



The 1st Half Year Business Results Briefing

(Fiscal Year Ending March 31, 2019)

April 1, 2018-September 30, 2018

Mandom Corporation

(Securities Code: 4917)





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- 1. Consolidated Business Results**
 - 2. Progress of MP-12**
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Note: Beginning from the first quarter of the fiscal year ending March 31, 2019, some items that had been processed as expenses have been deducted from net sales at overseas consolidated subsidiaries included in financial statements prepared in accordance with IFRS. **The results for the first half of the fiscal year ended March 31, 2018 have also been calculated according to these standards within this document. Such calculations have been marked with an asterisk (*) on the following pages as well.**

Summary of 1st Half Year of FYE 2019

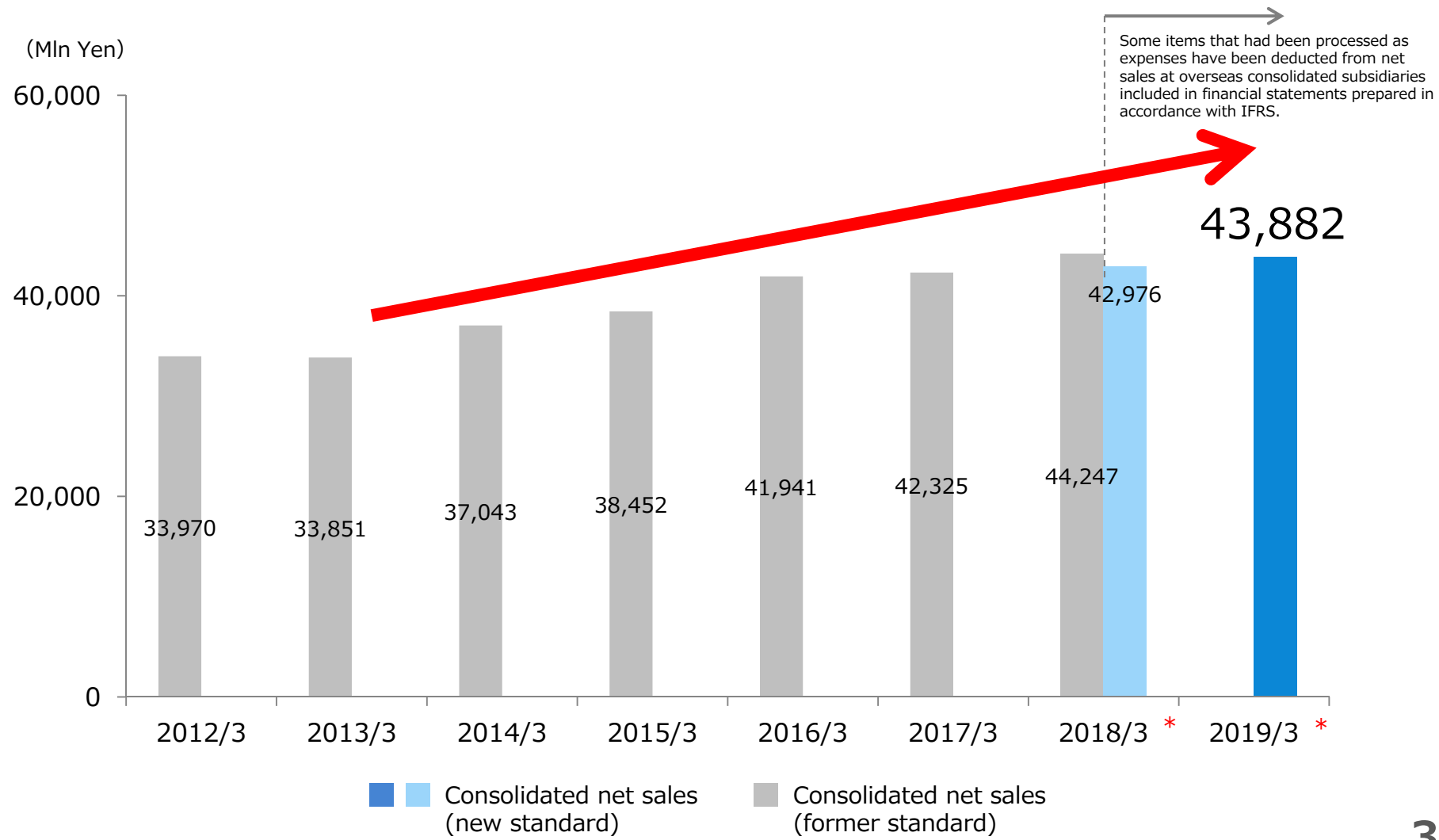
- Overall net sales are as planned while the reduction in sales in Indonesia is compensated for by sales in Japan and other overseas countries.
- Income ended up increasing thanks to the effects of an increase in sales in other overseas countries and a change in time to pay sales expenses in and outside Japan.
- In consideration of the payment of expenses that are changed to the second half and the severe market environment in Indonesia, full-year projections will not be modified.

1. Consolidated Business Results

1. Consolidated Business Results

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

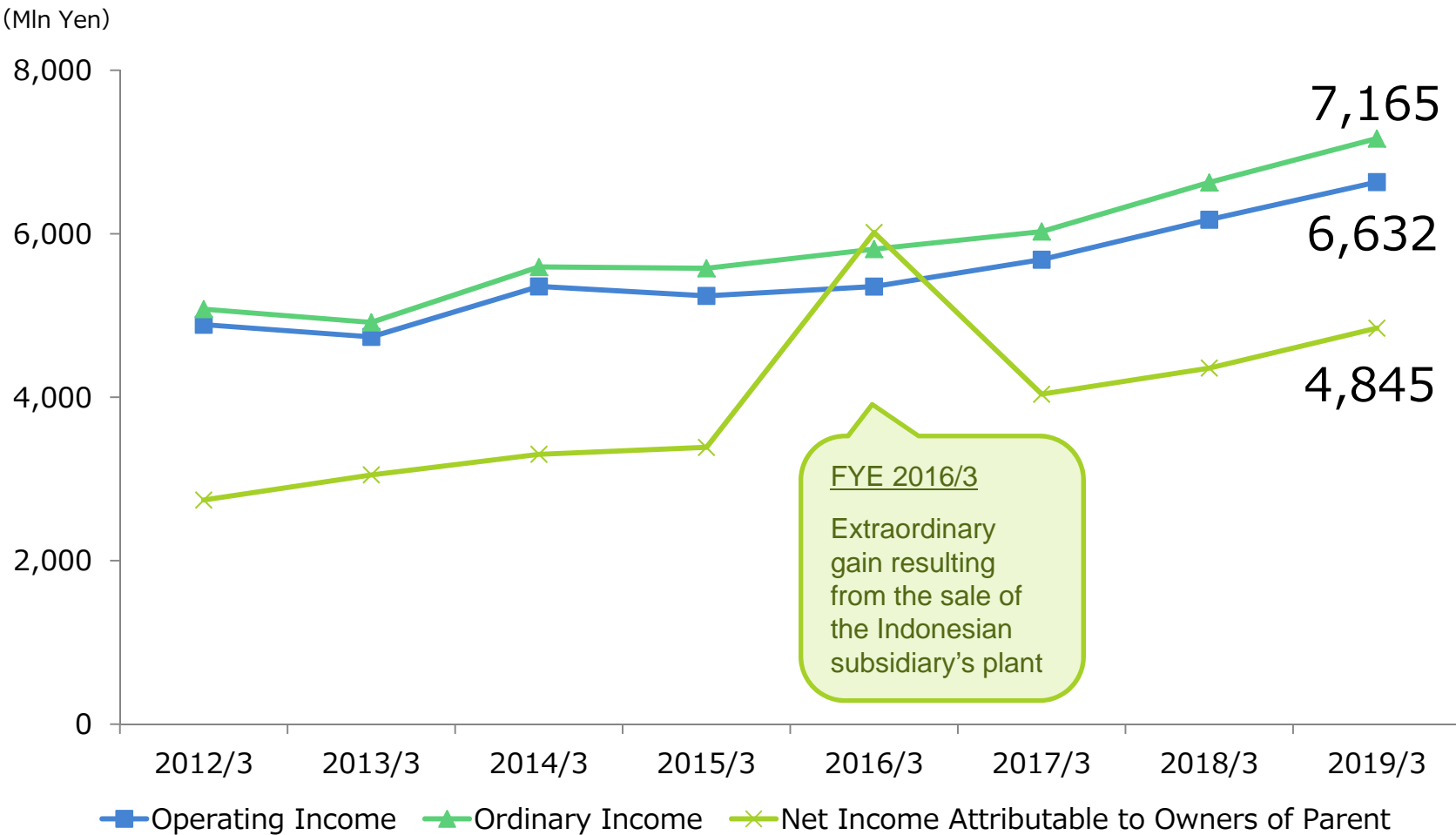
• Consolidated net sales: Increased for 6 consecutive terms



