



AMOREPACIFIC CORP.

AMOREPACIFIC Corporation 2Q 2016 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 to 22.0% KRW 2,928.5bn, OP up 19.0% to KRW 578.4bn

Sales & OP by Division

KRW bn

	1H 2015	% of sales	1H 2016	% of sales	YoY(%)
Sales	2,399.8	100.0%	2,928.5	100.0%	22.0
Domestic	1,852.8	77.2%	2,124.2	72.5%	14.7
Cosmetics	1,602.1	66.8%	1,871.2	63.9%	16.8
Mass & Osulloc	250.7	10.4%	253.0	8.6%	0.9
Overseas	565.1	23.5%	825.3	28.2%	46.1
Others*	-18.1		-21.0		
	1H 2015	OPM	1H 2016	OPM	YoY(%)
Operating Profit	486.1	20.3	578.4	19.8	19.0
Domestic	406.1	21.9	467.7	22.0	15.2
Cosmetics	374.8	23.4	442.2	23.6	18.0
Mass & Osulloc	31.4	12.5	25.6	10.1	-18.5
Overseas	88.8	15.7	128.5	15.6	44.6
Others	-8.9		-17.8		
Net Profit	372.9	15.5	455.6	15.6	22.2

Others* : Intercompany Transaction

Sales up 20.7% to KRW 1,443.4bn, OP up 15.6% to 240.6bn

Sales & OP by Division

KRW bn

	2Q 2015	% of sales	2Q 2016	% of sales	YoY(%)
Sales	1,195.4	100.0%	1,443.4	100.0%	20.7
Domestic	917.7	76.8%	1,038.8	72.0%	13.2
Cosmetics	805.9	67.4%	927.3	64.2%	15.1
Mass & Osulloc	111.8	9.4%	111.5	7.7%	-0.3
Overseas	285.0	23.8%	417.3	28.9%	46.4
Others*	-7.3		-12.6		
	2Q 2015	OPM	2Q 2016	OPM	YoY(%)
Operating Profit	208.1	17.4	240.6	16.7	15.6
Domestic	182.6	19.9	199.5	19.2	9.3
Cosmetics	172.7	21.4	194.3	20.9	12.5
Mass & Osulloc	9.9	8.9	5.3	4.7	-46.9
Overseas	30.7	10.8	49.0	11.8	59.6
Others	-5.2		-8.0		
Net Profit	161.5	13.5	192.6	13.3	19.3

Others* : Intercompany Transaction

Luxury

Sustained solid growth through differentiated brand portfolio

- Sulwhasoo diversified customer base by spreading its brand philosophy
 - : Strengthened communication to young and global customers through expansion of digital media
 - : Provided differentiated customer service enabling customers to experience "korean beauty" through Sulwhasoo products at the flagship store
- Hera set the foundation for global expansion by strengthening 'Seoulista' brand identity
 - : Formulated brand story by developing digital contents which captures the beauty of Seoul
 - : Enhanced brand appeal by upgrading key products and designs

Generated new demand through the development of nature friendly, inner beauty category

- Primera enhanced its healthy and environmentally friendly brand appeal by strengthening the competitiveness of its hit products (Alpine Berry Watery Cream, Super Sprout Line, etc.)
- Vital Beautie emerged as an inner beauty brand for 'well aging' through brand renewals and development of specialized products for the senior population

Travel retail channel sustained solid growth mainly from expansion of online and global travel retail

Department store channel strengthened customer service through enhanced CRM initiatives and strengthened competency of sales people

Door-to-door channel improved counselor's efficiency through adoption of digital sales platform

Premium

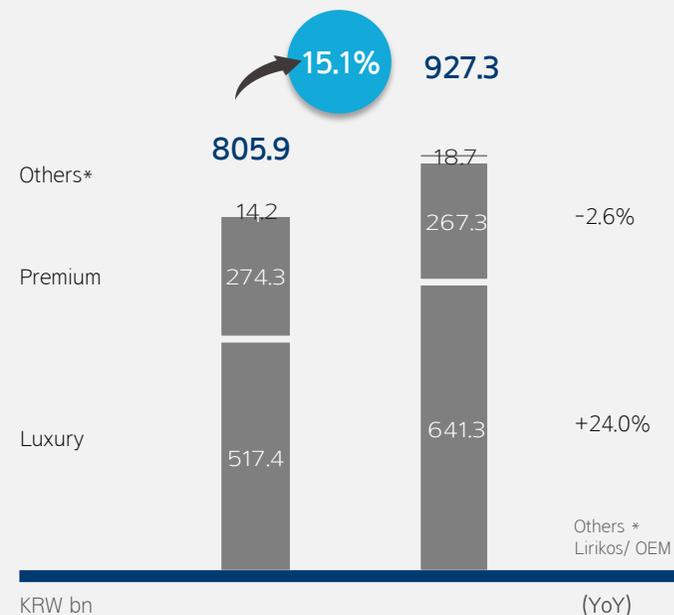
Initiated various marketing activities and strengthened product categories to secure younger customers

