Conference Presentation for
Financial Results of Fiscal 2013 and
2014 – 2016 Medium-term Management Plan

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POLA ORBIS HOLDINGS INC.

This report contains projections of performance and other projections based on information currently available and certain assumptions judged to be reasonable. Actual performance may differ materially from these projections resulting from changes in the economic environment and other risks and uncertainties.

Part I Fiscal 2013 Consolidated Performance

Part II 2014 - 2016 Medium-term Management Plan

Part I Fiscal 2013 Consolidated Performance

1. Highlights of Consolidated Performance
2. Segment Analysis
3. Forecasts for Fiscal 2014

Overview of Fiscal 2013

Consolidated net income was higher than expected as a result of favorable foreign exchange rates. Operating income was in line with expectation, led by flagship brands.

Consolidated Performance	Net sales ¥191,355 mil. (+5.8% YoY) Operating income ¥16,017 mil. (+18.5%)
POLA	Net sales ¥100,740 mil. (+1.5% YoY) Operating income ¥7,951 mil. (+13.1%) • Successful new customer acquisitions led by active sales organization. • Steady growth of POLA THE BEAUTY (PB) stores led the brand performance.
ORBIS	Net sales ¥48,163 mil. (+0.3% YoY) Operating income ¥8,807 mil. (+11.7%) • Brand re-building process including increasing purchase per customer and streamlining SG&A expenses, progressed more than expected.
Overseas brands Jurlique h2O+	Net sales ¥20,298 mil. (+56.0% YoY) Operating loss ¥895 mil. (-1,002 mil. YoY) • Sales was in line with expectation on local currency basis. Sales in Japanese yen was higher than expectation as a result of favorable foreign exchange rates. • Operating income was lower than expectation due to increased SG&A expenses in China and unfavorable exchange rates.

Extraordinary Loss on H2O PLUS

July 2011 (Acquisition completed)	Aim: • Strengthen the brand portfolio by adding a brand with clear concept • Establish a business platform in Asia • Earn know-how to utilize local agents in overseas markets	

Past 2 years:

FY2012	• Changed the local agent in China in order to cultivate the brand	• Stalled shipments at the new agent, caused by the liquidation process of old inventories at the former agent (Decrease in sales and operating income)
FY2013	• Launched re-branded products in China • Competition intensified in the market	• Increased expenses due to renewal of equipments and products • Increased marketing and operation expenses
	• Established JV with the new agent	• Enabled better understanding of retail information and brand management
FY2013 2H	• Developed the new mid-term management plan	• Revised the initial plan at the time of acquisition considering recent market trends and business environment
FY2014	• Ran impairment test based on the new business plan and future CF	• Recorded impairment loss in FY2013 Q4

Impact to the consolidated performance:

◆ FY2013: Recorded extraordinary loss of ¥2,862 mil. for impairment loss on intangible assets (goodwill and right of trademark)
Annual goodwill amortization expense was ¥230 mil.

◆ FY2014 and onward: Annual goodwill amortization expense is approx. ¥90 mil. (for 17.5 years)
Note: right of trademark is not amortized.

— Please refer to page 32 for the future initiatives —

Analysis of Consolidated P&L Changes
Net Sales to Operating Income

(Millions of yen)	FY2012 Results	FY2013 Results	YoY Amount	YoY %	Compared with forecasts Amount	Compared with forecasts %
Net sales	180,873	191,355	10,482	5.8%	2,855	1.5%
Cost of sales	36,946	38,655	1,709	4.6%	201	0.5%
Gross margin	143,927	152,700	8,772	6.1%	2,654	1.8%
SG&A expense	130,407	136,682	6,274	4.8%	2,636	2.0%
Operating income	13,520	16,017	2,497	18.5%	17	0.1%

Average exchange rates: AUD1.00 = ¥94.39 USD 1.00 = ¥97.64 CNY1.00 = ¥15.90

Consolidated net sales

- Overseas sales increased substantially with sales growth of overseas brands and favorable foreign exchange rates. (Overseas sales ratio: 12.2%)

Cost of sales

- Cost of sales ratio FY2012 Q4: 20.43% ⇒ FY2013 Q4: 20.20%
  Elimination of one-time expenses paralleling acquisition of Jurlique and lower cost of sales at flagship brands realized 0.23pt improvement.
  (FY2012: Recorded ¥734 mil. in inventory valuation differences accompanying acquisition of Jurlique)

SG&A

Key factor: Increased SG&A expenses due to the expansions of overseas brands.

- Personnel Expense: +¥2,030 mil.
- Sales related expense: +¥1,313 mil.
- Sales commissions: +¥962 mil.
- Administrative expense: +¥1,968 mil.

Operating income

- Operating income significantly increased along with improved profitability of domestic brands and overseas brands.

Analysis of Consolidated P&L Changes
Operating Income to Net Income

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(Millions of yen)	FY2012 Results	FY2013 Results	YoY Amount	YoY %	Compared with forecast Amount	Compared with forecast %
Operating income	13,520	16,017	2,497	18.5%	17	0.1%
Non-operating income	1,243	1,972	729	58.7%	1,472	294.6%
Non-operating expense	158	154	-4	-2.6%	-45	-22.6%
Ordinary income	14,604	17,836	3,231	22.1%	1,536	9.4%
Extra-ordinary income	136	913	777	571.3%	913	–
Extra-ordinary loss	429	5,455	5,026	1,170.9%	4,955	991.1%
Income before income taxes	14,311	13,293	-1,017	-7.1%	-2,506	-15.9%
Income taxes	7,646	6,037	-1,608	-21.0%	-1,562	-20.6%
Minority interest	-16	-62	-46	289.0%	-62	–
Net income	6,681	7,318	637	9.5%	-881	-10.7%

Non-operating income and expense	• Increased gain from favorable foreign exchange +¥738 mil. (FY2012: ¥544 mil. ⇒ FY2013: ¥1,282 mil.)
Extra-ordinary income and loss	• Extraordinary income: Gain on sales of property and investment securities ¥909 mil. • Extraordinary loss: Loss related to the plant integration ¥931 mil. Loss on business liquidation following POLA USA pullout ¥1,030 mil. Impairment loss on intangible assets at H2O PLUS ¥2,862 mil.
Income taxes	･Decrease in tax expense following POLA USA pullout -¥1,148 mil. YoY ･Decrease in tax expense following the plant integration -¥375 mil. YoY

