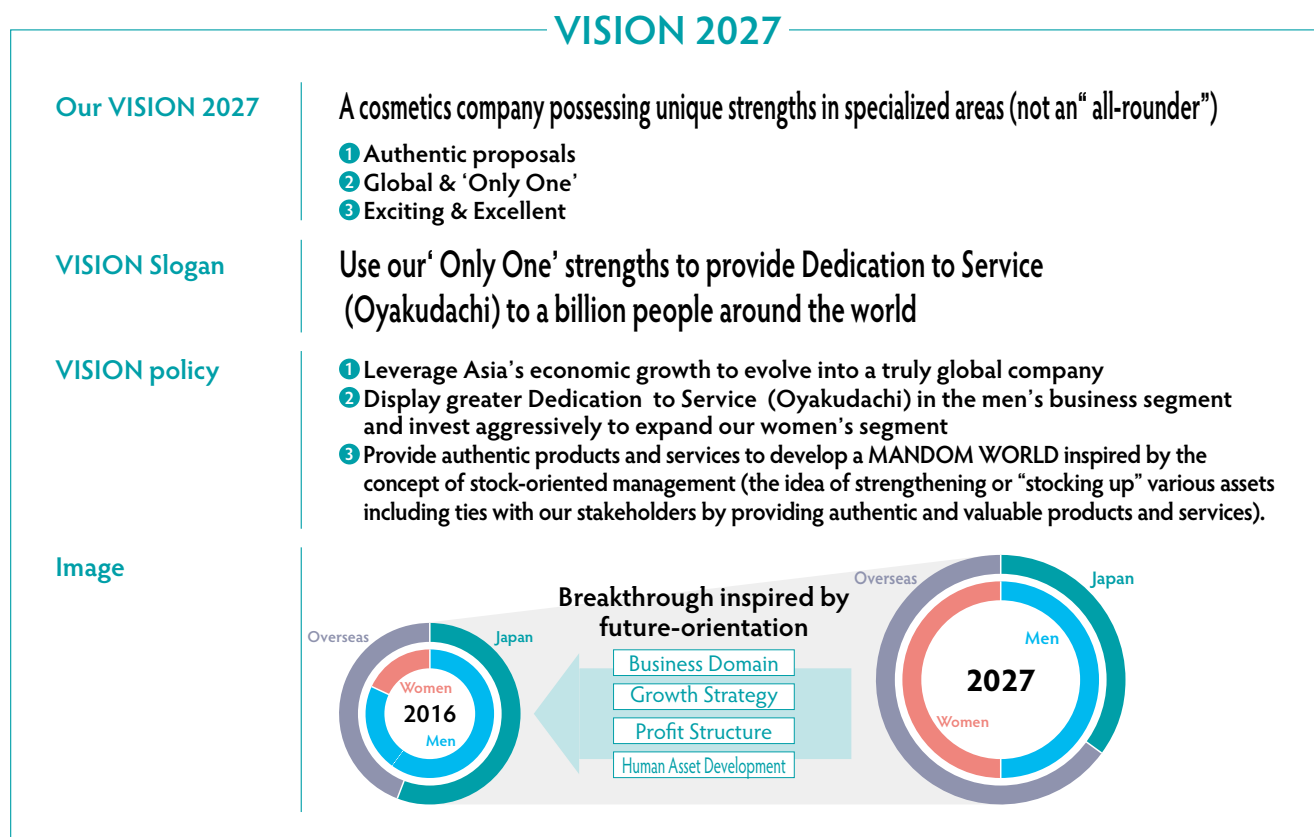


Growth Strategy

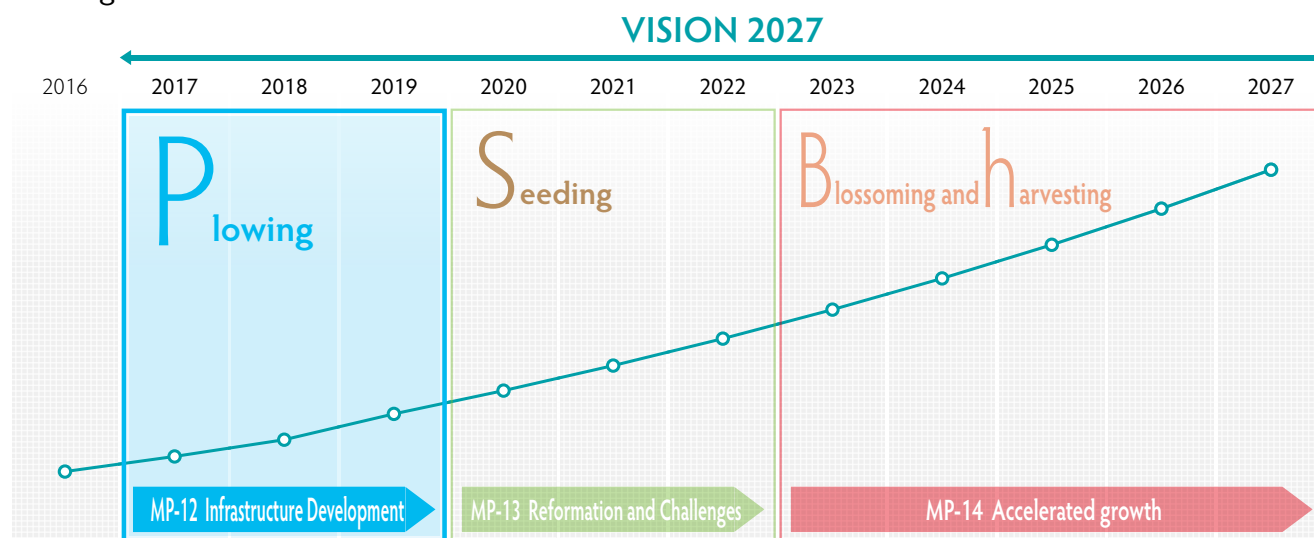
For its 90th anniversary, We have formulated the MISSION with concern for a human-oriented business approach at the core. VISION2027 (embodying our dreams, unrestricted by past experience) was also formulated to express a future-orientated approach.

Mandom is evolving with the aim of realizing VISION 2027 by 2027, the 100th anniversary of the company.



Positioning of 12th Middle-Range Planning (MP-12)

MP-12 (April 2017-March 2020) is designated as the “Infrastructure Development period,” a first step in realizing of VISION 2027.



* Growth image

Management Policy of MP-12

In an unpredictable world, “creating a future” is the surest way of determining what tomorrow will bring.

Our ability to create a future depends on how successful we are in gathering the strengths of the Mandom Group by using “backcasting” (as opposed to “forecasting”) approach.

Mandom has identified its current external environment and issues to form a policy during this infrastructure development period as it aspires to become the company we envision by the milestone year 2027, the centennial of our establishment.

External environment	Threats		Opportunities	
	<ul style="list-style-type: none">•Demographic changes such as declining birthrate and aging population•Diversification of consumer wants and needs•Sudden shifts in consumer purchasing styles (emergence of e-commerce)•Intensification of competition from global companies in Asia and new entrants from other industries		<ul style="list-style-type: none">•Invigoration of senior market•Potential unique niche markets•Innovation through new marketing methods•Invigoration of Asia market	
Issue awareness	Product	Area	Infrastructure development	
	<ul style="list-style-type: none">•Mandom has secured the top share of the men's hair styling market in many countries. However, we have not sufficiently secured market share in other categories•Insufficient products and services to address declining birthrate and aging population•Inability to respond flexibly to diversity of countries of operation•Sales scope of women's cosmetics remains small	<ul style="list-style-type: none">•Indonesia: Company must strengthen ability to respond to sudden market environment changes, such as standard of income increases and changes to distribution•Other overseas: Business scope remains small in each country•There remain areas not fully explored, even within Asia	<ul style="list-style-type: none">•Overseas developments have been executed on a single country basis, preventing Group synergies from forming•Management platform is not integrated across the Group	
