

# First Half Results and Outlook

2011-10-31

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President & CEO  
SHISEIDO Co., Ltd.

In this document, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties, and other factors that may cause actual results and achievements to differ from those anticipated in these statements.

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- My name is Hisayuki Suekawa and I am the president of Shiseido.

## Today's Topics

SHISEIDO

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First-Half Results and Outlook for FY2011

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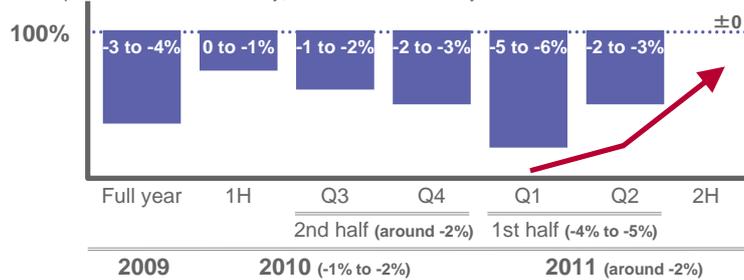
Future Initiatives



- I would like to outline the first-half results and the outlook for the fiscal year ending March 2012.
- Let me begin by describing trends in Japan and overseas.

## Domestic Trends in the Over-the-Counter Cosmetics Market (Shiseido Estimate)

- Because of the effects of the earthquake and nuclear accident, consumer sentiment plunged in the first quarter but began to recover in the second quarter, although it is still at anemic levels.
- Despite a sense of uncertainty, the domestic economy will continue to recover moderately.



- The domestic over-the-counter cosmetics market was very weak until the end of the first quarter of the current fiscal year, reflecting the effects of the Great East Japan Earthquake. However, consumer sentiment has begun to recover starting in the second quarter.
- We expect that the domestic economy will continue to recover moderately, despite considerable uncertainty about the future. We therefore expect that the growth rate in the second half will be roughly the same as the year-ago level.

## Trends in Overseas Cosmetics Markets (Shiseido Estimate)

FY2011

Europe and Americas

- Growth in European markets is low and will remain so because of the financial crisis and fiscal austerity.
- The US market is solid, but the outlook is uncertain.

Asia

- The Chinese market is continuing to grow.
- Overall, other markets in Asia are also growing.

- Let's now look overseas.  
Overall, European markets grew moderately in the first half of fiscal 2011, although growth rates varied among markets. We expect growth to remain low because of the sovereign debt crisis.
- We feel that the US market has been solid so far, but as in Europe, there is uncertainty in the second half.  
The Chinese market is continuing to grow at a rate of around 10% and we expect that overall, markets in Asia other than China will also continue to grow, although there is concern about the flooding in Thailand.

## First Half Results (Ended September 2011)

SHISEIDO

(billions of yen)	Results	YoY % Change	Local Currency	YoY Amount	Difference from July Forecast
Net Sales	336.2	+0.8%	+4.0%	+2.5	+0.2
Domestic	192.9	-3.0%	-2.9%	-6.0	-0.6
Overseas	143.3	+6.4%	+14.2%	+8.6	+0.8
Operating Income	21.5	-1.5%	+7.1%	-0.3	+3.5
Ordinary Income	21.8	+0.6%	—	+0.1	+3.8
Net Income	9.1	+20.6%	—	+1.6	+2.1

\* Overseas Sales Ratio 42.6% (+2.2 pp)  
 \* Operating Margin 6.4% (-0.1 pp)  
 \* Exchange Rate: 1 US\$ = ¥82.1 (-10%) 1 Euro = ¥115.0 (-5%) 1 RMB = ¥12.5 (-6%)

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- Next, we move on to Shiseido's results. Net sales rose 0.8% year on year, to 336.2 billion yen. The decline in domestic sales due to the effect of the earthquake was more than offset by the rise in overseas sales, driven by China.
- Overseas sales on a local currency basis rose 14.2%, which resulted in a rise in the overseas sales ratio to 42.6%.
- Domestic over-the-counter sales were adversely affected somewhat in the first quarter. However, promotions of activities to make hot summer life comfortable, reacting quickly to changing seasons, produced results from the second quarter. These trends show that over-the-counter sales are recovering. I will address this issue later.
- Operating income declined 1.5% year on year, to 21.5 billion yen. Although the margin increased with the rise in revenue, operating income was roughly the same as the year-ago level, attributable to active investment, especially in China and Japan.
- Operating income was 3.5 billion yen higher than the figure announced in July, as certain expenses were deferred to the second half and the cost of sales improved due to the decrease in costs related to sales returns. Net income rose 20.6% year on year, to 9.1 billion yen, given the absence of any significant extraordinary losses this year.

