COMPANY UPDATE

2026. 7. 10

Innovation Team

Donghee Jeong
Analyst
donghee1009.jeong@samsung.com

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Cosmecca Korea (241710)

Payoff from building a growth-brand portfolio

- **2Q26 preview:** We forecast Cosmecca Korea will post in-line 2Q results, driven by volume growth (it secured new domestic customers) and improved margins at its subsidiaries.
- **Maintaining BUY and raising target to KRW110,000:** The company differentiates itself from large ODMs through its strong ability to secure orders from new brands and new product lines. Seasonal headwinds in 2H should be offset by sustained demand for products made by Cosmecca Korea.

▶ AT A GLANCE

BUY

Target price	KRW110,000	28.7%
Current price	**KRW85,500**	
Market cap	KRW913.14b/USD606.29m	
Shares (float)	10,680,000 (60.0%)	
52-week high/low	KRW103,000/KRW58,400	
Avg daily trading value (60-day)	KRW6.5b/ USD4.3m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Cosmecca Korea (%)	23.6	22.1	29.5
Vs Kosdaq (%pts)	50.6	45.8	29.0

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	110,000	90,000	22.2%
2026E EPS	6,652	6,511	2.2%
2027E EPS	7,297	7,090	2.9%

▶ SAMSUNG vs THE STREET

No of estimates	9
Target price	113,889
Recommendation	4.0

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

WHAT'S THE STORY?

2Q26 preview: We expect Cosmecca Korea to post 2Q sales of KRW204.1b (up 26.2% y-y, up 10.2% q-q) and an operating profit of KRW26.3b (up 14.2% y-y, up 20.2% q-q), for an operating margin of 12.9%, with all three figures meeting consensus. Sales at the Korean business likely hit KRW153.6b (up 39.7% y-y, up 8% q-q), backed by: 1) its new customers, whose product development began 3-4 years ago, entering a period of high growth; and 2) customer diversification efforts—*eg*, its top-2 customers accounted for less than 20% of the firm's sales in 1Q26. Sales at Englewood Lab (its US business) should come in at KRW57.5b (flat y-y, up 15.6% q-q), supported by steady demand from key clients. In China, despite MNC production delays (due to raw-material supply issues), sales likely improved 23.3% q-q, led by greater sales of makeup products such as cushions. Seasonal volatility is expected to ease in 2H through further customer (and product) diversification (centered on hydrogel masks—*ie*, beyond skincare products). Its hydrogel mask line is particularly profitable, with its yield now more than 80%.

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	641	791	895	1,024
Operating profit (KRWb)	84	104	121	147
Net profit (adj) (KRWb)	58	87	97	119
EPS (adj) (KRW)	4,255	6,652	7,297	8,877
EPS (adj) growth (% y-y)	6.2	56.4	9.7	21.7
EBITDA margin (%)	15.6	16.2	16.2	16.9
ROE (%)	19.3	24.8	21.7	21.2
P/E (adj) (x)	15.7	12.9	11.7	9.6
P/B (x)	2.8	2.9	2.3	1.8
EV/EBITDA (x)	8.9	8.9	7.8	6.4
Dividend yield (%)	0.6	0.5	0.5	0.5

Source: Company data, Samsung Securities estimates

Maintaining BUY and raising target price to KRW110,000: The company's profitability is growing thank to its superior ability to secure orders from new indie brands. Reflecting this, we revise up our 2026 and 2027 operating profit estimates by 2.4% and 3%, respectively. Also factoring in the higher valuation of its peers (+12.5%; driven by a more favorable supply-demand environment for ODMs), we raise our 12-month target price to KRW110,000. The Korean business should record sales and operating-margin growth in 2H as its new customers record sales volume growth. The Eumsung plant is operating at full capacity thanks to strong demand from its major clients, while the Ochang plant—acquired proactively—should commence operations next year, enhancing the firm's capacity to onboard new customers. The US FDA recently approved Bemotrizinol (BEMT), allowing US brands to access the same active ingredient that Cosmecca Korea uses in OTC sunscreen products it makes for companies outside of the US—the approval should benefit the firm over the longer term. With a high portion of new brand customers, the company stands out among listed ODMs as one of the most likely to see upward revisions to its 2H estimates. We maintain our BUY rating.

