

May 9, 2019

Summary of Financial Results for the First Quarter Ended March 31, 2019 (Consolidated)

Lion Corporation

1. Financial Results for the First Quarter Ended March 31, 2019

(Billions of yen)	Jan.–Mar. 2019	Jan.–Mar. 2018	Y-o-Y change	
			Amount	%
Net sales	78.9	79.3	(0.4)	(0.5)
Core operating income [% of net sales]	5.5 [7.0]	5.9 [7.5]	(0.4)	(6.8)
Operating profit [% of net sales]	5.9 [7.5]	11.2 [14.1]	(5.2)	(46.9)
Profit for the period attributable to owners of parent	3.4	9.2	(5.8)	(62.8)
EPS (Yen)	11.84	31.84	(20.00)	(62.8)

* 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.



Despite the drop in net sales and profit, when extraordinary factors are excluded, both areas improved year on year

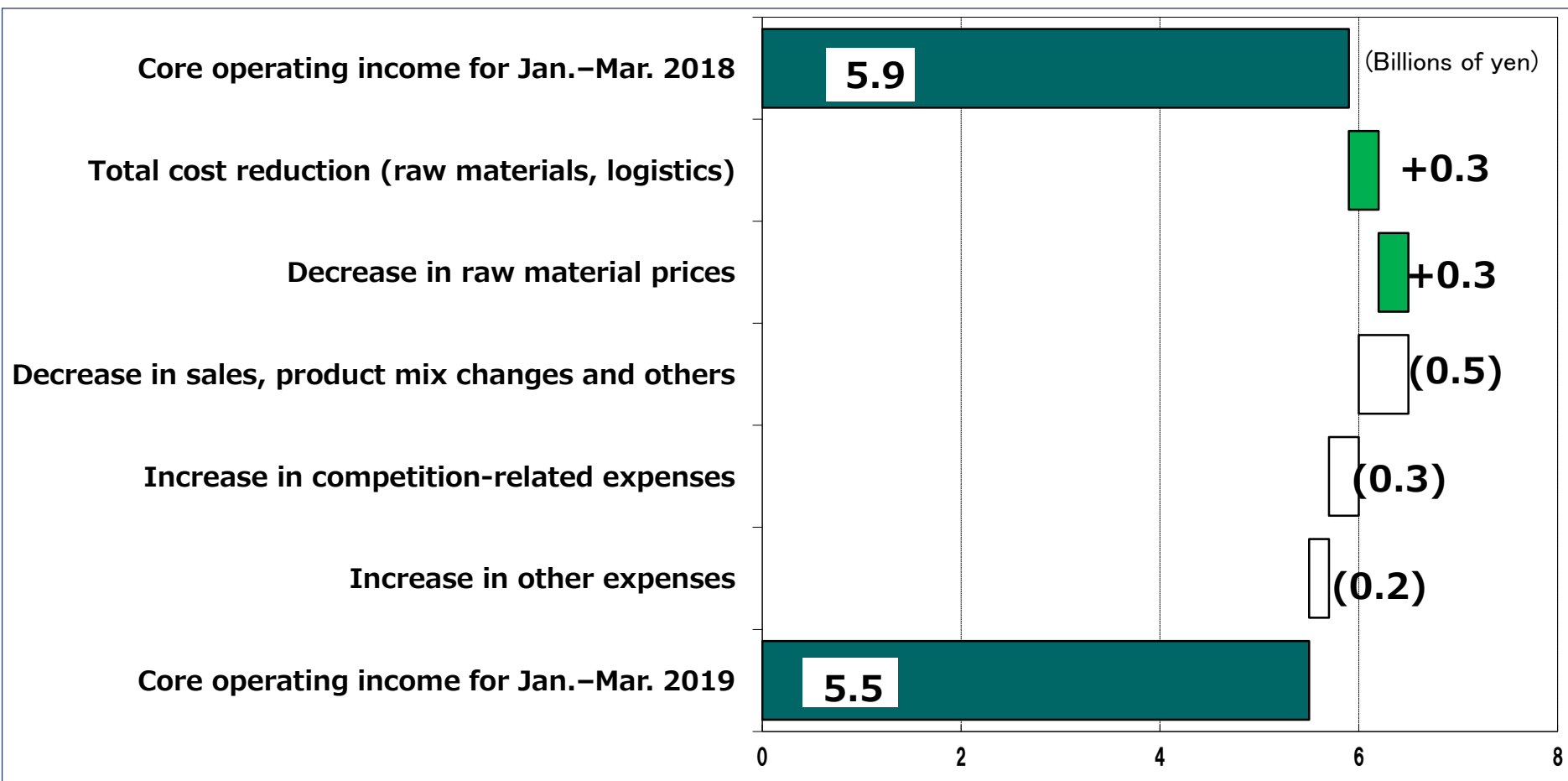
*Extraordinary factors

- Exclusion of a company from the scope of consolidation (a Malaysian materials manufacturing affiliate)
- Transfer of insecticide business
- Gain on sale of non-current assets recorded in the previous year



