

Fiscal Year Ended December 31, 2018

Unicharm Presentation Materials for Investor Meeting

February 14, 2018
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Unicharm Corporation

Projections stated in these materials include those based on the Company's currently obtained assumptions, forecasts and plans regarding the future. Therefore, actual results may differ significantly from projections due to risks and uncertainties associated with market competition, foreign exchange rates, etc.

Financial Performance Summary: Fiscal Year Ended December 31, 2018

◆ Document notations

BC: Baby Care Business

FC: Feminine Care Business

HC: Health Care Business

C&F: Clean & Fresh Business

PC: Pet Care Business

Fiscal Period Year Ended Dec. 31, 2018

Financial Performance Summary



- **Consolidated results (New record high established)**
 - ✓ Sales of 688.3 billion JPY (7.3% increase), core operating profits 95.1 billion JPY (9.5% increase), COPM13.8% (improved 0.3P).
 - ✓ 10th Midterm Group Management Plan (CAGR7%, core operating profits15%, and ROE 15%) progressing favorably
 - ✓ Achieved FY 2018 earnings forecast, sales, core operating profits, and profit attributable to owners of parent achieved.
- **Japan (5.1% sales increase, 2.4% core operating profit decrease)**
 - ✓ HC: New moderate and light products expanded favorable growth. Continued overwhelming No1. position.
 - ✓ BC: In mature market, products developed for baby's growth stages expanded. Cross-border EC has continued positive high growth in spite of adjusted inventories etc.
- **Overseas (8.8% sales increase, 34.2% core operating profit increase)**
 - ✓ Asia: 10.0% sales increase, 37.4% core operating profit increase. COPM 10.8% (improved 2.1P)
 - ✓ Main countries: In China, Indonesia, Thailand, Vietnam and India, realized high growth.
 - ✓ China: Development of FC products in major cities improved favorably, driving China business. For BC, growth of moony brand due to response to demand of made in Japan product. Promotion for pants diapers.
 - ✓ India: Realized continued high growth for sales for both BC and FC. Steady achievement of profitability.
- **Shareholder return (17 consecutive periods of dividend increase, purchase of own shares)**
 - ✓ Purchase of own shares 15.5 billion JPY, 4,570,000 shares acquired
 - ✓ Year-end dividends: As scheduled, 1 yen increase from last FY to 12 yen, yearly dividend 24 yen (4 yen increase).

7.3% sales increase, 9.5% core operating profit increase (both record highs)



Sales and profit both reached earnings forecast

■ Consolidated account highlights

(Millions of yen)

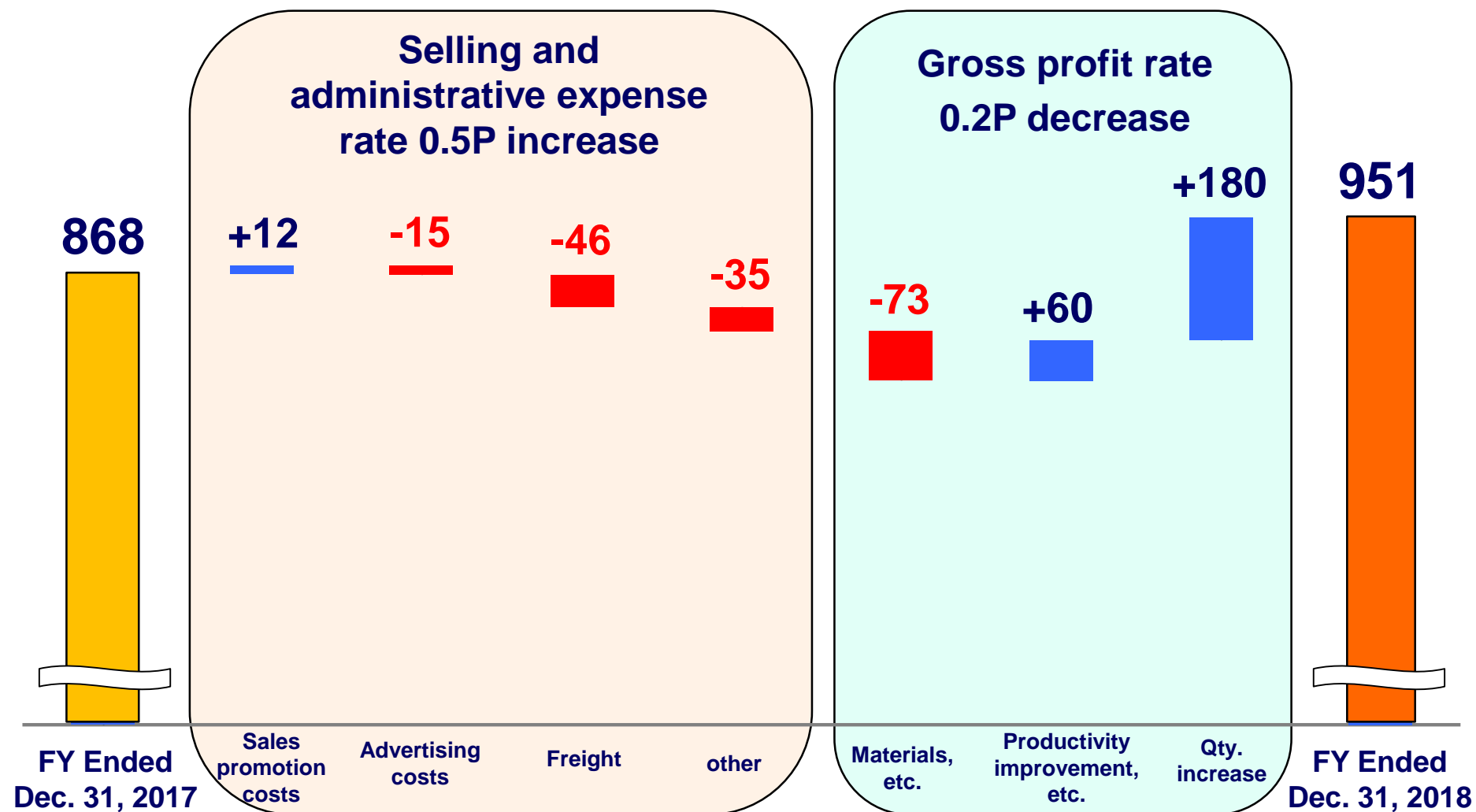
	FY Ended Dec. 31. 2017	FY Ended Dec. 31. 2018	Difference	Difference (%)	(forecast) FY Ened Dec. 31. 2018	Achievement rate
Net sales	641,647	688,290	+46,643	+7.3%	687,000	100.2%
Core operating income (Core operating income margin)	86,838 (13.5%)	95,107 (13.8%)	+8,269	+9.5% (+0.3P)	94,000 (13.7%)	101.2%
Profit before tax (margin)	92,926 (14.5%)	91,561 (13.3%)	-1,365	-1.5% (-1.2P)	93,000 (13.5%)	98.5%
Profit attributable to owners of parent (margin)	52,772 (8.2%)	61,353 (8.9%)	+8,581	+16.3% (+0.7P)	59,000 (8.6%)	104.0%
Basic earnings per share (JPY)	89.85	103.73	+13.88	+15.5%	—	—
USD Rate (JPY)	112.19	110.43	-1.76	-1.6%	110.00	—
CNY Rate (JPY)	16.63	16.72	+0.09	+0.5%	16.80	—

