

COMPANY UPDATE

2026. 6. 30

Innovation Team

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▶ AT A GLANCE

BUY

Target price **KRW50,000** 53.1%

Current price **KRW32,650**

Market cap	KRW2.1t/USD1.4b
Shares (float)	65,576,252 (56.4%)
52-week high/low	KRW61,700/KRW30,400
Avg daily trading value (60-day)	KRW29.3b/ USD18.9m

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Silicon2 (%)	-9.7	-14.5	-41.5
Vs Kosdaq (%pts)	5.4	-13.4	-50.3

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	50,000	63,000	-20.6%
2026E EPS	3,236	3,180	1.8%
2027E EPS	4,174	4,159	0.4%

▶ SAMSUNG vs THE STREET

No of estimates	6
Target price	56,333
Recommendation	4.0

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



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Silicon2 (257720)

Brands change; the platform endures

- Despite diversification in K-beauty trends, Silicon2 continues to deliver structural sales growth as an essential B2B distributor in Europe.
- We initiate coverage of Silicon2 at BUY and with a KRW50,000 target price. The stock has declined due to several headwinds, including share-overhang risk and rising logistics costs, but the company retains strong momentum through margin defense and retail customer expansion.

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

WHAT'S THE STORY?

Maintaining structural growth despite turnover in leading brands:

Silicon2 has evolved into the primary global distribution partner for K-beauty indie brands. Although its top revenue contributors have changed steadily over the past five years—from COSRX to Beauty of Joseon and then to Medicube—silicon2 delivered a 62% sales CAGR over 2020-2025. This growth reflects not only broad-based demand for K-beauty but also Silicon2's ability to translate real-time consumer feedback into agile product and inventory decisions, creating self-sustaining growth cycles.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	1,116	1,569	2,076	2,667
Operating profit (KRWb)	205	270	349	435
Net profit (adj) (KRWb)	169	212	274	341
EPS (adj) (KRW)	2,609	3,236	4,174	5,193
EPS (adj) growth (% y-y)	31.1	24.1	29.0	24.4
EBITDA margin (%)	19.2	18.0	17.6	17.1
ROE (%)	46.9	38.4	35.4	32.4
P/E (adj) (x)	14.8	10.1	7.8	6.3
P/B (x)	5.5	3.3	2.4	1.8
EV/EBITDA (x)	11.3	7.7	5.9	4.6
Dividend yield (%)	0.8	1.1	1.2	1.5

Source: Company data, Samsung Securities estimates

Defending margins through strategic inventory pre-purchases; unlocking demand through offline retail: Amid sustained increases in oil prices and freight costs since 1Q26, many brands have raised prices. Silicon2, however, mitigated margin pressure by pre-purchasing large volumes of inventory ahead of cost spikes. Its gross margin declined 1.6%pts y-y to 30% in 1Q26, but improved 1.5%pts q-q. As a high-volume shipper handling 40-50 containers per month, the company secured favorable shipping terms during peak-rate periods, outperforming peers. In Jun 2024, Silicon2 launched MOIDA, a dedicated K-beauty retail concept store. With 18 locations globally, MOIDA is more than a bulk-inventory outlet: it serves as a brand-education platform and a gateway to local retail partnerships. Leveraging deep expertise across top-tier indie brands, MOIDA enhances consumer perception of K-beauty while facilitating direct engagement with regional retailers. The company targets 50 stores by year-end.

Initiating coverage at BUY, with KRW50,000 target price: Following Glenwood Credit's full conversion of redeemable convertible preferred shares into common shares in April at a conversion price of KRW32,695, totaling 4.4m shares, the stock has declined more than 40% from its peak due to overhang concerns, fears of losing some key brand clients, and rising logistics costs. We derive our KRW50,000 target price by applying a 10% discount to the cosmetics sector's average EV/EBITDA multiple, reflecting Silicon2's ongoing need, as a B2B distributor, to secure large-scale clients. To offset the overhang and restore investor confidence, the company needs to demonstrate the full benefits of European expansion, and tangible progress on US distribution partnerships with major retailers.

