COMPANY UPDATE

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Innovation Team

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▶ AT A GLANCE

BUY

Target price	**KRW230,000**	**32.6%**
Current price	**KRW173,500**	
Market cap	KRW2.0t/USD1.3b	
Shares (float)	11,349,509 (72.2%)	
52-week high/low	KRW266,000/KRW144,900	
Avg daily trading value (60-day)	KRW15.9b/ USD10.6m	

▶ ONE-YEAR PERFORMANCE

	1M	6M	12M
Cosmax (%)	4.6	-0.6	-33.5
Vs Kospi (%pts)	16.2	-37.5	-71.4

▶ KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	230,000	200,000	15.0%
2026E EPS	13,375	13,121	1.9%
2027E EPS	15,414	15,415	0.0%

▶ SAMSUNG vs THE STREET

No of estimates	18
Target price	247,389
Recommendation	3.9

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

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Cosmax (192820)

Strong at home, promising abroad

- **2Q26 preview:** We forecast Cosmax will deliver in-line 2Q results, driven by: 1) strong growth at its clients (top domestic beauty brands that are expanding into new international markets) and increased orders from US indie brands; and 2) improved profitability at its Asian subsidiaries.
- **Maintaining BUY and raising target to KRW230,000:** All of the firm's subsidiaries are showing balanced improvements in their operations, and cost-pass-through negotiations (to mitigate higher raw-material prices) with its customers appear to be progressing smoothly.

WHAT'S THE STORY?

2Q26 preview: We forecast Cosmax will announce 2Q sales of KRW746.5b (up 19.7% y-y, up 9.4% q-q) and an operating profit of KRW69.4b (up 14.1% y-y, up 30.8% q-q), in line with consensus. Sales at the Korean business likely reached KRW484b—growth in Europe (driven by high-performing K-beauty brands such as Medicube and Anua) likely more than offset declines in sales of traditional cosmetics (makeup). Sales in the US likely reached KRW45.1b (up 50.2% y-y, up 7.3% q-q; driven by new orders from local indie brands including Kendo and Milani), supporting the US business's strong 1Q results. Its sales in China likely came to KRW134.9b (up 24.2% y-y, up 9.5% q-q), primarily driven by growth at the Shanghai subsidiary. Its Southeast Asian operations (Indonesia/Thailand) also likely beat our sales growth and margin expansion estimates. Overall, the company's operating margin likely reached 9.3% (up 1.5%pts q-q).

(Continued on the next page)

SUMMARY FINANCIAL DATA

	2025	2026E	2027E	2028E
Revenue (KRWb)	2,399	2,730	3,081	3,504
Operating profit (KRWb)	196	226	262	308
Net profit (adj) (KRWb)	131	155	176	212
EPS (adj) (KRW)	10,843	13,375	15,414	18,522
EPS (adj) growth (% y-y)	43.4	23.4	15.2	20.2
EBITDA margin (%)	11.3	12.2	12.3	12.5
ROE (%)	23.9	24.7	23.6	23.5
P/E (adj) (x)	15.0	13.0	11.3	9.4
P/B (x)	3.3	2.9	2.4	2.0
EV/EBITDA (x)	10.2	8.0	6.8	5.8
Dividend yield (%)	2.0	1.8	1.8	1.8

Source: Company data, Samsung Securities estimates

Maintaining BUY and raising target price to KRW230,000: We raise our 12-month target price for the stock (based on a 12-month forward EBITDA multiple) to KRW23,000, as we: 1) revise up our 2Q operating profit estimate by 3%; and 2) factor in its peers' multiple expansion (+12.5%) amid growing confidence that the ODM sector will see a seasonal uptick from late June. We highlight the stronger-than-expected pace: 1) at which Korea's top beauty brands (its clients) are expanding overseas; and 2) its new US customers are logging sales, since the establishment of Cosmax's office in California in late 2024. Cosmax's makeup business, which underperformed in 1H, is expected to see its sales recover in 2H as its key clients are set to launch new products. Domestic yields of Cosmax's gel masks (currently 70%) are projected to improve steadily towards year-end. Raw-material cost increases were mostly absorbed by the company in 1H through a strategic inventory buildup (2-3 months' worth of supply). Price adjustments were made in June across new and existing products, with smooth customer agreements in place to limit further margin pressure for Cosmax. The firm acquired a 51% stake in Keminova (an ODM) in early 2026, but the business should have a negligible financial impact on Cosmax's financial results as its earnings are booked as equity method. Operating-leverage effects persist as its domestic utilization stands at 80%. Its domestic capacity is set to expand from 1b to 1.1b units by end-2026.

