COMPANY UPDATE

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Finance/Consumer Goods Team

Kayoung Lee
Analyst
kayoung.l.lee@samsung.com

Hyerim Yu
Research Associate
hyerim0705.yu@samsung.com

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APR (278470)

3Q preview: Still a lot to show

- We expect APR's 3Q results to show sales of KRW389.1b and an operating profit of KRW90.9b, beating consensus by 5% and 6%, respectively.
- Medicube has continued to put in strong performances in key developed markets (including the US, Europe, and Japan). Despite tariffs and higher sales commission, profitability likely held up on marketing leverage effects.
- When the MSCI Korea index undergoes regular rebalancing in November, we expect APR to be added, making stock supply-demand dynamics favorable.

▶ AT A GLANCE

BUY

Target price	KRW298,000	27.1%
Current price	**KRW234,500**	
Market cap	KRW8.8t/USD6.2b	
Shares (float)	37,430,655 (64.4%)	
52-week high/low	KRW261,000/KRW41,900	
Avg daily trading value (60-day)	KRW119.7b/ USD84.4m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
APR (%)	4.9	225.7	340.0
Vs Kospi (%pts)	-5.2	112.0	199.2

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	298,000	260,000	14.6%
2025E EPS	7,587	7,536	0.7%
2026E EPS	12,358	12,343	0.1%

▶ SAMSUNG vs THE STREET

No of estimates	19
Target price	283,684
Recommendation	4.0

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

WHAT'S THE STORY?

3Q preview: We believe APR's 3Q sales and operating profit grew 124% and 234% y-y, respectively, to KRW389.1b and KRW90.9b. The firm has enjoyed profound growth in key developed markets, including the US, Europe, and Japan. We estimate that its: 1) US sales surged 238% y-y to KRW133.9b—in particular, Medicube sales likely grew 350% y-y to KRW111.7b, led by such channels as Amazon, Tiktok Shop, and Ulta Beauty (the third of these a new channel for the company); 2) B2B sales—including Europe—jumped 297% y-y to KRW94.1b (with cosmetics sales up 520% y-y), driven by a strong partnership with Silicon2; and 3) Japanese sales leapt 298% y-y to KRW60.5b (with cosmetics sales up 400% y-y)—with sales during Qoo10 Japan's 10-day Megawari event hitting KRW25b.

Synergies between marketing and product planning: APR is changing the game with its unique ability to catch market trends early and produce fitting new products—enabled by close cooperation between its marketing and product-planning divisions. The marketing division, which has extensive experience jumping on rising trends, utilizes this strength to produce content and helps the product-planning division to launch products.

(Continued on the next page)

APR: 3Q preview

(KRWb)	3Q25	2Q25	Chg (% q-q)	3Q24	Chg (% y-y)	Consensus	Diff (%)
Sales	389.1	327.7	18.7	174.1	123.5	370.7	5.0
Operating profit	90.9	84.6	7.5	27.2	233.7	85.8	6.0
Pre-tax profit	89.9	78.4	14.7	26.4	239.9	85.9	4.6
Net profit	72.8	66.3	9.8	16.0	355.0	68.2	6.7
Margins (%)							
Operating profit	23.4	25.8		15.6		23.1	
Pre-tax profit	23.1	23.9		15.2		23.2	
Net profit	18.7	20.2		9.2		18.4	

Source: Company data, FnGuide, Samsung Securities estimates

This cooperation has led to a steady flow of hit products, granting the company sales diversification (not relying on “hero SKU”) and robust growth.

A lot left to show; stock supply-demand dynamics to improve: Notwithstanding these strengths in catching new trends and planning products, APR still has many untapped channels. The firm has just begun offline channel expansion in the US, Europe, and Japan (we estimate its offline portion of Japanese sales at around 18%). In Europe, the firm is considering tapping online malls (such as Amazon). APR is also likely to be added to the MSCI Korea index when the index undergoes regular rebalancing on Nov 6. Our quant analyst puts its probabliity of inclusion at 90%. (See Quantitative Issue published on Oct 14; only available in Korean.) We raise our target price to KRW298,000 (based on 26x our forward EPS forecast of KRW11,390).

