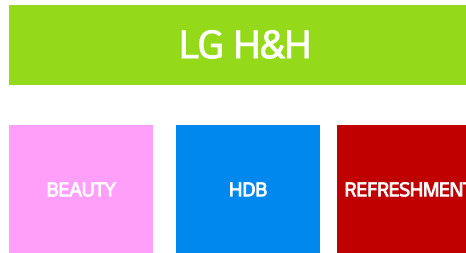


# Results for 1H 2021



July 22, 2021



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Audit of these results is still in progress. Figures in this disclosure are subject to change during the auditing process.

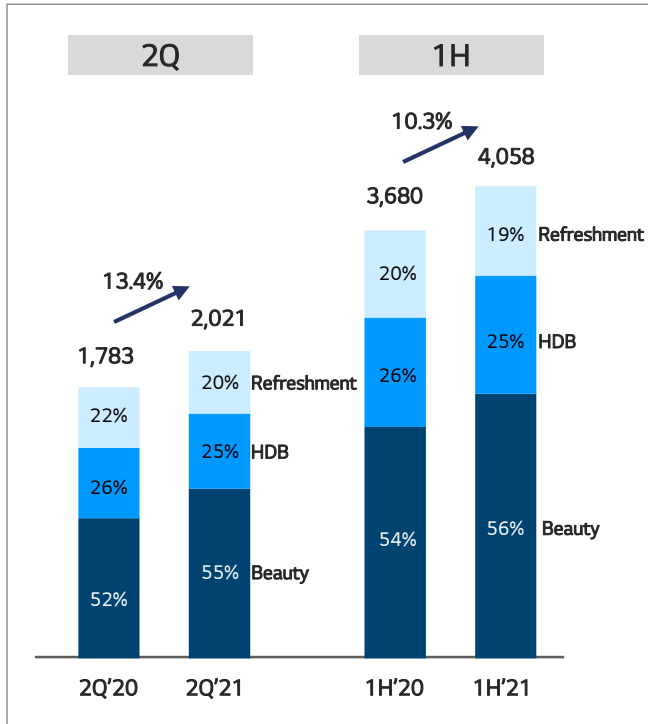
# 1H & 2Q 2021 Company Results

**In 1H 2021**, Sales increased 10.3% yoy to 4.1tn won, operating profit increased 10.9% yoy to 706bn won, and net income increased 10.6% yoy to 485bn won achieving record high 1H figures. Optimism towards the recovery from COVID-19 continued throughout the quarter as vaccine rollout expanded, but the pace of recovery is still in question as Delta variant creates further uncertainty and is likely to cause delay. The 'Total Beauty' business, Beauty combined with Daily Beauty, achieved 2.9tn won in sales, and 573bn won in operating profit increasing 14.9% and 17.4% yoy, respectively.

**In 2Q 2021**, Sales increased 13.4% yoy to 2.0tn won, operating profit increased 10.7% yoy to 336bn won, and net income increased 10.6% yoy to 226bn won. While the overall business environment was unfavorable for HDB, with high base burden from last year's hygiene product demand, and Refreshment, with headwinds coming from the cost pressure due to rise in raw material prices, the company delivered record high 2Q figures mainly driven by luxury cosmetics. Sales has increased for sixty-two quarters since 3Q 2005 except for two quarters, and operating profit has increased for sixty-five quarters since 1Q 2005 except for one quarter.