## Outlook for FY 2011

SHISEIDO

(billions of yen)	Forecast	YoY Change	Local Currency	Difference from July Forecast
Net Sales	680.0	+1.4%	+4%	±0
Domestic	381.0	-0.5%	-0%	-2.0
Overseas	299.0	+3.9%	+10%	+2.0
Operating Income	40.0	-10.0%	—	±0
Ordinary Income	40.0	-10.1%	—	±0
Net Income	21.0	+64.2%	—	±0

- Overseas Sales Ratio 44.0% (+1.1 pp)  
 - Operating Margin 5.9% (-0.7 pp)  
 - Exchange Rate 1 US\$ = ¥80 1 Euro = ¥110 1 RMB = ¥12.5 (No change from previous forecast)  
 - Dividend Interim: ¥25 Year-end: ¥25 (plan)

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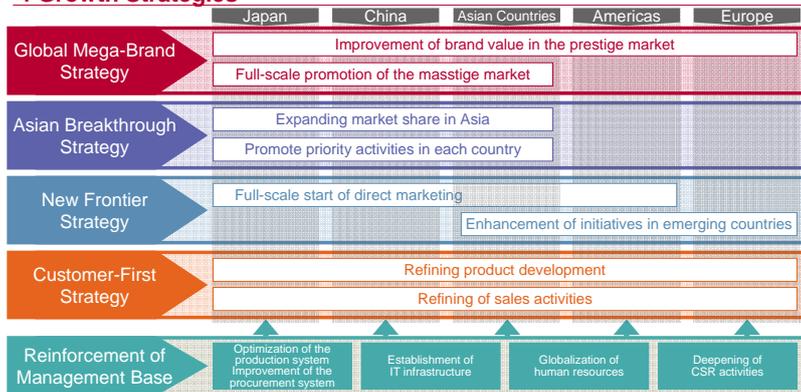
- We now turn to the outlook for the full year.
- There is no change in net sales or in operating, ordinary, and net income from the previous outlook announced in July.
- We expect overall sales to be 680 billion yen, up 1.4% year on year. We expect domestic sales to be 2 billion yen lower, and overseas sales to be 2 billion yen higher than previous forecast, reflecting market and sales trends.
- We have not changed our previous forecast of operating income of 40 billion yen, given recent uncertain economic conditions in Japan and overseas, the deferral of some expenses to the second half, and the possibility of an increase in material costs.
- Dividends remain unchanged from the initial plan.  
The interim dividend is 25 yen, since the results for the first half were almost as planned.  
The year-end dividend is expected to be 25 yen, based on the assumption that the annual results will be in line with the forecast.

- 1 First-Half Results and Outlook for FY2011
- 2 Future Initiatives



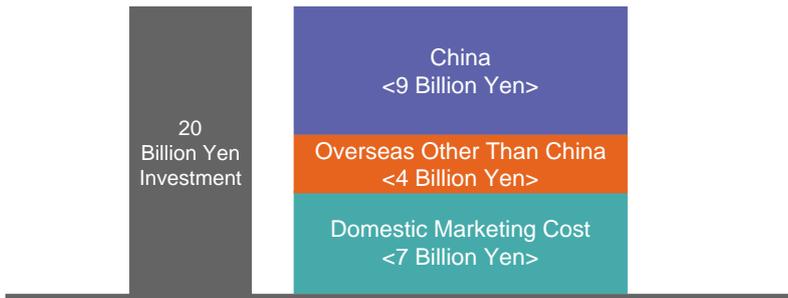
● Next, let me describe our future initiatives based on a review of our performance in the first half.

4 Growth Strategies



● To move to a growth trajectory, Shiseido is pursuing four growth strategies to achieve its target of annual growth in net sales of 6% and operating profitability of 10%.

6% CAGR in Three Years



- We will be spending an additional 20 billion yen in Japan and overseas to achieve future growth in this fiscal year.
- Overseas, we will invest in marketing including advertising, and personnel costs, notably an increase in the number of Japanese beauty consultants in China. In markets other than China, our investment will be in marketing for Global Brand Shiseido, clé de peau BEAUTÉ , and NARS, and for the renewal of sales counters in department stores.
- In Japan, we will boost marketing activities for Maquillage and TSUBAKI, and will also invest in the marketing of the New Cosmetics Sales Store Business Model starting next fiscal year.



- Let me describe now the initiatives we have planned for each of our four growth strategies.
- We begin with our Global Mega-Brand Strategy.



● In the current Three-Year Plan, we are cultivating these six brands as global mega-brands that cross regional boundaries. We will focus the deployment of our resources on three brands in the prestige category, namely global brand SHISEIDO, clé de peau BEAUTÉ, and Bare Escentuals, and three brands in the massstige category, namely Za, Senka, and TSUBAKI.

Global Brand SHISEIDO	clé de peau BEAUTÉ
<p>Expanding attractive items</p>	<p>Expanding sales areas and store numbers</p>
Expanding the number of users	
Aiming for upper single-digit growth rates	Aiming for double-digit growth overseas



● Some lines of global brand SHISEIDO, such as the high-end prestige line Future Solution LX and White Lucent, performed well in the first half. Bio-Performance and a White Lucent serum also achieved sales growth. We are aiming for annual growth rates of more than 5% for global brand SHISEIDO, which we intend to achieve by expanding attractive items.

● Clé de peau BEAUTÉ performed very well both in Japan and overseas following a renewal in January 2011, and achieved double-digit growth overseas. We will work to maintain this pace by expanding sales areas and the number of stores.

## Bare Escentuals Originating from the United States

SHISEIDO

### Enhancement of business in North America Enhance and Improve Brand Equity



A new skincare line for North America launched in February 2011.



