



# AMOREPACIFIC

## 2011 Q2 Earnings Release

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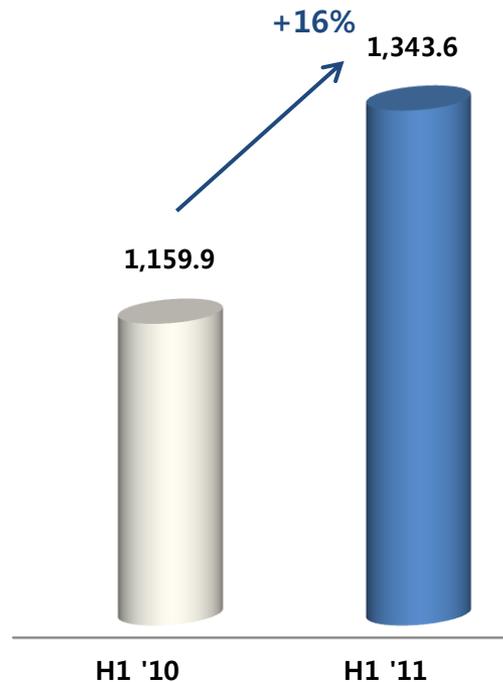
**AMOREPACIFIC Corp. has adopted the K-IFRS since 2011 Q1.  
For fair comparison, we have disclosed the 2010 numbers based on same standards.**

# 2011 H1 FINANCIAL HIGHLIGHTS

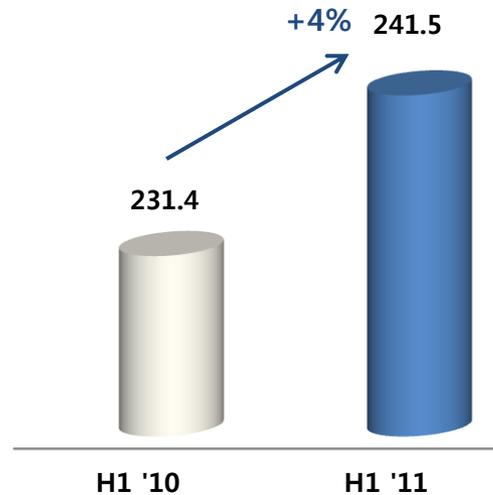
## Sales of KRW 1,343.6bn and OP of KRW 241.5bn backed by strong organic growth

- Strong growth continued backed by organic growth from reinforced core businesses
  - Greatest H1 sales and profits: Sales of KRW 1,343.6bn, OP of KRW 241.5bn

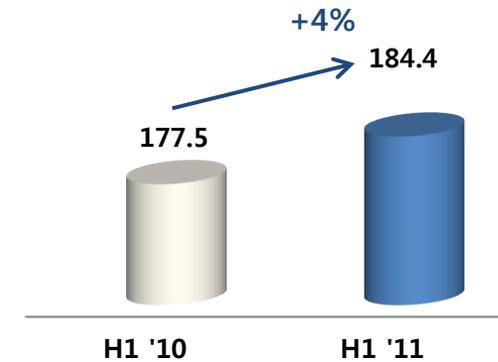
### Sales



### Operating Profit



### Net profit



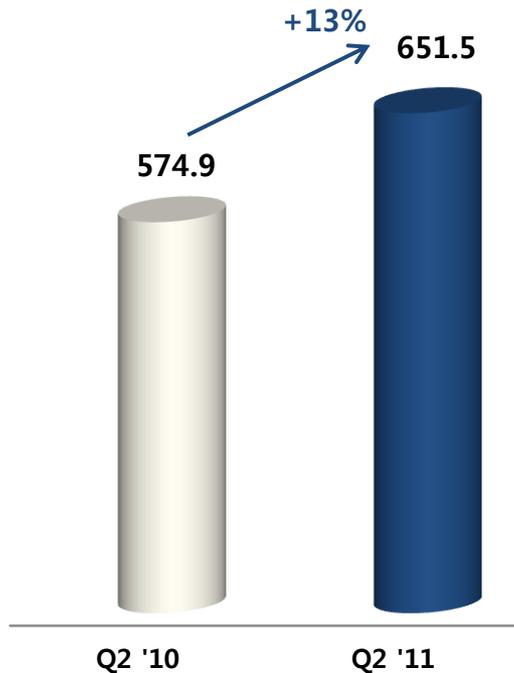
[KRWbn, %YOY]

