

CORPORATE PRESENTATION

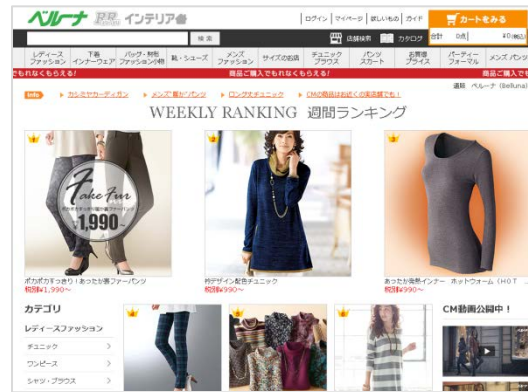
(1st Half ended September 30, 2015 for March 31, 2016)



▲
BELLUNA -
a clothing store for
middle-aged women



▲
Main catalog
BELLUNA



▲
BELLUNA Net -
A mail order website



▲
daily-3 -
A mail order website operated by
Marucho Co., Ltd.

ベルーナ

Friday, November 27, 2015

1. Financial Highlights	P.2
2. Topics	P.12
3. Management Policies and Initiatives	P.16

1. Financial Highlights

BELLUNA

1. Summary of the 1st half results
2. Financial summary
3. Profitability by segment
4. Analysis of increases and decreases in sales
5. Analysis of increases and decreases in operating income
6. Balance sheet
7. Statement of cash flows
8. Plan for FY2015

Operating income rose approximately 2.5 times YoY, driven by the general mail order business

- Net sales increased 10.4%, partially due to the opening of new retail stores and the acquisition of Marucho Co., Ltd.
- Operating income rose approximately 2.5 times YoY, driven by improved revenue in the general mail order business.
- Net income decreased 9.5%, partially as a result of loss on valuation of investment securities.

1-2. Financial summary

BELLUNA

Revenue increased and surpassed the budget at the level of ordinary income. However, non-operating income decreased due to exchange-related gains turned negative.

Unit: Billion Yen

Consolidated	FY2014/1H	FY2015/1H			FY2015
	Actual	Actual	vs. Plan*	YoY Change	Plan
Net Sales	56.31	62.16	1.9%	10.4%	130.00
Cost of Sales	24.90	27.83	7.2%	11.7%	55.20
Selling, General & Administrative	30.16	31.22	-3.7%	3.5%	65.58
Operating Income	1.25	3.11	35.1%	147.8%	8.50
Non-operating Income and Expenses	1.71	0.06	-92.1%	-96.3%	1.70
(Exchange rate-related gains)	(1.26)	(-0.25)			
Ordinary Income	2.96	3.17	2.3%	7.0%	10.20
Net Income	2.05	1.86	-7.3%	-9.5%	6.75

* The plan refers to the one announced on May 15, 2015.

1-3. Profitability by segment

BELLUNA

Net Sales

- Sales increased in all businesses other than the solution business.

Operating Income

- The general mail order and specialty mail order businesses in particular contributed significantly to the increase in income.

Consolidated Sales and Operating Income by Segment

Unit: Billion Yen

	FY2015/1H								Total
	General Mail Order	Specialty Mail Order	Retail Store Sales	Solution	Finance	Property	Other	Elimination or Corporate	
Net Sales	32.90	16.57	4.92	2.17	1.40	3.00	1.51	-0.32	62.16
YoY Change (%)	+1.8%	+13.7%	+40.3%	-7.4%	+12.2%	+155.6%	+8.1%	–	+10.4%
vs. Plan (%)	-1.4%	+3.3%	-6.8%	-10.6%	+3.6%	+10.7%	-1.0%	–	+1.9%
Operating Income	0.88	0.43	0.11	0.87	0.44	0.54	-0.07	-0.09	3.11
YoY Change (billion yen)	1.18	0.57	0.01	-0.02	-0.11	0.16	0.05	0.02	1.85
vs. Plan (billion yen)	0.78	0.06	-0.08	-0.08	0.03	0.14	-0.06	–	0.81
Operating Income Ratio	2.7%	2.6%	2.3%	39.9%	31.5%	18.0%	-4.5%	–	5.0%

