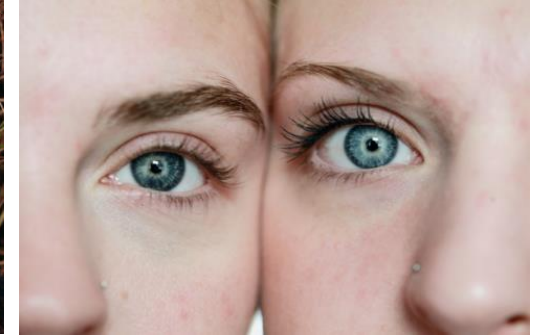




2018.Q3 COSMECCA

INSPIRE THE WORLD, CREATE THE FUTURE—————





Disclaimer

This document is to provide various Investor Relation (IR) information including, but not limited to general business and financial information regarding Cosmecca Korea Co., LTD.(CMK) It is drafted based on objective facts as much as possible. In deed, items in this document includes forecasting statement, current business prospects, plans strategies, opinions and many more Cosmecca Korea Co., LTD. focused on. Continuingly this document also includes other contents that shows historical facts and prospects concerning future business performance. These judgements made by Cosmecca Korea Co., LTD based on information which obtained at this time includes a certain amount of risk and uncertainty.

Consequently, investors should be cautious of making investment judgements based solely on these business performance prospects. Cosmecca Korea Co., LTD shall not take any responsibilities resulting the investment based on this document. This document shall not be used as an evidence to prove legal liability about investors' securities investment.



Contents

1. 2018 Q3 Earnings Presentation
2. Financial Statements
3. Appendix

Chapter1! 2018 Q3 Earnings Presentation

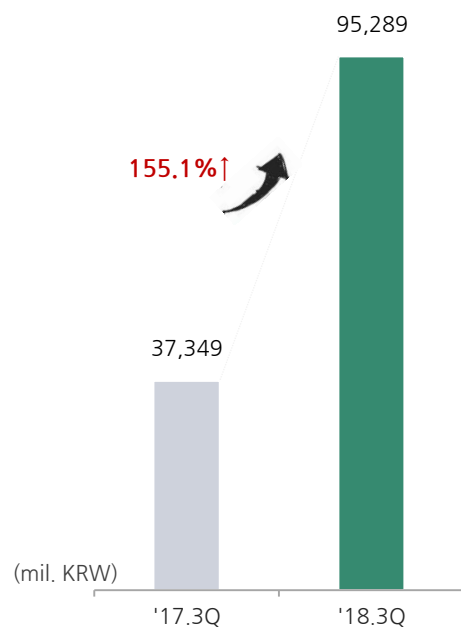
- ① 2018 Q3 Earnings Summary
- ② Sales
- ③ Sales Analysis
- ④ Operating Profit
- ⑤ Production Capacity
- ⑥ Competitiveness

2018 Q3 Earnings Summary

Sales 95.3B KRW YoY +155.1% , OP 6.0B KRW YoY +1145.4% , Net Income 4.5B KRW

Earnings

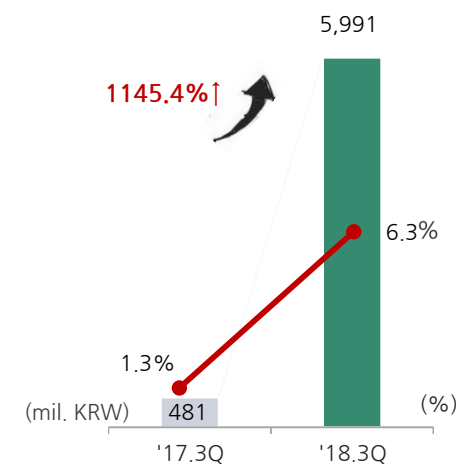
< Sales >



	2017.3Q	2018.3Q	yoy
Sales	37,349	95,289	155.1%
Korea	30,531	48,971	60.4%
USA*	(20,289)	39,832	(98.2%)
China	9,146	8,854	-3.2%
Consolidated adjustment	-2,328	-2,368	-

* USA corporation
 : Cosmecca Korea acquired 34.71% stake of Englewood Lab on June 8th, 2018
 : Englewood Lab is included in consolidated earnings from 3Q18(July 1st, 2018)

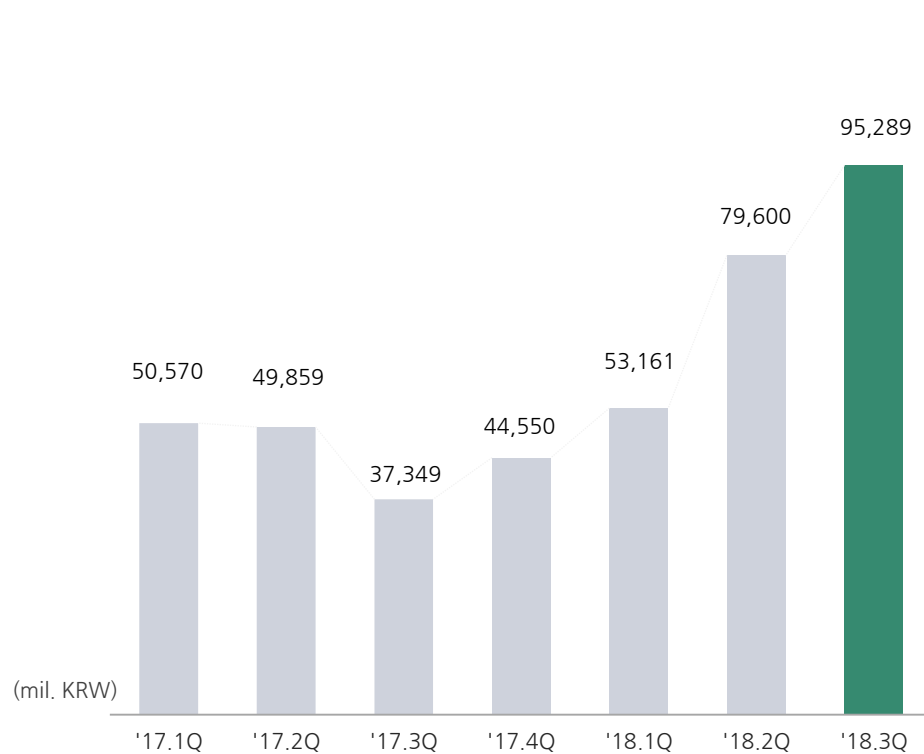
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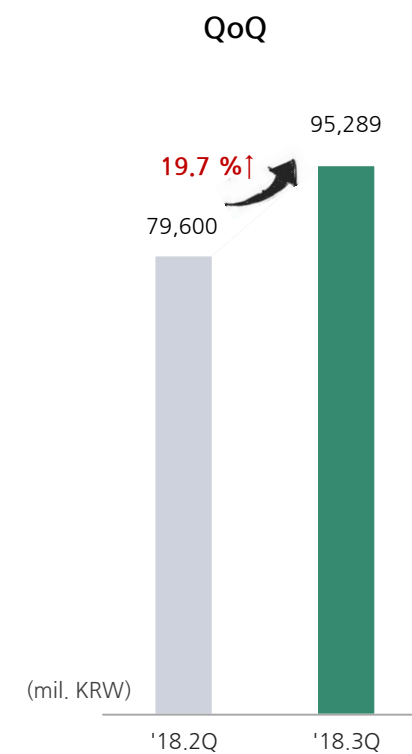
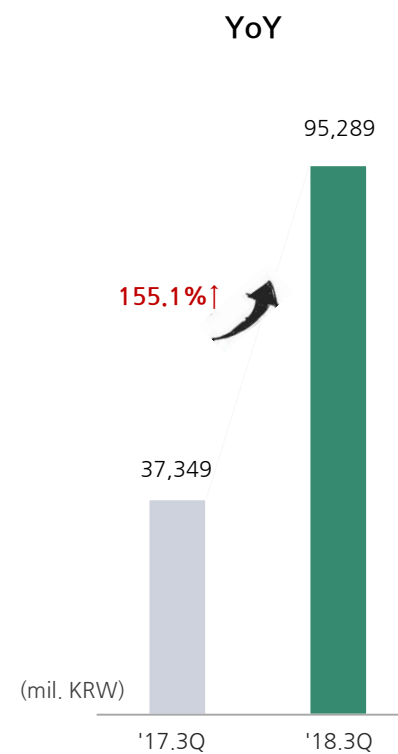
Sales

