COMPANY UPDATE

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Global Equity

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APR (278470)

1Q preview; European expansion begins

- The success story APR achieved in the US last year is expected to be replicated in Europe this year, with strong potential to become the #1 brand across the region by year-end—beginning with a compelling 1Q performance.
- In the US, its market leadership has further strengthened, driving higher consumer loyalty. Despite a significant reduction in promotional activity q-q, US sales will likely remain flat q-q in 1Q.
- Reflecting our new earnings estimates, we raise our target price for the stock by 35% to KRW500,000.

WHAT'S THE STORY?

1Q preview—To lead the pack once again: We forecast APR to post 1Q sales of KRW580.6b (up 118% y-y) and an operating profit of KRW146.1b (up 168% y-y, for an operating margin of 25.2%), the latter exceeding consensus again, this time by 19%. The company's exceptional market sensing and rapid product execution capabilities are already widely recognized—not only in financial markets but also across the cosmetics industry. Yet its sustained growth dominance underscores how difficult it is for competitors to replicate its strategy. It has internalized a competitive advantage: even when others catch up, it pulls ahead again. In the highly dynamic indie beauty market, where capturing consumer attention is the essence of success, the company has mastered the core ingredients of long-term growth.

(Continued on the next page)

APR: 1Q26 preview

(KRWb)	1Q26	4Q25	Chg (% q-q)	1Q25	Chg (% y-y)	Consensus	Diff (%)
Sales	580.6	547.6	6.0	266.0	118.2	508.5	14.2
Operating profit	146.1	130.3	12.1	54.6	167.7	122.7	19.0
Pre-tax profit	147.1	130.8	12.5	59.2	148.6	127.1	15.7
Net profit	119.2	98.8	20.6	49.9	138.9	100.6	18.5
Margins (%)							
Operating profit	25.2	23.8		20.5		24.1	
Pre-tax profit	25.3	23.9		22.3		25.0	
Net profit	20.5	18.0		18.8		19.8	

Source: Company data, Samsung Securities estimates

Valuation

(KRWb)	Sales	Operating profit	Pre-tax profit	Net profit	EPS (KRW)	EPS growth (% y-y)	P/E (x)	Net debt	EV/EBITDA (x)	P/B (x)	ROE (%)
2024	723	123	133	108	2,842	26.4	17.6	-2	13.1	5.8	41.3
2025	1,527	366	364	290	7,704	171.1	30.0	-85	21.6	19.4	75.3
2026E	2,808	707	723	582	15,544	101.8	21.6	-154	n/a	21.0	111.4
2027E	4,061	1,083	1,099	884	23,622	52.0	14.2	-334	n/a	12.8	112.0
2028E	5,231	1,321	1,336	1,055	28,188	19.3	11.9	-552	n/a	8.5	86.0

Source: Company data, Samsung Securities estimates

AT A GLANCE

BUY

Target price	KRW500,000	49%
Current price	**KRW335,500**	
Market cap	KRW12.6t/USD8.6b	
Shares (float)	37,438,155 (65.0%)	
52-week high/low	KRW369,000/KRW62,400	
Avg daily trading value (60-day)	KRW145.6b/ USD99.0m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
APR (%)	9.6	31.6	437.7
Vs Kospi (%pts)	4.3	-20.5	113.7

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	500,000	370,000	35.1%
2026E EPS	15,544	13,358	16.4%
2027E EPS	23,622	18,144	30.2%

SAMSUNG vs THE STREET

No of estimates	18
Target price	391,111
Recommendation	4.0

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

Regional sales should be robust across all key markets: the US at KRW254b (up 258% y-y), Europe and Southeast Asia at KRW174.1b (up 166% y-y), and Japan at KRW57.7b (up 97% y-y). This momentum should stem from successful market entries on Amazon UK and TikTok Shop, along with strong product rankings in the US. With Europe expansion now accelerating, consolidated operating profit should grow 94% y-y in 2026.

