



AMOREPACIFIC

2010 Earnings Release

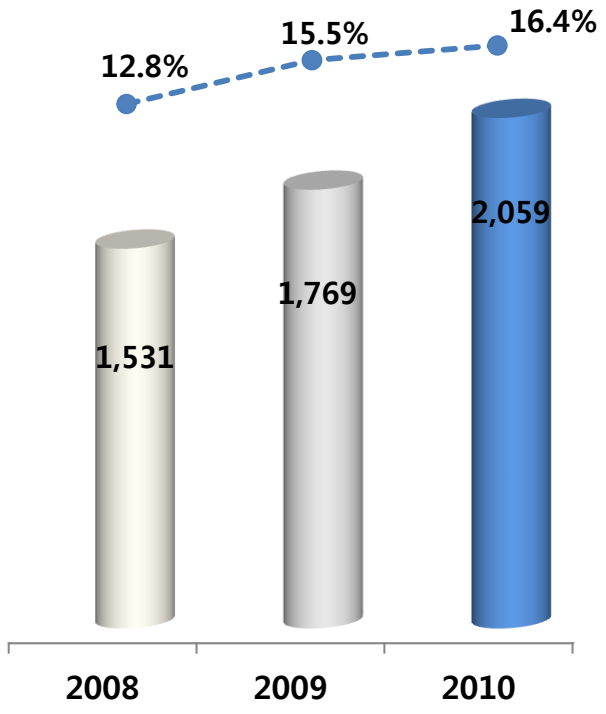
[2010] FINANCIAL HIGHLIGHTS

Sales reached KRW 2tn backed by strong organic growth of the core business

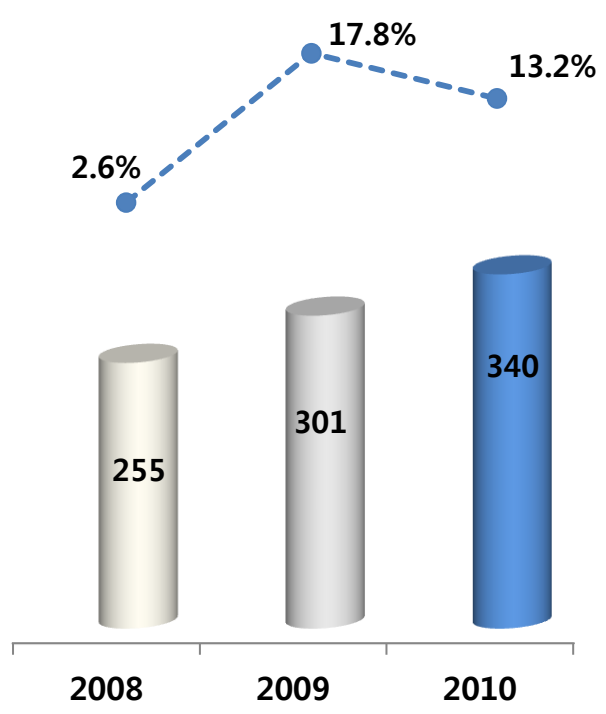
- Strong growth continued across all divisions backed by reinforced core business
- Greatest yearly sales and profits: Sales of KRW 2,058.5bn, OP of KRW 340.2bn

[Unit: KRWbn, % YoY]

