

# Noevir Holdings Co., Ltd.

## Results for the First Half of Fiscal 2016

(October 1, 2015 – March 31, 2016)

May 12, 2016

Noevir Holdings Co., Ltd.

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Management Strategy and Public & Investor Relations

Noevir Holdings Co., Ltd. Ticker: 4928

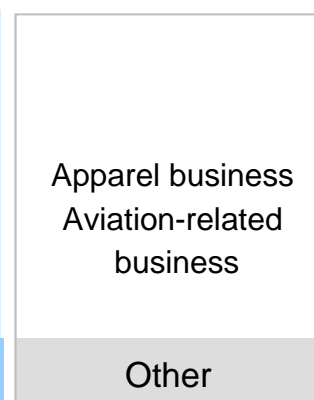
- ◆ Date of Establishment March 22, 2011 (Noevir Co., Ltd. was founded in April 1964.)
- ◆ Paid-in Capital ¥7,319 million
- ◆ Line of Business



Cosmetics



Pharmaceuticals & Health Food



Apparel business  
Aviation-related  
business

Other

- ◆ Consolidated Subsidiaries 13 subsidiaries (5 domestic / 8 international)
- ◆ Employees 110 (Non-consolidated), 1,674 (Consolidated) As of Sep. 30, 2015
- ◆ Number of shareholders 17,748
- ◆ Outstanding Shares 35,451,653
- ◆ Market Capitalization ¥111.32 billion (May 11, 2016 @ ¥3,140)

