



# AMOREPACIFIC 2009 Q3 Earnings Release

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AMORE PACIFIC  
CORPORATION

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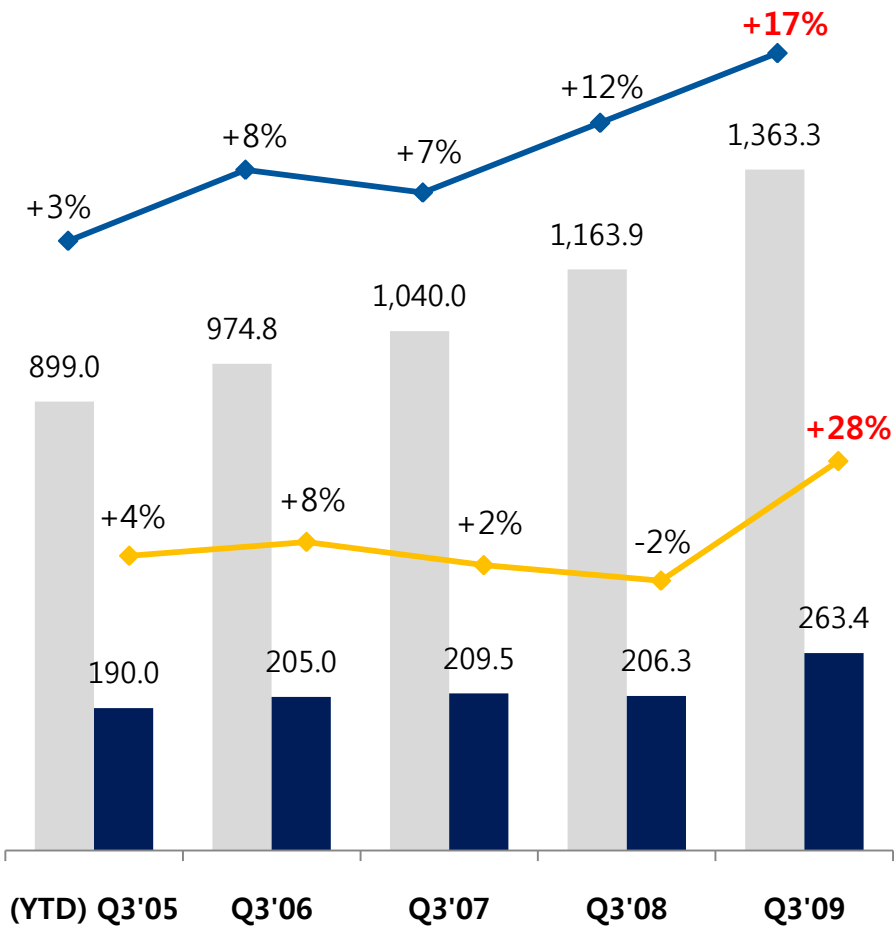
- As a note, it is suggested to use this material only as a reference, as it contains information and data that are subject to changes without prior notice due to uncertainties, changes in the organizational structure, redefinition of accounting policies, etc., and may cause the actual results to differ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

# [2009 Q3] YTD Performance

## Company

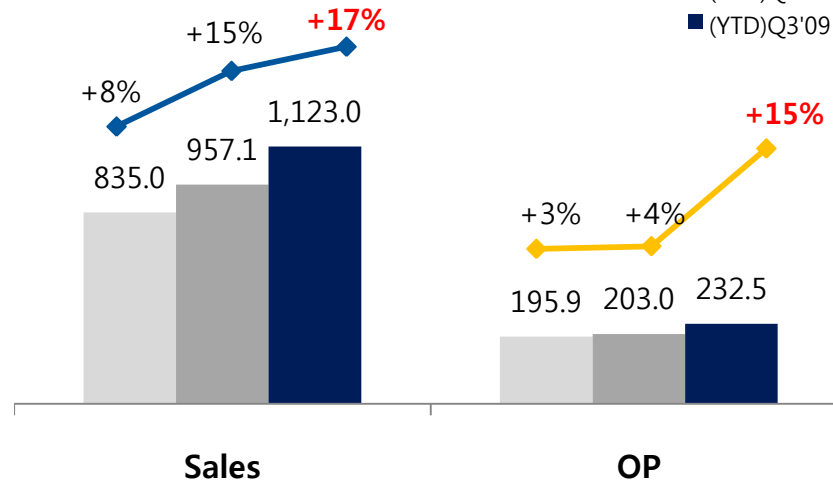
[KRW billion / % YoY]

