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Shiseido Enters Cosmetic Dermatology Treatment Field

Development of Specialized Skin Measuring Devices and NAVISION Brand

Cosmetic Products for Cosmetic Dermatology Treatment Institutes

Shiseido is further advancing its cutting-edge cosmetic R&D technologies accumulated over 133 years since its foundation in 1872 in the cosmetics business to enter the cosmetic dermatology treatment field in order to address the beauty needs of customers even more deeply. Specifically, together with specialized skin measuring devices, Shiseido has also developed products for cosmetic dermatology treatment institutes and aftercare, home-use cosmetic products under the brand name *NAVISION*, which will be released in November 2005.

Under its corporate message of “This moment. This life. Beautifully.” from fiscal 2005, Shiseido is pursuing business innovation with the goal of providing products and services that will help customers continue to live by this message. By entering the cosmetic dermatology treatment business field currently being spotlighted in the beauty market, Shiseido will respond to customers’ desires for always staying beautiful, and in turn, is seeking to raise customer satisfaction as well as expand its business domain by capitalizing on its accumulated expertise in the cosmetics business. With this in mind, by applying newly acquired findings in the cosmetics field to produce synergies, Shiseido further aims to enhance corporate value.

Background of Entry into Cosmetic Dermatology Treatment Field

Cosmetic treatment entails physicians employing pharmaceuticals and medical devices to produce healthy, beautiful looking skin, and is generally separated into two types of treatment made up of cosmetic surgery and cosmetic dermatology. Among these, cosmetic dermatology treatment is particularly gaining attention in recent years. The methods used in this treatment vary widely, including chemical peels*, laser depilation and spot removal, as well as collagen and hyaluronic acid injections. According to Shiseido data, the number of such patients in Japan will reach approximately 4.8 million in 2005, which is 2.8 times higher than that of 1.7 million in 2002.

While cosmetic dermatology treatment initially took off predominately in the United States in the first half of the 1990s, it also spread to Japan from the latter half of the 1990s to the early 2000s, as evidenced by many feature articles predominantly appearing in women’s magazines. Based on Shiseido research, only 10% of women have had treatment despite the fact that 70% have an interest in doing so. As such treatment can improve problematic skin conditions by using different approaches to cosmetic products, this field is expected to garner more attention by women and thereby grow considerably.

The market scale for treatment-related products continues to expand rapidly amid the increasing popularity of cosmetic dermatology treatment. Cosmetics developed with and provided to medical institutes are known as “doctor’s cosmetics” in Japan, among which the market scale for cosmetic products sold to medical institutes (surgical use and aftercare products, home-use cosmetic products) is estimated at approximately ¥10.0 billion in 2005. However, if “doctor’s cosmetics” sold via general marketing routes are included, the estimated market scale is roughly ¥23.0 billion.

Shiseido aims to enter the non-surgical cosmetic dermatology treatment field in order to develop and provide reliable products and beauty software supported by many years of accumulated R&D expertise. This move is expected to enable Shiseido to raise corporate value by taking a leading role in the beauty

industry, securing growth and achieving synergies with its existing cosmetics business, while also appealing to the innovation and safety of Shiseido products and contributing to community medicine in this field.

*Chemical peeling: Removal of the older dead skin cells of the horny layer by applying acid to stimulate new skin growth.

Development of *NAVISION* Brand Cosmetic Products for Cosmetic Dermatology Treatment

Institutes and Specialized Skin Measuring Devices

The engine for entering this field is the development of *NAVISION* brand cosmetics for cosmetic dermatology treatment institutes and specialized skin measuring devices along with their provision to medical institutes, as detailed below.

Shiseido aims to achieve 800 client facility locations and sales totaling ¥1.0 billion (wholesale basis) in this business. With regard to home-use *NAVISION* cosmetic products, in particular, in order to meet the widespread needs in the “doctor’s cosmetics” market, Shiseido will not only develop sales networks for medical institutes but also expand its sales routes into the retail market in the future.

1 Development of *NAVISION* brand cosmetics for cosmetic dermatology treatment institutes

NAVISION brand cosmetics are being developed into products for cosmetic dermatology treatment institutes and home-use products for post-treatment daily skincare. *NAVISION* products are developed specifically for use at medical institutes that recognizes patients’ concern for safety and usability based on the concept of “heightening the latent skin-regenerating abilities in people.” Both product lines will be provided to the Minami Aoyama Dermatology Skincare Clinic operated by Camellia Club Medical Foundation Incorporated, which was founded chiefly with the agreement and funding from Shiseido. As the distributor, Iwaki Seiyaku Co., Ltd. will launch test sales at 20 medical institutes in the metropolitan Tokyo area, and subsequently promote expansion of sales networks.

