

Noevir Holdings Co., Ltd.

Results for the First Half of Fiscal 2019

(October 1, 2018 – March 31, 2019)

May 10, 2019
Noevir Holdings Co., Ltd.
Ikkou Yoshida, Director,
Management Strategy and Public & Investor Relations

Company Overview

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

12 subsidiaries (5 domestic / 7 international)

◆Employees

1,531 (Consolidated)

◆Number of shareholders

16,738

◆Outstanding Shares

34,156,623

◆Market Capitalization

¥200.157 billion (May 9, 2019 @ ¥ 5,860)

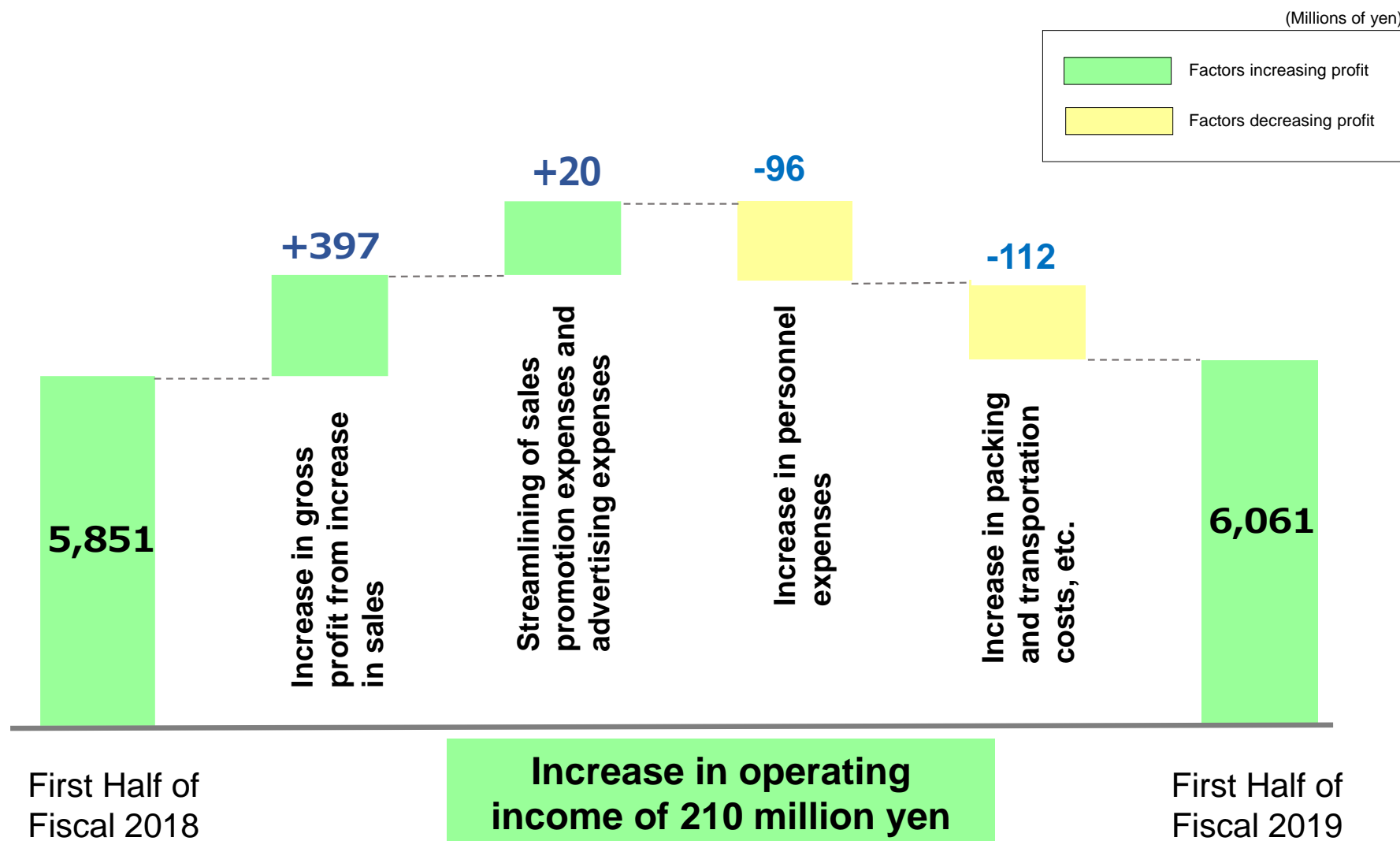
First Half of Fiscal 2019 Highlights

Net sales 29,483 million yen (up 3.7% YoY), operating income 6,061 million yen (up 3.6% YoY), ordinary income 6,169 million yen (up 4.2% YoY), net income attributable to owners of the parent 2,821 million yen (up 22.1% 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.

