



AMOREPACIFIC 2008 INVESTOR REPORT

AMOREPACIFIC
CORPORATION

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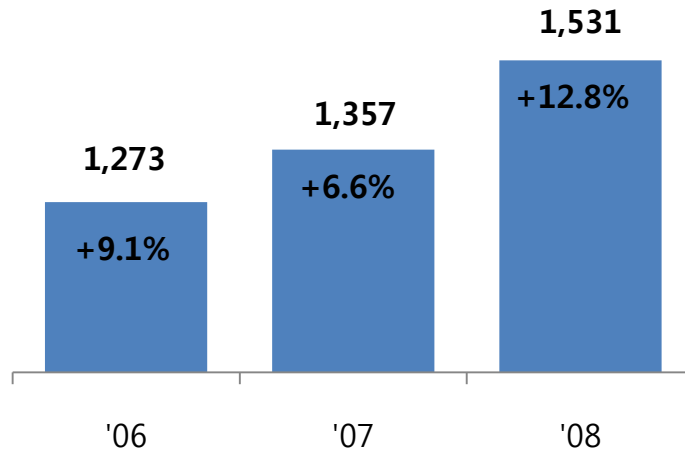
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* This document is provided for the convenience of investors only, before our external audit on the financial results of our headquarters and subsidiaries is completed. The final audit outcome may result in changes to some parts of this document.

2008 Results Summary

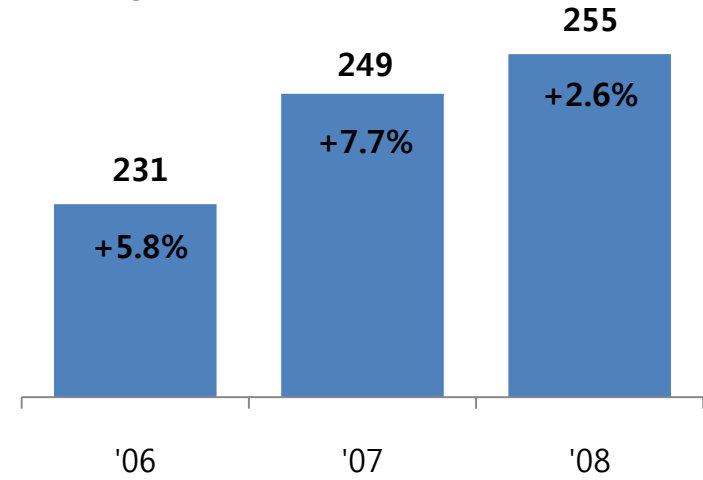
[Sales]

(KRW bn)



[Operating Profit]

(KRW bn)



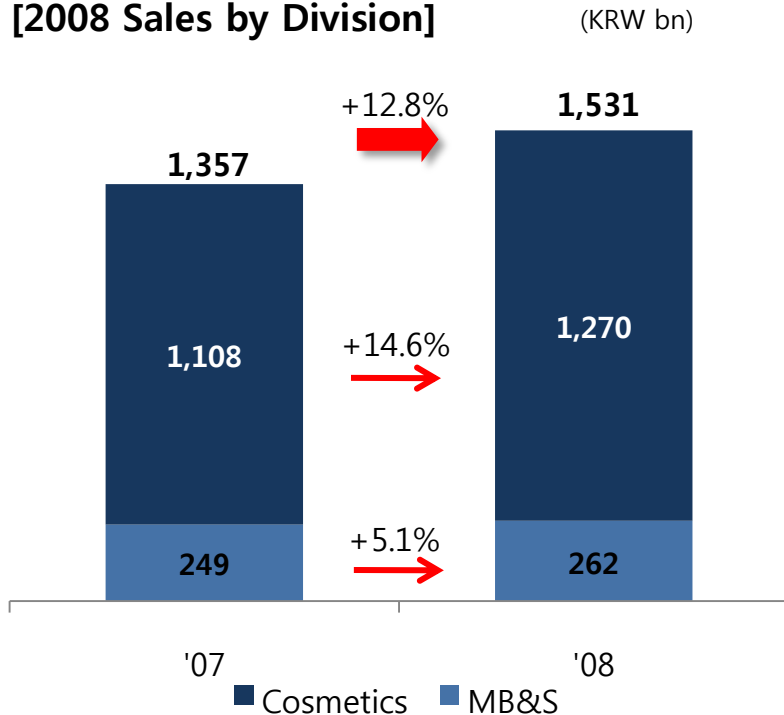
[Financial Highlights]

