

First Half of Fiscal Year Ending December 31, 2019 (January 1, 2019 to June 30, 2019) 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.

Financial Performance Summary: First Half of Fiscal Year Ending December 31, 2019 (January 1, 2019 to June 30, 2019)

◆ Document notations

BC: Baby Care Business

FC: Feminine Care Business

HC: Health Care Business

C&F: Clean & Fresh Business

PC: Pet Care Business

First Half of Fiscal Year Ending December 31, 2019

Financial Performance Summary



● Consolidated results

- ✓ Sales of 342.5 billion JPY (5.2% increase), core operating income 39.2 billion JPY (17.0% decrease).
- ✓ Core operating income (COPM) 14.5% ➔ 11.5% (13.2% excluding the impact of rising raw material prices)
- ✓ Achievement of consolidated performance forecast is as planned. (Sales 46.9%, core operating income 39.2%).

● Japan performance (5.7% sales decrease, 36.9% core operating income decrease)

- ✓ HC, PC: Increase in sales. FC, C&F: Increase in sales from 2Q through renewed products.
- ✓ BC: Improving from 2Q in spite of decrease in sales due to adjusted inventory in Cross-Border EC to China and decrease in resellers.
- ✓ Decrease in profit due to rising of raw material prices and logistic expenses, start of operation of Kyushu factory, and slowdown in Cross-Border EC caused deterioration in operation rate.
- ✓ Expect increase in sales and profits through introduction of new products and progressing inventory adjustment in Cross-Border EC in second half of fiscal period.

● Overseas performance (12.5% sales increase, 8.9% core operating income increase)

- ✓ Asia: 14% sales increase, 7.8% profit increase. Core operating income (COPM) 11.5%
After excluding the effects of M&A in previous year, exchange fluctuations and rising of raw material prices, approx. 9% increase in profit. COPM is over 14%.
- ✓ Main countries: In China, Indonesia, India and Middle East continue to perform well to drive revenue growth.
- ✓ China: FC is continuing favorable. Local China BC business has steadily improved Asia revenue to increase.
- ✓ India: Sustained rapid growth by implementing aggressive marketing investment in both BC and FC.

● Shareholder Return

- ✓ Dividends: Interim dividend is expected to increase by 2 yen to 14 yen as planned. Year-end dividend is scheduled as 14 yen.
- ✓ Acquisition of own shares: 15 billion JPY, approx. 4.24 million shares acquired as of end of June, against maximum of 15 billion JPY, 5 million shares.

5.2% sales increase, 17.0% core operating income decrease
New record high for net sales. Net sales and income are on plan
for consolidated results forecast.



■ Consolidated account highlights

(Millions of yen)

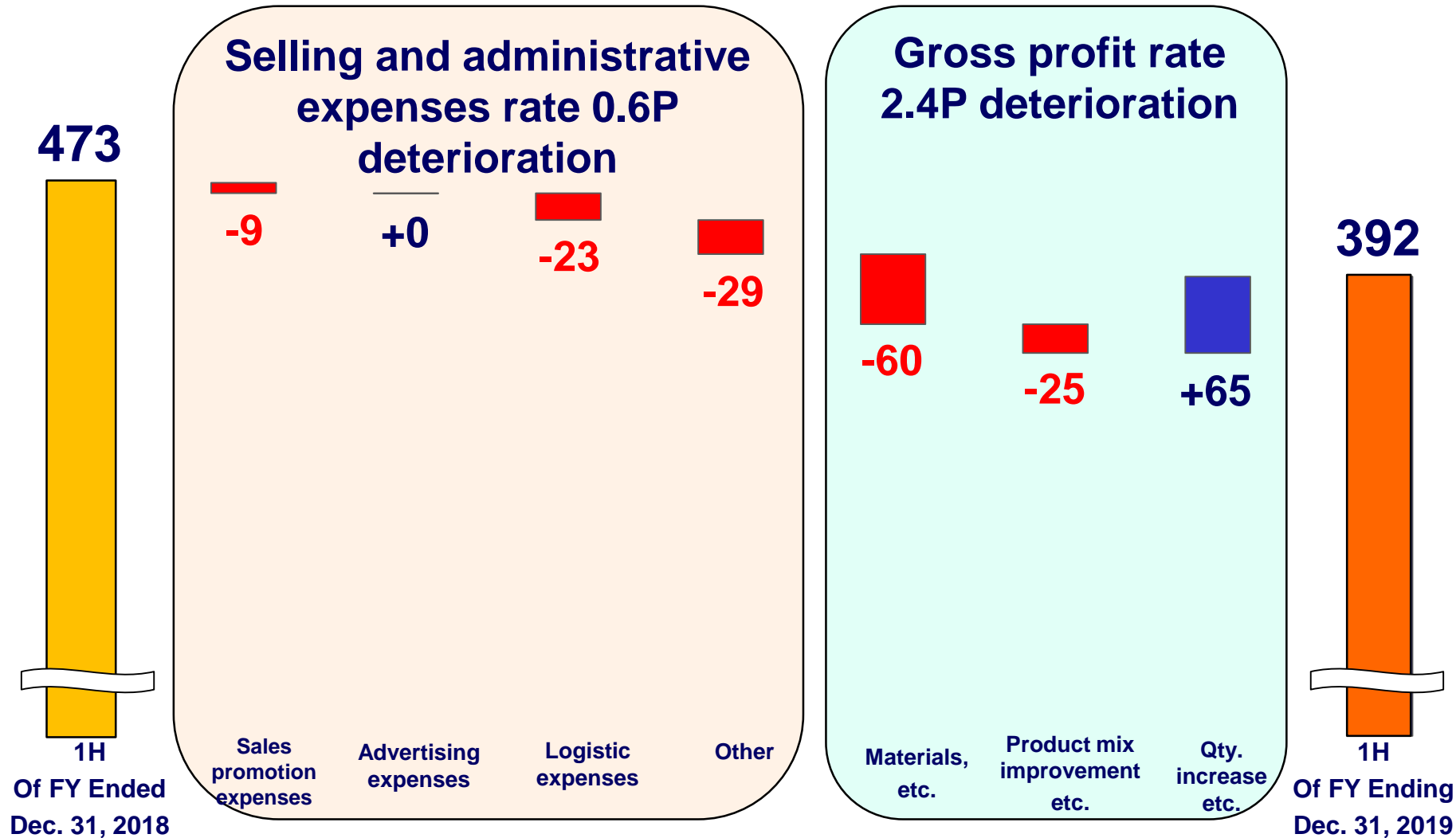
	1H of FY Ended Dec. 31, 2018	1H of FY Ending Dec. 31, 2019	Difference	Difference (%)	(Forecast) FY Ending Dec. 31, 2019	Achievement Rate
Net sales	325,685	342,498	+16,813	+5.2%	730,000	46.9%
Core operating income (Core operating income margin)	47,269 (14.5%)	39,220 (11.5%)	-8,049	-17.0% (-3.0P)	100,000 (13.7%)	39.2%
Profit before tax (margin)	45,418 (13.9%)	39,002 (11.4%)	-6,416	-14.1% (-2.5P)	96,500 (13.2%)	40.4%
Profit attributable to owners of parent (margin)	30,001 (9.2%)	25,298 (7.4%)	-4,703	-15.7% (-1.8P)	63,500 (8.7%)	39.8%
Basic earnings per share (JPY)	51.10	42.51	-8.59	-16.8%	106.92	—
USD Rate (JPY)	108.68	110.05	+1.37	+1.3%	109.50	—
CNY Rate (JPY)	17.09	16.20	-0.89	-5.2%	15.90	—

