



AMOREPACIFIC

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AMOREPACIFIC IR  
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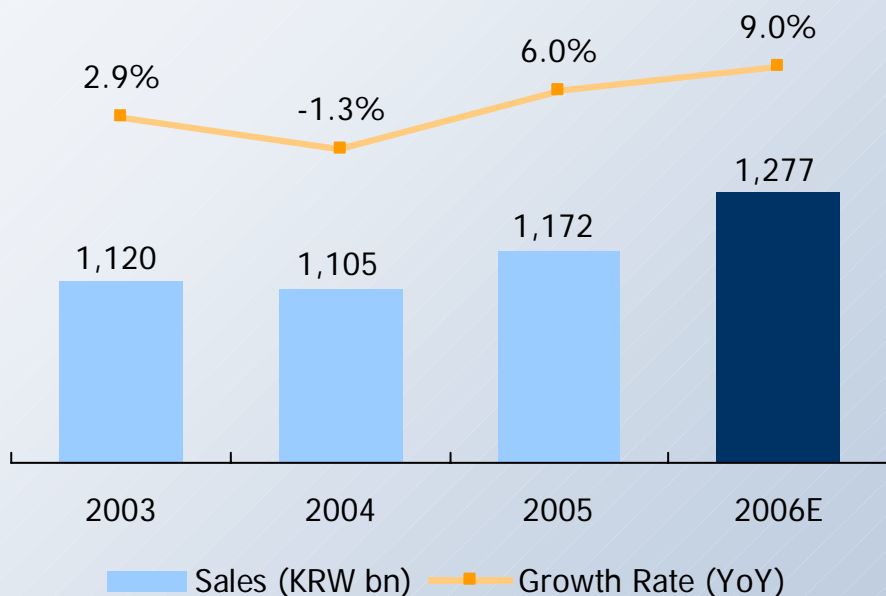
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## 2005 RESULTS & 2006 OUTLOOK

▶ SALES

Annual sales growth of 6.0% in 2005, forecasting an accelerated growth of 9.0% in 2006

[Annual Sales Trend]

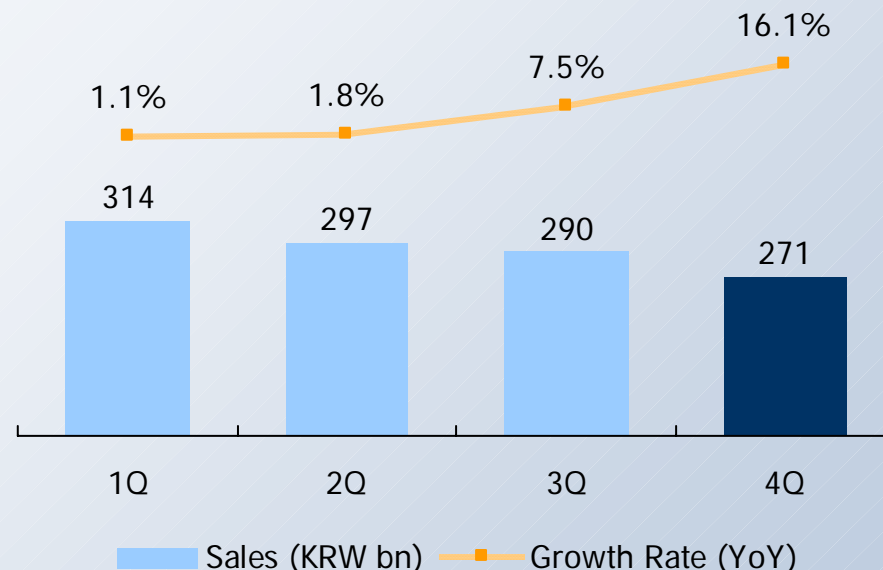


FY 2005	Cosmetics	Mass Beauty	Tea
Sales (KRW bn)	926.2	170.8	69.5
Growth Rate (YoY)	6.1%	8.5%	-5.1%

※ Sales of KRW 5.3 bn included in 2005 results following the two mergers

Specialty channel recovery and continuous growth of premium brands after 2Q results in 16.1% growth in 4Q

[2005 Quarterly Sales Trend]

