



# AMORE PACIFIC GROUP

**3Q 2022 Earnings Release**  
2022. 10. 31



# CONTENTS

AMORE PACIFIC  
GROUP

## FORWARD-LOOKING STATEMENTS

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.

1. 3Q 2022 YTD Earnings Summary
2. 3Q 2022 Earnings Summary
3. Earnings by Subsidiary
  - Amorepacific
  - Major Subsidiaries
4. A MORE NEWS
5. ESG Activities
6. Financial Summary

# Amorepacific Group 3Q 2022 YTD Earnings Summary

**Revenue down 15.2% to KRW 3.3 trillion, Operating profit down 45.4% to KRW 193.3 billion**

Major subsidiary Amorepacific's revenue down 13.9% to KRW 3.0 trillion, operating profit down 50.5% to KRW 157.3 billion

(Unit: KRW bn)

	2021 3Q YTD		2022 3Q YTD		YoY(%)
Revenue	3,905.4		3,311.0		-15.2
Amorepacific <sup>1)</sup>	3,538.4		3,047.2		-13.9
Beauty Subsidiaries <sup>2)</sup>	495.8		387.1		-21.9
Others <sup>3)</sup>	-128.8		-123.3		+4.3
	2021 3Q YTD	OP Margin(%)	2022 3Q YTD	OP Margin(%)	YoY(%)
Operating Profit	353.9	9.1	193.3	5.8	-45.4
Amorepacific <sup>1)</sup>	317.8	9.0	157.3	5.2	-50.5
Beauty Subsidiaries <sup>2)</sup>	26.7	5.4	33.0	8.5	+23.4
Others <sup>3)</sup>	9.3	-	3.0	-	-
Net Profit	365.1	9.3	138.5	4.2	-62.1

1) As per Aestura's merger with Amorepacific Corp. and Cosvision's transfer as Amorepacific Corp.'s subsidiary on September 1st 2021, Aestura's and Cosvision's revenue and operating profit are included in Amorepacific's earnings as of September 2021

2) Beauty Subsidiaries: Innisfree, Etude, Espoir, Amos Professional  
3) Other Subsidiaries (Amorepacific Group, Pacific Package, Osulloc Farm, Osulloc) and Intercompany transactions

# Amorepacific Group 3Q 2022 Earnings Summary

**Revenue down 15.9% to KRW 1.0 trillion, Operating profit down 36.2% to KRW 33.0 billion**

Major subsidiary Amorepacific's revenue down 15.6% to KRW 936.4 billion, operating profit down 62.6% to KRW 18.8 billion

(Unit: KRW bn)

