



AMOREPACIFIC
GROUP

AMOREPACIFIC GROUP 2Q 2015 Earnings Release

- 1 1H 2015 Earnings Summary
- 2 2Q 2015 Earnings Summary
- 3 Earnings by Subsidiary
- 4 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 23.3% to KRW 2,857.0bn, OP up 46.1% to KRW 564.3bn

Sales & OP by Division

KRW bn

	1H 2014	% of sales	1H 2015	% of sales	YoY(%)
Sales	23,16.5	100.0	2,857.0	100.0	23.3
Operating subsidiaries ¹⁾	2,235.9	96.5	2,772.1	97.0	24.0
Manufacturing subsidiaries & others ²⁾	80.6	3.5	84.9	3.0	5.3
	2014 1H	OPM	2015 1H	OPM	YoY(%)
Operating Profit	386.2	16.7	564.3	19.8	46.1
Operating subsidiaries	385.4	17.2	561.7	20.3	45.7
Manufacturing subsidiaries & others	0.8	1.0	2.7	3.2	248.6
Net Profit	319.4	13.8	429.9	15.0	34.6

1) Operating subsidiaries: AMOREPACIFIC, Innisfree, Etude, Espoir, Aestura*, Amos Professional and adjustment

2) Manufacturing subsidiaries & others: APG, Pacific Glas, Pacific Package and Jangwon Industry

* Aestura=Pacific Pharma.

Sales up 20.1% to KRW1,413.2 bn, OP up 41.4% to KRW 243.6bn

Sales & OP by Division

KRW bn

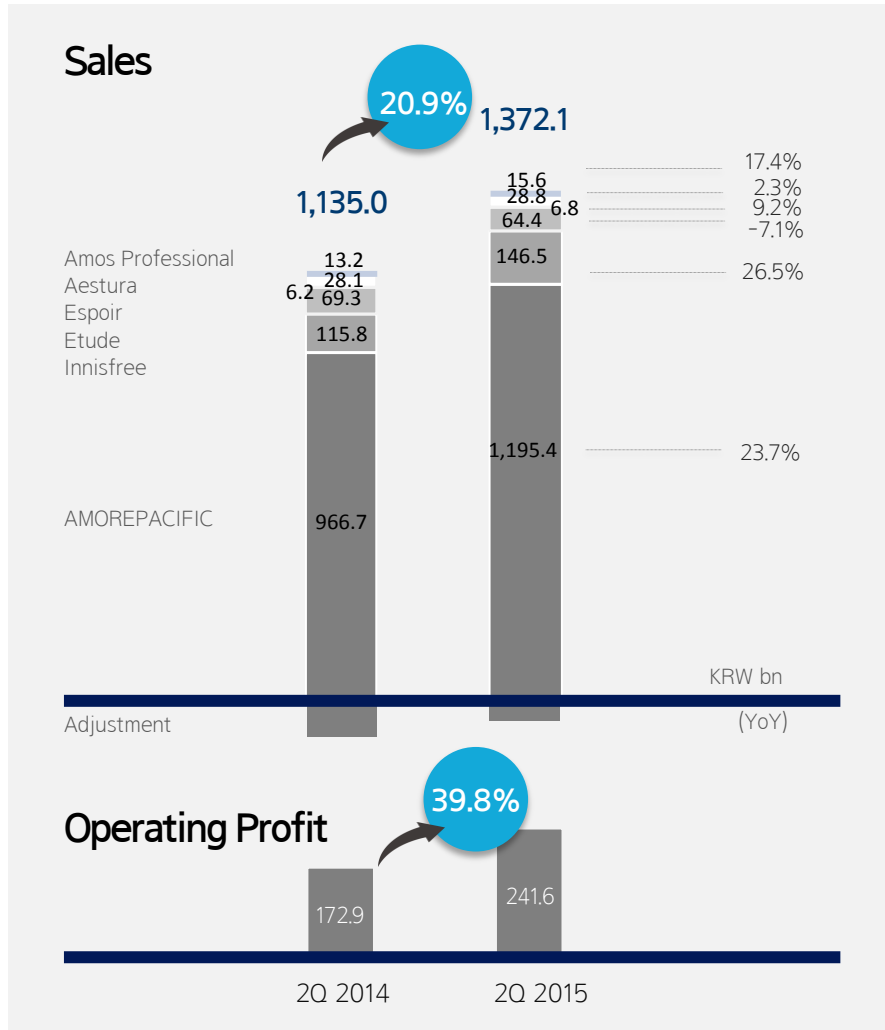
	2Q 2014	% of sales	2Q 2015	% of sales	YoY(%)
Sales	1,176.8	100.0	1,413.2	100.0	20.1
Operating subsidiaries ¹⁾	1,135.0	96.4	1,372.1	97.1	20.9
Manufacturing subsidiaries & others ²⁾	41.8	3.6	41.0	2.9	-1.9
	2Q 2014	OPM	2Q 2015	OPM	YoY(%)
Operating Profit	172.3	14.6	243.6	17.2	41.4
Operating subsidiaries	172.9	15.2	241.6	17.6	39.8
Manufacturing subsidiaries & others	-0.6	-1.4	2.0	5.0	Turned to black
Net Profit	128.6	10.9	185.4	13.1	44.2