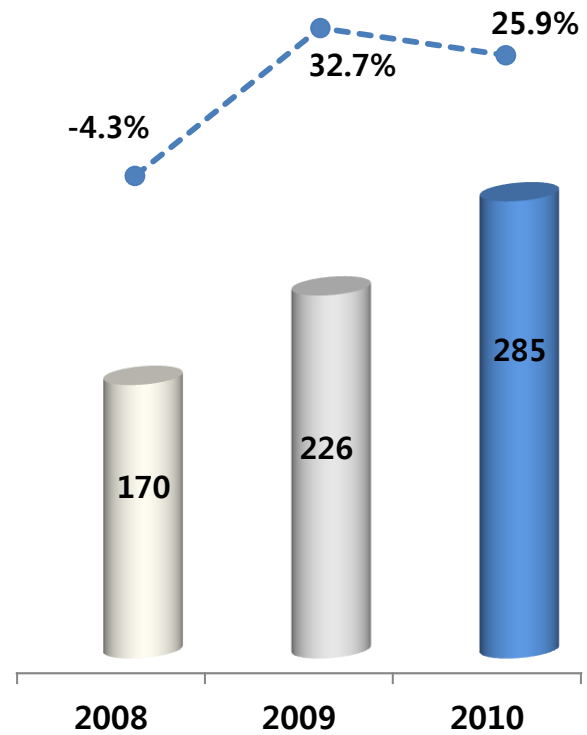
Sales



Operating Profit



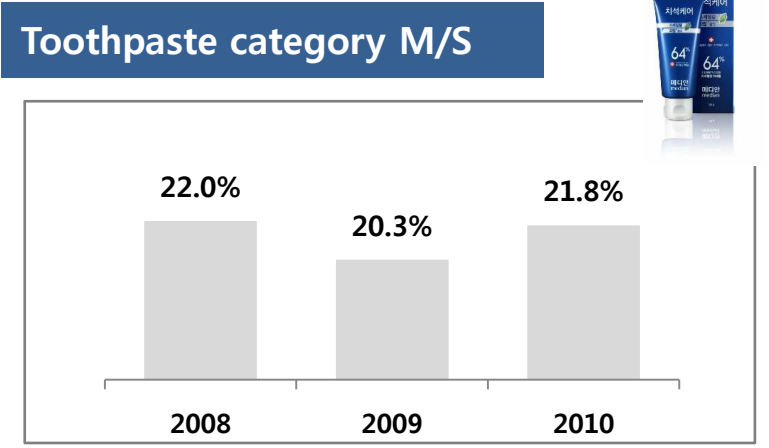
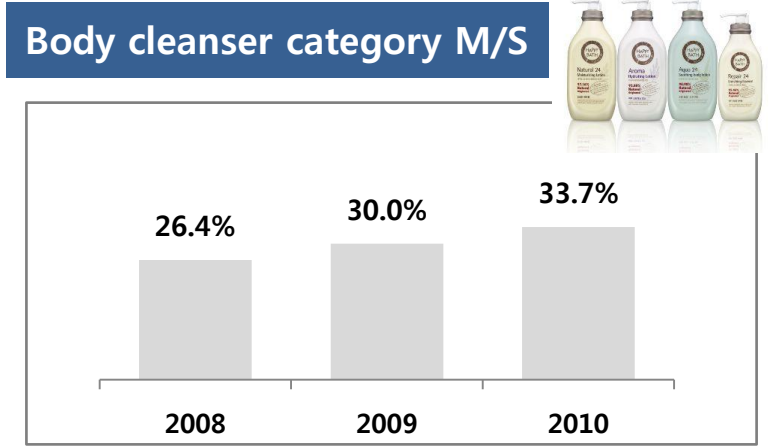
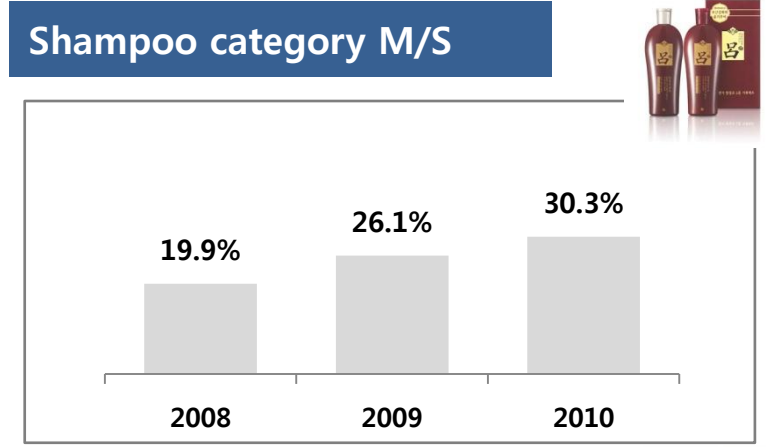
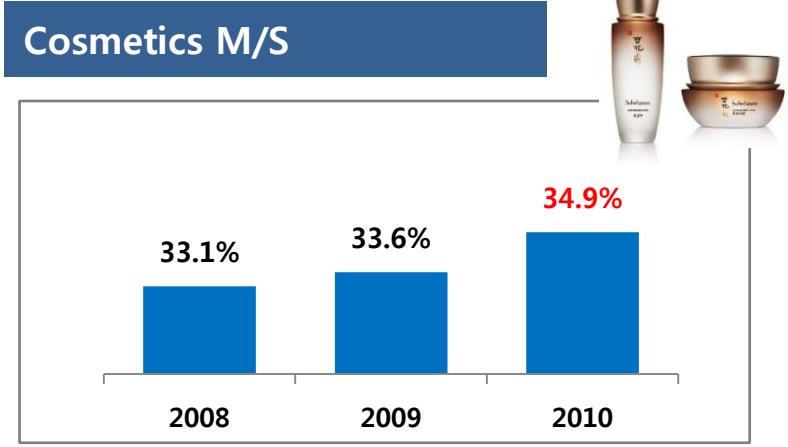
Net Profit



