COMPANY UPDATE

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Innovation Team

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Cosmecca Korea (241710)

Diversification drives growth in sales and profit

- Cosmecca Korea's 2Q results beat consensus on the back of new client additions and increased orders in derma skincare.
- We maintain BUY rating and increase our target price to KRW130,000. Despite intense competition with top-tier ODMs, the company's 2026 sales and operating profit should grow 33% and 42% y-y, respectively, thanks to continued client diversification.

AT A GLANCE

BUY

Target price	KRW130,000	36.8%
Current price	**KRW95,000**	
Market cap	KRW1.0t/USD0.7b	
Shares (float)	10,680,000 (60.0%)	
52-week high/low	KRW103,000/KRW58,400	
Avg daily trading value (60-day)	KRW6.9b/ USD4.9m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Cosmecca Korea (%)	14.5	-5.1	40.3
Vs Kosdaq (%pts)	12.2	23.9	32.9

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	130,000	110,000	18.2%
2026E EPS	7,216	6,652	8.5%
2027E EPS	8,446	7,297	15.7%

SAMSUNG vs THE STREET

No of estimates	10
Target price	117,500
Recommendation	4.0

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

WHAT'S THE STORY?

2Q review: Cosmecca Korea's 2Q consolidated sales and operating profit amounted to a respective KRW226.1b (up 39.8% y-y and 22.1% q-q; beating consensus by 12%) and KRW32.1b (up 39.3% y-y and 46.5% q-q; topping consensus by 16%). The solid results were driven by a virtuous cycle: new domestic customer acquisitions, repeat orders from existing mid-sized clients, and SKU expansion (eg, pharmacy-grade products and hydrogel masks). The Korean business logged 2Q sales of KRW178.8b (+62.6% y-y and 25.7% q-q) and operating profit of KRW24.5b (+76.9% y-y and 37.8% q-q). Skincare product sales expanded 94.8% y-y, accounting for 80.5% of domestic sales (up from 71.5% in 2025). Hydrogel mask sales, now contributing 5% of domestic revenue, surged 91.8% q-q—a signal of successful product diversification. Sales and operating profit at Englewood Lab (its US business) came in at KRW51.9b (down 9.7% but up 4.4% q-q) and KRW8.7b, for an operating margin of 16.8% (up 5.5%pts q-q). The margin improvement owed much to product mix improvement at the US factory (driven by increasing sales of turnkey OTC sunscreen solutions and premium skincare products), increased orders to recently automated Korean factory as well. Meantime, the Chinese operation showed signs of recovery q-q, with sales of KRW7.7b (down 9.7% y-y but up 21.3% q-q) and an operating loss of KRW1.2b.

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SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	226.1	39.8	22.1	10.8	12.1
Operating profit	32.1	39.3	46.5	21.9	15.7
Pre-tax profit	29.8	79.0	16.8	10.4	9.5
Net profit	20.3	88.0	3.4	(5.5)	0.5
Margins (%)					
Operating profit	14.2				
Pre-tax profit	13.2				
Net profit	9.0				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	15.7	13.2	11.2
P/B	2.8	3.1	2.4
EV/EBITDA	8.9	8.8	7.5
Div yield (%)	0.6	0.4	0.4
EPS growth (% y-y)	6.2	69.6	17.0
ROE (%)	19.3	26.6	24.3
Per-share data (KRW)			
EPS	4,255	7,216	8,446
BVPS	23,663	30,548	38,994
DPS	370	370	370

Maintaining BUY and raising target price: Cosmecca Korea continues to strengthen its independent positioning amid intense competition with top-tier ODMs, thanks to sustained efforts for customer diversification. Reflecting the strong 2Q results, the prospect of solid domestic order momentum in 2H26, and improving profitability at Englewood Lab, we revise up our 2026 and 2027 operating profit estimates by 13.4% and 16.3%, respectively, and increase our 12-month target price to KRW130,000. The company has upgraded its full-year sales growth guidance from 15-20% to 30%, while maintaining an operating margin guidance of 13.5%. Armed with its superior ability to secure orders from a variety of brands, Cosmecca Korea is well positioned to benefit from its expanding overseas markets (from the US into Europe) and Korea's diversified beauty distribution channels and inbound tourism growth. With current capacity utilization at 70–80% under a single-shift model, the planned commissioning of the Ochang plant in 2027 offers clear upside potential for further capacity expansion and growth.

