



AMOREPACIFIC

2011 Earnings Release

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**AMOREPACIFIC Corp. has adopted the K-IFRS since 2011 Q1.
For fair comparison, we have disclosed the 2010 numbers based on same standards.**

2011 Financial Highlights

Sales up 12% to KRW 2,554.7bn, OP up 2% to KRW 372.9bn

- Despite continued global recession, solid growth of differentiated mega brands, competitive distribution structure covering low to high-end market, and accelerated growth in the global business led to double-digit sales growth throughout all divisions
- Investments in infrastructure constructions, overseas markets development and acquisition of the French perfume brand increased to back mid to long term growth

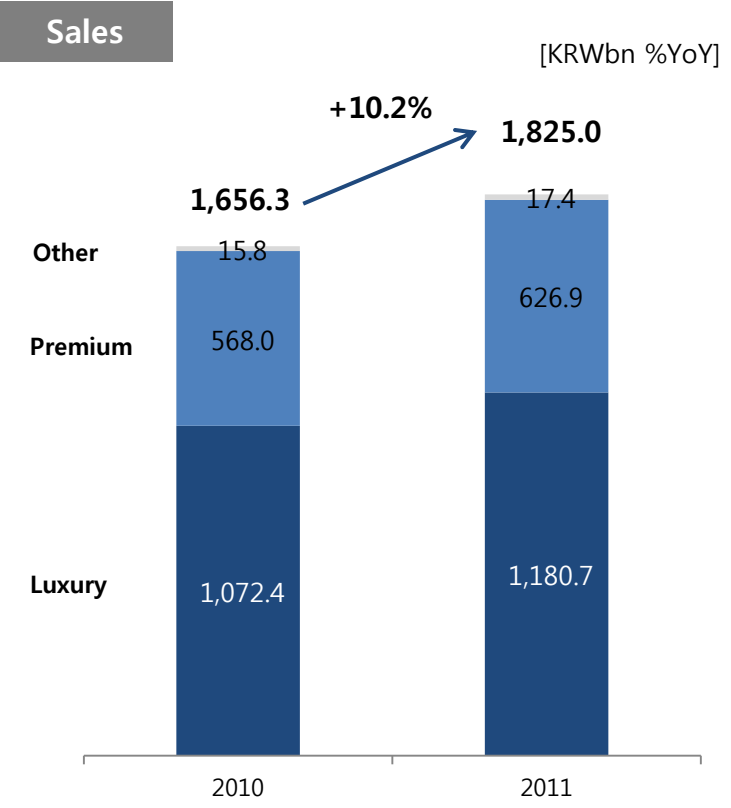
Sales and Profits

[KRWbn]

	2010 K-IFRS	(%)	2011 K-IFRS	(%)	Y on Y (%)
Sales	2,272.3	(100)	2,554.7	(100)	12.4
Cosmetics (Domestics)	1,656.3	(72.9)	1,825.0	(71.4)	10.2
Cosmetics (Overseas)	266.7	(11.7)	327.2	(12.8)	22.7
MC&S	3,493.3	(15.4)	402.5	(15.8)	15.2
Operating Profits	364.5	(16.0)	372.9	(14.6)	2.3
Cosmetics (Domestics)	323.3	(19.5)	329.7	(18.1)	2.0
Cosmetics (Overseas)	8.4	(3.2)	3.0	(0.9)	(64.5)
MC&S	32.8	(9.4)	40.2	(10.0)	22.8
Net Profit	287.6	(12.7)	327.3	(12.8)	13.8

* gains on disposal of property, plant and equipment: +47.2bn

2011 Earnings by Division _ Cosmetics (Domestic)



Sales of KRW 1,825.0bn (+10%), OP of KRW 329.7bn (+2%)

Despite the economic recession, balanced distribution portfolio and differentiated brand power resulted in strong growth