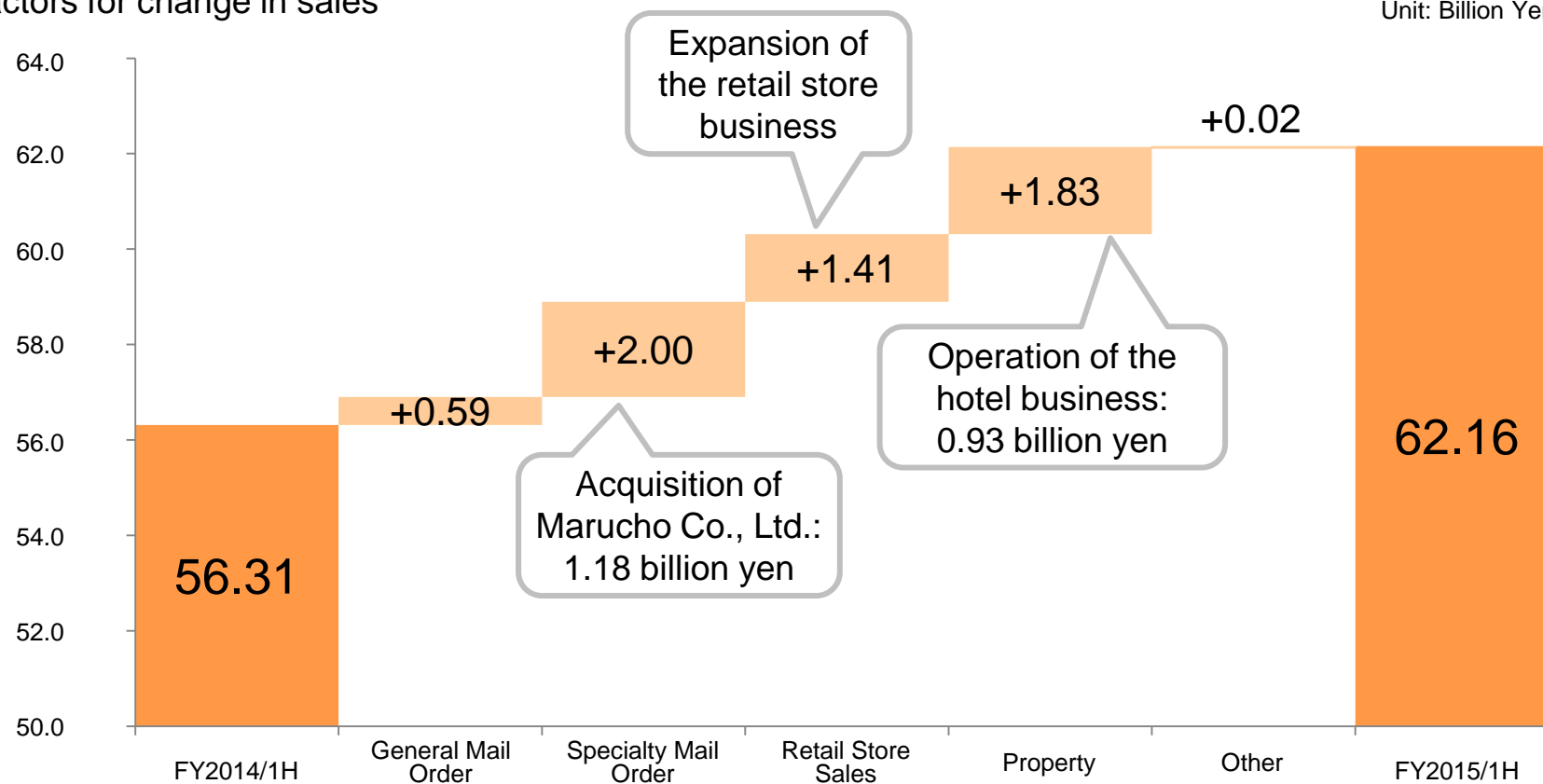
1-4. Analysis of increases and decreases in sales

BELLUNA

Net sales increased 10.4%, reflecting the addition of the hotel operation business, as well as the acquisition of Marucho Co., Ltd. and the expansion of the retail store business.

Factors for change in sales

Unit: Billion Yen



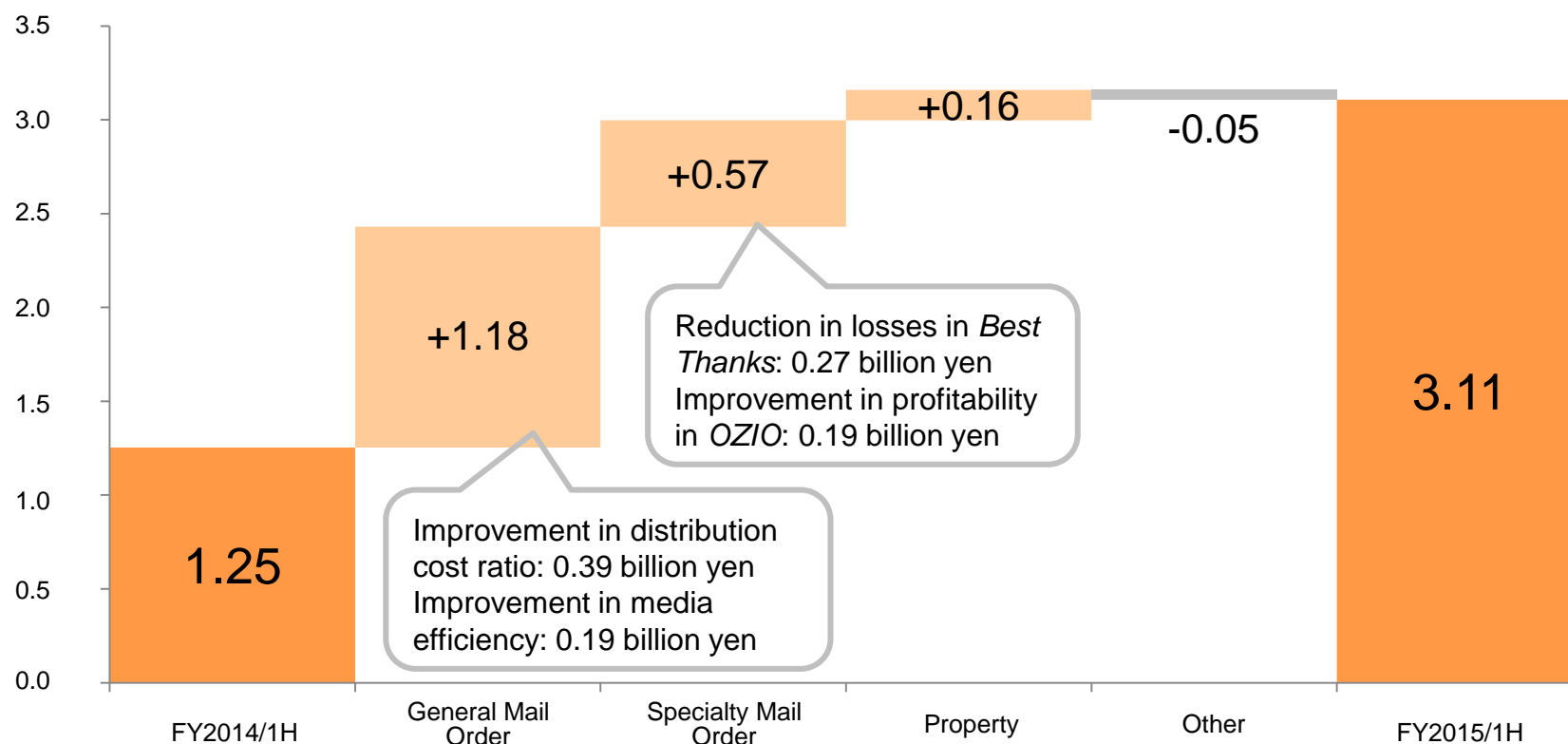
1-5. Analysis of increases and decreases in operating income

