COMPANY UPDATE

2026. 1. 5

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YG Entertainment (122870)

Proven on the global stage

- Babymonster is emerging as a key growth driver, supported by strong performances both online and offline.
- We maintain our BUY rating on YG Entertainment, given the expanding global reach of its artist lineup.

WHAT'S THE STORY?

Expanding global presence: Babymonster is on a roll. Within a year of debut, the group embarked on a world tour and quickly established a presence in global markets. Its 32 shows over an eight-month period attracted around 300,000 fans—an exceptional outcome for a rookie act. The ongoing Asia "fan concert" tour (12 shows across six cities), which began in mid-November, is being held entirely at arena-scale venues, more than double the size of prior fan meetings, underscoring the rapid expansion of its global fanbase. Online metrics are also trending strongly, with the official YouTube channel surpassing 10.9m subscribers, the third-highest among K-pop girl groups, behind only Blackpink and Twice. This strength across both online and offline channels supports continued growth in Babymonster's IP value. A second world tour is expected following the release of a new album in 2026. With a larger scale and stronger performance than the first, it should further reinforce the group's growth trajectory. Babymonster is on track to become a core next-generation growth pillar for YG Entertainment YGE).

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW92,000	30.7%
Current price	**KRW70,400**	
Market cap	KRW1.3t/USD0.9b	
Shares (float)	18,691,049 (72.0%)	
52-week high/low	KRW107,400/KRW44,400	
Avg daily trading value (60-day)	KRW19.6b/ USD13.6m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
YG Entertainment (%)	12.1	-23.3	57.5
Vs Kosdaq (%pts)	10.1	-36.6	14.4

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	92,000	92,000	0.0%
2025E EPS	2,474	2,474	0.0%
2026E EPS	3,491	3,491	0.0%

SAMSUNG vs THE STREET

No of estimates	17
Target price	104,235
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL

SUMMARY FINANCIAL DATA

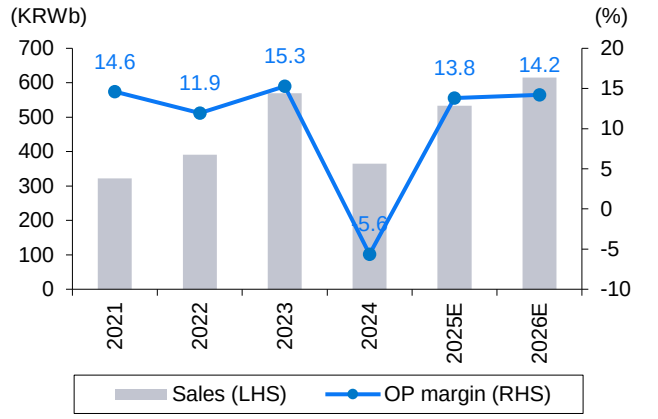
	2024	2025E	2026E	2027E
Revenue (KRWb)	365	533	615	543
Operating profit (KRWb)	-21	74	87	62
Net profit (adj) (KRWb)	20	66	86	65
EPS (adj) (KRW)	991	2,474	3,491	2,704
EPS (adj) growth (% y-y)	-69.8	149.7	41.1	-22.5
EBITDA margin (%)	3.1	16.0	17.4	14.4
ROE (%)	3.9	9.2	11.8	8.3
P/E (adj) (x)	46.2	28.1	20.2	26.0
P/B (x)	1.8	2.5	2.2	2.1
EV/EBITDA (x)	80.3	15.2	11.7	15.0
Dividend yield (%)	0.5	0.5	0.6	0.5

Source: Company data, Samsung Securities estimates

Nurturing mega IPs to build long-term growth foundation: Drawing on its experience of developing mega IPs such as Blackpink and BigBang, YGE continues to expand the global footprint of its artists. Plans to debut new boy and girl groups in 2026 should further diversify the artist portfolio and support a more stable, longer-term growth path.

