

First Quarter of the Fiscal Year Ending December 31, 2019

Unicharm Presentation Materials for Investor Meeting

May 13, 2019
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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, 2019

◆ 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, 2019: First Quarter Financial Performance Summary



● Consolidated results

- ✓ Sales of 168.6 billion JPY (4.8% increase), core operating income 20.1 billion JPY (18.7% decrease),
- ✓ COPM 15.4%⇒11.9%
- ✓ Achievement of consolidated performance forecast is as planned. (Sales 23.1%, Core operating income 20.1%).

● Japan (10.3% sales decrease, 45.9% core operating profit decrease)

- ✓ Sales of HC and PC increased. However, the other segments' sales decreased due to inventory adjustment of cross-border EC to China and decreasing resellers, etc.
- ✓ Profit decreased due to increased material costs and freight fee, start of operations for Kyushu factory, and deterioration of the operation rate due to the slowdown of cross-border EC, etc.
- ✓ After April, release new products and improvement of inventory adjustment of cross-border EC will make recovery.

● Overseas (14.4% sales increase, 9.9% core operating profit increase)

- ✓ Asia: 14.7% sales increase, 6.9% core operating income increase. COPM 13.6%
- ✓ Excluding last year M&A and FX impact, sales increased approximately over 10%. Continuing favorable sales.
- ✓ Main countries: In China, Indonesia, Thailand, Vietnam and India and Middle East continue to perform well to drive revenue growth.
- ✓ China FC is continuing favorable. Local BC business results have bottomed out and China have driven Asia revenue to increase.
- ✓ India: Expanded market share and high growth of BC and FC. Have steady become profitable.

● Shareholder return

- ✓ Dividend: Yearly dividend is 28 yen (plan: 4 yen increase). Planning for 18 consecutive periods of dividend increase.
- ✓ Purchase of own shares: Plan 15.0 billion JPY, 5M shares. As of April, approximately 11.7 billion JPY, approximately 3.27M shares acquired.

4.8% sales increase, 18.7% core operating profit decrease

Sales and profit are on plan for consolidated performance forecast



■ Consolidated account highlights

(Millions of yen)

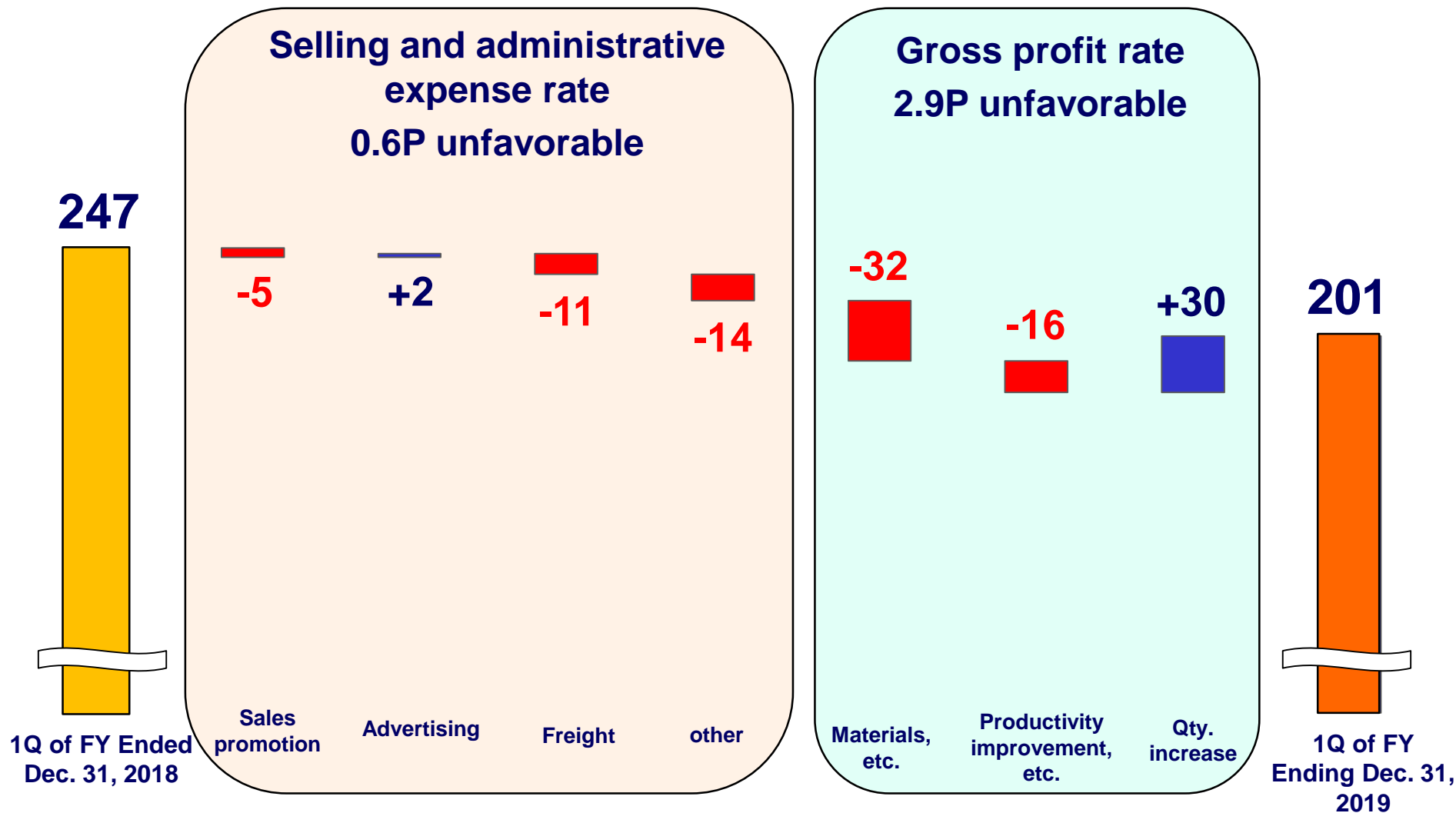
	1Q of FY Ended Dec. 31. 2018	1Q of FY Ending Dec. 31. 2019	Difference	Difference (%)	(forecast) FY Ending Dec. 31. 2019	Achievement Rate
Net sales	160,936	168,611	+7,675	+4.8%	730,000	23.1%
Core operating income (Core operating income margin)	24,731 (15.4%)	20,099 (11.9%)	-4,632	-18.7% (-3.5P)	100,000 (13.7%)	20.1%
Profit before tax (margin)	21,824 (13.6%)	20,939 (12.4%)	-885	-4.1% (-1.2P)	96,500 (13.2%)	21.7%
Profit attributable to owners of Parent (margin)	14,178 (8.8%)	12,701 (7.5%)	-1,477	-10.4% (-1.3P)	63,500 (8.7%)	20.0%
Basic earnings per share (JPY)	24.21	21.30	-2.91	-12.0%	106.70	—
USD Rate (JPY)	108.30	110.20	+1.9	+1.8%	109.50	—
CNY Rate (JPY)	17.05	16.33	-0.72	-4.2%	15.90	—

Effected increasing sales by aggressive marketing investment, however, due to the impact of inventories' adjustment in cross border EC market and rising materials price, decreased profit 4.6 billion JPY



■ Core operating income fluctuation

(100 millions of yen)



In Asia, China drove increasing sales and profit. India had high growth and profits became steady

In Japan, HC and PC were favorable, however, BC cross-border slowed down due to inventory adjustment against last year high growth. For others, Brazil and US favorably progressed.