BELLUNA

Operating income significantly increased, partially due to improvements in the distribution cost ratio in the general mail order business and the reduction of losses in *Best Thanks* in the specialty order business.

Factors for change in operating income

Unit: Billion Yen



1-6. Balance sheet

BELLUNA

Assets such as cash and deposits, merchandise and finished goods, and tangible fixed assets increased. Interest bearing liabilities also rose. However, the shareholders' equity ratio remained above 50%.

Unit: Billion Yen

	FY2014	FY2015 end of September	Change
Current Assets	69.86	73.53	3.67
Cash and deposits	17.24	19.05	1.80
Merchandise and finished goods	15.86	17.77	1.91
Fixed Assets	82.37	85.30	2.94
Tangible fixed assets	55.80	57.14	1.33
Investment securities	13.33	14.22	0.90
Total Assets	152.22	158.83	6.61
Liabilities	72.71	78.62	5.91
Notes and accounts payable - trade	15.45	16.05	0.60
Interest bearing liabilities	39.67	45.85	6.18
Net Assets	79.51	80.21	0.70
Retained earnings	66.12	67.37	1.25
[Shareholders' EquityRatio]	[52.1%]	[50.3%]	[-1.8P]

1-7. Statement of cash flows

BELLUNA

Cash flows from operating activities remained almost flat from the previous year. Cash flows from investments improved, reflecting a decline in the purchase of PPE year on year.

	FY2014/1H	FY2015/1H	
		Actual	YoY Change
Cash flows from operating activities	3.83	3.73	-0.10
Income before income taxes	3.09	3.06	-0.03
Change in accounts receivable - trade	2.23	0.29	-1.94
Change in inventories	-2.74	-1.22	1.51
Cash flows from investing activities	-8.29	-5.09	3.20
Purchase of property, plant and equipment	-8.98	-1.87	7.12
Proceeds from sales of property, plant and equipment	2.62	0.02	-2.60
Cash flows from financing activities	2.60	3.38	0.78
Net increase in borrowings	3.41	4.22	0.81
Translation differences on cash	0.01	-0.10	-0.11
Increase in cash	-1.85	1.92	3.77

Unit: Billion Yen

Capital expenditure*1
2.94 billion yen
Depreciation & Amortization*2
1.18 billion yen

*1: Capital expenditure includes the amount of investment in intangible fixed assets such as software and leased assets.

*2: Depreciation and amortization include the amount relating to the amortization of intangible assets and long-term prepaid expenses.

1-8. Plan for FY2015

BELLUNA

**Ordinary income achieved the budgets in the two previous fiscal years.
For FY2015, the budget is expected to be achieved at all levels, from net sales to net income.**

Unit: Billion Yen

Consolidated	FY2013		FY2014		FY2015	
	Plan	Actual	Plan	Actual	Plan	YoY Change
Net Sales	130.00	125.41	128.0	120.69	130.00	+7.7%
Operating Income	9.50	7.80	8.4	6.38	8.50	+33.3%
Ordinary Income	10.00	10.43	10.0	10.05	10.20	+1.5%
Net Income	6.50	7.01	7.0	6.39	6.75	+5.6%
Interest Bearing Liabilities	18.00	25.39	23.0 to 27.0	39.67	45.0 to 50.0	+13 to 26%
Net Assets	72.00	73.48	79.0	79.51	85.00	+6.9%
ROE	9.3%	10.0%	9.2%	8.4%	8.0%	+0.4P

1-8. Plan for FY2015

BELLUNA

Operating income is expected to surpass the budget, particularly in the general mail order business, reflecting steady improvements in revenue in the general mail order business and *Best Thanks*.

Budgets by Segment

Unit: Billion Yen

	FY2015								
	General Mail Order	Specialty Mail Order	Retail Store Sales	Solution	Finance	Property	Other	Elimination or Corporate	Total
Net Sales	70.50	35.75	11.20	4.95	2.95	6.10	3.25	-4.69	130.00
YoY Change (%)	+1.9%	+11.6%	+52.3%	+5.2%	+12.6%	+182.4%	+5.1%	—	+7.7%
Operating Income	2.70	1.85	0.40	1.75	1.00	1.00	0.01	-0.21	8.50
YoY Change (billion yen)	0.28	0.62	0.25	0.19	0.01	0.52	0.29	—	2.12
Operating Income Ratio	3.8%	5.2%	3.6%	35.4%	33.9%	16.4%	0.2%	—	6.5%

2. Topics

BELLUNA

- | | |
|-----------------------------------|---|
| 1. M&A: | Acquisition of Marucho Co., Ltd. |
| 2. Specialty mail order business: | <i>Refre</i> launched a functional food |
| 3. Solution: | Establishment of BELLUNA GF Logistics |

Acquisition of Marucho Co., Ltd.

Marucho Co., Ltd., a wholesaler and mail order company of imported foods and goods, was acquired and made a subsidiary company

■ Features

- The company's wholesale business sells imported foods and beverages to approximately 150 companies including major mass retailers and drugstores.
- The company's Internet mail order service, *daily-3*, has won the Shop of the Year award from Rakuten for seven consecutive years in the utensils, tableware, and cooking device category.



