

SHISEIDO GROUP EMEA ON THE MOVE, FROM CHALLENGER TO LEADER.

New EMEA strategy drives plans for a new era.

Paris, October 7th, 2016 –

As part of its overall VISION 2020 plan, **Shiseido Group announced this morning the birth of Shiseido Group EMEA** (Europe, Middle East and Africa) covering worldwide activities for fragrance brands Issey Miyake, Narciso Rodriguez, Elie Saab, Alaïa Paris, Zadig&Voltaire, SHISEIDO fragrances, Dolce&Gabbana and Serge Lutens (creation, production, business) as well as business and distribution on SHISEIDO Group brands (the brand SHISEIDO, Laura Mercier, bareMinerals and NARS).

Vision and New Organization

Named President and CEO of Shiseido Group EMEA in 2015, Mr. Louis Desazars had a clear roadmap.

The first objective was to make Shiseido Group a key prestige player in the fragrance category. “We cannot become a global player if we are not strong in fragrance which is a strategic category in the western world. Fragrance is part of your DNA in Europe, you need to lead that transformation” said Mr. Louis Desazars.

The second mission was to bring the brands within the region into One Shiseido in order to transform our culture and make the Group stronger, faster and more competitive within the EMEA region. “I want to implement a new culture and mindset that embrace creativity, energy and diversity” said Mr. Louis Desazars.

Under the Shiseido group EMEA, Mr. Louis Desazars **has restructured the organization into 3 divisions.**

Those 3 divisions regroup the 3 missions as a Regional Headquarters: a global brand-holding division (the Creators’ Corner), a regional business division (the Business Corner) and the expert division (the Experts’ Corner).

The Creators’ Corner is divided into 3 subdivisions:

- The SHISEIDO brand regional, “the SHISEIDO Regional Lab” which purpose is to make the SHISEIDO brand more relevant to the region. It means specific communications, products and tools based on customer insights.
- The SHISEIDO fragrance division, “the Gallery”, that oversees all the fragrance license brands with the addition of Dolce&Gabbana since October 1st. Consequently, Beauté Prestige International will no longer be used as a corporate brand from January 1st 2017.
- “The Boutique” is the place for smaller brands that the Group wants to develop, to incubate. Those brands have a unique DNA but also a unique business model. Only one brand falls within “The Boutique” and this brand is Serge Lutens. “I hope more will follow in the coming years” said Mr. Louis Desazars.

The second division, the Business Corner, manages all the region business through distributors and of course through Shiseido Group affiliates that were also integrated and moved in some cases to new offices.

The last division is the expert division (“the Experts’ Corner”). This is the backbone of the organization that supports and collaborates with the two other divisions in order to bring brands to life and to market while making Shiseido Group EMEA a best in class in the industry in terms of cross functional expertise. New expertise has been created such as Sustainability as this a centerpiece of Mr. Masahiko Uotani’s vision on how the group should act in the society.

“I am very proud of this new organization. This was the opportunity to bring in new expertise and talents that will help our transformation” said Mr. Louis Desazars.

In addition, a new **Global Fragrance Center of Excellence** is created to work to best use Shiseido Group’s state-of-the-art expertise in creating new and unique fragrances. Its mission is to make Shiseido Group a key player in the fragrance industry worldwide. This Fragrance Center of Excellence will be headed by Nathalie Helloin-Kamel, Chief Brand Officer and President of the Fragrance Center of Excellence.

“We have an internal olfactory studio and consumer insight function to be able, as a market leader, to plan the future. More than just creating fragrances, Shiseido Group Fragrance Center of Excellence works side-by-side with our brands throughout their creation process to excel in the world of fragrance. Our ambition is to affirm our difference, stick to our values: design integrity, respect for creators and keeping the consumer first,” said Nathalie Helloin-Kamel.

The Fragrance Center of Excellence is part of VISION 2020 worldwide strategy.

Ambitions

While designing this new organization, Mr. Masahiko Uotani initiated the STAR project, the Shiseido Transformation Advanced Revitalization. The EMEA region conducted this project with a major focus on making the Group more efficient from an operational, procurement and system point of view. This project led to some **major investments close to 60M€** in new SAP, state of the art industrial tools, and new supply chain to gain in efficiency and performance.

