

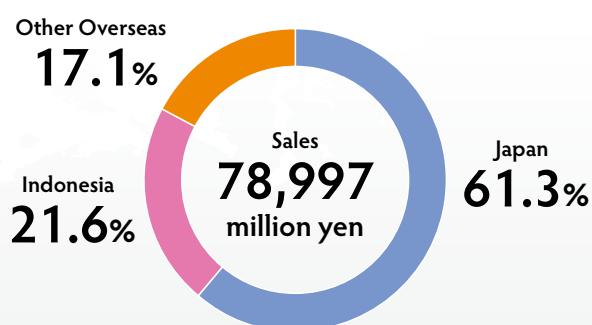
# Business Domains

## Mandom Group Business Areas

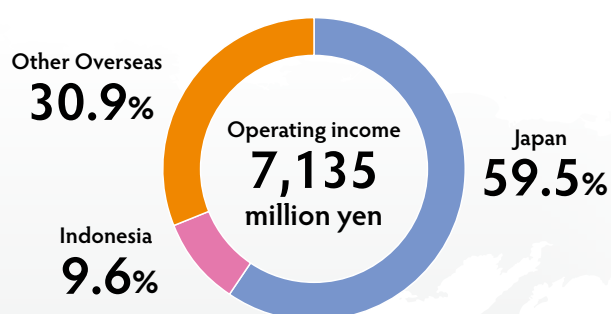
The Mandom Group is developing its global operations, particularly in Asia. The Group segments its operations into three regions: Japan, Indonesia, and Other Overseas.

We create and invigorate markets by responding meticulously to conditions in each area and to such characteristics as consumer preferences, lifestyles and purchasing power.

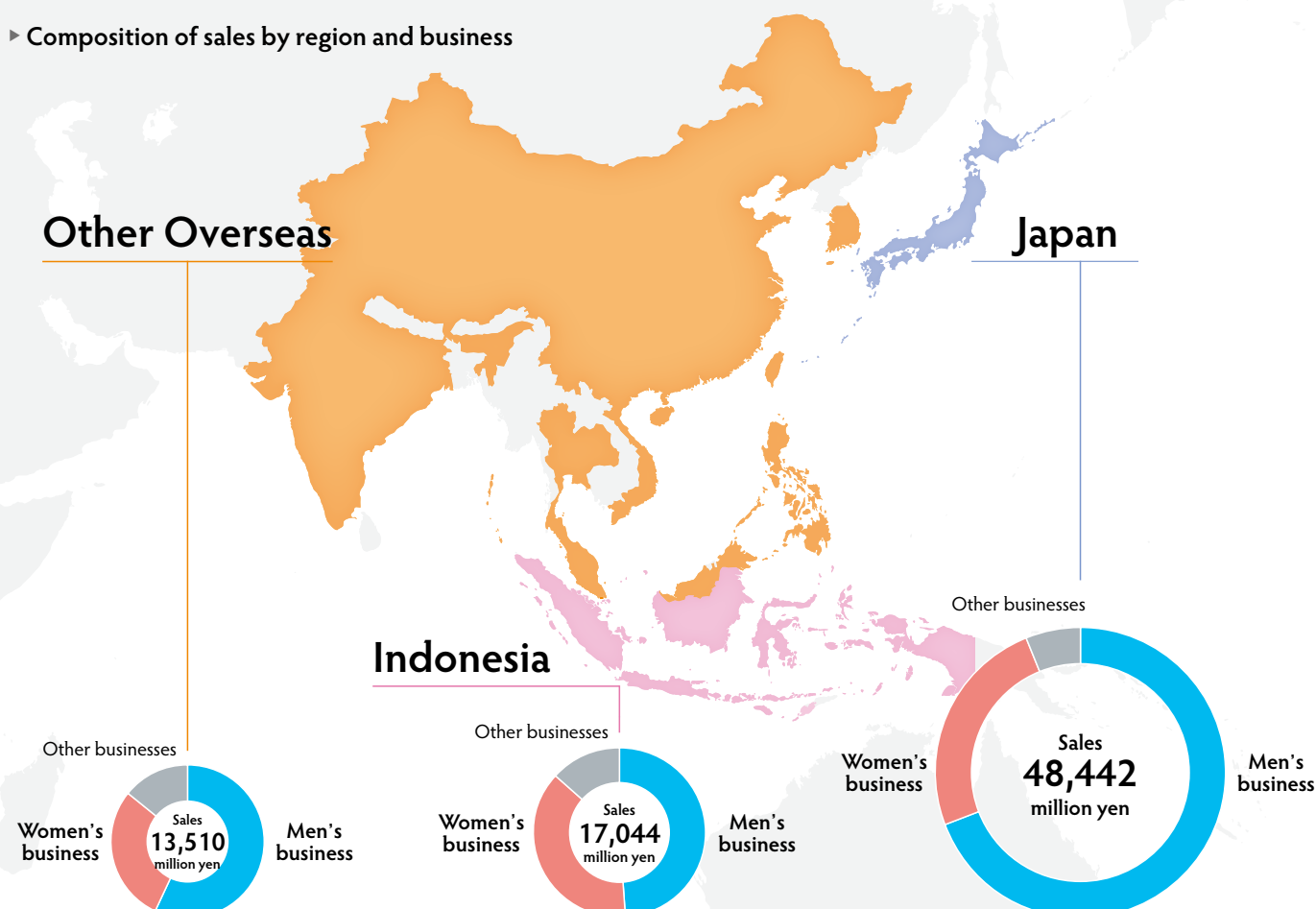
### ► Composition of consolidated sales by region



