



AMOREPACIFIC
GROUP

AMOREPACIFIC GROUP 1Q 2016 Earnings Release

- 1 1Q 2016 Earnings Summary
- 2 Earnings by Subsidiary
- 3 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.

AMOREPACIFIC Group has adopted the K-IFRS since 2011.

Sales up 21.8% to KRW 1,759.3bn, OP up 30.7% to KRW 419.1bn

Sales & OP by Division

KRW bn

	2015 1Q	2016 1Q	YoY(%)
Sales	1,443.8	1,759.3	21.8
Beauty subsidiaries 1)	1,461.0	1,807.7	23.7
Non-beauty subsidiaries 2)	43.8	47.7	8.8
Others 3)	-61.0	-96.0	
	2015 1Q	2016 1Q	YoY(%)
Operating Profit (OPM)	320.7 (22.2%)	419.1 (23.8%)	30.7
Beauty subsidiaries (OPM)	319.2 (21.8%)	408.3 (22.6%)	27.9
Non-beauty subsidiaries (OPM)	0.7 (1.5%)	5.8 (12.2%)	783.7
Others	0.9	5.0	
Net Profit (Margin)	244.5 (16.9%)	325.3 (18.5%)	33.1

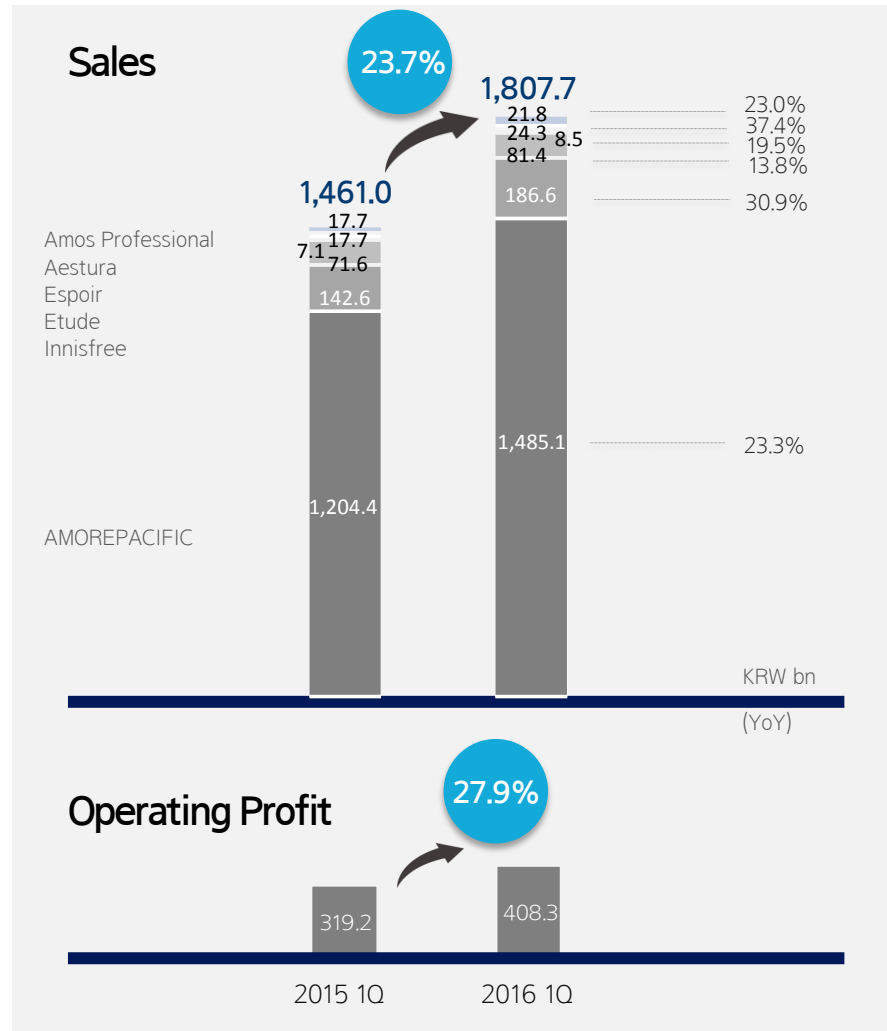
1) Beauty subsidiaries: AMOREPACIFIC, Innisfree, Etude, Espoir, Aestura, Amos Professional

