



unicharm
NOLA&DOLA

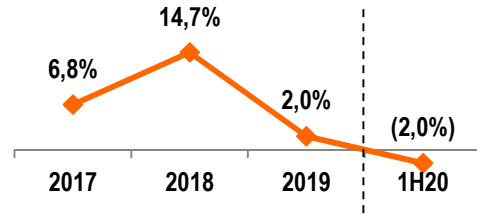
**Financial Performance Summary:
Fiscal Year Ended June 30, 2020**

What Drives Our Business

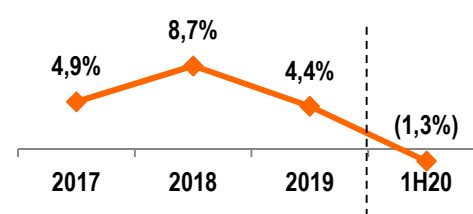


Net Revenue Growth

Total Net Revenue Growth (Y-o-Y)



Net 3rd Parties Revenue² Growth (Y-o-Y)

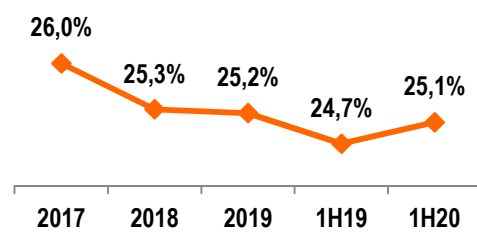


Comments

✓ Corona effect makes sales especially in Traditional Market decrease significantly.

Gross Profit Margin

Gross Profit Margin (% of Net Revenue)



Key Drivers

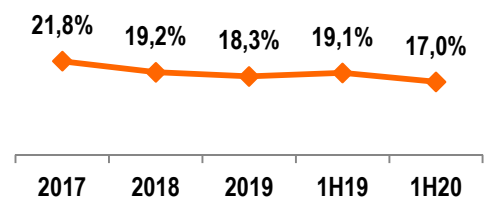
- Raw Materials
- Production Labour Costs
- Indirect Production Costs

Comments

✓ Improving Gross Profit Margin compared to 1H 2019

Operating Expenses as % of Net Revenue

Operating Expenses as % of Net Revenue



Key Drivers

- Freight Costs
- Warehousing Expenses
- Royalties
- Sales promotion; advertising and marketing expenses
- Employee Costs (Salary and Wages)

Comments

✓ Significant improvement in cost ratio through disciplined cost management and continued economies of scale

Recent Developments and Financial Performance



Recent Financial Performance (IDRmn)

Key Income Statement Line Items	1H2019	1H2020
Net Revenue	4,209,402	4,123,579
<i>YoY Growth</i>		<i>-2.0%</i>
Cost of Revenue	(3,169,835)	(3,090,450)
Gross Profit	1,039,567	1,033,129
<i>Gross Profit Margin (% of Net Revenue)</i>	<i>24.7%</i>	<i>25.1%</i>
Selling Expenses	(682,329)	(617,658)
<i>% of Net Revenue</i>	<i>16.2%</i>	<i>15.0%</i>
General and Administrative Expenses	(122,566)	(84,199)
<i>% of Net Revenue</i>	<i>2.9%</i>	<i>2.0%</i>
Profit/(Loss) Before Tax	215,006	270,456
<i>% of Net Revenue</i>	<i>5.1%</i>	<i>6.6%</i>
Profit/(Loss) for the Period/Year	153,926	190,048
<i>% of Net Revenue</i>	<i>3.7%</i>	<i>4.6%</i>

Balance Sheet	A2019	Jun-20
Total current assets	5,561,641	5,471,549
Total non-current assets	2,754,412	3,013,125
TOTAL ASSETS	8,316,053	8,484,674
Total current liabilities	2,314,879	2,188,387
Total non-current liabilities	1,659,565	1,839,905
TOTAL LIABILITIES	3,974,444	4,028,292
TOTAL EQUITY	4,341,609	4,456,382

Cash Flow	Jun-19	Jun-20
Net Cash Flow Provided Form Operations	320,432	388,979
Net Cash Flow Provided Form / (Used in) Investing	-40,695	-430,909
Net Cash Flow Provided Form / (Used in) Financing	-27,108	-514,399

Discussion of Recent Trends

Net Revenue

- Primarily due to increase of Discount and promotion in Modern Market, makes declining the net sales compared with 1H2019, eventhough we make a growth in gross sales is increase, compared with 1H2019.