Silicon2: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2023	2024	2025E	2026E	2027E
Sales	245.7	265.3	299.4	305.9	346.6	369.2	433.7	420.0	342.9	691.5	1,116.3	1,569.4	2,076.3
US/Canada	45.2	48.9	72.6	66.3	64.3	75.0	82.0	72.0	130.9	221.6	233.0	293.3	354.9
Europe	81.3	107.3	101.9	115.4	161.8	172.2	210.0	201.1	53.3	162.7	405.9	745.1	1,005.9
Asia	52.9	44.7	52.8	51.5	44.4	52.0	57.0	52.0	101.5	151.4	201.9	205.4	230.0
Middle East	32.3	28.0	30.5	26.7	25.0	15.0	17.0	37.0	10.5	64.2	117.5	94.0	164.5
Oceania	6.8	6.7	8.2	8.5	7.6	9.1	9.7	9.2	18.7	27.2	30.2	35.6	39.6
CIS	12.0	12.8	14.8	17.3	21.9	22.5	25.3	19.0	15.0	28.4	56.9	88.7	127.3
Africa	2.7	3.0	3.3	4.0	3.6	4.3	7.5	7.7	5.0	9.1	13.0	23.1	32.6
Central and South America	12.5	13.9	15.3	16.2	17.9	19.1	25.2	22.0	8.0	26.9	57.9	84.2	121.6
Gross profit	77.7	87.3	94.5	87.3	103.9	118.1	130.1	119.7	115.1	232.8	346.8	471.9	643.7
Operating profit	47.7	52.2	63.1	42.4	64.5	67.6	78.9	58.8	47.8	137.6	205.4	269.8	348.8
Net profit	38.8	35.6	58.4	35.8	54.3	43.2	65.9	48.8	38.0	120.7	168.6	212.2	273.7
Margins (%)													
Gross profit	31.6	32.9	31.6	28.5	30.0	32.0	30.0	28.5	33.6	33.7	31.1	30.1	31.0
Operating profit	19.4	19.7	21.1	13.9	18.6	18.3	18.2	14.0	13.9	19.9	18.4	17.2	16.8
Net profit	15.8	13.4	19.5	11.7	15.7	11.7	15.2	11.6	11.1	17.5	15.1	13.5	13.2
Growth (% y-y)													
Sales	63.9	46.3	60.4	76.3	41.1	39.2	44.9	37.3	107.5	101.7	61.4	40.6	32.3
US/Canada	-20.6	-21.6	11.7	77.7	42.3	53.4	12.9	8.6	147.4	69.3	5.1	25.9	21.0
Europe	187.3	141.7	137.5	145.0	99.0	60.5	106.1	74.3	177.6	205.3	149.5	83.6	35.0
Asia	42.6	19.5	50.0	23.5	-16.1	16.3	8.0	1.0	66.4	49.2	33.4	1.7	12.0
Middle East	226.3	93.1	54.8	32.8	-22.6	-46.4	-44.3	38.6	262.1	511.4	83.0	-20.0	75.0
Oceania	13.3	8.1	9.3	13.3	11.8	35.8	18.3	8.2	79.8	45.5	11.0	17.9	11.1
CIS	96.7	50.6	150.8	119.0	82.5	75.8	70.9	9.8	24.0	89.3	100.4	55.9	43.5
Africa	42.1	76.5	50.0	21.2	33.3	43.3	127.3	92.5	61.3	82.0	42.9	77.7	41.0
Central and South America	234.7	121.8	84.6	87.6	43.5	37.5	65.0	35.4	116.8	238.2	115.0	45.5	44.4
Gross profit	53.5	41.8	46.5	55.4	33.8	35.3	37.7	37.1	118.1	102.3	48.9	36.1	36.4
Operating profit	62.1	34.0	48.1	59.4	35.2	29.5	25.1	38.8	235.8	187.8	49.3	31.4	29.3
Net profit	51.9	6.7	95.6	11.9	40.1	21.4	12.8	36.2	240.8	217.6	39.6	25.9	29.0
Growth (% q-q)													
Sales	41.6	8.0	12.8	2.2	13.3	6.5	17.5	-3.2					
US/Canada	21.2	8.2	48.5	-8.7	-3.0	16.6	9.3	-12.2					
Europe	72.6	32.0	-5.0	13.2	40.2	6.4	22.0	-4.2					
Asia	26.9	-15.5	18.1	-2.5	-13.8	17.1	9.6	-8.8					
Middle East	60.7	-13.3	8.9	-12.5	-6.4	-40.0	13.3	117.6					
Oceania	-9.3	-1.5	22.4	3.7	-10.6	19.7	6.6	-5.2					
CIS	51.9	6.7	15.6	16.9	26.6	2.7	12.4	-24.9					
Africa	-18.2	11.1	10.0	21.2	-10.0	19.4	74.4	2.7					
Central and South America	44.1	11.3	10.0	6.4	10.2	6.7	31.9	-12.7					
Gross profit	38.3	12.5	8.2	-7.6	19.0	13.7	10.1	-8.0					
Operating profit	79.5	9.3	20.9	-32.8	52.3	4.7	16.8	-25.5					
Net profit	21.2	-8.2	64.1	-38.7	51.8	-20.5	52.5	-26.0					
Sales contributions (%)													
US/Canada	18.4	18.4	24.3	21.7	18.6	20.3	18.9	17.1	38.2	32.0	20.9	18.7	17.1
Europe	33.1	40.4	34.0	37.7	46.7	46.6	48.4	47.9	15.5	23.5	36.4	47.5	48.4
Asia	21.5	16.8	17.6	16.8	12.8	14.1	13.1	12.4	29.6	21.9	18.1	13.1	11.1
Middle East	13.1	10.6	10.2	8.7	7.2	4.1	3.9	8.8	3.1	9.3	10.5	6.0	7.9
Oceania	2.8	2.5	2.7	2.8	2.2	2.5	2.2	2.2	5.5	3.9	2.7	2.3	1.9
CIS	4.9	4.8	4.9	5.7	6.3	6.1	5.8	4.5	4.4	4.1	5.1	5.7	6.1
Africa	1.1	1.1	1.1	1.3	1.0	1.2	1.7	1.8	1.5	1.3	1.2	1.5	1.6
Central and South America	5.1	5.2	5.1	5.3	5.2	5.2	5.8	5.2	2.3	3.9	5.2	5.4	5.9