3Q Sales 95.3B KRW YoY +155.1% QoQ +19.7%

Sales



* Based on Consolidated Financial Statements

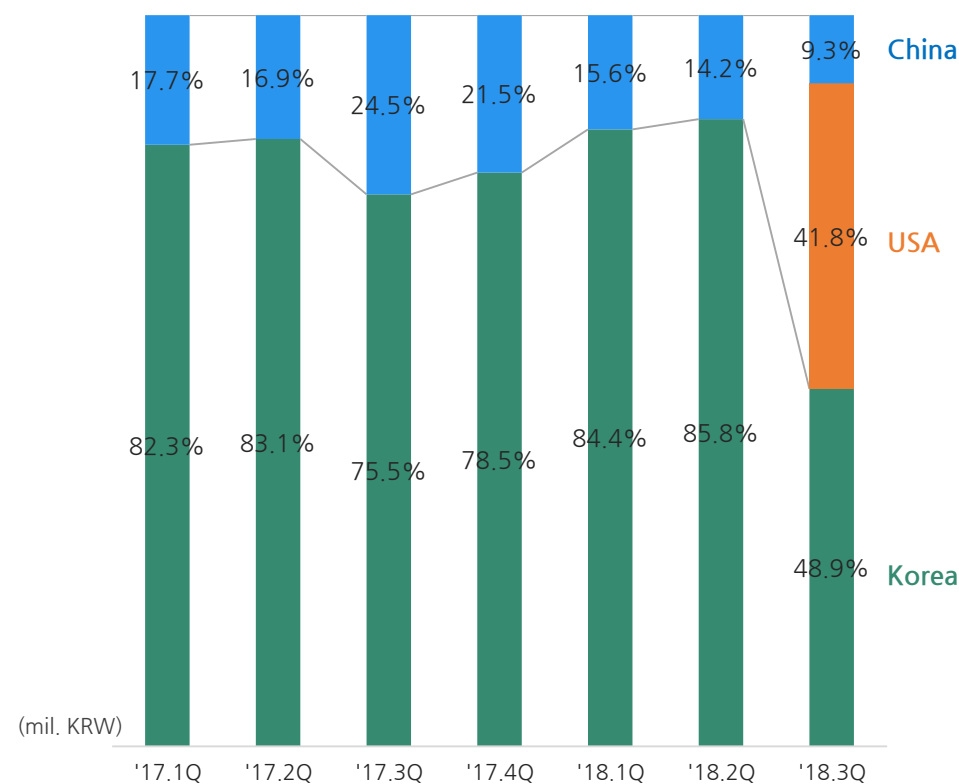


Sales Analysis by Entity

Sales by Entity: Korea 49%, USA 42%, China 9% by undertaking the USA corporation

Sales by Entity

(mil. KRW)							
Classification	'17.1Q	'17.2Q	'17.3Q	'17.4Q	'18.1Q	'18.2Q	'18.3Q
Korea	44,877	46,075	30,531	39,062	46,294	70,234	48,971
USA	-	-	-	-	-	-	39,832
China	8,942	8,433	9,146	9,586	8,319	11,267	8,854
Consolidated adjustment	-3,249	-4,648	-2,328	-4,098	-1,451	-1,901	-2,368
Sales	50,570	49,859	37,349	44,550	53,161	79,600	95,289

