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AMOREPACIFIC CORP.

AMOREPACIFIC Corporation 2Q 2018 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 slightly up to KRW 2.8 trillion, Operating Profit down 8.8% to KRW 381.7 billion

Sales & Operating Profit by Division

Unit: KRW bn

	1H 2017	% of sales	1H 2018	% of sales	YoY(%)
Sales	2,774.0	100.0	2,775.3	100.0	0.0
Domestic	1,910.0	68.9	1,818.6	65.5	-4.8
Cosmetics	1,636.0	59.0	1,541.4	55.5	-5.8
Daily Beauty & Osulloc	273.9	9.9	277.1	10.0	1.2
Overseas	885.5	31.9	977.6	35.2	10.4
Others*	-21.5		-20.9		
	1H 2017	OPM(%)	1H 2018	OPM(%)	YoY(%)
Operating Profit	418.4	15.1	381.7	13.8	-8.8
Domestic	316.6	16.6	250.0	13.7	-21.0
Cosmetics	299.1	18.3	234.9	15.2	-21.5
Daily Beauty & Osulloc	17.4	6.4	15.1	5.5	-13.3
Overseas	107.9	12.2	126.9	13.0	17.7
Others*	-6.1		4.8		
Net Profit	300.9	10.8	286.3	10.3	-4.8

Others* : Intercompany Transaction

Sales up 11.5% to KRW 1.3 trillion, Operating Profit up 43.5% to KRW145.8 billion

Sales & Operating Profit by Division

Unit: KRW bn

	2Q 2017	% of sales	2Q 2018	% of sales	YoY(%)
Sales	1,205.0	100.0	1,343.7	100.0	11.5
Domestic	805.5	66.9	877.7	65.3	9.0
Cosmetics	694.7	57.7	760.8	56.6	9.5
Daily Beauty & Osulloc	110.9	9.2	116.9	8.7	5.5
Overseas	408.5	33.9	476.7	35.5	16.7
Others*	-9.1		-10.8		
	2Q 2017	OPM(%)	2Q 2018	OPM(%)	YoY(%)
Operating Profit	101.6	8.4	145.8	10.8	43.5
Domestic	82.6	10.2	92.6	10.5	12.1
Cosmetics	84.6	12.2	94.4	12.4	11.5
Daily Beauty & Osulloc	-2.0	-1.8	-1.8	-1.6	Mitigated Losses
Overseas	19.8	4.8	45.4	9.5	129.3
Others*	-0.8		7.8		
Net Profit	77.4	6.4	109.6	8.2	41.7

Others* : Intercompany Transaction

Luxury

- Revenue increased through steady sales of skin care category
: 'Concentrated Ginseng Renewing Water-Concentrated Ginseng Renewing Emulsion,' 'Sulwhasoo Bloomstay Vitalizing Line,' 'Hera Rosy-Satin Cream,' etc.
- Strengthened product portfolio through launch of diverse new products
: 'Sulwhasoo Sheer Lasting Foundation,' 'Hera Sensual Tint,' 'Primer Repair Bean Cica Essence Line,' 'Vitalbeautie Jaeumbo Ampoules'
- Travel retail channel's revenue grew due to increase in foreign tourist traffic

