



AMOREPACIFIC
GROUP

AMOREPACIFIC GROUP 1Q 2017 Earnings Release

- 1 1Q 2017 Earnings Summary
- 2 Earnings by Subsidiary
- 3 Financial Summary

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 5.5% to 1,855.4 billion, OP down 9.7% to 378.5 billion

Sales & OP by Division

KRW bn

	2016 1Q	2017 1Q	YoY(%)
Sales	1,759.3	1,855.4	5.5
Beauty Subsidiaries 1)	1,807.7	1,914.6	5.9
Non-Beauty Subsidiaries 2)	47.7	44.5	-6.6
Others 3)	-96.0	-103.8	
	2016 1Q	2017 1Q	YoY(%)
Operating Profit (OPM)	419.1 (23.8%)	378.5 (20.4%)	-9.7
Beauty Subsidiaries (OPM)	408.3 (22.6%)	380.9 (19.9%)	-6.7
Non-Beauty Subsidiaries (OPM)	5.8 (12.2%)	-3.2 (-7.1%)	Turned to Red
Others	5.0	0.8	
Net profit (Margin)	325.3 (18.5%)	266.2 (14.3%)	-18.2

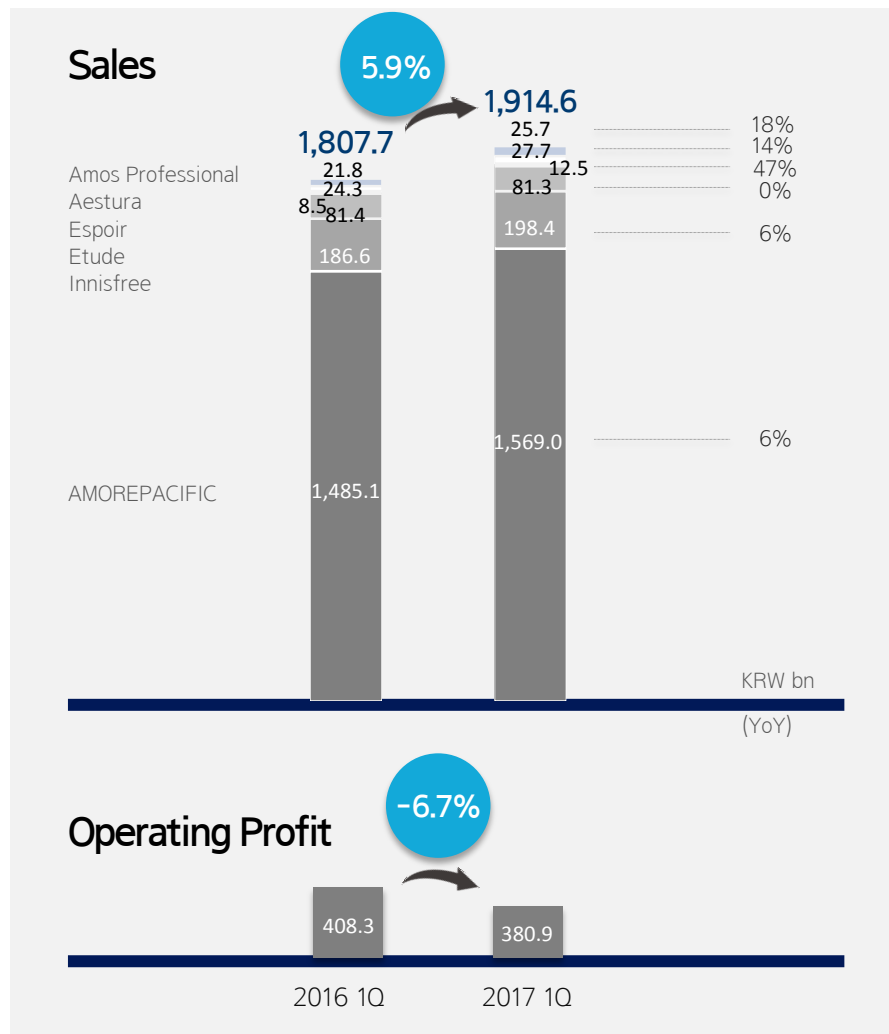
1) Beauty subsidiaries: AMOREPACIFIC, Innisfree, Etude, Espoir, Aestura, Amos Professional

2) Non-beauty Subsidiaries: APG, Pacific Glas, Pacific Package and OSulloc Farm*

OSulloc Farm*: Former Jangwon Industry

3) Others: Including intercompany transaction

Beauty subsidiaries



Non-Beauty subsidiaries



AMOREPACIFIC Sales +6%, OP -6%**Domestic**

- (Luxury) Increased sales of skin care and inner beauty category, expanded customer communication by strengthening digital competitiveness, expanded opportunities for brand experience through diverse offline marketing activities, slowdown in revenue growth for travel retail due to decrease in inflow of foreign tourists
- (Premium) Revenue growth from strong sales of make-up products, strengthened channel competitiveness through innovative spaces to experience brands and sales competency

