



---

AMOREPACIFIC CORP.

---

## AMOREPACIFIC Corporation 2017 Earnings Release

- 1 2017 Earnings Summary
- 2 Domestic Business
- 3 Overseas Business
- 4 4Q 2017 Earnings Summary
- 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 9.2% to KRW 5.1 trillion, OP down 29.7% to 596 billion

### Sales & OP by Division

KRW bn

	2016	% of sales	2017	% of sales	YoY(%)
<b>Sales</b>	<b>5,645</b>	<b>100.0%</b>	<b>5,124</b>	<b>100.0%</b>	<b>-9.2</b>
Domestic	4,001	70.9%	3,347	65.3%	-16.3
Cosmetics	3,449	61.1%	2,830	55.2%	-17.9
Mass & Osulloc	552	9.8%	517	10.1%	-6.3
Overseas	<b>1,697</b>	<b>30.1%</b>	<b>1,821</b>	<b>35.5%</b>	<b>7.3</b>
Others*	-52		-44		
	2016	OPM(%)	2017	OPM(%)	YoY(%)
<b>Operating Profit</b>	<b>848</b>	<b>15.0%</b>	<b>596</b>	<b>11.6%</b>	<b>-29.7</b>
Domestic	678	16.9%	418	12.5%	-38.4
Cosmetics	668	19.4%	403	14.2%	-39.6
Mass & Osulloc	10	1.8%	14	2.8%	47.2
Overseas	211	12.4%	194	10.7%	-7.7
Others*	-40		-16		
<b>Net Profit</b>	<b>646</b>	<b>11.4%</b>	<b>398</b>	<b>7.8%</b>	<b>-38.4%</b>

Others\* : Intercompany Transaction

## Revenue and profit decreased due to decline in number of tourists

### Luxury

- Revenue decreased from slowdown of travel retail channel due to the decline in number of Chinese tourists
- Strengthened product competitiveness of key brands through diverse new product launches : 'Sulwhasoo First Care Activating Mask,' 'Sulwhasoo Time Treasure Renovating Eye Serum,' 'Hera Black Cushion,' 'Primera Soothing Sensitive Line'
- Enhanced customer experience and promoted brand story through differentiated brand campaigns and marketing activities : 'Sulwha Cultural Exhibition,' 'Hera Seoul Fashion Week,' 'Primera Love the Earth festival'
- Diversified point of sales by strengthening digital platform (APmall) and entering into multi-brand channel

### Premium

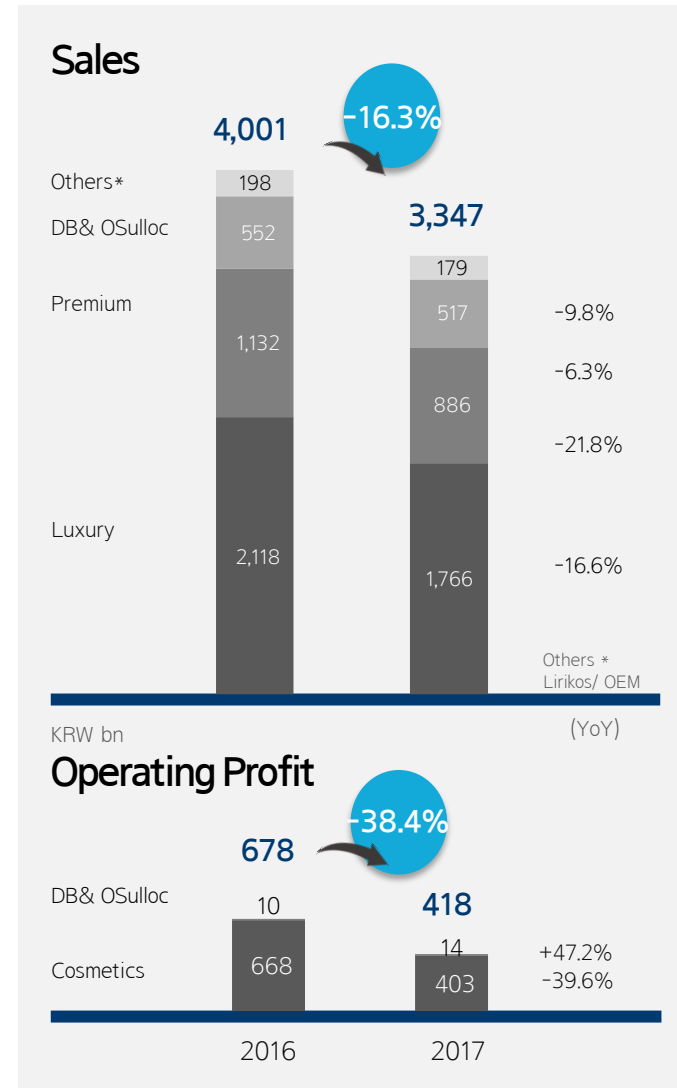
- Revenue decreased due to slowdown in key tourist attraction areas and travel retail channel
- Responded to customers' needs by diversifying product categories and expanding make-up category : 'IOPE Derma Repair Line,' 'Laneige Silk Intense Lipstick,' 'Mamonde Creamy Tint Color Balm'
- Heightened customer experience by opening new brand shops and improving retail environment such as Aritaum and hypermarket store renewals

