COMPANY UPDATE

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Studio Dragon (253450)

The proof is the numbers

- We now believe Studio Dragon's 4Q operating profit jumped 237.5% y-y to KRW18.1b, beating consensus. The likely solid results owed much to: 1) a large volume of its content being simultaneously released on local channels and global OTT platforms; and 2) increasing sales of old titles after Tving introduced Brand Channel to overseas platforms.
- Its earnings should grow in earnest this year, backed by a hike in its production volume and solid performance by the IP business.

WHAT'S THE STORY?

4Q preview: We now expect Studio Dragon to post 4Q sales of KRW154.6b (up 18.4% y-y) and an operating profit of KRW18.1b (up 237.5% y-y; beating consensus). The number of drama episodes it released in 4Q was 66 (46 on TV and 20 on OTT platforms). Among the dramas aired on TV, three titles (*ie*, Mean Love, Typhoon Boss, and Pro Bono) had been presold to global OTT platforms, with these OTT platform sales likely contributing to solid sales growth. Additionally, its profitability likely improved y-y as sales of high-margin old titles in bundled packages expanded y-y after Tving introduced Brand Channel to HBO Max (Warner Bros. Discovery) in 17 Asia Pacific markets and to Disney+ in Japan. Its OTT deliveries likely included Dear X (Tving; 12 episodes were aired) and Soulmate (Netflix; 8 episodes, none of which have been made available).

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW55,000	21.1%
Current price	KRW45,400	
Market cap	KRW1.4t/USD1.0b	
Shares (float)	30,058,498 (45.2%)	
52-week high/low	KRW56,000/KRW37,350	
Avg daily trading value (60-day)	KRW4.3b/ USD2.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Studio Dragon (%)	16.6	-4.5	12.9
Vs Kosdaq (%pts)	15.0	-19.5	-14.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	55,000	55,000	0.0%
2025E EPS	664	674	-1.5%
2026E EPS	1,401	1,415	-1.0%

SAMSUNG vs THE STREET

No of estimates	12
Target price	58,083
Recommendation	4.0

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

SUMMARY FINANCIAL DATA

	2024	2025E	2026E	2027E
Revenue (KRWb)	550	539	662	741
Operating profit (KRWb)	36	30	55	63
Net profit (adj) (KRWb)	33	20	42	48
EPS (adj) (KRW)	1,114	664	1,401	1,601
EPS (adj) growth (% y-y)	11.3	-40.4	111.1	14.2
EBITDA margin (%)	33.3	34.1	32.2	31.0
ROE (%)	4.6	2.7	5.6	6.0
P/E (adj) (x)	38.6	64.4	32.4	28.4
P/B (x)	1.7	1.8	1.8	1.7
EV/EBITDA (x)	6.1	6.2	5.7	5.3
Dividend yield (%)	0.0	0.0	0.0	0.0

Source: Company data, Samsung Securities estimates

To expand production volume and strengthen IP business: Studio Dragon expects to produce 27 drama episodes in 2026 (vs 20 in 2025). tvN has decided to reinstate the Wednesday/Thursday drama slot (after pausing it for three years), starting with 'I'll Give You the Universe' in February. Studio Dragon's deliveries to terrestrial broadcasters, of which there were zero last year, should reach at least four titles in 2026. With the potential for overseas production in Japan, the US, and Taiwan, the firm's 2026 earnings should pick up on the back of an expanded production volume. Its IP business's growth is also likely to accelerate: 1) through branded commerce, YouTube, digital content (centering on short-form videos), and development of merchandise (characters) and human IP (discovering new talent); and 2) by world-building in terms of its IP portfolio. We project that the firm will establish the IP business as a core long-term growth driver.

Maintaining BUY rating: Studio Dragon has faced profitability deterioration over the past three years due to sluggish conditions in the broadcasting and advertising markets and rising production costs. However, we believe the company will resume booking earnings growth this year, backed by diversified content-distribution platforms and the expansion of IP-based businesses.

