



# 2019 First Half Results (January-June) and Full-Year Forecast

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Chief Financial Officer  
Shiseido Company, Limited

August 8, 2019

**SHISEIDO**

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.

# Key Headlines:

## Q2: Positive momentum accelerated

- Prestige/Cosmetics/Personal Care
- China/Travel Retail
- Record high Q2:  
Sales, Operating profit and Net profit
- Operating profit up 25% YoY

## 1H: Record high 1H: Sales and Net profit

- On track to achieve full-year forecast

## 2019 Q2: Executive Summary

Accelerated momentum vs Q1

10<sup>th</sup> consecutive quarter of growth\*1

Operating Profit +25.4%, Operating Margin 10.3%

Net Profit growth of +0.8%

Net Sales: ¥291.0 Bn YoY change: +8.3% FX-Neutral: +9.9% Like-for-Like\*2: +9.0%

- Prestige brands: main driver of global growth (+14%\*2,3)
- China: prestige sell-out continuing momentum (over 40%\*4)
- Travel Retail/EMEA: outperforming plan
- Japan: overcoming high hurdle despite lower buyer sales

Operating profit: ¥30.0 Bn OPM: 10.3% YoY change: +¥6.1 Bn, +25.4%

- Improving profitability from brand mix and marketing ROI

Net profit attributable to owners of parent:

¥18.9 Bn YoY change: +¥0.1 Bn, +0.8%

\*1. After we changed financial period from end of March to end of December in 2015

\*2. Like-for-Like, excluding the impacts of withdrawal from the amenity goods business in Japan 2018 and advance sell-in related to the implementation of new ERP in Americas 2019

\*3. Like-for-Like, adjusting for Hong Kong commission payment accounting change (2018 Q2)

\*4. Mainland China

## Sales Momentum Accelerated across Most Regions

Like-for-Like\*1 2019 Net Sales growth by quarter

	Q1	Q2	1H
Japan*1	+0.4%	+3%	+2%
China	+19%	+22%	+21%
Asia Pacific	+14%	+10%	+12%
Americas*1	-1%	+4%	+2%
EMEA	+6%	+12%	+9%
Travel Retail	+9%	+25%	+17%
Total *1	+6%	+9%	+7%

\*1. Like-for-Like, excluding the impacts of withdrawal from the amenity goods business in Japan 2018 and advance sell-in related to the implementation of new ERP in Americas 2019.

## Prestige, Cosmetics & Personal Care Accelerated Sales Momentum

Like-for-Like\*1 2019 Net Sales growth by quarter

	Q1	Q2	1H
Prestige*1	+8%	+14%	+11%
Fragrance	+11%	+3%	+7%
Cosmetics	+1%	+6%	+4%
Personal Care	-4%	+14%	+5%
Professional	+5%	-2%	+1%
Total*1	+6%	+9%	+7%

\*1. Like-for-Like, excluding the impacts of withdrawal from the amenity goods business in Japan 2018 and advance sell-in related to the implementation of new ERP in Americas 2019.

# China: Maintaining Momentum of Our Prestige Brands

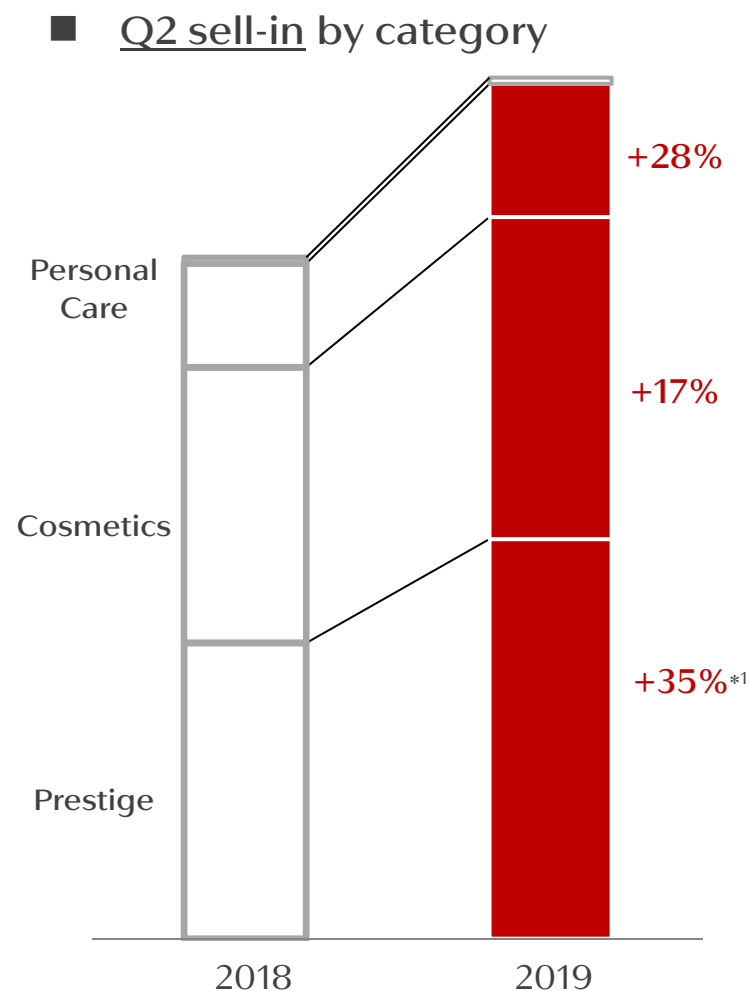
## ● Q2 Market: remained robust and poised for continued growth

- Cosmetics market: recovering, achieving over 20% growth in June
- E-commerce channel:  
average sales price per unit increased  
due to “618” e-commerce promotion

## ● Shiseido (Q2 sell-out in mainland China):

- Prestige: **share up, continuing growth of over 40%**
  - *SHISEIDO*: over 40% growth
  - *Clé de Peau Beauté*: approx. 50% growth
  - NARS: tripled growth
- Cosmetics: solid growth
  - *ELIXIR, ANESSA*
  - *AUPRES*: improved momentum vs Q1
- Personal Care: over 20% growth
- E-commerce sales: over 40% growth
- Hong Kong: less traffic

\*1. Like-for-Like, adjusting for Hong Kong commission payment accounting change (2018 Q2)



## ● Shiseido (Q2 sell-in): **+22.3%**

# Japan: Overcoming High 2018 Hurdle with Strong Inbound Sales

- Q2 Overall Japanese cosmetics market:

+1~2% YoY change

- Shiseido (Q2 sell-out): **+1%**

- Inbound sales: **+6%**

- Tourists: **+high-teen%**
- Buyers: -20%

- Shiseido (Q2 sell-in): **+3%\***<sup>1</sup>

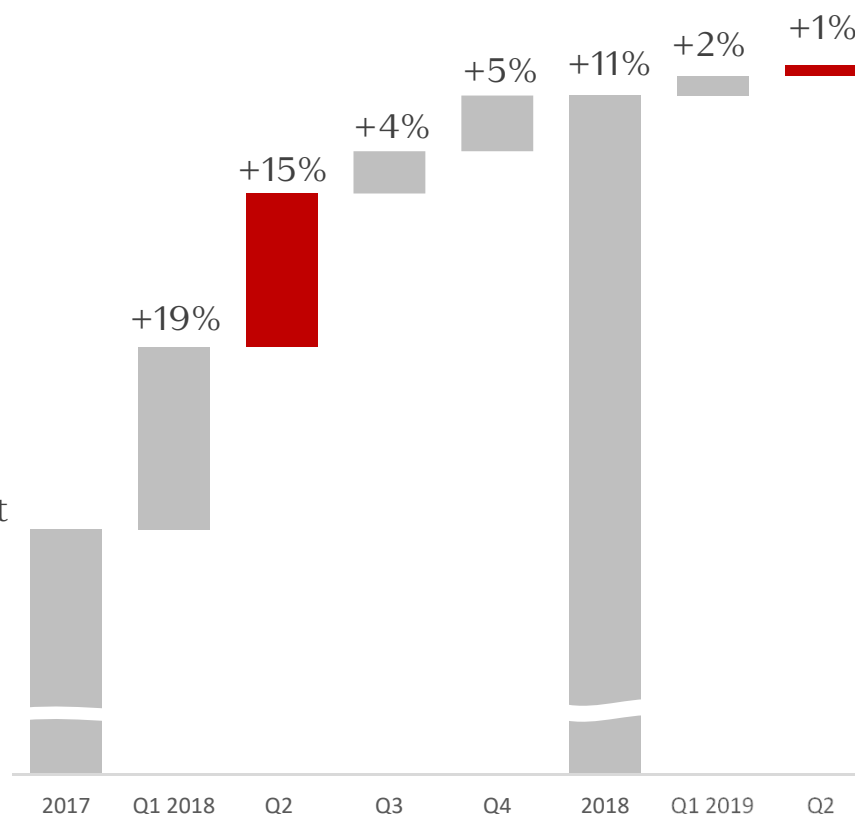
- Growth drivers:

- *SHISEIDO*: Ultimune
- Renewal of *ELIXIR White*
- *HAKU, d Program*: Care hybrid foundation project

- Challenges:

- *REVITAL*: supply issues, signs of recovery
- *ANESSA/SENKA*: lower buyers/  
unfavorable weather

■ Quarterly sell-out growth



\*1. Like-for-Like, excluding the impact of withdrawal from the amenity goods business in Japan 2018

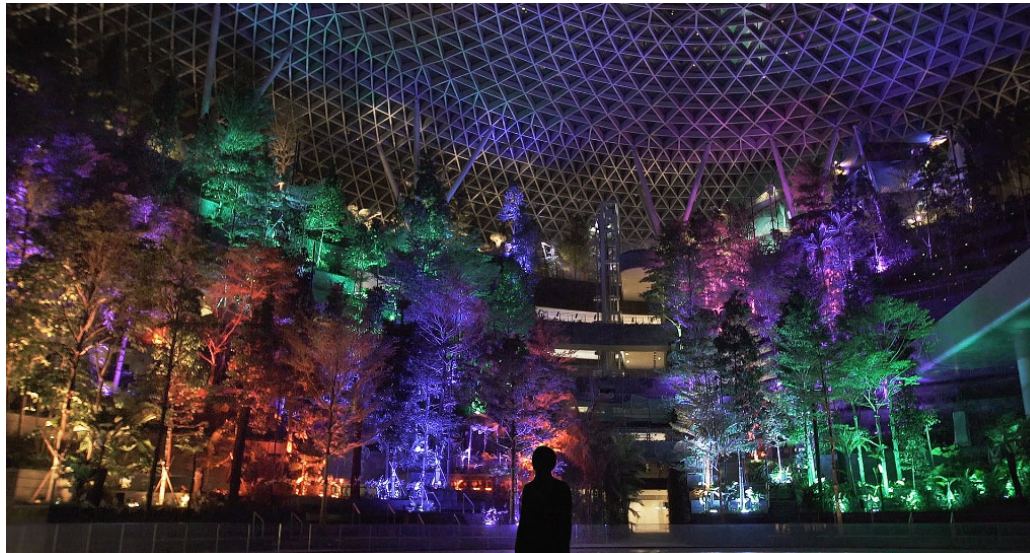


# Travel Retail: Continued Strong Sell-Out, Growing over 20%

## ● Shiseido (Q2 sell-out in Asia): **approx. +30%**

- Prestige: **solid momentum**
  - *SHISEIDO*: over 35% growth
  - *NARS*: over 35% growth
  - *IPSA*: expanding sales, 2<sup>nd</sup> year launch
  - *Clé de Peau Beauté*: readying for Q3 renewal
- Top-performing Countries:
  - China: No.1 growth market achieving over 45% growth
  - S. Korea: *NARS* and *ELIXIR* opening new doors
  - Singapore: Changi airport over 25% growth  
SHISEIDO FOREST VALLEY
- Cosmetics: **solid momentum**
  - *ANESSA*: approx. 30% growth
- Challenges:
  - Supply issues
  - Softening fragrance market/buyers

## ● Shiseido (Q2 sell-in): **+24.5%**



SHISEIDO FOREST VALLEY  
in Jewel Changi Airport

## Asia Pacific: All Countries, Areas and Categories Grew

- Shiseido (Q2 sell-out): **gaining market share in all key markets**
  - Winning in markets:  
*Clé de Peau Beauté, NARS*
- Shiseido (Q2 sell-in): **+10.3%**
  - Growth across all of the region, especially ASEAN
  - Increase across all categories and almost all brands
  - *LAURA MERCIER*: strong double-digit



## EMEA: Double-Digit Growth Driven by Fragrance and Makeup

- Q2 Markets: up in Italy & Spain  
down in UK & France
- Shiseido (Q2 sell-out):  
solid performance
  - Fragrance:
    - *Dolce&Gabbana*
    - *narciso rodriguez*
  - Makeup:
    - *NARS*
    - *SHISEIDO* makeup
- Shiseido (Q2 sell-in): **+12.0%**



## Americas: Recovering Momentum with Continuing Headwinds in Makeup Market

- Q2 US Market: down in makeup  
up in skincare & fragrance
- Shiseido (Q2 sell-out)
  - Solid performance
    - *Dolce&Gabbana*
    - *Clé de Peau Beauté*
  - *bareMinerals*: showing signs of traction
    - Focused specialty stores showing growth
    - Continuing restructuring, boutique closures
    - Growing in EMEA/  
Launched in “TMALL GLOBAL” on 28<sup>th</sup> July in China
- Shiseido (Q2 sell-in): **+17.3%**
  - Excl. advance sell-in related to implementation of ERP : **+4%**





## 2019 1H: Executive Summary

Like-for-Like Net Sales growth +7.3%,  
Operating Profit -3.0% Operating Margin 12.2%, in line with full-year plan  
Net Profit growth of +10.0%

Net Sales: ¥564.6 Bn YoY change: +6.0% FX-Neutral: +7.5% Like-for-Like\*1: +7.3%

- Prestige brands: main driver of global growth (+11%\*1)
- China: prestige sell-out maintaining strong momentum (over 40%\*2)
- Japan: overcoming high 2018 hurdle with strong inbound sales

Operating Profit: ¥69.0 Bn OPM: 12.2% YoY change: -¥2.1 Bn, -3.0%

- Continued strong investments (Marketing, R&D and People)
- On track with full-year plan

Net profit attributable to owners of parent:

¥52.5 Bn YoY change: +¥4.8 Bn, +10.0%

\*1. Like-for-Like, excluding the impacts of withdrawal from the amenity goods business in Japan 2018 and advance sell-in related to the implementation of new ERP in Americas 2019

\*2. Mainland China

# Summary of 2019 1H Results

	2019		2018		YoY Change	YoY Change %	YoY Change FX- Neutral %	Like-for-Like FX- Neutral % <sup>*3</sup>
	(Billion yen)	% of Net Sales		% of Net Sales				
Net Sales	564.6	100%	532.6	100%	+32.1	+6.0%	+7.5%	+7.3%
Cost of Sales	115.6	20.5%	109.1	20.5%	+6.5	+6.0%		
Gross Profit	449.0	79.5%	423.5	79.5%	+25.5	+6.0%		
SG&A	380.1	67.3%	352.4	66.1%	+27.7	+7.8%		
Operating Profit	69.0	12.2%	71.1	13.4%	-2.1	-3.0%		
Ordinary Profit	68.0	12.0%	72.8	13.7%	-4.8	-6.7%		
Extraordinary Income/Loss (net)	-1.3	-0.2%	1.6	0.3%	-2.8	—		
Net Profit Attributable to Owners of Parent	52.5	9.3%	47.7	8.9%	+4.8	+10.0%		
EBITDA <sup>*2</sup>	96.0	17.0%	96.6	18.1%	-0.6	-0.6%		