Factors Impacting Net Income

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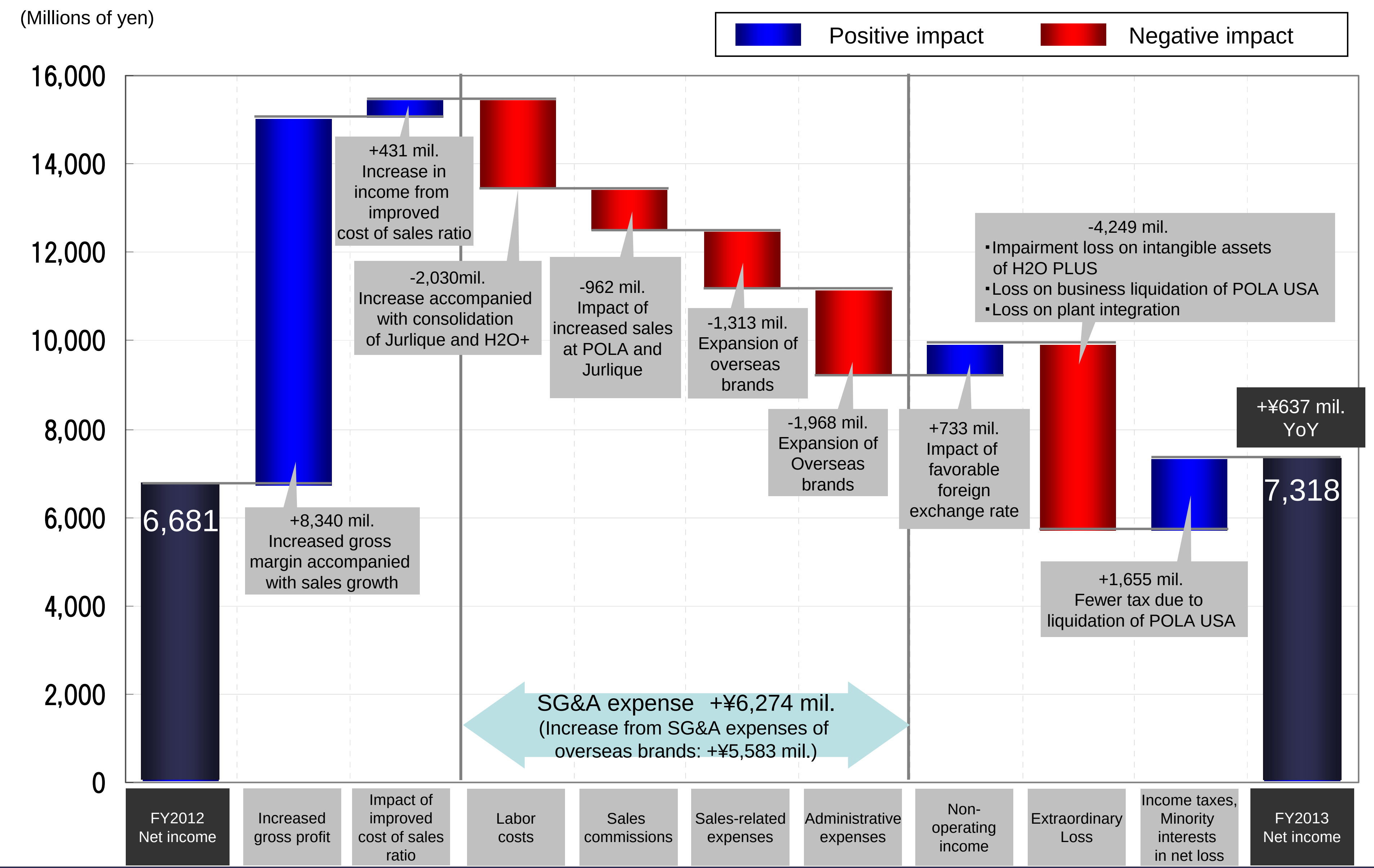

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Part I Fiscal 2013 Consolidated Performance

1. Highlights of Consolidated Performance
2. Segment Analysis
3. Forecasts for Fiscal 2014

Operating Results by Segment

(Millions of yen)	FY2012 Results	FY2013 Results	YoY Amount	YoY %	Compared with forecasts Amount	Compared with forecasts %
Consolidated net sales	180,873	191,355	10,482	5.8%	2,855	1.5%
Beauty care	168,811	178,306	9,494	5.6%	2,506	1.4%
Real estate	2,841	3,035	194	6.8%	35	1.2%
Others	9,220	10,013	793	8.6%	313	3.2%
Operating income	13,520	16,017	2,497	18.5%	17	0.1%
Beauty care	11,812	14,780	2,967	25.1%	-219	-1.5%
Real estate	1,139	1,258	119	10.5%	58	4.9%
Others	335	410	75	22.4%	110	36.8%
Reconciliations	232	-431	-664	–	68	–

Beauty Care	• Sales exceeded the previous year and the forecast due to the growth of overseas brands and favorable foreign exchange rates. • Operating income was substantially increased by improved profitability of flagship brands and overseas brands.
Real Estate	• Increased sales and operating income with improved occupancy rate.
Others	• Pharmaceutical business steadily increased the market share and exceeded the previous year.

Beauty Care Segment Operating Results by Brand

(Millions of yen)	FY2012 Results	FY2013 Results	YoY Amount	YoY %
Net sales	168,811	178,306	9,494	5.6%
POLA	99,204	100,740	1,536	1.5%
ORBIS	48,009	48,163	153	0.3%
Brands under development	8,587	9,104	516	6.0%
Overseas brands (Jurlique･H2O+)	13,011	20,298	7,287	56.0%
Operating income	11,812	14,780	2,967	25.1%
POLA	7,031	7,951	919	13.1%
ORBIS	7,881	8,807	925	11.7%
Brands under development	-1,202	-1,082	120	–
Overseas brands (Jurlique･H2O+)	-1,897	-895	1,002	–

- POLA: Successful new customer acquisition led by active sales organization. Operating income increased substantially from streamlining of expenses.
- ORBIS: Operating income significantly increased with lowered cost of sales and reinforced online sales through successful brand re-building.
- Brands under development: Improvement of operating loss was limited as FutureLabo struggled.
- Overseas brands : Sales of both Jurlique and H2O PLUS were in line with expectations on local currency basis. Operating income was lower than expected due to increased labor and marketing expenses in China.

Local Currency Basis

Approx. +35% YoY
Jurlique FY'12 Feb-Dec
H2O+ FY'12 Jan-Dec

Approx. +25% YoY
Jurlique FY'12 Jan-Dec
H2O+ FY'12 Jan-Dec

Note: Consolidate operating income and losses are shown for each brand for reference purpose only (figures are unaudited).

Part I Fiscal 2013 Consolidated Performance

Forecasts for Fiscal 2014

Aim for over 10% increase of operating income by sales and profit growth of overseas brands.

