

Consolidated Financial Results
for the Six Months Ended June 30, 2020
and FY2020 Forecast

Kao Corporation
July 29, 2020



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Forward-looking statements such as earnings forecasts and other projections contained in this release are based on information available at this time and assumptions that management believes to be reasonable, and do not constitute guarantees of future performance. Actual results may differ materially from those expectations due to various factors.

- The Kao Group adopted IFRS 16 “Leases” in the three months ended March 31, 2019
- Numbers in parentheses in charts are negative

Kao Group Mid-term Plan 2020 (K20)

1. Commitment to fostering a distinctive corporate image

The Kao Group has declared a major shift to ESG management

Innovation in reduction
Innovation in recycling
Social innovations
Launch of *MyKirei* by KAO

2. Commitment to profitable growth

- Continue to set new record highs for profits
- Aim for like-for-like¹ net sales CAGR² of +5%, operating margin of 15%
- Three 100 billion yen brands

Merries baby diapers, *Attack* laundry detergents, *Bioré* skin care products

¹ Excluding the effect of currency translation, change of sales system, etc.

² CAGR: Compound annual growth rate

3. Commitment to returns to stakeholders

- Shareholders: Continuous cash dividend increases (40% payout ratio target)
- Employees: Continuous improvement in compensation, benefits and health support
- Customers: Maximization of win-win relationships
- Society: Advanced measures to address social issues

Kao began 2020 with the intention of achieving its targets in the final year of K20. However...

Major ESG Investment Indices and Evaluations from External Organizations

ESG indices for which Kao has been selected

MEMBER OF
Dow Jones Sustainability Indices

In Collaboration with RobecoSAM



FTSE4Good

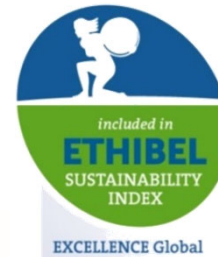


FTSE Blossom Japan

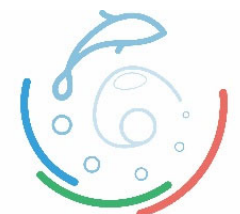


2020 CONSTITUENT MSCI JAPAN
ESG SELECT LEADERS INDEX

2020 CONSTITUENT MSCI JAPAN
EMPOWERING WOMEN INDEX (WIN)



Evaluations from/activities with external organizations



Clean Ocean Material Alliance



Enriching lives, in harmony with nature.

* ESG Investment: Investment that takes into consideration Environmental, Social and Governance factors

Highlights of Consolidated Financial Results

Consolidated Operating Results (Six months ended June 30)

(Billion yen)	FY2019	FY2020	Growth %	Change
Net sales	721.4	667.2	(7.5)	(54.2)
	Effect of currency translation ¹		(1.2)	(8.5)
	Impact of change in method of recognizing sales ²		(2.0)	(15.3)
	Like-for-like growth excluding above impact		(4.3)	(30.4)
Operating income	86.4	74.5	(13.8)	(11.9)
Operating margin	12.0%	11.2%	-	-
Income before income taxes	85.5	73.7	(13.8)	(11.8)
Net income	58.2	51.5	(11.5)	(6.7)
Net income attributable to owners of the parent	57.3	50.6	(11.7)	(6.7)
EBITDA (Operating income + Depr. & amort.) ³	118.4	108.3	(8.5)	(10.1)
Basic earnings per share (yen)	117.98	105.21	(10.8)	(12.77)
Cash dividends per share (yen)	65.00	70.00	-	+5.00
Cash flow	Adjusted free cash flow ⁴		27.6	billion yen
	Payments of cash dividends ⁵		32.2	billion yen

1. Exchange rates: 108.25 yen/USD, 119.29 yen/Euro, 15.40 yen/Yuan

2. As of the fiscal year ending December 31, 2020, the Company has changed its method of recognizing sales for some transactions from the gross amount to the net amount

3. Excluding depreciation of right-of-use assets

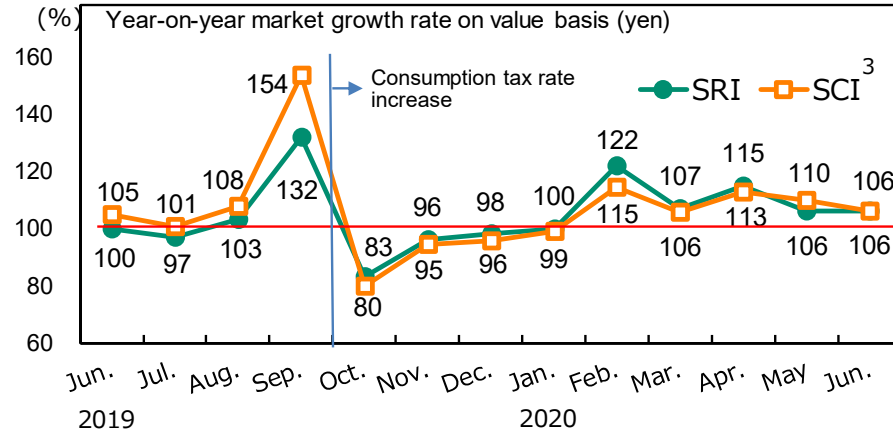
4. Adjusted free cash flow is the sum of net cash flows from operating activities and net cash flows from investing activities less depreciation of right-of-use assets and other expenses.

5. Includes payments of cash dividends to non-controlling interests

Consumer Products Market in Japan

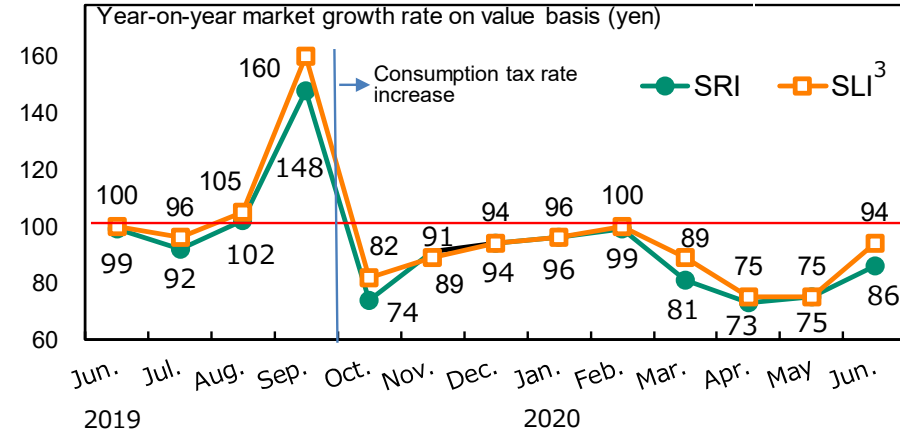
Consumer Products Market in Japan

Growth of household and personal care market¹



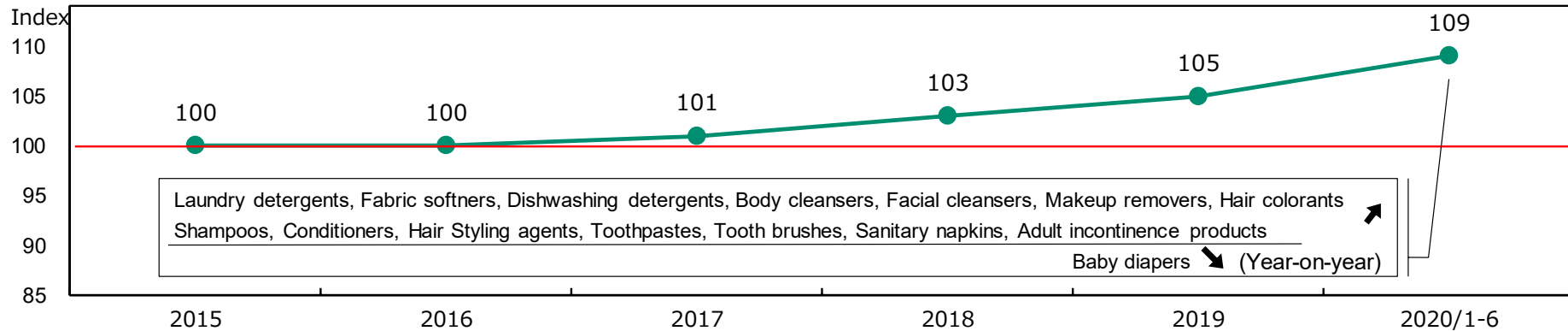
(Source: SRI POS data & SCI survey by INTAGE Inc.)

Growth of cosmetics market²



(Source: SRI POS data & SLI survey by INTAGE Inc. based on Kao's definition)
(Survey does not include inbound demand)

Consumer purchase price for 15 major household and personal care categories⁴



(Source: SRI POS data by INTAGE Inc.)

1. 82 major household and personal care product categories

2. 26 cosmetics product categories

3. SRI: Estimates based on POS data from approx. 3,000 retail outlets nationwide / SCI: Purchasing data from approx. 50,000 consumer monitors nationwide / SLI: Purchasing data for cosmetics, skin care and hair care products from approx. 40,000 female monitors nationwide

4. Index with January to December 2015 as 100

Overview of Consolidated Financial Results for the Six Months Ended June 30, 2020

During the global COVID-19 pandemic, the Kao Group has been protecting employees who conduct manufacturing that is of use to society and promptly providing a large quantity of products that help prevent infection. In addition, for the six-month period the Kao Group has been conducting its business activities while taking into account timely and accurate communication of information to help consumers to live with peace of mind.