APR: Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25E	4Q25E	2023	2024	2025E	2026E	2027E
Sales	**148.9**	**155.5**	**174.1**	**244.2**	**266.0**	**327.7**	**389.1**	**470.4**	**523.8**	**722.8**	**1,453.3**	**2,232.7**	**2,787.5**
US	**24.7**	**24.9**	**39.6**	**69.0**	**70.9**	**96.2**	**133.9**	**166.9**	**67.9**	**158.3**	**467.8**	**668.5**	**785.9**
Cosmetics	11.0	13.0	24.8	37.3	53.9	76.9	111.7	130.4	36.2	86.1	372.9	559.4	671.3
Devices	13.8	11.9	14.8	31.7	17.0	19.2	22.2	36.5	31.7	72.2	94.9	109.1	114.6
Europe, Southeast Asia, etc (B2B)	**13.8**	**19.5**	**23.7**	**44.2**	**65.6**	**79.7**	**94.1**	**113.7**	**34.8**	**101.2**	**353.0**	**835.0**	**1,205.4**
Cosmetics	9.0	9.1	11.3	23.8	43.3	57.4	70.2	83.1	26.8	53.1	254.0	711.1	1,066.7
Devices	4.7	10.4	12.3	20.4	22.3	22.3	23.9	30.5	7.5	47.7	99.1	123.8	138.7
Japan	**9.8**	**9.4**	**15.2**	**17.7**	**29.3**	**43.9**	**60.5**	**82.7**	**33.2**	**52.2**	**216.4**	**311.8**	**370.7**
Cosmetics	3.7	5.6	7.5	10.6	18.5	28.5	37.7	55.2	12.1	27.4	139.9	223.9	273.1
Devices	5.5	3.5	7.6	6.9	10.8	15.4	22.7	27.5	17.8	23.5	76.4	87.9	97.6
China, Hong Kong and Taiwan	**20.4**	**25.9**	**24.0**	**29.0**	**28.4**	**34.7**	**35.3**	**38.0**	**75.3**	**99.2**	**136.4**	**178.7**	**198.4**
Domestic	**82.8**	**78.4**	**73.9**	**88.0**	**76.8**	**73.2**	**73.1**	**76.4**	**318.6**	**323.1**	**299.5**	**287.9**	**283.5**
Cosmetics	35.3	34.9	30.8	30.5	36.2	36.3	35.1	35.1	108.0	131.5	142.7	138.5	137.1
Devices	34.8	32.6	29.2	33.3	30.4	26.3	28.9	33.9	138.8	129.9	119.6	116.0	113.7
Other	12.7	10.9	13.8	24.2	10.1	10.6	9.1	7.3	71.9	61.7	37.2	27.1	16.4
Operating profit	27.8	28.0	27.2	39.7	54.6	84.6	90.9	117.8	104.2	122.7	347.8	555.6	667.8
Net profit	24.1	24.1	16.0	43.4	49.9	66.3	72.8	96.2	81.5	107.6	285.3	462.6	553.0
Operating margin (%)	18.6	18.0	15.6	16.3	20.5	25.8	23.4	25.0	19.9	17.0	23.9	24.9	24.0
Net margin (%)	16.2	15.5	9.2	17.8	18.8	20.2	18.7	20.5	15.6	14.9	19.6	20.7	19.8
Growth (% y-y)													
Sales	**21.9**	**21.8**	**42.8**	**60.6**	**78.6**	**110.8**	**123.5**	**92.6**	**31.7**	**38.0**	**101.1**	**53.6**	**24.8**
US	**196.0**	**108.8**	**123.3**	**130.7**	**186.5**	**285.8**	**238.1**	**141.9**	**127.3**	**133.0**	**195.6**	**42.9**	**17.6**
Cosmetics	95.5	78.6	145.9	182.0	390.7	491.3	350.0	250.0	67.7	137.7	333.3	50.0	20.0
Devices	401.6	156.0	93.5	90.1	23.6	61.4	50.0	15.0	282.7	127.6	31.5	15.0	5.0
