

First Quarter of the Fiscal Year Ending December 31, 2018 Unicharm Presentation Materials for Investor Meeting

May 9, 2018
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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.

Financial Performance Summary: First Quarter of the Fiscal Year Ending December 31, 2018

◆ Document notations

BC: Baby Care Business

FC: Feminine Care Business

HC: Health Care Business

C&F: Clean & Fresh Business

PC: Pet Care Business

Fiscal Period Year Ending Dec. 31, 2018: First Quarter Financial Performance Summary



- **Consolidated results (New record high established)**
 - ✓ Sales of 160.9 billion JPY (10% increase, increase by 14.7 billion JPY), core operating profits 24.7 billion JPY (31.6% increase, increase by 5.9 billion JPY).
 - ✓ Core operating profit margin increased from 12.8%→15.4%, significant improvement mainly in Asia.
- **Japan Results (Sales: 9% increase, increase by 5.2 billion JPY, Profit: 6.8% increase, increased by 800 million JPY)**
 - ✓ HC: Led the market through the development of value-added products for light and medium incontinence products.
 - ✓ BC: Cross-border EC in China is growing about 2.6 times. For Japan, continues to outgrow market growth.
 - ✓ PC: Continued to steadily introduce value-added products such as market creation products and had strong growth.
- **Overseas Results (Sales: 10.7% increase, increase by 9.5 billion JPY, Profit: 77.8% increase, increased by 5.1 billion JPY)**
 - ✓ Asia: Sales increase of 14.2% and 9.1 billion JPY, profit increase of 91.1% and 5.1 billion JPY. Core operating profit increase improved from 8.7% → 14.6%.
 - ✓ China: For FC, strong growth for the products that was developed for young generation which was mainly sold in major cities last year. For BC, although inventory was adjusted from the reaction of EC events in the previous 4Q, due to the effects of continued marketing investments to moony (imported disposable diaper), moony sales were favorable including cross-border EC. For China-made products, promoted shift to pants-type disposable diapers.
 - ✓ Indonesia: Increased profitability by strengthening product power, expanding sales channels and continuing to grow more than market growth.
 - ✓ India: There was affect from the fire in the previous year, but the third factory was completed in April and strengthened further growth base.
- **Shareholder return**
 - ✓ Dividends: Yearly dividend is forecasted to increase by 4 yen to 24 yen. Plan 17 consecutive periods of dividend increase.
 - ✓ While continuing dividend increases, raise dividend payout ratio gradually.

Net Sales increase of 10.0%, 14.7 billion yen, Core Operating Profit increase of 31.6%, 5.9 billion which are both record highs
Both net sales and core operating income steadily progressing favorable compared to forecast



■ Consolidated account highlights

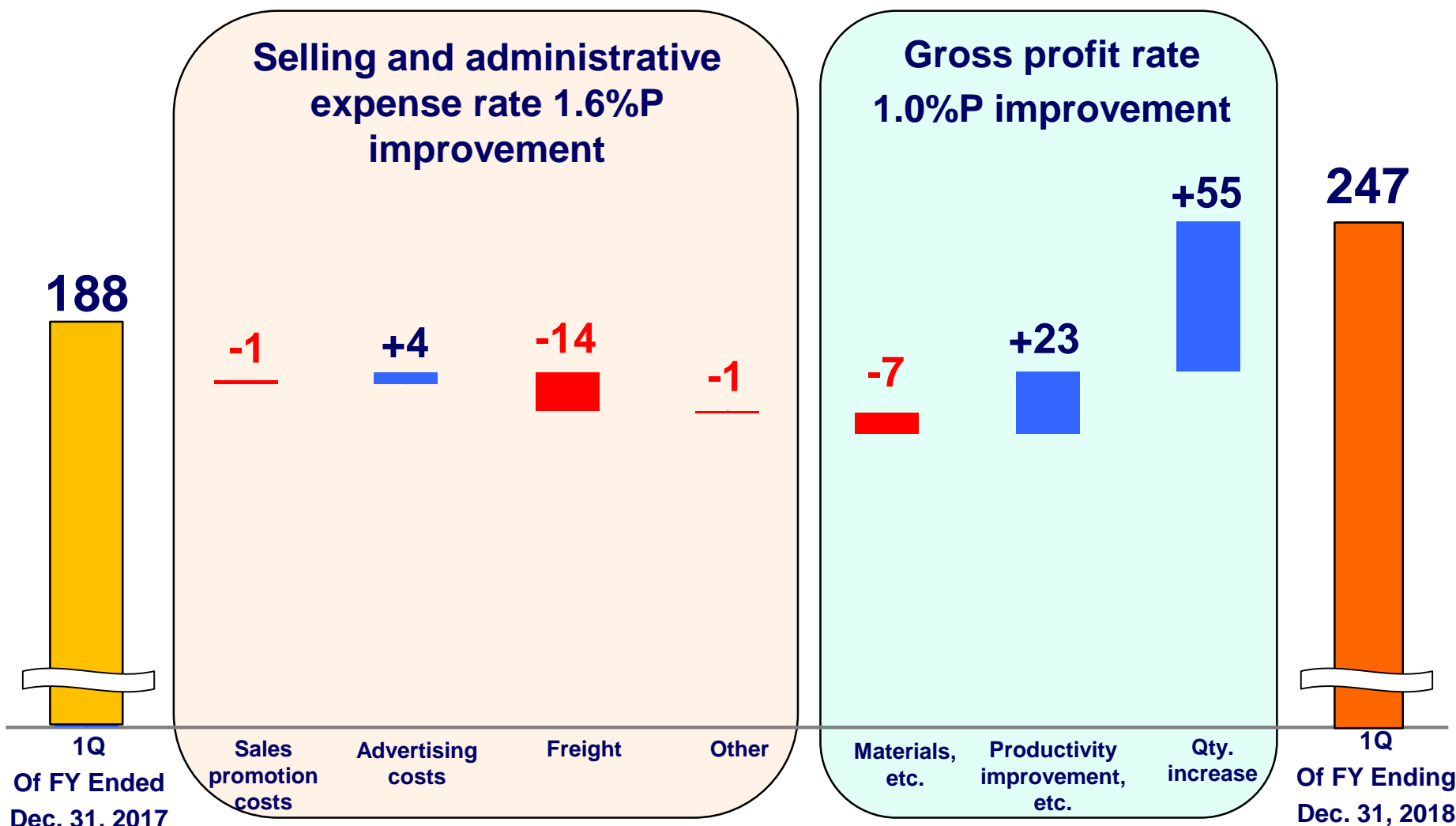
(Millions of yen)

