

Noevir Holdings Co., Ltd. Results for Fiscal 2015

(October 1, 2014 – September 30, 2015)

November 13, 2015
Noevir Holdings Co., Ltd.
Takashi Okura, President and CEO

Noevir Holdings Co., Ltd. Ticker: 4928

- ◆ Date of Establishment March 22, 2011 (Noevir Co., Ltd. was founded in April 1964.)
- ◆ Paid-in Capital ¥7,319 million
- ◆ Line of Business

Cosmetics		Pharmaceuticals & Health Food	Other
			<p>Apparel business Aviation-related business</p>

- ◆ Consolidated Subsidiaries 13 subsidiaries (5 domestic / 8 international)
- ◆ Employees 110 (Non-consolidated), 1,674 (Consolidated) As of Sep. 30, 2015
- ◆ Number of shareholders 19,333
- ◆ Outstanding Shares 35,451,653
- ◆ Market Capitalization ¥115.92 billion (November 12, 2015 @ ¥3,270)

Fiscal 2015 Highlights

Net sales and profits were both up in fiscal 2015. Net sales were 49,387 million yen, up 2.4% year on year, operating income was 7,588 million yen, up 7.4%, ordinary income was 8,091 million yen, up 7.7%, and net income was 4,890 million yen, up 12.4%. Business results were driven by a solid performance in the Cosmetics segment. The Group posted record-high earnings at every level of profit. The operating income margin was 15.4%.

	Year ended September 30, 2015		Year ended September 30, 2014		YoY change	
	Total value	As percentage of sales	Total value	As percentage of sales		
	Millions of yen	%	Millions of yen	%	Millions of yen	%
Net sales	49,387	100.0	48,253	100.0	+1,133	+2.4
Cost of sales	16,800	34.0	16,523	34.2	+276	+1.7
Gross profit	32,587	66.0	31,730	65.8	+857	+2.7
SG&A	24,999	50.6	24,666	51.1	+333	+1.4
Operating income	7,588	15.4	7,064	14.6	+523	+7.4
Non-operating income/expenses	503	-	449	-	+54	-
Ordinary income	8,091	16.4	7,513	15.6	+578	+7.7
Extraordinary income/loss	(14)	-	(54)	-	+40	-
Income before income taxes	8,077	-	7,458	-	+618	-
Income taxes	3,149	-	3,098	-	+51	-
Net income	4,890	9.9	4,349	9.0	+541	+12.4
EPS	¥136.79		¥116.16			
ROE	8.9%		8.0%			
Dividend per share / dividend payout ratio	¥100/73.1%		¥60/51.7%			

* Ordinary annual dividends per share are forecast at 100 yen in fiscal 2016.

Segment-Based Highlights

Segment	Year ended September 30, 2015	Year ended September 30, 2014			Year ended September 30, 2013 (Reference)	
	Millions of yen	Millions of yen	Year-on-year change	%	Millions of yen	%
Cosmetics						
[Net sales]	34,013	32,100	+ 1,912	+6.0	31,278	+8.7
[Segment income]	8,705	8,413	+ 291	+3.5	7,775	+12.0
Pharmaceuticals & Health Food						
[Net sales]	13,456	14,067	(611)	(4.3)	13,549	(0.7)
[Segment income]	1,012	674	+ 337	+ 50.1	1,295	(21.8)
Other						
[Net sales]	1,918	2,085	(167)	(8.0)	1,688	+ 13.6
[Segment income]	(241)	(158)	(83)	-	3	-
Consolidated net sales	49,387	48,253	+ 1,133	+ 2.4	46,516	+6.2

- In the Cosmetics segment, net sales and segment income both rose year on year on the back of aggressive spending on marketing and the launch of new products.
- In the Pharmaceuticals & Health Food segment, net sales fell while segment income rose year on year, with the streamlining of SG&A expenses making up for sluggish functional drink sales.
- In the Other segment, net sales fell and the segment loss increased year on year

