COMPANY UPDATE

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Innovation Team

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▶ AT A GLANCE

BUY

Target price	KRW550,000	46.7%
Current price	**KRW375,000**	
Market cap	KRW14.0t/USD9.4b	
Shares (float)	37,438,155 (64.9%)	
52-week high/low	KRW459,000/KRW167,500	
Avg daily trading value (60-day)	KRW120.8b/ USD80.9m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
APR (%)	-4.8	63.0	115.3
Vs Kospi (%pts)	12.8	12.3	0.5

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	550,000	510,000	7.8%
2026E EPS	16,415	15,371	6.8%
2027E EPS	22,109	20,938	5.6%

▶ SAMSUNG vs THE STREET

No of estimates	19
Target price	524,737
Recommendation	4.0

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

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APR (278470)

2Q results to make new highs

- We believe APR's 2Q operating profit slightly beat consensus on the back of remarkable US online sales (thanks in part to Amazon).
- We maintain BUY and raise our 12-month target price to KRW550,000 given geographic diversification efforts (from the US to Europe) and channel diversification efforts (from online channels to offline stores).

WHAT'S THE STORY?

2Q preview: We forecast APR will post 2Q sales of KRW735.7b (up 124.5% y-y and 24% q-q) and an operating profit of KRW180.7b (up 113.7% y-y and 18.6% q-q; exceeding consensus slightly). The key driver was likely strong performance in the US coupled with rapid growth in Europe. US sales likely surged 251.5% y-y and 36.1% q-q to KRW338.1b, as Amazon Prime Day and TikTok Shop promotions likely led to stronger sales than those seen around Black Friday 2025, with nearly all of its 2Q sales likely being recognized in 2Q rather than over 2Q-3Q (as previously expected).

Online momentum extends to offline channels: APR has secured shelf space at Target, Walmart, and Nordstrom. Initial order volumes from these retailers (each) are more than twice those placed by Ulta Beauty during its initial distribution phase. Sales from other regions (*eg*, Europe) likely came to KRW274.1b (up 204.1% y-y and 27.5% q-q), as: 1) sales growth is surging in Europe (mirroring APR's US trajectory in its early days); and 2) a strategic shift to direct partnerships with major European retailers (*ie*, Douglas and Boots) reduced its sales commission. Operating margin likely fell q-q to 24.6% due to aggressive promotional spending, higher advertising expenses in Europe, rising sales commission expenses, and higher air-freight costs.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	1,527	3,048	4,111	5,119
Operating profit (KRWb)	366	785	1,075	1,368
Net profit (adj) (KRWb)	290	615	828	1,052
EPS (adj) (KRW)	7,704	16,415	22,109	28,098
EPS (adj) growth (% y-y)	171.1	113.1	34.7	27.1
EBITDA margin (%)	25.9	26.6	27.1	27.5
ROE (%)	75.3	99.4	83.3	70.9
P/E (adj) (x)	30.0	22.8	17.0	13.3
P/B (x)	19.4	17.8	11.7	7.9
EV/EBITDA (x)	21.6	n/a	n/a	n/a
Dividend yield (%)	2.2	1.9	2.3	2.9

Source: Company data, Samsung Securities estimates

Maintaining BUY and raising target price to KRW550,000: Reflecting the likely stronger-than-expected growth in US online sales in 2Q and the solid growth potential of Europe, we revise up our 2026 and 2027 operating profit forecasts by 7.1% and 5.6%, respectively, and increase our target price to KRW550,000. Downside risk should be limited by: 1) US offline sales, which we expect to grow in stages, starting with Costco and CVS in 2H26; and 2) European offline expansion. APR launched AGE-R Booster Pro X2 globally in June, but the firm's sales growth is likely to remain primarily driven by cosmetics in the near term—Western consumers require time to embrace device-based solutions. The stock is trading at a 17x 2027 P/E, and the valuation burden is being offset by robust growth in its operating results. Key catalysts for a potential rerating include the upcoming peak season (at year-end) and the rollout of dermatology-grade devices in Korea.