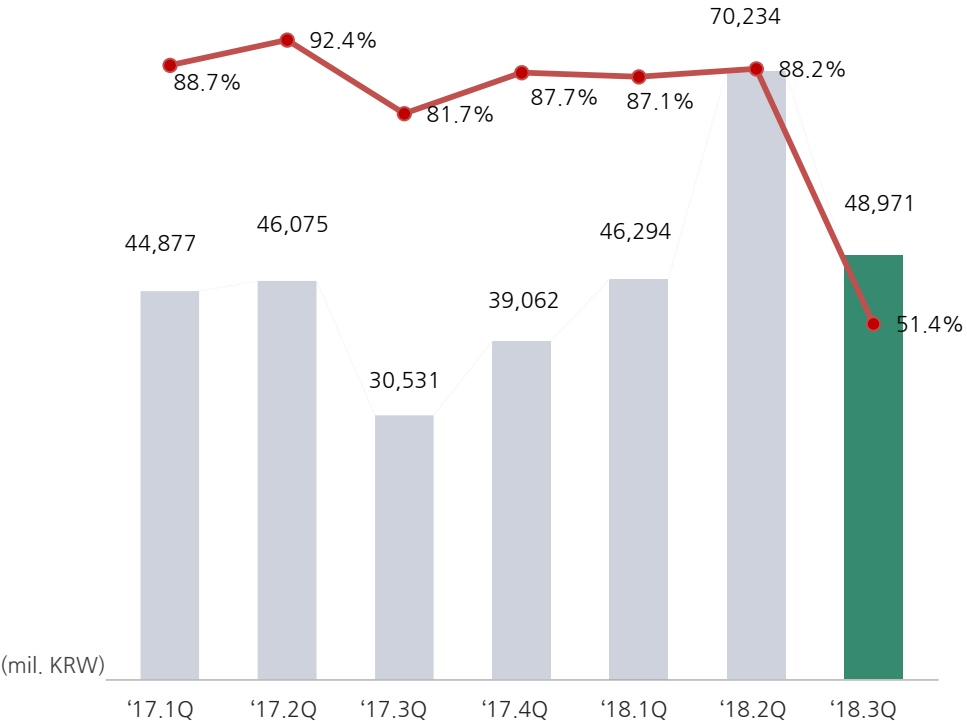


* Based on Consolidated Financial Statements

Sales Analysis_CMK(Korea)

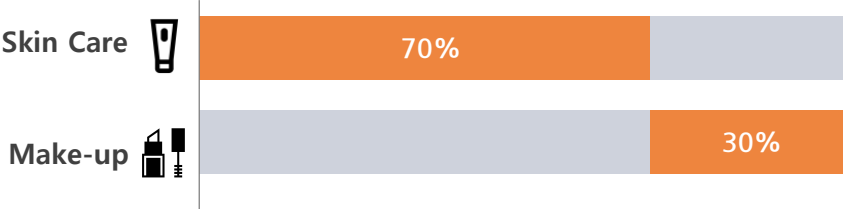
In Korean market, Online Channel sales are increasing, brand shop sales has declined slowly.

Sales by CMK

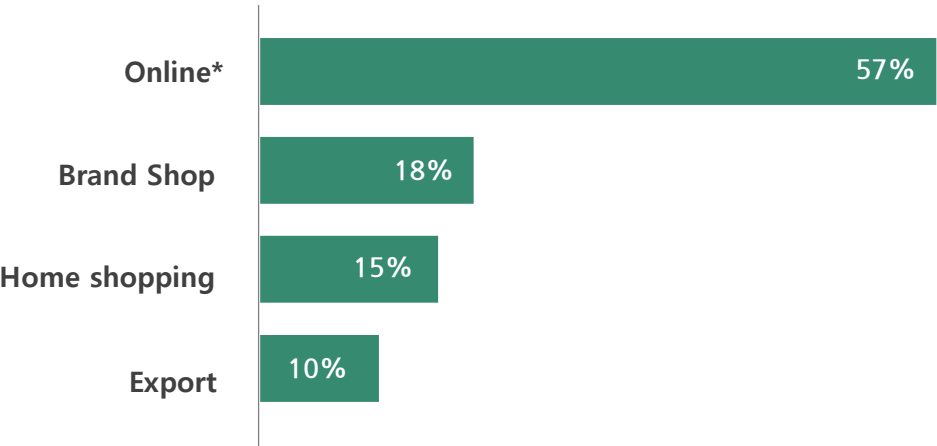


* Contribution to Sales = Sales in Korea/Consolidated Sales*100
* Based on Consolidated Financial Statements

< Sales Breakdown by Product >



< Sales Breakdown by Customer >

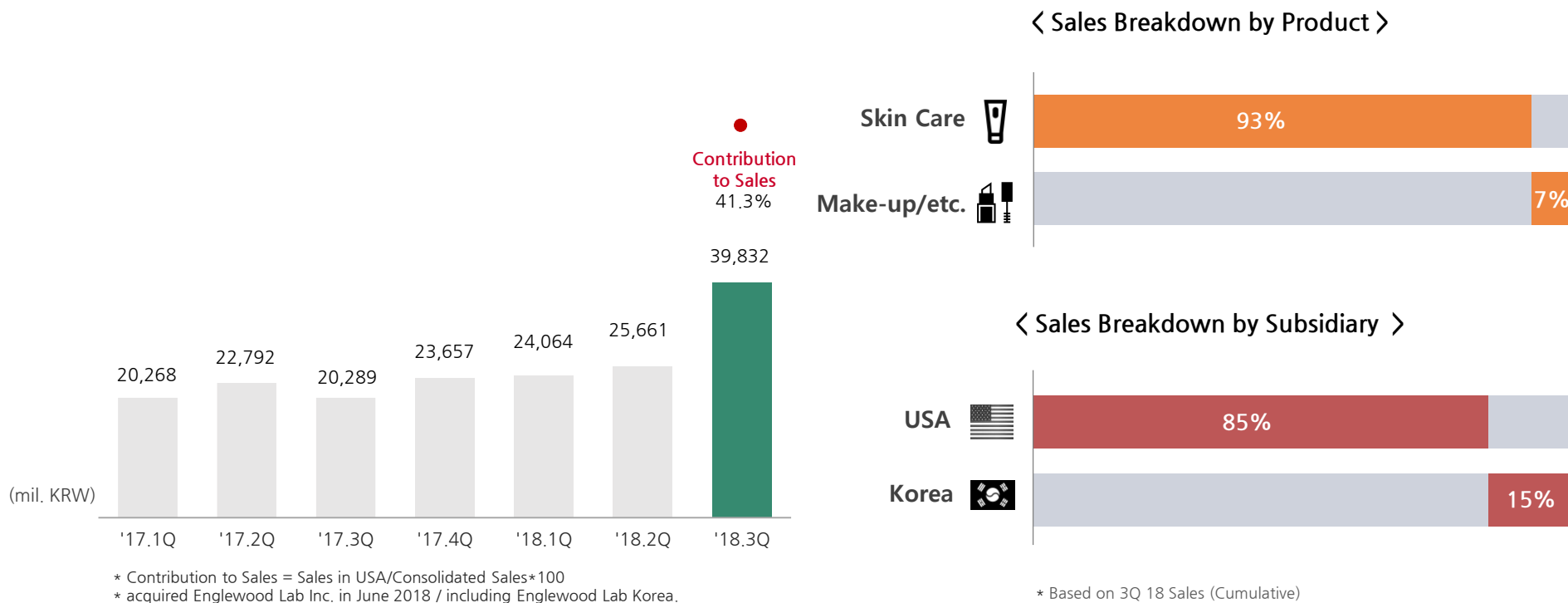


* Based on 3Q 18 Sales (Cumulative)
* Online: online+department store+market etc, all sales channels except Brand shop, Home shopping.