Launched a new line, *READY* for the North American market, and ran a large campaign in September 2011

### Move into Untapped Markets Mainly in Asia



Started to sell products in department stores in Hong Kong in October 2011 via a Shiseido sales subsidiary



Planning to introduce skincare product dedicated to the Asian market in Japan in the spring of 2012

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- Next I would like to talk about Bare Escentuals.
- Bare Escentuals achieved mid single-digit sales growth in the first half by launching a new skincare line in North America and the United Kingdom, and by expanding sales in department stores in Japan thanks to synergies with Shiseido.
- We are aiming to achieve further sales growth by bolstering our retail channel, mainly in North America, expanding in the Asian market after making a start in Hong-Kong, and conducting marketing activities for the new makeup line *READY*, which was launched in September this year.
- We are also proceeding with preparations for the launch of new skincare products exclusively for Asia, which will be completed by combining the sense of Bare Escentuals with Shiseido's technology. We are planning to introduce the product to Japan for the coming spring. We will be announcing the details on a different occasion.

## Enhancement in the Masstige Market in Asia

SHISEIDO

Za

Senka

TSUBAKI



Aiming to achieve growth of more than 10% by expanding sales in China and other Asian countries



Preparing for sales in mainland China based on success in Japan, Taiwan, and Hong-Kong



Planning to introduce in China in December by localizing for the Chinese market

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- For the masstige market, we will cultivate Za, a comprehensive skincare and makeup brand, so that it achieves annual growth of more than 10%, by promoting sales in China and elsewhere in Asia.
- Starting this fiscal year, we will be entering into the hyper-market channel. We are conducting test marketing in Thailand, and will expand our sales areas based on the outcome.
- We commenced production of Za at our Vietnam factory in September. We believe that Za will help to improve profit through cost savings.
- Senka has already achieved remarkable results in Japan, Taiwan, and Hong-Kong, and is now being prepared for launch in mainland China.
- We will introduce TSUBAKI, which is localized and tailored to women in China and other Asian countries, to the Chinese market in December. We will manufacture a localized TSUBAKI at our factory in China.

## Aiming to Be a Global, Multi-Brand Company

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Aiming to achieve double-digit growth (in local currency terms) for overseas sales, exceeding the growth of each market



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- A new line called Kokoriko, for young customers, has been added to the European fragrance brand Jean Paul Gaultier. A new brand Elie Saab is also being included in our fragrance lineup. NARS, a U.S. makeup brand that is achieving sales growth in excess of 20%, is boosting its presence with activities utilizing SNS and the opening of flagship shops.
- We are cultivating existing and unique brands in each area, in addition to our six global mega brands. We are aiming for double-digit sales growth overseas and increased market share globally, including Japan.

## Positioning Asia as the Priority Area

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- Let me now move on to our Asian Breakthrough Strategy.



- We achieved double-digit growth in the first half in China, exceeding market growth.
- We aim for average annual sales growth rate of more than 15% for the coming three years. The key steps are enhancing the prestige market, consisting primarily of department stores, expanding the sustainable growth potential of cosmetics specialty stores, and strengthening the masstige businesses.
- The operating margin of our Chinese business for the current fiscal year will be slightly below the level of the prior three years, reflecting the increase in marketing spending and personnel costs. However, we will be able to keep the margin above 10%.

**Bolstering the Prestige Market in China:** SHISEIDO

Restoration of the Department Store Channel

AUPRES	Global Brand SHISEIDO	clé de Peau Beauté
The Time Lock series, the mainstay line, renewed in September 2011	The highest end premium line, Future Solution LX, launched in September 2011	Maximizing the sought-after image
Aiming for growth of more than 10% by reforming counters and enhancing advertising, based on service by beauty consultants in the spirit of <i>omotenashi</i> (hospitality)		

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- To bolster the prestige market, we are focusing on three brands, namely AUPRES, the global brand SHISEIDO, and clé de peau Beauté, in department stores. Based on services by beauty consultants in the spirit of *omotenashi* (hospitality), we are aiming for growth of more than 10% by increasing our marketing outlays on advertising and counter renewals.
- Brightening items of AUPRES launched in April are selling well. We also renewed the Time Lock series, the mainstay line of AUPRES, in September. We finally launched Future Solution LX, the highest end premium line of the global brand SHISEIDO, in September, and we expect the line to contribute to further sales growth.

**Driving Force in China:**  
Expansion of Sustainable Growth Potential in the Cosmetics Specialty Store Channel



URARA	Pure & Mild	dicila
 <p>Dispatching beauty consultants from Japan</p> <p>Getting customers to feel the joy of becoming beautiful through high-quality service at specialty stores</p>	 <p>Emphasizing its plant origins and increasing the number of customers who prefer natural products</p>	 <p>Providing the best brand to the most affluent people</p>
<p><b>Aim for Growth of Around 20%</b></p>		
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- We aim for growth of around 20% in our cosmetics specialty store channel, focusing on URARA, Pure & Mild, and dicila, which was introduced at the end of last year.
- To strengthen our business in cosmetics specialty stores, we have dispatched from Japan dozens of beauty consultants who embody the spirit of omotenashi and possess superior cosmetic techniques. Their support has been well received by store owners and customers, and is contributing to the sales growth and to the trust and loyalty of customers.
- In addition to sales in department and cosmetic specialty stores, we are also strengthening the masstige business by enhancing such brands as Za, TSUBAKI, and Senka to serve new customers. We are also focusing on new business areas such as DQ in the drugstore channel, the professional business, and beauty beverages for further growth of our China operations.