Through quantity sold increasing by effect of aggressive marketing investment, reduction of sales promotion expenses and positive effect of product mix improvement, absorbed the rising of raw material prices. Core operating income margin increased by 8.3 billion JPY



■ Core operating income fluctuation

(100 millions of yen)



In Japan, HC, BC, PC and C&F drive performance
In Asia, India became profitable stable and profitability improved in Indonesia
In Others, Brazil favorably progressed to contribute.



■ Geographical segment information

(Millions of yen)

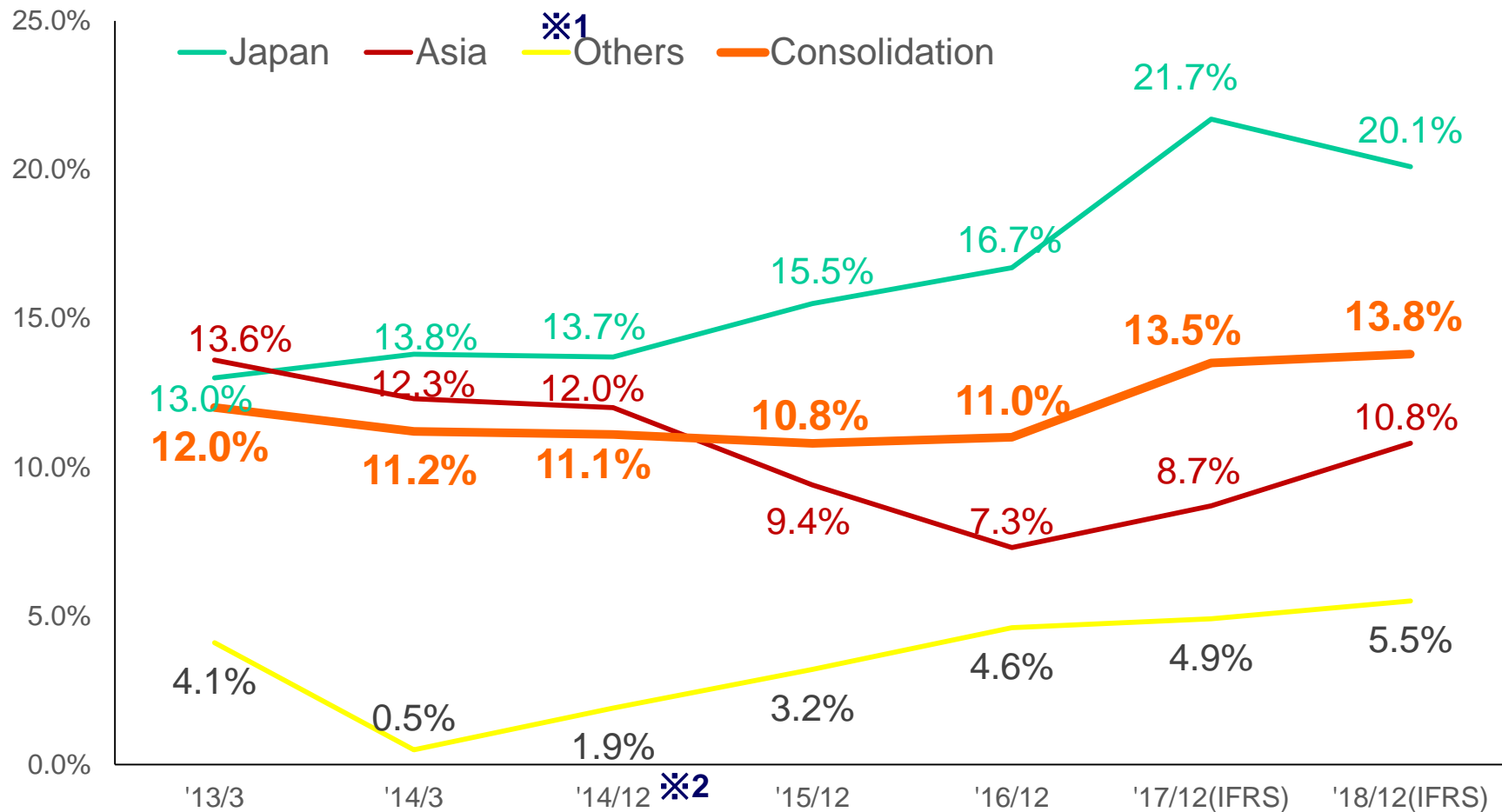
		FY Ended Dec. 31, 2017	FY Ended Dec. 31, 2018	Difference	Difference (%)	(Ref.) Actual difference ^{※1}
Japan	Net sales	266,010	279,589	+13,579	+5.1%	—
	Core operating income	57,718	56,334	-1,384	-2.4%	—
	(margin)	(21.7%)	(20.1%)		(-1.6P)	—
Asia	Net sales	275,311	302,866	+27,555	+10.0%	+11.9%
	Core operating income	23,901	32,835	+8,934	+37.4%	+38.2%
	(margin)	(8.7%)	(10.8%)		(+2.1P)	—
Others ^{※2}	Net sales	100,326	105,835	+5,509	+5.5%	+7.5%
	Core operating income	4,899	5,809	+910	+18.6%	+17.2%
	(margin)	(4.9%)	(5.5%)		(+0.6P)	—
Reconciling items, etc.	Net sales	—	—	—	—	—
	Core operating income	319	130	-189	—	—
	(margin)	—	—		—	—
Consolidated	Net sales	641,647	688,290	+46,643	+7.3%	+8.4%
	Core operating income	86,838	95,107	+8,269	+9.5%	+9.7%
	(margin)	(13.5%)	(13.8%)		(+0.3P)	—

