

# **First Half of Fiscal Year Ending December 31, 2017 Financial Performance Unicharm Investor Meeting Presentation Materials**

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Projections stated in these materials include those based on the Company's currently obtained assumptions, forecasts and plans regarding the future. Therefore, actual results may differ significantly from projections due to risks and uncertainties associated with market competition, foreign exchange rates, etc.

Furthermore, as stated on the announcement "Notice of Investigation Related to the Previous Financial Results", we are conducting an investigation on the appropriateness of accounting processes for previous fiscal years up to the fiscal period ending December, 2016. At present, we assess that there will be no major impact on the financial results of this fiscal period. However, regarding the figures for period of the 2<sup>nd</sup> quarter consolidated results (January 1, 2016-June 30, 2016), as listed in these materials, we are not certain at present if there is a need for corrections, and it is possible a need for corrections may arise based on results of the investigation. These figures use information previously published as a reference, and we list comparison information on these figures, but based on the conditions described above, we request that this information is not used as a basis for investment decisions.

# 1H of fiscal year ending December 31, 2017

## Financial performance summary



- **Consolidated results (Sales and core operating profit increase)**
  - ✓ 301.9 billion JPY in sales, core operating profit of 38.9 billion JPY (6.6% profit growth, record-high profit)
  - ✓ Sales and core operating profit both reached the total estimates for the second quarter, and are steadily advancing toward the yearly estimates.
- **Japan (Sales and core operating profit increase)**
  - ✓ Stable growth mainly focused on Health Care business, good performance exporting baby diaper from Japan to China, and ongoing profitability improvement
  - ✓ For Pet Care business, profitability improvement through expansion of value-added products and a shift to in-house manufacturing
- **Overseas (Sales and core operating profit increase)**
  - ✓ India, Vietnam, and Taiwan contributed greatly to income increase in Asia
  - ✓ Marketing investment actively conducted in China, and importing baby diapers, pants-type baby diapers, and feminine care products showed improved performance
  - ✓ Profitability improved in Indonesia while maintaining overwhelming market share
  - ✓ Profit loss in Asia affected by distribution issues during the first quarter in Thailand → Issues resolved
  - ✓ For North American Pet Care business, sales of products using Japanese technology are improving favorably, increasing income and profit.
- **Full-year forecast (Published Figures)**
  - ✓ Considering the risks of future environmental changes, etc., no changes to full-year forecast.
- **Shareholder return**
  - ✓ Purchase of own shares    14 billion JPY, 5,110,000 shares acquired
  - ✓ Dividend per share        18 JPY annual dividend scheduled (increase of 2 JPY)

# **First Half of Fiscal Year Ending December 31, 2017 Financial Performance Summary**

# 1.5% sales increase, 6.6% core operating profit increase (Record high) Sales and profit goals reached for 1H forecast



## ■ Consolidated account highlights

(Millions of yen)

	1H of FY Ended Dec. 31, 2016	1H of FY Ending Dec. 31, 2017	Difference	Difference (%)	(Forecast) 1H of FY Ending Dec. 31, 2017	Achievement Rate
Net sales	297,429	301,980	+4,551	+1.5%	299,000	101.0%
Core operating income (margin)	36,541 (12.3%)	38,941 (12.9%)	+2,400	+6.6% (+0.6%P)	34,000 (11.4%)	114.5%
Profit before tax (margin)	30,819 (10.4%)	38,429 (12.7%)	+7,610	+24.7% (+2.3%P)	32,000 (10.7%)	120.1%
Profit attributable to owners of parent (margin)	19,682 (6.6%)	25,198 (8.3%)	+5,516	+28.0% (+1.7%P)	20,800 (7.0%)	121.1%
Basic earnings per share (JPY)	33.04	42.80	+9.76	+29.5%	—	—
USD Rate (JPY)	111.81	112.37	+0.56	+0.5%	110.00	—
CNY Rate (JPY)	17.07	16.39	-0.68	-4.0%	16.30	—