■ Geographical segment information

(Millions of yen)

		1Q of FY Ended Dec. 31, 2018	1Q of FY Ending Dec. 31, 2019	Difference	Difference (%)	(Ref.) Actual difference ^{*1}
Japan	Net sales	62,872	56,379	-6,493	-10.3%	—
	Core operating income	12,921	6,992	-5,929	-45.9%	—
	(margin)	(20.6%)	(12.4%)		(-8.2P)	—
Asia	Net sales	73,400	84,209	+10,809	+14.7%	+18.4%
	Core operating income	10,706	11,448	+742	+6.9%	+9.9%
	(margin)	(14.6%)	(13.6%)		(-1.0P)	—
Others ^{※2}	Net sales	24,663	28,024	+3,361	+13.6%	+14.8%
	Core operating income	994	1,409	+415	+41.8%	+32.6%
	(margin)	(4.0%)	(5.0%)		(+1.0P)	—
Reconciling items, etc.	Net sales	—	—	—	—	—
	Core operating income	110	250	+140	+127.3%	—
	(margin)	—	—		—	—
Consolidated	Net sales	160,936	168,611	+7,675	+4.8%	+6.7%
	Core operating income	24,731	20,099	-4,632	-18.7%	-17.8%
	(margin)	(15.4%)	(11.9%)		(-3.5P)	—

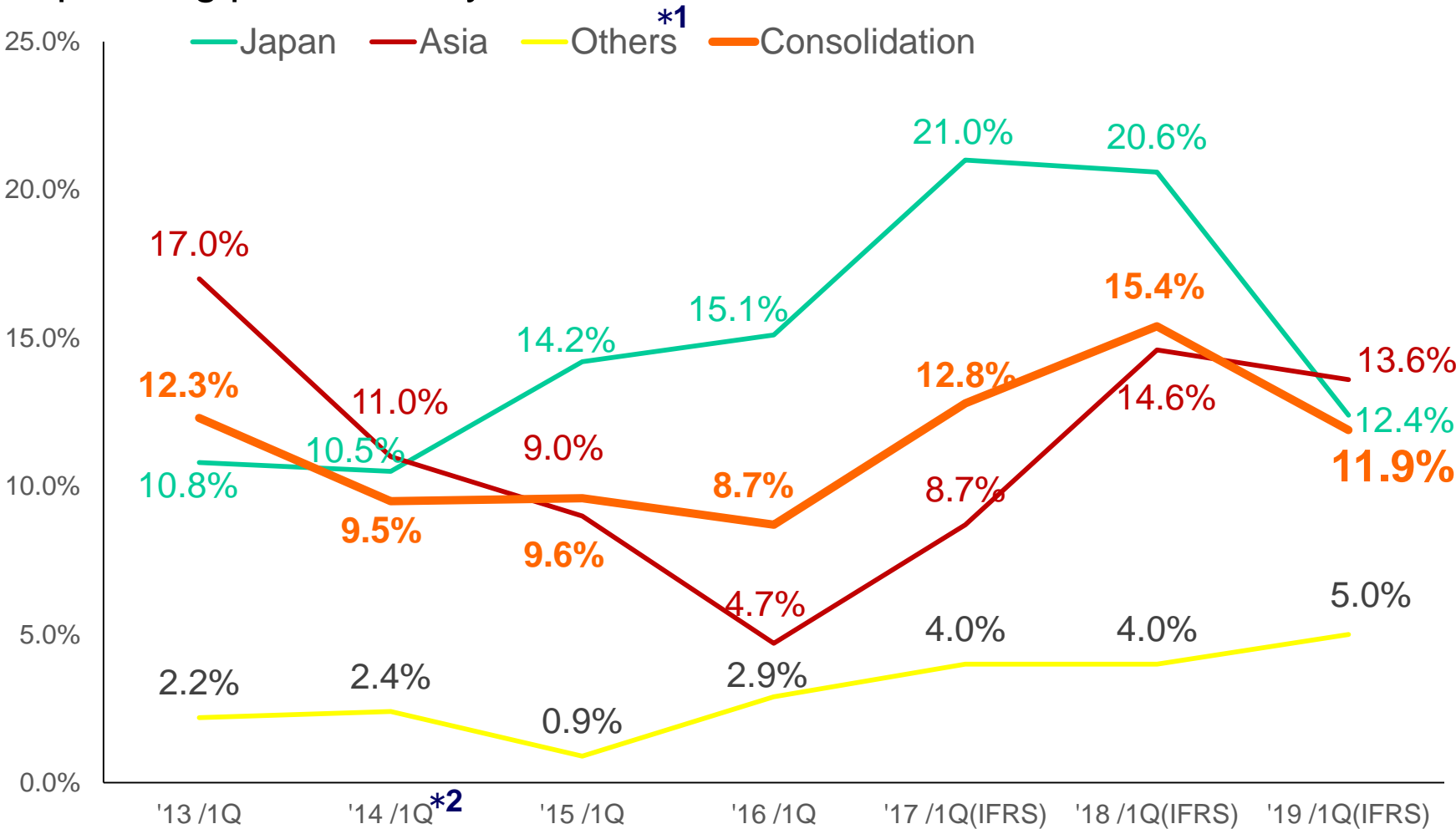
*1: Actual difference rate except exchange effects.

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

Rising material price impacted all region. In Japan, aggressive marketing cost, investments, decline for cross-border EC and start of operation for Kyushu factory effected operating profit ratio.
For others, profitability is improving in US



■ Operating profit ratio by location



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

*2 : Irregular results due to change in settlement period

Personal Care has progressed favorable overseas, however, due to rising material price and dull cross-border EC, sales increased but profit decreased.

Pet Care expanded steadily. In US, improved profitability.



■ Business Segment Information

(Millions of yen)

		1Q of FY Ended Dec. 31, 2018	1Q of FY Ending Dec. 31, 2019	Difference	Difference (%)
Personal Care	Net sales	141,223	148,468	+7,245	+5.1%
	Core operating income	22,856	18,125	-4,731	-20.7%
	(margin)	(16.2%)	(12.2%)		(-4.0P)
Pet Care	Net sales	18,039	18,676	+637	+3.5%
	Core operating income	1,906	1,983	+77	+4.0%
	(margin)	(10.6%)	(10.6%)		(±0.0P)
Others ^{*1}	Net sales	1,680	1,473	-207	-12.3%
	Core operating income	-32	-9	+22	—
	(margin)	—	—		—
Reconciling items, etc.	Net sales	-6	-7	-1	—
	Core operating income	0	0	—	—
	(margin)	—	—	—	—
Consolidated	Net sales	160,936	168,611	+7,675	+4.8%
	Core operating income	24,731	20,099	-4,632	-18.7%
	(margin)	(15.4%)	(11.9%)		(-3.5P)

