



2019 First Quarter Results (Jan.-Mar.)

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Shiseido Company, Limited

May 14, 2019

SHISEIDO

- I would now like to explain our results for the first quarter of fiscal 2019.

2019 Q1: Executive Summary

On track to achieve full-year forecast
Organic Net Sales growth +5.5%, increasing 9 consecutive quarters*¹
Operating profit -17.4%, Operating margin 14.2% in line with Q1 plan
Net profit growth of +16.1%

Net sales: ¥273.6 Bn YoY change FX-Neutral: +5.1% YoY change: +3.7%
Organic net sales, excl. impact of business withdrawal*² in 2018: +5.5%

- China: sell-out maintaining momentum in Prestige (over 40%*³)
- Prestige brands: main driver of global growth (+8%*⁴)
- *ELIXIR* and *ANESSA*: continuing global double-digit growth
- Japan: sales on track, increasing market share
:total inbound sales expanding despite lower buyer sales

Operating profit: ¥38.9 Bn OPM: 14.2% YoY change: -¥8.2 Bn, -17.4%

- In line with Q1 plan, on track with full-year plan
- Achieving double-digit OPM
with accelerating investments (Marketing, R&D and People)

Net profit attributable to owners of parent:

¥33.5 Bn YoY change: +¥4.6 Bn, +16.1%

*1. After we changed financial period from end of March to end of December in 2015

*2. Amenity goods business

*3. Mainland China

*4. Adjusted for Hong Kong commission payment accounting change (Q2 2018)

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- I will begin by explaining key points of the executive summary.
- Our first quarter results put us firmly on track to achieve our full-year forecast, with organic sales growth, which excluded the impact from our amenity goods business withdrawal, growing 5.5% year-on-year, our ninth consecutive quarterly increase. Operating profit declined by 17.4%, and operating margin was 14.2%, which was a bold start, given our full-year forecast of 10.2%. Net profit growth was 16.1%.
- Net sales amounted to ¥273.6 billion, an FX-neutral increase of 5.1% year-on-year.
- Organic net sales grew by 5.5%, driven by continued strong Prestige sales momentum, achieving over 40% growth on a sell-out basis in mainland China. Overall our Prestige brands grew by 8% globally. Other drivers were *ELIXIR* and *ANESSA* which continued their global double-digit growth. Japan sales were on track, increasing market share and capturing inbound demand despite a slowdown of buyer sales.

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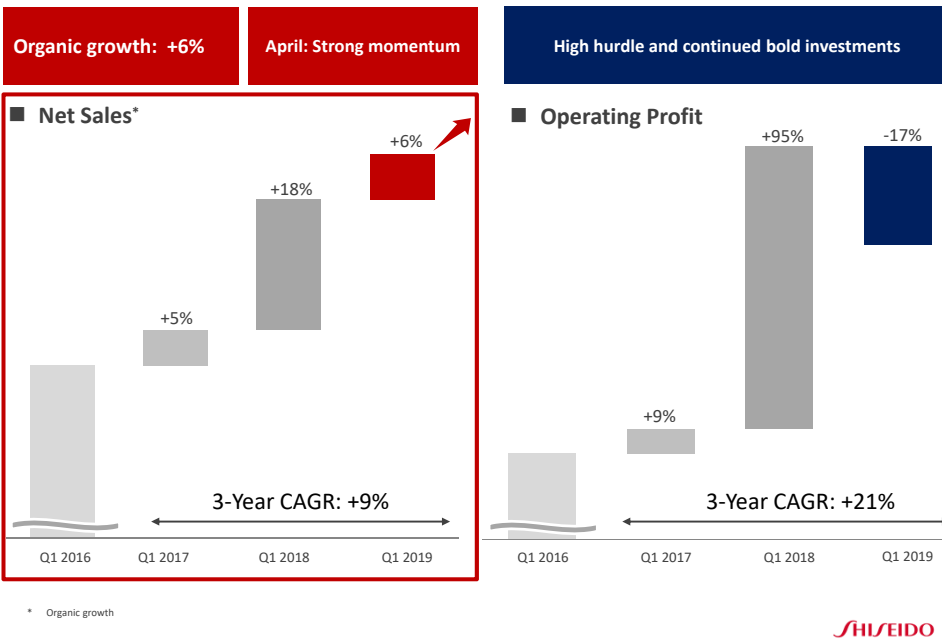
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- Operating profit was ¥38.9 billion and operating profit margin was 14.2%, in-line with our Q1 plan and on track with our full-year plan. We achieved double-digit margin while accelerating bold investments in marketing, R&D and in people. We will explain details of the differences from the prior year in the slides that follow.
- Net profit increased ¥4.6 billion from the previous year, to ¥33.5 billion. This reflects a decrease in tax expenses stemming from recognizing loss of share in a US subsidiary for tax purposes in this first quarter, which included unrealized loss mainly related to impairment loss in the past.

Overcame High Q1 Net Sales Hurdle



- This graph shows our sustainable growth, recording nine consecutive quarters and particularly the 2018 Q1 growth of 18%, higher than ever before.
- However, we were able to successfully overcome the high first-quarter hurdle. We recorded 6% organic growth year-on-year and CAGR of +9% over a three-year period.
- In addition, our April performance indicates that strong momentum is continuing in each region. We have confidence that we will deliver promising results. I am going to touch upon this point later in the presentation.
- Operating profit declined by 17% from the previous year. The hurdle of 2018 was very high, which increased by 95% from 2017 thanks to the high profitability of the Japan and China Businesses.

Summary of 2019 Q1 Results

(Billion yen)	2019		2018		YoY Change	YoY Change %	YoY Change FX-Neutral %
		% of Net Sales		% of Net Sales			
Net Sales	273.6	100	263.8	100	+9.9	+3.7	+5.1 +5.5 ^{*3}
Cost of Sales	56.6	20.7	54.9	20.8	+1.7	+3.0	
SG&A	178.1	65.1	161.7	61.3	+16.4	+10.2	
Operating Profit	38.9	14.2	47.1	17.9	-8.2	-17.4	
Ordinary Profit	39.5	14.4	47.2	17.9	-7.7	-16.3	
Extraordinary Income/Loss (net)	-0.8	-0.2	0.2	0.1	-1.0	—	
Net Profit Attributable to Owners of Parent	33.5	12.2	28.9	10.9	+4.6	+16.1	
EBITDA ^{*2}	52.6	19.2	58.5	22.2	-5.9	-10.1	

Exchange rates: USD1 = JPY110.2 (+1.8%), EUR1 = JPY125.2 (-6.1%), CNY1 = JPY16.3 (-4.3%)

*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.

