



AMOREPACIFIC CORP.

AMOREPACIFIC Corporation 3Q 2016 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 22.3% to KRW 4,329.4bn, OP up 14.8% to KRW 745.9bn

Sales & OP by Division

KRW bn

	3QYTD 2015	% of sales	3QYTD 2016	% of sales	YoY(%)
Sales	3,540.9	100.0%	4,329.4	100.0%	22.3
Domestic	2,680.7	75.7%	3,131.2	72.3%	16.8
Cosmetics	2,281.1	64.4%	2,738.7	63.3%	20.1
Mass & Osulloc	399.7	11.3%	392.6	9.1%	-1.8
Overseas	886.3	25.0%	1,232.3	28.5%	39.0
Others*	-26.2		-34.1		
	3QYTD 2015	% of sales	3QYTD 2016	% of sales	YoY(%)
Operating Profit	649.5	18.3%	745.9	17.2%	14.8%
Domestic	537.3	20.0%	604.3	19.3%	12.5%
Cosmetics	482.5	21.2%	590.4	21.6%	22.4%
Mass & Osulloc	54.8	13.7%	13.9	3.5%	-74.7%
Overseas	127.1	14.3%	175.6	14.2%	38.2%
Others*	-14.9		-34.1		
Net Profit	515.2	14.5%	572.7	13.2%	11.2%

Others* : Intercompany Transaction

Sales up 22.8% to KRW 1,400.9bn, OP up 2.5% to 167.5bn

Sales & OP by Division

KRW bn

	3Q 2015	% of sales	3Q 2016	% of sales	YoY(%)
Sales	1,141.1	100.0%	1,400.9	100.0%	22.8
Domestic	828.0	72.6%	1,007.0	71.9%	21.6
Cosmetics	679.0	59.5%	867.4	61.9%	27.8
Mass & Osulloc	149.0	13.1%	139.6	10.0%	-6.3
Overseas	321.3	28.2%	407.0	29.1%	26.7
Others*	-8.1		-13.1		
	3Q 2015	% of sales	3Q 2016	% of sales	YoY(%)
Operating Profit	163.4	14.3%	167.5	12.0%	2.5
Domestic	131.2	15.8%	136.6	13.6%	4.1
Cosmetics	107.8	15.9%	148.3	17.1%	37.6
Mass & Osulloc	23.4	15.7%	-11.7	-8.4%	Turned to red
Overseas	38.2	11.9%	47.2	11.6%	23.3
Others	-6.0		-16.2		
Net Profit	142.2	12.5%	117.1	8.4%	-17.7

Others* : Intercompany Transaction

Luxury

Achieved quality growth based on differentiated brand value

- Sulwhasoo solidified its brand position as Asia's representative luxury brand through global relay of various events celebrating the 50th year anniversary of ginseng research
: Sulwhasoo's appealed its unique brand heritage through the production of brand movie and brand book
- Hera enhanced its brand image as a luxury brand leading Seoul trends
: Raised brand awareness through the production of 'HERA loves SEOULISTA', the 4th installment of brand film which highlights inspirations of Seoul
: Hera enhanced the appeal of its color product portfolio through the launch of FW 2016 Eric Giriat collection
- Primera solidified its position within the nature friendly category through increased sales of representative sprout energy related products (Super Sprout Serum, Cream) and new products (Wild Seed Firming Cream)

Travel retail channel sustained robust growth mainly from increased sales of key brands, online sales, and global expansion

- Achieved steady, quality growth with strengthened inventory control to improve inventory visibility

Department store channel achieved solid same store sales growth through strengthened customer service

Door-to-door channel improved efficiency of counselors and strengthened communication with customers through utilization of digital media

Premium

Raised awareness of brand story through diverse marketing activities and expansion of digital communication

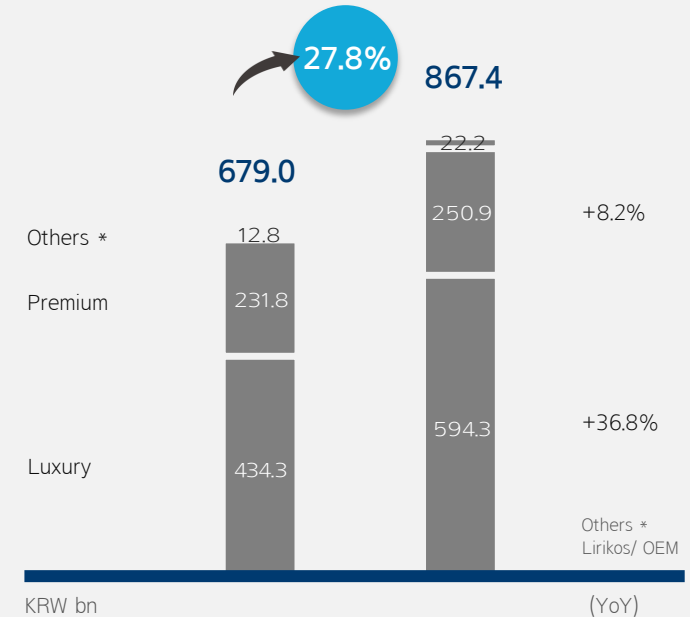
- Enhanced brand appeal through various brand campaigns like Laneige's 'Find your sparkling beauty', Mamonde's 'Invitation to the Ceramide Garden' and etc.
- Expanded scope of communication with customers by strengthening diverse digital contents (Laneige's 'Beauty Mirror Color Selection' and 'Beauty Road,' Mamonde's online mall upgrade)

