



# 2018 Results (Jan.-Dec.)

## Norio Tadakawa

Corporate Executive Officer  
Shiseido Company, Limited

February 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.**

## 2018: Executive Summary

**Net sales, operating profit and net profit reached all-time highs  
+14% organic net sales growth,  
two consecutive years of double-digit growth  
Operating profit over ¥100 Bn**

Net sales: **¥1,094.8 Bn** YoY Change in LC: +8.8% YoY change: +8.9%

**Organic net sales, excl. impact of business transfer, etc. in 2017:  
YoY change in LC: +14%**

- Prestige brands were main driver of global growth (+16%)
- Sales expanded due to cross-border marketing  
(Organic net sales: YoY change in LC:  
China: +32% / Travel Retail: +40% / Inbound sales: exceeding +20%)
- Made in Japan cosmetics brands continued growth (+12%)
- In Japan, Shiseido store sales grew +11% YoY against market growth of 1%,  
expanding in market share

Operating profit: **¥108.4 Bn** OPM: 9.9% YoY change: +¥27.9 Bn YoY change: +34.7%

- Moved closer to ideal cost structure through focus on Prestige First  
and 3 skin-related categories and growth in brands

Net profit attributable to owners of parent:

**¥61.4 Bn** YoY change: +¥38.7 Bn YoY change: +169.9%  
➤ Short of August forecast (¥67 Bn)

## 2018 Key Initiatives: Achievements and Challenges

| Segment       | Achievements and Challenges  |
|---------------|--|
| Prestige      | Based on the Prestige First strategy, we strengthened core brands and achieved growth exceeding 20%. Prestige segment growth significantly contributed to an increase in total sales and profits. In addition to <i>Clé de Peau Beauté</i> and <i>IPSA</i> , which were strengthened with a focus on skincare, and <i>SHISEIDO</i> , which benefited from innovation in the makeup category, <i>NARS</i> and <i>LAURA MERCIER</i> also achieved robust growth. At the same time, we implemented structural reforms related to <i>bareMinerals</i> , launching a new marketing campaign and shifting markedly towards e-commerce and digital marketing. |
| Fragrance     | <i>Dolce&amp;Gabbana</i> performed strongly, achieving growth of 16% thanks to high growth in EMEA and the Americas in addition to expansion in the Middle East, etc. and grew into a brand with sales far exceeding ¥50 billion. Performance was struggling for other fragrances except <i>narciso rodriguez</i> . It is necessary to refine our focus on which brands to develop.  |
| Cosmetics     | Made in Japan brands, <i>ELIXIR</i> and <i>ANESSA</i> , achieved rapid growth in Japan and in China and other parts of Asia, driven by stronger cross-border marketing. China local brands, <i>AUPRES</i> and <i>Za</i> , achieved profitability as planned but are yet to undergo a full recovery. <i>PURE&amp;MILD</i> improved profitability, but failed to realize its expected growth potential due to fierce competition among natural brands in China. Clarification of the brand portfolio based not only on Japan but considering Asia as a single market is required.  |
| Personal Care | <i>SENKA</i> increased its growth momentum thanks to stronger marketing in Japan, China and South Korea. In Japan, men's brand <i>UNO</i> was on the recovery track. However, <i>TSUBAKI</i> struggled, therefore, is needed to revamp its marketing strategy.   |
| Region        | We took steps to improve profitability in the Americas and EMEA. While reductions in fixed costs and other expenses proved effective, improvement in the efficiency of marketing ROI and global brand holder ROI was insufficient. We plan to strengthen initiatives in step with top line growth.   |
| Supply chain  | Strong brand sales growth resulted in out-of-stock, for continued opportunity losses.  |



# Summary of 2018 Results

| (Billion yen)                                     | 2018    |                   | 2017    |                   | YoY<br>Change | YoY<br>Change<br>% | YoY<br>Change<br>in LC % | Aug.<br>Forecasts | Difference<br>from Aug.<br>Forecasts |
|---|---------|-------------------|---------|-------------------|---------------|--------------------|--------------------------|-------------------|--------------------------------------|
|   |         | % of<br>Net Sales |         | % of<br>Net Sales |               |                    |                          |                   |                                      |
| Net Sales   | 1,094.8 | 100               | 1,005.1 | 100               | +89.8         | +8.9               | +8.8                     | 1,090.0           | +4.8                                 |
| Cost of Sales                                     | 231.9   | 21.2              | 231.3   | 23.0              | +0.6          | +0.3               |                          | —                 | —                                    |
| SG&A  | 754.5   | 68.9              | 693.3   | 69.0              | +61.2         | +8.8               |                          | —                 | —                                    |
| Operating Profit                                  | 108.4   | 9.9               | 80.4    | 8.0               | +27.9         | +34.7              |                          | 110.0             | -1.6                                 |
| Ordinary Profit                                   | 109.5   | 10.0              | 80.3    | 8.0               | +29.2         | +36.3              |                          | 110.0             | -0.5                                 |
| Extraordinary<br>Income/Loss (net)                | -5.2    | -0.5              | -41.8   | -4.2              | +36.6         | —                  |                          | -5.0              | -0.2                                 |
| Net Profit<br>Attributable to<br>Owners of Parent | 61.4    | 5.6               | 22.7    | 2.3               | +38.7         | +169.9             |                          | 67.0              | -5.6                                 |
| EBITDA*2  | 150.3   | 13.7              | 155.7   | 15.5              | -5.4          | -3.5               |                          |                   |                                      |

Exchange rates: USD1 = JPY110.4 (-1.6%), EUR1 = JPY130.4 (+3.0%), CNY1 = JPY16.7 (+0.6%)  
 ROE: 14.1%

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

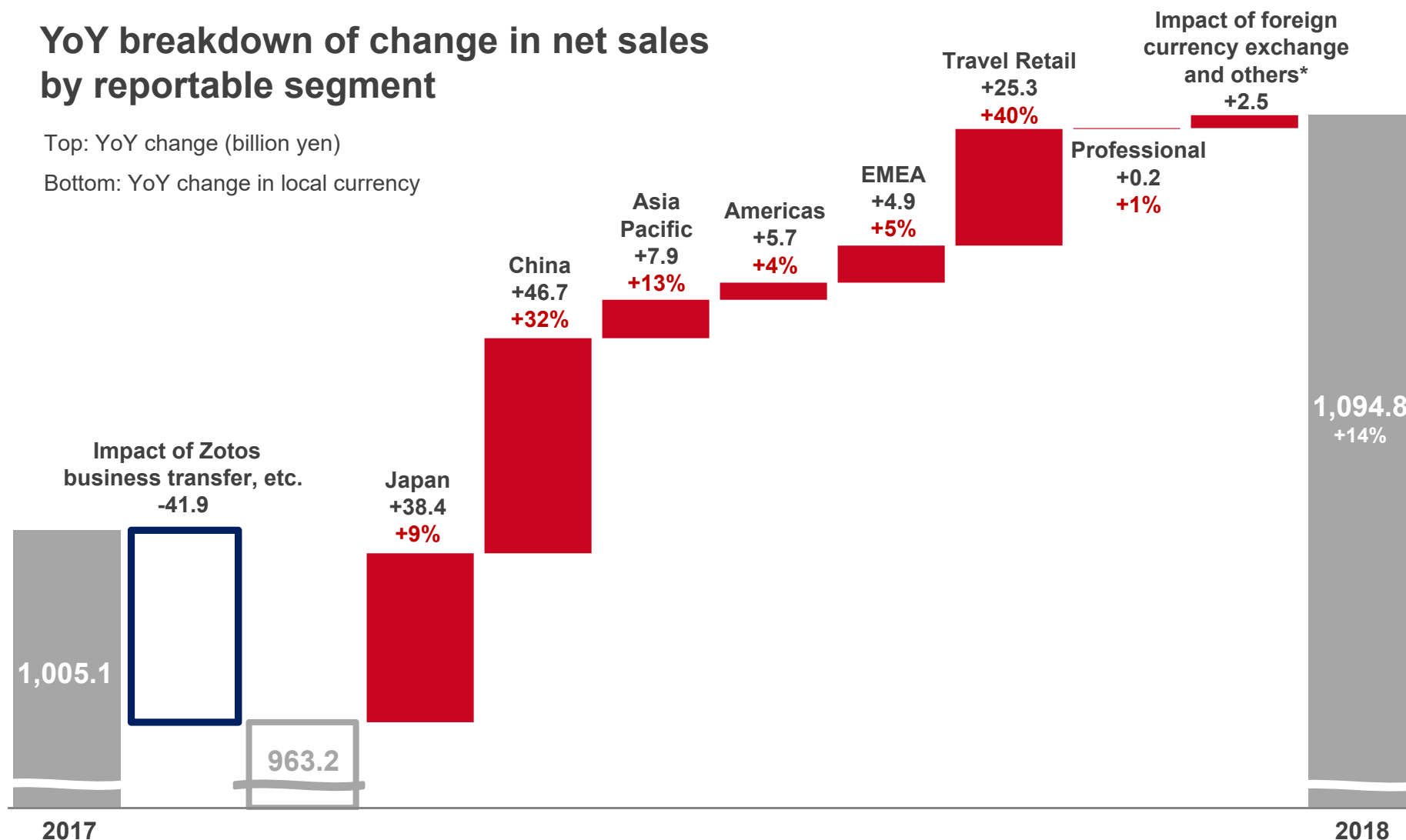
\*2. After adjustment: Net income (loss) before income taxes + Interest expense + Depreciation and amortization expense + Impairment loss on goodwill and other intangible assets

# Substantial Sales Growth in Japan, China and Travel Retail Back to Growth in Americas

## YoY breakdown of change in net sales by reportable segment

Top: YoY change (billion yen)

Bottom: YoY change in local currency



\*1. The year-on-year change, and year-on-year change in local currency terms for each business were calculated based on the actual exchange rates.

\*2. See Supplemental Data 19 for details about segment classifications.

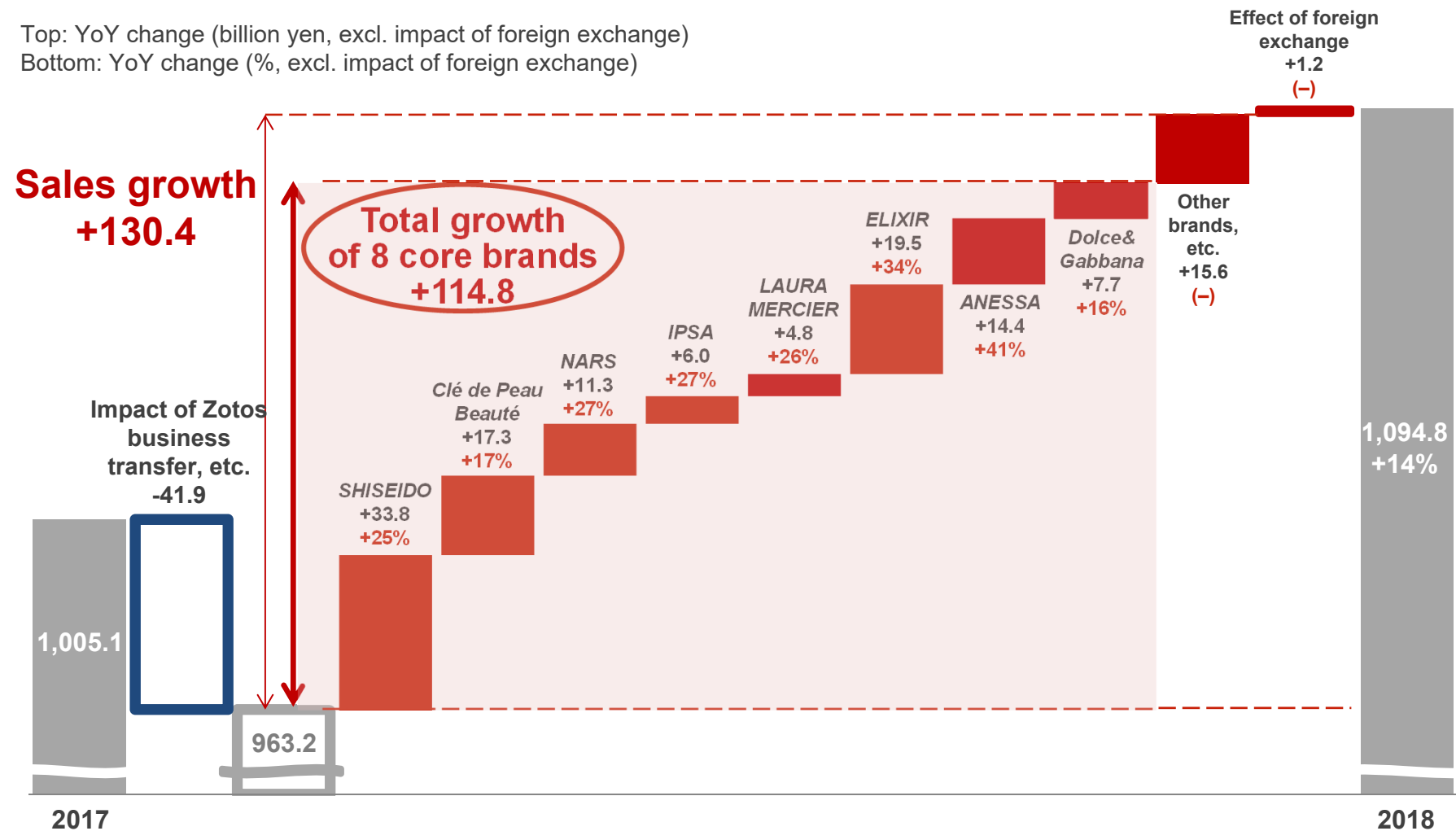
\*3. "Impact of foreign currency exchange and others" includes impact of foreign currency +1.2 billion yen and sales of "Other" as a reportable segment.

# Sales Growth of Approx. ¥115.0 Bn in Eight Core Brands, Accounting for 90% of Total Sales Growth

## Change in net sales by brand

Top: YoY change (billion yen, excl. impact of foreign exchange)

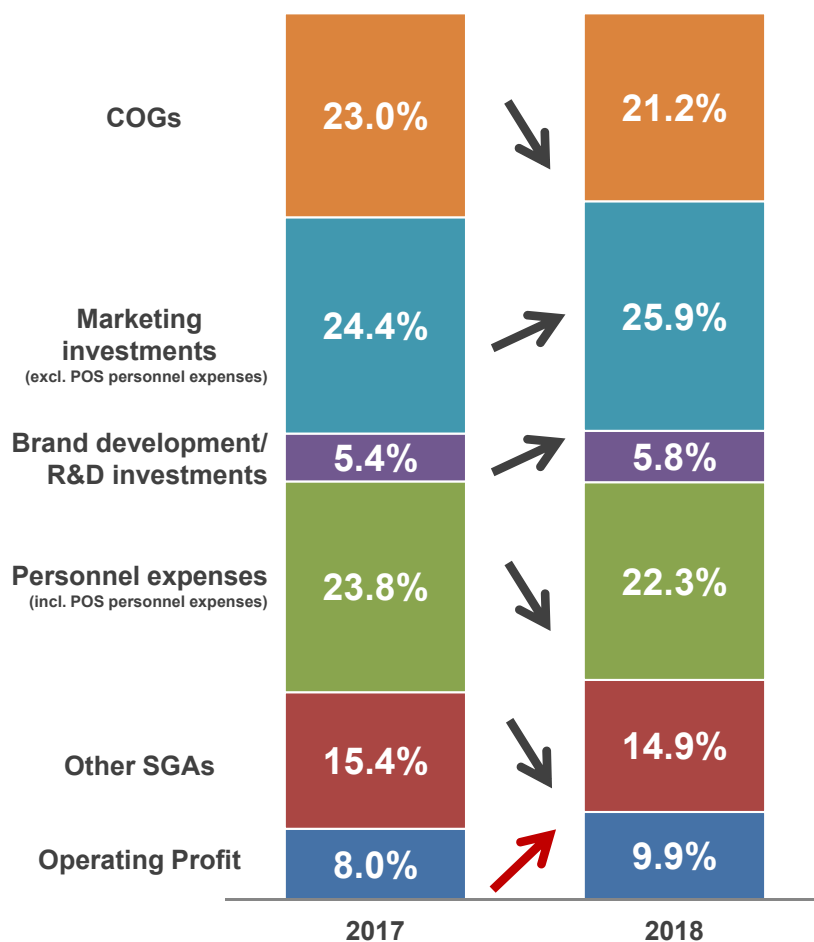
Bottom: YoY change (% excl. impact of foreign exchange)



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

# Significant Progress Towards Ideal Cost Structure

## Cost Structure in 2018



### ● Brand growth and top line expansion

### ● Improvement of COGs

- Review of business portfolio
- Growth in prestige brands
- Expansion in core items

### ● Personnel expenses/Other SGAs

(+4% YoY)

- Remained steady as well as top line growth, falling as a percentage of total sales