1. Consolidated Business Results

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

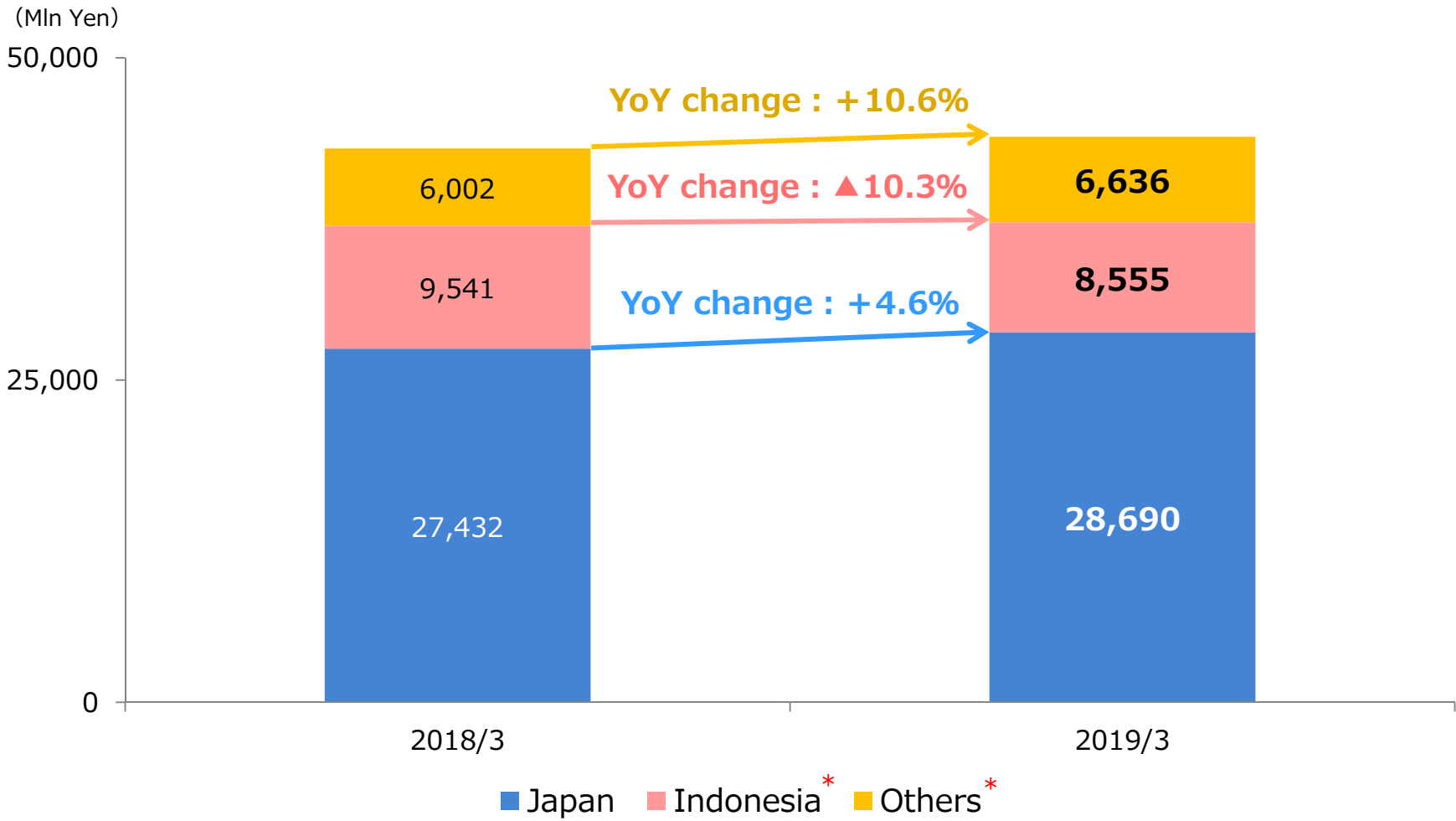
Consolidated operating income marked the highest record for three consecutive terms and consolidated ordinary income marked the highest record for four consecutive terms for the second quarter.



1. Consolidated Business Results <Net Sales by Region>

2) Sales increased in Japan and other overseas countries; however, they are struggling in Indonesia.

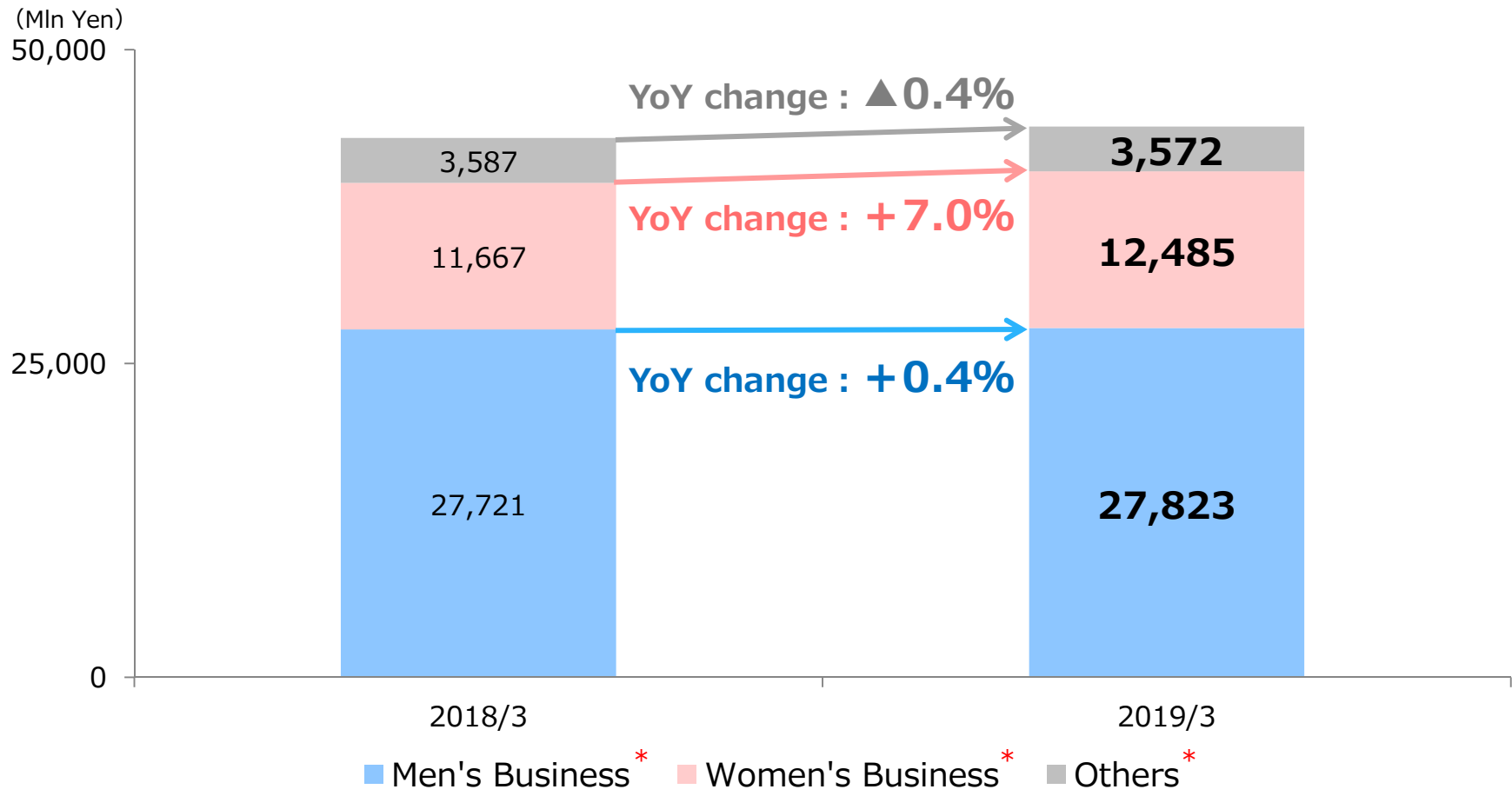
•Overseas Sales accounted for 34.6% of Consolidated Net Sales



