



AMOREPACIFIC

2008 Q2 Results

AMOREPACIFIC
CORPORATION

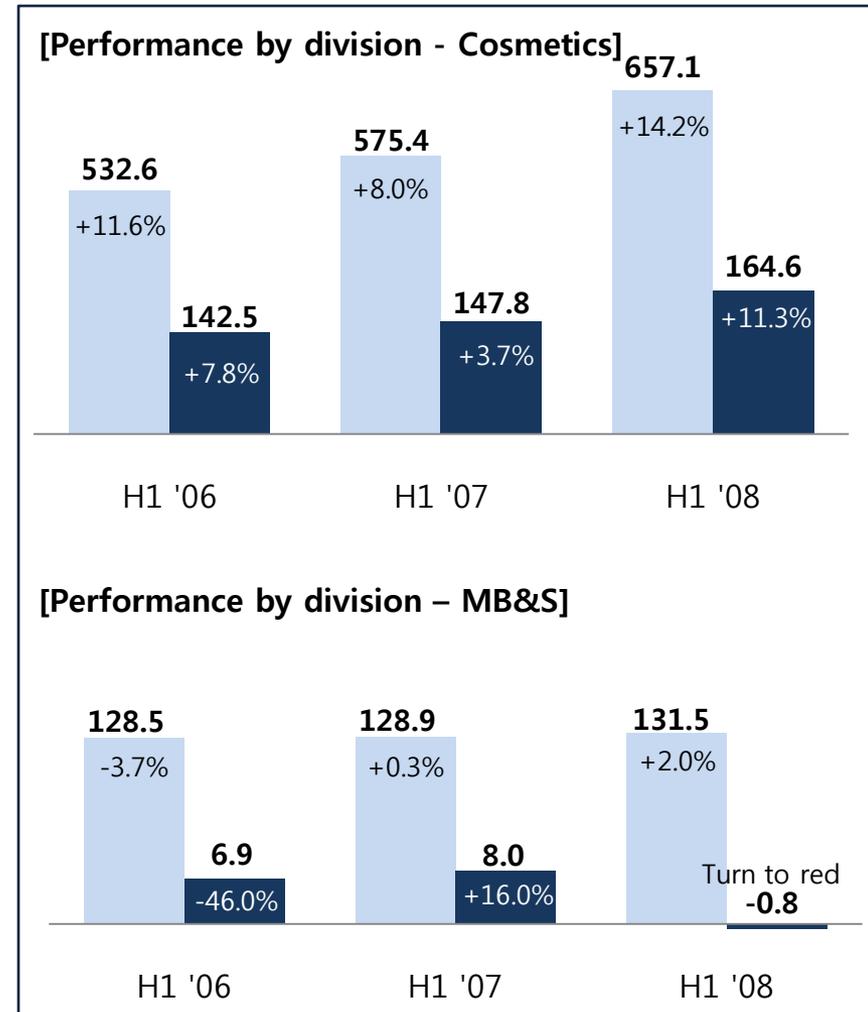
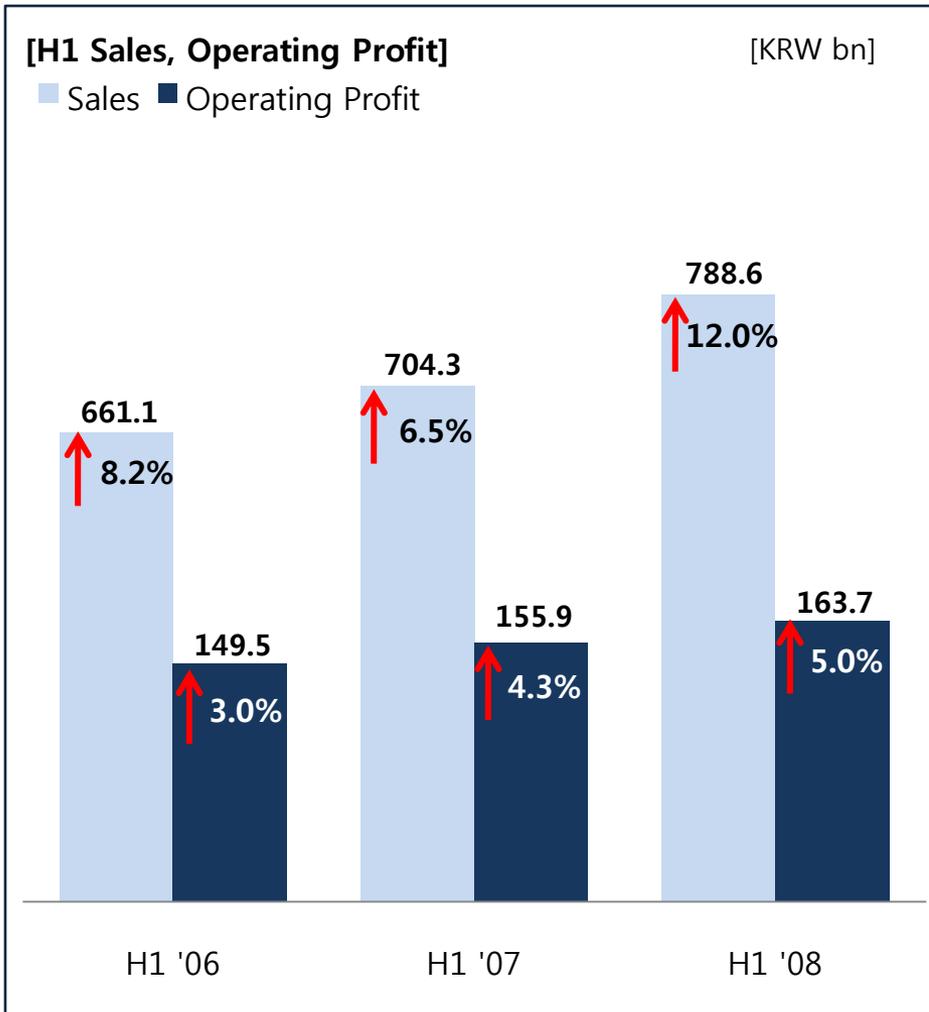
July 31, 2008