※1: Actual difference rate except exchange effects.

※2: Others: Main regions are U.S.A., Saudi Arabia, Brazil, the Netherlands

In spite of rising raw material prices, in Japan, improved profitability with high value-added products and expanding exports In Asia, improved profitability in main countries

■ Operating profit ratio by location



*1 : Others: Main regions are U.S.A., Saudi Arabia, Brazil, the Netherlands

*2 : Irregular results due to change in settlement period

In Personal Care, China FC, Japan HC, Vietnam, and etc drove profitability
In Pet Care, expanded by Japanese technology in Asia market.



■ Business Segment Information

(Millions of yen)

		FY Ended Dec. 31, 2017	FY Ended Dec. 31, 2018	Difference	Difference (%)
Personal Care	Net sales	555,388	599,290	+43,902	+7.9%
	Core operating income	77,177	84,833	+7,656	+9.9%
	(margin)	(13.9%)	(14.2%)		(+0.3P)
Pet Care	Net sales	79,847	82,073	+2,226	+2.8%
	Core operating income	9,684	10,123	+439	+4.5%
	(margin)	(12.1%)	(12.3%)		(+0.2P)
Others※1	Net sales	6,412	6,927	+515	+8.0%
	Core operating income	-23	151	+174	—
	(margin)	—	(2.2%)		—
Reconciling items, etc.	Net sales	—	—	—	—
	Core operating income	—	—	—	—
	(margin)	—	—	—	—
Consolidated	Net sales	641,647	688,290	+46,643	+7.3%
	Core operating income	86,838	95,107	+8,269	+9.5%
	(margin)	(13.5%)	(13.8%)		(+0.3P)

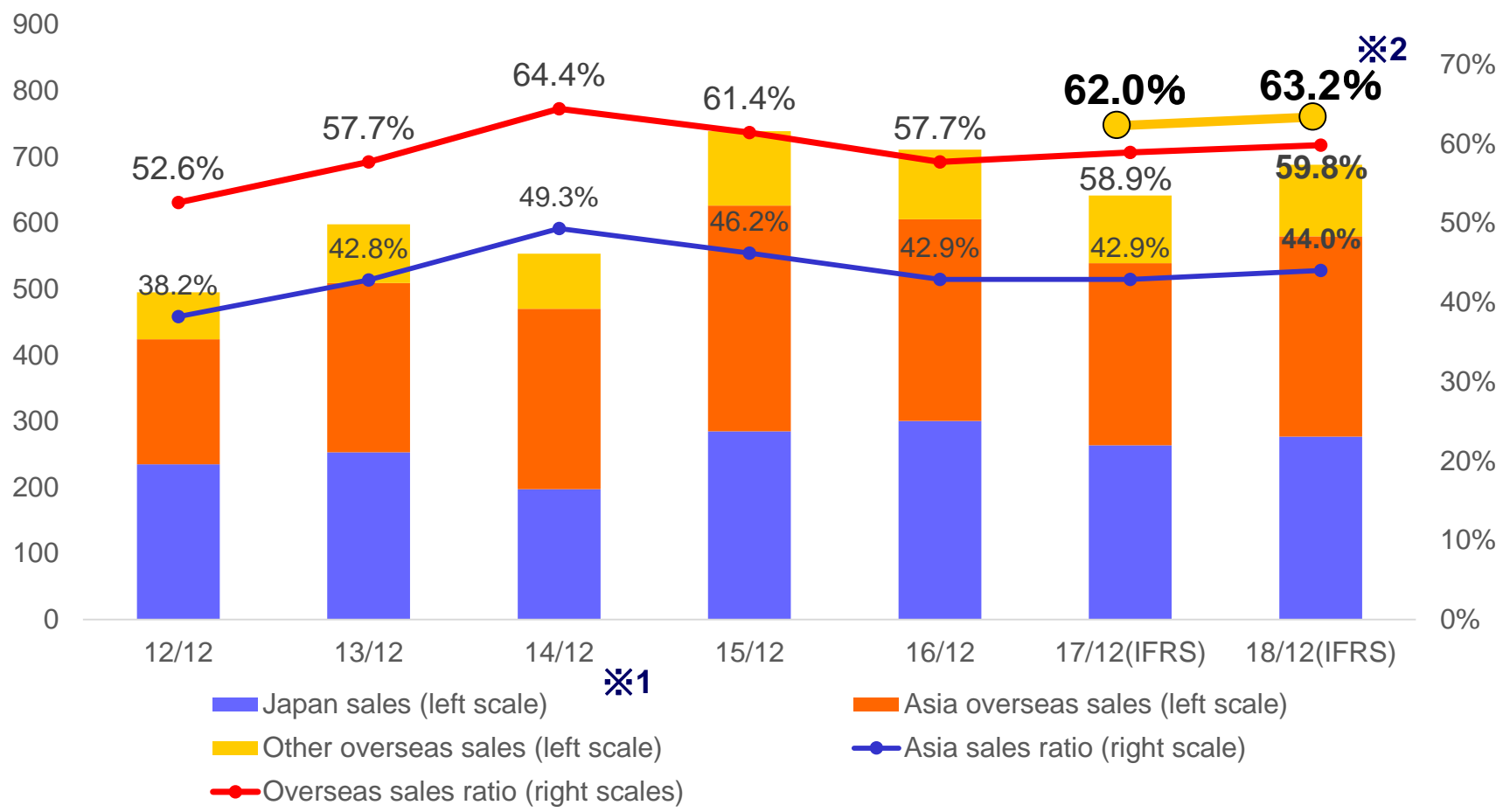
※1: Other products related to industrial materials, etc., child raising video streaming service.