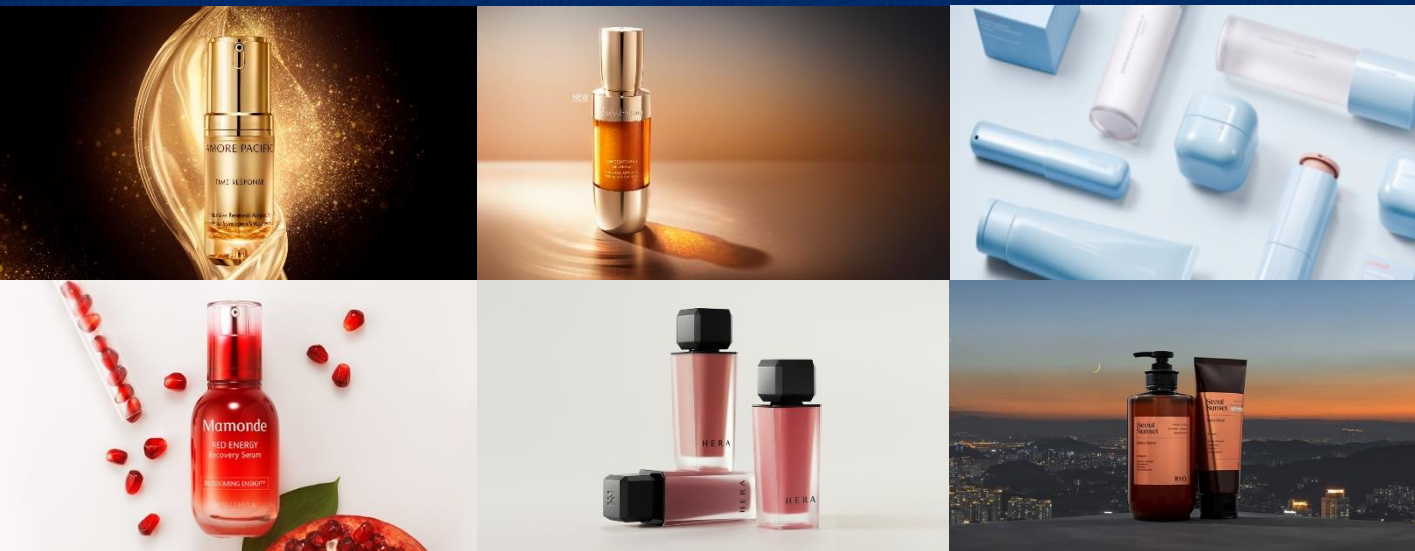
	2021 3Q		2022 3Q		YoY(%)
Revenue	1,214.5		1,021.8		-15.9
Amorepacific <sup>1)</sup>	1,108.9		936.4		-15.6
Beauty Subsidiaries <sup>2)</sup>	143.8		128.2		-10.9
Others <sup>3)</sup>	-38.2		-42.8		-11.9
	2021 3Q	OP Margin(%)	2022 3Q	OP Margin(%)	YoY(%)
Operating Profit	51.7	4.3	33.0	3.2	-36.2
Amorepacific <sup>1)</sup>	50.3	4.5	18.8	2.0	-62.6
Beauty Subsidiaries <sup>2)</sup>	-0.8	-0.6	14.4	11.3	Turned to profit
Others <sup>3)</sup>	2.2	-	-0.3	-	-
Net Profit	45.5	3.7	32.3	3.2	-29.0

1) As per Aestura's merger with Amorepacific Corp. and Cosvision's transfer as Amorepacific Corp.'s subsidiary on September 1st 2021, Aestura's and Cosvision's revenue and operating profit are included in Amorepacific's earnings as of September 2021

2) Beauty Subsidiaries: Innisfree, Etude, Espoir, Amos Professional

3) Other Subsidiaries (Amorepacific Group, Pacific Package, Osulloc Farm, Osulloc) and Intercompany transactions





3Q 2022 Earnings Release

Earnings by Subsidiary  
**Major Subsidiaries**

# Amorepacific 3Q 2022 YTD Earnings Summary

**Revenue down 13.9% to KRW 3.0 trillion, Operating profit down 50.5% to KRW 157.3 billion**

Domestic revenue down 14.5%, operating profit down 33.0%. Overseas revenue down 17.6%, operating profit KRW -9.6 billion

(Unit: KRW bn)

	2021 3Q YTD	% of Revenue	2022 3Q YTD	% of Revenue	YoY(%)
Revenue <sup>1)</sup>	3,538.4	100.0	3,047.2	100.0	-13.9
Domestic	2,276.8	64.3	1,947.6	63.9	-14.5
Cosmetics	1,903.6	53.8	1,627.2	53.4	-14.5
Daily Beauty	373.2	10.5	320.4	10.5	-14.1
Overseas	1,276.7	36.1	1,051.9	34.5	-17.6
	2021 3Q YTD	OP Margin(%)	2022 3Q YTD	OP Margin(%)	YoY(%)
Operating Profit <sup>1)</sup>	317.8	9.0	157.3	5.2	-50.5
Domestic	266.0	11.7	178.1	9.1	-33.0
Cosmetics	258.0	13.6	172.9	10.6	-33.0
Daily Beauty	8.1	2.2	5.2	1.6	-35.0
Overseas	70.3	5.5	-9.6	-0.9	Turned to red
Net Profit	235.3	6.6	104.7	3.4	-55.5

1) Includes intercompany transactions, revenue and operating profit from Aestura and Cosvision as of September 2021

# Amorepacific 3Q 2022 Earnings Summary

**Revenue down 15.6% to KRW 936.4 billion, Operating profit down 62.6% to 18.8 billion**

Domestic revenue down 18.6%, operating profit down 49.8%. Overseas revenue down 12.8%, operating profit KRW -9.2 billion

