



# Business Results Briefing

(Fiscal Year Ending March 31, 2018)

April 1, 2017-March 31, 2018

**Mandom Corporation**

(Securities Code: 4917)



## Contents



- 1. Consolidated Business Results**
  - 2. Progress of MP-12**
  - 3. Forecast of Consolidated Business Results for FY2019/3**
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# Summary of FYE 2018

• Consolidated net sales marked a record high with eight consecutive years of earnings growth.

Operating income and ordinary income on consolidated basis also reached all-time highs.

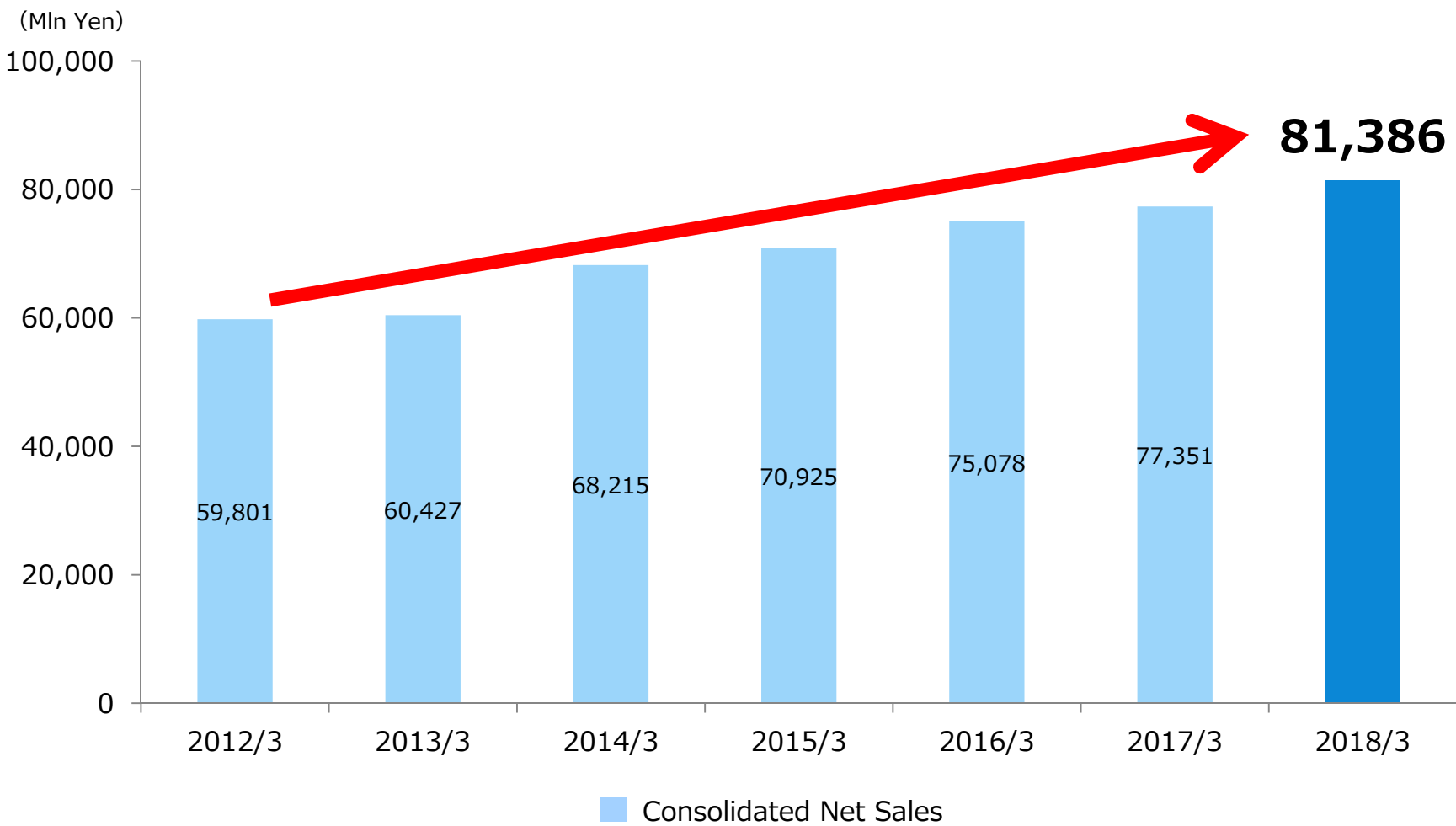
• Satisfactory achievement for first year of Corporate Infrastructure development for realizing VISION 2027

# **1. Consolidated Business Results**

# 1. Consolidated Business Results

1) Consolidated Net Sales and Income at each level increased steadily

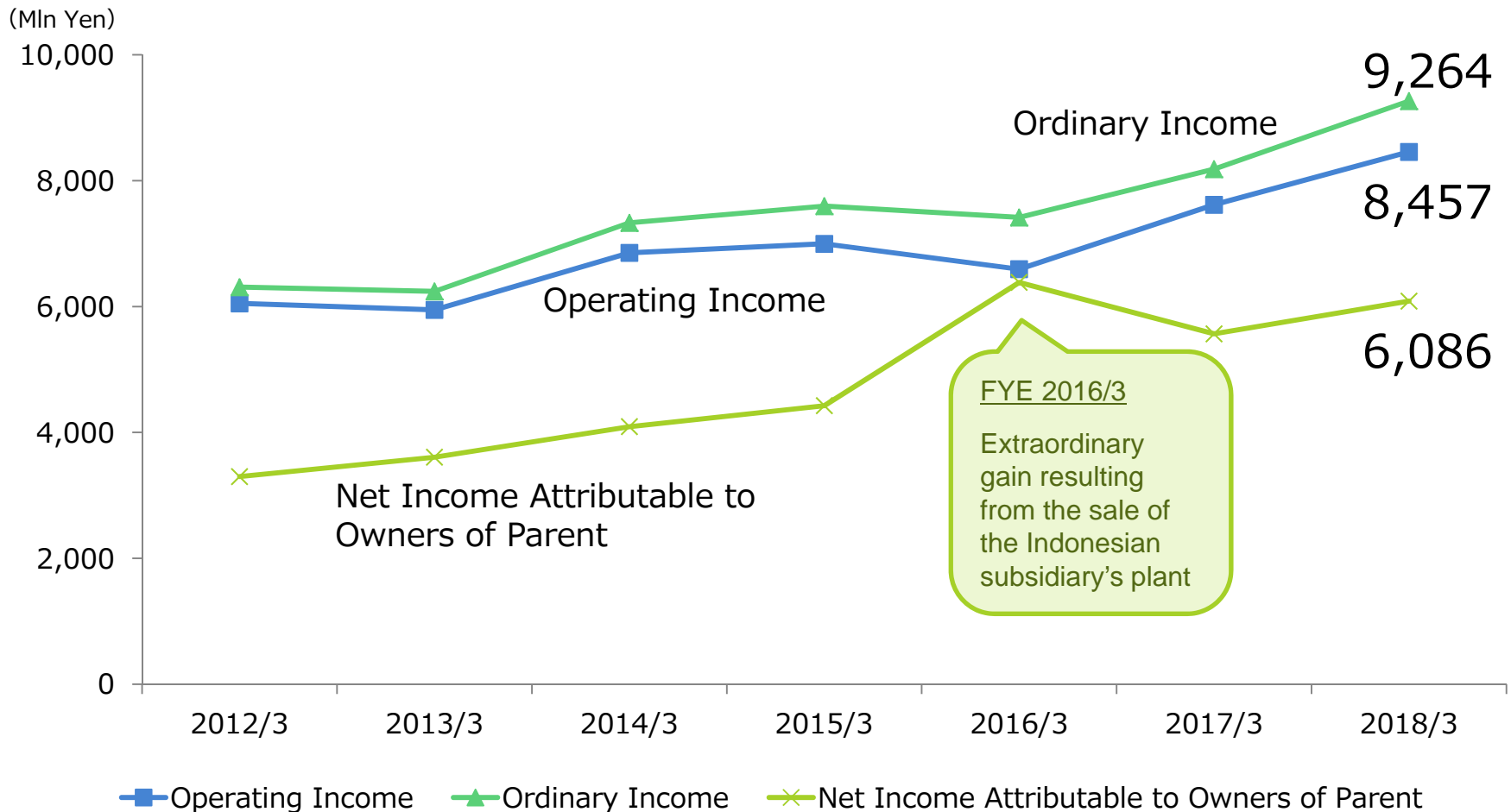
• Consolidated Net Sales reached record highs for 8 consecutive years



# 1. Consolidated Business Results

## 1) Consolidated Net Sales and Income at each level increased steadily

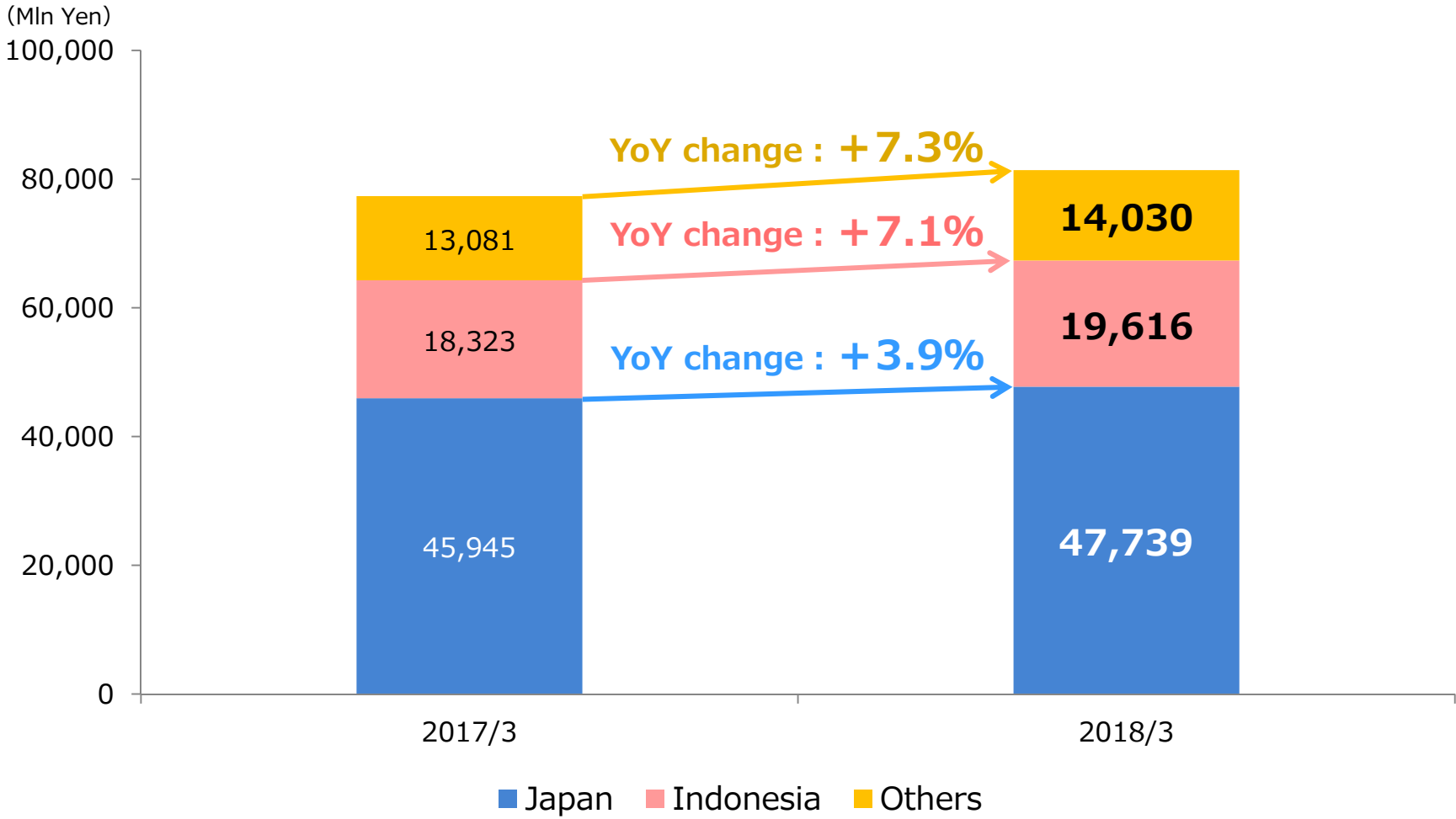
• Consolidated Operating Income and Consolidated Ordinary Income reached record highs for 2 consecutive years