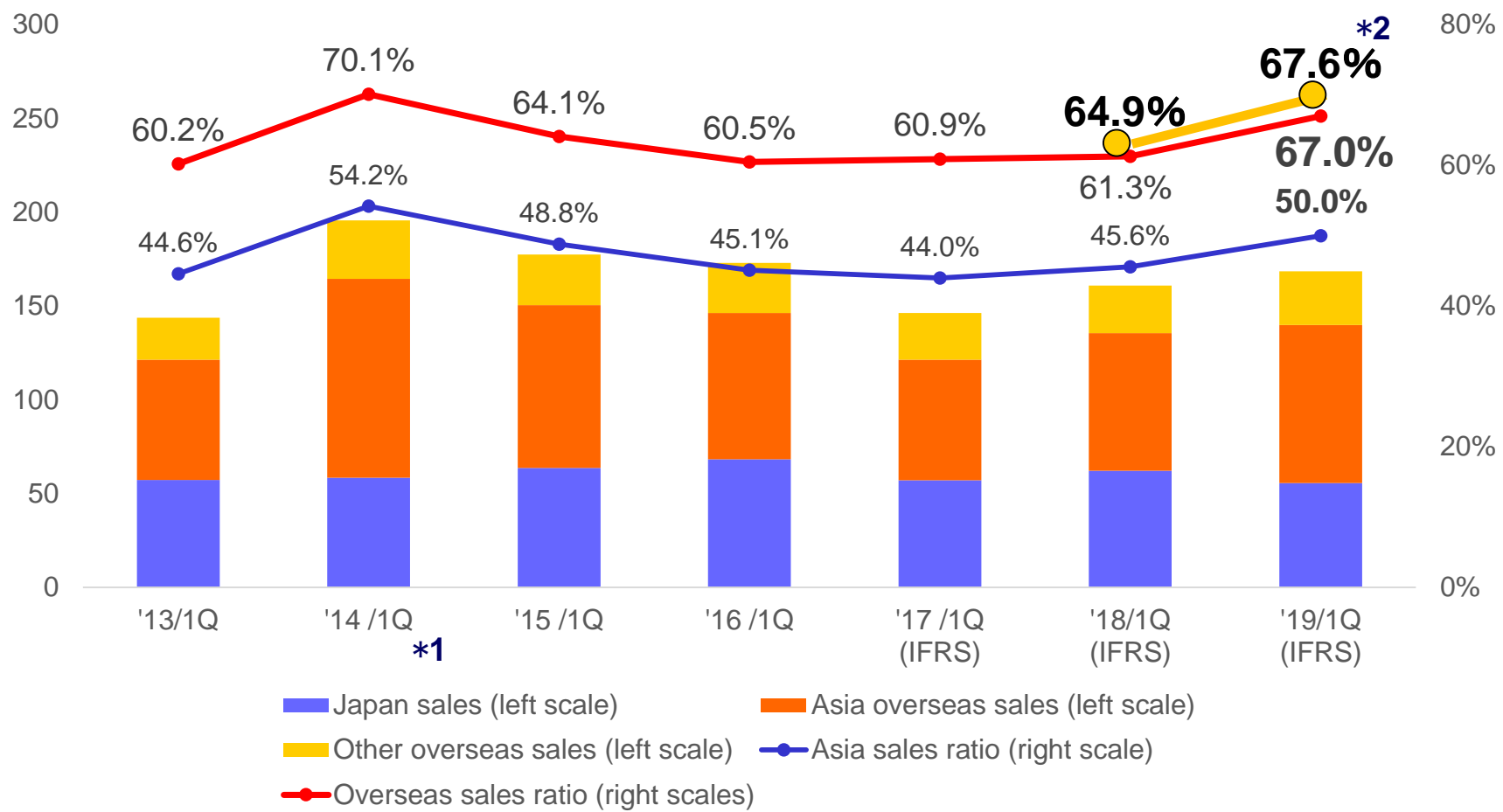
*1 : Other products related to industrial materials, etc., child raising video streaming service.

Overseas sales composition ratio 67.0% (67.6% excluding exchange effects)



Domestic / overseas sales trend

(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

Impact of exchange fluctuations

Approx. 3 billion yen decrease in sales

Approx. 0.2 billion yen decrease in core operating income



■ Trend; rate fluctuations by currency

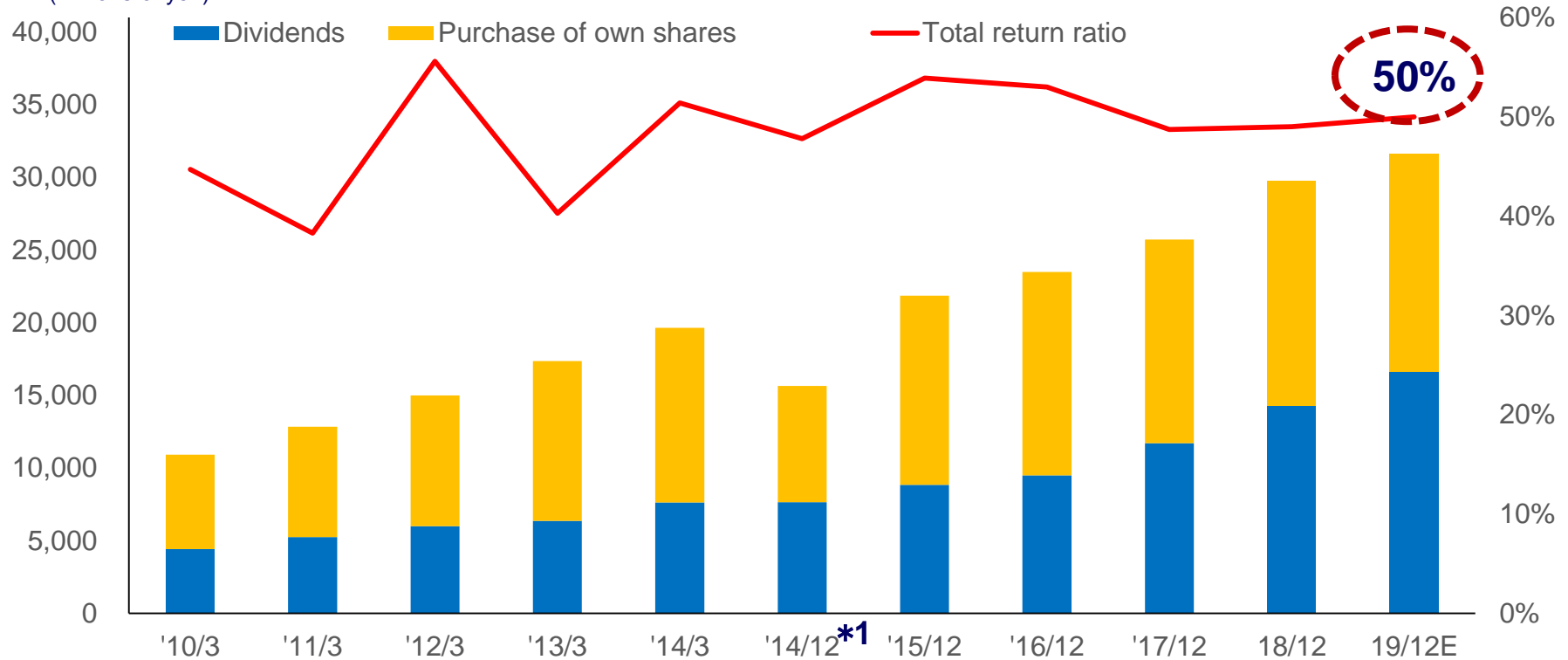
Currency	Exchange rate for 1Q 2018	Exchange rate for 1Q 2019	Rate change
China (CNY)	17.05	16.33	-4.2%
Indonesia (IDR)	0.0080	0.0078	-2.5%
Thailand (THB)	3.44	3.49	+1.5%
India (INR)	1.70	1.57	-7.6%
Saudi Arabia (SAR)	28.92	29.41	+1.7%
Vietnam (VND)	0.0048	0.0047	-2.1%
USA (USD)	108.30	110.20	+1.8%
Netherlands (EUR)	133.22	125.15	-6.1%
Taiwan (TWD)	3.71	3.58	-3.5%
South Korea (KRW)	0.1011	0.0980	-3.1%
Australia (AUD)	85.27	78.54	-7.9%
Malaysia (MYR)	27.63	26.94	-2.5%
Brazil(BRL)	33.37	29.25	-12.3%
Egypt (EGP)	6.13	6.26	+2.1%
Russia (RUB)	1.91	1.68	-12.0%

Shareholder Return Policy

Through dividend and acquisition of own shares linked to business performance, aiming for total return ratio of 50% in 2019.

