## May 9, 2019

## Summary of Financial Results for the First Quarter Ended March 31, 2019 (Consolidated)

## Lion Corporation

1. Financial Results for the First Quarter Ended March 31, 2019

## (Billions of yen)

## Net sales

Core operating income
[\% of net sales]
Operating profit [\% of net sales]

Profit for the period attributable to owners of parent

EPS (Yen)


$$
78.9 \quad 79.3
$$

| 5.5 | 5.9 |
| ---: | ---: |
| $[7.0]$ | $[7.5]$ |

$5.9 \quad 11.2$
[7.5] [14.1]
(0.4) (6.8)
(5.2)
(46.9)
3.4
9.2
(5.8)
(62.8)
$11.84 \quad 31.84$
(20.00)
(62.8)

* Core operating income is an earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross profit.


## Despite the drop in net sales and profit, when extraordinary factors are excluded, both areas improved year on year

*Extraordinary factors

- Exclusion of a company from the scope of consolidation (a Malaysian materials manufacturing affiliate)
- Transfer of insecticide business
- Gain on sale of non-current assets recorded in the previous year


## We will aim to achieve the forecast results

## 3. Year-on-Year Changes in Core Operating Income



## 4. Results by Business Segment

| (Billions of yen) | Net sales |  |  |  | Segment profit (Core operating income) |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \text { Jan.-Mar. } \\ 2019 \end{gathered}$ | $\begin{gathered} \text { Jan.-Mar. } \\ 2018 \end{gathered}$ | Y-o-Y change |  | $\begin{gathered} \text { Jan.-Mar. } \\ 2019 \end{gathered}$ | $\mathrm{Y}-\mathrm{o}-\mathrm{Y}$ change |  |
|  |  |  | Amount | \% |  | Amount | \% |
| Consumer Products | 50.1 | 51.2 | (1.0) | (2.0) | 3.6 | (0.7) | (17.6) |
| Industrial Products | 13.0 | 13.6 | (0.5) | (4.1) | 0.3 | (0.3) | (48.5) |
| Overseas | 25.7 | 25.8 | (0.1) | (0.5) | 1.8 | 0.6 | 57.6 |
| Other | 7.0 | 7.1 | (0.0) | (0.5) | 0.2 | (0.0) | (13.6) |
| Subtotal | 96.0 | 97.8 | (1.7) | (1.8) | 6.0 | (0.5) | (7.6) |
| Adjustment | (17.1) | (18.4) | 1.3 | - | (0.5) | 0.0 | - |
| Consolidated Total | 78.9 | 79.3 | (0.4) | (0.5) | 5.5 | (0.4) | (6.8) |

5. Consumer Products Business Net Sales by Product Category LION

| (Billions of yen) | Net sales |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \text { Jan.-Mar. } \\ 2019 \end{gathered}$ | $\begin{gathered} \text { Jan.-Mar. } \\ 2018 \end{gathered}$ | Y-o-Y change |  |
|  |  |  | Amount | \% |
| Oral Care | 13.5 | 12.0 | 1.4 | 11.9 |
| Beauty Care | 5.2 | 4.9 | 0.2 | 5.3 |
| Fabric Care | 13.0 | 14.0 | (1.0) | (7.2) |
| Living Care | 4.1 | 3.4 | 0.7 | 21.1 |
| Pharmaceutical | 5.3 | 6.2 | (0.9) | (15.5) |
| Other | 8.9 | 10.3 | (1.4) | (14.0) |
| Total | 50.1 | 51.2 | (1.0) | (2.0) |

## 6. Overseas Business Net Sales by Region

| (Billions of yen) | Net sales |  |  |  |
| :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \text { Jan.-Mar. } \\ 2019 \end{gathered}$ | $\begin{gathered} \text { Jan.-Mar. } \\ 2018 \end{gathered}$ | Y -o-Y change |  |
|  |  |  | Amount | \% |
| Southeast Asia | 17.3 | 17.7 | (0.4) | (2.6) |
| Northeast Asia | 8.3 | 8.0 | 0.3 | 3.9 |
| Total | 25.7 | 25.8 | (0.1) | (0.5) |

*A detergent ingredient manufacturing affiliate in Southeast Asia is excluded from the scope of consolidation in the calculation of results for the first quarter ended March 2019.

