

Shiseido's DNA

We will fully leverage and further refine the strengths we have built.

Shiseido was founded in 1872 in Ginza, Tokyo, as the first Western-style pharmacy in Japan. The name Shiseido incorporates our founder's desire to discover and create new value, a desire that has endured for more than 140 years and has built our unique heritage. This heritage has led to a foundation and strengths unique to Shiseido – the DNA shared by all its employees that is key to our successful evolution going forward.

Japanese Aesthetics

Shiseido has cultivated its sense of beauty over its long history. As a cosmetics company originating in Japan, we have made this sense a unique strength among global companies with our belief in the importance of Japanese culture and traditions, and our ceaseless attention to detail.



Technology & Science

Shiseido constantly creates high-quality, highly functional, safe and innovative cosmetics and leading beauty techniques, supported by its industry-leading R&D and production technology capabilities.



Art & Design

Our ability to communicate the value and beauty we create is a major strength. This strength has driven advertising and design in Japan since we opened the Shiseido Design Department in 1916.



OMOTENASHI

Shiseido's approximately 20,000 beauty consultants worldwide work as beauty professionals, building close relationships with individual consumers. They aim to enrich both the external appearance and the hearts of consumers and convey the value of our brands.



Human Centric

Shiseido's businesses are human centric. This is reflected in our desire to be consumer-oriented in everything we do, including conveying value to consumers through our beauty consultants. Our belief in the importance of people as represented by consumers and our employees is the foundation on which we have formed our values.



Facts & Figures

Net Sales

¥850.3 billion

(+5.2% year on year¹ on a local currency basis)
(-1.5% year on year¹ on a yen basis)

Led by the prestige category and supported by the acquisition and licensing of new brands, net sales grew year on year on a local currency basis in each region we serve except EMEA.* However, net sales decreased when translated into yen due to the pronounced foreign exchange effect of yen appreciation.

* Europe, Middle East and Africa

Operating Income

¥36.8 billion

(-17.0% year on year¹)

Operating income benefited from higher marginal income due to growth in net sales and the effect of cost structure reforms, but decreased year on year due to one-time expenses associated with new brand acquisitions and licensing agreements, and structural reform expenses, as well as to the larger-than-expected effect of yen appreciation.

Position in Japan and Asia

No. 1

Among Japanese/Asian cosmetics manufacturers for annual sales in the beauty category²

WWD Beauty Inc. annual ranking (April 2017)

Countries and Regions Served

Approx. **120**

Net Sales by Business Segment

Travel Retail

Net sales **¥24.8 billion**

+60.4% YoY
(Local currency basis)

EMEA

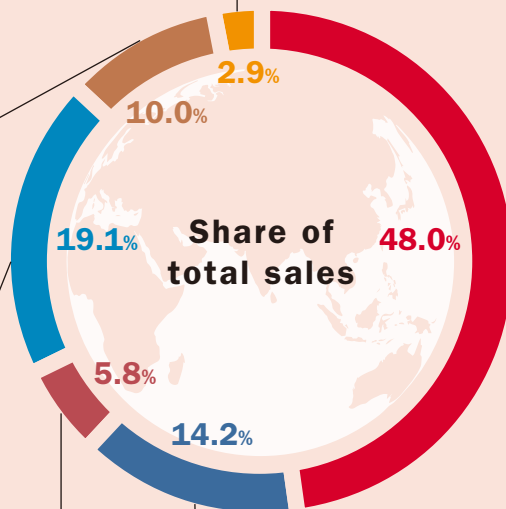
Net sales **¥85.2 billion**

-8.1% YoY³
(Local currency basis)

Americas

Net sales **¥162.6 billion**

+8.0% YoY⁴
(Local currency basis)



Japan

Net sales **¥407.6 billion**

+2.9% YoY

China

Net sales **¥120.5 billion**

+11.4% YoY
(Local currency basis)

Asia Pacific

Net sales **¥49.6 billion**

+7.0% YoY
(Local currency basis)

Notes: 1. The fiscal period ended December 31, 2015 is the 9 months from April 1, 2015 to December 31, 2015 for Shiseido and consolidated subsidiaries whose account settlement date was March 31 and the 12 months from January 1, 2015 to December 31, 2015 for consolidated subsidiaries whose account settlement date was December 31. In this report, it is referred to as "the period ended December 2015" in the text and as "2015/12" in tables, charts and graphs. For comparisons with the year ended December 2016, this report uses results for the 12 months ended December 2015, referred to as "2015/12 (Adjusted)" in tables, charts and graphs.
2. Excluding food and daily necessities
3. Year-on-year percentage change is +9% excluding the effect of the termination of the *Jean Paul GAULTIER* license and the acquisition of the *Dolce&Gabbana* license.
4. Year-on-year percentage change is +0% excluding the effect of the acquisition of *Laura Mercier*.

Operating Profitability

4.3%

(-0.8 percentage points year on year¹⁾)

Operating profitability decreased 0.8 percentage points year on year reflecting the decline in operating income.