- **H1 2008 Performance Summary**
- **Q2 2008 Sales Analysis**
- **Q2 2008 Profitability Analysis**
- **H1 2008 Overseas Business Analysis**
- **Q2 2008 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 organization structure, redefinition of accounting policies, etc., and may cause the actual results to differ from those stated or implied in this material.

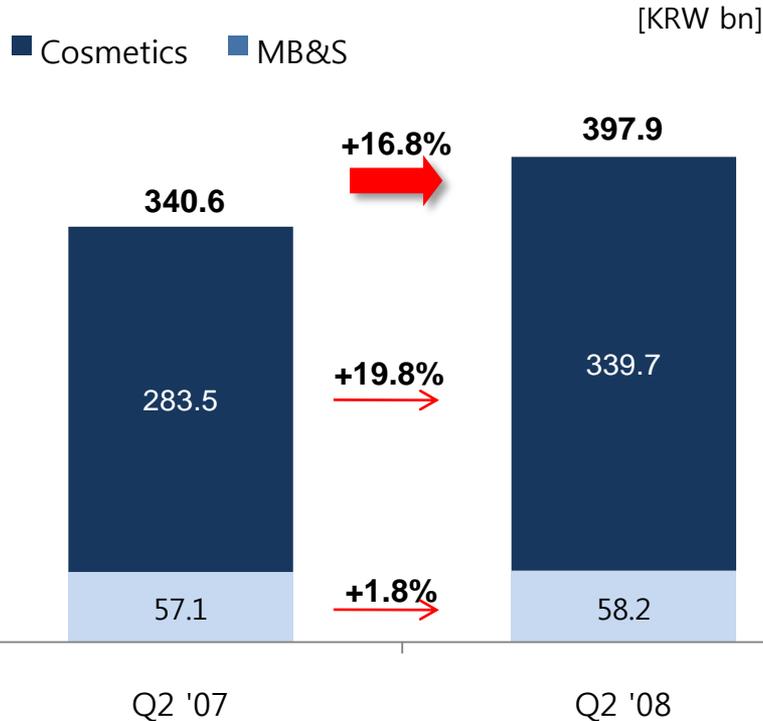
H1 2008 Performance Summary

Sales +12% YoY, Operating Profit +5% YoY : Amorepacific was successful in generating solid sales growth in H1 2008, thanks to the strong growth across all cosmetics channels.



Q2 2008 Sales Analysis

[Sales by Division]



[Sales growth by channel]

Division	Channel	YoY	Division	YoY
Cosmetics (+19.8%)	D2D	+8.4%	MB&S	+1.8%
	Dept. Store	+20.7%		
	Specialty	+14.0%		
	Discount	+123.8%		

Q2 Sales KRW 397.9bn, +16.8% YoY

[Cosmetics] Sales of KRW 339.7bn, +19.8% YoY

- Premium Cosmetics, +11.6% YoY**
 - Renewal project of 'Hera' and successful launching of slimming products ('VB Program') contributed to the solid sales growth of Door to Door and Department store channels
 - 'Hera' +7%, 'VB Program' +47%, 'AMOREPACIFIC' 57%
- Mass Cosmetics, +42.7% YoY**
 - Strong sales growth from 'Laneige' premium make-up & men's line and 'IOPE' new functional line – stem cell ('Laneige' +32%, 'IOPE' +22%)
 - New brand, 'Hannule' and expansion of 'Innisfree' stores contributed to the sales growth in mass cosmetics channels