**Expanding New Counters**



## New Frontier Strategy

Expand Opportunities to Discover Customers Through New Sales Channels.

Make a Full-scale Start on Direct Marketing.

Develop the Growth Engine for the Next Generation.

Step Up Initiatives in Emerging Countries.

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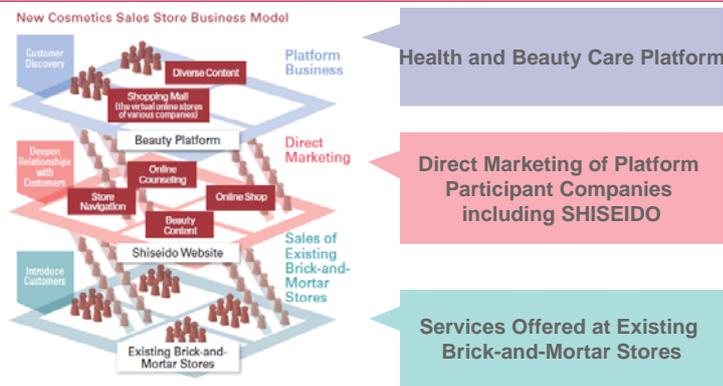
- Next, I would like to talk about our New Frontier Strategy.
- The pillars of this strategy involve developing a new marketing approach using the Internet, and by cultivating markets in emerging countries.
- I would like to explain Internet-based marketing.

### US (from August 2011)

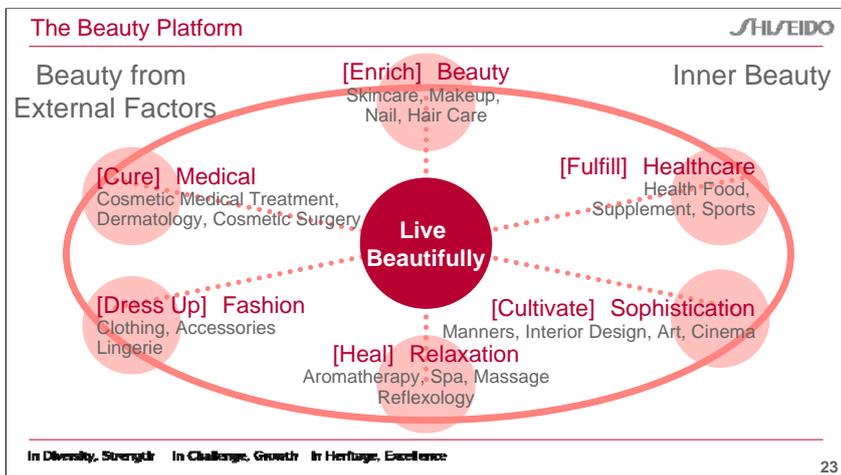
### China (from September 2011)



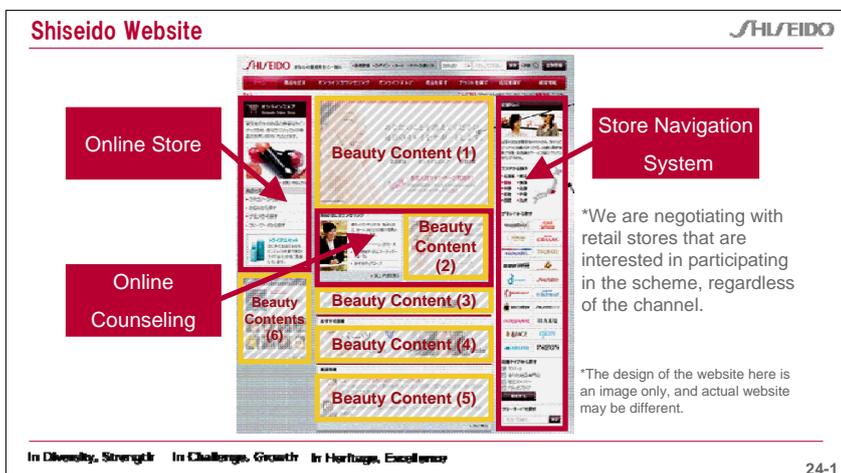
- We have developed marketing using the Internet for several non-Shiseido brands in Japan and for NARS overseas. This fiscal year, we finally began full-scale Internet marketing. In the United States, the global brand SHISEIDO launched an e-commerce business in August. In China, we started our e-commerce operations in September by developing Pure & Mild So i, exclusively for e-commerce.
- So we have only recently started e-commerce in two countries, but to date we have received good feedback such as a large number of page views of our Websites and applications for samples. We expect further growth in this market.



- Let me explain our Internet initiatives, which we plan to start in Japan in April 2012.
- As we have already explained in our Annual Report, our aim is not just to sell our products through e-commerce. Rather, we are constructing the first business model in Japan that combines three elements, namely the Beauty Platform based on which we can discover new customers, the Shiseido Website, which has attractive content and an online shop function, and our existing bricks-and-mortar stores all over Japan.



