



# AMOREPACIFIC 2009 Q2 Earnings Release

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AMOREPACIFIC  
CORPORATION

August 3, 2009

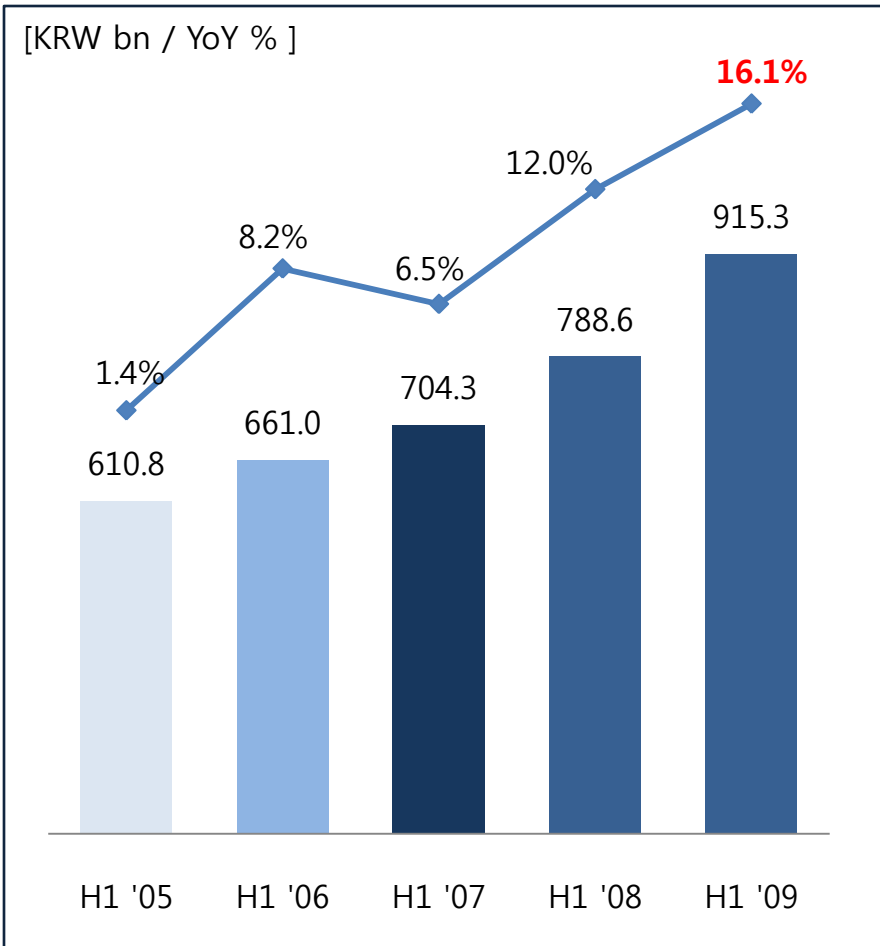
- **[2009 H1] Performance Summary**
- **[2009 Q2] Performance Summary**
- **[2009 Q2] Sales Analysis**
- **[2009 Q2] Profits Analysis**
- **[2009 H1] Overseas Business Performance**
- **[2009 Q2] Financial Summary**

\* This document is provided for the convenience of our investors only, prior to our external audits on the financial results of the headquarters and subsidiaries. The final audit outcome may result in changes to some parts of this document.