# 1. Consolidated Business Results <Net Sales by Region>

## 2) Sales grew in all regions - Japan, Indonesia and Others

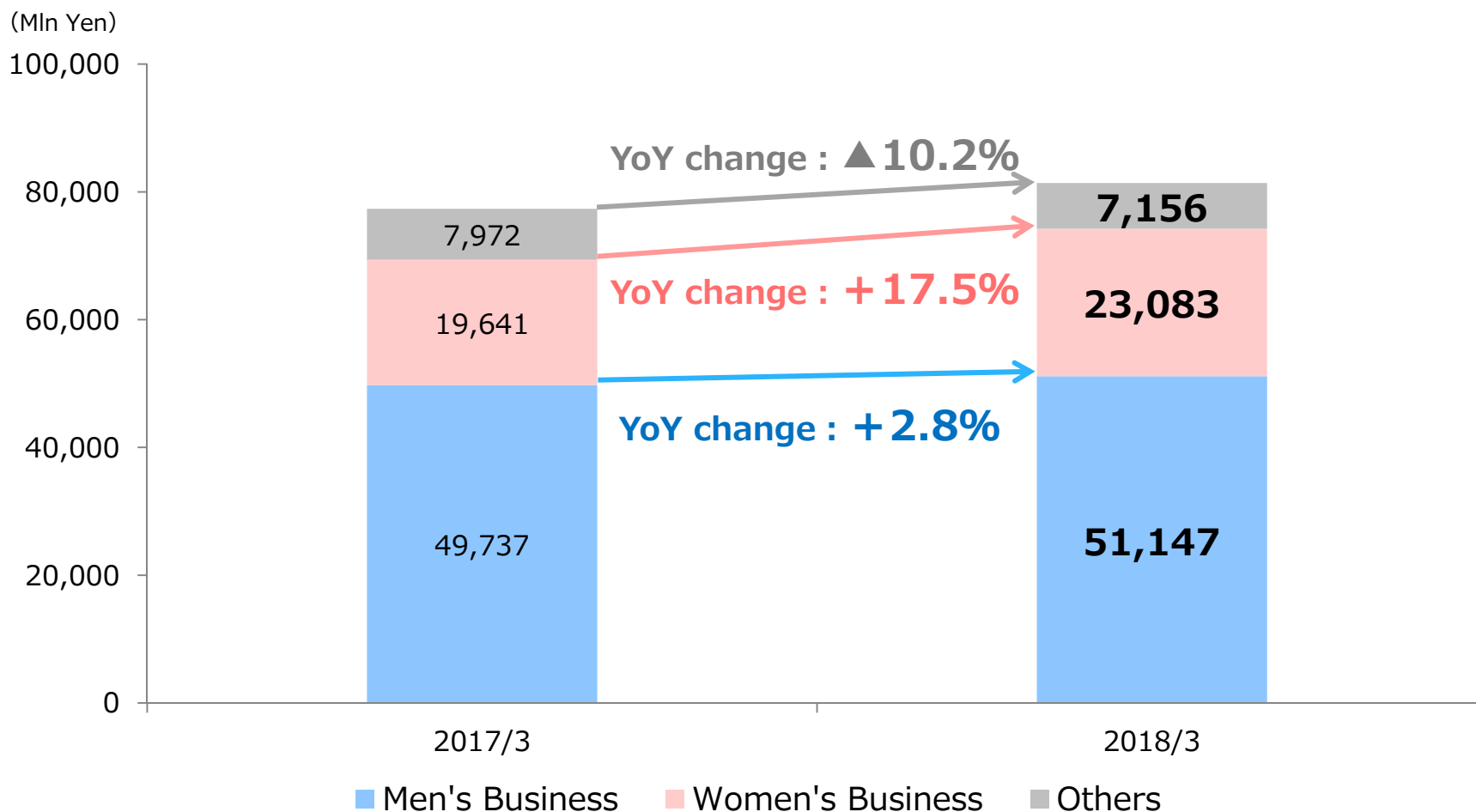
·Overseas Sales accounted for 41.3% of Consolidated Net Sales



# 1. Consolidated Business Results <Net Sales by Strategic Business Unit>

## 3) Major growth of Women's Business mainly resulting from good performance of Bifesta in Japan and overseas

· GATSBY (outside Japan) , Bifesta (in and outside Japan) , Barrier Repair, and Pixy showed good growth.

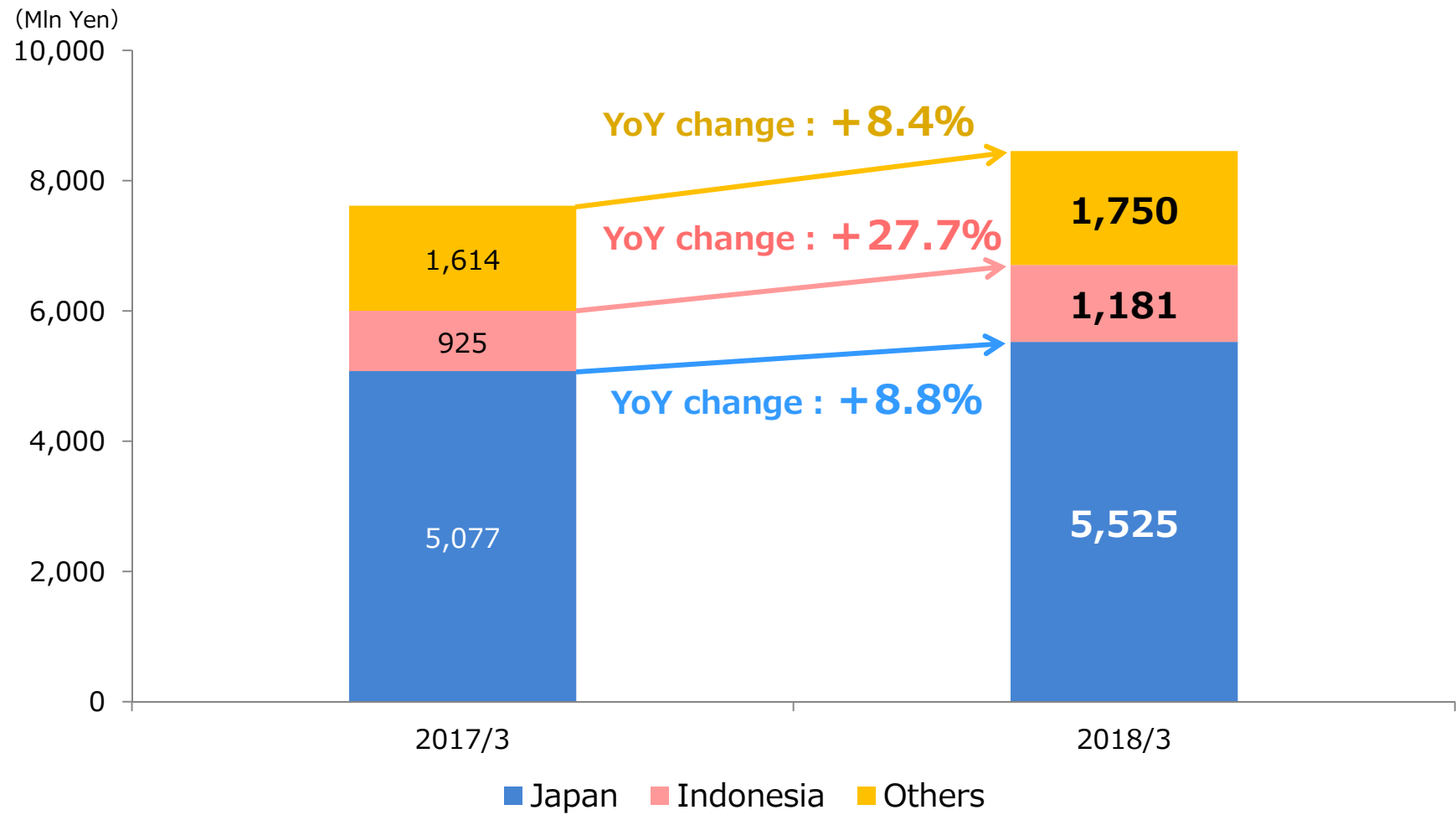




# 1. Consolidated Business Results <Operating Income by Region>

4) Operating income increased in all regions due mainly to sales growth.

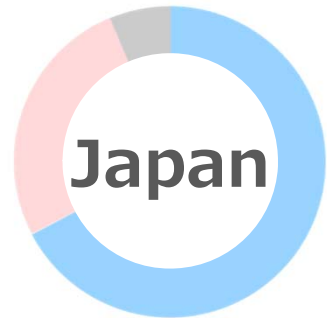
Indonesia, in particular, achieved robust sales growth, thanks to efficient use of selling costs.



Net Sales by Business

## Business results by brand

- A tough battle for GATSBY
- Good results for LUCIDO and Women's Business

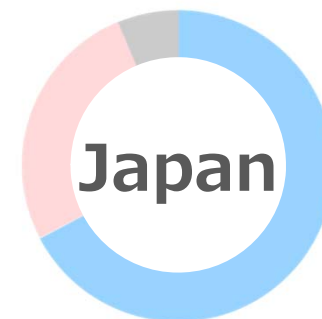


Status of our major brands

Men's Business	Women's Business
<p><b>GATSBY</b> →</p>	<p><b>Bifesta</b> ビフェスタ ↗</p>
<p><b>LUCIDO</b> ↗</p>	<p><b>Barrier Repair</b> ↗</p>

## Men's Business

Net Sales by Business



# GATSBY

• Unseasonable weather dampened the demand for ice-type products featuring a strong cool and refreshing feeling. This segment was significantly affected by sluggish sales of seasonal summer products.

• For GATSBY Spot Deodorant Series (direct application type), we invested in marketing to create buying opportunities at an early stage for summer sales.

