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AMOREPACIFIC  
GROUP

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## AMOREPACIFIC Group 2014 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 Group has adopted the K-IFRS since 2011.

Sales up 21% to KRW 4,711.9bn, OP up 40% to KRW 659.1bn

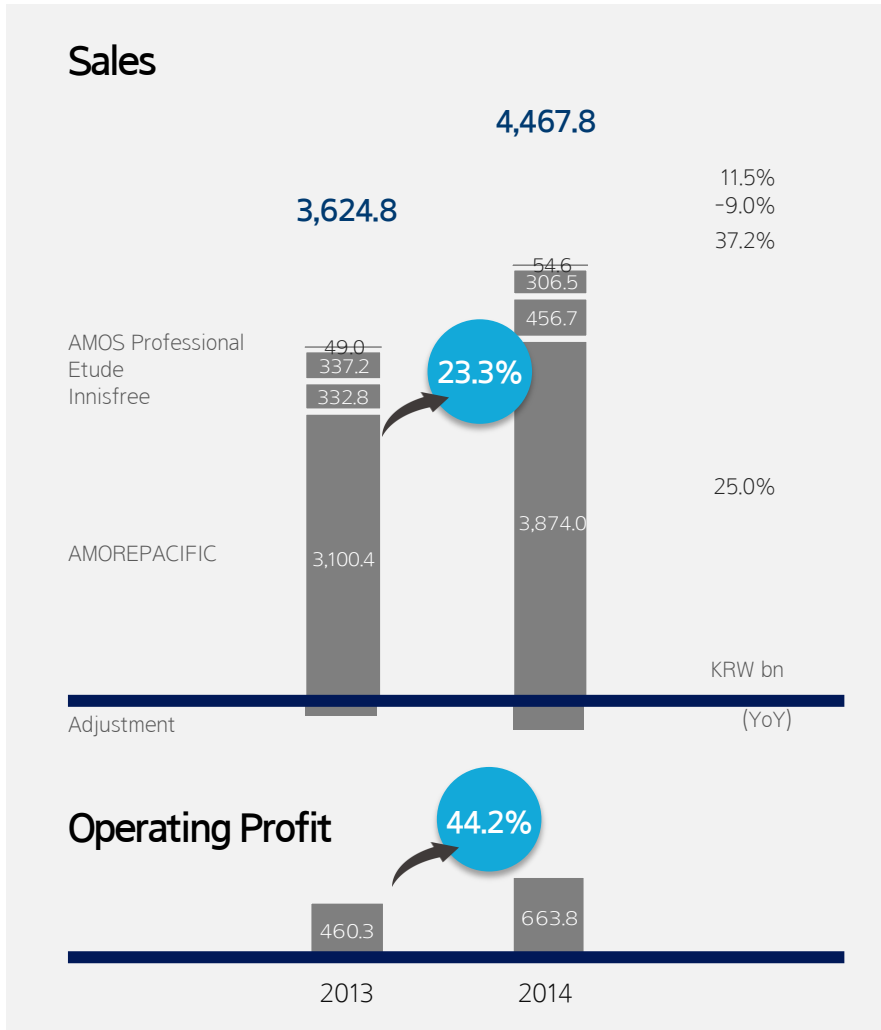
### Sales & OP by Division

	2013	% of sales	2014	% of sales	YoY(%)
<b>Sales</b>	<b>3,895.4</b>	<b>100.0</b>	<b>4,711.9</b>	<b>100.0</b>	<b>21.0</b>
Cosmetics <sup>1)</sup>	3,624.8	93.1	4,467.8	94.8	23.3
Non-cosmetics <sup>2)</sup>	270.6	6.9	244.2	5.2	-9.8
	2013	OPM	2014	OPM	YoY(%)
<b>Operating Profit</b>	<b>469.8</b>	<b>12.1</b>	<b>659.1</b>	<b>14.0</b>	<b>40.3</b>
Cosmetics	460.3	12.7	663.8	14.9	44.2
Non-cosmetics	9.5	3.5	(4.7)	(1.9)	Turned to red
<b>Net Profit</b>	<b>355.0</b>	<b>9.1</b>	<b>497.4</b>	<b>10.6</b>	<b>40.1</b>