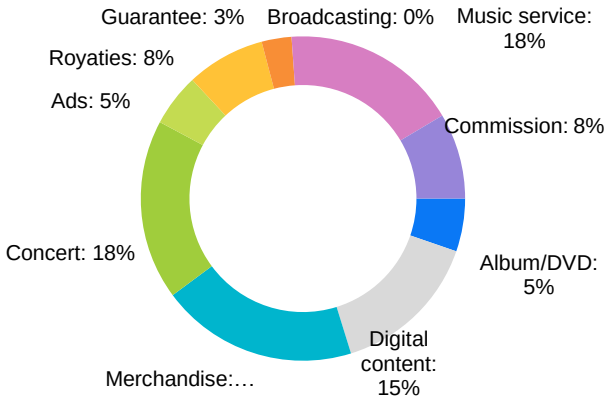
Maintaining BUY: While younger acts such as Treasure and Babymonster are delivering meaningful performance improvements, globally established artists including Blackpink and BigBang may also contribute to earnings growth in 2026. We maintain our target price of KRW92,000 (based on a peer-average forward P/E of 25x).

Sales and operating margin (annual)



Source: Company data, Samsung Securities

Sales, by division (1Q-3Q25)



Source: Company data, Samsung Securities

Albums and concerts from 2025

Artist	Album	Release	Category	Sales (units)
Treasure	Love Pulse	Sep 1	3rd EP	1,104,731
Babymonster	We Go Up	Oct 10	2nd EP	673,614
SeungYoon (Winner)	Page 2	Noc 3	2nd Album	32,461
Blackpink	TBD	TBD	3rd EP	

Artist	Country	Concert/fan meeting	Dates	Cities	Appearances
Winner	Asia	In Our Moment	Oct 3-Nov 1	Hong Kong, Kuala Lumpur	2
Blackpink	Asia	Deadline	Oct 18-Nov 30	5 Asian cities	12
Treasure	Global	World Tour	Oct 10-Nov 24	Seoul, 3 Japanese cities	14
Babymonster	Japan	(Fan-concert) Love Monsters	Nov 15-Dec 7	4 Japan cities	8
SeungYoon (Winner)	Korea	Passage#2	Dec 24-25	Busan	2
Babymonster	Asia	(Fan-concert) Love Monsters	Dec 27-28	Bangkok	2
Babymonster	Asia	(Fan-concert) Love Monsters	Jan 2-3, 2026	Taiepi	2
SeungYoon (Winner)	Asia	Passage#2	Jan 3-Mar 15 2026	4 Korean cities, 2 Japanese cities	6
Blackpink	Asia	DeadLINE	Jan 16-26, 2026	Tokyo, Hongkong	6
Treasure	Asia	Pulse On	Feb 10-11, 2026	Kanagawa, Osaka	6
Treasure	Asia	Pulse On	Apr 18-May 30	6 Asian cities	7

Note: Album sales volumes are as of Nov 30, 2025 / Source: Company data, Circle Chart Top-100, Samsung Securities

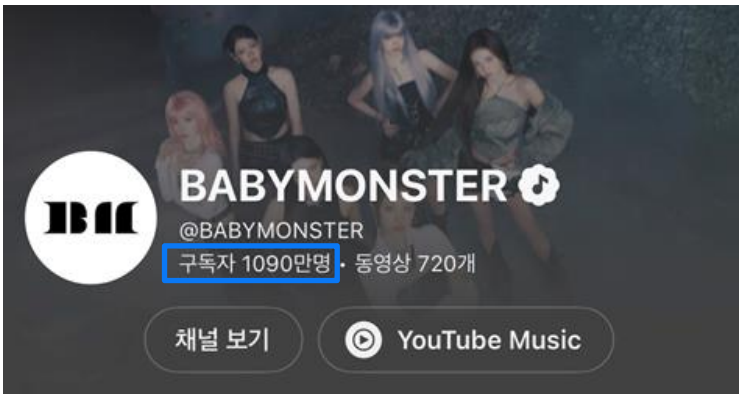
Babymonster's Asia fan concert (Nov 15-)