Response				
	<ul style="list-style-type: none">•Make additional proposals in men's business area as a core business•Expand women's business area: Expand volume of existing categories, enter new categories•Strengthen response for middle-age and senior customers in Japan as a developed nation facing these issues while meanwhile considering horizontal deployment of dedication to service (Oyakudachi) in Asian nations in the future•Develop global brands•Products responding to diversity of countries of operation•Create a new communications model in order to forge strong bonds with consumers	<ul style="list-style-type: none">•Indonesia: Further strengthen business, including product development and expansion in stores•Other overseas: Set Indochina (five nations with a total population roughly the size of Indonesia and average age lower than that of Indonesia) and China (high potential) as areas of focus•Aim to strengthen a profitability structure by dividing areas among three businesses	<ul style="list-style-type: none">•Shift to a matrix structure with businesses and functions as axes and strengthen function axis to generate Group synergies•Prioritize marketing functions (category-based strategy) and aim to optimize technology and production for a global perspective•Develop business infrastructure (personnel development, accounting system, information systems, etc.) for the Group to support such initiatives	
Policy				
	<ol style="list-style-type: none">1. Promotion of category strategies and thorough implementation of activity① Nurturing of a category that can become a firm mainstay② Increase of brand values	<ol style="list-style-type: none">2. Improvement of growth in overseas operations focusing on Indonesia① Indonesia: Display greater Dedication to Service (Oyakudachi) for middle-income class② Asian countries other than Indonesia: Advance marketing measures unique to each country by understanding consumer wants and achieving profitability	<ol style="list-style-type: none">3. Building a group operation system and improving productivity per unit① Increases in the decision making accuracy and speed by securing a group personnel affair system, accounting system, and information system, and building a structure for increasing productivity per unit② Construction of a structure that allows prompt strategy formulation and implementation at the operating company	