2Q preview

(KRWb)	2Q26E	1Q26	2Q25	Consensus	Diff (%)		
					q-q	y-y	Consensus
Sales	735.7	593.4	327.7	704.1	24.0	124.5	4.5
Operating profit	180.7	152.3	84.6	173.5	18.6	113.7	4.1
Pre-tax profit	184.9	157.1	78.4	176.3	17.7	135.8	4.9
Net profit	142.8	117.3	66.3	129.6	21.8	115.4	10.2
Margins (%)							
Operating profit	24.6	25.7	25.8	24.6			
Pre-tax profit	25.1	26.5	23.9	25.0			
Net profit	19.4	19.8	20.2	18.4			

Source: Company data, FnGuide, Samsung Securities estimates

APR: Valuation

(KRW)	Calculation	Value
Forward EPS	(A = B x D + C x (1 - D))	19,404
2026E EPS	(B)	16,415
2027E EPS	(C)	22,109
2026 weighting	(D)	47.5%
Target P/E* (x)	(E)	28.6
Target price	(A x E)	550,000

Note: *30% premium to average consensus forward P/E multiple at which brand peers are trading
Source: Bloomberg, Samsung Securities estimates

APR: Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	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**	**593.4**	**735.7**	**790.3**	**928.3**	**523.8**	**722.8**	**1,527.3**	**3,047.6**	**4,110.7**
US	**24.7**	**24.9**	**39.6**	**69.0**	**70.9**	**96.2**	**150.5**	**255.1**	**248.5**	**338.1**	**357.7**	**403.1**	**67.9**	**158.3**	**572.7**	**1,347.4**	**1,721.7**
Cosmetics	11.0	13.0	24.8	37.3	53.9	76.9	127.9	220.8	223.6	310.1	322.5	351.3	36.2	86.1	479.5	1,207.6	1,525.9
Devices	13.8	11.9	14.8	31.7	17.0	19.2	22.6	34.3	24.8	28.0	35.2	51.8	31.7	72.2	93.1	139.8	195.8
Europe, Southeast Asia, *etc* (B2B)	**13.8**	**19.5**	**23.7**	**44.2**	**65.6**	**79.7**	**85.4**	**118.8**	**190.0**	**242.4**	**274.1**	**344.0**	**34.8**	**101.2**	**349.4**	**1,050.6**	**1,719.9**
Cosmetics	9.0	9.1	11.3	23.8	43.3	57.4	64.0	96.2	133.0	215.7	248.7	316.6	26.8	53.1	260.9	914.1	1,535.6
Devices	4.7	10.4	12.3	20.4	22.3	22.3	21.3	22.6	57.0	26.7	25.4	27.4	7.5	47.7	88.5	136.5	184.3
Japan	**9.8**	**9.4**	**15.2**	**17.7**	**29.3**	**43.9**	**46.6**	**69.0**	**58.9**	**57.4**	**59.8**	**81.2**	**33.2**	**52.2**	**188.8**	**257.2**	**332.2**
Cosmetics	3.7	5.6	7.5	10.6	18.5	28.5	23.9	39.9	29.4	33.3	32.3	46.3	12.1	27.4	110.8	141.3	190.8
Devices	5.5	3.5	7.6	6.9	10.8	15.4	22.7	29.1	29.4	24.1	27.5	34.9	17.8	23.5	78.0	115.9	141.4
China, Hong Kong, and Taiwan	**20.4**	**25.9**	**24.0**	**29.0**	**28.4**	**34.7**	**27.4**	**31.8**	**30.7**	**32.7**	**30.1**	**32.4**	**75.3**	**99.2**	**122.3**	**125.9**	**132.2**
Domestic	**82.8**	**78.4**	**73.9**	**88.0**	**76.8**	**73.2**	**76.0**	**73.1**	**65.3**	**65.0**	**68.6**	**67.6**	**318.6**	**323.1**	**299.1**	**266.5**	**276.6**
Cosmetics	35.3	34.9	30.8	30.5	36.2	36.3	38.0	30.7	45.0	34.5	32.3	31.3	108.0	131.5	141.2	143.1	145.9
Devices	34.8	32.6	29.2	33.3	30.4	26.3	30.9	30.4	12.2	25.8	31.6	31.0	138.8	129.9	118.0	100.6	112.6
Other	12.7	10.9	13.8	24.2	10.1	10.6	10.5	12.0	8.1	4.8	4.7	5.3	71.9	61.7	43.2	22.8	18.0
Operating profit	27.8	28.0	27.2	39.7	54.6	84.6	96.1	130.3	152.3	180.7	214.8	237.0	104.2	122.7	365.5	784.7	1,075.4
Net profit (controlling)	24.1	24.1	16.0	43.4	49.9	66.3	74.6	98.8	117.3	142.8	168.8	185.7	81.5	107.6	289.7	614.5	827.7
Operating margin (%)	18.6	18.0	15.6	16.3	20.5	25.8	24.9	23.8	25.7	24.6	27.2	25.5	19.9	17.0	23.9	25.7	26.2
Net margin (%)	16.2	15.5	9.2	17.8	18.8	20.2	19.3	18.0	19.8	19.4	21.4	20.0	15.6	14.9	19.0	20.2	20.1
Growth (% y-y)																	
Sales	**21.9**	**21.8**	**42.8**	**60.6**	**78.6**	**110.8**	**121.7**	**124.2**	**123.0**	**124.5**	**104.8**	**69.5**	**31.7**	**38.0**	**111.3**	**99.5**	**34.9**