Table 1. Quarterly results and forecasts

(KRWb)	4Q24	3Q25	4Q25E	Chg (% q-q)	Chg (% y-y)	Consensus	Diff (%)
Sales	130.6	136.5	154.6	13.2	18.4	161.8	-4.4
Operating profit	5.4	10.5	18.1	72.5	237.5	17.0	6.2
Operating margin (%)	4.1	7.7	11.7	4.0	7.6	10.5	1.2
Pre-tax profit	-8.1	11.8	16.1	37.3	nm	8.7	85.6
Net profit (controlling)	11.3	8.9	12.4	39.5	10.2	11.5	8.3

Source: Company data, FnGuide, Samsung Securities

Table 2. Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025E	2026E
Sales	**192.1**	**137.1**	**90.3**	**130.6**	**133.8**	**114.5**	**136.5**	**154.6**	**147.7**	**155.8**	**181.6**	**177.0**	**753.1**	**550.1**	**539.4**	**662.0**
Programing	47.3	30.7	21.6	27.6	33.2	17.3	27.6	35.7	33.5	28.3	33.8	40.7	154.1	127.2	114.0	136.2
Distribution	141.3	102.5	64.4	98.3	98.2	92.4	105.9	115.2	110.7	123.6	144.2	132.5	588.9	406.5	411.8	511.0
Other	3.5	3.9	4.3	4.6	2.3	4.7	3.0	3.6	3.5	3.8	3.6	3.8	10.1	16.4	13.7	14.8
Gross profit	**28.7**	**18.1**	**5.9**	**15.3**	**11.4**	**3.8**	**17.1**	**26.7**	**16.9**	**22.1**	**25.3**	**21.5**	**87.9**	**68.0**	**59.0**	**85.8**
SG&A	7.2	7.7	6.8	9.9	7.1	6.7	6.7	8.7	7.4	7.3	7.4	9.0	32.0	31.6	29.1	31.1
Operating profit	21.5	10.5	-0.9	5.4	4.3	-2.9	10.5	18.1	9.5	14.9	17.9	12.5	55.9	36.4	29.9	54.8
Non-operating profit	5.7	2.7	-3.1	-13.4	1.8	-3.5	1.3	-1.9	0.8	0.2	1.6	-3.2	-18.7	-8.2	-2.3	-0.5
Pre-tax profit	27.2	13.2	-4.1	-8.1	6.1	-6.4	11.8	16.1	10.3	15.1	19.5	9.3	37.2	28.2	27.6	54.2
Net profit (controlling)	**20.2**	**8.2**	**-6.1**	**11.3**	**2.4**	**-3.7**	**8.9**	**12.4**	**8.0**	**11.7**	**15.1**	**7.2**	**30.1**	**33.5**	**20.0**	**42.1**
Gross margin	14.9	13.2	6.5	11.7	8.5	3.3	12.5	17.3	11.4	14.2	14.0	12.1	11.7	12.4	10.9	13.0
Operating margin	11.2	7.6	-1.0	4.1	3.2	-2.5	7.7	11.7	6.4	9.5	9.9	7.1	7.4	6.6	5.5	8.3
Net margin (controlling)	10.5	5.9	-6.8	8.6	1.8	-3.3	6.5	8.0	5.4	7.5	8.3	4.1	4.0	6.1	3.7	6.4
Chg (% y-y)																
Sales	**-9.0**	**-16.1**	**-58.5**	**-19.0**	**-30.3**	**-16.5**	**51.1**	**18.4**	**10.4**	**36.0**	**33.0**	**14.5**	**7.9**	**-27.0**	**-1.9**	**22.7**
Programing	9.5	-27.6	-38.4	-17.2	-29.7	-43.6	28.0	29.3	0.7	63.1	22.4	13.8	-20.0	-17.4	-10.4	19.6
Distribution	-14.7	-13.8	-64.2	-20.9	-30.5	-9.8	64.4	17.2	12.7	33.8	36.1	15.0	22.6	-31.0	1.3	24.1
Other	50.7	85.4	85.8	36.4	-33.3	20.9	-31.7	-21.4	52.2	-18.8	22.5	4.0	-59.7	61.2	-16.5	8.3
Gross profit	**-7.0**	**-24.2**	**-79.5**	**253.4**	**-60.3**	**-79.2**	**190.0**	**75.1**	**48.5**	**485.4**	**47.9**	**-19.6**	**-12.1**	**-22.6**	**-13.2**	**45.5**
SG&A	-22.5	0.3	-1.5	21.3	-0.5	-12.8	-2.7	-12.6	4.4	8.4	11.5	3.7	-8.0	-1.3	-7.8	6.7
Operating profit	**-0.4**	**-35.7**	**nm**	**nm**	**-80.1**	**nm**	**nm**	**237.5**	**122.0**	**nm**	**71.1**	**-30.8**	**-14.3**	**-34.9**	**-17.9**	**83.2**
Non-operating profit	1,078.1	nm	nm	nm	-68.2	nm	nm	nm	-53.3	nm	21.8	nm	nm	nm	nm	nm
Pre-tax profit	23.2	-16.8	nm	nm	-77.6	nm	nm	nm	69.9	nm	65.7	-42.4	-36.5	-24.2	-2.3	96.7
Net profit (controlling)	**9.8**	**-20.0**	**nm**	**nm**	**-88.3**	**nm**	**nm**	**10.2**	**239.3**	**nm**	**70.1**	**-41.8**	**-40.5**	**11.3**	**-40.4**	**111.1**
Gross margin	0.3	-1.4	-6.7	9.0	-6.4	-9.9	6.0	5.6	2.9	10.9	1.4	-5.2	-2.7	0.7	-1.4	2.0
Operating margin	1.0	-2.3	-11.1	6.5	-8.0	-10.2	8.7	7.6	3.2	12.1	2.2	-4.6	-1.9	-0.8	-1.1	2.7
Net margin (controlling)	1.8	-0.3	-15.1	19.0	-8.7	-9.2	13.3	-0.6	3.7	10.8	1.8	-3.9	-3.3	2.1	-2.4	2.7