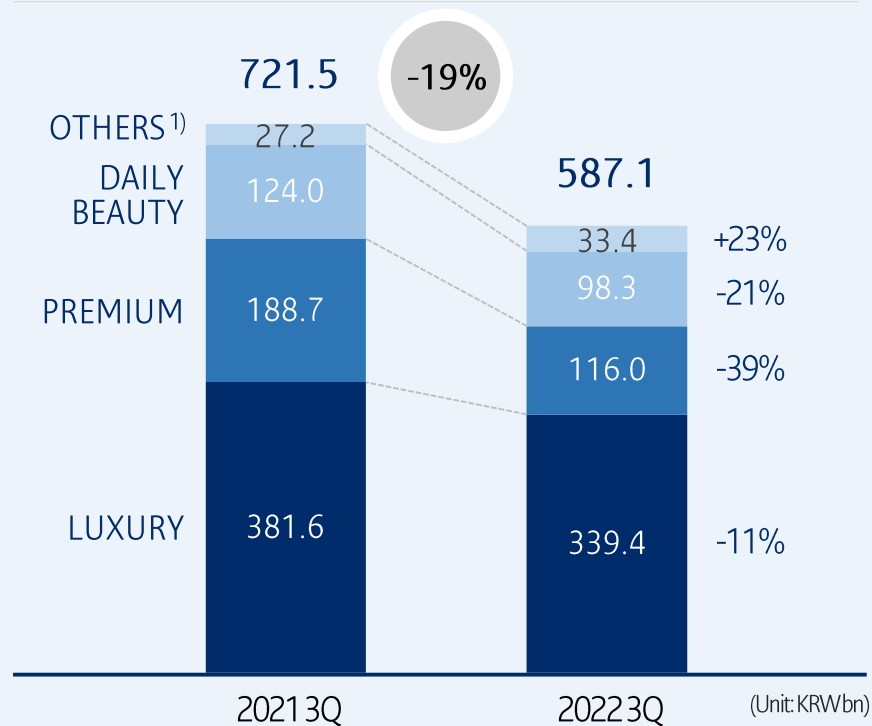
(Unit: KRW bn)

	2021 3Q	% of Revenue	2022 3Q	% of Revenue	YoY(%)
Revenue <sup>1)</sup>	1,108.9	100.0	936.4	100.0	-15.6
Domestic	721.5	65.1	587.1	62.7	-18.6
Cosmetics	597.5	53.9	488.8	52.2	-18.2
Daily Beauty	124.0	11.2	98.3	10.5	-20.7
Overseas	384.1	34.6	334.8	35.8	-12.8
	2021 3Q	OP Margin(%)	2022 3Q	OP Margin(%)	YoY(%)
Operating Profit <sup>1)</sup>	50.3	4.5	18.8	2.0	-62.6
Domestic	58.7	8.1	29.4	5.0	-49.8
Cosmetics	57.2	9.6	28.6	5.9	-50.0
Daily Beauty	1.4	1.2	0.8	0.8	-44.1
Overseas	8.5	2.2	-9.2	-2.8	Turned to red
Net Profit	38.5	3.5	21.8	2.3	-43.3

1) Includes intercompany transactions, revenue and operating profit from Aestura and Cosvision as of September 2021