[Luxury] 65% of domestic cosmetics sales, up 10% to KRW 1,180.7bn

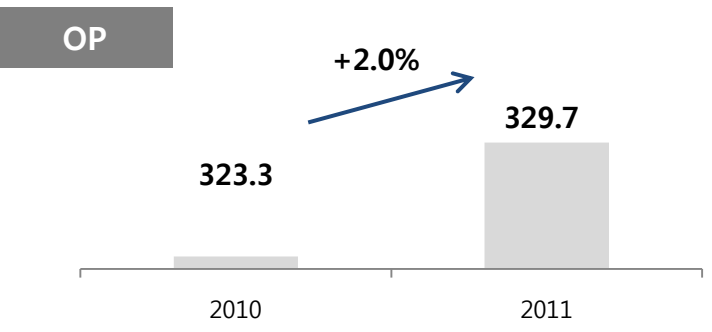
- DFS positioned as a strong growth channel for luxury division with strong performance backed by launch of channel-exclusive products and strengthened sales capacity/ Robust sales growth of 'Sulwhasoo' and 'AP' brands continued in Dep. Store and DFS channels (Dep. store +10%, DFS +34%)
- Due to the depressed domestic economy, sales growth in D2D channel slowed down in the 2nd half (D2D +5%)

[Premium] 34% of domestic cosmetics sales, up 10% to KRW 626.9bn

- Robust growth in On-line and Specialty store channels led to strong sales growth of premium segment / Strengthened customer communication with social media delivered sales volume growth of 'Laneige' and 'IOPE' brands (Specialty +13%, On-line +20%)
- Slower channel growth and trade-down to one brand shops resulted in weaker growth in Hypermarket channel

[OP] up 2% to KRW 329.7bn

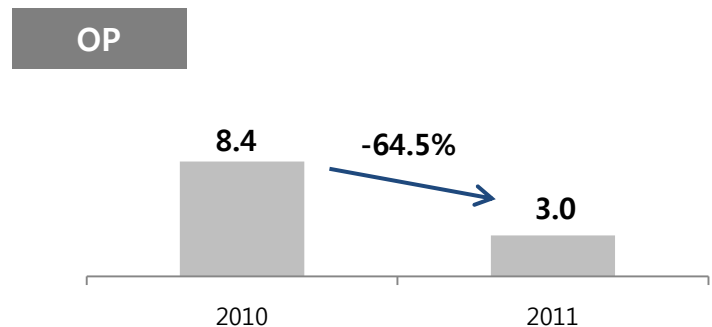
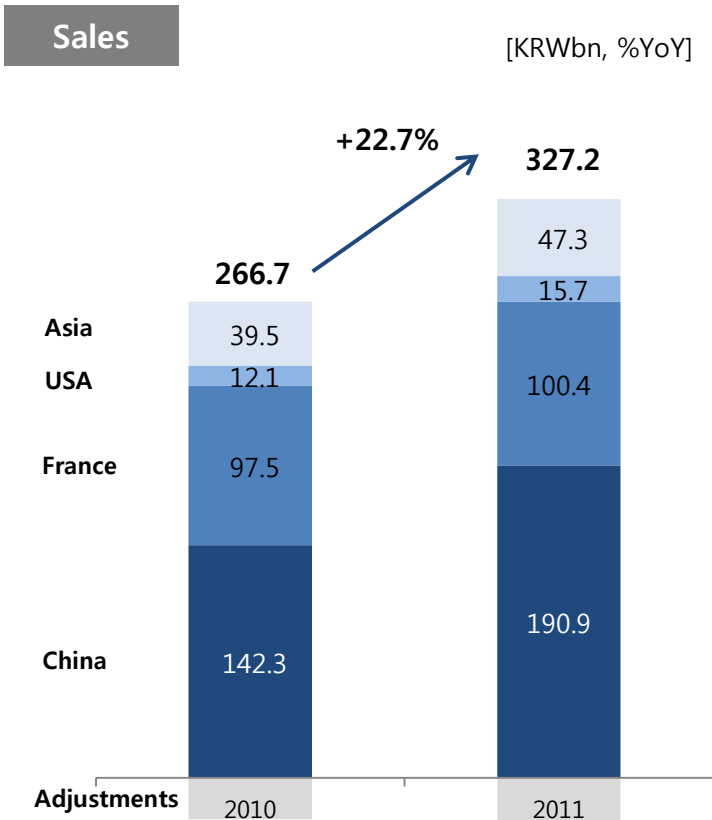
- Costs incurred relating to the completion of and relocation to the new factory and logistics center
- Additional investments increased to back mid to long term growth (consulting fees, establishing IT systems, etc) and accelerated sales growth of the commission paying channels resulted in increased commissions paid
- Advertising expenses increased behind expanded marketing efforts



