

FY2016 First Half Results

August 9, 2016

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Shiseido Company., Limited.



SHISEIDO

FY2016 1H Results: Executive Summary

- **Back on growth track, with zero growth behind us**
- **Sustained growth in Japan, recovery in China, sales growth in Travel Retail**
- **Higher sales in all businesses and regions (excluding extraordinary items)**
- **Higher profit in all regions except EMEA**
- **Net sales: ¥412.3 billion (record high for 1H)**
 - **+5.5% YoY excl. foreign currency exchange, +0.4% YoY**
- **Operating income: ¥19.9 billion, +32.1% YoY**
- **Net income: ¥24.5 billion, +351.8% YoY (record high level for 1H)**

Summary of FY2016 1H Results

(Billion yen)	FY2016		FY2015 (Adjusted)		YoY Change*	YoY Change %	YoY Change in Local Currency	Difference from May 2016 Announcement
		% of Net Sales		% of Net Sales				
Net Sales	412.3	100%	410.6	100%	+1.7	+0.4%	+5.5%	-7.7
Operating Income	19.9	4.8%	15.1	3.7%	+4.8	+32.1%	+38.7%	+3.9
Ordinary Income	18.3	4.4%	15.5	3.8%	+2.8	+18.4%		+2.3
Extraordinary Income/Loss (net)	16.7	4.1%	5.2	1.3%	+11.5	+222.2%		-0.8
Net Income Attributable to Owners of Parent	24.5	5.9%	5.4	1.3%	+19.1	+351.8%		+1.0
EBITDA	54.5	13.2%	38.1	9.3%	+16.4	+42.9%		

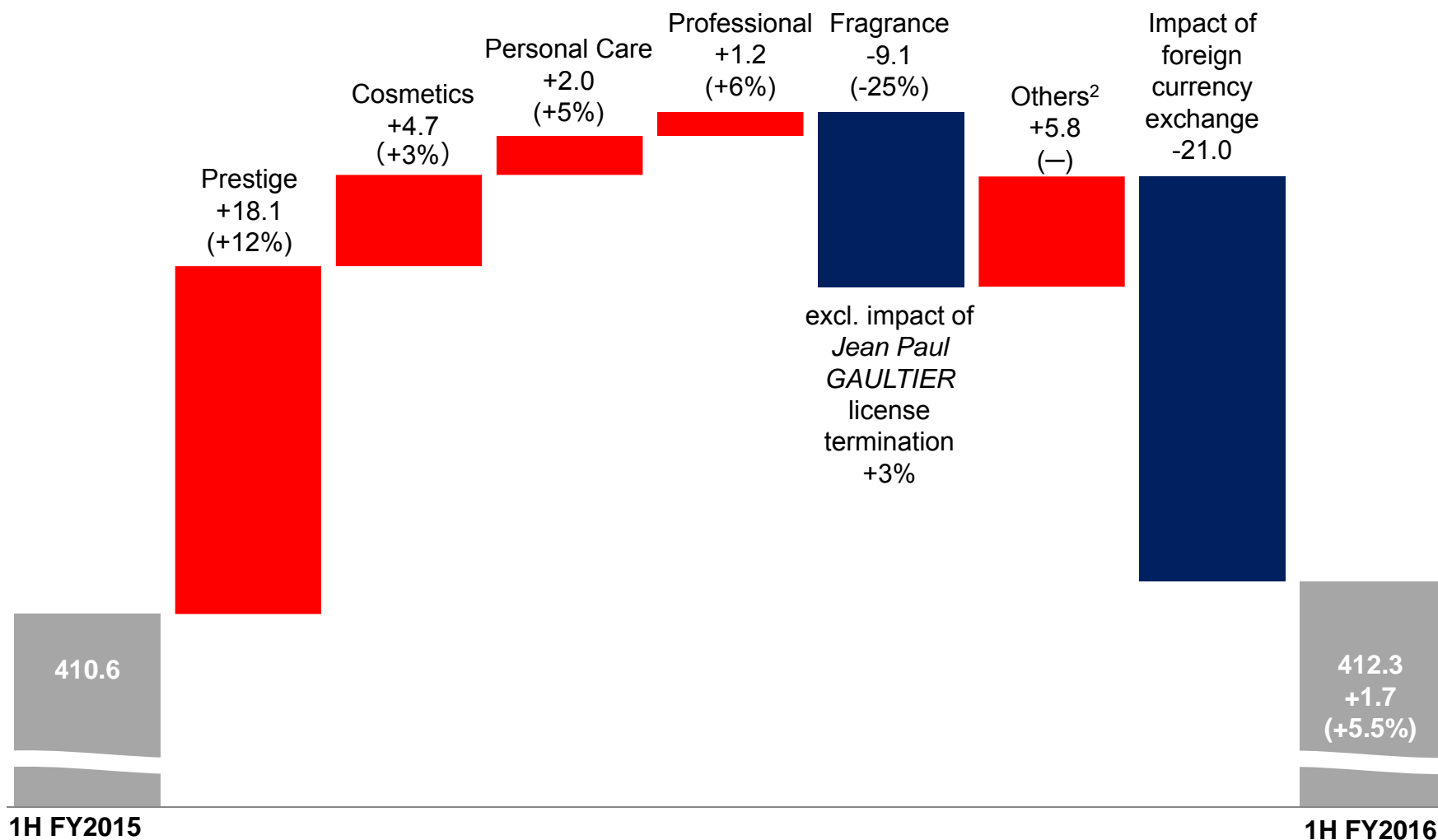
Exchange rates: USD 1 = JPY 111.9 (-7.0%), EUR 1 = JPY 124.7 (-7.1%), CNY 1 = JPY 17.1 (-11.6%)

*Effective from FY2016, the “+” and “-” symbols are used to indicate increase and decrease in amount, respectively.

Higher Sales in All Businesses Except Fragrance

Change in Net Sales by Business

Top: YoY change (Billion yen)
Bottom: (YoY change in local currency)



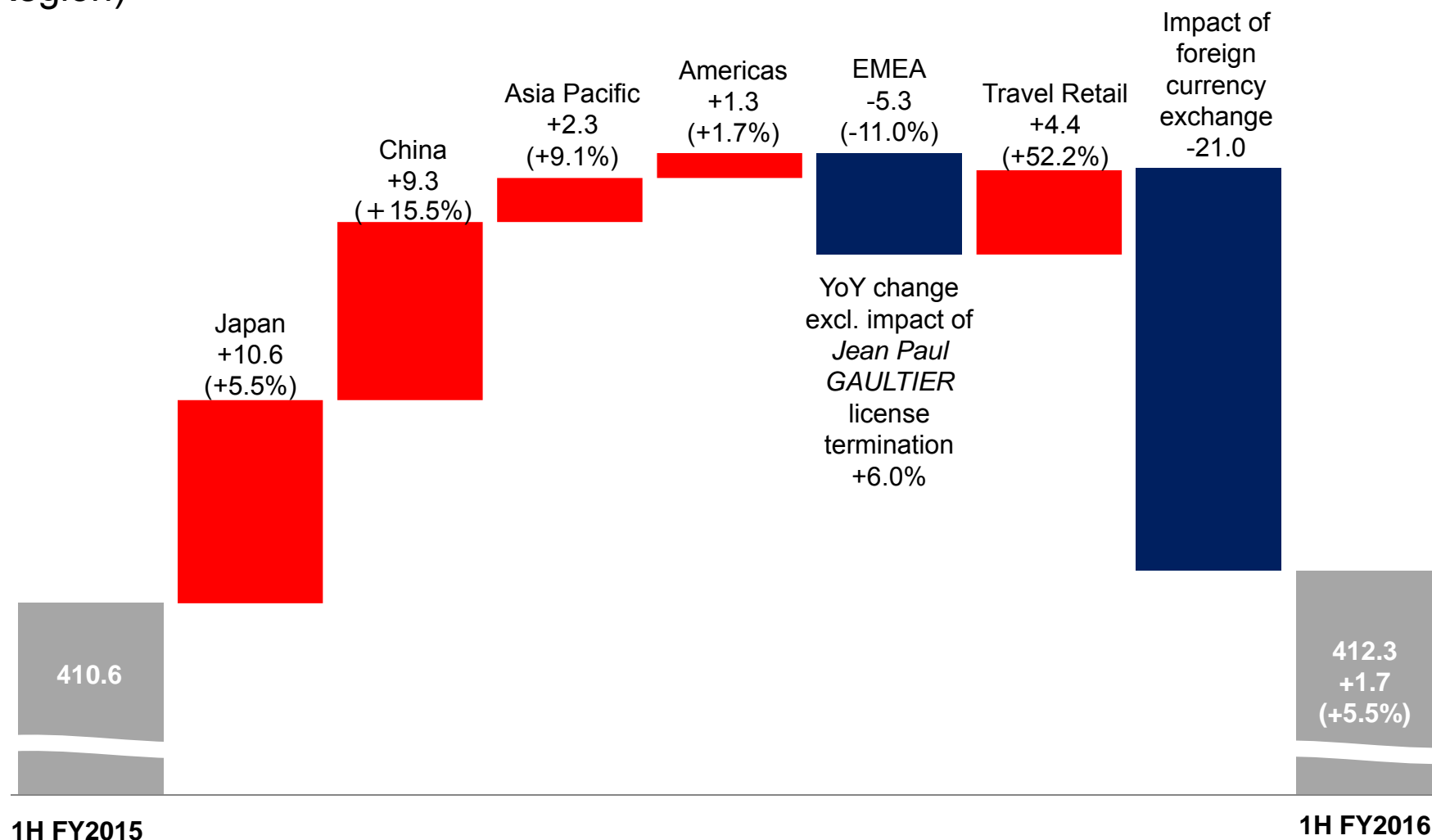
1. Year-on-year change and year-on-year change in local currency for each business were calculated based on the exchange rates assumed at the beginning of the fiscal year.

2. "Others" include THE GINZA, Frontier Science Business, Shiseido Parlour and changes caused by the difference between assumed rates and actual rates.

