



AMOREPACIFIC CORP.

AMOREPACIFIC Corporation 1Q 2017 Earnings Release

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

Sales up 5.7% to KRW 1,569.0 billion, OP down 6.2% to 316.8 billion

Sales & OP by Division

	2016 1Q	% of sales	2017 1Q	% of sales	YoY(%)
Sales	1,485.1	100.0%	1,569.0	100.0%	5.7
Domestic	1,085.5	73.1%	1,104.4	70.4%	1.7
Cosmetics	926.7	62.4%	941.3	60.0%	1.6
Mass & Osulloc	158.7	10.7%	163.1	10.4%	2.7
Overseas	408.0	27.5%	477.0	30.4%	16.9
Others*	-8.4		-12.3		
	2016 1Q	OPM(%)	2017 1Q	OPM(%)	YoY(%)
Operating Profit	337.8	22.7%	316.8	20.2%	-6.2
Domestic	268.2	24.7%	234.0	21.2%	-12.7
Cosmetics	244.3	26.4%	214.5	22.8%	-12.2
Mass & Osulloc	23.9	15.0%	19.5	11.9%	-18.4
Overseas	79.4	19.5%	88.1	18.5%	10.9
Others*	-9.9		-5.3		
Net Profit	263.0	17.7%	223.5	14.2%	-15.0

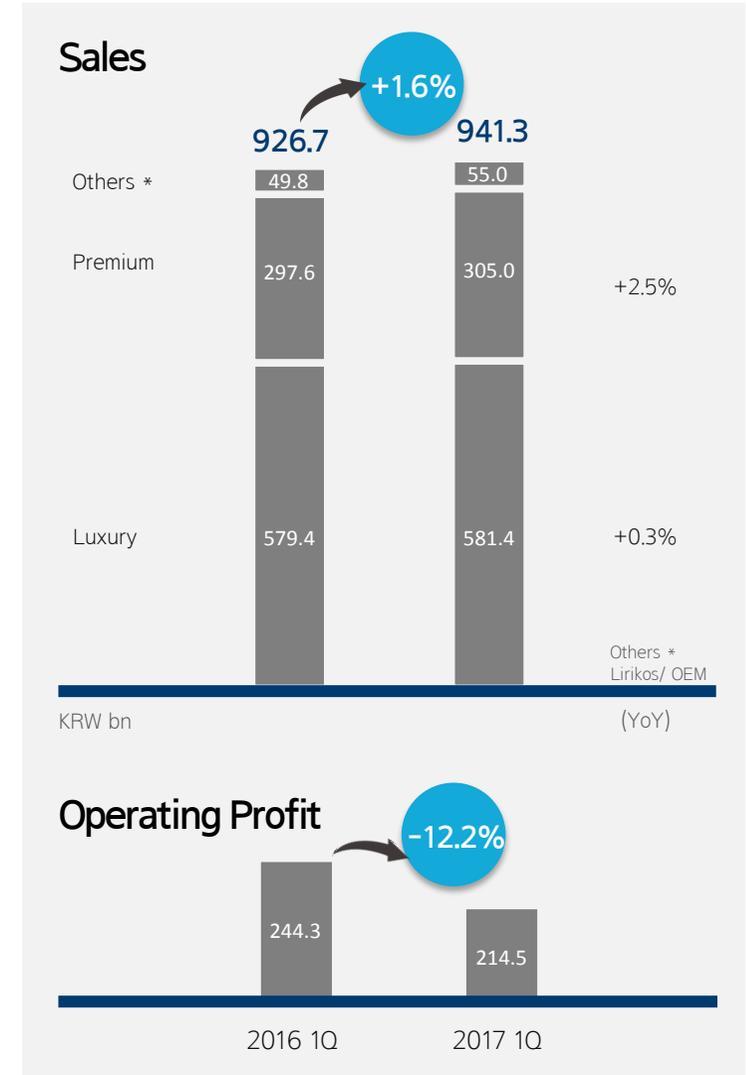
Others* : Intercompany Transaction

Luxury Increased sales for the skin care and inner beauty categories, enhanced digital competitiveness

