

# Consolidated Financial Results for Three Months Ended March 20, 2014 (Dec. 21, 2013 – Mar. 20, 2014) Supplementary Materials

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March 28, 2014

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# Consolidated Operating Results

3 months ended March 20, 2014



(Unit: million yen)

	Amount		Increase (decrease) against previous FY	Year-on-year comparison (%)
	Previous FY 2013	Current FY 2014		
Net sales	5,291	5,798	507	109.6
Gross profit	3,610	4,026	415	111.5
Selling, general and administrative expenses	2,707	3,082	374	113.8
Operating income	902	944	41	104.6
Ordinary income	844	849	4	100.6
Net income	512	500	(11)	97.7

# Breakdown of Consolidated Sales by Product Category

## 3 months ended March 20, 2014



### Hair care products

(Unit: million yen)

Previous FY 2013	Current FY 2014	Increase (decrease) against previous FY	Year-on-year comparison
2,671	3,099	427	116.0

- Activities were focused on boosting salon staffs' knowledge, techniques and communication skills in order to respond to Age Beauty needs from mature woman. As a result, number of customers having hair care menus and purchasing take-home products at the salon have increased, consequently, sales of hair care product category steadily increased.

### New product – PLARMIA DEEP ENERGEMENT

launched on January 30

In-salon treatment deeply care from within for both “aging phenomenon from the hair roots”  
And “aging damage of the hair tips”

Annual sales target	Sales results	Progress rate
600 million yen	78 million yen	13.1%



< PLARMIA DEEP ENERGEMENT >

### New product – NIGELLE DRESSIA COLLECTION JERRY SERIES

launched on February 27

Styling products that express “sparkle, shine, and wet sensation”

Annual sales target	Sales results	Progress rate
280 million yen	65 million yen	23.4%



< JERRY SERIES >

# Breakdown of Consolidated Sales by Product Category

## 3 months ended March 20, 2014



### Hair coloring products

(Unit: million yen)

Previous FY 2013	Current FY 2014	Increase (decrease) against previous FY	Year-on-year comparison
2,230	2,268	38	101.7

- Lumiere Line has been added to the integrated hair color range Ordeve. In addition to stable domestic sales, increased overseas sales contributed to the sales growth of hair coloring product category. (year-on-year comparison 102.4%)
- Silky line has been added to Ordeve Beaute, specialized permanent coloring range for gray hair. Sales of both new line and existing colors of the range have been steadily increased.

#### New product - Additional color line for Ordeve (Lumiere Line)

launched on January 30

New color line to express a soft shine created with champagne beige.

Annual sales target	Sales results	Progress rate
510 million yen	159 million yen	31.4%

#### New product - Additional color line for Ordeve Beaute (Silky line)

launched on January 30

Express a gentle gloss beige without making it feel dry and rough.

Annual sales target	Sales results	Progress rate
190 million yen	47 million yen	24.9%



## ■ Breakdown of Consolidated Sales by Product Category 3 months ended March 20, 2014



### ■ Permanent wave products

(Unit: million yen)

Previous FY 2013	Current FY 2014	Increase (decrease) against previous FY	Year-on-year comparison
343	379	36	110.6

# Aujua

## Results and Targets

[Number of Aujua salons]

FY 2013 Year end	FY 2014	Comparison with the FY 2013 year end
1,516 salons	1,636 salons	107.9%

[Sales] (3 months cumulative)

(Unit: million yen)

Results 2013	Fiscal year 2013	Year-on-year comparison
418	695	166.1%

- IMMURISE LINE has been added to Aujua Aging Care Series. The product lines of the Series captured the demands from matured women that is increased year after year. As a result, sales of Aujua has been steadily increased substantially the said Series.

## Brand concept

A hair care brand that nurtures the beauty of Japanese women's hair born from the climate, culture and hair characteristics of Japan

## What is Aujua?

A hair care series that responds to every individual's hair concerns by creating and evolving a hair care program just for one individual. That is Aujua.