Sales Analysis_EWL(USA)

Skin Care contributed to 93% of Total Sales.
USA corporation has business relations with about 80 customers (company).

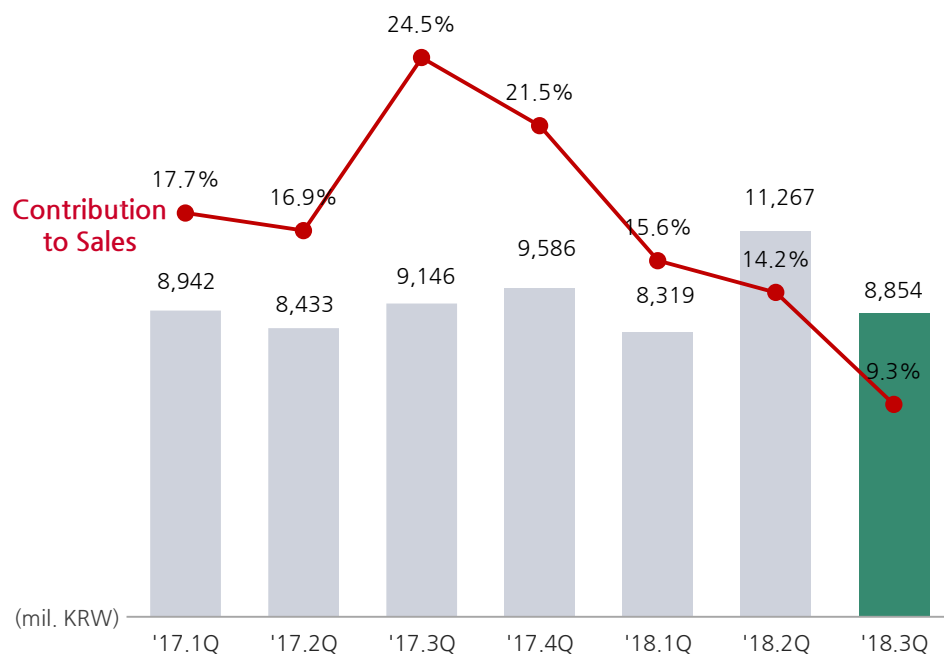
Sales by EWL (including subsidiary operation)



Sales Analysis_Subsidaries in China

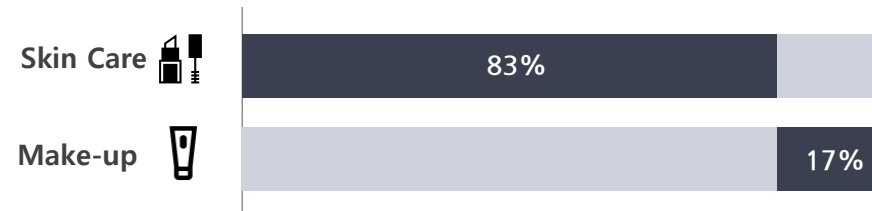
Q3 Sales of China operation contributed 9.3% of Total Sales of Cosmecca.
Planning to start operation at the beginning of 2019 with new factory in Zhejiang

Sales by China Subsidiaries

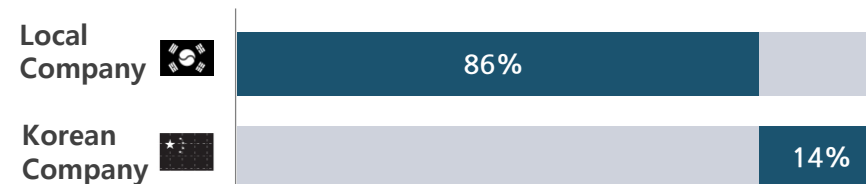


* Contribution to Sales = Sales in China/Consolidated Sales*100

< Sales Breakdown by Product >



< Sales Breakdown by Customer >



* Based on 2Q 18 Sales (Cumulative)

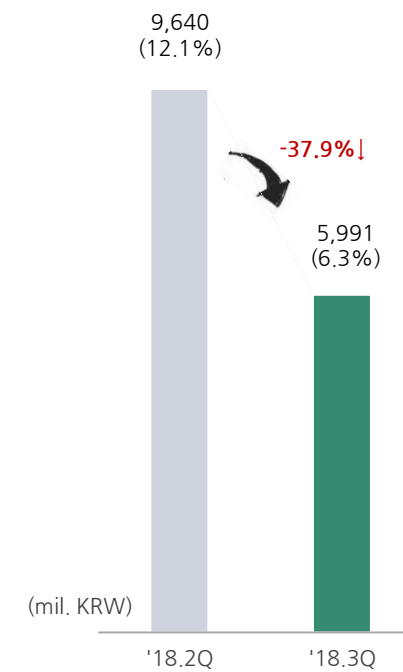
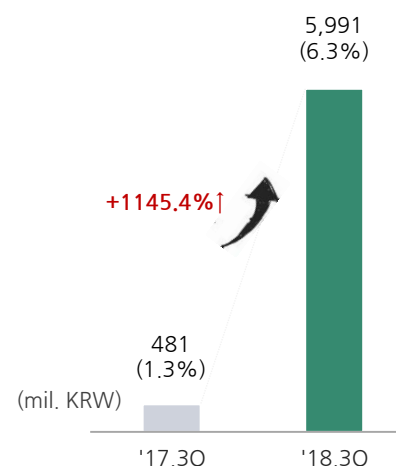
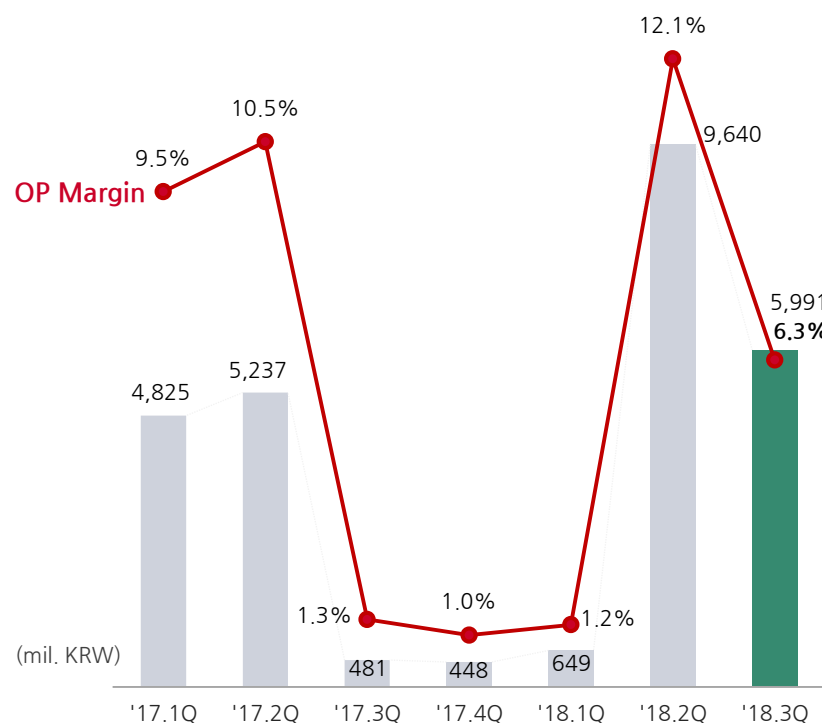
Operating Profit (Consolidated)

