



AMOREPACIFIC
GROUP

AMOREPACIFIC GROUP 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 Group has adopted the K-IFRS since 2011.

Sales down 10.3% to KRW 1.7 trillion, Operating Profit down 26.5% to KRW 278.1 billion

Sales & Operating Profit by Division

Unit: KRW bn

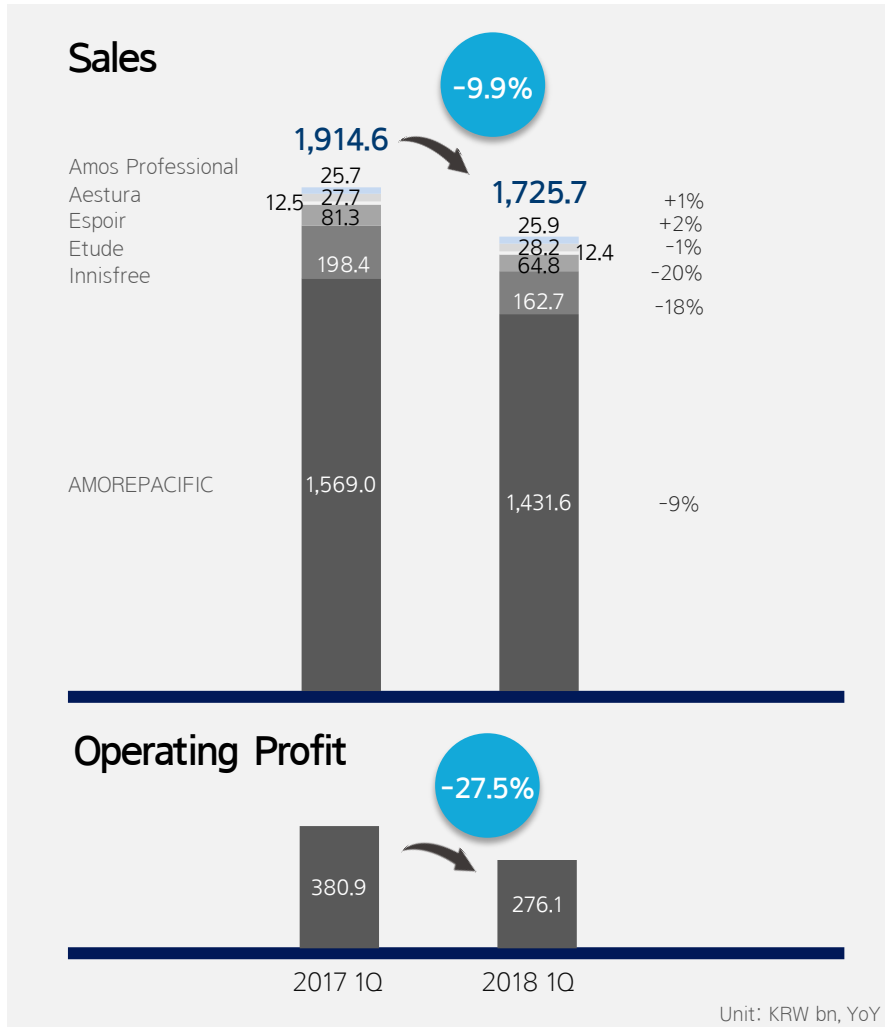
	2017 1Q	2018 1Q	YoY(%)
Sales	1,855.4	1,664.3	-10.3
Beauty Subsidiaries 1)	1,914.6	1,725.7	-9.9
Non-Beauty Subsidiaries 2)	44.5	41.5	-6.7
Others 3)	-103.8	-103.0	
	2017 1Q	2018 1Q	YoY(%)
Operating Profit (OPM)	378.5 (20.4%)	278.1 (16.7%)	-26.5
Beauty Subsidiaries (OPM)	380.9 (19.9%)	276.1 (16.0%)	-27.5
Non-Beauty Subsidiaries (OPM)	-3.2 (-7.1%)	-1.3 (-3.2%)	Mitigated Losses
Others	0.8	3.3	
Net profit (Margin)	266.2 (14.3%)	216.0 (13.0%)	-18.9