1) Operating subsidiaries: AMOREPACIFIC, Innisfree, Etude, Espoir, Aestura*, Amos Professional and adjustment

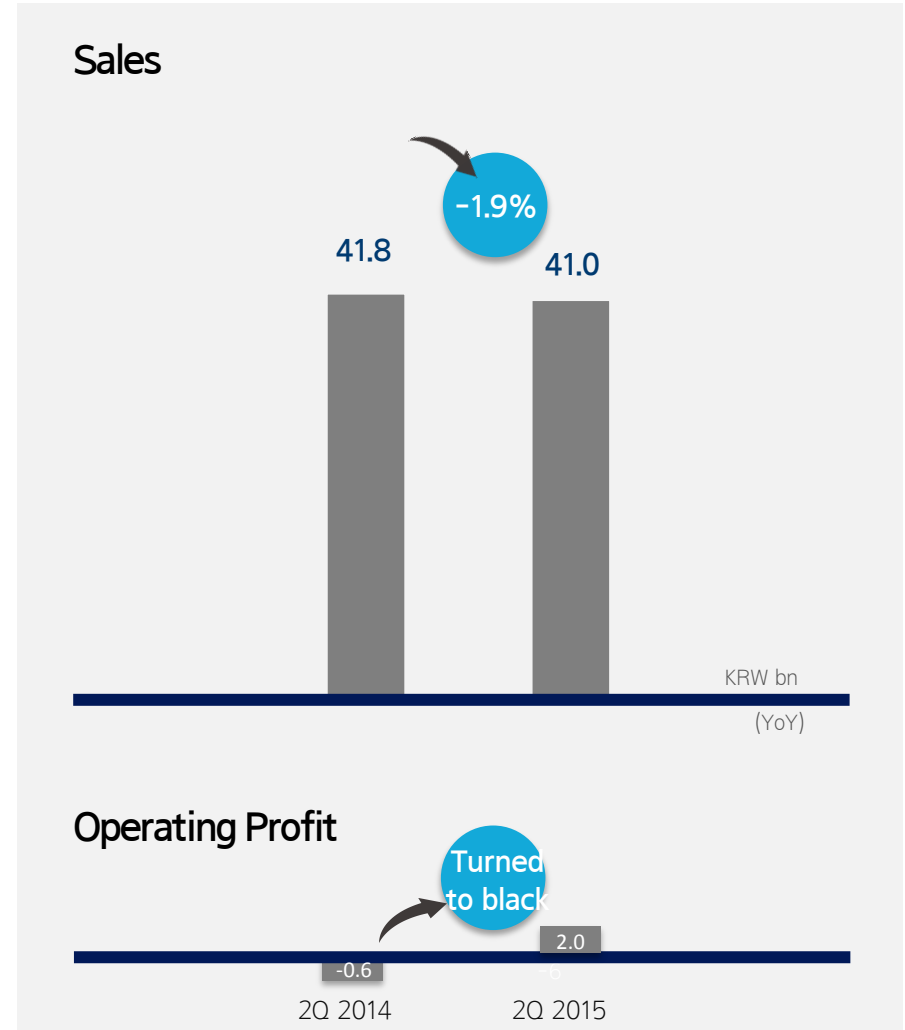
2) Manufacturing subsidiaries & others: APG, Pacific Glas, Pacific Package and Jangwon Industry

* Aestura=Pacific Pharma.