[2010] FINANCIAL HIGHLIGHTS

Strengthened the position as no.1 player in the domestic market in preparation for becoming a global beauty company

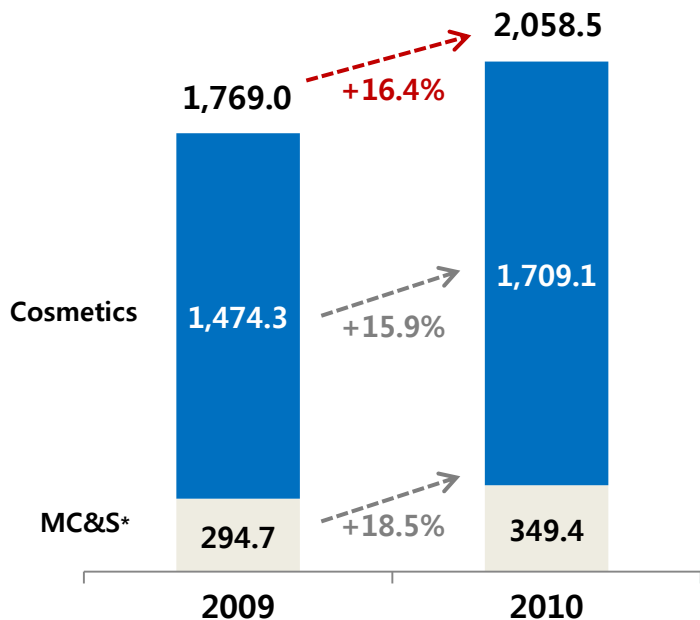
- Strengthened market leadership in major business areas based on investment in brands and channels
 - Lead market growth at the back of differentiated brands widening the gap with the 2nd player



[2010] Sales Analysis

Sales by division

[Unit: KRW bn, % YoY]



* MC&S (Mass Cosmetics and Sulloc): Personal Care and Green Tea Business

[Cosmetics Sales by Major Channels]

Channel	vs. Total Sales	YoY Growth
Door to Door	29.8%	9.5%
Dept. Store	20.6%	39.1% (20.4%)*
Specialty	13.2%	1.5% (23.9%)*
Hypermarket	8.4%	7.1% (12.8%)*

* Actual growth reflecting the duty-free accounting change in dept. Store channel and the spin-off of Innisfree brand

Sales of KRW 2,058.5bn, +16% YoY (+17%)*

[Cosmetics Division] Sales of 1,709.1bn, +16% YoY (+17%)*

- Continued double-digit growth for 11 consecutive quarters resulting in strengthened market leadership and increased M/S from 33.6% to 34.9% (39.0% with affiliates)
- Luxury Segment: 63% of total cosmetics sales, +20% YoY (+14%)***
 - Increased number of travelers and counter expansion of 'Amorepacific' brand caused strong performance of duty-free shops (Duty-free sales +49% YoY)
 - Existing counselors' enhanced sales skills and influx of new counselors resulted in steady growth of door-to-door sales
 - Anti-aging and whitening lines displayed strong growth
 - 'Sulwhasoo'+22%, 'Hera'+14%, 'Amorepacific'+36%

➤ Premium Segment: 33% of total cosmetics sales, +10% YoY (+24%)*

- Inflow of new customers and lock-in of premium customers resulted in increased sales per store and enhanced market leadership of 'Aritaum' (1,194 stores, M/S 25%)
- Increased sales of premium functional lines of major brands such as 'Laneige' and 'Hannule'
(Laneige+15%, 'Hannule'+69%, 'IOPE'+17%)

