COMPANY UPDATE

2026. 8. 11

Finance/Consumer Goods Team

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▶ AT A GLANCE

BUY

Target price	KRW12,000	18.8%
Current price	**KRW10,100**	
Market cap	KRW935.56b/USD660.66m	
Shares (float)	92,629,382 (49.6%)	
52-week high/low	KRW23,650/KRW9,450	
Avg daily trading value (60-day)	KRW9.9b/ USD7.0m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Paradise (%)	-24.7	-50.4	-48.2
Vs Kospi (%pts)	-7.9	-59.6	-73.3

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	12,000	12,000	0.0%
2026E EPS	873	928	-5.9%
2027E EPS	1,049	1,119	-6.3%

▶ SAMSUNG vs THE STREET

No of estimates	11
Target price	18,636
Recommendation	4.0

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

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Paradise (034230)

Growth continues; profit improvement key

- Paradise reported a 2Q operating profit of KRW35.6b, missing consensus (KRW45.7b).
- With the onset of the strong seasonality in 3Q, we expect some relief in profitability pressure.
- We maintain our target price of KRW12,000 (11x P/E) and BUY rating.

WHAT'S THE STORY?

2Q operating profit below consensus: Paradise reported 2Q sales of KRW318.1b (up 12% y-y) and an operating profit of KRW35.6b (down 17% y-y) in 2Q, missing consensus (KRW45.7b; FnGuide). The miss resulted from: 1) Hyatt operating costs of KRW9.8b (down 11% q-q); 2) a KRW11.9b increase in labor costs due to hiring at headquarters; and 3) a KRW6.9b rise in comp costs from higher ADR at the Seoul hotel. By segment: 1) the casino business posted a 12% y-y increase in table drop, a hold rate of 11.2%, and sales growth of 8% y-y; notably, mass-market drop rose 18% y-y in 2Q, building on a 17% y-y gain in 1Q, reflecting sustained strength from rising foreign tourist arrivals; and 2) the hotel business benefited from stronger tourism demand, with occupancy rate (OCC) climbing to 80.0% (up 5.2%pts y-y) at Paradise City and 87.4% (up 4.2%pts y-y) in Busan, driving combined sales to KRW60.8b (up 32% y-y).

Cost pressure to ease with onset of strong seasonality: As of July, the casino business recorded a table drop of KRW671.6b (up 15% y-y), with sales of KRW77.9b (up 4% y-y). It showed resilient performance, despite some diversion of casino demand toward World Cup betting, which amounted to USD60b (up 70% from the 2022 Qatar World Cup). For Hyatt, we estimate 2Q OCC at 50-60% and average daily rate (ADR) in the mid-KRW200,000 range, yielding roughly KRW8b in sales. Both OCC and ADR have been improving since the end of June. Assuming an ADR in the high KRW200,000s and an OCC of 70% in 3Q, we project sales around KRW9b. Excluding one-time costs from 2Q and with strengthening non-room revenue, Hyatt is on track to reach breakeven in 3Q.

Maintaining target price of KRW12,000 and BUY rating: Due to regulatory concerns, the company's 2027 P/E has fallen to as low as 9x. We believe much of the regulatory risk is \priced in, as this multiple: 1) sits at the lower end of its post-2018 band; and 2) represents a 17% discount to the 11x average P/E at which Macao casino operators are trading (Bloomberg). If the new tax bracket applies only to sales above KRW300b—as recent media reports suggest—the company's 2027 operating profit would decline by 8% from current forecasts, a significant moderation compared to the 17% decline projected in July, suggesting that earnings erosion is likely to be more contained than previously feared.

