COMPANY UPDATE

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Tech Team

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Studio Dragon (253450)

Recovering, albeit more slowly than expected

- Studio Dragon reported 1Q operating profit of KRW6.4b (up 50.1% y-y), which missed consensus by 33% due to the full recognition of production cost for some content according to contract structures.
- The pace of earnings recovery has been slower than expected due to prolonged sluggishness in the downstream sector and adverse macro environment.

WHAT'S THE STORY?

1Q26 review—miss consensus: Studio Dragon reported 1Q sales of KRW155.3b (up 16% y-y) and operating profit of KRW6.4b (up 50.1% y-y; missing consensus by 33%). The number of episodes aired totaled 91 (64 on TV and 27 on OTT). Sales were solid thanks to the recognition of Teach You a Lesson (Netflix Original; scheduled for release in June). However, operating profit was disappointing due to: 1) residual amortization from four titles presold to global OTT platforms in 4Q25 (ie, The Tyrant's Chef, Typhoon Boss, Mean Love, and Pro Bono); and 2) full recognition of the cost for To My Beloved Thief (supplied to KBS under an OTT-style revenue-sharing agreement). Low viewership ratings for prime-time content on its captive channels also weighed on the content profitability.

(Continued on the next page)

AT A GLANCE

BUY

Target price	KRW47,000	61.2%
Current price	**KRW29,150**	
Market cap	KRW876.21b/USD581.12m	
Shares (float)	30,058,498 (45.2%)	
52-week high/low	KRW56,000/KRW29,150	
Avg daily trading value (60-day)	KRW2.9b/ USD1.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Studio Dragon (%)	-19.7	-24.5	-32.4
Vs Kosdaq (%pts)	-13.4	-39.3	-55.5

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	47,000	51,000	-7.8%
2026E EPS	1,157	1,330	-13.0%
2027E EPS	1,379	1,538	-10.3%

SAMSUNG vs THE STREET

No of estimates	12
Target price	50,083
Recommendation	4.0

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

SUMMARY 1Q RESULTS

(KRWb)	1Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	155.3	16.1	6.5	6.0	6.7
Operating profit	6.4	49.8	-65.5	-33.5	-33.0
Pre-tax profit	8.5	39.7	5,371.4	-20.0	-26.7
Net profit	6.6	178.9	137.3	-21.1	-24.1
Margins (%)					
Operating profit	4.1				
Pre-tax profit	5.5				
Net profit	4.2				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	124.5	25.2	21.1
P/B	1.6	1.0	1.0
EV/EBITDA	7.6	4.5	4.0
Div yield (%)	0.0	0.0	0.0
EPS growth (% y-y)	-69.2	237.0	19.2
ROE (%)	1.3	4.2	4.7
Per-share data (KRW)			
EPS	343	1,157	1,379
BVPS	26,623	28,581	29,960
DPS	0	0	0

Slower-than-expected recovery in programming expansion: Industry conditions have remained sluggish, exacerbated by macroeconomic headwinds. As a result, the pace of programming expansion has lagged behind initial expectations. tvN's Wednesday/Thursday slot, which resumed in February, is currently on hiatus—still too early to consider it a normalized schedule. Meanwhile, Monday/Tuesday slot broadcasts Tving Original from April to June, limiting Studio Dragon's ability to increase production volume. That said, rising production volume and diversified distribution channels—compared to the severely depressed levels of last year—are beginning to lift profitability.

Cutting earnings forecasts: While the earnings momentum remains valid, the pace of earnings improvement is slower than anticipated. Given the current operating environment, we reduce our 2026 and 2027 operating profit forecasts by 10.4% and 7.9%, respectively, and lower our target price to KRW47,000 (based on 7.3x 12-month forward EV/EBITDA; in line with the three-year average).