## Product composition

A wide-ranging line-up that fits the hair texture of each customers

- 4 series
  - Aging care series
  - Hair care series
  - Scalp care series
  - Climatic care series
- 13 lines
- 85 items

# Aujua (2)

- New product – Aujua Aging Care Series IMMURISE LINE  
launched on January 31

Enhances the strength and damage resistance of hair that has become brittle from coloring and perming with aging.

Annual sales target	Sales results	Progress rate
350 million yen	139 million yen	39.8%



< IMMURISE LINE >

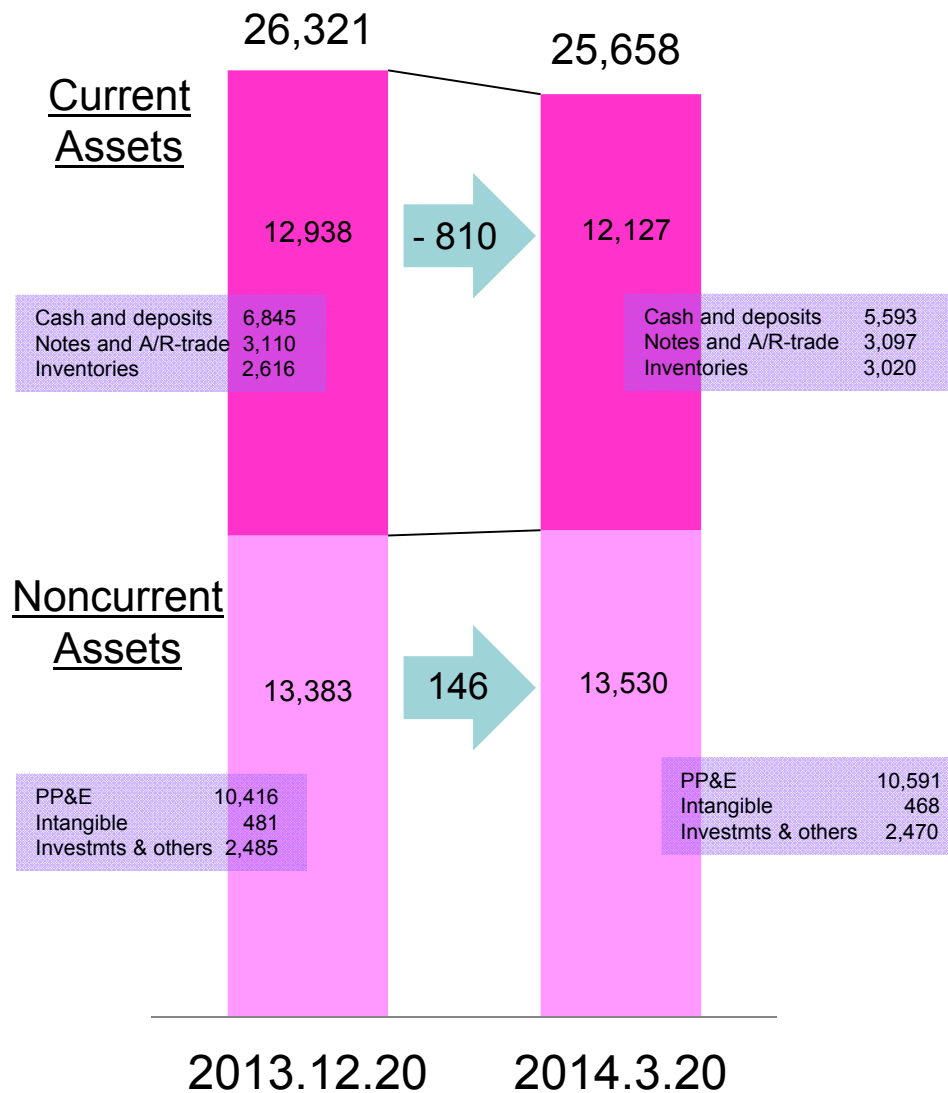


# Consolidated Balance Sheet

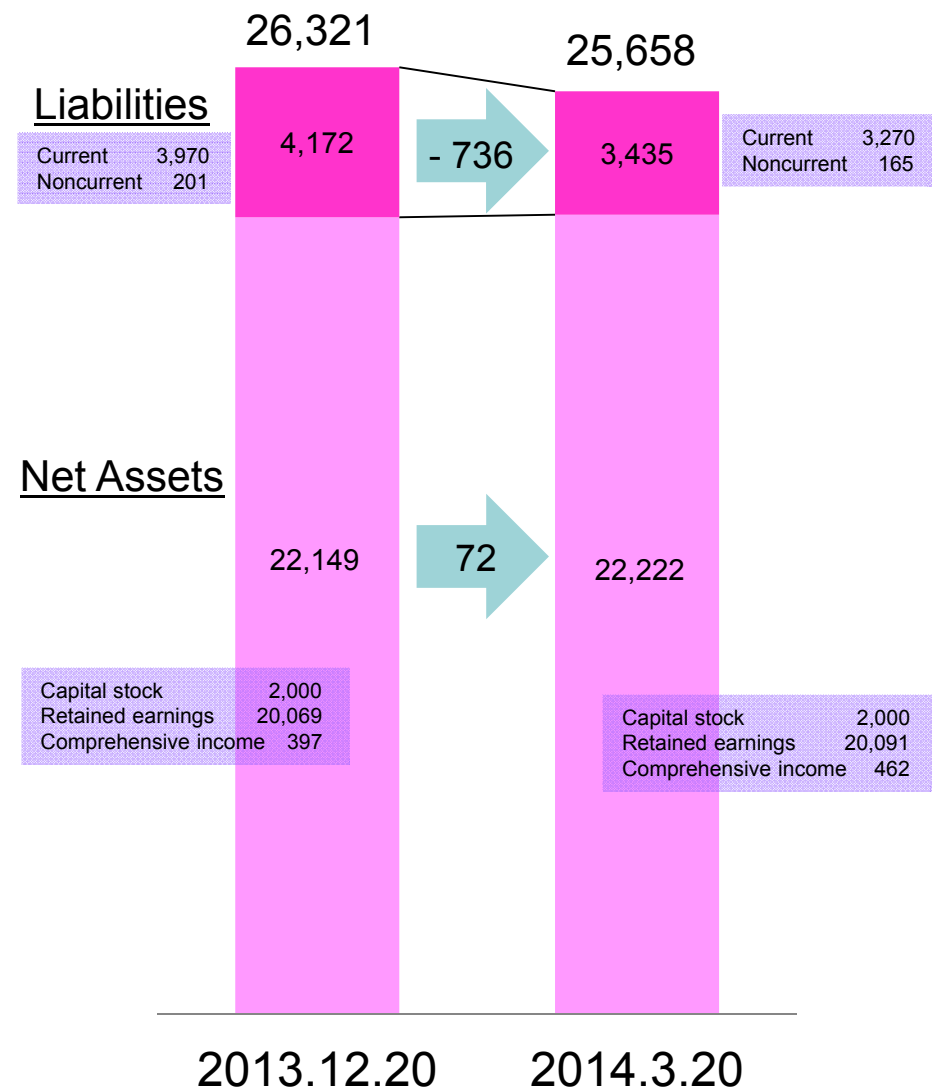


(Unit: Million yen)

