COMPANY UPDATE

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Kolmar Korea (161890)

Peak season goes on

- **2Q26 review:** Kolmar Korea's operating profit exceeded consensus, driven by: 1) seasonal strength in sun care items at the parent; and 2) an earnings surprise from subsidiary Yonwoo.
- **Maintaining BUY and raising target price to KRW170,000:** Strong growth is now evident across brand companies and ODM peers. Kolmar Korea is well positioned for sustained growth supported by diminishing seasonality and resilient underlying momentum.

AT A GLANCE

BUY

Target price	KRW170,000	28.3%
Current price	**KRW132,500**	
Market cap	KRW3.1t/USD2.2b	
Shares (float)	23,605,077 (73.4%)	
52-week high/low	KRW132,500/KRW61,100	
Avg daily trading value (60-day)	KRW35.0b/ USD24.7m	

ONE-YEAR PERFORMANCE

	1M	6M	12M
Kolmar Korea (%)	24.4	83.0	65.6
Vs Kospi (%pts)	41.4	53.6	-19.7

KEY CHANGES

(KRW)	New	Old	Diff
Recommend.	BUY	BUY	
Target price	170,000	140,000	21.4%
2026E EPS	8,305	7,351	13.0%
2027E EPS	9,711	8,825	10.0%

SAMSUNG vs THE STREET

No of estimates	19
Target price	134,526
Recommendation	4.0

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

WHAT'S THE STORY?

2Q review: Kolmar Korea reported 2Q revenue of KRW861.3b (up 17.8% y-y, up 18.3% q-q) and operating profit of KRW110.3b (up 50.1% y-y, up 39.8% q-q, for an operating margin of 12.8%), the latter exceeding consensus by 15.8%. This strong performance was driven by:

1) The domestic business, benefiting from the seasonal peak in sun care, recorded revenue of KRW430.4b (up 31.2% y-y, up 25.5% q-q) and operating profit of KRW70.8b (up 44.5% y-y, up 38.3% q-q, for an operating margin of 16.4%). The company's largest sun care client posted consecutive quarterly growth of over 80% for two quarters, enhancing operating leverage.

2) Its cosmetics packaging subsidiary, Yonwoo, outperformed prior breakdown even estimates with increased orders from major ODM clients for pump containers, achieving revenue of KRW91.1b (up 28.9% y-y, up 46.0% q-q) and operating profit of KRW7.0b (up 775.0% y-y, turning profitable q-q).

(Continued on the next page)

SUMMARY 2Q RESULTS

(KRWb)	2Q26	Chg (% y-y)	Chg (% q-q)	Diff (%) Samsung	Diff (%) Consensus
Sales	861.3	17.8	18.3	4.4	4.0
Operating profit	110.3	50.1	39.8	17.7	15.8
Pre-tax profit	97.4	80.2	25.2	11.0	12.3
Net profit	62.8	79.8	39.1	(8.7)	14.8
Margins (%)					
Operating profit	12.8				
Pre-tax profit	11.3				
Net profit	7.3				

Source: Company data, FnGuide, Samsung Securities estimates

VALUATION SUMMARY

	2025	2026E	2027E
Valuations (x)			
P/E	11.7	16.0	13.6
P/B	1.6	2.9	2.3
EV/EBITDA	9.1	10.5	10.5
Div yield (%)	1.4	0.8	0.9
EPS growth (% y-y)	38.3	56.7	16.9
ROE (%)	14.7	19.6	18.9
Per-share data (KRW)			
EPS	5,299	8,305	9,711
BVPS	38,566	46,203	56,430
DPS	864	1,030	1,200

Samsung Securities

Meanwhile, the China business posted revenue of KRW57.9b (up 16.0% y-y, up 22.4% q-q, for an operating margin of 9.9%) due to the product mix shifting from makeup toward sun care. The North America business (US and Canada) recorded combined operating losses of approximately KRW2b. Subsidiary HK inno.N (revenue up 1.6% y-y, operating profit up 53.8% y-y, operating margin of 11.2%) continued to benefit from the accounting change for drug price reimbursement fees (implemented in 1Q26; which improved earnings resilience). All told, Kolmar Korea achieved broad-based margin expansion without any unusual cost items.

