



# Kolmar Korea

## Investor Relations 2020



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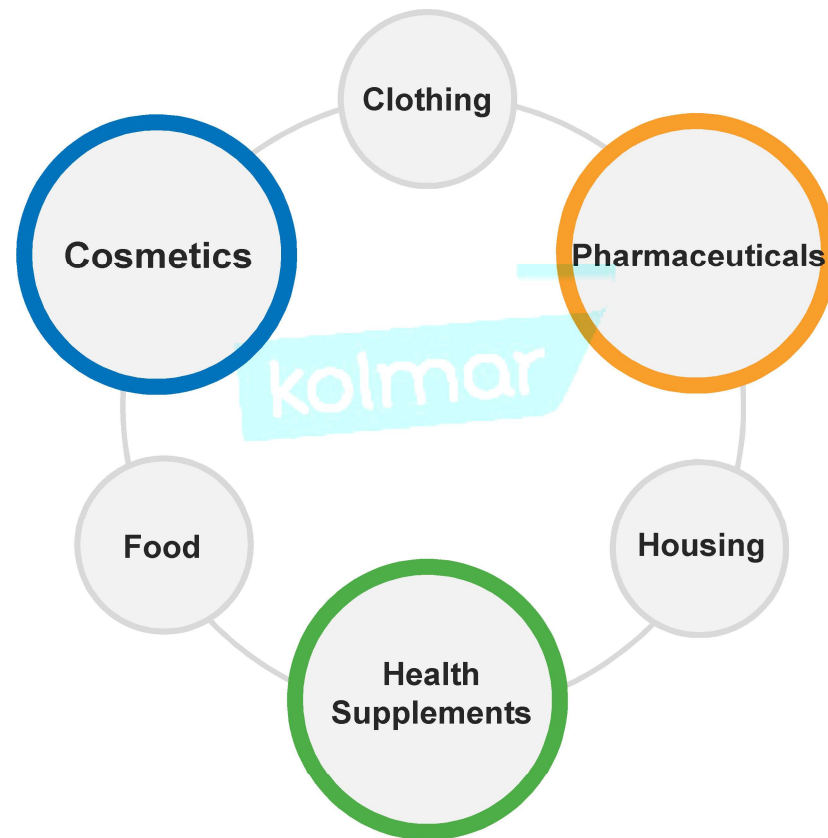
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## Contents

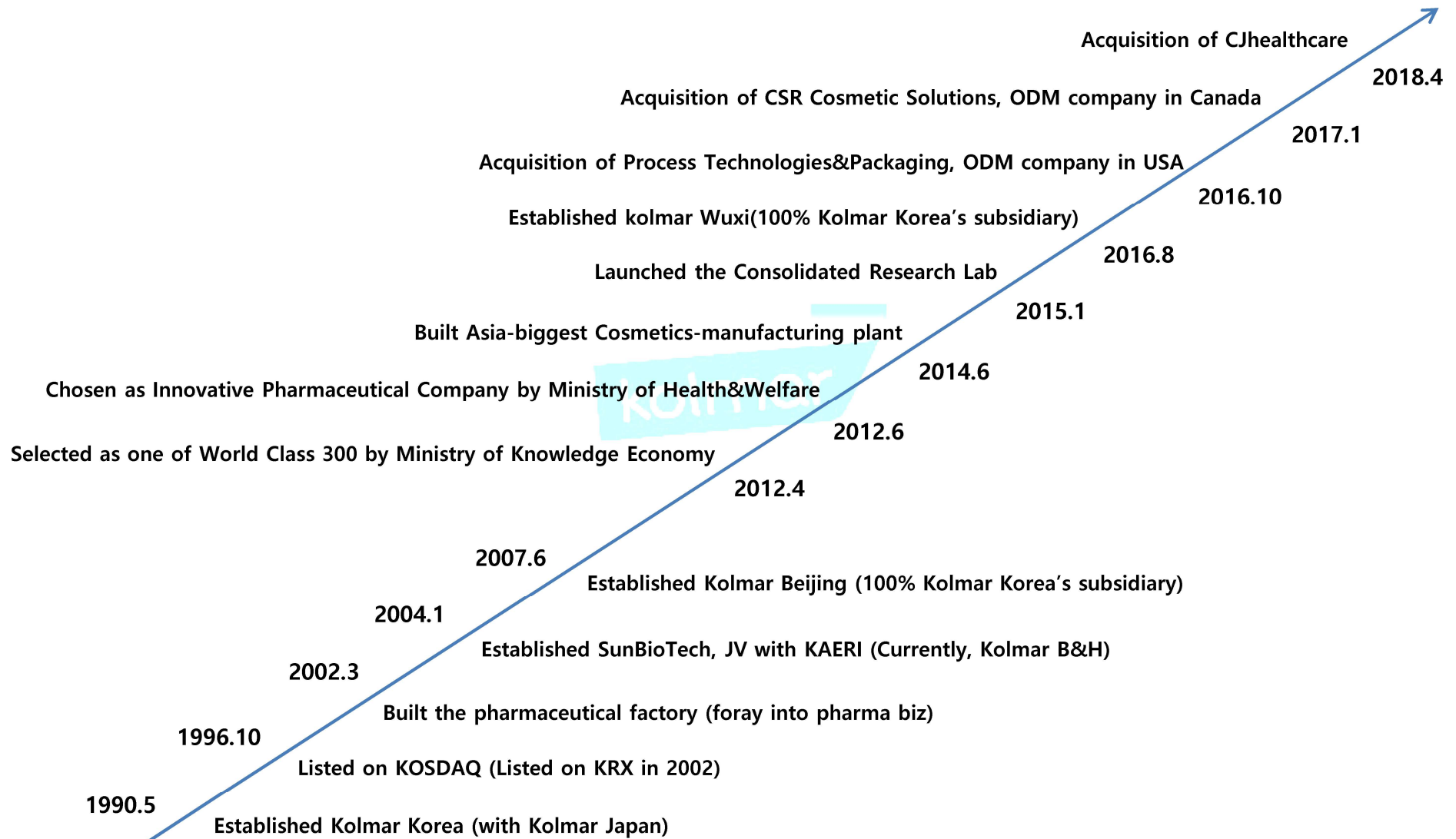
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- Overview
  - Business
  - Appendix