Cost of Revenue and Gross Profit Margin

- Cost of Revenue decrease as a 0.4% of net revenue from 75.3% to 74.9% due to decreasing price of Raw material
- Gross Profit Margin increased from 24.7% to 25.1%

Selling Expenses

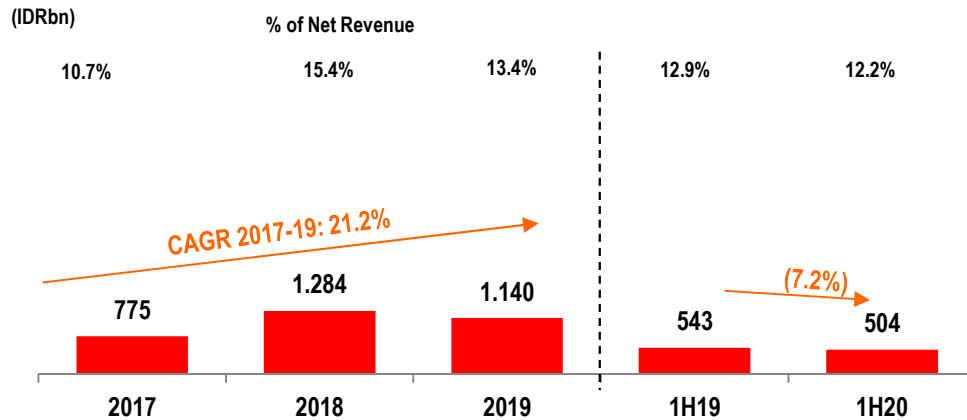
- Selling expenses improved as a 1.2% of net revenue due to a decrease in sales promotion expense
- During 1H 2020, UCI has implement PSAK 73 regarding Leasing, which has no big effect to operating expense, only reclassification from warehouse expenses to depreciation expenses as much 38bio

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Financial Performance – Gross & Net Revenue



Net Revenue – Related Parties



1H19 vs 1H20

– Demand for export is decrease, specially from India due to India plant production recovery.

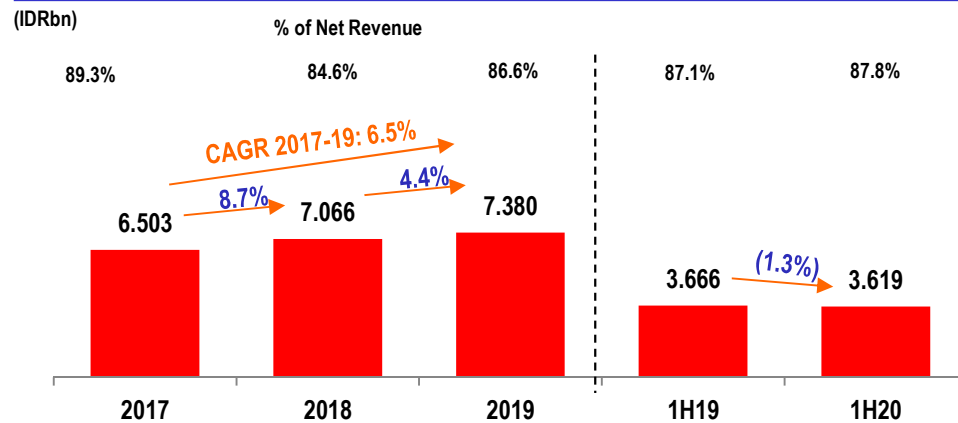
2019 vs 2018

– Normalization due to resolution of supply shortage in India

2018 vs 2017

– Largely driven by exports to India due to a shortfall in Baby Care supply

Net Revenue – 3rd Parties



1H19 vs 1H20

– Decreased by 1,3%, driven by decreasing our sales especially in Traditional Market and increasing the discount and promotion to Modern Market