Higher Sales in All Regions Except EMEA

Change in Net Sales by Reportable Segment (Region)

Top: YoY change (Billion yen)
Bottom: (YoY change in local currency)*

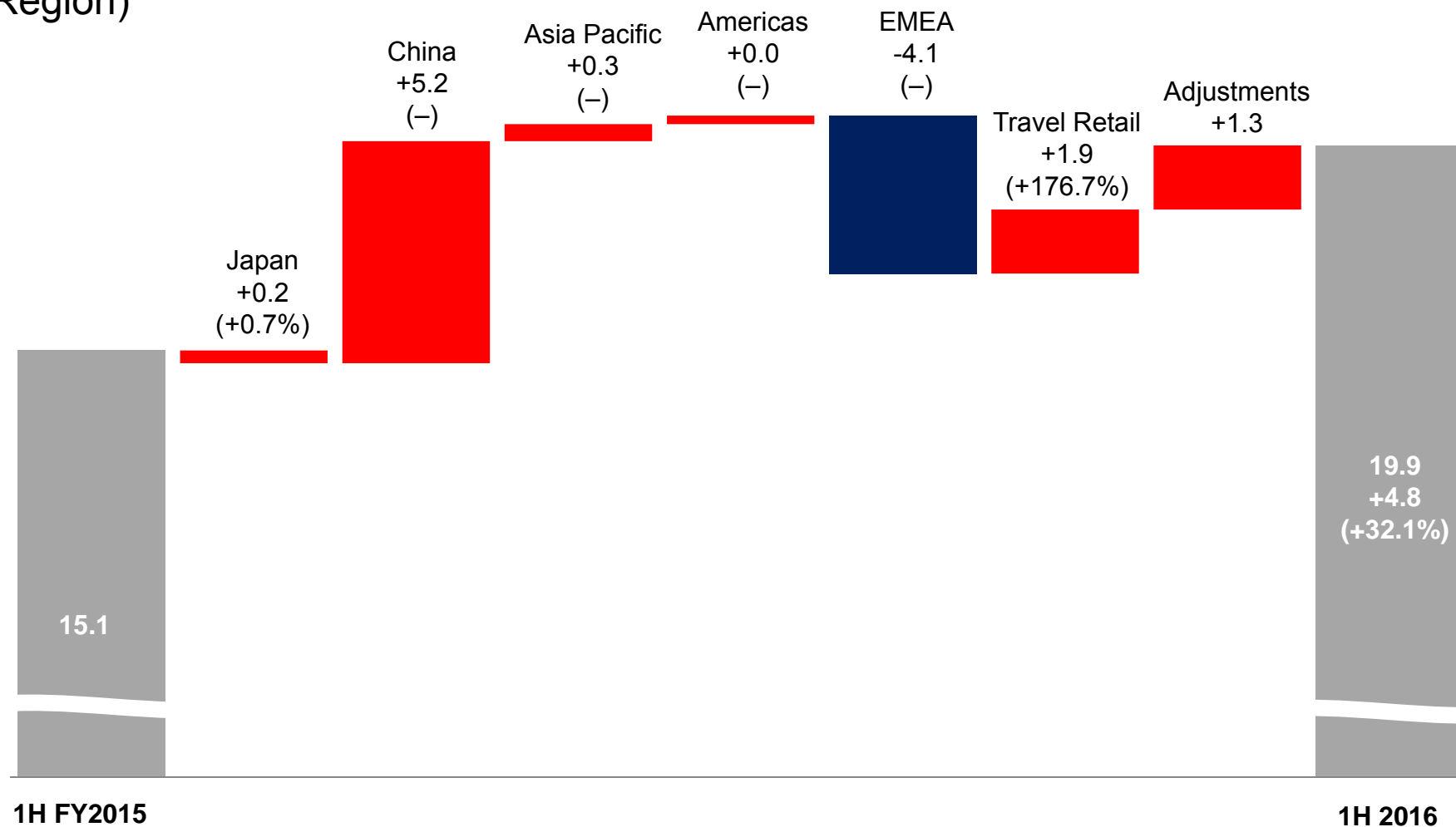


* Year-on-year change and year-on-year change in local currency for each business were calculated based on the actual exchange rates.

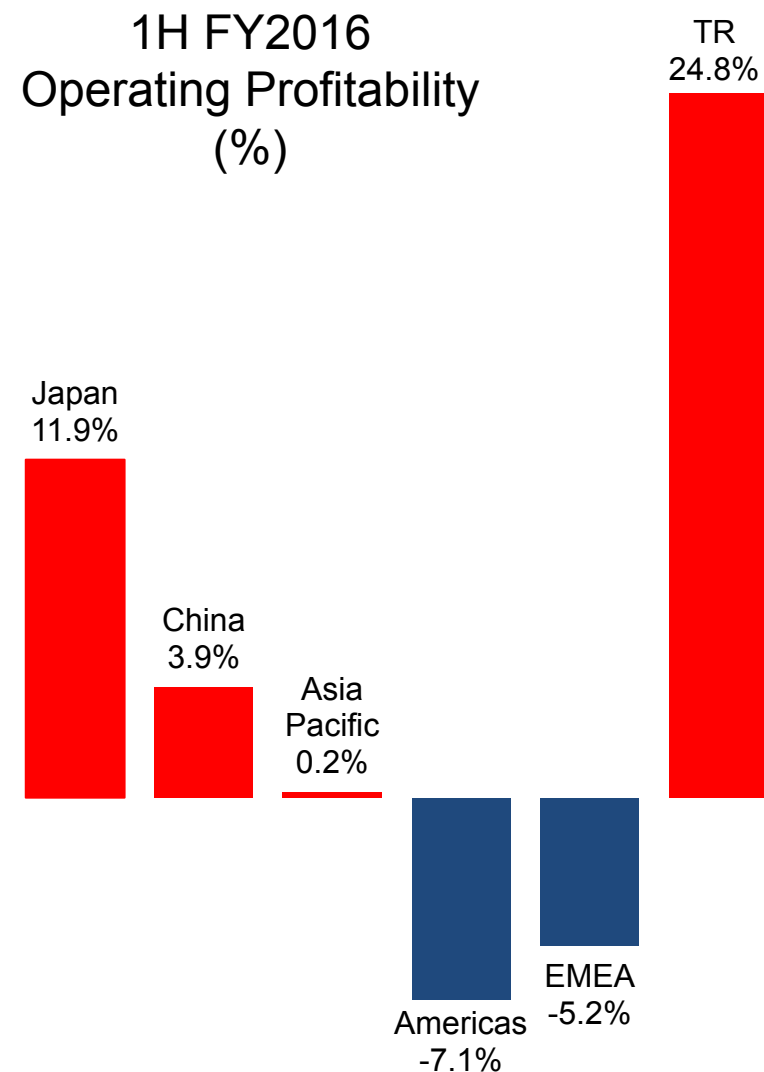
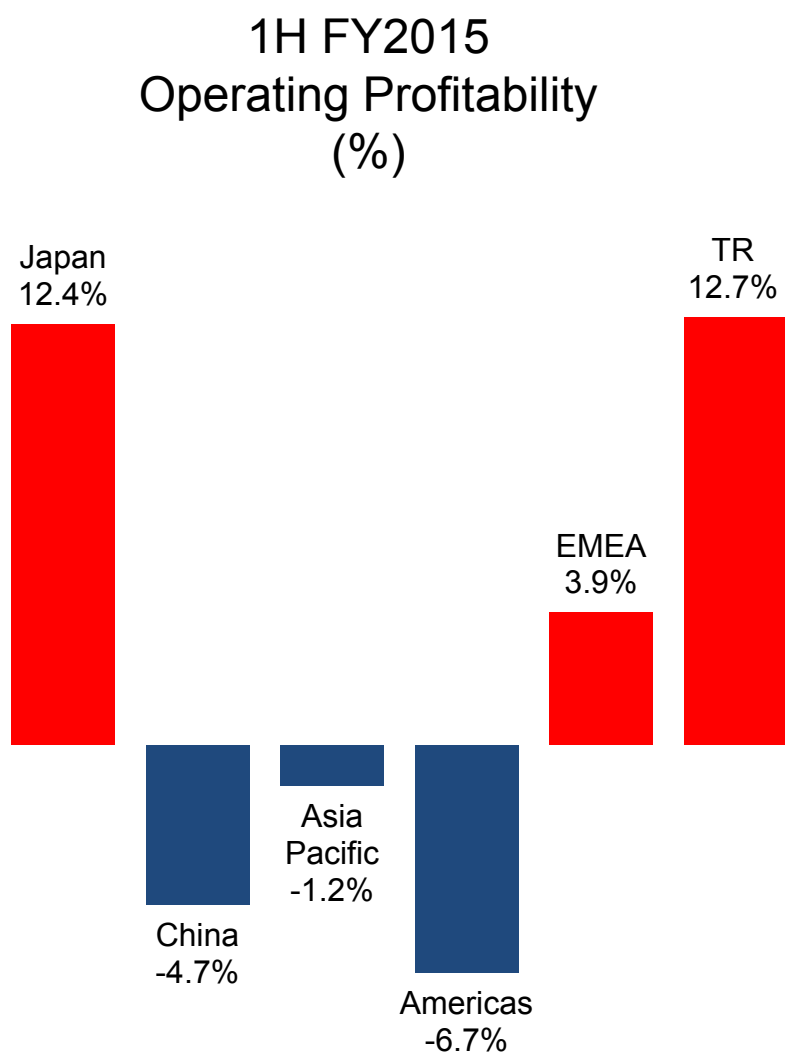
China and Travel Retail Drove Earnings Growth

Change in Operating Income by Reportable Segment
(Region)

Top: YoY change (Billion yen)
Bottom: (YoY change)