2) Non-beauty Subsidiaries: APG, Pacific Glas, Pacific Package and OSulloc Farm*

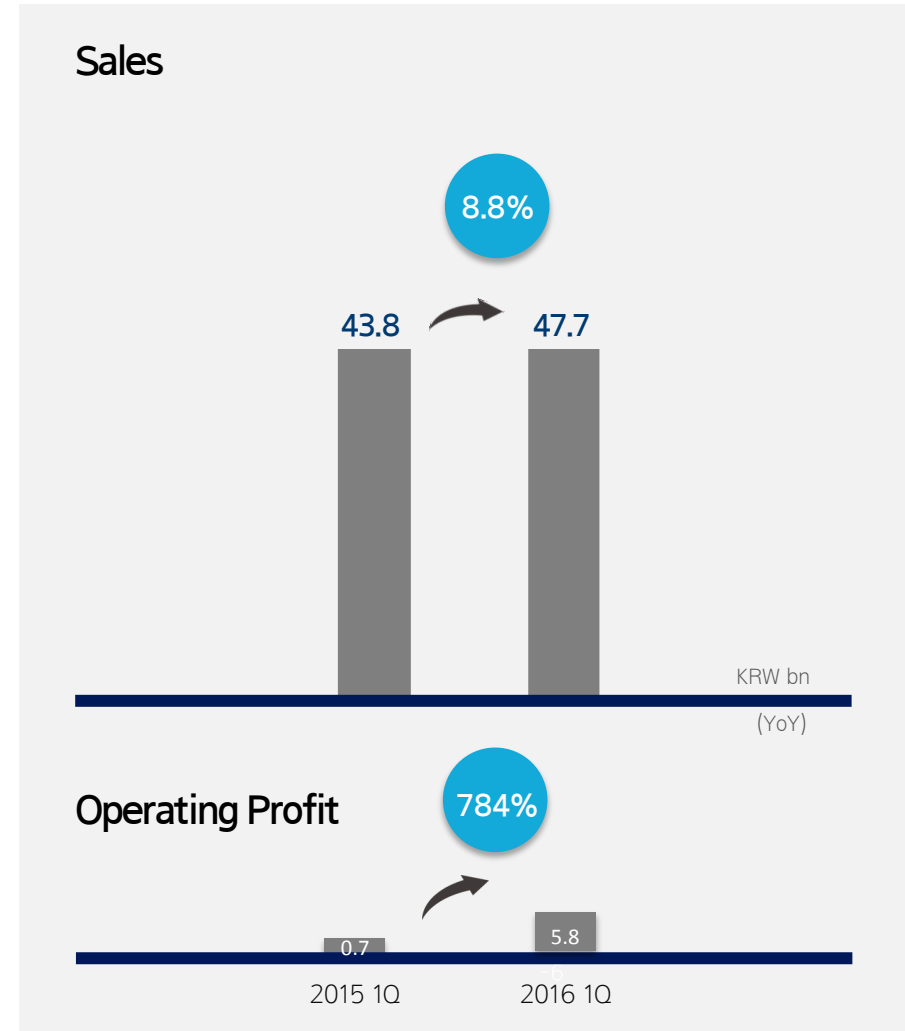
OSulloc Farm*: Former Jangwon Industry

3) Others: Including intercompany transaction

Beauty subsidiaries



Non-Beauty subsidiaries



AMOREPACIFIC Sales +23%, OP +22%

Domestic Cosmetics

- (Luxury) Enhanced luxury brand image and sustained quality growth through the launch of Sulwhasoo's flagship store & Hera's sponsorship for Seoul Fashion Week, solid sales growth due to stronger sales of core brands through the travel retail channel.
- (Premium) Initiated diverse marketing campaigns, strengthened brand equity through innovative new products, improved customer convenience through Aritaum's offline and online retail competency, established the groundwork for quality growth for the digital channel

Mass & OSulloc

- (Mass) Sustained sales growth from increased sales of functional products and diversified distribution channels
- (OSulloc) Continued channel restructuring and strengthened product line up in order to establish OSulloc as a premium brand