2019 vs 2018

– Driven by higher sales volume and prices

2018 vs 2017

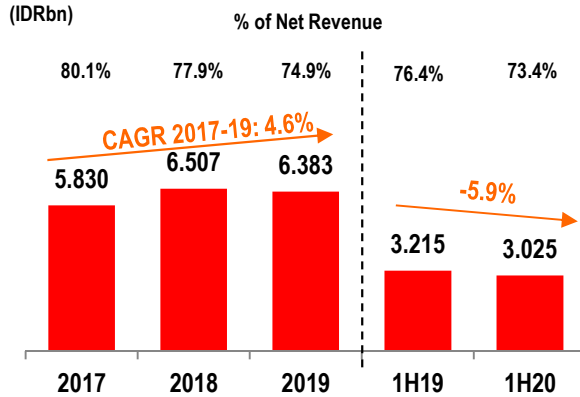
– Increase in net revenue was also driven by decrease in sales promotions and increase in sales volume

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Financial Performance – Net Revenue



Net Revenue – Baby Care



1H19 vs 1H20

- Corona effect makes sales especially in Traditional Market decrease significantly

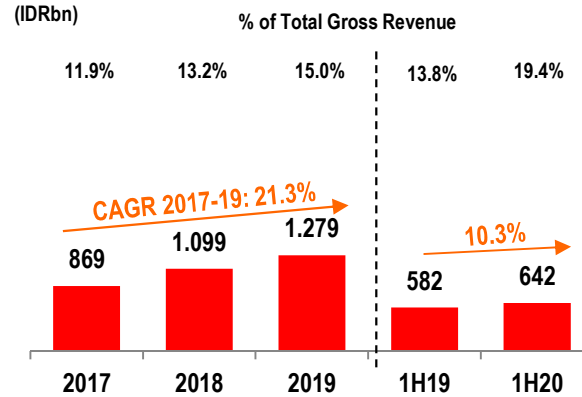
2019 vs 2018

- Stable growth driven by Net 3rd Parties Revenue with increased sales volume and price increase; with flat Net Related Parties Revenue growth

2018 vs 2017

- Strong growth from Net Related Parties Revenue driven by exports to India due to a shortfall in supply and strong Net 3rd Parties Revenue growth

Net Revenue – Feminine Care



1H19 vs 1H20

- Purely driven by net revenue attributable to 3rd party; with increased sales volume

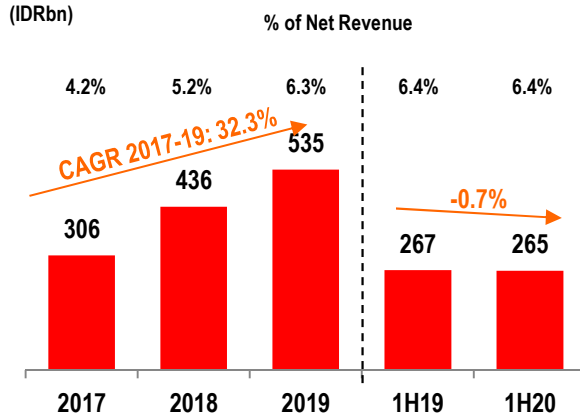
2019 vs 2018

- Driven primarily by strong growth in Net 3rd Parties Revenue from and low Net Related Parties Revenue growth

2018 vs 2017

- Growth driven by strong Net 3rd Parties Revenue, partially offset with a decline in Net Related Parties Revenue

Net Revenue – Healthcare



1H19 vs 1H20

- Driven by increasing ratio of Promotion

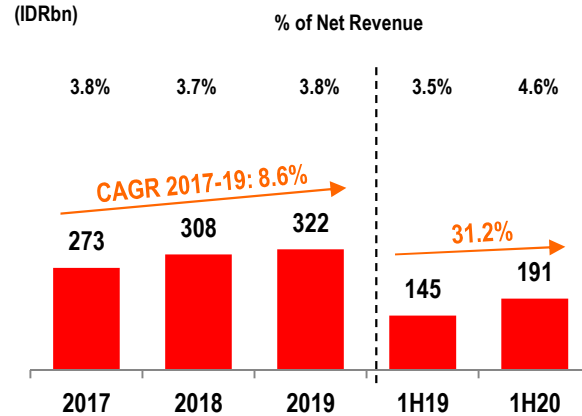
2019 vs 2018

- Driven by strong growth in Net 3rd Parties Revenue and Net Related Parties Revenue growth

