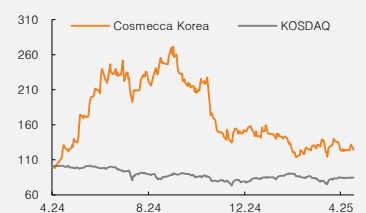


(Maintain)	Buy
Target price	▼ W70,000
Current price (5/12/25)	W43,950
Upside	59.3%

OP (25F, Wbn)	67
Consensus OP (25F, Wbn)	71
EPS growth (25F, %)	12.1
Market EPS growth (25F, %)	25.2
P/E (25F, x)	9.8
Market P/E (25F, x)	9.3
KOSDAQ	725.40

Market cap (Wbn)	469
Shares (mn)	11
Free float (%)	60.0
Foreign ownership (%)	11.6
Beta (12M)	0.87
52-week low (W)	40,100
52-week high (W)	95,900

(%)	1M	6M	12M
Absolute	-2.8	-28.2	-5.1
Relative	-6.8	-29.7	13.1



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Cosmecca Korea

Bottoming out

1Q25 review: Results miss consensus due to customer inventory adjustments

For 1Q25, Cosmecca Korea reported below-consensus results, with consolidated revenue of W118.4bn (-6% YoY) and operating profit of W12.3bn (-11% YoY). The weaker-than-expected top-line performance was primarily due to inventory adjustments by key customers in Korea and the US. That said, profitability remained solid thanks to ongoing efforts to improve productivity.

In the domestic market, the company delivered revenue of W74.3bn (+8% YoY) and operating profit of W8bn (+8% YoY; OP margin of 11%). While revenue rose YoY, sales to major domestic customers shrank QoQ due to inventory adjustments.

The US business (Englewood Lab) underperformed, with revenue of W42.5bn (-19% YoY) and operating profit of W4.6bn (-31% YoY; OP margin of 11%). Both Englewood Lab (New Jersey) and its subsidiary Englewood Lab Korea posted weaker earnings due to reduced order volumes from key customers, mirroring the situation in Korea. That said, the pace of the order decline moderated compared to in 2H24.

Order placements resuming; strengthened sales efforts could add momentum

Orders appear to be recovering gradually, supported by solid earnings at customers and the arrival of a new order cycle. Indeed, major customers are resuming order placements (following temporary inventory destocking). Accordingly, we project Cosmecca Korea to return to a growth trajectory in 2H25, aided by an easy comparison.

That said, it is somewhat disappointing that the company has yet to fully capitalize on its ample spare production capacity (its core competitive advantage), largely due to capacity ramp-ups by major competitors this year and stagnating momentum in its strategic product segments (oil-based products and sun care). To address this issue, management plans to strengthen sales efforts and expand production coverage by dedicating the new Cheongju plant to hydrogel masks; as this facility is leased, fixed cost pressures should be limited. Once these efforts begin to show results, utilization is likely to rebound rapidly.

We lower our target price to W70,000 (from W90,000), as we revised down our target P/E to align with the industry average (removing the 20% premium previously applied to reflect the firm's capacity advantage and our preference for the ODM value chain). The stock is currently trading at a 12-month forward P/E of 9x, which is undemanding. We expect the stock's valuation appeal to increase once utilization recovers.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	471	524	549	590	642
OP (Wbn)	49	60	67	74	81
OP margin (%)	10.4	11.5	12.2	12.5	12.6
NP (Wbn)	22	43	48	53	57
EPS (W)	2,090	4,007	4,491	4,967	5,311
ROE (%)	14.1	22.1	19.8	18.2	16.4
P/E (x)	17.4	13.8	9.8	8.8	8.3
P/B (x)	2.3	2.7	1.8	1.5	1.3
Dividend yield (%)	0.0	0.2	0.2	0.2	0.2

Notes: Under consolidated K-IFRS; NP is attributable to owners of the parent
Source: Company data, Mirae Asset Securities Research estimates

Table 1. Annual earnings and forecasts

(Wbn)

	2022	2023	2024	2025F	2026F	2027F
Revenue	399	471	524	549	590	642
Domestic	227	269	329	379	428	474
US	152	207	182	182	180	182
China	47	50	40	35	37	38
OP	10	49	60	67	74	81
Domestic	8	23	45	48	54	61
US	10	29	19	21	21	21
China	-5	0	-1	-2	-2	-2
Pretax profit	6	46	68	69	76	81
NP	6	34	54	54	59	63
NP (owners of the parent)	3	22	43	48	53	57
Revenue growth (% YoY)	0.7	17.9	11.4	4.7	7.4	8.9
Domestic	4.6	18.1	22.3	15.3	13	10.7
US	-5.8	36.5	-12	-0.1	-0.8	0.9
China	-7.8	6.5	-19.8	-12.3	3.8	4.6
OP growth (% YoY)	-48.4	374.1	22.8	10.6	10.2	9.4
NP growth (% YoY)	-70.2	740.3	91.8	12	10.6	6.9
OP margin (%)	2.6	10.4	11.5	12.2	12.5	12.5
Domestic	3.4	8.5	13.5	12.6	12.7	12.8
US	6.5	14	10.3	11.4	11.4	11.5
China	-9.7	0.2	-2.6	-6	-5.5	-5
Pretax margin(%)	0.7	4.7	8.2	8.7	9	8.8
Net margin (%)	0.7	17.9	11.4	4.7	7.4	8.9

