



Coupang Inc. (CPNG)

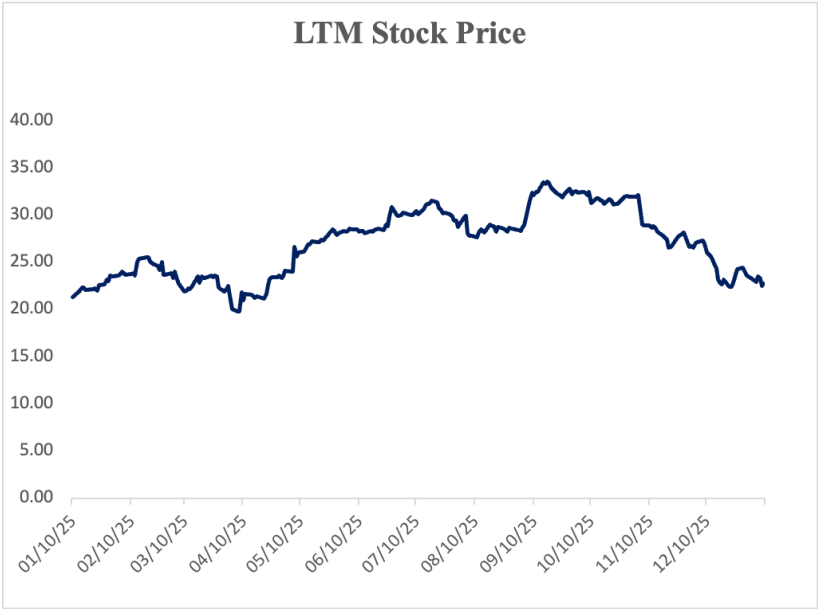
Research Summary

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Company Overview

Coupang, Inc. engages in the provision of retail, restaurant delivery, video streaming, and fintech services to customers around the world under brands that include Coupang, Coupang Eats, Coupang Play, and Farfetch. Coupang is South Korea’s largest e-commerce retailer, as its market share estimated at 22.7% and has 34 million monthly active users including 14 million WOW subscribers (Coupang’s subscription membership). Coupang’s business moat is their logistics and ultra-fast delivery system called “Rocket delivery” that delivers products in less than a day. Coupang generates subscription revenue from its membership called “WOW”, where subscribers are provided with various perks including unlimited Rocket delivery, free delivery for Coupang Eats, and access to Coupang Play.



Business Models

Coupang’s business model has two segments: product commerce and developing offerings. Product commerce is the company’s core retail and marketplace offerings, and developing offerings contain Coupang’s more nascent offerings and services including Coupang Eats, Coupang Play, its retail operations in Taiwan, and Farfetch, a global luxury fashion marketplace Coupang acquired in 2024.



Coupang Inc. was founded by Bom Kim in 2010 and is headquartered in Seattle, WA.



Coupang’s Rocket delivery icon.

52 Week Range: \$19.02 ~ \$34.08

Current Stock Price: \$22.74

P/E Ratio (LTM): 107.62

Beta Estimate: 1.00

Dividend Yield: 0.0%

2024 DPS: \$0

P/S (LTM): 1.26

EV/Sales (LTM): 1.13

WACC: 8.59%

P/BV (2024): 9.65

Equity Value: \$41,537 (M)

Enterprise Value: \$38,079 (M)

Industry: E-commerce

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Company Analysis

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Business Overview

Product Commerce

Coupang's major revenue source is the Product Commerce segment. This includes 1P and 3P sales in its retail and marketplace service, advertisement revenues, and subscription revenues, producing 80% of Coupang's total revenues which was \$26 billion in 2024. Coupang has a strong recurring revenue derived from its 14 million WOW subscribers who pay around \$7 monthly. Becoming a WOW subscriber provides benefits like unlimited Rocket delivery (delivery within a day), Rocket Fresh (grocery delivery overnight), and other benefits in developing offerings services.