Net sales: 34,013 million yen Previous year: 32,100 million yen (+1,912 million yen, +6.0%)

Segment income: 8,705 million yen Previous year: 8,413 million yen (+291 million yen, +3.5%)

Sales composition
ratio

68.9%

- Sales of cosmetics sold through individual consultation were down year on year as the product renewal effect leveled out
 - Top-of-the-line skincare lotion *Noevir NEWROGIC Serum* → solid sales
 - Cosmetics sold through individual consultation via the deposit system → solid sales
- Sales of mainstay brands in self-selection cosmetics grew
 - *NOV* skincare line: strengthened relationships with medical institution channels and increased merchants handling products → favorable sales
 - *Nameraka Honpo* skincare line: launched new products, increased merchants handling products and expanded customer base → sales growth
 - *Sana Excel* and *Sana Pore Putty* makeup lines: rebuilt brands, increased merchants handling products and expanded customer base → sales growth
- Overseas and OEM business sales grew
 - Increased merchants handling products, primarily in Asian markets → sales growth



Noevir NEWROGIC Serum



Noevir 99 Plus skincare line



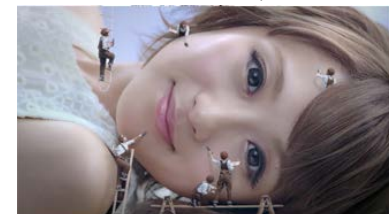
Nameraka Honpo skincare line



NOV skincare line



Sana Excel makeup line



Sana Pore Putty makeup line fall sales promotion in 2015

Net sales: 13,456 million yen Previous year: 14,067 million yen (-611 million yen, -4.3%)
Segment income: 1,012 million yen Previous year: 674 million yen (+337 million yen, +50.1%)

Sales composition ratio
27.2%

- Sales of pharmaceuticals and pharmaceutical drinks decreased year on year
- New product launch of the *Geki Kyo Da Ha* high-function drink fortified with energy supplements strengthened sales of mainstay *Min Min Da Ha* functional drinks



Geki Kyo Da Ha functional drink



The "Min Min Brothers," the new sales promotion characters for the *Min Min Da Ha* functional drink brand

Net sales: 1,918 million yen Previous year: 2,085 million yen (-167 million yen, -8.0%)
Segment income: -241 million yen Previous year: -158 million yen (-83 million yen)

Sales composition ratio
3.9%

- Strong sales in the Apparel and Intimate Apparel business
- Sales declined in the aviation-related business

Balance Sheets

(Millions of yen)

	As of Sep. 30, 2015	As of Sep. 30, 2014	Change
Current assets	59,170	62,268	(3,097)
Cash and cash equivalents	37,832 ①	41,871	(4,039)
Notes and accounts receivable	10,814	10,504	310
Non-current assets	28,177	25,789	2,388
Property, plant and equipment	23,521 ②	21,461	2,060
Buildings and structures, net	4,406	4,446	(40)
Equipment and vehicles, net	3,439	2,384	1,054
Land	13,834	13,642	192
Construction in progress	1,291	661	629
Intangible assets	397	376	20
Goodwill	140	171	(31)
Investments and other assets	4,258	3,950	307
Investment securities	1,272 ③	899	372
Total assets	87,348	88,058	(709)
Current liabilities	11,979	11,312	667
Long-term liabilities	20,770	20,727	43
Guarantee deposits received	15,351 ④	15,922	(571)
Total liabilities	32,749	32,039	710
Shareholders' equity	54,234	55,735	(1,501)
Common stock	7,319	7,319	0
Additional paid-in capital	—	3,484	(3,484)
Retained earnings	46,915	44,932	1,983
Total net assets	54,598 ⑤	56,018	(1,420)
Total liabilities and net assets	87,348	88,058	(709)

● Balance Sheets

Current assets: 59,170 million yen
(compared to Sep.30, 2014: -3,097 million yen)
Purchase of treasury stock 3,964 million yen
(1,991 thousand shares as of November 2014)