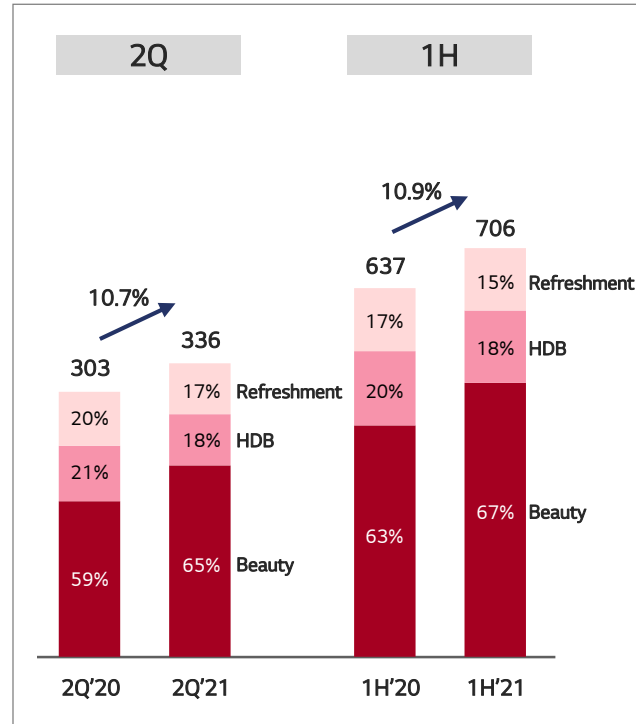
## Sales Trend

(Unit: bn won)



## Operating Profit Trend

(Unit: bn won)



## Results Summary

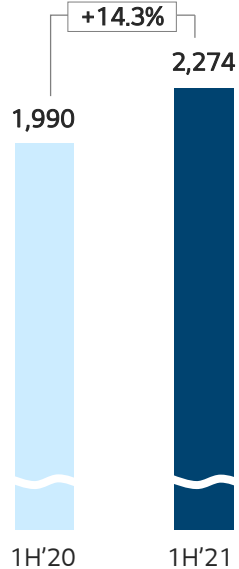
(Unit: bn won)

	2Q		1H	
	Amount	YoY	Amount	YoY
❖ Sales	2,021	+13.4%	4,058	+10.3%
❖ Operating Profit	336	+10.7%	706	+10.9%
Beauty	219	+22.9%	473	+18.4%
HDB	59	-7.0%	125	-2.7%
Refreshment	58	-6.4%	108	-0.7%
❖ Net Profit	226	+10.6%	485	+10.6%

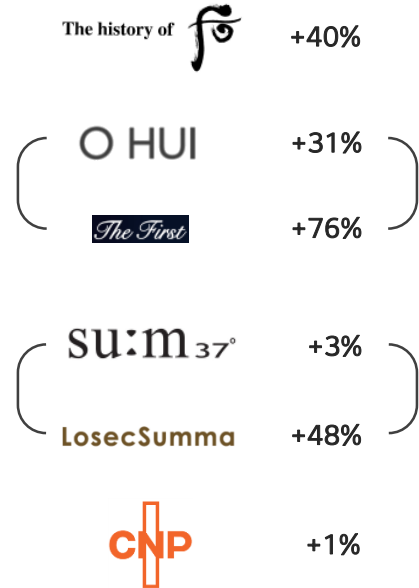
\* HDB: Home Care & Daily Beauty

# 1H 2021 Results by business – Beauty

## Sales (Unit: bn won)



## Key Brands



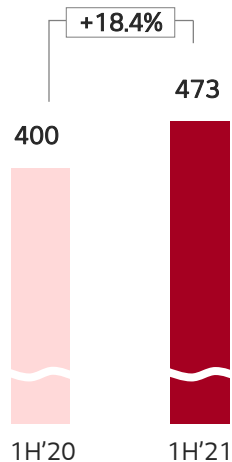
Beauty sales increased 14.3% yoy to 2.3tn won, and operating profit increased 18.4% yoy to 473bn won in 1H.

In the first half of last year, offline channels including travel retail experienced sharp decline in sales as a result of plunge in tourism and store closures due to the rapid spread of COVID-19.

Although still being affected by the pandemic, sales and operating profit of Beauty quickly recovered to pre-COVID levels thanks to continued fast growth in luxury cosmetics and overseas markets.

In China market, 'Whoo' has maintained solid sales growth based on its strong brand position amid continuing competition with global brands. In particular, strong performance during 618 Shopping Festival, the largest online event in the first half of the year, confirmed the high demand for luxury brands such as 'Whoo', 'su:m', 'O HUI', 'CNP', and 'belif' from local customers.