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

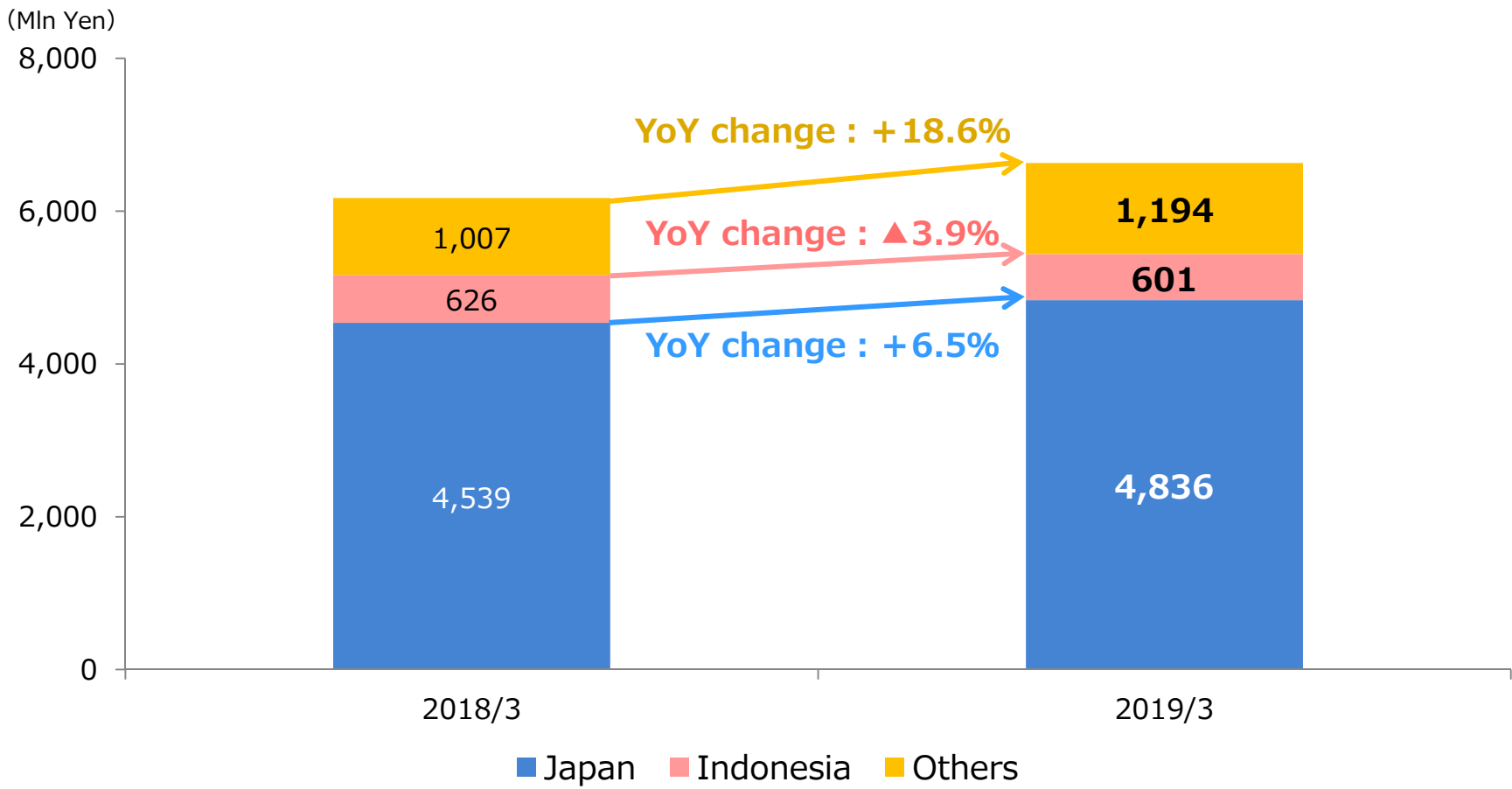
3) Major growth of Women's Business mainly resulting from good performance of Bifesta in Japan and overseas

•Sales of Bifesta and Lucido L within and outside Japan are strong and sales of Gatsby are also growing soundly except in Indonesia.



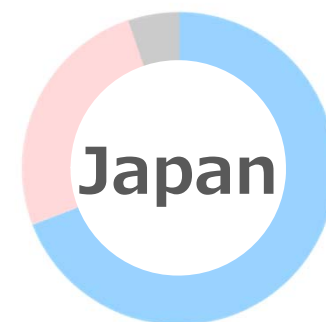
4) Operating income increased despite the initial projection of decreases in income.

•Overall operating income increased thanks to the effects of increased sales in other overseas countries and the change to the time of paying sales expenses in Japan and Indonesia.



Business results by brand

Net Sales by Business



- Business of Bifesta and Lucido is growing well.
- Business of Gatsby is also expanding steadily mainly in summer seasonal items.

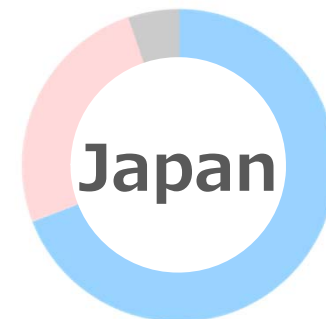
Status of our major brands

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

Men's Business

Net Sales by Business

GATSBY



- In response to the impact of record heat waves, sales of summer seasonal items, mainly body papers, are growing well.
- In order to reinforce brand capability, brand value was re-defined. Skincare series will be renewed for this autumn and image characters were also refurbished.

■ Body Paper



■ New TV-CM『GATSBY COP』

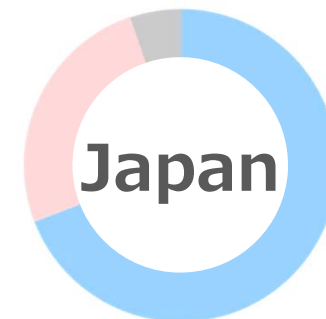


Men's Business

LÚCIDO

- Businesses are performing well mainly with odor care series.
- Facewash series will be additionally released and renewed this autumn and by doing so the skincare offer for middle-aged men will be strengthened as well as the skincare series that were renewed last year.

Net Sales by Business



■ Facial wash series



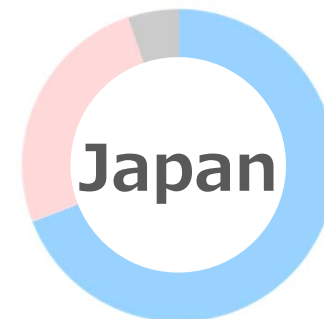
■ Skin care series TVCM



Women's Business



Net Sales by Business



- Sales of eye make-up remover and cleansing sheets continue to increase.
- This autumn, a new cleansing oil will be released to expand business further in the category that will be offered.