■ Ice-type products with a strong cool and refreshing feeling

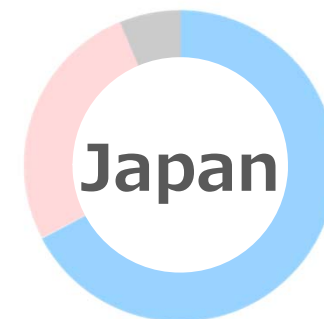
■ Spot Deodorant series



## Men's Business

# LÚCIDO

Net Sales by Business



- Sales were brisk for Skin Care Series (renewal in autumn 2017).
- Lucido Ageing Care Milk, in particular, is boosting its market presence thanks to its TV commercials and strengthened in-store marketing.

### ■ Skin care series



## Women's Business



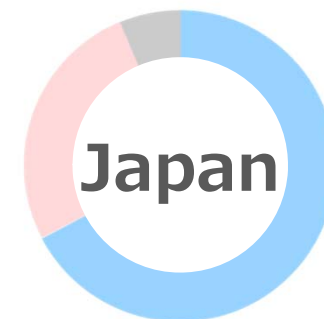
• Bifesta achieved growth of more than 10% in the flattening cleansing sheet market.

• Sales of Bifesta Eye Makeup Remover also increased steadily, maintaining a high market share.

### ■ Cleansing Sheet



### Net Sales by Business



### ■ Eye Makeup Remover



## Miscellaneous Topics

### 【Inbound sales】

- Mainly women's products sold: Barrier Repair Sheet Mask comprising core sales, and Bifesta Eye Makeup Remover and Bifesta Cleansing Sheet.
- Combined total of the purchase, assumed to be made by inbound travelers or for cross-border EC, fared well at about 300 million yen per month on average.
- Marketing targeting inbound travelers not only increased users in Asia but also offered more buying opportunities to the Japanese consumers than before.

#### ■ Barrier Repair Facial Mask



#### ■ Bifesta






Net Sales by Business

# Business results by brand

- Good results for GATSBY, steady performance by Pixy, but a slump for Pucelle due to intensified competition



Status of our major brands

Men's Business	Women's Business
<p>GATSBY </p>	<p>PIXY </p>
	<p>Pucelle </p>

# Men's Business

Net Sales by Business



## GATSBY

•New items were added to the Styling Pomade lineup, which is enjoying brisk sales.

We proposed a wider variety of hair styles to provide more dedication to service (Oyakudachi).

■ Styling Pomade new items



<Styling Pomade Perfect Rise>



<Styling Pomade Urban Dry>

■ Barber Style





## Women's Business

Net Sales by Business



Indonesia

- Sales of Lip Cream targeting young women were good.
- A new product MATTE IN LOVE lip color was released in December.
- We strengthened communication with young women by holding a contest and communicating brand information in collaboration with beauty bloggers.

### ■ MATTE IN LOVE



### ■ contest



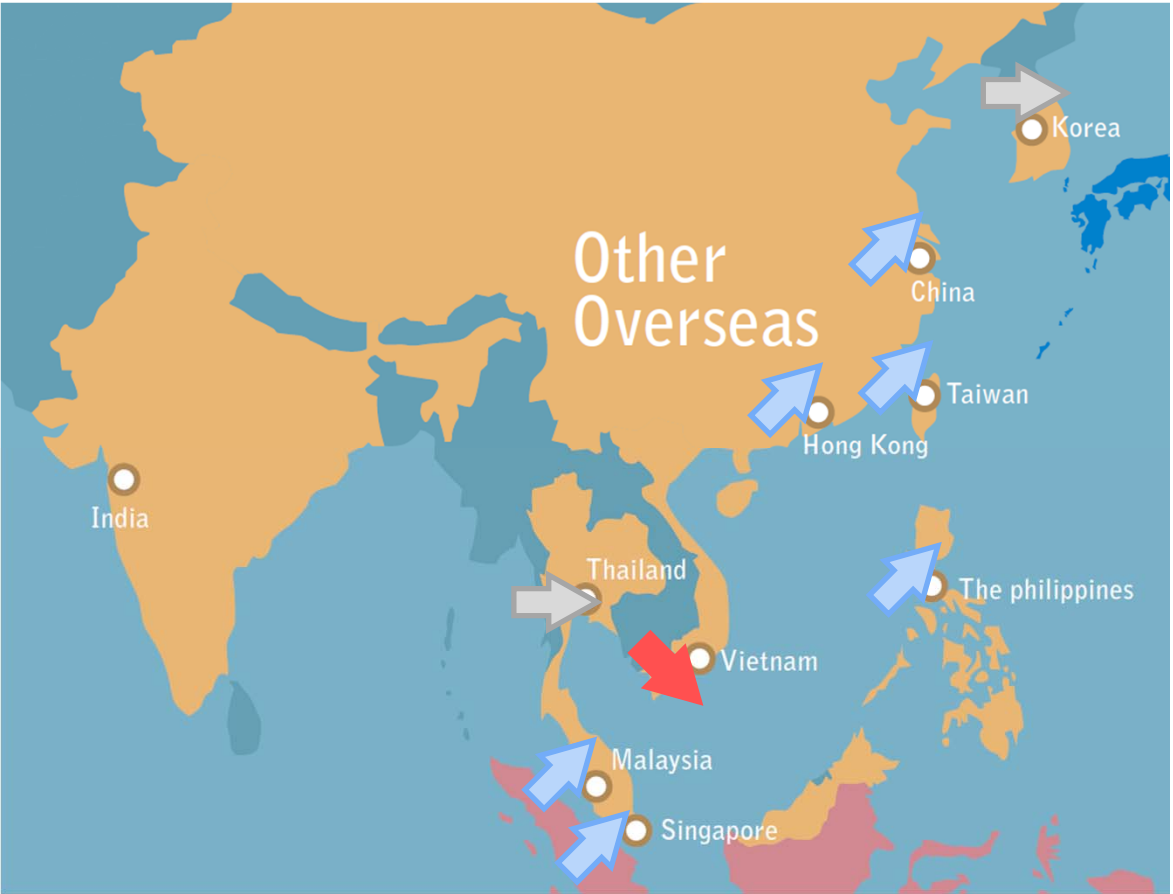
# General Status of Business Results

Net Sales by Business



·As in the previous year, sales in China achieved a two-digit growth (on a local currency basis).

Sales grew steadily in most other countries.



Men's Business

GATSBY

Net Sales by Business



- Sales of GATSBY Pomade, which is being marketed widely in Asia, are growing notably in Malaysia, Singapore and China.
- New items were added to propose a wider variety of hair styles.

■ Dressing Pomade Yuppie Mat (Made in China)



■ Styling Pomade Perfect Rise Urban Dry (Made in Indonesia)



# Women's Business

Net Sales by Business



- As in Japan, sales of Bifesta Eye Makeup Remover and Bifesta Cleansing Sheet grew substantially, pushing the overall performance of the segment.

- We expect a further growth by selling Bifesta in stores of a major Chinese retail chain.

■ A store display in China



■ A store display in Taiwan



## **2. Progress of MP-12**

**(FYE 2018/3~FYE 2020/3)**

# MANDOM MISSION

### MANDOM MISSION

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## Human to Human

Mandom is a "human-oriented" company. Guided by our original concepts of Health, Cleanliness & Beauty, we reach boldly beyond the norm to bring wonder and inspiration to people's everyday lives.

### MANDOM PRINCIPLES

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Consumer-led Lifestyle Value Creation  
Challenge, Change, Innovation  
Active Employee Engagement  
Social Responsibility & Sustainability  
Human Assets

### MANDOM SPIRIT

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Dedication to Service (Oyakudachi)  
Respect for Humanity  
Freedom & Open-Mindedness

### VISION 2027



A cosmetics company  
possessing unique  
strengths in specialized  
areas  
(not an “all-rounder”)

Concrete Corporate Image Elements

1. Authentic proposals
2. Global & ‘Only One’
3. Exciting & Excellent

## 2. Progress of MP-12

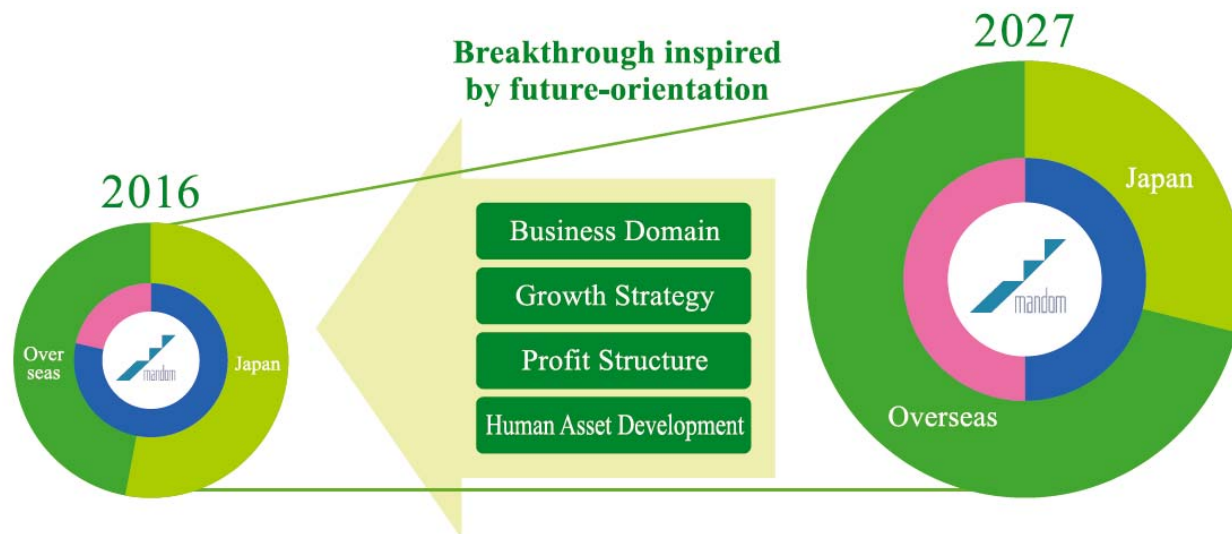
### VISION Slogan

Use our 'Only One' strengths to provide Dedication to Service (Oyakudachi) to a billion people around the world.

### VISION Policy

1. Leverage Asia's economic growth to evolve into a truly global company.
2. Display greater Dedication to Service (Oyakudachi) in the men's business segment and invest aggressively to expand our women's segment.
3. Provide authentic products and services to develop a MANDOM WORLD inspired by the concept of stock-oriented management (the idea of strengthening or "stocking up" various assets including ties with our stakeholders by providing authentic and valuable products and services.)