■ Impact on financial results

	(Net sales)	(Operating income)
FY2014 (Reference)	4.50 billion yen	0.11 billion yen
FY2015/2Q (July to September)	1.18 billion yen	0.04 billion yen

Location:	5-45, Minamitamachi, Mishima-shi, Shizuoka
Date established:	April 30, 1959
Main business:	Sales of imported products and Internet mail order service
Date acquired:	June 3, 2015
Capital:	80 million yen

2-2. Topics: Specialty mail order business

BELLUNA

Refre launched a functional food

Submitted application to the Consumer Affairs Agency to register “*Blueberry & Lutein*,” a mainstay product, as a functional food with clearly indicated functions. The application was accepted.

→ Concrete descriptions, such as “alleviates eye fatigue” and “maintains the health of the macular area of the eye”, are allowed.

■ Effects

Response rates to advertisements rose 1.5 to 2 times.

■ Future plan

Applications for three other products are pending.

■ お電話でのご注文・商品に関するお問合せ
0120-22-9299 (受付: 24時間・00~24:00 休日も受付可)

会員登録 (無料) 会員登録 (有料) 会員登録 (有料) 会員登録 (有料)

健康食品・サプリ 美容商品 ヘアケア 医薬品 バラサプリ ご利用ガイド 会社概要 よくある質問

注目キーワード: ブルーベリーサプリ 口臭サプリ 脱毛剤

リフレTOP > ブルーベリー&ルテイン

目の疲労感を改善する「ブルーベリー由来アントシアニン」
網膜の黄斑色素を増やすことで目の黄斑部の健康を守る「ルテイン」

機能性表示食品
【届出番号:A90】

目の疲労感を改善する
リフレのブルーベリー&ルテイン

【機能性関与成分量】
ブルーベリー由来アントシアニン40mg
ルテイン6mg (一日目安の含有量)
【1日当たりの摂取目安量】
1日目安: 1粒 / 内容量: 31粒

※ブルーベリー由来アントシアニンまたはルテインの摂取により、目の疲労感を改善する効果が期待されます。

ご購入はこちら

通常価格
税抜1,580円
(税込1,706円)

毎月1袋お届け
税抜1,422円
(税込1,535円)

3ヶ月毎に3袋お届け
税抜4,173円
(税込4,506円)
1袋あたり税抜1,391円

商品一覧から探す
成分で探す
目的別で探す

新聞・チラシ・広告からのご注文

Shopping site of Refre

2-3. Topics: Solution

BELLUNA

Establishment of BELLUNA GF Logistics

Established a joint venture with GF Co., Ltd., a company that specializes in distribution, to strengthen the outsourced distribution operations in the solution business, thereby reducing the risk of receiving orders for unprofitable services.

■ Objectives

- Accumulate expertise
- Develop human resources
- Utilize sales infrastructure
(Utilize the *Ryoke-Maruyama RSC*)



Location:	30-1, Ryoke-Maruyama, Ageo-shi, Saitama
Date established:	June 1, 2015
Main business:	Provisioning of outsourced distribution services
Capital:	9.5 million yen
Investment ratio:	BELLUNA Co., Ltd 50% GF Co., Ltd 50%

3. Management Policies and Initiatives

BELLUNA

1. Mail Order Business
2. Retail Store Sales
3. Finance
4. Property
5. Returns to shareholders

Expansion of four main businesses

1. Expand the **mail order business** in a stable manner.
2. Expand the **retail store sales business** significantly by launching new stores
3. Expand the **finance business**, which has a strong affinity with the mail order business.
4. Strengthen the **property business** to bring the portfolios to maturity.

3-1. Mail Order Business: General Mail Order

BELLUNA

1. Current situation and the future of catalog and mail order services

- Contraction of the market has come to a halt.
- Supply is tight because of factors such as the contraction or withdrawal of business.
- Remaining players are expected to turn a profit.
- Increases in both sales and profit are expected if products suited to the market are supplied.
- The Company provides products to a wide range of customers as a general mail order service operator.
- The main staff members have become more mature (skill sets have improved).

2. Initiatives for main business (1) Reason for maintaining growth

1. Collection of lists

- (1) Collection through existing media (publications, fliers, etc.)
- (2) Collection of lists in stores following the increase in the number of stores
 - Distribution of catalogs in stores
 - Distribution of catalogs in 160 stores by March 31, 2019.
- (3) Collection of lists through strengthened operations via the Internet.
- (4) Strengthening of activities for the collection of lists, which form the base of sales.

2. Catalogs

- (1) Significant growth of *RANAN*, catalogs for women in their 40s.
 - Up 35.9% in 1H on a cumulative basis YoY

3-1. Mail Order Business: General Mail Order

BELLUNA

2. Initiatives for main business (1) Reason for maintaining growth

3. Internet

- (1) We are not aggressive in terms of catalogs for customers in their 20s and 30s.
- (2) We will take steps to raise the currently low CVR.

The CVR is showing signs of improvement: Up approximately 20% in September YoY.