Samsung Securities

Paradise: Casino earnings

(KRWb, %)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2024	2025	2026E	2027E
Table drop	1,694	1,835	1,808	1,813	1,756	2,058	2,018	2,184	6,868	7,150	8,016	8,795
Chg (% y-y)	(2.0)	7.7	2.0	9.1	3.6	12.2	11.6	20.5	11.3	4.1	12.1	9.7
Drop, by visitor type												
Chinese VIPs	303	293	307	302	250	307	313	332	1,214	1,205	1,202	1,325
Japanese VIPs	720	787	759	723	729	829	835	896	2,898	2,990	3,289	3,522
Other VIPs	304	362	304	345	349	459	345	406	1,311	1,316	1,558	1,685
Mass	367	393	437	442	429	463	525	550	1,445	1,639	1,967	2,262
Chg (y-y)												
Chinese VIPs	0.5	(1.2)	(3.5)	1.3	(17.6)	4.9	2.0	9.8	44.4	(0.8)	(0.2)	10.3
Japanese VIPs	0.4	11.8	(0.9)	1.7	1.1	5.4	10.0	23.9	3.6	3.2	10.0	7.1
Other VIPs	(12.5)	6.5	(6.5)	15.7	14.8	26.5	13.3	17.7	6.1	0.3	18.5	8.2
Mass	1.0	8.1	20.3	24.6	16.8	18.0	20.0	24.4	11.2	13.4	20.0	15.0
Drop, by casino												
Paradise City	876	996	1,005	941	916	1,048	1,105	1,058	3,472	3,818	4,127	4,430
Other	818	839	803	872	840	1,010	913	1,126	3,396	3,332	3,889	4,366
Chg (y-y)												
Paradise City	0.7	19.5	9.9	10.2	4.6	5.2	10.0	12.4	17.2	10.0	8.1	7.3
Other	(4.8)	(3.6)	(6.4)	7.9	2.7	20.5	13.6	29.2	5.8	(1.9)	16.7	12.2
VIP visitors												
Chinese VIPs	8,351	9,946	9,484	9,865	7,508	8,417	9,484	10,355	36,621	37,646	35,764	37,552
Japanese VIPs	20,025	21,536	22,657	20,204	21,049	23,405	24,923	23,488	82,687	84,422	92,864	97,507
Other VIPs	12,081	12,595	12,494	12,615	12,274	12,916	12,869	13,220	49,297	49,785	51,279	52,817
Chg (y-y)												
Chinese VIPs	3.7	9.4	0.6	(1.8)	(10.1)	(15.4)	0.0	5.0	55.4	2.8	(5.0)	5.0
Japanese VIPs	(3.3)	5.2	6.8	(0.4)	5.1	8.7	10.0	16.3	8.3	2.1	10.0	5.0
Other VIPs	2.9	3.7	(0.5)	(1.9)	1.6	2.5	3.0	4.8	14.3	1.0	3.0	3.0
Drop per VIP per visit (KRWm)												
Chinese VIPs	36.3	29.5	32.4	30.6	33.3	36.5	33.0	32.0	33.2	32.0	33.6	35.3
Japanese VIPs	36.0	36.5	33.5	35.8	34.6	35.4	33.5	38.2	35.0	35.4	35.4	36.1
Other VIPs	25.1	28.8	24.4	27.4	28.4	35.5	26.8	30.7	26.6	26.4	30.4	31.9
Chg (y-y)												
Chinese VIPs	(3.1)	(9.7)	(4.1)	3.2	(8.3)	24.0	2.0	4.6	(7.0)	(3.5)	5.0	5.0
Japanese VIPs	3.9	6.3	(7.2)	2.1	(3.8)	(3.1)	0.0	6.6	(4.3)	1.1	0.0	2.0
Other VIPs	(15.0)	2.7	(6.0)	17.9	13.0	23.4	10.0	12.3	(7.2)	(0.6)	15.0	5.0
Table hold ratio (%)	12.6%	11.8%	11.3%	11.7%	12.2%	11.2%	11.3%	11.5%	11.2%	11.8%	11.5%	11.7%