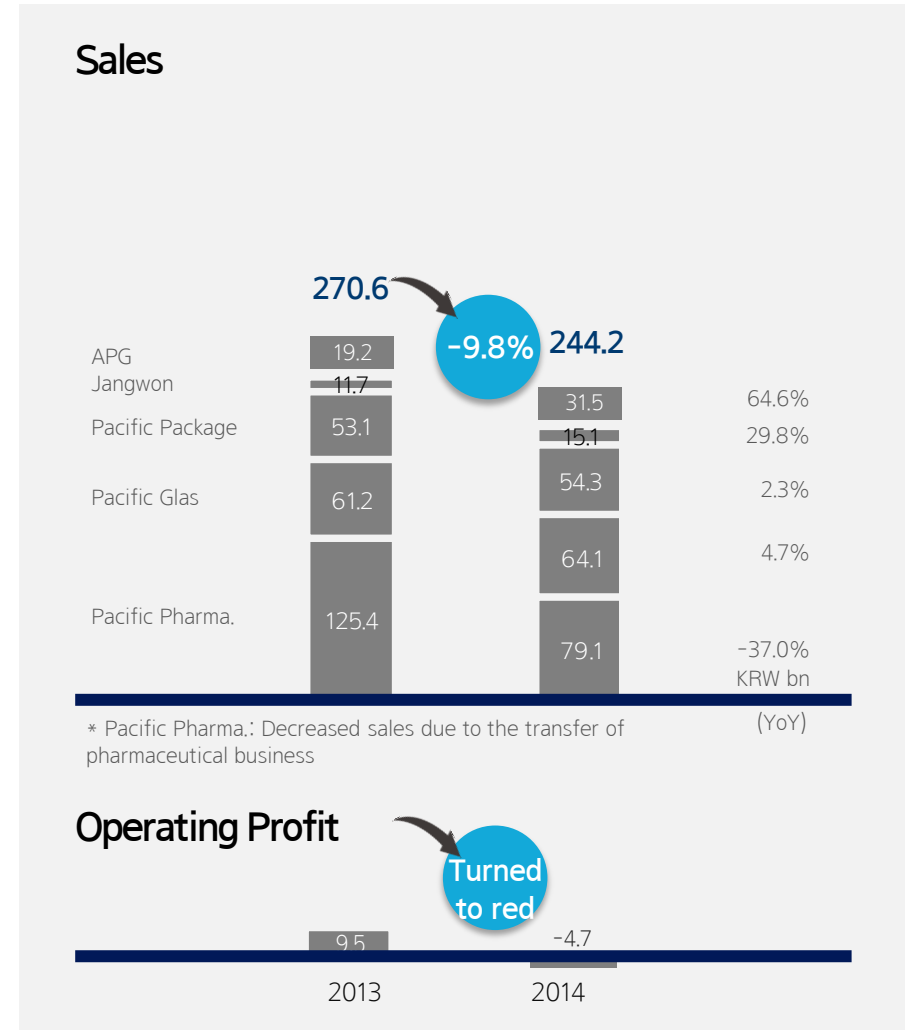
1) Cosmetics: AMOREPACIFIC, Etude, Innisfree, Amos Professional, Adjustment

2) Non-cosmetics: APG, Pacific Pharma., Pacific Glas, Pacific Package, Jangwon Industry

Cosmetics



Non-cosmetics



\* 2013 SG&A and OP adjusted due to the release of a new accounting standard on the recognition timing of the tax expense.

**AMOREPACIFIC: Sales +25%, OP +52%**

Domestic cosmetics

- (Luxury) Continued strong travel retail growth backed by increased sales to foreign travelers, Secured foothold for healthy growth through door-to-door innovation

- (Premium) Solid Aritaum growth delivered by strengthened competitiveness of products, channel and services, Robust digital growth on the back of enhanced brand power and diversified product category

Mass & Sulloc

- (Mass) Expanded premium business backed by strong growth from cosmetic category but sales slightly decreased due to the change of market environment and consumption slowdown

- (Sulloc) Increased contribution of premium business behind by improved brand awareness of OSULLOC

Overseas business

- (Growth markets) Achieved strong profitable growth resulted from reinforced brand recognition and strengthened distribution portfolio through channel diversification

- (Developed markets) Increased sales across all channels resulted in strong sales growth and turned to black in US / Efficient cost management resulted in decreased losses in France but sales decreased due to market slowdown / Decreased sales in Japan due to the realignment of brand and channel portfolio

**Innisfree: Sales +37%, OP +54%**

- Solid profitable growth across all channels delivered by increased sales of major products(Green tea, Jeju volcanic line) and launch of new products(Jeju Orchid, Creamy tint lip mousse, Smart Foundation, etc.)