Maintaining BUY and raising target price: Reflecting the strong 2Q results and anticipating continued strength in the Korean business ahead of the year-end peak season, along with improving utilization rates at overseas subsidiaries, we raise our 2026 and 2027 operating profit forecasts by 12% and 7%, respectively, and raise our target price to KRW170,000. While 3Q is expected to see a modest q-q decline in domestic operating days (approximately down 8%), order volumes are confirmed to exceed those of 2Q. Even as the sales mix shifts from sun care-focused products to core skin care ones, we expect broad-based margin expansion across skin care categories (estimated at mid-10% range), enabling volume-driven growth through operational leverage. With current plant utilization at 81% and the Sejong new factory scheduled to come online in 2H27, near-to medium-term growth constraints are not demand-driven, but rather limited by capacity and operating days. With consistent growth now evident across ODM peers, Kolmar Korea presents a compelling and stable investment opportunity, supported by reliable subsidiary contributions and sustained expansion in its core business. We maintain BUY.

Kolmar Korea: Results and forecasts

(KRWb)	1Q25	2Q25	3Q25	4Q25	1Q26	2Q26P	3Q26E	4Q26E	2023	2024	2025	2026E	2027E
Sales	**653.1**	**730.8**	**683.0**	**655.5**	**728.0**	**861.3**	**846.4**	**812.7**	**2,155.7**	**2,452.1**	**2,722.4**	**3,248.5**	**3,748.1**
Cosmetics ODM/OEM	346.3	406.4	371.1	315.9	412.1	515.3	495.8	454.4	1,116.7	1,315.9	1,359.7	1,877.6	2,247.6
Domestic entity (parent)	274.3	328.1	322.0	268.3	343.0	430.4	428.9	394.5	856.8	1,059.7	1,086.3	1,596.8	1,944.9
China entity	41.6	49.9	31.8	32.9	47.3	57.9	38.3	35.7	158.2	153.7	160.8	179.2	192.6
US entity	21.7	18.4	8.1	6.7	13.4	17.8	18.5	15.3	37.4	57.9	72.6	65.0	72.5
Canada entity	8.7	10.0	9.2	8.0	8.4	9.2	10.2	8.9	45.9	39.5	39.2	36.7	37.6
Cosmetic packaging (Yonwoo)	63.7	70.7	61.8	54.7	62.4	91.1	78.3	68.7	236.4	275.5	272.0	300.5	337.5
Pharma (HK Inno.N)	247.4	263.1	260.8	291.9	258.7	267.2	278.0	295.1	828.9	897.1	931.9	1,098.9	1,180.0
Operating profit	**59.9**	**73.5**	**58.3**	**47.8**	**78.9**	**110.3**	**93.0**	**71.5**	**136.1**	**193.9**	**239.6**	**353.6**	**425.6**
Cosmetics ODM/OEM	37.2	55.2	35.0	9.3	49.0	74.2	63.7	38.1	81.0	117.5	134.7	224.9	283.5
Domestic entity (parent)	33.9	49.0	44.3	22.3	51.2	70.8	67.7	43.5	79.7	122.4	133.5	233.1	280.6
China entity	3.1	6.1	-1.6	-1.6	3.2	5.7	-0.4	-1.1	12.7	8.0	9.3	7.4	9.8
US entity	1.5	-0.2	-6.4	-8.3	-3.7	-1.4	-2.1	-3.0	-9.5	-6.0	-2.0	-10.2	-3.8
Canada entity	-1.3	0.3	-1.3	-3.1	-1.7	-0.9	-1.5	-1.3	-1.9	-6.9	-6.1	-5.4	-3.2
Cosmetic packaging (Yonwoo)	-1.0	0.8	-0.2	0.8	-0.3	7.0	1.6	0.7	0.4	1.4	0.4	9.0	10.5
Pharma (HK Inno.N)	25.4	19.5	25.9	40.1	33.2	30.0	31.6	35.7	65.0	88.2	96.4	130.5	149.4
Net profit (controlling)	**13.2**	**34.9**	**31.8**	**45.1**	**45.2**	**62.8**	**53.2**	**34.8**	**5.2**	**90.1**	**125.1**	**196.0**	**229.2**