[Major Brands]

Brand	Growth (%)
'Sulwhasoo'	+13%
'Amorepacific'	+14%
'IOPE'	+13%
'Laneige'	+24%

2011 Earnings by Division _ Cosmetics (Overseas)



Sales of KRW 327.2bn (+23%), OP of KRW 3.0bn (-65%)

China led overseas sales growth exceeding the guidance/ Expanded investments to strengthen brand recognition and create growth markets

[China] 58% of overseas cosmetics sales, up 34% to KRW 190.9bn

- **Laneige:** Strong sales growth backed by improved store efficiency/ Enhanced brand recognition through advertisements and promotions (+20%)
- **Mamonde:** Robust sales growth delivered by store expansion and promotions /Tapping on new channels such as Drugstores and On-line (+44%)
- **Sulwhasoo:** Launched in 1H/ Enhanced brand recognition through VIP and media PR over Shanghai and Beijing regions/ Continued opening new counters in high-end department stores (7 counters)

[France] 31% of overseas cosmetics sales, up 3% to 100.4bn

- Continued economic recession in Europe led to decreased demands in the retail market for perfumes and weakened sales and profitability of 'Lolita Lempicka' brand
- Acquisition of the French perfume brand, 'ANNICK GOUTAL' to strengthen perfumes' brand portfolio/ Expecting expanded overseas perfume business in Japan and the Middle East.

[US] 5% of overseas cosmetics sales, up 31% to KRW 15.7bn

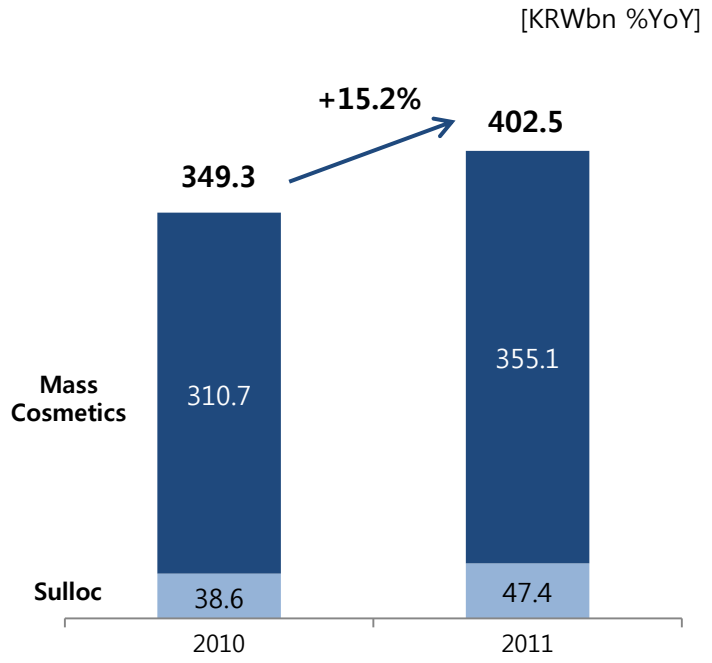
- AP: Continued strong sales growth delivered by new products launches and sales of hit products in Dep. Store and Sephora channel/ Enhanced brand-loyalty through VIP customer management
- Amore Shop: Restructuring specialty stores business by strengthening sales capacity and improving store environment ('AP' +50%, Amore Shop +24%)