8.1 billion JPY decrease in income due to rising of raw material prices, deterioration of product mix, and not being able to absorb the cost of starting operation of Kyushu factory, in spite of effects of sales increase through aggressive marketing investment in Asia.



■ Core operating income fluctuation

(100 millions of yen)



For Asia, China drove increase in sales and profits, India sustained rapid growth. For Japan, strong performance in HC and PC, BC is improving despite the decline in sales in cross-border EC. For others, Middle East, Brazil, U.S.A. continued strong performances.



■ Geographical segment information

(Millions of yen)

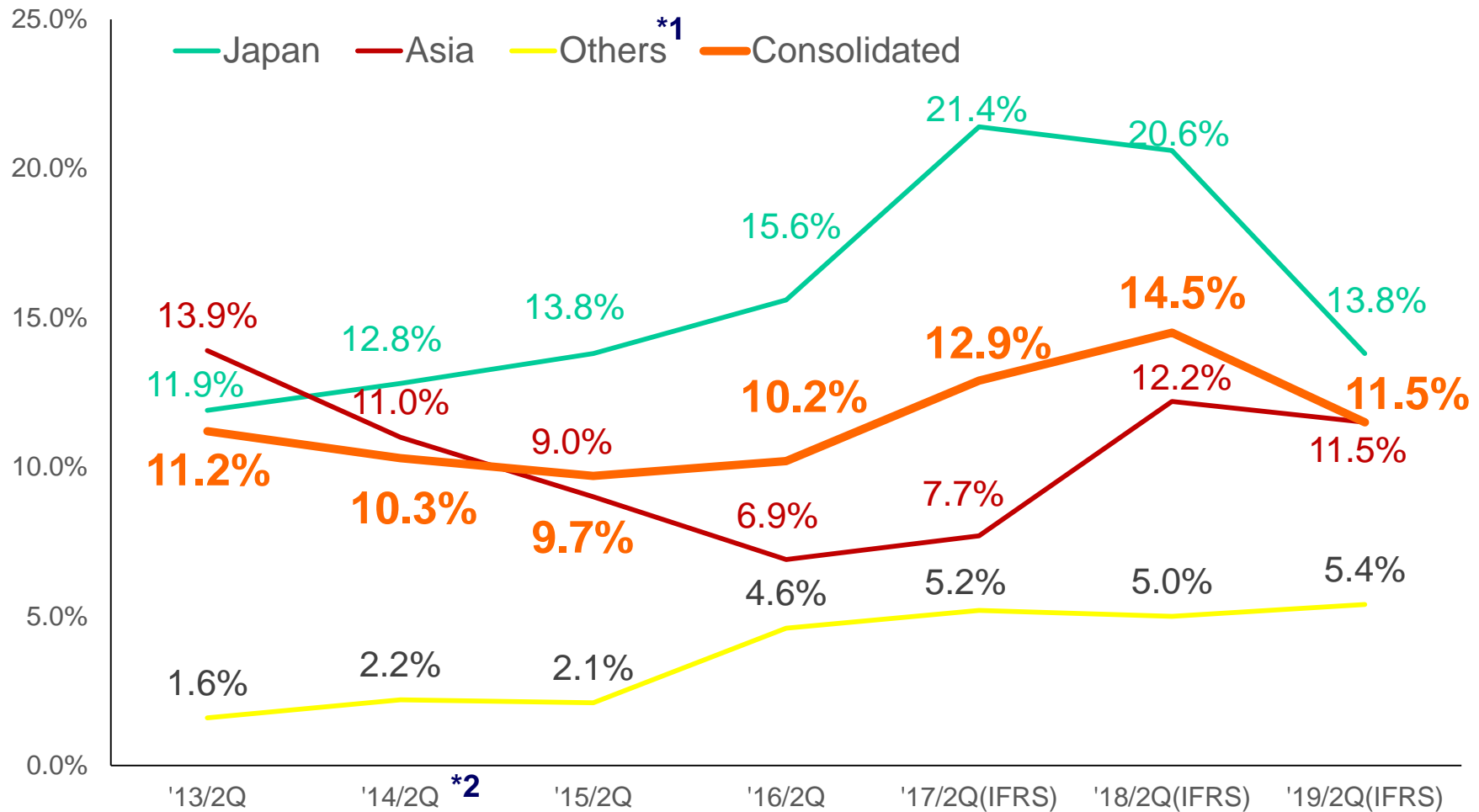
		1H of FY Ended Dec 31, 2018	1H of FY Ending Dec 31, 2019	Difference	Difference (%)	^{*1} (Ref.) Actual difference
Japan	Net sales	131,520	124,062	-7,458	-5.7%	—
	Core operating income	27,065	17,075	-9,990	-36.9%	—
	(margin)	(20.6%)	(13.8%)		(-6.8P)	—
Asia	Net sales	143,446	163,479	+20,033	+14.0%	+17.3%
	Core operating income	17,470	18,839	+1,369	+7.8%	+10.6%
	(margin)	(12.2%)	(11.5%)		(-0.7P)	—
Others ^{*2}	Net sales	50,718	54,956	+4,238	+8.4%	+9.5%
	Core operating income	2,557	2,973	+416	+16.3%	+11.4%
	(margin)	(5.0%)	(5.4%)		(+0.4P)	—
Reconciling items, etc.	Net sales	—	—	—	—	—
	Core operating income	176	332	+156	+88.6%	—
	(margin)	—	—		—	—
Consolidated	Net sales	325,685	342,498	+16,813	+5.2%	+6.8%
	Core operating income	47,269	39,220	-8,049	-17.0%	-16.3%
	(margin)	(14.5%)	(11.5%)		(-3.0P)	—

*1 : Actual difference rate except exchange effects.

