



AMOREPACIFIC
GROUP

AMOREPACIFIC GROUP 3Q 2015 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 19% to KRW 4,203.6bn, OP up 34% to KRW 752.7bn

Sales & OP by Division

KRW bn

YTD	2014 3Q	% of sales	2015 3Q	% of sales	YoY(%)
Sales	3,525.5	100.0	4,203.6	100.0	19.2
Operating subsidiaries1)	3,407.5	96.7	4,083.7	97.1	19.8
Manufacturing subsidiaries & others2)	118.0	3.3	119.9	2.9	1.6
	2014 3Q	OPM	2015 3Q	OPM	YoY(%)
Operating Profit	560.1	15.9	752.7	17.9	34.4
Operating subsidiaries	561.2	16.5	749.9	18.4	33.6
Manufacturing subsidiaries & others	-1.1	-1.0	2.7	2.3	Turned to red
Net Profit	445.6	12.6	582.0	13.8	30.6

1) Operating subsidiaries: AMOREPACIFIC, Innisfree, Etude, Espoir, Aestura*, Amos Professional and adjustment

2) Manufacturing subsidiaries & others: APG, Pacific Glas, Pacific Package and Jangwon Industry

* Aestura=Pacific Pharma.

Sales up 11% to KRW 1,346bn, OP up 8% to KRW 188.3bn

Sales & OP by Division

KRW bn

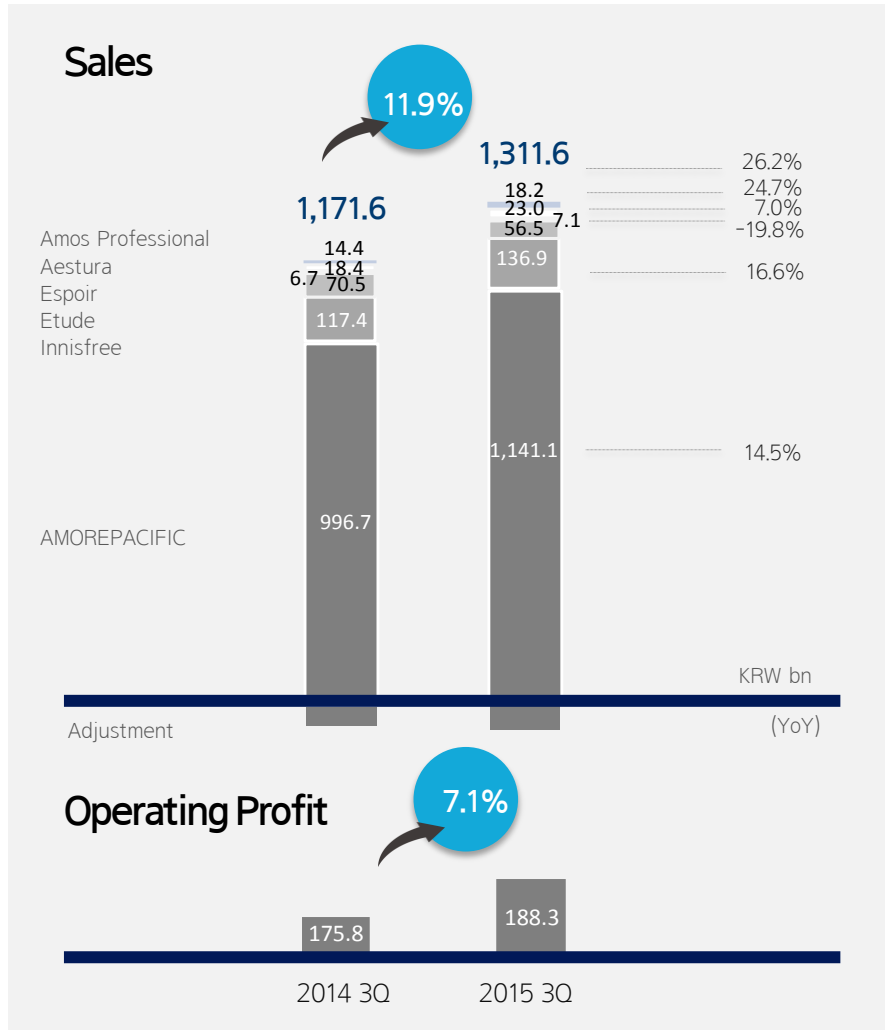
	2014 3Q	% of sales	2015 3Q	% of sales	YoY(%)
Sales	1,209.0	100.0	1,346.6	100.0	11.4
Operating subsidiaries ¹⁾	1171.6	96.9	1,311.6	97.4	11.9
Manufacturing subsidiaries & others ²⁾	37.4	3.1	35.0	2.6	-6.4
	2014 3Q	OPM	2015 3Q	OPM	YoY(%)
Operating Profit	173.9	14.4	188.3	14.0	8.3
Operating subsidiaries	175.8	15.0	188.3	14.4	7.1
Manufacturing subsidiaries & others	-1.9	-5.1	0.0	0.1	Turned to red
Net Profit	126.2	10.4	152.1	11.3	20.5