Mass & OSulloc

- (Mass) Revenue growth due to steady sales from hair and body care categories
- (OSulloc) Online/Offline channel restructuring for quality growth

Overseas

- Asia region sustained sales growth and expanded new stores mainly for the 5 major global champion brands
- North America business increased investment and restructured business portfolio
- Europe business terminated license with Lolita Lempicka brand, increased investment in Annick Goutal brand

Innisfree Sales +6%, OP -11%

- Revenue increased through launch of new Jeju-origin products('Bija Cica Balm,' 'Jeju Lava Seawater Ampoule') and steady sales of key products ('The Green Tea Seed Serum,' 'Jeju Orchid Enriched Cream,' 'My Cushion'). However, sales slowdown in travel retail channel due to decrease in inflow of foreign tourists
- Innisfree increased investment to heighten on/off customer experience by expanding green lounge (powder room to experience products), strengthening online exclusive products and etc.

Etude Sales 0%, OP -29%

- Enhanced brand appeal through new product launches ('Fix & Fix Primer,' 2017 S/S make-up collection 'Wonderfun Park Collection,' 'Dear My Glass Tinting Lips Talks' and etc.) and increased marketing investment
- Sales slowdown in travel retail channel due to decrease in inflow of foreign tourists

	AMOREPACIFIC _ Consolidated		
	2016 1Q	2017 1Q	YoY
Sales	1,485.1	1,569.0	6%
GP	1,136.5	1,183.0	4%
SG&A expenses	798.7	866.2	8%
OP	337.8	316.8	-6%
	Innisfree		
	2016 1Q	2017 1Q	YoY
Sales	186.6	198.4	6%
GP	136.5	142.4	4%
SG&A expenses	84.6	96.1	14%
OP	51.9	46.3	-11%
	Etude		
	2016 1Q	2017 1Q	YoY
Sales	81.4	81.3	0%
GP	48.0	49.3	3%
SG&A expenses	35.7	40.5	13%
OP	12.3	8.8	-29%

Unit: KRW bn

Espoir Sales +47%, Turned to Black

- Turned to black and achieved robust revenue growth through solid sales from travel retail and online channel
- Strengthened its competitiveness as a professional make-up brand through new product launches ('Pro Atelier Collection,' 'Coralude Collection') which highlights differentiated make-up looks

Aestura Sales +14%, OP +140%

- Increase in revenue growth through stronger sales of inner beauty products and medical beauty brand (Meditoxin, Atobarrier)
- Improved profitability through efficient cost management

Amos Professional Sales +18%, OP +23%

- Increase in revenue and profit through stronger sales of representative products ('Colorgenic True Sync S,' 'Feel the Green Tea,' 'Curling Essence' and etc.) and robust growth from travel retail channel
- Strengthened brand awareness through diverse marketing activities ('Salon Inspiration seminar,' 'Got Night' campaign)

	Espoir		
	2016 1Q	2017 1Q	YoY
Sales	8.5	12.5	47%
GP	6.9	10.3	48%
SG&A expenses	7.1	9.8	37%
OP	-0.2	0.5	Turned to Black
	Aestura (Pacific Pharma.)		
	2016 1Q	2017 1Q	YoY
Sales	24.3	27.7	14%
GP	5.9	6.2	6%
SG&A expenses	5.4	5.0	-6%
OP	0.5	1.2	140%
	Amos Professional		
	2016 1Q	2017 1Q	YoY
Sales	21.8	25.7	18%
GP	12.8	16.0	25%
SG&A expenses	6.9	8.8	27%
OP	5.9	7.3	23%

Unit: KRW bn

Income Statement

KRW bn

	2016 1Q		2017 1Q	
Sales	1,759.3	100.0%	1,855.4	100.0%
Gross Profit	1,351.3	76.8%	1,408.4	75.9%
SG&A expenses	932.2	53.0%	1,029.9	55.5%
Operating Profit	419.1	23.8%	378.5	20.4%
Non-operating Profit/Expenses	8.2		-24.9	
Profit before tax	427.3	24.3%	353.6	19.1%
Consolidated net income	325.3	18.5%	266.2	14.3%

Statements of Financial Position

KRW bn

	2016.12	2017.03
Assets	7,088.4	7,404.0
Current assets	2,942.6	3,238.9
Non-current assets	4,145.8	4,165.0
Liabilities	1,521.5	1,715.9
Current liabilities	1,321.1	1,503.9
Non-current liabilities	200.4	212.0
Shareholder's Equity	5,566.9	5,688.1
Capital stock	44.5	44.5
Additional paid-in capital	673.0	673.0
Capital surplus	22.6	22.6
Other components of equity	-146.0	-146.0
Accumulated other comprehensive income	-11.9	-19.3
Retained earnings	2,251.0	2,317.8
Non-controlling interest	2,733.6	2,795.5