Source: Company data, Samsung Securities

Silicon2: Valuation

(KRW)	Calculation	Value
Forward EPS	$(A = B \times D + C \times (1 - D))$	3,674
2026E EPS	(B)	3,236
2027E EPS	(C)	4,174
2026 weighting	(D)	53.3%
Target P/E multiple* (x)	(E)	13.5
Target price	$(A \times E)$	50,000

Note: *10% discount to global cosmetics industry peer average, reflecting Silicon2's need to secure large, stable customers

Source: Bloomberg, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	692	1,116	1,569	2,076	2,667
Cost of goods sold	459	770	1,098	1,433	1,854
Gross profit	233	347	472	644	814
Gross margin (%)	33.7	31.1	30.1	31.0	30.5
SG&A expenses	95	141	202	295	379
Operating profit	138	205	270	349	435
Operating margin (%)	19.9	18.4	17.2	16.8	16.3
Non-operating gains (losses)	11	11	3	3	3
Financial profit	21	39	2	2	2
Financial costs	13	36	2	2	2
Equity-method gains (losses)	1	1	3	3	3
Other	2	7	0	0	0
Pre-tax profit	149	217	273	352	438
Taxes	28	48	61	78	97
Effective tax rate (%)	18.8	22.2	22.2	22.2	22.2
Profit from continuing operations	121	169	212	274	341
Profit from discontinued operations	0	0	0	0	0
Net profit	121	169	212	274	341
Net margin (%)	17.5	15.1	13.5	13.2	12.8
Net profit (controlling interests)	121	169	212	274	341
Net profit (non-controlling interests)	0	0	0	0	0
EBITDA	143	214	282	365	456
EBITDA margin (%)	20.7	19.2	18.0	17.6	17.1
EPS (parent-based) (KRW)	1,990	2,609	3,236	4,174	5,193
EPS (consolidated) (KRW)	1,990	2,609	3,237	4,174	5,193
Adjusted EPS (KRW)*	1,990	2,609	3,236	4,174	5,193

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	60	1	51	93	126
Net profit	121	169	212	274	341
Non-cash profit and expenses	30	60	13	17	22
Depreciation	6	9	12	17	21
Amortization	0	0	0	0	0
Other	24	52	1	1	1
Changes in A/L from operating activities	-65	-191	-138	-161	-200
Cash flow from investments	-72	-43	2	-59	-53
Change in tangible assets	-63	-7	-10	-70	-70
Change in financial assets	12	-42	0	0	0
Other	-21	6	11	11	17
Cash flow from financing	81	34	27	-14	-23
Change in debt	91	24	48	10	8
Change in equity	1	27	0	0	0
Dividends	0	0	-21	-24	-31
Other	-12	-17	0	0	0
Change in cash	69	-9	79	20	51
Cash at beginning of year	17	86	77	157	177
Cash at end of year	86	77	157	177	228
Gross cash flow	150	229	225	291	362
Free cash flow	-16	-6	41	23	56