2Q preview

(KRWb)	2Q26E	1Q26	2Q25	Consensus	Diff (%)		
					(% q-q)	(% y-y)	Consensus
Sales	746.5	682.0	623.6	729.3	9.4	19.7	2.3
Operating profit	69.4	53.0	60.8	69.4	30.8	14.1	0.0
Pre-tax profit	62.6	55.4	26.4	54.9	12.9	137.0	13.9
Net profit	47.8	43.8	21.8	45.0	9.1	118.9	6.2
Margins (%)							
Operating profit	9.3	7.8	9.8	9.5			
Pre-tax profit	8.4	8.1	4.2	7.5			
Net profit	6.4	6.4	3.5	6.2			

Source: Company data, FnGuide, Samsung Securities estimates

Cosmax: Valuation

(KRWb)	Calculation	Value
Forward EBITDA	(A = B x D + C x (1 - D))	357
2026E EBITDA	(B)	333
2027E EBITDA	(C)	379
2026 weighting (%)	(D)	49%
Target EV/EBTIDA multiple* (x)	(E)	9.0
Enterprise value	(F = A x E)	3,209
Net debt	(G)	584
Equity value	(H = F - G)	2,625
Shares outstanding ('000)	(I)	11,350
Fair value per share (KRW)	(H/I)	231,279
Target price (KRW)		230,000

Note: *Average forward EV/EBITDA multiple at which global ODM peers are trading
Source: Bloomberg, Samsung Securities estimates