2Q preview

(KRWb)	2Q26E	1Q26	2Q25	Consensus	Diff (%)		
					(% q-q)	(% y-y)	Consensus
Sales	204.1	185.1	161.7	199.1	10.2	26.2	2.5
Operating profit	26.3	21.9	23.0	27.2	20.2	14.2	(3.4)
Pre-tax profit	27.0	25.5	16.7	26.6	5.7	62.1	1.3
Net profit	21.5	19.6	10.8	20.2	9.5	98.9	6.3
Margins (%)							
Operating profit	12.9	11.8	14.2	13.7			
Pre-tax profit	13.2	13.8	10.3	13.4			
Net profit	10.5	10.6	6.7	10.1			

Source: Company data, FnGuide, Samsung Securities estimates

Cosmecca Korea: Valuation

(KRWb)	Calculation	Value
12M fwd EBITDA	(A = B x D + C x (1 - D))	136
2026E EBITDA	(B)	128
2027E EBITDA	(C)	145
2026 weighting	(D)	49%
Target EV/EBITDA multiple* (x)	(E)	9.0
Enterprise value	(F = A x E)	1,227
Net debt	(G)	97
Equity value	(H = F - G)	1,130
Shares outstanding ('000)	(I)	10,680
Fair value per share (KRW)	(H/I)	105,791
Target price (KRW)		110,000

