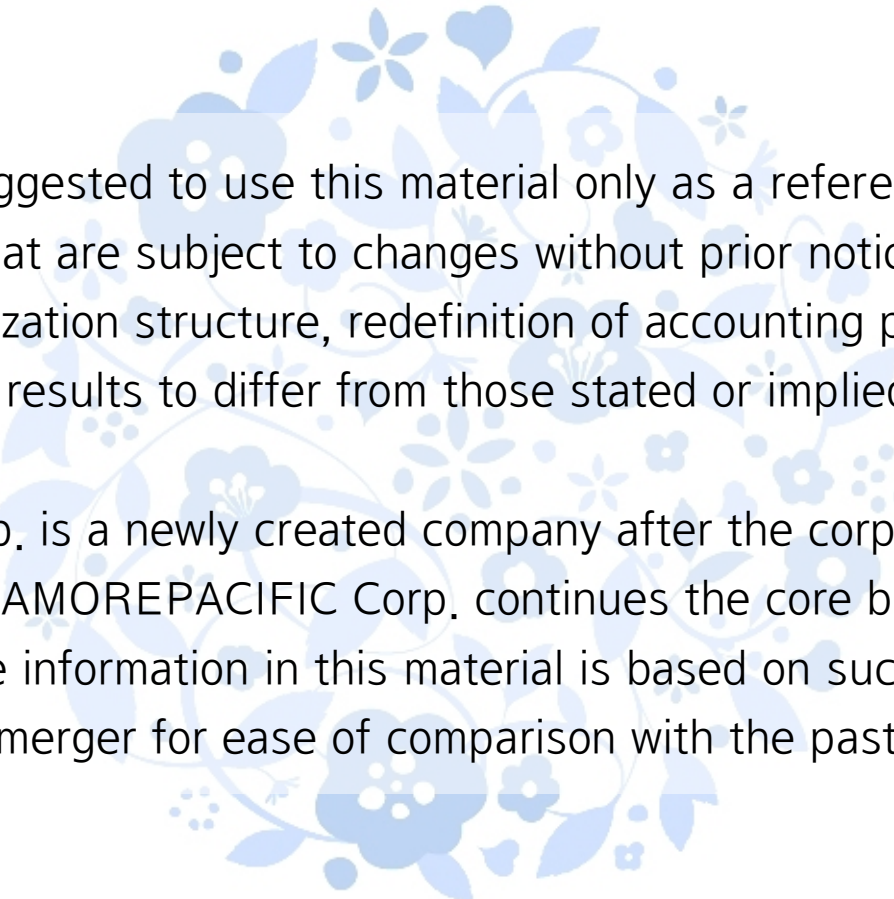




2007 1Q Results

**AMORE PACIFIC**  
CORPORATION

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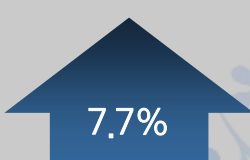
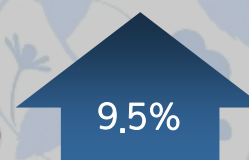
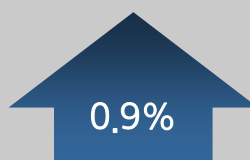
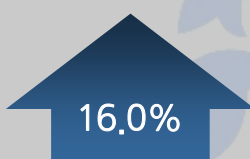
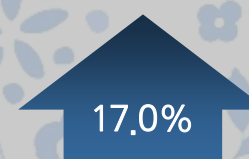
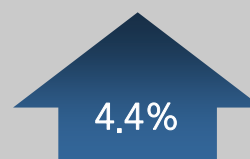
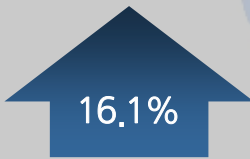
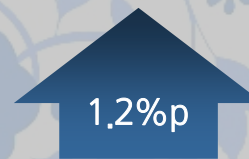
As a note, it is suggested to use this material only as a reference, as it contains information and data that are subject to changes without prior notice due to uncertainties, changes in the organization structure, redefinition of accounting policies, etc., and may cause the actual results to differ from those stated or implied in this material.

AMOREPACIFIC Corp. is a newly created company after the corporate restructuring in June 2006, and as AMOREPACIFIC Corp. continues the core business of the pre-demerger company, the information in this material is based on such operations, assuming no demerger for ease of comparison with the past data.