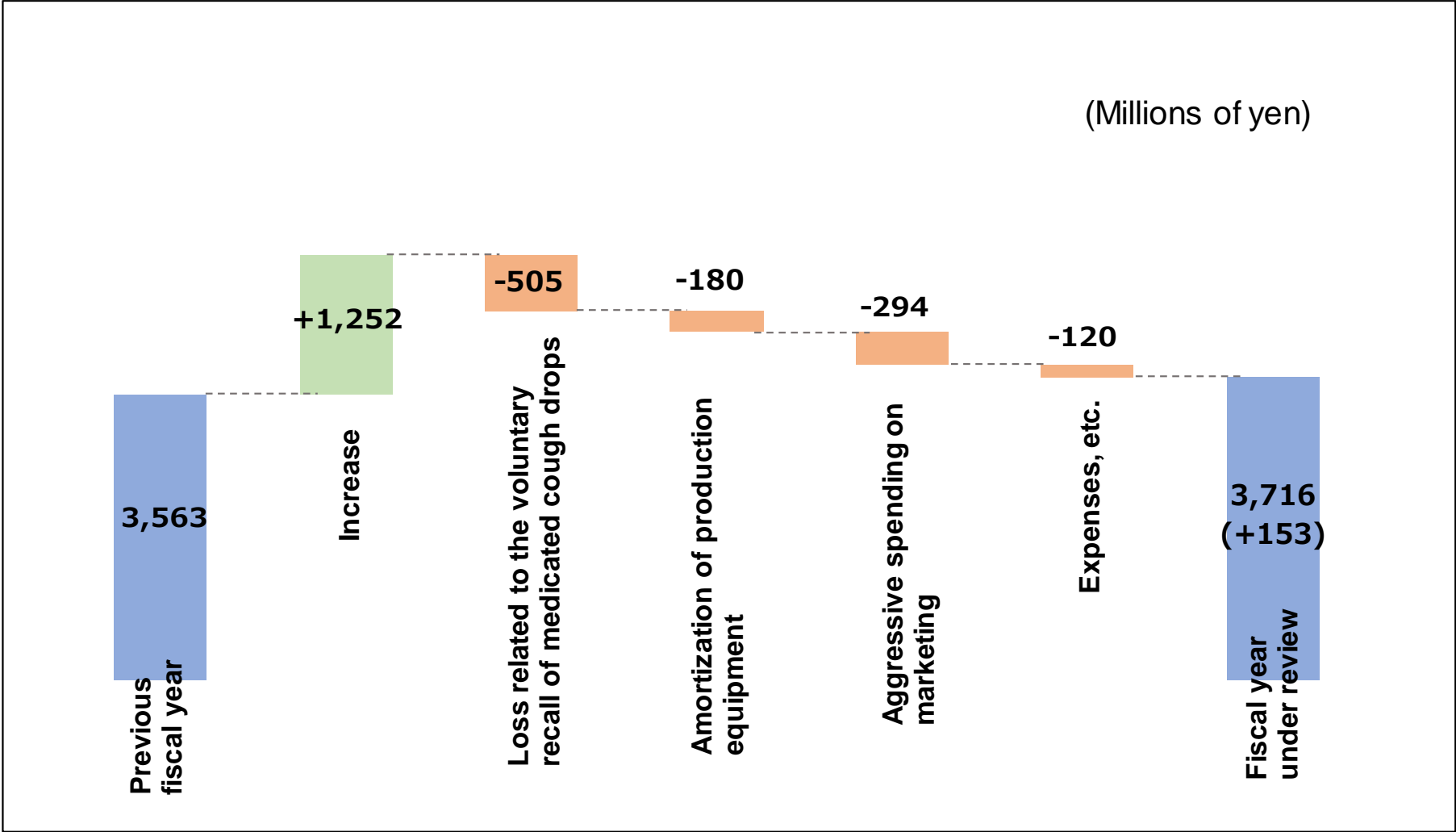
# First Half of Fiscal 2016 Highlights

Net sales 24,926 million yen (up 5.5% Y o Y), operating income 3,716 million yen (up 4.3% Y o Y), ordinary income 3,673 million yen (down 6.4% Y o Y), net income attributable to owners of the parent 1,245 million yen (down 16.9% Y o Y)  
Despite 505 million yen being recorded as a loss related to the voluntary recall of medicated cough drops, we achieved an operating income that exceeded both the previous fiscal year's and the earnings forecast's target

	1st half ended March 31, 2016		1st half ended March 31, 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>24,926</b>	<b>100.0</b>	<b>23,635</b>	<b>100.0</b>	<b>1,291</b>	<b>5.5</b>	<b>24,300</b>	<b>2.6</b>
Cost of sales	8,711	34.9	8,084	34.2	626	7.8		
<b>Gross profit</b>	<b>16,214</b>	<b>65.1</b>	<b>15,550</b>	<b>65.8</b>	<b>664</b>	<b>4.3</b>		
SG&A	12,498	50.1	11,987	50.7	511	4.3		
<b>Operating income</b>	<b>3,716</b>	<b>14.9</b>	<b>3,563</b>	<b>15.1</b>	<b>153</b>	<b>4.3</b>	<b>3,200</b>	<b>16.1</b>
Non-operating income/expenses	(42)	-	362	-	(405)	-		
<b>Ordinary income</b>	<b>3,673</b>	<b>14.7</b>	<b>3,926</b>	<b>16.6</b>	<b>(252)</b>	<b>(6.4)</b>	<b>3,300</b>	<b>11.3</b>
Extraordinary income/loss	(3)	-	(2)	-	0	-		
Income before income taxes	3,670	14.7	3,923	16.6	(252)	(6.4)		
Income taxes	2,425	9.8	2,424	10.3	0	0.0		
<b>Net income attributable to owners of the parent</b>	<b>1,245</b>	<b>5.0</b>	<b>1,499</b>	<b>6.3</b>	<b>(253)</b>	<b>(16.9)</b>	<b>1,200</b>	<b>3.8</b>

# 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 505 million yen related to the voluntary recall of medicated cough drops, the amortization of production equipment, and other factors