■ Sales ■ OP

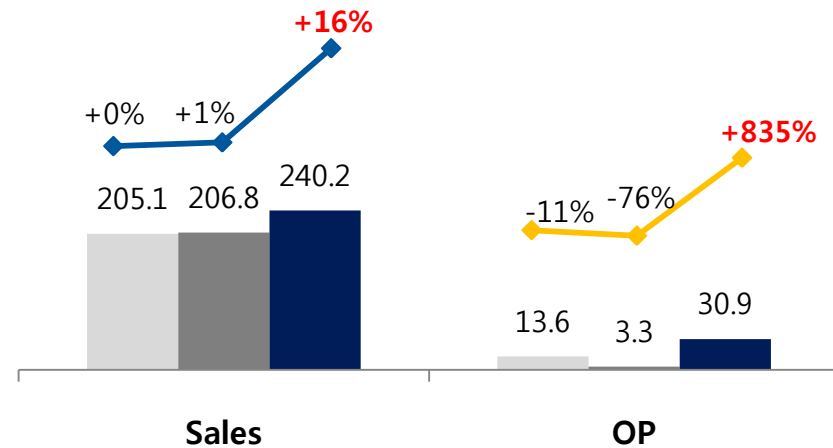


## Cosmetics

■ (YTD)Q3'07  
■ (YTD)Q3'08  