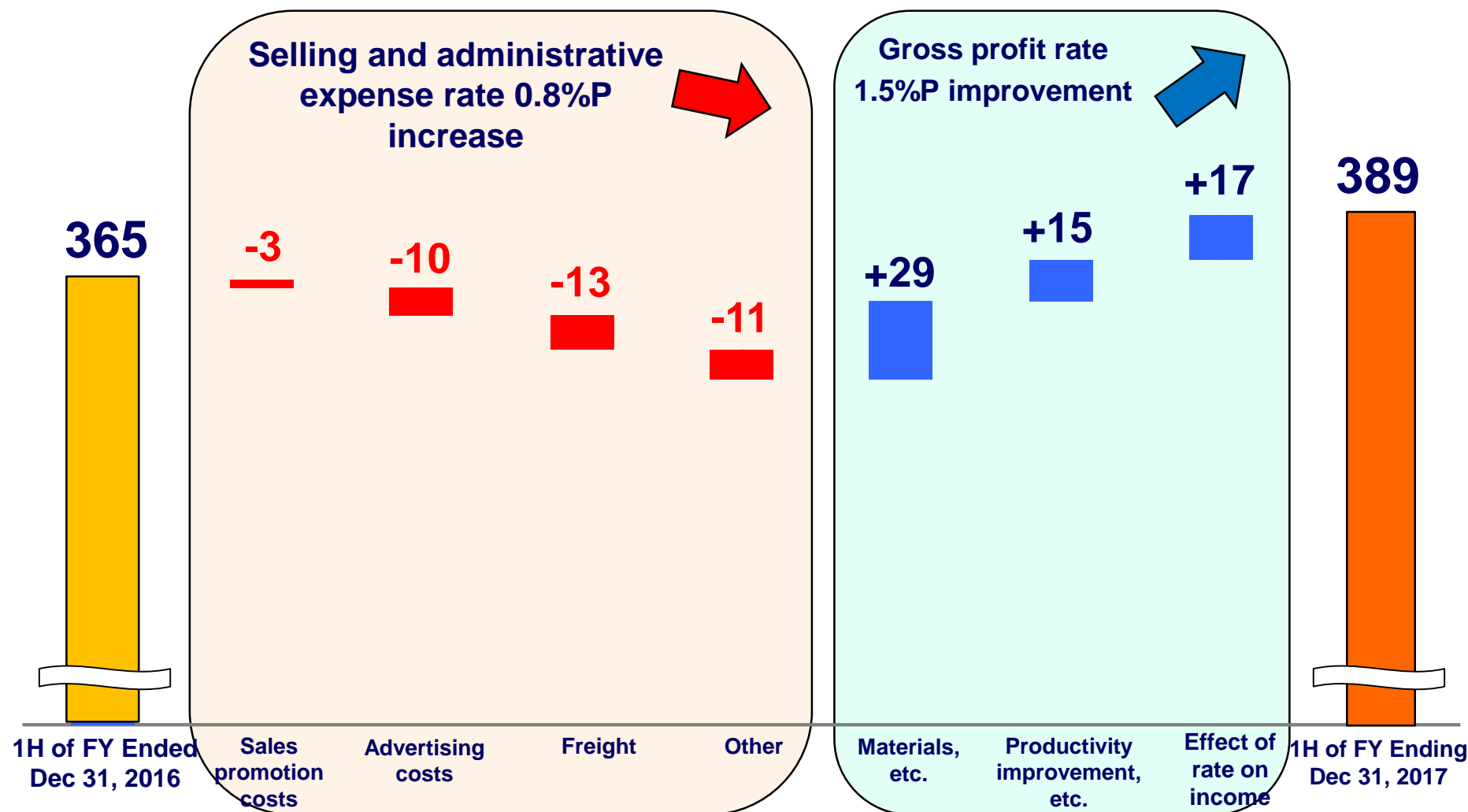
Adoption of IFRS from 17/1Q and 16/1H was calculated based on IFRS.

# Active marketing investment in Asia contributed to sales volume increase, raw material cost fluctuation and others contributed to 2.4 billion JPY profit increase



## ■ Core operating income fluctuation

(100 millions of yen)



**In Japan, Health Care business and Pet Care business drive performance**  
**In Asia, India, Vietnam and Taiwan greatly contributed to sales increase**  
**Profit decrease in Thailand due to distribution issues**



## ■ Geographical segment information

(Millions of yen)

		1H of FY Ended Dec. 31, 2016	1H of FY <sup>*1</sup> Ending Dec. 31, 2017	Difference	Difference (%)	(Ref.) Actual difference
Japan	Net sales	120,348	122,690	+2,342	+1.9%	—
	Core operating income	23,100	26,199	+3,099	+13.4%	—
	(margin)	(19.2%)	(21.4%)		(+2.2%P)	—
Asia	Net sales	127,956	129,815	+1,859	+1.5%	+1.4%
	Core operating income	10,742	10,037	-705	-6.6%	-6.6%
	(margin)	(8.4%)	(7.7%)		(-0.7%P)	—
Others <sup>*2</sup>	Net sales	49,124	49,474	+351	+0.7%	+3.4%
	Core operating income	2,501	2,556	+55	+2.2%	+2.4%
	(margin)	(5.1%)	(5.2%)		(+0.1%P)	—
Reconciling items, etc.	Net sales	—	—	—	—	—
	Core operating income	198	149	-49	—	—
	(margin)	—	—		—	—
Consolidated	Net sales	297,429	301,980	+4,551	+1.5%	+2.0%
	Core operating income	36,541	38,941	+2,400	+6.6%	+6.5%
	(margin)	(12.3%)	(12.9%)		(+0.6%P)	—

\*1: Adoption of IFRS from 17/1Q and 16/1H was calculated based on IFRS.

