



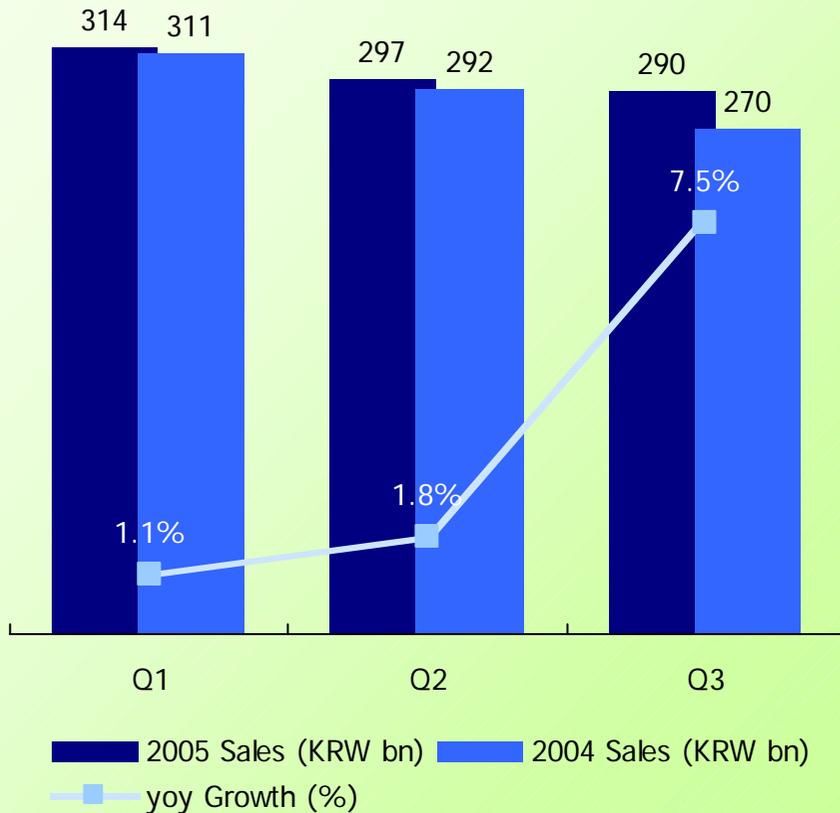
AMORE PACIFIC

2005 3Q RESULTS

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IR Department
(www.AMOREPACIFIC.co.kr)