1) Operating subsidiaries: AMOREPACIFIC, Innisfree, Etude, Espoir, Aestura*, Amos Professional and adjustment

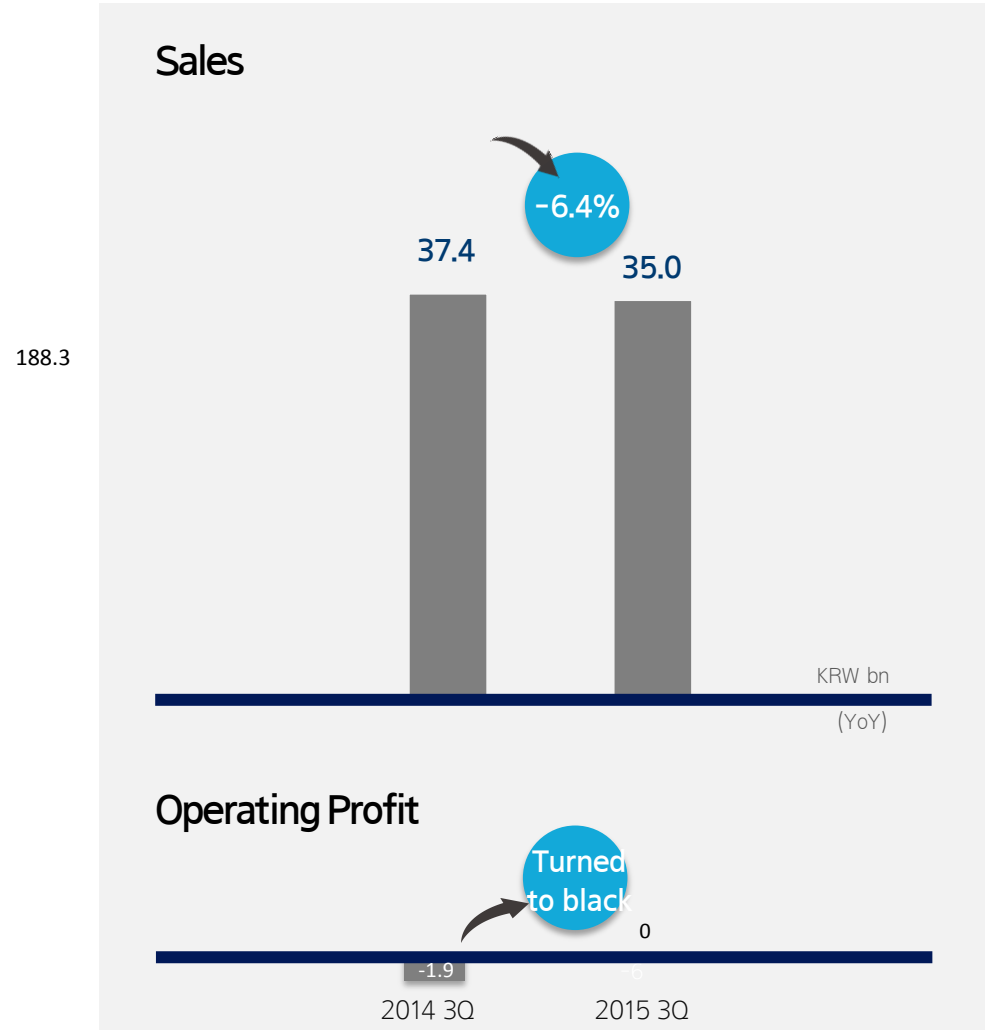
2) Manufacturing subsidiaries & others: APG, Pacific Glas, Pacific Package and Jangwon Industry

* Aestura=Pacific Pharma.

