



AMOREPACIFIC

2008 Q3 Results

AMOREPACIFIC
CORPORATION

October 31, 2008

- **Q3 2008 YTD Performance Summary**
- **Q3 2008 Sales Analysis**
- **Q3 2008 Profitability Analysis**
- **Q3 2008 YTD Overseas Business Analysis**
- **Q3 2008 Financial Summary**

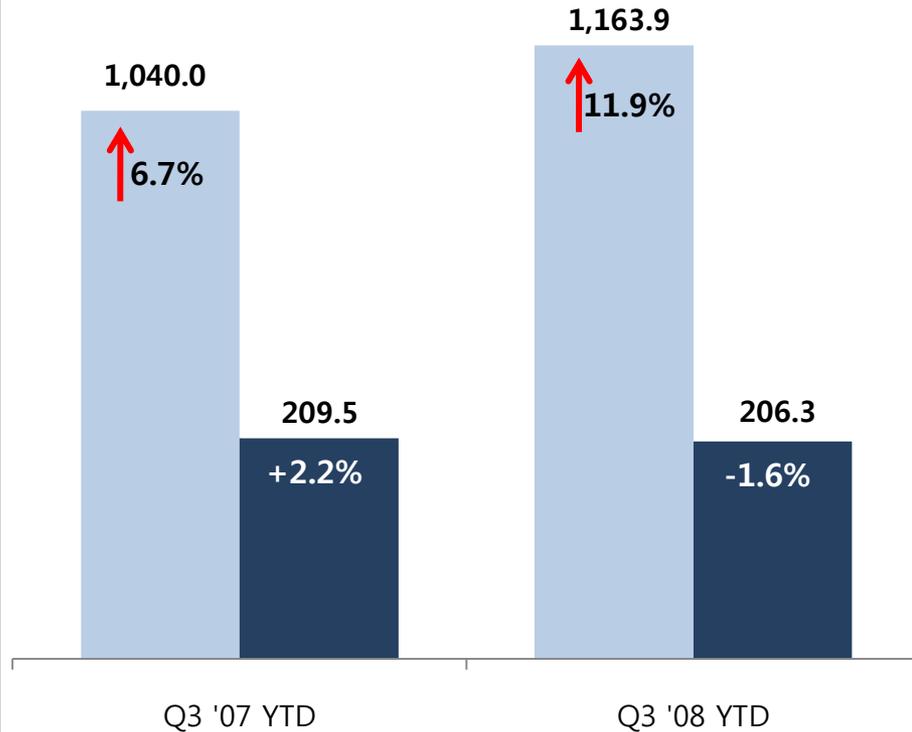
* As a note, it is suggested to use this material only as a reference, as it contains information and data that are subject to changes without prior notice due to uncertainties, changes in the organization structure, redefinition of accounting policies, etc., and may cause the actual results to differ from those stated or implied in this material.

Q3 2008 YTD Performance Summary

[Q3 YTD Sales, Operating Profit]

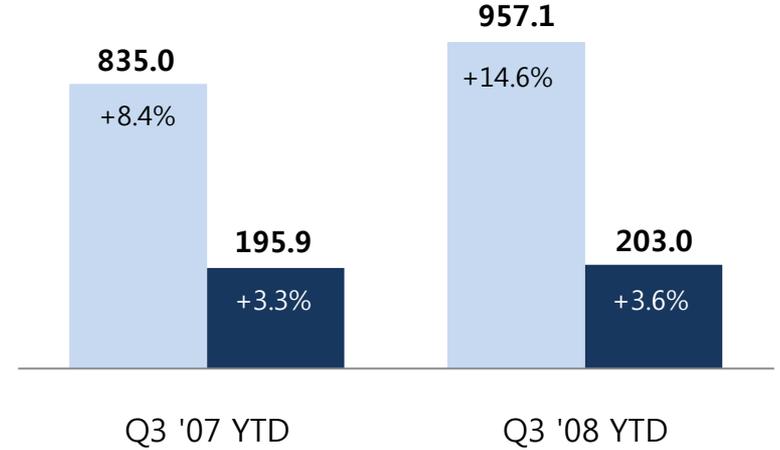
[KRW bn]