Business Overview

- Net sales 667.2 billion yen: Like-for-like growth (vs. same period a year earlier) -4.3%
(Consumer Products Business: -4.1%, Chemical Business: -5.2%)
Change from same period a year earlier -54.2 billion yen: Like-for-like -30.4 billion yen, impact of change in method of recognizing sales -15.3 billion yen, currency translation -8.5 billion yen
- Operating income 74.5 billion yen, -13.8% or -11.9 billion yen compared with the same period a year earlier, operating margin 11.2%
- Sales of hygiene-related products* (hand soap, hand sanitizer, home care products, etc.) increased substantially compared with the same period a year earlier. On the other hand, in the Cosmetics Business, a decline in inbound demand, weak sales of makeup due to factors such as wearing masks becoming common practice, and the impact of restrictions on going outside and temporary store closures resulted in substantial decreases in sales and operating income. The business for hair salons in the Americas and Europe was also significantly impacted by factors including restrictions on going outside and temporary closures of customer stores. In the Chemical Business, sales and operating income decreased compared with the same period a year earlier due to a slump in customer industries.

Shareholder Returns

The interim dividend for FY2020 is 70 yen per share, an increase of 5 yen per share, in line with the forecast announced on April 27, 2020.

*Note: Hand soap and hand sanitizer include sales of commercial-use products (Fabric and Home Care Business).

Key Points of Consolidated Financial Results for the Six Months Ended June 30, 2020

- The forecast at the beginning of FY2020 presented minimum amounts assuming zero inbound demand were net sales of 1,510 billion yen, and operating income of 220 billion yen. In actuality, COVID-19 has become a worsening global pandemic with a negative impact extending beyond the disappearance of inbound demand. The situation worsened in April-June. The negative impact has been particularly significant on the Cosmetics Business in Japan and the business for hair salons in the Americas and Europe.

Negative Factors

- The cosmetics market in Japan (INTAGE Inc. SRI Survey: including inbound sales, excluding e-commerce and department store channels) has shrunk substantially since March, due in part to the declaration of a state of emergency in April. Change vs. same period a year earlier was -27% in April, -25% in May, -14% in June and -16% for the first half of 2020. Makeup products have been selling poorly as people refrain from going outside, among other reasons. In the Kao Group's Cosmetics Business, the proportion of makeup sales is high. Fixed cost is also high. In addition, due to factors including a delayed response to digital transformation (DX), the impact from the COVID-19 situation has been substantial and conditions for net sales and operating income have been extremely severe. The business for hair salons in the Americas and Europe also faced severe conditions during April-June, with a 32% decrease in sales compared with the same period a year earlier.

Positive Factors

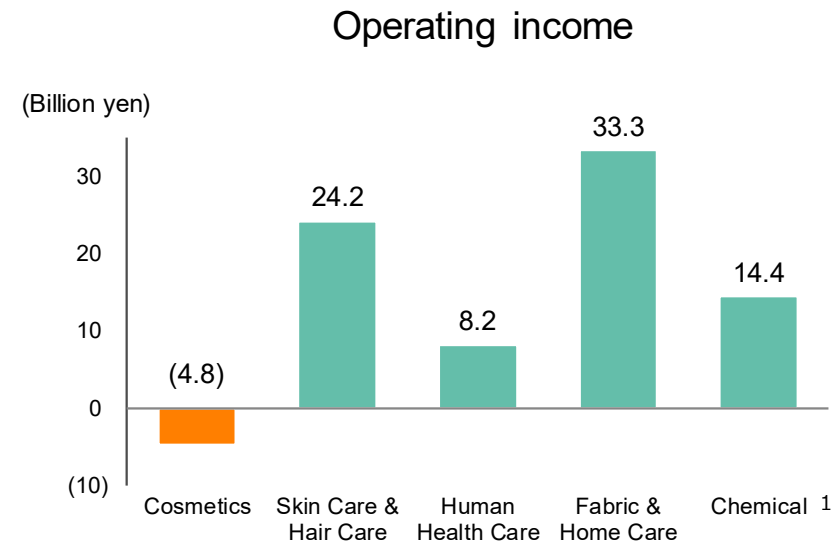
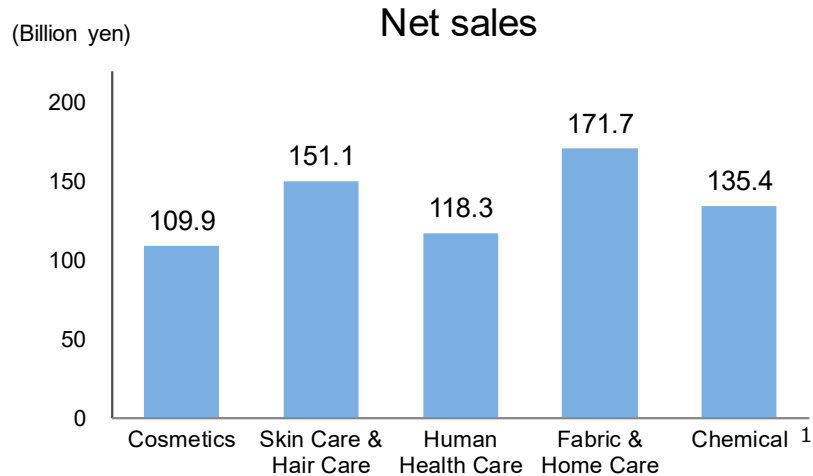
- Amid expected growth in Japan of the markets for hand soap by approximately two times (50 billion yen/year) and for hand sanitizer by approximately 15 times (50 billion yen/year) as COVID-19 countermeasures, the Kao Group stepped up production capacity and market share increased. Going forward, habits such as washing and disinfection of hands are also expected to become more common outside Japan, expanding the areas where the Kao Group can contribute. A positive effect is also expected on the business side.

Impact of COVID-19 on Businesses vs. Same Period a Year Earlier

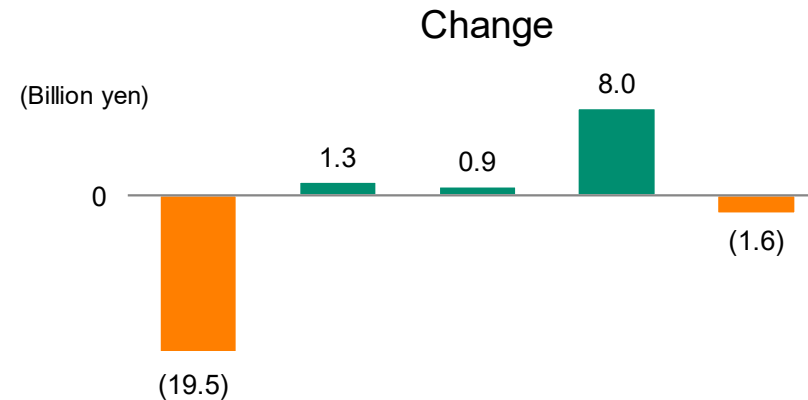
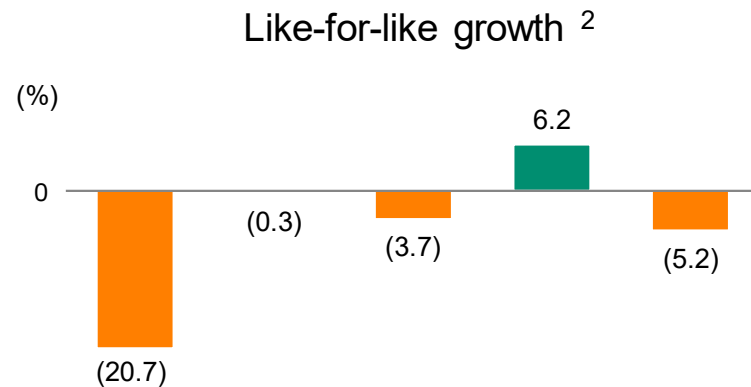
- Sales of skin care, home care and commercial-use products increased 16.9 billion yen and operating income increased 11.0 billion yen.
On the other hand, sales and operating income of the Cosmetics Business, the business for hair salons in the Americas and Europe, and the Chemical Business decreased 47.0 billion yen and 24.2 billion yen, respectively.
- Extra expenses related to COVID-19 -2.8 billion yen
 - Special requirement allowance, a salary measure for employee protection -1.4 billion yen
 - Emergency air shipment of hand soap to alleviate a shortage -1.2 billion yen
 - Other (Expenses for measures to prevent infection) -0.2 billion yen

Consolidated Results by Segment

(Six months ended June 30, 2020)



Operating margin (%)	(4.4)	16.0	6.9	19.4	10.6
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1. Net sales and operating income of the Chemical Business include intersegment transactions

2. Excluding the effect of currency translation

Also excluding the effect of the change in the Company's method of recognizing sales for some transactions for the Skin Care and Hair Care Business from the gross amount to the net amount as of the fiscal year ending December 31, 2020.

Initiatives and Forecasts for July-December 2020

Market Assumptions

- Since June, some countries and regions, including Japan, have showed signs of normalization of economic activity. However, looking at the current upturn in infections in Japan and the status of infections in the countries and regions of Asia, the Americas and Europe, the recovery lacks strength, so the trend toward normalization is expected to be gradual. The market forecast may change depending on the state of the spread of infection.