Raising target price to KRW500,000: Reflecting our new earnings forecasts, we raise our target price for the stock by 35% to KRW500,000 (based on a 12-month forward EPS of KRW17,680 and a P/E multiple of 28x, a 30% premium over peers). The company's conquest of Europe has only just begun.

APR: Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26E	2Q26E	3Q26E	4Q26E	2023	2024	2025	2026E	2027E
Sales	**148.9**	**155.5**	**174.1**	**244.2**	**266.0**	**327.7**	**385.9**	**547.6**	**580.6**	**661.7**	**724.6**	**840.7**	**523.8**	**722.8**	**1,527.3**	**2,807.6**	**4,061.1**
US	**24.7**	**24.9**	**39.6**	**69.0**	**70.9**	**96.2**	**150.5**	**255.1**	**254.0**	**267.6**	**281.3**	**330.7**	**67.9**	**158.3**	**572.7**	**1,133.6**	**1,621.4**
Cosmetics	11.0	13.0	24.8	37.3	53.9	76.9	127.9	220.8	221.0	230.6	242.3	280.7	36.2	86.1	479.5	974.6	1,398.8
Devices	13.8	11.9	14.8	31.7	17.0	19.2	22.6	34.3	33.0	37.0	39.0	50.0	31.7	72.2	93.1	159.0	222.6
Europe, Southeast Asia, *etc* (B2B)	**13.8**	**19.5**	**23.7**	**44.2**	**65.6**	**79.7**	**85.4**	**118.8**	**174.1**	**234.9**	**279.6**	**358.6**	**34.8**	**101.2**	**349.4**	**1,047.2**	**1,743.1**
Cosmetics	9.0	9.1	11.3	23.8	43.3	57.4	64.0	96.2	147.5	208.2	254.2	331.2	26.8	53.1	260.9	941.1	1,599.9
Devices	4.7	10.4	12.3	20.4	22.3	22.3	21.3	22.6	26.6	26.7	25.4	27.4	7.5	47.7	88.5	106.1	143.2
Japan	**9.8**	**9.4**	**15.2**	**17.7**	**29.3**	**43.9**	**46.6**	**69.0**	**57.7**	**65.1**	**65.0**	**83.9**	**33.2**	**52.2**	**188.8**	**271.6**	**352.7**
Cosmetics	3.7	5.6	7.5	10.6	18.5	28.5	23.9	39.9	36.0	41.0	37.5	49.0	12.1	27.4	110.8	163.5	220.7
Devices	5.5	3.5	7.6	6.9	10.8	15.4	22.7	29.1	21.7	24.1	27.5	34.9	17.8	23.5	78.0	108.1	131.9
China, Hong Kong and Taiwan	**20.4**	**25.9**	**24.0**	**29.0**	**28.4**	**34.7**	**27.4**	**31.8**	**28.3**	**32.7**	**30.1**	**32.4**	**75.3**	**99.2**	**122.3**	**123.5**	**129.6**
Domestic	**82.8**	**78.4**	**73.9**	**88.0**	**76.8**	**73.2**	**76.0**	**73.1**	**66.6**	**61.4**	**68.6**	**67.6**	**318.6**	**323.1**	**299.1**	**264.1**	**276.1**
Cosmetics	35.3	34.9	30.8	30.5	36.2	36.3	38.0	30.7	30.8	30.9	32.3	31.3	108.0	131.5	141.2	125.2	127.7
