

IT'S HANBUL

Investor Relations 2019

IT'S HANBUL

1Q19 Earnings Release

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IT'S HANBUL Strategic Planning Team



IT'S HANBUL



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1. Summary of 1Q19 earnings(Consolidated FS)

1Q19 Sales of KRW 52.3 bil.(YoY -10.2%) and Operating profit of KRW 2.6 bil.(YoY -75.0%).

[Unit : KRW Mil.]	1Q18 (YoY)		4Q18 (QoQ)		1Q19	
	Amount	% of sales	Amount	% of sales	Amount	% of sales
Sales	58,280	100.0%	55,267	100.0%	52,339	100.0%
IT'S HANBUL	41,404	71.0%	32,633	59.0%	28,906	55.2%
Neopharm	16,629	28.5%	19,180	34.7%	19,855	37.9%
E-nature	694	1.2%	499	0.9%	446	0.9%
Anne Cosmetics	-	0.0%	1,569	2.8%	1,388	2.7%
Chinese branches *	1,798	3.1%	6,937	12.6%	4,518	8.6%
Internal transaction	(2,246)	-3.9%	(5,551)	-10.0%	(2,775)	-5.3%
COGS	21,652	37.2%	23,383	42.3%	22,250	42.5%
Growth profit	36,628	62.8%	31,883	57.7%	30,089	57.5%
SG&A	26,151	44.9%	28,547	51.7%	27,468	52.5%
Operating profit	10,477	18.0%	3,337	6.0%	2,621	5.0%
IT'S HANBUL	4,722	8.1%	(2,547)	-4.6%	(2,001)	-3.8%
Neopharm & Others	5,755	9.9%	5,884	10.6%	4,623	8.8%
Net income before income tax	13,647	23.4%	3,963	7.2%	4,325	8.3%
Corporate tax	3,451	5.9%	1,271	2.3%	1,709	3.3%
Net income	10,196	17.5%	2,693	4.9%	2,616	5.0%

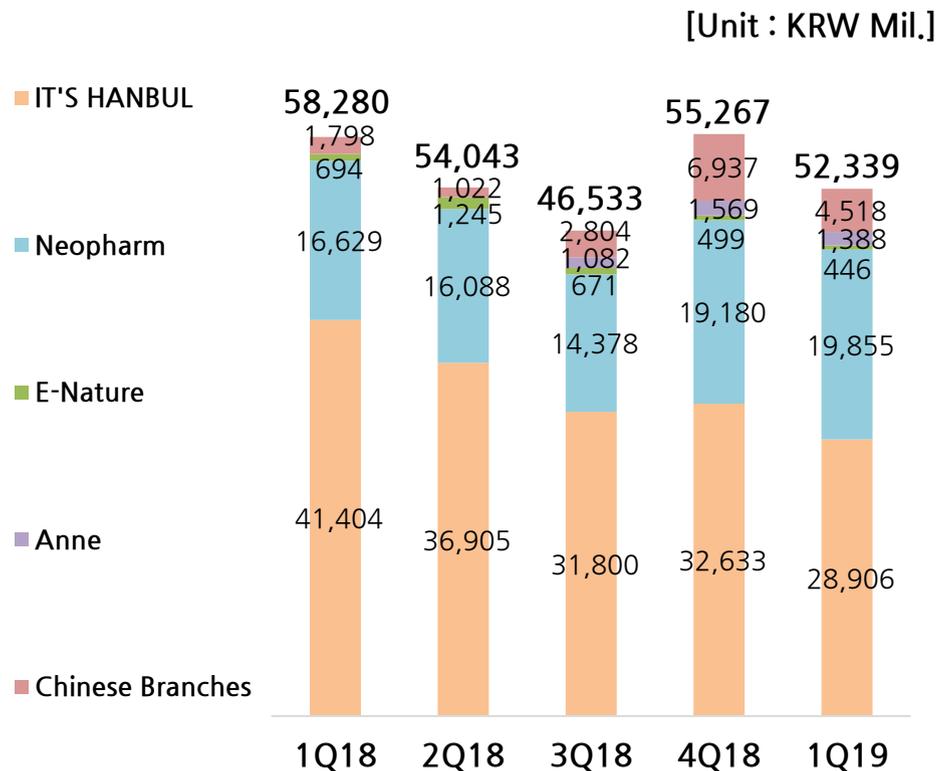
* Chinese branches has recorded the combined results of the Huzhou manufacturing Company and the Shanghai Sales Company.