Shareholder return policy

(Millions of yen)



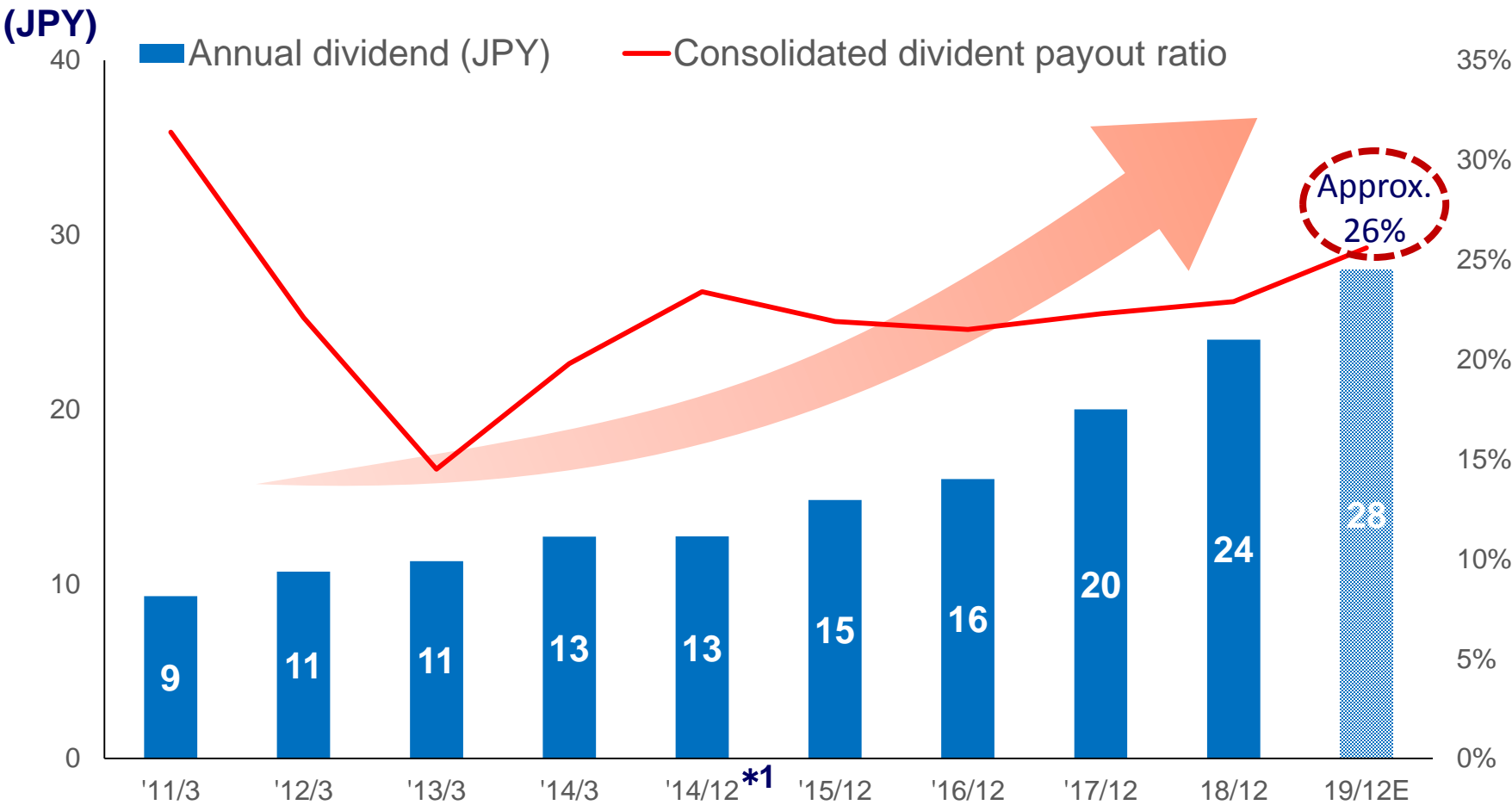
*1: Fiscal year ended Dec. 31, 2014 is an irregular fiscal year lasting nine months.

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 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%** in addition to shareholder dividends and purchase of own shares.

Implemented steady and continuous increased dividends. And plan for 18 consecutive periods of increased dividends
Raised dividend payout ratio.



■ Dividends per share



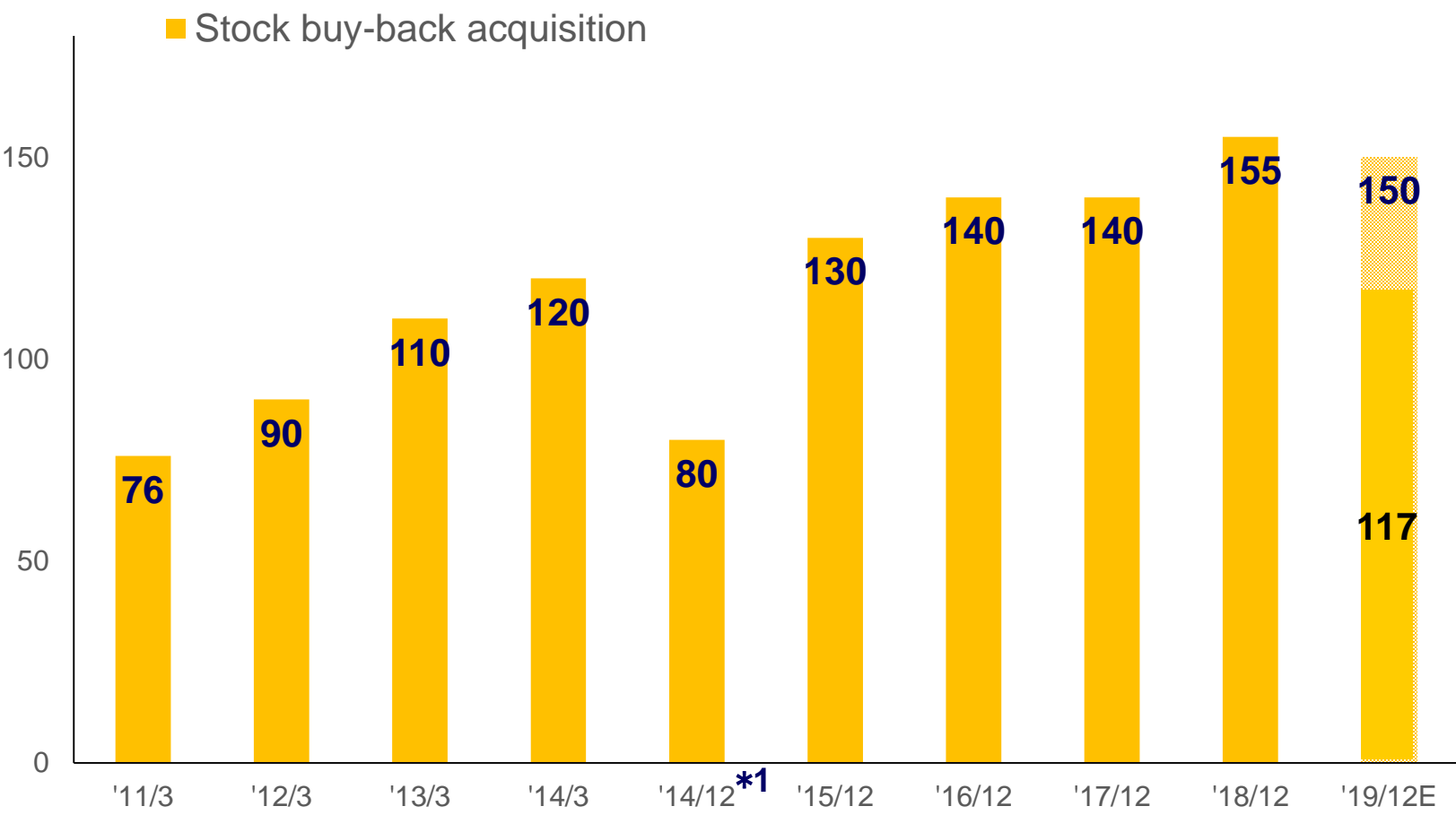
*1: Fiscal year ended Dec. 31, 2014 is an irregular fiscal year lasting nine months.