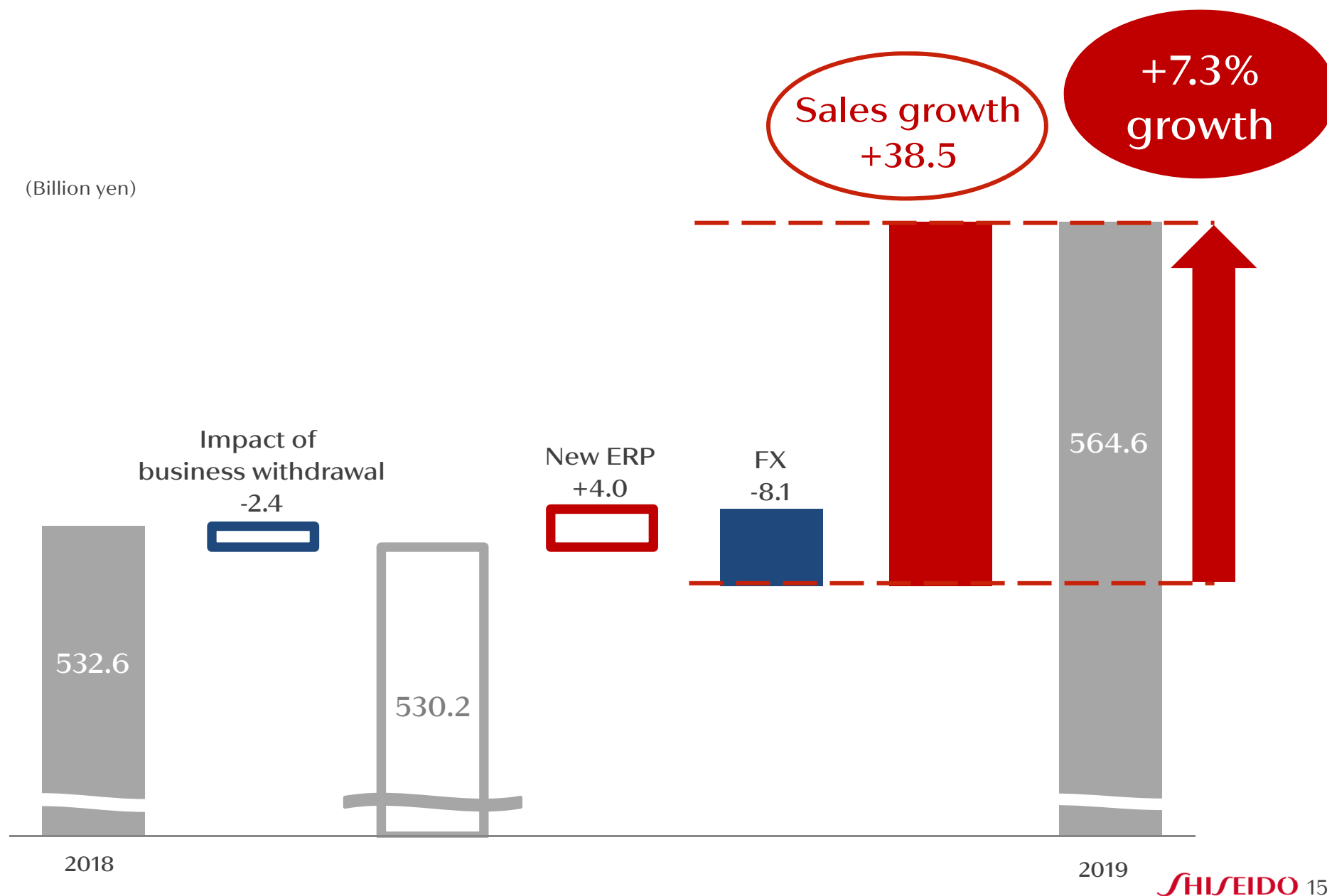
Exchange rates: USD1 = JPY110.1 (+1.3%), EUR1 = JPY124.3 (-5.6%), CNY1 = JPY16.2 (-5.2%)

\*1. The "+" and "-" symbols in YoY change indicate increase and decrease in amount, respectively.

\*2. After adjustment: Net income (loss) before income taxes + Interest expense + Depreciation and amortization expense + Impairment loss on goodwill and other intangible assets

\*3. Like-for-Like, excluding the impacts of withdrawal from the amenity goods business in Japan 2018 and advance sell-in related to the implementation of new ERP in Americas 2019

## Like-for-Like 1H Net Sales Growth

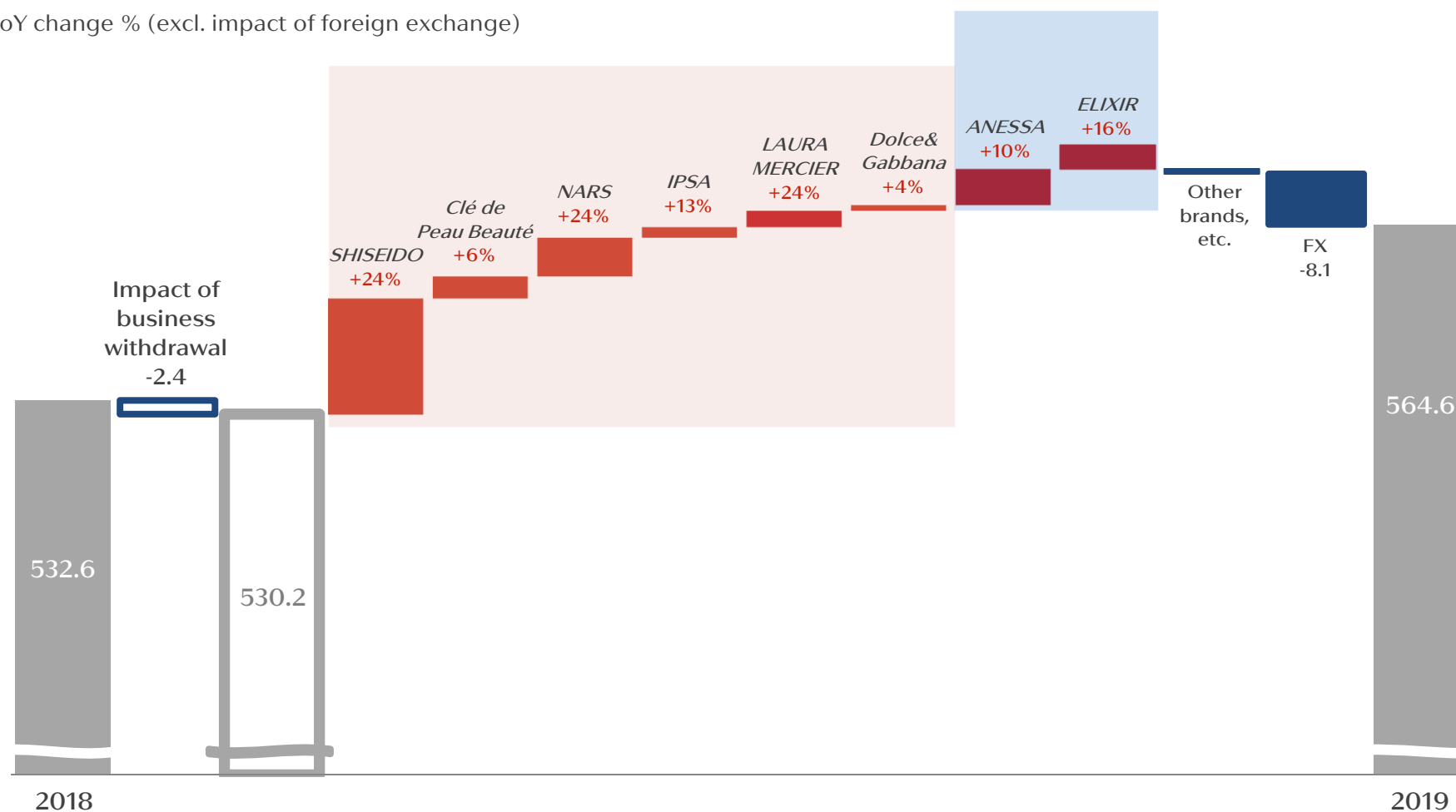


# Robust Growth Driven by Prestige and Cosmetics Brands

## ■ 1H Net Sales by brand

(Billion yen)

