2025 Outlook **Equity Research** | November 27, 2024

Telecom Services/Software (Overweight)

AI to be the key driver in 2025



Mirae Asset Securities Co., Ltd.

Soojin Kim
soojin.kim@miraeasset.com

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[Summary] Telecom services: AI will be key in 2025

Defensive appeal/shareholder-friendly policies to be highlighted if the economic downturn worsens

AI	Top line	Data centers/cloud	Likely to maintain double-digit growth
		AI B2B solutions	New growth driver
		B2C services	Focus on business model development
	Bottom line	AI networks	Innovation will be key
		AICCs	First steps toward cost reduction
		AI-driven fixed cost savings	Focus on sustainability of margin improvements

Recommendation **KT > LG Uplus > SK Telecom**

[Summary] Software: AI monetization to drive re-rating

Rotation into software stocks to gain traction with the start of significant AI revenue generation

AI	Industry-specific AI solutions to see rapid adoption → revenue recognition to accelerate	AI solutions tailored to the healthcare, ad/marketing, manufacturing, and retail industries likely to see rapid adoption
		Securing competitiveness in interface design, embedding, data integration, etc. will be critical

2025 investment points	1 Increasing cloud adoption → improvements in ASP, margins, and FCF
	2 Global expansion → growth in TAM, volume, and ASP
	3 AI momentum → ASP growth through upselling
	4 Increased government investments → TAM expansion
	5 Rising share of subscription services → higher valuations (stronger rationale for P/S)

Recommendation	**Top pick: Douzone Bizon**

I

Telecom services

[Telecom services] AI strategy/monetization potential: SKT

Cloud/data center business

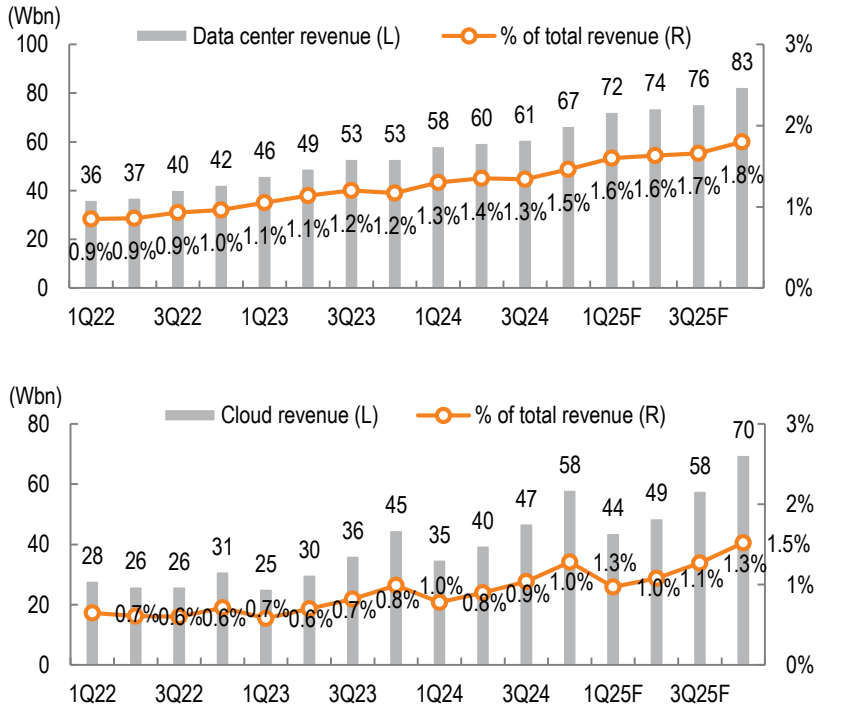
- Data centers are playing an increasingly important role amid growing AI adoption. We expect GPU server demand to grow markedly.
- SK Telecom (SKT) unveiled plans to enter the GPU-as-a-Service segment by opening an AI data center in partnership with Lambda (Gasan-dong; December).
- AI data centers have high margins and should thus contribute significantly to earnings.

SKT entering GPU-as-a-Service segment by opening an AI data center



Source: Onlias, SKT, Mirae Asset Securities Research

SKT: Revenue contributions of cloud/data center businesses



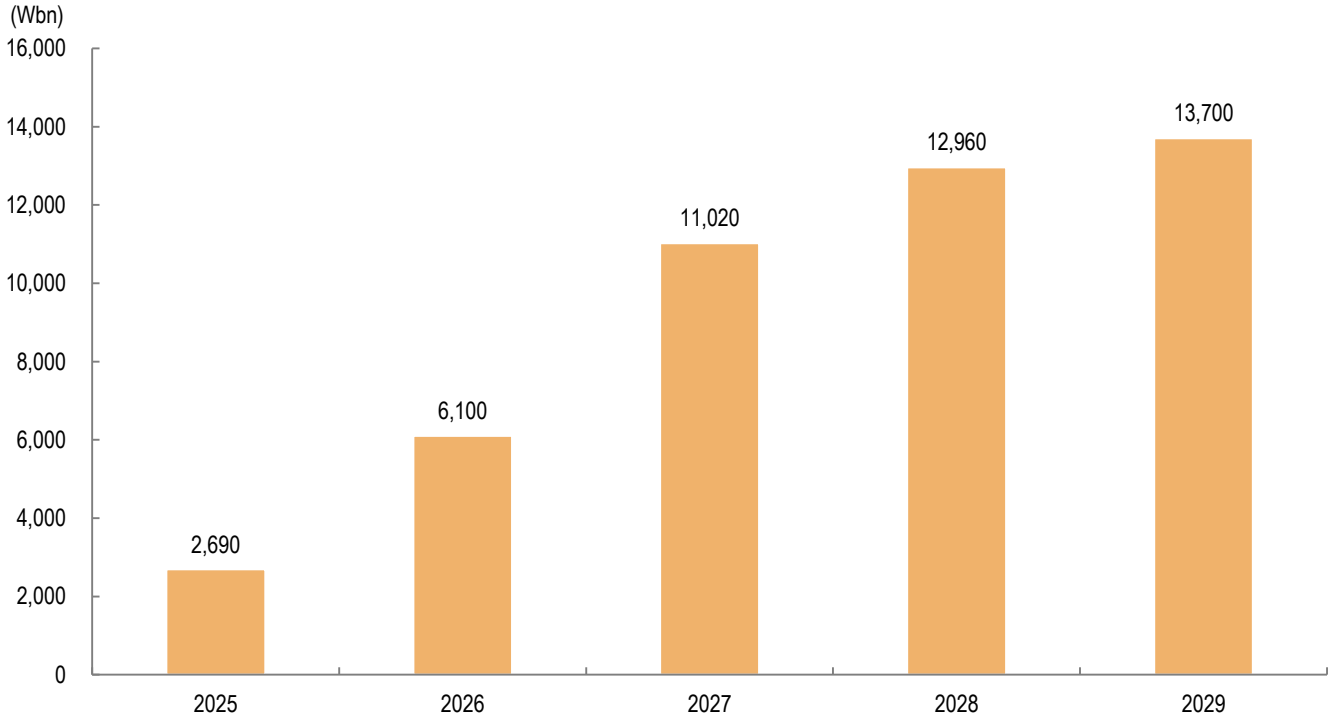
Source: SKT, Mirae Asset Securities Research

[Telecom services] AI strategy/monetization potential: KT

Collaboration with Microsoft

- In October, KT shared details of its strategic partnership with Microsoft.
- Microsoft will use KT's data centers to deliver AI services in the Korean market, and the two companies will collaborate to develop AI/cloud solutions tailored for Korea's public sector. They will also jointly establish a research subsidiary to explore AI use cases for businesses.
- Over the next five years, we expect the partnership to add W585bn in revenue for KT Cloud alone. The total value creation from the partnership may be as high as W4.6tr (cumulative basis).

KT's expected revenue through partnership with Microsoft (KPMG estimates)



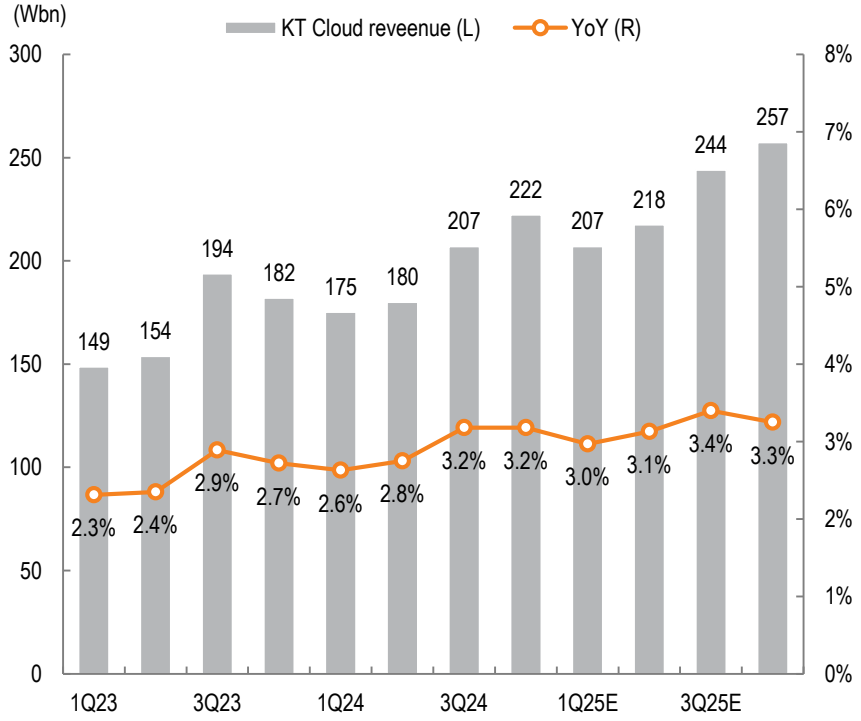
Source: KT, Mirae Asset Securities Research

[Telecom services] AI strategy/monetization potential: KT

Revenue contribution of strategic new businesses to increase

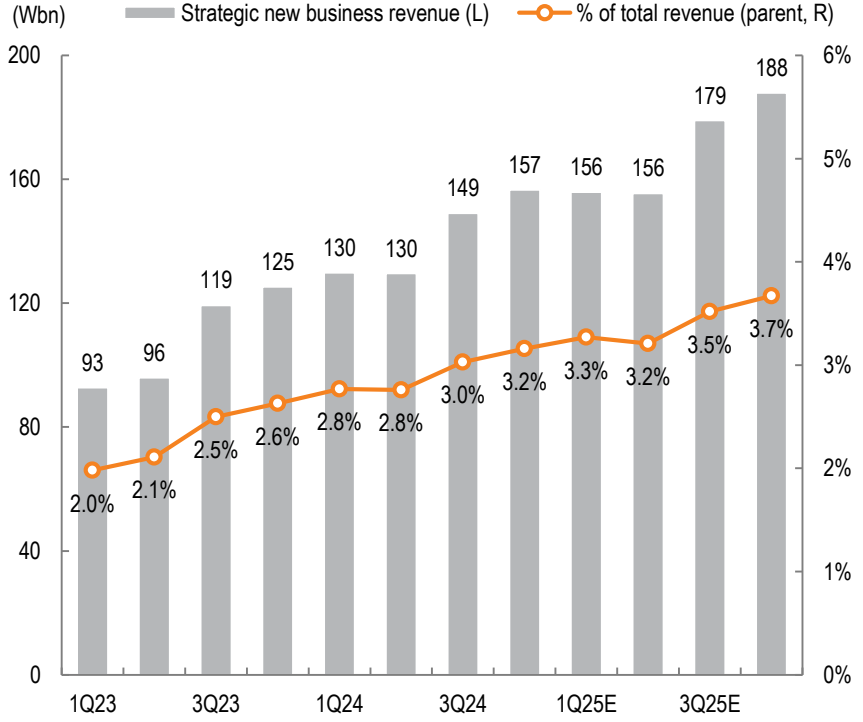
- We forecast revenue from KT Cloud (spun off from KT in 2023) to grow 15.7% YoY to W784.7bn in 2024 and 18% YoY to W926bn in 2025. Data center usage fees paid by Microsoft should be reflected starting next year.
- In 2025, we estimate revenue from strategic new businesses (AICCs, IoT, smart mobility, energy, etc.) will climb 26.3% YoY to W433.4bn (vs. W343.2bn in 2024F).

KT Cloud's revenue and YoY growth



Source: KT, Mirae Asset Securities Research

KT's revenue from strategic new businesses and % of parent revenue



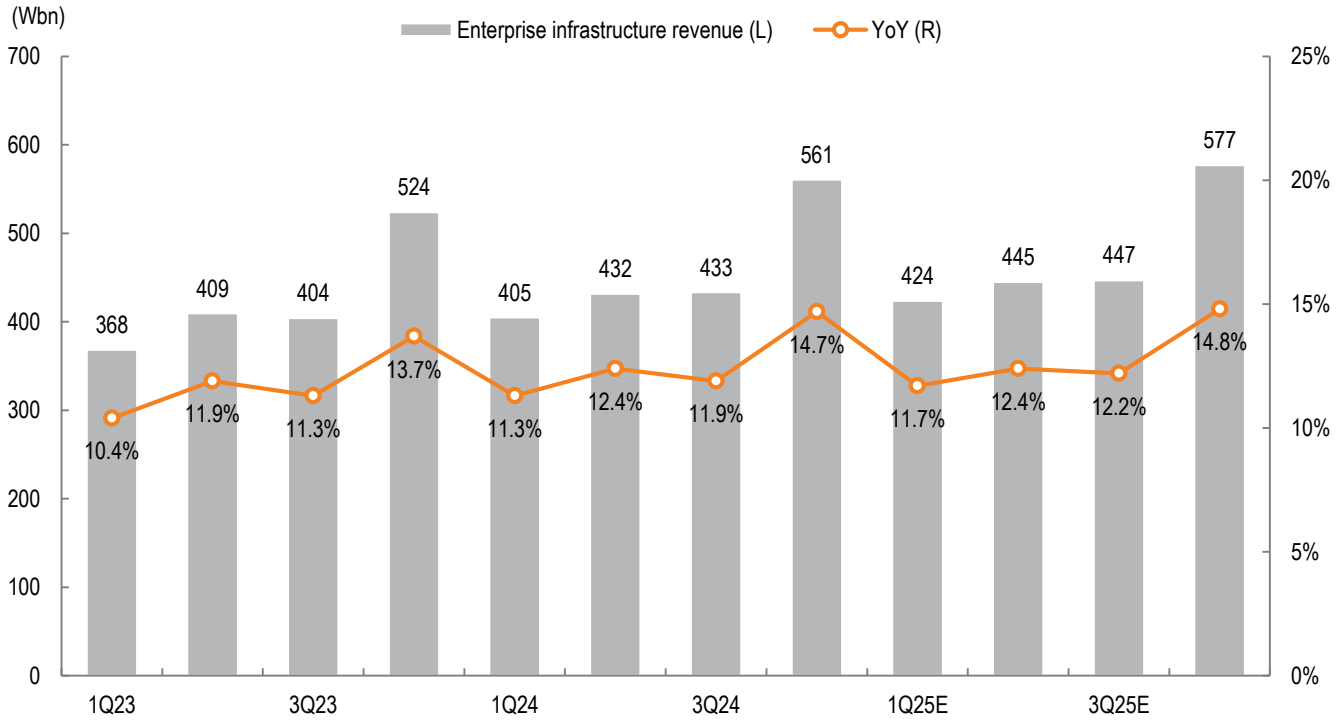
Source: KT, Mirae Asset Securities Research

[Telecom services] AI strategy/monetization potential: LG Uplus

AI monetization to gain momentum

- LG Uplus plans to invest W2-3tr in AI through 2028 (W400-500bn annually), focusing on building AI orchestration capabilities to ensure seamless integration and stable/efficient operation of various models.
- For B2C services, the telco will likely focus initially on enhancing the value of AI offerings (rather than monetization).
- Direct AI monetization should begin with the B2B segment (AI data centers and B2B-specific solutions such as ixi Enterprise).
- We expect enterprise infrastructure revenue to reach W1.8tr (+7.3% YoY) in 2024 and W1.9tr (+3.4% YoY) in 2025.

