COMPANY UPDATE

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Finance/Consumer Goods Team

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Nongshim (004370)

3Q solid; 4Q looking even better

- Nongshim's 3Q sales met consensus, while its operating profit beat consensus by 20.5%, driven by price hikes and falling logistics costs.
- The firm's domestic sales were down 2% y-y, while sales at its overseas subsidiaries grew 4% y-y, showing a divergence. Among overseas subsidiaries, those in China, Japan, Canada, Australia, and Europe posted positive sales growth, while the US subsidiary saw sales fall 7% y-y.
- Looking ahead to 4Q, we expect sales at overseas subsidiaries to grow 18% y-y on the back of increasing global marketing and Toomba tapping US mainstream retail channels. We keep the stock at BUY.

WHAT'S THE STORY?

3Q review: Nongshim reported that its 3Q sales and operating profit grew a respective 2% and 45% y-y.

- **Parent:** The parent's 3Q sales and operating profit grew a respective 1.2% and 135% y-y to KRW675.2b and KRW41.3b, for a margin of 6.1%. Both domestic and export sales fell, but efficient promotions led to narrower sales discounts, resulting in growth in the combined sales and improvement in profitability. Domestic sales fell 2% y-y, despite a 3.5% y-y decline in shipments, thanks to a 7.6% y-y increase in ASPs. Exports fell 10.5% y-y on client restructuring.
- **Overseas subsidiaries:** The combined sales and operating profit of the firm's overseas subsidiaries hit a respective KRW242.2b (up 4.1% y-y) and KRW11.6b (down 31% y-y; for a margin of 4.8%). The biggest culprit in the y-y decline in operating profit is its US subsidiary, which suffered falling sales and profitability. The US subsidiary saw its sales fall 7.3% y-y to KRW122.4b (a softer decline compared to an 8% y-y decline in shipments due to dwindling promotions) and its operating profit slipped 60% y-y to KRW4.5b (for a margin of 3.7%).

(Continued on the next page)

Nongshim 3Q25 review

(KRWb)	3Q25	2Q25	Chg (% q-q)	3Q24	Chg (% y-y)	Consensus	Diff (%)	Samsung	Diff (%)
Sales	871.2	867.7	0.4	850.4	2.4	878.3	-0.8	897.8	-1.7
Operating profit	54.4	40.2	35.5	37.6	44.7	45.1	20.5	47.5	17.9
Pre-tax profit	61.0	47.8	27.6	52.1	17.0	60.0	1.7	61.0	1.3
Net profit	50.6	36.5	38.6	36.5	38.6	42.2	19.9	48.3	4.8
Margins (%)									
Operating profit	6.2	4.6		4.4		5.1		5.3	
Pre-tax profit	7.0	5.5		6.1		6.8		6.8	
Net profit	5.8	4.2		4.3		4.8		5.4	

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW509,000	20.5%
Current price	**KRW422,500**	
Market cap	KRW2.6t/USD1.8b	
Shares (float)	6,082,642 (50.8%)	
52-week high/low	KRW522,000/KRW326,000	
Avg daily trading value (60-day)	KRW26.0b/ USD17.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Nongshim (%)	-1.5	0.1	16.7
Vs Kospi (%pts)	-12.6	-34.1	-29.6

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	509,000	487,000	4.5%
2025E EPS	29,864	30,711	-2.8%
2026E EPS	34,513	35,185	-1.9%

SAMSUNG vs THE STREET

No of estimates	16
Target price	513,750
Recommendation	4.0

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

The Chinese subsidiary showed a recovery with its sales and operating profit up a respective 31.7% and 29% y-y to KRW44b and KRW3.6b (for a margin of 8.2%). Sales at its Japanese, Australian, and Vietnamese subsidiaries grew a respective 26%, 11%, and 17% y-y.

4Q outlook: Looking ahead to 4Q, we believe the firm's overseas sales will grow 18% y-y, given: 1) stronger global marketing campaigns (increasing the number of K-Pop Demon Hunters-themed items from two to eight including Toomba); and 2) Toomba tapping US mainstream channels (eg, ALDI, Target, and Publix). That said, the Chinese subsidiary will likely see a slight decline in profitability given y-y increase in marketing activities for Singles' Day. All in all, we expect the firm's overall operating profit to grow 161% y-y in 4Q. We raise our target price for the firm to KRW509,000, applying a P/E multiple of 15x to our 12-month-forward EPS forecast of KRW33,923.