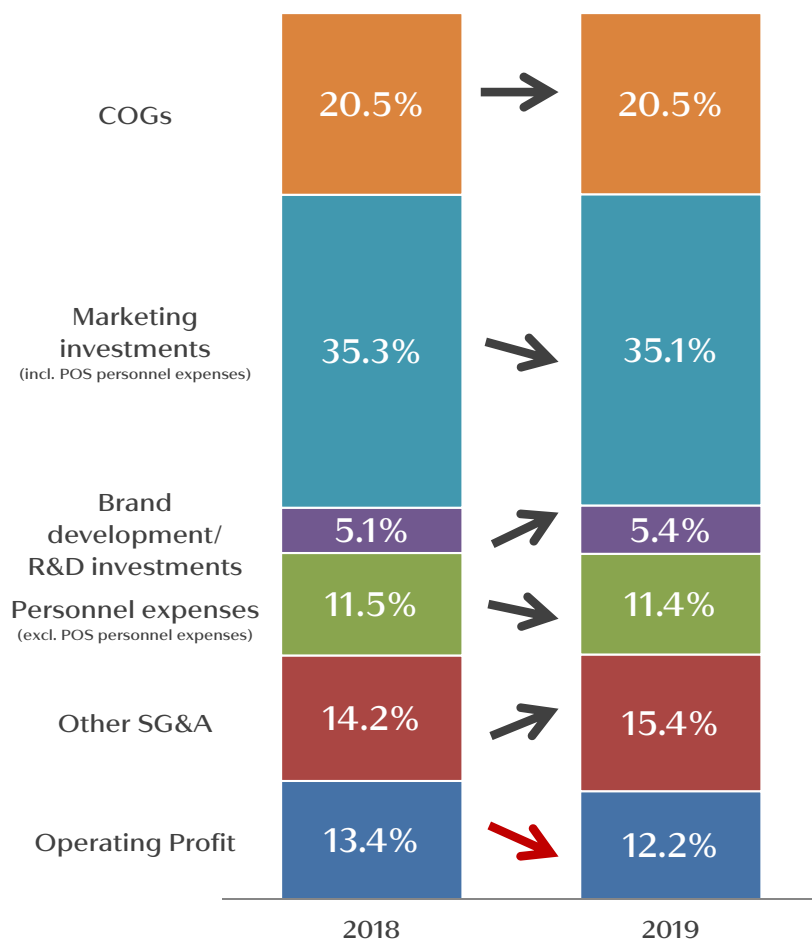
YoY change % (excl. impact of foreign exchange)



\*1. YoY change (%) for each brand is calculated based on initial exchange rate assumptions.



## Cost Structure - 2019 1H



- Brand growth and top line expansion

- COGs (–)

- Favorable prestige product mix
- Increased outsourcing

- Marketing investments (-0.2 pt)

- Improvement in ROI, shift to digital
- Decreased POS personnel in US

- Other SG&A (+1.2 pt)

- New offices
- Freight mix

# Improving Out-of-Stock Issues

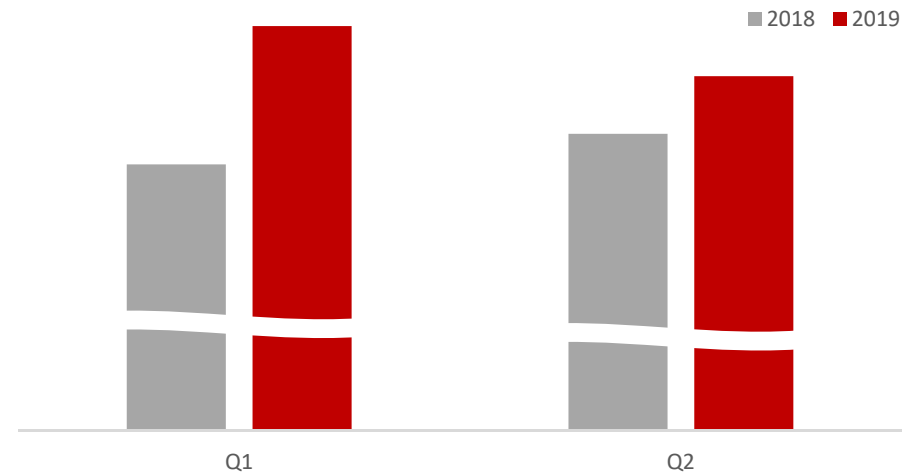
- Increase in production capacity

- Overall: +over 10% in 1H (Volume base)
- Opportunity loss: improving 35% vs 2018 1H
- Challenges: out of stock in key SKUs

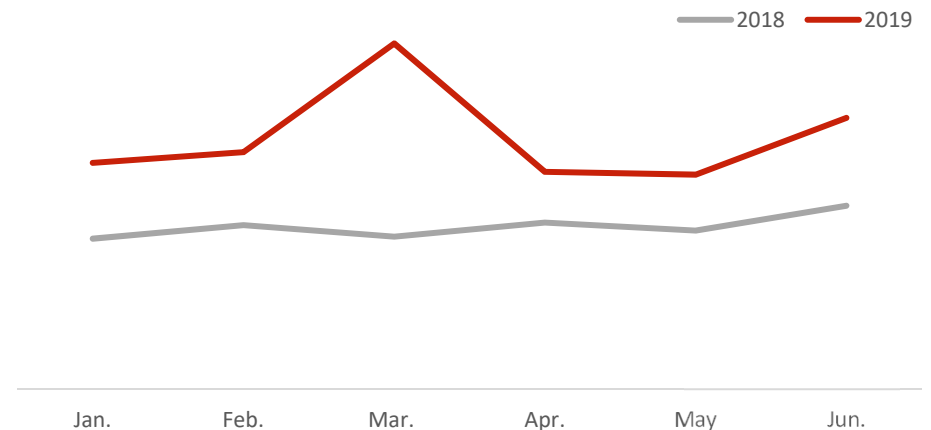
- SKU Rationalization

- Cut 1,147 SKUs in 1H (incremental: 3,835/4,500)
- Prioritizing production
- Improving in production per SKU: production efficiency

- Production volume (Volume base)



