



AMOREPACIFIC
GROUP

AMOREPACIFIC GROUP 2Q 2019 Earnings Release

1. 1H 2019 Earnings Summary
2. 2Q 2019 Earnings Summary
3. Earnings by Subsidiary
4. Financial Summary

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.

Revenue slightly down to KRW 3.2 trillion, Operating Profit down 29.7% to KRW 315.3 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	2018 1H	2019 1H	YoY(%)
Revenue	3,217.9	3,211.3	-0.2
Beauty Subsidiaries ¹⁾	3,348.0	3,376.4	0.8
Non-Beauty Subsidiaries ²⁾	82.6	85.8	3.9
Others ³⁾	-212.6	-250.8	
	2018 1H	2019 1H	YoY(%)
Operating Profit (OPM)	448.4 (13.9%)	315.3 (9.8%)	-29.7
Beauty Subsidiaries (OPM)	448.9 (13.4%)	323.6 (9.6%)	-27.9
Non-Beauty Subsidiaries (OPM)	-1.1 (-1.3%)	4.8 (5.6%)	Turned to Profit
Others ³⁾	0.6	-13.1	
Net Profit (Margin)	342.9 (10.7%)	237.9 (7.4%)	-30.6

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

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

*Osulloc Farm: Former Jangwon Industry

3) Others: Including intercompany transaction

Revenue up 1.0% to KRW 1.6 trillion, Operating Profit down 35.2% to KRW 110.4 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	2018 2Q	2019 2Q	YoY(%)
Revenue	1,553.7	1,568.9	1.0
Beauty Subsidiaries ¹⁾	1,622.3	1,656.9	2.1
Non-Beauty Subsidiaries ²⁾	41.0	45.8	11.5
Others ³⁾	-109.7	-133.8	
	2018 2Q	2019 2Q	YoY(%)
Operating Profit (OPM)	170.3 (11.0%)	110.4 (7.0%)	-35.2
Beauty Subsidiaries (OPM)	172.8 (10.6%)	113.1 (6.8%)	-34.5
Non-Beauty Subsidiaries (OPM)	0.2 (0.6%)	3.1 (6.9%)	1,221.5
Others ³⁾	-2.7	-5.8	
Net Profit (Margin)	126.9 (8.2%)	74.6 (4.8%)	-41.2

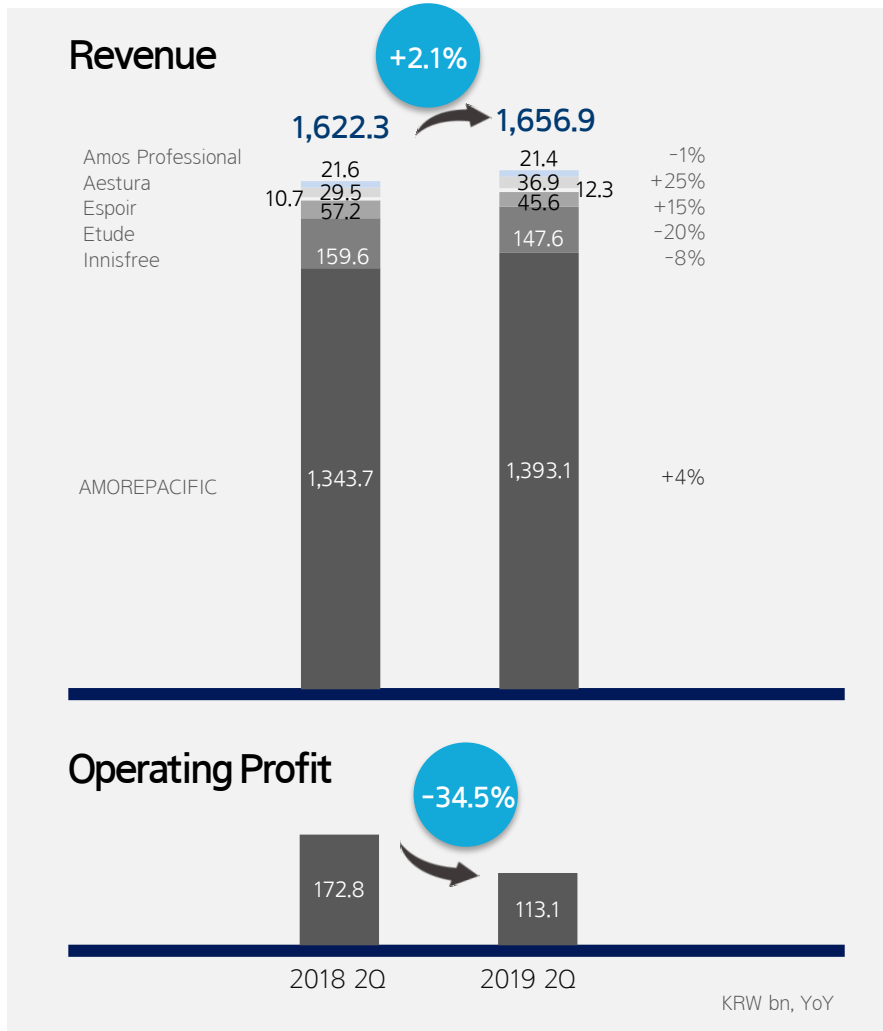
1) Beauty subsidiaries: AMOREPACIFIC, Innisfree, Etude, Espoir, Aestura, Amos Professional