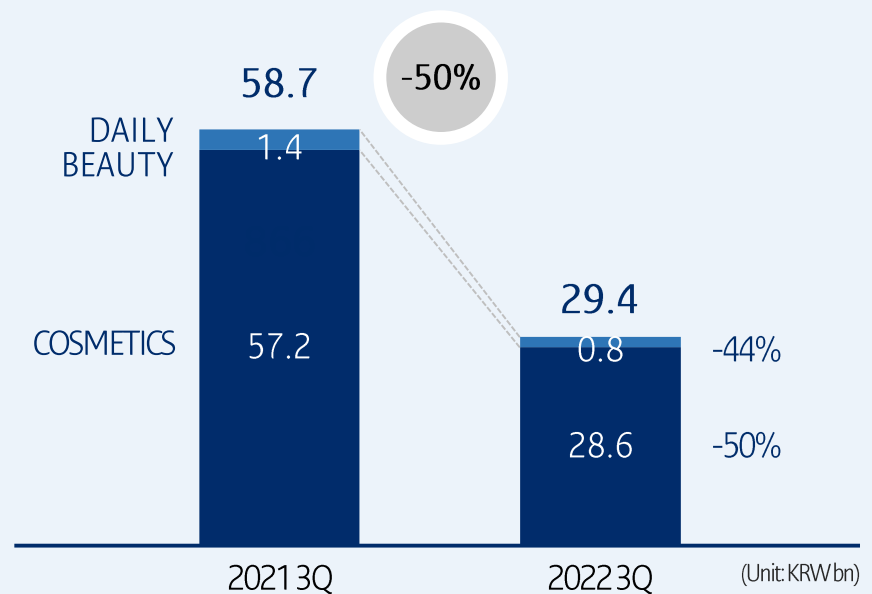
## Revenue decreased 19%

- Travel retail channel revenue declined by double digit (25% of total revenue)
- Although pure domestic cosmetics e-commerce grew by more than 10%, daily beauty and global e-commerce sales declined



## Operating profit decreased 50%

- Cosmetics operating profit declined due to decrease in sales of high margin channel
- Daily Beauty operating profit decreased with reduced sales from discontinuing low end lines and less gift set sales to improve product portfolio



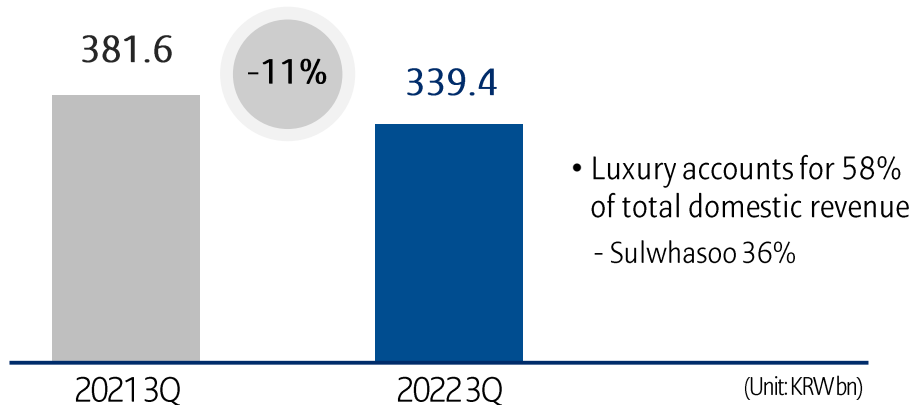
1) Others: OEM, Rental Income etc.



# Amorepacific Domestic Business

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## LUXURY



- Despite decline in travel retail channel revenue, online sales grew by around 10%
- Reinforced foundation of luxury brands through rebranding activities
  - [Sulwhasoo] '#SulwhasooRebloom': Strengthened brand aspiration by launching 'First Care Activating Serum Limited Edition' and executing rebranding campaign
  - [Primera] Reinforced brand positioning as a functional skincare brand focused on skin barrier restoration by announcing new brand logo and launching 'pre' anti-aging product for Millennials and Gen Z customers
  - [Goutal] Renewed brand name and executed 'Scents Of Your Life' brand campaign
- Hera and Vital Beautie brand sales grew with diversified marketing activities and new product launches
  - [Hera] Launched limited edition of 'Black Cushion' by executing brand campaign with dance crew 'MVP'
  - [Vital Beautie] Launched sleep supplement and operated pop-up event for customers



Sulwhasoo Brand Campaign '#SulwhasooRebloom'



Primera 'Youth Radiance Vitatinol Serum'



HERA x MVP 'Build up for Crown' Campaign

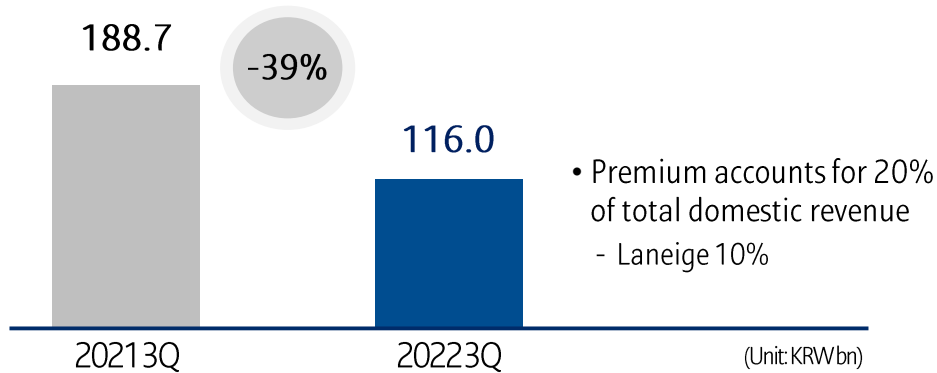


Vital Beautie pop-up store 'Good Sleep GABA'

