

# Noevir Holdings Co., Ltd. Results for Fiscal 2016

(October 1, 2015 – September 30, 2016)

November 11, 2016  
Noevir Holdings Co., Ltd.  
Ikkou Yoshida, Director,  
Management Strategy and Public & Investor Relations

## 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

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

◆Consolidated Subsidiaries

12 subsidiaries (5 domestic / 7 international)

◆Employees

111 (Non-consolidated), 1,609 (Consolidated) As of Sep. 30, 2016

◆Number of shareholders

19,049

◆Outstanding Shares

35,451,653

◆Market Capitalization

¥116.64 billion (November 10, 2016 @ ¥3,290)

# Fiscal 2016 Highlights

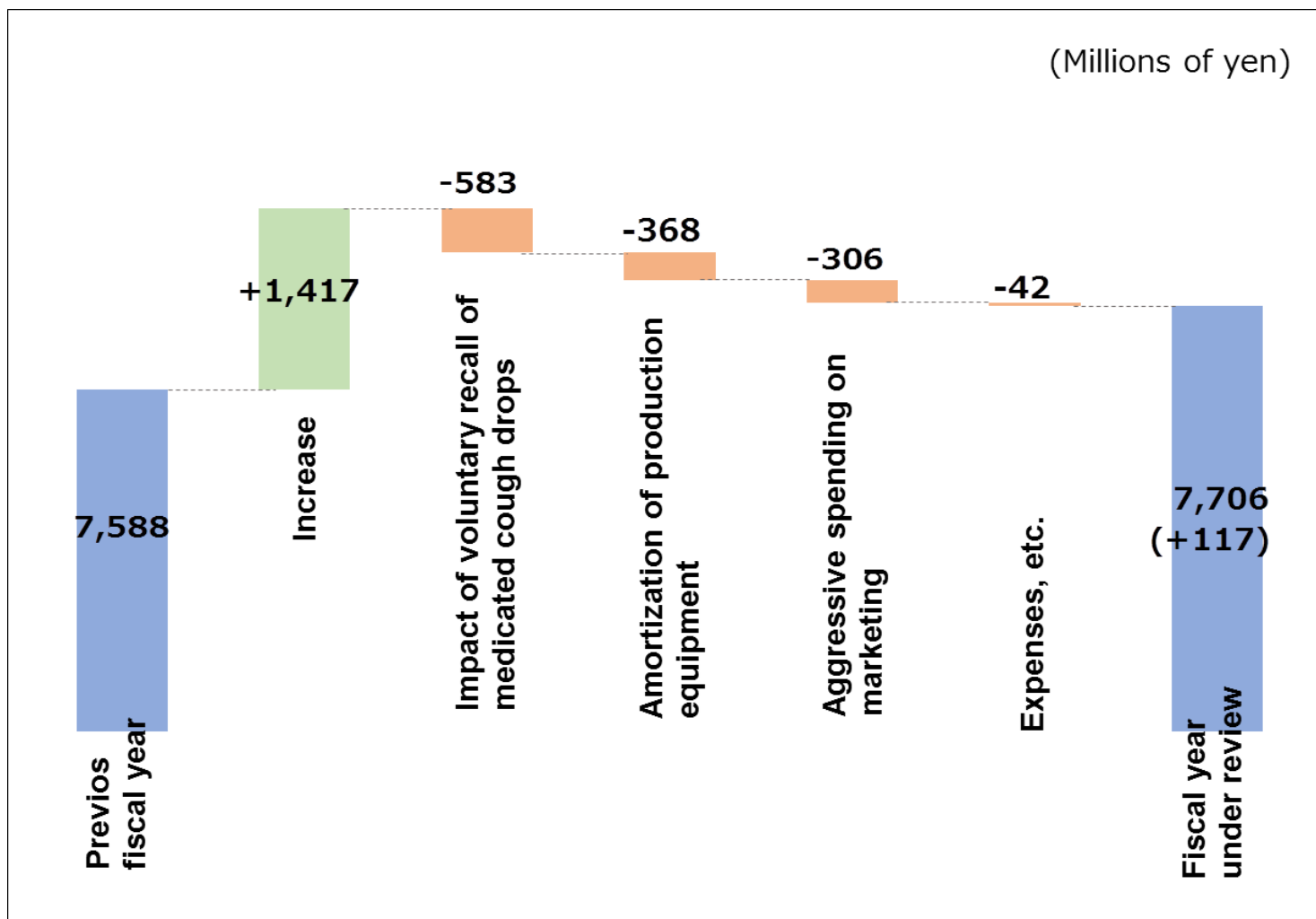
Net sales 51,180 million yen (up 3.6% Y o Y), operating income 7,706 million yen (up 1.6% Y o Y), ordinary income 7,832 million yen (down 3.2% Y o Y), net income attributable to owners of the parent 5,049 million yen (up 3.3% Y o Y)

