SECTOR UPDATE

2026. 4. 29

Tech Team

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# Internet (OVERWEIGHT)

## 1Q preview: Earnings diverge

- With sales growth momentum weakening for the sector, earnings at our covered companies likely diverged in 1Q.
- The performance of companies' AI agents has been underwhelming due to limitations in model capabilities. Delays in passing the second phase of legislation of the Digital Asset Basic Act further cloud the outlook for won-pegged stablecoin initiatives.
- We cut our target prices for our key covered companies to reflect increased uncertainty surrounding their new business initiatives and weakened sales growth. We maintain Naver as our top pick, given its sustained high-growth e-commerce performance.

*(§ The Korean version of this report was published on Apr 15)*

**AT A GLANCE**

| | | |
|---|---|---|
| **Naver** (035420 KS, 220,000) | | |
| Target price | KRW260,000 | 18.2% |
| **BUY** | | |
| **Kakao** (035720 KS, 48,400) | | |
| Target price | KRW59,000 | 21.9% |
| **BUY** | | |
| **Soop** (067160 KQ, 60,100) | | |
| Target price | KRW80,000 | 33.1% |
| **BUY** | | |

### WHAT'S THE STORY?

**1Q results mixed:** Companies under our coverage are likely to report divergent 1Q results. We believe Naver's 1Q sales grew 13.1% y-y driven by robust commerce expansion, with its operating profit rising just 6.6% y-y due to higher infra investments. Kakao's 1Q sales likely grew a lethargic 8.1% y-y, despite projected sales growth at the ad, Kakao Mobility, and Kakao Pay businesses, as its content sales likely contracted. But we believe its operating profit jumped 48.8% y-y on disciplined cost-control measures, particularly in personnel expenses. Soop's sales likely climbed 5% y-y in 1Q, despite sagging platform sales, on contributions from the recently acquired PlayD. But operating profit likely fell 5.6% y-y due to a decline in high-margin platform sales.

**AI agents still have a long way to go:** The performance of AI agents recently launched by Naver and Kakao has been underwhelming. Naver's AI shopping agent still lacks accuracy in terms of product recommendations, while Kakao's Kanana (used within KakaoTalk) is perceived as having limited practical utility, hindered by the narrow scope of chat data and the computational constraints of on-device AI processing. Although both companies have positioned AI agents as their new growth drivers, the current limitations of AI model performance and infrastructure suggest that meaningful monetization will require more time.

*(Continued on the next page)*

**Concerns mount over delays in legislation of Korea's Digital Asset Basic Act:** The prolonged delays in legislating the Digital Asset Basic Act—essential for enabling won-pegged stablecoins and other blockchain-based services—is increasing business risk. Disagreements over key provisions (*eg*, the ownership cap for crypto exchanges) have made the act's passage before mid-year unlikely. Meanwhile, the Naver Financial–Dunamu merger remains on hold pending the Korea Fair Trade Commission review, deepening uncertainty across the entire won-stablecoin ecosystem.

**Remaining macroeconomic uncertainties:** High oil prices combined with a weak won and the Middle East conflict are heightening uncertainty surrounding domestic consumption. Platform businesses—whether in advertising, e-commerce, or digital content—are not immune to these macroeconomic headwinds. If these pressures persist, they could negatively affect corporate earnings and valuations.

**Cutting target prices to reflect risks:** Reflecting underwhelming AI agent performance, delays in blockchain-based new business initiatives, and ongoing macroeconomic uncertainties, we lower our target prices for Naver, Kakao, and Soop. We put forward Naver as our sector top pick for its sustained strong e-commerce sales growth. Soop is also recommended as a long-term investment opportunity, considering its attractive valuation and high dividend yield.

## 1Q preview: Slowing growth, diverging profits

Companies under our coverage are likely to report softer q-q sales growth in 1Q, but their operating profits likely diverged, shaped by disparate base effects (y-y) and differing cost trajectories.

We believe Naver's 1Q sales grew 13.1% y-y, driven by a 38% y-y surge in commerce sales as consumers continued to shift away from Coupang. However, its operating profit growth likely slowed to 6.6% y-y, weighed down by higher personnel costs and infra investments.

Kakao's 1Q sales growth likely slowed to 8.1% y-y on shrinking content sales, but its operating profit likely jumped 48.8% y-y on the low base and limited increase in personnel expenses.

We believe Soop's sales rose just 5% y-y in 1Q, as its platform sales likely declined 9.9% y-y amid slowing sales of Excel broadcasts (high-energy group donation/tip battles). Operating profit probably dipped 5.6% y-y due to a decline in lucrative Excel broadcast-related sales.

### 1Q26 preview

| | (KRWb) | 1Q26 | | | Diff (%) | | 1Q25 | 4Q25 | Chg | |
|---|---|---|---|---|---|---|---|---|---|---|
| | | New | Old | Consensus | Old | Consensus | | | (% y-y) | (% q-q) |
| Naver | Sales | 3,151.9 | 3,159.4 | 3,150.3 | (0.2) | 0.1 | 2,786.8 | 3,195.1 | 13.1 | (1.4) |
| | Operating profit | 538.8 | 570.3 | 577.1 | (5.5) | (6.6) | 505.3 | 610.6 | 6.6 | (11.8) |
| | Net profit | 463.0 | 525.0 | 531.6 | (11.8) | (12.9) | 423.7 | 163.0 | 9.3 | 184.0 |
| Kakao | Sales | 2,011.7 | 2,024.8 | 2,014.7 | (0.6) | (0.2) | 1,860.6 | 2,133.2 | 8.1 | (5.7) |
| | Operating profit | 171.1 | 175.0 | 173.7 | (2.2) | (1.5) | 114.9 | 203.4 | 48.8 | (15.9) |
| | Net profit | 149.8 | 161.5 | 180.2 | (7.3) | (16.9) | 200.3 | (47.1) | (25.2) | nm |
| Soop | Sales | 113.0 | 118.6 | 116.1 | (4.7) | (2.6) | 107.7 | 116.2 | 5.0 | (2.7) |
| | Operating profit | 26.4 | 31.5 | 29.5 | (16.2) | (10.4) | 27.9 | 30.6 | (5.6) | (13.8) |
| | Net profit | 22.6 | 25.5 | 25.5 | (11.3) | (11.3) | 23.4 | 28.4 | (3.4) | (20.5) |

Source: Company data, Samsung Securities estimates

### Target price

| | | New | Old | Diff (%) | Details |
|---|---|---|---|---|---|
| Naver | BUY | 330,000 | 260,000 | -21.2 | · Reflecting increased marketing and infrastructure costs, 2026 operating profit estimate lowered by 4.1%<br>· Reflecting slowing earnings growth and expanding losses at new businesses<br>· Applied 19.7x P/E, in line with global peers, to 2026 adjusted EPS |
| Kakao | BUY | 73,000 | 59,000 | -19.2 | · Reflecting discount factors from affiliate valuation and parent company discount due to regulatory risks<br>· Applied 3.1x P/S based on 2026E sales (lower than that at its global peers)<br>· Applied 25% discount to target P/S considering growth gap with global peers |
| Soop | BUY | 90,000 | 80,000 | -11.1 | · Reflecting slower platform sales growth, 2026 operating profit estimate lowered by 5.6%<br>· Applied 9.2x P/E based on 2026E EPS; Applied 50% discount to target P/S considering growth gap with global peers |

Source: Company data, Samsung Securities estimates

## AI agents still have a long way to go

Naver and Kakao have positioned AI agents as their new growth drivers, launching new services in 1Q. However, due to limitations in AI model performance and infrastructure, along with suboptimal service design, they have so far failed to generate significant user interest.

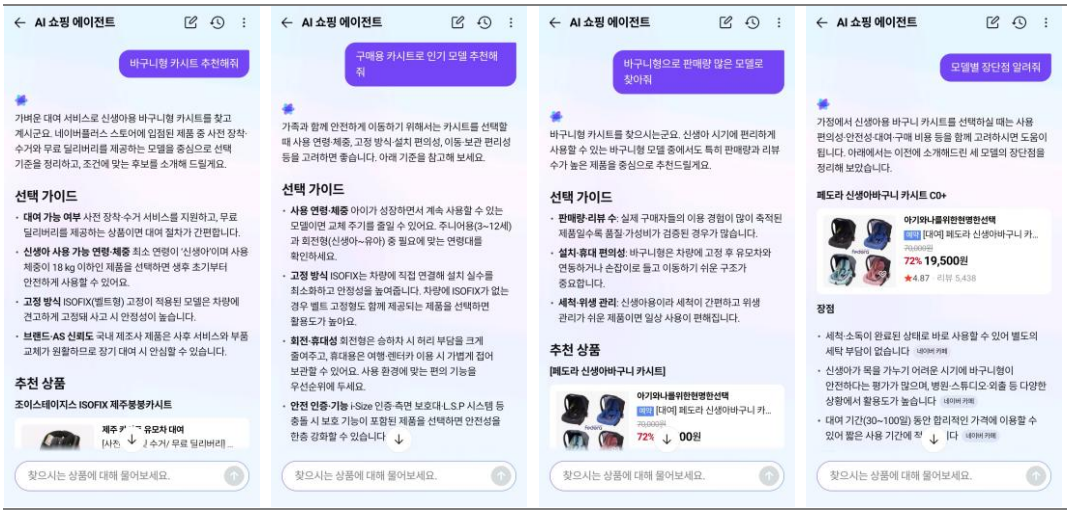
Naver's AI shopping agent, launched in February, aims to enhance purchase decisions by delivering vast shopping insights—from blogs and cafes to product reviews—in conversational form. If successful, it could boost conversion rates on Naver Shopping. However, its current performance falls short of the mark: The agent struggles to retain context from prior dialogues and frequently recommends products misaligned with user intent. Though the company plans to refine responses through ongoing beta testing, early missteps risk undermining marketing effects.

Kakao launched conversational recommendation AI agent Kanana in KakaoTalk in March, following its earlier integration of ChatGPT into KakaoTalk. However, users believe its utility is limited. Kanana analyzes conversations on-device to deliver context-aware notifications—such as calendar alerts, gift suggestions, or restaurant recommendations. Yet, its performance is constrained by the limited scope of KakaoTalk chat data and the technical trade-off of using on-device AI processing. As a result, users report slow response times and difficulties in accurately understanding context.

Neither service has driven measurable increases in dwell time on Naver's Plus Store or KakaoTalk. While both companies have yet to launch aggressive marketing campaigns for their AI agent services, the primary barrier is not visibility but the AI agents' low functional maturity.

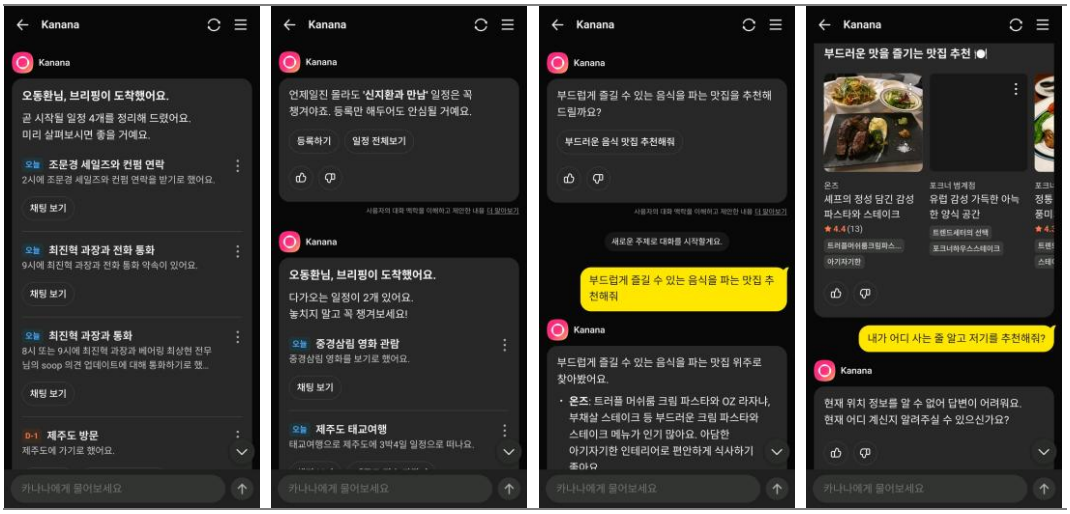
Given that domestic platform firms are struggling to deliver meaningful value to users through their AI agent services, it is likely to take more time before viable revenue models can be discussed. Meanwhile, infra investments to support these AI agents are already elevating costs. To offset margin pressure from these upfront expenses, Naver and Kakao must rely on sales growth at their existing businesses.

**Naver AI shopping agent: Car seat recommendation example**



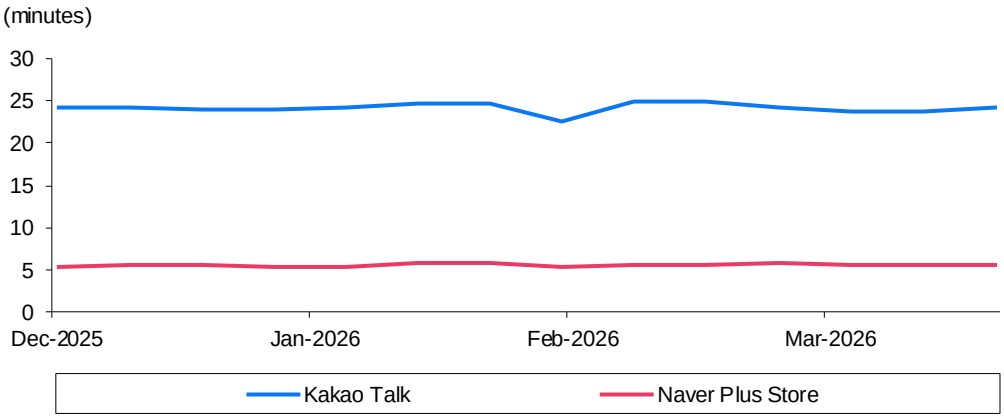

Source: Company data, Samsung Securities estimates

## Kakao 'Kanana' in Kakao Talk: Example




Source: Company data, Samsung Securities estimates

## Naver plus store vs KakaoTalk time spent per user trend




Source: Sensor Tower

## Concerns mount over delay in legislating Korea's Digital Asset Basic Act

The prospect of won-pegged stablecoins has been seen as a major growth catalyst for Korea's internet platform sector. In 2025, optimism that leading fintech firms—*eg*, Naver, Kakao, and Toss—would build new payment and financial ecosystems around such tokens drove up their shares, fueled by strong political backing for ecosystem development.

But momentum has stalled. The second-phase of legislation of the Digital Asset Basic Act remains stuck, hindered by growing friction over key regulatory provisions.

The Financial Services Commission insists that the law must: 1) cap ownership stakes of major crypto exchange shareholders; and 2) be part of a bank-led consortium (with banks holding at least 50% plus one share) to issue won-pegged stablecoins. This conflicts with the ruling party's Digital Assets Task Force, which favors lighter regulation to accelerate market development.

Intergovernmental talks have been indefinitely postponed due to instability in the Middle East. With no sign that the bill will be taken up this month by the National Policy Committee, legislative progress has likely been delayed until 2H26.

Adding to the uncertainty, the shareholder meeting to approve Naver Financial's planned merger with Dunamu (the operator of Upbit, Korea's leading virtual asset exchange), which is central to its strategy of launching a won-stablecoin service, has been pushed back from May 22 to Aug 18 because of the Korea Fair Trade Commission's extended review of the M&A. As policy uncertainty grows, the regulatory limbo may place downwards pressure on valuations.

**Digital Asset Basic Act timeline**

| Date | Key event |
|---|---|
| **Jul 2025** | Genius Act passed |
| **Sep 2025** | Ruling party launches Digital Asset TF |
| **Dec 23, 2025** | Financial Services Commission proposes 'ownership cap on virtual asset exchanges' to ruling party |
| **Jan 2026** | Ruling party TF opposes FSC proposal |
| **Feb 2026** | Policy committee Chair Han Jung-ae supports FSC proposal |
| **Feb-Mar 2026** | Ruling party TF partially accepts FSC proposal |
| **Mar 5, 2026** | Digital Asset Basic Act discussed at ruling party policy coordination meeting |
| **Apr 13, 2026** | National Assembly standing committee fails to resume legislative discussions |

Source: Samsung Securities

## Remaining macroeconomic uncertainties

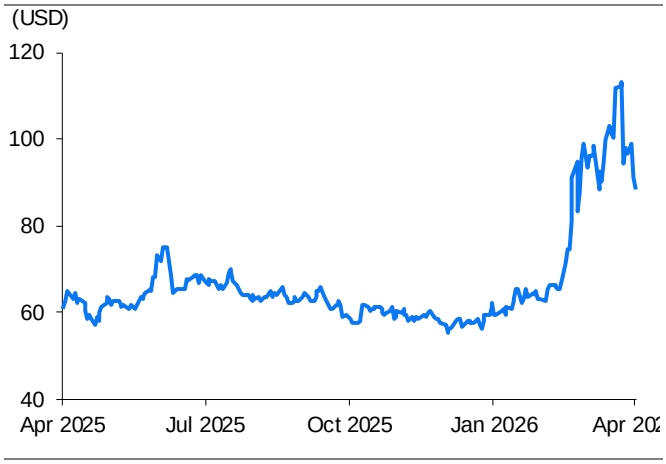
The US-Iran war, which began in late February, likely had only a modest impact on platform firms' 1Q operating results. But if the conflict drags on—or if oil shipping routes remain disrupted even after a ceasefire—high oil prices combined with a weak won could begin to weigh on their performances in 2Q.