Table 1. Results and forecasts

(KRWb, %)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	192.1	137.1	90.3	130.6	133.8	114.5	136.5	145.9	155.3	141.6	171.5	178.7	550.1	530.7	647.0	734.6
Programing	47.3	30.7	21.6	27.6	33.2	17.3	27.6	37.0	48.4	36.9	39.6	44.4	127.2	115.2	169.3	201.3
Distribution	141.3	102.5	64.4	98.3	98.2	92.4	105.9	103.1	104.5	100.5	128.0	129.7	406.5	399.7	462.7	516.9
Other	3.5	3.9	4.3	4.6	2.3	4.7	3.0	5.7	2.4	4.1	3.8	4.6	16.4	15.7	14.9	16.4
Gross profit	28.7	18.1	5.9	15.3	11.4	3.8	17.1	24.7	12.6	17.9	23.0	21.1	68.0	57.0	74.6	86.3
SG&A	7.2	7.7	6.8	9.9	7.1	6.7	6.7	6.2	6.2	6.8	6.8	6.3	31.6	26.6	26.0	27.8
Operating profit	21.5	10.5	-0.9	5.4	4.3	-2.9	10.5	18.5	6.4	11.1	16.2	14.8	36.4	30.4	48.6	58.5
Non-operating profit	5.7	2.7	-3.1	-13.4	1.8	-3.5	1.3	-18.4	2.1	-0.2	1.5	-6.8	-8.2	-18.8	-3.3	-4.5
Pre-tax profit	27.2	13.2	-4.1	-8.1	6.1	-6.4	11.8	0.2	8.5	11.0	17.7	8.0	28.2	11.6	45.3	54.0
Net profit (controlling)	20.2	8.2	-6.1	11.3	2.4	-3.7	8.9	2.8	6.6	8.4	13.6	6.2	33.5	10.3	34.8	41.5
Gross margin	14.9	13.2	6.5	11.7	8.5	3.3	12.5	16.9	8.1	12.6	13.4	11.8	12.4	10.7	11.5	11.8
Operating margin	11.2	7.6	-1.0	4.1	3.2	-2.5	7.7	12.7	4.1	7.9	9.5	8.3	6.6	5.7	7.5	8.0
Net margin (controlling)	10.5	5.9	-6.8	8.6	1.8	-3.3	6.5	1.9	4.2	5.9	7.9	3.5	6.1	1.9	5.4	5.6
Chg (% y-y)																
Sales	-9.0	-16.1	-58.5	-19.0	-30.3	-16.5	51.1	11.7	16.0	23.6	25.6	22.5	-27.0	-3.5	21.9	13.5
Programing	9.5	-27.6	-38.4	-17.2	-29.7	-43.6	28.0	33.9	45.5	112.9	43.6	19.9	-17.4	-9.4	47.0	18.9
Distribution	-14.7	-13.8	-64.2	-20.9	-30.5	-9.8	64.4	4.9	6.4	8.8	20.8	25.7	-31.0	-1.7	15.8	11.7
Other	50.7	85.4	85.8	36.4	-33.3	20.9	-31.7	23.4	2.7	-13.4	29.7	-19.4	61.2	-3.8	-5.1	9.6
Gross profit	-7.0	-24.2	-79.5	253.4	-60.3	-79.2	190.0	62.0	10.6	373.6	34.3	-14.8	-22.6	-16.1	30.8	15.8
SG&A	-22.5	0.3	-1.5	21.3	-0.5	-12.8	-2.7	-37.6	-13.1	1.1	2.1	1.2	-1.3	-15.6	-2.4	7.0
Operating profit	-0.4	-35.7	nm	nm	-80.1	nm	nm	246.3	50.1	nm	54.8	-20.1	-34.9	-16.6	59.9	20.4
Non-operating profit	1,078.1	nm	nm	nm	-68.2	nm	nm	nm	16.9	nm	18.4	nm	nm	nm	nm	nm
Pre-tax profit	23.2	-16.8	nm	nm	-77.6	nm	nm	nm	40.2	nm	50.8	5,074.6	-24.2	-59.0	291.0	19.2
Net profit (controlling)	9.8	-20.0	nm	nm	-88.3	nm	nm	-75.3	177.0	nm	53.1	122.1	11.3	-69.2	237.0	19.2
Gross margin	0.3	-1.4	-6.7	9.0	-6.4	-9.9	6.0	5.3	-0.4	9.3	0.9	-5.2	0.7	-1.6	0.8	0.2
Operating margin	1.0	-2.3	-11.1	6.5	-8.0	-10.2	8.7	8.6	0.9	10.4	1.8	-4.4	-0.8	-0.9	1.8	0.5
Net margin (controlling)	1.8	-0.3	-15.1	19.0	-8.7	-9.2	13.3	-6.7	2.5	9.2	1.4	1.6	2.1	-4.1	3.4	0.3