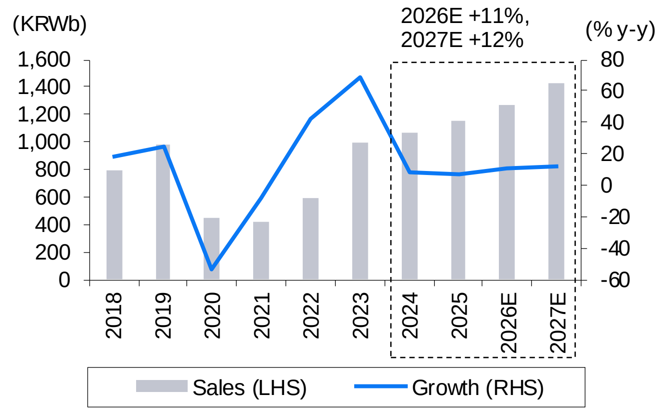
Source: Company data, Samsung Securities estimates

Paradise: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26	3Q26E	4Q26E	2024	2025	2026E	2027E
Sales	283	284	288	294	294	318	324	338	1,072	1,150	1,274	1,429
Casino	229	231	219	229	232	249	242	265	818	899	989	1,106
Hotel & etc	55	53	70	65	62	69	82	73	206	204	285	324
Gross profit	78	71	69	50	68	74	80	74	238	268	296	349
Operating profit	57	43	40	16	37	36	49	44	136	156	166	195
Pre-tax profit	50	36	40	10	25	27	37	33	101	135	123	146
Net profit	43	32	33	36	19	21	30	35	111	145	104	124
(% margin)												
Gross profit	27.5	24.8	23.9	17.1	23.2	23.1	24.7	21.9	22.2	23.3	23.2	24.4
Operating profit	20.2	15.1	13.7	5.5	12.7	11.2	15.0	13.1	12.7	13.6	13.0	13.6
Pre-tax profit	17.5	12.6	13.7	3.5	8.5	8.6	11.6	9.8	9.4	11.8	9.6	10.2
Net profit	15.2	11.4	11.6	12.2	6.4	6.6	9.2	10.3	10.3	12.6	8.2	8.7
Chg (% y-y)												
Sales	7.0	4.1	7.5	10.5	3.8	11.8	12.3	15.0	7.8	7.3	10.8	12.2
Casino	10.0	6.5	11.2	11.2	1.5	8.0	10.8	15.5	10.1	9.9	10.0	11.8
Hotel & etc	(3.9)	(5.2)	(2.9)	8.4	13.1	28.3	17.3	12.9	0.1	(1.1)	17.6	13.6
Gross profit	13.5	7.0	15.2	15.4	(12.5)	4.1	16.2	46.8	1.8	12.5	10.4	17.9
Operating profit	18.3	33.9	9.1	(16.8)	(34.9)	(17.0)	23.0	174.0	(6.7)	14.5	6.4	17.6
Pre-tax profit	21.1	59.7	89.5	(37.7)	(49.9)	(23.6)	(5.4)	221.7	10.2	34.2	(9.2)	19.0
Net profit	16.6	84.2	70.0	(1.6)	(56.3)	(35.0)	(10.4)	(3.1)	30.7	30.8	(27.9)	19.0

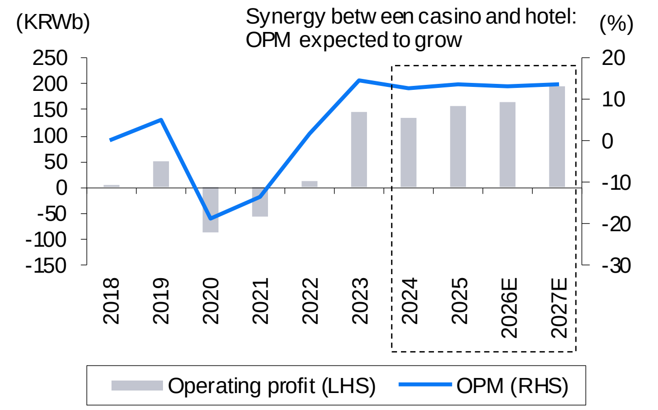
Source: Company data, Samsung Securities estimates