Indeed, even as peace negotiations advance, WTI crude futures have held near USD100 per barrel, reigniting concerns about inflation and weakening consumer demand. Korea's consumer sentiment index, which has been above 100 since May 2025 (amid rising asset prices), fell sharply from 112 in February to 107 in March due to the war in the Middle East.

A slowdown in domestic spending typically leads companies to cut marketing budgets first, directly hitting the digital advertising market. Add to that expanding logistics costs (from elevated oil prices), and e-commerce firms' margins may come under further pressure.

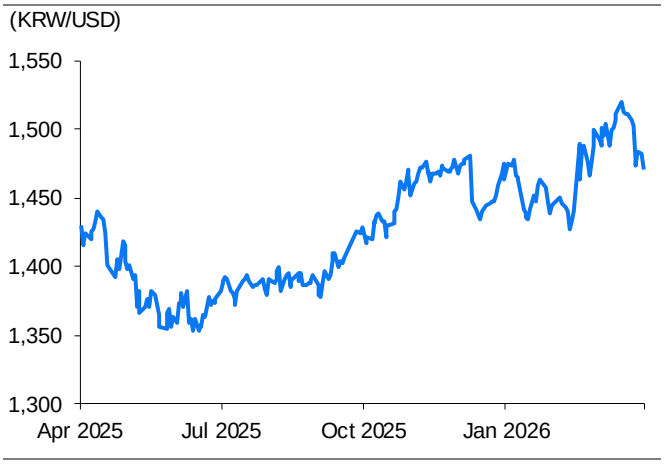
With global uncertainties still unresolved, we recommend paying close attention to inflation, oil prices, and forex rates in 2Q.

**Oil prices**



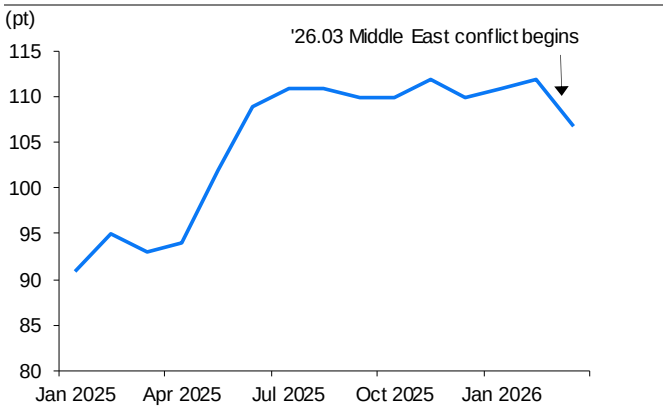

Source: Bloomberg

**Exchange rates**



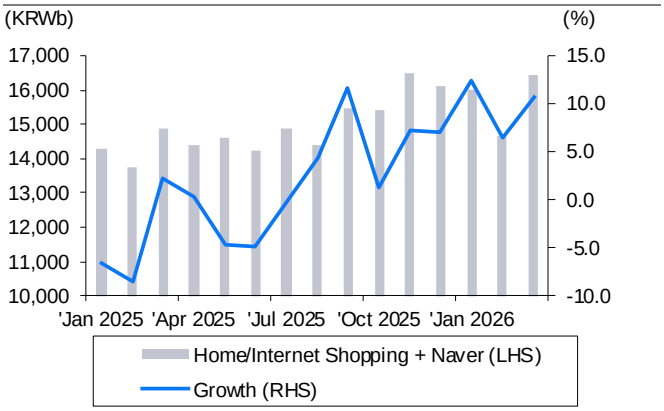

Source: Bloomberg

**Composite consumer sentiment index**




Source: Bloomberg

**Monthly E-commerce transaction value trend**




Source: Bloomberg

## Investment strategy and top pick

Reflecting on the underwhelming AI agent performance, delays in blockchain-based new business initiatives, and lingering macroeconomic uncertainties, we lower our target prices for Naver, Kakao, and Soop.

However, given our expectation that these companies will continue to deliver operating profit growth this year through strong e-commerce sales expansion, structural reforms, and cost discipline, we maintain our BUY ratings and OVERWEIGHT sector outlook. Should geopolitical risks subside earlier than expected and the Digital Asset Basic Act be enacted this year—enabling the full-scale launch of won-pegged stablecoins—we anticipate a meaningful improvement in sector-wide investor sentiment.

We recommend Naver as our sector top pick for its sustained robust commerce sales growth (driven by strengthening logistics capabilities and strategic partnerships). While cost increases this year may constrain its profit expansion, we view these outlays as strategic investments in AI and logistics infrastructure that can enhance its long-term growth potential—not as concerning headwinds.

Soop is also recommended as a long-term play, given its attractive valuation and high dividend yield. Although platform revenue remains on a downtrend, the anticipated return of popular streamer Commander Zico is expected to breathe new life into Excel broadcasts. We recommend Soop as a dividend stock and suggest holding it for the potential emergence of new content (after Excel broadcasts run their course).

# COMPANY UPDATE

2026. 4. 29


Tech Team

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# Naver (035420)

## Commerce business still robust; new initiatives facing delays

- Despite robust commerce growth, Naver likely saw its 1Q operating profit growth slow to 6.6% y-y due to rising costs.
- Increased investments in logistics and AI should weigh on its profitability in 2026. Also, its blockchain initiatives are being delayed due to regulatory uncertainty. Any valuation rebound should happen in 2H at the earliest.
- While enhanced commerce competitiveness is a positive, investors should adjust their expectations for any near-term stock-price recovery.

### WHAT'S THE STORY?

**1Q preview—commerce-driven growth:** We believe that Naver's: 1) 1Q commerce revenue rose 38% y-y, led by last year's fee increases and shoppers quitting Coupang (since Nov 2025); 2) search platform sales stagnated y-y despite ad placement optimization, with total ad sales (including commerce ads) likely growing 8.1% y-y, similar to the pace of growth seen in 4Q25; 3) content sales dipped 4% y-y due to stalled webtoon growth; and 4) enterprise sales surged 20.9% y-y on the back of a city-scale Digital Twin Project in Saudi Arabia. Overall, we forecast that Naver's 1Q sales climbed 13.1% y-y and its operating profit rose just 6.6% y-y (6.6% below consensus) due to higher payroll expenses and increased infra costs (relating to GPU purchases).

*(Continued on the next page)*

### AT A GLANCE

**BUY**

| | | |
|---|---|---|
| Target price | KRW260,000 | 18.2% |
| Current price | KRW220,000 | |
| Market cap | KRW33.6t/USD22.9b | |
| Shares (float) | 156,852,638 (86.0%) | |
| 52-week high/low | KRW290,500/KRW183,100 | |
| Avg daily trading value (60-day) | KRW296.8b/ USD202.1m | |

### ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---|---|---|---|
| Naver (%) | -3.4 | -15.9 | 14.1 |
| Vs Kospi (%pts) | -12.6 | -49.7 | -55.5 |

### KEY CHANGES

| (KRW) | New | Old | Diff |
|---|---|---|---|
| Recommend. | BUY | BUY | |
| Target price | 260,000 | 330,000 | -21.2% |
| 2026E EPS | 13,369 | 14,323 | -6.7% |
| 2027E EPS | 14,926 | 16,298 | -8.4% |

### SAMSUNG vs THE STREET

| | |
|---|---|
| No of estimates | 20 |
| Target price | 313,350 |
| Recommendation | 4.0 |

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

### SUMMARY FINANCIAL DATA

| (KRWb) | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|
| Revenue | 12,035 | 13,462 | 15,052 | 16,584 |
| Operating profit | 2,208 | 2,378 | 2,600 | 2,848 |
| Net profit (adj) | 1,819 | 2,068 | 2,311 | 2,617 |
| EPS (adj) (KRW) | 14,071 | 13,369 | 14,926 | 16,648 |
| EPS (adj) growth (% y-y) | 24.9 | -5.0 | 11.6 | 11.5 |
| EBITDA margin (%) | 24.5 | 39.8 | 37.1 | 35.2 |
| ROE (%) | 7.4 | 7.4 | 7.8 | 8.3 |
| P/E (adj) (x) | 17.2 | 16.0 | 14.3 | 12.9 |
| P/B (x) | 1.3 | 1.1 | 1.0 | 1.0 |
| EV/EBITDA (x) | 11.9 | 5.1 | 4.3 | 3.4 |
| Dividend yield (%) | 1.1 | 1.3 | 1.3 | 1.3 |

Source: Company data, Samsung Securities estimates

**Blockchain initiatives delayed:** The postponed enactment of the Digital Asset Basic Act and Korea Fair Trade Commission's extended review of the Dunamu merger are delaying Naver's blockchain initiatives, a key future growth driver. Disagreements between the National Assembly and financial regulators over ownership caps for virtual asset exchanges have not been resolved, increasing risks to the Dunamu merger itself. Growing uncertainty surrounding its new business initiatives is negatively impacting Naver's valuation.

**Increasing cost pressures in 2026:** Rising costs—including unlimited free shipping for Plus Store members, marketing expenses related to returns, NPay Connect terminal deployment, and expanded AI infrastructure investment—are expected to weigh on profitability this year. Operating profit growth in 2026 is now forecast at 7.7%, which is lower than previous estimates.

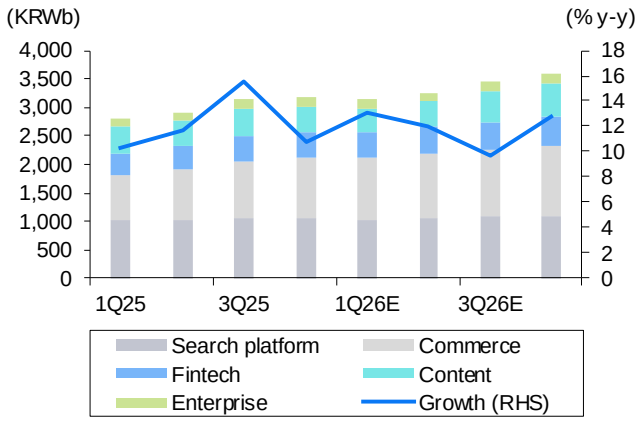
**Cutting 2026 operating profit forecast:** Reflecting higher marketing and infrastructure costs, we lower our 2026 operating profit estimate by 4.1%. Also considering the earnings growth slowdown and increased new business uncertainty, we cut our target price by 21.2% from KRW330,000 to KRW260,000 (based on 19.7x 2026 P/E, the global platform average). While commerce growth continues to underpin overall performance, further valuation upside requires clearer visibility and momentum for its new business initiatives.

## 1Q preview

| (KRWb) | 1Q26 | | | Diff (%) | | 1Q25 | 4Q25 | Chg | |
|---|---|---|---|---|---|---|---|---|---|
| | Result | Samsung | Consensus | Samsung | Consensus | | | (% y-y) | (% q-q) |
| **Sales** | **3,151.9** | **3,159.4** | **3,150.3** | **(0.2)** | **0.1** | **2,786.8** | **3,195.1** | **13.1** | **(1.4)** |
| Search platform | 1,016.3 | 1,013.4 | | 0.3 | | 1,012.7 | 1,059.6 | 0.4 | (4.1) |
| Commerce | 1,087.5 | 1,060.2 | | 2.6 | | 787.9 | 1,054.0 | 38.0 | 3.2 |
| Fintech | 444.9 | 444.9 | | 0.0 | | 392.7 | 453.1 | 13.3 | (1.8) |
| Content | 440.9 | 492.8 | | (10.5) | | 459.3 | 456.7 | (4.0) | (3.5) |
| Enterprise | 162.3 | 148.2 | | 9.5 | | 134.2 | 171.8 | 20.9 | (5.5) |
| **Operating expenses** | **2,613.1** | **2,589.1** | | **0.9** | | **2,281.5** | **2,584.4** | **14.5** | **1.1** |
| Development & operations | 792.2 | 769.7 | | 2.9 | | 687.7 | 759.2 | 15.2 | 4.4 |
| Partner | 1,089.6 | 1,102.2 | | (1.1) | | 974.2 | 1,114.4 | 11.8 | (2.2) |
| Infrastructure | 226.9 | 211.7 | | 7.2 | | 189.3 | 205.2 | 19.9 | 10.6 |
| Marketing | 504.3 | 505.5 | | (0.2) | | 430.2 | 505.7 | 17.2 | (0.3) |
| **Operating profit** | **538.8** | **570.3** | **577.1** | **(5.5)** | **(6.6)** | **505.3** | **610.6** | **6.6** | **(11.8)** |
| Pre-tax profit | 625.6 | 709.5 | 675.9 | (11.8) | (7.4) | 580.1 | 299.5 | 7.8 | 108.9 |
| Net profit | 463.0 | 525.0 | 531.6 | (11.8) | (12.9) | 423.7 | 163.0 | 9.3 | 184.0 |
| Net profit (controlling) | 472.2 | 514.5 | 521.4 | (8.2) | (9.4) | 424.8 | 313.2 | 11.2 | 50.8 |
| **Margins (%)** | | | | | | | | | |
| Operating profit | 17.1 | 13.6 | 18.3 | | | 18.1 | 19.1 | | |
| Pre-tax profit | 19.8 | 12.9 | 21.5 | | | 20.8 | 9.4 | | |
| Net profit | 14.7 | 9.5 | 16.9 | | | 15.2 | 5.1 | | |
| Net profit (controlling) | 15.0 | 10.8 | 16.5 | | | 15.2 | 9.8 | | |

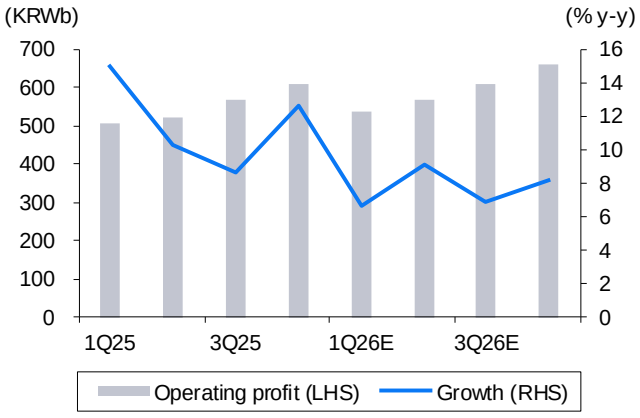
Source: Company data, FnGuide, Samsung Securities estimates