Continued market share gain with strong growth across all major channels

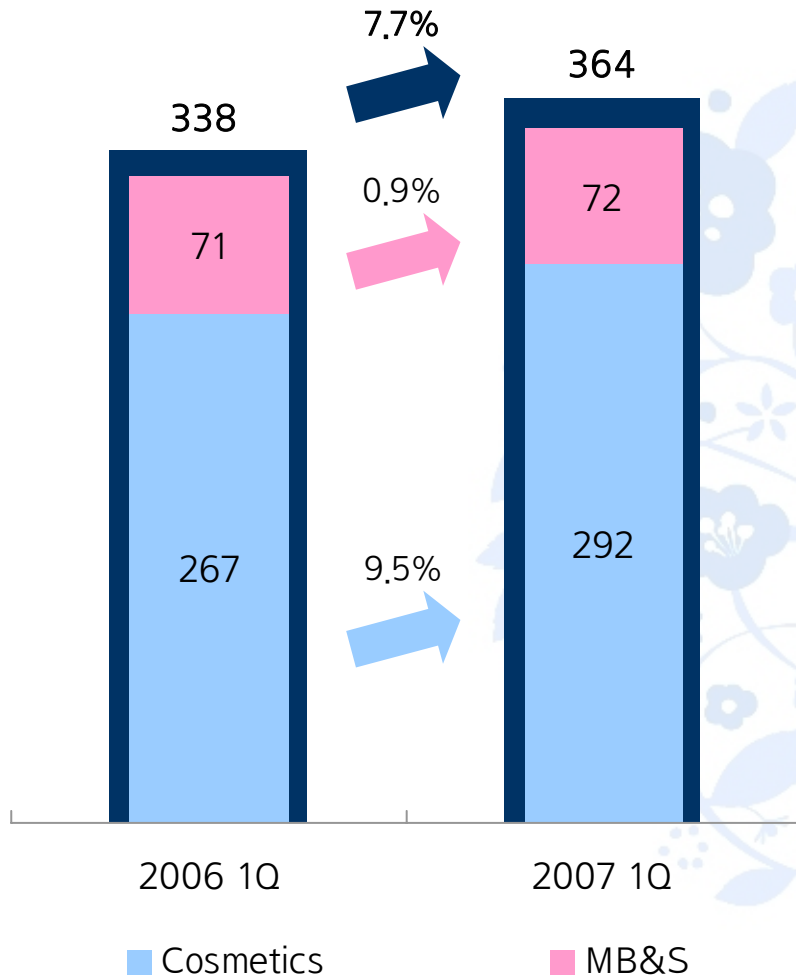
Strengthening brands through market segmentation and new product introduction

Enhancing profitability through efforts in nurturing hit products and distribution revamping

AMOREPACIFIC	Cosmetics	MB&S
<b>Sales</b> KRW 363.7  7.7%	<b>Sales</b> KRW 291.9  9.5%	<b>Sales</b> KRW 71.8  0.9%
<b>OP</b> KRW 97.9  16.0%	<b>OP</b> KRW 90.7  17.0%	<b>OP</b> KRW 7.2  4.4%
<b>NP</b> KRW 72.7  16.1%	<b>M/S</b> 35.4%  1.2%p	<b>M/S</b> by category <ul style="list-style-type: none"> <li>Body 26.6%</li> <li>Oral 20.5%</li> <li>Shampoo 18.5%</li> <li>Green Tea 42.7%</li> </ul>

※ Amounts in KRW bn, yoy / M/S: vs end of 2006

[KRW bn]



**Total sales of KRW 363.7 bn, +7.7% yoy**

**[Prestige Cosmetics: 55.4% of total sales, +9.1% yoy]**

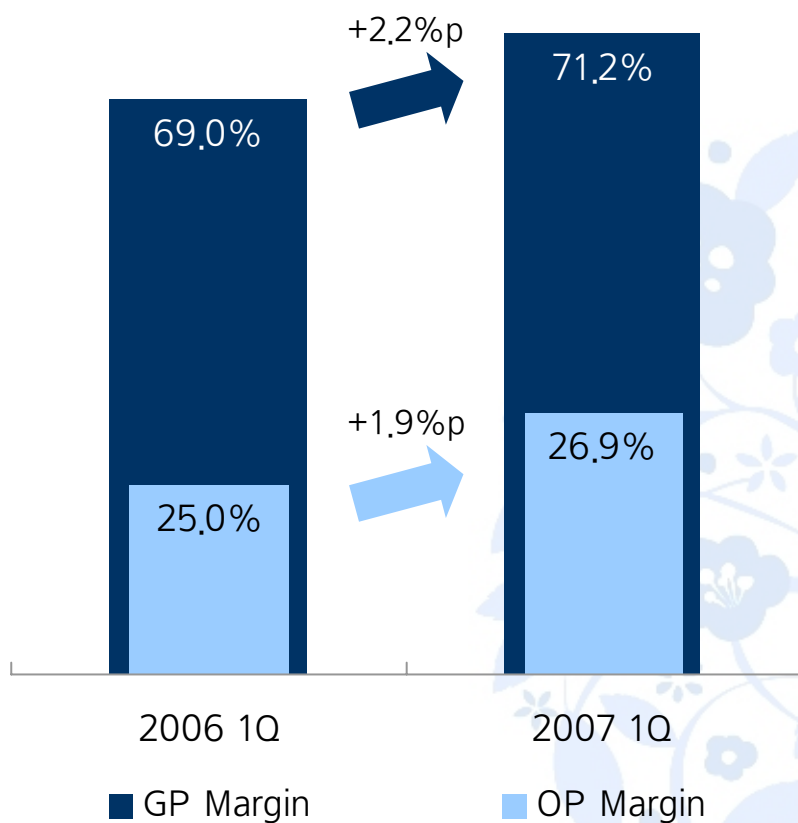
- § Home visit +7.7% yoy: Expanding number of strong sales ladies, growing preference for traditional herbal cosmetics
- § Department stores +14.1% yoy: Strengthening makeup line, as well as expanding product offerings for younger aged groups and men