Developing Offerings

Coupang's more nascent services are categorized as developing offerings. These include Coupang Eats—a restaurant ordering and delivery service, Coupang Play—an online content streaming service, retail operations in Taiwan, and Farfetch—a global luxury fashion marketplace Coupang acquired in 2024. Services like Coupang Eats and Coupang Play act as motivators for WOW subscriptions because being a WOW subscriber included perks like free delivery fee in Coupang Eats and free access to Coupang Play streaming.

Industry Overview

South Korea's E-commerce Market

Nearly three quarters of Korean adult population are consumers of E-commerce industry, making Korea one of the most mature E-commerce market in the world. Taking advantage of this huge consumer base, 90% of Coupang's retail market sales come from Korea.

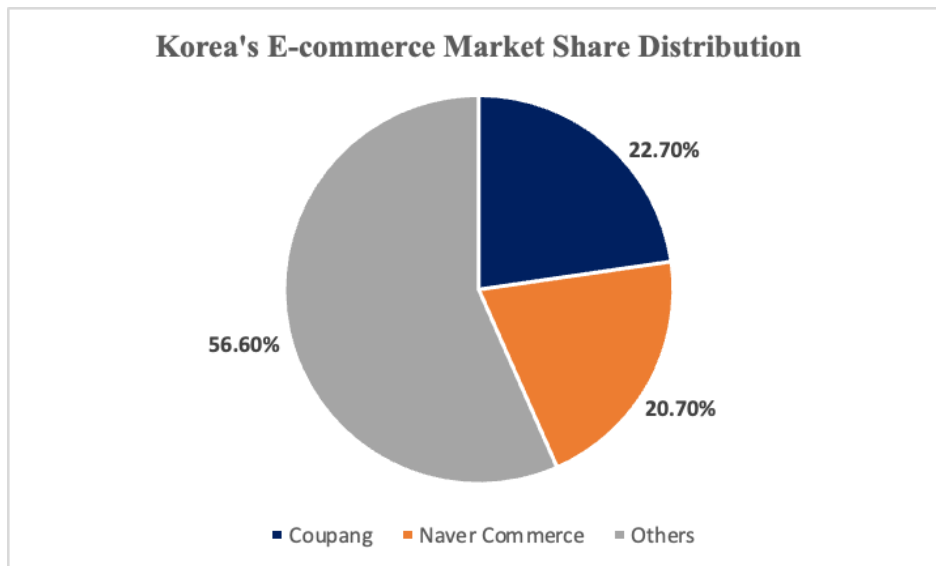
However, Korean consumers' E-commerce purchase amount has decreased 2% from 452 trillion won (\$310B) in 2023 to 443 trillion won (\$303B). This suggests that the industry is already at the maturity phase and Korean consumers' purchasing power have reduced due to reasons like a slowing economy or increase in household debt.

Company Analysis

Market Share

Coupang Market Share in E-commerce Industry

Coupang is a leader in South Korea's E-commerce industry, its market share estimated at 22.7%, followed by its rival Naver Commerce at 20.7%. However, it is predicted that Coupang actually has a larger lead in the industry as it contains over 30 million active monthly user and 14 million WOW subscribers, a consumer base far greater than that of Naver Commerce. Other competitors include Gmarket, 11street Co.Ltd, who have less than 15% of the market share.



Source: Statistics Korea

Coupang vs. Naver Commerce

Coupang's competitive advantage is its own sophisticated supply chain and fulfillment infrastructure. Coupang has over 100 fulfillment centers in various locations in Korea, allowing them to purchase directly from sellers and store them until delivering to consumers. This infrastructure is what enables Coupang's signature Rocket delivery service.