Cosmecca Korea: Results and forecasts

(KRWb)	1Q24	2Q24	3Q24	4Q24	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26P	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**	**226.1**	**223.0**	**220.4**	**470.7**	**524.3**	**640.9**	**854.6**	**990.0**
Parent	68.8	94.6	82.5	82.8	74.3	110.0	129.8	127.3	142.2	178.8	170.8	164.6	268.6	328.7	441.5	656.5	770.2
Korea brand	55.4	77.1	68.2	66.8	59.5	91.7	110.5	110.0	124.2	156.1	149.1	145.2	216.7	267.6	371.6	574.6	678.5
Overseas brand	13.3	17.6	14.3	15.9	14.9	18.3	19.4	17.3	18.0	22.7	21.7	19.4	52.0	61.1	69.9	81.9	91.7
China entity	12.2	10.7	9.3	8.2	8.7	8.6	8.1	8.5	6.4	7.7	8.4	9.0	50.4	40.4	34.0	31.5	29.8
Englewood Lab	52.6	46.0	41.1	42.2	42.5	57.5	61.8	54.5	49.7	51.9	57.5	63.1	206.8	182.2	200.4	222.2	249.5
US (Totowa)	33.8	28.4	26.1	24.2	27.3	31.6	30.4	30.2	30.7	31.7	33.7	34.8	106.2	112.7	119.5	130.8	146.0
Incheon	18.9	17.9	15.8	18.2	16.3	26.7	31.7	24.6	19.6	21.0	23.8	28.3	100.8	70.7	99.3	92.7	103.5
Operating profit	**13.7**	**18.1**	**15.2**	**13.3**	**12.3**	**23.0**	**27.2**	**21.0**	**21.9**	**32.1**	**33.3**	**31.1**	**49.2**	**60.4**	**83.5**	**118.4**	**140.4**
Parent	7.4	14.3	12.0	10.7	8.0	13.8	14.5	11.7	17.8	24.5	27.7	20.7	22.9	44.5	48.1	90.6	116.0
China entity	0.0	-0.1	-0.3	-0.7	-0.6	-1.1	-0.6	0.2	-1.3	-1.2	-0.8	-0.3	0.1	-1.1	-2.1	-3.6	-2.5
Englewood Lab	6.6	4.3	4.1	3.7	4.6	10.1	13.2	9.3	5.6	8.7	6.5	10.8	28.9	18.8	37.2	31.6	27.2
US (Totowa)	2.3	0.3	0.3	-0.6	0.3	2.1	3.0	1.2	1.8	3.7	1.7	1.9	4.6	2.3	6.7	9.2	9.0
Incheon	4.3	4.0	3.9	4.2	4.3	8.2	9.7	8.3	4.0	5.2	4.8	8.9	24.3	16.5	30.6	22.9	18.2
Net profit (controlling)	**8.8**	**13.7**	**8.5**	**11.8**	**7.6**	**9.3**	**16.7**	**11.8**	**17.3**	**18.1**	**21.4**	**20.3**	**22.3**	**42.8**	**45.4**	**77.1**	**90.2**
Margins (%)																	
Operating profit	**10.9**	**12.6**	**12.0**	**10.4**	**10.4**	**14.2**	**14.9**	**11.8**	**11.8**	**14.2**	**14.9**	**14.1**	**10.4**	**11.5**	**13.0**	**13.8**	**14.2**
Parent	10.8	15.2	14.5	12.9	10.8	12.6	11.2	9.2	12.5	13.7	16.2	12.6	8.5	13.5	10.9	13.8	15.1
China entity	0.1	-1.0	-2.8	-8.7	-6.8	-13.2	-7.3	2.7	-21.1	-14.9	-9.4	-3.1	0.2	-2.6	-6.1	-11.3	-8.2
Englewood Lab	12.6	9.4	9.9	8.8	10.8	17.5	21.4	17.0	11.3	16.8	11.4	17.1	14.0	10.3	18.5	14.2	10.9
US (Totowa)	6.8	1.0	1.1	-2.5	1.0	6.8	10.0	4.1	6.0	11.7	5.1	5.4	4.3	2.1	5.6	7.0	6.2
Incheon	22.9	22.7	24.7	23.1	26.3	30.9	30.7	33.8	20.6	24.9	20.2	31.3	24.1	23.3	30.8	24.8	17.6
Net profit (controlling)	**7.0**	**9.5**	**6.7**	**9.2**	**6.4**	**5.8**	**9.2**	**6.6**	**9.3**	**8.0**	**9.6**	**9.2**	**4.7**	**8.2**	**7.1**	**9.0**	**9.1**
Growth (% y-y)																	
Sales	**8.3**	**24.3**	**8.8**	**4.6**	**-5.8**	**12.5**	**44.0**	**39.0**	**56.4**	**39.8**	**22.3**	**23.5**	**17.9**	**11.4**	**22.2**	**33.3**	**15.8**
Parent	4.3	41.9	24.3	18.8	8.1	16.2	57.4	53.8	91.3	62.6	31.6	29.3	18.1	22.3	34.3	48.7	17.3
Korea brand	4.7	51.6	23.2	16.2	7.2	19.0	61.9	64.6	108.9	70.3	35.0	32.0	10.7	23.5	38.9	54.6	18.1
Overseas brand	2.7	10.8	29.7	31.3	11.8	4.3	35.8	8.7	21.2	24.1	12.0	12.0	64.2	17.6	14.5	17.1	11.9
China entity	-5.1	-3.5	-25.5	-41.2	-28.0	-20.0	-12.8	3.9	-27.1	-9.7	3.0	5.0	6.6	-19.8	-15.9	-7.4	-5.2
Englewood Lab	14.2	-6.7	-24.4	-26.3	-19.1	25.0	50.3	29.2	16.9	-9.7	-7.1	15.7	36.5	-11.9	10.0	10.9	12.3
US (Totowa)	10.6	5.6	4.6	2.3	-19.1	11.5	16.2	25.1	12.3	0.2	11.0	15.0	-3.6	6.2	6.1	9.5	11.6
Incheon	21.5	-20.6	-46.5	-45.9	-13.4	49.4	100.9	35.2	19.8	-21.2	-25.0	15.0	141.3	-29.8	40.4	-6.7	11.8
Operating profit	**48.4**	**62.1**	**11.0**	**-11.3**	**-10.5**	**27.2**	**78.8**	**57.8**	**78.0**	**39.3**	**22.4**	**48.0**	**374.1**	**22.8**	**38.4**	**41.7**	**18.6**
Parent	61.9	126.4	153.3	47.6	8.4	-3.5	20.8	9.1	120.8	76.9	90.7	77.7	198.0	94.1	8.1	88.6	28.0
China entity	-105.0	-81.0	-155.1	-234.4	-3,623	967.9	125.4	-132.0	126.9	2.0	32.4	-220.0	-102.3	-1,110	95.3	70.4	-30.9
Englewood Lab	19.2	-30.8	-55.5	-53.4	-31.0	133.5	224.9	150.8	22.5	-13.2	-50.7	15.8	192.0	-34.9	97.7	-14.9	-14.0
US (Totowa)	21.4	-76.1	-71.4	-251.5	-88.2	621.5	949.7	-301.0	573.5	73.8	-42.9	53.5	-3.0	-48.7	184.5	37.5	-1.5
Incheon	24.9	-18.7	-51.9	-46.5	-0.4	103.5	150.0	98.3	-6.1	-36.5	-50.6	6.5	1.0	-32.2	85.8	-25.0	-20.8
Net profit (controlling)	**96.5**	**132.1**	**16.5**	**153.5**	**-13.4**	**-32.0**	**97.4**	**-0.4**	**127.0**	**93.4**	**27.9**	**72.9**	**740.3**	**91.8**	**6.2**	**69.6**	**17.0**