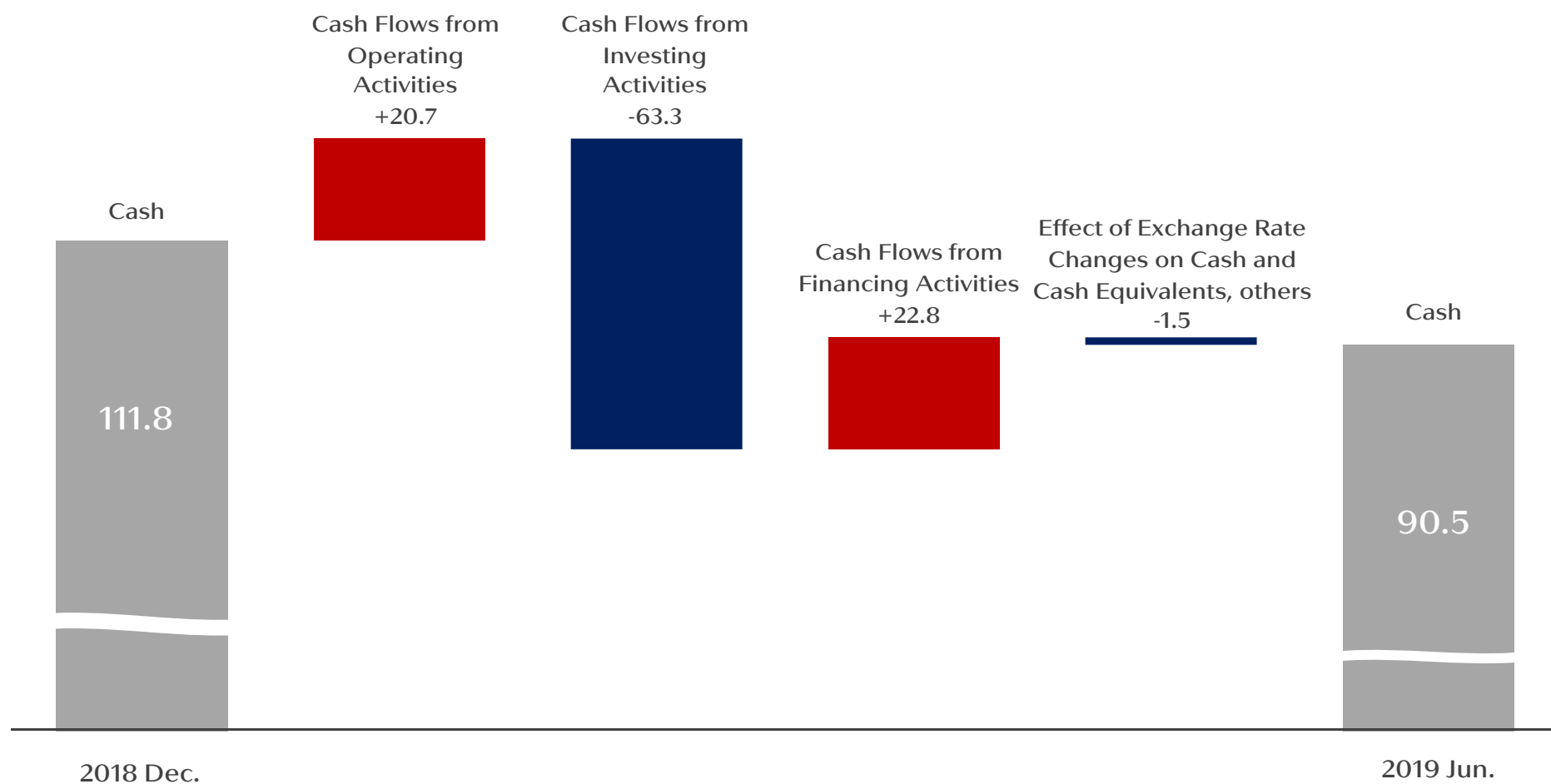
- Production volume per SKU



# Cash Management

## ■ 1H Cash flows

(Billion yen)



# What Drove Our Momentum in 2019 1H?

## Investments

Marketing/R&D/People

## Growth Drivers

- Prestige
- Chinese
- Travel Retail
- Portfolio diversity
- E-commerce

## Momentum

## Accelerated

Like-for-Like Sales growth\*1

Q1:+6%

Q2:+9%

\*1. Like-for-Like, excluding the impacts of withdrawal from the amenity goods business in Japan 2018 and advance sell-in related to the implementation of new ERP in Americas 2019.

## 2019 Latest Full-Year Forecast

(Billion yen)	2019		2018	YoY Change %	YoY Change FX- Neutral %	Like-for-Like FX- Neutral % <sup>*1</sup>
		% of Net Sales				
Net Sales	1,164.0	100%	1,094.8	+6.3%	+8.2%	+9.6%
Operating Profit	120.0	10.3%	108.4	+10.8%		
Ordinary Profit	116.0	9.9%	109.5	+5.9%		
Extraordinary Income/Loss (net)	0.0	0.0%	-5.2	—		
Net Profit Attributable to Owners of Parent	83.0	7.1%	61.4	+35.2%		
Dividends (yen per share) (forecast) <sup>*2</sup>	60		45			

Initial Plan		
	% of Net Sale	Change from Initial Plan
1,172.0	100%	-8.0
120.0	10.2%	—
120.0	10.2%	-4.0
-2.5	-0.2%	+2.5
75.5	6.4%	+7.5
60		—

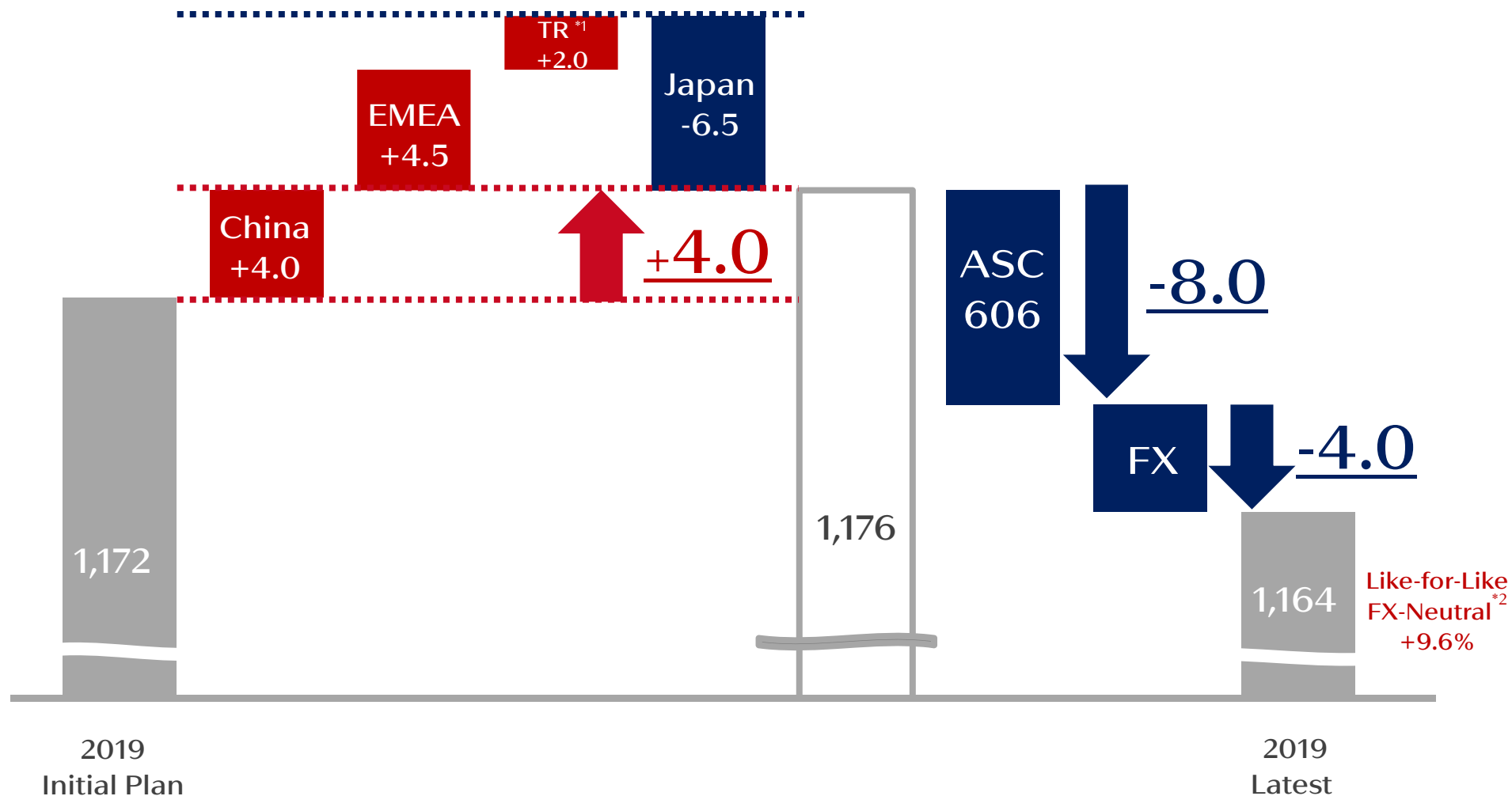
Exchange rates 2019 average: USD1 = JPY108.5 (-1.8%), EUR1 = JPY122.8 (-5.9%), CNY1 = JPY15.8 (-5.3%)

<sup>\*1</sup> Like-for-Like, excluding the impacts of withdrawal from the amenity goods business, etc. in Japan 2018 and the impacts of applying U.S. GAAP (ASC 606)

<sup>\*2</sup> Dividends: interim dividend ¥30, year-end dividend ¥30 (forecast)

# 2019 Latest Full-Year Net Sales Forecast

(Billion yen)



\*1. Travel Retail

\*2. Like-for-Like, excluding the impacts of withdrawal from the amenity goods business, etc. in Japan 2018 and the impacts of applying U.S. GAAP (ASC 606)

# Continuing Growth Momentum Against Market Uncertainties

August 8, 2019

Masahiko Uotani

Representative Director, President and CEO  
Shiseido Company, Limited



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# FY2019 Outlook: Continuing Growth Momentum

Net Sales +¥4.0 Bn Organic Upward Revision, Like-for-Like +9.6%\*

Net Profit +¥7.5 Bn Upward Revision

- Net sales ¥1,164.0 Bn, -¥8.0 Bn vs. initial plan
  - Organic upward revision +¥4.0 Bn, Like-for-Like +9.6%
  - Impact from application of U.S. GAAP (ASC 606) -¥8.0 Bn
  - FX impact -¥4.0 Bn
- Operating profit ¥120.0 Bn, on plan, YoY +10.8%  
Operating margin 10.3%, +0.1 pt vs initial plan
- Net profit +¥7.5 Bn, YoY +35.2%
  - Tax consequences of U.S. capital redemption
- Dividend full-year ¥60, on plan, increase of ¥15 from 2018