## Japan

$\diamond$ Continuously created and promoted high-value-added products

- Established a strong market position by cultivating high-end toothpastes and toothbrushes.
- Continuously nurtured high-value-added products in other fields, as well.
$\checkmark$ Secured greater presence across the fabric care market
- Sales of super-concentrated laundry detergents were firm.
- Sales of SOFLAN Premium Deodorizer fabric softener grew.


## Overseas

$\checkmark$ Expanded the Chinese market

- Strengthened efforts with key accounts in eastern China to secure a profitable growth trajectory.
- Established the new Cross-Border Business Promotion Department to handle the integrated management of efforts targeting overseas visitors during and after travel to Japan.


## 8. 2019 Consolidated Financial Forecast

| (Billions of yen) | 2019 | 2018 | Y-0.Y change |  |
| :---: | :---: | :---: | :---: | :---: |
|  |  |  | Amount | \% |
| Net sales | 360 | 349.4 | 10.5 | 3.0 |
| Core operating income [\% of net sales] | $\begin{array}{r} 31.5 \\ {[8.8]} \end{array}$ | $\begin{array}{r} 28.3 \\ {[8.1]} \end{array}$ | 3.1 | 11.0 |
| Operating profit [\% of net sales] | $\begin{array}{r} 31.0 \\ {[8.6]} \end{array}$ | $\begin{array}{r} 34.1 \\ {[9.8]} \end{array}$ | (3.1) | (9.3) |
| Profit for the period attributable to owners of parent | 21.0 | 25.6 | (4.6) | (18.0) |
| EPS (Yen) | 72.25 | 88.11 | (15.86) | (18.0) |

Note: No change to financial forecast

## Reference Materials

## Selling, general and administrative expenses

| (Billions of yen) | Jan.-Mar. <br> 2019 |  | Jan.-Mar. <br> 2018 |  | Y-o-Y change |  |
| :--- | ---: | ---: | ---: | ---: | ---: | ---: |
|  | Amount | \% of <br> sales (\%) | Amount | $\%$ of <br> sales (\%) | Amount | $\%$ |
| Selling, general and <br> administrative <br> expenses | 33.3 | 42.2 | 32.7 | 41.3 | 0.5 | 1.6 |
| Sales commissions | 2.0 | 2.6 | 2.0 | 2.6 | 0.0 | 0.1 |
| Promotional expenses | 6.2 | 7.9 | 5.8 | 7.4 | 0.3 | 6.4 |
| Advertising expenses | 5.9 | 7.5 | 6.0 | 7.6 | $\mathbf{( 0 . 1 )}$ | $\mathbf{( 2 . 1 )}$ |
| Transportation and <br> warehousing expenses | 4.5 | 5.8 | 4.4 | 5.6 | 0.1 | 2.5 |
| R\&D expenses | 2.4 | 3.1 | 2.3 | 3.0 | 0.0 | 3.9 |
| Other expenses | 12.0 | 15.3 | 11.9 | 15.1 | 0.0 | 0.6 |

## Consolidated Statement of Financial Position for the First Quarter Ended March 31, 2019

| (Billions of yen) | $\begin{gathered} \text { Mar. 31, } \\ 2019 \end{gathered}$ | $\begin{gathered} \text { Dec. 31, } \\ 2018 \end{gathered}$ | Change |
| :---: | :---: | :---: | :---: |
| Current assets | 205.3 | 215.9 | (10.5) |
| Cash and cash equivalents | 92.1 | 104.9 | (12.8) |
| Trade and other receivables | 60.8 | 64.6 | (3.8) |
| Inventories | 45.7 | 42.0 | 3.6 |
| Non-current assets | 143.9 | 139.4 | 4.5 |
| Property, plant and equipment | 79.9 | 81.5 | (1.5) |
| Intangible assets | 10.5 | 10.1 | 0.4 |
| Right-of-use assets | 6.0 | - | 6.0 |
| Other financial assets | 25.4 | 25.0 | 0.3 |
| Total assets | 349.2 | 355.3 | (6.0) |


