



# AMORE PACIFIC

**1Q 2023 Earnings Release**

2023. 5. 2



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AMORE PACIFIC

## FORWARD-LOOKING STATEMENTS

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.

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# 1Q 2023 Earnings Summary

AMOREPACIFIC

**Revenue down 21.6% to KRW 913.7 billion, Operating profit down 59.3% to KRW 64.4 billion**

Domestic revenue down 24.6%, operating profit down 60.8%. Overseas revenue down 16.8%, operating profit down 36.9%

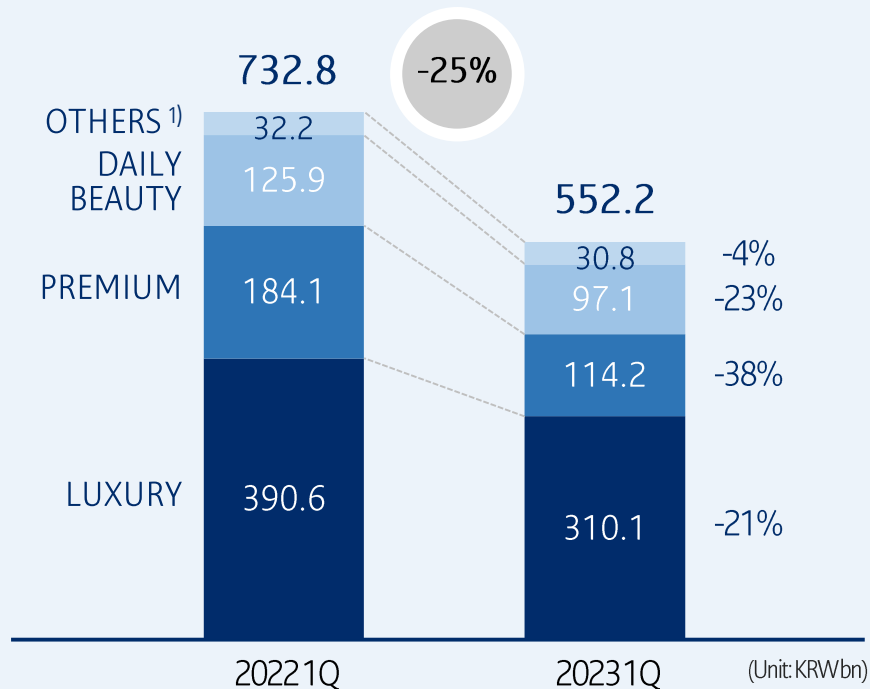
(Unit: KRW bn)

	2022 1Q	% of Revenue	2023 1Q	% of Revenue	YoY(%)
Revenue <sup>1)</sup>	1,165.0	100.0	913.7	100.0	-21.6
Domestic	732.8	62.9	552.2	60.4	-24.6
Cosmetics	606.9	52.1	455.1	49.8	-25.0
Daily Beauty	125.9	10.8	97.1	10.6	-22.9
Overseas	419.9	36.0	349.4	38.2	-16.8
	2022 1Q	OP Margin (%)	2023 1Q	OP Margin (%)	YoY(%)
Operating Profit <sup>1)</sup>	158.0	13.6	64.4	7.0	-59.3
Domestic	112.0	15.3	43.9	8.0	-60.8
Cosmetics	104.2	17.2	39.5	8.7	-62.1
Daily Beauty	7.8	6.2	4.4	4.6	-42.9
Overseas	42.1	10.0	26.6	7.6	-36.9
Net Profit	120.1	10.3	89.7	9.8	-25.3

