

## Lion's New Management Vision: "Vision2020"

## Medium-Term Management Plan: "V-1 Plan"

## Corporate Message



**October 28, 2011**  
**Lion Corporation**

Lion will celebrate the 120th anniversary of its founding on October 30, 2011.

To mark this occasion, we have formulated a new management vision and corporate message based on this vision to clarify Lion's objectives over the next decade.

In addition, we will initiate a new medium-term management plan in 2012 that provides specific initiatives for realizing our future vision.

## 120th Anniversary



APPRECIATING YOUR SUPPORT

### Company Motto

**Lion Corporation positions “Fulfilling a Spirit of Love” as fundamental to its management, and thus contributes to the enrichment of the happiness and lives of people.**

### Management Philosophy

1. We bring together the power of our personnel, the power of our technology and the power of our marketing, as we provide superior products that are helpful in the daily lives of people.
2. We respect the “Spirit of Challenge and Creativity” that we have maintained since our founding, as we continue developing our business
3. We deeply appreciate all those who extend their valuable support to us, as we prosper together through sincerity and mutual trust.

Established in 1891, Lion has reached its 120th anniversary thanks to everyone’s support.

Since its foundation, Lion has worked to conduct business with a strong awareness of the importance of contributing to society based on its company motto: “Fulfilling a Sprit of Love.”

We have always firmly believed in playing a useful role in the lives of people worldwide underpinned by the concept of giving a portion of our profits back to society. Accordingly, we have continued to offer new lifestyle value while communicating with people in an innovative manner.

## Key Points of Lion's 120-Year History

1. Operating in **business fields** focusing on basic human needs  
**= Longevity**
2. Maintaining a tradition of valuing the spirit of challenge and creativity, we continue to practice forward-thinking management. Companies are living organisms capable of learning. Lion's corporate culture encourages employees to grow as human beings, and the Company continues to accumulate knowledge. Such efforts lead to continual **innovation**.  
**= Growth**
3. Valuing the concept of **existing and prospering together** with our business partners and society (realize a "plus-sum" society)  
**= Strength**

There are three key points supporting Lion's ongoing growth over the past 120 years:

1. We operate in business fields that focus on basic human needs. In other words, we have concentrated our businesses in areas with stable demand, which allows us to maintain "longevity."
2. Maintaining a tradition of valuing the spirit of challenge and creativity, we continue to pursue innovative management. This enables ongoing "growth."
3. Valuing the concept of existing and prospering together with our business partners and society (realize a "plus-sum" society) is a source of our "strength."

## New Management Vision

# Vision2020

We have formulated “Vision2020” to summarize and pinpoint our future direction and social contributions while reflecting on spirit that sparked our foundation.

## Social Background (Paradigm Changes)

1. Inclination to Health and Comfort
2. Pursuit of Sustainability
3. Transformation from a “Zero-Sum” Society to a “Plus-Sum” Society

Social paradigms (norms and values ) have changed.

### 1. Inclination to Health and Comfort:

In Japan, on the back of an aging population coupled with a declining birthrate, it is believed that people are increasingly shifting their focus from material indicators of prosperity and convenience to mental fulfillment. Also, their views on lifestyles and health are undergoing significant change, with desire shifting from merely treating disease or extending life to securing both physical and mental comfort and fulfillment. To sum up, people seem to be increasing the priority placed on improving the quality of their life.

### 2. Pursuit of Sustainability:

Along with greater focus on “sustainable social development,” it is becoming clear that the role corporations play in realizing a recycling-oriented, low-carbon society in harmony with nature is gaining ever greater significance.

### 3. Transformation from a “Zero-Sum” Society to a “Plus-Sum” Society:

Society is shifting from a “zero-sum” (competition-oriented) structure, where one person’s gain can result only from an equivalent loss on the part of another toward a “plus-sum” structure, where value is created through cooperation and all people are able to achieve growth and thus create a whole that is greater than its parts. To improve their value in such a society, there is a strong need for corporations to help solve social ills and create new value.

## The Ideal Lion Corporation in Fiscal 2020 (Three Defining Characteristics)

1. Be a company that creates value for lifestyle and spiritual fulfillment

2. Be a company that is advanced in the area of environmental responsiveness

3. Be a company that continues to take on challenges, create and learn

**Lion Corporation aims to become a “company that creates value for lifestyle and spiritual fulfillment long into the future by consistently safeguarding health, comfort and the environment for people each and every day.”**

## Three Visions Based on Changing Social Trends

### Corporate Image in 2020

Aiming to be a company that fully understands its customers, we wholeheartedly focus on offering value to enable ongoing fulfillment in people's daily lives.