- First, I would like to explain the Beauty Platform.
- Companies related to important factors for women's lifestyles, such as beauty, healthcare, education, relaxation, fashion, medical treatment, and will participate in the Beauty Platform based on a philosophy of supporting the beautiful lives of women.
- Most companies organize registered members like our Hanatsubaki Club (Camellia Members). Participating companies including Shiseido will be able to discover beauty-conscious new customers.
- The Beauty Platform will plan to offer not only appealing products but also various services, which gives customers the joy of shopping.
- We are now at the stage of talking with companies who have already expressed an intention to participate in this scheme, and are discussing the details that need to be fixed before the start of services next spring.



- Next, I would like to explain about the Shiseido Website.  
The Shiseido Website consists of three factors: attractive beauty content, an online store, and a store navigation system.  
Our beauty content include tips for coping with seasonal skin troubles, and effective ways to use new and existing items.
- One of the characteristics of Shiseido Website is the online counseling function. Customers can receive one-on-one counseling online with a dedicated beauty consultant through their monitor, and obtain a personal skin checkup and makeup advice.
- Customers can also purchase the products they liked immediately in the online counseling process. We believe this service is ideal for working women who find early store closure times to be inconvenient.



- Store Navigation System has a function of introducing to customers stores and the services they offer. It is impossible for customers to see the true color or feel the texture and fragrance of the products online. Shiseido Website can recommend the most suitable bricks-and-mortar stores that offer the services that customers need, such as showing samples, checking skin, and offering detailed advice using special appliances, as well as esthetic services.
- We launched our Store Navigation System in May on an experimental basis. The referrals have been well received to date. Customers said they were happy to have had the opportunity to directly resolve specific questions they had about their makeup. We have heard from stores that visits and reservations by new customers, especially young customers, have increased considerably.
- We are now negotiating with business partners that are interested in participating in this scheme, regardless of the sales channel. We will be able to communicate the details by the end of the current fiscal year.



- Finally, let me explain the initiatives in our Customer-First Strategy.
- This strategy is at the heart of our Group-wide activities and is shared among all Group companies globally. We aim to be No. 1 in terms of customer support worldwide by putting our customers first in all activities and processes.
- Let me go through the activities of the domestic cosmetic business.



- I believe that one of the challenges we face is to alter our marketing method, which has traditionally been dependent on the new launches. We have not been able to change our marketing because we have tended to adhere to what worked in the past. We also need to significantly change the ways we communicate the values of our products, because traditional techniques have been made less effective by changes in the business environment, such as the evolution of Internet-based media.

Initiative: Enhancing Value  
Creating a Strong Product Lineup

- Our first initiative is to enhance value and create a broad and strong product lineup.



- As we explained in April, we reduced the number of new products launched to 48% of the number in the year-ago period, as planned.
- We used our time and manpower on limited numbers of new products to create a strong product lineup. We are focused on turning our existing offerings into long-selling products.



- As an example, let me describe sales of Rouge Enamel Glamour of Maquillage, the main brand for makeup in the mid-price market.
- Marketing that depends on new items has been a haven for inefficiency. We have had difficulty turning products into long sellers, because sales of new items tend to shrink dramatically a year after the launch and become dead stock due to other new launches for the same brands and lines.
- We tackled this problem by taking the following measures.
- First, we postponed the launch of new items for last spring and made improvements to meet customer needs in depth. Instead, we added new color tone to Rouge Enamel Glamour for the season, and bolstered communications, advertisement, and sales activities.
- As a result, Rouge Enamel Glamour achieved a robust sales recovery. In addition, Essence Glamorous Rouge, a new item released in July, sold 800,000 units in three months and became a hit, leading our sales growth in the first half.
- We will introduce this best practice to other lines.

## Initiative: Enhancing Activities Customer-Oriented Communication of Value



- Our second initiative involves stepping up activities in response to changes in customers needs.

## Summer Proposals



Enhancing the communication of value  
through beauty proposals for living  
comfortably during a hot summer



- In April, we already knew that the summer would be extremely hot, and that room temperatures would be high because of power-saving measures. So we planned beauty proposals designed to mitigate the heat and allow customers to live comfortably using our cosmetics.
- For example, we offered Sea Breeze, a toning lotion and foundation that create a sensation of coolness and prevent makeup from coming off when used with water.

## Concerted Activities Across the Board

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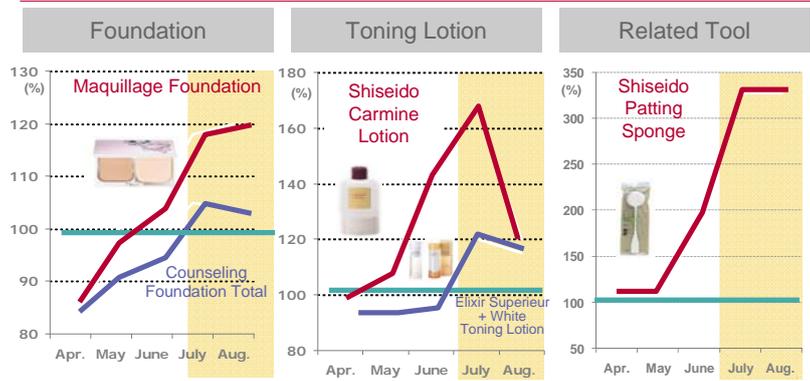
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- Coupled with these activities, R&D sections produced visible data that can be used at the store front. We also proposed new ways to use cosmetics through TV commercials. This information was used in proposals to retailers by our salespeople, as well as for the activities of beauty consultants.