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

Rising of raw material prices impacted the whole area. Japan showed recovering trend in 2Q despite the effect of inventory adjustment for Cross-Border EC in 1Q. Also, starting operation of Kyushu factory and rising of logistic expenses impacted.

■ 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

Increase in sales and decrease in income due to rising raw material costs and slowdown of Cross-Border EC, despite Personal Care showing strong performance overseas.
Increase in sales and income for the second half of FY is expected, as Cross-Border EC shows recovering trends and decline in raw material costs is expected .



■ Business Segment Information

(Millions of yen)

		1H of FY Ended Dec. 31, 2018	1H of FY Ending Dec. 31, 2019	Difference	Difference (%)
Personal Care	Net sales	284,046	298,923	+14,877	+5.2%
	Core operating income	42,743	34,630	-8,113	-19.0%
	(margin)	(15.0%)	(11.6%)		(-3.4P)
Pet Care	Net sales	38,126	40,362	+2,236	+5.9%
	Core operating income	4,496	4,538	+42	+0.9%
	(margin)	(11.8%)	(11.2%)		(-0.6P)
Others ^{*1}	Net sales	3,528	3,231	-297	-8.4%
	Core operating income	29	52	+23	+79.3%
	(margin)	(0.8%)	(1.6%)		(+0.8P)
Reconciling items, etc.	Net sales	-16	-18	-2	—
	Core operating income	0	0	—	—
	(margin)	—	—	—	—
Consolidated	Net sales	325,685	342,498	+16,813	+5.2%
	Core operating income	47,269	39,220	-8,049	-17.0%
	(margin)	(14.5%)	(11.5%)		(-3.0P)

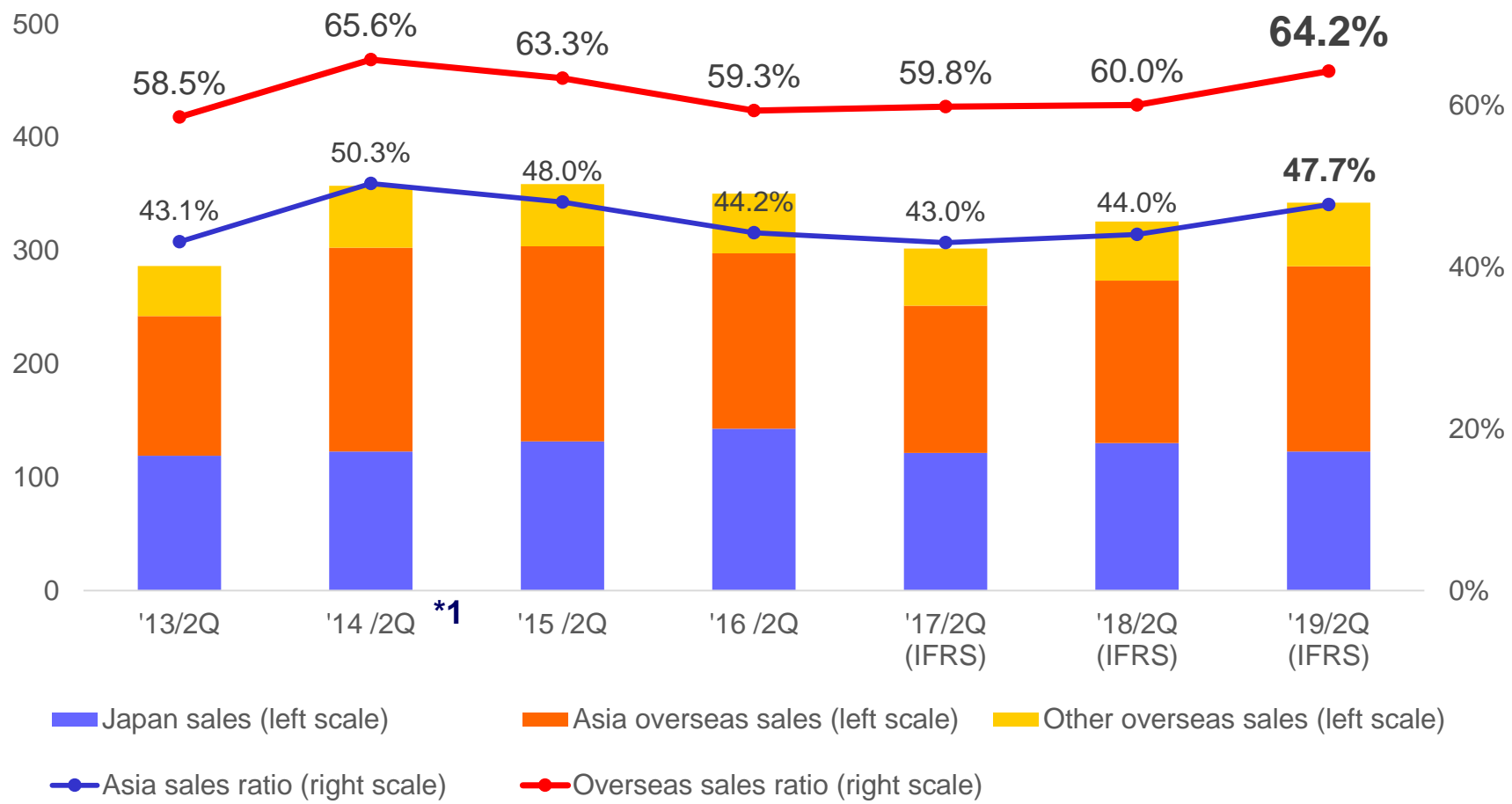
*1: Other products related to industrial materials, etc., child raising video streaming service.

Overseas sales composition ratio 64.2% (64.7% excluding foreign exchange impacts)



Domestic / overseas sales

(Billions of yen)



*1: Irregular fiscal year due to settle settlement period changes.

