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AMORE PACIFIC CORP.

AMOREPACIFIC Corporation 1Q 2019 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 many cause the actual results to differ from those stated or implied in this material.

Revenue up 1.4% to KRW 1.5 trillion, Operating Profit down 20.9% to KRW 186.6 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	2018 1Q	% of revenue	2019 1Q	% of revenue	YoY(%)
Revenue	1,431.6	100.0	1,451.3	100.0	1.4
Domestic	940.8	65.7	940.7	64.8	-0.0
Cosmetics	780.7	54.5	789.4	54.4	1.1
Daily Beauty & Osulloc	160.2	11.2	151.3	10.4	-5.5
Overseas	500.8	35.0	521.8	36.0	4.2
Others*	-10.1		-11.3		
	2018 1Q	OPM(%)	2019 1Q	OPM(%)	YoY(%)
Operating Profit	235.9	16.5	186.6	12.9	-20.9
Domestic	157.5	16.7	129.5	13.8	-17.8
Cosmetics	140.5	18.0	117.6	14.9	-16.3
Daily Beauty & Osulloc	16.9	10.6	11.8	7.8	-30.2
Overseas	81.5	16.3	45.9	8.8	-43.7
Others*	-3.0		11.2		
Net Profit	176.7	12.3	122.2	8.4	-30.8

Others* : Intercompany Transaction

[Revenue and business activities]

Luxury

- Revenue increased through stronger sales of Sulwhasoo within travel retail channel
- Enhanced brand competitiveness by concentrating on key categories of each brand : Launched renewed 'Sulwhasoo Timetreasure line', 'Hera Sensual intense lipstick', renewed 'Vitalbeautie Meta green' etc.
- Strengthened customer communication through various on/offline marketing activities and enhanced brand appeal : Opened Sulwhasoo 'Bloomstay Vitalizing line' digital pop-up store and VR experiential space, implemented Hera 'Red vive campaign'

Premium

- Total revenue declined due to restructuring of ARITAUM channel
- Established base for growth through launch of differentiated and innovative new products : Achieved steady sales of new product line of 'Iope Stem III Ampule', 'Laneige Cream Skin Refiner Mist', 'Mamonde Red Energy Recovery Serum'
- Make-up category revenue increased due to launch of red vive color in Laneige ('Silk Intense Lipstick', 'Stained Glastick') and Mamonde ('Creamy Tint Color Balm') and steady sales of key products in face make-up category

Daily Beauty

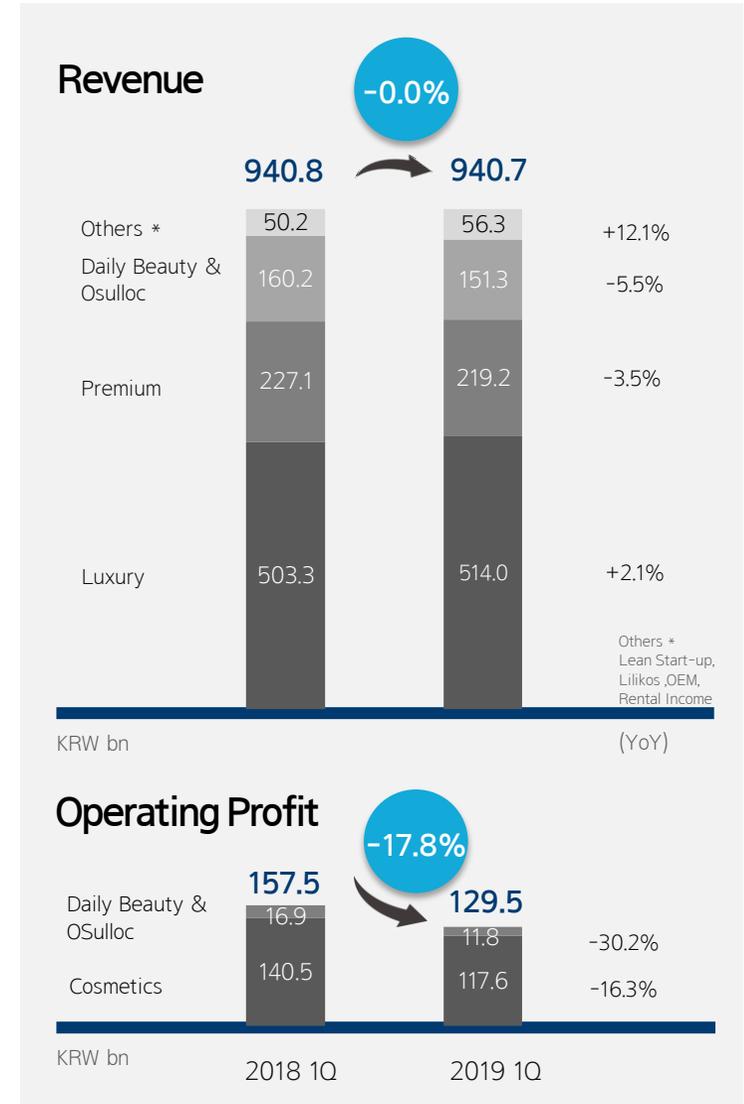
- Despite increased revenue within digital channel due to expanded launch of online channel and strengthened marketing, total revenue declined due to decreased revenue within offline channel such as hypermarkets
- Ryo brand revenue grew through steady sales of key products ('Ryo Hair Loss Care Shampoo' etc.)
- Enhanced brand competitiveness by launching new products in key categories of each brand : HappyBath 'Siam aroma & Eau thermale line', Illiyoon 'Probiotics Skin Barrier Mask' etc.