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

Cosmecca Korea: Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2023	2024	2025	2026E	2027E
Sales	**125.6**	**143.8**	**126.6**	**128.3**	**118.4**	**161.7**	**182.4**	**178.5**	**185.1**	**204.1**	**201.1**	**200.1**	**470.7**	**524.3**	**640.9**	**790.5**	**895.3**
Parent	68.8	94.6	82.5	82.8	74.3	110.0	129.8	127.3	142.2	153.6	143.8	139.9	268.6	328.7	441.5	579.5	661.6
Korea brand	55.4	77.1	68.2	66.8	59.5	91.7	110.5	110.0	124.2	133.1	122.1	120.4	216.7	267.6	371.6	499.8	572.7
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	57.5	68.2	71.5	206.8	182.2	200.4	246.9	274.9
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	28.1	34.5	36.7	100.8	70.7	99.3	118.9	131.4
Operating profit	**13.7**	**18.1**	**15.2**	**13.3**	**12.3**	**23.0**	**27.2**	**21.0**	**21.9**	**26.3**	**29.1**	**27.1**	**49.2**	**60.4**	**83.5**	**104.4**	**120.7**
Parent	7.4	14.3	12.0	10.7	8.0	13.8	14.5	11.7	17.8	21.8	21.2	15.7	22.9	44.5	48.1	76.5	91.5
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	11.9	28.9	18.8	37.2	31.7	32.4
US (Totowa)	2.3	0.3	0.3	-0.6	0.3	2.1	3.0	1.2	1.8	1.6	1.7	1.9	4.6	2.3	6.7	7.1	8.6
Incheon	4.3	4.0	3.9	4.2	4.3	8.2	9.7	8.3	4.0	3.6	7.2	10.0	24.3	16.5	30.6	24.9	23.8
Net profit (controlling)	**8.8**	**13.7**	**8.5**	**11.8**	**7.6**	**9.3**	**16.7**	**11.8**	**17.3**	**17.2**	**18.8**	**17.8**	**22.3**	**42.8**	**45.4**	**71.0**	**77.9**
Margins (%)																	
Operating profit	**10.9**	**12.6**	**12.0**	**10.4**	**10.4**	**14.2**	**14.9**	**11.8**	**11.8**	**12.9**	**14.5**	**13.5**	**10.4**	**11.5**	**13.0**	**13.2**	**13.5**
Parent	10.8	15.2	14.5	12.9	10.8	12.6	11.2	9.2	12.5	14.2	14.8	11.2	8.5	13.5	10.9	13.2	13.8
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	9.1	13.1	16.7	14.0	10.3	18.5	12.8	11.8
US (Totowa)	6.8	1.0	1.1	-2.5	1.0	6.8	10.0	4.1	6.0	5.6	5.1	5.4	4.3	2.1	5.6	5.5	6.0
Incheon	22.9	22.7	24.7	23.1	26.3	30.9	30.7	33.8	20.6	12.8	20.9	27.4	24.1	23.3	30.8	20.9	18.1
Net profit (controlling)	**7.0**	**9.5**	**6.7**	**9.2**	**6.4**	**5.8**	**9.2**	**6.6**	**9.3**	**8.4**	**9.3**	**8.9**	**4.7**	**8.2**	**7.1**	**9.0**	**8.7**
Growth (% y-y)																	
Sales	**8.3**	**24.3**	**8.8**	**4.6**	**-5.8**	**12.5**	**44.0**	**39.0**	**56.4**	**26.2**	**10.3**	**12.1**	**17.9**	**11.4**	**22.2**	**23.3**	**13.3**
Parent	4.3	41.9	24.3	18.8	8.1	16.2	57.4	53.8	91.3	39.7	10.7	9.8	18.1	22.3	34.3	31.3	14.2
Korea brand	4.7	51.6	23.2	16.2	7.2	19.0	61.9	64.6	108.9	45.2	10.5	9.5	10.7	23.5	38.9	34.5	14.6
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	0.0	10.4	31.1	36.5	-11.9	10.0	23.2	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	5.4	9.0	49.0	141.3	-29.8	40.4	19.7	10.5
Operating profit	**48.4**	**62.1**	**11.0**	**-11.3**	**-10.5**	**27.2**	**78.8**	**57.8**	**78.0**	**14.2**	**6.9**	**28.8**	**374.1**	**22.8**	**38.4**	**24.9**	**15.7**
Parent	61.9	126.4	153.3	47.6	8.4	-3.5	20.8	9.1	120.8	57.7	46.3	34.3	198.0	94.1	8.1	59.1	19.6
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	-47.8	-32.6	28.4	192.0	-34.9	97.7	-14.7	2.2
US (Totowa)	21.4	-76.1	-71.4	-251.5	-88.2	621.5	949.7	-301.0	573.5	-23.2	-42.9	53.5	-3.0	-48.7	184.5	6.4	21.9
Incheon	24.9	-18.7	-51.9	-46.5	-0.4	103.5	150.0	98.3	-6.1	-56.2	-25.9	20.6	369.4	-32.2	85.8	-18.6	-4.5
Net profit (controlling)	**96.5**	**132.1**	**16.5**	**153.5**	**-13.4**	**-32.0**	**97.4**	**-0.4**	**127.0**	**84.0**	**12.2**	**51.5**	**740.3**	**91.8**	**6.2**	**56.4**	**9.7**

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**524**	**641**	**791**	**895**	**1,024**
Cost of goods sold	400	483	606	688	781
Gross profit	**125**	**158**	**185**	**207**	**243**
Gross margin (%)	23.7	24.7	23.4	23.1	23.7
SG&A expenses	64	75	80	86	95
Operating profit	**60**	**84**	**104**	**121**	**147**
Operating margin (%)	11.5	13.0	13.2	13.5	14.4
Non-operating gains (losses)	**7**	**-6**	**6**	**2**	**4**
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
Pre-tax profit	**68**	**78**	**110**	**123**	**151**
Taxes	14	20	23	25	33
Effective tax rate (%)	20.6	25.7	21.1	20.6	21.7
Profit from continuing operations	54	58	87	97	119
Profit from discontinued operations	0	0	0	0	0
Net profit	**54**	**58**	**87**	**97**	**119**
Net margin (%)	10.2	9.0	11.0	10.9	11.6
Net profit (controlling interests)	43	45	71	78	95
Net profit (non-controlling interests)	11	12	16	19	24
EBITDA	78	100	128	145	173
EBITDA margin (%)	14.9	15.6	16.2	16.2	16.9
EPS (parent-based) (KRW)	4,007	4,255	6,652	7,297	8,877
EPS (consolidated) (KRW)	5,027	5,416	8,132	9,121	11,097
Adjusted EPS (KRW)*	4,007	4,255	6,652	7,297	8,877