[Asia] 14% of overseas cosmetics sales, up 20% to KRW 47.3bn

- Enhanced brand recognition and continued store expansion in major ASEAN markets
- Decreased profits resulted from weaker profitability of Japanese business and one-off costs relating to the acquisition of 'ANNICK GOUTAL' brand By AGO

2011 Earnings by Division _ MC&S

Sales



Sales of KRW 402.5bn (+15%), OP of KRW 40.2bn (+23%)

Accelerated sales and profit growth backed by stronger premium and functional products/ Strengthened market leadership and increased M/S through all categories

[MC] 88% of MC&S sales, up 14% to KRW 355.1bn

- Strengthened no.1 M/S in shampoo and body cleanser markets backed by stronger premium and organic lines of major brands such as 'Mis-en-scene', 'Ryoe' and 'Happy Bath'/ MS continuing to increase
- Strong sales growth of functional oral care products such as 'Median Dental Care' line and 'Median Doctor toothbrush'

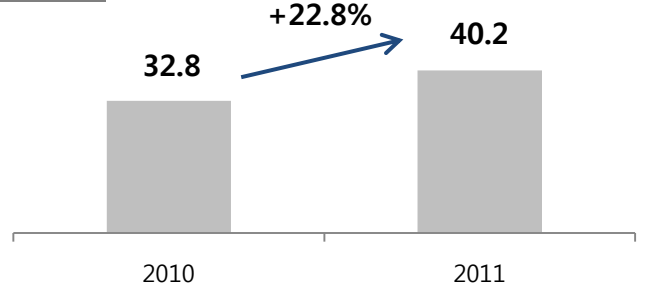
[Sulloc] 12% of MC&S sales, up 23% to KRW 47.4bn

- Portion of premium products increased more than 30% on the back of strengthened sales capacity for tea leaf products, increased interest in organic tea and reinforced brand awareness
- Active customer communication through online mall and community/ Expanded 'O'Sulloc' experiences and enhanced brand awareness for younger customers

[OP] Up 23% to KRW 40.2bn

- Despite the pressure on costs due to the raw material price hike and increased marketing activities, profits continued solid growth thanks to the improved product mix

OP



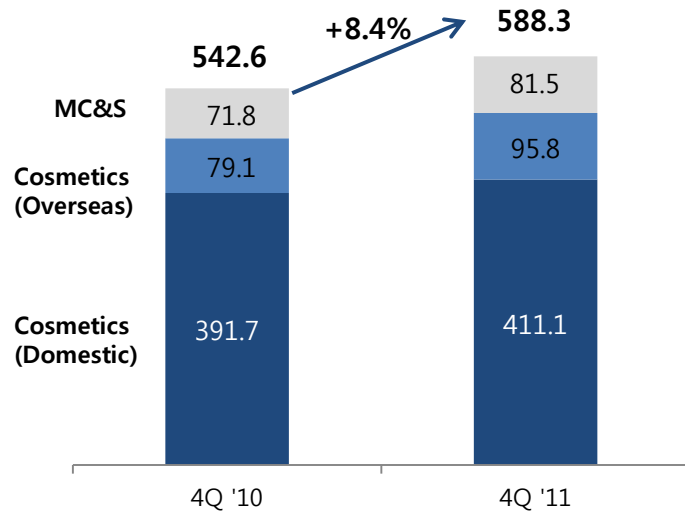
[Major brands]

- 'Ryoe' +18%
- 'Mis-en-scene' +17%
- 'Median' +21%
- 'Happy Bath' +16%
- 'Sulloc' +23%

2011 4Q Earnings by Division

Sales

[KRWbn, %YoY]



Sales of KRW 588.3bn (+8%), OP of KRW 54.8bn (+13%)

Despite the economic recession, continued strong organic sales growth and profitability improvement