| (Billions of yen) | $\begin{gathered} \text { Mar. 31, } \\ 2019 \end{gathered}$ | $\begin{gathered} \text { Dec. 31, } \\ 2018 \end{gathered}$ | Change |
| :---: | :---: | :---: | :---: |
| Current liabilities | 119.0 | 129.7 | (10.6) |
| Trade and other payables | 106.7 | 116.9 | (10.2) |
| Lease liabilities | 1.4 | - | 1.4 |
| Other current liabilities | 4.9 | 7.0 | (2.1) |
| Non-current liabilities | 24.9 | 21.3 | 3.5 |
| Retirement benefit liabilities | 10.6 | 10.9 | (0.3) |
| Lease liabilities | 5.7 | - | 5.7 |
| Equity | 205.2 | 204.2 | 0.9 |
| Share capital | 34.4 | 34.4 | 0.0 |
| Capital surplus | 34.7 | 34.7 | 0.0 |
| Treasury stock | (4.7) | (4.7) | 0.0 |
| Other components of equity | 11.1 | 10.9 | 0.2 |
| Retained earnings | 117.6 | 115.8 | 1.8 |
| Total liabilities and equity | 349.2 | 355.3 | (6.0) |

## Results by Business Segment for the First Quarter Ended March 31, 2019

| (Billions of yen) | Net sales |  |  | Segment profit (Core operating income) |  |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  | $\begin{gathered} \text { Jan.-Mar. } \\ 2019 \end{gathered}$ | Y-o-Y change |  | $\begin{gathered} \text { Jan.-Mar. } \\ 2019 \end{gathered}$ | Y-o-Y change |  |
|  |  | Amount | \% |  | Amount | \% |
| Consumer Products | 50.1 | (1.0) | (2.0) | 3.6 | (0.7) | (17.6) |
|  | 46.8 | (0.5) | (1.1) |  |  |  |
| Industrial Products | 13.0 | (0.5) | (4.1) | 0.3 | (0.3) | (48.5) |
|  | 7.7 | 0.0 | 1.0 |  |  |  |
| Overseas | 25.7 | (0.1) | (0.5) | 1.8 | 0.6 | 57.6 |
|  | 23.4 | 0.4 | 1.9 |  |  |  |
| Others | 7.0 | (0.0) | (0.5) | 0.2 | (0.0) | (13.6) |
|  | 0.8 | (0.4) | (36.4) |  |  |  |
| Adjustment | (17.1) | 1.3 | - | (0.5) | 0.0 | - |
|  | 0.0 | 0.0 | - |  |  |  |
| Consolidated Total | 78.9 | (0.4) | (0.5) | 5.5 | (0.4) | (6.8) |