### Quarterly sales, by division



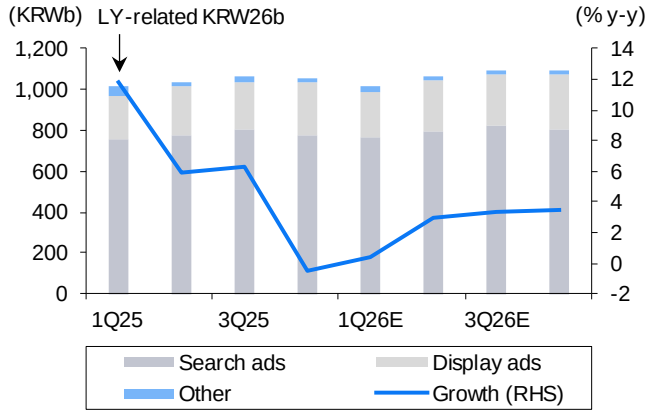

Source: Company data, Samsung Securities

### Quarterly operating profit



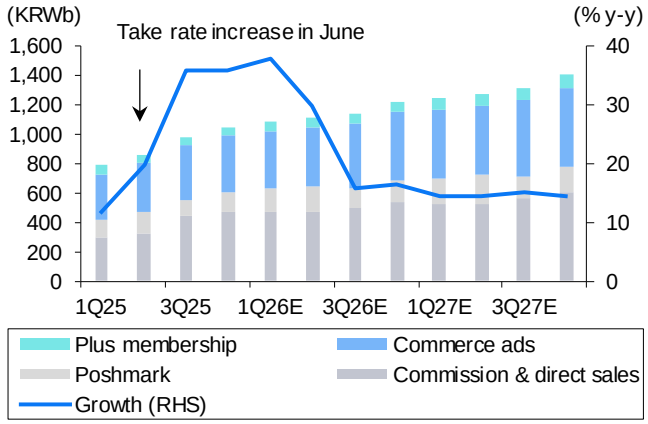

Source: Company data, Samsung Securities

### Search platform sales



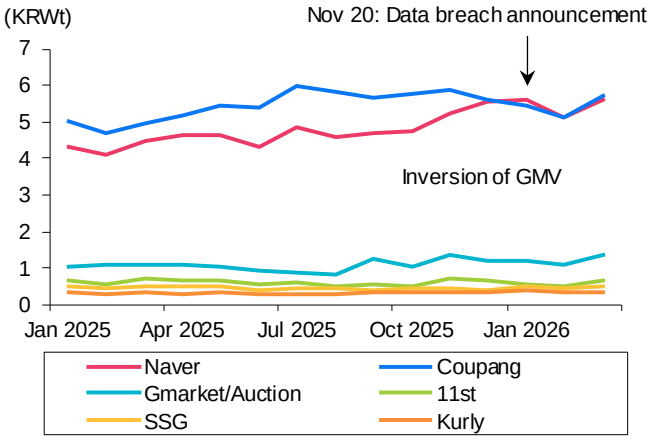

Source: Company data, Samsung Securities

### Commerce sales



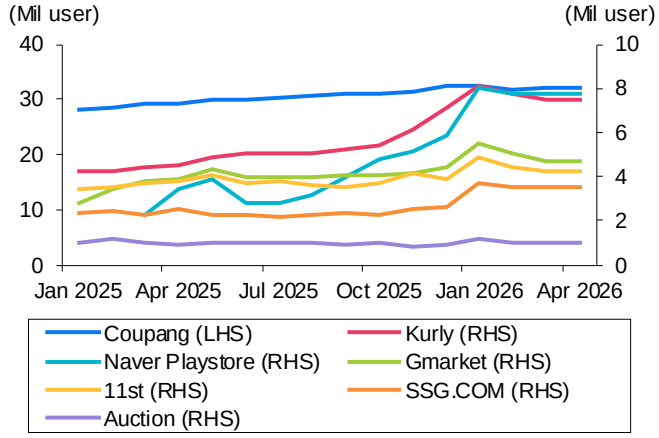

Source: Company data, Samsung Securities

### Monthly GMV, by player



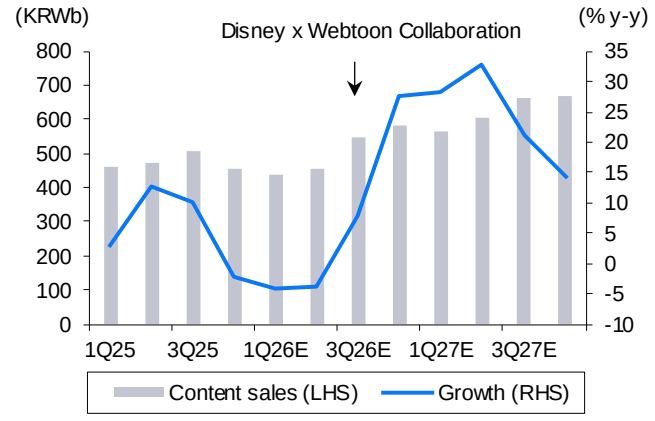

Source: Wise retail

### E-commerce mobile app MAU



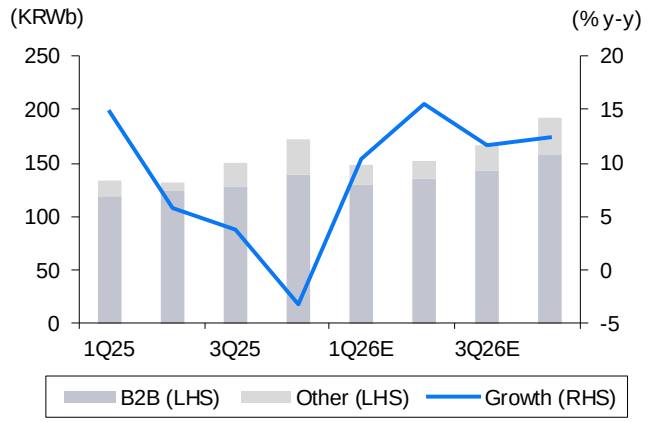

Source: Sensor Tower

### Content sales



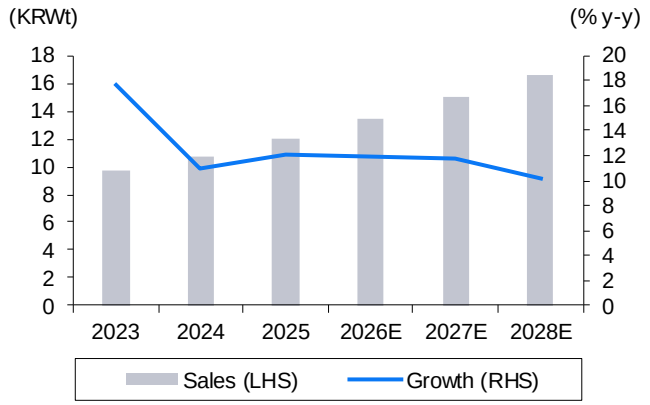

Source: Company data, Samsung Securities

### Enterprise sales



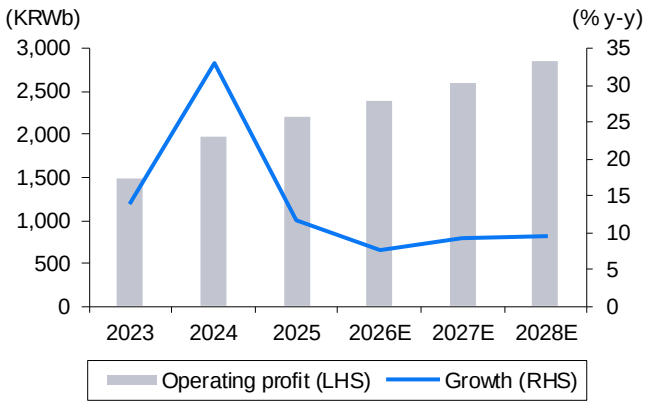

Source: Company data, Samsung Securities

### Annual sales




Source: Company data, Samsung Securities

### Annual operating profit




Source: Company data, Samsung Securities

### Valuation

| (KRW) | |
|---|---|
| 2026E EPS | 13,369 |
| Target P/E* (x) | 19.7 |
| Fair value per share | 263,858 |
| **Target price** | **260,000** |
| Current price | 214,000 |
| Upside (%) | 21.5% |

Note: *Peer group's average 2026 P/E;
Based on Apr 14 closing price
Source: Bloomberg, Samsung Securities

### Global peers: P/E and P/S valuations

| (x) | P/E | | P/S | |
|---|---|---|---|---|
| | 2025 | 2026E | 2025 | 2026E |
| Alphabet | 27.5 | 24.5 | 10.6 | 8.9 |
| Meta Platforms | 18.9 | 17.5 | 7.3 | 5.8 |
| Baidu | 14.7 | 13.6 | 2.0 | 2.0 |
| Amazon | 24.3 | 23.3 | 3.2 | 2.8 |
| **Average** | **21.4** | **19.7** | **5.8** | **4.9** |

Note: Based on Apr 14 closing prices
Source: Bloomberg

### Quarterly results and forecasts

| (KRWb) | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26E | 2Q26E | 3Q26E | 4Q26E | 1Q27E | 2Q27E | 3Q27E | 4Q27E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **2,787** | **2,915** | **3,138** | **3,195** | **3,152** | **3,263** | **3,444** | **3,603** | **3,536** | **3,677** | **3,850** | **3,990** |
| Search platform | 1,013 | 1,037 | 1,060 | 1,060 | 1,016 | 1,067 | 1,096 | 1,096 | 1,044 | 1,097 | 1,135 | 1,136 |
| Commerce | 788 | 861 | 985 | 1,054 | 1,088 | 1,117 | 1,142 | 1,227 | 1,246 | 1,279 | 1,315 | 1,407 |
| Fintech | 393 | 412 | 433 | 453 | 445 | 469 | 487 | 503 | 495 | 521 | 542 | 556 |
| Content | 459 | 474 | 509 | 457 | 441 | 456 | 550 | 583 | 566 | 606 | 665 | 667 |
| Enterprise | 134 | 132 | 150 | 172 | 162 | 154 | 169 | 193 | 186 | 174 | 193 | 225 |
| **Operating expenses** | **2,281** | **2,394** | **2,567** | **2,584** | **2,613** | **2,694** | **2,834** | **2,942** | **2,929** | **3,047** | **3,196** | **3,280** |
| Development & operations | 688 | 699 | 750 | 759 | 792 | 803 | 832 | 842 | 859 | 877 | 910 | 921 |
| Partner | 974 | 1,014 | 1,097 | 1,114 | 1,090 | 1,118 | 1,179 | 1,225 | 1,190 | 1,247 | 1,316 | 1,350 |
| Infrastructure | 189 | 198 | 219 | 205 | 227 | 241 | 262 | 281 | 297 | 316 | 335 | 351 |
| Marketing | 430 | 482 | 502 | 506 | 504 | 532 | 561 | 594 | 583 | 607 | 635 | 658 |
| **Operating profit** | **505** | **522** | **571** | **611** | **539** | **569** | **610** | **661** | **606** | **630** | **654** | **710** |
| Pre-tax profit | 580 | 684 | 857 | 300 | 626 | 670 | 725 | 773 | 723 | 751 | 789 | 860 |
| Net profit | 424 | 497 | 735 | 163 | 463 | 496 | 536 | 572 | 535 | 556 | 584 | 636 |
| Net profit (controlling) | 425 | 489 | 726 | 313 | 472 | 506 | 547 | 584 | 546 | 567 | 596 | 649 |
| Adjusted EPS (KRW) | 2,586 | 3,334 | 4,842 | 4,289 | 3,131 | 3,308 | 3,532 | 3,398 | 3,573 | 3,720 | 3,865 | 3,768 |
| **Margins (%)** | | | | | | | | | | | | |
| Operating profit | 18.1 | 17.9 | 18.2 | 19.1 | 17.1 | 17.4 | 17.7 | 18.3 | 17.1 | 17.1 | 17.0 | 17.8 |
| Pre-tax profit | 20.8 | 23.5 | 27.3 | 9.4 | 19.8 | 20.5 | 21.0 | 21.5 | 20.4 | 20.4 | 20.5 | 21.5 |
| Net profit | 15.2 | 17.1 | 23.4 | 5.1 | 14.7 | 15.2 | 15.6 | 15.9 | 15.1 | 15.1 | 15.2 | 15.9 |
| Net profit (controlling) | 15.2 | 16.8 | 23.1 | 9.8 | 15.0 | 15.5 | 15.9 | 16.2 | 15.4 | 15.4 | 15.5 | 16.3 |

Source: Company data, Samsung Securities estimates

### Revisions to full-year forecasts

| (KRWb) | 2026E | | | 2027E | | | 2028E | | |
|---|---|---|---|---|---|---|---|---|---|
| | Old | New | Diff (%) | Old | New | Diff (%) | Old | New | Diff (%) |
| **Sales** | **13,555** | **13,462** | **(0.7)** | **15,263** | **15,052** | **(1.4)** | | **16,584** | **n/a** |
| Search platform | 4,270 | 4,276 | 0.1 | 4,404 | 4,411 | 0.1 | | 4,559 | n/a |
| Commerce | 4,549 | 4,574 | 0.5 | 5,245 | 5,246 | 0.0 | | 5,991 | n/a |
| Fintech | 1,904 | 1,904 | 0.0 | 2,113 | 2,113 | 0.0 | | 2,338 | n/a |
| Content | 2,172 | 2,029 | (6.6) | 2,743 | 2,504 | (8.7) | | 2,808 | n/a |
| Enterprise | 661 | 679 | 2.7 | 757 | 778 | 2.8 | | 887 | n/a |
| **Operating expenses** | **11,075** | **11,084** | **0.1** | **12,475** | **12,452** | **(0.2)** | | **13,736** | **n/a** |
| Development & operations | 3,175 | 3,269 | 2.9 | 3,464 | 3,566 | 3.0 | | 3,898 | n/a |
| Partner | 4,661 | 4,612 | (1.1) | 5,175 | 5,103 | (1.4) | | 5,600 | n/a |
| Infrastructure | 1,017 | 1,011 | (0.6) | 1,318 | 1,299 | (1.4) | | 1,502 | n/a |
| Marketing | 2,221 | 2,192 | (1.3) | 2,518 | 2,484 | (1.4) | | 2,736 | n/a |
| **Operating profit** | **2,480** | **2,378** | **(4.1)** | **2,787** | **2,600** | **(6.7)** | | **2,848** | **n/a** |
| Pre-tax profit | 3,141 | 2,794 | (11.0) | 3,586 | 3,123 | (12.9) | | 3,537 | n/a |
| Net profit | 2,324 | 2,068 | (11.0) | 2,654 | 2,311 | (12.9) | | 2,617 | n/a |
| Net profit (controlling) | 2,277 | 2,109 | (7.4) | 2,601 | 2,357 | (9.4) | | 2,670 | n/a |
| Adjusted EPS (KRW) | 14,323 | 13,369 | (6.7) | 16,298 | 14,926 | (8.4) | | 16,648 | n/a |
| **Margins (%)** | | | | | | | | | |
| Operating profit | 18.3 | 17.7 | | 18.3 | 17.3 | | | 17.2 | |
| Pre-tax profit | 23.2 | 20.8 | | 23.5 | 20.7 | | | 21.3 | |
| Net profit | 17.1 | 15.4 | | 17.4 | 15.4 | | | 15.8 | |
| Net profit (controlling) | 16.8 | 15.7 | | 17.0 | 15.7 | | | 16.1 | |

Source: Company data, Samsung Securities estimates

## Income statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Sales** | **10,738** | **12,035** | **13,462** | **15,052** | **16,584** |
| Cost of goods sold | 0 | 0 | 0 | 0 | 0 |
| **Gross profit** | **10,738** | **12,035** | **13,462** | **15,052** | **16,584** |
| Gross margin (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| SG&A expenses | 8,758 | 9,827 | 11,084 | 12,452 | 13,736 |
| **Operating profit** | **1,979** | **2,208** | **2,378** | **2,600** | **2,848** |
| Operating margin (%) | 18.4 | 18.3 | 17.7 | 17.3 | 17.2 |
| **Non-operating gains (losses)** | **343** | **212** | **416** | **523** | **689** |
| Financial profit | 633 | 807 | 724 | 840 | 989 |
| Financial costs | 579 | 562 | 476 | 483 | 487 |
| Equity-method gains (losses) | 145 | 495 | 209 | 222 | 235 |
| Other | 144 | -528 | -42 | -57 | -49 |
| **Pre-tax profit** | **2,322** | **2,420** | **2,794** | **3,123** | **3,537** |
| Taxes | 390 | 601 | 726 | 812 | 920 |
| Effective tax rate (%) | 16.8 | 24.8 | 26.0 | 26.0 | 26.0 |
| Profit from continuing operations | 1,932 | 1,819 | 2,068 | 2,311 | 2,617 |
| Profit from discontinued operations | 0 | 0 | 0 | 0 | 0 |
| **Net profit** | **1,932** | **1,819** | **2,068** | **2,311** | **2,617** |
| Net margin (%) | 18.0 | 15.1 | 15.4 | 15.4 | 15.8 |
| Net profit (controlling interests) | 1,923 | 1,953 | 2,109 | 2,357 | 2,670 |
| Net profit (non-controlling interests) | 9 | -134 | -41 | -46 | -52 |
| EBITDA | 2,653 | 2,953 | 5,360 | 5,582 | 5,829 |
| EBITDA margin (%) | 24.7 | 24.5 | 39.8 | 37.1 | 35.2 |
| EPS (parent-based) (KRW) | 11,913 | 12,376 | 13,445 | 15,029 | 17,020 |
| EPS (consolidated) (KRW) | 11,967 | 11,524 | 13,182 | 14,734 | 16,686 |
| Adjusted EPS (KRW)* | 11,265 | 14,071 | 13,369 | 14,926 | 16,648 |

## Balance sheet

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Current assets** | **9,375** | **10,928** | **14,420** | **18,182** | **22,204** |
| Cash & equivalents | 4,196 | 5,984 | 8,924 | 12,163 | 15,639 |
| Accounts receivable | 478 | 492 | 554 | 614 | 676 |
| Inventories | 22 | 20 | 23 | 25 | 28 |
| Other current assets | 4,680 | 4,433 | 4,918 | 5,380 | 5,861 |
| **Fixed assets** | **28,793** | **30,156** | **29,329** | **28,394** | **27,545** |
| Investment assets | 20,910 | 21,394 | 23,548 | 25,594 | 27,727 |
| Tangible assets | 2,910 | 3,608 | 887 | -1,833 | -4,553 |
| Intangible assets | 3,657 | 3,421 | 3,160 | 2,899 | 2,638 |
| Other long-term assets | 1,316 | 1,733 | 1,733 | 1,733 | 1,733 |
| **Total assets** | **38,168** | **41,084** | **43,748** | **46,576** | **49,749** |
| **Current liabilities** | **6,092** | **8,019** | **8,766** | **9,476** | **10,215** |
| Accounts payable | 0 | 0 | 0 | 0 | 0 |
| Short-term debt | 135 | 132 | 132 | 132 | 132 |
| Other current liabilities | 5,957 | 7,887 | 8,634 | 9,344 | 10,083 |
| **Long-term liabilities** | **5,075** | **4,113** | **4,355** | **4,586** | **4,826** |
| Bonds & long-term debt | 2,870 | 1,256 | 1,256 | 1,256 | 1,256 |
| Other long-term liabilities | 2,204 | 2,856 | 3,099 | 3,329 | 3,570 |
| **Total liabilities** | **11,167** | **12,131** | **13,121** | **14,062** | **15,041** |
| **Owners of parent equity** | **25,460** | **27,582** | **29,297** | **31,231** | **33,477** |
| Capital stock | 16 | 16 | 16 | 16 | 16 |
| Capital surplus | 1,423 | 1,586 | 1,586 | 1,586 | 1,586 |
| Retained earnings | 25,965 | 27,626 | 29,341 | 31,275 | 33,521 |
| Other | -1,944 | -1,647 | -1,647 | -1,647 | -1,647 |
| **Non-controlling interests' equity** | **1,541** | **1,371** | **1,330** | **1,283** | **1,231** |
| **Total equity** | **27,001** | **28,953** | **30,627** | **32,514** | **34,708** |
| Net debt | -3,321 | -4,221 | -7,438 | -10,941 | -14,693 |