[Cosmetics_Domestic] Sales of KRW 411.1bn (+5%), OP of KRW 53.9bn (+6%)

- Sales increased on the back of the strong growth in Dep. Store, Specialty store and On-line channels (Dep. Store +11%, Specialty store +15%, On-line +11%)
- Continued sales growth of major mega brands such as 'Sulwhasoo', 'IOPE' and 'Laneige'/ Robust sales growth of PB brand of 'Aritaum' (Sulwhasoo +8%, 'IOPE' +14%, 'Laneige' +22%, 'Aritaum' +13%)
- Due to the trade-down, decreased purchase amount per customer slowed down sales growth in Hypermarket and D2D channels (Hypermarket -5%, D2D -4%)

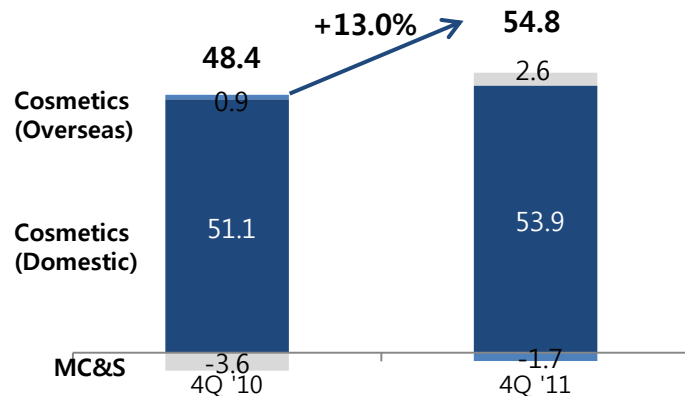
[Cosmetics_Overseas] Sales of KRW 9.58bn (+21%), OP of KRW -1.7bn

- Overseas sales growth continued backed by strong performance in China displaying sales of KRW 54.9bn (+39%)
- Overseas business made a loss temporarily due to increased costs relating to expanded investments (reinforcing marketing efforts, diversifying distribution channels, labor costs, and bonuses) and sluggish sales in the European market

[MC&S Division] Sales of KRW 8.15bn (+14%), OP of KRW 2.6bn (+174%)

- **MC:** Profitability increased due to product mix improvement through increased sales volume of premium lines of major brands such as 'Mis-en-scene', 'Ryoe and 'Happy Bath' (Sales +14%, OP +288%)
- **Sulloc:** Sales and profitability continued strong growth through increased sales of premium products within the Dep. Store channel (Sales +14%, OP +57%)

