



AMORE PACIFIC CORP.

AMOREPACIFIC Corporation 2014 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 Corp. has adopted the K-IFRS since 2011.

Sales up 25% to KRW 3,874.0bn, OP up 52% to KRW 563.8bn

Sales & OP by Division

KRW bn

	2013	% of sales	2014	% of sales	YoY(%)
Sales	3,100.4	100.0%	3,874.0	100.0%	25.0%
Domestic	2,555.7	82.4%	3,041.5	78.5%	19.0%
Cosmetics	2,087.8	67.3%	2,578.9	66.6%	23.5%
Mass & Sulloc	467.9	15.1%	462.6	11.9%	-1.1%
Overseas	544.7	17.6%	832.5	21.5%	52.8%
	2013	OPM	2014	OPM	YoY(%)
Operating Profit	369.8	11.9%	563.8	14.6%	52.4%
Domestic	375.5	14.7%	502.0	16.5%	33.7%
Cosmetics	337.6	16.2%	469.8	18.2%	39.1%
Mass & Sulloc	37.9	8.1%	32.1	6.9%	-15.2%
Overseas	-5.7	-1.0%	61.8	7.4%	Turned to black
Net Profit	267.4	8.6%	385.1	9.9%	44.1%

Luxury

Door-to-door : Secured foothold for healthy growth through channel innovation

- Increased sales per sales lady and sell-through to customers backed by diversified product category and strengthened capabilities of sales ladies
- Slightly decreased sell-in due to the inventory adjustment to improve the channel visibility

Dep. store : Enhanced channel leadership backed by differentiated brand portfolio

- Gained market share through solid same store sales growth and enhanced brand equity of major brands such as Sulwhasoo, Hera and Primera
- Efficient store management and reinforced digital communication resulted in profitable growth

Travel retail : Continued strong growth on the back of increased sales to foreign travelers

- Solid growth on the back of the increased no. of Chinese customers(+203% yoy)
- Strengthened brand portfolio behind by strong growth of major brands such as Sulwhasoo and Hera and launch of IOPE brand

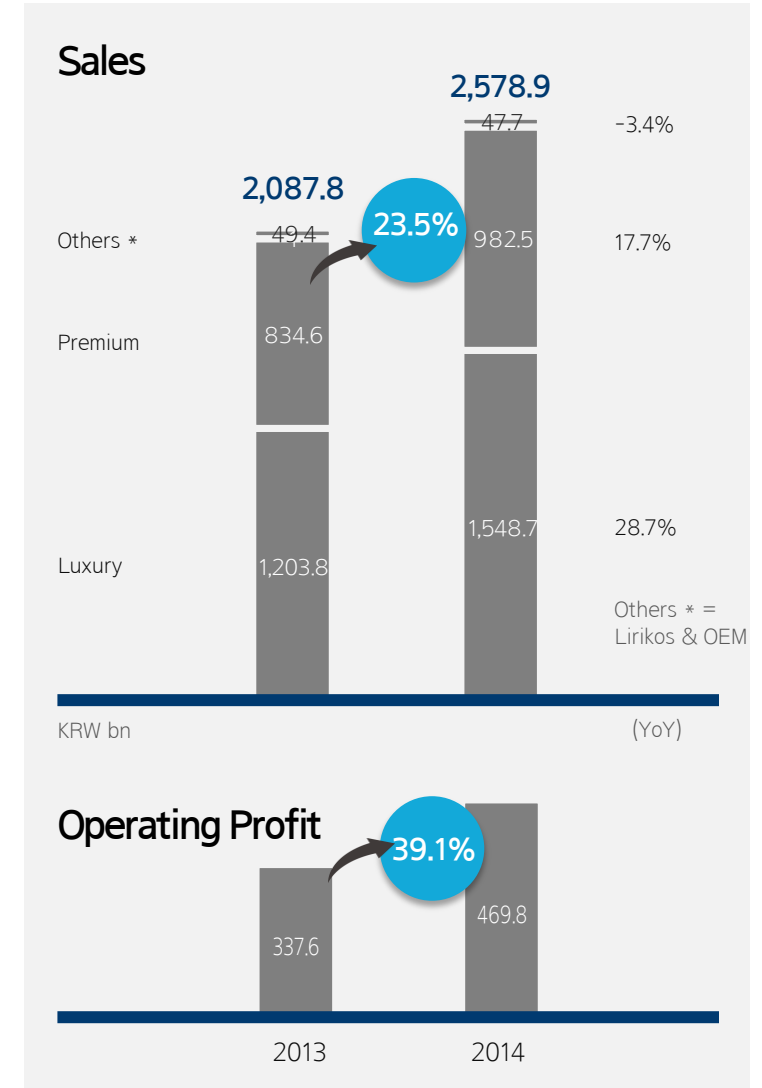
Premium

Aritaum : Robust growth delivered by enhanced products, channel and customer services