Devices	34.8	32.6	29.2	33.3	30.4	26.3	30.9	30.4	28.9	25.8	31.6	31.0	138.8	129.9	118.0	117.2	131.3
Other	12.7	10.9	13.8	24.2	10.1	10.6	10.5	12.0	6.9	4.8	4.7	5.3	71.9	61.7	43.2	21.7	17.1
Operating profit	27.8	28.0	27.2	39.7	54.6	84.6	96.1	130.3	146.1	165.6	179.1	216.5	104.2	122.7	365.5	707.4	1,082.6
Net profit	24.1	24.1	16.0	43.4	49.9	66.3	74.6	98.8	119.2	135.0	145.9	176.2	81.5	107.6	289.7	581.9	884.4
Operating margin (%)	18.6	18.0	15.6	16.3	20.5	25.8	24.9	23.8	25.2	25.0	24.7	25.8	19.9	17.0	23.9	25.2	26.7
Net margin (%)	16.2	15.5	9.2	17.8	18.8	20.2	19.3	18.0	20.5	20.4	20.1	21.0	15.6	14.9	19.0	20.7	21.8
Growth (% y-y)																	
Sales	**21.9**	**21.8**	**42.8**	**60.6**	**78.6**	**110.8**	**121.7**	**124.2**	**118.2**	**101.9**	**87.8**	**53.5**	**31.7**	**38.0**	**111.3**	**83.8**	**44.6**
US	**196.0**	**108.8**	**123.3**	**130.7**	**186.5**	**285.8**	**280.1**	**269.7**	**258.3**	**178.2**	**86.9**	**29.6**	**127.3**	**133.0**	**261.8**	**97.9**	**43.0**
Cosmetics	95.5	78.6	145.9	182.0	390.7	491.3	415.4	492.6	310.2	199.6	89.4	27.1	67.7	137.7	457.1	103.2	43.5
Devices	401.6	156.0	93.5	90.1	23.6	61.4	52.9	8.1	93.9	92.3	72.7	45.7	282.7	127.6	29.0	70.7	40.0
Europe, Southeast Asia, *etc* (B2B)	**80.8**	**139.3**	**184.0**	**315.6**	**374.4**	**308.0**	**260.2**	**169.0**	**165.5**	**194.7**	**227.5**	**201.9**	**25.1**	**191.0**	**245.2**	**199.7**	**66.5**
Cosmetics	42.6	33.3	80.2	221.0	380.2	533.6	465.8	305.0	240.8	262.9	296.9	244.3	7.5	98.3	391.0	260.7	70.0
Devices	308.4	706.8	534.9	543.4	376.8	114.1	74.0	10.9	19.2	19.5	19.1	21.5	171.0	533.5	85.5	19.8	35.0
Japan	**16.1**	**13.2**	**78.6**	**125.0**	**198.3**	**366.1**	**206.5**	**289.3**	**96.8**	**48.3**	**39.4**	**21.6**	**-11.1**	**57.2**	**261.9**	**43.9**	**29.8**
Cosmetics	5.6	82.6	137.7	343.1	400.5	412.1	216.7	275.6	95.0	43.7	56.9	22.9	-23.2	126.4	303.9	47.6	35.0
Devices	32.8	-16.0	66.2	41.5	95.7	334.5	199.5	323.4	100.0	57.0	21.0	19.8	4.6	32.2	231.5	38.6	22.0
China, Hong Kong and Taiwan	**nm**	**nm**	**nm**	**nm**	**39.4**	**34.4**	**14.3**	**9.5**	**-0.5**	**-5.8**	**9.7**	**2.0**	**nm**	**31.7**	**23.3**	**0.9**	**5.0**
Domestic	**-1.5**	**-5.7**	**12.3**	**2.9**	**-7.3**	**-6.7**	**2.9**	**-17.0**	**-13.3**	**-16.1**	**-9.8**	**-7.5**	**25.4**	**1.4**	**-7.4**	**-11.7**	**4.6**