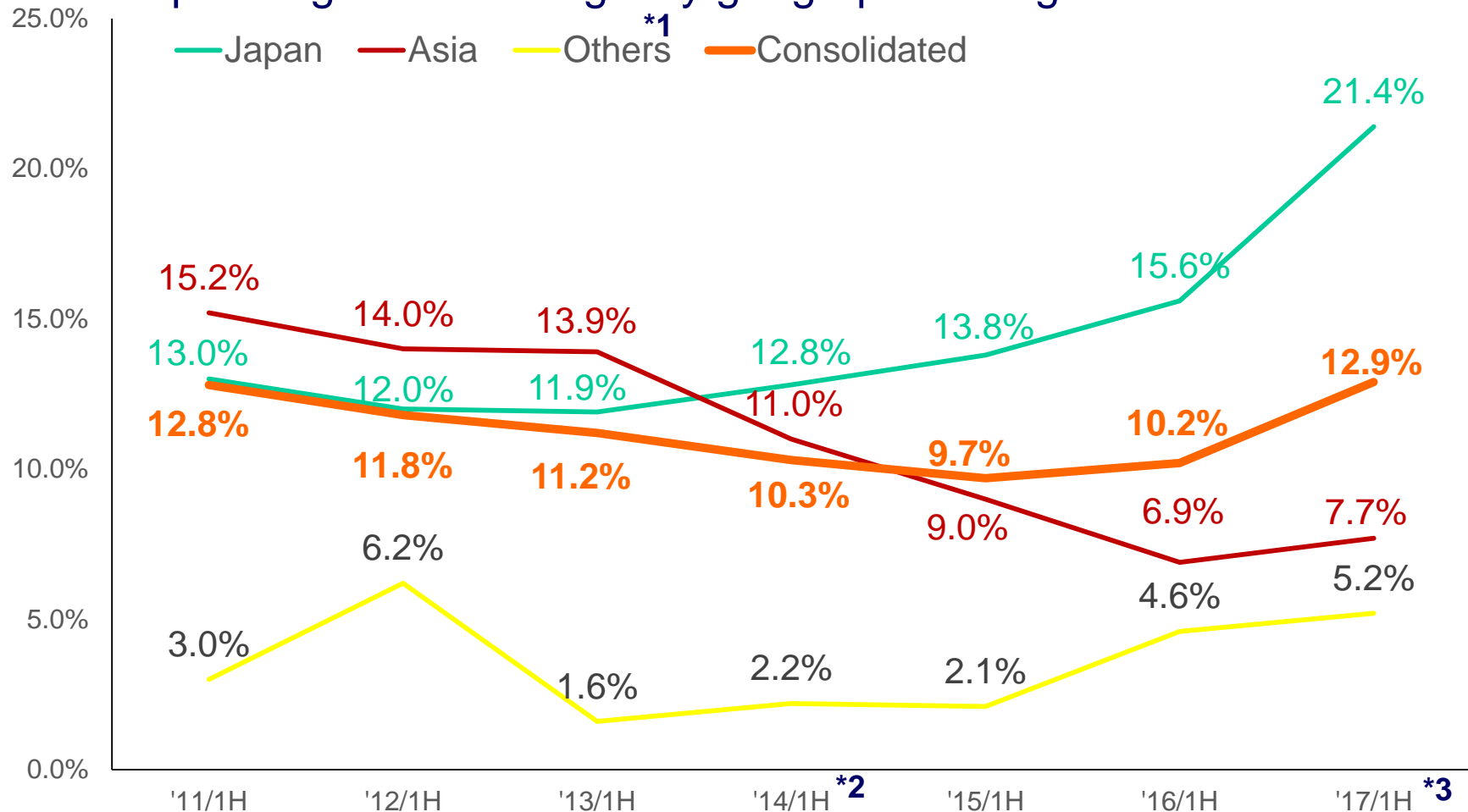
Actual difference rate except exchange effects.

\*2 Others: Main regions are U.S.A., Saudi Arabia, Brazil, the Netherlands

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In Japan, product mix improved with high value-added products  
 In Asia, improvements mainly in India, active marketing investment in  
 China and others, and slowdown of profitability improvement due to  
 distribution issues in Thailand

## ■ Core operating income margin by geographical segment



\*1 Others: Main regions are U.S.A., Saudi Arabia, Brazil, the Netherlands

\*2 Irregular results due to change in settlement period.

\*3: Core operating income margin for '17/1H based on IFRS.

In Pet Care business, improve profit due to shifting to high value-added products in North America.

In Japan, also improve profit by increasing unit price based on high value-added products



## ■ Business segment information

(Millions of yen)

		1H of FY Ended Dec. 31, 2016	<sup>*1</sup> 1H of FY Ending Dec. 31, 2017	Difference	Difference (%)
Personal Care	Net sales	258,815	261,051	+2,237	+0.9%
	Core operating income	33,877	34,629	+751	+2.2%
	(margin)	(13.1%)	(13.3%)		(+0.2%P)
Pet Care	Net sales	35,638	37,770	+2,133	+6.0%
	Core operating income	2,467	4,424	+1,957	+79.3%
	(margin)	(6.9%)	(11.7%)		(+4.8%P)
Others <sup>*2</sup>	Net sales	2,996	3,174	+179	+6.0%
	Core operating income	197	-112	-309	—
	(margin)	(6.6%)	—		—
Reconciling items, etc.	Net sales	-19	-17	+2	—
	Core operating income	0	0	0	—
	(margin)	—	—		—
Consolidated	Net sales	297,429	301,980	+4,551	1.5%
	Core operating income	36,541	38,941	+2,400	6.6%
	(margin)	(12.3%)	(12.9%)		(+0.6%P)

\*1: Adoption of IFRS from 17/1Q and 16/1H was calculated based on IFRS.