2018 vs 2017

- Driven by strong growth in Net 3rd Parties Revenue and Net Related Parties Revenue growth

Net Revenue – Non-Diaper



1H19 vs 1H20

- Purely driven by net revenue attributable to 3rd party; with increased sales volume

2019 vs 2018

- Remained relatively constant

2018 vs 2017

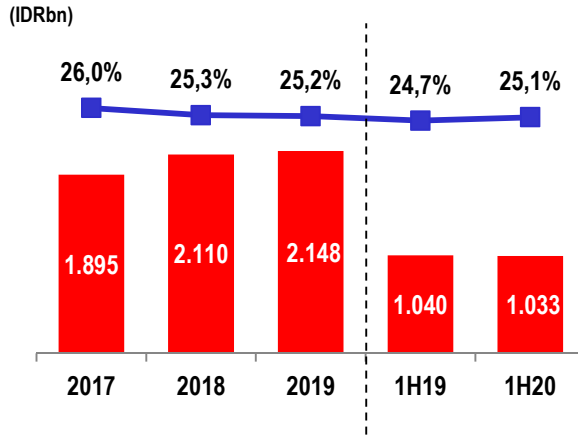
- Growth driven by higher sales volume

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Financial Performance – Increasing Profitability



Gross Profit and Margins

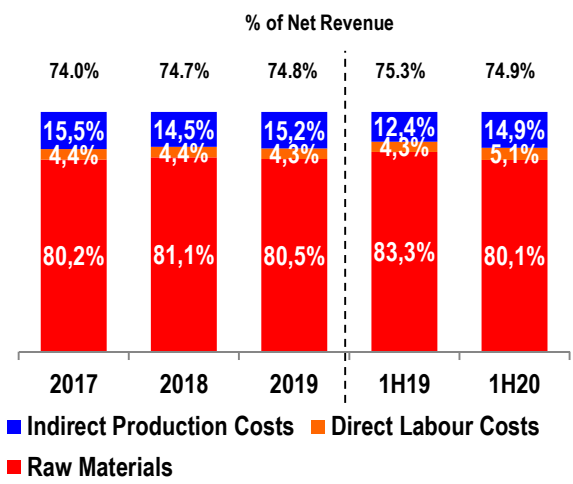


1H19 vs 1H20
 - Due to significantly decreasing of raw material cost, even though promotion ratio makes net revenue decrease

2019 vs 2018
 - Due to increase in raw material costs due to the depreciation of Rupiah against the US Dollar and Japanese Yen

2018 vs 2017
 - Due to increase in raw material costs attributed increase in production output

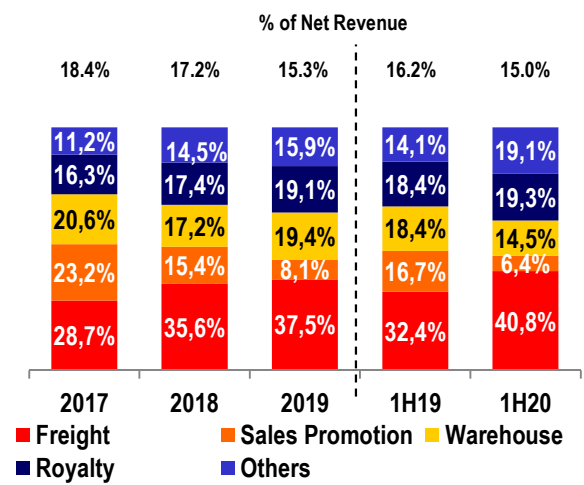
Cost of Revenue Breakdown



- UCI has generally been able to manage fluctuations in raw material costs and other costs of revenue to improve Gross Profit Margins over the years due to price and production management