# 2011 Q2 Earnings Summary

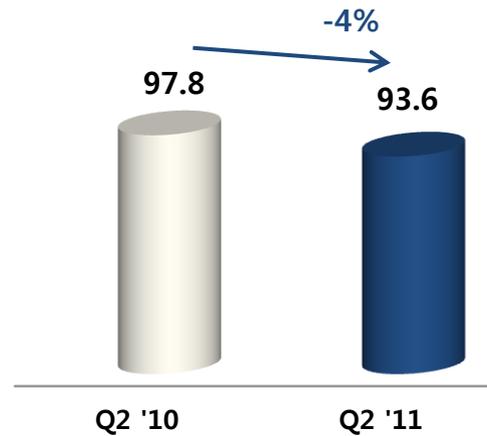
## Sales up 13% to KRW 651.5bn, OP slightly down to KRW 93.6bn

- Differentiated brands, distribution channels and sales capacity, and accelerated growth in the global business led to strong growth throughout all divisions
- OP showed a slight fall due to increased investments to strengthen the cosmetics business competitiveness

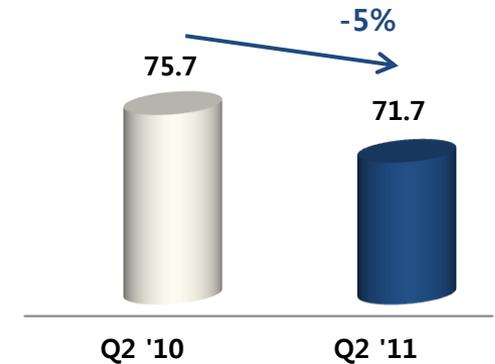
### Sales



### Operating Profit



### Net Profit

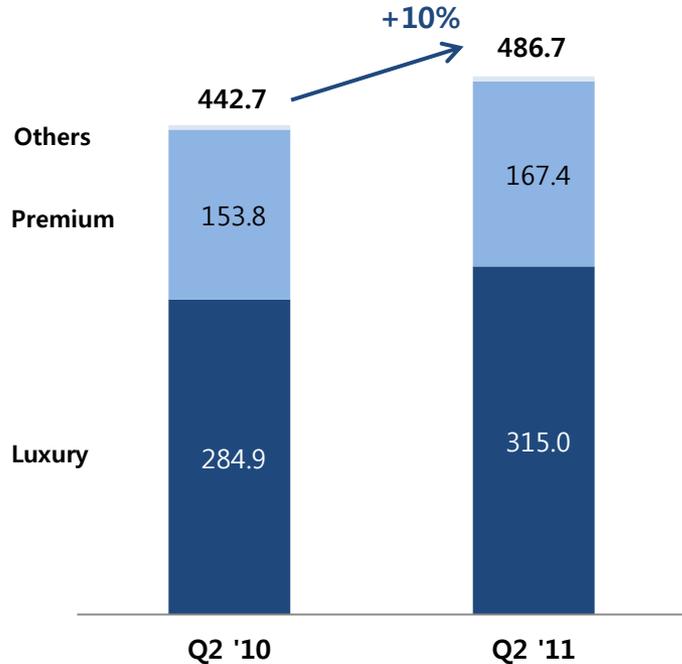


[KRWbn, %YoY]

# 2011 Q2 Earnings by Division \_ Cosmetics (Domestic)

## Sales

[KRWbn, %YoY]



Sales of KRW 486.7bn (+10%), OP of KRW 83.5bn(-8%)