	1Q of FY Ended Dec 31, 2017	1Q of FY Ending Dec 31, 2018	Difference	Difference (%)	(Forecast) FY Ending Dec. 31, 2018	Achievement Rate
Net sales	146,259	160,936	+14,676	+10.0%	322,000	50.0%
Core operating income (Core operating income margin)	18,793 (12.8%)	24,731 (15.4%)	+5,938	+31.6% (+2.6%P)	42,000 (13.0%)	58.9%
Profit before tax (margin)	17,993 (12.3%)	21,824 (13.6%)	+3,832	+21.3% (+1.3%P)	41,500 (12.9%)	52.6%
Profit attributable to owners of parent (margin)	11,589 (7.9%)	14,178 (8.8%)	+2,590	+22.3% (+0.9%P)	26,000 (8.1%)	54.5%
Basic earnings per share (JPY)	19.64	24.21	+4.57	+23.3%	—	—
USD Rate (JPY)	113.64	108.30	-5.34	-4.7%	110.00	—
CNY Rate (JPY)	16.57	17.05	+0.48	+2.9%	16.80	—

Qty. Increase and product mix improvement due to effects of aggressive marketing investment drove down raw material price fluctuation etc. and Core operating profit increased by 5.9 billion JPY

■ Core operating income fluctuation

(100 millions of yen)



In Japan, BC cross-border EC continue to rapidly grow and other personal care business and PC are continuously favorably
In Asia, Thailand, China and Indonesia etc. profitability improved



■ Geographical segment information

(Millions of yen)

		1Q of FY Ended Dec 31, 2017	1Q of FY Ending Dec 31, 2018	Difference	Difference (%)	^{*1} (Ref.) Actual difference
Japan	Net sales	57,704	62,872	+5,168	+9.0%	—
	Core operating income	12,098	12,921	+823	+6.8%	—
	(margin)	(21.0%)	(20.6%)		(-0.4%P)	—
Asia	Net sales	64,300	73,400	+9,100	+14.2%	+14.0%
	Core operating income	5,603	10,706	+5,103	+91.1%	+89.8%
	(margin)	(8.7%)	(14.6%)		(+5.9%P)	—
^{*2} Others	Net sales	24,255	24,663	+408	+1.7%	+3.7%
	Core operating income	978	994	+16	+1.6%	+6.4%
	(margin)	(4.0%)	(4.0%)		(±0.0%P)	—
Reconciling items, etc.	Net sales	—	—	—	—	—
	Core operating income	114	110	-4	—	—
	(margin)	—	—		—	—
Consolidated	Net sales	146,259	160,936	+14,676	+10.0%	+10.3%
	Core operating income	18,793	24,731	+5,938	+31.6%	+31.5%
	(margin)	(12.8%)	(15.4%)		(+2.6%P)	—

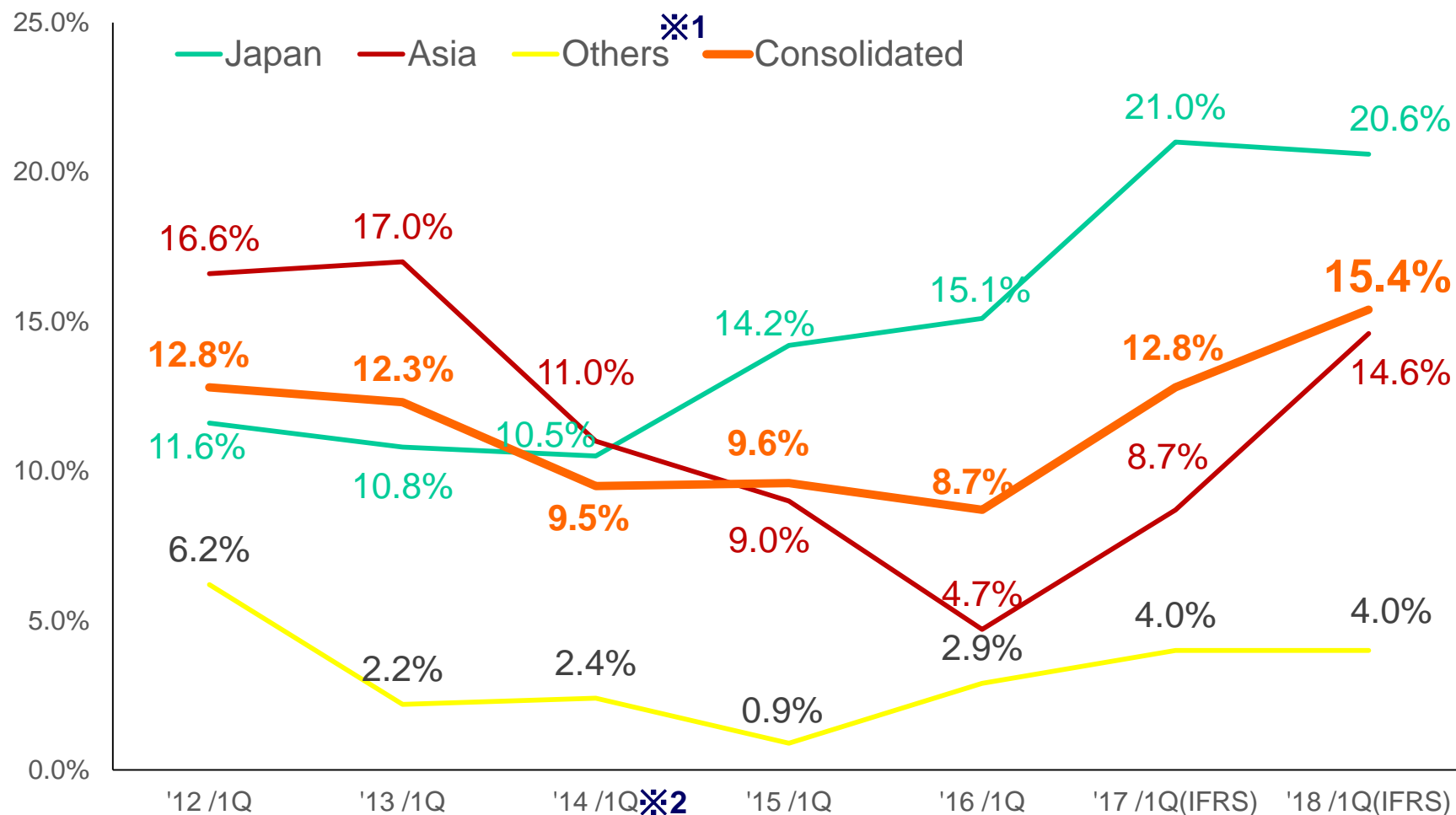
*1 : Actual difference rate except exchange effects.