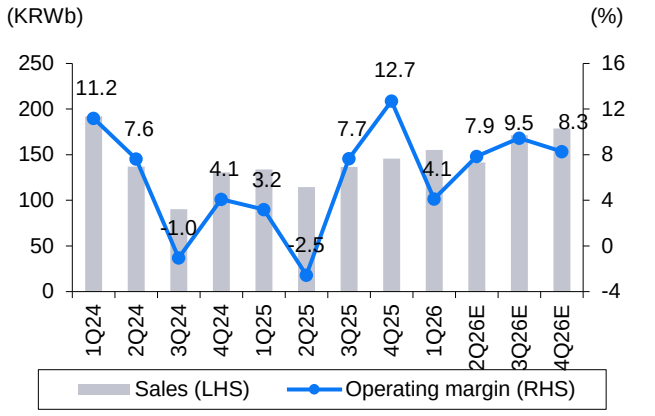
Source: Company data, Samsung Securities

Table 2. Drama lineup (from 2026)

Year	No.	Channel	Title	Air dates	Episodes	Writers	Director	Days
2026~	1	tvN	Undercover Miss Hong	Jan 17-Mar 8	16	Moon Hyunkyung	Park Seonho	Sat, Sun
	2		Our Universe	Feb 4-Mar 12	12	SooJin	Lee Hyunseok	Wed, Thu
	3		Siren's Kiss	Mar 2-Apr 7	12	Lee Young	Kim Chulgyu	Mon, Tue
	4		Mad Concrete Dreams	Mar 14-Apr 19	12	O Hangi	Lim Pilseong	Sat, Sun
	5		Filling for Love	Apr 25-May 31	12	Yeo Eunho	Lee Suhyeon	Sat, Sun
	6		See You at Work Tomorrow!	Jun 22	12	Kim Kyoungmin	Cho Eunsol	Mon, Tue
	7		My Favourite Employee	Aug	12	Lee Young	Park Jihyun	Mon, Tue
	8		Four Hands	Aug	12	Shin Yiwon	Park Hyunseok	Sat, Sun
	9		100Days Of Lies	2026	16	Ryu Bori	Yoo Insik	Sat, Sun
	10		Retired Agent Management Team	2026	12	Song Hannah	Jin Changyu	Mon, Tue
	11		The Congressman Sends My Condolences	2026	16	Kwon Jongkwan	Park Sinwoo	Sat, Sun
	12		Asura Balbalta	2026	12	Ahn Areum	Jeong Jihyun	
			The Second Signal	TBD	8	Kim Eunhee	Ahn Taejin	
			Gift	TBD		Min Jeong	Kim gyutae	Sat, Sun
			Men of the Harem	TBD	16	Hwang Jinyoung	Lee eungbok	Sat, Sun
			Whale Star: The Gyeongseong Mermaid	TBD	12	Lee hanul	Heo Jinho	Sat, Sun
			Promoter	TBD	12	Ryu Kyungsun	Lee Jongseok	Sat, Sun
			My Reason to Die	TBD	12	Kim Solji	Kim Heewon	
	13	TVING	Yumi's Cells Season 3	Apr 13-May 4	8	Song Jaejung	Lee Sangyeop	Mon, Tue
	14		The Legend of Kitchen Soldier	May 11~	12	Choi Ryong	Cho Namhyung	Mon, Tue
	15		Substitute College Entrance Exam	2026		Choi Hyeso0	Park Soyeon	
	16		Study Group Season 2	2026		Eom Seonho	Lee Janghoon	
	17	Netflix	Soul Mate (made by Gtist, 1Q26)	May 14~	8			
	18		Teach You a Lesson (made by Gtist)	2026		Lee Namgyu	Hong Jongchan	
	19		Notes from the Last Row (made by Gtist)	2026	6	Jang Myeongwoo	Kim Kyutae	
	20		Tantara	2026	22	Roh Heegyung	Lee Yunjeong	
			Granny	TBD			Han Dongwook	
	21	Disney+	Goldland (1Q26)	Apr 29-May 27	10	Hwang Joyoon	Kim Seonghoon	
	22	KBS2	To My Beloved Thief	Jan 3-Feb 22	16	Lee sun	Ham Younggeol	Sat, Sun
	23	SBS	My Royal Nemesis (made by Gill Pictures)	May 8-Jun 20	14	Kang Hyeonjoo	Han Taeseop	Fri, Sat
	24		Doctor X	2H26		Pyeon Sungeun	Lee Jeonglim	Fri, Sat
	25	MBC	Fifties Professionals	May	10	Jang Wonseob	Han Dongwha	Fri, Sat
		TBD	For All My Husbands	TBD		Wang duri	Kim Jinwon	
			High School Queen	TBD		Kim Arim	Yoon Seongsik	
			Soul	TBD		Park Jieun	Kim Wonseok	