US	**196.0**	**108.8**	**123.3**	**130.7**	**186.5**	**285.8**	**280.1**	**269.7**	**250.5**	**251.5**	**137.7**	**58.1**	**127.3**	**133.0**	**261.8**	**135.3**	**27.8**
Cosmetics	95.5	78.6	145.9	182.0	390.7	491.3	415.4	492.6	315.0	303.0	152.1	59.2	67.7	137.7	457.1	151.8	26.4
Devices	401.6	156.0	93.5	90.1	23.6	61.4	52.9	8.1	46.0	45.6	55.9	51.0	282.7	127.6	29.0	50.2	40.0
Europe, Southeast Asia, *etc* (B2B)	**80.8**	**139.3**	**184.0**	**315.6**	**374.4**	**308.0**	**260.2**	**169.0**	**189.8**	**204.1**	**221.0**	**189.6**	**25.1**	**191.0**	**245.2**	**200.6**	**63.7**
Cosmetics	42.6	33.3	80.2	221.0	380.2	533.6	465.8	305.0	207.4	275.9	288.3	229.1	7.5	98.3	391.0	250.3	68.0
Devices	308.4	706.8	534.9	543.4	376.8	114.1	74.0	10.9	155.7	19.5	19.1	21.5	171.0	533.5	85.5	54.2	35.0
Japan	**16.1**	**13.2**	**78.6**	**125.0**	**198.3**	**366.1**	**206.5**	**289.3**	**100.8**	**30.8**	**28.3**	**17.7**	**-11.1**	**57.2**	**261.9**	**36.3**	**29.1**
Cosmetics	5.6	82.6	137.7	343.1	400.5	412.1	216.7	275.6	59.4	16.7	35.2	16.2	-23.2	126.4	303.9	27.6	35.0
Devices	32.8	-16.0	66.2	41.5	95.7	334.5	199.5	323.4	171.4	57.0	21.0	19.8	4.6	32.2	231.5	48.5	22.0
China, Hong Kong, and Taiwan	**nm**	**nm**	**nm**	**nm**	**39.4**	**34.4**	**14.3**	**9.5**	**8.1**	**-5.8**	**9.7**	**2.0**	**nm**	**31.7**	**23.3**	**2.9**	**5.0**
Domestic	**-1.5**	**-5.7**	**12.3**	**2.9**	**-7.3**	**-6.7**	**2.9**	**-17.0**	**-14.9**	**-11.2**	**-9.8**	**-7.5**	**25.4**	**1.4**	**-7.4**	**-10.9**	**3.8**
Cosmetics	34.5	23.2	5.4	26.1	2.7	4.1	23.4	0.5	24.2	-5.0	-15.0	2.0	30.3	21.8	7.4	1.3	2.0
Devices	-13.6	-4.4	19.1	-16.5	-12.6	-19.4	5.9	-8.6	-59.7	-2.0	2.0	2.0	62.5	-6.4	-9.1	-14.8	12.0
Other	-27.6	-47.3	14.9	12.8	-20.6	-2.8	-24.2	-50.5	-20.4	-55.0	-55.0	-56.0	-16.2	-14.1	-30.0	-47.2	-21.0
Operating profit	19.7	13.0	24.6	15.5	96.5	201.9	252.8	228.3	179.0	113.7	123.4	81.9	165.6	17.8	197.9	114.7	37.0
Net profit (controlling)	18.7	28.4	-12.9	80.0	107.3	175.2	366.3	127.6	134.8	115.4	126.1	88.0	172.2	31.9	169.2	112.2	34.7
Growth (% q-q)																	
Sales	**-2.0**	**4.4**	**12.0**	**40.3**	**8.9**	**23.2**	**17.8**	**41.9**	**8.3**	**24.0**	**7.4**	**17.5**					
US	-17.3	0.8	58.8	74.3	2.8	35.7	56.5	69.5	-2.6	36.1	5.8	12.7					
Cosmetics	-16.9	18.5	90.8	50.1	44.6	42.8	66.3	72.6	1.3	38.7	4.0	8.9					
Devices	-17.6	-13.4	23.9	114.9	-46.4	13.1	17.4	52.0	-27.6	12.7	25.7	47.2					
Europe, Southeast Asia, *etc* (B2B)	**30.1**	**41.3**	**21.4**	**86.2**	**48.5**	**21.5**	**7.1**	**39.1**	**60.0**	**27.5**	**13.1**	**25.5**					
Cosmetics	21.8	0.5	25.0	109.8	82.2	32.6	11.6	50.2	38.3	62.2	15.3	27.3					
Devices	47.8	122.9	17.7	66.0	9.5	0.1	-4.3	5.7	152.6	-53.2	-4.7	7.8					
Japan	**24.8**	**-4.1**	**61.3**	**16.5**	**65.5**	**49.8**	**6.1**	**48.0**	**-14.7**	**-2.4**	**4.1**	**35.8**					
Cosmetics	54.0	51.1	35.4	40.6	74.0	54.6	-16.3	66.8	-26.2	13.2	-3.0	43.3					
Devices	14.1	-36.2	114.2	-9.3	57.8	41.7	47.7	28.2	1.1	-18.0	13.8	27.0					
China, Hong Kong, and Taiwan	**nm**	**26.9**	**-7.2**	**20.8**	**-2.1**	**22.3**	**-21.1**	**15.8**	**-3.3**	**6.6**	**-8.1**	**7.7**					
Domestic	**-3.2**	**-5.3**	**-5.8**	**19.2**	**-12.8**	**-4.6**	**3.9**	**-3.9**	**-10.6**	**-0.4**	**5.5**	**-1.5**					
Cosmetics	45.7	-1.1	-11.7	-0.9	18.7	0.2	4.7	-19.3	46.7	-23.4	-6.3	-3.1					
Devices	-12.7	-6.2	-10.4	13.8	-8.6	-13.6	17.7	-1.8	-59.7	110.4	22.5	-1.8					
Other	-40.7	-14.3	26.7	75.0	-58.2	5.0	-1.2	14.3	-32.9	-40.6	-1.2	11.7					
Operating profit	-19.2	0.9	-2.7	45.7	37.5	54.9	13.7	35.5	16.9	18.6	18.9	10.3					
Net profit (controlling)	-0.1	0.0	-33.6	171.1	15.1	32.8	12.6	32.3	18.7	21.8	18.2	10.0					