	1st half ended March 31, 2019	1st half ended March 31, 2018	Year-on-year change		Earnings forecast target	
	Millions of yen	Millions of yen	Millions of yen	%	Millions of yen	%
Net sales	29,483	28,433	1,050	3.7	29,700	(0.7)
Cost of sales	10,596	9,944	652	6.6		
Gross profit	18,887	18,489	397	2.2		
SG&A	12,825	12,638	187	1.5		
Operating income	6,061	5,851	210	3.6	5,900	2.7
Non-operating income/expenses	108	68	39	58.5		
Ordinary Income	6,169	5,919	250	4.2	6,000	2.8
Extraordinary Income/loss	1	(7)	8	-		
Income before income taxes	6,170	5,912	258	4.4		
Income taxes	3,349	3,602	(252)	(7.6)		
Net income attributable to owners of the parent	2,821	2,309	511	22.1	2,500	12.8
Cost ratio (%)	35.9	35.0	1.0	-	-	-
Operating income margin (%)	20.6	20.6	(0.0)	-	19.9	-
Ordinary income margin (%)	20.9	20.8	0.1	-	20.2	-
Net income attributable to owners of the parent margin (%)	9.6	8.1	1.4	-	8.4	-
SG&A ratio (%)	43.5	44.4	(0.9)	-	-	-

Reasons for Change in Operating Income



Segment-Based Highlights

	1st half ended March 31, 2019 Millions of yen	1st half ended March 31, 2018		
		Millions of yen	Year-on-year change	%
Cosmetics				
(Net sales)	22,438	21,277	1,160	5.5
(Segment income)	6,614	6,369	245	3.9
Pharmaceuticals & Health Food				
(Net sales)	5,926	6,202	(275)	(4.4)
(Segment income)	676	549	126	23.0
Other				
(Net sales)	1,118	954	164	17.3
(Segment income)	46	44	1	4.3
Consolidated net sales	29,483	28,433	1,050	3.7

- Cosmetics segment: Sales and profits increased year on year
Face-to-face channel cosmetics saw steady sales for prestige 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: 22,438 million yen Previous year: 21,277 million yen (+1,160 million yen, +5.5%)
Segment income: 6,614 million yen Previous year: 6,369 million yen (+245 million yen, +3.9%)

Sales composition
ratio
76.1%

● Face-to-face channel cosmetics

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



Noevir Enrich 77

● Self-selection cosmetics

- Sales increased due the effect of new products in the *excel/* brand makeup line along with expansion in the number of merchants handling products and the customer base
- Sales decreased in the *Nameraka Honpo* skincare brand due to factors including the effects of the enactment of China's e-commerce law
- Sales increased for the *New Born* and the *Pore Putty* makeup brand
- Increase in the number of merchants distributing the *NOV* brand, with the *NOV III* skincare line selling briskly



excel/ brand lineup



NOV III skincare product

● Overseas and OEM business sales

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

Net sales: 5,926 million yen

Previous year: 6,202 million yen (-275 million yen, -4.4%)

Segment income: 676 million yen

Previous year: 549 million yen (+126 million yen, +23.0%)

 Sales composition
ratio

20.1%

- Sales decreased due to sluggish sales of national brand drinks in spite of steady sales of private brand drinks and the *Nanten Nodo Ame* cough drop brand
- Profits increased mainly because of efficient management of selling, general and administrative (SG&A) expenses



Nanten Nodo Ame cough drop brand product



Min Min Da Ha functional drink brand lineup

Net sales: 1,118 million yen

Previous year: 954 million yen (+164 million yen, +17.3%)

