



Asian Beauty Creator  
**AMOREPACIFIC**

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# **AMOREPACIFIC Corporation**

## **2012 3Q Earnings Release**

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AMOREPACIFIC IR

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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.**

# 1. Earnings Summary

## Sales up 18% to KRW 733.3bn, OP up 18% to KRW 90.1bn

- Solid growth throughout all divisions backed by strong sales of new products and accelerated overseas business expansion
- Profit growth driven by improved profitability in domestic cosmetics and MC&S

### Sales and Profits

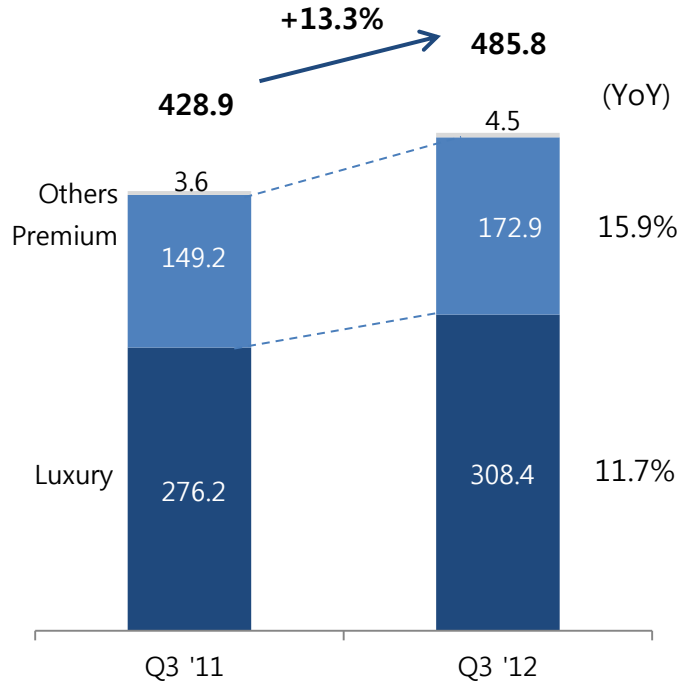
[KRWbn]

	Q3 '11	(%)	Q3 '12	(%)	Y on Y (%)
<b>Sales</b>	<b>622.8</b>	<b>(100.0)</b>	<b>733.3</b>	<b>(100.0)</b>	<b>17.7</b>
Cosmetics (Domestic)	428.9	(68.9)	485.8	(66.2)	13.3
Cosmetics (Overseas)	76.1	(12.2)	107.6	(14.7)	41.4
MC&S	117.7	(18.9)	139.9	(19.1)	18.8
<b>Operating Profit</b>	<b>76.6</b>	<b>(12.3)</b>	<b>90.1</b>	<b>(12.3)</b>	<b>17.6</b>
Cosmetics (Domestic)	59.9	(14.0)	71.0	(14.6)	18.6
Cosmetics (Overseas)	1.9	(2.5)	-6.4	(-5.9)	-441.6
MC&S	14.8	(12.6)	25.5	(18.2)	72.2
<b>Consolidated Net Profit</b>	<b>63.8</b>	<b>(10.2)</b>	<b>69.6</b>	<b>(9.5)</b>	<b>9.1</b>

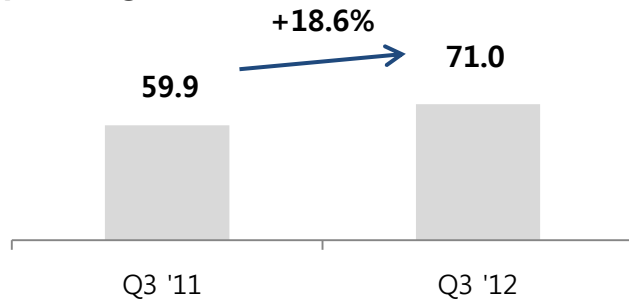
## 2. Earnings by Division \_ Domestic Cosmetics (1/3)

### - Sales -

[KRWbn, %YoY]



### - Operating Profit -



**Sales of KRW 485.8bn (+13%), OP of KRW 71.0bn (+19%)**  
**Launching innovative new products led to solid sales and operating profit growth within major distribution channels**

**[Luxury] Continued growth thanks to new product launches and solid duty-free sales**

- **Door-to-door:** Accelerated growth with the addition of sales agents and hit products launched in the 1<sup>st</sup> half (Hera UV Mist Cushion, etc)
- **Duty free:** Strong sales growth delivered by increased purchasing by foreign travelers during Chuseok holiday and hit products of major brands (Laneige Sleeping Pack, etc)