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**723**	**1,527**	**3,048**	**4,111**	**5,119**
Cost of goods sold	179	357	701	954	1,177
Gross profit	**544**	**1,171**	**2,347**	**3,157**	**3,942**
Gross margin (%)	75.2	76.6	77.0	76.8	77.0
SG&A expenses	421	805	1,569	2,082	2,573
Operating profit	**123**	**366**	**785**	**1,075**	**1,368**
Operating margin (%)	17.0	23.9	25.7	26.2	26.7
Non-operating gains (losses)	**11**	**-1**	**17**	**-0**	**-2**
Financial profit	29	33	25	32	33
Financial costs	17	31	7	32	35
Equity-method gains (losses)	0	0	0	0	0
Other	-1	-3	-1	0	0
Pre-tax profit	**133**	**364**	**802**	**1,075**	**1,366**
Taxes	26	75	188	247	314
Effective tax rate (%)	19.3	20.5	23.4	23.0	23.0
Profit from continuing operations	108	290	615	828	1,052
Profit from discontinued operations	0	0	0	0	0
Net profit	**108**	**290**	**615**	**828**	**1,052**
Net margin (%)	14.9	19.0	20.2	20.1	20.5
Net profit (controlling interests)	108	290	615	828	1,052
Net profit (non-controlling interests)	0	0	n/a	n/a	n/a
EBITDA	145	396	809	1,114	1,406
EBITDA margin (%)	20.1	25.9	26.6	27.1	27.5
EPS (parent-based) (KRW)	2,842	7,704	16,415	22,109	28,098
EPS (consolidated) (KRW)	2,842	7,704	16,415	22,109	28,098
Adjusted EPS (KRW)*	2,842	7,704	16,415	22,109	28,098