Nongshim: Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25E	2023	2024	2025E	2026E
Sales	**872.5**	**860.7**	**850.4**	**855.1**	**893.0**	**867.7**	**871.2**	**865.2**	**3,410.6**	**3,438.7**	**3,497.2**	**3,621.8**
Domestic entity	683.8	687.2	667.5	663.2	693.4	693.7	675.2	636.6	2,605.4	2,701.6	2,698.8	2,776.1
Domestic	625.5	624.6	617.7	611.4	638.9	616.1	605.1	607.5	2,430.5	2,479.2	2,467.6	2,580.6
Ramen	389.8	391.9	386.2	409.8	410.3	403.8	405.8	399.3	1,548.8	1,577.7	1,619.2	1,669.4
Snack	114.1	107.5	103.9	98.9	101.5	111.6	113.6	106.0	432.8	424.4	432.7	438.5
Other	121.6	125.2	127.6	102.6	127.1	100.7	85.7	102.2	448.8	477.1	415.7	472.7
Export	128.8	143.6	133.9	118.2	138.9	145.1	119.9	119.3	401.6	524.6	523.3	573.5
Sales allowances	-70.6	-81.1	-84.1	-66.4	-84.4	-67.5	-49.8	-90.3	-226.7	-302.2	-292.1	-378.1
Overseas entity	247.1	235.9	232.6	243.9	254.1	242.6	242.2	287.0	980.1	959.5	1,025.9	1,089.8
China	47.6	41.0	33.4	38.5	45.4	42.1	44.0	50.8	189.3	160.5	182.3	182.6
US	136.2	128.8	132.0	136.1	136.0	123.9	122.4	159.2	540.8	533.1	541.5	576.3
Canada	25.0	21.3	20.8	23.0	26.5	19.4	20.2	23.5	94.4	90.1	89.6	93.1
Japan	23.3	27.0	26.2	29.9	28.2	37.4	32.9	35.0	95.3	106.4	133.5	149.5
Australia	11.7	14.6	16.7	13.0	14.1	16.1	18.6	14.6	49.0	56.0	63.4	70.3
Vietnam	3.3	3.2	3.5	3.4	3.9	3.7	4.1	3.9	11.3	13.4	15.6	18.0
Other	-58.3	-62.4	-49.7	-52.0	-54.5	-68.6	-46.2	-58.3	-174.9	-222.4	-227.6	-244.0
Gross profit	**252.8**	**247.2**	**236.9**	**228.6**	**253.1**	**244.2**	**260.0**	**250.9**	**1,035.2**	**965.5**	**1,008.2**	**1,017.3**
Operating profit	**61.4**	**43.7**	**37.6**	**20.4**	**56.1**	**40.2**	**54.4**	**53.2**	**212.1**	**163.1**	**203.8**	**209.2**
Domestic entity	37.2	16.5	17.6	10.1	37.9	29.7	41.3	35.8	118.4	81.4	144.7	143.3
Overseas entity	22.6	25.3	16.8	7.7	15.1	11.7	11.6	17.3	80.0	72.4	55.7	65.9
China	4.9	6.8	2.8	0.6	6.0	2.0	3.6	0.1	11.6	15.1	11.7	15.1
US	14.9	16.2	11.2	5.0	7.6	8.2	4.5	13.5	59.9	47.3	33.8	38.2