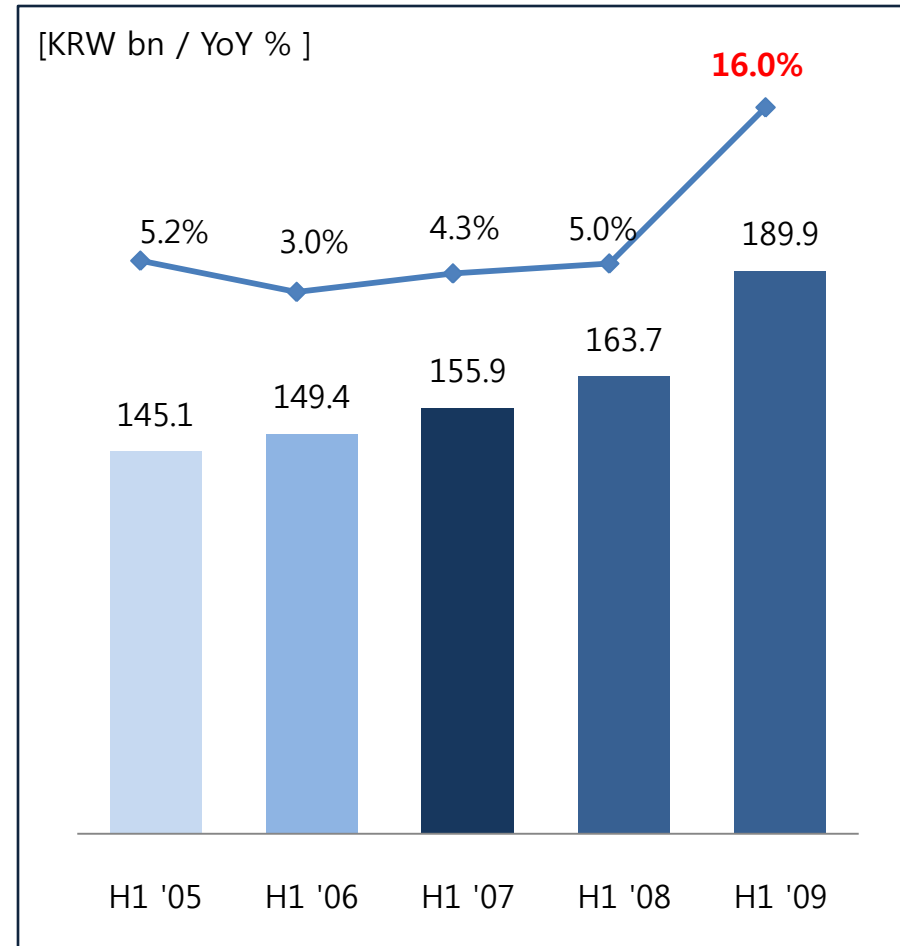
## [2009 H1] Performance Summary

Strong brand power and improved channel structure resulted in enhanced competitiveness  
Accomplished highest growth in history for both sales and profits for H1 results  
and increased market share amid recession

### Sales



### Operating Profit

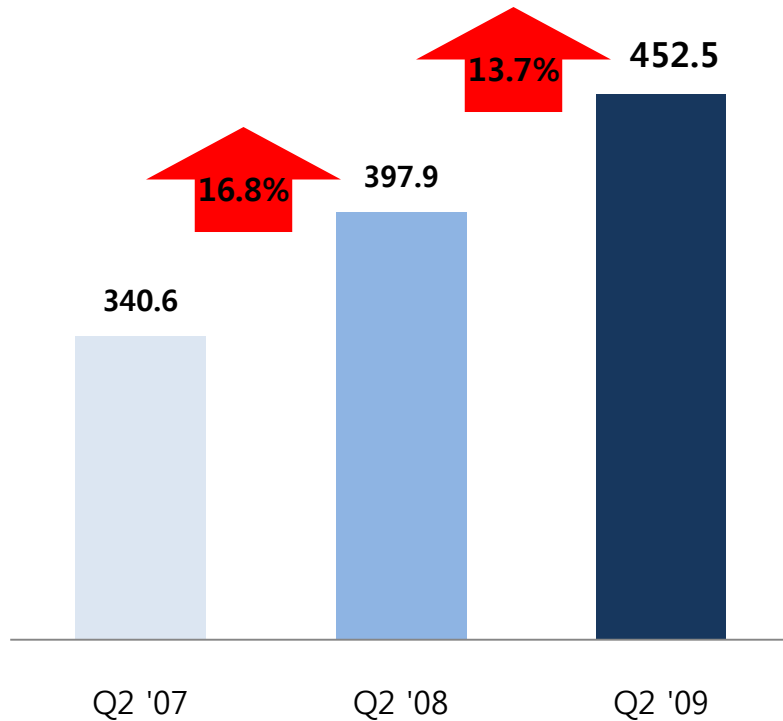


## [2009 Q2] Performance Summary

Continued growth to record the highest sales and operating profits in '09 Q2:  
Sales up 14% to KRW 452.5bn, operating profits up 25% to KRW 78.8bn