## Overview | Star Business

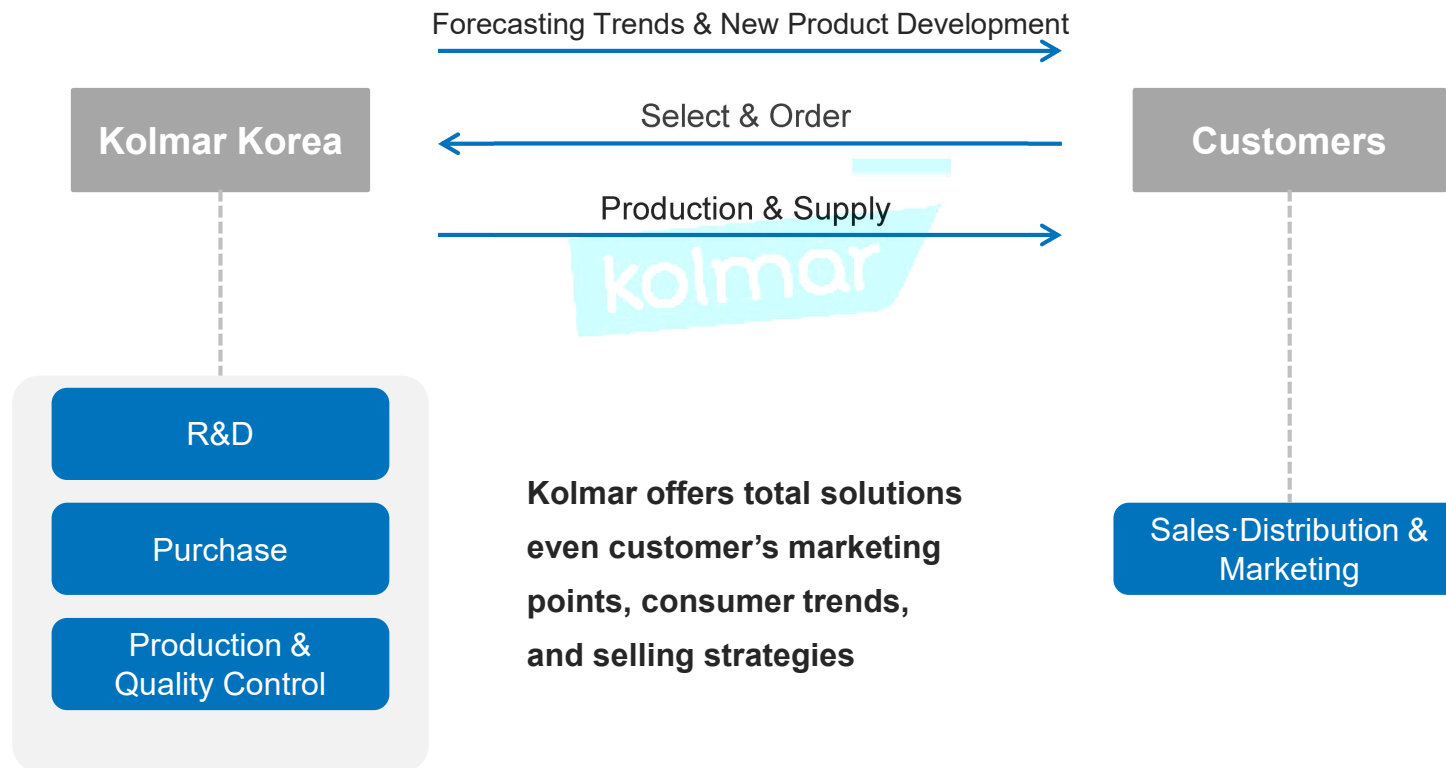


## Overview | History



## Overview | Business Model

### Total ODM / CMO System from suggesting New Concepts to Completing Products



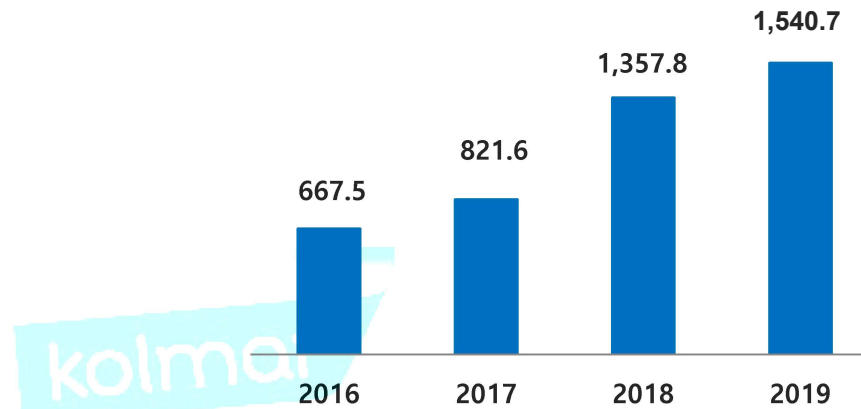
