



AMORE PACIFIC CORP.

AMOREPACIFIC Corporation 3Q 2019 Earnings Release

1. 3Q YTD 2019 Earnings Summary
2. 3Q 2019 Earnings Summary
3. Domestic Business
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.

Revenue up 4.8% to KRW 4.2 trillion, Operating Profit down 16.6% to KRW 381.9 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	3Q YTD 2018	% of Revenue	3Q YTD 2019	% of Revenue	YoY(%)
Revenue	4,053.7	100.0	4,246.5	100.0	4.8
Domestic	2,658.3	65.6	2,763.3	65.1	4.0
Cosmetics	2,238.5	55.2	2,341.1	55.1	4.6
Daily Beauty & Osulloc	419.8	10.4	422.2	9.9	0.6
Overseas	1,424.8	35.1	1,520.5	35.8	6.7
Others*	-29.4		-37.3		
	3Q YTD 2018	OPM(%)	3Q YTD 2019	OPM(%)	YoY(%)
Operating Profit	458.2	11.3	381.9	9.0	-16.6
Domestic	299.1	11.3	285.9	10.3	-4.4
Cosmetics	281.1	12.6	267.5	11.4	-4.8
Daily Beauty & Osulloc	18.0	4.3	18.4	4.4	2.3
Overseas	153.2	10.7	100.8	6.6	-34.2
Others*	6.0		-4.8		
Net Profit	334.4	8.2	281.6	6.6	-15.8

Others* : Intercompany Transaction

Revenue up 9.7% to KRW 1.4 trillion, Operating Profit up 40.6% to KRW 107.5 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	2018 3Q	% of Revenue	2019 3Q	% of Revenue	YoY(%)
Revenue	1,278.4	100.0	1,402.0	100.0	9.7
Domestic	839.7	65.7	930.6	66.4	10.8
Cosmetics	697.1	54.5	779.9	55.6	11.9
Daily Beauty & Osulloc	142.7	11.2	150.7	10.7	5.6
Overseas	447.2	35.0	486.5	34.7	8.8
Others*	-8.5		-15.1		
	2018 3Q	OPM(%)	2019 3Q	OPM(%)	YoY(%)
Operating Profit	76.5	6.0	107.5	7.7	40.6
Domestic	49.1	5.8	82.9	8.9	69.0
Cosmetics	46.2	6.6	73.9	9.5	60.0
Daily Beauty & Osulloc	2.9	2.0	9.0	6.0	214.3
Overseas	26.2	5.9	34.8	7.1	32.7
Others*	1.2		-10.2		
Net Profit	48.1	3.8	102.3	7.3	112.9

Others* : Intercompany Transaction

[Revenue and business activities]

Luxury

- Revenue increased through strong sales of travel retail and online channels
- Strengthened product portfolio by launching new products within key brand lines
: 'Sulwhasoo Concentrated Ginseng Renewing Serum Eye Mask', 'HERA Black Concealer', 'HERA Sensual Powder Matte'
- Enhanced brand attractiveness by increasing customer engagement marketing activities
: 'Sulwhasoo Flagship Store VIP Customer Beauty Class', 'HERA Signia Deep Talk Event', etc.

Premium

- Premium revenue increased through strong growth in online and multi-brand shop channels while ARITAUM revenue declined due to channel reorganization
- Strengthened brand competitiveness by continuously launching new innovative products
: 'Laneige Layering Lip Bar', 'IOPE the Vitamin C23', 'Hanyul Brown Pine Anti-aging Ampoule', etc.
- Increased digital campaigns of key products in order to attract millennial customers
: 'Laneige Skin Veil Base' Live Broadcasting, 'Mamonde Creamy Tint' #10_million_tint event, etc.