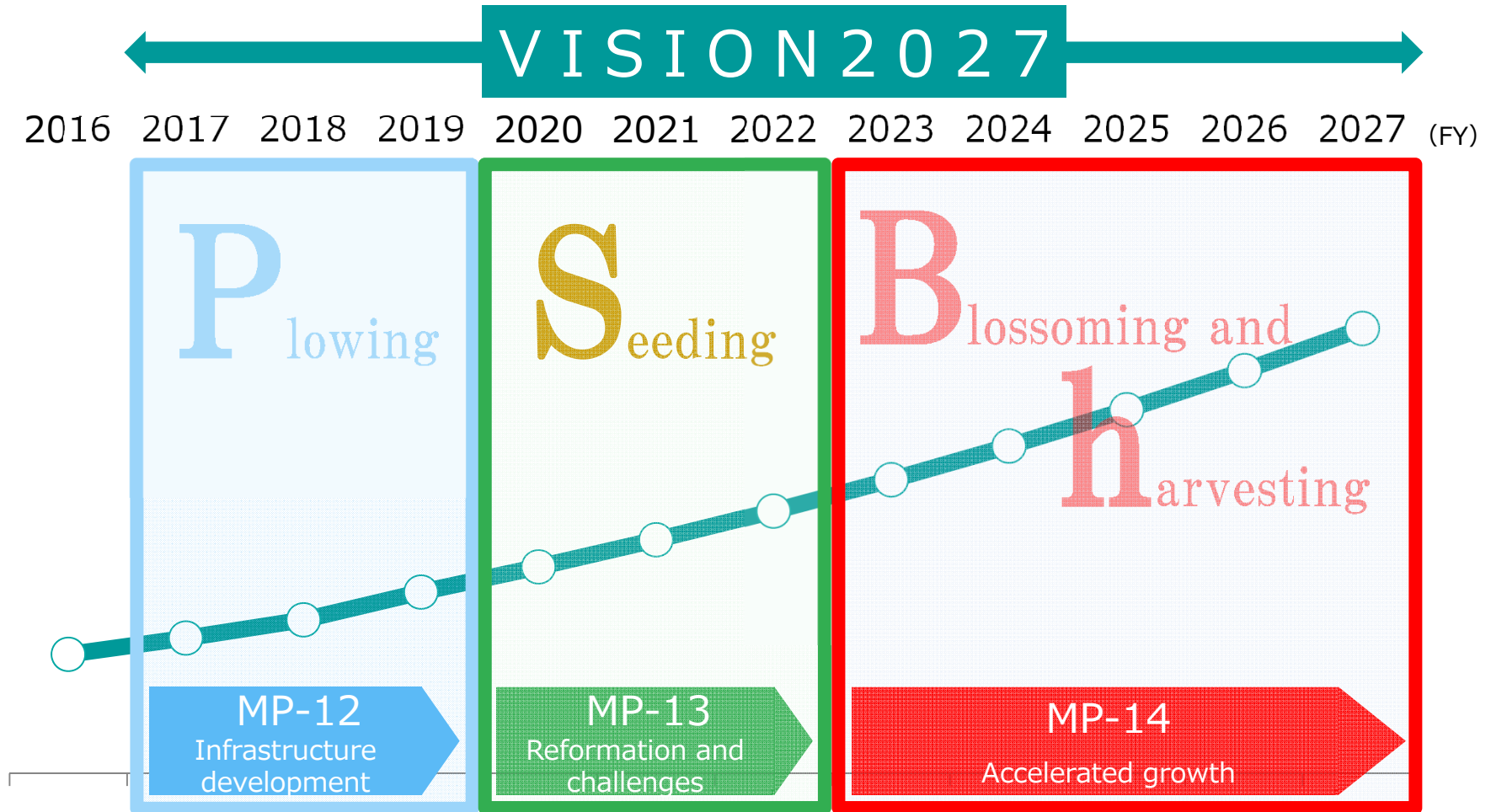
#### ■ Image





## 2. Progress of MP-12

### ■ Positioning of MP-12



Corporate Infrastructure Development for Realizing VISION2027

# Management Basic Policy

1. Promotion of category strategies and thorough implementation of activity
2. Improvement of growth in overseas operations focusing on Indonesia
3. Building a group operation system and improving productivity per unit

### ■ Key action measures implemented in line with basic management policies

- ① Company-wide corporate philosophy training
- ② Strengthening of eCommerce
- ③ Consolidating marketing function into Aoyama Office
- ④ Adding a new factory building to Fukusaki Factory
- ⑤ Resolution to introduce the Restricted Stock Compensation Plan to be put to the AGM

## 2. Progress of MP-12 <Company-wide corporate philosophy training>

### ① Company-wide corporate philosophy training



From top management to executive officers

From executive officers to division managers



**All Group employees shared Our Philosophy in an integrated and unified manner.**

## 2. Progress of MP-12 <Company-wide corporate philosophy training>

### ① Company-wide corporate philosophy training

From division managers to their staff



Days spent: 26 days in total

Employees who received the training: 1,009

Total travel distance: Approx. 60,000 km  
(one and a half times around the earth)

**All Group employees shared Our Philosophy from the viewpoint of how to put it into practice in their daily KohDoh.**

## 2. Progress of MP-12 <Strengthening of eCommerce>

### ② Strengthening of eCommerce

Business network covering 10 countries and regions in Asia



Opportunities to spread Our Oyakudachi



Asia is becoming borderless with a rapid change in the digital environment.



**We strengthened our eCommerce activities with close coordination among Group companies and business divisions, also involving organizational reform.**

FY 2018/3

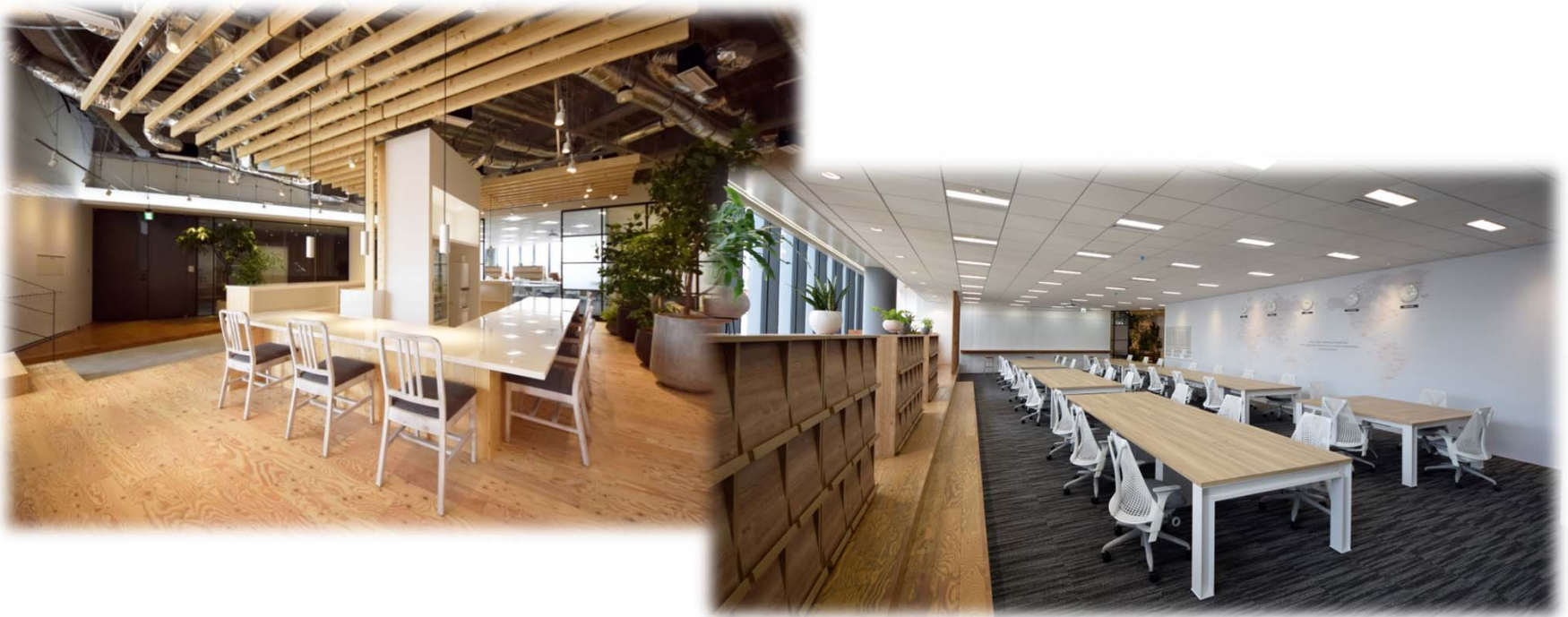
FY 2019/3



## 2. Progress of MP-12 <Marketing function>

### ③ Consolidating marketing function into Aoyama Office

- We aim at sharing marketing know-how across borders using Aoyama Office as a venue for meeting of employees in charge of global brand marketing.
- We aim at enhancing our capability to gather and communicate information positioning Aoyama Office not only as a place to work but also as a center to transmit something new and interesting.



**Further improvement in our total marketing capability globally**

## 2. Progress of MP-12 <Fukusaki Factory>

### ④ Adding a new factory building to Fukusaki Factory

- Production capacity of the factory will increase to 1.6 times to prepare for future business expansion.
- We will make the factory more people-friendly, where employees can enjoy a fulfilling working life.



Making it a production factory ideal for Realizing VISION 2027



## 2. Progress of MP-12 <Fukusaki Factory>

### ④ Adding a new factory building to Fukusaki Factory

- A safe, sound and comfortable working environment will be created.
- A new value will be added as a cosmetics production factory by installing a large presentation hall for groups of visitors.



Start of construction (planned) : February 2019  
Start of operation (planned) : November 2020  
Investment : Approx. 11 billion yen

## 2. Progress of MP-12 <Restricted Stock Compensation Plan>

### ⑤ Resolution to introduce the Restricted Stock Compensation Plan to be put to the AGM

- This issue will be discussed at the 101<sup>st</sup> ordinary general meeting of shareholders scheduled on June 22, 2018.
- An incentive to be introduced, aiming for continuous improvement of corporate value
- We aim at sharing values with our shareholders further.