# Segment-Based Highlights

	1st half ended March 31, 2016	1st half ended March 31, 2015		
	Millions of yen	Millions of yen	Year-on-year change	%
Cosmetics				
(Net sales)	18,256	16,494	1,761	10.7
(Segment income)	4,852	4,239	612	14.5
Pharmaceuticals & Health Food				
(Net sales)	5,846	6,186	(339)	(5.5)
(Segment income)	(121)	460	(581)	—
Other				
(Net sales)	823	954	(130)	(13.7)
(Segment income)	(86)	(122)	35	—
Consolidated net sales	24,926	23,635	1,291	5.5

- In the Cosmetics segment, net sales and segment income both rose year on year on the back of cosmetics sold through individual consultation, and self-selection cosmetics, together with the launch of new products and favorable sales of existing series
- In the Pharmaceuticals & Health Food segment, net sales and segment income both fell year on year due to 505 million yen being recorded as a loss related to the voluntary recall of medicated cough drops
- In the Other segment, the fall in net sales and the segment loss somewhat decreased year on year

**Net sales: 18,256 million yen** Previous 1st half: 16,494 million yen (+1,761 million yen, +10.7%)

**Segment income: 4,852 million yen** Previous 1st half: 4,239 million yen (+612 million yen, +14.5%)

Sales composition ratio

**73.2%**

● **Cosmetics sold through individual consultation were firm**

- The launch of a new aging care skincare lotion and the firm sales of the high-end basic skincare line enabled a performance exceeding the previous year
- Increase the opening of Noevir Beauty Studio locations



Noevir BIOSIGN Medicated inner treatment

● **Sales of mainstay brands in self-selection cosmetics grew**

- *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
- *NOV* skincare line: favorable sales due to the launch of the new aging care *L&W* skincare line and strengthened relationships with medical institutions



NOV skincare line



NOV L&W skincare line



Sana Nameraka Honpo skincare line

● **Overseas and OEM business sales favorable**

- Favorable sales due to increased merchants handling products, focused on Asian markets



Sana Excel makeup line



Sana Pore Putty makeup line



Sana New Born makeup line

**Net sales: 5,846 million yen** Previous 1st half: 6,186 million yen (-339 million yen, -5.5%)  
**Segment income: -121 million yen** Previous 1st half: 460 million yen (-581 million yen)

Sales composition ratio  
**23.5%**

- Brisk sales of pharmaceutical and health drinks
- Recorded loss of 505 million yen related to voluntary recall of medicated cough drops



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



*Min Min Da Ha* functional drinks

**Net sales: 823 million yen** Previous year: 954 million yen (-130 million yen, -13.7%)  
**Segment income: -86 million yen** Previous year: -122 million yen (+35 million yen)

Sales composition ratio  
**3.3%**

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



# Balance Sheets

(Millions of yen)

	As of Mar. 31, 2016	As of Mar. 31, 2015	Change
<b>Current assets</b>	<b>57,457</b>	<b>57,022</b>	<b>434</b>
Cash and cash equivalents	36,359 ①	36,687	(327)
Inventory assets	7,540	7,093	446
<b>Non-current assets</b>	<b>29,472</b>	<b>27,482</b>	<b>1,989</b>
Property, plant and equipment	24,675 ②	22,987	1,687
Buildings and structures, net	4,776	4,471	305
Equipment and vehicles, net	4,202	2,781	1,420
Land	13,832	13,642	190
Lease assets, net	1,608	44	1,564
Construction in progress	-	1,782	(1,782)
Intangible assets	365	377	(11)
Goodwill	117	166	(49)
Investments and other assets	4,431	4,117	314
Investment securities	1,544	1,191	352
<b>Total assets</b>	<b>86,929</b>	<b>84,504</b>	<b>2,424</b>
<b>Current liabilities</b>	<b>12,767</b>	<b>12,452</b>	<b>314</b>
<b>Long-term liabilities</b>	<b>21,842</b>	<b>20,621</b>	<b>1,221</b>
Guarantee deposits received	15,081 ③	15,619	(537)
<b>Total liabilities</b>	<b>34,610</b>	<b>33,073</b>	<b>1,536</b>
Shareholders' equity	51,935	50,843	1,091
Common stock	7,319	7,319	-
Retained earnings	44,616	43,524	1,092
<b>Total net assets</b>	<b>52,319 ④</b>	<b>51,431</b>	<b>888</b>
<b>Total liabilities and net assets</b>	<b>86,929</b>	<b>84,504</b>	<b>2,424</b>

