

WayneHills Bryant AI (Unlisted)

Korea's leading text-to-video maker

- WayneHills Bryant AI plans to expand its text-to-video and speech-to-video services overseas.
- The launch of a new B2C service should result in additional sales.
- A subscription model for short- and long-term clients should ensure earnings stability.

WHAT'S THE STORY?

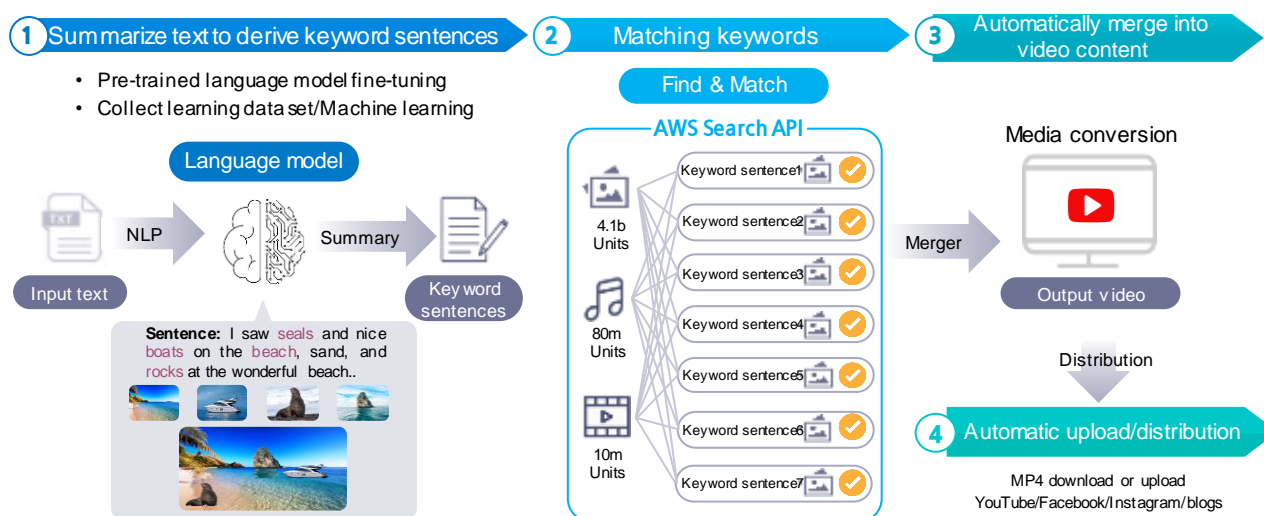
Company overview: Established in May 2019, WayneHills Bryant AI provides text-to-video (TTV) and speech-to-video (STV) services. Founder Yi Su-min has rich knowhow in business planning thanks to the experience he gained working at various content firms, including Dexter Studios and Media Log.

Investment points: We see three main investment points for the WayneHills Bryant AI.

- **To take TTV & STV services overseas:** Its TTV and STV services use AI technology to extract dictionary meanings from text (eg, about 1,000-3,000 words) and automatically convert them into digital content (video) in a matter of 1-3 minutes. The services target large firms, such as production houses and publishing companies. Thanks to partnerships with large corporate entities (such as Maeil Business Newspaper and Samsung Securities), the firm posted KRW5b in sales in 2022. Its services enjoy high loyalty, as evidenced by their remarkable retention rate of 85%. To expand its services overseas, the company intends to widen its collaborations with overseas clients via a US subsidiary.
- **To launch services for B2C clients:** WayneHills Bryant AI intends to expand its digital content service from B2B to include B2C, targeting bloggers and creators making content for video platforms (eg, YouTube)—key sources of demand for TTV and STV services these days. Given that the conversion of text and books into digital content is a growing trend globally, demand for TTV and STV services should continue to rise. WayneHills Bryant AI should capitalize on this trend by launching a B2C service.
- **Adopting subscription model:** Long-term B2B clients can already select a TTV subscription service—ie, they can make unlimited use of the service for an annual fee of KRW35m (though contract conditions may vary by client). As for B2C clients, the company intends to adopt a monthly subscription model—eg, clients will be able to use the service 10 times for a monthly fee of KRW7,900. Since sizable subscription numbers would ensure earnings stability, investors should monitor the firm's subscriber number growth following the adoption of a B2C subscription model.

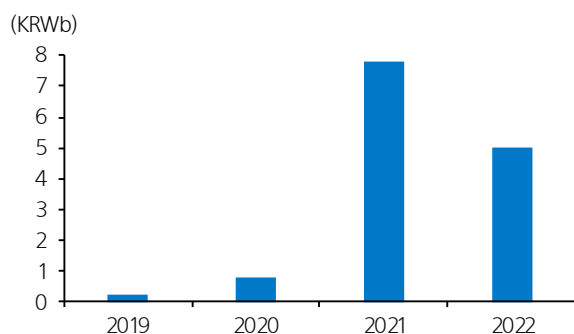
Investment: In Dec 2021, WayneHills Bryant AI attracted KRW12b in Series A funding from companies including BNK Busan Bank, BNK Venture Capital, Posco, HL Holdings, Lindeman Asia Investment, bringing its cumulative investment to KRW13.2b. It is now seeking Series B financing.

Chart 1. WayneHills Bryant AI: TTV service structure



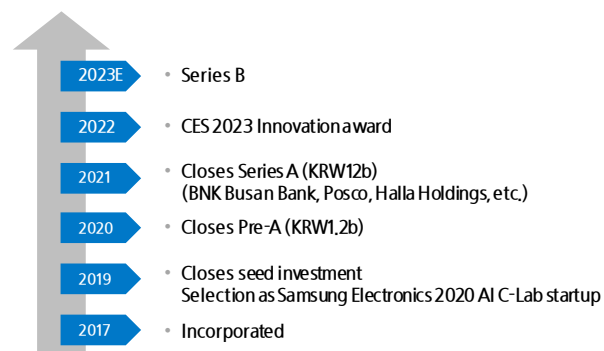
Source: Company data, Samsung Securities

Chart 2. WayneHills Bryant AI: Revenue



Source: Company data, Samsung Securities

Chart 3. WayneHills Bryant AI: Company history



Source: Company data, Samsung Securities

Table 1. Balance sheet

(KRWm)	2020	2021	3Q22
Current assets	2,973	18,579	15,806
Fixed assets	781	3,586	11,035
Total assets	3,754	22,166	26,841
Current liabilities	675	1,100	3,370
Long-term liabilities	171	1,896	5,235
Total liabilities	846	2,996	8,605
Common stock	45	888	935
Capital surplus	1,395	9,739	12,299
Other capital surplus	0	0	-500
Retained earnings	1,466	8,542	5,502
Total equity	2,907	19,170	18,236

Source: Company data, Samsung Securities

Table 2. Income statement

(KRWm)	2020	2021	3Q22
Sales	869	7,877	3,981
Cost of revenue	0	6	11
SG&A expenses	525	1,104	3,932
Operating profit	344	6,767	38
Non-operating gains	1,067	335	382
Non-operating losses	4	27	147
Pre-tax profit	1,407	7,076	273
Taxes	91	0	0
Net profit	1,316	7,076	273

Source: Company data, Samsung Securities

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