Q3 OP 6.0B KRW, OP Margin 6.3% YoY+1145.4% QoQ -37.9%

Operating Profit (OP Margin)

< YoY >

< QoQ >



* Based on Consolidated Financial Statements

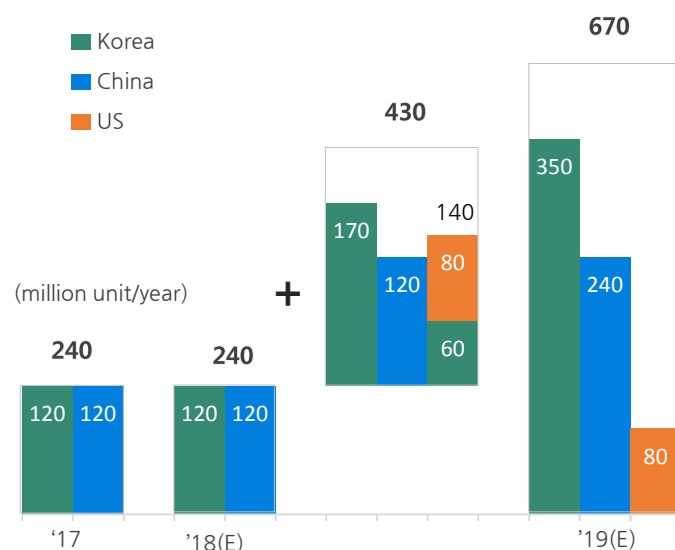
Production Capacity

Planning to increase Production Capacity to produce 670 million units in 2019 by increasing investment in facilities

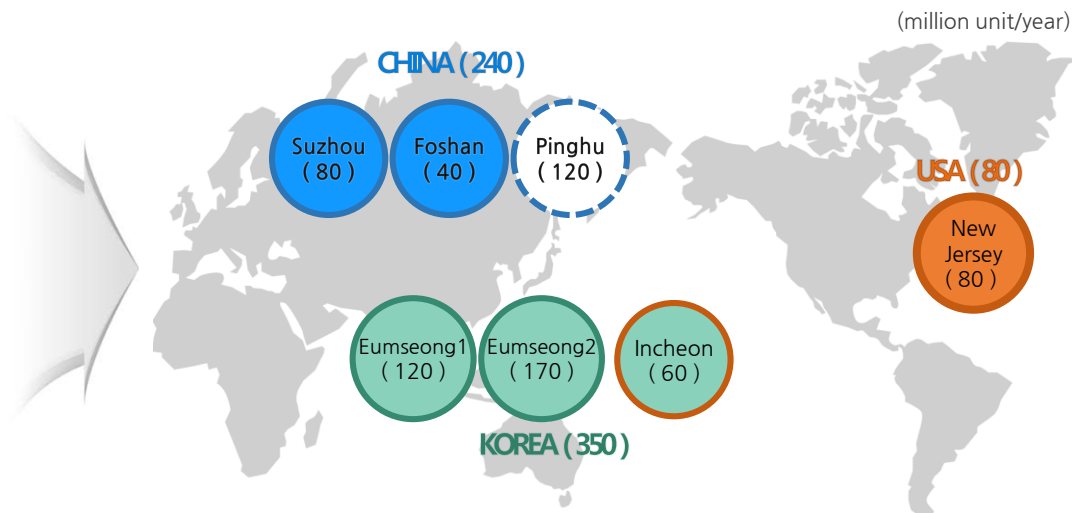
- (Korea) New factory in Eumseong was completed and started operation since Nov. 2018
- (China) Planning to start operation at the beginning of 2019 with New factory in Zhejiang
- (USA) Production Capacity of Englewood Lab is expected to be increased by double within one year

Plan to Increase Production Capacity

◁ Production Capacity in '19(E) by Region ▷



* As of end of year



Competitiveness

Fully prepared with R&D / Manufacturing / Consumer Responsiveness to be Global OGM.



01 Market Leading R&D

- A number of market leading products developed by the Industry's top level R&D, continues to launch 'hit products' by focusing on R&D and analyzing market trends
- Industry-First Products : BB Cream with three functions, Make-up Volumer, Three-layer Multi Trans Lip product, BCdation, DME Sun spray, DPF Technology, Tone-up Cream

02 Innovative Production System

- Established an independent 'Cosmecca Production System(CPS)' complying with the global standards
- Improvement of productivity and minimization of percent defective through efficiency-focused process-facility design(production to packing)

03 Enhancing Customer Responsiveness through Expansion of Production Capacities

- Corporations including Korea, USA, China Plan to increase Capacity to produce 690 million units in 2020 (3 times higher than the end of 2017)
- By enhancing customer responsiveness, possibility to attract global customers

Chapter2! Financial Statements

COSMECCA KOREA

- ① Summarized Consolidated Balance Sheets
- ② Summarized Consolidated Income Statements

ENGLEWOOD LAB

- ① Summarized Consolidated Balance Sheets
- ② Summarized Consolidated Income Statements

