



AMOREPACIFIC CORP.

AMOREPACIFIC Corporation 2016 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 18.4% to KRW 5.6trillion, OP up 9.7% to KRW 0.8trillion

Sales & OP by Division

KRW bn

	2015	% of sales	2016	% of sales	YoY(%)
Sales	4,766.6	100.0%	5,645.4	100.0%	18.4
Domestic	3,558.8	74.7%	4,000.5	70.9%	12.4
Cosmetics	3,065.9	64.3%	3,523.0	62.4%	14.9
Mass & Osulloc	492.9	10.3%	477.4	8.5%	-3.1
Overseas	1,257.3	26.4%	1,696.8	30.1%	35.0
Others*	-49.5		-51.8		
	2015	% of sales	2016	% of sales	YoY(%)
Operating Profit	772.9	16.2%	848.1	15.0%	9.7
Domestic	641.0	18.0%	677.6	16.9%	5.7
Cosmetics	595.8	19.4%	674.8	19.2%	13.3
Mass & Osulloc	45.3	9.2%	2.8	0.6%	-93.8
Overseas	159.5	12.7%	210.5	12.4%	32.0
Others*	-27.6		-40.0		
Net Profit	584.8	12.3%	645.7	11.4%	10.4

Others* : Intercompany Transaction

Luxury

Solidified brand position as Asia's representative luxury brand, achieved quality growth

- Sulwhasoo enhanced its position as a holistic beauty brand encompassing Asian beauty values, offered various services at the flagship store to directly experience the brand, promoted differentiated brand philosophy
- Hera set the foundation for global expansion by strengthening the leading Seoul trend 'Seoulista' brand story and product lines
- Primera responded to the demand of the natural products and strengthened its brand position as a healthy and nature friendly brand, increased sales of representative products (Watery Cream, Super Line, etc)

Travel retail achieved solid sales from increased sales of key brands

- Achieved quality growth through improved channel visibility, strengthened growth momentum through expansion of global and online travel retail business

Traditional channels enhanced channel competitiveness by strengthening CRM activities

- Department store offered differentiated purchasing experience by strengthening the level of customer experience
- Door-to-door enhanced customer convenience through adoption of digital sales platform and improved sales efficiency per counselor