Source: Company data, Mirae Asset Securities Research

Table 2. Quarterly earnings and forecasts

(Wbn)

	1Q24	2Q24	3Q24	4Q24	2024	1Q25P	2Q25F	3Q25F	4Q25F	2025F
Revenue	126	144	127	128	524	118	137	138	156	549
Domestic	69	95	83	83	329	74	92	99	114	379
US	53	46	41	42	182	43	46	45	48	182
China	12	11	9	8	40	9	9	9	9	35
OP	14	18	15	13	60	12	16	19	20	67
Domestic	7	14	12	11	45	8	11	14	15	48
US	7	4	4	4	19	5	5	6	5	21
China	0	0	0	-1	-1	-1	-1	0	-1	-2
Pretax profit	16	20	11	21	68	12	17	20	21	69
NP	13	16	9	16	54	9	13	16	16	54
NP (owners of the parent)	9	14	9	12	43	8	12	14	15	48
Revenue growth (% YoY)	8.3	24.3	8.8	4.6	11.4	(5.8)	(4.9)	9.3	21.1	4.7
Domestic	4.3	41.9	24.3	18.8	22.3	8.1	(2.3)	19.4	37.4	15.3
US	14.2	(6.4)	(24.3)	(26.1)	(12.0)	(19.1)	0.5	9.2	13.7	(0.1)
China	(5.1)	(3.5)	(25.6)	(41.2)	(19.8)	(28.0)	(20.0)	(5.0)	12.7	(12.3)
OP growth (% YoY)	48.4	62.1	11.0	(11.3)	22.8	(10.5)	(12.5)	26.1	46.1	10.6
NP growth (% YoY)	96.5	132.1	16.5	153.5	91.8	(13.4)	(14.4)	66.2	22.7	12.0
OP margin (%)	10.9	12.6	12.0	10.4	11.5	10.4	11.6	13.9	12.5	12.2
Domestic	10.8	15.2	14.5	12.9	13.5	10.8	12.2	14.0	12.8	12.6
US	12.6	9.4	9.9	8.8	10.3	10.8	10.9	12.7	11.2	11.4
China	0.1	(1.0)	(2.8)	(8.7)	(2.6)	(6.8)	(7.0)	(5.0)	(5.3)	(6.0)
Pretax margin(%)	7.0	9.5	6.7	9.2	8.2	6.4	8.6	10.2	9.3	8.7
Net margin (%)	8.3	24.3	8.8	4.6	11.4	(5.8)	(4.9)	9.3	21.1	4.7

Source: Company data, Mirae Asset Securities Research

Table 3. Valuation table

(W)

		Notes
12MF EPS	4,686	
Target P/E (x)	16	Sector avg.
Fair value per share	74,984	
Target price	70,000	
Current price	43,950	
Upside (%)	59.3	

Source: Mirae Asset Securities Research

Cosmecca Korea (241710 KQ)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	524	549	590	642
Cost of revenue	400	414	441	475
GP	124	135	149	167
SG&A expenses	64	68	75	86
OP (adj.)	60	67	74	81
OP	60	67	74	81
Non-operating profit	8	2	2	0
Net financial income	-2	0	0	1
Net income from associates	0	0	0	0
Pretax profit	68	69	76	81
Income tax	14	15	17	18
Profit from continuing operations	54	54	59	63
Profit from discontinued operations	0	0	0	0
NP	54	54	59	63
Attributable to owners	43	48	53	57
Attributable to minority interests	11	6	6	6
Total comprehensive income	67	54	59	63
Attributable to owners	49	33	36	39
Attributable to minority interests	18	21	23	24
EBITDA	78	83	87	92
FCF	21	43	58	58
EBITDA margin (%)	14.9	15.1	14.7	14.3
OP margin (%)	11.5	12.2	12.5	12.6
Net margin (%)	8.2	8.7	9.0	8.9

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	255	338	402	481
Cash & equivalents	54	94	141	197
AR & other receivables	117	142	152	166
Inventory	67	81	87	95
Other current assets	17	21	22	23
Non-current assets	262	252	244	237
Investments in associates	1	1	1	1
PP&E	196	187	180	173
Intangible assets	36	34	33	33
Total assets	518	590	646	718
Current liabilities	171	188	185	195
AP & other payables	53	64	69	75
Short-term financial liabilities	91	91	81	82
Other current liabilities	27	33	35	38
Non-current liabilities	40	41	42	43
Long-term financial liabilities	32	32	32	32
Other non-current liabilities	8	9	10	11
Total liabilities	210	229	228	238
Equity attributable to owners	219	265	317	372
Capital stock	5	5	5	5
Capital surplus	69	69	69	69
Retained earnings	132	179	231	287
Minority interests	89	95	101	108
Shareholders' equity	308	360	418	480