The Company achieved new record highs in operating income and net income for a second consecutive period, despite recording losses related to the voluntary recall of medicated cough drops. Dividends per share have been increased by 20 yen to 120 yen.

	Year ended September 30, 2016		Year ended September 30, 2015		Year-on-year change		Earnings forecast target	
	Total value	As percentage of sales	Total value	As percentage of sales			Total value	Year-on-year change
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
<b>Net sales</b>	<b>51,180</b>	<b>100.0</b>	<b>49,387</b>	<b>100.0</b>	<b>1,792</b>	<b>3.6</b>	<b>50,500</b>	<b>1.3</b>
Cost of sales	17,995	35.2	16,800	34.0	1,195	7.1		
<b>Gross profit</b>	<b>33,184</b>	<b>64.8</b>	<b>32,587</b>	<b>66.0</b>	<b>597</b>	<b>1.8</b>		
SG&A	25,478	49.8	24,999	50.6	479	1.9		
<b>Operating income</b>	<b>7,706</b>	<b>15.1</b>	<b>7,588</b>	<b>15.4</b>	<b>117</b>	<b>1.6</b>	<b>7,700</b>	<b>0.1</b>
Non-operating income/expenses	126	0.2	503	1.0	(376)	(74.8)		
<b>Ordinary Income</b>	<b>7,832</b>	<b>15.3</b>	<b>8,091</b>	<b>16.4</b>	<b>(258)</b>	<b>(3.2)</b>	<b>7,900</b>	<b>(0.8)</b>
Extraordinary Income/loss	(17)	-	(14)	-	(2)	-		
Income before income taxes	7,815	15.3	8,077	16.4	(261)	(3.2)		
Income taxes	2,765	5.4	3,186	6.4	(421)	(13.2)		
<b>Net income attributable to owners of the parent</b>	<b>5,049</b>	<b>9.9</b>	<b>4,890</b>	<b>9.9</b>	<b>159</b>	<b>3.3</b>	<b>5,100</b>	<b>(1.0)</b>
EPS	¥142.44		¥136.79					
ROE	9.2%		8.9%					
Dividend per share / dividend payout ratio	¥120/84.2%		¥100/73.1%					

# Reasons for Change in Operating Income

We achieved an operating income that exceeded the previous fiscal year's because the increase in the Cosmetics segment more than made up for the loss of 583 million yen related to the voluntary recall of medicated cough drops, the amortization of production equipment, and other factors



# Segment-Based Highlights

	Year ended September 30, 2016	Year ended September 30, 2015		
	Millions of yen	Millions of yen	Year-on-year change	%
Cosmetics (Net sales)	36,031	34,013	2,018	5.9
(Segment income)	9,537	8,705	832	9.6
Pharmaceuticals & Health Food (Net sales)	13,243	13,456	(213)	(1.6)
(Segment income)	170	1,012	(842)	(83.2)
Other (Net sales)	1,905	1,918	(12)	(0.7)
(Segment income)	(63)	(241)	178	—
Consolidated net sales	51,180	49,387	1,792	3.6

- In the Cosmetics segment, net sales and segment income both rose year on year on the back of strong sales of new products and high-end basic skincare series in cosmetics sold through individual consultation and growth in self-selection cosmetics supported by a wide range of customers.
- The Pharmaceuticals & Health Food segment saw net sales and segment income both fall year on year but remained profitable despite the voluntary recall of medicated cough drops thanks to strong sales of pharmaceutical and health drinks, as well as nutritional supplements.
- In the Other segment, net sales were level year on year and segment loss improved.