1) Includes intercompany transactions

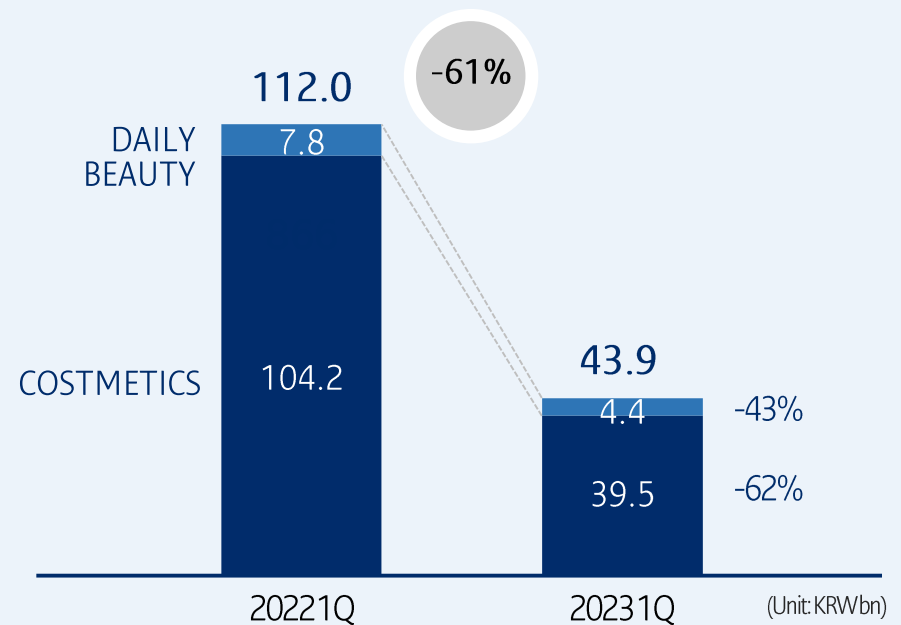
## Revenue declined 25%

- Travel retail channel revenue declined by double digit (15% of total domestic revenue)
- Department store and multi-brand shop channel sales grew
- Despite growth of pure domestic cosmetics e-commerce, overall online revenue declined by double digit



## Operating profit decreased 61%

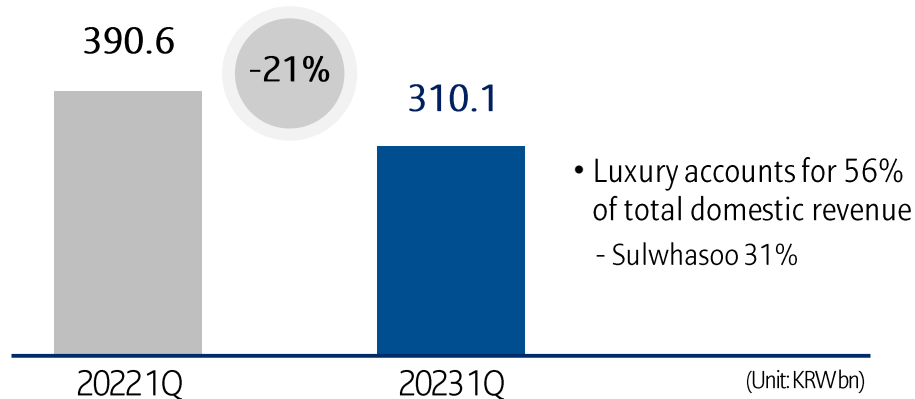
- Cosmetics operating profit decreased due to sales decline in travel retail channel
- Daily Beauty operating profit decreased with reduced revenue from less holiday giftset sales and reorganization of product portfolio