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**255**	**331**	**430**	**467**	**566**
Cash & equivalents	54	69	129	129	182
Accounts receivable	114	155	173	196	224
Inventories	67	79	105	117	133
Other current assets	20	28	23	24	27
Fixed assets	**262**	**300**	**376**	**410**	**446**
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
Total assets	**518**	**632**	**806**	**876**	**1,013**
Current liabilities	**171**	**249**	**300**	**288**	**306**
Accounts payable	39	61	66	66	75
Short-term debt	78	132	163	145	152
Other current liabilities	54	57	71	77	79
Long-term liabilities	**40**	**47**	**71**	**59**	**55**
Bonds & long-term debt	26	30	60	48	43
Other long-term liabilities	14	17	11	10	13
Total liabilities	**210**	**296**	**371**	**347**	**361**
Owners of parent equity	**218**	**253**	**320**	**398**	**495**
Capital stock	5	5	5	5	5
Capital surplus	69	63	63	63	64
Retained earnings	132	174	245	323	418
Other	12	11	7	7	8
Non-controlling interests' equity	**89**	**84**	**115**	**131**	**156**
Total equity	**308**	**336**	**435**	**529**	**651**
Net debt	61	93	111	84	32

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**69**	**55**	**65**	**64**	**86**
Net profit	54	58	87	97	119
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	-29	-34	-34
Cash flow from investments	**-53**	**-64**	**-70**	**-36**	**-34**
Change in tangible assets	-49	-61	-74	-36	-32
Change in financial assets	-1	-3	5	-0	-2
Other	-3	0	-0	0	0
Cash flow from financing	**2**	**24**	**66**	**-27**	**1**
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	0	53
Cash at beginning of year	33	54	69	129	129
Cash at end of year	54	69	129	129	182
Gross cash flow	**88**	**104**	**122**	**136**	**159**
Free cash flow	**21**	**-6**	**-10**	**28**	**54**

Note: *Excluding one-off items
**Fully diluted, excluding one-off items
***From companies subject to equity-method valuation
Source: Company data, Samsung Securities estimates

Financial ratios

Year-end Dec 31	2024	2025	2026E	2027E	2028E
Growth (%)					
Sales	11.4	22.2	23.3	13.3	14.4
Operating profit	22.8	38.4	24.9	15.7	21.9
Net profit	58.4	7.7	50.2	12.2	21.7
Adjusted EPS**	91.8	6.2	56.4	9.7	21.7
Per-share data (KRW)					
EPS (parent-based)	4,007	4,255	6,652	7,297	8,877
EPS (consolidated)	5,027	5,416	8,132	9,121	11,097
Adjusted EPS**	4,007	4,255	6,652	7,297	8,877
BVPS	20,450	23,663	29,985	37,281	46,346
DPS (common)	100	370	370	370	370
Valuations (x)					
P/E***	13.8	15.7	12.9	11.7	9.6
P/B***	2.7	2.8	2.9	2.3	1.8
EV/EBITDA	9.5	8.9	8.9	7.8	6.4
Ratios (%)					
ROE	22.1	19.3	24.8	21.7	21.2
ROA	11.3	10.1	12.1	11.6	12.5
ROIC	14.4	15.9	17.4	17.1	18.3
Payout ratio	2.5	8.7	5.6	5.1	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	15.8	4.9
Interest coverage (x)	18.9	23.6	14.3	16.0	19.7