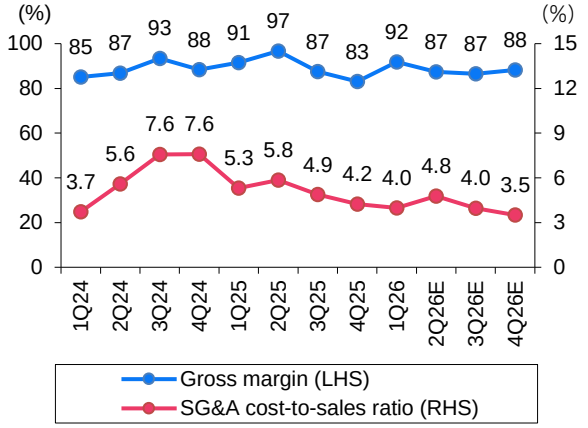
Note: Titles highlighted in green are streamed through Netflix, light blue Tving, orange Disney+, and yellow Amazon Prime
Source: Company data, Samsung Securities

Chart 1. Quarterly sales and operating margin



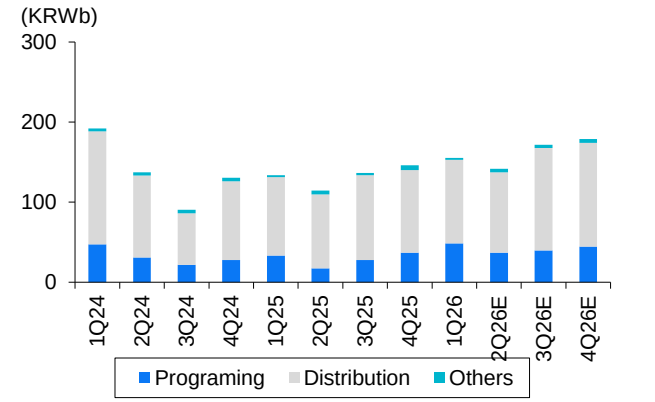
Source: Company data, Samsung Securities

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



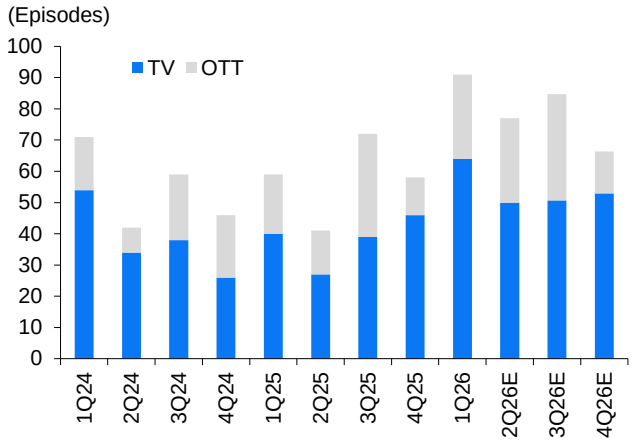
Source: Company data, Samsung Securities

