

# COMPANY UPDATE

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## Innovation Team

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### ▶ AT A GLANCE

**BUY**

Target price	KRW90,000	26.6%
Current price	KRW71,100	
Market cap	KRW759.35b/USD491.43m	
Shares (float)	10,680,000 (60.0%)	
52-week high/low	KRW103,000/KRW55,800	
Avg daily trading value (60-day)	KRW6.0b/ USD3.9m	

### ▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Cosmecca Korea (%)	-0.4	5.2	22.6
Vs Kosdaq (%pts)	16.3	6.6	4.1

### ▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	90,000	125,000	-28.0%
2026E EPS	6,511	6,545	-0.5%
2027E EPS	7,090	7,707	-8.0%

### ▶ SAMSUNG vs THE STREET

No of estimates	10
Target price	114,400
Recommendation	4.0

※ Rating: 4 < → BUY, 3 = HOLD, 2 > → SELL



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# Cosmecca Korea (241710)

## K-beauty's trend-sensitive ODM

- Among Korea's top three ODMs, Cosmecca Korea has secured significant order volume from early-stage K-beauty indie brands while maintaining a diversified client base across US-based indie brands.
- We initiate coverage with a BUY rating and a KRW90,000 target price, supported by expanding operating leverage at the Korean business, favorable 2H seasonality among US clients, and potential new orders from multinationals for the China operation.

*(The original report has been published in June 24th)*

### WHAT'S THE STORY?

**K-beauty production hub and overseas expansion:** Cosmecca Korea reported 2025 consolidated sales of KRW640.9b and operating profit of KRW83.5b, up 22% and 38%, respectively, for an operating margin of 13%. This was driven by an accelerating global K-beauty expansion and operating leverage from strong top-line growth at the parent. In 1Q26, consolidated sales rose 4% q-q and 56% y-y to KRW185.1b, while operating profit increased 4% q-q and 78% y-y to KRW21.9b, for an operating margin of 11.8%. The parent, which houses the Korean operation, delivered record quarterly results, with 1Q sales of KRW142.2b (up 91% y-y), and operating profit of KRW17.8b, for a 12.5% margin, supported by new orders from early-stage K-beauty indie brands. The US operation reported 1Q sales of KRW49.7b (down 9% q-q but up 17% y-y), and operating profit of KRW5.6b, for a margin of 11.3%. The China operation logged KRW6.4b in revenue (down 27% y-y) and incurred another quarterly operating loss, but it may win new orders from multinationals that previously awarded contracts only to the parent.

*(Continued on the next page)*

### SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	641	782	886	1,013
Operating profit (KRWb)	84	102	117	145
Net profit (adj) (KRWb)	58	85	95	117
EPS (adj) (KRW)	4,255	6,511	7,090	8,743
EPS (adj) growth (% y-y)	6.2	53.0	8.9	23.3
EBITDA margin (%)	15.6	16.0	15.9	16.9
ROE (%)	19.3	24.3	21.2	21.1
P/E (adj) (x)	15.7	10.9	10.0	8.1
P/B (x)	2.8	2.4	1.9	1.6
EV/EBITDA (x)	8.9	7.9	6.9	5.6
Dividend yield (%)	0.6	0.5	0.5	0.5

Source: Company data, Samsung Securities estimates

**Beneficiary of K-beauty indie-brand expansion and client diversification:** While Korea's large ODMs have advantages in global production networks and brand references, Cosmecca Korea's key differentiators are its high earnings sensitivity to K-beauty indie-brand growth and rapid client acquisition. Despite a drop in sales from its top two clients in 1Q26, revenue from all other clients expanded 23% q-q, easing concerns over client concentration. The company's strategic diversification through US subsidiary Englewood Lab enables dual-sourcing for US production, expands its capabilities to OTC cosmetics, and mitigates tariff exposure—advantages peers have not replicated.

**Initiating coverage at BUY with KRW90,000 target price:** Following the 1Q results announcement, shares pulled back amid a lack of near-term catalysts and a large-cap-led market rally. Our target price of KRW90,000 is based on 6.4x 2027 EV/EBITDA, below the peer average of 7x. The recent acquisition of the Ochang facility (for KRW64b) confirms additional capacity-expansion potential. Key risks to monitor include: 1) margin pressure from production for new brands; 2) revenue volatility at Englewood Lab, given its heavy reliance on a limited client base; and 3) how quickly the China operating manages to narrow its losses.

