



AMOREPACIFIC CORP.

AMOREPACIFIC Corporation 3Q 2015 Earnings Release

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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.

AMOREPACIFIC Corp. has adopted the K-IFRS since 2011.

Sales up 22.3% to KRW 3,540.9bn, OP up 36.9% to KRW 649.5bn

Sales & OP by Division

KRW bn

	3QYTD 2014	% of sales	3QYTD 2015	% of sales	YoY(%)
Sales	2,895.3	100.0%	3,540.9	100.0%	22.3%
Domestic	2,316.8	80.0%	2,680.7	75.7%	15.7%
Cosmetics	1,947.6	67.3%	2,281.1	64.4%	17.1%
Mass & Osulloc	369.2	12.8%	399.7	11.3%	8.2%
Overseas	578.5	20.0%	860.1	24.3%	48.7%
	3QYTD 2014	OPM	3QYTD 2015	OPM	YoY(%)
Operating Profit	474.5	16.4%	649.5	18.3%	36.9%
Domestic	411.0	17.7%	537.3	20.0%	30.7%
Cosmetics	371.5	19.1%	482.5	21.2%	29.9%
Mass & Osulloc	39.5	10.7%	54.8	13.7%	38.6%
Overseas	63.5	11.0%	112.2	13.0%	76.8%
Net Income	341.2	11.8%	515.2	14.5%	51.0%

Sales up 14.5% to KRW 1,141.1bn, OP up 10.7% to KRW 163.4bn

Sales & OP by Division

KRW bn

	3Q 2014	% of sales	3Q 2015	% of sales	YoY(%)
Sales	996.7	100.0%	1,141.1	100.0%	14.5%
Domestic	801.0	80.4%	828.0	72.6%	3.4%
Cosmetics	665.4	66.8%	679.0	59.5%	2.0%
Mass & Osulloc	135.6	13.6%	149.0	13.1%	9.9%
Overseas	195.7	19.6%	313.1	27.4%	60.0%
	3Q 2014	OPM	3Q 2015	OPM	YoY(%)
Operating Profit	147.7	14.8%	163.4	14.3%	10.7%
Domestic	126.3	15.8%	131.2	15.8%	3.9%
Cosmetics	112.1	16.8%	107.8	15.9%	-3.8%
Mass & Osulloc	14.2	10.9%	23.4	15.7%	64.6%
Overseas	21.4	10.5%	32.3	10.3%	50.7%
Net Income	105.5	10.6%	142.2	12.5%	34.9%

Luxury

Enhanced competitiveness as global luxury brands

- Delivered unique brand story of SULWHASOO through amplified digital contents and distribution of its heritage book
- Reinforced new growth categories (Men's skincare and Lipsticks) through renewal of 'HommeBlack' and 'Rouge Holic' of HERA

Door-to-door channel sustained quality growth with improved counselors' capacity

- Strengthened communication between company, counselors and customers and improved transparency of channel backed by a more vibrant digital platform (eg. Expansion of Door-to-door related video contents, Development of mobile platform for sales, Introduction of mobile payment system, etc.)

Enhanced customer satisfaction in Department store channel through better service and strengthened channel leadership with increased market share

Domestic Travel retail growth dampened due to decreased China inbound traffic (-31% YoY) on the backdrop of MERS outbreak

Global Travel retail launched pop-up stores for a new brand (HERA) in preparation for brand diversification, and to boost customer awareness

