241710 KQ · Cosmetics

Cosmecca Korea

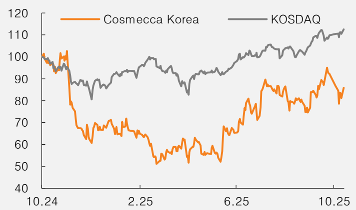
Above-consensus results expected

Equity Research
October 21, 2025

(Maintain)	Buy
Target price	W90,000
Current price (10/20/25)	W67,200
Upside	33.9%

OP (25F, Wbn)	77
Consensus OP (25F, Wbn)	75
EPS growth (25F, %)	20.6
Market EPS growth (25F, %)	26.2
P/E (25F, x)	13.9
Market P/E (25F, x)	14.0
KOSDAQ	875.77
Market cap (Wbn)	718
Shares (mn)	11
Free float (%)	60.0
Foreign ownership (%)	14.7
Beta (12M)	1.28
52-week low (W)	40,100
52-week high (W)	80,400

(%)	1M	6M	12M
Absolute	0.7	38.0	-10.8
Relative	-0.7	13.1	-23.2



Mirae Asset Securities Co., Ltd.

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3Q25 preview: Strong performances from Korea and the US

We expect Cosmecca Korea to post above-consensus 3Q25 results, with revenue of W148.5bn (+17% YoY) and operating profit of W21bn (+38% YoY), driven by strong performances in both Korea and the US.

We expect the domestic business to post revenue of W99.3bn (+20% YoY) and operating profit of W13.5bn (+12% YoY; OP margin of 13.6%), supported by both volume growth and mix improvements.

Growth in order volume is being fueled primarily by the strong performance of a leading indie beauty brand that relies on Cosmecca Korea as its main manufacturer. This customer has achieved robust sales growth through successful viral marketing on TikTok Shop, where marketing efficiency is high and competition is relatively limited. The sharp increase in sales is translating into larger orders for Cosmecca Korea, with the brand likely becoming one of the company's top five customers in 3Q25.

At the same time, product category expansion at another major customer is driving order mix improvements. This customer continues to grow strongly on the back of export demand, and the related manufacturing portfolio appears to be shifting from lower-value cleansing products to higher-value skin care items. We expect the rising share of skin care orders to help sustain high margins for Cosmecca Korea.

At the US business (Englewood Lab), we look for revenue of W53.8bn (+31% YoY) and operating profit of W8.4bn (+105% YoY; OP margin of 15.5%), marking a significant improvement. Reorders from key customers, which began in earnest in 2Q25, are continuing steadily, improving earnings visibility for 2H25. The Englewood Lab Korea factory likely contributed significantly to earnings, with an OP margin of around 29%, while the Totowa (New Jersey) plant is likely to see tariff-related tailwinds from around 4Q25.

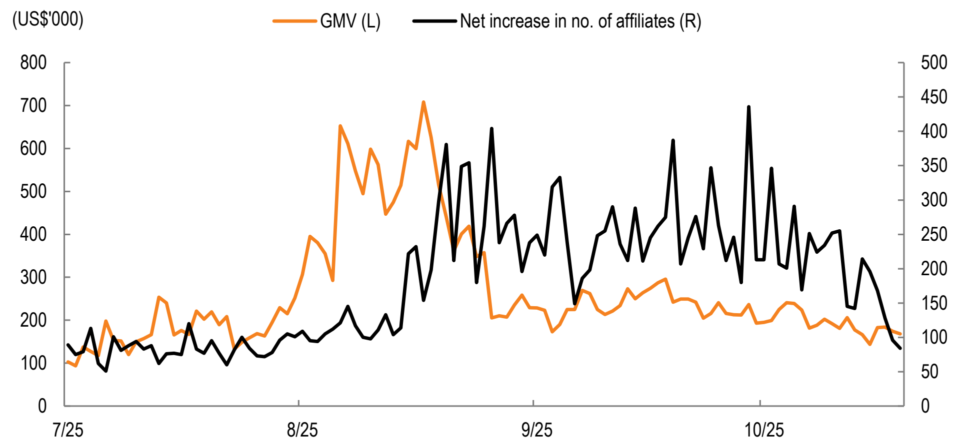
Earnings momentum to stand out

While the cosmetics sector as a whole continues to enjoy structural growth, it still faces near-term challenges such as rising marketing spend and tariff uncertainties, which could weigh on 2H25 earnings. Against this backdrop, Cosmecca Korea is likely to stand out by showing stronger earnings momentum than peers. At a 12-month forward P/E of 12x, the stock looks attractive even considering the recent stagnation in cosmetics sector valuations. We maintain our Buy rating.