# Amorepacific Domestic Business

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## PREMIUM



- Multi-brand shop channel sales grew with strong performance of Laneige and Hanyul, but overall sales decreased due to sales decline in travel retail channel
- Provided differentiated brand experience by launching limited edition
  - [Laneige] 'Neo Cushion x Maison Kitsune Limited Edition 2' ranked No.1 in multi-brand shop channel 'Olive Young' on the day of its release
  - [Hanyul] Operated 'Hanyul market' pop-up store and launched limited edition products
- Enhanced premium brand product competitiveness from reinforcing key product categories
  - [Aestura] Strengthened exclusive products for dermatologists by launching the first domestic certified pediatric medical device
  - [IOPE] Nurtured functional category through launch of new ampoule



Laneige 'Neo Cushion x Maison Kitsune Limited Edition 2'



Hanyul 'Hanyul market limited edition'



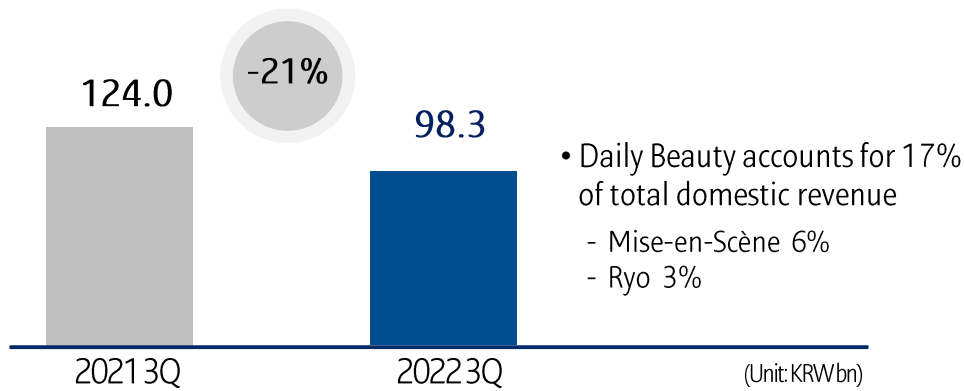
Aestura 'Derma Baby Pro MD' Line



IOPE 'PDRN Caffeine Shot'



