

Noevir Holdings Co., Ltd.

Results for the First Half of Fiscal 2017

(October 1, 2016 – March 31, 2017)

May 12, 2017

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

◆Consolidated Subsidiaries

12 subsidiaries (5 domestic / 7 international)

◆Employees

111 (Non-consolidated), 1,609 (Consolidated)

◆Number of shareholders

17,348

◆Outstanding Shares

35,451,653

◆Market Capitalization

¥166.62 billion (May 11, 2017 @ ¥ 4,700)

First Half of Fiscal 2017 Highlights

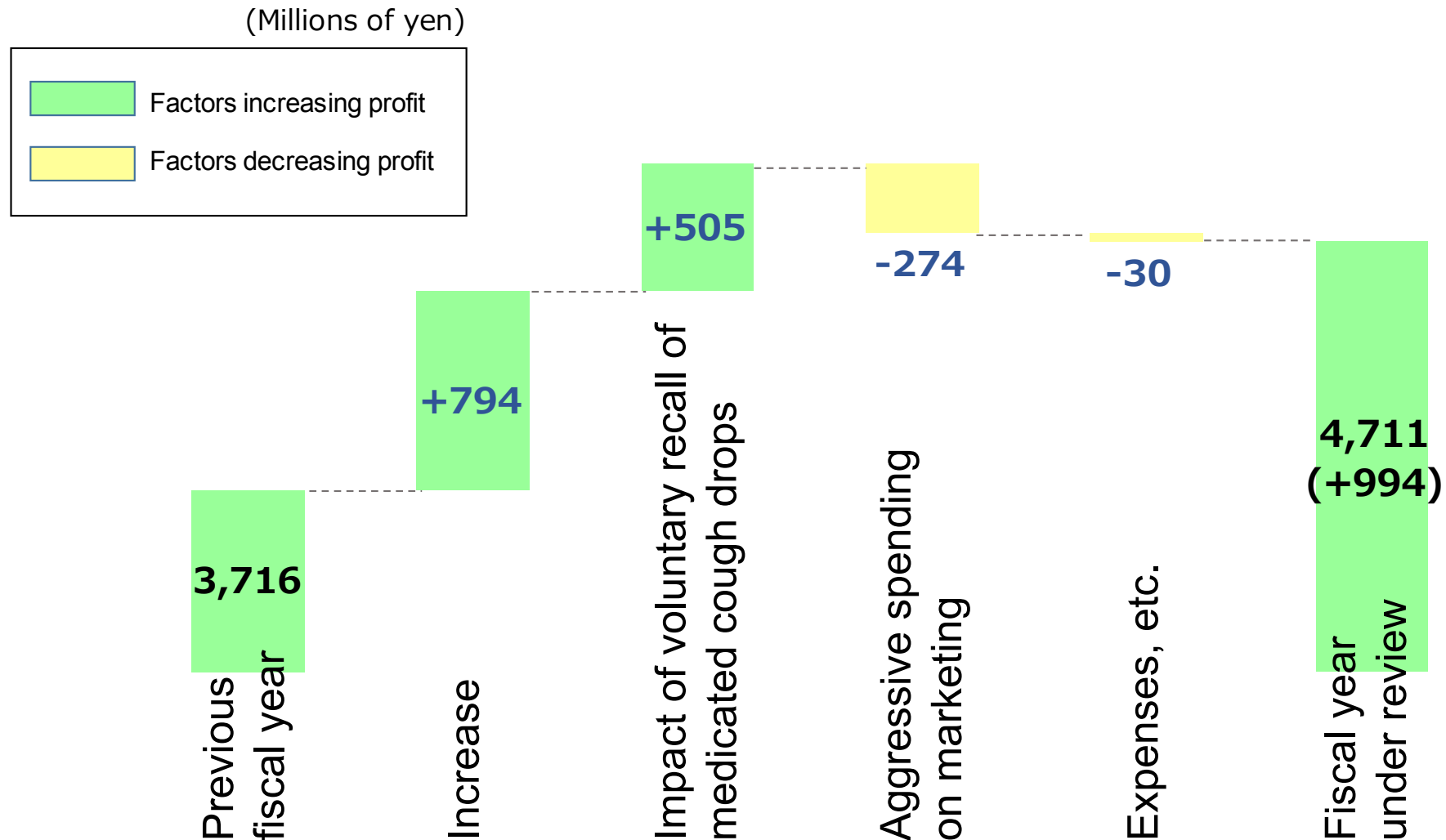
Net sales 26,715 million yen (up 7.2% Y o Y), operating income 4,711 million yen (up 26.8% Y o Y), ordinary income 4,874 million yen (up 32.7% Y o Y), net income attributable to owners of the parent 2,044 million yen (up 64.1% Y o Y)

