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AMOREPACIFIC CORP.

AMOREPACIFIC Corporation 1Q 2018 Earnings Release

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As a note, it is suggested to use this material only as a reference, as it contains information and data that are subject to changes without prior notice due to uncertainties, changes in the organizational structure, redefinition of accounting policies, etc., and may cause the actual results to differ from those stated or implied in this material.

AMOREPACIFIC Corp. has adopted the K-IFRS since 2011.

Sales down 8.8% to KRW 1.4 trillion, Operating Profit down 25.5% to KRW 235.9 billion

Sales & Operating Profit by Division

Unit: KRW bn

	2017 1Q	% of sales	2018 1Q	% of sales	YoY(%)
Sales	1,569.0	100.0%	1,431.6	100.0%	-8.8
Domestic	1,104.4	70.4%	940.8	65.7%	-14.8
Cosmetics	941.3	60.0%	780.7	54.5%	-17.1
Mass & Osulloc	163.1	10.4%	160.2	11.2%	-1.8
Overseas	477.0	30.4%	500.8	35.0%	5.0
Others*	-12.3		-10.1		
	2017 1Q	OPM(%)	2018 1Q	OPM(%)	YoY(%)
Operating Profit	316.8	20.2%	235.9	16.5%	-25.5
Domestic	234.0	21.2%	157.5	16.7%	-32.7
Cosmetics	214.5	22.8%	140.5	18.0%	-34.5
Mass & Osulloc	19.5	11.9%	16.9	10.6%	-13.1
Overseas	88.1	18.5%	81.5	16.3%	-7.4
Others*	-5.3		-3.0		
Net Profit	223.5	14.2%	176.7	12.3%	-20.9%

Others* : Intercompany Transaction

Revenue and Operating Profit decreased due to decline in number of Chinese tourists

Luxury

- Revenue decreased for key brands in travel retail channel due to decline in number of Chinese tourists and efforts to improve channel management
- Launched diverse new products to expand customer coverage and strengthen brand competitiveness : 'Sulwhasoo Bloomstay Vitalizing Line,' 'Snowise Brightening Exfoliating Mask,' 'Hera Rosy-Satin Cream,' 'Primer a Men Watery Fluid'

Premium

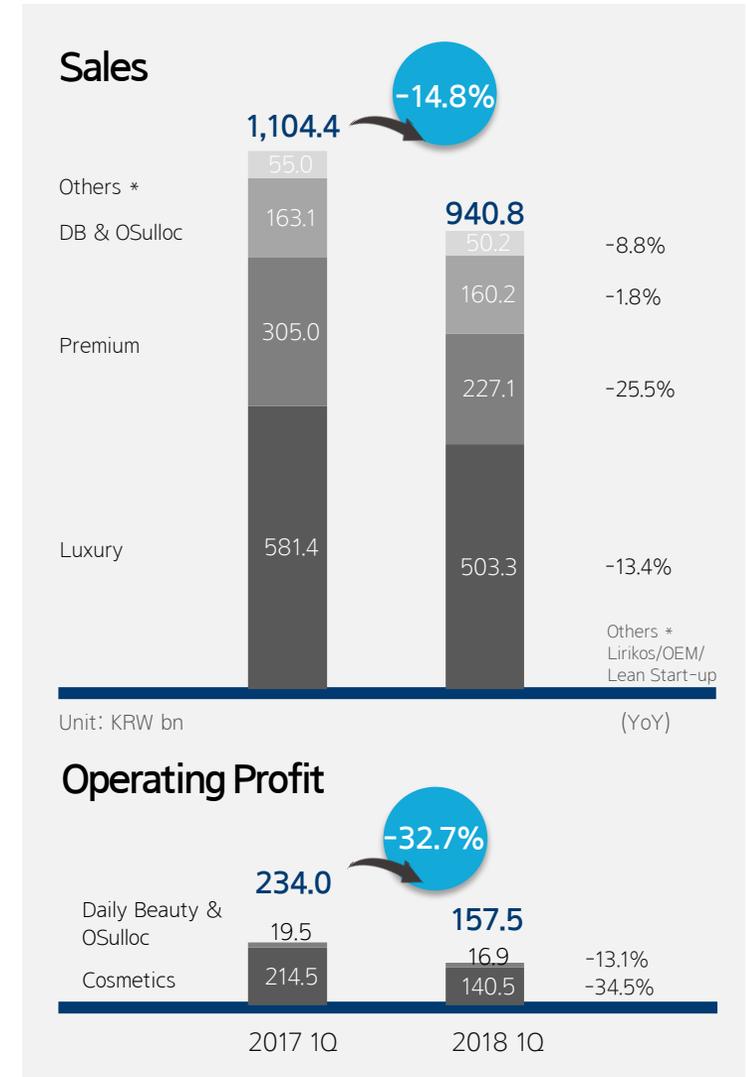
- Revenue decreased due to slowdown in travel retail channel and key tourist attraction areas as well as adjustments in home shopping channel's brand portfolio
- Enhanced brand appeal through launch of differentiated new products and renewal of key products : 'Laneige Layering Cover Cushion,' 'Iope Super Vital Cream,' 'Mamonde Creamy Tint Squeeze Lip'
- Strengthened online/offline channel competitiveness and enhanced customer experience by opening Laneige 'Water Bar' pop-up store, launching Aritaum 'Smart Club,' releasing online exclusive products, etc.