- Production Cost: Primarily due to Baby Machines overhaul

Selling Expenses Breakdown



✓ **Significant cost ratios improvement**

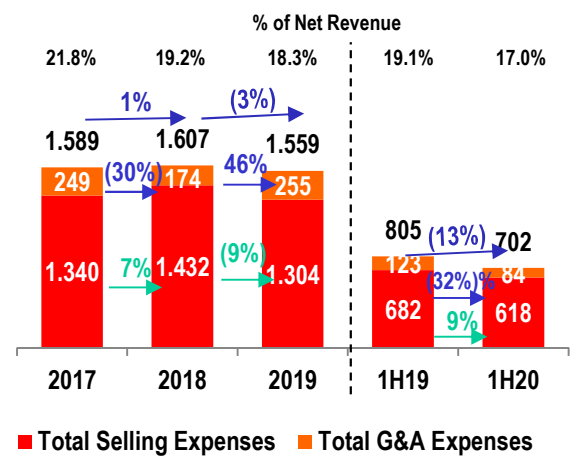
1H19 to 1H20
 - Adoption PSAK 73, it makes "warehouse" expenses decrease and others expenses increase

- Decrease in promotion expenses

2019 vs 2018
 - Decrease in Promotion expense by (5.8%) UCI recorded reversal of sales promo expense of IDR116bn (due to an overprovision of sales promo in 2016)

2018 vs 2017
 - Decrease in sales promotion expenses in line with UCI's focus on selling promotion management

Selling Expenses and G&A Expenses



1H19 to 1H20
 - Selling Exp: Decreasing of Promotion expenses

2019 vs 2018
 - G&A: Accounted for an impairment of trade receivables in 1H19; increase in employee costs due to higher wages and professional fees in preparation of the Offering

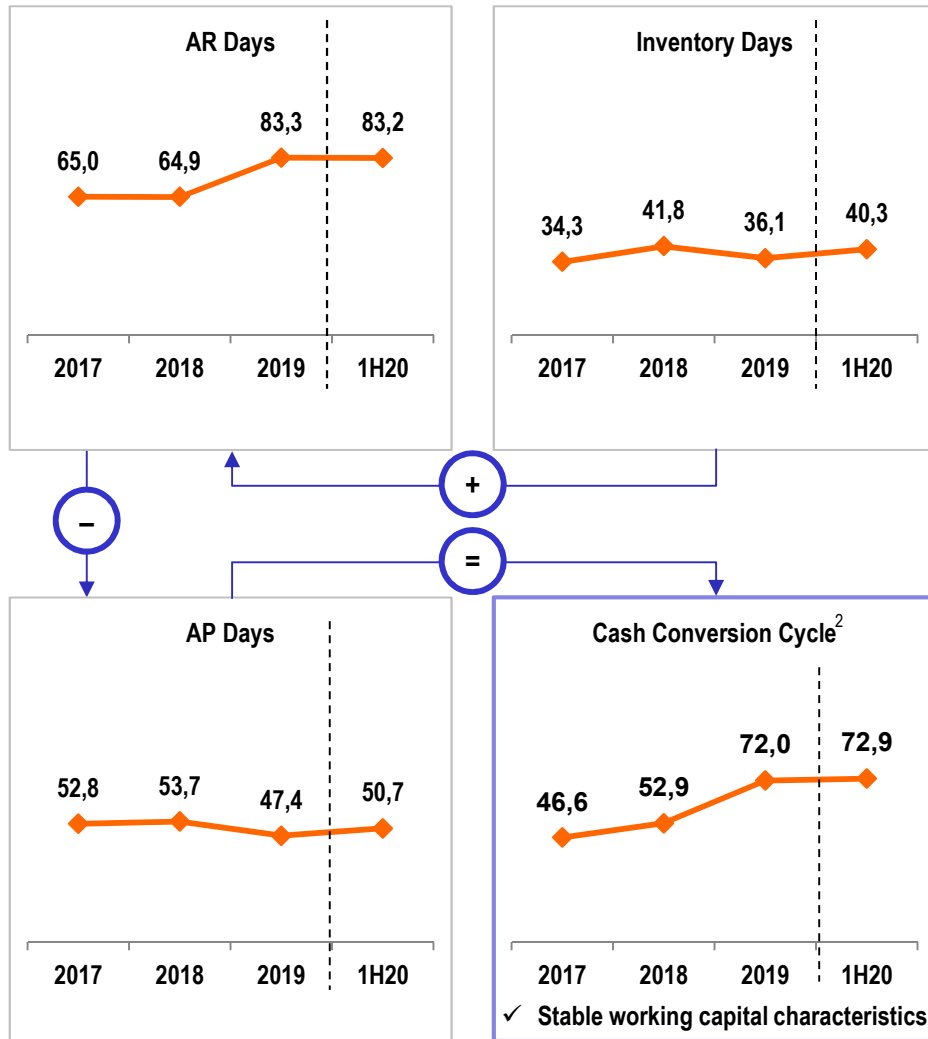
2018 vs 2017
 - G&A: Lower impairment of trade receivables in 2018