MP-12 (12th Middle-Range Planning)

Theme

Corporate Infrastructure Development for Realizing VISION 2027

Management Basic Policy

1. Promotion of category strategies and thorough implementation of activity

- ① Nurturing of a category that can become a firm mainstay
- ② Increase of brand values

2. Improvement of growth in overseas operations focusing on Indonesia

- ① Indonesia: Display greater Dedication to Service (Oyakudachi) for middle-income class
- ② Asian countries other than Indonesia: Advance marketing measures unique to each country by understanding consumer wants and achieving profitability

3. Building a group operation system and improving productivity per unit

- ① Increases in the decision making accuracy and speed by securing a group personnel affair system, accounting system, and information system, and building a structure for increasing productivity per unit
- ② Construction of a structure that allows prompt strategy formulation and implementation at the operating company

Management Basic Target

Growth Potential

Consolidated Net Sales	Men's business	Women's business	Overseas
Final year of MP-12	Average annual growth rate:	Average annual growth rate:	Average annual growth rate:
¥90,000 million	3% or more	10% or more	10% or more

Profitability

Consolidated Operating Profit Margin
10%

Shareholder Returns

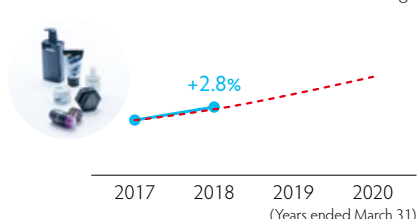
Consolidated Payout Ratio Consolidated basis, excluding extraordinary items
40% or higher

Progress of MP-12 Management Basic Targets

Mandom has set three important growth areas and displayed average annual growth rate targets for each area. In the management plan, we expect a scenario in which the growth rate rises over a cumulative period of two or three years, not at the same annual rate each year.

Men's business

*Growth curve image



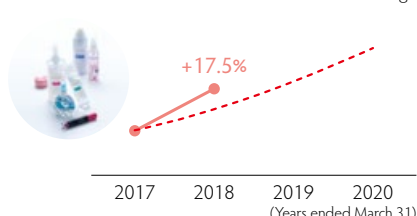
The fiscal 2017 growth rate in the men's business was 2.8%.

From fiscal 2018, the Company acknowledges that the strengthening of the Gatsby brand both in Japan and overseas and the development of new, attractive products which can open up new ways of grooming are important topics.

On the other hand, Lúcido maintains its strong results, we will continue to propose grooming options to middle-aged men that fit their needs.

Women's business

*Growth curve image

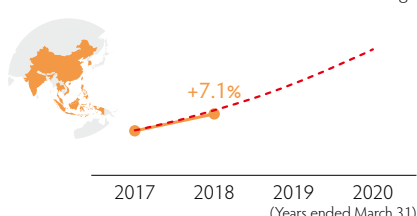


The fiscal 2017 growth rate in the women's business was 17.5%.

We will continue to strengthen its horizontal deployment of Bifesta both in Japan and overseas as its global brand. As Barrier Repair showed strong results in Japan due to inbound demand from overseas tourists, we launched this product in Thailand, Taiwan, Hong Kong, Singapore, and Malaysia. We aim to further promote horizontal deployment and enhance its shopping areas in each overseas market. We also plan to continue to strengthen the brand activity for Pixy through proactive communications initiatives and product proposals which aim to secure new customers.