■ Eye Makeup Remover



■ Cleansing Sheet



■ Cleansing Oil

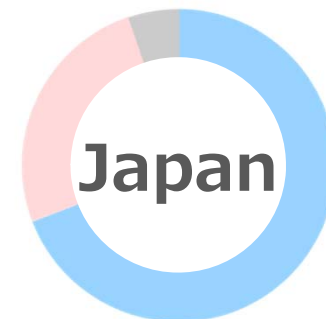


Women's Business

LÚCIDO-L

- Argan oil series are performing well.
Hair Treatment Oil is ranked No. 1* in sales of single items in the hair oil category.
- Hair Repair Treatment Oil was added to respond to consumers who have higher damage-care needs.

Net Sales by Business



■ Hair Treatment Oil



■ Hair Repair Treatment Oil



*Market data by Mandom calculations (quantity)
Period: April 2018-September 2018
Hair Oil Category

Miscellaneous Topics

【Inbound sales】

- Impact of preliminary purchase for large-scale campaign at EC websites in China on June 18 settled down. Total sum of the purchases by inbound foreign tourists and the purchases that are considered to be for the purpose of cross-border EC is approximately 400 million yen per month on average.
- Sales of Barrier Repair Sheet Masks, which are developed horizontally so that tourists can purchase them after they return to their home country, are growing well in each country.

■ Barrier Repair Facial Mask



■ A store display in Malaysia






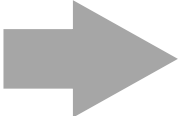

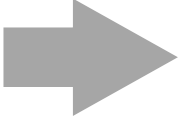
Business results by brand

Net Sales by Business



- Business of Gatsby are facing struggles in each category except pomade.
- Overall women’s business is performing steadily in both PIXY and Pucelle.

Status of our major brands (Consolidated basis)

Men’s Business	Women’s Business
 	 
	 

Men's Business

Net Sales by Business

GATSBY



• Sale of Styling Pomade continues to increase well; however, sales of other hair styling products, such as wax or gel, etc., are sluggish due to cannibalization. Therefore, overall sales are in a slump.

■ Styling Pomade

■ Hair styling products other than pomades



<Water Gloss (Gel) >



<Styling Wax>



<Treatment Hair Cream>

Women's Business



Net Sales by Business



- Despite sluggish growth in base makeups and delays in the launch of new products, overall sales are increasing steadily thanks to strong growth in the decorative category.
- Products that refurbished their brand image, such as main products, two-way cakes, etc., were released and the brand is now being strengthened.
- Sales of sheet masks started in June.

Two-way cake that refurbished its brand image



Serum Sheet Mask



S u p p l e m e n t

【Latest Earnings】

PT Mandom Indonesia Tbk 1Q+2Q+3Q Results

(Unit : Mln Rp.)

	FY2019/3	FY2018/3	Yr/Yr
Net Sales	2,048,794	2,076,502	98.7%
Operating Income	175,474	196,033	89.5%
Net Income	150,326	161,635	93.0%

- In addition to heightened competition environment, severe conditions will continue due to delays in the release of new products.

Supplement

【Distribution Issues】

(1) Strengthening of taxation system by the Indonesian government

- It was announced to be implemented in April at first; however, it is now postponed indefinitely and has no impact.

(2) Revision of business customs at the distribution stage of Mandom

- More effective methods to pay expenses that will result in the expansion of Mandom World are under discussion.

■ Image of Distribution



Supplement

【Development of Infrastructure】

- Start to reform the personnel system and compensation system.

【Other】

- Relocate the headquarters functions to Jakarta.



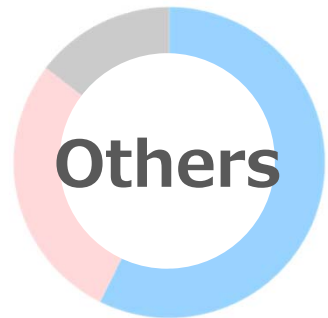
<Overview of the building where our office is located>



<Inside the office>

General Status of Business Results

Net Sales by Business



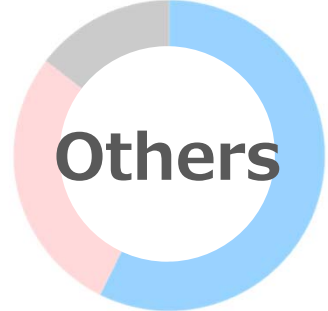
- Overall business is performing well.
- Businesses in China and Malaysia, etc. are at double-digit growth based on the local currency.



Men's Business

Net Sales by Business

GATSBY



- Sales of pomade are growing well in each country and results are expanding.
In Malaysia, sales of pomade expanded in size following the sales of wax.
- Sales are reinforced in each country, such as the release of additional items and expansion of the number of items.

■ Styling Pomade (Made in Indonesia)

■ Dressing Pomade (Made in China)



<New product> Ultimate Lock

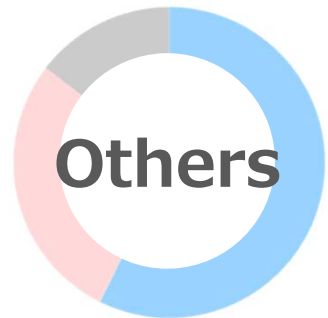


Men's Business

Net Sales by Business

GATSBY

- Sales have also started in Myanmar. Appointed a local national star as the brand ambassador.



■ Mr. Sai Sai Kham Leng, brand ambassador



■ A store display in a Modern Trade

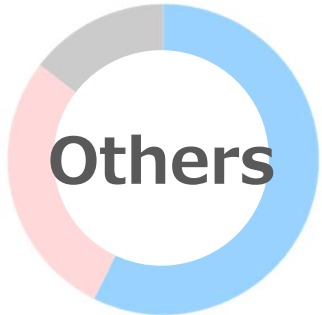


■ A store display in a Traditional Trade



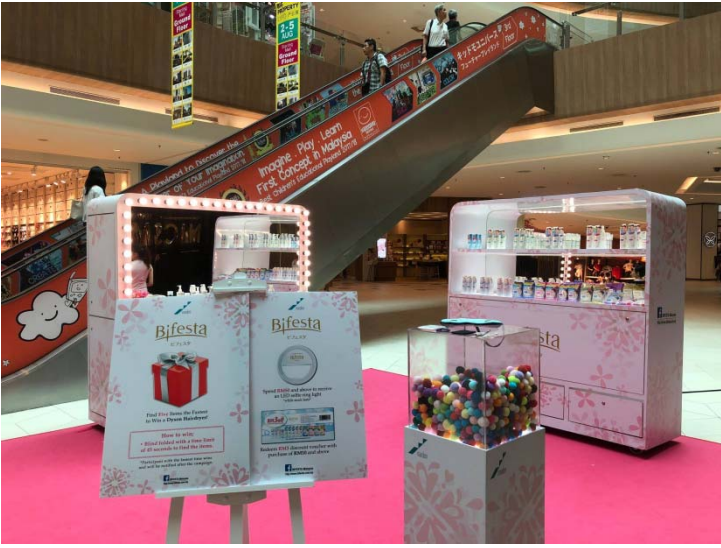
Women's Business

Net Sales by Business



- Sales of eye makeup remover and cleansing sheets expanded as well as in Japan and they led the results.
- Sales in Thailand, where business was facing a slump in recent years, have recovered thanks to the expansion of items that meet consumers' wants and proactive marketing investment.

