



# **AMOREPACIFIC GROUP**

**2012 Q2 Earnings Release**

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**AMOREPACIFIC GROUP has adopted the K-IFRS since 2011.**

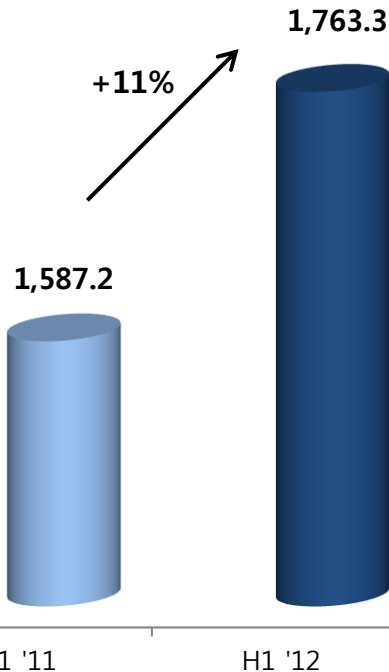
# 2012 H1 FINANCIAL HIGHLIGHTS

## Sales up 11% to KRW 1,763.3bn, OP up 10% to KRW 302.1bn

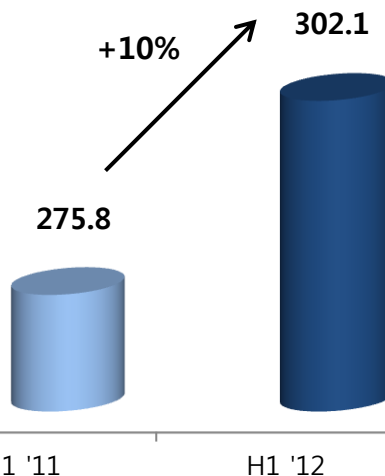
- Greatest H1 results driven by the strong performance of major cosmetics subsidiaries - AMOREPACIFIC, Etude and Innisfree
- Continued overseas expansion and marketing investments to secure the mid to long term growth momentum for the core business

[KRWbn / %YoY]

