



AMOREPACIFIC
GROUP

AMOREPACIFIC GROUP 2Q 2016 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.

AMOREPACIFIC Group has adopted the K-IFRS since 2011.

Sales up 21.8% to KRW 3,479.0bn, OP up 29.1% to KRW 728.8bn

Sales & OP by Division

KRW bn

	2015 1H	2016 1H	YoY(%)
Sales	2,857.0	3,479.0	21.8
Beauty subsidiaries 1)	2,918.4	3,610.5	23.7
Non-beauty subsidiaries 2)	84.9	93.8	10.5
Others 3)	-146.3	-225.3	
	2015 1H	2016 1H	YoY(%)
Operating Profit (OPM)	564.3 (19.8%)	728.8 (20.9%)	29.1
Beauty subsidiaries (OPM)	561.0 (19.2%)	731.6 (20.3%)	30.4
Non-beauty subsidiaries (OPM)	2.7 (3.2%)	9.8 (10.5%)	264.8
Others	0.6	-12.6	
Net Profit (Margin)	429.9 (15.0%)	572.1 (16.4%)	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

Sales up 21.7% to KRW 1,719.7bn, OP up 27.1% to KRW 309.7bn

Sales & OP by Division

KRW bn

	2015 2Q	2016 2Q	YoY(%)
Sales	1,413.2	1,719.7	21.7
Beauty subsidiaries 1)	1,457.4	1,802.9	23.7
Non-beauty subsidiaries 2)	41.0	46.1	12.4
Others 3)	-85.3	-129.3	
	2015 2Q	2016 2Q	YoY(%)
Operating Profit (OPM)	243.6 (17.2%)	309.7 (18.0%)	27.1
Beauty subsidiaries (OPM)	241.9 (16.6%)	323.3 (17.9%)	33.7
Non-beauty subsidiaries (OPM)	2.0 (5.0%)	4.0 (8.7%)	96.9
Others	-0.2	-17.6	
Net Profit (Margin)	185.4 (13.1%)	246.7 (14.3%)	33.1

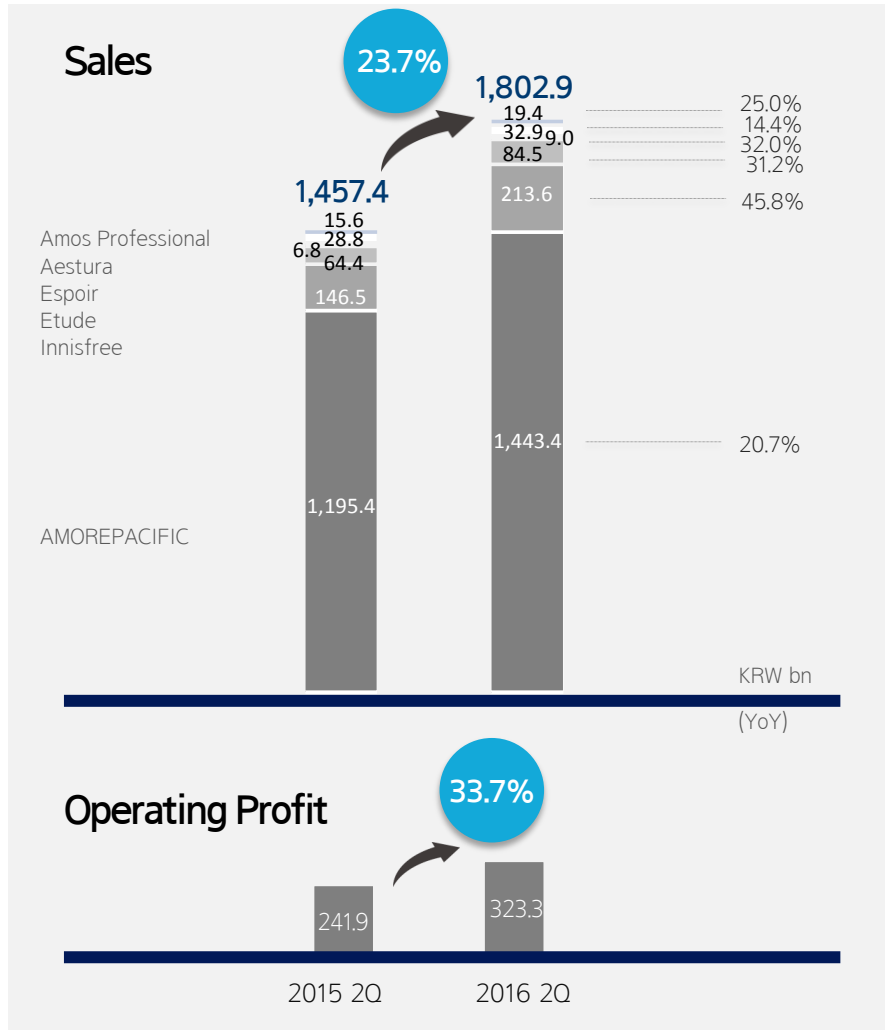
1) Beauty subsidiaries: AMOREPACIFIC, Innisfree, Etude, Espoir, Aestura, Amos Professional