Sales and growth



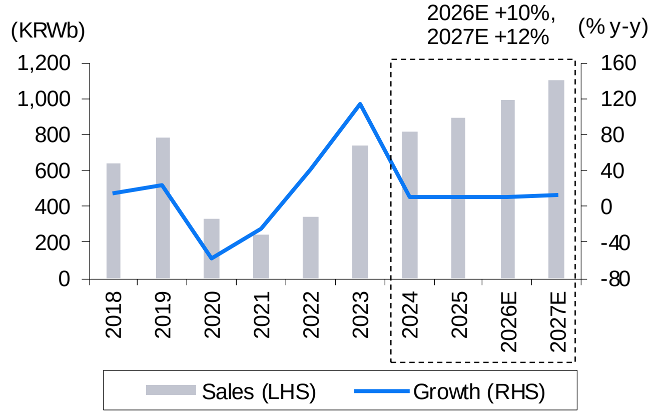
Source: Company data, Samsung Securities estimates

Operating profit and operating margin



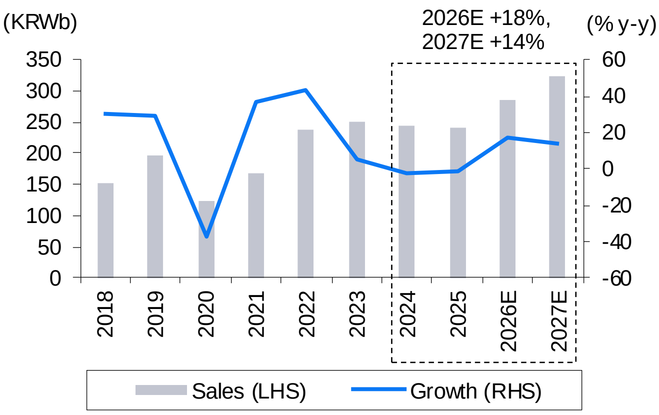
Source: Company data, Samsung Securities estimates

Casino: Sales and growth



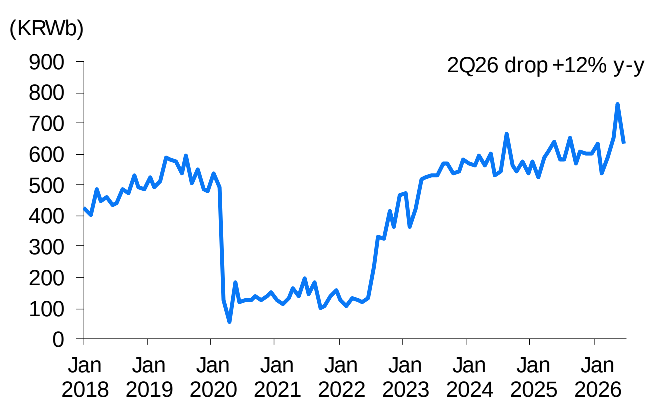
Source: Company data, Samsung Securities estimates

Hotel & other: Sales and growth



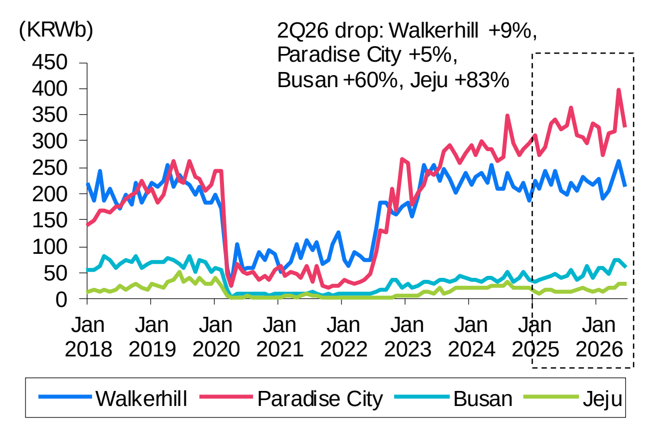
Source: Company data, Samsung Securities estimates

