

A close-up photograph of a Coupang delivery box. The box is wrapped in brown paper and has a blue label with the word 'coupang' in white lowercase letters. To the left of the text is a white outline of a glass containing an orange beverage, and to the right is a yellow, porous, sponge-like object. The background is blurred, showing other boxes and a person's legs in the distance.

coupang

Coupang

The South Korean Amazon



Founded in 2010, Coupang – whose name comes from a combination of the English word “coupon” and the Korean word for hitting the jackpot, “pang” – is today the largest e-commerce player in South Korea, earning a total revenue of US\$11.97 billion in 2020. It offers a one stop solution combining first party and third party relationships. They also have a nascent takeaway delivery business and they are exploring video & other online offerings, all this is wrapped up into a prime-type membership called ‘Rocket WOW’.

What Makes Coupang an Interesting Investment Proposition?

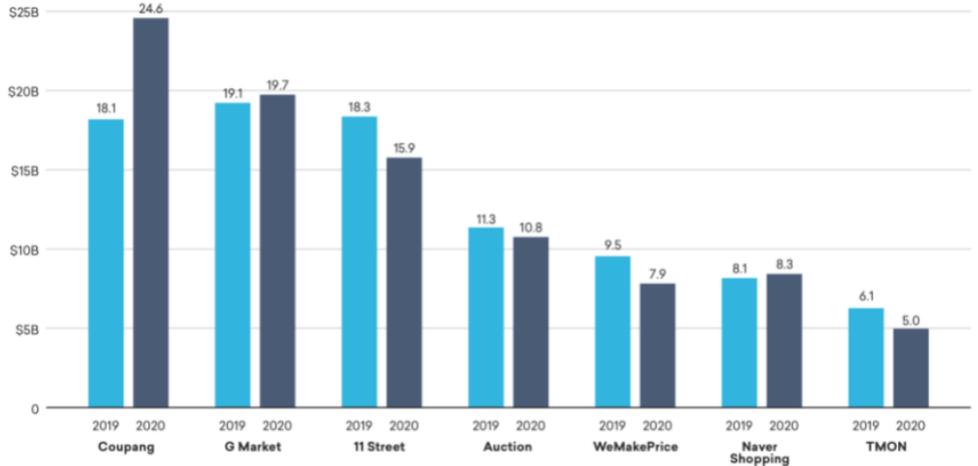
- It has the largest consumer logistics network in the country with end-to-end integration; South Korea’s density means that 70% of the population lives within 7 miles of a Coupang logistics centre;
- South Korean retail has historically had a culture of price gouging. Coupang is disrupting this by offering a superior customer experience and competitively priced goods that are delivered quickly (>99% of orders delivered within 24hrs). It offers unrivalled logistics (Fast & Free delivery); and
- Coupang’s structural advantage is extremely difficult for sluggish competitors to rival.

A conservative revenue growth rate of 30% per year on optimistic projected revenues of \$20 billion for 2021 results in \$75 billion revenue in 5 years. Applying a conservative price/sales multiple generate more than 5x return. Driven by a mixture of increasing spend per customer, more product categories, improving take rate and a modest uplift in customer count. Coupang moves the remaining chunk of the retail market online and enjoys a winner-take-all share of the \$500 billion South Korean retail market.

Nothing demonstrates how well Coupang competes than seeing its market share widen from 2019 to 2020:

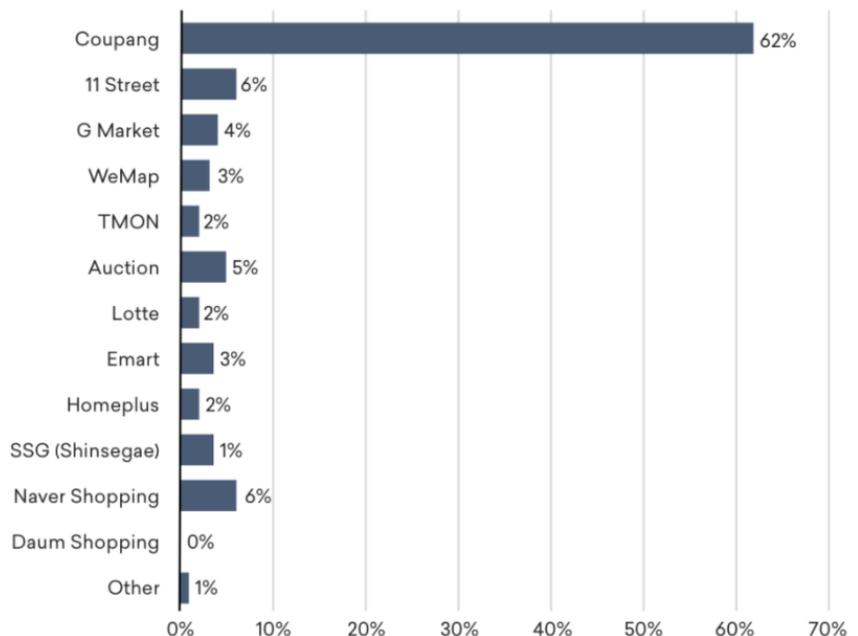


Korea E-Commerce Market Share



Surveying consumers provides an even starker contrast — while consumers are evenly split across most online shopping platforms, Coupang is both the most commonly used and the most frequently used platform, easily 2x over competitors.

Which Online Shopping Platform Do You Use Most Frequently?



CONTACT US



DUBAI OFFICE

Unit 1611,
Index Tower,
DIFC, Dubai

Tel: +971 43966949

Fax: +971 43966589

Email: info.difc@arrcap.com

MAURITIUS OFFICE

Unit 9, Ground Floor,
Lighthouse Building,
Vivea Business Park,
Moka, Mauritius

Tel: +230 432 1294

Fax: +230 432 1374

Email: info@arrcap.com

IMPORTANT DISCLAIMER:

This document is based on information from sources which are reliable, but has not been independently verified by Arrow Capital and its subsidiaries ("AC"). The contents of this document may not be reproduced or referenced, either in part or in full, without prior written permission from AC.

This document, provided as a general commentary, is for informational purposes only and is not to be construed as an offer to sell or solicit an offer to buy any financial instruments in any jurisdiction. This does not constitute any form of regulated financial advice, and your independent financial advisor should be consulted prior to taking any investment decision(s).

Information contained herein are those of the author(s) and does not represent the views held by other parties. AC is also under no obligation to update you on any changes made to this document.

AC has taken the reasonable steps to verify the contents of this document, and accept no liability for any loss arising from the use of any information contained herein.

This presentation contains information obtained from third parties, including ratings from rating agencies. Third-party content providers do not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and are not responsible for any errors or omissions (negligent or otherwise), regardless of the cause, or for the results obtained from the use of such content.

The views expressed in this presentation are those of the author and should not be considered as advice or a recommendation to buy, sell or hold a particular investment. They reflect personal opinion and should not be taken as statements of fact nor should any reliance be placed on them when making investment decisions.

Any stock examples and images used in this article are not intended to represent recommendations to buy or sell, neither is it implied that they will prove profitable in the future. It is not known whether they will feature in any future portfolio produced by us. Any individual example will represent only a small part of the overall portfolio and is inserted purely to help illustrate our investment style.

This document is prepared by Arrow Capital (DIFC) Limited, which is regulated by Dubai Financial Services Authority ("DFSA"). DFSA has no responsibility for reviewing, verifying and approving the contents of this document and/or other associated documents.