

Overcome Challenges Aiming for Early Recovery and Long-Term Growth

March 25, 2020

Representative Director,
President & CEO

Masahiko Uotani

The Shiseido logo, featuring a stylized red 'S' followed by the word 'HISEIDO' in a bold, red, sans-serif font.

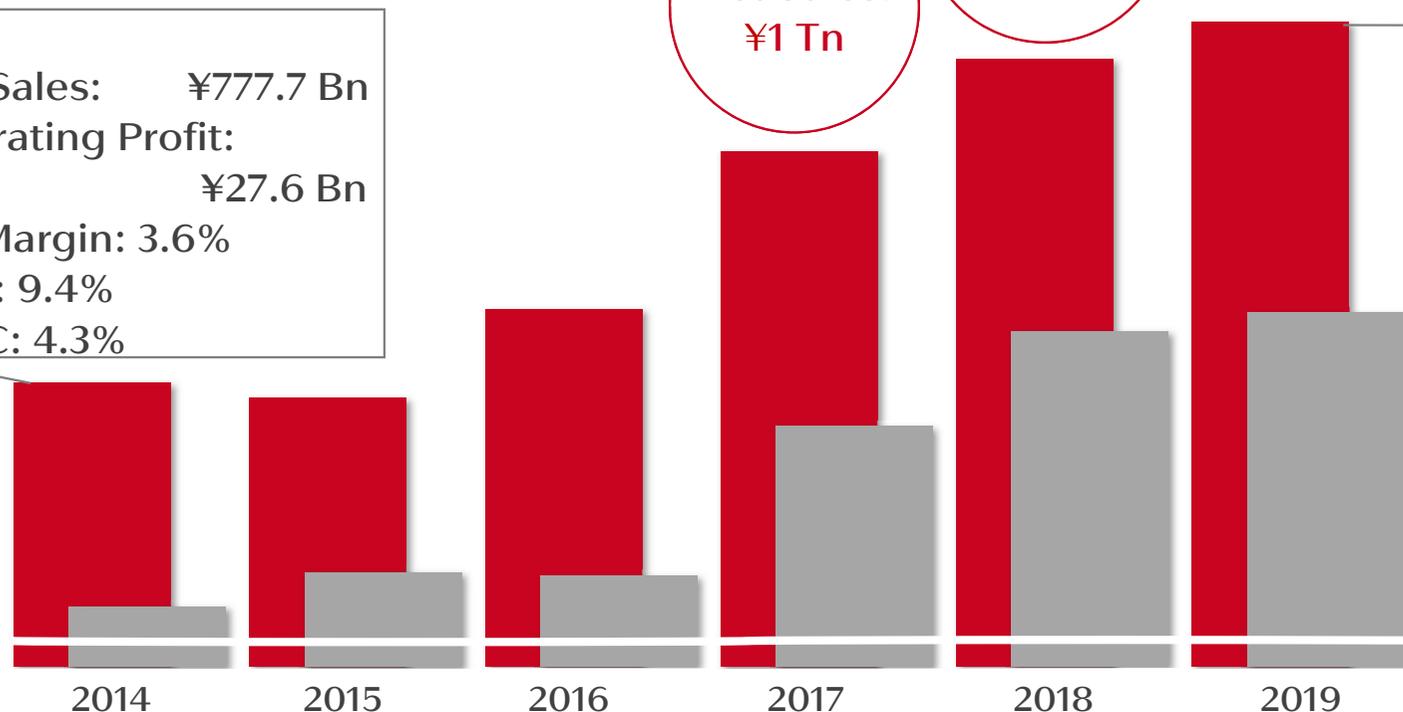


Achieved VISION 2020 Targets Ahead of Schedule

2014-19
CAGR
Net Sales +8%
Operating Profit +33%

■ Net sales
■ Operating profit

2014
Net Sales: ¥777.7 Bn
Operating Profit: ¥27.6 Bn
OP Margin: 3.6%
ROE: 9.4%
ROIC: 4.3%



2019
Net Sales: ¥1,131.5 Bn
Operating Profit: ¥113.8 Bn
OP Margin: 10.1%
ROE: 15.6%
ROIC: 12.9%

Tokyo Stock Exchange

The 8th Corporate Value Improvement Award: Excellence Award



Japan Association of Corporate Directors
Corporate Governance of the Year 2019:
METI Minister's Award



Original Plan for 2020

(before the COVID-19 Impact)

- Continued growth of global brands
- Growth of China and Travel Retail Businesses
- Profitability improvement in Americas and EMEA
- Review and steady improvement of Japan Business
- Further enhancement of supply capabilities
- Integration and expansion of *Drunk Elephant*
- Sustainability strategy execution
- Impact of Hong Kong and S. Korean markets*
- Impact of U.S.-China tariffs