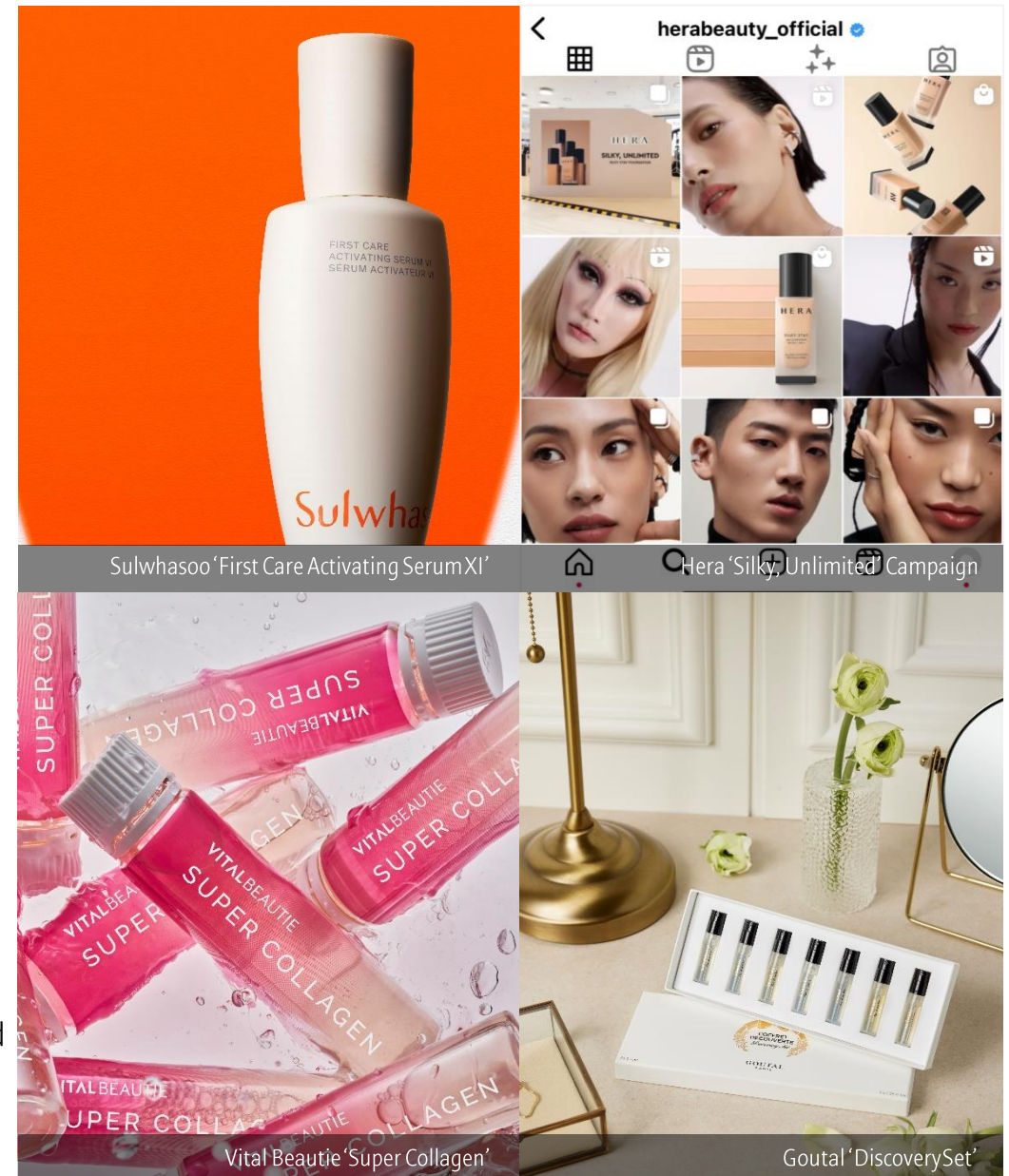
1) Others: OEM, Rental Income, etc.