Net sales, operating income, ordinary income, and net income all increased year on year and beat forecasts.

	1st half ended March 31, 2017		1st half ended March 31, 2016		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	%
Net sales	26,715	100.0	24,926	100.0	1,788	7.2	25,300	5.6
Cost of sales	9,298	34.8	8,711	34.9	586	6.7		
Gross profit	17,416	65.2	16,214	65.1	1,201	7.4		
SG&A	12,705	47.6	12,498	50.1	207	1.7		
Operating income	4,711	17.6	3,716	14.9	994	26.8	3,800	24.0
Non-operating income/expenses	162	0.6	(42)	-	205	-		
Ordinary Income	4,874	18.2	3,673	14.7	1,200	32.7	3,900	25.0
Extraordinary Income/loss	10	0.0	(3)	-	13	-		
Income before income taxes	4,884	18.3	3,670	14.7	1,213	33.1		
Income taxes	2,809	10.5	2,399	9.6	410	17.1		
Net income attributable to owners of the parent	2,044	7.7	1,245	5.0	798	64.1	1,300	57.2

Reasons for Change in Operating Income

Operating income increased year on year, reflecting the impact of higher sales in the Cosmetics segment and last year's recording of a loss of 505 million yen in relation to the voluntary recall of medicated cough drops



Segment-Based Highlights

	1st half ended March 31, 2017	1st half ended March 31, 2016		
	Millions of yen	Millions of yen	Year-on-year change	%
Cosmetics				
(Net sales)	19,478	18,256	1,221	6.7
(Segment income)	5,453	4,852	601	12.4
Pharmaceuticals & Health Food				
(Net sales)	6,273	5,846	427	7.3
(Segment income)	246	(121)	367	—
Other				
(Net sales)	962	823	139	16.9
(Segment income)	60	(86)	147	—
Consolidated net sales	26,715	24,926	1,788	7.2

- In the Cosmetics segment, net sales and segment income both grew year on year. Sales of face-to-face channel cosmetics increased year on year, mainly due to the new demand stimulated by placenta-enriched aging care skincare lotion and the high-end basic skincare series. Self-selection cosmetics delivered strong sales as new products and existing lines won support from a wide range of customers.
- In the Pharmaceuticals & Health Foods segment, net sales and segment income both grew year on year. Pharmaceutical sales were up from the previous fiscal year and food product sales also performed strongly. The result also reflects last year's recording of a loss in relation to the voluntary recall of medicated cough drops.
- In the Other segment, net sales increased and the segment returned to profitability.

Net sales: 19,478 million yen Previous 1st half: 18,256 million yen (+1,221 million yen, +6.7%)
Segment income: 5,453 million yen Previous 1st half: 4,852 million yen (+601 million yen, +12.4%)

Sales composition ratio
72.9%

● Face-to-face channel cosmetics

- New products and high-end basic skincare series performed strongly
- Increased quality of Noevir Beauty Studio and opening of locations

● Self-selection cosmetics

- *Nameraka Honpo* skincare line: launched new products and expanded customer base, enabling sales growth
- Sales of the *excel*, *Pore Putty* and *New Born* makeup lines grew due to new product launches and increased merchants handling products / an expanded customer base
- Renewal launch of *NOV* makeup line

