



# AMOREPACIFIC

2011 Q3 Earnings Release

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**AMOREPACIFIC Corp. has adopted the K-IFRS since 2011 Q1.  
For fair comparison, we have disclosed the 2010 numbers based on same standards.**

# 2011 3Q Earnings Summary

## Sales and Profits

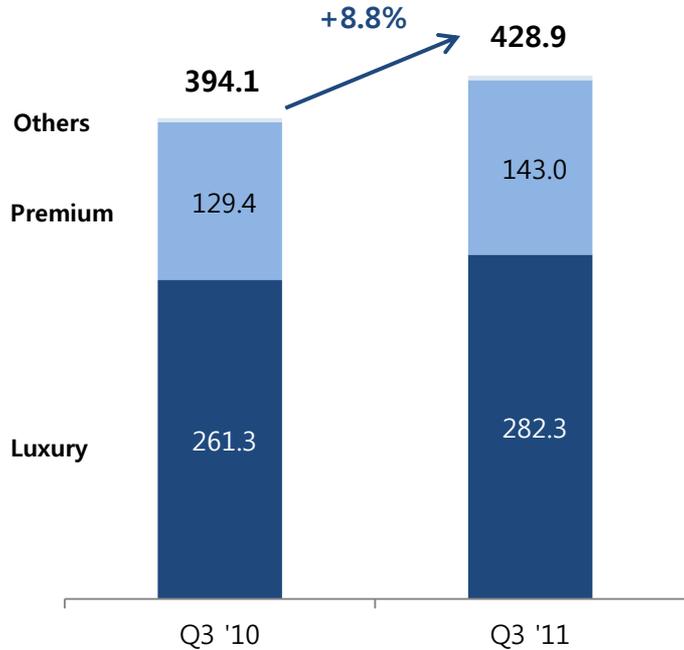
[K-IFRS, KRWbn]

	Q3 10	Q3 11	YoY	Q3 10 YTD	Q3 11 YTD	YoY
<b>Sales</b>	569.8	622.8	9.3%	1,729.7	1,966.4	13.7%
<b>Cost of Goods Sold</b>	184.7	199.6	8.1%	526.5	598.1	13.6%
<b>Gross Profit</b> (%)	385.1 (67.6)	423.2 (67.9)	9.9%	1,203.2 (69.6)	1,368.3 (69.6)	13.7%
<b>SG&amp;A Expense</b>	300.5	346.6	15.3%	887.2	1,050.2	18.4%
<b>Operating Profit</b> (%)	84.6 (14.9)	76.6 (12.3)	-9.5%	316.0 (18.3)	318.1 (16.2)	0.7%
<b>Non-operating Profit/Expense</b>	-0.5	6.9		-1.2	7.6	
<b>Income before Taxes</b> (%)	84.1 (14.8)	83.5 (13.4)	-0.8%	314.8 (18.2)	325.7 (16.6)	3.5%
<b>Consolidated Net Profit</b> (%)	95.4 (16.8)	63.8 (10.2)	-33.2%	273.0 (15.8)	248.2 (12.6)	-9.1%

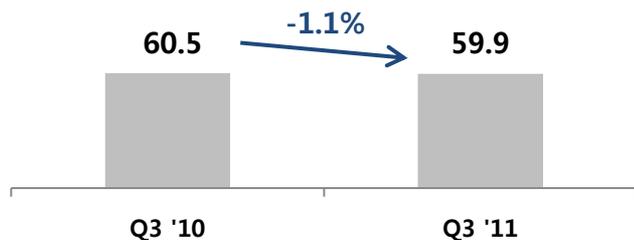
# 2011 3Q Earnings by Division \_ Cosmetics (Domestic)

## Sales

[KRWbn, %YoY]



## Operating Profit



Sales of KRW 428.9bn (+9%), OP of KRW 59.9bn (-1%)

Despite trade-down due to the economic recession, balanced distribution portfolio and differentiated brand power resulted in strong organic growth

**[Luxury] 66% of domestic cosmetics sales, up 8% to KRW 282.3bn**

- Sales growth of Luxury segment continued backed by strong performance of department store channel delivered by solid sales growth in duty-free channel and robust sales growth of 'Sulwhasoo' brand ('Sulwhasoo' +12%)
- Due to trade-down, decreased purchase amount per customer slowed down sales growth in D2D channel

**[Premium] 33% of domestic cosmetics sales, up 11% to KRW 143.0bn**

- Sales growth of Premium segment continued on the back of increased sales per store and number of 'Aritaum' stores and sales growth in On-line channel
- Hypermarket channel growth weakened due to trade-down

