



# AMOREPACIFIC

## 2012 Q1 Earnings Release

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

# 2012 Q1 Earnings Summary

## Continued solid organic growth overcoming the recession through thorough preparation

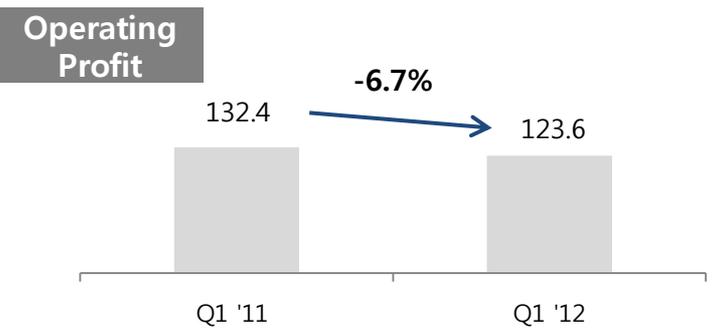
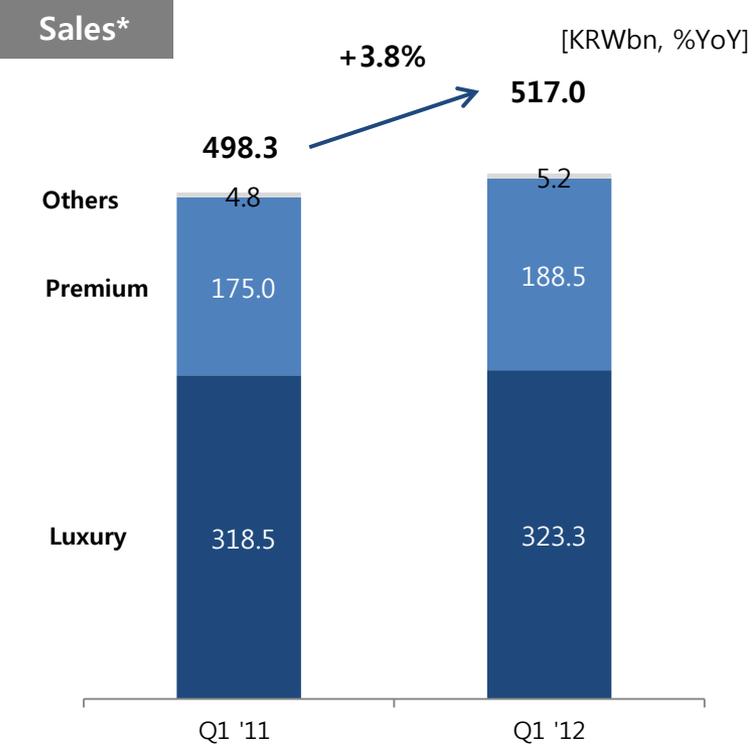
- Q1 Sales up 7% to KRW 741.5bn, OP up 2% to KRW 150.4bn
- Greatest quarterly results delivered by expanded investments in brands, active launches of new products and overseas markets development

### Sales and Profits

[KRWbn]

	Q1 '11	(%)	Q1 '12	(%)	Y on Y (%)
<b>Sales</b>	<b>692.1</b>	<b>(100.0)</b>	<b>741.5</b>	<b>(100.0)</b>	<b>7.1</b>
Cosmetics (Domestic)	498.3	(72.0)	517.0	(69.7)	3.8
Cosmetics (Overseas)	77.8	(11.2)	97.9	(13.2)	25.8
MC&S	116.0	(16.8)	126.5	(17.1)	9.1
<b>Operating Profit</b>	<b>148.0</b>	<b>(21.4)</b>	<b>150.4</b>	<b>(20.3)</b>	<b>1.6</b>
Cosmetics (Domestic)	132.4	(26.6)	123.6	(23.9)	(6.7)
Cosmetics (Overseas)	2.0	(2.6)	5.3	(5.4)	161.5
MC&S	13.5	(11.6)	21.5	(17.0)	59.1
<b>Consolidated Net Profit</b>	<b>112.7</b>	<b>(16.3)</b>	<b>114.0</b>	<b>(15.4)</b>	<b>1.1</b>

# 2012 Q1 Earnings by Division \_ Cosmetics (Domestic)



Sales of KRW 517.0bn (+4%), OP of KRW 123.6bn (-7%)

Despite the weakened consumption trend caused by the economic recession, solid organic growth continued thanks to the innovative new product launches and enlarged sales volume growth within major growth channels but OP decreased due to the increased expenses regarding marketing activities

**[Luxury] 63% of domestic cosmetics sales, up 2% to KRW 323.3bn**

- Robust sales growth continued in Dep. Store and DFS channels behind by the enhanced Sulwhasoo's brand awareness as a global luxury brand
- Launching 'Primera' brand in Dep. store channel should result in expanding customer base and securing new growth momentum
- D2D channel slowed because of the high comparison base in '11 and economic depression