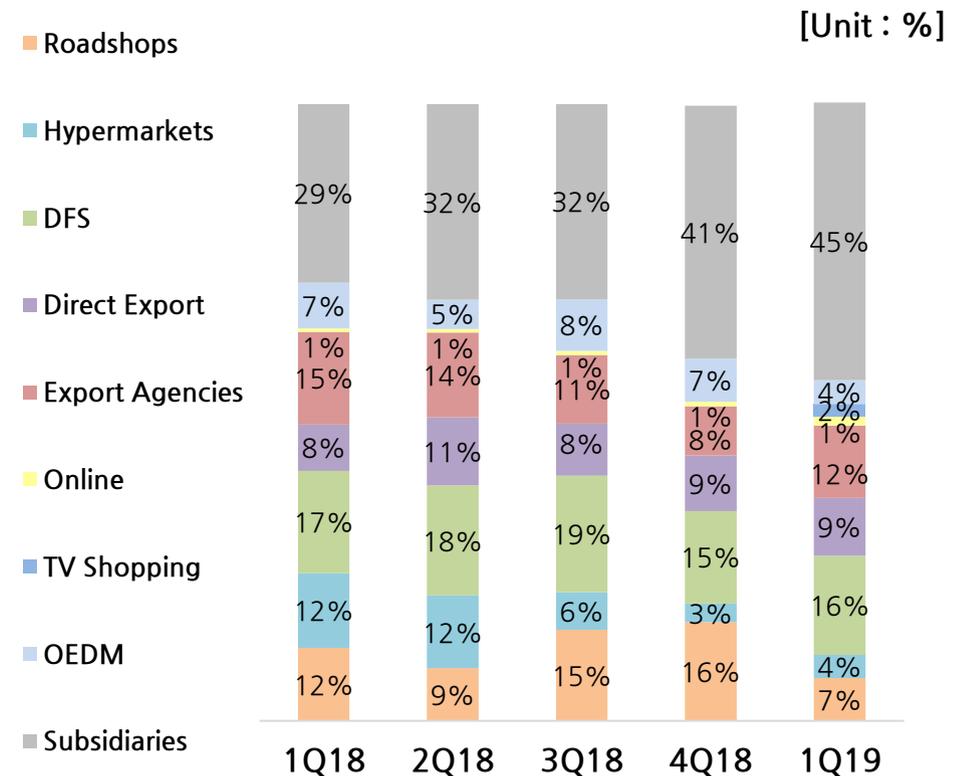
2. 1Q19 Sales analysis

- Reduced the number of stores from 182 stores at the end of last year to 133 stores at the end of the first quarter in the case of road shops and retailers which are domestic channels; and expects to improve profitability as a result of reducing fixed costs.
- Achieved a limited recovery of sales in the case of export agents and duty-free stores, which are China-targeting channels; and expects to improve sales by acquiring new dealers, such as B2LiNK.
- Achieved KRW one billion in sales via home shopping channels during the first quarter of this year in the case of new channels. Recorded KRW 740 million, a growth of 110% compared to KRW 350 million in sales on average last year online.
- Seek continuous improvement of portfolio via the expansion of home shopping, online and H&B. Conduct a full-blown operation to conquer the Chinese marking starting from the second half of this year in the case of Flamel MD, a new brand.

