



## AMOREPACIFIC GROUP 3Q 2016 Earnings Release

- 1 3Q YTD 2016 Earnings Summary
- 2 3Q 2016 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 22.1% to KRW 5,133.3bn, OP up 26% to KRW 948.5bn

### Sales & OP by Division

KRW bn

YTD	2015 3Q YTD	2016 3Q YTD	YoY(%)
<b>Sales</b>	<b>4,203.6</b>	<b>5,133.3</b>	<b>22.1</b>
Beauty subsidiaries 1)	4,301.2	5,318.8	23.7
Non-beauty subsidiaries 2)	119.9	136.1	13.5
Others 3)	-217.5	-321.6	
	2015 3Q YTD	2016 3Q YTD	YoY(%)
<b>Operating Profit (OPM)</b>	<b>752.7 (17.9%)</b>	<b>948.5 (18.5%)</b>	<b>26.0</b>
Beauty subsidiaries (OPM)	750.3 (17.4%)	947.6 (17.8%)	26.3
Non-beauty subsidiaries (OPM)	2.7 (2.3%)	11.7 (8.6%)	326.7
Others	-0.4	-10.8	
<b>Net Profit (Margin)</b>	<b>582.0 (13.8%)</b>	<b>723.5 (14.1%)</b>	<b>24.3</b>

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 22.9% to KRW 1,654.3bn, OP up 16.7% to KRW 219.7bn

### Sales & OP by Division

KRW bn

	2015 3Q	2016 3Q	YoY(%)
<b>Sales</b>	<b>1,346.6</b>	<b>1,654.3</b>	<b>22.9</b>
Beauty subsidiaries 1)	1,382.8	1,708.3	23.5
Non-beauty subsidiaries 2)	35.0	42.3	20.7
Others 3)	-71.2	-96.3	
	2015 3Q	2016 3Q	YoY(%)
<b>Operating Profit (OPM)</b>	<b>188.3 (14.0%)</b>	<b>219.7 (13.3%)</b>	<b>16.7</b>
Beauty subsidiaries (OPM)	189.3 (13.7%)	216.0 (12.6%)	14.1
Non-beauty subsidiaries (OPM)	0.0 (0.1%)	1.8 (4.3%)	Improved Profitability
Others	-1.0	1.8	
<b>Net Profit (Margin)</b>	<b>152.1 (11.3%)</b>	<b>151.4 (9.2%)</b>	<b>-0.4</b>