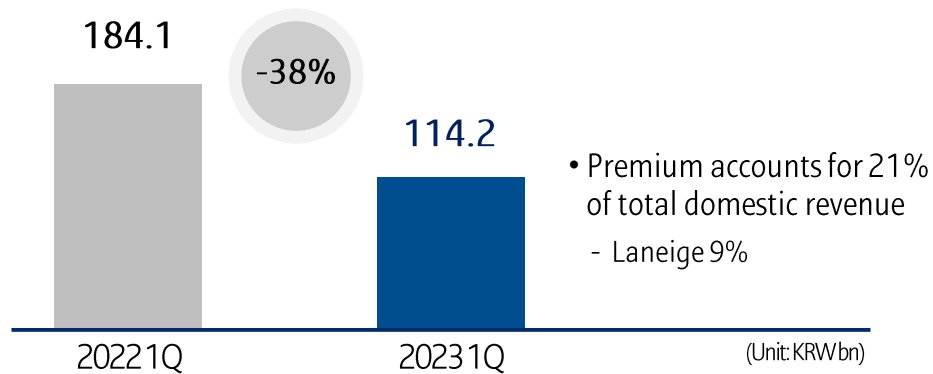
## LUXURY



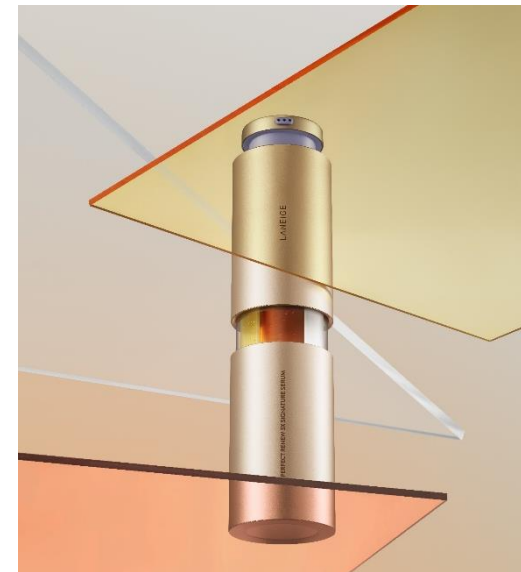
- Despite decline in travel retail and global e-commerce channel revenue, major pure domestic channel (department store, domestic online) sales grew
- Solidified foundation as a luxury functional brand and increased sales mix of hero products by communicating marketing messages focused on key ingredient and product of Sulwhasoo
  - Launched 'First Care Activating Serum VI' and executed global brand campaign
- Hera brand sales grew by double digit from solid sales of makeup category
  - Launched 'SilkyStay Foundation' and executed online and offline campaign
- Enhanced product competitiveness through renewal of iconic products and launch of new products
  - [Vital Beautie] Renewed 'Super Collagen', announced a new brand ambassador
  - [Goutal] Launched 'Discovery Set', a collection of best-selling perfumes



## PREMIUM



- Multi-brand shop channel sales grew, but overall premium cosmetics sales decreased due to sales decline in travel retail and global e-commerce channel
- Strengthened premium brand competitiveness within e-commerce and multi-brand shop channel through solid sales and launch of new products
  - [Laneige] Renewed key product line by launching ‘Perfect Renew 3X Signature Serum’, ‘Neo Essential Blurring Finish Powder’ was sold out within 3 days of its pre-launch in Amore Mall
  - [Aestura] Diversified product category with the launch of ‘Derma UV 365’ Line, ranked No.1 market share brand in Olive Young within dermo-cosmetic category
- Robust sales of ‘Be Ready’, ‘Holital’ brands from customer targeting activities and diversifying channel portfolio
  - [Be Ready] Executed ‘Airy Hair Styling’ product launch campaign and opened online D2C mall
  - [Holital] Expanded sales in new commerce channel and reinforced sales of key products



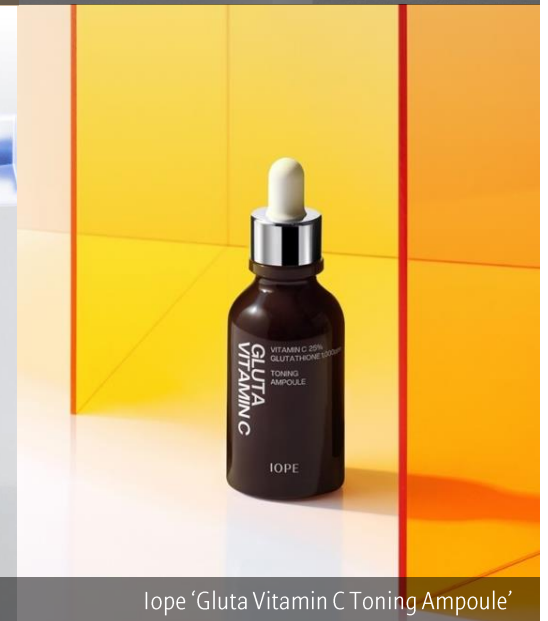
Laneige ‘Perfect Renew 3X Signature Serum’