## Cash flow statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Cash flow from operations** | **2,590** | **3,096** | **5,920** | **6,123** | **6,452** |
| Net profit | 1,932 | 1,819 | 2,068 | 2,311 | 2,617 |
| Non-cash profit and expenses | 1,003 | 1,362 | 3,588 | 3,582 | 3,589 |
| Depreciation | 609 | 680 | 2,720 | 2,720 | 2,720 |
| Amortization | 65 | 65 | 261 | 261 | 261 |
| Other | 329 | 617 | 607 | 601 | 608 |
| Changes in A/L from operating activities | 152 | 462 | 716 | 681 | 709 |
| **Cash flow from investments** | **-1,340** | **-744** | **-310** | **-291** | **-301** |
| Change in tangible assets | -522 | -1,220 | 0 | 0 | 0 |
| Change in financial assets | -2,225 | 449 | -337 | -320 | -333 |
| Other | 1,407 | 28 | 27 | 29 | 32 |
| **Cash flow from financing** | **-770** | **-524** | **-475** | **-507** | **-507** |
| Change in debt | -377 | 372 | 30 | 28 | 29 |
| Change in equity | 180 | 164 | 0 | 0 | 0 |
| Dividends | -119 | -168 | -394 | -424 | -424 |
| Other | -454 | -891 | -111 | -112 | -112 |
| Change in cash | 619 | 1,788 | 2,940 | 3,239 | 3,476 |
| Cash at beginning of year | 3,576 | 4,196 | 5,984 | 8,924 | 12,163 |
| Cash at end of year | 4,196 | 5,984 | 8,924 | 12,163 | 15,639 |
| **Gross cash flow** | **2,935** | **3,181** | **5,655** | **5,893** | **6,207** |
| **Free cash flow** | **2,036** | **1,861** | **5,920** | **6,123** | **6,452** |

## Financial ratios

| Year-end Dec 31 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Growth (%)** | | | | | |
| Sales | 11.0 | 12.1 | 11.9 | 11.8 | 10.2 |
| Operating profit | 32.9 | 11.6 | 7.7 | 9.3 | 9.5 |
| Net profit | 96.1 | -5.9 | 13.7 | 11.8 | 13.2 |
| Adjusted EPS** | 60.5 | 24.9 | -5.0 | 11.6 | 11.5 |
| **Per-share data (KRW)** | | | | | |
| EPS (parent-based) | 11,913 | 12,376 | 13,445 | 15,029 | 17,020 |
| EPS (consolidated) | 11,967 | 11,524 | 13,182 | 14,734 | 16,686 |
| Adjusted EPS** | 11,265 | 14,071 | 13,369 | 14,926 | 16,648 |
| BVPS | 170,953 | 184,396 | 195,864 | 208,791 | 223,806 |
| DPS (common) | 1,130 | 2,630 | 2,833 | 2,833 | 2,833 |
| **Valuations (x)** | | | | | |
| P/E*** | 17.7 | 17.2 | 16.0 | 14.3 | 12.9 |
| P/B*** | 1.2 | 1.3 | 1.1 | 1.0 | 1.0 |
| EV/EBITDA | 11.2 | 11.9 | 5.1 | 4.3 | 3.4 |
| **Ratios (%)** | | | | | |
| ROE | 7.9 | 7.4 | 7.4 | 7.8 | 8.3 |
| ROA | 5.2 | 4.6 | 4.9 | 5.1 | 5.4 |
| ROIC | 39.7 | 37.7 | 60.4 | -363.2 | -53.1 |
| Payout ratio | 8.8 | 20.2 | 20.1 | 18.0 | 15.9 |
| Dividend yield (common) | 0.6 | 1.1 | 1.3 | 1.3 | 1.3 |
| Net debt to equity | -12.3 | -14.6 | -24.3 | -33.7 | -42.3 |
| Interest coverage (x) | 18.9 | 20.3 | 21.5 | 23.3 | 25.4 |

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

Source: Company data, Samsung Securities estimates

# COMPANY UPDATE

2026. 4. 29

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Research Center report database


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# Kakao (035720)

## Profitability rising, but growth drivers still needed

- Kakao's 1Q operating profit likely climbed 49% y-y (meeting consensus) on growing platform sales and cost-control measures.
- The divestiture of the firm's loss-making content subsidiaries should lift its profitability. However, the limited impact of its AI agents means that it needs to articulate a compelling new growth story to reignite investor confidence.

### WHAT'S THE STORY?

**1Q preview—platform sales growing**: In the platform segment, KakaoTalk ad sales likely rose 17% y-y, fueled by the expansion of brand-message ads. KakaoTalk's commerce sales likely increased 6.4% y-y on Shopping Festival in March. We believe Kakao Mobility delivered solid sales growth of 23% y-y on its diversification into quick delivery and parking lot services, and Kakao Pay enjoyed sales growth of 23% y-y on increased stock-trading activity. Falling sales at the games business (down 28% y-y due to an absence of new titles) and story business (down 3.9% y-y on stagnation of the webtoon market) were likely offset by growth at the music and media business, leading to an overall 2.4% y-y decline in sales at the content segment. We estimate the company's 1Q sales grew 8.1% y-y but its operating profit surged 49% y-y to KRW171.1b (meeting consensus) on disciplined labor cost management.

**Divesting loss-making content subsidiaries—positive to profitability:** The divestiture of Kakao Games and AXZ (the operator of internet portal Daum) should remove the subsidiaries' operating losses from Kakao's consolidated results this year. While this will inevitably boost its bottom line, Kakao still faces the challenge of identifying new growth drivers to replace those businesses.

*(Continued on the next page)*

### SUMMARY FINANCIAL DATA

| (KRWb) | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|
| Revenue | 8,099 | 8,447 | 8,886 | 9,580 |
| Operating profit | 732 | 962 | 1,249 | 1,394 |
| Net profit (adj) | 518 | 545 | 799 | 944 |
| EPS (adj) (KRW) | 1,527 | 1,625 | 2,262 | 2,538 |
| EPS (adj) growth (% y-y) | nm | 6.4 | 39.2 | 12.2 |
| EBITDA margin (%) | 19.4 | 21.3 | 24.2 | 24.8 |
| ROE (%) | 4.6 | 4.9 | 6.7 | 7.4 |
| P/E (adj) (x) | 39.4 | 30.1 | 21.6 | 19.3 |
| P/B (x) | 2.3 | 1.8 | 1.7 | 1.6 |
| EV/EBITDA (x) | 16.4 | 11.7 | 9.8 | 8.9 |
| Dividend yield (%) | 0.1 | 0.2 | 0.2 | 0.2 |

Source: Company data, Samsung Securities estimates

### AT A GLANCE

**BUY**

| | | |
|---|---|---|
| Target price | KRW59,000 | 21.9% |
| Current price | KRW48,400 | |
| Market cap | KRW21.7t/USD14.8b | |
| Shares (float) | 441,580,272 (75.4%) | |
| 52-week high/low | KRW70,400/KRW36,450 | |
| Avg daily trading value (60-day) | KRW137.6b/ USD93.7m | |

### ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---|---|---|---|
| Kakao (%) | -2.1 | -21.4 | 25.8 |
| Vs Kospi (%pts) | -11.4 | -53.0 | -51.0 |

### KEY CHANGES

| (KRW) | New | Old | Diff |
|---|---|---|---|
| Recommend. | BUY | BUY | |
| Target price | 59,000 | 73,000 | -19.2% |
| 2026E EPS | 1,625 | 1,676 | -3.0% |
| 2027E EPS | 2,262 | 1,898 | 19.2% |

### SAMSUNG vs THE STREET

| | |
|---|---|
| No of estimates | 18 |
| Target price | 76,111 |
| Recommendation | 4.0 |

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

**AI initiatives remain in early stages:** Although Kakao launched 'ChatGPT for Kakao' and 'Kanana in KakaoTalk', user engagement and traffic gains have been limited. Kanana uses conversation data to deliver personalized push alerts, but its usefulness is limited by message content-related privacy restrictions and the capabilities of on-device AI—neither services yet deliver clear, tangible value to users. While AI agents are central to Kakao's long-term vision, turning them into a revenue stream remains a distant prospect.

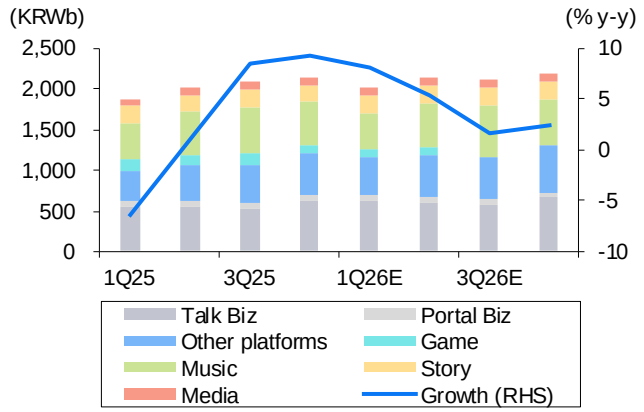
**Clearer growth narrative essential:** Reflecting a drop in its industry peers' valuation and the revenue losses stemming from the sale of loss-making subsidiaries, we reduce our target price on Kakao by 19.2% from KRW73,000 to KRW59,000 (based on a 3.1x 2026 P/ S, a 25% discount to the average for global platform peers to account for differences in sales growth). While the asset sales should buoy profitability, new growth drivers are needed to recover its valuation merit.

## 1Q preview

| (KRWb) | 1Q26E | | | Diff (%) | | 1Q25 | 4Q25 | Chg | |
|---|---|---|---|---|---|---|---|---|---|
| | Result | Samsung | Consensus | Samsung | Consensus | | | (% y-y) | (% q-q) |
| **Sales** | **2,011.7** | **2,024.8** | **2,014.7** | **(0.6)** | **(0.2)** | **1,860.6** | **2,133.2** | **8.1** | **(5.7)** |
| Platform | 1,161.6 | 1,154.0 | | 0.7 | | 989.9 | 1,222.6 | 17.3 | (5.0) |
| Talk Biz | 618.9 | 583.0 | | 6.2 | | 553.3 | 627.1 | 11.9 | (1.3) |
| Portal Biz | 68.9 | 68.9 | | 0.0 | | 74.1 | 71.7 | (7.0) | (3.8) |
| Other platforms | 473.8 | 502.1 | | (5.6) | | 365.6 | 523.9 | 29.6 | (9.6) |
| Content | 850.1 | 870.8 | | (2.4) | | 870.7 | 910.6 | (2.4) | (6.6) |
| Game | 105.2 | 105.2 | | 0.0 | | 145.2 | 97.9 | (27.5) | 7.5 |
| Music | 446.6 | 468.5 | | (4.7) | | 437.9 | 525.1 | 2.0 | (14.9) |
| Story | 204.4 | 203.2 | | 0.6 | | 212.6 | 191.8 | (3.9) | 6.5 |
| Media | 93.9 | 93.9 | | 0.0 | | 75.1 | 95.8 | 25.0 | (2.0) |
| **Operating expenses** | **1,840.6** | **1,849.8** | | **(0.5)** | | **1,745.7** | **1,929.8** | **5.4** | **(4.6)** |
| Labor costs | 471.9 | 476.9 | | (1.0) | | 472.1 | 497.4 | (0.0) | (5.1) |
| Cost of sales | 727.8 | 736.9 | | (1.2) | | 697.5 | 768.0 | 4.3 | (5.2) |
| Marketing costs | 94.5 | 91.1 | | 3.8 | | 86.5 | 116.3 | 9.3 | (18.7) |
| Outsourcing/infra | 251.5 | 253.1 | | (0.6) | | 204.9 | 250.0 | 22.7 | 0.6 |
| D&A expenses | 205.9 | 209.8 | | (1.9) | | 204.9 | 204.3 | 0.5 | 0.8 |
| Other | 89.0 | 82.0 | | 8.5 | | 79.8 | 93.7 | 11.5 | (5.0) |
| **Operating profit** | **171.1** | **175.0** | **173.7** | **(2.2)** | **(1.5)** | **114.9** | **203.4** | **48.8** | **(15.9)** |
| Pre-tax profit | 199.7 | 215.4 | 224.5 | (7.3) | (11.0) | 183.4 | (29.8) | 8.9 | nm |
| Net profit | 149.8 | 161.5 | 180.2 | (7.3) | (16.9) | 200.3 | (47.1) | (25.2) | nm |
| Net profit (controlling) | 157.3 | 185.8 | 154.9 | (15.4) | 1.5 | 171.9 | 33.5 | (8.5) | 369.9 |
| **Margins (%)** | | | | | | | | | |
| Operating profit | 8.5 | 8.6 | 8.6 | | | 6.2 | 9.5 | | |
| Pre-tax profit | 9.9 | 10.6 | 11.1 | | | 9.9 | (1.4) | | |
| Net profit | 7.4 | 8.0 | 8.9 | | | 10.8 | (2.2) | | |
| Net profit (controlling) | 7.8 | 9.2 | 7.7 | | | 9.2 | 1.6 | | |

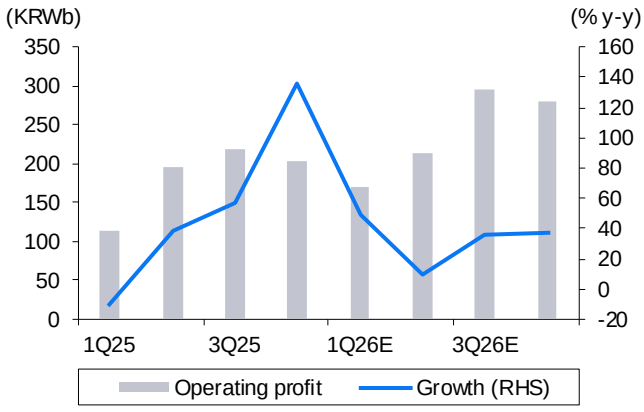
Source: Company data, FnGuide, Samsung Securities estimates