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

In Japan, maintaining profitability by promoting high value-added products and expanding exports
 In Asia, improving profitability in main countries due to favorable performances by China FC and Thailand FC



Core operating profit 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

For Japan PC, favorably progress mainly in toiletry product
For North America PC, although sales of main product decreased due to climate impact but was able to improve profitability due to conducting product mix



■ Business Segment Information

(Millions of yen)

		1Q of FY Ended Dec 31, 2017	1Q of FY Ending Dec 31, 2018	Difference	Difference (%)
Personal Care	Net sales	126,732	141,223	+14,491	+11.4%
	Core operating income	17,148	22,856	+5,708	+33.3%
	(margin)	(13.5%)	(16.2%)		(+2.7%P)
Pet Care	Net sales	17,988	18,039	+51	+0.3%
	Core operating income	1,843	1,906	+63	+3.4%
	(margin)	(10.2%)	(10.6%)		(+0.4%P)
*1 Others	Net sales	1,546	1,680	+134	+8.7%
	Core operating income	-198	-32	+166	—
	(margin)	—	—		—
Reconciling items, etc.	Net sales	-8	-6	+5	—
	Core operating income	0	0	—	—
	(margin)	—	—	—	—
Consolidated	Net sales	146,259	160,936	+14,676	10.0%
	Core operating income	18,793	24,731	+5,938	31.6%
	(margin)	(12.8%)	(15.4%)		(+2.6%P)

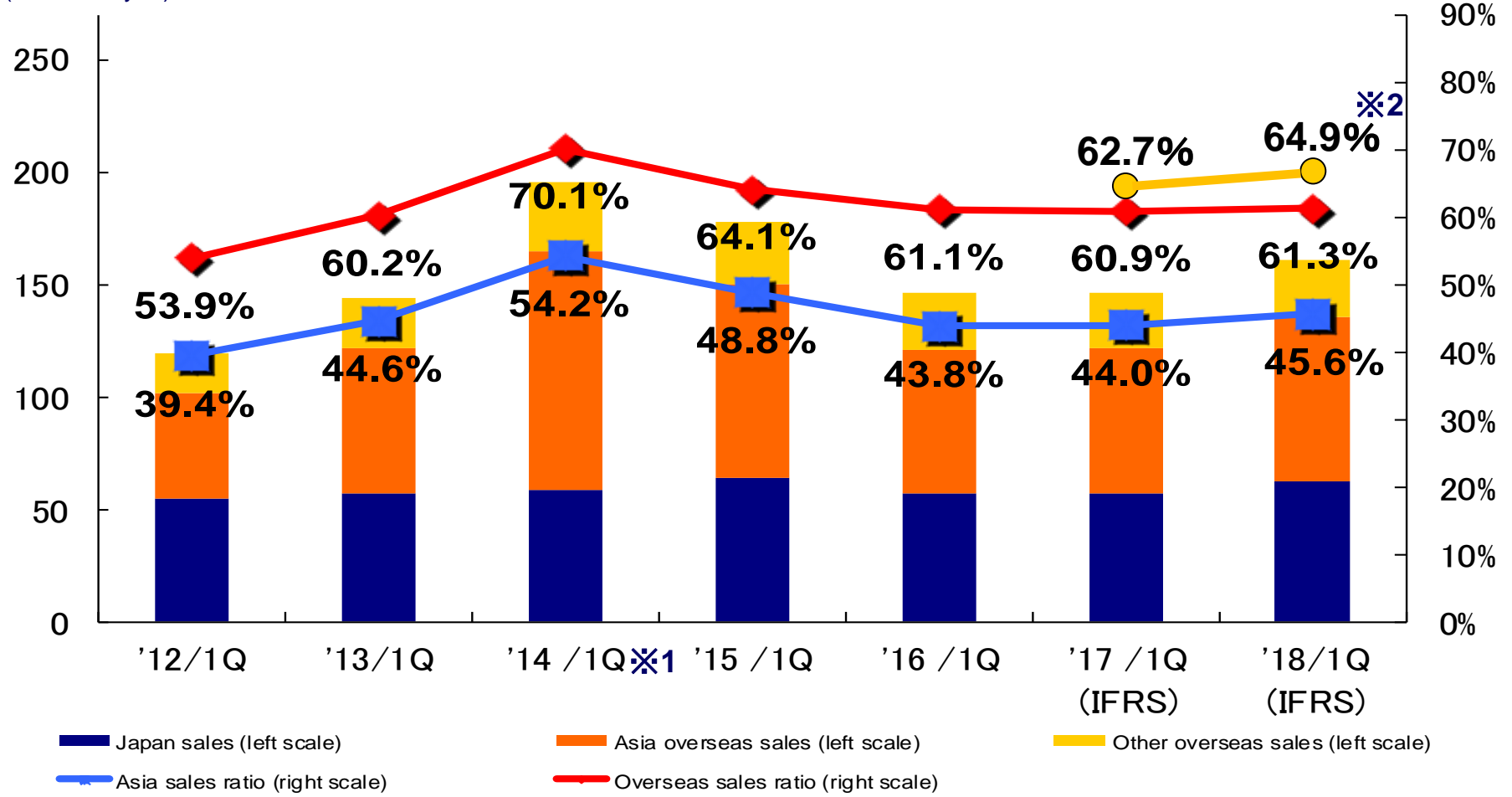
*1: Other products related to industrial materials, etc., child raising video streaming service.