Impacts of foreign exchange fluctuations. Approx. 5.4 billion JPY decrease in sales. Approx. 400 million JPY decrease in core operating income



■ Rate fluctuations by currency

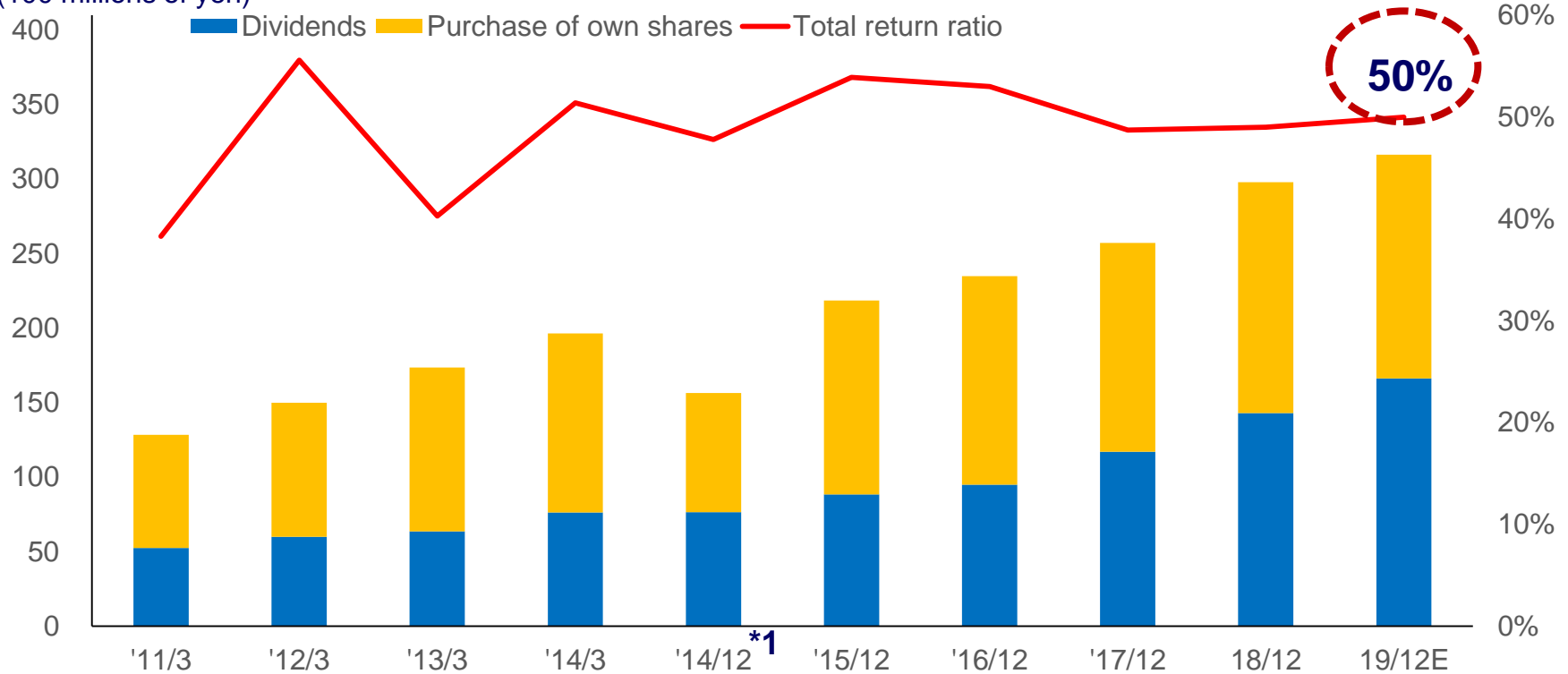
Currency	Exchange rate Jan-Jun 2018	Exchange rate Jan-Jun 2019	Change in rate
China (CNY)	17.09	16.20	-5.2%
Indonesia (IDR)	0.0079	0.0078	-1.3%
Thailand (THB)	3.43	3.49	+1.7%
Saudi Arabia (SAR)	1.67	1.58	-5.4%
India (INR)	29.02	29.38	+1.2%
Vietnam (VND)	0.0048	0.0047	-2.1%
USA (USD)	108.68	110.05	+1.3%
Netherlands (EUR)	131.64	124.32	-5.6%
Taiwan (TWD)	3.69	3.56	-3.5%
South Korea (KRW)	0.1012	0.0962	-4.9%
Australia (AUD)	83.93	77.74	-7.4%
Malaysia (MYR)	27.63	26.71	-3.3%
Brazil(BRL)	31.84	28.66	-10.0%
Egypt (EGP)	6.13	6.36	+3.8%
Russia (RUB)	1.84	1.69	-8.2%

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

(100 millions of yen)