## Global ODM No.1

**1,540.7** billion KRW sales(2019)

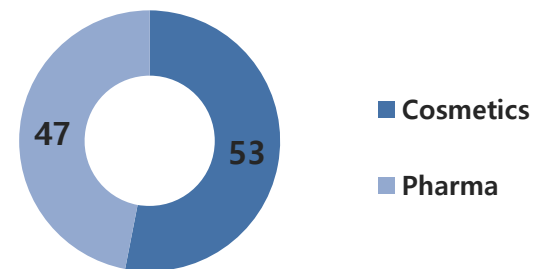
**33%** sales growth(16-19 CAGR)

**About 1,000** clients(2019)

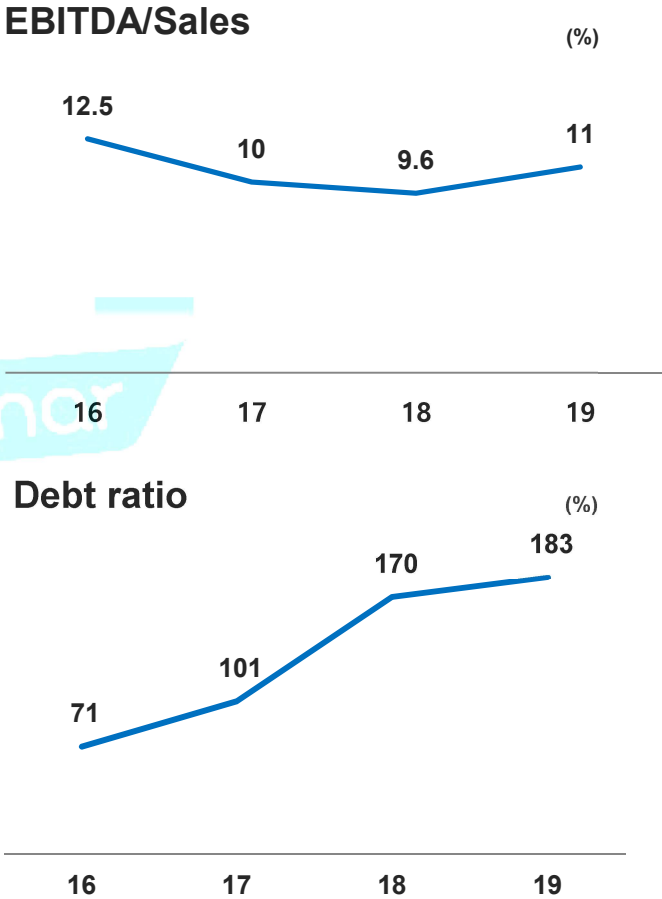
Sales Trend (consolidated basis / billion KRW)



Sales Mix & Share (seperated basis / %)