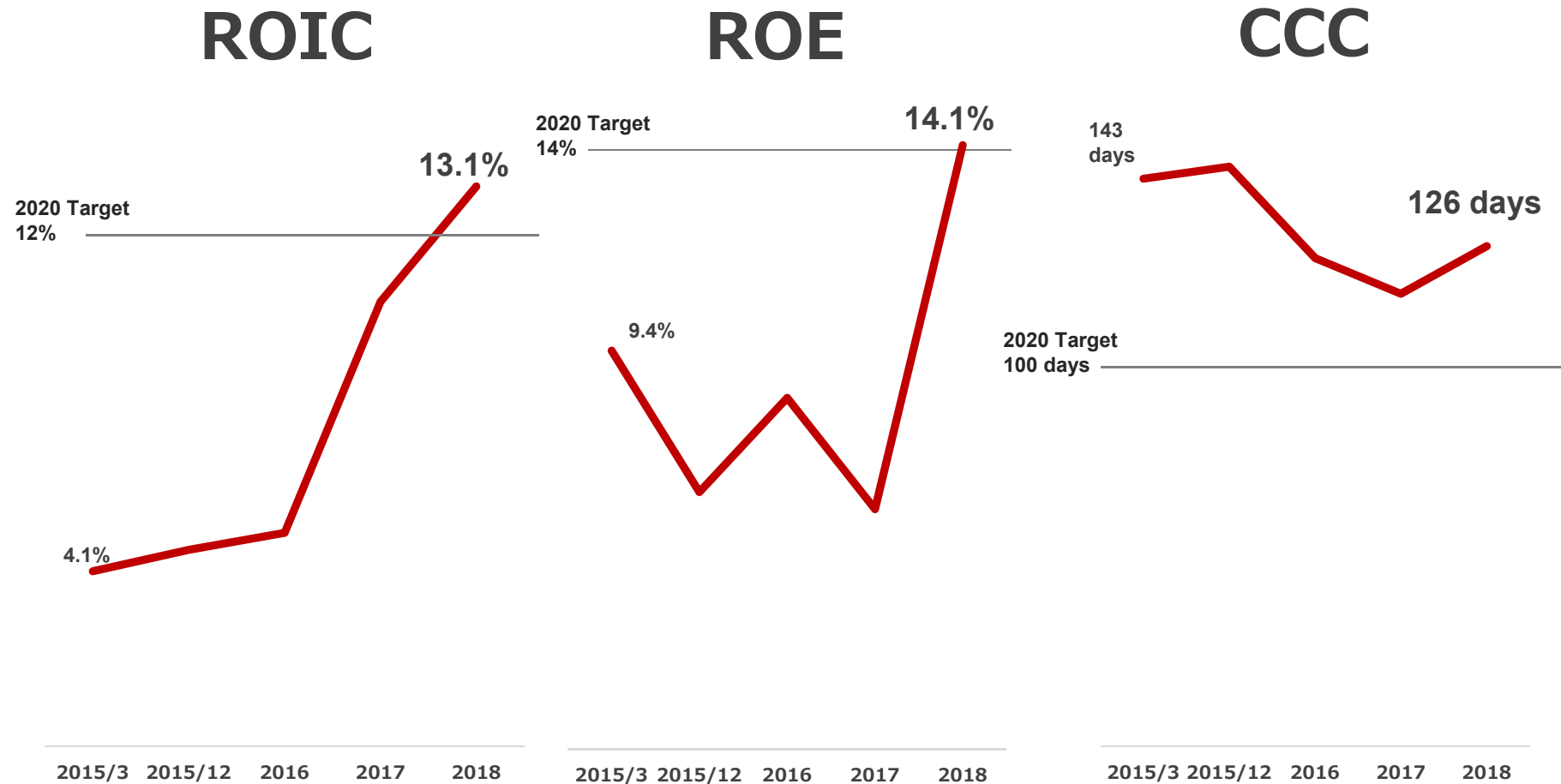
### ● Aggressive marketing investments

(+15% YoY)

- Intensive, increased investment in core brands

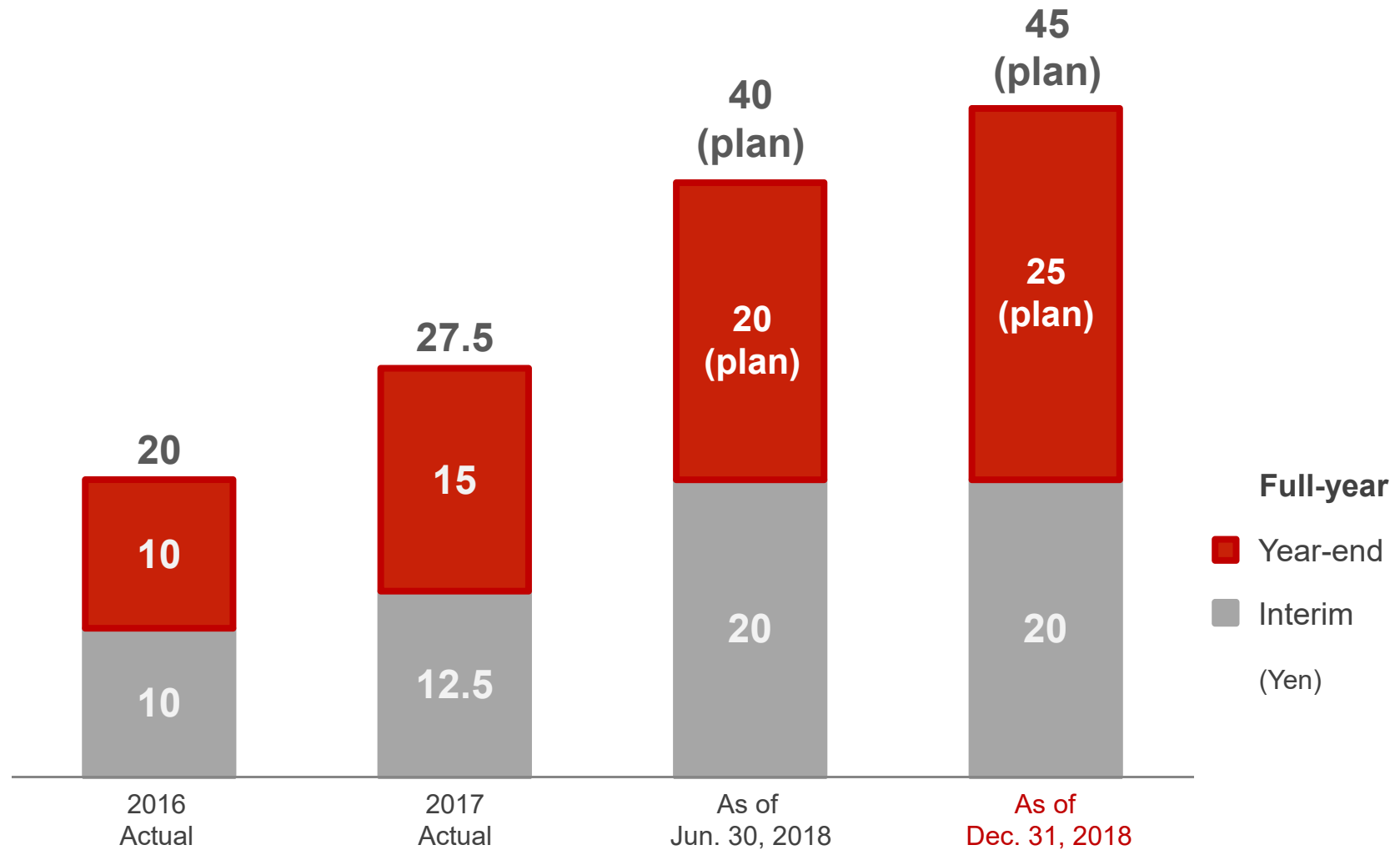
### ● Active investment in brand development, R&D (+18% YoY)

# Achievement of 2020 ROIC and ROE Targets Two Years Ahead



# Increase in 2018 Year-end Dividend

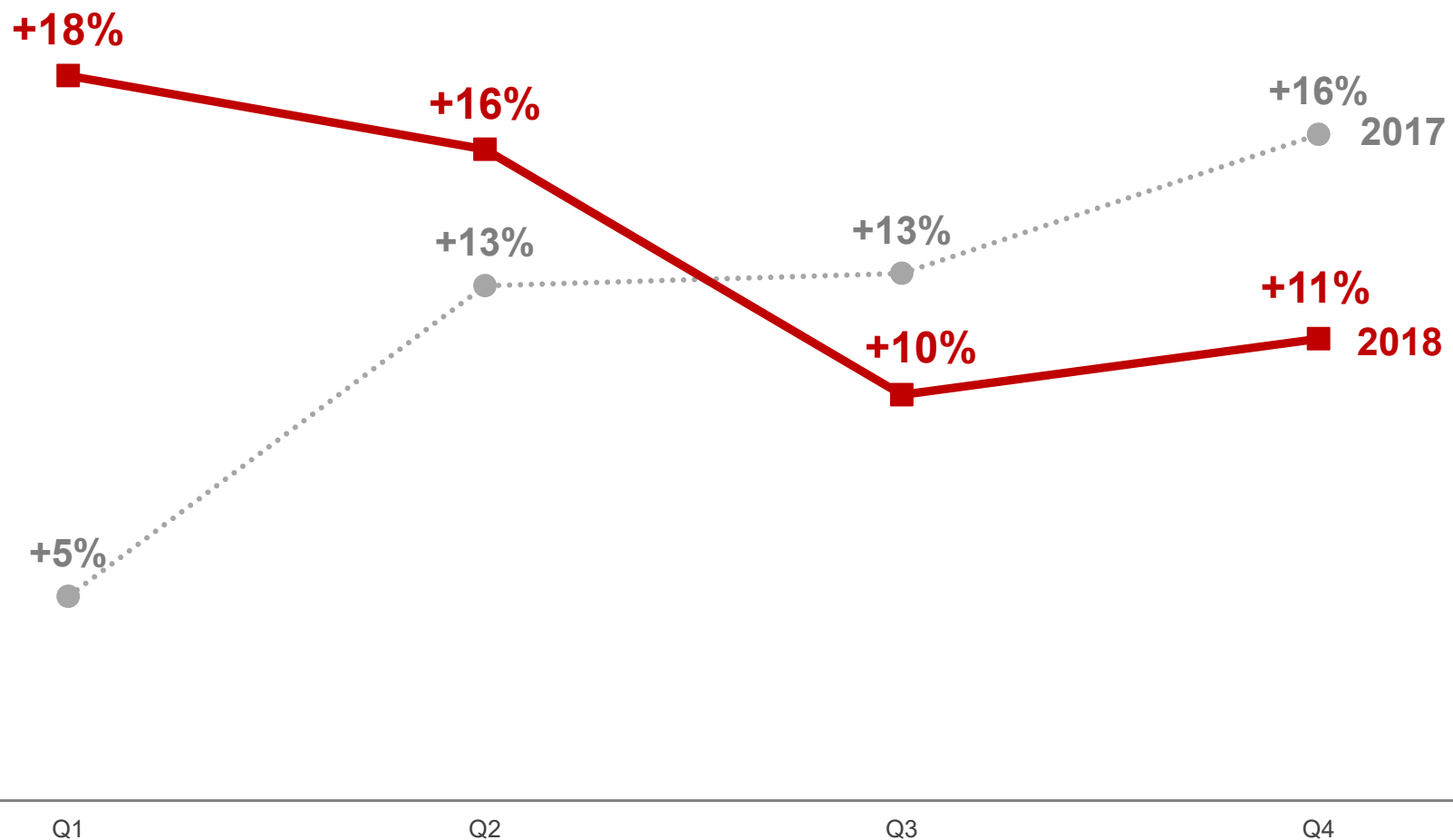
Dividend per share





# Overcame Hurdles in Q4 2018 Achieving Robust Growth

## Changes in Quarterly Organic Sales Growth



\*1. Rates for Q1-Q3 2017 indicate YoY changes on a like-for-like basis excl. sales of LAURA MERCIER, Dolce&Gabbana and Jean Paul GAULTIER.  
Rate for Q4 2017 indicates YoY change on like-for-like basis incl. sales of LAURA MERCIER, Dolce&Gabbana and Jean Paul GAULTIER.

\*2. Rates for Q1-Q4 2018 indicate YoY changes on like-for-like basis excl. impact of transfer of Zotos business and others.

## Q4 2018 (Oct.-Dec.) Executive Summary

**+11% organic sales growth (growth of +29% vs. 2016)**  
**Marketing investments and brand development investments were stepped up to accelerate growth momentum**

**Net sales:    ¥289.1 Bn YoY Change in LC: +6.5%    YoY change: +5.6%**

**Organic net sales, excl. impact of business transfer, etc. in 2017:**

**YoY change in LC: +11%**

- In China, growth momentum was accelerated, with organic sales in LC growing +33% YoY
- In Japan, stores sales grew +5% YoY against market contraction of -1%, expanding in market share  
Shipment sales grew +7% YoY
- Sales growth driven by cross-border marketing  
Strong performances in China and Travel Retail, offsetting decreased sales to buyers  
(YoY change in LC: Travel Retail: +27% / Inbound sales: +5%)

**Operating profit:    ¥6.9 Bn    OPM: 2.4%    YoY change: -¥2.8 Bn    YoY change: -29.1%**

- Marketing/brand development investments were stepped up to further strengthen brands and increase growth momentum

**Net profit attributable to owners of parent:    -¥2.6 Bn    YoY change: -¥42.3 Bn**

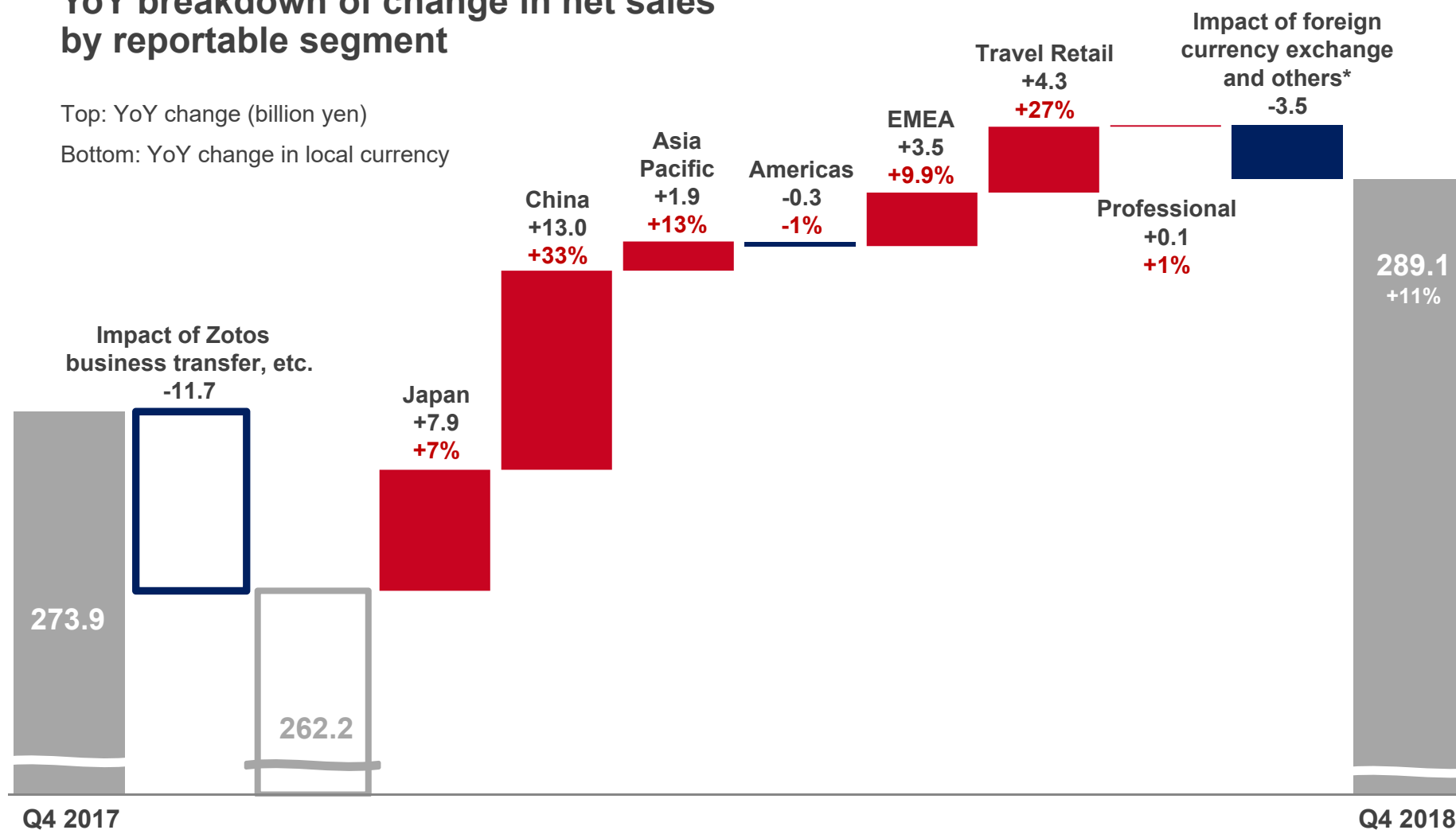
- A gain on the transfer of Zotos business was recorded last year

# Q4 Sales Growth Driven by Japan, China and Travel Retail

## YoY breakdown of change in net sales by reportable segment

Top: YoY change (billion yen)

Bottom: YoY change in local currency



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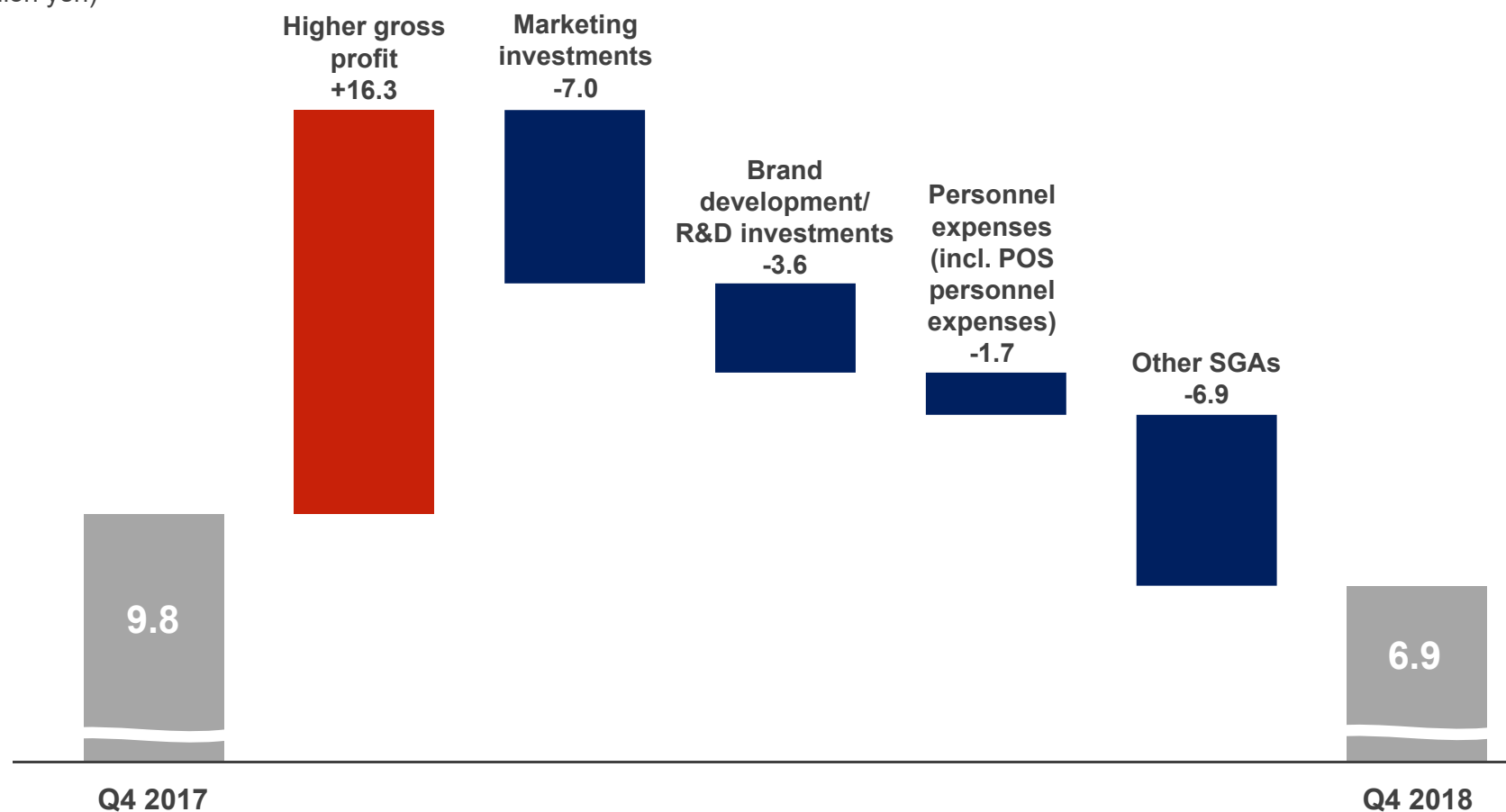
\*3. "Impact of foreign currency exchange and others" includes impact of foreign currency -2.7 billion yen and sales of "Other" as a reportable segment.