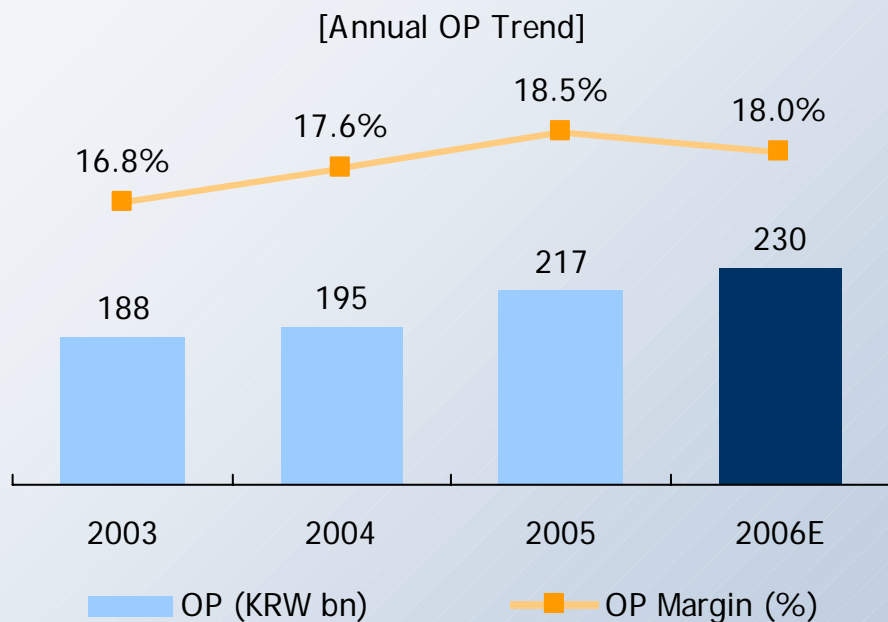


2005 4Q	Cosmetics	Mass Beauty	Tea
Sales (KRW bn)	220.1	32.8	14.7
Growth Rate (YoY)	16.0%	15.1%	-1.8%

▶ PROFITABILITY

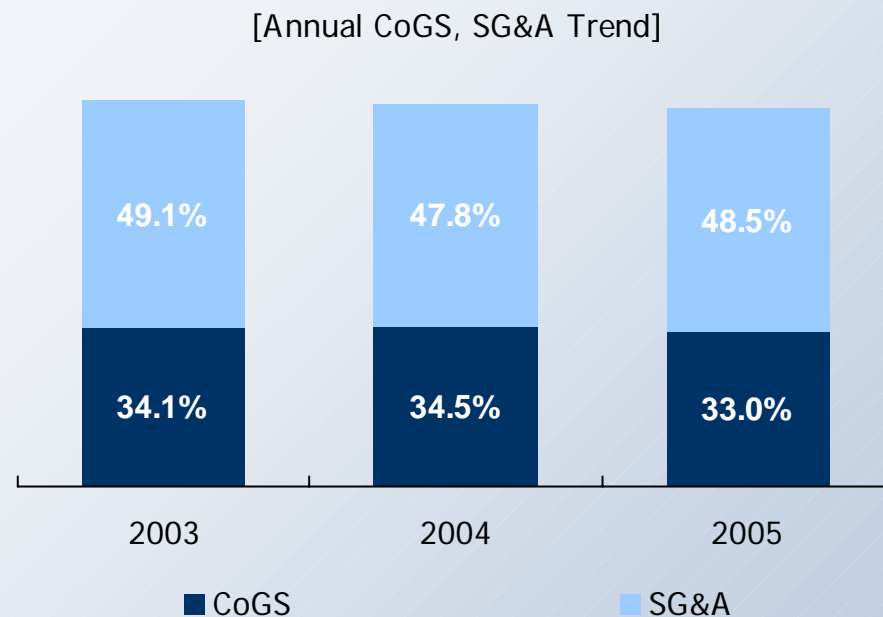
**OP margin of 18.5% in 2005, exceeding expectations**

**Investment into marketing to be expanded in 2006, aiming at brand longevity**



FY 2005	Cosmetics	Mass Beauty	Tea
OP Margin (%)	22.3%	5.3%	3.7%
Enhancement (%p)	1.1%p	0.7%p	-3.2%p