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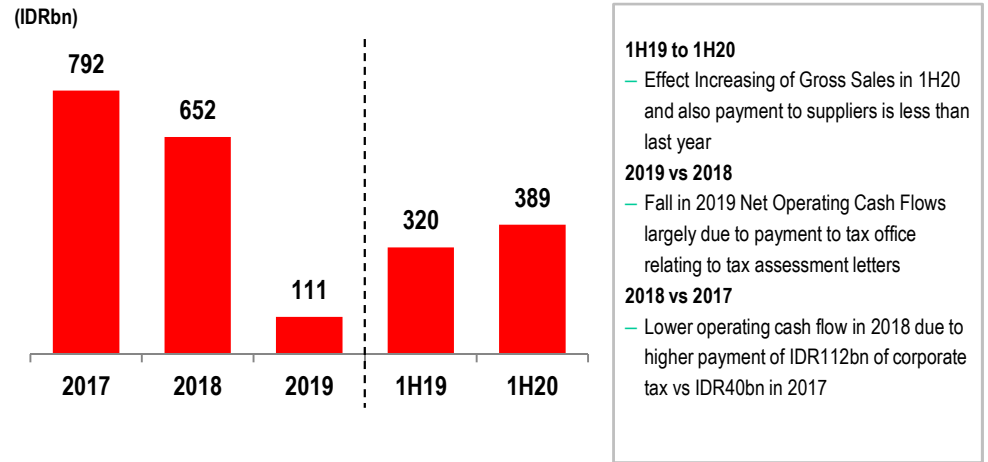
Financial Performance – Cash Flow



