



**KOSÉ Corporation**

## **Results of Operations**

Six Months Ended September 30, 2011

October 28, 2011

# Contents

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- 1H FY03/2012 Results of Operations
- First-half Overview / Second-half Undertakings

1H FY03/2012

# Results of Operations

Koichi Shibusawa

General Manager of Accounting and Finance Dept.

# Consolidated Income Statement Highlights (1)

	1H FY03/2011	Ratio to net sales	1H FY03/2012	Ratio to net sales	YoY change	
	(million yen)	(%)	(million yen)	(%)	(million yen)	(%)
Net sales	85,067	100.0	<b>80,963</b>	<b>100.0</b>	(4,103)	(4.8)
Cost of sales	21,959	25.8	<b>20,800</b>	<b>25.7</b>	(1,158)	(5.3)
SG&A expenses	56,653	66.6	<b>55,648</b>	<b>68.7</b>	(1,004)	(1.8)
Operating income	6,454	7.6	<b>4,514</b>	<b>5.6</b>	(1,940)	(30.1)
Ordinary income	6,071	7.1	<b>4,191</b>	<b>5.2</b>	(1,879)	(31.0)
Income before income taxes	5,482	6.4	<b>4,179</b>	<b>5.2</b>	(1,302)	(23.8)
Net income	2,403	2.8	<b>1,723</b>	<b>2.1</b>	(679)	(28.3)
Net income per share	41.40 yen		<b>29.70 yen</b>		11.70 yen	

# Consolidated Income Statement Highlights (2)

	1H FY03/2011 (million yen)	Ratio to net sales (%)	1H FY03/2012 (million yen)	Ratio to net sales (%)	YoY change	
					(million yen)	(%)
Net sales	85,067	100.0	80,963	100.0	(4,103)	(4.8)
Cost of sales	21,959	25.8	20,800	25.7	(1,158)	(5.3)
Gross profit	63,108	74.2	60,163	74.3	(2,945)	(4.7)
SG&A expenses	56,653	66.6	55,648	68.7	(1,004)	(1.8)
<Significant accounts>						
Advertising	4,624	5.4	4,166	5.1	(457)	(9.9)
Sales promotion	15,942	18.7	15,837	19.6	(105)	(0.7)
Freightage and packing	2,669	3.1	2,731	3.4	62	2.3
Personnel	22,100	26.0	21,989	27.2	(111)	(0.5)
Depreciation	1,196	1.4	1,115	1.4	(81)	(6.8)
R&D	1,970	2.3	1,984	2.5	13	0.7
Other	8,149	9.6	7,823	9.7	(325)	(4.0)
Operating income	6,454	7.6	4,514	5.6	(1,940)	(30.1)

# Consolidated Balance Sheet Highlights

	FY03/2011 (million yen)	Share (%)	1H FY03/2012 (million yen)	Share (%)	YoY change (million yen)
Current assets	102,847	60.8	<b>104,460</b>	<b>61.6</b>	1,612
<i>Inventories</i>	<i>20,811</i>	<i>12.3</i>	<i><b>22,469</b></i>	<i><b>13.3</b></i>	<i>1,657</i>
Noncurrent assets	66,415	39.2	<b>65,030</b>	<b>38.4</b>	(1,385)
<i>Property, plant and equipment</i>	<i>36,780</i>	<i>21.7</i>	<i><b>35,867</b></i>	<i><b>21.2</b></i>	<i>(913)</i>
Total assets	169,262	100.0	<b>169,490</b>	<b>100.0</b>	227
Current liabilities	35,804	21.2	<b>35,682</b>	<b>21.1</b>	(122)
Noncurrent liabilities	21,661	12.8	<b>20,842</b>	<b>12.3</b>	(818)
Total liabilities	57,466	34.0	<b>56,525</b>	<b>33.4</b>	(940)
Total net assets	111,796	66.0	<b>112,964</b>	<b>66.6</b>	1,168
<i>Shareholders' equity</i>	<i>105,255</i>	<i>62.2</i>	<i><b>106,022</b></i>	<i><b>62.6</b></i>	<i>767</i>
Total liabilities and net assets	169,262	100.0	<b>169,490</b>	<b>100.0</b>	227

# Results by Business Segment (1)

## Net sales (Sales to third parties)

Segment	1H FY03/2011 (million yen)	<b>1H FY03/2012</b> <b>(million yen)</b>	YoY change		Share (%)	
			(million yen)	(%)	1H FY03/2011	<b>1H FY03/2012</b>
Cosmetics	61,949	<b>59,966</b>	(1,982)	(3.2)	72.8	<b>74.1</b>
Cosmetaries	22,306	<b>20,195</b>	(2,110)	(9.5)	26.2	<b>24.9</b>
Other	812	<b>801</b>	(10)	(1.3)	1.0	<b>1.0</b>