[KRW bn]	'06	'07	'08
Sales	1,273	1,357	1,531
Gross Profit	878	954	1,066
Operating Profit	231	249	255
Net Profit	162	178	170
Dividend per Common Share (KRW)	4,500	5,000	5,000
Total Dividends (Payout Ratio)	31.1 (19.2%)	34.5 (19.4%)	34.5 (20.3%)

[Personnel and R&D]

	'06	'07	'08
Number of employees (Domestic)	3,154	3,320	3,557
Number of employees (Overseas)	1,649	1,879	2,060
Number of R&D Personnel	301	332	363
Number of R&D Patents	445	499	562

[2008 Sales by Division]



[2008 Sales by channel]

Channel	vs. Total Sales	YoY Growth
Door to Door	34.5%	5.8%
Department Store	16.7%	13.6%
Specialty Store	14.2%	12.5%
Discount Store	8.5%	71.1%

* Change in the recognition method of discount store sales from Q2: Sales figures are inclusive of sales commission.

Total Sales of KRW 1,531bn, +12.8% yoy

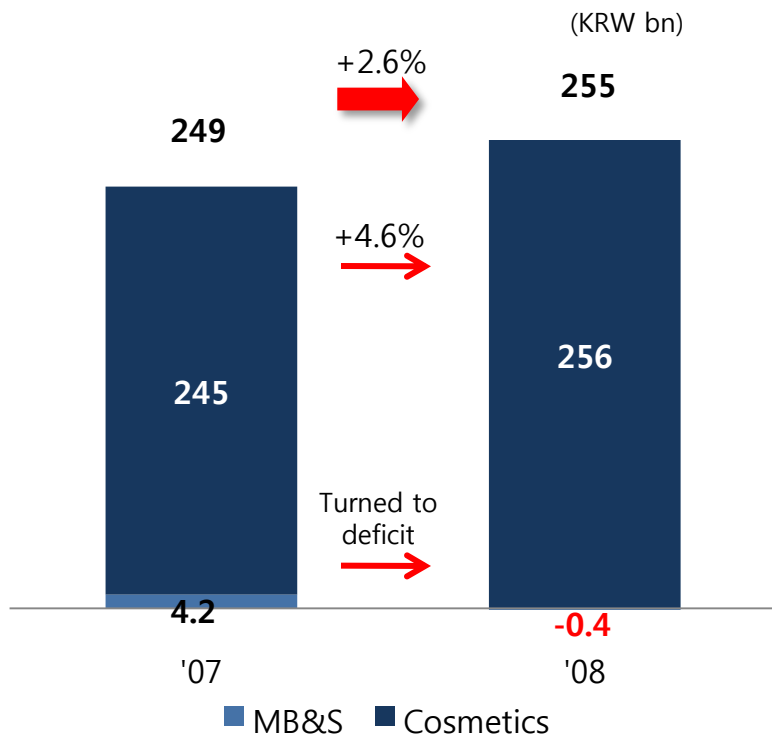
[Cosmetics] Sales of KRW 1,270bn, +15% yoy