Operating subsidiaries



Manufacturing subsidiaries & others



AMOREPACIFIC Sales +24%, OP 38%**Domestic Cosmetics**

(Luxury) Enhanced brand attractiveness through major product upgrades and reinforced digital contents

Generated untapped demand in baby and beauty food categories, Sustained quality growth in Door-to-door performance, Increased Travel Retail sales supported by surge in number of foreign travelers, expanded global business and strengthened online business

(Premium) Emphasized brands' core values and enhanced customer experience through various marketing activities Digitally renewed Aritaum stores to allow better consumer accessibility, Strengthened digital platform to support sustainable digital sales

Mass & Sulloc

- (Mass) Premium product launches coupled with channel diversification has led to better results
- (Sulloc) Revamped channel distribution and introduced new premium products which have boosted Osulloc brand

Overseas Business

- (Growth markets) Enhanced brand awareness through various on/offline marketing initiatives and increased ability to readily respond to market needs through a more diversified brand portfolio
- (Developed markets) Sales in France has dropped due to weakened domestic consumption and unfavorable currency translation, Investments flowing into the U.S has risen to tap into new channels and support sales capability

Innisfree Sales +27%, OP +52%

- Substantial same store sales growth on the backdrop of steady best sellers(Greentea seed serum, Hanran cream, Vocanic pack, Cutshion, etc.) and launch of new products(No-sebum blur, Aloe revival line, etc.)

Etude Sales -7%, Turned to red

- Sales decreased slightly as a result of channel restructuring
- Increased marketing budget including, but not limited to store environment, product packages and digital communication

	AMOREPACIFIC_Consolidated	
	2Q 2014	2Q 2015
Sales	966.7	1,195.4
GP	715.9	909.0
SG&A expenses	564.8	700.9
OP	151.1	208.0
	Innisfree	
Sales	115.8	146.5
GP	81.3	101.3
SG&A expenses	61.4	71.0
OP	19.9	30.3
	Etude	
Sales	69.3	64.4
GP	39.1	35.9
SG&A expenses	39.0	35.9
OP	0.1	-0.1

KRW bn

Espoir Sales +9%, Mitigated losses

- Continued growth backed by strong same store sales and Travel Retail channel
- Mitigated losses through better cost management

Aestura (Pacific Pharma.) Sales +2%, OP +19%

- Best sellers of medical beauty brands such as Cleviel, Artefill and ATObarrier delivered solid double digit growth
- Growth slowed due to decrease in OEM sales

Amos Professional Sales +17%, OP 27%

- Strong performance from Travel Retail as well as expansion of stores drove solid growth in sales
- Continued increase in sales of core products: hair tonics, perms and conditioners

	Espoir	
	2Q 2014	2Q 2015
Sales	6.2	6.8
GP	4.6	5.4
SG&A expenses	5.9	6.3
OP	-1.3	-0.9
Aestura (Pacific Pharma.)		
Sales	28.1	28.8
GP	6.2	6.4
SG&A expenses	5.7	5.8
OP	0.5	0.6
Amos Professional		
Sales	13.2	15.6
GP	7.1	8.9
SG&A expenses	4.0	5.1
OP	3.1	3.9

Income Statement

KRW bn

	2Q 2014		2Q 2015	
Sales	1,176.8	100.0%	1,413.2	100.0%
Gross Profit	853.4	72.5%	1,067.7	75.5%
SG&A expenses	681.1	57.9%	823.8	58.3%
Operating Profit	172.3	14.6%	243.6	17.2%
Non-operating Profit/Expenses	(2.0)		7.4	
Profit before tax	170.3	14.5%	251.0	17.8%
Consolidated net income	128.6	10.9%	185.4	13.1%

Statements of Financial Position

KRW bn

	2014.12	2015.06
Assets	5,499.7	5,881.0
Current assets	2,098.1	2,386.5
Non-current assets	3,401.6	3,494.4
Liabilities	1,176.3	1,196.6
Current liabilities	798.4	908.8
Non-current liabilities	377.9	287.8
Shareholder's Equity	4,323.4	4,684.3
Capital stock	44.5	44.5
Additional paid-in capital	673.0	673.0
Capital surplus	22.6	22.6
Other components of equity	(146.5)	(146.2)
Accumulated other comprehensive income	(4.4)	(3.5)
Retained earnings	1,728.7	1,867.2
Non-controlling interest	2,005.5	2,226.8



AMORE PACIFIC
70 Years of Beauty Creation