Source: Company data, Samsung Securities

Babymonster's *Love Monsters* pop-up store

Source: Company data, Samsung Securities

Babymonster surpasses 10m subscribers on YouTube



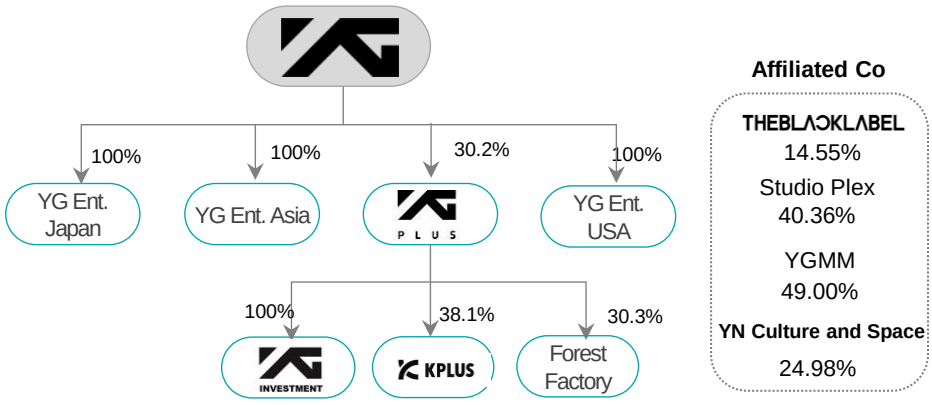
Note: 12 pieces of content have over 100m cumulative views
Source: Company data, Samsung Securities

Lineup

Group	Member	Debut	Group	Member	Debut	Group	Member	Debut
Jinu-Sean	Sean	1997	**Treasure***	Jaehyuk	2020	**Babymonster****	Ruka	Apr 2024
Eun Ji-won		1997		Haruto			Pharita	
Winner	Seungyoon	2014		Junghwan			Asa	
	Jinwoo			Junkyu			Ahyeon	
	Seunghoon			Jeongwoo			Haram	
	Mino			Hyunsuk			Rora	
Blackpink	*Only group	2016		Doyoung			Chiquita	
	(Jisoo, Jennie, Rose, Lisa)			Yoshi		**New boy group**	TBD	2026
				Jihoon		**New girl group**	4 members	2027
				Asahi				

Note: *Treasure (debuted on Aug 7, 2020) announced that they had completed their early contract renewal in a march 2025 media interview
**Babymonster initially began their activities with digital single 'Batter Up' on Nov 27, 2023, but their official debut date was later changed to Apr 1, 2024 when they released an EP as a full 7-member group
Akmu announced that they have decided not to renew their contract after Nov 11, 2025
Source: Company data, Samsung Securities

Governance structure (as of 1H25)



Note: YG Entertainment has acquired all shares of YG Entertainment Beijing from YG Entertainment Asia, upgrading it from a sub-subsidiary to a subsidiary on May 2025
Source: Company data, Samsung Securities

Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025E	2026E
Sales	**87.3**	**90.0**	**83.5**	**104.1**	**100.2**	**100.4**	**173.1**	**159.2**	**175.4**	**177.1**	**141.2**	**121.7**	**569.2**	**364.9**	**532.8**	**615.5**
Album/DVD	2.9	4.7	2.8	4.9	5.9	2.0	11.8	7.9	9.5	5.8	7.6	5.9	43.6	15.3	27.6	28.8
Digital content	15.8	17.7	14.7	19.1	15.8	19.8	20.2	23.9	18.6	22.6	23.1	22.2	76.0	67.3	79.7	86.4
Merchandising	16.4	16.4	13.9	23.0	26.0	19.2	28.1	27.5	37.3	38.4	24.7	16.7	77.8	69.6	100.8	117.1
Concert	2.0	7.0	3.1	4.9	7.5	8.8	50.8	38.9	53.2	56.1	32.1	26.2	111.5	17.0	106.0	167.5
Ads	10.9	9.2	6.4	8.4	5.1	5.3	9.2	8.9	6.0	6.0	9.5	9.1	58.9	34.9	28.5	30.6
Royalties	11.2	-1.2	10.5	4.8	3.7	9.3	16.3	13.8	14.4	9.3	6.1	5.5	46.3	25.4	43.1	35.3
Guarantee	2.7	2.7	4.4	6.8	2.6	4.1	4.5	4.5	4.0	5.2	5.1	4.3	17.5	16.5	15.6	18.5
Broadcasting	-	-	-	-	-	-	-	-	-	-	-	-	0.9	-	-	-
Music service	17.0	21.5	19.2	21.0	22.4	22.1	21.2	22.1	21.5	22.8	21.8	22.3	88.9	78.6	87.8	88.4
Commission	8.5	12.1	8.5	11.2	11.1	9.9	11.0	11.6	11.0	11.0	11.3	9.5	47.8	40.3	43.6	42.8
Operating profit	**-7.0**	**-11.0**	**-3.6**	**1.0**	**9.5**	**8.4**	**31.1**	**24.6**	**27.0**	**31.6**	**16.9**	**11.9**	**86.9**	**-20.6**	**73.6**	**87.4**
Operating margin (%)	-8.0	-12.2	-4.3	1.0	9.5	8.3	18.0	15.5	15.4	17.8	12.0	9.8	15.3	-5.6	13.8	14.2
Non-operating gains (losses)	10.1	12.5	4.5	22.3	3.1	5.5	4.7	1.4	4.4	6.0	8.0	5.7	6.3	49.4	14.7	24.0
Pre-tax profit	3.1	1.5	0.9	23.3	12.7	13.8	35.8	26.0	31.4	37.6	24.9	17.5	93.2	28.8	88.3	111.5
Net profit (controlling)	**0.4**	**-1.9**	**-0.2**	**20.3**	**5.2**	**8.0**	**17.0**	**16.1**	**17.7**	**21.7**	**15.1**	**10.7**	**61.3**	**18.5**	**46.2**	**65.3**
Chg (% y-y)																
Sales	**-44.5**	**-43.1**	**-42.0**	**-4.9**	**14.7**	**11.6**	**107.2**	**53.0**	**75.2**	**76.4**	**-18.4**	**-23.5**	**45.5**	**-35.9**	**46.0**	**15.5**
Album/DVD	-80.9	-24.6	-86.3	171.1	104.1	-57.6	321.9	60.3	59.6	190.3	-35.1	-25.7	5.1	-64.9	80.3	4.1
Digital content	-16.6	-9.3	-12.1	-8.5	0.2	12.1	37.1	25.3	17.5	14.1	14.1	-7.1	-1.4	-11.5	18.5	8.4
Merchandising	-4.1	-33.0	-25.9	31.1	59.1	17.1	102.2	19.6	43.4	100.2	-12.1	-39.3	104.1	-10.5	44.8	16.2
Concert	-95.0	-77.7	-90.7	-23.7	270.5	26.9	1,528.3	697.6	609.7	533.8	-36.8	-32.6	390.1	-84.8	524.2	58.0
Ads	-34.8	-39.1	-49.2	-42.0	-53.0	-42.4	43.5	6.5	16.3	12.9	3.8	2.1	-12.4	-40.7	-18.3	7.2
Royalties	-16.9	nm	221.6	-46.9	-67.2	nm	55.4	185.5	292.9	-0.2	-62.7	-60.0	214.3	-45.3	70.0	-18.0
Guarantee	-47.1	-33.2	-1.4	73.1	-3.6	49.5	2.5	-33.7	53.5	28.6	13.2	-5.2	-2.2	-5.3	-5.6	18.6
Broadcasting	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	196.9	nm	nm	nm
Music service	-21.5	-6.5	-18.8	1.4	31.9	2.7	10.9	5.2	-3.9	3.4	2.6	0.8	25.8	-11.6	11.7	0.7
Commission	-3.6	-11.9	-21.3	-22.2	30.7	-18.6	28.3	4.2	-0.9	11.2	2.7	-18.1	17.0	-15.6	8.0	-1.8
Operating profit	**nm**	**nm**	**nm**	**149.6**	**nm**	**nm**	**nm**	**2,373.0**	**183.7**	**278.0**	**-45.6**	**-51.7**	**86.4**	**nm**	**nm**	**18.8**
Operating margin (%pts)	-31.2	-30.4	-19.0	0.6	17.5	20.5	22.2	14.5	5.9	9.5	-6.0	-5.7	3.3	-20.9	19.4	0.4
Non-operating gains (losses)	91.9	nm	nm	942.2	-69.0	-56.3	4.6	-93.8	40.7	9.5	70.6	310.4	-33.1	688.9	-70.3	63.9
Pre-tax profit	-92.5	-94.5	-95.6	817.6	306.1	794.3	3,865.7	11.7	148.2	171.8	-30.4	-32.5	66.4	-69.1	206.2	26.3
Net profit (controlling)	**-98.6**	**nm**	**nm**	**378.1**	**1,375.6**	**nm**	**nm**	**-20.7**	**241.5**	**171.3**	**-11.2**	**-33.1**	**82.1**	**-69.8**	**149.7**	**41.1**