LG Uplus: Revenue estimates for enterprise infrastructure division (IDC, B2B solutions, and leased line)



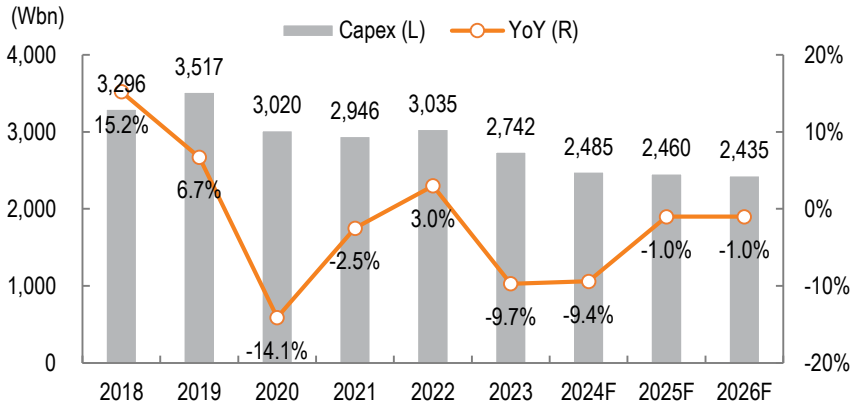
Source: LG Uplus, Mirae Asset Securities Research

[Telecom services] Capex outlook

2025 capex outlook

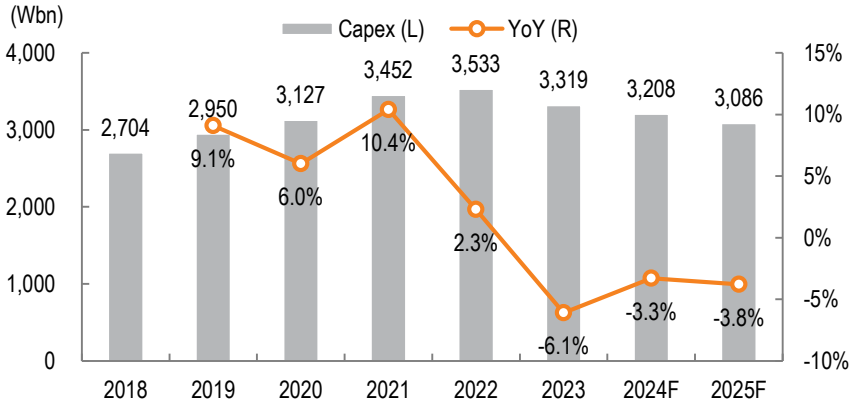
- The key variables for capex growth are data center investments and GPU acquisitions.
- SKT is currently building an AI data center in Gasan-dong and a data center in Yangju.
- KT is currently building a hyperscale data center in Gasan-dong.
- LG Uplus is preparing to build a data center in Paju.
- Traditional data centers typically cost around W300-400bn to build, but costs are rising dramatically with the incorporation of GPUs and the scaling up of facilities (hyperscale).
- For CPU-based data centers, the cost of adding 100MW of capacity is around W1tr. However, the figure for a GPU-based data center is around six or seven times higher.

SKT: Capex trend (consolidated)



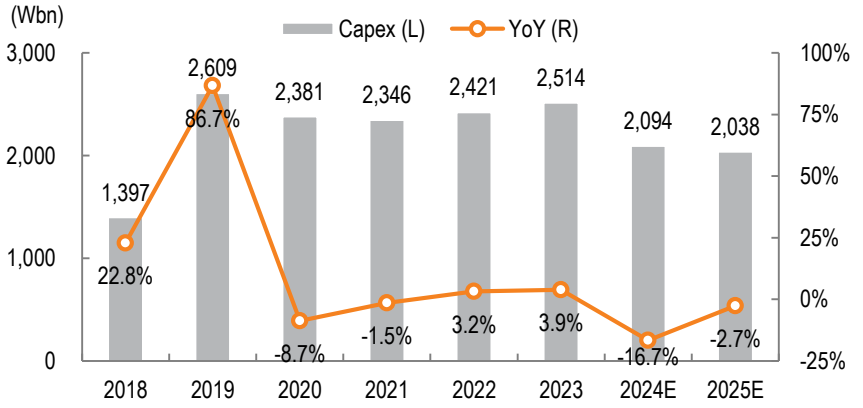
Source: SKT, Mirae Asset Securities Research

KT: Capex trend (consolidated)



Source: KT, Mirae Asset Securities Research

LG Uplus: Capex trend (parent)



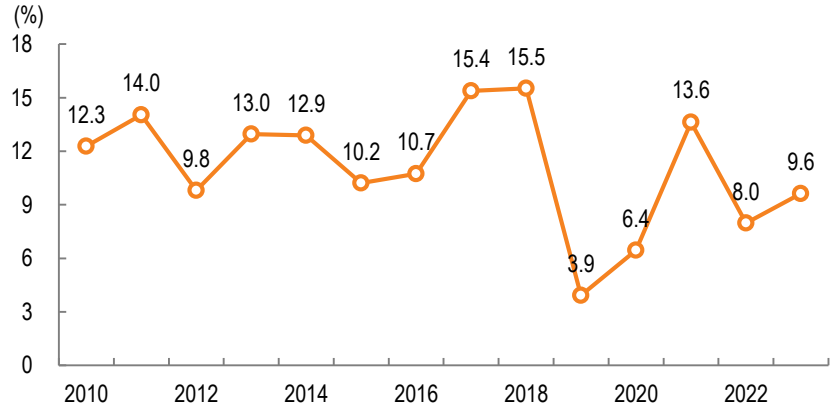
Source: LG Uplus, Mirae Asset Securities Research

[Telecom services] ROE to improve amid “value-up” plans

ROEs

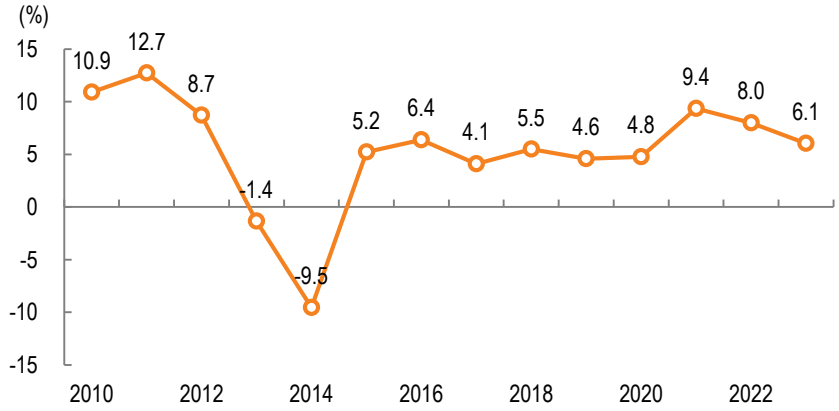
- SKT currently has the highest ROE among the three telcos.
- There are growing expectations that improved ROEs will lead to stronger shareholder returns and better financial health.

SKT: ROE trend



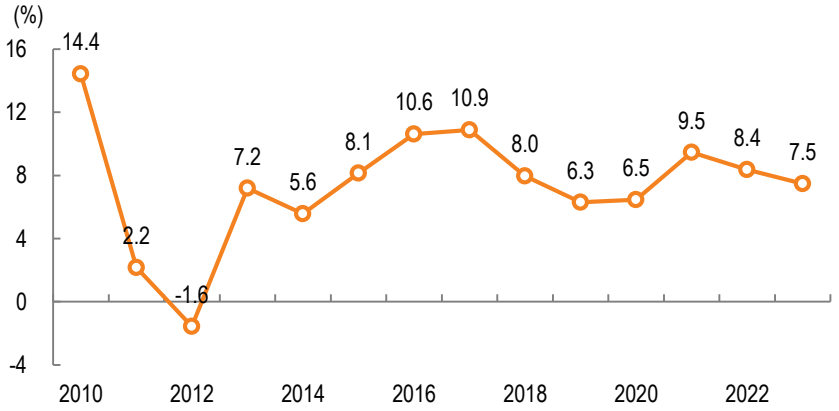
Source: SKT, Mirae Asset Securities Research

KT: ROE trend



Source: KT, Mirae Asset Securities Research

LG Uplus: ROE trend



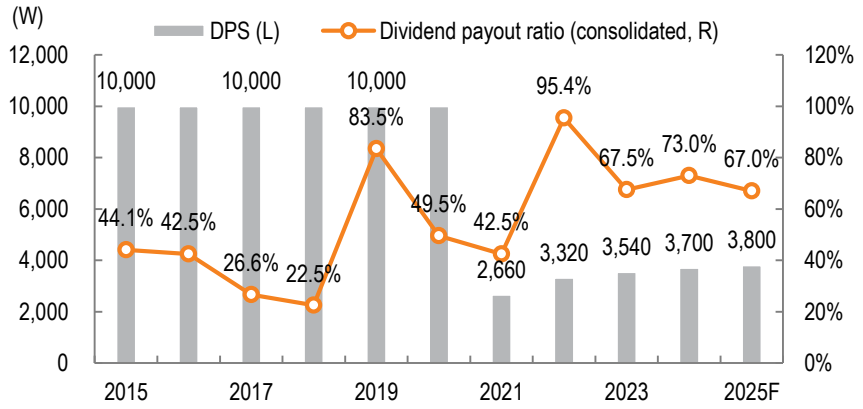
Source: LG Uplus, Mirae Asset Securities Research

[Telecom services] Dividend payout and shareholder returns

Dividend policies

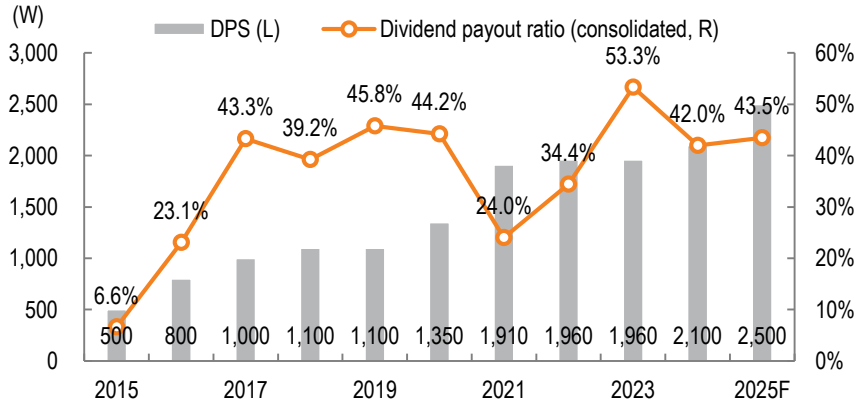
- We forecast 2024 dividend yields at 6.5% for SKT, 4.7% for KT, and 5.9% for LG Uplus.
- In 2025, we believe KT and LG Uplus will adopt more aggressive shareholder return policies such as share buybacks/cancellations (in line with their recently announced “value-up” plans). As a result, we expect them to achieve total payout ratios (incl. buybacks) of 7-8%.
- Currently, SKT and KT pay quarterly dividends, while LG Uplus pays semiannual dividends.

SKT: DPS and payout ratio trends



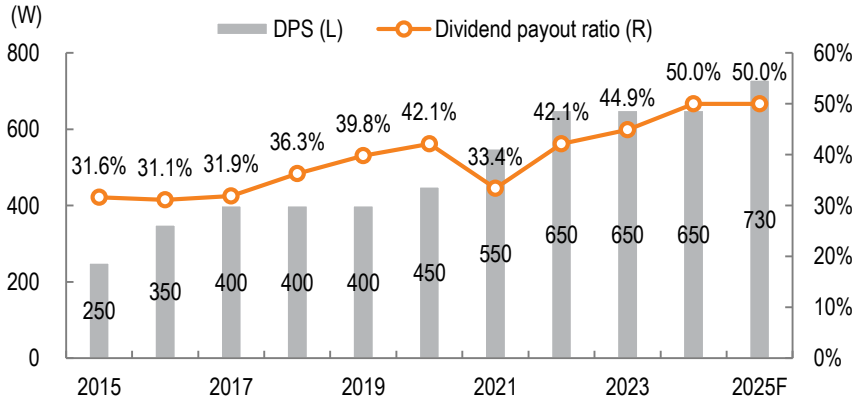
Source: SKT, Mirae Asset Securities Research

KT: DPS and payout ratio trends



Source: KT, Mirae Asset Securities Research

LG Uplus: DPS and payout ratio trends



Source: LG Uplus, Mirae Asset Securities Research

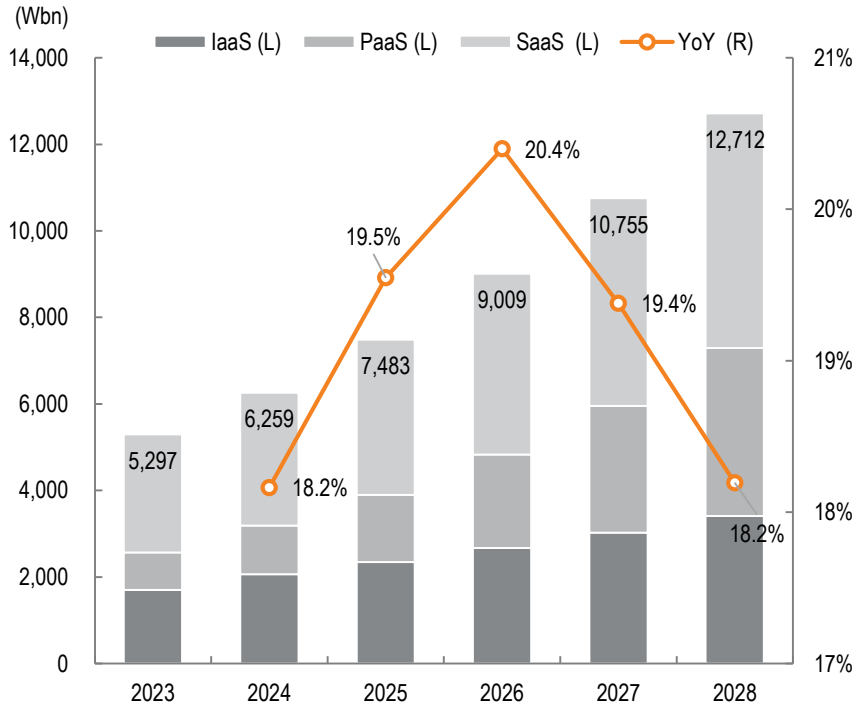
II

IT services/software

[Software] 2025 IT investment outlook

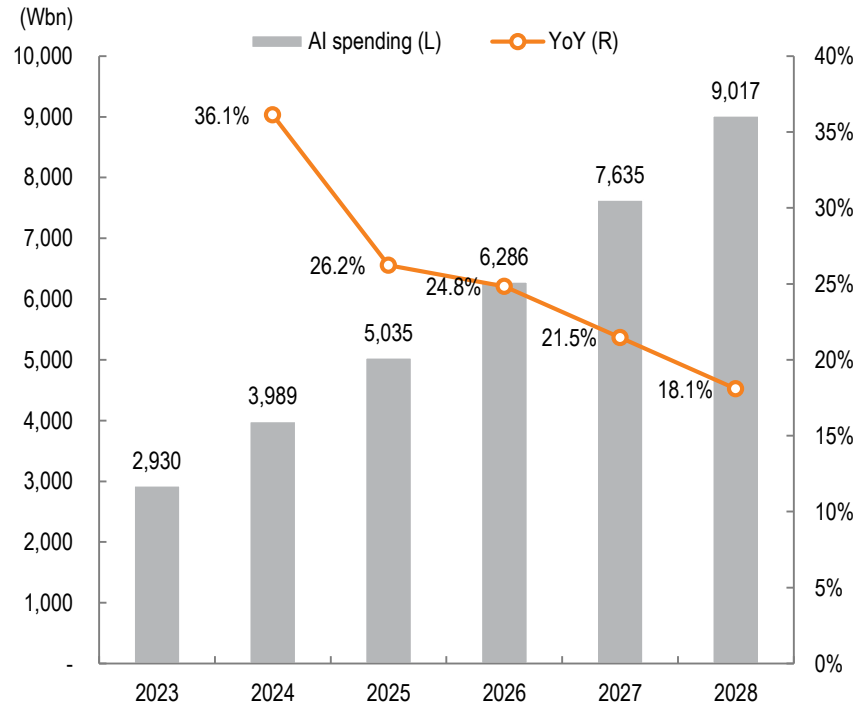
- IDC expects the IT services market to grow to W10.7tr in 2024 and W11tr in 2025 (five-year CAGR of 1.9%).
- Domestic system integration (SI) companies are seeing a growing revenue mix of cloud and AI solutions. Accordingly, we believe the cloud/AI business (rather than traditional IT services) will serve as the key growth driver going forward.
- The domestic cloud market is projected to expand at a CAGR of 19%, reaching W6.3tr (+18.2% YoY) in 2024, W7.5tr (+19.5% YoY) in 2025, and W12.7tr (+18.2% YoY) in 2028. By 2028, the global cloud market is expected to reach US$1.6tr (W2,274tr), up from US$811.8bn (W1,135tr) in 2024 (Korea's share: 0.6%).
- The domestic AI market is projected to expand at a CAGR of 25%, reaching W4tr in 2024 and W9tr in 2028. By 2028, the global AI market is projected to reach US$632bn (W883tr), up from US$234bn (W327tr) in 2024 (Korea's share: 1%).