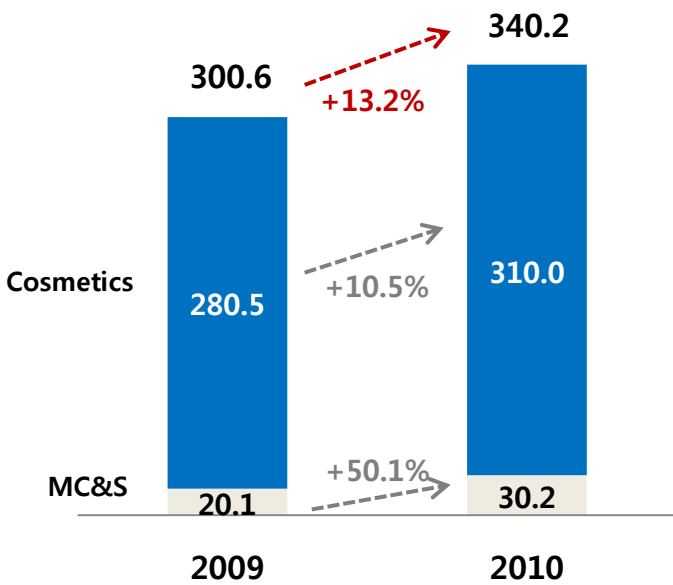
[MC&S Division] Sales of KRW 349.4bn, +19% YoY

- Achieved M/S no.1 in Shampoo market with both 'Mis-en-scene' and 'Ryoe' brands in the Top3
- Sulloc sales continued to increase through the strengthened line-up of premium tea leaf products
- 'Mis-en-scene'+19%, 'Ryoe'+62%, 'Happy Bath'+27% 'Sulloc'+27%

[2010] Profits Analysis

OP by division

[Unit: KRW bn, % YoY]



OP of KRW 340.2bn, +13% YoY (+16%)*

[Cosmetics Division]

- **Operating profit increased 11% YoY (+13%)***
- Operating profits continued growth due to sales growth in all the luxury and premium channels
- Change in accounting method for duty-free sales and strong growth of commission-paying channels, Dept. store and Online channel, resulted in increased commissions paid

[MC&S Division]

- **Operating profit increased 50% YoY**
- Profitability and product mix improved due to increased sales of premium products of major brands, "Mis-en-scene", 'Ryoe' and 'Happy Bath'
- Profitability for 'Sulloc' brand improved due to increased portion of premium tea leaf and functional product sales

[2010 OPM by Division]

(OPM)	2009	2010
Cosmetics	19.0% (18.7%)*	18.1%
MC&S	6.8%	8.6%
Company	17.0% (16.7%)*	16.5%

[2010 Major SG&A Expense to Sales]

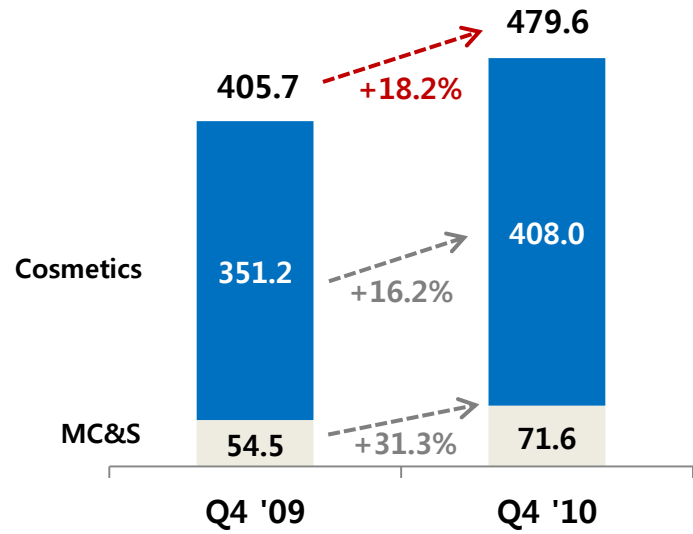
(vs. Sales)	2009	2010
Personnel	8.9%	8.5%
Marketing	15.5%	15.2%
Commission	17.0%	20.3%
Total SG&A	53.3% (55.4%)*	56.0%