Europe, Southeast Asia, etc (B2B)	**80.8**	**139.3**	**184.0**	**315.6**	**374.4**	**308.0**	**296.9**	**157.5**	**25.1**	**191.0**	**248.8**	**136.5**	**44.4**
Cosmetics	42.6	33.3	80.2	221.0	380.2	533.6	520.0	250.0	7.5	98.3	377.9	180.0	50.0
Devices	308.4	706.8	534.9	543.4	376.8	114.1	95.0	50.0	171.0	533.5	107.6	25.0	12.0
Japan	**16.1**	**13.2**	**78.6**	**125.0**	**198.3**	**366.1**	**297.8**	**366.8**	**-11.1**	**57.2**	**314.8**	**44.1**	**18.9**
Cosmetics	5.6	82.6	137.7	343.1	400.5	412.1	400.0	420.0	-23.2	126.4	410.3	60.0	22.0
Devices	32.8	-16.0	66.2	41.5	95.7	334.5	200.0	300.0	4.6	32.2	224.9	15.0	11.0
China, Hong Kong and Taiwan	**nm**	**nm**	**nm**	**nm**	**39.4**	**34.4**	**47.0**	**31.0**	**nm**	**31.7**	**37.5**	**31.0**	**11.0**
Domestic	**-1.5**	**-5.7**	**12.3**	**2.9**	**-7.3**	**-6.7**	**-1.0**	**-13.2**	**25.4**	**1.4**	**-7.3**	**-3.9**	**-1.5**
Cosmetics	34.5	23.2	5.4	26.1	2.7	4.1	14.0	15.0	30.3	21.8	8.6	-3.0	-1.0
Devices	-13.6	-4.4	19.1	-16.5	-12.6	-19.4	-1.0	2.0	62.5	-6.4	-8.0	-3.0	-2.0
Other	-27.6	-47.3	14.9	12.8	-20.6	-2.8	-34.3	-69.7	-16.2	-14.1	-39.8	-27.2	-39.3
Operating profit	19.7	13.0	24.6	15.5	96.5	201.9	233.5	196.8	165.6	17.8	183.4	59.8	20.2
Net profit	18.7	28.4	-12.9	80.0	107.3	175.2	354.7	121.8	172.2	31.9	165.1	62.2	19.6
Growth (% q-q)													
Sales	**-2.0**	**4.4**	**12.0**	**40.3**	**8.9**	**23.2**	**18.7**	**20.9**					
US	**-17.3**	**0.8**	**58.8**	**74.3**	**2.8**	**35.7**	**39.2**	**24.7**					
Cosmetics	-16.9	18.5	90.8	50.1	44.6	42.8	45.2	16.7					
Devices	-17.6	-13.4	23.9	114.9	-46.4	13.1	15.2	64.8					
Europe, Southeast Asia, etc (B2B)	**30.1**	**41.3**	**21.4**	**86.2**	**48.5**	**21.5**	**18.1**	**20.8**					
Cosmetics	21.8	0.5	25.0	109.8	82.2	32.6	22.3	18.5					
Devices	47.8	122.9	17.7	66.0	9.5	0.1	7.2	27.7					
Japan	**24.8**	**-4.1**	**61.3**	**16.5**	**65.5**	**49.8**	**37.7**	**36.7**					
Cosmetics	54.0	51.1	35.4	40.6	74.0	54.6	32.2	46.3					
Devices	14.1	-36.2	114.2	-9.3	57.8	41.7	47.9	20.9					
China, Hong Kong and Taiwan	**nm**	**26.9**	**-7.2**	**20.8**	**-2.1**	**22.3**	**1.6**	**7.7**					
Domestic	**-3.2**	**-5.3**	**-5.8**	**19.2**	**-12.8**	**-4.6**	**-0.1**	**4.5**					
Cosmetics	45.7	-1.1	-11.7	-0.9	18.7	0.2	-3.3	0.0					
Devices	-12.7	-6.2	-10.4	13.8	-8.6	-13.6	10.1	17.3					
Other	-40.7	-14.3	26.7	75.0	-58.2	5.0	-14.5	-19.1					
Operating profit	-19.2	0.9	-2.7	45.7	37.5	54.9	7.5	29.6					
Net profit	-0.1	0.0	-33.6	171.1	15.1	32.8	9.8	32.2					

