

It'S HANBUL

Investor Relations 2017

IT'S HANBUL

1Q18 Earnings Release

2018.05.15

IT'S HANBUL External Cooperation Team



It'S HANBUL



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1. Summary of 1Q18 earnings(Consolidated FS)

1Q18 Sales of KRW 58.3bn(YoY -18.0%) and Operating profit of KRW 10.5bn(YoY -43.2%).

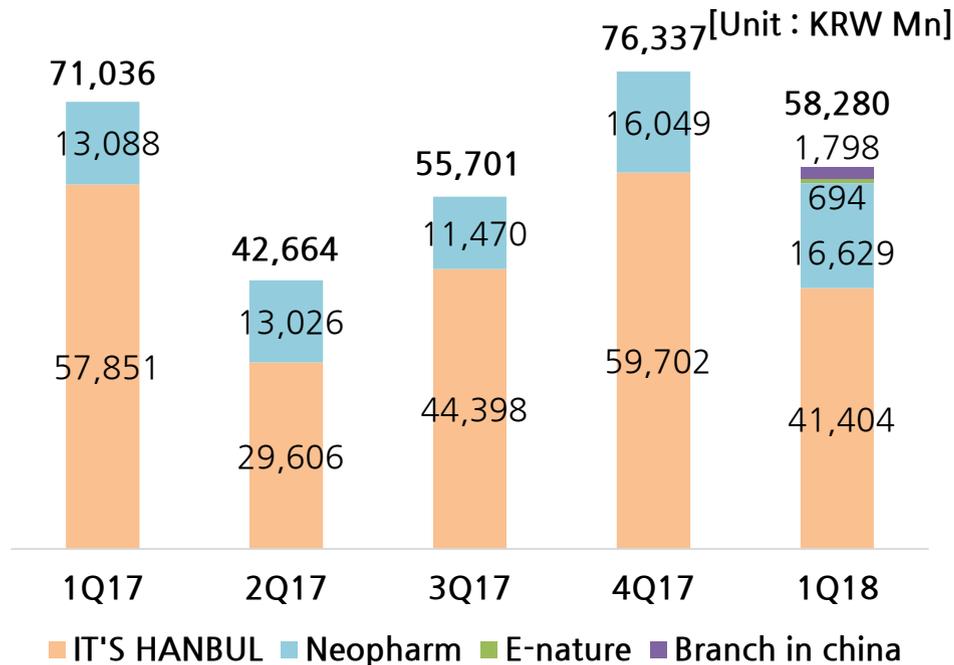
[Unit : KRW Mn]	1Q17 (YoY)		4Q17 (QoQ)		4Q17	
	Amount	% of sales	Amount	% of sales	Amount	% of sales
Sales	71,036	100.0%	76,337	100.0%	58,280	100.0%
IT'S HANBUL	57,851	81.4%	59,702	78.2%	41,404	71.0%
Neopharm	13,088	18.4%	16,049	21.0%	16,629	28.5%
E-nature	-	-	-	-	694	1.2%
branch in china	-	-	-	-	1,798	3.1%
Internal transaction	97	0.1%	585	0.8%	-2,246	-3.9%
COGS	25,252	35.5%	26,878	35.2%	21,652	37.2%
Growth profit	45,784	64.5%	49,458	64.8%	36,628	62.8%
SG&A	27,325	38.5%	29,693	38.9%	26,151	44.9%
Operating profit	18,460	26.0%	19,766	25.9%	10,477	18.0%
IT'S HANBUL & Others	14,209	20.0%	15,984	20.9%	4,785	8.2%
Neopharm	4,251	6.0%	3,782	5.0%	5,692	9.8%
Net income before income tax	18,535	26.1%	20,516	26.9%	13,647	23.4%
Corporate tax	5,284	7.4%	184	0.2%	3,451	5.9%
Net income	13,251	18.7%	20,332	26.6%	10,196	17.5%



2. 1Q18 Sales analysis

- Export agency channel of IT'S HANBUL suffered from the issue of consumption of remaining inventory, which led to a decrease in the ordered quantity. In addition, local channels are supplied a controlled quantity to boost the efficiency of distribution structure and price protection.
- Neopharm is enjoying solid increase in revenue, mostly with focus on local drugstores; e-nature started local distribution via duty-free shops and online channel.
- At present, the Chinese branch managed to secure 48 stores of Olive-young and Mannings, with additional stores lined up for the latter half of this year along with openings of flagship stores.
- The "Signiture de'scargot cream," which has a lower price tag than other snail creams but enhanced functionality, has been launched in the 1st quarter. Promotion for the "Routine series" is planned from the 2nd quarter.