Source: Company data, Samsung Securities

Table 3. Drama lineup (from 2025)

Year	No.	Channel	Title	Air dates	Episodes	Writers	Director	Days
2025	1	tvN	When the Stars Gossip	Jan 4-Feb 23	16	Seo Sookhyang	Park Shinwoos	Sat, Sun
	2		The Queen Who Crowns	Jan 6-Feb 11	12+2	Lee Youngmi	Kim Sangho	Mon, Tue
	3		My Dearest Nemesis	Feb 17- Apr 8	16	Kim Sooyeon	Lee Suhyeon	Mon, Tue
	4		Second Shot at Love	May 12-Jun 17	12	Myeong Soohyeon	Jang Yujung	Mon, Tue
	5		Our Unwritten Seoul	May 24-Jun 29	12	Lee Kang	Park Shinwoo	Sat, Sun
	6		Gyeon U and Fairy	Jun 23-Jul 29	12	Yang Jihoon	Kim Yongwan	Mon, Tue
	7		First, for Love	Aug 4-Sep 9	12	Yang Heesun	Yoo Jaewon	Mon., Tue
	8		The Tyrant's Chef	Aug 16-Sep 21	12	Hapjak	Jang Taeyu	Sat, Sun
	9		New President Project	Sep 15-Oct 21	12	Ban Giri	Sin Gyeongsoo	Mon, Tue
	10		Typhoon Boss	Oct 11-Nov 30	16	Jang Hyunsook	Lee Najung	Sat, Sun
	11		Mean Love	Nov 3-Dec 23	16	Jung Yeorang	Kim Garam	Mon, Tue
	12		Pro Bono	Dec 6-Nov 11, 2026	12	Moon Yuseok	Kim Sungyoon	Sat, Sun
	13	Tving	Study Group (Amazon Prime)	Jan 23-Feb 20	10	Um Seonho	Lee Janghoon	
	14		Dear X (Supply in 4Q25)	Nov 6	12	Choi Jaewon	Lee Eungbok	
	15	Netflix	Dear Hongrang (Supply over 4Q24-1Q25)	May 16	11	Kim Jin-a	Kim Hongsun	
	16		Genie, Make a Wish (Supply over 2Q25-3Q25)	Oct 3	13	Kim Eunsook	Lee Byeonghun	
	17		The Price of Confession (Supply in 3Q25)	Dec 5	12	Kwon Jongkwan	Lee Junghyo	
	18		Soul mate (made by Gtist, 4Q25)	2026	8		(Japanese drama)	
	19	Disney+	The Manipulated (Supply in 3Q25)	Nov 5-Dec 3	12	Oh Sangho	Park Shinwoo	
	20	Amazon	Marry My Husband (JPN) (Supply over 2Q25-3Q25)	Jun 27-Jul 25	10		(Japanese drama)	
		TBS	Hatsukoi Dogs (Supply in 4Q25)	Jul 1-Sep 2	10		(Japanese drama)	Tue

