

# **IT°S HANBUL 3Q17 Earnings Release**

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IT°S HANBUL IR&PR Team



# IT'S HANBUL



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# 1. Summary of 3Q17 earnings(Consolidated FS)

Has recorded sales of 55.7bn KRW & OP of 8.3bn KRW in 3Q17. OP turn-around due to a Chinese sales.

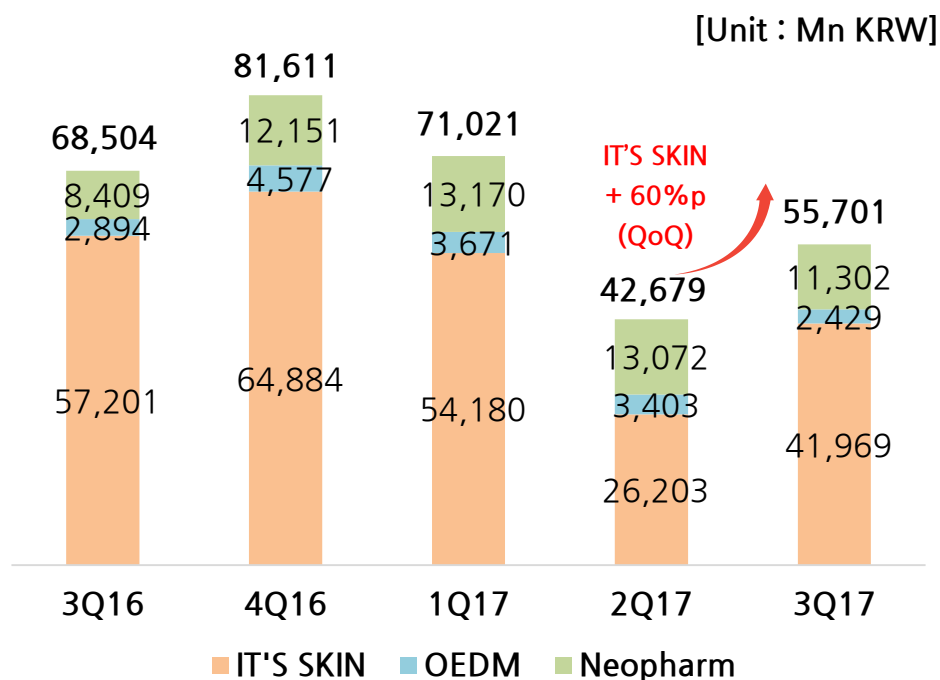
[Unit : Mn KRW]	3Q16 (YoY)		2Q17 (QoQ)		3Q17	
	Amount	% of sales	Amount	% of sales	Amount	% of sales
Sales	68,504	100%	42,679	100%	55,701	100%
IT'S SKIN	57,201	84%	26,203	61%	41,969	75%
OEDM	2,894	4%	3,403	8%	2,429	4%
IT'S HANBUL	60,094	88%	29,606	69%	44,398	80%
Neopharm	8,444	12%	13,026	31%	11,470	21%
Internal transaction	(35)	0%	46	0%	(168)	0%
COGS	23,741	35%	16,349	38%	22,286	40%
Growth profit	44,763	65%	26,330	62%	33,415	60%
SG&A	25,051	37%	27,820	65%	25,116	45%
Operating profit	19,711	29%	(1,490)	-3%	8,299	15%
Net income before income tax	20,482	30%	100	0%	9,226	17%
Corporate tax	6,253	9%	(1,147)	-3%	2,423	4%
Consolidation adjustment	(1,117)	-2%	-	0%	-	0%
Net income	13,111	19%	1,248	3%	6,803	12%



## 2. 3Q17 Sales analysis

- It's SKIN's sales in China has been recovering since September, A further rise in sales to be expected as the relationship between Korea and China improves.
- Neopharm keeps sales continuous growth due to the variety of the distribution channel. 'Real-barrier' and 'Zeroid' is showing stabilized growth in terms of sales.
- 'LIFE-COLOR LIP CRUSH MATTE', in 3Q17 is showing good sales, Steady-selling 'Power 10' continue to enjoy high demand.
- Continuing our 'Power 10 Series' promotion in 4Q17. Accelerate market penetration through operation of Huzhou factory.