(Millions of yen)	FY2014 Full Year	YoY Amount	YoY %	FY2014 1H	YoY Amount	YoY %
Consol. net sales	198,000	6,644	3.5%	94,600	3,184	3.5%
Beauty care	184,700	6,393	3.6%	88,300	2,963	3.5%
Real estate	3,100	64	2.1%	1,500	6	0.4%
Others	10,200	186	1.9%	4,800	213	4.7%
Operating income	17,650	1,632	10.2%	6,900	594	9.4%
Beauty care	16,450	1,669	11.3%	6,400	696	12.2%
Real estate	1,250	-8	-0.7%	600	-45	-7.0%
Others	350	-60	-14.7%	100	1	1.6%
Reconciliations	-400	31	–	-200	-57	–
Ordinary income	17,900	63	0.4%	7,100	-235	-3.2%
Net income	8,800	1,481	20.2%	3,450	47	1.4%

Assumed exchange rates: AUD1.00 = ¥92 USD1.00 = ¥105 CNY1.00 = ¥17

Part II 2014 - 2016 Medium-term Management Plan

1. Overview of the Previous Medium-term Management Plan
2. Cosmetic Market Trends
3. 2014 – 2016 Medium-term Management Plan
4. Supplement to the Key Strategies

Previous Medium-term Management Plan

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Generate stable profits with flagship brands and invest funds to implement growth strategy

- Consolidated net sales ⇒ CAGR* of 2–3%
- Operating income ⇒ CAGR of 10% or higher
- Operating margin ⇒ 9% (10% in Japan) in 2013

* Compound annual growth rate

Strategy 1—Generate stable profits with flagship brands

POLA
- Increase profits from POLA THE BEAUTY
- Increase market share in luxury skincare cosmetics

ORBIS
- Implement measures to rebuild the ORBIS brand

Generate stable profits

Strategy 2—Accelerate growth of the portfolio of brands under development

pdc · FUTURE LABO · ORLANE PARIS · decencia · THREE

Strategy 3—Develop the Group's presence overseas by capitalizing on the Group's strengths

POLA
- Develop door-to-door sales channels in China
- Consulting-based sales in Russia and neighboring countries

ORBIS
- Mail-order sales business in China

Jurlique
- Accelerate growth and improve profitability in Asia

h2O+
- Swiftly achieve synergistic effects

Strategy 4—Reinforce R&D capabilities

- Reinforce skincare ingredient development capabilities

Strategy 5—Reinforce the operating base

1. Enhance brand recognition (unaided recall)	2. Concentration on core competence	3. Business process management	4. Step up personnel training

Review of the Previous Medium-term Management Plan

Management indicators:

	Goal	Result	Evaluation
Consolidated net sales	CAGR* 2 – 3%	CAGR 5.0%	Excelled
Operating income	CAGR 10%	CAGR 9.3%	Fell short
Operating margin	9% (10% for domestic business)	8.4% (11.4% for domestic business)	Fell short

*Compound Annual Growth Rate

Growth strategies:

	Strategies	Evaluation
1	Generate stable profits with flagship brands	Excelled
2	Accelerate growth of the portfolio of brands under development	Fell short
3	Develop the Group's presence overseas by capitalizing on the Group's strengths	Failed
4	Reinforce R&D capabilities	Achieved
5	Reinforce the operating base	Achieved

Domestic profit structure was significantly improved, mainly with POLA and ORBIS.
Due to M&As, overseas sales ratio increased substantially and exceeded 10%.
However, overseas business fell short on profit side.

Beauty care: Overview of each brand (1)

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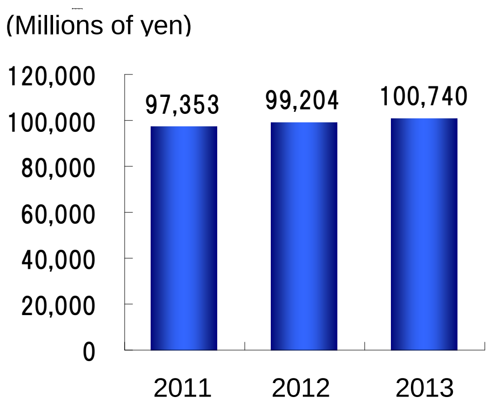
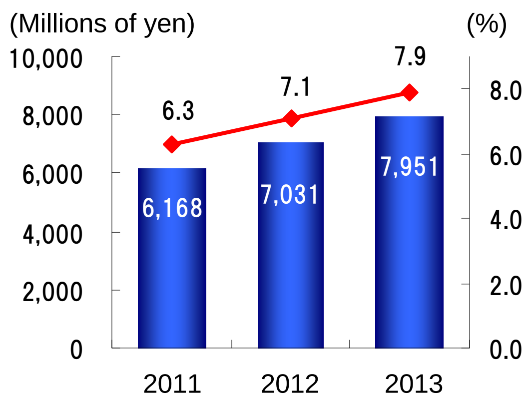
POLA

Achieved stable sales growth and over 10% CAGR of operating income

Sales



OP income and margin



Accomplishment

- Number of PB stores reached to 600 Sustained like for like sales growth over +6% YoY
- Annual sales of B.A series reached to approx. ¥30 bil.

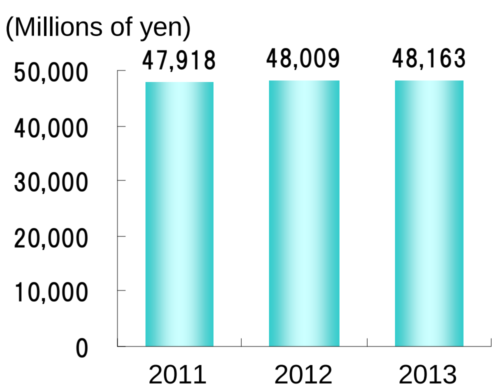
Next Challenges

- Concentrate resources to the growing business such as PB
- Establish a successful business model in overseas markets

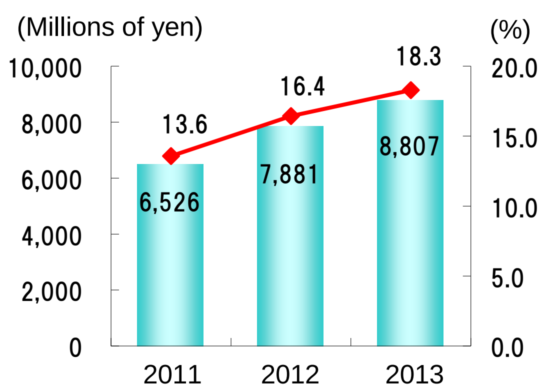
ORBIS

Operating margin was up 5.8pt since FY2010 through brand re-building process

Sales



OP income and margin



Accomplishment

- Successful brand re-building
  - Online sales ratio: +6.6pt[1]
  - Purchase per customer: +11.2%[1]
  - No.1 in JCSI[2] (mail-order category) for three consecutive years since 2011