Daily Beauty

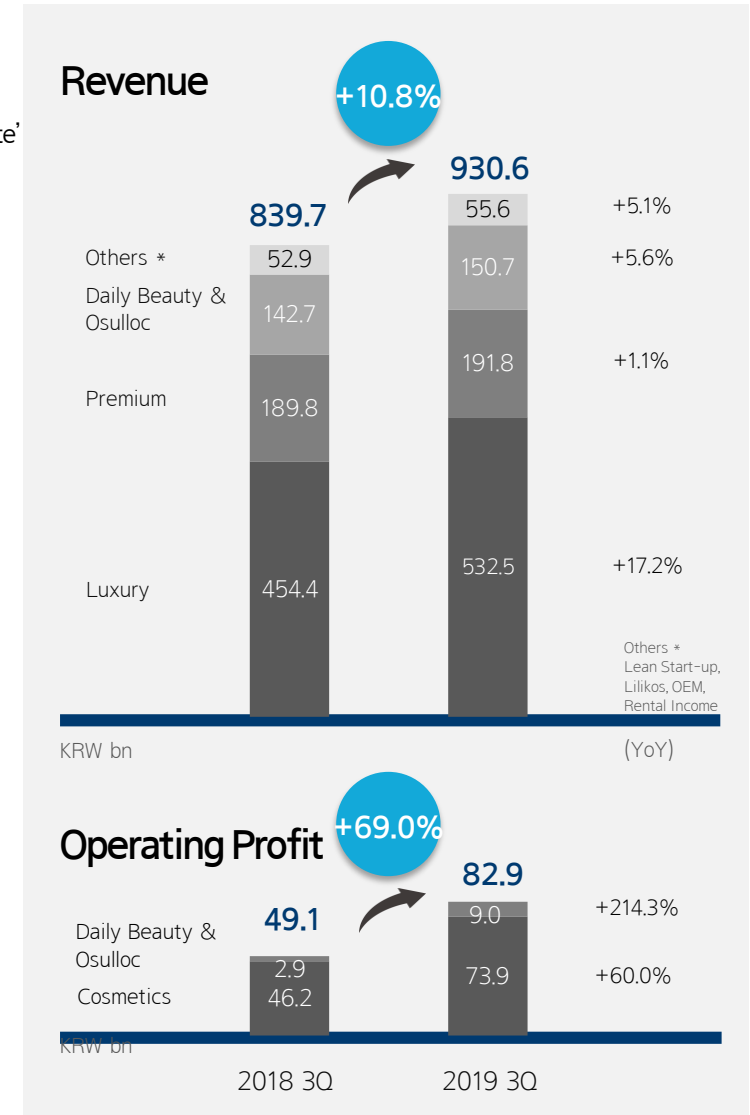
- Online sales increased by strengthening digital marketing and improving coverage of online channels
- Ryo and Mise-en-scène brand revenue increased from solid sales of key products
: Ryo 'Hair Loss Care Shampoo', Mise-en-scène 'Perfect Repair Hair Serum'
- Heightened brand attractiveness through various brand experiential marketing events
: 'Ryo KOL Invitation Event - Ginseng Road Spot Tour', 'Mise-en-scène Short Film Festival', etc.

Osulloc

- Increased sales of seasonal products ('Cold Green Tea Sticks', 'Water +', etc.) and Chuseok (Korean Thanksgiving) holiday gift sets
- Achieved strong revenue growth by launching and focusing on fermented tea renewals ('Jeju Volcanic Rock Tea')
- Online revenue increased with sales growth and product line expansion of bakery products in digital channels

[Operating Profit]

- Operating profit increased from revenue growth, effective spending of marketing expense and lower base due to one-off personnel expense last year



[Revenue and business activities]

Asia

[Sulwhasoo] Strengthened luxury brand competitiveness

- Enhanced brand leadership by holding 'Concentrated Ginseng Renewing Serum' launching event with new brand ambassador
- Continued solid revenue growth of online channels through strengthened digital marketing activities in ASEAN market and 'T-mall Super Brand Day' event

[Laneige] Increased brand attractiveness by strengthening marketing activities of key products

- Proceeded on/offline marketing activities of 'Water Bank' and pre-launched 'Cream Skin Toner & Moisturizer' in China online channel
- Continued growth in digital and multi-brand shop channels

[Mamonde] Enhanced brand positioning through localized product launch and channel reorganization

- Responded to needs of local customers by strengthening sales of Halal-certified products in Malaysia and anti-aging 'Red Energy Recovery Serum' products
- Gained ground for profitability through reorganizational activities of offline channels

[Innisfree] Strengthened marketing activities of key products and digital channels

- Reinforced brand responsiveness of local customers from 'Jeju Cherry Blossom Line' launch in Singapore and 'BT21 Limited Edition - Super Volcanic Clay Mousse Mask 2X' marketing campaign in China
- Expanded customer base by opening the first flagship store in Sydney, Australia and increasing digital channel presence in ASEAN market

[Etude House] Gained ground for new growth from channel reorganizational activities

- Continued channel restructuring activities of roadshops and entered multi-brand shop channel in Thailand