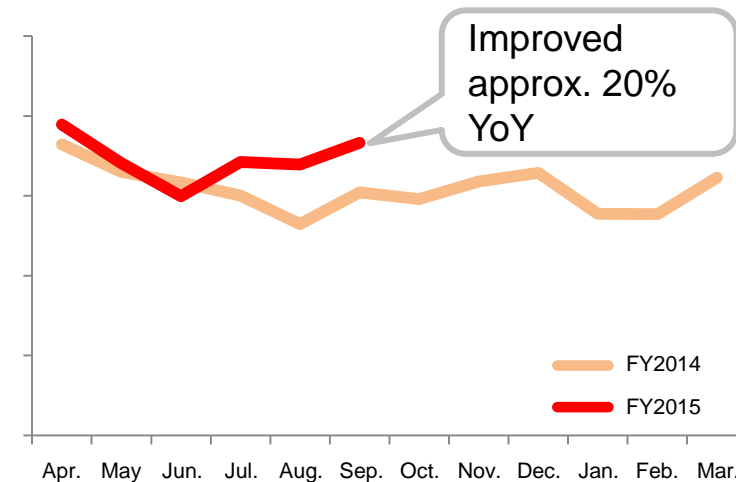
(i) Improvement of websites

- Increase exposure of products of strong seller.
- Improve searching capabilities.

(ii) Improve customer allure.

- Attract customers to mainstay categories.
- Strengthen the AB test in the different advertising channels.

Change in CVR (conversion rates)



3-1. Mail Order Business: General Mail Order

BELLUNA

2. Initiatives for main businesses (2) Reason for maintaining growth

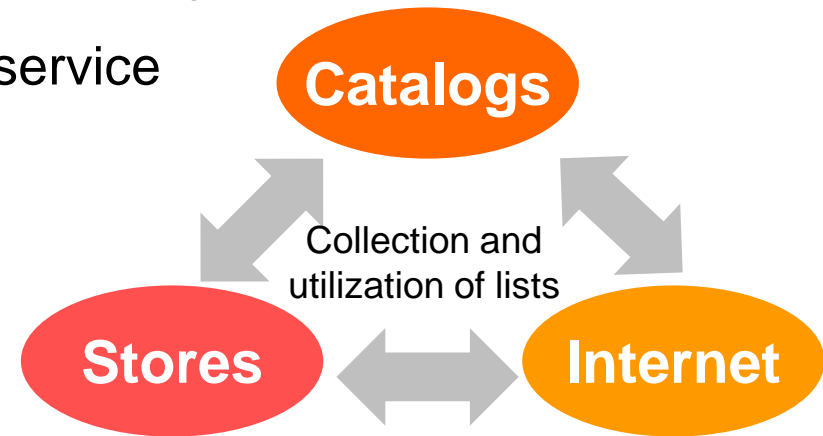
Synergy between catalog, Internet, and in-store operations

1. Improved efficiency that is created interactively (between catalog, Internet, and in-store operations) through a synergistic effect.

(1) Improved responses in the mail order service

(2) Improved CVR on the Internet

(3) Effects of increased sales from stores



2. Effective operation through TV broadcasting

(1) Operations are shared (between the mail order service, Internet, and stores) because the denominator (total net sales) is growing larger

3-1. Mail Order Business: General Mail Order

BELLUNA

2. Initiatives for main business (3) Operation of Yoshimi Logistics Center

- Personnel costs in logistics declined approximately 20% thanks to the operation of Yoshimi Logistics Center
 - Approximately 50% of orders were shipped on the same day
- Improved the level of services.



Yoshimi Logistics Center



Automated warehouse for face-to-face picking



Matrix-based assortment

3-2. Retail Store Sales: Apparel stores

BELLUNA

The number of stores increased to 41 with new stores opened at an accelerated rate. This number is expected to reach about 60 by March 31, 2016.

