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AMOREPACIFIC  
GROUP

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## AMOREPACIFIC GROUP 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 3.4% to KRW 6.3 trillion, Operating Profit down 9.3% to KRW 498.2 billion

## Revenue & Operating Profit by Division

Unit: KRW bn

	2018	2019	YoY(%)
<b>Revenue</b>	<b>6,078.2</b>	<b>6,284.3</b>	<b>+3.4</b>
Beauty Subsidiaries <sup>1)</sup>	6,321.8	6,553.3	+3.7
Non-Beauty Subsidiaries <sup>2)</sup>	163.2	187.0	+14.6 (LFL +6.6) <sup>4)</sup>
Others <sup>3)</sup>	-406.8	-456.0	
	2018	2019	YoY(%)
<b>Operating Profit (OPM)</b>	<b>549.5 (9.0%)</b>	<b>498.2 (7.9%)</b>	<b>-9.3</b>
Beauty Subsidiaries (OPM)	552.5 (8.7%)	495.5 (7.6%)	-10.3
Non-Beauty Subsidiaries (OPM)	-1.6 (-1.0%)	6.9 (3.7%)	Turned to Profit (LFL Turned to Profit) <sup>4)</sup>
Others <sup>3)</sup>	-1.4	-4.2	
<b>Net profit (Margin)</b>	<b>376.3 (6.2%)</b>	<b>269.0 (4.3%)</b>	<b>-28.5</b>

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

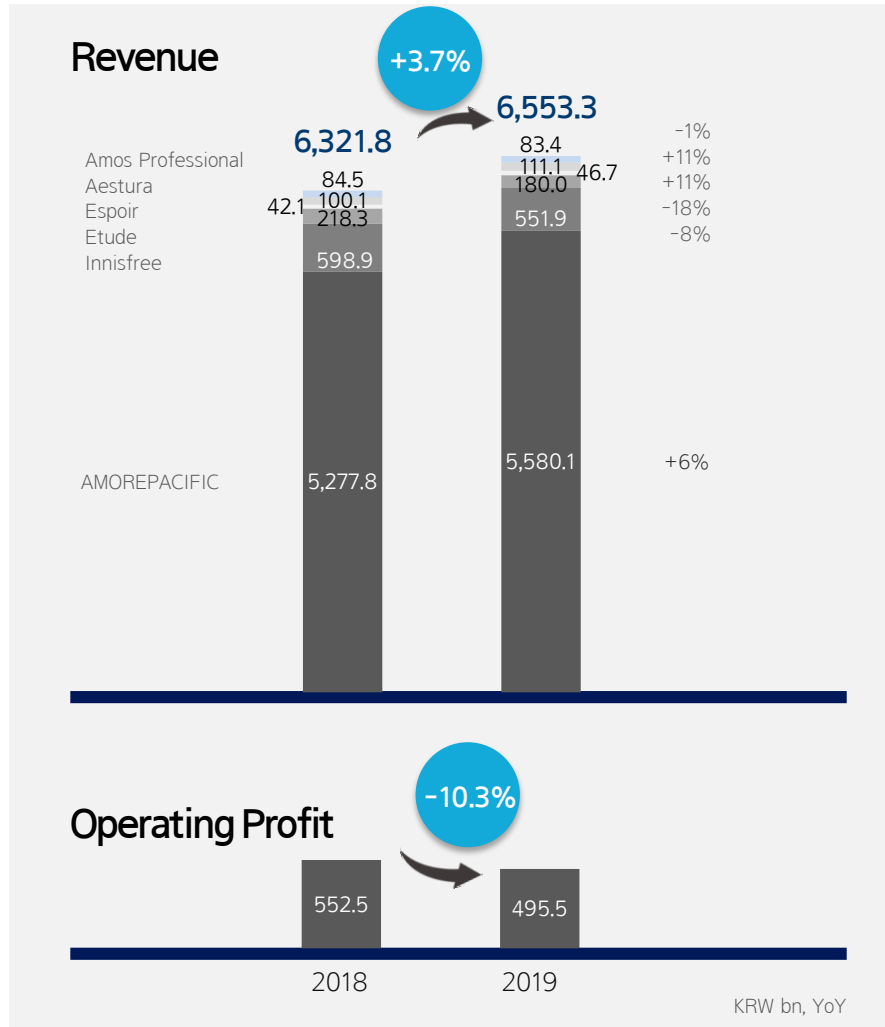
2) Non-Beauty Subsidiaries: APG, Pacific Glas, Pacific Package and Osulloc Farm\*, Osulloc

