



AMORE PACIFIC

2006 3Q Results

WWW.AMOREPACIFIC.CO.KR

2006 3Q Overview

Company

[KRW bn, yoy]

Sales
KRW 313.8 bn

8.9%

Operating P.
KRW 56.7 bn

26.2%

Recurring P.
KRW 52.8 bn

11.8%

Cosmetics BU

[KRW bn, yoy]

Sales
KRW 237.9 bn

11.0%

Operating P.
KRW 48.4 bn

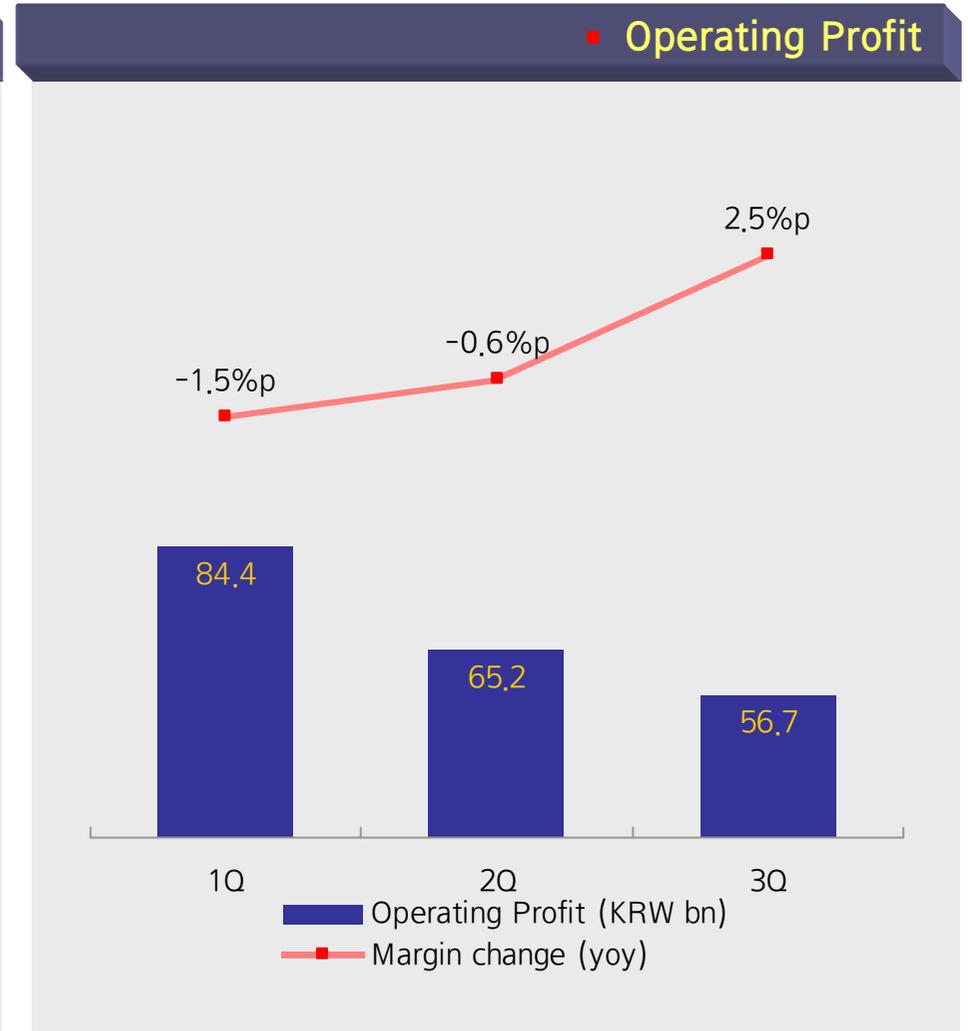
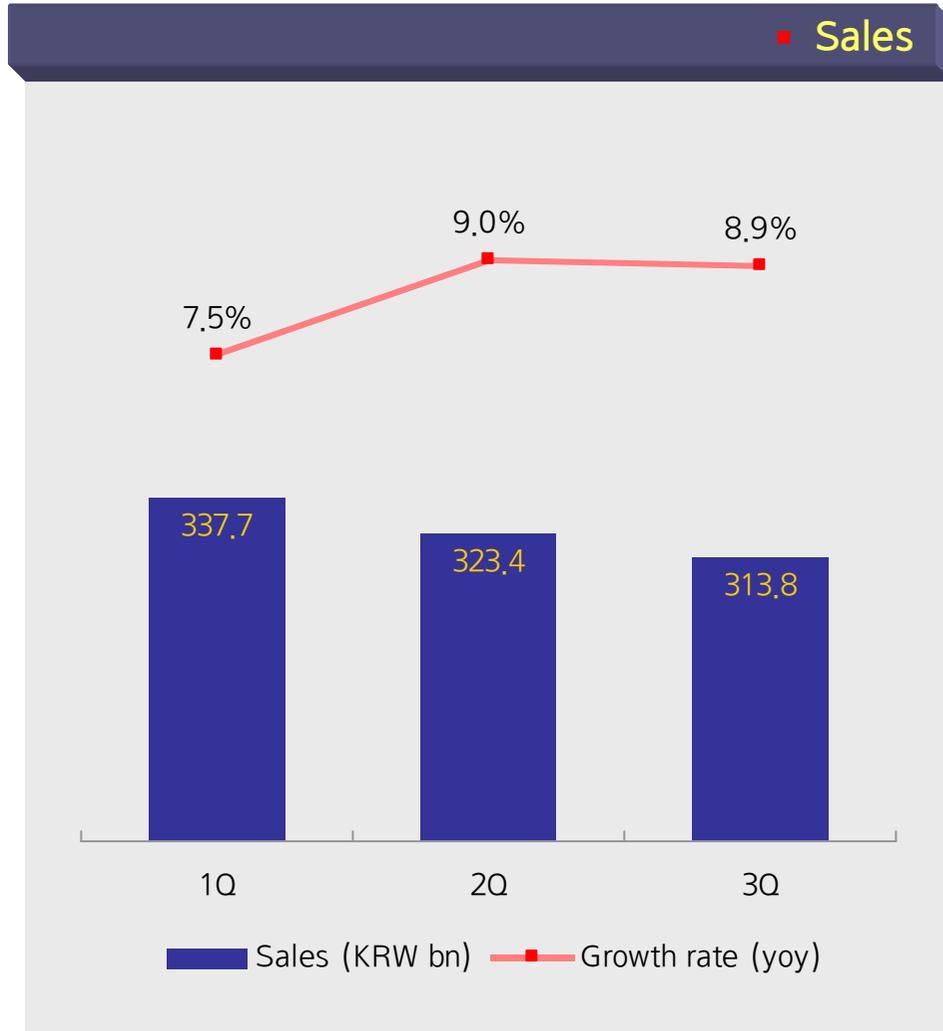
20.5%