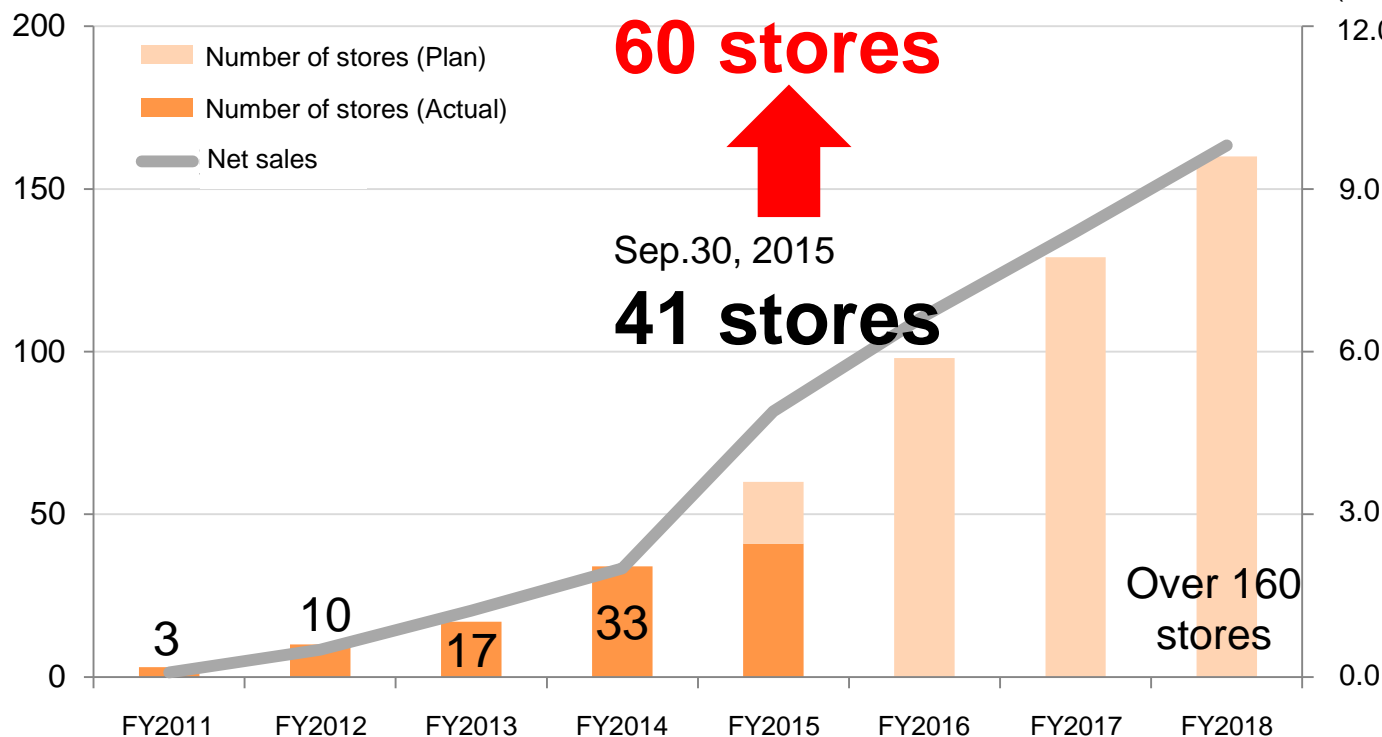


Projected number of stores and net sales

Number of stores

Mar. 31, 2016

Net Sales
(Unit: Billion Yen)



3-2. Retail Store Sales: Apparel stores

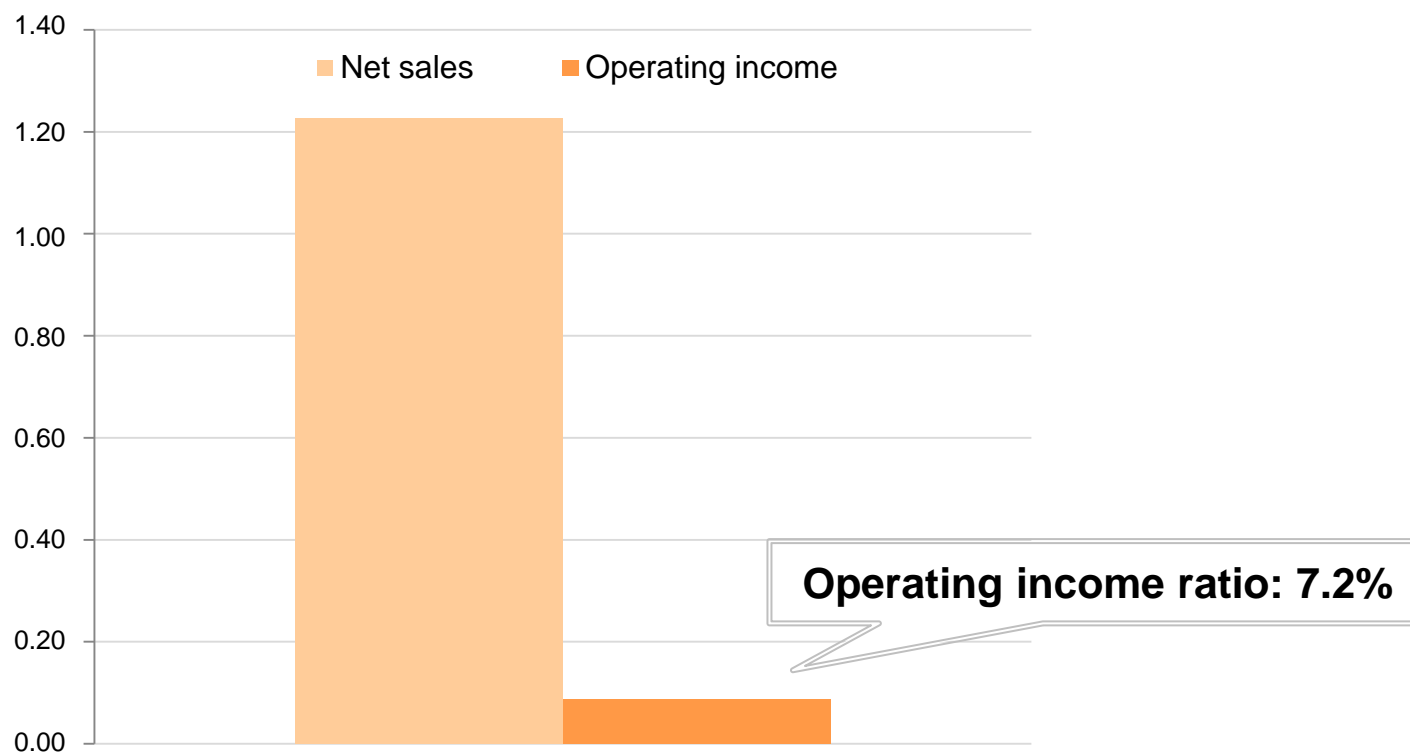
BELLUNA

Stores that had been operating for two years or longer secured operating income of 7.2%, an average of the previous fiscal year.

(Excluding stores expected to be closed permanently)

Net sales of ordinary stores and operating income ratio (Actual results in FY2014)

Unit: Billion Yen



3-2. Retail Store Sales: Apparel stores

BELLUNA

Stores that opened during the period from April to September in 2015



AEON Mall Kuwana (Mie)



Masa21 (Gifu)



MOMO Terrace (Kyoto)



Onoda SUNPARK (Yamaguchi)



Blumer Maitamon (Hyogo)



Leaf Walk Inazawa (Aichi)



AEON Mall Tonami (Toyama)



AEON Mall Hiroshimagion (Hiroshima)