(1) compared to 2010
(2) Japanese Consumer Satisfaction Index

Next Challenges

- Complete brand re-building and realize further improvement of profit structure and sales re-growth
- Establish a successful business model in overseas markets

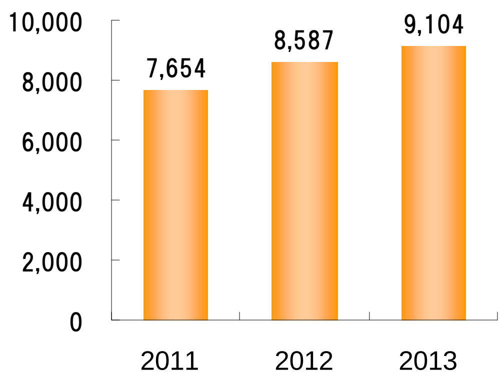
Beauty care: Overview of each brand (2)

Brands under development

Realized steady sales growth and loss reduction

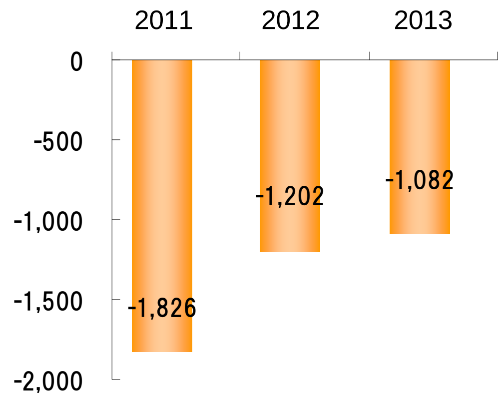
Net sales

(Millions of yen)



Operating income

(Millions of yen)



Accomplishment

- Expanded THREE through department stores and started overseas operation
- pdc, FutureLabo and decencia realized steady sales growth

Next Challenges

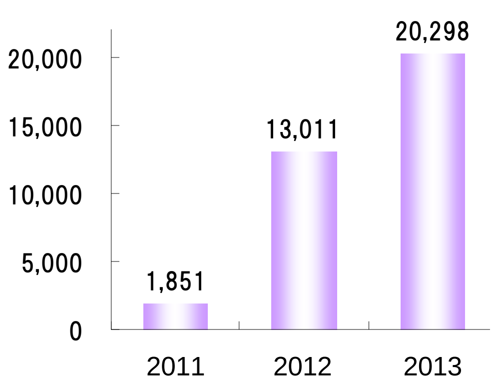
- Create the third flagship brand
- Improve the profitability of overall brands under development

Overseas brands

Overseas sales ratio exceeded 10%, followed by acquisitions of two overseas brands

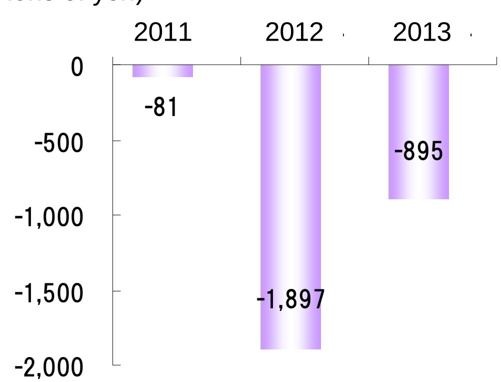
Net sales

(Millions of yen)



Operating income

(Millions of yen)



Accomplishment

- Strengthened the brand portfolio by adding Jurlique and H2O PLUS
- Acquired distribution networks and know-how in Asia

Next Challenges

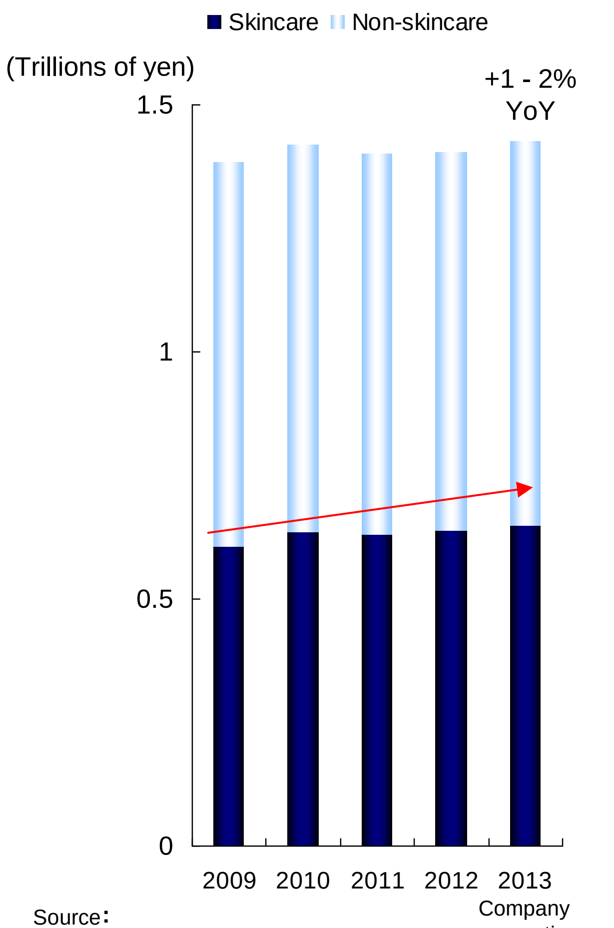
- Contribute to the Group profitability
- Create synergies between domestic brands (products, channels and back offices)