Key Points for Businesses

- COVID-19 has had a major impact on the Cosmetics Business, which has the highest gross profit margin. The state of its recovery will have a substantial effect on the overall performance of the Kao Group.
- As recovery of inbound demand cannot be expected, the Kao Group will make maximum efforts to minimize the scope of the decline in sales and operating income in the Cosmetics Business, including proposals that capitalize on widespread mask use and sales promotions using e-commerce (especially for sales expansion by Kao China).
- For hygiene-related products, the Kao Group will leverage its comprehensive strengths throughout the supply chain to increase production capacity and contribute to society by promptly providing a large quantity of products and information that protect healthy, hygienic lifestyles, with the ultimate aim of increasing sales and income.
- The Kao Group aims to use the results of its research and development to maximize the impact of new and improved products planned for launch in the second half of the year.

Stance on Announced Forecast

- July-September sales will decline compared with same period a year earlier due to the effect of the last-minute demand ahead of the October 2019 consumption tax rate increase in Japan. The opposite is expected for October-December, with an increase in sales compared with the same period a year earlier. Amid continuing severe conditions, the Kao Group will aim for second-half net sales on par with same period a year earlier or higher on a like-for-like basis.
- As for profits, due to the negative impact of factors such as increases in depreciation and amortization, personnel expenses and other fixed costs, and the recording of extra expenses* related to COVID-19, even taking the positive impact effect of factors such as cost saving, lower raw material costs and Total Cost Reduction activities into account, it is expected to be difficult as well to secure second-half operating income at a level on par with the previous year (125.3 billion yen).
- Full-year sales and operating income are expected to decrease substantially year on year. The Kao Group has revised its full-year forecast of consolidated operating results.

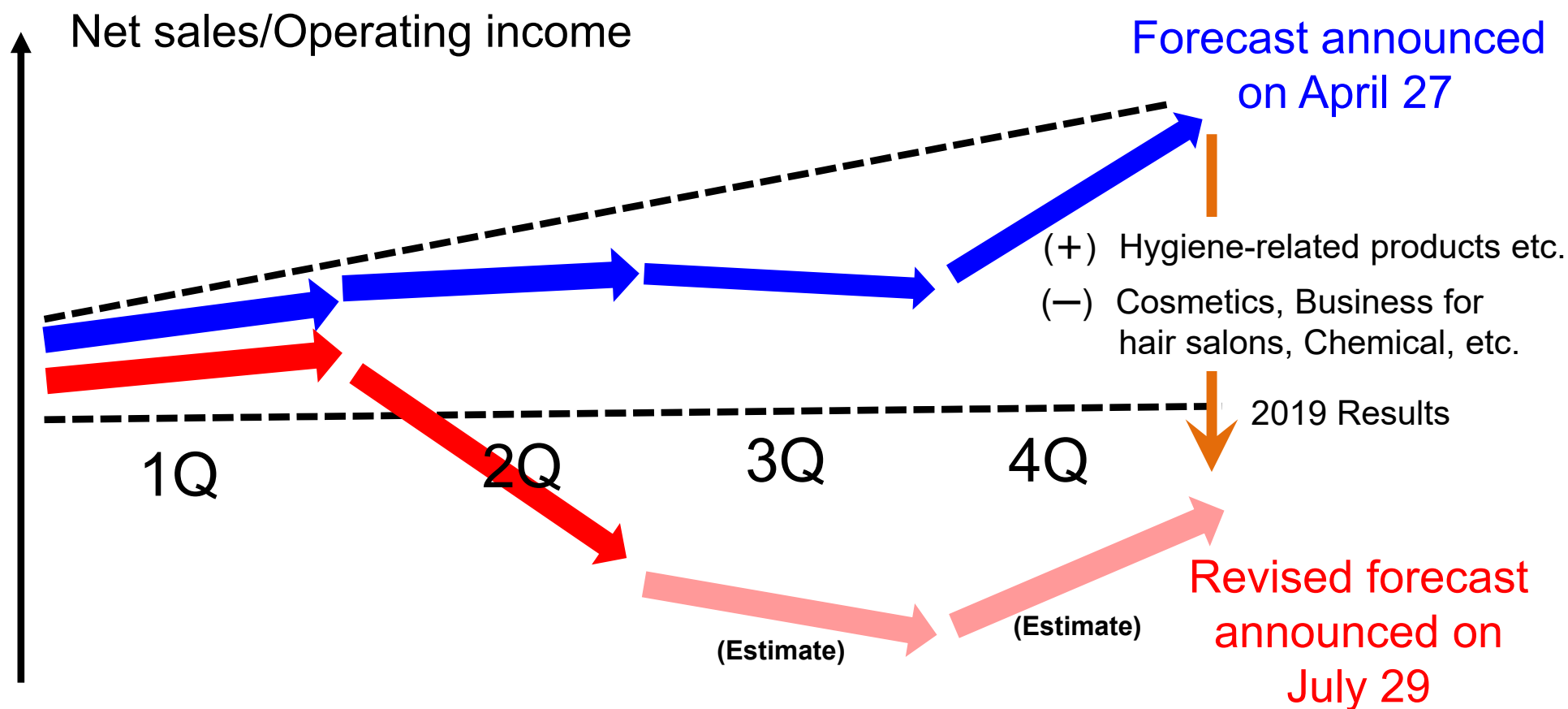
* Planned recording of 1.8 billion yen in extra expenses (Special requirement allowance 0.1 billion yen, Special company performance-linked bonus 1.1 billion yen, Emergency air shipment 0.5 billion yen and Other 0.1 billion)

Announced Forecast

- Forecast of consolidated operating results for the full year: Net sales 1,430 billion yen (-4.8% compared with the previous fiscal year, -1.9% on a like-for-like basis), operating income 190 billion yen (-10.3%), net income attributable to owners of the parent 134 billion yen (-9.6%)

The Kao Group aims to pay dividends for FY2020 of 140 yen per share, an increase of 10 yen per share in line with the forecast, for the 31st consecutive fiscal year of increases.

Image of Change in Quarterly Results in 2020



Sales Forecast for FY2020

Consolidated Net Sales (Year ending December 31)

FY2020 (Forecast)	Japan		Consolidated			Consolidated	
(Billion yen)	Like-for-like growth (%) ¹		Like-for-like growth (%) ¹			Like-for-like growth (%) ¹	
Cosmetics Business	188.0	(19.0)	259.0	(13.6)	Japan ²	931.0	(2.3)
Skin Care and Hair Care Business ²	180.0	8.7	310.0	1.7	Asia	263.0	2.8
Human Health Care Business	156.0	(2.7)	251.0	(0.8)	Americas	127.0	(3.2)
Fabric and Home Care Business	328.0	6.6	379.0	5.6	Europe	109.0	(6.8)
Consumer Products Business	852.0	(1.6)	1,199.0	(1.4)			
Chemical Business ³			271.0	(3.7)			
Consolidated			1,430.0	(1.9)	Consolidated	1,430.0	(1.9)

1. Excluding the effect of currency translation

2. As of the fiscal year ending December 31, 2020, the Company has changed its method of recognizing sales for some transactions from the gross amount to the net amount.

3. Net sales of the Chemical Business include intersegment transactions

Sales by geographic region are classified based on the location of the sales recognized

Consolidated Operating Results Forecast for FY2020

Fiscal year (January 1 to December 31)					
(Billion yen)	FY2019	Growth %	FY2020 (Forecast)	Growth %	Change
Net sales	1,502.2	(0.4)	1,430.0	(4.8)	(72.2)
			Effect of currency translation ¹	(0.7)	(10.9)
			Impact of change in method of recognizing sales ²	(2.3)	(34.0)
			Like-for-like growth excluding above impact	(1.9)	(27.4)
Operating income	211.7	+1.9	190.0	(10.3)	(21.7)
Operating margin	14.1%	-	13.3%	-	-
Income before income taxes	210.6	+1.6	189.0	(10.3)	(21.6)
[% of Net sales]	14.0%	-	13.2%	-	-
Net income attributable to owners of the parent	148.2	(3.6)	134.0	(9.6)	(14.2)
[% of Net sales]	9.9%	-	9.4%	-	-
EBITDA (Operating income + Depr. & amort.) ³	277.2	+3.3	259.0	(6.6)	(18.2)
ROE	17.6%	-	15.0%	-	-
Basic earnings per share (yen)	306.70	(2.4)	278.62	(9.2)	(28.08)
Cash dividends per share (yen)	130.00	-	140.00	-	+10.00

1. Exchange rate assumptions: 108 yen/USD, 120 yen/Euro, 15 yen/Yuan

2. As of the fiscal year ending December 31, 2020, the Company has changed its method of recognizing sales for some transactions from the gross amount to the net amount.