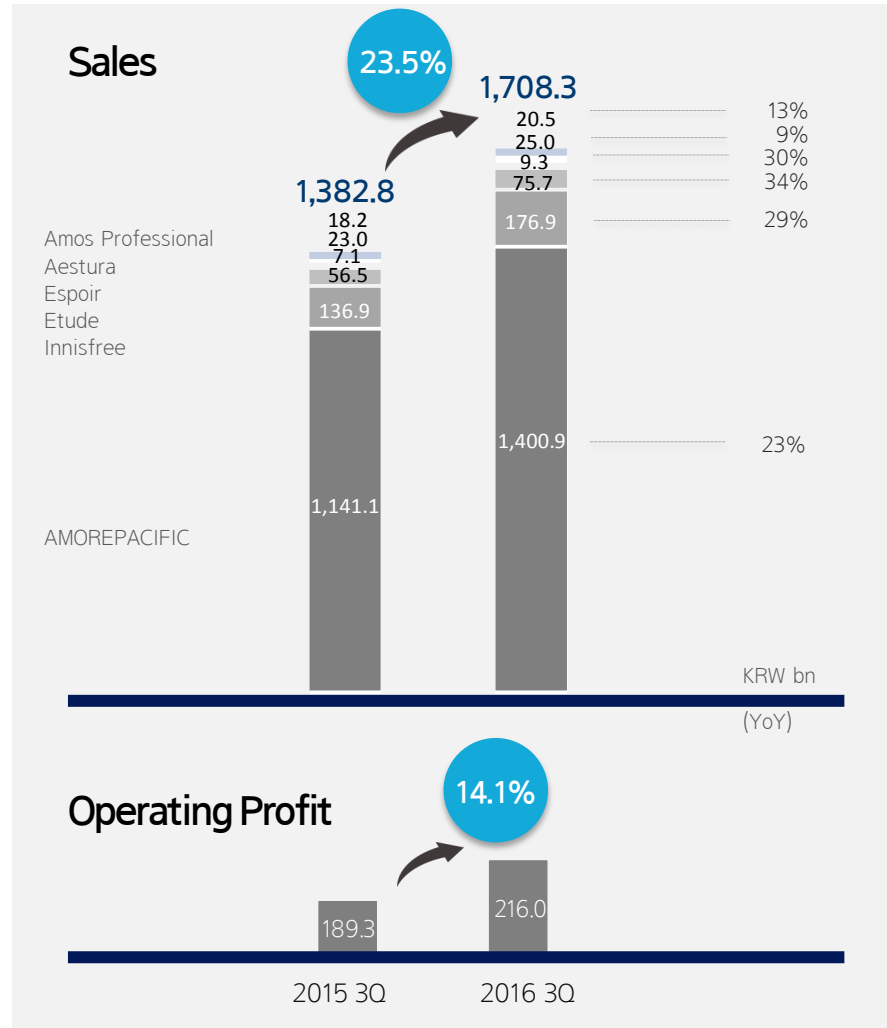
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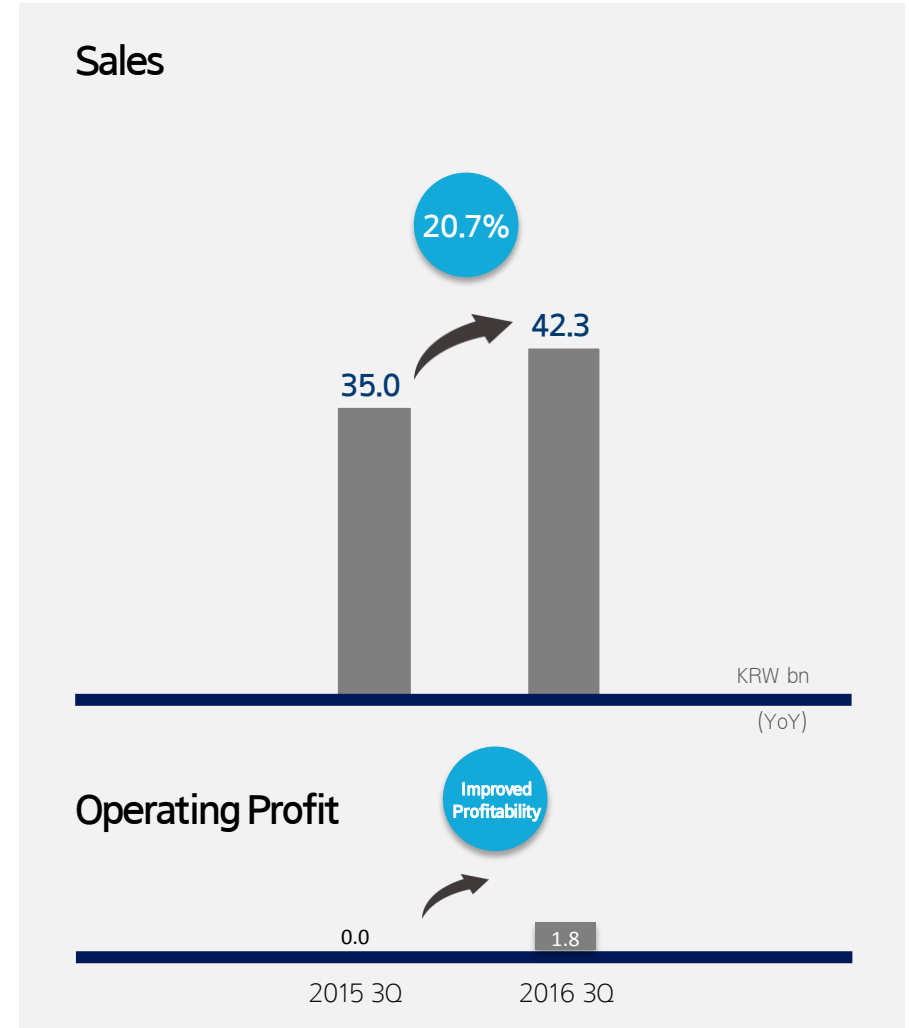
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3) Others: Including intercompany transaction

## Beauty subsidiaries



## Non-Beauty subsidiaries



**AMOREPACIFIC Sales +23%, OP +2%****Domestic**

- (Luxury) Sulwhasoo appealed its brand heritage through global relay of events celebrating 50th year ginseng research, Hera enhanced its brand image as a luxury brand leading Seoul trends by strengthening its color product line, travel retail channel sustained robust growth mainly from increased sales from domestic and overseas travel retail
- (Premium) Raised awareness of brand story through expansion of digital communication, turnaround of digital channel's revenue growth due to increased sales from AP's online mall and mobile commerce, improved retail environment in Aritaum

**Mass & OSulloc**

- (Mass) Revenue and profit decreased due to the toothpaste recall and recognition timing difference of Chuseok gift sets
- (OSulloc) Improved brand value through channel restructuring and expansion of premium product types

