



AMOREPACIFIC GROUP 2Q 2020 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.

Revenue down 23.4% to KRW 2.5 trillion, Operating Profit down 67.0% to KRW 104.1 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	2019 1H	2020 1H	YoY(%)
Revenue	3,211.3	2,460.1	-23.4
Beauty Subsidiaries ¹⁾	3,376.4	2,558.4	-24.2
Non-Beauty Subsidiaries ²⁾	85.8	90.2	+5.1 (LFL -20.7%) ⁴⁾
Others ³⁾	-250.8	-188.5	
	2019 1H	2020 1H	YoY(%)
Operating Profit (OPM)	315.3 (9.8%)	104.1 (4.2%)	-67.0
Beauty Subsidiaries (OPM)	323.6 (9.6%)	108.1 (4.2%)	-66.6
Non-Beauty Subsidiaries (OPM)	4.8 (5.6%)	-5.1 (-5.7%)	Turned to Red (LFL Turned to Red) ⁴⁾
Others ³⁾	-13.1	1.1	
Net Profit (Margin)	237.9 (7.4%)	100.0 (4.1%)	-58.0

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

2) Non-Beauty Subsidiaries: APG, Pacific Glas, Pacific Package and Osulloc Farm*, Osulloc

*Osulloc Farm: Former Jangwon Industry

3) Others: Including intercompany transaction

4) LFL(Like-for-like): Comparable growth rate excluding impact of Osulloc as an independent corporation

Revenue down 24.7% to KRW 1.2 trillion, Operating Profit down 67.2% to KRW 36.2 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	2019 2Q	2020 2Q	YoY(%)
Revenue	1,568.9	1,180.8	-24.7
Beauty Subsidiaries ¹⁾	1,656.9	1,229.1	-25.8
Non-Beauty Subsidiaries ²⁾	45.8	43.0	-6.1 (LFL -26.9%) ⁴⁾
Others ³⁾	-133.8	-91.3	
	2019 2Q	2020 2Q	YoY(%)
Operating Profit (OPM)	110.4 (7.0%)	36.2 (3.1%)	-67.2
Beauty Subsidiaries (OPM)	113.1 (6.8%)	37.1 (3.0%)	-67.2
Non-Beauty Subsidiaries (OPM)	3.1 (6.9%)	-2.1 (-4.8%)	Turned to Red (LFL Turned to Red) ⁴⁾
Others ³⁾	-5.8	1.3	
Net Profit (Margin)	74.6 (4.8%)	5.1 (0.4%)	-93.1

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

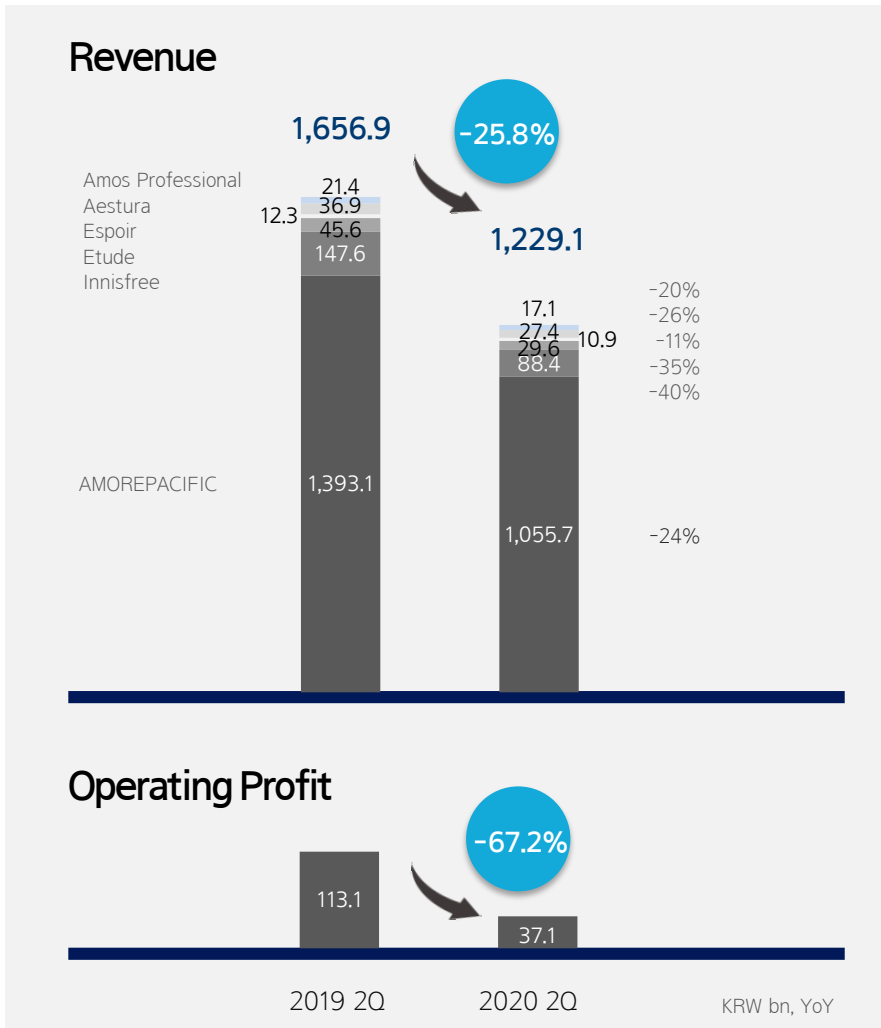
2) Non-Beauty Subsidiaries: APG, Pacific Glas, Pacific Package and Osulloc Farm*, Osulloc