Korean cloud market size and outlook



Source: IDC, Mirae Asset Securities Research

Korean AI spending and outlook

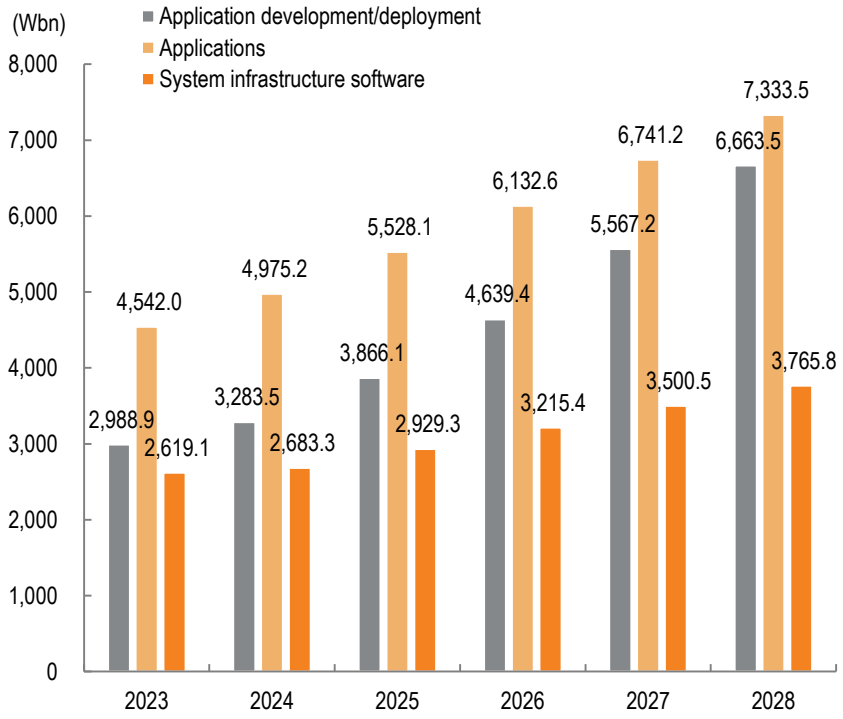


Source: IDC, Mirae Asset Securities Research

[Software] 2025 IT investment outlook

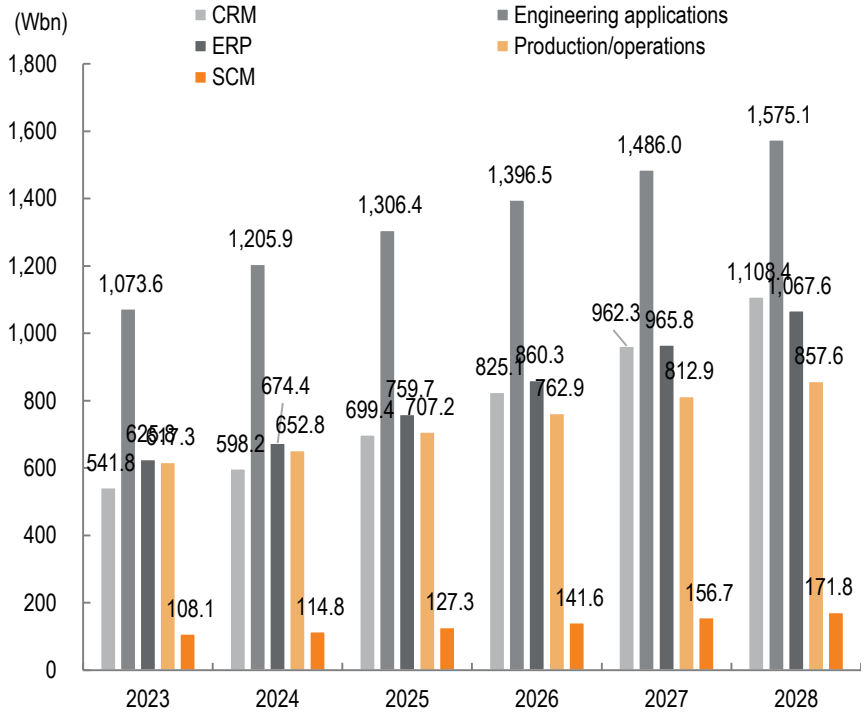
- IDC forecasts the Korean software market to reach W10.94tr (+7.8% YoY) in 2024, W12.3tr (+12.6% YoY) in 2025, and W17.8tr in 2028 (five-year CAGR of 12%).
- The software market is categorized into application development/deployment (30% share; estimated five-year CAGR of 17.4%), applications (46% share; 10% CAGR), and system infrastructure software (25% share; 8% CAGR); among them, the application development/deployment segment is expected to grow at the fastest pace.
- IDC projects Korea's enterprise application software market to grow to W3.24tr in 2024, W3.6tr in 2025, and W4.8tr in 2028. Applications are broadly categorized into customer relationship management (CRM; estimated five-year CAGR of 15.4%) engineering applications (8% CAGR), ERP (11.3% CAGR), production/operations (6.8% CAGR), and supply chain management (SCM; 9.7% CAGR).

Korean software market size and outlook



Source: IDC, Mirae Asset Securities Research

Korean enterprise application software market size and outlook



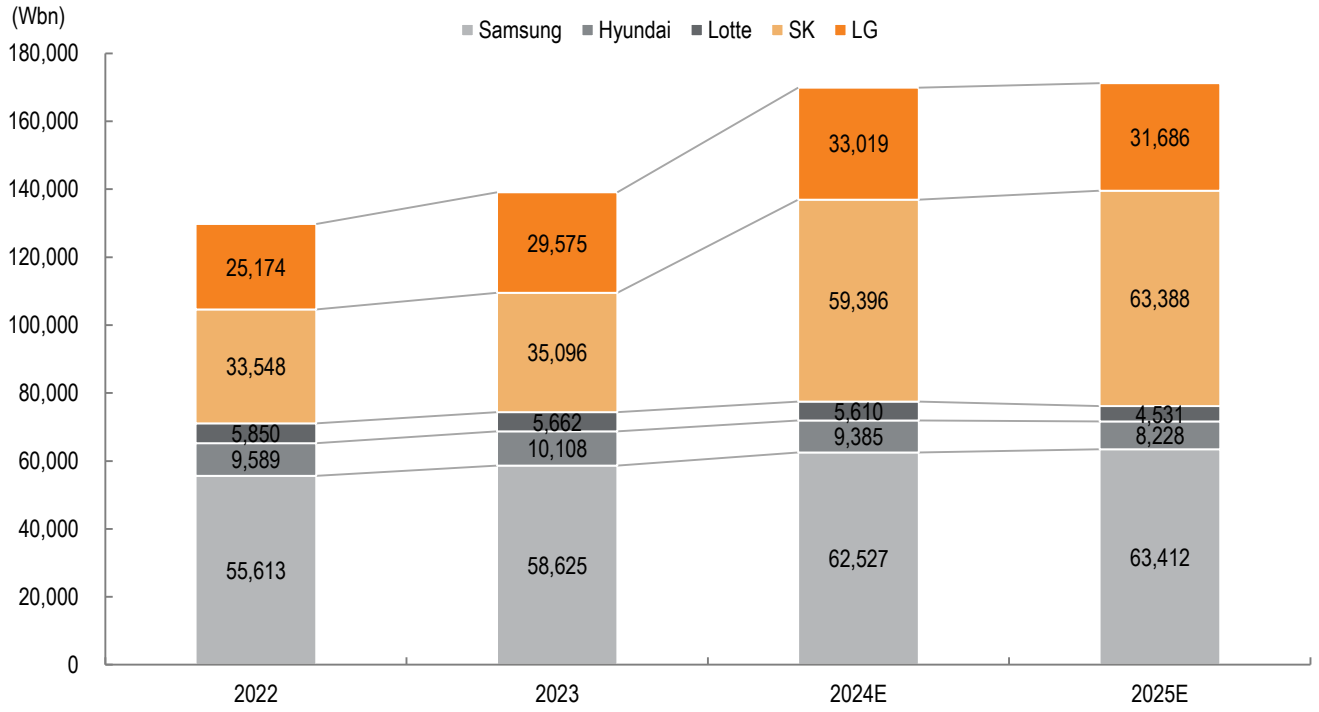
Source: IDC, Mirae Asset Securities Research

[Software] Capex outlook by corporate group

Overall capex could be reduced, but software investments likely to be prioritized

- This year, capex spending has increased YoY across major corporate groups.
- In 2025, some groups are expected to cut capex amid interest rate uncertainties and the risk of a deepening economic downturn.
- That said, even if overall capex is reduced, we think companies will continue to prioritize investments in AI/cloud-related software (which is becoming a key determinant of corporate competitiveness).
- Accordingly, investments in in GPUs and related software applications should remain solid.

Capex outlook by corporate group



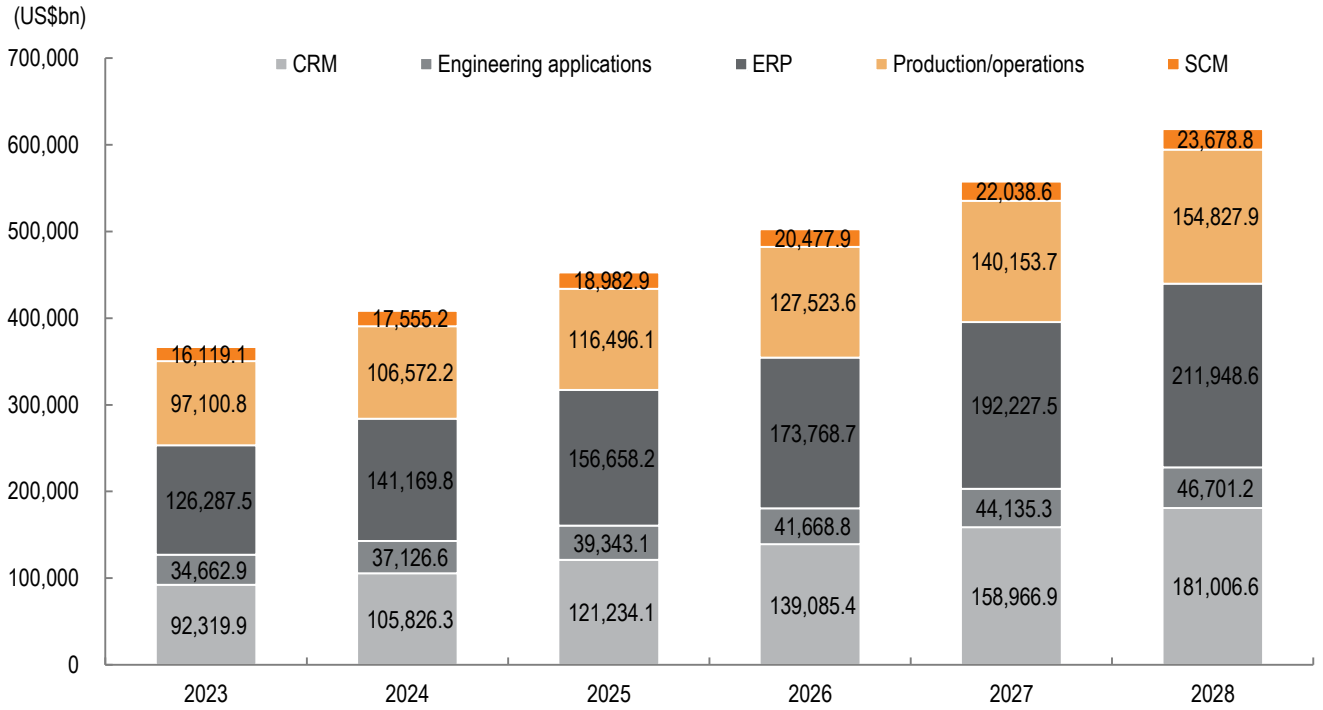
Source: Bloomberg, QuantiWise, Mirae Asset Securities Research

[Software] Global expansion to gain traction

Expectations for overseas market entry

- Cloud technology enables Korean software providers to expand overseas.
- There are two main ways for Korean software companies to access global markets: 1) selling products via the marketplaces of Amazon Web Services, Microsoft Azure, Oracle Cloud, etc.; and 2) offering solutions through private cloud services.
- The latter method can allow domestic companies to differentiate themselves from larger software providers, which typically only offer SaaS solutions via public cloud servers.

Global software market outlook



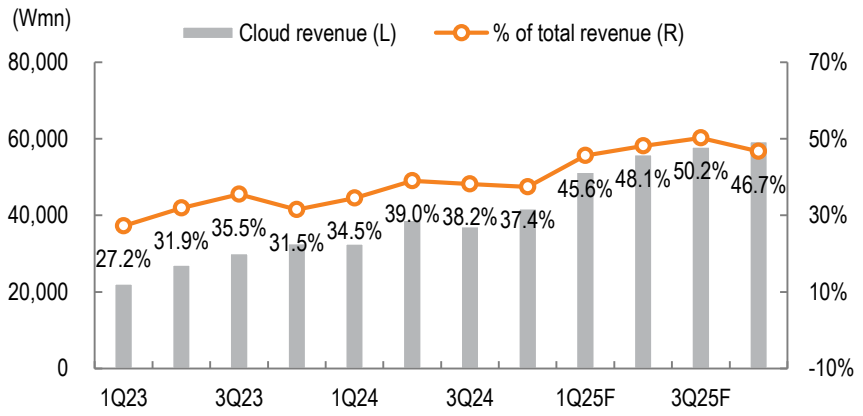
Source: IDC, Mirae Asset Securities Research

[Software] Accelerating cloud transition

Cloud-fueled growth in revenue, profits, and cash flow → stronger rationale for P/S-based valuation

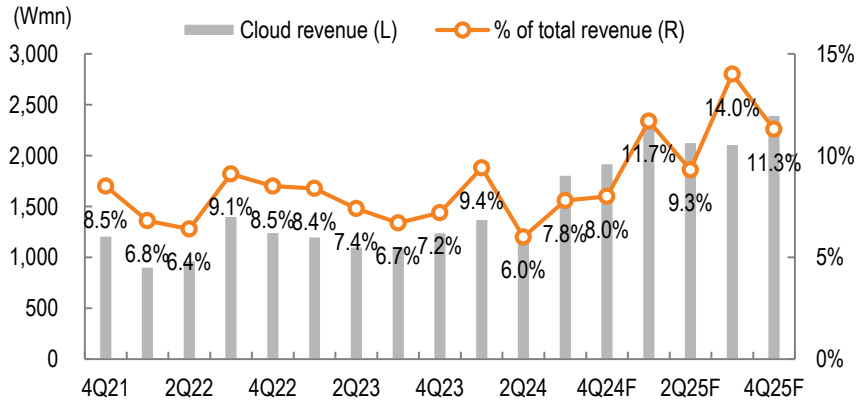
- The revenue mix of cloud services is growing amid the accelerating cloud transition.
- Douzone Bizon expects cloud revenue to exceed 50% of total revenue in 2025.
- All of Emro's products sold in global markets are serviced via the cloud. Due to their higher ASPs, the revenue share of these products is likely to increase sharply from 2026.
- At Hancom, rising adoption of hybrid cloud servers among government agencies has pushed the cloud revenue mix above 30% (standalone basis).