### Quarterly sales, by division



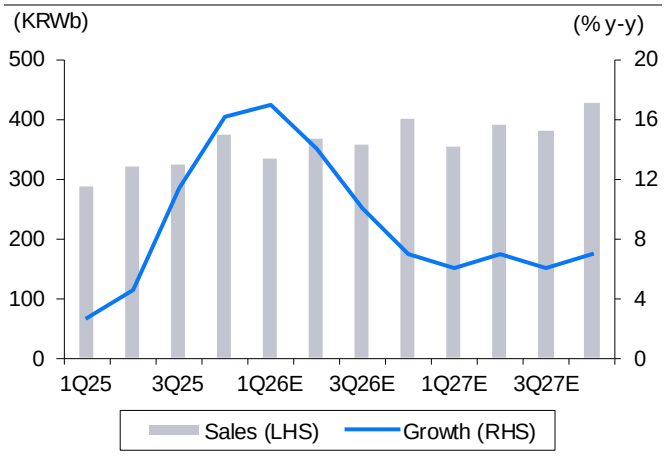

Source: Company data, Samsung Securities estimates

### Quarterly operating profit




Source: Company data, Samsung Securities estimates

### Talk Biz: Ad sales

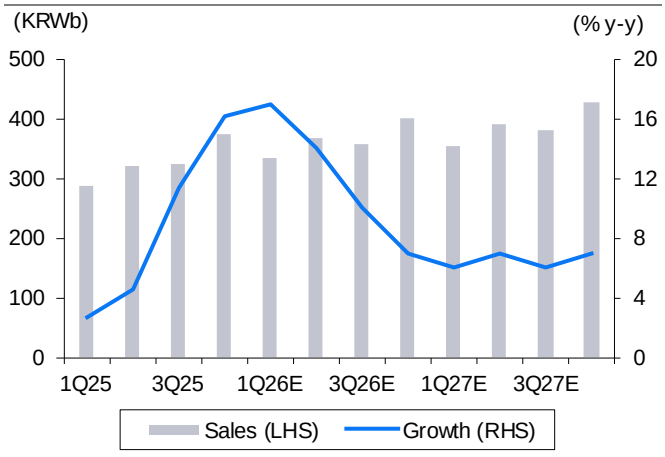



Source: Company data, Samsung Securities estimates

### 3Q25 KakaoTalk brand message

Source: Company data

### Talk Biz: Commerce sales

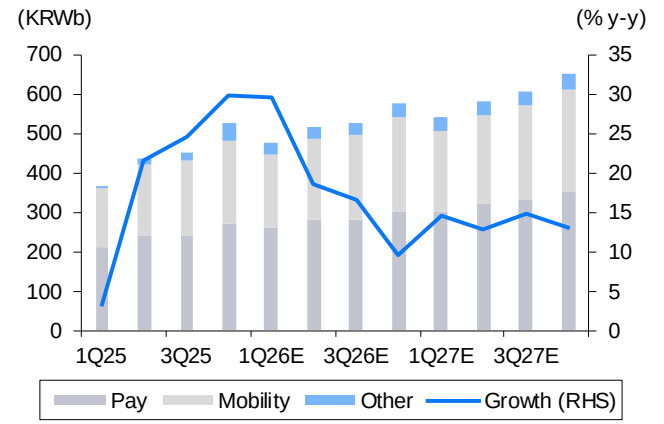



Source: Company data, Samsung Securities estimates

### Kakao 'Shopping Festa'

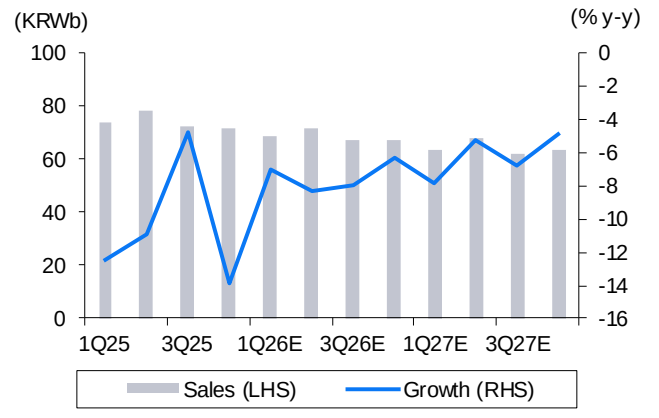
Source: Company data

### Other platforms: Sales



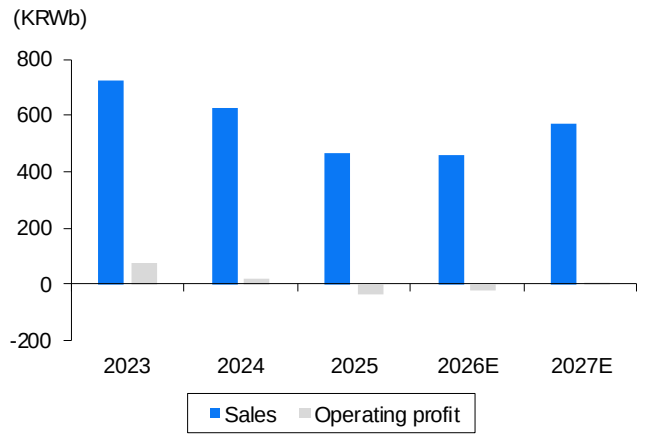

Source: Company data, Samsung Securities estimates

### Portal Biz: Sales




Source: Company data, Samsung Securities estimates

## Kakao Games: Sales



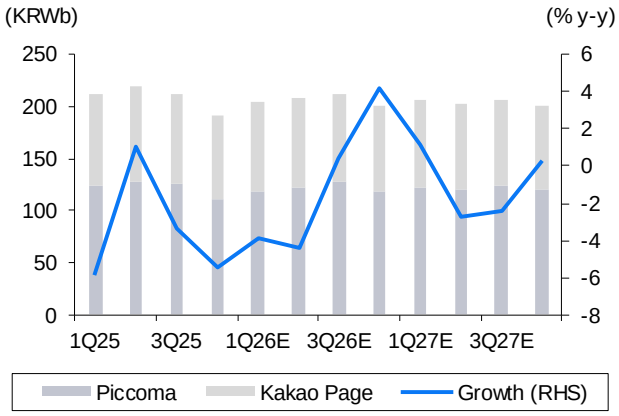

Source: Company data, Samsung Securities estimates

## Kakao Games: Divestment overview

| Category | Details |
|---|---|
| **Participation in capital increase** | Acquisition cost: KRW240b<br>Shares acquired: 17,458,354 common shares (19.44% of shares outstanding)<br>Issue price: KRW13,747 |
| **Acquisition of convertible bonds** | Acquisition cost: KRW60b<br>Convertible shares: 4,344,048 common shares (4.66% of shares outstanding)<br>Conversion price: KRW13,812<br>Conversion period: May 29, 2027-May 22, 2029 |
| **Acquisition of secondary shares** | Partial acquisition of Kakao Games stake<br>Kakao ownership to decline from 37.6% to 14% |
| **Total ownership** | LAAA investment will secure 40% stake upon conversion, becoming the largest shareholder |

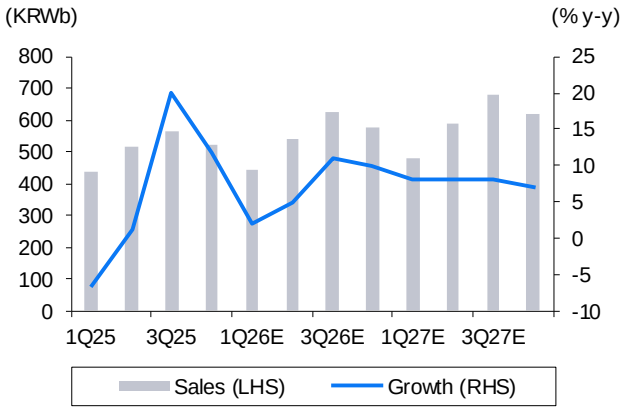
Source: Kakao games, Samsung Securities

## Story: Sales



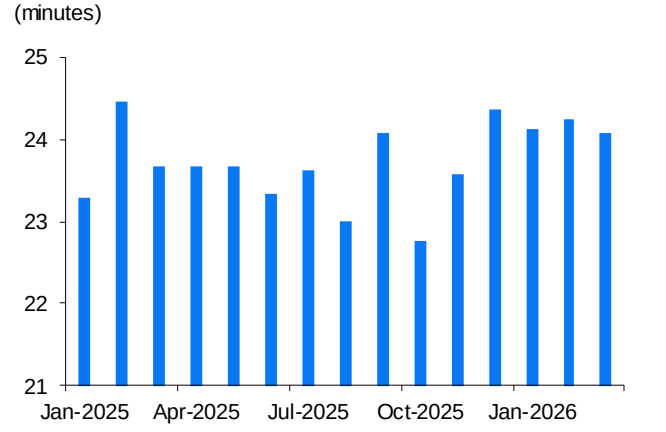

Source: Company data, Samsung Securities estimates

## Music: Sales



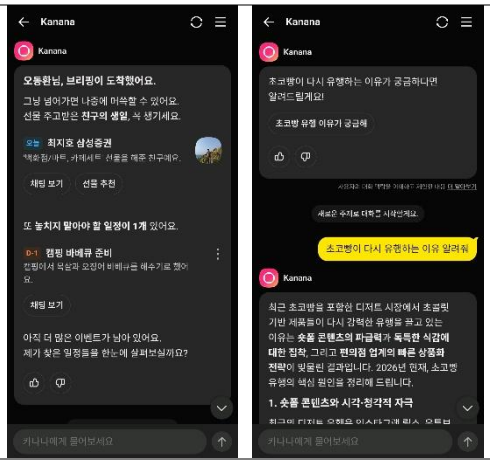

Source: Company data, Samsung Securities estimates

## KakaoTalk: Average time app used per day




Source: SensorTower

## Kanana in Kakao




Source: Company data

### Kakao: Valuation

| (KRWb) | |
|---|---|
| 12-month forward sales | 8,447 |
| Target P/S* (x) | 3.1 |
| Fair market value | 26,070 |
| Outstanding shares ('000) | 442,510 |
| Fair share price (KRW) | 58,914 |
| **Target price (KRW)** | **59,000** |
| Current price (KRW) | 48,100 |
| Upside (%) | 22.7% |

Note: *25% discount to peer group's 2026 P/S; Based on Apr 14 closing price
Source: Samsung Securities estimates

### Peers: P/S and P/E valuations

| (x) | P/E | | P/S | |
|---|---|---|---|---|
| | 2025 | 2026E | 2025 | 2026E |
| Alphabet | 27.5 | 24.5 | 10.6 | 8.9 |
| Meta Platforms | 18.9 | 17.5 | 7.3 | 5.8 |
| Tencent | 15.3 | 14.0 | 5.2 | 4.7 |
| Alibaba | 12.8 | 23.9 | 2.0 | 2.0 |
| LY Corporation | 19.1 | 14.8 | 1.4 | 1.4 |
| Baidu | 14.7 | 13.6 | 2.0 | 2.0 |
| Average | **18.1** | **18.1** | **4.8** | **4.1** |
| Discount rate (%) | **-25.0** | **-25.0** | **-25.0** | **-25.0** |
| Target multiple | **13.5** | **13.5** | **3.6** | **3.1** |

Note: As of Apr 14 close
Source: Bloomberg

### Quarterly results and forecasts

| (KRWb) | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26E | 2Q26E | 3Q26E | 4Q26E | 1Q27E | 2Q27E | 3Q27E | 4Q27E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **1,861** | **2,024** | **2,081** | **2,133** | **2,012** | **2,135** | **2,114** | **2,187** | **2,055** | **2,193** | **2,286** | **2,351** |
| Platform | 990 | 1,051 | 1,055 | 1,223 | 1,162 | 1,189 | 1,174 | 1,306 | 1,264 | 1,294 | 1,291 | 1,420 |
| Talk Biz | 553 | 542 | 534 | 627 | 619 | 602 | 579 | 665 | 659 | 644 | 623 | 708 |
| Portal Biz | 74 | 78 | 73 | 72 | 69 | 72 | 67 | 67 | 63 | 68 | 62 | 64 |
| Other platforms | 366 | 435 | 453 | 524 | 474 | 515 | 528 | 574 | 542 | 582 | 606 | 648 |
| Content | 871 | 973 | 1,027 | 911 | 850 | 945 | 940 | 881 | 791 | 899 | 995 | 931 |
| Game | 145 | 143 | 154 | 98 | 105 | 94 | 0 | 0 | 0 | 0 | 0 | 0 |
| Music | 438 | 518 | 565 | 525 | 447 | 543 | 627 | 578 | 482 | 587 | 678 | 618 |
| Story | 213 | 219 | 211 | 192 | 204 | 209 | 212 | 200 | 207 | 203 | 207 | 200 |
| Media | 75 | 94 | 96 | 96 | 94 | 99 | 101 | 104 | 101 | 109 | 111 | 113 |
| **Operating expenses** | **1,746** | **1,829** | **1,863** | **1,930** | **1,841** | **1,920** | **1,817** | **1,907** | **1,796** | **1,891** | **1,942** | **2,007** |
| Labor costs | 472 | 482 | 471 | 497 | 472 | 474 | 422 | 457 | 435 | 437 | 440 | 477 |
| Cost of sales | 697 | 713 | 742 | 768 | 728 | 776 | 748 | 805 | 728 | 767 | 798 | 811 |
| Marketing costs | 87 | 87 | 101 | 116 | 95 | 96 | 85 | 92 | 82 | 92 | 98 | 103 |
| Outsourcing/infra | 205 | 232 | 259 | 250 | 251 | 267 | 264 | 241 | 240 | 272 | 284 | 282 |
| D&A expenses | 205 | 221 | 208 | 204 | 206 | 211 | 208 | 215 | 219 | 224 | 228 | 233 |
| Other | 80 | 93 | 82 | 94 | 89 | 96 | 89 | 98 | 91 | 99 | 94 | 101 |
| **Operating profit** | **115** | **195** | **218** | **203** | **171** | **215** | **297** | **280** | **259** | **302** | **344** | **344** |
| Pre-tax profit | 183 | 186 | 244 | -30 | 200 | 250 | 272 | 5 | 262 | 312 | 353 | 137 |
| Net profit | 200 | 172 | 193 | -47 | 150 | 187 | 204 | 4 | 197 | 234 | 265 | 103 |
| Net profit (controlling) | 172 | 161 | 125 | 33 | 157 | 197 | 214 | 2 | 203 | 241 | 273 | 105 |
| Adjusted EPS (KRW) | 382 | 455 | 302 | -152 | 409 | 488 | 530 | 199 | 505 | 584 | 662 | 511 |
| **Margins (%)** | | | | | | | | | | | | |
| Operating profit | 6.2 | 9.6 | 10.5 | 9.5 | 8.5 | 10.0 | 14.0 | 12.8 | 12.6 | 13.8 | 15.1 | 14.6 |
| Pre-tax profit | 9.9 | 9.2 | 11.7 | (1.4) | 9.9 | 11.7 | 12.9 | 0.2 | 12.8 | 14.2 | 15.5 | 5.8 |
| Net profit | 10.8 | 8.5 | 9.3 | (2.2) | 7.4 | 8.8 | 9.7 | 0.2 | 9.6 | 10.7 | 11.6 | 4.4 |
| Net profit (controlling) | 9.2 | 8.0 | 6.0 | 1.6 | 7.8 | 9.2 | 10.1 | 0.1 | 9.9 | 11.0 | 11.9 | 4.5 |

Source: Company data, Samsung Securities estimates

### Revisions to full-year forecasts

| (KRWb) | 2026E | | | 2027E | | | 2028E | | |
|---|---|---|---|---|---|---|---|---|---|
| | Old | New | Diff (%) | Old | New | Diff (%) | Old | New | Diff (%) |
| **Sales** | **8,767** | **8,447** | **(3.6)** | **9,583** | **8,886** | **(7.3)** | | **9,580** | **n/a** |
| Platform | 4,907 | 4,831 | (1.6) | 5,411 | 5,270 | (2.6) | | 5,739 | n/a |
| Talk Biz | 2,476 | 2,466 | (0.4) | 2,724 | 2,634 | (3.3) | | 2,826 | n/a |
| Portal Biz | 275 | 275 | 0.0 | 258 | 258 | 0.0 | | 242 | n/a |
| Other platforms | 2,157 | 2,090 | (3.1) | 2,430 | 2,378 | (2.1) | | 2,671 | n/a |
| Content | 3,860 | 3,616 | (6.3) | 4,172 | 3,616 | (13.3) | | 3,840 | n/a |
| Game | 457 | 199 | (56.5) | 565 | 0 | (100.0) | | 0 | n/a |
| Music | 2,199 | 2,195 | (0.2) | 2,369 | 2,365 | (0.2) | | 2,548 | n/a |
| Story | 807 | 826 | 2.3 | 804 | 818 | 1.7 | | 819 | n/a |
| Media | 396 | 396 | 0.0 | 434 | 434 | 0.0 | | 473 | n/a |
| **Operating expenses** | **7,892** | **7,485** | **(5.2)** | **8,538** | **7,636** | **(10.6)** | | **8,186** | **n/a** |
| Labor costs | 1,958 | 1,825 | (6.8) | 2,103 | 1,789 | (14.9) | | 1,867 | n/a |
| Cost of sales | 3,228 | 3,057 | (5.3) | 3,480 | 3,103 | (10.8) | | 3,305 | n/a |
| Marketing costs | 422 | 367 | (13.1) | 466 | 376 | (19.3) | | 405 | n/a |
| Outsourcing/infra | 1,060 | 1,023 | (3.5) | 1,163 | 1,078 | (7.3) | | 1,233 | n/a |
| D&A expenses | 873 | 840 | (3.7) | 956 | 905 | (5.4) | | 979 | n/a |
| Other | 351 | 373 | 6.2 | 370 | 385 | 4.1 | | 397 | n/a |
| **Operating profit** | **875** | **962** | **10.0** | **1,045** | **1,249** | **19.6** | | **1,394** | **n/a** |
| Pre-tax profit | 742 | 727 | (2.1) | 914 | 1,065 | 16.5 | | 1,259 | n/a |
| Net profit | 545 | 545 | 0.1 | 640 | 799 | 24.9 | | 944 | n/a |
| Net profit (controlling) | 652 | 571 | (12.5) | 727 | 822 | 13.0 | | 962 | n/a |
| Adjusted EPS (KRW) | 1,672 | 1,625 | (2.8) | 1,898 | 2,262 | 19.2 | | 2,538 | n/a |
| **Margins (%)** | | | | | | | | | |
| Operating profit | 10.0 | 11.4 | | 10.9 | 14.1 | | | 14.5 | |
| Pre-tax profit | 8.5 | 8.6 | | 9.5 | 12.0 | | | 13.1 | |
| Net profit | 6.2 | 6.5 | | 6.7 | 9.0 | | | 9.9 | |
| Net profit (controlling) | 7.4 | 6.8 | | 7.6 | 9.2 | | | 10.0 | |