*3. Organic growth

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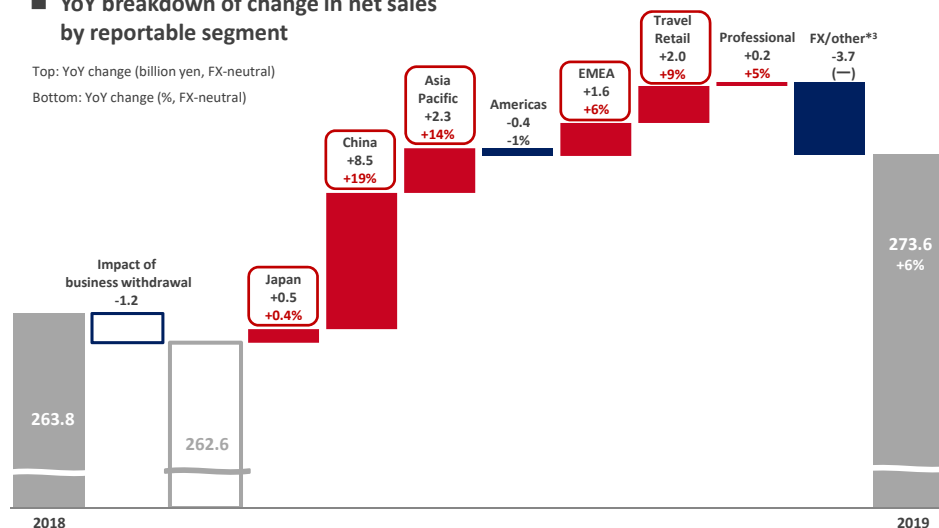
- This shows a summary of our financials for the first quarter.

Solid Start in China, Asia Pacific, EMEA and Travel Retail

■ YoY breakdown of change in net sales by reportable segment

Top: YoY change (billion yen, FX-neutral)

Bottom: YoY change (% , FX-neutral)



*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 14 for details about segment classifications.

*3. "FX/other" includes impact of foreign currency -3.5 billion yen and sales of "Other" as a reportable segment.

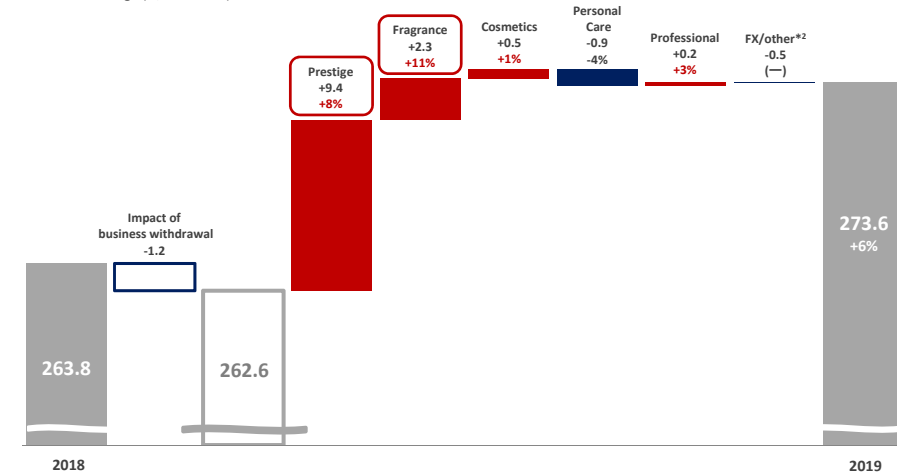
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- This graph shows sales by reportable segment.
- We have made a solid start in China, Asia Pacific, EMEA and Travel Retail. I will discuss those regions in more detail later in the presentation.

Sales Growth Driven by Prestige and Fragrance

■ Change in net sales by category

Top: YoY change (billion yen, FX-neutral)
Bottom: YoY change (% , FX-neutral)



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

*2 "FX/other" includes impact of foreign currency exchange -3.5 billion as well as "Other" business and the difference between the assumed rates and the actual rates.

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- This shows sales results by category.
- During the quarter, Prestige and Fragrance brands continued to show high growth. In Prestige, we achieved double-digit growth for *SHISEIDO*, *IPSA* and *LAURA MERCIER*, and in Fragrance, *narciso rodriguez* saw double-digit growth, along with a solid start for *Dolce&Gabbana*. Although Cosmetics sales growth came in at 1%, made-in-Japan brands *ELIXIR* and *ANESSA* also grew rapidly in Japan, China and Travel Retail.
- Personal Care sales were down -4% mainly due to brand renewal cycling of *TSUBAKI* and *SENKA* in Japan in 2018.

Nine Consecutive Quarters of Double-Digit Growth

■ Year-on-year growth

Prestige

Cosmetics



SHISEIDO
GINZA TOKYO

+19%



IPSA

+10%



ANESSA

+24%

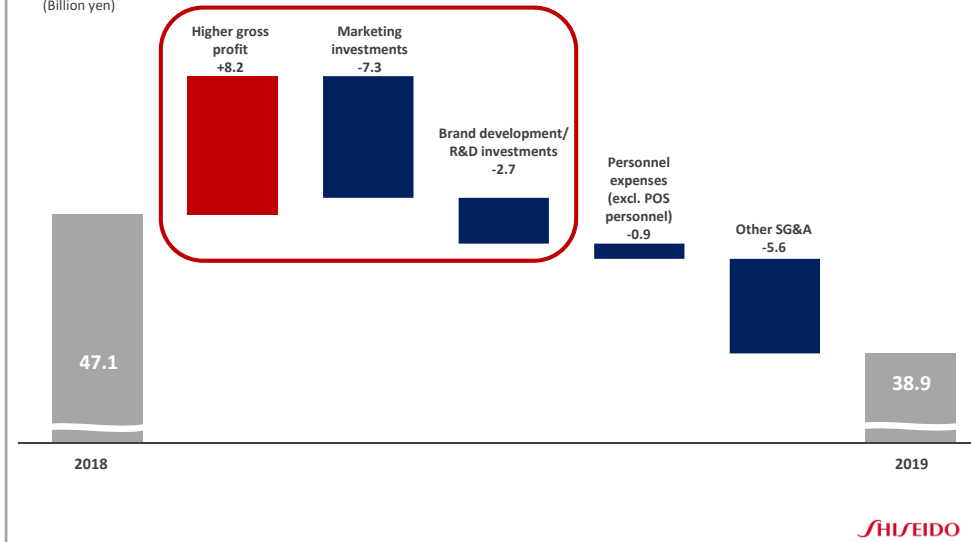
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- *Shiseido*, *IPSA* and *ANESSA* have now recorded nine consecutive quarters of double-digit growth. We are going to continue with further brand focus and concentration to drive momentum.

