COMPANY UPDATE

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Cosmax (192820)

Demonstrating all-round strength

- 2Q review: Cosmax reported consensus-beating 2Q results, led by new domestic client wins and the US business' turn to operating profitability.
- Maintaining BUY; raising target price to KRW270,000: The company is poised for sustained earnings growth in 2H, thanks to: 1) faster-than-expected operating leverage at the parent company; and 2) earnings turnaround across subsidiaries.

(The original report was published in Aug. 12th)

AT A GLANCE

BUY

Target price	KRW270,000	8.2%
Current price	**KRW249,500**	
Market cap	KRW2.8t/USD2.0b	
Shares (float)	11,349,509 (72.2%)	
52-week high/low	KRW249,500/KRW144,900	
Avg daily trading value (60-day)	KRW16.7b/ USD11.8m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Cosmax (%)	44.5	19.4	27.2
Vs Kospi (%pts)	64.2	0.2	-38.3

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	270,000	230,000	17.4%
2026E EPS	14,727	13,375	10.1%
2027E EPS	18,355	15,414	19.1%

SAMSUNG vs THE STREET

No of estimates	18
Target price	247,778
Recommendation	4.0

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

WHAT'S THE STORY?

2Q review: Cosmax reported 2Q sales of KRW794.9b (up 27.5% y-y, up 16.5% q-q) and operating profit of KRW73.7b (up 21.2% y-y, up 39.0% q-q, for an operating margin of 9.3%), both exceeding consensus. The domestic business posted sales of KRW518.4b (up 23.3% y-y, up 22.5% q-q), with skin care accounting for a record-high 67% of sales, signaling the full-scale realization of operating leverage. Growth fundamentals have broadened through new customer wins alongside sustained demand from top two clients (Client A and Client T), with a rising share of products launched within the past 12 months driving sustainable expansion. The hydrogel mask, previously a key drag on the domestic business margins, has recovered significantly due to large-scale eye patch orders and improved production yields, lifting the domestic business' operating margin to 10.9% (up 1.9%pts q-q). The US business achieved its first-ever operating profit, with revenue surging to KRW53.8b (up 79.3% y-y, up 28.1% q-q), driven by restocking from major clients and new indie brand wins. The China business posted revenue of KRW197.4b (up 32.8% y-y, up 1.4% q-q), Indonesia at KRW53.8b (up 79.3% y-y, up 28.1% q-q), and Thailand at KRW24.9b (up 7.8% y-y, up 2.5% q-q), reflecting synchronized growth across all major regional subsidiaries.

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg		Diff (%)	
		(% y-y)	(% q-q)	Samsung	Consensus
Sales	794.9	27.5	16.5	6.5	7.4
Operating profit	73.7	21.2	39.0	6.3	6.0
Pre-tax profit	64.7	145.3	16.8	3.5	15.8
Net profit	50.0	129.0	14.2	4.6	11.1
Margins (%)					
Operating profit	9.3				
Pre-tax profit	8.1				
Net profit	6.3				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	15.0	16.9	13.6
P/B	3.3	4.1	3.3
EV/EBITDA	10.2	9.7	8.5
Div yield (%)	2.0	1.3	1.3
EPS growth (% y-y)	43.4	35.8	24.6
ROE (%)	23.9	26.8	26.9
Per-share data (KRW)			
EPS	10,843	14,727	18,355
BVPS	49,196	60,626	75,686
DPS	3,300	3,300	3,300

Maintaining BUY and raising target price to KRW270,000: We revise up our 2026 and 2027 operating profit forecasts by 9.1% and 11.5%, respectively, to reflect strong 2Q results, orders from domestic brand companies ahead of year-end peak seasons, continued order wins from local clients in the US, China, and other regions, and the projected sustained improvement in subsidiary profitability. We also raise our 12-month EBITDA-based target price to KRW270,000. Cost negotiation initiatives with clients, launched in June, have largely been completed across existing product lines, with benefits expected to flow into 3Q26. Additionally, Cosmax BTI's hydrogel mask production capacity expansion should continue through 3Q26, creating further upside for margin improvement in 2H26. Among Korea's leading ODMs, Cosmax maintains the most geographically diversified portfolio. While historically subject to significant quarterly earnings volatility, the company, nevertheless, deserves attention, as: 1) domestic operating leverage is expanding faster than expected; and 2) subsidiaries are turning profitable, with localized strategy for regional clients delivering tangible results.