OSulloc

- Continued solid revenue growth through increased sales of small-kit DIY products and tea bag products
- Achieved robust revenue growth within online channel due to increased active customers from strengthened digital marketing, continued solid revenue growth within existing offline stores

[Operating Profit]

- Operating profit declined due to decreased revenue within domestic channels excluding travel retail and online



[Revenue and business activities]

Asia

[Sulwhasoo] Enhanced its competitiveness as a luxury beauty brand

- Expanded young luxury customer base through launch of new product ('Bloomstay Vitalizing line') and its global marketing campaign
- Increased point of sales through new on/offline store launches in China and ASEAN countries

[Laneige] Reinforced growth by strengthening product portfolio

- Launched innovative new product ('Cream skin') successfully within online channels in ASEAN, maintained steady sales of representative skincare products ('Water Bank' line)
- Steady sales in newly penetrated markets (Australia, India, Philippines)

[Mamonde] Established base for quality growth by concentrating on multi-brand shop and digital channel

- Strengthened competitiveness of offline channel in China by reducing department store and expanding entry into multi-brand shop ('Watsons')
- Concentrated on the expanded entry and growth of ASEAN digital channel and multi-brand shop ('Shopee', 'Eveandboy')

[Innisfree] Enhanced brand appeal by strengthening customer communication and accelerated its global business expansion

- Released limited edition 'Toy Story Collection', and launched localized products for China ('White Peony Essence')
- Expanded on/offline stores in China, ASEAN, and Australia

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

- Strengthened customized communication with local customers by expanding digital marketing for each country
- Continued solid revenue growth in Japan, Thailand and Malaysia, established base for quality growth by differentiating store opening strategies for each country

North America

Continued solid revenue growth by reinforcing foundation with skincare brands

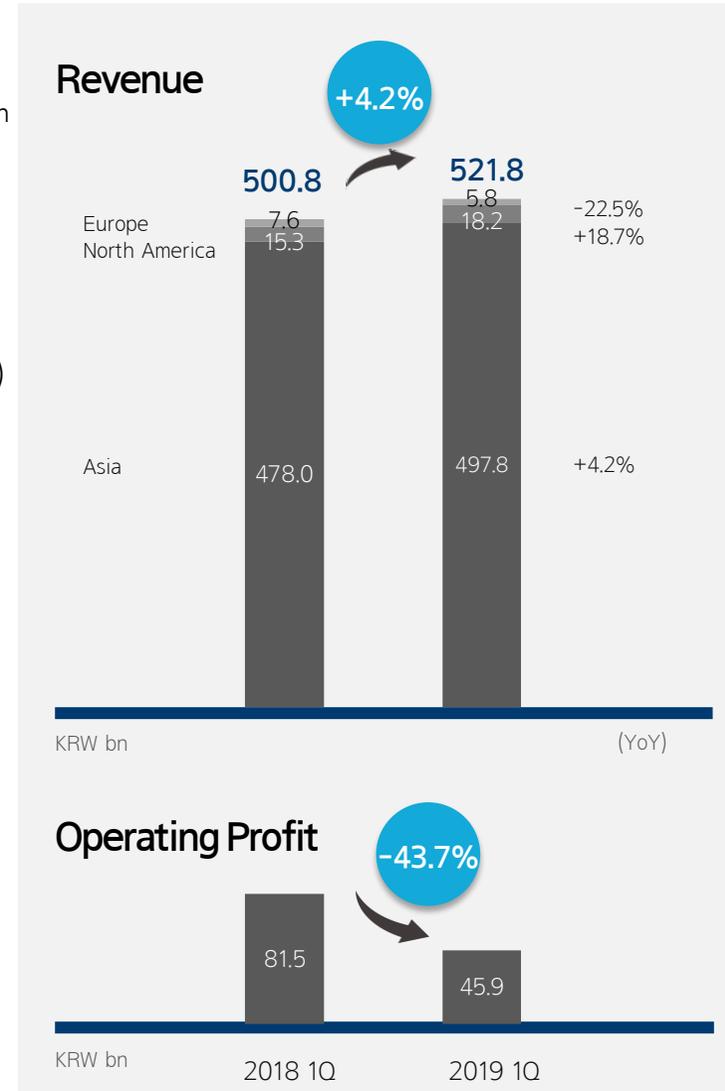
- Increased point of sales through expanded entry of Laneige in Sephora and Mamonde within every Ulta store
- Enhanced brand appeal by launching new products of each brand: Amorepacific 'Youth revolution line', Laneige 'Lip glowy balm', Innisfree 'Vivid Cotton Ink'

Europe

- Decline in revenue due to high base effect of Goutal Paris renewal launch
- Prepared for entry to European skincare market by launching Laneige within Sephora in 18 European countries

[Operating Profit]

- Operating profit decreased due to continued investment in brands and channels for global business growth



Income Statement

Unit: KRW bn

	2018 1Q		2019 1Q	
Revenue	1,431.6	100.0%	1,451.3	100.0%
Gross Profit	1,049.2	73.3%	1,056.2	72.8%
SG&A Expenses	813.3	56.8%	869.6	59.9%
Operating Profit	235.9	16.5%	186.6	12.9%
Non-operating Profit/Expenses	0.5		-2.6	
Profit before Tax	236.4	16.5%	184.0	12.7%
Consolidated Net Income	176.7	12.3%	122.2	8.4%

Statements of Financial Position

Unit: KRW bn

	2018.12	2019.03
	Assets	5,371.1
Current Assets	1,567.2	1,699.5
Non-current Assets	3,803.9	4,172.3
Liabilities	924.7	1,397.0
Current Liabilities	763.2	1,006.7
Non-current liabilities	161.5	390.3
Shareholder's Equity	4,446.4	4,474.9
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	-46.4
Accumulated Other Comprehensive Income	-41.3	-23.2
Retained Earnings	3,726	3,766.9
Non-controlling Interest	24.4	22.6