



# **AMOREPACIFIC GROUP**

**2011 3Q Earnings Release**

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 GROUP has adopted the K-IFRS since 2011 1Q.  
For fair comparison, we have disclosed the 2010 numbers based on same standards.**

# 2011 Q3 Earnings Summary

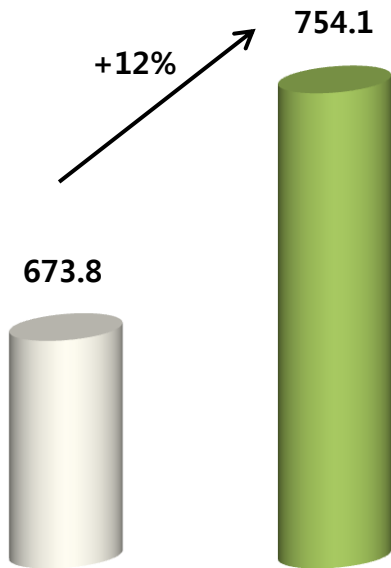
## Sales up 12% to KRW 754.1bn, OP down 4% 94.6bn

Solid sales growth continued backed by the strong performance of cosmetics subsidiaries – AMOREPACIFIC, Etude and Innisfree

Weak OP due to the expanded investments to strengthen the cosmetics business competitiveness

[KRWbn, %YoY]