Cosmax: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26P	3Q26E	4Q26E	2023	2024	2025	2026E	2027E
Sales	**588.6**	**623.6**	**585.6**	**601.0**	**682.0**	**794.9**	**757.6**	**742.8**	**1,777.5**	**2,166.1**	**2,398.8**	**2,977.3**	**3,434.4**
Korea headquarters (parent)	362.8	420.5	383.5	359.7	423.2	518.4	519.6	475.1	1,057.5	1,357.7	1,526.4	1,936.4	2,255.9
China entities	162.7	148.6	140.0	181.4	194.7	197.4	173.3	205.3	547.4	574.4	632.7	770.7	868.6
Shanghai	109.0	108.6	91.0	116.8	123.1	144.6	119.0	142.1	399.7	372.4	425.4	540.8	640.8
Guangzhou	48.5	41.1	45.5	53.1	41.2	48.9	49.7	58.5	140.6	184.7	188.2	212.8	227.7
US entity	28.7	30.0	36.9	37.0	42.0	53.8	52.4	51.3	139.9	137.1	132.6	199.5	230.0
Indonesia entity	29.6	20.9	21.5	25.7	22.7	28.9	27.6	30.6	85.5	113.2	97.7	109.8	115.3
Thailand entity	23.9	23.1	15.2	11.1	24.3	24.9	17.6	12.1	25.5	43.5	73.3	78.9	88.4
Operating profit	**51.3**	**60.8**	**42.7**	**40.9**	**53.0**	**73.7**	**69.0**	**63.1**	**115.7**	**175.4**	**195.8**	**258.8**	**291.9**
Korea headquarters (parent)	34.3	49.9	34.3	36.0	38.0	56.4	53.5	45.1	86.8	138.7	154.6	193.0	214.3
Overseas entities and adjustment	17.0	10.9	8.4	4.9	15.0	17.3	15.5	17.9	28.9	36.7	41.2	65.8	77.6
Net profit (controlling)	**8.1**	**20.9**	**9.0**	**85.1**	**41.6**	**48.7**	**40.1**	**36.8**	**57.1**	**85.8**	**123.1**	**167.1**	**208.3**
Korea headquarters (parent)	16.5	25.7	27.6	61.4	52.3	51.7	47.3	39.4	18.2	106.7	131.2	190.8	189.5
China entities	-4.9	-0.3	-1.7	20.9	1.7	6.3	1.7	5.9	19.7	-1.4	14.0	15.6	36.7
Shanghai	7.2	5.3	3.8	7.1	9.0	12.0	4.8	8.5	18.7	3.3	23.4	34.5	38.4
Guangzhou	3.9	1.7	2.0	1.0	2.9	1.1	2.0	2.3	15.1	6.3	8.6	7.7	10.2
US entity	-11.7	-20.4	-7.4	-8.5	-7.8	-4.9	2.6	2.1	-50.0	-47.3	-48.0	-8.0	2.3
Indonesia entity	2.7	2.4	0.6	1.6	0.5	0.2	0.3	0.6	5.6	12.8	7.3	1.7	4.0
Thailand entity	2.1	2.2	0.8	-0.4	0.8	1.1	0.4	0.2	-2.4	4.8	4.7	2.4	3.5
Margins (%)													
Operating profit	8.7	9.8	7.3	6.8	7.8	9.3	9.1	8.5	6.5	8.1	8.2	8.7	8.5
Korea headquarters (parent)	9.5	11.9	8.9	10.0	9.0	10.9	10.3	9.5	8.2	10.2	10.1	10.0	9.5
Overseas entities and adjustment	7.6	5.4	4.2	2.0	5.8	6.3	6.5	6.7	4.0	4.5	4.7	6.3	6.6
Net profit (controlling)	1.4	3.4	1.5	14.2	6.1	6.1	5.3	4.9	3.2	4.0	5.1	5.6	6.1
Korea headquarters (parent)	4.5	6.1	7.2	17.1	12.4	10.0	9.1	8.3	1.7	7.9	8.6	9.9	8.4
China entities	-3.0	-0.2	-1.2	11.5	0.9	3.2	1.0	2.9	3.6	-0.2	2.2	2.0	4.2
Shanghai	6.6	4.9	4.2	6.1	7.3	8.3	4.0	6.0	4.7	0.9	5.5	6.4	6.0
Guangzhou	8.0	4.1	4.4	1.9	7.0	2.2	4.0	4.0	10.7	3.4	4.6	3.6	4.5
US entity	-40.8	-68.0	-20.1	-23.0	-18.6	-9.1	5.0	4.0	-35.7	-34.5	-36.2	-4.0	1.0
Indonesia entity	9.1	11.5	2.8	6.2	2.3	0.7	1.2	2.1	6.5	11.3	7.5	1.5	3.5
Thailand entity	8.8	9.5	5.3	-3.6	3.3	4.4	2.0	1.5	-9.3	11.0	6.4	3.1	4.0
Growth (% y-y)													
Sales	11.7	13.1	10.5	7.7	15.9	27.5	29.4	23.6	11.1	21.9	10.7	24.1	15.4
Korea headquarters (parent)	15.0	20.8	10.7	3.9	16.6	23.3	35.5	32.1	23.8	28.4	12.4	26.9	16.5
China entities	3.4	0.7	22.4	17.0	19.7	32.8	23.8	13.2	-1.7	4.9	10.1	21.8	12.7
Shanghai	1.3	11.4	26.4	22.6	13.0	33.1	30.8	21.7	-7.5	-6.8	14.2	27.1	18.5
Guangzhou	3.6	-17.0	14.6	9.0	-15.1	19.0	9.2	10.1	18.9	31.4	1.9	13.1	7.0
US entity	-26.0	-16.7	13.5	24.2	46.3	79.3	41.9	38.7	-14.6	-2.0	-3.3	50.4	15.3
Indonesia entity	22.8	-17.7	-33.4	-18.2	-23.3	38.3	28.5	18.9	28.0	32.4	-13.7	12.4	5.0
Thailand entity	151.6	124.3	36.9	-11.9	1.7	7.8	15.8	8.9	31.5	70.3	68.5	7.6	12.1
Operating profit	13.0	30.2	-1.6	2.7	3.3	21.2	61.5	54.2	117.9	51.6	11.6	32.2	12.8
Korea headquarters (parent)	14.0	44.5	-13.2	4.0	10.8	12.9	55.9	25.2	102.5	59.8	11.5	24.9	11.0
Overseas entities and adjustment	10.9	-10.4	115.4	-6.0	-11.8	59.4	84.1	268.9	182.1	27.0	12.2	59.6	18.0

