



*Expanding Your Horizons*

Anna Jiwu

Annie Pang

Aurelia Yang

Evalina Xu



**Anna Jiwu**

Economics  
Business Administration



**Aurelia Yang**

Economics  
Business Administration



**Annie Pang**

Economics  
Data Science



**Evalina Xu**

Economics  
Business Administration



**Market Overview:** understanding the target audience and market saturation to tailor strategy accordingly



**SWOT Analysis:** exploring the advantages and disadvantages of expanding into the Korean market



**Self-Expansion:** pursuing the most profitable long-term solution in both conservative and optimistic scenarios



**Financials:** projecting and comparing financial implications for both self expansion and the alternative strategy



**Looking Forward:** Identifying areas of risk and need for further research to further affirm assumptions made

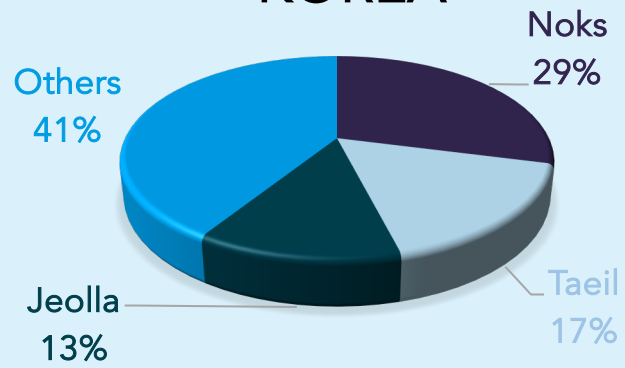
Research shows opportunities for growth in the Korean market



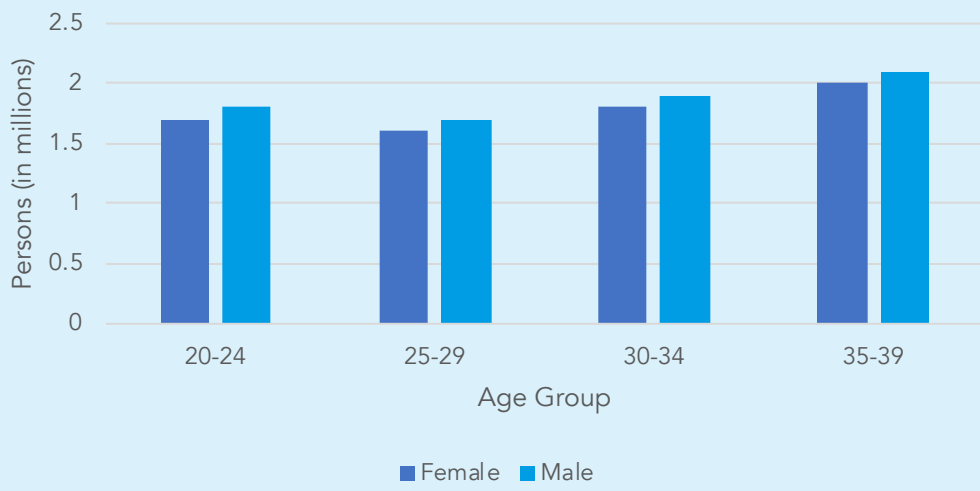
Target demographic focuses on:

- Men and women who are interested in the product in proportions of 10% and 12% respectively
- People whose ages range from 20-39
- Expected value of average pills purchased per week: 10.4