Sales Analysis

Sales Trend by Quarter

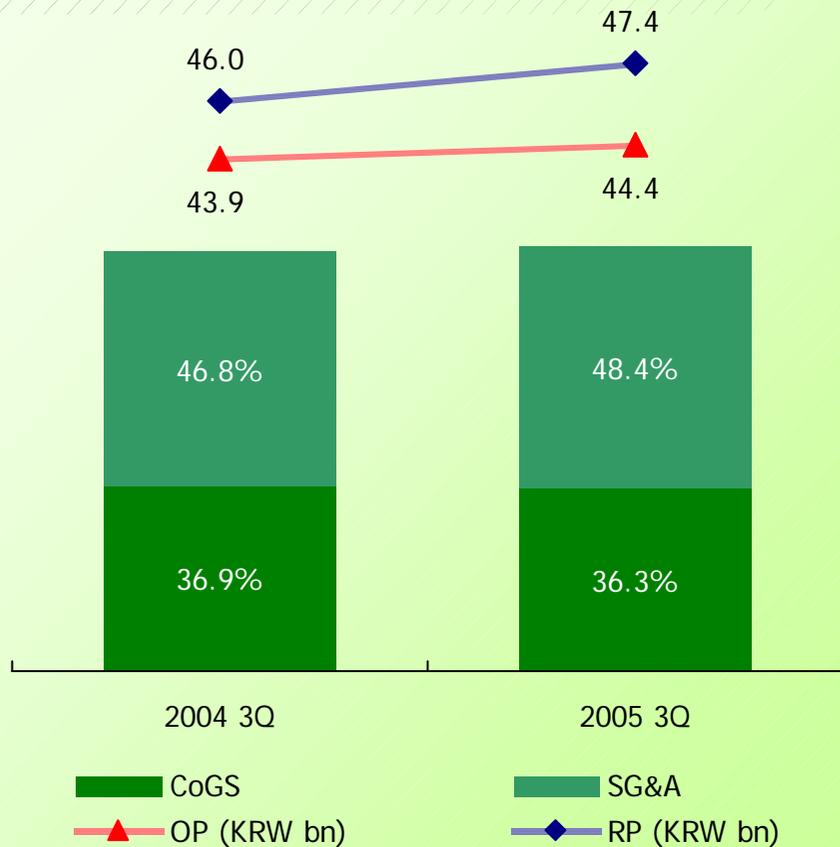


Comments

- ❖ Assisted by the recovery of the cosmetics division, total corporate sales increased by 7.5% yoy
- ❖ Cosmetics
 - 10.4% yoy growth, assisted by positive performance in all channels
 - Balanced growth is expanding the company's market share to 36% level
 - New product lines under 'HERA' and 'IOPE' launched
- ❖ Mass Beauty
 - Sales contribution of major brands on the increase with more than 30% yoy growth seen in 'mise en scène' and 'Happy Bath'
- ❖ Tea
 - Third O'sulloc tea house open in Dae Hak Ro district
 - Competitors' penetration is accelerating the price competition for tea bag products
- ❖ Holdings Company Restructuring
 - Pacific Glas merger completed as of July 31st 2005
 - Jang Won Industry merger commenced on October 5th 2005

Profitability Analysis

Profitability YoY Comparison



Comments

- ❖ Total operating profit of KRW 44.4 bn, an increase of 1.2% yoy
- ❖ Gross profit enhanced by 0.7%p (3Q YTD)
 - Improving product mix and rationalizing of distribution network to sustain the enhancement trend
- ❖ Recurring profit increased by 3.1% yoy
 - Non-operating revenue of KRW 9.5 bn: Interest revenue of KRW 4.2 bn, Equity method gains of KRW 2.8 bn
 - Non-operating expense of KRW 6.5 bn: Equity method losses of KRW 5.5 bn
- ❖ SG&A increased by 11.2% yoy
 - Marketing expenses increased by 10.4% yoy to assist new product launches and sales boost, while maintaining 2Q level of 16%
 - Commission increased by 11% YTD following department store sales increase and accounting disparity in recognizing the department store commissions

	2005 3Q	2004 3Q
Personnel	14.1%	14.7%
A&P	16.4%	16.0%
Commission	7.7%	6.2%

Channel Analysis

- ❖ Domestic cosmetics industry continues its improvement since the 2nd quarter, forecasting a gradual recovery of consumption
- ❖ Door-to-door, department store, and discount store channel grew by 3%, 17% and 19% respectively, together with the previously depressed specialty and direct sales channel showing positive growth of 16% and 6% respectively
- ❖ 690 HUE Place stores open at the end of September 2005, and continues to increase its contribution to sales
- ❖ Increasing 'LANEIGE' department store counters in China has assisted in export's 70% growth
- ❖ 'AMOREPACIFIC' and 'Sulwhasoo' brand expanding its department store counters in US and Hong Kong

2005 3Q	Cosmetics	Mass Beauty	Tea	TOTAL
Sales (KRW bn)	219.1	52.2	16.9	290.4
Growth (% , yoy)	10.4%	-1.1%	-10.3%	7.5%
OP Margin (%)	18.6%	7.1%	2.3%	15.3%
Growth (%p)	0.1%p	-2.7%p	-8.1%p	-1.0%p

Financial Summary (KRW bn)

Balance Sheet	2005.09	2004.12
Assets	1,371.8	1,194.0
Current assets	665.4	475.6
Non-current assets	706.4	718.4
Liabilities	256.8	248.3
Current liabilities	179.5	185.0
Non-current liabilities	77.3	63.3
Owner's Equity	1,115.0	945.7
Capital	53.0	51.0
Capital reserve	348.1	191.0
Retained earnings	853.3	725.6
Capital adjustment	-139.4	-21.9
Profit & Loss	2005 3Q YTD	2004 3Q YTD
Sales	901.2	872.2
Gross Profit	600.4	575.0
Operating Profit	189.5	181.8
Recurring Profit	213.6	206.5
Net Profit	151.6	144.8

※ The above includes Pacific Glas' sales of KRW 2.2 bn and net profit of KRW 89 mn following its merger at end of July 2005