Swiftly acquire stocks through buy-back based on cash conditions

As of April FY19, acquired approximately 11.7 billion JPY

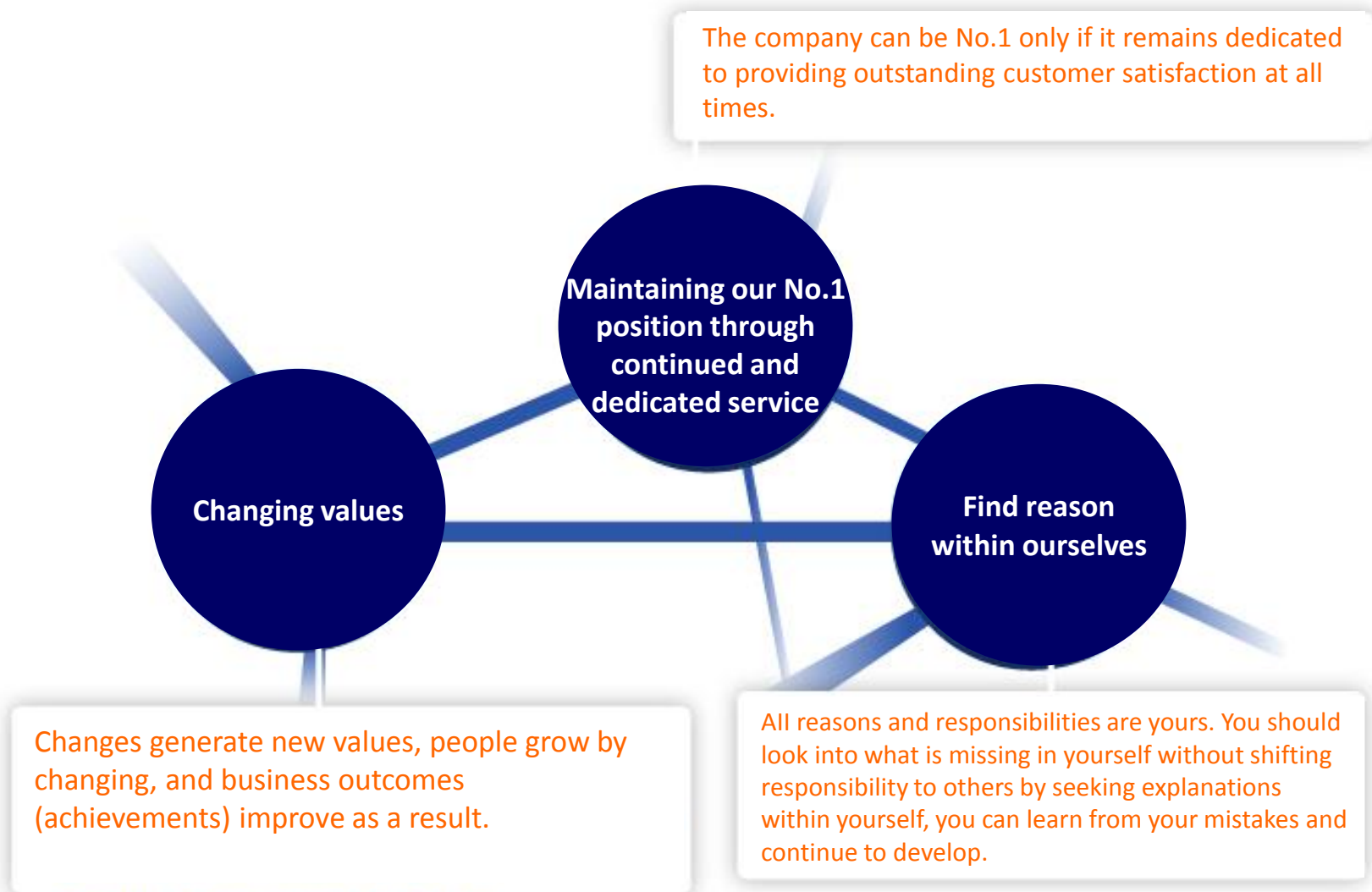
■ Stock buy-back acquisition graph

(100 millions of yen)








*1 : 9-month FY irregular settlement

Improvement of Corporate Value



Long-term revenue model through maximizing life time value

◆ Business model target to a wide range of customers

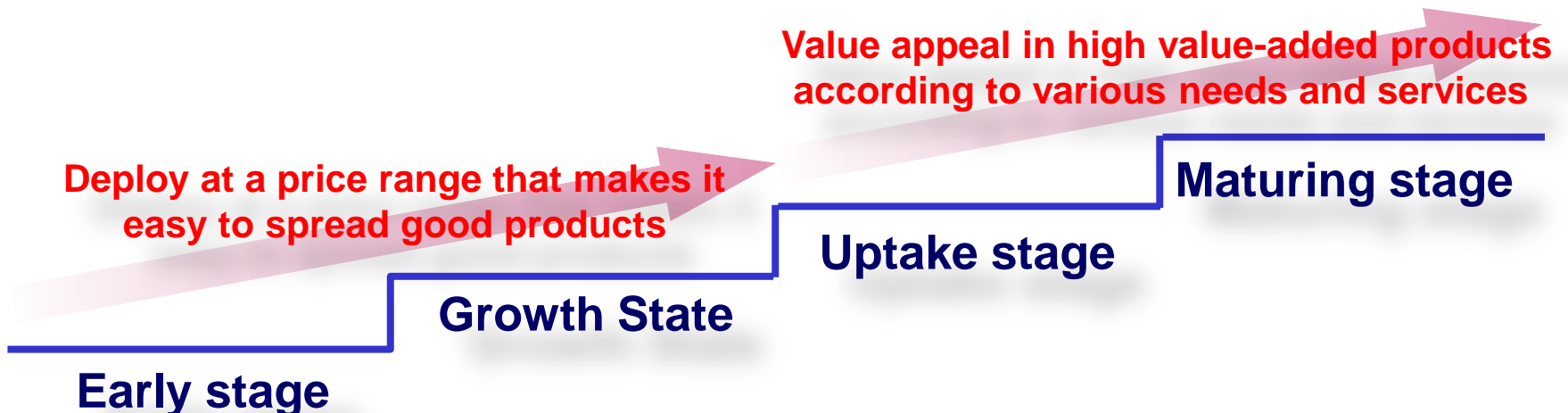
	 Infants	 Young Adults	 Middle-aged	 Elderly	 Pets
Personal Care Business					
Baby Care	●				
Feminine Care		●	●		
Clean & Fresh	●	●	●	●	
Health Care			●	●	
Pet Care Business					●