ROE

8.2%

(6.0%⁵ for period ended December 2015)

Our target for ROE in VISION 2020 is 12 percent or higher. ROE was 8.2 percent for the year ended December 2016 in tandem with an increase in EPS.

Employees^{6,7}/Nationalities Employed⁶

45,000/66

Ranking as a Company Empowering Women in Japan

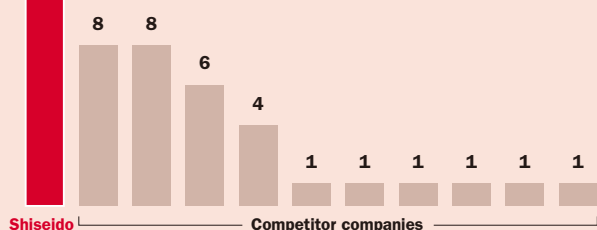
No. 1

for three consecutive years
(Nikkei BP, Nikkei Woman)

Awards Received at IFSCC⁸ Congress and Conferences (As of November 2016)

24

- Conference Poster Award
- Conference Award (Podium Presentation)
- Congress Award
- Congress Poster Award
- Congress Award (Podium Presentation)



Percentage of Female Leaders⁹

Shiseido Group Total

53.2%

Japan

30.0%

Overseas

69.3%

5. For calculating consolidated ROE for the period ended December 2015, the numerator used is net income attributable to owners of the parent for the nine months ended December 31, 2015 for Shiseido and its consolidated subsidiaries whose fiscal year ended in March, and for the 12 months ended December 31, 2015 for consolidated subsidiaries whose fiscal year ended in December. The ROE is 7.6 percent when calculated based on net income attributable to owners of the parent for the 12 months ended December 2015.

6. The number of employees includes full-time employees and temporary employees. Temporary employees include part-time workers. Dispatched employees are excluded.

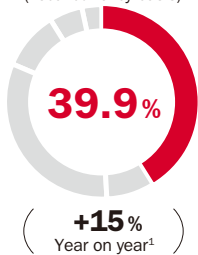
7. As of January 1, 2017

8. The International Federation of Societies of Cosmetic Chemists is an organization that brings together cosmetic chemists from around the world in pursuit of cosmetic technology development that achieves greater functionality and safety.

9. As of December 31, 2016

Brands at a Glance

Share of total sales
(Local currency basis)



Prestige

High-priced, high-added-value products sold through counseling, primarily in department stores and cosmetics specialty stores



SHISEIDO
J C AP A E T



clé de peau BEAUTÉ
J C AP A E T



bareMinerals
J C AP A E T



NARS
J C² AP A E T



IPSA
J C AP

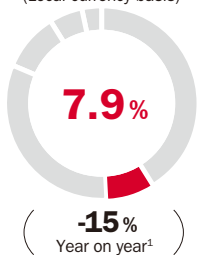


Laura Mercier
J C² AP A E



BENEFIQUE
J

Share of total sales
(Local currency basis)



Fragrance

High-priced, highly fashionable fragrances that offer consumers personal style proposals through collaboration with famous designers



Dolce&Gabbana
J C² AP A E T



ISSEY MIYAKE
J C² AP A E T

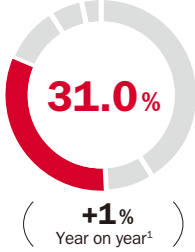


narciso rodriguez
J C² AP A E T

Main Regions of Availability (As of March 31, 2017) Japan: J China: C Asia Pacific: AP Americas: A EMEA: E Travel Retail: T

1. Local currency basis
2. Hong Kong only

Share of total sales
(Local currency basis)



Cosmetics

Mid- and low-priced cosmetics that consumers select themselves, primarily sold in drugstores and general merchandise stores. Counseling sales tailored to market, brand and channel characteristics are also offered.



ELIXIR
J C AP



MAQUILLAGE
J C AP



HAKU
J C



PRIOR
J



ANESSA
J C AP T



AQUALABEL
J



INTEGRATE
J



d program
J



AUPRES
C



urara
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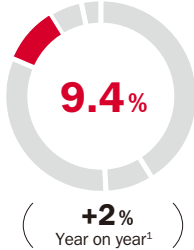


PURE&MILD
C



Za
C AP

Share of total sales
(Local currency basis)



Personal care

Low-priced skincare products, shampoo and other haircare products, as well as body care products, primarily sold in drugstores and general merchandise stores



SENKA
J C AP

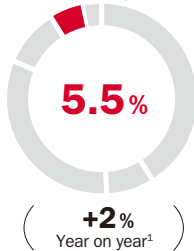


TSUBAKI
J C AP



SEA BREEZE
J

Share of total sales
(Local currency basis)



Professional

Hair care and styling agents, hair color products and other merchandise for hair salons



SHISEIDO PROFESSIONAL
J C AP



JOICO
C AP A E

Note: In addition to our core business categories of prestige, fragrance, cosmetics, personal care and professional, "Other" makes up 6.3% of sales. "Other" includes THE GINZA, Frontier Science Business, and Shiseido ParLOUR.