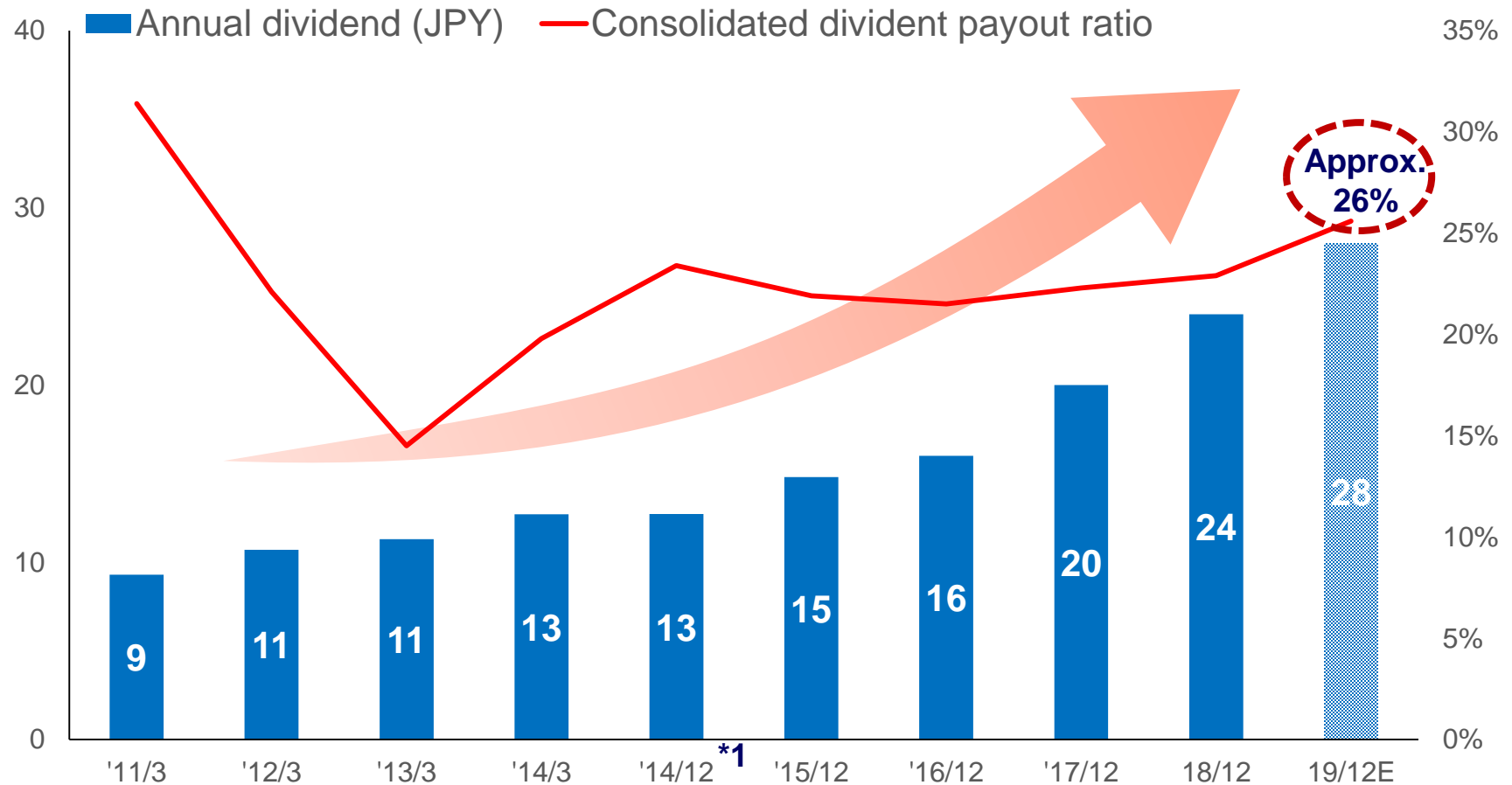


*1: Irregular fiscal year lasting nine months.

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 dividend payments, on track for 18 consecutive periods of increased dividends. Raised dividend payout ratio.

■ Dividends per share
(JPY)

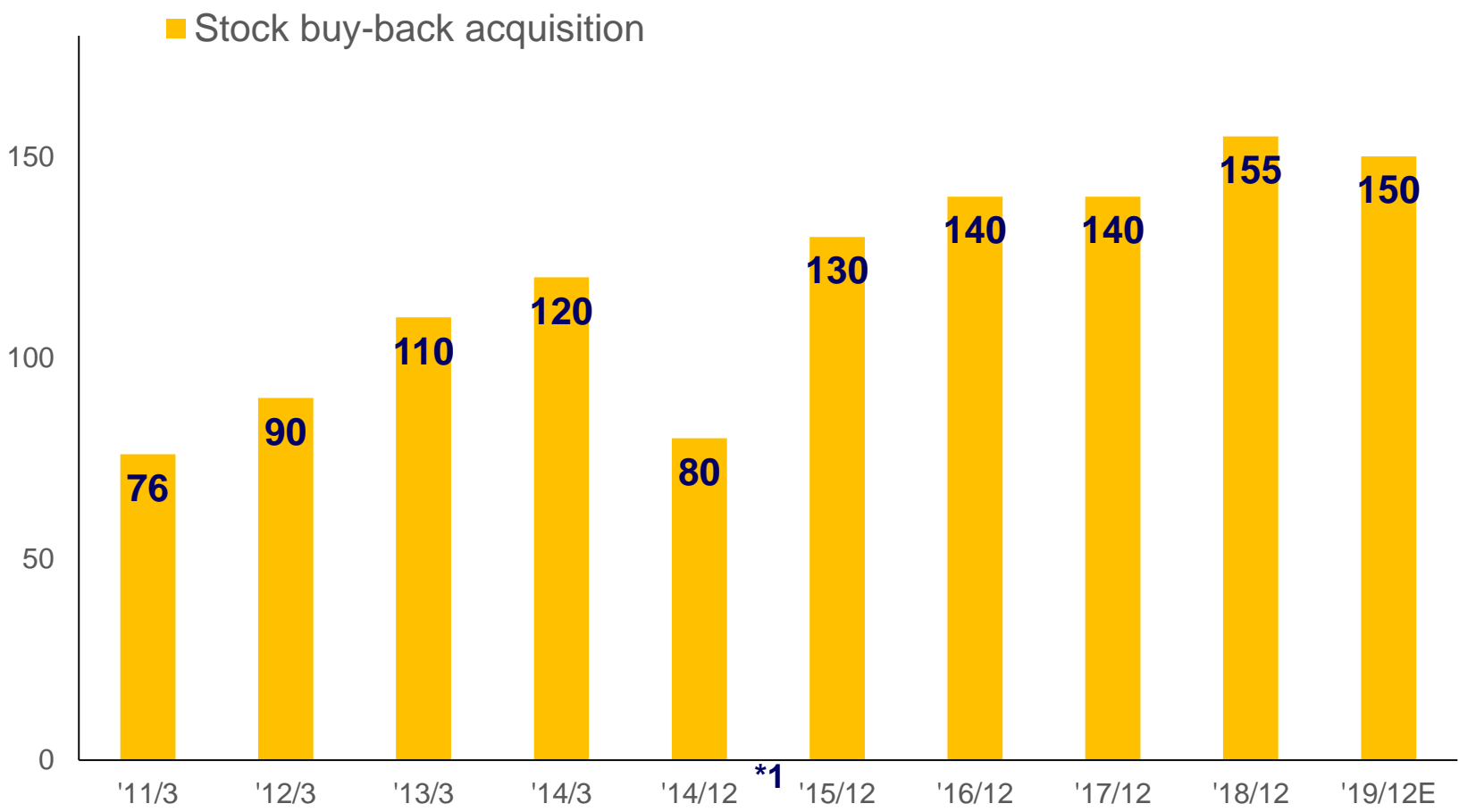


*1: Irregular fiscal year lasting nine months.

Swiftly acquire stocks through buy-back based on cash conditions. Acquired approx. 15 billion JPY in FY19