Source: Company data, Samsung Securities estimates

## Income statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Sales** | **7,864** | **8,099** | **8,447** | **8,886** | **9,580** |
| Cost of goods sold | 0 | 0 | 0 | 0 | 0 |
| **Gross profit** | **7,864** | **8,099** | **8,447** | **8,886** | **9,580** |
| Gross margin (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| SG&A expenses | 7,369 | 7,367 | 7,485 | 7,636 | 8,186 |
| **Operating profit** | **495** | **732** | **962** | **1,249** | **1,394** |
| Operating margin (%) | 6.3 | 9.0 | 11.4 | 14.1 | 14.5 |
| **Non-operating gains (losses)** | **-497** | **-119** | **-235** | **-185** | **-134** |
| Financial profit | 405 | 393 | 386 | 430 | 439 |
| Financial costs | 368 | 398 | 365 | 396 | 424 |
| Equity-method gains (losses) | 56 | 90 | -60 | -45 | -17 |
| Other | -590 | -204 | -195 | -174 | -132 |
| **Pre-tax profit** | **-1** | **613** | **727** | **1,065** | **1,259** |
| Taxes | 160 | 95 | 182 | 266 | 315 |
| Effective tax rate (%) | -11,588.1 | 15.5 | 25.0 | 25.0 | 25.0 |
| Profit from continuing operations | -111 | 527 | 545 | 799 | 944 |
| Profit from discontinued operations | -51 | -9 | 0 | 0 | 0 |
| **Net profit** | **-162** | **518** | **545** | **799** | **944** |
| Net margin (%) | -2.1 | 6.4 | 6.5 | 9.0 | 9.9 |
| Net profit (controlling interests) | 55 | 491 | 571 | 822 | 962 |
| Net profit (non-controlling interests) | -217 | 26 | -26 | -23 | -17 |
| EBITDA | 1,331 | 1,572 | 1,802 | 2,154 | 2,373 |
| EBITDA margin (%) | 16.9 | 19.4 | 21.3 | 24.2 | 24.8 |
| EPS (parent-based) (KRW) | 124 | 1,110 | 1,291 | 1,860 | 2,178 |
| EPS (consolidated) (KRW) | -365 | 1,170 | 1,233 | 1,809 | 2,139 |
| Adjusted EPS (KRW)* | -193 | 1,527 | 1,625 | 2,262 | 2,538 |

## Balance sheet

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Current assets** | **10,722** | **12,374** | **12,291** | **12,596** | **12,738** |
| Cash & equivalents | 6,170 | 6,374 | 5,787 | 5,487 | 4,945 |
| Accounts receivable | 549 | 569 | 616 | 667 | 722 |
| Inventories | 81 | 77 | 85 | 92 | 99 |
| Other current assets | 3,922 | 5,354 | 5,802 | 6,349 | 6,972 |
| **Fixed assets** | **15,051** | **15,409** | **16,282** | **17,422** | **18,889** |
| Investment assets | 5,750 | 6,066 | 6,858 | 7,907 | 9,276 |
| Tangible assets | 1,363 | 1,557 | 1,617 | 1,684 | 1,757 |
| Intangible assets | 5,171 | 5,228 | 5,251 | 5,274 | 5,300 |
| Other long-term assets | 2,768 | 2,559 | 2,556 | 2,556 | 2,556 |
| **Total assets** | **25,773** | **27,784** | **28,573** | **30,018** | **31,627** |
| **Current liabilities** | **8,545** | **8,780** | **9,019** | **9,613** | **10,223** |
| Accounts payable | 228 | 228 | 235 | 253 | 271 |
| Short-term debt | 1,458 | 938 | 938 | 938 | 938 |
| Other current liabilities | 6,859 | 7,613 | 7,845 | 8,422 | 9,013 |
| **Long-term liabilities** | **3,285** | **3,779** | **3,817** | **3,913** | **4,011** |
| Bonds & long-term debt | 328 | 991 | 991 | 991 | 991 |
| Other long-term liabilities | 2,957 | 2,788 | 2,827 | 2,922 | 3,020 |
| **Total liabilities** | **11,830** | **12,559** | **12,836** | **13,526** | **14,233** |
| **Owners of parent equity** | **10,141** | **11,276** | **11,814** | **12,592** | **13,510** |
| Capital stock | 44 | 44 | 44 | 44 | 44 |
| Capital surplus | 8,911 | 8,803 | 8,803 | 8,803 | 8,803 |
| Retained earnings | 1,943 | 2,685 | 3,222 | 4,000 | 4,919 |
| Other | -758 | -256 | -256 | -256 | -256 |
| **Non-controlling interests' equity** | **3,802** | **3,949** | **3,923** | **3,900** | **3,883** |
| **Total equity** | **13,943** | **15,225** | **15,737** | **16,492** | **17,393** |
| Net debt | -3,384 | -4,792 | -4,505 | -4,526 | -4,348 |

## Cash flow statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Cash flow from operations** | **1,250** | **1,405** | **1,623** | **2,247** | **2,411** |
| Net profit | -162 | 518 | 545 | 799 | 944 |
| Non-cash profit and expenses | 1,462 | 1,014 | 1,005 | 1,131 | 1,217 |
| Depreciation | 576 | 583 | 607 | 671 | 726 |
| Amortization | 260 | 258 | 233 | 233 | 253 |
| Other | 627 | 174 | 164 | 227 | 238 |
| Changes in A/L from operating activities | -4 | -106 | 74 | 406 | 388 |
| **Cash flow from investments** | **10** | **-478** | **-1,192** | **-1,315** | **-1,440** |
| Change in tangible assets | -348 | -465 | -668 | -738 | -799 |
| Change in financial assets | 164 | -843 | -322 | -375 | -420 |
| Other | 194 | 830 | -203 | -202 | -221 |
| **Cash flow from financing** | **-521** | **-708** | **-168** | **-161** | **-162** |
| Change in debt | -36 | -404 | 12 | 30 | 31 |
| Change in equity | 71 | -108 | 0 | 0 | 0 |
| Dividends | -43 | -39 | -33 | -43 | -43 |
| Other | -513 | -158 | -147 | -148 | -149 |
| Change in cash | 781 | 204 | -587 | -300 | -542 |
| Cash at beginning of year | 5,389 | 6,170 | 6,374 | 5,787 | 5,487 |
| Cash at end of year | 6,170 | 6,374 | 5,787 | 5,487 | 4,945 |
| **Gross cash flow** | **1,300** | **1,532** | **1,550** | **1,930** | **2,161** |
| **Free cash flow** | **871** | **926** | **955** | **1,508** | **1,612** |

## Financial ratios

| Year-end Dec 31 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Growth (%)** | | | | | |
| Sales | 4.1 | 3.0 | 4.3 | 5.2 | 7.8 |
| Operating profit | 7.5 | 47.8 | 31.4 | 29.9 | 11.5 |
| Net profit | nm | nm | 5.2 | 46.5 | 18.3 |
| Adjusted EPS** | nm | nm | 6.4 | 39.2 | 12.2 |
| **Per-share data (KRW)** | | | | | |
| EPS (parent-based) | 124 | 1,110 | 1,291 | 1,860 | 2,178 |
| EPS (consolidated) | -365 | 1,170 | 1,233 | 1,809 | 2,139 |
| Adjusted EPS** | -193 | 1,527 | 1,625 | 2,262 | 2,538 |
| BVPS | 23,100 | 25,625 | 26,903 | 28,675 | 30,766 |
| DPS (common) | 68 | 75 | 99 | 99 | 99 |
| **Valuations (x)** | | | | | |
| P/E*** | n/a | 39.4 | 30.1 | 21.6 | 19.3 |
| P/B*** | 1.7 | 2.3 | 1.8 | 1.7 | 1.6 |
| EV/EBITDA | 13.0 | 16.4 | 11.7 | 9.8 | 8.9 |
| **Ratios (%)** | | | | | |
| ROE | 0.6 | 4.6 | 4.9 | 6.7 | 7.4 |
| ROA | -0.6 | 1.9 | 1.9 | 2.7 | 3.1 |
| ROIC | -22.5 | 16.0 | 20.9 | 27.9 | 33.1 |
| Payout ratio | 54.0 | 6.7 | 7.6 | 5.3 | 4.5 |
| Dividend yield (common) | 0.2 | 0.1 | 0.2 | 0.2 | 0.2 |
| Net debt to equity | -24.3 | -31.5 | -28.6 | -27.4 | -25.0 |
| Interest coverage (x) | 2.4 | 4.1 | 6.5 | 8.4 | 9.3 |

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

Source: Company data, Samsung Securities estimates

COMPANY UPDATE

2026. 4. 29

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Research Center report database

# Soop (067160)

## Platform growth slowing; focus on dividend value

- Due to a fall in platform sales, we believe Soop's operating profit contracted 6% y-y in 1Q, missing consensus by 10%.
- Sales of Excel broadcasts (high-energy group donation/tip battles) are poised to rebound in 2Q with the return of popular streamer Commander Zico. The company is counting on this platform sales rebound and company-wide cost controls to safeguard operating profit.
- The recent dip in share price, paired with handsome shareholder returns, has pushed up its dividend yield to around 5%. It is an attractive option for investors with a long-term horizon.

### WHAT'S THE STORY?

**1Q preview—operating profit falls on soft platform sales**: We believe Soop's platform sales declined 9.9% y-y in 1Q, shrinking once again due to user fatigue from Excel broadcasts (high-energy group donation/tip battles). Ad sales grew an estimated 60.4% y-y on contributions from the recently acquired PlayD, but likely shrank 12.8% q-q due to an absence of major e-sports leagues. We believe its total sales climbed 5% y-y, supported by ad sales growth, but operating profit probably dipped 5.6% y-y—coming in 10.4% below consensus—due to a decline in high-margin platforms sales.

**Earnings hinge on rebound in Excel broadcasts:** Platform sales have been decreasing since last year due to Excel broadcast-related viewer fatigue and streamer Commander Zico's hiatus (the Excel broadcast pioneer). But now that Commander Zico is back—first with golf content in March, and then relaunching his Excel broadcast Gwangwoo Corporation in April—the chances are high that Soop's platform sales will rebound in 2Q.

*(Continued on the next page)*

### SUMMARY FINANCIAL DATA

| (KRWb) | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|
| Revenue | 467 | 491 | 527 | 565 |
| Operating profit | 125 | 127 | 143 | 155 |
| Net profit (adj) | 104 | 107 | 121 | 133 |
| EPS (adj) (KRW) | 8,933 | 9,110 | 10,322 | 11,297 |
| EPS (adj) growth (% y-y) | 7.2 | 2.0 | 13.3 | 9.4 |
| EBITDA margin (%) | 31.8 | 30.8 | 31.8 | 31.8 |
| ROE (%) | 24.1 | 20.9 | 20.6 | 19.6 |
| P/E (adj) (x) | 7.6 | 6.6 | 5.8 | 5.3 |
| P/B (x) | 1.5 | 1.2 | 1.0 | 0.9 |
| EV/EBITDA (x) | 3.9 | 2.5 | 1.5 | 0.7 |
| Dividend yield (%) | 5.0 | 5.6 | 6.2 | 6.8 |

Source: Company data, Samsung Securities estimates

**Tech Team**

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Senior Analyst
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### AT A GLANCE

**BUY**

| | | |
|---|---|---|
| Target price | KRW80,000 | 33.1% |
| Current price | KRW60,100 | |
| Market cap | KRW690.84b/USD470.44m | |
| Shares (float) | 11,494,767 (66.9%) | |
| 52-week high/low | KRW95,400/KRW57,200 | |
| Avg daily trading value (60-day) | KRW4.8b/ USD3.3m | |

### ONE-YEAR PERFORMANCE

| | 1M | 6M | 12M |
|---|---|---|---|
| Soop (%) | -4.1 | -18.7 | -25.8 |
| Vs Kosdaq (%pts) | -5.6 | -39.8 | -55.0 |

### KEY CHANGES

| (KRW) | New | Old | Diff |
|---|---|---|---|
| Recommend. | BUY | BUY | |
| Target price | 80,000 | 90,000 | -11.1% |
| 2026E EPS | 9,110 | 9,420 | -3.3% |
| 2027E EPS | 10,322 | 10,417 | -0.9% |

### SAMSUNG vs THE STREET

| | |
|---|---|
| No of estimates | 5 |
| Target price | 75,800 |
| Recommendation | 3.4 |

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

**Driving profit growth through cost reductions:** In response to its slowing platform sales growth, the company has implemented aggressive cost controls, including headcount reductions. The ongoing integration of Soop Global and Soop Korea into one unified service should lower its costs, particularly in terms of network usage fees. The company aims to achieve operating profit growth this year through shrinking its fixed costs.

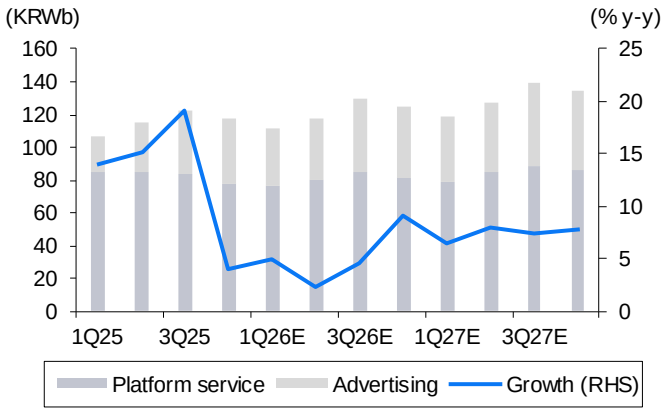
**Appealing investment considering dividend potential:** Reflecting on the slower platform sales growth, we revise down our 2026 operating profit forecast 5.6% and cut our target price 11.1% from KRW90,000 to KRW80,000 (based on a 2026 P/E of 9.2x, a 50% discount to the average at which global streaming platforms are trading to account for their growth differentials). Its valuation has declined due to slowing platform sales growth and the underperformance of Soop Global. Yet, the recent share-price dip—paired with a handsome dividend payout ratio of 35%—has pushed up its dividend yield to around 5%, supporting its long-term investment appeal. If the revival of Excel broadcasts reignites platform sales, its valuation is likely to re-rate.

## 1Q26 preview

| (KRWb) | 1Q26 | | | Diff (%) | | 1Q25 | 4Q25 | Chg | |
|---|---|---|---|---|---|---|---|---|---|
| | New | Old | Consensus | Old | Consensus | | | (% y-y) | (% q-q) |
| **Sales** | **113.0** | **118.6** | **116.1** | **(4.7)** | **(2.6)** | **107.7** | **116.2** | **5.0** | **(2.7)** |
| Platform Service | 76.4 | 80.6 | | (5.2) | | 84.9 | 77.5 | (9.9) | (1.4) |
| Advertising | 35.1 | 35.1 | | (0.0) | | 21.9 | 40.2 | 60.4 | (12.8) |
| Other | 1.5 | 2.9 | | (48.5) | | 0.9 | 1.5 | 62.4 | 2.0 |
| **Operating expenses** | **86.6** | **87.1** | | **(0.6)** | | **79.7** | **85.5** | **8.7** | **1.3** |
| Labor costs | 28.3 | 27.9 | | 1.3 | | 29.7 | 30.0 | (4.8) | (5.8) |
| Commission and service charge | 24.3 | 19.7 | | 23.2 | | 14.1 | 20.4 | 71.8 | 19.2 |
| Paying charges | 12.9 | 13.9 | | (7.0) | | 14.2 | 13.1 | (8.6) | (1.4) |
| Depreciation | 5.6 | 5.6 | | (0.5) | | 5.1 | 5.5 | 8.9 | 2.0 |
| Other | 15.5 | 20.0 | | (22.2) | | 16.6 | 16.5 | (6.2) | (6.2) |
| **Operating profit** | **26.4** | **31.5** | **29.5** | **(16.2)** | **(10.4)** | **27.9** | **30.6** | **(5.6)** | **(13.8)** |
| Pre-tax profit | 29.7 | 33.0 | 31.3 | (9.9) | (4.9) | 29.9 | 33.7 | (0.6) | (11.6) |
| Net profit | 22.6 | 25.5 | 25.5 | (11.3) | (11.3) | 23.4 | 28.4 | (3.4) | (20.5) |
| Net profit (controlling) | 22.2 | 25.1 | 23.2 | (11.6) | (4.5) | 23.0 | 27.9 | (3.7) | (20.5) |
| **Margins (%)** | | | | | | | | | |
| Operating profit | 23.3 | 26.5 | 25.4 | | | 26.0 | 26.4 | | |
| Pre-tax profit | 26.3 | 27.8 | 26.9 | | | 27.8 | 29.0 | | |
| Net profit | 20.0 | 21.5 | 22.0 | | | 21.7 | 24.5 | | |
| Net profit (controlling) | 19.6 | 21.1 | 20.0 | | | 21.4 | 24.0 | | |

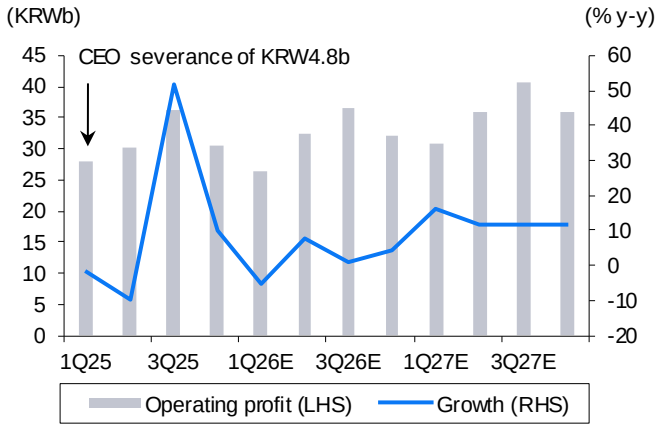
Source: Company data, FnGuide, Samsung Securities estimates