Casino: Monthly drop



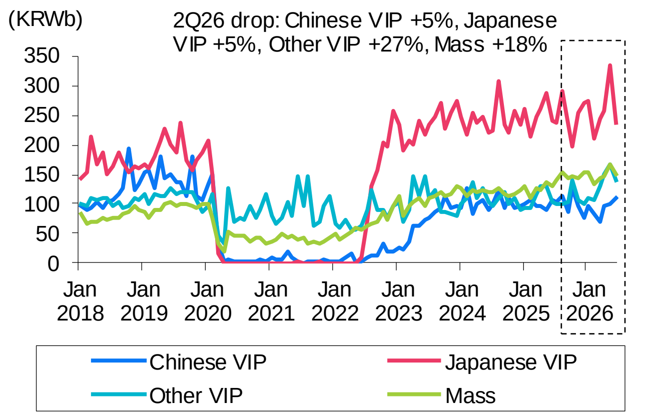
Source: Company data, Samsung Securities

Casino: Monthly drop, by casino



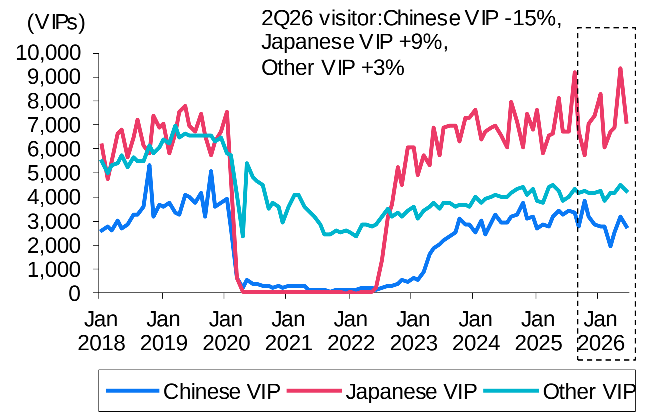
Source: Company data, Samsung Securities

Casino: Monthly drop, by visitor type



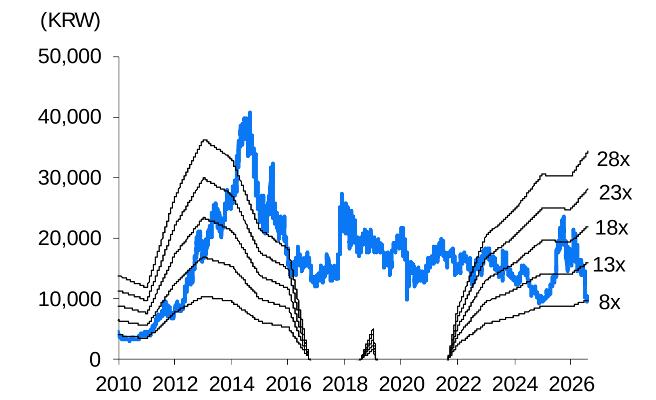
Source: Company data, Samsung Securities

Casino: Monthly VIP visitors



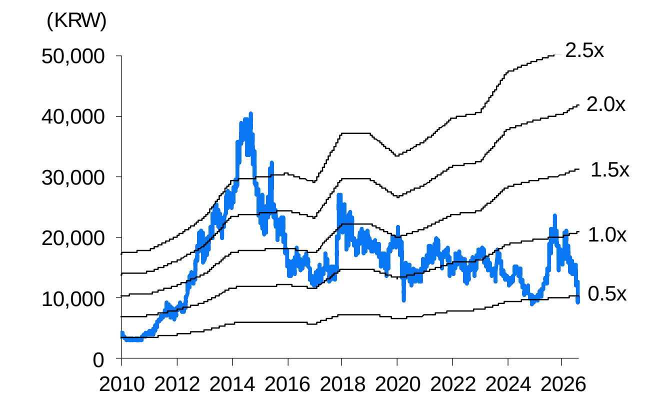
Source: Company data, Samsung Securities