■ Sampling event in Malaysia



■ Cleansing lotion (90 mL) expanded in Thailand



2. Progress of MP-12

(FYE 2018/3~FYE 2020/3)

2. Progress of MP-12

VISION 2027

VISION 2027

Our VISION 2027

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

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

VISION Slogan

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

VISION policy

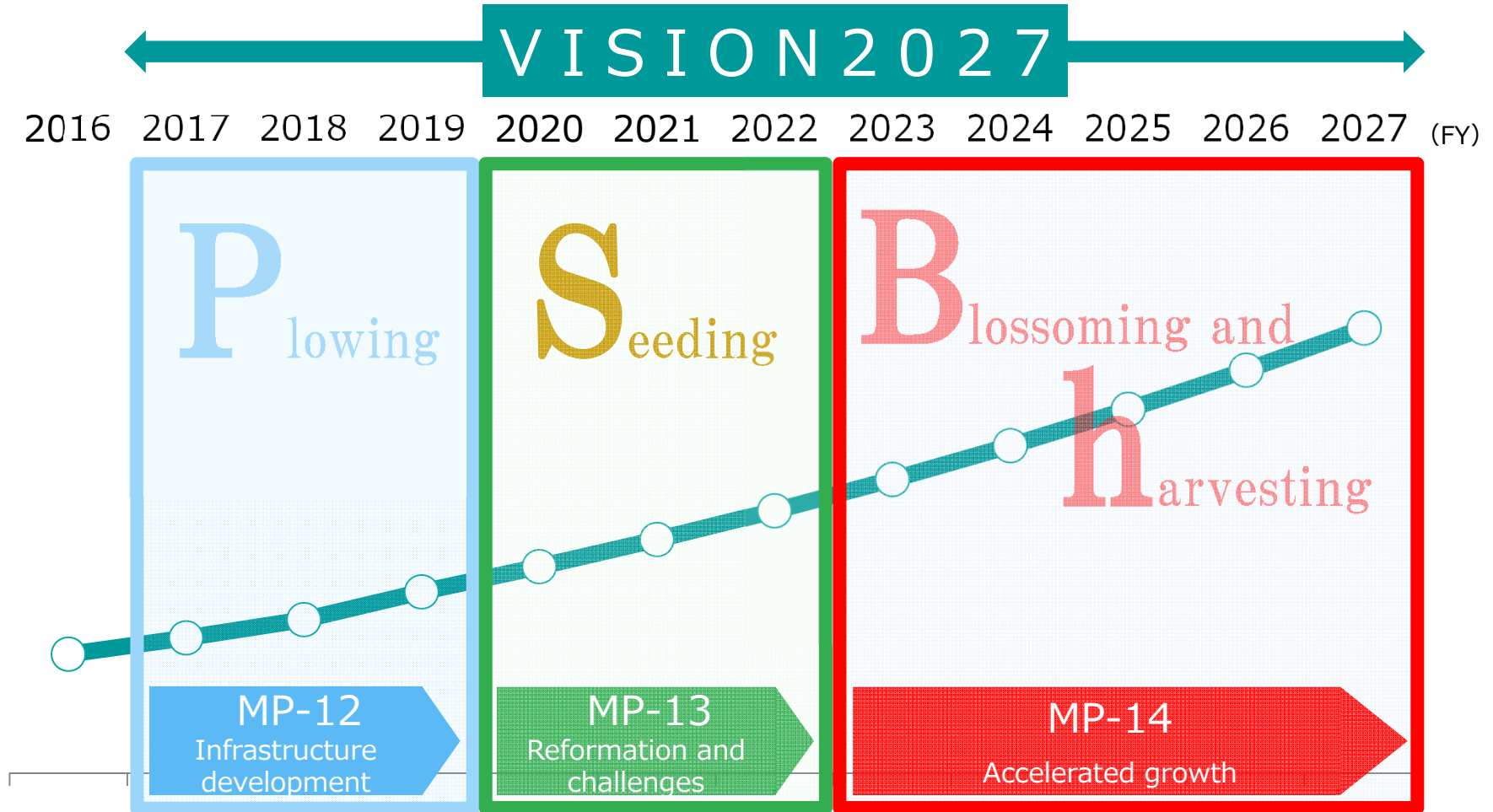
- ① Leverage Asia’s economic growth to evolve into a truly global company
- ② Display greater Dedication to Service (Oyakudachi) in the men’s business segment and invest aggressively to expand our women’s segment
- ③ Provide authentic products and services to develop a MANDOM WORLD inspired by the concept 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**

2. Progress of MP-12

■ Key action measures implemented in line with basic management policies

- (1) Reinforcing brand capability of Gatsby, which is celebrating its 40th anniversary.
- (2) Organize inner branding planning of Bifesta.
- (3) We succeeded in visualizing the sweating motion of human sweat gland controlling body temperature.

2. Progress of MP-12 <Reinforcing brand capability of Gatsby>

- (1) In order to reinforce the brand capability of Gatsby, which is celebrating its 40th anniversary, the brand value will be redefined.
- Under the situation of advancing digitalization and a border-free world, we consider Asia to be one market and will establish brand value and spirit from a global perspective.
 - Develop business mainly by performing Dedication to Service (Oyakudachi) in association with life-style changes among consumers in Asia.



2. Progress of MP-12 <Inner branding planning of Bifesta>

(2) Organize inner branding planning for Bifesta

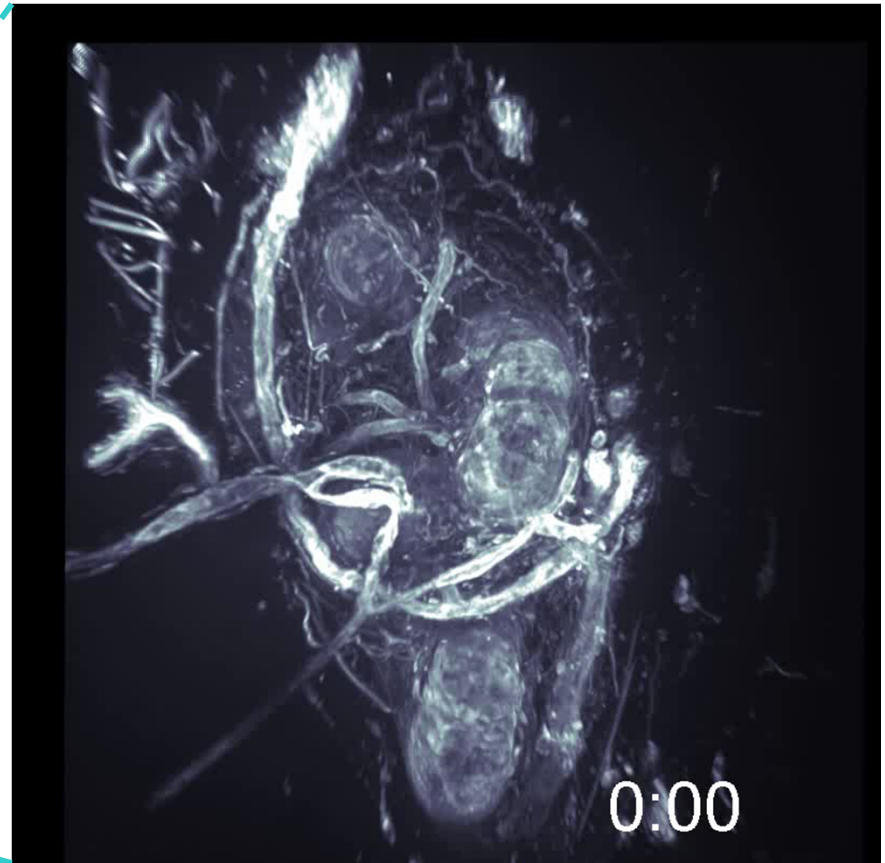
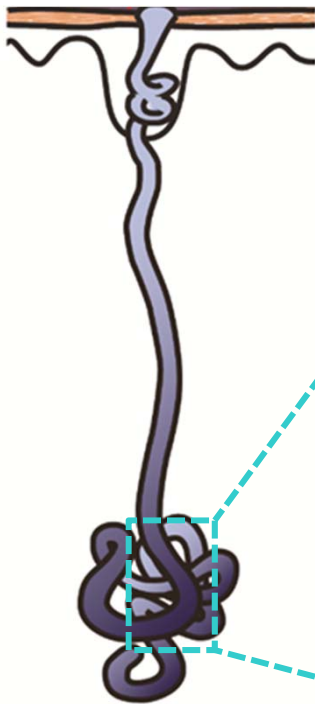
- Set August 29 as Bifesta Day and hold a birthday party for Bifesta. Creating strong bonds by implementing actions on the same day in common with each country where Bifesta business has been developed.



2. Progress of MP-12 <Human sweat glands>

(3) We succeeded in visualizing the sweating motion of human sweat gland controlling body temperature.

Image of human sweat glands



Observing movement of tubes
by contraction from sweating.