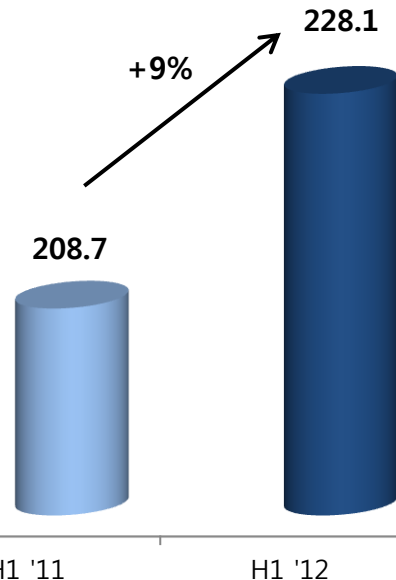
### Sales



### Operating Profit



### Net Profit

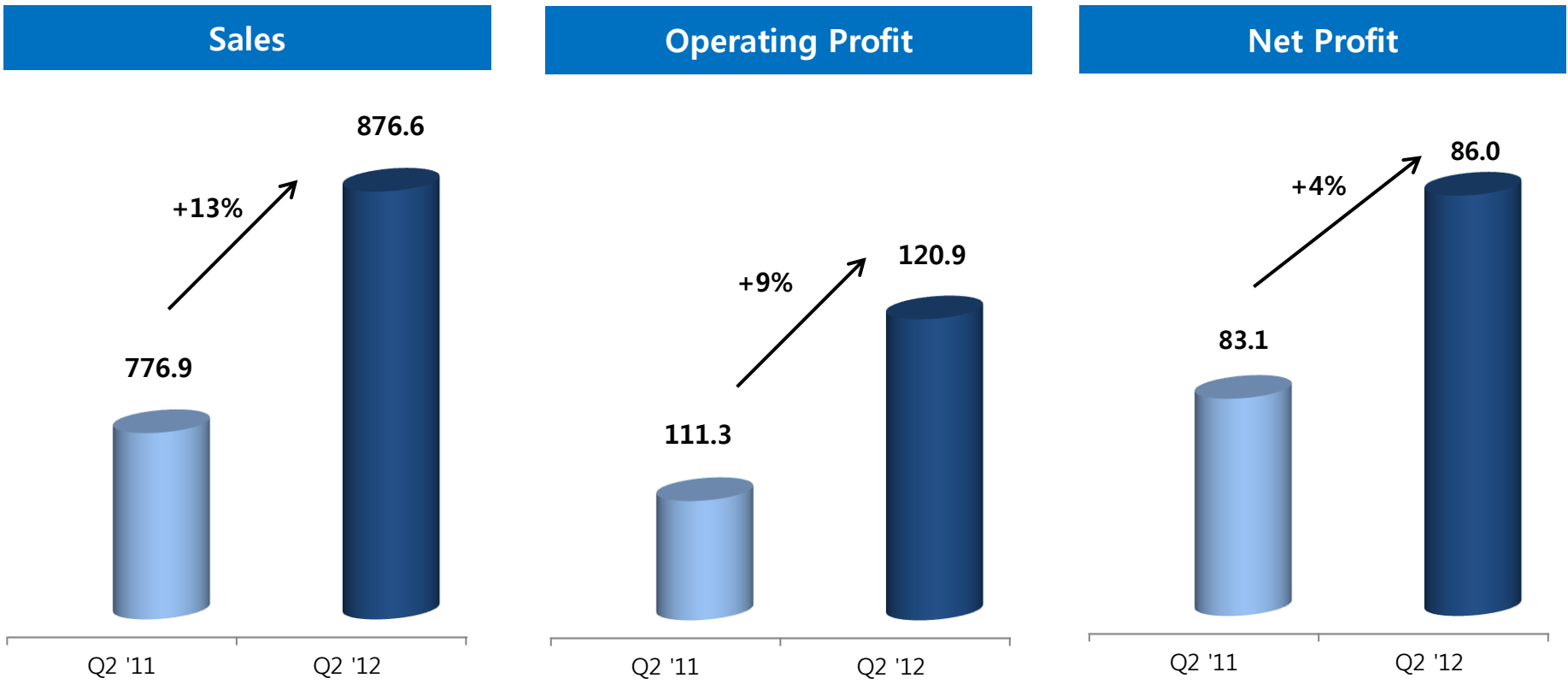


# 2012 Q2 Earnings Summary

## Sales up 13% to KRW 876.6bn, OP up 9% to KRW 120.9bn

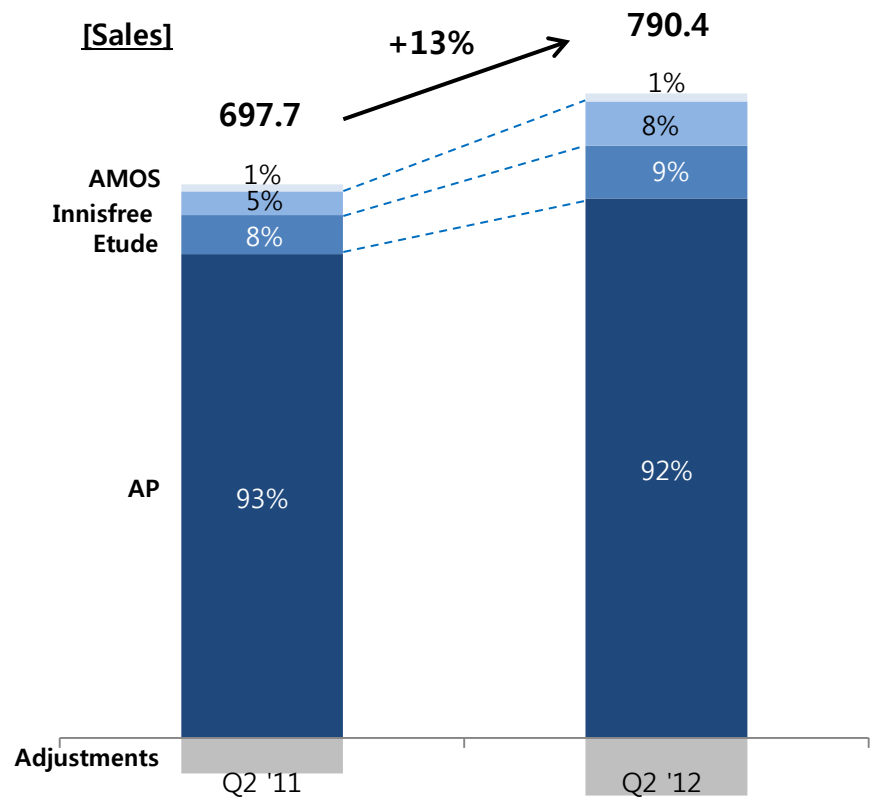
- Differentiated product launches and strategies for distribution structure in response to more diversified customer needs caused by the recession resulted in continued sales growth
- Greatest quarterly results delivered by particularly strong performance of domestic and overseas businesses of major cosmetics subsidiaries

[KRWbn / %YoY]