3. Excluding depreciation of right-of-use assets

Major Assumptions for FY2020 Forecast

- Year-on-year growth rate of household and personal care market size in value (yen) in Japan
..... Slightly higher than previous year
- Year-on-year growth rate of cosmetics market size in value (yen) in Japan
..... Lower than previous year
- Net sales ¥1,430.0 billion

		Growth
Effect of currency translation	- ¥10.9 billion	- 0.7%
Impact of change in method of recognizing sales ¹	- ¥34.0 billion	- 2.3%
Like-for-like growth excluding above impact	- ¥27.4 billion	- 1.9%

- Impact from change in raw material prices
 - Total Cost Reduction (TCR) activities
 - Capital expenditures/depreciation and amortization
 - Exchange rate assumptions

Estimated impact on income

Gross impact +¥6.0 billion

Net impact +¥5.0 billion

+¥6.0 billion

Capital expenditures ² ¥90.0 billion

Depreciation and amortization ³ ¥69.0 billion
- 108 yen/USD (FY2019 actual exchange rate [average])

120 yen/Euro (FY2019 actual exchange rate [average])

15 yen/Yuan (FY2019 actual exchange rate [average])

109.02 yen/USD

122.07 yen/Euro

15.79 yen/Yuan

1. As of the fiscal year ending December 31, 2020, the Company has changed its method of recognizing sales for some transactions from the gross amount to the net amount.

2. Excluding right-of-use assets

3. Excluding depreciation of right-of-use assets

Even if circumstances worsen,
we will fight to the finish without losing heart.

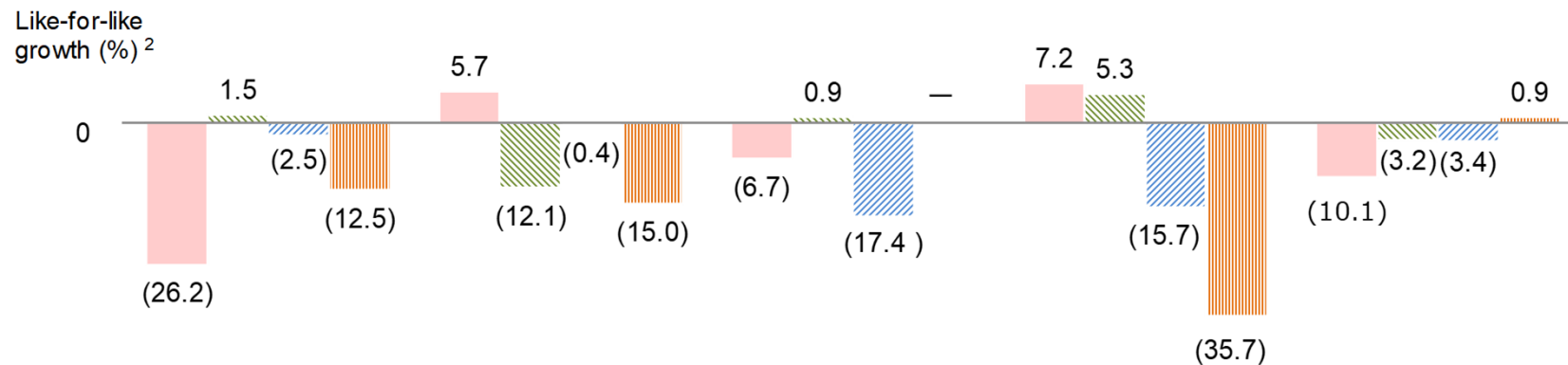
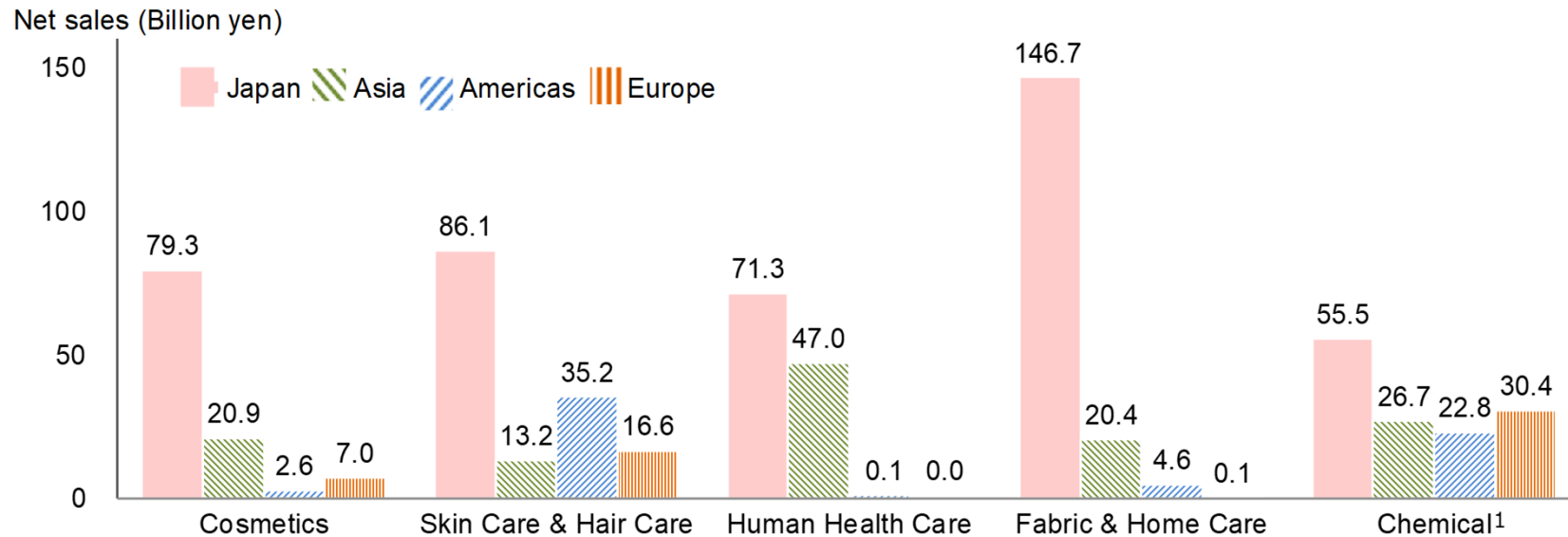
Inspired by our corporate philosophy,
we will strive to be of service to society.

We will face this unprecedented crisis
and accelerate our response to change.

Details of 1H FY2020 Consolidated Financial Results/Kao's ESG Strategy

Consolidated Net Sales by Segment/Geographic Area

(Six months ended June 30, 2020)



1. Net sales of the Chemical Business include intersegment transactions

2. Excluding the effect of currency translation

Also excluding the effect of the change in the Company's method of recognizing sales for some transactions for the Skin Care and Hair Care Business from the gross amount to the net amount as of the fiscal year ending December 31, 2020.

Sales by geographic region are classified based on the location of the sales recognized

Consumer Products Business

Six months ended June 30									
(Billion yen)	Net sales				Operating income			Operating margin %	
	FY2019	FY2020	Growth %	Like-for-like % ¹	FY2019	FY2020	Change	FY2019	FY2020
Japan ²	417.5	383.4	(8.2)	(4.7)	52.4	41.5	(10.9)	12.6	10.8
Asia	105.0	101.5	(3.4)	(0.0)	14.4	16.4	2.0	13.7	16.1
Americas	44.5	42.4	(4.7)	(2.5)	3.2	4.1	0.8	7.2	9.6
Europe	28.9	23.7	(17.8)	(14.3)	0.2	(1.2)	(1.4)	0.6	(5.1)
Consumer Products Business	595.9	551.1	(7.5)	(4.1)	70.2	60.8	(9.4)	11.8	11.0

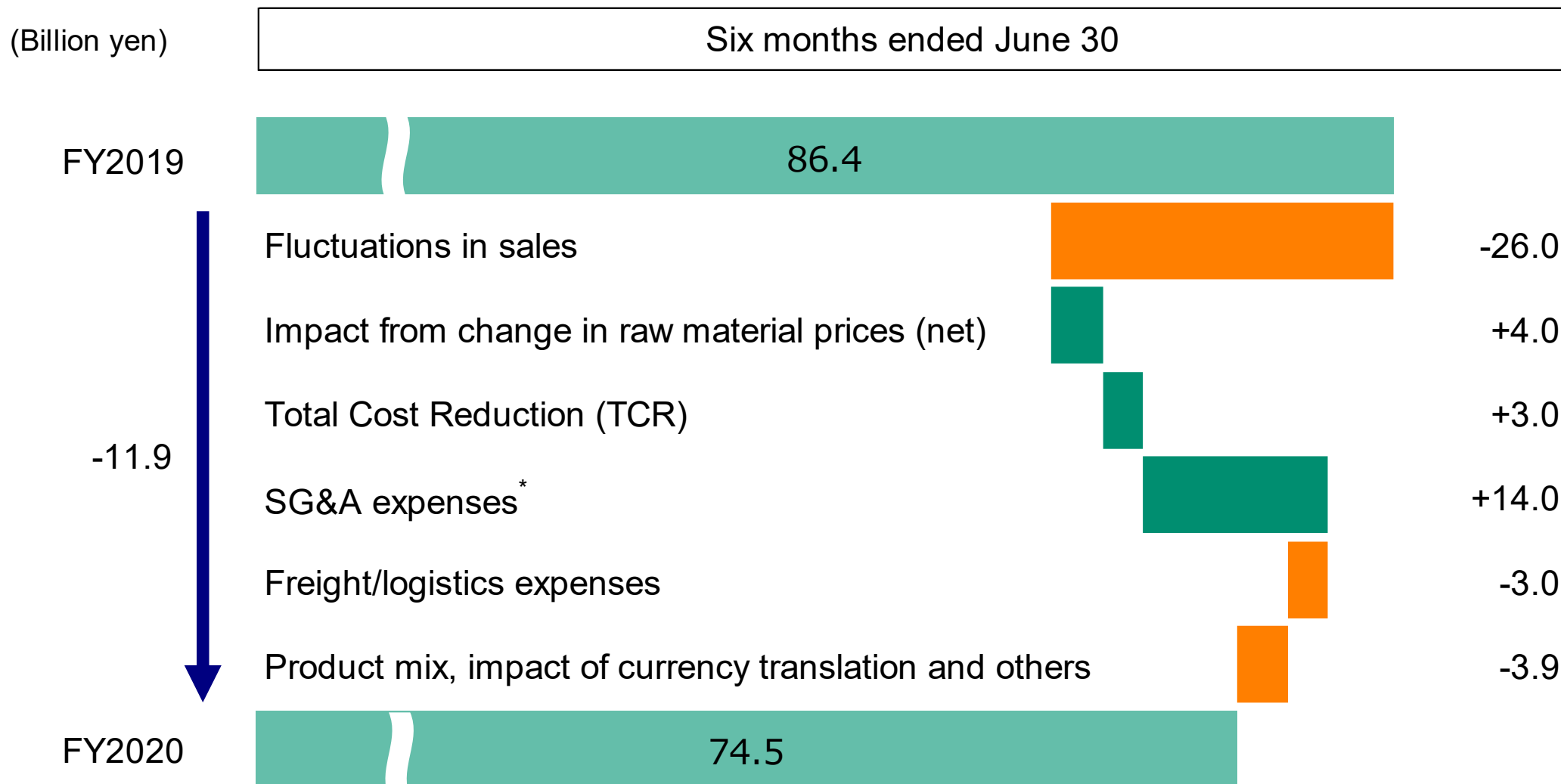
Net sales growth rates of major companies (Like-for-like % ¹)	Kao China:	8%	Kao Taiwan:	(9)%	Kao Vietnam:	(21)%
	Kao Indonesia	9%	Kao Thailand:	(10)%	Kao Hong Kong:	(23)%