*Osulloc Farm: Former Jangwon Industry

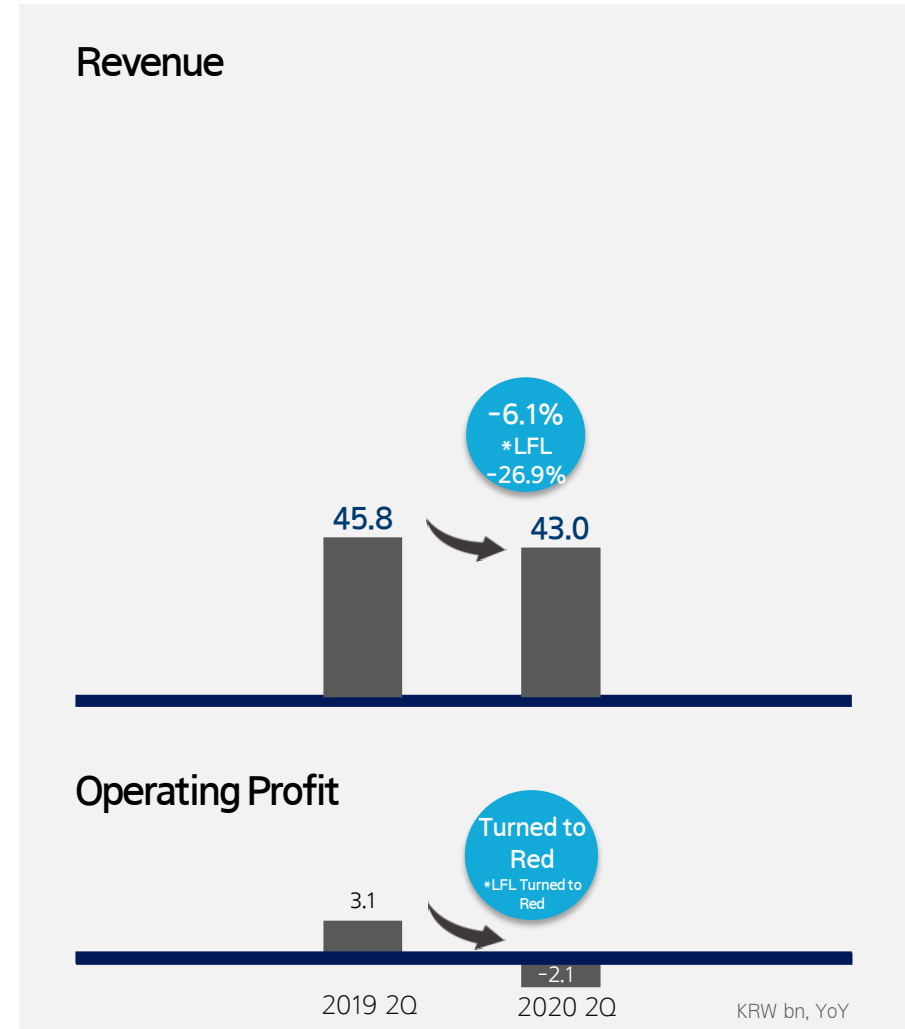
3) Others: Including intercompany transaction