## MARKET INFORMATION IN KOREA

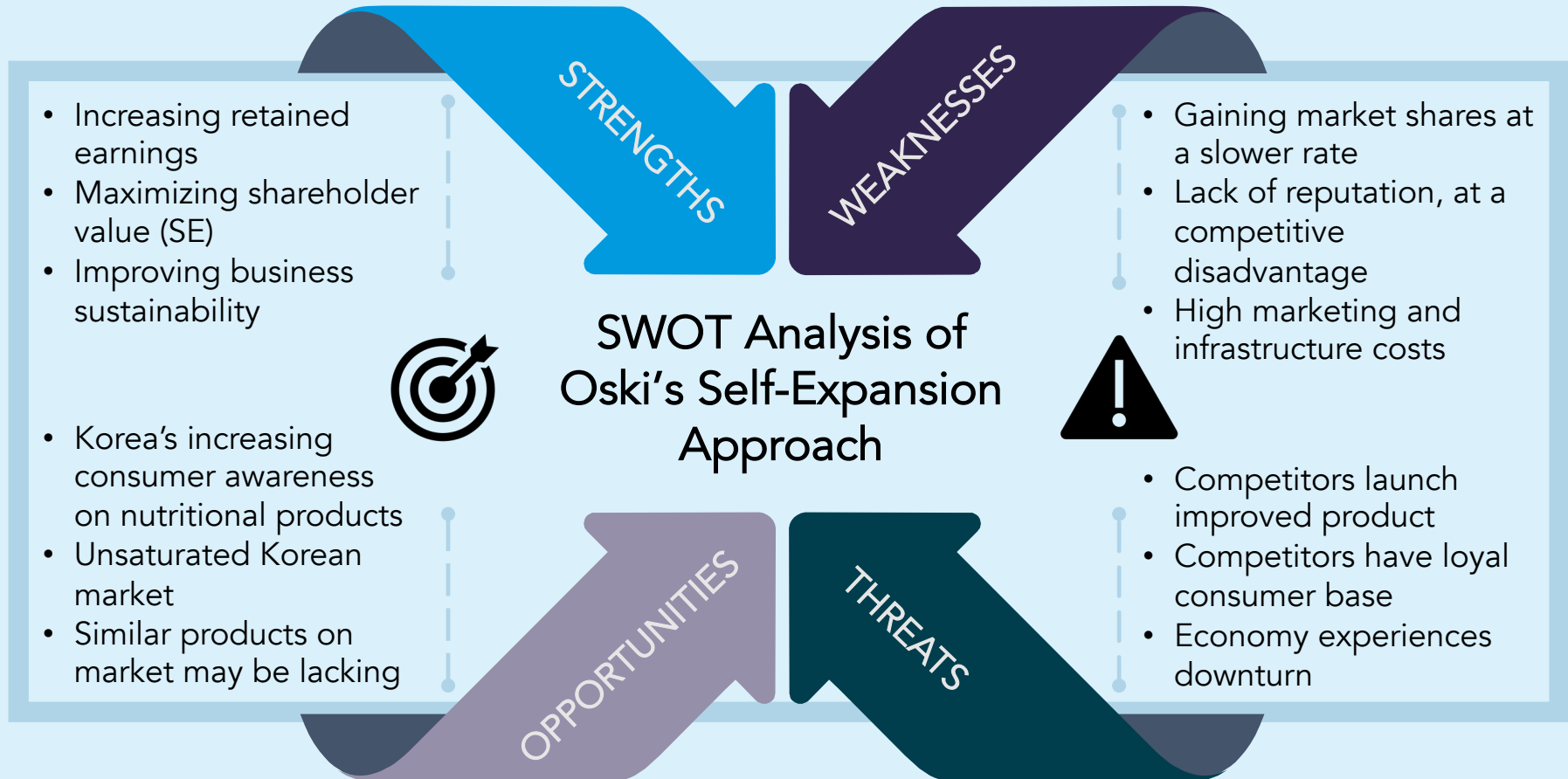


Korean Population by Age Group and Sex



# SWOT Analysis

Self-expansion benefits offset the costs



# Strategy: Shareholder Value

Increase net income to maximize shareholder value

Stockholders' Equity = Retained Earnings + Contributed Capital



## KEY ASSUMPTION

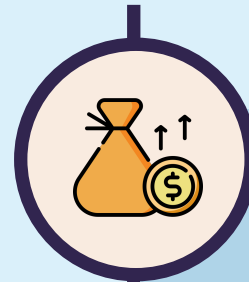
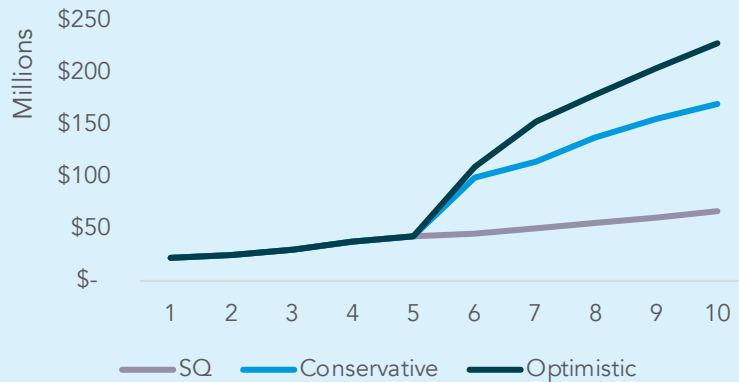
Shareholder value is maximized by increasing retained earnings

Given that contributed capital stays consistent or increases over time

# Financial Implications

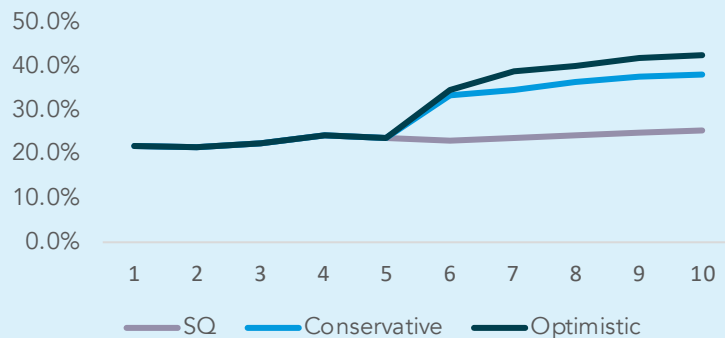
## Self expansion strategy increases net income significantly