Part II 2014 - 2016 Medium-term Management Plan

Domestic Cosmetic Market

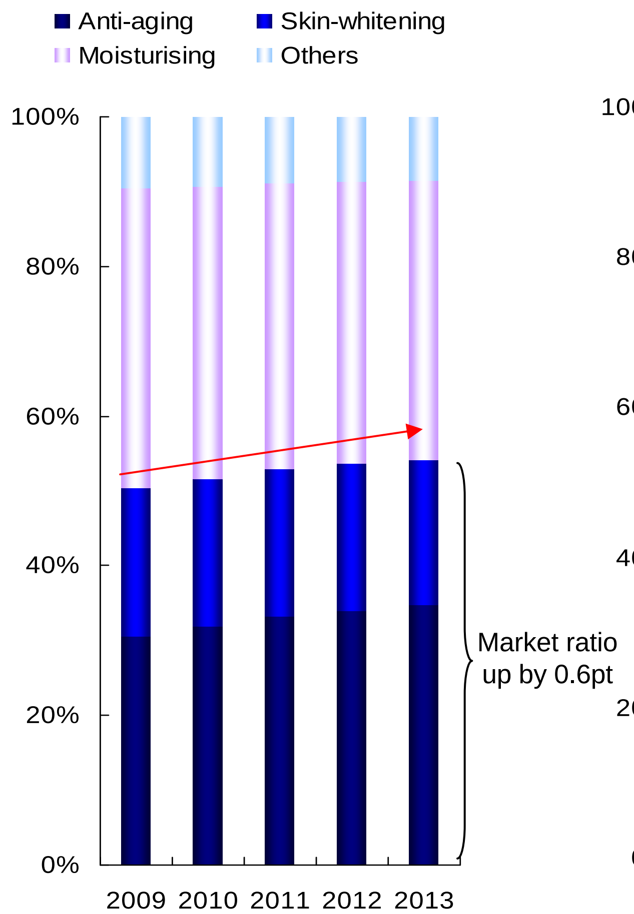
In 2013, domestic cosmetic market showed 1 to 2% growth. However, in the past five years, it remained flat. Market ratio increased in skin-whitening and anti-aging fields, and high prestige products priced higher than ¥10,000, where the Group puts efforts in

Domestic Cosmetics Shipments



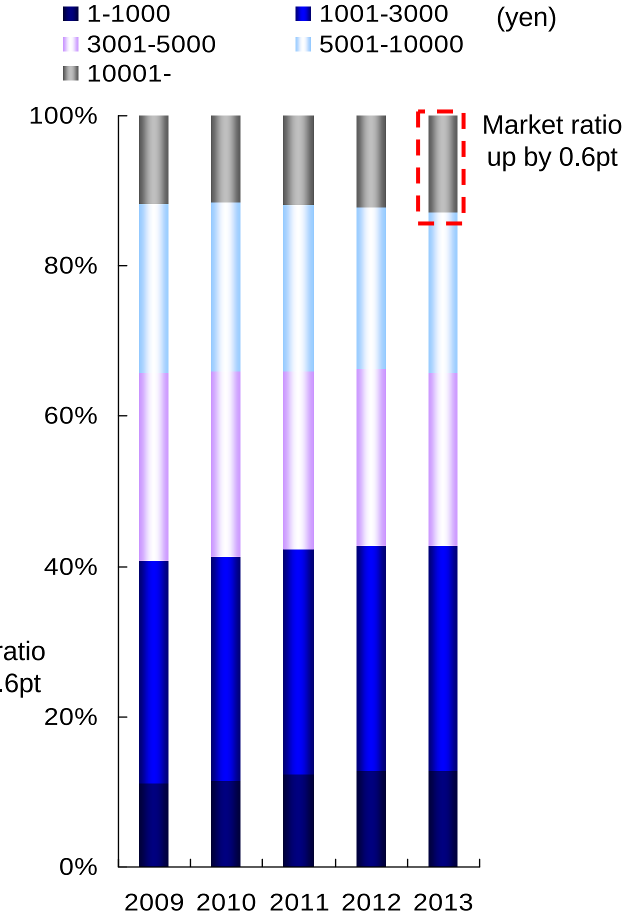
Source:
The Office of Current Survey for Mining and Manufacturing within the Ministry of Economy, Trade and Industry

Skincare Market by Product Function



Source:
Fuji Keizai Group "Marketing Handbook of Cosmetics 2013"

Skincare Market by Price Range



Source:
Intage SLI

Overseas Cosmetic Market

China and ASEAN, key regions for the Group, have high interests in skincare and their markets are expected to expand. In China, there are signs of market changes such as struggles of department stores in major cities and emergence of mail order sales.

Priority at the Group: High → Low

Region	CAGR* 2011 – 2016	Market Environment
China	+9% - 11%	■ Although the economic growth is slowing down, its cosmetic market is expected to have higher growth than other regions. ■ Department stores in major cities are struggling as demands decentralized into regional cities. ■ Recently online sales channels are fast growing. ■ Competition is intensified as domestic and foreign players enter the market. ■ Expenses such as labor cost and rents are on a raising trend.
ASEAN	+5% - 8%	■ Similar to Japan and China, ASEAN has high interests in skincare and the market growth is expected along with economic growth. ■ As market size per country is small, efficient business development is required.
Russia	+3 - 5%	■ Amongst the regions outside Asia, Russia has high interests in skincare and the market is expected to expand. ■ Established channel of perfumeries (specialty stores)
North America	+1 - 2%	■ Although economy is recently showing signs of growth, the market is already mature. ■ Low interest level towards skincare and drastic market growth is not expected in the future.
Europe	-1% - +1%	■ Since the market is mature, large future growth is not expected. ■ In some countries, markets may shrink as the economy worsens.

*CAGR 2011 – 2016 are company estimates.

Part II 2014 - 2016 Medium-term Management Plan

Long-term Vision (Goals for 2020)

Corporate Philosophy

"Inspire all people and touch their hearts"

STAGE1

Generate stable domestic profits and create a successful business model overseas

FY 2013 Results:

- Consol. net sales: ¥191.3 bil..
- Overseas sales ratio: 12.2%
- Operating margin: 8.4%

STAGE2

Further strengthen domestic earnings structure and accelerate overseas expansion

Goals for FY2016:

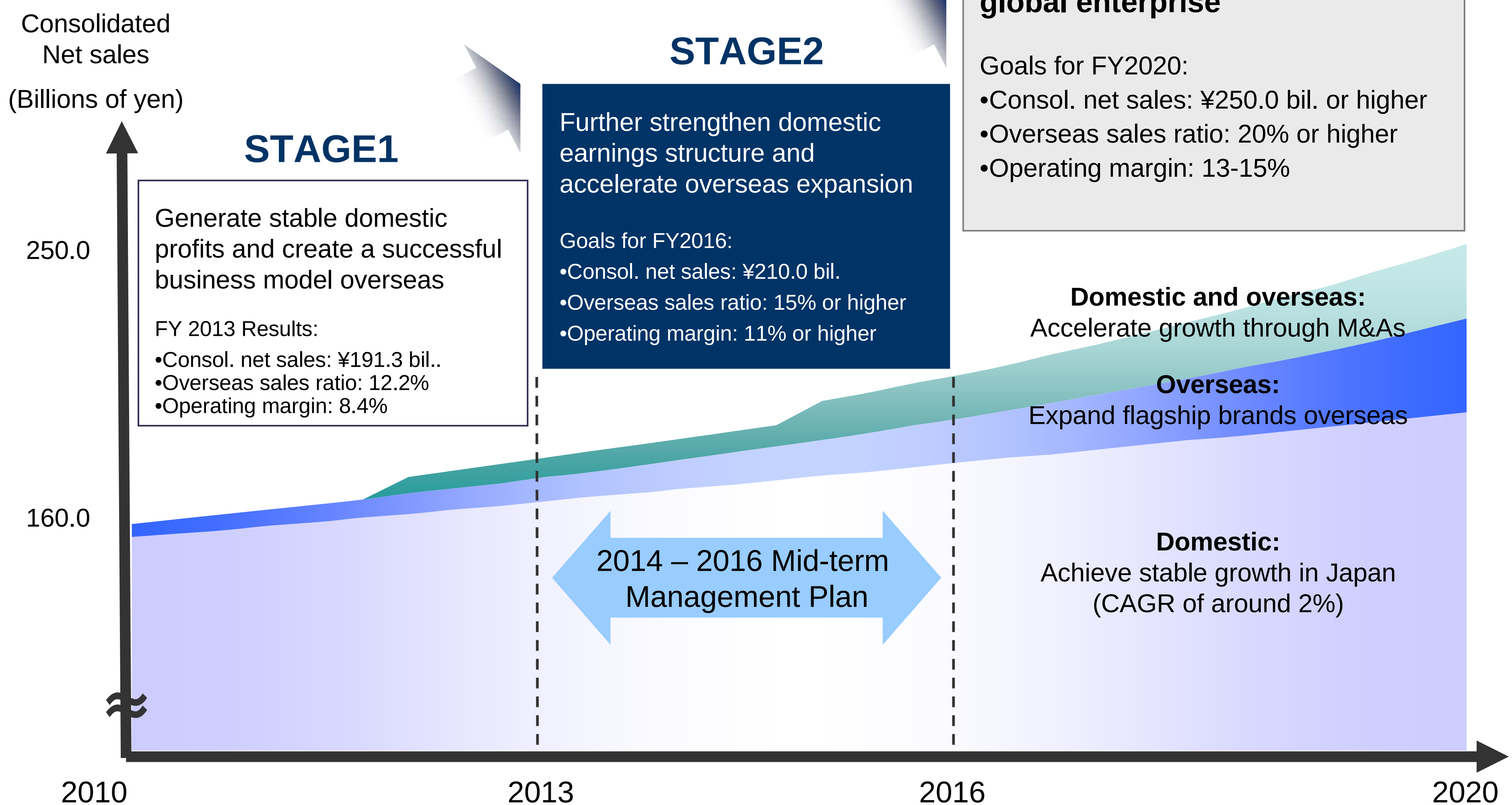
- Consol. net sales: ¥210.0 bil.
- Overseas sales ratio: 15% or higher
- Operating margin: 11% or higher

STAGE3

Become a highly profitable global enterprise

Goals for FY2020:

- Consol. net sales: ¥250.0 bil. or higher
- Overseas sales ratio: 20% or higher
- Operating margin: 13-15%



2014–2016 Medium-term Management Plan

POLA ORBIS HOLDINGS

The 2nd stage of the long-term vision for 2020
Aim to enhance the enterprise value by further strengthening domestic earnings structure, accelerating overseas expansion, and improving capital efficiency.

Consolidated net sales:

- Consol. net sales: CAGR 3 to 4% (¥210.0 bil. in FY2016)
- Overseas sales ratio: 15% or higher in FY2016

Operating income:

- Operating income: CAGR 15% or higher
- Operating margin: 11% or higher in FY2016

Capital efficiency:

- Target for ROE: 8% or higher

Shareholder return:

- Consolidated payout ratio: 50% or higher from FY2014

Domestic

Strategy 1. Sustain stable growth of flagship brands to lead Group earnings

Strategy 2. Sales growth and monetization of brands under development

Overseas

Strategy 3. Overseas brands contributing to profitability through high sales growth

Strategy 4. Restructure overseas expansion of flagship brands

Strategy 5. Strengthen operations (R&D, production and human resources)

Strategy 6. Improve capital efficiency and shareholder return

Initiatives for 2014 Onward (1)

Strategy 1. Sustain stable growth of flagship brands to lead Group earnings

Reinforcement of business platform for long-term stable growth

POLA	◆ Evolve into a revolutionary skin analysis system. ◆ Development of next generation products in anti-aging and skin-whitening fields. ◆ Continue to open 20 to 30 new PB stores.

Return to growth path by completing brand re-building

ORBIS	◆ Aim to acquire customers in 30s to 40s, and increase purchase per customer with the new anti-aging series, “ORBIS =U”. ◆ Tailored customer service through reinforced online system. ◆ Further streamlining of advertisement and promotion expenses with the new core system.

Strategy 2. Sales growth and monetization of brands under development

Realize CAGR 10% sales growth and monetization of overall brands under development in FY2016

pdc	◆ Increase unit price by expanding sales in premium-mass market. ◆ Extend contacts to customers with measures including SNS to promote repeat customers.
THREE	◆ Open approx. 3 stores per year in department stores and realize stable sales growth of existing stores. ◆ Improve profitability by increasing sales and lowering cost of sales ratio. ◆ Expand overseas business by utilizing local agents.

POLA “Signs Shot” launched in January

ORBIS “ORBIS =U” will be launched at the end of February

Strategy 3. Overseas brands contributing to profitability through high sales growth

Materialize profitable expansion centered in Asia	
Jurlique	◆ Continue to open stores in China and activate existing stores by promoting repeat customers. ◆ Launch the first joint developed products with POLA CHEMICALS.
h2O+	◆ Increase the number of doors in China ◆ Increase sales per store by promoting and reinforcing sales through JV. ◆ Enhance joint developed products with POLA CHEMICALS.

Jurlique "Calendula" series launched in January

Create synergies

Utilizing the distribution know-how of overseas brands
Streamlining back offices

Strategy 4. Restructure overseas expansion of flagship brands

Create successful model in key regions and improve profitability by streamlining operations	
POLA	◆ Set China and Russia as key regions. ◆ Focus on channels suited for high prestige brand (department stores and high-end specialty stores). ◆ Streamline the operation mainly through lowering fixed-costs.
ORBIS	◆ Consider utilizing Chinese E-commerce malls. ◆ Utilize local agents in retail channels. ◆ Establish a business platform in ASEAN.