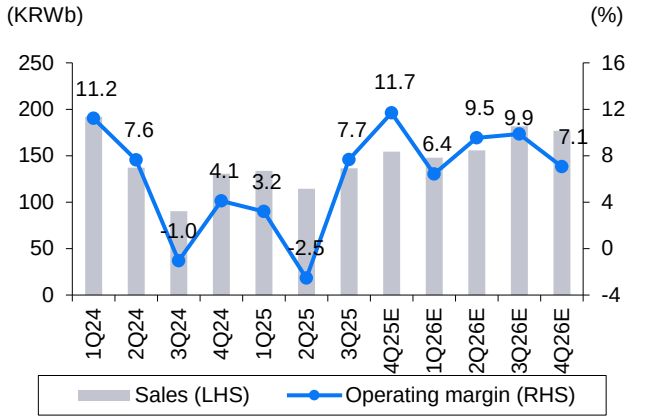
Note: Titles highlighted in green are streamed through Netflix, light blue Tving, and orange Disney+, yellow Amazon Prime
Source: Company data, Samsung Securities

Table 4. Drama lineup (from 2025)

Year	No.	Channel	Title	Air dates	Episodes	Writers	Director	Days
2026~	1	tvN	Miss Undercover Boss	Jan 17-Mar 8	16	Moon Hyunkyung	Park Seonho	Sat, Sun
	2		I'll Give You the Universe	Feb 4-Mar 12	12	Soojin	Lee Hyunseok	Wed, Thu
	3		Siren's Kiss	Feb 16-Mar 24	12	Leeyoung	Kim Chulgyu	Mon, Tue
	4		How to Become a Building Owner in Korea	Mar 14-Apr 19	12	O Hangi	Lim Philsung	Sat, Sun
	5		Secret Gratitude	1H26	12	Yeo Eunho	Lee Soohyun	Sat, Sun
	6		Let's Go to Work Tomorrow	1H26	12	Kim Kyoungmin	Jo Eunsol	Mon, Tue
	7		The Second Signal	2026	8	Kim Eunhi	Ahn Taejin	Sat, Sun
	8		Asura Balbalta	2026	12	Ahn Areum	Jung Jeehyun	
	9		Favorite Employee	2026	12		Park Jihyeon	
	10		100 Days of Lies	2026	16	Ryu Bori	Yu Insik	Sat, Sun
	11		Four Hands	2026	12	Sin Yiwon	Park Hyeonsuk	Sat, Sun
	12		The Congressman Sends My Condolences	2026	16	Kwon Jongkwan	Park Shinwoo	Sat, Sun
			Men of the Harem	TBD	16	Hwang Jinyoung	Lee Eungbok	Sat, Sun
			The Great Ok Suk	TBD	12	Lee Kichul	Kim Hyungsik	
			Gift	TBD		Min Jung	Kim Gyutae	
	13	Tving	Yumi's Cells Season 3	Apr 2026	8	Song Jaejung	Lee Sangyeob	
	14		Becoming a Cooking Soldier Legend	1H26	12	Choi Ryong	Cho Namhyung	
	15		Substitute College Entrance Exam	2026		Choi Hyesoo	Park Soyeon	
	16		Study Group S2	2026		Um Seonho	Lee Janghoon	
	17	Netflix	Slowly and Intensely	2026	22	No Heekyung	Lee Yunjung	
	18		True Lessons (made by Gtist)	2026		Lee Namkyu	Hong Jongchan	
	19		Notes from the Last Row (made by Gtist)	2026	6	Jang Myeongwoo	Kim Kyutae	
			Grand Mother	TBD			Han dongwook	
	20	Disney+	Gold Land	Apr 2026		Hwang Joyoon	Kim Seonghoon	
	21	KBS2	Dear Bandit	Jan 3-Feb 22	16	Lee Sun	Han Youngirl	Wed, Thu
	22	SBS	Doctor X	1H26	16	Pyeon Sungeun	Lee Jungrim	Fri, Sat
	23		Wicked World (made by Gill Pictures)	1H26	14	Kang Hyeonjoo	Han Taeseob	Fri, Sat
	24	MBC	Fifties Professionals	Jun 2026	10	Jang Wonseob	Han Donghwa	Fri, Sat
		TBD	Soul	TBD		Park Jieun	Kim Wonseok	

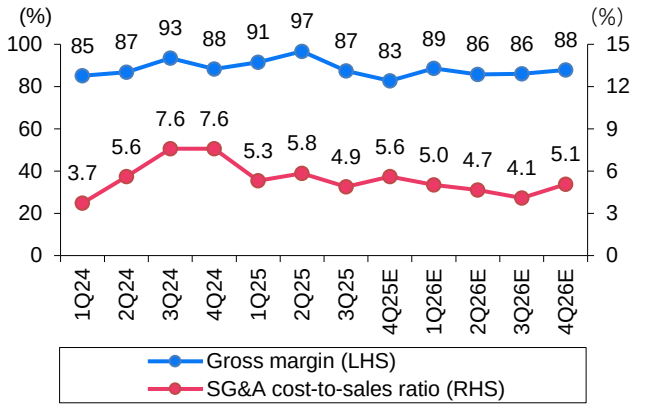
Note: Titles highlighted in green are streamed through Netflix, light blue Tving, and orange Disney+, yellow Amazon Prime
Source: Company data, Samsung Securities