### ► Composition of consolidated operating income by region



### ► Composition of sales by region and business



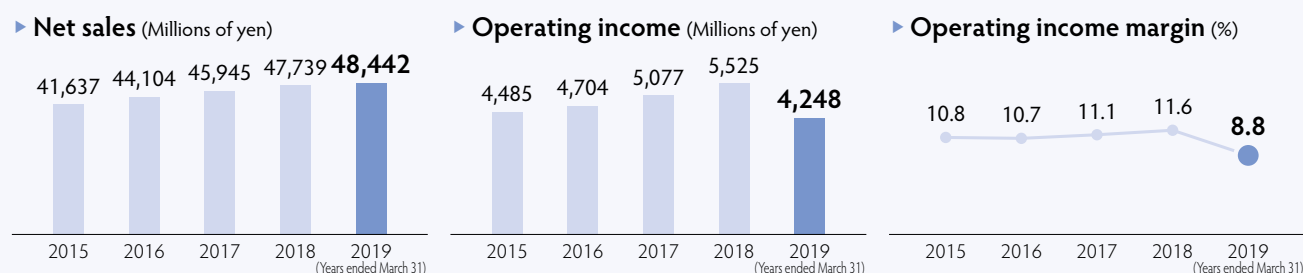
\*All figures from the year ended March 31, 2019

## ► Japan

Our core sales region, constituting approximately 60% of the Mandom Group's net sales



Net sales, year on year **+1.5%** | Average growth, past five years **+3.4%**



### FY2018 (ended March 2019) Performance

Summer products for men and women, particularly Gatsby Body Paper, performed well in FY2018 as a result of record-breaking hot weather. Although Lúcido, Bifesta, and Lúcido-L sales were strong, sales of Barrier Repair Facial Masks, which account for the majority of inbound sales, declined substantially starting in the second half, keeping overall sales growth at 1.5%.

Moreover, FY2018 was a year of preparation to develop the infrastructure for achieving VISION2027. As a result of aggressive investment, including the first M&A since our founding, consolidation of marketing functions in Aoyama, and support for introducing a group-wide accounting system, operating income was down 23.1%.

### Growth Strategy for the Future

Although the Japanese cosmetics market is a mature one, we will work on enhancing our new grooming product proposals, focusing on categories in the men's cosmetics market where there is room to grow, such as body care and facial/skin care.