## Assets



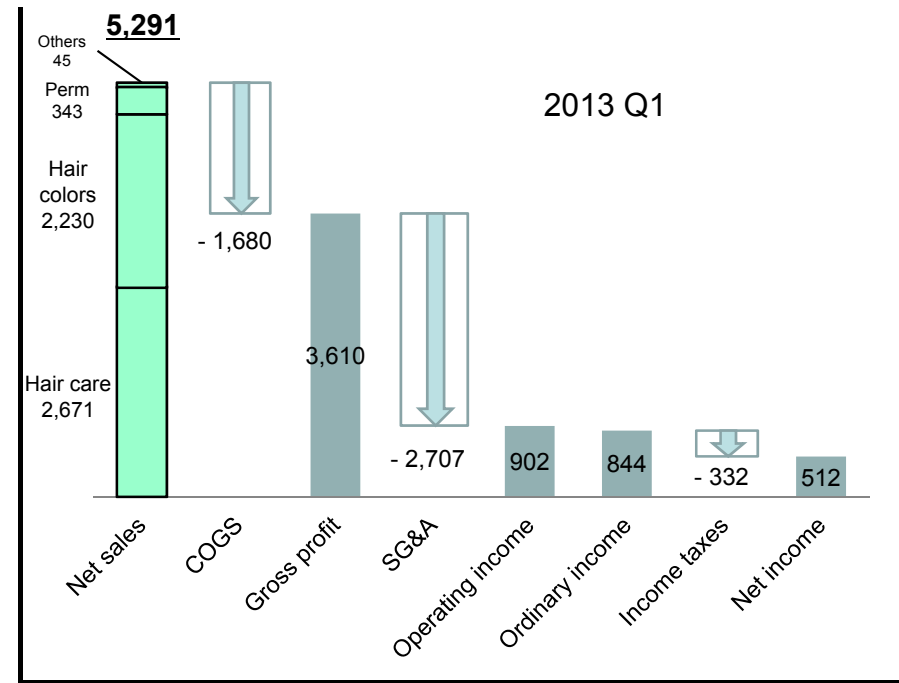