Summarized Consolidated Balance Sheets_COSMECCA KOREA

(mil. KRW)

	2015	2016	2017	2018.Q3
Current Assets	39,779	101,397	90,527	137,937
Cash and Cash Equivalents	3,213	50,037	38,190	10,573
Account Receivables and Others	23,578	33,518	34,146	70,029
inventories	9,905	15,226	15,406	51,200
Non-Current Assets	30,110	41,648	60,533	168,808
Tangible Assets	25,926	37,916	53,195	120,948
Intangible Assets	676	668	3,241	44,321
Total Assets	69,890	143,046	151,059	306,745
Current Liabilities	40,473	36,274	34,711	83,881
Long-term liabilities	6,551	1,933	2,880	54,305
Total Liabilities	47,024	38,207	37,591	138,186
Capital	2,000	2,670	2,670	5,340
Capital Surplus	0	70,190	70,190	71,656
Accumulated Other Comprehensive Income	145	-75	-801	-1,456
Capital Surplus	20,721	32,054	41,410	52,331
Total Equity	22,865	104,839	113,469	168,559

Summarized Consolidated Income Statements_COSMECCA KOREA

(mil. KRW)

	2015	2016	2017					2018		
			Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Sales	99,150	165,176	50,570	49,859	37,349	44,550	182,328	53,161	79,600	95,289
COGS (%)	77,309 (78.0)	130,055 (78.7)	39,570 (78.2)	37,391 (75.0)	30,014 (80.4)	36,425 (81.8)	143,400 (78.6)	43,558 (81.9)	62,256 (78.2)	77,328 (81.2)
Gross Profit	21,841	35,122	11,000	12,404	7,335	8,188	38,928	9,603	17,345	17,962
SG&A	15,454	21,993	6,175	7,230	6,854	7,677	27,936	8,955	7,705	11,971
Operating Profit (%)	6,387 (6.4)	13,128 (7.9)	4,825 (9.5)	5,237 (10.5)	481 (1.3)	448 (1.0)	10,992 (6.0)	649 (1.2)	9,640 (12.1)	5,991 (6.3)
Pre-tax Income	5,530	13,386	4,150	5,617	1,140	-238	10,669	2,261	9,815	5,019
Net Income (%)	5,027 (5.1)	11,505 (7.0)	3,501 (6.9)	4,899 (9.8)	654 (1.8)	880 (2.0)	9,934 (5.4)	2,054 (3.9)	8,012 (10.1)	4,481 (4.7)

Summarized Consolidated Balance Sheets_ENGLEWOOD LAB

(mil. KRW)

	2015	2016	2017	2018.Q3
Current Assets	24,751	65,174	46,464	61,017
Non-Current Assets	21,461	19,288	45,982	48,656
Total Assets	46,212	84,462	92,447	109,674
Current Liabilities	9,047	9,651	19,530	29,897
Long-term liabilities	10,511	0	12,585	17,696
Total Liabilities	19,558	9,651	32,116	47,594
Shareholder's Equity	3,782	5,852	5,322	5,527
Total Equity	26,654	74,811	60,331	62,080

(thousand USD)

	2015	2016	2017	2018.Q3
Current Assets	21,196	53,930	43,368	54,837
Non-Current Assets	18,379	15,960	42,918	43,728
Total Assets	39,575	69,890	86,286	98,565
Current Liabilities	7,748	7,986	18,229	26,869
Long-term liabilities	9,001	-	11,747	15,904
Total Liabilities	16,749	7,986	29,976	42,773
Shareholder's Equity	3,239	4,842	4,967	4,967
Total Equity	22,826	61,904	56,310	55,792

Summarized Consolidated Income Statements_ENGLEWOOD LAB

(mil. KRW)

	2015	2016	2017					2018		
			Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Sales	59,648	79,182	20,268	22,792	20,289	23,657	87,135	24,064	25,661	39,832
COGS (%)	45,305 (76)	59,114 (74.7)	14,683 (72.4)	19,945 (87.5)	17,279 (85.2)	22,531 (95.2)	74,656 (85.7)	19,628 (81.6)	22,620 (88.1)	30,709 (77.1)
Gross Profit	14,344	20,068	5,585	2,846	3,010	1,126	12,480	4,436	3,041	9,123
SG&A	8,163	13,043	3,998	5,951	5,673	5,682	21,352	5,302	5,707	4,206
Operating Profit (%)	6,180 (10.4)	7,025 (8.9)	1,588 (7.8)	-3,105 (-13.6)	-2,663 (-13.1)	-4,555 (-19.3)	-8,872 (-10.2)	-866 (-3.6)	-2,666 (-10.4)	4,917 (12.3)
Pre-tax Income	6,195	2,151	1,611	-7,280	-4,806	-4,529	-15,144	-888	-3,050	4,612
Net Income (%)	5,529 (9.3)	-284 (-0.4)	1,184 (5.8)	-6,556 (-28.8)	-4,573 (-22.5)	-3,820 (-16.1)	-13,878 (-15.9)	-888 (-3.7)	-3,050 (-11.9)	3,807 (9.6)

Summarized Consolidated Income Statements_ENGLEWOOD LAB

(thousand USD)

	2015	2016	2017					2018		
			Q1	Q2	Q3	Q4	FY	Q1	Q2	Q3
Sales	52,717	68,231	17,559	20,180	17,919	21,395	77,054	22,442	23,792	35,514
COGS (%)	40,040 (76)	50,939 (74.7)	12,720 (72.4)	17,660 (87.5)	15,261 (85.2)	20,377 (95.2)	66,018 (85.7)	18,305 (81.6)	20,972 (88.1)	27,380 (77.1)
Gross Profit	12,677	17,293	4,839	2,520	2,658	1,018	11,036	4,137	2,820	8,134
SG&A	7,215	11,239	3,464	5,269	5,010	5,138	18,881	4,945	5,292	3,750
Operating Profit (%)	5,462 (10.4)	6,053 (8.9)	1,375 (7.8)	-2,749 (-13.6)	-2,352 (-13.1)	-4,120 (-19.3)	-7,845 (-10.2)	-808 (-3.6)	-2,472 (-10.4)	4,384 (12.3)
Pre-tax Income	5,475	1,854	1,395	-6,446	-4,245	-4,096	-13,391	-828	-2,828	4,112
Net Income (%)	4,886 (9.3)	-244 (-0.4)	1,026 (5.8)	-5,805 (-28.8)	-4,039 (-22.5)	-3,455 (-16.1)	-12,272 (-15.9)	-828 (-3.7)	-2,828 (-11.9)	3,394 (9.6)