## Results of Activities (Year-on-Year Changes in Sales Volumes at Stores)

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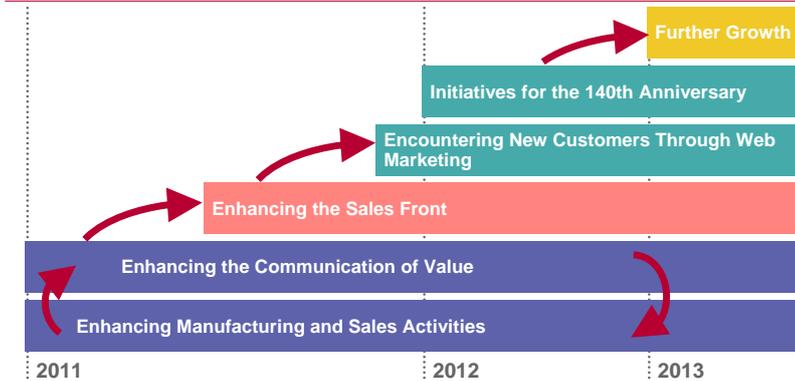
- Since we started Summer Proposals, sales of related products have far exceeded year-ago sales, which contributed to an overall recovery in over-the-counter sales in the second quarter.



- Emphasizing Touching Customers in Sales Activities
- Enhancing Activities of Beauty Consultants



- We have continued enhancing our customer-first activities, and we now conduct marketing promotions designed to make autumn and winter life more comfortable, such as healing damaged skin after summer by using our products and massaging using them.
- Going forward, we will achieve further sales growth in the second half and in subsequent periods through customer-oriented activities so that our customers can enjoy comfortable living in every season.



- Under these severe market conditions, we aim to achieve our fiscal 2011 plan through four growth strategies, although we forecast higher sales growth in the second half compared with the first half.
- We also aim to build momentum and achieve sustainable growth for next fiscal year, our 140th anniversary, by preparing for new initiatives for future growth such as our New Cosmetics Sales Store Business Model.

# Financial Results for the First Half Ended September 30, 2011

2011-10-31

Yoshinori Nishimura  
Corporate Officer

## Consolidated Results

\*Figures in this material are rounded to the nearest 0.1 billion yen.

(billions of yen)

	11/9 Results		10/9 Results		YoY % Change	Local Currency
		% of Net sales		% of Net sales		
Net sales	336.2	100%	333.6	100%	+0.8%	+4.0%
Domestic	192.9	57.4%	198.9	59.6%	-3.0%	-2.9%
Overseas	143.3	42.6%	134.7	40.4%	+6.4%	+14.2%
Operating Income	21.5	6.4%	21.8	6.5%	-1.5%	+7.1%
Ordinary Income	21.8	6.5%	21.7	6.5%	+0.6%	
Extraordinary Income / Loss (net)	-0.1	-0.0%	-7.1	-2.1%	-	
Tax Expenses	11.8	3.5%	5.6	1.7%	+111.2%	
Minority Interests	0.9	0.3%	1.4	0.4%	-38.6%	
Net Income	9.1	2.7%	7.5	2.3%	+20.6%	

US\$1= ¥82.1(-10%) €1= ¥115.0(-5%) 1RMB= ¥12.5(-6%)

## Sales by Reportable Segment

SHISEIDO

(billions of yen)

	11/9 Results		10/9 Results		YoY % change	Local Currency
		% of Net Sales		% of Net Sales		
Domestic Cosmetics	180.5	53.7%	187.4	56.2%	-3.7%	-3.7%
Global Business	151.6	45.1%	141.4	42.4%	+7.2%	+14.7%
Others	4.1	1.2%	4.8	1.4%	-15.0%	-15.0%
<b>Total</b>	<b>336.2</b>	<b>100%</b>	<b>333.6</b>	<b>100%</b>	<b>+0.8%</b>	<b>+4.0%</b>

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## Domestic Cosmetics Sales: by Reportable Segment

SHISEIDO

(billions of yen)

	11/9 Results		10/9 Results		YoY Amount	YoY % change
		% of Net Sales		% of Net Sales		
Counseling	89.7	26.7%	93.1	27.9%	-3.4	-3.7%
Self-selection	41.7	12.4%	44.7	13.4%	-3.0	-6.6%
Toiletries	24.6	7.3%	22.8	6.8%	+1.8	+8.0%
Cosmetics	156.0	46.4%	160.5	48.1%	-4.5	-2.8%
Healthcare*	7.6	2.3%	7.3	2.2%	+0.3	+4.4%
Others	16.9	5.0%	19.5	5.9%	-2.6	-13.5%
<b>Domestic Cosmetics</b>	<b>180.5</b>	<b>53.7%</b>	<b>187.4</b>	<b>56.2%</b>	<b>-6.9</b>	<b>-3.7%</b>



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\*Starting current fiscal year, sales of In & On line, which had been included in "Healthcare" are included in "Counseling", and figures for prior fiscal year have been retroactively restated.