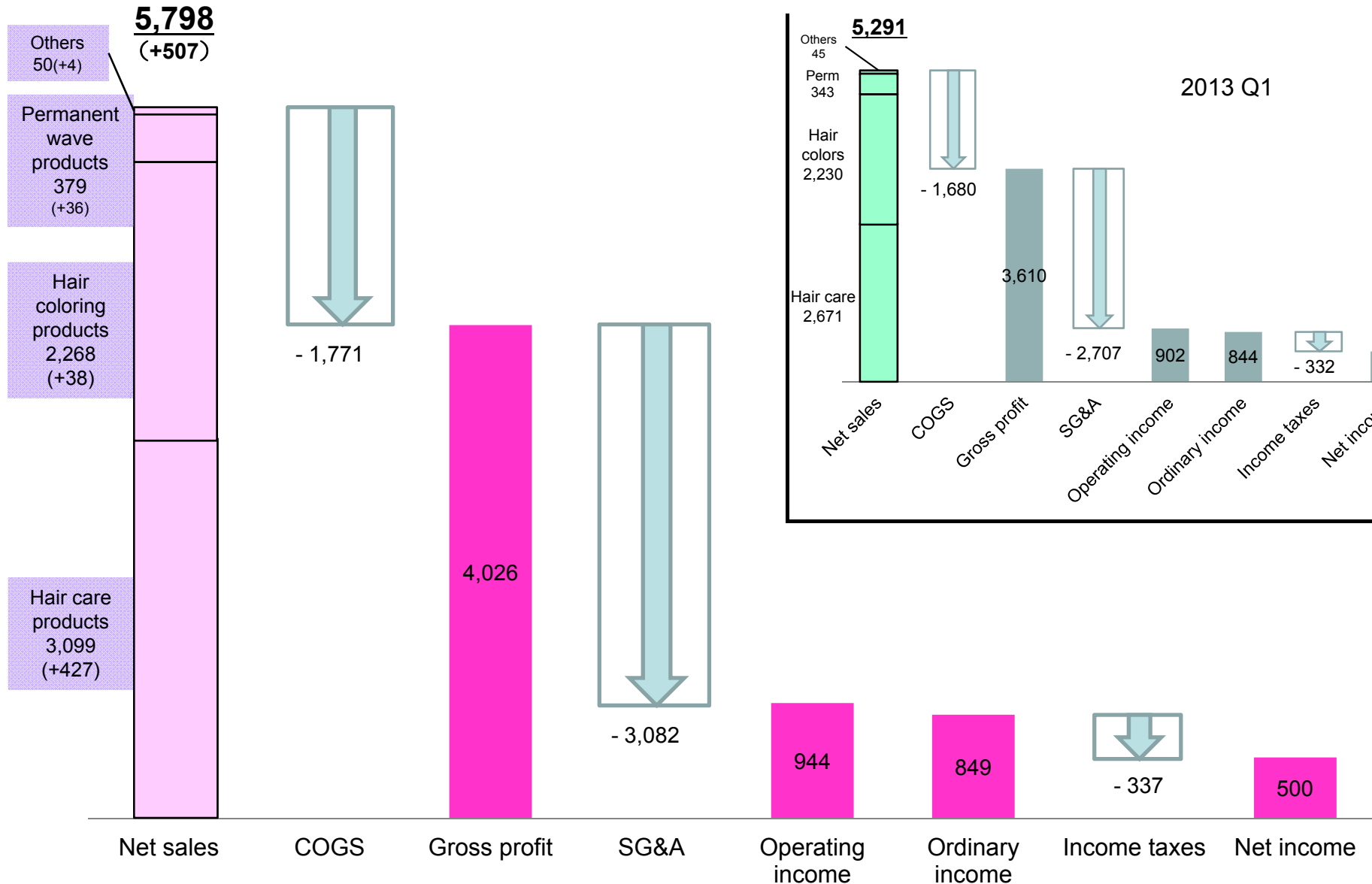
## Liabilities and Net Assets