## 2. Progress of MP-12 <Growth Potential>

### ■ Management Basic Target

【Growth Potential】

Men's business  
Average annual  
growth rate

**3% or more**



Women's business  
Average annual  
growth rate

**10% or more**



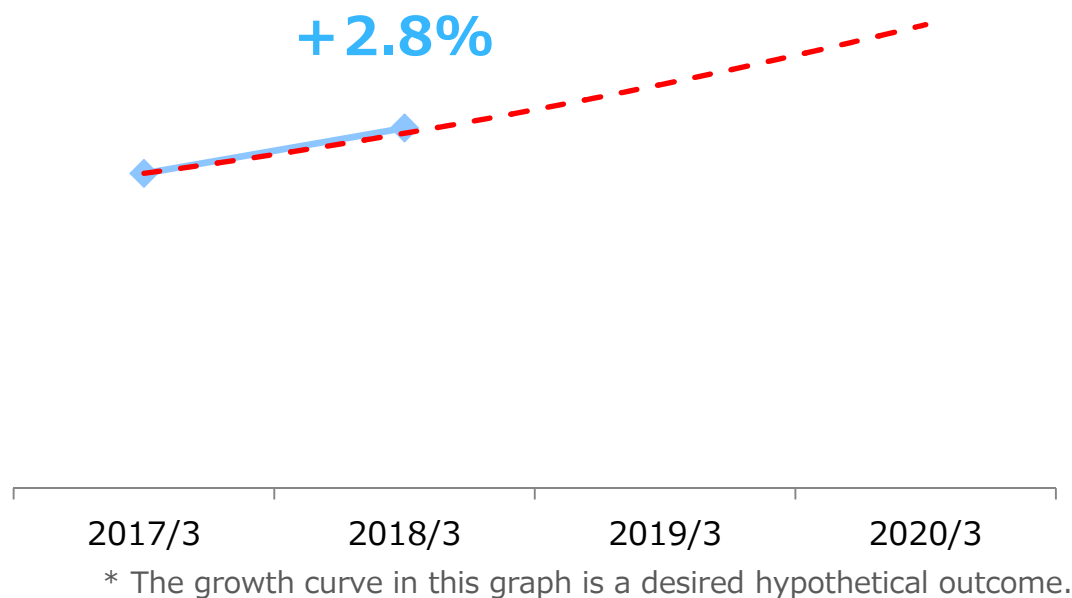
Overseas  
Average annual  
growth rate

**10% or more**



## 2. Progress of MP-12 <Growth Potential>

【Growth Potential】 Men's business Average annual growth rate  
3% or more

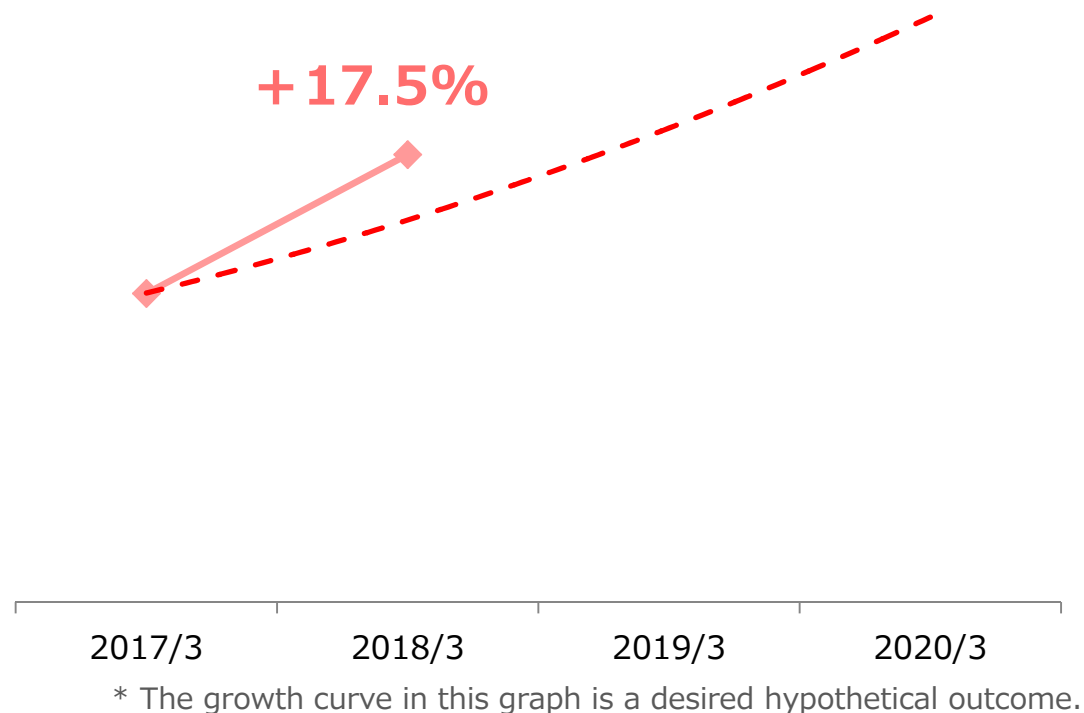


<Future plans>

- Enhancing marketing of GATSBY both in and outside Japan
- Continuing proposals of grooming using Lucido targeting middle-aged men

## 2. Progress of MP-12 <Growth Potential>

【Growth Potential】 Women's business Average annual growth rate 10% or more

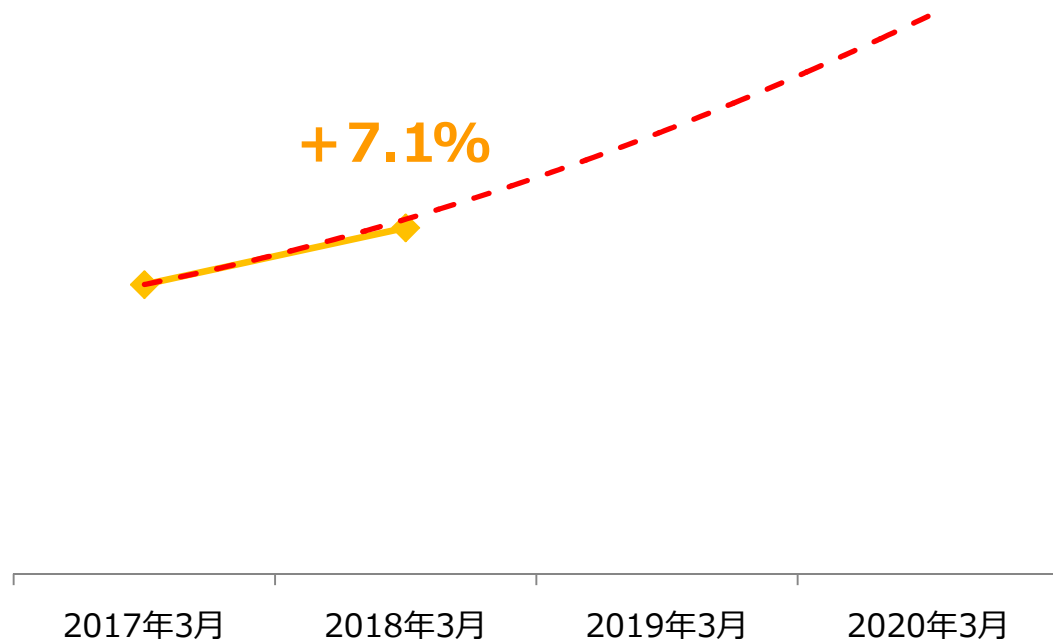


### < Future plans >

- Enhancing our ability to make proposals of Bifesta products both in and outside Japan
- Expanding overseas areas to market Barrier Repair
- Strengthening brand marketing activities of the Pixy

## 2. Progress of MP-12 <Growth Potential>

【Growth Potential】 Overseas Average annual growth rate  
10% or more



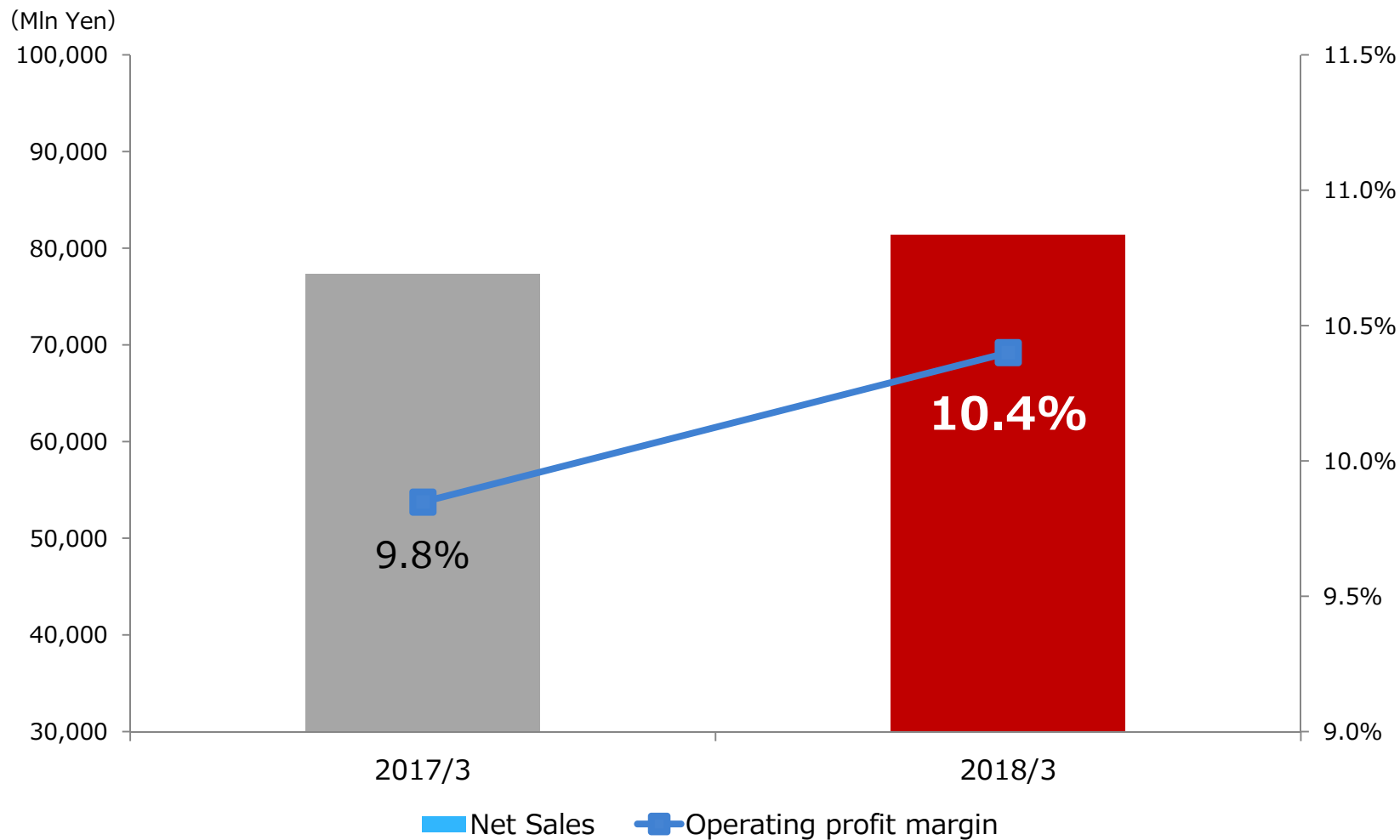
\*The growth curve in this graph is a desired hypothetical outcome.