**Enhanced profitability due to efforts in reducing costs and streamlining of distribution network**



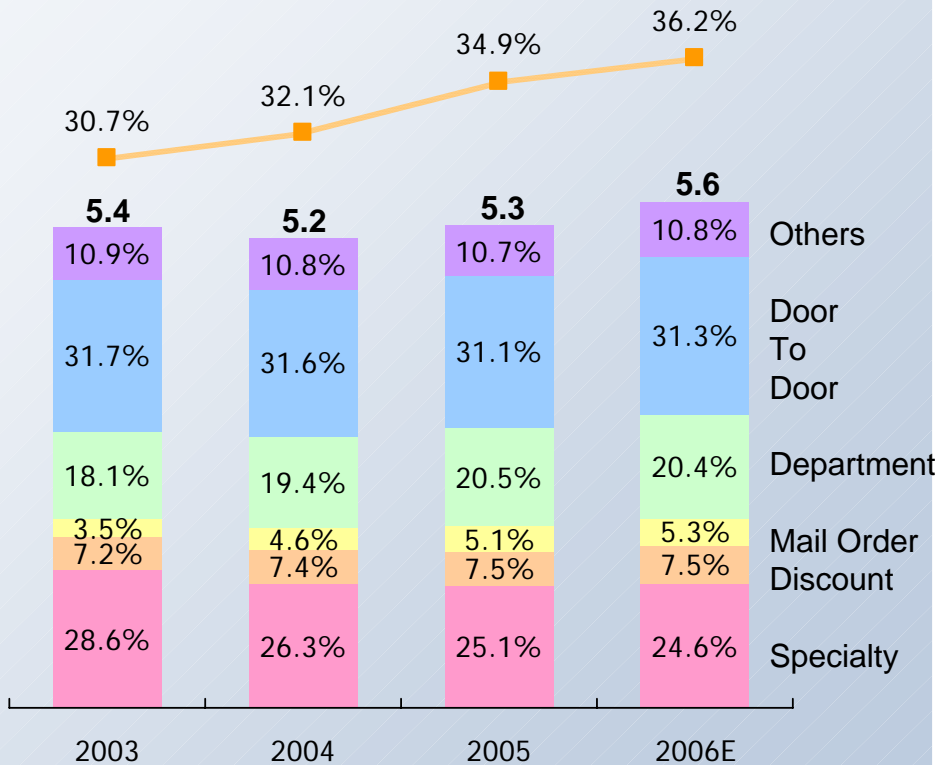
vs Sales	2003	2004	2005
Personnel	13.7%	14.6%	14.6%
A&P	16.2%	16.4%	15.7%
Commission	9.9%	6.8%	7.9%

▶ 2006 OUTLOOK

A gradual growth of 5% expected in 2006 for the domestic cosmetics market

AMOREPACIFIC to continue its market share gain with balanced portfolio and sustainable growth in each segments

[Domestic Cosmetics Industry & AMOREPACIFIC M/S]



※ AMOREPACIFIC internal estimates in KRW tr, retail value

**Increasing Demand for Cosmetics**

- Increasing concern for health with the well-being trend
- Expansion of category into health supplements and beauty services
- Expansion of target customers into the 10's, men's, and the silver age group

**Ambidextrous Management**

- Differentiated products & services for the Premium market
- Uplift expected values with reasonable prices in the Mass market
- Balanced growth of skin-care and make-up

**Global Expansion**

- ASIA: Accelerated expansion of major brands (Laneige)
- FRANCE: Introduction of Lolita Lempicka's new product
- US: Additional prestige department store counters for AMOREPACIFIC

**Channel Diversification**

- Stabilization of HUE Place and expansion of franchised brand shops
- Multi-channel distribution for particular brands

## ▶ FINANCIAL SUMMARY

## Profit &amp; Loss Summary

(KRW bn)	FY 2005			
	4Q	YoY	Annual	YoY
<b>Sales</b>	<b>270.6</b>	16.1%	<b>1,171.9</b>	6.0%
<b>Gross Profit</b>	<b>184.5</b>	24.3%	<b>784.9</b>	8.5%
<b>Operating Profit</b>	<b>27.5</b>	110.0%	<b>217.0</b>	11.4%
Equity Method Gains	1.4		14.8	
Equity Method Losses	4.1		21.0	
<b>Recurring Profit</b>	<b>25.0</b>	332.2%	<b>238.7</b>	12.4%
<b>Net Profit</b>	<b>13.5</b>	161.3%	<b>165.0</b>	10.1%

## Balance Sheet Summary

(KRW bn)	2005	2004	2003
<b>Assets</b>	<b>1,368.8</b>	<b>1,194.0</b>	<b>1,102.6</b>
Current Assets	669.4	475.6	413.5
Non-current Assets	699.4	718.4	689.1
<b>Liabilities</b>	<b>363.9</b>	<b>248.3</b>	<b>281.2</b>
Current Liabilities	209.2	185.0	200.4
Non-current Liabilities	154.7	63.3	80.8
<b>Shareholder's Equity</b>	<b>1,004.9</b>	<b>945.7</b>	<b>821.4</b>
Capital	55.6	51.0	51.0
Capital Reserve	504.5	191.0	191.0
Retained Earnings	866.8	725.6	598.5
Capital Adjustment	-422.0	-21.9	-19.1