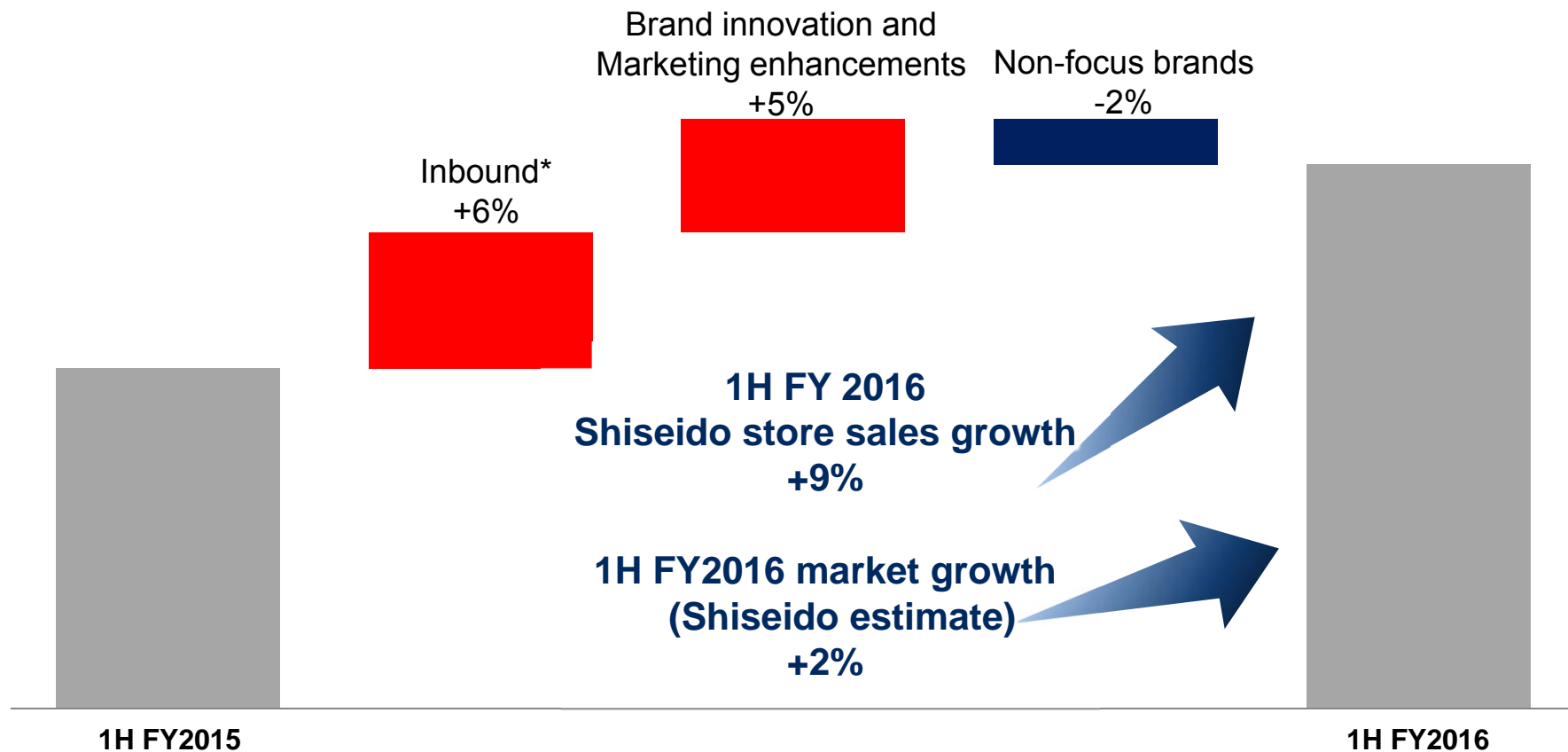


Managing Performance in New Segments to Manage Profitability



Japan: Inbound Demand and Brand Innovation Supported Growth

Factors supporting growth in Shiseido store sales



*Subject businesses are Prestige, Cosmetics Specialty Stores and Cosmetics of the Japan Business (excluding impact of the transfer of three brands to Personal Care)

Japan

(Billion yen)	FY2016		FY2015 (Adjusted)		YoY Change	YoY Change %
		% of Net Sales		% of Net Sales		
Prestige ¹	26.2	6.4%	21.8	5.3%	+4.4	+20.2%
Cosmetics Specialty Stores	32.1	7.8%	28.5	6.9%	+3.7	+12.9%
Cosmetics ²	86.7	21.0%	84.6	20.6%	+2.1	+2.4%
Personal Care ²	29.6	7.2%	30.9	7.5%	-1.3	-4.1%
Others ⁴	28.3	6.8%	26.6	6.5%	+1.7	+6.5%
Japan	202.9	49.2%	192.3	46.8%	+10.6	+5.5%
(Billion yen)	FY2016		FY2015 (Adjusted)		YoY Change	
Operating Income	26.7		26.5		+0.2	+0.7%
Operating Profitability	11.9%		12.4%		-0.5 pt.	
Income before amortization of goodwill, etc.	26.9		26.6		+0.3	+1.1%
Operating Profitability	12.0%		12.4%		-0.4 pt.	

1. Prestige business is divided into “Prestige” and “Cosmetics Specialty Stores” in line with the management system of Japan.
2. Three brands *Ag+* (renamed *AgDEO24* after the renewal), *uno* and *MA CHÉRIE*, were transferred from Cosmetics to Personal Care in 1Q 2016. Results for the previous fiscal year have been adjusted based on the post-transfer classification.
3. Results for “Digital” are combined with the results of each business in line with the internal management system. Year-on-year change for Digital is +21%.
4. “Others” include THE GINZA, Shiseido Professional, Frontier Science Business, and Shiseido Parlour.
5. % of Net Sales indicates ratio to consolidated net sales.
6. Operating profitability is calculated using net sales including intersegment transactions.

China

(Billion yen)	FY2016		FY2015 (Adjusted)		YoY Change	YoY Change %	YoY Change in Local Currency
		% of Net Sales		% of Net Sales			
China	61.5	14.9%	59.7	14.5%	+1.8	+3.1%	+15.5%

(Billion yen)	FY2016		FY2015 (Adjusted)		YoY Change	YoY Change %
Operating Income		2.4		-2.8	+5.2	—
Operating Profitability		3.9%		-4.7%	+8.6 pt.	
Income before amortization of goodwill, etc.		2.6		-2.6	+5.2	—
Operating Profitability		4.3%		-4.3%	+8.6 pt.	

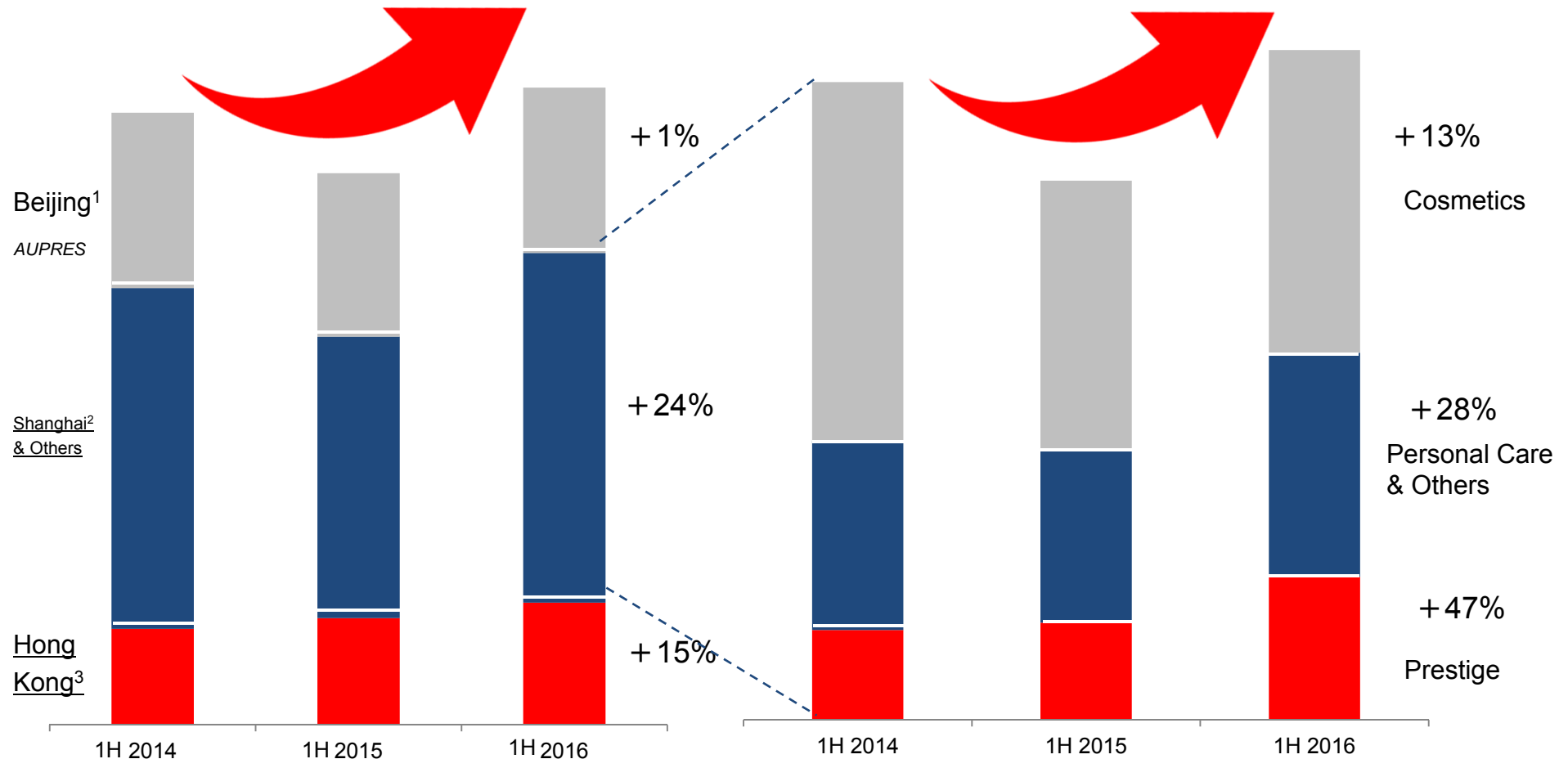
1. % of Net Sales indicates ratio to consolidated net sales.

2. Operating profitability is calculated using net sales including intersegment transactions.

China and Hong Kong: Prestige and E-Commerce Remain Strong, Cosmetics Recovering

Sales in China by Company
(Local currency basis)

Sales in Shanghai at Shiseido China Co., Ltd. and Others
(Local currency basis)



1. Shiseido Liyuan Cosmetics Co., Ltd.

2. Shiseido China Co., Ltd.

3. Shiseido Hong Kong Cosmetics Ltd.

Asia Pacific

(Billion yen)	FY2016		FY2015 (Adjusted)		YoY Change	YoY Change %	YoY Change in Local Currency
		% of Net Sales		% of Net Sales			
Asia Pacific	24.5	5.9%	25.6	6.2%	-1.2	-4.5%	+9.1%

(Billion yen)		FY2016	FY2015 (Adjusted)	YoY Change	YoY Change %
Operating Income		0.0	-0.3	+0.3	—
	Operating Profitability	0.2%	-1.2%	+1.4 pt.	
Income before amortization of goodwill, etc.		0.1	-0.3	+0.3	—
	Operating Profitability	0.3%	-1.0%	+1.3 pt.	

1. % of Net Sales indicates ratio to consolidated net sales.
2. Operating profitability is calculated using net sales including intersegment transactions.

Americas

(Billion yen)	FY2016		FY2015 (Adjusted)		YoY Change	YoY Change %	YoY Change in Local Currency
		% of Net Sales		% of Net Sales			
Americas	72.4	17.6%	76.8	18.8%	-4.4	-5.8%	+1.7%

(Billion yen)		FY2016	FY2015 (Adjusted)	YoY Change	YoY Change %
Operating Income		-5.5	-5.5	+0.0	—
	Operating Profitability	-7.1%	-6.7%	-0.4 pt.	
Income before amortization of goodwill, etc.		-1.2	-0.9	-0.3	—
	Operating Profitability	-1.5%	-1.1%	-0.4 pt.	

1. % of Net Sales indicates ratio to consolidated net sales.
2. Operating profitability is calculated using net sales including intersegment transactions.

EMEA (Europe, Middle East and Africa)

(Billion yen)	FY2016		FY2015 (Adjusted)		YoY Change	YoY Change %	YoY Change in Local Currency
		% of Net Sales		% of Net Sales			
EMEA	39.0	9.5%	47.7	11.6%	-8.7	-18.2%	-11.0%

***Year-on-year percentage change is +6% excluding the effect of the termination of the license agreement for *Jean Paul GAULTIER*.**

(Billion yen)	FY2016		FY2015 (Adjusted)		YoY Change	YoY Change %
Operating Income		-2.1		2.0	-4.1	—
Operating Profitability		-5.2%		3.9%	-9.1 pt.	
Income before amortization of goodwill, etc.		-2.1		2.0	-4.1	—
Operating Profitability		-5.2%		3.9%	-9.1 pt.	