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

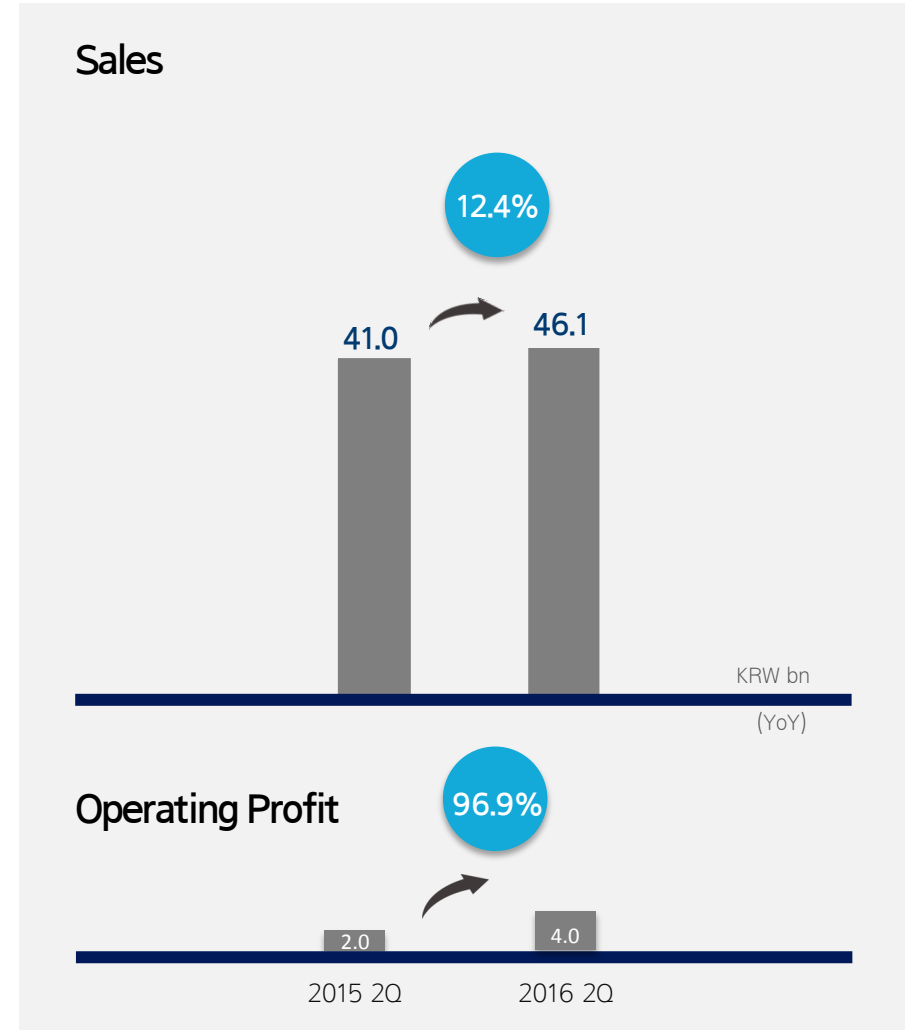
OSulloc Farm*: Former Jangwon Industry

3) Others: Including intercompany transaction

Beauty subsidiaries



Non-Beauty subsidiaries



AMOREPACIFIC Sales +21%, OP +16%

Domestic Cosmetics

- (Luxury) Sulwhasoo diversified customer base by spreading its brand philosophy, Hera set the foundation for global expansion by strengthening 'Seoulista' brand identity, travel retail channel sustained solid growth mainly from expansion of online and global travel retail
- (Premium) Initiated marketing activities and strengthened product categories to secure younger customers, nurtured products for hydration and makeup categories, Aritaum channel strengthened retail competitiveness by improving online/offline services and store environment, improved customer convenience with enhanced digital shopping environment