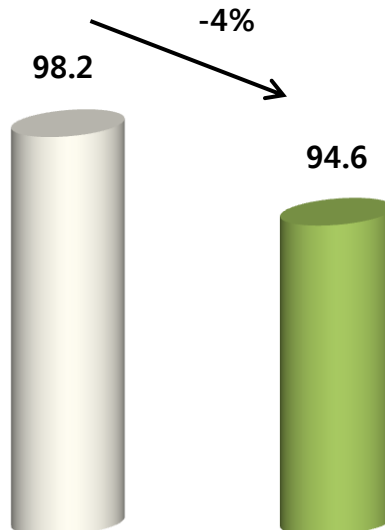
### Sales



3Q '10

3Q '11

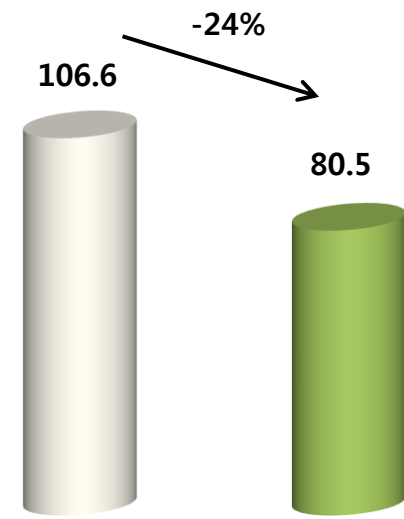
### Operating Profit



3Q '10

3Q '11

### Net Profit

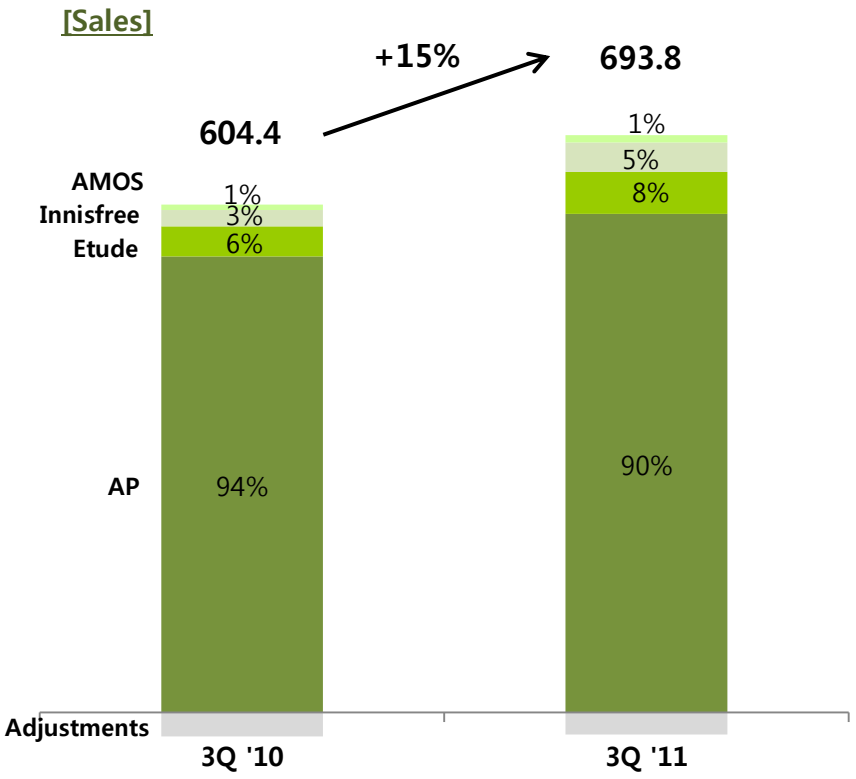


3Q '10

3Q '11

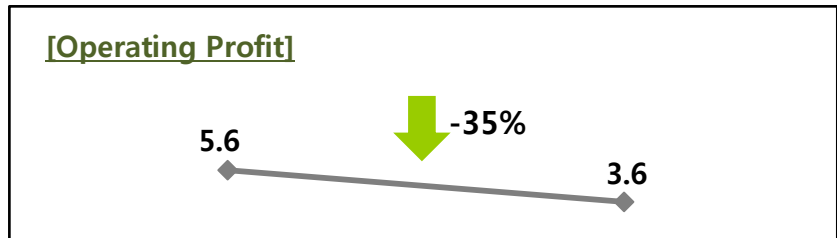
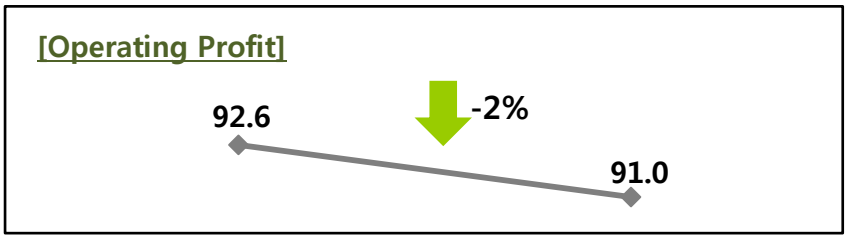
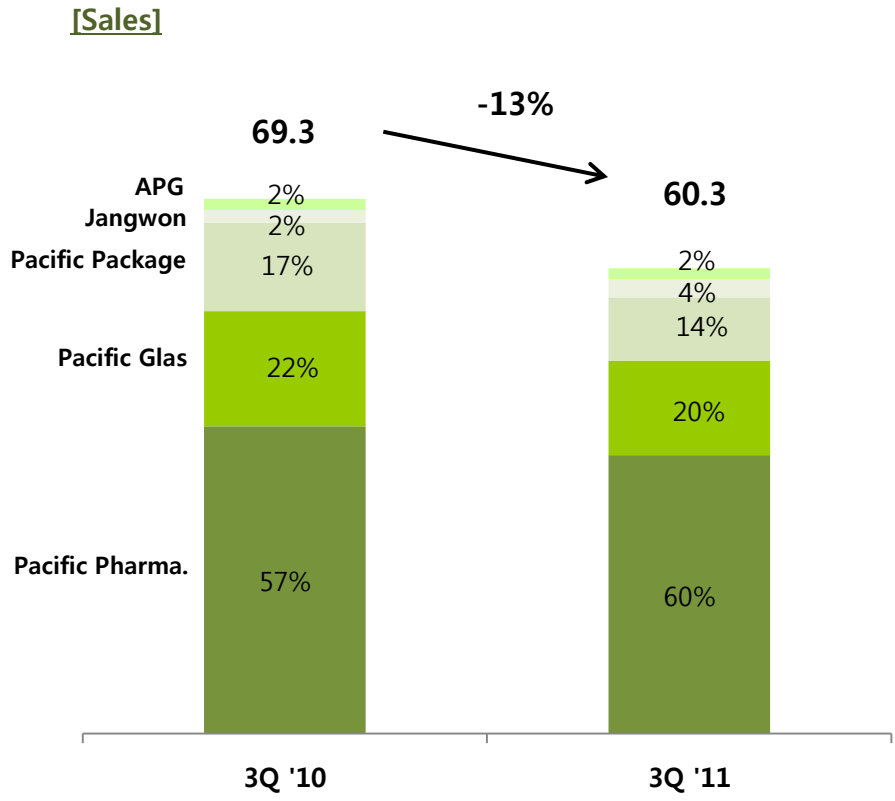
# 2011 Q3 Earnings Summary

## Cosmetics Business



## Non-cosmetics Business

[KRWbn, %YoY]



# 2011 Q3 Earnings \_ Cosmetics

[KRWbn]

