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AMORE PACIFIC CORP.

AMOREPACIFIC Corporation 1Q 2020 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.

Revenue down 22.1% to KRW 1.1 trillion, Operating Profit down 67.3% to KRW 60.9 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	2019 1Q	% of Revenue	2020 1Q	% of Revenue	YoY(%)
Revenue	1,451.3	100.0	1,130.9	100.0	-22.1
Domestic	940.7	64.8	760.8	67.3	-19.1
Cosmetics	789.4	54.4	618.6	54.7	-21.6
DailyBeauty& Osulloc ¹⁾	151.3	10.4	142.1	12.6	-6.1 (LFL +3.3) ²⁾
Overseas	521.8	36.0	373.9	33.1	-28.3
Others*	-11.3		-3.9		
	2019 1Q	OPM(%)	2020 1Q	OPM(%)	YoY(%)
Operating Profit	186.6	12.9	60.9	5.4	-67.3
Domestic	129.5	13.8	86.6	11.4	-33.1
Cosmetics	117.6	14.9	72.4	11.7	-38.4
DailyBeauty& Osulloc ¹⁾	11.8	7.8	14.2	10.0	+20.0 (LFL +27.5) ²⁾
Overseas	45.9	8.8	-32.4	-8.7	Turned to Red
Others*	11.2		6.8		
Net Profit	122.2	8.4	67.0	5.9	-45.2

1) Excluded Revenue and OP of Osulloc from 2019.4Q, due to official launch of Osulloc as an independent corporation

2) LFL(Like-for-like): Comparable growth rate excluding impact of Osulloc as an independent corporation

* Others : Intercompany Transaction

[COVID-19 Impact]

- Offline channel sales declined by double-digit due to shortened operation hours for many travel retail and department store counters
- Online channel sales increased more than 80%

[Revenue and business activities]

Luxury

- Sales declined in major offline channels such as travel retail, door to door and department stores. Achieved strong online sales growth of more than 90%
- Enhanced product competitiveness by launching new products for key categories in each brand : 'Sulwhasoo' Timetreasure Honorstige Line, Bloomstay Vitalizing Eye Cream, 'HERA' Glow Lasting Foundation, 'Vitalbeautie' Greentea Probiotics, 'Primer' Super Black Seed Cold-Drop Serum & Cream
- Strengthened luxury brand portfolio by launching new brand 'SIENU'

Premium

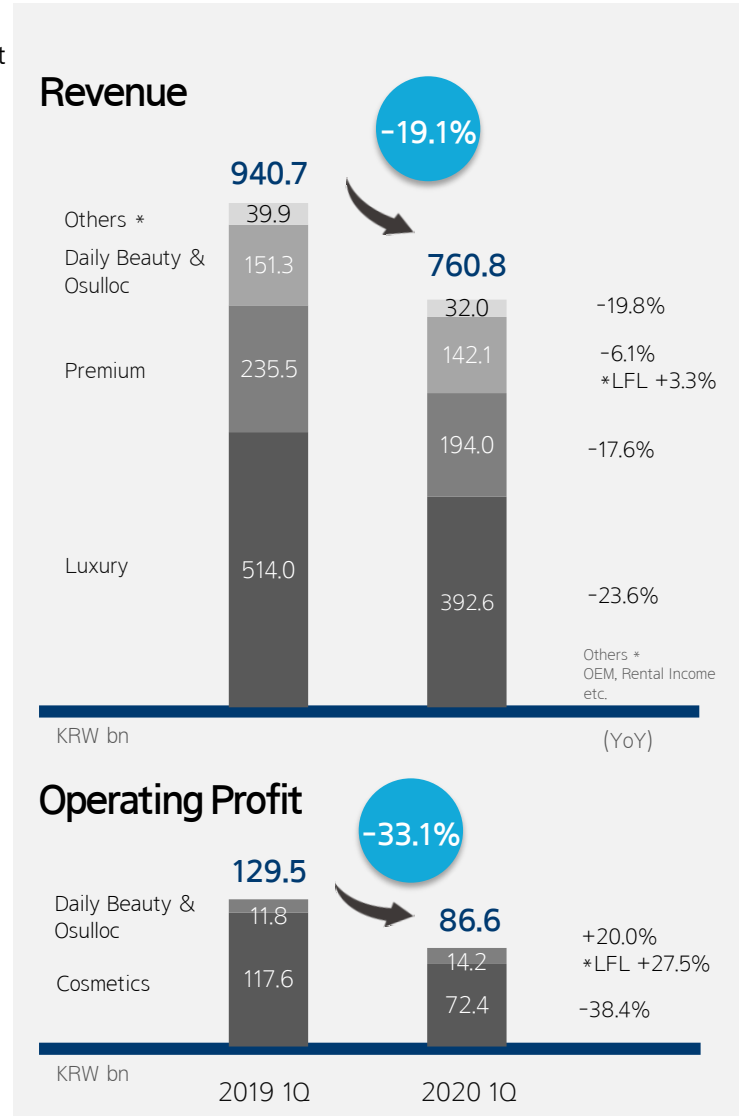
- Strengthened presence in multi-brand shop channels and increased online channel sales growth. Revenue decline continued for the ARITAUM channel
- Improved brand competitiveness by launching new innovative products : 'Laneige' Radian-C Cream, 'IOPE' Retinol Expert 0.1%, 'Hanyul' Red Rice Essential Line Renewal : 'IOPE' Tailored 3D Mask was recognized with CES 2020 Innovation Award
- Enhanced responsiveness of segmented customer needs by launching new brands 'HOLITUAL', 'FILLVOID', etc.