Chart 3. Quarterly sales, by division



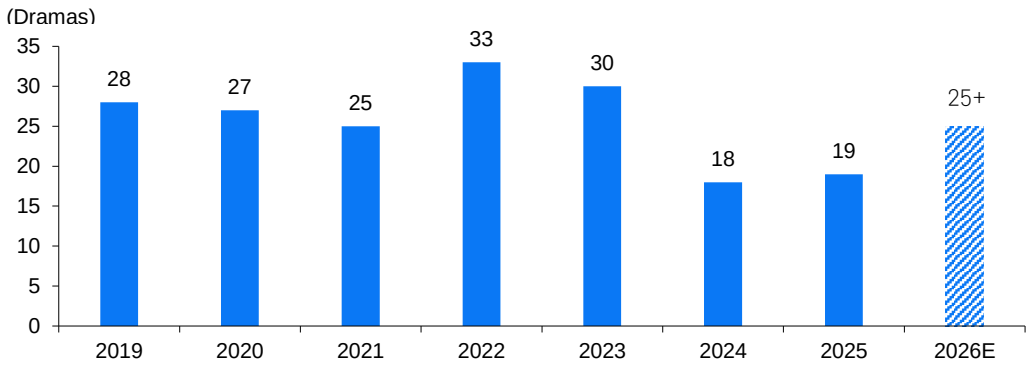
Source: Company data, Samsung Securities

Chart 4. Episodes supplied, by broadcaster type



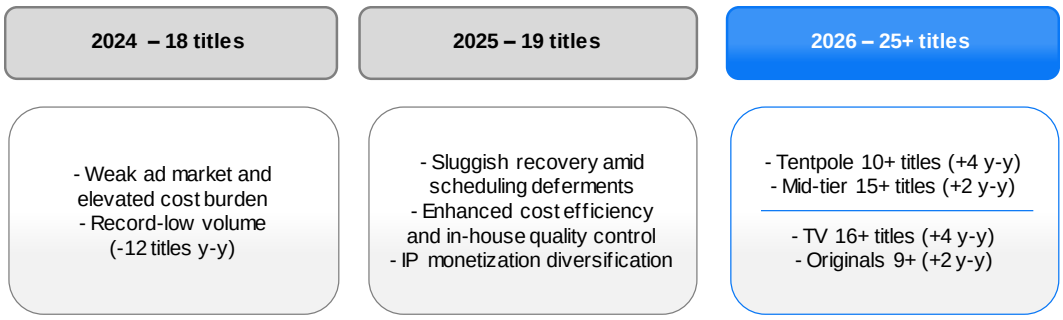
Source: Company data, Samsung Securities

Chart 5. Dramas delivered (annual)



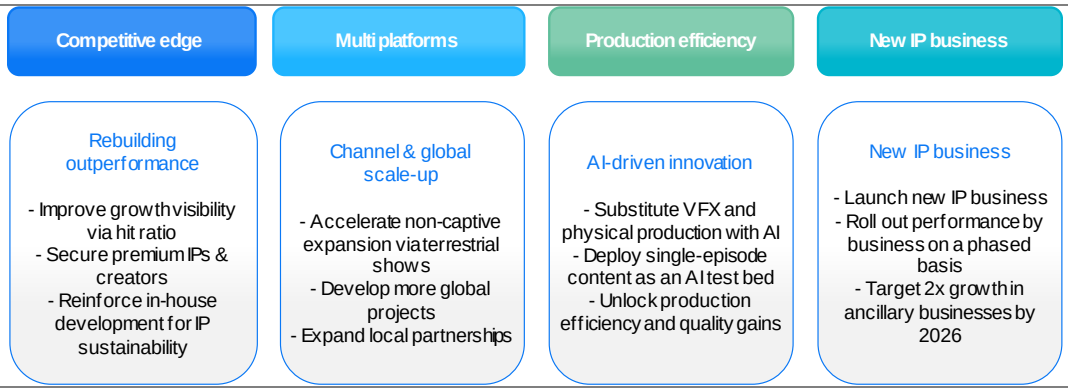
Note: 2026E estimate based on confirmed lineup; potential upside from additional overseas co-productions;
2026 production guidance of 25+ titles based on confirmed lineup (4Q25 earnings release; Feb 5, 2026)
Source: Company data, Samsung Securities