- Enhanced brand competitiveness through diverse new product launches and key product renewals
: 'Sulwhasoo Time Treasure Eye Serum,' 'Hera Ageaway Modifier,' 'Hera Rouge Holic Exceptional Valentine Edition,' 'Vital Beautie Metagreen'
- Expanded customer communication by strengthening digital competitiveness
: Expanded inflow of customers to the directly run website through marketing activities, which links SNS and E-Commerce
: Enhanced brand appeal by revamping digital space and content for Sulwhasoo, Hera and other key brands
- Expanded opportunities for brand experience through diverse offline marketing activities
: Offered product experience and demonstrated make-up trend through Hera Seoul Fashion Week
: Operated studios to experience products at the Sulwhasoo flagship store and department stores
- Slowdown in revenue growth for travel retail channel due to decline foreign tourist traffic

Premium Revenue growth through strengthened make-up products and differentiated brand experience space

- Revenue growth in the make-up category through strong sales of face and lip make-up products
: Steady sales of 'Laneige Skin Veil Base,' 'Laneige Silk Intense Lipstick,' 'Mamonde Creamy Tint Color Balm' and etc.
- Expanded customer communication through diversified brand space
: Expanded opportunities for brand experience by opening the Mamonde flagship store and improving Aritaum's make-up space, etc.
- Enhanced channel competitiveness through Aritaum, hypermarket store renewals and innovation in sales activities



Mass

Revenue growth due to steady sales of hair and body care categories

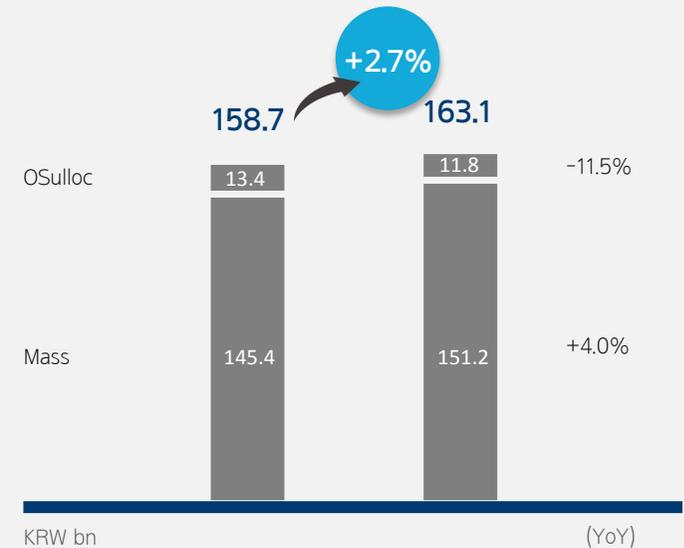
- Enhanced brand appeal through new product launches and renewal of key products : 'Happy bath Juice Smoothie Bodywash,' 'Illil Ceramide Ato Cream,' 'Happy Bath Whiteclay line' and etc.
- Revenue growth due to steady sales of premium products ('Ryo Anti-Hair Loss,' 'Mise en scène Perfect Repair Serum,' 'Happy Bath Essence Body Wash' and etc)
- Increased digital revenue and improved customer experience through differentiated online contents ('31 Salon,' 'Like it Hair') linked with e-commerce functions.

OSulloc

Restructured Online/Offline channels for quality growth

- Developed operational strategy by commercial area through restructuring of loss-making stores
- Strengthened digital competitiveness by improving directly run website and direct business within B2C platforms

Sales



Operating Profit



Asia

Sulwhasoo solidified its global position as a luxury beauty brand

- Expanded customer base by launching new stores and entry into mobile platform (China)
- Strengthened cushion category leadership in ASEAN market by promoting new cushion products (Sulwhasoo 'Perfecting Cushion Intense')

Laneige solidified its position as a global young premium brand

- Expansion of young customer base through robust sales of key make-up products in all Asian countries
- Enhanced premium brand image through continued renewal of stores in key commercial areas

Mamonde diversified growth pillars through expansion into new regions and channels

- Accelerated penetration into regions other than China through increased brand investments
- Expanded digital business through partnerships with e-commerce platforms

Innisfree sustained growth by strengthening its position as Asia's representative natural brand

- Expanded its ASEAN business through entry into Indonesia market
- Improved brand experience for customers by opening Asia's second flagship store (Chengdu, China)

Etude enhanced brand appeal as young make-up brand through continuous launch of innovative products

- Achieved solid growth through increased sales of new product launches ('Play 101 Stick,' 'Any Cushion Cream Filter,' 'Wonderfun Park Collection')
- Diversified customer base through new store launches and expansion of e-commerce platform