# Consolidated Statement of Earnings 3 months ended March 20, 2014



(Unit: Million yen)



## ■ Trends in Consolidated Facility Investment and others



(Unites: Million yen)

Category	2010	2011	2012	2013	2014 Jan ~ Mar	Plan for FY 2014
Total facility investments	940	528	840	1,680	387	1,380
Depreciation and amortization	1,010	1,011	947	878	232	1,086
R&D costs	838	870	873	969	298	1,169
R&D cost-to-sales ratio	4.3%	4.3%	4.1%	4.2%	5.3%	4.8%

## ■ Major facility investment plans for current fiscal year

Major facility investment plans for 1<sup>st</sup> quarter for current fiscal year 2014 are as follows:

- Purchase of equipment at Thai Factory
- Payments of construction cost for expansion of Central Research Institute
- Purchase of equipment for newly expanded Central Research Institute

# Milbon Co., Ltd. Non-Consolidated Trends in Market Related Data, Milbon Salons and Fieldpersons

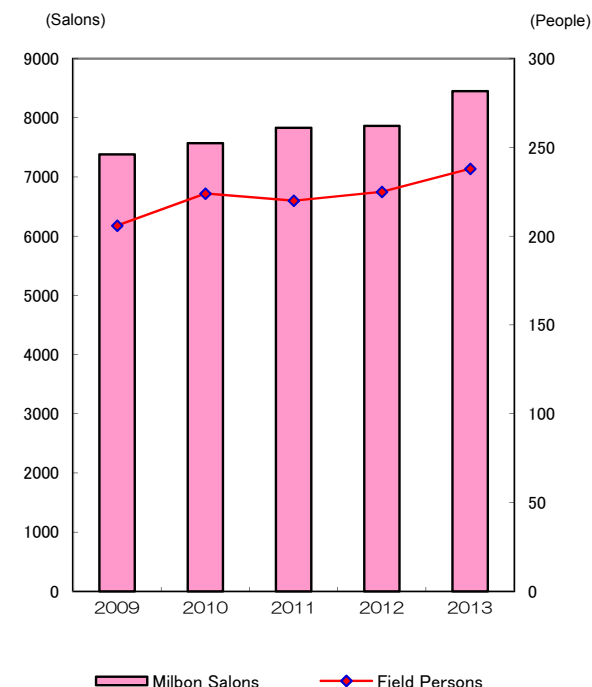


	2009	2010	2011	2012	2013	2014	Comments
Number of beauty salons (salons)	223,645	223,286	228,429	231,134	—	—	Ministry of Health, Labor and Welfare Public Health Administration Report Number of beauty salon facilities/number of employees (year-end)
Number of hair designers and assistants (people)	453,371	456,872	471,161	479,509	—	—	
Beauty customer population (thousands of people)	39,720	39,812	39,640	39,076	38,468	—	Statistics Bureau, Ministry of Internal Affairs and Communications; population statistics as of October 1 each year Population statistics for females aged 15 to 64

## Milbon salon trends

(Unit: salons)

	2009	2010	2011	2012	2013	2014 As of Feb. 20 2014
Tokyo Branch	2,657	2,784	2,872	2,848	3,015	2,852
Nagoya Branch	1,558	1,643	1,682	1,658	1,775	1,654
Osaka Branch	2,616	2,464	2,682	2,725	2,934	2,761
Fukuoka Branch	552	680	596	633	727	661
Total	7,383	7,571	7,832	7,864	8,451	7,928



## Trend in Fieldpersons\*

	2009	2010	2011	2012	2013	2014
Field persons (people)	206	224	220	225	238	28 people scheduled to join the company
Sales per person (million yen)	91	92	97	100	103	

\* The term "Fieldperson" means sales and educational staff who supports the growth of beauty salons.

# ■ Outlines of the Milbon Group (Q1)



	Number of employees	Sales (Million yen)		Year-on-year comparison (%)	Start operations	Exchange rate	
	Number of FPs	Previous FY 2013	Current FY 2014			Previous FY 2013	Current FY 2014
Milbon Co., Ltd.	491	4,914	5,203	105.9	1960	—	—
	230						
Milbon USA, Inc.	15	85	114	134.3	2004	1 US dollar = 81.06	100.25
	12						
Milbon Trading (Shanghai) Co., Ltd.	19	56	91	160.0	2009	1 yuan = 13.13	16.67
	16						
Milbon Korea Co., Ltd.	21	130	233	178.1	2009	1 won = 0.07	0.09
	17						
Others (*1)	41	103	156	151.2	—	—	—
	13						

(\*1) Previous FY 2013 includes : Taiwan, Hong-Kong, and others  
 Current FY 2014 includes: Thailand, Taiwan, Hong-Kong, Malaysia, Vietnam, and others

- Milbon USA made a first contract with distributor in Pennsylvania State in the United States last November, and started the business together with the contracted distributor.
- Milbon Trading (Shanghai) Co., Ltd. focused its efforts on education for top salons in North China area. Milbon Trading (Shanghai) Co., Ltd raised its brand awareness and expand its customer base by acquiring a comprehensive understanding about our business from salon owners.
- Milbon Korea efficiently utilizes Busan studio, newly established in last September, and continued active educational activities contributed to the expansion of its customer base.

# Reference Materials Hair Cosmetic Shipping Statistics



(Unit: million yen)