Marketing/R&D/People Investments Strengthened for Sustainable Growth

■ Operating profit increase/decrease by line item

(Billion yen)



- This shows the change in operating profit in the first quarter, broken down by line item.
- First quarter operating profit was down versus the prior year while gross profit increased, which in turn was invested in sustainable growth, such as increased marketing and R&D investments and other SG&A.
- We saw higher gross profit even in this difficult first quarter. The COGs ratio was improved by 0.1 percentage point thanks to favorable product mix and high growth in prestige brands. In particular, we increased marketing investments in Japan, China and Travel Retail, while strategically expanding global digital marketing. Advertising media continues to shift from traditional to digital. Digital media accounted for approximately 40% of total media, which increased by 10 percentage points from last year. By region, we increased our investment in digital mainly in Japan and China. This shift will ultimately improve ROI by reaching consumers more effectively.
- Our R&D investments increased mainly due to upfront expenditure for the newly-opened Global Innovation Center in Japan, and people investment in the form of higher office rent, as we create better working environments, recorded under SG&A. Also in SG&A, our freight mix changed in order to avoid opportunity loss, and warehousing increased as we took measures to mitigate supply shortages.

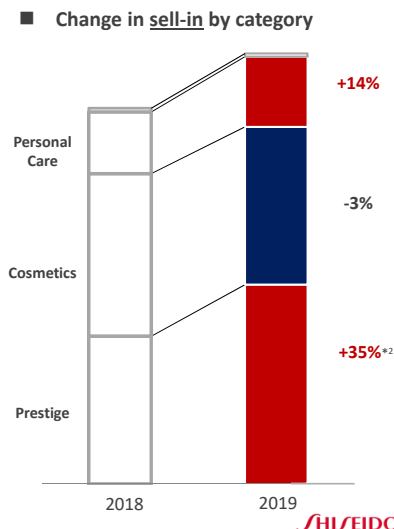
China: No Signs of Slowdown of Our Prestige Brands

● Market: remained robust and poised for further growth

- Cosmetics sales recorded double-digit growth in March
- In the e-commerce channel, average sales prices of lip makeup, cream and face makeup increasing

● Shiseido (sell-out)*1 :

- Prestige: **share up, growth of over 40%**
 - *SHISEIDO*: over 40% growth
 - *Clé de Peau Beauté*: over 30% growth
- Cosmetics: solid growth
 - *ELIXIR*, *ANESSA*: over 40% growth
 - *AUPRES*: underperforming
- Personal Care: continued double-digit growth
- E-commerce sales: over 30% growth



*1. Mainland China

*2. Adjusted for Hong Kong commission payment accounting change (Q2 2018)

- Next, a look at our China Business. There were no signs of slowdown of our Prestige brands, which are the main pillar of our business.
- The market remained robust and poised for further growth. The Cosmetics market showed double-digit growth in March, and in the e-commerce market, average sales prices of lip, cream and face makeup increased.
- Let's move on to Shiseido sell-out.
Prestige sales increased by over 40% and gained market share in mainland China, indicating continued strong momentum. By brand, *SHISEIDO* and *Clé de Peau Beauté*, which were strong drivers, saw significant growth. *SHISEIDO* grew by over 40% and *Clé de Peau Beauté* grew by over 30%. This outstanding growth was mostly led by increasing sales per store rather than store expansion. *IPSA* continued to achieve high growth, and makeup brand *NARS* also contributed to overall sales growth. Also, the growth was helped by our successful promotion in the Chinese New Year and Women's Day.
- In Cosmetics, made-in-Japan brands *ELIXIR* and *ANESSA* achieved solid growth, recording 60% and over 40% growth respectively, through strengthening our cross-border marketing with Japan and Travel Retail, although China-focused brands such as *AUPRES* underperformed.
- E-commerce sales remained strong, driven by growth in all categories.

Japan: Overcame Hurdle from Q1 2018 Gained Market Share, Inbound Sales Increasing

● Overall Japanese cosmetics market :

+0~1% YoY change

● Shiseido (sell-out): +2%

➢ Growth in sales to Japanese consumers:
Approx. -0.5%

- Skin trinity category: +5%
- Inbound sales: +6%
 - Tourists: +mid-teen%
 - Buyers: -mid-teen%

● Shiseido (sell-in) :+0.4%

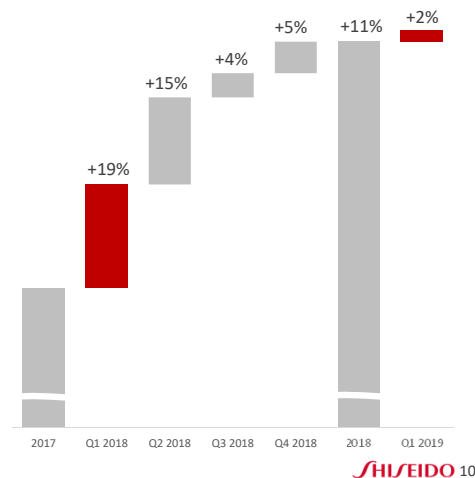
➢ Growth drivers:

- Renewal of *ELIXIR White*
- *HAKU, d Program*: Care hybrid foundation project

➢ Challenges:

- *REVITAL*: supply issues
- *TSUBAKI*: cycling

■ Changes in quarterly sell-out growth



- In the Japan Business, we overcame the hurdle from the previous year, gaining market share with increased inbound sales.
- The overall Japan Cosmetics market grew by only 0~1%, whereas our sell-out sales recorded growth of 2%, expanding our overall share. The graph on the right side shows our steadily growth of sell-out.
- Growth in sales to Japanese consumers was down half a percentage point mainly due to Personal Care declining. Within that number, we achieved solid growth of *SHISEIDO*, *Clé de Peau Beauté*, and *ELIXIR*, with the skin-trinity category up by 5%. Since last year, we have increasingly focused on three areas, which are skincare, base makeup and sun care. These three areas are profitable with strong repeat rates, and allow us to demonstrate our superiority in technology. Therefore, the positive momentum of the skin-trinity category is driving our sustainable growth.