\* Like-for-Like, excluding the impacts of withdrawal from the amenity goods business, etc. in Japan 2018 and the impact of applying ASC 606



# Key Issues for 2H 2019

- |  |  |
|--|--|
| ● Continued brand nurturing                | ● Initiatives for out of stock               |
| ● Japan: inbound buyers slowdown           | ● Improve profitability in Americas and EMEA |
| ● Japan: measures for consumption tax hike | ● ESG initiatives                            |
| ● China: maintain momentum                 |  |

+

Market uncertainties/Exchange rate fluctuations



**Cautious management  
closely monitoring market trends**

Strengthen business monitoring/  
Strict cost control (add & subtract)

# Continue to Strengthen Prestige Brands

- *Clé de Peau Beauté*

- Skincare renewal (August)
- Roll-out in London (September)
- 2H: +20% growth

- *SHISEIDO*

- Skincare: *ULTIMUNE*
- New foundation (September)
- 2H: +20% growth

- *Dolce&Gabbana*

- Fragrance: new launch for men's *K by Dolce&Gabbana* (September)
- Makeup: full-scale renewal
- 2H: double-digit growth



# Strengthen Prestige Brands in Asia

- Expansion of store openings in Southeast Asia

*Clé de Peau Beauté,  
IPSA, NARS, LAURA MERCIER*

- Accelerating boutique development
- Start of e-commerce

IPSA



NARS



- *NARS*  
China: expand to 20 stores  
(End of 2019)

LAURA MERCIER  
PARIS | NEW YORK



# New Brand License Agreement

## TORY BURCH

- Brand overview
  - Ms. Tory Burch launched the luxury brand in New York (2004)
  - American lifestyle brand that embodies the personal style, global mindset and aesthetic of its founder
  - Global development: mainly North America, Asia and the Middle East
  - Advance women's empowerment and entrepreneurship with the Tory Burch Foundation
- License starts January 1<sup>st</sup>, 2020
  - Exclusive worldwide beauty license
  - Expand scale for fragrance
  - Improve profitability in Americas



## Japan: Inbound Sales Maintain Growth in Mid-Single Digits

- Inbound sales  
Full-year forecast:  
single digit growth
  - Inbound tourists: up mid-teens
  - Inbound buyers: down high-teens
- Tourists from Asia  
Trust in “Made-in-Japan” quality and Shiseido’s brands
- Number of foreign tourists to Japan:  
continue to increase in 2H 2019



Cross-border marketing linked to  
China, Japan, Travel Retail and Asia Pacific



# Japan: Strengthen Marketing in Response to Consumption Tax Hike

## ● Pre-hike

- Launch of new products prior to last-minute demand
  - *Clé de Peau Beauté*: skincare renewal
  - *SHISEIDO ULTIMUNE*: eye serum
  - *SHISEIDO Makeup Big Bang 2nd*: foundation
  - *ELIXIR Advanced Aging Care*: lotion/emulsion
- Build a stable supply capability

## ● Post-hike

- Launch of new products to stimulate demand for potential consumers
- Large-scale promotion throughout Japan



# China:

## Maintain Strong Prestige Sales

Selection and concentration in growth areas  
Continue to strengthen marketing investment

- Prestige: +30% to 40% growth

- *SHISEIDO, Clé de Peau Beauté, IPSA and NARS*

- Cosmetics: *ELIXIR* and *ANESSA*  
+30% to 40% growth



# China: Reinforce Alliances

- Alibaba Group
  - Hangzhou Office: start the joint work with a dedicated team
  - Further utilization and analysis of big data
  - *AQUAIR*: launch of co-developed products (September)
  - W11: strengthen marketing
- A.S. Watson Group
  - *d Program*: launch of co-developed products
  - Further collaborative initiatives





# China: Strengthen Brand Equity through Sports

*SHISEIDO* and *ANESSA*  
support for sports

Leverage tax reduction

- Tennis:  
“Shiseido WTA Finals Shenzhen”  
(October 27<sup>th</sup> – November 3<sup>rd</sup>)  
title sponsor
- Figure skating:  
“Shiseido Cup of China ISU Grand Prix of Figure Skating”  
(November 8<sup>th</sup> – 10<sup>th</sup>)  
title sponsor



# Raise Supply Capability: Steady Progress

- Japan: dealing with last-minute demand before consumption tax hike
- SKU rationalization: review additional 1,300 SKUs
- Nasu Factory: completion of construction (End of November)
- Osaka Ibaraki Factory: steady construction under way (End of 2020)



# BEAUTY INNOVATIONS FOR A BETTER WORLD

## ● Women's Empowerment

### Internal:

- Board of Directors, Auditors  
Ratio of females 45%
- Ratio of female managers  
Japan 32% (2020 Target 40%)
- “Women Leader  
Development Program”

### External:

- “30% Club Japan” member, chairman



## ● MSCI

Japan Empowering Women Index (WIN)  
No.1 score



MSCI Japan Empowering  
Women Index (WIN)

# Achieve Long-Term Growth

## Adapt to Environment Change

Market uncertainty  
Changing market environment

- “Speed” to achieve 2019 target
- More closely monitor market changes
- Rapid PDCA cycle with weekly review

“VISION 2020” and beyond  
Continuing sustainable  
growth momentum

- Selection and concentration
  - Structure reform
  - SKU rationalization
- Priority investment
  - PEOPLE FIRST
  - Brand equity
  - Innovation
  - Supply chain
  - Global standard IT platform

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# Supplemental Data 1

## Sales Growth Mainly Driven by China, Travel Retail and Asia Pacific

### 1H Sales by reportable segment

(Billion yen)	2019		2018		YoY Change	YoY Change %	YoY Change FX-Neutral %	Like-for-Like FX-Neutral %*2
		% of Net Sales		% of Net Sales				
Japan	231.9	41.1%	230.8	43.3%	+1.1	+0.5%	+0.5%	+1.5%
China	107.7	19.1%	92.9	17.4%	+14.8	+15.9%	+20.5%	+20.5%
Asia Pacific	36.3	6.4%	33.3	6.3%	+2.9	+8.8%	+12.0%	+12.0%
Americas	64.1	11.3%	58.8	11.0%	+5.2	+8.9%	+8.4%	+1.7%
EMEA	48.2	8.5%	46.9	8.8%	+1.4	+2.9%	+9.0%	+9.0%
Travel Retail	53.1	9.4%	45.3	8.5%	+7.8	+17.2%	+17.3%	+17.3%
Professional	7.2	1.3%	7.3	1.4%	-0.0	-0.5%	+1.3%	+1.3%
Other	16.3	2.9%	17.4	3.3%	-1.1	-6.5%	-6.5%	-6.5%
Total	564.6	100%	532.6	100%	+32.1	+6.0%	+7.5%	+7.3%

\*1. See Supplemental Data 10 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

\*2. Like-for-Like, excluding the impacts of withdrawal from the amenity goods business in Japan 2018 and advance sell-in related to the implementation of new ERP in Americas 2019.

## Supplemental Data 2

### 1H Sales in Japan and China by Category

Japan (Billion yen)	2019		2018		YoY Change	YoY Change %
		% of Net Sales		% of Net Sales		
Prestige/ Specialty Store	77.5	33.4%	77.1	33.4%	+0.5	+0.6%
Cosmetics	108.0	46.6%	105.4	45.7%	+2.6	+2.5%
Personal Care	27.9	12.0%	29.0	12.6%	-1.1	-4.0%
Others	18.4	8.0%	19.2	8.3%	-0.8	-4.1%
Japan Sales	231.9	100%	230.8	100%	+1.1	+0.5%

YoY change excluding the impact of withdrawal of amenity goods business in 2018 was +1.5%.