Douzone Bizon: Revenue mix of cloud



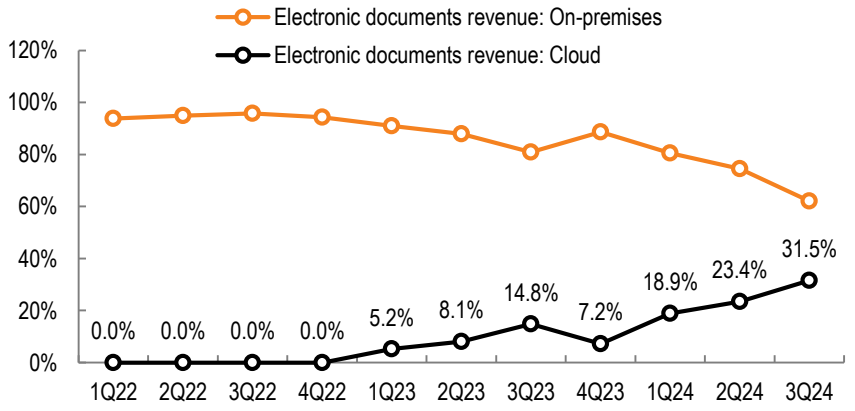
Source: Company data, Mirae Asset Securities Research estimates

Emro: Revenue mix of cloud



Source: Company data, Mirae Asset Securities Research

Hancom: Revenue mix of cloud



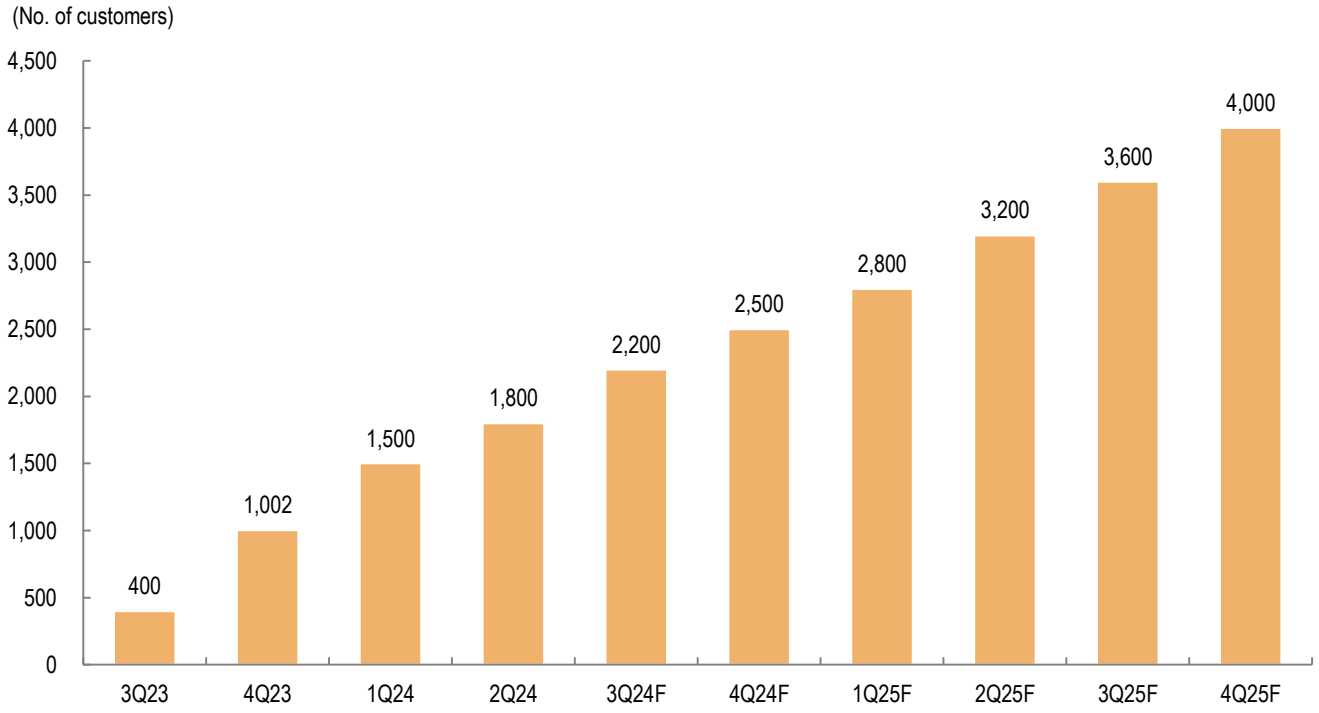
Source: Company data, Mirae Asset Securities Research

[Software] Launch of AI solutions

Growing number of businesses investing in AI to drive growth

- AI solutions launched by domestic software/SI companies in 2024 are likely to start delivering tangible results in 2025.
- The current market leader is Douzone Bizon, which has secured over 1,000 business customers for its generative AI solution OneAI as of end-October (just five months are its launch).
- Hancom released the AI solutions Hancom Assistant and Hancompedia in November, following the launch of Hancom Docs AI in September.
- Samsung SDS's AI assistant Brity Copilot is targeted at group affiliates, while its generative AI platform FabriX caters to a broader market, including the financial sector.

Douzone Bizon: No. of OneAI customers and outlook



Source: Douzone Bizon, Mirae Asset Securities Research

Company analysis



KT (030200 KS)

Top pick

Strong outlook for 2025

(Maintain)	Buy
Target price	▲ W55,000
Current price (11/26/24)	W45,500
Upside	20.9%

OP (24F, Wbn)	1,151
Consensus OP (24F, Wbn)	1,180
EPS growth (24F, %)	-4.2
Market EPS growth (24F, %)	73.8
P/E (24F, x)	12.2
Market P/E (24F, x)	10.3
KOSPI	2,520.36
Market cap (Wbn)	11,467
Shares (mn)	252
Free float (%)	69.8
Foreign ownership (%)	49.0
Beta (12M)	0.31
52-week low (W)	32,900
52-week high (W)	45,500

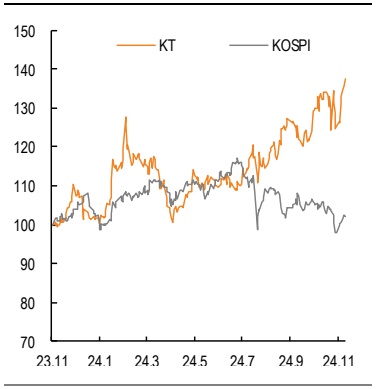
(%)	1M	6M	12M
Absolute	2.9	25.2	38.3
Relative	5.5	33.5	37.0

Investment points

- KT is expected to generate one-off revenue of W900bn and one-off profit of W500bn from a real estate project in Gwangjin-gu. Accordingly, we see high potential for a special dividend of W200bn or greater (in line with the company's plan to return W1tr to shareholders by 2028).
- While the company is likely to book around W1tr in one-off restructuring-related expenses in 4Q24, we expect labor expenses to fall more than 30% in 2025 (standalone basis).
- KT's partnership with Microsoft gives it a competitive edge in AI services targeting government agencies.
- We lift our target price on KT to W55,000 (from W52,000), applying a 40% premium (vs. 30% previously) to the average EV/EBITDA in the fourth to seventh years of LTE adoption. We raised our target multiple to reflect the growth of the AI and cloud markets and ongoing profit improvements.

Earnings outlook

- Consolidated operating revenue: W26.6tr (+0.8% YoY) in 2024F, W27.3tr (+2.7% YoY) in 2025F
- Consolidated operating profit: W1.15tr (OP margin of 4.3%) in 2024F, W2.47tr (OP margin of 9.1%) in 2025F
- For 2024, we expect KT to pay a dividend of W650 per share. Starting in 2025, we expect the firm to expand its shareholder returns to the 8% level through the implementation of its "value-up" initiatives.
- We expect the stock to re-rate higher as innovative initiatives and cost savings translate to growth and margin improvement.



(Dec.)	2021	2022	2023	2024F	2025F
Revenue (Wbn)	24,898	25,650	26,376	26,592	27,307
OP (Wbn)	1,672	1,690	1,650	1,151	2,474
OP margin (%)	6.7	6.6	6.3	4.3	9.1
NP (Wbn)	1,357	1,262	1,010	946	1,581
EPS (W)	5,197	4,835	3,887	3,723	6,271
ROE (%)	9.4	8.0	6.1	5.5	8.8
P/E (x)	5.9	7.0	8.9	12.2	7.3
P/B (x)	0.5	0.5	0.5	0.6	0.6
Dividend yield (%)	6.2	5.8	5.7	5.1	5.5

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

KT (030200 KS)

Top pick

Quarterly earnings

(Wbn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F	1Q25F	2Q25F	3Q25F	4Q25F
Operating revenue (consolidated)	6,443.7	6,547.5	6,697.4	6,687.6	6,654.6	6,546.4	6,654.6	6,736.3	6,564.2	6,674.4	6,976.2	7,092.0
YoY growth	*2.6%*	*3.7%*	*3.4%*	*1.6%*	*3.3%*	*0.0%*	*-0.6%*	*0.7%*	*-1.4%*	*2.0%*	*4.8%*	*5.3%*
KT	4,619.0	4,487.5	4,758.6	4,592.1	4,694.8	4,548.3	4,765.0	4,760.3	4,682.2	4,701.9	4,923.3	4,958.3
YoY growth	*0.2%*	*-0.7%*	*3.7%*	*0.4%*	*1.6%*	*1.4%*	*0.1%*	*3.7%*	*-0.3%*	*3.4%*	*3.3%*	*4.2%*
Wireless	1,707.2	1,722.2	1,708.1	1,732.2	1,736.5	1,765.1	1,740.0	1,770.7	1,776.0	1,803.8	1,782.1	1,813.7
YoY growth	*2.4%*	*2.5%*	*1.6%*	*2.8%*	*1.7%*	*2.5%*	*1.9%*	*2.2%*	*2.3%*	*2.2%*	*2.4%*	*2.4%*
Fixed-line	1,308.9	1,320.7	1,330.1	1,311.4	1,322.4	1,316.6	1,312.6	1,321.6	1,324.9	1,332.8	1,338.4	1,342.1
YoY growth	*0.9%*	*1.2%*	*1.8%*	*0.0%*	*1.0%*	*-0.3%*	*-1.3%*	*0.8%*	*0.2%*	*1.2%*	*2.0%*	*1.5%*
Internet	607.9	612.4	615.9	620.3	620.8	618.5	622.2	634.2	639.3	644.7	651.0	654.2
Media	506.9	518.0	505.8	507.8	518.6	522.6	518.2	516.0	516.0	520.1	521.2	523.3
B2B services	852.2	891.3	903.8	813.1	895.0	882.7	926.4	868.4	868.2	921.4	973.4	934.1
YoY growth	*5.6%*	*3.5%*	*1.6%*	*-2.7%*	*5.0%*	*-1.0%*	*2.5%*	*6.8%*	*-3.0%*	*4.4%*	*5.1%*	*7.6%*
Handsets	666.4	468.8	738.7	650.8	654.2	500.3	696.0	715.9	621.5	535.3	709.9	766.0
Subsidiaries	2,782.2	3,386.4	3,048.4	3,238.8	2,954.7	3,286.9	3,096.7	3,250.9	3,091.7	3,241.1	3,259.5	3,367.8
YoY growth	*-0.7%*	*7.2%*	*-4.8%*	*-7.1%*	*6.2%*	*-2.9%*	*1.6%*	*0.4%*	*4.6%*	*-1.4%*	*5.3%*	*3.6%*
BC Card	953.2	1,049.2	995.7	1,026.9	935.6	977.7	931.4	996.1	968.3	1,002.1	968.7	1,024.0
YoY growth	*5.7%*	*5.9%*	*1.2%*	*0.9%*	*-1.8%*	*-6.8%*	*-6.5%*	*-3.0%*	*3.5%*	*2.5%*	*4.0%*	*2.8%*
KT Skylife	254.8	261.3	260.5	262.2	254.4	254.6	256.9	257.0	256.9	257.1	259.5	262.1
YoY growth	*5.8%*	*2.8%*	*-2.8%*	*-3.3%*	*-0.2%*	*-2.6%*	*-1.4%*	*-2.0%*	*1.0%*	*1.0%*	*1.0%*	*2.0%*
Content subsidiary	142.5	158.8	191.1	194.6	138.6	135.4	156.2	175.1	137.2	136.8	157.8	176.9
YoY growth	*3.0%*	*2.8%*	*9.5%*	*6.4%*	*-2.7%*	*-14.7%*	*-18.3%*	*-10.0%*	*-1.0%*	*1.0%*	*1.0%*	*1.0%*
KT Estate	112.8	145.4	142.3	194.0	135.7	155.8	147.5	199.1	209.1	230.0	236.9	248.7
YoY growth	*-25.0%*	*48.8%*	*30.3%*	*48.2%*	*20.3%*	*7.2%*	*3.7%*	*2.6%*	*54.1%*	*47.6%*	*60.6%*	*24.9%*
KT Cloud	148.7	153.8	193.8	182.1	175.2	180.1	207.0	222.4	207.0	217.5	244.1	257.4
YoY growth	*19.5%*	*27.1%*	*45.6%*	*25.5%*	*17.8%*	*17.1%*	*6.8%*	*22.1%*	*18.2%*	*20.7%*	*17.9%*	*15.7%*
Operating expenses (consolidated)	5,957.6	5,971.4	6,375.5	6,432.8	6,148.1	6,052.4	6,190.5	7,049.5	5,882.3	6,032.0	6,325.6	6,592.4
Wages	1,069.1	1,131.5	1,191.0	1,157.8	1,100.9	1,213.0	1,118.3	2,070.4	1,109.6	1,096.7	1,037.8	1,051.3
Selling	564.6	600.5	581.4	606.8	559.1	554.4	568.3	698.3	568.5	570.6	573.9	579.2
Depreciation	929.4	929.2	937.9	1,013.6	973.7	966.2	964.8	1,056.6	842.2	852.1	863.1	920.4
OP (consolidated)	486.1	576.1	321.9	254.8	506.5	494.0	464.1	-313.1	681.9	642.4	650.6	499.6
OP margin	*7.5%*	*8.8%*	*4.8%*	*3.8%*	*7.6%*	*7.5%*	*7.0%*	*-4.6%*	*10.4%*	*9.6%*	*9.3%*	*7.0%*
EBITDA	1,415.5	1,505.3	1,259.8	1,268.4	1,480.2	1,460.2	1,428.9	743.4	1,524.1	1,494.5	1,513.7	1,419.9
NP attr. to owners of the parent	296.6	394.5	264.3	54.4	375.5	393.1	357.4	-179.5	376.0	387.7	441.6	376.0
Operating expenses (parent)	388.6	407.6	279.2	196.4	393.8	358.9	338.9	-431.9	422.3	337.6	396.9	203.9
OP margin	*8.4%*	*9.1%*	*5.9%*	*4.3%*	*8.4%*	*7.9%*	*7.1%*	*-9.1%*	*9.0%*	*7.2%*	*8.1%*	*4.1%*

Source: Company data, Mirae Asset Securities Research

KT (030200 KS)

Top pick

Income statement (summarized)

(Wbn)	2022	2023	2024F	2025F
Revenue	25,650	26,376	26,592	27,307
Cost of revenue	0	0	0	0
GP	25,650	26,376	26,592	27,307
SG&A expenses	23,960	24,726	25,440	24,832
OP (adj.)	1,690	1,650	1,151	2,474
OP	1,690	1,650	1,151	2,474
Non-operating profit	204	-326	195	-271
Net financial income	-22	-77	6	-108
Net income from associates	-17	-43	-28	-43
Pretax profit	1,894	1,324	1,346	2,203
Income tax	506	335	347	552
Profit from continuing operations	1,388	989	999	1,651
Profit from discontinued operations	0	0	0	0
NP	1,388	989	999	1,651
Attributable to owners	1,262	1,010	946	1,581
Attributable to minority interests	125	-21	53	70
Total comprehensive income	1,385	996	1,269	1,651
Attributable to owners	1,237	1,014	1,201	1,590
Attributable to minority interests	149	-17	68	61
EBITDA	5,401	5,518	5,437	6,435
FCF	157	1,810	1,831	2,439
EBITDA margin (%)	21.1	20.9	20.4	23.6
OP margin (%)	6.6	6.3	4.3	9.1
Net margin (%)	4.9	3.8	3.6	5.8

Balance sheet (summarized)