Stable Profitability  
& Financial Soundness





## Overview | Growth Forecast & Capex Plan

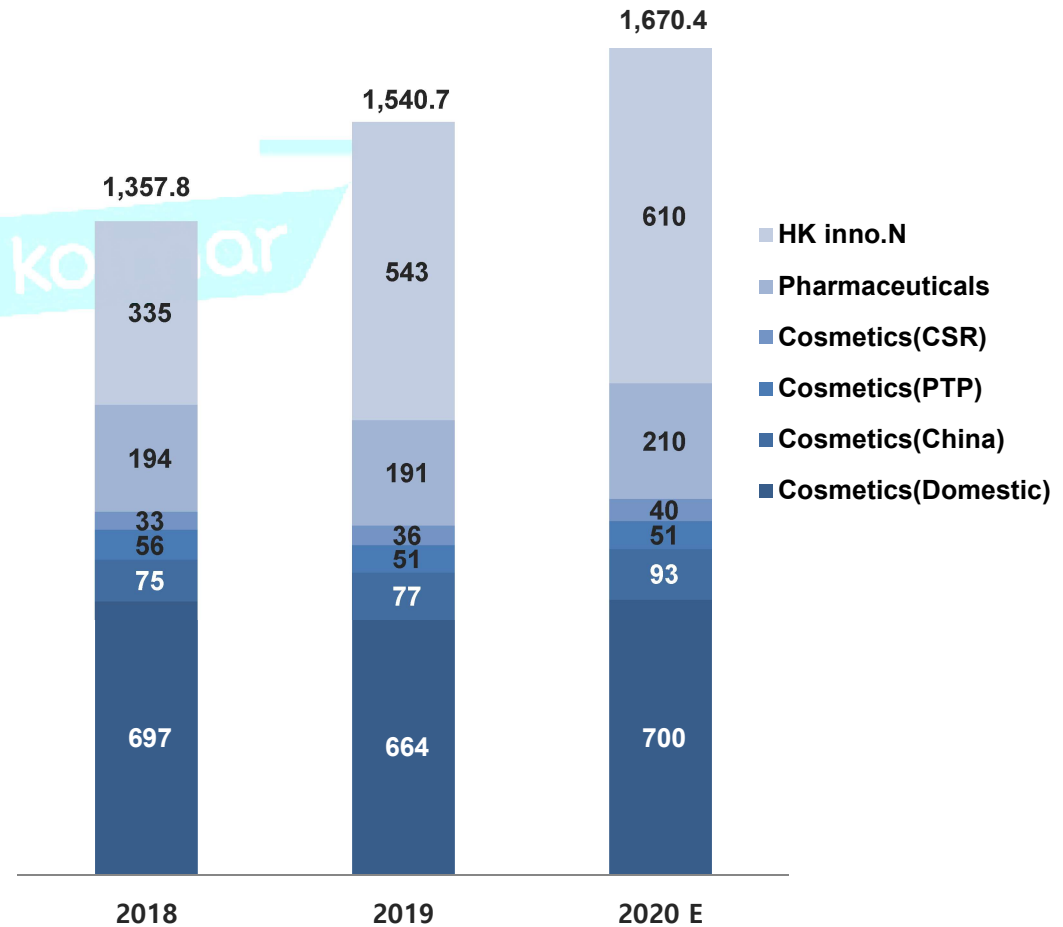
**11%** expected sales growth<sub>(18-20E)</sub>

**60 billion KRW** 2020 CAPEX (Estimate)

- Maintenance cost

### Sales Forecast

(billion KRW)



### R&D-oriented company

- Over 5% R&D investment of total sales
- Over 30% R&D researchers of total staffs
- Launched the Consolidated R&D Lab in January 2015

### Profitability-based sustainable growth

- Sales mix mainly with mid to high-price products
- Steady growth and stable margin with securing diversified clients and distribution channels

### Foray into Global Market

- Cosmetics: Business expansion with global top-tier brands/ Expansion of Chinese business/ Acquisition of US ODM company
- Pharmaceuticals: Aiming for obtaining EU-GMP/ Going into global CMO market



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## Business

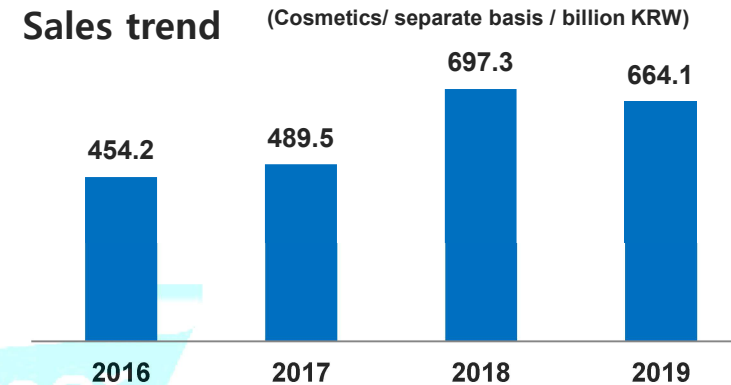
- Cosmetics (Domestic)
- Cosmetics (China)
- Cosmetics (USA)
- Cosmetics (Canada)
- HK inno.N
- Overview of subsidiaries



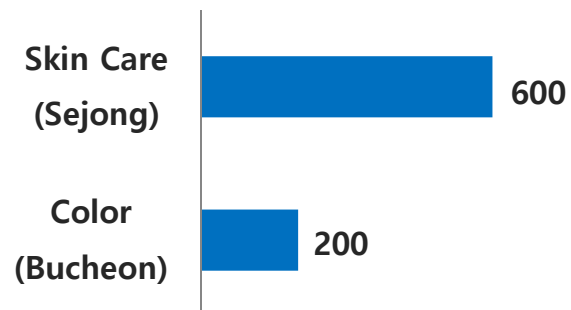
## Cosmetics(Domestic) | Overview

**15%** steady sales growth(16-19 CAGR)

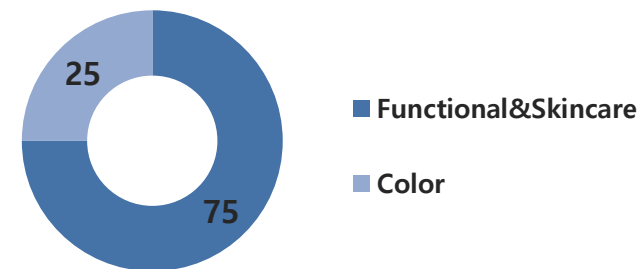
**Biggest capacity in Korea** (2017)



**Capacity** (2019 / billion KRW)



**Sales Mix & Share** (2019 / %)



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## Cosmetics | Core Competence