Segment income: 46 million yen

Previous year: 44 million yen (+1 million yen, +4.3%)

 Sales composition
ratio

3.8%

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

Balance Sheets

(Millions of yen)

	As of Mar. 31, 2018	As of Mar. 31, 2019	Change
Current assets	49,070	49,650	580
Cash and cash equivalents	25,732	26,575 ①	843
Notes and accounts receivable	11,602	11,651	49
Non-current assets	29,360	29,871	510
Property, plant and equipment	23,316	23,236	(79)
Buildings and structures, net	4,324	4,202	(121)
Equipment and vehicles, net	3,170	2,693	(477)
Land	13,716	13,713	(2)
Lease assets, net	1,385	1,281	(103)
Construction in progress	509	1,142	632
Intangible assets	238	209	(29)
Goodwill	25	1	(24)
Investments and other assets	5,805	6,425	619
Investment securities	2,610	2,458	(152)
Total assets	78,431	79,522	1,090
Current liabilities	10,649	10,179	(470)
Long-term liabilities	21,314	20,676	(637)
Guarantee deposits received	14,091	13,628 ②	(463)
Total liabilities	31,964	30,855	(1,108)
Shareholders' equity	45,582	47,788	2,205
Common stock	7,319	7,319	-
Retained earnings	38,263	40,469 ③	2,205
Total net assets	46,466	48,666	2,199
Total liabilities and net assets	78,431	79,522	1,090

● Balance Sheets

Current assets: 49,650 million yen

(compared to Mar. 31, 2018: -580 million yen)

Balance of net cash and deposits: 12.9 billion yen (up: 1.3 billion yen year on year) = ① Cash and cash equivalents: 26.5 billion yen - ② Guarantee deposits received: 13.6 billion yen

Total assets / Total liabilities and net assets:

79,522 million yen (+1,090 million yen year on year)

① Cash and cash equivalents and ③ Retained earnings increased year on year to due an increase in income

● Capital Expenditures / Depreciation

(Millions of yen)


	1st half ended Mar. 31, 2018	1st half ended Mar. 31, 2019	Change
Capital Expenditures	844	1,218	373
Depreciation	894	840	(53)

**Medium-Term Management Plan,
Main Initiatives in the Second-Half of the Year,
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.



Medium-Term Management Plan 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

Net sales	62,000 million yen	Operating income	12,500 million yen	ROE	15%
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(Millions of yen)

