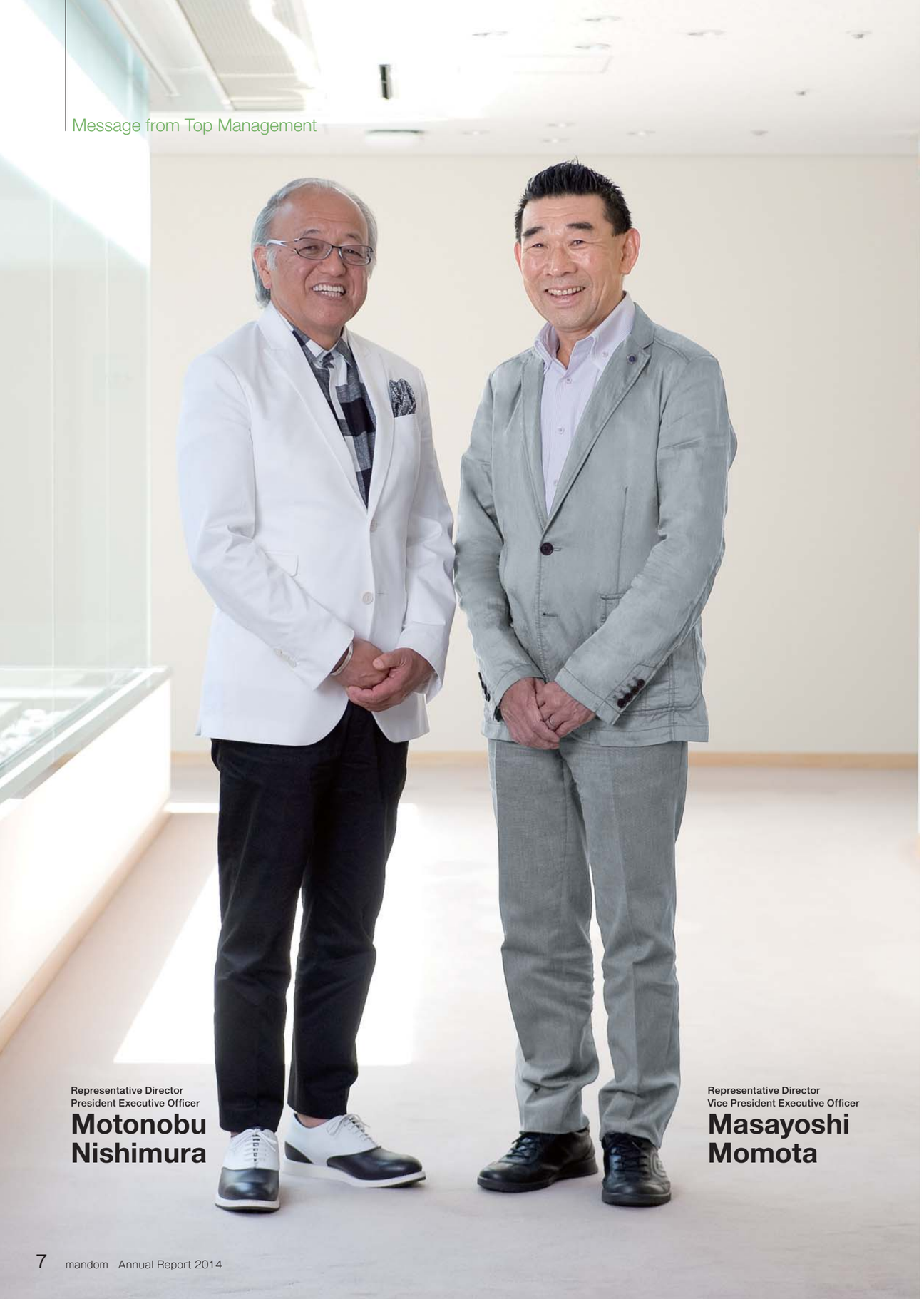

Representative Director
President Executive Officer
Motonobu Nishimura

Representative Director
Vice President Executive Officer
Masayoshi Momota

To be an "Only One" company in Asia with global management expertise, we are accelerating growth and promoting the development of new businesses in Asia.

Fiscal 2013 (year ended March 31, 2014) was the final year of our 10th three-year Middle-Range Plan ("MP-10," 2011–2013). We achieved record-breaking net sales and net income this year, exceeding even our MP-10 numerical targets.

The fiscal year starting April 1, 2014 is the initial year of MP-11, our 11th three-year plan that will last until March 31, 2017. The goal of the current business plan is to accelerate growth and promote the launch of new businesses in Asia. Our aim is to sustain revenue increases by systematically investing management resources in expanding the Group's business stage by stage.

We aim to work together at the Mandom Group to implement our philosophy of providing comfortable lifestyles supported by health and beauty while aiming to live up to our reputation as an "Only One" company based in Asia with global management expertise.