Premium

Launched various marketing initiatives to strengthen core values of brands

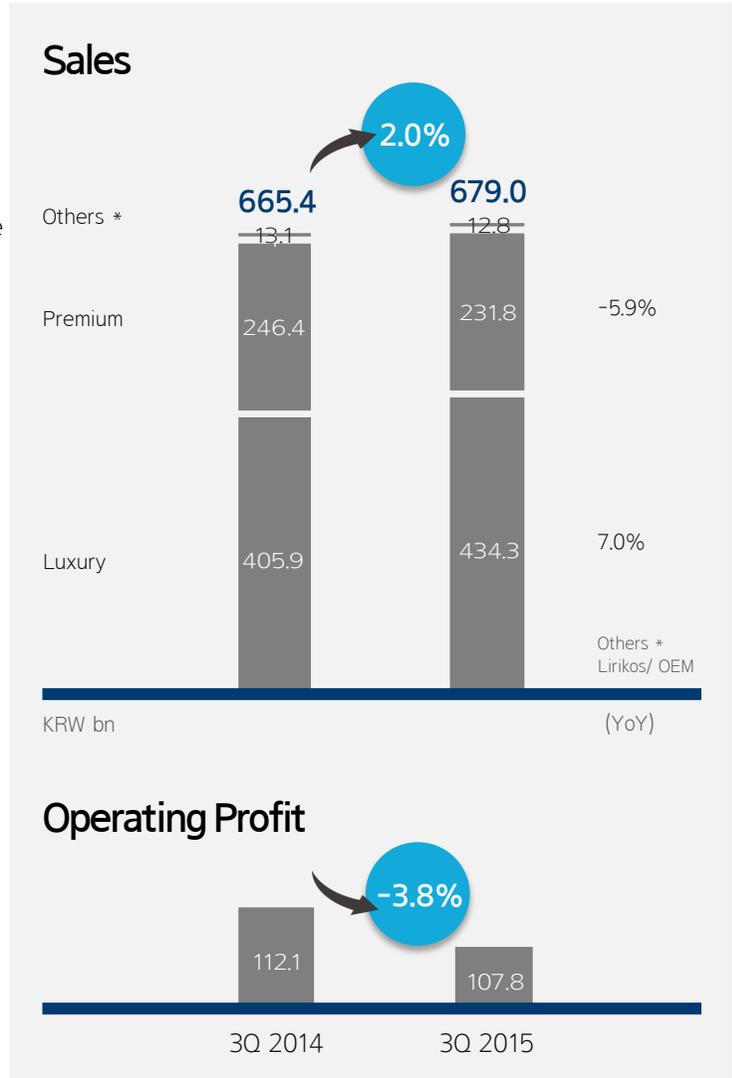
- Opened IOPE Air Cushion's pop-up store (Myeongdong, July) to exhibit diverse 'cushion' experiences as well as showcase its innovation
- Launched LANEIGE X PLAYNOMORE Collection to solidify LANEIGE as a young premium brand
- Strengthened MAMONDE's flower story (eg. Flower campaign with Mamonde botanical garden, SNS communication and etc.)

Enhanced customer convenience and engagement through added digitalization functions in channels and brands

- Expansion of Aritaum O2O (Offline To Online) services through mobile platform
- Launched the LANEIGE Beauty Mirror application that provides make-up simulation service and links to E-commerce purchase sites

Strengthened digital platform for quality growth

- Renewed website and strengthened PR activities to activate Amorepacific online mall/ Intensified inventory management process for E-commerce to nurture channel reliability
- Decreased sales in TV-shopping due to weakened channel demand and reduced promotional events