Canada	0.9	0.8	0.6	0.7	0.0	-1.5	0.3	0.5	3.9	3.0	-0.7	4.1
Japan	1.5	0.9	1.7	1.1	0.9	2.2	2.3	2.4	3.3	5.2	7.8	5.1
Australia	0.2	0.4	0.5	0.4	0.4	0.6	0.7	0.6	0.8	1.5	2.3	2.2
Vietnam	0.2	0.2	0.0	-0.1	0.2	0.2	0.2	0.2	0.5	0.3	0.8	1.2
Other	1.6	1.9	3.2	2.6	3.0	-1.2	1.5	5.3	13.7	9.3	8.6	20.9
Net profit (controlling)	**53.3**	**42.8**	**36.5**	**24.7**	**52.2**	**36.5**	**50.6**	**42.4**	**171.9**	**157.3**	**181.7**	**209.9**
Margins (%)												
Gross profit	**29.0**	**28.7**	**27.9**	**26.7**	**28.3**	**28.1**	**29.9**	**29.0**	**30.4**	**28.1**	**28.8**	**28.1**
Operating profit	**7.0**	**5.1**	**4.4**	**2.4**	**6.3**	**4.6**	**6.2**	**6.1**	**6.2**	**4.7**	**5.8**	**5.8**
Domestic entity	5.4	2.4	2.6	1.5	5.5	4.3	6.1	5.6	4.5	3.0	5.4	5.2
Overseas entity	9.1	10.7	7.2	3.2	5.9	4.8	4.8	6.0	8.2	7.5	5.4	6.0
Net profit (controlling)	**6.1**	**5.0**	**4.3**	**2.9**	**5.8**	**4.2**	**5.8**	**4.9**	**5.0**	**4.6**	**5.2**	**5.8**
Sales growth (% y-y)	**1.4**	**2.8**	**-0.6**	**-0.2**	**2.3**	**0.8**	**2.4**	**1.2**	**9.0**	**0.8**	**1.7**	**3.6**
Domestic entity	7.0	6.1	1.2	0.6	1.4	0.9	1.2	-4.0	8.7	3.7	-0.1	2.9
Domestic	5.0	4.8	-0.4	-1.1	2.1	-1.4	-2.0	-0.6	10.1	2.0	-0.5	4.6
Ramen	2.2	5.2	-1.1	1.4	5.3	3.0	5.1	-2.6	9.6	1.9	2.6	3.1
Snack	11.3	-0.3	-6.6	-11.0	-11.1	3.9	9.4	7.1	12.8	-1.9	2.0	1.3
Other	8.8	8.4	7.5	-0.2	4.6	-19.6	-32.9	-0.4	9.1	6.3	-12.9	13.7
Export	33.1	34.0	33.5	21.5	7.8	1.0	-10.5	1.0	4.1	30.6	-0.3	9.6
Sales allowances	31.9	46.4	37.5	17.1	19.6	-16.7	-40.8	36.1	14.4	33.3	-3.3	29.4
Overseas entity	-6.5	-2.5	-1.2	2.3	2.8	2.8	4.1	17.7	6.5	-2.1	6.9	6.2
China	-17.9	-7.9	-21.0	-13.5	-4.6	2.7	31.7	32.0	-7.9	-15.2	13.6	0.2
US	-7.5	-3.0	1.4	4.2	-0.1	-3.8	-7.3	17.0	10.5	-1.4	1.6	6.4
Canada	2.0	-7.8	-12.6	0.0	6.0	-8.9	-2.9	2.0	8.8	-4.6	-0.6	4.0
Japan	7.9	7.6	20.2	11.6	21.0	38.5	25.6	17.0	9.2	11.6	25.5	12.0
Australia	11.4	8.1	15.2	23.8	20.5	10.3	11.4	12.0	14.5	14.3	13.1	11.0
Vietnam	26.9	10.3	20.7	17.2	18.2	15.6	17.1	15.0	27.0	18.6	16.5	15.0