Projected Net Income (Self Expansion)



Our client can expect to see growth in revenue up to **\$169M** in conservative case scenario and **\$227M** in optimistic case scenario

Growth in % of Net Income (Self Expansion)



Self expansion into the Korean market also oversees a sharp jump in percent growth in net income relative to net sales

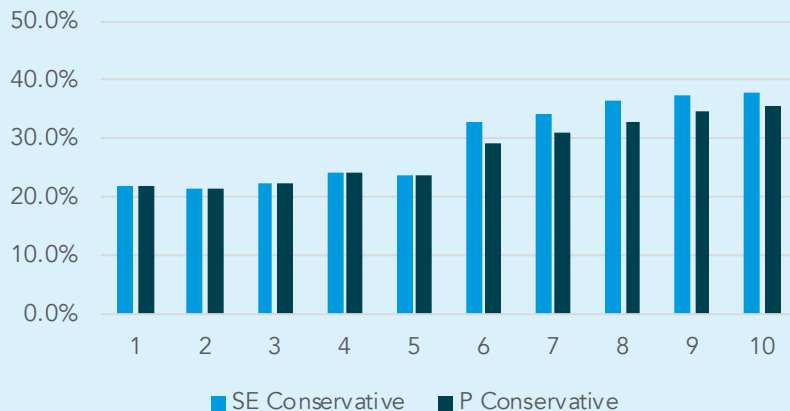
# Financials: Comparison

## Self expansion outperforms partnership strategy in the long run

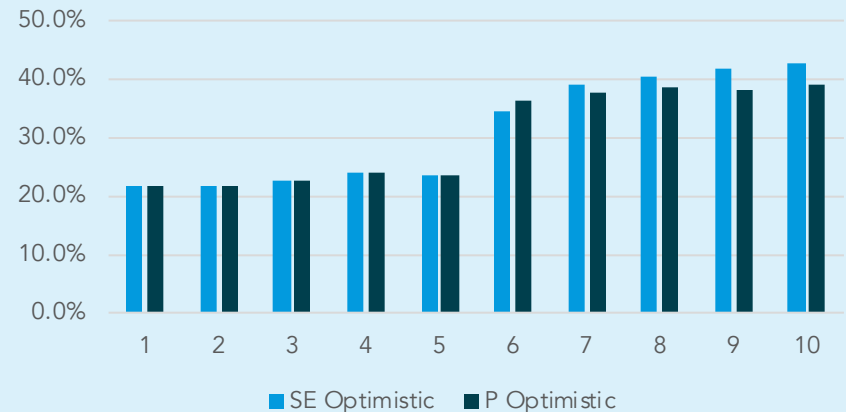


- Partnership yields larger percentage growth in the short run, but self expansion outperforms in the long run in both conservative and optimistic case scenarios
- Main reason behind partnership's stagnation is because of variable cost (12%) of partnership contract

Projected Percentage Growth Comparison (Conservative)