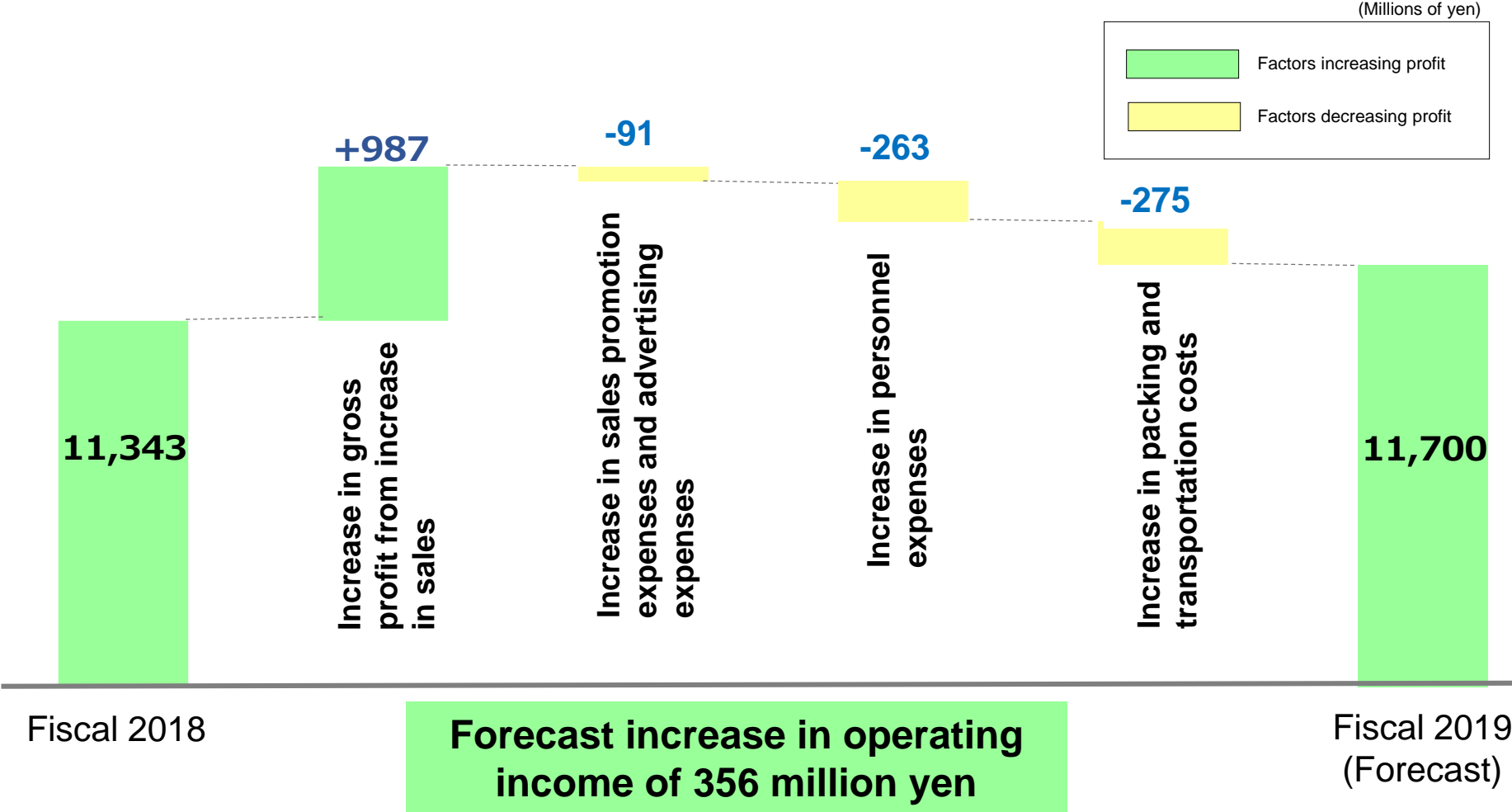
	Fiscal 2018 Results	Fiscal 2019	Fiscal 2020	Fiscal 2021
Net sales	57,828	59,500	61,000	62,000
Operating income	11,343	11,700	12,000	12,500
ROE	14.1%	15%	15%	15%

Fiscal 2019 Forecasts

	Net Sales (Millions of yen)	Operating Income (Millions of yen)	Ordinary Income (Millions of yen)	Net Income Attributable to Owners of the Parent (Millions of yen)	EPS (Yen)
1st Half Results	29,483	6,061	6,169	2,821	82.59
2nd Half Forecast	30,016	5,638	5,730	5,178	151.62
Full Year Forecasts (A)	59,500	11,700	11,900	8,000	234.22
Fiscal 2018 Results (B)	57,828	11,343	11,577	7,842	228.56
Change (A-B)	1,671	356	322	157	5.66
Change	2.9%	3.1%	2.8%	2.0%	2.5%

Fiscal 2019 Reasons for Change in Operating Income Forecast

Operating income will increase YoY due to the effect of increased sales in Cosmetics Segment



Launch new products that encapsulate customer needs in the face-to-face channel and self-selection cosmetics, increase profitability as a core business

● Face-to-face channel cosmetics

- Launch new products such as *Noevir MOISTURE LIFT*, etc., and concentrate on expanding sale
- Noevir Beauty Studio
Improve service quality and concentrate on sales with Noevir Beauty Studio as an important point of contact with customers
- Promote Noevir support
- Strengthen customer acquisition at Noevir's own retail stores



Noevir MOISTURE LIFT



excel brand lineup

● 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, *New Born*, and *Pore Putty* makeup brand
- Focus on sales expansion of *NOV* mainstay *///* and *L&W* skincare lines

● Overseas and OEM business sales

- Aim to continue increasing the number of merchants handling products, mainly in Asian markets



Pore Putty makeup
brand product



NOV L&W DAY ESSENCE UV

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

- *Min Min Da Ha* functional drink brand
Launch advance sales of *Min Min Tansan STRONG SQUASH* functional drink in the Kanto area
- *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



