



AMOREPACIFIC
GROUP

AMOREPACIFIC GROUP 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 may cause the actual results to differ from those stated or implied in this material.

Revenue down 1.3% to KRW 1.6 trillion, Operating Profit down 26.3% to KRW 204.8 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	2018 1Q	2019 1Q	YoY(%)
Revenue	1,664.3	1,642.5	-1.3
Beauty Subsidiaries ¹⁾	1,725.7	1,719.5	-0.4
Non-Beauty Subsidiaries ²⁾	41.5	40.0	-3.7
Others ³⁾	-103.0	-117.0	
	2018 1Q	2019 1Q	YoY(%)
Operating Profit (OPM)	278.1 (16.7%)	204.8 (12.5%)	-26.3
Beauty Subsidiaries (OPM)	276.1 (16.0%)	210.5 (12.2%)	-23.8
Non-Beauty Subsidiaries (OPM)	-1.3 (-3.2%)	1.7 (4.2%)	Turned to Profit
Others ³⁾	3.3	-7.3	
Net profit (Margin)	216.0 (13.0%)	163.8 (10.0%)	-24.2

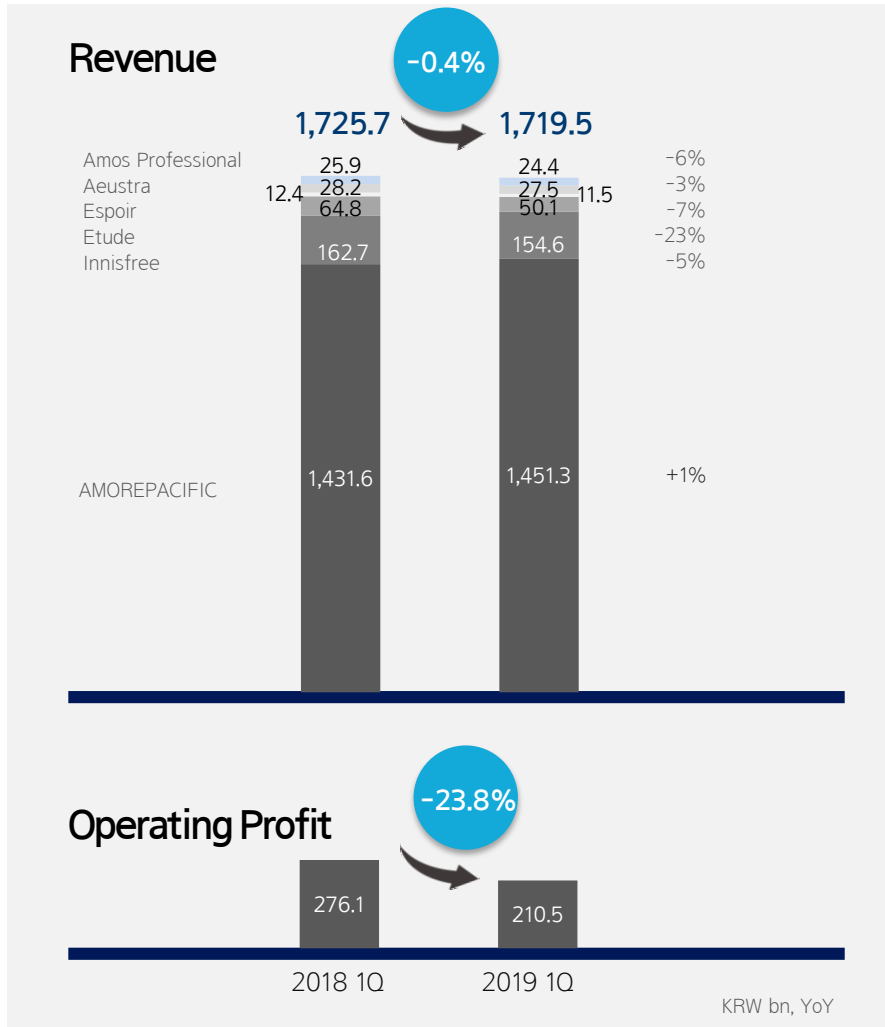
1) Beauty subsidiaries: AMOREPACIFIC, Innisfree, Etude, Espoir, Aestura, Amos Professional