### <Future plans>

- Increasing the volume of Oyakudachi targeting mass middle class in Indonesia
- Accelerating the growth speed in other overseas markets

## 2. Progress of MP-12 <Profitability>

【Profitability】 Consolidated Operating Profit Margin 10%



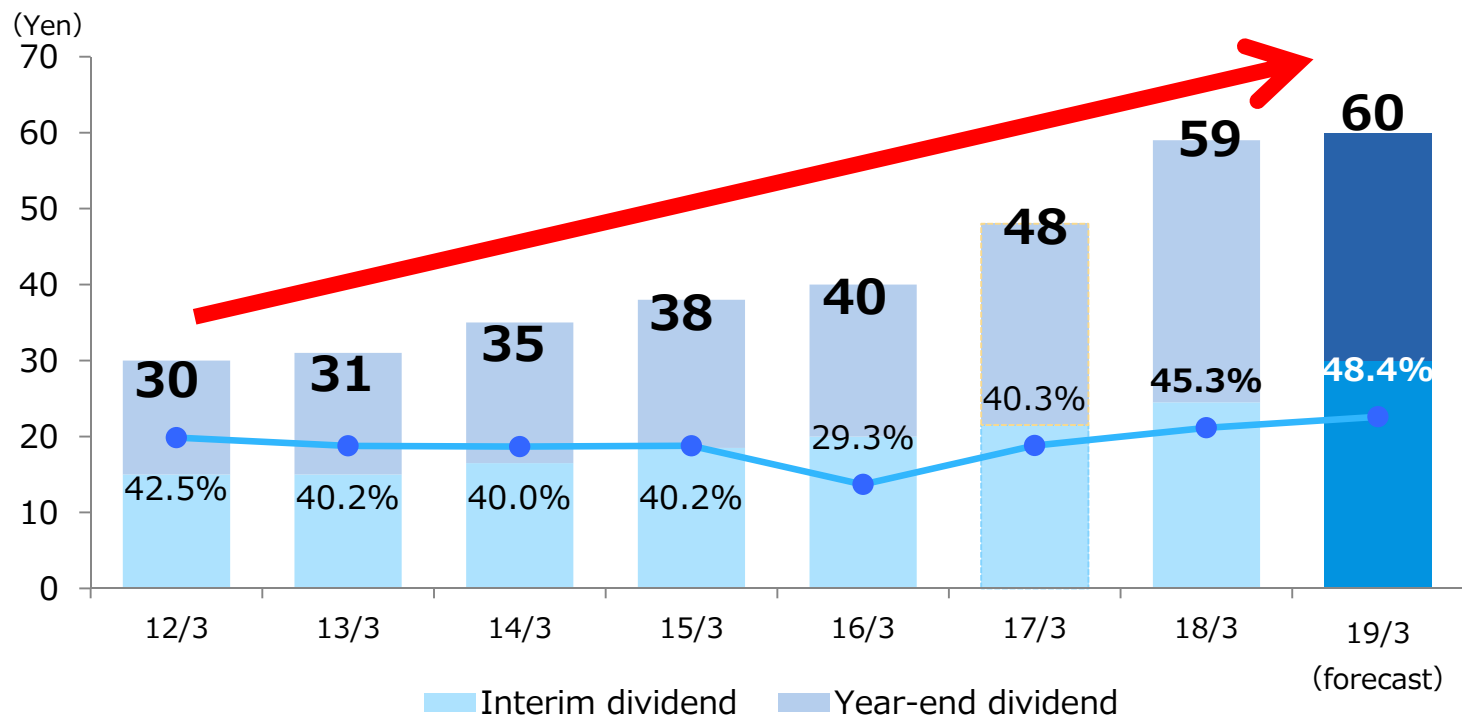
## 2. Progress of MP-12 <Shareholders Returns>

### 【Shareholders Returns】 Consolidated Payout Ratio

Consolidated basis, excluding extraordinary items 40% or higher

• Annual dividend including the dividend commemorating our 90<sup>th</sup> anniversary was 59 yen (dividend payout ratio: 45.3%).

We are planning a payout increase again for FYE March 2019. If implemented, this would be the seventh consecutive increase in dividend (dividend payout ratio: 48.4%).



\* Effective as of October 1, 2017, Mandom Corp. effectuated a 1:2 stock split. All the figures in the graph above reflect the influence of the split.



# **3. Forecast of Consolidated Business Results for FY2019/3**

# 3. Forecast of Consolidated Business Results for FY2019/3

## Forecast of Consolidated Business Results for FY2019/3

(Unit:MIn Yen)

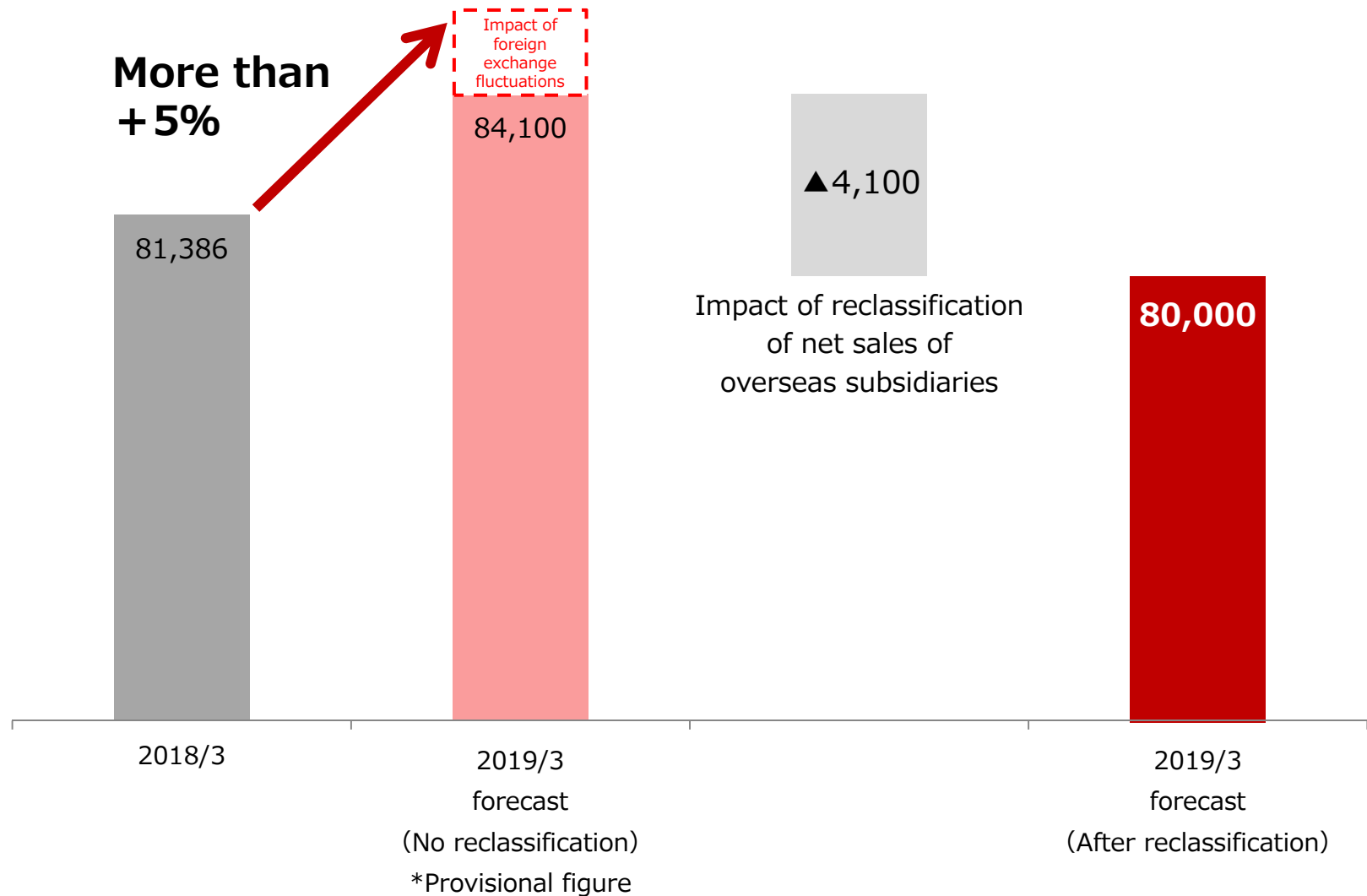
	FY2019/3						FY2018/3	
	Annual			1Q+2Q			Result	
	Initial Plan	Balance	Yr/Yr	Initial Plan	Balance	Yr/Yr	Annual	1Q+2Q
Net Sales	80,000	▲1,386	98.3%	43,000	▲1,247	97.2%	81,386	44,247
Operating Income	8,600	142	101.7%	5,950	▲223	96.4%	8,457	6,173
Ordinary Income	9,300	35	100.4%	6,350	▲278	95.8%	9,264	6,628
Net Income Attributable to Owners of Parent	5,800	▲286	95.3%	4,000	▲357	91.8%	6,086	4,357

(Note) For the overseas subsidiaries consolidated in our financial statements in accordance with the International Financial Reporting Standards, part of the items that are currently recorded as expenses will be excluded from net sales starting in FYE March 2019.

When calculated on the equivalent basis, the year-on-year change from the results for FYE March 2018 is expected to be an increase of about 3%.

# 3. Forecast of Consolidated Business Results for FY2019/3

## FY 2019/3 Forecast : Breakdown of Increase/Decrease



# 3. Forecast of Consolidated Business Results for FY2019/3

## FY 2019/3 Outlook of Main Expenses: Breakdown of Increase/Decrease over FY 2018/3

(Unit : MIn Yen)

### Prerequisites of the plan

Net Sales ※

2,713

Cost-to-sales Ratio

0.2%

SGA ※

1,173

Operating Income

142

Ordinary Income

35

Net income Attributable to Owners of Parent

▲ 286

#### ■ Net Sales

- + ) • Sales increase by reinforcing marketing of seasonal summer products in Japan
- Bifesta women's makeup remover and facial wash category will achieve a sales growth both in and outside Japan.
- Rapid growth of men's business is expected outside Japan, mainly GATSBY styling items.

- The middle-aged customer market is expected to grow in Japan with our Lucido brand.

- ) • A decrease of yen equivalent is expected for net sales of overseas subsidiaries due to the impact of foreign exchange fluctuations (appreciation of yen).

#### ■ Operating Income

- + ) • Positive impact of the increase in sales
- Efficient use of selling costs in and outside Japan

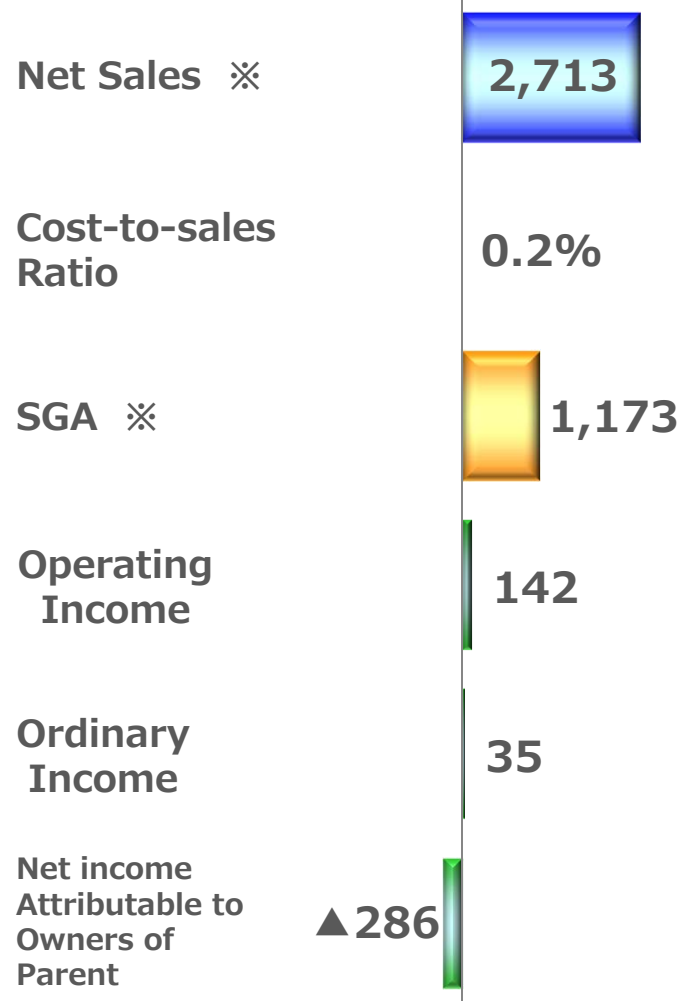
- ) • Increase in investments required for improving business base
- A decrease of yen equivalent is expected for net sales of overseas subsidiaries due to the impact of foreign exchange fluctuations (appreciation of yen).