Competitive to support sustainable growth

◆ Evolution of our "winning patterns"



◆ Expand market by strategy according to the each stage of each country and business



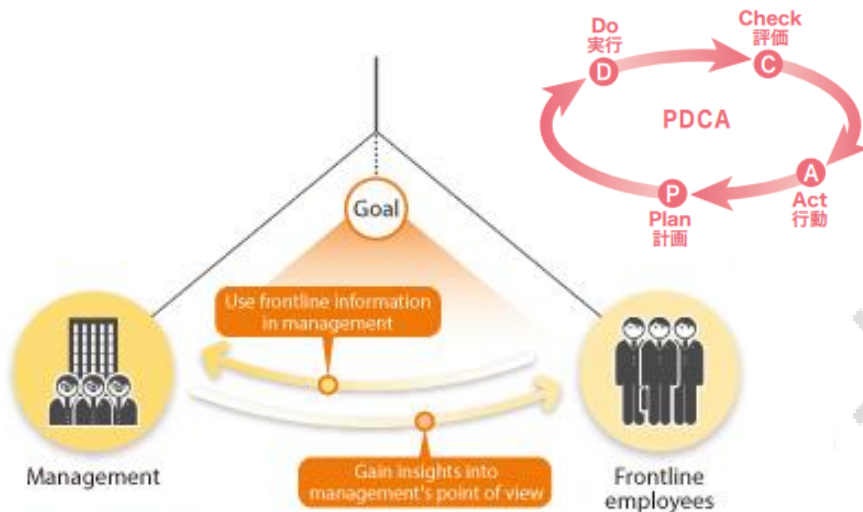
Structure of support to sustainable growth

◆SAPS method

【An environment where change is small】

Control organization based on plans. It is effective under stable environment. However, for unexpected environmental changes, it may not be able to handle it...

◆Management of resonance



Frontline employees and management share information to ensure they are working toward the same goals

◆OODA-Loop method

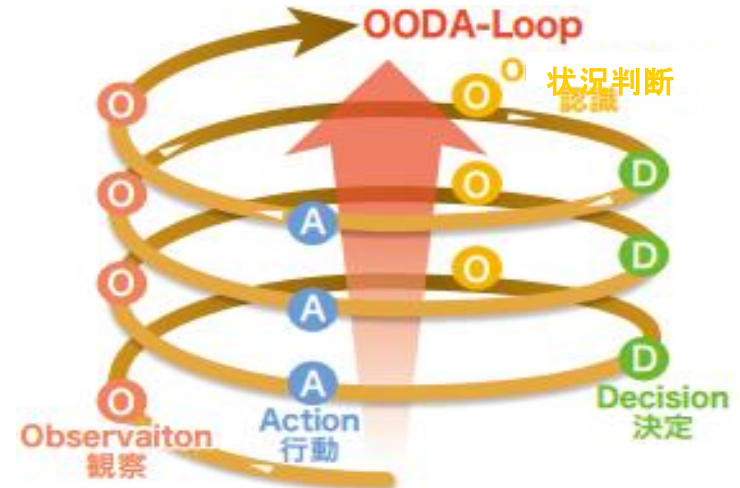
【An environment where change has become normal (new normal)】

Observation: Observe the situation by five senses

Orientation: Orient by obtaining information and past experience and knowledge.

Decision: Decide what needs to be done by thought-out options

Action: Action promptly (repeat loop)



Approach to realize a “Cohesive Society”

Through our initiatives to achieve Unicharm's envisioned "Cohesive Society", resolve important issues and achieve sustainable growth

【Unicharm's Key Challenges】

1. Lengthening Healthy Life Expectancy

2. Supporting Women's Independence and Improving Hygiene

3. Contribution to Global Environments

4. Contributing to the Community・Human respect

5. Strengthen the company's organization and ensure fair business practices



Initiatives to address important issues

E Reducing environmental impact
Cut waste in manufacturing

BC Improving the child-rearing experience

C&F Creating a comfortable environment for people, products and places

S Co-creation symbiosis with regional society
Supply chain management

FC Scientifically studying women's comfort and creating freedom

PC Providing pets with a healthy, clean and comfortable life

G OODA-Loop・Management with resonance
Compliance・Quality management

HC Pursuing quality of life

Unicharm's Vision for Society

All people lead independent lives and support each other



【Corporate Policy】
NOLA & DOLA

Necessity of Life with Activities & Dreams of Life with Activities

◆Supporting healthy life expectancy with “Lifree”

- Contributing to lengthening healthy life expectancy with Lifree “Social Walking”*

* A neologism formed by combining societal participation and walking, this is a walking program implemented to prevent dementia through interaction and having fun with people, and making it easier for seniors to walk. (Formulized under the super vision of the Tokyo Metropolitan Institute of Gerontology, a local incorporated administrative agency)

- Reduce worries of urine leakage and promote motivation for going out, providing products that extend healthy life expectancy



Social walking
of times conducted
28 times
(As of end of March, 2019)



◆Continuing participation in "Pink Ribbon activities" Japan and abroad

- Communicating the importance of early consultation and early detection of breast cancer screening



"Pink Ribbon activities" in UCC(Taiwan)

◆Activities for the realization of a Cohesive Society with pets

- Pursuing “pleasure” by “animal therapy” to make smile and motivation.



◆Products’ development for the realization of a Cohesive Society for pets

- Creating life more comfortable for aging pets which need caregiving and providing happiness until the end of their lives





Supporting Women's Independence and Improving Hygiene



◆ Effort to eliminate

“I can't go to school because I am menstruating”

- Expansion of first menstruation educational programs in India, Indonesia, and Myanmar
- Lecture on first menstruation educational programs for developing countries' relevant parties



First menstruation educational programs in India



"School health training" for developing countries relevant parties



Menarche educational material developed for Myanmar

◆ Job Support at a Women-Only Factory in Saudi Arabia

- Further expanding a friendly working environment
- ✓ Providing nurseries and rest areas to fulfill children's needs
- ✓ Female employees assigned as a leader position and improving factory operations
- ✓ Started activity for sales promotion by women's salesperson



◆ Support for low-birth-weight baby

- Support to baby, family and medical organization for low-birth-weight baby (low-birth-weight baby: under 2,500g). It won “consumer-oriented activities” award.
- New release of the world's smallest diaper “moony flat type” which is for babies under 1,000g.