■ (YTD)Q3'09



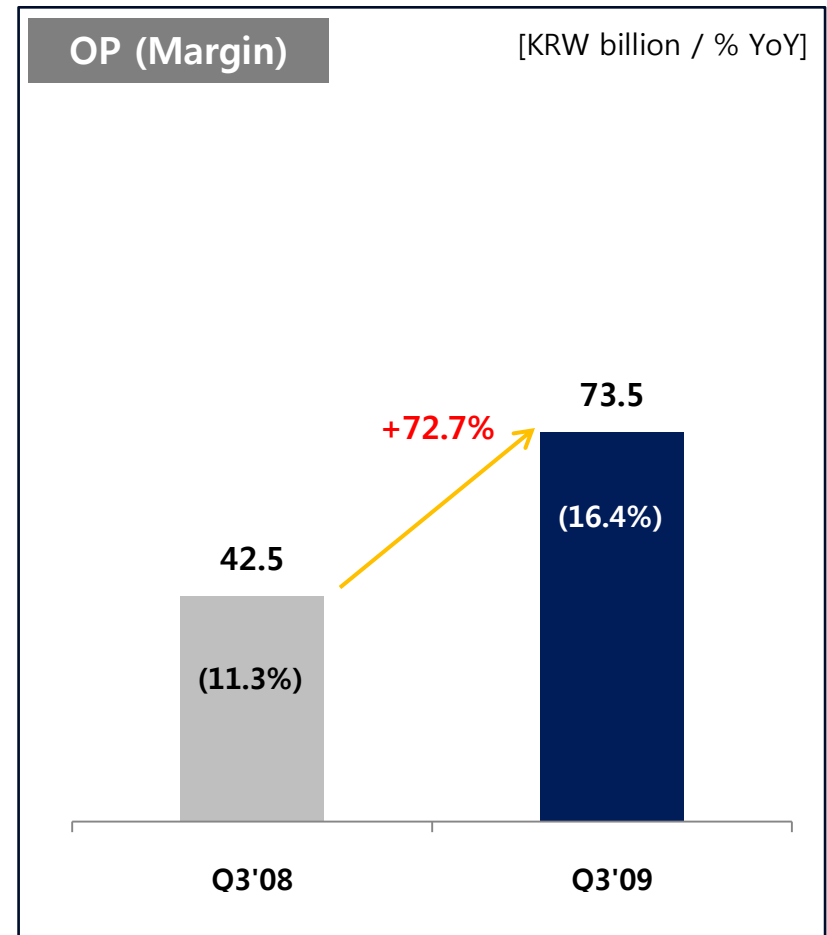
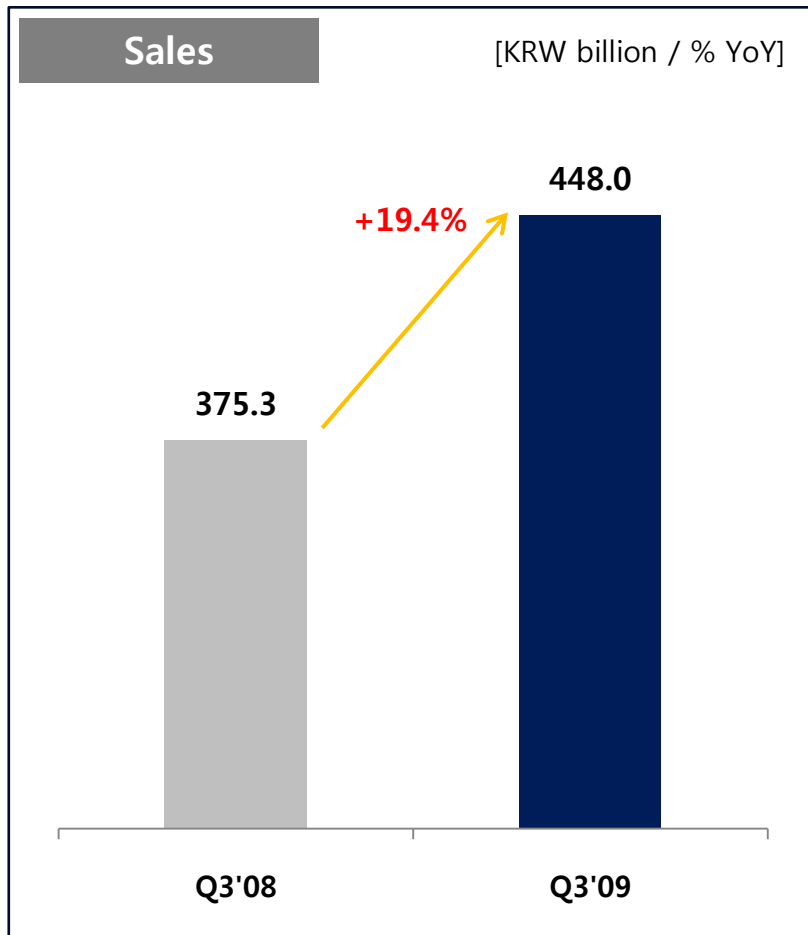
## MC&S