China (Billion yen)	2019		2018		YoY Change	YoY Change FX-Neutral %
		% of Net Sales		% of Net Sales		
Prestige	50.1	46.5%	38.2	41.1%	+11.9	+35.3%
Cosmetics	39.4	36.6%	39.0	41.9%	+0.4	+6.2%
Personal Care	17.0	15.8%	14.8	15.9%	+2.2	+20.2%
Others	1.2	1.1%	1.0	1.1%	+0.2	+22.7%
China Sales	107.7	100%	92.9	100%	+14.8	+20.5%

\*1. Some financial results within the Japan Business have been reclassified in line with the management structure change in 2019.

\*2. See Supplemental Data 10 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.



## Supplemental Data 3

### OPM 12.2% with Investments (Marketing, R&D and People)

#### 1H Operating profit by reportable segment

(Billion yen)	2019		2018		YoY Change	YoY Change %
		OPM %		OPM %		
Japan	48.3	19.1%	51.5	20.9%	-3.2	-6.2%
China	18.0	16.7%	15.6	16.8%	+2.4	+15.2%
Asia Pacific	3.2	8.4%	4.5	13.0%	-1.3	-29.1%
Americas	-5.3	-6.0%	-7.2	-9.5%	+2.0	—
Before Amortization of Goodwill, etc.	-2.6	-3.0%	-4.6	-6.1%	+2.0	—
EMEA	-5.0	-9.3%	-5.0	-9.5%	+0.0	—
Before Amortization of Goodwill, etc.	-4.1	-7.8%	-4.1	-7.8%	-0.0	—
Travel Retail	12.0	22.5%	11.1	24.5%	+0.9	+7.8%
Professional	0.2	3.0%	0.3	4.2%	-0.1	-28.3%
Other	-0.5	-0.6%	2.8	4.1%	-3.3	—
Subtotal	70.9	10.5%	73.6	11.8%	-2.7	-3.7%
Adjustments	-1.9	—	-2.5	—	+0.6	—
Total	69.0	12.2%	71.1	13.4%	-2.1	-3.0%

\*1. OPM is calculated using net sales including intersegment sales.

\*2. See Supplemental Data 10 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.



## Supplemental Data 4

### 1H SG&A Details

		2019		YoY Change %	YoY Change	YoY Change FX-Neutral
		% of Net Sales	Change in % of Net Sales			
(Billion yen)						
SG&A	380.1	67.3%	+1.2	+7.8%	+27.7	+33.1
Marketing Investments	198.4	35.1%	-0.2	+5.2%	+9.8	+13.4
Brand Development/ R&D Investments	30.2	5.4%	+0.3	+12.3%	+3.3	+3.7
Personnel Expenses	64.3	11.4%	-0.1	+4.5%	+2.8	+3.5
Other SG&A Expenses	87.1	15.4%	+1.2	+15.6%	+11.8	+12.4

\*1. The “+” and “-” symbols in YoY Change are used to indicate increase and decrease in amount and percentage of net sales, respectively.

\*2. Marketing Investments includes POS personnel expenses.

## Supplemental Data 5

### Summary of 2019 Q2 Results

(Billion yen)	2019		2018		YoY Change	YoY Change %	YoY Change FX- Neutral %	Like-for-Like FX- Neutral % <sup>*3</sup>
		% of Net Sales		% of Net Sales				
Net Sales	291.0	100%	268.8	100%	+22.2	+8.3%	+9.9%	+9.0%
Cost of Sales	59.0	20.3%	54.1	20.1%	+4.9	+9.0%		
Gross Profit	232.0	79.7%	214.7	79.9%	+17.3	+8.1%		
SG&A	202.0	69.4%	190.7	71.0%	+11.2	+5.9%		
Operating Profit	30.0	10.3%	24.0	8.9%	+6.1	+25.4%		
Ordinary Profit	28.4	9.8%	25.6	9.5%	+2.9	+11.2%		
Extraordinary Income/Loss (net)	-0.5	-0.2%	1.4	0.5%	-1.9	—		
Net Profit Attributable to Owners of Parent	18.9	6.5%	18.8	7.0%	+0.1	+0.8%		
EBITDA <sup>*2</sup>	43.4	14.9%	38.1	14.2%	+5.3	+13.9%		

\*1. The "+" and "-" symbols in YoY change indicate increase and decrease in amount, respectively.

\*2. After adjustment: Net income (loss) before income taxes + Interest expense + Depreciation and amortization expense + Impairment loss on goodwill and other intangible assets

\*3. Like-for-Like, excluding the impacts of withdrawal from the amenity goods business in Japan 2018 and advance sell-in related to the implementation of new ERP in Americas 2019

## Supplemental Data 6

### Sales Momentum Accelerated across Most Regions vs Q1

#### Q2 Sales by reportable segment

(Billion yen)	2019		2018		YoY Change	YoY Change %	YoY Change FX-Neutral %	Like-for-like FX-Neutral %*2
		% of Net Sales		% of Net Sales				
Japan	117.9	40.5%	116.1	43.2%	+1.8	+1.6%	+1.6%	+2.7%
China	55.2	18.9%	47.3	17.6%	+7.9	+16.8%	+22.3%	+22.3%
Asia Pacific	17.3	5.9%	16.3	6.0%	+1.0	+6.4%	+10.3%	+10.3%
Americas	36.1	12.4%	30.7	11.4%	+5.4	+17.5%	+17.3%	+4.4%
EMEA	23.2	8.0%	21.8	8.1%	+1.4	+6.4%	+12.0%	+12.0%
Travel Retail	29.7	10.2%	23.9	8.9%	+5.8	+24.3%	+24.5%	+24.5%
Professional	3.7	1.3%	3.8	1.4%	-0.2	-4.0%	-1.8%	-1.8%
Other	8.0	2.8%	9.0	3.4%	-1.0	-11.1%	-11.1%	-11.1%
Total	291.0	100%	268.8	100%	+22.2	+8.3%	+9.9%	+9.0%

\*1. See Supplemental Data 10 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

\*2. Like-for-Like, excluding the impacts of withdrawal from the amenity goods business in Japan 2018 and advance sell-in related to the implementation of new ERP in Americas 2019.

## Supplemental Data 7

### OPM 10.3%

#### Q2 Operating profit by reportable segment

(Billion yen)	2019		2018		YoY Change	YoY Change %
		OPM %		OPM %		
Japan	22.0	17.2%	21.5	17.5%	+0.4	+2.0%
China	5.0	9.1%	0.8	1.8%	+4.2	+505.7%
Asia Pacific	0.8	4.4%	1.2	7.3%	-0.4	-35.3%
Americas	0.3	0.6%	-2.6	-6.5%	+2.9	—
Before Amortization of Goodwill, etc.	1.6	3.2%	-1.3	-3.3%	+2.9	—
EMEA	-3.2	-12.1%	-3.7	-15.4%	+0.6	—
Before Amortization of Goodwill, etc.	-2.7	-10.5%	-3.3	-13.6%	+0.5	—
Travel Retail	7.0	23.6%	5.6	23.6%	+1.4	+24.4%
Professional	0.2	4.5%	0.3	6.6%	-0.1	-35.0%
Other	-1.8	-4.6%	1.7	4.6%	-3.5	—
Subtotal	30.3	8.7%	24.9	7.9%	+5.4	+21.9%
Adjustments	-0.3	—	-0.9	—	+0.6	—
Total	30.0	10.3%	24.0	8.9%	+6.1	+25.4%

\*1. OPM is calculated using net sales including intersegment sales.

\*2. See Supplemental Data 10 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

## Supplemental Data 8

### 2019 Latest Full-Year Sales Forecast by Reportable Segment

(Billion yen)	2019	2018 After Segment Changes	YoY Change %			Initial Plan		2018 Before Segment Changes
				YoY Change FX- Neutral %	Like-for-Like FX- Neutral % <sup>*2</sup>		Change from Initial Plan	
Total	1,164.0	1,094.8	+6.3%	+8.2%	+9.6%	1,172.0	-8.0	1,094.8
Japan	473.5	454.5	+4.2%	+4.2%	+5.6%	480.0	-6.5	454.6
China	220.0	190.8	+15.3%	+20.0%	+20.0%	217.0	+3.0	190.8
Asia Pacific	73.5	68.1	+7.9%	+11.2%	+11.2%	74.0	-0.5	68.1
Americas	126.5	131.7	-4.0%	-2.5%	+3.7%	135.5	-9.0	131.7
EMEA	117.0	113.2	+3.4%	+8.8%	+8.8%	113.5	+3.5	113.2
Travel Retail	104.0	87.6	+18.7%	+21.0%	+21.0%	102.5	+1.5	87.6
Professional	14.5	14.1	+2.5%	+4.0%	+4.0%	14.5	—	20.3
Other	35.0	34.7	+0.9%	+0.9%	+0.9%	35.0	—	28.5

Exchange rates 2019 average: USD1 = JPY108.5 (-1.8%), EUR1 = JPY122.8 (-5.9%), CNY1 = JPY15.8 (-5.3%)

\*1 See Supplemental Data 10 for details about changes in reportable segments.