As for women's cosmetics, the competitive environment is harsh, but the market is about ten times the size of the men's cosmetics market, so by developing in categories in which we can differentiate ourselves, we believe we can expand the business sufficiently. For the time being, we will focus on cleansing and facial washes along with facial/skin care in the aim of expanding our Dedication to Service (Oyakudachi) in terms of both quantity and quality.

In regard to the inbound business, we will leverage our strength of having a sales network in Asia to develop a mechanism by which tourists to Japan can make purchases not only in Japan but in their own countries as well after returning by collaborating with local group companies while also strengthening our efforts in relation to borderless e-commerce.



Gatsby Body Paper



Barrier Repair Facial Masks



Bifesta Cleansing Sheet



Lúcido Aging Care Milk (left)/  
Lúcido Aging Care Body Cream (right)



Gatsby Premium Deodorant Roll-on (left)/  
Gatsby Skin Multi Cream (right)

See the materials from the fiscal 2018 (ended March 2019) financial results briefing for specific efforts:

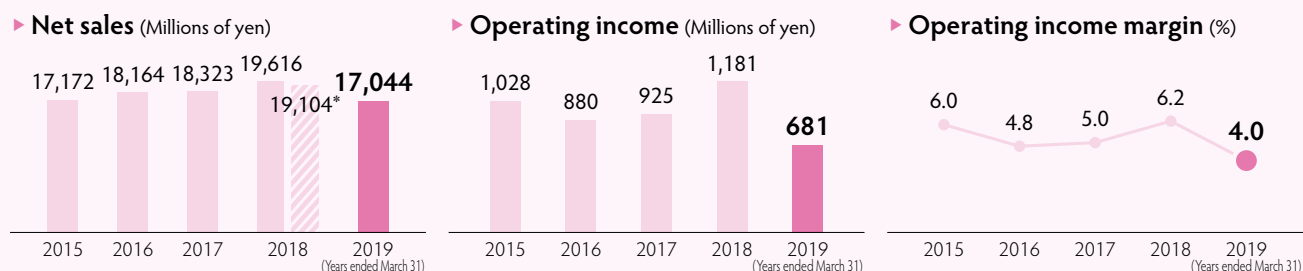
URL: [https://www.mandom.co.jp/en/ir/pdf/presentation\\_201903\\_en.pdf](https://www.mandom.co.jp/en/ir/pdf/presentation_201903_en.pdf)

### ► Indonesia

The largest overseas business area and growth leader for the Mandom Group



Net sales, year on year **-10.8% in real terms**



### FY2018 (ended March 2019) Performance

In fiscal 2018, growth of Gatsby Hair Styling Pomade, which had been driving growth for the past several years, hit a plateau. In addition, waxes, gels, and other styling products struggled due to cannibalization. Meanwhile, Pixy, which had been facing challenges including intensification of the competitive environment and declining brand activity, saw a delay in the release of new products designed for rebranding. As a result of these and other factors, sales declined 2.1% on a local currency basis. On a consolidated basis, the negative impact of the exchange rate made for a more significant decline of 10.8% in real terms. On a consolidated basis, operating income was down 42.3%, primarily as a result of the decrease in sales.

### Growth Strategy for the Future

In Indonesia, the wants, values, and purchasing behavior of the rapidly expanding middle class have changed significantly. This requires a swift and accurate response in terms of not only products but also communication and distribution. Although growth rate of the cosmetics market has dropped from double to single digits, it continues to grow, and we aim to achieve better-than-market growth.

In men's cosmetics, our biggest advantage lies in the hair styling market, which still enjoys a high growth rate. Consumer wants are concentrated on pomade products in the market, and it is transitioning from a market that was monopolized by Mandom to a competitive one. We believe the pomade market will continue to grow for some time, so we will work on expanding sales by continuing to propose new products.

In women's cosmetics, we will continue to update the brand image through rebranding and strengthen the brand activity of Pixy, which has focused primarily on acquiring new users among young people.

