3	2.5	2.7	2.5	2.4
Dividend yield (%)	0.3	0.1	0.3	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)

	1Q24	2Q24	3Q24	4Q24	1Q25F	2Q25F	3Q25F	4Q25F	2023	2024	2025F	2026F
Revenue	361	641	528	725	511	722	713	873	2,178	2,255	2,819	3,320
YoY	-12%	3%	-2%	19%	42%	13%	35%	20%	23%	4%	25%	18%
OP	14	51	54	65	33	93	96	102	296	185	324	371
YoY	-73%	-37%	-25%	-27%	129%	82%	77%	56%	25%	-37%	75%	15%
OP margin	4%	8%	10%	9%	6%	13%	13%	12%	14%	8%	11%	11%
NP (attr. to owners of the parent)	11	21	6	-29	75	54	90	52	189	9	271	316
YoY	-55%	-82%	-94%	RR	335%	268%	1312%	TTB	262%	-95%	2,945%	17%
Net margin	3%	3%	1%	-4%	15%	7%	13%	6%	9%	0%	10%	10%
Revenue by business												
Direct	217	424	323	481	292	445	449	510	1,471	1,445	1,695	2,034
Recorded music	145	250	214	252	126	289	252	288	970	861	955	1,006
Concerts	44	144	74	189	137	122	160	171	359	451	589	855
Ads/appearances	28	30	34	41	29	35	36	51	142	133	152	173
Indirect	144	217	205	244	219	277	265	363	707	809	1,123	1,286
Merchandise/licensing	61	109	99	151	109	141	142	232	326	420	624	682
Content	61	84	80	62	82	106	92	93	290	287	373	425
Other (fan clubs, etc.)	22	24	26	30	27	30	31	38	91	102	126	178
Revenue breakdown												
Direct	60%	66%	61%	66%	57%	62%	63%	58%	68%	64%	60%	61%
Recorded music	40%	39%	41%	35%	25%	40%	35%	33%	45%	38%	34%	30%
Concerts	12%	22%	14%	26%	27%	17%	22%	20%	16%	20%	21%	26%
Ads/appearances	8%	5%	7%	6%	6%	5%	5%	6%	7%	6%	5%	5%
Indirect	40%	34%	39%	34%	43%	38%	37%	42%	32%	36%	40%	39%
Merchandise/licensing	17%	17%	19%	21%	21%	20%	20%	27%	15%	19%	22%	21%
Content	17%	13%	15%	9%	16%	15%	13%	11%	13%	13%	13%	13%
Other (fan clubs, etc.)	6%	4%	5%	4%	5%	4%	4%	4%	4%	5%	4%	5%

Source: Mirae Asset Securities Research estimates

Table 2. Earnings forecast revisions

(Wbn)

	Previous		Revised		Chg. (%)		Notes
	2025F	2026F	2025F	2026F	2025F	2026F	
Revenue	2,858	3,418	2,819	3,320	-1%	-3%	Reflected 1Q25 album sales
OP	350	417	324	371	-7%	-10%	Adjusted cost ratio assumptions for concerts/merchandise
NP (attr. to owners of the parent)	267	328	271	316	1%	-4%	Reflected increased value of SM Entertainment shares

Source: Mirae Asset Securities Research

Table 3. Valuation table

	Value	Notes
2025F NP attributable to owners of the parent (Wbn)	271	
Target P/E (x)	48x	
Target market cap (Wbn)	12,992	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
No. of shares ('000)	41,652	
TP (W)	310,000	
CP (W)	223,000	
Upside	39.0%	

Source: Mirae Asset Securities Research

HYBE (352820 KS)

Income statement (summarized)

(Wbn)	2023	2024	2025F	2026F
Revenue	2,178	2,256	2,819	3,320
Cost of revenue	1,169	1,296	1,556	1,897
GP	1,009	960	1,263	1,423
SG&A expenses	713	776	939	1,052
OP (adj.)	296	184	324	371
OP	296	184	324	371
Non-operating profit	-46	-165	26	51
Net financial income	0	-9	-10	-3
Net income from associates	11	-18	0	0
Pretax profit	250	19	350	422
Income tax	67	23	87	105
Profit from continuing operations	183	-3	262	316
Profit from discontinued operations	0	0	0	0
NP	183	-3	262	316
Attributable to owners	187	9	262	316
Attributable to minority interests	-4	-13	0	0
Total comprehensive income	205	276	262	316
Attributable to owners	210	288	273	330
Attributable to minority interests	-5	-12	-11	-13
EBITDA	423	330	488	525
FCF	288	119	-210	371
EBITDA margin (%)	19.4	14.6	17.3	15.8
OP margin (%)	13.6	8.2	11.5	11.2
Net margin (%)	8.6	0.4	9.3	9.5

Cash flow statement (summarized)

