



AMOREPACIFIC
GROUP

AMOREPACIFIC GROUP 2020 Earnings Release

1. 2020 Earnings Summary
2. Earnings by Subsidiary
3. 4Q 2020 Earnings Summary
4. Financial Summary
5. 2021 Management Policy

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 21.5% to KRW 4.9 trillion, Operating Profit down 69.8% to KRW 150.7 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	2019	2020	YoY(%)
Revenue	6,284.3	4,930.1	-21.5
Beauty Subsidiaries ¹⁾	6,553.3	5,101.4	-22.2
Non-Beauty Subsidiaries ²⁾	187.0	197.4	+5.5 (LFL -14.0%) ⁴⁾
Others ³⁾	-456.0	-368.7	
	2019	2020	YoY(%)
Operating Profit (OPM)	498.2 (7.9%)	150.7 (3.1%)	-69.8
Beauty Subsidiaries (OPM)	495.5 (7.6%)	144.4 (2.8%)	-70.9
Non-Beauty Subsidiaries (OPM)	6.9 (3.7%)	-1.4 (-0.7%)	Turned to Red (LFL Turned to Red) ⁴⁾
Others ³⁾	-4.2	7.6	
Net Profit (Margin)	282.4 (4.5%)	22.0 (0.4%)	-92.2

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

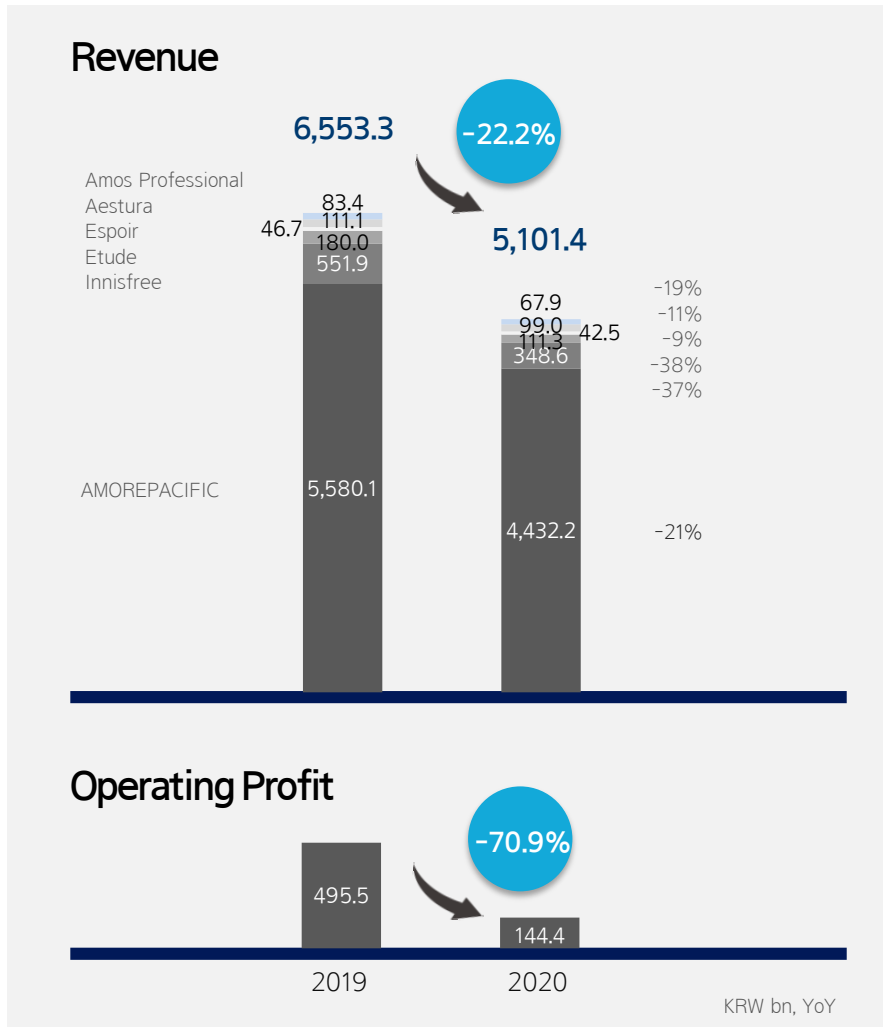
2) Non-Beauty Subsidiaries: APG, Pacific Glas, Pacific Package and Osulloc Farm*, Osulloc

