

February 9, 2018

Company name: Lion Corporation
Representative: Itsuo Hama, Representative Director,
President Executive Officer
Security code: 4912; the First Section of the Tokyo
Stock Exchange

Lion Announces Its New Management Vision and Medium-Term Management Plan

Since 2012, Lion Corporation (Representative Director, President Executive Officer: Itsuo Hama) has been implementing its management vision, Vision2020, under which it has executed the V-1 Plan (2012–2014) and V-2 Plan (2015–2017) medium-term management plans. (For details, see page 5, “Evaluation of the V-2 Plan Initiatives.”)

Reflecting medium- to long-term changes in the external environment, Lion has formulated a new management vision for 2030 aimed at accelerating future-oriented transformations and a new medium-term management plan aimed at realizing this new vision.

I. New Management Vision: Becoming an advanced daily healthcare company

1. Background of the Formulation of the New Management Vision

Since its founding, the Lion Group has striven to help consumers realize everyday health and comfortable living through the creation of better lifestyle habits in line with its motto, “Fulfilling a Spirit of Love.”

Due to the advance of digital transformation and other factors, the business environment of the Lion Group is now expected to change at a hitherto unimaginable pace.

Furthermore, both in and outside Japan, in such areas as improving quality of life (QOL) and extending healthy life expectancy, health care needs are forecast to see accelerating growth, which will make the role of Lion, as a company involved closely in consumers’ daily lives, even larger.

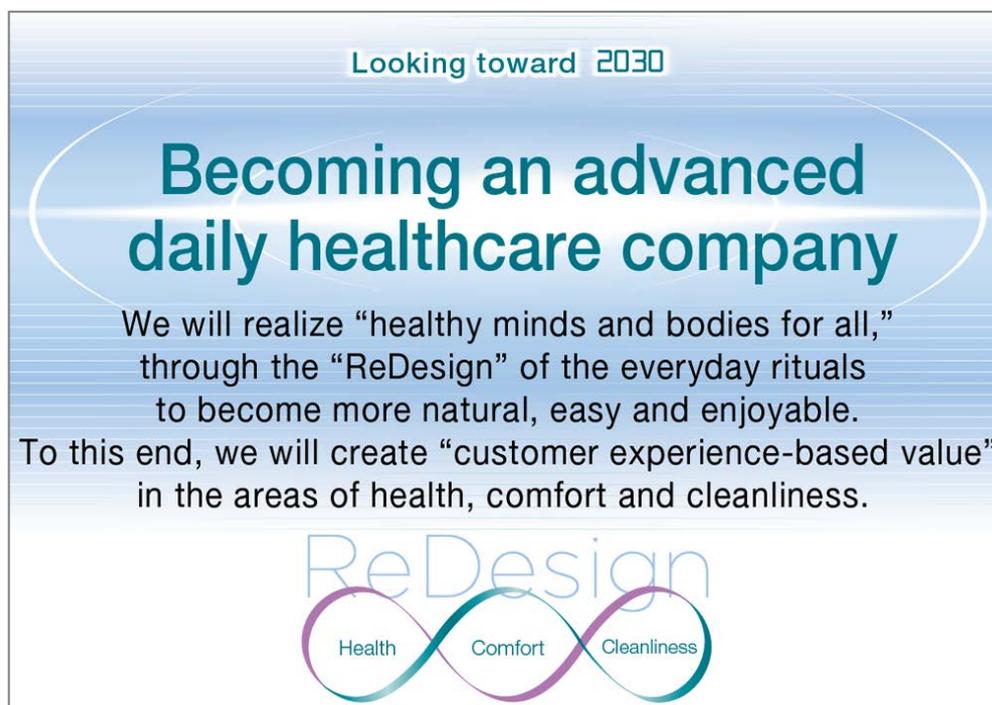
The Group has worked to improve business performance under Vision2020. But, in light of the drastically changing environment going forward, Lion believes that it must clarify the orientation of its businesses and accelerate efforts aimed at innovation in order to meet the needs of society and customers and sustainably increase its corporate value. Lion has set its new vision for 2030 as “Becoming an advanced daily healthcare company.”

2. Management Vision

Becoming an advanced daily healthcare company

We will realize “healthy minds and bodies for all, ” through the “ReDesign” of the everyday rituals to become more natural, easy and enjoyable. To this end, we will create “customer experience-based value” in the areas of health, comfort and cleanliness.