Overview of Fiscal 2013

Consolidated Net Sales	¥68,215 million	(12.9% increase on previous period)
Consolidated Operating Income	¥6,853 million	(15.2% increase)
Consolidated Ordinary Income	¥7,330 million	(17.4% increase)
Consolidated Net Income	¥4,091 million	(13.4% increase)

Strong sales both internationally and in Japan plus a favorable exchange rate have contributed to record net sales and income.

In fiscal 2013 the Group worked toward sustained growth by implementing strategic measures to achieve stable growth in the core men's grooming business, by stepping up efforts in women's cosmetics, and by continuing to expand overseas operations with Asia as the engine of growth. Summer season product rollouts and promotions were enhanced in Japan, with new products released and marketed for the men's hair styling market and middle-aged men's market. Overseas, we stepped up our efforts to expand Gatsby, reflecting the conditions of individual countries while growing the women's cosmetics business in Asia. We also aggressively invested in marketing, particularly in overseas markets and the field of women's products, worked to curb the rising costs of raw materials, and streamlined marketing costs and general business expenses.

As a result of these efforts, sales were strong in Japan led by Gatsby hair styling products and the release of new Lúcido deodorant series products for middle-aged men. Overseas, thanks to strong sales primarily for Gatsby products and higher-than-usual figures due to the devaluation of the yen, net sales reached ¥68,215 million, a 12.9% increase over the previous fiscal year. In terms of income, even though we made aggressive marketing investments both in Japan and overseas, a decrease in the cost-to-sales ratio, mainly reflecting cost-cutting measures, led to an operating income increase of 15.2% to 6,853 million yen, a 17.4% increase in net ordinary income to 7,330 million yen, and a 13.4% year-on-year net income increase to 4,091 million yen.

All figures for sales and income at every stage were the highest on record for the company and exceeded targets set at the beginning of the fiscal year.

Overview of MP-10 and the Drafting of MP-11

● MP-10 Targets Attained

MP-10 was a three-year business plan aimed at accelerating growth for the Group. It allowed us to implement strategic measures to achieve stable growth in the core men's grooming business, step up efforts in the women's cosmetics business, and continue to expand overseas operations with Asia as the engine of growth. Our aim was to expand sales while working to improve profitability and ensure a stable, high level of return to stockholders.

Through these efforts, although we experienced sluggish sales in Japan in the women's cosmetics business and it became apparent that we were late to develop business overseas, notably in China and India where much growth is forecast, we achieved stable growth in men's grooming, mainly through Gatsby, and an aggressive marketing investment has helped us to cultivate the Asian market, enabling Mandom to achieve its growth targets. That has, in turn, led to the attainment of targets for profitability, stockholder return, and other numerical targets laid out in MP-10.

The numerical targets in MP-10 were specifically designed to accelerate growth, with actual growth rate targets set higher than in the previous Middle-Range Plan. Even set so high, all sales targets were exceeded, which was a solid achievement.

● Starting to Take Action for MP-11 and Beyond

Mandom made capital investments in the Fukusaki Factory in Japan and in the new Head Office and Factory in Indonesia to build a production system that could meet the needs of the Asian market. We also set up a Group Marketing Strategy Office and Production Strategy Office to build a system that will drive production and marketing throughout Asia, and carried out personnel training initiatives to cultivate globally adept employees. We also began building a system with a view toward the future that extends even beyond the targets of MP-11.

● Major Changes in Asia

Asia, where Mandom does most of its business, is undergoing rapid change. Up to 2030, the countries of Asia will be entering a period in which the working population comprises a higher proportion of the total population, during which an increase in population is expected, along with economic development, leading to an expansion of the middle class and accelerating growth.

This growth is centered around an infusion of global capital, which is causing very rapid globalization. Moreover, the speed of growth is too fast for business growth in any single country to be handled with a uniform approach. To do business in Asia now requires the ability to adapt to such changes.

● An "Only One" Company in Asia with Global Management Expertise

Mandom has set targets for the medium and long term in line with its ideal image as an "Only One" company in Asia with global management expertise. In the changing Asian marketplace Mandom aims to provide attentive response based on local understanding and global integration. We have set high targets that will allow us to cope with the rapid growth of markets and become the type of company we aim to be from a medium-to-long-term perspective. On this basis, MP-11 sets a higher growth rate for the company than MP-10, anticipating the opening of new markets and business areas and responding to the accelerating growth in Asia.

