Q2 2026 Coupang Earnings Call Script
New York: Tue. 8/4/2026, 5:30 PM

Mike Parker:

Thanks, operator. Welcome, everyone, to Coupang’s second quarter 2026 earnings conference call. I'm pleased to be joined on the call today by our Founder and CEO, Bom Kim, and our CFO, Gaurav Anand.

The following discussion, including responses to your questions, reflects management's views as of today's date only. We do not undertake any obligation to update or revise this information, except as required by law.

Certain statements made on today's call may include forward-looking statements, including statements regarding future financial and operational results. Actual results may differ materially. Additional information about factors that could potentially impact our financial results is included in today's press release and in our filings with the SEC, including our most recent annual report on Form 10-K and subsequent filings.

As we share our second quarter 2026 results on today’s call, the comparisons we make to prior periods will be on a year-over-year basis, unless otherwise noted. We may also present both GAAP and non-GAAP financial measures. Additional disclosures regarding these non-GAAP measures, including reconciliations of these measures to the most comparable GAAP measures, are included in our earnings release, our slides accompanying this webcast and our SEC filings, which are posted on the company's Investor Relations website.

And now, I’ll turn the call over to Bom.

Bom Kim:

Thanks, everyone, for joining us today.

Consolidated revenue grew 10% year-over-year in constant currency. That’s a step up from the growth in Q1 and in-line with the guidance we provided. Adjusted EBITDA margin also came in within the range of guidance.

First, Product Commerce saw its revenue growth increase to 8% year-over-year in constant currency.

Let me spend a moment on the customer behavior behind that number, because the reported rate blends groups moving in different directions.

The vast majority of our customer spend never moved. That group is spending at the highest levels in our history and compounding similarly to before last year’s data incident.

The spend that did leave was a minority of the total, and most of it has already returned. Some of these customers were away for months, long enough to settle in somewhere else. These customers not only came back, they returned to their full prior spend levels and have since gone beyond it, compounding their spend at similar high rates as before. And because the customers who returned were, on average, higher spenders than those who haven’t, the picture in spend terms is even clearer than in customer counts: the vast majority of the spend the incident disrupted is back and growing the way it did before.

On top of that, new customers keep arriving. Total WOW membership, for example, now exceeds its level before the incident. New members begin at the early stage of the spend curve, where new members always begin, so record membership shows up in revenue on a lag. Every cohort before them has climbed that curve, and we expect these to do the same.

The spend of all customers, excluding just those that left during the incident and haven’t returned, is growing around 16% year over year, which is closer to the spend growth Product Commerce delivered in Q2 last year before the incident.

Spend growth does outpace revenue growth but the gap between the 16% and the reported 8% revenue growth is driven mostly by the missing spend of the cohort that hasn’t returned. We’ll keep chipping away at earning them back. And after we lap the affected periods, we expect the spend growth for all of Product Commerce to reflect the growth rate of this underlying customer base because the cohort that has not returned will no longer be in our year-over-year comparison.

On margins, we’re continuing to work through the disruption. We plan capacity and fixed costs against a predicted demand curve, and much of that capacity has long lead times. With revenue temporarily below that plan, those costs represent a larger share of revenue today. We could cut them significantly but we’ve chosen not to, because the right long-term decision is to grow into the capacity and support our customer experience that has always been our north star. There are also meaningful volume-based savings in our supply chain that we're missing this year that we expect to recover next year. We've also deliberately increased marketing spend to reacquire customers, but we plan to reduce it next year after we've lapped the period.

We run this business with precision on capacity utilization and volume economics—that's what allows us to deliver double digit growth along with expanding margins in normal times, and it's also why a sudden shock is more visible in our numbers than it might be somewhere else. And the same discipline that makes the disruption more visible is what will enable us to reverse it.

We've seen elements of this before. Coming out of COVID, a sudden shift in the demand curve pressured margins, and we returned to normal levels.

The shape of the recovery this year won't move in a straight line. Holiday timing and seasonal cost patterns will affect the reported improvement quarter to quarter—Gaurav will walk through how that shapes the back half. The arc we're managing to runs through next year. After we lap the affected period next year, we expect to work our way back to the growth and margin structure that Product Commerce ran at before.