[MB&S] Sales of KRW 58.2bn, +1.8% YoY

- Successful launching of premium hair care brand 'Ryoe' contributed to the Mass Beauty sales growth +16% YoY
- Green tea's weak sales continue as the market worsens

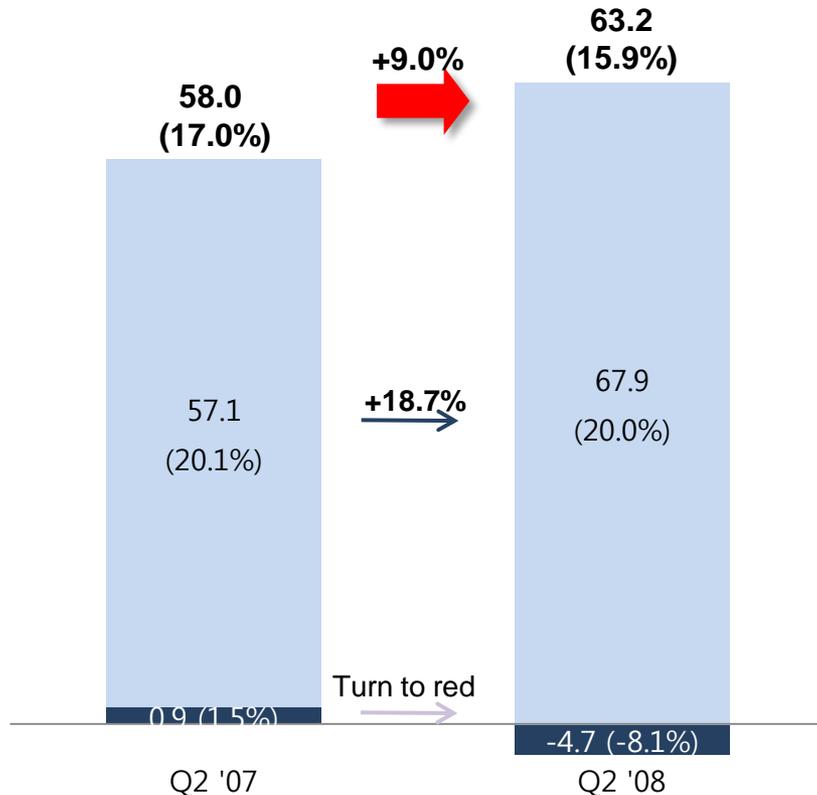
* Change in discount store sales recognition starting Q2 : sales commissions are included in sales figures

Q2 2008 Profitability Analysis

[Operating Profit(margin) by Division]

[KRW bn]

■ MB&S ■ Cosmetics



[Profitability]

%	Q2 2007	Q2 2008
GP Margin	70.7%	70.8%
OP Margin	17.0%	15.9%

Q2 Operating Profit KRW 63.2bn, +9.0% YoY

[Cosmetics Division]

- Operating profit +18.7% YoY
- Strongest profit growth since 2001 due to solid sales growth of Door to Door channel and strong sales of Masstige products along with improved product mix and marketing expense control

[MB&S Division]

- GP margin declined due to increase in raw material cost increase
- Marketing expense increased due to new brand launch (premium hair care brand 'Ryoe')
- Declining sales of green tea caused GP margin to decrease

[Total SG&A 54.9% of Sales, +19.5% YoY]