Strong sales growth and increased investments to achieve global competitiveness

### [LUXURY] 65% of domestic cosmetics sales, up 11% to KRW 315.0bn

- Launch of channel-exclusive products and strengthened sales capacity caused strong performance of duty-free sales
- Department store sales growth continued thanks to the improved same store sales growth of major luxury brands
- New customers for 'Sulwhasoo' and 'Amorepacific' brands increased and sales portion of high-end lines expanded for 'Sulwhasoo' brand

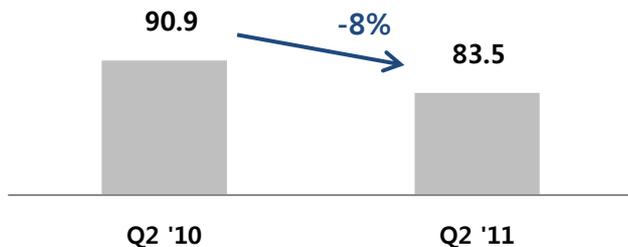
### [PREMIUM] 34% of domestic sales, up 9% to KRW 167.4bn

- Robust growth in on-line channel and same store sales growth in 'Aritaum' stores led to premium cosmetics sales growth
- Slower channel growth and trade-down to one brand shops resulted in weaker growth in hypermarket channel

### [OP] Down 8% due to increased investments to reinforce competitiveness

- Cost incurred relating to the completion of and relocation to the new factory and logistics center
- Expanded investment in fostering global talent (secured outstanding workforce and increased workers sent overseas)
- Distribution commissions rose due to strong growth in concession-based channels (DFS and On-line)

## Operating Profit



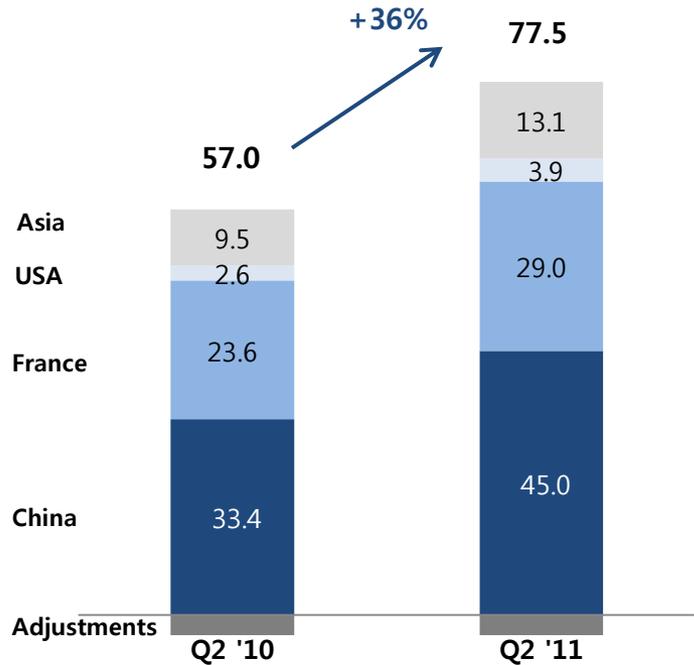
### [Cosmetics Sales by Major Channels]

Channel	Vs. Total	%YoY	Channel	Vs. Total	%YoY
Door-to-Door	35.5	4.3	Specialty Store	16.7	7.2
Department Store (DFS)	26.9 (9.7)	20.0 (33.8)	Hypermarket	9.2	-2.5
			On-line	8.5	28.8

# 2011 Q2 Earnings by Division \_ Cosmetics (Overseas)

## Sales

[KRWbn, %YoY]



Sales of KRW 77.5bn (+36%), OP of KRW 0.8bn(+183%)