Daily Beauty

- Online revenue increased sharply by strengthening customized marketing activities for each digital platform
- Maintained solid leadership through increased sales of functional hair and body care products ('Mise en scène Perfect Repair Serum,' 'Iliyon Ceramide Ato Concentration Cream,' etc) and launch of diverse new products

OSulloc

- Increased customer base for directly run online mall and attracted new customers through stronger digital marketing
- Increased sales of key Pure Teas ('Sejac,' 'Samdayeon,' etc) and Blended Teas ('Samdayeon Jeju Tangerine,' 'Scene of Jeju,' etc)



Asia

[Sulwhasoo] Enhanced its leadership as Asia's representative luxury beauty brand

- Steady sales of key new products ('Essential Balancing Water EX/ Essential Balancing Emulsion EX') and representative products ('First Care Activating Serum EX,' 'Snowise Brightening Serum,' 'Timetreasure Line')
- Achieved solid revenue growth in China and ASEAN by launching new stores and expanding point of sales

[Laneige] Supported sales growth in Greater China by strengthening product portfolio

- Revenue grew in Greater China through steady moisturizing category sales ('Perfect Renew,' 'Special Care,' etc.)
- Enhanced brand competitiveness with innovative product ('Layering Cover Cushion') launch in ASEAN market

[Mamonde] Diversified point of sales through channel expansion

- Continued channel reorganization in China to set the foundation for quality growth
- Expanded entry into multi-brand shops (Sephora, Eveandboy) in ASEAN market

[Innisfree] Accelerated its global business expansion by enhancing its natural brand image

- Enhanced market responsiveness by launching localized products for the Chinese market ('White Peony Tone-Up Cream'), and continued sales growth of best-selling products ('Green Tea,' 'Orchid')
- Accelerated global business expansion by opening first store in Japan, expanding online/offline stores in ASEAN, etc.

[Etude House] Strengthened brand position as a global young make-up brand

- Continued solid sales growth in Japan, expanded e-commerce platform in China and ASEAN, and converted into direct operation model in Taiwan
- Entered the Middle Eastern market by opening first store in UAE/Kuwait