**Cosmecca Korea: Results and forecasts**

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2023	2024	2025	2026E	2027E
<b>Sales</b>	<b>125.6</b>	<b>143.8</b>	<b>126.6</b>	<b>128.3</b>	<b>118.4</b>	<b>161.7</b>	<b>182.4</b>	<b>178.5</b>	<b>185.1</b>	<b>196.0</b>	<b>201.1</b>	<b>200.1</b>	<b>470.7</b>	<b>524.3</b>	<b>640.9</b>	<b>782.4</b>	<b>885.5</b>
Parent	68.8	94.6	82.5	82.8	74.3	110.0	129.8	127.3	142.2	144.3	143.8	139.9	268.6	328.7	441.5	570.1	650.6
Korea brand	55.4	77.1	68.2	66.8	59.5	91.7	110.5	110.0	124.2	123.8	122.1	120.4	216.7	267.6	371.6	490.4	561.7
Overseas brand	13.3	17.6	14.3	15.9	14.9	18.3	19.4	17.3	18.0	20.5	21.7	19.4	52.0	61.1	69.9	79.7	88.9
China entity	12.2	10.7	9.3	8.2	8.7	8.6	8.1	8.5	6.4	7.9	7.4	8.2	50.4	40.4	34.0	29.9	28.4
Englewood Lab	52.6	46.0	41.1	42.2	42.5	57.5	61.8	54.5	49.7	60.2	68.2	71.5	206.8	182.2	200.4	249.6	277.7
US (Totowa)	33.8	28.4	26.1	24.2	27.3	31.6	30.4	30.2	30.7	29.4	33.7	34.8	106.2	112.7	119.5	128.6	143.5
Incheon	18.9	17.9	15.8	18.2	16.3	26.7	31.7	24.6	19.6	30.8	34.5	36.7	100.8	70.7	99.3	121.6	134.2
<b>Operating profit</b>	<b>13.7</b>	<b>18.1</b>	<b>15.2</b>	<b>13.3</b>	<b>12.3</b>	<b>23.0</b>	<b>27.2</b>	<b>21.0</b>	<b>21.9</b>	<b>24.2</b>	<b>29.1</b>	<b>26.8</b>	<b>49.2</b>	<b>60.4</b>	<b>83.5</b>	<b>101.9</b>	<b>117.2</b>
Parent	7.4	14.3	12.0	10.7	8.0	13.8	14.5	11.7	17.8	19.7	21.2	14.4	22.9	44.5	48.1	73.1	88.9
China entity	0.0	-0.1	-0.3	-0.7	-0.6	-1.1	-0.6	0.2	-1.3	-0.7	-1.0	-0.4	0.1	-1.1	-2.1	-3.4	-2.7
Englewood Lab	6.6	4.3	4.1	3.7	4.6	10.1	13.2	9.3	5.6	5.3	8.9	12.9	28.9	18.8	37.2	32.7	31.5
US (Totowa)	2.3	0.3	0.3	-0.6	0.3	2.1	3.0	1.2	1.8	1.1	1.7	1.9	4.6	2.3	6.7	6.5	8.6
Incheon	4.3	4.0	3.9	4.2	4.3	8.2	9.7	8.3	4.0	4.2	7.2	11.0	24.3	16.5	30.6	26.5	22.8
<b>Net profit (controlling)</b>	<b>8.8</b>	<b>13.7</b>	<b>8.5</b>	<b>11.8</b>	<b>7.6</b>	<b>9.3</b>	<b>16.7</b>	<b>11.8</b>	<b>17.3</b>	<b>15.9</b>	<b>18.8</b>	<b>17.6</b>	<b>22.3</b>	<b>42.8</b>	<b>45.4</b>	<b>69.5</b>	<b>75.7</b>
<b>Margins (%)</b>																	
<b>Operating profit</b>	<b>10.9</b>	<b>12.6</b>	<b>12.0</b>	<b>10.4</b>	<b>10.4</b>	<b>14.2</b>	<b>14.9</b>	<b>11.8</b>	<b>11.8</b>	<b>12.3</b>	<b>14.5</b>	<b>13.4</b>	<b>10.4</b>	<b>11.5</b>	<b>13.0</b>	<b>13.0</b>	<b>13.2</b>
Parent	10.8	15.2	14.5	12.9	10.8	12.6	11.2	9.2	12.5	13.7	14.8	10.3	8.5	13.5	10.9	12.8	13.7
China entity	0.1	-1.0	-2.8	-8.7	-6.8	-13.2	-7.3	2.7	-21.1	-8.7	-12.9	-4.9	0.2	-2.6	-6.1	-11.3	-9.6