- Reinforced store competitiveness and differentiated purchasing experiences resulted from diversified product portfolio and expanded customer services
- Improved same store sales growth backed by increased sales of major brands such as IOPE, Hanyul, Laneige, Mamonde and AritaumFT

Digital : Solid growth delivered by improved brand power and diversified product category

- Strong growth across all channels(TV-shopping & Ecommerce) resulted from enhanced brand awareness of digital exclusive brand and launch of new products
- Responded to a variety of customer needs through expanded product category(skin care, beauty device, nail products, etc.) as well as cushion category



Mass

Expanded premium business backed by solid sales of cosmetic category, Overall sales slightly decreased impacted by change of market environment and slowdown in consumption

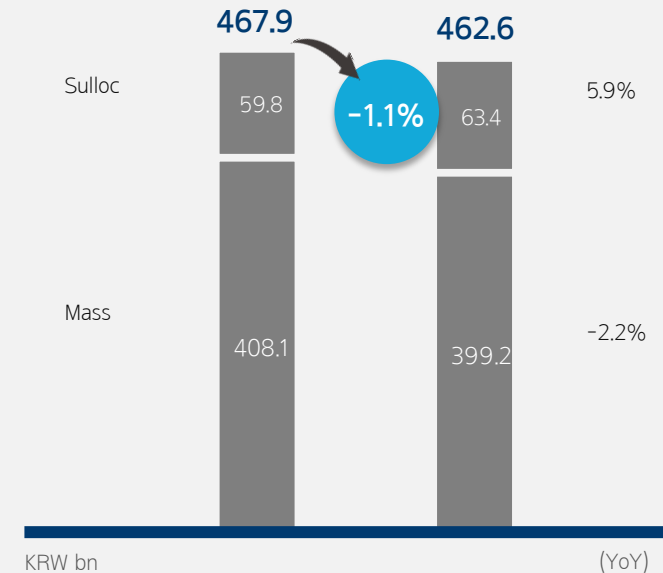
- Hair care: Expanded revenue contribution of functional category backed by increased sales of hair colorant and tonic products but sales for hair cleansing category slightly decreased
- Body care: Achieved no.1 position in body cosmetic category on the back of the increased sales of premium moisturizing line of Happy Bath and illi
- Oral care: Secured growth momentum and strengthened competitiveness in premium market through launch of functional products related to tooth whitening and gum care

Sulloc

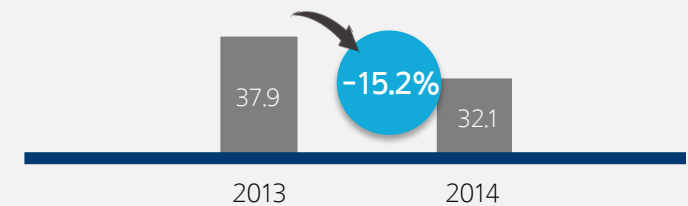
Continued robust growth behind by primiumizaion of OSULLOC

- Enhanced brand awareness resulted in strong growth of premium business in OSULLOC tea house and Dep. store

Sales



Operating Profit



Growth markets

China: Strengthened brand awareness and diversified distribution channel resulted in strong sales growth with profitability improvement (RMB+44%YoY)

- Sulwhasoo & Innisfree: Solid growth on the back of opening of new stores, increased influx of customers and improvement of same store sales
- Laneige: Achieved quality growth with margin improvement behind by increased sales of hit products and reinforced competitiveness in dep. store and digital channel
- Mamonde: Enhanced brand power backed by channel realignment and store renovation

Asia(ex China & Japan): Strong sales growth and turned to black behind by strengthened competitiveness of brand and distribution channel

- Solid same store sales with profitability improvement delivered by improved brand power and increased sales of hit products of Sulwhasoo and Laneige
- Fueled growth momentum backed by introducing Innisfree to Singapore, Malaysia and Taiwan
- Inclusion of Hong Kong JV resulted in reinforced position in Hong Kong market and accelerated penetration into the Greater China region

