

December 25, 2015

### **Information regarding transfer of the subsidiary's shares**

It is hereby notified that Shiseido has determined to transfer its shareholding in subsidiary SHISEIDO Kozmetik Anonim Şirketi\* (located in Istanbul, Turkey, and hereinafter referred to as “Shiseido Turkey”), which imports and sells SHISEIDO brand products in Turkey, to Vepa Dış Ticaret Limited Şirketi (located in Istanbul, Turkey, and hereinafter referred to as “Vepa”), Shiseido’s joint venture partner company.

\*After the transfer of the shares, the company will be renamed Vepa Perakende Kozmetik Anonim Şirketi

#### **1. Reason for the transfer**

As part of its medium-to-long term strategy “VISION 2020” announced in December 2014, Shiseido has been striving to achieve greater brand value and promote the reform of business structure. In the overseas business, in particular, the Company has been bolstering its collaboration with partners that have a full knowledge of local cosmetics markets, thereby seeking to attain a higher profile in each market and improve profitability. As part of these efforts, Shiseido in August 2015 sold all its shareholding in its Greek subsidiary to Folli-Follie, a player with strong sales and marketing capabilities in Greece, and entered into a distributor agreement with aforementioned subsidiary. Meanwhile, in November 2015 under its selection and concentration strategy, Shiseido decided to concentrate on its prestige business in India by terminating sales of products under “Za”, a low- and medium-price brand in the country, liquidating its Indian subsidiary, and stepping up its collaboration with distributor Baccarose Perfumes & Beauty Products Pvt. Ltd.

In order to further enhance the brand under the rapidly changing business environment in Turkey, we recently reached the decision that the best measure is to affiliate with Vepa which has a full knowledge of the local prestige market and retail business.

More specifically, Shiseido will sell all of the shares of Shiseido Turkey, importer and distributor of SHISEIDO brand products in the Republic of Turkey, that it owns (51%) to Vepa and will sign an agreement with Vepa Perakende Kozmetik Anonim Şirketi (formerly Shiseido Turkey), a wholly-owned subsidiary of Vepa after the transfer, under which the subsidiary will serve as the importer and distributor of SHISEIDO brand products in the Republic of Turkey.

The Republic of Turkey is one of the promising markets for SHISEIDO brand when seen from a long-term perspective and Shiseido will work towards sustainable growth and further strengthening of the brand in Turkey by collaborating system with Vepa that has a strong sales and marketing capability in the prestige market in the Republic of Turkey.

## 2. Summary of SHISEIDO Kozmetik Anonim Şirketi (Before the transfer of shares)

(1)	Company name:	SHISEIDO Kozmetik Anonim Şirketi (After the transfer of the shares, the company will be renamed Vepa Perakende Kozmetik Anonim Şirketi )		
(2)	Location:	Istanbul, Republic of Turkey		
(3)	Representative's name and title:	General Manager: Saruhan Kaan Ekinci		
(4)	Content of business:	Import and sales of Shiseido cosmetics in Republic of Turkey		
(5)	Capital:	4.6 Million Turkish Liras (TL)*		
(6)	Establishment:	October of 2011		
(7)	Principle stakeholder and shareholding ratio:	51% owned by the Company through SHISEIDO INTERNATIONAL EUROPE S.A. (SIE) which is the wholly owned subsidiary of Shiseido Co., Ltd.		
(8)	Relationship between the listed company and the relevant company:	Capital relationship	51% owned by the Company through SIE	
		Human resources relationship	4 Shiseido's employees serve as directors	
		Transaction relationship	Purchases Shiseido cosmetics from Shiseido via SHISEIDO EUROPE**	
(9)	Operating results and financial position of the relevant company for the most recent three years:			
Date of settlement of accounts		FY Ending Dec. 2012	FY Ending Dec. 2013	FY Ending Dec. 2014
Net assets		2,670,000 TL	-589,000 TL	-2,988,000 TL
Total assets		8,660,000 TL	9,520,000 TL	10,826,000 TL
Net sales		12,711,000 TL	15,426,000 TL	14,956,000 TL
Operating loss		-1,696,000 TL	-1,493,000 TL	-2,778,000 TL
Net income loss		-1,783,000 TL	-3,259,000 TL	-2,399,000 TL

\* 1TL = around 41 yen

\*\*SHISEIDO EUROPE: Wholly owned subsidiary of Shiseido Co., Ltd. which administers the distributor business in Europe

## 3. Summary of Vepa Dış Ticaret Limited Şirketi

(1)	Company name:	Vepa Dış Ticaret Limited Şirketi (former trade name Vesco Kosmetik Ürünleri Paz. ve Tic. Ltd. Sti.)
(2)	Location:	Istanbul, Republic of Turkey
(3)	Representative's name and title:	Chairman: Onder Oztarhan President of Cosmetic group: Tuncer Oztarhan
(4)	Content of business:	Import and sales of cosmetics in Republic of Turkey, etc.
(5)	Capital:	8 Million US\$
(6)	Establishment:	1962

(7)	Consolidated net assets:	20,175,000 US\$ (as of the end of December, 2014)	
(8)	Consolidated total assets:	72,500,000 US\$ (as of the end of December, 2014)	
(9)	Principle stakeholder and shareholding ratio:	Onder Oztarhan 33.3%,Tuncer Oztarhan 33.3%, Burak Oztarhan 33.3% (as of December, 2015)	
(10)	Relationship between the listed company and the relevant company:	Capital relationship	None
		Human resources relationship	None
		Transaction relationship	None
		Status of related parties	None

4. Number of shares to be sold, selling prices and the number of shares held before and after the sale

(1)	Number of shares held before the transfer: (Indirect ownership through SIE)	2,346,000 shares (No. of voting rights:2,346,000 rights) (Ratio of voting rights: 51%)
(2)	Number of shares sold:	2,346,000 shares (No. of voting rights: 2,346,000 rights)
(3)	Selling price:	4 Euro
(4)	Number of shares held after the transfer:	0 share (No. of voting rights: 0 right) (Ratio of voting rights: 0%)

5. Schedule

(1)	Closing date of the share transfer:	December 31, 2015
(2)	Effective date of the Exclusive Distributorship Agreement :	January 1, 2016

6. Future prospects

The effect of this issue on the consolidated business results of the Shiseido Group for the December period in 2015 will be minor.

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