Overseas

*Growth curve image



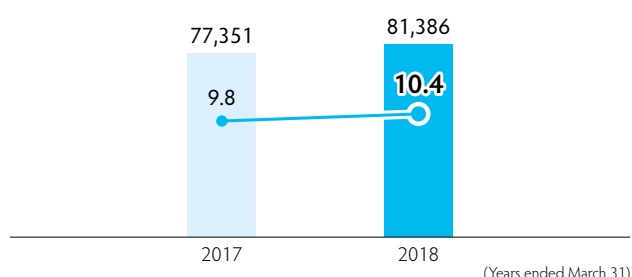
The fiscal 2017 growth rate overseas was 7.1%. However, we view the growth rate as largely on target because the growth rate is rising over the cumulative two, three years of the three year plan.

In Indonesia, we view middle-income class Indonesians are its core targets and aims to promote the expansion of volume of Dedication to Service (Oyakudachi) as its most important topic.

While the results in Asian countries other than Indonesia, some countries have been sluggish, the income and consumption levels in each country are steadily rising. We aim to increase its speed to avoid missing this wave as it strives to accelerate growth.

Profitability

■ Net sales (Millions of yen) ● Operating income margin (%)

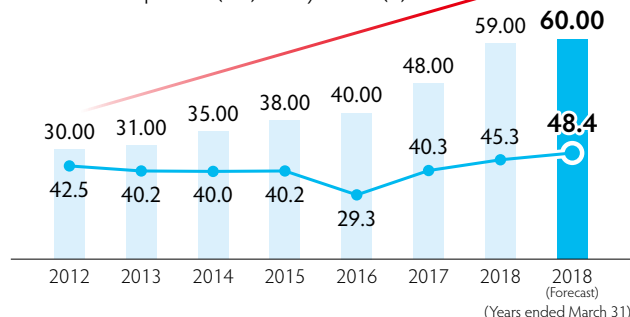


In terms of profitability, operating income margin was 10.4% against a target of 10%.

MP-12 is designated as a period of corporate infrastructure development. We will proactively invest in the development of the Group business infrastructure. However, it still plans to secure an operating income margin over 10% by improving the efficiency of marketing costs.

Shareholder Returns

■ Cash dividends per share (Yen) ● Payout ratio (%)



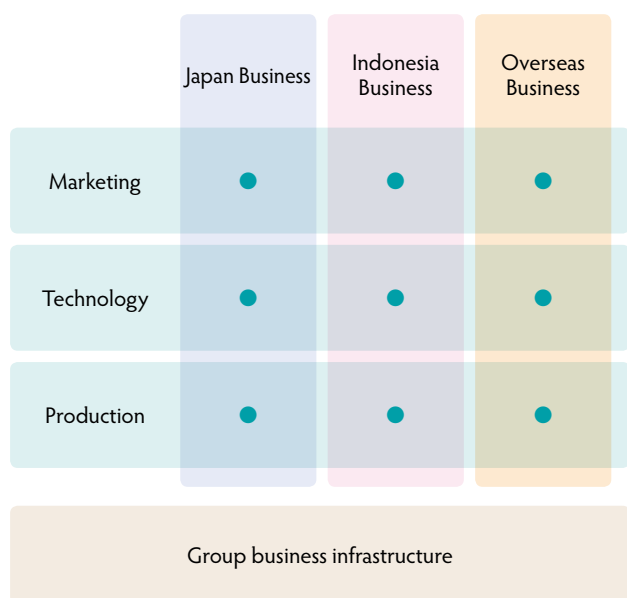
In terms of shareholder returns for the fiscal 2017, payout ratio was 45.3%, including commemorative dividends for the Company's 90th anniversary, reaching the target of 40% or higher (consolidated base excluding extraordinary factors). We also plan to increase dividends in fiscal 2018, which would be the seventh consecutive year of dividend increases. Payout ratio will be 48.4% if results end in line with forecasts. In addition to securing a payout ratio of higher than 40%, we aim to continue to increase dividends.

* We executed a 2-for-1 stock split of common stock on October 1, 2017. The figures in the above graph are figures taking into consideration the impact of stock split.

Measures Taken for MP-12 Basic Management Policies

(1) Create a Group operating structure, the key to the infrastructure development period

We developed a matrix structure as one method to generate Group synergies.



Points

- ① Considering the importance and growth potential of the Indonesian market, we decided to split the overseas business category, which had included all overseas markets, in the "Indonesia business" and "Overseas business," as part of a three business structure along with the "Japan business."
- ② We will strengthen the function axis (horizontal axis) in order to promote Group synergies in the category/brand axis. We aim to create new value through communications and collaboration.
- ③ We will simultaneously develop Group business infrastructure (personnel, finance, systems, governance, etc.) which is crucial to Group management as it aims to form a strong structure.