Source: Company data, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**569**	**365**	**533**	**615**	**543**
Cost of goods sold	383	265	353	416	363
Gross profit	**186**	**99**	**180**	**199**	**179**
Gross margin (%)	32.7	27.3	33.7	32.4	33.1
SG&A expenses	106	118	119	112	118
Operating profit	**87**	**-21**	**74**	**87**	**62**
Operating margin (%)	15.3	-5.6	13.8	14.2	11.4
Non-operating gains (losses)	**6**	**49**	**15**	**24**	**24**
Financial profit	19	19	23	27	29
Financial costs	13	4	6	5	4
Equity-method gains (losses)	-2	23	3	5	1
Other	1	12	-5	-3	-3
Pre-tax profit	**92**	**29**	**88**	**111**	**86**
Taxes	15	9	22	26	21
Effective tax rate (%)	16.7	30.5	25.1	23.1	24.2
Profit from continuing operations	78	20	66	86	65
Profit from discontinued operations	-1	0	0	0	0
Net profit	**77**	**20**	**66**	**86**	**65**
Net margin (%)	13.5	5.5	12.4	13.9	12.0
Net profit (controlling interests)	61	19	46	65	51
Net profit (non-controlling interests)	16	2	20	20	15
EBITDA	99	11	85	107	78
EBITDA margin (%)	17.4	3.1	16.0	17.4	14.4
EPS (parent-based) (KRW)	3,285	991	2,474	3,491	2,704
EPS (consolidated) (KRW)	4,123	1,072	3,536	4,585	3,485
Adjusted EPS (KRW)*	3,285	991	2,474	3,491	2,704

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**348**	**303**	**414**	**528**	**594**
Cash & equivalents	97	87	169	249	342
Accounts receivable	66	69	81	104	86
Inventories	17	10	15	16	14
Other current assets	167	137	149	159	152
Fixed assets	**395**	**431**	**410**	**410**	**375**
Investment assets	146	183	186	205	186
Tangible assets	179	188	176	164	154
Intangible assets	47	47	36	28	22
Other long-term assets	22	13	13	13	13
Total assets	**742**	**734**	**824**	**938**	**969**
Current liabilities	**147**	**110**	**137**	**171**	**145**
Accounts payable	28	35	39	52	43
Short-term debt	0	0	0	0	0
Other current liabilities	119	76	98	119	102
Long-term liabilities	**10**	**21**	**22**	**22**	**22**
Bonds & long-term debt	0	7	7	7	7
Other long-term liabilities	10	13	15	15	15
Total liabilities	**157**	**131**	**159**	**194**	**167**
Owners of parent equity	**467**	**483**	**525**	**584**	**627**
Capital stock	10	10	10	10	10
Capital surplus	227	227	227	227	227
Retained earnings	216	229	271	330	373
Other	15	18	18	18	18
Non-controlling interests' equity	**118**	**120**	**140**	**160**	**175**
Total equity	**585**	**603**	**665**	**744**	**802**
Net debt	-81	-65	-146	-226	-319