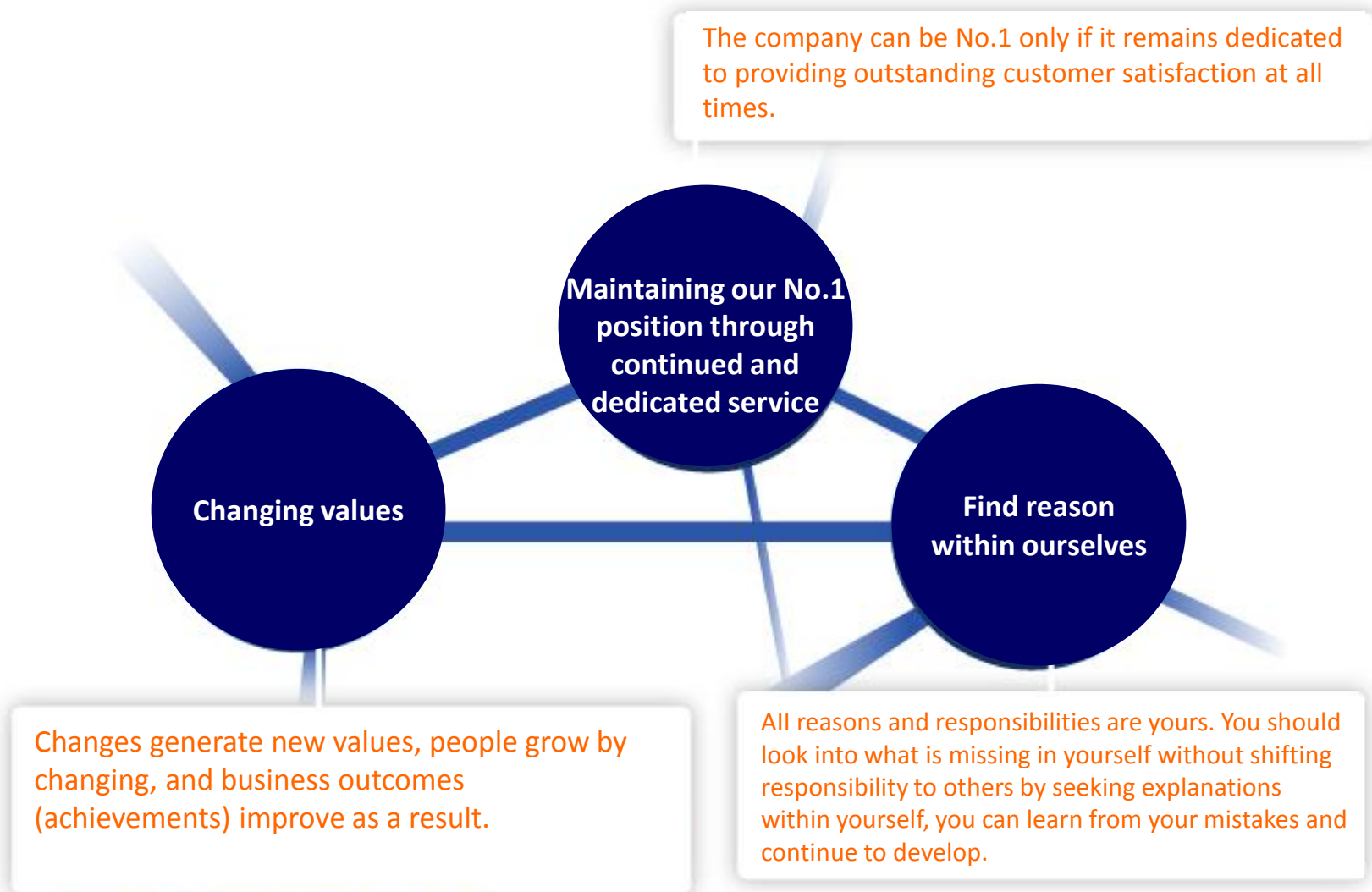
■ Stock buy-back acquisition graph

(100 millions of yen)



*1: Irregular fiscal year lasting nine months.

Improvement of Corporate Value



Best
Practice-ship

Without caring about one's position or one's honor, not just internally, but one needs to desperately collect Best Practice from all around the world and even though it may not be perfect, one needs to adopt the best one at that time with priority on speed.

Ownership






Taking everything as one's work and with paranoia, breaking through hardships by taking the initiative to work.

Partnership

Without any selflessness and always respecting the collaboration between colleagues, family, and clients

Long-term revenue model through maximizing life time value

◆ Business model target to a wide range of customers

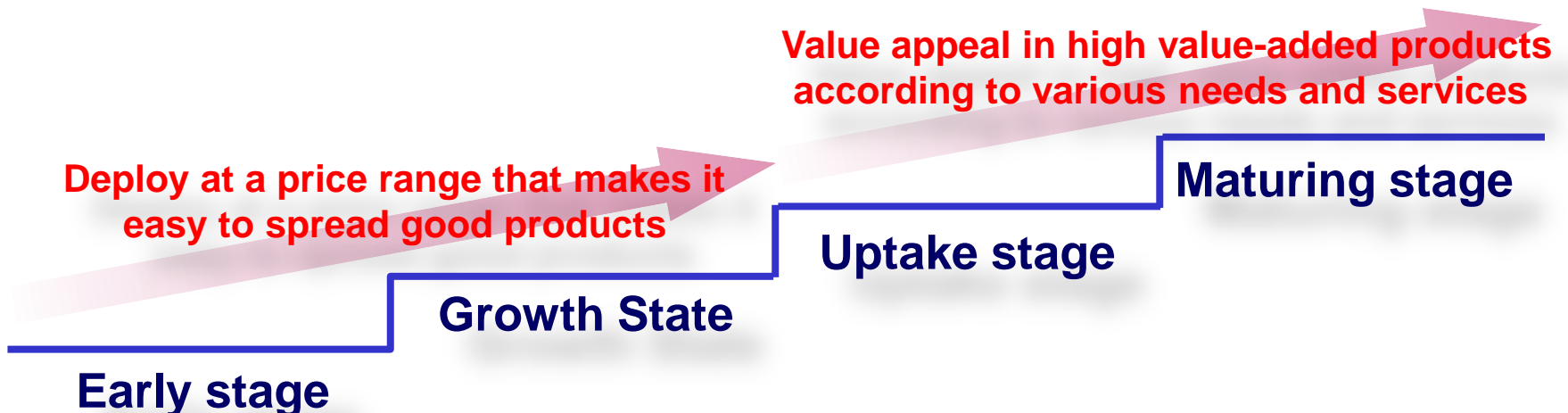
	 Infants	 Young Adults	 Middle-aged	 Elderly	 Pets
Personal Care Business					
Baby Care	●				
Feminine Care		●	●		
Clean & Fresh	●	●	●	●	
Health Care			●	●	
Pet Care Business					●

Competitive to support sustainable growth

◆ Evolution of our "winning patterns"

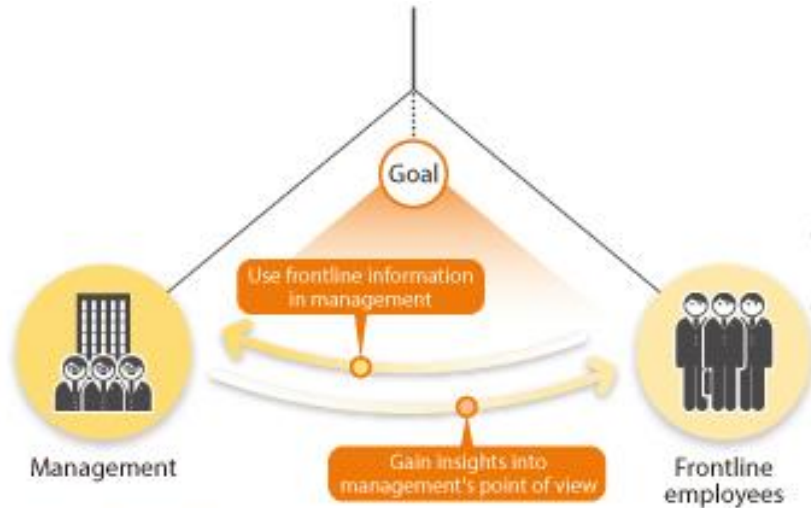


◆ Expand market by strategy according to the each stage of each country and business



