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AMOREPACIFIC CORP.

AMOREPACIFIC Corporation 1Q 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 Corp. has adopted the K-IFRS since 2011.

Sales up 15.9% to KRW 931.8bn, OP up 25.3% to KRW 175.7bn

Sales & OP by Division

KRW bn

	2013 1Q	% of sales	2014 1Q	% of sales	YoY(%)
Sales	803.8	100.0%	931.8	100.0%	15.9%
Domestic	675.3	84.0%	739.5	79.4%	9.5%
Cosmetics	540.9	67.3%	607.6	65.2%	12.3%
Mass & Sulloc	134.3	16.7%	131.9	14.2%	-1.8%
Overseas	128.5	16.0%	192.3	20.6%	49.7%
	2013 1Q	OPM	2014 1Q	OPM	YoY(%)
Operating Profit	140.2	17.4%	175.7	18.9%	25.3%
Domestic	139.4	20.6%	161.4	21.8%	15.8%
Cosmetics	118.5	21.9%	144.6	23.8%	22.0%
Mass & Sulloc	20.9	15.5%	16.8	12.7%	-19.6%
Overseas	0.8	0.6%	14.3	7.5%	1636.6%
Net Profit	90.7	11.3%	122.9	13.2%	35.6%

Luxury

Door to door : Continued decrease in sales due to the channel slowdown

- Decreased sales caused by adjustment of inventory level to secure the visibility/Responding to a changing of customers' demand through launch of exclusive products

Dep. store : Strengthened market leadership backed by the differentiated brand portfolio

- (Hera) Ranked top 3 on the back of increased sales of innovative products such as 'Cell bio cream' and 'Magic starter' following 'UV mist cushion'
- (Primer) Continued increase in sales per door behind by reinforced brand power
- (Sulwhasoo) Strengthened no.1 position delivered by increased sales of anti-aging products

Travel retail : Robust growth on the back of increased sales to foreign travelers

- Solid growth delivered by the increased purchase amount of Chinese customers(+140% yoy)

Premium

Aritaum : Continued solid growth behind by strengthened products and retail

- Decent performance backed by increased sales of major brands(IOPE, Laneige, Aritaum FT) and renewal of Hanyul
- Continued inflow of new customers through providing differentiated customer experience

Hypermarkets : Continued sales growth with reinforced channel leadership

- Renewal of Hanyul and increased sales of Mamonde resulted in positive growth

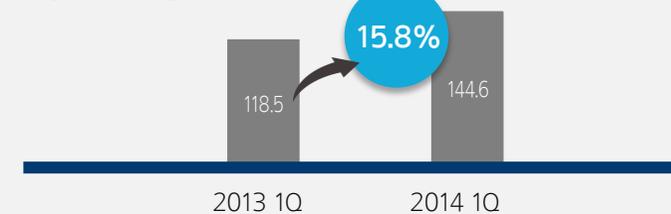
Digital : Robust growth through responding to customers' needs

- Solid growth throughout all channels(Home-shopping/E-commerce) behind by reinforced brand portfolio and increased sales of make-up category

Sales



Operating Profit



Mass

Continued premiumization backed by solid sales growth of cosmetic category

Decreased sales due to the extended application of mandatory two-day-off policy and economic downturn/ Strengthened market leadership behind by strong performance of functional products

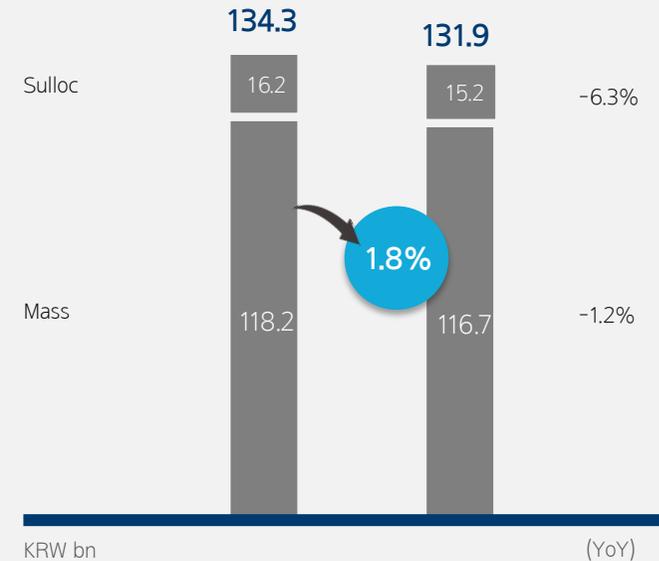
- Hair care : Increased sales of functional products such as Hair Colorant, Tonic and Serum
- Body care : Sales expansion of Happy Bath and illi's premium moisturizing line
- Oral care : Launch of new products (Median Vital/ I am White) to secure the growth momentum

Sulloc

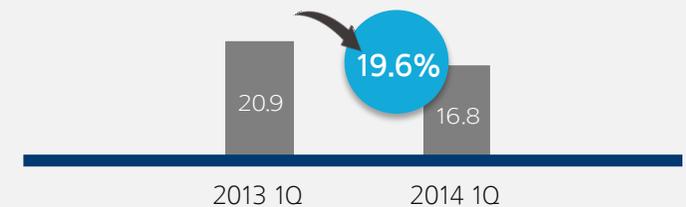
Strengthened brand awareness of OSULLOC/ Increased contribution of premium business

- Despite the solid growth of premium business (+37%) backed by reinforced brand recognition of OSULLOC and increased inflow of new customers, overall sales decreased due to the cuts in mass business

Sales



Operating Profit



Growth markets

China: Robust profitable growth delivered by increased sales of hit products of major brands and diversified channel portfolio

- Solid same store sales growth backed by good performance of hit products of Laneige(BB cushion, Sleeping pack) and Sulwhasoo(First Care Activating Serum)
- New store opening and digital marketing activities resulted in increased inflow of new customers and robust growth of Innisfree
- Expanded customer coverage through channel diversification(Dep. store, FSS*, E-commerce, etc.)

