

# Noevir Holdings Co., Ltd.

## Results for Fiscal 2018

(October 1, 2017 – September 30, 2018)

November 15, 2018

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



Cosmetics

Pharmaceuticals & Health

Other

◆Consolidated Subsidiaries

12 subsidiaries (5 domestic / 7 international)

◆Employees

1,531 (Consolidated)

◆Number of shareholders

16,551

◆Outstanding Shares

34,156,623

◆Market Capitalization

¥172.149 billion (November 14, 2018 @ ¥ 5,040)

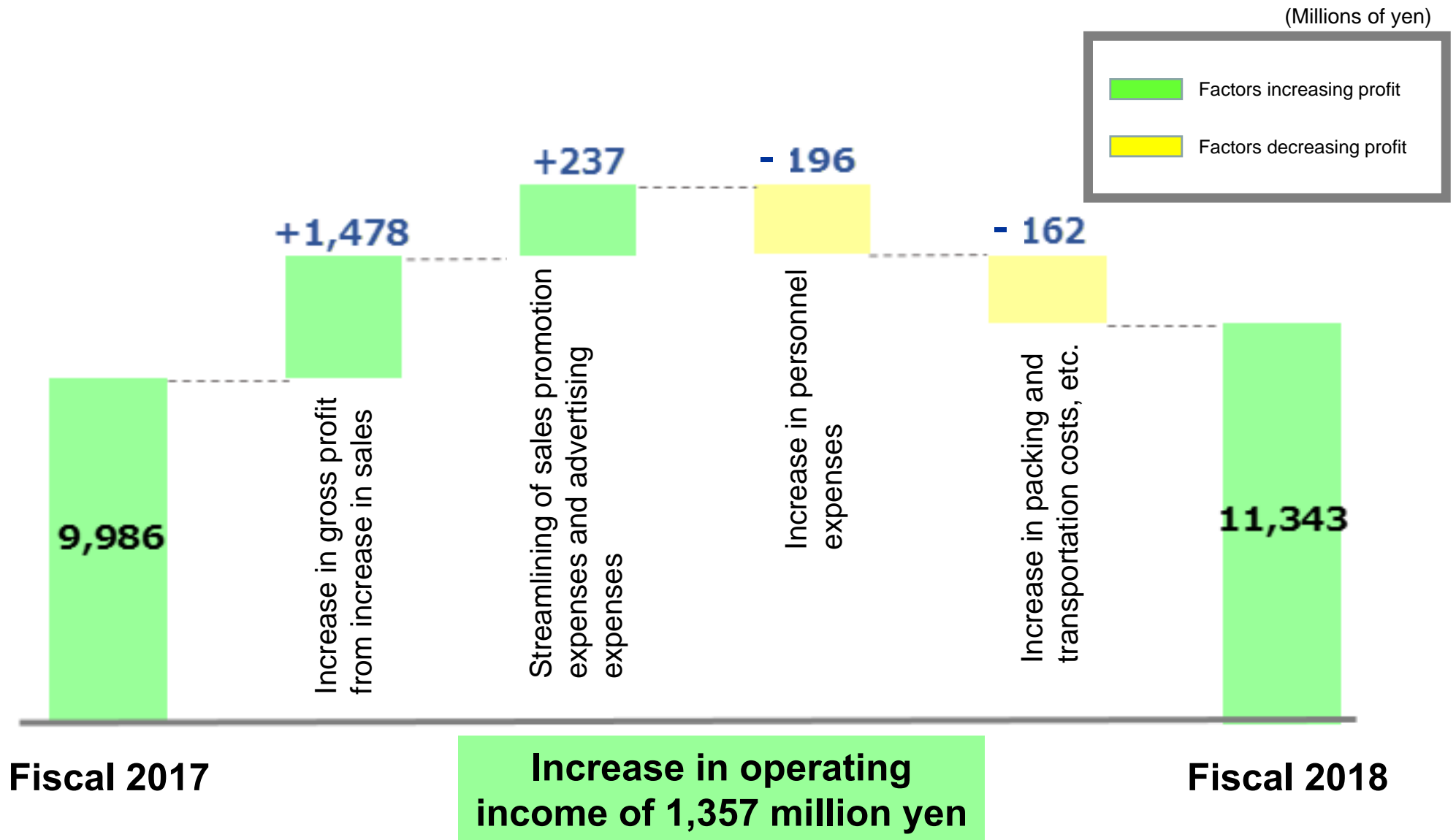
# Fiscal 2018 Highlights

Net sales 57,828 million yen (up 6.2% YoY), operating income 11,343 million yen (up 13.6% YoY), ordinary income 11,577 million yen (up 12.5% YoY), net income attributable to owners of the parent 7,842 million yen (up 10.8% YoY).

Net sales, operating income, ordinary income, and net income attributable to owners of the parent all increased year on year and surpassed forecasts to achieve record highs.

	Year ended September 30, 2018	Year ended September 30, 2017	Year-on-year change		Earnings forecast target	
	Millions of yen	Millions of yen	Millions of yen	(%)	Millions of yen	(%)
<b>Net sales</b>	<b>57,828</b>	<b>54,473</b>	<b>3,354</b>	<b>6.2</b>	<b>56,000</b>	<b>3.3</b>
Cost of sales	20,588	18,712	1,876	10.0		
<b>Gross profit</b>	<b>37,240</b>	<b>35,761</b>	<b>1,478</b>	<b>4.1</b>		
SG&A	25,896	25,775	121	0.5		
<b>Operating income</b>	<b>11,343</b>	<b>9,986</b>	<b>1,357</b>	<b>13.6</b>	<b>10,700</b>	<b>6.0</b>