Overview of MP-10 Middle-Range Plan to Accelerate Group Growth

Numerical Targets and Results MP-10 Numerical Targets Reached

Growth Potential

	Target		Result	
Consolidated Net Sales				
Final Year Target	66 billion yen	▶ Result	68.2 billion yen	Reached
Men's Grooming Business				
Average Growth Rate Target	3.2%	▶ Result	5.4%	Reached
Gatsby				
Average Growth Rate Target	3.6%	▶ Result	5.9%	Reached
Women's Cosmetics Business				
Average Growth Rate Target	19.3%	▶ Result	11.8%	Not reached
Overseas business				
Average Growth Rate Target	9.4%	▶ Result	11.3%	Reached

Profitability

Operating Income Margin				
Final Year Target	10%	▶ Result	10.0%	Reached

Shareholder Returns

Consolidated Payout Ratio		Initial year	42.5%	
Ongoing Target	40% or higher	▶ Second year	40.2%	Reached
		Final year	40.0%	

Results

- ●Men's grooming business with stable growth, primarily with Gatsby
- ●Aggressive investment in marketing cultivates Asian market
- ●Cost revision and increased revenue result in sustained operating margin

Issues

- ●Domestic stagnation in the women's cosmetics business
- ●Late start developing business in China and India

Overview of MP-11

MP-11, the new three-year Middle-Range Plan, positions Mandom to accelerate growth and promote the development of new businesses in Asia. Targets have been set for improving profitability and ensuring a stable, high level of return to stockholders. The plan outlines an expansion of sales by building a competitive edge and developing new markets and business fields leading forward from strengthening business in our major markets.

We will work to achieve our growth potential by implementing strategic measures to achieve stable growth in the core men's grooming business, stepping up efforts in women's cosmetics, and expanding overseas operations as the engine of growth. Naturally we aim to expand the scale of our sales beyond the targets set in MP-10.

We will invest aggressively in marketing to boost our growth potential, and look continuously at the increases in revenue and costs that accompany greater sales to improve profitability.

We will expand business through the medium and long term, cultivating new businesses and assessing business risks along the way as we aim to achieve stable, high returns for stockholders.

Overview of MP-11 — Middle-Range Plan to Accelerate Growth and Promote the Development of New Businesses

Growth Potential

We aim to further bolster business in major markets to bring a competitive advantage, and open new markets and business areas to expand sales.

Target: Consolidated Net Sales MP-11 Final Year 83 billion yen

We continue to address topics covered in MP-10, aiming for even higher growth.

Sustained Growth in the Men's Grooming Business
We aim for sustained growth as our core business area while maintaining or expanding category share in the men's cosmetics market.
▶ Men's Grooming Business Average Annual Growth Rate 5.2% or higher

Greater Speed in Development of the Women's Cosmetics Business
We aim to achieve greater speed in developing business in Asia, primarily in skincare and base make-up categories, with product lines tailored for each country.
▶ Women's Cosmetics Business Average Annual Growth Rate 15.0% or higher

Continued Strengthening of Overseas Business—the Company's Growth Engine
We aim to expand sales by doubling efforts in the main market of Indonesia, and build a foundation in emerging markets such as China and mainland southeast Asia by building distribution networks and other initiatives.
▶ Overseas Business Average Annual Growth Rate 11.4% or higher

Profitability

We aim to improve profitability as well as perform marketing investment for growth.

Target: Consolidated Operating Profit Final Year of MP-11 8.6 billion yen

Shareholder Returns

Stable and continued high-level shareholder returns.

Target: Consolidated Payout Ratio MP-11 Ongoing 40% or higher

Forecast for Fiscal 2014

Consolidated Net Sales	¥71,200 million	(4.4% increase on previous period)
Consolidated Operating Income	¥7,120 million	(3.9% increase)
Consolidated Ordinary Income	¥7,420 million	(1.2% increase)
Consolidated Net Income	¥4,320 million	(5.6% increase)

Japan's economy has been recovering in response to governmental policies and we anticipate a sustained recovery. At the same time, we need to be cautious of a downward swing in the global economy and a drop in demand domestically due to the recent rise in the consumption tax. Conditions ahead therefore remain murky. The Asian economy is still at risk of being affected by European debt, but expects to see a gradual upward swing.

Under such circumstances, we are working together in Japan and internationally to achieve sustained growth for the Group as a whole.

We will continue to seek stable growth in the men's grooming business, step up efforts in women's cosmetics, particularly in skin care, and expand overseas operations with a focus on Asia to achieve double-digit growth. These are the three pillars of our plan to boost sales and increase income. We will also invest aggressively in marketing overseas and the field of women's products. Furthermore, by striving to curb the rising costs of raw materials and streamline marketing costs and general business expenses we aim to achieve profits at every stage.

Closing Remarks

We will work together to achieve our targets for MP-11 and fulfill our mission as an "Only One" company in Asia with global management expertise. At this time we request the continued support and encouragement of all of our stakeholders.

August 2014

Motonobu Nishimura
Representative Director
President Executive Officer

Masayoshi Momota
Representative Director
Vice President Executive Officer