



AMOREPACIFIC CORP.

AMOREPACIFIC Corporation 1Q 2016 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 Corp. has adopted the K-IFRS since 2011.

Sales up 23.3% to KRW 1,485.1bn, OP up 21.5% to KRW 337.8bn

Sales & OP by Division

KRW bn

	1Q 2015	% of sales	1Q 2016	% of sales	YoY(%)
Sales	1,204.4	100.0%	1,485.1	100.0%	23.3
Domestic	935.0	77.6%	1,085.5	73.1%	16.1
Cosmetics	796.2	66.1%	944.0	63.6%	18.6
Mass & Osulloc	138.8	11.5%	141.5	9.5%	1.9
Overseas	280.1	23.3%	408.0	27.5%	45.7
Others	-10.8		-8.4		
	1Q 2015	OPM	1Q 2016	OPM(%)	YoY(%)
Operating Profit	278.0	23.1	337.8	22.7	21.5
Domestic	223.5	23.9	268.2	24.7	20.0
Cosmetics	202.1	25.4	247.9	26.3	22.7
Mass & Osulloc	21.4	15.4	20.3	14.3	-5.3
Overseas	58.1	20.7	79.4	19.5	36.7
Others	-3.6		-9.9		
Net Profit	211.5	17.6	263.0	17.7	24.4

Others* : Intercompany Transaction

Luxury

Sustained robust growth through differentiated brand portfolio

- Sulwhasoo solidified its position as a holistic beauty brand encompassing Asian beauty values
 - : Opened flagship store to experience brand story and concept
- Hera enhanced its brand image as a luxury brand leading Seoul trend
 - : Launched 2016 S/S Nicholas Kirkwood collection through Hera Seoul Fashion Week collaboration
 - : Raised awareness of 'HERA loves SEOULISTA', a brand film which highlights inspirations of Seoul

Generated new demand through the development of organic/senior related categories

- Primera secured new and diverse customer base (expanded male and baby categories) with its germination ingredient story
- V=B achieved solid growth through category expansion to meet the needs of the senior population

Travel retail channel sustained robust growth mainly from increased sales of luxury brands, online sales, and expansion into global travel retail

Traditional channel strengthened its competitiveness through heightened customer service

- Department store channel improved customer loyalty through enhanced CRM initiatives
- Door-to-door channel improved customer convenience through optimization of mobile app and improved counselor sales capacity

Premium

Strengthened brand story through diverse marketing activities and innovative new product launches

- Laneige enhanced brand appeal through fortification of makeup line (Two tone lip bar, Two tone shadow bar)
- IOPE offered differentiated customer service through expansion of 'Skin lab' in stores (expanded space of bio science experience zones)
- Launched 'Moisture ceramide intense cream' from Mamonde X Marymond collaboration line

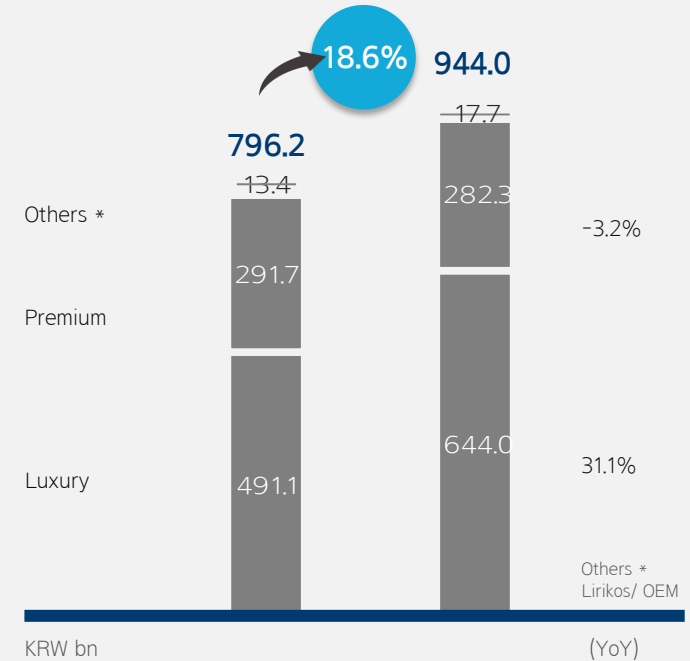
Aritaum channel strengthened online and offline retail competency

- Strengthened retail competency through retail expansion and relocation of key Aritaum stores as well as service upgrade
- Expanded customer base through strengthened O2O service to improve customer convenience and launched of company's online mall

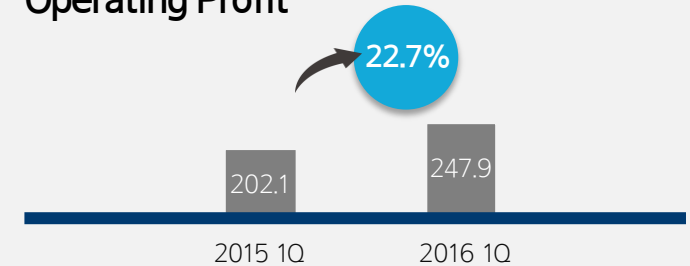
Digital channel poised for quality growth