Source: Company data, Samsung securities estimates

APR: Target-price calculation

(KRW)	
12-month forward EPS (A=BxD+Cx(1-D))	11,390
2025E (B)	7,587
2026E (C)	12,358
2025 weighting* (D)	20.3%
Target P/E** (12-month forward) (E)	26.2
Target price (F=AxE)	298,000
Last price* (G)	234,500
Upside (F/G-1)	27.1%

Note: *As of Oct 20, 2025;
**Current 12-month forward P/E (consensus basis)
Source: FnGuide, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**524**	**723**	**1,453**	**2,233**	**2,788**
Cost of goods sold	128	179	349	531	669
Gross profit	**395**	**544**	**1,104**	**1,701**	**2,119**
Gross margin (%)	75.5	75.2	76.0	76.2	76.0
SG&A expenses	291	421	756	1,146	1,451
Operating profit	**104**	**123**	**348**	**556**	**668**
Operating margin (%)	19.9	17.0	23.9	24.9	24.0
Non-operating gains (losses)	**2**	**11**	**-2**	**16**	**15**
Financial profit	9	29	21	31	30
Financial costs	7	17	23	16	15
Equity-method gains (losses)	0	0	0	0	0
Other	-1	-1	-0	0	0
Pre-tax profit	**106**	**133**	**346**	**571**	**683**
Taxes	24	26	61	109	130
Effective tax rate (%)	22.9	19.3	17.6	19.0	19.0
Profit from continuing operations	82	108	285	463	553
Profit from discontinued operations	0	0	0	0	0
Net profit	**82**	**108**	**285**	**463**	**553**
Net margin (%)	15.6	14.9	19.6	20.7	19.8
Net profit (controlling interests)	82	108	285	463	553
Net profit (non-controlling interests)	0	0	n/a	n/a	n/a
EBITDA	118	145	376	587	706
EBITDA margin (%)	22.5	20.1	25.9	26.3	25.3
EPS (parent-based) (KRW)	2,249	2,842	7,587	12,358	14,775
EPS (consolidated) (KRW)	2,249	2,842	7,587	12,358	14,775
Adjusted EPS (KRW)*	2,249	2,842	7,587	12,358	14,775

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**219**	**286**	**372**	**553**	**705**
Cash & equivalents	125	90	23	28	42
Accounts receivable	22	39	80	135	183
Inventories	57	110	219	336	420
Other current assets	15	47	51	55	59
Fixed assets	**68**	**279**	**201**	**334**	**523**
Investment assets	18	62	67	68	69
Tangible assets	14	51	54	61	66
Intangible assets	4	6	6	7	8
Other long-term assets	32	160	74	197	379
Total assets	**287**	**565**	**574**	**887**	**1,227**
Current liabilities	**82**	**145**	**157**	**200**	**246**
Accounts payable	12	34	72	110	153
Short-term debt	8	0	n/a	n/a	n/a
Other current liabilities	63	111	n/a	n/a	n/a
Long-term liabilities	**8**	**96**	**91**	**104**	**124**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	8	96	91	104	124
Total liabilities	**90**	**242**	**249**	**303**	**370**
Owners of parent equity	**197**	**324**	**325**	**584**	**858**
Capital stock	4	4	4	4	4
Capital surplus	61	137	2	4	5
Retained earnings	124	229	364	620	891
Other	9	-46	-45	-44	-42
Non-controlling interests' equity	**0**	**0**	**n/a**	**n/a**	**n/a**
Total equity	**197**	**324**	**325**	**584**	**858**
Net debt	-109	-2	60	66	69

