



AMOREPACIFIC
GROUP

AMOREPACIFIC GROUP 3Q 2019 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.

Revenue up 2.2% to KRW 4.8 trillion, Operating Profit down 18.3% to KRW 435.8 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	3Q YTD 2018	3Q YTD 2019	YoY(%)
Revenue	4,680.5	4,781.8	2.2
Beauty Subsidiaries ¹⁾	4,872.5	5,005.8	2.7
Non-Beauty Subsidiaries ²⁾	121.0	126.8	4.8
Others ³⁾	-313.0	-350.9	
	3Q YTD 2018	3Q YTD 2019	YoY(%)
Operating Profit (OPM)	533.1 (11.4%)	435.8 (9.1%)	-18.3
Beauty Subsidiaries (OPM)	532.8 (10.9%)	435.9 (8.7%)	-18.2
Non-Beauty Subsidiaries (OPM)	-1.4 (-1.1%)	6.3 (5.0%)	Turned to Profit
Others ³⁾	1.6	-6.4	
Net Profit (Margin)	396.7 (8.5%)	350.1 (7.3%)	-11.8

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

Revenue up 7.4% to KRW 1.6 trillion, Operating Profit up 42.3% to KRW 120.5 billion

Revenue & Operating Profit by Division

Unit: KRW bn

	2018 3Q	2019 3Q	YoY(%)
Revenue	1,462.6	1,570.4	7.4
Beauty Subsidiaries ¹⁾	1,524.5	1,629.4	6.9
Non-Beauty Subsidiaries ²⁾	38.5	41.1	6.8
Others ³⁾	-100.3	-100.1	
	2018 3Q	2019 3Q	YoY(%)
Operating Profit (OPM)	84.7 (5.8%)	120.5 (7.7%)	42.3
Beauty Subsidiaries (OPM)	83.9 (5.5%)	112.3 (6.9%)	33.8
Non-Beauty Subsidiaries (OPM)	-0.3 (-0.7%)	1.5 (3.6%)	Turned to Profit
Others ³⁾	1.0	6.7	
Net Profit (Margin)	53.8 (3.7%)	112.3 (7.1%)	108.5

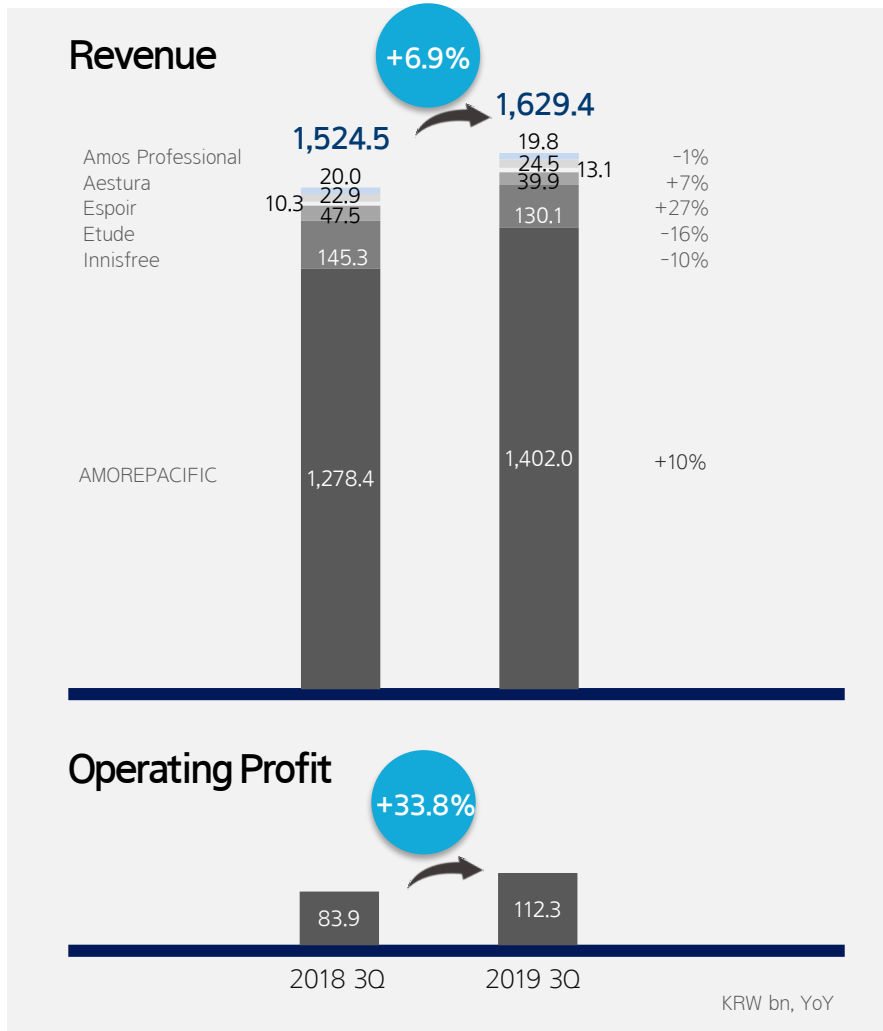
1) Beauty subsidiaries: AMOREPACIFIC, Innisfree, Etude, Espoir, Aestura, Amos Professional

