

May 8, 2018

Summary of Financial Results for the First Quarter Ended March 31, 2018 (Consolidated)

Lion Corporation

1. Financial Results for the First Quarter Ended March 31, 2018

(Billions of yen)	Jan.–Mar. 2018	Jan.– Mar. 2017	Y-o-Y change	
			Amount	%
Net sales	79.3	78.0	1.3	1.7
Core operating income	5.9	6.4	(0.4)	(7.7)
Operating profit (% of net sales)	11.2 (14.1)	6.6 (8.5)	4.5	69.5
Profit for the period attributable to owners of parent	9.2	4.5	4.7	104.2
EPS (Yen)	31.84	15.59	16.25	104.2

* Lion has adopted IFRS from fiscal 2018. The above fiscal 2017 first quarter results are calculated according to IFRS.

* Core operating income is an earnings indicator the Company uses to measure regular business performance by subtracting selling, general and administrative expenses from gross profit.

2. Consolidated Financial Highlights



Net sales up 1.7% YoY

(up 0.5% excluding the impact of exchange rate conversions)

- Domestically, sales of high-value-added products grew, due in part to the launch of new Living Care products that facilitate new ways of living.
- Overseas, sales growth slowed due to business structure reform in China, but sales in Thailand and Malaysia were firm.



Operating profit up 69.5% YoY

- The cost of sales ratio worsened, due to rising material costs. Core operating income decreased year on year.
- Nevertheless, a gain on sales of non-current assets helped boost operating profit.