Balance of net cash and deposits 22.4 billion yen
(down 3.4 billion yen year on year)
= ① Cash and cash equivalents 37.8 billion yen
- ④ Guarantee deposits received 15.3 billion yen

Non-current assets: 28,177 million yen
(+2,388 million yen year on year)

② Property, plant and equipment: +2,060 million yen
③ Investment securities +372 million yen

Total liabilities and net assets: 87,348 million yen
(-709 million yen year on year)

⑤ Equity ratio: 62.4% (Sep. 30, 2014: 63.5%)

● Capital Expenditures / Depreciation

(Millions of yen)

	Year ended Sep. 30, 2015	Year ended Sep. 30, 2014	Change
Capital expenditures	3,225	2,989	235
Depreciation	1,237	1,021	216

● Cash Flows

(Millions of yen)

	Year ended Sep. 30, 2015	Year ended Sep. 30, 2014	Change
Cash flows from operating activities	4,822	5,406	(583)
Cash flows from investing activities	(3,412)	(3,844)	431
Cash flows from financing activities	(6,209)	(1,874)	(4,335)
Cash and cash equivalents, end of year	37,139	41,840	(4,700)

Forward-Looking Initiatives and Forecasts

Concept

Realizing steady corporate growth by securing sustainability in every business segment

Five policies

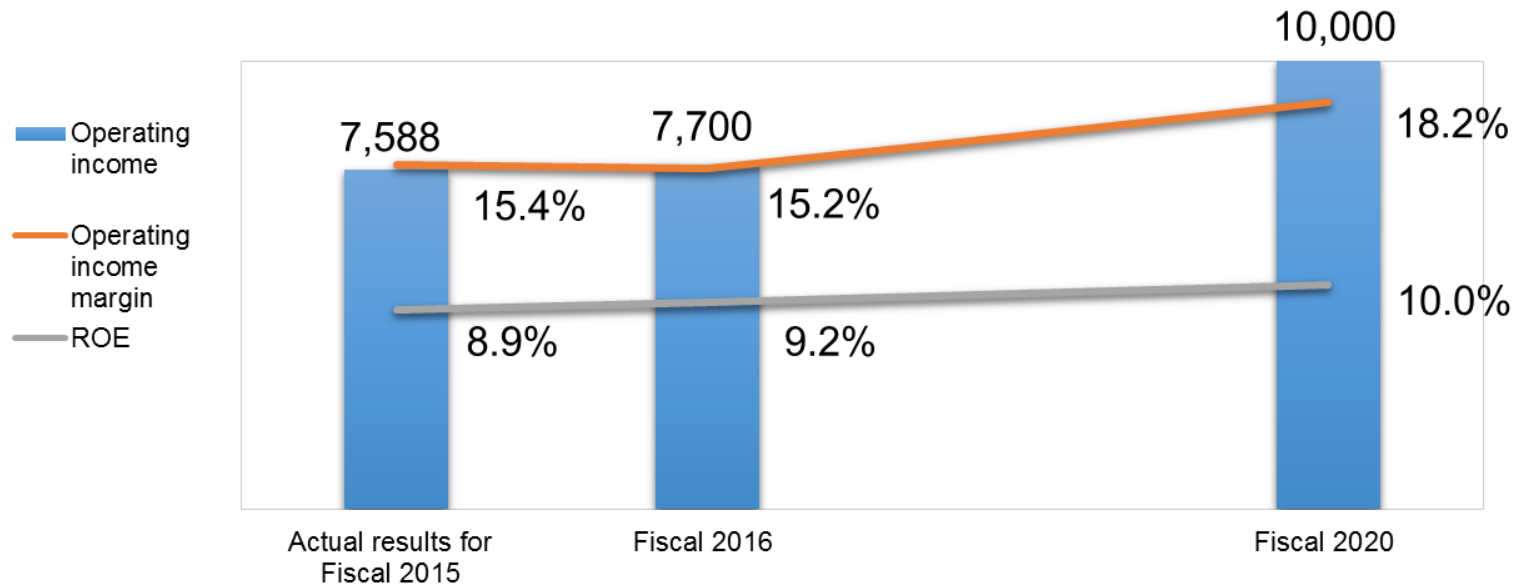
1. Pursue innovation and continuous profit generation in Japan
2. Enhance our brand value and develop new markets in countries worldwide
3. Diversify and globalize human resources and our corporate structure
4. Strengthen our manufacturing competitiveness
5. Promote a management approach that is responsive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