3. Forecast of Consolidated Business Results for FY2019/3

3. Forecast of Consolidated Business Results for FY2019/3

1) Year ending March 2019: full-year projection of consolidated performance will not be amended.

·In the second half, spending on sales expenses for which the time to pay is changed in and outside Japan and severer competition in Indonesia are projected.

(Unit:MIn Yen)

	1Q+2Q			3Q+4Q			Annual		
	Result	FY2018/3	Yr/Yr	Outlook	FY2018/3	Yr/Yr	Outlook	FY2018/3	Yr/Yr
Net Sales*	43,882	42,976	102.1%	36,117	34,510	104.7%	80,000	77,486	103.2%
Operating Income	6,632	6,173	107.4%	1,967	2,284	86.1%	8,600	8,457	101.7%
Ordinary Income	7,165	6,628	108.1%	2,134	2,635	81.0%	9,300	9,264	100.4%
Net Income Attributable to Owners of Parent	4,845	4,357	111.2%	954	1,729	55.2%	5,800	6,086	95.3%

* Concerning the amount of part of items that were treated as expenses before and that will be deducted from net sales in overseas consolidated subsidiaries that are consolidated in the financial statement conforming to the International Financial Reporting Standards, the amount may be subject to change both in the year ending March 2019 and year ended in March 2018 according to projections for the second half and projections for the full-year.

[Conditions for 2nd half forecasts]

- ±) Changes in the number of foreign tourists visiting Japan
- ±) Foreign exchange rate fluctuations
-) Spending on sales expenses for which time of spending is changed in and outside Japan.
-) Changing the time when loss on retirement occurs in association with the construction of a new factory building at Fukusaki Factory.
-) Severe competition environment in women's business in Indonesia

3. Forecast of Consolidated Business Results for FY2019/3

2) Scheduled to spend on expenses for which the time of spending is changed and to conduct proactive marketing investment within and outside Japan

Japan	<ul style="list-style-type: none">• Marketing investment on Gatsby• Reinforcement of offer related to face care for young and middle-aged men• Marketing investment to expand recognition of rinse-off-type cleansing market
Indonesia	<ul style="list-style-type: none">• Marketing investment on new products• Proactive marketing investment in association with rebranding of PIXY• Strengthening men's face care category
Others	<ul style="list-style-type: none">• Strengthening men's hair styling form mainly in pomades• Implementing measures to foster quality word of mouth in order to reinforce Bifesta

*Blue letters are due to changes in the time of implementation from the plan for the first half.

◆ Appendix

(Appendix) Consolidated Business Results

(Unit:MIn Yen)

	1Q+2Q					
	FY2019/3	FY2018/3	Balance	Yr/Yr	Yr/Yr※	Achiev.
Net Sales*	43,882	42,976	905	102.1%	102.8%	102.1%
Operating Income	6,632	6,173	459	107.4%	–	111.5%
Ordinary Income	7,165	6,628	536	108.1%	–	112.8%
Net Income Attributable to Owners of Parent	4,845	4,357	487	111.2%	–	121.1%

EPS	¥103.62	¥93.20
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※ Comparison with FY 2018/3 rate after adjustment.

(Appendix) Consolidated Net Sales

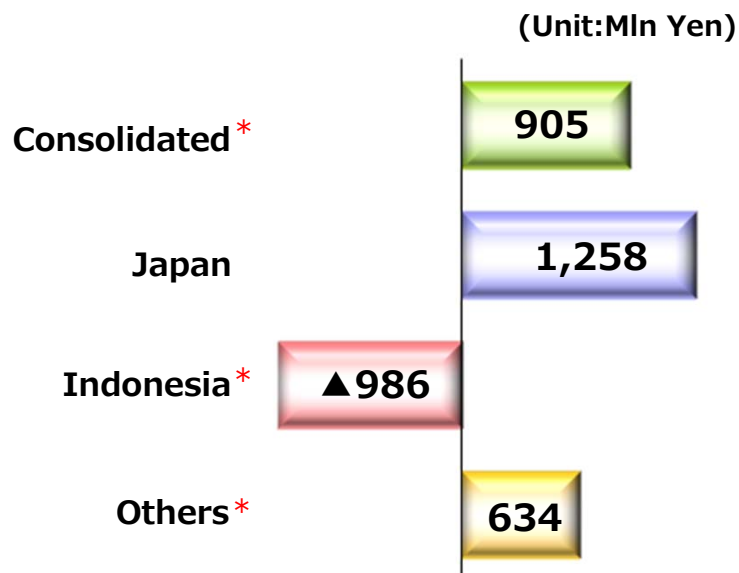
2-1. Net Sales by Region

(Unit:Mln Yen)

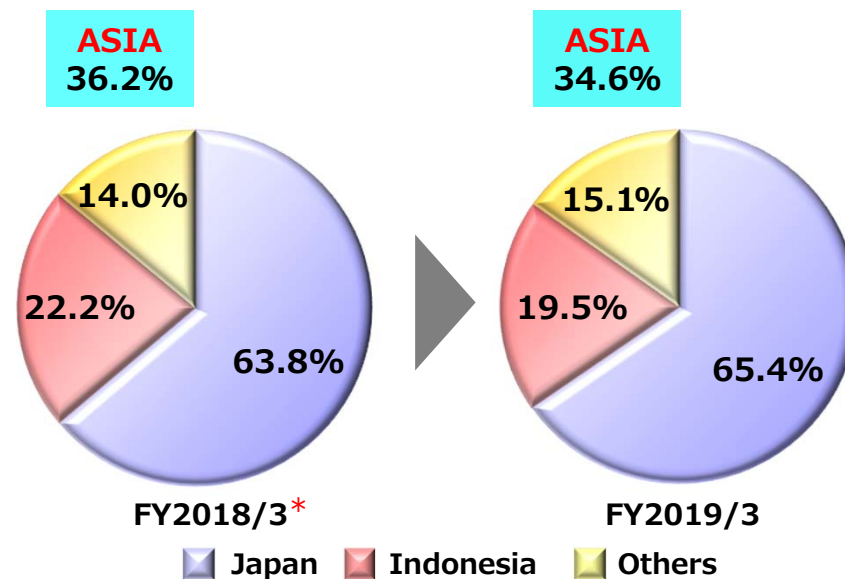
	1Q+2Q			
	FY2019/3	FY2018/3	Balance	Yr/Yr
Net Sales*	43,882	42,976	905	102.1%
Japan	28,690	27,432	1,258	104.6%
Indonesia*	8,555	9,541	▲ 986	89.7%
Others*	6,636	6,002	634	110.6%

2-2. Net Sales by Region Analysis

(Year-on-Year)



