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AMOREPACIFIC
GROUP

AMOREPACIFIC GROUP 2Q 2014 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 GROUP has adopted the K-IFRS since 2011.

Sales up 15.6% to KRW 2,316.5bn, OP up 32.0% to KRW 386.2bn

Sales & OP by Division

KRW bn

	1H 2013	% of sales	1H 2014	% of sales	YoY(%)
Sales	2,004.3	100.0	2,316.5	100.0	15.6
Cosmetics ¹⁾	1,865.9	93.1	2,189.3	94.5	17.3
Non-cosmetics ²⁾	138.4	6.9	127.2	5.5	-8.1
	1H 2013	OPM	1H 2014	OPM	YoY(%)
Operating Profit	292.6	14.6	386.2	16.7	32.0
Cosmetics	287.2	15.4	386.3	17.6	34.5
Non-cosmetics	5.4	3.9	(0.1)	0.0	-100.7
Net Profit	215.9	10.8	319.4	13.8	48.0

1) Cosmetics: AMOREPACIFIC, Etude, Innisfree, Amos Professional, Adjustment

2) Non-cosmetics: AMOREPACIFIC Group, Pacific Pharma., Pacific Glas, Pacific Package, Jangwon Industry

Sales up 14.9% to KRW 1,176.8bn, OP up 44.9% to KRW 172.3bn

Sales & OP by Division

KRW bn

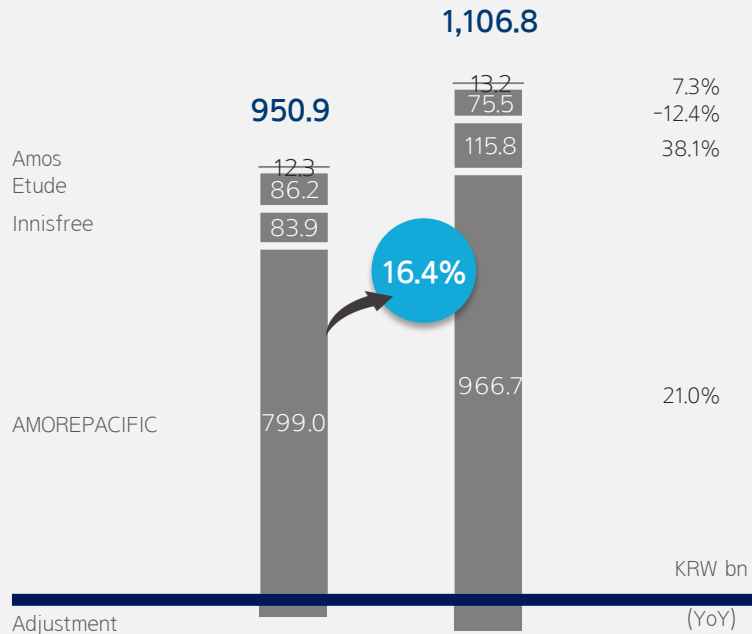
	2Q 2013	% of sales	2Q 2014	% of sales	YoY(%)
Sales	1,024.1	100.0	1,176.8	100.0	14.9
Cosmetics1)	950.9	92.9	1,106.8	94.1	16.4
Non-cosmetics2)	73.2	7.1	70.0	5.9	-4.4
	2Q 2013	OPM	2Q 2014	OPM	YoY(%)
Operating Profit	118.9	11.6	172.3	14.6	44.9
Cosmetics	115.0	12.1	172.4	15.6	50.0
Non-cosmetics	4.0	5.4	(0.1)	(0.2)	-102.8
Net Profit	98.9	9.7	128.6	10.9	30.0

1) Cosmetics: AMOREPACIFIC, Etude, Innisfree, Amos Professional, Adjustment

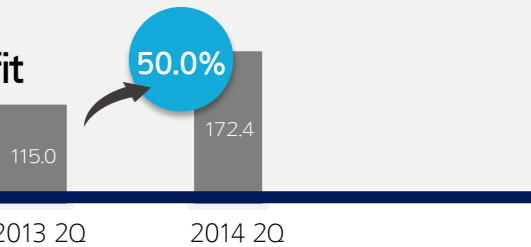
2) Non-cosmetics: AMOREPACIFIC Group, Pacific Pharma., Pacific Glas, Pacific Package, Jangwon Industry

