

Noevir Holdings Co., Ltd.

Results for the First Half of Fiscal 2014

(October 1, 2013 – March 31, 2014)

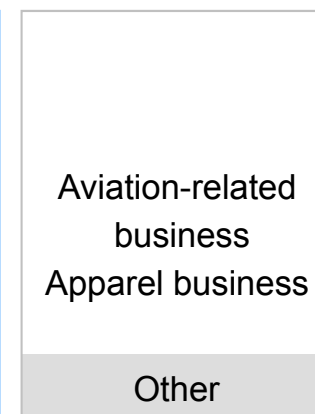
May 13, 2014

Noevir Holdings Co., Ltd.

Takashi Okura, President and Representative Director

Noevir Holdings Co., Ltd.

- ◆ Date of Establishment March 22, 2011 (Noevir Co., Ltd. was founded in April 1964.)
- ◆ Paid-in Capital ¥7,319 million
- ◆ Stock Listing Tokyo Stock Exchange, First Section (Ticker: 4928)
- ◆ Line of Business



- ◆ Consolidated Subsidiaries 13 subsidiaries (5 domestic / 8 international)
- ◆ Employees 125 (Non-consolidated), 1,670 (Consolidated) As of Sep. 30, 2013
- ◆ Number of shareholders 18,568
- ◆ Outstanding Shares 37,442,840
- ◆ Market Capitalization ¥72.00 billion (May 12, 2014 @ ¥1,923)

First Half of 2014 Fiscal Highlights

- Consolidated net sales increased 9.4% and profits rose more than 40% on a year-on-year basis. An increase in revenue in the Cosmetics segment provided a boost to profits.
- Revenue and profits increased compared to a year ago and the forecast, even excluding the impact of a surge in consumer spending prior to the consumption tax hike.

(Millions of yen)

	1st half ended March 31, 2014	1st half ended March 31, 2013	YoY change	YoY change (%)	Forecasts	Compared to forecasts	Compared to forecasts (%)
Net sales	24,600	22,487	+2,113	+9.4%	23,400	+1,200	+5.1%
Cost of sales	7,809	7,596	+213	+2.8%			
Gross profit	16,791	14,891	+1,900	+12.8%			
SG&A	12,148	11,622	+525	+4.5%			
Operating income	4,643	3,268	+1,374	+42.1%	3,500	+1,143	+32.7%
Non-operating income/expenses	160	122	+37	+30.6%			
Ordinary income	4,803	3,390	+1,412	+41.7%	3,600	+1,203	+33.4%
Extraordinary income/loss	(32)	1	(33)	–			
Income before income taxes	4,770	3,392	+1,378	+40.6%			
Income taxes	2,500	1,792	+708	+39.5%			
Net income	2,269	1,599	+670	+41.9%	1,800	+469	+26.1%
Operating income margin	18.9%	14.5%		+4.3 pt	15.0%		+3.9 pt
Ordinary income margin	19.5%	15.1%		+4.4 pt	15.4%		+4.1 pt
Return on sales	9.2%	7.1%		+2.1 pt	7.7%		+1.5 pt
EPS	¥60.63	¥42.72		–	–		–

Net sales 24,600 million yen (Compared to previous 1st half: +2,113 million yen, +9.4%, compared to forecast: +1,200 million yen, +5.1%)

- In the Cosmetics segment, net sales increased 13.7% year on year, thanks to growth in major self-selection brands as well as a surge in consumer spending prior to the consumption tax hike.
- Net sales in the Pharmaceuticals & Health Food segment increased 5.2% over the same period of the previous fiscal year, attributable to contributions from the goodwill acquired in the household medicine business.

(Millions of yen)

Segment	1st half ended March 31, 2014	1st half ended March 31, 2013	YoY change	YoY change (%)
Cosmetics	17,380	15,284	+2,095	+13.7%
Pharmaceuticals & Health Food	6,645	6,318	+326	+5.2%
Other	574	883	(308)	(34.9%)
Consolidated net sales	24,600	22,487	+2,113	+9.4%

Cost rate 31.7% (Compared to previous 1st half: improved by 2.0 percentage points)

- Change in the sales composition ratio
- Cost reductions in the Cosmetics and Pharmaceuticals & Health Food segments

SG&A 12,148 million yen (Compared to previous 1st half: +525 million yen, +4.5%)

- A positive investment of advertising expenses, mainly in self-selection cosmetics
- An increase in expenses as a result of the acquisition of goodwill in household delivery route in the Pharmaceuticals & Health Food segment

Operating income 4,643 million yen (Compared to previous 1st half: +1,374 million yen, +42.1%, compared to forecast: +1,143 million yen, +32.7%, operating income margin: 18.9%)