### Daily Beauty (Personal Care)

- Hair Care: Strengthened hair care leadership through steady sales of premium products
- Body Care: Launched diverse new products (Happy Bath Juice Smoothie Body Wash, Happy Bath low-irritant Tea Collection), enhanced professional moisturizing category (Illiyoon Ceramide Ato Cream), strengthened customer communication by advancing digital contents & platforms
- Oral Care: Launched natural dental care brand 'Pleasia' which contains naturally derived ingredients

### OSulloc

- Laid the foundation for quality growth through enhanced retail competitiveness of OSulloc Tea Museum and OSulloc Tea House, and increased sales of premium products



## Asia

**(Sulwhasoo) Enhanced its position as Asia's representative luxury beauty brand**

- Robust sales growth of China and key ASEAN countries, strengthened luxury brand leadership
- Diversified points of sale by opening new stores in high-end department stores, expanding entry into mobile and e-commerce platforms, and opening roadshops, etc.

**(Laneige) Continued activities to enhance brand equity**

- Enhanced brand competitiveness by renovating department store counters and launching diverse new products
- Robust e-commerce sales growth of China and ASEAN region

**(Mamonde) Diversified product portfolio, expanded into a new market**

- Enhanced market responsiveness by launching localized products reflecting Chinese customers' needs
- Restructured channels to lay the foundation for quality growth in China
- Accelerated penetration into ASEAN region: expanded into Singapore, entered department stores and online malls in ASEAN region

**(Innisfree) Strengthened its nature-related brand concept, accelerated global business**

- Solid sales growth within online/offline stores in China, expanded communication with global customers by strengthening digital competency
- Newly entered Indonesia, accelerated store expansion in Greater China and ASEAN

**(Etude House) Enhanced brand recognition as global young make-up brand**

- Increased revenue through new product launches and sales of hit products ('Play 101 Stick,' 'Dear Darling Soda Tint')
- Launched new stores (China, Hong Kong, Japan, Thailand, etc.), and expanded e-commerce platform

