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Company	 Samyang Foods Samyang Foods (KRX: 003230)										
Summary	<ul style="list-style-type: none"> Samyang Foods has gained immense popularity, particularly through its Buldak brand, which accounted for 80% of global sales. In the third quarter of last year¹, overseas sales made up 78% of total revenue, highlighting the company's heavy reliance on international markets and its vulnerability to global market shifts. The US will impose agricultural tariffs on Apr 2, 2025—increasing the price of US farm products; endangering Samyang Foods as they import wheat mainly from US². Our DCF model suggests that the price for the stock should be 591,703 KRW - showing a 31% difference from the current 860,000 KRW trading price. Moreover, the PE ratio for Samyang Foods is 5 points higher than comparables. Both points suggest that Samyang Foods is overvalued. Our investment strategy to sell Samyang Foods is unique because we feel that the market is not considering the impact of Trump's tariffs on Korea because of the free trade agreement in place, and may be overly bullish on the stock due to its viral success in the past year. 										
Stock Data ³	<p style="text-align: center;">As of March 3rd, 2025</p> <table> <tr> <td>Current Stock Price: 860,000 KRW</td><td>PE Multiple: 23.62x</td></tr> <tr> <td>Market Cap: 6.48T KRW</td><td>3 Year EPS CAGR: 69%</td></tr> <tr> <td>Shares Outstanding: 7.46M</td><td>Dividend Yield: 0.38%</td></tr> <tr> <td>Gross Margin: 34%</td><td>FCF Yield: 1.79%</td></tr> <tr> <td>EBITDA Margin: 10%</td><td>Net Debt to EBITDA: 0.56x</td></tr> </table>	Current Stock Price: 860,000 KRW	PE Multiple: 23.62x	Market Cap: 6.48T KRW	3 Year EPS CAGR: 69%	Shares Outstanding: 7.46M	Dividend Yield: 0.38%	Gross Margin: 34%	FCF Yield: 1.79%	EBITDA Margin: 10%	Net Debt to EBITDA: 0.56x
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Company Details	<p>Samyang Foods is a South Korean food company whose main product line is instant ramen. Their Buldak Ramen – Hot Chicken flavor, has gained global popularity through viral social media food trends. Samyang imports most of its factors of production from other countries, making it vulnerable to potential nationalization efforts under Trump. Additionally, upcoming tariffs (Apr 2, 2025) on imported agricultural products could heighten trade instability and increase demand for US agricultural products⁴. With US-imported wheat as a key ingredient in its top-selling product, production costs are expected to rise, with profitability decreasing.</p>										
Industry Overview	<p>The global instant noodles market is expected to grow at a CAGR of 5.91% throughout 2030⁵. Despite the US-Korea free-trade agreement, Samyang Foods' lack of non-Asia-based production facilities—unlike rival Nongshim, which operates two US facilities—leaves it vulnerable to trade disruptions. The main Korean ramen companies, in descending order of market share are Samyang Foods (Buldak Ramen) which has the highest overseas sales dependence at 78%, compared to Nongshim (Shin Ramen) at 38% and Ottogi (Jin Ramen) at 9% (as calculated in the third quarter of 2024)⁶. As part of its growth strategy, Samyang is constructing its first overseas</p>										

¹ https://www.koreatimes.co.kr/www/tech/2025/03/129_391839.html

² [https://open.sourcemap.com/maps/65332e63a48d0dac39e9213f/things#:~:text=Samyang%20Flour%20Mills%20Corp.%20is,manufacturers%20\(Affiliates%2C%20n.d.\).](https://open.sourcemap.com/maps/65332e63a48d0dac39e9213f/things#:~:text=Samyang%20Flour%20Mills%20Corp.%20is,manufacturers%20(Affiliates%2C%20n.d.).)

³ <https://www.tradingview.com/symbols/KRX-003230/>

⁴ <https://www.foxbusiness.com/economy/trump-says-tariffs-external-agricultural-products-begin-april-2>

⁵ <https://www.polarismarketresearch.com/industry-analysis/instant-noodles-market#:~:text=The%20global%20instant%20noodles%20market,5.91%25%20during%20the%20forecast%20period>

⁶ <https://www.businesskorea.co.kr/news/articleView.html?idxno=223148>

	<p>plant in China, a country which is a definite target of aggressive tariff policies, which could lead to higher costs for Samyang or potential losses. In addition, South Korea's \$94.3-billion trade surplus with the US in 2024 increases its vulnerability to aggressive/reciprocal tariff measures and uncertainty around the stock. While the free-trade pact may provide some protection, ongoing uncertainty could exert pressure on prices of inputs and final goods and hence, selling pressure on the stock.</p>
Price Analysis	<p>As calculated from our Discounted Cash Flow model, Samyang Foods has experienced rapid growth, with a 39% revenue increase from 2022 to 2024, as noted in Chart 2. We believe this is driven by post-COVID boom and its relatively young market position. However, as the company matures, growth is expected to slow. Given its overseas sales of 34% annually—as shown in Chart 1—and rising global trade pressures, including potential tariffs on US wheat imports, future growth is projected to decline to a terminal rate of 2% (as per the DCF model). The current market price and PE ratio reflects overly optimistic expectations of sustained high growth, likely inflating the stock value. On the contrary, the stock price could increase if sales, especially of Buldak ramen, surpass expectations, with or without tariffs, or if Trump clearly communicates a decision to honor the free trade pact, quelling investors' uncertainty. However, we believe this is an unlikely outcome.</p>
Final Recommendation	<p>Using a DCF model which was adjusted for COVID-19 impact and predicted the effect of US tariffs, we valued each share price at 591,703 KRW (a 31% difference from the current 860,000 KRW). Additionally, our calculated PE multiple exceeded South Korea's food industry and global averages by over 5 points, hinting at the fact that the company is overvalued. Our calculated FCF Yield further reinforces that the stock might be overvalued. For all of these reasons, our recommendation is to SELL KRX: 003230.</p>

Supporting Charts

Chart 1

Revenue Breakdown by Country

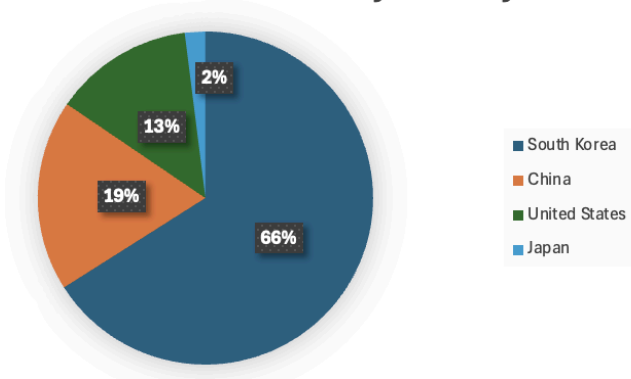


Chart 2