Daily Beauty

- Increased revenue from strong sales of 'Mise-en-scène' hairdye, 'Happy Bath' cleanser, 'Illiyoon' moisturizer and solid e-commerce sales growth
- Strengthened premium haircare portfolio by launching new brand 'LABO·H'

[Operating Profit]

- Cosmetics: Declined due to weak sales in major offline channels
- Daily Beauty: Improved from increased sales in major growth channels



* LFL(Like-for-like): Comparable growth rate excluding impact of Osulloc as an independent corporation

[COVID-19 Impact]

Asia

- China: Temporarily closed 50~60% of offline stores in February. Store closure rate gradually recovered from March and came down to single-digit by the end of March
- ASEAN: Revenue sharply declined from March due to temporary closure of offline stores. More than 80% of offline stores were closed as of the end of March

North America & Europe

- Sales declined from March due to temporary closure of major offline stores and multi-brand shop channels. More than 95% of offline stores were closed as of the end of March

[Revenue and business activities]

Asia

Luxury

- Strengthened luxury anti-aging portfolio of Sulwhasoo: Launched 'Bloomstay Vitalizing Eye Cream' in China, 'Timetreasure Honorstige Line' in Thailand
- Achieved luxury online sales growth of more than 50% in China: Strong sales from 3/8 Women's day and 'Sulwhasoo Tmall Hey Box' event

Premium

- Launched new products: Laneige 'Radian-C Cream', Mamonde Alibaba group collaboration ampoule (China exclusive) 'Bye Bye Trouble Minus Plus Duo Ampoule'
- Focused on growth channels: Strong sales achieved from Laneige 'China Tmall Super Brand Day' event, Mamonde increased presence in multi-brand shop channels in China and Malaysia

Innisfree & Etude

- Innisfree: Launched 'Wrinkle Science Spot Treatment' renewal in China and continued offline stores reorganizing activities. Newly entered Middle East market by opening the first flagship store in the UAE
- Etude: Gained ground for qualitative growth by continuing offline channel restructuring in China and Singapore