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**286**	**546**	**868**	**1,346**	**1,991**
Cash & equivalents	90	154	163	363	731
Accounts receivable	39	78	184	270	337
Inventories	110	165	376	563	771
Other current assets	47	148	146	150	152
Fixed assets	**279**	**226**	**322**	**352**	**341**
Investment assets	62	45	68	69	69
Tangible assets	51	60	70	84	96
Intangible assets	6	7	7	8	8
Other long-term assets	160	114	176	191	168
Total assets	**565**	**772**	**1,190**	**1,699**	**2,332**
Current liabilities	**145**	**238**	**295**	**376**	**436**
Accounts payable	34	64	150	225	280
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**	**400**	**501**	**562**
Owners of parent equity	**324**	**446**	**790**	**1,198**	**1,770**
Capital stock	4	4	4	4	4
Capital surplus	137	13	15	16	17
Retained earnings	229	427	779	1,166	1,678
Other	-46	1	-7	13	71
Non-controlling interests' equity	**0**	**0**	**n/a**	**n/a**	**n/a**
Total equity	**324**	**446**	**790**	**1,198**	**1,770**
Net debt	-2	-85	-164	-346	-716

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**79**	**341**	**319**	**569**	**797**
Net profit	108	290	615	828	1,052
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	-348	-320	-319
Cash flow from investments	**-110**	**-94**	**-59**	**-72**	**-78**
Change in tangible assets	-45	-15	-18	-21	-19
Change in financial assets	-39	7	-39	-49	-57
Other	-26	-86	-2	-2	-2
Cash flow from financing	**-5**	**-182**	**-251**	**-297**	**-352**
Change in debt	90	-12	6	-1	0
Change in equity	76	-123	0	0	0
Dividends	0	-134	-262	-318	-412
Other	-170	88	5	22	60
Change in cash	-35	64	9	200	368
Cash at beginning of year	125	90	154	163	363
Cash at end of year	90	154	163	363	731
Gross cash flow	**162**	**391**	**682**	**907**	**1,135**
Free cash flow	**34**	**326**	**301**	**548**	**779**