- Strengthened inventory visibility / Nurtured company's online mall and mobile commerce

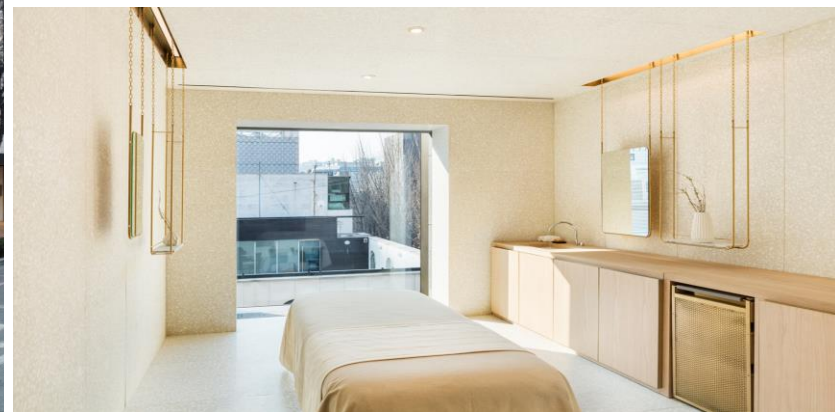
Sales



Operating Profit



SULWHASOO FLAGSHIP STORE



Mass

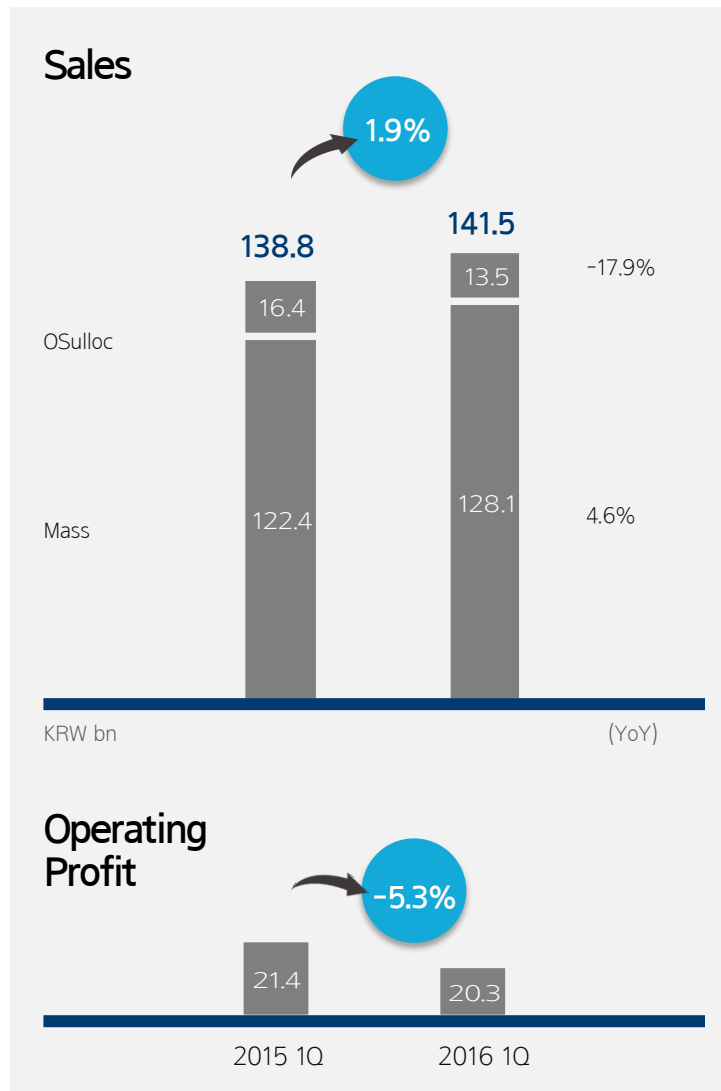
Sustained sales growth from increased sales of functional products and diversified distribution channel

- Ryo achieved solid sales growth through robust sales increase of major product lines (Hair root strength, Damage care)
- Secured platforms for sustainable growth for brands through growing channels (Convenience Store, Travel Retail)
- Strengthened position as professional moisturizer through increased sales of functional product line (illi ceramide ato cream)

OSulloc

OSulloc continued channel restructuring and strengthened product line up as part of 'premization' efforts

- Set the foundation for quality growth through channel restructuring (exit from hypermarket and agents)
- Improved OSulloc brand equity through expansion of premium lines (traditional and blended tea)



Asia

Sulwhasoo strengthened brand position as Asia's representative luxury brand

- Expanded customer base by increasing stores in high-end departments stores as well as entering into a B2C online mall in China

Laneige improved its trendy brand appeal through expanded make-up line and diversified marketing activities