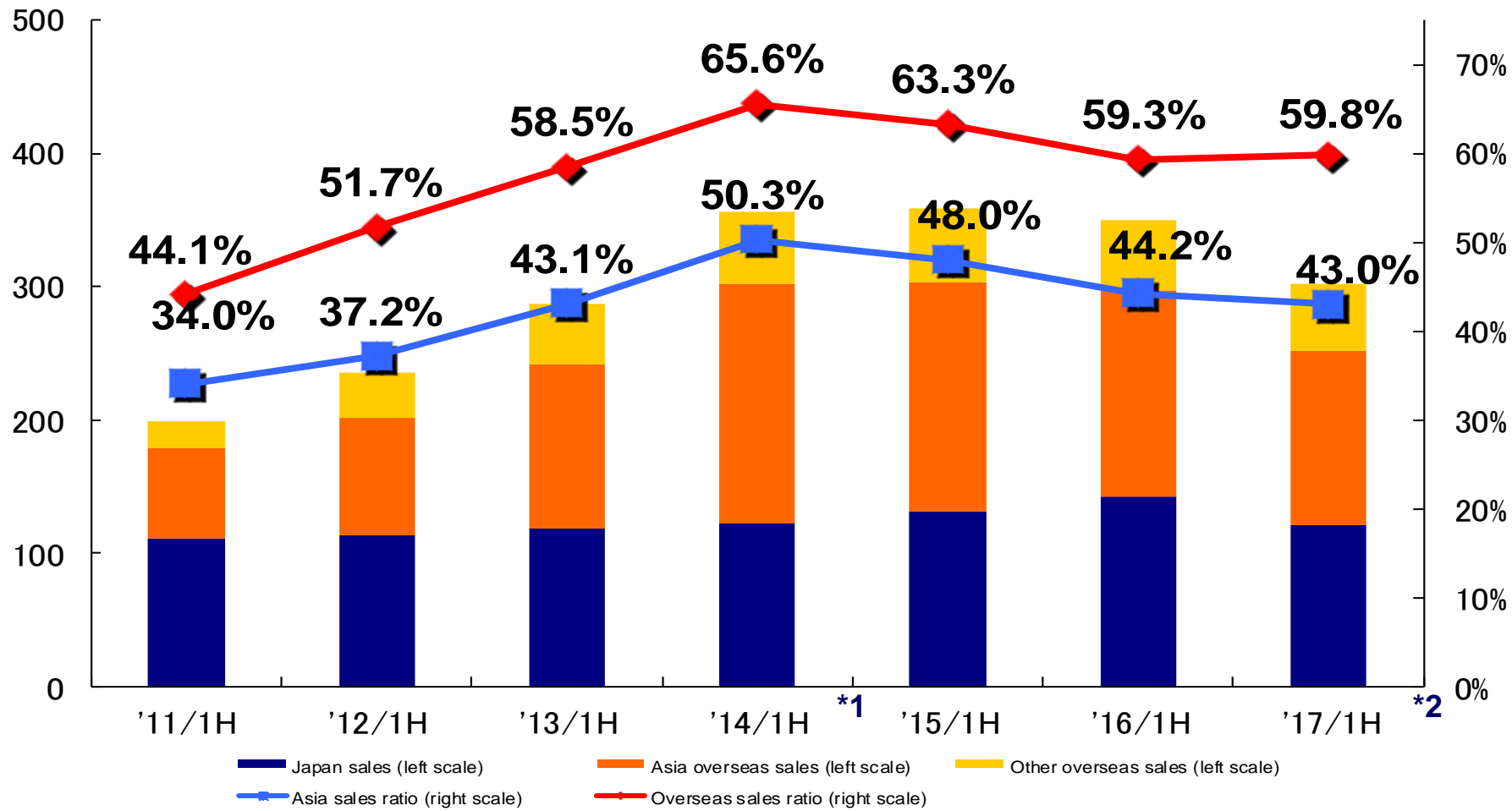
\*2 Others: Products related to industrial materials, etc.



# Overseas sales composition ratio 59.8% (59.9% excluding exchange effects)



■ Japan / Overseas sales  
(Billions of yen)



\*1: Fiscal year ended Dec. 31, 2014 1H is an irregular fiscal year lasting nine months.

\*2: IFRS applied starting FY '17.