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

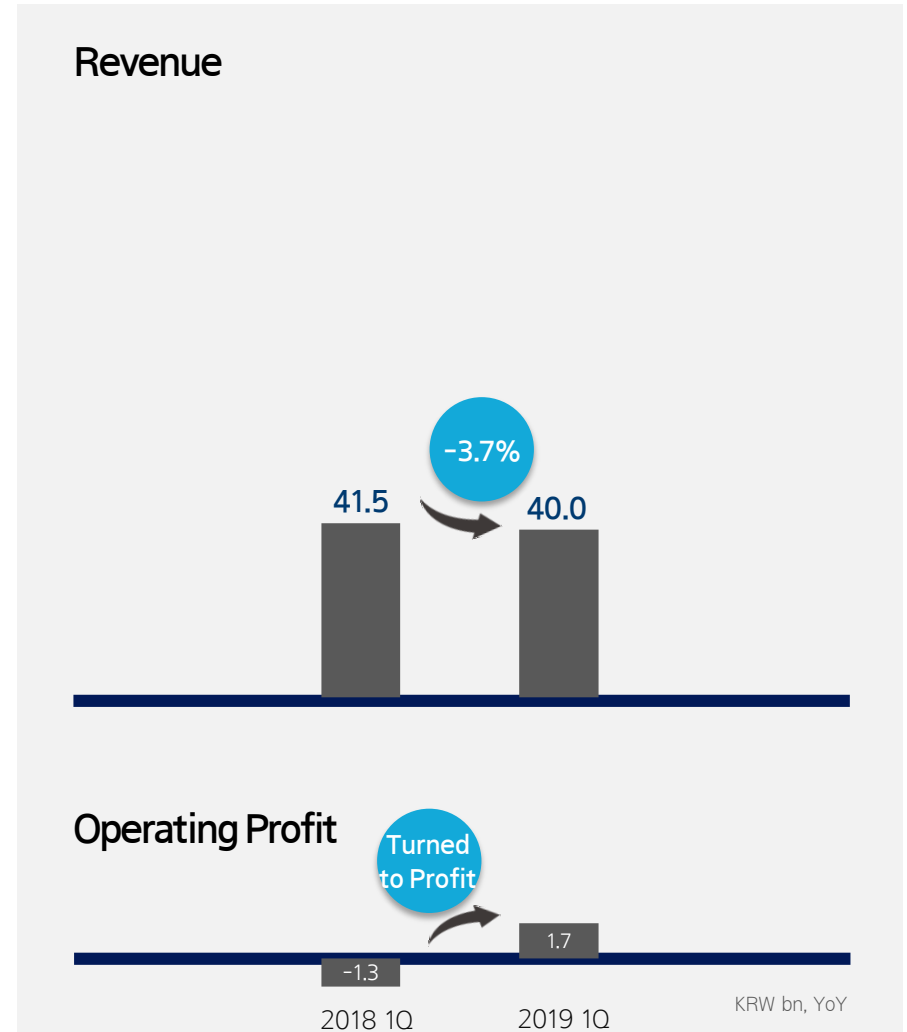
OSulloc Farm*: Former Jangwon Industry

3) Others: Including intercompany transaction

Beauty subsidiaries



Non-Beauty subsidiaries



AMOREPACIFIC Revenue +1%, Operating Profit -21%

Domestic Cosmetics

- (Luxury) Revenue increased through stronger sales of Sulwhasoo within travel retail channel, enhanced brand competitiveness by concentrating on key categories of each brand, strengthened customer communication through increasing various on/offline marketing activities, and enhanced brand appeal
- (Premium) Revenue decreased due to restructuring of ARITAUM channel, established base for growth by launching differentiated and innovative products, make-up category revenue increased through steady sales of key products in face make-up category

Daily Beauty & OSulloc

- (Daily Beauty) Revenue of digital channel increased through expanded launch of online channels and strengthened marketing, total revenue declined due to decreased revenue within offline channels such as hypermarkets, Ryo brand revenue grew through steady sales of its key products, enhanced brand competitiveness by launching new products for key categories of each brand
- (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 growth within existing offline stores

(Domestic Operating Profit) Operating profit declined due to decreased revenue within domestic channel excluding travel retail and online

Overseas

- (Asia) Strengthened brand competitiveness of five key brands and distribution channel, accelerated business expansion
- (North America) Maintained solid revenue growth by reinforcing foundation with skincare brands
- (Europe) Revenue decreased due to the base effect of Goutal Paris renewal launch for the last year, launched Laneige within Sephora stores and prepared for the skin care market entry in Europe

(Overseas Operating Profit) Operating profit decreased through continued investments on brand and channel for global business expansion