## ● Balance Sheets

Current assets: 57,457 million yen  
(compared to Mar. 31, 2015: +434 million yen)

Balance of net cash and deposits 21.2 billion yen  
(up 0.2 billion yen year on year)  
= ① Cash and cash equivalents 36.3 billion yen  
- ③ Guarantee deposits received 15.0 billion yen

Non-current assets: 29,472 million yen  
(+1,989 million yen year on year)

② Property, plant and equipment: +1,687 million yen

Total liabilities and net assets: 86,929 million yen  
(+2,424 million yen year on year)

④ Equity ratio: 60.0% (Mar. 31, 2015: 60.7%)



## ● Capital Expenditures / Depreciation

(Millions of yen)

	1st half ended March 31, 2016	1st half ended March 31, 2015	Change
Capital Expenditures	2,085	1,926	158
Depreciation	774	542	232

## ● Cash Flows

(Millions of yen)

	1st half ended March 31, 2016	1st half ended March 31, 2015	Change
Cash flows from operating activities	3,039	2,320	718
Cash flows from investing activities	(248)	(1,430)	1,182
Cash flows from financing activities	(3,575)	(6,207)	2,632
Cash and cash equivalents, end of year	36,271	36,632	(360)

## Fiscal 2016 Full-Year Forecasts & Main Strategies for the 2nd Half

## Concept

Realizing steady corporate growth by securing sustainability in every business segment

## Five policies

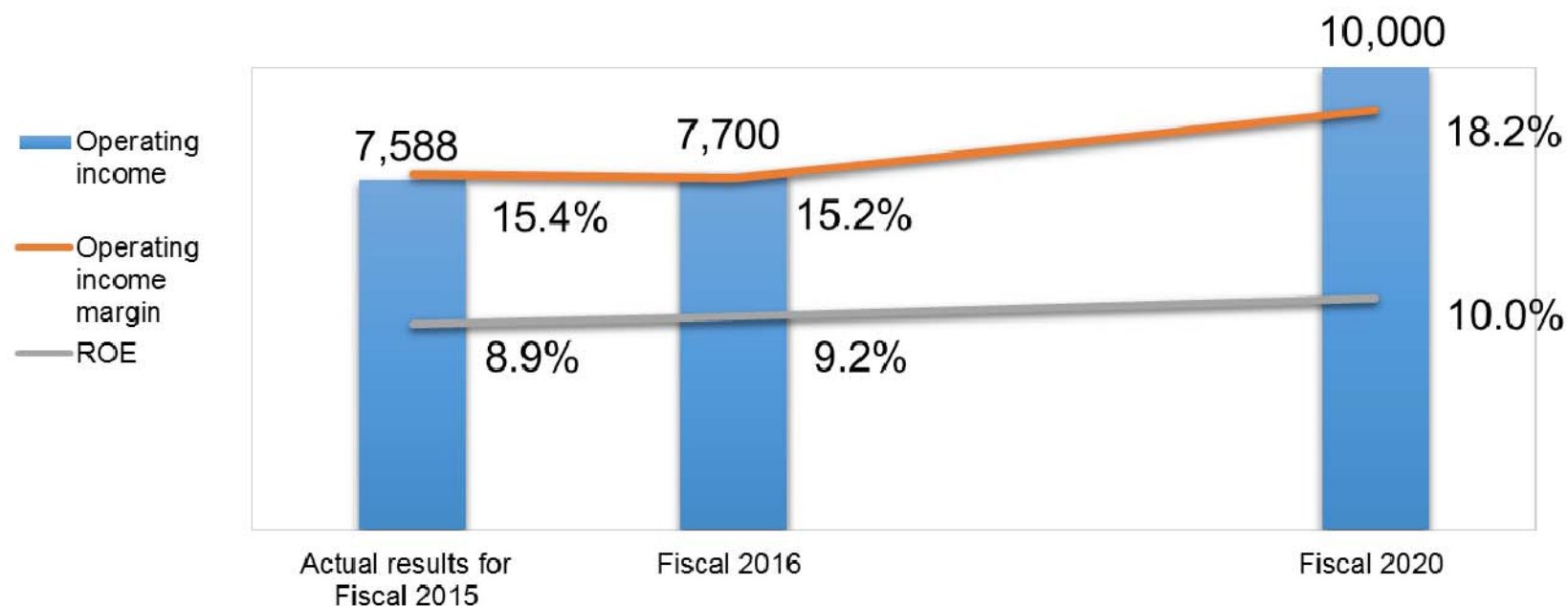
1. Pursue innovation and continuous profit generation in Japan
2. Enhance our brand value and develop new markets in countries worldwide
3. Diversify and globalize human resources and our corporate structure
4. Strengthen our manufacturing competitiveness
5. Promote a management approach that is responsive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