Consolidated sales by business division



Consolidated sales ratio by channel



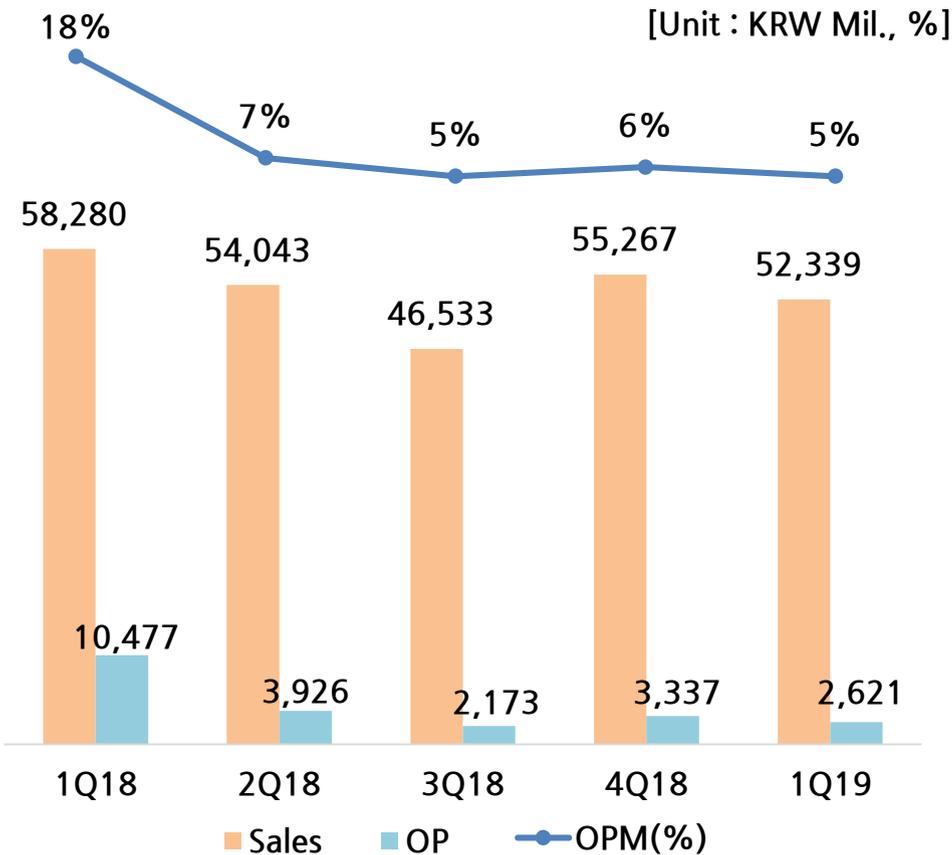
* 사업부문별 매출액의 총합과 총 매출액의 차이는 연결실적 조정에 따른 차이입니다.