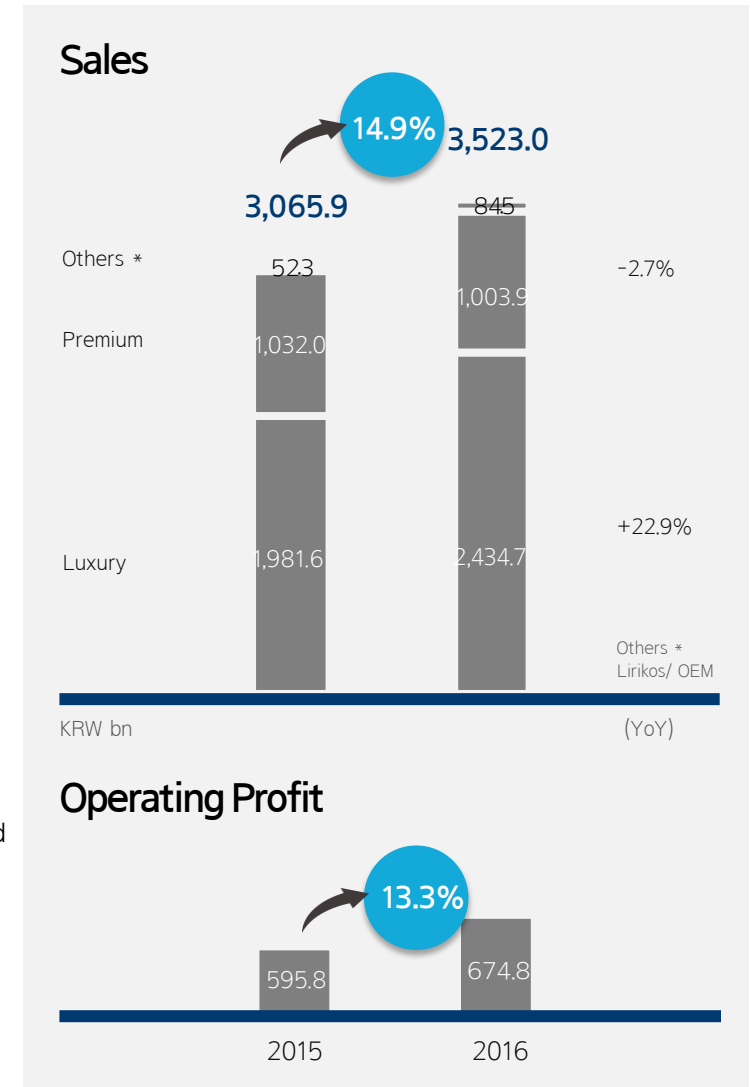
Premium

Strengthened key brands' core values through diverse marketing activities and new product launches

- Laneige enhanced brand appeal by offering attractive brand contents and strengthening its makeup line (Two tone collection and etc)
- Mamonde popularized 'Flower Science' brand story with diverse offline marketing activities ('Gardening Campaign') and strengthened digital communication (brand site, SNS affiliated marketing and etc)

Digital channel poised for quality growth

- E-commerce maintained solid growth centered on AP's direct online mall and mobile commerce
- Home shopping continued its effort to reorganize its brand portfolio
- Improved retail competency by strengthening offline store environment and mobile platform



Mass

Continued 'premiumization' of the hair and body care category, reorganized quality management process

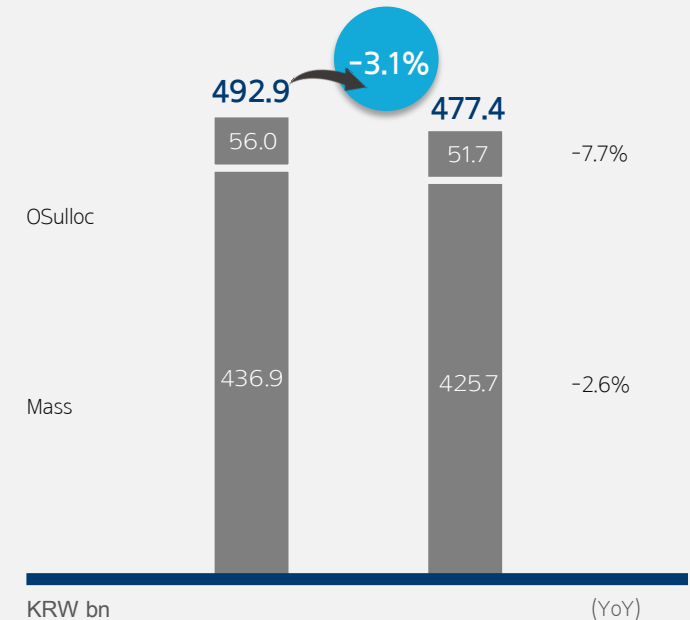
- Hair Care: Ryo and Mise en scène strengthened its hair care leadership through steady sales of products and diversified customer base through the launch of natural hair care brand FRESH-pop
- Body Care: Happy Bath maintained revenue growth by launching diverse new products for different categories (body wash, body moisturizer, cleansing)
- Oral Care: Revenue and profit decreased as a result of the toothpaste recall, continued efforts to reorganize and refurbish quality management process

OSulloc

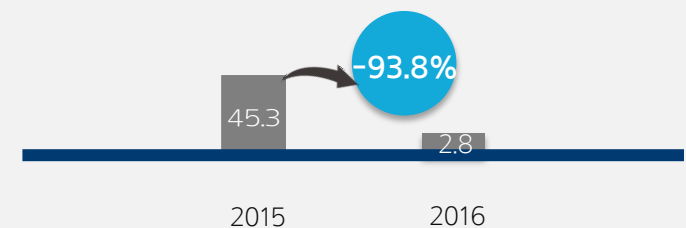
Enhanced OSulloc brand equity through strengthened product competitiveness and channel restructuring

