



# AMOREPACIFIC

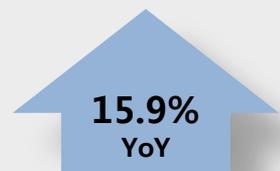
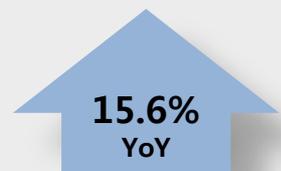
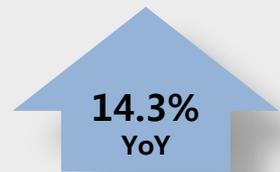
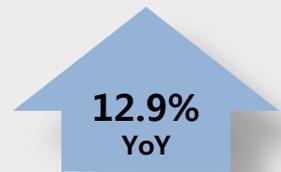
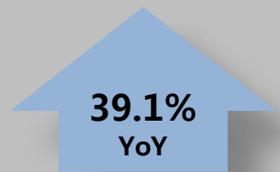
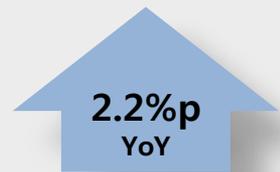
## 2010 Q3 Earnings Release

# [2010 Q3] YTD Performance

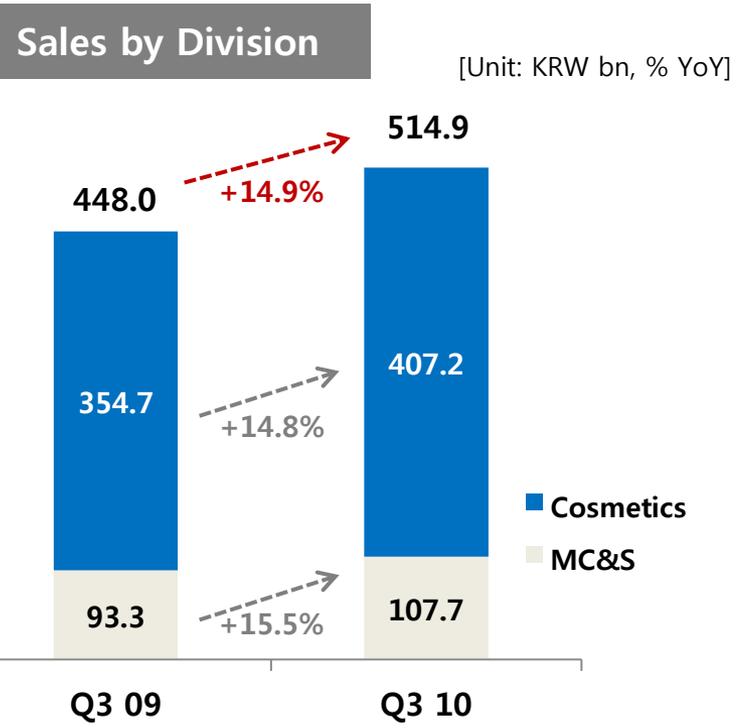
## Greatest volume of sales and profits backed by strong growth across all divisions

- Continuous investment to strengthen the brand equity and gain market share
- Highlighted growth momentum by turning around the overseas business and building global brand image

[KRW bn / % YoY]

Company	Cosmetics	MC&S
<b>Sales</b> 1,578.9 	<b>Sales</b> 1,301.1 	<b>Sales</b> 277.8 
<b>Operating Profit</b> 300.7 	<b>Operating Profit</b> 265.8 	<b>Operating Profit</b> 34.9 
<b>Net Profit</b> 272.3 	<b>M/S</b> 36.1% 	<b>Category M/S</b> Hair 31.9% (+4.0%p) Body 32.4% (+2.7%p) Oral 27.6% (+5.2%p)

# [2010 Q3] Quarterly Sales Analysis



### Sales of KRW514.9bn, +15% YoY

#### [Cosmetics Division] Sales KRW407.2bn, +15% YoY

- Out grew the market with double-digit sales growth for 10 consecutive quarters resulting in strengthened market leadership and increased M/S since year-end 2009 from 33.9% to 36.1%(40.0% with affiliates)

#### ➤ Luxury Segment: 64% of total cosmetics sales, +20% YoY (Actual +13% YoY)

- Existing counselor's enhanced sales skills and major brands' new products launching resulted in steady growth of Door to Door sales
- Increased number of travelers caused strong performance of duty-free shops (+41% YoY)
- Sulwhasoo's new anti-aging line and Hera's fall make-up line launched ('Sulwhasoo'+19%, 'Hera'+10%, 'Amorepacific' +36%)