Overseas sales composition ratio 59.8% (60.2% excluding exchange effects)



Domestic / overseas sales trend

(Billions of yen)



※1: Irregular fiscal year due to settle settlement period changes

※2: When exports such as cross-border EC, etc. from Japan is considered overseas sales

Impact of exchange fluctuations
Approx. 73 billion yen decrease in sales
Approx. 1 billion yen decrease in core operating profit



■ Rate fluctuations by currency

Currency	Exchange rate for 2017	Exchange rate for 2018	Rate change
China (CNY)	16.63	16.72	+0.5%
Indonesia (IDR)	0.0084	0.0078	-7.1%
Thailand (THB)	3.31	3.42	+3.3%
Saudi Arabia (SAR)	29.96	29.49	-1.6%
India (INR)	1.74	1.63	-6.3%
Vietnam (VND)	0.0049	0.0048	-2.0%
USA (USD)	112.19	110.43	-1.6%
Taiwan (TWD)	3.69	3.67	-0.5%
Netherlands (EUR)	126.67	130.42	+3.0%
South Korea (KRW)	0.0994	0.1006	+1.2%
Australia (AUD)	86.01	82.60	-4.0%
Malaysia (MYR)	26.11	27.39	+4.9%
Egypt (EGP)	6.29	6.20	-1.4%
Brazil(BRL)	35.15	30.37	-13.6%
Russia (RUB)	1.93	1.77	-8.3%

Summary of Business Plan; Fiscal Year Ending December 31, 2018

FY2019 initiatives to achieve goals of the 10th Midterm management plan (G20) FY2019 plan/ summary of consolidated performance forecast

Consolidated (sales 730 billion JPY + 6.1%, core operating profits 100 billion JPY +5.1%)

- ✓ Excluding financial impact of exchange rate fluctuations, sales growth increased about 9%, core operating profits increased about 7%.
- ✓ Financial impact by raw material price increasing is estimated at annual profit of 6.5 billion JPY decreasing.
- ✓ For sustainable growth in China, aggressively invested 4.0 billion JPY for digitization; establishment of digital innovation center

Japan (5-10% sales increase, profitability decreased)

- ✓ HC: Stable growth planned mainly through continuous new value-added proposals along lifetime value.

Asia (5-10% sales increase, profitability improvement)

- ✓ China FC: Goal is achieving No1. share by enhancing high premium products and distribution.
BC: With on going existing strategy, strengthen local products by catering to local needs. Improvement of profitability with structural reform by legitimate import products.
- ✓ India: Increase area expansion for product infiltration, acquire market share to improve profitability.
- ✓ Asia HC: With continuous high growth and using synergy from addition of DSG, further expand market scale in Southeast Asia.
- ✓ Principal countries sales growth (local currency base)
 - China+1~5%, Indonesia+1~5%, Thailand+5~10%, India+20~25%, Vietnam+5~10%

Shareholder return (total return ratio 50%)

- ✓ Annual dividends per share is expected to increase by 4 yen to 28 yen, dividend payout ratio of about 26%, 18 consecutive periods of increased dividends.
- ✓ Acquisition of own shares are to be carried out flexibly (15 billion JPY acquisition limit 5,000,000 shares)

Record high Forecast for FY2019

Absorbing rising raw material costs and R&D investments etc. for continuous sustainability by increasing profit



■ Consolidated earnings forecast

(Millions of yen)