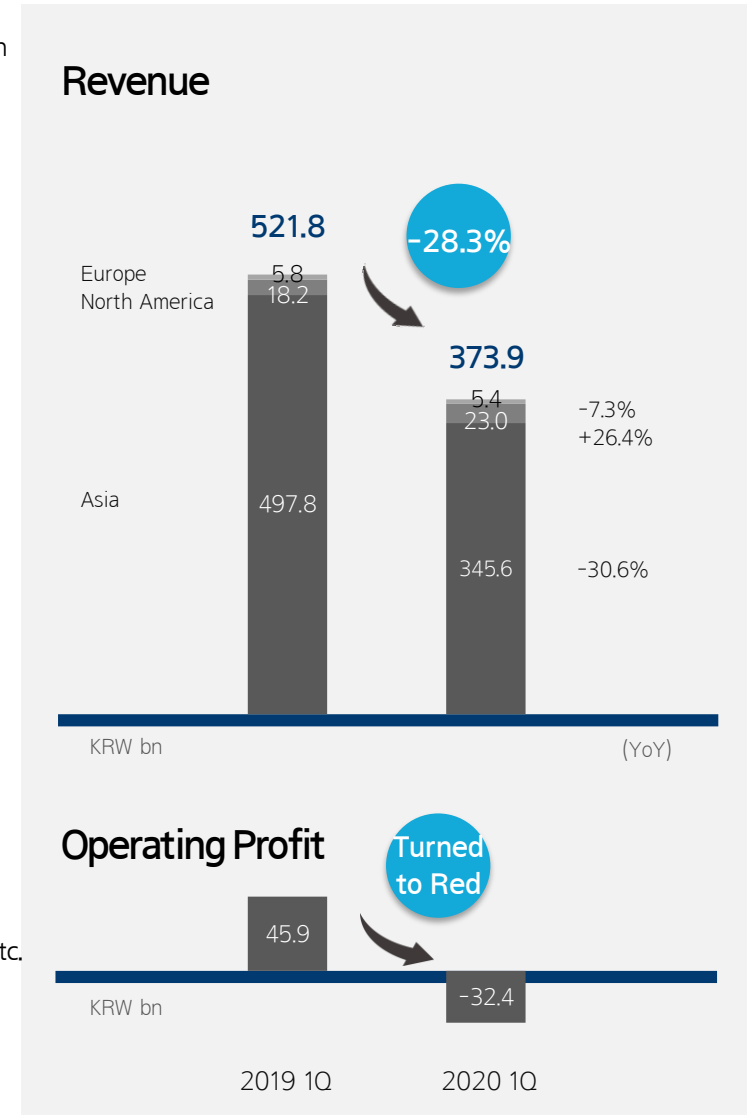
North America

- Revenue grew for Laneige and Innisfree due to increased sales in multi-brand shop and online channels : Enhanced channel attractiveness by launching Laneige 'Lip Sleeping Mask x Netflix' Sephora exclusive products, etc.
- Sulwhasoo entered multi-brand shop channel 'Sephora' in the US

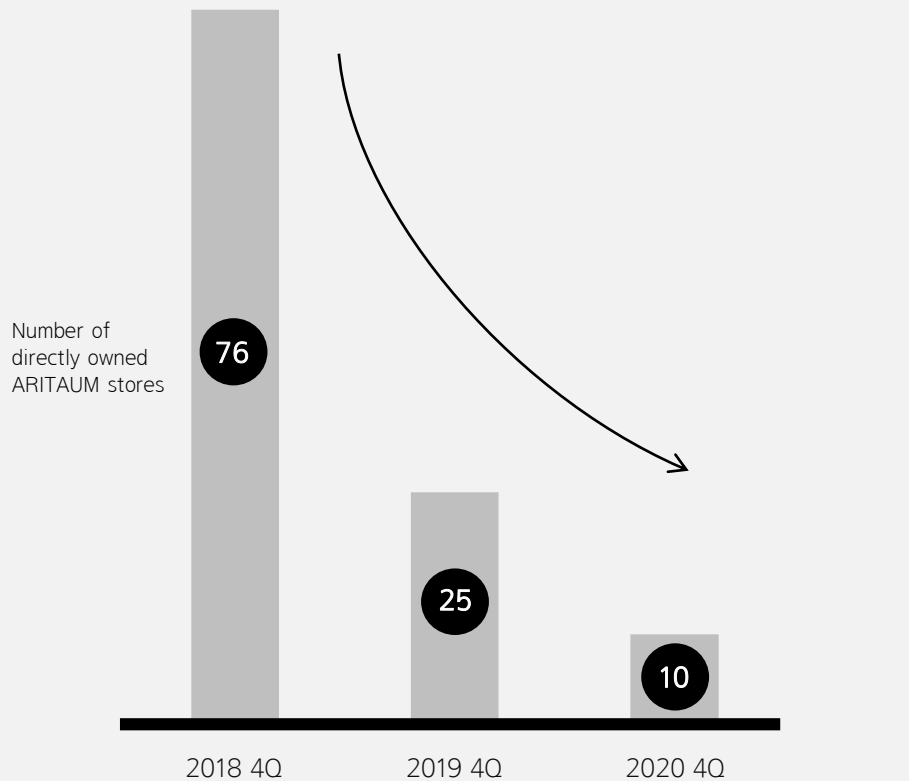
Europe

- Revenue decreased due to temporary closure of major stores from COVID-19 and closure of Sulwhasoo dept. store