Cosmetics	34.5	23.2	5.4	26.1	2.7	4.1	23.4	0.5	-15.0	-15.0	-15.0	2.0	30.3	21.8	7.4	-11.3	2.0
Devices	-13.6	-4.4	19.1	-16.5	-12.6	-19.4	5.9	-8.6	-5.0	-2.0	2.0	2.0	62.5	-6.4	-9.1	-0.7	12.0
Other	-27.6	-47.3	14.9	12.8	-20.6	-2.8	-24.2	-50.5	-32.0	-55.0	-55.0	-56.0	-16.2	-14.1	-30.0	-49.9	-21.0
Operating profit	19.7	13.0	24.6	15.5	96.5	201.9	252.8	228.3	167.8	95.9	86.3	66.2	165.6	17.8	197.9	93.5	53.0
Net profit	18.7	28.4	-12.9	80.0	107.3	175.2	366.3	127.6	138.6	103.5	95.5	78.4	172.2	31.9	169.2	100.9	52.0
Growth (% q-q)																	
Sales	**-2.0**	**4.4**	**12.0**	**40.3**	**8.9**	**23.2**	**17.8**	**41.9**	**6.0**	**14.0**	**9.5**	**16.0**					
US	**-17.3**	**0.8**	**58.8**	**74.3**	**2.8**	**35.7**	**56.5**	**69.5**	**-0.4**	**5.3**	**5.2**	**17.5**					
Cosmetics	-16.9	18.5	90.8	50.1	44.6	42.8	66.3	72.6	0.1	4.3	5.1	15.8					
Devices	-17.6	-13.4	23.9	114.9	-46.4	13.1	17.4	52.0	-3.8	12.1	5.4	28.2					
Europe, Southeast Asia, *etc* (B2B)	**30.1**	**41.3**	**21.4**	**86.2**	**48.5**	**21.5**	**7.1**	**39.1**	**46.6**	**34.9**	**19.1**	**28.2**					
Cosmetics	21.8	0.5	25.0	109.8	82.2	32.6	11.6	50.2	53.3	41.2	22.1	30.3					
Devices	47.8	122.9	17.7	66.0	9.5	0.1	-4.3	5.7	17.8	0.3	-4.7	7.8					
Japan	**24.8**	**-4.1**	**61.3**	**16.5**	**65.5**	**49.8**	**6.1**	**48.0**	**-16.3**	**12.9**	**-0.3**	**29.1**					
Cosmetics	54.0	51.1	35.4	40.6	74.0	54.6	-16.3	66.8	-9.7	13.9	-8.5	30.7					
Devices	14.1	-36.2	114.2	-9.3	57.8	41.7	47.7	28.2	-25.5	11.3	13.8	27.0					
China, Hong Kong and Taiwan	**nm**	**26.9**	**-7.2**	**20.8**	**-2.1**	**22.3**	**-21.1**	**15.8**	**-11.0**	**15.9**	**-8.1**	**7.7**					
Domestic	**-3.2**	**-5.3**	**-5.8**	**19.2**	**-12.8**	**-4.6**	**3.9**	**-3.9**	**-8.9**	**-7.8**	**11.7**	**-1.5**					
Cosmetics	45.7	-1.1	-11.7	-0.9	18.7	0.2	4.7	-19.3	0.4	0.2	4.7	-3.1					
Devices	-12.7	-6.2	-10.4	13.8	-8.6	-13.6	17.7	-1.8	-4.9	-10.9	22.5	-1.8					
Other	-40.7	-14.3	26.7	75.0	-58.2	5.0	-1.2	14.3	-42.7	-30.5	-1.2	11.7					
Operating profit	-19.2	0.9	-2.7	45.7	37.5	54.9	13.7	35.5	12.2	13.3	8.1	20.9					
Net profit	-0.1	0.0	-33.6	171.1	15.1	32.8	12.6	32.3	20.7	13.3	8.1	20.8					