# Strengthen Marketing Investments/R&D Investments to Accelerate Growth Momentum

Q4 2018 (Oct.-Dec.)

Operating Profit Increase/Decrease by Expense Item

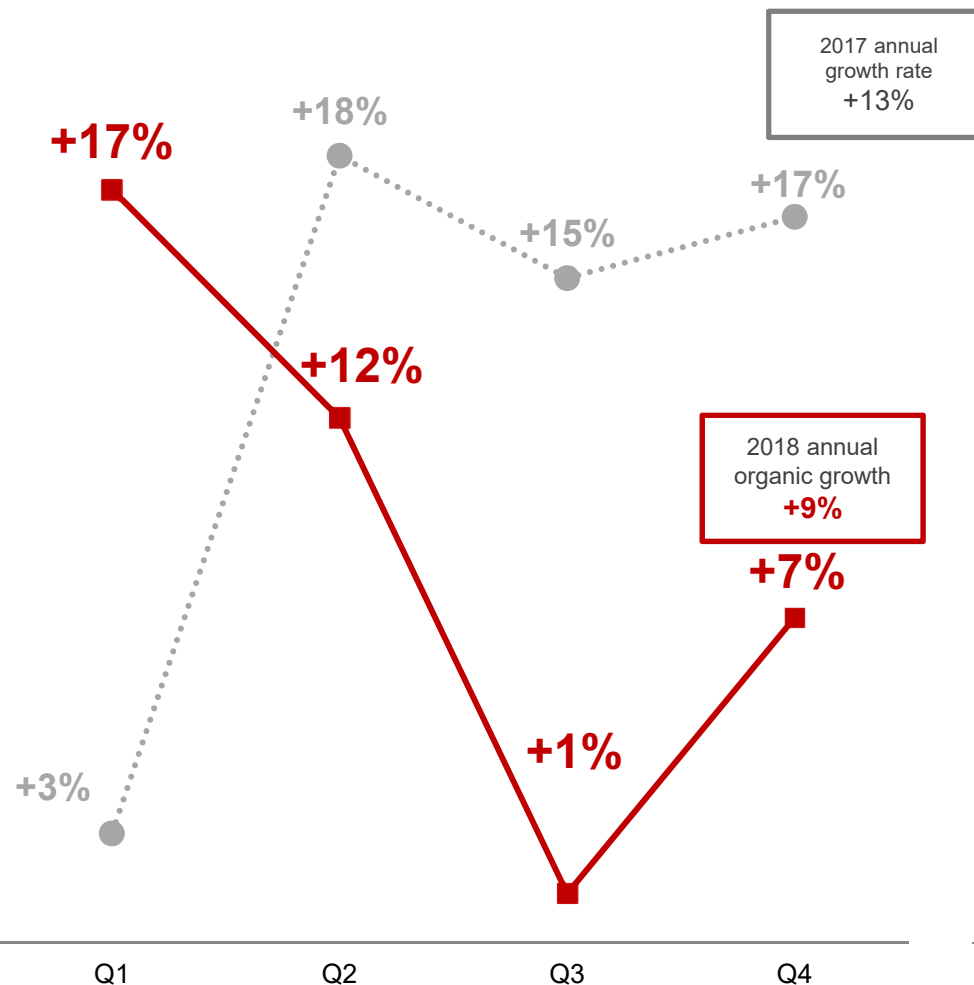
(Billion yen)



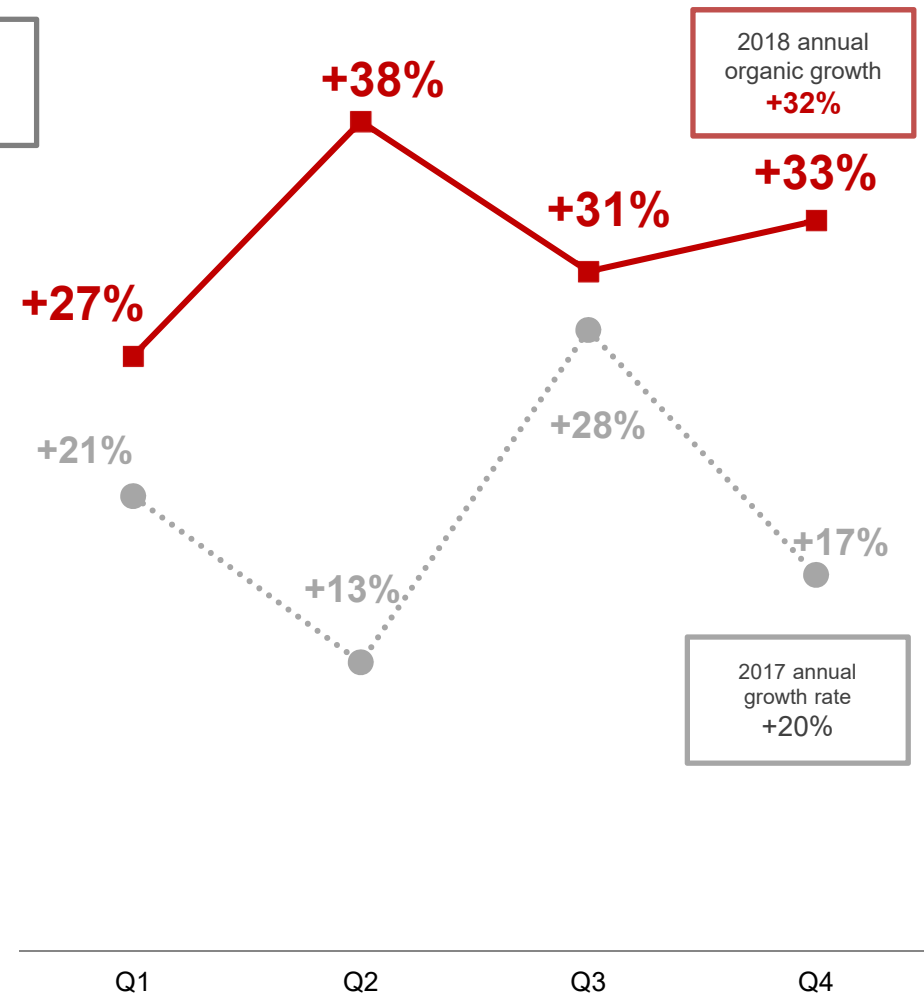
# Q4 Japan: Back on Recovery Track Despite Slowdown in Sales to Buyers

## Q4 China: Growth Momentum Outpacing High 2017-Level

Japan Sales YoY Quarterly Change

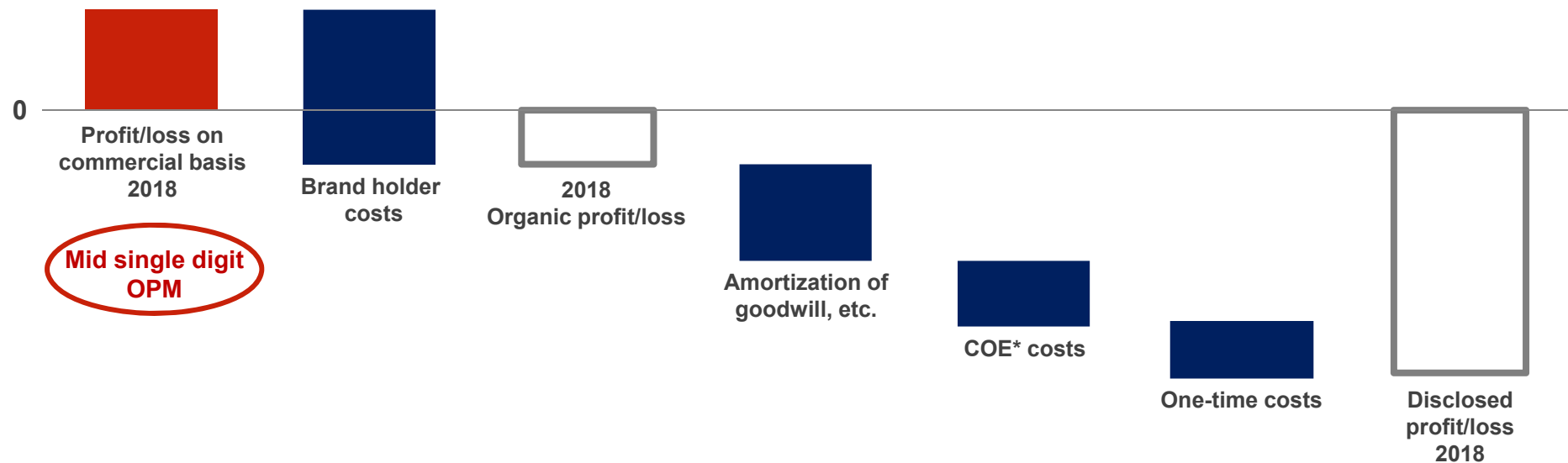


China Sales YoY Quarter Change



# Profit Structure of Americas Business in 2018

- Achievement of profitability on commercial basis as planned  
Structural reforms of *bareMinerals* is the key to improve profitability



\*COE: Center of Excellence



## Structural Reforms of *bareMinerals*

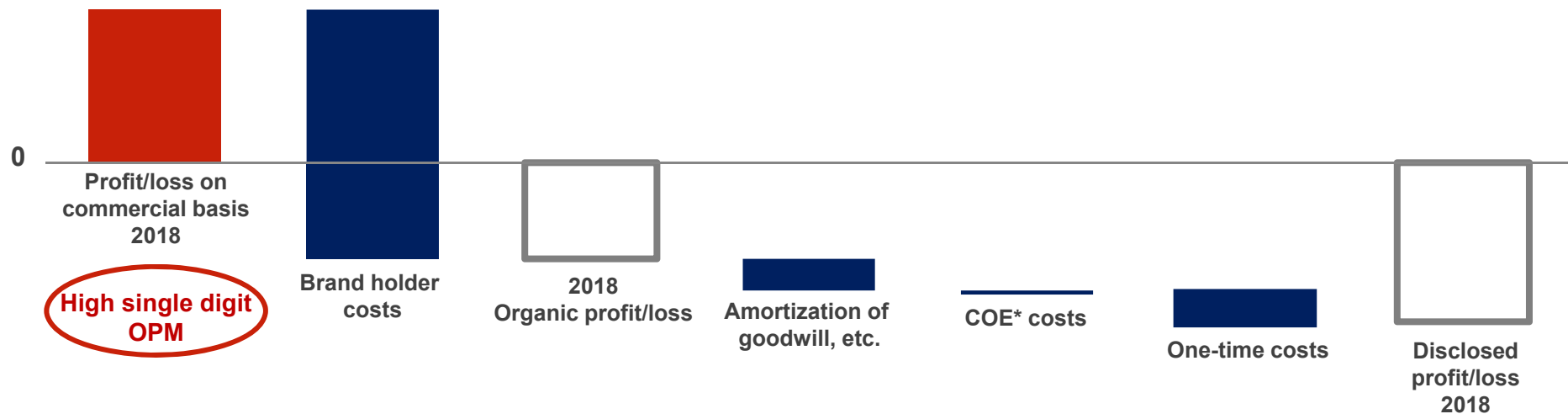
- Launch of new marketing “THE POWER OF GOOD”  
(starting from latter half of Q3)  
Favorable market response, strong start  
2018 US retail sales: YoY change -9%  
US retail sales excl. boutiques: Flat growth YoY
- Positive shift towards digital marketing and e-commerce  
E-commerce sales growth approaching +20% YoY
- Closure of unprofitable boutiques as planned  
61 stores already closed (As of Jan. 31, 2019)
- Implementation of structural reforms to improve profitability proceeding as planned



bareMinerals

# Profit Structure of EMEA Business in 2018

- Improvement of profitability on commercial basis driven by increased growth momentum of *Dolce&Gabbana*  
Further improving profitability towards 2020



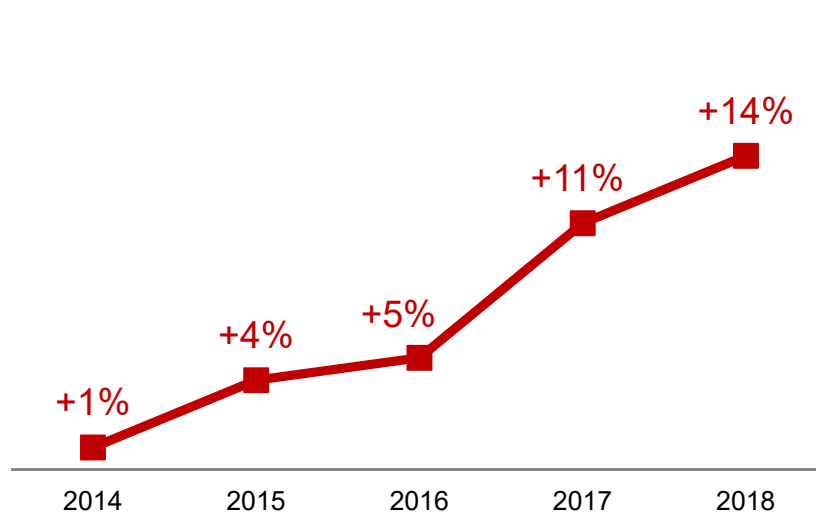
\*COE: Center of Excellence

## Results of Initiatives to Increase Supply

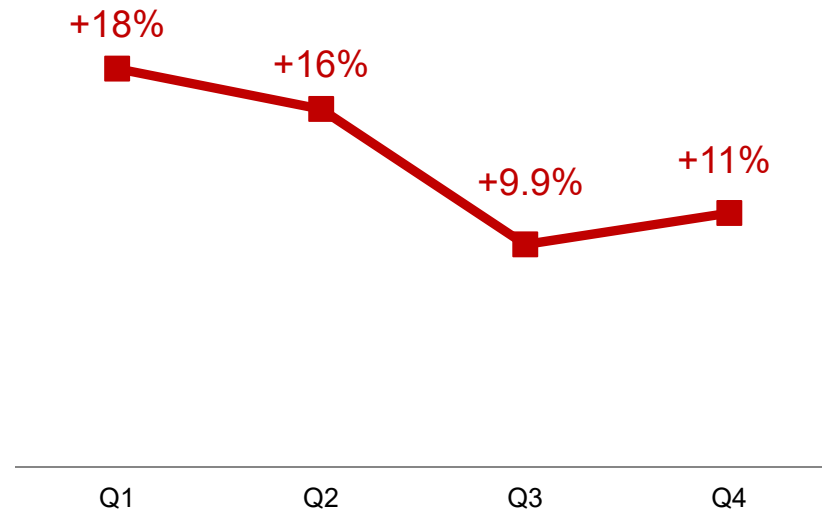
- **Increased production and supply (production in Japan)**  
Increase from 2017: More than +10% (volume)/More than +20% (price)
- **Procurement of sufficient raw materials**  
(Year-long contracts with suppliers)  
Collaborative initiatives with suppliers to bolster supply
- **Increased production capacity**  
(Expansion of outsourcing/improvement of own productivity)  
Gradual expansion of partner factories, improvement of production efficiency at own factories
- **Minimized opportunity losses**  
Clarification of priority based on business/brand/SKU  
Reduction of SKUs (2,688 SKUs in 2018)  
Production responding to demand fluctuations

# 2018: Two Consecutive Years of Double-Digit Growth

Annual Organic Sales Growth from 2014



Quarterly Organic Sales Growth in 2018



**Latter part of 2018: Sustainable sales growth as top priority**  
**Further marketing/brand development investment from Q4 2018,**  
**tackling market uncertainties**

\*2014 organic growth rate excludes impacts of weaker demand following consumption tax hike, optimization of store inventories in China and elsewhere in Asia, and problems in the Americas distribution center.