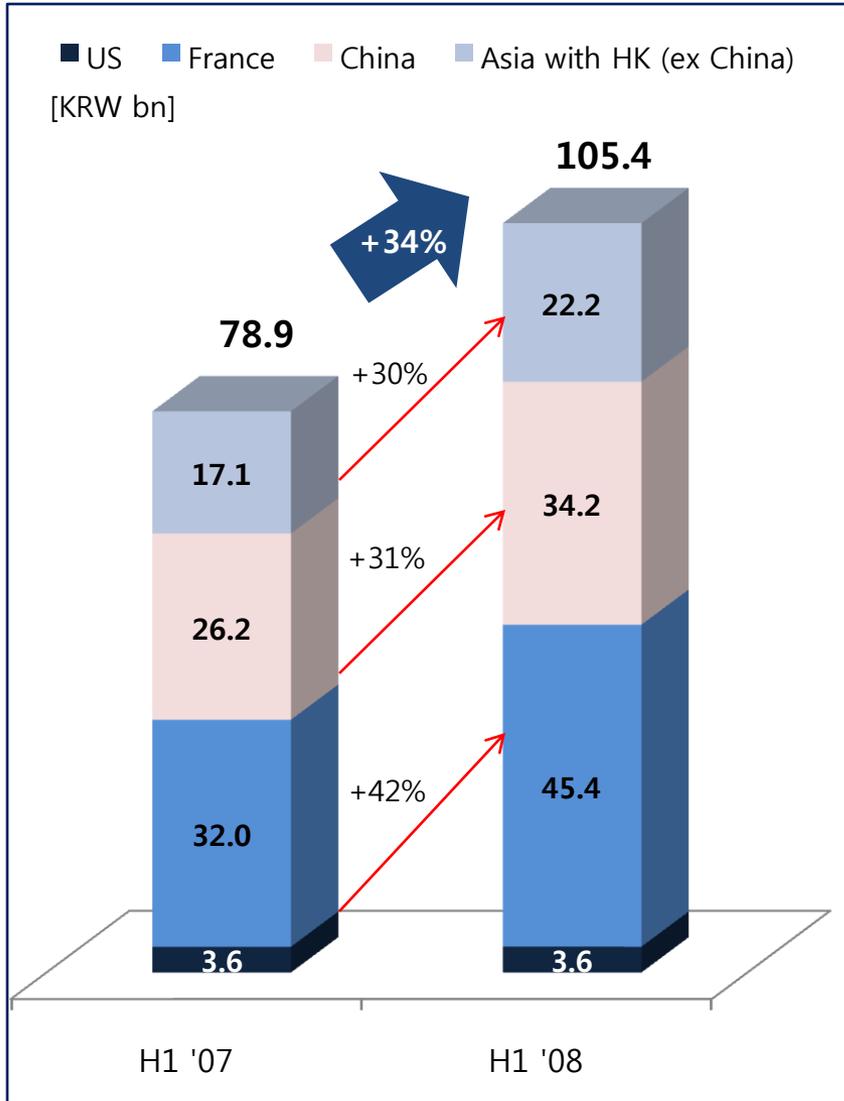
- Increased personnel commission due to counter expansion in Dept. stores and discount stores ('Innisfree')
- Increased investments into professional consulting services to strengthen future growth potentials
- Increased sales commission in discount stores due to change in discount store sales recognition

[Q2 SG&A vs. Sales]

(vs Sales)	2007 2Q	2008 2Q
Personnel	9.5%	8.7%
Marketing	18.6%	17.3%
Commission	11.5%	16.4%
TOTAL	53.7%	54.9%

H1 2008 Overseas Business Analysis

[Sales by Region]



H1 Sales KRW 105.4bn, +34% YoY

[China: 33% of total overseas, +31% YoY]

- In spite of the delayed store openings (due to the earthquake), China continued its strong growth with improved profitability ('Laneige' sales growth of +19% at 127 Dept. stores / 'Mamonde' sales growth of +75%, at 149 Dept. stores & 1,242 Specialty stores)
- Enhanced profitability: Net profit increased by +80%

[Asia Ex China: 21% of total overseas, +30% YoY]

- Singapore, Hong Kong, Japan, and Malaysia showing strong sales growth of +54% YoY +29% YoY, +280%, +230% YoY respectively
- 'Laneige' continued to grow with strengthened brand awareness (Sales growth of +33% YoY)

[France: 43% of total overseas, +42% YoY]

- Continued strong sales growth of 'Lolita Lempicka' due to more efficient resource allocation
- Expanded OEM business contributed to sales growth

[US: 3% of total overseas, +0% YoY]

- Sales growth slowed down due to US recession

※ The Chinese performance figures are based on simple sum up of the 3 Chinese affiliates.

※ The data are subject to changes without prior notice due to uncertainties.

Q2 2008 Financial Summary

► Profit & Loss

(KRW bn)	Q2 2008		Q2 2007	
		%		%
Sales	397.9	100.0	340.6	100.0
Gross Profit	281.6	70.8	240.8	70.7
SG&A	218.4	54.9	182.8	53.7
Operating Profit	63.2	15.9	58.0	17.0
Non-operating Profit	15.2		6.3	
Non-operating expense	10.7		6.3	
Recurring Profit	67.7	17.0	58.0	17.0
Net Profit	47.8	12.0	41.3	12.1

► Balance Sheet

(KRW bn)	2008.6	2008.3
Asset	1,393.0	1,365.5
Current Asset	492.0	468.9
Non-current Asset	901.0	896.6
Liability	336.5	362.8
Current Liability	196.4	222.6
Non-current Liability	140.1	140.2
Shareholder's Equity	1,056.5	1,002.7
Capital	34.5	34.5
Capital Reserve	712.7	712.7
Capital Adjustment	-1.4	-1.4
Retained Earnings	19.0	13.0
Asset	291.7	243.9