※ Unicharm survey as of March 2019





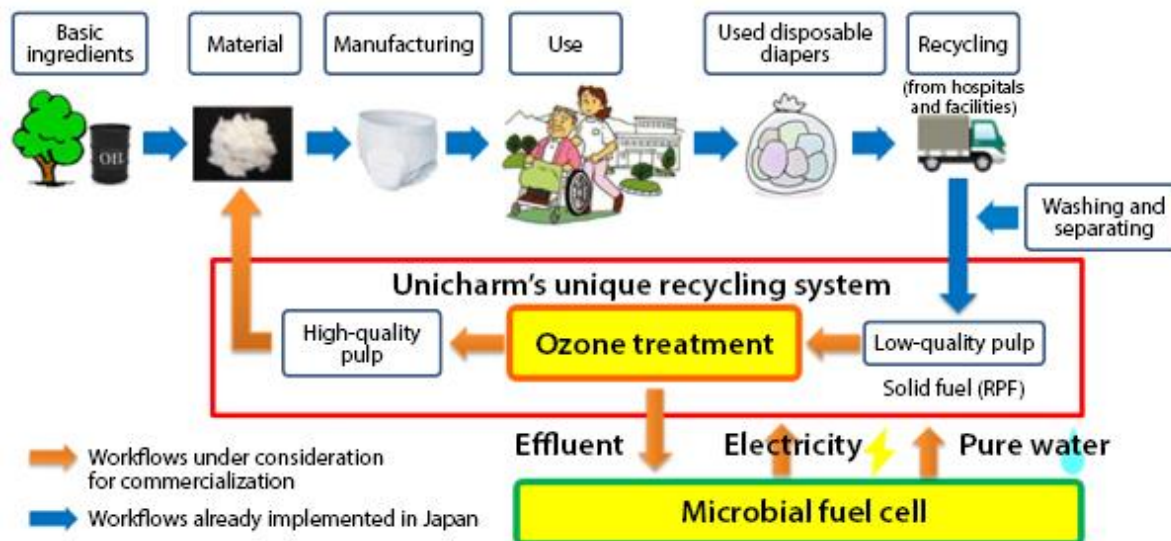
Contribution to Global Environment



◆ Unicharm's aimed diaper recycling model

- Realization of a system to recycle pulp to the same level as unused materials while keeping processing costs at the same level as incineration by improving processing efficiency.
- ✓ Recycled to the same level of sanitation and safety as virgin pulp by washing and segregating used disposable diapers by removing bacteria of feces with original ozone treatment .
- ✓ Realized operational efficiency and reducing drainage volume with reuse of treated water in washing and segregating.
- ✓ Developed power generation by depurating regenerative concentrated drainage with Hiroshima university.. We obtained dominant patent of microbial fuel cell in 2017.

■ Unicharm's recycling-oriented model for disposable diapers



【Pulp of ozone processing】



After
Material
(sanitary
material
grade pulp)



Before material
(low quality
pulp)



Contributing to the Community



◆Activities for “Support of Disaster-Affected Areas”

- Continuing the Matching Fund* which combines Disaster-Affected Area Support and energy-saving initiatives
- ✓ Sales of “Super Coolbiz 2018” was 4,014 thousand JPY. Utilize donations to the "Michinoku Mirai Fund" that will fulfill the dream of going to school after the earthquake disaster, and to donate to the affected areas of "Heavy rain of July, 2018"
- Provide supplies to flood victims in India
- Provide supplies to “Heavy rains of July 2018” victims



Donation to flood victims in India

*Created for the “Support of Disaster-Affected Areas”. and “promotion of energy conservation”, original polo shirts, jackets, and goods are sold to employees. Through this system, we double the money collected and donate it to charity.



公益財団法人 震災復興に道半の夢を！
みちのく未来基金

◆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, Kagawa, Fukushima and Kumamoto.
- Continuous support and interaction for Indonesian child care center.
- Preparing sanitary information during disasters with entire family, “my style Disaster prevention”
- Sponsorship to “ITF Unicharm trophy Ehime international open”

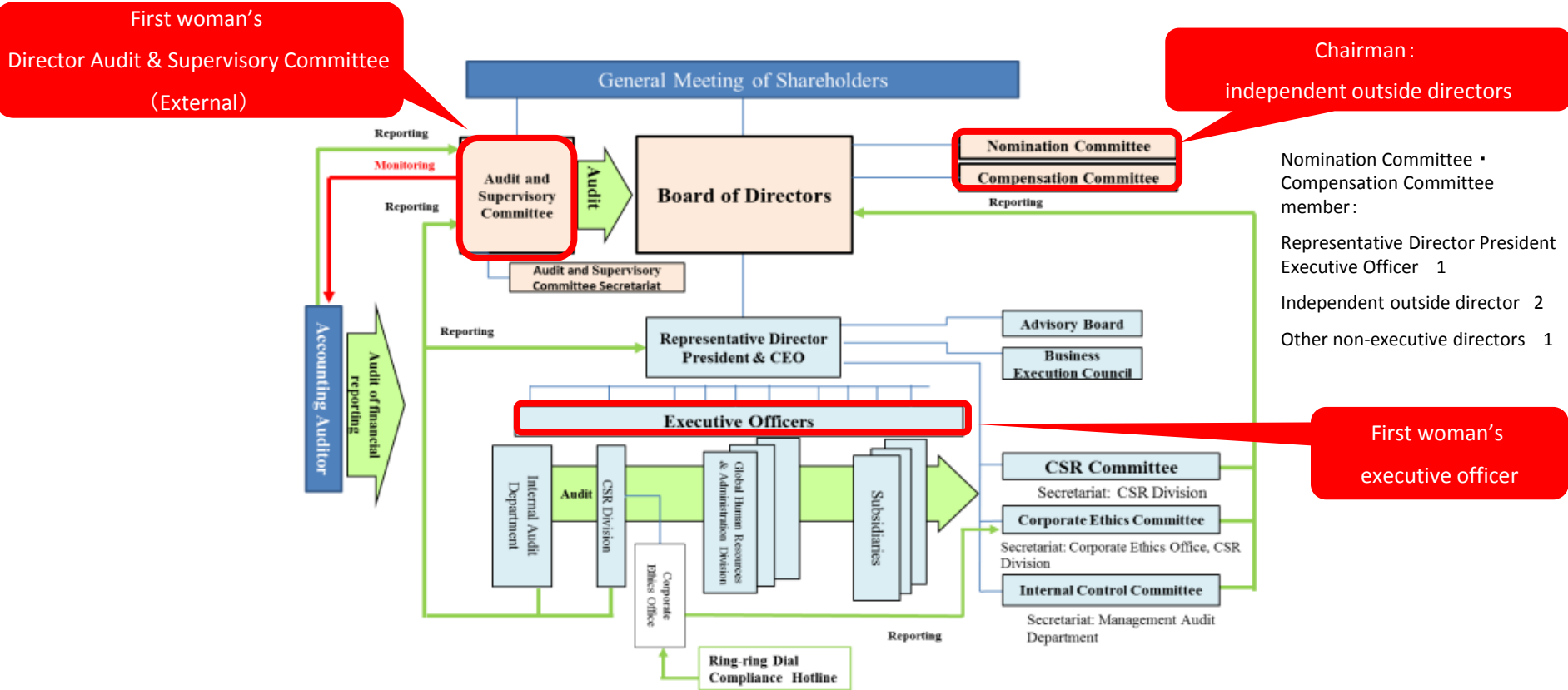


Unicharm Indonesia visiting child care center



◆ Maintain governance and enhancement: Transparency · Objectivity · Fairness

- Established “Work-style reform development office” in 2016. Promoting productivity and women’s activity.
- Chairman (Nomination Committee · Compensation Committee) changed from Representative Director President Executive Officer to Independent outside directors.
- Of the six directors, selected 2 people from Independent outside directors (including 1 woman). Enhancement for board of directors’ decision making and improvement of Supervisory function.