1. Excluding the effect of currency translation

2. As of the fiscal year ending December 31, 2020, the Company has changed its method of recognizing sales for some transactions from the gross amount to the net amount

Sales by geographic region are classified based on the location of the sales recognized

Analysis of Change in Consolidated Operating Income



* Excluding the effect of currency translation

ESG Initiatives to Enhance Corporate Value

Initiatives to Prevent the Spread of COVID-19

- Start of Activities to Protect Kirei¹ Lifestyles Project
 - Increased production of hand sanitizer, with priority supply to medical institutions and facilities for the elderly with emergency requirements.
 - Active communication of information for professionals on viruses and other topics and lifestyle information for preventing infections.
 - Beginning in Japan, start of the activities, such as providing related products and accurate information for immediate action to protect consumers' kirei lifestyles. Planned global rollout of initiatives adapted to each region.

1. The Japanese word “kirei” means beautiful or clean, not only on the outside but also on the inside. At Kao, Kirei is the value we want to bring to everyday life with our brands, products, and services – now and in the future.

ESG Strategy

- Adoption of ESG Management and Announcement of Priority Actions to Realize “ESG-driven Yoki-Monozukuri”²

On September 26, 2019, the Kao Group announced its priority actions for “ESG-driven Yoki-Monozukuri” that gives form to the Kirei Lifestyle Plan. As a first step, the Kao Group is focusing on Innovations in Reduction and Recycling to achieve circularity of plastic resource, and Social Innovations contributing to improved QOL.³

2. The Kao Group defines *Yoki-Monozukuri* as a strong commitment by all members to provide products and brands of excellent value for consumer satisfaction.
3. QOL: Quality of life, generally defined as the standard of health, comfort, and ability to enjoy and participate in life events experienced by an individual or group.

Purpose Driven Brand

- U.S. Launch of *MyKirei* by Kao, a New Product Collection Inspired by the Kirei Philosophy

Start of sales from April 2020 of *MyKirei* by KAO, a brand inspired by the Kirei Lifestyle proposed by Kao (3 products, 6 varieties). Achieves innovation in reduction with the introduction of new air-in film bottles (AFB). Rollout in stages to Japan, Europe, elsewhere in Asia, etc. <https://www.kao.com/global/en/news/sustainability/2020/20200407-001/>

Transformative Product Innovation

- Start of Commercialization of a Skin Care Product Using Fine Fiber Technology for Social Innovation

Launch in December 2019 of cosmetics developed jointly with Panasonic Corporation that offer a new type of skin care that uses technology to form a layered ultra-thin membrane on the surface of the skin. Commercial rollouts in various fields are under consideration. www.kao.com/global/en/news/business-finance/2019/20191101-001/

Zero Waste

- Promotion of Elimination of Use of Eye-Catching Plastic Stickers on Products as Part of Innovation in Reduction

Gradual phase-out of the use of eye-catching plastic stickers on *Bioré u* body wash and other products launched in spring 2020. Planning to completely eliminate use by the end of 2021. <https://www.kao.com/global/en/news/sustainability/2020/20200317-001/>



Initiatives to protect kirei lifestyles



Priority actions in ESG-driven *Yoki-Monozukuri*



Products with innovative film bottles



Without eye-catching plastic stickers

KAO

Enriching lives, in harmony with nature.

Kirei Lifestyle Plan – Kao's ESG Strategy

Kao calls the lifestyle consumers seek the “Kirei Lifestyle,” and in order to realize it, Kao has formulated the Kirei Lifestyle Plan as its ESG strategy, consisting of its vision, commitments and actions. Through the Kirei Lifestyle Plan, Kao will continue to contribute to society into the future.

Our ESG Vision

A Kirei lifestyle means living a beautiful life inside and out.

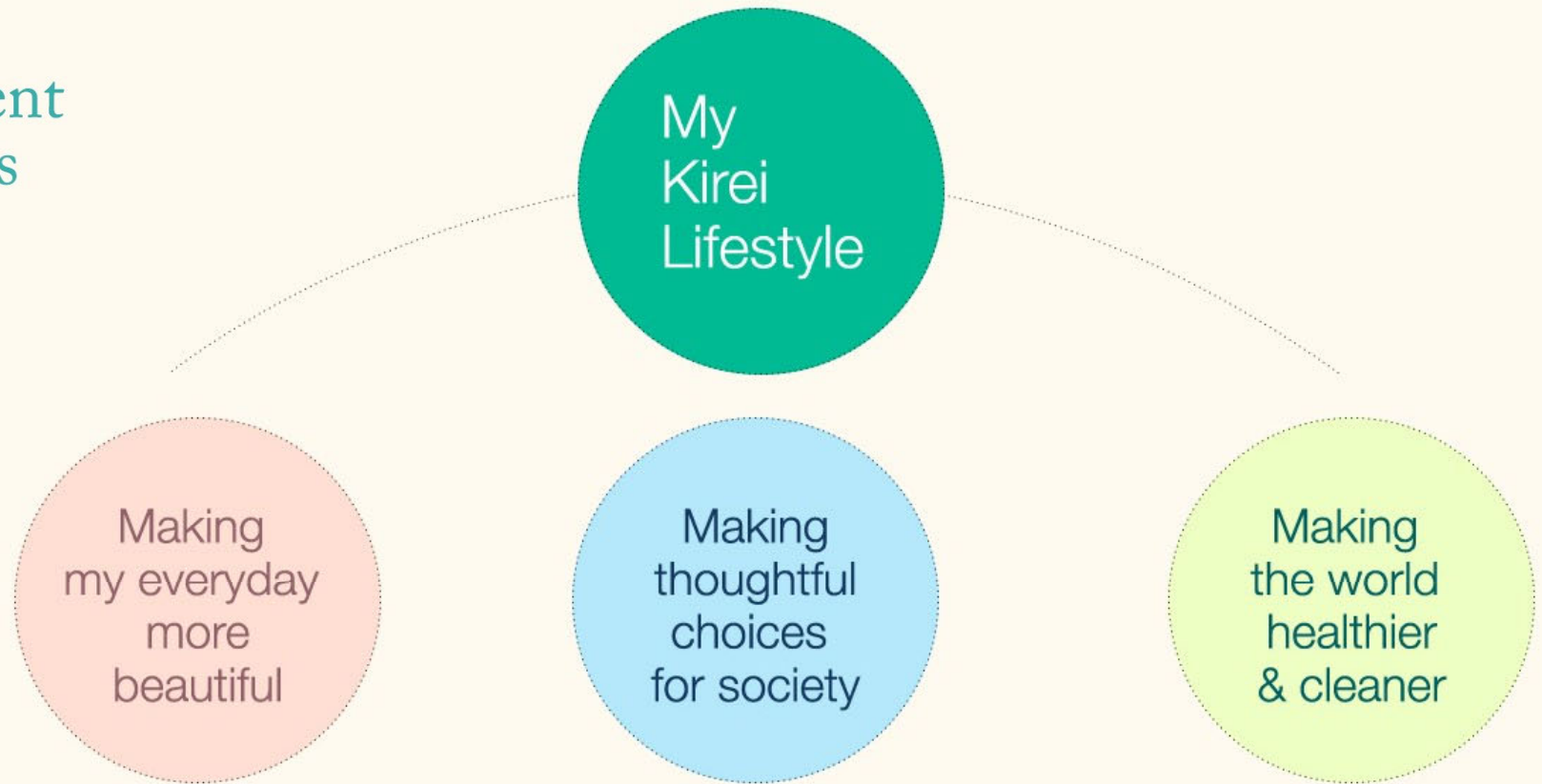
A Kirei lifestyle is full of compassion. Where making your own life clean and beautiful never compromises the beauty and cleanliness of the world around you.