■ Sales ■ Operating Profit



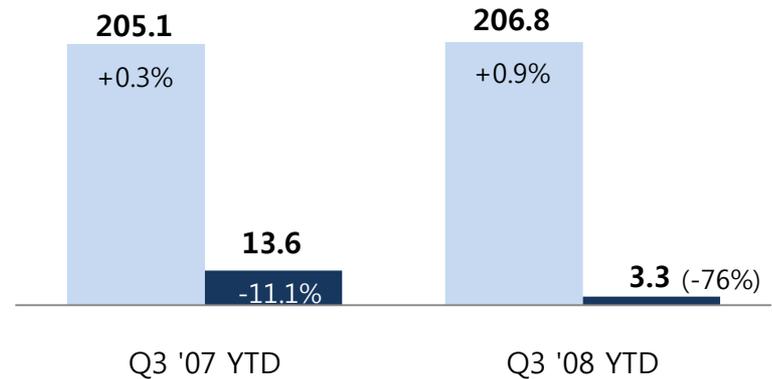
[Performance by Division - Cosmetics]

[KRW bn]



[Performance by Division - MB&S]

[KRW bn]

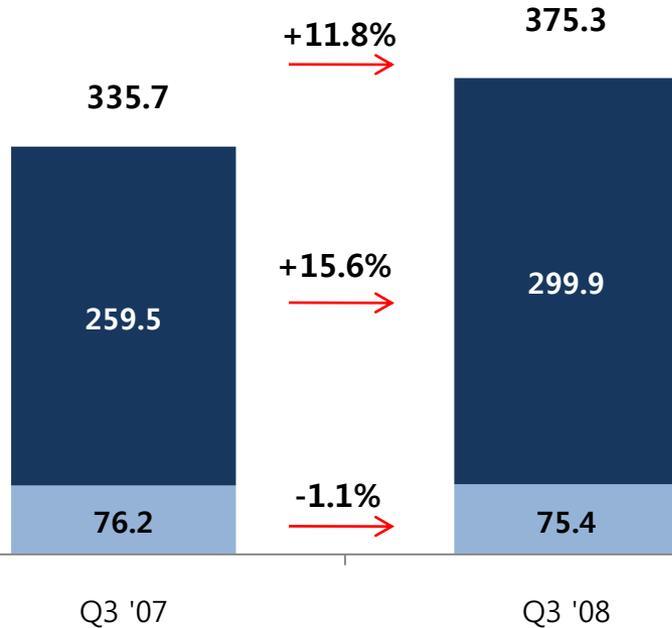


Q3 2008 Sales Analysis

[Sales by Division]

[KRW bn]

■ Cosmetics ■ MB&S



[Sales growth by channel]

Division	Channel	Growth	Channel	Growth
Cosmetics (+15.6%)	DtoD	+6.8%	Specialty	+8.3%
	Dept. Store	+15.0%	Discount	+76.0%
MB&S		-1.1%		

* Change in discount store sales recognition starting from Q2:
Sales commission is included in the sales figures

Q3 Sales KRW 375.3bn, +11.8% YoY

[Cosmetics Division] Sales grow 15.6% YoY

- **Premium cosmetics sales grow 9.1% YoY**
 - Improved sales of 'Hera', 'AMOREPACIFIC' and 'V=B Program' contributed to solid sales growth of Door to Door and Department store channels ('Hera' +20%, 'V=B Program' +19%, 'AMOREPACIFIC' +99%)
 - Expanded customer base through the enhancement of men's line such as 'Hera Homme Advanced Line' and 'Sulwasoo Jung Yang Line'
- **Mass cosmetics sales grow 29.5% YoY**
 - Successfully launched 'Aritaum' (As of Sept. 30th, 873 stores are under contract and 516 stores have opened) & increased the number of Innisfree Herb Stations (178 stores)
 - New product launches such as 'IOPE IPL Line', 'Mamonde Floris Line', etc. contributed to the sales growth of mass cosmetics channels ('Mamonde' +26%, 'IOPE' +14%)