Chart 1. Quarterly sales and operating margin



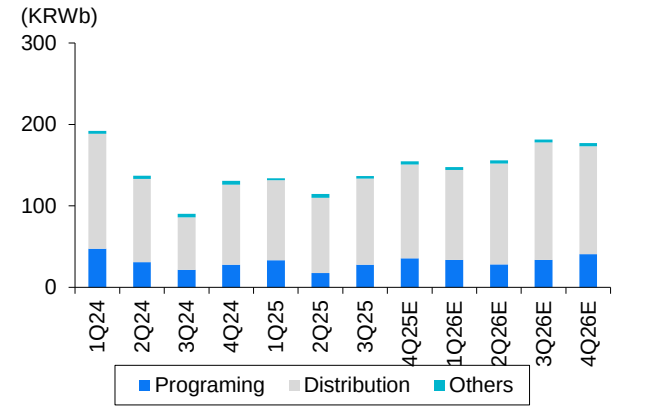
Source: Company data, Samsung Securities

Chart 2. Gross margin vs SG&A cost-to-sales ratio



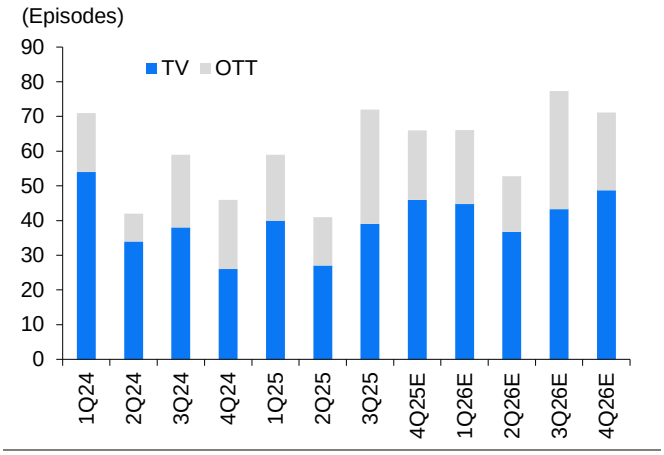
Source: Company data, Samsung Securities

Chart 3. Quarterly sales, by division



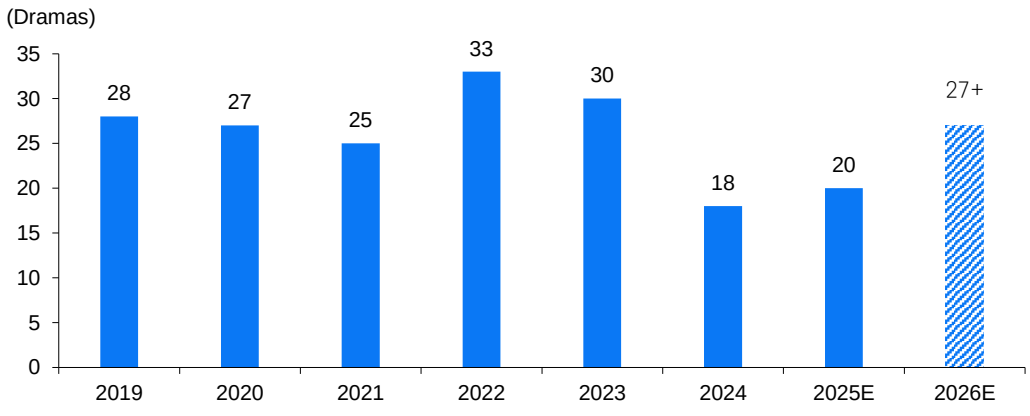
Source: Company data, Samsung Securities

