



(Translation)

October 24, 2013

Dear Sirs and Madams,

Name of Company: Shiseido Company, Limited
Name of Representative: Shinzo Maeda
Chairman of the Board, President
& CEO
(Representative Director)

(Code No. 4911; The First Section of the Tokyo Stock Exchange)

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Shiseido Establishes Joint Venture in Dubai, UAE, Commencing Direct Investment

Shiseido will establish Shiseido Middle East FZCO by the end of 2013. The new company is based in Dubai, the United Arab Emirates (UAE) in partnership with a local company and will import and market products under the global brand SHISEIDO in seven Middle East countries—Bahrain, Jordan, Kuwait, Oman, Saudi Arabia, Qatar, and UAE (in alphabetical order).

The joint venture will commence business operations in January 2014. Shiseido International Europe S.A., Shiseido's wholly owned subsidiary in France, and the local company hold equity shares of 51% and 49%, respectively.

Background of the Establishment of the Joint Venture

Since 1997, Creation Alexandre Miya Paris Limited (hereinafter, "Creation"), owned by the Kotovsky family, has been marketing products under the SHISEIDO global brand as a local distributor in the aforementioned seven countries, promoting marketing of prestige products as they have in Europe and the United States. While fragrances account for a major portion of the high-end cosmetics market in the Middle East region, Shiseido managed to establish a presence with its signature skincare products, which are now marketed at 140 stores in the region.

In light of the region's high market potential underpinned by its large population that includes many affluent consumers, Shiseido has been examining the possibility of direct investment with the aim of further enhancing its market presence. This has resulted in the establishment of the joint venture with its partner, Creation, which is not only equipped with the expertise for selling skincare-centered high-end cosmetics products and a good relationship with the retail sector, but is also well versed in Arab business practices.

Features of the Middle and Near East Market

The seven Middle East countries covered by Shiseido Middle East are home to a population of around 50 million, with an extremely young average age of around 30 years old. With a high gross domestic product (GDP) per capita, the region is known to have one of the largest affluent consumer bases.

Although the region's economy slowed immediately following the Lehman Brothers' collapse in September 2008, an almost complete recovery was achieved by 2010, underpinned by rising oil prices. The region's growth trend recovered in 2011 and stable growth is projected to continue.

On the political and social front, the Arab Spring in 2011 triggered concerns over political stability. However, the situation had an unexpectedly positive effect for the UAE. As a leading player of the Gulf Cooperation Council (GCC) with a stable political base, the UAE was regarded as a safe haven for foreign and human capital, which has resulted in an ongoing increase in foreign direct investment on a value basis.

SHISEIDO

The high-end cosmetics market in the seven countries combined boasts a market size of 150 billion yen (2012) on a retail value basis, thus exceeding the market in Russia. Two-digit growth rates are expected to continue, backed by the existing affluent population as well as by expatriates working for foreign businesses, which are also projected to continue to increase. While European and other fragrance brands already command a strong presence in the market, the SHISEIDO brand is achieving steady market penetration, mainly with its skincare range.

Shiseido's Marketing History in the Middle and Near East

Shiseido began making inroads into the Middle and Near East market in the 1970s. Overcoming inevitable withdrawal and downsizing during certain periods and in various countries, the company began to focus on the region again in the 1990s, launching marketing activities through its distributors in Lebanon in 1993. In 1997, an exclusive distribution agreement was concluded with Creation based in Dubai, UAE, to market SHISEIDO global brand products in various countries throughout the Middle East. Through Creation, Shiseido has gradually expanded its market coverage in the region, launching sales in the UAE, Kuwait, Bahrain, and Saudi Arabia in 1997, Qatar in 2000, Oman in 2001, and Jordan in 2004.

Future Plans

Business operations in the seven countries will continue to be undertaken by Creation, the current distributor, until December 31, 2013. Then, on January 1, 2014 and beyond, Shiseido Middle East, the new joint venture, will take over the reigns.

In the early stages, Shiseido Middle East will focus on disseminating the global brand SHISEIDO across the region to reinforce the business base; and in the future, we will examine the feasibility of handling brands or lines that Shiseido currently carries.

Outline of the New Company

Company Name	Shiseido Middle East FZCO
Representative Director	Atsushi Sato [President and CEO of Shiseido International Europe S.A.]
Stakeholders	Shiseido International Europe S.A.: 51% Creation Alexandre Miya Paris Limited: 49%
Establishment	By the end of 2013
Location	Dubai, the United Arab Emirates
Capital	3.5 million US dollars (approximately 350 million yen)

Outline of Stakeholders

Company Name	Shiseido International Europe S.A. (A wholly owned subsidiary of Shiseido Co., Ltd.)	Creation Alexandre Miya Paris Limited
Representative Director	Atsushi Sato	Serge Kotovsky
Location	Paris, French Republic	Officially headquartered in the Republic of Cyprus, but substantially based in Dubai, UAE
Investment Ratio	51%	49%

SHISEIDO

SHISEIDO Counters in Middle East



Global brand SHISEIDO display rack (Dubai, UAE)



A Beauty Consultant at SHISEIDO counter (Kuwait)

The effect of establishment of Shiseido Middle East FZCO on our consolidated earnings for the fiscal year ending March 31, 2014 is expected to be minor.

We expect this will contribute to the future expansion of our businesses in the Middle East market.

-End of News Release-