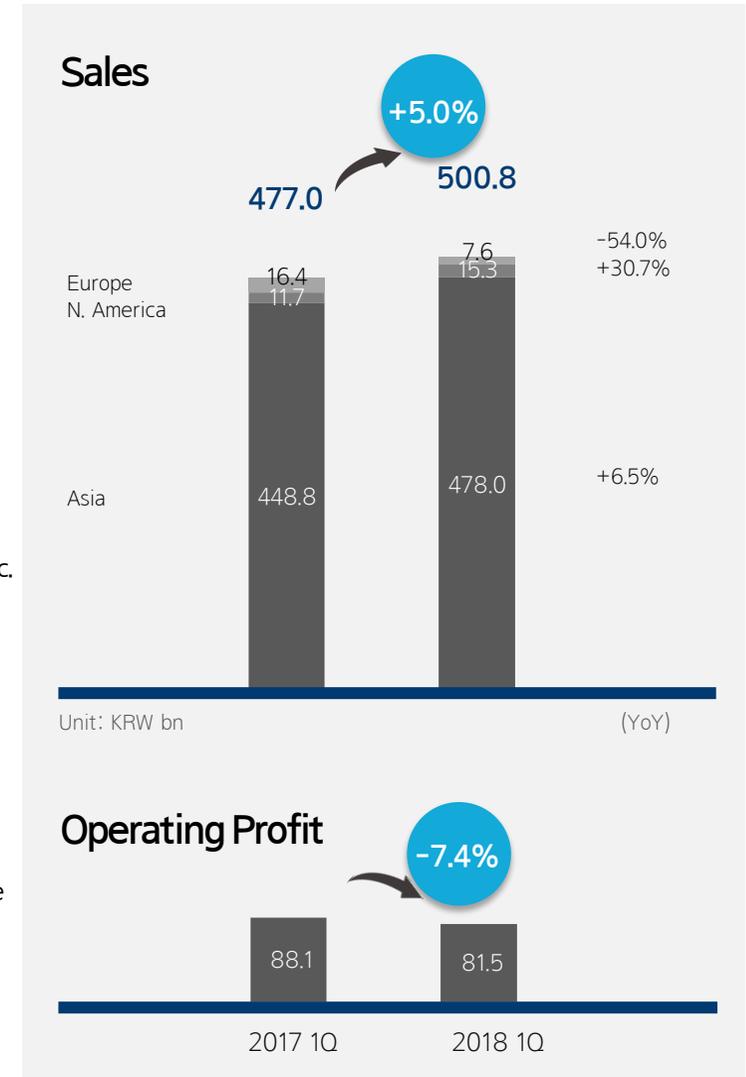
North America

Strengthened the foundation for growth by expanding brand and channel portfolio

- Increased revenue through steady sales of Laneige in Sephora and Innisfree flagship store, and launched Mamonde in the US within Ulta stores
- Operating profit declined with new brand launch and increased channel investments

Europe

Revenue and operating profit decreased from termination of Lolita Lempicka license
Enhanced competitiveness through Annick Goutal brand renewal ('Goutal Paris')



Income Statement

Unit: KRW bn

	2017 1Q		2018 1Q	
Sales	1,569.0	100.0%	1,431.6	100.0%
Gross Profit	1,183.0	75.4%	1,049.2	73.3%
SG&A expenses	866.2	55.2%	813.3	56.8%
Operating Profit	316.8	20.2%	235.9	16.5%
Non-operating Profit/Expenses	(21.8)		0.5	
Profit before tax	295.0	18.8%	236.4	16.5%
Consolidated net income	223.5	14.2%	176.7	12.3%

Statement of Financial Position

Unit: KRW bn

	2017.12	2018.03
	Assets	5,375.7
Current assets	1,677.5	1,868.9
Non-current assets	3,698.2	3,743.4
Liabilities	1,200.3	1,332.7
Current liabilities	1,046.4	1,163.1
Non-current liabilities	153.9	169.6
Shareholder's Equity	4,175.4	4,279.5
Capital stock	34.5	34.5
Additional paid-in capital	712.7	712.7
Capital surplus	7.8	7.8
Other components of equity	(17.6)	(17.6)
Accumulated other comprehensive income	(40.1)	(24.5)
Retained earnings	3,456.5	3,540.9
Non-controlling interest	21.6	25.8