- Strengthened retail competency in key channels (Department Stores, Tea House and etc.) and expanded premium products (traditional and blended tea)
- Awarded at the '2016 North American Tea Championship' and '2016 World Green Tea Contest' held in Shizuoka, promoted OSulloc as Korea's premium tea brand

Sales



Operating Profit



Asia

Sulwhasoo strengthened its brand position as Asia's representative luxury brand

- Promoted Sulwhasoo's superior Korean medicinal herbs brand heritage through celebration of 50th year of ginseng research
- Expanded customer base by increasing departments store counters and Roadshop as well as entering into online mall (China)

Laneige improved brand leadership as a global young premium brand

- Strengthened 'Sparkling Beauty' branding with global marketing campaigns (Beauty Road, Refill Me)
- Enhanced channel competitiveness through channel diversification (Road shops, mobile app, specialty stores and etc.)

Mamonde expanded its product line up by launching diverse new products and advanced into new markets

- Launched new localized products reflecting customers' needs, responded to market needs through brand localization
- Expanded the ASEAN business by opening counters within Malaysia and Thailand department stores

Innisfree achieved robust sales growth in all regions by strengthening its Jeju brand heritage

- Achieved quality growth based on differentiated brand experience, products, and service
- Accelerated penetration into ASEAN market by entering into Vietnam

Etude promoted its fun and playful makeup culture by launching innovative products

- Achieved steady sales of hit and new products (Play 101 Stick, Real Powder Cushion), enhanced brand recognition
- Sales growth through new store launches and improved efficiency of current stores, opened the first store in Thailand