Source: Company data, Samsung Securities estimates

Nongshim: Target-price calculation

(KRW)	
12-month-forward EPS (A=B*D+C*(1-D))	33,923
2025E (B)	29,862
2026E (C)	34,511
2025 weighting* (D)	12.60%
Target P/E (12M FWD, x)** (E)	15
Target price (F=A*E)	509,000
Last price* (G)	422,500
Upside (F/G-1)	20.50%

Note: *As of Nov 14, 2025;
**20% discount to global peer average
Source: Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Sales	**3,411**	**3,439**	**3,497**	**3,622**	**3,771**
Cost of goods sold	2,375	2,473	2,489	2,605	2,708
Gross profit	**1,035**	**966**	**1,008**	**1,017**	**1,063**
Gross margin (%)	30.4	28.1	28.8	28.1	28.2
SG&A expenses	823	802	804	808	839
Operating profit	**212**	**163**	**204**	**209**	**225**
Operating margin (%)	6.2	4.7	5.8	5.8	6.0
Non-operating gains (losses)	**19**	**55**	**27**	**56**	**66**
Financial profit	35	47	47	50	50
Financial costs	16	19	22	21	21
Equity-method gains (losses)	-1	-0	-0	0	0
Other	0	27	2	27	37
Pre-tax profit	**231**	**218**	**231**	**265**	**291**
Taxes	60	60	49	55	67
Effective tax rate (%)	25.8	27.6	21.3	20.8	23.2
Profit from continuing operations	171	158	182	210	223
Profit from discontinued operations	0	0	0	0	0
Net profit	**171**	**158**	**182**	**210**	**223**
Net margin (%)	5.0	4.6	5.2	5.8	5.9
Net profit (controlling interests)	172	157	182	210	223
Net profit (non-controlling interests)	-0	0	-0	0	0
EBITDA	330	286	333	341	358
EBITDA margin (%)	9.7	8.3	9.5	9.4	9.5
EPS (parent-based) (KRW)	28,261	25,861	29,864	34,513	36,723
EPS (consolidated) (KRW)	28,190	25,915	29,848	34,513	36,723
Adjusted EPS (KRW)*	28,261	25,861	29,864	34,513	36,723

Balance sheet

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Current assets	**1,420**	**1,744**	**1,808**	**1,879**	**1,991**
Cash & equivalents	143	141	184	166	240
Accounts receivable	292	308	316	327	341
Inventories	318	323	320	335	349
Other current assets	666	971	988	1,050	1,062
Fixed assets	**1,815**	**1,854**	**1,855**	**1,841**	**1,850**
Investment assets	75	58	62	63	62
Tangible assets	1,535	1,580	1,559	1,558	1,565
Intangible assets	62	74	69	68	70
Other long-term assets	144	142	166	153	152
Total assets	**3,235**	**3,597**	**3,663**	**3,720**	**3,841**
Current liabilities	**696**	**678**	**702**	**706**	**722**
Accounts payable	371	359	361	378	393
Short-term debt	21	26	26	24	25
Other current liabilities	304	293	315	304	304
Long-term liabilities	**97**	**247**	**203**	**149**	**133**
Bonds & long-term debt	14	145	15	15	15
Other long-term liabilities	83	102	187	134	118
Total liabilities	**794**	**925**	**905**	**855**	**855**
Owners of parent equity	**2,430**	**2,672**	**2,759**	**2,865**	**2,986**
Capital stock	30	30	30	30	30
Capital surplus	122	130	130	130	130
Retained earnings	2,316	2,437	2,524	2,630	2,752
Other	-38	74	74	74	74
Non-controlling interests' equity	**11**	**1**	**0**	**0**	**0**
Total equity	**2,441**	**2,673**	**2,759**	**2,865**	**2,986**
Net debt	-612	-689	-1,028	-1,087	-1,167

Cash flow statement

Year-end Dec 31 (KRWb)	2023	2024	2025E	2026E	2027E
Cash flow from operations	**327**	**273**	**385**	**353**	**373**
Net profit	171	158	182	210	223
Non-cash profit and expenses	191	206	205	200	194
Depreciation	115	118	124	126	127
Amortization	3	5	5	6	6
Other	73	83	76	68	61
Changes in A/L from operating activities	1	-52	25	-23	-12
Cash flow from investments	**-267**	**-382**	**-308**	**-334**	**-263**
Change in tangible assets	-107	-116	-204	-232	-289
Change in financial assets	-157	-221	0	0	0
Other	-3	-45	-104	-102	26
Cash flow from financing	**-45**	**95**	**-34**	**-37**	**-35**
Change in debt	-3	142	-1	-2	1
Change in equity	0	8	0	0	0
Dividends	-29	-29	-33	-35	-36
Other	-13	-27	0	0	0
Change in cash	15	-2	43	-18	74
Cash at beginning of year	128	143	141	184	166
Cash at end of year	143	141	184	166	240
Gross cash flow	**362**	**363**	**387**	**410**	**418**
Free cash flow	**219**	**150**	**165**	**113**	**73**