(Wbn)	2022	2023	2024F	2025F
Current assets	12,682	14,518	14,525	14,674
Cash & equivalents	2,449	2,880	2,981	2,584
AR & other receivables	3,090	3,258	3,281	3,455
Inventory	709	912	919	967
Other current assets	6,434	7,468	7,344	7,668
Non-current assets	28,299	28,192	27,903	27,210
Investments in associates	1,481	1,557	1,568	1,651
PP&E	14,772	14,872	14,978	14,679
Intangible assets	3,130	2,534	1,969	1,487
Total assets	40,981	42,710	42,428	41,883
Current liabilities	10,699	13,147	12,657	12,494
AP & other payables	1,151	1,298	1,307	1,376
Short-term financial liabilities	2,152	3,689	3,130	2,463
Other current liabilities	7,396	8,160	8,220	8,655
Non-current liabilities	11,867	11,001	10,290	8,908
Long-term financial liabilities	9,448	8,785	8,058	6,558
Other non-current liabilities	2,419	2,216	2,232	2,350
Total liabilities	22,566	24,149	22,947	21,402
Equity attributable to owners	16,612	16,749	17,596	18,526
Capital stock	1,564	1,564	1,564	1,564
Capital surplus	1,440	1,443	1,443	1,443
Retained earnings	14,257	14,494	14,631	15,561
Minority interests	1,803	1,812	1,885	1,956
Shareholders' equity	18,415	18,561	19,481	20,482

Key valuation metrics/ratios

	2022	2023	2024F	2025F
P/E (x)	7.0	8.9	12.2	7.3
P/CF (x)	1.6	1.5	2.0	1.8
P/B (x)	0.5	0.5	0.6	0.6
EV/EBITDA (x)	3.7	3.7	3.7	2.9
EPS (W)	4,835	3,887	3,723	6,271
CFPS (W)	21,583	23,068	22,613	24,869
BPS (W)	64,396	66,498	70,672	74,364
DPS (W)	1,960	1,960	2,300	2,500
Dividend payout ratio (%)	36.2	48.8	72.8	44.1
Dividend yield (%)	5.8	5.7	5.4	5.8
Revenue growth (%)	3.0	2.8	0.8	2.7
EBITDA growth (%)	1.5	2.2	-1.5	18.3
OP growth (%)	1.1	-2.4	-30.2	114.9
EPS growth (%)	-7.0	-19.6	-4.2	68.5
AR turnover (x)	8.4	8.3	8.1	8.1
Inventory turnover (x)	41.9	32.5	29.0	29.0
AP turnover (x)	0.0	0.0	0.0	0.0
ROA (%)	3.6	2.4	2.3	3.9
ROE (%)	8.0	6.1	5.5	8.8
ROIC (%)	5.7	5.6	3.9	9.1
Debt-to-equity ratio (%)	122.5	130.1	117.8	104.5
Current ratio (%)	118.5	110.4	114.8	117.4
Net debt-to-equity ratio (%)	49.5	51.4	35.6	25.2
Interest coverage ratio (x)	5.8	4.6	4.0	6.5

Source: Company data, Mirae Asset Securities Research estimates

Douzone Bizon (012510 KS)

Top pick

Poised to become Korea's AI leader in 2025

(Maintain)	Buy
Target price	W82,000
Current price (11/26/24)	W67,800
Upside	20.9%

OP (24F, Wbn)	82
Consensus OP (24F, Wbn)	83
EPS growth (24F, %)	46.8
Market EPS growth (24F, %)	74.4
P/E (24F, x)	41.3
Market P/E (24F, x)	10.2
KOSPI	2,520.36
Market cap (Wbn)	2,060
Shares (mn)	30
Free float (%)	69.5
Foreign ownership (%)	10.4
Beta (12M)	-0.33
52-week low (W)	28,700
52-week high (W)	75,900

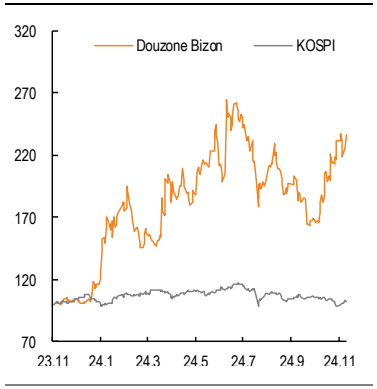
(%)	1M	6M	12M
Absolute	25.6	11.9	135.8
Relative	28.7	19.3	133.6

Investment points

- Backed by the full-fledged growth of OneAI and OmniEsol, we expect AI-based services to contribute significantly to revenue from 2025.
- OP margin (standalone) improved sharply to 28% in 3Q24. Generative AI is helping to reduce costs (outsourcing, etc.), and the high-margin cloud business is making an increasing contribution to revenue. If this trend continues, we believe profitability improvements could drive a valuation re-rating.
- The company's entry into the online-only bank business is also likely to gain traction in 2025.

Earnings outlook

- Consolidated revenue: W402.6bn (+13.5% YoY) in 2024F, W471.1bn (+17% YoY) in 2025F
- Consolidated operating profit: W82.1bn (+18.8% YoY; OP margin of 20.3%) in 2024F, W103.6bn (+26.2% YoY; OP margin of 22.1%) in 2025F
- We expect the company to deliver above-consensus results for 2025 on a higher revenue share of cloud-based products and cost savings/revenue expansion through generative AI.



(Dec.)	2021	2022	2023	2024F	2025F
Revenue (Wbn)	319	304	354	403	471
OP (Wbn)	71	46	69	82	104
OP margin (%)	22.3	15.1	19.5	20.3	22.1
NP (Wbn)	54	24	35	52	62
EPS (W)	1,707	757	1,117	1,640	1,969
ROE (%)	12.1	5.1	8.2	10.8	11.2
P/E (x)	42.8	48.7	25.9	41.3	34.4
P/B (x)	4.6	2.3	1.7	3.5	3.2
Dividend yield (%)	0.6	0.3	0.7	0.7	0.8

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

Douzone Bizon (012510 KS)

Top pick

Quarterly earnings

(Wmn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F	1Q25F	2Q25F	3Q25F	4Q25F
Revenue (consolidated)	81,398	84,956	84,713	103,563	94,413	99,423	97,036	111,734	112,383	116,163	115,382	127,126
YoY	*7.6%*	*13.5%*	*9.4%*	*35.7%*	*16.0%*	*17.0%*	*14.5%*	*7.9%*	*19.0%*	*16.8%*	*18.9%*	*13.8%*
Revenue (standalone)	79,392	83,111	82,131	87,465	84,677	87,959	87,587	101,678	101,707	105,709	105,228	116,320
YoY	*7.2%*	*13.6%*	*8.0%*	*17.6%*	*6.7%*	*5.8%*	*6.6%*	*16.3%*	*20.1%*	*20.2%*	*20.1%*	*14.4%*
Cloud vs on-premises (Mirae Asset Securities est.)												
Cloud	22,111	27,060	30,061	32,654	32,580	38,814	37,073	41,805	51,301	55,920	57,878	59,322
YoY	*18.4%*	*32.9%*	*45.9%*	*46.4%*	*47.3%*	*43.4%*	*23.3%*	*28.0%*	*57.5%*	*44.1%*	*56.1%*	*41.9%*
% of total revenue	*27.2%*	*31.9%*	*35.5%*	*31.5%*	*34.5%*	*39.0%*	*38.2%*	*37.4%*	*45.6%*	*48.1%*	*50.2%*	*46.7%*
Traditional (on-premises)	53,079	51,572	47,615	50,250	47,434	44,241	45,255	47,943	44,806	43,317	42,363	43,098
YoY	*2.1%*	*4.8%*	*-7.2%*	*4.6%*	*-10.6%*	*-14.2%*	*-5.0%*	*-4.6%*	*-5.5%*	*-2.1%*	*-6.4%*	*-10.1%*
% of total revenue	*65.2%*	*60.7%*	*56.2%*	*48.5%*	*50.2%*	*44.5%*	*46.6%*	*42.9%*	*39.9%*	*37.3%*	*36.7%*	*33.9%*
Revenue by business												
Lite ERP	21,294	22,195	24,115	23,914	22,470	23,317	22,605	24,691	28,332	29,948	30,373	30,716
YoY	*4.9%*	*-0.6%*	*20.1%*	*9.2%*	*5.5%*	*5.1%*	*-6.3%*	*3.3%*	*26.1%*	*28.4%*	*34.4%*	*24.4%*
% of total revenue	*26.2%*	*26.1%*	*28.5%*	*23.1%*	*23.8%*	*23.5%*	*23.3%*	*22.1%*	*25.2%*	*25.8%*	*26.3%*	*24.2%*
Wehago	8,087	10,322	13,628	12,876	12,639	13,870	13,418	15,047	18,362	19,903	20,484	20,877
YoY	*82.6%*	*50.4%*	*144.6%*	*88.4%*	*56.3%*	*34.4%*	*-1.5%*	*16.9%*	*45.3%*	*43.5%*	*52.7%*	*38.7%*
% of Lite ERP	*38.0%*	*46.5%*	*56.5%*	*53.8%*	*56.2%*	*59.5%*	*59.4%*	*60.9%*	*64.8%*	*66.5%*	*67.4%*	*68.0%*
Standard ERP	26,631	27,055	23,634	28,931	27,506	29,956	29,331	32,267	35,184	36,615	37,243	38,144
YoY	*455*	*456*	*457*	*458*	*459*	*460*	*461*	*462*	*463*	*464*	*465*	*466*
% of total revenue	*32.7%*	*31.8%*	*27.9%*	*27.9%*	*29.1%*	*30.1%*	*30.2%*	*28.9%*	*31.3%*	*31.5%*	*32.3%*	*30.0%*
Amaranth10	2,397	4,510	4,850	7,893	8,452	13,626	12,621	14,609	18,730	20,863	22,115	23,141
YoY	*-23.8%*	*170.3%*	*105.7%*	*159.3%*	*252.7%*	*202.1%*	*160.3%*	*85.1%*	*121.6%*	*53.1%*	*75.2%*	*58.4%*
% of Standard ERP	*9.0%*	*16.7%*	*20.5%*	*27.3%*	*30.7%*	*45.5%*	*43.0%*	*45.3%*	*53.2%*	*57.0%*	*59.4%*	*60.7%*
Extended ERP	19,780	20,749	21,573	20,673	21,010	20,121	22,516	21,351	20,588	20,424	20,482	21,355
YoY	*14.3%*	*47.3%*	*19.4%*	*30.6%*	*6.2%*	*-3.0%*	*4.4%*	*3.3%*	*-2.0%*	*1.5%*	*-9.0%*	*0.0%*
% of total revenue	*24.3%*	*24.4%*	*25.5%*	*20.0%*	*22.3%*	*20.2%*	*23.2%*	*19.1%*	*18.3%*	*17.6%*	*17.8%*	*16.8%*
Subsidiaries												
Electronic Times (74.38% owned)	-	-	-	-	6,905	6,974	7,043	13,468	6,974	7,043	7,114	13,737
% of total revenue	-	-	-	-	*7.3%*	*7.0%*	*7.3%*	*12.1%*	*6.2%*	*6.1%*	*6.2%*	*10.8%*
OP (consolidated)	14,068	16,517	14,916	23,570	18,115	20,418	20,085	23,464	23,969	25,896	24,573	29,176
OP margin (consolidated)	*17.3%*	*19.4%*	*17.6%*	*22.8%*	*19.2%*	*20.5%*	*20.7%*	*21.0%*	*21.3%*	*22.3%*	*21.3%*	*23.0%*
OP (parent)	14,555	16,802	15,246	23,736	19,083	20,364	24,901	28,157	26,366	28,486	30,716	33,553
OP margin (parent)	*18.3%*	*20.2%*	*18.6%*	*27.1%*	*22.5%*	*23.2%*	*28.4%*	*27.7%*	*25.9%*	*26.9%*	*29.2%*	*28.8%*
NP (consolidated)	7,425	8,866	7,619	10,418	36,578	10,672	14,280	14,280	12,769	16,378	17,925	16,319
EPS (consolidated, W)	235.9	281.7	242.1	331.0	1,162.0	339.0	453.7	405.6	520.3	569.4	518.4	488.3

Source: Company data, Mirae Asset Securities Research

Douzone Bizon (012510 KS)

Top pick

Income statement (summarized)

(Wbn)	2022	2023	2024F	2025F
Revenue	304	354	403	471
Cost of revenue	184	201	222	254
GP	120	153	181	217
SG&A expenses	74	84	99	113
OP (adj.)	46	69	82	104
OP	46	69	82	104
Non-operating profit	-15	-24	2	-25
Net financial income	-7	-14	-16	-16
Net income from associates	-1	-1	0	0
Pretax profit	31	45	84	79
Income tax	8	11	12	13
Profit from continuing operations	23	34	72	66
Profit from discontinued operations	0	0	1	0
NP	23	34	74	66
Attributable to owners	24	35	52	62
Attributable to minority interests	-1	-1	23	4
Total comprehensive income	30	24	74	66
Attributable to owners	31	25	32	29
Attributable to minority interests	-1	-1	42	37
EBITDA	77	106	124	157
FCF	60	76	-20	25
EBITDA margin (%)	25.3	29.9	30.8	33.3
OP margin (%)	15.1	19.5	20.3	22.1
Net margin (%)	7.9	9.9	12.9	13.2

Balance sheet (summarized)

(Wbn)	2022	2023	2024F	2025F
Current assets	144	126	182	214
Cash & equivalents	54	54	104	126
AR & other receivables	40	49	53	60
Inventory	2	1	1	1
Other current assets	48	22	24	27
Non-current assets	689	758	811	828
Investments in associates	1	0	0	0
PP&E	369	373	408	434
Intangible assets	57	104	141	132
Total assets	833	883	992	1,042
Current liabilities	138	415	421	414
AP & other payables	20	15	16	18
Short-term financial liabilities	20	272	301	311
Other current liabilities	98	128	104	85
Non-current liabilities	257	23	23	26
Long-term financial liabilities	252	7	6	6
Other non-current liabilities	5	16	17	20
Total liabilities	394	438	445	439
Equity attributable to owners	431	427	528	579
Capital stock	16	16	16	16
Capital surplus	226	226	475	475
Retained earnings	268	286	121	172
Minority interests	7	18	20	24
Shareholders' equity	438	445	548	603

Key valuation metrics/ratios

	2022	2023	2024F	2025F
P/E (x)	48.7	25.9	41.3	34.4
P/CF (x)	13.7	8.1	17.4	14.1
P/B (x)	2.3	1.7	3.5	3.2
EV/EBITDA (x)	17.0	10.5	18.3	14.4
EPS (W)	757	1,117	1,640	1,969
CFPS (W)	2,696	3,578	3,906	4,817
BPS (W)	16,186	16,765	19,441	21,061
DPS (W)	123	217	500	550
Dividend payout ratio (%)	15.0	17.7	18.9	23.4
Dividend yield (%)	0.3	0.7	0.7	0.8
Revenue growth (%)	-4.5	16.2	13.9	17.0
EBITDA growth (%)	-23.1	37.6	17.2	26.7
OP growth (%)	-36.0	51.7	18.8	26.2
EPS growth (%)	-55.7	47.6	46.8	20.1
AR turnover (x)	6.8	8.3	8.2	8.7
Inventory turnover (x)	150.3	226.2	333.9	351.6
AP turnover (x)	61.9	85.2	87.5	90.3
ROA (%)	2.7	4.0	7.9	6.5
ROE (%)	5.1	8.2	10.8	11.2
ROIC (%)	9.0	13.2	15.3	16.3
Debt-to-equity ratio (%)	89.9	98.3	81.1	72.9
Current ratio (%)	104.5	30.2	43.1	51.7
Net debt-to-equity ratio (%)	41.8	48.5	35.4	30.0
Interest coverage ratio (x)	4.8	4.8	5.0	6.1

Source: Company data, Mirae Asset Securities Research estimates

SK Telecom (017670 KS)

AI business to drive growth

(Maintain)	**Buy**
Target price	**W70,000**
Current price (11/26/24)	W58,300
Upside	20.1%

OP (24F, Wbn)	1,897
Consensus OP (24F, Wbn)	1,911
EPS growth (24F, %)	1.4
Market EPS growth (24F, %)	74.4
P/E (24F, x)	11.5
Market P/E (24F, x)	10.2
KOSPI	2,520.36
Market cap (Wbn)	12,522
Shares (mn)	215
Free float (%)	61.7
Foreign ownership (%)	42.5
Beta (12M)	0.05
52-week low (W)	48,900
52-week high (W)	58,400

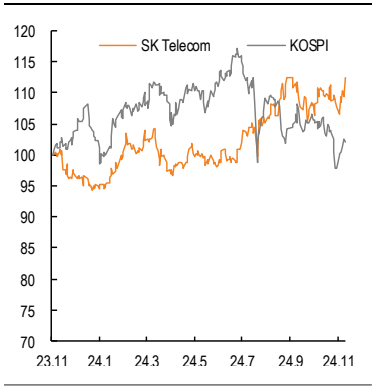
(%)	1M	6M	12M
Absolute	1.4	12.5	12.5
Relative	3.9	20.0	11.5

Investment points

- We expect B2B-oriented AI solutions to serve as SKT's next growth engine. Cloud/data center revenue should continue to grow strongly, and the AI solutions business should deliver tangible results.
- The company is also laying the groundwork for B2C AI business models through its AI service platform (A.) and partnership with Perplexity (developer of a generative AI-based search engine). As these platforms grow their user bases, we see potential for synergies and global monetization of AI services.
- Cost-cutting efforts should continue to drive margin improvements.