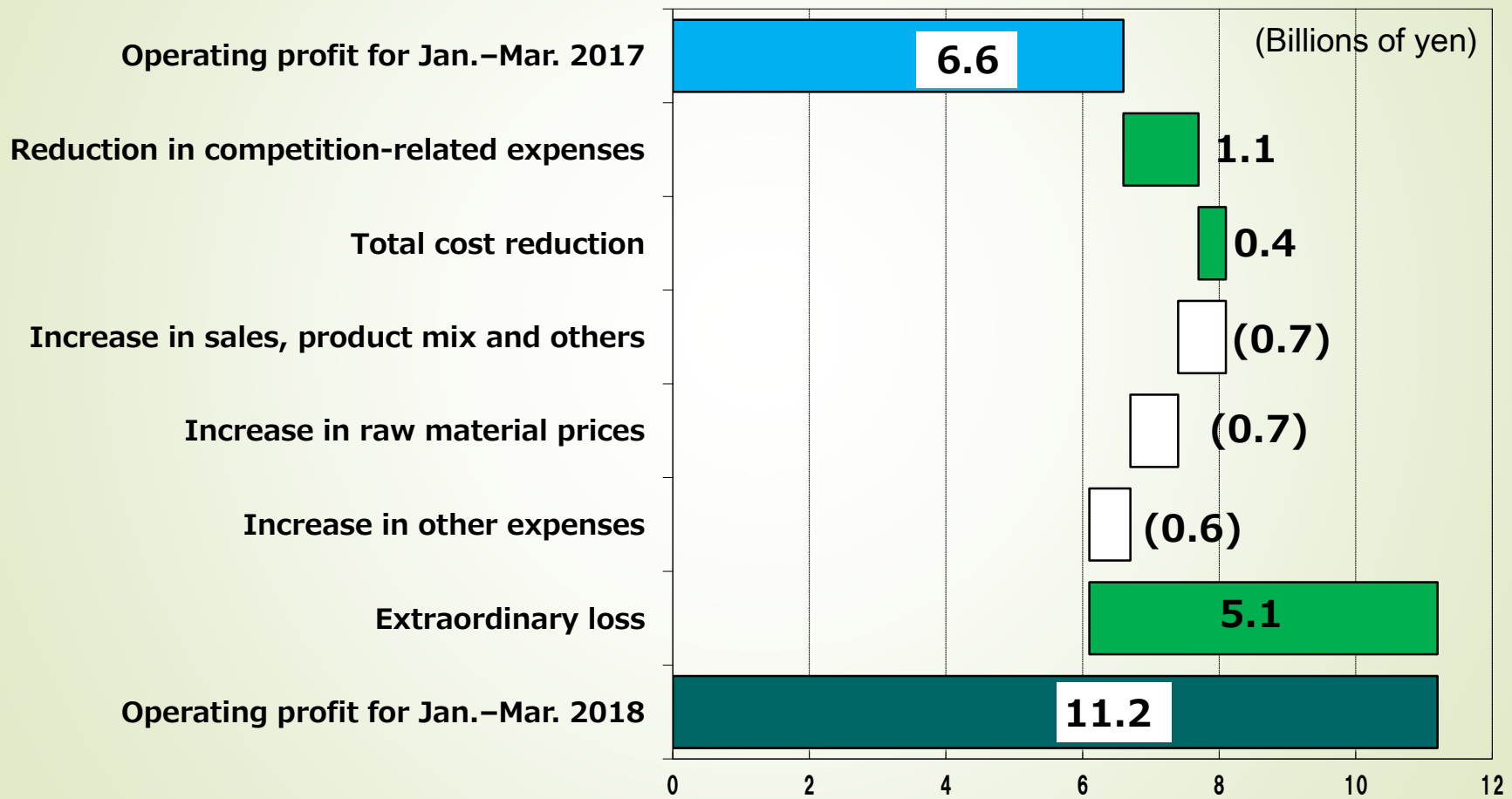


Aiming to achieve the forecast results

- Amid continued uncertainty forecast in the business environment, Lion will make aggressive future-looking investment while streamlining its businesses and expects profit growth for the fiscal year.

* Lion has adopted IFRS from fiscal 2018. Year-on-year changes are based on fiscal 2017 first quarter results calculated according to IFRS.

3. Year-on-Year Changes in Operating Profit



* Lion has adopted IFRS from fiscal 2018. The above fiscal 2017 first quarter results are calculated according to IFRS.

4. Results by Business Segment

(Billions of yen)	Net sales				Segment profit (Core operating income)	
	Jan.–Mar. 2018	Jan.–Mar. 2017	Y-o-Y change		Jan.–Mar. 2018	Y-o-Y change %
			Amount	%		
Consumer Products	51.2	55.3	(4.1)	(7.4)	4.3	(4.6)
Industrial Products	13.6	12.6	1.0	8.0	0.7	20.5
Overseas	25.8	24.6	1.1	4.7	1.1	(19.5)
Other	7.1	6.4	0.7	11.1	0.2	40.3
Subtotal	97.8	99.0	(1.2)	(1.2)	6.5	(4.1)
Adjustment	(18.4)	(21.0)	2.5	—	(0.6)	—
Consolidated Total	79.3	78.0	1.3	1.7	5.9	(7.7)

* Lion has adopted IFRS from fiscal 2018. The above fiscal 2017 first quarter results are calculated according to IFRS.

5. Consumer Products Business

Net Sales by Product Category

<u>Net sales</u> (Billions of yen)	Jan.–Mar. 2018	Jan.–Mar. 2017	Y-o-Y change	
			Amount	%
Oral Care	12.0	11.8	0.2	1.7
Beauty Care	4.9	5.3	(0.4)	(8.0)
Fabric Care	14.0	14.3	(0.2)	(1.9)
Living Care	3.4	3.4	(0.0)	(1.5)
Pharmaceutical	6.2	6.4	(0.1)	(2.9)
Other	10.3	13.7	(3.3)	(24.5)
Total	51.2	55.3	(4.1)	(7.4)

* Lion has adopted IFRS from fiscal 2018. The above fiscal 2017 first quarter results are calculated according to IFRS.

6. Overseas Business Net Sales by Region

<u>Net sales</u> (Billions of yen)	Jan.–Mar. 2018	Jan.–Mar. 2017	Y-o-Y change	
			Amount	%
Southeast Asia	17.7	15.8	1.9	12.0
Northeast Asia	8.0	8.8	(0.7)	(8.5)
Total	25.8	24.6	1.1	4.7

* Lion has adopted IFRS from fiscal 2018. The above fiscal 2017 first quarter results are calculated according to IFRS.

Becoming an advanced daily healthcare company

1 Expand and Evolve Our
Business Domains through
New Value Creation

2 Accelerate Growth
in Overseas Businesses
through Glocalization

4 Create Dynamism to
Foster Innovative
Change

3 Reinforce
Our Management
Base through Business
Structure Reform



7. Progress of LIVE Plan initiatives

(1) Expand and Evolve Our Business Domains through New Value Creation

- **Expand existing peripheral categories**
REED Petit Pressure Cooking Bags, Dent-Health Denture Care
- **Enhance the oral health care business**
Expand sales of salivary test systems, invest in start-ups

(2) Accelerate Growth in Overseas Businesses through Glocalization

- **Lion Corporation (Korea)**
Realizing synergies between the global brand *KireiKirei* and local brands

