

IR

AMOREPACIFIC CORP.

AMOREPACIFIC Corporation 3Q 2017 Earnings Release

- 1 3Q YTD 2017 Earnings Summary
- 2 3Q 2017 Earnings Summary
- 3 Domestic Business
- 4 Overseas Business
- 5 Financial Summary

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 down 8.0% to KRW 4.0 trillion, OP down 30.4% to 519.5 billion

Sales & OP by Division

	3Q YTD 2016	% of sales	3Q YTD 2017	% of sales	YoY(%)
Sales	4,329.4	100.0%	3,983.9	100.0%	-8.0
Domestic	3,131.2	72.3%	2,700.1	67.8%	-13.8
Cosmetics	2,681.1	61.9%	2,274.9	57.1%	-15.2
Mass & Osulloc	450.2	10.4%	425.2	10.7%	-5.5
Overseas	1,232.3	28.5%	1,312.8	33.0%	6.5
Others*	-34.1		-29.1		
	3Q YTD 2016	OPM(%)	3Q YTD 2017	OPM(%)	YoY(%)
Operating Profit	745.9	17.2	519.5	13.0	-30.4
Domestic	604.3	19.3	383.5	14.2	-36.5
Cosmetics	583.4	21.8	355.5	15.6	-39.1
Mass & Osulloc	20.9	4.6	28.0	6.6	34.2
Overseas	175.6	14.3	153.3	11.7	-12.7
Others*	-34.1		-17.3		
Net Profit	572.7	13.2	380.7	9.6	-33.5

Others* : Intercompany Transaction

Sales down 13.6% to KRW 1.2 trillion, OP down 39.7% to 101.1 billion

Sales & OP by Division

KRW bn

	3Q 2016	% of sales	3Q 2017	% of sales	YoY(%)
Sales	1,400.9	100.0%	1,209.9	100.0%	-13.6
Domestic	1,007.0	71.9%	790.2	65.3%	-21.5
Cosmetics	845.9	60.4%	638.9	52.8%	-24.5
Mass & Osulloc	161.1	11.5%	151.3	12.5%	-6.1
Overseas	407.0	29.1%	427.3	35.3%	5.0
Others*	-13.1		-7.6		
	3Q 2016	OPM(%)	3Q 2017	OPM(%)	YoY(%)
Operating Profit	167.5	12.0	101.1	8.4	-39.7
Domestic	136.6	13.6	66.9	8.5	-51.0
Cosmetics	147.5	17.4	56.3	8.8	-61.8
Mass & Osulloc	-10.9	-6.8	10.6	7.0	Turned to black
Overseas	47.2	11.6	45.4	10.6	-3.8
Others*	-16.2		-11.2		
Net Profit	117.1	8.4	79.8	6.6	-31.9

Others* : Intercompany Transaction

Revenue and profit decreased due to decline in number of tourists

Luxury

- Revenue decreased for key brands from weaker travel retail channel sales due to decline in number of Chinese tourists
- Diversified product portfolio through new product launches : 'Concentrated Ginseng Renewing Creamy Mask', 'Hera True Wear Line', 'Hera Exceptional Eau De Parfum', 'VITALBEAUTIE Red Ginseng Essence Stick'
- Expanded APmall connected O2O service, strengthened customer experience through brand events 'Sulwha Cultural Exhibition'
- Expanded customer base through entry into multi-brand channel