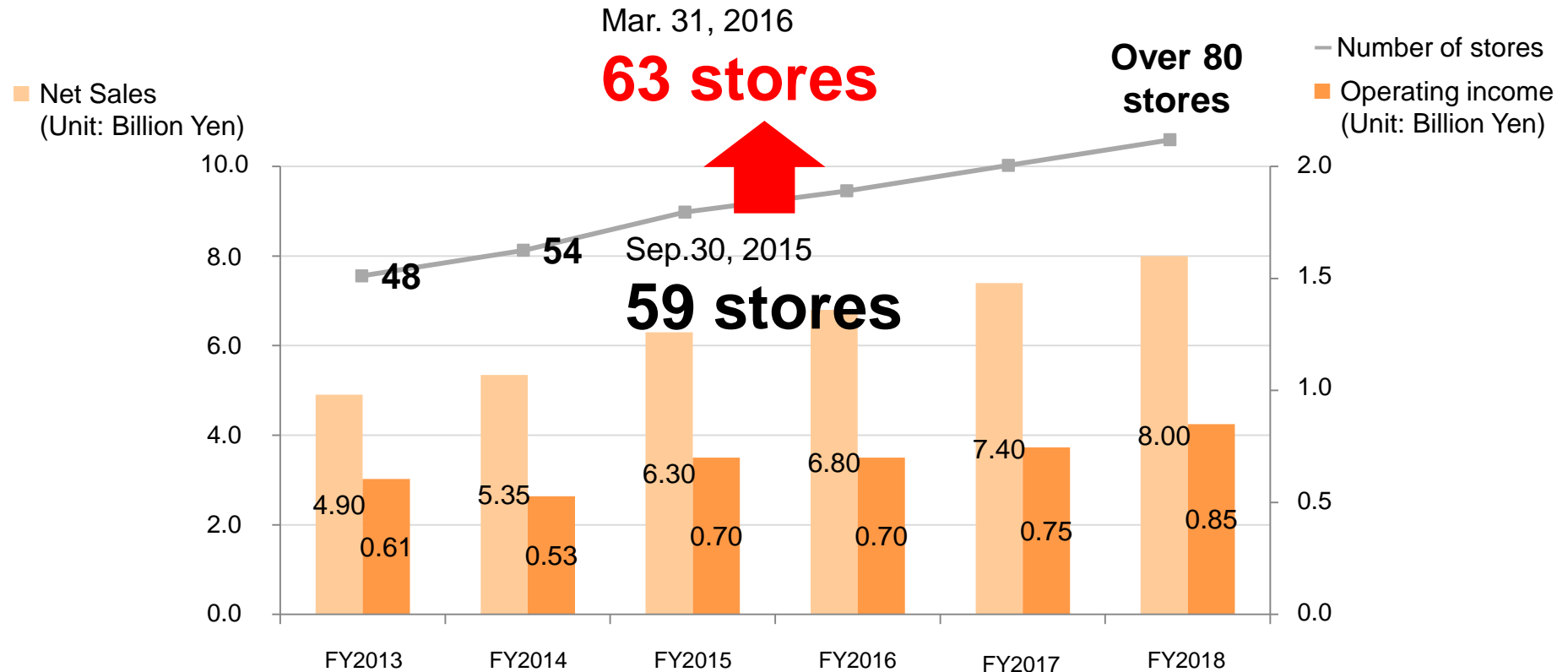
3-2.Retail Store Sales: Stores selling *kimono* and Japanese-style goods

BELLUNA

The number of stores climbed steadily.
Both net sales and operating income increased.