Source: Company data, Samsung Securities estimates

APR: Target-price calculation

(KRW)	Calculation	
12-month-forward EPS	(A=BxD+Cx(1-D))	17,680
2026E	(B)	15,544
2027E	(C)	23,622
2026 weighting* (%)	(D)	73.60%
Target P/E (x)**	(E)	28.0
Target price	(F=AxE)	500,000
Last price*	(G)	335,500
Upside	(F/G-1)	49.0%

Note: * As of Apr 8, 2026;
**20% premium to brand peer average
Source: FnGuide, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**723**	**1,527**	**2,808**	**4,061**	**5,231**
Cost of goods sold	179	357	646	942	1,229
Gross profit	**544**	**1,171**	**2,162**	**3,119**	**4,002**
Gross margin (%)	75.2	76.6	77.0	76.8	76.5
SG&A expenses	421	805	1,454	2,036	2,681
Operating profit	**123**	**366**	**707**	**1,083**	**1,321**
Operating margin (%)	17.0	23.9	25.2	26.7	25.3
Non-operating gains (losses)	**11**	**-1**	**16**	**16**	**15**
Financial profit	29	33	31	31	30
Financial costs	17	31	16	15	15
Equity-method gains (losses)	0	0	0	0	0
Other	-1	-3	0	0	0
Pre-tax profit	**133**	**364**	**723**	**1,099**	**1,336**
Taxes	26	75	141	214	281
Effective tax rate (%)	19.3	20.5	19.5	19.5	21.0
Profit from continuing operations	108	290	582	884	1,055
Profit from discontinued operations	0	0	0	0	0
Net profit	**108**	**290**	**582**	**884**	**1,055**
Net margin (%)	14.9	19.0	20.7	21.8	20.2
Net profit (controlling interests)	108	290	582	884	1,055
Net profit (non-controlling interests)	0	0	n/a	n/a	n/a
EBITDA	145	396	739	1,121	1,359
EBITDA margin (%)	20.1	25.9	26.3	27.6	26.0
EPS (parent-based) (KRW)	2,842	7,704	15,544	23,622	28,188
EPS (consolidated) (KRW)	2,842	7,704	15,544	23,622	28,188
Adjusted EPS (KRW)*	2,842	7,704	15,544	23,622	28,188

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**286**	**546**	**853**	**1,325**	**1,880**
Cash & equivalents	90	154	153	352	567
Accounts receivable	39	78	169	267	344
Inventories	110	165	385	556	817
Other current assets	47	148	146	150	152
Fixed assets	**279**	**226**	**134**	**153**	**163**
Investment assets	62	45	68	69	69
Tangible assets	51	60	61	66	66
Intangible assets	6	7	7	8	8
Other long-term assets	160	114	-2	9	19
Total assets	**565**	**772**	**987**	**1,478**	**2,043**
Current liabilities	**145**	**238**	**283**	**373**	**442**
Accounts payable	34	64	138	223	287
Short-term debt	0	0	n/a	n/a	n/a
Other current liabilities	111	174	n/a	n/a	n/a
Long-term liabilities	**96**	**88**	**105**	**125**	**126**
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	96	88	105	125	126
Total liabilities	**242**	**326**	**388**	**498**	**568**
Owners of parent equity	**324**	**446**	**599**	**980**	**1,475**
Capital stock	4	4	4	4	4
Capital surplus	137	13	15	16	17
Retained earnings	229	427	578	956	1,448
Other	-46	1	3	4	6
Non-controlling interests' equity	**0**	**0**	**n/a**	**n/a**	**n/a**
Total equity	**324**	**446**	**599**	**980**	**1,475**
Net debt	-2	-85	-154	-334	-552

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**79**	**341**	**292**	**630**	**738**
Net profit	108	290	582	884	1,055
Non-cash profit and expenses	55	102	67	80	84
Depreciation	22	29	30	37	37
Amortization	1	1	1	1	1
Other	32	71	36	41	45
Changes in A/L from operating activities	-58	-32	-342	-316	-382
Cash flow from investments	**-110**	**-94**	**-83**	**-132**	**-140**
Change in tangible assets	-45	-15	-42	-81	-81
Change in financial assets	-39	7	-39	-49	-57
Other	-26	-86	-2	-2	-2
Cash flow from financing	**-5**	**-182**	**-209**	**-299**	**-382**
Change in debt	90	-12	6	-1	0
Change in equity	76	-123	0	0	0
Dividends	0	-134	-206	-281	-337
Other	-170	88	-9	-18	-46
Change in cash	-35	64	-1	199	215
Cash at beginning of year	125	90	154	153	352
Cash at end of year	90	154	153	352	567
Gross cash flow	**162**	**391**	**649**	**964**	**1,139**
Free cash flow	**34**	**326**	**250**	**549**	**657**