# Effects of exchange fluctuations:

Sales: Approx. 1.3 billion JPY decrease

Core operating income: Approx. 300 million JPY increase



## ■ Rate fluctuations by currency

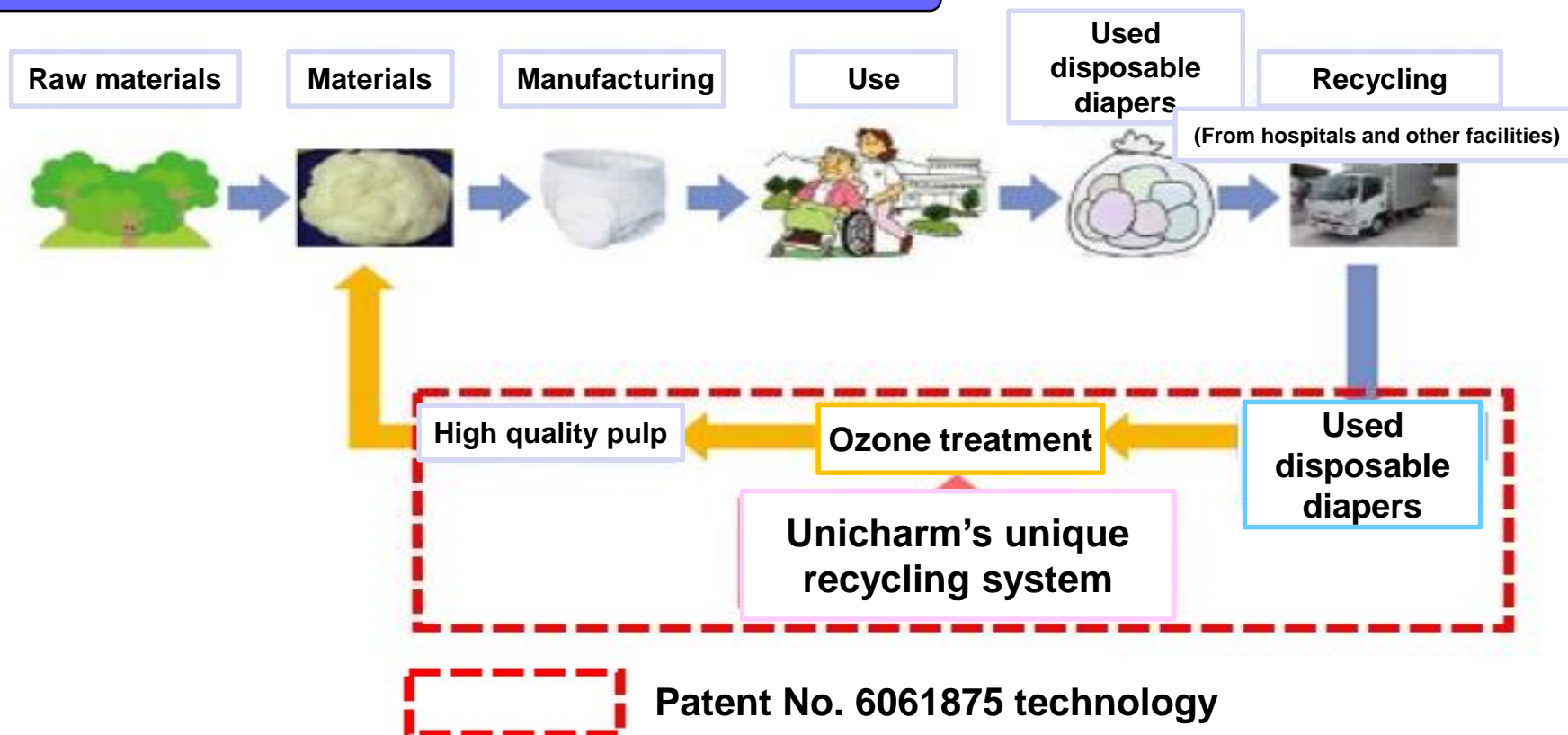
Currency	Rate for 1H of FY ended Dec. 2016	Rate for 1H of FY ending Dec. 2017	Rate Change
China (CNY)	17.07	16.39	-4.0%
Indonesia (IDR)	0.0084	0.0085	+1.2%
Thailand (THB)	3.15	3.24	+2.9%
Saudi Arabia (SAR)	29.86	30.01	+0.5%
India (INR)	1.68	1.73	+3.0%
Vietnam (VND)	0.0050	0.0049	-2.0%
USA (USD)	111.81	112.37	+0.5%
Taiwan (TWD)	3.41	3.67	+7.6%
Netherlands (EUR)	124.62	121.64	-2.4%
South Korea (KRW)	0.0946	0.0987	+4.3%
Australia (AUD)	81.90	84.79	+3.5%
Malaysia (MYR)	27.25	25.61	-6.0%
Egypt (EGP)	13.27	6.28	-52.7%
Brazil(BRL)	30.21	35.37	+17.1%
Russia (RUB)	1.60	1.94	+21.3%

# Increasing Corporate Value

# World first! “Recycle technology for disposable diapers”

## Patent acquired in Japan (Patent No. 6061875)

### Unicharm's goal to create a recycling system



- ✓ Patent No. 6061875 is a patent for a processing method or ozone treatments for used disposable diapers to separate the macromolecular polymers are separated from the disposable diapers, remove pulp fibers from the diapers, and simultaneously disinfect and sterilize the pulp fibers. By using this technology, it becomes possible to efficiently recycle hygienic, safe high-quality pulp from used disposable diapers.

# “Initiatives for the Cohesive Society”

## Support programs that show the spirit of Unicharm

### Sponsorship of “Jintsu Taxi Project”

- Moony provided as a “Maternity Gift” to Nihon Kotsu



\*Child raising starter kits provided by 14 companies sponsoring Nihon Kotsu’s “Jintsu Taxi Project” (Labor Pain Taxi Project) to support expecting mothers. A file of products, information, etc. to help with childbirth/child raising are packaged in original boxes that are delivered registered members of “Jintsu Taxi”.