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



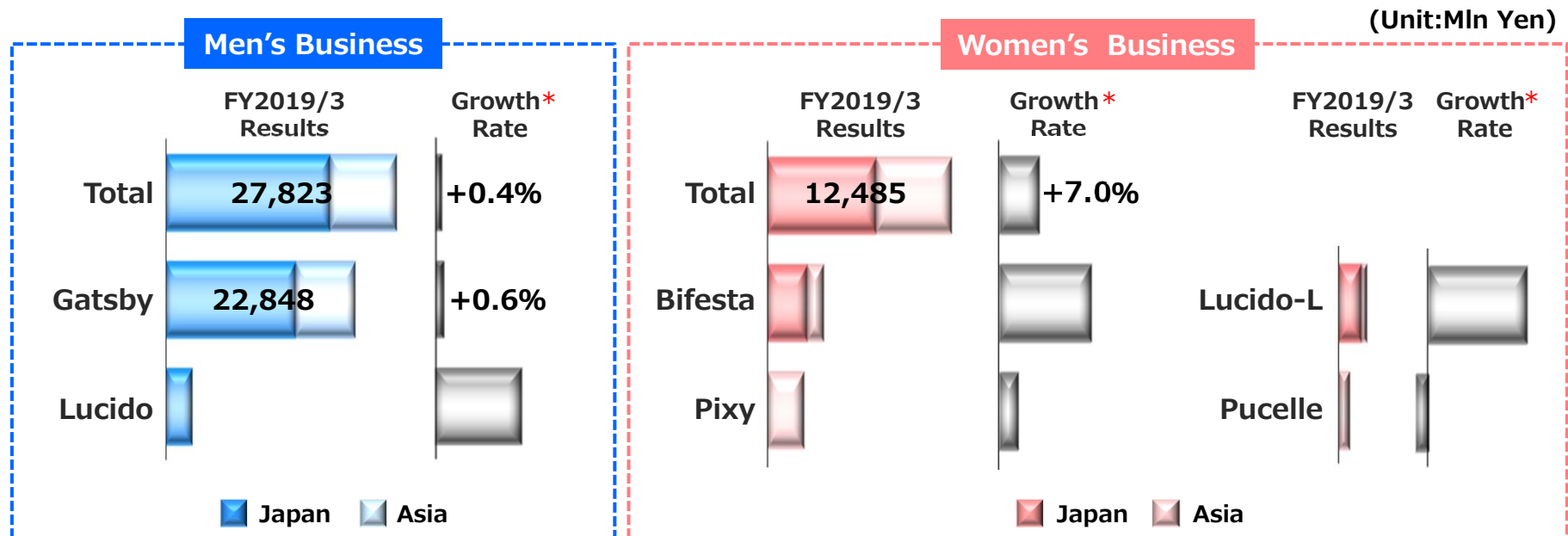
(Appendix) Consolidated Net Sales

2-4. Net Sales by Strategic Business Unit

(Unit:Mln Yen)

	1Q+2Q			
	FY2019/3	FY2018/3	Balance	Yr/Yr
Net Sales*	43,882	42,976	905	102.1%
Men's Business*	27,823	27,721	102	100.4%
Gatsby*	22,848	22,711	136	100.6%
Women's Business*	12,485	11,667	818	107.0%
Other Business*	3,572	3,587	▲ 14	99.6%

※breakdown :Women's Cosmetics 8,064 Mln Yen (Yr/Yr 107.9%) /Women's Cosmetry 4,421 Mln Yen (Yr/Yr 105.5%)



(Appendix) Consolidated Income

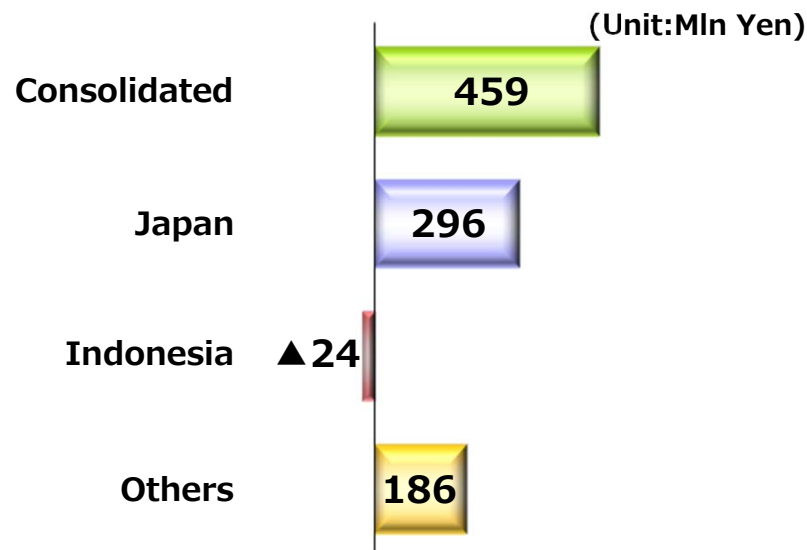
3-1. Operating Income by Region

(Unit:Mln Yen)

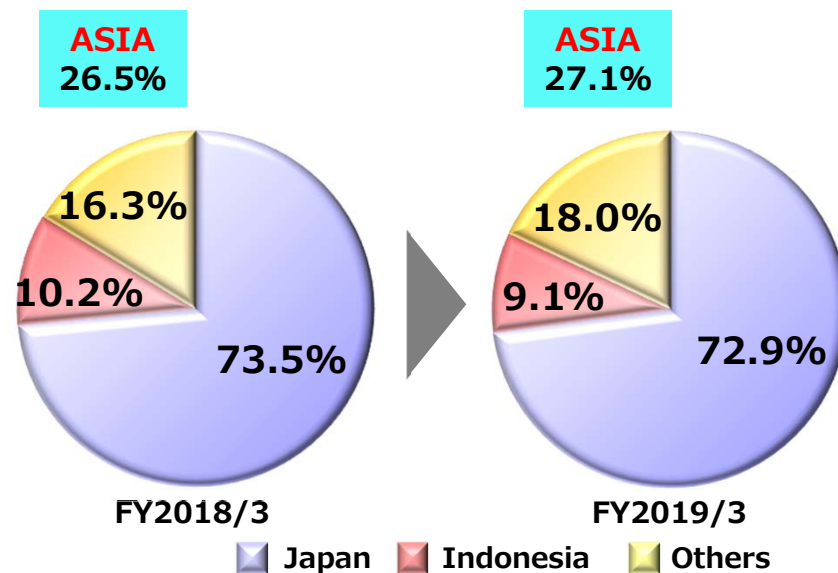
	1Q+2Q					
	FY2019/3		FY2018/3		Balance	Yr/Yr
	Result	per Sales	Result	per Sales		
Operating Income	6,632	15.1%	6,173	14.4%	459	107.4%
Japan	4,836	16.9%	4,539	16.5%	296	106.5%
Indonesia	601	7.0%	626	6.6%	▲ 24	96.1%
Others	1,194	18.0%	1,007	16.8%	186	118.6%

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

(Unit:Mln Yen)