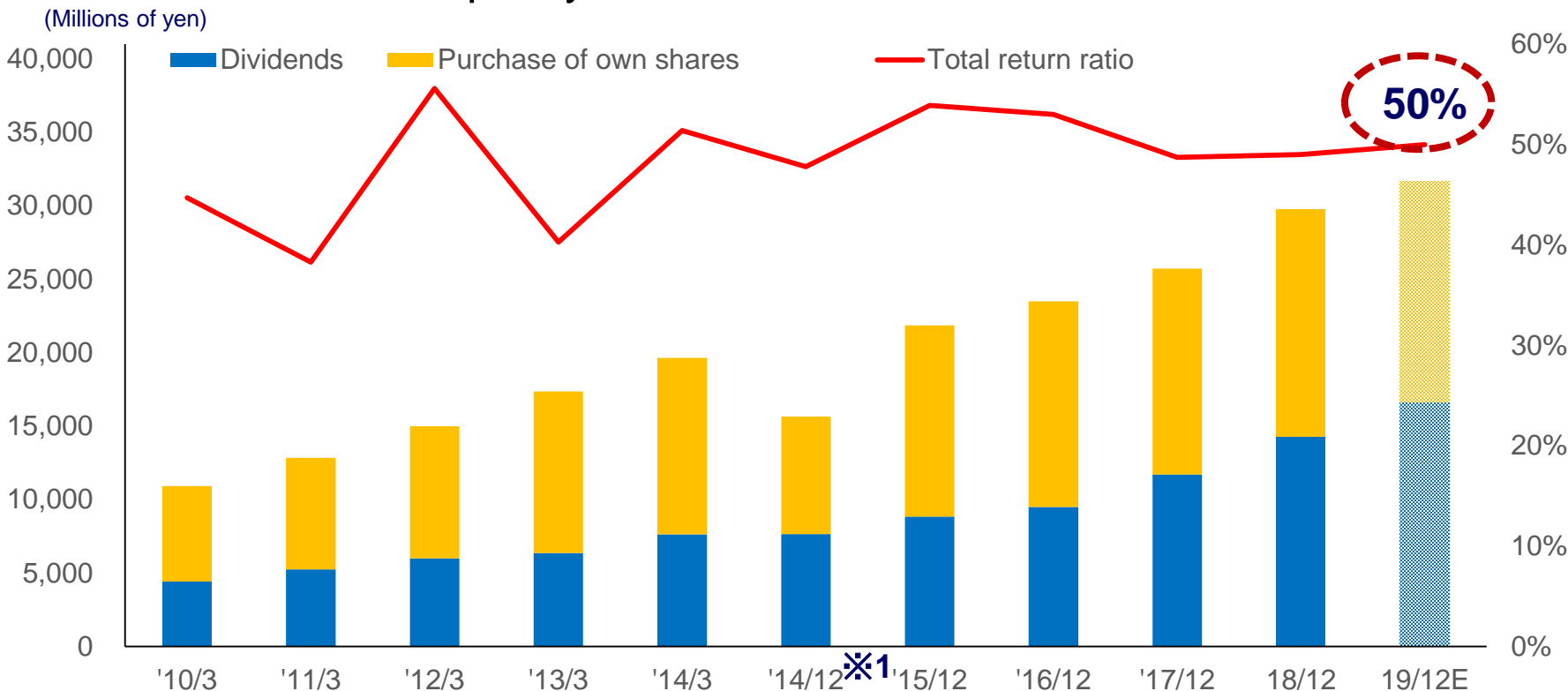
	FY Ended Dec. 31, 2018	FY Ending Dec. 31, 2019	Difference	Difference (%)	(Ref.) ※1 Actual difference
Net sales	688,290	730,000	+41,710	+6.1%	+9.0%
Core operating income (margin)	95,107 (13.8%)	100,000 (13.7%)	+4,893	+5.1% (-0.1P)	+7.0%
Profit before tax (margin)	91,561 (13.3%)	96,500 (13.2%)	+4,939	+5.4% (-0.1P)	—
Profit attributable to owners of parent (margin)	61,353 (8.9%)	63,500 (8.7%)	+2,147	+3.5% (-0.2P)	—
Basic earnings per share (JPY)	103.73	106.42	+2.69	+2.6%	—
USD Rate (JPY)	110.43	109.50	-0.93	-0.8%	—
CNY Rate (JPY)	16.72	15.90	-0.82	-4.9%	—

※1 : Actual difference rate except exchange impacts.

Shareholder Return Policy

Continued dividend increase in FY 2019 and total return ratio of 50% scheduled through the purchase of own shares and dividends linked to business performance

Shareholder return policy



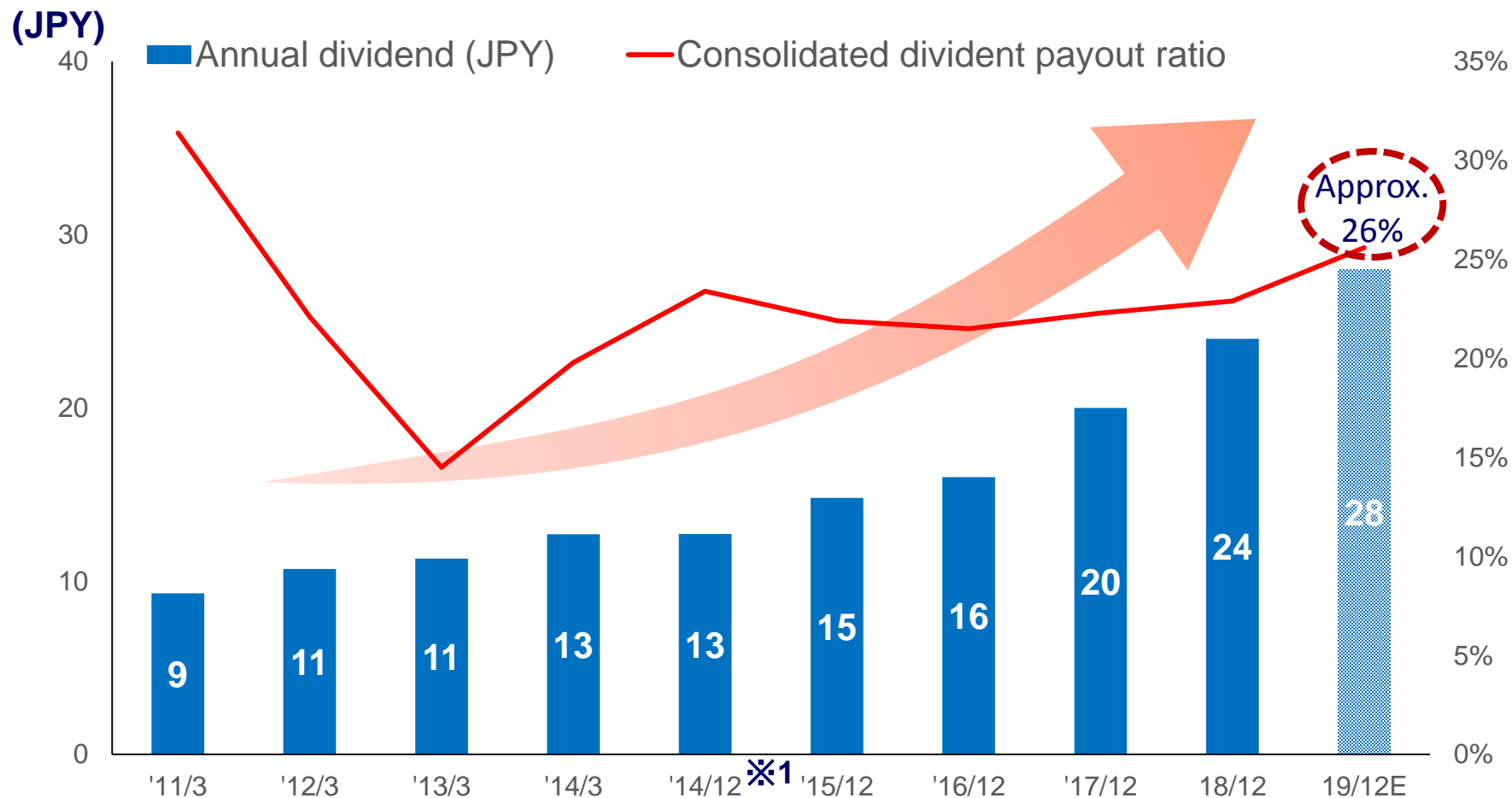
*1: Fiscal year ended Dec. 31, 2014 is an irregular fiscal year lasting nine months.