- Publicized launch of 'Two tone lip bar' through PPL marketing in the Asian region
- Offered differentiated digital experience through the global launch of 'Laneige beauty mirror' mobile app

Mamonde expanded its brand coverage through new products as well as advancement into new markets

- Solid sales growth through successful launch of 'Hibiscus line' in China
- Advance into ASEAN market through penetration into Thailand department stores

Innisfree achieved robust sales growth in all regions through its differentiated brand story

- Improved customer loyalty and delivered core brand values through expansion of global online and offline marketing
- Achieved quality and quantity sales growth through new store openings and same store sales growth

Etude: Enhanced brand image as a leading make-up brand through strengthened product competitiveness

- Promoted Etude's makeup play culture to Asian women by launching differentiated products (Play 101 Pencil, Berry Delicious Collection)

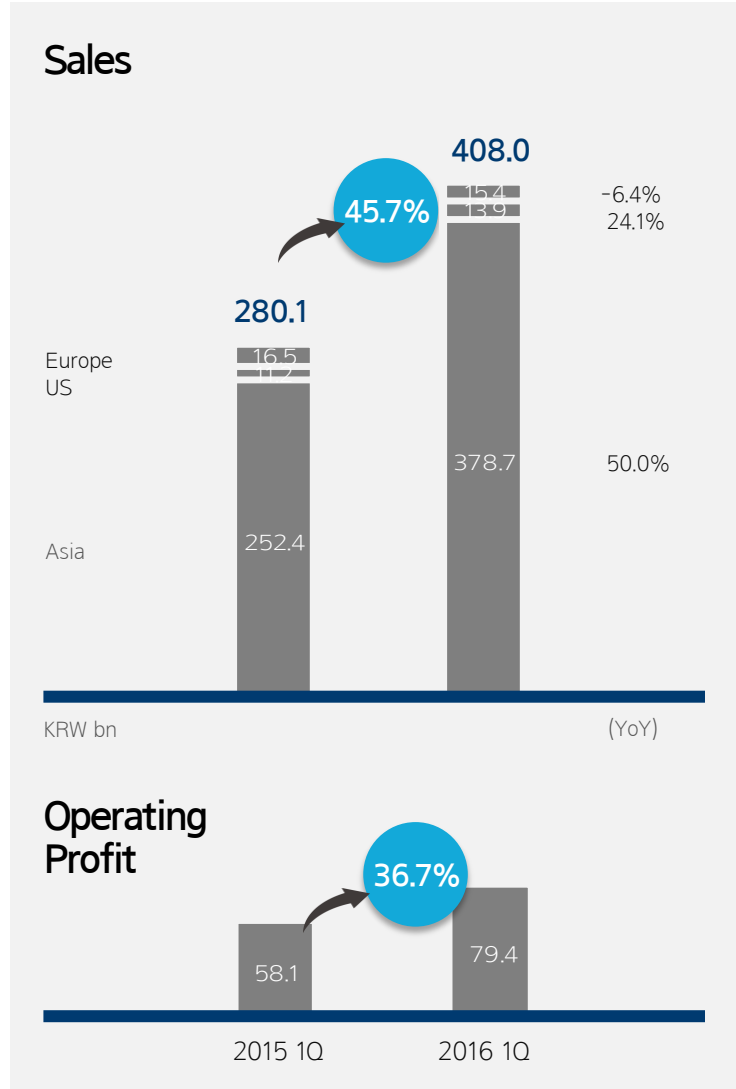
US

Sustained growth through expansion of region and channels

- Sulwhasoo and Laniege achieved solid sales growth through strong sales of hit seller and advancement into Canada
- Amorepacific brand strengthened luxury brand by renovating shelf designs and layout
- Increased investment to strengthen brand and channel competitiveness

Europe

Revenue and profit declined in Europe due to sluggish perfume market, weak consumer spending and channel restructuring



*VMD: visual merchandising

Income Statement

KRW bn

	2015 1Q		2016 1Q	
Sales	1,204.4	100.0%	1,485.1	100.0%
Gross Profit	908.2	75.4%	1,136.5	76.5%
SG&A expenses	630.3	52.3%	798.7	53.8%
Operating Profit	278.0	23.1%	337.8	22.7%
Non-operating Profit/Expenses	3.4		8.1	
Profit before tax	281.4	23.4%	345.9	23.3%
Consolidated net income	211.5	17.6%	263	17.7%

Statement of Financial Position

KRW bn

	2015.12	2016.03
	Assets	4,443.1
Current assets	1,833.2	2,108.4
Non-current assets	2,609.9	2,676.3
Liabilities	1,070.8	1,242.9
Current liabilities	871.9	1,033.0
Non-current liabilities	198.9	209.9
Shareholder's Equity	3,372.3	3,541.9
Capital stock	34.5	34.5
Additional paid-in capital	712.7	712.7
Capital surplus	7.8	7.8
Other components of equity	(18.4)	(18.4)
Accumulated other comprehensive income	(14.1)	(13.3)
Retained earnings	2,623.1	2,788.1
Non-controlling interest	26.7	30.4