Premium

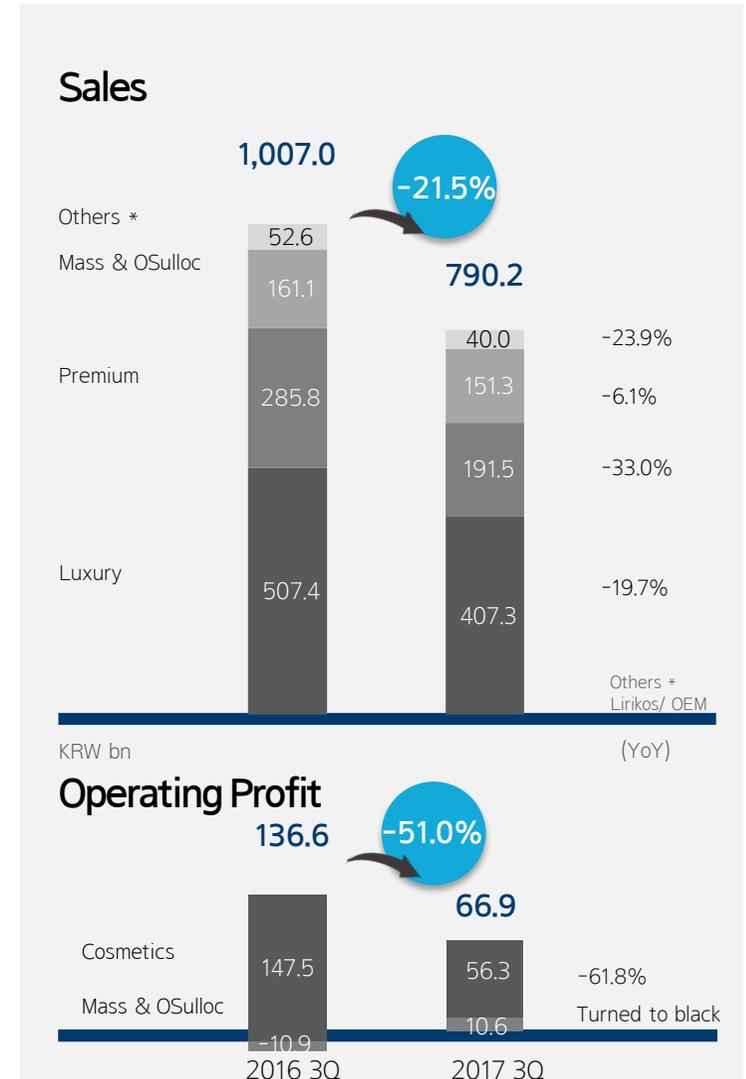
- Revenue decreased due to slowdown in travel retail channel and key tourist attraction areas
- Expanded product portfolio of key brands
 - Strengthened derma and anti-aging category ('IOPE Derma Repair Line', 'Mamonde Age Control Line' upgrade)
 - Strengthened make-up category ('Laneige X YCH collaboration collection', 'Mamonde Pure Lip Color Oil & Gloss')

Mass

- Launched natural dental care brand 'Pleasia' which contains naturally derived ingredients
- Strengthened digital competitiveness through launch of online exclusive products and expansion of digital communication

OSulloc

- Achieved solid same store sales growth through enhanced retail competitiveness of key channels (OSulloc Tea Museum, OSulloc Tea House)



Asia

Sulwhasoo solidified its status as Asia's representative luxury brand

- Robust sales growth of China and key ASEAN countries, strengthened luxury brand leadership
- Increased new customers through expansion of stores throughout high-end department stores and strengthened digital communication

Laneige continued activities to enhance brand equity

- Enhanced brand competitiveness through renewal of department store counters and new product launches
- Strong growth in digital sales through strengthened e-commerce platform partnership in ASEAN

Mamonde diversified product portfolio, expanded penetration within ASEAN

- Launched new make-up products ('Creamy Tint Color Balm', 'Cotton Veil Powder Pact')
- Diversified customer base through entry into ASEAN department stores and online mall

Innisfree accelerated its global business expansion, enhanced digital capability

- Continued expansion of stores within commercial areas in key cities, entered into e-commerce platforms within key countries
- Signed MOU agreement regarding technology exchange with Tencent's QQ to improve digital shopping environment (China)

Etude House strengthened its young make-up brand image

- Launched signature make-up look '9Looks' using representative products
- Opened 1st flagship store in Malaysia