We will aim to achieve the forecast results

3. Year-on-Year Changes in Core Operating Income



4. Results by Business Segment

(Billions of yen)	Net sales				Segment profit (Core operating income)		
	Jan.–Mar. 2019	Jan.–Mar. 2018	Y-o-Y change		Jan.–Mar. 2019	Y-o-Y change	
			Amount	%		Amount	%
Consumer Products	50.1	51.2	(1.0)	(2.0)	3.6	(0.7)	(17.6)
Industrial Products	13.0	13.6	(0.5)	(4.1)	0.3	(0.3)	(48.5)
Overseas	25.7	25.8	(0.1)	(0.5)	1.8	0.6	57.6
Other	7.0	7.1	(0.0)	(0.5)	0.2	(0.0)	(13.6)
Subtotal	96.0	97.8	(1.7)	(1.8)	6.0	(0.5)	(7.6)
Adjustment	(17.1)	(18.4)	1.3	-	(0.5)	0.0	-
Consolidated Total	78.9	79.3	(0.4)	(0.5)	5.5	(0.4)	(6.8)

5. Consumer Products Business Net Sales by Product Category **LION**

(Billions of yen)	Net sales			
	Jan.–Mar. 2019	Jan.–Mar. 2018	Y-o-Y change	
			Amount	%
Oral Care	13.5	12.0	1.4	11.9
Beauty Care	5.2	4.9	0.2	5.3
Fabric Care	13.0	14.0	(1.0)	(7.2)
Living Care	4.1	3.4	0.7	21.1
Pharmaceutical	5.3	6.2	(0.9)	(15.5)
Other	8.9	10.3	(1.4)	(14.0)
Total	50.1	51.2	(1.0)	(2.0)

6. Overseas Business Net Sales by Region

(Billions of yen)	Net sales			
	Jan.–Mar. 2019	Jan.–Mar. 2018	Y-o-Y change	
			Amount	%
Southeast Asia	17.3	17.7	(0.4)	(2.6)
Northeast Asia	8.3	8.0	0.3	3.9
Total	25.7	25.8	(0.1)	(0.5)

*A detergent ingredient manufacturing affiliate in Southeast Asia is excluded from the scope of consolidation in the calculation of results for the first quarter ended March 2019.

Japan

- ◇ **Continuously created and promoted high-value-added products**
 - Established a strong market position by cultivating high-end toothpastes and toothbrushes.
 - Continuously nurtured high-value-added products in other fields, as well.
- ◇ **Secured greater presence across the fabric care market**
 - Sales of super-concentrated laundry detergents were firm.
 - Sales of *SOFLAN Premium Deodorizer* fabric softener grew.

Overseas

- ◇ **Expanded the Chinese market**
 - Strengthened efforts with key accounts in eastern China to secure a profitable growth trajectory.
 - Established the new Cross-Border Business Promotion Department to handle the integrated management of efforts targeting overseas visitors during and after travel to Japan.

8. 2019 Consolidated Financial Forecast

(Billions of yen)	2019	2018	Y-o-Y change	
			Amount	%
Net sales	360	349.4	10.5	3.0
Core operating income [% of net sales]	31.5 [8.8]	28.3 [8.1]	3.1	11.0
Operating profit [% of net sales]	31.0 [8.6]	34.1 [9.8]	(3.1)	(9.3)
Profit for the period attributable to owners of parent	21.0	25.6	(4.6)	(18.0)
EPS (Yen)	72.25	88.11	(15.86)	(18.0)

Note: No change to financial forecast

Reference Materials

Selling, general and administrative expenses

(Billions of yen)		Jan.–Mar. 2019		Jan.–Mar. 2018		Y-o-Y change	
		Amount	% of sales (%)	Amount	% of sales (%)	Amount	%
Selling, general and administrative expenses		33.3	42.2	32.7	41.3	0.5	1.6
	Sales commissions	2.0	2.6	2.0	2.6	0.0	0.1
	Promotional expenses	6.2	7.9	5.8	7.4	0.3	6.4
	Advertising expenses	5.9	7.5	6.0	7.6	(0.1)	(2.1)
	Transportation and warehousing expenses	4.5	5.8	4.4	5.6	0.1	2.5
	R&D expenses	2.4	3.1	2.3	3.0	0.0	3.9
	Other expenses	12.0	15.3	11.9	15.1	0.0	0.6

Consolidated Statement of Financial Position for the First Quarter Ended March 31, 2019