Cosmax: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26E	3Q26E	4Q26E	2023	2024	2025	2026E	2027E
Sales	**588.6**	**623.6**	**585.6**	**601.0**	**682.0**	**746.5**	**648.3**	**652.8**	**1,777.5**	**2,166.1**	**2,398.8**	**2,729.5**	**3,080.6**
Korea headquarters (parent)	362.8	420.5	383.5	359.7	423.2	484.0	424.2	395.7	1,057.5	1,356.2	1,526.5	1,727.0	1,968.8
China entities	162.7	148.6	140.0	181.4	194.7	185.6	164.4	198.3	547.4	574.4	632.7	743.0	806.6
Shanghai	109.0	108.6	91.0	116.8	123.1	134.9	110.2	135.1	399.7	372.4	425.4	503.3	596.5
Guangzhou	48.5	41.1	45.5	53.1	41.2	47.1	49.7	58.5	140.6	184.7	188.2	196.4	210.1
US entity	28.7	30.0	36.9	37.0	42.0	45.1	44.6	43.3	139.9	137.1	132.6	175.0	201.8
Indonesia entity	29.6	20.9	21.5	25.7	22.7	27.4	21.1	24.4	85.5	113.2	97.7	95.6	100.4
Thailand entity	23.9	23.1	15.2	11.1	24.3	25.6	17.0	11.2	25.5	43.5	73.3	78.2	87.6
Operating profit	**51.3**	**60.8**	**42.7**	**40.9**	**53.0**	**69.4**	**50.1**	**53.7**	**115.7**	**175.4**	**195.8**	**226.2**	**261.9**
Korea headquarters (parent)	34.3	49.9	34.3	36.0	38.0	53.2	37.3	37.6	86.8	138.7	154.5	166.2	187.0
Overseas entities and adjustment	17.0	10.9	8.4	4.9	15.0	16.1	12.8	16.1	28.9	36.7	41.3	60.1	74.8
Net profit (controlling)	**8.1**	**20.9**	**9.0**	**85.1**	**41.6**	**47.6**	**27.7**	**35.0**	**57.1**	**85.8**	**123.1**	**151.8**	**174.9**
Korea headquarters (parent)	16.5	25.7	27.6	61.4	52.3	47.4	32.2	32.8	18.2	106.7	131.2	164.8	157.5
China entities	-4.9	-0.3	-1.7	20.9	1.7	5.3	1.4	5.4	19.7	-1.4	14.0	13.9	33.2
Shanghai	7.2	5.3	3.8	7.1	9.0	8.9	4.4	8.1	18.7	3.3	23.4	30.4	35.8
Guangzhou	3.9	1.7	2.0	1.0	2.9	1.4	2.0	2.3	15.1	6.3	8.6	8.6	9.5
US entity	-11.7	-20.4	-7.4	-8.5	-7.8	1.4	2.2	1.7	-50.0	-47.3	-48.0	-2.4	2.0
Indonesia entity	2.7	2.4	0.6	1.6	0.5	0.5	0.5	1.0	5.6	12.8	7.3	2.6	3.5
Thailand entity	2.1	2.2	0.8	-0.4	0.8	1.3	0.3	0.2	-2.4	4.8	4.7	2.6	3.5
Margins (%)													
Operating profit	8.7	9.8	7.3	6.8	7.8	9.3	7.7	8.2	6.5	8.1	8.2	8.3	8.5
Korea headquarters (parent)	9.5	11.9	8.9	10.0	9.0	11.0	8.8	9.5	8.2	10.2	10.1	9.6	9.5
Overseas entities and adjustment	7.6	5.4	4.2	2.0	5.8	6.1	5.7	6.3	4.0	4.5	4.7	6.0	6.7
Net profit (controlling)	1.4	3.4	1.5	14.2	6.1	6.4	4.3	5.4	3.2	4.0	5.1	5.6	5.7
Korea headquarters (parent)	4.5	6.1	7.2	17.1	12.4	9.8	7.6	8.3	1.7	7.9	8.6	9.5	8.0
China entities	-3.0	-0.2	-1.2	11.5	0.9	2.9	0.8	2.7	3.6	-0.2	2.2	1.9	4.1
Shanghai	6.6	4.9	4.2	6.1	7.3	6.6	4.0	6.0	4.7	0.9	5.5	6.0	6.0
Guangzhou	8.0	4.1	4.4	1.9	7.0	3.0	4.0	4.0	10.7	3.4	4.6	4.4	4.5
US entity	-40.8	-68.0	-20.1	-23.0	-18.6	3.2	5.0	4.0	-35.7	-34.5	-36.2	-1.4	1.0
Indonesia entity	9.1	11.5	2.8	6.2	2.3	2.0	2.5	4.0	6.5	11.3	7.5	2.7	3.5
Thailand entity	8.8	9.5	5.3	-3.6	3.3	5.0	2.0	1.5	-9.3	11.0	6.4	3.3	4.0
Growth (% y-y)													
Sales	11.7	13.1	10.5	7.7	15.9	19.7	10.7	8.6	11.1	21.9	10.7	13.8	12.9
Korea headquarters (parent)	15.0	20.8	10.7	3.9	16.6	15.1	10.6	10.0	23.8	28.2	12.6	13.1	14.0
China entities	3.4	0.7	22.4	17.0	19.7	24.9	17.5	9.3	-1.7	4.9	10.1	17.4	8.6
Shanghai	1.3	11.4	26.4	22.6	13.0	24.2	21.1	15.7	-7.5	-6.8	14.2	18.3	18.5
Guangzhou	3.6	-17.0	14.6	9.0	-15.1	14.5	9.2	10.1	18.9	31.4	1.9	4.4	7.0
US entity	-26.0	-16.7	13.5	24.2	46.3	50.2	21.0	17.0	-14.6	-2.0	-3.3	32.0	15.3
Indonesia entity	22.8	-17.7	-33.4	-18.2	-23.3	31.2	-2.0	-5.0	28.0	32.4	-13.7	-2.1	5.0
Thailand entity	151.6	124.3	36.9	-11.9	1.7	10.8	12.0	1.2	31.5	70.3	68.5	6.6	12.1
Operating profit	13.0	30.2	-1.6	2.7	3.3	14.1	17.2	31.3	117.9	51.6	11.6	15.5	15.8
Korea headquarters (parent)	14.0	44.5	-13.2	4.0	10.8	6.7	8.8	4.4	102.5	59.8	11.4	7.5	12.6
Overseas entities and adjustment	10.9	-10.4	115.4	-6.0	-11.8	47.9	51.4	228.9	182.1	26.9	12.6	45.5	24.6