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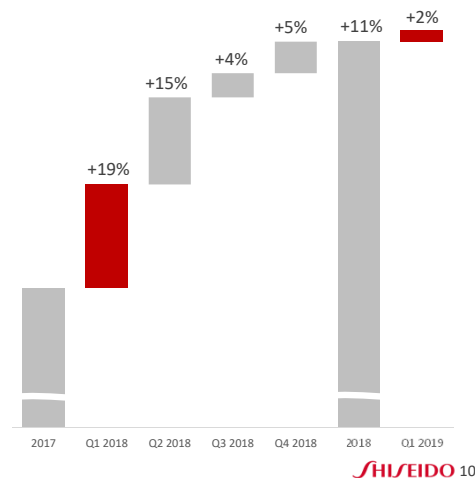
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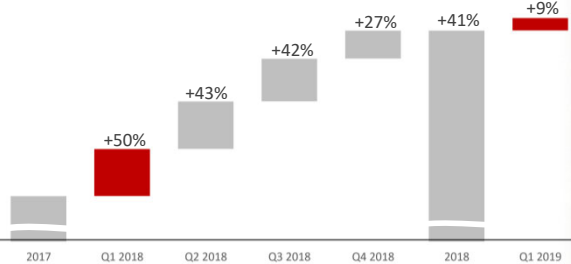


● Inbound sales grew by 6%, but viewing tourists and buyers separately, individual tourists saw a mid-teen growth while buyer sales decreased by mid-teens due to the impact of the new e-commerce law in China. In particular, this impacted *ANESSA* and *SENKA*.

● Our sell-in growth was +0.4% on a year-on-year basis. However, we achieved 18% growth on a two-year stack, which was helped by the renewal of *ELIXIR White* as well as *HAKU* and *d Program*. As one of our challenges, we had supply issues on *REVITAL*, mainly with wrinkle-lift cream. In addition, we had the cycling of *TSUBAKI* new launches in 2018.

Travel Retail: Q1 2019 Sell-out Growth at over 20% within Changing Market Dynamics

■ Changes in quarterly sell-in growth*



➤ Double-digit growth:

- Existing brands: *SHISEIDO* and *ANESSA*
- Roll out brands: *LAURA MERCIER* and *IPSA*

➤ Supply constraints: *Clé de Peau Beauté*

➤ Softening fragrance market

➤ Slowdown of buyer sales

* Sell-in growth rates for Q1-Q4 2018 indicate YoY changes on like-for-like basis excluding Burberry distribution.



SHISEIDO FOREST VALLEY in Jewel Changi airport

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- The Travel Retail Business achieved over 20% sell-out growth within changing market dynamics and maintained double-digit growth of Prestige brands.
- Last year, we achieved high solid sell-in growth every quarter and this Q1 we continued that momentum.
- *SHISEIDO*, *ANESSA*, *LAURA MERCIER* and *IPSA* maintained growth, largely exceeding prior year levels, especially in Asia, while *Clé de Peau Beauté* was down 10% mainly due to supply issues in key SKUs such as face wash.
- We also had an impact from a softening fragrance market and buyer sales in January and February impacted by the new e-commerce law in China. However, the situation is improving, and April momentum shows recovery, with growth of over 20% on a sell-in basis.
- As we have already announced, we have executed a naming rights partnership for SHISEIDO FOREST VALLEY: a 4-storey indoor 'forest' located in Singapore's Jewel Changi Airport, embodying the Shiseido Group's values of beauty and innovation, inspiring a life of meaningful beauty and culture, and providing visitors a resplendent shopping experience. We believe that this unique opportunity will create memorable connections for visitors, leveraging and further enhancing our brand equity.

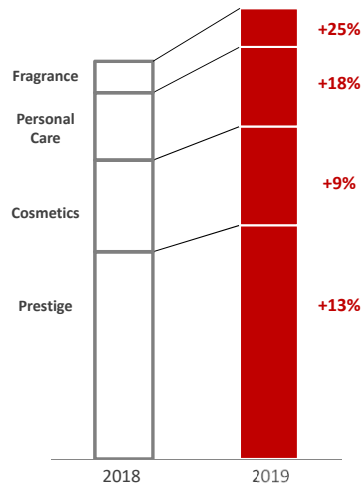
Asia Pacific: All Countries, Areas and Categories Grew

- Shiseido **14% sell-in growth**, gaining market share in all key markets

- Growth across all of the region, especially ASEAN
- Increase across all categories and almost all brands



■ Change in sell-in by category

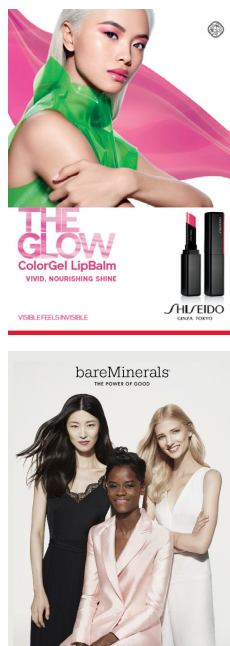


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- Next, I will review the Asia Pacific Business. Our sales in all countries, areas, and categories grew in the region, with sell-in increasing by 14%.
- We gained market share in Taiwan, Korea and Thailand, which are key markets for us, accounting for approximately 70% of our Asia Pacific sales.
- In addition, on a sell-in basis, we saw growth across all of the region, particularly ASEAN countries.

Americas: Headwinds in Makeup

- US Market: Down in makeup
Up in skincare, fragrance
- Shiseido (sell-out)
 - Solid start
 - SHISEIDO
 - Clé de Peau Beauté
 - Dolce&Gabbana
 - Slow start
 - bareMinerals: boutique closures
 - NARS: cycling of new launches
- Shiseido (sell-in): -1% growth



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- Next is the Americas Business, where we saw some headwinds in the quarter.
- Overall, the US market contracted, reflecting a downtrend in makeup and uptrends in skincare and fragrance. We had a solid start for SHISEIDO, *Clé de Peau Beauté* and *Dolce&Gabbana*. In addition to a difficult market, the effect of *bareMinerals* boutique closures in the second half of 2018 and cycling of a new product launch of *NARS* in the first quarter of 2018 resulted in a slow start for makeup brands. Total sales growth on a sell-in basis was -1%.