# Medium-Term Management Plan and Forecast

—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.

# Fiscal 2016 Forecasts

	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
Fiscal 2016 1st Half Results	24,926	3,716	3,673	1,245	35.14
Fiscal 2016 2nd Half Forecasts	25,573	3,983	4,226	3,854	108.71
Fiscal 2016 Full Year Forecasts (A)	50,500	7,700	7,900	5,100	143.86

Fiscal 2015 Results (B)	49,387	7,588	8,091	4,890	136.79
Change (A-B)	1,112	111	(191)	209	7.07
Change (%)	2.3%	1.5%	(2.4%)	4.3%	23.8%

Note: No Revisions from the most recently announced dividend forecast

# Major Initiatives for the 2nd Half (Cosmetics)

## Cosmetics

### ● Cosmetics sold through individual consultation

- Launch and concentrate on sales expansion of brightening lotion *Noevir BIOSIGN Medicated Blanc Beauté*, and of new products in the high-end basic skincare line
- Noevir Beauty Studio  
Improve service quality and concentrate on sales with Noevir Beauty Studios as an important point of contact with customers

### ● Self-selection cosmetics

- Further expand sales by launching a new product in the *Sana Nameraka Honpo* moisturizing skincare line and by strengthening sales promotions featuring female pop singer Ms. Rino Sashihara
- Further expand sales of the *Sana Excel* makeup line by strengthening sales promotions featuring fashion model Ms. Kana Oya
- Further expand sales of the *Sana Pore Putty* makeup line by strengthening sales promotions featuring TV personality Ms. Nana Suzuki
- Concentrate on expanding sales of the new aging care *L&W* skincare line under the *NOV* skincare line

### ● Continue to concentrate on Asian markets for overseas and OEM business sales



*Noevir BIOSIGN Medicated Blanc Beauté*



*Sana Excel* makeup line



*Sana Pore Putty* makeup line

# Major Initiatives for the 2nd Half (Pharmaceuticals & Health Food / Other)

## Pharmaceuticals & Health Food

- *Min Min Da Ha* functional drinks  
Strengthen sales promotions for this summer's sales campaign using the “*Min Min* Brothers,” the new sales promotion characters for the *Min Min Da Ha* functional drink brand
- *Nanten Nodo Ame* cough drops  
Relaunch sales from August 2016



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



*Min Min Da Ha* functional drinks

## Other

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



*Nanten Nodo Ame* cough drops





**NOEVIR HOLDINGS**

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