# Tackling Market Uncertainties for Long-Term Growth

**Masahiko Uotani**

**Representative Director, President and CEO  
Shiseido Company, Limited**

**February 8, 2019**



**SHISEIDO**



# Be a Global Winner with Our Heritage

**Long-Term Targets**

**Net sales: 2 trillion yen**

**Operating profit: 300 Billion yen**

**THE MOST TRUSTED BEAUTY COMPANY IN THE WORLD**

**Most  
Innovative**

**Aspirational  
to Youth**

**Selected by  
Diverse  
Talent**

**Trusted by  
Society &  
Shareholders**



# Continuously Investing for Sustainable Growth

**Brand**

**Global organization/  
People**

**Innovation**

**Management/Productivity**

**Supply chain**

**M&A**

**Business model/Region**

**ESG management**



## Our Mission

BEAUTY INNOVATIONS FOR A BETTER WORLD







# Advance ESG Management

- **Social Value Creation Division (new)**

Add Cultural Capital (Art & Heritage) to Environment and Society towards more sustainable enterprise value

## **Sustainable Environment Department**

- UV rays/  
Climate change
- Package material development

## **Diversity & Inclusion Department**

- Women's empowerment
- Appearance care

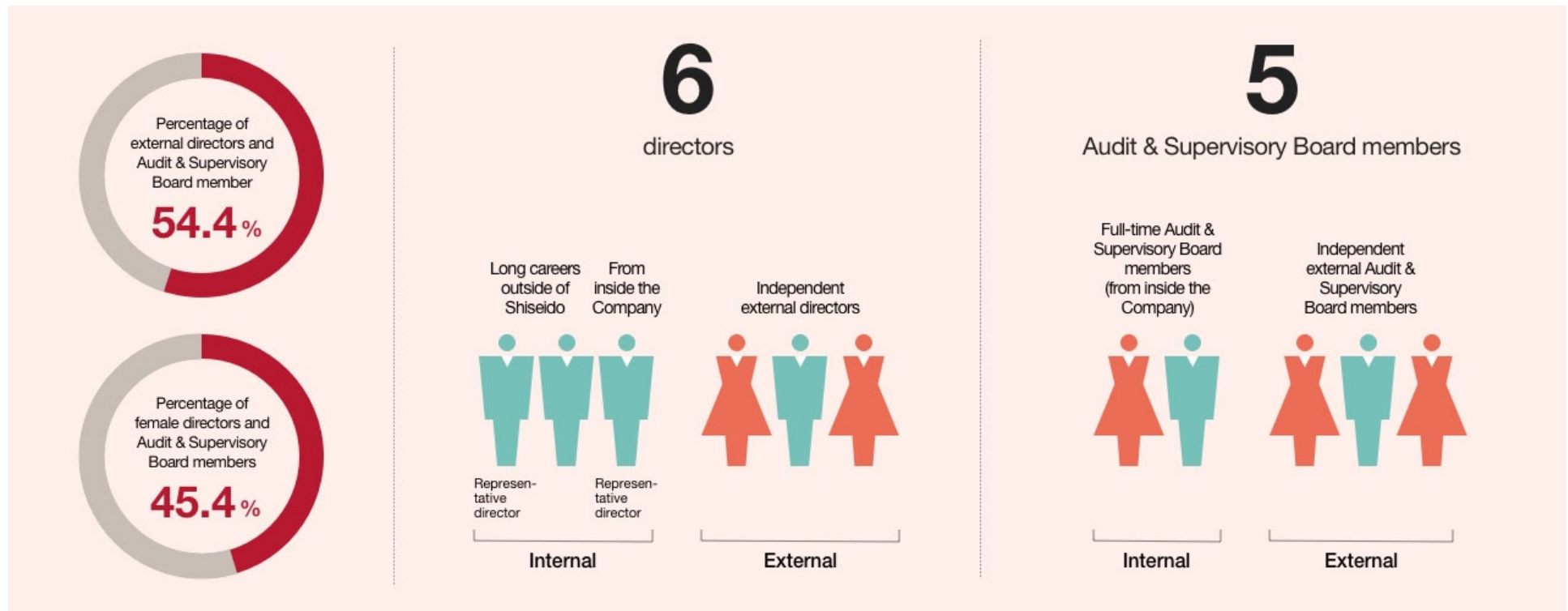
## **Art & Heritage Department**

- Cultural activities
- Spread DNA within company

- **Consider incorporating social value indicators into long-term incentives**

# Accelerating Women's Empowerment

- Female directors and auditors: 45% (planned\*)
- Female corporate officers: 23.5%
- Female leaders in Japan: 30.2% (Target: 40% in 2020)
- Global female leaders: 69%



\*New auditors will be finalized at the 119<sup>th</sup> General Meeting of Shareholders scheduled for late March 2019.



# Further Brand Selection and Concentration

## ■ 2018 Sales Volume

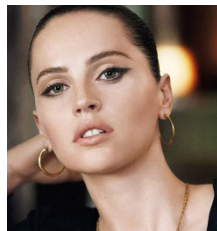
### Prestige First

#### Skincare



SHISEIDO  
GINZA TOKYO

¥167 Bn



clé de peau  
BEAUTÉ

¥122 Bn



IPSA

¥28 Bn

#### Fragrance



DOLCE & GABBANA

¥55 Bn

#### Makeup



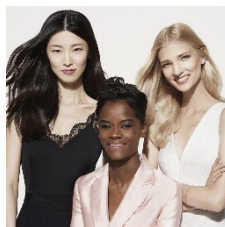
NARS

¥54 Bn



LAURA MERCIER  
PARIS | NEW YORK

¥23 Bn



bareMinerals

¥49 Bn

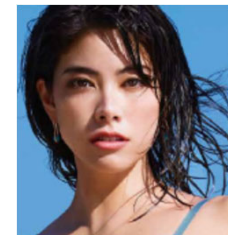
### Asia Cosmetics & Personal Care

ELIXIR

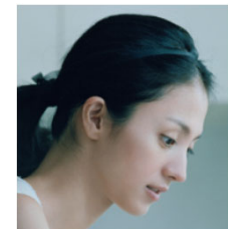
¥77 Bn



¥50 Bn



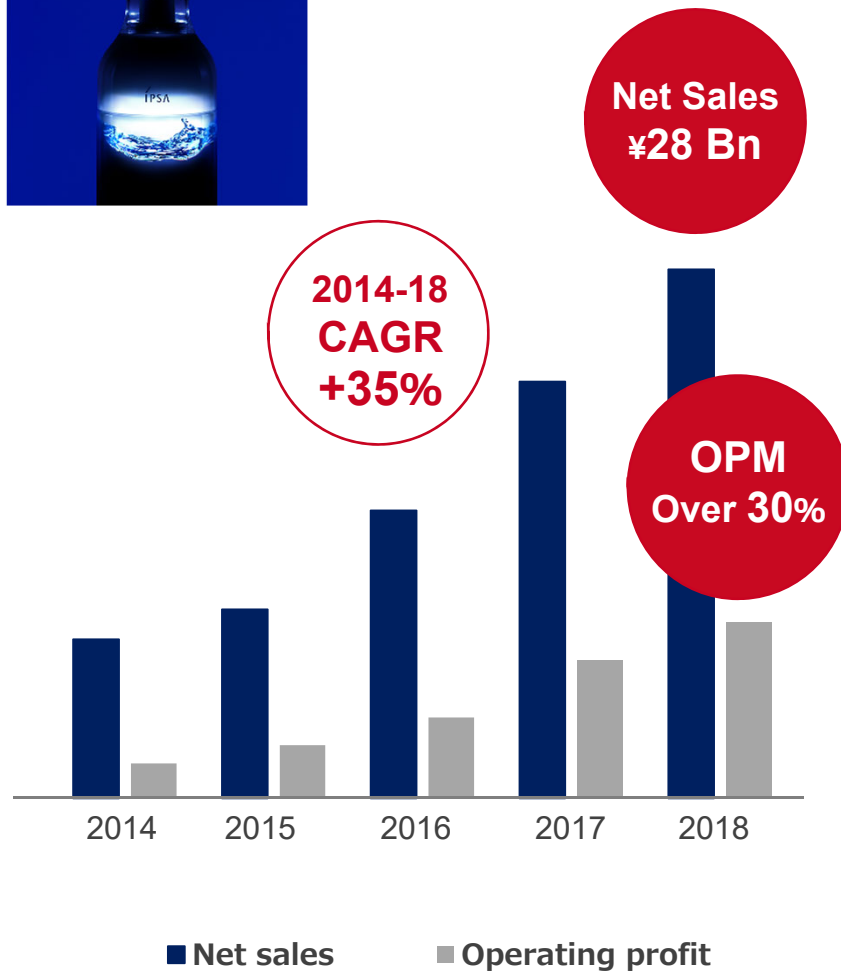
¥24 Bn



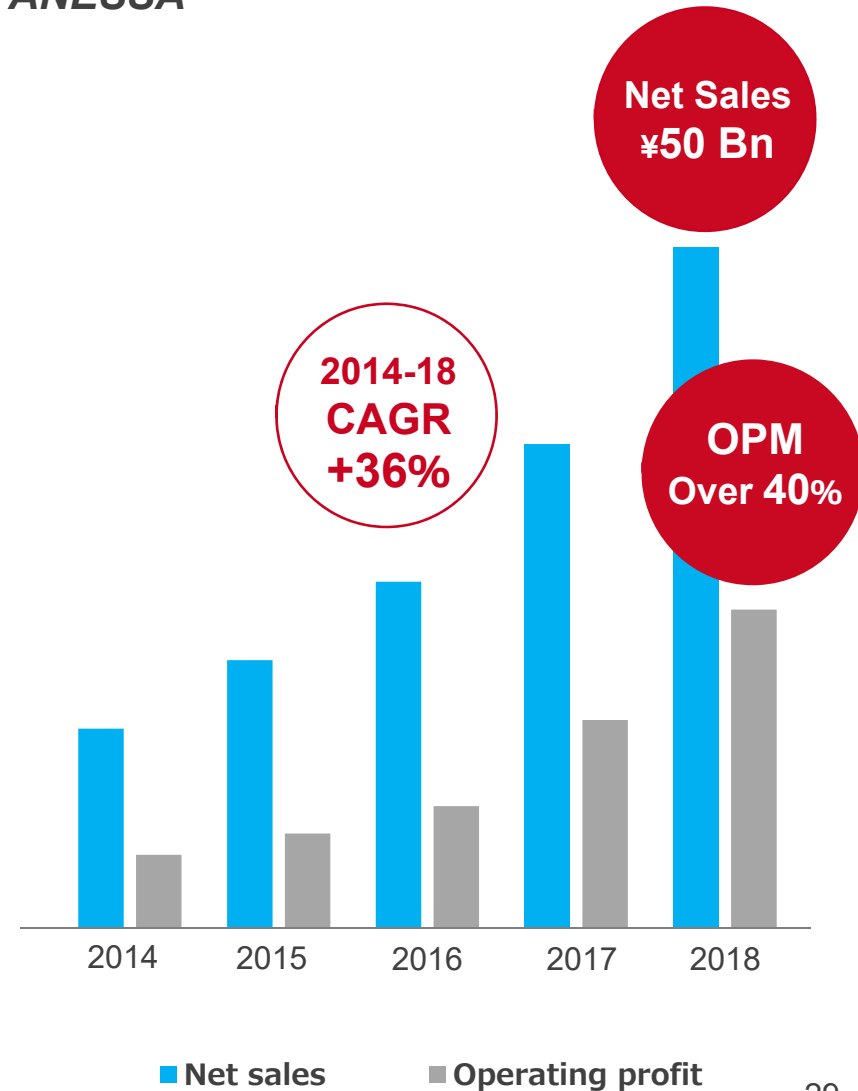


# High-Margin Brands: *IPSA*, *ANESSA*

## ■ *IPSA*



## ■ *ANESSA*



# Constantly Reviewing Brand Portfolio

Evaluate our strengths and marketability:

Selection and concentration of brands/businesses

■ **Transfer:**

AYURA

Kinari

Chromatography business

Zotos

RéVive

FERZEA/Enkuron


■ **Withdraw:**

Amenity goods business

d'icilà

■ **Terminate distribution contract:**

Burberry



**Make optimal choices for both  
company and brands/businesses**

# Accelerating Innovation



**Global Innovation Center  
Opening April, 2019**

- **R&D investment:**  
3% of sales now, 4% in future
- **Personnel: 1,500**
- **Stronger R&D in regional HQs:**  
New York, Beijing, Shanghai, Paris, Singapore, Seoul
- **Centers of Excellence:**  
Digital, Makeup, Skincare, Fragrance

**NEW**



**Technology  
Acceleration  
Hub**

**NEW**



**China  
Business  
Innovation  
Center**

# Supply Chain Capabilities Supporting Global Growth

- **Kyushu Fukuoka Factory (tentative name) in Kurume city**  
To be completed end of 2021
- **Next generation factory**
  - IoT/cutting-edge technology
  - Industry-leading equipment
  - Business Continuity Planning
  - Eco-friendly design
  - Shiseido craftsmanship



**Sustainable growth for  
greater enterprise value**



# Expanding to Six Domestic Factories

Made in Japan products to China/Asia  
Supporting long-term continuous growth



\* Main products of each factory

# Building a Stronger Business Foundation for the Future

## Capital Expenditure Plan (2018-2020)

(Billion yen)