12m FWD P/E band



Source: Bloomberg, Samsung Securities

12m FWD P/B band



Source: Bloomberg, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**1,072**	**1,150**	**1,274**	**1,429**	**1,536**
Cost of goods sold	834	882	978	1,081	1,144
Gross profit	**238**	**268**	**296**	**349**	**392**
Gross margin (%)	22.2	23.3	23.2	24.4	25.5
SG&A expenses	102	112	130	139	146
Operating profit	**136**	**156**	**166**	**195**	**246**
Operating margin (%)	12.7	13.6	13.0	13.6	16.0
Non-operating gains (losses)	**(35)**	**(21)**	**(43)**	**(49)**	**(54)**
Financial profit	24	15	12	15	18
Financial costs	73	63	72	81	89
Equity-method gains (losses)	13	28	17	17	17
Other	(0)	0	(0)	0	(0)
Pre-tax profit	**101**	**135**	**123**	**146**	**192**
Taxes	(10)	(9)	18	22	29
Effective tax rate (%)	(9.8)	(7.0)	15.0	15.0	15.0
Profit from continuing operations	111	145	104	124	163
Profit from discontinued operations	0	0	0	0	0
Net profit	**111**	**145**	**104**	**124**	**163**
Net margin (%)	10.3	12.6	8.2	8.7	10.6
Net profit (controlling interests)	76	94	80	100	134
Net profit (non-controlling interests)	35	50	25	25	29
EBITDA	214	230	246	275	326
EBITDA margin (%)	20.0	20.0	19.3	19.2	21.2
EPS (parent-based) (KRW)	823	1,026	867	1,083	1,458
EPS (consolidated) (KRW)	1,206	1,575	1,135	1,352	1,771
Adjusted EPS (KRW)*	886	963	862	1,077	1,452

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**864**	**885**	**1,049**	**1,242**	**1,472**
Cash & equivalents	578	342	442	542	642
Accounts receivable	32	31	34	39	42
Inventories	8	8	9	11	11
Other current assets	247	504	563	652	778
Fixed assets	**3,070**	**3,195**	**3,219**	**3,342**	**3,465**
Investment assets	152	228	228	228	228
Tangible assets	2,510	2,542	2,566	2,689	2,812
Intangible assets	163	162	162	162	162
Other long-term assets	246	263	263	263	263
Total assets	**3,934**	**4,080**	**4,268**	**4,585**	**4,938**
Current liabilities	**668**	**755**	**852**	**1,113**	**1,443**
Accounts payable	5	5	5	6	7
Short-term debt	169	137	496	506	1,086
Other current liabilities	495	613	351	601	351
Long-term liabilities	**1,190**	**1,112**	**1,113**	**1,055**	**926**
Bonds & long-term debt	716	635	635	575	445
Other long-term liabilities	474	477	479	480	481
Total liabilities	**1,859**	**1,868**	**1,965**	**2,168**	**2,369**
Owners of parent equity	**1,636**	**1,724**	**1,813**	**1,928**	**2,079**
Capital stock	47	48	46	46	46
Capital surplus	336	352	352	352	352
Retained earnings	629	702	793	908	1,059
Other	624	622	622	622	622
Non-controlling interests' equity	**439**	**489**	**489**	**489**	**489**
Total equity	**2,075**	**2,213**	**2,302**	**2,417**	**2,568**
Net debt	478	843	775	782	750

