



AMORE PACIFIC CORP.

AMOREPACIFIC Corporation 3Q 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 22.9% to KRW 3.3 trillion, Operating Profit down 60.1% to KRW 152.2 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	3Q YTD 2019	% of Revenue	3Q YTD 2020	% of Revenue	YoY(%)
Revenue	4,246.5	100.0	3,275.2	100.0	-22.9
Domestic	2,763.3	65.1	2,090.1	63.8	-24.4
Cosmetics	2,341.1	55.1	1,684.4	51.4	-28.1
Daily Beauty & Osulloc ¹⁾	422.2	9.9	405.7	12.4	-3.9 (LFL +6.5) ²⁾
Overseas	1,520.5	35.8	1,202.5	36.7	-20.9
Others*	-37.3		-17.4		
	3Q YTD 2019	OPM(%)	3Q YTD 2020	OPM(%)	YoY(%)
Operating Profit	381.9	9.0	152.2	4.6	-60.1
Domestic	285.9	10.3	173.1	8.3	-39.4
Cosmetics	267.5	11.4	143.1	8.5	-46.5
Daily Beauty & Osulloc ¹⁾	18.4	4.4	30.1	7.4	+63.6 (LFL +64.8) ²⁾
Overseas	100.8	6.6	-33.7	-2.8	Turned to Red
Others*	-4.8		12.8		
Net Profit	281.6	6.6	80.8	2.5	-71.3

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

Revenue down 22.4% to KRW 1.1 trillion, Operating Profit down 47.9% to KRW 56 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	2019 3Q	% of Revenue	2020 3Q	% of Revenue	YoY(%)
Revenue	1,402.0	100.0	1,088.6	100.0	-22.4
Domestic	930.6	66.4	672.7	61.8	-27.7
Cosmetics	779.9	55.6	534.3	49.1	-31.5
Daily Beauty & Osulloc ¹⁾	150.7	10.7	138.3	12.7	-8.2 (LFL +1.3) ²⁾
Overseas	486.5	34.7	423.2	38.9	-13.0
Others*	-15.1		-7.2		
	2019 3Q	OPM(%)	2020 3Q	OPM(%)	YoY(%)
Operating Profit	107.5	7.7	56.0	5.1	-47.9
Domestic	82.9	8.9	36.0	5.4	-56.6
Cosmetics	73.9	9.5	25.5	4.8	-65.6
Daily Beauty & Osulloc ¹⁾	9.0	6.0	10.5	7.6	+17.3 (LFL +16.1) ²⁾
Overseas	34.8	7.1	19.7	4.6	-43.4
Others*	-10.2		0.4		
Net Profit	102.3	7.3	7.0	0.6	-93.1

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]

- Domestic travel retail sales declined due to decrease in the international tourist arrivals. Overseas travel retail sales grew by double digit. Other offline channels sales declined by double-digit
- Online sales continued strong growth by strengthening relationships with digital platforms such as Naver, 11st, etc.

[Revenue and business activities]

Luxury

- Achieved strong sales growth in online channel. Sales declined in major offline channels such as travel retail, door to door and department stores
- All brands in the luxury category recorded strong online sales growth
 - : Enhanced collaborative marketing activities by launching exclusive products, pre-launching new products, strengthening live streaming events, etc.
- Enhanced brand competitiveness by reinforcing capabilities and expanding portfolio for key categories/lines in each brand
 - : [Sulwhasoo] Reinforced premium lines to strengthen luxury brand equity (Launched 'Concentrated Ginseng Rescue Ampoule', communicated research achievements of Sulwhasoo Heritage & Science Center, etc.)
 - : [Hera] Strengthened competency of lip and face makeup products (Revenue of lip makeup grew with strong sales of 'Sensual' line, launched 'Glow Lasting Cushion')
 - : [Vitalbeautie] Improved capabilities of inner beauty category (Launched various formats of 'Meta Green', increased online sales of 'Super Collagen')

