

Mandom Group Value Creation

Sustainable



for O-YA-KU-DA-CHI (dedication to service)

Process

growth

OUTPUT

《Products》

Core brands

Men's Grooming Business

GATSBY LÚCIDO

Women's Cosmetics Business

Bifesta **PIXY**
ビフェスタ

Women's Cosmetics Business

LÚCIDO-L Pucelle

《Effects of business activities》

Generate profit

Generate cash

Increase market value

Provide return to shareholders

Enhance ROE

OUT COME (As of March 31, 2017)

Net sales
¥77,351 million

¥49,737 million

¥11,747 million

¥7,894 million

Operating income
¥7,618 million
(Operating income margin: 9.8%)

Net income attributable
to owners of the parent
¥5,566 million

Cash flows from operating activities
¥9,045 million

Total market value
¥122,029 million
(up ¥4,905 million YoY)

Total dividends paid to shareholders
¥2,244 million
(Payout ratio 40.3%)

ROE
9.1%

Value Creation

Create value
for all stakeholders

●Be of benefit to all people
worldwide supported
by "health," "cleanliness"
and "beauty"

- Consumers
- Shareholders and investors
- Business partners
- Employees
- Society and the environment

●Build on profit-making ability

●Strengthen product
development

●Develop globally minded
human resources

to as many consumers as possible



Research and Development

Meeting Diverse Needs and Wants throughout Asia's Countries and Regions

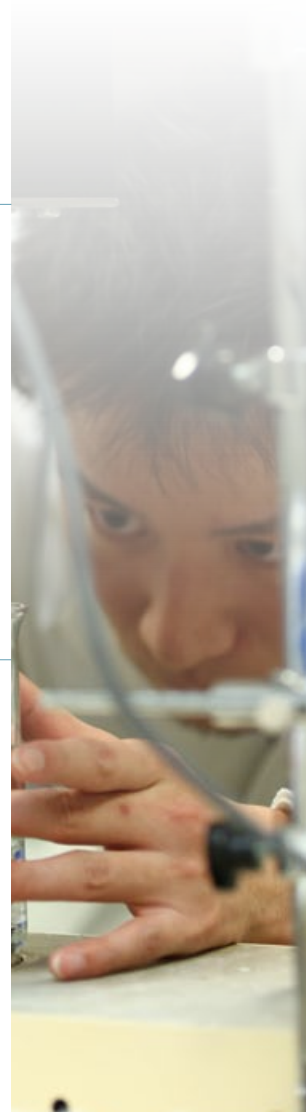
Remarkable results in the Laboratory of Advanced Cosmetic Science at the Graduate School of Pharmaceutical Sciences at Osaka University

In October 2016, Mandom announced that it had discovered human sweat gland stem cells, and then succeeded in the in vitro regeneration of a sweat gland-like structure. Following up on from this result, in May 2017, Mandom announced that it had succeeded in extracting sebaceous glands from human skin tissue (following ethical review) in an observable state. Researchers saw the internal location of sebum in 3D and the state of newly made or suppressed sebum. This was achieved through dyeing following treatment with a test reagent that stimulated or suppressed sebum secretion in the skin's sebaceous gland. The research results revealed the possibility of proposing new ways to improve the amount and quality of sweat, as well as control actual secretions of sebum, rather than the standard symptomatic treatment that "puts a lid on" sweat glands, or deals with sebum that has already been discharged.

Temporary degradation in skin condition different from aging discovered in women around 30

Research into the correlation between the estrus cycle and the skin condition of women around 30 years of age found that the amount of sebum secretion increased when the basal body temperature was high relative to periods of lower body temperature. At the same time, the amount of transepidermal water loss (TWL) was also high. (The skin's barrier function is weaker.)

In addition, it was confirmed that the skin is duller (color is darker with more redness) when body temperature is high and the pores become more pronounced. Mandom perceives this temporary worsening of skin condition as degradation rather than aging over time, and will apply this knowledge to the development of skincare products for women.



Production and Supply

Providing High-Quality, Reasonably Priced Products and Services That Can Be Purchased by General Consumers in Asian Countries and Regions

An Asia-based global production and supply system with three manufacturing locations

Mandom has three manufacturing bases that enable it to effectively supply products throughout Asia and allow for future growth. Our Fukusaki Factory in Japan serves as the Group's "mother" factory, taking the lead as our innovation center with technological and production functions. Our Indonesian factory, which serves as a global production center, has a production structure that allows it to manufacture high-quality, cost-competitive products. The factory primarily supplies ASEAN countries, but its global reach extends to the Middle East and Africa via the United Arab Emirates. Our factory in China supplies products to the country's domestic market and additionally provides production for the Group.



Production volume based on fiscal 2016 performance

1 Fukusaki Factory (Japan)	Site area: 71,058m ²	179 million units
2 Zhongshan Factory (China)	Site area: 27,253m ²	13 million units
3 Factory 1 (Indonesia) (Manufacturing plant)	Site area: 147,936m ²	711 million units
4 Factory 2 (Indonesia) (Factory for molding plastic containers)	Site area: 54,442m ²	



Marketing

Maximizing Engagement between Consumers of Asia's Countries and Regions and Our Products and Services

Established Marketing Division 3 in response to changes in consumer purchasing behavior

In April 2017, Mandom established a third marketing division to take care of not only strategy planning and implementation, but also developing in-house e-commerce (EC) programs. The aim is to expand marketing and create a marketing model based on EC. The third marketing division will provide support and serve as the point of contact for all things related to EC development at Group companies.

Supporting Middle-Aged Men by establishing Middle (316) Day

Mandom proposes "smart aging" (aging with style) for middle-aged men, our target market for Lúcido products. To help promote this concept, we designated March 16 as "Middle (316) Day." An advertisement was placed in newspapers on the Middle (316) Day (March 16) in 2017. Prior to this, we held a focus group for middle-aged men in their 40's and released a report called *The Middle-40's Man White Paper 2017*, a collection of insights into the mindset, changes in awareness, lifestyle and grooming sensibilities of middle-aged men.

*The Middle-40's Man White Paper 2017
<http://www.lucido.jp/special/middlehakusho2017.pdf>
 (Japanese language)