1. % of Net Sales indicates ratio to consolidated net sales.

2. Operating profitability is calculated using net sales including intersegment transactions.

Travel Retail

(Billion yen)	FY2016		FY2015 (Adjusted)		YoY Change	YoY Change %	YoY Change in Local Currency
		% of Net Sales		% of Net Sales			
Travel Retail	12.0	2.9%	8.5	2.1%	+3.5	+41.5%	+52.2%

(Billion yen)	FY2016		FY2015 (Adjusted)		YoY Change	YoY Change %
Operating Income		3.0		1.1	+1.9	+176.7%
Operating Profitability		24.8%		12.7%	+12.3 pt.	
Income before amortization of goodwill, etc.		3.0		1.1	+1.9	+176.7%
Operating Profitability		24.8%		12.7%	+12.3 pt.	

1. % of Net Sales indicates ratio to consolidated net sales.

2. Operating profitability is calculated using net sales including intersegment transactions.

1H 2016 SG&A

(Billion yen)	FY2016			YoY Change %	YoY Change	Change Excluding Impact of Foreign Currency Exchange
		% of Net Sales	YoY Change %			
Cost of Sales	98.6	23.9%	-0.6%	-1.9%	-1.9	—
SG&A	293.7	71.3%	-0.5%	-0.4%	-1.3	+11.5
Marketing Costs	151.1	36.7%	-0.8%	-1.9%	-2.9	+4.2
Brand Development Cost and R&D Expenses	17.4	4.2%	+0.3%	+9.5%	+1.5	+1.7
Personnel Expenses	56.1	13.6%	-0.2%	-1.2%	-0.7	+1.9
Other Expenses	69.2	16.8%	+0.2%	+1.2%	+0.8	+3.8

1. In FY2016, the personnel expenses for BCs were reclassified from Personnel Expenses to Marketing Costs.
2. The “+” and “-” symbols are used to indicate increase and decrease in amount, respectively.

Other Income and Expenses and Extraordinary Income and Losses

Other Income and Expenses			Extraordinary Income and Losses		
	FY2016	FY2015 (Adjusted)		FY2016	FY2015 (Adjusted)
(Billion yen)			(Billion yen)		
Interest Income	0.4	0.6	Gain on Transfer of Business	9.1	—
Interest Expense	-0.4	-0.5	Gain /Loss on Sales or Disposal of Property, Plant and Equipment	8.6	2.7
Net Interest Income and Expense	0.0	0.2	Gain /Loss on Sales of Investments in Securities and Loss on Revaluation of Investments in Securities	-0.0	2.6
Foreign Exchange Gain/Loss	-1.9	-0.2	Structural Reform Expense	-0.8	-0.0
Other	0.2	0.5	Impairment Loss	-0.2	-0.0
Total	-1.6	0.4	Total	16.7	5.2

- Gain on Transfer of Business: Transfer of intellectual property rights associated with the *Jean Paul GAULTIER* brand in 2016
- Structural Reform Expenses: Early retirement bonus, etc.

Net Income Attributable to Owners of Parent and Comprehensive Income

(Billion yen)		FY2016	FY2015 (Adjusted)
	Net Income before Income Taxes	35.1	20.7
	Income Taxes (Tax Rate)	9.7 (27.7%)	14.3 (69.0%)
	Net Income Attributable to Non-Controlling Interests	0.9	1.0
Net Income Attributable to Owners of Parent		24.5	5.4

	FY2016	FY2015
Comprehensive Income	-27.3	-9.3

Consolidated Balance Sheets

(Billion yen)	June 30, 2016	Change from Dec. 31, 2015	Excl. Foreign Currency Exchange	Foreign Currency Exchange
Total Current Assets	402.0	-8.7	+30.8	-39.4
Cash, Time Deposits and Short-term Investments in Securities	142.7	+18.3	+33.2	-14.9
Notes & Accounts Receivable	104.4	-22.8	-12.6	-10.2
Inventories	105.2	-0.8	+9.7	-10.5
Total Fixed Assets	363.6	-34.3	-2.5	-31.8
Property, Plant and Equipment	135.0	+0.8	+8.4	-7.6
Intangible Assets	135.5	-25.9	-5.2	-20.7
Investments and Other Assets	93.0	-9.2	-5.7	-3.5
Total Assets	765.6	-43.0	+28.2	-71.2

(Billion yen)	June 30, 2016	Change from Dec. 31, 2015	Excl. Foreign Currency Exchange	Foreign Currency Exchange
Total Liabilities	384.5	-10.7	+8.4	-19.1
Notes & Accounts Payable and Other Payables	96.9	-2.5	+1.3	-3.9
Interest-Bearing Debt	100.4	+13.8	+15.6	-1.8
Liability for Retirement Benefits	80.1	-3.6	-3.1	-0.5
Total Net Assets	381.1	-32.2	+19.9	-52.1
Shareholders' Equity	387.8	+20.8	—	—
Accumulated Other Comprehensive Income	-25.1	-49.8	—	—
Non-Controlling Interests	17.6	-3.2	—	—
Total Liabilities and Net Assets	765.6	-43.0	+28.2	-71.2

Exchange Rates

Jun. 30, 2016: USD 1 = JPY 103.0; EUR 1 = JPY 114.4; CNY 1 = JPY 15.5

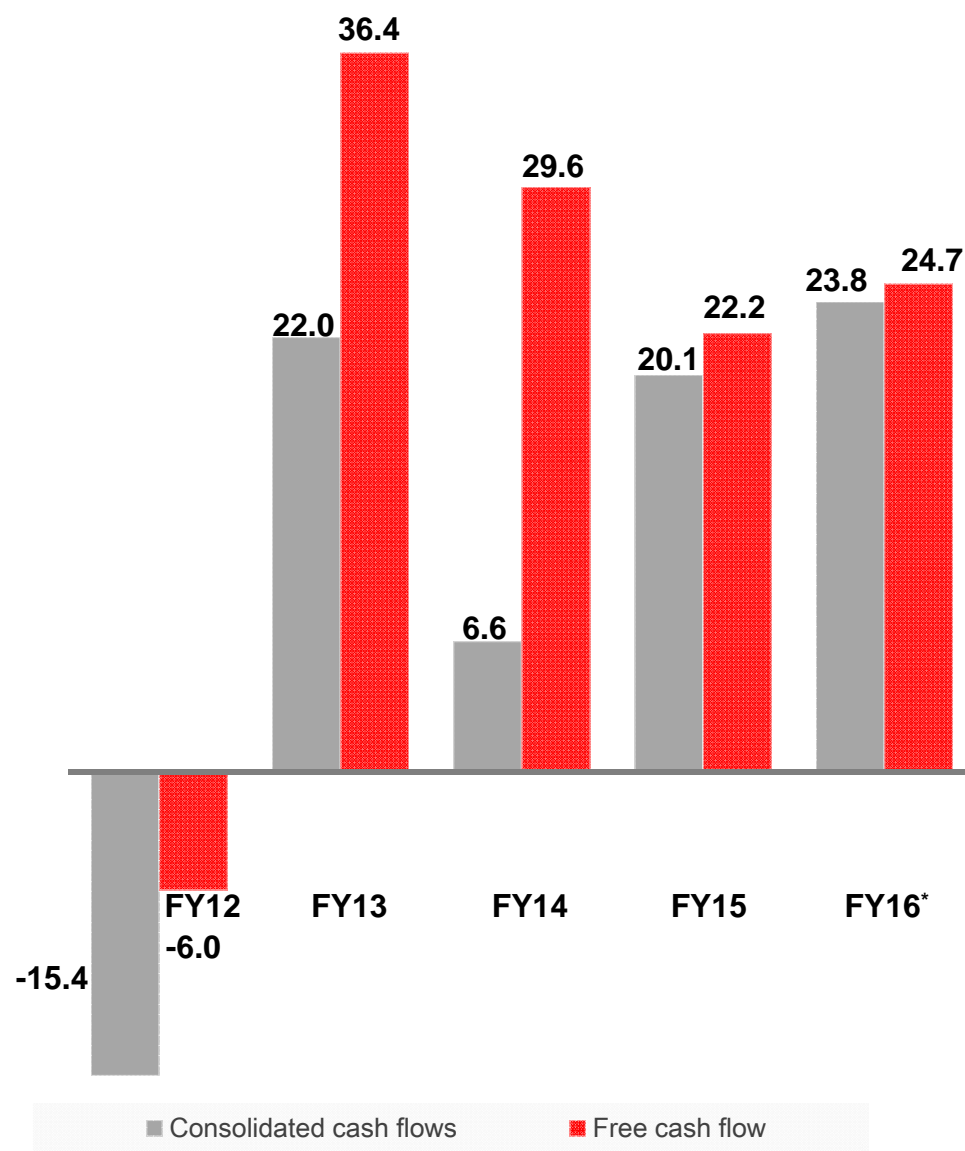
Dec. 31, 2015: USD 1 = JPY 120.5; EUR 1 = JPY 131.7; CNY 1 = JPY 18.3

Equity Ratio: 47.4.%

Interest-Bearing Debt Ratio: 20.9%

*Main line items only

Statements of Cash Flows



Cash Flows from Operating Activities 25.7 billion

Cash Flows from Investing Activities -1.0 billion

Free Cash Flows 24.7 billion

Cash Flows from Financing Activities 7.5 billion

Effect of Exchange Rate Changes on Cash and Cash -8.5 billion

Consolidated Cash Flows 23.8 billion

*FY2016 – Domestic: Jan.-Jun.; Overseas: Jan.-Jun.

FY2012-FY2015 – Domestic: Apr.-Sep.; Overseas: Jan.-Jun.