### Local Revitalization Support

- Comprehensive Partnership Agreement with Kakegawa City, Shizuoka Prefecture in 7 fields such as disaster measures, child-raising support, health promotion, etc.
- “Agreement Regarding Cooperation with Provision of Supplies in the Event of a Disaster” with Fukushima City.
- Partnership agreements with Fukuoka, Kumamoto, Kagawa, etc.



### Dementia Prevention Support

- “Social Walking”, a dementia-prevention program to interact with “society” with an “objective” held in Tokyo, Osaka, and Shizuoka.
- “Dementia Supporter Training Course” implemented in new employee training.



### Employee participation in ongoing recovery support

- Employee participation in earthquake support “Matching Fund”<sup>\*1</sup>
- “Uni Uni Rakugo Kai” charity event held by labor union  
All proceeds donated to Michinoku Mirai Fund <sup>\*2</sup>



<sup>\*1</sup> Established for the objective of “Disaster Area Support”. Original polo shirts, jackets, merchandise, etc. worn by employees are sold in the company. Using this system, the amount equivalent to that paid by employees for the merchandise is donated.

<sup>\*2</sup> Established in 2011 as a scholarship fund to support further education after high school graduation for children who lost their parents in the Great East Japan Earthquake.

# We aim for a company where each employee can work in good health and with purpose



## Previous initiatives with the objective of maintaining employee health and improving productivity

- “Work-style reform development office” newly established to promote work-style reform on the theme of productivity improvement and the role of women
- “Interval Work System” implemented with the objective of maintaining health and improving productivity by preventing the accumulation of fatigue
- Implementation of “work-at-home or telework system” to improve productivity and demonstrate creativity
- Revision of the remuneration system to create an environment that raises employee motivations and also where personal growth drives company growth
- Ament child-rearing and nursing care systems using brand names incorporated.



moony		ライフリー	
改定前	改定後	改定前	改定後
育児休業・育児短時間勤務制度	Moony育児支援制度	介護休業・介護短時間勤務制度	ライフリー介護支援制度
産前産後休暇	Moony産前産後休暇	介護休業	ライフリー介護休業
育児休業	Moony育児休業	介護休暇	ライフリー介護休暇
こども看護休暇	Moonyこども看護休暇	介護短時間勤務	ライフリー介護短時間勤務
育児短時間勤務	Moony育児短時間勤務		
バースサポート休業	Moonyバースサポート休業		
ユニチャーム ペットケア		改定前	改定後
規程なし	特別休暇：自宅で飼育していたペット(犬・猫)の死亡 1日	生理休暇	ソフィ休暇