Chart 6. 2026 strategy: Core reset



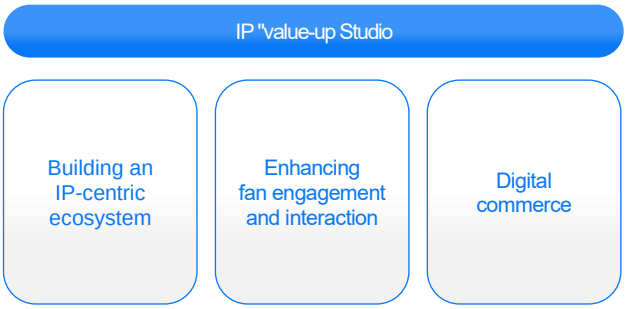
Source: Company data, Samsung Securities

Chart 7. 2026 strategy: Key execution pillars



Source: Company data, Samsung Securities

Chart 8. Goal: Becoming an IP "value-up" studio

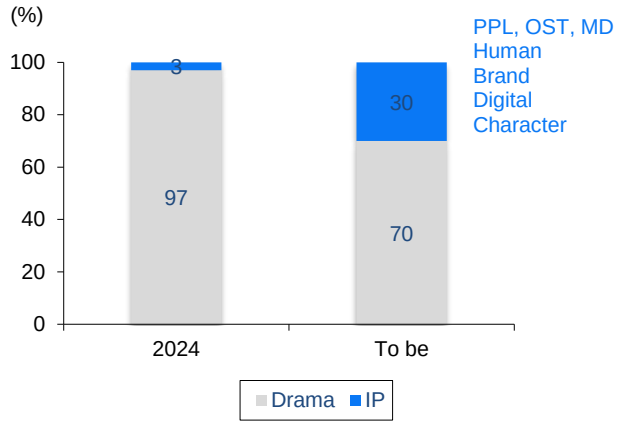


Source: Company data, Samsung Securities

Chart 9. Longer-term IP monetization across four areas

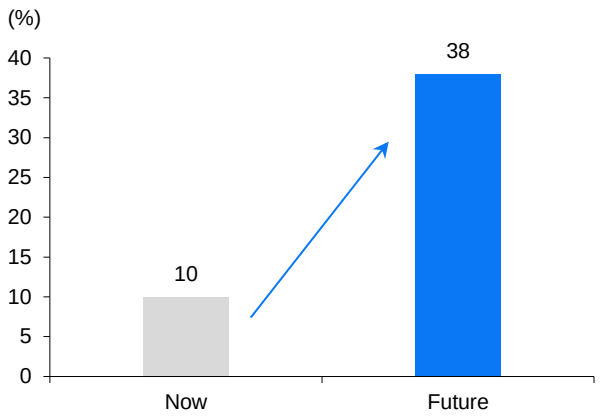
Source: Company data, Samsung Securities