## DAILY BEAUTY

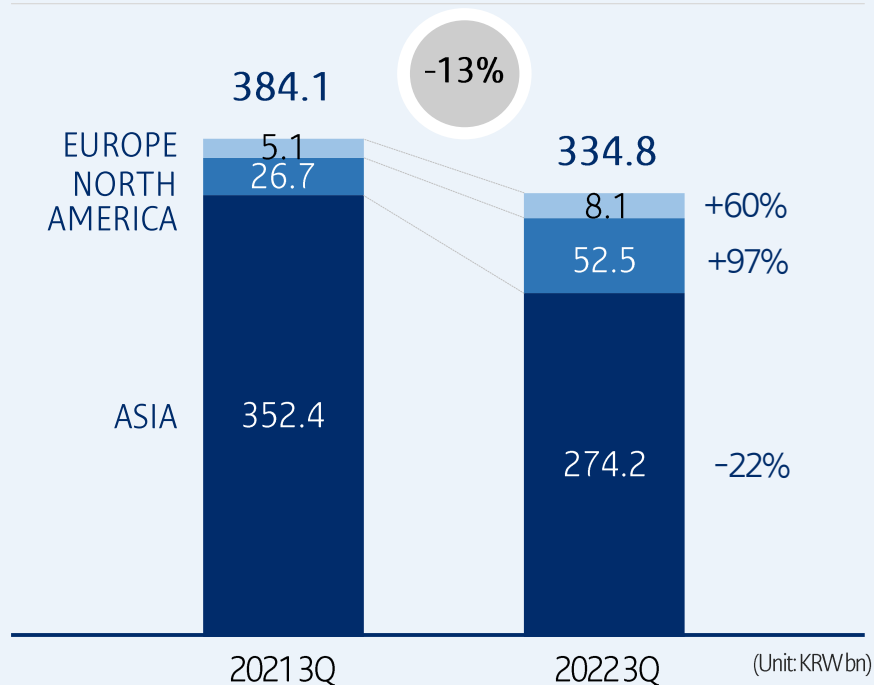


- Overall sales declined due to reorganization of product portfolio and reduced sales of holiday gift sets to improve profitability
- Increased sales mix of premium categories from robust sales growth of key engine products
  - [Mise-en-Scène] Expanded hair dye category of 'Salon 10' and posted growth in online channel
  - [Illiyoon] Strong growth of 'Ceramide Ato' drove overall sales growth
  - [HappyBath] Increased sales of premium category with strong sales of 'Skin U' products
- Reinforced brand image through unique offline exhibitions and events
  - [HappyBath] Diversified customer experience by operating 'Bubble Happiness Exhibition' and providing personalized body cleansers
  - [Mise-en-Scène] Provided personal color simulation program at Amore SeongSu 'Hello Bubble' pop-up store



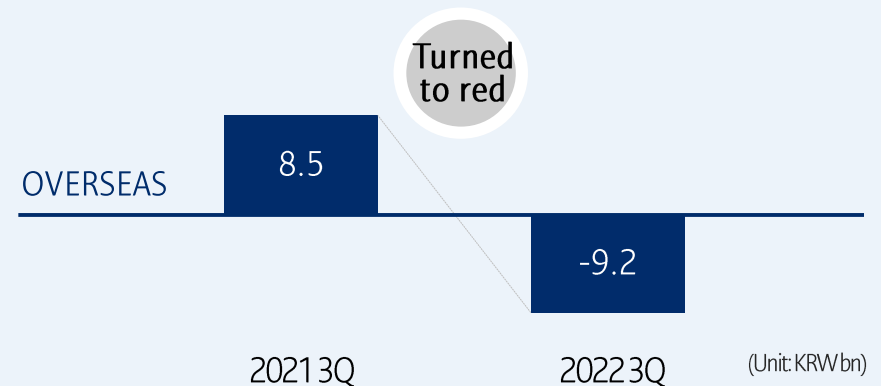
## Revenue decreased 13%

- Asia revenue declined by 22%  
(China sales accounts for mid-50% of Asia sales)
- North America revenue posted 97% growth from increase in sales of e-commerce and multi-brand shop channels
- Europe revenue grew by 60% as all of the brands' sales increased



## Operating profit turned to red

- Other Asia operating profit increased with strong sales growth, but total Asia posted operating loss due to decline in China revenue
- Combined operating profit of North America and Europe increased with solid sales growth of major brands from growth channels



# Amorepacific Overseas Business

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## ASIA

- China revenue declined by 40%
  - Sales decreased due to offline channel restructuring of major brands and slowdown in cosmetics consumption
  - Sulwhasoo enhanced brand aspiration through global marketing activities with a new global brand ambassador
  - Laneige reinforced brand attractiveness by launching exclusive products for China
- Other Asia revenue increased by around 20% as a result of reopening of borders in ASEAN countries
  - Sulwhasoo, Laneige, and Innisfree sales grew by double digits in ASEAN countries
  - Laneige increased global customer base by entering into the Japanese beauty market

## NORTH AMERICA & EUROPE

- North America sales grew by 97% from steady growth in major brands
  - Laneige online sales showed strong growth with increase in sales from 'Amazon' platform, ranking as the No.1 brand in Beauty & Personal Care category during Amazon Prime Day event
  - Strengthened competitiveness of key products through the launch of Laneige 'Radian-C Brightening Treatment Essence' and renewal of Sulwhasoo 'Concentrated Ginseng Renewing' line
- Europe revenue increased by 60% with sales growth both in online and offline channels and increase in sales of all brands
  - Sales of Laneige key products increased in online and multi-brand shop channels
  - Innisfree revenue grew by strengthening brand competitiveness mainly in multi-brand shop channels



Laneige 'Perfect Renew Elastic Firming Silk Mask' (China)



Innisfree 'Retinol Cica Repair Ampoule Special Set' (ASEAN)