Aestura ‘Derma UV 365’ Line

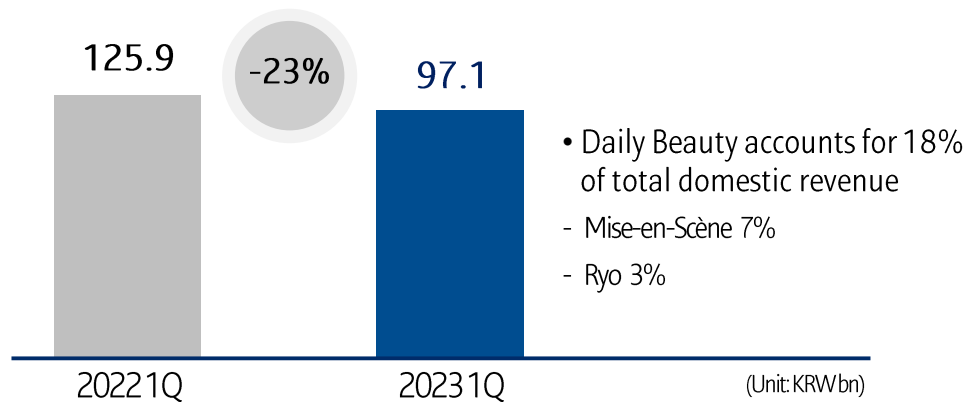


Be Ready ‘Airy Hair Styling’ Line



Iope ‘Gluta Vitamin C Toning Ampoule’

## DAILY BEAUTY



- Overall revenue decreased with reduced sales from less gift set sales to improve margin structure and reorganization of product portfolio
- Key product sales grew by revitalizing brand identities
  - [Ryo] Launched and expanded sales of 'ROOT:GEN', a hair loss treatment for women
  - [Mise-en-Scène] Accelerated multi-brand shop/online channel sales by reinforcing professional hair care brand image from packaging design renewal and new product category of 'Salon 10'
  - [Illiyoon] 'Ceramide Ato' sales grew by emphasizing brand expertise in 'functional derma' category
- Executed omni-channel marketing activities through offline space that embodies brand belief and story
  - [Longtake] Opened a forest theme popup store at '29CM SEONG SU' and 29CM Mall



Ryo 'ROOT:GEN'



Mise-en-Scène 'Salon 10 No-wash Ampoule Treatment'



Longtake 29CM SEONGSU Popup Store

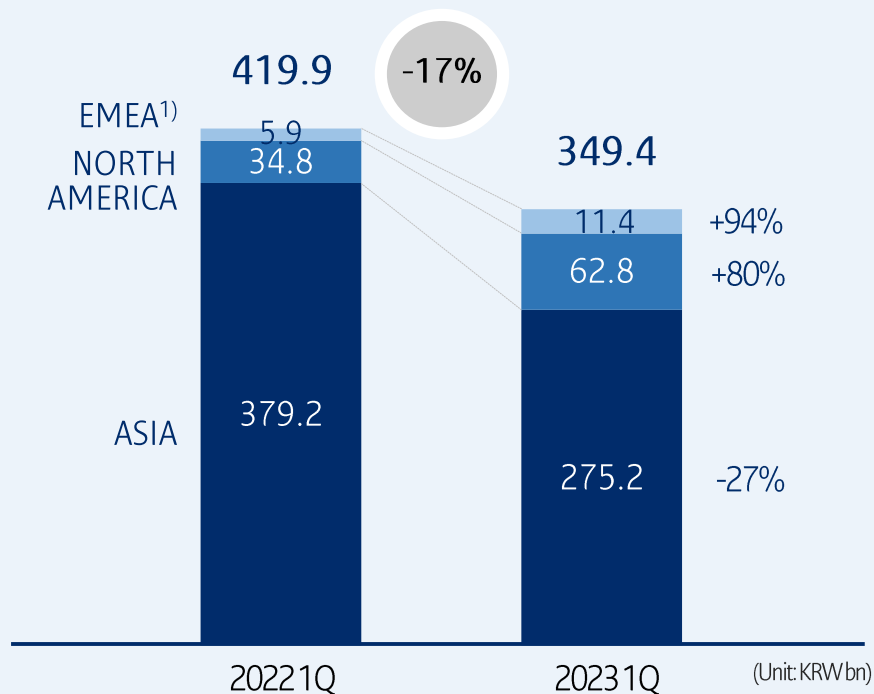


Illiyoon 'Red-itch Care Oil'