Earnings outlook

- Consolidated revenue: W17.98tr (+2.1% YoY) in 2024F, W18.28tr (+1.7% YoY) in 2025F
- Consolidated operating profit: W1.9tr (OP margin of 10.6%) in 2024F, W2.03tr (OP margin of 11.1%) in 2025F
- For 2024, we expect SKT to pay a dividend of W3,700 per share.
- Depending on the success of AI initiatives, earnings could beat expectations.



(Dec.)	2021	2022	2023	2024F	2025F
Revenue (Wbn)	16,749	17,305	17,609	17,977	18,284
OP (Wbn)	1,387	1,612	1,753	1,897	2,029
OP margin (%)	8.3	9.3	10.0	10.6	11.1
NP (Wbn)	2,408	912	1,094	1,090	1,246
EPS (W)	6,841	4,169	4,997	5,068	5,800
ROE (%)	13.6	8.0	9.6	9.3	10.2
P/E (x)	8.5	11.4	10.0	11.5	10.1
P/B (x)	1.1	0.9	0.9	1.0	1.0
Dividend yield (%)	4.6	7.0	7.1	6.1	6.3

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

SK Telecom (017670 KS)

Quarterly earnings

(Wbn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F	1Q25F	2Q25F	3Q25F	4Q25F
Operating revenue (consolidated)	4,372.0	4,306.0	4,403.0	4,527.0	4,474.6	4,422.0	4,532.0	4,547.8	4,518.3	4,539.9	4,580.2	4,645.9
SKT	3,117.3	3,119.3	3,155.1	3,153.0	3,194.7	3,305.8	3,180.4	3,225.2	3,195.2	3,206.6	3,229.4	3,255.2
Mobile	2,627.0	2,618.0	2,654.0	2,655.0	2,664.3	2,673.0	2,672.0	2,704.7	2,681.8	2,673.9	2,713.6	2,751.0
Other	374.9	389.8	388.5	379.5	411.5	518.0	392.4	398.5	390.9	414.4	396.4	378.6
SK Broadband	1,062.0	1,068.0	1,069.0	1,090.5	1,092.0	1,102.0	1,112.6	1,152.6	1,163.1	1,173.4	1,190.8	1,210.7
Broadband	264.0	265.0	268.0	270.0	276.0	279.0	283.0	283.9	284.4	286.3	287.5	288.4
IP/CATV	472.0	474.0	479.0	480.0	476.0	477.0	483.0	486.3	494.2	497.1	504.0	506.9
Enterprise	382.0	392.6	396.7	431.4	415.4	434.2	427.5	441.4	433.0	439.7	450.7	469.8
Other	192.7	118.8	140.0	150.0	193.9	160.0	160.0	170.0	160.0	160.0	160.0	180.0
Operating expenses	3,877.4	3,843.0	3,904.6	4,230.2	3,976.0	3,884.0	3,998.9	4,219.6	3,982.0	4,034.1	4,011.8	4,227.4
Wages	617.6	590.8	614.2	665.6	660.6	624.0	639.4	680.2	662.3	662.5	661.4	701.8
Commissions paid	1,356.2	1,352.3	1,381.1	1,460.4	1,379.6	1,367.0	1,370.1	1,527.8	1,442.2	1,455.1	1,420.4	1,533.4
Depreciation	933.3	948.8	927.7	939.8	930.1	916.9	920.6	936.9	941.7	936.9	946.5	951.4
OP	494.6	463.0	498.4	296.8	498.6	538.0	533.1	328.2	536.2	505.9	568.4	418.5
OP margin	*11.3%*	*10.8%*	*11.3%*	*6.6%*	*11.1%*	*12.2%*	*11.8%*	*7.2%*	*11.9%*	*11.1%*	*12.4%*	*9.0%*
EBITDA	1,427.9	1,411.8	1,426.1	1,236.6	1,428.7	1,454.9	1,453.7	1,265.1	1,477.9	1,442.8	1,514.9	1,369.9
NP attr. to owners of the parent	290.5	329.2	297.9	176.0	353.0	337.3	269.3	130.7	372.0	312.2	339.9	221.5

Source: Company data, Mirae Asset Securities Research

SK Telecom (017670 KS)

Income statement (summarized)

(Wbn)	2022	2023	2024F	2025F
Revenue	17,305	17,609	17,977	18,284
Cost of revenue	0	0	0	0
GP	17,305	17,609	17,977	18,284
SG&A expenses	15,693	15,855	16,079	16,255
OP (adj.)	1,612	1,753	1,897	2,029
OP	1,612	1,753	1,897	2,029
Non-operating profit	-376	-265	-404	-212
Net financial income	-270	-320	-325	-300
Net income from associates	-82	11	25	34
Pretax profit	1,236	1,488	1,493	1,817
Income tax	288	342	360	524
Profit from continuing operations	948	1,146	1,132	1,293
Profit from discontinued operations	0	0	0	0
NP	948	1,146	1,132	1,293
Attributable to owners	912	1,094	1,090	1,246
Attributable to minority interests	35	52	42	47
Total comprehensive income	642	1,122	1,229	1,293
Attributable to owners	601	1,073	1,194	1,243
Attributable to minority interests	40	49	35	49
EBITDA	5,367	5,504	5,605	5,805
FCF	2,251	1,973	2,832	2,219
EBITDA margin (%)	31.0	31.3	31.2	31.7
OP margin (%)	9.3	10.0	10.6	11.1
Net margin (%)	5.3	6.2	6.1	6.8

Balance sheet (summarized)

(Wbn)	2022	2023	2024F	2025F
Current assets	7,219	6,586	7,079	7,008
Cash & equivalents	1,882	1,455	1,925	1,743
AR & other receivables	2,450	2,323	2,333	2,384
Inventory	166	180	181	185
Other current assets	2,721	2,628	2,640	2,696
Non-current assets	24,089	23,534	22,375	21,555
Investments in associates	1,889	1,915	1,924	1,965
PP&E	13,322	13,006	12,262	11,396
Intangible assets	5,400	4,936	4,599	4,599
Total assets	31,308	30,119	29,454	28,563
Current liabilities	8,047	6,994	6,789	6,897
AP & other payables	2,517	2,053	2,062	2,107
Short-term financial liabilities	2,896	2,362	2,136	2,144
Other current liabilities	2,634	2,579	2,591	2,646
Non-current liabilities	11,107	10,897	9,806	8,348
Long-term financial liabilities	8,890	8,966	7,866	6,366
Other non-current liabilities	2,217	1,931	1,940	1,982
Total liabilities	19,153	17,891	16,595	15,245
Equity attributable to owners	11,318	11,389	12,032	12,444
Capital stock	30	30	30	30
Capital surplus	1,771	1,771	1,771	1,771
Retained earnings	22,464	22,800	22,870	23,281
Minority interests	837	839	827	874
Shareholders' equity	12,155	12,228	12,859	13,318

Key valuation metrics/ratios

	2022	2023	2024F	2025F
P/E (x)	11.4	10.0	11.5	10.1
P/CF (x)	1.8	1.9	2.2	2.2
P/B (x)	0.9	0.9	1.0	1.0
EV/EBITDA (x)	3.8	3.9	3.8	3.4
EPS (W)	4,169	4,997	5,068	5,800
CFPS (W)	25,898	26,012	26,099	27,005
BPS (W)	51,889	53,424	56,451	58,367
DPS (W)	3,320	3,540	3,540	3,660
Dividend payout ratio (%)	76.4	66.8	66.6	60.3
Dividend yield (%)	7.0	7.1	6.3	6.5
Revenue growth (%)	3.3	1.8	2.1	1.7
EBITDA growth (%)	-2.4	2.5	1.8	3.6
OP growth (%)	16.2	8.8	8.2	6.9
EPS growth (%)	-39.1	19.9	1.4	14.4
AR turnover (x)	8.9	8.9	9.1	9.1
Inventory turnover (x)	93.3	101.7	99.8	100.1
AP turnover (x)	0.0	0.0	0.0	0.0
ROA (%)	3.0	3.7	3.8	4.5
ROE (%)	8.0	9.6	9.3	10.2
ROIC (%)	6.1	6.7	7.5	8.0
Debt-to-equity ratio (%)	157.6	146.3	129.0	114.5
Current ratio (%)	89.7	94.2	104.3	101.6
Net debt-to-equity ratio (%)	77.5	77.6	59.8	47.9
Interest coverage ratio (x)	4.9	4.5	4.7	5.4

Source: Company data, Mirae Asset Securities Research estimates

LG Uplus (032640 KS)

High expectations for 2025

(Upgrade)	**Buy**
Target price	**▲ W13,900**
Current price (11/26/24)	W11,570
Upside	20.1%

OP (24F, Wbn)	935
Consensus OP (24F, Wbn)	942
EPS growth (24F, %)	-16.3
Market EPS growth (24F, %)	74.4
P/E (24F, x)	9.7
Market P/E (24F, x)	10.2
KOSPI	2,520.36
Market cap (Wbn)	5,052
Shares (mn)	437
Free float (%)	60.8
Foreign ownership (%)	35.7
Beta (12M)	0.34
52-week low (W)	9,510
52-week high (W)	11,570

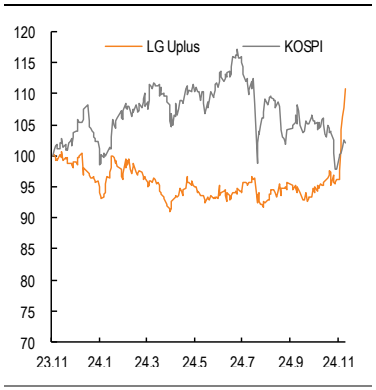
(%)	1M	6M	12M
Absolute	16.2	18.4	11.8
Relative	19.1	26.3	10.7

Investment points

- LG Uplus is actively expanding AI offerings in both the B2B and B2C segments. Meaningful AI monetization should begin with the B2B segment.
- New businesses (AI and electric vehicle charging) will likely make meaningful progress in 2025.
- We believe a share price rebound has grown more likely, considering the stock's low valuation and the firm's aggressive efforts to enhance shareholder value, recovering growth potential, and profit improvements.
- We lift our target price to W13,900 (from W11,900) and upgrade our rating to Buy. We raised our target EV/EBITDA from 3.3x to 3.4x (the average 12-month forward multiple in the fifth to seventh years of LTE adoption).

Earnings outlook

- Consolidated operating revenue: W14.76tr (+2.7% YoY) in 2024F, W15.03tr (+1.9% YoY) in 2025F
- Consolidated operating profit: W934bn (-6.4% YoY; OP margin of 6.3%) in 2024F, W1.02tr (+8.6% YoY; OP margin of 6.8%) in 2025
- Operating profit is likely to decline in 2024 due to depreciation expenses related to an internal customer management system. In 2025, costs should stabilize, leading to profit improvement. Confidence in new businesses should also grow, providing additional upside to shares.



(Dec.)	2021	2022	2023	2024F	2025F
Revenue (Wbn)	13,851	13,906	14,373	14,758	15,033
OP (Wbn)	979	1,081	998	935	1,015
OP margin (%)	7.1	7.8	6.9	6.3	6.8
NP (Wbn)	712	663	623	522	586
EPS (W)	1,632	1,519	1,426	1,194	1,343
ROE (%)	9.5	8.4	7.5	6.1	6.6
P/E (x)	8.3	7.3	7.2	9.7	8.6
P/B (x)	0.8	0.6	0.5	0.6	0.6
Dividend yield (%)	4.0	5.9	6.4	5.6	5.6

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

LG Uplus (032640 KS)

Quarterly earnings

(Wbn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F	1Q25F	2Q25F	3Q25F	4Q25F
Operating revenue (consolidated)	**3,541**	**3,429**	**3,581**	**3,821**	**3,577**	**3,493**	**3,801**	**3,886**	**3,694**	**3,650**	**3,717**	**3,973**
YoY growth	*3.9%*	*1.3%*	*2.3%*	*5.8%*	*1.0%*	*1.9%*	*6.2%*	*1.7%*	*3.3%*	*4.5%*	*-2.2%*	*2.2%*
LG Uplus	3,281	3,163	3,308	3,487	3,323	3,228	3,496	3,588	3,411	3,370	3,432	3,668
YoY growth	*4.5%*	*1.4%*	*3.9%*	*4.5%*	*1.3%*	*2.1%*	*5.7%*	*2.9%*	*2.6%*	*4.4%*	*-1.8%*	*2.2%*
Wireless	1,561	1,576	1,587	1,584	1,581	1,593	1,620	1,624	1,634	1,640	1,671	1,681
YoY growth	*3.0%*	*2.3%*	*2.7%*	*0.6%*	*1.3%*	*1.0%*	*2.1%*	*2.5%*	*3.4%*	*3.0%*	*3.1%*	*3.5%*
Smart home	594	603	607	594	612	618	651	613	614	620	630	631
YoY growth	*2.2%*	*4.0%*	*2.8%*	*0.2%*	*2.9%*	*2.5%*	*7.2%*	*3.2%*	*0.4%*	*0.3%*	*-3.3%*	*3.0%*
IPTV	334	337	338	320	334	335	336	332	330	333	337	338
Broadband	261	266	269	275	278	283	287	282	284	287	293	293
Telephony	93	92	90	93	89	91	87	86	90	93	89	88
Enterprise infrastructure	368	409	404	524	405	432	429	545	424	445	442	561
YoY growth	*1.7%*	*1.5%*	*7.9%*	*17.2%*	*9.9%*	*5.4%*	*6.1%*	*4.0%*	*4.6%*	*3.1%*	*3.1%*	*2.9%*
IDC	77	80	83	87	86	92	90	98	94	96	95	103
YoY growth	*20.1%*	*15.5%*	*18.1%*	*12.2%*	*11.6%*	*14.9%*	*8.8%*	*12.0%*	*10.0%*	*5.0%*	*5.0%*	*5.0%*
Leased line	189	201	192	213	197	209	209	222	205	215	215	231
YoY growth	*0.7%*	*0.3%*	*-1.2%*	*8.4%*	*4.7%*	*4.0%*	*8.8%*	*4.0%*	*4.0%*	*3.0%*	*3.0%*	*4.0%*
Operating expenses	**3,281**	**3,141**	**3,327**	**3,625**	**3,356**	**3,240**	**3,555**	**3,672**	**3,469**	**3,369**	**3,431**	**3,749**
Wages	449	441	461	461	487	494	482	531	558	547	571	570
Commissions paid	507	519	516	518	508	509	527	517	517	517	517	518
Depreciation	520	529	535	550	544	547	552	541	548	535	539	551
Amortization	99	100	109	129	123	119	123	141	139	137	134	139
OP	**260**	**288**	**254**	**196**	**221**	**253**	**246**	**214**	**225**	**280**	**286**	**224**
YoY growth	*-0.4%*	*16.0%*	*-10.8%*	*-31.6%*	*-15.1%*	*-12.0%*	*-3.2%*	*9.5%*	*1.8%*	*10.6%*	*16.1%*	*4.7%*
OP margin	*7.3%*	*8.4%*	*7.1%*	*5.1%*	*6.2%*	*7.3%*	6.5%	5.5%	6.1%	7.7%	7.7%	5.6%
EBITDA	**880**	**917**	**899**	**874**	**887**	**920**	**921**	**897**	**912**	**953**	**959**	**914**
NP attr. to owners of the parent	**152**	**213**	**157**	**101**	**131**	**165**	**134**	**93**	**129**	**196**	**157**	**108**