* Actual growth and OPM reflecting the duty-free accounting change in dept. Store channel and the spin-off of Innisfree brand

[2010 Q4] Quarterly Performance Analysis

Sales by division

[Unit: KRW bn, % YoY]



Sales of KRW 479.6bn +18% YoY

[Cosmetics Division] Sales grew +16% YoY

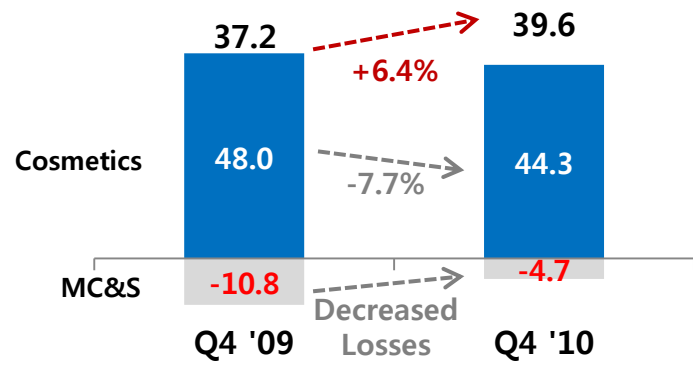
- Increased number of customers within duty-free shops and reinforced promotions in Department stores resulted in the channel's strong growth (+25% YoY)
- 'Aritaum' and Online channels displayed strong growth backed by increased sales of premium brands such as 'Laneige' and 'Hannule' ('Aritaum'+22%, Online+28%)
- 'Sulwhasoo'+37%, 'Amorepacific'+42%, 'Laneige'+32%, 'Hannule'+23%)

[MC&S Division] Sales grew +31% YoY

- Increased sales of hair care brands, 'Mis-en-scene' and 'Ryoe'
- Sulloc sales continued to increase through the strengthened line-up of premium products such as 'O sulloc'
- 'Mis-en-scene'+30%, 'Ryoe'+45%, 'Sulloc'+33%

OP by Division

[Unit: KRW bn, % YoY]



OP of KRW 39.6bn, +6% YoY

[Cosmetics Division]

- Investment costs in new store opening and sales force expansion increased for sales volume and M/S growth
- Change in accounting method for duty-free sales and strong growth of commission-paying channels, Dept. store and Online, resulted in increased commissions paid
- Overhead costs increased (employee incentives, other employee benefits costs, cosmetics R&D costs, etc)

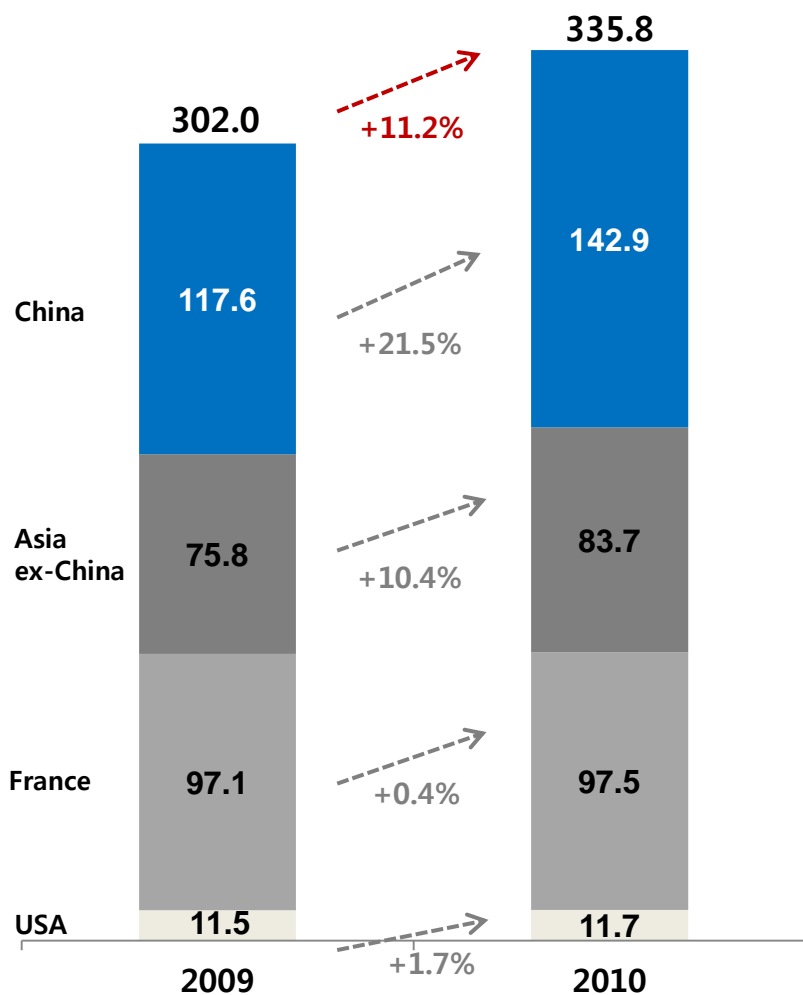
[MC&S Division]