**Overseas**

- Continued efforts to build differentiated brand portfolio in Asia with the 5 major global champion brands, strengthened luxury make-up category portfolio by launching the Hera brand in China
- Solid revenue growth through expansion of Sulwhasoo and Laneige in the North American market and sales of hit products
- Revenue and profit declined in Europe due to channel restructuring

**Innisfree Sales +29% OP +56%**

- Sustained solid sales growth with steady sales of key products (Green Tea Seed Serum, Super Volcanic Pore Clay Mask and etc.) and new product launches (Real Fit Creamy Lipstick, Jeju Lava Seawater Essence)
- Enriched customer experience and diversified digital service through online exclusive product launches (Zero Hair Line, True Care Cica Intensive Balm)
- Increased customer loyalty and heightened brand experience through Play Green Festival and expansion of VR zone within stores
- Increased sales within travel retail channel and export due to strengthened brand equity in overseas market

**Etude Sales +34%, Turned to black**

- Achieved strong growth in roadshops and travel retail through solid sales of face make-up products such as Play 101 Stick, Double Lasting Foundation as well as steady sales of color make-up
- Strengthened digital business through O2O service expansion, and pre-launching products online('takeout' service launch and etc.)
- Profitability recovered through improved distribution channel mix and larger sales contribution from new products

	AMOREPACIFIC _ Consolidated		
	2015 3Q	2016 3Q	YoY(%)
Sales	1,141.1	1,400.9	23
GP	838.5	1,038.4	24
SG&A expenses	675.0	870.9	29
OP	163.4	167.5	2
	Innisfree		
	2015 3Q	2016 3Q	YoY(%)
Sales	136.9	176.9	29
GP	95.3	127.2	33
SG&A expenses	71.5	90.0	26
OP	23.8	37.2	56
	Etude		
	2015 3Q	2016 3Q	YoY(%)
Sales	56.5	75.7	34
GP	30.8	46.2	50
SG&A expenses	31.7	39.3	24
OP	-1.0	6.9	Turned to Black

**Espoir Sales +30%, Mitigated losses**

- Increased revenue growth through strong sales of key products (Pro Tailor Foundation, Nowear Lipstick, Super Definition Face Brush, Pure Radiance Glowrizer and etc.)
- Strengthened brand position as a professional make-up brand through expansion of customized service for customers at the pro make-up studios within stores

**Aestura Sales +9%, Turned to black**

- Increased revenue through strong sales of inner beauty products despite slowdown of sales growth from the medical beauty business
- Improved profitability through efficient cost management

**Amos Professional Sales +13%, OP -6%**

- Solid revenue growth through steady sales of key products (Green Tea line, True Sync, Curling Essence and etc.)
- Enhanced brand recognition through diverse marketing activities (Salon Inspiration event, pictorial magazine spreads, and expansion of digital On-Hair contents)

	Espoir		
	2015 3Q	2016 3Q	YoY(%)
Sales	7.1	9.3	30
GP	5.4	7.6	41
SG&A expenses	6.4	7.9	25
OP	-0.9	-0.3	Mitigated Losses
	Aestura (Pacific Pharma.)		
	2015 3Q	2016 3Q	YoY(%)
Sales	23.0	25.0	9
GP	4.6	5.5	19
SG&A expenses	5.3	5.1	-4
OP	-0.7	0.4	Turned to Black
	Amos Professional		
	2015 3Q	2016 3Q	YoY(%)
Sales	18.2	20.5	13
GP	10.4	11.7	12
SG&A expenses	5.8	7.3	27
OP	4.6	4.4	-6

## Income Statement

KRW bn

	2015 3Q		2016 3Q	
Sales	1,346.6	100.0%	1,654.3	100.0%
Gross Profit	985.5	73.2%	1,235.3	74.7%
SG&A expenses	797.2	59.2%	1,015.7	61.4%
Operating Profit	188.3	14.0%	219.7	13.3%
Non-operating Profit/Expenses	13.8		-18.1	
Profit before tax	202.1	15.0%	201.5	12.2%
Consolidated net income	152.1	11.3%	151.4	9.2%

## Statements of Financial Position

KRW bn

	2015.12	2016.09
Assets	6,148.0	6,889.2
Current assets	2,537.9	3,002.9
Non-current assets	3,610.0	3,886.3
Liabilities	1,260.2	1,391.1
Current liabilities	978.5	1,104.8
Non-current liabilities	281.7	286.3
Shareholder's Equity	4,887.8	5,498.1
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	-13.5
Retained earnings	1,948.1	2,222.9
Non-controlling interest	2,355.1	2,694.8