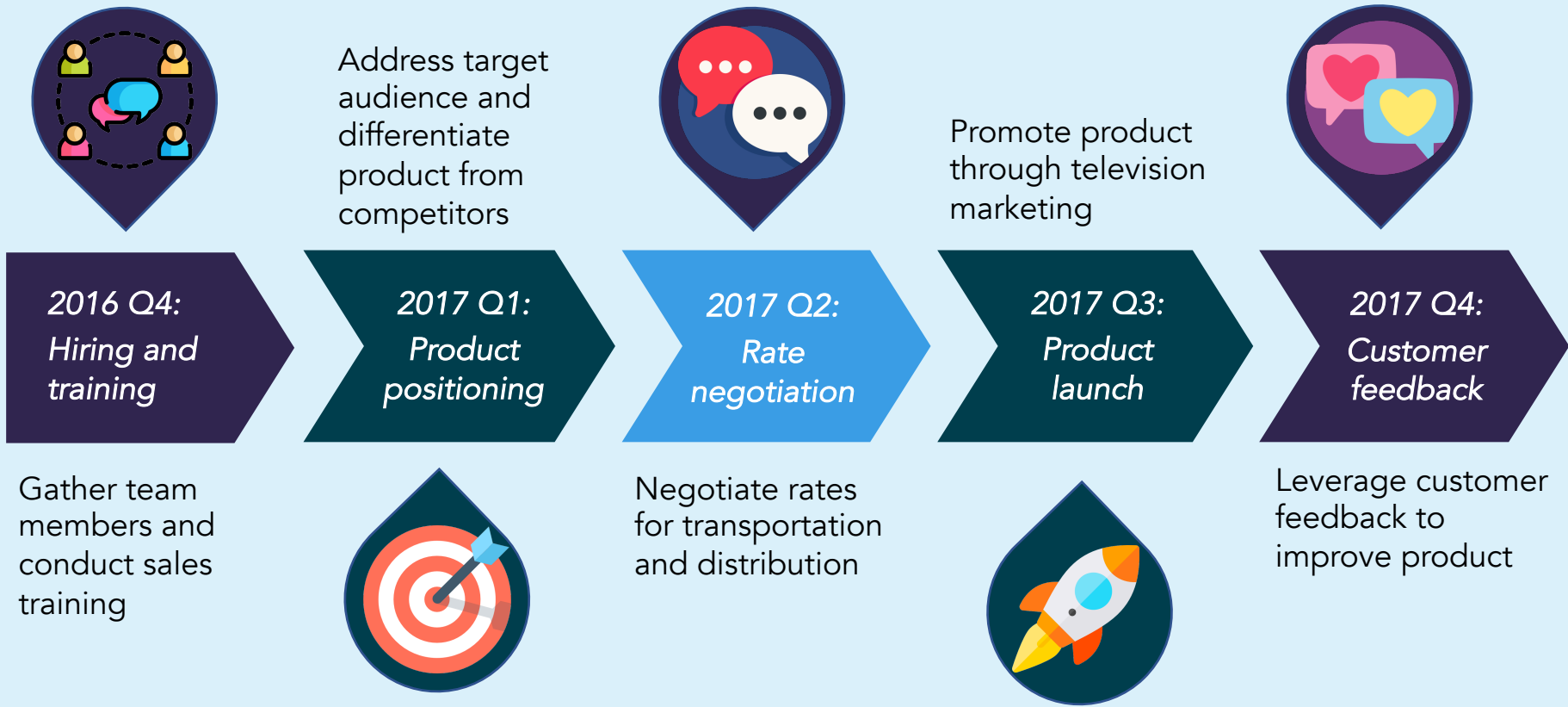
Projected Percentage Growth Comparison (Optimistic)