\*Calculated using provisional values without consideration of the impact of the reclassification of net sales of overseas subsidiaries

# 3. Forecast of Consolidated Business Results for FY2019/3

## FY 2019/3 Outlook of Main Expenses: Breakdown of Increase/Decrease over FY 2018/3

(Unit : MIn Yen)



### Prerequisites of the plan

#### ■ Net income Attributable to Owners of Parent

- ) Retirement of the existing production facilities at Fukusaki Factory

#### ■ Risk factors

- Impact that Japan's climate change will have on the sales of seasonal items for summer
- Changes of yen equivalent of net sales of overseas subsidiaries caused by foreign exchange fluctuations

#### ■ Factors not included in the assumptions

- Further increase in sales to inbound travelers
- Purchase rush prior to the consumption tax hike in Japan

\*Calculated using provisional values without consideration of the impact of the reclassification of net sales of overseas subsidiaries

# ◆ Appendix

# (Appendix) Consolidated Business Results

(Unit:Mln Yen)

	Annual					
	FY2018/3	FY2017/3	Balance	Yr/Yr	Yr/Yr※	Achiev.
Net Sales	81,386	77,351	4,035	105.2%	104.5%	101.7%
Operating Income	8,457	7,617	840	111.0%	–	105.7%
Ordinary Income	9,264	8,183	1,080	113.2%	–	109.0%
Net Income Attributable to Owners of Parent	6,086	5,566	520	109.4%	–	108.7%

ROE	9.2%	9.1%
EPS	¥130.19	¥119.05

※Comparison with FY 2017/3 ex-change rate after adjustment

Payout Ratio	45.3%	40.3%
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- “Net sales” , “Operating Income” and “Ordinary Income” were updated to the highest.

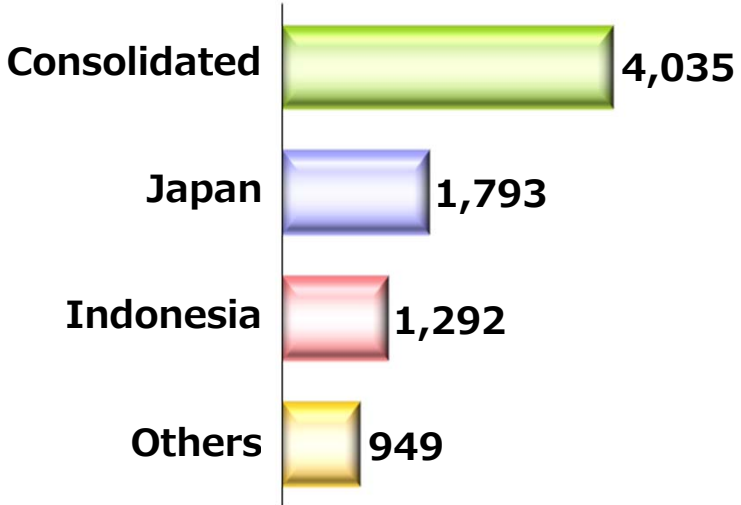
# (Appendix) Consolidated Net Sales

## 2-1. Net Sales by Region

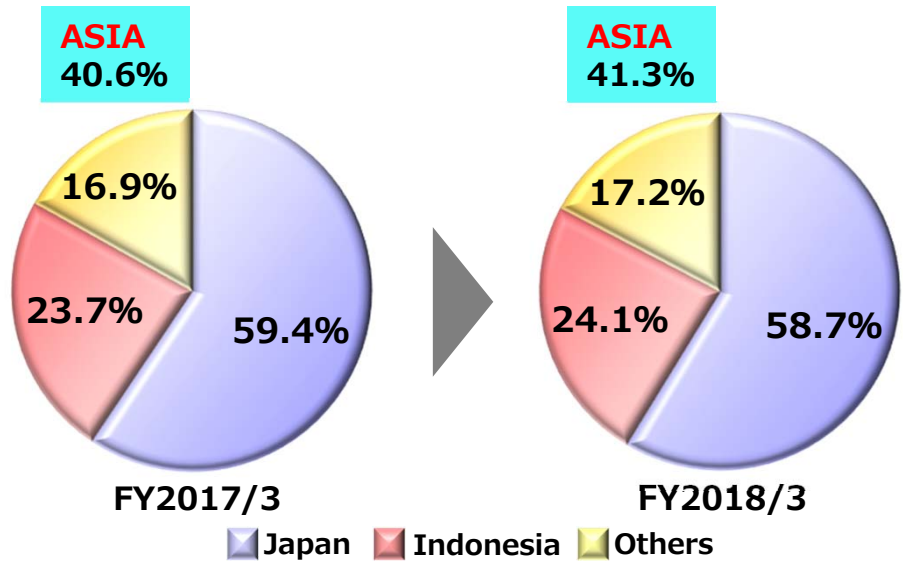
(Unit:Mln Yen)

	Annual			
	FY2018/3	FY2017/3	Balance	Yr/Yr
Net Sales	81,386	77,351	4,035	105.2%
Japan	47,739	45,945	1,793	103.9%
Indonesia	19,616	18,323	1,292	107.1%
Others	14,030	13,081	949	107.3%

## 2-2. Net Sales by Region Analysis (Year-on-Year)



## 2-3. Net Sales by Region Ratio (Year-on-Year)





# (Appendix) Consolidated Net Sales

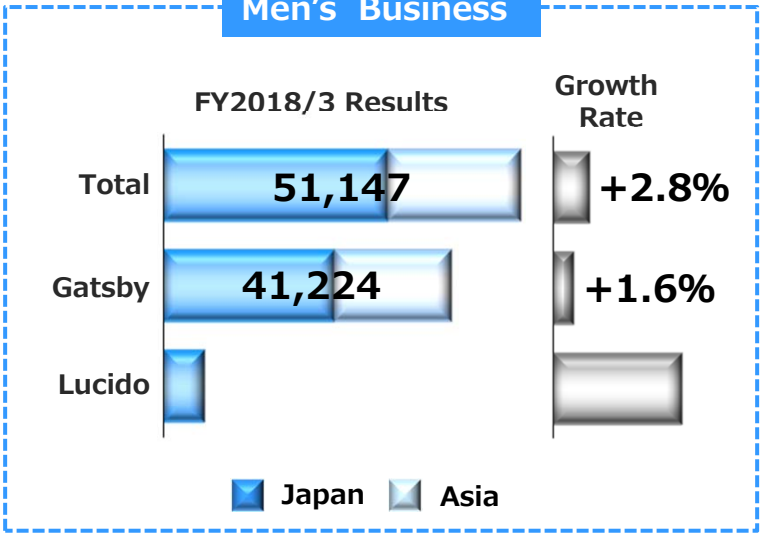
## 2-4. Net Sales by Strategic Business Unit

(Unit:Mln Yen)

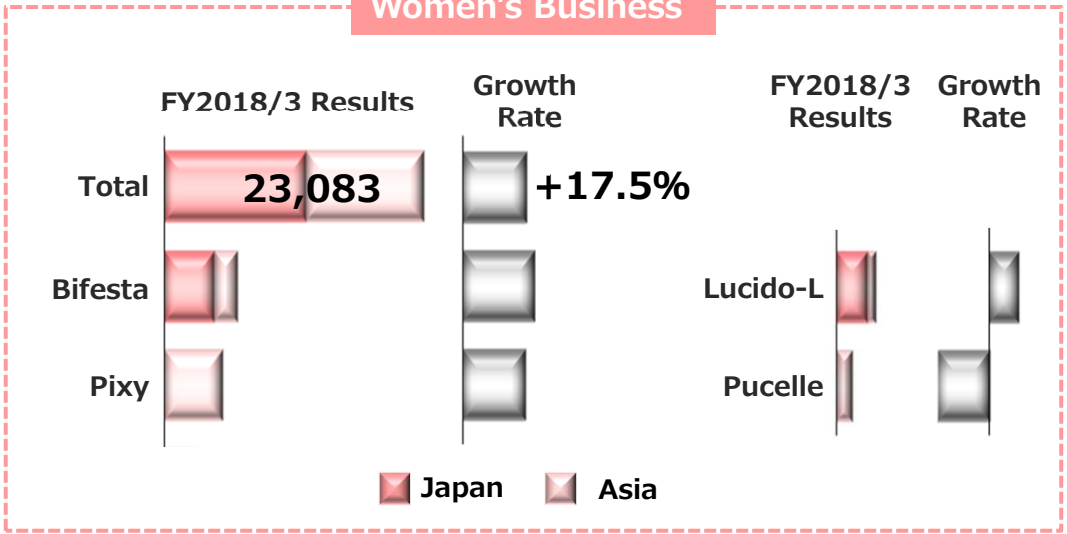
	Annual			
	FY2018/3	FY2017/3	Balance	Yr/Yr
<b>Net Sales</b>	<b>81,386</b>	<b>77,351</b>	<b>4,035</b>	<b>105.2%</b>
<b>Men's Business</b>	<b>51,147</b>	<b>49,737</b>	<b>1,410</b>	<b>102.8%</b>
<b>Gatsby</b>	<b>41,224</b>	<b>40,587</b>	<b>637</b>	<b>101.6%</b>
<b>Women's Business</b> ※	<b>23,083</b>	<b>19,641</b>	<b>3,441</b>	<b>117.5%</b>
<b>Other Business</b>	<b>7,156</b>	<b>7,972</b>	<b>▲ 815</b>	<b>89.8%</b>

※breakdown :Women's Cosmetics 15,355 Mln Yen (Yr/Yr 130.7%) /Women's Cosmetry 7,727 Mln Yen (Yr/Yr 97.9%)

### Men's Business



### Women's Business



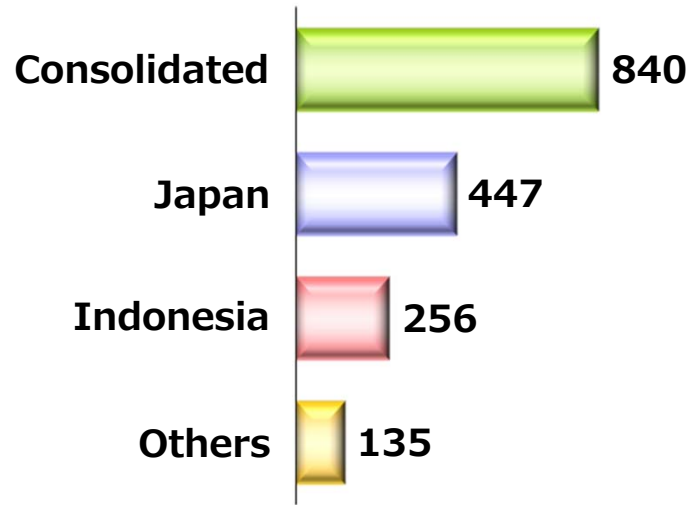
# (Appendix) Consolidated Incomes

## 3-1. Operating Income by Region

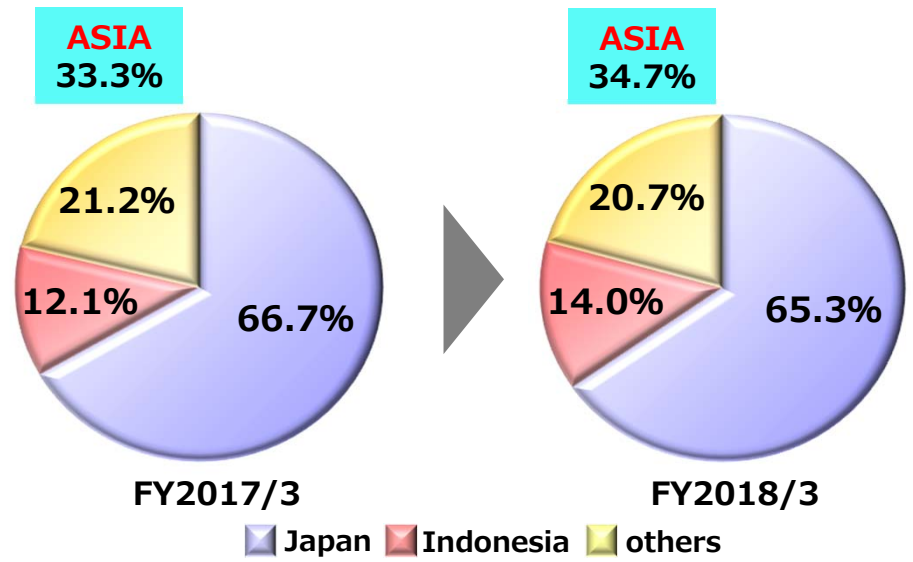
(Unit:MIn Yen)