Consolidated sales by business division



1Q18 Major hit products

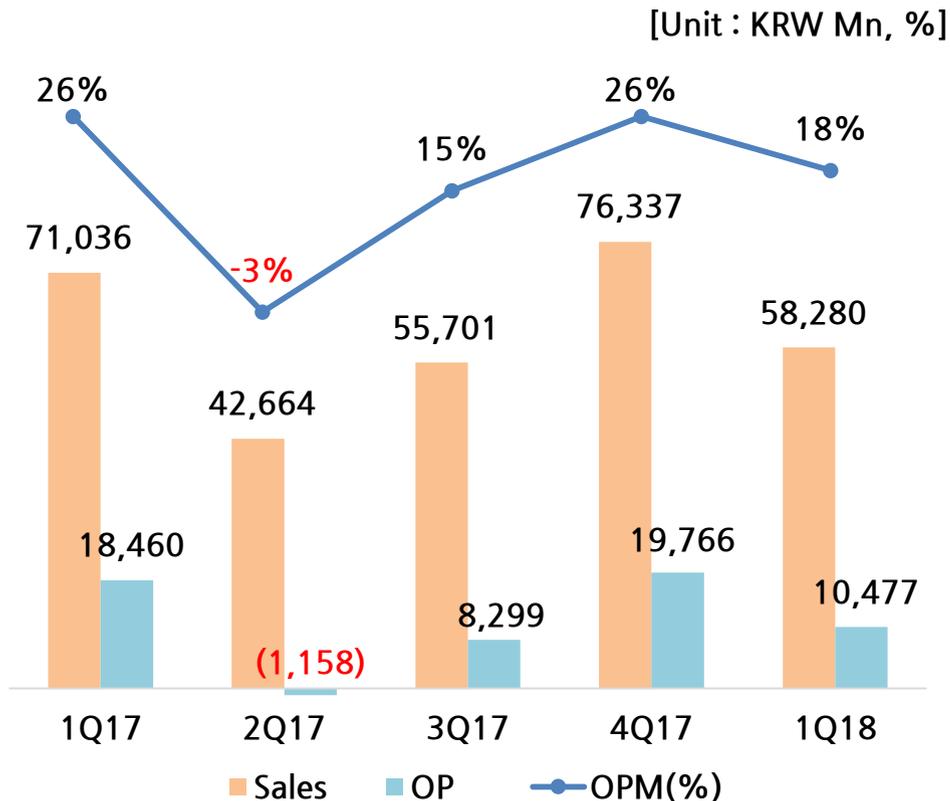




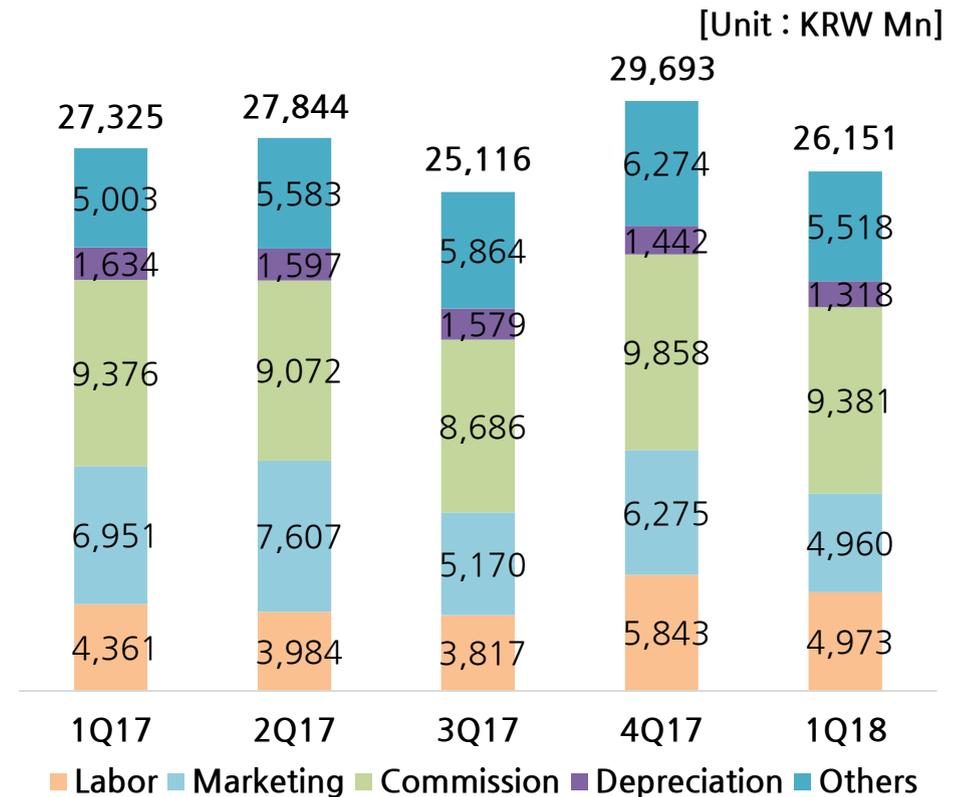
3. 1Q18 Earnings analysis

- COGS has been maintained at stable levels with 37% for the 1st quarter. [FY2017 COGS(%) : 37%, 1Q17 COGS(%) : 36%]
- The marketing cost in the SG&A has gone down by KRW 2 billion compared to the same period last year, thanks to cost reduction by replacing the model and company-wide advertising expenses reduction efforts.
- In terms of non-operating revenues, KRW 2.3 billion in one-off revenue has been generated by exercising conversion rights on current convertible bond, along with net interest income of KRW 1.2 billion from the time deposit of KRW 275 billion. In addition, non-operating expenses (KRW 0.4 billion) and corporate tax (KRW 3.5 billion) led to current net income of KRW 10.2 billion.

Consolidated earnings trend



Consolidated SG&A trend





4. Summary Consolidated FS

○ Financial Statement

[Unit : Mn KRW]

Account subject	2014	2015	2016	2017	2018 1Q
Current assets	156,254	432,825	414,031	419,075	403,531
Non-current assets	28,009	57,139	125,330	143,340	139,805