### Quarterly sales and growth



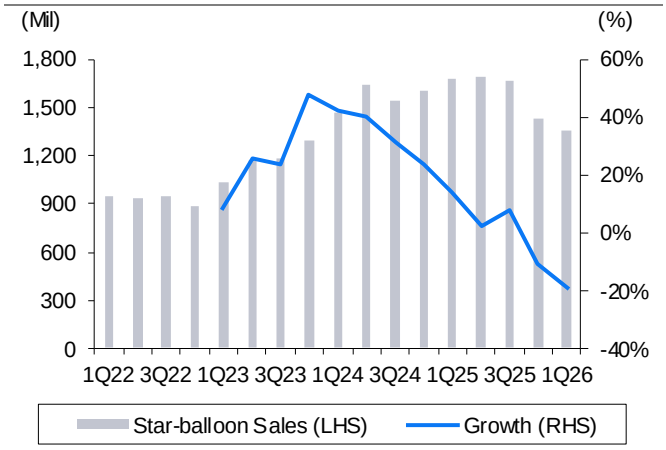

Source: Company data, Samsung Securities estimates

### Quarterly operating profit and growth



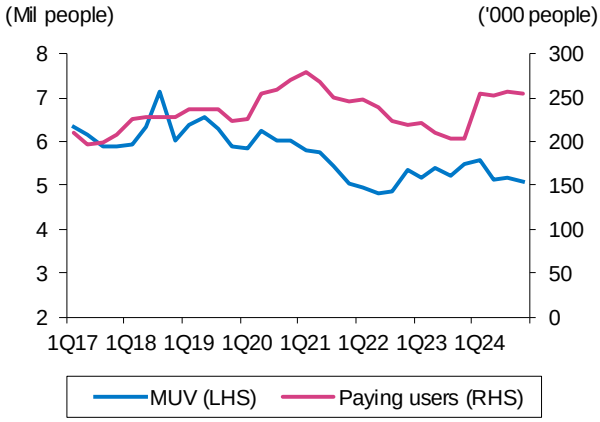

Note: CEO severance recognition timing revised from 3Q25 to 1Q25 due to accounting adjustment
Source: Company data, Samsung Securities estimates

### Star-balloon sales volume




Source: Poong Today, Samsung Securities

### Major Korean streaming platforms: Average viewer numbers

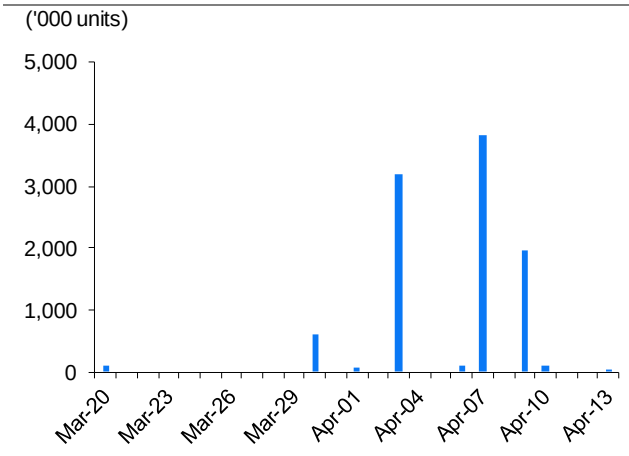



Source: Softcone Viewership, Samsung Securities

### Commander Zico resumes Excel broadcast

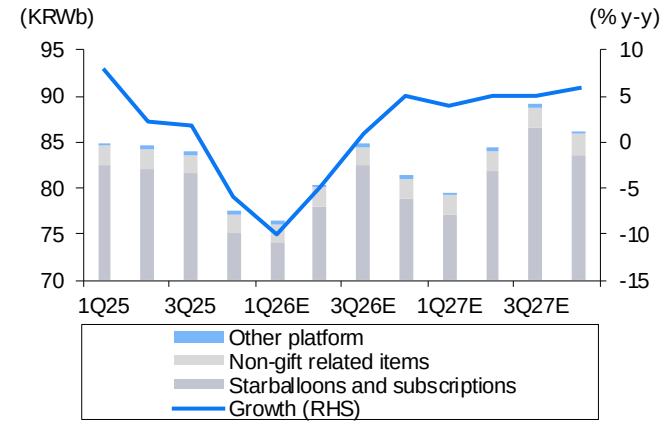
Source: Company data

### Commander Zico: Daily star-balloon sales



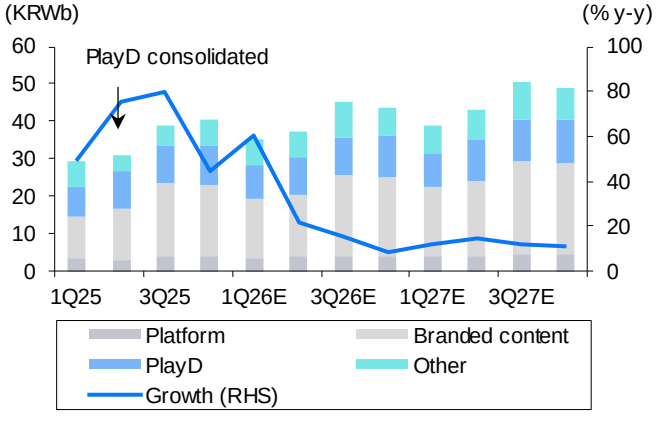

Source: Poong Today

### Quarterly platform service sales



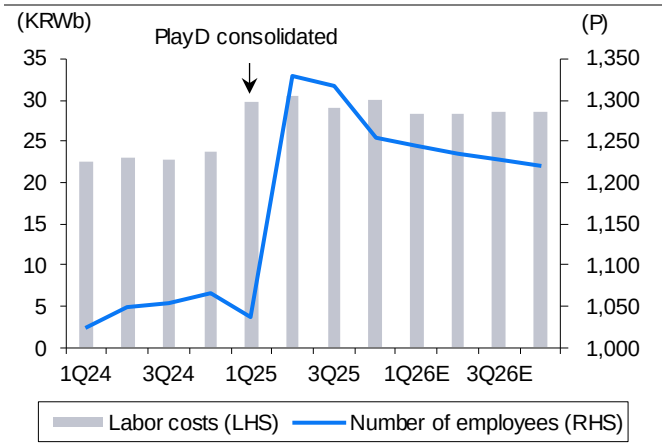

Source: Company data, Samsung Securities estimates

### Quarterly commerce sales



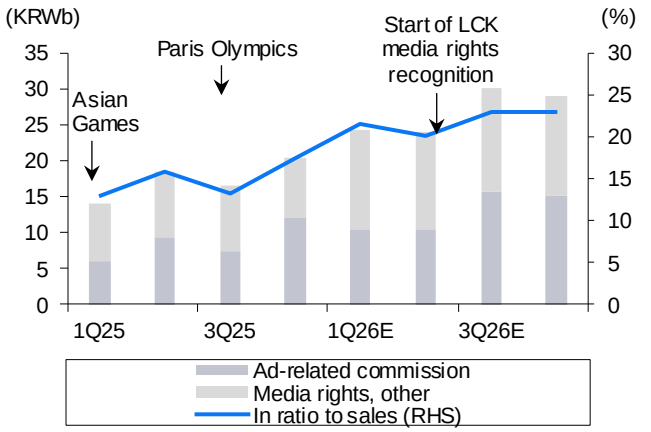

Source: Company data, Samsung Securities estimates

### Quarterly labor costs



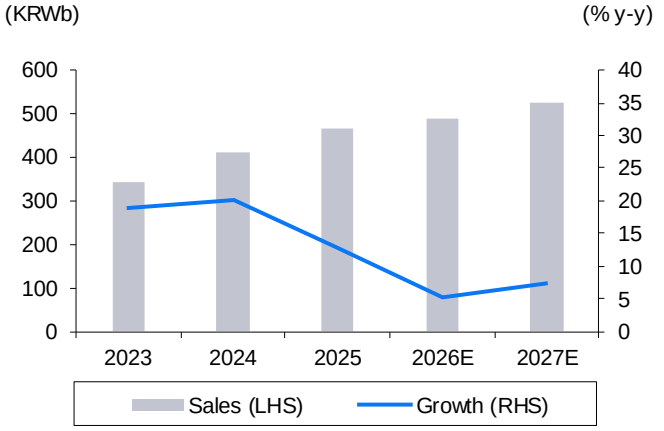

Source: Company data, Samsung Securities estimates

### Quarterly commission and service charges



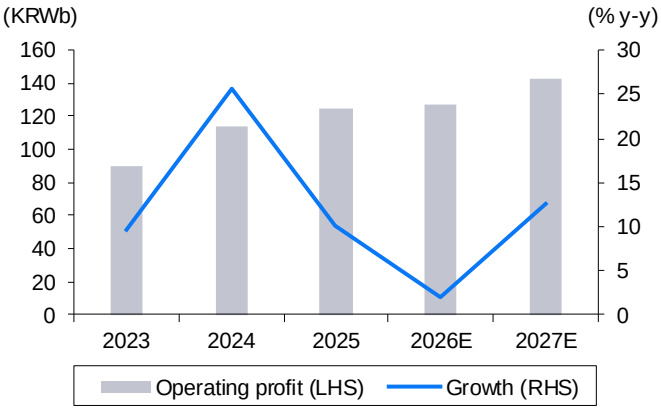

Source: Company data, Samsung Securities estimates

### Annual sales



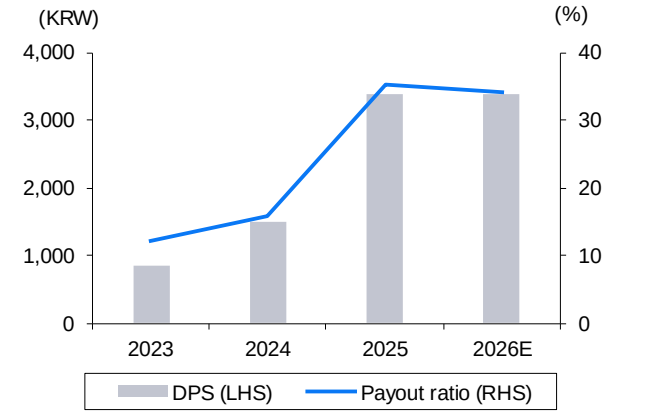

Source: Company data, Samsung Securities estimates

### Annual operating profit



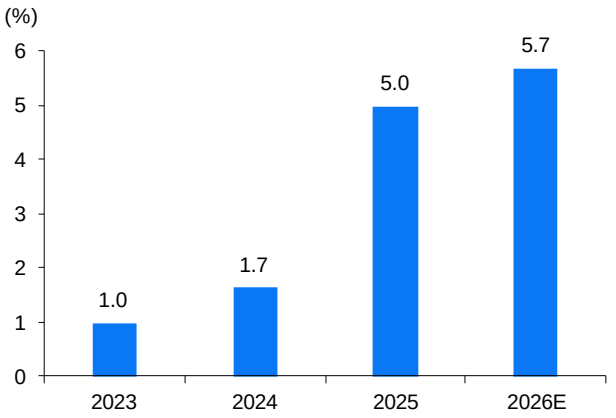

Source: Company data, Samsung Securities estimates

### Annual DPS and payout ratio



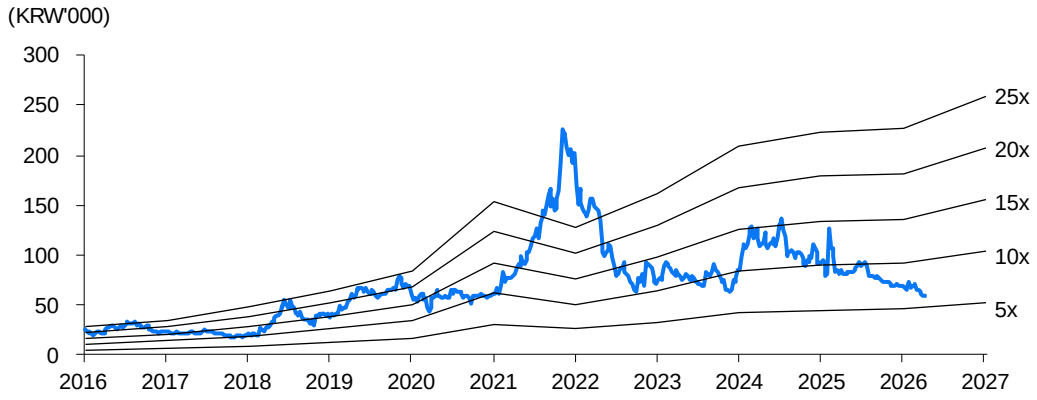

Source: Company data, Samsung Securities estimates

### Dividend yield




Source: Company data, Samsung Securities estimates

### 12-month forward P/E




Source: QuantiWise, Samsung Securities

### Valuation

| (KRW) | |
|---|---|
| 2026E EPS | 9,110 |
| Target P/E (x) * | 9.2 |
| Fair value per share | 84,051 |
| **Target price** | **80,000** |
| Current price | 59,600 |
| Upside (%) | 34.2 |

Note: *50% discount to the average 2026 P/E at which peer group is trading;
Based on Apr 14 closing price
Source: Samsung Securities estimates

### Global peers: P/E valuation

| (x) | 2025 | 2026E |
|---|---|---|
| IQIYI | 63.6 | 28.8 |
| JOYY | 11.4 | 10.9 |
| HUYA | 33.7 | 19.5 |
| Disney | 16.4 | 14.6 |
| **Average** | 31.3 | 18.5 |
| Discount rate (%) | (50.0) | (50.0) |
| Target P/E | 15.6 | 9.2 |

Note: Based on Apr 14 closing prices
Source: Bloomberg

### Quarterly results and forecasts

| (KRWb) | 1Q25 | 2Q25 | 3Q25 | 4Q25 | 1Q26E | 2Q26E | 3Q26E | 4Q26E | 1Q27E | 2Q27E | 3Q27E | 4Q27E |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Sales** | **107.7** | **116.9** | **125.9** | **116.2** | **113.0** | **119.5** | **131.7** | **126.7** | **120.3** | **129.0** | **141.4** | **136.7** |
| Platform service | 84.9 | 84.5 | 84.1 | 77.5 | 76.4 | 80.4 | 84.9 | 81.4 | 79.5 | 84.4 | 89.1 | 86.2 |
| Advertising | 21.9 | 30.8 | 39.0 | 40.2 | 35.1 | 37.5 | 45.2 | 43.8 | 39.2 | 42.9 | 50.6 | 48.8 |
| Other | 0.9 | 1.6 | 2.8 | 1.5 | 1.5 | 1.5 | 1.6 | 1.6 | 1.6 | 1.7 | 1.7 | 1.7 |
| **Operating expenses** | **79.7** | **86.9** | **89.6** | **85.5** | **86.6** | **87.2** | **95.1** | **94.7** | **89.6** | **92.9** | **100.6** | **100.9** |
| Labor costs | 29.7 | 30.5 | 29.0 | 30.0 | 28.3 | 28.4 | 28.5 | 28.6 | 28.7 | 29.0 | 29.2 | 29.5 |
| Commission and service charges | 14.1 | 18.5 | 16.6 | 20.4 | 24.3 | 24.2 | 30.2 | 29.1 | 25.3 | 27.2 | 32.9 | 31.7 |
| Paying charges | 14.2 | 14.6 | 14.5 | 13.1 | 12.9 | 13.6 | 14.4 | 13.8 | 13.4 | 14.3 | 15.1 | 14.6 |
| Depreciation | 5.1 | 5.5 | 5.4 | 5.5 | 5.6 | 5.8 | 5.9 | 6.0 | 6.2 | 6.3 | 6.4 | 6.5 |
| Other | 16.6 | 17.9 | 24.2 | 16.5 | 15.5 | 15.3 | 16.1 | 17.2 | 16.0 | 16.2 | 17.0 | 18.5 |
| **Operating profit** | **27.9** | **30.0** | **36.3** | **30.6** | **26.4** | **32.3** | **36.6** | **32.0** | **30.7** | **36.0** | **40.8** | **35.8** |
| Pre-tax profit | 29.9 | 30.2 | 37.8 | 33.7 | 29.7 | 35.6 | 39.8 | 35.8 | 34.4 | 39.9 | 45.0 | 40.2 |
| Net profit | 23.4 | 22.5 | 29.4 | 28.4 | 22.6 | 27.0 | 30.2 | 27.2 | 26.2 | 30.3 | 34.2 | 30.6 |
| Net profit (controlling) | 23.0 | 22.0 | 28.9 | 27.9 | 22.2 | 26.5 | 29.7 | 26.7 | 25.7 | 29.7 | 33.5 | 30.0 |
| Adjusted EPS (KRW) | 1,992 | 2,007 | 2,516 | 2,418 | 1,908 | 2,298 | 2,593 | 2,312 | 2,227 | 2,582 | 2,912 | 2,601 |
| **Margins (%)** | | | | | | | | | | | | |
| Operating profit | 26.0 | 25.7 | 28.8 | 26.4 | 23.3 | 27.0 | 27.8 | 25.3 | 25.5 | 27.9 | 28.9 | 26.2 |
| Pre-tax profit | 27.8 | 25.8 | 30.0 | 29.0 | 26.3 | 29.8 | 30.2 | 28.3 | 28.6 | 30.9 | 31.8 | 29.4 |
| Net profit | 21.7 | 19.3 | 23.4 | 24.5 | 20.0 | 22.6 | 23.0 | 21.5 | 21.8 | 23.5 | 24.2 | 22.4 |
| Net profit (controlling) | 21.4 | 18.8 | 23.0 | 24.0 | 19.6 | 22.2 | 22.5 | 21.1 | 21.3 | 23.0 | 23.7 | 21.9 |