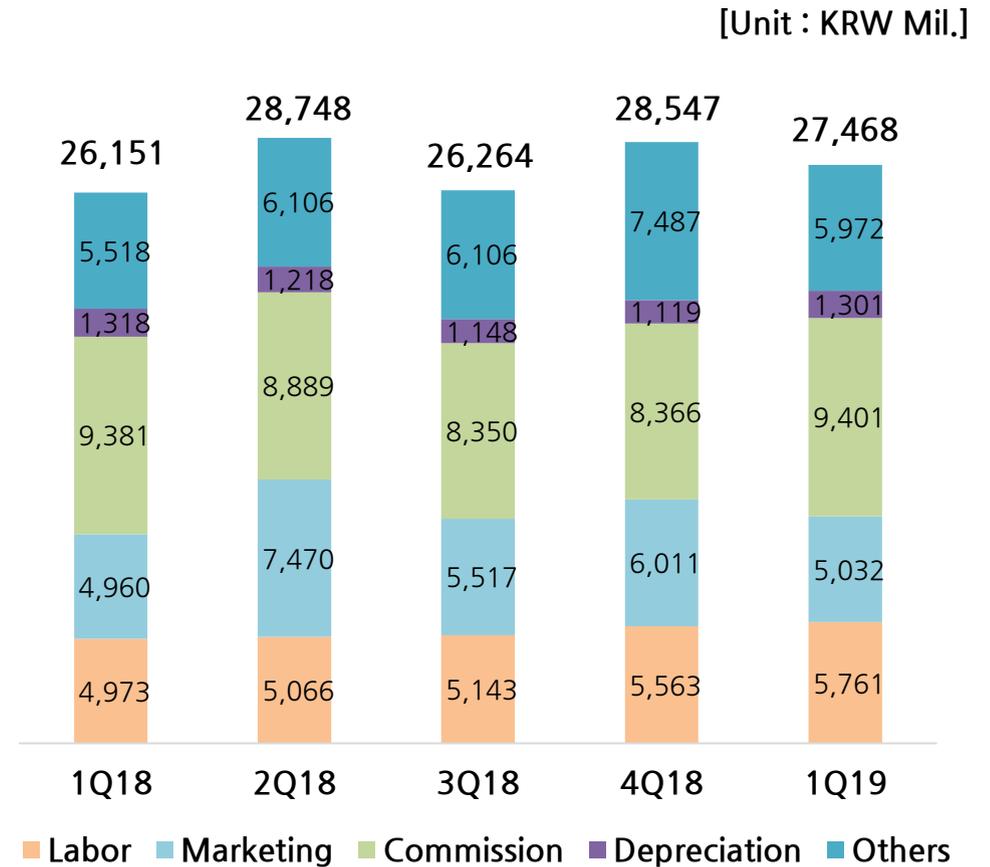
3. 1Q19 Earnings analysis

- The ratio of sales cost is increasing due to the effect of sales promotion policy in order to defend market share rate and to exhaust the existing inventory.
- In the case of selling, general and administrative expenses, marketing cost is maintaining a stable trend due to the effect of reducing promotion expenses according to the reduction of stores, despite an increase in advertisement cost as a result of a contract with a new model. The fee cost showed a small increase due to an increase of fee cost in subsidiary companies despite an effort to reduce cost by the main office.

Consolidated earnings trend



Consolidated SG&A trend





4. Summary Consolidated FS

○ Financial Statement

[Unit : KRW Mil.]

Account subject	2015	2016	2017	2018	2019 1Q
Current assets	432,825	414,031	419,075	390,708	395,488
Non-current assets	57,139	125,330	143,340	144,873	145,355
Total assets	489,964	539,361	562,416	535,581	540,844
Current liabilities	102,429	90,947	91,196	51,933	56,488
Non-current liabilities	1,542	40,290	1,928	8,902	12,318
Total liabilities	103,971	131,237	93,124	60,835	68,806
Capital	5,724	5,724	10,965	10,965	10,965
Retained earnings	93,406	120,220	141,389	138,815	135,669
Capital surplus	104,956	88,574	285,944	285,944	285,944
Other equity items	6,976	1,224	(1,032)	(807)	(496)
Non-controlling interest	174,931	192,380	32,025	39,829	39,956
Total equity	385,993	408,123	469,292	474,746	472,038

○ Comprehensive Income Statement

[Unit : KRW Mil.]

Account subject	2015	2016	2017	2018	2019 1Q
Sales	325,413	326,052	245,737	214,122	52,339
COGS	116,066	112,642	90,395	84,499	22,250
SA&G	86,080	122,544	109,977	109,710	27,468
Operating profit	123,267	90,866	45,366	19,913	2,621
OPM(%)	37.9%	27.9%	18.5%	9.3%	5.0%
Financial income	4,133	6,695	5,989	7,511	2,641
Financial cost	424	1,611	(2,729)	3,656	336
Equity-method gains	(1,529)	3,137	-	-	-
Non-operating income	96	(79)	130	2,255	(602)
Corporate tax	45,190	27,705	6,744	7,468	1,709
Consolidation adjustment	-	(4,637)	-	-	-
Net income	80,353	66,667	42,012	18,556	2,616
NIM(%)	24.7%	20.4%	17.1%	8.7%	5.0%