A Kirei lifestyle is enjoying today, with the peace of mind that those joys will be there tomorrow. It's the chance to express who you truly are, with the confidence that you are walking the right path. Even in the smallest, everyday moments.

That's why at Kao, everything we do is in service of this lifestyle. It's why we do what is right, not what is easy. We put our innovation and imagination to the task of enriching lives by finding ways for people the world over to live the Kirei lifestyle.

Kirei Lifestyle Plan – Kao's ESG Strategy

Our ESG Commitment and Actions



Kao Commitments by 2030

BY 2030

We will aim to empower all people, at least 1 billion by 2030, to enjoy more beautiful lives — greater cleanliness, easier aging, better health and confidence in self expression

BY 2030

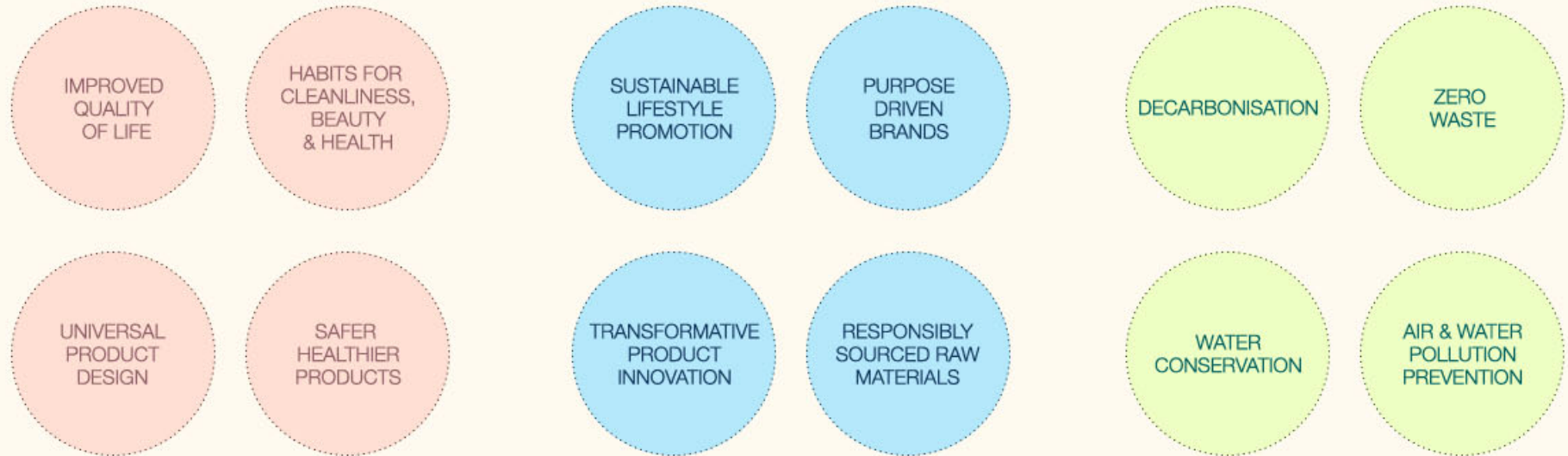
100% of Kao brands will make it easy for people to make small but meaningful choices that, together, will shape a more resilient and compassionate society

BY 2030

100% of our products will leave a full life cycle environmental footprint that science says our natural world can safely absorb

Kirei Lifestyle Plan – Kao's ESG Strategy

Kao Actions



Walking the right path

EFFECTIVE
CORPORATE
GOVERNANCE

FULL
TRANSPARENCY

RESPECTING
HUMAN
RIGHTS

INCLUSIVE
& DIVERSE
WORKPLACES

EMPLOYEE
WELLBEING
& SAFETY

HUMAN
CAPITAL
DEVELOPMENT

RESPONSIBLE
CHEMICALS
MANAGEMENT

Use of Cash Flow* and Shareholder Returns

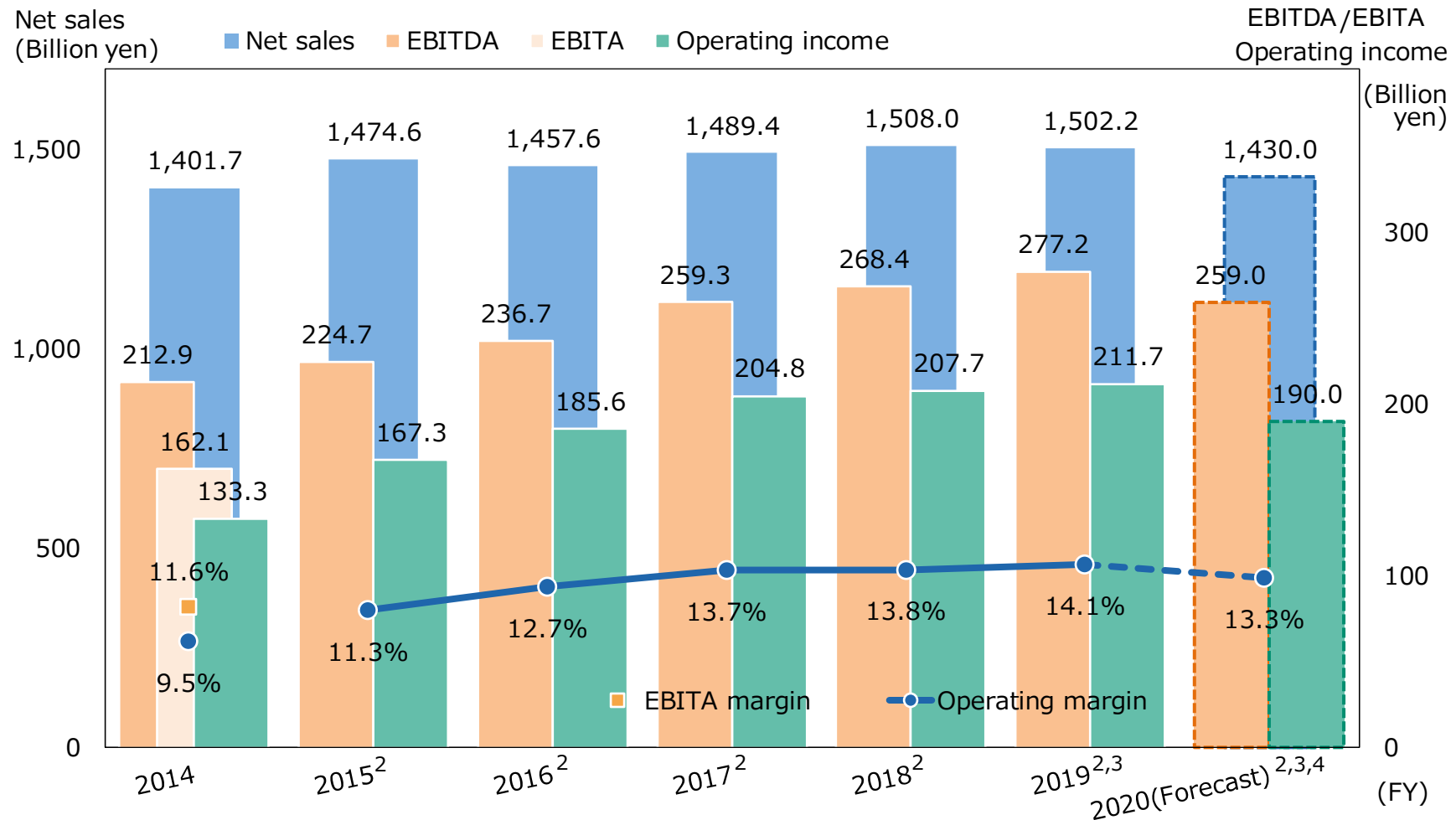
Use steadily generated cash flow effectively from an EVA standpoint as shown below toward further growth.

