



Business activities

Three Strengths





Marketing Strengths

Only One Marketing through Consumer-led Lifestyle Value Creation

Oyakudachi through the concept of Consumer-led Lifestyle Value Creation

We are constantly interacting with consumers to respond to their latent needs and wants and guide their discoveries and feelings.

As a result, we have proposed new ways of grooming, including hair coloring for men and facial cleansing paper. We have created various markets in this way.

We have spread this concept of creating products through Consumer-led Lifestyle Value Creation outside of Japan into our overseas markets. For example, in Indonesia, we visit consumer homes to check how our products are used in average homes in order to explore the latent needs and wants of consumers. We also engage in proactive conversations with consumers and visit hair salons, which are often the source of style trends.

Even if we have not developed a product category in Japan, we will enter into new areas if there is demand from local consumers. By introducing products into the market, we are expanding our business rooted in the local area.



Facial cleansing paper



Hair coloring for men



Home visit

Mandom taps into completely untapped overseas markets and has claimed the top share in the styling market of many countries

We have entered overseas regions while viewing them as potential markets, not simply production areas for cheap labor.

There are many countries which lack a market for men's hair styling products, a strength for Mandom. As such, the Company has introduced such products into the market through the Gatsby hair styling products to form a market from the very bottom.

We have continued to provide Oyakudachi to consumers of various countries by offering products which capture the needs and wants of local consumers and building a distribution network which makes it easy for middle-class consumers to acquire our goods. As a result, there is a high level of awareness of the Gatsby brand in many countries, and the brand has penetrated the market and become the top brand in the men's hair styling market.

In recent years, Mandom has released the styling product Pomade based on the tastes of each country for men who want to try the "Barber Style (slicked-back style)," which has become a trendy hair style in Asia. This product has received rave reviews.



Pomade products of each country



Making proposals at a store

Increasing interaction with consumers

Mandom pays close attention to the perspective of consumers; we do not refer to locations where one can purchase products as a "sales area," but rather a "shopping area."

In order to create "shopping areas" which make it easy and attractive for consumers to purchase products, our salespeople and field staff regularly visit stores.

Our staff visits **more than 200,000 stores annually** (about 80 stores per person in an average month). Through this, we not only increase interactions with the consumers and stores, but also gain useful information which is fed back into the company and used in business activities.



Research and Development Strengths

“Unique research” and “reliable technology” to respond to consumer wants

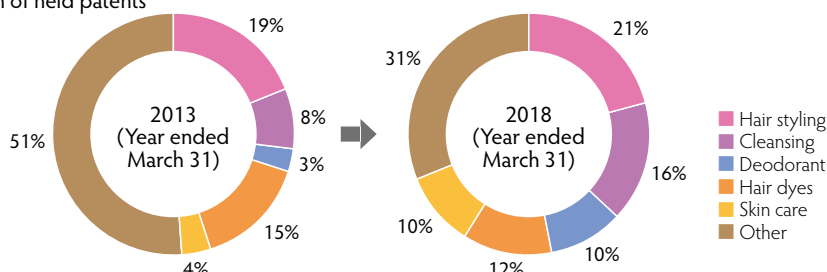
Conducting unique research to respond to diversifying consumer wants

As a manufacturer with strengths in men's cosmetic products for many years, Mandom possesses a large vault of knowledge regarding men's hair and skin and even now is developing new technologies.

We have conducted research that focuses on human senses, such as stimulation due to cold and body odor, as well as how skin makes an impression. Mandom was the first in the industry to discover the triggering mechanism for “middle-aged body odor **” and developed the material “white activated carbon.”

In recent years, the Company has strengthened research for cleansing, face washing, and skin care due to changes in the tastes of young men and improvements in the women's business, resulting in more patents. *Oily smell of sweat from middle-age men

► Breakdown of held patents



Research on body odor

Technology development through Joint Research Program with the Graduate School of Pharmaceutical Sciences at Osaka University

In July 2015, Mandom established the Laboratory of Advanced Cosmetic Science at the Graduate School of Pharmaceutical Sciences at Osaka University in order to conduct joint technology development which used stem cell technology utilized in regenerative medicine for cosmetics research.