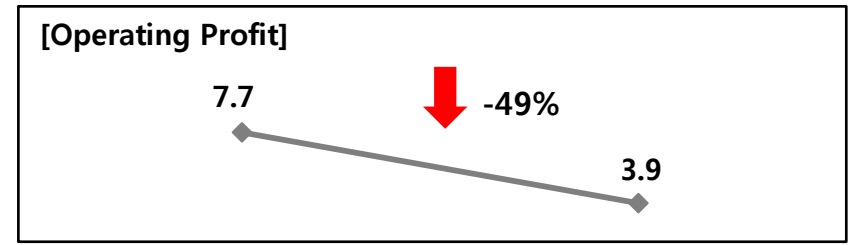
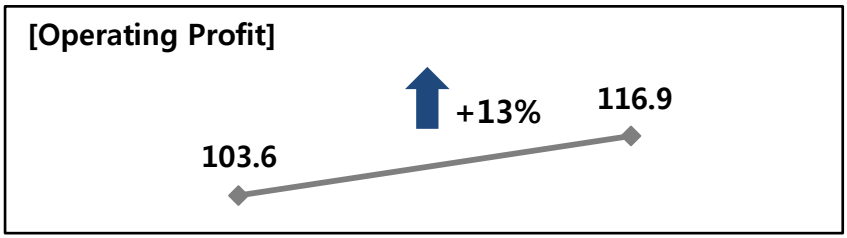
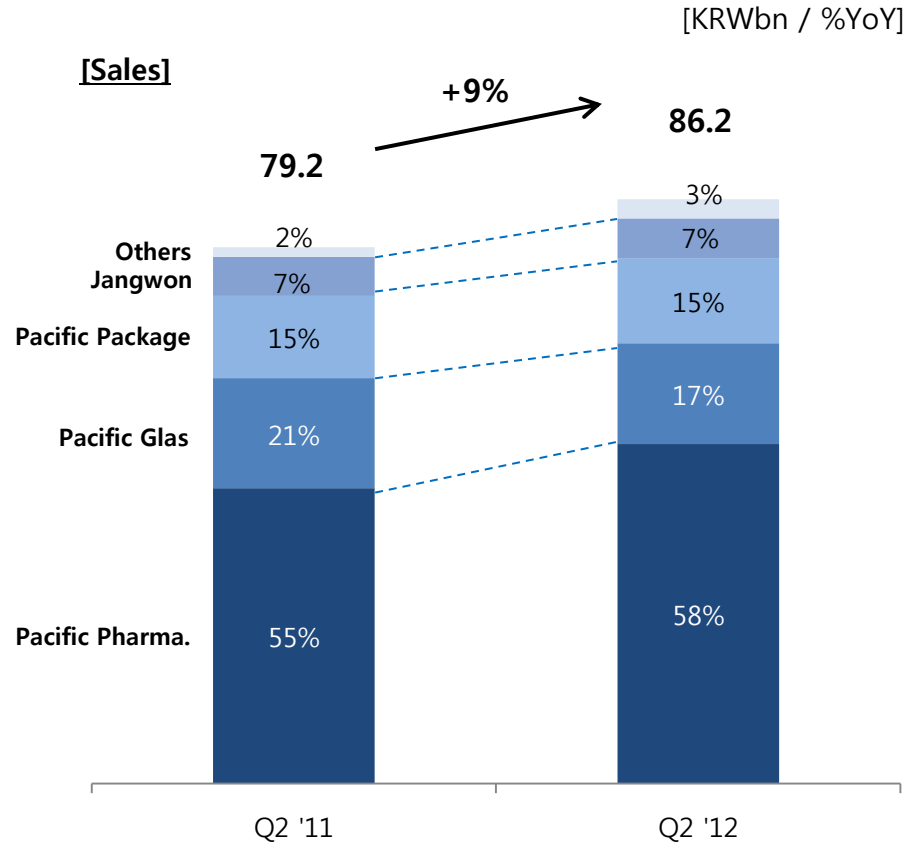


# 2012 Q2 Earnings Summary - By Division

## Cosmetics Business



## Non-cosmetics Business



# 2012 Q2 Earnings by Division \_ Cosmetics

[KRWbn]

	AMOREPACIFIC _Consolidated		Etude	
	Q2 '11	Q2 '12	Q2 '11	Q2 '12
Sales	651.5	726.8	52.9	71.0
GP	465.5	520.8	30.1	40.5
SG&A	371.9	422.7	25.2	34.2
OP	93.6	98.1	4.9	6.3

	Innisfree		AMOS Professional	
	Q2 '11	Q2 '12	Q2 '11	Q2 '12
Sales	31.8	59.3	9.2	10.8
GP	21.6	41.8	4.9	5.9
SG&A	18.7	32.0	2.3	3.3
OP	3.1	9.8	2.5	2.6