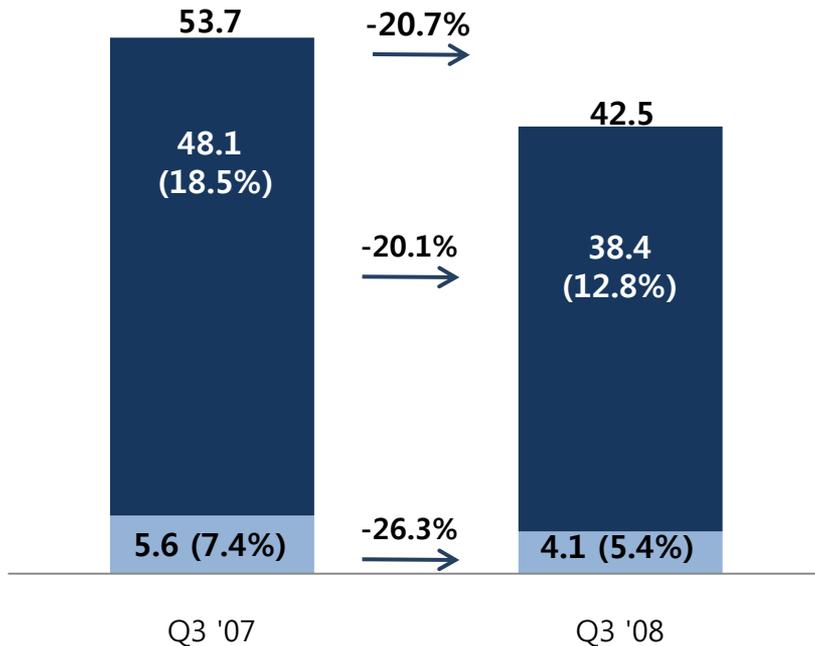
[MB&S Division] Sales decline 1.1% YoY

- Sales of 'Happy bath' and premium hair-loss specialty brand 'Ryoe', lunched in Q2, have increased / Green tea sales continue to fall
- 'Happy Bath' +13%, 'Median' +13%, 'Sulloc' -30%

Q3 2008 Profitability Analysis

[Operating Profit(margin) by Division] [KRW bn]

■ Cosmetics ■ MB&S



[Q3 SG&A to Sales]

(vs Sales)	Q3 2007	Q3 2008
Personnel	9.1%	8.9%
Marketing	16.1%	15.5%
Commission	12.4%	16.0%
TOTAL	50.9%	54.4%

Q3 Operating Profit KRW 42.5bn, -20.7% YoY

[Cosmetics Division]

- Operating Profits decline 20.1% YoY
- Production costs increased due to a rise in sales of high-cost products and a rise in cost rate
- Launching of Aritaum, expansion of direct management stores and increase in the number of Innisfree stores lead to rise in commissions and transportation expenses
- Commissions paid to strengthen the company's future growth potentials increased (consulting fees / design service fees)
- Change in recognition of mart sales resulted in temporarily high commission expenses

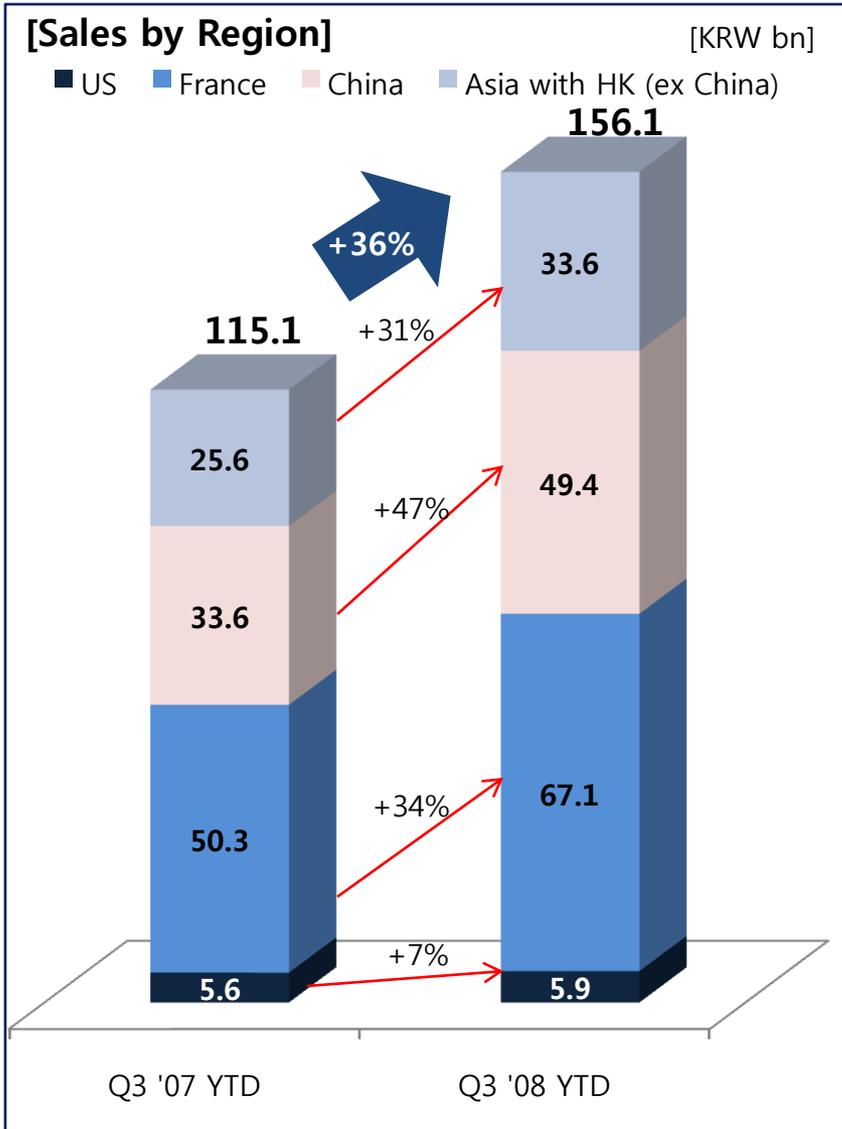
[MB&S Division]