I want to also note a few trends that we track closely and the broader opportunity we see before us. Our cohorts have continued to increase their spend with us year after year, including through this past year. Our oldest cohorts, the customers we acquired about a decade and a half ago, are still increasing their spend today. They now spend nearly 10 times what they spent in their first year, and climbing. Our newest cohorts are growing fastest of all, at the beginning of the same curve. Each year adds a new cohort at the start of the curve, while every earlier cohort keeps climbing it. All three trends – our oldest cohorts continuing to grow spend, the spend of our subsequent cohorts climbing the curve to converge to higher levels, and new cohorts joining – power our growth. The past year tested us, and all three trends held.

And the spend of our cohorts climbs because spend growth is wallet-share growth. As we expand selection, customers find more and more of the things they buy for which we've broken the trade-off between price, selection and speed. We're saving customers more money and more time with every item we add on Rocket Delivery.

Our wallet share, or penetration of the overall retail spend in Korea, remains below the levels of penetration we see from global peers in markets like the US. And we don't view these levels as our ceiling, because penetration follows the strength of the offering. Every trade-off we break brings purchases online that were never in reach before. As the offering improves, the addressable share of retail expands with it.

And the same logic applies to margins. The long-term margin drivers keep compounding. Automation continues to improve productivity across our fulfillment and logistics network, and margin accretive offerings like advertising and FLC are still early in their scale.

And AI raises the ceiling on both. We think of AI as a multiplier, and what it multiplies is the set of assets we've been building for fifteen years: the physical network, operating data from billions of orders picked, packed, and delivered, and direct relationships with tens of millions of customers. Applied to the customer experience, AI improves discovery, personalization, and service. Applied to operations, it compounds productivity and lowers the cost to serve. And applied to margin accretive offerings, it raises the returns for the merchants and brands who use them, which expands the addressable opportunity itself.

Turning now to Developing Offerings, where we're running the playbook I just described in new markets and categories.

In Taiwan we've built out and continue to expand our own end-to-end fulfillment and logistics network that now delivers the vast majority of our shipments—next day, seven days a week, the only service in Taiwan, to our knowledge, that does. We also began rolling out our Dawn Delivery experience, which became a defining part of the customer experience in Korea, to our first neighborhoods in Taiwan.

And we're building it faster than the first time because Taiwan didn't start from scratch. Taiwan inherits over a decade of technology and process innovation from our Korean operations—the design, the systems, the operational playbook, refined shipment by shipment. It took us 4 years into our logistics journey in Korea before we were able to launch Dawn Delivery; Taiwan reached it in just one year.

With the network in place, the work shifts to the input we know best: selection. Our selection in Taiwan today is a fraction of Rocket Delivery's in Korea. Every item we add is another purchase where a customer saves both money and time—and each of those purchases earns more of their wallet. That's the same dynamic that has our Korean cohorts still climbing fifteen years in, and we can already see it taking hold: our early cohorts in Taiwan are retaining and growing their spend, tracing the curve Korea's cohorts produced at the same age. Taiwan is on the same compounding curve as Korea, just earlier on it.

Two things to keep in mind as this scales. First, the path won't be linear quarter to quarter. Sometimes building selection at the right cost structure means stepping back in a category to rebuild it. Second, today's economics reflect the stage of our buildout, not the destination. As we work out the inefficiencies of an early supply chain and our volumes grow into the network, volume economics engage and we expect Taiwan's P&L to follow the path that Korea paved.

Let me turn to our On-Demand Delivery service which includes both Eats in Korea and Rocket Now in Japan.

We've shared in the past our approach to Developing Offerings. We make disciplined initial investments where we see the potential for meaningful long-term cash flows. We look for early proof points in customer behavior, and we scale investments only as results validate the opportunity. The cycle is complete when an offering stops drawing on the portfolio and starts funding it.

Eats has traveled that entire arc. We entered a category most considered settled, with a modest investment and a simple thesis: that the same propositions that customers valued in commerce—price, selection and service—would matter just as much in food delivery. Customers responded at every stage, and we invested behind that response. Today, Eats has grown to serve millions of customers. And the category itself has grown with us—food delivery in Korea has more than quadrupled in size since we launched Eats, now reaching a meaningfully higher share of total restaurant spend than when we entered, and we've been a significant driver of that expansion.