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	69	48	63	63
NP	54	54	59	63
Non-cash income/expenses	35	31	29	28
Depreciation	14	14	12	11
Amortization	3	2	1	0
Other	18	15	16	17
Chg. in working capital	-3	-22	-9	-12
Chg. in AR & other receivables	2	-24	-10	-13
Chg. in inventory	3	-14	-6	-8
Chg. in AP & other payables	-6	8	3	4
Income tax	-12	-15	-17	-18
Cash flow from investing activities	-53	-11	-8	-9
Chg. in PP&E	-49	-5	-5	-5
Chg. in intangible assets	0	0	0	0
Chg. in financial assets	-1	-2	-1	-1
Other	-3	-4	-2	-3
Cash flow from financing activities	2	-27	-35	-26
Chg. in financial liabilities	14	1	-10	0
Chg. in equity	11	0	0	0
Dividends	-1	-1	-1	-1
Other	-22	-27	-24	-25
Chg. in cash	21	40	47	56
Beginning balance	33	54	94	141
Ending balance	54	94	141	197

Source: Company data, Mirae Asset Securities Research estimates

Key valuation metrics/ratios

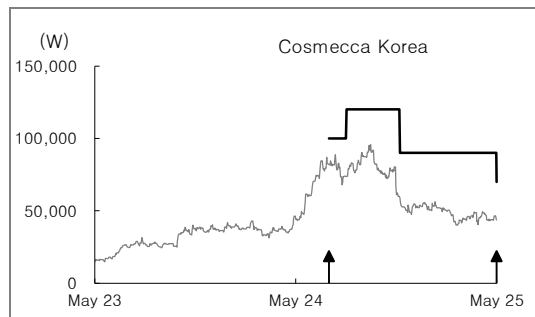
	2024	2025F	2026F	2027F
P/E (x)	13.8	9.8	8.8	8.3
P/CF (x)	6.7	5.5	5.3	5.1
P/B (x)	2.7	1.8	1.5	1.3
EV/EBITDA (x)	9.5	7.0	6.1	5.2
EPS (W)	4,007	4,491	4,967	5,311
CFPS (W)	8,280	7,976	8,280	8,535
BPS (W)	20,450	24,842	29,709	34,920
DPS (W)	100	100	100	100
Dividend payout ratio (%)	2.0	2.0	1.8	1.7
Dividend yield (%)	0.2	0.2	0.2	0.2
Revenue growth (%)	11.4	4.7	7.4	8.9
EBITDA growth (%)	18.6	5.6	5.3	6.2
OP growth (%)	22.8	10.6	10.2	9.4
EPS growth (%)	91.8	12.1	10.6	6.9
AR turnover (x)	4.7	4.3	4.1	4.1
Inventory turnover (x)	7.9	7.4	7.0	7.1
AP turnover (x)	9.7	9.7	9.1	9.0
ROA (%)	11.3	9.7	9.6	9.3
ROE (%)	22.1	19.8	18.2	16.4
ROIC (%)	14.4	14.7	15.6	17.0
Debt-to-equity ratio (%)	68.4	63.6	54.4	49.5
Current ratio (%)	149.8	179.8	217.0	246.9
Net debt-to-equity ratio (%)	19.8	4.6	-9.7	-20.3
Interest coverage ratio (x)	18.9	35.8	41.0	46.7

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Cosmecca Korea (241710)	05/13/25	Buy	70,000
	11/18/24	Buy	90,000
	08/13/24	Buy	120,000
	07/12/24	Buy	100,000



Stock ratings

Buy	Expected 12-month return: +20% or greater
Hold	Expected 12-month return: Greater than -10% and less than +10%
Sell	Expected 12-month return: -10% or less

Sector ratings

Overweight	Expected to outperform the market over 12 months
Neutral	Expected to perform in line with the market over 12 months
Underweight	Expected to underperform the market over 12 months

As of May 12, 2025, the Trading Buy rating category has been removed from our investment rating system.

Stocks expected to deliver a 12-month return between +10% and less than +20% may be rated either Buy or Hold at the discretion of the research analyst.

Rating and TP history: Share price (—), TP (—), Not Rated (■), Buy (▲), Trading Buy (■), Hold (●), Sell (◆)

* Our investment rating is a guide to the expected return of the stock over the next 12 months.

* Outside of the official ratings of Mirae Asset Securities Co., Ltd., analysts may call trading opportunities should technical or short-term material developments arise.

* The TP was determined by the research analyst through valuation methods discussed in this report, in part based on estimates of future earnings.

* TP achievement may be impeded by risks related to the subject securities and companies, as well as general market and economic conditions.

Ratings distribution and investment banking services

	Buy	Trading Buy	Hold	Sell
Ratings distribution	83.98%	6.63%	8.84%	0.55%
Investment banking services	88.24%	0%	11.76%	0%

* Based on recommendations in the last 12-months (as of March 31, 2025)

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