By prioritizing business investment in order to achieve continuous growth while paying out stable and continuous dividends based on the growth of mid-to-long term earnings, and carrying out the swift purchasing of our own shares if necessary, we plan on a profit return with a goal of **total return ratio of 50%** in addition to shareholder dividends and purchase of own shares.

Steady and continuous dividend payments, on track for 18 consecutive periods of increased dividends

Raise dividend payout ratio by stages

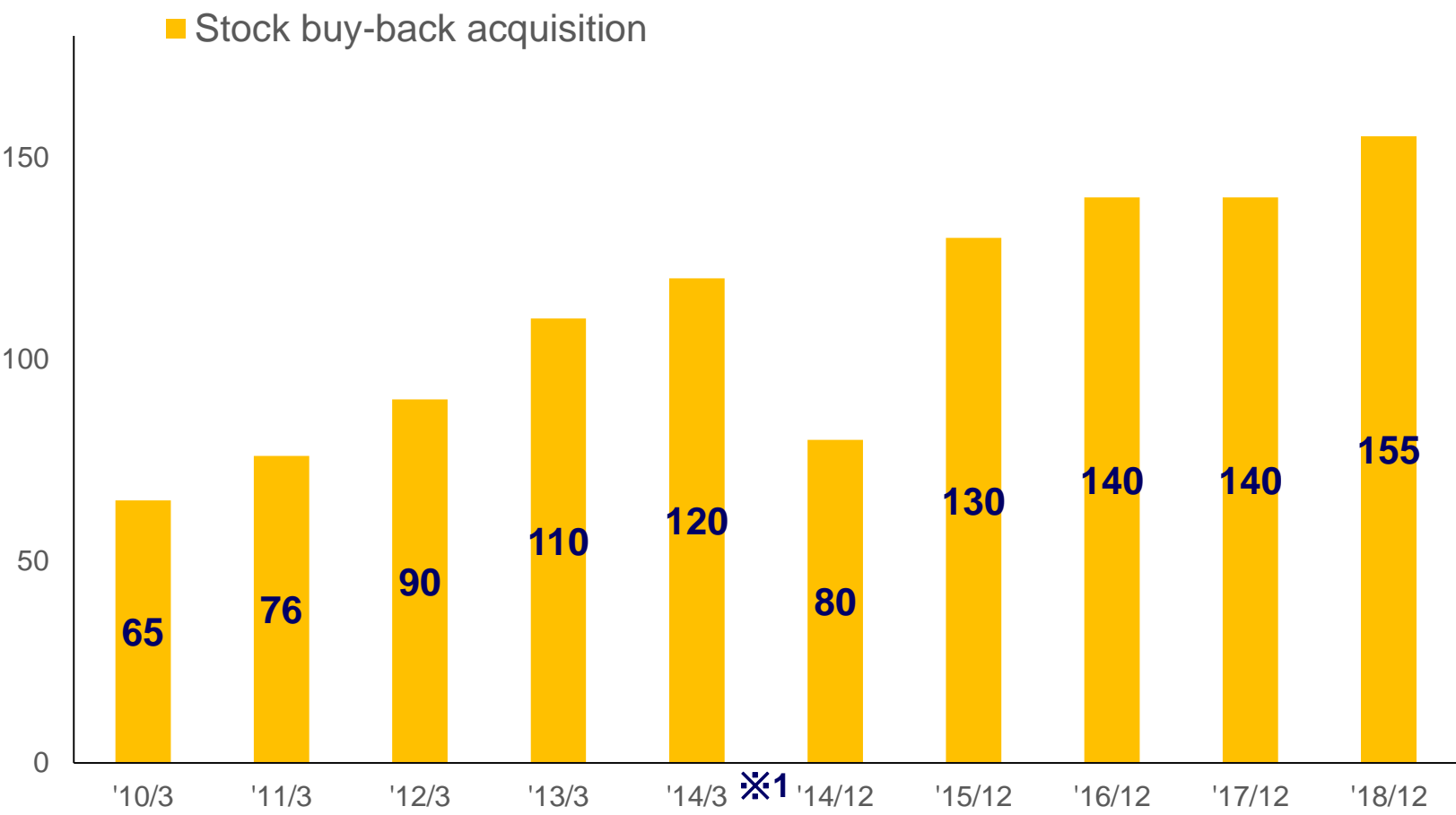
■ Dividends per share



Swiftly acquire stocks through buy-back based on cash conditions



■ Stock buy-back acquisition graph
(100 millions of yen)



*1 : 9-month FY irregular settlement

Improvement of Corporate Value

Through our initiatives to achieve Unicharm's envisioned “Cohesive Society”, resolve important issues and achieve sustainable growth



【Unicharm's Key Challenges】

1. Lengthening Healthy Life Expectancy

2. Supporting Women's Independence and Improving Hygiene in Emerging Countries

3. Contribution to Global Environments

4. Contributing to the Community

5. Strengthen the company's organization and ensure fair business practices



Initiatives to address important issues

E

Reducing environmental impact
Cut waste in manufacturing

S

Co-creation symbiosis with regional society
Supply chain management

G

OODA-Loop・
Management with resonance
Compliance・Quality management

BC

Realizing an ideal child-rearing life that is cheerful and energetic for parents and children