Non-operating income/expenses	234	305	(71)	(23.3)		
<b>Ordinary income</b>	<b>11,577</b>	<b>10,291</b>	<b>1,286</b>	<b>12.5</b>	<b>10,900</b>	<b>6.2</b>
Extraordinary income/loss	27	(1)	29	-		
Income before income taxes	11,604	10,289	1,315	12.8		
Income taxes	3,762	3,211	550	17.1		
<b>Net income attributable to owners of the parent</b>	<b>7,842</b>	<b>7,077</b>	<b>764</b>	<b>10.8</b>	<b>7,300</b>	<b>7.4</b>
Cost ratio (%)	35.6	34.4	1.3	-	-	-
Operating income margin (%)	19.6	18.3	1.3	-	19.1	-
Ordinary income margin (%)	20.0	18.9	1.1	-	19.5	-
Net income attributable to owners of the parent margin (%)	13.6	13.0	0.6	-	13.0	-
SG&A ratio(%)	44.8	47.3	(2.5)	-	-	-
EPS	¥228.56	¥199.64				
ROE	14.1%	12.3%				

# Reasons for Change in Operating Income



# Segment-Based Highlights

	Year ended September 30, 2018	Year ended September 30, 2017		
	Millions of yen	Millions of yen	Year-on-year change	(%)
<b>Cosmetics</b>				
(Net sales)	<b>42,616</b>	<b>39,197</b>	<b>3,419</b>	<b>8.7</b>
(Segment income)	<b>12,155</b>	<b>11,002</b>	<b>1,152</b>	<b>10.5</b>
<b>Pharmaceuticals &amp; Health Food</b>				
(Net sales)	<b>13,199</b>	<b>13,488</b>	<b>(289)</b>	<b>(2.1)</b>
(Segment income)	<b>1,309</b>	<b>745</b>	<b>564</b>	<b>75.6</b>
<b>Other</b>				
(Net sales)	<b>2,013</b>	<b>1,788</b>	<b>224</b>	<b>12.6</b>
(Segment income)	<b>135</b>	<b>128</b>	<b>6</b>	<b>5.2</b>
<b>Consolidated net sales</b>	<b>57,828</b>	<b>54,473</b>	<b>3,354</b>	<b>6.2</b>

