Results for the First Quarter of Fiscal 2013 Supplementary Material

Naoki Kume

DIRECTOR OF FINANCE/MANAGEMENT PLANNING DIV.

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.

1. Highlights of Consolidated Performance
2. Segment Analysis
3. Fiscal 2013 Forecasts

Highlights of Consolidated Performance

POLA ORBIS HOLDINGS

Consolidated net sales and operating income reached expected levels.
Sales significantly exceeded corresponding quarter a year ago thanks to contributions from overseas brands. Operating income showed huge increase, reflecting successful efforts, especially at ORBIS, to make SG&A activities more cost efficient.

(Millions of yen)	FY2012 1Q Results	FY2013 1Q Results	YoY Change Amount	YoY Change %
Net Sales	38,945	41,238	2,292	5.9%
Cost of Sales	8,068	8,131	62	0.8%
Gross Profit	30,877	33,107	2,230	7.2%
SG&A*	29,651	31,505	1,854	6.3%
Operating Income	1,225	1,601	376	30.7%
Ordinary Income	1,580	2,144	563	35.7%
Income before Income Taxes	1,632	1,304	-327	-20.1%
Net Income	721	1,258	536	74.3%

*Selling, General and Administrative Expenses

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

(Millions of yen)	FY2012 1Q Results	FY2013 1Q Results	YoY Change Amount	 %
Net Sales	38,945	41,238	2,292	5.9%
Cost of Sales	8,068	8,131	62	0.8%
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Consolidated Net Sales

Overseas brands boosted net sales, mainly in Asia, even on local currency basis, and with the positive currency rates, the Group realized significant increase in net sales.

- Domestic brands ⇒ + ¥178 mil. YoY
- Overseas brands ⇒ + ¥2,060 mil. YoY

Cost of Sales

- Elimination of one-time expenses paralleling acquisition of Jurlique led to improvement in cost of sales ratio.
- Cost of sales ratio: FY2012 1Q 20.72% ⇒ FY2013 1Q 19.72%
  (FY 2012 1Q: Recorded ¥307 mil. in inventory valuation differences accompanying acquisition of Jurlique.)

SG&A

- Personnel expense ⇒ + ¥622 mil. YoY
- Sales related expense ⇒ + ¥371 mil. YoY
- Sales commissions ⇒ + ¥281 mil. YoY
- Administrative expense ⇒ + ¥578 mil. YoY

Operating Income

- + ¥376 mil. YoY (+ ¥477 mil. increase in Beauty Care Segment)

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

POLA ORBIS HOLDINGS

(Millions of yen)	FY2012 1Q Results	FY2013 1Q Results	YoY Change Amount	YoY Change %
Operating Income	1,225	1,601	376	30.7%
Non-operating Income	387	564	177	45.8%
Non-operating Expenses	31	21	-10	-32.7%
Ordinary Income	1,580	2,144	563	35.7%
Extraordinary Income	121	213	91	75.2%
Extraordinary Losses	70	1,053	983	1398.7%
Income before Income Taxes	1,632	1,304	-327	-20.1%
Income Taxes	914	42	-872	-95.4%
Minority Interests in Net Loss of Consolidated Subsidiaries	-4	3	7	-
Net Income	721	1,258	536	74.3%

Non-operating Income/ Expenses	･Increase due to local exchange: + ¥175 mil. YoY (FY2012 1Q: ¥215 mil. ⇒ FY2013 1Q: ¥390 mil.)
Extraordinary Income/ Losses	【Extraordinary Income】Proceeds from the sale of land ¥211 mil. 【Extraordinary Loss】¥1,001 mil. in loss on business liquidation following POLA USA pullout.
Income Taxes	･Decrease in tax expenses following POLA USA pullout: - ¥1,219 mil. YoY. ･Tax expenses increased due to higher income before income taxes in Japan: + ¥187 mil. YoY