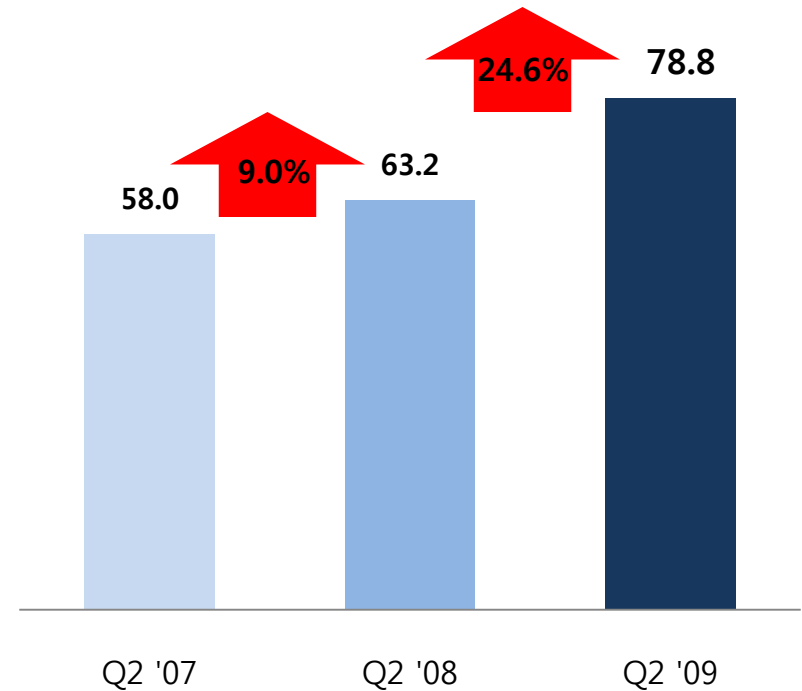
### Sales

[KRW bn / YoY %]



### Operating Profit

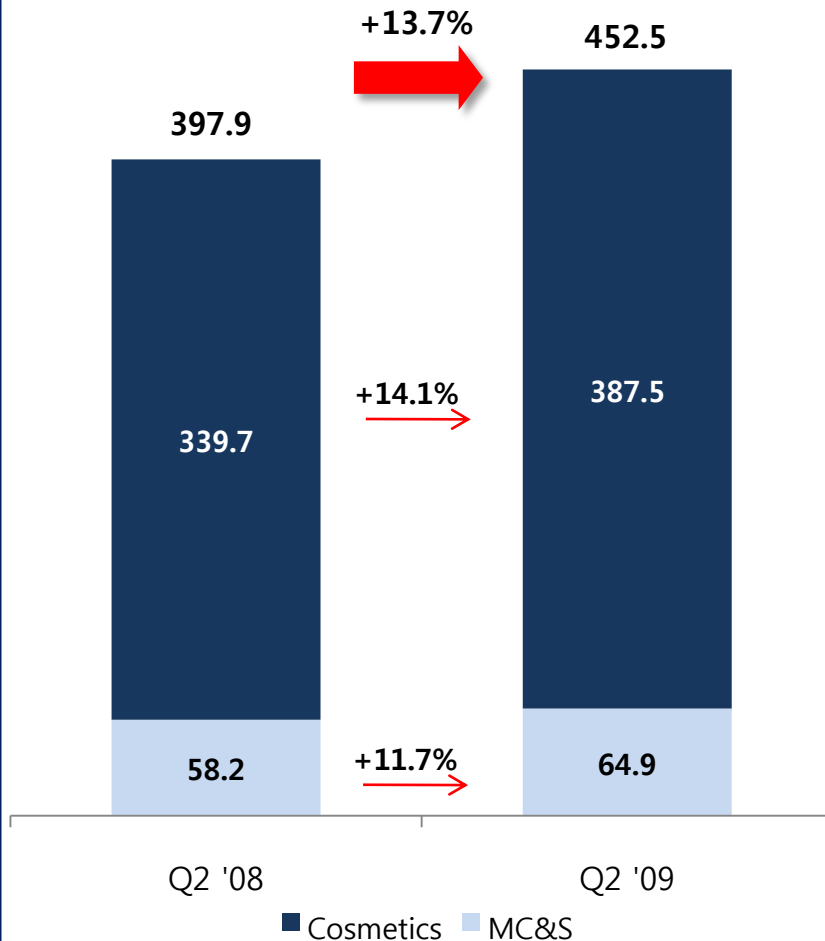
[KRW bn / YoY %]