Activities of digital transformation (DX); corporate vision “Nola&Dola (dreams come true for consumers)”



◆Establishment “Kyo-sei” Social Lab

■ Discovery real value to obtain bio-information



◆“Adult diaper Navi” utilizing AI

- First in adult disposable diaper industry! Utilizing AI, advises selecting suitable diapers



◆Pick up the seeds of consumers' worries, provide resolvable information

- Child-rearing Video Media “Babily” in China
- App that supports child's going toilet independently “toilet training with moony”
- First management of menstruation “Easy with Sofy: Mother & Daughter!”



◆Aiming for smart factory with collaboration of human, knowledge and equipment

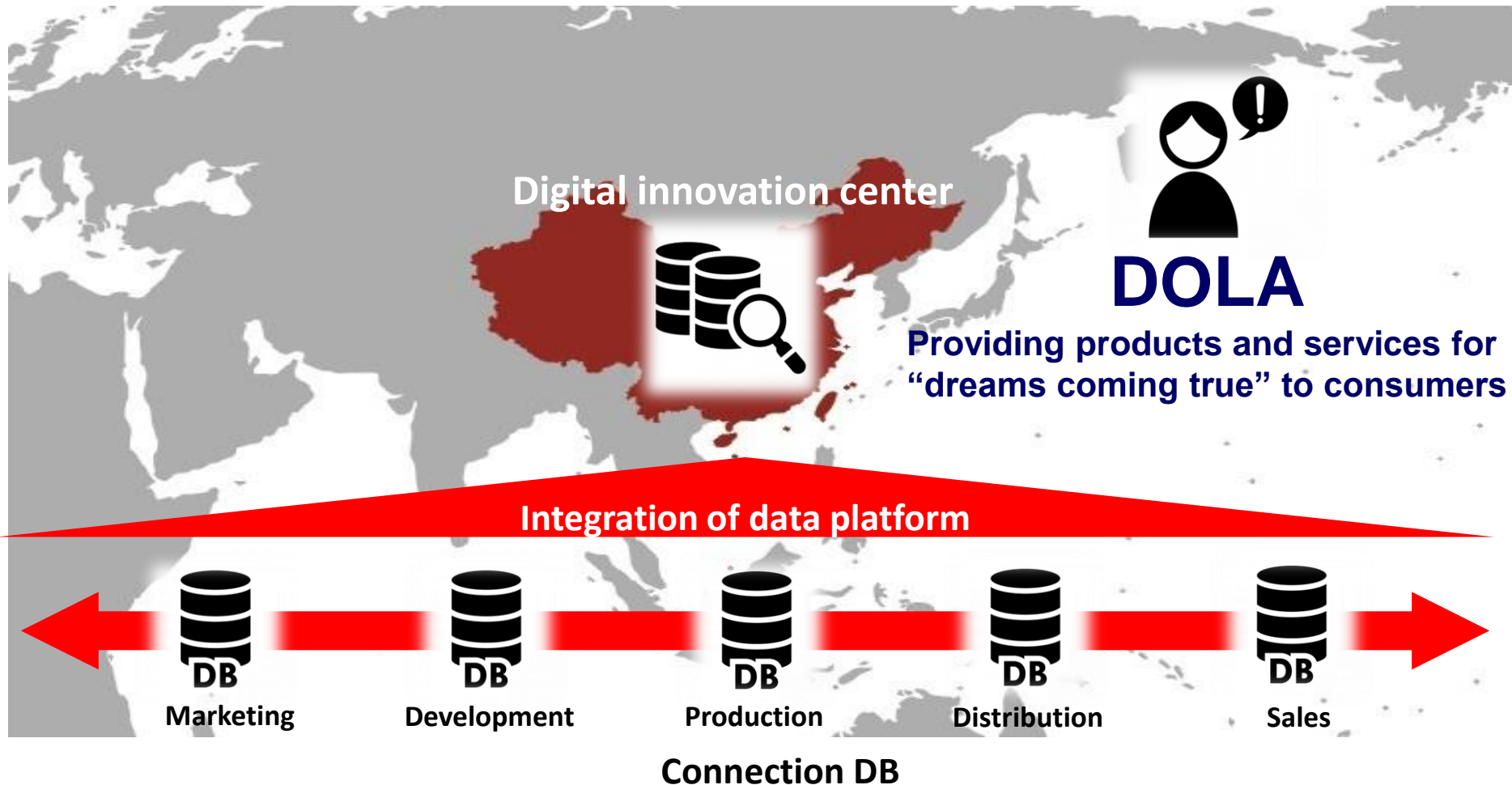
- Introduction of advanced AI technology. Automated to strengthen enhancement of safety and productivity, and to decrease burdens. Place importance on being gentle to environment and cohesiveness with local society



To identify consumers' unawareness of value, promoting digital DB and organizational change

◆To provide products and services for dreams coming true to consumers.

- To grasp consumers' changing value and purchasing behavior, promote establishment of digital innovation center in China.



Evaluation and cooperation with external agencies

Initiatives for the Global Environment

■ Science Base Targets



- ✓ Initiatives to require companies to set reduction targets consistent with scientific knowledge to limit global average temperature increases to "Less than 2 degrees"
- ✓ In June 2018, the company was certified as the 17th target setting company in Japan.

■ JCI

(Japan Climate Initiative)



- ✓ Participated by 105 companies and municipalities that are actively tackling climate change with the aim of realizing "Paris Agreement" (As of July 2018)
- ✓ Develop best practices for advanced groups as an initial members

■ FSC

(Forest stewardship council)



The mark of responsible forestry
FSC® N002492

- ✓ System to certify appropriate forest management
- ✓ Prioritized use of pulp that meets the strictest certification standards for forest certification
- ✓ In October 2017, we agreed to the Vancouver Declaration to promote SDG's

■ RSPO



- ✓ An international non-profit organization that promotes environmentally and socially responsible palm oil production
- ✓ Started using certified palm oil (Mass Balance) in 2018 with the aim of procuring responsible palm oil

■ CDP Japan 500



- ✓ Supported CDP's efforts to tackle climate change, and cooperated in a survey of 500 companies that have selected companies based on the FTSE Japan Index.
- ✓ Functioned PDCA cycle for forest resource management at a high level. We received a A- rating (There were only 4 companies in Japan that received a rating higher than A-).

■ Competitive IT strategy company



- ✓ Selected as a competitive IT strategy company

Improve productivity

Promotion of Work-Style Reform

■ White 500



- ✓ System by the Ministry of Economy, Trade and Industry and the Japan Health Council which honors corporations that are practicing excellent health management.
- ✓ Highly evaluated for our working reforms, received continued recognition for Excellent Health Management Corporation

■ Platinum Kurumin



- ✓ Earned the right to use the Platinum Kurumin logo mark as a company with excellent childhood support practices.



Unicharm shall continue to supply the world-first and world-#1 products & services that can provide all people around the world with comfort, deep impression and joy for contributing to realize the “Cohesive Society” in which they can always be brightening through their independence and mutual supports.