M/S
36.0%

1.3%p

(vs. end of 2005)

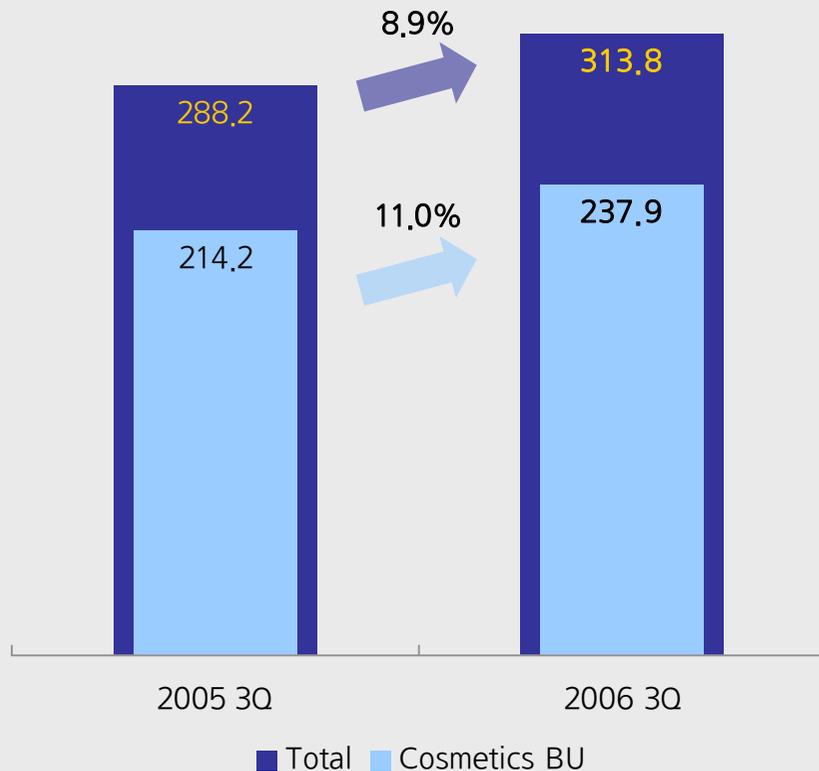
2006 Results by Quarter



Sales Analysis

2006 3Q Sales Results

[KRW bn]