(Dec.)	2023	2024	2025F	2026F	2027F
Revenue (Wbn)	471	524	578	651	717
OP (Wbn)	49	60	77	90	99
OP margin (%)	10.4	11.5	13.3	13.8	13.8
NP (Wbn)	22	43	52	61	66
EPS (W)	2,090	4,007	4,832	5,681	6,158
ROE (%)	14.1	22.1	21.8	21.3	19.0
P/E (x)	17.4	13.8	13.9	11.8	10.9
P/B (x)	2.3	2.7	2.8	2.3	1.9
Dividend yield (%)	0.0	0.2	0.1	0.1	0.1

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

Figure 1. TikTok Shop performance of a key indie beauty brand customer



Source: FastMoss, Mirae Asset Securities Research

Table 1. Annual earnings and forecasts (Wbn)

	2022	2023	2024	2025F	2026F	2027F
Revenue	399	471	524	578	651	717
Domestic	227	269	329	384	439	485
US	152	207	182	208	235	253
China	47	50	40	34	33	32
OP	10	49	60	77	90	99
Domestic	8	23	45	49	56	62
US	10	29	19	31	37	40
China	(5)	0	(1)	(4)	(4)	(4)
Pretax profit	6	46	68	78	91	98
NP	6	34	54	61	71	77
NP (owners of the parent)	3	22	43	52	61	66
Revenue growth (%, YoY)	0.7	17.9	11.4	10.3	12.5	10.3
Domestic	4.6	18.1	22.3	16.8	14.3	10.5
US	(5.8)	36.5	(12.0)	14.5	12.9	7.5
China	(7.8)	6.5	(19.8)	(16.3)	(1.8)	(2.2)
OP growth (%, YoY)	(48.4)	374.1	22.8	27.4	16.9	10.3
NP growth (%, YoY)	(70.2)	740.3	91.8	20.5	17.5	8.4
OP margin (%)	2.6	10.4	11.5	13.3	13.8	13.8
Domestic	3.4	8.5	13.5	12.7	12.8	12.8
US	6.5	14.0	10.3	15.0	15.5	15.7
China	(9.7)	0.2	(2.6)	(11.0)	(11.0)	(10.9)
Net margin (%)	0.7	4.7	8.2	8.9	9.3	9.2

Source: Company data, Mirae Asset Securities Research

Table 2. Quarterly earnings and forecasts (Wbn)