**[Mass Cosmetics: 23.2% of total sales, +11.3% yoy]**

- § Specialty stores +18.5%: Expanded Innisfree's brand shops to 70, while the 934 HUE Place stores continue to stabilize with same store sales growth of 13%
- § Hypermarket +16.4% yoy: Increasing sales portion of high-functional products (ie:lope)
- § Internet & Home shopping -17.0% yoy: Internet revamping its distribution network to pursue direct relationship with retailers

**[MB&S: 19.7% of total sales, +0.9% yoy]**

- § Mise-en-scene and Happy Bath grew by 8% and 16% respectively, to assist the personal care business' growth of +7.5% yoy
- § Green tea business' negative sales growth is slowing down due to efforts in restructuring its distribution and enhancing the brand image



(OP Margin)	2007 1Q	2006 1Q
Cosmetics	31.1%	29.1%
MB&S	10.0%	9.7%

### Operating profit of KRW 97.9 bn, +16.0% yoy

[GP and OP margins enhanced by +2.2%p and +1.9%p respectively]

- § Increased sales contribution of prestige products and streamlined distribution structure
- § The mega-brand strategy is enhancing the cost efficiency
- § Increased sales contribution of Cosmetics business (79.0% → 80.3%)

[SG&A costs 44.2% of total sales, +8.3% yoy]

- § Optimization of marketing costs, +5.3% yoy
- § Commission expenses increased by +18% yoy due to strong performance in department stores and increased outsourcing of sales personnel
- § R&D expenses increased by +12.3% yoy

(vs Sales)	2007 1Q	2006 1Q
Personnel	7.6%	7.8%
Marketing	14.3%	14.6%
Commission	11.3%	10.3%
R&D	2.4%	2.3%

**Prestige cosmetics: New products leading to increased customer base and steady growth**

- § Hera increased its customer base with its men's line and the new makeup & body products
- § Hera's makeup products saw +19% yoy sales growth with the success of 'Rouge-holic lipstick' and other new introductions
- § Sulwhasoo continued to introduce new products like 'Soo Essence' to expand its customer base
- § V=B Program expanded sales with new products focusing on traditional herbal ingredients

**Mass cosmetics: Increasing both sales and profits through line expansion and value-added products**

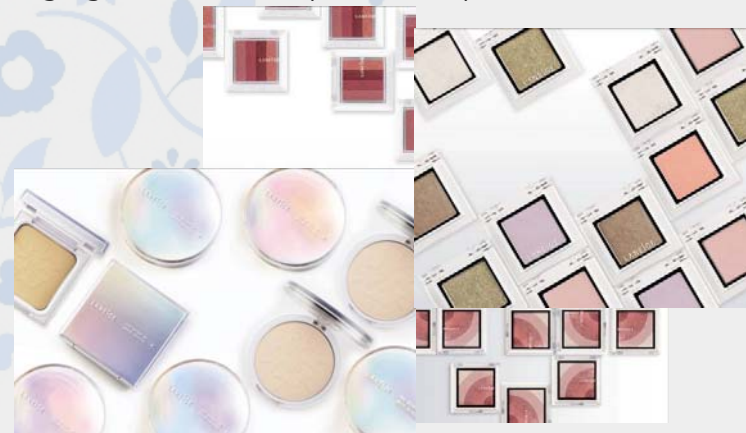
- § Iope showed strong growth of +38% yoy with new cosmetic product launches
- § Laneige stretched out into men's with Laneige homme
- § Mamonde expanded its multi-functional products, offering value-for-money
- § Innisfree expanded its number of brand shops to 70