1) Beauty subsidiaries: AMOREPACIFIC, Innisfree, Etude, Espoir, Aestura, Amos Professional

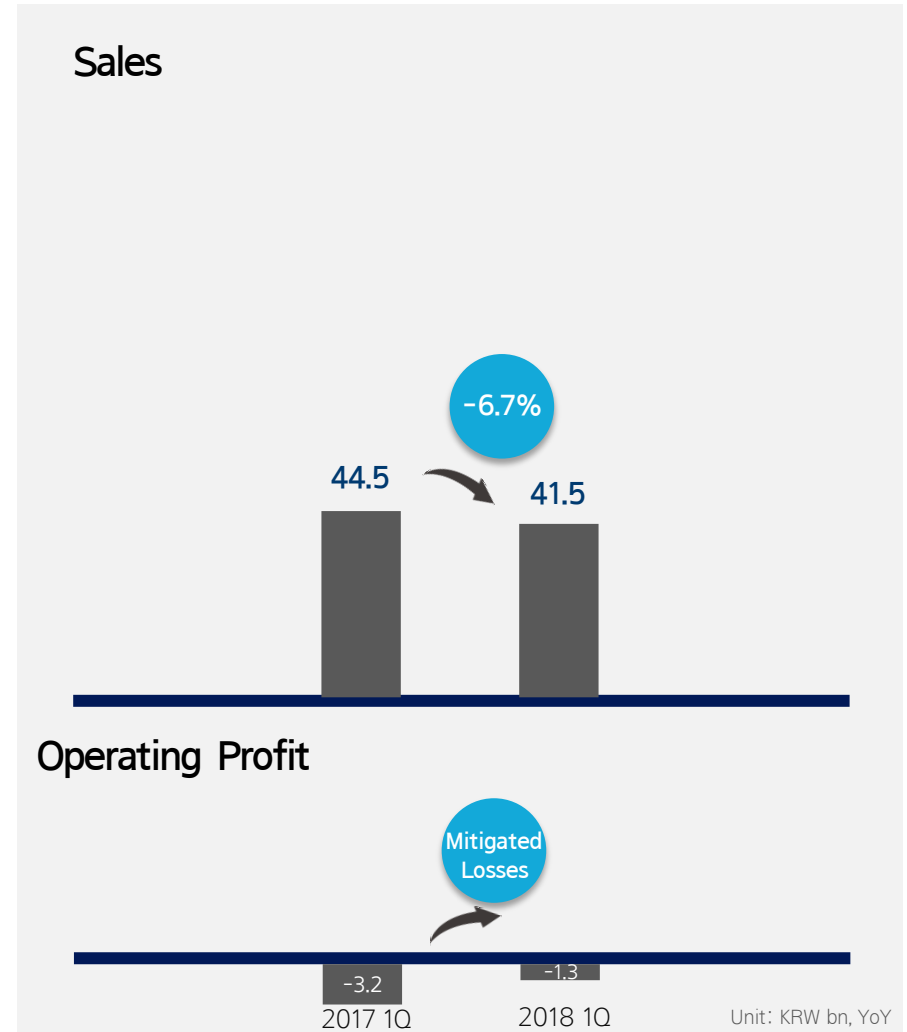
2) Non-beauty Subsidiaries: APG, Pacific Glas, Pacific Package and OSulloc Farm

3) Others: Including intercompany transaction

Beauty subsidiaries



Non-Beauty subsidiaries



AMOREPACIFIC Sales -9%, Operating Profit -26%**Domestic**

- (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.
- (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. Strengthened online/offline channel competitiveness and enhanced customer experience.

Daily Beauty & OSulloc

- (DB) 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 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 and Blended Teas.

Overseas

- (Asia) Enhanced competitiveness centered on 5 global champion brands and accelerated business expansion.
- (North America) Strengthened foundation for growth by expanding brand and channel portfolio.
- (Europe) Revenue and operating profit decreased from termination of Lolita Lempicka license. Enhanced competitiveness through Annick Goutal brand renewal.