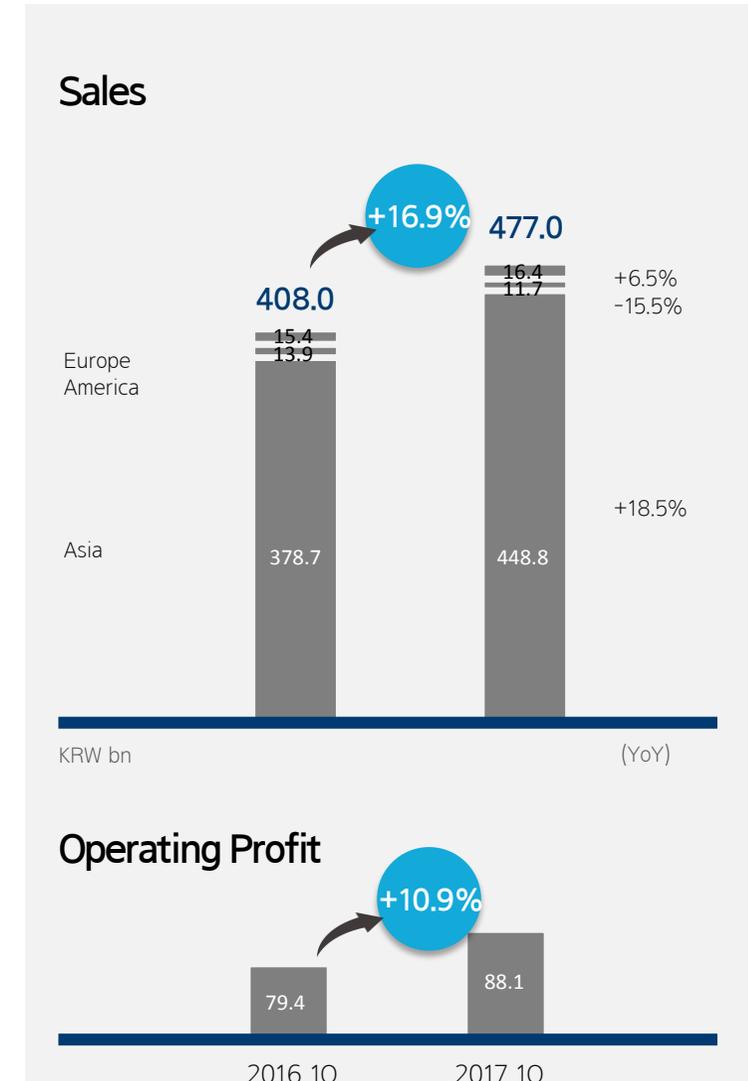
North America

Restructured business portfolio and increased investment to diversify customer base

- Launched new stores for Sulwhasoo and Aritaum in the western part of the US, restructured channels for Laneige
- Strengthened digital business by improving directly run mall (Amorepacific, Sulwhasoo)

Europe

Terminated the license of the Lolita Lempicka brand, increased investment in Annick Goutal brand



Income Statement

KRW bn

	2016 1Q		2017 1Q	
Sales	1,485.1	100.0%	1,569.0	100.0%
Gross Profit	1,136.5	76.5%	1,183.0	75.4%
SG&A expenses	798.7	53.8%	866.2	55.2%
Operating Profit	337.8	22.7%	316.8	20.2%
Non-operating Profit/Expenses	8.1		(21.8)	
Profit before tax	345.9	23.3%	295.0	18.8%
Consolidated net income	263.0	17.7%	223.5	14.2%

Statement of Financial Position

KRW bn

	2016.12	2017.03
	Assets	5,181.6
Current assets	2,116.3	2,279.3
Non-current assets	3,065.2	3,069.4
Liabilities	1,284.9	1,365.4
Current liabilities	1,171.2	1,242.6
Non-current liabilities	113.7	122.7
Shareholder's Equity	3,896.6	3,983.3
Capital stock	34.5	34.5
Additional paid-in capital	712.7	712.7
Capital surplus	7.8	7.8
Other components of equity	(17.6)	(17.6)
Accumulated other comprehensive income	(17.2)	(42.5)
Retained earnings	3,158.7	3,268.9
Non-controlling interest	17.8	19.6