Net Sales 1,220 Bn yen

Operating Profit 117 Bn yen

Net Profit 77.5 Bn yen

Attributable to Owners of Parent

*Countries and regions

Emergency Response by Shiseido

Top Priority: Health and Safety of Consumers and Employees

China

- Office closure for 30 days
Now reopened and operating as usual
- Stores: 70% were closed
Currently, over 90% resumed operation
- Donations to medical professionals
Provision of hair-cutting services and products (shampoo, facial wash)

Japan

- 8,000 employees telecommuting from Feb 26
- Storefronts: reduced work time, off-peak commuting
- Suspended activities involving direct contact with skin
- Factories: reduced operating hours
- Provision of hand soap and other products to municipalities

Americas

- Telecommuting; office closure
- Closures of stores and factories

EMEA

- Telecommuting due to lockdown
- Closures of stores and factories
- Special production of hand sanitizer for hospitals

Asia Pacific

- Telecommuting and shift operation
- Storefronts: reduced opening hours

Business Impact

- Decrease in consumers and sales
 - Store closures or reduced opening hours
 - Japan: Considerable reduction of inbound demand
- E-commerce
 - China: Significant growth due to shopping during lockdown
- Supply chain
 - Japan: No significant impact, but decreased production due to limited operation hours
 - China: Operations resumed, gradual recovery
 - EMEA and Americas: Factory closures and difficulties in procurement due to lockdown



Signs of Recovery in China

Storefronts

- Over 90% of business partners have resumed operations
- Strong e-commerce sales

Government & Business Environment

- Reductions of social insurance premiums, etc.
- Reductions in shops and office rental fees

Consumers

- Gradually getting back to normal
- Strong demand for cosmetics
- Relay of love project



爱心接力

SHISEIDO

- Donate 10 million CNY for medical treatment and infection prevention
 - Contribute 1% of sales from Asian markets for six months from February or until declaration of recovery in China
- Support with donation, products and various events to invigorate people

Key Initiatives to Protect Corporate Value

- Top priority: health and safety of employees as the most important corporate asset
 - Securing global employment, raising the morale and unity of employees
- Marketing activities: reduction, postponement or discontinuation
- E-commerce: expansion in China
- Costs: ongoing strict control, reduction of non-essential expenses by region and function
- Support for business partners such as specialty stores
- Recovery through vigorous business activities after the return to normality
 - New launches and strengthening of media investment
- Transparent communication with shareholders and investors

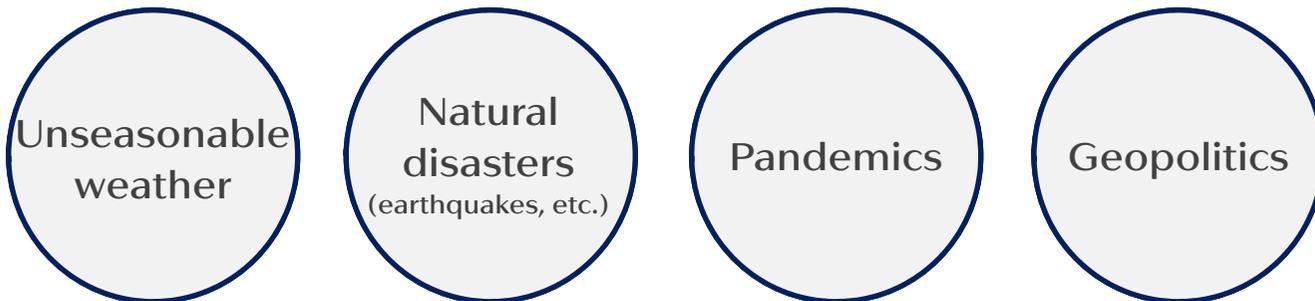


Reflect the impact of COVID-19 and recovery initiatives:

- Review the original 2020 plan
(to be disclosed at the end of Q1 2020)
- Formulate 2021-23 mid-term plan
(to be disclosed at the end of 2020)