(Wbn)	2023	2024	2025F	2026F
Operating cash flow	311	152	-210	371
NP	183	-3	262	316
Non-cash income/expenses	236	372	161	155
Depreciation	53	62	62	62
Amortization	74	85	103	92
Other	109	225	-4	1
Chg. in working capital	-40	-148	-543	1
Chg. in AR & other receivables	3	-25	-20	26
Chg. in inventory	-51	-32	37	0
Chg. in AP & other payables	-17	7	2	-2
Income tax	-170	-108	-87	-105
Cash flow from investing activities	-471	-10	-199	21
Chg. in PP&E	-22	-32	0	0
Chg. in intangible assets	-68	-30	-80	-50
Chg. in financial assets	273	245	-143	40
Other	-654	-193	24	31
Cash flow from financing activities	-11	-118	-94	-129
Chg. in financial liabilities	6	-72	-86	-100
Chg. in equity	-1,081	66	0	0
Dividends	0	-29	-8	-29
Other	1,064	-83	0	0
Chg. in cash	-174	54	-217	332
Beginning balance	532	358	412	195
Ending balance	358	412	195	527

Source: Company data, Mirae Asset Securities Research estimates

Balance sheet (summarized)

(Wbn)	2023	2024	2025F	2026F
Current assets	1,889	1,788	1,717	1,996
Cash & equivalents	358	412	195	527
AR & other receivables	268	305	342	326
Inventory	126	163	126	126
Other current assets	1,137	908	1,054	1,017
Non-current assets	3,457	3,691	3,413	3,329
Investments in associates	241	216	0	0
PP&E	101	97	35	-26
Intangible assets	2,165	2,244	2,221	2,179
Total assets	5,346	5,479	5,130	5,325
Current liabilities	1,772	831	413	405
AP & other payables	226	196	263	255
Short-term financial liabilities	914	136	150	150
Other current liabilities	632	499	0	0
Non-current liabilities	464	1,134	949	865
Long-term financial liabilities	249	955	855	755
Other non-current liabilities	215	179	94	110
Total liabilities	2,236	1,965	1,362	1,270
Equity attributable to owners	2,919	3,215	3,469	3,756
Capital stock	21	21	21	21
Capital surplus	1,570	1,636	1,636	1,636
Retained earnings	1,420	1,401	1,655	1,942
Minority interests	191	299	299	299
Shareholders' equity	3,110	3,514	3,768	4,055

Key valuation metrics/ratios

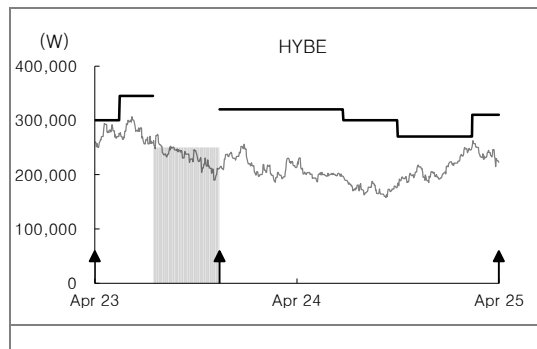
	2023	2024	2025F	2026F
P/E (x)	51.8	858.8	35.4	29.4
P/CF (x)	23.1	21.8	22.0	19.7
P/B (x)	3.3	2.5	2.7	2.5
EV/EBITDA (x)	22.9	24.9	19.4	17.3
EPS (W)	4,504	225	6,295	7,596
CFPS (W)	10,094	8,852	10,154	11,313
BPS (W)	70,090	77,737	83,833	90,731
DPS (W)	700	200	700	700
Dividend payout ratio (%)	15.9	-242.0	11.1	9.2
Dividend yield (%)	0.3	0.1	0.4	0.4
Revenue growth (%)	22.6	3.6	25.0	17.8
EBITDA growth (%)	18.9	-21.9	47.9	7.6
OP growth (%)	24.8	-37.7	75.9	14.7
EPS growth (%)	256.0	-95.0	2,695.5	20.7
AR turnover (x)	10.1	9.5	10.4	12.4
Inventory turnover (x)	21.2	15.6	19.5	26.4
AP turnover (x)	39.4	46.3	45.7	55.6
ROA (%)	3.6	-0.1	4.9	6.1
ROE (%)	6.6	0.3	7.8	8.8
ROIC (%)	11.6	-3.0	9.3	10.1
Debt-to-equity ratio (%)	71.9	55.9	36.2	31.3
Current ratio (%)	106.6	215.1	415.3	493.2
Net debt-to-equity ratio (%)	-7.7	-3.6	-3.0	-12.0
Interest coverage ratio (x)	6.3	3.7	7.1	8.9

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
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



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	83.98%	6.63%	8.84%	0.55%
Investment banking services	88.24%	0%	11.76%	0%

* Based on recommendations in the last 12-months (as of March 31, 2025)

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 HYBE 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@miraeeasset.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