■ Supply chain

**¥170 Bn+**

■ R&D/GIC

**¥40 Bn+**

■ Store counters

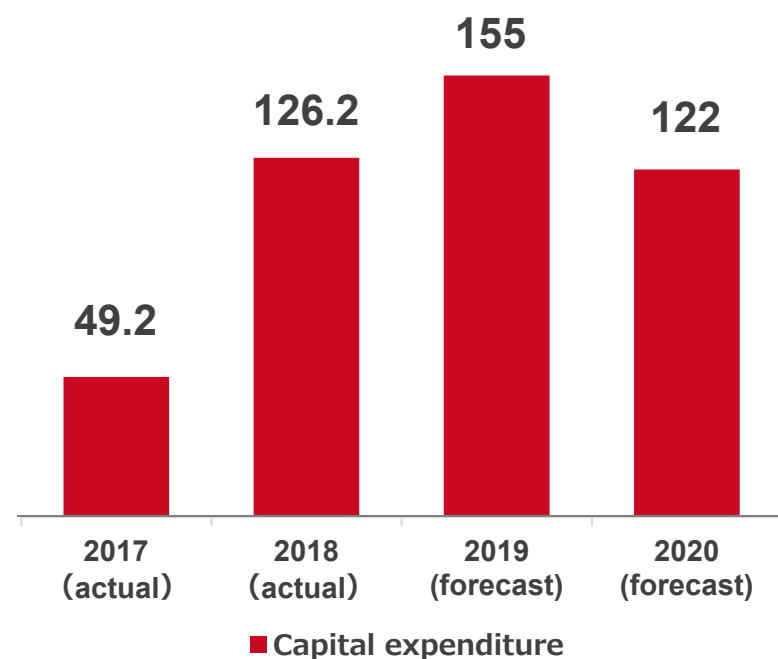
**¥60 Bn+**

■ Global IT

**¥60 Bn+**

■ Office-related

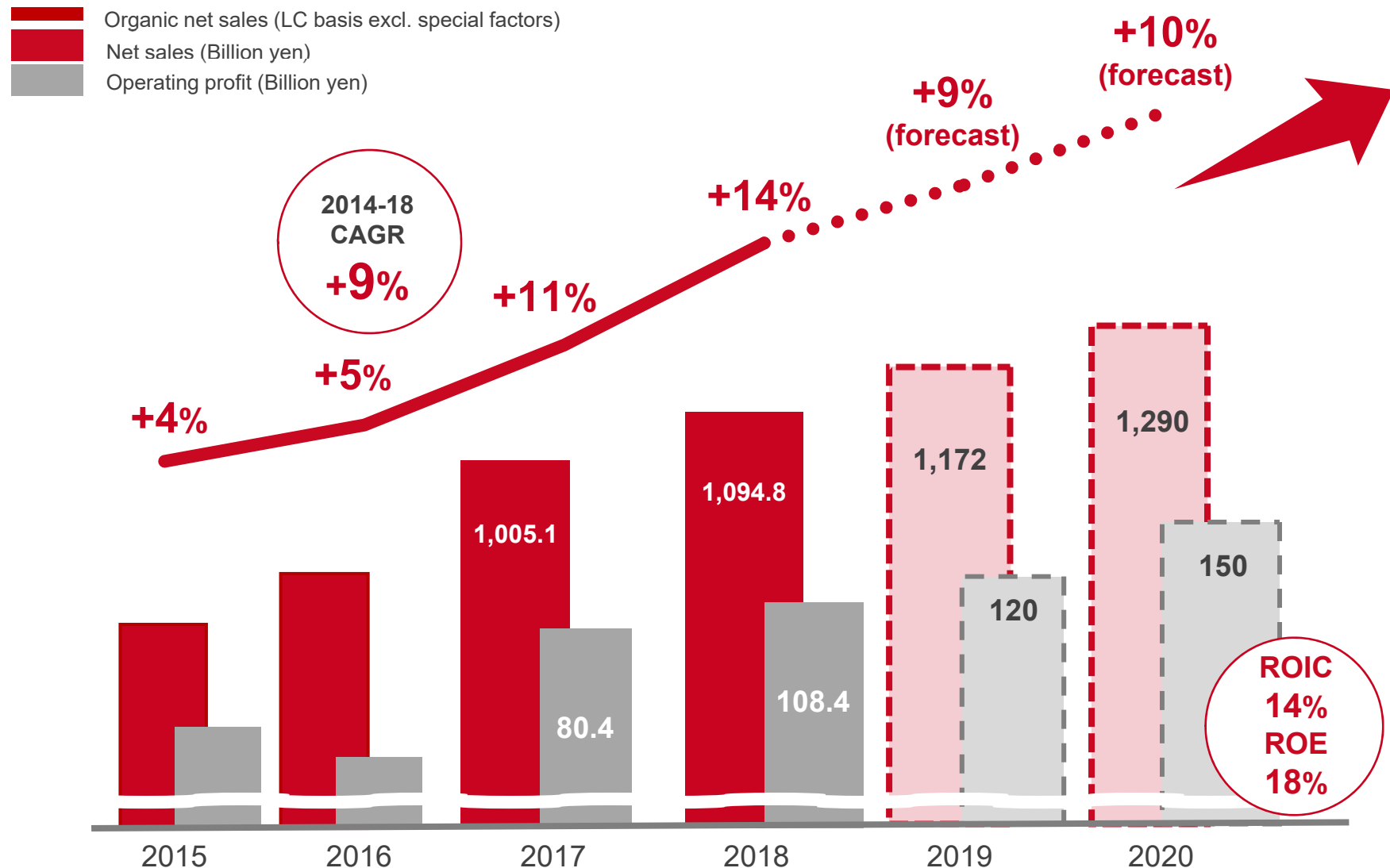
**¥20 Bn+**



**Total (2018-2020)**

**¥400 Bn+**

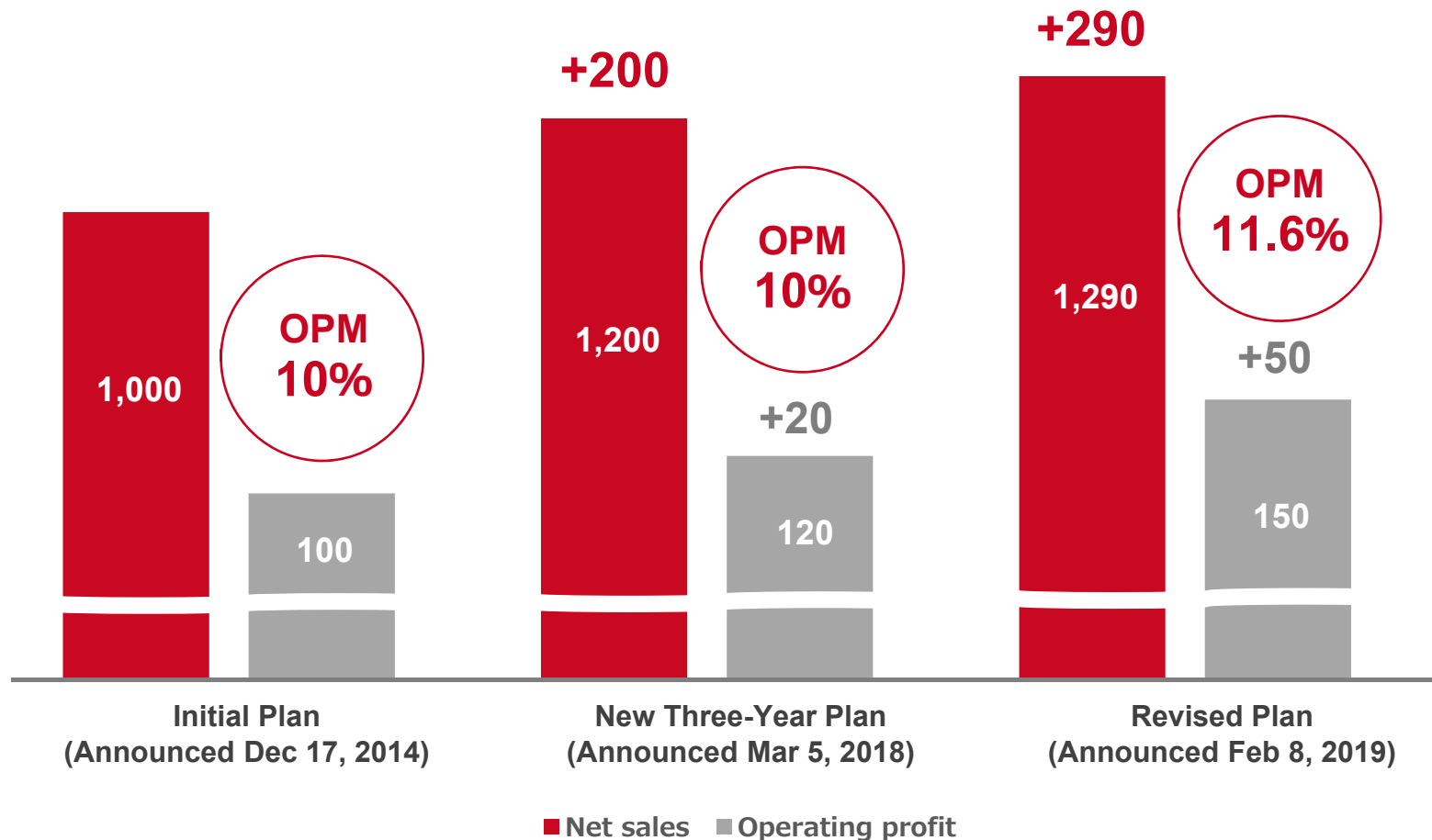
# Securing Sustainable Growth



\* 2014 excludes the impact of the slump in demand after the consumption tax hike, market inventory optimization in China and Asia, and distribution center problems in the Americas.

# Constantly Outperforming VISION 2020

## ■ VISION 2020 Performance (Billion yen)





# 2019: Proactive Responses to Market Uncertainties (1)

## Challenges

- Chinese economic slowdown

- Slowing inbound in Japan

- Profitability in Americas and EMEA

## Strategy

- Focus marketing investment on core brands
- Strengthen organization & brand divisions, set dedicated Alibaba team

- Expand point of sales to pure inbound tourists with stronger cross-border marketing
- Reinforce cross-border e-commerce
- Accelerate marketing/promotion towards Japanese consumers

- Expand sales and raise profitability of regional commercial business
- Improve efficiency of brand holder investment
- Increase control over fixed costs

# 2019: Proactive Responses to Market Uncertainties (2)

## Challenges

- Brand enhancement

- Minimize supply shortage in a short term

- Consumption tax hike

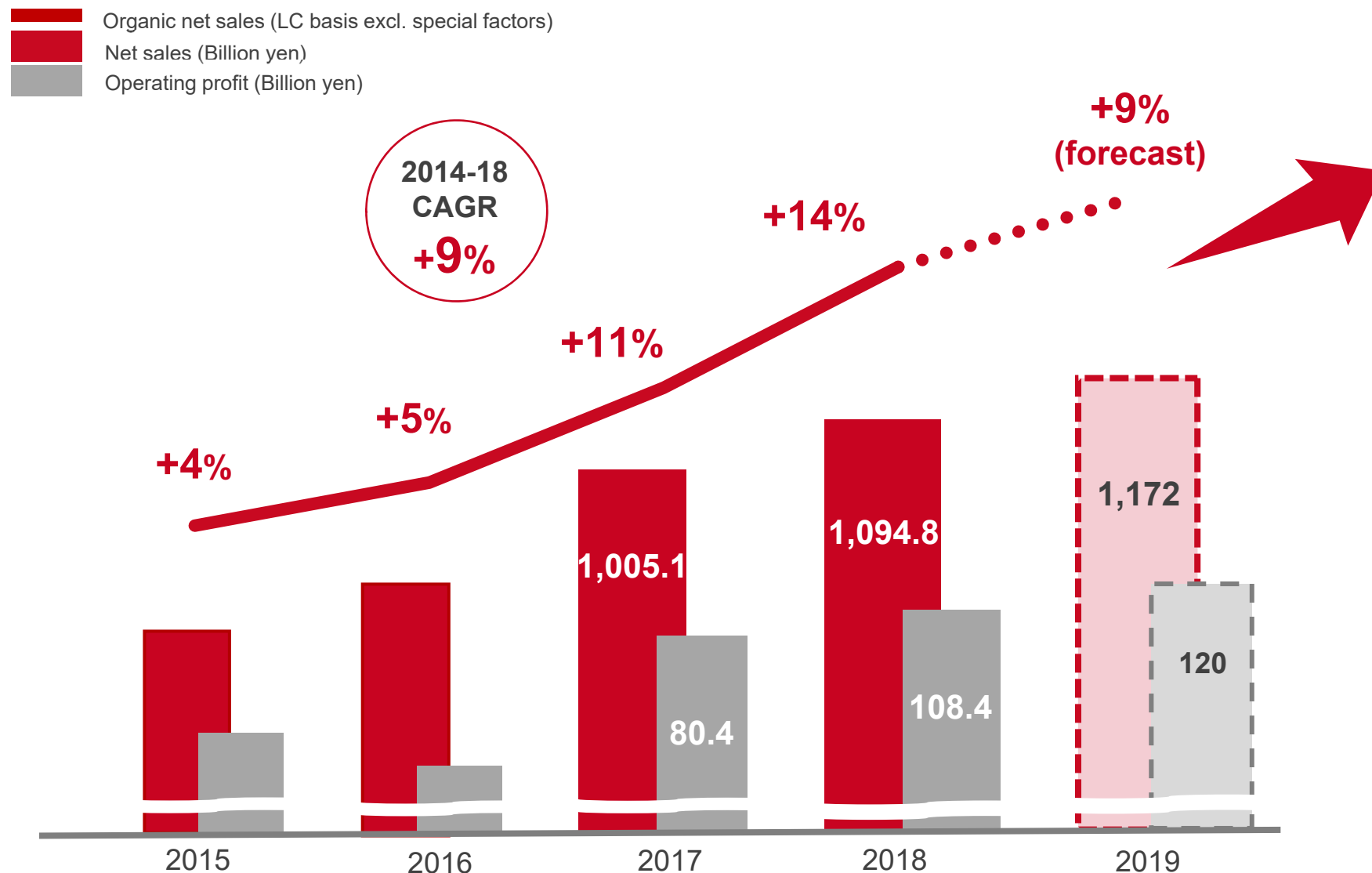
## Strategy

- Focus marketing investment on core brands
- Invest with flexibility based on market changes
- Strengthen investment in digital marketing
- Thoroughly manage brand ROI

- Increase Made in Japan production by raising Shiseido's productivity and expanding third parties
- Procure sufficient raw materials by building even stronger relationship with suppliers
- Improve SKU management and production in line with the market
- Start punctual operation at Nasu Factory (Dec.)

- Cooperate with retailers
- Secure enough product inventories in advance
- Promote new products aggressively after tax hike

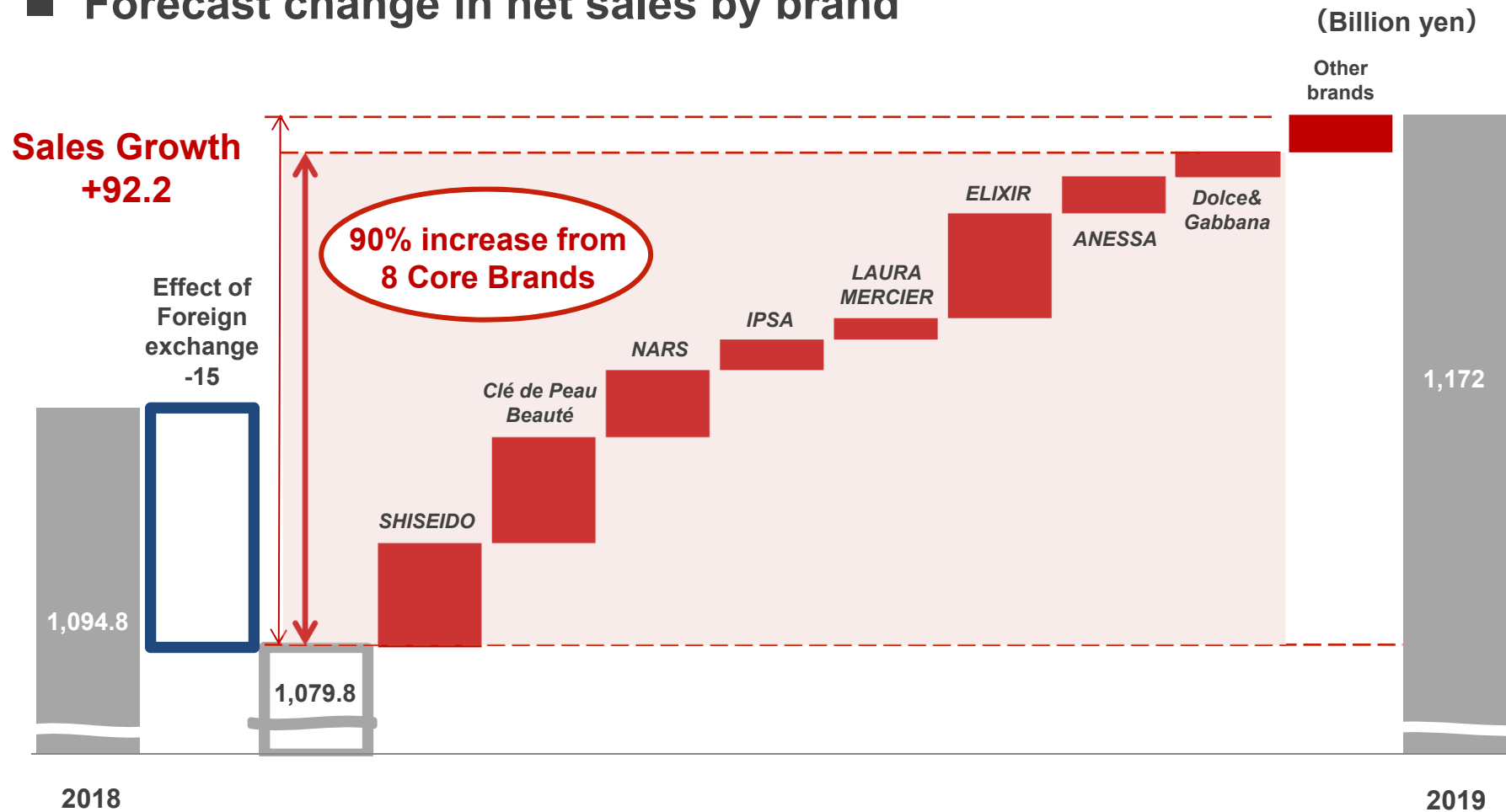
# Maintaining Solid Growth in 2019



\* 2014 excludes the impact of the slump in demand after the consumption tax hike, market inventory optimization in China and Asia, and distribution center problems in the Americas.

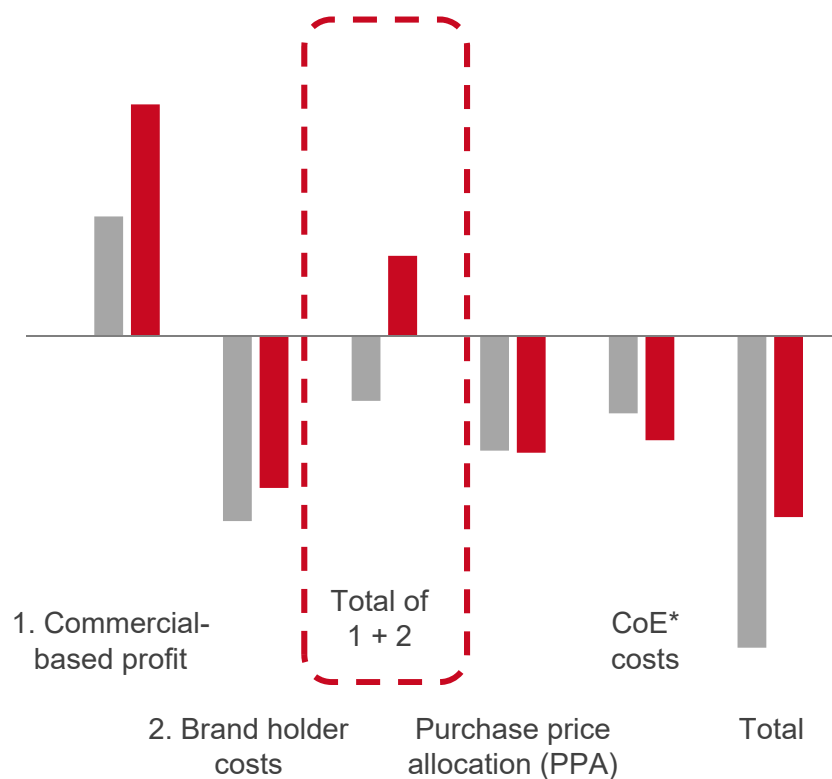
# Robust Growth Driven by Core Brands

## ■ Forecast change in net sales by brand



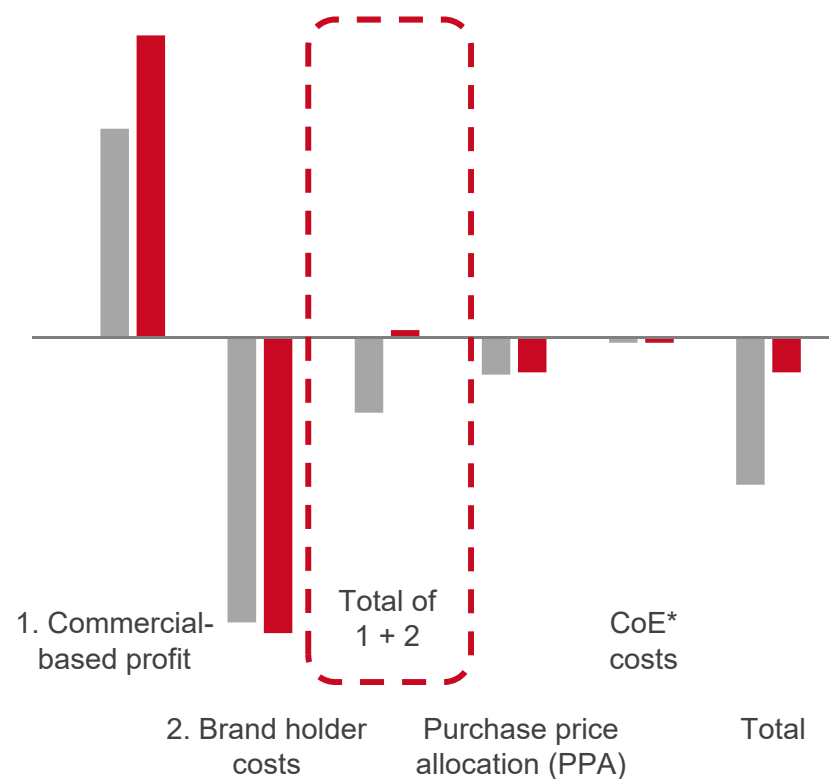
# Americas & EMEA: Improving Profitability