### Strength in Basic-Functional Skincare Products

- Long product life cycle + Higher margins
- Highly advanced R&D capability
- High customer loyalty

### World-class R&D and Quality Control

- Korea's first US FDA approval in sun care product (2013)

### Synergy with Pharmaceuticals sector R&D

- DDS(Drug Delivery System) applied to cosmetics
- Pharmaceuticals' K-GMP equivalent standard applied to cosmetics manufacturing process



## Cosmetics | Main Products



JMsolution



Dr.G



Dongkook 동국제약  
PHARMACEUTICAL



Dr.Jart+  
Doctor Makes The Difference



## China | Beijing Kolmar & Wuxi Kolmar



**12%** Sales growth rate(18-20E CAGR)

**Kolmar Beijing**

**150 billion KRW** capacity

**2007** established

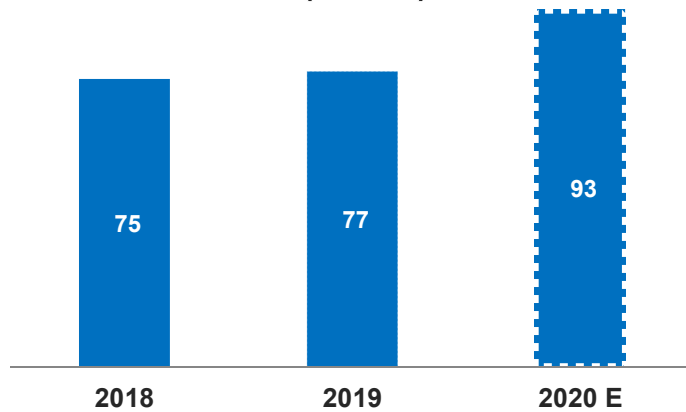
**Kolmar Wuxi**

**350 billion KRW** capacity

**2018** starting operation

Sales Forecast(China)

(billion KRW)



### Two-track strategy : Premium & Masstige

- Beijing Kolmar: Mid to high-price products
- Wuxi Kolmar: Large volume orders of main local Chinese brands

### Made in Kolmar



- Trust in top-class R&D and production abilities of Kolmar Korea
- Pursuit of localizing by operating local R&D lab and hiring local employees





## China | Main Clients



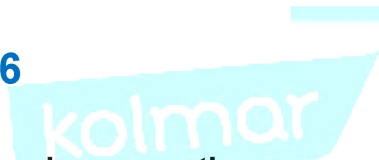
中国驰名商标





### **Acquisition in Oct. 2016**

- Pennsylvania state in USA
- ODM company specialized in color cosmetics
- Supplying color cosmetics to global brands



### **Acquisition with the largest cosmetics sourcing company in North America**

- Kolmar Korea 51%, Wormser corporation 49%
  - Expecting a great synergy effect
- (Kolmar's skincare + PTP's color + Wormser's marketing)





### Established in 1953

- Formerly Kolmar Canada, a subsidiary of Kolmar US
- ODM company specialized in skincare and personal care products (Incl. Solid perfume)
- Strong Partnership with global brands

### Acquisition in Jan. 2017

- Kolmar Korea 85%
- Expecting a great synergy effect



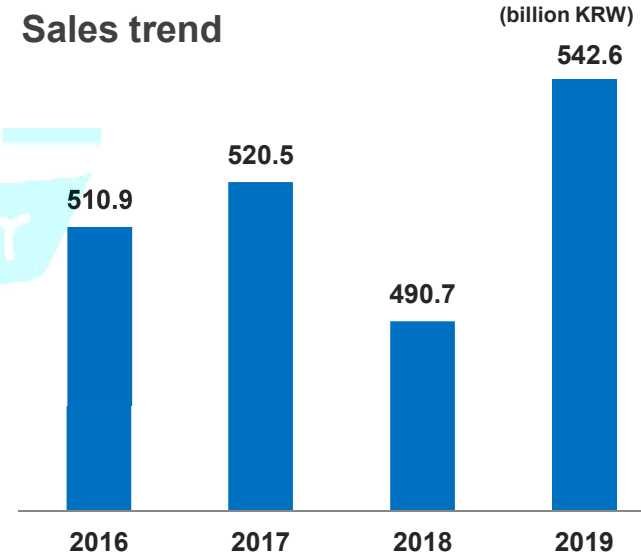
**inno.N**

**April. 2018** Acquired 50.7%



**No. 4** Domestic ETC pharma as of 2017

**OPM 16%** the highest level in pharma market<sup>(2019)</sup>  
(Excluding one-off M&A cost of 2018)



## HK inno.N | Overview

**Profitability** Sales its self-development mainly

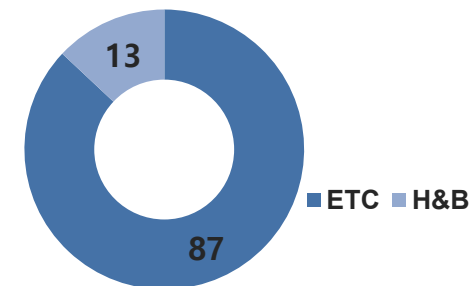
**2019, launching K-CAB** Korea's 30<sup>th</sup> novel drug that won the license in July, 2018

**Average 7%** R&D / Sales (2019)



### Sales Mix & Share

(2019/ %)