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	38.0	111.3	99.5	34.9	24.5
Operating profit	17.8	197.9	114.7	37.0	27.2
Net profit	31.9	169.2	112.2	34.7	27.1
Adjusted EPS**	26.4	171.1	113.1	34.7	27.1
Per-share data (KRW)					
EPS (parent-based)	2,842	7,704	16,415	22,109	28,098
EPS (consolidated)	2,842	7,704	16,415	22,109	28,098
Adjusted EPS**	2,842	7,704	16,415	22,109	28,098
BVPS	8,687	11,910	21,109	31,999	47,284
DPS (common)	0	5,090	7,000	8,500	11,000
Valuations (x)					
P/E***	17.6	30.0	22.8	17.0	13.3
P/B***	5.8	19.4	17.8	11.7	7.9
EV/EBITDA	13.1	21.6	n/a	n/a	n/a
Ratios (%)					
ROE	41.3	75.3	99.4	83.3	70.9
ROA	25.2	43.3	62.6	57.3	52.2
ROIC	71.1	130.4	165.1	135.6	128.4
Payout ratio	0.0	65.8	42.6	38.4	39.1
Dividend yield (common)	0.0	2.2	1.9	2.3	2.9
Net debt to equity	-0.6	-19.2	-20.7	-28.8	-40.4
Interest coverage (x)	32.6	103.7	171.4	200.2	254.7

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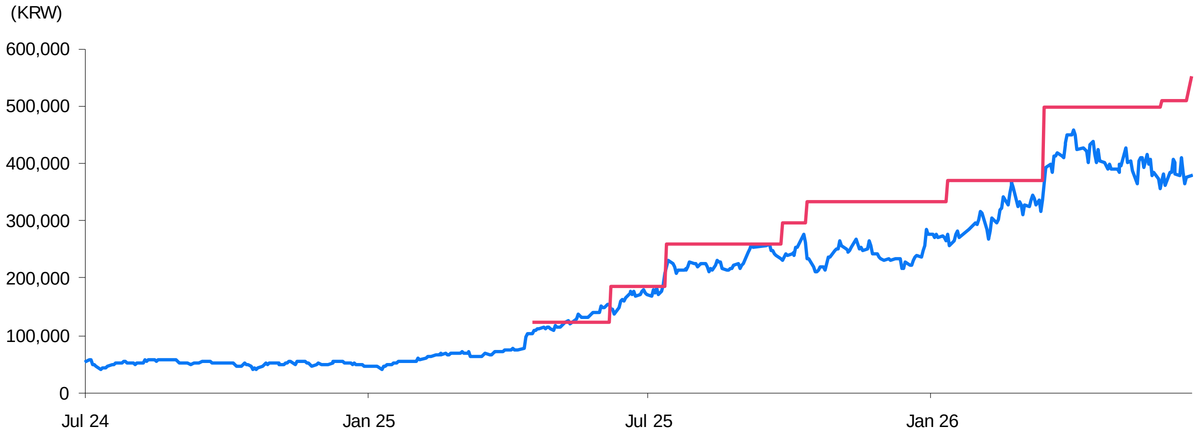
Target price changes in past two years



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	6/24	7/13
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	123000	187000	260000	298000	334000	370000	500000	510000	550000
Gap* (average)	3.84	-8.36	-12.52	-15.68	-26.88	-15.48	-18.38	-24.47	
(max or min)**	25.37	11.50	0.38	-7.38	-14.37	-0.27	-8.20	-19.61	

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

Samsung Securities uses the following investment ratings*

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 2026.06.30

BUY (85.5%)·HOLD (14.5%)·SELL (0%)

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