Compliance notice

- As of 7/9 2026, the covering analyst(s) did not own any shares, or debt instruments convertible into shares, of any company covered in this report.
- As of 7/9 2026, Samsung Securities' holdings of shares and debt instruments convertible into shares of each company covered in this report would not, if such debt instruments were converted, exceed 1% of each company's outstanding shares.
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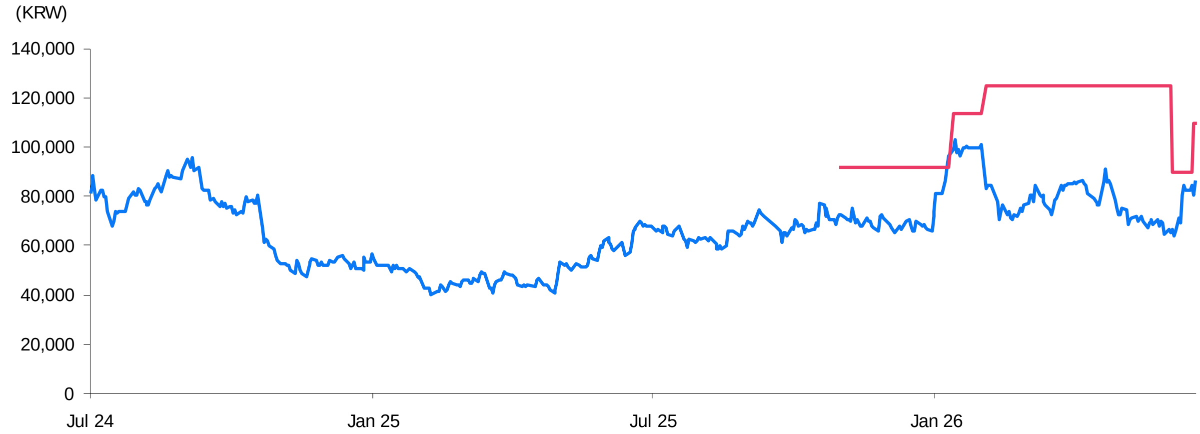
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/11/21	2026/2/2	2/23	6/24	7/8
Recommendation	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	92000	114000	125000	90000	110000
Gap* (average)	-22.12	-12.42	-38.40	-15.53	
(max or min)**	4.78	-9.65	-27.04	-6.22	

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

Samsung Securities uses the following investment ratings*

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 2026.06.30

BUY(85.5%)·HOLD(14.5%)·SELL(0%)

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General

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Samsung Securities

SAMSUNG SECURITIES

Samsung Electronics Bldg., 11, 74-gil,
Seochodae-ro, Seocho-gu, Seoul, Korea 06620
Tel: 02 2020 8000 / www.samsungpop.com

Family Center: 1588 2323

Voice Of Customer: 080 911 0900

For more information,
please call our sales representatives:

LONDON

Samsung Securities Europe Limited
1st Floor, 30 Gresham Street, London EC2V 7PG UK
Tel. 44-207-776-4311
Fax. 44-203-837-9219

NEW YORK

Samsung Securities America Limited
1330 Avenue of the Americas. 10th Floor. New York,
NY 10019
Tel: 1-212-972-2454
Fax: 1-212-972-2704

HONG KONG

Samsung Securities (Asia) Limited
Suite 4511, Two International Finance Center,
8 Finance Street, Central, Hong Kong
Tel: 852-3411-3608
Fax: 852-2114-0290

BEIJING

Samsung Securities Beijing Representative Office
Rm. 910, The Exchange Building No 118 JianGuo Lu, Chao
Yang District, Beijing, China
Tel: 86-10-6522-1855 (extension 7891)
Fax: 86-10-6522-1855 (extension 7889)

TOKYO

Samsung Securities Tokyo Representative Office
#106-8532 19F, Roppongi T-Cube 3-1-1,
Roppongi Minato-ku Tokyo, Japan
Tel: 81-3-6333-2952
Fax: 81-3-6333-2953