And the capital story has come full circle. Rocket Now, our on-demand delivery offering in Japan, is in its early investment stage. Eats and Rocket Now are today sustainable on a combined basis. That is the model working end to end: disciplined entry, validation, scale, and then an offering that carries its successors.

We're also extending what Eats built. We've begun rolling out non-food on-demand delivery, the same network and speed customers already trust applied to new use cases, offering customers even more opportunities to save time and money.

What I've covered today is one model, running at three different stages. Product Commerce is furthest ahead, with years of investment in infrastructure and selection, customer cohorts still compounding 15 years in, and the margin expansion that follows scale. Eats has now run that same cycle in a second category. And Taiwan is midway through it, building the network, filling in the selection, moving through the same stages that Korea moved through. They represent the same playbook, at three different points on the same curve.

I'm proud of our teams for continuing to build for our customers at every stage. Our ambition from the very beginning has been to build an experience that wows Customers so much that they ask themselves "How did I ever live without Coupang?" Every item we add, every offering we build, and every market we enter is another chance to build to that standard.

With that, I'll turn the call over to Gaurav.

Gaurav Anand:

Thanks, Bom. Our Q2 results demonstrate a continuation of the momentum we started to see last quarter. Before I walk through the numbers, I should highlight two items that shaped the reported numbers this quarter. First, the Korean won weakened significantly versus the US dollar during the quarter, reaching its weakest level in more than 15 years. As a result, our reported growth rates in US dollars understate the underlying growth of our business, and we believe it is especially important to evaluate our results on a constant currency basis this quarter. Second, our Product Commerce results this quarter include $410 million in administrative fines recently imposed by Korean regulatory authorities. While these fines are still subject to judicial review and we plan to appeal them through the courts, we recorded the expenses this quarter within OG&A in the P&L. Where relevant, I will explain our results both with and without the fines.

Let me now walk through the segment results and then cover our consolidated performance.

Product Commerce segment net revenues were $7.4 billion for the quarter, growing 1% on a reported basis and 8% in constant currency. This represents a sequential improvement from the 5% constant currency growth rate we reported last quarter. Product Commerce active customers for the quarter were 24.7 million, growing 3% year-over-year and up from 23.9 million last quarter. As we noted, the sequential decline last quarter reflected the lag effect of the data incident on our trailing three-month active customer definition. This quarter, we saw that dynamic reverse, driven by the number of returning customers and new customer additions. And as Bom noted, WOW membership now exceeds the levels we saw prior to the data incident, and returning members are spending today at higher levels than they did before the incident, and increasing their spend at similar high rates as prior to the incident.

Product Commerce gross profit for the quarter was $2.3 billion, with a gross profit margin of 30.5%. This represents a contraction of approximately 210 basis points year-over-year, but an improvement of 25 basis points quarter-over-quarter. The year-over-year contraction is driven primarily by supply chain headwinds and temporarily elevated levels of promotional activities to accelerate customer reacquisition.

Segment adjusted EBITDA for Product Commerce was $382 million for the quarter, which excludes the fines I mentioned earlier, resulting in an adjusted EBITDA margin of 5.1%. This represents a contraction of approximately 390 basis points year-over-year, resulting from the gross profit margin impacts I just described as well as the headwinds from our current capacity and fixed cost structure built against a pre-incident demand curve.

We believe the margin pressure we are experiencing to be relatively short-term in nature, and not representative of a structural change. Our conviction of the drivers of our long-term margin expansion potential — operational efficiencies, supply chain optimization, continued investment in automation and technology, and the scaling of our margin-accretive categories and offerings — remains firmly in place.

Within Developing Offerings, we reported segment net revenues of $1.4 billion, growing 20% on a reported basis and 24% in constant currency. Growth continues to be led by Taiwan, Eats and Farfetch, driven by increasing levels of customer adoption of these emerging initiatives.

Developing Offerings generated $226 million in gross profit for the quarter, with a gross profit margin of 15.8%, expanding both year-over-year and quarter-over-quarter as these offerings continue to demonstrate a path to sustainable economics. Segment adjusted EBITDA losses were $219 million, an improvement of $110 million versus last quarter and over 440 basis points of margin improvement over last year.

At the consolidated level, we reported total net revenues of $8.9 billion for the quarter, growing 4% on a reported basis and 10% in constant currency. This is in-line with the constant currency growth range we guided to last quarter.