Continued strong sales growth and profitability improvement across all regions

### [CHINA] Up 35% to KRW 45.0bn

- 'Laneige'- Sales grew on the back of stronger customer base as a result of reinforced CRM and same store sales improvement (+23%)
- 'Mamonde'- Store expansion and promotions such as on-line campaigns led to robust sales growth (+51%)
- 'Sulwhasoo'- Enhanced brand recognition through VIP and media PR

### [FRANCE] Up 23% to KRW 29.0bn

- 'Lolita Lempicka' continued stable growth resulting in sales growth and profitability improvement
- Sales were especially strong in Asia and Middle East

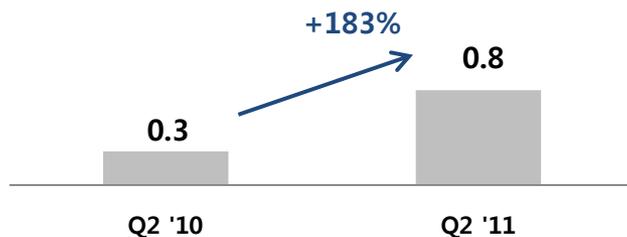
### [US] Up 50% to KRW 3.9bn

- New product launch ('AP Age Spot Corrector') and reinforced promotions resulted in same store sales growth
- Sales surged thanks to the improved sales capacity of specialty stores (Amore Shops)

### [ASIA] Up 38% to KRW 13.1bn

- Strengthened the recognition of 'Laneige' brand in major Asean markets such as Singapore, Malaysia and Taiwan through a new line launch ('Pore Line') and strengthened marketing efforts

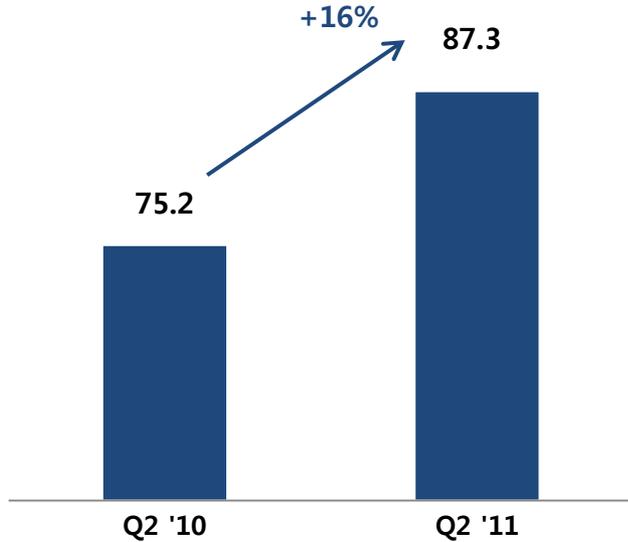
## Operating Profit



# 2011 Q2 Earnings by Division \_ MC&S

## Sales

[KRWbn, %YoY]

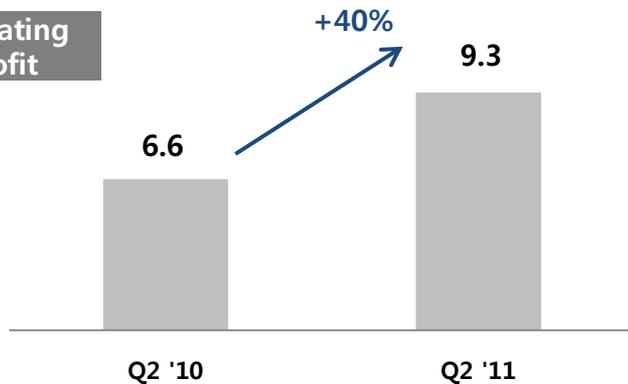


Sales of KRW 87.3bn (+16%), OP of KRW 9.3bn (+40%)