Innisfree Revenue -5%, Operating Profit -36%

- Operating profit declined due to decreased domestic revenue and increased marketing expenses
- Promoted brand image as natural beauty with enhanced functionality by launching new functional products ('Wrinkle Science Spot Treatment', 'Jeju Cherry Blossom Tone Up Cream', etc.)
- Launched untact store ('Self-store'), strengthened digital contents within stores and provided differentiated digital shopping experience

Etude Revenue -23%, Continued losses

- Continued losses due to revenue decline of roadshops and travel retail channel
- Newly introduced online and offline integrated membership system ('Omni club') and enhanced competitiveness of Omni channel
- Enhanced brand appeal through launch of diverse new products ('Kit Kat x Play Color Eyes Mini kit', 'UV Double Cut Sun Cushion', 'Better Lips Talk')

	AMOREPACIFIC (Consolidated)		
	2018 1Q	2019 1Q	YoY
Revenue	1,431.6	1,451.3	1%
Gross Profit	1,049.2	1,056.2	1%
SG&A Expenses	813.3	869.6	7%
Operating Profit	235.9	186.6	-21%
	Innisfree		
Revenue	162.7	154.6	-5%
Gross Profit	112.7	102.1	-9%
SG&A Expenses	79.9	81.1	2%
Operating Profit	32.9	21.1	-36%
	Etude		
Revenue	64.8	50.1	-23%
Gross Profit	37.1	27.4	-26%
SG&A Expenses	38.5	33.2	-14%
Operating Profit	-1.5	-5.8	Continued Losses

Unit: KRW bn

Espoir Revenue -7%, Turned to Profit

- Decreased revenue due to reduced number of roadshops while diversified point of sales through continued entry into multi-brand shops
- Provided differentiated professional make-up brand experiences through pop-up store opening ('Colorful Nude Pop-up Store')

Aestura Revenue -3%, Operating Profit +149%

- Total revenue declined due to sale of filler business while profitability improved
- Diversified product categories through launch of new product ('Atobarrier 365 mist'), continued expansion of entry into multi-brand shops

Amos Professional Revenue -6%, Operating Profit -26%

- Revenue and operating profit declined due to adjustments in distribution channel
- Launched nature originated 'Botanic Calm' line, enhanced competitiveness as a professional hair-care brand

	Espoir		
	2018 1Q	2019 1Q	YoY
Revenue	12.4	11.5	-7%
Gross Profit	9.9	9.0	-9%
SG&A Expenses	10.0	8.9	-10%
Operating Profit	-0.03	0.05	Turned to Profit
	Aestura		
Revenue	28.2	27.5	-3%
Gross Profit	5.8	6.5	12%
SG&A Expenses	4.6	3.6	-22%
Operating Profit	1.1	2.8	149%
	Amos Professional		
Revenue	25.9	24.4	-6%
Gross Profit	16.1	14.5	-10%
SG&A Expenses	8.5	8.9	5%
Operating Profit	7.6	5.6	-26%

Unit: KRW bn

Income Statement

Unit: KRW bn

	2018 1Q		2019 1Q	
Revenue	1,664.3	100.0%	1,642.5	100.0%
Gross Profit	1,233.9	74.1%	1,199.6	73.0%
SG&A Expenses	955.8	57.4%	994.7	60.6%
Operating Profit	278.1	16.7%	204.8	12.5%
Non-operating Profit/Expenses	7.0		1.8	
Profit before Tax	285.1	17.1%	206.6	12.6%
Consolidated Net Income	216.0	13.0%	163.8	10.0%

Statements of Financial Position

Unit: KRW bn

	2018.12	2019.03
Assets	7,387.4	8,027.1
Current Assets	2,489.6	2,616.3
Non-current Assets	4,897.7	5,410.8
Liabilities	1,144.9	1,725.7
Current Liabilities	897.6	1,171.3
Non-current Liabilities	247.3	554.4
Shareholder's Equity	6,242.5	6,301.4
Capital Stock	44.5	44.5
Additional Paid-in Capital	673.0	673.0
Capital Surplus	22.6	26.7
Other Components of Equity	-146.0	-165.3
Accumulated Other Comprehensive Income	-21.0	-14.3
Retained Earnings	2,545.8	2,597.7
Non-controlling Interest	3,123.6	3,139.1

“Exciting Changes”

Revenue 10% YoY, Operating Profit 15% YoY Growth Target

1 Development of
Innovative Product

2 Better Customer Experience

3 Digital Innovation

4 Global Expansion

5 Toward Future-oriented
Management Constitution

6 Sustainable Management and
HR Development