Valuation table

(Wbn)	Value	Notes
2025F EBITDA	3,737.9	
Target EV/EBITDA (x)	3.4	Avg. forward multiple in 5th to 7th years of LTE adoption
EV	12,671.5	
(Net debt)	6,708	
Total EV	5,963.5	
No. of shares (mn)	437	
TP (W)	13,900	
Current price (W)	11,570	
Upside	20.1%	

Source: Company data, Mirae Asset Securities Research

LG Uplus (032640 KS)

Income statement (summarized)

(Wbn)	2022	2023	2024F	2025F
Revenue	13,906	14,373	14,758	15,033
Cost of revenue	0	0	0	0
GP	13,906	14,373	14,758	15,033
SG&A expenses	12,825	13,375	13,823	14,018
OP (adj.)	1,081	998	935	1,015
OP	1,081	998	935	1,015
Non-operating profit	-224	-227	-252	-278
Net financial income	-129	-185	-227	-188
Net income from associates	3	2	51	0
Pretax profit	857	771	683	737
Income tax	194	141	138	147
Profit from continuing operations	663	630	545	590
Profit from discontinued operations	0	0	0	0
NP	663	630	523	590
Attributable to owners	663	623	522	586
Attributable to minority interests	0	7	2	3
Total comprehensive income	753	591	524	590
Attributable to owners	750	586	522	586
Attributable to minority interests	3	5	2	3
EBITDA	3,532	3,569	3,650	3,743
FCF	1,217	439	1,924	450
EBITDA margin (%)	25.4	24.8	24.7	24.9
OP margin (%)	7.8	6.9	6.3	6.8
Net margin (%)	4.8	4.3	3.5	3.9

Balance sheet (summarized)

(Wbn)	2022	2023	2024F	2025F
Current assets	5,043	4,964	6,512	6,513
Cash & equivalents	835	560	2,033	1,934
AR & other receivables	1,864	1,886	1,918	1,961
Inventory	226	354	360	369
Other current assets	2,118	2,164	2,201	2,249
Non-current assets	14,731	15,136	13,862	14,697
Investments in associates	72	75	76	78
PP&E	10,574	11,066	10,457	11,141
Intangible assets	2,342	2,166	1,912	2,061
Total assets	19,775	20,101	20,374	21,210
Current liabilities	4,818	5,607	5,577	6,122
AP & other payables	1,223	1,036	1,053	1,077
Short-term financial liabilities	1,646	2,514	2,431	2,906
Other current liabilities	1,949	2,057	2,093	2,139
Non-current liabilities	6,507	5,737	5,807	5,827
Long-term financial liabilities	5,403	4,875	4,931	4,931
Other non-current liabilities	1,104	862	876	896
Total liabilities	11,325	11,344	11,384	11,949
Equity attributable to owners	8,165	8,472	8,732	8,999
Capital stock	2,574	2,574	2,574	2,574
Capital surplus	837	837	864	864
Retained earnings	4,867	5,168	5,407	5,675
Minority interests	285	285	258	262
Shareholders' equity	8,450	8,757	8,990	9,261

Key valuation metrics/ratios

	2022	2023	2024F	2025F
P/E (x)	7.3	7.2	9.7	8.6
P/CF (x)	0.8	0.7	1.0	1.4
P/B (x)	0.6	0.5	0.6	0.6
EV/EBITDA (x)	3.2	3.2	2.9	3.0
EPS (W)	1,519	1,426	1,194	1,343
CFPS (W)	13,891	14,043	11,230	8,355
BPS (W)	18,930	19,633	20,227	20,841
DPS (W)	650	650	650	650
Dividend payout ratio (%)	42.2	44.3	53.4	47.4
Dividend yield (%)	5.9	6.4	6.5	6.5
Revenue growth (%)	0.4	3.4	2.7	1.9
EBITDA growth (%)	3.3	1.0	2.3	2.5
OP growth (%)	10.4	-7.7	-6.3	8.5
EPS growth (%)	-6.9	-6.1	-16.3	12.4
AR turnover (x)	8.0	8.3	8.4	8.4
Inventory turnover (x)	59.5	49.5	41.3	41.2
AP turnover (x)	0.0	0.0	0.0	0.0
ROA (%)	3.4	3.2	2.6	2.8
ROE (%)	8.4	7.5	6.1	6.6
ROIC (%)	5.7	5.4	5.0	5.3
Debt-to-equity ratio (%)	134.0	129.5	126.6	129.0
Current ratio (%)	104.7	88.5	116.8	106.4
Net debt-to-equity ratio (%)	72.4	76.6	57.9	62.4
Interest coverage ratio (x)	6.0	4.1	3.3	4.2

Source: Company data, Mirae Asset Securities Research estimates

Samsung SDS (018260 KS)

Lower expectations for 2025

(Maintain)	Buy
Target price	▼ W231,000
Current price (11/26/24)	W151,500
Upside	52.5%

OP (24F, Wbn)	991
Consensus OP (24F, Wbn)	949
EPS growth (24F, %)	14.8
Market EPS growth (24F, %)	74.4
P/E (24F, x)	14.7
Market P/E (24F, x)	10.2
KOSPI	2,520.36
Market cap (Wbn)	11,723
Shares (mn)	77
Free float (%)	50.9
Foreign ownership (%)	19.0
Beta (12M)	0.56
52-week low (W)	134,300
52-week high (W)	172,000

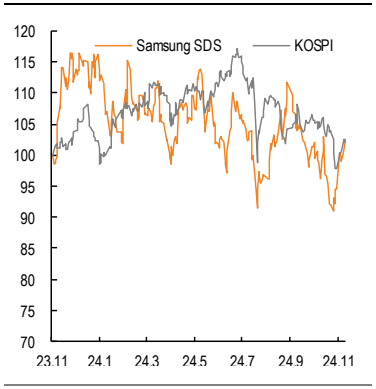
(%)	1M	6M	12M
Absolute	6.8	-9.8	-2.4
Relative	9.4	-3.8	-3.3

Investment points

- Samsung SDS is targeting generative AI-related revenue of W150bn in 2024 and W200bn in 2025; the guidance for 2025 was lowered.
- Expectations remain intact for the firm's shareholder value enhancement plans.
- Despite the challenges facing group affiliates, software investments are likely to continue, as IT capabilities (AI, etc.) are crucial determinants of competitiveness.

Revising down forecasts; cut TP by 5.3% to W231,000

- We revised down our revenue forecasts by 0.6% to W13.8tr (+4.4% YoY) for 2024 and by 1.3% to W14.9tr (+7.3% YoY) for 2025.
- We lowered our operating profit estimates by 9.9% to W991bn (OP margin of 7.2%) for 2024 and by 11.8% to W1.11tr (OP margin of 7.5%) for 2025.
- We expect top- and bottom-line growth to continue on a rising mix of high-margin AI and cloud-based services. That said, the pace of growth should be influenced by the size of group affiliates' investments.
- We lower our target price by 5.3% to W231,000, reflecting our downward earnings forecast revisions. We derived our target price by applying a 12-month forward P/E of 20x (the average in 2017-19, when the company's growth rate was similar to the current levels) to our 2025F EPS.



(Dec.)	2021	2022	2023	2024F	2025F
Revenue (Wbn)	13,630	17,235	13,277	13,860	14,877
OP (Wbn)	808	916	808	991	1,111
OP margin (%)	5.9	5.3	6.1	7.2	7.5
NP (Wbn)	611	1,100	693	796	894
EPS (W)	7,899	14,213	8,962	10,290	11,560
ROE (%)	8.8	14.2	8.2	8.7	8.9
P/E (x)	19.8	8.7	19.0	14.7	13.1
P/B (x)	1.7	1.2	1.5	1.2	1.1
Dividend yield (%)	1.5	2.6	1.6	1.8	2.2

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

Samsung SDS (018260 KS)

Quarterly earnings

(Wbn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F	1Q25F	2Q25F	3Q25F	4Q25F
Revenue	3,401	3,291	3,208	3,377	3,247	3,369	3,570	3,675	3,620.6	3,737.9	3,706.7	3,812.2
YoY	*-18.9%*	*-28.4%*	*-23.6%*	*-20.5%*	*-4.5%*	*2.4%*	*11.3%*	*8.8%*	*11.5%*	*10.9%*	*3.8%*	*3.7%*
IT services	1,470	1,511	1,509	1,616	1,554	1,586	1,630	1,744	1,734.1	1,794.7	1,860.7	1,947.8
YoY	*1.2%*	*0.0%*	*1.5%*	*6.5%*	*5.7%*	*5.0%*	*8.0%*	*7.9%*	*11.6%*	*13.1%*	*14.2%*	*11.7%*
% of revenue	*43.2%*	*45.9%*	*47.0%*	*47.9%*	*47.8%*	*47.1%*	*45.7%*	*47.5%*	*47.9%*	*48.0%*	*50.2%*	*51.1%*
GP	*12.9%*	*13.5%*	*13.8%*	*13.9%*	*15.1%*	*14.8%*	*14.5%*	*16.3%*	*15.6%*	*15.2%*	*15.4%*	*16.0%*
SI	287.0	288.8	276.0	299.7	288.1	267.8	256.5	297.7	286.5	276.3	299.7	296.1
YoY	*-30.0%*	*-29.3%*	*-21.5%*	*-4.6%*	*0.4%*	*-7.3%*	*-7.1%*	*-0.7%*	*-0.5%*	*3.2%*	*16.8%*	*-0.5%*
% of revenue	*8.4%*	*8.8%*	*8.6%*	*8.9%*	*8.9%*	*7.9%*	*7.2%*	*8.1%*	*7.9%*	*7.4%*	*8.1%*	*7.8%*
ITO	773.0	777.4	762.6	760.7	734.7	762.6	736.1	756.2	761.9	815.8	820.0	833.1
YoY	*-2.6%*	*-6.3%*	*-8.8%*	*-11.7%*	*-5.0%*	*-1.9%*	*-3.5%*	*-0.6%*	*3.7%*	*7.0%*	*11.4%*	*10.2%*
% of revenue	*22.7%*	*23.6%*	*23.8%*	*22.5%*	*22.6%*	*22.6%*	*20.6%*	*20.6%*	*21.0%*	*21.8%*	*22.1%*	*21.9%*
Cloud	409.9	444.5	470.7	555.6	530.8	556.0	637.0	690.6	685.6	702.6	741.1	818.6
YoY	*64.6%*	*63.0%*	*57.3%*	*62.6%*	*29.5%*	*25.1%*	*35.3%*	*24.3%*	*29.2%*	*26.4%*	*16.3%*	*18.5%*
% of revenue	*12.1%*	*13.5%*	*14.7%*	*16.5%*	*16.3%*	*16.5%*	*17.8%*	*18.8%*	*18.9%*	*18.8%*	*20.0%*	*21.5%*
CSP	130.9	140.9	168.5	187.1	188.4	209.5	236.8	252.7	230.8	239.2	256.6	297.8
YoY	*36.5%*	*38.4%*	*48.6%*	*50.8%*	*43.9%*	*48.7%*	*40.5%*	*35.1%*	*22.5%*	*14.2%*	*8.4%*	*17.8%*
% of revenue	*31.9%*	*31.7%*	*35.8%*	*33.7%*	*35.5%*	*37.7%*	*37.2%*	*36.6%*	*33.7%*	*34.0%*	*34.6%*	*36.4%*
MSP	206.3	229.0	213.0	276.7	254.7	248.1	294.2	321.2	336.4	339.5	354.2	388.2
YoY	*142.7%*	*148.4%*	*90.9%*	*92.8%*	*23.5%*	*8.3%*	*38.1%*	*16.1%*	*32.1%*	*36.8%*	*20.4%*	*20.8%*
% of revenue	*50.3%*	*51.5%*	*45.3%*	*49.8%*	*48.0%*	*44.6%*	*46.2%*	*46.5%*	*49.1%*	*48.3%*	*47.8%*	*47.4%*
SaaS	72.7	74.6	88.6	91.8	87.7	98.4	106.0	116.6	118.5	123.9	130.3	132.6
YoY	*6.8%*	*-5.2%*	*19.4%*	*23.7%*	*20.6%*	*31.9%*	*19.6%*	*27.0%*	*35.1%*	*25.9%*	*22.9%*	*13.8%*
% of revenue	*17.7%*	*16.8%*	*18.8%*	*16.5%*	*16.5%*	*17.7%*	*16.6%*	*16.9%*	*17.3%*	*17.6%*	*17.6%*	*16.2%*
Logistics	1,931	1,780	1,699	1,761	1,694	1,783	1,940	1,930	1,886.5	1,943.1	1,846.0	1,864.4
YoY	*-29.5%*	*-42.3%*	*-37.3%*	*-35.5%*	*-12.3%*	*0.1%*	*14.2%*	*9.6%*	*11.4%*	*9.0%*	*-4.9%*	*-3.4%*
% of revenue	*56.8%*	*54.1%*	*53.0%*	*52.1%*	*52.2%*	*52.9%*	*54.3%*	*52.5%*	*52.1%*	*52.0%*	*49.8%*	*48.9%*
SG&A expenses	246	237	249	256	264	279	263	309	311	291	302	298
OP	194	206	193	215	226	221	253	292	255	277	268	311
OP margin	*5.7%*	*6.3%*	*6.0%*	*6.4%*	*7.0%*	*6.6%*	*7.1%*	*7.9%*	*7.0%*	*7.4%*	*7.2%*	*8.2%*
IT services OP margin	*10.0%*	*11.2%*	*11.1%*	*11.6%*	*10.9%*	*12.5%*	*13.7%*	*14.2%*	*12.6%*	*13.9%*	*12.4%*	*13.7%*
Logistics OP margin	*2.5%*	*2.1%*	*1.5%*	*1.6%*	*3.3%*	*1.3%*	*1.5%*	*2.3%*	*1.9%*	*1.4%*	*2.0%*	*2.3%*
NP	208	170	177	146	217	191	185	248	208	232	218	306
YoY	*2.5%*	*-35.4%*	*-54.9%*	*-41.8%*	*4.2%*	*2.3%*	*1.4%*	*61.7%*	*-8.7%*	*21.7%*	*12.7%*	*23.6%*

Source: Company data, Mirae Asset Securities Research

Samsung SDS (018260 KS)

Income statement (summarized)

(Wbn)	2022	2023	2024F	2025F
Revenue	17,235	13,277	13,860	14,877
Cost of revenue	15,334	11,481	11,754	12,565
GP	1,901	1,796	2,106	2,312
SG&A expenses	984	988	1,115	1,201
OP (adj.)	916	808	991	1,111
OP	916	808	991	1,111
Non-operating profit	216	178	168	140
Net financial income	82	143	139	162
Net income from associates	7	6	-38	-60
Pretax profit	1,132	986	1,159	1,251
Income tax	2	284	319	286
Profit from continuing operations	1,130	701	840	965
Profit from discontinued operations	0	0	0	0
NP	1,130	701	840	965
Attributable to owners	1,100	693	796	894
Attributable to minority interests	30	8	44	70
Total comprehensive income	1,212	687	1,145	1,165
Attributable to owners	1,180	682	1,087	1,096
Attributable to minority interests	31	5	58	69
EBITDA	1,428	1,421	1,571	1,695
FCF	698	1,010	1,116	1,003
EBITDA margin (%)	8.3	10.7	11.3	11.4
OP margin (%)	5.3	6.1	7.2	7.5
Net margin (%)	6.4	5.2	5.7	6.0

Balance sheet (summarized)