**Net sales: 36,031 million yen**

Previous year: 34,013 million yen (+2,018 million yen, +5.9%)

**Segment income: 9,537 million yen**

Previous year: 8,705 million yen (+832 million yen, +9.6%)

**Sales composition  
ratio**
**70.4%**

### ● Cosmetics sold through individual consultation

- Strong sales of new products and high-end basic skincare series
- Increase the opening of Noevir Beauty Studio locations

### ● Self-selection cosmetics

- *Sana Nameraka Honpo* skincare line: launched new products and expanded customer base, enabling sales growth
- Sales of the *Sana Excel*, *Sana Pore Putty* and *Sana New Born* makeup lines grew due to new product launches and increased merchants handling products / an expanded customer base
- Strong performance due to launch of new *NOV* brand *L&W* skincare line

### ● Overseas and OEM business sales

- Favorable sales due to an increased number of merchants distributing products and e-commerce malls, mainly in Asian markets


 Noevir BIOSIGN Medicated  
blanc beauty

 Noevir BIOSIGN Medicated  
inner treatment

 Sana Nameraka Honpo  
skincare line


NOV skincare line



NOV L&amp;W skincare line



Sana Excel makeup line


 Sana Pore Putty  
makeup line

 Sana New Born  
makeup line

Sales composition  
ratio**25.9%**

**Net sales: 13,243 million yen** Previous year: 13,456 million yen (-213 million yen, -1.6%)  
**Segment income: 170 million yen** Previous year: 1,012 million yen (-842 million yen, -83.2%)

● **Remained profitable despite losses related to voluntary recall of medicated cough drops**

- In drinks, sales of pharmaceutical and health drinks were level with the previous fiscal year  
PB drink sales increased
- Strong performance in nutritional supplements



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



*Min Min Da Ha* functional drinks

Sales composition  
ratio**3.7%**

**Net sales: 1,905 million yen** Previous year: 1,918 million yen (-12 million yen, -0.7%)  
**Segment income: -63 million yen** Previous year: -241 million yen (+178 million yen)

- **Strong sales in the Apparel and Intimate Apparel business**
- **Aviation-related business losses improved**



# Balance Sheets

(Millions of yen)

	As of Sep. 30, 2015	As of Sep. 30, 2016	Change
<b>Current assets</b>	<b>59,170</b>	<b>60,552</b>	<b>1,381</b>
Cash and cash equivalents	37,832	37,959 ①	127
Notes and accounts receivable	10,814	10,880	66
<b>Non-current assets</b>	<b>28,177</b>	<b>29,157</b>	<b>979</b>
Property, plant and equipment	23,521	24,198 ②	677
Buildings and structures, net	4,406	4,672	265
Equipment and vehicles, net	3,439	3,711	271
Land	13,834	13,832	(2)
Lease assets, net	283	1,551	1,268
Construction in progress	1,291	210	(1,080)
Intangible assets	397	328	(68)
Goodwill	140	94	(45)
Investments and other assets	4,258	4,629	371
Investment securities	1,272	1,641	368
<b>Total assets</b>	<b>87,348</b>	<b>89,709</b>	<b>2,361</b>
<b>Current liabilities</b>	<b>11,979</b>	<b>11,921</b>	<b>(58)</b>
<b>Long-term liabilities</b>	<b>20,770</b>	<b>21,880</b>	<b>1,109</b>
Guarantee deposits received	15,351	14,827 ③	(523)
<b>Total liabilities</b>	<b>32,749</b>	<b>33,801</b>	<b>1,051</b>
Shareholders' equity	54,234	55,739	1,504
Common stock	7,319	7,319	-
Retained earnings	46,915	48,420	1,504
<b>Total net assets</b>	<b>54,598</b>	<b>55,908</b>	<b>1,309</b>
<b>Total liabilities and net assets</b>	<b>87,348</b>	<b>89,709</b>	<b>2,361</b>