Margins (%)													
Operating profit	**9.2**	**10.1**	**8.5**	**7.3**	**10.8**	**12.8**	**11.0**	**8.8**	**6.3**	**7.9**	**8.8**	**10.9**	**11.4**
Cosmetics ODM/OEM	10.7	13.6	9.4	2.9	11.9	14.4	12.8	8.4	7.2	8.9	9.9	12.0	12.6
Domestic entity (parent)	12.4	14.9	13.8	8.3	14.9	16.4	15.8	11.0	9.3	11.5	12.3	14.6	14.4
China entity	7.5	12.2	-5.0	-4.9	6.8	9.8	-1.0	-3.0	8.0	5.2	5.8	4.2	5.1
US entity	6.9	-1.1	-79.0	-123.9	-27.6	-7.9	-11.4	-19.6	-25.4	-10.4	-2.8	-15.7	-5.2
Canada entity	-14.9	3.0	-14.1	-38.8	-20.2	-9.8	-14.9	-14.9	-4.1	-17.5	-15.5	-14.9	-8.5
Cosmetic packaging (Yonwoo)	-1.6	1.1	-0.3	1.5	-0.5	7.7	2.0	1.0	0.2	0.5	0.1	3.0	3.1
Pharma (HK Inno.N)	10.3	7.4	9.9	13.7	12.8	11.2	11.4	12.1	7.8	9.8	10.3	11.9	12.7
Net profit (controlling)	**2.0**	**4.8**	**4.7**	**6.9**	**6.2**	**7.3**	**6.3**	**4.3**	**0.2**	**3.7**	**4.6**	**6.0**	**6.1**
Growth (% y-y)													
Sales	**13.6**	**10.7**	**9.0**	**11.0**	**11.5**	**17.8**	**23.9**	**24.0**	**15.5**	**13.7**	**11.0**	**19.3**	**15.4**
Cosmetics ODM/OEM	14.5	7.9	10.1	5.3	19.0	26.8	33.6	43.8	20.4	17.8	3.3	38.1	19.7
Domestic entity (parent)	10.7	10.5	17.7	11.2	25.0	31.2	33.2	47.0	18.2	23.7	2.5	47.0	21.8
China entity	20.4	-5.2	-13.1	10.0	13.7	16.0	20.3	8.5	41.2	-2.8	4.6	11.5	7.5
US entity	210.9	37.5	-53.7	-66.5	-38.2	-3.3	128.4	128.4	45.8	54.6	25.4	-10.4	11.5
Canada entity	-3.0	-20.9	0.0	-8.0	-3.4	-8.0	10.5	11.1	-5.2	-14.0	-0.7	-6.6	2.5
Cosmetic packaging (Yonwoo)	-5.3	-4.4	-15.1	-11.1	-2.0	28.9	26.7	25.6	0.6	16.5	-1.3	10.5	12.3
Pharma (HK Inno.N)	16.3	20.0	13.7	23.8	4.6	1.6	6.6	1.1	-2.1	8.2	3.9	17.9	7.4
Operating profit	**84.8**	**2.4**	**7.0**	**36.2**	**31.6**	**50.2**	**59.4**	**49.5**	**85.8**	**42.4**	**23.6**	**47.6**	**20.4**
Cosmetics ODM/OEM	85.7	13.3	5.9	-40.8	31.7	34.4	81.9	309.6	79.6	45.1	14.6	67.0	26.1
Domestic entity (parent)	48.5	10.8	19.0	23.2	51.0	44.5	52.8	95.0	15.3	53.7	9.0	74.6	20.4
China entity	72.2	-9.0	nm	nm	3.2	-6.6	nm	nm	nm	-37.0	16.3	-19.9	31.9
US entity	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Canada entity	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
Cosmetic packaging (Yonwoo)	nm	-33.3	nm	nm	nm	775.0	nm	-14.1	-60.0	252.5	-71.6	2,138.3	16.9
Pharma (HK Inno.N)	47.2	-19.9	16.5	64.2	30.7	53.8	22.2	-11.0	22.6	35.7	9.2	35.4	14.5

Source: Company data, Samsung Securities estimates

Kolmar Korea: Valuation

(KRWb)	Calculation	Value
Fair value of cosmetics ODM/packaging business	**(A = B x F)**	**4,044.8**
Forward EBITDA (ex. HK Inno.N)	(B = C x E + D x (1 - E))	347.5
2026E	(C)	311.5
2027E	(D)	370.6
2026 weighting	(E)	39.1%
Target EV/EBITDA multiple* (x)	(F)	11.6
Equity value of HK Inno.N stake	(G = H x I x (1 - J))	253.7
HK Inno.N market cap**	(H)	1,179.9
Equity stake (%)	(I)	43.01%
Discount rate (%)	(J)	50%
Net debt	(K)	372
Target market cap	**(L = A + G - K)**	**3,926.9**
Shares outstanding ('000)	(M)	23,605,077
Target price (KRW)	(L/M)	170,000