**[Premium] 37% of domestic cosmetics sales, up 8% to KRW 188.5bn**

- Specialty store and On-line channels showed robust sales growth backed by new product launches and product renewals of major brands such as 'IOPE' and 'Laneige'
- Sales per store and sales volume in Specialty store channel improved thanks to the differentiated operation strategies for different sales districts

**[OP] down 7% to KRW 123.6bn**

- Marketing investments expanded due to the new brand launch and product renewals
- Distribution commissions increased due to the strong growth in concession based channels (DFS and On-line)
- Depreciation costs rose due to the relocation of the Osan factory and logistics center

**[Major and new brands]**

'Sulwhasoo' +16%

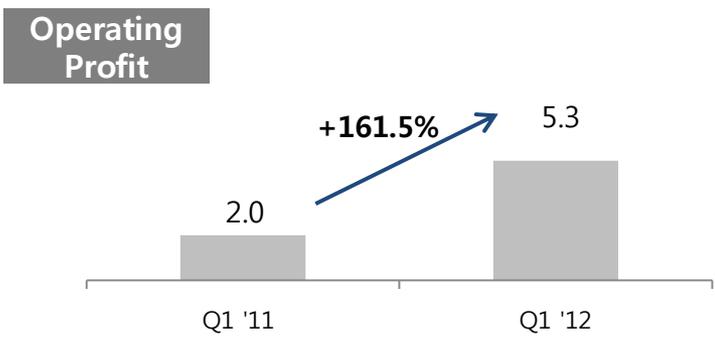
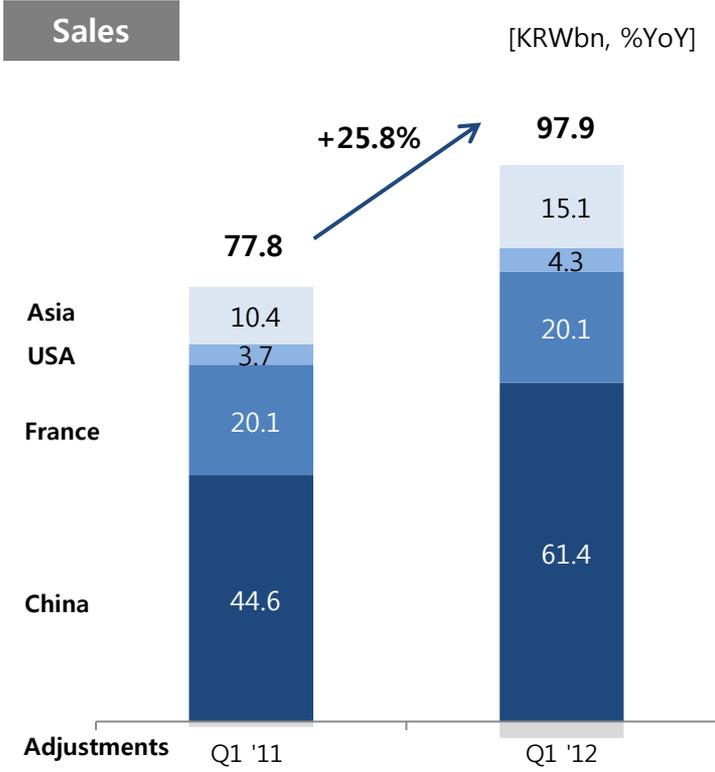
'IOPE' +16%

'Laneige' +29%

'Primera' (newly launched)

\* 2011 numbers adjusted to reflect the sales recognition change between online and department store channels

# 2012 Q1 Earnings by Division \_ Cosmetics (Overseas)



**Sales of KRW 97.9bn (+26%), OP of KRW 5.3 (+162%)**

**China led overseas sales growth continuing strong sales growth with profitability improvement**

**[China] 63% of overseas cosmetics sales, up 38% to KRW 61.4bn**

- **Laneige:** Brand recognition and store efficiency improved thanks to the strengthened On-line marketing activities with social media
- **Mamonde:** Opening new Department counters and penetrating into new distribution channels such as Drugstores resulted in continued solid sales growth
- **Sulwhasoo:** Brand awareness enhanced through VIP promotion over Shanghai and Beijing regions / Launch of a new line (Jajeong) reinforced SKUs

**[France] 21% of overseas cosmetics, flat to KRW 20.1bn**

- Continued economic recession in Europe led to decreased demands in the retail market for perfumes and weakened sales