#### ➤ Premium Segment: 32% of total cosmetics sales, +5% YoY (Actual+18% YoY)

- Inflow of new and young customers and increased sales per store resulted in enhanced market leadership of 'Aritaum' (1,167 stores, M/S 26%)
- Increased sales of premium functional lines of major brands such as 'Laneige' and 'Hannule' ('Laneige' +26%, 'Hannule'+60%)

#### [MC&S Division] Sales of KRW107.7bn, +15% YoY

- Increased sales of premium lines of 'Ryoe' and 'Happy Bath'
- Sulloc sales continued to increase through the strengthened line-up of premium tea leaf products
- 'Ryoe'+22%, 'Happy Bath' +22% 'Sulloc' +25%

\* MC&S (Mass Cosmetics and Sulloc): Personal Care and Green Tea Business

### [Cosmetics Sales by Major Channels]

Channel	Vs. Total Sales	YoY Growth (Actual)
Door to Door	29.6%	9.7%
Dept. Store *	19.4%	40.1% (17.7%)
Specialty **	12.3%	0.2% (21.9%)
Hypermarket **	7.4%	1.8% (7.9%)

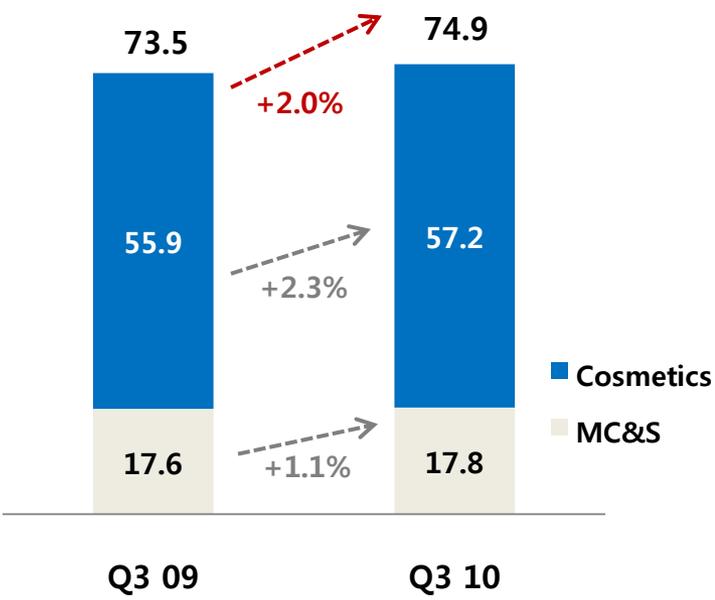
\* From '10 Q1, Duty-free sales are recognized as gross sales

\*\* Due to spin-off of the Innisfree brand, sales from the brand are excluded from the specialty and discount store channels

# [2010 Q3] Quarterly Profits Analysis

## OP by Division

[Unit: KRW bn, % YoY]



## OP of KRW 74.9bn, +2% YoY

### [Cosmetics Division]

#### Operating profit increased 2% YoY

- Change in accounting method for duty-free sales and accelerated sales growth of the commission paying channels (Dept store and Online) resulted in increased commissions paid, leading to increase in SG&A costs to sales ratio
- Additionally commissions paid to strengthen the company's global growth potentials increased (consulting fees / IT service fees)
- Advertising costs increased to enhance marketing activities of major cosmetics brands

### [MC&S Division]

#### Operating profit increased 1% YoY

- Cost rate increased due to increased sale of mass cosmetics gift sets

### [2010 Q3 OPM by Division]

(OPM)	Q3 09	Q3 10
Cosmetics	15.8%	14.0%
MC&S	18.8%	16.5%
<b>Company</b>	<b>16.4%</b>	<b>14.6%</b>