Source: Company data, Samsung Securities estimates

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**2,166**	**2,399**	**2,730**	**3,081**	**3,504**
Cost of goods sold	1,748	1,990	2,251	2,535	2,873
Gross profit	**418**	**409**	**479**	**545**	**631**
Gross margin (%)	19.3	17.1	17.5	17.7	18.0
SG&A expenses	243	213	252	283	322
Operating profit	**175**	**196**	**226**	**262**	**308**
Operating margin (%)	8.1	8.2	8.3	8.5	8.8
Non-operating gains (losses)	**-38**	**-39**	**-22**	**-34**	**-37**
Financial profit	47	64	60	64	65
Financial costs	68	99	83	98	103
Equity-method gains (losses)	-0	-0	0	0	0
Other	-17	-5	0	0	0
Pre-tax profit	**138**	**157**	**204**	**228**	**271**
Taxes	49	25	49	52	60
Effective tax rate (%)	35.8	16.3	24.1	22.7	22.0
Profit from continuing operations	88	131	155	176	212
Profit from discontinued operations	0	0	0	0	0
Net profit	**88**	**131**	**155**	**176**	**212**
Net margin (%)	4.1	5.5	5.7	5.7	6.0
Net profit (controlling interests)	86	123	152	175	210
Net profit (non-controlling interests)	3	8	3	1	1
EBITDA	244	270	333	379	437
EBITDA margin (%)	11.3	11.3	12.2	12.3	12.5
EPS (parent-based) (KRW)	7,560	10,843	13,375	15,414	18,522
EPS (consolidated) (KRW)	7,790	11,549	13,621	15,510	18,652
Adjusted EPS (KRW)*	7,560	10,843	13,375	15,414	18,522

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**943**	**975**	**1,062**	**1,249**	**1,449**
Cash & equivalents	256	192	160	232	294
Accounts receivable	349	427	470	538	621
Inventories	257	271	339	382	433
Other current assets	80	85	93	97	102
Fixed assets	**991**	**1,150**	**1,249**	**1,358**	**1,478**
Investment assets	56	53	1	1	1
Tangible assets	778	926	1,018	1,120	1,232
Intangible assets	63	64	70	77	85
Other long-term assets	94	108	160	160	160
Total assets	**1,934**	**2,125**	**2,311**	**2,608**	**2,927**
Current liabilities	**1,114**	**1,201**	**1,240**	**1,399**	**1,544**
Accounts payable	231	271	308	347	394
Short-term debt	464	499	492	492	493
Other current liabilities	419	431	439	559	657
Long-term liabilities	**311**	**312**	**367**	**367**	**369**
Bonds & long-term debt	188	195	217	217	218
Other long-term liabilities	123	117	150	150	151
Total liabilities	**1,425**	**1,513**	**1,607**	**1,766**	**1,913**
Owners of parent equity	**473**	**558**	**673**	**810**	**983**
Capital stock	6	6	6	6	6
Capital surplus	28	13	13	13	13
Retained earnings	384	483	598	735	908
Other	56	56	56	56	56
Non-controlling interests' equity	**35**	**54**	**32**	**32**	**32**
Total equity	**509**	**612**	**705**	**842**	**1,015**
Net debt	705	846	656	584	526

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**73**	**87**	**187**	**221**	**257**
Net profit	88	131	155	176	212
Non-cash profit and expenses	186	147	210	221	236
Depreciation	64	69	102	112	123
Amortization	5	5	5	5	6
Other	117	72	103	103	106
Changes in A/L from operating activities	-127	-87	-74	-72	-87
Cash flow from investments	**-160**	**-179**	**-184**	**-149**	**-199**
Change in tangible assets	-161	-183	-176	-147	-198
Change in financial assets	-2	7	0	0	0
Other	3	-4	-8	-2	-1
Cash flow from financing	**68**	**28**	**-36**	**0**	**4**
Change in debt	256	76	-32	0	3
Change in equity	-0	-16	0	0	0
Dividends	-6	-26	-37	-37	-37
Other	-183	-6	33	38	39
Change in cash	-1	-64	-33	72	62
Cash at beginning of year	257	256	192	160	232
Cash at end of year	256	192	160	232	294
Gross cash flow	**274**	**278**	**365**	**397**	**447**
Free cash flow	**-92**	**-100**	**7**	**70**	**55**