● Overseas and OEM business sales

- Increase in OEM orders and increase in the number of merchants distributing products, mainly in Asian markets



Noevir PLACENTA Enrich 33



Nameraka Honpo skincare line



NOV makeup line



excel makeup line



New Born makeup line

Net sales: 6,273 million yen

Previous 1st half : 5,846 million yen (+427 million yen, +7.3%)

Segment income: 246 million yen

Previous 1st half : -121 million yen (+367 million yen)

Sales composition ratio

23.5%

● Strong sales in both pharmaceuticals and foods

- Recommended sales of medicated cough drops, with sales recovering
- Strong performance in nutritional supplements and health drinks



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: 962 million yen

Previous 1st half : 823 million yen (+139 million yen, +16.9%)

Segment income: 60 million yen

Previous 1st half : -86 million yen (+147 million yen)

Sales composition ratio

3.6%

- Lackluster sales in the apparel-related business
- Aviation-related business losses improved

(Millions of yen)

	As of Mar. 31 2016	As of Mar. 31 2017	Change
Current assets	57,457	60,285	2,827
Cash and cash equivalents	36,359	38,210 ①	1,851
Inventory assets	9,749	10,902	1,153
Non-current assets	29,472	28,948	(524)
Property, plant and equipment	24,675	23,455 ②	(1,220)
Buildings and structures, net	4,776	4,503	(273)
Equipment and vehicles, net	4,202	3,423	(779)
Land	13,832	13,446	(386)
Lease assets, net	1,608	1,494	(114)
Construction in progress	—	370	370
Intangible assets	365	298	(66)
Goodwill	117	71	(45)
Investments and other assets	4,431	5,193	762
Investment securities	1,544	1,943	399
Total assets	86,929	89,233	2,303
Current liabilities	12,767	13,424	656
Long-term liabilities	21,842	21,626	(216)
Guarantee deposits received	15,081	14,562 ③	(519)
Total liabilities	34,610	35,050	440
Shareholders' equity	51,935	53,529	1,594
Common stock	7,319	7,319	-
Retained earnings	44,616	46,210	1,594
Total net assets	52,319	54,182 ④	1,862
Total liabilities and net assets	86,929	89,233	2,303

● Balance Sheets

Current assets: 60,285 million yen
(compared to Mar. 31, 2016: +2,827 million yen)

Balance of net cash and deposits 23.6 billion yen (up 2.3 billion yen year on year) = ① Cash and cash equivalents 38.2 billion yen - ③ Guarantee deposits received 14.5 billion yen

Non-current assets: 28,948 million yen
(-524 million yen year on year)

② Property, plant and equipment: -1,220 million yen

Total liabilities and net assets: 89,233 million yen
(+2,303 million yen year on year)

④ Equity ratio: 60.5% (Mar. 31, 2016: 60.0%)

● Capital Expenditures / Depreciation

(Millions of yen)

	As of Mar. 31 2016	As of Mar. 31 2017	Change
Capital Expenditures	2,085	510	(1,575)
Depreciation	774	816	41

Medium-Term Management Plan, Main Initiatives in the Second Half of the Year, and Forecast