FC

Changing women's “discomfort” during menstruation into “comfort”

HC

Achieving a total of “zero” bedridden elderly

C&F

Creating an environment of comfort for people, things and places

PC

Realizing a healthy and long life for pets

Unicharm's Vision for Society

All people lead independent lives and support each other



Realize a cohesive society

【corporate policy】
NOLA & DOLA

Necessity of Life with Activities & Dreams of Life with Activities

Determine sixth sense by utilizing digital technology, create “gentleness” and contribute to realizing Cohesive Society

NOLA & DOLA

Necessity of Life with Activities & Dreams of Life with Activities

Realizing Cohesive Society

From neutral+ α

NOLA
Free consumers from their
“burdens”

Create “gentleness”

DOLA
Provide products and
service that fulfill consumers’
dreams

Sixth sense
(Feeling·intuition·observation)

Determine the direction for consumers’ dream

Measure the five senses by digital database



Establishment digital innovation center in China for development new customers and realization of creating for customers' value



Find out sixth sense to enhance competitiveness by promoting digital database and transformation of organization under intense environmental changes for continuous growth

Observe people value and purchase action
Creating new customer
and realizing creating customer value



DOLA
Provide products and
service with people for their
dream

(feeling • intuituion • observation)

Enhancement of Digital communication /
Marketing automation
Automation Operation / Processing
digital innovation center in China



Productivity improvement
by dashboard
(marketing • supply chain)

Integration of data platform
Connect DB



Digital transformation activity for supporting consumers' dreams to come true

◆ Establishment cohesive society's institute

■ Discovery real value to obtain bio-information



◆ "Adult diaper Navi" utilizing AI

■ First in Adult disposable diaper industry! Utilizing AI, advises selecting optimal diapers



◆ Pick up the seeds of consumers' worries, provide resolvable information

- Child-rearing Video Media "Babily" in China
- App that supports child's going toilet independently "toilet training with moony"
- First management of menstruation "Easy with Sofy: Mother & Daughter!"



◆ Aiming for smart factory with collaboration of human, knowledge and equipment

- Introduction of advanced AI technology. Automation to strengthen enhancement of safety and productivity, and to decreases burdens. Place importance on being gentle to environment and cohesiveness with local society





Lengthening healthy life expectancy



◆ Supporting healthy life expectancy with “Lifree”

■ Contributing to lengthening healthy life expectancy with Lifree “Social Walking”*

* A neologism formed by combining societal participation and walking, this is a walking program implemented to prevent dementia through interaction and having fun with people, and making it easier for seniors to walk. (Formulated under the super vision of the Tokyo Metropolitan Institute of Gerontology, a local incorporated administrative agency)



■ Reduce worries of urine leakage and promote motivation for going out, providing products that extend healthy life expectancy



◆ Participate in "Pink Ribbon activities" Japan and abroad

■ Communicate the importance of early detection and early detection of breast cancer screening



“Pink Ribbon activities” in United Charm (Taiwan)

◆ Implementation of “Dementia Supporter* Training Course”

■ Learn the importance of promoting social contribution activities for both the prevention and care of dementia, and develop human resources who will contribute to the realization of a “Cohesive Society” (In-house training)

*A person who supports those with dementia and their families with proper knowledge and understanding.



◆ Product development for the realization of a Cohesive Society for pets

■ Make life more comfortable for aging pets who need caregiving and provide happiness until the end of their lives





Supporting women's independence and improving hygiene in emerging countries



◆Efforts to eliminate

“I can't go to school because I am menstruating”

- Expansion of first menstruation educational programs in India, Indonesia, and Myanmar
- Lecture on first menstruation educational programs for developing countries' relevant parties



First menstruation educational programs in India



"School health training" for developing countries relevant parties



Menarche educational material developed for Myanmar

◆Support for low-birth-weight baby

- Activity of “Project for support chiinasa inochi” (tiny life)
- ✓ Support to baby, family and medical organization for low-birth-weight baby (low-birth-weight baby: under 2,500g)



ちいさな いのち応援プロジェクト

NICUの赤ちゃんが健やかに育つ環境づくりをサポートしませんか？



◆Job Support at a Women-Only Factory in Saudi Arabia

- Further expanding the scope of the women-friendly working environment
- ✓ Providing nurseries and rest areas to fulfill children's needs
- ✓ Female employees assigned leadership roles, improving factory operations