Min Min Da Ha functional drink brand lineup

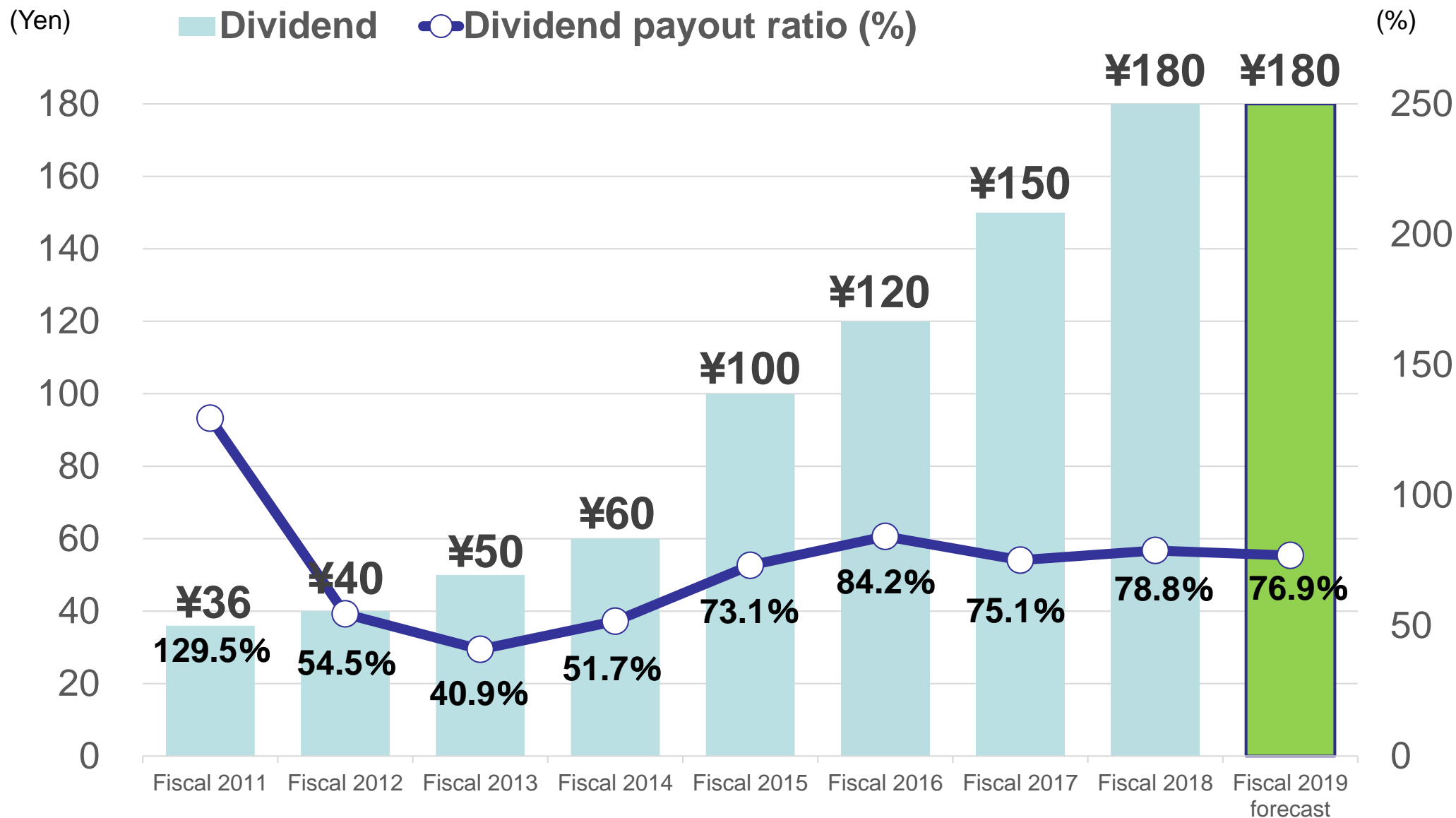


Nanten Nodo Ame cough drop brand lineup

Improve profitability

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

Dividend and Dividend Payout Ratio





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