**[US] 4% of overseas cosmetics, up 15% to KRW 4.3bn**

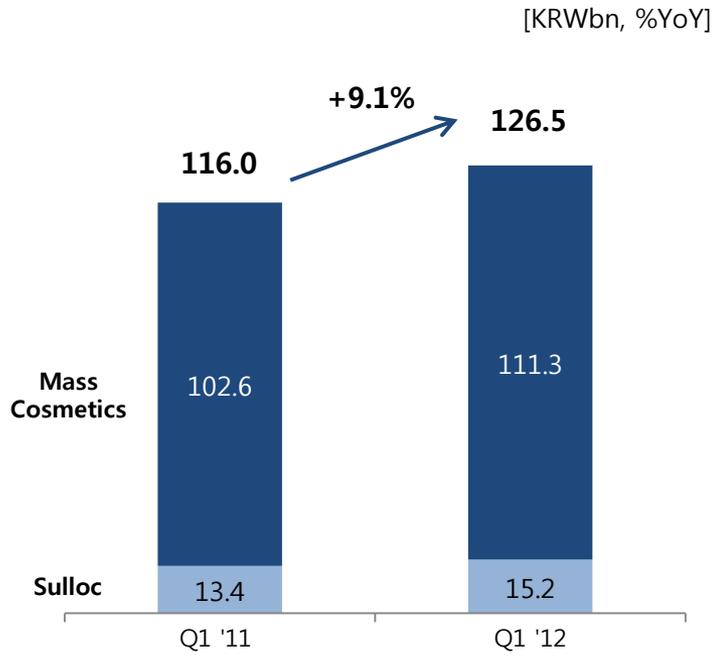
- **AP:** Counter expansion and promotion of major products reinforced luxury brand recognition/ Strong sales growth continued in Dep. Store and Sephora channels
- **Amore Shop:** Strengthened CRM activities resulted in improved sales per door and strong growth of major brands such as 'IOPE' and 'Laneige'

**[Other Asia] 15% of overseas cosmetics, up 44% to KRW 15.1bn**

- Sales increased dramatically thanks to the new product launches for 'Laneige' brand and expanded sales of hit products in major Asian markets (Malaysia +66%, Singapore +38% Taiwan 14%)
- Sales turned around to positive growth driven by the successful launching of 'Etude' brand (Japan +43%)

# 2012 Q1 Earnings by Division \_ MC&S

## Sales



## Sales of KRW 126.5bn (+9%), OP of KRW 21.5bn (+59%)

Launching of premium functional lines resulted in strong sales growth with profitability improvement

[MC] 88% of MC&S sales, up 8% to KRW 111.3bn

- Shampoo and body cleanser categories strengthened market leadership backed by launch of various premium functional lines such as 'Mise-en-Scene' SilkyShiny line, 'Ryoe' Gingsengbo line, and 'Happy Bath' Soapberry line

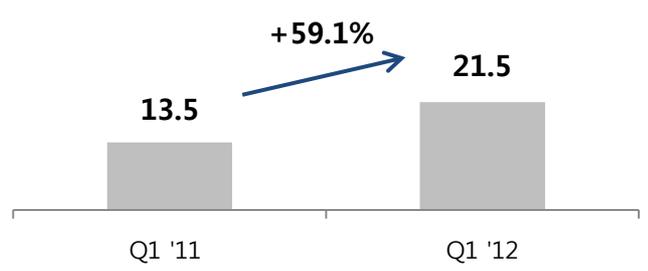
[Sulloc] 12% of MC&S sales, up 14% to KRW 15.2bn

- Solid growth continued on the back of the increased sales of premium tea leaf products of major lines and new product launches through the expanded lineup as Soy latte, Greentea flake, and Mate tea
- Active customer communication through online mall and community / Strengthened link between On and off-line sales

[OP] up 59% to KRW 21.5bn

- Profitability of Sulloc division improved behind by the increased portion of premium tea leaf sales

## Operating Profit



## [Major brands performance]

- 'Mise-en-Scene' +20%
- 'Happy Bath' +13%
- 'Median' +15%
- 'Sulloc' +14%

# 2012 Q1 Financial Summary

## ▶ Income Statement

[KRWbn]	Q1 2011		Q1 2012	
		%		%
Sales	692.1	100.0	741.5	100.0
Gross Profit	479.6	69.3	528.8	71.3
SG&A Expense	331.7	47.9	378.4	51.0
Operating Profit	148.0	21.4	150.4	20.3
Non-operating Profit/Expense	0.7		5.2	
Income before Taxes	148.7	21.5	155.6	21.0
Consolidated Net profit	112.7	16.3	114.0	15.4

## ▶ Statement of Financial Position

[KRWbn]	2011. 12	2012.3
Asset	2,815.4	2,941.8
Current Asset	753.7	1,057.8
Non-current Asset	2,061.7	1,884.0
Liability	677.1	735.3
Current Liability	426.0	477.7
Non-current Liability	251.1	257.6
Shareholder's Equity	2,138.3	2,206.6
Capital	34.5	34.5
Capital Stock Premium	712.7	712.7
Capital Reserve	7.7	7.7
Other Capital Adjustments	-1.8	-1.8
Inclusive Gain and Loss	-2.4	-3.3
Retained Earnings	1,377.4	1,445.9
Non-controlling Interest	10.2	10.9



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CORPORATION

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H/Q: 181, 2ga Hangang-Ro Yongsan-Gu Seoul, Korea 140-777

TEL: +822 709 5104 / FAX: +822 709 5339 / Email: IR@amorepacific.com