Naver Commerce doesn't own such infrastructure. Instead, it has connected with large logistics companies to support delivery service, which isn't as fast as Coupang's own system. Yet, Naver Commerce has its own competitive advantage. It uses AI and Naver, the most popular search engine in Korea, to gather user data and suggest personalized ads and shopping assistance. In fact, Naver Commerce's large portion of revenues come from commissions from retail sales (55.1%) and commerce advertisement (38.3%).

Company Analysis

Income Statements

\$ in millions	SEP '25 LTM	FY 2024	FY 2023
Income Statement			
Sales	33,664	30,268	24,383
Cost of Goods Sold	23,692	21,553	18,193
Gross Income	9,972	8,715	6,190
SG&A Expense	9,303	8,206	5,717
EBIT (operating income)	669	509	473
Nonoperating Income - Net	187	177	159
Interest Expense	110	140	48
Unusual Expense - Net	-108	73	0
Pretax Income	854	473	584
Income Taxes	483	407	-776
Consolidated Net Income	371	66	1,360
Minority Interest	-19	-88	0
Net Income	390	154	1,360

Source: FactSet

Sales Revenue and Gross Income

Coupang's sales revenue has continuously increased year to year, from \$24,383 million in 2023 to \$30,268 million in 2024 to \$33,664 in the last 12 months. The Gross income also followed a similar pattern, rising 43% from 2023 to 2024 from \$5,717 million to \$8,206 million, and showed a 14% increase from 2024 to the last 12 months from \$8,715 million to \$9,972 million.

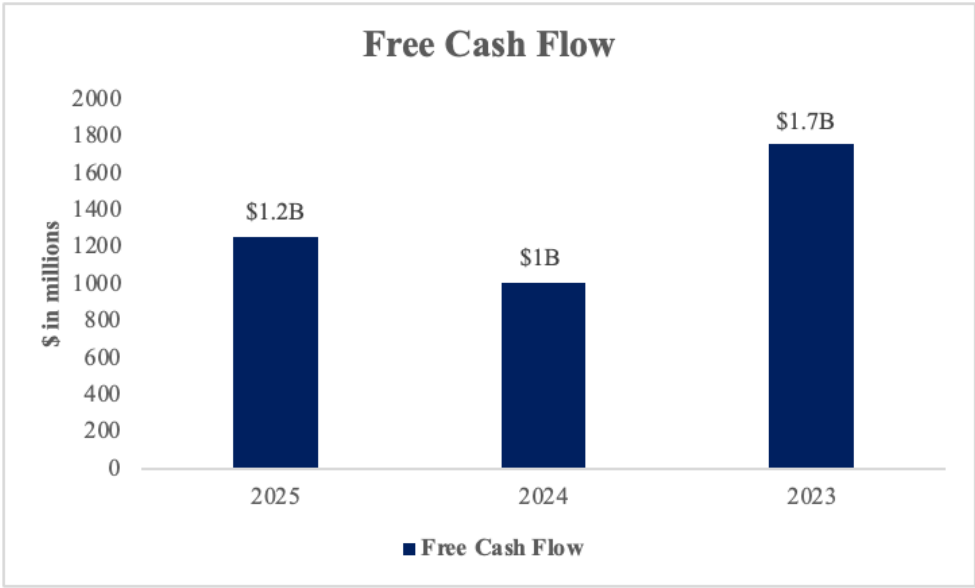
Profitability

Coupang's operating margin was around 1.7% in 2024, but this is due to losses from its Taiwan operation and other developing offerings. The operating margin from product commerce itself is around 5%. In contrast to highly profitable product commerce, developing offerings are making losses at the moment. At Q3 2025, losses from developing offerings amounted to \$300 millions. Despite these losses, income from product commerce is large enough to offset the loss and earn a positive operating income.

Coupang's net income increased 153% from 2024 to LTM (Sep '25). This is due to increased sales while minimizing expenses such as interest expense and unusual expense.