## Vision2020

### Management Vision:

The Ideal Lion Corporation in Fiscal 2020 (Three Defining Characteristics)

1. Be a company that creates value for lifestyle and spiritual fulfillment

2. Be a company that is advanced in the area of environmental responsiveness

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A company that creates value for lifestyle and spiritual fulfillment long into the future by consistently safeguarding health, comfort and the environment for people each and every day



### Four Strategies: Basic Strategies for the "Vision 2020" Period

**Life Innovation**  
Create value that contributes to people's health, lifestyles and lives

1. Qualitative Growth of Domestic Businesses: Cultivate Leading Brands

2. Quantitative Expansion of Overseas Businesses: Establish Business Leadership in Asia

3. Development of New Business Value: Develop Direct & Service Business Models

4. Enhancement of Organizational Learning Capabilities: Invigorate In-House Organizations and Develop Capable Human Resources

**Green Innovation**  
Create value that contributes to the realization of a sustainable society

Health | Comfort | Environment  
Business Fields

**Three Types of Innovation**  
Innovation That Underpins Strategy Implementation

**Knowledge Innovation**  
Create capable organizations that generate new value

Four strategies will be undertaken to achieve "Vision2020."

1. Qualitative Growth of Domestic Businesses  
We aim to operate high-value-added businesses from a qualitative and economic perspective by developing businesses based on brands popular with customers and distributors.

2. Quantitative Expansion of Overseas Businesses  
We aim to expand global businesses based in Asia, including increasing efforts to penetrate new countries and engage in M&As.

3. Development of New Business Value  
In addition to implementing growth strategies for existing businesses, we will promote the development of new business fields, including One to One and other mail-order businesses.

4. Enhancement of Organizational Learning Capabilities  
We will reform operations and engage in personnel development to help Lion move in a direction that will achieve "Vision2020."

## Vision2020

### Management Vision:

The Ideal Lion Corporation in Fiscal 2020 (Three Defining Characteristics)

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### Four Strategies: Basic Strategies for the "Vision 2020" Period

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#### Three Types of Innovation

Innovation That Underpins Strategy Implementation

Three types of innovation must be implemented in order to achieve the aforementioned four strategies.

#### Life Innovation

Through new discoveries in life science and lifestyle science, we will continue to enlighten people in how to approach different stages of life and achieve comfortable lifestyles, in this way helping them live today to the fullest and arrive at a fulfilling tomorrow.

#### Green Innovation

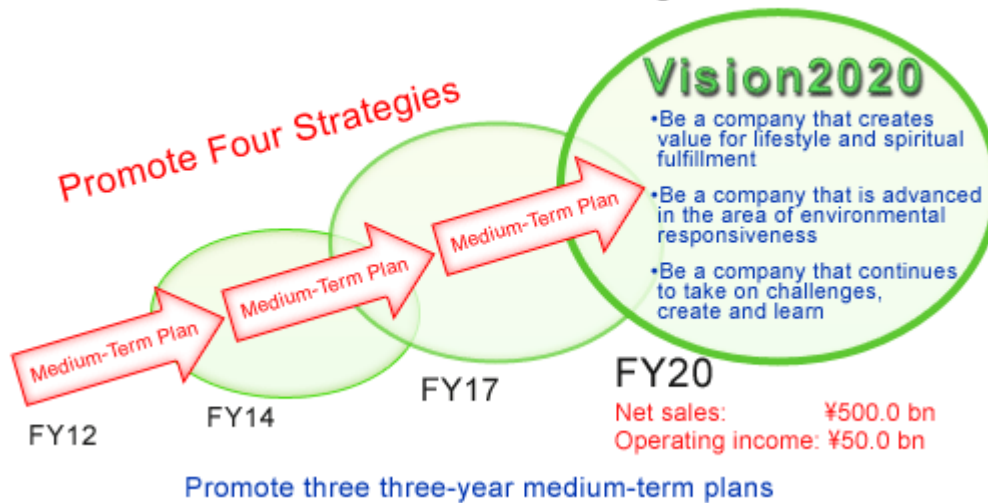
While further strengthening our consideration of environmental issues in our existing operations, we will contribute to the realization of a recycling-oriented, low-carbon society in harmony with nature through new discoveries.

#### Knowledge Innovation

We will develop our business by boldly taking on new challenges and evolving organically.



## "Vision 2020": Time Frame and Numerical Targets



## "Vision 2020": Time Frame and Numerical Targets

Lion expects to implement a trio of successive three-year medium-term management plans as part of the processes to implement the above four strategies.