## Results by Business Segment (2)

### Operating income

Segment	1H FY03/2011	<b>1H FY03/2012</b>	YoY change		Operating margin (%)	
	(million yen)	<b>(million yen)</b>	(million yen)	(%)	1H FY03/2011	<b>1H FY03/2012</b>
Cosmetics	6,998	<b>5,418</b>	(1,580)	(22.6)	11.3	<b>9.0</b>
Cosmetaries	795	<b>726</b>	(69)	(8.8)	3.6	<b>3.6</b>
Other	233	<b>314</b>	81	35.0	17.2	<b>23.0</b>

## Revision to Full-year Forecasts

	Previous forecasts (April 28, 2011) (million yen)	Revised forecasts (October 28, 2011) (million yen)	YoY change	
			(million yen)	(%)
Net sales	171,100	<b>169,000</b>	(2,100)	(1.2)
<i>Cosmetics</i>	127,800	<b>127,700</b>	(100)	(0.1)
<i>Cosmetaries</i>	42,000	<b>39,900</b>	(2,100)	(5.0)
<i>Other</i>	1,300	<b>1,400</b>	100	7.7
Operating income	10,000	<b>10,000</b>	—	—
Ordinary income	10,200	<b>10,200</b>	—	—
Net income	5,300	<b>5,300</b>	—	—
Net income per share	91.31 yen	<b>91.31 yen</b>	—	—
Capital expenditure	5,000	<b>5,000</b>	—	—
Depreciation	5,000	<b>5,000</b>	—	—

## Full-year Forecasts

	FY03/2011 (million yen)	FY03/2012 (Forecasts) (million yen)	YoY change (%)
Net sales	171,071	<b>169,000</b>	(1.2)
<i>Cosmetics</i>	127,020	<b>127,700</b>	0.5
<i>Cosmetaries</i>	42,253	<b>39,900</b>	(5.6)
<i>Other</i>	1,797	<b>1,400</b>	(22.1)
Operating income	13,838	<b>10,000</b>	(27.7)
Ordinary income	13,695	<b>10,200</b>	(25.5)
Net income	6,726	<b>5,300</b>	(21.2)
Net income per share	115.87 yen	<b>91.31 yen</b>	-----
Capital expenditure	5,421	<b>5,000</b>	
Depreciation	5,162	<b>5,000</b>	

First-half Overview

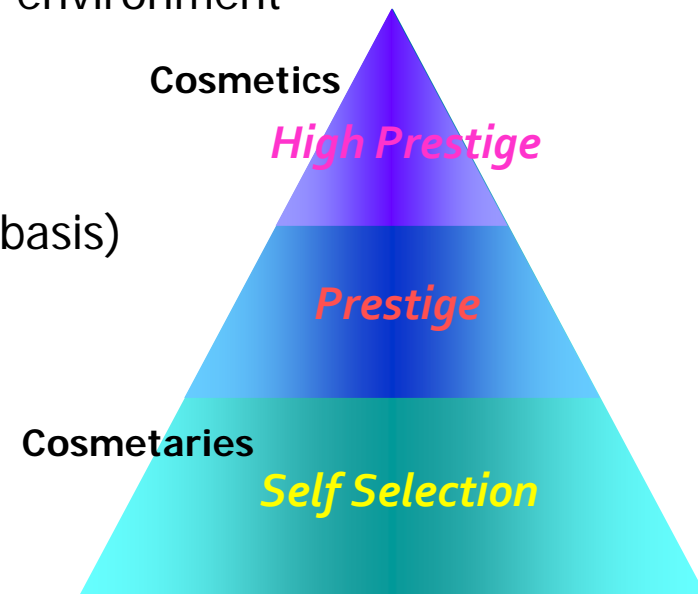
Second-half Undertakings

Kazutoshi Kobayashi, President

# First-half Overview

■ Consolidated net sales: 80.9 billion yen

- down 4.8% YoY
- Domestic sales declined due to harsh market environment
- Overseas sales were flat due to forex impact  
(exports from Japan and sales of overseas subsidiaries rose on local currency basis)



# New Products and Promotional Activities

## COSME DECORTE



■ Launched in November 2010  
COSME DECORTE "AQ MW"



■ Launched in August 2011  
COSME DECORTE "LACOUTURE"



■ Launched in June 2011  
COSME DECORTE "De la Vie"

# New Products and Promotional Activities

## ESPRIQUE



## ESPRIQUE



## ESPRIQUE

Launched in July 2011  
ESPRIQUE "MELLOW FORMING ROUGE"