Digital channel recovered with growth

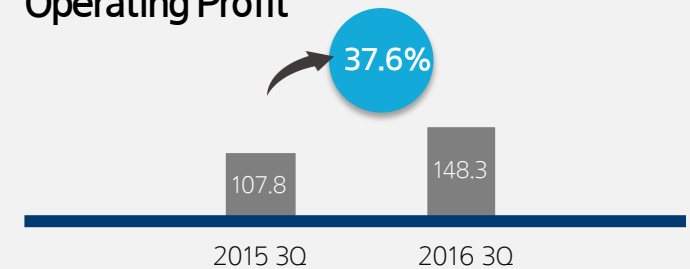
- Turnaround of digital channel's revenue growth through increased sales from AP's online mall and mobile commerce
- Enhanced customer convenience through simplified login/payment systems and utilization of directly run website offering diverse service components such as the 'Beauty Propose Service'

Ongoing efforts to improve retail environment in Aritaum channel

Sales



Operating Profit



Mass

Revenue and profit decreased through toothpaste recall and recognition timing difference of Chuseok gift set returns

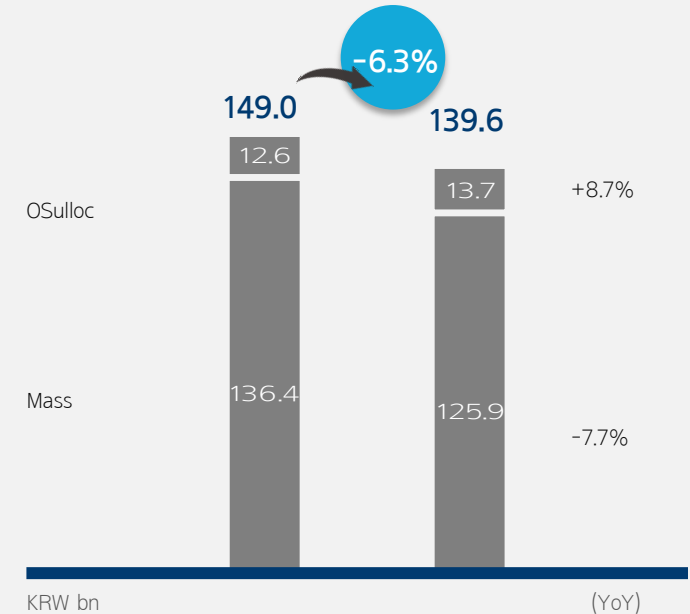
- Sales slowdown and temporary profit loss due to recognition timing difference of Chuseok gift set returns and reflection of toothpaste recall cost
- Hair and body category responded to diverse customer needs by strengthening functional products ('Freshpop's Pomegranate line, 'Happy Bath's Essence line, and 'illi's Ultra Repair line)
- Ryo enhanced haircare brand position as Asia's representative hair care brand through 'Miindo'(Portrait of a Asian Beauty) project which raised awareness of what symbolizes beautiful Korean hair

OSulloc

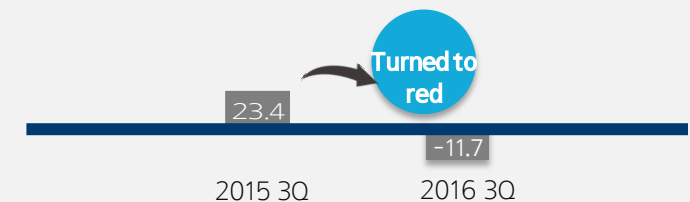
Improved brand value through channel restructuring and expansion of premium product types

- OSulloc brand secured quality growth through the maintenance of loss-making stores
- Improved customer convenience through renewal of mobile commerce
- Expanded value-added products as well as diversified Jeju-origin premium products