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

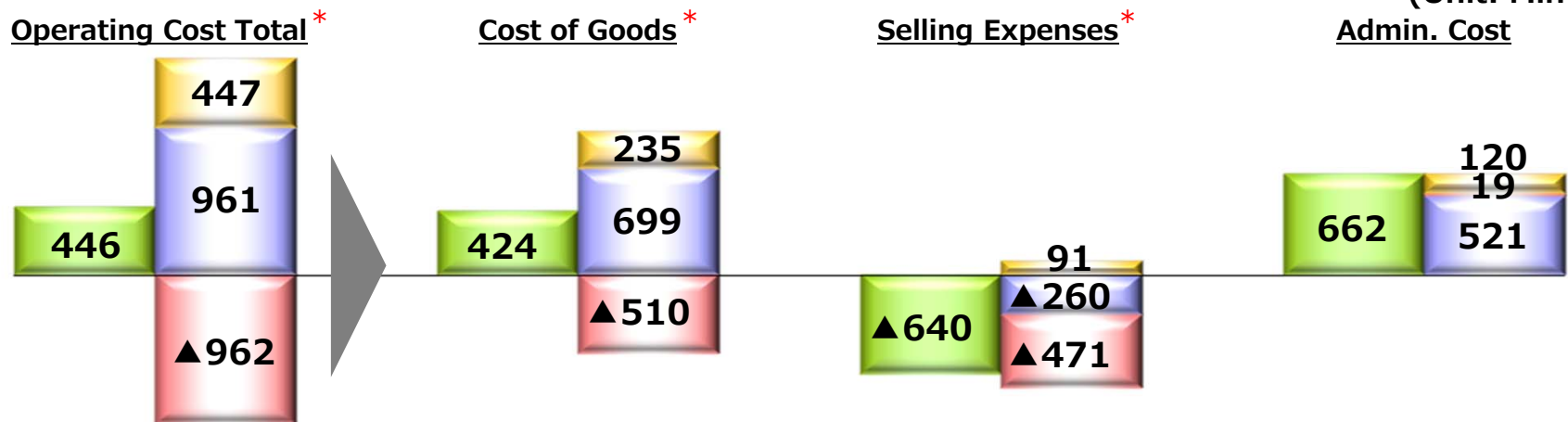


(Appendix) Consolidated Income

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

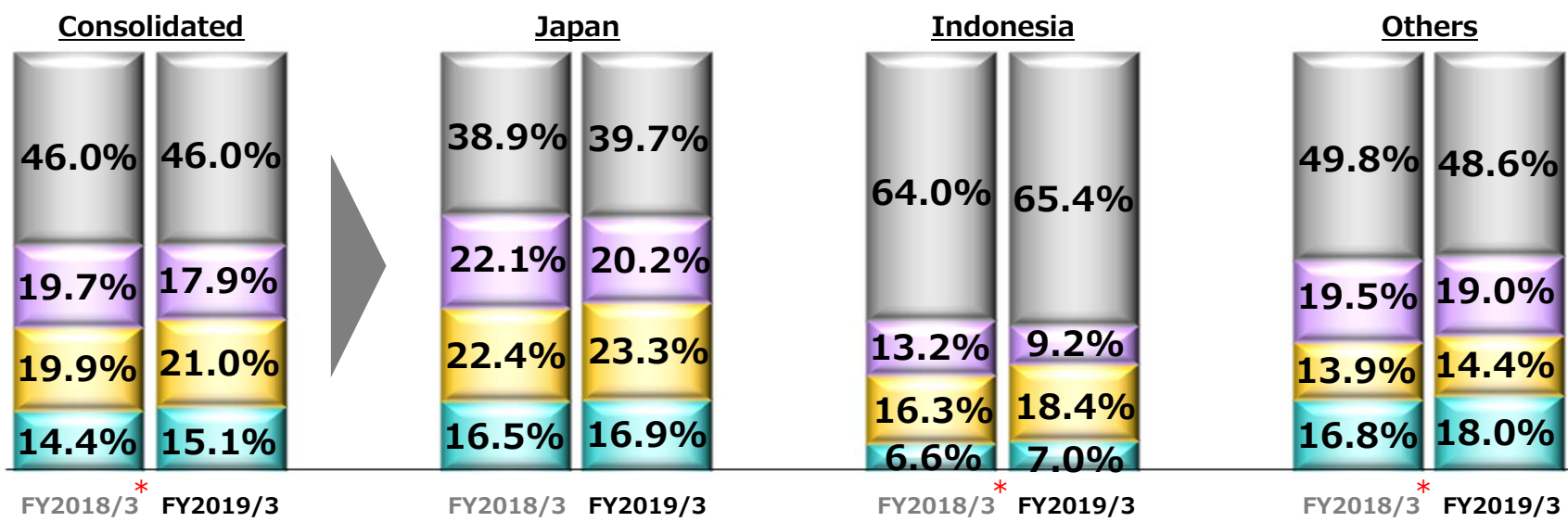
■ Consolidated
 ■ Japan
 ■ Indonesia
 ■ Others

(Unit: Mln Yen)



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

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



(Appendix) Consolidated Incomes

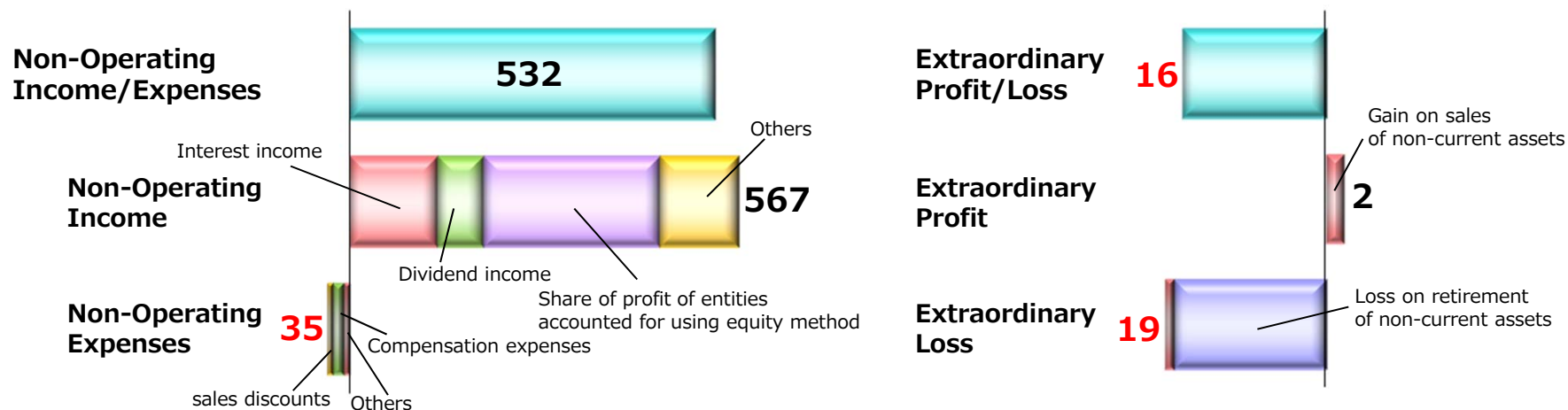
3-6. Ordinary Income and Net Income Attributable to Owners of Parent

(Unit:MIn Yen)

	1Q+2Q				Balance	Yr/Yr
	FY2019/3		FY2018/3			
	Result	per Sales	Result	per Sales		
Non-operating Income/Expenses	532	1.2%	455	1.1%	77	116.9%
Ordinary Income	7,165	16.3%	6,628	15.4%	536	108.1%
Extraordinary Profit/Loss	▲ 16	▲0.0%	▲ 34	▲0.1%	17	49.0%
Income before Income Taxes and Minority Interests	7,148	16.3%	6,594	15.3%	553	108.4%
Income Taxes and Minority Interests	2,004	4.6%	1,910	4.4%	94	104.9%
Net Income	5,143	11.7%	4,684	10.9%	459	109.8%
Net Income Attributable to Non-controlling interests	298	0.7%	327	0.8%	▲ 28	91.2%
Net Income Attributable to Owners of Parent	4,845	11.0%	4,357	10.1%	487	111.2%

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

(Unit:MIn Yen)



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

Interim Results of FY 2019/3

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

Mandom Corporation

(Unit : Mln Yen)

	FY2019/3 1Q+2Q	FY2018/3 1Q+2Q	balance	Yr/Yr	Initial Outlook
Net sales	30,771	29,402	1,368	104.7%	53,500
Cost of Goods	13,481	12,718	762	106.0%	–
Cost Ratio	43.8%	43.3%	+0.6P	–	–
Selling, general and administrative expenses	12,247	11,983	264	102.2%	–
Operating Income	5,042	4,700	341	107.3%	5,900
Non-operating Income/Lo	518	519	0	99.9%	–
Ordinary Income	5,561	5,219	341	106.5%	6,650
Extraordinary Profit/loss	▲ 15	▲ 14	0	103.7%	–
Net Income	3,992	3,739	253	106.8%	4,550

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

	FY2019/3	FY2018/3	balance
Depreciation	1,651	1,574	76
Capital investment	1,765	1,668	97

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

	FY2019/3	FY2018/3	balance
Depreciation	1,017	1,037	▲ 19
Capital investment	1,060	920	140

※Capital investment includes intangible assets

PT Mandom Indonesia Tbk

Local Currency

(Unit : Mln Rp.)

	FY2019/3 1Q+2Q	FY2018/3 1Q+2Q	balance	Yr/Yr
Net sales	1,299,310	1,367,008	▲ 67,698	95.0%
Cost of Goods	828,316	846,844	▲ 18,528	97.8%
Cost Ratio	63.8%	61.9%	+1.8P	–
Operating Income	107,231	112,683	▲ 5,451	95.2%
Net Income	93,673	98,425	▲ 4,752	95.2%

Yen Equivalent

(Unit : Mln Yen)

	FY2019/3 1Q+2Q	FY2018/3 1Q+2Q	balance	Yr/Yr
Net sales	10,264	11,482	▲ 1,218	89.4%
Cost of Goods	6,543	7,113	▲ 569	92.0%
Cost Ratio	63.8%	61.9%	+1.8P	–
Operating Income	847	946	▲ 99	89.5%
Net Income	740	826	▲ 86	89.5%

Rp.1 = ¥0.0079 Rp.1 = ¥0.0084

※Assumption rate FY 2019/3

Rp.1 = ¥0.0077

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.