## Operating Profit (Unit: bn won)



'Whoo Bichup Soonhwan Essence'

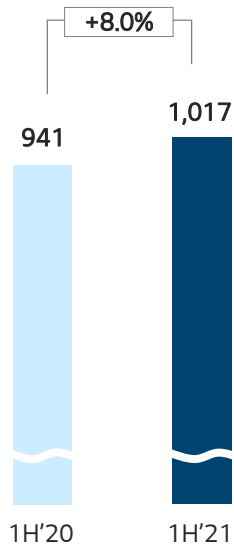


'O HUI The First Diadein Cream'

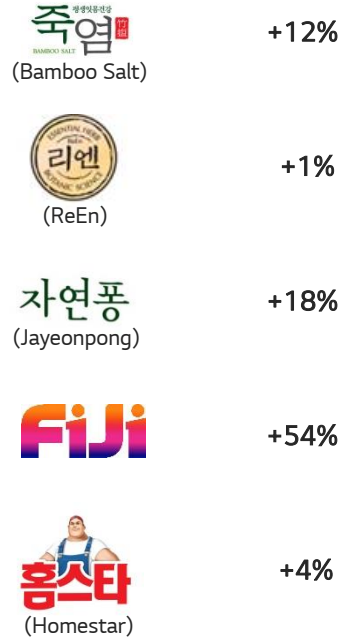


# 1H 2021 Results by business – HDB (Home Care & Daily Beauty)

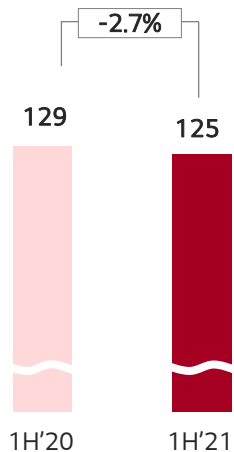
## Sales (Unit: bn won)



## Key Brands



## Operating Profit (Unit: bn won)



HDB sales increased 8.0% yoy to 1.0tn won, and operating profit decreased 2.7% yoy to 125bn won in 1H.

Although the operating profit decreased slightly as the demand for hygiene products declined significantly in the first half of the year as opposed to the same period last year where we saw demand hike due to COVID-19, both sales and profits, excluding the effect of hygiene products, continued to grow.

Differentiated new product launches and overseas business drove growth. In particular, premium brands which strengthened online customer communication, continued to capture consumer demand and increased sales in online channels.

'Physiogel' expanded its product lineup by introducing new products such as an ampoules and sunscreen based on its strong brand and technology. In addition, we expanded our efforts to encourage sustainable consumption by launching the 'Borrowed Earth' brand with eco-friendly bottles and offering 'Borrowed Earth Refill Station' where consumers can refill our products.

'Physiogel Scienceuticals  
Dailimune Ampoule'

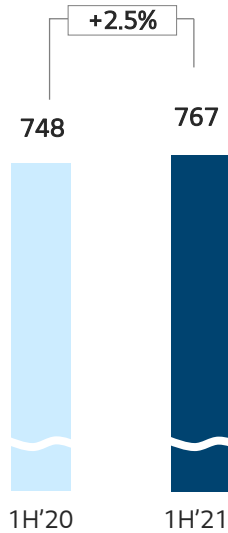


'Borrowed Earth  
Refill Station'

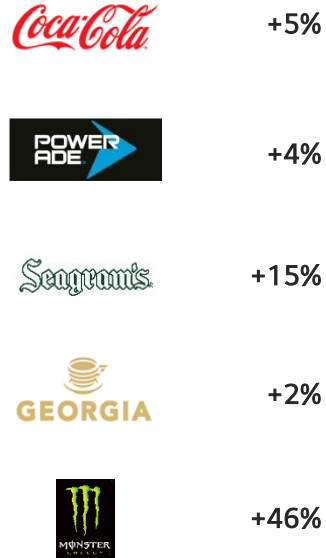


# 1H 2021 Results by business – Refreshment

## Sales (Unit: bn won)



## Key Brands

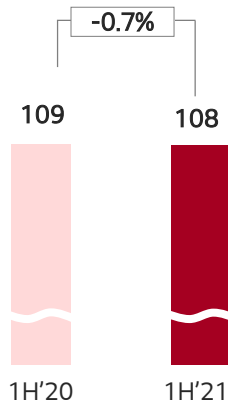


Refreshment sales increased 2.5% yoy to 767bn won, and operating profit decreased 0.7% yoy to 108bn won in 1H.