Developed markets

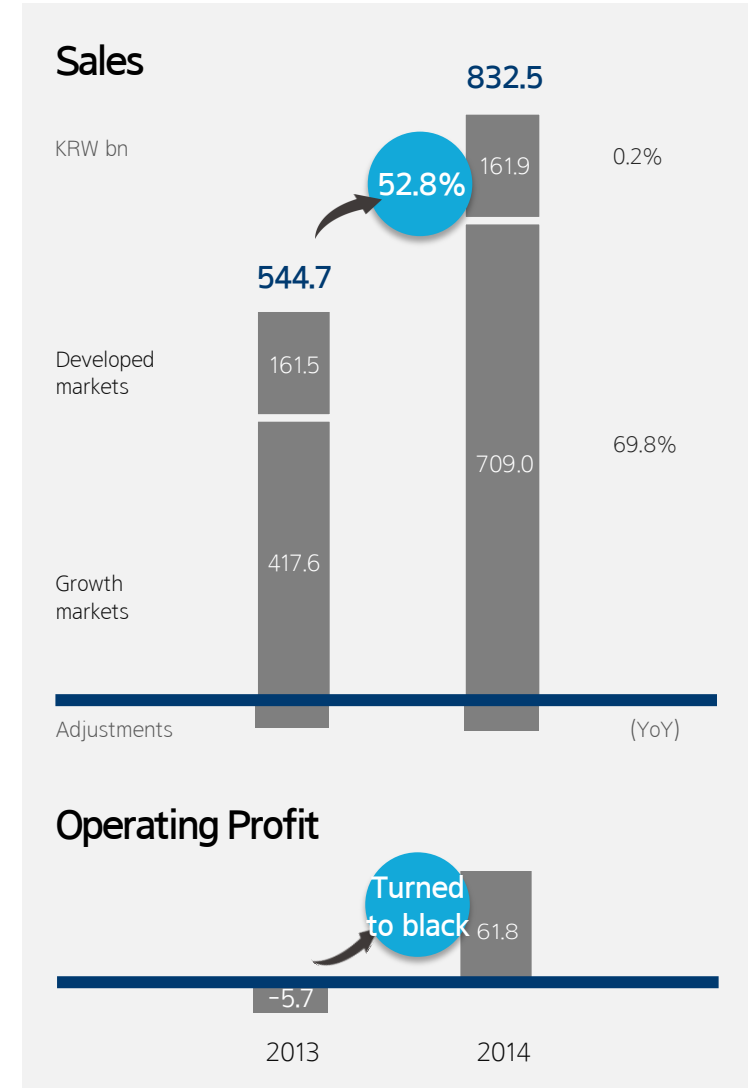
US: Robust sales growth across all channels and turned to black

- Increased sales of hit products resulted in solid growth across all channels such as Dep. Store, Sephora and Ecommerce
- Strong growth backed by expanded customer base in Aritaum* and increased sales of major brands such as IOPE
- Successful launch of Laneige into new distribution channel(Tartget)

France: Decreased sales due to European market slowdown, Decreased losses backed by efficient cost management

Japan: Decreased sales due to realignment of brand and channel portfolio

* Aritaum = Amore shops



Sales up 39% to KRW 978.8bn, OP up 76% to KRW 89.3bn

Sales & OP by Division

KRW bn

	4Q 2013	% of sales	4Q 2014	% of sales	YoY(%)
Sales	704.8	100.0%	978.8	100.0%	38.9%
Domestic	575.8	81.7%	724.7	74.0%	25.9%
Cosmetics	486.7	69.1%	631.3	64.5%	29.7%
Mass & Sulloc	89.1	12.6%	93.4	9.5%	4.8%
Overseas	129.0	18.3%	254.0	26.0%	96.9%
	4Q 2013	OPM	4Q 2014	OPM	YoY(%)
Operating Profit	50.7	7.2%	89.3	9.1%	76.1%
Domestic	55.1	9.6%	67.8	9.4%	23.2%
Cosmetics	66.7	13.7%	75.1	11.9%	12.7%
Mass & Sulloc	-11.6	-13.0%	-7.3	-7.8%	37.2%
Overseas	-4.4	-3.4%	21.4	8.4%	Turned to black
Net Profit	37.8	5.4%	44.0	4.5%	16.4%

* 2013 4Q SG&A and OP adjusted due to the release of a new accounting standard on the recognition timing of the tax expense

4Q Sales of KRW 978.8bn(+39%), OP of KRW 89.3bn(+76%)
Continued strong sales growth with profitability improvement

Domestic business

Cosmetics: Solid performance backed by new growth channels such as travel retail and digital