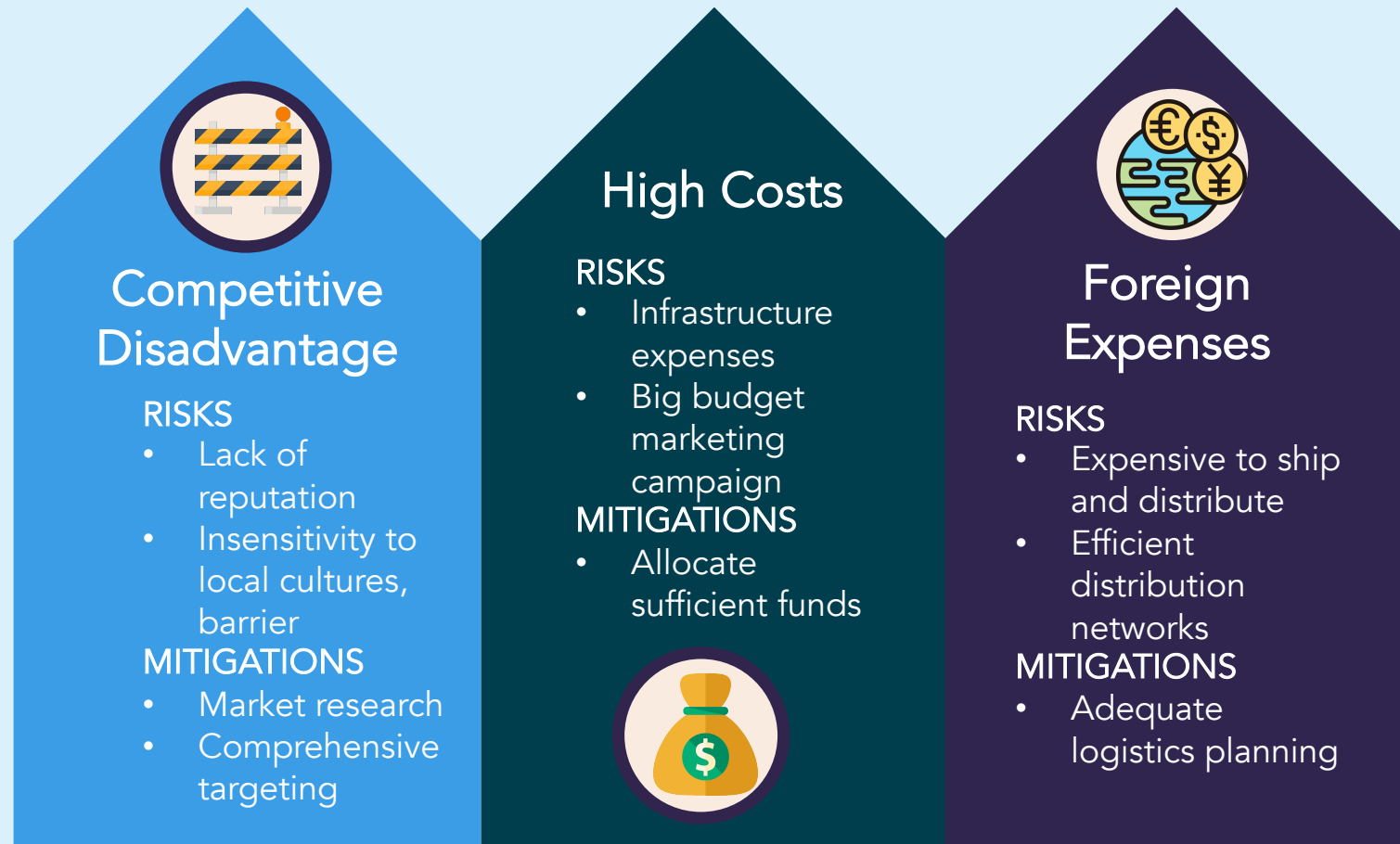
# Timeline

Allocate time to ensure smooth execution of marketing and expansion



# Risks and Mitigations

Identify areas for further market research and logistics planning





Penetrating the South Korean market through self-expansion



Creating international lines catering to cultural tastes and customer ideals



Building sustainable growth in the long run

The image features three dark purple squares arranged horizontally. The first square contains a white capital letter 'Q', the second contains a white ampersand '&', and the third contains a white capital letter 'A'. The background is split diagonally from the top-left to the bottom-right. The upper-left portion is white, and the lower-right portion is a light blue. A darker blue triangle is located in the top-left corner, and a lighter blue triangle is in the top-right corner.

Q

&

A

## Slides

1. [Meet the Team](#)
2. [Agenda](#)
3. [Market Overview](#)
4. [SWOT Analysis](#)
5. [Shareholders Equity](#)
6. [Financial Implications](#)
7. [Financials: Comparisons](#)
8. [Timeline](#)
9. [Risks and Mitigations](#)
10. [Executive Summary](#)

## Appendix

1. [Revenue and Cost Calculations](#)
2. [% Growth and Projected Revenue](#)
3. [Income Statement](#)
4. [Financials Comparison](#)
5. [Isolated Financial Implications](#)

# Revenue and Cost Calculations



Self Expansion										
Conservative						Optimistic				
	Market Share	Pills	Pill Cost	Revenue	SG&A	Market Share	Pills	Pill Cost	Revenue	SG&A
Year 1	0.035	30,322,656	26,532,324	106,129,296	25,245,858	0.04	34,654,464	30,322,656	121,290,624	26,913,604
Year 2	0.04	34,654,464	30,322,656	121,290,624	26,913,604	0.06	51,981,696	45,483,984	181,935,936	33,584,588
Year 3	0.05	43,318,080	37,903,320	151,613,280	30,249,096	0.07	60,645,312	53,064,648	212,258,592	36,920,080
Year 4	0.055	47,649,888	41,693,652	166,774,608	31,916,842	0.08	69,308,928	60,645,312	242,581,248	40,255,572
Year 5	0.06	51,981,696	45,483,984	181,935,936	33,584,588	0.09	77,972,544	68,225,976	272,903,904	43,591,064

Partnership										
Conservative						Optimistic				
	Market Share	Pills	Pill Cost	Revenue	Partnership Cost	Market Share	Pills	Pill Cost	Revenue	Partnership Cost
Year 1	0.04	34,654,464	30,322,656	121,290,624	15,161,328	0.06	51,981,696	45,483,984	181,935,936	22,741,992
Year 2	0.045	38,986,272	34,112,988	136,451,952	17,056,494	0.065	56,313,504	49,274,316	197,097,264	24,637,158
Year 3	0.05	43,318,080	37,903,320	151,613,280	18,951,660	0.07	60,645,312	53,064,648	212,258,592	26,532,324
Year 4	0.055	47,649,888	41,693,652	166,774,608	20,846,826	0.08	69,308,928	60,645,312	242,581,248	30,322,656
Year 5	0.06	51,981,696	45,483,984	181,935,936	22,741,992	0.09	77,972,544	68,225,976	272,903,904	34,112,988

USD (Partnership) 27,118,100

Product Pricing	
3.5	USD
3850	KRW

Total Pills	866,361,600
-------------	-------------

# % Growth and Projected Net Income

		Self Expansion	
		SQ	
		Conservative	Optimistic
Year	2013	21.9%	21.9%
	2014	21.6%	21.6%
	2015	22.5%	22.5%
	2016	24.0%	24.0%
	2017	23.7%	23.7%
	2018	23.3%	33.1%
	2019	23.8%	34.3%
	2020	24.1%	36.4%
	2021	25.0%	37.5%
	2022	25.4%	38.1%