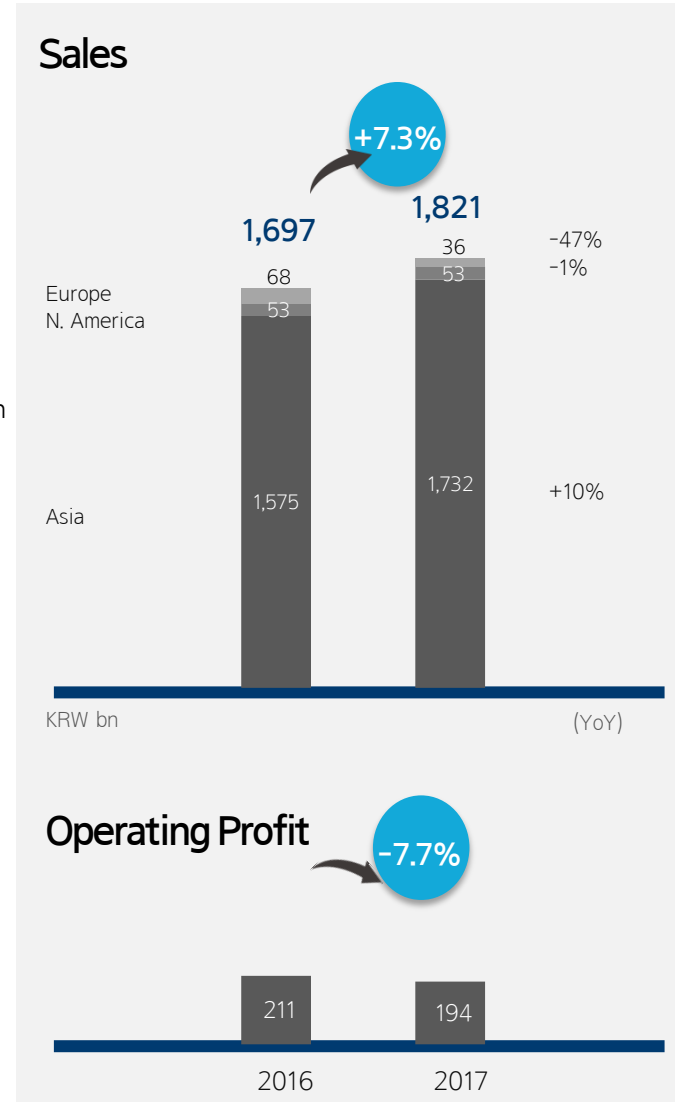
## North America

**Strengthened foundation for growth through restructuring of brand and channel portfolio**

- Strengthened digital business by improving directly run website (Amorepacific, Sulwhasoo), posted robust sales growth within e-commerce channel
- Launched Laneige into Sephora and opened Innisfree's first flagship store

## Europe

Sulwhasoo entered France's Galeries Lafayette department store and established base for entry in Europe's skin care market  
Revenue and profit decreased from termination of Lolita Lempicka license



Sales down 13.4% to KRW 1.1 trillion, OP down 24.7% to 77 billion

### Sales & OP by Division

KRW bn

	2016 4Q	% of sales	2017 4Q	% of sales	YoY(%)
<b>Sales</b>	<b>1,316</b>	<b>100.0%</b>	<b>1,140</b>	<b>100.0%</b>	<b>-13.4</b>
Domestic	869	66.0%	647	56.8%	-25.5
Cosmetics	768	58.3%	555	48.7%	-27.6
Mass & Osulloc	102	7.7%	92	8.1%	-9.6
Overseas	465	35.3%	508	44.5%	9.3
Others*	-18		-15		
	2016 4Q	OPM(%)	2017 4Q	OPM(%)	YoY(%)
<b>Operating Profit</b>	<b>102</b>	<b>7.8%</b>	<b>77</b>	<b>6.7%</b>	<b>-24.7</b>
Domestic	73	8.4%	34	5.3%	-53.3
Cosmetics	84	11.0%	48	8.6%	-43.4
Mass & Osulloc	-11	-10.9%	-14	-14.8%	Continued losses
Overseas	35	7.5%	41	8.1%	17.6
Others*	-6		2		
<b>Net Profit</b>	<b>73</b>	<b>5.5%</b>	<b>17</b>	<b>1.5%</b>	<b>-76.2</b>

Others\* : Intercompany Transaction

## Income Statement

KRW bn

	2016		2017	
Sales	5,645	100.0%	5,124	100.0%
Gross Profit	4,221	74.8%	3,744	73.1%
SG&A expenses	3,373	59.7%	3,148	61.4%
Operating Profit	848	15.0%	596	11.6%
Non-operating Profit/Expenses	9		(29)	
Profit before tax	857	15.2%	567	11.1%
Consolidated net income	646	11.4%	398	7.8%

## Statement of Financial Position

KRW bn

	2016.12	2017.12
	Assets	5,182
Current assets	2,116	1,688
Non-current assets	3,065	3,695
Liabilities	1,285	1,208
Current liabilities	1,171	1,057
Non-current liabilities	114	151
Shareholder's Equity	3,897	4,175
Capital stock	35	35
Additional paid-in capital	713	713
Capital surplus	8	8
Other components of equity	(18)	(18)
Accumulated other comprehensive income	(17)	(40)
Retained earnings	3,159	3,457
Non-controlling interest	18	22