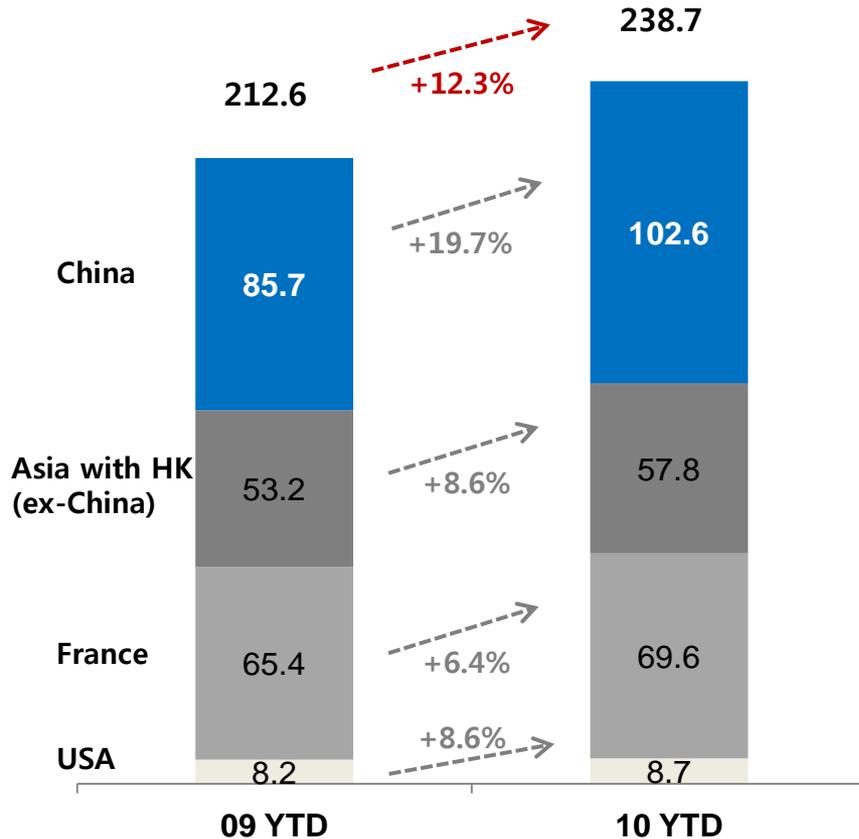
### [2010 Q3 Major SG&A Expense to Sales]

(vs. Sales)	Q3 09	Q3 10
Personnel	8.9%	8.4%
Marketing	15.4%	15.3%
Commission	16.0%	19.5%
<b>Total SG&amp;A</b>	<b>53.3%</b>	<b>56.0%</b>

# [2010 Q3] YTD Overseas Business Analysis

## Sales by Region

[Unit: KRWbn, % YoY]



## Sales of KRW238.7bn, +12% YoY

**Overseas business turned to black** thanks to the solid sales growth and profitability improvement across all regions

**Sales of KRW238.7bn and operating profit of KRW4.6bn**

### [China] 43% of total overseas sales, +20%YoY (RMB +34%YoY)

- Sales surged thanks to the enhanced marketing activities ('Laneige' +25%, 'Mamonde' +46%)
- Continued efforts to increase brand visibility by opening new counters and increasing TV advertisements (Dept. counter 504, Specialty store 2,082)

### [Asia ex China] 24% of total overseas sales, +9%YoY

- Encounter marketing activities in major Asian markets such as Singapore, Taiwan, Malaysia and Hong Kong resulted in enhanced brand recognition of 'Laneige' and 'Sulwhasoo' (Singapore +32%, Malaysia +26%, Taiwan +11%)

### [France] 29% of total overseas sales, +6% YoY (Euro +24%YoY)

- Business continuously generating profits thanks to growth of 'Lolita Lempicka' brand and efficient management of costs

### [USA] 4% of total overseas sales, +9% YoY (USD +18%YoY)

- Sales from 'Amorepacific' brand and 'AmoreShops' increased

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

# [2010 Q3] Financial Summary

## ► Income Statement

## ► Balance Sheet

[KRWbn]	Q3 2009		Q3 2010	
		%		%
Sales	448.0	100.0	514.9	100.0
Gross Profit	312.4	69.7	363.5	70.6
SG&A Expense	239.0	53.3	288.6	56.0
Operating Profit	73.5	16.4	74.9	14.6
Non-operating Profit	7.1		7.8	
Non-operating Expense	12.6		3.8	
Income Before Taxes	67.9	15.2	78.9	15.3
Net Profit	51.2	11.4	92.5	18.0

[KRWbn]	2009.12	2010. 9
Asset	1,664.0	1,890.5
Current Asset	550.3	605.9
Non-current Asset	1,113.8	1,284.6
Liability	364.3	360.4
Current Liability	217.2	207.8
Non-current Liability	147.1	152.6
Shareholder's Equity	1,299.7	1,530.2
Capital	34.5	34.5
Capital Reserve	712.7	712.7
Capital Adjustment	-1.8	-1.8
Accumulated Other Inclusive Gain and Loss	24.4	20.6
Retained Earnings	529.9	764.2



**AMORE PACIFIC**  
CORPORATION