

## Shiseido to Commence Cosmetics Sales in South Africa

Shiseido will commence sales of cosmetics products, including global brand *SHISEIDO* skincare and makeup lines, in the Republic of South Africa (hereinafter, “South Africa”) via a local distributor from October 2010. In Africa, Shiseido has already been undertaking sales of its products in Egypt (at Cairo Airport’s duty free shop) and Morocco in 2009. Shiseido aims to firmly establish *SHISEIDO* brand presence in South Africa, a leading economy in Africa with a burgeoning market for prestige cosmetics.

With this latest endeavor, Shiseido overseas cosmetic sales will encompass 79 countries and regions (including Japan) throughout the world.

### Background to Entering the South African Market

Shiseido is currently promoting its Three-Year Plan, which was executed in 2008 in seeking to become “*a global player representing Asia with its origins in Japan.*” Among its overseas business, Shiseido is focusing on “expansion of operations in new markets” and “strengthening of operating bases in existing markets” as key thrusts.

Subsequent to launching its duty free shop business at Cairo Airport in May 2009, Shiseido commenced sales at cosmetics stores in Morocco from August of the same year. South Africa is garnering attention both inside and outside the region through various events such as the recent Football World Cup. Additionally, the country is recognized as a nation with abundant resources and boasts the African region’s top GDP level along with steady economic growth.

According to Shiseido research, overall sales in the cosmetics market in South Africa, including fragrances, cosmetics and toiletries, totaled approximately 1.1 billion euros (approximately ¥121 billion) in 2009, with prestige cosmetics estimated to account for 220 million euros (approximately ¥24.2 billion). Shiseido decided to enter the South African market given the fact that it is showing double-digit growth compared with the previous year and further growth is anticipated.

### Marketing Plan

Marketing will be deployed starting from top luxury department stores via South African distributor The Prestige Cosmetics Group, which is highly regarded for its proven track record in selling prestige cosmetics products in South Africa. Consultation and sales will be conducted by Beauty Consultants in the same way as in respective countries worldwide. Shiseido cosmetics products will be sold at approximately five stores during the initial year and are slated for expansion to more than 10 stores by fiscal 2012 with the aim of steadily increasing Shiseido’s regular customer base.

**THE PRESTIGE COSMETICS GROUP (PTY) LTD.**

Company name: THE PRESTIGE COSMETICS GROUP (PTY) LTD.  
Location: Observatory, Cape Town, South Africa  
Representative: Mr. Hercus Greyling  
Main business: Import and wholesale of prestige cosmetics products in South Africa

**Global Brand *SHISEIDO***

Skincare, makeup, suncare, body care, fragrance and men's cosmetics products, etc.

Principal product lines include *SHISEIDO Future Solution LX*, *SHISEIDO The Skincare*, *SHISEIDO Bio-Performance*, *SHISEIDO Benefiance*, *SHISEIDO White Lucency*, *SHISEIDO Pureness*, *SHISEIDO Makeup*, *SHISEIDO Suncare* (body care), *SHISEIDO Body Creator* (body care), *SHISEIDO Zen* (fragrance), *SHISEIDO Men* (men's cosmetics products), etc.

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**[Reference]**

**Main Initiatives for Strengthening Overseas Business**

January 2008	Shiseido (RUS), LLC commenced sales of cosmetics in Russia. (Entered the market via distributor in 1998; established a subsidiary in 2007.) <b>Strengthening of business scheme</b>
March 2008	Commenced sales in Romania and Bulgaria. Entered the market via import and sales distributor in Eastern Europe. <b>Entry into emerging markets</b>
January 2009	New makeup line launched from global brand <i>SHISEIDO</i> . Remodeled function and design of sales counters and introduced symbolic sign. <b>Innovating global brand <i>SHISEIDO</i></b>
January 2009	Shiseido Deutschland GmbH incorporated the sales and marketing functions for The Netherlands and Poland and shifted to handling operations directly. Marketing was previously handled via its distributors since 1964 in The Netherlands and 1998 in Poland. <b>Strengthening of business scheme</b>
May 2009	Entered Africa for the first time. Launched global brand <i>SHISEIDO</i> at duty free shops in Cairo Airport in Egypt via Shiseido Europe S.A.S. (Paris, France). <b>Entry into emerging markets</b>
August 2009	Commenced sales in Laos. Launched global brand <i>SHISEIDO</i> via Shiseido Thailand Co., Ltd. (Bangkok, Thailand). <b>Entry into emerging markets</b>
August 2009	Commenced sales in Morocco. Launched global brand <i>SHISEIDO</i> via Shiseido Europe S.A.S. <b>Entry into emerging markets</b>
November 2009	Established Shiseido Hellas S.A. in Greece as a joint venture between Shiseido International Europe S.A. (Paris, France) and a Greek cosmetics import and sales company. Commenced operations in January 2010. <b>Strengthening of business scheme</b>
December 2009	Commenced sales in Azerbaijan in Central Asia. Global brand <i>SHISEIDO</i> launched via Shiseido Europe S.A.S. <b>Entry into emerging markets</b>
January 2010	Commenced operations of wholly owned subsidiary Shiseido Cosmetics Vietnam Co., Ltd. <b>Strengthening of business scheme</b>
January 2010	Shiseido S.A. commenced sales of cosmetics in Switzerland. (Entered the market via distributor in 1990.) <b>Strengthening of business scheme</b>
February 2010	Completed construction of a production factory in Vietnam, becoming the 11th production base overseas (Americas: 3, France: 3, Mainland China: 2, Taiwan: 2, Vietnam: 1). <b>Strengthening of global production structure</b>
May 2010	Announced the start of sales of global brand <i>SHISEIDO</i> products in Mongolia via a distributor. <b>Entry into emerging markets</b>
May 2010	Announced Shiseido Dah Chong Hong Cosmetics Ltd. (Hong Kong), previously a consolidated subsidiary, to become a wholly owned subsidiary via the acquisition of all shares. <b>Strengthening of business scheme</b>
July-September 2010	Announced the start of sales of global brand <i>SHISEIDO</i> products in Albania (July), Kosovo (August) and Macedonia (September) via a distributor. <b>Entry into emerging markets</b>
October 2010	Announced the start of sales of global brand <i>SHISEIDO</i> products in Georgia via a distributor. <b>Entry into emerging markets</b>