- **Cosmetics segment:** Sales and profit increased year on year  
Face-to-face channel cosmetics saw solid sales for prestige skincare lines.  
Self-selection cosmetics performed briskly.
- **Pharmaceuticals & Health Food segment:** Sales declined and profits increased year on year  
Profits increased, mainly due to efficient management of selling, general and administrative expenses.
- **Other segment:** Sales and profits increased year on year

**Net sales: 42,616 million yen**

Previous year: 39,197 million yen (+3,419 million yen, +8.7%)

**Segment income: 12,155 million yen**

Previous year 11,002 million yen (+1,152 million yen, +10.5%)

Sales composition  
ratio

**73.7%**

## ● Face-to-face channel cosmetics

- Strong sales of new serum and prestige basic skincare lines
- Increased the opening of Noevir Beauty Studio locations
- Continued strong performance of e-commerce and Noevir's own retail stores



Noevir Enrich 55



Noevir AQUATURE



excel brand lineup

## ● Self-selection cosmetics

- Sales increased due the effect of new products in the *Nameraka Honpo* skincare brand and the *excel* brand makeup line along with expansion in the number of merchants handling products and the customer base
- Sales increased due to renewal of the *Pore Putty* makeup brand
- Sales increased due to increased products in the *NOV L&W* skincare line and renewal of the *NOV AC ACTIVE* skincare line



NOV L&W skincare line

## ● Overseas and OEM business sales

- Increase in the number of merchants distributing products, mainly in Asian markets

**Net sales: 13,199 million yen**

Previous year 13,488 million yen (-289 million yen, -2.1%)

Sales composition ratio

**22.8%**

**Segment income: 1,309 million yen**

Previous year 745 million yen (+564 million yen, +75.6%)

- Profits increased significantly, despite a slight decline in sales, due to efficient management of selling, general and administrative expenses



Nanten Noda Ame cough drop brand product



Min Min Da Ha functional drink brand lineup

**Net sales: 2,013 million yen**

Previous year 1,788 million yen (+224 million yen, +12.6%)

Sales composition ratio

**3.5%**

**Segment income: 135 million yen**

Previous year 128 million yen (+6 million yen, +5.2%)

- Sales in the apparel-related business and the aviation-related business performed strongly

# Balance Sheets

(Millions of yen)

	As of Sep. 30, 2017	As of Sep. 30, 2018	Change
<b>Current assets</b>	<b>64,200</b>	<b>54,067</b>	<b>(10,132)</b>
Cash and cash equivalents	40,424	28,775 ①	(11,649)
Notes and accounts receivable	11,922	11,764	(158)
<b>Non-current assets</b>	<b>29,366</b>	<b>28,749</b>	<b>(617)</b>
Property, plant and equipment	23,384	22,849	(535)
Buildings and structures, net	4,477	4,259	(217)
Equipment and vehicles, net	3,505	2,717	(787)
Land	13,716	13,716	-
Lease assets, net	1,439	1,331	(108)
Construction in progress	54	601	546
Intangible assets	288	225	(62)
Goodwill	48	2	(45)
Investments and other assets	5,693	5,674	(19)
Investment securities	2,438	2,490	51
<b>Total assets</b>	<b>93,567</b>	<b>82,817</b>	<b>(10,750)</b>
<b>Current liabilities</b>	<b>12,687</b>	<b>9,802</b>	<b>(2,884)</b>
<b>Long-term liabilities</b>	<b>21,515</b>	<b>21,016</b>	<b>(498)</b>
Guarantee deposits received	14,323	13,875 ②	(447)
<b>Total liabilities</b>	<b>34,202</b>	<b>30,818</b>	<b>(3,383)</b>
Shareholders' equity	58,562	51,115	(7,447)
Common stock	7,319	7,319	-
Retained earnings	51,243	43,796 ③	(7,446)
<b>Total net assets</b>	<b>59,365</b>	<b>51,998</b>	<b>(7,366)</b>
<b>Total liabilities and net assets</b>	<b>93,567</b>	<b>82,817</b>	<b>(10,750)</b>