Overseas sales composition ratio 61.3% (61.4% excluding exchange effects)



Domestic / overseas sales

(Billions of yen)



*1: Irregular fiscal year due to settle settlement period changes.
 *2: When exports such as cross-border EC, etc. from Japan is considered overseas sales

Effects of exchange fluctuations

Approx. 400 million yen decrease in sales

Approx. 20 million yen increase in core operating profit



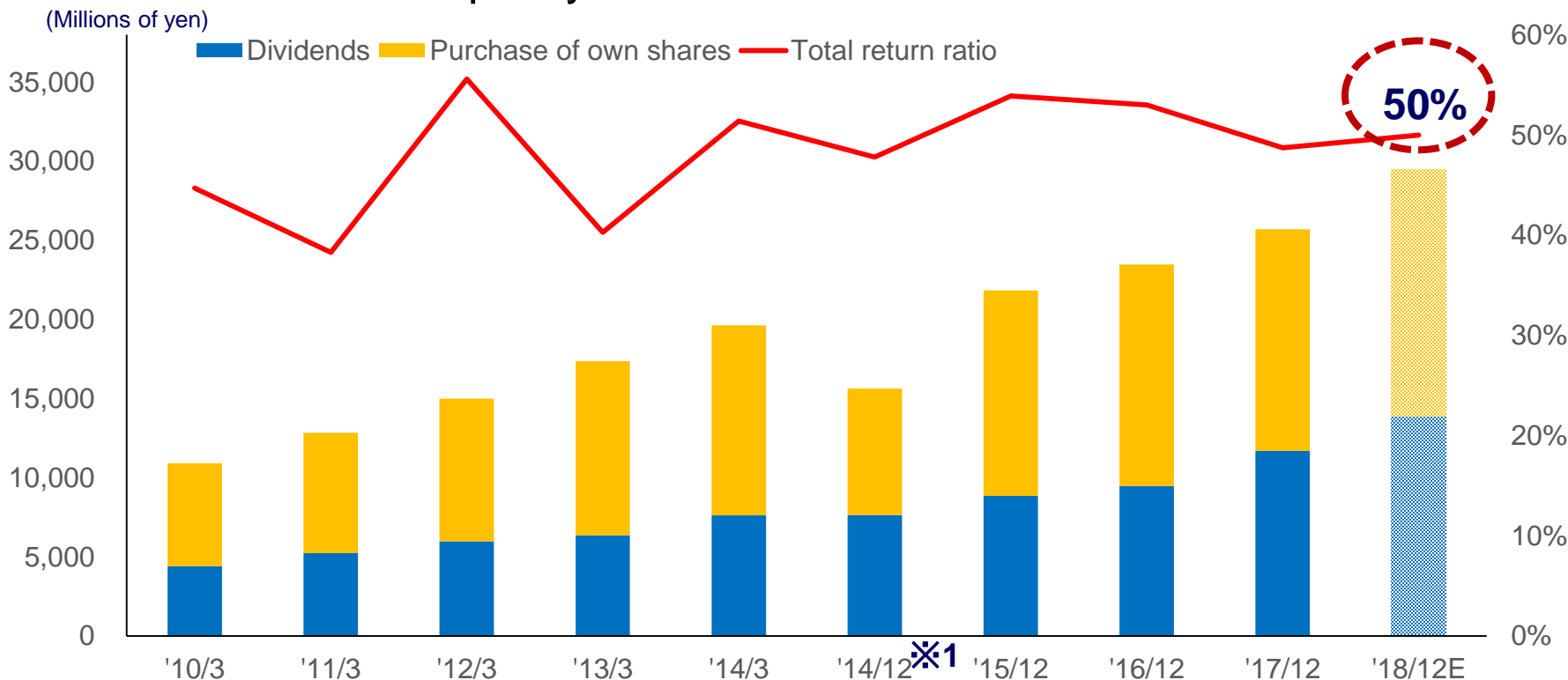
■ Rate fluctuations by currency

Currency	Exchange rate Jan-Mar 2017	Exchange rate Jan-Mar 2018	Change in rate
China (CNY)	16.57	17.05	+2.9%
Indonesia (IDR)	0.0085	0.0080	-5.9%
Thailand (THB)	3.24	3.44	+6.2%
Saudi Arabia (SAR)	30.35	28.92	-4.7%
India (INR)	1.71	1.70	-0.6%
Vietnam (VND)	0.0050	0.0048	-4.0%
USA (USD)	113.64	108.30	-4.7%
Taiwan (TWD)	3.66	3.71	+1.4%
Netherlands (EUR)	121.08	133.22	+10.0%
South Korea (KRW)	0.0988	0.1011	+2.3%
Australia (AUD)	86.16	85.27	-1.0%
Malaysia (MYR)	25.57	27.63	+8.1%
Egypt (EGP)	6.41	6.13	-4.4%
Brazil(BRL)	36.16	33.37	-7.7%
Russia (RUB)	1.94	1.91	-1.5%