Chart 10. Long-term revenue mix target



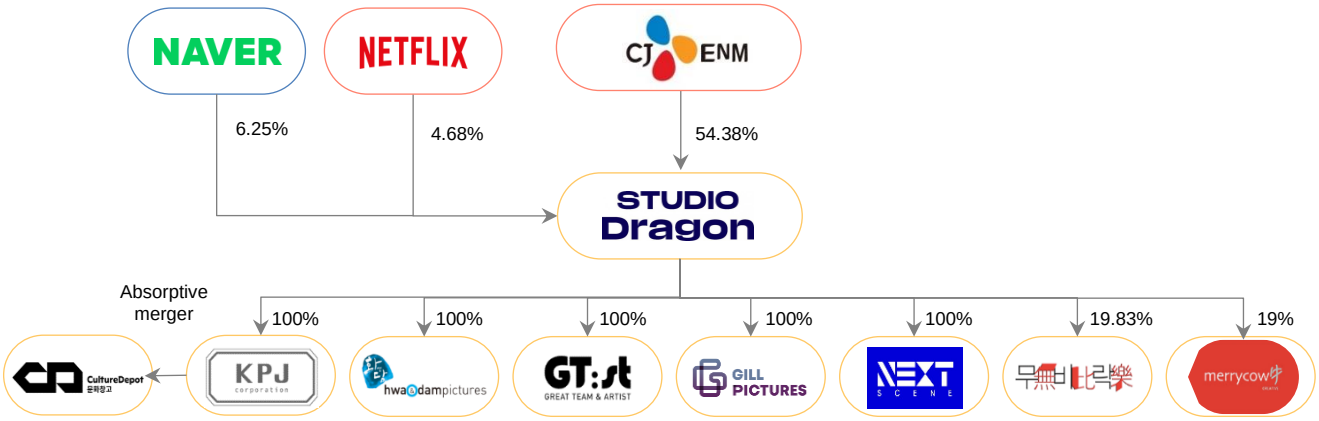
Source: Company data, Samsung Securities

Chart 11. IP share of operating profit: Long-term target



Source: Company data, Samsung Securities

Chart 12. Ownership structure



Note: As of 4Q25;
KPJ merged with Culture Depot in 3Q25;
100% subsidiary NextScene to merged with Studio Dragon (Jun 30, 2026E)
Source: Company data, Samsung Securities

Table 4. Revisions to 2026 and 2027 forecasts

(KRWb)	2026E			2027E		
	Old	New	%	Old	New	%
Sales	646.2	647.0	0.1	737.2	734.6	-0.4
Operating profit	54.2	48.6	-10.4	63.5	58.5	-7.9
Operating margin (%, %pts)	8.4	7.5	-0.9	8.6	8.0	-0.7
Pre-tax profit	50.7	45.3	-10.8	58.6	54.0	-8.0
Net profit (controlling)	40.0	34.8	-13.0	46.2	41.5	-10.3

Source: Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**550**	**531**	**647**	**735**	**780**
Cost of goods sold	482	474	572	648	686
Gross profit	**68**	**57**	**75**	**86**	**94**
Gross margin (%)	12.4	10.7	11.5	11.8	12.1
SG&A expenses	32	27	26	28	30
Operating profit	**36**	**30**	**49**	**58**	**65**
Operating margin (%)	6.6	5.7	7.5	8.0	8.3
Non-operating gains (losses)	**-8**	**-19**	**-3**	**-5**	**-5**
Financial profit	20	7	11	10	10
Financial costs	8	6	7	7	7
Equity-method gains (losses)	0	-0	0	0	0
Other	-20	-19	-8	-8	-8
Pre-tax profit	**28**	**12**	**45**	**54**	**59**
Taxes	-5	1	10	13	14
Effective tax rate (%)	-18.7	10.9	23.2	23.2	23.2
Profit from continuing operations	33	10	35	41	46
Profit from discontinued operations	0	0	0	0	0
Net profit	**33**	**10**	**35**	**41**	**46**
Net margin (%)	6.1	1.9	5.4	5.6	5.8
Net profit (controlling interests)	33	10	35	41	46
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	183	165	184	206	222
EBITDA margin (%)	33.3	31.1	28.5	28.1	28.5
EPS (parent-based) (KRW)	1,114	343	1,157	1,379	1,515
EPS (consolidated) (KRW)	1,114	343	1,157	1,379	1,515
Adjusted EPS (KRW)*	1,114	343	1,157	1,379	1,515