Sales



Operating Profit



Asia

Sulwhasoo strengthened brand position as Asia's representative luxury beauty brand

- Promoted Korean medicinal herbs brand heritage through global relay of marketing activities celebrating the 50th year of ginseng research
- Robust growth due to expansion within high-end department stores along with stronger sales from online mall(China)

Laneige strengthened brand leadership as global young premium brand

- Enhanced brand appeal through renewal of department stores
- Diversified customer accessibility through launch of roadshops within key shopping malls

Mamonde launched new products and advanced into new markets

- Launched early anti-aging line ('Youth Capture') reflecting Chinese customers' needs
- Expanded customer base by penetrating within the Malaysian market

Innisfree achieved solid sales growth in all regions through its differentiated brand story

- Offered differentiated cushion purchasing experience through expansion into Asia with 'My Style My Cushion'
- Achieved robust sales growth through expansion of stores(opened 300th shop in China) and strengthened digital business

Etude strengthened make-up brand position through product innovation

- Strengthened make-up category through new product launches (Double Lasting Foundation, Blend For4 eyes)
- Robust sales growth with new store launches and improved efficiency of current stores

Hera strengthened luxury make-up category portfolio by launching the Hera brand in China

North America

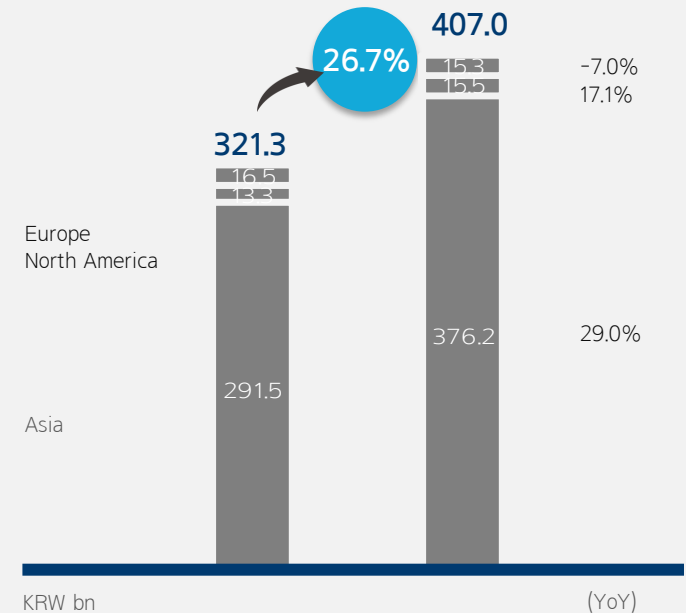
Robust growth through expansion of retail channels with key brands along with improved brand awareness

- Solid revenue growth through expansion of Sulwhasoo and Laneige in the Canadian market and increased sales of hit products

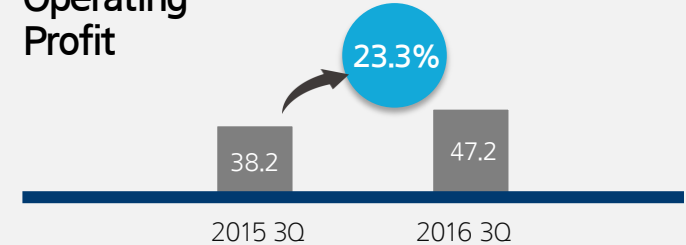
Europe

Revenue and profit declined in Europe due to channel restructuring

Sales



Operating Profit



Income Statement

KRW bn

	2015 3Q		2016 3Q	
Sales	1,141.1	100.0%	1,400.9	100.0%
Gross Profit	838.5	73.5%	1,038.4	74.1%
SG&A expenses	675.0	59.2%	870.9	62.2%
Operating Profit	163.4	14.3%	167.5	12.0%
Non-operating Profit/Expenses	14.0		(14.0)	
Profit before tax	177.4	15.5%	153.5	11.0%
Consolidated net income	142.2	12.5%	117.1	8.4%

Statement of Financial Position

KRW bn

	2015.12	2016.09
	Assets	4,443.1
Current assets	1,833.2	2,185.3
Non-current assets	2,609.9	2,829.3
Liabilities	1,070.8	1,175.3
Current liabilities	871.9	980.2
Non-current liabilities	198.9	195.1
Shareholder's Equity	3,372.3	3,839.3
Capital stock	34.5	34.5
Additional paid-in capital	712.7	712.7
Capital surplus	7.8	7.8
Other components of equity	(18.4)	(18.4)
Accumulated other comprehensive income	(14.1)	(22.1)
Retained earnings	2,623.1	3,093.2
Non-controlling interest	26.7	31.6