**MB&S: Functional products receiving favorable responses**

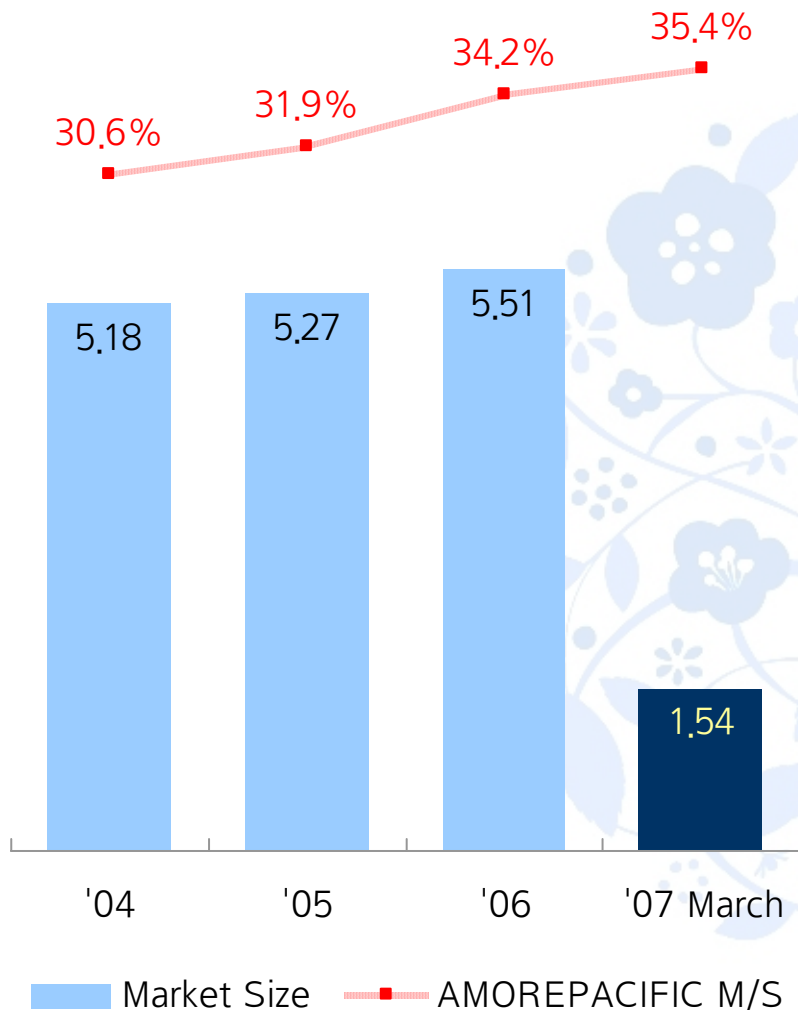
- § Median's whitening toothpaste and new toothbrush lead to +14% yoy growth
- § Happy Bath's line extension and upgrades lead to +18% yoy growth
- § O'sulloc opened its 6<sup>th</sup> tea house in Kangnam Finance Center

**Laneige launches its professional makeup line in May '07, aiming at the Asian market**

- § Plans to enter Hong Kong in 2<sup>nd</sup> half '07, and the rest Asian countries in '08
- § Consists of 64 types of products (339 SKUs), price ranging from KRW 25,000 to 30,000



[KRW tn, in retail value]



## The cosmetics market showing a stable growth of +4.1% yoy

- § With the increasing number of females participating in social activities, and the diversifying market with increasing demands for beauty and health related care is supporting the market's stable growth
- § The specialty store channel has reduced in size, while the traditional stores continue to modernize into new concept stores
- § Hypermarkets have continued stable growth by increasing the portion of products with counseling services
- § The increasing popularity of traditional herbal cosmetics is attracting new entrants into the home visit channel, increasing both its size and competition
- § The competition for additional market share in department stores is intensifying, as the new multinational brands are increasing their number of counters, and the domestic brands' performance improves

Profit & Loss

(KRW bn)	2007 1Q		2006 1Q	
		%		%
Sales	363.7		337.7	
Gross Profit	258.8	71.2%	233.0	69.0%
Operating Profit	97.9	26.9%	84.4	25.0%
Non-operating Income	9.8		8.9	
Non-operating Expense	5.2		7.9	
Recurring Profit	102.5	28.2%	85.4	25.3%
Net Profit	72.7	20.0%	62.6	18.5%

Balance Sheet

(KRW bn)	2007 Mar.	2006 Dec.
Asset	1,135.5	1,113.5
Current	378.1	383.9
Non-current	757.4	729.6
Liability	296.0	315.8
Current	160.0	181.3
Non-current	136.0	134.5
Shareholder's Equity	839.5	797.7
Capital	34.5	34.5
Capital reserve	712.7	712.7
Capital adjustment	-5.5	-5.6
Retained earnings	97.7	56.1





**AMORE PACIFIC**  
CORPORATION

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