Major brands such as 'Coca-Cola', 'Powerade' and 'Monster Energy' led sales growth. However, profitability fell slightly due to increasing can prices as production was suspended due to a fire at the leading beverage can producer in Korea and rising raw material price of PET bottles.

Although the peak summer season effect has been delayed due to heavy rainfall since last May, the summer season is being actively prepared for by launching various new products. 'Monster Energy', which continued strong growth, introduced the 'Monster Energy Mango Loco' line, and 'Georgia' launched 'Georgia Craft Decaffeinated Oat Latte', a new decaffeinated wellness product containing the flavor of oatmeal providing 'newness' to the well-known brands.

## Operating Profit (Unit: bn won)



### 'Georgia Craft'



### 'Monster Energy'



# Summary Consolidated Financial Statements

## Income Statement

(Unit: bn won)	2Q		
	2020	2021	YoY
Sales	1,783	2,021	13.4%
COGS	690	737	6.9%
(COGS/Sales)	38.7%	36.5%	-2.2%p
Gross Sales	1,093	1,284	17.5%
SG&A	790	948	20.1%
Operating Profit	303	336	10.7%
(OP Margin)	17.0%	16.6%	-0.4%p
Recurring Profit	277	305	10.3%
Income Tax	72	79	9.4%
Net Profit	205	226	10.6%

(Unit: bn won)	1H		
	2020	2021	YoY
Sales	3,680	4,058	10.3%
COGS	1,415	1,476	4.3%
(COGS/Sales)	38.5%	36.4%	-2.1%p
Gross Sales	2,264	2,582	14.0%
SG&A	1,627	1,875	15.3%
Operating Profit	637	706	10.9%
(OP Margin)	17.3%	17.4%	0.1%p
Recurring Profit	597	660	10.5%
Income Tax	158	174	10.3%
Net Profit	439	485	10.6%

## Balance Sheet

(Unit: bn won)	June '20		June '21	
<b>Assets</b>	<b>6,620</b>	<b>100%</b>	<b>7,030</b>	<b>100%</b>
Current Assets	1,968	30%	2,235	32%
Cash & Cash Equivalent	344	5%	460	7%
Accounts Receivable	623	9%	655	9%
Inventories	878	13%	923	13%
Other Current Assets	123	2%	197	3%
Non-Current Assets	4,652	70%	4,795	68%
Tangible Assets	2,452	37%	2,606	37%
Intangible Assets	2,016	30%	2,024	29%
Investments	133	2%	109	2%
Other Non-Current Assets	51	1%	56	1%
<b>Liabilities</b>	<b>2,090</b>	<b>32%</b>	<b>1,868</b>	<b>27%</b>
Current Liabilities	1,602	24%	1,452	21%
Short-term Borrowings	362	5%	271	4%
Trade Payables	290	4%	300	4%
Non-Trade Payables	342	5%	273	4%
Other Current Liabilities	608	9%	608	9%
Non-Current Liabilities	488	7%	416	6%
Long-term Borrowings	52	1%	23	0%
Other Non-Current Liabilities	436	7%	393	6%
<b>Total Shareholders' Equity</b>	<b>4,530</b>	<b>68%</b>	<b>5,162</b>	<b>73%</b>
Shareholder's Equity	89	1%	89	1%
Retained Earnings	4,420	67%	5,097	73%
Other Capital	-65	-1%	-125	-2%
Non-Controlling Interests	87	1%	102	1%
Debt-to-Equity Ratio	46.1%		36.2%	