Comments

Total sales of KRW 313.8 bn, 8.9% yoy growth

- Cosmetics: 11.0% growth, 75.8% of total sales

Sales continued to grow due to increasing sales contribution of new products and hit products

- MassBeauty & Sulloc (MB&S): 2.6% growth

Personal care and tea BU was merged in September, to expect cost efficiency and distribution synergies

Personal care business is estimated to have grown by 9%, and the tea business by -22% during 3Q

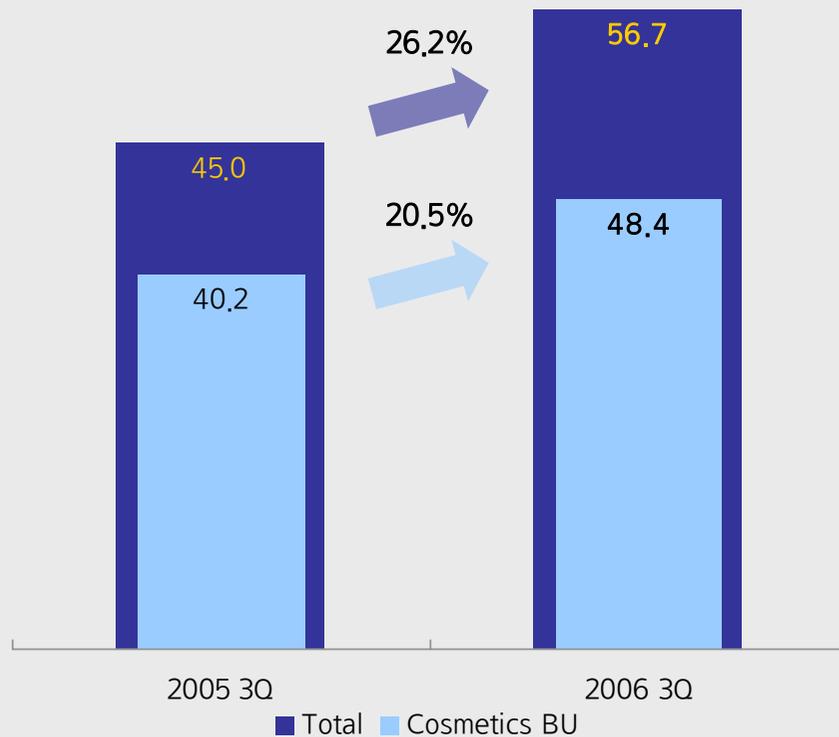
Happy Bath's M/S gain continues backed by the moisturizing line's sales increase and enhanced brand awareness

| Sales (KRW bn) | TOTAL | Cosmetics | MB&S |
|----------------|-------|-----------|------|
| 2006 3Q | 313.8 | 237.9 | 75.9 |
| 2005 3Q | 288.2 | 214.2 | 74.0 |

Profitability Analysis

2006 3Q Operating Profit Results

[KRW bn]