# [2009 Q2] Sales Analysis

## [Sales by Division]

[KRW bn]



## Total sales of KRW 452.5bn, +14%YoY

### [Cosmetics] Sales up 14%YoY

- Sustained strong growth in sales resulting in continuous increase in M/S since 2008 year-end (34.2% ->35.3%)
  - **Luxury Segment: 61% of total cosmetics sales, +9%YoY**
- Stable growth in department store and door-to-door channels behind increased sales of the premium lines of 'Sulwhasoo', 'Amorepacific' and 'V=B Program'
- Improved sales per store due to enhanced sales skills of the workforce and enforced CRM
- 'Sulwhasoo'+19%, 'Amorepacific'+35%, 'V=B Program'+24%
- **Premium Segment: 35% of total cosmetics sales, +24%YoY**
- Expansion of 'Aritaum' stores (1,015 stores) and Hypermarket counters (297 counters), increased sales per store contributed to sales surge in specialty store and hypermarket channels
- Reinforced the premium lines of 'Laneige', 'IOPE' and 'Hannule'
- 'IOPE'+30%, 'Laneige'+20%, 'Hannule'+143%

### [MC&S] Sales up 12%YoY

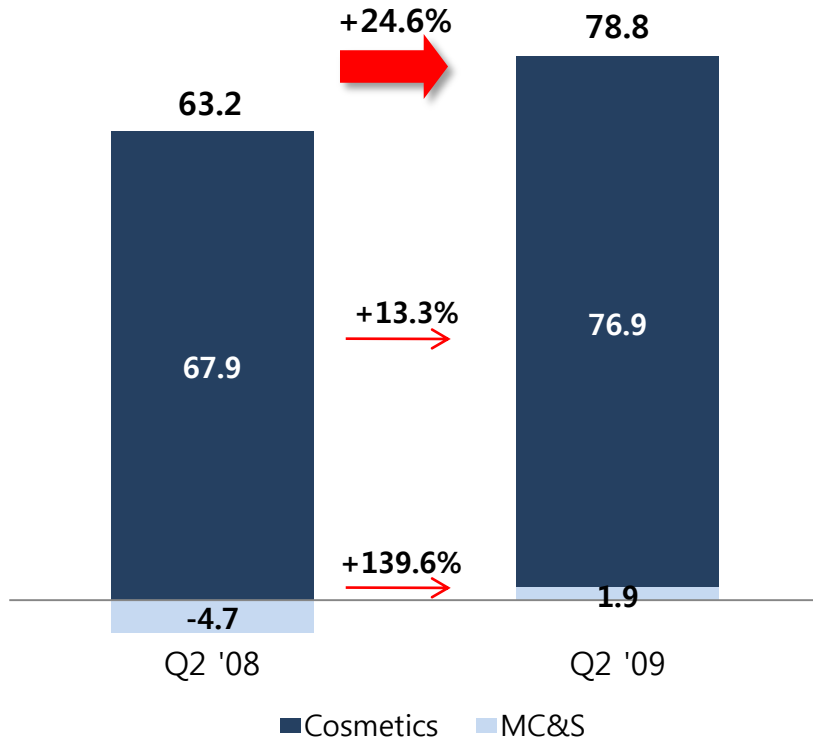
- Functional lines have been expanded for 'Mis-en-scene', 'Ryoe' and 'Happy Bath'
- Sales decrease of Sulloc mitigated from improved sales of premium products and launch of new products
- 'Mis-en-scene' +10%, 'Ryoe' +60%, 'Happy Bath' +25%