**[OP] A slight fall due to increased investments to strengthen competitiveness**

- One-off costs incurred relating to the completion of and relocation to the new factory and logistics center
- Distribution commissions rose due to the strong growth in concession based channels (DFS and On-line)
- Increased consulting fees to strengthen the business competitiveness / Expanded investments in securing and fostering global talent
- Investments increased to strengthen R&D capabilities

**[Cosmetics Sales by Major Channels]**

Channel	Vs. Total(%)	YoY(%)	Channel	Vs. Total(%)	YoY(%)
Door-to-Door	36.6	2.8	Specialty Store	16.8	13.9
Dep. Store (DFS)	27.3 (10.8)	17.1 (34.2)	Hypermarket	8.6	-2.8
			On-line	7.9	21.1

# 2011 3Q Earnings by Division \_ Cosmetics (Overseas)

## Sales

[KRWbn, %YoY]

Sales of KRW 76.1bn (+12%), OP of KRW 1.9bn (-65%)

Overseas sales growth continued backed by strong performance in China, Weakened profitability behind the costs relating to acquisition of 'ANNICK GOUTAL'

[China] 61% of overseas cosmetics sales, up 27% to KRW 46.3bn (RMB +32%)

- Laneige: Expanded sales of hit products such as 'Water Bank' and 'Water Sleeping Pack' / Solid sales growth thanks to the increased sales per store (+16%)
- Mamonde: Recorded strong sales growth backed by new product launches, store expansion and promotions such as on-line campaigns (+46%)
- Profitability improved thanks to the efficient management of marketing costs (OPM 7% → 15%)

[France] 31% of overseas cosmetics sales, down -14% to 23.3bn (Euro -14%)

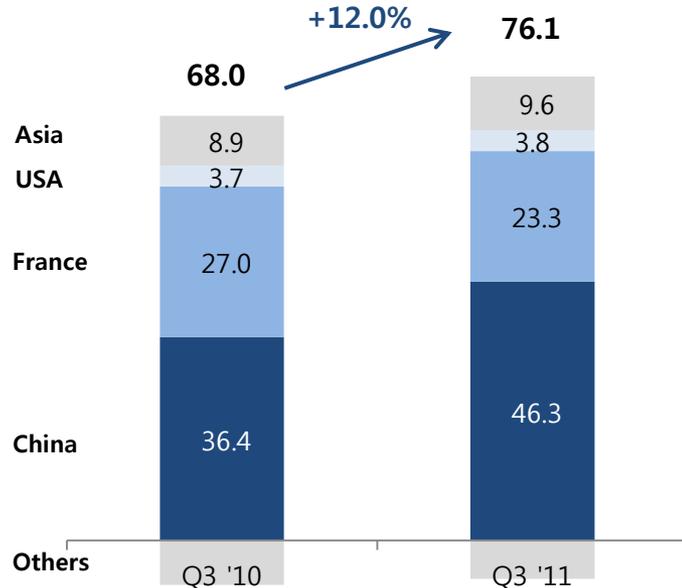
- Continued uncertainty in the European economy led to decreased demands in the retail market for perfumes and weakened sales of 'Lolita Lempicka' brand

[US] 5% of overseas cosmetics sales, up 2% to KRW 3.8bn (USD +11%)

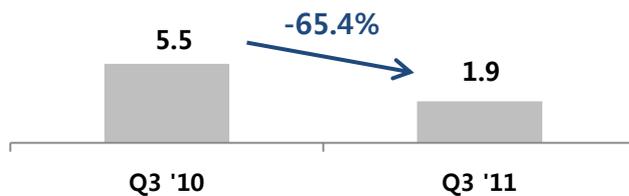
- Despite the recession, sales growth continued thanks to the strong sales from 'AmorePacific' brand and 'Amore' ('AP' +52%, Amore Shop +18%)
- Sales of 'Lolita Lempicka' brand slowed due to weakening perfume market

[Asia] 13% of overseas cosmetics sales, up 8% to KRW 9.6bn

- Sales growth continued in major Asean markets such as Singapore, Malaysia, etc, but growth weakened in developed markets such as Japan
- One-off costs incurred due to the acquisition of the French perfume brand, 'ANNICK GOUTAL' By AGO (AMOREPACIFIC Global Operations Ltd.)