Englewood Lab	12.6	9.4	9.9	8.8	10.8	17.5	21.4	17.0	11.3	8.8	13.1	18.1	14.0	10.3	18.5	13.1	11.3
US (Totowa)	6.8	1.0	1.1	-2.5	1.0	6.8	10.0	4.1	6.0	3.6	5.1	5.4	4.3	2.1	5.6	5.1	6.0
Incheon	22.9	22.7	24.7	23.1	26.3	30.9	30.7	33.8	20.6	13.7	20.9	30.1	24.1	23.3	30.8	21.8	17.0
<b>Net profit (controlling)</b>	<b>7.0</b>	<b>9.5</b>	<b>6.7</b>	<b>9.2</b>	<b>6.4</b>	<b>5.8</b>	<b>9.2</b>	<b>6.6</b>	<b>9.3</b>	<b>8.1</b>	<b>9.3</b>	<b>8.8</b>	<b>4.7</b>	<b>8.2</b>	<b>7.1</b>	<b>8.9</b>	<b>8.6</b>
<b>Growth (% y-y)</b>																	
<b>Sales</b>	<b>8.3</b>	<b>24.3</b>	<b>8.8</b>	<b>4.6</b>	<b>-5.8</b>	<b>12.5</b>	<b>44.0</b>	<b>39.0</b>	<b>56.4</b>	<b>21.2</b>	<b>10.3</b>	<b>12.1</b>	<b>17.9</b>	<b>11.4</b>	<b>22.2</b>	<b>22.1</b>	<b>13.2</b>
Parent	4.3	41.9	24.3	18.8	8.1	16.2	57.4	53.8	91.3	31.2	10.7	9.8	18.1	22.3	34.3	29.1	14.1
Korea brand	4.7	51.6	23.2	16.2	7.2	19.0	61.9	64.6	108.9	35.0	10.5	9.5	10.7	23.5	38.9	32.0	14.5
Overseas brand	2.7	10.8	29.7	31.3	11.8	4.3	35.8	8.7	21.2	12.0	12.0	12.0	64.2	17.6	14.5	14.0	11.5
China entity	-5.1	-3.5	-25.5	-41.2	-28.0	-20.0	-12.8	3.9	-27.1	-8.2	-8.5	-3.5	6.6	-19.8	-15.9	-12.0	-5.2
Englewood Lab	14.2	-6.7	-24.4	-26.3	-19.1	25.0	50.3	29.2	16.9	4.7	10.4	31.1	36.5	-11.9	10.0	24.5	11.3
US (Totowa)	10.6	5.6	4.6	2.3	-19.1	11.5	16.2	25.1	12.3	-7.0	11.0	15.0	-3.6	6.2	6.1	7.5	11.6
Incheon	21.5	-20.6	-46.5	-45.9	-13.4	49.4	100.9	35.2	19.8	15.4	9.0	49.0	141.3	-29.8	40.4	22.4	10.4
<b>Operating profit</b>	<b>48.4</b>	<b>62.1</b>	<b>11.0</b>	<b>-11.3</b>	<b>-10.5</b>	<b>27.2</b>	<b>78.8</b>	<b>57.8</b>	<b>78.0</b>	<b>5.1</b>	<b>6.9</b>	<b>27.4</b>	<b>374.1</b>	<b>22.8</b>	<b>38.4</b>	<b>22.0</b>	<b>15.0</b>
Parent	61.9	126.4	153.3	47.6	8.4	-3.5	20.8	9.1	120.8	42.3	46.3	23.3	198.0	94.1	8.1	52.0	21.6
China entity	-105.0	-81.0	-155.1	-234.4	-3,623	967.9	125.4	-132.0	126.9	-39.3	60.6	-277.1	-102.3	-1,110	95.3	62.4	-19.4
Englewood Lab	19.2	-30.8	-55.5	-53.4	-31.0	133.5	224.9	150.8	22.5	-47.6	-32.6	38.9	192.0	-34.9	97.7	-12.0	-3.8
US (Totowa)	21.4	-76.1	-71.4	-251.5	-88.2	621.5	949.7	-301.0	573.5	-50.7	-42.9	53.5	-3.0	-48.7	184.5	-2.5	33.0
Incheon	24.9	-18.7	-51.9	-46.5	-0.4	103.5	150.0	98.3	-6.1	-48.8	-25.9	32.4	369.4	-32.2	85.8	-13.4	-13.8
<b>Net profit (controlling)</b>	<b>96.5</b>	<b>132.1</b>	<b>16.5</b>	<b>153.5</b>	<b>-13.4</b>	<b>-32.0</b>	<b>97.4</b>	<b>-0.4</b>	<b>127.0</b>	<b>69.9</b>	<b>12.2</b>	<b>49.9</b>	<b>740.3</b>	<b>91.8</b>	<b>6.2</b>	<b>53.0</b>	<b>8.9</b>