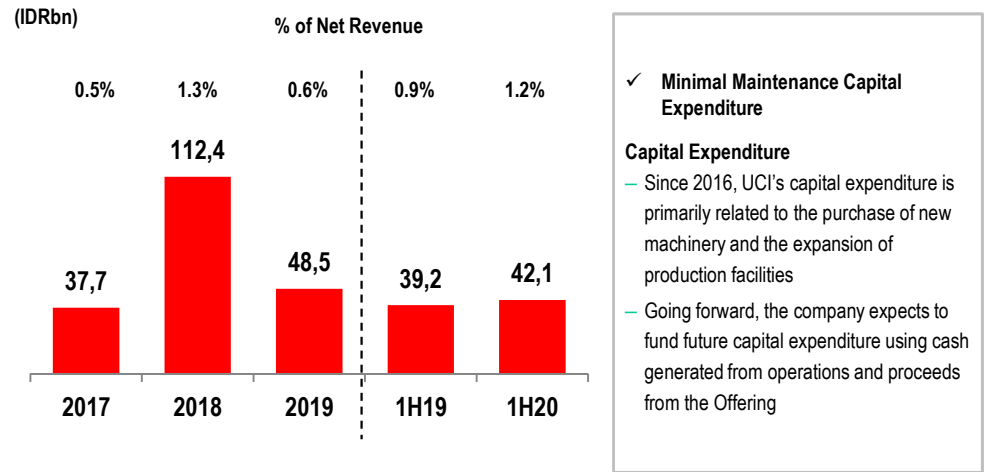
Working Capital Metrics¹



Net Operating Cash Flow

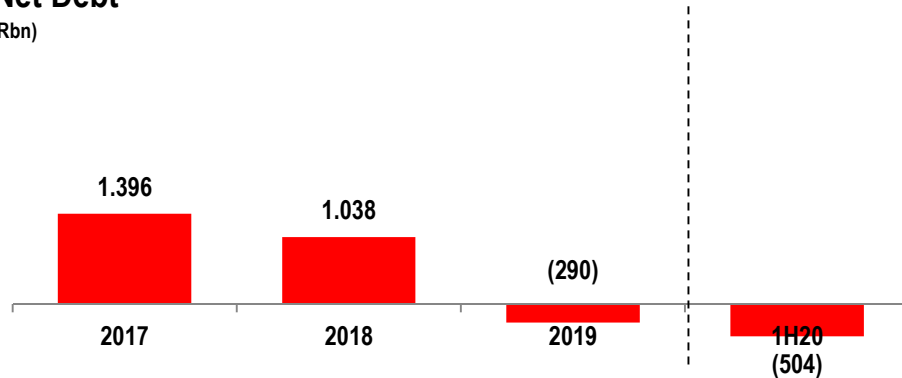


Capital Expenditure – Purchase of Fixed Assets

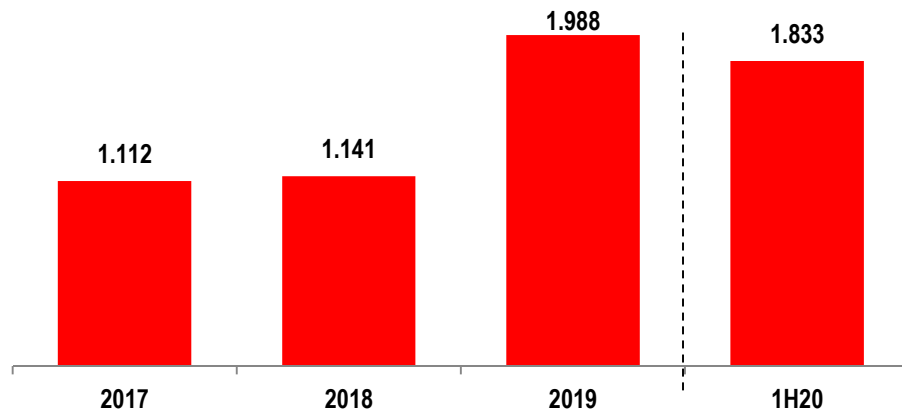


Net Debt¹

(IDRbn)

**Cash²**

(IDRbn)

**Indebtedness (2Q 2020)****Related Party Loans from Unicharm Corporation**

Loan Start Date	Outstanding (IDRbn)	Maturity
29 May 2012 (USD)	57.2	31 Dec 2021
2 Apr 2013 (USD)	286.0	31 Dec 2021
20 Sep 2013 (USD)	61.2	19 Sep 2023
21 Apr 2014 (USD)	40.9	20 Apr 2022
31 Oct 2015 (JPY)	883.4	31 Dec 2021
Total Related Parties Loan	1,328.5	
1H 2020 Interest Expense	10.0	

Key Financial Information



Summary Income Statement (IDRmn)

Income Statement	Dec-17	Dec-18	Dec-19	Jun-19	Jun-20
Net revenue	7,278,121	8,350,583	8,519,760	4,209,402	4,123,579
Cost of revenue	(5,383,384)	(6,240,508)	(6,372,253)	(3,169,835)	(3,090,450)
Gross Profit	1,894,737	2,110,075	2,147,507	1,039,567	1,033,129
Selling expenses	(1,340,223)	(1,432,461)	(1,304,190)	(682,329)	(617,658)
General and administrative expenses	(248,590)	(174,214)	(254,875)	(122,566)	(84,199)
Finance income	21,699	27,241	29,566	12,785	30,293
Finance costs	(71,006)	(51,508)	(44,012)	(24,903)	(27,154)
Foreign exchange gain/loss, net	(53,734)	(183,845)	40,758	7,823	(63,976)
Tax expenses	(10,192)	(11,918)	(70,792)	(19,310)	(191)
Others, net	5,784	6,510	5,412	3,939	212
Profit/(loss) before tax	198,475	289,880	549,374	215,006	270,456
Income tax (expense)/benefits	(88,334)	(108,724)	(150,670)	(61,080)	(80,408)
Profit/(loss) for the period/year	110,141	181,156	398,704	153,926	190,048