Shareholder Return Policy

Total return ratio of 50% scheduled in FY 2018

Shareholder return policy



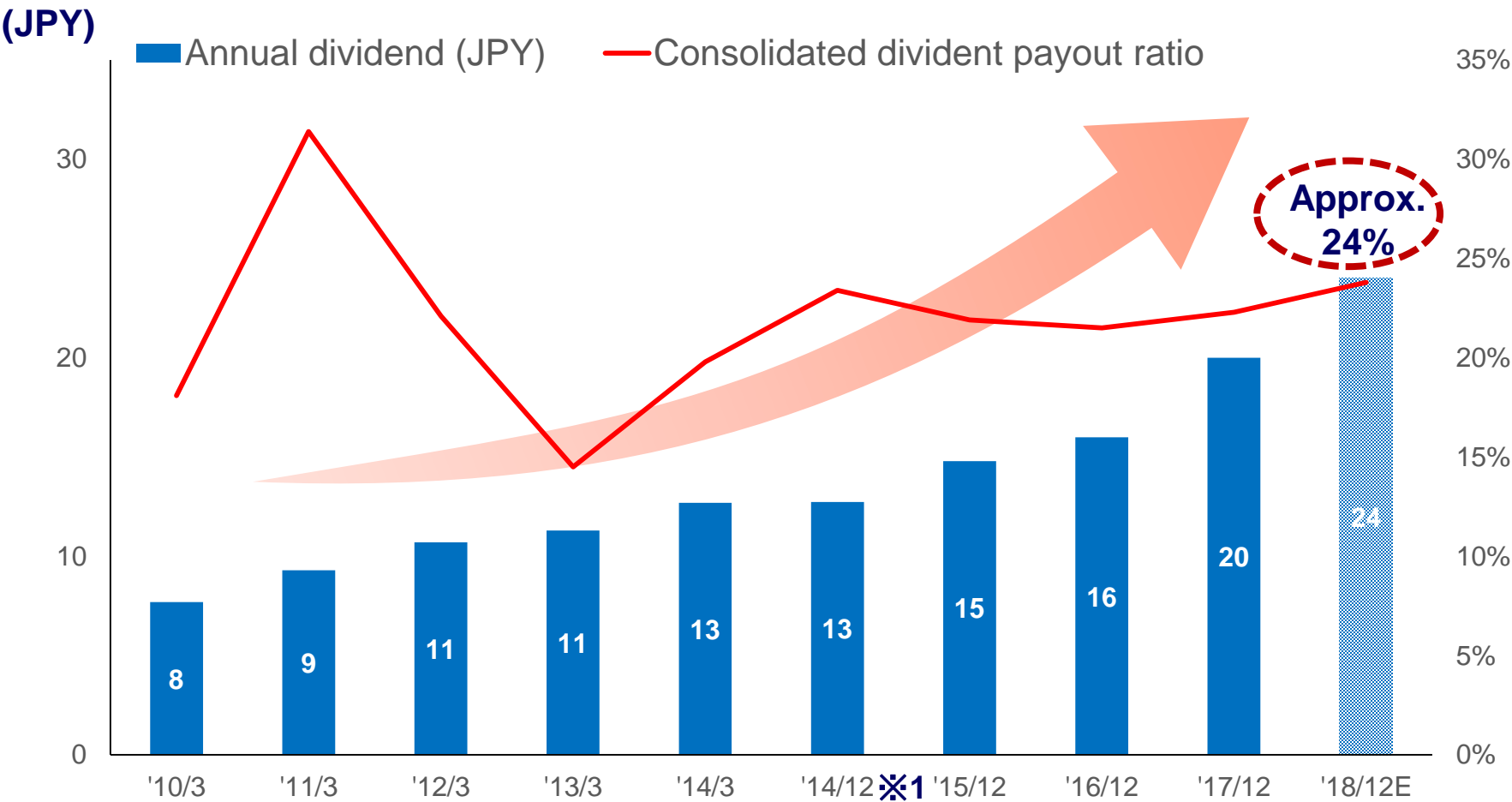
*1: Fiscal year ended Dec. 31, 2014 is an irregular fiscal year lasting nine months.

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 earnings, 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%** (raise the dividend payout ratio in stages) in addition to shareholder dividends and purchase of own shares.