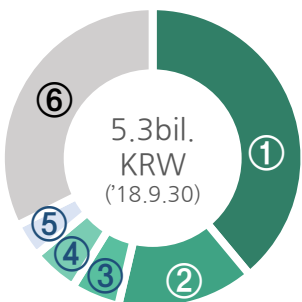
Chapter3! Appendix

- ① Company Overview
- ② Expansion of Overseas Corporation
- ③ Global Offices

Company Overview

Cosmecca KOREA

Company Name	Cosmecca KOREA Co., Ltd
CEO/Chairman	Cho, Im-Rae / Park, Eun-Hee
Date of establishment/ listing	October 5th, 1999 / October 28th, 2016
Employees	730 employees (As of Sep 30th, 2018)
Major Business	Cosmetics R&D and Manufacturing (OEM/ODM)
Capital	5.3 bil.KRW (As of Sep 30th, 2018)
website	www.cosmecca.com

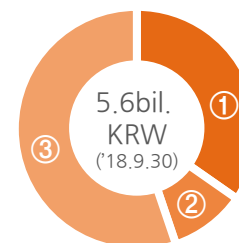


(unit: thousand)

Shareholders	Shares	%
① Major share holders	4,160	39.0%
② Executive & ESOP (employee stock ownership plan)	1,568	14.7%
③ Templeton(Singapore)	554	5.2%
④ Schroder(Singapore)	541	5.1%
⑤ Other foreign shareholders	395	3.7%
⑥ Others	3,463	32.4%
Total	10,681	100.0%

Englewood LAB

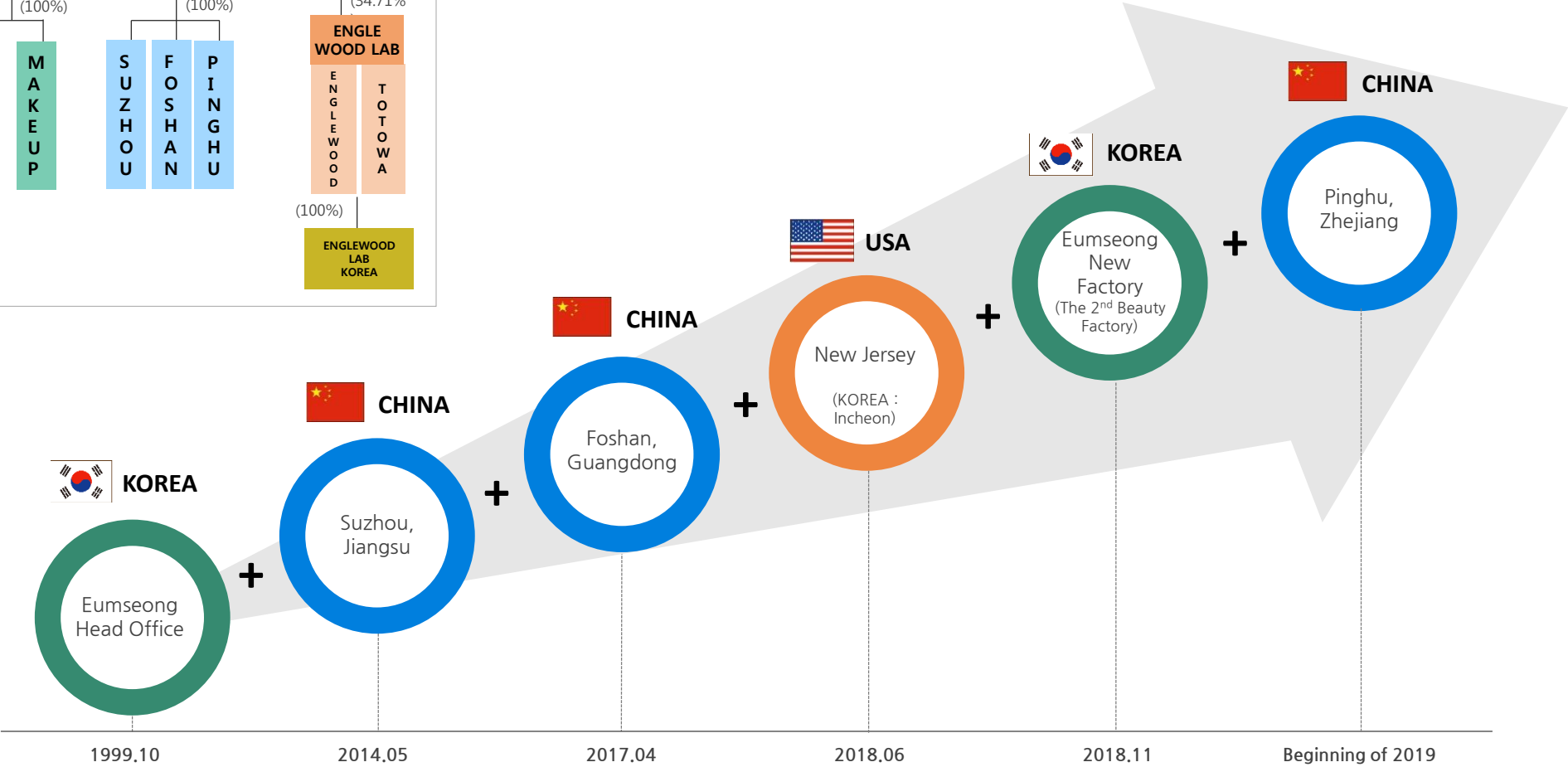
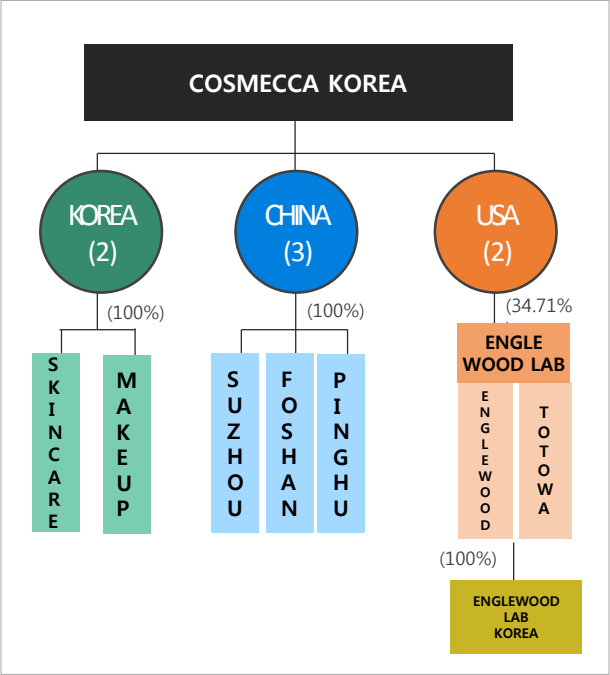
Company Name	Englewood LAB Inc.
CEO	John Hwa Kim
Date of establishment / listing	July 14th, 2004 / October 14th, 2016
Employees	162 employees (As of Sep 30th 2018, USA)
Major Business	Cosmetics R&D and Manufacturing (OEM/ODM)
Shareholder's Equity	5.6 bil.KRW (As of Sep 30th, 2018)
website	www.engagewoodlab.com