Summary Balance Sheet (IDRmn)

Balance Sheet	Dec-17	Dec-18	Dec-19	Jun-20
Current assets				
Cash and cash equivalents	1,110,939	1,140,083	1,986,649	1,431,954
Time deposits	1,332	1,133	1,088	401,119
Trade receivables	1,585,688	1,789,714	2,367,986	2,398,858
Other receivables	57,259	15,591	20,035	57,775
Inventories	513,517	724,227	638,942	692,714
Asset held for sale	-	60,492	-	-
Prepaid taxes	394,687	310,565	497,816	453,105
Derivative receivables	-	-	-	343
Advances	387	-	-	-
Prepaid expenses	52,829	103,391	49,125	35,681
Total current assets	3,716,638	4,145,196	5,561,641	5,471,549
Non-current assets				
Fixed assets	3,234,381	2,940,768	2,637,295	2,504,723
Right-of-use assets	-	-	-	410,661
Deferred tax assets	89,136	90,783	114,188	94,905
Refundable deposits	3,374	2,900	2,929	2,836
Total non-current assets	3,326,891	3,034,451	2,754,412	3,013,125
TOTAL ASSETS	7,043,529	7,179,647	8,316,053	8,484,674
Current liabilities				
Trade payables	788,897	931,676	839,494	870,340
Other payables	106,507	107,577	49,622	131,687
Accruals and provisions	903,504	1,016,736	1,154,361	1,015,990
Derivative payables	264	1,142	2,514	1,021
Taxes payable	27,983	41,915	91,140	48,201
Bank loan	526,728	256,364	140,899	-
Lease liabilities - current maturity	-	-	-	83,236
Intercompany loans - current maturity	35,913	38,386	36,849	37,912
Total current liabilities	2,389,796	2,393,796	2,314,879	2,188,387
Non-current liabilities				
Intercompany loans	1,945,604	1,884,293	1,520,460	1,290,736
Lease liabilities	-	-	-	397,593
Employee benefits obligation	109,933	103,854	139,105	151,576
Total non-current liabilities	2,055,537	1,988,147	1,659,565	1,839,905
TOTAL LIABILITIES	4,445,333	4,381,943	3,974,444	4,028,292
TOTAL EQUITY	2,598,196	2,797,704	4,341,609	4,456,382
TOTAL LIABILITIES AND EQUITY	7,043,529	7,179,647	8,316,053	8,484,674

Key Financial Ratios



Key Financial Ratios	Dec-17	Dec-18	Dec-19	Jun-20
Growth				
Net Revenue - 3rd Party	6,502,767	7,066,226	7,380,081	3,619,084
Net 3rd Party Revenue YoY Growth	4.9%	8.7%	4.4%	-1.3%
Profitability Ratio				
Gross Profit Margin (as % of net revenue)	26.0%	25.3%	25.2%	25.1%
EBITDA1 Margin (as % of net revenue)	8.5%	7.9%	10.7%	11.0%
Selling Expense (as % of net revenue)	18.4%	17.2%	15.3%	15.0%
Selling Expense and General & Administrative Expense (as % of net revenue)	21.8%	19.2%	18.3%	17.0%
Net Profit Margin (as % of net revenue)	1.5%	2.2%	4.7%	4.6%
Operating Ratio				
AR Days2	65.0	64.9	83.3	83.2
Inventory Days2	34.3	41.8	36.1	40.3
AP Days2	52.8	53.7	47.4	50.7
Cash Conversion Cycle3	46.6	52.9	72.0	72.9
Gearing Ratio4				
Debt to Equity Ratio	1.0	0.8	0.4	0.3
Debt to Asset Ratio	0.7	0.5	0.3	0.2
Net Debt to Equity	0.5	0.4	0.1	0.1
Net Debt to EBITDA Ratio	2.2	1.6	0.3	1.1