(3) Reinforce Our Management Base through Business Structure Reform

- Expand production capacity in the oral care field
- Established joint venture company in the MES business
(to begin operations June 1, 2018)

(4) Create Dynamism to Foster Innovative Change

- Establish new Innovation Laboratories

8. 2018 Consolidated Financial Forecast

(Billions of yen)	2018	2017	Y-o-Y change	
			Amount	%
Net sales	355	342.7	12.2	3.6
Core operating Income	29	28.8	0.1	0.7
Operating profit % of net sales	33 (9.3)	30.4 (8.9)	2.5	8.3
Profit for the period attributable to owners of parent	25	20.8	4.1	19.7
EPS (Yen)	86.03	71.87	14.16	19.7

No change to financial forecast

* Lion has adopted IFRS from fiscal 2018. The above fiscal 2017 results are calculated according to IFRS.

* The fiscal 2017 results published in February 2018 were estimates and differ from the above figures.

Consolidated Statement of Financial Position

(Billions of yen)		Mar. 31, 2018	Dec. 31, 2017	Change
Current assets		199.0	199.5	(0.5)
	Cash and cash equivalents	88.5	91.4	(2.8)
	Trade and other receivables	61.6	64.8	(3.1)
	Inventories	44.8	39.6	5.2
Non-current assets		135.9	139.3	(3.3)
	Property, plant and equipment	77.7	79.5	(1.8)
	Intangible assets	8.4	8.3	0.1
	Retirement benefit assets	10.3	10.3	0.0
	Other financial assets	28.1	29.3	(1.2)
Total assets		334.9	338.8	(3.8)

* Lion has adopted IFRS from fiscal 2018. The above fiscal 2017 results are calculated according to IFRS.

Reference Materials

(Billions of yen)		Mar. 31, 2018	Dec. 31, 2017	Change
Current liabilities		120.2	129.4	(9.1)
	Trade and other payables	75.0	75.7	(0.7)
	Borrowings	4.5	4.0	0.4
	Accrued expenses	31.2	35.9	(4.7)
Non-current liabilities		18.7	20.6	(1.9)
	Borrowings	1.4	1.5	(0.0)
	Retirement benefit liabilities	8.0	7.5	0.5
Equity		195.9	188.7	7.1
	Additional paid-in capital	34.6	34.6	(0.0)
	Treasury stock	(4.8)	(4.8)	(0.0)
	Other components of equity	13.4	15.4	(2.0)
	Retained earnings	105.0	98.6	6.3
Total liabilities and equity		334.9	338.8	(3.8)

* Lion has adopted IFRS from fiscal 2018. Fiscal 2017 results are calculated according to IFRS.

Results by Business Segment

(Billions of yen)	Net sales			Segment profit (Core operating income)		
	Jan.–Mar. 2018	Y-o-Y change		Jan.–Mar. 2018	Y-o-Y change	
		Amount	%		Amount	%
Consumer Products	51.2	(4.1)	(7.4)	4.3	(0.2)	(4.6)
	47.3	(0.9)	(1.9)			
Industrial Products	13.6	1.0	8.0	0.7	0.1	20.5
	7.6	0.4	5.5			
Overseas	25.8	1.1	4.7	1.1	(0.2)	(19.5)
	23.0	1.2	5.6			
Others	7.1	0.7	11.1	0.2	0.0	40.3
	1.3	0.6	107.3			
Subtotal	97.8	(1.2)	(1.2)	6.5	(0.2)	(4.1)
Consolidated Total	79.3	1.3	1.7	5.9	(0.4)	(7.7)

* Lion has adopted IFRS from fiscal 2018. Year-on-year changes are based on fiscal 2017 first quarter results calculated according to IFRS.

* Upper line: Net sales; Lower line: Sales to external customers
Segment profit: Subtotal represents segment profit before offsetting inter-company transactions; consolidated total represents consolidated segment profit.

Consumer Products Business Sales by Product Category (JGAAP)

Gross Sales

(Billions of yen)	Jan.–Mar. 2018	Jan.–Mar. 2017	Change	Change (%)
Oral Care	14.4	14.1	0.3	2.3
Beauty Care	5.8	6.3	(0.4)	(7.3)
Fabric Care	18.4	18.2	0.2	1.1
Living Care	4.2	4.2	(0.0)	(0.6)
Pharmaceutical	8.5	8.3	0.1	1.7
Other	10.8	14.1	(3.3)	(23.7)
Total	62.3	65.4	(3.1)	(4.8)

*The above JGAAP figures for the first quarter of fiscal 2018 are approximate and unaudited.