## Balance Sheets

**Current assets: 54,067 million yen**  
(compared to Sept. 30, 2017: - 10,132 million yen)

Balance of net cash and deposits: 14.9 billion yen (down: 11.2 billion yen year on year) = ① Cash and cash equivalents: 28.7 billion yen – ② Guarantee deposits received: 13.8 billion yen

**Total assets / Total liabilities and net assets:**  
**82,817 million yen** (-10,750 million yen year on year)

Causes of YoY change in ① and ③  
Acquisition and cancelation of treasury stock:  
9,971 million yen  
Increase in dividend: 1,063 million yen

## Capital Expenditures / Depreciation

(Millions of yen)

	Year ended Sep. 30, 2017	Year ended Sep. 30, 2018	Change
<b>Capital Expenditures</b>	1,497	1,375	(121)
<b>Depreciation</b>	1,845	1,850	4



# **Medium-Term Management Plan, Main Forward-Looking Initiatives and Forecasts**

# Medium-Term Management Plan and Forecast

## – Three-Year Plan Through Fiscal 2021 –

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**

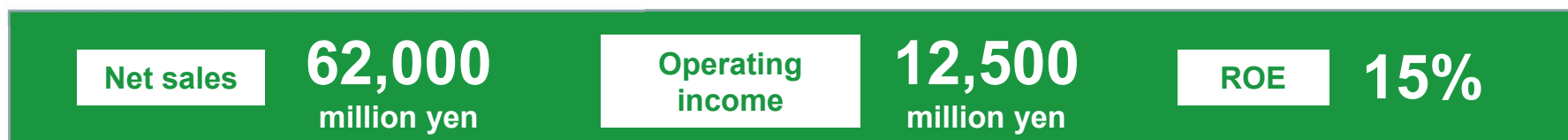


### Five policies

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



### Management Targets for Fiscal 2021



	Fiscal 2018 Results	Fiscal 2019	Fiscal 2020	(Millions of yen) Fiscal 2021
Net sales	57,828	59,500	61,000	62,000
Operating income	11,343	11,700	12,000	12,500
ROE	14.1%	15%	15%	15%

