April 27, 2015
Masahiko Uotani
Representative Director, President & CEO
Shiseido Co., Ltd.

Key Points of the New Three-Year Plan
/Our 3 year journey

Three-Year Performance Targets and FY2015 Outlook
/What we will achieve
Know the Front Line of Our Business and Understand Essential Management Issues

Successively Innovate Key Brands
Initiate Total Reengineering of the China Business

VISION 2020: Toward a New Century for Shiseido
Empower Diverse People
The Result is Steady Success

Comparison of Store Sales with FY2012

<table>
<thead>
<tr>
<th>First Half</th>
<th>Second Half</th>
</tr>
</thead>
<tbody>
<tr>
<td>3Q</td>
<td>4Q</td>
</tr>
<tr>
<td>January</td>
<td>February</td>
</tr>
</tbody>
</table>

-15  -10  -5  0  5  10

Shiseido

Market

The Result is Steady Success

Growth in New Customer* 1  Sales at Stores

<table>
<thead>
<tr>
<th>%</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>30</td>
<td>25</td>
</tr>
</tbody>
</table>

+35 +29 +24

+17 +16 +10 +7 +4

-13


Domestic Market Share* 2

<table>
<thead>
<tr>
<th>%</th>
<th>%</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>35</td>
<td>30</td>
<td>25</td>
</tr>
</tbody>
</table>

Source: INTAGE Inc. SLI-web purchase comparison data (value basis) for general cosmetics (defined by Shiseido; comprising cosmetics, haircare, body care and others).
Solid Growth from Further Innovation

- Sustained growth in Japan
- Radical reforms in China
- Improved management precision
- Simultaneous globalization and localization
- Expanded investment in the foundation for growth
- Structural reforms that address core issues
- Capital cost conscious management

Overview of VISION 2020

<table>
<thead>
<tr>
<th>2015-2017</th>
<th>2018-2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Restructure the Business Foundation</td>
<td>New Strategy to Accelerate Growth</td>
</tr>
</tbody>
</table>

Net Sales (Billion yen)

- FY2014: 777.7
- FY2017: over 900
- FY2020: over 1,000

Our vision toward 2020

- Consolidated Net Sales: Over ¥1 trillion
- Consolidated Operating Income: Over ¥100 billion
- ROE: 12% or more
Key Three-Year Strategies

Build the foundation for top share in Japan

Nurture strong brands

Accelerate global growth

Direct connection between headquarters and the front line

Reengineer the China business

Bold investment in growth areas

Build the Foundation for Top Share in Japan

Nurture strong brands

Direct connection between headquarters and the front line

Bold investment in growth areas

- Enhance advertising
- Innovative product development
- Strengthen self-selection products
- Focus investment on strong brands
- BCs who communicate brand value

- Capture inbound demand
- Focus boldly on e-commerce

• Make ICHIGAN a habit
• Innovate human resource development and evaluation
• Appoint a Chief People Officer
• Formulated with an optimum balance of oil and beauty ingredients to achieve gloss, moisturizing and long-lasting color

• Seems to melt into the skin because of our unique Mousse Press Process

• Sunscreen that reacts with sweat and water to strengthen the UV protective layer

Strengthen and Nurture Self-Selection Cosmetics
Further Strengthen Powerful Brands

Strictly manage the profitability of each brand.

Rigorously apply rules for revising or terminating brands.

FY2020

Share of top 15 brands in sales mix

90%

Capture Inbound Demand

Seek customer insights.

Develop a unique brand portfolio.

Strengthen store-front operations.

Maintain top market share at four largest airports in Japan.
Get Close to Customers through a Direct Connection Between Headquarters and the Front Line in All Activities.

Cosmetics

Research | Development | Marketing | Sales/BCs*

*Beauty Consultants

BCs Who Communicate Brand Value

Recruit new full-time employees.

Make fixed-term contract employees full-time employees.

Innovate personnel training and evaluation systems.
Accelerate Global Growth

- Re-energize the global brand SHISEIDO
- Horizontally develop buzz marketing expertise
- Continue to innovate CPB*, bareMinerals and Za

Nurture strong brands

Direct connection between headquarters and the front line

- Localize by introducing regional headquarters
- Establish an R&D framework
- Hire professionals

Bold investment in growth areas

- Expand travel retail business
- Investigate M&A opportunities

ULTIMUNE: Rejuvenating the Global Brand SHISEIDO

+70%*

*ULTIMUNE sales growth, FY2014 vs. FY2017 (sales volume basis)
Horizontally Develop Buzziest Brand Expertise

+50%*

*Sales growth, FY2014 vs. FY2017 (shipped value basis)

Proposing New Value through Synergy of bareMinerals with Shiseido

+25%*

*Sales growth, FY2014 vs. FY2017 (shipped value basis)
Expand Travel Retail Business

- Establish an independent organization for Asia and focus investment there.
- Expand investment in counters.
- Double the number of BCs.
- Launch exclusive products.