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	21.9	10.7	13.8	12.9	13.7
Operating profit	51.6	11.6	15.5	15.8	17.7
Net profit	133.9	48.2	17.9	13.9	20.3
Adjusted EPS**	50.2	43.4	23.4	15.2	20.2
Per-share data (KRW)					
EPS (parent-based)	7,560	10,843	13,375	15,414	18,522
EPS (consolidated)	7,790	11,549	13,621	15,510	18,652
Adjusted EPS**	7,560	10,843	13,375	15,414	18,522
BVPS	41,725	49,196	59,274	71,393	86,620
DPS (common)	2,300	3,300	3,300	3,300	3,300
Valuations (x)					
P/E***	19.7	15.0	13.4	11.7	9.7
P/B***	3.6	3.3	3.0	2.5	2.1
EV/EBITDA	10.0	10.2	8.2	7.0	5.9
Ratios (%)					
ROE	20.5	23.9	24.7	23.6	23.5
ROA	5.1	6.5	7.0	7.2	7.6
ROIC	12.1	13.1	12.2	13.7	15.4
Payout ratio	30.4	30.4	24.7	21.4	17.8
Dividend yield (common)	1.5	2.0	1.8	1.8	1.8
Net debt to equity	138.5	138.1	93.1	69.3	51.8
Interest coverage (x)	3.9	4.2	4.6	5.0	5.9

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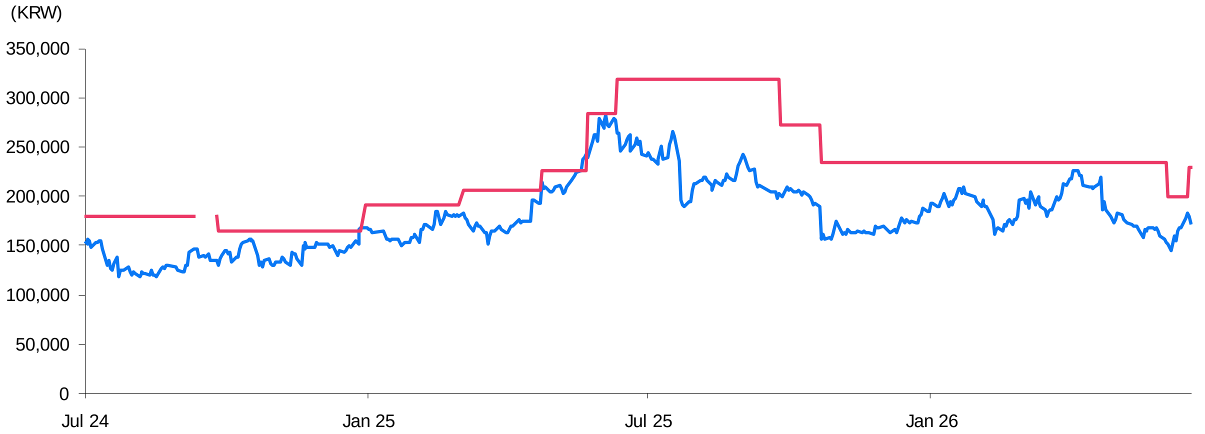
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/11/14	2024/10/16	2025/1/20	3/24	5/14	6/13	7/2	10/16	11/11	2026/6/24	7/8
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	179000	165000	192000	207000	227000	285000	319000	272000	235000	200000	230000
Gap* (average)	-24.80	-12.63	-13.29	-17.08	-5.16	-5.12	-28.33	-25.91	-22.47	-18.39	
(max or min)**	10.50	1.52	-3.70	-5.27	6.83	-1.05	-16.61	-22.98	-3.40	-8.50	

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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