EMEA: Positive Start Driven by Fragrance and Makeup

- Markets: Down in UK, France
Up in Italy, Spain
- Shiseido (sell-out): Solid start
 - Fragrance:
 - *Dolce&Gabbana*
 - *narciso rodriguez*
 - Makeup:
 - *NARS*
 - *LAURA MERCIER*
 - *SHISEIDO* makeup
- Shiseido (sell-in): +6% growth



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- Moving on to EMEA, market trends varied by country. The UK and France were down, with Italy and Spain up.
- Sell-out-wise, we saw a solid start for *Dolce&Gabbana*, *narciso rodriguez*, *NARS*, *LAURA MERCIER* and *SHISEIDO* makeup. Especially, the new launches of “The Only One 2” by *Dolce&Gabbana*, and “PURE MUSC” by *narciso rodriguez* performed well and contributed to growth. These positive trends reflect considerable sell-in growth, increasing by 6% year-on-year.

2019: Q1 Summary

Japan

- Q1 hurdled
- Encouraging inbound sales
- Innovating for demand
- *REVITAL* supply issues

Americas

- *Dolce&Gabbana* positive start
- Uptrends in skincare and fragrance

China

- Prestige momentum
- Continued strengthening of e-commerce

EMEA

- Fragrance momentum
- *Clé de Peau Beauté* expansion

Asia Pacific

- Prestige momentum
- Cosmetics and Personal Care expansion
- Continued strengthening of e-commerce

Travel Retail

- Ongoing supply issues
- Opening SHISEIDO FOREST VALLEY

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- Here I'll do a recap of the first quarter results by region.
 - In Japan, we overcame the first quarter hurdle, with encouraging inbound sales and innovating for demand by launching *NAVISION* and through the promotion of the Care Hybrid Foundation Project. Through innovation such as *NAVISION* skin-improving foundations and new fields of beauty treatment, we will create a new market. Furthermore, we reworked our production plans for *REVITAL*, addressing coming quarters.
 - In China, we reconfirmed our strong momentum in Prestige, continuing to strengthen e-commerce. In March, we signed a joint business plan with Alibaba, setting up the “Shiseido × Alibaba Strategic Development Office” in Hangzhou, China, where Alibaba Group headquarters are located. Through close collaboration, we will focus on developing products for the China market and providing services which meet Chinese consumers' needs, aiming to acquire new consumers, especially younger generations.
 - In Asia Pacific, we saw solid Prestige momentum along with Cosmetics and Personal Care expansion, and continued strengthening of e-commerce.

2019: Q1 Summary

Japan

- Q1 hurdled
- Encouraging inbound sales
- Innovating for demand
- *REVITAL* supply issues

China

- Prestige momentum
- Continued strengthening of e-commerce

Asia Pacific

- Prestige momentum
- Cosmetics and Personal Care expansion
- Continued strengthening of e-commerce

Americas

- *Dolce&Gabbana* positive start
- Uptrends in skincare and fragrance

EMEA

- Fragrance momentum
- *Clé de Peau Beauté* expansion

Travel Retail

- Ongoing supply issues
- Opening SHISEIDO FOREST VALLEY


SHISEIDO 15

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- In the Americas, *Dolce&Gabbana* saw a solid start and there are uptrends in the skincare category. We will strengthen our brand portfolio based on market trends.
 - In EMEA, our Fragrance brands show favorable growth and we will be launching *Clé de Peau Beauté* in the UK and expanding sales across the region.
 - In Travel Retail, we had ongoing supply issues, which are being addressed for the rest of the year. We will deliver beauty innovations and deepen our relationship with consumers through SHISEIDO FOREST VALLEY at Jewel Changi Airport in Singapore.

April 2019 Trends (Preliminary)

Japan	<ul style="list-style-type: none">● Net sales: up mid single digits● Inbound sales <small>(only duty-free department stores)</small> Tourists : over +30% Buyers: down low double digits
China	<ul style="list-style-type: none">● Net sales: over +30%● Decision to reinvest tax cut
Travel Retail	<ul style="list-style-type: none">● Net sales: over +20%

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- Next, I will share some preliminary trends for April.
 - In Japan, overall net sales were in the mid single digits. Inbound tourist sales growth was over 30% and buyers continued to decrease by low double digits.
 - In China, overall net sales grew over 30%, mainly driven by the Prestige business, showing that our strong momentum has not changed. Following the recent tax cut, we have decided on initiatives to reinvest most of the reduction to stimulate demand.
 - Lastly, in Travel Retail, overall net sales grew over 20% and the Prestige business is the main engine of growth, showing continued solid momentum.

Actions to Achieve 2019 Targets

Q1 Challenges

Ongoing supply issues

Slow start in US

Challenged brands

- *bareMinerals*
- *AUPRES*

Japan: Personal Care

Q2-Q4 Actions

Prioritize production of key SKUs
Produce responding to demand fluctuations

Channel focus
Drive Skincare

Strengthen brands

- Structural reform of *bareMinerals*
- Review of *AUPRES*

Strengthen *SENKA* and *TSUBAKI*

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- This shows actions to achieve 2019 targets. We have recognized some challenges in Q1 and set actions for them:
- Firstly, the ongoing supply issues. We are tackling these by prioritizing production of key SKUs especially for *Cl  de Peau Beaut * and by producing goods in response to market demand fluctuations.
- Secondly, in response to the slow start in the US, we are strengthening growing channels such as e-commerce and driving the skin care category.
- Thirdly, for the challenges we have on *bareMinerals* and *AUPRES*, we are continuing structural reform of *bareMinerals*, while carefully reviewing *AUPRES* in China.
- Lastly, regarding the slowdown of our Personal Care business in Japan, we will tackle this challenge through the growth of *SENKA* and *TSUBAKI*.
- *SENKA* has nurtured solid brand equity over a long time through our unique strategy of cross-border marketing. We are aiming to enhance the brand association by continuing cross-border marketing and strengthening the brand not only in Japan but in China and Asia Pacific as well.
- In *TSUBAKI*, we will strengthen the brand value of the in-bath treatment category.