Factors Impacting Net Income

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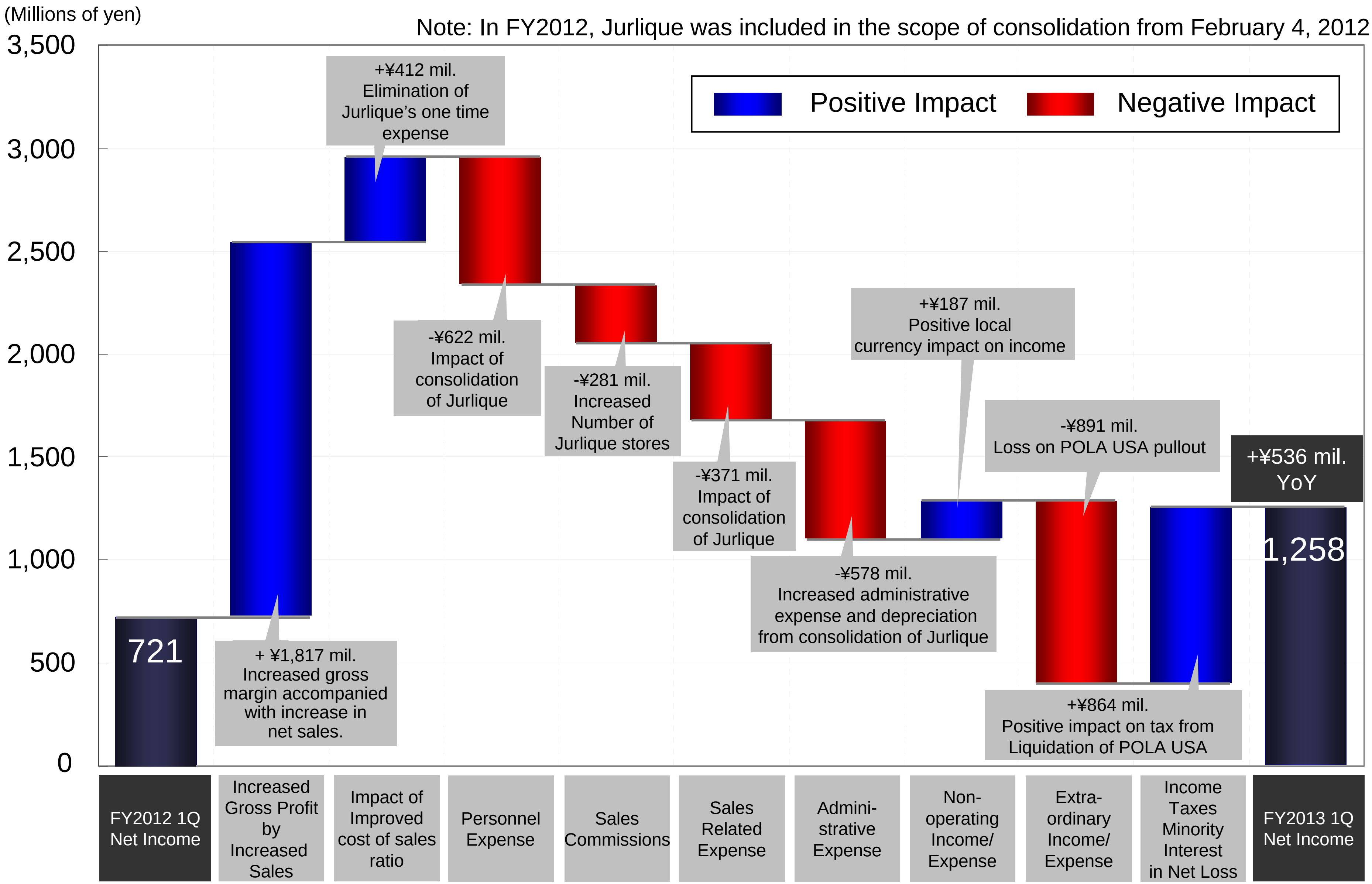
Note: In FY2012, Jurlique was included in the scope of consolidation from February 4, 2012.



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Operating Results by Segment

(Millions of yen)	FY2012 1Q Results	FY2013 1Q Results	YoY Change Amount	YoY Change %
Consolidated Net Sales	38,945	41,238	2,292	5.9%
Beauty Care	36,320	38,559	2,238	6.2%
Real Estate	745	719	-26	-3.5%
Others	1,879	1,960	80	4.3%
Operating Income	1,225	1,601	376	30.7%
Beauty Care	995	1,472	477	47.9%
Real Estate	354	321	-33	-9.5%
Others	-216	-132	83	-
Reconciliations	91	-60	-151	-

Beauty Care Segment Operating Results by Product Type

(Millions of yen)	FY2012 1Q Results	FY2013 1Q Results	YoY Change Amount	YoY Change %
Net Sales	36,320	38,559	2,238	6.2%
Cosmetics	33,863	36,300	2,436	7.2%
Fashion	2,456	2,258	-197	-8.1%
Operating Income	995	1,472	477	47.9%
Cosmetics	1,316	1,774	457	34.7%
Fashion	-321	-301	19	-

◆Cosmetics ⇒ Overseas brands contributed greatly, boosting sales.
Operating income also showed a huge increase, reflecting successful efforts, especially at ORBIS, to make SG&A activities more cost efficient.