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

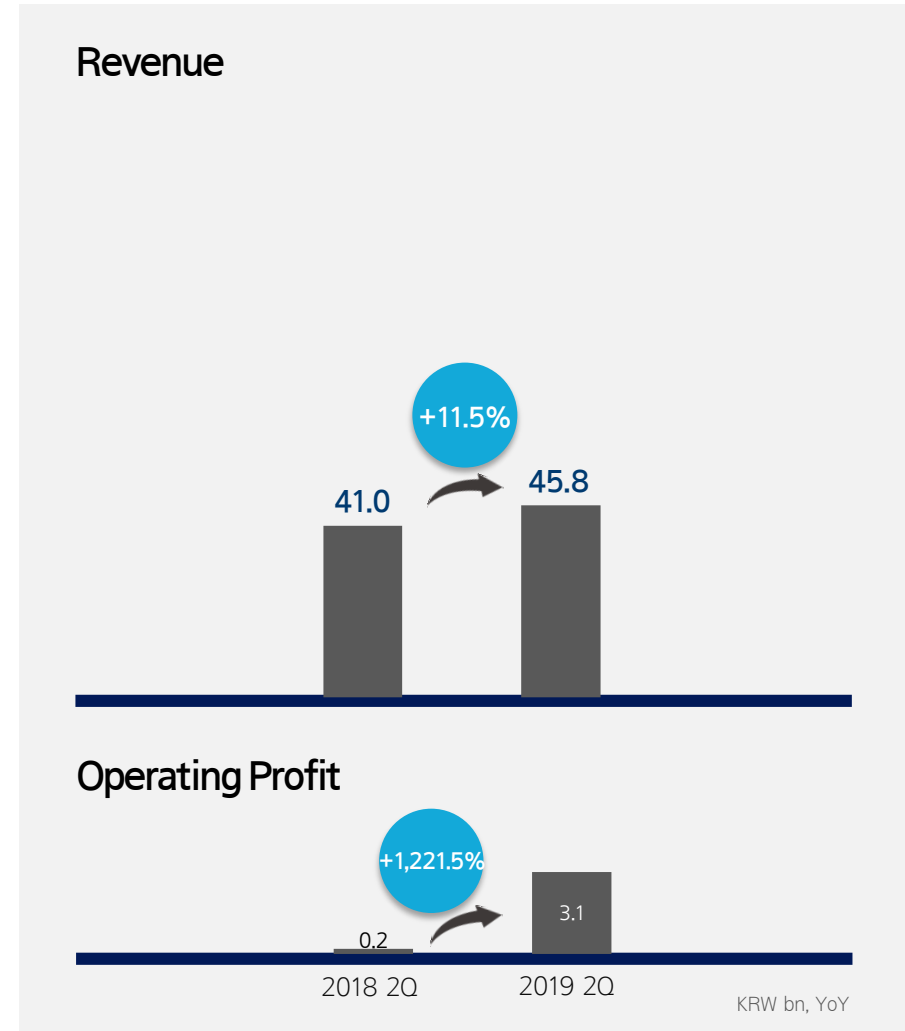
*Osulloc Farm: Former Jangwon Industry

3) Others: Including intercompany transaction

Beauty subsidiaries



Non-Beauty subsidiaries



AMOREPACIFIC Revenue +4%, Operating Profit -40%

Domestic Cosmetics

- (Luxury) Revenue increased through strong sales of travel retail channel, strengthened brand competitiveness by launching new products focused on key categories, expanded experiential marketing of key products and promoted brand stories
- (Premium) Online revenue increased for all brands, ARITAUM revenue continued to decline due to channel reorganization, continued introduction of new innovative products for millennial customers, strengthened brand attractiveness through brand experiential marketing events

Daily Beauty & Osulloc

- (Daily Beauty) Increased online channel revenue by strengthening digital marketing in key categories for each brand, Ryo brand revenue increased through solid sales of its key product ('Hair Loss Care Shampoo'), strengthened customer communication through various on/offline events
- (Osulloc) Achieved robust online revenue growth with increased sales of fermented tea, tea bag products and strengthened digital marketing, enhanced 5 global brands and continued channel portfolio diversification
- (North America) Strengthened brandcustomer communication marketing by holding Osulloc tea festival and customer appreciation events