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**108**	**79**	**142**	**292**	**421**
Net profit	82	108	285	463	553
Non-cash profit and expenses	40	55	48	54	63
Depreciation	13	22	27	30	37
Amortization	0	1	1	1	1
Other	26	32	19	23	25
Changes in A/L from operating activities	1	-58	-179	-211	-179
Cash flow from investments	**-28**	**-110**	**-42**	**-69**	**-114**
Change in tangible assets	-10	-45	-20	-42	-81
Change in financial assets	-11	-39	-21	-25	-31
Other	-7	-26	-2	-2	-2
Cash flow from financing	**-11**	**-5**	**-167**	**-219**	**-292**
Change in debt	-12	90	5	1	-1
Change in equity	9	76	0	0	0
Dividends	0	0	-150	-206	-281
Other	-9	-170	-22	-13	-11
Change in cash	68	-35	-67	4	15
Cash at beginning of year	57	125	90	23	28
Cash at end of year	125	90	23	28	42
Gross cash flow	**121**	**162**	**333**	**517**	**616**
Free cash flow	**98**	**34**	**122**	**250**	**340**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	31.7	38.0	101.1	53.6	24.8
Operating profit	165.6	17.8	183.4	59.8	20.2
Net profit	172.2	31.9	165.1	62.2	19.6
Adjusted EPS**	166.3	26.4	166.9	62.9	19.6
Per-share data (KRW)					
EPS (parent-based)	2,249	2,842	7,587	12,358	14,775
EPS (consolidated)	2,249	2,842	7,587	12,358	14,775
Adjusted EPS**	2,249	2,842	7,587	12,358	14,775
BVPS	5,414	8,687	8,681	15,593	22,917
DPS (common)	0	0	4,000	5,500	7,500
Valuations (x)					
P/E***	n/a	17.6	30.9	19.0	15.9
P/B***	n/a	5.8	27.0	15.0	10.2
EV/EBITDA	-0.9-	13.1	n/a	n/a	n/a
Ratios (%)					
ROE	54.9	41.3	88.0	101.8	76.7
ROA	34.6	25.2	50.1	63.3	52.3
ROIC	135.3	71.1	124.4	122.2	85.9
Payout ratio	0.0	0.0	52.5	44.5	50.8
Dividend yield (common)	n/a	0.0	1.7	2.3	3.2
Net debt to equity	-55.4	-0.6	18.5	11.2	8.0
Interest coverage (x)	82.3	32.6	83.8	118.5	112.7

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

Source: Company data, Samsung Securities estimates

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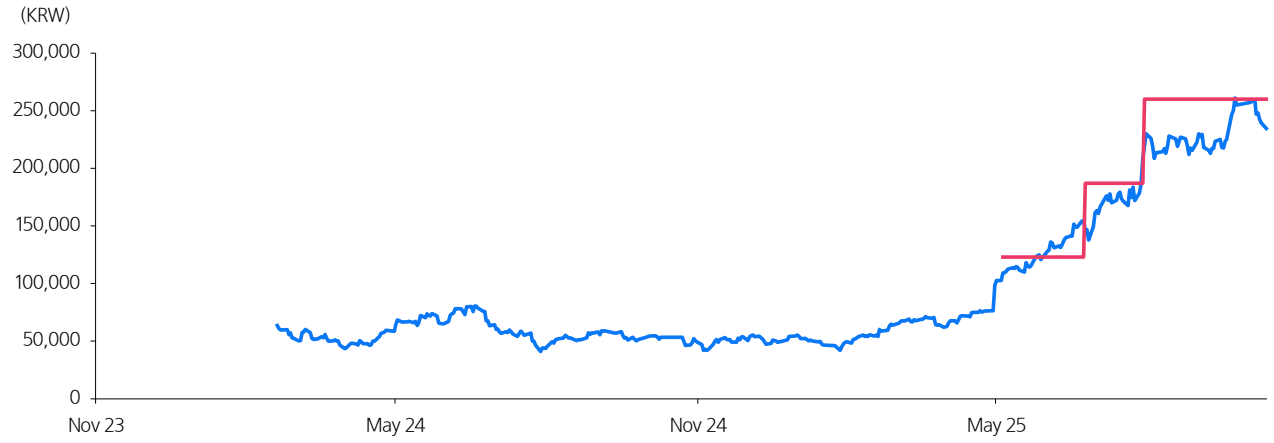
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/5/13	7/2	8/7	10/21
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	123,000	187,000	260,000	298,000
Gap* (average)	3.84	-8.36	-12.52	
(max or min)**	25.37	11.50	0.38	

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

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Industry

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 2024.12.31

BUY (77.6%) | HOLD (22.4%) | SELL (0.0%)

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Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information,
please call our sales representatives:

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953

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