Source: Company data, Samsung Securities estimates

Cosmax: Valuation

(KRWb)	Calculation	Value
Forward EBITDA	(A = B x D + C x (1 - D))	392
2026E EBITDA	(B)	366
2027E EBITDA	(C)	409
2026 weighting (%)	(D)	39.5%
Target EV/EBTIDA multiple* (x)	(E)	9.3
Enterprise value	(F = A x E)	3,646
Net debt	(G)	607
Equity value	(H = F - G)	3,039
Shares outstanding ('000)	(I)	11,350
Fair value per share (KRW)	(H/I)	267,785
Target price (KRW)		270,000

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

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**2,166**	**2,399**	**2,977**	**3,434**	**3,902**
Cost of goods sold	1,748	1,990	2,453	2,827	3,200
Gross profit	**418**	**409**	**524**	**608**	**702**
Gross margin (%)	19.3	17.1	17.6	17.7	18.0
SG&A expenses	243	213	265	316	359
Operating profit	**175**	**196**	**259**	**292**	**343**
Operating margin (%)	8.1	8.2	8.7	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**	**236**	**258**	**306**
Taxes	49	25	65	48	65
Effective tax rate (%)	35.8	16.3	27.6	18.8	21.1
Profit from continuing operations	88	131	171	210	242
Profit from discontinued operations	0	0	0	0	0
Net profit	**88**	**131**	**171**	**210**	**242**
Net margin (%)	4.1	5.5	5.7	6.1	6.2
Net profit (controlling interests)	86	123	167	208	240
Net profit (non-controlling interests)	3	8	4	1	2
EBITDA	244	270	366	409	473
EBITDA margin (%)	11.3	11.3	12.3	11.9	12.1
EPS (parent-based) (KRW)	7,560	10,843	14,727	18,355	21,140
EPS (consolidated) (KRW)	7,790	11,549	15,073	18,460	21,283
Adjusted EPS (KRW)*	7,560	10,843	14,727	18,355	21,140