ESG Initiatives

OUR MISSION

BEAUTY INNOVATIONS FOR A BETTER WORLD

- **Protect Beauty**

- Developing of biodegradable cosmetic containers with Kaneka
- Recommendations of Task Force on Climate-related Financial Disclosures

- **Empower Beauty**

- Opened new Shiseido Life Quality Center in Singapore
- *Clé de Peau Beauté*
 - Launched 'THE POWER OF RADIANCE' program
- Increased gender diversity
 - Female board directors and auditors: 45%
 - A member of 30% Club Japan

- **Inspire Beauty**

- Opened Global Innovation Center S/PARK Museum

- **Governance**

- Introduced ESG targets into long-term incentive remuneration



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- Finally, last but not least, we have updated our mission. The new mission is “BEAUTY INNOVATIONS FOR A BETTER WORLD”. This is based on our wish to help people worldwide, to keep their minds and bodies healthy and to live beautiful and positive lives. Shiseido will continue creating beauty innovations to make a better world.
- Under this new mission, we have worked on various initiatives especially in ESG. The slide shows some of our activities done so far in 2019.
- We are driving ESG activities by establishing a new department in the company called “Social Value Creation Division” and will deepen our focus going forward.
- In the future, we will continue to encourage ESG initiatives aiming for “To Be the Most Trusted Beauty Company in the World.”

SHISEIDO

Supplemental Data 1

Japan: Organic Sales Growth: +0.4%, Continued Sales Expansion of Core Brands

(Billion yen)	2019		2018		YoY Change	YoY Change %
		% of Net Sales		% of Net Sales		
Prestige/ Specialty Store	39.3	34.5	38.2	33.4	+1.1	+2.7
Cosmetics	53.2	46.7	52.3	45.6	+0.9	+1.7
Personal Care	12.0	10.5	14.4	12.5	-2.4	-16.8
Others* ²	9.6	8.3	9.8	8.5	-0.2	-2.2
Sales	114.0	100	114.7	100	-0.7	-0.6

YoY change excluding the impact of withdrawal of amenity goods business in 2018 was +0.4%.

(Billion yen)	2019		2018		YoY Change	YoY Change %
Operating Profit	26.3		30.0		-3.7	-12.2
OPM %	21.1		24.3		-3.2pt	
Income Before Amortization of Goodwill, etc.	26.4		30.0		-3.7	-12.2
OPM %	21.1		24.3		-3.2pt	

*1. Some financial results within the Japan Business have been reclassified in line with the management structure change in 2019.

*2. "Others" include the Healthcare business 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 14 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

Supplemental Data 2

China: Sales Growth +18.7%, OPM 24.7% with Bold Investment

(Billion yen)	2019	2018	YoY Change	YoY Change %	YoY Change FX-Neutral %
Sales	52.5	45.6	+6.9	+15.0	+18.7

(Billion yen)	2019	2018	YoY Change	YoY Change %
Operating Profit	13.0	14.8	-1.8	-12.3
OPM %	24.7	32.4	-7.7pt	
Income Before Amortization of Goodwill, etc.	13.1	14.9	-1.8	-12.4
OPM %	24.8	32.6	-7.8pt	

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

* OPM is calculated using net sales including intersegment transactions.

Supplemental Data 3

Asia Pacific: Sales Growth +13.5%, Continued Double-Digit OPM

(Billion yen)	2019	2018	YoY Change	YoY Change %	YoY Change FX-Neutral %
Sales	18.9	17.1	+1.9	+11.0	+13.5

(Billion yen)	2019	2018	YoY Change	YoY Change %
Operating Profit	2.4	3.2	-0.9	-26.8
OPM %	12.1	18.4	-6.3pt	
Income Before Amortization of Goodwill, etc.	2.4	3.2	-0.9	-26.7
OPM %	12.1	18.5	-6.4pt	

- **Prestige:**

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

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

* OPM is calculated using net sales including intersegment transactions.

Supplemental Data 4

Americas: Sales Growth -1.3%, Ongoing *bareMinerals* Reforms

(Billion yen)	2019	2018	YoY Change	YoY Change %	YoY Change FX-Neutral %
Sales	28.0	28.2	-0.1	-0.5	-1.3

(Billion yen)	2019	2018	YoY Change	YoY Change %
Operating Profit	-5.5	-4.6	-1.0	—
OPM %	-14.7	-13.0	-1.7pt	
Income Before Amortization of Goodwill, etc.	-4.2	-3.3	-0.9	—
OPM %	-11.2	-9.3	-1.9pt	

- Favorable sales expansion
Dolce&Gabbana, SHISEIDO

- *bareMinerals*: Structural reforms continuing
“THE POWER OF GOOD” and enhancement of digital marketing

* OPM is calculated using net sales including intersegment transactions.

Supplemental Data 5

EMEA: Sales Growth +6.3% Driven by Growth in Core Brands

(Billion yen)	2019	2018	YoY Change	YoY Change %	YoY Change FX-Neutral %
Sales	25.0	25.1	-0.0	-0.1	+6.3

(Billion yen)	2019	2018	YoY Change	YoY Change %
Operating Profit	-1.8	-1.3	-0.5	—
OPM %	-6.7	-4.5	-2.2pt	
Income Before Amortization of Goodwill, etc.	-1.4	-0.8	-0.6	—
OPM %	-5.1	-2.9	-2.2pt	

- Solid start to new *Dolce&Gabbana* products
- Encouraging *narciso rodriguez* results

* OPM is calculated using net sales including intersegment transactions.

Supplemental Data 6

Travel Retail: Continued Solid Sales Growth +9.2% and High OPM 21%

(Billion yen)	2019	2018	YoY Change	YoY Change %	YoY Change FX-Neutral %
Sales	23.4	21.4	+2.0	+9.3	+9.2

(Billion yen)	2019	2018	YoY Change	YoY Change %
Operating Profit	4.9	5.4	-0.5	-9.5
OPM %	21.0	25.4	-4.4pt	
Income Before Amortization of Goodwill, etc.	4.9	5.4	-0.5	-9.5
OPM %	21.0	25.4	-4.4pt	

● Continued robust growth in Asia:

SHISEIDO* and *ANESSA

Fragrance: Growth driven by mainly *Dolce&Gabbana*

* OPM is calculated using net sales including intersegment transactions.