### Performance targets for fiscal 2020:

- Consolidated net sales of around ¥500 billion
- Consolidated operating income of around ¥50 billion
- Consolidated operating income margin at around 10%

### Business Structure

- Aim to improve the profitability of existing domestic businesses rather than increasing them quantitatively
- Double the current sales ratio accounted for by consolidated net sales overseas
- Cultivate direct mail-order sales and new businesses as future business pillars

**Medium-Term  
Management Plan**  
**V-1 Plan**  
**(Vision2020 Part 1)**  
**2012-2014**

Lion will implement a medium-term management plan in 2012 in order to promote “Vision2020”

Explanation of the “V-1 Plan” (Vision2020 Part 1):

Theme of the “V-1 Plan”

“Launching initiatives aimed at achieving the management vision”

While specifically promoting the above four strategies, we aim to secure a financial platform that enables ongoing business operations.

## Basic Strategies under the "V-1 Plan"

### 1. Qualitative Growth of Domestic Businesses

- ① **Develop mainstay brands to secure higher market positions in principal business fields**
- ② **Foster high-value-added product categories and improve efficiency to bolster our earnings base**
- ③ **Strengthen R&D and production technologies while stepping up consumer research**

The following is an explanation of the basic strategies of the "V-1 Plan," which are in line with the four strategies of "Vision2020"

### 1. Qualitative Growth of Domestic Businesses

- (1) Thoroughly develop mainstay brands in principal business fields with the aim of steadily increasing Lion's business presence in these fields
- (2) Promote the fostering of high-value-added product categories and the efficient use of marketing costs to improve business profitability and generate investment.
- (3) Strengthen R&D/production technologies and consumer research, from which value-added businesses are created, while accumulating related knowledge

\*As part of these efforts and as a 120th-anniversary business initiative, we are promoting phase two construction for an R&D center that is scheduled to be completed in 2013. Phase one construction was undertaken in 2009.

## 2. Qualitative Expansion of Overseas Business



- (1) Enhance position in the laundry detergent and oral care markets through active product releases
- (2) Augment and maintain production and supply systems to prepare for increased demand
- (3) Accelerate the aggressive business penetration of new countries

## 2. Qualitative Expansion of Overseas Business

- (1) Bolster development and technological support as well as product planning systems while aggressively expanding product releases
- (2) Promote production capacity augmentation plans to expand businesses

\*Lion is currently implementing production augmentation plans related to oral care products in Thailand and China and the laundry detergent products in Malaysia. This augmentation will double or triple current production.

- (3) Accelerate aggressive business penetration of new countries

\*As the first initiative of this strategy, Lion announced today that it will establish a joint venture in the Philippines in 2012 to promote businesses primarily in the oral care market.

## 3. Development of New Business Value

(1) Expand direct marketing, cultivate functional food products and develop new business fields



(2) Expand service businesses by utilizing management resources



(3) Seek new business fields, including the acquisition of external resources

## 3. Development of New Business Value

(1) Expand functional food product-centered mail-order businesses to the ¥10 billion level by fiscal 2014 while bolstering the development of other new business fields

(2) Promote the development of service businesses utilizing Lion's knowledge and expertise

(3) Strengthen efforts to seek new business fields, including external partnerships and M&As

## 4. Enhancement of Organizational Learning Capabilities



- (1) **Invigorate internal and external communication in line with the new corporate message**
- (2) **Develop a corporate culture that boldly takes on new challenges and engage in thorough personnel training**
- (3) **Increase the quality of corporate activities and strengthen risk response through the multifaceted reform of business processes**

## 4. Enhancement of Organizational Learning Capabilities

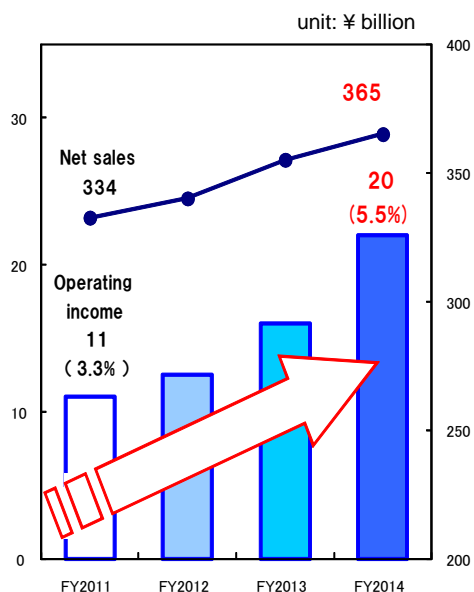
- (1) Invigorate internal and external communications in line with the new corporate message

\* As part of our communication-related initiatives, the Comfortable Lifestyle Laboratories and Meisters have already begun undertaking consumer research and conveying lifestyle information.

As part of these initiatives, we are preparing to produce lifestyle-related TV shorts and release a booklet entitled, *Lion Comfortable Lifestyle Book*

- (2) Strive to create a corporate culture in which diverse personnel can utilize their full capacity while reforming various systems and reinforcing human resource development
- (3) Learning from the lessons of the recent disaster, we will promote the fundamental restructuring of various business processes and system infrastructure with the aim of becoming an organization that effectively and efficiently deals with risk.