Mass & OSulloc

- (Mass) Strengthened brand competitiveness through new brand launches and expansion of diversified products
- (OSulloc) Diversified customer base through channel restructuring (exit from hypermarket and agent, entry into travel retail channel, brand site renewal)

Overseas Business

- Continued robust sales in Asia through differentiated brand portfolio of the 5 major global champion brands
- Sustained solid growth in North America through increased sales of Laneige and Sulwhasoo brand
- Revenue grew in Europe due to new product launches and favorable foreign exchange rates

Innisfree Sales + 46%, OP + 107%

- Sustained solid same store sales growth in all channels with successful new products (My Cushion, Skinny Mascara, Jeju Lava Seawater Essence) and continued strong sales of key products (Green Tea Seed Serum, Super Volcanic Pore Clay Mask)
- Highlighted brand story and offered diverse brand experiences through Pangyo flagship store and My Cushion ATM pop-up store
- Increased sales of duty free and export due to strengthened brand equity in overseas market

Etude Sales +31%, Turned to black

- Achieved strong sales growth in free standing stores and travel retail through new products launches (Twin Shot Lips Stint, Tint My Brows Gel, Play 101 Stick, Real Powder Cushion)
- Strengthened digital business by pre-launching new products (Double Lasting Foundation) and O2O service launch
- Profitability recovered through solid revenue growth and improved distribution channel and product mix

	AMOREPACIFIC _ Consolidated		
	2015 2Q	2016 2Q	YoY(%)
Sales	1,195.4	1,443.4	20.7
GP	909.0	1,069.1	17.6
SG&A expenses	700.9	828.5	18.2
OP	208.1	240.6	15.6
	Innisfree		
Sales	146.5	213.6	45.8
GP	101.3	152.7	50.8
SG&A expenses	71.0	89.9	26.6
OP	30.3	62.8	107.4
	Etude		
Sales	64.4	84.5	31.2
GP	35.9	52.0	45.1
SG&A expenses	35.9	39.9	11.1
OP	-0.1	12.1	Turned to Black

KRW bn

Espoir Sales +32%, Turned to black

- Sustained same store sales growth through increased sales of key products such as Pro Tailor Foundation
- Strengthened brand position as professional makeup brand through new and innovative monthly product launches (Pro Definition Palette Liner, Haute Shine Collection, Exclusive Collection)

Aestura Sales +14%, OP +406%

- Increased revenue through heightened demand for inner beauty products and stronger sales of medical beauty brands
- Improved profitability through efficient cost management

Amos Professional Sales +25%, OP +24%

- Solid revenue growth through increased sales of key products (Green Tea line, True Sync)
- Increased sales in salons and duty free channel as a result of Ayunche's enhanced brand recognition
- Hosted 2016 S/S trend color concert, introduced season hair trends while strengthening market leadership

	Espoir		
	2015 2Q	2016 2Q	YoY(%)
Sales	6.8	9.0	32.0
GP	5.4	7.4	37.6
SG&A expenses	6.3	7.4	17.1
OP	-0.9	0.0	Turned to Black
	Aestura (Pacific Pharm)		
Sales	28.8	32.9	14.4
GP	6.4	8.0	25.4
SG&A expenses	5.8	5.0	-13.2
OP	0.6	3.0	406
	Amos Professional		
Sales	15.6	19.4	25.0
GP	8.9	11.6	29.7
SG&A expenses	5.1	6.8	34.0
OP	3.9	4.8	24.0

Income Statement

KRW bn

	2015 2Q		2016 2Q	
Sales	1,413.2	100.0%	1,719.7	100.0%
Gross Profit	1,067.5	75.5%	1,284.7	74.7%
SG&A expenses	823.8	58.3%	975.1	56.7%
Operating Profit	243.6	17.2%	309.7	18.0%
Non-operating Profit/Expenses	7.3		1.7	
Profit before tax	251.0	17.8%	311.4	18.1%
Consolidated net income	185.4	13.1%	246.7	14.3%

Statements of Financial Position

KRW bn

	2015.12	2016.06
	Assets	6,148.0
Current assets	2,537.9	2,807.4
Non-current assets	3,610.0	3,783.7
Liabilities	1,260.2	1,237.2
Current liabilities	978.5	963.4
Non-current liabilities	281.7	273.8
Shareholder's Equity	4,887.8	5,353.9
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	-12.1
Retained earnings	1,948.1	2,157.1
Non-controlling interest	2,355.1	2,615.0