Supplemental Data 7

Sales Growth Driven by China, Asia Pacific and Solid Start for EMEA

Japan: On Track

Sales by reportable segment

(Billion yen)	2019		2018		YoY Change	YoY Change %	YoY Change FX-Neutral %	YoY Change FX-Neutral % (like-for-like ^{*2})
		% of Net Sales		% of Net Sales				
Japan	114.0	41.7	114.7	43.5	-0.7	-0.6	-0.6	+0.4
China	52.5	19.2	45.6	17.3	+6.9	+15.0	+18.7	+18.7
Asia Pacific	18.9	6.9	17.1	6.5	+1.9	+11.0	+13.5	+13.5
Americas	28.0	10.2	28.2	10.7	-0.1	-0.5	-1.3	-1.3
EMEA	25.0	9.1	25.1	9.4	-0.0	-0.1	+6.3	+6.3
Travel Retail	23.4	8.6	21.4	8.1	+2.0	+9.3	+9.2	+9.2
Professional	3.5	1.3	3.4	1.3	+0.1	+3.3	+4.7	+4.7
Other	8.2	3.0	8.3	3.2	-0.1	-1.5	-1.5	-1.5
Total	273.6	100	263.8	100	+9.9	+3.7	+5.1	+5.5

*1. See Supplemental Data 14 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

*2. YoY Change in FX-Neutral is YoY comparison in local currency excluding the impact of business withdrawal in 2018.

Supplemental Data 8

OPM 14.2% with Bold Investment for Growth

Operating profit by reportable segment

(Billion yen)	2019		2018		YoY Change	YoY Change %
		OPM %		OPM %		
Japan	26.3	21.1	30.0	24.3	-3.7	-12.2
China	13.0	24.7	14.8	32.4	-1.8	-12.3
Asia Pacific	2.4	12.1	3.2	18.4	-0.9	-26.8
Americas	-5.5	-14.7	-4.6	-13.0	-1.0	—
Before Amortization of Goodwill, etc.	-4.2	-11.2	-3.3	-9.3	-0.9	—
EMEA	-1.8	-6.7	-1.3	-4.5	-0.5	—
Before Amortization of Goodwill, etc.	-1.4	-5.1	-0.8	-2.9	-0.6	—
Travel Retail	4.9	21.0	5.4	25.4	-0.5	-9.5
Professional	0.1	1.5	0.1	1.5	+0.0	+5.1
Other	1.3	3.4	1.1	3.4	+0.2	+19.5
Subtotal	40.6	12.4	48.7	15.8	-8.1	-16.7
Adjustments	-1.7	—	-1.6	—	-0.1	—
Total	38.9	14.2	47.1	17.9	-8.2	-17.4

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

*2. See Supplemental Data 14 for details about changes in reportable segments. The previous year's results are restated to reflect the new reportable segments.

Supplemental Data 9

SG&A Details

(Billion yen)	2019			YoY Change %	YoY Change	YoY Change Excl. Impact of FX
		% of Net Sales	Change in % of Net Sales			
SG&A	178.1	65.1	+3.8	+10.2	+16.4	+18.6
Marketing Investments	89.8	32.8	+1.5	+8.8	+7.3	+8.6
Brand Development/ R&D Investments	14.3	5.2	+0.8	+22.8	+2.7	+2.9
Personnel Expenses	31.4	11.5	-0.1	+2.9	+0.9	+1.2
Other SG&A Expenses	42.6	15.6	+1.6	+15.2	+5.6	+5.9

*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 10

Other Income and Expenses and Extraordinary Income and Losses

Other Income and Expenses				Extraordinary Income and Losses			
(Billion yen)		2019	2018	(Billion yen)		2019	2018
	Interest Income	0.3	0.3	Gain/Loss on Sales or Disposal of Property, Plant and Equipment		-0.3	0.4
	Interest Expense	-0.2	-0.2	Loss on Sales of Investments in Securities		-0.0	—
	Net Interest Income and Expense	0.0	0.1	Loss on Business Withdrawal		-0.5	—
	Foreign Exchange Gain/Loss	-0.5	-1.3	Structural Reform Expenses		—	-0.2
	Others	1.1	1.3	Total		-0.8	0.2
Total		0.6	0.1				

Supplemental Data 11

Consolidated Balance Sheets

(Billion yen)	As of Mar. 31, 2019	Change from Dec. 31, 2018
Total Current Assets	502.8	+19.8
Cash, Time Deposits	111.6	-14.3
Notes & Accounts Receivable	181.8	+15.3
Inventories	164.3	+14.6
Total Fixed Assets	575.3	+48.7
Property, Plant and Equipment	267.9	+32.7
Intangible Assets	164.5	-0.9
Investments and Other Assets	142.9	+16.9
Total Assets	1,078.1	+68.5

(Billion yen)	As of Mar. 31, 2019	Change from Dec. 31, 2018
Total Liabilities	580.8	+39.6
Notes & Accounts Payable and Other Payables	173.2	-2.9
Accrued Income Taxes	14.1	-6.0
Accrued Bonuses	18.2	-12.6
Interest-Bearing Debt	136.6	+60.8
Long-Term Payables	53.3	-1.3
Total Net Assets	497.4	+28.9
Shareholders' Equity	475.1	+23.7
Accumulated Other Comprehensive Income	0.4	+3.2
Non-Controlling Interests	20.9	+1.9
Total Liabilities and Net Assets	1,078.1	+68.5

* Main line items only

Exchange rates:

Mar. 31, 2019: USD1 = JPY111.0 (+0.1%); EUR1 = JPY124.6 (-1.8%); CNY1 = JPY16.5 (+2.1%)

Dec. 31, 2018: USD1 = JPY110.9 ; EUR1 = JPY126.9 ; CNY1 = JPY16.1

Supplemental Data 12

2019 Full-Year Forecast Announced in Feb. 2019

(Billion yen)	2019		2018	YoY Change %	YoY Change FX- Neutral %
		% of Net Sales			
Net Sales	1,172.0	100	1,094.8	+7.0	+9
Operating Profit	120.0	10.2	108.4	+10.8	
Ordinary Profit	120.0	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)