### B2B + B2C

- B2B(Kolmar Korea) + B2C(HK inno.N)  
Biggest pharma of Korea

### R&D synergy

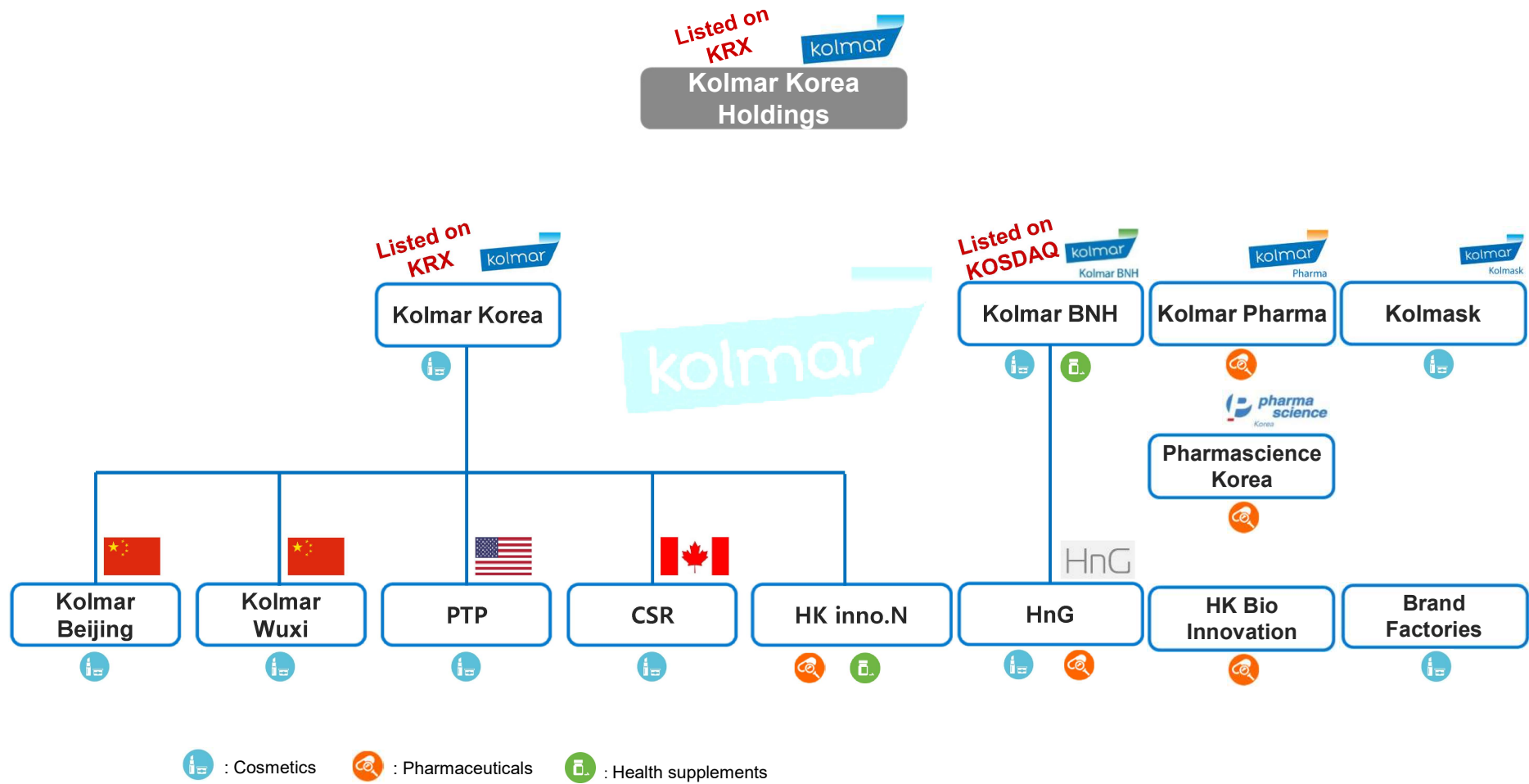
- CMO R&D capability(Kolmar Korea) + New drug capability(HK inno.N)
- Kolmar Korea: Ointment, Solid formulation / OTC
- HK inno.N: Injection, Intravenous / ETC

### Business synergy

- Transfer existing outsourcing CMO of HK inno.N to Kolmar Korea
- Item of Kolmar Korea Added on sales portfolio of HK inno.N



## Overview | Holding structure



## Kolmar BNH | Overview

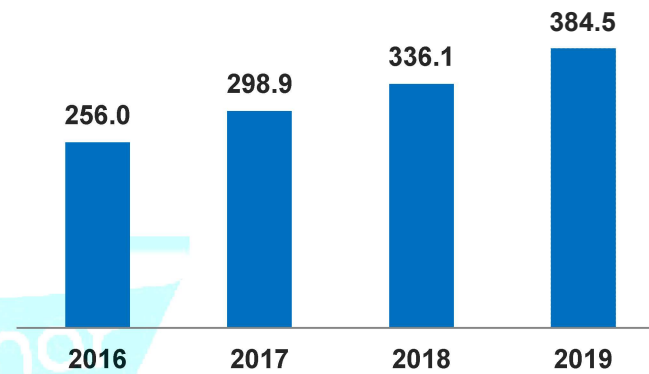
**16%** sales growth (16-19 CAGR)