*Osulloc Farm: Former Jangwon Industry

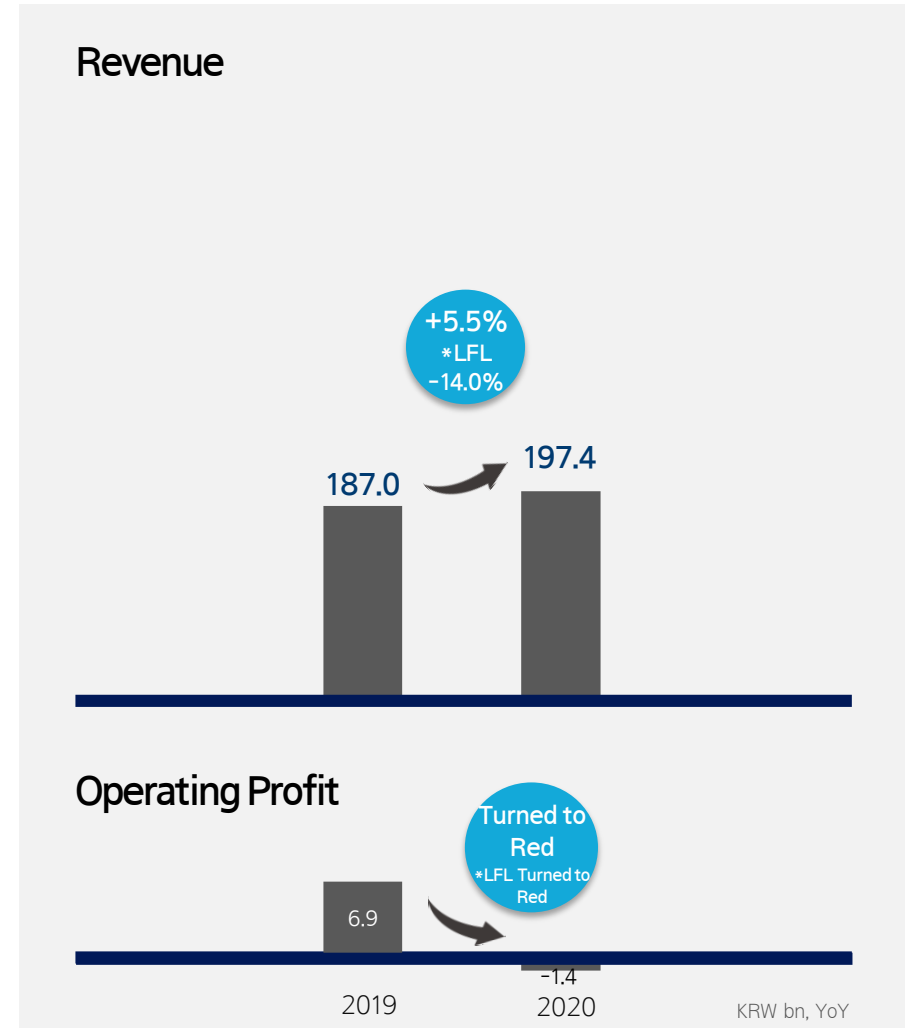
3) Others: Including intercompany transaction

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 -21%, Operating profit -67%

COVID-19 Impact

- (Domestic) Offline channel sales declined by double digit due to decrease in customer traffic and shortened operation hours
Domestic travel retail sales declined due to decrease in international tourist arrivals
Overseas travel retail sales trend recovered since second half of the year
Online sales showed strong growth (+50%) by expanding coverage of digital channels, launching channel exclusive brands/products, strengthening platform marketing via live commerce
- (Overseas) Offline sales declined due to temporary closures, social distancing measures and decline in international tourists
Online sales continued strong growth by strengthening digital marketing and expanding coverage of digital channels