- Active investment in channels and brands strengthened leadership in both premium and mass market
- **Prestige Cosmetics: 64% of total cosmetics sales, +8% yoy**
- Increased the variety of functional products from 'Sulwasoo' and 'Hera' and expanded the 'AmorePacific' counters to result in strong sales growth in the department store channel
- Door to door channel displayed steady growth due to sales skill enhancement and increased number of strong counselors
- 'V=B Program' became a mega-brand with over KRW 100bn in sales due to the successful launch of new product
- **Mass Cosmetics: 32% of total cosmetics sales, +31% yoy**
- Launching of franchise specialty stores, 'Aritaum' (890 stores) and expansion of 'Innisfree Herb Station' (183 stores) strengthened leadership in the specialty store channel
- Specialty store and discount store channel sales continued strong growth due to the functional line extension and upgrading of masstige brands ('IOPE'+17%, 'Laneige'+23%)
- Acquired new customer base (oriental-herbal ingredient product customers in 20s-30s) with the launch of 'Hannule'

[MB&S] Sales of KRW 262bn, +5% yoy

- Launch of premium hair care brand, 'Ryoe' and expansion of functional products from 'Happy Bath' drove strong sales ('Happy Bath' +34%)
- Sluggish 'Sulloc' sales continued as the market weakened

[2008 Operating Profit by Division]



Operating Profit of KRW 255bn, +2.6% yoy

[Cosmetics] Operating Profit growth of 5% yoy

- Production costs rose due to increase in F/X rate and raw material costs
- Increased investments in new brands and channels to develop future growth momentum
- Commissions paid(consulting fees, etc.) to strengthen the company's future growth potentials increased
- Launching of 'Aritaum' and expansion of 'Innisfree' stores lead to rise in commissions and transportation expenses
- Change in the recognition method of mart sales resulted in higher commission expenses

[MB&S] Operating Profit turned to deficit

- Production costs rose due to increase in F/X rate and raw material costs
- Declined sales of 'Sulloc' pulled up the cost rate

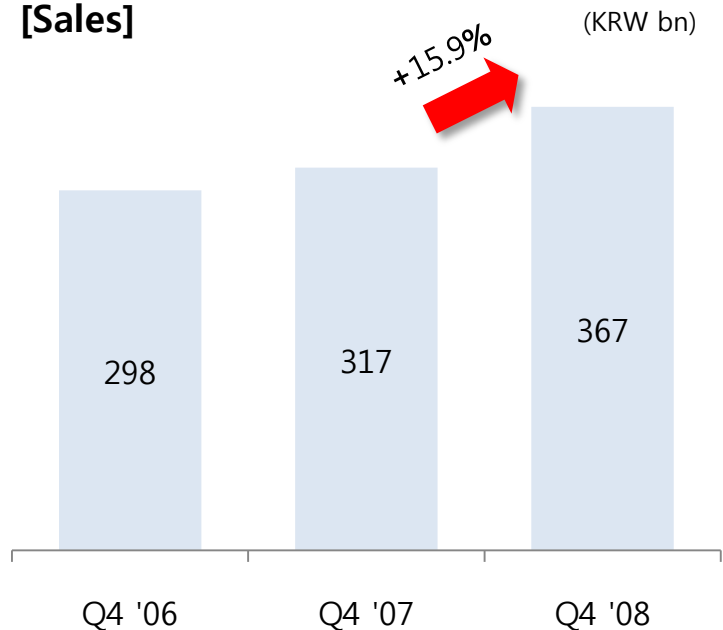
[2008 OP Margin by Division]