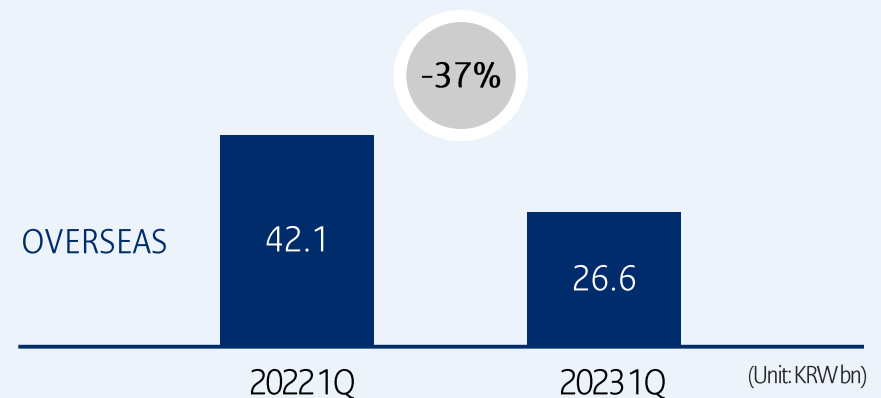
## Revenue declined 17%

- Asia revenue declined by 27%  
(China accounts for mid-50% of Asia sales)
- North America sales posted 80% growth driven by reinforcing major brand marketing
- EMEA revenue increased 94% with strong sales growth from all brands



## Operating profit decreased 37%

- Asia operating profit decreased due to decline in China revenue
- Combined operating profit of North America and EMEA increased with strong revenue growth



1) EMEA includes Europe and the Middle East. The geographical zone is reorganized from 1Q 2023 and revenue of 1Q 2022 was restated accordingly.



## ASIA

- China revenue declined more than 40% in Korean won
  - Overall revenue declined due to weak demand and restructuring of offline channel
  - Sulwhasoo launched 'First Care Activating Serum VI' and initiated rebranding campaign
  - Reinforced foundation for quality growth by launching new products of Laneige('Perfect Renew 3X Serum') and Innisfree (China exclusive 'Black Tea Peptide Anti-Wrinkle Line') and reorganizing channel portfolio
- Other Asia revenue posted solid growth
  - ASEAN revenue grew through key product marketing of Laneige('Water Bank', 'Perfect Renew') and Innisfree('Green Tea Seed Serum')
  - Laneige and Innisfree increased brand presence in Japan by expanding e-commerce and multi-brand shop channel portfolio

## NORTH AMERICA & EUROPE

- North America continued strong growth by reinforcing marketing activities of major brands
  - Laneige drove overall growth with strong sales of 'Lip Sleeping Mask' travel kit. Expanded 'Water Bank' line marketing activities with pop-up store in LA
  - Sulwhasoo sales grew from the launch of 'First Care Activating Serum Limited Edition' and nurturing key products. Enhanced customer communication by announcing global ambassadors and announcing partnership with the MET\*
  - Innisfree posted strong growth from solid sales of key products in multi-brand shop and e-commerce channel
- EMEA revenue increased with all brands achieving solid growth
  - Laneige continued strong sales growth from 'Lip Sleeping Mask'
  - Goutal sales grew with 25<sup>th</sup> anniversary marketing campaign of 'Petite Chérie' and robust sales growth in major channels



Innisfree China exclusive  
'Black Tea Peptide Anti-Wrinkle' Line



Laneige 'Perfect Renew 3X Serum'  
Marketing in China/ASEAN



Sulwhasoo-The MET Partnership(USA)