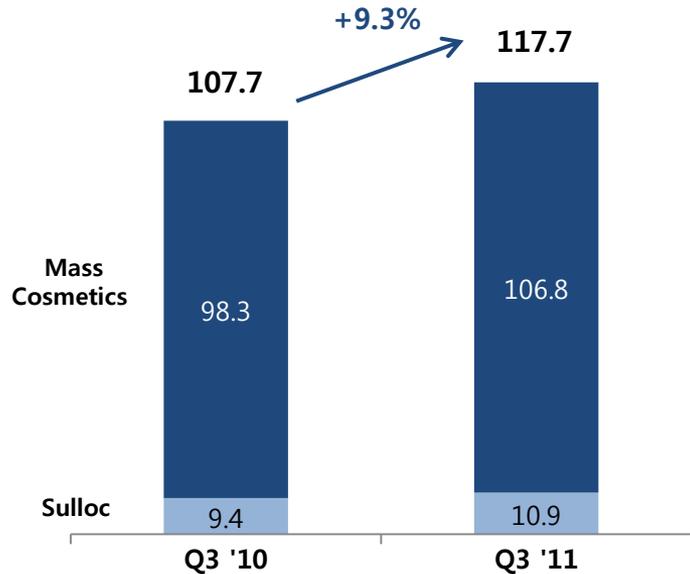
## Operating Profit



# 2011 3Q Earnings by Division \_ MC&S

## Sales

[KRWbn, %YoY]



Sales of KRW 117.7bn (+9%), OP of KRW 14.8bn (-20%)

**Robust sales growth with expanded investments to strengthen the brand equity**

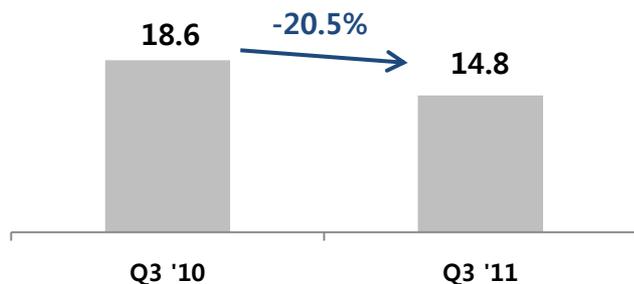
**[MC] Up 9% to KRW 106.8bn**

- Sales of Chuseok Gift Sets and major brands such as 'Mis-en-scene', 'Ryoe', and 'Happy Bath' led to stable growth of Mass Cosmetics sales
- Sales growth weakened due to the timing difference of purchase returns on Chuseok Gift Sets

**[Sulloc] Up 16% to KRW 10.9bn**

- Strong sales growth continued on the back of increased portion of premium tea leaf sales in department store channel

## Operating Profit



**[OP] Down 21% to KRW 14.8bn**

- OP fell due to the increased marketing costs to strengthen the brand power (increased labor costs, expanded advertising and promotions)
- Distribution costs increased due to the recession
- Profitability of green tea business enhanced behind increased sales growth of premium tea leaf and functional products

# 2011 3Q Financial Summary \_ By division

## Sales and Profits

[KRWbn]

	Q3 10 K-IFRS	(%)	Q3 11 K-IFRS	(%)	Y on Y (%)
<b>Sales</b>	569.8	(100)	622.8	(100)	9.3
Cosmetics (Domestic)	394.1	(69.2)	428.9	(68.9)	8.8
Cosmetics (Overseas)	68.0	(11.9)	76.1	(12.2)	12.0
MC&S	107.7	(18.9)	117.7	(18.9)	9.3
	Q3 10 K-IFRS	OPM(%)	Q3 11 K-IFRS	OPM(%)	Y on Y (%)
<b>Operating Profit</b>	84.6	(14.9)	76.6	(12.3)	-9.5
Cosmetics (Domestic)	60.5	(15.4)	59.9	(14.0)	-1.1
Cosmetics (Overseas)	5.5	(8.0)	1.9	(2.5)	-64.8
MC&S	18.6	(17.3)	14.8	(12.6)	-20.5

# 2011 3Q Financial Summary

## ► Income Statement

[KRWbn]	Q3 2010		Q3 2011	
	K-IFRS	%	K-IFRS	%
Sales	569.8	100.0	622.8	100.0
Gross Profit	385.1	67.6	423.2	67.9
SG&A Expense	300.5	52.7	346.6	55.7
Operating Profit	84.6	14.9	76.6	12.3
Non-operating Profit/Expense	-0.5		6.9	
Income before Taxes	84.1	14.8	83.5	13.4
Consolidated Net Profit	95.4	16.8	63.8	10.2

## ► Statement of Financial Position

[KRWbn]	2010. 12 K-IFRS	2011. 9 K-IFRS
Asset	2,481.8	2,778.8
Current Asset	745.2	768.1
Non-current Asset	1,736.6	2,010.7
Liability	619.7	705.4
Current Liability	380.4	401.9
Non-current Liability	239.3	303.5
Shareholder's Equity	1,862.1	2,073.4
Capital	34.5	34.5
Capital Reserve	720.4	720.4
Capital Adjustment	-1.8	-1.8
Accumulated Other Inclusive Gain and Loss	-1.1	3.0
Retained Earnings	1,100.5	1,307.5
Non-Controlling Interest	9.6	9.8



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CORPORATION

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