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	38.0	111.3	83.8	44.6	28.8
Operating profit	17.8	197.9	93.5	53.0	22.0
Net profit	31.9	169.2	100.9	52.0	19.3
Adjusted EPS**	26.4	171.1	101.8	52.0	19.3
Per-share data (KRW)					
EPS (parent-based)	2,842	7,704	15,544	23,622	28,188
EPS (consolidated)	2,842	7,704	15,544	23,622	28,188
Adjusted EPS**	2,842	7,704	15,544	23,622	28,188
BVPS	8,687	11,910	16,000	26,175	39,408
DPS (common)	0	5,090	5,500	7,500	9,000
Valuations (x)					
P/E***	17.6	30.0	21.6	14.2	11.9
P/B***	5.8	19.4	21.0	12.8	8.5
EV/EBITDA	13.1	21.6	n/a	n/a	n/a
Ratios (%)					
ROE	41.3	75.3	111.4	112.0	86.0
ROA	25.2	43.3	66.2	71.7	59.9
ROIC	71.1	130.4	219.6	224.3	167.3
Payout ratio	0.0	65.8	35.4	31.7	31.9
Dividend yield (common)	0.0	2.2	1.6	2.2	2.7
Net debt to equity	-0.6	-19.2	-25.7	-34.1	-37.4
Interest coverage (x)	32.6	103.7	937.8	1,046.2	813.9

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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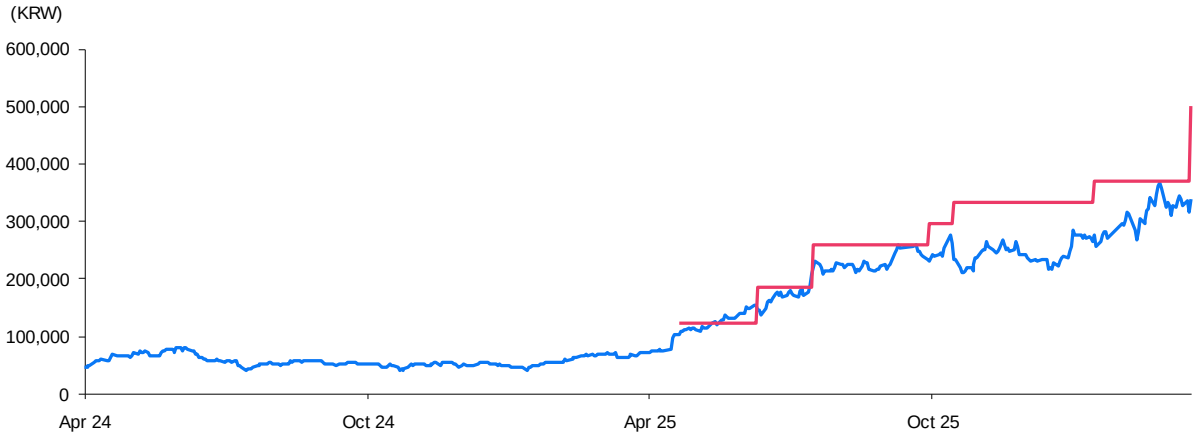
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/5/13	7/2	8/7	10/21	11/6	2026/2/5	4/9
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	123000	187000	260000	298000	334000	370000	500000
Gap* (average)	3.84	-8.36	-12.52	-15.68	-26.88	-15.48	
(max or min)**	25.37	11.50	0.38	-7.38	-14.37	-0.27	

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

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Company

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

Industry

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

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

Percentage of ratings in 12 months prior to 2026.03.31

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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