### Sales by business segment



### 3Q17 Major hit products

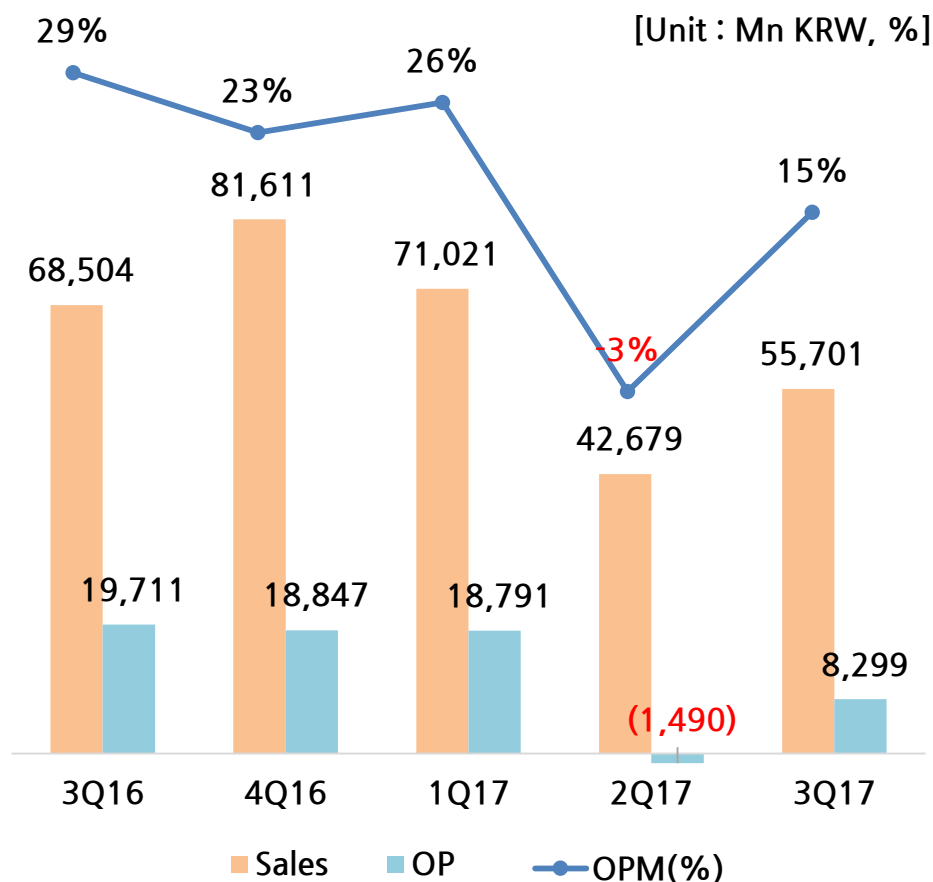




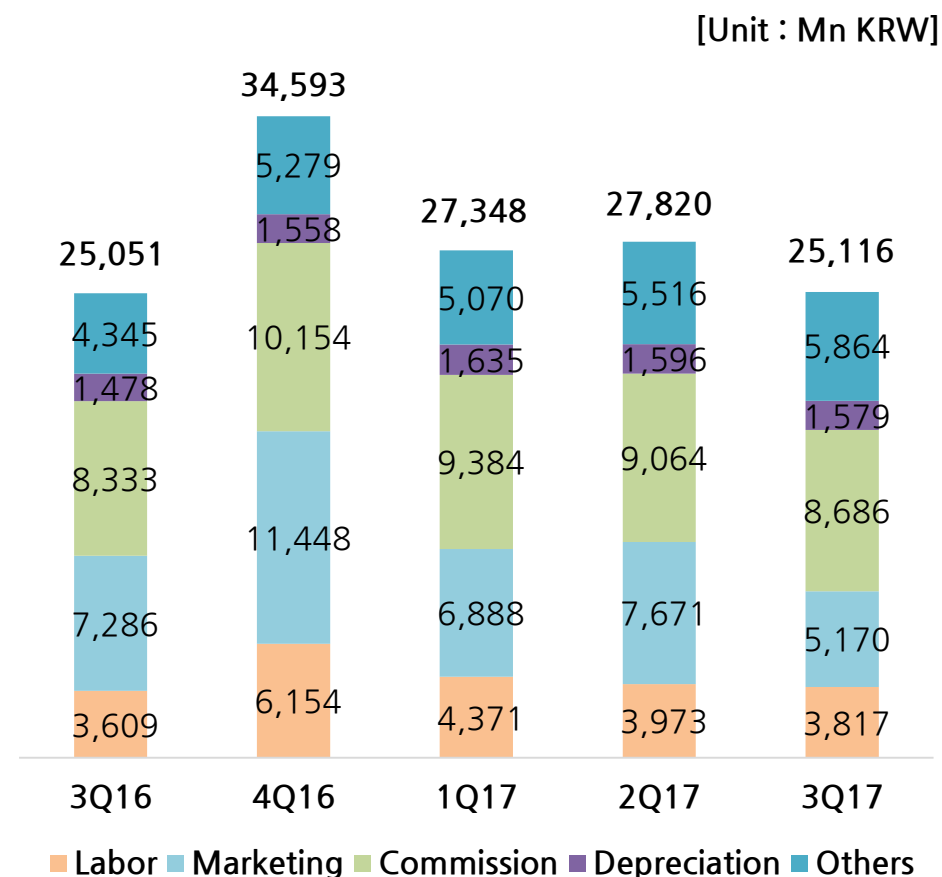
### 3. 3Q17 Profit and loss analysis

- Recording OP loss in 2Q due to the sales slump in China, Started recovering in September and got turn-around OP in 3Q.
- Maximized our profit by reducing the marketing costs by 32% in comparison to the 2Q. Continue to manage our profit margin by managing the costs.

Quarterly profit and loss transition



Quarterly SG&A transition





## 4. Summary Consolidated FS

### ○ Financial Statement

[Unit : Mn KRW]

Account subject	2013	2014	2015	2016	2017 3Q
Current assets	11,408	156,254	432,825	414,031	384,657
Non- current assets	14,283	28,009	57,139	125,330	138,926
<b>Total assets</b>	<b>25,691</b>	<b>184,263</b>	<b>489,964</b>	<b>539,361</b>	<b>523,583</b>
Current liabilities	8,210	75,193	102,429	90,947	65,484
Non-current liabilities	282	9,607	1,542	40,290	2,605
<b>Total liabilities</b>	<b>8,492</b>	<b>84,801</b>	<b>103,971</b>	<b>131,237</b>	<b>68,089</b>
Capital	3,385	5,724	5,724	5,724	10,965
Retained earnings	13,814	53,614	93,406	120,220	124,247