\*Osulloc Farm: Former Jangwon Industry

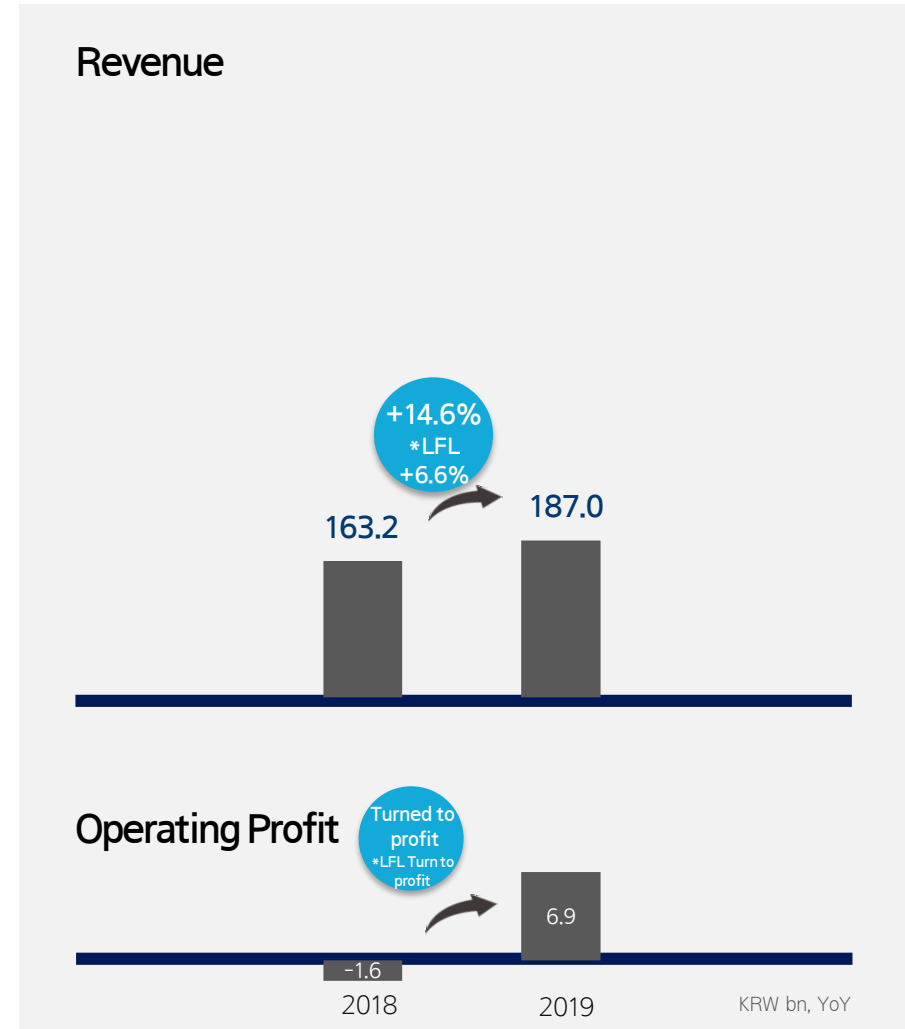
3) Others: Including intercompany transaction

4) LFL(Like-for-like): Comparable growth rate excluding impact of Osulloc as an independent corporation

Beauty subsidiaries



Non-Beauty subsidiaries



\* LFL(Like-for-like): Comparable growth rate excluding impact of Osulloc as an independent corporation