Premium

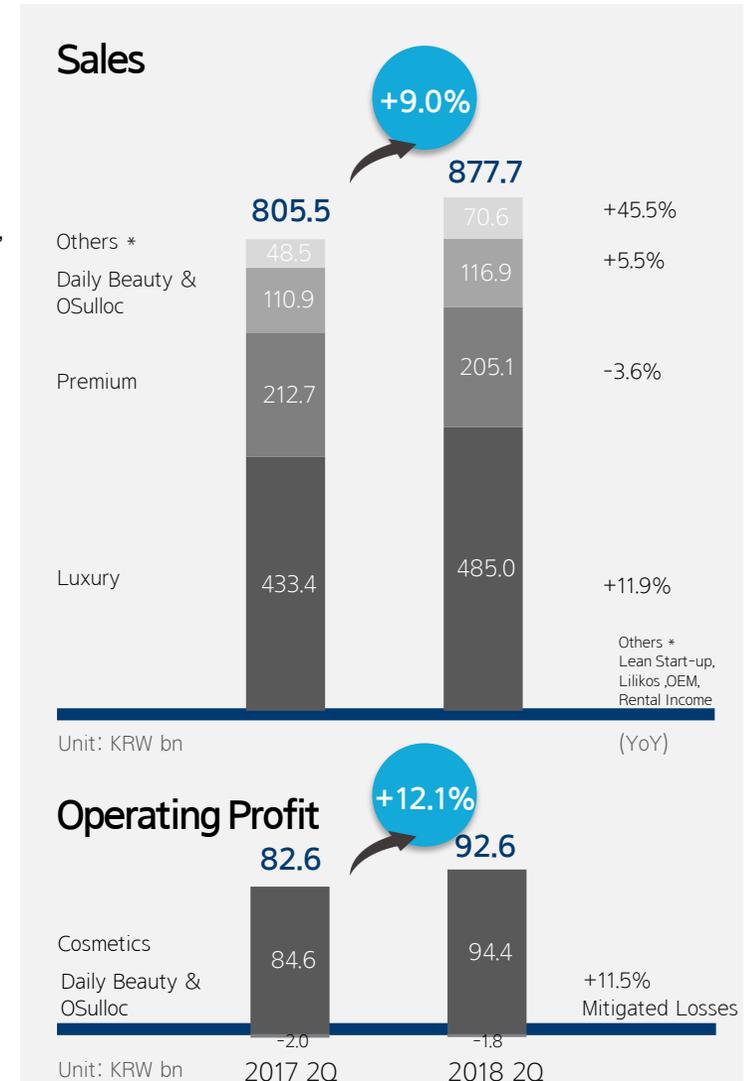
- Decline in revenue due to adjustments in home shopping channel's brand portfolio
- Diversified make-up category through launch of new differentiated products
: 'Laneige Stained Glasstick,' 'Mamonde All Stay Foundation,' 'lope Perfect Cover Cushion'
- Promoted brand story by strengthening brand experiential space and offline marketing activities
: Offered 'My Lip Sleeping Mask' service in newly opened 'Laneige Ewha Flagship Store L-Playground'
: Operated 'Mamonde Flower Toner Bar' in '2018 Welcome to Mamonde Garden' event

Daily Beauty

- Increase in revenue through steady sales of hair care products('Ryo Damage Care Shampoo,' 'Mise en scène Perfect Serum')
- Digital revenue for key brands increased through strengthened online contents and customized marketing activities for each platform

OSulloc

- Revenue grew through stronger premium product sales and increased sales at OSulloc Tea Museum and OSulloc Tea Houses
- Increased inflow of digital customers and heightened OSulloc's brand recognition through strengthened digital marketing



Asia Accelerated its business expansion and strengthened competitiveness centered on five global brands

[Sulwhasoo] Enhanced its leadership as Asia's representative luxury beauty brand

- Strengthened luxury customer base through steady sales of representative products ('First Care Activating Serum EX,' 'Concentrated Ginseng Renewing Cream EX,' etc.)
- Expanded point of sales and achieved solid revenue growth by continuously launching online/offline stores in China and ASEAN

[Laneige] Secured growth momentum centered on key representative products

- Increased sales of key innovative products ('Layering Cover Cushion') and representative products ('Sleeping Beauty Line,' 'Water Bank Essence Renewal')
- Enhanced brand image by launching global 'water bar' event

[Mamonde] Reorganized channel portfolio and diversified point of sales

- Continued channel reorganization in China to set the foundation for quality growth
- Focused on multi-brand shop (Sephora, Eveandboy) growth and enhanced its responsiveness in the ASEAN market

[Innisfree] Accelerated its global business expansion by strengthening brand's natural image

- Enhanced natural brand image by launching renewed 'Green Tea Line' global campaign
- Achieved solid digital revenue growth by strengthening online marketing in China and ASEAN
- Accelerated expansion into new markets by opening first store in Australia

[Etude House] Strengthened brand position as a global young make-up brand

- Strengthened customized communication with local customers by launching localized product for the Chinese market and opening a color factory in Singapore
- Sustained solid sales growth in Japan and Thailand while accelerating its market expansion in the Middle East by opening new stores in Saudi Arabia/Abu Dhabi