ORBIS
First store in Singapore

Initiatives for 2014 Onward (3)

POLA ORBIS HOLDINGS

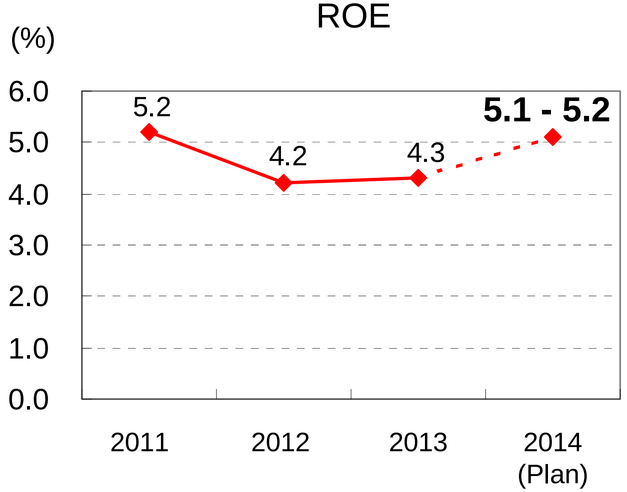
Strategy 5. Strengthen operations

R&D	◆ Develop new materials in anti-aging and skin-whitening fields. ◆ Continue to spend 2% of consolidated net sales to R&D.
Restructuring of Production System	◆ One-plant production system will start in September 2014. ◆ Accelerate outsourcing of production, mainly the products other than skincare and base make-up. Impact to the consolidated performance: Operating income: After the examination of the outsourcing plan and the integration, there will be negative impact on the operating income in FY2014. However, from FY2015, the restructuring will have positive impact on the operating income. (The impact is already reflected on FY2014 forecast.) Extraordinary loss: FY2014 forecast reflects the loss on disposal of equipments which will be required along with the closure of a plant. Also, ¥1 bil. to ¥1.5 bil. extra-ordinary loss is expected sometime between FY2014 to FY2015.
Human Resources	◆ Group-wide personnel training ◆ Acquire personnel with global backgrounds and send them to overseas companies.

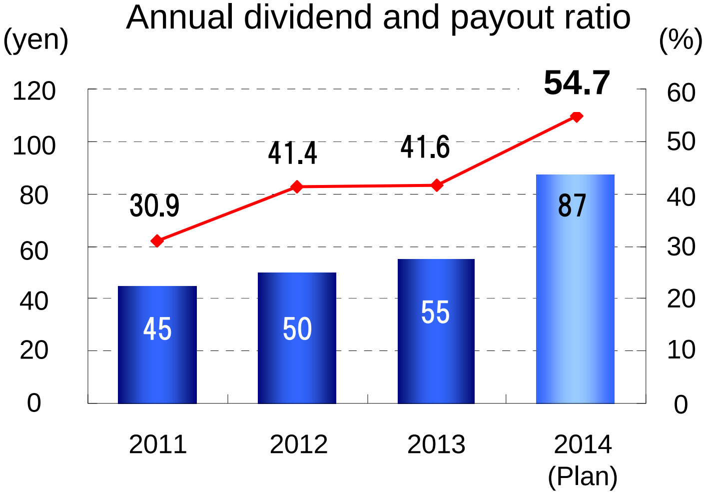
Strategy 6. Improve capital efficiency and shareholder return

Capital Efficiency	◆ Target for ROE: 8% or higher in FY2016
Shareholder Return	◆ Consolidated payout ratio: set "over 50%" as a new goal ◆ Dividend per share: (Plan for FY2014) ¥87 on annual basis (Interim ¥40 and year-end ¥47) Payout ratio: 54.7%

ROE



Annual dividend and payout ratio



2014–2016 Medium-term Management Plan

The 2nd stage of the long-term vision for 2020
Aim to enhance the enterprise value by further strengthening domestic earnings structure, accelerating overseas expansion, and improving capital efficiency.

Consolidated net sales:

- Consol. net sales: CAGR 3 to 4% (¥210.0 bil. in FY2016)
- Overseas sales ratio: 15% or higher in FY2016

Operating income:

- Operating income: CAGR15% or higher
- Operating margin: 11% or higher in FY2016

Capital efficiency:

- Target for ROE: 8% or higher

Shareholder return:

- Consolidated payout ratio: 50% or higher from FY2014

Domestic

Strategy 1. Sustain stable growth of flagship brands to lead Group earnings

Strategy 2. Sales growth and monetization of brands under development

Overseas

Strategy 3. Overseas brands contributing to profitability through high sales growth

Strategy 4. Restructure overseas expansion of flagship brands

Strategy 5. Strengthen operations (R&D, production and human resources)

Strategy 6. Improve capital efficiency and shareholder return

Part II 2014 - 2016 Medium-term Management Plan

Jurlique Future Overseas Brands Expansion (1)

POLA ORBIS HOLDINGS

Forecast

(Millions of AUD)

Net sales	
FY2013 Result	FY2016 Goal (CAGR)
157	+15%

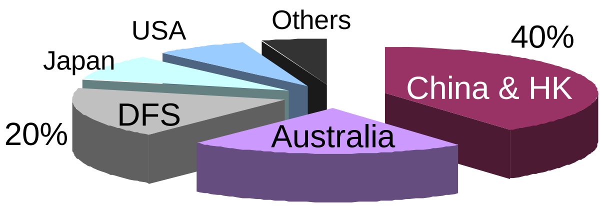
Operating margin	
FY2013 Result	FY2016 Goal
– *1	8% or higher *2

*1 Operating loss is approx. AUD 4 mil. in FY2013
*2 Operating margin after amortization of goodwill and intangible assets

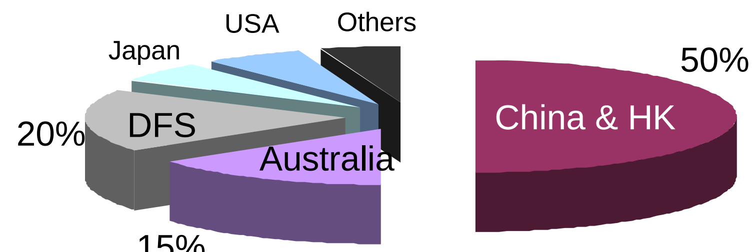
Growth strategy

	CAGR	Key agenda
China	+30%	• Continue to open approx. 20 stores per year • Implement CRM tool to increase repeat customers (activate existing stores) • Seek for new sales channels (wholesale and online)
Hong Kong	+5%	• Open 1 to 2 new stores per year, mainly in high-end shopping malls
Australia	+5%	• Reconsider distributions to aim for higher brand stage and profitability
Duty Free Stores	+15%	• Open approx. 10 stores per year in Asia, EU, etc. • Increase sales by raising brand presence in China and Hong Kong

Sales by regions



FY2013



FY2016

Future Overseas Brands Expansion (2)

Forecast

(Millions of USD)