## “V-1 Plan” Performance Targets



### Consolidated Targets for Fiscal 2014

**Net sales: ¥365 billion**

(average annual growth of 3%)

**Operating income: ¥20 billion**

(up ¥9 billion from fiscal 2011)

**Operating income margin: 5.5%**

(up 2.2 points from fiscal 2011)

\*Based on fiscal 2011 performance forecasts

In conclusion, the following is an explanation of the performance targets of the “V-1 Plan.”

Targets for fiscal 2014 are consolidated net sales of ¥365 billion, operating income of ¥20 billion and operating income margin of 5.5%.

The annual net sales growth ratio of 3% is being driven primarily by overseas businesses and mail-order sales.

Although current operating conditions are severe, we will accelerate strategic initiatives to achieve “Vision2020” and focus management efforts on realizing these targets.

\*“V-1 Plan” business strategies and other performance targets will be explained during the fiscal 2011 accounts settlement period in February 2012 along with an explanation of fiscal 2012 performance forecasts.

## New Corporate Message

In tandem with the formulation of our new management vision, we are introducing a new corporate message that is symbolic of our efforts to articulate Lion's identity (its corporate vision and commitment to customers).

\*The corporate message consists of a corporate statement that outlines Lion's corporate vision and commitment to customers as well as slogan that expresses this in a single phrase.



Every day is full of wonderful moments.  
Birds singing outside your window.  
The clean feel of a freshly washed shirt.  
A blue sky without a cloud in sight.  
The smiling faces of children at play.  
A tasty meal after a hard day's work.  
Some days are special –  
weddings, birthdays, holidays ...  
But even the ordinary days are precious.  
At Lion our business revolves around ordinary days.  
Providing the products people need  
to maintain good lifestyle habits.  
Supporting cleanliness, health and comfort,  
while protecting our global environment.  
This is our mission, one in which we take pride.  
Ever since our founding 120 years ago.  
Inspired by the wonder of everyday life.  
Dedicated to creating a future full of health, hope and happiness.  
For people everywhere around the world.

## Corporate Statement

Our firm belief is that the secret to happiness is to live fulfilling everyday lives and to cultivate a positive attitude. In other words, valuing “today” allows everyone to fully appreciate every moment of their lives.

Lion continues to value this idea based on its 120 years of experience as observers of consumer lifestyles. Consequently, we are committed to helping to make “today” the first step towards a valuable future for everyone.

(English Version)

***life.love.***  
**LION**

## Corporate Slogan

This concept is expressed in the slogan: “life.love. LION”

“life.love. LION” means to appreciate every day while valuing every moment of your entire life. This idea forms the basis for encouraging people to live for a better tomorrow. Accordingly, this slogan focuses not only on “each and everyday” but the future as well.

“life.love. LION” also expresses our values while conveying our desire for consumers to adopt these values.

We will do our utmost take on various challenges and create products to offer new value to customers and society. Specifically, this message connects directly to our company motto and core concept: “Fulfilling a Spirit of Love”

幸せは、名もない一日につまっています。  
どんなよろげない一日にも、心と澄ませば  
感じる幸せが、いっぱいつまっています。  
小鳥の声でめぐる幸せ。洗いたてのシャツに  
腕を通す幸せ。炊きたてのご飯を  
噛みしめる幸せ。雲ひとつない青空を  
仰ぎ見る幸せ。「行ってらっしゃい」と  
家族に送り出される幸せ。誕生日や、  
結婚記念日や、クリスマスも大切だけれど、  
人生の大半を占める、そんなムツラの  
一日一日がどれほど大切か。ライオンは、  
そのことを誰よりも知っています。  
なぜなら、そこにライオンがいるからです。  
そこに、ライオンの仕事のあるからです。  
いつも人のそばにいて、めぐり来る  
すべての一日の、人の清潔、人の快適、  
人の健康を守りつづけること。それこそが、  
私たちライオンの変わることのない使命であり、  
誇りでもある。そう考えています。  
さもなく、創業120年。  
人のからだや、暮らしが求める新しい未来を、  
日本ばかりでなく、広く世界にも届けられることを  
大きなよろこびとしたい。私たちライオンです。

今日を愛する。

# LION

Lion will begin communicating its new corporate message in January 2012. To this end, we will aggressively undertake advertising that includes TV commercials, newspaper advertisements and the website. In addition, the ending of all Lion product commercials will feature its new corporate slogan.

Rather than simply being an image-related strategy, the goal of all of Lion's corporate activities is to achieve the new management vision introduced earlier.

Possessing a strong sense of conviction and commitment, all Lion executives and employees are moving forward to achieve this goal.

*life.love.*  
**LION**