Steady and continuous dividend payments, on track for 17 consecutive periods of increased dividends
Raise dividend payout ratio in stages



■ Dividends per share

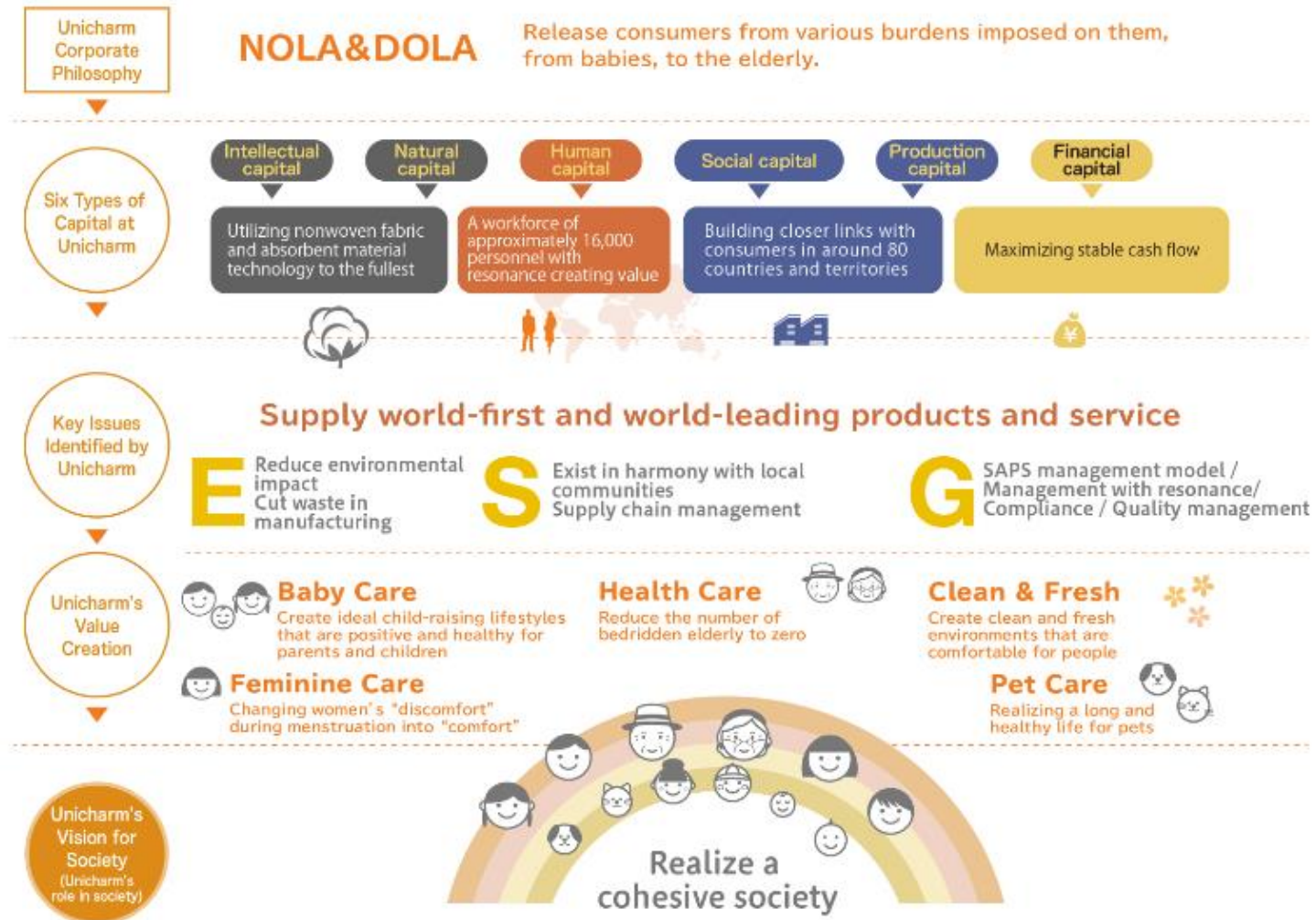


*1: Fiscal year ended Dec. 31, 2014 is an irregular fiscal year lasting nine months.

Raising Corporate Value

With 6 types of UC-style capital, as we work to resolve social issues, raise “Earning Potential” and promote “Realizing a cohesive society”