Strengthened luxury make-up category by launching the Hera brand in China

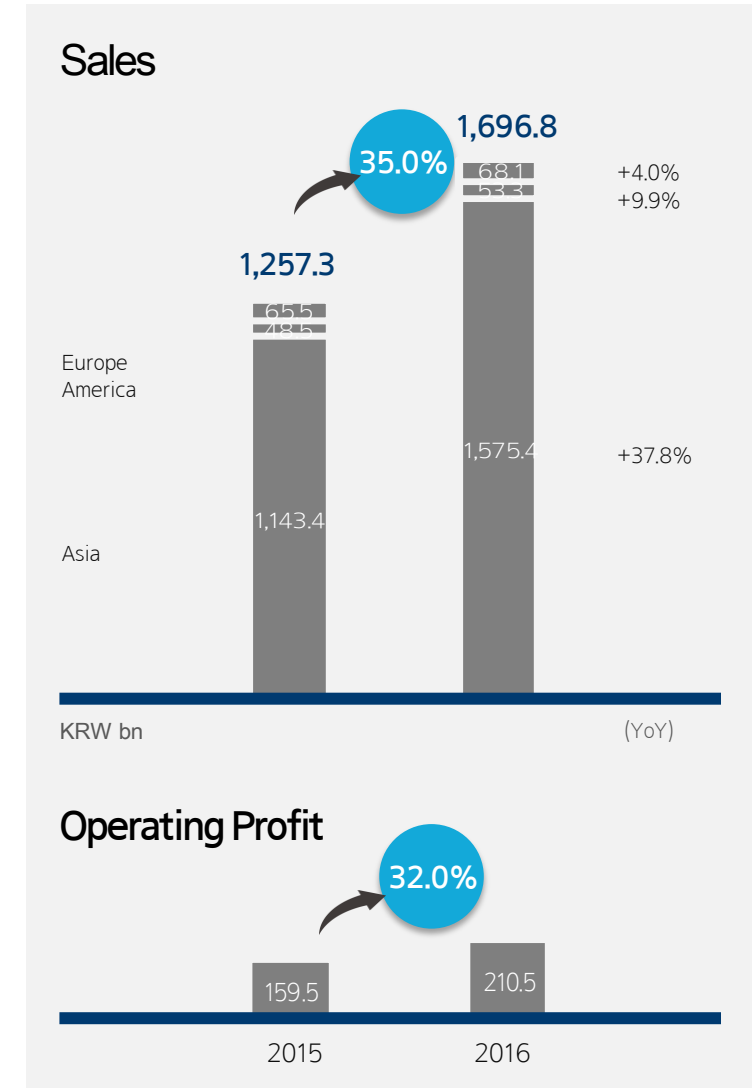
North America

Sales growth of key brands through regional and channel expansion, explored growth opportunities through market studies

- Expanded Canada business by launching Sulwhasoo and Laneige in department and specialty stores
- Increased investment to study the market and customers, reorganized channel portfolio

Europe

Sales growth through increased sales of key products



Sales up 7.4% to KRW1.3trillion, OP down -17.2% to KRW0.1trillion

Sales & OP by Division

KRW bn

	2015 4Q	% of Sales	2016 4Q	% of Sales	YoY(%)
Sales	1,225.8	100.0%	1,316.0	100.0%	7.4
Domestic	878.1	71.6%	869.2	66.0%	-1.0
Cosmetics	784.8	64.0%	784.4	59.6%	-0.1
Mass & Osulloc	93.3	7.6%	84.9	6.4%	-9.0
Overseas	371.0	30.3%	464.5	35.3%	25.2
Others*	-23.3		-17.7		
	2015 4Q	% of Sales	2016 4Q	% of Sales	YoY(%)
Operating Profit	123.4	10.1%	102.2	7.8%	-17.2
Domestic	103.8	11.8%	73.3	8.4%	-29.4
Cosmetics	113.2	14.4%	84.3	10.8%	-25.5
Mass & Osulloc	-9.5	-10.2%	-11.1	-13.0%	Increased Losses
Overseas	32.4	8.7%	34.8	7.5%	7.5
Others	-12.8		-5.9		
Net Profit	69.6	5.7%	73.0	5.5%	4.9

Others* : Intercompany Transaction

4Q Sales KRW 1,316.0bn(+7%), OP KRW 102.2bn(-17%)

Domestic Business

Cosmetics: Slowdown in growth due to weak consumer spending in a stagnant domestic market

- Continued efforts to overcome weak domestic demand, strengthened brand competitiveness through increased marketing investments
 - :Enhanced brand appeal through new product launches (Sulwhasoo 'ShineClassic Makeup Limited Edition', Hera 'Beauty Boosting Facial Oil', 'Rouge Holic Exceptional' and etc)
 - : Promoted brand story by hosting 'Sulwha Cultural Exhibition' and 'Hera Seoul Fashion Week' event
- Travel retail channel continued its efforts in enhancing its channel visibility and expanded its global travel retail business
- Revenue in offline channels decreased due to a decline in customer traffic as a result of a stagnant market