Premium

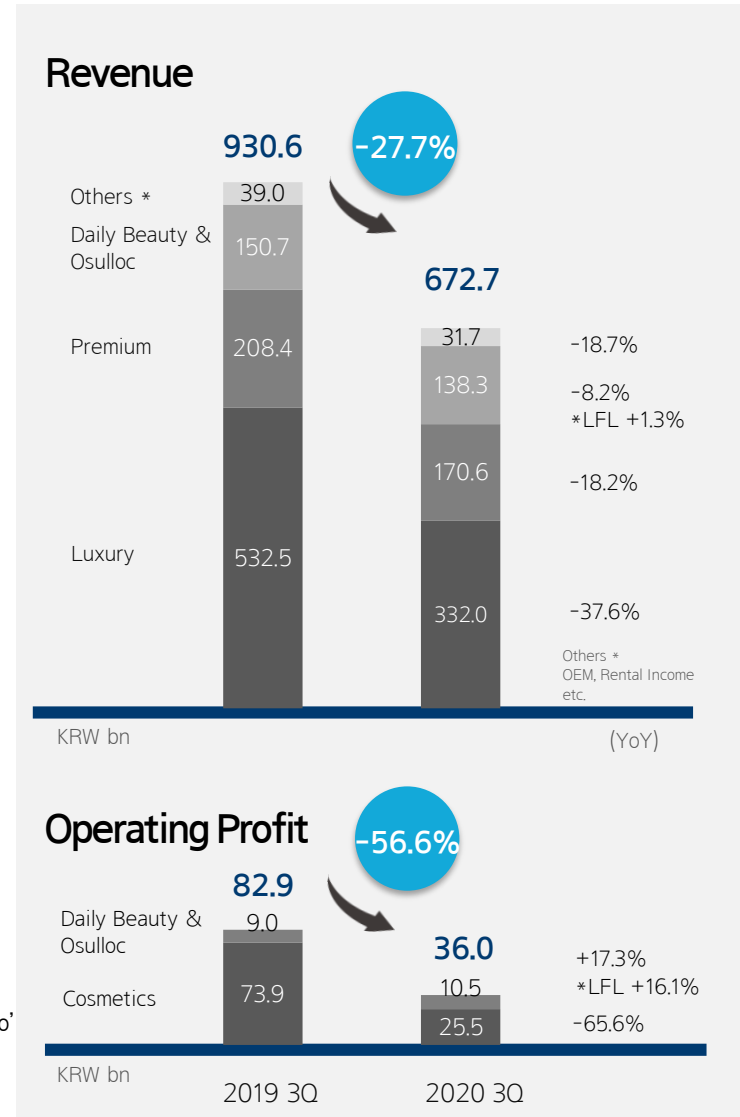
- Sales declined for offline channels while online channel sales grew
- Strong sales growth of lean startup brands (CUBE ME, Bro & Tips, BE READY, etc.) and other new growth driving brands (SOON+, RAREKIND, etc.)
- Strengthened growth momentum by focusing on innovative new products and key categories
 - : [Laneige] Focused on launching innovative products in digital channels. 'Neo Cushion' received strong responses from customers and sold 120K products within two months
 - : [IOPE] Serum and skincare category sales increased as a result of strengthening lab-based high-functional skincare brand identity

Daily Beauty

- Sales growth of 'Mise-en-scène', 'Happy Bath', 'Illiyoon' led overall growth of Daily Beauty business
- Strengthened product portfolio for key categories in each brand
 - : Ryo 'Hair Loss Care Shampoo', Mise-en-scène 'Hello Bubble/Cream', 'Perfect Repair' Line, Happy Bath 'Skin U', Illiyoon 'Ceramide Ato'
- Online sales continued strong growth by increasing digital platform marketing activities

[Operating Profit]

- Cosmetics: Declined due to sales decline in travel retail and offline channels
- Daily Beauty: Improved from strong sales growth in online channel



[COVID-19 Impact]

Asia / North America / Europe

- Stores were temporarily closed or operated with shortened operation hours in some regions. Offline sales declined due to strengthened social distancing measures and decline in tourist arrivals
- Strong sales growth continued in online channels

[Revenue and business activities]

Asia

Luxury

- Strong online sales growth in China (More than 80%): Solid growth of Sulwhasoo 'Concentrated Ginseng Renewing Serum' from 'T-mall Super Brand Day' event
- Expanded customer base of new growth regions: Launched Sulwhasoo within 'Shopee' online (Thailand/Indonesia), Introduced Sulwhasoo in 'Nykaa' (India)