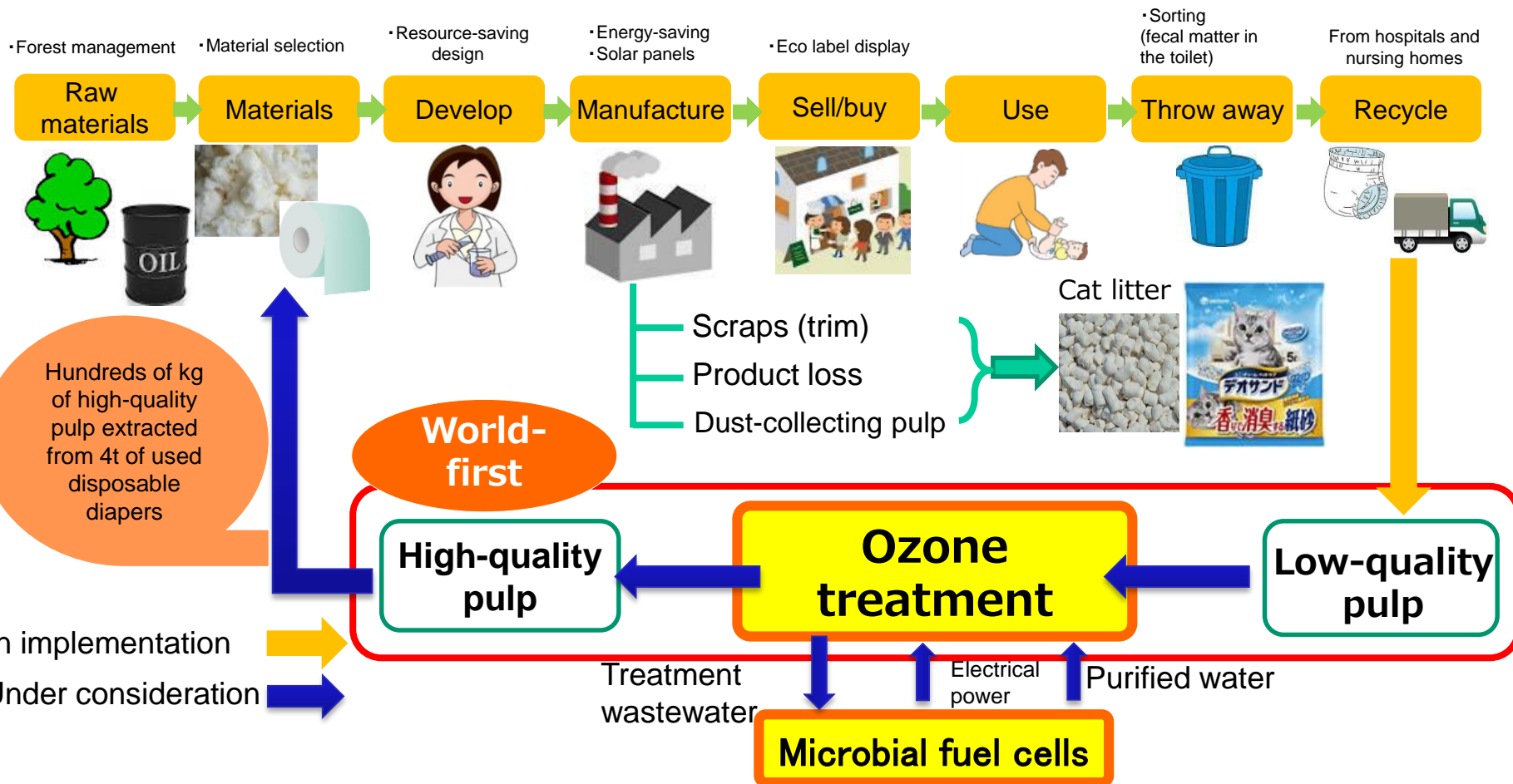
Unicharm Value Creation Model





Waste reduction

Recycling system in development by Unicharm



✓ Acquire patents related to treatment methods that make allow simultaneous water purification and electricity generation using microbial fuel cells in the process of recycling disposable diapers

Reduction of Waste Disposal

Paper cat litter

Waste generated from Unicharm Factories

Waste generated from other than Unicharm Factories

Product loss

工場で検査に通らず、商品にならなかったおむつ

Dust pulp / Paper dust

工場でおむつを作った時に出る、とても細かいパルプや高分子吸収材（おしっこを固める粉）

Product trim

不織布をおむつの形に切り取った後の切れ端

Paper tube

工場で使う不織布や紙を巻いている芯（サランラップの芯のようなもの）

Used paper / Waste paper

新聞紙や雑誌など

Deo Sand (cat litter that clumps together)

Create beads (pellets)

Cut materials



巨大なカッターで材料を切ります

Cut up into tiny pieces

Clump tiny pieces and create cat litter

Coat

For the beads that have color, coat with absorbent polymer material to make it white

Pack



Package it

Divide absorbent polymer material that was in diapers

Deo toilet (cat litter using with sheet)

Dissolve & squeeze



Dissolve in water



Squeeze out water

Create beads

Clump materials together and create cat litter

Make beads rounder

Coating

After drying the material, coat the bead so that urine cannot penetrate it

Pack



Package it

✓ Of the total waste generated at the Thailand factory, have been able to recycle more than 90% of it. Along with Japan recycling activities, we have achieved zero landfill waste.



Efforts to Reduce CO2 Emissions in Japan through Products



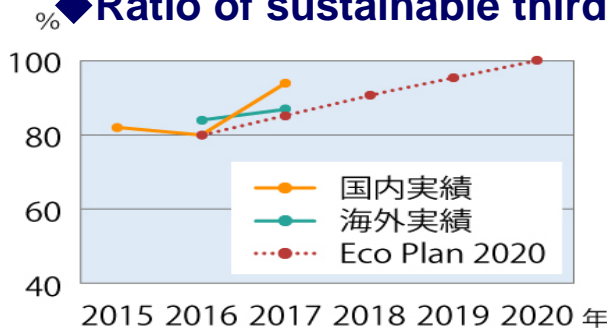
✓ Examples of Eco Charming products



- ✓ Eco-charming product is defined as top products that further promotes adaptation to a sustainable society by further developing the concept of environmentally-friendly products with improved environmental performance. There were 146 products that cleared this criteria. (As of December 2017)

Promotion of biodiversity-conscious supply chain management

◆ Ratio of sustainable third-party guarantees such as FSC



責任ある森林管理
のマーク
FSC® N002492

- ✓ Request suppliers through raw forest guidelines for non-use of raw materials from HCVF and HCSF. From 2016 we extend the coverage to
- ✓ Aim to switch paper and pulp used in absorbent products to recycled paper or sustainable forest materials by 2020.

HCVF : High Conservation Value Forests
HCSF : High Carbon Stock Forests

◆ RSPO Membership in March 2017



- ✓ Become a Member of RSPO to collect information and establish traceability for sustainable procurement

RSPO : Roundtable on Sustainable Palm Oil

Engage in social contributions that make use of Unicharm's positive image to increase number of UC fans



◆BC Achieving an ideal child-rearing environment for parents and children



◆FC Changing women's "discomfort" during menstruation into "comfort"



◆HC Reduce the number of bedridden elderly to zero



◆PC Realizing a long and healthy life for pets



Establishing “Unicharm Group Policy of Human rights” and “Basic Policy of Procurement”

Unicharm Group Policy of Human Rights

Promoting efforts to respect human rights of all stakeholders including employees

ユニ・チャームグループ人権方針

ユニ・チャームグループは、企業理念「NOLA&DOLA」に「赤ちゃんからお年寄りまで、生活者がさまざまな負担から解放されるよう、心と体をやさしくサポートする商品を提供し、一人ひとりの夢を叶えたい」という想いを込めており、全ての人に与えられた基本的権利である人権が尊重される社会の実現を支援していきます。またその前提として、当社は人権尊重の責任を果たす努力をしております。