		Partnership	
		SQ	
		Conservative	Optimistic
Year	2013	21.9%	21.9%
	2014	21.6%	21.6%
	2015	22.5%	22.5%
	2016	24.0%	24.0%
	2017	23.7%	23.7%
	2018	23.3%	29.2%
	2019	23.8%	31.2%
	2020	24.1%	32.8%
	2021	25.0%	34.5%
	2022	25.4%	35.8%

		Self Expansion	
		SQ	
		Conservative	Optimistic
Year	2013	\$ 22,091	\$ 22,091
	2014	\$ 24,998	\$ 24,998
	2015	\$ 29,896	\$ 29,896
	2016	\$ 37,327	\$ 37,327
	2017	\$ 42,611	\$ 42,611
	2018	\$ 45,601	\$ 99,953
	2019	\$ 50,538	\$ 114,592
	2020	\$ 55,167	\$ 138,627
	2021	\$ 61,462	\$ 154,626
	2022	\$ 66,879	\$ 169,746

\*\*USD in thousands

		Partnership	
		SQ	
		Conservative	Optimistic
Year	2013	\$ 22,091	\$ 22,091
	2014	\$ 24,998	\$ 24,998
	2015	\$ 29,896	\$ 29,896
	2016	\$ 37,327	\$ 37,327
	2017	\$ 42,611	\$ 42,611
	2018	\$ 45,601	\$ 92,471
	2019	\$ 50,538	\$ 108,779
	2020	\$ 55,167	\$ 124,778
	2021	\$ 61,462	\$ 142,445
	2022	\$ 66,879	\$ 159,233

\*\*USD in thousands

# Income Statement

Self Expansion						Five Year Forecast (Conservative)						Five Year Forecast (Optimistic)					
Five Year Ended						Five Year Forecast (Conservative)						Five Year Forecast (Optimistic)					
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		2018	2019	2020	2021	2022	
<b>Net Sales</b>	\$ 100,734	\$ 115,945	\$ 132,989	\$ 155,464	\$ 179,716	\$ 301,841	\$ 333,637	\$ 380,522	\$ 412,624	\$ 445,240	\$	\$ 317,002	\$ 394,282	\$ 441,168	\$ 488,430	\$ 536,208	\$
%YOY		15.1%	14.7%	16.9%	15.6%	8.9%	8.5%	7.8%	7.4%	7.1%		8.9%	8.5%	7.8%	7.4%	7.1%	
COGS	\$ 38,037	\$ 41,589	\$ 48,581	\$ 54,366	\$ 62,451	\$ 96,988	\$ 104,432	\$ 115,961	\$ 123,316	\$ 130,531	\$	\$ 100,779	\$ 119,593	\$ 131,123	\$ 142,267	\$ 153,273	\$
% of Net Sales	37.8%	35.9%	36.5%	35.0%	34.7%	32.1%	31.3%	30.5%	29.9%	29.3%		31.8%	30.3%	29.7%	29.1%	28.6%	
<b>Gross Margin</b>	\$ 62,697	\$ 74,355	\$ 84,408	\$ 101,098	\$ 117,265	\$ 204,853	\$ 229,205	\$ 264,561	\$ 289,308	\$ 314,709	\$	\$ 216,223	\$ 274,689	\$ 310,045	\$ 346,163	\$ 382,935	\$
% of Net Sales	62.2%	64.1%	63.5%	65.0%	65.3%	67.9%	68.7%	69.5%	70.1%	70.7%		68.2%	69.7%	70.3%	70.9%	71.4%	
<b>R&amp;D</b>	\$ 17,326	\$ 21,566	\$ 21,996	\$ 25,994	\$ 29,527	\$ 27,791	\$ 29,941	\$ 31,361	\$ 32,206	\$ 34,230	\$	\$ 27,791	\$ 29,941	\$ 31,361	\$ 32,206	\$ 34,230	\$
% of Net Sales	17.2%	18.6%	16.5%	16.7%	16.4%	9.2%	9.0%	8.2%	7.8%	7.7%		8.8%	7.6%	7.1%	6.6%	6.4%	
<b>SG&amp;A</b>	\$ 23,280	\$ 27,792	\$ 32,516	\$ 37,778	\$ 45,127	\$ 77,109	\$ 84,672	\$ 94,573	\$ 102,476	\$ 110,733	\$	\$ 78,777	\$ 91,343	\$ 101,244	\$ 110,815	\$ 120,739	\$
% of Net Sales	23.1%	24.0%	24.5%	24.3%	25.1%	25.5%	25.4%	24.9%	24.8%	24.9%		24.9%	23.2%	22.9%	22.7%	22.5%	
<b>Net Income</b>	\$ 22,091	\$ 24,997	\$ 29,896	\$ 37,326	\$ 42,611	\$ 99,953	\$ 114,592	\$ 138,627	\$ 154,626	\$ 169,746	\$	\$ 109,655	\$ 153,405	\$ 177,440	\$ 203,142	\$ 227,966	\$
% of Net Sales	21.9%	21.6%	22.5%	24.0%	23.7%	33.1%	34.3%	36.4%	37.5%	38.1%		34.6%	38.9%	40.2%	41.6%	42.5%	