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## Global Business Sales : by Reportable Segment

SHISEIDO

(billions of yen)

	11/9 Results		10/9 Results		YoY Amount	YoY % Change	Local Currency
		% of Net Sales		% of Net Sales			
Cosmetics	131.2	39.0%	120.9	36.2%	+10.3	+8.5%	+16.4%
Professional	20.4	6.1%	20.5	6.2%	-0.2	-0.9%	+5.1%
<b>Global Business</b>	<b>151.6</b>	<b>45.1%</b>	<b>141.4</b>	<b>42.4%</b>	<b>+10.1</b>	<b>+7.2%</b>	<b>+14.7%</b>



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## Sales by Geographic Segment

SHISEIDO

(billions of yen)

	11/9 Results		10/9 Results		YoY Amount	YoY % Change	Local Currency
		% of Net Sales		% of Net Sales			
Japan	192.9	57.4%	198.9	59.6%	-6.0	-3.0%	-2.9%
Americas	43.3	12.9%	39.1	11.7%	+4.3	+10.9%	+22.9%
Europe	40.6	12.1%	38.3	11.5%	+2.3	+5.9%	+12.1%
Asia/Oceania	59.4	17.6%	57.3	17.2%	+2.0	+3.6%	+9.6%
Overseas	143.3	42.6%	134.7	40.4%	+8.6	+6.4%	+14.2%
<b>Total</b>	<b>336.2</b>	<b>100%</b>	<b>333.6</b>	<b>100%</b>	<b>+2.5</b>	<b>+0.8%</b>	<b>+4.0%</b>

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## Cost of Sales / SG&A

(billions of yen)

	11/9 Results			10/9 Results		YoY Increase/Decrease	YoY % Change
		% of Net Sales	% pt. Change		% of Net Sales		
Cost of Sales	78.2	23.3%	+1.6%	82.9	24.9%	+4.7	-5.7%
SG&A	236.5	70.3%	-1.7%	228.9	68.6%	-7.6	+3.3%
Domestic	140.0	73.0%	-0.7%	144.1	72.3%	+4.0	-2.8%
Overseas	96.5	66.9%	-3.8%	84.8	63.1%	-11.6	+13.7%
Advertising & Selling	76.2	22.7%	-0.9%	72.8	21.8%	-3.4	+4.7%
Personnel	81.5	24.2%	-0.2%	80.1	24.0%	-1.4	+1.7%
Others	74.1	22.0%	-0.3%	72.3	21.7%	-1.9	+2.6%
M&A-Related Amortization Cost	4.7	1.4%	-0.3%	3.7	1.1%	-0.9	+25.2%

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## Operating Income by Reportable Segment

(billions of yen)

		11/9 Results	10/9 Results	YoY Amount	YoY % Change
Domestic Cosmetics	Operating Income	21.4	22.1	-0.7	-3.1%
	OP Margin	11.8%	11.8%	+0.0pp	
Global Business	Operating Income	-0.7	-1.3	+0.6	-
	OP Margin	-0.5%	-0.9%	+0.4pp	
Others	Operating Income	0.7	0.9	-0.2	△22.5%
	OP Margin	10.4%	11.1%	-0.7pp	
Elimination	Operating Income	0.1	0.1	+0.0	+13.2%
Total	Operating Income	21.5	21.8	-0.3	-1.5%
	OP Margin	6.4%	6.5%	-0.1pp	

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## Operating Income by Geographic Segment

(billions of yen)

Progress % of Investment

15%

60%

45%

		11/9 Results	10/9 Results	YoY Amount	YoY % Change
J a p a n	Operating Income	12.8	13.0	-0.2	-1.8%
	OP Margin	6.1%	6.1%	-0.0pp	
A m e r i c a s	Operating Income	2.4	-2.1	+4.4	-
	OP Margin	5.0%	-5.0%	+10.0pp	
E u r o p e	Operating Income	1.6	3.0	-1.4	-47.7%
	OP Margin	3.4%	6.8%	-3.4pp	
A s i a / O c e a n i a	Operating Income	3.9	6.4	-2.5	-39.7%
	OP Margin	6.7%	11.7%	-5.0pp	
O v e r s e a s	Operating Income	7.8	7.3	+0.5	+6.3%
	OP Margin	5.1%	5.2%	-0.1pp	
Elimination	Operating Income	0.9	1.5	-0.6	-37.8%
T o t a l	Operating Income	21.5	21.8	-0.3	-1.5%
	OP Margin	6.4%	6.5%	-0.1pp	

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## Other Income (Expenses) and Extraordinary Income (Losses)

(billions of yen)

(billions of yen)

Other Income (Expenses)				Extraordinary Income (Losses)			
	11/9 Results	10/9 Results	YoY Amount		11/9 Results	10/9 Results	YoY Amount
Interest / Dividend Income	0.4	0.3	+0.1	Loss on Valuation of Investments in Securities	-0.0	-4.5	+4.5
Interest Expense	-0.9	-1.1	+0.2	Purchasing-Related Expense	-	-1.3	+1.3
Net Interest Income and Expense	-0.5	-0.8	+0.2	Effect of Application of Accounting Standards for Asset Retirement Obligations	-	-0.8	+0.8
Foreign Exchange Gain/Loss	-0.5	-0.6	+0.0	Others	-0.1	-0.5	+0.5
Others	1.4	1.2	+0.2	Total	-0.1	-7.1	+7.1
Total	0.3	-0.2	+0.4				