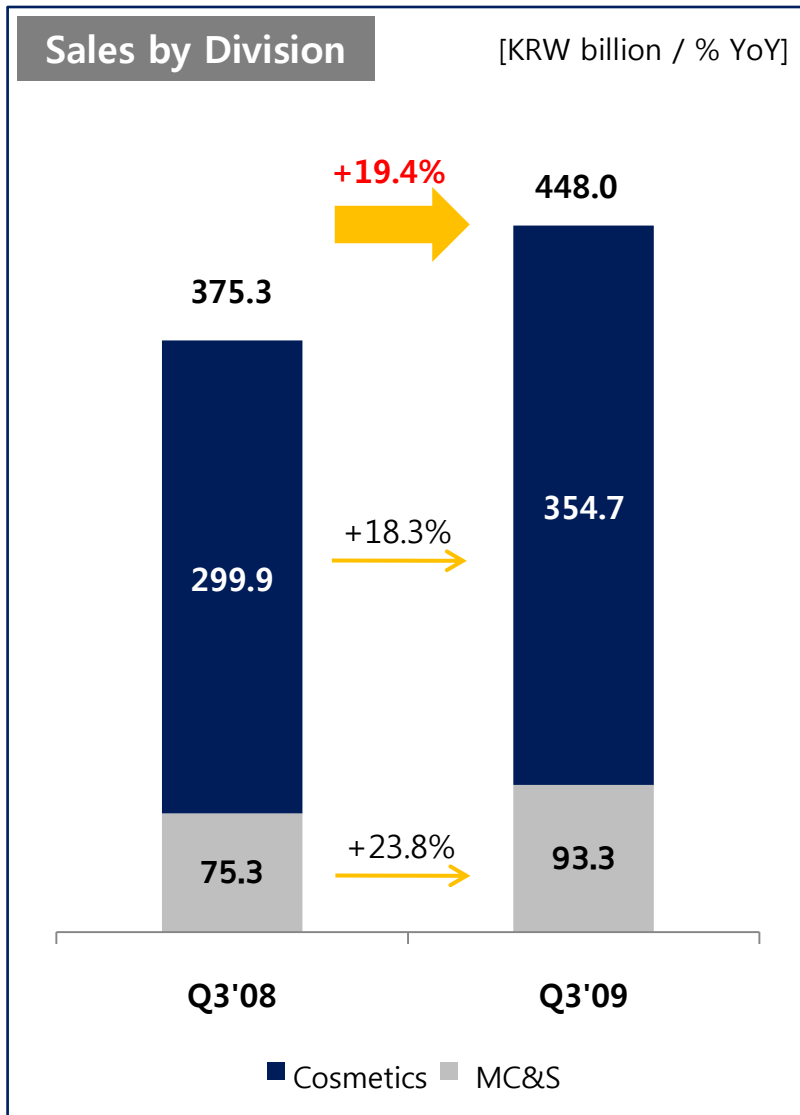
# [2009 Q3] Quarterly Performance

<Greatest volume of Q3 sales and profits backed by strong growth across all divisions>

Based on improved distribution structure and strengthened brand power, all channels achieved strong sales growth and profitability improvement



# [2009 Q3] Sales Analysis



## Q3 Sales of KRW 448.0bn, +19.4% YoY

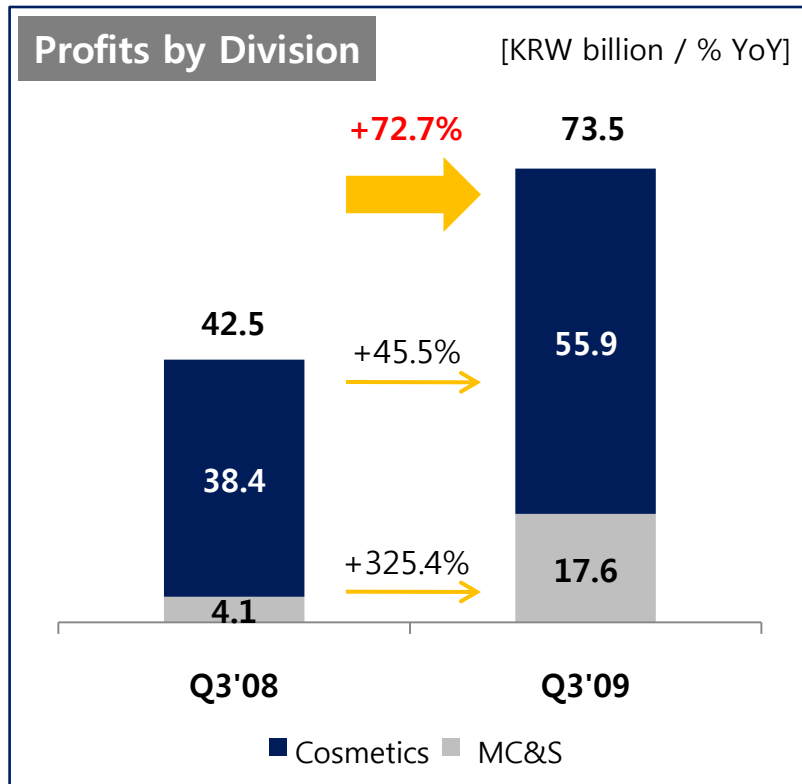
### [Cosmetics Division] Sales grew 18.3% YoY