◆Fashion ⇒ Although sales of underwear in particular did not reach the target level, the loss position improved.

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

Beauty Care Segment Operating Results by Brand

(Millions of yen)	FY2012 1Q Results	FY2013 1Q Results	YoY Change Amount	YoY Change %
Net Sales	36,320	38,559	2,238	6.2%
POLA	21,391	21,492	101	0.5%
ORBIS	10,929	10,899	-30	-0.3%
Brands under development	1,850	1,957	107	5.8%
Overseas brands (Jurlique and H2O+)	2,148	4,209	2,060	95.9%
Operating Income	995	1,472	477	47.9%
POLA	356	202	-153	-43.1%
ORBIS	1,746	2,095	349	20.0%
Brands under development	-416	-340	76	-
Overseas brands (Jurlique and H2O+)	-690	-484	205	-

- POLA: Cosmetics business remained favorable. Operating income was lower year on year because new product promotion was operated earlier than the one a year ago, but in line with expectations.
- ORBIS: Brand rebuilding process on track, with profitability improving.
- Brands under development: Growth continues but there are delays in new store openings.
- Overseas brands: Both Jurlique and H2O PLUS performing as expected, on local currency basis. Both brands benefit from favorable demand, especially in China.

Local Currency Basis
About +70% YoY

Local Currency Basis
including Jurlique's
January, 2012
About +25% YoY

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

Progress with Key Strategies During the First Quarter (1)

POLA ORBIS HOLDINGS

1 — Generate stable profits with flagship brands

POLA

Products	◆ Launched *WHITE SHOT CLEAR SERUM SX* in February
Sales Channels	◆ Number of POLA THE BEAUTY (PB) stores rose by 8 to 580 since December 2012 ◆ PB stores 1Q cosmetics sales: + 5.6% YoY (At existing stores: + 5.5%) Reference: Esthe-Inn + 1.1%; Traditional door-to-door sales - 8.3%
Customers	◆ Amount spent per customer: - 2.5% YoY ◆ Number of new customers: + 5.0% YoY

ORBIS

Products	◆ Launched *LIVE RICH*, anti-aging skincare series, in February
Sales Channels	◆ Online order ratio: + 1.0pt YoY
Customers	◆ Amount spent per customer: + 2.9% YoY ◆ Mail-order* skincare purchaser ratio: - 2.2pt YoY ◆ Ranked third in Japan Customer Satisfaction Index (JCSI) survey for second consecutive year
Logistics	◆ Enhanced cost efficiency in delivery operations through two-point logistics structure, with one distribution center in eastern Japan and another in western Japan

*Mail order includes online order and catalog order.

POLA
"***WHITE SHOT CLEAR SERUM SX***"
launched in February

ORBIS
"***LIVE RICH***"
launched in February

Progress with Key Strategies During the First Quarter (2)

2 — Accelerate growth of brands under development

THREE	◆Launched *Balancing* series in February.

THREE
"***Balancing***" series
launched in February

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

Overseas brands	◆Jurlique ⇒ Enthusiastic approach to store network expansion in China, substantiated by addition of four stores; 73 stores in total. ◆H2O PLUS ⇒ Shipments to new agent in China off to a good start, with sales greatly exceeding level year on year
Existing brands	◆POLA ⇒ Sales increased in Russia through expansion of retail stores; Waiting for approval for door-to-door sales in China ◆ORBIS ⇒ Established structure to support wider presence in the ASEAN region

H2O PLUS
"***total SOURCE OPTIMUM SERUM & ALL DAY CREAM***"
launched in February

4 — Reinforce R&D capabilities

POLA CHEMICAL INDUSTRIES	◆Launch of two products developed jointly with H2O PLUS

Real Estate and Others Results

(Millions of yen)	FY2012 1Q Results	FY2013 1Q Results	YoY Change Amount	YoY Change %
Real Estate Net Sales	745	719	-26	-3.5%
Operating Income	354	321	-33	-9.5%

- Downward trend in rents that prevailed in the real estate market until last year caused a year-on-year decrease in sales.