Projected number of stores and net sales



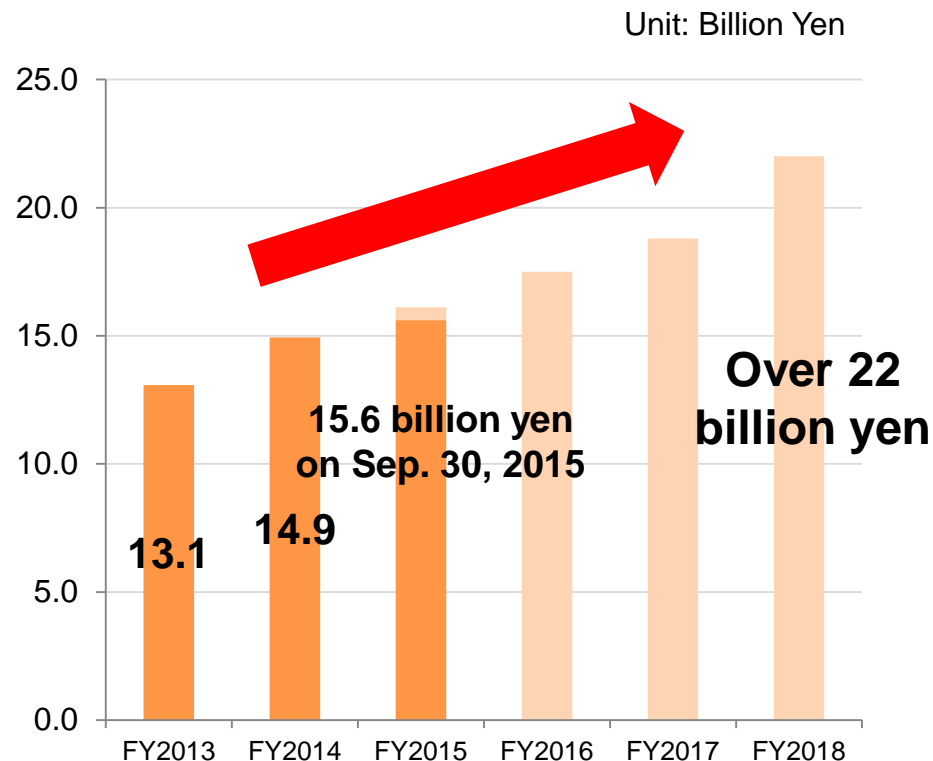
3-3. Finance

BELLUNA

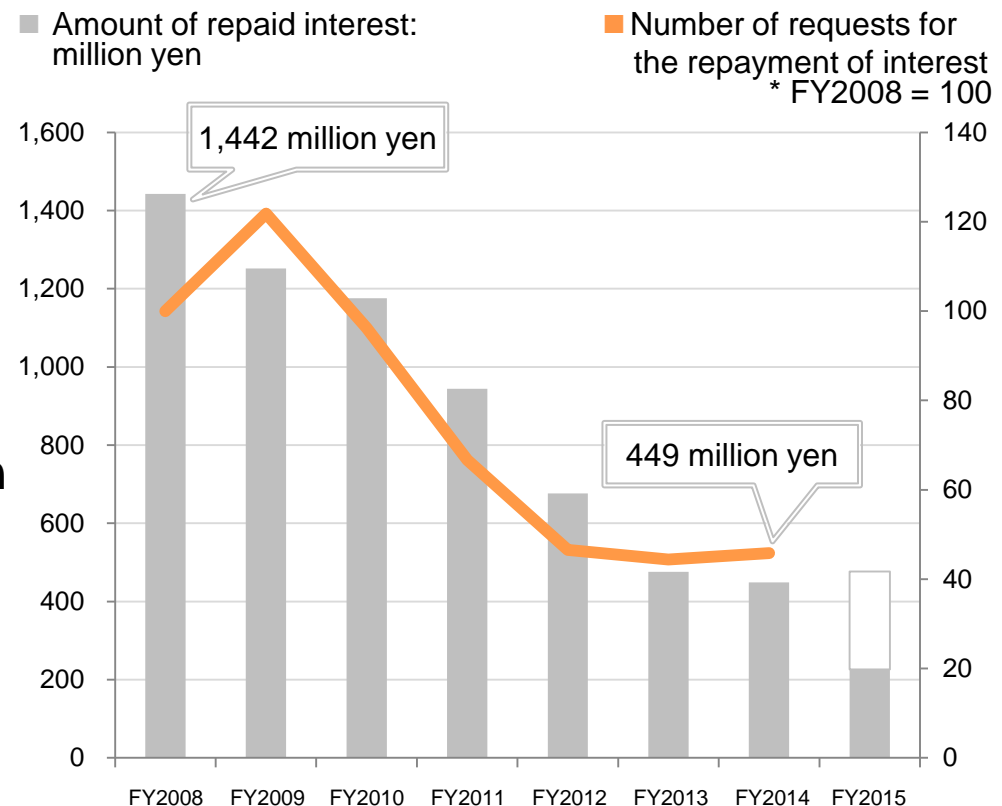
The balance of loans rose steadily, reflecting the increase in the number of applications.

The number of requests for the repayment of interest declined 8.9%.

Projected loan balances in domestic consumer finance services.



Change in the amount of repaid interest and the number of requests for the repayment of interest



3-4. Property

BELLUNA

Successfully boosted revenue in the development and hotel businesses, while maintaining stable revenue from rental services.

- Rental Revenue from rental services is almost in line with the plan

<Revenue from rental services>

1H : 0.69 billion yen (Annual plan: 1.40 billion yen)

<Income from rental services>

1H : 0.35 billion yen (Annual plan: 0.7 billion yen)

- Hotels Urabandai Lake Resort opened in October after renovation.



Exterior appearance of Urabandai Lake Resort

<Hotels currently newly developed>

1. Hamahigashima Resort in Okinawa
2. Urabandai Lake Resort
(Former Urabandainekoma Hotel)

<Future plan>

1. Karuizawa (Resort hotel)
2. Minami Karuizawa (Resort hotel)
3. Kyoto Granbell Hotel

3-5. Returns to shareholders

BELLUNA

Stable dividend payments and the implementation of shareholder incentive programs

<Annual dividends>

	FY2011	FY2012	FY2013	FY2014	FY2015 (plan)
EPS (yen)	43.26	60.18	72.12	65.77	69.42
Dividend (yen)	7.5	7.5	12.5	12.5	12.5

* The above description is based on the figures revised retrospectively upon consideration of the impact of the stock split.

<Shareholder incentive program>

[Details]

- Complimentary tickets valid for general mail order services: Equivalent to 1,000 yen for 100 shares
- Complimentary tickets usable at Urabandai Lake Resort: One ticket for 100 shares

[Eligible shareholders]

Shareholders who own more than at least 100 shares of the Company at the end of March and September (Twice a year)

[Start date]

The program will be implemented, starting from shareholders who are eligible on March 31, 2016.

The 3rd Business Plan (FY2016 through FY2018)

Goals for the final fiscal year

- Net sales **160.0 billion yen** (Average growth per year 6.9%)
- Operating income **16.0 billion yen** (Average growth per year 20.6%)
- ROE **At least 8%**
- Apparel mail order sales **No.1 in Japan** (currently second*)

* Source: "Present situations and the future of mail order and e-commerce businesses for 2014-2015) by Fuji Keizai Co., Ltd.
(for mail order services operated by individual companies)

We will make sure to achieve the budget for this fiscal year and lay the foundation towards achieving the third management plan ahead of the schedule.

<Important notice>

This document is intended to provide information on the business results of the Company for the second quarter of the fiscal year ending March 31, 2016, and is not meant to solicit investments in securities issued by the Company. It is prepared based on the data available as of November 27, 2015. The opinions and forecasts described in this document reflect the judgments of the Company at the time this document was prepared. The Company neither warrants nor promises the accuracy or completeness of this information. It may be subject to change without prior notice going forward.

<Inquiries for IR matters>

IR Section, Executive Corporate Planning Department, Belluna Co., Ltd.

Address: 4-2 Miyamotocho Ageo-shi, Saitama, 362-8688

TEL: 048-771-7753,

FAX: 048-775-6063

E-mail: ir-belluna@belluna.co.jp