- Investment for future growth (capital expenditures, M&A, etc.)
- Steady and continuous cash dividends (40% payout ratio target)
- Share repurchases and early repayment of interest-bearing debt including borrowings

* Net cash flows from operating activities

Historical Data

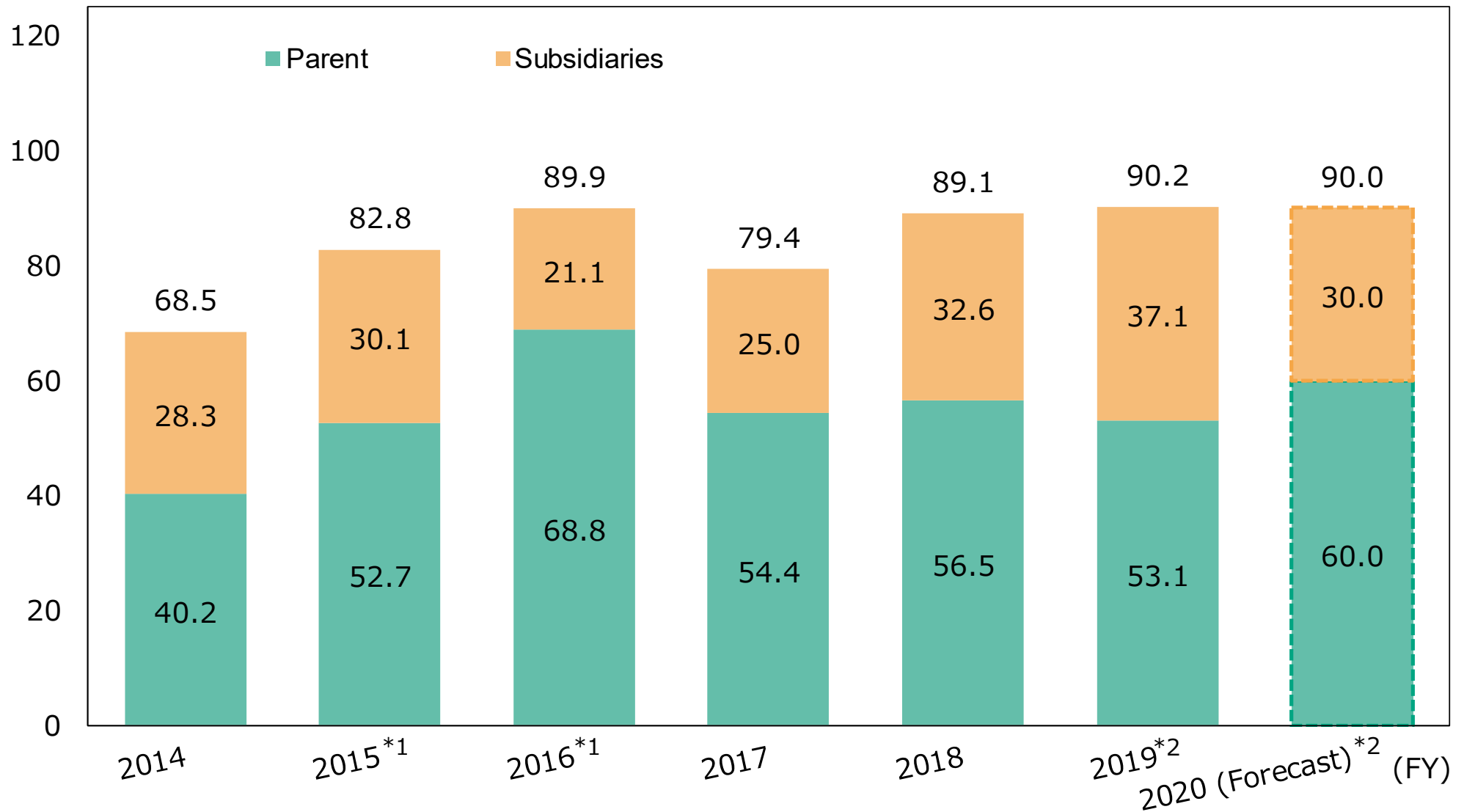
Consolidated Net Sales/EBITDA/EBITA¹/Operating Income



1. Operating income before amortization of goodwill and intellectual property rights related to M&A
2. IFRS adopted in FY2016. FY2015 figures are calculations based on IFRS. EBITA is not presented from FY2015 because amortization of goodwill has been discontinued under IFRS.
3. EBITDA excludes depreciation of right-of-use assets
4. As of the fiscal year ending December 31, 2020, the Company has changed its method of recognizing sales for some transactions from the gross amount to the net amount.

Capital Expenditures

(Billion yen)



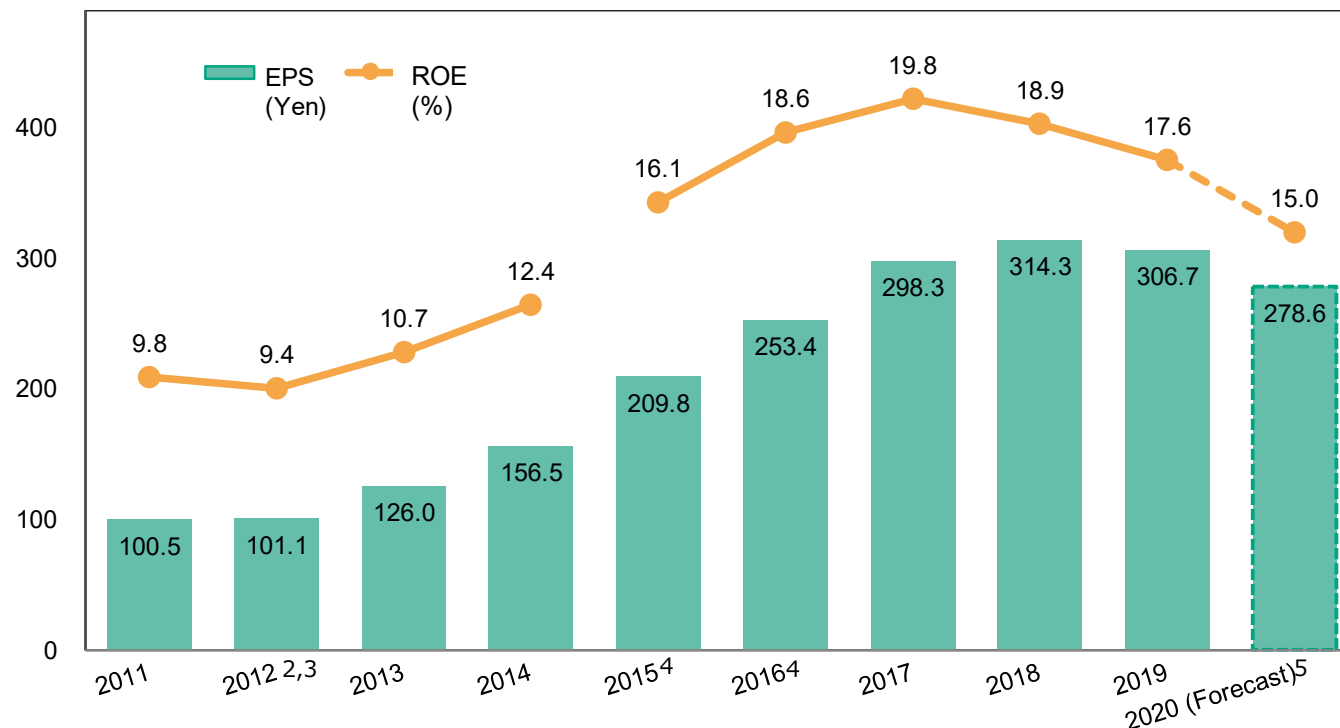
1. IFRS adopted in FY2016. FY2015 figures are calculations based on IFRS.

2. Excluding right-of-use assets

ROE & EPS¹

EPS (Yen)

ROE

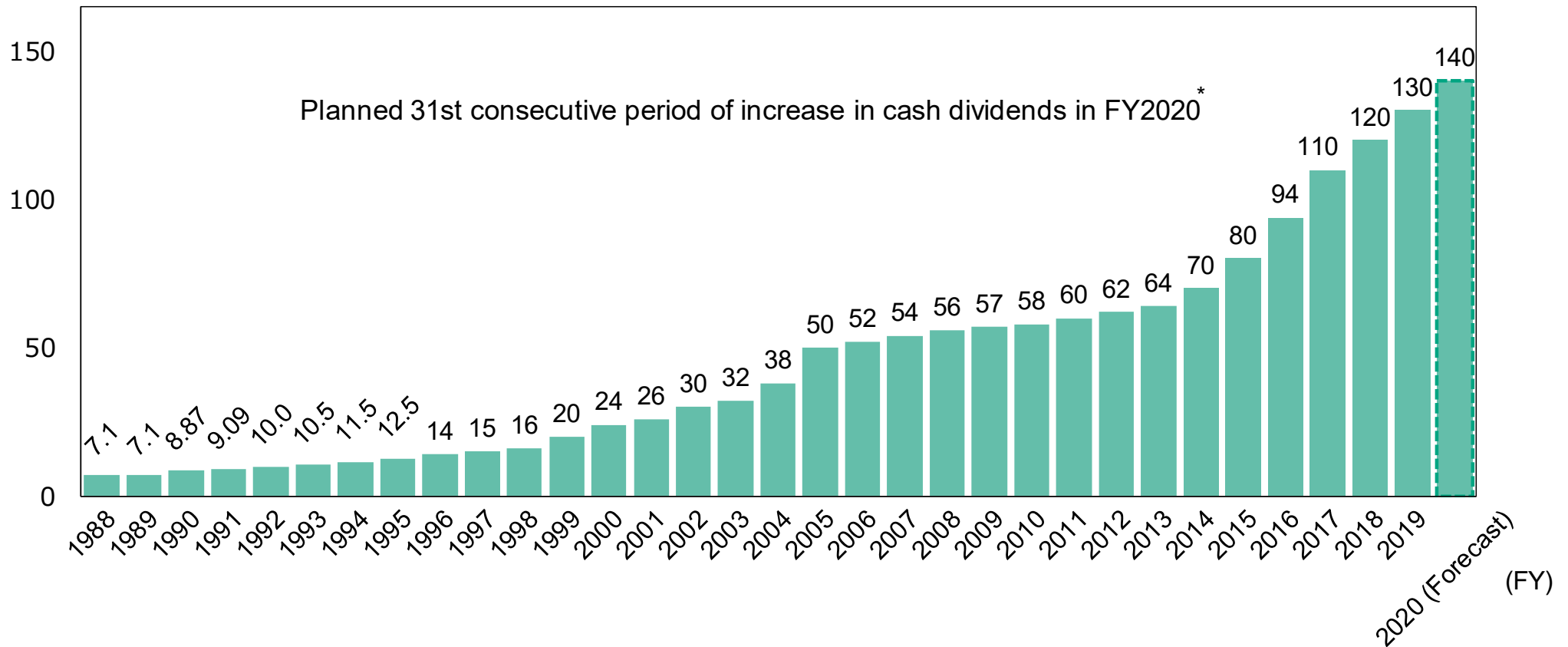


Weighted average number of shares outstanding (Million shares)	521.9	521.8	513.9	508.7	501.4	499.4	492.8	489.1	483.3	480.9
Net income [J-GAAP] / Net income attributable to owners of the parent [IFRS] (Billion yen)	52.4	52.8	64.8	79.6	105.2	126.6	147.0	153.7	148.2	134.0