North America

Solid growth continued by strengthening channel portfolio and increasing sales of major brands

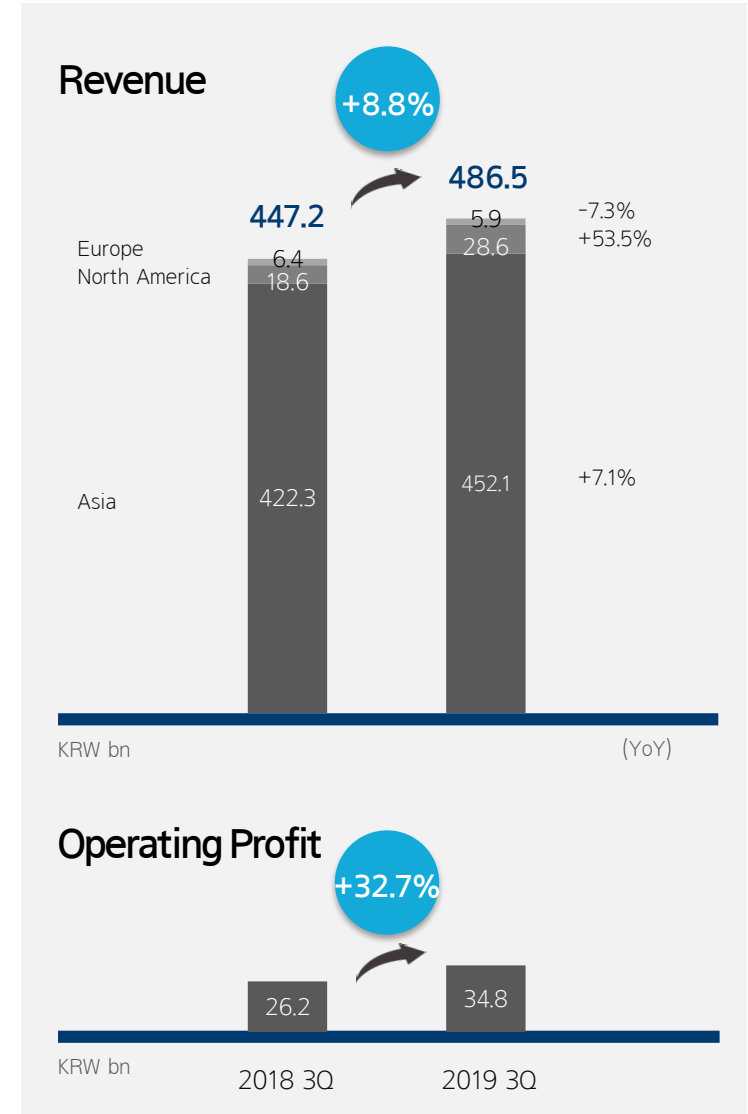
- Improved sales from solid sales of Innisfree 'Green Tea Seed Serum' and Laneige 'Cream Skin' launch
- Increased point of sales by launching Innisfree and Primera brands within U.S Sephora and opened first Innisfree flagship store in Canada

Europe

- Decreased revenue of 'Goutal Paris' due to decline in domestic demand and overseas sales
- Continued marketing activities and revenue growth of Laneige brand in multi-brand shops

[Operating Profit]

- Improved margin due to revenue growth of major brands and efficient management of marketing expense



Income Statement

Unit: KRW bn

	2018 3Q		2019 3Q	
Revenue	1,278.4	100.0%	1,402.0	100.0%
Gross Profit	931.1	72.8%	1,025.1	73.1%
SG&A Expenses	854.6	66.9%	917.6	65.5%
Operating Profit	76.5	6.0%	107.5	7.7%
Non-operating profit/Expenses	-8.5		30.7	
Profit before Tax	68.0	5.3%	138.2	9.9%
Consolidated Net Income	48.1	3.8%	102.3	7.3%

Statement of Financial Position

Unit: KRW bn

	2018.12	2019.09
	Assets	5,371.1
Current Assets	1,567.2	1,758.0
Non-current Assets	3,803.9	4,228.0
Liabilities	924.7	1,415.9
Current Liabilities	763.2	996.6
Non-current Liabilities	161.5	419.3
Shareholder's Equity	4,446.4	4,570.1
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	-117.6
Accumulated Other Comprehensive Income	-41.3	-16.2
Retained Earnings	3,726.0	3,930.7
Non-controlling Interest	24.4	18.3