Asia(ex China&Japan): Continued solid growth backed by increased sales of hit products and improved same store sales growth

- (Asean) Reinforced brand awareness of Laneige backed by K-beauty trends led the strong sales growth
- (Taiwan) Strengthened brand portfolio and diversified distribution channel resulted in healthy growth
- (Hong Kong) Inclusion of Hong Kong JV results from 1Q

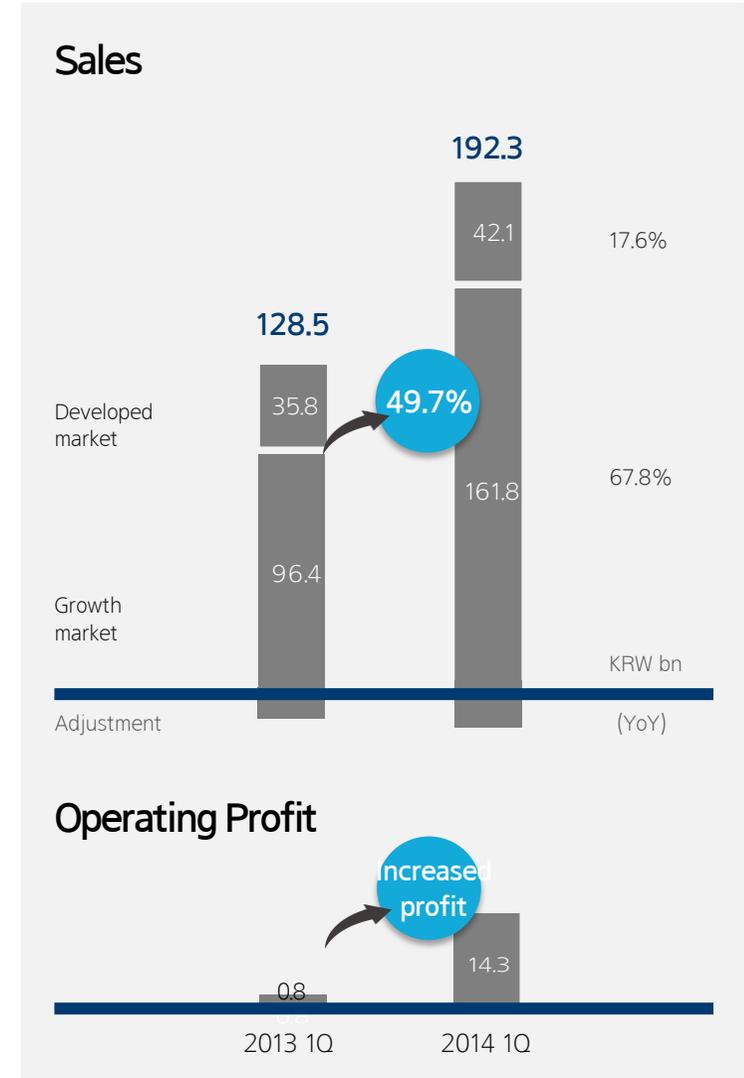
Developed markets

France: Increased export sales of Lolita lempicka led the positive growth

US: Robust growth delivered by reinforcement of channel/brand portfolio and launch of new products

- (AP) Robust sales growth across all channels behind by increased sales of hit products
- (Amore shop) Solid growth delivered by launch of new product of IOPE(Super vital cream) and increase in sales of cushion products
- (Laneige) Tapped opportunities in US market through penetrating into new distribution channel(Target)

FSS * Free standing store



Income Statement

KRW bn

	2013 1Q		2014 1Q	
Sales	803.8	100.0%	931.8	100.0%
Gross Profit	569.3	70.8%	676.6	72.6%
SG&A expenses	429.1	53.4%	500.9	53.8%
Operating Profit	140.2	17.4%	175.7	18.9%
Non-operating Profit/Expenses	(11.6)		(12.2)	
Profit before tax	128.6	16.0%	163.5	17.5%
Consolidated net income	90.7	11.3%	122.9	13.2%

Statements of Financial Position

KRW bn

	2013.12	2014.03
	Assets	3,401.8
Current assets	967.5	1,070.9
Non-current assets	2,434.3	2,466.7
Liabilities	833.7	885.8
Current liabilities	542.7	588.9
Non-current liabilities	291.0	296.9
Shareholder's Equity	2,568.1	2,651.8
Capital stock	34.5	34.5
Additional paid-in capital	712.7	712.7
Capital surplus	7.8	7.8
Other components of equity	(1.8)	(1.8)
Accumulated other comprehensive income	(14.0)	(13.8)
Retained earnings	1,815.3	1,890.7
Non-controlling interest	13.7	21.7