(Billions of yen)		Mar. 31, 2019	Dec. 31, 2018	Change
Current assets		205.3	215.9	(10.5)
	Cash and cash equivalents	92.1	104.9	(12.8)
	Trade and other receivables	60.8	64.6	(3.8)
	Inventories	45.7	42.0	3.6
Non-current assets		143.9	139.4	4.5
	Property, plant and equipment	79.9	81.5	(1.5)
	Intangible assets	10.5	10.1	0.4
	Right-of-use assets	6.0	-	6.0
	Other financial assets	25.4	25.0	0.3
Total assets		349.2	355.3	(6.0)

(Billions of yen)		Mar. 31, 2019	Dec. 31, 2018	Change
Current liabilities		119.0	129.7	(10.6)
	Trade and other payables	106.7	116.9	(10.2)
	Lease liabilities	1.4	-	1.4
	Other current liabilities	4.9	7.0	(2.1)
Non-current liabilities		24.9	21.3	3.5
	Retirement benefit liabilities	10.6	10.9	(0.3)
	Lease liabilities	5.7	-	5.7
Equity		205.2	204.2	0.9
	Share capital	34.4	34.4	0.0
	Capital surplus	34.7	34.7	0.0
	Treasury stock	(4.7)	(4.7)	0.0
	Other components of equity	11.1	10.9	0.2
	Retained earnings	117.6	115.8	1.8
Total liabilities and equity		349.2	355.3	(6.0)

Results by Business Segment for the First Quarter Ended March 31, 2019

(Billions of yen)	Net sales			Segment profit (Core operating income)		
	Jan.–Mar. 2019	Y-o-Y change		Jan.–Mar. 2019	Y-o-Y change	
		Amount	%		Amount	%
Consumer Products	50.1	(1.0)	(2.0)	3.6	(0.7)	(17.6)
	46.8	(0.5)	(1.1)			
Industrial Products	13.0	(0.5)	(4.1)	0.3	(0.3)	(48.5)
	7.7	0.0	1.0			
Overseas	25.7	(0.1)	(0.5)	1.8	0.6	57.6
	23.4	0.4	1.9			
Others	7.0	(0.0)	(0.5)	0.2	(0.0)	(13.6)
	0.8	(0.4)	(36.4)			
Adjustment	(17.1)	1.3	-	(0.5)	0.0	-
	0.0	0.0	-			
Consolidated Total	78.9	(0.4)	(0.5)	5.5	(0.4)	(6.8)

* 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.

2019 Consolidated Financial Forecast

(Billions of yen)	2019	2018	Y-o-Y change		2019 1H	2018 1H	Y-o-Y change	
			Amount	%			Amount	%
Net sales	360.0	349.4	10.5	3.0	172.0	168.4	3.5	2.1
Core operating income [% of net sales]	31.5 [8.8]	28.3 [8.1]	3.1	11.0	13.0 [7.6]	12.5 [7.5]	0.4	3.6
Operating profit [% of net sales]	31.0 [8.6]	34.1 [9.8]	(3.1)	(9.3)	12.5 [7.3]	17.8 [10.6]	(5.3)	(30.1)
Profit for the period attributable to owners of parent [% of net sales]	21.0 [5.8]	25.6 [7.3]	(4.6)	(18.0)	8.5 [4.9]	13.9 [8.3]	(5.4)	(39.0)
Basic EPS (Yen)	72.25	88.11	(15.86)	(18.0)	29.24	47.95	(18.71)	(39.0)

Changes in Home Products Market

1) Market Environment for Home Products (38 markets, SRI*)

Overall market trend for the 38 home product markets in which Lion participates
(Values are percentages of the results of the corresponding periods of the previous years)

	2014	2015	2016	2017	2018	Jan.-Mar. 2019
Sales value	102	103	104	99	102	105
Unit sales	100	100	102	98	100	102
Average unit price	102	102	102	102	102	102

Source: INTAGE Inc. SRI Survey (Year-on-year data for 2014 are for 40 such markets in which Lion operates; data for 2015 are for 39; data for 2016 onward are for 38.)

2) 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	2018	Jan.-Mar. 2019
Sales value	105	103	102	105
Unit sales	101	101	100	102
Average unit price	104	102	103	103

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.

3) Market Environment for OTC Drug Market (7 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)

	2014	2015	2016	2017	2018	Jan.–Mar. 2019
Sales value	100	102	101	100	99	99
Unit sales	98	101	100	98	99	99
Average unit price	102	101	101	102	100	100

Source: INTAGE Inc. SDI Survey (2014–2018, 8 markets)

4) 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	2018	Jan.–Mar. 2019
Sales value	104	103	104	106
Unit sales	102	100	102	105
Average unit price	102	103	102	101

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.

- * The Lion Group applies the International Financial Reporting Standards (IFRS) .
- * Monetary amounts herein are truncated after the last digit shown.