		January	February	March	April	May	June	July	August	September	October	November	December	Total	Year-on-year comparison (%)
Shampoos	2012	6,107	8,054	8,819	8,546	8,543	9,243	8,741	9,505	8,511	9,033	9,682	9,918	104,702	97.7%
	2013	6,512	6,498	9,623	8,235	9,261	9,502	8,902	8,078	8,026	8,838	9,114	9,694	102,283	
	Difference	405	-1,556	804	-311	718	259	161	-1,427	-485	-195	-568	-224	-2,419	
Rinses	2012	1,825	2,275	2,389	2,492	2,150	2,606	2,150	3,007	2,326	2,653	2,719	2,436	29,028	95.4%
	2013	2,109	1,737	2,049	2,074	2,593	2,592	2,695	2,448	2,232	2,213	2,470	2,475	27,687	
	Difference	284	-538	-340	-418	443	-14	545	-559	-94	-440	-249	39	-1,341	
Hair tonics	2012	1,388	1,581	1,640	1,697	1,817	1,870	1,796	1,710	1,856	1,939	1,703	1,921	20,918	100.2%
	2013	1,344	1,534	1,576	1,669	1,831	1,902	1,862	1,745	1,711	1,923	1,832	2,032	20,961	
	Difference	-44	-47	-64	-28	14	32	66	35	-145	-16	129	111	43	
Treatments	2012	4,703	6,351	6,348	5,947	6,387	6,832	5,447	5,760	6,339	6,606	6,737	7,429	74,886	100.2%
	2013	4,693	4,751	7,373	5,897	6,105	6,950	5,847	5,671	6,695	6,583	6,930	7,544	75,039	
	Difference	-10	-1,600	1,025	-50	-282	118	400	-89	356	-23	193	115	153	
Pomade, cheek, hair cream, perfume oils	2012	911	1,267	1,209	1,245	1,197	1,234	1,325	1,287	1,327	1,300	1,352	1,572	15,226	93.6%
	2013	908	1,110	1,161	1,358	1,165	1,167	1,324	1,121	1,211	1,243	1,146	1,333	14,247	
	Difference	-3	-157	-48	113	-32	-67	-1	-166	-116	-57	-206	-239	-979	
Liquid/foam hair conditioners	2012	770	1,098	1,203	1,177	1,188	1,184	1,149	1,151	1,012	1,112	1,132	1,305	13,481	95.8%
	2013	822	1,046	1,090	1,250	1,184	1,098	1,121	936	912	1,080	1,088	1,284	12,911	
	Difference	52	-52	-113	73	-4	-86	-28	-215	-100	-32	-44	-21	-570	
Styling lotions	2012	587	842	873	888	698	843	931	758	796	852	821	806	9,695	108.8%
	2013	663	636	782	746	738	879	851	1,264	1,066	912	943	1,065	10,545	
	Difference	76	-206	-91	-142	40	36	-80	506	270	60	122	259	850	
Hair sprays	2012	1,208	1,686	2,081	1,701	1,759	2,008	1,962	1,624	1,876	1,665	2,065	2,248	21,883	99.9%
	2013	1,136	1,323	2,058	1,799	1,954	2,070	1,898	1,904	1,642	1,680	2,181	2,220	21,865	
	Difference	-72	-363	-23	98	195	62	-64	280	-234	15	116	-28	-18	
Hair coloring products	2012	5,983	7,611	9,184	8,505	7,749	7,729	8,335	8,336	8,379	8,391	7,902	9,840	97,944	101.1%
	2013	6,272	7,660	9,356	8,843	7,489	7,742	8,665	8,043	8,602	8,578	7,873	9,864	98,987	
	Difference	289	49	172	338	-260	13	330	-293	223	187	-29	24	1,043	
Other hair cosmetics	2012	868	871	1,137	1,226	1,141	1,313	1,098	1,037	1,180	1,368	1,130	1,316	13,685	91.0%
	2013	843	818	1,050	1,163	946	1,235	1,237	1,016	1,022	953	1,027	1,138	12,448	
	Difference	-25	-53	-87	-63	-195	-78	139	-21	-158	-415	-103	-178	-1,237	
Total hair cosmetic products	2012	24,348	31,635	34,883	33,424	32,630	34,862	32,934	34,175	33,602	34,920	35,243	38,791	401,447	98.9%
	2013	25,302	27,112	36,118	33,034	33,267	35,137	34,402	32,227	33,120	34,003	34,604	38,650	396,976	
	Difference	954	-4,523	1,235	-390	637	275	1,468	-1,948	-482	-917	-639	-141	-4,471	

Reference material: Monthly report on chemical industry statistics (Research and Statistics Department, Economic and Industrial Policy Bureau, Ministry of Economy, Trade and Industry)

Statements concerning the future such as the earnings forecasts given in this document are based on information currently in the possession of the Company and on assumptions that the Company considers reasonable.