(unit: thousand)

Shareholders	Shares	%
① Cosmecca Korea Co., Ltd	6,897	34.7%
② Nihon Kolmar Holdings Co. Ltd	2,000	10.1%
③ Others	10,971	55.2%
Total	19,868	100.0%

Expansion of Overseas Corporation



Global Office <COMECCA KOREA>

COSMECCA

KOREA

● Head Office•Factory (The 1st, 2nd Beauty Factory)

- Location : Eumseong-gun, Chungcheongbuk-do
- Capacity : 310 million unit/year



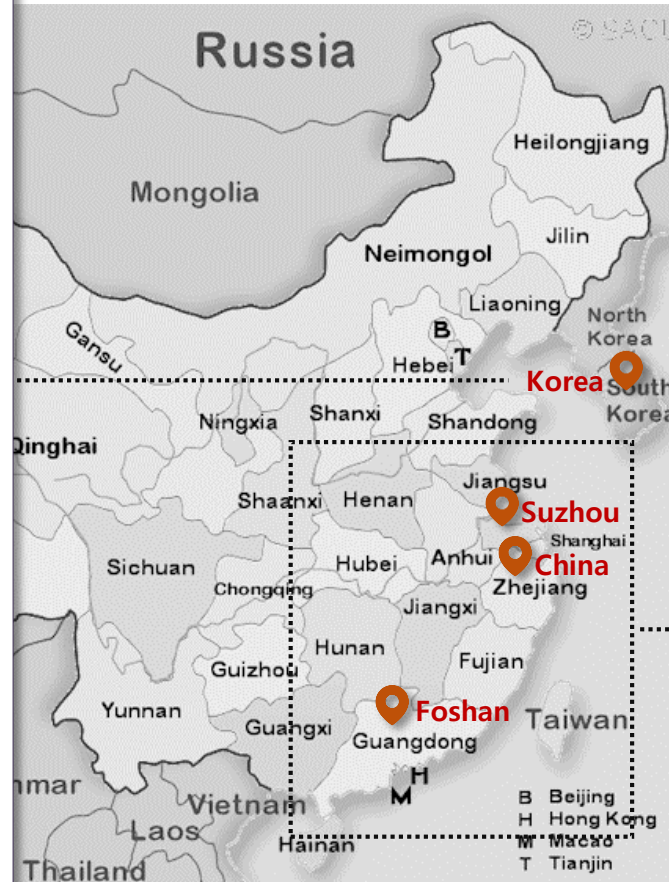
● R&D (CIR Center, Hybrid Innovation Technology R&D Center)

- location : Pangyo, Seongnam-si, Gyeonggi-do



● Marketing Center

- location : Pangyo, Seongnam-si, Gyeonggi-do



CHINA

● Cosmecca Suzhou

- Location : Suzhou, Jiangsu Province(factory)
Shanghai(marketing office)
- Capacity : 80 million unit/year



● Cosmecca Foshan

- Location : Foshan, Guangdong
- Capacity : 40 million unit/year



● Cosmecca China (by Dec of 2018)

- Location : Pinghu, Zhejiang
- Capacity : 120 million unit/year(E)



Global Office

<ENGLEWOOD LAB>

USA

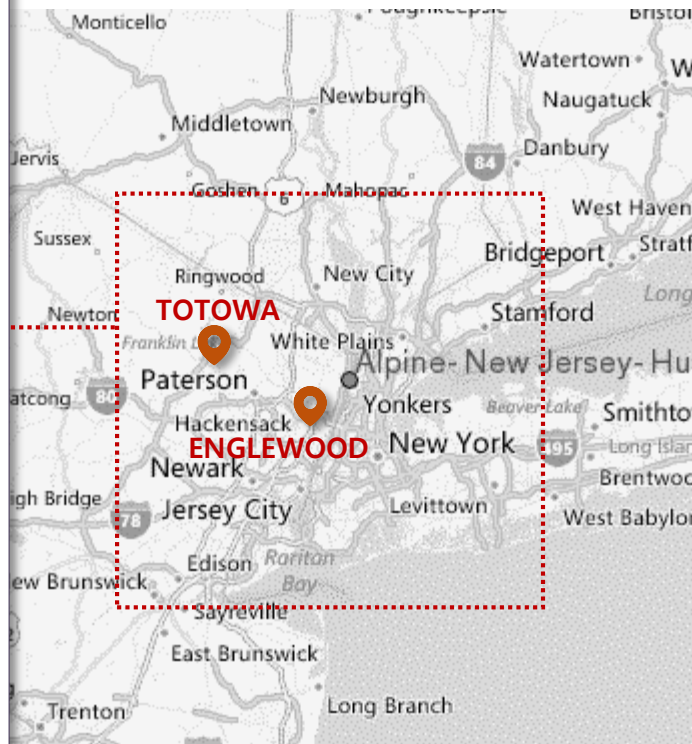
● Englewood Head Office•Factory

- Location : Englewood, New Jersey
- Capacity : 30 million unit/year



● Totowa Factory

- Location : Totowa, New Jersey
- Capacity : 50 million unit/year



KOREA

● Englewood Lab Korea

- Location : Namdong-gu, Incheon
- Capacity : 34 million unit/year



● Englewood Lab Korea

- Location : Namdong-gu, Incheon
- Capacity : 25 million unit/year