	1Q24	2Q24	3Q24	4Q24	2024	1Q25	2Q25	3Q25F	4Q25F	2025F
Revenue	126	144	127	128	524	118	162	148.5	150	578
Domestic	69	95	83	83	329	74	110	99	100	384
US	53	46	41	42	182	43	58	54	54	208
China	12	11	9	8	40	9	9	8	8	34
OP	14	18	15	13	60	12	23	21	21	77
Domestic	7	14	12	11	45	8	14	13.5	13	49
US	7	4	4	4	19	5	10	8	8	31
China	0	(0)	(0)	(1)	(1)	(1)	(1)	(1)	(1)	(4)
Pretax profit	16	20	11	21	68	12	17	23	27	78
NP	13	16	9	16	54	9	11	19	22	61
NP (owners of the parent)	9	14	9	12	43	8	9	16	18	52
Revenue growth (%, YoY)	8.3	24.3	8.8	4.6	11.4	(5.8)	12.5	17.2	16.7	10.3
Domestic	4.3	41.9	24.3	18.8	22.3	8.1	16.2	20.3	21.0	16.8
US	14.2	(6.4)	(24.3)	(26.1)	(12.0)	(19.1)	25.3	30.7	28.7	14.5
China	(5.1)	(3.5)	(25.6)	(41.2)	(19.8)	(28.0)	(20.0)	(11.0)	(0.2)	(16.3)
OP growth (%, YoY)	48.4	62.1	11.0	(11.3)	22.8	(10.5)	27.2	38.1	54.4	27.4
NP growth (%, YoY)	96.5	132.1	16.5	153.5	91.8	(13.4)	(32.0)	90.3	56.7	20.5
OP margin (%)	10.9	12.6	12.0	10.4	11.5	10.4	14.2	14.2	13.7	13.3
Domestic	10.8	15.2	14.5	12.9	13.5	10.8	12.6	13.6	13.4	12.7
US	12.6	9.4	9.9	8.8	10.3	10.8	17.6	15.5	15.0	15.0
China	0.1	(1.0)	(2.8)	(8.7)	(2.6)	(6.8)	(13.2)	(12.0)	(12.2)	(11.0)
Net margin (%)	7.0	9.5	6.7	9.2	8.2	6.4	5.8	10.9	12.4	8.9

Source: Company data, Mirae Asset Securities Research

Table 3. Valuation table (W)

		Notes
12MF EPS	5,535	
Target P/E (x)	17	Sector avg.
Fair value per share	94,087	
Target price	90,000	
Current price	67,200	
Upside (%)	33.9	

Source: Mirae Asset Securities Research

Cosmecca Korea (241710 KQ)

Income statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Revenue	**524**	**578**	**651**	**717**
Cost of revenue	**400**	**437**	**486**	**531**
GP	**124**	**141**	**165**	**186**
SG&A expenses	**64**	**65**	**74**	**87**
OP (adj.)	**60**	**77**	**90**	**99**
OP	**60**	**77**	**90**	**99**
Non-operating profit	**8**	**1**	**1**	**-1**
Net financial income	-2	-2	-2	-2
Net income from associates	0	0	0	0
Pretax profit	68	78	91	98
Income tax	14	17	20	22
Profit from continuing operations	54	61	71	77
Profit from discontinued operations	0	0	0	0
NP	**54**	**61**	**71**	**77**
Attributable to owners	43	52	61	66
Attributable to minority interests	11	9	10	11
Total comprehensive income	**67**	**49**	**71**	**77**
Attributable to owners	49	93	134	145
Attributable to minority interests	18	-44	-64	-69
EBITDA	78	93	104	112
FCF	21	16	65	70
EBITDA margin (%)	14.9	16.1	16.0	15.6
OP margin (%)	11.5	13.3	13.8	13.8
Net margin (%)	8.2	9.0	9.4	9.2

Balance sheet (summarized)

(Wbn)	2024	2025F	2026F	2027F
Current assets	**255**	**325**	**414**	**509**
Cash & equivalents	54	91	151	219
AR & other receivables	117	137	154	169
Inventory	67	78	88	97
Other current assets	17	19	21	24
Non-current assets	**262**	**279**	**270**	**263**
Investments in associates	1	1	1	1
PP&E	196	218	209	202
Intangible assets	36	35	34	34
Total assets	**518**	**604**	**684**	**772**
Current liabilities	**171**	**226**	**235**	**246**
AP & other payables	53	62	70	77
Short-term financial liabilities	91	133	130	131
Other current liabilities	27	31	35	38
Non-current liabilities	**40**	**46**	**47**	**48**
Long-term financial liabilities	32	36	36	36
Other non-current liabilities	8	10	11	12
Total liabilities	**210**	**272**	**282**	**294**
Equity attributable to owners	**219**	**255**	**315**	**379**
Capital stock	5	5	5	5
Capital surplus	69	63	63	63
Retained earnings	132	179	239	304
Minority interests	**89**	**77**	**87**	**98**
Shareholders' equity	**308**	**332**	**402**	**477**

Cash flow statement (summarized)