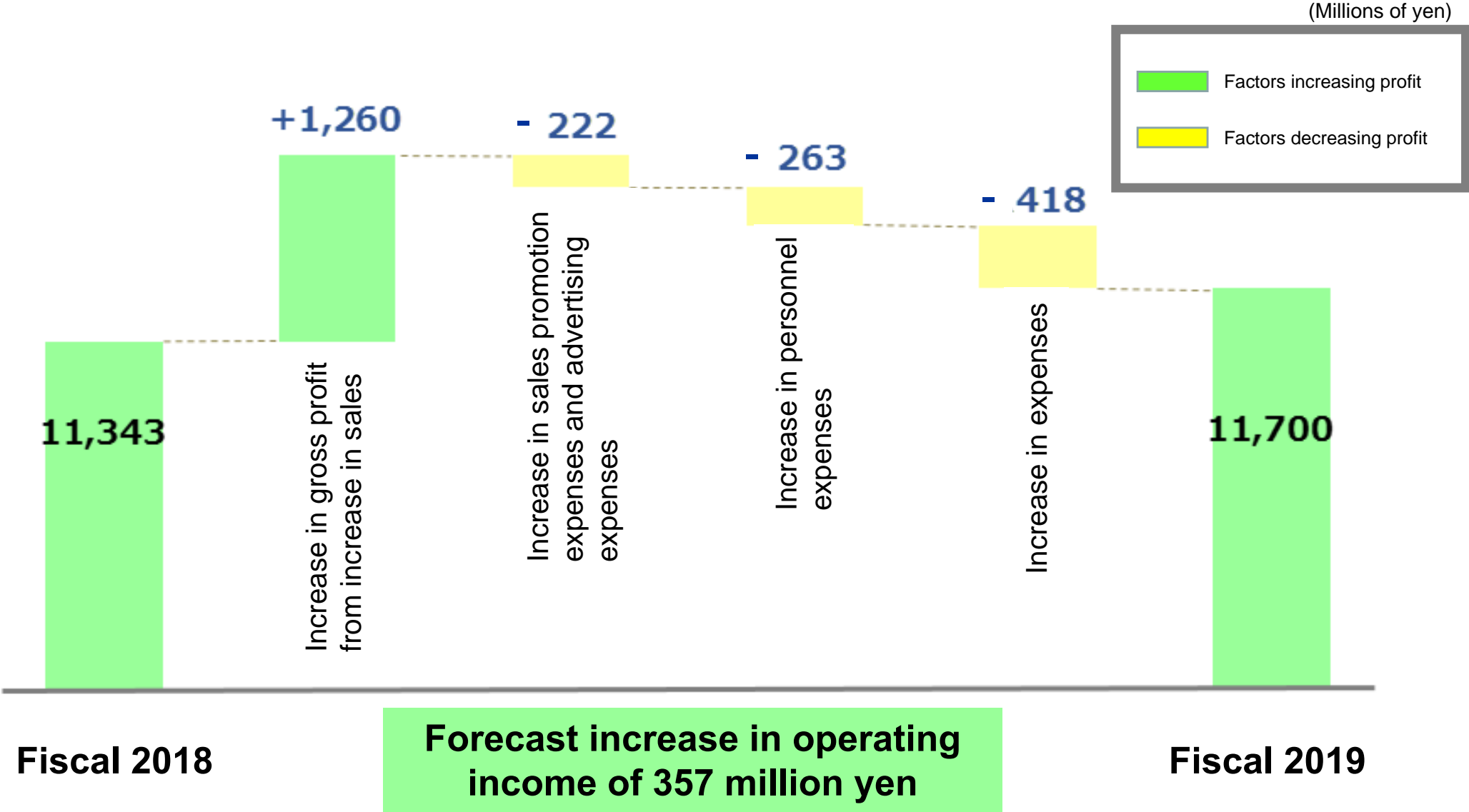
# Fiscal 2019 Forecasts

	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
Full Year Forecasts	59,500	11,700	11,900	8,000	234.22
Fiscal 2018 Results	57,828	11,343	11,577	7,842	228.56
Change	2.9%	3.1%	2.8%	2.0%	—

1st Half Forecast	29,700	5,900	6,000	2,500	73.19
Fiscal 2018 1st Half Results	28,433	5,851	5,919	2,309	67.00
Change	4.5%	0.8%	1.4%	8.2%	—

2nd Half Forecast	29,800	5,800	5,900	5,500	161.03
Fiscal 2018 2nd Half Results	29,395	5,492	5,658	5,533	161.56
Change	1.4%	5.6%	4.3%	(0.6)%	—

# Fiscal 2019 Reasons for Change in Operating Income



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

## ● Face-to-face channel cosmetics

- Launch *Noevir Enrich 77* anti-aging skincare serum, 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
- Continue to concentrate on e-commerce and Noevir's own retail stores



*Noevir Enrich 77*

## ● Self-selection cosmetics

- Acquire a wide customer base and aim to expand sales with the launch of new products in the *Nameraka Honpo* skincare brand, *excel* brand makeup line, and *Pore Putty* makeup brand
- Focus on sales expansion mainstay *NOV III* and *L&W* skincare lines



*excel* brand product



*Pore Putty* makeup brand product

## ● Overseas and OEM business sales

Increase in the number of merchants distributing products, mainly in Asian markets



*NOV L&W* skincare line

## Launch distinctive new products centered on drinks and increase profitability by strengthening cost control

- *Min Min Da Ha* functional drink brand  
Rebuild to further strengthen the brand
- *Nanten Nodo Ame* cough drop brand  
Aim to expand sales for the 50th anniversary by capturing new customers through launch of special products and new products, etc.
- Strengthen orders for private brands and OEM