By providing advanced daily healthcare and thereby being a leader in fostering people's contentment from a new perspective, the Lion Group aims to increase corporate value and help build a sustainable society.



II. Medium-Term Management Plan: The LIVE Plan

Aiming to achieve the management vision, we will implement a medium-term management plan, the **LION Value Evolution Plan (LIVE Plan)**, over the three-year period of 2018 to 2020.

1. Targets of the LIVE Plan

Under the theme of evolving into a leading advanced daily healthcare company, we will advance long-term, future-oriented growth initiatives and framework-building efforts in and outside Japan while further accelerating improvements to management efficiency to reinforce the earnings structure.

2. Strategic Framework for Realizing the Vision

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

Creating new combinations of various technologies and services, we will create new business value that realizes “healthy minds and bodies for all”.

a. Oral-to-Body Solution

We aim for expansion and evolution that will create an “oral health care business” in which oral care contributes to whole-body health care.

b. Daily Self-Care Enhancement

We will work toward evolution aimed at creating a health care business that will, in turn, “ReDesign” daily living to create healthful habits that help enhance QOL.

c. Infotech Health Support

We will create new health care business models that leverage cutting-edge technologies, such as IoT and AI.

(2) Accelerate Growth in Overseas Businesses through Glocalization

Focusing on growing markets in Asia, we will integrate globalization and localization approaches to create unique competitive advantages and thereby expand the scale of our businesses and the areas in which we operate.

- a. We will evolve Group management by reinforcing regional management.
- b. We will aim for business area expansion based on e-commerce channels and M&A.

(3) Reinforce Our Management Base through Business Structure Reform

By improving management infrastructure and revising the business portfolio to stay ahead of changes in the environment, we will reinforce our management base to enable sustainable business growth.

- a. We will reinforce investment in the flexible, efficient manufacturing infrastructure that will drive business growth.
- b. We will build more advanced and sustainable supply chains.
- c. We will reinforce information system foundations to promote more sophisticated Group management.
- d. We will advance revisions of business fields and the Group structure to improve the efficiency of management resources and business activities.

(4) Create Dynamism to Foster Innovative Change

We aim to foster corporate strength that will win out over global competition by promoting diversity and openness in our human resources, organizations and corporate culture.

- a. We will create human dynamism by utilizing diverse human resources.
- b. We will create organizational dynamism that fosters ambition and creativity through open innovation.
- c. We will create management dynamism through environmental, social and governance (ESG) initiatives and the reinforcement of health and productivity management.



3. Financial Targets (IFRS base)

*The Lion Group is voluntarily applying International Financial Reporting Standards (IFRS) in its accounting from 2018 onward.

(1) Consolidated Performance Targets

(Billions of yen)

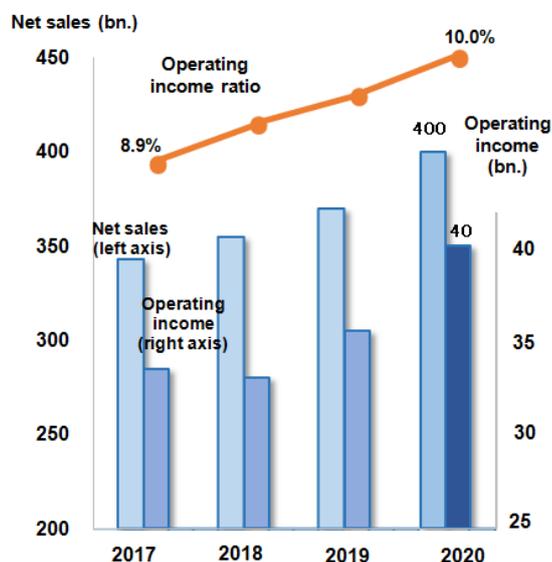
(Billions of yen)	2020		
		% of net sales	Change (from 2017)
Net sales	400.0	100.0%	+ 57.0
Operating income	40.0	10.0%	+ 9.5
Profit attributable to owners of parent	28.0	7.0%	+ 7.2
ROE	Approx. 12%	-	-

Assumptions

	Dubai crude	Palm oil
Raw materials price	67(\$/BBL)	2700(RM/MT)

