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AMOREPACIFIC
GROUP



AMOREPACIFIC Group 2015 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 20.1% to KRW 5,661.2bn, OP up 38.6% to KRW 913.6bn

Sales & OP by Division

KRW bn

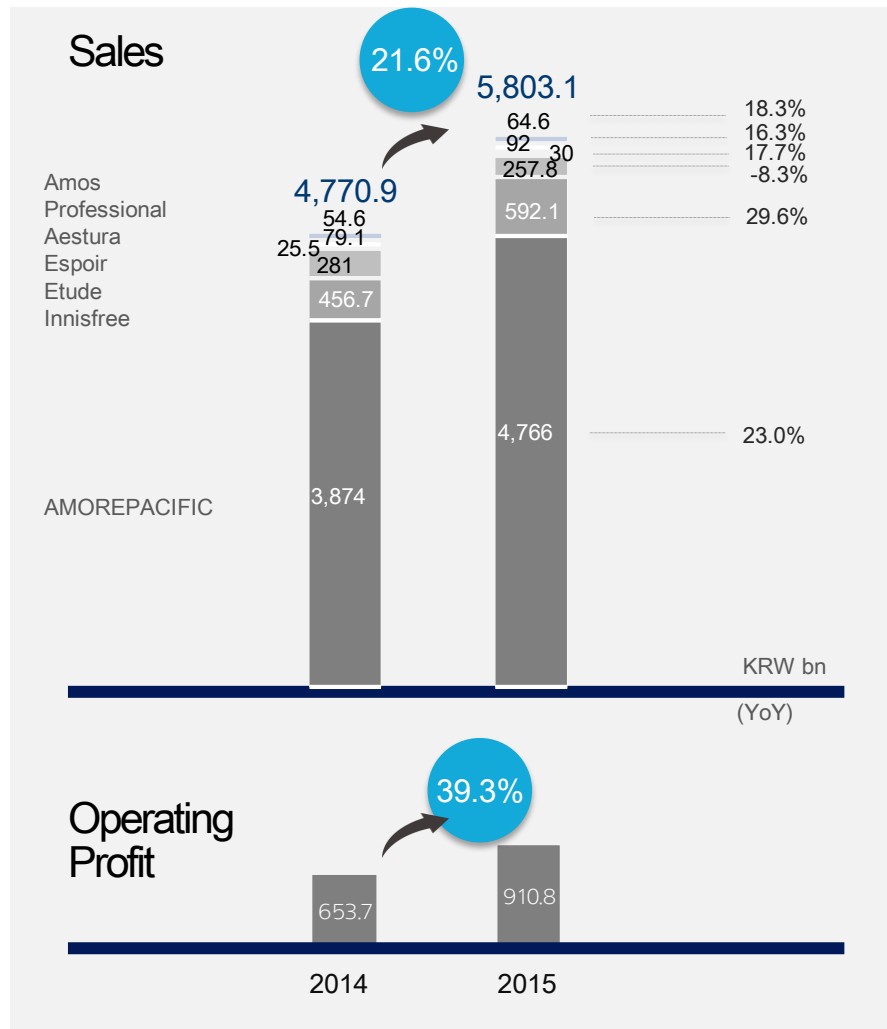
	2014	2015	YoY(%)
Sales	4,711.9	5,661.2	20.1
Operating subsidiaries 1)	4,770.9	5,803.1	21.6
Manufacturing subsidiaries & others 2)	165.1	161.7	-2.0
(Intercompany Transaction)	-224.1	-303.6	
	2014	2015	YoY(%)
Operating Profit (margin)	659.1 (14.0%)	913.6 (16.1%)	38.6
Operating subsidiaries (margin)	653.7 (13.7%)	910.8 (15.7%)	39.3
Manufacturing subsidiaries & others (margin)	-1 (-0.6%)	2.6 (1.6%)	Turned to black
(Intercompany Transaction)	6.4	0.1	
Net Profit (OPM)	497.4 (10.6%)	673.9 (11.9%)	35.5