Contribution to Environmental and Sustainability Possibilities

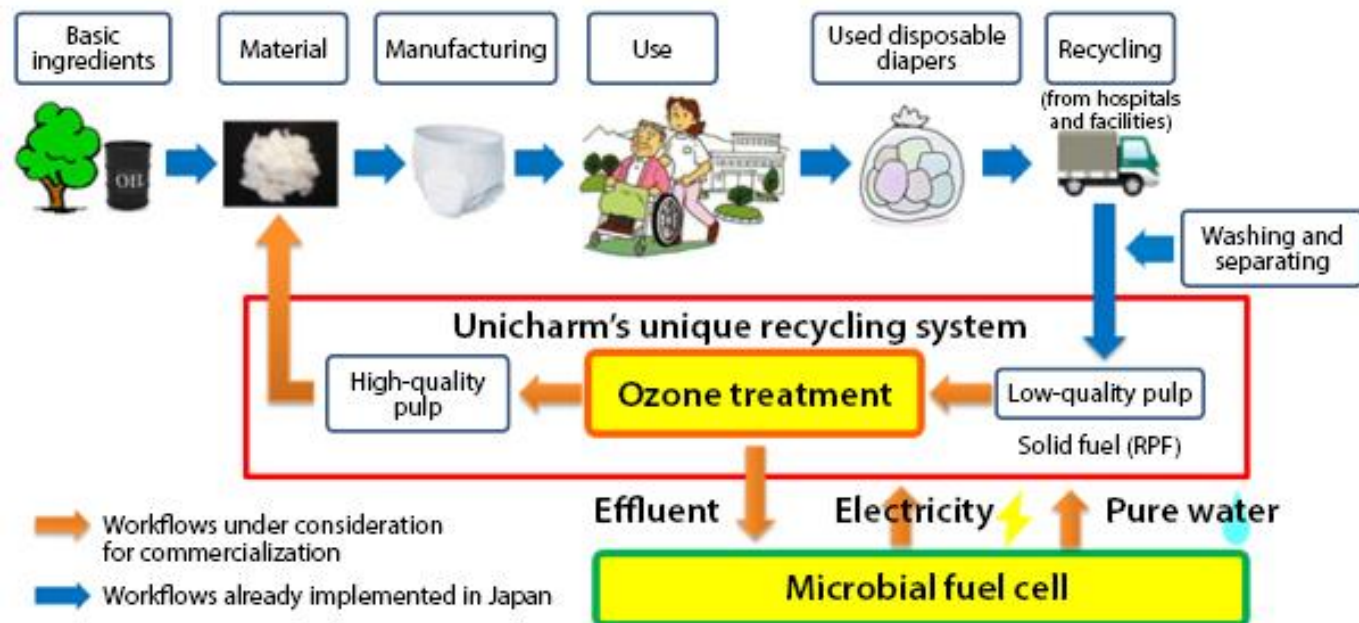


◆Activities towards recycling disposable diapers

■ Unicharm's aimed diaper recycling model

- ✓ We treat low-quality pulp with our unique ozone process after extracting it from used disposable diapers.
- ✓ This has made it possible to break down SAP into water and carbon dioxide by oxidization and recycling it as high-grade pulp that is as sanitary and safe as virgin pulp.
- ✓ Acquire patents related to treatment methods that make allow simultaneous water purification and electricity generation using microbial fuel cells in the process of recycling disposable diapers
- ✓ In year 2020, toward full scale operation at Shibushi, strengthen efforts with Shibushi in 2019

■ Unicharm's recycling-oriented model for disposable diapers



※image of equipment



Contributing to the Community



◆ Contributing to the “Support of Disaster-Affected Areas”

■ Continuing the Matching Fund* which combines Disaster-Affected Area Support and energy-saving initiatives

- ✓ Sales of “Super Coolbiz 2018” 4,014 thousand JPY, Utilize donation to the "Michinoku Mirai Fund" that will fulfill the dream of going to school after the earthquake disaster, and to donate to the affected areas of "Heavy rain of July, 2018"



- Product support to flood victims in India
- Product support to “Heavy rains of July 2018” victims



Donation to flood victims in India

*Created for the “Support of Disaster-Affected Areas”. Original polo shirts, jumpers, and goods are sold to employees. Through this system, we double the money collected and donate it to charity.



◆ Local Revitalization Support

- Comprehensive Partnership Agreement with Kakegawa City, Shizuoka Prefecture in 7 fields such as disaster measures, child-raising support, health promotion, etc.
- “Agreement Regarding Cooperation with Provision of Supplies in the Event of a Disaster” with Fukushima City.
- Partnership agreements with Fukuoka, Kumamoto, Kagawa, etc.
- Continuous support and exchange for Indonesian child care center



Unicharm Indonesia visit to Child care center



Strengthen the Organization and Fair business Practices



◆ From 2016, established Work Style Reforms Office. Promote work style reforms with the themes of productivity improvement and female success

■ For diversity assurance in Board of Directors. To be resolved in 59th annual meeting of stockholders

Position	Selection reason for Director's candidate		Nomination
Audit and Supervisory Committee members	Has a wide range of management experience and considerable insight on marketing from a global perspective, including being an Executive at the head office of a major foreign manufacturer, Procter & Gamble Co., Ltd., and the President of a Japanese corporation of a foreign company. Was appointed as a new Audit Committee Member and External Director to provide our company with appropriate recommendations in terms of management strategy, finance, governance, and marketing as we further develop our global operations. To be assigned as an independent director.		 Hiroko Wada
New		Previous	Nomination
Executive officer, General Manager of Global Pet Care Division, Overseas Marketing Manager and Tokyo BUNSHITSU (MTB) Manager		Global Marketing Head Office, Tokyo BUNSHITSU (MTB), Manager of Pet Care Division	 Hiroe Inaba

Evaluation from and cooperation with external agencies

Initiatives for the Global Environment

■ Science Base Targets



- ✓ Initiatives to require companies to set reduction targets consistent with scientific knowledge to limit global average temperature increases to "Less than 2 degrees"
- ✓ In June 2018, the company was certified as the 17th target setting company in Japan.

■ JCI

(Japan Climate Initiative)



- ✓ Participated by 105 companies and municipalities that are actively tackling climate change with the aim of realizing "Paris Agreement" (As of July 2018)
- ✓ Develop best practices for advanced groups as an initial members

■ FSC

(Forest stewardship council)



The mark of responsible forestry
FSC® N002492

- ✓ System to certify appropriate forest management
- ✓ Prioritized use of pulp that meets the strictest certification standards for forest certification
- ✓ In October 2017, we agreed to the Vancouver Declaration to promote SDG's

■ RSPO



- ✓ An international non-profit organization that promotes environmentally and socially responsible palm oil production
- ✓ Started using certified palm oil (Mass Balance) in 2018 with the aim of procuring responsible palm oil

■ CDP Japan 500



- ✓ Supported CDP's efforts to tackle climate change, and cooperated in a survey of 500 companies that have selected companies based on the FTSE Japan Index.
- ✓ PDCA cycle for climate change functions at a high level and discloses information to stakeholders. In fiscal 2018, we received a B rating.

Promotion of Work-Style Reform

■ White 500



- ✓ System by the Ministry of Economy, Trade and Industry and the Japan Health Council which honors corporations that are practicing excellent health management.
- ✓ Recognized in Feb 2018 as Excellent Health Management Corporation

■ Platinum Kurumin



- ✓ Earned the right to use the Platinum Kurumin logo mark as a company with excellent childhood support practices.