- Improved brand appeal through various brand campaigns like 'Laneige Global Beauty Road' and 'Mamonde Gardening Campaign'
- Nurtured products for hydration and makeup categories (Laneige Water Bank Gel Cream, Laneige Two Tone Lip Bar Collection, Mamonde Rose Line, Mamonde Cover Powder Cushion, etc.)

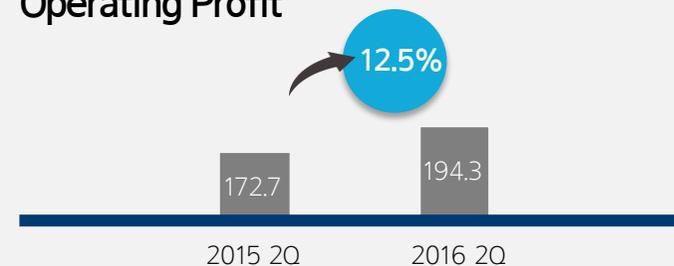
Aritium channel strengthened retail competitiveness through improvement of online/offline services and store environment

Digital channel enhanced customer convenience through upgraded mobile shopping platform and simplified payment systems

Sales



Operating Profit



Mass

Strengthened brand competitiveness through new brand launches and expansion of diversified products

- Offered differentiated customer experience through new innovative product launches based on new ingredients and textures (Healthy Shampoo Freshpop, illi Ceramide Ato line, Happy Bath Beer Spa, etc.)
- Mass business maintained revenue growth despite slowdown in hypermarkets due to humidifier-disinfectant product scandal
- Increased marketing spending for the launch of new haircare brand Freshpop and Ryo's 'Ham Cho Su' line

OSulloc

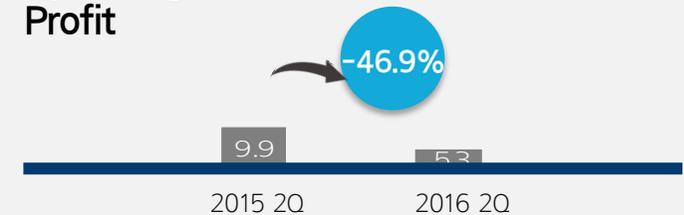
Continued efforts to increase brand awareness and deliver quality growth

- Focused on premium tea business through channel restructuring (exit from hypermarket and agent, entry into travel retail channel, renewal of brand site)
- Hosted 'Green tea Festival' to provide various tea culture programs and improve brand awareness.
- Continued research for innovative textures/formats and launched Samdayeon Brick Tea with own technology

Sales



Operating Profit



Asia

Sulwhasoo strengthened brand position as Asia's representative luxury brand

- Robust growth due to expansion within high-end department stores along with stronger sales from online mall(China)
- Improved luxury image and delivered 'Holistic Beauty' heritage through online/offline media advertisement

Laneige improved appeal as global young premium brand

- Popularized K-beauty through the global expansion of 'Laneige Beauty Road' and CSR campaign 'Laneige Refill Me'
- Strengthened makeup category through increased sales of hit products (Two Tone Lip Bar, BB Cushion, etc.)