OP



2011 Financial Summary

► Income Statement

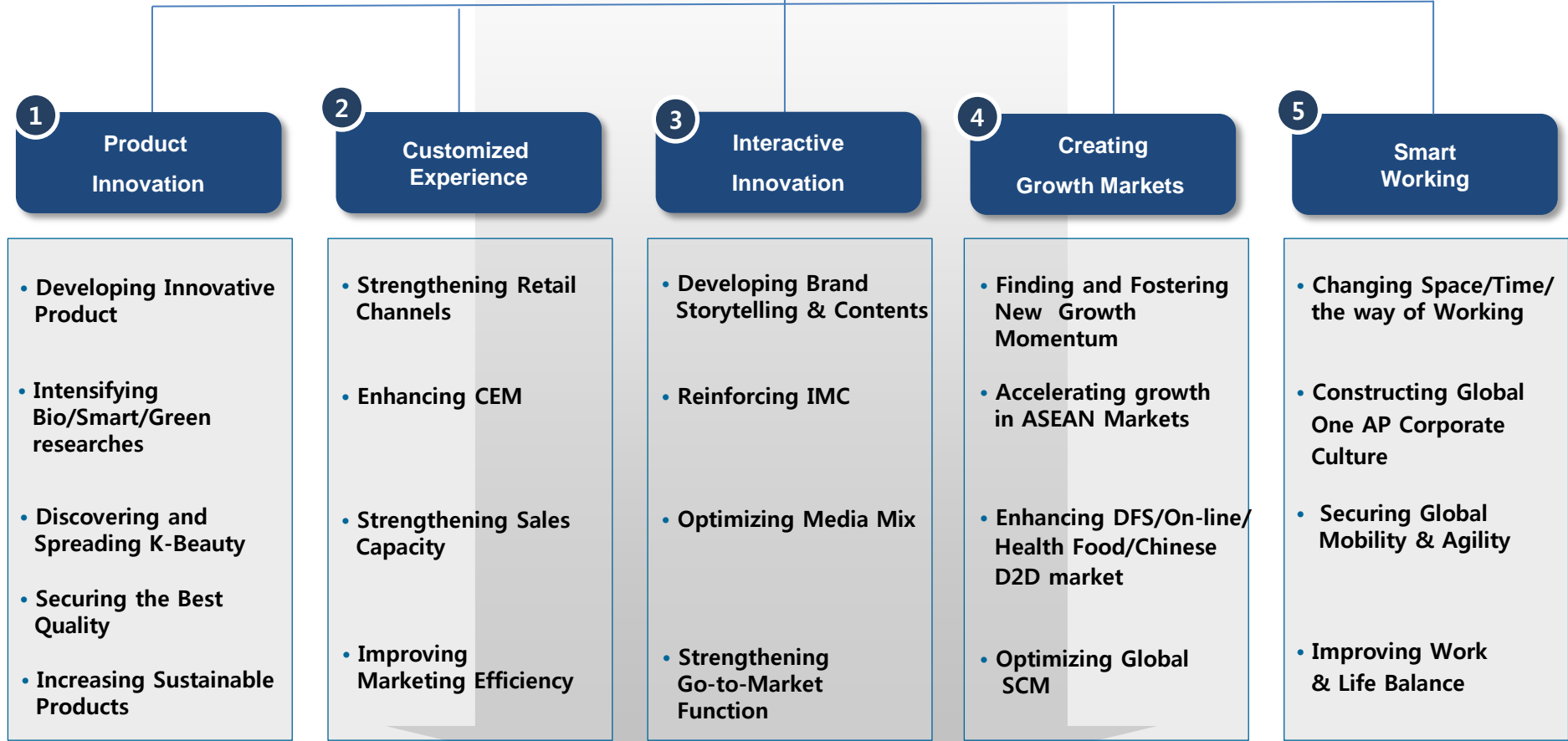
[KRWbn]	2010		2011	
	K-IFRS	%	K-IFRS	%
Sales	2,272.3	100.0	2,554.7	100.0
Gross Profit	1,572.2	69.2	1,780.1	69.7
SG&A Expense	1,207.7	53.1	1,407.2	55.1
Operating Profit	364.5	16.0	372.9	14.6
Non-operating Profit/Expense	1.1		56.7	
Income before Taxes	365.6	16.1	429.6	16.8
Consolidated Net profit	287.6	12.7	327.3	12.8

► Balance Sheet

[KRWbn]	2010. 12 K-IFRS	2011. 12 K-IFRS
Asset	2,481.8	2,815.4
Current Asset	745.2	753.7
Non-current Asset	1,736.6	2,061.7
Liability	619.7	676.2
Current Liability	380.4	425.1
Non-current Liability	239.3	251.1
Shareholder's Equity	1,862.1	2,139.2
Capital	34.5	34.5
Capital Stock Premium	712.7	712.7
Capital Reserve	7.7	7.7
Other Capital Adjustments	-1.8	-1.8
Inclusive Gain and Loss	-1.1	-2.4
Retained Earnings	1,100.5	1,377.4
Non-controlling Interest	9.6	11.1

* gains on disposal of property, plant and equipment: +47.2bn

Thorough preparation to achieve sustainable growth Targeting Sales growth of 10%, OP growth of 7%





AMORE PACIFIC
CORPORATION

http://www.amorepacific.com/invest/data_result_01.jsp

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