	Annual					
	FY2018/3		FY2017/3		Balance	Yr/Yr
	Result	per Sales	Result	per Sales		
Operating Income	8,457	10.4%	7,617	9.8%	840	111.0%
Japan	5,525	11.6%	5,077	11.1%	447	108.8%
Indonesia	1,181	6.0%	925	5.0%	256	127.7%
Others	1,750	12.5%	1,614	12.3%	135	108.4%

## 3-2. Operating Income by Region Analysis (Year-on-Year)



## 3-3. Operating Income by Region Ratio (Year-on-Year)



# (Appendix) Consolidated Incomes

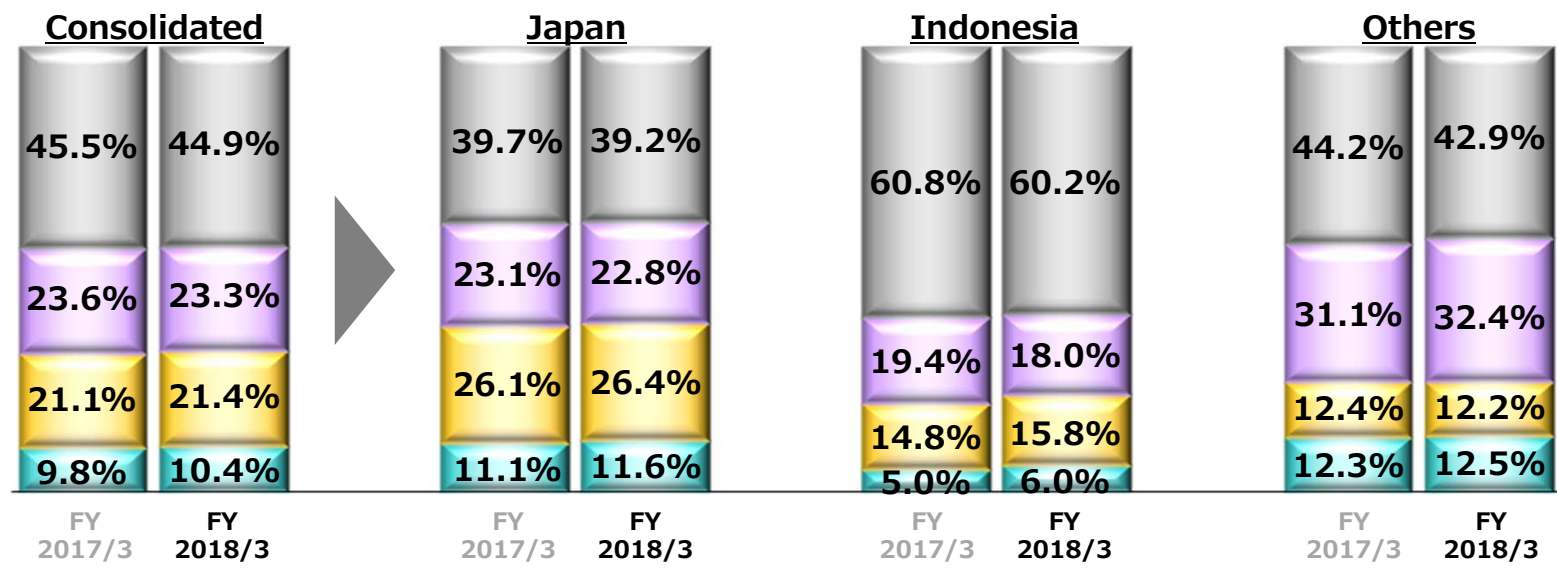
## 3-4. Operating Cost Analysis (Year-on-Year)

■ Consolidated 
 ■ Japan 
 ■ Indonesia 
 ■ Others



## 3-5. Operating Cost & Income (Ratio to Sales)

■ Cost of Goods 
 ■ Selling Expenses 
 ■ Admin. Cost 
 ■ Operating Incomes



# (Appendix) Consolidated Incomes

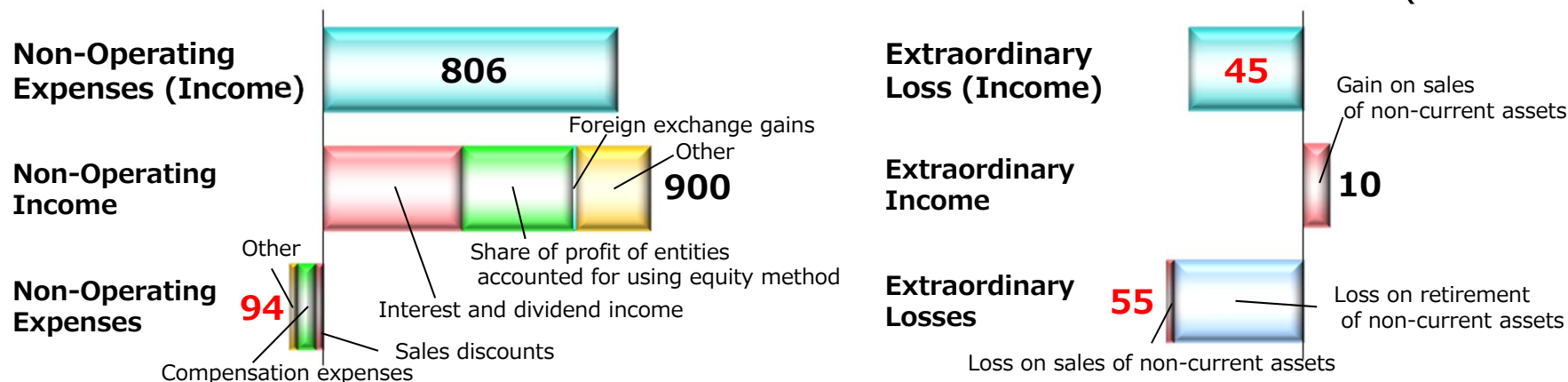
## 3-6. Ordinary Income and Net Income Attributable to owners of Parent

(Unit:MIn Yen)

	Annual				Balance	Yr/Yr
	FY2018/3		FY2017/3			
	Result	per Sales	Result	per Sales		
Non-operating Income/Expenses	806	1.0%	565	0.7%	240	142.5%
Ordinary Income	9,264	11.4%	8,183	10.6%	1,080	113.2%
Extraordinary Profit/Loss	▲ 45	▲0.1%	194	0.3%	▲ 239	▲23.4%
Income before Income Taxes and Minority Interests	9,218	11.3%	8,377	10.8%	841	110.0%
Income Taxes and Minority Interests	2,544	3.1%	2,232	2.9%	311	113.9%
Net Income	6,674	8.2%	6,144	7.9%	529	108.6%
Net Income Attributable to Non-controlling interests	587	0.7%	578	0.7%	9	101.6%
Net Income Attributable to Owners of Parent	6,086	7.5%	5,566	7.2%	520	109.4%

## 3-7. Non-Operating Income/Expenses & Extraordinary Profit/Loss

(Unit:MIn Yen)



# (Appendix) P/L of Mandom Corporation, PT Mandom Indonesia Tbk

## ■ Results of FY 2018/3 (P/L of Mandom Corporation, PT Mandom Indonesia Tbk)

Mandom Corporation (Unit : Mln Yen)

	FY2018/3 Annual	FY2017/3 Annual	balance	Yr/Yr	Initial Outlook
Net sales	51,646	49,604	2,041	104.1%	51,000
Cost of Goods	22,725	22,130	594	102.7%	-
Cost Ratio	44.0%	44.6%	-0.6P	-	-
Selling, general and administrative	23,033	22,080	953	104.3%	-
Operating Income	5,887	5,393	493	109.2%	5,600
Non-operating Income/Loss	809	758	50	106.7%	-
Ordinary Income	6,696	6,151	544	108.8%	6,300
Extraordinary Profit/loss	▲ 28	▲ 24	▲ 4	119.2%	-
Net Income	4,944	4,517	426	109.4%	4,550

■ Consolidated: Depreciation, Capital Investment (Unit : Mln Yen)

	FY2018/3	FY2017/3	balance	Initial Outlook
Depreciation	3,315	3,165	149	3,700
Capital investment	3,953	3,934	19	4,600

■ Mandom Corp. Only: Depreciation, Capital Investment (Unit : Mln Yen)

	FY2018/3	FY2017/3	balance
Depreciation	2,169	2,138	31
Capital investment	2,243	2,423	▲ 179

PT Mandom Indonesia Tbk

Local Currency (Unit : Mln Rp.)

	FY2018/3 1Q+2Q+3Q	FY2017/3 1Q+2Q+3Q	balance	Yr/Yr
Net sales	2,706,394	2,526,776	179,618	107.1%
Cost of Goods	1,699,417	1,582,456	116,961	107.4%
Cost Ratio	62.8%	62.6%	+0.2P	-
Operating Income	225,320	196,734	28,586	114.5%
Net Income	179,126	162,059	17,066	110.5%

Yen Equivalent (Unit : Mln Yen)

	FY2018/3 1Q+2Q+3Q	FY2017/3 1Q+2Q+3Q	balance	Yr/Yr
Net sales	22,733	20,972	1,761	108.4%
Cost of Goods	14,275	13,134	1,140	108.7%
Cost Ratio	62.8%	62.6%	+0.2P	-
Operating Income	1,892	1,632	259	115.9%
Net Income	1,504	1,345	159	111.9%

Rp.1 = ¥0.0084 Rp.1 = ¥0.0083

※Assumption rate FY 2018/3

Rp.1 = ¥0.0083

# Regarding Forward-Looking Statements

This document contains forward-looking statements concerning Mandom's current plans, strategies, beliefs and performance. These forward-looking statements include statements other than those based on historical fact and represent the assumptions and beliefs of management based on information currently available. Mandom therefore wishes to caution readers that actual results may differ materially from expectations, and that forward-looking statements are subject to a number of foreseen and unforeseen risks and uncertainties. All amounts have been rounded to the nearest whole unit.