

IR

AMOREPACIFIC CORP.

AMOREPACIFIC Corporation 2Q 2014 Earnings Release

- 1 1H 2014 Earnings Summary
- 2 2Q 2014 Earnings Summary
- 3 Domestic Business
 - 3-1 Cosmetics
 - 3-2 Mass & Sulloc
- 4 Overseas Business
- 5 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.

AMOREPACIFIC Corp. has adopted the K-IFRS since 2011.

Sales up 18.5% to KRW 1,898.5bn, OP up 42.2% to KRW 326.8bn

Sales & OP by Division

KRW bn

	1H 2013	% of sales	1H 2014	% of sales	YoY(%)
Sales	1,602.8	100.0%	1,898.5	100.0%	18.5%
Domestic	1,325.6	82.7%	1,515.8	79.8%	14.3%
Cosmetics	1,090.0	68.0%	1,282.2	67.5%	17.6%
Mass & Sulloc	235.6	14.7%	233.6	12.3%	-0.9%
Overseas	277.2	17.3%	382.7	20.2%	38.1%
	1H 2013	OPM	1H 2014	OPM	YoY(%)
Operating Profit	229.7	14.3%	326.8	17.2%	42.2%
Domestic	228.3	17.2%	301.3	19.9%	32.0%
Cosmetics	201.7	18.5%	275.9	21.5%	36.8%
Mass & Sulloc	26.6	11.3%	25.4	10.9%	-4.4%
Overseas	1.5	0.5%	25.4	6.6%	Increased profits
Net Profit	164.0	10.2%	235.7	12.4%	43.7%

* 2013 2Q SG&A and OP adjusted due to the release of a new accounting standard on the recognition timing of the tax expense.

Sales up 21.0% to KRW 966.7bn, OP up 68.7% to KRW 151.1bn

Sales & OP by Division

KRW bn

	2Q 2013	% of sales	2Q 2014	% of sales	YoY(%)
Sales	799.0	100.0%	966.7	100.0%	21.0%
Domestic	650.3	81.4%	776.3	80.3%	19.4%
Cosmetics	549.1	68.7%	674.6	69.8%	22.9%
Mass & Sulloc	101.2	12.7%	101.7	10.5%	0.4%
Overseas	148.7	18.6%	190.4	19.7%	28.0%
	2Q 2013	OPM	2Q 2014	OPM	YoY(%)
Operating Profit	89.5	11.2%	151.1	15.6%	68.7%
Domestic	88.9	13.7%	140.0	18.0%	57.5%
Cosmetics	83.2	15.1%	131.4	19.5%	57.9%
Mass & Sulloc	5.7	5.6%	8.6	8.5%	51.0%
Overseas	0.6	0.4%	11.1	5.8%	Increased profits
Net Profit	73.3	9.2%	112.8	11.7%	53.8%

* 2013 2Q SG&A and OP adjusted due to the release of a new accounting standard on the recognition timing of the tax expense.

Luxury

Door-to-door : Continued efforts to secure healthy business structure

- Decreased sales caused by adjustment of inventory level to secure the visibility, Qualitative improvement through strengthened sales practices of counselors

Dep. store : Strengthened channel leadership backed by differentiated brand portfolio, Achieved market share no.1 position

- Increased market share behind by raised equity of major brands such as Sulwhasoo, Hera and Primera and solid same store sales growth
- Profitable growth delivered by efficient store operations and strengthened digital communication

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

- Robust growth delivered by the surge in purchase amount of Chinese customers (+200% yoy)

Premium

Specialty store : Continued strong growth on the back of the reinforced competitiveness of products, distribution and services

- Provided differentiated customer experience backed by renovation of store formats and services through diversified product category and specialized service programs
- Strengthened competitiveness behind by continuous product renovation such as renewal of Hanyul and launch of VB Solution

- Continued strong sales per door delivered by Inflow of new customers and increase in paid members

Digital: Reinforced channel leadership through the differentiated product portfolio

- Enhanced awareness of TV-shopping exclusive brand, Verite, and launch of new products resulted in strong growth of both TV-shopping and Ecommerce channels
- Responded to diverse customer needs through expanded product categories (skin care, make-up, cleansing, nail products, etc.)



Mass

Slightly decreased sales due to competitive environment and slowing market, Continued premiumization backed by strong sales in cosmetic category

- Increased sales from functional hair care products such as hair tonic and hair colorants, Decreased sales from hair cleansing category

- Achieved market share no.1 position in body cosmetics category (Cleansing and moisturizing) delivered by increased sales from functional products

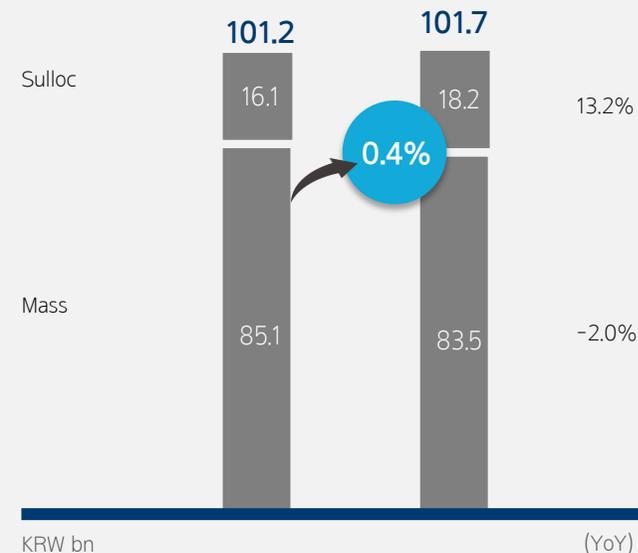
Sulloc

Enhanced brand awareness and expanded sales contribution of premium business

- Continued solid growth of premium business backed by extended product lines (fermentation/blending tea lines) and reinforced brand recognition of OSULLOC