(OPM)	'07	'08
Cosmetics	22.1%	20.1%
MB&S	1.7%	-0.2%
Total	18.3%	16.7%

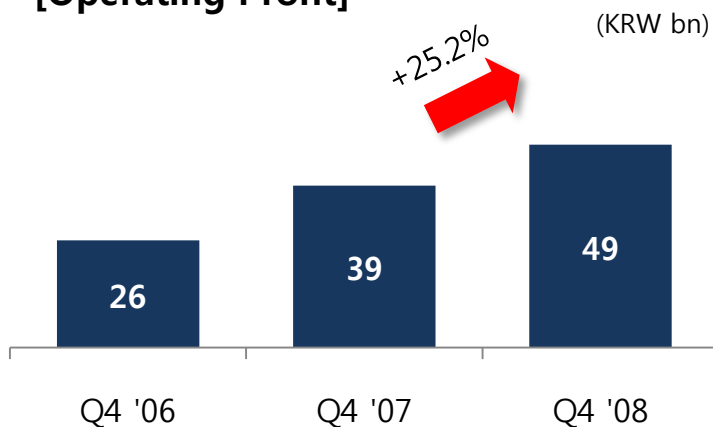
[2008 SG&A vs. Sales]

(vs. Sales)	'07	'08
Personnel	9.2%	8.7%
Marketing	16.7%	15.2%
Commissions	12.7%	15.8%
Total SG&A	52.0%	53.0%

[Sales]



[Operating Profit]



Sales of KRW 367bn, +15.9% yoy

[Cosmetics Sales Growth of 15% yoy]

- Door to door channel continued solid growth due to increased sales of 'Sulwasoo' (+5%)
- Despite the sales fall in duty free shops as a result of significant decrease in the number of travelers, the department store channel grew 7% due to high growth in department stores
- 'Aritaum' conversion was completed with increased number of stores and improved sales per store
- Online channel sales increased 69% with the expansion of home shopping exclusive products

[MB&S Sales Growth of 25% yoy]

- Market share in large discount stores increased due to sales surge from functional products such as 'Happy Bath' and new brand 'Ryeo' ('Happy Bath' +45%)

Operating Profit of KRW 49bn, +25.2% yoy

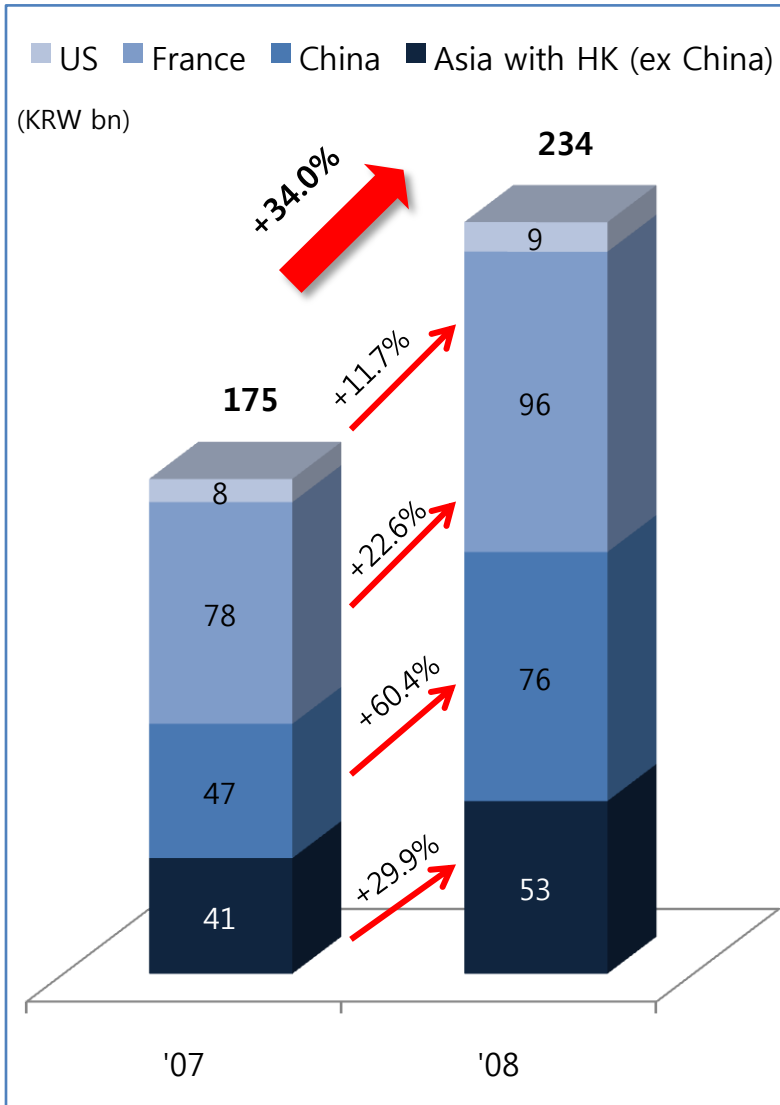
[Cosmetics]