	U.S. dollar	Thai baht	Korean won
Foreign exchange rate	¥112.00	¥3.50	¥0.10

LIVE Plan, Ideal Performance



(2) Net Sales Targets by Business Segment (for external customers)

(Billions of yen)	2017		2020		Avg yearly growth rate
	Net sales	% of total	Net sales	% of total	
Consumer Products	215.1	62.7%	250.0	62.5%	5.1%
Industrial Products	32.6	9.5%	35.0	8.8%	2.4%
Overseas	91.1	26.6%	112.5	28.1%	7.3%
Other	4.0	1.2%	2.5	0.6%	(15.2%)
Total	343.0	100.0%	400.0	100.0%	5.2%

The above 2017 net sales figures calculated under IFRS are approximate and unaudited .

(3) Policy on Shareholder Returns

Lion's basic policy is to return profits to shareholders on a continuous and stable basis. In line with this policy, we will strive to enhance shareholder returns to a consolidated payout ratio of about 30%.

(4) Other

a. Risks That May Significantly Affect Business Performance

- Sudden and significant changes in foreign exchange rates, drastic fluctuations in raw material prices, such unforeseen incidents as political turmoil in countries in which the Lion Group operates, etc.

b. Other uncertainties

- Changes in tax systems or accounting standards, major business reorganizations or changes in the scope of consolidation, etc.

Reference

Evaluation of the V-2 Plan Initiatives (2015–2017)

Under the V-2 Plan, Lion made improving profitability its foremost priority, and, aiming for a 5% consolidated operating income ratio, implemented a range of measures rooted in the four basic Vision2020 strategies.

(1) Qualitative Growth of Domestic Businesses

- In the Consumer Products Business, we aggressively invested in marketing, focusing on developing mainstay fields and shifting toward high-value-added products. We also reinforced point-of-sale management systems, revised our distribution systems and consolidated our production framework as part of efforts to reinforce our business foundations.
- In the Industrial Products Business, we reorganized the chemicals business in order to consolidate Groupwide R&D resources and realize synergies.

(2) Quantitative Expansion of Overseas Businesses

- By developing our global brands and reinforcing the e-commerce business, we worked to achieve business expansion. Furthermore, we made Southern Lion Sdn. Bhd. (based in Malaysia) a consolidated subsidiary and reorganized our business in Taiwan.
- In light of competitive conditions in the business environment, Lion dissolved its joint venture with a local partner and withdrew from its business in the Philippines.

(3) Development of New Business Value

- In the direct-to-consumer business, centered on functional food products, we reinforced investment in marketing and worked to expand our business scale and range of product categories.
- We began sales of a salivary test system to dental clinics, drug stores and health centers as part of initiatives aimed at promoting the widespread adoption of preventive dentistry habits.

(4) Enhancement of Organizational Learning Capabilities

- As part of efforts to reform work styles and promote diversity, we introduced the Short Hours Flextime System and expanded the amount of nursing care leave available to employees.

As a result of these measures, Lion set new record highs in its financial results* and achieved all the performance targets of the V-2 Plan.

*Net sales and operating income: Four consecutive years; Ordinary income: Five consecutive years; Profit attributable to owners of parent: Two consecutive years.

Consolidated Results Under the V-2 Plan (J-GAAP)

(Billions of yen)	V-1 Plan	V-2 Plan							2014 → 2017		Reference: V-2 Plan Target
	2014	2015		2016		2017			YoY change (amount)	YoY change (%)	
		Results	YoY change (%)	Results	YoY change (%)	Results	YoY change (%)	% of target			
Net sales	367.3	378.6	103.1%	395.6	104.5%	410.4	103.8%	102.6%	43.0	+ 11.7%	400.0
Operating income	12.4	16.3	132.0%	24.5	149.6%	27.2	111.0%	136.0%	14.8	+ 119.3%	20.0
Ordinary income	14.0	18.0	128.7%	26.2	145.3%	29.1	110.8%	132.4%	15.0	+ 107.2%	22.0
Profit attributable to owners of parent	7.3	10.6	144.9%	15.9	149.4%	19.8	124.3%	165.2%	12.4	+ 169.1%	12.0
Operating income ratio	3.4%	4.3%		6.2%		6.6%			+3.2P		5.0%
R O E	6.2%	8.5%		11.2%		12.2%			+6.0P		10.0%