(Wbn)	2022	2023	2024F	2025F
Current assets	8,006	8,160	8,959	9,197
Cash & equivalents	1,392	1,788	2,025	2,003
AR & other receivables	2,551	2,229	2,425	2,516
Inventory	41	24	26	27
Other current assets	4,022	4,119	4,483	4,651
Non-current assets	3,947	4,161	4,636	5,202
Investments in associates	119	111	103	103
PP&E	1,520	1,654	1,954	1,959
Intangible assets	713	819	998	1,559
Total assets	11,952	12,321	13,594	14,399
Current liabilities	2,493	2,392	2,861	2,878
AP & other payables	797	839	913	947
Short-term financial liabilities	193	211	279	199
Other current liabilities	1,503	1,342	1,669	1,732
Non-current liabilities	992	954	780	662
Long-term financial liabilities	676	657	456	326
Other non-current liabilities	316	297	324	336
Total liabilities	3,485	3,345	3,641	3,539
Equity attributable to owners	8,223	8,658	9,595	10,431
Capital stock	39	39	39	39
Capital surplus	1,297	1,297	1,297	1,297
Retained earnings	7,001	7,447	8,034	8,670
Minority interests	244	318	359	429
Shareholders' equity	8,467	8,976	9,954	10,860

Key valuation metrics/ratios

	2022	2023	2024F	2025F
P/E (x)	8.7	19.0	14.7	13.1
P/CF (x)	6.0	8.7	7.2	6.9
P/B (x)	1.2	1.5	1.2	1.1
EV/EBITDA (x)	3.9	6.2	4.3	3.8
EPS (W)	14,213	8,962	10,290	11,560
CFPS (W)	20,600	19,509	21,027	22,043
BPS (W)	106,294	111,913	124,021	134,818
DPS (W)	3,200	2,700	2,700	3,400
Dividend payout ratio (%)	21.9	29.8	24.9	24.0
Dividend yield (%)	2.6	1.6	1.7	2.1
Revenue growth (%)	26.4	-23.0	4.4	7.3
EBITDA growth (%)	14.2	-0.5	10.6	7.9
OP growth (%)	13.4	-11.8	22.6	12.1
EPS growth (%)	79.9	-36.9	14.8	12.3
AR turnover (x)	9.7	8.5	9.0	9.1
Inventory turnover (x)	404.6	412.1	564.1	570.3
AP turnover (x)	20.5	16.8	16.3	16.4
ROA (%)	10.1	5.8	6.5	6.9
ROE (%)	14.2	8.2	8.7	8.9
ROIC (%)	23.1	13.0	16.2	17.3
Debt-to-equity ratio (%)	41.2	37.3	36.6	32.6
Current ratio (%)	321.1	341.2	313.1	319.6
Net debt-to-equity ratio (%)	-49.1	-51.5	-53.4	-52.1
Interest coverage ratio (x)	31.8	21.2	21.0	26.6

Source: Company data, Mirae Asset Securities Research estimates

Hyundai AutoEver (307950 KS)

Growing importance of automotive software

(Maintain)	Buy
Target price	▼ W210,000
Current price (11/26/24)	W140,400
Upside	49.6%

OP (24F, Wbn)	218
Consensus OP (24F, Wbn)	-
EPS growth (24F, %)	22.0
Market EPS growth (24F, %)	74.4
P/E (24F, x)	22.9
Market P/E (24F, x)	10.2
KOSPI	2,520.36
Market cap (Wbn)	3,850
Shares (mn)	27
Free float (%)	24.5
Foreign ownership (%)	1.6
Beta (12M)	1.03
52-week low (W)	127,800
52-week high (W)	211,500

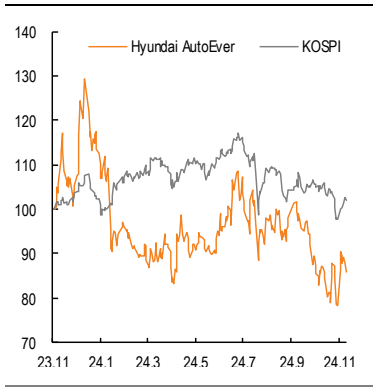
(%)	1M	6M	12M
Absolute	-1.3	-8.3	-18.7
Relative	1.1	-2.2	-19.5

Investment points

- Hyundai AutoEver is likely to benefit from Hyundai Motor's efforts to increase its presence in the Indian market.
- While 3Q24 profits missed expectations due to increased labor expenses following wage negotiations, the firm's medium/long-term growth potential remains intact.
- The automotive software business is playing an increasingly important role, with advances in related technology helping to drive up ASP and margins.

Earnings outlook

- Revenue: W3.56tr (+16% YoY) in 2024F, W4.02tr (+13% YoY) in 2025F
- Operating profit: W218bn (OP margin of 6.1%) in 2024F, W244bn (OP margin of 6.1%) in 2025F
- End-market conditions remain resilient for Hyundai AutoEver (relative to other SI companies). As such, we expect stable growth to continue.
- We lower our target price by 14% to W210,000 but maintain our Buy rating. We derived our target price by applying a P/E of 30x (10% discount to the stock's 2021-22 average forward multiple) to our 2025F EPS.



(Dec.)	2021	2022	2023	2024F	2025F
Revenue (Wbn)	2,070	2,755	3,065	3,556	4,019
OP (Wbn)	96	142	181	218	244
OP margin (%)	4.6	5.2	5.9	6.1	6.1
NP (Wbn)	70	114	138	168	191
EPS (W)	2,702	4,154	5,023	6,130	6,953
ROE (%)	7.3	8.0	9.0	10.3	10.9
P/E (x)	51.1	23.0	42.1	22.9	20.2
P/B (x)	2.8	1.8	3.7	2.3	2.1
Dividend yield (%)	0.5	1.2	0.7	1.0	1.5

Notes: Under non-consolidated K-IFRS; NP is attributable to owners of the parent

Source: Company data, Mirae Asset Securities Research estimates

Hyundai AutoEver (307950 KS)

Quarterly earnings

(Wbn)	1Q23	2Q23	3Q23	4Q23	1Q24	2Q24	3Q24	4Q24F	1Q25F	2Q25F	3Q25F	4Q25F
Revenue	666	754	746	899	731	918	905	1,002	824	1,025	1,047	1,124
YoY growth	*19.0%*	*19.6%*	*2.1%*	*7.8%*	*9.8%*	*21.8%*	*21.3%*	*11.4%*	*12.7%*	*11.6%*	*15.7%*	*12.2%*
SI	232	241	237	300	237	331	331	333	271	352	348	385
YoY growth	*10.6%*	*10.5%*	*-3.0%*	*4.1%*	*2.0%*	*37.3%*	*39.6%*	*11.2%*	*14.6%*	*6.4%*	*5.0%*	*15.6%*
% of revenue	*34.8%*	*32.0%*	*31.8%*	*33.3%*	*32.3%*	*36.0%*	*36.6%*	*33.3%*	*32.9%*	*34.3%*	*33.2%*	*34.3%*
ITO	289	348	356	424	323	373	378	457	349	423	468	482
YoY growth	*16.8%*	*20.2%*	*-1.4%*	*6.8%*	*11.7%*	*7.2%*	*6.2%*	*7.9%*	*8.4%*	*13.7%*	*23.9%*	*5.4%*
% of revenue	*43.4%*	*46.1%*	*47.7%*	*47.1%*	*44.1%*	*40.6%*	*41.8%*	*45.6%*	*42.4%*	*41.3%*	*44.7%*	*42.8%*
Automotive software	145	165	153	176	172	215	195	212	204	249	231	257
YoY growth	*41.4%*	*34.4%*	*22.4%*	*17.8%*	*18.5%*	*29.8%*	*28.0%*	*20.3%*	*18.1%*	*16.2%*	*18.0%*	*21.5%*
% of revenue	*21.8%*	*21.9%*	*20.5%*	*19.6%*	*23.6%*	*23.4%*	*21.6%*	*21.1%*	*24.7%*	*24.3%*	*22.0%*	*22.9%*
SG&A expenses	37.0	34.6	39.8	46.3	37.5	39.0	43.9	44.1	41.2	54.3	51.5	56.4
OP	30.6	52.7	45.2	52.9	30.7	68.5	52.5	66.1	37.1	59.6	68.9	78.5
OP margin	*4.6%*	*7.0%*	*6.1%*	*5.88%*	*4.20%*	*7.47%*	*5.80%*	*6.60%*	*4.50%*	*5.81%*	*6.58%*	*6.98%*
EPS (W)	1,135	1,381	1,302	1,206	926	1,880	1,592	1,813	1,135	1,929	1,965	2,253

Source: Company data, Mirae Asset Securities Research

Hyundai AutoEver (307950 KS)

Income statement (summarized)

(Wbn)	2022	2023	2024F	2025F
Revenue	2,755	3,065	3,556	4,019
Cost of revenue	2,455	2,726	3,174	3,572
GP	300	339	382	447
SG&A expenses	157	158	164	203
OP (adj.)	142	181	218	244
OP	142	181	218	244
Non-operating profit	13	1	15	20
Net financial income	11	22	10	10
Net income from associates	-2	-5	10	20
Pretax profit	155	182	233	264
Income tax	39	41	60	68
Profit from continuing operations	116	140	173	196
Profit from discontinued operations	0	0	0	0
NP	116	140	173	196
Attributable to owners	114	138	168	191
Attributable to minority interests	2	3	5	5
Total comprehensive income	134	135	177	196
Attributable to owners	130	132	169	186
Attributable to minority interests	3	3	9	10
EBITDA	256	306	340	360
FCF	151	183	204	222
EBITDA margin (%)	9.3	10.0	9.6	9.0
OP margin (%)	5.2	5.9	6.1	6.1
Net margin (%)	4.1	4.5	4.7	4.8

Balance sheet (summarized)

(Wbn)	2022	2023	2024F	2025F
Current assets	1,696	1,834	2,008	2,237
Cash & equivalents	560	483	503	549
AR & other receivables	727	805	897	1,006
Inventory	8	5	5	6
Other current assets	401	541	603	676
Non-current assets	924	1,009	1,034	1,043
Investments in associates	31	35	39	44
PP&E	110	113	115	124
Intangible assets	566	546	535	530
Total assets	2,619	2,843	3,042	3,280
Current liabilities	884	923	978	1,054
AP & other payables	503	506	564	633
Short-term financial liabilities	68	41	-4	-48
Other current liabilities	313	376	418	469
Non-current liabilities	245	328	372	395
Long-term financial liabilities	108	157	182	182
Other non-current liabilities	137	171	190	213
Total liabilities	1,129	1,251	1,350	1,448
Equity attributable to owners	1,478	1,580	1,674	1,809
Capital stock	14	14	14	14
Capital surplus	773	773	773	773
Retained earnings	692	789	880	1,014
Minority interests	12	12	18	23
Shareholders' equity	1,490	1,592	1,692	1,832

Key valuation metrics/ratios

	2022	2023	2024F	2025F
P/E (x)	23.0	42.1	22.9	20.2
P/CF (x)	10.4	20.5	11.3	10.4
P/B (x)	1.8	3.7	2.3	2.1
EV/EBITDA (x)	8.0	17.1	9.4	8.6
EPS (W)	4,154	5,023	6,130	6,953
CFPS (W)	9,177	10,325	12,433	13,475
BPS (W)	53,926	57,615	61,053	65,964
DPS (W)	1,140	1,430	1,430	2,100
Dividend payout ratio (%)	26.9	27.9	22.7	29.4
Dividend yield (%)	1.2	0.7	0.8	1.2
Revenue growth (%)	33.0	11.3	16.0	13.0
EBITDA growth (%)	38.5	19.8	10.9	5.8
OP growth (%)	48.1	27.4	20.1	12.0
EPS growth (%)	53.8	20.9	22.0	13.4
AR turnover (x)	4.5	4.3	4.4	4.4
Inventory turnover (x)	494.6	486.7	695.7	703.2
AP turnover (x)	7.8	8.6	9.6	9.7
ROA (%)	4.7	5.1	5.9	6.2
ROE (%)	8.0	9.0	10.3	10.9
ROIC (%)	11.0	13.0	14.2	15.4
Debt-to-equity ratio (%)	75.8	78.5	79.8	79.1
Current ratio (%)	191.9	198.7	205.3	212.3
Net debt-to-equity ratio (%)	-38.5	-36.7	-39.0	-43.2
Interest coverage ratio (x)	23.7	29.9	0.0	0.0

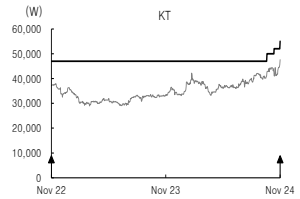
Source: Company data, Mirae Asset Securities Research estimates

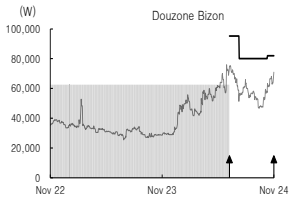
Appendix 1

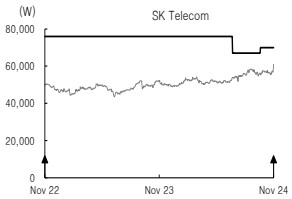
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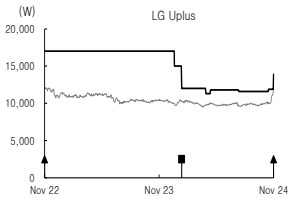
Two-year rating and TP history

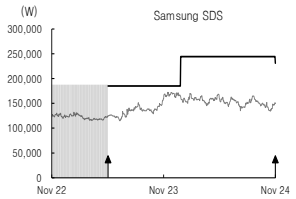
Company	Date	Rating	TP (W)
KT (030200)			
	11/27/24	Buy	55,000
	11/08/24	Buy	52,000
	10/16/24	Buy	50,000
	10/25/23	One year	47,000
	10/25/22	Buy	47,000
Douzone Bizon (012510)			
	11/06/24	Buy	82,000
	08/06/24	Buy	80,000
	07/05/24	Buy	95,200
SK Telecom (017670)			
	10/16/24	Buy	70,000
	07/19/24	Buy	67,000
	10/25/23	One year	76,000
	10/25/22	Buy	76,000
LG Uplus (032640)			
	11/27/24	Buy	13,900
	11/11/24	Trading Buy	11,900
	08/08/24	Trading Buy	11,600
	05/10/24	Trading Buy	11,800
	04/25/24	Trading Buy	11,300
	02/08/24	Trading Buy	12,000
	01/16/24	Buy	15,000
	10/25/23	One year	17,000
	10/25/22	Buy	17,000
Samsung SDS (018260)			
	11/27/24	Buy	231,000
	01/23/24	Buy	244,000
	05/31/23	Buy	185,000
Hyundai AutoEver (307950)			
	11/27/24	Buy	210,000
	07/29/24	Buy	240,000
	01/23/24	Buy	230,000
	08/01/23	Buy	186,000
	05/31/23	Buy	156,000

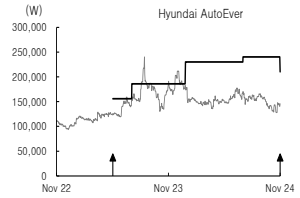












Appendix 1

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	82.38%	10.23%	7.39%	0%
Investment banking services	84.21%	5.26%	10.53%	0%

* Based on recommendations in the last 12-months (as of September 30, 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 (HK) Ltd.
Units 8501, 8507-8508, 85/F
International Commerce Centre
1 Austin Road West
Kowloon
Hong Kong
Tel: 852-2845-6332

Mirae Asset Securities (UK) Ltd.
41st Floor, Tower 42
25 Old Broad Street,
London EC2N 1HQ
United Kingdom

Tel: 44-20-7982-8000

Mirae Asset Securities (USA) Inc.
810 Seventh Avenue, 37th Floor
New York, NY 10019
USA

Tel: 1-212-407-1000

Mirae Asset Wealth Management (USA) Inc.
555 S. Flower Street, Suite 4410,
Los Angeles, California 90071
USA

Tel: 1-213-262-3807

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

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 (Singapore) Pte. Ltd.
6 Battery Road, #11-01
Singapore 049909
Republic of Singapore

Tel: 65-6671-9845

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)

Mirae Asset Securities Mongolia UTsK LLC
#406, Blue Sky Tower, Peace Avenue 17
1 Khoroo, Sukhbaatar District
Ulaanbaatar 14240
Mongolia

Tel: 976-7011-0806

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

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)

Shanghai Representative Office
38T31, 38F, Shanghai World Financial Center
100 Century Avenue, Pudong New Area
Shanghai 200120
China

Tel: 86-21-5013-6392

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 Capital Markets (India) Private Limited
Unit No. 506, 5th Floor, Windsor Bldg., Off CST Road,
Kalina, Santacruz (East), Mumbai – 400098
India

Tel: 91-22-62661336