Innisfree Sales -18%, Operating Profit -29%

- Revenue slowdown in travel retail channel and roadshops within key commercial areas due to decline in number of tourists
- Showcased differentiated buying experience by introducing new store types ('Mini Shop,' 'Green Lounge Store,' etc.)
- Strengthened product appeal by upgrading signature skin care lines ('Green Tea Seed Serum,' 'Orchid Enriched Cream,' etc.) and launching customized make-up line ('My Lip Balm,' 'My Foundation,' etc.)

Etude Sales -20%, Turned to Red

- Revenue slowdown for travel retail channel and key commercial areas
- Diversified product category and expanded customer base by launching new lines ('Mini Two Match,' 'Monster Cleansing')
- Strengthened digital communication with customers by launching digital curating content service ('#etudepick') in which customers can participate

	AMOREPACIFIC (Consolidated)		
	2017 1Q	2018 1Q	YoY
Sales	1,569.0	1,431.6	-9%
Gross Profit	1,183.0	1,049.2	-11%
SG&A expenses	866.2	813.3	-6%
Operating Profit	316.8	235.9	-26%
	Innisfree		
Sales	198.4	162.7	-18%
Gross Profit	142.4	112.7	-21%
SG&A expenses	96.1	79.9	-17%
Operating Profit	46.3	32.9	-29%
	Etude		
Sales	81.3	64.8	-20%
Gross Profit	49.3	37.1	-25%
SG&A expenses	40.5	38.5	-5%
Operating Profit	8.8	-1.5	Turned to Red

Unit: KRW bn

Espoir Sales -1%, Turned to Red

- Expanded point of sales by entering multi-brand channels
- Strengthened customer communication by continuously launching theme stores within key commercial areas to offer new experiences

Aestura Sales +2%, Operating Profit -4%

- Revenue growth through increased sales of inner-beauty products
- Sold filler brand 'Cleviel,' and focused on the core competencies of medical-beauty

Amos Professional Sales +1%, Operating Profit +5%

- Strengthened hair color category by launching new products ('Color Genic It's Glow,' etc.) and hosting S/S hair color trend seminar
- Established professional hairstylist training platform by opening professional educational service space ('Amos Academy') for hair designers

	Espoir		
	2017 1Q	2018 1Q	YoY
Sales	12.5	12.4	-1%
Gross Profit	10.3	9.9	-3%
SG&A expenses	9.8	10.0	2%
Operating Profit	0.5	-0.0	Turned to Red
	Aestura		
Sales	27.7	28.2	2%
Gross Profit	6.2	5.8	-7%
SG&A expenses	5.0	4.6	-8%
Operating Profit	1.2	1.1	-4%
	Amos Professional		
Sales	25.7	25.9	1%
Gross Profit	16.0	16.1	0%
SG&A expenses	8.8	8.5	-4%
Operating Profit	7.3	7.6	5%

Unit: KRW bn

Income Statement

Unit: KRW bn

	2017 1Q		2018 1Q	
Sales	1,855.4	100.0%	1,664.3	100.0%
Gross Profit	1,408.4	75.9%	1,233.9	74.1%
SG&A expenses	1,029.9	55.5%	955.8	57.4%
Operating Profit	378.5	20.4%	278.1	16.7%
Non-operating Profit/Expenses	-24.9		7.0	
Profit before tax	353.6	19.1%	285.1	17.1%
Consolidated net income	266.2	14.3%	216.0	13.0%

Statements of Financial Position

Unit: KRW bn

	2017.12	2018.03
Assets	7,335.2	7,628.9
Current assets	2,526.0	2,781.8
Non-current assets	4,809.2	4,847.1
Liabilities	1,403.3	1,559.9
Current liabilities	1,170.8	1,308.4
Non-current liabilities	232.4	251.5
Shareholder's Equity	5,932.0	6,068.9
Capital stock	44.5	44.5
Additional paid-in capital	673.0	673.0
Capital surplus	22.6	22.6
Other components of equity	-146.0	-146.0
Accumulated other comprehensive income	-19.4	-14.9
Retained earnings	2,422.6	2,479.5
Non-controlling interest	2,934.7	3,010.2