## New initiatives

### Endorsement of “Premium Friday”

- Aiming for the improvement of both work and daily life



### Pet bereavement leave (cats/dogs)

制度一覧表	
改定前	改定後
規程なし	特別休暇：自宅で飼育していたペット(犬・猫)の死亡 1日



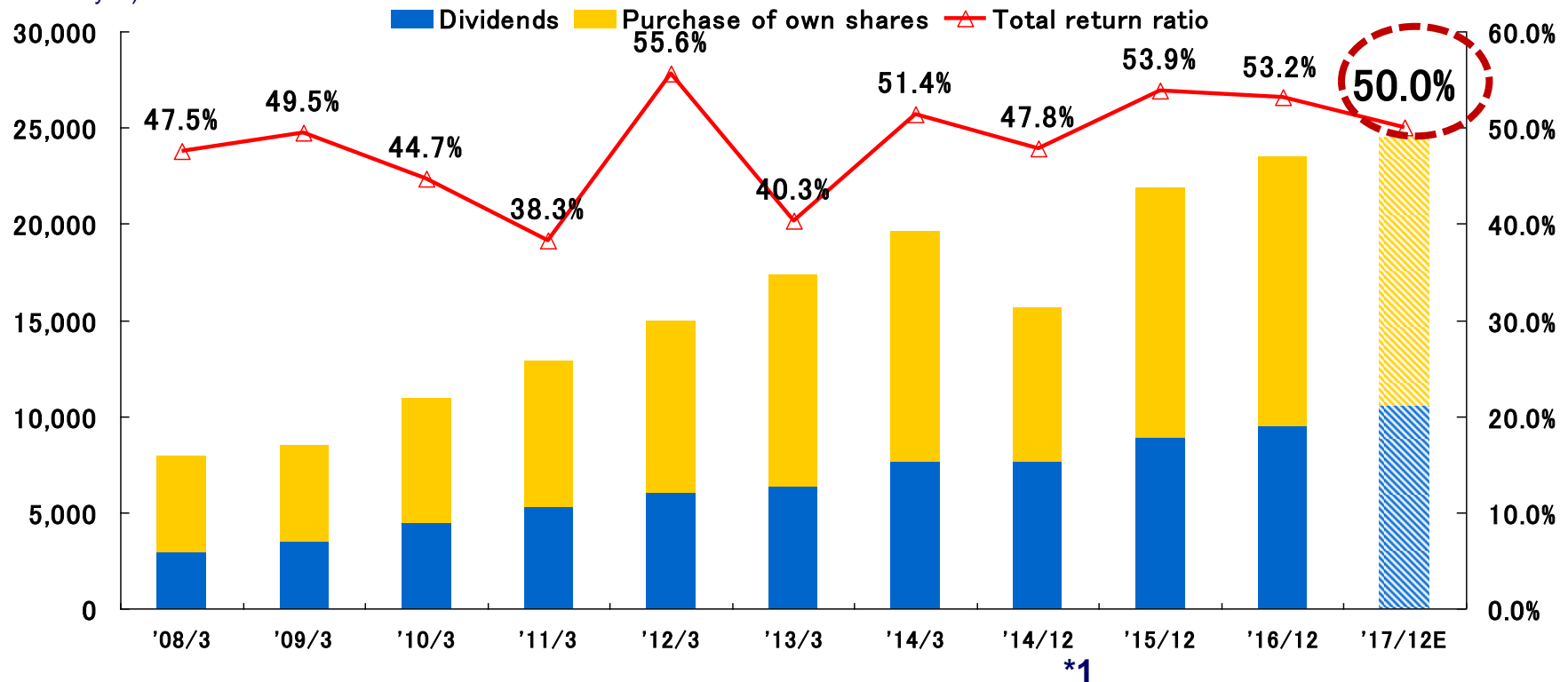
# Shareholder Return Policy



# Continued dividend increase in FY 2017 and total return ratio of 50% scheduled through the purchase of own shares and dividends linked to business performance

## Shareholder return policy

(Millions of yen)



\*1: Fiscal year ended Dec. 31, 2014 is an irregular fiscal year lasting nine months.

By prioritizing business investment in order to achieve continuous growth while paying out stable and continuous dividends based on the growth of mid-to-long term performance, and carrying out the swift purchasing of our own shares if necessary, we plan on a profit return with a goal of **total return ratio of 50%** (estimated payout ratio of 20%) in addition to shareholder dividends and purchase of own shares.