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

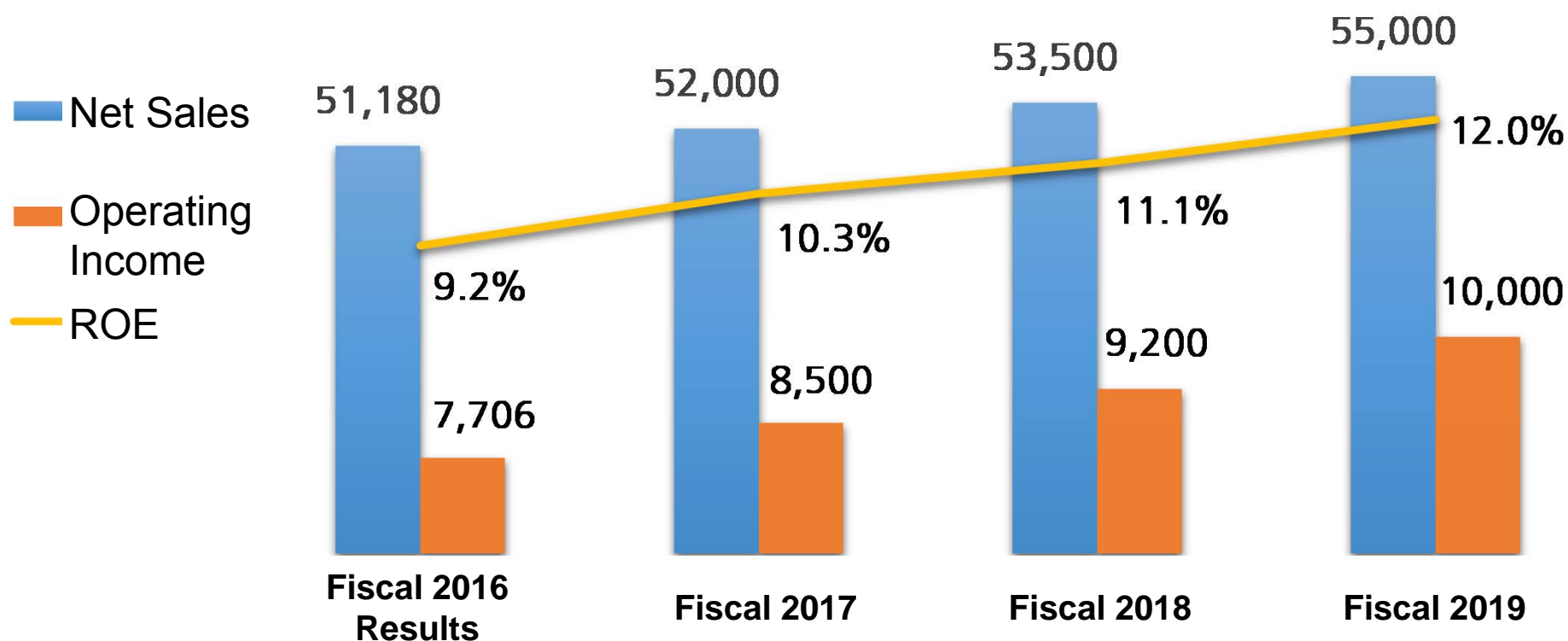
– Three-Year Plan Through Fiscal 2019 –

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%



Fiscal 2017 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 2017 1st Half Results	26,715	4,711	4,874	2,044	57.67
Fiscal 2017 2nd Half Forecasts	25,284	3,788	3,825	3,755	105.93
Fiscal 2017 Full Year Forecasts (A)	52,000	8,500	8,700	5,800	163.60

Fiscal 2016 Results (B)	51,180	7,706	7,832	5,049	142.44
Change (A-B)	819	793	867	750	21.16
Change (%)	1.6%	10.3%	11.1%	14.9%	14.9%

Note: No Revisions from the most recently announced dividend forecast

Cosmetics

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

● Face-to-face channel cosmetics

- Launch aging care skincare cream *Noevir BIOSIGN Medicated Night Smoothy* and focused on sales expansion
- Noevir Beauty Studio
Improve service quality and concentrate on sales with Noevir Beauty Studios as an important point of contact with customers



Noevir BIOSIGN Medicated Night Smoothy

● Self-selection cosmetics

- Acquire a wide customer base and aim to expand sales with the launch of new products in the *Nameraka Honpo* skincare line and *excel* makeup line
- Increase lineup in the *NOV L&W skincare* line and promote further sales expansion of the makeup series



excel makeup line



NOV L&W skincare line

● Overseas and OEM business sales

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

Major Initiatives for the 2nd Half (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



Min Min Da Ha functional drinks

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



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

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