1. Net income per share [J-GAAP] / Basic earnings per share [IFRS]
2. Fiscal year end changed from March 31 to December 31 in FY2012 (FY2012 results are for the nine-month period from April to December for Group companies whose fiscal year end was previously March 31 and the twelve-month period from January to December for Group companies whose fiscal year end was December 31).
3. ROE of FY2012 is for the transitional period connected with the change in fiscal year end
4. IFRS adopted in FY2016. FY2015 figures are calculations based on IFRS.
5. As of the fiscal year ending December 31, 2020, the Company has changed its method of recognizing sales for some transactions from the gross amount to the net amount.

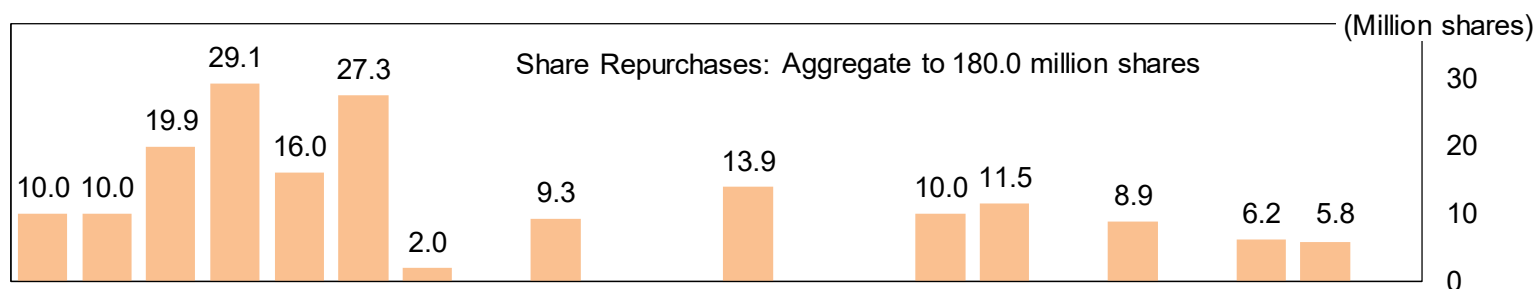
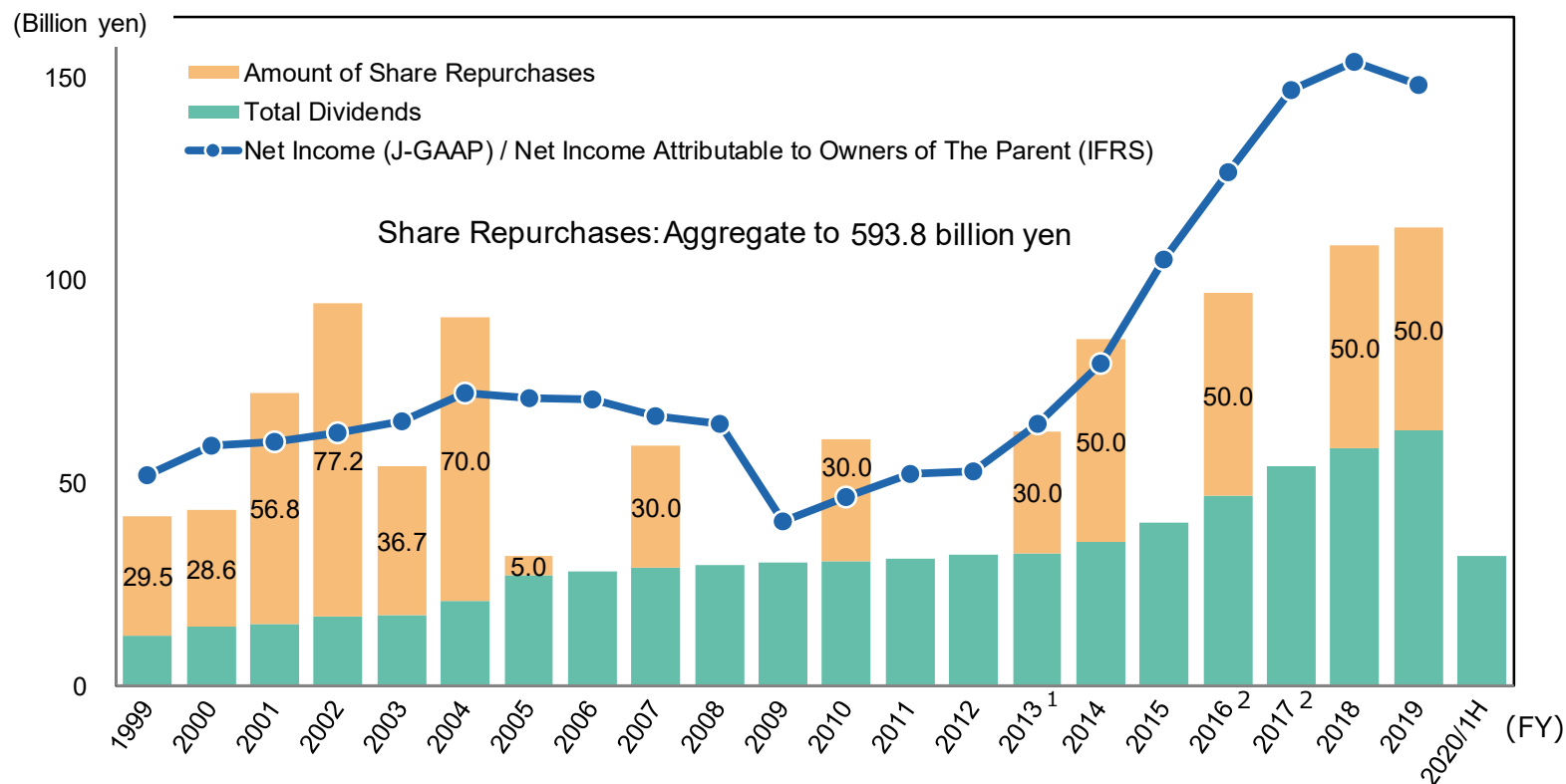
Cash Dividends per Share

Cash Dividends per Share (Yen)



* Formally decided at the Annual General Meeting of Shareholders
Impacts of share splits are retroactively reflected

Shareholder Returns



1. Fiscal year end changed from March 31 to December 31 in FY2012 (FY2012 results are for the nine-month period from April to December for Group companies whose fiscal year end was previously March 31 and the twelve-month period from January to December for Group companies whose fiscal year end was December 31).
2. IFRS adopted in FY2016. FY2015 figures are calculations based on IFRS.

Business Segments and Main Product Categories

Consumer Products Business

Cosmetics Business

Counseling cosmetics, self-selection cosmetics

Six months ended June 2020

Net sales: ¥109.9 billion

Like-for-like growth:¹ (20.7)%

Share of net sales: 16.5%

Operating margin: (4.4)%



Skin Care and Hair Care Business

Skin care (mass products), hair care (mass products), professional hair care products

Six months ended June 2020

Net sales: ¥151.1 billion

Like-for-like growth:¹ (0.3)%

Share of net sales: 22.7 %

Operating margin: 16.0 %



Human Health Care Business

Sanitary products, blood circulation enhancement products (incl. bath additives and thermal pads), oral care, beverages

Six months ended June 2020

Net sales: ¥118.3 billion

Like-for-like growth:¹ (3.7)%

Share of net sales: 17.7 %

Operating margin: 6.9 %



Fabric and Home Care Business

Laundry detergents, fabric treatments, products for kitchen, bath, toilet and living room care, Commercial-use products

Six months ended June 2020

Net sales: ¥171.7 billion

Like-for-like growth:¹ +6.2%

Share of net sales: 25.7%

Operating margin: 19.4%



Chemical Business

Six months ended June 2020

Net sales: ¥135.4 billion²

Like-for-like growth:¹ (5.2)%

Share of net sales:³ 17.4 %

Operating margin: 10.6 %

Oleo chemicals,
performance chemicals,
specialty chemicals



1. Excluding the effect of currency translation

Also excluding the effect of the change in the Company's method of recognizing sales for some transactions for the Skin Care and Hair Care Business from the gross amount to the net amount as of the fiscal year ending December 31, 2020.

2. Net sales of the Chemical Business include intersegment transactions

3. Share of net sales is calculated based on sales to customers

The Kao logo is rendered in a teal color. It features a stylized 'K' with a horizontal bar that extends to the right, followed by the letters 'a' and 'o' in a rounded, sans-serif typeface.

Enriching lives, in harmony with nature.