Premium

- Launched innovative products: Laneige 'Perfect Renew' line renewal launch (China), Mamonde 'Age Control' line renewal launch (China)
- Strengthened online viral marketing: Laneige 'Neo Cushion' Facebook live event (Thailand), Mamonde increased live streaming e-commerce events (China)

Innisfree & Etude

- Innisfree: Launched 'Black Tea Youth Enhancing Ampoule' (China) to strengthen functional product lines, conducted 'Shopee Super Brand Day' online event (Thailand)
- Etude: Entered multi-brand shop channel 'The Colorist' (China) and 'Watsons' (Malaysia), restructured offline channels in China and Singapore

North America

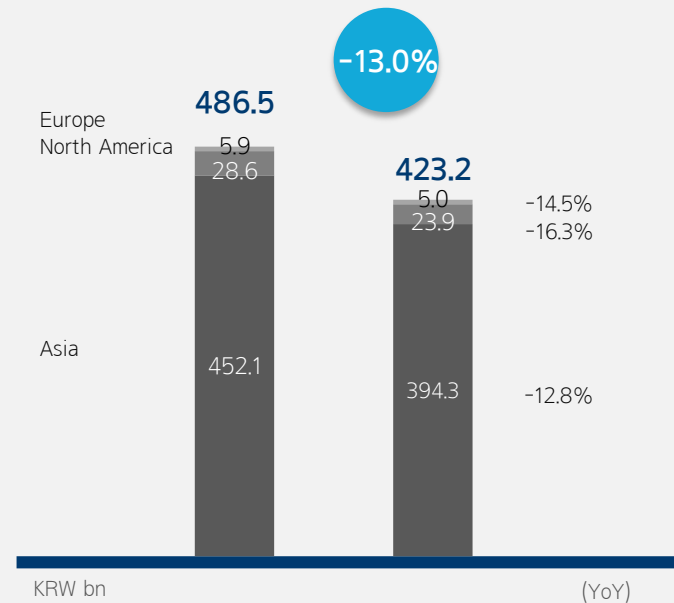
- Sales declined due to restructuring offline channels (Department stores, Roadshops)
- Strong online sales growth from solid sales of Laneige 'Lip Sleeping Mask' and Innisfree direct brand site

Europe

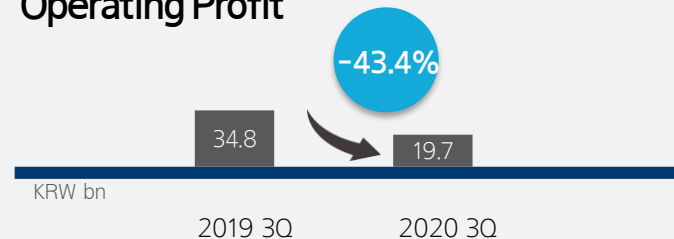
- Despite revenue growth of Laneige from strong sales of major products 'Lip Sleeping Mask', 'Lip Glowly Balm', Goutal Paris revenue declined due to decline in tourist demand

- [Operating Profit]** - Declined YoY due to decline in offline demand. Turned to profit QoQ from solid sales in online channels, cost cutting measures, etc.

Revenue



Operating Profit



Income Statement

Unit: KRW bn

	2019 3Q		2020 3Q	
Revenue	1,402.0	100.0%	1,088.6	100.0%
Gross Profit	1,025.1	73.1%	775.4	71.2%
SG&A Expenses	917.6	65.5%	719.3	66.1%
Operating Profit	107.5	7.7%	56.0	5.1%
Non-operating profit/Expenses	30.7		-36.8	
Profit before Tax	138.2	9.9%	19.3	1.8%
Consolidated Net Income	102.3	7.3%	7.0	0.6%

Statement of Financial Position

Unit: KRW bn

	2019.12	2020.09
	Assets	5,989.0
Current Assets	1,803.1	1,706.5
Non-current Assets	4,185.9	4,030.1
Liabilities	1,490.2	1,215.2
Current Liabilities	1,066.6	906.7
Non-current Liabilities	423.6	308.5
Shareholder's Equity	4,498.8	4,521.4
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	-12.6
Retained Earnings	3,873.8	3,895.5
Non-controlling Interest	9.3	-1.9