- Decreased sales contribution of mass business resulted from focusing more on the OSULLOC business

Sales



Operating Profit



Growth markets

China: Profitable growth delivered by enhanced brand power and diversified distribution (RMB+30%YoY)

- Sulwhasoo: Strong sales growth resulted from store expansion and robust same store sales growth backed by strengthened luxury image
- Laneige: Continued solid growth within Dep. store and Ecommerce channels behind by increased sales of hit products
- Innisfree: Expansion of new stores and increased inflow of new customers backed by digitalized marketing activities resulted in surged sales

Asia(ex China & Japan): Diversification of channel and brand portfolio resulted in profitable growth

- Continued strong growth from strengthened brand power of Sulwhasoo and Laneige, increased sales of hit products and successful launch of Innisfree
- Expanded customer base backed by channel diversification to *FSS, TV-shopping, Ecommerce as well as Dep. store
- Turned to black on the back of efficient cost management and solid same store sales growth

Developed markets

US: Robust sales growth behind by increased sales of hit products and expanded distribution channels

- Robust sales growth across all channels such as Dep. store, Sephora and *Aritaum
- Penetration into Target(Laneige) and expansion into the new market(Canada) resulted in diversified distribution portfolio and business area

France: Weaker sales due to the slowdown in European market

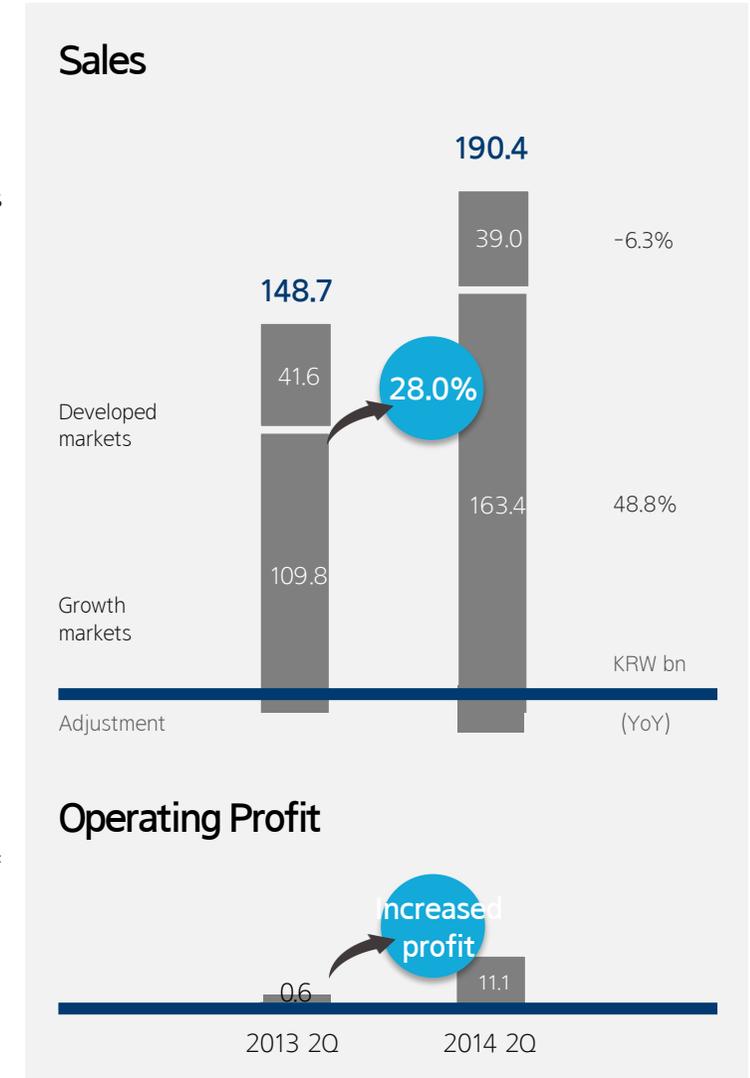
- Despite increased sales of new product (Lolita Lempicka ELLE L'AIME), overall sales decreased due to weaker sales of existing products

Japan: Decreased sales resulted from consumption tax hike and channel realignment

- Consumption tax hike(April) resulted in weaker sales in the 2nd quarter due to preorders in March
- Continued efforts for qualitative growth such as decreased Dep. store of Amorepacific and readjustment of business district of Etude

* FSS = Free standing store

* Aritaum = Amore shop



Income Statement

KRW bn

	2Q 2013		2Q 2014	
Sales	799.0	100.0%	966.7	100.0%
Gross profit	568.9	71.2%	715.9	74.1%
SG&A expenses	479.4	60.0%	564.8	58.4%
Operating profit	89.5	11.2%	151.1	15.6%
Non-operating profit/expenses	7.1		(5.2)	
Profit before tax	96.6	12.1%	145.9	15.1%
Consolidated net income	73.3	9.2%	112.8	11.7%

Statements of Financial Position

KRW bn

	2013.12	2014.06
	Assets	3,401.8
Current assets	967.5	1,125.8
Non-current assets	2,434.3	2,483.3
Liabilities	833.7	870.5
Current liabilities	542.7	574.3
Non-current liabilities	291.0	296.2
Shareholder's Equity	2,568.1	2,738.6
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)	(11.0)
Accumulated other comprehensive income	(14.0)	(23.7)
Retained earnings	1,815.3	2,001.1
Non-controlling interest	13.7	17.2