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

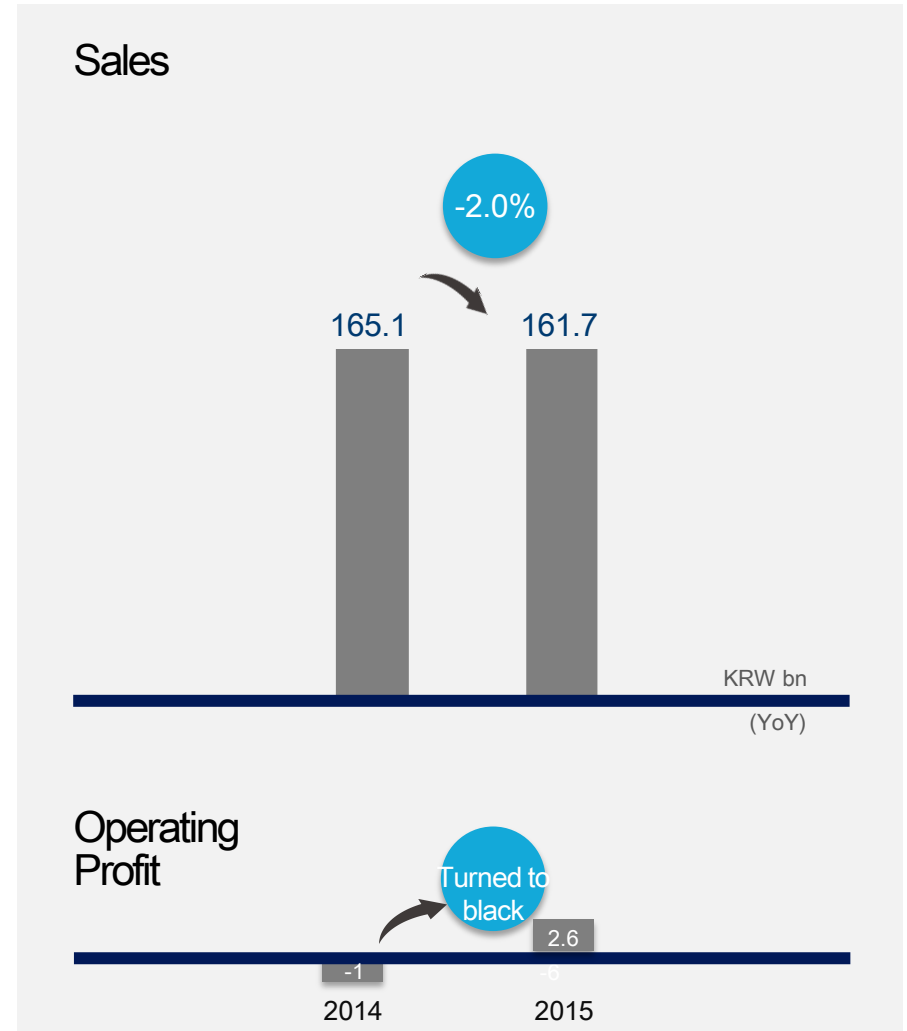
2) Manufacturing subsidiaries & others: APG, Pacific Glas, Pacific Package and Jangwon Industry

* Aestura=Pacific Pharma.

Operating subsidiaries



Manufacturing subsidiaries & others



AMOREPACIFIC Sales +23%, OP +37%**Domestic Cosmetics**

- (Luxury) Sustained solid growth through key luxury brands capitalizing on its global appeal, offered differentiated consumer experience through strengthened services in department stores, achieved quality growth through improved capability of door-to-door counselors
- (Premium) Highlighted core brand values through a wide array of marketing initiatives, Aritaum & Mart channel reinforced its retail competency through improvement of on/off store environment and customer service, digital channel poised for quality growth

Mass & OSulloc

- (Mass) Quality growth due to increased sales of premium products and diversification of distribution channels
- (OSulloc) Established stronger brand equity by restructuring distribution channels and strengthening product competitiveness

Overseas Business

- Continued robust sales growth trends along with improved profitability mainly due to the 5 champion brands in China and Asean regions
- Achieved robust growth in the US through regional and channel expansion
- Revenue and profit declined in France due to weak consumer spending and channel restructuring
- Underwent business restructuring in Japan to focus on Etude brand

Innisfree Sales +30%, OP +64%

- Strengthened its position as a global masstige brand through brand campaigns (Play Green) focused on Jeju heritage
- Robust revenue growth through increased sales of key products (Green Tea Serum, Orchid Enriched Cream, Super Volcanic Pore Clay Pack, etc) coupled with new product launches like Jeju Sparkling Mineral Essence, Ginger Oil Serum, and etc.
- OP margins improved due to enhanced operational efficiency, higher revenue contribution from online sales and duty free

Etude Sales -8%, OP -78%

- Revenue decline due channel restructuring (downsizing of hypermarket stores) to build foundation for quality growth
- Profitability declined as a result of revenue decline along with increased marketing investments (store renewals, new product launches) to boost brand popularity