- OP increased as sales from prestigious high-profit products rose (+8%)

[MB&S]

- OP margin improved due to cost management, such as efficient execution of marketing costs and reduced discount rates (+61%)

[Overseas Sales by Region]



Total Sales of KRW 234bn, +34.0% yoy

[China: 33% of total overseas sales, +60% yoy]

- Although spending contracted amid economic downturn, sales and profits continued strong growth (Net profit of KRW 4.8bn, +184%)
- 'Laneige': Due to the enhanced brand image by successful launch of the premium line, sales and profits continued strong growth (139 department stores)
- 'Mamonde': Sales increased by 69% through expansion of stores and profitability improved with the turnaround (187 department stores, 1,550 specialty stores)

[Asia ex-China: 23% of total overseas sales, +30% yoy]

- 'Laneige': Expansion in department stores (140 department store counters)
- Commenced business in the Asian duty-free market starting in Singapore and Taiwan
- Strong sales growth in major countries such as Singapore (+64%), Hong Kong (+40%), Malaysia (+168%) and Japan (+173%)

[France: 41% of total overseas sales, +23% yoy]

- Restructured the organization and non-profitable brands through the process of enhancing operational efficiency
- Provided a basis for future profit growth, with 'Lolita Lempicka' as the main growth momentum

[USA: 4% of total overseas sales, +12% yoy]

- Despite contractions in spending in the US market, 'AmorePacific's sales growth continued with recognition as a prestigious brand

* The overseas business results above are subject to changes due to uncertainties.

2008 Financial Summary

► Income Statement

(KRW bn)	2007		2008	
		%		%
Sales	1,357	100.0	1,531	100.0
Gross Profit	954	70.3	1,066	69.6
SG&A	705	52.0	811	53.0
Operating Profit	249	18.3	255	16.7
Non-operating Profit	35		35	
Non-operating Expense	35		46	
Earnings Before Tax	248	18.3	244	16.0
Net Profit	178	13.1	170	11.1

► Balance Sheet

(KRW bn)	2007.12	2008. 12
Asset	1,268	1,453
Current Asset	414	445
Non-current Asset	854	1,008
Liability	315	339
Current Liability	177	198
Non-current Liability	138	140
Shareholder's Equity	953	1,115
Capital	35	35
Capital Reserve	713	713
Capital Adjustment	-1	-1
Accumulated Other Inclusive Gains & Losses	5	31
Retained Earnings	203	338

Management Policy for 2009

FINDING POTENTIAL DEMAND



**Strengthen
Customer
Relationship**

**Develop
Strong Products**

**Enhance
Sales Skills**

Accelerate TCR

Business Outlook: Sales Growth of 9%+ and OP Growth of 6%+

AMOREPACIFIC will continue to grow in 2009 by finding potential demand through active communication with our customers and developing strong products

Cosmetics

- ▶ Maximize customer loyalty by developing customer-oriented products and providing customer-specific services
- ▶ Create high added-value through 'strong products' that lead the market with exceptional quality
- ▶ Turn current downturn into a new opportunity with strengthened market governance through active marketing

MB&S

- ▶ Build core mega-brands and expand high-functional products for strengthened position within the market
- ▶ Enhance premium and functional green tea products to improve the green tea business



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