\*2. Like-for-Like, excluding the impact of withdrawal from the amenity goods business, etc. in Japan 2018 and the impacts of applying U.S. GAAP (ASC 606)

## Supplemental Data 9

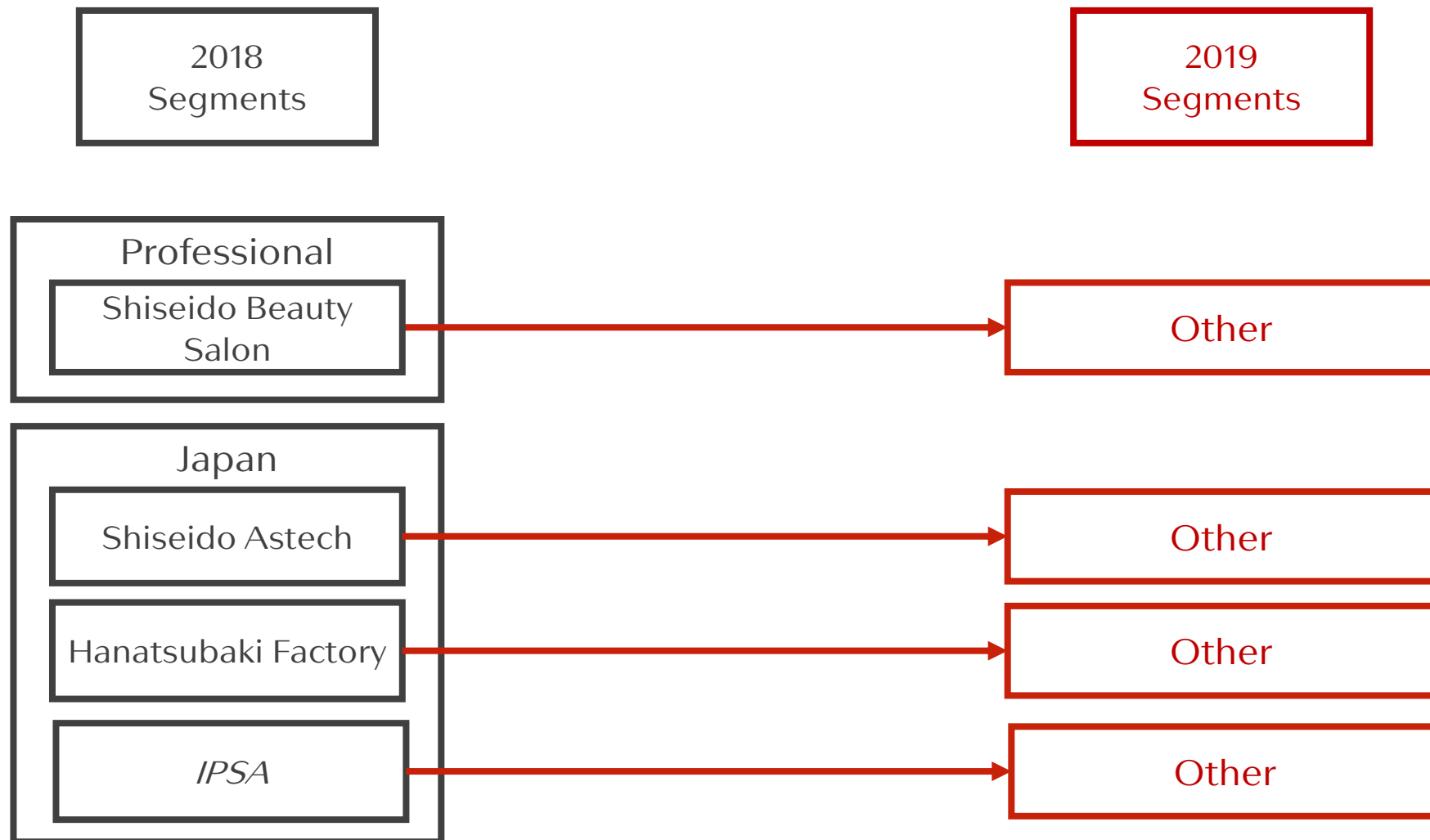
### Capital Expenditures/Depreciation and Amortization

(Billion yen)	2019 1H	2018 1H	2019 Forecast
Capital Expenditures* <sup>1</sup>	64.1	49.0	155.1
Property, Plant and Equipment	50.6	38.4	124.0
Intangible Assets, etc.	13.5	10.6	31.1
Depreciation and Amortization	26.8	20.2	58.5
Property, Plant and Equipment	15.2	9.6	—
Intangible Assets, etc.	11.6	10.6	—
R&D Expenses	15.7	11.7	34.3

\*1. Investments in capital expenditures; property, plant and equipment; intangible fixed assets (excl. goodwill, right of trademark, etc.); and long-term prepaid expenses

## Supplemental Data 10

### Main Constituents of Old and New Reportable Segments



\* The Group has revised its reportable segment classification method in line with changes in its internal management structure from the first quarter of the fiscal year ending December 31, 2019. Shiseido Beauty Salon Co., Ltd., which was previously included in the Professional Business, is now included in Other. Shiseido Astech Co., Ltd. And Hanatsubaki Factory Co., Ltd., which were previously included in the Japan Business, are now included in Other.

From the third quarter of the previous consolidated fiscal year, the results of IPSA Co., Ltd., which were previously included in the Japan Business, are now included in the Other segment.



# Supplemental Data 11

## Major Public Announcements

### News Releases

- August: Shiseido and Tory Burch Announce Long-Term Beauty Partnership Agreement
  - Exclusive Worldwide License for Beauty Products-
  - Underscores Strength of Shiseido's Platform and Resources to Support Further Growth of Tory Burch Beauty Brand-
- July: **Shiseido President and CEO Masahiko Uotani Becomes Chair of "30% Club Japan" Contributing to the Improvement of the Percentage of Female Executives**  
  
Shiseido Launches Full-Scale IoT Skincare Service Brand "*Optune*"
- May: Shiseido Strengthens Strategic Partnership with A.S. Watson Group  
  
Annual report 2018  
  
Shiseido Opens SHISEIDO FOREST VALLEY at Jewel Changi Airport  
  
**"Shiseido Life Quality Beauty Center" Opens in Singapore**  
  
Shiseido establishes Japanese Beauty Institute Communicating unique Japanese aesthetics to the world
- April: **Shiseido and KANEKA Launch Joint Development of Biodegradable Cosmetic Containers**  
  
**Shiseido Supports Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)**  
  
**External Director Ms. Ishikura at "2019 Daiwa Investment Conference Tokyo"**  
  
Corporate Governance Report Revised  
  
**The Shiseido Philosophy Is Formulated Anew**  
  
Shiseido Global Innovation Center Commences Full-Scale Operation
  - Realizing a New Style of Research and Development Towards Further Growth-  
Shiseido Signs Joint Business Plan with Alibaba Group

\* ESG initiatives are in red

# Supplemental Data 11

## Major Public Announcements

### News Releases

- March: *CLÉ DE PEAU BEAUTÉ* ANNOUNCES THE LAUNCH OF 'THE POWER OF RADIANCE' PROGRAM  
Creating a new market through the integration of foundation and medicated skincare
- February: Notice on Introduction of Performance-Linked Stock Compensation as Long-Term Incentive-Type Remuneration ("LTI")  
Shiseido Establishes a New Factory in Kurume City, Fukuoka Prefecture  
-Responding to Growing Demand and Further Business Expansion Inside and Outside Japan-  
Notice of Transfer of Dermatologic Agent Brands *FERZEA* and *Encron*
- January: Notice of Merger between Consolidated Subsidiaries