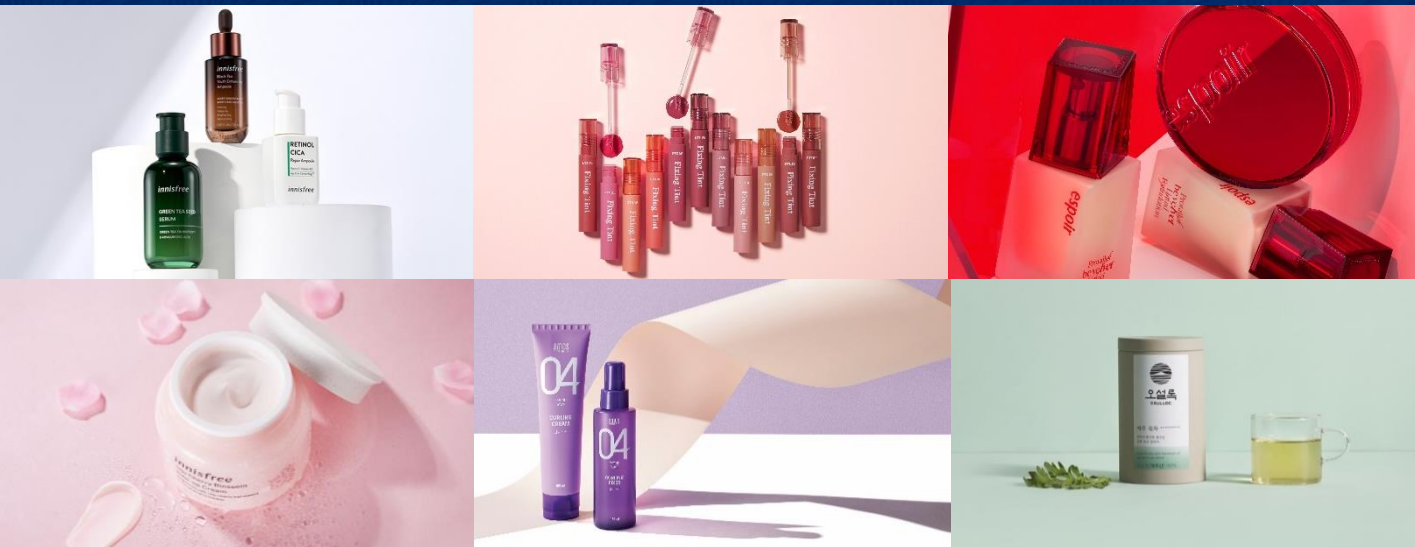


Sulwhasoo 'First Care Activating Serum Limited Edition' (Asia)



Goutal 'Scents Of Your Life' Campaign (Global)





3Q 2022 Earnings Release

Earnings by Subsidiary  
**Major Subsidiaries**

# Major Subsidiaries Earnings

Revenue			
	2021 3Q	2022 3Q	YoY(%)
Innisfree	72.2	74.8	+3.7
Etude	25.9	25.0	-3.6
Espoir	11.3	12.0	+6.2
Amos Professional	14.3	16.4	+14.4
Osulloc	15.2	19.8	+30.6

(Unit: KRWbn)

Operating profit			
	2021 3Q	2022 3Q	YoY(%)
Innisfree	-0.0	8.3	Turned to profit
Etude	-2.5	1.5	Turned to profit
Espoir	0.1	1.1	+1348.4
Amos Professional	2.8	3.6	+26.1
Osulloc	0.7	2.0	+173.3

(Unit: KRWbn)

innisfree

- Revenue and operating profit increased from strong online sales of key products such as 'Retinol Cica Repair Ampoule'
- Established leadership as a sustainable brand by initiating recycling campaign 'Empty Bottle Frequency Season 2'

ETUDE

- Sales increased for both makeup/skincare categories in online/offline channels, but overall revenue declined due to withdrawal of travel retail business
- Turned to profit from improved channel mix

espoir

- Revenue and operating profit increased from strong sales of face makeup category and increased sales of 'Be Velvet' cushion and foundation
- Enhanced brand attractiveness by announcing a new brand ambassador 'Miyeon'

amos  
PROFESSIONAL

- Increased sales through enhanced product quality of Amos Professional hair-dye/perm categories and launch of 'Repair Cica Ampoule Treatment'
- Expanded salon channel by nurturing Ayunche in-salon treatment and launching 'Airy Veil Volume Fixer'