**16%** stable operating profit margin (2019)

**26%** debt ratio (2019)

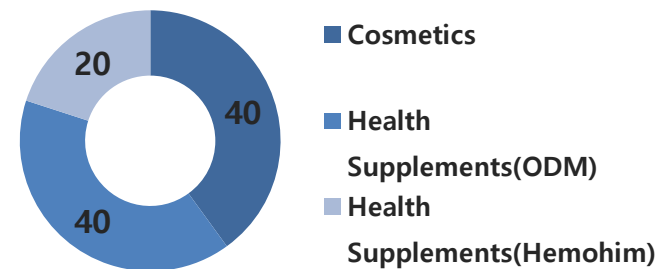
### Sales Trend

(billion KRW)



### Sales Mix & Share

2019 (%)





## The first joint venture with government

Kolmar Korea & KAERI co-founded in 2004

## Natural formula based new materials R&D company

Won IR52 Jang yeoung-sil Award for the first time in cosmetics industry

## Kolmar Network

Maximizing synergy between cosmetics and pharmaceuticals R&D know-how



## Appendix | Financial Summaries(Kolmar Korea)

### Financial summary (Consolidated)

(100 million KRW)

	2016	2017	2018	2019
Current Assets	2,641	3,659	5,552	6,460
Noncurrent Assets	2,299	3,026	16,312	17,543
Total Assets	4,939	6,685	21,864	24,003
Current Liabilities	1,960	2,120	5,173	7,074
Noncurrent Liabilities	91	1,239	8,593	8,450
Total Liabilities	2,051	3,359	13,766	15,524
Equity	2,888	3,326	8,098	8,479
Sales	6,675	8,216	13,579	15,407
OP	735	670	900	1,178
NP	531	486	368	336
Debt ratio	71.02%	101.0	169.9	183.1

### Financial summary (Separate)

(100 million KRW)

	2016	2017	2018	2019
Current Assets	1,960	3,003	2,558	3,070
Noncurrent Assets	1,969	2,421	6,259	6,997
Total Assets	3,929	5,424	8,817	10,067
Current Liabilities	1,287	1,408	2,475	3,574
Noncurrent Liabilities	44	1,044	1,929	1,654
Total Liabilities	1,330	2,452	4,404	5,228
Equity	2,599	2,971	4,413	4,839
Sales	6,196	6,816	8,917	8,546
OP	700	613	710	580
NP	514	442	521	401
Debt ratio	51.19%	82.4	99.8	108.1



## Appendix | Kolmar Korea Fact Sheet

### Revenue

(100 million KRW)

	17. 03	17. 06	17. 09	17. 12	17 A	18. 03	18. 06	18. 09	18. 12	18 A	19. 03	19. 06	19. 09	19. 12	19 A	20. 03	20. 06	20. 09	20A yoy	3Q y_y	3Q q_q
Cosmetics	1,230	1,220	1,141	1,304	4,895	1,564	1,930	1,774	1,705	6,973	1,804	1,969	1,452	1,580	6,805	1,726	1,609	1,382	-9.7%	-4.8%	-14.1%
Domestic	1,151	1,153	1,051	1,215	4,570	1,462	1,758	1,593	1,582	6,395	1,681	1,870	1,362	1,479	6,392	1,645	1,509	1,287	-9.6%	-5.5%	-14.7%
Export	79	67	90	89	325	102	172	181	123	578	123	99	90	101	413	81	100	95	-11.5%	5.8%	-4.8%
Pharmaceuticals	465	491	484	481	1,921	520	529	446	449	1,944	-	-	-	503	503	-	-	-	-	-	-
Revenue(Separate)	1,695	1,711	1,625	1,785	6,816	2,084	2,459	2,220	2,154	8,917	1,804	1,969	1,452	2,083	7,308	1,726	1,609	1,382	-9.7%	-4.8%	-14.1%
Kolmar Beijing	107	143	114	212	576	158	217	184	185	744	151	163	114	127	555	58	79	44	-57.7%	-61.6%	-44.5%
Kolmar Wuxi	-	-	-	-	-	-	-	-	6	6	26	49	52	88	215	68	133	125	157.5%	142.2%	-5.7%
PTP	166	165	193	145	669	142	134	134	146	556	139	164	122	84	510	100	67	83	-41.4%	-32.2%	24.1%
CSR	66	82	37	94	279	80	82	79	85	326	86	103	92	82	363	82	79	82	-13.8%	-11.3%	4.4%
HKN	-	-	-	-	-	1	800	1,240	1,310	3,350	1,262	1,271	1,419	1,474	5,426	1,328	1,309	1,501	4.7%	5.8%	14.6%
Consolidated adj.	- 20	- 30	- 27	- 47	- 124	- 39	- 92	- 103	- 87	- 321	- 52	- 39	- 31	- 44	- 166	- 29	- 54	- 41	-	-	-
Revenue(Consolidated)	2,014	2,071	1,942	2,189	8,216	2,425	3,600	3,754	3,799	13,578	3,417	3,680	3,221	3,894	14,211	3,333	3,221	3,176	-5.7%	-1.4%	-1.4%