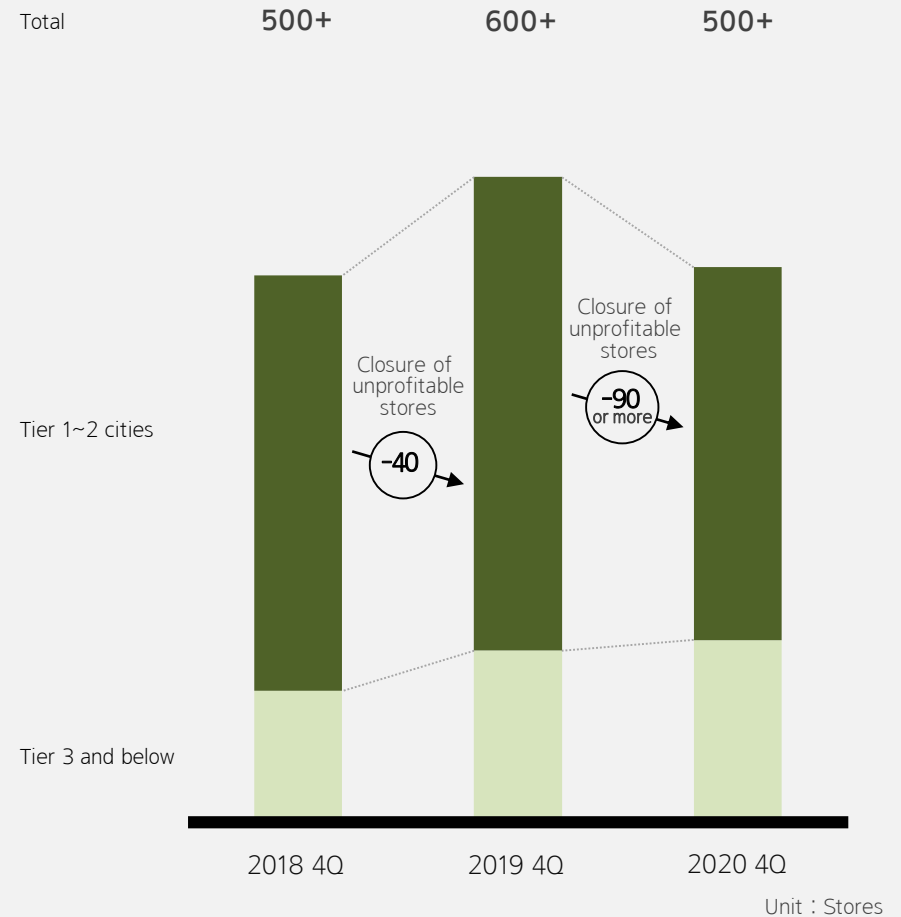
[Operating Profit] Turned to losses due to temporary closure of global stores



[Domestic- Directly owned stores of ARITAUM]



[Overseas- Innisfree roadshops in China] *Excluding LSP stores



Income Statement

Unit: KRW bn

	2019 1Q		2020 1Q	
Revenue	1,451.3	100.0%	1,130.9	100.0%
Gross Profit	1,056.2	72.8%	818.6	72.4%
SG&A Expenses	869.6	59.9%	757.7	67.0%
Operating Profit	186.6	12.9%	60.9	5.4%
Non-operating profit/Expenses	-2.6		4.6	
Profit before Tax	184.0	12.7%	65.6	5.8%
Consolidated Net Income	122.2	8.4%	67.0	5.9%

Statement of Financial Position

Unit: KRW bn

	2019.12	2020.03
	Assets	5,989.0
Current Assets	1,803.1	1,705.8
Non-current Assets	4,185.9	4,199.2
Liabilities	1,490.2	1,397.3
Current Liabilities	1,066.6	1,005.8
Non-current Liabilities	423.6	391.5
Shareholder's Equity	4,498.8	4,507.7
Capital Stock	34.5	34.5
Additional Paid-in Capital	712.7	712.7
Capital Surplus	10.8	10.8
Other Components of Equity	-117.6	-117.6
Accumulated Other Comprehensive Income	-24.7	-13.5
Retained Earnings	3,873.8	3,876.0
Non-controlling Interest	9.3	4.8