Note: *20% premium to global ODM average, reflecting Kolmar Korea's leading position in sunscreen and its profit growth potential;
**Base on the price on Aug 12
Source: Bloomberg, Samsung Securities

Income statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Sales	**2,452**	**2,722**	**3,248**	**3,748**	**4,219**
Cost of goods sold	1,753	1,931	2,314	2,652	2,979
Gross profit	**699**	**791**	**934**	**1,097**	**1,240**
Gross margin (%)	28.5	29.1	28.8	29.3	29.4
SG&A expenses	505	552	581	671	741
Operating profit	**194**	**240**	**354**	**426**	**500**
Operating margin (%)	7.9	8.8	10.9	11.4	11.8
Non-operating gains (losses)	**-54**	**-28**	**-31**	**-50**	**-54**
Financial profit	30	28	19	9	10
Financial costs	54	54	47	50	55
Equity-method gains (losses)	12	1	2	1	1
Other	-42	-2	-6	-10	-10
Pre-tax profit	**140**	**212**	**323**	**376**	**446**
Taxes	14	44	76	85	102
Effective tax rate (%)	10.3	20.5	23.6	22.5	22.9
Profit from continuing operations	125	168	247	291	344
Profit from discontinued operations	0	0	0	0	0
Net profit	**125**	**168**	**247**	**291**	**344**
Net margin (%)	5.1	6.2	7.6	7.8	8.1
Net profit (controlling interests)	90	125	196	229	272
Net profit (non-controlling interests)	35	43	50	62	72
EBITDA	286	344	463	426	500
EBITDA margin (%)	11.7	12.6	14.3	11.4	11.8
EPS (parent-based) (KRW)	3,830	5,299	8,305	9,711	11,517
EPS (consolidated) (KRW)	5,329	7,126	10,444	12,337	14,565
Adjusted EPS (KRW)*	3,830	5,299	8,305	9,711	11,517

Balance sheet

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Current assets	**859**	**1,010**	**1,341**	**1,551**	**2,004**
Cash & equivalents	142	225	334	462	802
Accounts receivable	284	333	471	503	566
Inventories	328	325	416	462	520
Other current assets	105	126	120	124	115
Fixed assets	**2,268**	**2,448**	**2,468**	**2,577**	**2,577**
Investment assets	55	135	142	142	142
Tangible assets	811	902	913	1,033	1,033
Intangible assets	1,249	1,243	1,244	1,244	1,244
Other long-term assets	153	168	169	159	159
Total assets	**3,127**	**3,458**	**3,809**	**4,129**	**4,581**
Current liabilities	**1,215**	**1,360**	**1,574**	**1,575**	**1,639**
Accounts payable	188	231	285	363	408
Short-term debt	667	639	810	600	550
Other current liabilities	361	490	479	612	681
Long-term liabilities	**406**	**430**	**369**	**442**	**592**
Bonds & long-term debt	309	330	275	330	480
Other long-term liabilities	97	100	94	112	112
Total liabilities	**1,621**	**1,790**	**1,943**	**2,017**	**2,230**
Owners of parent equity	**793**	**910**	**1,091**	**1,332**	**1,571**
Capital stock	12	12	12	12	12
Capital surplus	295	301	256	300	300
Retained earnings	488	593	820	1,021	1,260
Other	-2	5	2	-1	-1
Non-controlling interests' equity	**713**	**757**	**775**	**780**	**780**
Total equity	**1,506**	**1,667**	**1,866**	**2,112**	**2,351**
Net debt	952	917	945	578	347

Cash flow statement

Year-end Dec 31 (KRWb)	2024	2025	2026E	2027E	2028E
Cash flow from operations	**215**	**291**	**339**	**510**	**557**
Net profit	125	168	247	291	344
Non-cash profit and expenses	195	203	240	245	250
Depreciation	69	81	84	0	0
Amortization	23	24	26	0	0
Other	103	98	131	245	250
Changes in A/L from operating activities	-40	0	-84	29	23
Cash flow from investments	**-205**	**-248**	**-193**	**-182**	**-252**
Change in tangible assets	-245	-162	-133	-180	-250
Change in financial assets	43	-36	0	-2	-2
Other	-3	-50	-60	0	0
Cash flow from financing	**-43**	**40**	**-39**	**-198**	**36**
Change in debt	48	82	10	-173	61
Change in equity	33	6	0	0	0
Dividends	-19	-23	-19	-25	-25
Other	-104	-26	-30	0	0
Change in cash	-29	83	109	129	341
Cash at beginning of year	171	142	225	334	462
Cash at end of year	142	225	334	462	802
Gross cash flow	**320**	**371**	**487**	**536**	**594**
Free cash flow	**-32**	**127**	**205**	**330**	**307**