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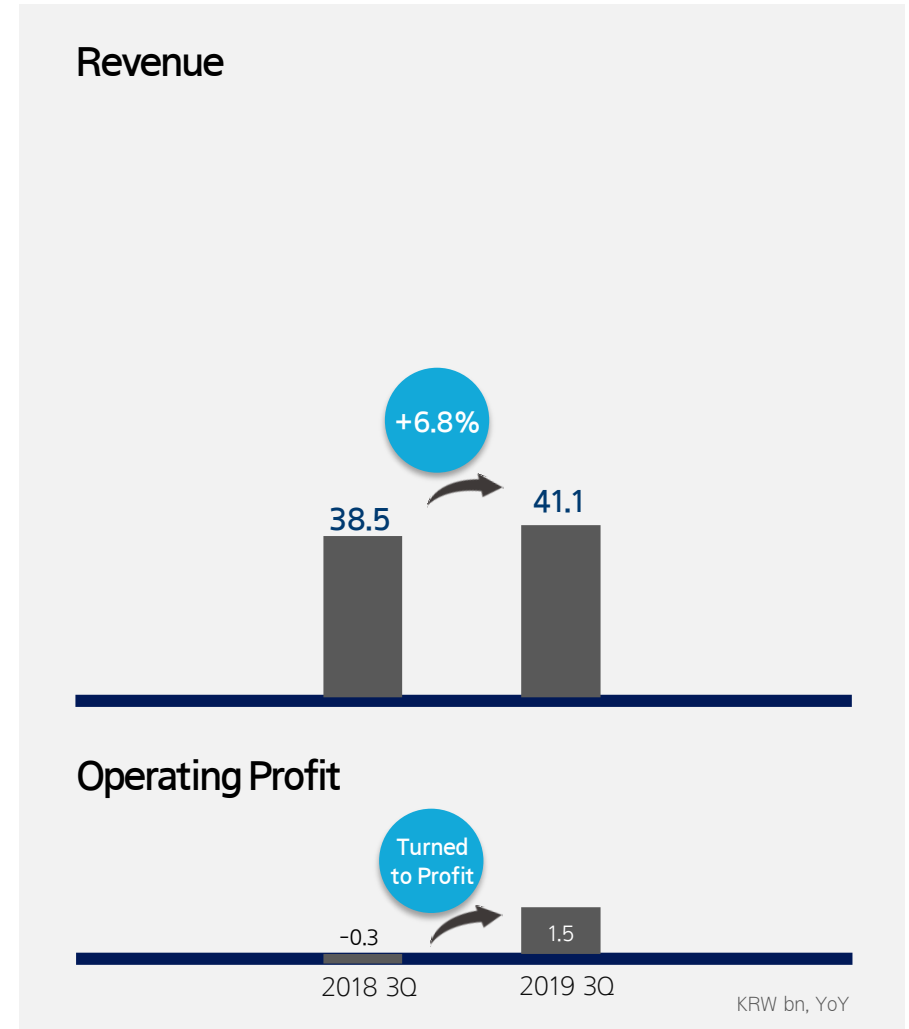
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3) Others: Including intercompany transaction

Beauty subsidiaries



Non-Beauty subsidiaries



AMOREPACIFIC Revenue +10%, Operating Profit +41%

Domestic Cosmetics

- (Luxury) Revenue increased through strong sales of travel retail and online channels, strengthened product portfolio by launching new products within key brand lines, enhanced brand attractiveness by increasing customer engagement marketing activities
- (Premium) Premium revenue increased through strong growth in online and multi-brand shop channels while ARITAUM revenue declined due to channel reorganization, strengthened brand competitiveness by continuously launching new innovative products, increased digital campaigns of key products in order to attract millennial customers

Daily Beauty & Osulloc

- (Daily Beauty) Online sales increased by strengthening digital marketing and improving coverage of online channels, Ryo and Mise-en-scène brand revenue increased from solid sales of key products ('Ryo Hair Loss Care Shampoo', 'Mise-en-scène Perfect Repair Hair Serum'), heightened brand attractiveness through various brand experiential marketing events
- (Osulloc) Increased sales of seasonal products ('Cold Green Tea Sticks', 'Water+') and Chuseok (Korean Thanksgiving) holiday gift sets, achieved strong revenue growth by launching and focusing on fermented tea renewals ('Jeju Volcanic Rock Tea'), online revenue increased with sales growth and product line expansion of bakery products in digital channels

