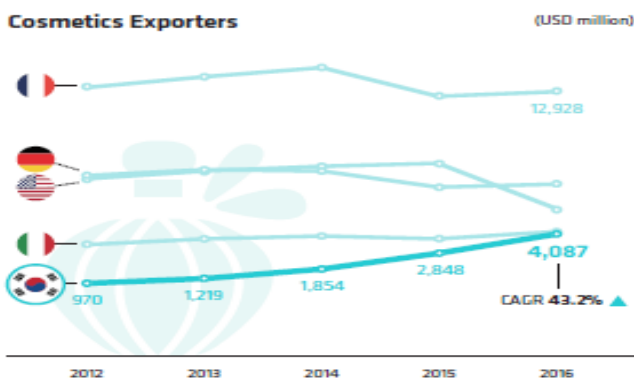


K-Beauty

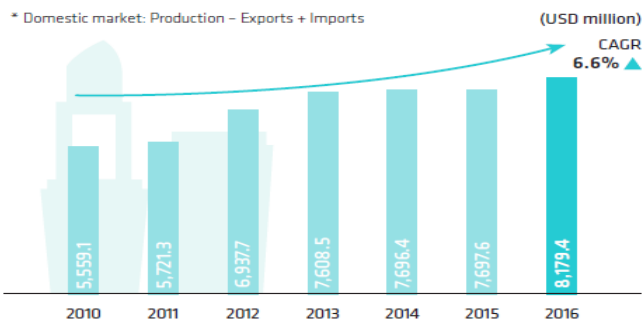
Cosmetic Sales **USD 8,428 million**
(2017)

Korea is a center for innovation in the cosmetics industry. Korea's cosmetics market ranks 8th in size globally, and cosmetics exports have been recording an impressive growth rate of 43.2% per year since 2012, alongside the influence of K-beauty and the rise in popularity of Korean culture in general. In the greater China region, as of 2017, cosmetics made up about 64% of total exports.



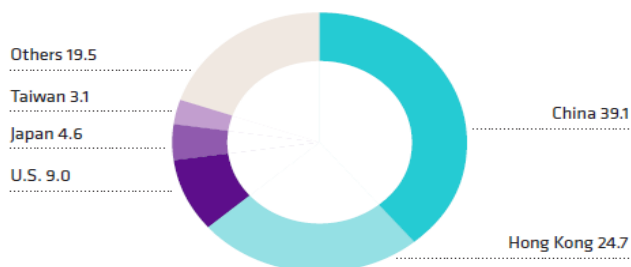
(Source: UN Data 2017, Foundation of Korea Cosmetic Industry Institute 2017)

Domestic Market Size of Korea's Cosmetics Industry



(Source: Korea Health Industry Development Institute, 2017 Report on Analysis of the Cosmetics Industry)

Proportion of Korean Cosmetics Exports (2017)



(Source: Foundation of Korea Cosmetic Industry Institute)

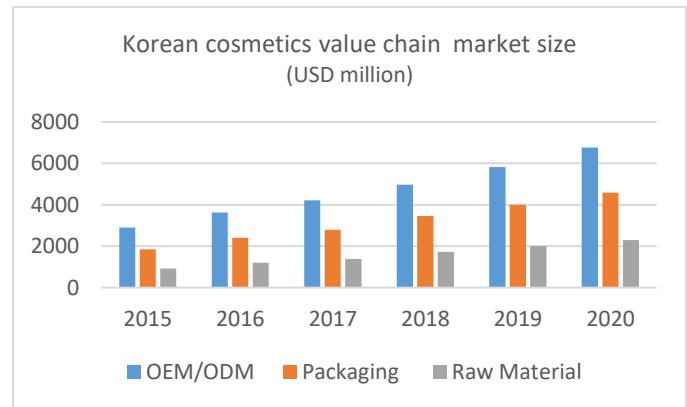
Top 10 Korean Cosmetics Companies

Rank	Company	Revenue (USD million)	
		2018	2017
1	AMOREPACIFIC Group	6,321	6,291
2	LG Household & Health Care	3,905	3,309
3	CJ OLIVENETWORKS	2,048	1,822
4	Caver Korea	659	520
5	Atomy	657	697
6	Innisfree	598	642
7	The Face Shop	487	547
8	HAVE&BE	469	362
9	Able C&C	345	373
10	Nature Republic	235	228

(Source: The Financial Supervisory Service(FSS) in South Korea)

Global luxury cosmetics companies are ordering OEM/ODM to Korea. In 2016, American cosmetics company Nerium transferred its production base from the US to Korea and commissioned production to Cosmax. Cushion product of Lancome, produced by ODM at Cosmax, created a great sensation in Europe and China. Many brands such as Estee Lauder, Mary Kay, L'OCCITANE, Yves Saint Laurent and Shu Uemura are turning their products into 'Made in Korea'.