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**94**	**0**	**89**	**105**	**82**
Net profit	77	20	66	86	65
Non-cash profit and expenses	31	10	40	37	26
Depreciation	13	15	13	11	10
Amortization	6	15	11	8	6
Other	12	-20	16	17	9
Changes in A/L from operating activities	-10	-20	-1	-1	1
Cash flow from investments	**-70**	**1**	**-2**	**-7**	**4**
Change in tangible assets	-11	-5	0	0	0
Change in financial assets	2	-5	-2	-7	4
Other	-61	10	0	0	0
Cash flow from financing	**-6**	**-12**	**-3**	**-5**	**-9**
Change in debt	-6	6	2	1	-1
Change in equity	1	0	0	0	0
Dividends	-5	-6	-5	-6	-7
Other	3	-13	0	0	0
Change in cash	17	-10	83	80	92
Cash at beginning of year	80	97	87	169	249
Cash at end of year	97	87	169	249	341
Gross cash flow	**108**	**30**	**106**	**122**	**91**
Free cash flow	**82**	**-7**	**89**	**105**	**82**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	45.5	-35.9	46.0	15.5	-11.9
Operating profit	86.4	nm	nm	18.8	-29.3
Net profit	64.6	-74.0	230.0	29.7	-24.0
Adjusted EPS**	81.2	-69.8	149.7	41.1	-22.5
Per-share data (KRW)					
EPS (parent-based)	3,285	991	2,474	3,491	2,704
EPS (consolidated)	4,123	1,072	3,536	4,585	3,485
Adjusted EPS**	3,285	991	2,474	3,491	2,704
BVPS	25,166	26,050	28,312	31,481	33,806
DPS (common)	300	250	350	400	350
Valuations (x)					
P/E***	15.5	46.2	28.1	20.2	26.0
P/B***	2.0	1.8	2.5	2.2	2.1
EV/EBITDA	10.0	80.3	15.2	11.7	15.0
Ratios (%)					
ROE	14.0	3.9	9.2	11.8	8.3
ROA	10.6	2.7	8.5	9.7	6.8
ROIC	34.2	-6.3	23.9	32.0	24.4
Payout ratio	9.1	25.0	14.0	11.4	12.8
Dividend yield (common)	0.6	0.5	0.5	0.6	0.5
Net debt to equity	-13.9	-10.8	-22.0	-30.3	-39.8
Interest coverage (x)	189.1	-27.2	81.9	91.9	64.8

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

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- As of 1/2 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
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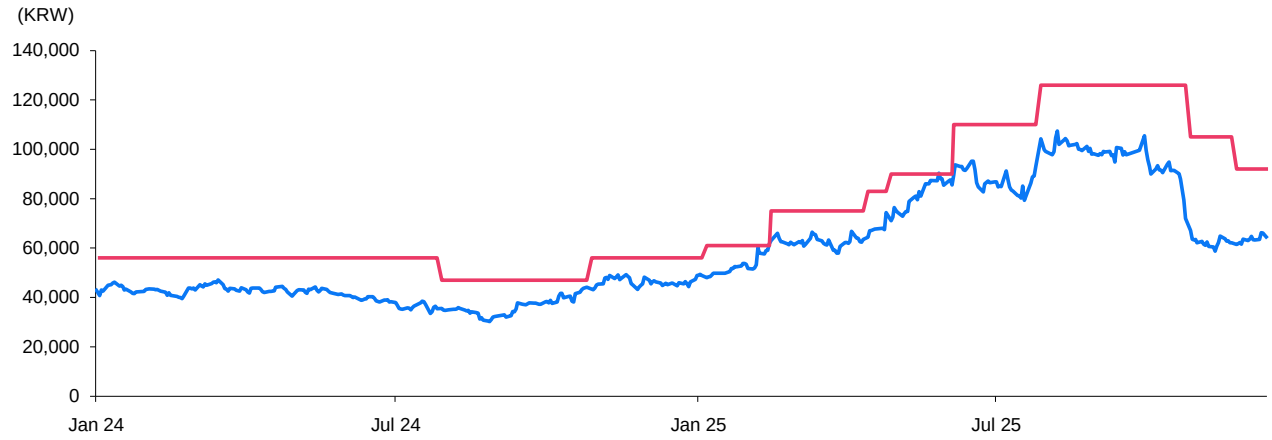
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/11/14	2024/1/17	8/12	11/11	2025/1/20	2/28	4/28	5/12	6/19	8/11	11/10	12/8
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	76000	56000	47000	56000	61000	75000	83000	90000	110000	126000	105000	92000
Gap* (average)	-32.42	-25.77	-22.33	-16.95	-12.45	-16.69	-17.33	-9.40	-20.56	-23.06	-40.76	
(max or min)**	-20.66	-15.89	-5.96	-11.96	1.31	-10.93	-10.36	0.33	-13.45	-14.76	-38.19	

Note: * [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%
** Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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Company

BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
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Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.12.31

BUY(83.5%)·HOLD(16.5%)·SELL(0%)

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