오설록  
OSULLOC

- Focused on unique customer experience and retail space branding by opening 'Tea House Hannam' which integrates tea and art culture
- Operating profit increased with sales growth in offline stores and continued growth in online channel

# New Product Launches and Marketing Activities

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Retinol Cica Repair Ampoule



## Innisfree

Enhanced awareness of high functional skincare category through digital contents of 'Retinol Cica Repair Ampoule'  
Reinforced sincerity of 'Empty Bottle Recycling Campaign' by providing additional customer reward of 'Super Volcanic Pore Clay Mask 2X', a product that uses 50% recycled plastic bottles



Contour Powder Illuminator



Play Tone Eye Palette  
Blushed Rose



## Etude

Launched 'Contour Powder Illuminator', a joint production with Youtube influencer 'Hyojin'  
Launched 'Play Tone Eye Palette Blushed Rose', a product for both eye and chic makeup



# New Product Launches and Marketing Activities

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Couture Lip Tint Pure Velvet



Esipoir

Introduced 'Miyeon' of (G)I-Dle as a new ambassador  
Launched vegan tint, 'Couture Lip Tint Pure Velvet'

Repair Cica Ampoule Treatment



Airy Veil Volume Fixer



Amos Professional

Launched 'Amos' protein ampoule 'Repair Cica Ampoule Treatment', 'Ayunche' volume styling product 'Airy Veil Volume Fixer'

Osulloc Kombucha Lychee Peach



Osulloc Tea House Hannam



Osulloc

Expanded Kombucha product lineup  
(2 flavors, Lychee Peach and Calamango)  
Established 'Tea house Hannam' with Pace Gallery

## Amore Mall X Yumi's Cells Collaboration

Second collaboration with Naver's popular online comic 'Yumi's Cells', which has received 3.4 billion views

Hosted events to provide promotional products with characters from 'Yumi's Cells' (Cold cups, ice ball makers, tin cases, etc.)



## Laneige Hosted Brand Campaign in Hainan Duty Free Shop

Enhanced customer experience by executing Hainan regional campaign 'Trip to Hainan'  
Strengthened attractiveness of key products with artist collaborative products ('NOVO Neo Cushion', etc.)



## Amorepacific becomes the first in the Korean beauty industry to achieve Zero Waste to Landfill

Achieved Silver level from UL Solutions with a 94% diversion from landfill to resources  
Aims to ensure good circulation of resources throughout the entire business operation from development to consumption



## Amorepacific wins the Red Dot Design Award for Baile tags

The Braille tags designed by Amorepacific to help the visually impaired distinguish personal care products became the winner of the Brands & Communication Design Category at the 2022 Red Dot Design Award

# Amorepacific Group Financial Summary

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## Income Statement

(Unit: KRW bn, %)

	2021 3Q		2022 3Q	
	Amount	% of Sales	Amount	% of Sales
Revenue	1,214.5	100.0	1,021.8	100.0
Cost of sales	334.3	27.5	316.0	30.9
Gross Profit	880.2	72.5	705.8	69.1
SG&A Expenses	828.5	68.2	672.9	65.9
Operating Profit	51.7	4.3	33.0	3.2
Other Income	11.9		40.9	
Profit Before Tax	63.6	5.2	73.9	7.2
Consolidated Net Income	45.5	3.7	32.3	3.2

## Statement of Financial Position

(Unit: KRW bn, %)

	2021.12	2022.09
<b>Assets</b>	8,038.1	7,785.9
Current Assets	3,015.5	2,862.4
Trade receivables	312.0	383.0
Inventories	542.8	537.4
Non-current Assets	5,022.7	4,923.5
Property, Plant and Equipment	2,920.0	2,827.3
Intangible Assets	703.4	702.5
Investments in associates	282.3	316.6
<b>Liabilities</b>	1,562.5	1,215.4
Current Liabilities	1,273.3	967.0
Non-current Liabilities	289.2	248.4
<b>Shareholder's Equity</b>	6,475.6	6,570.5
Capital Stock	48.0	48.0
Retained Earnings	2,761.9	2,788.8
Non-controlling Interest	3,169.1	3,196.5