Source: Company data, Samsung securities estimates

**Cosmecca Korea: Valuation**

(KRWb)	Calculation	Value
Fwd EBITDA	$(A = B \times D + C \times (1 - D))$	133
2026E EBITDA	(B)	125
2027E EBITDA	(C)	141
2026 weighting	(D)	53.3%
Target EV/EBITDA multiple* (x)	(E)	8.0
Enterprise value	$(F = A \times E)$	1,062
Net debt	(G)	99
Equity value	$(H = F - G)$	962
Shares outstanding ('000)	(I)	10,680
Fair value per share (KRW)	(H/I)	90,104
Target price (KRW)		90,000

Note: \*Average multiple at which global ODMs are trading  
Source: Bloomberg, Samsung Securities estimates

### Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
<b>Sales</b>	<b>524</b>	<b>641</b>	<b>782</b>	<b>886</b>	<b>1,013</b>
Cost of goods sold	400	483	600	681	773
<b>Gross profit</b>	<b>125</b>	<b>158</b>	<b>183</b>	<b>205</b>	<b>240</b>
Gross margin (%)	23.7	24.7	23.3	23.1	23.7
SG&A expenses	64	75	81	88	95
<b>Operating profit</b>	<b>60</b>	<b>84</b>	<b>102</b>	<b>117</b>	<b>145</b>
Operating margin (%)	11.5	13.0	13.0	13.2	14.3
<b>Non-operating gains (losses)</b>	<b>7</b>	<b>-6</b>	<b>6</b>	<b>2</b>	<b>4</b>
Financial profit	11	9	11	6	9
Financial costs	4	12	5	4	5
Equity-method gains (losses)	0	0	0	0	0
Other	0	-3	-0	0	0
<b>Pre-tax profit</b>	<b>68</b>	<b>78</b>	<b>108</b>	<b>119</b>	<b>149</b>
Taxes	14	20	23	25	32
Effective tax rate (%)	20.6	25.7	21.1	20.6	21.7
Profit from continuing operations	54	58	85	95	117
Profit from discontinued operations	0	0	0	0	0
<b>Net profit</b>	<b>54</b>	<b>58</b>	<b>85</b>	<b>95</b>	<b>117</b>
Net margin (%)	10.2	9.0	10.9	10.7	11.5
Net profit (controlling interests)	43	45	70	76	93
Net profit (non-controlling interests)	11	12	15	19	23
EBITDA	78	100	125	141	171
EBITDA margin (%)	14.9	15.6	16.0	15.9	16.9
EPS (parent-based) (KRW)	4,007	4,255	6,511	7,090	8,743
EPS (consolidated) (KRW)	5,027	5,416	7,955	8,862	10,929
Adjusted EPS (KRW)*	4,007	4,255	6,511	7,090	8,743

### Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
<b>Cash flow from operations</b>	<b>69</b>	<b>55</b>	<b>65</b>	<b>62</b>	<b>85</b>
Net profit	54	58	85	95	117
Non-cash profit and expenses	35	46	36	39	41
Depreciation	14	15	20	21	23
Amortization	3	1	3	3	3
Other	17	30	12	15	15
Changes in A/L from operating activities	-3	-29	-26	-33	-34
<b>Cash flow from investments</b>	<b>-53</b>	<b>-64</b>	<b>-70</b>	<b>-36</b>	<b>-34</b>
Change in tangible assets	-49	-61	-74	-36	-32
Change in financial assets	-1	-3	5	-0	-2
Other	-3	0	-0	0	0
<b>Cash flow from financing</b>	<b>2</b>	<b>24</b>	<b>66</b>	<b>-27</b>	<b>1</b>
Change in debt	14	50	66	-27	1
Change in equity	11	-6	0	0	0
Dividends	-1	-2	n/a	n/a	n/a
Other	-21	-17	n/a	n/a	n/a
Change in cash	21	15	61	-2	52
Cash at beginning of year	33	54	69	130	127
Cash at end of year	54	69	130	127	179
<b>Gross cash flow</b>	<b>88</b>	<b>104</b>	<b>120</b>	<b>134</b>	<b>158</b>
<b>Free cash flow</b>	<b>21</b>	<b>-6</b>	<b>-9</b>	<b>25</b>	<b>52</b>

Note: \*Excluding one-off items;

\*\*Fully diluted, excluding one-off items;