1. 位置づけ

ユニ・チャームグループは、「国際人権宣言」「世界人権宣言と国際人権規約」、「労働における基本的原則および権利に関する国際労働機関（ILO）宣言」、国連グローバル・コンパクトの10原則、および国連の「ビジネスと人権に関する指導原則」に基づき、ユニ・チャームグループ人権方針（以下、本方針）を定め、社員を含むすべてのステークホルダーの人権尊重に向けた取り組みを推進していきます。本方針は、企業理念、行動指針（The Unicharm Way）と補完関係にあり、当該行動指針の人権に係る事項についてユニ・チャームグループがどのように取り組んでいくかを明確にするものです。

2. 適用範囲

本方針は、ユニ・チャームグループで働くすべての役員と社員に対し適用されます。また、ビジネスパートナーおよびサプライヤーに対しても、本方針を支持し、遵守して頂くことを期待して働きかけ、協働して人権尊重への取り組みを推進していきます。

3. 人権尊重の責任遂行

ユニ・チャームグループは、自らの事業活動において影響を受ける人びとの人権を侵害しないこと、また自らの事業活動において人権への負の影響が生じた場合は是正に向けて適切に対処することにより、人権尊重の責任を果たします。なお、ユニ・チャームグループが直接人権への負の影響を助長していない場合でも、ビジネスパートナーやサプライヤーにおいて人権への負の影響が引き起こされている場合には、適切な対応をとるよう促します。

適用法令の遵守

ユニ・チャームグループは、事業活動を行うそれぞれの国または地域における法令と規制を遵守します。但し、各国・地域の法令等と国際的な人権の原則に矛盾がある場合には、国際的な人権の原則を尊重する方法を追求していきます。

人権デュー・ディリジェンス

ユニ・チャームグループは、国連の「ビジネスと人権に関する指導原則」に基づく手順に従って人権デュー・ディリジェンスの仕組みを構築し、人権への負の影響を防止または軽減することに努めます。

救済

ユニ・チャームグループは、直接的または間接的に、人権に対する負の影響を引き起こすようなことがあった場合、対話と適切な手続きを通じてその救済に取り組みます。

教育

ユニ・チャームグループは、本方針が社内外に浸透し効果的に実行されるよう適切な教育を行います。

対話・協議

ユニ・チャームグループは、本方針の一遵の取り組みにおいて、ユニ・チャームグループの事業の影響を受ける人びととの有意義な協議を、誠意をもって行います。

報告

ユニ・チャームグループは、人権に関する取り組みについてウェブサイト等で報告します。

制定年月日 2017 年 10 月 25 日

ユニ・チャーム株式会社

代表取締役 社長執行役員

高野 豪久

■ Unicharm Group Policy of Human rights
http://www.unicharm.co.jp/csr-eco/employee/philosophy/pdf/human_rights_policy.pdf

Basic Policy of Procurement

Establishing “Unicharm Group Sustainable procurement guidelines” and care for human rights, labor, environment and social issues of safety

Basic Policy of Procurement

The Unicharm Group will make efforts to fulfill its corporate social responsibility and implement its fair and equitable corporate activities.

1. Compliance with Laws and Regulations, and Social Norms

- (1) Comply with related laws and regulations, and social norms, in purchasing activities.
- (2) Provide business partners with fair and equitable opportunities for competition in purchasing activities, regardless of nationality, size, or track record.
- (3) Require business partners to implement appropriate management of information obtained in purchasing activities.

2. Giving Due Consideration to Human Rights and Labour

- (1) Engage in purchasing activities with corporations which place importance on respect for human rights.
- (2) Engage in purchasing activities with corporations which give due consideration to the appropriateness of labour practices.
- (3) Respect the importance of engaging in purchasing activities with corporations which promote appropriate employment practices.

3. Environmental Responsibility

- (1) Value corporations which understand the importance of, and promote, environmental conservation in purchasing activities.
- (2) Emphasize environmentally friendly raw materials in purchasing activities in an effort to achieve a recycling-oriented society.

4. Procurement of Safe Products and Materials that Provide Peace of Mind

- (1) Choose products and materials for which safety has been confirmed in purchasing activities.
- (2) Choose economical and high quality materials and products in purchasing activities.
- (3) Emphasize the ability to manufacture and supply products that meet requirements in purchasing activities.

5. Development of Relationships of Mutual Trust

- (1) Cultivate a relationship and trust with business partners within the scope of social norms.
- (2) Strive to enhance business performance mutually through exchange of essential information with business partners.

■ Basic Policy of Procurement

<http://www.unicharm.co.jp/english/csr/partner/procurement/index.html>



Employees aim to be healthy physically and mentally and also productive activities



Recognized as “2018 Excellent Health Management Corporation ~ White 500~”^{*1}



^{*1}: The Ministry of Economy, Trade and Industry and the Japan Health Council honors corporations that are practicing excellent health management.

Promotion of Work-Style Reform

From 2015
Anniversary
Leave
(Day off)



From 2017
Telecommuting system / Interval work
shift system / Qualification / Evaluation /
Revision of compensation



From 2018
Second job policy /
prohibit telephone calls
& e-mail on day off



Efforts to maintain and promote health

2009 ~ 2017 (9 consecutive years)
Health check examination rate of 100%



From 2007
Breast cancer and cervical cancer
Examination fee company burden



From 2015
Metabolic training for
high-risk individuals



※: All items, subject to employees working in Japan

Revitalization of Japan markets for all categories

■ New products for FY 2018 spring (Japan)