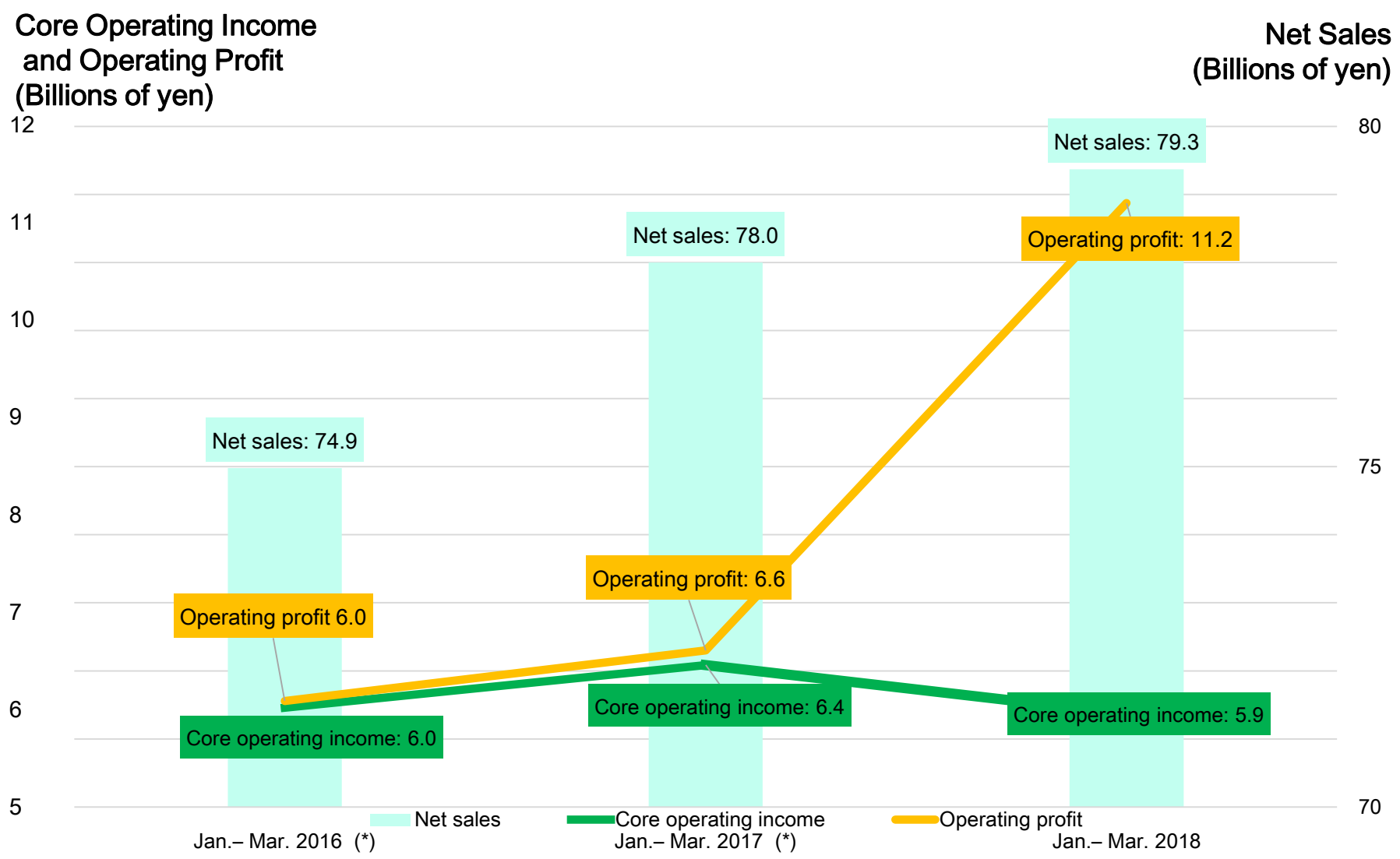
Reference Materials

Fiscal 2018 First Quarter Consolidated Profit/Loss Results (differences in accounting standards)