Structure of support to sustainable growth

◆ Management with Resonance



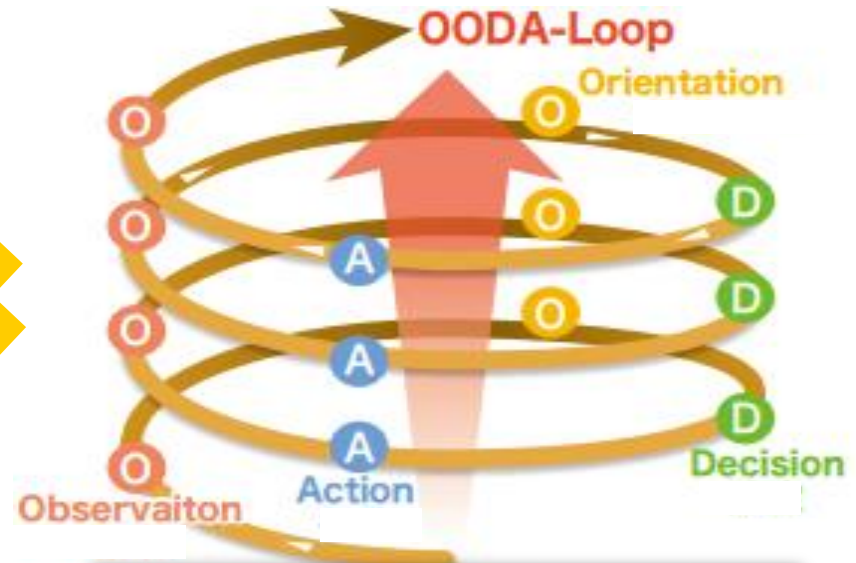
Frontline employees and management share information to ensure they are working toward the same goals



All employees continue to make changes by demonstrating “BOP-ship”

1. Best Practice-ship 2. Ownership 3. Partnership

◆ 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



Lengthening Healthy Life Expectancy



◆ 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)



“Social Walking” participants

1,572 in total
(As of December 2018)

- Start collaboration with Lion Corporation with a nursing care product “Rakutasu Care”



◆ Supporting rescued dogs and cats

- Support "Panel for Life" project led by Christel vie Ensemble Foundation to support rescued dogs and cats



Christel
Vie Ensemble



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

- Communicate the importance of early detection and early detection of breast cancer screening for 11 consecutive years since 2008



"Pink Ribbon activities"
in UCC(Taiwan)

◆ 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.
- Released the world's smallest diaper “moony flat type” which is for babies under 1,000g.

※ Unicharm survey as of March 2019



◆ Launch SOFY “#NoBagForMe” Project

- Launch the project with aim of achieving the society in which people can feel free to talk about menstruation and feminine care products without hiding them.

#NO Bag For Me



Supporting Women's Independence and Improving Hygiene



◆ Efforts to lighten the burden of double-income households and nursery school teachers

- Launched baby diaper subscription service (flat rate billing) at nurseries where parents normally bring diapers with them

ムーニー
moony



× **BABY JOB**





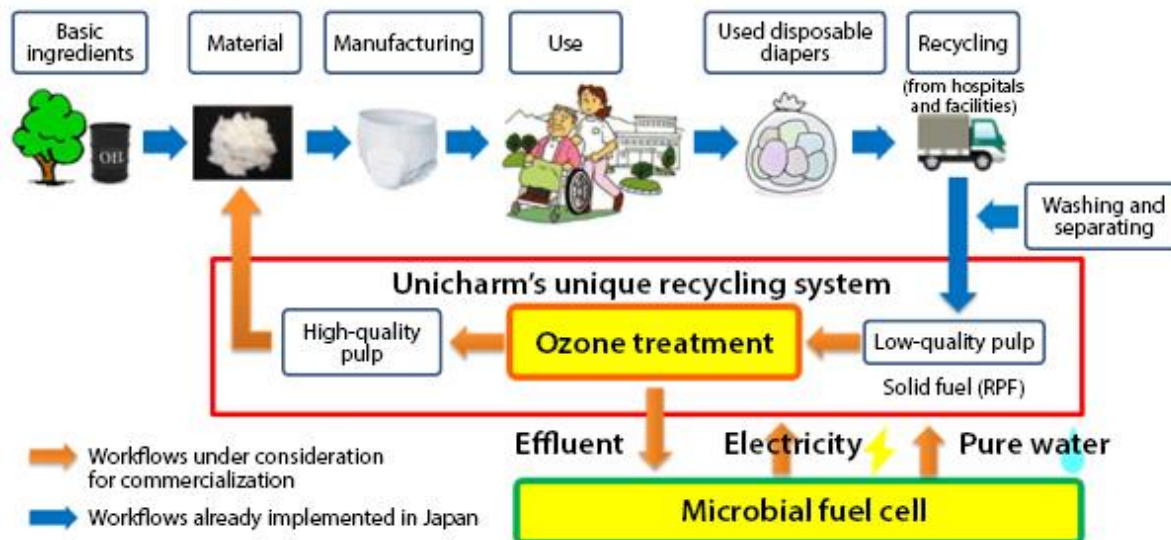
Contribution to Global Environment



◆ Unicharm 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】





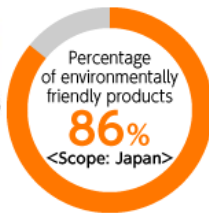
Contribution to Global Environment



◆ Efforts to reduce CO₂ emission through products

- Eco-charming products are 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 158 products that cleared this criteria. (As of December 2018)

■ Framework of environmentally-friendly products



◆ Efforts to reduce waste in factories

- Realized zero landfill waste by commercializing waste generated in diaper manufacturing process
- Achieved zero landfill waste at the Thailand factory



◆ Efforts to reduce food waste in relation to fresh food

- "Fresh Master" prevents deterioration and discoloration by absorbing only excess fluids and letting air pass through. It contributes to decreasing food waste of processed meat (3 days) and fresh fish (6 days).