- Change in the recognition method of discount store sales from 2008 Q2: Discount store sales figures are inclusive of sales commissions
- Change in division titles as of July 1, 2009:  
('Premium Cosmetics' -> '**Luxury Cosmetics**', 'Mass Cosmetics' -> '**Premium Cosmetics**', 'MB&S' -> '**MC&S: Mass Cosmetics & Sulloc**')

# [2009 Q2] Profits Analysis

## [Operating Profit by Division]

[KRW bn]



## Operating profits of KRW 78.8bn, +25%YoY

### [Cosmetics]

- **Operating profits up 13%YoY**
- Despite increased investment into brands and channels, profits expanded backed by efficiency in investment due to surge in sales
- Profit expansion was mainly lead by the strong growth in luxury brands such as 'Sulwhasoo' and 'Amorepacific'
- Enhanced profitability behind increased sales of the premium lines of 'Laneige', 'IOPE' and 'Hannule'

### [MC&S]

- **Operating profits up 140%YoY, Turned black**
- Profitability improvement in the major brands due to increased portion of premium and functional products
- Continuous efforts in improving costs and execution of efficient marketing costs resulted in SG&A decrease

## [2009 Q2 OP Margin by Division]

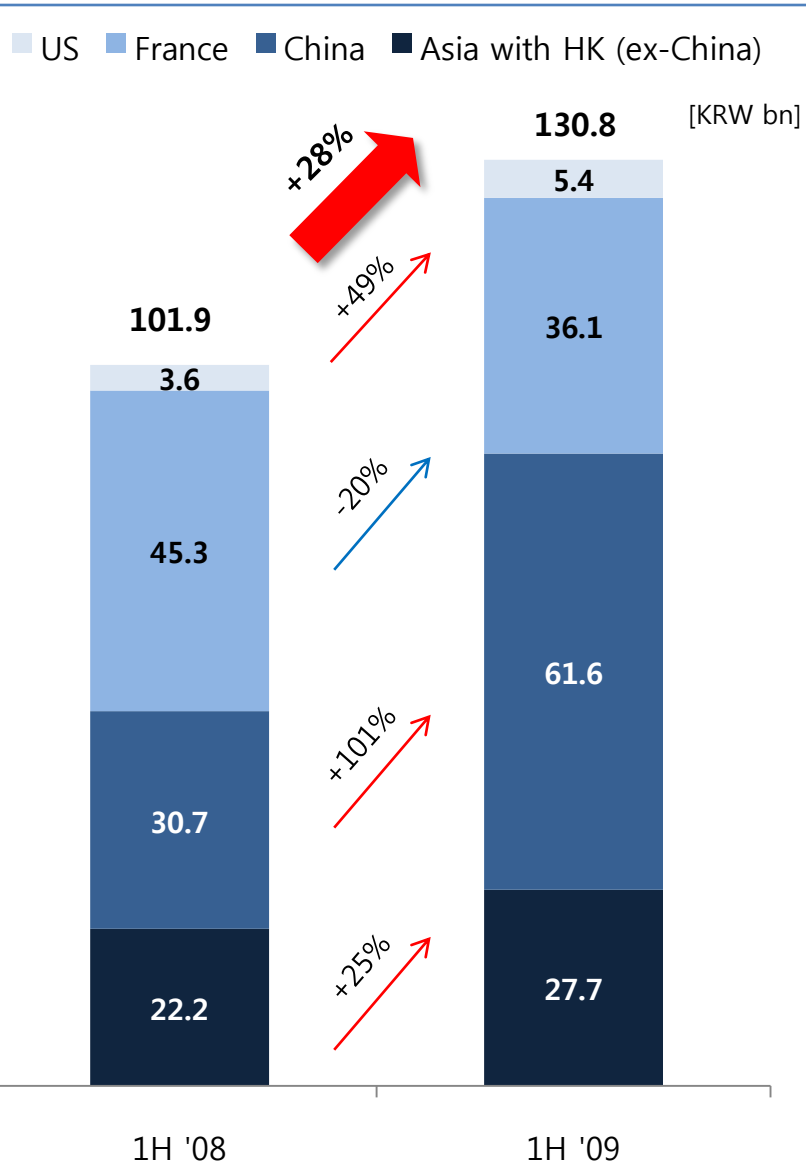
(OPM)	Q2 '08	Q2 '09
Cosmetics	20.0%	19.8%
MC&S	-8.1%	2.9%
<b>Total</b>	<b>15.9%</b>	<b>17.4%</b>