- Travel retail & Digital : Continued strong growth delivered by increased sales to Chinese travelers and robust sales of TV-shopping and Ecommerce
- Door-to-door : Improved channel visibility by channel innovation, Maintained positive sell-in and sell-through growth
- Aritaum : Solid sales per door on the back of strengthened competitiveness of products and services

Mass & Sulloc: Turned to positive growth delivered by increased sales of premium functional products

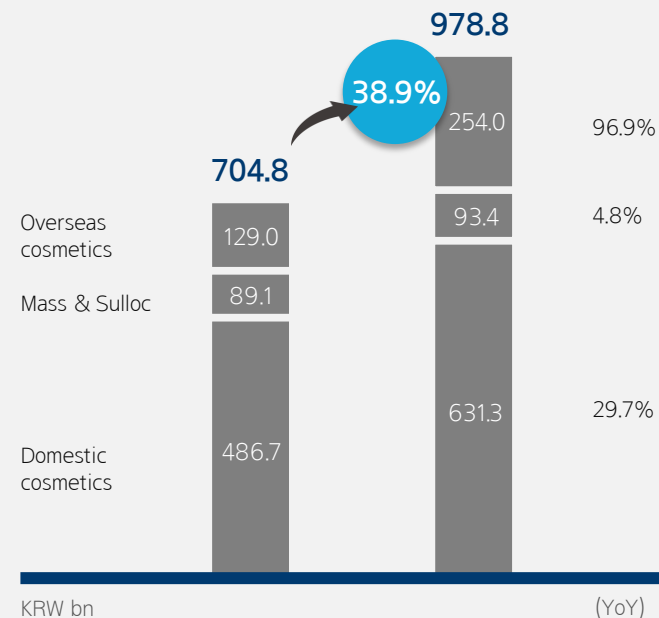
- Mass : slightly increased sales despite the change of market environment such as lower growth of hypermarket and economic slowdown
- Sulloc : Opening of new tea house cafes and improved interior resulted in enhanced store attractiveness and strengthen brand recognition

Overseas business

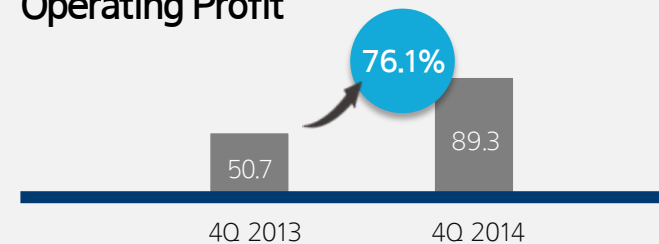
Continued quality growth through increased sales of major brands and efficient cost management

- China : Solid same store sales caused by reinforced brand power of Sulwhasoo, Laneige and Innisfree resulted in accelerated growth of sales and OP
- Asia (ex China & Japan) : Turned to black backed by solid sales growth of Sulwhasoo and Laneige, Opening of 1st Innisfree in Malaysia enables better access to customers in Asean region
- US : Increased sales of hit products of Amorepacific and soled growth of existing stores resulted in profitable growth
- France/Japan : Decreased sales due to economic slowdown and weakened sales of major products, Decreased losses backed by efficient cost management

Sales



Operating Profit



Income Statement

KRW bn

	2013		2014	
Sales	3,100.4	100.0%	3,874.0	100.0%
Gross profit	2,188.6	70.6%	2,845.8	73.5%
SG&A expenses	1,818.8	58.7%	2,282.1	58.9%
Operating profit	369.8	11.9%	563.8	14.6%
Non-operating profit/expenses	-6.3		-33.6	
Profit before tax	363.5	11.7%	530.2	13.7%
Consolidated net income	267.4	8.6%	385.1	9.9%

Statements of Financial Position

KRW bn

	2013.12	2014.12
Assets	3,401.8	3,854.6
Current assets	967.5	1,427.3
Non-current assets	2,434.3	2,427.3
Liabilities	833.7	975.8
Current liabilities	542.7	651.1
Non-current liabilities	291.0	324.7
Shareholder's Equity	2,568.1	2,878.8
Capital stock	34.5	34.5
Additional paid-in capital	712.7	712.7
Capital surplus	7.8	7.8
Other components of equity	(1.8)	(19.5)
Accumulated other comprehensive income	(14.0)	(13.1)
Retained earnings	1,815.3	2,136.8
Non-controlling interest	13.7	19.6

Together, we can

Targeting revenue growth of 13%, OP growth of 15%

Global | Digital | Retail

1 Customer focused management

2 Expansion of the overseas business

3 Reinforcement of digitalization

4 Strengthening retail capability

5 Responding to slow economic growth and ageing society

6 Quality-focused management