In October 2016, the team identified human sweat gland stem cells and succeeded in regenerating sweat glandular-like structures in vitro.

In May 2017, the team successfully observed human sebaceous glands in three dimensions and established a unique means of evaluating sebum secretion.



Received an award at the 30th Annual Meeting of the Japanese Society for Alternatives to Animal Experiments

From fiscal 2007, Mandom has offered International Research Grants on Alternatives to Animal Experiments to serve society and the industry through the promotion of developing methods alternative to animal experiments.

In the past 11 years, we have provided grants to research teams both in and outside Japan for 26 different development projects. We plan to continue this initiative in the future.

In November 2017, the ten year history of these research grants was recognized by the Japanese Society for Alternatives to Animal Experiments as Mandom was given an award at the 30th Annual Meeting.

Strengthening personnel by training overseas staff

There were few staff in Indonesia with knowledge of prescription development. As such, the common trend was to design products based on prescriptions developed in Japan to respond to local consumers wants.

Since fiscal 2012, one or two Indonesian research staff are brought to Japan for training every year.

This initiative allowed local staff to learn knowledge regarding prescription development and translate the local consumer wants into products more speedily.

One recent success of this initiative was that an Indonesian staff member who participated in this training developed the prescription for Gatsby Styling Pomade, which has been a huge hit in Asia overall and Indonesia in particular.



STYLING POMADE SUPREME HOLD



STYLING POMADE PERFECT RISE



STYLING POMADE URBAN DRY



Production and Supply Strengths

Production and supply system which seeks the spread of high-quality and low-cost products

Product supply system which fits various GDP levels and local requirements

As it reinforces the concept of products through Consumer-led Lifestyle Value Creation in each Asian country we operates, Mandom has three manufacturing bases in Japan, Indonesia, and China in order to provide high-quality, reasonably priced products and services which fit the income levels, wants, and changes in tastes and lifestyle of consumers in various countries.

Our Fukusaki Factory in Japan takes 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 many markets. Our factory in China supplies products to the country's domestic market and additional provides production for the Group.

► Manufacturing base and production volume based on fiscal 2017 performance



Fukusaki Factory (Japan)
Site area: 71,058m²
Production volume: 184 million units



Zhongshan Factory (China)
Site area: 27,253m²
Production volume: 17 million units



[Manufacturing plant]
Factory 1 (Indonesia)
Site area: 147,936m²
Production volume: 585 million units



[Factory for molding plastic containers]
Factory 2 (Indonesia)
Site area: 54,442m²



Paper line
(Japan, Fukusaki Factory)



Line for molding plastic containers
(Indonesia, Factory 2)

Securing cost competitiveness by possessing manufacturing facilities unmatched by other companies

Mandom possesses manufacturing facilities with characteristics not seen in other companies as it creates new product categories to respond to the latent needs and wants of consumers. At the Fukusaki factory in Japan, we manufacture **paper-related products** such as facial cleansing paper and facial masks, as well as **aerosol-related products** such as deodorant sprays and hair sprays.

At the Indonesian factory, we possess a factory for molding plastic containers so that it can manufacture containers for cosmetics.

By possessing these manufacturing facilities, we can secure cost competitiveness and provide high-quality, reasonably priced products to consumers in various countries.

Forming a powerful distribution network in Indonesia

Indonesia spans more than 5,000km east to west and is comprised of more than 13,000 islands. After establishing a joint company in 1969, Mandom worked together with local partners to form a distribution network which now extends to 139 sales hubs (as of 2017).

The population composition by area and sales composition for the Company match nearly perfectly, creating an environment in which consumers can purchase Mandom products no matter where in the country there are.



► Comparison of sales by manufacturing center