Chart 4. Number of episodes supplied, by broadcaster type



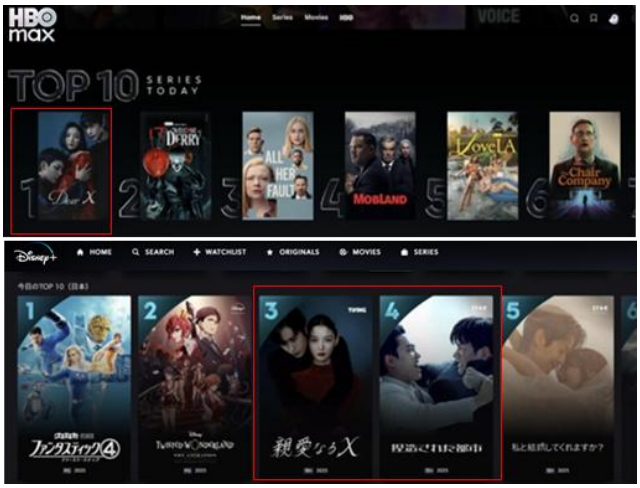
Source: Company data, Samsung Securities

Chart 5. Dramas delivered (annual)



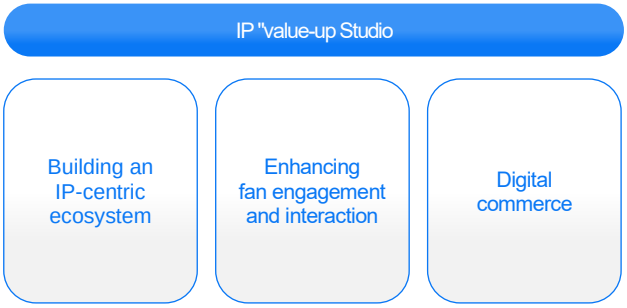
Source: Company data, Samsung Securities

Chart 6. Studio dragon's dramas that uploaded in HBO Max and Disney+ Japan



Note: Company data, HBO Max, Disney+, Samsung Securities

Chart 7. Goal: Becoming an IP "value-up" studio

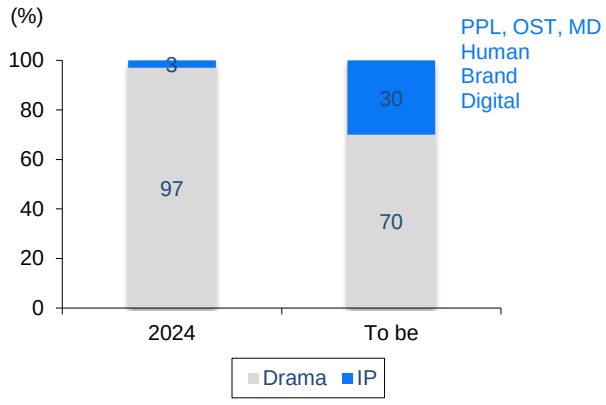


Source: Company data, Samsung Securities

Chart 8. Longer-term IP monetization across four areas

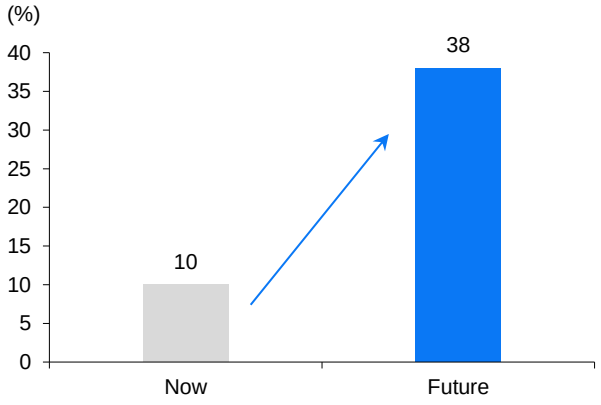
Source: Company data, Samsung Securities

Chart 9. Long-term revenue mix target



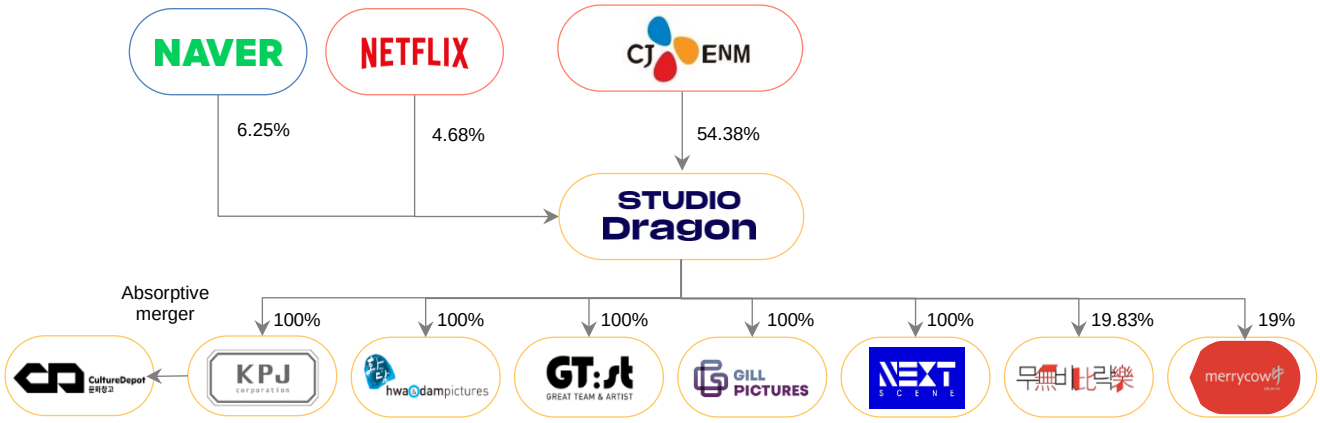
Source: Company data, Samsung Securities