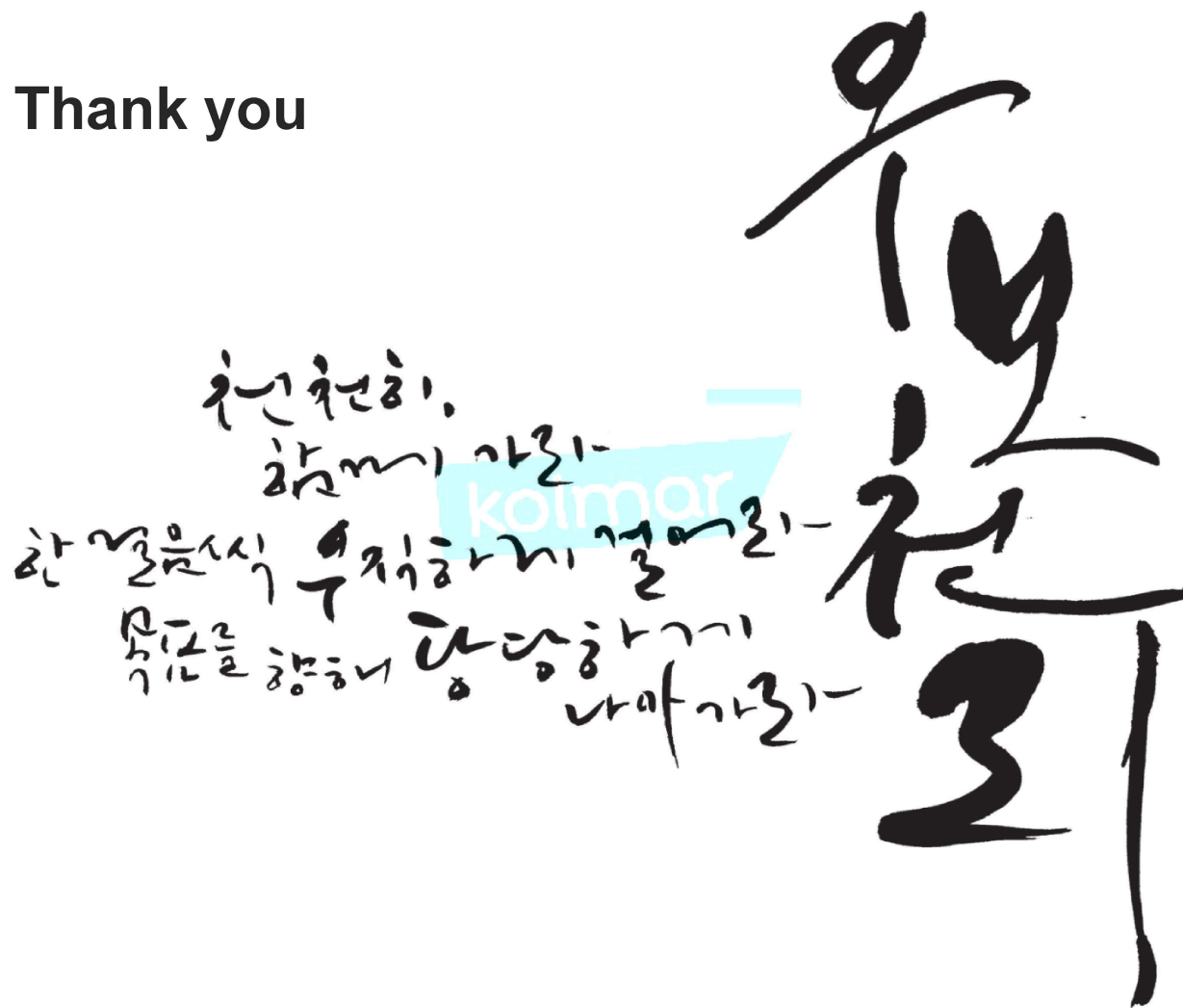
### Profit

(100 million KRW)

	17. 03	17. 06	17. 09	17. 12	17 A	18. 03	18. 06	18. 09	18. 12	18 A	19. 03	19. 06	19. 09	19. 12	19 A	20. 03	20. 06	20. 09	20A yoy	3Q y_y	3Q q_q
OP(Separate)	177	151	137	148	613	171	223	116	200	710	139	152	37	123	451	127	188	118	32.0%	218.9%	-37.2%
OP%(Separate)	10.4%	8.8%	8.4%	8.3%	9.0%	8.2%	9.1%	5.2%	9.3%	8.0%	7.7%	7.7%	3.2%	5.9%	6.2%	7.4%	11.7%	8.5%	-	-	-26.9%
OP(Consolidated)	206	170	154	140	670	180	245	78	397	900	272	318	180	278	1,048	236	272	189	-9.5%	5.0%	-30.5%
OP%(Consolidated)	10.2%	8.2%	7.9%	6.4%	8.2%	7.4%	6.8%	2.1%	10.5%	6.6%	8.0%	8.6%	5.6%	7.2%	7.4%	7.1%	8.4%	6.0%	-	-	-29.5%



Thank you



\* A journey of a thousand miles with a single step