## Net Income and Comprehensive Income

(billions of yen)

	11/9 Results	10/9 Results	YoY Amount
Income before Income Taxes	21.8	14.6	+7.2
Tax Expenses (Tax rate)	11.8 (54.1%)	5.6 (38.3%)	-6.2
Minority Interests in Earning of Consolidated Subsidiaries	0.9	1.4	+0.6
Net Income	9.1	7.5	+1.6
Comprehensive Income	13.2	-7.0	+20.2

US\$1= ¥80.7 €1= ¥116.8 1RMB= ¥12.5 (2011/6)

US\$1= ¥81.4 €1= ¥107.8 1RMB= ¥12.3 (2010/12)

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## Consolidated Balance Sheets

(billions of yen)

	2011/9	Changes from 2011/3				2011/9	Changes from 2011/3		
		Excludes Foreign Currency Exchange	Foreign Currency Exchange				Excludes Foreign Currency Exchange	Foreign Currency Exchange	
Total Current Assets	310.1	-3.1	-7.7	+4.6	Total Liabilities	405.9	-13.1	-15.0	+1.9
Cash Deposits and Securities	103.5	-1.5	-2.7	+1.2	Notes & Accounts Payable	46.3	+2.6	+1.7	+0.9
Notes & Accounts Receivable	99.7	-3.3	-5.3	+2.0	Other payables	36.1	-1.5	-1.7	+0.2
Inventories	71.0	+5.2	+4.3	+0.9	Interest-bearing debt	191.3	-6.2	-6.3	+0.1
Total Fixed Assets	418.8	-7.1	-7.2	+0.1	Total Net Assets	323.1	+2.9	+0.2	+2.7
Property Plant and Equipment	131.6	+0.4	-0.1	+0.5	Shareholders' Equity	361.4	-0.8	-0.5	-0.3
Intangible Assets	181.8	-4.3	-3.5	-0.8	Other Comprehensive Income	-51.8	+3.1	+0.2	+2.9
Investments and Other Assets	105.5	-3.2	-3.6	+0.4	Minority Interests	12.9	+0.6	+0.5	+0.1
Total Assets	729.0	-10.2	-14.8	+4.6	Total Liabilities and Net Assets	729.0	-10.2	-14.8	+4.6

US\$1= ¥80.7 €1= ¥116.8 1RMB= ¥12.5 (2011/6)

US\$1= ¥81.4 €1= ¥107.8 1RMB= ¥12.3 (2010/12)

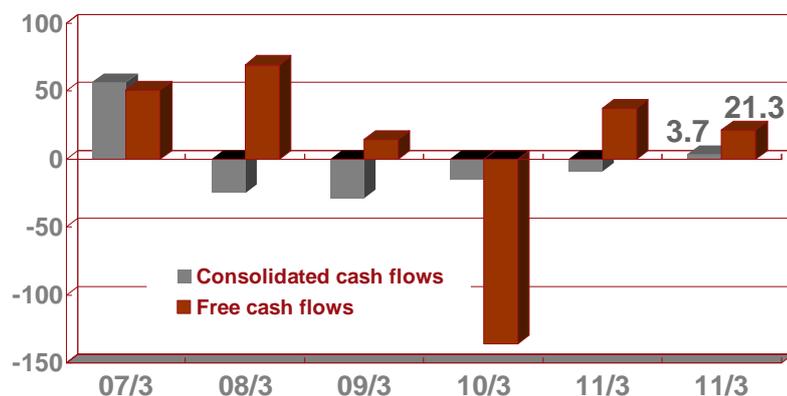
\* Major account title only  
Equity Ratio: 42.5%

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## Consolidated Cash Flows

SHISEIDO

(billions of yen)



Cash Flows from Operating Activities:	26.3
Cash Flows from Investing Activities:	-5.0
Free Cash Flows	21.3
Cash Flows from Financing Activities:	-18.8
Exchange gain on foreign currency	1.2
Consolidated Cash Flows	3.7

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## Supplemental Data

(billions of yen)

	11/9 (Results)	10/9 (Results)		12/3 (Estimate)	11/3(Results)			
		YoY Amount Change	YoY % Change		YoY Amount Change	YoY % Change		
Investment in Plant and Equipment etc. *	15.2	11.8	+3.4	+29%	38.5	27.2	+11.3	+41%
Property Plant and Equipment	10.4	8.3	+2.1	+26%	21.9	19.1	+2.8	+15%
Intangible Assets etc.	4.8	3.5	+1.3	+36%	16.6	8.1	+8.5	+105%
Depreciations	15.1	14.1	+1.0	+7%	30.8	29.5	+1.3	+4%
Property Plant and Equipment	8.5	8.6	-0.1	-2%	17.5	17.4	+0.1	+1%
Intangible Assets etc.	6.6	5.5	+1.1	+20%	13.3	12.1	+1.2	+10%
R&D Expenses	7.0	7.1	-0.1	-1%	15.3	14.5	+0.8	+6%
Advertising Expenses	21.0	20.6	+0.5	+2%	47.5	42.7	+4.7	+11%

\*Capital Investment. Investment in Property plant and equipment, Long-term Prepaid Expenses and Intangible asset excluding goodwill and trademarks, etc.