Chart 10. IP share of operating profit: Long-term target



Source: Company data, Samsung Securities

Chart 11. Ownership structure



Note: As of 3Q25; KPJ merged with Culture Depot in 3Q25
Source: Company data, Samsung Securities

Table 5. Revisions to 2025 and 2026 forecasts

(KRWb)	2025E			2026E		
	Old	New	Chg (%)	Old	New	Chg %
Sales	538.2	539.4	0.2	664.0	662.0	-0.3
Operating profit	26.9	29.9	11.0	53.2	54.8	3.0
Operating margin (%, %pts)	5.0	5.5	0.5	8.0	8.3	0.3
Pre-tax profit	28.0	27.6	-1.4	54.7	54.2	-1.0
Net profit (controlling)	20.3	20.0	-1.5	42.5	42.1	-1.0

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**753**	**550**	**539**	**662**	**741**
Cost of goods sold	665	482	480	576	645
Gross profit	**88**	**68**	**59**	**86**	**97**
Gross margin (%)	11.7	12.4	10.9	13.0	13.0
SG&A expenses	32	32	29	31	33
Operating profit	**56**	**36**	**30**	**55**	**63**
Operating margin (%)	7.4	6.6	5.5	8.3	8.5
Non-operating gains (losses)	**-19**	**-8**	**-2**	**-1**	**-1**
Financial profit	15	20	9	9	9
Financial costs	18	8	6	4	4
Equity-method gains (losses)	0	0	0	0	0
Other	-16	-20	-6	-6	-7
Pre-tax profit	**37**	**28**	**28**	**54**	**62**
Taxes	7	-5	8	12	14
Effective tax rate (%)	19.2	-18.7	27.6	22.3	22.3
Profit from continuing operations	30	33	20	42	48
Profit from discontinued operations	0	0	0	0	0
Net profit	**30**	**33**	**20**	**42**	**48**
Net margin (%)	4.0	6.1	3.7	6.4	6.5
Net profit (controlling interests)	30	33	20	42	48
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	242	183	184	213	230
EBITDA margin (%)	32.1	33.3	34.1	32.2	31.0
EPS (parent-based) (KRW)	1,001	1,114	664	1,401	1,601
EPS (consolidated) (KRW)	1,001	1,114	664	1,401	1,601
Adjusted EPS (KRW)*	1,001	1,114	664	1,401	1,601

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**405**	**394**	**319**	**342**	**331**
Cash & equivalents	158	178	146	152	148
Accounts receivable	149	101	84	92	89
Inventories	0	0	0	0	0
Other current assets	97	115	89	99	95
Fixed assets	**688**	**532**	**557**	**598**	**652**
Investment assets	175	156	159	165	170
Tangible assets	12	12	9	8	6
Intangible assets	359	205	240	282	326
Other long-term assets	141	159	148	144	149
Total assets	**1,092**	**926**	**876**	**941**	**983**
Current liabilities	**368**	**169**	**127**	**147**	**141**
Accounts payable	11	5	7	8	10
Short-term debt	170	2	2	2	2
Other current liabilities	187	163	118	138	129
Long-term liabilities	**16**	**16**	**15**	**18**	**19**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	16	16	15	18	19
Total liabilities	**384**	**186**	**142**	**165**	**159**
Owners of parent equity	**708**	**740**	**734**	**776**	**824**
Capital stock	15	15	15	15	15
Capital surplus	473	473	473	473	473
Retained earnings	242	275	295	337	385
Other	-23	-24	-49	-49	-49
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**708**	**740**	**734**	**776**	**824**
Net debt	23	-169	-138	-145	-140