	AMOREPACIFIC Consolidated		
	2014	2015	YoY(%)
Sales	3,874	4,766.6	23.0
GP	2,845.8	3,597.2	26.4
SG&A expenses	2,282.1	2,824.3	23.8
OP	563.8	772.9	37.1
Innisfree			
Sales	456.7	592.1	29.6
GP	325.7	420.8	29.2
SG&A expenses	249.2	295.2	18.5
OP	76.5	125.6	64.3
Etude			
Sales	281	257.8	-8.3
GP	153.9	143.3	-6.9
SG&A expenses	143	140.9	-1.4
OP	10.9	2.4	-78.4

KRW bn

Espoir Sales +18%, Mitigated losses

- Established brand image as a professional makeup brand
- Continued same store sales growth trends through strong sales of flagship products such as Nowear lipstick, Pro Tailor foundation, and cushion
- Improved profitability by improving the efficiency of distribution channels mainly centered on road shops and digital channel

Aestura (Pacific Pharma) Sales +16%, Mitigated losses

- Increase in revenue and profitability with stronger sales of key cosmeceutical brands such as Atobarrier, Regenderm RX, and medical beauty brands such as Cleviel, Meditoxin, etc

Amos Professional Sales +18%, OP +14%

- Solid revenue growth through the expansion of distribution channels (e-commerce, travel retail, etc)
- Increased partnerships with premium hair salons due to the strengthened brand equity of the premium hair salon brand Ayunche
- Strengthened product portfolio in key categories such as hair perming and styling products

	Espoir		
	2014	2015	YoY(%)
Sales	25.5	30	17.7
GP	19.3	23.1	19.6
SG&A expenses	24.6	26.1	6.0
OP	-5.3	-3	Mitigated Losses
	Aestura		
Sales	79.1	92	16.3
GP	19.9	21	5.7
SG&A expenses	23.5	21.3	-9.5
OP	-3.6	-0.3	Mitigated Losses
	Amos Professional		
Sales	54.6	64.6	18.3
GP	29.3	36.4	24.3
SG&A expenses	17.7	23.2	30.8
OP	11.6	13.2	14.3

KRW bn

Sales up 22.9% to KRW 1,457.6bn, OP up 62.6% to KRW 161bn

KRW bn

YTD	2014 4Q	2015 4Q	YoY(%)
Sales	1,186.4	1,457.6	22.9
Operating subsidiaries 1)	1,198.3	1,501.9	25.3
Manufacturing subsidiaries & others 2)	47.1	41.9	-11.1
(Intercompany Transaction)	-59	-86.1	
	2014 4Q	2015 4Q	YoY(%)
Operating Profit (margin)	99 (8.3%)	161 (11.0%)	62.6
Operating subsidiaries (margin)	99 (8.3%)	160.5 (10.7%)	62.1
Manufacturing subsidiaries & others (margin)	0.1 (0.2%)	-0.1 (-0.2%)	Turned to red
(Intercompany Transaction)	-0.1	0.6	
Net Profit (margin)	51.8 (4.4%)	92 (6.3%)	77.6

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

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

* Aestura=Pacific Pharma.

Income statement

KRW Bn

	2014년		2015년	
Sales	4,711.9	100.0%	5,661.2	100.0%
Gross Profit	3,403.8	72.2%	4,246.2	75.0%
SG&A expenses	2,744.7	58.2%	3,332.6	58.9%
Operating Profit	659.1	14.0%	913.6	16.1%
Non-operating Profit/Expenses	22.7		8	
Profit before tax	681.8	14.5%	921.6	16.3%
Consolidated net income	497.4	10.6%	673.9	11.9%

Statements of Financial Position

KRW Bn

	2014.12	2015.12
Assets	5,499.7	6,140
Current assets	2,098.1	2,525.9
Non-current assets	3,401.7	3,614.1
Liabilities	1,176.4	1,252.3
Current liabilities	773.1	972.2
Non-current liabilities	403.2	280
Shareholder's Equity	4,323.4	4,887.8
Capital stock	44.5	44.5
Additional paid-in capital	673	673
Capital surplus	22.6	40.8
Other components of equity	-146.5	-164.4
Accumulated other comprehensive income	-4.4	-9.4
Retained earnings	1,728.6	1,948.1
Non-controlling interest	2,005.5	2,355.2

Together, we can

Targeting revenue growth of 13%, OP growth of 13%

Global | Digital | Retail

1 Expansion of overseas business

2 Secure digital leadership

3 Strengthen retail capability

4 Innovation-oriented management

5 Quality-focused management

6 Talent-oriented management



AMORE PACIFIC
70 Years of Beauty Creation