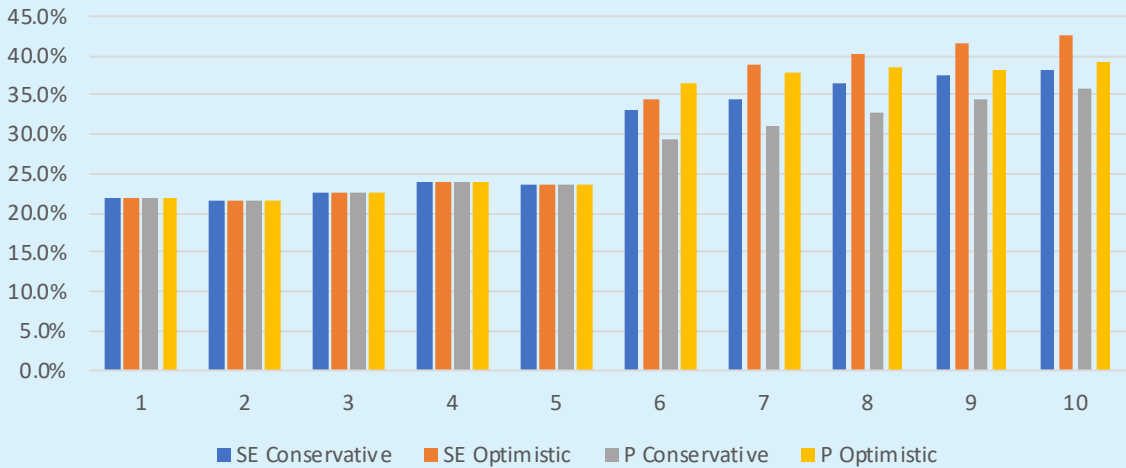
  

Partnership						Five Year Forecast (Conservative)						Five Year Forecast (Optimistic)					
Five Year Ended						Five Year Forecast (Conservative)						Five Year Forecast (Optimistic)					
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022		2018	2019	2020	2021	2022	
<b>Net Sales</b>	\$ 100,734	\$ 115,945	\$ 132,989	\$ 155,464	\$ 179,716	\$ 317,002	\$ 348,798	\$ 380,522	\$ 412,624	\$ 445,240	\$	\$ 377,647	\$ 409,443	\$ 441,168	\$ 488,430	\$ 536,208	\$
%YOY		15.1%	14.7%	16.9%	15.6%	8.9%	8.5%	7.8%	7.4%	7.1%		8.9%	8.5%	7.8%	7.4%	7.1%	
COGS	\$ 38,037	\$ 41,589	\$ 48,581	\$ 54,366	\$ 62,451	\$ 100,779	\$ 108,222	\$ 115,961	\$ 123,316	\$ 130,531	\$	\$ 115,940	\$ 123,383	\$ 131,123	\$ 142,267	\$ 153,273	\$
% of Net Sales	37.8%	35.9%	36.5%	35.0%	34.7%	31.8%	31.0%	30.5%	29.9%	29.3%		30.7%	30.1%	29.7%	29.1%	28.6%	
<b>Gross Margin</b>	\$ 62,697	\$ 74,355	\$ 84,408	\$ 101,098	\$ 117,265	\$ 216,223	\$ 240,576	\$ 264,561	\$ 289,308	\$ 314,709	\$	\$ 261,707	\$ 286,060	\$ 310,045	\$ 346,163	\$ 382,935	\$
% of Net Sales	62.2%	64.1%	63.5%	65.0%	65.3%	68.2%	69.0%	69.5%	70.1%	70.7%		69.3%	69.9%	70.3%	70.9%	71.4%	
<b>R&amp;D</b>	\$ 17,326	\$ 21,566	\$ 21,996	\$ 25,994	\$ 29,527	\$ 27,791	\$ 29,941	\$ 31,361	\$ 32,206	\$ 34,230	\$	\$ 27,791	\$ 29,941	\$ 31,361	\$ 32,206	\$ 34,230	\$
% of Net Sales	17.2%	18.6%	16.5%	16.7%	16.4%	8.8%	8.6%	8.2%	7.8%	7.7%		7.4%	7.3%	7.1%	6.6%	6.4%	
<b>SG&amp;A</b>	\$ 23,280	\$ 27,792	\$ 32,516	\$ 37,778	\$ 45,127	\$ 95,961	\$ 101,856	\$ 108,422	\$ 114,657	\$ 121,246	\$	\$ 95,961	\$ 101,856	\$ 108,422	\$ 128,000	\$ 138,379	\$
% of Net Sales	23.1%	24.0%	24.3%	24.3%	25.1%	30.3%	29.2%	28.5%	27.8%	27.2%		25.4%	24.9%	24.6%	26.2%	25.8%	
<b>Net Income</b>	\$ 22,091	\$ 24,997	\$ 29,896	\$ 37,326	\$ 42,611	\$ 92,471	\$ 108,779	\$ 124,778	\$ 142,445	\$ 159,233	\$	\$ 137,955	\$ 154,263	\$ 170,262	\$ 185,957	\$ 210,326	\$
% of Net Sales	21.9%	21.6%	22.5%	24.0%	23.7%	29.2%	31.2%	32.8%	34.5%	35.8%		36.5%	37.7%	38.6%	38.1%	39.2%	