■ Americas Earnings Structure



■ 2018 ■ 2019

■ EMEA Earnings Structure

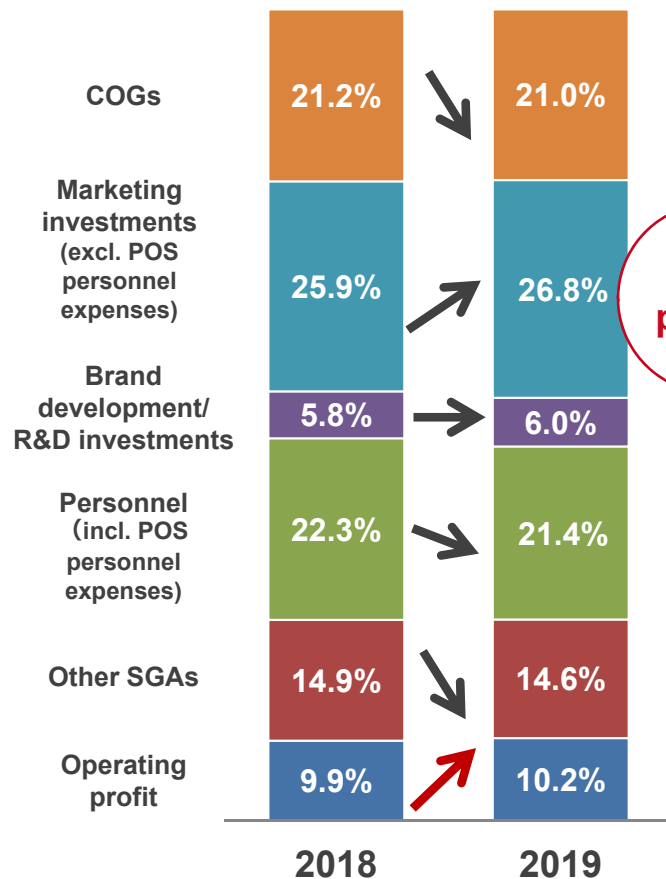


■ 2018 ■ 2019

\* CoE: Center of Excellence

# Strengthening Investment in Priority Areas for 2019

## ■ 2019 Cost Structure Plan



+0.9 points

- Net sales: +9% YoY in local currency
- **Marketing investment: +¥36 Bn (+13% YoY)**
- Regions: China, Japan, Travel Retail
- Brands: *SHISEIDO, Clé de Peau Beauté, IPSA, NARS ELIXIR, ANESSA*
- Enhance digital marketing

# 2019 Full-Year Forecast

| (Billion yen)                               | 2019  |                | 2018    | YoY Change % | YoY Change in Local Currency % |
|---|-------|----------------|---------|--------------|--------------------------------|
|   |       | % of Net Sales |         |              |                                |
| Net Sales                                   | 1,172 | 100            | 1,094.8 | +7.0         | +9                             |
| Operating Profit                            | 120   | 10.2           | 108.4   | +10.8        |                                |
| Ordinary Profit                             | 120   | 10.2           | 109.5   | +9.6         |                                |
| Extraordinary Income/Loss (net)             | -2.5  | -0.2           | -5.2    | -            |                                |
| Net Profit Attributable to Owners of Parent | 75.5  | 6.4            | 61.4    | +23.0        |                                |
| Dividends (yen per share) (forecast)        | 60    |                | 45      |              |                                |

Forecast ROE: 15.9%

Exchange rates (2019): USD1 = JPY110.0 (-0.4%), EUR1 = JPY125.0 (-4%), CNY1 = JPY16.0 (-4%)

Dividends: interim dividend ¥30, year-end dividend ¥30 (forecast)

# January 2019 Trends (Preliminary Figures)

## Japan

- **Total store sales: up low single digits**
- **Inbound sales** (duty-free department stores only)
  - Pure inbound: approx. +10%**
  - Buyers: down high teens**
- **Net sales: up mid single digits**


## China

- **Total store sales: over +20%**
  - Prestige business: over +40%**
- **Net sales: over +20%**



## **2019**

- **Grasp uncertain market environments**
- **Strengthen global P&L management with sense of urgency**
- **Boldly invest to strengthen long-term business foundations**



## **2020**

**Robust growth in profit**

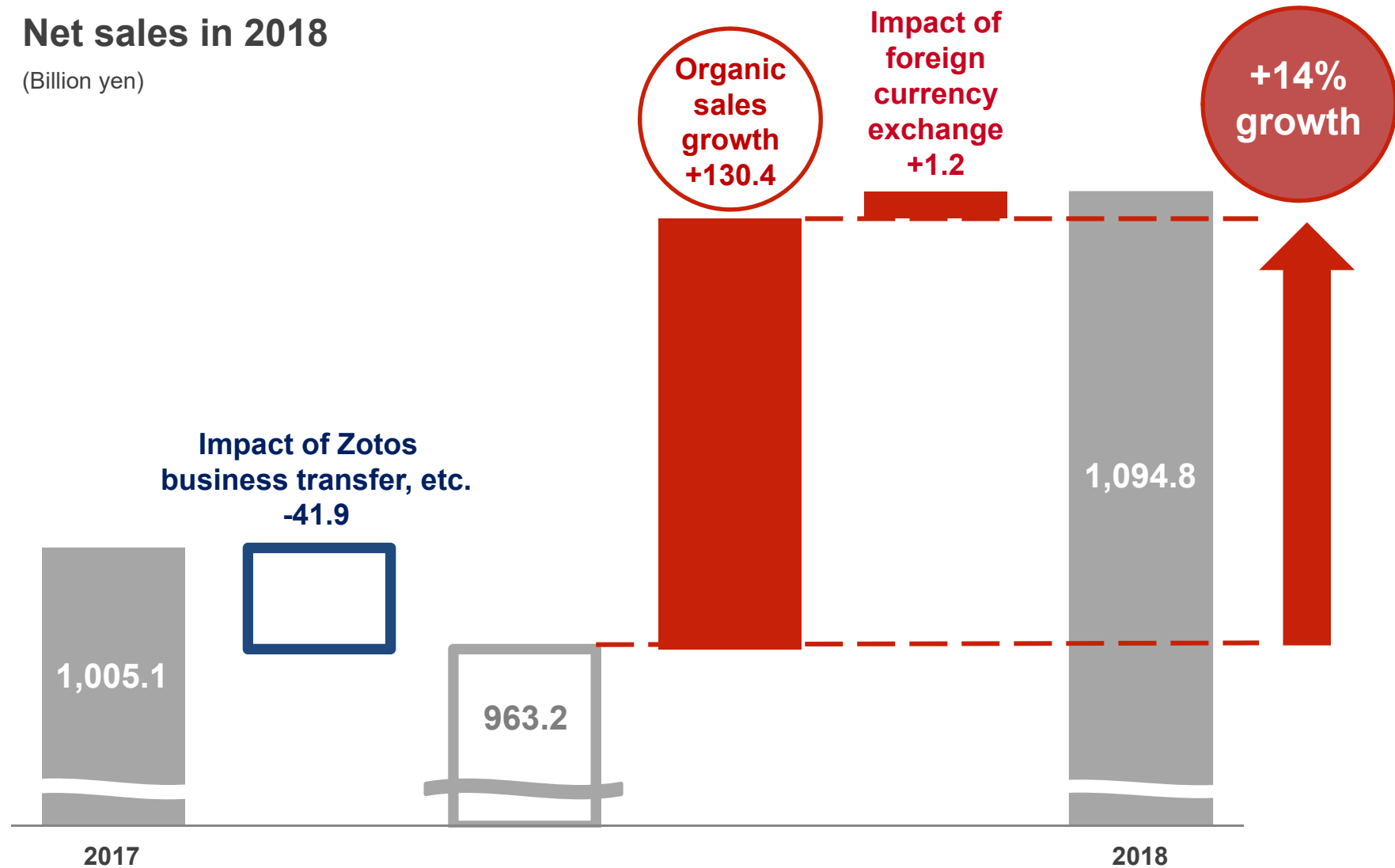
SHISEIDO

## Supplemental Data 1

### Continued Growth with Organic Sales Growth +14% Over +¥130 Bn

#### Net sales in 2018

(Billion yen)



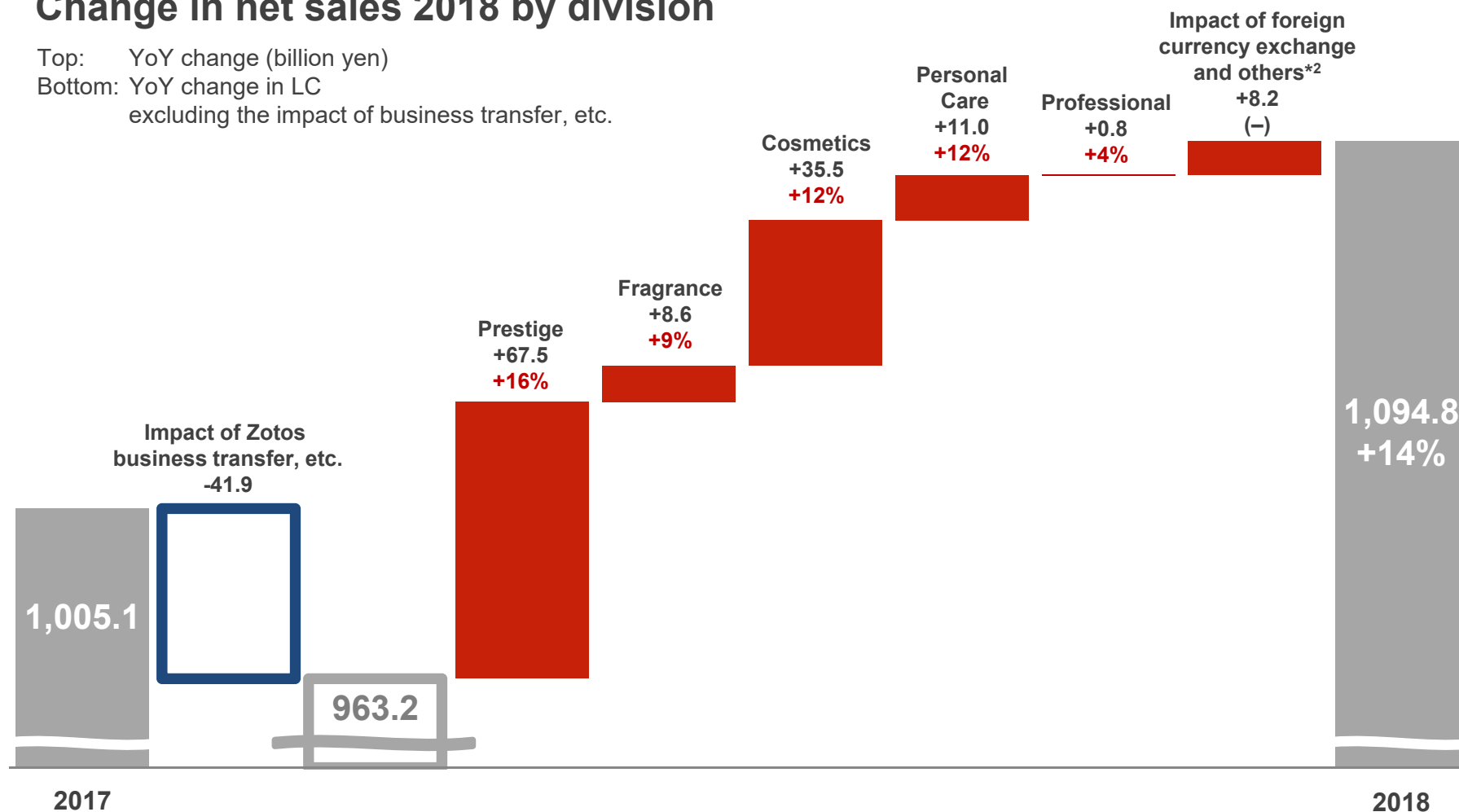
## Supplemental Data 2

### Growth in All Divisions Driven by Prestige and Made in Japan Brands

#### Change in net sales 2018 by division

Top: YoY change (billion yen)

Bottom: YoY change in LC  
excluding the impact of business transfer, etc.



\*1. The YoY change, and YoY change in local currency for each division were calculated based on the exchange rate estimated at the beginning of the fiscal year.

\*2. "Impact of foreign currency exchange and others" includes impact of foreign currency exchange +¥1.2 Bn as well as "Other" segment and the difference between the assumed rates and the actual rates.

## Supplemental Data 3

### Japan: Organic Sales Growth: +9%, Continued Sales Expansion of Core Brands

| (Billion yen)                  | 2018  |                | 2017  |                | YoY Change | YoY Change % |
|--------------------------------|-------|----------------|-------|----------------|------------|--------------|
|                                |       | % of Net Sales |       | % of Net Sales |            |              |
| Prestige/<br>Specialty Store*1 | 158.5 | 34.9           | 147.6 | 35.4           | +11.0      | +7.4         |
| Cosmetics                      | 219.3 | 48.2           | 197.1 | 47.3           | +22.2      | +11.3        |
| Personal Care                  | 54.8  | 12.1           | 51.8  | 12.4           | +3.1       | +5.9         |
| Others*2                       | 21.9  | 4.8            | 20.6  | 4.9            | +1.3       | +6.1         |
| Sales                          | 454.6 | 100            | 417.1 | 100            | +37.5      | +9.0         |

YoY change excluding the impact of business transfer in 2017 was +9%.

| (Billion yen)                                   | 2018 |  | 2017 |  | YoY Change | YoY Change % |
|---|------|--|------|--|------------|--------------|
|   |      |  |      |  |            |              |
| Operating Profit                                | 91.4 |  | 78.2 |  | +13.2      | +16.9        |
| OPM %   | 18.8 |  | 17.5 |  | +1.3pt     |              |
| Income Before Amortization of<br>Goodwill, etc. | 91.6 |  | 78.3 |  | +13.2      | +16.9        |
| OPM %   | 18.8 |  | 17.6 |  | +1.2pt     |              |

\*1. The net sales of the previously separate Prestige and Specialty Stores businesses of the Japan Business are added together and recorded as the net sales of the "Prestige/Specialty Store" from FY2018 for better alignment with the management structure of the Japan region.

\*2. "Others" include Healthcare Business, Amenity Goods Co., Ltd. and others.














\*3. % of Net Sales indicates percentage of Japan business sales.



\*4. OPM is calculated using net sales including intersegment transactions.

\*5. See Supplemental Data 19 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments

## Supplemental Data 4

### Store Sales of Core Brands in Japan

|                              | Core Brands   |  |   |  |   |
|------------------------------|---|--|---|--|---|
| Prestige/<br>Specialty Store |    |  |    |  |    |
|                              |    |  |   |  |   |
| Cosmetics                    |    |  |    |  |    |
|                              |   |  |   |  |   |
| Personal Care※1              |  |  |  |  |  |

 Above the previous year  
 Below the previous year

\*1. Shipments from wholesalers to retailers

## Supplemental Data 5

### China: Sales Growth +32%, Profit Growth Over ¥13 Bn, OPM 12.8%

| (Billion yen) | 2018  |                | 2017  |                | YoY Change | YoY Change % | YoY Change in LC % |
|---------------|-------|----------------|-------|----------------|------------|--------------|--------------------|
|               |       | % of Net Sales |       | % of Net Sales |            |              |                    |
| Prestige      | 83.6  | 43.8           | 55.3  | 38.4           | +28.2      | +51.0        | +51.9              |
| Cosmetics     | 70.4  | 36.9           | 59.8  | 41.4           | +10.6      | +17.7        | +17.1              |
| Personal Care | 34.9  | 18.3           | 28.1  | 19.5           | +6.8       | +24.1        | +23.8              |
| Others        | 2.0   | 1.0            | 1.0   | 0.7            | +1.0       | +95.7        | +98.2              |
| Sales         | 190.8 | 100            | 144.3 | 100            | +46.5      | +32.3        | +32.3              |

| (Billion yen)                                |  | 2018 | 2017 | YoY Change | YoY Change % |
|--|--|------|------|------------|--------------|
| Operating Profit                             |  | 24.5 | 11.3 | +13.2      | +116.4       |
| OPM %  |  | 12.8 | 7.8  | +5.0pt     |              |
| Income Before Amortization of Goodwill, etc. |  | 24.9 | 11.7 | +13.2      | +112.3       |
| OPM %  |  | 13.0 | 8.1  | +4.9pt     |              |

- Prestige brands *Clé de Peau Beauté*, *SHISEIDO*, *IPSA*, and *NARS* continued to drive overall growth
- Cosmetics *ANESSA* and *ELIXIR* continued to show dramatic growth
- E-commerce sales remained strong

\*1. See Supplemental Data 19 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

\*2. OPM is calculated using net sales including intersegment transactions.