4) LFL(Like-for-like): Comparable growth rate excluding impact of Osulloc as an independent corporation

Beauty subsidiaries



Non-Beauty subsidiaries



* LFL(Like-for-like): Comparable growth rate excluding impact of Osulloc as an independent corporation

Amorepacific Revenue -24%, Operating profit -60%**COVID-19 Impact**

- (Domestic) Travel retail channel sales declined more than 40% YoY due to decrease in the international tourist arrivals. Other offline channels sales declined by double-digit. E-commerce continued strong growth and sales grew by 60% YoY
- (Overseas) China: Less than 5% of offline stores were closed in April. Offline stores started normal operations from May
ASEAN: More than 90% of offline stores were closed in April. Malaysia and Thailand reopened stores from mid-May. All regions resumed normal operations except the Philippines as of the end of June.
Japan: More than 95% of offline stores were closed in April. Store closure rate gradually recovered from May and recorded 60% level. Less than 5% of offline stores were closed as of the end of June.
N. America: More than 95% of offline stores were closed in April. Closure rate was less than 20% as of the end of June.
Europe: 100% closed in April. Started limited operations from May. All stores resumed operations as of the end of June.

Domestic Cosmetics and Daily Beauty

- (Luxury) Achieved strong online sales growth of 80% YoY. Sales declined in major offline channels such as travel retail, door to door and department stores. Launched innovative products for key categories in each brand and improved customer responsiveness by launching hygiene and health care products. Enhanced digital competency by expanding digital platform coverage and increasing online exclusive product launches.
- (Premium) Strengthened online sales growth and increased presence in multi-brand shop channels. Revenue decline continued for the ARITAUM channel. Reinforced brand competitiveness by enhancing customer experience and launching innovative products. Developed new growth drivers through launch of online exclusive brand 'Enough Project' and strong sales of lean startup brands.
- (Daily Beauty) Strong sales growth continued in online channels by improving e-commerce channel competitiveness. Achieved solid sales growth for major brands such as 'Ryo', 'Mise-en-scène', 'Happy Bath'. Improved customer responsiveness while increasing sales and new product launches of hair dye and cleanser categories.

Overseas

- (Asia) [Luxury] Strong online sales growth in China (More than 70%). Increased coverage of new growth channels (MBS, Online)
[Premium] Strengthened e-commerce business. Reorganized distribution channels (Restructured department store counters and increased presence in multi-brand shops)
[Innisfree] Conducted 'Green Tea Seed Serum #Hydrocket' global campaign, continued to restructure offline stores (China)
[Etude] Launched collaborative products '#HERSHEY's collection' and gained ground for margin improvement by restructuring offline channels in China and Singapore.
- (North America) Despite total revenue decline due to offline store closures, online sales grew from digital centered marketing activities.
- (Europe) Although total revenue declined due to temporary closure of offline stores, online sales grew by focusing on digital marketing and collaborating with multi-brand shops.

Operating Profit

- (Domestic) Cosmetic operating profit declined due to sales decline in travel retail and offline channels. Daily Beauty turned to profit from increased sales based on strong growth in online channel.
- (Overseas) Turned to losses due to revenue decline from temporary closure of offline stores

Unit: KRW bn

	AMOREPACIFIC (Consolidated)		
	2019 2Q	2020 2Q	YoY
Revenue	1,393.1	1,055.7	-24%
Domestic	891.9	656.7	-26%
Cosmetics	771.7	531.4	-31%
Daily Beauty & Osulloc ¹⁾	120.2	125.3	+4% (LFL +17%) ²⁾
Overseas	512.1	405.4	-21%
Others ³⁾	-10.9	-6.3	
Operating Profit	87.8	35.2	-60%
Domestic	73.6	50.6	-31%
Cosmetics	76.0	45.2	-41%
Daily Beauty & Osulloc ¹⁾	-2.4	5.4	Turned to Profit
Overseas	20.1	-21.0	Turned to Red
Others ³⁾	-5.9	5.7	

1) Excluded Osulloc from 2019.4Q, due to official launch of Osulloc as an independent corporation

2) LFL(Like-for-like): Comparable growth rate excluding impact of Osulloc as an independent corporation