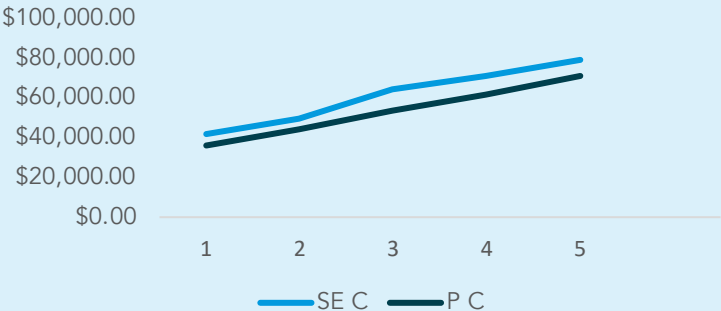


Projected Percentage Growth Comparison			
Self Expansion		Partnership	
SE Conservative	SE Optimistic	P Conservative	P Optimistic
21.9%	21.9%	21.9%	21.9%
21.6%	21.6%	21.6%	21.6%
22.5%	22.5%	22.5%	22.5%
24.0%	24.0%	24.0%	24.0%
23.7%	23.7%	23.7%	23.7%
33.1%	34.6%	29.2%	36.5%
34.3%	38.9%	31.2%	37.7%
36.4%	40.2%	32.8%	38.6%
37.5%	41.6%	34.5%	38.1%
38.1%	42.5%	35.8%	39.2%

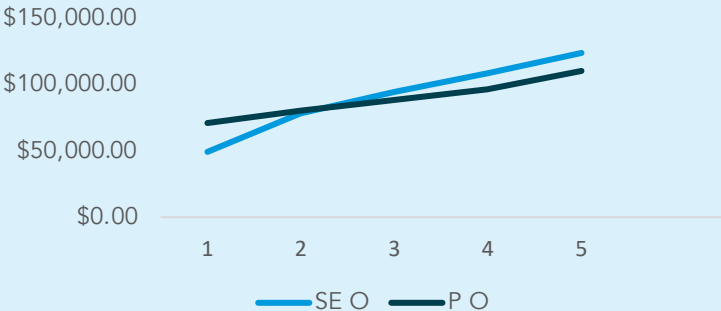
Projected Percentage Growth Comparison



Net Income From Strategy  
(Conservative)



Net Income From Strategy  
(Optimistic)



	2018	2019	2020	2021	2022
Self Expansion (Conservative)					
EBIT From Strategy	\$54,352.00	\$64,054.00	\$83,460.00	\$93,164.00	\$102,867.00
Net Income From Strategy	\$41,851.04	\$49,321.58	\$64,264.20	\$71,736.28	\$79,207.59
Self Expansion (Optimistic)					
EBIT From Strategy	\$64,054.00	\$102,867.00	\$122,273.00	\$141,680.00	\$161,087.00
Net Income From Strategy	\$49,321.58	\$79,207.59	\$94,150.21	\$109,093.60	\$124,036.99
Partnership (Conservative)					
EBIT From Strategy	\$ 46,870	\$ 58,241	\$ 69,611	\$ 80,983	\$ 92,354
Net Income From Strategy	\$ 36,090	\$ 44,846	\$ 53,600	\$ 62,357	\$ 71,113
Partnership (Optimistic)					
EBIT From Strategy	\$ 92,354	\$ 103,725	\$ 115,095	\$ 124,495	\$ 143,447
Net Income From Strategy	\$ 71,113	\$ 79,868	\$ 88,623	\$ 95,861	\$ 110,454

In Thousands\*\*