Net sales	
FY2013 Result	FY2016 Goal (CAGR)
56	+15%

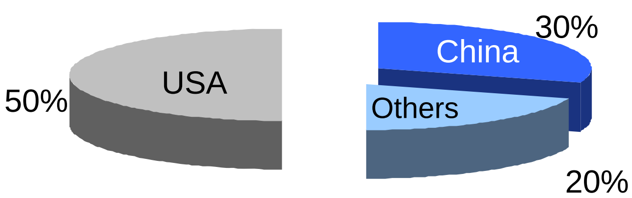
Operating margin	
FY2013 Result	FY2016 Goal
– *1	6% or higher *2

*1 Operating loss is approx. USD 5 mil. in FY2013
*2 Operating margin after amortization of goodwill and intangible assets

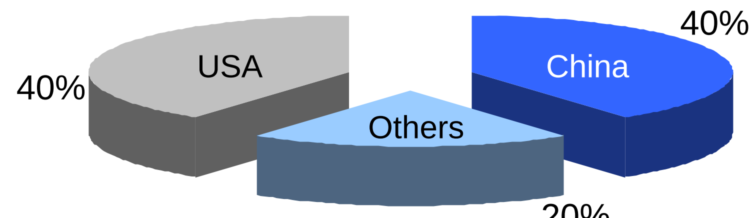
Growth strategy

	CAGR	Key agenda
China (JV)	+30%	• Start shipments to a new retail chain • Increase sales per store by reinforcing promotions and sales with the local partner • Expand online sales
Other regions	+10%	• Increase shipments to perfumery chains in Russia • Enter into new markets in Asia and South America
North America	+5%	• Improve brand stage and reinforce profit structure

Sales by regions



FY2013



FY2016

Financial Strategy and Investment Plan

Improve capital efficiency

Goal for FY2016

ROE 8%

(Return on Equity)

Aim for higher than
the cost of capital (7 to 8%)

EPS

Earnings per share

BPS

Book-value per share

- ◆ Operating income: CAGR 15% or higher

↓

- ◆ Realize higher net income growth than operating income growth
  - Lower normal effective tax rate by reducing loss in overseas business
  - Tax revision (elimination of special corporate tax for reconstruction for earthquake damages)

- ◆ Improve shareholder return
  Average payout ratio over the past 3 years: 38%
  ⇒50% or higher
- ◆ Growth investment with financial efficiency in mind

Shareholder return policy

Dividend	Basic policy for payout ratio is 50% or higher, and aim to improve shareholder return through stable profit growth ◆ Divided will be calculated based on earnings excluding extraordinary income and loss, and tax expenses. Goodwill amortization will not be added back. ◆ Planned dividend of ¥87 for FY2014 is calculated based on earnings excluding losses from the production restructuring
Purchase of treasury stock	◆ Purchase of treasury stock is not planned in near future to secure liquidity

CAPEX and Depreciation Expense

(Millions of yen)

	FY2014	FY2015 ・ 2016
CAPEX	8,000	6,000 - 7,000
Depreciation Expense	7,000	7,000

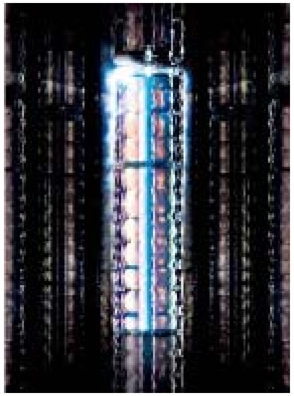
Supplemental Materials

POLA ORBIS HOLDINGS

Strategy 1. Generate stable profits with flagship brands

POLA

Product	◆ Launched “B.A Grand Luxe II” in September
Channel	◆ Total number of PB stores: 602 (up 30 since FY2012) ◆ Cosmetics sales at PB: +7.8% YoY Like for like sales at PB: +6.8% YoY Reference: Esthe-in sales: +0.1%, door-to-door sales: -7.9%
Customer	◆ Purchase per customer: +2.4% YoY ◆ Number of new customers: +4.5% YoY



POLA
“B.A Grand Luxe II”
launched in September

ORBIS

Product	◆ Sales promotion featuring cleansing item was successful
Channel	◆ Online sales ratio: +0.8pt YoY
Customer	◆ Purchase per customer: +3.0% YoY ◆ Mail-order(1) skincare purchase ratio: -1.0pt YoY ◆ No.1 in JCSI(2) survey (mail-order category) since 2011
Service	◆ Improved customer service and streamlined expenses through two-point logistics structure

ORBIS
“Cleansing Liquid”
(limited design bottle)

(1) Mail order includes online and catalog orders (2) JCSI: Japanese Consumer Satisfaction Index

FY2013 Key Topics (2)

Strategy 2. Accelerate growth of the portfolio of brands under development

THREE

- Received "Best Cosmetics Award" of 2013 (5 items in 7 categories)
- Opened its first stand alone store "THREE AOYAMA" in Aoyama, Tokyo.

THREE AOYAMA

Strategy 3. Development the Group's presence overseas by capitalizing on the Group's strengths

Jurlique

- Total number of department store counters in China: 90 (Up 21 since FY2012)
- China and DFS were the sales drivers

h2o+

- Established JV with the agent in China to aim for further growth in China
- Started shipping re-branded products in China

Jurlique "Purely White" launched in April

Existing Brands

- POLA: Solid performance in department stores in China and high-end specialty stores in Russia. Acquired door-to-door sales license in China.
- ORBIS: Established a local corporation in Singapore and opened 2 directly operated stores
- THREE: Expanded in Thailand and opened 6 counters in department stores

FY2013 Key Topics (3)

Strategy 4. Reinforce R&D capabilities

POLA CHEMICAL INDUSTRIES	◆ Joint development with two overseas brands

H2O+
“totalSource Optimum Cleanser & Optimum Toner”

Strategy 5. Reinforce the operating base

Plant Integration	◆ Prepared structures for the integration in September 2014.
Personnel Training	◆ Exchanged personnel amongst the Group including the acquired overseas brands. ◆ Provided joint training sessions with other manufacturing company.

Beauty Care Segment Operating Results by Product Type

POLA ORBIS HOLDINGS

(Millions of yen)	FY2012 Results	FY2013 Results	YoY Amount	YoY %
Net sales	168,811	178,306	9,494	5.6%
Cosmetics	155,849	165,508	9,658	6.2%
Fashion	12,962	12,798	-163	-1.3%
Operating income	11,812	14,780	2,967	25.1%
Cosmetics	11,644	14,684	3,039	26.1%
Fashion	168	96	-71	-42.7%

- ◆ Cosmetics: Solid performance of flagship brands realized increase in sales and significant increase in operating income.
- ◆ Fashion: Due to the brand re-building process, ORBIS focused its promotion to cosmetic products and caused fashion segment to decrease both in sales and operating income.

Note: Results are shown for each product type for reference purpose only (unaudited).