(Domestic Operating Profit) Operating profit declined due to continued investment in marketing

Overseas

- (Asia) Strengthened brand power of position by enhancing channel portfolio and continuing revenue growth
- (Europe) Revenue decreased due to the base effect of Goutal Paris renewal and decline in domestic demand, continued marketing activities for Laneige in multi-brand shops and achieved solid sales
- (Overseas Operating Profit) Operating profit declined due to increased investment in diversifying brands and channels for global growth

Innisfree Revenue -8%, Operating Profit -29%

- Operating profit declined due to decreased revenue in roadshops and changes in revenue mix
- Strengthened contents to enhance customer experience and improved shopping convenience by renewing Gangnam flagship store
- Improved product attractiveness by releasing 'Green Barely Peeling Toner' with Jeju natural ingredients and personalized product 'Personal One Cream'

Etude Revenue -20%, Mitigated Losses

- Continued losses due to revenue decline of travel retail channel and roadshops from store reorganization
- Expanded digital customer communication by launching online live commerce
- Strengthened product competitiveness by launching various collaborative products ('Disney Olaf x Etude house Sun Collaboration', 'Etude x bpb collaboration kit' etc)

	AMOREPACIFIC (Consolidated)		
	2018 2Q	2019 2Q	YoY
Revenue	1,343.7	1,393.1	4%
Gross Profit	984.8	1,016.4	3%
SG&A Expenses	839.0	928.6	11%
Operating Profit	145.8	87.8	-40%
	Innisfree		
Revenue	159.6	147.6	-8%
Gross Profit	109.1	92.2	-16%
SG&A Expenses	82.2	73.0	-11%
Operating Profit	26.9	19.2	-29%
	Etude		
Revenue	57.2	45.6	-20%
Gross Profit	31.4	24.1	-23%
SG&A Expenses	37.5	27.4	-27%
Operating Profit	-6.1	-3.2	Mitigated Losses

Unit: KRW bn

Espoir Revenue +15%, Turned to Profit

- Turned to profit by reducing roadshops and entering multi-brand shops
- Lead make-up trends through new product launches ('Taping Cover Cushion')

Aestura Revenue +25%, Operating Profit +103%

- Diversified customer base by entering additional multi-brand shops
- Strengthened digital communication through contents creation with influencers and brand experiential campaign

Amos Professional Revenue -1%, Operating Profit -6%

- Enhanced competitiveness of functional products by renewing key product line 'Feel the Green Tea Shampoo'
- Focused on SNS channel marketing and strengthened responsiveness for millennial customers

	Espoir		
	2018 2Q	2019 2Q	YoY
Revenue	10.7	12.3	15%
Gross Profit	8.5	9.0	6%
SG&A Expenses	9.0	8.5	-6%
Operating Profit	-0.5	0.5	Turned to Profit
	Aestura		
Revenue	29.5	36.9	25%
Gross Profit	5.7	9.1	59%
SG&A Expenses	3.4	4.3	28%
Operating Profit	2.4	4.8	103%
	Amos Professional		
Revenue	21.6	21.4	-1%
Gross Profit	13.2	13.3	1%
SG&A Expenses	8.9	9.2	4%
Operating Profit	4.3	4.0	-6%

Unit: KRW bn

Income Statement

Unit: KRW bn

	2018 2Q		2019 2Q	
Revenue	1,553.7	100.0%	1,568.9	100.0%
Gross Profit	1,147.6	73.9%	1,159.7	73.9%
SG&A Expenses	977.3	62.9%	1,049.2	66.9%
Operating Profit	170.3	11.0%	110.4	7.0%
Non-operating Profit/Expenses	3.9		-1.7	
Profit before Tax	174.2	11.2%	108.7	6.9%
Consolidated Net Income	126.9	8.2%	74.6	4.8%

Statement of Financial Position

Unit: KRW bn

	2018.12	2019.06
Assets	7,387.4	7,934.2
Current Assets	2,489.6	2,476.0
Non-current Assets	4,897.7	5,458.3
Liabilities	1,144.9	1,669.8
Current Liabilities	897.6	1,109.8
Non-current Liabilities	247.3	560.1
Shareholder's Equity	6,242.5	6,264.4
Capital Stock	44.5	44.5
Additional Paid-in Capital	673.0	673.0
Capital Surplus	22.6	0.7
Other Components of Equity	-146.0	-196.0
Accumulated Other Comprehensive Income	-21.0	-13.5
Retained Earnings	2,545.8	2,631.9
Non-controlling Interest	3,123.6	3,123.9