## AMOREPACIFIC Revenue +6%, Operating Profit -11%

### Domestic Cosmetics

- (Luxury) Sulwhasoo drove total sales growth of luxury brands. Revenue growth of both Primera and AMOREPACIFIC also strengthened luxury brand portfolio. Strengthened product competitiveness and key categories for each brand through innovative product launches and renewals. Enhanced brand attractiveness by increasing customer-oriented online/offline marketing activities
- (Premium) Despite revenue decline in ARITAUM, total revenue increased from expansion of online and multi-brand shop channels. Secured growth momentum of premium brands by fostering innovative products

### Daily Beauty

- (Daily Beauty) Revenue grew through stronger hair category sales mainly from Ryo brand. Accelerated online growth by expanding coverage of digital channels and fostering new brands (Illyoon, Fresh Pop). Secured growth by reorganizing offline channel portfolio in order to focus on growth channels

**(Domestic Operating Profit)** Increased due to revenue growth of major brands in growth channels and activities to reduce costs

### Overseas

- (Asia) Diversified channel portfolio and enhanced marketing activities to strengthen brand attractiveness
- (North America) Strong revenue growth by expanding sales of major brands and strengthening channel portfolio
- (Europe) Decreased revenue of 'Goutal Paris' due to domestic demand decline in France. Responded to European skin care market by strengthening sales of Laneige in multi-brand shop channel ('Sephora')

**(Overseas Operating Profit)** Decreased due to increased marketing expense and investments in new markets/channels

## Innisfree Revenue -8%, Operating Profit -22%

- Operating profit decreased due to declined revenue in roadshops and travel retail channel
- Promoted brand image as a natural beauty brand with enhanced functionality by launching new products ('Jeju Cherry Blossom Tone-up Cream', 'Wrinkle Science Spot Treatment', 'Green Tea Probiotics Cream', etc.) for millennial customers
- Provided differentiated shopping experience by renewing 'Gangnam Flagship' and 'Jeju House' brand experiential store

## Etude Revenue -18%, Mitigated Losses

- Despite online sales growth by focusing on the digital channel, revenue declined due to decreased revenue in roadshops and travel retail channel. Mitigated operating losses as a result of reducing expense by closing down directly owned stores
- Enhanced brand appeal by launching various collaborative products ('Kit kat x Play Color Eyes Mini kit', 'Disney Olaf x Etude house Sun Collaboration', 'Etude x bpb Collaboration kit', etc.)

	AMOREPACIFIC (Consolidated)		
	2018	2019	YoY
Revenue	5,277.8	5,580.1	+6%
Gross Profit	3,843.0	4,079.6	+6%
SG&A Expenses	3,361.0	3,651.8	+9%
Operating Profit	482.0	427.8	-11%
	Innisfree		
Revenue	598.9	551.9	-8%
Gross Profit	409.5	348.6	-15%
SG&A Expenses	329.1	286.0	-13%
Operating Profit	80.4	62.6	-22%
	Etude House		
Revenue	218.3	180.0	-18%
Gross Profit	119.0	94.5	-21%
SG&A Expenses	145.2	113.1	-22%
Operating Profit	-26.2	-18.5	Mitigated Losses

Unit: KRW bn

**Espoir Revenue +11%, Turned to Profit**

- Diversified point of sales through continued entry into multi-brand shops, turned to profit as a result of reducing expense from directly owned stores
- Proposed seasonal make-up trends ('Colorful Nude', 'Mute Rose', 'Be Glow', etc) and strengthened sales promotions
- Enhanced communication with customers by developing new products with customers using SNS platform(#CrewSays) and opening showroom stores with customized services

**Aestura Revenue +11%, Operating Profit +655%**

- Increased revenue and operating profit by diversifying product categories through new product line(365 line) launch and increasing presence in multi-brand shop channels
- Strengthened digital communication and enhanced brand awareness through contents creation with influencers and introducing new brand ambassador