- Profitability improved thanks to increased sales volume of personal care and green tea products and improved product mix

[2010] Overseas Business Analysis

Sales by Region

[Unit: KRWbn, % YoY]



2010 Sales of KRW 335.8bn, +11% YoY

Overseas business turned to black thanks to the solid sales growth and profitability improvement across all regions

Sales of KRW 335.8bn and operating profit of KRW 9.1bn

[China] 42% of total overseas sales, +22% YoY (RMB +33% YoY)

- Sales continued stable growth through reinforced marketing efforts
 - 'Laneige' and 'Mamonde' brands improved their brand image through TV/magazine advertisements and new store launches (Dept. store counter: 560 counters, Specialty stores: 2,089)
 - Secured momentum for mid- to long-term growth through acquisition of the 'Sulwhasoo' brand sales permit and the door-to-door license

[Asia ex-China] 25% of total overseas sales, +10% YoY

- Encounter marketing activities in the Asian markets resulted in enhanced brand recognition of 'Sulwhasoo' and 'Laneige' brands
- Sales increased in major Asian markets (Singapore +29%, Japan +23%, Malaysia +29%)

[France] 29% of total overseas sales, +0% YoY (Euro +16% YoY)

- Continued growth backed by increased sales from the 'Lolita Lempicka' brand
- Business turned to black in 2010 thanks to the continuous sales growth and efficient cost management

[USA] 3% of total overseas sales, +2% YoY (USD +13% YoY)

- Sales continued to grow backed by increased sales from the 'Amorepacific' brand and 'Amore Shops'

* The numbers are subject to changes without prior notice due to uncertainties

[2010] Financial Summary

► Income Statement

► Balance Sheet

[KRWbn]	2009		2010	
		%		%
Sales	1,769.0	100.0	2,058.5	100.0
Gross Profit	1,261.1	71.3	1,502.6	73.0
SG&A Expense	960.5	54.3	1,162.4	56.5
Operating Profit	300.6	17.0	340.2	16.5
Non-operating Profit	33.3		39.0	
Non-operating Expense	34.6		23.7	
Income Before Taxes	299.3	16.9	355.5	17.3
Net Profit	225.9	12.8	284.5	13.8

[KRWbn]	2009. 12	2010. 12
Asset	1,664.0	1,964.1
Current Asset	550.3	620.1
Non-current Asset	1,113.8	1,344.0
Liability	364.3	415.3
Current Liability	217.2	255.7
Non-current Liability	147.1	159.6
Shareholder's Equity	1,299.7	1,548.8
Capital	34.5	34.5
Capital Reserve	712.7	719.4
Capital Adjustment	-1.8	-1.8
Accumulated Other Inclusive Gain and Loss	24.4	20.3
Retained Earnings	529.9	776.4

Targeting Sales and OP Growth of 10%

Management Policy for 2011
'CREATING GROWTH MARKETS'

Improve
Global Business Execution Skills

Strengthen
Customer - Communications

Reinforce
Sustainability Management

Cosmetics Division

- Procure competitiveness in the Asian markets through reinforced research and development activities
- Provide differentiated products and services through timely assessment of customer needs
- Increase sustainable products portion by strengthening the green products portfolio

MC&S Division

- Strengthen market competency by expanding high-functional products in major personal care categories
- Sustain profitability trend by expanding high-functional personal care products
- Enhance premium and functional green tea products to turn over the green tea business



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http://en.amorepacific.com/invest/data_result01.jsp

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