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**943**	**975**	**1,106**	**1,339**	**1,574**
Cash & equivalents	256	192	125	209	292
Accounts receivable	349	427	518	607	698
Inventories	257	271	370	426	482
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**	**2,355**	**2,697**	**3,052**
Current liabilities	**1,114**	**1,201**	**1,269**	**1,440**	**1,590**
Accounts payable	231	271	336	387	438
Short-term debt	464	499	492	492	493
Other current liabilities	419	431	441	561	659
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**	**1,635**	**1,807**	**1,959**
Owners of parent equity	**473**	**558**	**688**	**859**	**1,061**
Capital stock	6	6	6	6	6
Capital surplus	28	13	13	13	13
Retained earnings	384	483	613	784	986
Other	56	56	56	56	56
Non-controlling interests' equity	**35**	**54**	**32**	**32**	**32**
Total equity	**509**	**612**	**720**	**891**	**1,093**
Net debt	705	846	691	607	528

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**73**	**87**	**153**	**233**	**277**
Net profit	88	131	171	210	242
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	-125	-94	-96
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	-67	84	83
Cash at beginning of year	257	256	192	125	209
Cash at end of year	256	192	125	209	292
Gross cash flow	**274**	**278**	**381**	**430**	**477**
Free cash flow	**-92**	**-100**	**-27**	**81**	**75**

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	24.1	15.4	13.6
Operating profit	51.6	11.6	32.2	12.8	17.6
Net profit	133.9	48.2	30.5	22.5	15.3
Adjusted EPS**	50.2	43.4	35.8	24.6	15.2
Per-share data (KRW)					
EPS (parent-based)	7,560	10,843	14,727	18,355	21,140
EPS (consolidated)	7,790	11,549	15,073	18,460	21,283
Adjusted EPS**	7,560	10,843	14,727	18,355	21,140
BVPS	41,725	49,196	60,626	75,686	93,532
DPS (common)	2,300	3,300	3,300	3,300	3,300
Valuations (x)					
P/E***	19.7	15.0	16.9	13.6	11.8
P/B***	3.6	3.3	4.1	3.3	2.7
EV/EBITDA	10.0	10.2	9.7	8.5	7.2
Ratios (%)					
ROE	20.5	23.9	26.8	26.9	25.0
ROA	5.1	6.5	7.6	8.3	8.4
ROIC	12.1	13.1	13.1	15.5	16.5
Payout ratio	30.4	30.4	22.4	18.0	15.6
Dividend yield (common)	1.5	2.0	1.3	1.3	1.3
Net debt to equity	138.5	138.1	95.9	68.1	48.3
Interest coverage (x)	3.9	4.2	5.2	5.5	6.6

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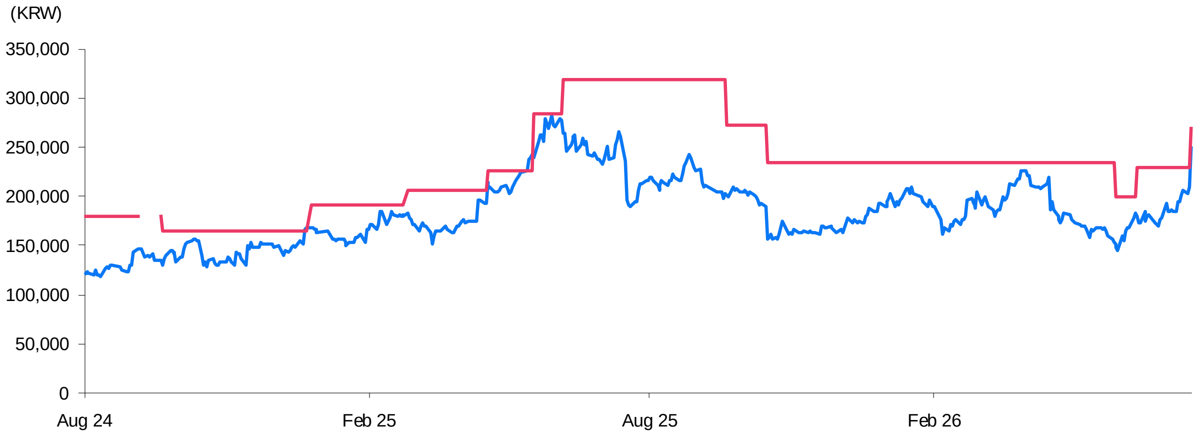
Target price changes in past two years



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	8/12
Recommendation	BUY	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	270000
Gap* (average)	-24.80	-12.63	-13.29	-17.08	-5.16	-5.12	-28.33	-25.91	-22.47	-18.39	-19.36	
(max or min)**	10.50	1.52	-3.70	-5.27	6.83	-1.05	-16.61	-22.98	-3.40	-8.50	-8.70	

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 2026.06.30

BUY (85.5%)·HOLD (14.5%)·SELL (0%)

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