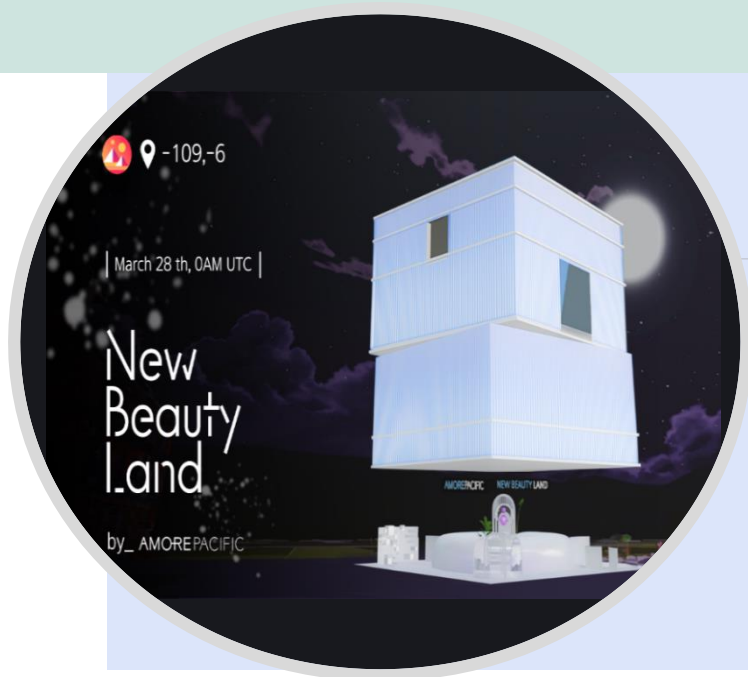


Goutal 'Petite Chérie'  
25th Anniversary campaign (France)

\* The MET: New York Metropolitan Museum of Art

## CUSTOM.ME Launches 'Bespoke Essence', AI Customized Skincare Product

CUSTOM.ME, Amorepacific's customizable skincare brand, unveiled its new product 'Bespoke Essence'. Based on skin analysis technology with artificial intelligence and lifestyle demands of individual customers, customers are offered 1:1 personalized skincare solutions and provided the on-demand manufacturing products.



## Amorepacific Opens 'New Beauty Land' in Metaverse

Amorepacific opened a metaverse space 'New Beauty Land' with the Web3 metaverse platform 'Decentraland'. New Beauty Land's exterior motif lies in Amorepacific's headquarters in Yongsan, Seoul. The space will present Amorepacific's vision of "Live Your New Beauty" and provide brands experience for global customers.

\*Decentraland is a major Ethereum blockchain based global metaverse platform.

## Amorepacific Becomes the First Cosmetics Company to Obtain Highest Zero Waste-to-Landfill Certification

Daejeon Daily Beauty manufacturer and COSVISION obtained Platinum level <sup>1)</sup> rating of ZWTL (Zero Waste To Landfill) as the first cosmetics company in Korea. Amorepacific is committed to establishing a circular economy by reducing waste to landfill to almost zero across all its establishments, as a '2030 A MORE Beautiful Promise' initiative.

1) Platinum rating indicates 100% recycle rate.

\*In 2022, Osan Amore Beauty Park received ZWTL Silver level rating as the country's first in cosmetics field.



## Amorepacific Celebrates 500th 'Hope Store' Opening

Amorepacific's 'micro credit' program 'Hope Store' which supports single mothers to achieve economic autonomy by providing loans to start businesses, celebrated its 20th anniversary. Since the opening of the first 'Hope Store' in 2004, the program opened its 500th store in 2023. Amorepacific will provide welfare support to women and children by running the program.



# Financial Summary

AMOREPACIFIC

## Income Statement

(Unit: KRW bn, %)

	2022 1Q		2023 1Q	
	Amount	% of Sales	Amount	% of Sales
Revenue	1,165.0	100.0	913.7	100.0
Cost of sales	363.1	31.2	299.8	32.8
Gross Profit	801.9	68.8	613.9	67.2
SG&A Expenses	643.9	55.3	549.6	60.1
Operating Profit	158.0	13.6	64.4	7.0
Other Income	4.3		34.7	
Profit Before Tax	162.3	13.9	99.0	10.8
Consolidated Net Income	120.1	10.3	89.7	9.8

## Statement of Financial Position

(Unit: KRW bn)

	2022.12	2023.03
<b>Assets</b>	5,801.8	5,886.6
Current Assets	1,735.0	1,824.1
Trade receivables	285.1	308.8
Inventories	408.9	394.8
Non-current Assets	4,066.8	4,062.5
Property, Plant and Equipment	2,475.3	2,473.7
Intangible Assets	357.8	365.2
Investments in associates	247.3	255.3
<b>Liabilities</b>	1,022.5	1,049.0
Current Liabilities	831.1	861.6
Non-current Liabilities	191.4	187.4
<b>Shareholder's Equity</b>	4,779.3	4,837.6
Capital Stock	34.5	34.5
Retained Earnings	4,010.1	4,049.3
Non-controlling Interest	-19.3	-16.9