Supplemental Data 13

2019 Full-Year Sales Forecast by Reportable Segment

Announced in Feb. 2019

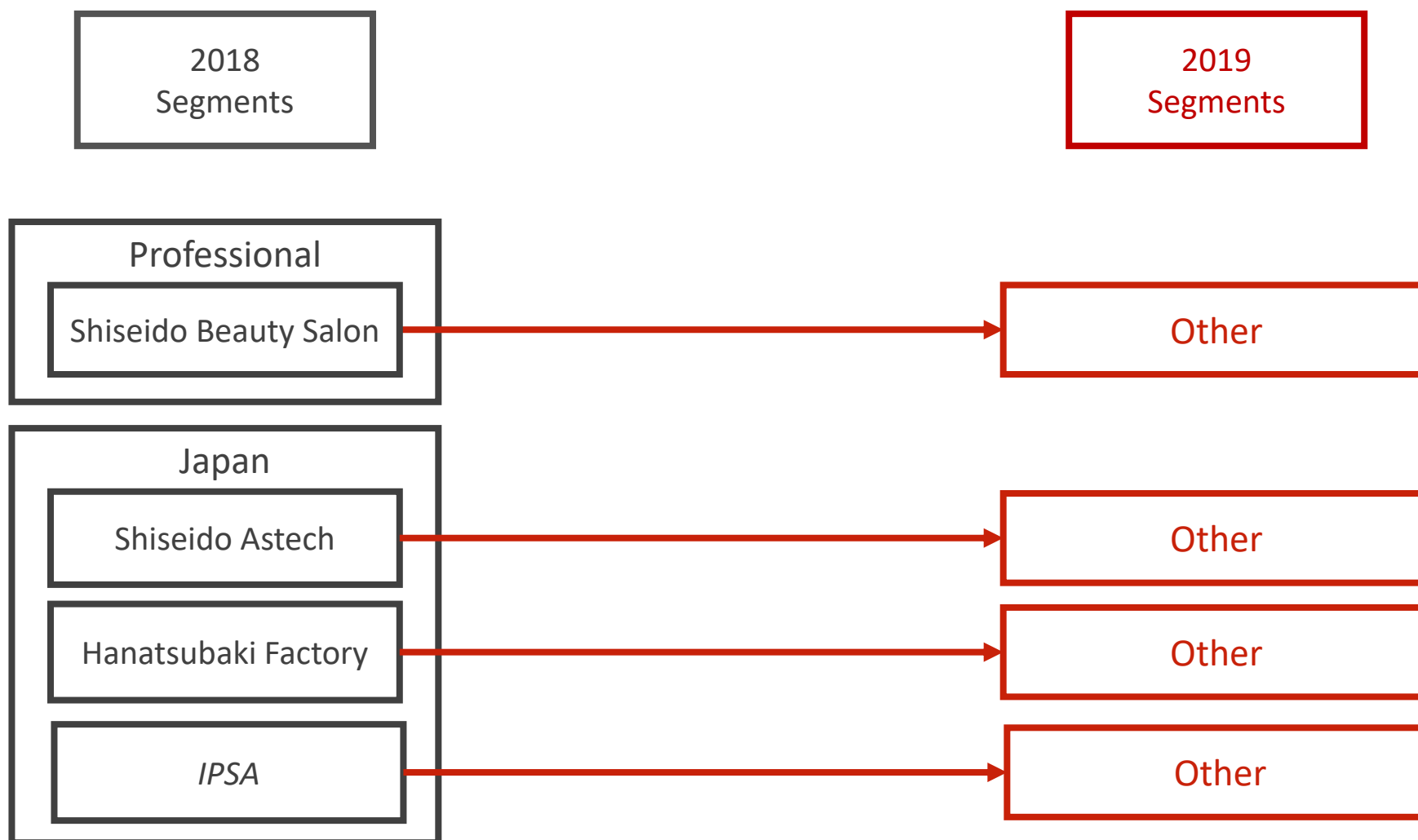
(Billion yen)	2019	2018 After Segment Changes	YoY Change %		2018 Before Segment Changes
				YoY Change FX- Neutral %	
Total	1,172.0	1,094.8	+7.0	+9	1,094.8
Japan	480.0	454.5	+5.6	+6	454.6
China	217.0	190.8	+13.7	+18	190.8
Asia Pacific	74.0	68.1	+8.6	+11	68.1
Americas	135.5	131.7	+2.9	+4	131.7
EMEA	113.5	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%)

* See Supplemental Data 14 for details about changes in reportable segments.

Supplemental Data 14

Main Constituents of Old and New Reportable Segments



* The Group has revised its reportable segment classification method in line with changes in its internal management structure from the first quarter of the fiscal year ending December 31, 2019. Shiseido Beauty Salon Co., Ltd., which was previously included in the Professional Business, is now included in Other. Shiseido Astech Co., Ltd. And Hanatsubaki Factory Co., Ltd., which were previously included in the Japan Business, are now included in Other. From the third quarter of the previous consolidated fiscal year, the results of IPSA Co., Ltd., which were previously included in the Japan Business, are now included in the Other segment.

Supplemental Data 15

Major Public Announcements

News Releases

- May: Shiseido Opens SHISEIDO FOREST VALLEY at Jewel Changi Airport
“Shiseido Life Quality Beauty Center” Opens in Singapore
Shiseido establishes Japanese Beauty Institute Communicating unique Japanese aesthetics to the world
- April: **Shiseido and KANEKA Launch Joint Development of Biodegradable Cosmetic Containers**
Shiseido Supports Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD)
External Director Ms. Ishikura at “2019 Daiwa Investment Conference Tokyo”
Corporate Governance Report Revised
The Shiseido Philosophy Is Formulated Anew
Shiseido Global Innovation Center Commences Full-Scale Operation
-Realizing a New Style of Research and Development Towards Further Growth-
Shiseido Signs Joint Business Plan with Alibaba Group
- March: **CLÉ DE PEAU BEAUTÉ ANNOUNCES THE LAUNCH OF ‘THE POWER OF RADIANCE’ PROGRAM**
Creating a new market through the integration of foundation and medicated skincare
- February: **Notice on Introduction of Performance-Linked Stock Compensation as Long-Term Incentive-Type Remuneration (“LTI”)**
Shiseido Establishes a New Factory in Kurume City, Fukuoka Prefecture
-Responding to Growing Demand and Further Business Expansion Inside and Outside Japan-
Notice of Transfer of Dermatologic Agent Brands FERZEA and Encron
- January: Notice of Merger between Consolidated Subsidiaries

* ESG initiatives are in red