Mass: Decrease in revenue and profit as a result of slowdown in oral care

Osulloc: Solid same store sales growth from increased sales of premium products

Overseas Business

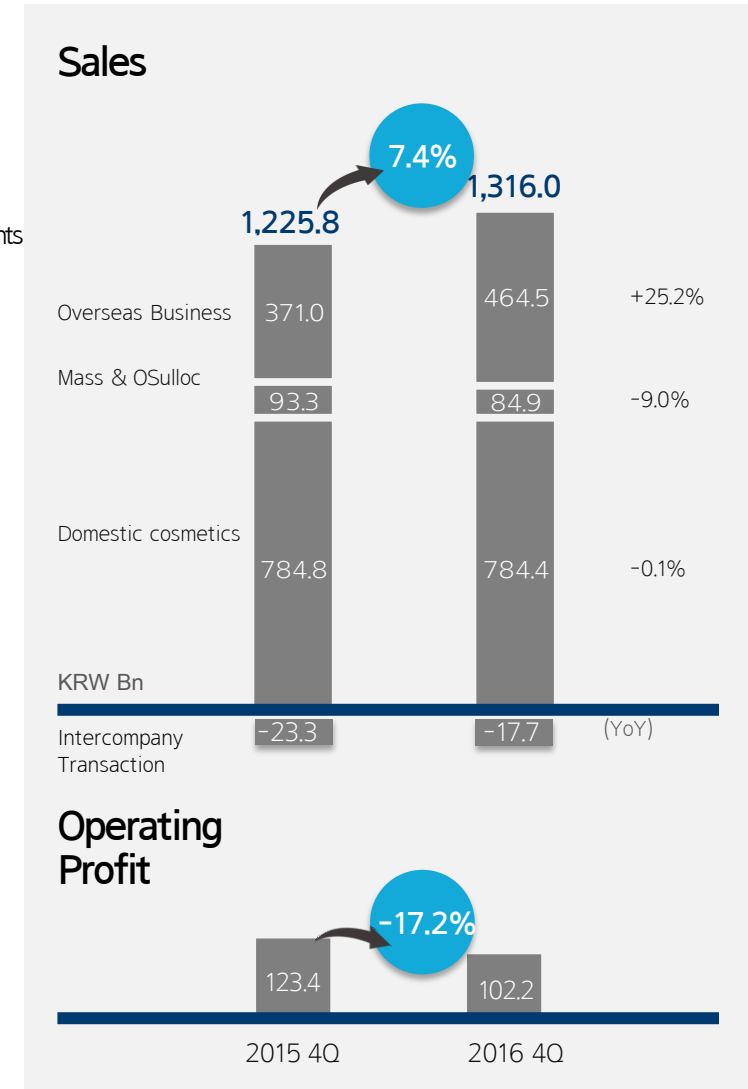
Asia: Accelerated expansion of global business centered on 5 major global champion brands

- Robust digital sales growth for all brands from China's Singles' Day
- Sulwhasoo diversified its distribution channel by opening a Road shop and promoted brand story of 'holistic beauty'
- Laneige strengthened its brand image as a global young premium brand with store renewals for key department stores, LMF* campaign and etc.
- Mamonde enhanced its digital business competency by launching a brand website and expanding its mobile commerce platform
- Innisfree offered differentiated brand experience through My Cushion ATM, VR experience zone and etc., entered Vietnam market
- Etude offered fun brand experiences through brand campaigns with customer participation (Colorful/Sweet/DreamyLife)

North America: Continued investments in channel portfolio restructuring

Europe: Increase in revenue and profit through increased sales of key products

* LMF: LANEIGE MEETS FASHION



Income Statement

KRW bn

	2015		2016	
Sales	4,766.6	100.0%	5,645.4	100.0%
Gross Profit	3,597.2	75.5%	4,220.7	74.8%
SG&A expenses	2,824.3	59.3%	3,372.6	59.7%
Operating Profit	772.9	16.2%	848.1	15.0%
Non-operating Profit/Expenses	5.4		8.5	
Profit before tax	778.3	16.3%	856.6	15.2%
Consolidated net income	584.8	12.3%	645.7	11.4%

Statement of Financial Position

KRW bn

	2015.12	2016.12
	Assets	4,443.1
Current assets	1,833.2	2,116.3
Non-current assets	2,609.9	3,065.2
Liabilities	1,070.8	1,284.9
Current liabilities	871.9	1,171.2
Non-current liabilities	198.9	113.7
Shareholder's Equity	3,372.3	3,896.6
Capital stock	34.5	34.5
Additional paid-in capital	712.7	712.7
Capital surplus	7.8	7.8
Other components of equity	(18.4)	(17.6)
Accumulated other comprehensive income	(14.1)	(17.2)
Retained earnings	2,623.1	3,158.7
Non-controlling interest	26.7	17.8