Mass

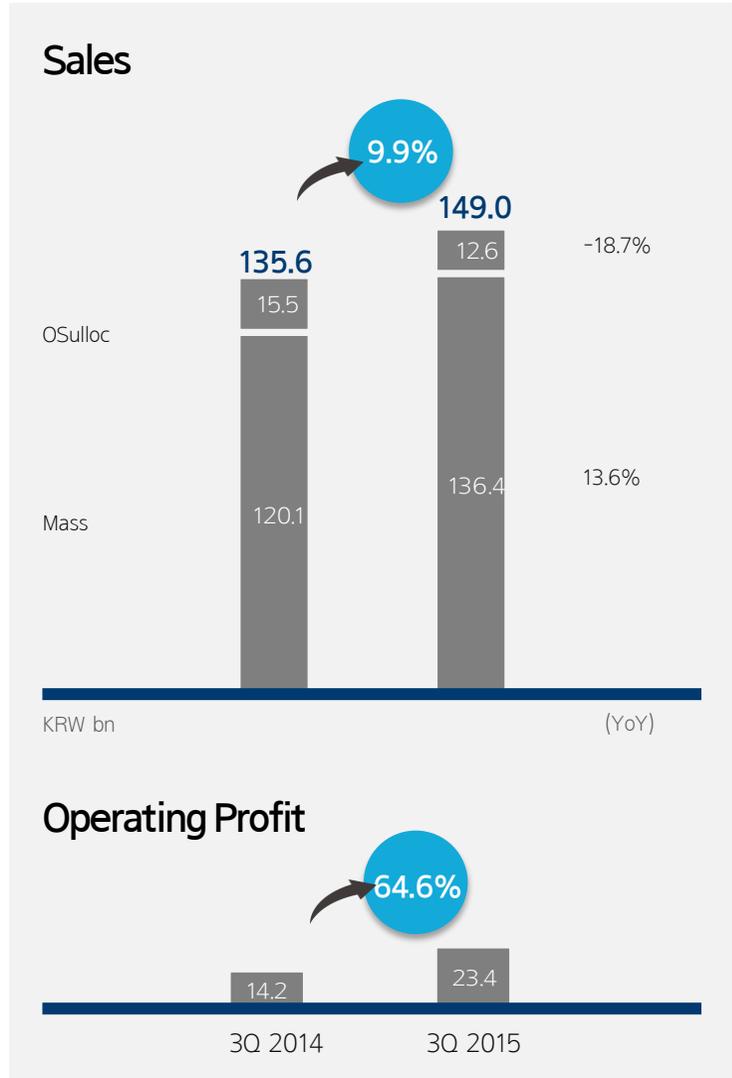
Improved brand attractiveness and sustained strong growth through fortified premium product lines

- Expanded contribution of premium products backed by increased sales of functional categories (Damaged Hair Repair Treatments, Body Moisturizers, Tartar Control, etc)
- Increased sales of Chuseok gift sets and recognition timing difference of returns resulted in solid profitable growth
- Expanded product portfolio to strengthen the growth channels, Launched online and Aritaum exclusive products (eg. Median 'Perfect Cool', Songyum 'Greentist', Ryo 'Mi In Do (Portrait of a Beauty)' art collaboration kit, etc)

OSulloc

Enhanced OSulloc brand equity with more competitive products and realigned distribution channels

- Exit from hypermarkets to focus more on premium business and decreased sales due to stagnant performance of tea cafes in tourism districts due to the impact of MERS
- Demonstrated its exclusive taste as the premium tea brand of Korea by unanimously winning the 1st, 2nd and 3rd place in pan-fired Green Tea category of North American Tea Championship of 2015



Growth markets

Robust sales growth delivered by quality growth of existing brands, expansion of new brands and reinforcement of on/offline marketing initiatives

[China]

- Continued strong growth of SULWHASOO backed by increased sales of major skin care lines and expansion of new stores
- LANEIGE Beauty Road helped customer communication through differentiated marketing contents which allowed it to solidify its position as leader of K-Beauty cosmetic brand
- MAMONDE's store renovation and various marketing activities (eg. TV, magazine, Online) generated better sales per door as well as increased brand awareness
- INNISFREE delivered robust growth by improved efficiency of existing stores and opening of new stores, Reinforced customer engagement backed by newly launched brand campaign 'Green Bicycle Tour'
- Continued efforts to establish premium image of RYO through introducing products into premium channels (premium markets in Dep. stores), launching functional product lines and differentiated VMD*

[Asia - ex China & Japan]

- Strong same store sales growth of Dep. Store and Free-Standing Store backed by increased sales of hit products of SULWHASOO and LANEIGE
- Continued robust growth behind by INNISFREE's retail expansion