## Supplemental Data 6

### Asia Pacific: Sales Growth +13%, OPM Continued in Double Digits

| (Billion yen)     | 2018 |                | 2017 |                | YoY Change | YoY Change % | YoY Change in LC % |
|-------------------|------|----------------|------|----------------|------------|--------------|--------------------|
|                   |      | % of Net Sales |      | % of Net Sales |            |              |                    |
| Prestige          | 36.6 | 53.8           | 31.8 | 53.1           | +4.8       | +15.2        | +14.3              |
| Cosmetics         | 14.4 | 21.2           | 13.6 | 22.7           | +0.8       | +6.2         | +6.1               |
| Personal Care     | 12.0 | 17.5           | 10.4 | 17.4           | +1.6       | +15.2        | +14.7              |
| Fragrance, Others | 5.1  | 7.5            | 4.1  | 6.8            | +1.0       | +25.8        | +23.5              |
| Sales             | 68.1 | 100            | 59.8 | 100            | +8.3       | +13.9        | +13.1              |

| (Billion yen)                                | 2018 |  | 2017 |  | YoY Change | YoY Change % |
|--|------|--|------|--|------------|--------------|
|  |      |  |      |  |            |              |
| Operating Profit                             | 7.8  |  | 7.2  |  | +0.6       | +8.7         |
| OPM %  | 11.1 |  | 11.7 |  | -0.6pt     |              |
| Income Before Amortization of Goodwill, etc. | 7.9  |  | 7.2  |  | +0.6       | +8.6         |
| OPM %  | 11.2 |  | 11.8 |  | -0.6pt     |              |

- **Prestige brands:**

Continued growth of *SHISEIDO*, *Clé de Peau Beauté*, and *NARS*

- **Cosmetics and Personal Care brands: Robust growth of *ANESSA* and *SENKA***

- **Expand into new countries: Establish joint venture in the Philippines**

\*1. See Supplemental Data 19 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

\*2. OPM is calculated using net sales including intersegment transactions.



## Supplemental Data 7

### Americas: Organic Sales Growth +4%

### Increased Investment in Brands Resulted in Growth exceeding Plan

| (Billion yen) | 2018  | 2017  | YoY Change | YoY Change % | YoY Change in LC % |
|---------------|-------|-------|------------|--------------|--------------------|
| Sales         | 131.7 | 134.1 | -2.4       | -1.8         | -0.4               |

YoY change excluding the impact of business transfers in 2017 was +4%.

| (Billion yen)                                | 2018  | 2017  | YoY Change | YoY Change % |
|--|-------|-------|------------|--------------|
| Operating Profit                             | -14.8 | -11.8 | -3.0       | —            |
| OPM %  | -8.7  | -7.7  | -1.0pt     |              |
| Income Before Amortization of Goodwill, etc. | -9.5  | -4.0  | -5.5       | —            |
| OPM %  | -5.6  | -2.6  | -3.0pt     |              |

#### ●Favorable sales expansion

*Dolce&Gabbana, SHISEIDO, LAURA MERCIER, and NARS*

#### ●*bareMinerals*: Implementation of structural reforms

Launch of new marketing “THE POWER OF GOOD” and enhancement of digital marketing

\*1. See Supplemental Data 19 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

\*2. OPM is calculated using net sales including intersegment transactions.

## Supplemental Data 8

### EMEA: Organic Sales Growth +5% Driven by Growth in Core Brands

| (Billion yen) | 2018  | 2017  | YoY Change | YoY Change % | YoY Change in LC % |
|---------------|-------|-------|------------|--------------|--------------------|
| Sales         | 113.2 | 108.5 | +4.6       | +4.3         | +1.4               |

YoY change excluding the impact of business transfer in 2017 was +5%.

| (Billion yen)                                | 2018 | 2017 | YoY Change | YoY Change % |
|--|------|------|------------|--------------|
| Operating Profit                             | -8.0 | -5.8 | -2.2       | —            |
| OPM %  | -6.4 | -4.9 | -1.5pt     |              |
| Income Before Amortization of Goodwill, etc. | -6.2 | -4.1 | -2.1       | —            |
| OPM %  | -5.0 | -3.5 | -1.5pt     |              |

- Good start to new *Dolce&Gabbana* products, +16% growth globally
- Strong sales of *SHISEIDO ULTIMUNE*
- Business expansion in Middle East
- *ISSEY MIYAKE* struggled

\*1. See Supplemental Data 19 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

\*2. OPM is calculated using net sales including intersegment transactions.

## Supplemental Data 9

### Travel Retail: Continued Substantial Sales Growth and High OPM

| (Billion yen) | 2018 | 2017 | YoY Change | YoY Change % | YoY Change in LC % |
|---------------|------|------|------------|--------------|--------------------|
| Sales         | 87.6 | 65.0 | +22.6      | +34.7        | +35.4              |

YoY change excluding the impact of business transfer in 2017 was +40%.

| (Billion yen)                                | 2018 | 2017 | YoY Change | YoY Change % |
|--|------|------|------------|--------------|
| Operating Profit                             | 17.6 | 15.0 | +2.6       | +17.0        |
| OPM %  | 20.0 | 23.0 | -3.0pt     |              |
| Income Before Amortization of Goodwill, etc. | 17.6 | 15.0 | +2.6       | +17.0        |
| OPM %  | 20.0 | 23.0 | -3.0pt     |              |

#### ●Continued robust growth in Asia

***SHISEIDO, Clé de Peau Beauté, NARS, and ANESSA***

**Fragrance: Growth driven by mainly *Dolce&Gabbana***

\*1. See Supplemental Data 19 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

\*2. OPM is calculated using net sales including intersegment transactions.

## Supplemental Data 10

### Professional: Sales Expansion in China

| (Billion yen) | 2018 | 2017 | YoY Change | YoY Change % | YoY Change in LC % |
|---------------|------|------|------------|--------------|--------------------|
| Sales         | 20.3 | 48.0 | -27.6      | -57.6        | -57.7              |

YoY change excluding the impact of business transfer in 2017 was +1%.

| (Billion yen)                                | 2018 | 2017 | YoY Change | YoY Change % |
|--|------|------|------------|--------------|
| Operating Profit                             | 0.8  | 3.0  | -2.1       | -72.4        |
| OPM %  | 3.9  | 6.1  | -2.2pt     |              |
| Income Before Amortization of Goodwill, etc. | 0.8  | 3.3  | -2.5       | -75.1        |
| OPM %  | 3.9  | 6.8  | -2.9pt     |              |

\*1. See Supplemental Data 19 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

\*2. OPM is calculated using net sales including intersegment transactions.

# Supplemental Data 11

## Sales Growth Driven by Japan, China and Travel Retail Americas: Back to Growth

### 2018 Sales by Reportable Segment

| (Billion yen) | 2018    |                | 2017    |                | YoY Change | YoY Change % | YoY Change in LC % | YoY Change in LC % (like-for-like*2) |
|---------------|---------|----------------|---------|----------------|------------|--------------|--------------------|--------------------------------------|
|               |         | % of Net Sales |         | % of Net Sales |            |              |                    |                                      |
| Japan         | 454.6   | 41.6           | 417.1   | 41.4           | +37.5      | +9.0         | +9.0               | +9                                   |
| China         | 190.8   | 17.4           | 144.3   | 14.4           | +46.5      | +32.3        | +32.3              | +32                                  |
| Asia Pacific  | 68.1    | 6.2            | 59.8    | 6.0            | +8.3       | +13.9        | +13.1              | +13                                  |
| Americas      | 131.7   | 12.0           | 134.1   | 13.3           | -2.4       | -1.8         | -0.4               | +4                                   |
| EMEA          | 113.2   | 10.3           | 108.5   | 10.8           | +4.6       | +4.3         | +1.4               | +5                                   |
| Travel Retail | 87.6    | 8.0            | 65.0    | 6.5            | +22.6      | +34.7        | +35.4              | +40                                  |
| Professional  | 20.3    | 1.9            | 48.0    | 4.8            | -27.6      | -57.6        | -57.7              | +1                                   |
| Other         | 28.5    | 2.6            | 28.3    | 2.8            | +0.2       | +0.8         | +0.8               | +5                                   |
| Total         | 1,094.8 | 100            | 1,005.1 | 100            | +89.8      | +8.9         | +8.8               | +14                                  |

\*1. See Supplemental Data 19 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

\*2. YoY Change in LC is YoY comparison in local currency excluding the impact of business transfers, etc. in 2017.

## Supplemental Data 12

### OPM 9.9% Largely Contributed by Expanding Profitability in China

#### 2018 Operating Profit by Reportable Segment

| (Billion yen)                         | 2018  |       | 2017  |       | YoY Change | YoY Change % |
|---------------------------------------|-------|-------|-------|-------|------------|--------------|
|                                       |       | OPM % |       | OPM % |            |              |
| Japan                                 | 91.4  | 18.8  | 78.2  | 17.5  | +13.2      | +16.9        |
| China                                 | 24.5  | 12.8  | 11.3  | 7.8   | +13.2      | +116.4       |
| Asia Pacific                          | 7.8   | 11.1  | 7.2   | 11.7  | +0.6       | +8.7         |
| Americas                              | -14.8 | -8.7  | -11.8 | -7.7  | -3.0       | —            |
| Before Amortization of Goodwill, etc. | -9.5  | -5.6  | -4.0  | -2.6  | -5.5       | —            |
| EMEA                                  | -8.0  | -6.4  | -5.8  | -4.9  | -2.2       | —            |
| Before Amortization of Goodwill, etc. | -6.2  | -5.0  | -4.1  | -3.5  | -2.1       | —            |
| Travel Retail                         | 17.6  | 20.0  | 15.0  | 23.0  | +2.6       | +17.0        |
| Professional                          | 0.8   | 3.9   | 3.0   | 6.1   | -2.1       | -72.4        |
| Other                                 | -6.0  | -4.4  | -8.0  | -7.6  | +1.9       | —            |
| Subtotal                              | 113.4 | 8.8   | 89.2  | 7.8   | +24.2      | +27.2        |
| Adjustments                           | -5.0  | —     | -8.7  | —     | +3.7       | —            |
| Total                                 | 108.4 | 9.9   | 80.4  | 8.0   | +27.9      | +34.7        |

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

\*2. See Supplemental Data 19 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.



## Supplemental Data 13

### Results of SG&A

| (Billion yen)                         | 2018  |                   |                                | YoY Change<br>% | YoY Change | YoY Change<br>Excluding Impact of<br>Foreign Currency<br>Exchange |
|---------------------------------------|-------|-------------------|--------------------------------|-----------------|------------|---|
|                                       |       | % of<br>Net Sales | Change in<br>% of<br>Net Sales |                 |            |   |
| SG&A                                  | 754.5 | 68.9              | -0.1                           | +8.8            | +61.2      | +60.0   |
| Marketing Investments                 | 401.2 | 36.6              | +0.9                           | +11.7           | +42.0      | +41.0   |
| Brand Development/<br>R&D Investments | 63.5  | 5.8               | +0.4                           | +17.8           | +9.6       | +9.2  |
| Personnel Expenses                    | 127.1 | 11.6              | -0.9                           | +1.1            | +1.3       | +1.3  |
| Other SG&A Expenses                   | 162.7 | 14.9              | -0.5                           | +5.4            | +8.3       | +8.5  |

\*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 14

### Other Income and Expenses and Extraordinary Income and Losses

| Other Income and Expenses       |                  |      |      | Extraordinary Income and Losses  |  |      |       |
|---------------------------------|------------------|------|------|--|--|------|-------|
| (Billion yen)                   |                  | 2018 | 2017 | (Billion yen)  |  | 2018 | 2017  |
|                                 | Interest Income  | 1.2  | 0.9  | Gain on Transfer of Business   |  | 0.0  | 36.8  |
|                                 | Interest Expense | -0.8 | -1.0 | Gain/Loss on Sales or Disposal of Property, Plant and Equipment                                      |  | 1.2  | -1.0  |
| Net Interest Income and Expense |                  | 0.5  | -0.1 | Gain/Loss on Sales of Investments in Securities and Loss on Revaluation of Investments in Securities |  | 2.7  | 1.1   |
| Foreign Exchange Gain/Loss      |                  | -2.9 | -0.2 | Loss on Business Withdrawal/ Structural Reform Expenses, etc.  |  | -9.1 | -4.6  |
| Others                          |                  | 3.6  | 0.2  | Impairment Loss  |  | —    | -70.9 |
| Total                           |                  | 1.1  | -0.1 | Voluntary Product Recall-Related Expenses  |  | —    | -3.2  |
|                                 |                  |      |      | Total  |  | -5.2 | -41.8 |

\*1. Loss on Business Withdrawal/ Structural Reform Expenses, etc.: Expenses related to discontinuation of some brands and withdrawal from the commercial cosmetics business and other businesses, etc.

## Supplemental Data 15

### Net Profit Attributable to Owners of Parent and Comprehensive Income

| (Billion yen) |  | 2018           | 2017           |
|---------------|--|----------------|----------------|
|               | Net Profit before Income Taxes                       | 104.3          | 38.6           |
|               | Income Taxes (Tax Rate %)                            | 39.4<br>(37.8) | 13.2<br>(34.2) |
|               | Net Profit Attributable to Non-Controlling Interests | 3.5            | 2.6            |
|               | Net Profit Attributable to Owners of Parent          | 61.4           | 22.7           |
|               |  | 2018           | 2017           |
|               | Comprehensive Income                                 | 43.8           | 42.5           |

## Supplemental Data 16

### Consolidated Balance Sheets

| (Billion yen)  | As of Dec. 31,<br>2018 | Change from<br>Dec. 31,<br>2017 |
|--|------------------------|---------------------------------|
| Total Current Assets   | 512.7                  | -13.6                           |
| Cash, Time Deposits and<br>Short-Term Investments in<br>Securities | 125.9                  | -48.6                           |
| Notes & Accounts Receivable  | 166.5                  | +4.4                            |
| Inventories  | 149.8                  | +19.8                           |
| Total Fixed Assets   | 496.9                  | +73.8                           |
| Property, Plant<br>and Equipment                                   | 235.2                  | +76.5                           |
| Intangible Assets  | 165.4                  | -3.2                            |
| Investments and<br>Other Assets                                    | 96.3                   | +0.4                            |
| Total Assets   | 1,009.6                | +60.2                           |

| (Billion yen)                                  | As of Dec. 31,<br>2018 | Change from<br>Dec. 31,<br>2017 |
|--|------------------------|---------------------------------|
| Total Liabilities                              | 541.2                  | +37.6                           |
| Notes & Accounts Payable<br>and Other Payables | 176.1                  | +29.2                           |
| Accrued Income Taxes                           | 20.1                   | -4.9                            |
| Accrued Bonuses                                | 30.8                   | +5.8                            |
| Interest-Bearing Debt                          | 75.8                   | -5.7                            |
| Long-Term Payables                             | 54.6                   | -4.6                            |
| Total Net Assets                               | 468.5                  | +22.6                           |
| Shareholders' Equity                           | 451.4                  | +45.3                           |
| Accumulated Other<br>Comprehensive Income      | -2.8                   | -20.2                           |
| Non-Controlling Interests                      | 18.9                   | -2.6                            |
| Total Liabilities and<br>Net Assets            | 1,009.6                | +60.2                           |

\* Main line items only

Exchange Rates:

Dec. 31, 2018: USD1 = JPY110.9 (-1.9%); EUR1 = JPY126.9 (-6.0%); CNY1 = JPY16.1 (-6.7%)

Dec. 31, 2017: USD1 = JPY113.1; EUR1 = JPY135.0; CNY1 = JPY17.3

## Supplemental Data 17

### Capital Expenditures/Depreciation and Amortization

|                                    | 2018  | 2017 | 2019<br>Forecast |
|------------------------------------|-------|------|------------------|
| (Billion yen)                      |       |      |                  |
| Capital Expenditures* <sup>1</sup> | 126.2 | 49.2 | 154.8            |
| Property, Plant and Equipment      | 101.2 | 32.5 | 124.0            |
| Intangible Assets, etc.            | 25.0  | 16.7 | 30.8             |
| Depreciation and Amortization      | 42.0  | 39.6 | 55.7             |
| Property, Plant and Equipment      | 20.2  | 19.3 | —                |
| Intangible Assets, etc.            | 21.8  | 20.3 | —                |
| R&D Expenses                       | 29.1  | 24.2 | 34.7             |

\*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 18

### 2019 Sales Forecast by Reportable Segment

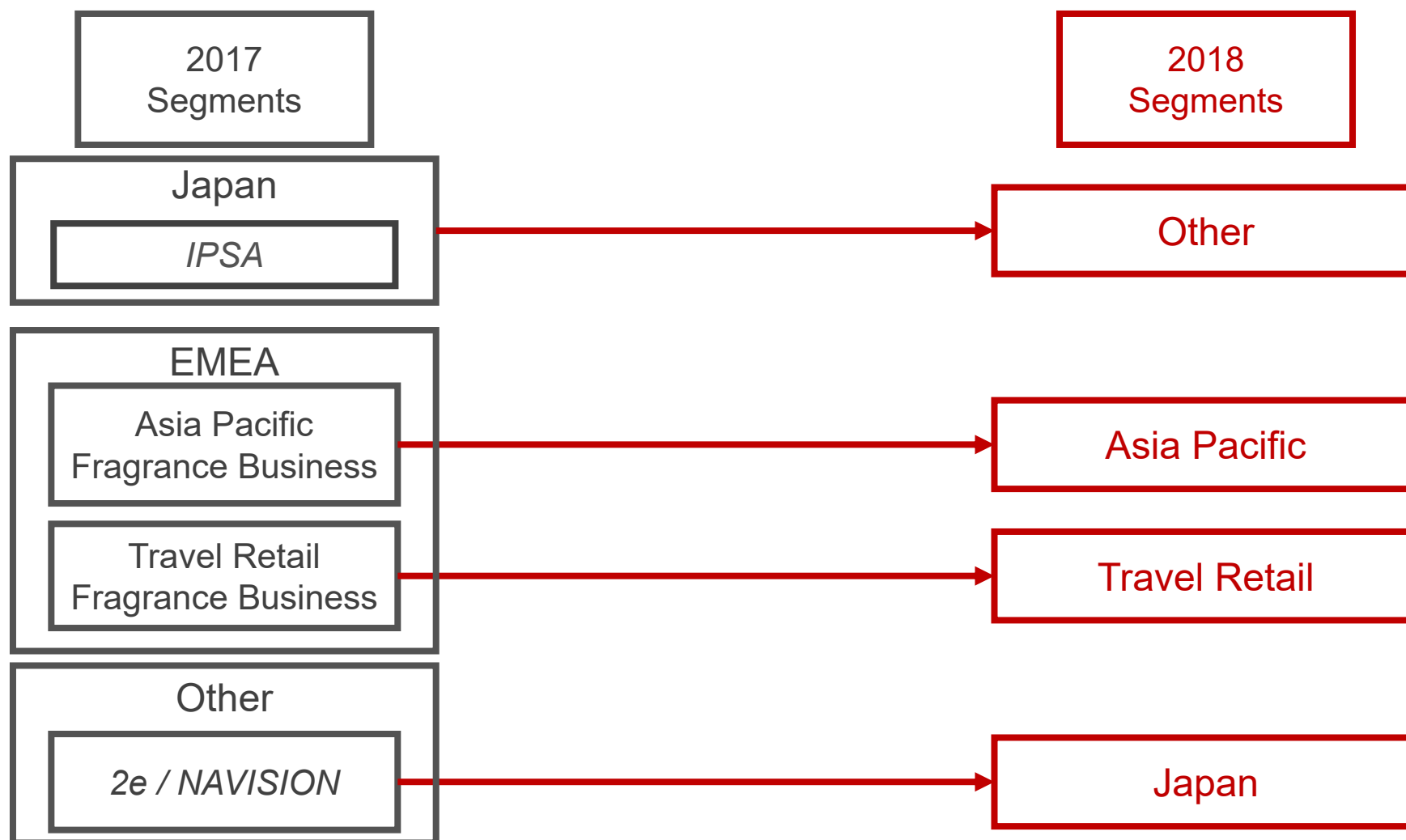
| (Billion yen) | 2019    | 2018<br>After segment<br>changes | YoY Change % |                          | 2018<br>Before segment<br>changes |
|---------------|---------|----------------------------------|--------------|--------------------------|-----------------------------------|
|               |         |                                  |              | YoY<br>Change<br>% in LC |                                   |
| Total         | 1,172.0 | 1,094.8                          | +7.0         | +9                       | 1,094.8                           |
| Japan         | 480.0   | 454.5                            | +5.6         | +6                       | 454.6                             |
| China         | 217.0   | 190.8                            | +13.7        | +18                      | 190.8                             |
| Asia Pacific  | 74.0    | 68.1                             | +8.6         | +11                      | 68.1                              |
| Americas      | 135.5   | 131.7                            | +2.9         | +4                       | 131.7                             |
| EMEA          | 113.5   | 113.2                            | +0.3         | +5                       | 113.2                             |
| Travel Retail | 102.5   | 87.6                             | +17.0        | +19                      | 87.6                              |
| Professional  | 14.5    | 14.1                             | +2.5         | +4                       | 20.3                              |
| Other         | 35.0    | 34.7                             | +0.9         | +1                       | 28.5                              |

Exchange rates 2019: USD1 = JPY110.0 (-0.4%), EUR1 = JPY125.0 (-4%), CNY1 = JPY16.0 (-4%)

\*1. See Supplemental Data 19 for details about changes in reportable segments.