Source: Company data, Samsung Securities estimates

### Revisions to full-year forecasts

| (KRWb) | 2026E | | | 2027E | | | 2028E | | |
|---|---|---|---|---|---|---|---|---|---|
| | Old | New | Diff (%) | Old | New | Diff (%) | Old | New | Diff (%) |
| **Sales** | **503.7** | **490.8** | **(2.6)** | **540.9** | **527.3** | **(2.5)** | | **565.2** | **n/a** |
| Platform service | 333.6 | 323.1 | (3.1) | 350.1 | 339.2 | (3.1) | | 357.6 | n/a |
| Advertising | 158.1 | 161.5 | 2.2 | 177.8 | 181.4 | 2.0 | | 200.3 | n/a |
| Other | 12.0 | 6.2 | (48.5) | 13.0 | 6.7 | (48.5) | | 7.3 | n/a |
| **Operating expenses** | **368.8** | **363.6** | **(1.4)** | **392.7** | **384.0** | **(2.2)** | | **409.8** | **n/a** |
| Labor costs | 113.3 | 113.7 | 0.4 | 118.3 | 116.4 | (1.6) | | 121.5 | n/a |
| Commission and service charges | 84.6 | 107.9 | 27.4 | 91.7 | 117.0 | 27.7 | | 126.4 | n/a |
| Paying charges | 57.6 | 54.7 | (5.0) | 60.4 | 57.4 | (5.0) | | 60.5 | n/a |
| Depreciation | 23.4 | 23.3 | (0.5) | 25.5 | 25.4 | (0.5) | | 27.5 | n/a |
| Other | 89.9 | 64.0 | (28.8) | 96.7 | 67.7 | (30.0) | | 73.9 | n/a |
| **Operating profit** | **134.9** | **127.3** | **(5.6)** | **148.2** | **143.3** | **(3.3)** | | **155.4** | **n/a** |
| Pre-tax profit | 141.0 | 140.9 | (0.0) | 158.0 | 159.5 | 1.0 | | 174.6 | n/a |
| Net profit | 108.9 | 107.1 | (1.6) | 122.0 | 121.2 | (0.7) | | 132.7 | n/a |
| Net profit (controlling) | 107.2 | 105.1 | (2.0) | 120.1 | 118.9 | (1.0) | | 130.1 | n/a |
| Adjusted EPS (KRW) | 9,420 | 9,110 | (3.3) | 10,417 | 10,322 | (0.9) | | 11,297 | n/a |
| **Margins (%)** | | | | | | | | | |
| Operating profit | 26.8 | 25.9 | | 27.4 | 27.2 | | | 27.5 | |
| Pre-tax profit | 28.0 | 28.7 | | 29.2 | 30.2 | | | 30.9 | |
| Net profit | 21.6 | 21.8 | | 22.6 | 23.0 | | | 23.5 | |
| Net profit (controlling) | 21.3 | 21.4 | | 22.2 | 22.5 | | | 23.0 | |

Source: Company data, Samsung Securities estimates

## Income statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Sales** | **413** | **467** | **491** | **527** | **565** |
| Cost of goods sold | 0 | 0 | 0 | 0 | 0 |
| **Gross profit** | **413** | **467** | **491** | **527** | **565** |
| Gross margin (%) | 100.0 | 100.0 | 100.0 | 100.0 | 100.0 |
| SG&A expenses | 300 | 342 | 364 | 384 | 410 |
| **Operating profit** | **114** | **125** | **127** | **143** | **155** |
| Operating margin (%) | 27.5 | 26.8 | 25.9 | 27.2 | 27.5 |
| **Non-operating gains (losses)** | **15** | **7** | **14** | **16** | **19** |
| Financial profit | 11 | 12 | 18 | 20 | 23 |
| Financial costs | 1 | 2 | 3 | 3 | 3 |
| Equity-method gains (losses) | 0 | 0 | 0 | 0 | 0 |
| Other | 4 | -4 | -1 | -1 | -1 |
| **Pre-tax profit** | **128** | **132** | **141** | **159** | **175** |
| Taxes | 26 | 28 | 34 | 38 | 42 |
| Effective tax rate (%) | 20.2 | 21.1 | 24.0 | 24.0 | 24.0 |
| Profit from continuing operations | 102 | 104 | 107 | 121 | 133 |
| Profit from discontinued operations | 0 | 0 | 0 | 0 | 0 |
| **Net profit** | **102** | **104** | **107** | **121** | **133** |
| Net margin (%) | 24.8 | 22.2 | 21.8 | 23.0 | 23.5 |
| Net profit (controlling interests) | 101 | 102 | 105 | 119 | 130 |
| Net profit (non-controlling interests) | 1 | 2 | 2 | 2 | 3 |
| EBITDA | 135 | 148 | 151 | 167 | 180 |
| EBITDA margin (%) | 32.6 | 31.8 | 30.8 | 31.8 | 31.8 |
| EPS (parent-based) (KRW) | 8,805 | 8,860 | 9,139 | 10,341 | 11,321 |
| EPS (consolidated) (KRW) | 8,910 | 9,025 | 9,319 | 10,543 | 11,543 |
| Adjusted EPS (KRW)* | 8,332 | 8,933 | 9,110 | 10,322 | 11,297 |

## Balance sheet

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Current assets** | **615** | **745** | **874** | **1,015** | **1,165** |
| Cash & equivalents | 224 | 134 | 240 | 355 | 477 |
| Accounts receivable | 23 | 37 | 34 | 37 | 39 |
| Inventories | 0 | 1 | 1 | 1 | 1 |
| Other current assets | 369 | 574 | 599 | 623 | 647 |
| **Fixed assets** | **100** | **140** | **116** | **92** | **69** |
| Investment assets | 13 | 8 | 8 | 8 | 9 |
| Tangible assets | 36 | 42 | 20 | -2 | -24 |
| Intangible assets | 16 | 51 | 49 | 47 | 45 |
| Other long-term assets | 35 | 39 | 39 | 39 | 39 |
| **Total assets** | **716** | **885** | **990** | **1,108** | **1,234** |
| **Current liabilities** | **325** | **371** | **405** | **437** | **469** |
| Accounts payable | 1 | 0 | 0 | 0 | 0 |
| Short-term debt | 2 | 0 | 0 | 0 | 0 |
| Other current liabilities | 322 | 371 | 404 | 436 | 468 |
| **Long-term liabilities** | **8** | **11** | **11** | **11** | **12** |
| Bonds & long-term debt | 0 | 3 | 3 | 3 | 3 |
| Other long-term liabilities | 8 | 8 | 8 | 8 | 9 |
| **Total liabilities** | **333** | **382** | **416** | **448** | **481** |
| **Owners of parent equity** | **379** | **467** | **536** | **619** | **709** |
| Capital stock | 6 | 6 | 6 | 6 | 6 |
| Capital surplus | 66 | 66 | 66 | 66 | 66 |
| Retained earnings | 380 | 464 | 533 | 616 | 707 |
| Other | -74 | -69 | -69 | -69 | -69 |
| **Non-controlling interests' equity** | **4** | **36** | **38** | **41** | **43** |
| **Total equity** | **382** | **503** | **574** | **659** | **752** |
| Net debt | -288 | -239 | -355 | -479 | -611 |

## Cash flow statement

| Year-end Dec 31 (KRWb) | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Cash flow from operations** | **157** | **121** | **149** | **156** | **168** |
| Net profit | 102 | 104 | 107 | 121 | 133 |
| Non-cash profit and expenses | 47 | 54 | 41 | 43 | 43 |
| Depreciation | 20 | 21 | 22 | 22 | 22 |
| Amortization | 1 | 2 | 2 | 2 | 2 |
| Other | 25 | 30 | 17 | 18 | 19 |
| Changes in A/L from operating activities | 27 | -8 | 21 | 15 | 15 |
| **Cash flow from investments** | **-43** | **-185** | **-9** | **-8** | **-8** |
| Change in tangible assets | -13 | -19 | 0 | 0 | 0 |
| Change in financial assets | -5 | -39 | -11 | -10 | -11 |
| Other | -25 | -127 | 2 | 3 | 3 |
| **Cash flow from financing** | **-28** | **-27** | **-35** | **-35** | **-39** |
| Change in debt | -1 | -3 | 1 | 1 | 1 |
| Change in equity | 0 | -0 | 0 | 0 | 0 |
| Dividends | -9 | -16 | -36 | -36 | -40 |
| Other | -18 | -8 | 0 | 0 | -0 |
| Change in cash | 88 | -90 | 106 | 115 | 123 |
| Cash at beginning of year | 136 | 224 | 134 | 240 | 355 |
| Cash at end of year | 224 | 134 | 240 | 355 | 477 |
| **Gross cash flow** | **149** | **157** | **148** | **164** | **176** |
| **Free cash flow** | **144** | **102** | **149** | **156** | **168** |

## Financial ratios

| Year-end Dec 31 | 2024 | 2025 | 2026E | 2027E | 2028E |
|---|---|---|---|---|---|
| **Growth (%)** | | | | | |
| Sales | 20.1 | 12.9 | 5.2 | 7.4 | 7.2 |
| Operating profit | 25.7 | 10.0 | 1.9 | 12.6 | 8.5 |
| Net profit | 37.3 | 1.3 | 3.2 | 13.1 | 9.5 |
| Adjusted EPS** | 28.7 | 7.2 | 2.0 | 13.3 | 9.4 |
| **Per-share data (KRW)** | | | | | |
| EPS (parent-based) | 8,805 | 8,860 | 9,139 | 10,341 | 11,321 |
| EPS (consolidated) | 8,910 | 9,025 | 9,319 | 10,543 | 11,543 |
| Adjusted EPS** | 8,332 | 8,933 | 9,110 | 10,322 | 11,297 |
| BVPS | 35,552 | 43,822 | 50,300 | 58,073 | 66,566 |
| DPS (common) | 1,500 | 3,380 | 3,380 | 3,718 | 4,090 |
| **Valuations (x)** | | | | | |
| P/E*** | 10.9 | 7.6 | 6.6 | 5.8 | 5.3 |
| P/B*** | 2.6 | 1.5 | 1.2 | 1.0 | 0.9 |
| EV/EBITDA | 5.6 | 3.9 | 2.5 | 1.5 | 0.7 |
| **Ratios (%)** | | | | | |
| ROE | 30.2 | 24.1 | 20.9 | 20.6 | 19.6 |
| ROA | 15.8 | 13.0 | 11.4 | 11.6 | 11.3 |
| ROIC | -95.6 | -117.4 | -125.9 | -91.8 | -75.1 |
| Payout ratio | 15.8 | 35.4 | 34.3 | 33.3 | 33.5 |
| Dividend yield (common) | 1.7 | 5.0 | 5.6 | 6.2 | 6.8 |
| Net debt to equity | -75.3 | -47.5 | -61.9 | -72.7 | -81.3 |
| Interest coverage (x) | 135.7 | 196.5 | 272.4 | | |

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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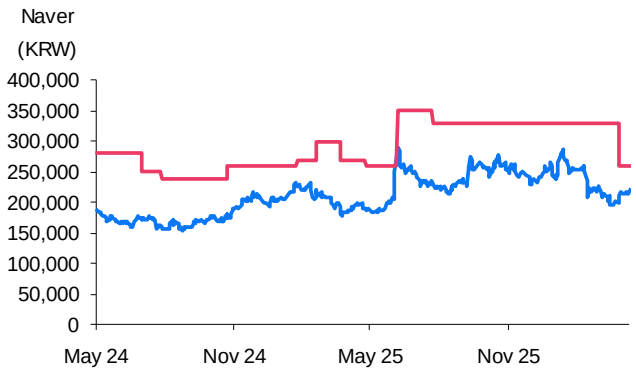
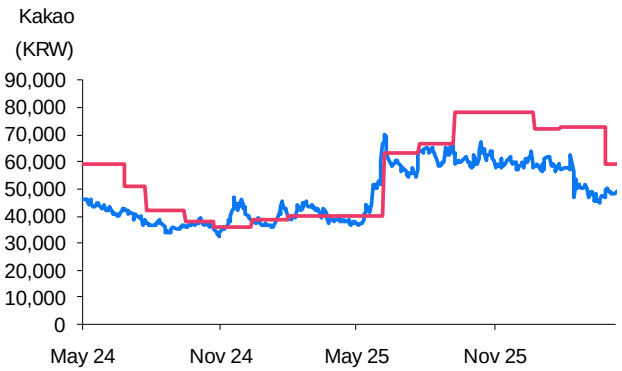
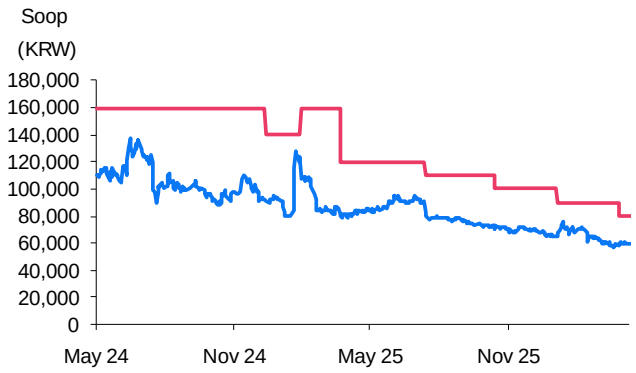
## Target price changes in past two years



## Rating changes over past two years (adjusted share prices)

| Naver | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Date** | 2024/3/26 | 5/7 | 7/16 | 8/12 | 11/8 | 2025/2/10 | 3/7 | 4/8 | 5/12 | 6/23 | 8/8 | 2026/4/15 |
| **Recommendation** | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY |
| **Target price (KRW)** | 270000 | 280000 | 250000 | 240000 | 260000 | 270000 | 300000 | 270000 | 260000 | 350000 | 330000 | 260000 |
| Gap* (average) | -30.97 | -37.88 | -31.99 | -30.43 | -21.66 | -18.21 | -31.85 | -29.75 | -23.69 | -29.48 | -26.96 | |
| (max or min)** | -27.93 | -31.82 | -28.80 | -25.13 | -10.77 | -14.26 | -28.00 | -25.74 | 3.65 | -17.00 | -13.03 | |

| Kakao | | | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Date** | 2024/4/1 | 5/10 | 7/12 | 8/9 | 9/30 | 11/8 | 12/30 | 2025/2/14 | 6/23 | 8/8 | 9/24 | 2026/1/9 |
| **Recommendation** | BUY | BUY | BUY | HOLD | HOLD | HOLD | HOLD | HOLD | HOLD | HOLD | BUY | BUY |
| **Target price (KRW)** | 66000 | 59000 | 51000 | 42000 | 38000 | 36000 | 39000 | 40000 | 63000 | 67000 | 78000 | 72000 |
| Gap* (average) | -26.32 | -26.46 | -22.09 | -13.99 | -2.04 | 9.84 | -0.25 | 5.22 | -6.72 | -6.11 | -22.40 | -17.97 |
| (max or min)** | -22.42 | -20.34 | -17.84 | -7.86 | 3.68 | 29.44 | 16.15 | 66.50 | -14.13 | 0.00 | -13.21 | -13.61 |
| **Date** | 2/13 | 4/15 | | | | | | | | | | |
| **Recommendation** | BUY | BUY | | | | | | | | | | |
| **Target price (KRW)** | 73000 | 59000 | | | | | | | | | | |
| Gap* (average) | -30.41 | | | | | | | | | | | |
| (max or min)** | -14.66 | | | | | | | | | | | |

| Soop | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| **Date** | 2024/2/16 | 12/30 | 2025/2/13 | 4/8 | 7/30 | 10/31 | 2026/1/22 | 4/15 |
| **Recommendation** | BUY | BUY | BUY | BUY | BUY | BUY | BUY | BUY |
| **Target price (KRW)** | 160000 | 140000 | 160000 | 120000 | 110000 | 100000 | 90000 | 80000 |
| Gap* (average) | -31.72 | -30.55 | -42.81 | -27.25 | -30.62 | -30.96 | -27.24 | |
| (max or min)** | -14.38 | -8.64 | -31.88 | -20.50 | -26.82 | -27.60 | -16.22 | |

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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| | |
|---|---|
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| **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 |

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**Percentage of ratings in 12 months prior to 2026.03.31**

BUY(85.2%)·HOLD(14.8%)·SELL(0%)

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