- Strong growth in sales resulted in continuous increase in M/S since year-end 2008 (34.2%→35.4%)
- **Luxury Segment: 61.5% of cosmetics sales, +12.3% YoY**
  - Growth continued behind increased sales of the premium lines of 'Sulwhasoo' and 'Amorepacific' ('Sulwhasoo' +29%, 'Amorepacific'+29%)
  - Increased number of department store counters and door-to-door sales counselors lead to stable growth in both the luxury channels
  - New luxury marine brand 'Lirikos' was launched in department stores (August, '09)
- **Premium Segment: 34.8% of cosmetics sales, +32.2% YoY**
  - Expansion of 'Aritaum' stores (1,047 stores) and hypermarket counters (301 counters) and increased sales per store resulted in sales surge in the premium channels
  - On-line channel displayed robust growth backed by channel-exclusive product launches and reinforced marketing activities
  - 'IOPE'+33%, 'Laneige'+25%, 'Hannule'+170%

### [MC&S Division] Sales grew 23.8%

- Major brands saw growth in sales by expanding the lines for premium, cosmetics-related personal care product category
- Sulloc sales increased through the strengthened line-up of premium products and differentiated new product launches
- 'Mis-en-scene' +40%, 'Ryoe' +142%, 'Happy Bath' +26%

# [2009 Q3] Profits Analysis



## Q3 OP of KRW 73.5bn, +72.7% YoY

### [Cosmetics Division]

- **Operating profits up 45.5% YoY**
- Profit volume expanded due to improved investment efficiency through strong sales growth in both the luxury and premium channels
- Profitability enhanced behind increased sales of core brands, 'Sulwhasoo', 'IOPE', etc.

### [MC&S Division]

- **Operating profits up 325.4% YoY**
- Profitability improved due to increased portion of cosmetics-related personal care products of major brands such as 'Mis-en-scene', 'Ryoe' and 'Happy Bath'
- Effective cost management: Cost reduced through continuing innovative efforts / SG&A cost cut-down by efficient marketing cost management

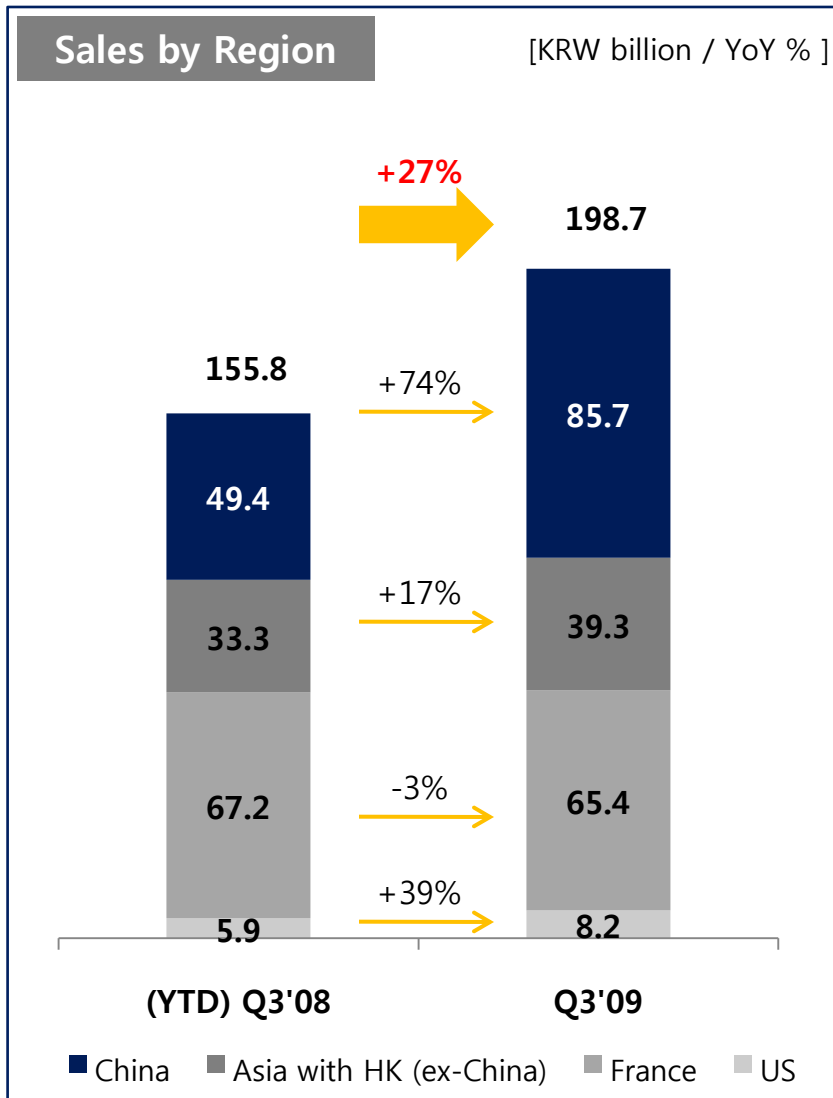
### [2009 Q3 OP Margin by Division]