Medium-Term Management Plan and Forecast

– Five-Year Plan Through Fiscal 2020 –

Management targets for fiscal 2020 Operating income 10,000 million yen ROE 10%

	Actual results for Fiscal 2015	Fiscal 2016		(Millions of yen)
				Fiscal 2020
Net sales	49,387	50,500		55,000
Operating income	7,588	7,700		10,000
Operating income margin	15.4%	15.2%		18.2%
ROE	8.9%	9.2%		10.0%



Having positioned the operating income margin and return on equity (ROE) as key management indicators, the Noevir Group aims to maximize its corporate value and enhance profitability.

	Net Sales	Operating Income	Ordinary Income	Net Income attributable to owners of parent	EPS
	Millions of yen	Millions of yen	Millions of yen	Millions of yen	Yen
Full Year Forecasts	50,500	7,700	7,900	5,100	143.86
Fiscal 2015 Results	49,387	7,588	8,091	4,890	136.79
Change (%)	2.3%	1.5%	(2.4%)	4.3%	—

1st Half Forecasts	24,300	3,200	3,300	1,200	33.85
Fiscal 2015 1st Half Results	23,635	3,563	3,926	1,499	41.58
Change (%)	2.8%	(10.2%)	(16.0%)	(20.0%)	—

* Operating income for the 1st half of fiscal 2016 is forecast to decrease compared to the previous 1st half, mainly based on intensive spending on marketing planned for the 1st half of fiscal 2016.

Major Initiatives for Fiscal 2016 (Cosmetics)

Cosmetics

- Cosmetics sold through individual consultation
 - Focus on winning new customers for cosmetics sold through individual consultation via the deposit system
 - Launch and concentrate on sales expansion of *Noevir BIOSIGN Medicated Inner Treatment*
 - Accelerate the opening of Noevir Beauty Studio locations
 - Strengthen the e-commerce business by starting operation of [Noevir Group Shopping Mall](#) and launching the direct-sales only *Noevir REFINIST* skincare line
- Self-selection cosmetics
 - Launch the new *L&W* skincare line under the *NOV* skincare line and strive to expand sales by increasing brand recognition
 - Strive to expand sales of the *Nameraka Honpo* skincare line by further increasing brand recognition and winning new customers, as well as implementing sales promotions featuring popular singer Ms. Rino Sashihara and actress Ms. Maki Sakai
 - Implement sales promotions featuring fashion model Ms. Kana Oya for *Sana Excel* makeup line and TV personality Ms. Nana Suzuki for *Sana Pore Putty* makeup line, along with upgrading and expanding product items
- Continue to concentrate on overseas, OEM business, and Asian market sales and strive to increase merchants handling products



Noevir REFINIST skincare line



Nameraka Honpo Wrinkle Line fall sales promotion in 2015



Sana Pore Putty makeup line fall sales promotion in 2015

Major Initiatives for Fiscal 2016 (Pharmaceuticals & Health Food / Other)

Pharmaceuticals & Health Food

- *Min Min Da Ha* functional drinks
Reinforce the brand by implementing promotions featuring the *Three Min Min Brothers* via the Internet and social media
- Concentrate on capturing new business opportunities for PB and OEM products



The “*Min Min Brothers*,” the new sales promotion characters for the *Min Min Da Ha* functional drink brand

Other

- Launch new apparel and intimate apparel products
- Proceed with caution in the aviation-related business, even though demand appears to be recovering in the European and U.S. market



Min Min Da Ha functional drinks



NOEVIR HOLDINGS

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