Within this new EMEA organization, Mr. Louis Desazars aims **to make Shiseido Group one of the top five prestige group players in the region, and is targeting a global 9% market share for fragrance on a worldwide within 5 years.** “As we stand today the Group owns a global market share of 5,8% in fragrance, my target is to get to 9% market share”, said Mr. Louis Desazars.

The Group wants to move from a challenger to a leader position, considering the consolidation of the players in the world and of the trade, scale is important.

“To get there we will focus on our amazing existing portfolio of designer brands such as Narciso Rodriguez or Issey Miyake but we will of course do it through our two recent acquisitions

Dolce&Gabbana and Serge Lutens”, said Mr. Louis Desazars.

Last July 1st, the Group announced the signature of a license agreement with the Italian fashion house Dolce&Gabbana, a major milestone in the global fragrance strategy led by the EMEA region.

“This is a big opportunity and we have an important and shared ambition with Dolce&Gabbana’s two designers. Dolce&Gabbana takes Shiseido Group into a different category of brand and business. It is our first major fashion brand with 3 axis. It is a brand with a strong identity and heritage. It is a brand with an amazing awareness and strong customer bonding”, said Mr. Louis Desazars. **The ambition is to grow this major business and more than double it to reach €1 billion in the next 10 years and enter the global fragrance top 10.**

“This new profile has greatly increased the Group’s attractiveness, to customers and to potential new talents in the luxury industry. We have now reached a critical size allowing us to accelerate while reinforcing our expertise”, said Mr. Louis Desazars.

Another key brand is Serge Lutens that Shiseido acquired last December. “This brand is amazing with a very extraordinary founder who remains completely involved in the brand. The niche/ perfumer brand is a growing segment as customers aspire to more exclusive brands and a more unique experience versus the massification of the fragrance market. We have decided to accelerate with a store deployment strategy “, said Mr. Louis Desazars.

Focusing on the EMEA region, Shiseido Group EMEA has a large portfolio covering all 3 prestige categories, fragrance, makeup and skincare. The Group is the number 8 player versus the number 5 on a global base. “We have room for growth, therefore **I aim to make Shiseido Group one of the top 5 prestige beauty Group players in the region within the coming 5 years**”, said Mr. Louis Desazars.

Fragrance is a major factor for the expected growth, but there are other brands where the Group has strong ambitions on.

“Indeed I have also great ambitions in the skincare segment as I believe that with the unique leadership SHISEIDO has in terms of technology that we should reach a top 3 skincare brand in the region while we are now only 5th”, said Mr. Louis Desazars.

Finally, makeup will play an important role in the growth plan as this is the fastest growing category. NARS is experiencing a double digit growth since the past 5 years and the Group wants to accelerate this trend as the brand is still very exclusive.

The acquisition of Laura Mercier is also a great opportunity for the region as this brand has also a very limited footprint while being very unique, successful and different from NARS.

Growth will be driven also through some major market opportunities such as the UK, Middle East and Africa where the Shiseido Group brands are underpenetrated. The Group is reviewing its go-to-market organization in those 3 markets to accelerate.

“I am confident that the new Shiseido Group EMEA organization, carried by our exceptional brands and strong talents, is key to achieve our high ambitions.” said Mr. Masahiko Uotani as a conclusion.

SHISEIDO CO., LTD IN BRIEF.

Founded in Japan in 1872, SHISEIDO was the country’s first Western-style pharmacy. The company progressively evolved into a cosmetics brand that offers its customers products made from scientifically revolutionary formulas that meet the finest aesthetic criteria in Asia and the Western world. Known today as the leading cosmetics company founded in Japan, SHISEIDO embodies absolute excellence in the fields of skincare, makeup and fragrances. SHISEIDO is particularly renowned for its high-performance targeted care, including a range of brightening skincare products. The brand also sells men’s lines for the face and body, as well as sun protection products. Designing ever more innovative and forward-thinking products for the past 140 years, the brands of SHISEIDO Group are currently available in over 120 countries and regions worldwide.

For more information, please visit <http://group.SHISEIDO.com/>.