Developed markets

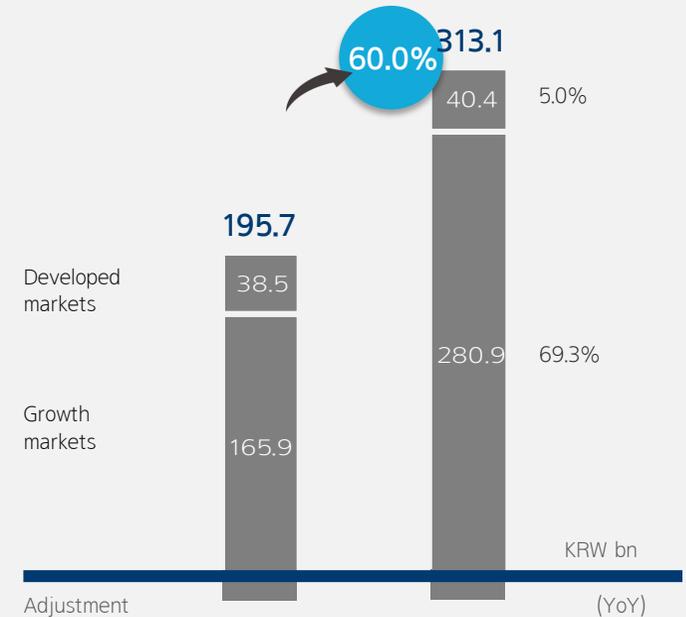
[US] Robust growth across all channels backed by expansion of distribution channel as well as geographical reach

- Improved brand awareness and luxury image of AMOREPACIFIC brand with robust digital marketing and upgraded VMD
- Continued quality growth of LANEIGE by new launches in Sephora stores in Canada coupled with strong growth from Target stores
- Expansion of SULWHASOO counters in Nordstrom Dep. stores enabled better customer access

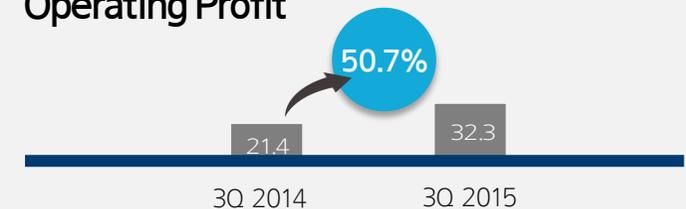
[France] Decreased sales and OP due to weaker domestic consumption and unfavorable currency translation

[Japan] Quality growth delivered by brand realignment focusing more on ETUDE

Sales



Operating Profit



* Laneige Beauty Road: Laneige Beauty Road with BB Cushion is the first global beauty tour of its kind which aims to introduce the BB Cushion make up trend to parts of Asia including a few cities in China, Bangkok, Singapore and Kuala Lumpur

* VMD: Visual Merchandising

Income Statement

KRW bn

	3Q 2014		3Q 2015	
Sales	966.7	100.0%	1,141.1	100.0%
Gross Profit	722.6	72.5%	838.5	73.5%
SG&A expenses	574.9	57.7%	675.0	59.2%
Operating Profit	147.7	14.8%	163.4	14.3%
Non-operating Profit/Expenses	(4.9)		14.0	
Profit before tax	142.8	14.3%	177.4	15.5%
Consolidated net income	105.5	10.6%	142.2	12.5%

Statement of Financial Position

KRW bn

	2014.12	2015.09
Assets	3,854.6	4,379.3
Current assets	1,427.3	1,819.9
Non-current assets	2,427.3	2,559.3
Liabilities	976.3	1,035.9
Current liabilities	651.1	831.4
Non-current liabilities	325.1	204.5
Shareholder's Equity	2,878.3	3,343.3
Capital stock	34.5	34.5
Additional paid-in capital	712.7	712.7
Capital surplus	7.8	7.8
Other components of equity	(19.5)	(18.4)
Accumulated other comprehensive income	(13.1)	(2.1)
Retained earnings	2,136.4	2,580.2
Non-controlling interest	19.6	28.7



AMORE PACIFIC
70 Years of Beauty Creation