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



*Min Min Da Ha* functional drink brand lineup

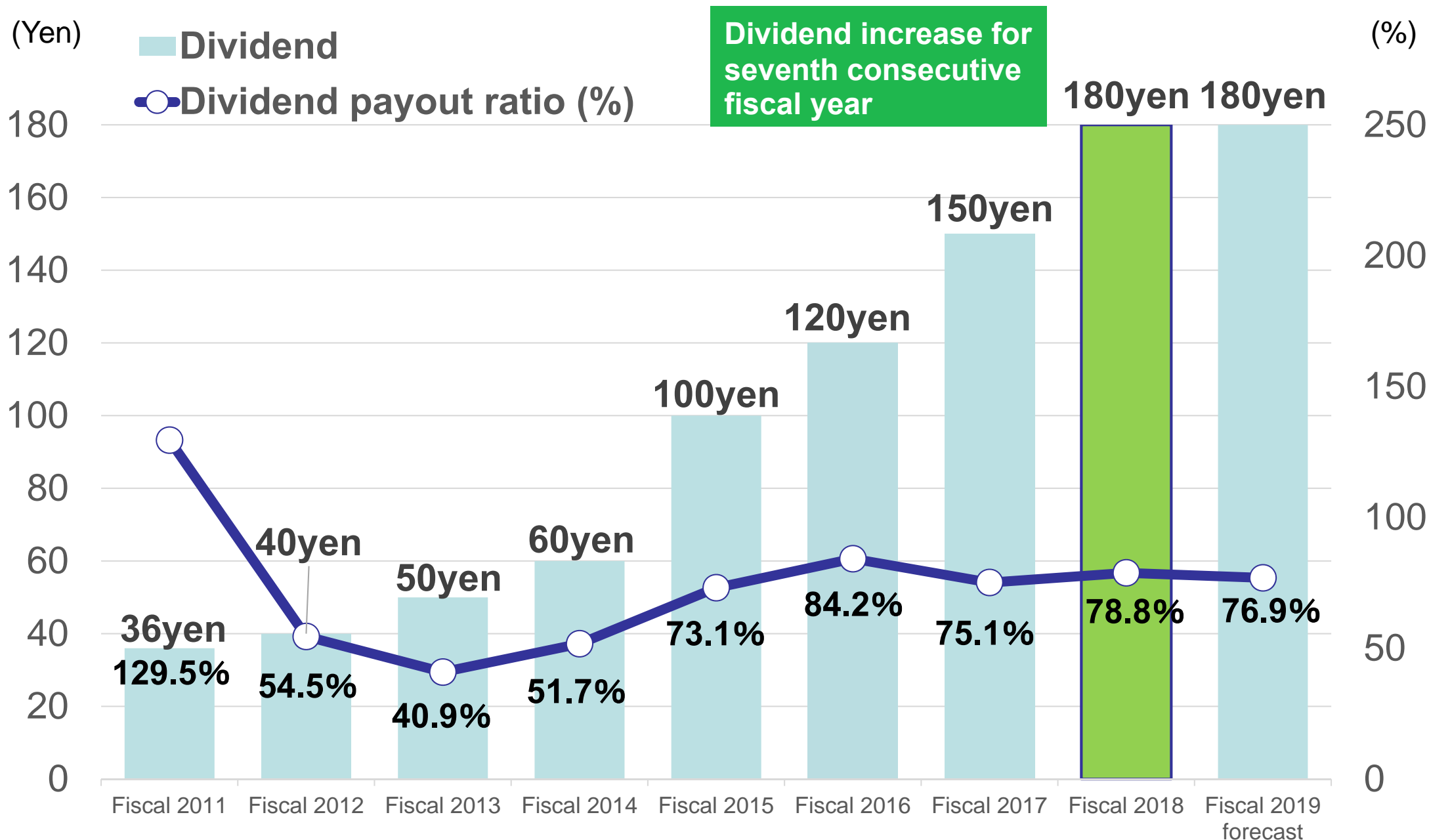
## Improve profitability

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



*Nanten Nodo Ame* cough drop brand lineup

# Dividend and Dividend Payout Ratio





[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: <https://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.