JGAAP	(bn. yen)	IFRS adjustments	IFRS	(bn.yen)	Difference
Net sales	94.9	→Advertising expense deductions (15.6)	Net Sales	79.3	(15.6)
Cost of sales	40.1	→Levies (property tax), retirement benefits +0.4	Cost of sales	40.6	
Gross profit	54.8		Gross profit	38.7	(16.0)
Selling, general and administrative expenses	47.8	→Exemptions for advertising expenses (15.6) Goodwill and intangible asset depreciation (0.02) Other +0.5	Selling, general and administrative expenses	32.7	
Operating income	6.9		Core operating income	5.9	
Non-operating income	0.5	→Other income +0.2, Financial income +0.05	Other income	5.6	
		Equity in earnings of non-consolidated subsidiaries and affiliates +0.2	Other expenses	0.3	
Non-operating expenses	0.3	→Other expenses +0.2, Financial expenses +0.05	Operating profit	11.2	4.2
Ordinary income	7.1		Finance income	0.0	
Extraordinary income	5.3	→Other income +5.3, To BS +0.05	Finance costs	0.0	
Extraordinary loss	0.0	→Other expenses +0.08	Share of profit of investments accounted for using the equity method	0.2	
Income before income tax	12.4		Profit before tax	11.4	(1.0)
Total income taxes	0.0		Income taxes	0.2	
Profit	12.4		Profit for the period	11.7	
Profit attributable to non-controlling interests	2.4		Profit for the period attributable to non-controlling interests	2.4	
Profit attributable to owners of parent	9.9		Profit for the period attributable to owners of the parent	9.2	(0.7)

*The above JGAAP figures for the first quarter of fiscal 2018 are approximate and unaudited.