Cosmetics

Sales

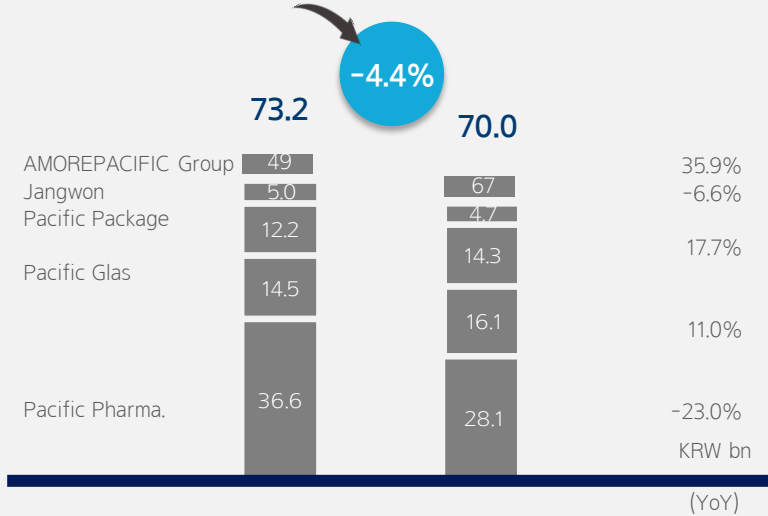


Operating Profit

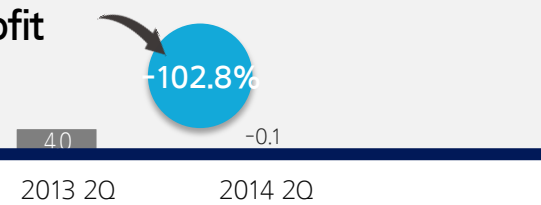


Non-cosmetics

Sales



Operating Profit



AMOREPACIFIC: Sales +21%, OP +69%

Domestic Cosmetics

-(Luxury) Continued strong growth within travel retail channel behind by increased sales to foreign travelers, Achieved market share no.1 position within Dep. store channel backed by a differentiated brand portfolio

-(Premium) Strengthened competitiveness of store formats and services resulted in solid growth of specialty store channel, Robust growth of digital channel on the back of a differentiated product portfolio

Mass & Sulloc

-(Mass) Slightly decreased sales due to competitive environment and slowing market, Continued premiumization through strong sales from cosmetics category

-(Sulloc) Enhanced brand recognition of OSULLOC, Expanded sales contribution of premium business

Overseas business

-(Growth markets) Enhanced brand power and diversified distribution channel led to continued strong profitable growth

-(Developed markets) Profitable growth in US delivered by increased sales of hit products and diversified distribution portfolio, Decreased sales in France and Japan due to slowdown of European market and the effect of consumption tax hike in Japan

Innisfree: Sales +38%, OP +63%

- Solid growth throughout all channels in domestic market delivered by increased sales of major products (Green tea, Jeju volcanic, Cedar wood lines)

- Increased export sales on the back of accelerated expansion of overseas business, Strong growth of travel retail channel behind by increased no. of foreign travelers

- Improved profitability across all channels delivered by reduced discount policy

Etude: Sales -12%, OP -116%

- Decreased sales across all channels due to reduced discount policy in domestic market, Decreased export sales due to cuts in transaction with overseas agents

- Decreased OP due to decreased sales and increased investments in marketing activities to strengthen brand power

	AMOREPACIFIC _ Consolidated	
	2013 2Q	2014 2Q
Sales	799.0	966.7
GP	569.0	715.9
SG&A expenses	479.4	564.8
OP	89.5	151.1
Innisfree		
Sales	83.9	115.8
GP	57.9	81.3
SG&A expenses	45.7	61.4
OP	12.2	19.9
Etude		
Sales	86.2	75.5
GP	47.5	43.7
SG&A expenses	40.4	44.9
OP	7.1	(1.2)

KRW bn

Amos Professional: Sales +7%, OP -5%

- Increased sales of major products from hair tonic, colorants and cleansing categories and strong growth of travel retail channel led to solid growth

- Weakened profitability due to increased commission caused by increased sales contribution of travel retail channel

Pacific Pharma.: Sales -23%, OP -81%

- Decreased sales and OP resulted from the transfer of pharmaceutical business

- Decreased profits due to the increased marketing investment to strengthen its capacities as a Medical Beauty company

Pacific Glas: Sales +11%, OP -54%

- Decent growth delivered by increased sales to affiliates and non-affiliates

- Slightly increased COGS ratio caused by expanded product facility, Decreased profits due to consulting fees for renovation of production process

	Amos Professional	
	2013 2Q	2014 2Q
Sales	12.3	13.2
GP	6.7	7.1
SG&A expenses	3.5	4.0
OP	3.2	3.1
	Pacific Pharma.	
Sales	36.6	28.1
GP	14.0	6.2
SG&A expenses	11.4	5.7
OP	2.6	0.5
	Pacific Glas	
Sales	14.5	16.1
GP	1.4	1.6
SG&A expenses	1.3	1.5
OP	0.1	0

Income Statement

KRW bn

	2Q 2013		2Q 2014	
Sales	1,024.1	100.0%	1,176.8	100.0%
Gross profit	700.0	68.3%	853.4	72.5%
SG&A expenses	581.1	56.7%	681.1	57.9%
Operating profit	118.9	11.6%	172.3	14.6%
Non-operating profit/expenses	11.8		(2.0)	
Profit before tax	130.7	12.8%	170.3	14.5%
Consolidated net income	98.9	9.7%	128.6	10.9%

Statements of Financial Position

KRW bn

	2013.12	2014.06
	Assets	4,921.9
Current assets	1,552.3	1,776.3
Non-current assets	3,369.6	3,431.3
Liabilities	1,012.9	1,053.6
Current liabilities	644.3	678.4
Non-current liabilities	368.6	375.2
Shareholder's Equity	3,908.9	4,154.0
Capital stock	44.5	44.5
Additional paid-in capital	673.0	673.0
Capital surplus	22.6	22.6
Other components of equity	(140.8)	(143.8)
Accumulated other comprehensive income	(7.3)	(11.0)
Retained earnings	1,533.7	1,663.5
Non-controlling interest	1,783.3	1,905.2