[^0]
## 2019 Consolidated Financial Forecast

| (Billions of yen) | 2019 | 2018 | $\mathrm{Y}-\mathrm{o}-\mathrm{Y}$ change |  | $\begin{gathered} 2019 \\ 1 H \end{gathered}$ | $\begin{gathered} 2018 \\ 1 H \end{gathered}$ | Y-o-Y change |  |
| :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: | :---: |
|  |  |  | Amount | \% |  |  | Amount | \% |
| Net sales | 360.0 | 349.4 | 10.5 | 3.0 | 172.0 | 168.4 | 3.5 | 2.1 |
| Core operating income [\% of net sales] | $\begin{aligned} & 31.5 \\ & {[8.8]} \end{aligned}$ | $\begin{aligned} & 28.3 \\ & {[8.1]} \end{aligned}$ | 3.1 | 11.0 | $\begin{aligned} & 13.0 \\ & {[7.6]} \end{aligned}$ | $\begin{aligned} & 12.5 \\ & {[7.5]} \end{aligned}$ | 0.4 | 3.6 |
| Operating profit <br> [\% of net sales] | $\begin{aligned} & 31.0 \\ & {[8.6]} \end{aligned}$ | $\begin{aligned} & 34.1 \\ & {[9.8]} \end{aligned}$ | (3.1) | (9.3) | $\begin{gathered} 12.5 \\ {[7.3]} \end{gathered}$ | $\begin{array}{r} 17.8 \\ {[10.6]} \end{array}$ | (5.3) | (30.1) |
| Profit for the period attributable to owners of parent [\% of net sales] | $\begin{gathered} 21.0 \\ {[5.8]} \end{gathered}$ | 25.6 [7.3] | (4.6) | (18.0) | $\begin{array}{r} 8.5 \\ {[4.9]} \end{array}$ | $\begin{aligned} & 13.9 \\ & {[8.3]} \end{aligned}$ | (5.4) | (39.0) |
| Basic EPS (Yen) | 72.25 | 88.11 | (15.86) | (18.0) | 29.24 | 47.95 | (18.71) | (39.0) |

## Changes in Home Products Market

1) Market Environment for Home Products (38 markets, SRI*)

Overall market trend for the 38 home product markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

|  | 2014 | 2015 | 2016 | 2017 | 2018 | Jan.-Mar. <br> 2019 |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| Sales value | 102 | 103 | 104 | 99 | 102 | 105 |
| Unit sales | 100 | 100 | 102 | 98 | 100 | 102 |
| Average unit price | 102 | 102 | 102 | 102 | 102 | 102 |

Source: INTAGE Inc. SRI Survey (Year-on-year data for 2014 are for 40 such markets in which Lion operates; data for 2015 are for 39 ; data for 2016 onward are for 38. )

## 2 ) Market Environment for Home Products (15 markets, SCI**)

Overall market trend for the 15 home product markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

|  | 2016 | 2017 | 2018 | Jan.-Mar. <br> 2019 |
| :--- | :---: | :---: | :---: | :---: |
| Sales value | 105 | 103 | 102 | 105 |
| Unit sales | 101 | 101 | 100 | 102 |
| Average unit price | 104 | 102 | 103 | 103 |

Source: INTAGE Inc. SCI survey

* The SRI survey uses point-of-sales data from around 3,000 stores nationwide for its estimates.
** The SCI survey monitors around 50,000 shoppers nationwide for its sales data.


## 3 ) Market Environment for OTC Drug Market (7 markets, SDI)

Overall market trends in the eight drug markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

|  | 2014 | 2015 | 2016 | 2017 | 2018 | Jan.-Mar. <br> 2019 |
| :--- | :---: | :---: | :---: | :---: | :---: | :---: |
| Sales value | 100 | 102 | 101 | 100 | 99 | 99 |
| Unit sales | 98 | 101 | 100 | 98 | 99 | 99 |
| Average unit price | 102 | 101 | 101 | 102 | 100 | 100 |

Source: INTAGE Inc. SDI Survey (2014-2018, 8 markets)

## 4 ) Market Environment for OTC Drug Market (2 markets, SCI)

Overall market trends in the two drug markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

|  | 2016 | 2017 | 2018 | Jan.-Mar. <br> 2019 |
| :--- | :---: | :---: | :---: | :---: |
| Sales value | 104 | 103 | 104 | 106 |
| Unit sales | 102 | 100 | 102 | 105 |
| Average unit price | 102 | 103 | 102 | 101 |

Source: INTAGE Inc. SCI survey


The forecasts and projected operating results contained in this report are based on information available at the time of preparation, and thus involve inherent risks and uncertainties. Accordingly, readers are cautioned that actual results may differ materially from those projected as a result of a variety of factors.

* The Lion Group applies the International Financial Reporting Standards (IFRS) .
* Monetary amounts herein are truncated after the last digit shown.


[^0]:    * Upper line: Net sales; Lower line: Sales to external customers

    Segment profit: Subtotal represents segment profit before offsetting inter-company transactions; consolidated total represents consolidated segment profit.