Consolidated gross profit was $2.5 billion, with a gross profit margin of 28.2%. This represents a contraction of 188 basis points year-over-year, but an expansion of 115 basis points quarter-over-quarter. As with Product Commerce, the year-over-year margin compression continues to reflect the near-term headwinds we have discussed.

OG&A expense was $3.1 billion for the quarter, or 34.4% of total net revenues, representing an increase of approximately 610 basis points year-over-year. Excluding the $410 million in fines, OG&A expense was approximately $2.6 billion, or 29.8% of total net revenues, an increase of approximately 150 basis points year-over-year and down slightly quarter-over-quarter. This underlying year-over-year increase primarily reflects temporarily elevated marketing spend, our continued investments in Developing Offerings, and a cost base positioned against an expected demand curve from prior to the data incident. We view the elevated marketing and promotional spend as a deliberate near-term investment to accelerate growth, not a structural change in our cost base.

Operating loss for the quarter was $556 million. Excluding the fines, the adjusted operating loss was approximately $146 million, representing a quarter-over-quarter improvement in operating loss margin of approximately 120 basis points.

Loss before income taxes was $533 million, or $123 million excluding the fines. We incurred income tax expense of $37 million this quarter. Our tax dynamics continue to reflect the fact that losses in our early-stage operations in Taiwan and Japan do not generate offsetting tax benefits at the consolidated level. In addition, the fines recorded this quarter are not deductible for tax purposes in Korea, which further impacted our reported effective tax rate this quarter.

Net loss attributable to Coupang stockholders was $570 million, or approximately $160 million excluding the fines. This resulted in a diluted loss per share of $0.32, or approximately $0.09 excluding the fines.

We generated $163 million in consolidated adjusted EBITDA this quarter, which excludes the $410 million in fines recorded this quarter, resulting in an adjusted EBITDA margin of 1.8%. This represents a contraction of approximately 320 basis points year-over-year, at the low end of the guidance range we provided. The vast majority of this year-over-year contraction is attributable to three temporary items: supply chain dislocation, elevated levels of marketing investments, our primarily fixed cost base sized to a pre-incident demand curve – each of which we expect to work through over the next few quarters.

On cash flow, on a trailing 12-month basis we generated operating cash flow of $1.4 billion and free cash flow of $105 million. The decreases versus prior periods reflect the lower profitability resulting from the data incident, increased levels of investment in Developing Offerings, and elevated levels of capital expenditures.

During the quarter, we repurchased an additional 23 million shares of our Class A common stock for approximately $459 million. We continue to be opportunistic in our capital allocation as we identify opportunities to generate long-term returns for our shareholders.

Now, a few comments on our outlook. We expect Q3 consolidated constant currency revenue growth to be 8-9%, with the year-over-year comparison pressured by the timing of the Chuseok holiday season in Korea, which negatively impacts Q3 of this year compared to Q3 of the prior year. As Bom indicated, excluding the portion of customers that left during the data incident period and not yet returned, we are seeing growth in customer spend at 16% year over year. After we fully lap the affected periods in Q2 next year, the cohort that has not returned will no longer be in our year-over-year comparison, and we expect the spend growth rates of Product Commerce to reflect the spend growth rates of the underlying customer base.

On margins, we expect underlying improvements in Product Commerce to continue their progress in Q3. However, we expect these will be offset by higher weather-related seasonality and the timing of the Chuseok holiday that is different from last year. As a result, despite our expectation of making meaningful improvements in the underlying drivers we noted this quarter, we anticipate consolidated year-over-year adjusted EBITDA margin contraction in Q3 of 300-400 basis points, similar to the contraction we guided to for Q2. Looking beyond Q3, we expect the improvements to become increasingly more evident, with Product Commerce adjusted EBITDA margins by mid-2027 returning to margin levels approximating those we generated prior to the data incident. We plan to provide more detailed guidance on the 2027 margin expectations towards the end of this year.

We continue to estimate full-year Developing Offerings adjusted EBITDA losses of between $950 million and $1 billion. The largest contributor of the Developing

Offerings losses this year remains the long-term investments we are making into building our retail offering in Taiwan. As always, our investment in Developing Offerings is anchored by our commitment to rigorous analysis, operational excellence, and disciplined capital allocation.

Operator, we are now ready to begin the Q&A.