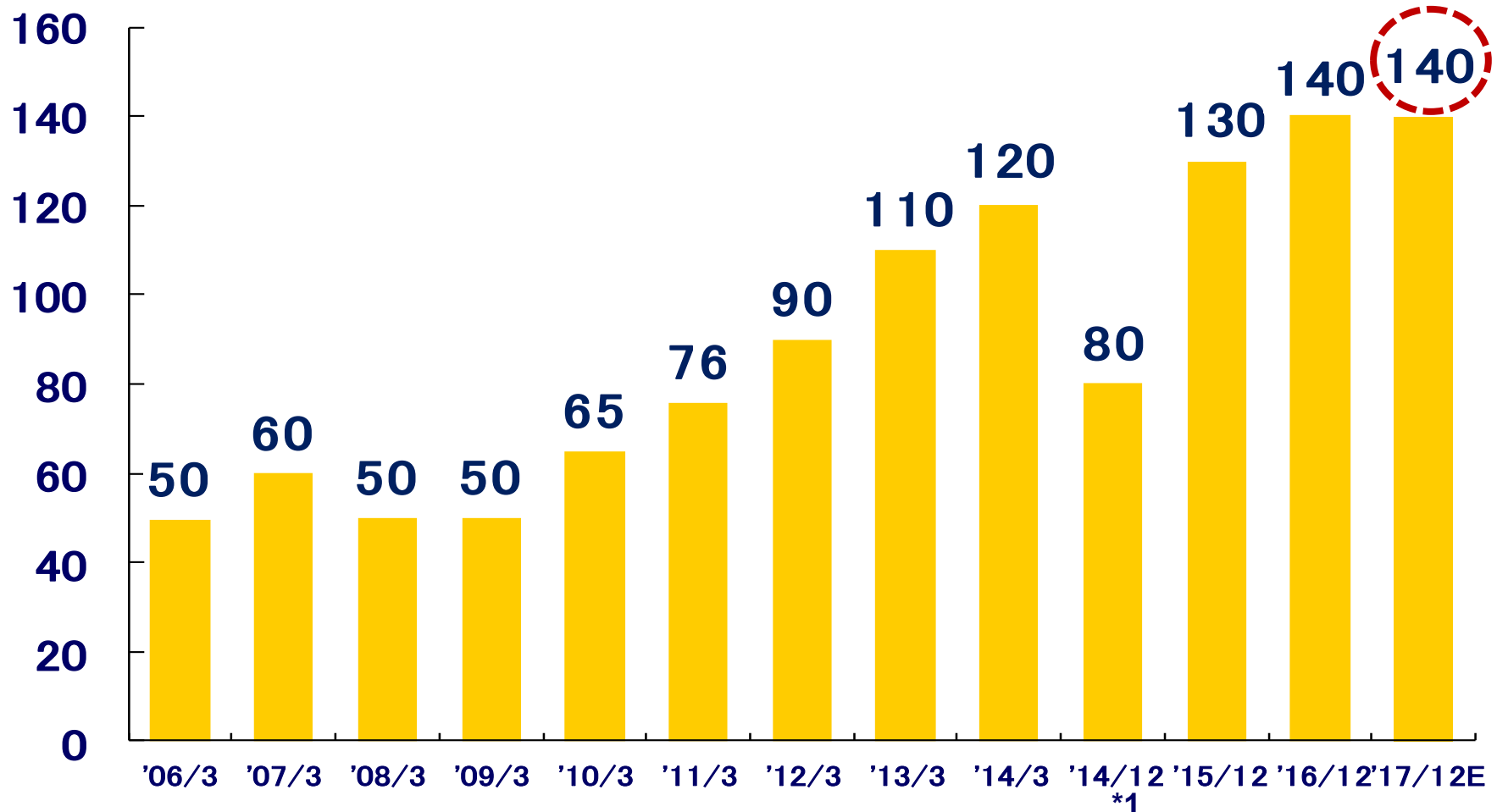


Swiftly acquire stocks through buy-back based on cash conditions  
14 billion JPY, 5,110,000 shares already acquired in the fiscal period ended  
on June 2017



■ Stock buy-back acquisition graph

(100 millions of yen)



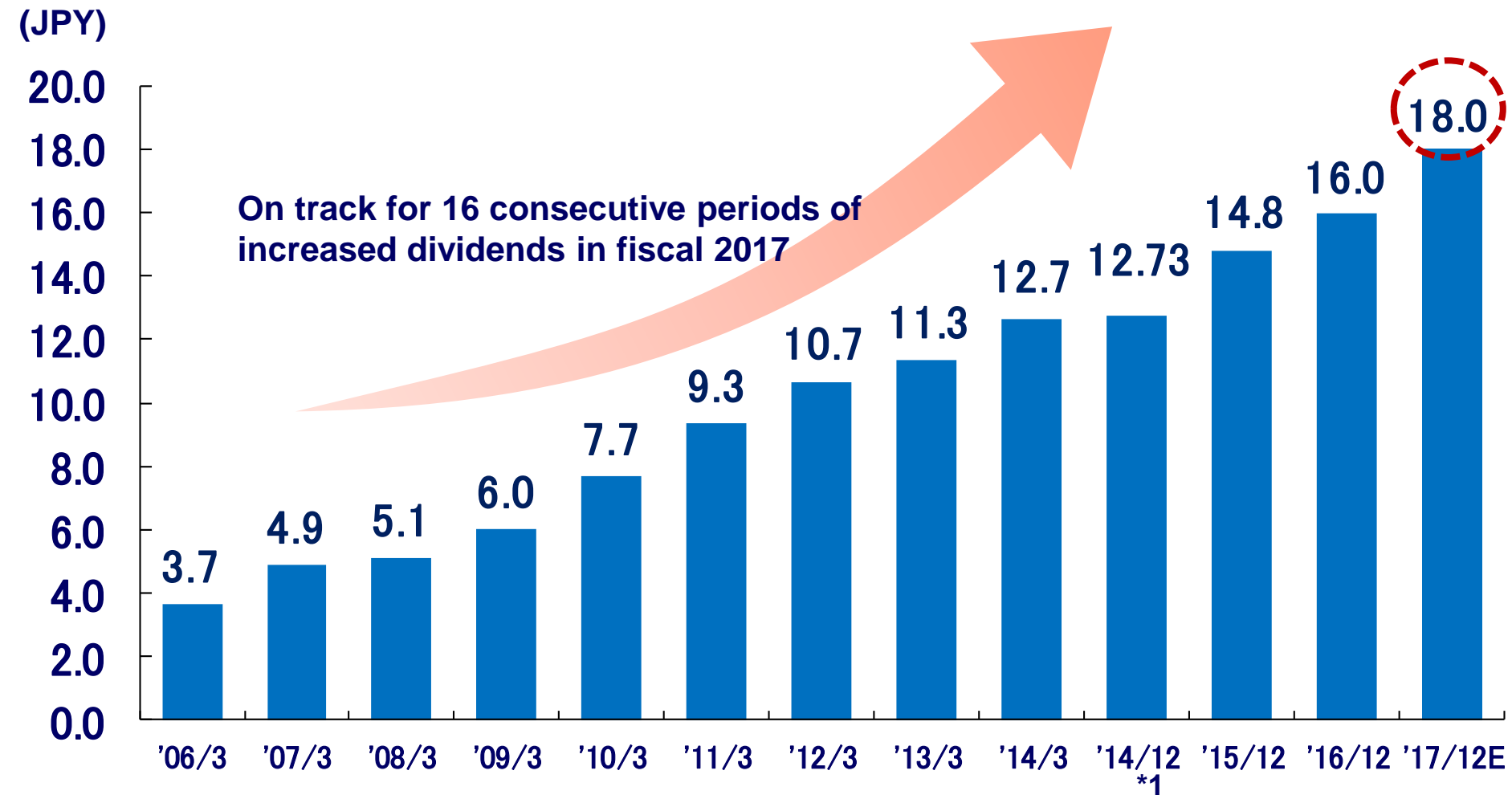
\*1: Fiscal year ended Dec. 31, 2014 is an irregular fiscal year lasting nine months.

# Steady and continuous dividend payments

## On track for 16 consecutive periods of increased dividends



■ Dividends per share



\*1: Fiscal year ended Dec. 31, 2014 is an irregular fiscal year lasting nine months.