Korean Cosmetics Value Chain Market Size



(Source: Hana financial investment)

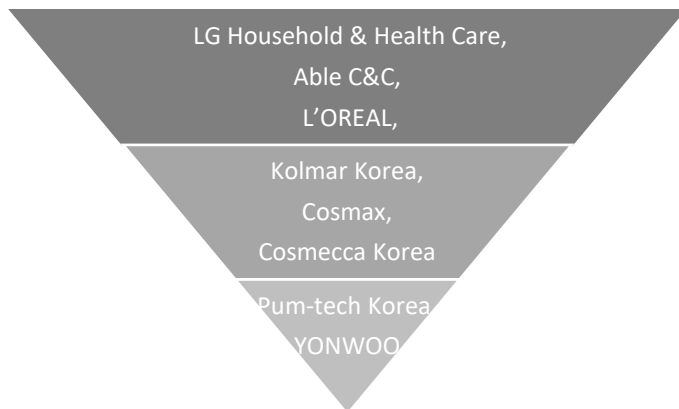
In the cosmetics value chain, top tier companies are enjoying high market share and growth in the brand and ODM market.

Top OEM/ODM Companies

Rank	Company	Revenue (USD million)	
		2018	2017
1	Kolmar Korea	1,183	716
2	Cosmax	1,098	770
3	Cosmecca Korea	264	158
4	Coson	72	74

(Source: company website)

Cosmetics Value Chain and Competition



(Source: Hana financial investment)

The Korean cosmetics raw material market increased its popularity with K-Beauty brand along with the Korean Wave, and new technology and new material development companies using domestic raw materials are doing business with global cosmetics brand companies.

Top Korean Cosmetics Raw Material Companies

	Company	Customers
1	Kolmar Korea	AHC Eye Cream, Dr. Jaridt, L'Occitane, Erborian, Amway
2	SK biloand	AMOREPACIFIC LG Household & Health Care L'OREAL, Christian Dior, Johnson & Johnson, CLARINS, SHISEIDO
3	Daebong Life Science	AMOREPACIFIC LG Household & Health Care
4	ACT	AMOREPACIFIC LG Household & Health Care
5	B&B	AMOREPACIFIC, Kolmar COSMAX, COSMECCA Leaders Cosmetic, Avon, Nivea

(Source: Hana financial investment)

Few cosmetics packaging manufacturers cover 100% of market share in domestic premium cosmetics packaging market.

Top Korean Cosmetics Packaging Companies

	Company	Customers
1	YONWOO	AMOREPACIFIC LG Household & Health Care
2	Pum-tech Korea	AMOREPACIFIC, SKINFOOD THEFACESHOP, LG Household & Health Care, MISSHA, Nature Republic, Coreana, ESTEE LAUDER, SEPHORA, Dior, P&G
3	Taesung Group	Tonymoly, ESTEE LAUDER, Lancome
4	Samhwa Plastic	Saint Laurent, SHISEIDO, CHANEL

(Source: Hana financial investment)

Success Story 1

Migros acquired GWSS Cosmetics

Through its subsidiary Mibelle, Migros, the largest Swiss distribution network, acquired 51% of the stakes of GWSS Cosmetics, a Korean cosmetics company well-known for "Dr. G." This acquisition shows the interest that global companies have in the South Korean beauty industry. Encouraged by the K-beauty trend, they wish to advance into not only the Korean market, but also into the markets of China and Hong Kong.

(Source: Mibelle, 2018)

Success Story 2

Givaudan collaborate with Bio FD&C

As part of its 2020 strategy to expand the capabilities of our Active Beauty business, Givaudan today announced that it has entered into a long term partnership with Bio FD&C, a South Korean beauty innovation company. Givaudan and Bio FD&C will mutually benefit from their respective know-how in research and development dedicated to bringing the best anti-ageing cosmetic ingredients to consumers. This collaboration will further enhance Givaudan's skills in plant cell culture and phytopeptides technologies and will also further advance our Active Beauty business' expertise in biotechnology.

(Source: Givaudan Media 2019)

KOTRA (Korea Trade-Investment Promotion Agency) is a state-run trade and investment promotion organization established in 1962. Since then, it has facilitated Korea's rapid export led economic development through various trade promotional activities such as overseas market surveys, SME export promotion, trade information services, and government-to-government export. Furthermore, KOTRA hosts a wide range of promotional events to spur foreign direct investment (FDI) in Korea through Invest KOREA.

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