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**196**	**224**	**203**	**223**	**264**
Net profit	111	145	104	124	163
Non-cash profit and expenses	87	79	102	103	104
Depreciation	74	71	77	77	77
Amortization	4	3	3	3	3
Other	9	4	22	23	24
Changes in A/L from operating activities	(1)	0	(4)	(5)	(3)
Cash flow from investments	**(186)**	**(397)**	**(120)**	**(220)**	**(220)**
Change in tangible assets	(49)	(93)	(100)	(200)	(200)
Change in financial assets	(13)	(78)	0	0	0
Other	(123)	(226)	(20)	(20)	(20)
Cash flow from financing	**(123)**	**(63)**	**17**	**97**	**56**
Change in debt	4	60	32	107	68
Change in equity	0	1	(2)	0	0
Dividends	(9)	(13)	(13)	(10)	(11)
Other	(118)	(110)	(0)	0	0
Change in cash	(111)	(236)	100	100	100
Cash at beginning of year	689	578	342	442	542
Cash at end of year	578	342	442	542	642
Gross cash flow	**197**	**224**	**207**	**228**	**267**
Free cash flow	**191**	**172**	**132**	**56**	**100**

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	7.8	7.3	10.8	12.2	7.5
Operating profit	(6.7)	14.5	6.4	17.6	26.1
Net profit	30.7	30.8	(27.9)	19.0	31.0
Adjusted EPS**	41.5	8.7	(10.5)	25.0	34.8
Per-share data (KRW)					
EPS (parent-based)	823	1,026	867	1,083	1,458
EPS (consolidated)	1,206	1,575	1,135	1,352	1,771
Adjusted EPS**	886	963	862	1,077	1,452
BVPS	16,321	17,145	18,113	19,354	20,992
DPS (common)	150	150	110	130	170
Valuations (x)					
P/E***	11.7	16.1	11.6	9.3	6.9
P/B***	0.59	0.97	0.56	0.52	0.48
EV/EBITDA	7.8	8.8	8.4	7.6	6.3
Ratios (%)					
ROE	5.0	5.6	4.5	5.3	6.7
ROA	2.9	3.6	2.5	2.8	3.4
ROIC	6.9	7.3	5.2	5.6	6.4
Payout ratio	11.7	9.1	9.2	9.2	9.1
Dividend yield (common)	1.5	1.5	1.1	1.3	1.7
Net debt to equity	23.0	38.1	33.7	32.4	29.2
Interest coverage (x)	1.9	2.5	2.3	2.4	2.8

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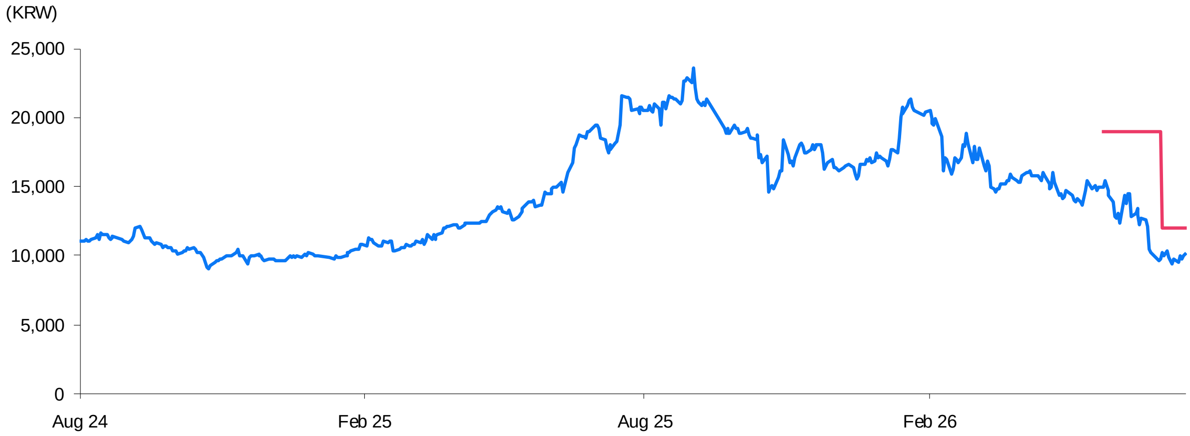
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2026/6/15	7/23
Recommendation	BUY	BUY
Target price (KRW)	19000	12000
Gap* (average)	-32.52	
(max or min)**	-18.63	

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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