(Wbn)	2024	2025F	2026F	2027F
Operating cash flow	**69**	**49**	**70**	**75**
NP	54	61	71	77
Non-cash income/expenses	35	42	36	36
Depreciation	14	15	13	12
Amortization	3	1	1	1
Other	18	26	22	23
Chg. in working capital	-3	-30	-15	-14
Chg. in AR & other receivables	2	-28	-17	-15
Chg. in inventory	3	-15	-10	-9
Chg. in AP & other payables	-6	14	6	5
Income tax	-12	-21	-20	-22
Cash flow from investing activities	**-53**	**-35**	**-7**	**-7**
Chg. in PP&E	-49	-33	-5	-5
Chg. in intangible assets	0	0	0	0
Chg. in financial assets	-1	-1	-1	-1
Other	-3	-1	-1	-1
Cash flow from financing activities	**2**	**7**	**-30**	**-30**
Chg. in financial liabilities	14	47	-3	0
Chg. in equity	11	-6	0	0
Dividends	-1	-2	-1	-1
Other	-22	-32	-26	-29
Chg. in cash	**21**	**37**	**60**	**68**
Beginning balance	33	54	91	151
Ending balance	54	91	151	219

Key valuation metrics/ratios

	2024	2025F	2026F	2027F
P/E (x)	13.8	13.9	11.8	10.9
P/CF (x)	6.7	7.0	6.7	6.4
P/B (x)	2.7	2.8	2.3	1.9
EV/EBITDA (x)	9.5	9.3	7.8	6.7
EPS (W)	4,007	4,832	5,681	6,158
CFPS (W)	8,280	9,591	10,006	10,511
BPS (W)	20,450	23,843	29,425	35,482
DPS (W)	100	100	100	100
Dividend payout ratio (%)	2.0	1.8	1.5	1.4
Dividend yield (%)	0.2	0.1	0.1	0.1
Revenue growth (%)	11.4	10.3	12.5	10.3
EBITDA growth (%)	18.6	18.7	12.0	7.5
OP growth (%)	22.8	27.4	16.9	10.3
EPS growth (%)	91.8	20.6	17.6	8.4
AR turnover (x)	4.7	4.7	4.6	4.5
Inventory turnover (x)	7.9	8.0	7.8	7.8
AP turnover (x)	9.7	10.4	10.1	9.9
ROA (%)	11.3	10.8	11.0	10.5
ROE (%)	22.1	21.8	21.3	19.0
ROIC (%)	14.4	16.3	17.9	19.4
Debt-to-equity ratio (%)	68.4	81.9	70.2	61.6
Current ratio (%)	149.8	143.8	176.0	206.8
Net debt-to-equity ratio (%)	19.8	20.3	0.9	-13.7
Interest coverage ratio (x)	18.9	24.0	24.3	27.0

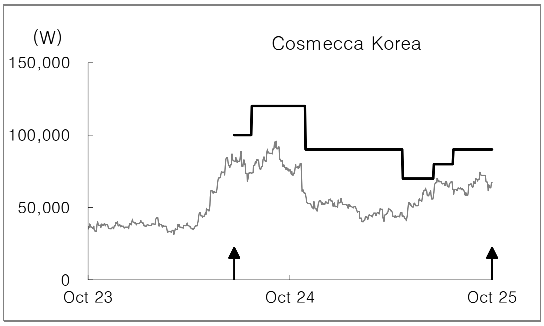
Source: Company data, Mirae Asset Securities Research estimates

Appendix 1

Important disclosures and disclaimers

Two-year rating and TP history

Company	Date	Rating	TP (W)
Cosmecca Korea (241710)	08/12/25	Buy	90,000
	07/08/25	Buy	80,000
	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		Sector ratings	
Buy	Expected 12-month return: +20% or greater	Overweight	Expected to outperform the market over 12 months
Hold	Expected 12-month return: Greater than -10% and less than +10%	Neutral	Expected to perform in line with the market over 12 months
Sell	Expected 12-month return: -10% or less	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	78.61%	1.73%	19.08%	0.58%
Investment banking services	84.62%	0%	15.38%	0%

* Based on recommendations in the last 12-months (as of September 30, 2025)

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