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	13.7	11.0	19.3	15.4	12.6
Operating profit	42.4	23.6	47.6	20.4	17.4
Net profit	398.5	34.2	46.6	18.1	18.1
Adjusted EPS**	1,588.1	38.3	56.7	16.9	18.6
Per-share data (KRW)					
EPS (parent-based)	3,830	5,299	8,305	9,711	11,517
EPS (consolidated)	5,329	7,126	10,444	12,337	14,565
Adjusted EPS**	3,830	5,299	8,305	9,711	11,517
BVPS	33,579	38,566	46,203	56,430	66,547
DPS (common)	720	864	1,030	1,200	1,400
Valuations (x)					
P/E***	14.4	11.7	16.0	13.6	11.5
P/B***	1.6	1.6	2.9	2.3	2.0
EV/EBITDA	10.4	9.1	10.5	10.5	8.5
Ratios (%)					
ROE	12.5	14.7	19.6	18.9	18.7
ROA	4.1	5.1	6.8	7.3	7.9
ROIC	7.6	7.9	10.7	12.8	15.2
Payout ratio	18.9	16.3	14.0	12.4	12.2
Dividend yield (common)	1.3	1.4	0.8	0.9	1.1
Net debt to equity	63.2	55.0	50.6	27.4	14.7
Interest coverage (x)	4.2	6.2	8.8	n/a	n/a

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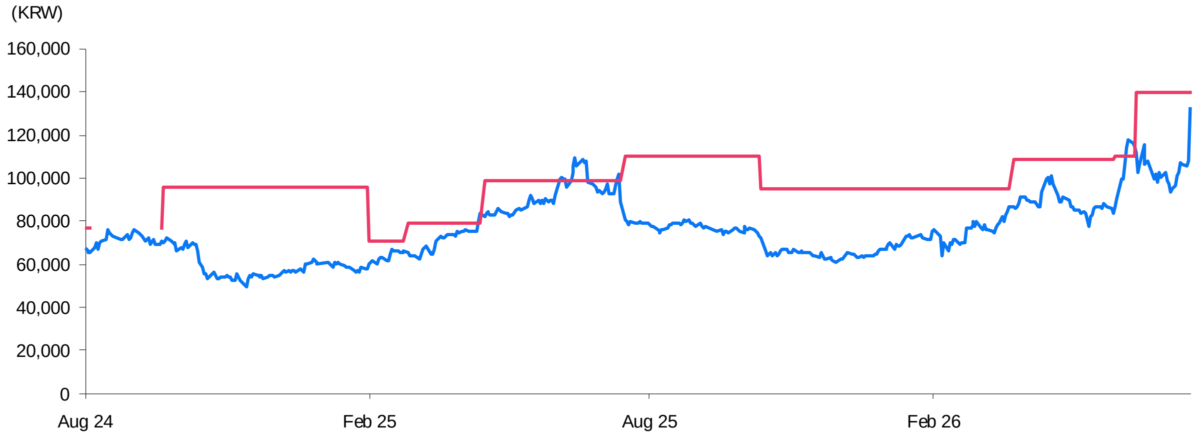
Target price changes in past two years



Rating changes over past two years (adjusted share prices)

Date	2023/8/14	2024/8/14	2024/10/16	2025/2/26	3/24	5/12	8/11	11/7	2026/4/20	6/24	7/8	8/13
Recommendation	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY	BUY
Target price (KRW)	77000	77000	96000	71000	79000	99000	110000	95000	109000	110000	140000	170000
Gap* (average)	-30.26	-13.28	-38.69	-10.11	-10.29	-6.37	-29.65	-27.19	-18.72	-4.45	-25.72	
(max or min)**	-5.19	-8.31	-24.90	-6.06	5.82	10.30	-26.64	-8.63	-7.52	7.09	-5.36	

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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