Launched in August 2011  
ESPRIQUE "FORMING BEAUTY PACT UV" and other products

# New Products and Promotional Activities

GRANDAINÉ  
LUXAGE



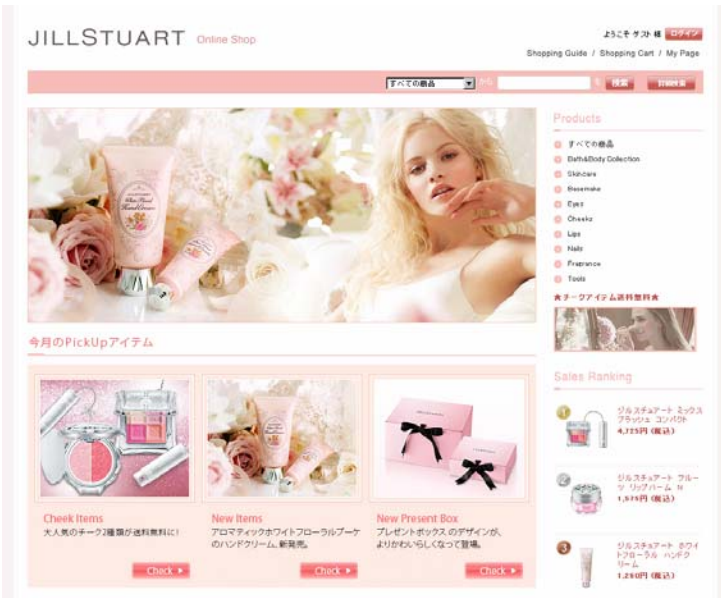
Launched in September 2011  
GRANDAINÉ LUXAGE "ASTAMAX"



Relaunched in July 2011  
SALON STYLE

# E-commerce Business

## JILLSTUART



Launched in May 2011  
JILLSTUART E-commerce



Launched in May 2011  
AWAKE E-commerce

## E-commerce Business (2)

### Debut of mail-order brand "AQUALIVE"



## AQUALIVE

Launch date: December 1, 2011

Nine items plus four mini-sets

Price: 1,300 to 2,200 yen

PROVISION CO., LTD.

# Entering Men's Prestige Cosmetics Market

US fashion brand "Paul Stuart"



Debut in November 2011  
"PAUL STUART"

# Strengthening Convenience Store Channels

## Launch of JUNKISUI beauty drink



To be launched in November 2011  
JUNKISUI "Ginger Collagen"



Relaunched in October 2011  
JUNKISUI skincare & base makeup products

# Strengthening Brand Power

## Enhancing brand image of COSME DECORTE



Relaunched in October 2011  
COSME DECORTE sales counter



To be launched in December 2011 (limited edition)  
COSME DECORTE Face Powder



# Launching Facial Beauty Salon Business

Opened luxury facial beauty salon (directly managed) in the Mode Annex of the Printemps Ginza



Opened in October 2011  
COSME DECORTE salon

# Expansion in Overseas Markets

Introducing "softymo," a self-selection skincare brand, in Taiwan

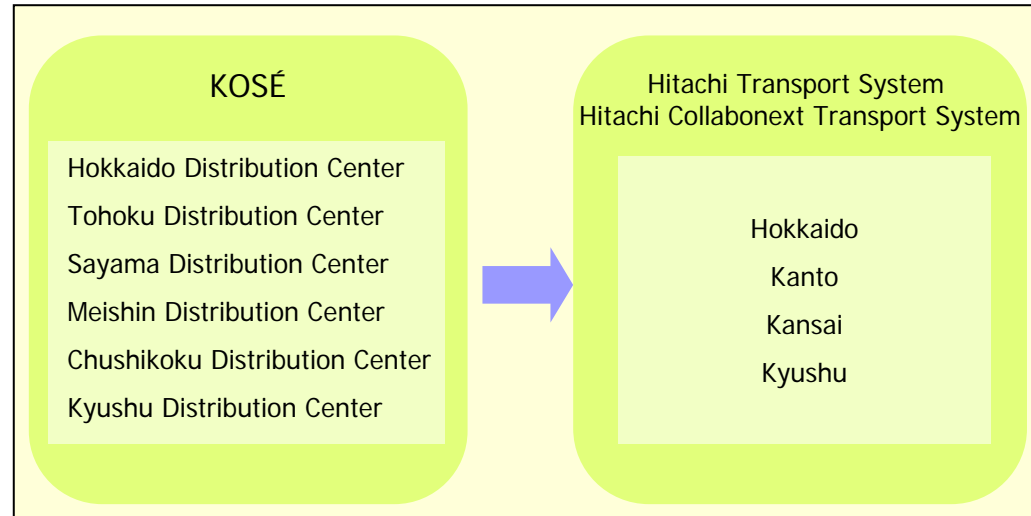


Launched in September 2011  
softymo



# Outsourcing Logistics

Completion of transfer of logistics activities of six distribution centers nationwide



The logistics center in the Kanto region

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