(Millions of yen)	FY2012 1Q Results	FY2013 1Q Results	YoY Change Amount	YoY Change %
Others Net Sales	1,879	1,960	80	4.3%
Operating Income	-216	-132	83	-

◆Pharmaceuticals ⇒ Number of facilities ordering *Lulicon* increased, boosting sales year on year

◆Building maintenance ⇒ Decline in unit price of orders led to year-on-year decrease in sales

1. Highlights of Consolidated Performance
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Forecasts for Fiscal 2013 (same as initial forecasts)

POLA ORBIS HOLDINGS

Aim to improve sales and operating income significantly with sustainable growth of existing brands and accelerate expansions of overseas brands

(Millions of yen)	FY2013 Full Year	YoY Change Amount	YoY Change %	FY2013 First Half	YoY Change Amount	YoY Change %
Consolidated Net Sales	188,500	7,626	4.2%	90,000	3,592	4.2%
Beauty Care	175,800	6,988	4.1%	84,100	3,408	4.2%
Real Estate	3,000	158	5.6%	1,400	-44	-3.1%
Others	9,700	479	5.2%	4,500	228	5.3%
Operating Income	16,000	2,479	18.3%	5,900	247	4.4%
Beauty Care	15,000	3,187	27.0%	5,600	712	14.6%
Real Estate	1,200	60	5.3%	600	-27	-4.4%
Others	300	-35	-10.5%	0	12	-
Reconciliations	-500	-732	-	-300	-449	-
Ordinary Income	16,300	1,695	11.6%	6,100	91	1.5%
Net Income	8,200	1,518	22.7%	2,800	14	0.5%

Forecasts for loss in reconciliations

Reconciliations = amount of intersegment elimination (business management fee charged to subsidiaries) – expenses at holding company
Along with consolidations of the overseas brands, calculation method of business management fee is changed to international standard from FY2013. Thus, amount of intersegment elimination will decrease. The decreased amount will be added to operating income of each segment.

Note: Impact of the consolidation of the production system announced on February 3 has not been reflected on FY2013 forecasts. Revised forecasts will be disclosed as soon as figures are determined.

Initiatives for the Second Quarter Onward (POLA and ORBIS)

POLA ORBIS HOLDINGS

Aiming to steadily implement strategies in line with Medium-Term Management Plan to realize stable growth

POLA

- Expand B.A anti-aging series with debut of *B.A The Day Mask S*, a summer-use facial mask
- Attract new customers through energetic approach to events and other promotional campaigns

POLA
"***B.A THE DAY MASK S***"
to be launched in May

ORBIS

- Reinforce UV care series and promote sales of skincare products matched to season
- Profitability improved through reduced catalog costs and efforts to make logistics more cost effective

ORBIS
"***Sunscreen Super***"
to be launched at the end of May

Initiatives for the Second Quarter Onward (Brands under development and Overseas brands)

Promote growth strategies and strive to increase sales and contribute to income as quickly as possible

Brands under development

- ◆ THREE
  - ⇒ Launch Hair care line, “Scalp & Hair” in July
  - ⇒ Develop overseas presence, starting off with sales in Thailand
- ◆ pdc
  - ⇒ Reinforce the marketing of popular premium mass-market products

THREE
“***THREE Scalp & Hair***”
to be launched in July

Overseas brands

- ◆ Jurlique
  - ⇒ Continue store-opening process in China, targeting a network of 100 stores
  - ⇒ Build stronger duty-free store network, especially in Asia
- ◆ H2O PLUS
  - ⇒ Reinforce structure in China through establishment of a joint venture

Jurlique
Skin-whitening series, “Purely White”

FY2011 – FY2013 Medium-term Management Plan

POLA ORBIS HOLDINGS

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

- ◆ Consolidated Net Sales ⇒ CAGR 2～3%
- ◆ Operating Income ⇒ CAGR 10% or higher
- ◆ Operating Margin ⇒ 9% (10% in Japan) in FY2013

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 decencia THREE

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

POLA ORBIS

- Develop door-to-door sales channels in China
- Consulting-based sales in Russia and neighboring countries
- Mail-order sales business in China

Jurlique h2O+

- Accelerate growth and improve profitability in Asia
- 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 more competence	3. Business process management	4. Step up personnel training