*Sales growth, FY2014 vs. FY2017 (shipped value basis)

Reengineer the China Business

- Innovate every aspect of brand positioning.
- Review channel policies.
- Establish a local product development framework.
- Strengthen digital marketing.
- Build a leading position in the e-commerce market.

- Reform the organization.
- Develop capabilities of personnel.
- Innovate activities of sales and BCs.

Nurture strong brands

Direct connection between headquarters and the front line

Bold investment in growth areas
Roadmap for Reengineering the China Business

**FY2014**
- Collect excess market inventory, primarily at department stores
- Optimize market inventory by reining in shipments
- Initiate organizational restructuring

**FY2015**
- Restructure brand portfolio
- Move completely away from the sell-in focus in sales activities
- Strengthen local ties of the sales organization
- Expedite organizational restructuring and localization
- Enhance local R&D organization
- Expand e-commerce
- Innovate the management organization

**FY2016-2017**
- Expand store sales
- Implement new brand strategy
- Launch locally developed products
- Accelerate marketing enhancements
- Formulate new channel policies
- Develop new BC organization
- Realize the effects of cost structure reforms

Toward Growth of the China Business

Sales Growth and Operating Profitability*

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales growth rate</th>
<th>Operating profitability</th>
</tr>
</thead>
<tbody>
<tr>
<td>FY2013</td>
<td>+8%</td>
<td></td>
</tr>
<tr>
<td>FY2014</td>
<td>+9%</td>
<td></td>
</tr>
<tr>
<td>FY2015</td>
<td>+11%</td>
<td></td>
</tr>
<tr>
<td>FY2016</td>
<td></td>
<td></td>
</tr>
<tr>
<td>FY2017</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*Local currency basis
Increase Investment in Basic and Fundamental R&D

Establish the Global Innovation Center.

Promote open innovation.

Increase R&D investment by 40% by FY2017*

* Compared with FY2014

Proceed Steadily with Cost Structure Reform

Thoroughly review for further improvement at a component level.

Work together across the entire organization to generate ideas.

Reduce costs by ¥30 to ¥40 billion by FY2017

Expand investment in customer-focused marketing and R&D
Outlook for FY2015

**Net Sales (Billion yen)**

- FY2014: 677.5
- FY2015: 730.0
- Increase: 8%

**Operating Income (Billion yen)**

- FY2014*: 21.2
- FY2015: 28.0
- Increase: 32%

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* FY2015 is an irregular fiscal year. FY2014 has been adjusted accordingly (Japan: 9-month fiscal year, overseas: 12-month fiscal year)

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Breakdown of FY2015 Changes in Operating Income (Difference with Previous Fiscal Year)

**(Billion yen)**

- Increase in marginal income from sales growth: 32.8
- Increase in marketing and R&D investment: 19.0
- Increase in personnel expenses: 6.0
- Cost reductions from structural reforms: 4.0
- Decrease in marginal income due to reengineering of China business, etc.: 5.0

**FY2014**: 21.2
**FY2015**: 28.0
Sales Target: Over ¥900 Billion (FY2017)

Sales Growth by Region (CAGR for past three years vs. next three years)

<table>
<thead>
<tr>
<th>Region</th>
<th>CAGR Past Three Years</th>
<th>CAGR Next Three Years</th>
</tr>
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<tbody>
<tr>
<td>Europe</td>
<td>1%</td>
<td>-2%</td>
</tr>
<tr>
<td>China</td>
<td>7%</td>
<td>4%</td>
</tr>
<tr>
<td>Japan</td>
<td>-1%</td>
<td>3%</td>
</tr>
<tr>
<td>Asia</td>
<td>3%</td>
<td>6%</td>
</tr>
<tr>
<td>Americas</td>
<td>9%</td>
<td>2%</td>
</tr>
</tbody>
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Local currency basis

Operating Income Target: ¥50 to ¥60 billion (FY2017)

Operating Income (Billion yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Income</th>
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<tbody>
<tr>
<td>2014</td>
<td>¥21.2*</td>
</tr>
<tr>
<td>2015</td>
<td>¥28.0*</td>
</tr>
<tr>
<td>2016</td>
<td></td>
</tr>
<tr>
<td>2017</td>
<td>¥50 to ¥60 billion</td>
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ROE: 9% to 10%

*Japan: 9-month fiscal year; overseas: 12-month fiscal year.