Total assets	184,263	489,964	539,361	562,416	543,337
Current liabilities	75,193	102,429	90,947	91,196	73,608
Non-current liabilities	9,607	1,542	40,290	1,928	2,521
Total liabilities	84,801	103,971	131,237	93,124	76,129
Capital	5,724	5,724	5,724	10,965	10,965
Retained earnings	53,614	93,406	120,220	141,389	138,076
Capital surplus	9,193	104,956	88,574	285,944	285,944
Other equity items	(2,297)	6,976	1,224	(1,032)	(307)
Non-controlling interest	-	174,931	192,380	32,025	32,529
Total equity	99,462	385,993	408,123	469,292	467,207

○ Comprehensive Income Statement

[Unit : Mn KRW]

Account subject	2014	2015	2016	2017	2018 1Q
Sales	260,706	325,413	326,052	245,737	58,280
COGS	99,390	116,066	112,642	90,395	21,652
SA&G	56,051	86,080	122,544	109,977	26,151
Operating profit	105,264	123,267	90,866	45,366	10,477
OPM(%)	40.4%	37.9%	27.9%	18.5%	18.0%
Financial income	1,100	4,133	6,695	5,870	1,864
Financial cost	210	424	1,611	2,521	894
Equity-method gains	(112)	(1,529)	3,137	-	-
Non-operating income	1,062	96	(79)	41	2,199
Corporate tax	35,318	45,190	27,705	6,744	3,451
Consolidation adjustment	-	-	(4,637)	-	-
Net income	71,785	80,353	66,667	42,012	10,196
NIM(%)	27.5%	24.7%	20.4%	17.1%	17.5%