**NAVISION*: Word combination of a “vision” and the path to achieving it through direction, or “navigation.”

NAVISION Cosmetic Products for Medical Institutes

The first product for this line is a chemical peeling product generally used in cosmetic dermatology. The second product will be an iontophoresis product currently under development that is scheduled for release near the end of November.



NAVISION Aftercare Home-use Cosmetics

Shiseido will offer six products including a cleanser, skin lotions and essence, which form a basic cosmetics lineup offering hypoallergenic care for delicate skin following chemical peeling.



2 Development of Skin Measuring Devices

Shiseido has developed two innovative measuring devices employing skin measuring technologies accumulated over many years of experience that are to be sold through manufacturer Moritex Corporation. Shiseido will initially install the devices at the Skin Navi Clinic.

Dispersed Measuring Device “Skin Image Analyzer”

Simultaneously measures spots and wrinkles on the entire face to compare pre- and post-treatment skin conditions.



Focused Measuring Device “Skin Micro-Analyzer”

Separately measures texture, pigmentation sebum and skin tone for each part of the face.



Overview of NAVISION Products Scheduled for Release November 2005

Test sales will be launched at 20 medical institutes in the metropolitan Tokyo area via Iwaki Seiyaku Co., Ltd., with plans for future expansion of sales channels.

1. Products for Medical Institutes (Six products, 10 items in total)

Product Name		Volume	Product Characteristics
Chemical Peeling Product	NAVISION Sebum Off <excluding skin lotion>	100ml	Cleansing lotion that removes sebum and dirt to enhance peeling effects.
	NAVISION GA Gel (20, 30, 40, 40S, 40SS) <excluding mask>	100ml	Gel formulated with glycolic acid, with superb applicability and safety due to high concentration and pH balance suitable for treatment.
	NAVISION Neutralizer <excluding skin lotion>	100ml	Neutralizing product to quickly balance high-pH skin after peeling.
	NAVISION Cool-down Mask <pack>	35g x 20 pkg.	Cooling mask that quickly cools warm skin after peeling..
Iontophoresis Product *Additive-free	NAVISION IP Essence (TA) (quasi-drug) <essence>	18ml x 10 tubes	Essence formulated with tranexamic acid that combines whitening effect and skin roughness improving effect.
	NAVISION IP Essence (C) <essence>	18ml/1.1g 10 tubes each	A dual-formula Vitamin C essence that retains moisture and improves whitening effect.

2. Aftercare Home-use Cosmetics (Five products, 6 items in total)

Product Name	Volume / Price	Product Characteristics
NAVISION Makeup Cleansing Oil <makeup remover>	110ml ¥2,500 (¥2,625 incl. tax)	A washable cleansing oil that removes foundation, point makeup and sunscreen and prevents acne without stressing the skin
NAVISION Cleansing Foam <facial wash>	120g ¥2,500 (¥2,625 incl. tax)	A washable skin foam that removes dirt and prevents acne, leaving skin smooth without stressing the skin
NAVISION TA Lotion (S) (quasi-drug) TA Lotion (R) (quasi-drug) <lotion>	110 ml ¥4,000 (¥4,200 incl. tax)	A medical-use lotion that supplements skin moisture and improves roughness for smoother skin. Formulated with tranexamic acid (roughness improving ingredient) (S) Light, moist type (R) Thick, moist type
NAVISION TA Essence (quasi-drug) <essence>	25g ¥5,000 (¥5,250 incl. tax)	A medical-use essence that improves skin roughness with rich moisture and helps retain smooth, moist skin. Formulated with tranexamic acid (roughness improving ingredient)
NAVISION Mild Sunscreen <sun-blocking emulsifier>	40 ml ¥4,000 (¥4,200 incl. tax)	A mild, hypoallergenic sunscreen with no additives that supplements moisture and blocks strong sunlight. Formulated without UV-absorbing active ingredient. (SPF31 and PA++)

*Fragrance-free, color-free

*Non-clogging to pores (formulation that helps to alleviate the causes of acne)

*Dermatologist-tested (Formulated to minimize the risk of allergy)

*Additive-free (Does not contain paraben). All products are tested for skin after chemical peeling.

*Excluding Makeup Cleansing Oil and Cleansing Foam.