Capital surplus	-	9,193	104,956	88,574	288,933
Other equity items	-	(2,297)	6,976	1,224	(97)
Non-controlling interest	-	-	174,931	192,380	31,446
<b>Total equity</b>	<b>17,199</b>	<b>99,462</b>	<b>385,993</b>	<b>408,123</b>	<b>455,494</b>

### ○ Comprehensive Income Statement

[Unit : Mn KRW]

Account subject	2013	2014	2015	2016	2017 3Q
<b>Sales</b>	<b>36,278</b>	<b>260,706</b>	<b>325,413</b>	<b>326,052</b>	<b>169,401</b>
COGS	32,025	99,390	116,066	112,642	63,516
SA&G	3,348	56,051	86,080	122,544	80,284
<b>Operating profit</b>	<b>906</b>	<b>105,264</b>	<b>123,267</b>	<b>90,866</b>	<b>25,600</b>
<b>OPM(%)</b>	<b>2.5%</b>	<b>40.4%</b>	<b>37.9%</b>	<b>27.9%</b>	<b>15.1%</b>
Financial income	30	1,100	4,133	6,695	4,257
Financial cost	98	210	424	1,611	1,752
Equity-method gains	-	(112)	(1,529)	3,137	-
Non-operating income	37	1,062	96	(79)	135
Corporate tax	186	35,318	45,190	27,705	6,560
Consolidation adjustment	-	-	-	(4,637)	-
<b>Net income</b>	<b>690</b>	<b>71,785</b>	<b>80,353</b>	<b>66,667</b>	<b>21,680</b>
<b>NIM(%)</b>	<b>1.9%</b>	<b>27.5%</b>	<b>24.7%</b>	<b>20.4%</b>	<b>12.8%</b>