**Amos Professional Revenue -1%, Operating Profit -2%**

- Revenue and operating profit slightly decreased due to strong competition in hair care market
- Enhanced product competitiveness by renewing key product line 'Feel the Green Tea Shampoo' and launching new products 'Repair Shine Moist Essence' for damaged/dry hair
- Strengthened digital communication with customers by opening professional hair contents platform 'Amos TV'

	Espoir		
	2018	2019	YoY
Revenue	42.1	46.7	+11%
Gross Profit	33.6	35.0	+4%
SG&A Expenses	35.4	34.9	-1%
Operating Profit	-1.8	0.1	Turned to Profit
	Aestura		
Revenue	100.1	111.1	+11%
Gross Profit	17.5	25.8	+47%
SG&A Expenses	16.6	19.0	+14%
Operating Profit	0.9	6.8	+655%
	Amos Professional		
Revenue	84.5	83.4	-1%
Gross Profit	52.1	51.8	-0.4%
SG&A Expenses	34.9	35.0	+0.2%
Operating Profit	17.1	16.8	-2%

Unit: KRW bn

Revenue up 7.5% to 1.5 trillion, Operating Profit up 281.0% to 62.5 billion

### Revenue & Operating Profit by Division

Unit: KRW bn

	2018 4Q	2019 4Q	YoY(%)
<b>Revenue</b>	<b>1,397.6</b>	<b>1,502.5</b>	<b>+7.5</b>
Beauty Subsidiaries <sup>1)</sup>	1,449.3	1,547.5	+6.8
Non-Beauty Subsidiaries <sup>2)</sup>	42.2	60.1	+42.7 (LFL +11.9) <sup>4)</sup>
Others <sup>3)</sup>	-93.8	-105.1	
	2018 4Q	2019 4Q	YoY(%)
<b>Operating Profit (OPM)</b>	<b>16.4 (1.2%)</b>	<b>62.5 (4.2%)</b>	<b>+281.0</b>
Beauty Subsidiaries (OPM)	19.7 (1.4%)	59.6 (3.9%)	+203.3
Non-Beauty Subsidiaries (OPM)	-0.2 (-0.5%)	0.6 (1.0%)	Turned to Profit (LFL Turned to Profit) <sup>4)</sup>
Others <sup>3)</sup>	-3.0	2.3	
<b>Net profit (Margin)</b>	<b>-20.5 (-1.5%)</b>	<b>-81.1 (-5.4%)</b>	<b>Continued Losses</b>

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3) Others: Including intercompany transaction

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## Income Statement

Unit: KRW bn

	2018		2019	
Revenue	6,078.2	100.0%	6,284.3	100.0%
Gross Profit	4,459.5	73.4%	4,642.4	73.9%
SG&A Expenses	3,910.0	64.3%	4,144.2	65.9%
Operating Profit	549.5	9.0%	498.2	7.9%
Non-operating Profit/Expenses	-14.6		-66.9	
Profit before Tax	534.8	8.8%	431.4	6.9%
Consolidated Net Income	376.3	6.2%	269.0	4.3%

## Statements of Financial Position

Unit: KRW bn

	2018.12	2019.12
	Assets	7,387.4
Current Assets	2,489.6	2,905.9
Non-current Assets	4,897.7	5,364.3
Liabilities	1,144.9	1,803.3
Current Liabilities	897.6	1,216.5
Non-current Liabilities	247.3	586.8
Shareholder's Equity	6,242.5	6,467.0
Capital Stock	44.5	48.0
Additional Paid-in Capital	673.0	903.7
Capital Surplus	22.6	-21.7
Other Components of Equity	-146.0	-196.0
Accumulated Other Comprehensive Income	-21.0	-14.9
Retained Earnings	2,545.8	2,643.9
Non-controlling Interest	3,123.6	3,103.9

## “Exciting Changes”

- 1 Strengthen Brand Competitiveness
- 2 Strengthen Customer Experience
- 3 Establish ‘Omni-digital Loop’
- 4 Accelerate Growth with Global two-track strategy
- 5 Optimize Business Structure
- 6 Create a great place to work