(Domestic Operating Profit) Operating profit increased from revenue growth and effective spending of marketing expense and lower base due to one-off personnel expense last year

Overseas

- (Asia) Strengthened brand competitiveness and increased marketing activities of major brands and key products
- (North America) Solid growth continued by strengthening channel portfolio and increasing sales of major brands
- (Europe) Decreased revenue of 'Goutal Paris' due to decline in domestic demand and overseas sales, continued marketing activities and revenue growth of Laneige brand in multi-brand shops
- **(Overseas Operating Profit)** Improved margin due to revenue growth of major brands and efficient management of expenses

Innisfree Revenue -10%, Operating Profit -46%

- Revenue and operating profit declined due to store reduction of roadshops
- Strengthened naturalism-oriented image by renewing 'Jeju House' brand experiential store
- Enhanced brand attractiveness by launching EVE* vegan certified 'Super Food Veggie Water' Line
* EVE : Expertise Végane Europe, French certification body for vegan products

Etude Revenue -16%, Mitigated Losses

- Despite sales decline in duty free and roadshops due to business strategy reorganization to focus on the digital channel, Etude brand reduced operating losses as a result of online sales growth
- Strengthened eye makeup category by launching new products ('Play Color Eyes #Maple Road', 'Play Color Eyes #Bakehouse')

	AMOREPACIFIC (Consolidated)		
	2018 3Q	2019 3Q	YoY
Revenue	1,278.4	1,402.0	10%
Gross Profit	931.1	1,025.1	10%
SG&A Expenses	854.6	917.6	7%
Operating Profit	76.5	107.5	41%
	Innisfree		
Revenue	145.3	130.1	-10%
Gross Profit	96.5	79.3	-18%
SG&A Expenses	81.9	71.3	-13%
Operating Profit	14.6	7.9	-46%
	Etude		
Revenue	47.5	39.9	-16%
Gross Profit	25.7	18.3	-29%
SG&A Expenses	35.0	26.2	-25%
Operating Profit	-9.2	-7.9	Mitigated Losses

Unit: KRW bn

Espoir Revenue +27%, Turned to Profit

- Increased revenue and posted profit turnaround by expanding customer base through multi-brand shops and new product launch ('Pro Tailor Be Glow Cushion')
- Provided differentiated brand experience by opening customer engagement enhanced showroom store : Customized powder production services ('Powder & Play') based on customer interating #Crewsays, and 'Cushion Tailoring'

Aestura Revenue +7%, Turned to Profit

- Increased revenue and achieved profit turnaround by increasing presence of '365' line in multi-brand shops
- Strengthened medical beauty brand awareness by introducing new brand ambassador

Amos Professional Revenue -1%, Operating Profit +38%

- Led hair trends by conducting national color concert tour to celebrate 'It's glow_fashion' new product launch
- Strengthened digital communication with customers by opening professional hair contents platform 'Amos TV'

	Espoir		
	2018 3Q	2019 3Q	YoY
Revenue	10.3	13.1	27%
Gross Profit	8.3	9.5	14%
SG&A Expenses	8.7	9.5	9%
Operating Profit	-0.4	0.05	Turned to Profit
	Aestura		
Revenue	22.9	24.5	7%
Gross Profit	2.9	5.3	83%
SG&A Expenses	3.6	4.9	36%
Operating Profit	-0.7	0.4	Turned to Profit
	Amos Professional		
Revenue	20.0	19.8	-1%
Gross Profit	12.3	12.9	5%
SG&A Expenses	9.1	8.5	-6%
Operating Profit	3.2	4.4	38%

Unit: KRW bn

Income Statement

Unit: KRW bn

	2018 3Q		2019 3Q	
Revenue	1,462.6	100.0%	1,570.4	100.0%
Gross Profit	1,071.6	73.3%	1,163.0	74.1%
SG&A Expenses	986.9	67.5%	1,042.5	66.4%
Operating Profit	84.7	5.8%	120.5	7.7%
Non-operating Profit/Expenses	-5.3		38.8	
Profit before Tax	79.4	5.4%	159.3	10.1%
Consolidated Net Income	53.8	3.7%	112.3	7.1%

Statement of Financial Position

Unit: KRW bn

	2018.12	2019.09
Assets	7,387.4	8,088.7
Current Assets	2,489.6	2,646.3
Non-current Assets	4,897.7	5,442.4
Liabilities	1,144.9	1,724.8
Current Liabilities	897.6	1,186.3
Non-current Liabilities	247.3	538.5
Shareholder's Equity	6,242.5	6,363.9
Capital Stock	44.5	44.5
Additional Paid-in Capital	673.0	673.0
Capital Surplus	22.6	0.7
Other Components of Equity	-146.0	-196.0
Accumulated Other Comprehensive Income	-21.0	-12.0
Retained Earnings	2,545.8	2,674.4
Non-controlling Interest	3,123.6	3,179.3