Mamonde expanded marketing activities as part of rebranding efforts

- Expanded customer communication and improved brand awareness by diversifying digital communication (Weibo, online tv, etc.)
- Improved brand image through renewal of department stores and specialty stores

Innisfree increased revenue in all regions through differentiated brand story

- Strengthened brand equity through global expansion of brand campaign ('Play Green'/ Preventing Desertification 'Innisfree Forest' Campaign)
- Sustained solid growth through store expansion and same store sales growth

Etude recorded robust growth through strengthened product and channel competitiveness

- Robust growth from increased sales of hit products(Play 101 Stick, Real Powder Cushion, Pink Vital Water) and new store openings
- Directly entered the Thailand market by launching the first directly operated store

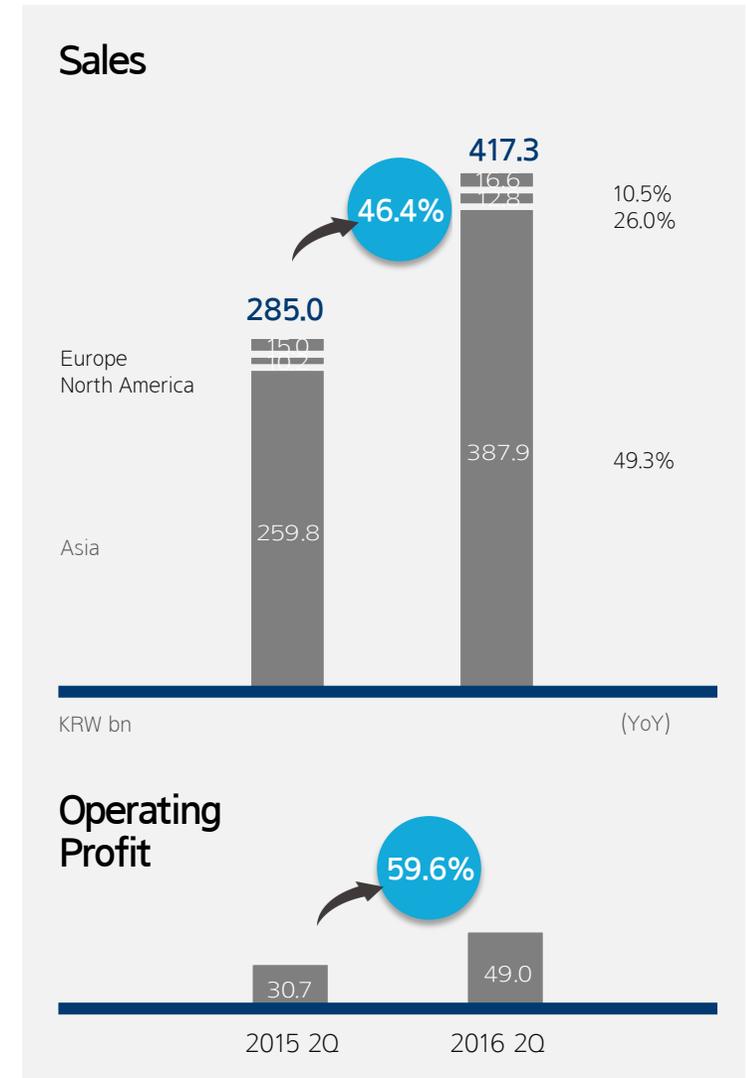
North America

Sustained solid growth through diversification of brand portfolio

- Robust growth of Laneige and Sulwhasoo through increased sales of hit products
- Amorepacific raised brand awareness through improvement in store environment and expansion of digital communication

Europe

Revenue grew in Europe due to new product launches and favorable foreign exchange rates



Income Statement

KRW bn

	2015 2Q		2016 2Q	
Sales	1,195.4	100.0%	1,443.4	100.0%
Gross Profit	909.0	76.0%	1,069.1	74.1%
SG&A expenses	700.9	58.6%	828.5	57.4%
Operating Profit	208.1	17.4%	240.6	16.7%
Non-operating Profit/Expenses	4.5		(1.0)	
Profit before tax	212.6	17.8%	239.6	16.6%
Consolidated net income	161.5	13.5%	192.6	13.3%

Statement of Financial Position

KRW bn

	2015.12	2016.06
	Assets	4,443.1
Current assets	1,833.2	2,040.2
Non-current assets	2,609.9	2,763.5
Liabilities	1,070.8	1,074.2
Current liabilities	871.9	887.2
Non-current liabilities	198.9	187.0
Shareholder's Equity	3,372.3	3,729.5
Capital stock	34.5	34.5
Additional paid-in capital	712.7	712.7
Capital surplus	7.8	7.8
Other components of equity	(18.4)	(18.4)
Accumulated other comprehensive income	(14.1)	(17.8)
Retained earnings	2,623.1	2,977.6
Non-controlling interest	26.7	33.1