**[Premium] Increased sales on the strengths of launching reasonable priced products**

- **Specialty store:** Improved store efficiency and increased volume growth thanks to the robust volume growth of products targeting price-sensitive customers
- **Hypermarket:** Increased sales volume of IOPE's new and hit products resulted in positive growth (IOPE Bio Essence, Air Cushion, etc)
- **On-line:** Robust growth through all channels thanks to the increased Homeshopping channel broadcasts for 'IOPE' Air Cushion and expanded sales of 'Laneige' products

**[OP] Increased earnings backed by stronger growth in luxury segment**

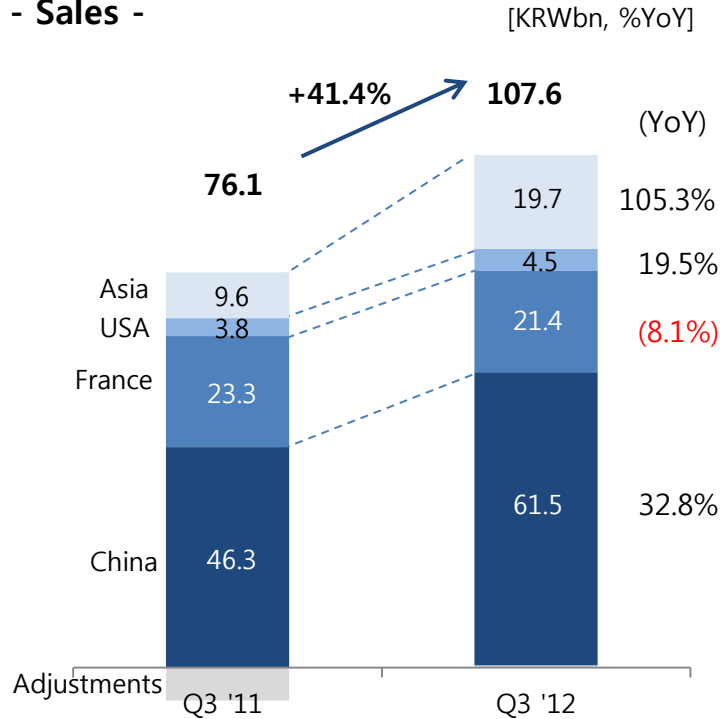
- Stronger operating profit growth in D2D and Dep. store channels offset higher marketing costs
- Increased distribution commissions due to the strong growth of DFS and On-line channels

**[Sales by major channels]**

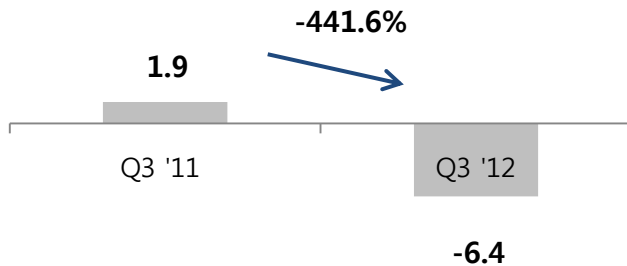
Channel	Vs. Total(%)	YoY(%)	Channel	Vs. Total(%)	YoY(%)
D2D	34.7	7.4	Specialty store	16.5	10.7
Dep. store (DFS)	26.8 (13.4)	17.5 (38.4)	Hypermarket	7.7	2.0
			On-line	11.4	38.1

## 2. Earnings by Division \_ Overseas Cosmetics (2/3)

### - Sales -



### - Operating Profit -



**Sales of KRW 107.6bn (+41%), Operating loss of KRW 6.4bn (-442%)**

**Strong performance in overseas business led by solid growth in China, Asean and developed markets**

**[China] Solid results behind diversified distribution channels and reinforced marketing efforts**

- **Laneige:** Strong growth backed by seasonal demand of Chuseok and line renewal / TV and Online advertising for Water Sleeping Pack / Tapping on On-line and Homeshopping channels
- **Mamonde:** Continued counter expansion and penetration into new channels such as Drugstores and On-line resulted in solid sales growth
- **Sulwhasoo:** Opening new counters including Parkson Dep. store in Beijing / Enhanced brand awareness and increased inflow of new customers through 'The Sulwha Cultural Exhibition' and VIP promotions
- **Innisfree:** Accelerated growth behind store expansion and marketing activities

**[France] Continued economic recession led to weakened sales / Increased operating loss due to the restructuring**

**[US] Setting up a base for profitable growth through business expansion**

- **AP:** Opening new counters in SEPHORA with new products / Strong performance in existing channels
- **Amore shop:** Continued business extension to China town / Solid growth thanks to the improved same store sales growth