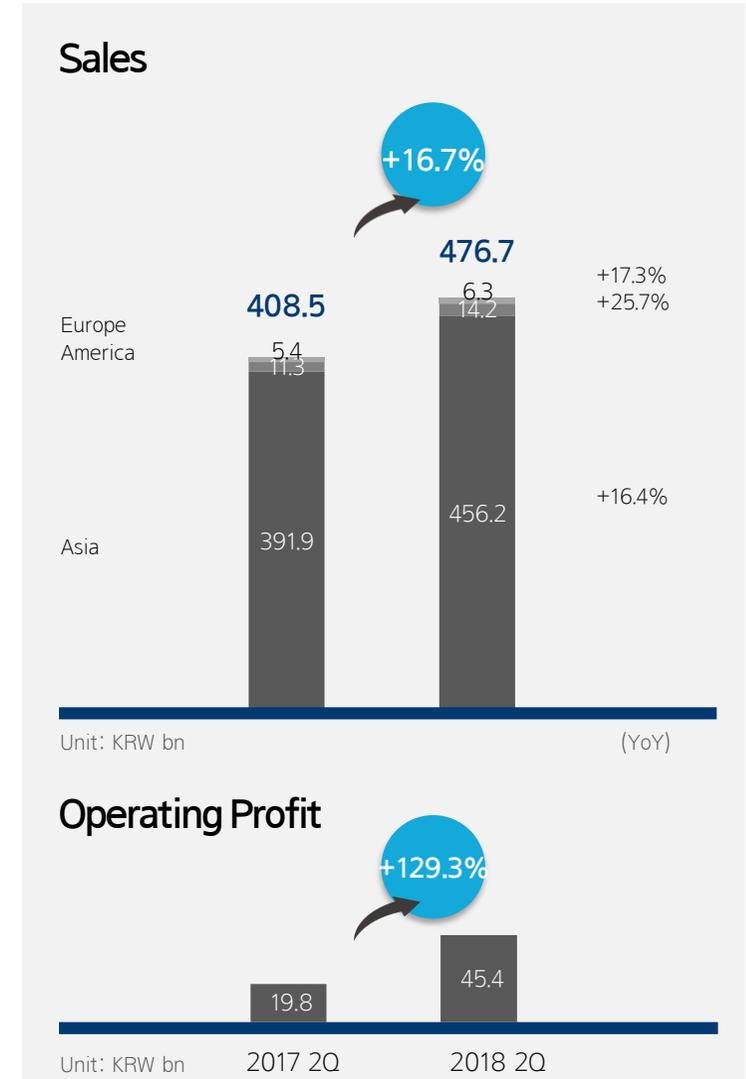
North America

Continued solid growth through expansion of brand and channel portfolio

- Revenue increased through expanded entry of Laneige in Sephora and steady sales of Innisfree flagship store
- Operating profit declined due to increased investment in brands and channels

Europe

Delivered quality growth through rebranding and global expansion of perfume business ('Goutal Paris')



Income Statement

Unit: KRW bn

	2017 2Q		2018 2Q	
Sales	1,205.0	100.0%	1,343.7	100.0%
Gross Profit	882.1	73.2%	984.8	73.3%
SG&A expenses	780.6	64.8%	839.0	62.4%
Operating Profit	101.6	8.4%	145.8	10.8%
Non-operating Profit/Expenses	9.4		(1.6)	
Profit before tax	110.9	9.2%	144.1	10.7%
Consolidated net income	77.4	6.4%	109.6	8.2%

Statement of Financial Position

Unit: KRW bn

	2017.12	2018.06
	Assets	5,375.7
Current assets	1,677.5	1,816.7
Non-current assets	3,698.2	3,712.7
Liabilities	1,200.3	1,137.7
Current liabilities	1,046.4	996.1
Non-current liabilities	153.9	141.6
Shareholder's Equity	4,175.4	4,391.7
Capital stock	34.5	34.5
Additional paid-in capital	712.7	712.7
Capital surplus	7.8	7.8
Other components of equity	(17.6)	(17.6)
Accumulated other comprehensive income	(40.1)	(24.7)
Retained earnings	3,456.5	3,652.0
Non-controlling interest	21.6	27.0