Source: Company data, Samsung Securities estimates

Cosmecca Korea: Valuation

(KRWb)	Calculation	Value
12M fwd EBITDA	(A = B x D + C x (1 - D))	155
2026E EBITDA	(B)	142
2027E EBITDA	(C)	164
2026 weighting	(D)	40%
Target EV/EBITDA multiple* (x)	(E)	9.3
Enterprise value	(F = A x E)	1,444
Net debt	(G)	103
Equity value	(H = F - G)	1,342
Shares outstanding ('000)	(I)	10,680
Fair value per share (KRW)	(H/I)	125,610
Target price (KRW)		130,000

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
Sales	**524**	**641**	**855**	**990**	**1,139**
Cost of goods sold	400	483	654	763	871
Gross profit	**125**	**158**	**200**	**227**	**267**
Gross margin (%)	23.7	24.7	23.4	23.0	23.5
SG&A expenses	64	75	82	87	97
Operating profit	**60**	**84**	**118**	**140**	**170**
Operating margin (%)	11.5	13.0	13.8	14.2	15.0
Non-operating gains (losses)	**7**	**-6**	**3**	**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	-3	0	0
Pre-tax profit	**68**	**78**	**121**	**142**	**175**
Taxes	14	20	29	30	38
Effective tax rate (%)	20.6	25.7	24.0	20.8	21.8
Profit from continuing operations	54	58	92	113	137
Profit from discontinued operations	0	0	0	0	0
Net profit	**54**	**58**	**92**	**113**	**137**
Net margin (%)	10.2	9.0	10.8	11.4	12.0
Net profit (controlling interests)	43	45	77	90	109
Net profit (non-controlling interests)	11	12	15	23	27
EBITDA	78	100	142	164	196
EBITDA margin (%)	14.9	15.6	16.6	16.6	17.2
EPS (parent-based) (KRW)	4,007	4,255	7,216	8,446	10,233
EPS (consolidated) (KRW)	5,027	5,416	8,623	10,557	12,791
Adjusted EPS (KRW)*	4,007	4,255	7,216	8,446	10,233