## [2009 Q2 Expenses vs. Sales]

(vs Sales)	Q2 '08	Q2 '09
Personnel	8.7%	8.4%
Marketing	17.3%	16.5%
Commissions	16.4%	16.3%
<b>Total SG&amp;A</b>	<b>54.9%</b>	<b>53.8%</b>

# [2009 H1] Overseas Business Performance

## [Overseas Sales by Region]



## Total Overseas Sales of KRW 130.8bn, +28%YoY

### [China: 47% of total overseas sales, +101%YoY]

- Despite concerns on the contraction of Chinese consumption, strong sales growth and robust growth in profits continue (**Net profit of KRW 13bn, +329%**)
- Laneige: Continued strong growth in the skin care segment / Increased marketing to pull up sales for make-up products (162 Department stores, 62 Sephoras)
- Mamonde: Sales continued to grow behind department store and specialty store expansion / Improved profitability through economy of scale (223 Department stores, 1,752 Specialty stores, 62 Sephoras)

### [Asia ex-China: 21% of total overseas sales, +25%YoY]

- Efforts to solidify brands in each country
- Launch of new products from 'Laneige', increased premium marketing with a new 'Sulwhasoo' spa launch in Hong Kong, expansion of 'Amorepacific' counters in Japan (2 stores->6 stores)

### [France: 28% of total overseas sales, -20%YoY]

- 'Lolita Lempicka' sales decreased due to contraction in the European fragrances market as a result of the global recession
- 'Laneige' expands in Sephoras to secure additional sales and profits (62 Sephoras)

### [USA: 4% of total overseas sales, +49%YoY]

- Sales continued to grow despite the weakened retail industry and contraction in spending due to sales increase in specialty stores (Amore Shops) and enhanced brand recognition of 'Amorepacific'

\* The overseas business results above are subject to changes

## [2009 Q2] Financial Summary

### ► Income Statement

[KRW bn]	Q2 2008		Q2 2009	
		%		%
Sales	397.9	100.0	452.5	100.0
Gross Profit	281.6	70.8	322.3	71.2
SG&A	218.4	54.9	243.5	53.8
Operating Profit	63.2	15.9	78.8	17.4
Non-Operating Profit	15.2		10.0	
Non-Operating Expenses	10.7		9.3	
Earnings Before Tax	67.7	17.0	79.6	17.6
Net Profit	47.8	12.0	60.1	13.3

### ► Balance Sheet

[KRW bn]	2008. 12	2009. 6
Asset	1,455.2	1,603.6
Current Asset	445.2	527.6
Non-current Asset	1,010.0	1,076.0
Liability	339.9	375.5
Current Liability	199.4	231.7
Non-current Liability	140.5	143.8
Shareholder's Equity	1,115.3	1,228.2
Capital	34.5	34.5
Capital Reserve	712.7	712.7
Capital Adjustment	-1.4	-1.8
Accumulated Other Inclusive Gains & Losses	30.9	34.2
Retained Earnings	338.6	448.6