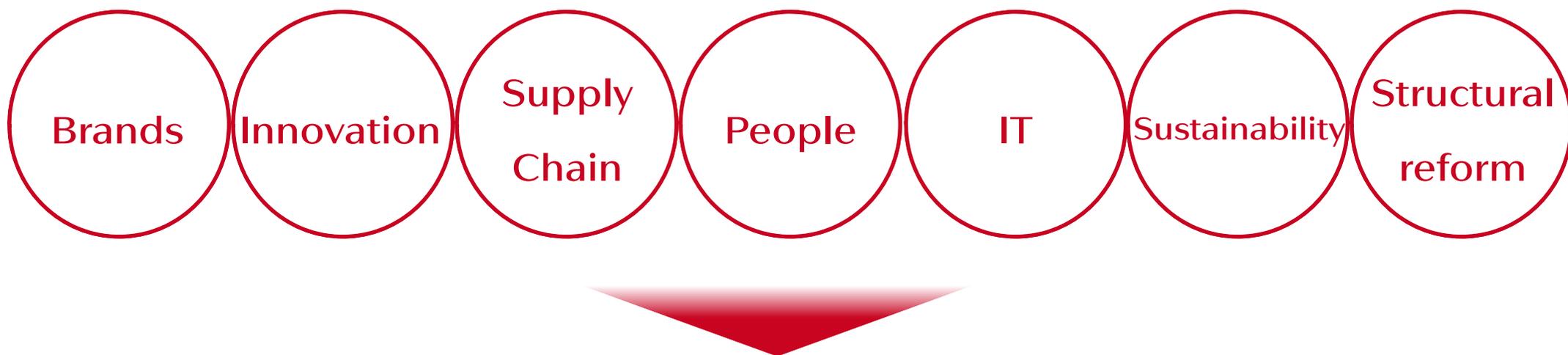
Management Prepared for the Unexpected

Develop Risk Scenarios (quarterly)



- Assignment of third-party experts and advisors
- Diversification of brands, regions, businesses and supply network
- Diverse human resources familiar with local conditions
- Enhancement of Business Continuity Plans (BCPs) and emergency manuals

Aiming for Medium-to-Long-Term Growth



Be a Global Winner with Our Heritage

Long-term targets:

Net Sales ¥2 Tn

Operating Profit ¥300 Bn
(OP Margin 15%)



OUR MISSION

BEAUTY INNOVATIONS FOR A BETTER WORLD



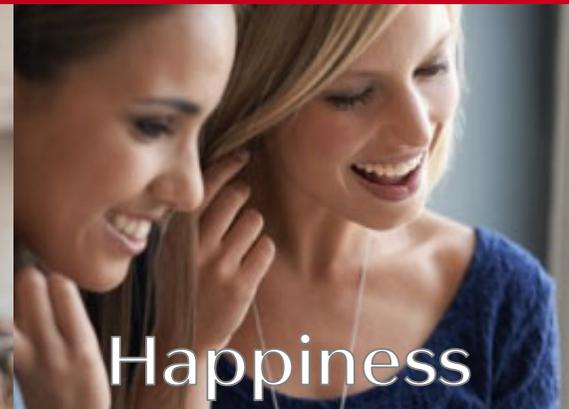
Bond



Smile



Confidence



Happiness

どんな時も、肌から明るく、
つややかな一日を。

手でなじませるだけで、
10分間シートマスクしたみたい
にうるおい潤ちて、美つや肌に。

マスクイン化粧水

しっとり 160mL
(きらっとしっとり・とてもしっとり つめかえ用もあります)
3,000円
(税込3,300円)



朝、化粧水の後これ1本。
紫外線カット&おしろい効果で、
ほんのり明るい美肌に。

おしろい美白乳液
(医薬部外品) 35mL
おしろいプリオール 潤白乳液 ¥1,200
3,200円
(税込3,520円)



大人の七難

凹凸 影 色 乾く 下がる 見えにくい おっくろ

資生堂 美容相談室(プリオール) 商品情報、お近くの取扱店などお電話にお尋ねください。
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PRIOR:
April 2020 campaign
newspaper ad

Now Is the Time: The Power of Beauty for Society

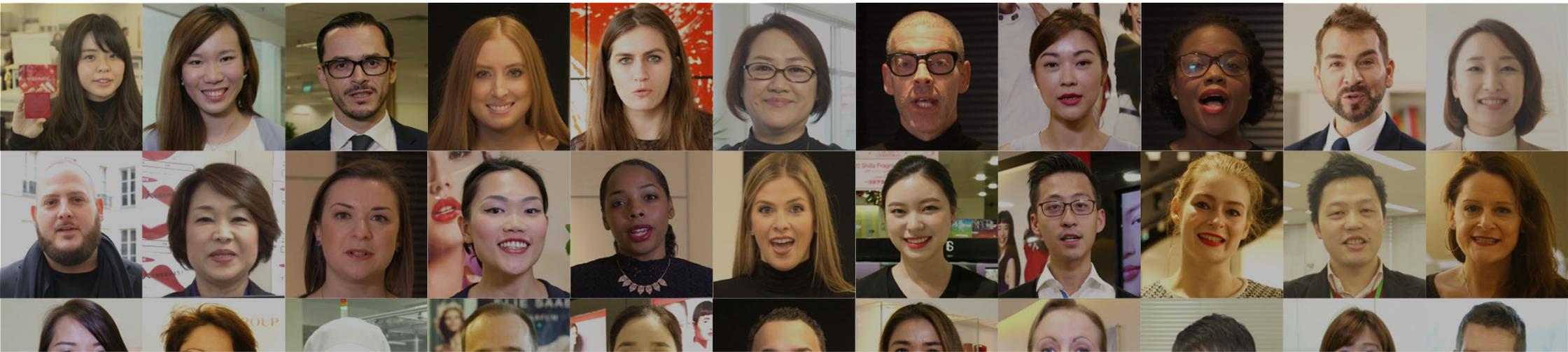


Shareholders

Society
Consumers
Partners

Employees





One Shiseido: Solidarity of People