Ordinary income 4,803 million yen (Compared to previous 1st half: +1,412 million yen, +41.7%, compared to forecast: +1,203 million yen, +33.4%, ordinary income margin: 19.5%)

Net income 2,269 million yen (Compared to previous 1st half: +670 million yen, +41.9%, compared to forecast: +469 million yen, +26.1%, return on sales: 9.2%)

Net sales: 17,380 million yen Previous 1st half: 15,284 million yen (+2,095 million yen, +13.7%)

Segment income: 5,166 million yen Previous 1st half: 3,669 million yen (+1,497 million yen, +40.8%)

Sales composition
ratio
70.7%

- **A surge in consumer spending prior to the consumption tax hike exerted an impact on the entire Cosmetics segment.**
- **In Cosmetics sold through individual consultation, sales of higher-priced cosmetics were strong.**
 - Sales remained robust, backed by the launch of upgraded versions of the premium skincare cosmetics series *NOEVIR 505*.
 - Sales of *Noevir SPECIALE* skincare line and other higher-priced products increased.
 - Sales of makeup lines exceeded their year-ago levels.
- **Sales of mainstay brands grew in self-selection cosmetics.**
 - Sales of *Nameraka Honpo* skincare line increased as a result of enhanced store-front promotion campaigns.
 - *NOV* skincare line for medical institution channels posted brisk demand.
 - *Excel* and *Keana Putty Shokunin* makeup lines continued to post strong sales.
- **Both the overseas and OEM businesses performed well.**



NOEVIR 505 skincare line



Nameraka Honpo Skincare line



Excel makeup line

Keana Putty Shokunin makeup line

Net sales: 6,645 million yen Previous 1st half: 6,318 million yen (+326 million yen, +5.2%)

Segment income: 415 million yen Previous 1st half: 432 million yen (-16 million yen, -3.8%)

Sales composition ratio
27.0%

- In the household medicine business, our customer base expanded thanks to the acquisition of goodwill.
 - In November 2013, we acquired goodwill from two household medicine marketing companies and gained around 100,000 household customers.
- In drinks, updated versions of the *Min Min Da Ha* functional drinks were launched.
 - Updated versions of the *Min Min Da Ha* functional drinks were launched.
 - PB products in the nutrient tonic drinks performed well.
- Sales of nutritional supplements were strong due to new product launches.



Min Min Da Ha functional drinks



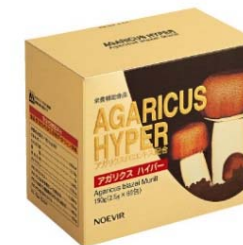
Kyoka beauty drink



Repair Support Kenkan SP
nutritional supplements



Treasure of Tibet Cordyceps Sinensis
nutritional supplements



Agaricus hyper
nutritional supplements

Net sales: 574 million yen Previous 1st half: 883 million yen (-308 million yen, -34.9%)

Segment income: -19 million yen Previous 1st half: 56 million yen (-76 million yen)

Sales composition
ratio

2.3%

Aviation-related business

- The Aviation-related business recorded lower earnings compared to previous 1st half due to unstable demand in the European and American markets.

Apparel business

- In the Apparel and Intimate Apparel business, sales of new products for autumn and winter were nearly unchanged from the year-ago level.

Balance Sheets

(Millions of yen)

	As of Mar. 31, 2014	As of Mar. 31, 2013	Change
Current assets	61,029	59,390	1,639
Cash and cash equivalents	39,292 ①	38,778	513
Notes and accounts receivable	11,076	10,071	1,005
Non-current assets	25,616	23,132	2,483
Property, plant and equipment	21,323 ②	19,470	1,853
Buildings and structures, net	4,610	4,825	(214)
Equipment and vehicles, net	2,412	738	1,673
Land	13,642	13,642	0
Intangible assets	436	303	132
Software	141	206	(64)
Investments and other assets	3,855 ③	3,358	497
Investment securities	758	592	165
Deferred tax assets	2,000	1,765	234
Total assets	86,645	82,522	4,122
Current liabilities	11,749	10,538	1,210
Long-term liabilities	21,135	21,825	(690)
Guarantee deposits received	16,244 ④	16,953	(708)
Total liabilities	32,884	32,364	520
Shareholders' equity	53,656	50,277	3,379
Common stock	7,319	7,319	0
Additional paid-in capital	3,484	3,484	0
Retained earnings	42,853	39,473	3,379
Total net assets	53,761 ⑤	50,158	3,602
Total liabilities and net assets	86,645	82,522	4,122

● Balance Sheets

Current assets: 61,029 million yen
(compared to Mar. 31, 2013: +1,639 million yen)

① Cash and cash equivalents: 39.2 billion yen
- ④ Guarantee deposits received: 16.2 billion yen
= 23.0 billion yen
* Compared to Mar. 31, 2013: +1.2 billion yen