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
Current assets	297	553	749	939	1,200
Cash & equivalents	86	77	157	177	228
Accounts receivable	42	96	129	171	219
Inventories	146	300	421	550	711
Other current assets	23	79	42	42	42
Fixed assets	161	157	166	236	306
Investment assets	25	21	16	16	16
Tangible assets	107	108	118	188	258
Intangible assets	2	2	2	2	2
Other long-term assets	27	25	30	30	30
Total assets	458	709	915	1,175	1,506
Current liabilities	189	122	179	195	210
Accounts payable	1	6	18	24	30
Short-term debt	145	42	90	100	108
Other current liabilities	43	74	71	71	71
Long-term liabilities	7	130	88	83	90
Bonds & long-term debt	0	0	0	0	0
Other long-term liabilities	7	130	88	83	90
Total liabilities	196	252	267	278	300
Owners of parent equity	262	457	648	897	1,206
Capital stock	31	31	31	31	31
Capital surplus	31	58	58	58	58
Retained earnings	192	360	550	799	1,109
Other	9	9	9	9	9
Non-controlling interests' equity	0	0	0	0	0
Total equity	262	457	648	897	1,206
Net debt	68	60	29	19	-24

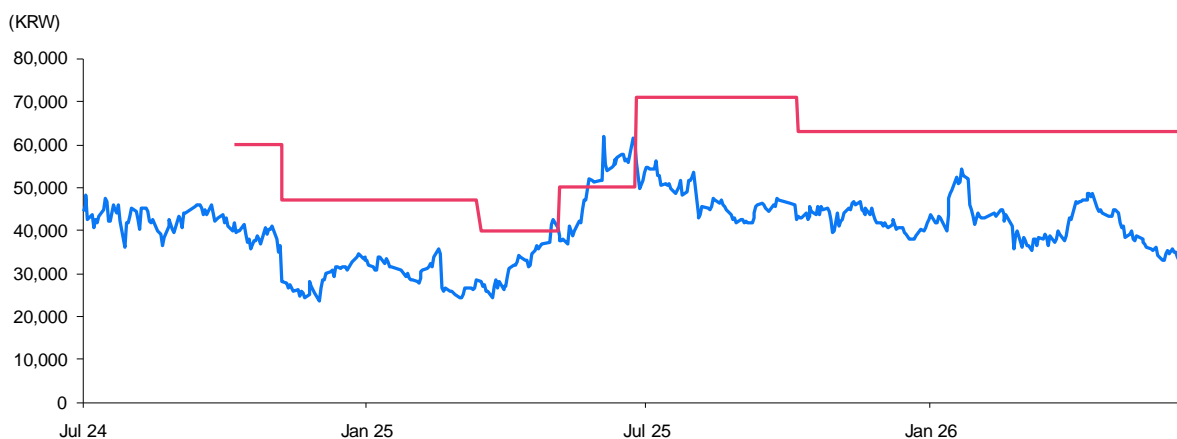
Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	101.7	61.4	40.6	32.3	28.5
Operating profit	187.8	49.3	31.4	29.3	24.6
Net profit	217.6	39.6	25.9	28.9	24.4
Adjusted EPS**	215.7	31.1	24.1	29.0	24.4
Per-share data (KRW)					
EPS (parent-based)	1,990	2,609	3,236	4,174	5,193
EPS (consolidated)	1,990	2,609	3,237	4,174	5,193
Adjusted EPS**	1,990	2,609	3,236	4,174	5,193
BVPS	4,297	6,976	9,899	13,702	18,433
DPS (common)	0	306	350	400	500
Valuations (x)					
P/E***	16.4	14.8	10.1	7.8	6.3
P/B***	7.6	5.5	3.3	2.4	1.8
EV/EBITDA	14.4	11.3	7.7	5.9	4.6
Ratios (%)					
ROE	60.9	46.9	38.4	35.4	32.4
ROA	35.9	28.9	26.1	26.2	25.4
ROIC	51.5	41.1	37.9	36.9	34.2
Payout ratio	0.0	11.1	10.8	9.6	9.6
Dividend yield (common)	0.0	0.8	1.1	1.2	1.5
Net debt to equity	25.9	13.1	4.4	2.1	-2.0
Interest coverage (x)	24.7	24.5	48.5	62.7	78.2

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Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2024/10/16	11/15	2025/3/24	5/13	7/2	10/15	2026/6/24
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	60000	47000	40000	50000	71000	63000	50000
Gap* (average)	-36.45	-37.76	-20.46	-0.05	-33.10	-33.60	
(max or min)**	-31.17	-23.51	6.63	23.60	-20.99	-13.97	

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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- HOLD** Expected to increase/decrease in value by less than 15% within 12 months
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Industry

- OVERWEIGHT** Expected to outperform market by 5% or more within 12 months
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* 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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