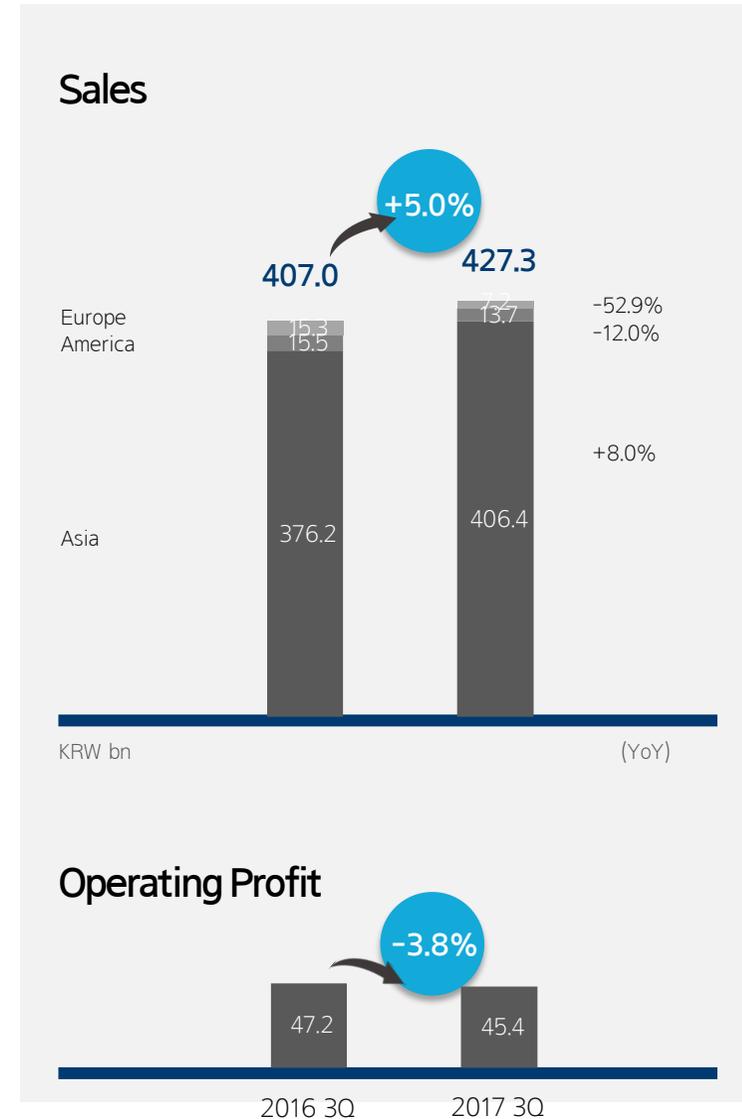
North America

Strengthened the foundation for growth through expansion of brand and channel portfolio

- Laneige entered Sephora, Innisfree opened its first flagship store
- Robust e-commerce sales for Amorepacific and Sulwhasoo

Europe

Revenue and profit decreased from termination of Lolita Lempicka license, Sulwhasoo entered into a department store within France



Income Statement

KRW bn

	2016 3Q		2017 3Q	
Sales	1,400.9	100.0%	1,209.9	100.0%
Gross Profit	1,038.4	74.1%	855.5	70.7%
SG&A expenses	870.9	62.2%	754.4	62.4%
Operating Profit	167.5	12.0%	101.1	8.4%
Non-operating Profit/Expenses	(14.0)		5.2	
Profit before tax	153.5	11.0%	106.3	8.8%
Consolidated net income	117.1	8.4%	79.8	6.6%

Statement of Financial Position

KRW bn

	2016.12	2017.09
Assets	5,181.6	5,224.3
Current assets	2,116.3	1,865.4
Non-current assets	3,065.2	3,358.9
Liabilities	1,284.9	1,057.9
Current liabilities	1,171.2	890.4
Non-current liabilities	113.7	167.4
Shareholder's Equity	3,896.6	4,166.4
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)	(17.6)
Retained earnings	3,158.7	3,424.0
Non-controlling interest	17.8	22.6