Ensuring Strong Growth with a Long-Term Perspective

Aggressive Investment to Acquire Brands

August 9, 2016

Masahiko Uotani

President and Group CEO

SHISEIDO



VISION 2020: Roadmap and Current Status



Realistic Forecast of Foreign Currency Exchange Impact

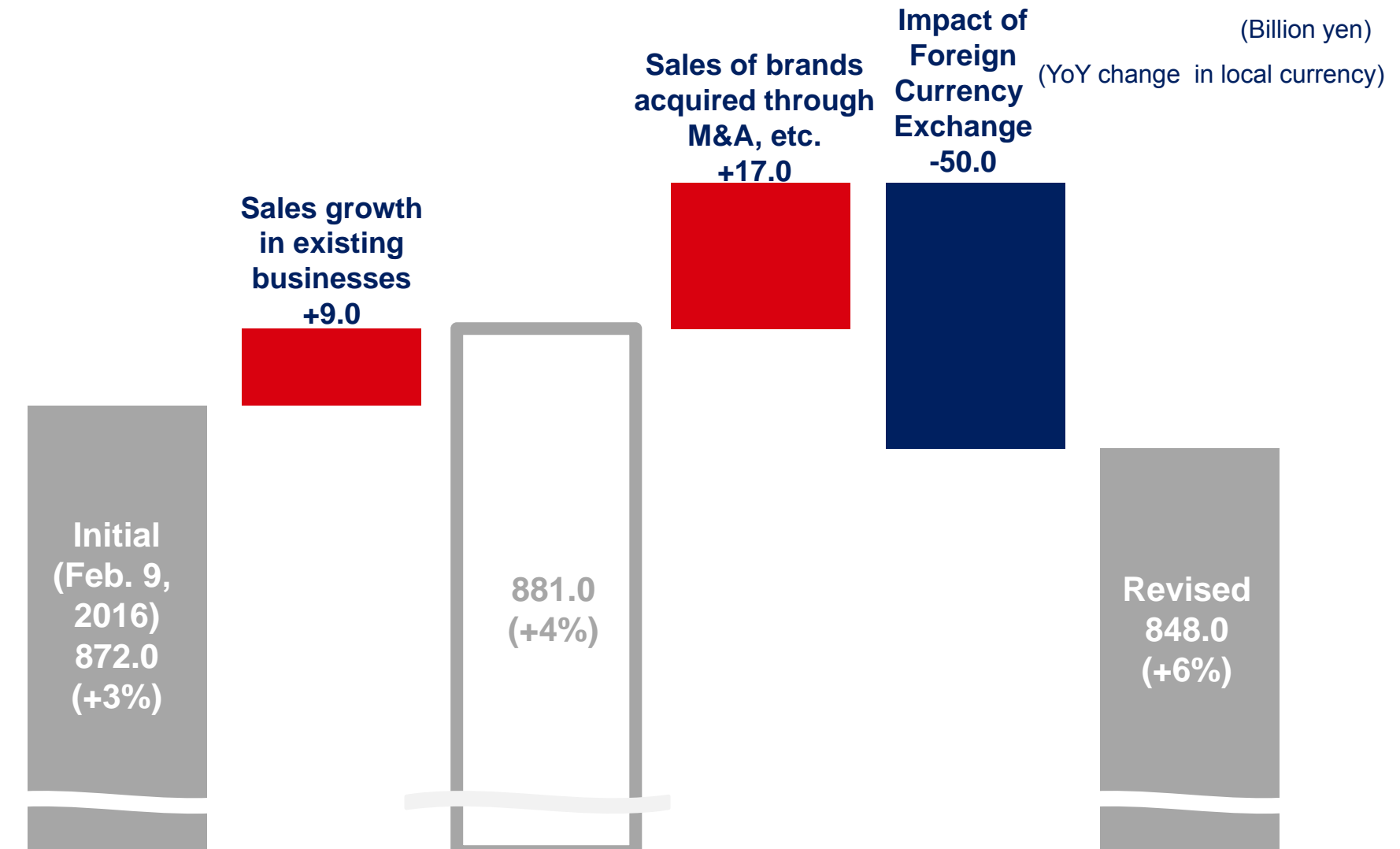
USD Exchange Rate

	JPY/USD
FY2015 Actual (average market rate)	121.05
FY 2016 Plan (planned rate at start of fiscal year)	119.00
1Q FY2016 Actual (average market rate Jan-Mar 2016)	115.45
2Q FY2016 Actual (average market rate Jan-Jun 2016)	111.85

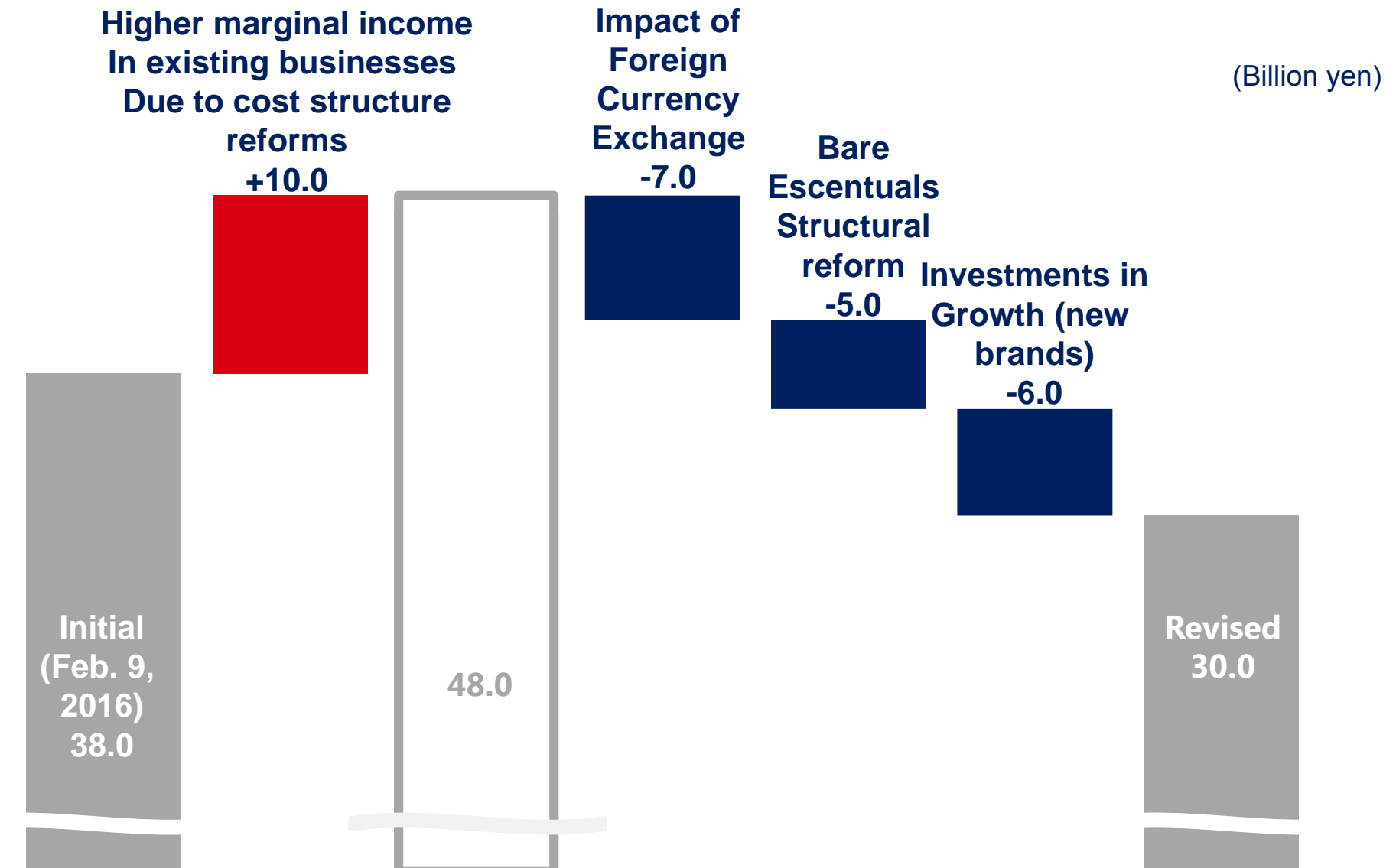
2H FY2016 Forecast Rate	102.00
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Forecast Impact on FY2016 Results	Average rate for the year 106.90	Impact vs. Initial Plan (Billion yen)	
		Net Sales -50.0	Operating Income -7.0

FY2016: Full-Year Forecast for Net Sales



FY2016: Full-Year Forecast for Operating Income



FY2016: Full-Year Forecast

(Billion yen)	FY2016			May Announ- cement	Difference from the Previous Forecast		Initial Forecast	Difference from the Initial Forecast
		YoY Change after Adjustment		YoY Change in Local Currency after Adjustment	Yen	Excl. Impact of Foreign Currency Exchange		
			Foreign Currency Exchange					
Net Sales	848.0	-1.8%	+6%	+4%	-24.0	+10.0	872.0	-24.0
Operating Income	30.0	-32.3%			-8.0		38.0	-8.0
Ordinary Income	29.0	-34.5%			-9.0		38.0	-9.0
Extraordinary Income (Expenses)	14.5	+64.1%			-1.0		6.0	+8.5
Net Income Attributable to Owners of Parent	30.0	+1.8%			-4.5		28.0	+2.0

Expected ROE: 7.5%

Exchange Rates: FY2016 Full year USD 1 = JPY 106.9 (-12%), EUR 1 = JPY 118.8 (-12%), CNY 1 = JPY 16.1 (-16%)
FY2016 2H USD 1 = JPY 102 (-16%), EUR 1 = JPY 113 (-16%), CNY 1 = JPY 15.2 (-20%)

Dividend: Interim ¥10, Year-end ¥ 10 (planned)

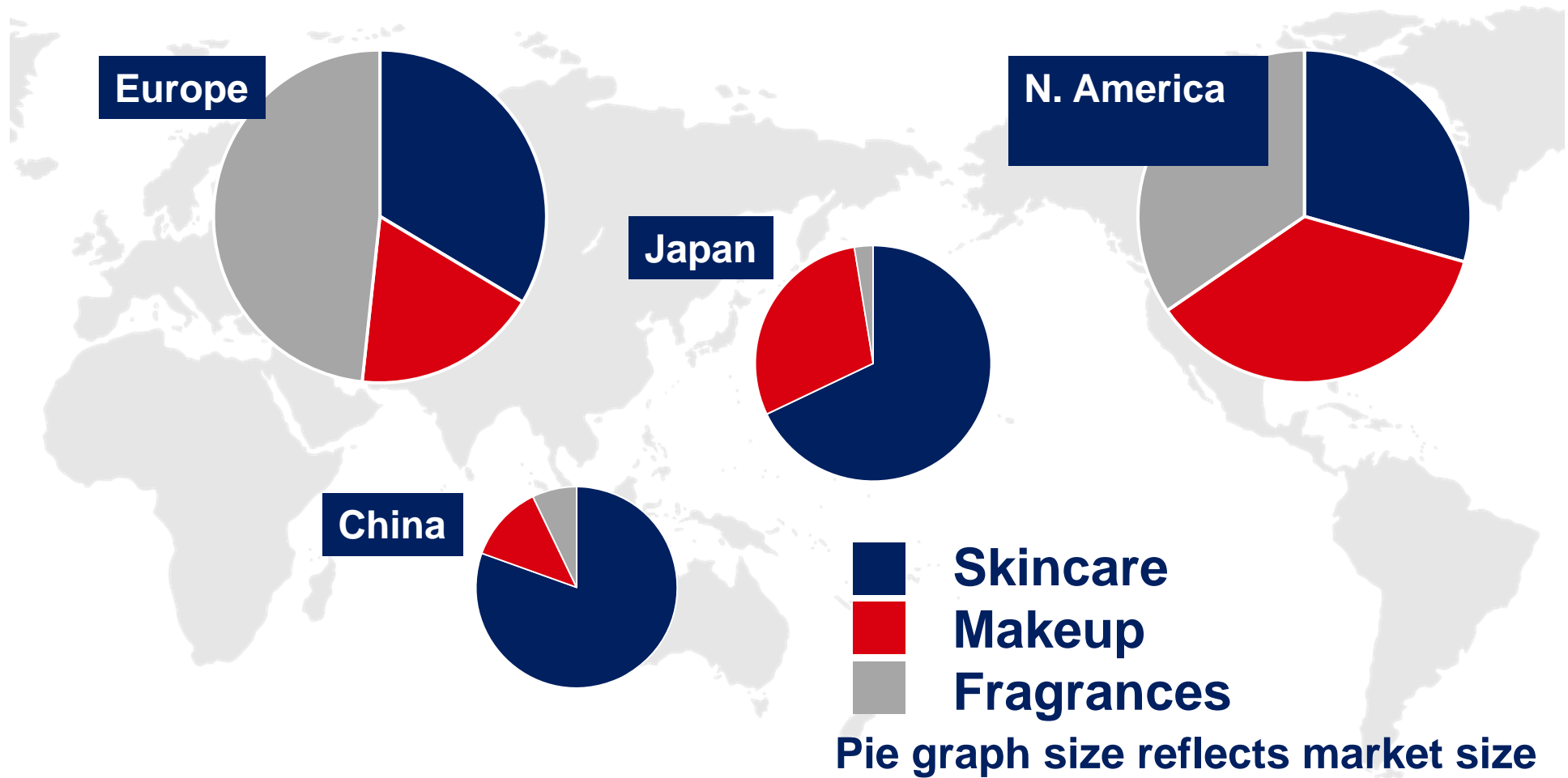
Accelerate Growth over the Next Three Years