Non-current assets: 25,616 million yen (+2,483 million yen)

② Property, plant and equipment: +1,853 million yen
③ Investments and other assets: +497 million yen

Total liabilities and net assets: 86,645 million yen
(+4,122 million yen)

⑤ Equity ratio: 62.0% (Mar. 31, 2013: 60.7%)

Capital Expenditures / Depreciation / Cash Flows

● Capital Expenditures / Depreciation

(Millions of yen)

	1st half ended March 31, 2014	1st half ended March 31, 2013	Change
Capital expenditures	2,406	233	2,173
Depreciation	435	564	(129)

● Cash Flows

(Millions of yen)

	1st half ended March 31, 2014	1st half ended March 31, 2013	Change
Cash flows from operating activities	2,353	2,081	272
Cash flows from investing activities	(3,296)	(202)	(3,094)
Cash flows from financing activities	(1,871)	(1,495)	(375)
Cash and cash equivalents, end of year	39,262	36,745	2,516

Fiscal 2014 Full-Year Forecasts & Main Strategies for the 2nd Half

Medium-Term Management Plan and Forecast

(Millions of yen)

	Fiscal 2013 Results	Fiscal 2014 Forecasts	Fiscal 2015 Targets	Fiscal 2016 Targets
Net sales	46,516	48,000	49,000	50,000
Operating income	7,252	7,800	8,900	10,000
Ordinary income	7,547	8,000	9,100	10,200
Net income	4,580	4,900	5,500	6,200
Operating income margin	15.6%	16.3%	18.2%	20.0%
Overseas sales ratio	5.3%			10.0%
EPS	¥122.34	¥130.87	¥146.89	¥165.59
ROE	8.9%	9.0%	9.5%	10.0%
Annual dividends	¥50	¥50	—	—

Theme

Securing sustainability in every business segment

Five policies

1. Pursue innovation and continuous profit generation in Japan
2. Enhance our brand value and develop new markets in countries worldwide
3. Diversify and globalize human resources and our corporate structure
4. Strengthen our manufacturing competitiveness
5. Promote a management approach that is responsive to changes in the business environment

Fiscal 2014 Forecasts

	Net Sales	Operating Income	Ordinary Income	Net Income	EPS
Fiscal 2014 1st Half Results	Millions of yen 24,600	Millions of yen 4,643	Millions of yen 4,803	Millions of yen 2,269	Yen 60.63
Fiscal 2014 2nd Half Forecasts	23,400	3,157	3,197	2,631	70.24
Fiscal 2014 Full Year Forecasts (A)	48,000	7,800	8,000	4,900	130.87

*We have retained our previously announced full-year earnings forecast, as consumption trends after the consumption tax hike remain uncertain.

Fiscal 2013 Results (B)	46,516	7,252	7,547	4,580	122.34
Change (A-B)	+1,483	+547	+452	+319	—
Change (%)	+3.2%	+7.6%	+6.0%	+7.0%	—

Cosmetics

● Cosmetics sold through individual consultation

- By launching major new products for the summer sales, endeavor to obtain new customers.
- Focus on new openings of and the provision of sales support to Noevir Beauty Studios.
- In directly managed Noevir Style stores, a large store will be opened in the Shibuya area with the aim of increasing brand penetration.

● Self-selection cosmetics

- In the *Nameraka Honpo* skincare line, enhance sales promotions by launching new products and featuring popular singer Ms. Rino Sashihara.
- In *NOV* for medical institution channels, focus on the expansion of e-commerce / nov.jp.
- In *Keana Putty Shokunin* makeup line, enhance sales promotions by featuring TV personality Ms. Nana Suzuki.



BLANCMASSAGE



INSTAFILLER



Nameraka Honpo skincare line



NOV AC Active skincare line



Keana Putty Shokunin makeup line

Strategies for the 2nd Half (Pharmaceuticals & Health Food / Other)

Pharmaceuticals & Health Food

- In the *Min Min Da Ha* functional drinks, develop a large-scale sales promotion campaign featuring Mr. Yasushi Akimoto, a Japanese record producer, lyricist and television writer.
- By launching *MIN-MIN Sparkling* in the energy drink market, endeavor to obtain new customers. [Initial sales will be launched in Kyushu and Okinawa area.]
- By launching granulated coffee containing the hot “rare sugar,” aim to capture new business opportunities.



Min Min Da Ha functional drinks



MIN-MIN Sparkling

Other

- The Aviation-related business will be affected by the uncertainty in the European and American markets. We will aim to capture new business opportunities in the Pan-Pacific market.
- In the Apparel and Intimate Apparel business, aim to capture new business opportunities by launching new brands.



Healthy Café nutritional supplements



NOEVIR HOLDINGS

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