Comments

OP of KRW 56.7 bn, a 26.2% yoy growth

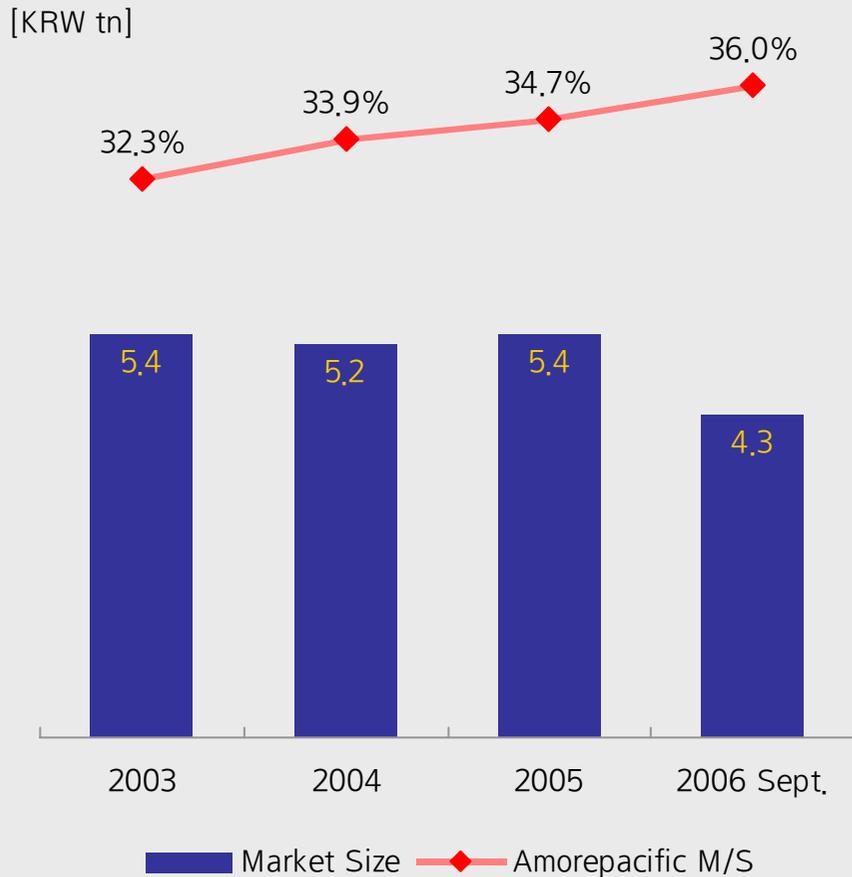
- OP margin for 3Q was 18.1%, a 2.5%p enhancement versus the same period last year
- Marketing cost increase from 1H has slowed down during 3Q, assisting in OP margin enhancement
- New product launches are assisting brand reliability as they are positively being accepted by the market, contributing to enhanced profitability

| Vs Sales | 2006 3Q | 2005 3Q |
|------------|---------|---------|
| Personnel | 15.7% | 15.7% |
| Marketing | 15.1% | 16.5% |
| Commission | 6.9% | 7.8% |

| OP Margin | Total | Cosmetics | MB&S |
|-----------|-------|-----------|-------|
| 2006 3Q | 18.1% | 20.3% | 11.2% |
| 2005 3Q | 15.6% | 18.7% | 6.5% |

Cosmetics Review

Cosmetics Market vs Amorepacific



Comments

- Amorepacific's M/S was enhanced by 1.3%p to 36.0%, while the cosmetics market grew by 5.5% during the past 9 months

| Jan ~ Sep Growth (3Q Growth) | Remarks |
|---|---|
| Home visit 10.4% (13.8%) Department store 9.1% (6.2%) | <ul style="list-style-type: none"> Increasing interest and demand for Korean herbal medicine cosmetics and health supplements Sales increase for products with natural ingredients, and anti-aging functions |
| Specialty store 19.2% (21.3%) Hypermarket 14.3% (3.2%) | <ul style="list-style-type: none"> Channel diversification to continue with the emerging of new concept stores Brand awareness enhancement resulted in positive performance of lope and Mamonde |
| Consolidated sales 13.5% | <ul style="list-style-type: none"> Overseas sales growth of 53% France: Lolita Lempicka 'L' leads a strong sales growth of 62% China: 58% growth due to continued expansion into the department stores |

※ Amorepacific internal estimates, in retail value

Financial Summary

Profit & Loss Statement

| (KRW bn) | 2006 3Q | | 2005 3Q | |
|------------------|---------|------|---------|------|
| | | % | | % |
| Sales | 313.8 | | 288.2 | |
| Gross Profit | 208.7 | 66.5 | 191.2 | 66.3 |
| SG&A | 152.0 | 48.4 | 146.2 | 50.7 |
| Operating Profit | 56.7 | 18.1 | 45.0 | 15.6 |
| Recurring Profit | 52.8 | 16.8 | 47.3 | 16.4 |
| Net Profit | 36.5 | 11.6 | 32.6 | 11.3 |

※ The above results are based on only Amorepacific Corp., the post-demerger operating company

Balance Sheet

| (KRW bn) | 2006 Sep. | 2006 Jun. |
|----------------------|-----------|-----------|
| Asset | 1,120.2 | 961.3 |
| Current | 440.4 | 390.2 |
| Non-current | 679.8 | 571.1 |
| Liability | 336.2 | 211.7 |
| Current | 210.6 | 169.7 |
| Non-current | 125.6 | 42.0 |
| Shareholder's Equity | 784.0 | 749.6 |
| Capital | 34.5 | 34.5 |
| Capital reserve | 712.7 | 712.7 |
| Retained earnings | 42.3 | 6.8 |
| Capital adjustment | -5.5 | -4.4 |