3) Others: Including intercompany transaction

Unit: KRW bn

Innisfree Revenue -40%, Operating Profit Turned to Red

- Revenue and operating profit declined due to COVID-19 impact and offline channel restructuring activities
- Online sales continued strong growth by launching online exclusive product ('Truecare Vitamin C20 Ampoule') and strengthening digital strategy
- Reinforced skincare category leadership by fostering products with enhanced brightening functionality ('Brightening Pore Serum', 'Jeju Cherry Blossom Tone-up Cream')

Etude Revenue -35%, Mitigated losses

- Mitigated operating losses as a result of improving channel portfolio and reducing manufacturing costs
- Strengthened online channel by reinforcing strategic partnerships such as exclusive pre-launching events with various online platforms
- Promoted brand competitiveness by launching new product ('Play Color Eyes Rosewine'), product renewal ('Double Lasting Foundation') and collaborative products ('Disney Awesome Party Collection')

Espoir Revenue -11%, Operating Profit Turned to Red

- Revenue decreased due to closure of flagship stores and sales decline in offline stores. Operating profit turned to red due to expanding marketing expenses
- Online sales grew strongly by diversifying online platforms and strengthening digital communication with customers using SNS platform ('#CrewSays')
- Enhanced product portfolio for key categories by launching new face ('Taping Cover Moist Cushion') and lip ('Couture Lip Fluid Velvet') make-up products

Aestura Revenue -26%, Operating Profit -53%

- Revenue and operating profit declined due to decreased revenue of inner beauty products
- Online sales continued strong growth by strengthening marketing activities of 'Atobarrier 365' line.
- Promoted brand appeal through viral marketing activities with various influencers ('7 Persons 7 Comments')

Amos Professional Revenue -20%, Operating Profit -4%

- Revenue decreased as a result of less customers in hair salons due to COVID-19. Reduced marketing expenses in order to focus on controlling costs and managing profitability
- Strengthened product competitiveness by renewing and fostering exclusive product ('Green Tea Active Shampoo') for hair salons
- Diversified channel portfolio by expanding sales in cross border e-commerce

	Innisfree		
	2019 2Q	2020 2Q	YoY
Revenue	147.6	88.4	-40%
Gross Profit	92.2	57.4	-38%
SG&A Expenses	73.0	58.3	-20%
Operating Profit	19.2	-1.0	Turned to Red
	Etude		
Revenue	45.6	29.6	-35%
Gross Profit	24.1	17.1	-29%
SG&A Expenses	27.4	19.9	-27%
Operating Profit	-3.2	-2.9	Mitigated Losses
	Espoir		
Revenue	12.3	10.9	-11%
Gross Profit	9.0	7.4	-18%
SG&A Expenses	8.5	7.9	-7%
Operating Profit	0.5	-0.5	Turned to Red
	Aestura		
Revenue	36.9	27.4	-26%
Gross Profit	9.1	7.4	-19%
SG&A Expenses	4.3	5.2	20%
Operating Profit	4.8	2.3	-53%
	Amos Professional		
Revenue	21.4	17.1	-20%
Gross Profit	13.3	11.0	-17%
SG&A Expenses	9.2	7.1	-23%
Operating Profit	4.0	3.9	-4%

Income Statement

Unit: KRW bn

	2019 2Q		2020 2Q	
Revenue	1,568.9	100.0%	1,180.8	100.0%
Gross Profit	1,159.7	73.9%	856.7	72.6%
SG&A Expenses	1,049.2	66.9%	820.5	69.5%
Operating Profit	110.4	7.0%	36.2	3.1%
Non-operating Profit/Expenses	-1.7		-18.3	
Profit before Tax	108.7	6.9%	17.9	1.5%
Consolidated Net Income	74.6	4.8%	5.1	0.4%

Statement of Financial Position

Unit: KRW bn

	2019.12	2020.06
	Assets	8,281.4
Current Assets	2,905.9	2,603.1
Non-current Assets	5,375.5	5,316.2
Liabilities	1,801.2	1,577.8
Current Liabilities	1,225.9	1,093.5
Non-current Liabilities	575.4	484.3
Shareholder's Equity	6,480.1	6,341.5
Capital Stock	48.0	48.0
Additional Paid-in Capital	903.7	903.7
Capital Surplus	-21.7	-124.4
Other Components of Equity	-196.0	-196.0
Accumulated Other Comprehensive Income	-15.0	-12.4
Retained Earnings	2,648.3	2,664.3
Non-controlling Interest	3,112.8	3,058.4