## [AMOREPACIFIC] Sales +12%, OP +5%

Despite the economic downturn, continued strong performance in overseas business and increased sales volume growth in major domestic channels backed by innovative product launches and reinforced marketing efforts led to earnings recovery

**[Sales growth by Division]** Domestic cosmetics +7%, Overseas cosmetics +41%, MC&S (Personal Care and Tea business) +10%

- Domestic business - Strengthened market leadership thanks to the new product launches / Total sales growth delivered by strong growth of Duty-free and Online channels
- Overseas business- Strong sales growth with profitability improvement in China, the core growth market / Securing additional growth momentum through channel diversification
- Operating margin down slightly- Expanded marketing investments in new product launches / Increased depreciation charges related to the new factory and logistics center

## [Etude] Sales +34%, OP +29%

- Strong sales of hit products such as 'Pearl BB' and 'Moistful cream' and increased inflow of new customers resulted in strong sales growth
- Robust overseas sales, especially in Japan, due to increased share of exports

## [Innisfree] Sales +86%, OP +214%

- Improved same store sales results behind enhanced brand storytelling and expanded hit products / Continued organic sales growth throughout all channels and gained market share
- Entering into the Chinese market establishing a base for overseas business expansion / Despite the increased marketing costs, solid profit growth thanks to the improved product mix and efficient cost management

## [AMOS Professional] Sales +19%, OP +4%

- Gained market share backed by strong sales growth throughout all categories such as Permer, Dyer, etc. (26.3% → 31.3%)
- Increased per capita purchasing on the back of brand renewal and premium products launches

# 2012 Q2 Earnings by Division \_ Non-Cosmetics

[KRWbn]

	Pacific Pharma.		Pacific Glas	
	Q2 '11	Q2 '12	Q2 '11	Q2 '12
Sales	43.6	50.1	16.3	14.8
GP	17.4	13.4	2.5	1.2
SG&A	14.0	11.6	1.2	1.2
OP	3.4	1.8	1.3	0

## [Pacific Pharma.] Sales +15%, OP -50%

- Reinforced medical beauty business, strong growth of supplement food category and reinforced sales capacity caused expanded clients
- Increased marketing costs related to launch of medical beauty brand 'Aestura', price cut on medicines and investments in clinical studies resulted in decreased profits

## [Pacific Glas] Sales -9%, OP -98%

- Sales and profit down due to the decreased exports to overseas markets such as America, Europe and Japan
- Sales decreased because of the high comparison base in '11 caused by the increased production to prepare for the relocation of the factory

	Pacific Package		Jangwon Industry	
	Q2 '11	Q2 '12	Q2 '11	Q2 '12
Sales	12.1	12.6	5.8	5.9
GP	2.5	2.2	2.1	1.7
SG&A	0.9	1.0	0.5	0.7
OP	1.6	1.2	1.6	1.0

## [Pacific Package] Sales +4%, OP -25%

- Sales growth backed by robust growth of affiliates such as Etude and Innisfree
- Strong sales volume growth of MC&S products with high COGS caused the increased ratio of cost of sales

## [Jangwon Industry] Sales +1%, OP -39%

- Diversified growth momentum through creating new markets
- Decreased operating profit due to the expanded investment on high value product development and raw material price hike related to organic fertilizers

# 2012 Q2 Financial Summary

## ► Income Statement

[KRWbn]	Q2 2011		Q2 2012		Growth
		%		%	
Sales	776.9	100.0	876.6	100.0	12.8%
Gross Profit	544.2	70.0	627.7	71.6	15.3%
SG&A Expense	432.9	55.7	506.8	57.8	17.1%
Operating Profit	111.3	14.3	120.9	13.8	8.6%
Non-operating Profit/Expense	4.7		1.9		
Income Before Taxes	116.0	14.9	122.8	14.0	5.8%
Consolidated Net Profit	83.1	10.7	86.0	9.8	3.5%

## ► Statement of Financial Position

[KRWbn]	2011. 12	2012. 6	Growth
Assets	4,254.9	4,443.5	4.4%
Current assets	1,341.2	1,626.5	21.3%
Non-current assets	2,913.7	2,817.0	-3.3%
Liabilities	897.3	909.3	1.3%
Current liabilities	550.2	566.9	3.0%
Non-current liabilities	347.1	342.4	-1.4%
Shareholder's Equity	3,357.6	3,534.2	5.3%
Capital stock	44.5	44.5	
Capital surplus	680.5	680.5	
Capital Adjustment	-134.2	-134.5	
Accumulated other comprehensive income	1.8	0.3	-82.7%
Retained earnings	1,258.2	1,345.0	6.9%
Non-controlling interest	1,506.8	1,598.4	6.1%