- Operating Profits decline 26.3% YoY
- Cost rate increased due to increase in production costs such as raw material costs
- Cost rate increased due to increased sale of mass beauty gift sets
- Cost rate of green tea business increased as 'Sulloc tea' sales fell

[Profitability]

%	Q3 2007	Q3 2008
GP Margin	66.9%	65.8%
OP Margin	16.0%	11.3%

Q3 2008 YTD Overseas Business Analysis



Q3 YTD Sales KRW 156.1bn, +36% YoY

[China: 32% of total overseas sales, +47% YoY]

- Continued strong growth with improved profitability despite the slow down in the Chinese domestic market caused by global recession and post-Olympics effect
- Upgraded 'Laneige' by introducing new products such as 'Laneige Premium Line' and actively expanded 'Mamonde' stores
- 'Laneige': Sales +25%, 138 Dept. stores / 'Mamonde': Sales +66%, 169 Dept. stores, 1,379 Specialty stores
- Along with the sales growth, net profit increased +250% to a record KRW 4.6bn.

[Asia Ex China: 21% of total overseas sales, +31% YoY]

- Sales increase with strengthened brand awareness of 'Laneige' and 'AP'
- Singapore +55%, Hong Kong +29%, Japan +246%, Malaysia +280%)

[France: 43% of total overseas sales, +34% YoY]

- Growth continues as 'Lolita Lempicka' sales increase(+13%) and OEM business continues to expand(+47%)

[US: 4% of total overseas sales, +7% YoY]

- Sales growth of 'AP' slowed down due to the US recession

Q3 2008 Financial Summary

► Profit & Loss Statement

(KRW bn)	Q3 2008		Q3 2007	
		%		%
Sales	375.3	100.0	335.7	100.0
Gross Profit	246.8	65.8	224.6	66.9
SG&A	204.3	54.4	170.9	50.9
Operating Profit	42.5	11.3	53.7	16.0
Non-operating profit	7.5		7.0	
Non-operating expense	10.5		9.4	
Recurring Profit	39.6	10.6	51.3	15.3
Net Profit	26.6	7.1	35.7	10.6

► Balance Sheet

(KRW bn)	2008.9	2008.6
Asset	1,417.3	1,393.0
Current Asset	438.5	492.0
Non-current Asset	978.8	901.0
Liability	327.1	336.5
Current Liability	184.1	196.4
Non-current Liability	143.0	140.1
Shareholder's Equity	1,090.2	1,056.5
Capital	34.5	34.5
Capital Reserve	712.7	712.7
Capital Adjustment	-1.4	-1.4
Accumulated Other Inclusive Gain and Loss	26.1	19.0
Retained Earnings	318.3	291.7