- Increased export sales on the back of accelerated overseas business, strong growth of travel retail behind by increased foreign travelers

- Improved profitability led by increased sales per door and reduced discount policy

**Etude: Sales -9%, OP -79%**

- Overall sales decreased due to reduced discount policy and cuts in transaction with overseas agents

- Decreased OP due to weakened sales and increased investment in marketing activities to reinforce brand power

- Continued efforts to strengthen brand equity including reestablishment of brand story and renovation of store design

	2013	2014
	AMOREPACIFIC _ Consolidated	
Sales	3,100.4	3,874.0
GP	2,188.6	2,845.8
SG&A expenses	1,818.8	2,282.1
OP	369.8	563.8
Innisfree		
Sales	332.8	456.7
GP	232.0	325.7
SG&A expenses	182.2	249.2
OP	49.8	76.5
Etude		
Sales	337.2	306.5
GP	189.3	173.2
SG&A expenses	163.2	167.6
OP	26.1	5.6

KRW bn

## Amos Professional: Sales +12%, OP +1%

- Strong growth backed by increased sales of major products such as 'Feel the Green Tea' line and curling essence in hair tonic and colorants categories
- Increased commissions caused by strong growth from travel retail

## Pacific Pharma.: Sales -37%, OP -186% (Like-for-like sales +6%)

- Decreased sales and OP due to the transfer of pharmaceutical business
- Medical beauty division backed by increased sales of ATObarrier and launch of new product, Cleviel, delivered double digit growth with reinforced market positioning(+15%)
- Decreased profit due to increased investment in marketing to strengthen the capabilities as a Medical Beauty company

## Pacific Glas: Sales +5%, Losses continued

- Strong growth delivered by solid performance of cosmetics affiliates
- Increased expenses due to the renovation of product facilities

	2013	2014
	Amos Professional	
Sales	49.0	54.6
GP	24.6	29.3
SG&A expenses	13.1	17.7
OP	11.5	11.6
	Pacific Pharma.	
Sales	125.4	79.1
GP	49.3	19.9
SG&A expenses	45.0	23.5
OP	4.3	-3.6
	Pacific Glas	
Sales	61.2	64.1
GP	3.9	2.6
SG&A expenses	5.2	5.3
OP	-1.3	-2.7

Sales up 32% to KRW 1,186.4bn, OP up 50% to KRW 99.0bn

### Sales & OP by Division

	4Q 2013	% of sales	4Q 2014	% of sales	YoY(%)
<b>Sales</b>	<b>899.8</b>	<b>100.0</b>	<b>1,186.4</b>	<b>100.0</b>	<b>31.8</b>
Cosmetics1)	833.6	92.6	1,125.3	94.8	35.0
Non-cosmetics2)	66.3	7.4	61.1	5.2	-7.8
	4Q 2013	OPM	4Q 2014	OPM	YoY(%)
<b>Operating Profit</b>	<b>65.9</b>	<b>7.3</b>	<b>99.0</b>	<b>8.3</b>	<b>50.1</b>
Cosmetics	63.4	7.6	101.4	9.0	59.8
Non-cosmetics	2.5	3.8	(2.4)	(3.9)	Turned to red
<b>Net Profit</b>	<b>50.1</b>	<b>5.6</b>	<b>51.8</b>	<b>4.4</b>	<b>3.3</b>

1) Cosmetics: AMOREPACIFIC, Etude, Innisfree, Amos Professional, Adjustment

2) Non-cosmetics: APG, Pacific Pharma., Pacific Glas, Pacific Package, Jangwon Industry

### Income statement

KRW bn

	2013		2014	
Sales	3,895.4	100.0%	4,711.9	100.0%
Gross profit	2,695.9	69.2%	3,403.8	72.2%
SG&A expenses	2,226.2	57.1%	2,744.7	58.2%
Operating profit	469.8	12.1%	659.1	14.0%
Non-operating profit/expenses	12.1		22.7	
Profit before tax	481.9	12.4%	681.8	14.5%
Consolidated net income	355.0	9.1%	497.4	10.6%

### Statements of Financial Position

KRW bn

	2013.12	2014.12
	Assets	4,921.9
Current assets	1,552.3	2,098.1
Non-current assets	3,369.6	3,401.7
Liabilities	1,012.9	1,175.9
Current liabilities	644.3	773.1
Non-current liabilities	368.6	402.8
Shareholder's Equity	3,908.9	4,323.8
Capital stock	44.5	44.5
Additional paid-in capital	673.0	673.0
Capital surplus	22.6	22.6
Other components of equity	(140.8)	(146.5)
Accumulated other comprehensive income	(7.3)	(4.3)
Retained earnings	1,533.7	1,728.8
Non-controlling interest	1,783.3	2,005.8