## Supplemental Data 19-1

### Main Constituents of Old and New Reportable Segments (2018)

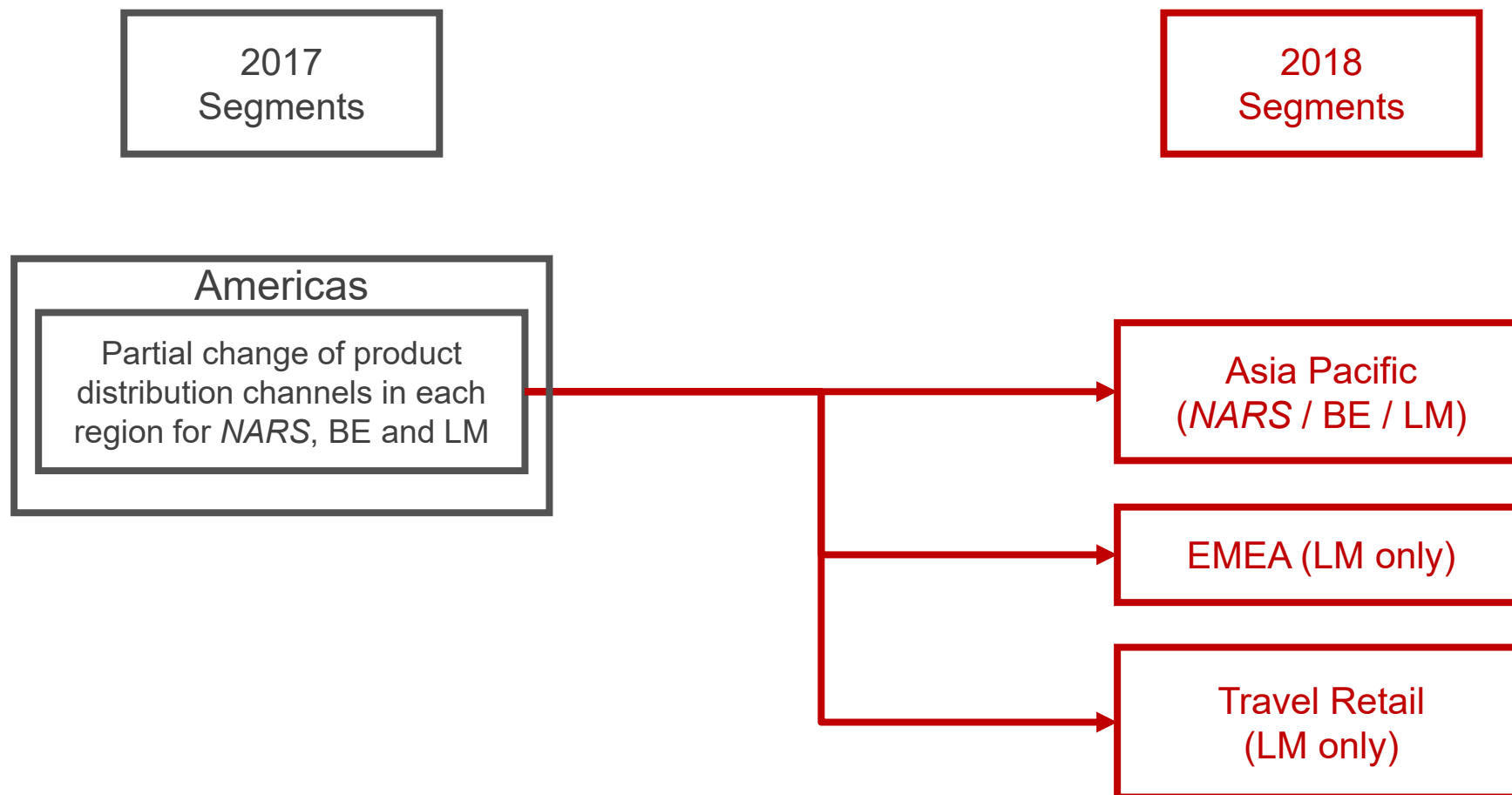


From the first quarter of the current fiscal year, the Company revised its reportable segment classification structure for better alignment with the Group's corporate management framework. Fragrance business in the Asia Pacific, which was previously included in the EMEA Business, is now included in the Asia Pacific Business. Travel retail fragrance business, which was previously included in the EMEA Business, is now included in the Travel Retail Business, and 2e and NAVISION, which were previously included in the Other Business, are now included in the Japan Business.

From the third quarter of the current fiscal year, the Company included the business results of IPSA Co., Ltd., which were previously recorded in the Japan business, in the Other business for better alignment with the Group's corporate management framework.

## Supplemental Data 19-2

### Main Constituents of Old and New Reportable Segments (2018)



The classification of business results was also partially revised. As a result, part of *NARS*, *bareMinerals*, and *LAURA MERCIER* product distribution operations conducted by distributors in each region, which were previously included in the Americas, are now included in Asia Pacific, EMEA, and Travel Retail.

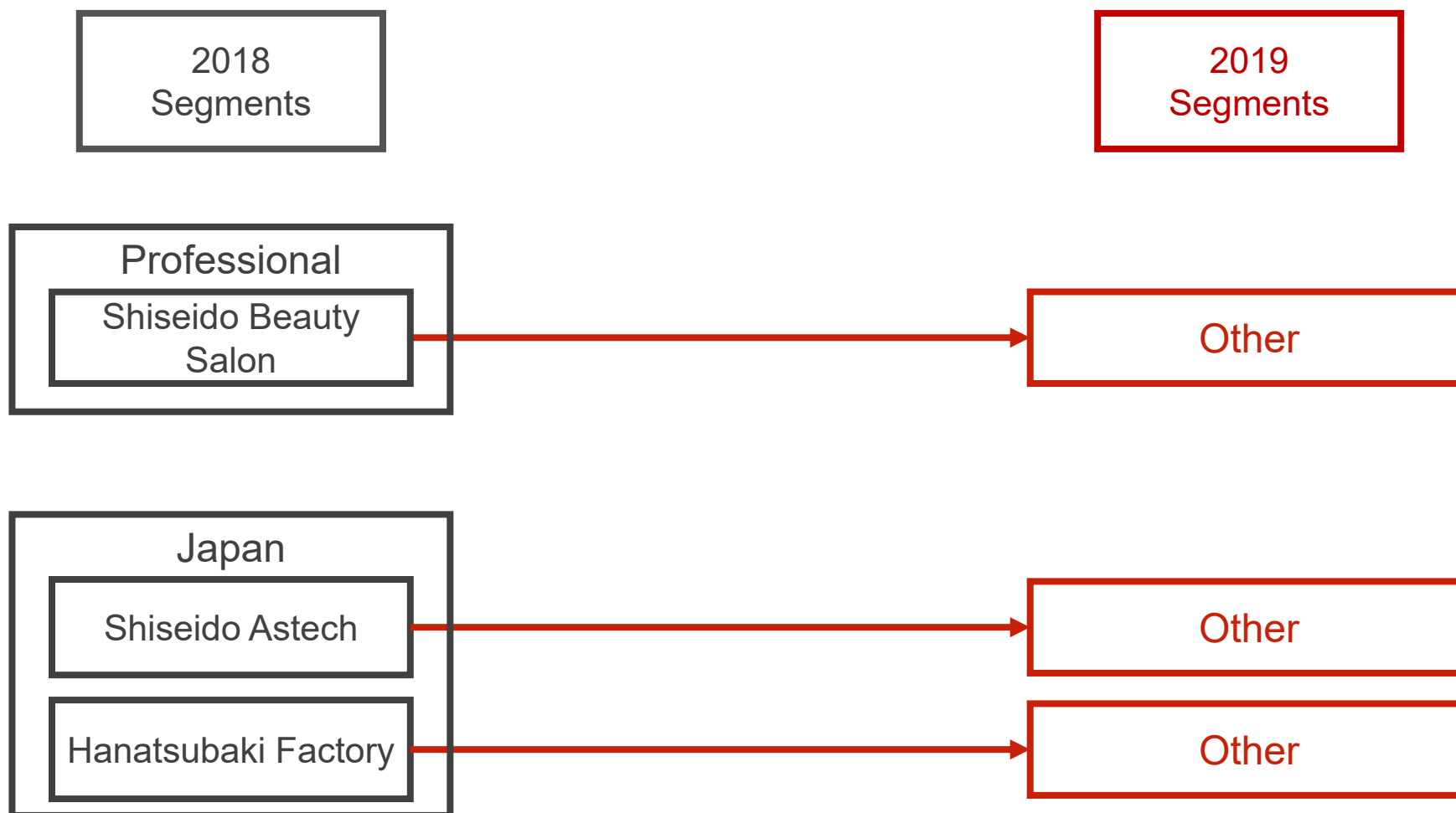
BE: *bareMinerals*

LM: *LAURA MERCIER*



## Supplemental Data 19-3

### Main Constituents of Old and New Reportable Segments (2019)



The Group has revised its reportable segment classification method in line with changes in its internal management structure from fiscal year ending December 31, 2019. Shiseido Beauty Salon Co., Ltd., which was previously included in "Professional Business," is now included in "Other." Shiseido Astech Co., Ltd. and Hanatsubaki Factory Co., Ltd., which were previously included in "Japan Business," are now included in "Other." The simple method has been used to recombine the results for fiscal year ended December 31, 2018.

## Supplemental Data 20

### Historical Trends in Financial Indicators and Other Figures

|                         |   |             | 2013/3   | 2014/3   | 2015/3   | 2015/12                      |                  | 2016/12  | 2017/12  | 2018/12  |
|-------------------------|---|-------------|----------|----------|----------|------------------------------|------------------|----------|----------|----------|
|                         |   |             |          |          |          | Irregular Account Settlement | After Adjustment |          |          |          |
| Financial indicators    | OPM                                       | %           | 3.8      | 6.5      | 3.6      | 4.9                          | 5.1              | 4.3      | 8.0      | 9.9      |
|                         | EBITDA margin                             | %           | 9.1      | 12.0     | 11.7     | 10.6                         | —                | 10.6     | 15.5     | 13.7     |
|                         | EPS                                       | ¥           | -36.9    | 65.7     | 84.4     | 58.2                         | 73.8             | 80.4     | 57.0     | 153.7    |
|                         | BPS                                       | ¥           | 721.2    | 849.4    | 970      | 981.4                        | —                | 984.1    | 1,060    | 1,123    |
|                         | Cash dividend per share                   | ¥           | 50       | 20       | 20       | 20                           | —                | 20       | 27.5     | 45       |
|                         | ROE                                       | %           | -5.1     | 8.4      | 9.4      | 6.0                          | 7.6              | 8.2      | 5.6      | 14.1     |
|                         | ROIC                                      | %           | 3.4      | 5.9      | 4.1      | 4.6                          | —                | 5.0      | 10.4     | 13.1     |
|                         | Interest-bearing debt to EBITDA ratio     | Times       | 3.0      | 1.9      | 1.4      | 1.2                          | —                | 1.2      | 0.7      | 0.5      |
|                         | D/E ratio                                 | Times       | 0.64     | 0.46     | 0.28     | 0.22                         | —                | 0.31     | 0.19     | 0.17     |
|                         | CCC                                       | Days        | 133      | 139      | 143      | 146                          | —                | 123      | 114      | 126      |
| Share price indicators  | PER                                       | Times       | —        | 27.7     | 25.3     | 43.5                         | 34.2             | 36.8     | 95.6     | 44.8     |
|                         | PBR                                       | Times       | 1.9      | 2.1      | 2.2      | 2.6                          | —                | 3.0      | 5.1      | 6.1      |
|                         | Market capitalization                     | Billion yen | 528.2    | 723.8    | 850.7    | 1,009.3                      | —                | 1,181.3  | 2,175.4  | 2,756.8  |
|                         | Year-end share price                      | ¥           | 1,327    | 1,816    | 2,133    | 2,529                        | —                | 2,959    | 5,446    | 6,892    |
|                         | Rate of increase/decrease (For reference) | %           | -7.6     | +36.9    | +17.5    | +18.6                        | —                | +17.0    | +84.0    | +26.6    |
|                         | TOPIX (year-end)                          | ¥           | 1,034.71 | 1,202.89 | 1,543.11 | 1,547.30                     | —                | 1,518.61 | 1,817.56 | 1,494.09 |
|                         | Rate of increase/decrease                 | %           | +21.1    | +16.3    | +28.3    | +0.3                         | —                | -1.9     | +19.7    | -17.8    |
| Strategic shareholdings |   |             | 2013/3   | 2014/3   | 2015/3   | 2015/12                      |                  | 2016/12  | 2017/12  | 2018/12  |
|                         |   |             |          |          |          | Irregular Account Settlement | After Adjustment |          |          |          |
|                         | Number of holdings                        | Companies   | 106      | 103      | 97       | 90                           | —                | 84       | 80       | 75       |
|                         | Amount                                    | Billion yen | 21.7     | 18.0     | 21.5     | 21.5                         | —                | 19.4     | 20.3     | 14.3     |

## **Supplemental Data 21-1**

### **Major Public Announcements**

#### **News Releases**

- **December 2018:** Shiseido Establishes China Business Innovation & Investment Representative Office  
—Accelerates strategic innovation and business development in China—
- **November 2018:** Shiseido Reinforces China Region Headquarters System  
—Enhancing execution and disseminating new value around the world to ensure sustainable growth—
- **November 2018:** Shiseido Establishes Joint Venture in the Philippines  
—Accelerating Investments in Marketing through Integration of Prestige and Fragrance Businesses—
- **November 2018:** Shiseido's New Research Center, "Shiseido Global Innovation Center (S/PARK)" Starts Full- Scale Operation in April 2019
- **November 2018:** Shiseido Appoints Marc Rey Chief Growth Officer
- **September 2018:** Shiseido Wins 7th Consecutive Top Award at the 30th IFSCC Congress in Munich  
—Shiseido sets record again this year for world's most IFSCC awards! Dr. Ezure wins 3rd consecutive Congress award—
- **September 2018:** Shiseido Discovers New Effect of Improving Neck Wrinkles, Results in 8 Weeks  
—New effects of retinol confirmed: Stimulates the production of collagen and hyaluronic acid in the dermis—

## Supplemental Data 21-2: Major Public Announcements

### News Releases

- July 2018: Shiseido Launches New *SHISEIDO* Makeup Collection
- July 2018: Shiseido Continuously Selected for Inclusion in ESG Investment Indexes: “FTSE4Good Index Series,” “FTSE Blossom Japan Index,” “MSCI Japan ESG Select Leaders Index,” and “MSCI Japan Empowering Women Index (WIN)”
- July 2018: Shiseido Wins First Prize and Two Second Prizes for Excellent Research Papers at the 12th China Cosmetics Academic Research Conference
- May 2018: Shiseido Selected as “Noteworthy IT Strategy Company” in the “2018 Survey of Competitive IT
- May 2018: Shiseido Cited as “Most Honored Company” by Institutional Investor in 2018 —Institutional Investor 2018 All-Japan Executive Team Rankings (best IR company ranking)—
- April 2018: Notice of Expansion of Hospitality Program for Shareholders
- March 2018: Shiseido Develops the “New Three-Year Plan” (2018-2020)
- January 2018: Notice of Acquisition of “Second Skin” Technology from Olivo Laboratories —Artificial Skin Formation Technology “Second Skin” Instantly Tightens and Smoothes Skin—