Company Analysis

Cash Flow Analysis



Source: FactSet

Cash Flow Analysis

Cash flow generation is one of Coupang’s biggest strengths. In 2024, Coupang generated about \$1.8 billion as net operating cash flow, leading to free cash flow of \$1 billion. For the last 12 months, net operating cash flow increased 25% to \$2.3 billion. Coupang’s cash generating ability shows that Coupang has a strong consumer base (14 million WOW subscribers) and a very lucrative revenue model, sustained through their 1P, 3P sales and subscription model.

Risk

Data Breach Potential Implications

Coupang is facing a class action lawsuit from U.S. shareholders who were affected by the data breach in November 2025. The data breach occurred due to a leak by a former employee who stole the security keys in June 2025, but was not notified and publicly confirmed by Coupang until November. Data breach affected over 20 million Coupang users, and the lawsuit, in the worst case scenario, can leave Coupang to pay a hefty cost of \$800 million. However, as Coupang generates a positive cash flow of over \$1 billion, Coupang is able to pay the cost without leveraging its finance. Coupang has reported that they lost 2 million users following the data breach incident, although their 14 million WOW subscribers are likely to stay as there is no practical alternative to Coupang.

Company Analysis

Growth Opportunities

Retail Operations in Taiwan

Coupang's retail operations in Taiwan can turn into a lucrative success in the coming years. Taiwan shares a similar market environment with Korea due to similar per capita GDP and even higher population density (600 people per sq. kilometers in Taiwan and 530 people per sq. kilometers in Korea). Currently, Taiwan's e-commerce market leader is Southeast Asia e-commerce giant Shopee. Coupang has competitive advantages in delivery speed as Rocket delivery takes under 24 hours whereas Shopee's fastest delivery takes a few days.

Assuming Coupang's Taiwan operations take a similar market share as in Korea (20-30%), it can generate revenue around \$4 billion to \$6 billion. Given the similar population density, the profit margins in Taiwan can become similar to that of Korea, around mid-single digit (3-4%).

Advertisement Revenue Growth

Coupang doesn't specify the amount of revenue from advertisement, but considering product commerce generates \$26 billion and \$24 billion of that is through 1P and 3P sales and subscription revenues, ads revenues is estimated to be \$1 or 2 billion. This accounts for only 2% of Coupang's GMV of over \$40 billion, which is far lower than the industry benchmark of 7% and similar e-commerce company Amazon (7%), suggesting a room for growth in Coupang's advertisement revenue.

Beauty and Luxury Market Gains

Product commerce sectors recorded a consistent, robust growth, up 18% YoY in Q3 2025, 19% YoY in Q2 2025, and 18% YoY in Q1 2025. Coupang's strong consumer base and growth in retail sales can be used to capture local market share run by smaller companies. Also, Coupang's luxury platform R.Lux that launched in Oct. 2024 and a recent acquisition of Farfetch can promote growth in the luxury fashion market. Compared to existing beauty and luxury platforms in Korea, Coupang's luxury platform with the support of strong logistics infrastructure positions them very well to capture the luxury and fashion spend from WOW subscribers and potential new users as well.

Company Analysis

Unequivocal Leader in Korea's E-commerce, despite Potential Legal Risk

Coupang positions itself as a powerful leader in Korea's e-commerce market based on its own, sophisticated logistics, fulfillment infrastructure, and huge consumer base. As three quarters of Korean adult population use e-commerce service, Coupang will continue to generate strong, recurring revenues from its 1P, 3P sales and WOW subscriptions revenues. Coupang's stock price has recently dropped 20% due to data breach and potential legal liabilities. However, Coupang's constant growth in revenues and operating margins, combined with \$1 billion positive FCF suggest that Coupang is financially healthy and has room for further growth. Most importantly, there is no realistic alternative to Coupang's ultra-fast Rocket delivery and Coupang's retail marketplace sustains daily lives of over 20 million Korean population. This will help Coupang keep its leading position in e-commerce industry despite potential legal liabilities.

Conclusion