Operating subsidiaries



Manufacturing subsidiaries & others



AMOREPACIFIC Sales +15%, OP +11%

Domestic Cosmetics

- (Luxury) Reinforced new growth categories through new product launches, Continued Sustained quality growth of Door to door channel with improved counselors' capacity, Strengthened channel leadership in Department store through increased market share, Decelerated Travel retail growth due to MERS outbreak
- (Premium) Reinforced various marketing initiatives to strengthen core values of brands, Enhanced customer convenience through added digitalization functions in channels and brands, Strengthened digital platform for quality growth

Mass & OSulloc

- (Mass) Improved brand attractiveness and sustained strong growth through fortified premium product lines
- (OSulloc) Enhanced OSulloc brand equity with more competitive products and realigned distribution channels

Overseas Business

- (Growth markets) Continued robust growth delivered by expansion of brand and channel portfolio in China and Asean
- (Developed markets) Robust growth across all channels in US backed by expansion of distribution channel as well as geographical reach, Decreased sales and OP in France due to weaker domestic consumption and unfavorable currency translation, Quality growth in Japan delivered by brand realignment focusing more on ETUDE

Innisfree Sales +17%, OP +16%

- Strong same store sales growth on the backdrop of major products (Greentea seed serum, Hanran cream, Volcanic pore pack, Cushion, etc.) and positive feedback on newly launched products (sparkling mineral essence rich, Jeju Perfume Note, etc.) resulted in solid growth
- Continued strong growth throughout all channels except for Travel retail thanks to the strong brand awareness (Travel retail slowed due to MERS)

Etude Sales -20%, Turned to red

- Sales decreased from reduced number of stores as a result of channel restructuring
- Continued investments for brand attractiveness through renewal of major products (Moistful Collagen Cream, Precious Mineral BB, etc.) and store renovation

	AMOREPACIFIC _ Consolidated	
	2014 3Q	2015 3Q
Sales	996.7	1,141.1
GP	722.6	838.5
SG&A expenses	574.9	675.0
OP	147.7	163.4
Innisfree		
Sales	117.4	136.9
GP	83.8	95.3
SG&A expenses	63.2	71.5
OP	20.5	23.8
Etude		
Sales	70.5	56.5
GP	38.1	30.8
SG&A expenses	34.9	31.7
OP	3.1	-1.0

Espoir Sales +7%, Mitigated losses

- Slow down in the Travel retail channel and Roadshops located in major tourist attraction as a result of MERS
- Improved profitability through tight management of unprofitable stores (Customer base expansion, per store sales increase, etc.)

Aestura (Pacific Pharma.) Sales +25%, Increased losses

- Delivered solid sales growth thanks to the increased sales of major medical beauty brands such as Cleviel, ATObARRIER and strong growth in sales of health supplementary foods to affiliates
- Profitability weakened as a result of increased sales contribution of health supplementary foods

Amos Professional Sales +26%, OP 43%

- Achieved strong growth backed by strengthened brand competitiveness from expansion of products
- Sales growth remained strong for major categories including hair tonics, perms, shampoos and conditioners

	Espoir	
	2014 3Q	2015 3Q
Sales	6.7	7.1
GP	5.1	5.4
SG&A expenses	6.5	6.4
OP	-1.5	-0.9
Aestura (Pacific Pharma.)		
Sales	18.4	23.0
GP	4.9	4.6
SG&A expenses	5.3	5.3
OP	-0.4	-0.7
Amos Professional		
Sales	14.4	18.2
GP	7.3	10.4
SG&A expenses	4.1	5.8
OP	3.2	4.6

Income Statement

KRW bn

	2014 3Q		2015 3Q	
Sales	1,209.0	100.0%	1,346.6	100.0%
Gross Profit	867.4	71.7%	985.5	73.2%
SG&A expenses	693.5	57.4%	797.2	59.2%
Operating Profit	173.9	14.4%	188.3	14.0%
Non-operating Profit/Expenses	(1.8)		13.8	
Profit before tax	172.1	14.2%	202.1	15.0%
Consolidated net income	126.2	10.4%	152.1	11.3%

Statements of Financial Position

KRW bn

	2014.12	2015.09
Assets	5,499.7	6,066.2
Current assets	2,098.1	2,514.2
Non-current assets	3,401.7	3,552.0
Liabilities	1,176.4	1,224.1
Current liabilities	773.1	930.1
Non-current liabilities	403.2	294.0
Shareholder's Equity	4,323.4	4,842.1
Capital stock	44.5	44.5
Additional paid-in capital	673.0	673.0
Capital surplus	22.6	22.6
Other components of equity	(146.5)	(146.2)
Accumulated other comprehensive income	(4.4)	(4.5)
Retained earnings	1,728.6	1,920.4
Non-controlling interest	2,005.5	2,332.3



AMORE PACIFIC
70 Years of Beauty Creation