See the materials from the fiscal 2018 (ended March 2019) financial results briefing for specific efforts:  
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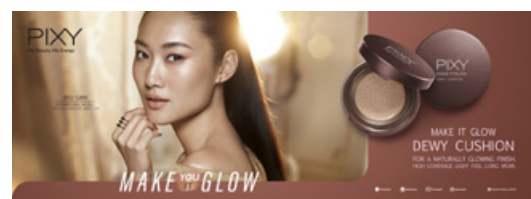
Gatsby Hair Styling Pomade



Gatsby Gel Series (back)/Gatsby Wax Series (front)



Gatsby Regroom Pomade



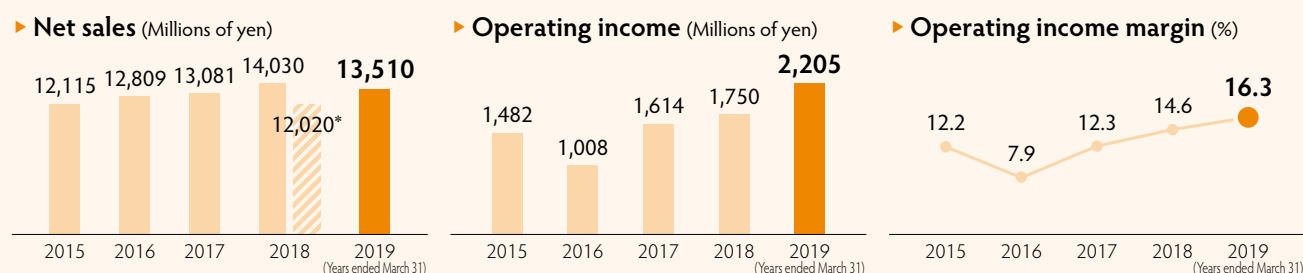
Pixy Make It Glow Dewy Cushion ad

## ► Other Overseas

This area possesses a large potential for future growth and is expected to become the engine of growth in the future.



Net sales, year on year **+12.4% in real terms**



\*Calculated using the same standards as the fiscal year ended March 31, 2019

### FY2018 (ended March 2019) Performance

In fiscal 2018, we had double-digit growth in five countries and territories, including China and Malaysia. Sales were up 12.4% over the previous year in real terms.

What these countries and territories shared in common was that Bifesta women's cosmetics performed well. We steadily acquired new fans by taking advantage of digital marketing using ideas from each country and utilizing sales strategies tied into those marketing campaigns at brick-and-mortar stores.

Additionally, in Taiwan, we have made steady progress on creating and proposing new grooming habits with Gatsby Facial Paper and Body Paper.

Operating income was up 26.0%, primarily as a result of the increased sales.

### Growth Strategy for the Future

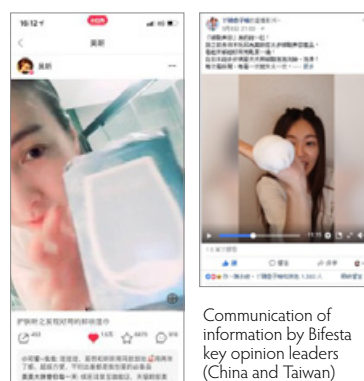
In other cosmetics markets overseas, there is continued maturation in the NIES area of Singapore, Hong Kong, Taiwan, and South Korea, which have relatively high GDPs. However, in the ASEAN area, which is in the demographic dividend phase, and China, which has a huge market with a population of over 1.3 billion, we expect to see significant continued growth thanks to the high consumption potential and increased awareness of cosmetics among consumers associated with rising income. By strengthening our products, communication, and distribution with a focus on men's hair styling, an area in which our strengths can be leveraged, and women's cleansing and facial washes, we will continue to expand our Dedication to Service (Oyakudachi) in terms of both quantity and quality.



Outdoor Gatsby advertisement (Taiwan)



Pop-up Bifesta store (China)



Communication of information by Bifesta key opinion leaders (China and Taiwan)



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