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**45**	**180**	**165**	**202**	**210**
Net profit	30	33	20	42	48
Non-cash profit and expenses	216	159	156	165	175
Depreciation	3	4	2	2	1
Amortization	183	143	152	157	165
Other	30	12	2	7	9
Changes in A/L from operating activities	-179	4	-4	6	1
Cash flow from investments	**-1**	**10**	**-169**	**-189**	**-209**
Change in tangible assets	-3	-1	0	0	0
Change in financial assets	-4	0	1	-1	0
Other	6	11	-170	-189	-209
Cash flow from financing	**-9**	**-175**	**-2**	**-0**	**-0**
Change in debt	-1	-172	-2	0	0
Change in equity	0	0	0	0	0
Dividends	0	0	0	0	0
Other	-8	-3	-0	-0	-0
Change in cash	35	20	-33	7	-4
Cash at beginning of year	124	158	178	146	152
Cash at end of year	158	178	146	152	148
Gross cash flow	**246**	**192**	**176**	**208**	**223**
Free cash flow	**42**	**178**	**165**	**202**	**210**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	7.9	-27.0	-1.9	22.7	12.0
Operating profit	-14.3	-34.9	-17.9	83.2	15.7
Net profit	-40.5	11.3	-40.4	111.1	14.2
Adjusted EPS**	-40.6	11.3	-40.4	111.1	14.2
Per-share data (KRW)					
EPS (parent-based)	1,001	1,114	664	1,401	1,601
EPS (consolidated)	1,001	1,114	664	1,401	1,601
Adjusted EPS**	1,001	1,114	664	1,401	1,601
BVPS	23,546	24,606	24,407	25,808	27,409
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	51.5	38.6	64.4	32.4	28.4
P/B***	2.2	1.7	1.8	1.8	1.7
EV/EBITDA	6.5	6.1	6.2	5.7	5.3
Ratios (%)					
ROE	4.4	4.6	2.7	5.6	6.0
ROA	2.8	3.3	2.2	4.6	5.0
ROIC	8.5	9.7	5.7	10.2	10.8
Payout ratio	0.0	0.0	0.0	0.0	0.0
Dividend yield (common)	0.0	0.0	0.0	0.0	0.0
Net debt to equity	3.3	-22.8	-18.8	-18.6	-17.0
Interest coverage (x)	6.4	7.8	71.7	147.0	170.1

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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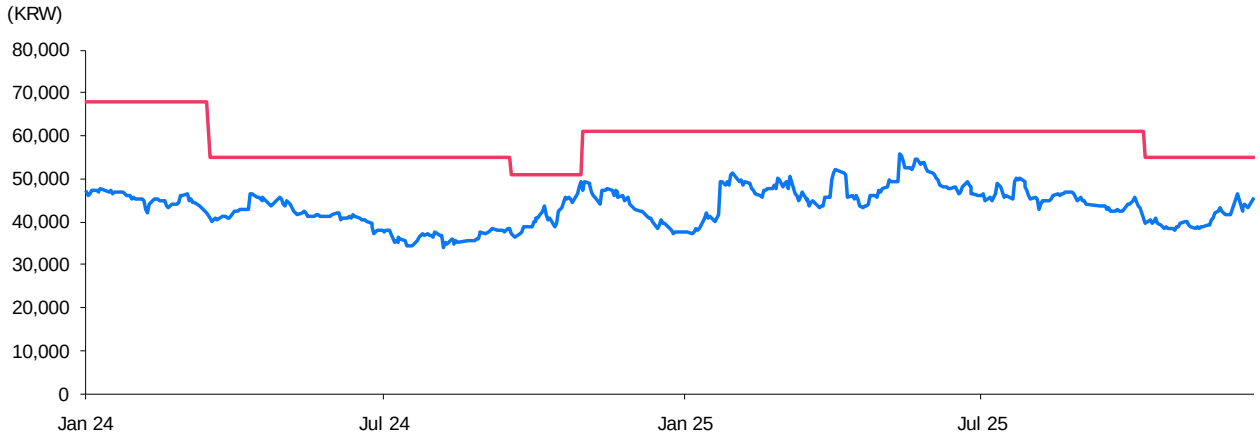
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/1/8	4/15	10/16	11/28	2025/11/7
Recommendation	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	68000	55000	51000	61000	55000
Gap* (average)	-32.59	-27.80	-18.23	-24.45	
(max or min)**	-24.71	-15.55	-3.14	-8.20	

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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Industry

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