## ● Balance Sheets

Current assets: 60,552 million yen  
(compared to Sep. 30, 2015: +1,381 million yen)

Balance of net cash and deposits 23.1 billion yen  
(up 0.6 billion yen year on year)

= ① Cash and cash equivalents 37.9 billion yen  
- ③ Guarantee deposits received 14.8 billion yen

Non-current assets: 29,157 million yen  
(+979 million yen year on year)

② Property, plant and equipment: +677 million yen

Total liabilities and net assets: 89,709 million yen  
(+2,361 million yen year on year)

④ Equity ratio: 62.2% (Sep. 30, 2015: 62.4%)

## ● Capital Expenditures / Depreciation

(Millions of yen)

	Year ended Sep. 30, 2016	Year ended Sep. 30, 2015	Change
Capital Expenditures	2,506	3,225	(719)
Depreciation	1,654	1,237	417



## Main Forward-Looking Initiatives and Forecasts

# Medium-Term Management Plan and Forecast

## – Three-Year Plan Through Fiscal 2019 –

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

### Concept

Realizing steady corporate growth by securing sustainability in every Group 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

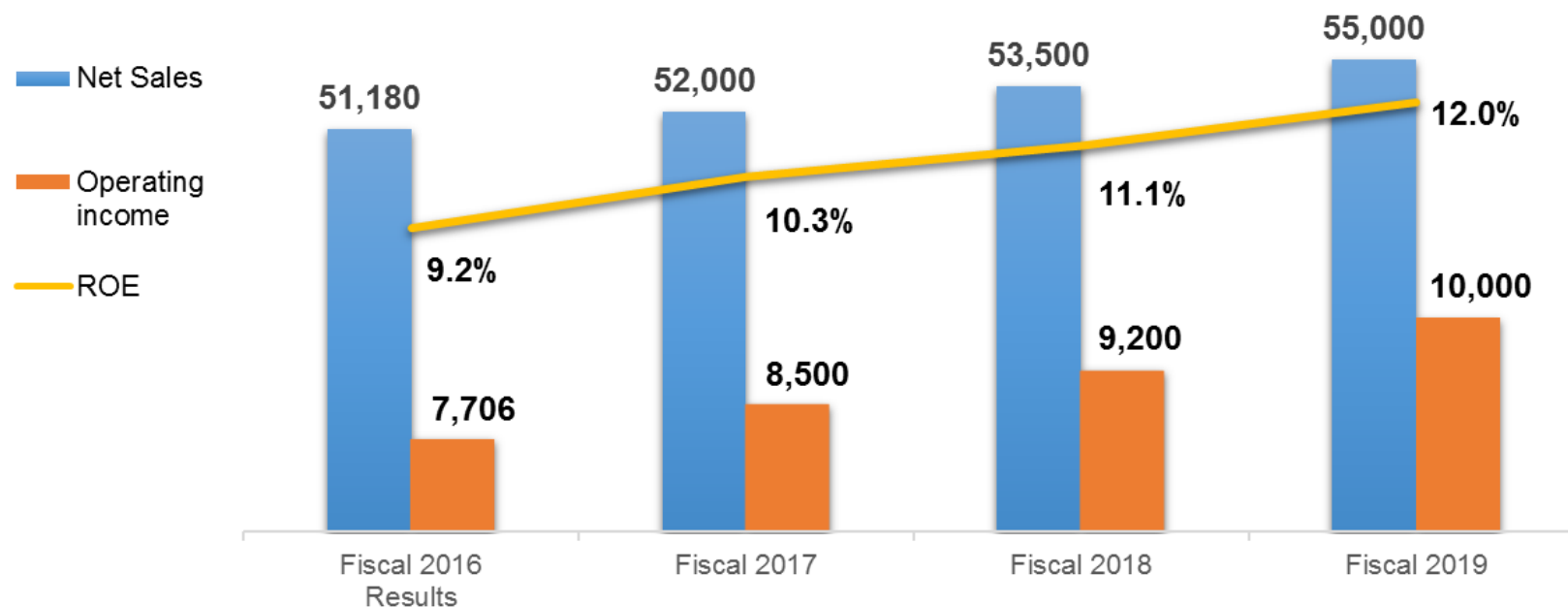
## – Three-Year Plan Through Fiscal 2019 –