Net Sales, Core Operating Income and Operating Profit

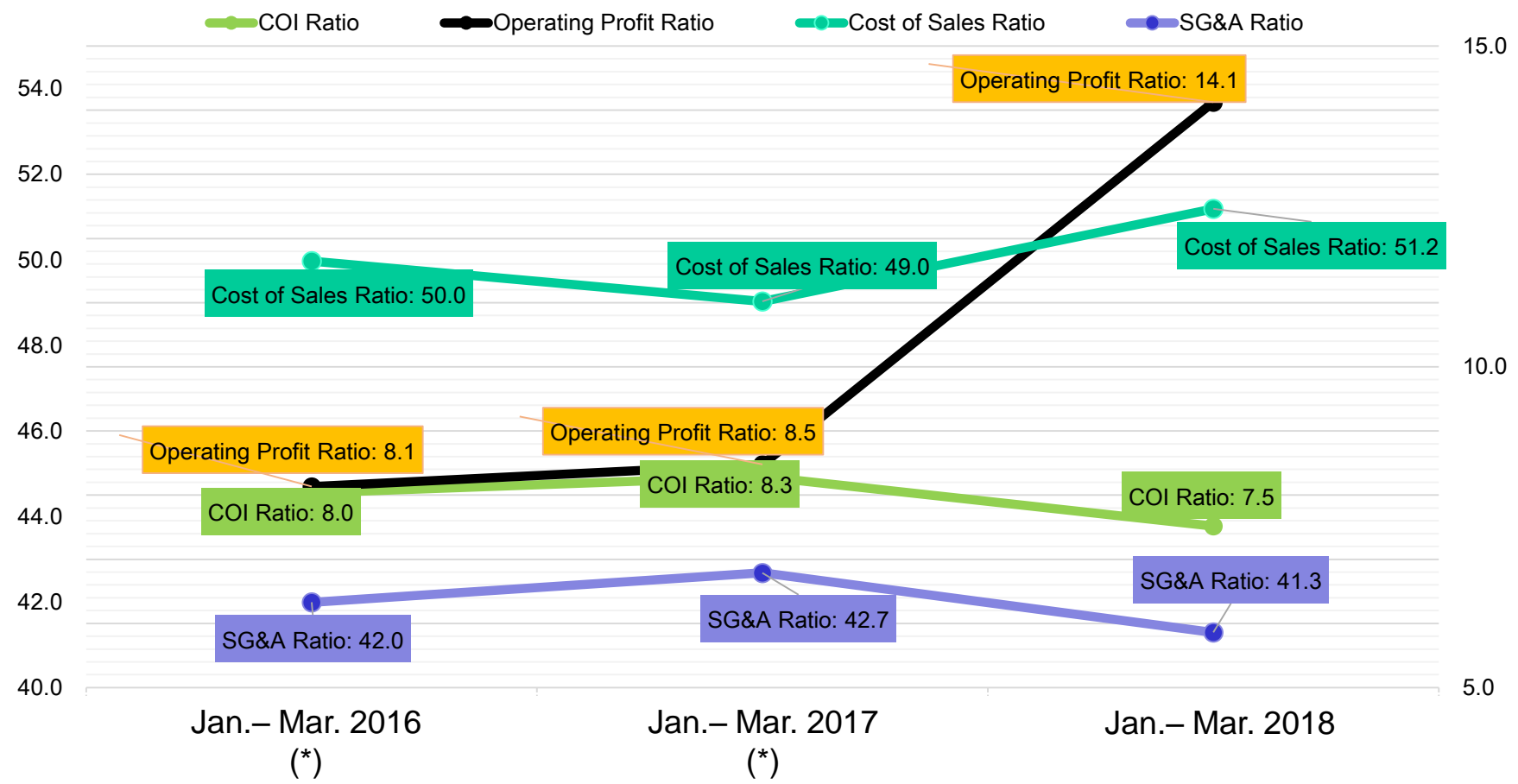


* Lion has adopted IFRS from fiscal 2018. The above fiscal 2016 and 2017 first quarter results are calculated according to IFRS.

Cost of Sales Ratio, SG&A Ratio, COI Ratio and Operating Income Ratio

Cost of Sales Ratio and SG&A Ratio (%)

COI Ratio and Operating Income Ratio (%)



* Lion has adopted IFRS from fiscal 2018. The above fiscal 2016 and 2017 first quarter results are calculated according to IFRS.

2018 Consolidated Financial Forecast

(Billions of yen)	2018	2017	Y-o-Y change		2018 1H	2017 1H	Y-o-Y change	
			Amount	%			Amount	%
Net sales	355.0	342.7	12.2	3.6	167.0	162.8	4.1	2.5
Core operating income	29.0	28.8	0.1	0.7	11.0	12.5	(1.5)	(12.3)
% of sales	8.2	8.4			6.6	7.7		
Operating profit	33.0	30.4	2.5	8.3	15.0	12.4	2.5	20.6
% of net sales	9.3	8.9			9.0	7.6		
Profit for the period attributable to owners of the parent	25.0	20.8	4.1	19.7	12.5	8.7	3.7	42.6
% of sales	7.0	6.1			7.5	5.4		
Basic EPS (Yen)	86.03	71.87	14.16	19.7	43.02	30.18	12.84	42.5

* Lion has adopted IFRS from fiscal 2018. The above fiscal 2017 and fiscal 2017 second quarter results are calculated according to IFRS.

* The fiscal 2017 and fiscal 2017 second quarter results published in February 2018 were estimates and differ from the figures above.

Market Environment for Home Products (37 markets, SRI*)

Overall market trend for the 37 home product markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

	2013	2014	2015	2016	2017	Jan.-Mar. 2018
Sales value	102	102	103	104	99	100
Unit sales	102	100	100	102	98	98
Average unit price	100	102	102	102	102	102

Source: INTAGE Inc. SRI Survey (Year-on-year data for 2013 and 2014 are for 40 such markets in which Lion operates; data for 2015 is for 39; data for 2016 and 2017 are is for 38, data for 2018 is for 37.)

Market Environment for Home Products (15 markets, SCI**)

Overall market trend for the 15 home product markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

	2016	2017	Jan.-Mar. 2018
Sales value	105	103	101
Unit sales	101	101	100
Average unit price	104	102	101

Source: INTAGE Inc. SCI survey

* The SRI survey uses point-of-sales data from around 3,000 stores nationwide for its estimates.

** The SCI survey monitors around 50,000 shoppers nationwide for its sales data.

Changes in OTC Drug Markets

Market Environment for OTC Drug Market (8 markets, SDI)

Overall market trends in the eight drug markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

	2013	2014	2015	2016	2017	Jan.–Mar. 2018
Sales value	99	100	102	101	100	101
Unit sales	99	98	101	100	98	101
Average unit price	100	102	101	101	102	101

Source: INTAGE Inc. SDI Survey

Market Environment for OTC Drug Market (2 markets, SCI)

Overall market trends in the two drug markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

	2016	2017	Jan.–Mar. 2018
Sales value	104	103	105
Unit sales	102	100	103
Average unit price	102	103	102

Source: INTAGE Inc. SCI survey



The forecasts and projected operating results contained in this report are based on information available at the time of preparation, and thus involve inherent risks and uncertainties. Accordingly, readers are cautioned that actual results may differ materially from those projected as a result of a variety of factors.

* Lion adopted the International Financial Reporting Standards (IFRS) from the first quarter of 2018. Figures herein for the first quarter of the previous fiscal year are presented according to IFRS unless otherwise noted.

* Monetary amounts herein are truncated after the last digit shown.