Acquire and Nurture New Brands

**Steadily Rebuild and Grow Existing
Businesses**

A Winner Worldwide

2015 Premium Cosmetics Market (Skincare, makeup and fragrances)



Source : Premium Beauty and Personal Care: Euromonitor from trade sources/national statistics,
(Premium Skin Care, Premium Color Cosmetics, Premium Fragrances)

Enhance Our Brand Portfolio through M&A

July 2016

Acquired the *Laura Mercier* and *RéVive* brands and integrated the businesses

October 2016

Scheduled to begin business as licensee of *DOLCE&GABBANA*



Enhance the Brand Portfolio

- Prestige Makeup Brands

SHISEIDO
GINZA TOKYO

clé de peau
BEAUTÉ

NARS

bareMinerals
BE ORIGINAL. BE NATURAL. BE GOOD.

BUXOM

laura mercier

DOLCE & GABBANA

- Fragrance Brands



An Artist Brand That Expresses French Elegance

laura mercier

- French makeup artist Laura Mercier launched the brand in 1996 in the United States
- Sophisticated prestige makeup brand that expresses French elegance
- Sales channels include cosmetics specialty stores, high-end department stores and boutiques
- Sold in 34 countries
- FY2015 sales of USD 175 million (including *RéVive*)
- Double-digit growth exceeding market in 1H 2016 (U.S.)



Increase Share of Beauty Market

U.S. Beauty Market Sales Ranking

1. ESTÉE LAUDER COMPANIES

2. L'ORÉAL

3. LVMH

4. SHISEIDO GROUP

5. CHANEL

— Laura Mercier



Brand Embodying Italian Tradition and Mediterranean Culture

DOLCE & GABBANA

- **Domenico Dolce and Stefano Gabbana founded the brand in Milan, Italy in 1985**
- **Stylish luxury fashion brand with unique designs**
- **A leading brand in the global fashion and beauty industry**



A Modern Classic Collection Filled with the Allure of *DOLCE&GABBANA*

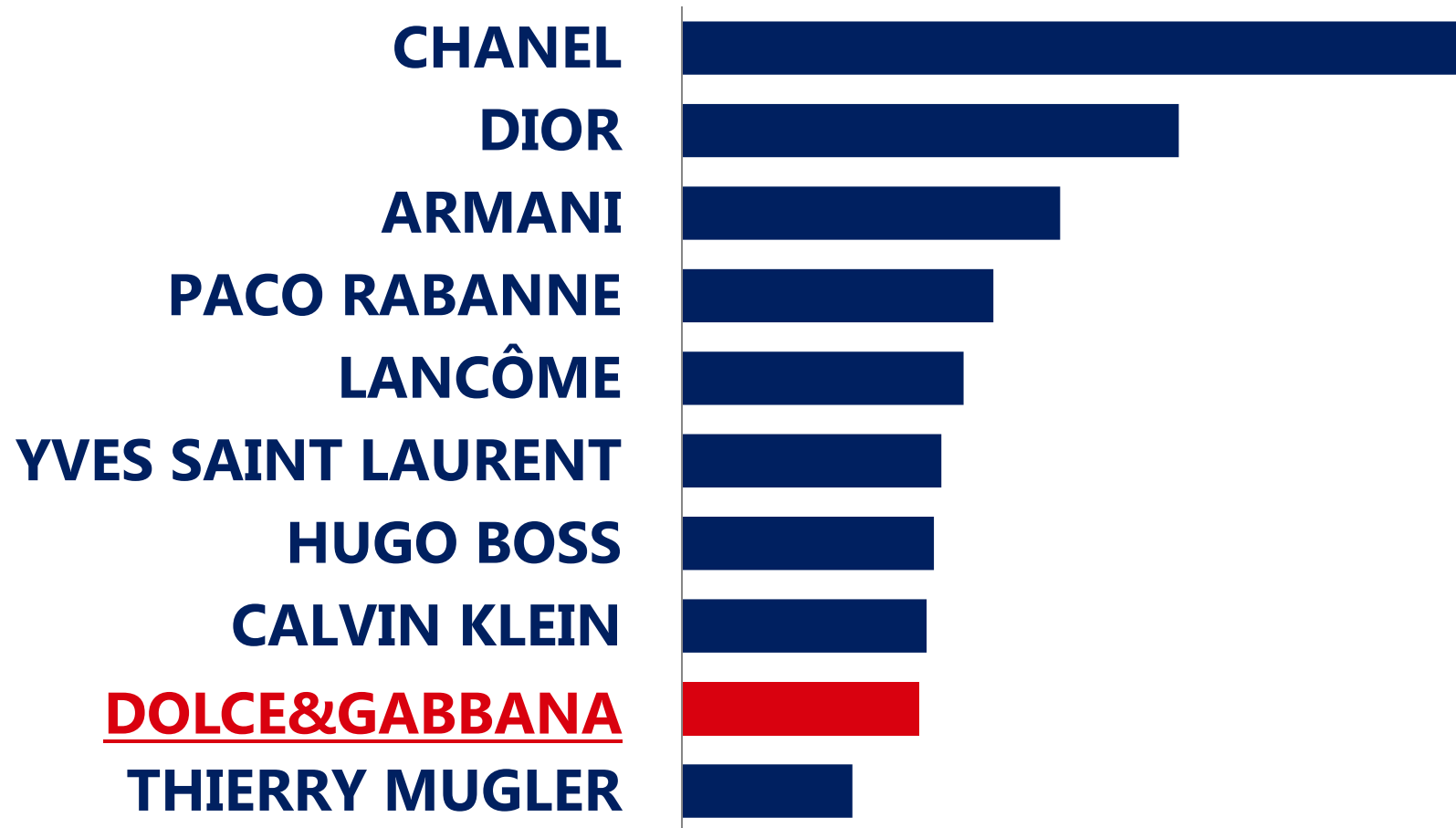
DOLCE & GABBANA BEAUTY

- FY2015 cosmetics business sales of about EUR 400 million
- Prestige fragrance, makeup and skincare, centered on fragrance (price range: EUR 50 – 280)
- Sold worldwide, mainly in Europe and the Americas
- Sold at tens of thousands of stores worldwide, including department stores and perfumeries



Brands with Strong Presence in Fragrance Market

Fragrance Market Share Top 10



Become a Top-Ranking Fragrance Company

Fragrance Market Sales Ranked by Company (Estimates based on 2015 results)

COTY

L'ORÉAL

LVMH

CHANEL

PUIG

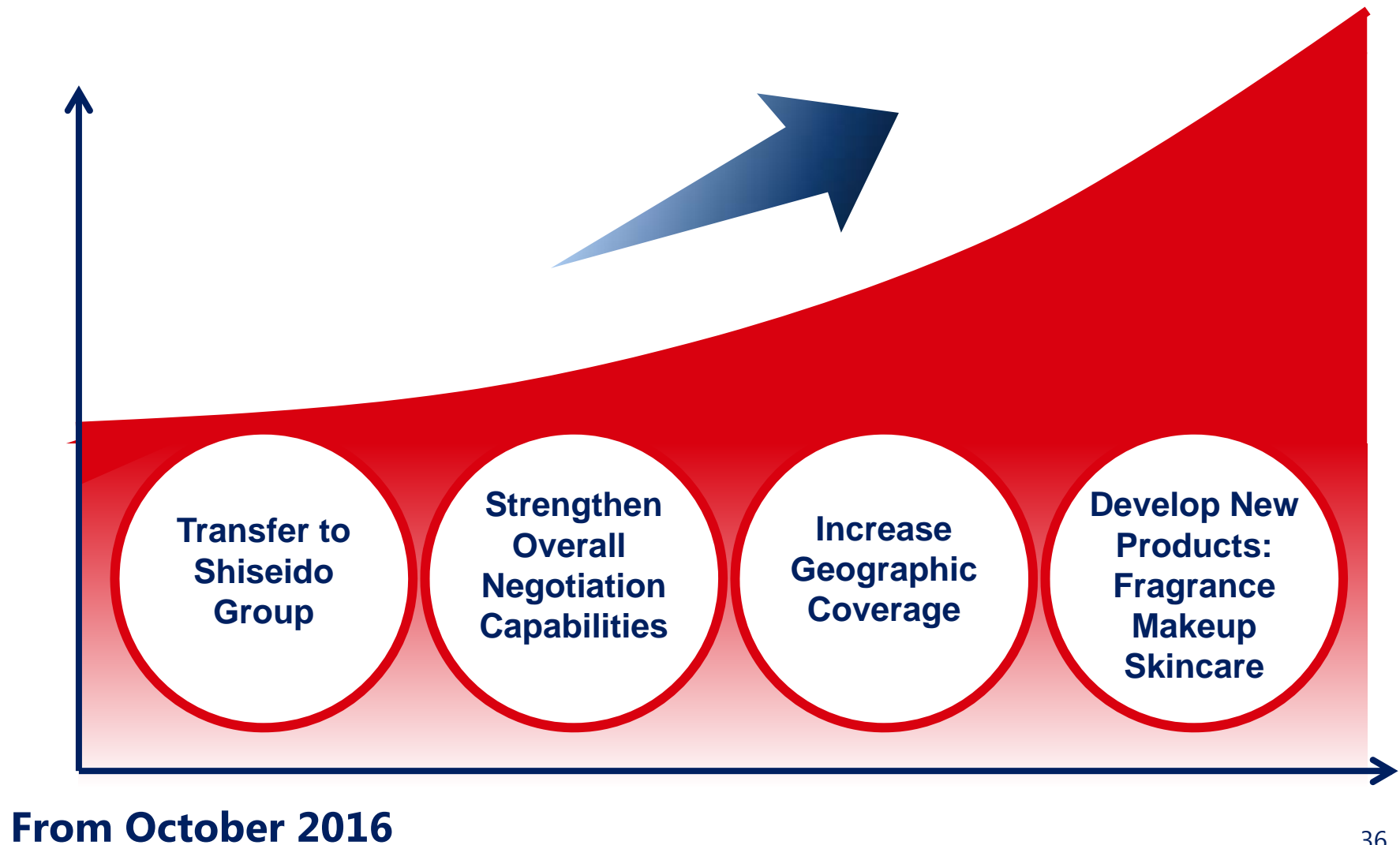
ESTÉE LAUDER COMPANIES

SHISEIDO GROUP (incl. *DOLCE&GABBANA* sales)