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**255**	**331**	**441**	**495**	**614**
Cash & equivalents	54	69	118	124	189
Accounts receivable	114	155	187	217	250
Inventories	67	79	113	130	148
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**	**817**	**904**	**1,060**
Current liabilities	**171**	**249**	**305**	**295**	**315**
Accounts payable	39	61	72	73	84
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**	**377**	**354**	**370**
Owners of parent equity	**218**	**253**	**326**	**416**	**528**
Capital stock	5	5	5	5	5
Capital surplus	69	63	63	63	64
Retained earnings	132	174	251	341	450
Other	12	11	7	7	8
Non-controlling interests' equity	**89**	**84**	**114**	**134**	**162**
Total equity	**308**	**336**	**440**	**550**	**690**
Net debt	61	93	123	90	25

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**69**	**55**	**53**	**70**	**99**
Net profit	54	58	92	113	137
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	-46	-43	-40
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	49	6	66
Cash at beginning of year	33	54	69	118	124
Cash at end of year	54	69	118	124	189
Gross cash flow	**88**	**104**	**128**	**152**	**177**
Free cash flow	**21**	**-6**	**-22**	**34**	**66**

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	33.3	15.8	15.0
Operating profit	22.8	38.4	41.7	18.6	21.4
Net profit	58.4	7.7	59.2	22.4	21.2
Adjusted EPS**	91.8	6.2	69.6	17.0	21.2
Per-share data (KRW)					
EPS (parent-based)	4,007	4,255	7,216	8,446	10,233
EPS (consolidated)	5,027	5,416	8,623	10,557	12,791
Adjusted EPS**	4,007	4,255	7,216	8,446	10,233
BVPS	20,450	23,663	30,548	38,994	49,414
DPS (common)	100	370	370	370	370
Valuations (x)					
P/E***	13.8	15.7	13.2	11.2	9.3
P/B***	2.7	2.8	3.1	2.4	1.9
EV/EBITDA	9.5	8.9	8.8	7.5	6.1
Ratios (%)					
ROE	22.1	19.3	26.6	24.3	23.1
ROA	11.3	10.1	12.7	13.1	13.9
ROIC	14.4	15.9	18.6	19.1	20.3
Payout ratio	2.5	8.7	5.1	4.4	3.6
Dividend yield (common)	0.2	0.6	0.4	0.4	0.4
Net debt to equity	19.8	27.6	28.0	16.3	3.7
Interest coverage (x)	18.9	23.6	16.2	18.6	22.8

Compliance notice

- As of 8/10 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 8/10 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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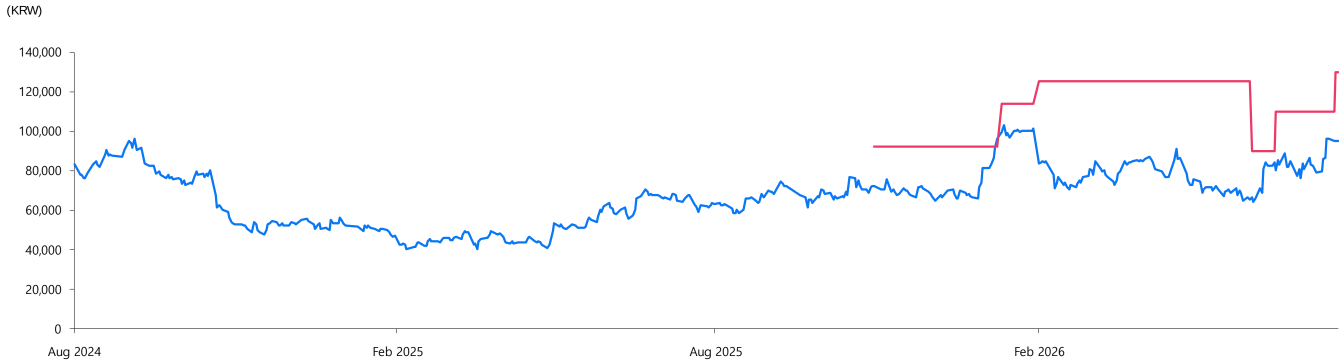
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2025/11/21	2026/2/2	2/23	6/24	7/8	8/11
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	92000	114000	125000	90000	110000	130000
Gap* (average)	-22.12	-12.42	-38.40	-15.53	-23.35	
(max or min)**	4.78	-9.65	-27.04	-6.22	-12.82	

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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