(OP Margin/%)	Q3 '08	Q3 '09
Cosmetics	12.8%	15.8%
MC&S	5.5%	18.8%
<b>Company</b>	<b>11.3%</b>	<b>16.4%</b>

### [2009 Q3 Major SG&A Expense to Sales]

(vs Sales)	Q3 '08	Q3 '09
Personnel	8.9%	8.9%
Marketing	15.5%	15.4%
Commission	16.0%	16.0%
<b>Total SG&amp;A</b>	<b>54.4%</b>	<b>53.3%</b>

# [2009 Q3] YTD Overseas Business Analysis



## Total overseas sales of KRW 198.7bn, +27% YoY

### [China] 43% of overseas sales, +74% YoY

- Strong sales growth and profitability improvement continued (**Net profit of KRW 14.7bn, +219%**)
  - 'Laneige' brand continued stable and profitable growth
  - Sales for 'Mamonde' brand surged through aggressive counter / store expansion backed by its strengthened brand recognition
  - Profitability for 'Mamonde' brand improved based on economies of scale

### [Asia Ex-China] 20% of overseas sales, +17% YoY

- New products from 'Laneige' were launched as a result of the brand renewal
- 'Amorepacific' counters have expanded in Japan since year-end 2008 (2 stores -> 7 stores)
- Sales increased in major Asian markets (Taiwan +21%, Malaysia +29%, Japan +21%)

### [France] 33% of overseas sales, -3% YoY

- Sales decrease of 'Lolita Lempicka' was mitigated due to the launch of a new product ('Si Lolita')
- Backed by a favorable turn in sales in Q3 and efficient management of costs, total loss volume has decreased

### [USA] 4% of overseas sales, +39% YoY

- Specialty store (Amore Shop) sales continued to increase and sales for 'Amorepacific' brand improved due to the recovering economy

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

# [2009 Q3] Financial Summary

## ► Income Statement

(KRW billion)	Q3 2008		Q3 2009	
		%		%
Sales	375.3	100.0	448.0	100.0
Gross Profit	246.9	65.8	312.4	69.7
SG&A Expense	204.3	54.4	239.0	53.3
Operating Profit	42.5	11.3	73.5	16.4
Non-operating Profit	7.5		7.0	
Non-operating Expense	10.5		12.5	
Income Before Taxes	39.6	10.6	67.9	15.2
Net Income	26.6	7.1	51.2	11.4

## ► Balance Sheet

(KRW billion)	2008. 12	2009. 9
Asset	1,455.2	1,621.0
Current Asset	445.2	534.4
Non-current Asset	1,010.0	1,086.6
Liability	339.9	347.7
Current Liability	199.4	197.5
Non-current Liability	140.5	150.2
Shareholder's Equity	1,115.3	1,273.3
Capital	34.5	34.5
Capital Reserve	712.7	712.7
Capital Adjustment	-1.4	-1.8
Accumulated Other Inclusive Gain and Loss	30.9	28.1
Retained Earnings	338.6	499.8