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Announcement Regarding 2014 – 2016 Medium-term Management Plan

The POLA ORBIS Group hereby announces that POLA ORBIS HOLDINGS INC. (the “Company”) has established the medium-term management plan for fiscal 2014 to 2016.

The Company has a long-term vision for 2020 and this medium-term management plan constitutes Stage 2. With the plan, the Company will aim to further strengthen domestic earnings structure and accelerate overseas development and to increase enterprise value by improving capital efficiency. Even though business environments may change and competitions may intensify in Japan and abroad, the POLA ORBIS Group will strive to pursue the following targets.

1. 2014 – 2016 Medium-term Management Plan

(1) Basic Strategy

Further strengthen domestic earnings structure and accelerate overseas expansion

(2) Management Indicators

- Consolidated net sales: CAGR (compound annual growth rate) of 3% to 4%
¥210.0 billion in fiscal 2016
- Overseas sales ratio: 15% or higher in fiscal 2016
- Operating income: CAGR of 15% or higher
- Operating margin: 11% or higher in fiscal 2016

New indicators established for this medium-term management plan

- Capital efficiency: 8% or higher ROE in fiscal 2016
- Shareholder return policy: consolidated payout ratio of 50% or higher from fiscal 2014
(Annual dividend of ¥87 is planned for fiscal 2014)

(3) 6 Key Strategies

1. Sustain stable growth of flagship brands to lead Group earnings
 - POLA: Reinforcement of business platform for long-term stable growth
 - ORBIS: Return to growth path by completing brand re-building
2. Sales growth and monetization of brands under development
 - Realize CAGR of 10% sales growth and monetization of overall brands under development in fiscal 2016
3. Overseas brands contributing to profitability through high sales growth
 - Materialize profitable expansion centered in Asia
4. Restructure overseas expansion of flagship brands
 - POLA: Focus on channels suited for high prestige brand
 - ORBIS: Expand online sales in China
5. Strengthen operations (R&D, production and human resources)
 - Create new value in Japan and abroad, and develop high-value-added offerings
 - Strengthen cost competitiveness by integrating the domestic production structure
 - Cultivate people who can operate globally and foster prospective managers

6. Improve capital efficiency and shareholder return
 - Increase ROE to 8% or higher in fiscal 2016
 - Achieve stable and ongoing dividends based on a consolidated payout ratio of 50% or higher

2. Long-term Vision for 2020 and the New Medium-term Management Plan

