

## Press Release

## Shiseido Establishes a New Factory in Kurume City, Fukuoka Prefecture

-Responding to Growing Demand and Further Business Expansion Inside and Outside Japan-

Shiseido Company, Limited (“Shiseido”) has decided to build a new production site, Shiseido Kyushu Fukuoka Factory (tentative name; hereinafter Kyushu Fukuoka Factory) in Kurume City, Fukuoka Prefecture, Japan. The new factory, which is slated to start its operation in fiscal 2021, will mainly manufacture skincare products for Japan and overseas markets. The investment is expected to be approximately 40-50 billion yen.

Background of production capability reinforcement

Shiseido has been making concerted efforts as a whole toward the realization of even greater growth to accomplish the medium-to-long-term strategy VISION 2020 and to “Be a Global Winner with Our Heritage”.

As part of its production strategy, Shiseido is pursuing the establishment of a supply chain strategy from a global perspective in line with its Group-wide marketing strategy, and progressing in the creation of a flexible operational structure at each of its factories around the globe by taking into account various elements such as costs, lead time, inventories and procurement of raw materials. Amid such, the company has concluded that it is vital to establish a stable and sustainable production system from a medium-to-long-term perspective in order to respond to growing demand for cosmetics inside and outside Japan and secure further business growth in the future. To this end, Shiseido has decided to build another new factory following Nasu Factory and New Osaka Factory (tentative name) which are currently under construction. Investments in the production base including factories currently under construction, establishment of the new Kyushu Fukuoka Factory and reinforcement of existing factories are expected to exceed 170 billion yen.

Kyushu Fukuoka Factory

The new factory will focus on the production of skincare products which are growing in demand, and provide safe high-quality products in compliance with ISO 22716 international standards. As a next-generation factory, it will utilize cutting-edge facilities and advanced technologies such as IoT in the creation of innovation. Furthermore, through the inheritance of long-standing production technologies and expertise which are Shiseido’s strength, we will realize the new factory as people-friendly with high productivity. It will operate in an environmentally friendly manner while being able to support our business continuity plan (BCP), aiming to exist in harmony with the surrounding environment including mountains and rivers.



【Image of Kyushu Fukuoka Factory (tentative name)】

Outline of Kyushu Fukuoka Factory

|                           |  |
|---------------------------|--|
| Name                      | Kyushu Fukuoka Factory (tentative name)                                  |
| Planned construction site | Kurume City in Fukuoka Prefecture (within Kurume, Ukiha industrial area) |
| Land area                 | Approx. 97,000 m <sup>2</sup>  |
| Building area             | To be decided.   |
| Floors                    | To be decided.   |
| Products                  | Skincare products inside and outside Japan                               |
| Production capacity       | 140 million products   |
| Investment                | Approx. 40-50 billion JPY  |
| Start of construction     | FY2020   |
| Start of operation        | FY2021   |

\* The above information may be subject to change.

<Reference>

List of Shiseido factories and their main productions (as of January 2019)

【6 factories in Japan】

| Factory (establishment)                               | Location                              | Production   |
|---|---------------------------------------|--|
| Takegawa Factory (1975)                               | Takegawa City,<br>Shizuoka Prefecture | Mother factory for makeup products and hyaluronic acid, etc. (foundations, lipsticks, eyeshadows, etc.)                      |
| Osaka Factory (1939)                                  | Osaka City,<br>Osaka Prefecture       | Mother factory for skincare products, etc. (facial cleansers, lotions, emulsions, creams, hair and body care products, etc.) |
| Kuki Factory (1983)                                   | Kuki City,<br>Saitama Prefecture      | Mother factory for personal care and sun care products (shampoos, conditioners, sunscreen, etc.)                             |
| Nasu Factory (2019 planned)                           | Ohtawara City,<br>Tochigi Prefecture  | Supporting factories for skincare products, which are growing in demand  |
| New Osaka Factory (tentative name; 2020 planned)      | Ibaraki City,<br>Osaka Prefecture     |  |
| Kyushu Fukuoka Factory (tentative name; 2021 planned) | Kurume City,<br>Fukuoka Prefecture    |  |

【8 factories overseas】

| Factory (establishment)   | Location  | Production  |
|---|---|---|
| Shiseido America, Inc. East Windsor Factory (1998)                | New Jersey, U.S.                                | Production of global (skincare) products  |
| Shiseido International France S.A.S. Unité de Gien (1991)         | Gien, France.                                   | Global products, (fragrance) products of Beaute Prestige International                            |
| Shiseido International France S.A.S. Unité du Val de Loire (1999) | Ormes, France                                   | Global products, (skincare) products of Beaute Prestige International                             |
| Shiseido Liyuan Cosmetics Co., Ltd. (1993)                        | Beijing,<br>China                               | Production of (skincare, makeup) products for China market  |
| Shanghai Citic Cosmetics Co., Ltd. (1999)                         | Shanghai,<br>China                              | Production of (skincare, makeup) products for China market  |
| Shanghai Huani Transparent Beauty Soap Co., Ltd. (2011)           | Shanghai,<br>China                              | Production of products for China market and soaps for Taiwan market                               |
| Taiwan Shiseido Hsinchu Factory (2016)                            | Hsinchu County,<br>Taiwan                       | Production of (skincare, makeup) products for Taiwan market and makeup products for ASEAN markets |
| Shiseido Vietnam Inc. (2010)                                      | Bien Hoa City,<br>Dong Nai Province,<br>Vietnam | Production of (skincare) products for Japan and Asia markets                                      |