Domestic Cosmetics and Daily Beauty

- (Luxury) Achieved strong growth in online channel through strengthening relationships with digital platforms. Offline sales declined due to COVID-19 and channel reorganization. Strengthened product competitiveness and brand portfolio by enhancing key categories in each brand (Sulwhasoo 'Concentrated Ginseng' line, Hera make-up, etc) and by launching new brand 'SIENU'
- (Premium) Achieved strong online sales growth by diversifying digital marketing. Despite decline in offline sales, enhanced diversified customer experience per channel. Reinforced brand leadership in innovative products by launching distinctive, trend-leading products (Laneige 'Neo Cushion', Iope 'Retinol Expert'). Expanded revenue for new growth driving brands ('CUBE ME', 'Bro&T!ps', 'BE READY', 'Holitual', 'SOON+') by enhancing responsiveness of segmented customer needs
- (Daily Beauty) 'Mise-en-scène', 'Happy Bath', 'Illiyoon' drove overall sales. Enhanced digital marketing led to solid online sales growth
Secured growth momentum of major brands by focusing on key products/categories. Strengthened premium haircare portfolio by launching new brand 'LABO-H' and expanding product/line ('Mise-en-scène' Salon Plus Clinic 10, 'Happy Bath' Skin U Line)

Overseas

- (Asia) [Luxury] Strengthened anti-aging product competitiveness of Sulwhasoo. Strong online sales growth in China (More than 90%)
Expanded customer base of new growth regions
[Premium] Strengthened innovative product category and e-commerce business. Reorganized distribution channels
[Innisfree] Reorganized offline stores, entered new multi-brand shops (China), strengthened high-functional product competency by launching 'Black Tea Youth Enhancing Ampoule' (China)
[Etude] Gained ground for margin improvement by restructuring offline channels (China/Singapore), increased brand attractiveness by launching collaborative products '#Hershey's Collection'
- (North America) Despite total revenue decline due to decrease in offline demand and restructuring of Innisfree roadshops, Online channels showed strong growth for major brands
Enhanced brand attractiveness by strengthening responsiveness to multi-brand shops and online channels
- (Europe) Total revenue declined due to temporary closure of offline stores and closure of Sulwhasoo department store counter
Laneige sales grew in online and multi-brand shop channels

Operating Profit

- (Domestic) Cosmetics operating profit declined due to sales decline in travel retail, offline channels and recognition of one off personnel expense
Daily Beauty operating profit improved as a result of strong sales growth from the online channel
- (Overseas) Overall decreased due to decline in sales of offline channels, but North America/Europe business mitigated losses by focusing on profitability

Unit: KRW bn

	AMOREPACIFIC (Consolidated)		
	2019	2020	YoY
Revenue	5,580.1	4,432.2	-21%
Domestic	3,518.1	2,706.4	-23%
Cosmetics	2,997.3	2,210.3	-26%
Daily Beauty & Osulloc ¹⁾	520.7	496.1	-5% (LFL +3%) ²⁾
Overseas	2,078.4	1,745.3	-16%
Others ³⁾	-16.3	-19.6	
Operating Profit	427.8	143.0	-67%
Domestic	319.5	117.2	-63%
Cosmetics	316.2	112.5	-64%
Daily Beauty & Osulloc ¹⁾	3.3	4.6	+41% (LFL +47%) ²⁾
Overseas	104.0	17.9	-83%
Others ³⁾	4.4	8.0	

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

Innisfree Revenue -37%, Operating Profit -89%

- Revenue and operating profit declined due to offline channel restructuring activities and COVID19 impact
- Online sales increased by strengthening strategic relationships with various online platforms
- Reinforced functional skincare category leadership by launching products ('Brightening Pore Serum', 'Black Tea Youth Enhancing' line) with enhanced functionality

Etude Revenue -38%, Mitigated Losses

- Revenue decreased due to weak sales in offline stores but mitigated losses as a result of reducing manufacturing costs
- Diversified channel portfolio by entering into multi-brand shops and strengthened online channel competency by launching exclusive products ('Eye Palette Oven Kit', etc) for online platforms
- Promoted brand appeal by launching new products ('Muhly Romance Collection', etc), collaborative products ('Play Color Eyes Mini #HERSHEY'S', etc) and product renewals ('Double Lasting Foundation', etc)

Espoir Revenue -9%, Operating Profit Turned to Red

- Revenue declined due to reduced number of directly operated stores and less traffic in offline channels. Operating profit turned to red due to increase in marketing expenses
- Online sales increased by launching exclusive products ('Couture Lip Fluid Velvet Ruby Cacao', etc) for online platforms and operating differentiated promotion events
- Enhanced key category competitiveness by launching new lip ('No Wear Gentle Matte #Red Meets Yellow') and face ('Taping Cover Moist Cushion') make-up products