CLARINS

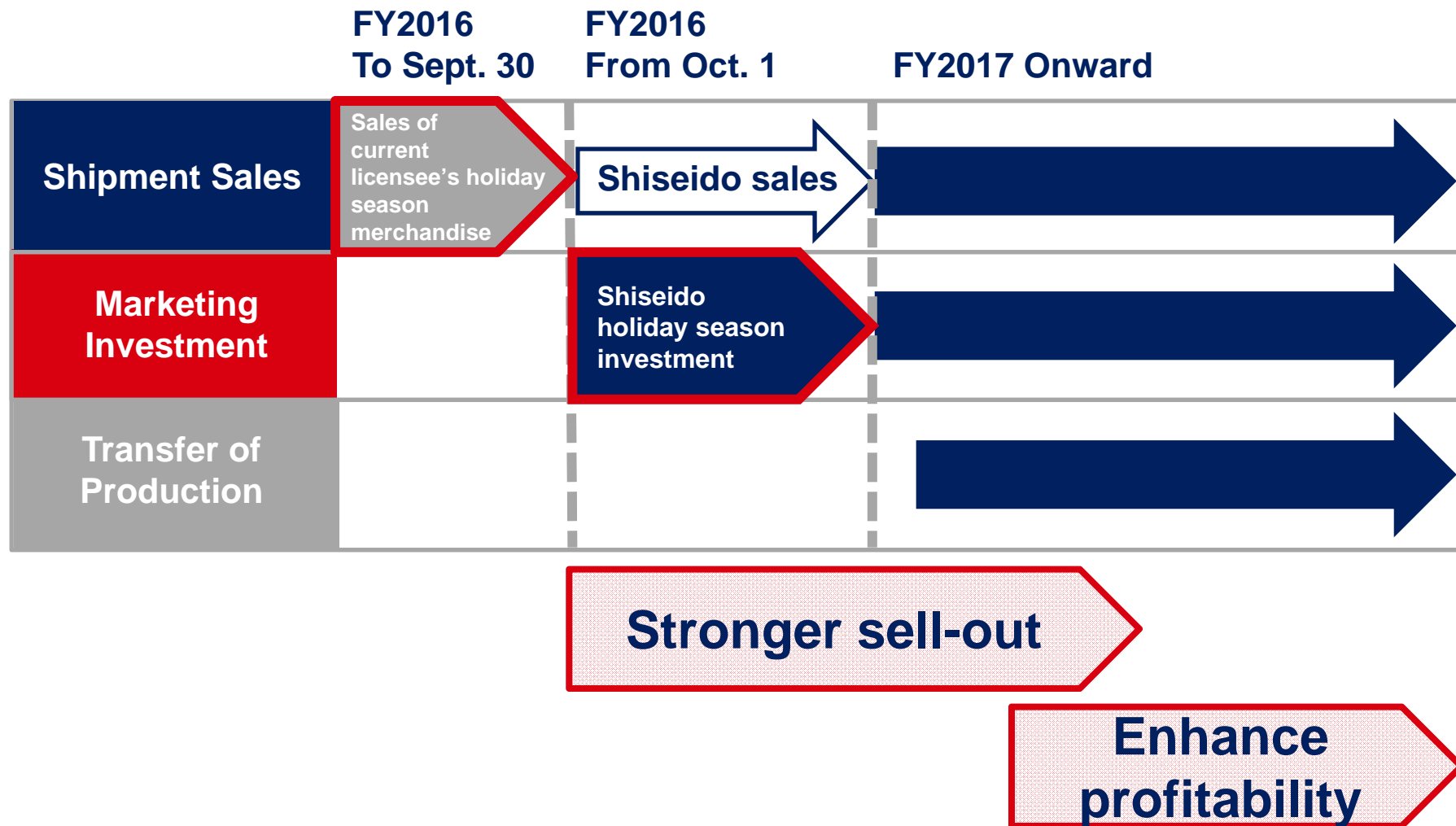
Exercise Synergy for Intense Brand Building

DOLCE&GABBANA Sales Growth Expectations



FY2016: Upfront Investment for the Holiday Season

DOLCE&GABBANA License Business Flow



Steadily Rebuild and Grow Existing Businesses

- **Sustain growth in Japan**
- **Restore and grow China**
- **Conduct structural reforms to improve profitability in EMEA and the Americas**
 - **Integrate and increase the efficiency of the business structure**
 - **Rejuvenate Bare Escentuals**
- **Accelerate growth of travel retail, a strategic investment business**

Japan: Maintain Growth Potential by Continuing to Strengthen Marketing

- **Launch new products that address consumer needs and elicit empathy**
 - *ELIXIR Sleeping Gel Pack* (July 2016)
 - *SHISEIDO Cushion Compact* (Autumn 2016)
- **Enhance low-priced product range**
 - Launch renewed *INTEGRATE*, etc.
- **Increase consumer interfaces and promotions**
 - Hold *PRIOR* “*Mirai no Hanasaku Party*” (blossoming future party) for seniors in seven cities nationwide
 - Planning collaboration with youth-oriented Tokyo Girls Collection
MAQuillage, *INTEGRATE*, *MAJOLICA MAJORCA*
- **Enhance ability to create attractive sales corners and strengthen alliances**
 - Strengthen cooperation with major accounts
 - Improve capabilities of trade marketing organization
- **Capture inbound demand**
 - Enhance cross-border marketing and e-commerce



China: Shift from Stability to Growth

- Continue enhancing prestige brands
 - *SHISEIDO, clé de peau BEAUTÉ, IPSA*
- **AUPRES**
 - New sales counter target for 2016: 300 stores
 - Close unprofitable counters and increase new channels
 - Introduce new products (spring 2017)
- **PURE&MILD**
 - Totally renew brand and promote addition of new counters
- Expand e-commerce business (2020 target: over 30% share of net sales)
 - Strategic partnerships with major e-commerce companies
- Build R&D base in China
 - China Innovation Center (Shanghai, November 2016)



Bare Escentuals: Structural Reforms Are Proceeding Smoothly

- Head office relocation project started (Completion planned for April 2017)
Integrate organization and back office; raise efficiency of supply chain
- Restructure and innovate management
- Innovate marketing and aggressively launch new products
- Withdraw from unprofitable stores and raise efficiency
Aggressively open stores in advantageous locations



Increase sales and restore profitability



Marketing Innovation

Clearly communicate
the identity of
bareMinerals

Dramatically change
expression of natural beauty

+

Launch new products

- *GEN NUDE* (June)
- *BARE PRO* (August)



Accelerate Growth of Travel Retail, a Strategic Investment Business

Accelerate growth with high earnings

- **Established Travel Retail headquarters (Singapore)**
 - Enhance and expand organization and human resources
 - Unify the fragrance business
 - Strengthen relationships with major operators
- **Enhance marketing**
 - Advertising (airports, in-flight)
 - Sales counters
 - Dedicated merchandise
 - Expand lineup of brands
 - Beauty consultants at sales counters
 - CRM
 - Collaboration with THE GINZA
 - Aggressive rollout at downtown duty free stores

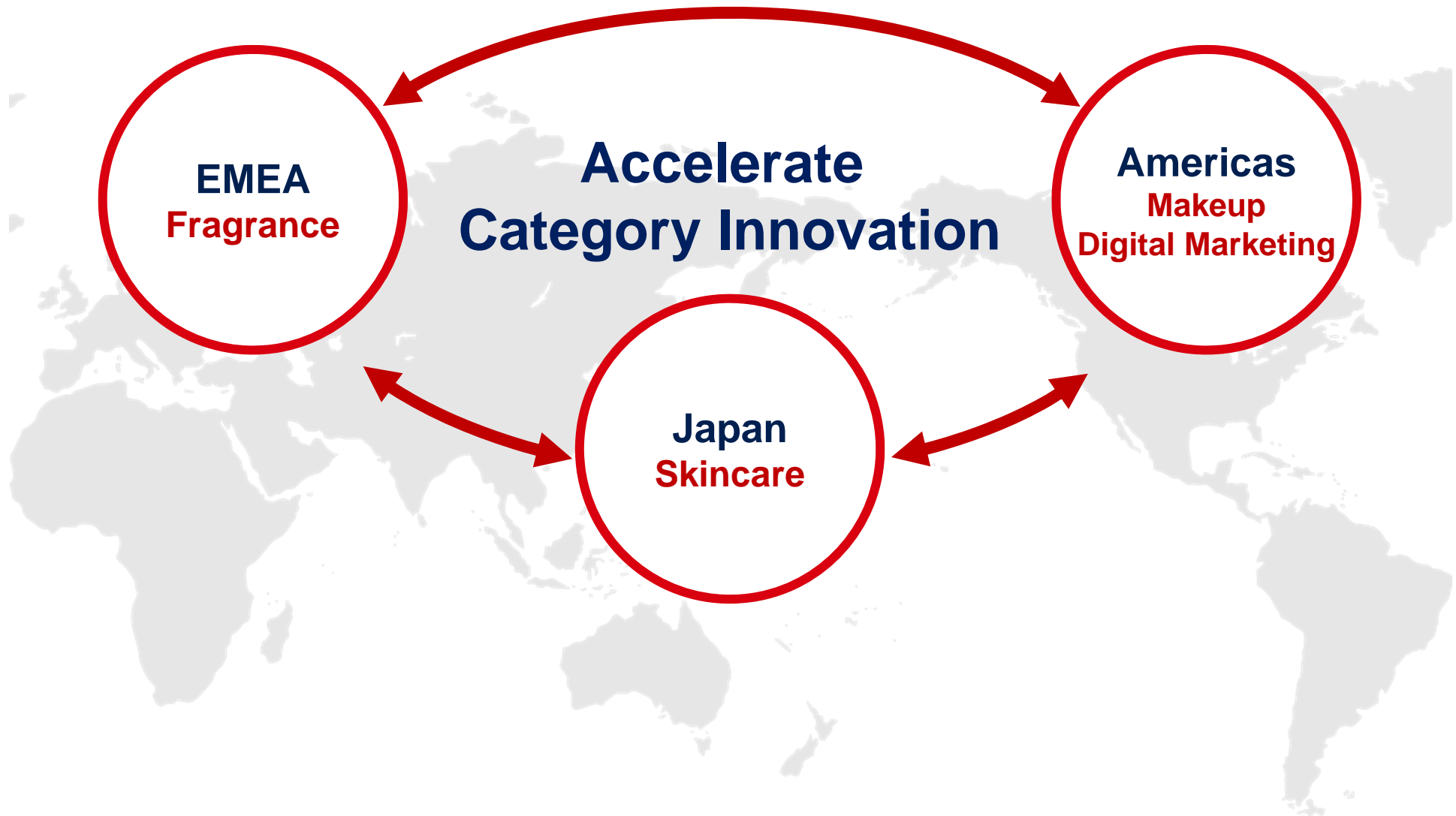


Establishing a Global Management Organization

**Global management that
“Thinks Global and Acts Local”**



Implement Center of Excellence System



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Please note that the previous year's period for comparison has changed due to the change in the fiscal year end.