(2) Strengthen marketing functions

As a part of its marketing strategy promotion that spreads across the Group, we are holding international marketing conferences for its Gatsby and Bifesta brands, which have been designated as global brands. At these meetings, the personnel in charge of marketing the Gatsby and Bifesta brands in the Group companies, including in Japan, gather together to integrate the shared value of these brands and share examples of successful marketing initiatives in each country. We aim to generate organic synergies in each country or region where the Group is operating.

We also concentrated all of the marketing functions which had been spread between the Osaka main offices and Tokyo to Aoyama, Tokyo in order to achieve the goals of becoming a "human-oriented" company which "imaging ways of making people happy (Imagination)" and "creating value that benefits people (Creativity)." We are aiming to further promote the concept of total marketing on a global scale by establishing places to create new value within the Group for the purpose of sharing information of marketing know-how through personnel exchange which crosses borders, such as meetings between personnel in charge of global brands. We aim to utilize its location in the Aoyama/Omotesando area, which is the source of much information about trends, and designate this site as not just a simple "work site," but rather a "place to create something new and interesting." We will create an environment in which ideas can emerge more easily and improve its information gathering and transmission capabilities. We will further strengthen its marketing capabilities, already a strength, and create a hub to contribute to increase corporate value of the Company in the medium to long term as it looks toward the future.



International marketing conference



Aoyama Marketing office

(3) Adding a new factory building at Fukusaki Factory

The Fukusaki Factory is the sole manufacturing base in Japan. This Factory not only produces high-quality products for Japan and some overseas countries, but also serves the roles of supporting personnel development and technological innovation at the Group's manufacturing bases.

In 2017, Mandom launched VISION 2027, which outlines the profile of the company it aspires to be at its 100th anniversary. As such, we decided to renew the Fukusaki Factory into a manufacturing base fit to realize VISION 2027, which can respond to the scale of Dedication to Service (Oyakudachi) expected in 2027. We plan to implement an automatic transport system for raw materials, minimize transport distance, reduce the amount of time required to exchange manufacturing equipment in order to produce multi-product at a small volume high efficiency by utilizing IoT, and use a layout design based on GMP standards to increase production capabilities by 1.6 times the current level.

In addition to pursuing efficiency, we aim to create a "human-oriented" factory where workers are able to execute their tasks lively. We plan to develop a comfortable, safe, and pleasant working environment by enhancing the worker cafeteria and relaxing break rooms, strengthening the safety management



structure, and promoting labor-saving measures and the utilization of robot technology. We aim to not only boost the motivation of its employees, but improve skills and share its values of "manufacturing" in the Group both in Japan and overseas.

We aim to create a "person/environment-friendly factory which can create the future" by adding new value as a cosmetics factory through an initiative to allow visitors to enjoy the manufacturing technology of Mandom while learning. One such measure is the construction of a large presentation room at the entrance in which we can display the charms of this factory to visitors. Construction is to start in February 2019. Operation is expected for November 2020. We plan to invest 11.0 billion yen in this project.

(4) Promoting reforms to workstyles

For "Mandom World Creation & Expansion," we aim to improve

- Productivity per unit
- Individual growth and fulfillment in work
- Creativity

for making both Individuals and the Company Happy*." *Please refer to page 42 for details.

Major successes in initiatives to reform workstyles in 2017

① Reduction of overtime

We made progress in transforming the mindset of each employee as it aims to improve productivity per unit, a goal of the Management Basic Policy. As a result, we cut overtime overall by 13.9% year-over-year. We have continued this initiative into 2018, made progress in transforming the mindset of employees across the company, and aimed for further improvements in productivity.

As a result, we were able to reduce its paper by about eight tons in one year (about 200 m of A4 size paper). In addition to continuing to reduce paper materials, we plan to remove unused storage cabinets and install meeting space in their place.

② Promotion of paperless meetings

From June 2017, we have promoted the concept of paperless meetings. We are promoting the concept of "complete paperlessness" across the company, including officer meetings, in order to resolve issues from the perspectives of "productivity" and "creativity." We also identified documents which could be digitalized or which did not require storage in each department and disposed of such documents together.

③ Securing new knowledge and know-how about workstyles

In order to achieve a flexible workstyle, we experimented with sliding work schedules, flex-time, work from home, and satellite offices. We were able to acquire knowledge and know-how it did not possess previously through these experiments. We plan to fully implement these experiments from 2018 and aim for further improvements in productivity.