### Management Targets for Fiscal 2019

Net sales 55,000 million yen    Operating income 10,000 million yen    ROE 12%

(Millions of yen)

	Fiscal 2016 Results	Fiscal 2017	Fiscal 2018	Fiscal 2019
Net sales	51,180	52,000	53,500	55,000
Operating income	7,706	8,500	9,200	10,000
ROE	9.2%	10.3%	11.1%	12.0%



# Forecast for Fiscal 2017

	Net Sales Millions of yen	Operating Income Millions of yen	Ordinary Income Millions of yen	Net Income Attributable to Owners of Parent Millions of yen	EPS Yen
Full Year Forecasts	52,000	8,500	8,700	5,800	163.60
Fiscal 2016 Results	51,180	7,706	7,832	5,049	142.44
Change (%)	1.6%	10.3%	11.1%	14.9%	—

1st Half Forecasts	25,300	3,800	3,900	1,300	36.67
Fiscal 2016 1st Half Results	24,926	3,716	3,673	1,245	35.14
Change (%)	1.5%	2.2%	6.2%	4.3%	—

2nd Half Forecast	26,700	4,700	4,800	4,500	126.93
Fiscal 2016 2nd Half Results	26,253	3,989	4,158	3,803	107.30
Change (%)	1.7%	17.8%	15.4%	18.3%	—

## ● Capital Expenditures / Depreciation

	(Millions of yen)	
	Full Year Forecasts	Fiscal 2016 Results
Capital expenditures	800	2,506
Depreciation	2,000	1,654

## Cosmetics

Launch new products that encapsulate customer needs in high-end basic skincare and self-selection cosmetics, increase profitability as a core business

### ● Cosmetics sold through individual consultation

- Launch new *Noevir PLACENTA Enrich 33* aging care skincare lotion, etc., and concentrate on expanding sales
- Noevir Beauty Studio  
Improve service quality and concentrate on sales with Noevir Beauty Studios as an important point of contact with customers



Noevir PLACENTA Enrich 33

### ● Self-selection cosmetics

- Acquire a wide customer base and aim to expand sales with the launch of new products in the *Sana Nameraka Honpo* skincare line and *Sana Excel* makeup line
- Renew the *NOV* makeup line, increase items in the *NOV L&W* skincare line to achieve sales expansion



Sana Nameraka Honpo Wrinkle skincare line



Sana Excel makeup line

### ● Overseas and OEM business sales

- Focus on increasing the number of merchants distributing products and e-commerce malls, mainly in Asian markets



NOV makeup line

# Major Initiatives for Fiscal 2017

## (Pharmaceuticals & Health Food / Other)

### Pharmaceuticals & Health Food

Launch distinctive new healthcare products centered on drinks, and increase profitability by strengthening the deposit sales channel

- *Min Min Da Ha* functional drinks  
Further strengthen brand by utilizing Internet and social media to mark the 20th anniversary of launch
- *Nanten Nodo Ame* cough drops  
Aim to expand sales ahead of the 50th anniversary of launch by capturing new customers through launch of special products and new products, etc.



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

### Other

#### Improve profitability

- Launch new apparel and intimate apparel products
- Continue to proceed with caution in the aviation-related business



*Nanten Nodo Ame* cough drops



[Inquiries] Noevir Holdings Co., Ltd. Public & Investor Relations Tel: +81-03-5568-0305 Fax: +81-03-5568-0441  
E-mail: [ir@noevirholdings.co.jp](mailto:ir@noevirholdings.co.jp) WEB: <http://www.noevirholdings.co.jp/english/index.htm>

These materials contain information that constitutes forward-looking statements. Such forward-looking statements are not guarantees of future performance and involve risks and uncertainties. Actual results may differ from those in the forward-looking statements as a result of various factors including changes in material circumstances.