	AMOREPACIFIC _Consolidated		Etude	
	3Q '10	3Q '11	3Q '10	3Q '11
Sales	569.8	622.8	37.3	52.4
GP	385.1	423.2	21.3	31.3
SG&A	300.6	346.6	18.8	27.5
OP	84.6	76.6	2.5	3.8

	Innisfree		AMOS Professional	
	3Q '10	3Q '11	3Q '10	3Q '11
Sales	20.4	36.8	7.1	9.3
GP	13.3	25.7	3.5	5.0
SG&A	11.8	19.6	1.9	2.7
OP	1.3	6.1	1.6	2.3

## AMOREPACIFIC Sales +9%, OP -10%

- Despite trade-down due to the economic recession, balanced distribution portfolio and differentiated brand power resulted in strong organic growth
- [Growth by Division] Luxury cosmetics +8%, Premium cosmetics +11%, Overseas +12%, MC&S +9%
- Hypermarket and D2D channel growth weakened due to the economic uncertainty
- Investments increased to strengthen mid and long term growth momentum: costs relating to the completion of and relocation to the new factory and logistics center, Increased consulting fees and expanded investments in fostering global talent, acquisition of the French perfume brand, 'ANNICK GOUTAL'

## Etude Sales +40%, OP +51%

- Robust sales growth across all channels such as Etude House, Overseas and Espoir resulted in strengthened market leadership and increased M/S
- Improved profitability continued behind strong sales growth

## Innisfree Sales +81%, OP +352%

- Expanded sales through launches of hit products such as 'Green tea', 'Olive' and 'Jeju volcanic' lines
- Strong sales growth delivered by increased sales per store and number of stores
- Profitability increased significantly on the back of strong sales growth and better product mix

## AMOS Professional sales +31%, OP +46%

- Entrance into new salons and sales of major products (Permer, Dyer, Conditioner, etc.) increased ( '10 21.5% → 25.3%)
- Profitability improved on the back of increased sales of Professional premium products

# 2011 Q3 Earnings \_ Non - Cosmetics

[KRWbn]

	Pacific Pharma.		Pacific Glas	
	3Q '10	3Q '11	3Q '10	3Q '11
Sales	39.8	36.1	14.9	12.2
GP	18.9	15.2	2.9	1.8
SG&A	15.6	12.0	1.2	1.2
OP	3.4	3.2	1.7	0.5

	Pacific Package		Jangwon Industry	
	3Q '10	3Q '11	3Q '10	3Q '11
Sales	11.5	8.2	1.7	2.4
GP	1.7	1.0	0.5	0.7
SG&A	0.7	0.8	0.5	0.5
OP	1.1	0.2	0	0.3

## Pacific Pharma. Sales -9%, OP -5%

- Sales fell and costs increased due to the restructuring to a Medical Beauty company

## Pacific Glas Sales -18%, OP -69%

- Sales weakened due to decreased orders behind relocation to AMOREPACIFIC's new factory in Osan
- OP decreased due to weaker sales growth and raw material price hike

## Pacific Package Sales -28%, OP -85%

- Sales weakened due to decreased orders behind relocation to AMOREPACIFIC's new factory in Osan
- OP decreased due to weaker sales growth and raw material price hike

## Jangwon Industry Sales +41%, OP +1,446%

- Sales to both affiliates and non-affiliates showed strong growth resulting in robust top-line growth
- OP increased behind the improved product mix

# 2011 Q3 Financial Summary

## ► Income Statement

[KRWbn]	3Q 2010		3Q 2011	
	K-IFRS	%	K-IFRS	%
Sales	673.8	100.0	754.1	100.0
Gross Profit	449.2	66.7	505.8	67.1
SG&A Expense	351.0	52.1	411.2	54.5
Operating Profit	98.2	14.6	94.6	12.5
Non-operating Profit/Expense	1.9		12.0	
Income before Taxes	100.1	14.9	106.6	14.1
Consolidated Net Profit	106.6	15.8	80.5	10.7

## ► Statement of Financial Position

[KRWbn]	2010. 12 K-IFRS	2011. 9 K-IFRS
Asset	3,828.1	4,195.3
Current Asset	1,216.7	1,286.9
Non-current Asset	2,611.4	2,908.4
Liability	787.1	908.6
Current Liability	467.6	514.3
Non-current Liability	319.5	394.3
Shareholder's Equity	3,041.0	3,286.6
Capital	44.5	44.5
Capital Reserve	680.5	680.5
Capital Adjustment	-134.1	-134.1
Accumulated other Inclusive Gain and Loss	5.9	3.1
Retained Earnings	1,128.9	1,231.6
Non-controlling interest	1,315.4	1,461.2