Beef discoloration test - after three days of storage (showing the underside of the meat)
(Left) Fresh Master (Right) Unicharm's meat paper product



Bluefin tuna that has been stored for six days
(Upper left and bottom left) Fresh Master (Upper right and bottom right) Unicharm's kitchen paper product

◆ Achieved 100% renewable energy at the Brazil factory

- As efforts to tackle climate change, use renewable energy and promote activities to reduce CO₂ emission





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
- ✓ A total of 17,321 people participated in Super Cool Biz / Warm Biz activities over 8 years
- ✓ Utilized as donations and supplies to Disaster-Affected Area
- Provide supplies to flood victims in India
- Provide supplies to “Heavy rains of July 2018” victims



A truck loaded with emergency supplies to help people living in affected areas.



*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.

◆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



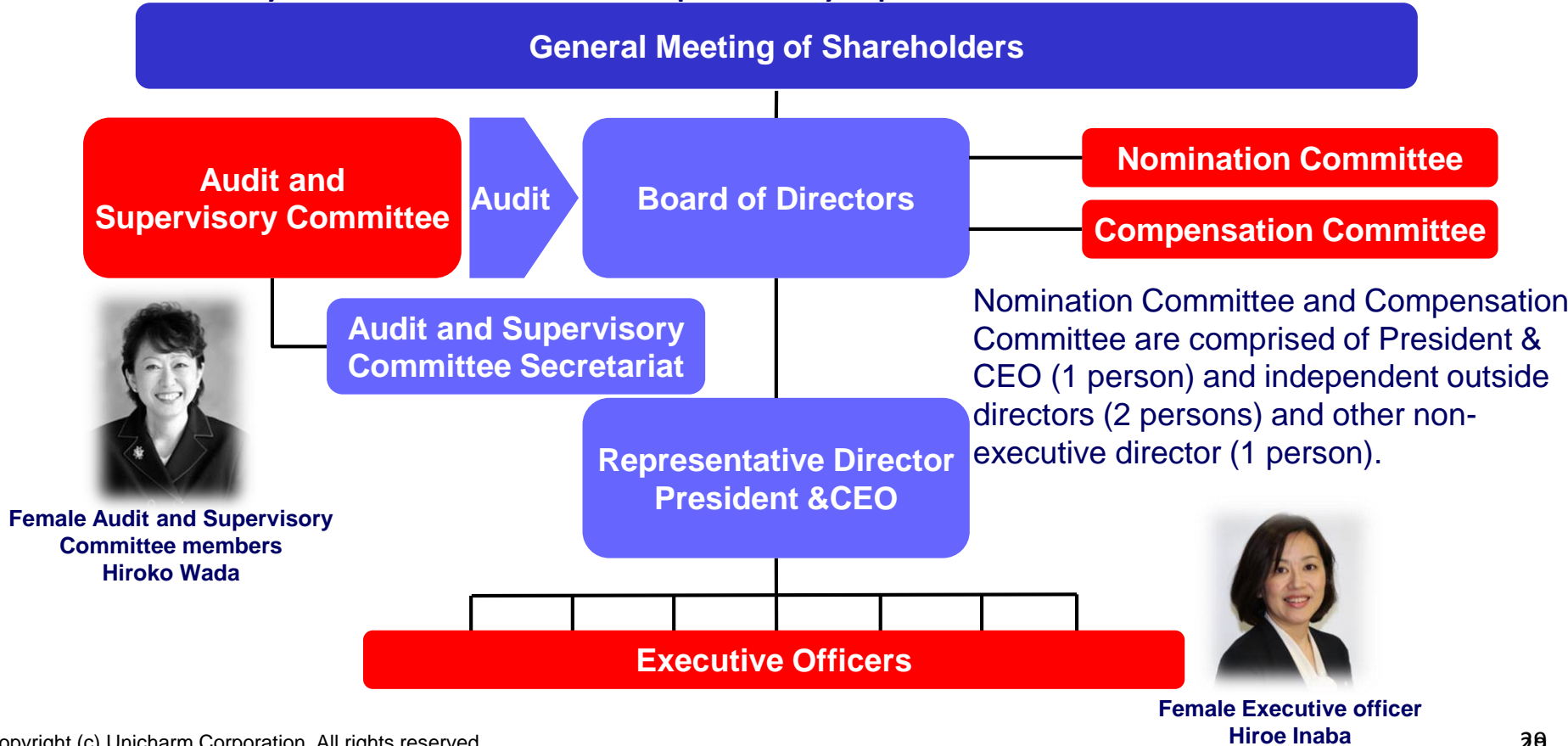
My style Disaster prevention
<http://www.unicharm.co.jp/csr-eco/mystylebosai/index.html>



Parties related and Unicharm Takahara

◆ Maintain governance and enhancement: Transparency · Objectivity · Fairness

- 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.
- Promote work style reforms with the themes of productivity improvement and further active women.



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



Evaluation from and cooperation with external agencies

Included in 3 ESG Investment Indices Selected by GPIF

Integrated indices

Selected



FTSE Blossom
Japan

MSCI



MSCI ジャパンESG
セレクト・リーダーズ指数

Other SRI indices



FTSE4Good

Thematic indices

Selected



Selected



MSCI



MSCI日本株
女性活躍指数 (WIN)



N/A

Evaluation from and cooperation with external agencies



■ Science Base Targets



- ✓ In June 2018, the company was certified as the 17th target setting company in Japan.

■ RSPO



- ✓ Started using certified palm oil (Mass Balance) in 2018 with the aim of procuring responsible palm oil

■ JCI (Japan Climate Initiative)



- ✓ Develop best practices for advanced groups as an initial members

■ CDP Japan 500



- ✓ Functioned PDCA cycle for forest resource management at a high level. Received a A- rating (There were only 4 companies in Japan that received a rating higher than A-).

■ FSC (Forest stewardship council)



- ✓ Prioritized use of pulp that meets the strictest certification standards for forest certification
- ✓ Agreed to the Vancouver Declaration to promote SDG's

■ TCFD (Task Force on Climate-related Financial Disclosure)



- ✓ Aim at contributing to "virtuous cycle of environment and growth" by actively participating in international discussions and effective disclosure of information

Evaluation from and cooperation with external agencies

■ Sedex



- ✓ For UC Group Factories, registered 19 factories in Japan, principle countries in Asia, Saudi Arabia at Sedex, confirming effectiveness of conventional audit and thus contributed to social sustainability

■ Competitive IT strategy company



- ✓ Selected as a competitive IT strategy company

■ White 500



- ✓ Recognized the efforts in work style reform, acknowledgement continued in 2019

■ Platinum Kurumin



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

■ Awarded for excellence in the 7th Corporate Value Improvement Award



- ✓ Awarded as a listed company that realizes improving corporate value by engaging in management that recognize investors' perspectives including capital cost