\*\*\*From companies subject to equity-method valuation

Source: Company data, Samsung Securities estimates

### Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
<b>Current assets</b>	<b>255</b>	<b>331</b>	<b>427</b>	<b>462</b>	<b>559</b>
Cash & equivalents	54	69	130	127	179
Accounts receivable	114	155	171	194	222
Inventories	67	79	104	116	131
Other current assets	20	28	23	24	27
<b>Fixed assets</b>	<b>262</b>	<b>300</b>	<b>376</b>	<b>410</b>	<b>446</b>
Investment assets	3	3	4	5	5
Tangible assets	196	240	314	350	382
Intangible assets	36	36	37	37	38
Other long-term assets	27	23	21	18	21
<b>Total assets</b>	<b>518</b>	<b>632</b>	<b>804</b>	<b>871</b>	<b>1,005</b>
<b>Current liabilities</b>	<b>171</b>	<b>249</b>	<b>299</b>	<b>288</b>	<b>305</b>
Accounts payable	39	61	66	65	74
Short-term debt	78	132	163	145	152
Other current liabilities	54	57	71	77	79
<b>Long-term liabilities</b>	<b>40</b>	<b>47</b>	<b>71</b>	<b>59</b>	<b>55</b>
Bonds & long-term debt	26	30	60	48	43
Other long-term liabilities	14	17	11	10	13
<b>Total liabilities</b>	<b>210</b>	<b>296</b>	<b>370</b>	<b>346</b>	<b>361</b>
<b>Owners of parent equity</b>	<b>218</b>	<b>253</b>	<b>319</b>	<b>394</b>	<b>490</b>
Capital stock	5	5	5	5	5
Capital surplus	69	63	63	63	64
Retained earnings	132	174	243	319	412
Other	12	11	7	7	8
<b>Non-controlling interests' equity</b>	<b>89</b>	<b>84</b>	<b>114</b>	<b>130</b>	<b>155</b>
<b>Total equity</b>	<b>308</b>	<b>336</b>	<b>433</b>	<b>525</b>	<b>645</b>
Net debt	61	93	111	86	35

### Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
<b>Growth (%)</b>					
Sales	11.4	22.2	22.1	13.2	14.4
Operating profit	22.8	38.4	22.0	15.0	23.6
Net profit	58.4	7.7	46.9	11.4	23.3
Adjusted EPS**	91.8	6.2	53.0	8.9	23.3
<b>Per-share data (KRW)</b>					
EPS (parent-based)	4,007	4,255	6,511	7,090	8,743
EPS (consolidated)	5,027	5,416	7,955	8,862	10,929
Adjusted EPS**	4,007	4,255	6,511	7,090	8,743
BVPS	20,450	23,663	29,844	36,933	45,863
DPS (common)	100	370	370	370	370
<b>Valuations (x)</b>					
P/E***	13.8	15.7	10.9	10.0	8.1
P/B***	2.7	2.8	2.4	1.9	1.6
EV/EBITDA	9.5	8.9	7.9	6.9	5.6
<b>Ratios (%)</b>					
ROE	22.1	19.3	24.3	21.2	21.1
ROA	11.3	10.1	11.8	11.3	12.4
ROIC	14.4	15.9	17.0	16.7	18.1
Payout ratio	2.5	8.7	5.7	5.2	4.2
Dividend yield (common)	0.2	0.6	0.5	0.5	0.5
Net debt to equity	19.8	27.6	25.6	16.3	5.5
Interest coverage (x)	18.9	23.6	14.0	15.5	19.4

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### Target price changes in past two years



### Rating changes over past two years (adjusted share prices)

Date	2025/11/21	2026/2/2	2/23	6/24
Recommendation	BUY	BUY	BUY	BUY
Target price (KRW)	92000	114000	125000	90000
Gap* (average)	-22.12	-12.42	-38.40	
(max or min)**	4.78	-9.65	-27.04	

Note: \* [(average, maximum, or minimum share price over duration of target price minus target price) / target price] x 100%

\*\* Maximum/minimum share price if new target is higher/lower than market close on the business day prior to target price change

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#### Company

- BUY** Expected to increase in value by 15% or more within 12 months and is highly attractive within sector
- HOLD** Expected to increase/decrease in value by less than 15% within 12 months
- SELL** Expected to decrease in value by 15% or more within 12 months

#### Industry

- OVERWEIGHT** Expected to outperform market by 5% or more within 12 months
- NEUTRAL** Expected to outperform/underperform market by less than 5% within 12 months
- UNDERWEIGHT** Expected to underperform market by 5% or more within 12 months

\* Note: Effective Jul 27, 2023, BUY, HOLD, and SELL criteria are based on expectations of share-price moves of 15% or more within 12 months

### Percentage of ratings in 12 months prior to 2026.03.31

BUY(85.2%)-HOLD(14.8%)-SELL(0%)

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