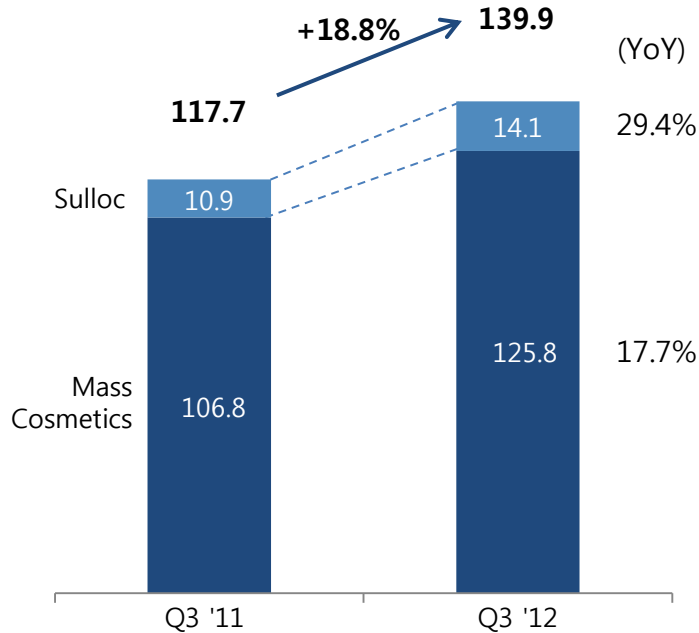
**[Other Asia] Accelerated growth in Core growth markets and expanded business in mature markets**

- Launching 'Sulwhasoo' brand targeting luxury demand in Singapore and Taiwan
- Increased inflow of new customers and enhanced same store sales driven by strong sales of hit products for 'Laneige' (Malaysia +65%, Singapore +147% Taiwan 32%)
- Strong sales growth in Japan behind by solid performance of 'Etude' brand and penetration into new channels such as CVS, Drugstore etc (Japan +103%)

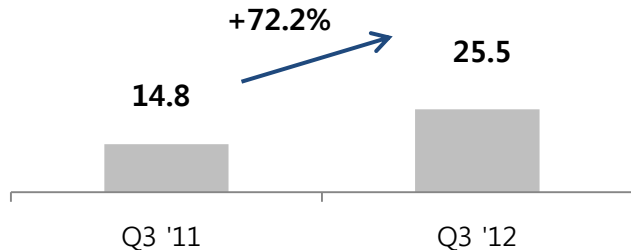
## 2. Earnings by Division \_ MC&S (3/3)

### - Sales -

[KRWbn, %YoY]



### - Operating Profit -



**Sales of KRW 139.9bn (+19%), OP of KRW 25.5bn (+72%)**  
**Launching a new brand and premium functional lines and selling Holiday gift sets resulted in strengthened market leadership and continued growth**

#### [MC] Strengthened channel leadership and increased M/S through all categories

- Major brands showed strong results thanks to sales of Chuseok holiday gift sets
- Launch of channel-exclusive products to meet customer needs (Mis-en-scene Style Kiss for drugstore channel)
- Introducing a traditional herbal medicine brand, 'illi', targeting premium body care market

#### [Sulloc] Increased volume growth delivered by sales of premium products and seasonal demand of Chuseok

- Solid growth behind by increased sales of premium tea leaf products and gift sets
- Increased volume growth of Plus line and Latte category in Hypermarkets and Supermarkets
- Robust growth of bleeded tea (O'Sulloc Blend) in Dep. store channel

#### [OP] Increased profit backed by stronger premium and functional products and sales of holiday gift set

- Increased operating profit thanks to Chuseok holiday gift sets
- Decreased operating loss in Sulloc business

#### [Major brands performance]



### 3. Financial Summary

#### Income Statement

[KRWbn]	Q3 2011		Q3 2012	
		%		%
Sales	622.8	100.0	733.3	100.0
Gross Profit	423.2	67.9	504.2	68.8
SG&A expenses	346.6	55.7	414.1	56.5
Operating profit	76.6	12.3	90.1	12.3
Non-operating Profit/Expenses	6.9	1.1	1.8	0.2
Profit before tax	83.5	13.4	91.9	12.5
Consolidated net income	63.8	10.2	69.6	9.5

#### Statements of Financial Position

[KRWbn]	2011. 12	2012.9
Assets	2,815.4	3,037.7
Current assets	753.7	1,046.3
Non-current assets	2,061.7	1,991.4
Liabilities	677.1	705.5
Current liabilities	426.0	434.7
Non-current liabilities	251.1	270.7
Shareholder's Equity	2,138.3	2,332.3
Capital stock	34.5	34.5
Additional paid-in capital	712.7	712.7
Capital surplus	7.7	7.8
Other components of equity	-1.8	-1.8
Accumulated other comprehensive income	-2.4	-7.8
Retained earnings	1,377.4	1,575.1
Non-controlling interest	10.2	11.9