Fiscal Year FY2016 (First Half)	Domestic : Jan.-Dec. 2016 (Jan.-Jun. 2016)	Overseas : Jan.-Dec. 2016 (Jan.-Jun. 2016)
FY2015 (Adjusted)¹ (First Half)	Domestic : Jan.-Dec. 2015 (Jan.-Jun. 2015)	Overseas : Jan.-Dec. 2015 (Jan.-Jun. 2015)
FY2015 (First Half)	Domestic² : Apr.-Dec. 2015 (Apr.-Sep. 2015)	Overseas : Jan-Dec 2015 (Jan.-Jun. 2015)

1. Adjusted figures have not been audited by the auditing firm. They are provided as reference for comparison.

2. Excluding some subsidiaries

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.

Supplemental Data 1: 1H Sales by Reportable Segment

(Billion yen)	FY2016		FY2015 (Adjusted)		YoY Change	YoY Change %	YoY Change in Local Currency
		% of Net Sales		% of Net Sales			
Japan	202.9	49.2%	192.3	46.8%	+10.6	+5.5%	+5.5%
China	61.5	14.9%	59.7	14.5%	+1.8	+3.1%	+15.5%
Asia Pacific	24.5	5.9%	25.6	6.2%	-1.2	-4.5%	+9.1%
Americas	72.4	17.6%	76.8	18.8%	-4.4	-5.8%	+1.7%
EMEA	39.0	9.5%	47.7	11.6%	-8.7	-18.2%	-11.0%*
Travel Retail	12.0	2.9%	8.5	2.1%	+3.5	+41.5%	+52.2%
Total	412.3	100%	410.6	100%	+1.7	+0.4%	+5.5%

*Year-on-year percentage change is +6% excluding the effect of the termination of the license agreement for Jean Paul GAULTIER.

1. See Supplemental Data 6 for details about changes in reportable segment.

Supplemental Data 2: 1H Operating Income by Reportable Segment

(Billion yen)	FY2016		FY2015 (Adjusted)		YoY Change	YoY Change %
		Operating Profitability		Operating Profitability		
Japan	26.7	11.9%	26.5	12.4%	+0.2	+0.7%
China	2.4	3.9%	-2.8	-4.7%	+5.2	—
Asia Pacific	0.0	0.2%	-0.3	-1.2%	+0.3	—
Americas	-5.5	-7.1%	-5.5	-6.7%	+0.0	—
EMEA	-2.1	-5.2%	2.0	3.9%	-4.1	—
Travel Retail	3.0	24.8%	1.1	12.7%	+1.9	+176.7%
All Regions	24.5	5.6%	21.0	4.8%	+3.6	+17.0%
Adjustments	-4.6	—	-5.9	—	+1.3	—
Total	19.9	4.8%	15.1	3.7%	+4.8	+32.1%

*Operating profitability is calculated using net sales including intersegment transactions.

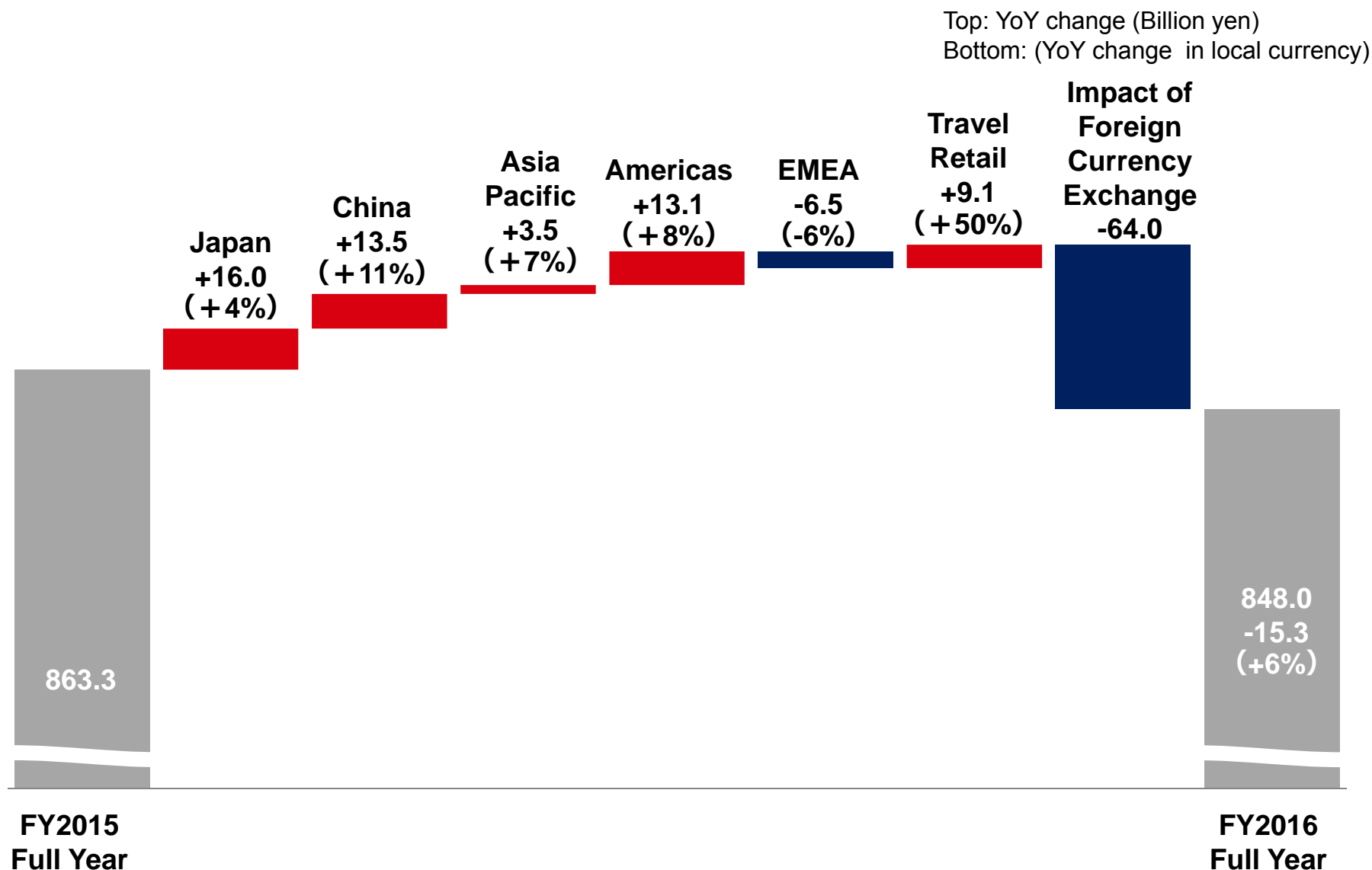
Supplemental Data 3: Capital Expenditures, Depreciation and Amortization

(Billion yen)	1H FY2016	1H FY2015 (Adjusted)	FY2016 Outlook
Capital Expenditures*	24.9	15.3	61.0
Property, Plant and Equipment	18.4	7.5	45.2
Intangible Assets, etc.	6.5	7.8	15.8
Depreciation and Amortization	16.7	17.5	34.1
Property, Plant and Equipment	8.7	9.3	17.6
Intangible Assets, etc.	8.0	8.2	16.5
R&D Expenses	8.7	8.1	18.7

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

FY2016: Full-Year Forecast for Net Sales

Change in Net Sales by Reportable Segment (Regions)



Note: Year-on-year change and year-on-year change in local currency for each business were calculated based on the actual exchange rates.

Supplemental Data 5: Major Public Announcements

News Releases

- Jul. 2016 Notice of Completing the Acquisition of Gurwitch Products, LLC
- Jul. 2016 Notice of Signing a License Agreement with DOLCE&GABBANA S.R.L.
- Jun. 2016 Notice of acquisition of Gurwitch Products, LLC
—Addition of *Laura Mercier* and *RéVive* to Shiseido's Global Portfolio—
- May 2016 Shiseido Enhances Global R&D Structure
—Unveiling of Americas Innovation Center Reinforces Commitment to Consumer-Centered Product Development —
- Mar. 2016 Shiseido Awarded World's Most Ethical Companies Designation Five Years in a Row

Supplemental Data 6:

Main Constituents of Former and New Segments

2015 Segments		Major Businesses
Japan		Prestige, Cosmetics, Personal Care, Digital, Healthcare, etc.
Global	Cosmetics	China, Asia Pacific, Americas, EMEA ³ (TR ² included in all regions)
	Professional ¹	Japan, Global
Others		THE GINZA, Frontier Science, Shiseido Parlour, etc.



2016 Segments	Major Businesses
Japan	Overall business in Japan, TR ² in Japan (Excluding BE ²)
China	Overall business in China (Excluding BE and TR ²)
Asia Pacific	Overall business in Asia and Oceania excluding Japan and China (Excluding BE and TR ²)
Americas	Overall business in the Americas, BE ² , and ZOTOS (Excluding TR ²)
EMEA	Overall business in EMEA ³ and BPI ² (Excluding BE and TR ²)
Travel Retail	Overall business at duty-free shops worldwide outside Japan (Excluding BPI ²)

1. Starting from FY2016, the Professional Business, which was included in the Global Business in FY2015, is included in all regions excluding Travel Retail.
2. BE: Bare Escentuals
BPI: Beauté Prestige International
TR: Travel Retail Business
3. EMEA (Europe, the Middle East and Africa)

Supplemental Data 7: Greater Accountability

Global Matrix Organization