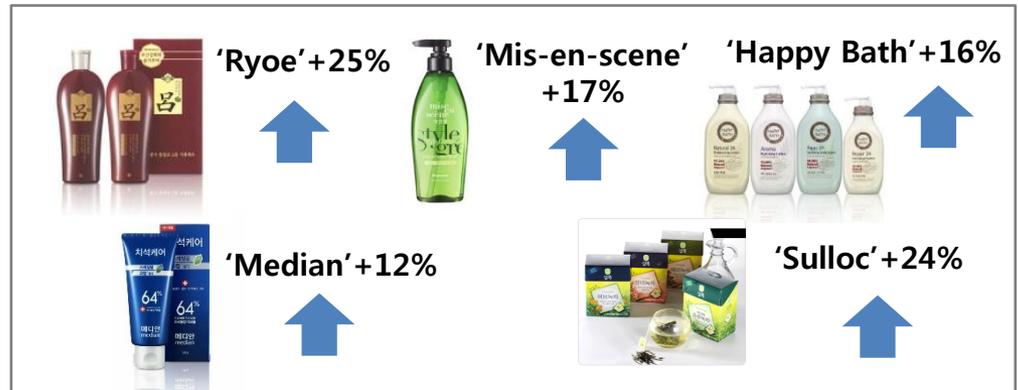
Accelerated sales and profit growth backed by stronger premium & functional products

- Sales of major brands such as 'Mis-en-scene', 'Ryoe' and 'Happy Bath' continued stable growth
- Ranked second in the toothpaste market by increasing sales of functional oral care products such as 'Median Care' line (2010 : 20.8% 3rd -> 2011 : 23.7% 2nd)
- Sulloc sales continued strong growth in the department stores through improved sale of premium tea leaf products
- Despite the pressure on costs due to the raw material price hike and increased marketing costs to strengthen brand power, profits continued solid growth thanks to the improved product mix through increased sales of premium products

## Operating Profit



## [Major Brands]



# 2011 Q2 Financial Summary – By division

## Sales and Profits

[KRWbn]

	10 Q2 KIFRS	(%)	11 Q2 KIFRS	(%)	Y on Y (%)
<b>Sales</b>	574.9	(100)	651.5	(100)	13.3
Cosmetics (Domestic)	442.7	(77.0)	486.7	(74.7)	9.9
Cosmetics (Overseas)	57.0	(9.9)	77.5	(11.9)	36.0
MC&S	75.2	(13.1)	87.3	(13.4)	16.1
	10 Q2 KIFRS	(%)	11 Q2 KIFRS	(%)	Y on Y (%)
<b>Operating Profit</b>	97.8	(17.0)	93.6	(14.4)	-4.4
Cosmetics (Domestic)	90.9	(20.5)	83.5	(17.1)	-8.2
Cosmetics (Overseas)	0.3	(0.5)	0.8	(1.1)	182.6
MC&S	6.6	(8.8)	9.3	(10.6)	40.1

# 2011 Q2 Financial Summary

## ► Income Statement

[KRWbn]	2010 Q2		2011 Q2	
	KIFRS	%	KIFRS	%
Sales	574.9	100.0	651.5	100.0
Gross Profit	414.1	72.0	465.5	71.4
SG&A Expense	316.3	55.0	371.9	57.1
Operating Profit	97.8	17.0	93.6	14.4
Non-operating Profit/Expense	0.3		-0.1	
Income Before Taxes	98.1	17.1	93.5	14.4
Consolidated Net Profit	75.7	13.2	71.7	11.0

## ► Statement of Financial Position

[KRWbn]	2010. 12 KIFRS	2011. 6 KIFRS
Asset	2,481.8	2,693.6
Current Asset	745.2	796.5
Non-current Asset	1,736.6	1,897.1
Liability	619.7	692.0
Current Liability	380.4	445.2
Non-current Liability	239.3	246.8
Shareholder's Equity	1,862.1	2,001.7
Capital	34.5	34.5
Capital Reserve	720.4	720.4
Capital Adjustment	-1.8	-1.8
Accumulated Other Inclusive Gain and Loss	-1.1	-4.1
Retained Earnings	1,100.5	1,243.8
Non-Controlling interest	9.6	8.9



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