Financial ratios

Year-end Dec 31	2023	2024	2025E	2026E	2027E
Growth (%)					
Sales	9.0	0.8	1.7	3.6	4.1
Operating profit	89.1	-23.1	25.0	2.7	7.5
Net profit	47.8	-8.1	15.2	15.6	6.4
Adjusted EPS**	48.0	-8.5	15.5	15.6	6.4
Per-share data (KRW)					
EPS (parent-based)	28,261	25,861	29,864	34,513	36,723
EPS (consolidated)	28,190	25,915	29,848	34,513	36,723
Adjusted EPS**	28,261	25,861	29,864	34,513	36,723
BVPS	420,264	462,077	477,095	495,390	516,418
DPS (common)	5,000	5,000	5,500	5,700	6,000
Valuations (x)					
P/E***	14.4	14.5	14.1	12.2	11.5
P/B***	1.0	0.8	0.9	0.9	0.8
EV/EBITDA	5.7	5.6	4.6	4.4	3.9
Ratios (%)					
ROE	7.3	6.2	6.7	7.5	7.6
ROA	5.5	4.6	5.0	5.7	5.9
ROIC	9.3	6.9	9.1	9.4	9.8
Payout ratio	16.8	18.4	18.4	16.5	16.3
Dividend yield (common)	1.2	1.3	1.3	1.3	1.4
Net debt to equity	-25.1	-25.8	-37.3	-37.9	-39.1
Interest coverage (x)	54.9	26.8	23.1	23.9	25.8

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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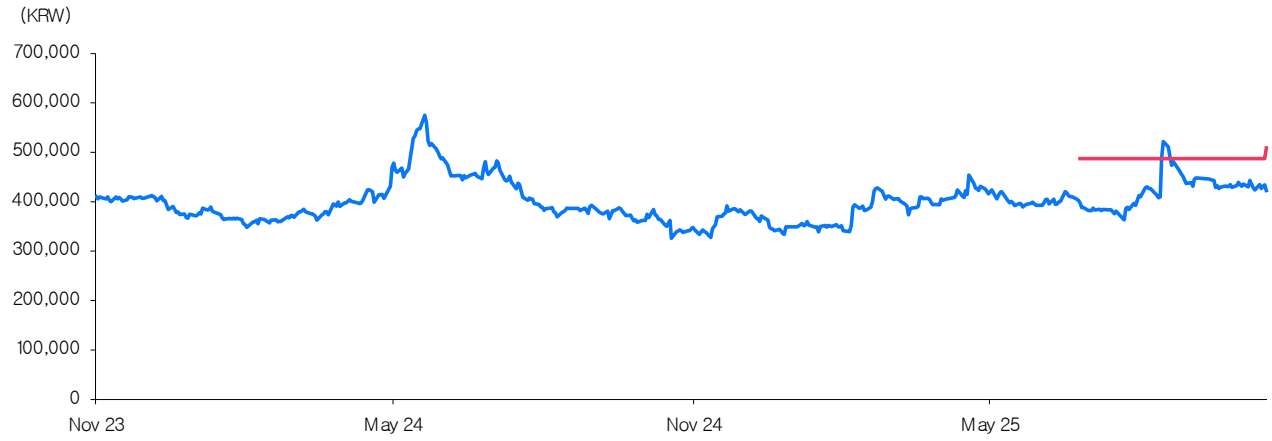
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/7/23	11/17
Recommendation	BUY	BUY
Target price (KRW)	487000	509000
Gap* (average)	-13.25	
(max or min)**	7.19	

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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BUY	Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
HOLD	Expected to increase/decrease in value by less than 15% within 12 months
SELL	Expected to decrease in value by 15% or more within 12 months

Industry

OVERWEIGHT	Expected to outperform market by 5% or more within 12 months
NEUTRAL	Expected to outperform/underperform market by less than 5% within 12 months
UNDERWEIGHT	Expected to underperform market by 5% or more within 12 months

* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

Percentage of ratings in 12 months prior to 2025.09.30

BUY(83.5%)·HOLD(16.5%)·SELL(0%)

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