Aestura Revenue -11%, Operating Profit -94%

- Despite increased revenue in medical beauty products with strong online sales growth, total revenue and operating profit declined due to decreased sales of inner beauty products
- Reinforced derma category leadership by receiving 'Brand of the Year' beauty award in hospital cosmetics categories for five years in a row and expanding presence in dermatologists
- Gained ground for sales growth in multi-brand shops by launching new product ('A-Cica Stress Relief Cream Essence') and fostering key product ('Atobarrier 365 Cream')

Amos Professional Revenue -19%, Operating Profit -15%

- Revenue and operating profit declined due to sales decline in hair salons as a result of COVID-19 impact
- Strengthened digital communication by launching digital platform 'The AYUNCHE' and increasing online marketing contents
- Enhanced product competitiveness by launching and renewing exclusive products ('Repair Cica', 'Green Tea Active Shampoo') for hair salons

Unit: KRW bn

	Innisfree		
	2019	2020	YoY
Revenue	551.9	348.6	-37%
Gross Profit	348.6	220.4	-37%
SG&A Expenses	286.0	213.4	-25%
Operating Profit	62.6	7.0	-89%
	Etude		
Revenue	180.0	111.3	-38%
Gross Profit	94.5	58.2	-38%
SG&A Expenses	113.1	76.1	-33%
Operating Profit	-18.5	-18.0	Mitigated Losses
	Espoir		
Revenue	46.7	42.5	-9%
Gross Profit	35.0	27.3	-22%
SG&A Expenses	34.9	29.6	-15%
Operating Profit	0.1	-2.3	Turned to Red
	Aestura		
Revenue	111.1	99.0	-11%
Gross Profit	25.8	27.1	5%
SG&A Expenses	19.0	26.7	40%
Operating Profit	6.8	0.4	-94%
	Amos Professional		
Revenue	83.4	67.9	-19%
Gross Profit	51.8	42.4	-18%
SG&A Expenses	35.0	28.1	-20%
Operating Profit	16.8	14.3	-15%

Revenue down 16.0% to KRW 1.3 trillion, Operating Profit KRW -14.5 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	2019 4Q	2020 4Q	YoY(%)
Revenue	1,502.5	1,261.4	-16.0
Beauty Subsidiaries ¹⁾	1,547.5	1,298.3	-16.1
Non-Beauty Subsidiaries ²⁾	60.1	57.7	-4.0 (LFL -4.7%) ⁴⁾
Others ³⁾	-105.1	-94.6	
	2019 4Q	2020 4Q	YoY(%)
Operating Profit (OPM)	62.5 (4.2%)	-14.5 (-1.1%)	Turned to Red
Beauty Subsidiaries (OPM)	59.6 (3.9%)	-17.3 (-1.3%)	Turned to Red
Non-Beauty Subsidiaries (OPM)	0.6 (1.0%)	3.5 (6.1%)	480.9 (LFL +245.5) ⁴⁾
Others ³⁾	2.3	-0.7	
Net Profit (Margin)	-67.7 (-4.5%)	-84.9 (-6.7%)	Continued Losses

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

Income Statement

Unit: KRW bn

	2019		2020	
	Value	%	Value	%
Revenue	6,284.3	100.0%	4,930.1	100.0%
Gross Profit	4,642.4	73.9%	3,559.0	72.2%
SG&A Expenses	4,144.2	65.9%	3,408.3	69.1%
Operating Profit	498.2	7.9%	150.7	3.1%
Non-operating Profit/Expenses	-66.9		-119.4	
Profit before Tax	431.4	6.9%	31.3	0.6%
Consolidated Net Income	282.4	4.5%	22.0	0.4%

Statement of Financial Position

Unit: KRW bn

	2019.12	2020.12
	Assets	8,281.4
Current Assets	2,905.9	2,855.7
Non-current Assets	5,375.5	4,933.1
Liabilities	1,801.2	1,516.7
Current Liabilities	1,225.9	1,172.4
Non-current Liabilities	575.4	344.3
Shareholder's Equity	6,480.1	6,272.0
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	-13.6
Retained Earnings	2,648.3	2,631.9
Non-controlling Interest	3,112.8	3,022.5

“Winning Together”

Target Revenue 5.6 trillion, Target Operating profit 380.0 billion¹⁾

1 Winning Brands

- Foster engine products
- Rearrange brand portfolio
- Nurture next generation brands

2 Digital Transformation

- Strong growth in digital platforms
- Enhance digital marketing capability
- Establish digital infrastructure

3 Restructuring

- Improve profit structure
- Rebuild competitiveness of offline business
- Secure future growth footholds