Overseas Business

- Continued robust sales in Asia with the 5 major champion brands
- Increased sales in US through regional and channel expansion
- Revenue and profit declined in Europe due to sluggish perfume market, weak consumer spending and channel restructuring

Innisfree Sales +31%, OP+47%

- Sustained same store sales growth through robust growth of key products (Green Tea Seed Serum, Super Volcanic Pore Clay Mask, Orchid Enriched Cream, Cushion) and new product launch (Jeju Lava Seawater Essence)
- Continued increase of online sales through diverse marketing campaigns to attract more customers
- Maintained robust sales growth for exports and travel retail channel due to stronger brand equity

Etude Sales+14%, OP +255%

- Achieved robust sales growth in free standing stores, travel retail and digital channel through solid performance of new products launches (Berry Delicious Line, Tint My Brows Gel, Play 101 Stick, Big Cover, Pink Vital Water)
- Improved profitability through solid sales growth and cost efficiency

	AMOREPACIFIC _ Consolidated		
	2015 1Q	2016 1Q	YoY(%)
Sales	1,204.4	1,485.1	23.3
GP	908.2	1,136.5	25.1
SG&A expenses	630.3	798.7	26.7
OP	278.0	337.8	21.5
	Innisfree		
Sales	142.6	186.6	30.9
GP	100.1	136.5	36.3
SG&A expenses	64.8	84.6	30.6
OP	35.4	51.9	46.7
	Etude		
Sales	71.6	81.4	13.8
GP	40.2	48.0	19.4
SG&A expenses	36.7	35.7	-2.9
OP	3.5	12.3	254.6

Espoir +20%, Mitigated losses

- Established brand image as a professional makeup brand
- Sustained same store sales growth through increased sales of key products such as Pro Tailor foundation, Nowear lipstick, and etc

Aestura Sales+37%, Turned to black

- Strong sales from all categories such as medical beauty brand (Cleviel) and cosmeceutical brand (Atobarrier, Regenderm RX)

Amos Professional Sales +23%, OP +23%

- Sustained solid sales growth from the premium brand, Ayunche, through increased partnerships with hair salons
- Increased sales of Amos brand through key product renewals (Green Tea line, Repair Shine)

	Espoir		
	2015 1Q	2016 1Q	YoY(%)
Sales	7.1	8.5	19.5
GP	5.4	6.9	28.8
SG&A expenses	6.5	7.1	8.7
OP	-1.2	-0.2	Mitigated losses
Aestura (Pacific Pharma.)			
Sales	17.7	24.3	37.4
GP	4.2	5.9	38.5
SG&A expenses	5.5	5.4	-2.6
OP	-1.3	0.5	Turned to black
Amos Professional			
Sales	17.7	21.8	23.0
GP	9.8	12.8	30.7
SG&A expenses	5.0	6.9	38.1
OP	4.8	5.9	23.1

Income Statement

KRW bn

	2015 1Q		2016 1Q	
Sales	1,443.8	100.0%	1,759.3	100.0%
Gross Profit	1,070.9	74.2%	1,351.3	76.8%
SG&A expenses	750.2	52.0%	932.2	53.0%
Operating Profit	320.7	22.2%	419.1	23.8%
Non-operating Profit/Expenses	6.2		8.2	
Profit before tax	326.9	22.6%	427.3	24.3%
Consolidated net income	244.5	16.9%	325.3	18.5%

Statements of Financial Position

KRW bn

	2015.12	2016.03
Assets	6,148.0	6,550.8
Current assets	2,537.9	2,868.5
Non-current assets	3,610.0	3,682.3
Liabilities	1,260.2	1,437.7
Current liabilities	978.5	1,140.2
Non-current liabilities	281.7	297.5
Shareholder's Equity	4,887.8	5,113.2
Capital stock	44.5	44.5
Additional paid-in capital	673.0	673.0
Capital surplus	22.6	22.6
Other components of equity	-146.2	-146.2
Accumulated other comprehensive income	-9.2	-10.2
Retained earnings	1,948.1	2,050.8
Non-controlling interest	2,355.1	2,478.7