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**180**	**-10**	**140**	**207**	**197**
Net profit	33	10	35	41	46
Non-cash profit and expenses	159	156	145	158	169
Depreciation	4	3	2	2	1
Amortization	143	131	134	146	156
Other	12	21	9	11	12
Changes in A/L from operating activities	4	-173	-29	19	-4
Cash flow from investments	**10**	**-123**	**-147**	**-176**	**-175**
Change in tangible assets	-1	-1	0	0	0
Change in financial assets	0	0	-0	-0	0
Other	11	-122	-147	-176	-176
Cash flow from financing	**-175**	**19**	**-3**	**-2**	**-2**
Change in debt	-172	21	-1	0	0
Change in equity	0	0	0	0	0
Dividends	0	0	0	0	0
Other	-3	-2	-2	-2	-2
Change in cash	20	-115	8	15	6
Cash at beginning of year	158	178	63	71	85
Cash at end of year	178	63	71	85	91
Gross cash flow	**192**	**166**	**179**	**200**	**215**
Free cash flow	**178**	**-11**	**140**	**207**	**197**

Note: *Excluding one-off items;
**Fully diluted, excluding one-off items;
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**394**	**283**	**296**	**309**	**298**
Cash & equivalents	178	63	71	85	91
Accounts receivable	101	75	85	82	77
Inventories	0	0	0	0	0
Other current assets	115	145	139	142	130
Fixed assets	**532**	**752**	**779**	**825**	**861**
Investment assets	156	334	347	360	374
Tangible assets	12	11	8	7	6
Intangible assets	205	229	244	269	295
Other long-term assets	159	178	180	189	186
Total assets	**926**	**1,034**	**1,075**	**1,134**	**1,159**
Current liabilities	**169**	**210**	**196**	**210**	**191**
Accounts payable	5	7	8	10	11
Short-term debt	2	23	23	23	23
Other current liabilities	163	180	166	177	158
Long-term liabilities	**16**	**25**	**19**	**24**	**21**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	16	25	19	24	21
Total liabilities	**186**	**234**	**216**	**234**	**213**
Owners of parent equity	**740**	**800**	**859**	**900**	**946**
Capital stock	15	15	15	15	15
Capital surplus	473	473	473	473	473
Retained earnings	275	285	320	361	407
Other	-24	27	51	51	51
Non-controlling interests' equity	**0**	**0**	**0**	**0**	**0**
Total equity	**740**	**800**	**859**	**900**	**946**
Net debt	-169	-33	-42	-56	-62

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	-27.0	-3.5	21.9	13.5	6.2
Operating profit	-34.9	-16.6	59.9	20.4	10.5
Net profit	11.3	-69.2	237.0	19.2	9.9
Adjusted EPS**	11.3	-69.2	237.0	19.2	9.9
Per-share data (KRW)					
EPS (parent-based)	1,114	343	1,157	1,379	1,515
EPS (consolidated)	1,114	343	1,157	1,379	1,515
Adjusted EPS**	1,114	343	1,157	1,379	1,515
BVPS	24,606	26,623	28,581	29,960	31,476
DPS (common)	0	0	0	0	0
Valuations (x)					
P/E***	38.6	124.5	25.2	21.1	19.2
P/B***	1.7	1.6	1.0	1.0	0.9
EV/EBITDA	6.1	7.6	4.5	4.0	3.7
Ratios (%)					
ROE	4.6	1.3	4.2	4.7	4.9
ROA	3.3	1.1	3.3	3.8	4.0
ROIC	9.7	7.2	9.1	10.4	10.9
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	-22.8	-4.1	-4.8	-6.3	-6.6
Interest coverage (x)	7.8	25.3	27.1	33.2	36.7

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Target price changes in past two years

Rating changes over past two years (adjusted share prices)

Date	2024/4/15	10/16	11/28	2025/11/7	2026/2/6	4/6	5/8
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	55000	51000	61000	55000	60000	51000	47000
Gap* (average)							
(max or min)**							

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
SELL	Expected to decrease in value by 15% or more within 12 months

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 2026.03.31

BUY (85.2%)·HOLD (14.8%)·SELL (0%)

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