

SHISEIDO Co., Ltd.

FY2013 First Quarter Results and Outlook

July 31, 2013

SHISEIDO Co., Ltd.
Director, Corporate Officer

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In this document, statements other than historical facts are forward-looking statements that reflect our plans and expectations. These forward-looking statements involve risks, uncertainties and other factors that may cause actual results and achievements to differ from those anticipated in these statements.

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First Quarter Results (Ended June 2013)

SHISEIDO

(Billion yen)	Result	YoY % Change	Local Currency	YoY Amount
Net Sales	162.4	+8.6%	+0.7%	+12.9
Domestic	82.2	+0.1%	+0.0%	+0.1
Overseas	80.2	+19.0%	+1.5%	+12.8
Operating Income	6.9	(-3.0)	—	+9.9
Ordinary Income	7.6	(-2.7)	—	+10.3
Net Income	2.7	(-1.3)	—	+3.9

The figure in parentheses is the amount in the previous fiscal year.

- Overseas Sales Ratio 49.4% (+4.3 pp)
- Operating Margin 4.2% (+6.2 pp)
- Exchange Rate 1 US\$ = ¥92.4 (+17%), 1 Euro = ¥122.0 (+17%),
1 RMB = ¥14.9 (+18%)

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Sales by Reportable Segment

SHISEIDO

(Billion yen)	Q1 of 2014/3		Q1 of 2013/3		YoY % Change	Local Currency
		% of Net Sales		% of Net Sales		
Domestic Cosmetics	75.8	46.7%	75.5	50.5%	+0.4%	+0.4%
Global Business	84.3	51.9%	71.7	48.0%	+17.5%	+0.9%
Others	2.2	1.4%	2.2	1.5%	+1.7%	+1.7%
Total	162.4	100%	149.4	100%	+8.6%	+0.7%

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Domestic Cosmetics Sales by Reportable Segment

SHISEIDO

(Billion yen)		Q1 of 2014/3		Q1 of 2013/3		YoY Amount	YoY % Change
			% of Net Sales		% of Net Sales		
	Counseling	36.4	22.5%	36.0	24.1%	+0.4	+1.2%
	Self-selection	18.7	11.5%	19.6	13.1%	-0.9	-4.6%
	Toiletries	9.3	5.7%	8.8	5.9%	+0.5	+5.5%
	Cosmetics	64.5	39.7%	64.5	43.1%	+0.0	+0.0%
	Healthcare	3.8	2.3%	3.3	2.2%	+0.4	+13.5%
	Others	7.6	4.7%	7.7	5.2%	-0.1	-1.9%
Domestic Cosmetics		75.8	46.7%	75.5	50.5%	+0.3	+0.4%

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Global Business Sales by Reportable Segment

SHISEIDO

(Billion yen)	Q1 of 2014/3		Q1 of 2013/3		YoY Amount	YoY % Change	Local Currency
		% of Net Sales		% of Net Sales			
Cosmetics	73.7	45.4%	62.3	41.7%	+11.4	+18.3%	+0.8%
Professional	10.5	6.5%	9.4	6.3%	+1.1	+12.1%	+1.5%
Global Business	84.3	51.9%	71.7	48.0%	+12.6	+17.5%	+0.9%

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Sales by Geographic Area

SHISEIDO

(Billion yen)	Q1 of 2014/3		Q1 of 2013/3		YoY Amount	YoY % Change	Local Currency
		% of Net Sales		% of Net Sales			
Japan	82.2	50.6%	82.1	54.9%	+0.1	+0.1%	+0.0%
Americas	25.5	15.7%	22.2	14.8%	+3.3	+14.8%	-1.5%
Europe	21.6	13.3%	19.1	12.8%	+2.5	+13.1%	-3.5%
Asia/Oceania	33.2	20.4%	26.1	17.5%	+7.0	+27.0%	+7.7%
Overseas	80.2	49.4%	67.4	45.1%	+12.8	+19.0%	+1.5%
Total	162.4	100%	149.4	100%	+12.9	+8.6%	+0.7%

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Japan,

where store sales are gradually recovering

2

China,

where we have overcome the most difficult situation

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Bare Escentuals in the US,

where we review our long-term plan and will make more investments to achieve growth again

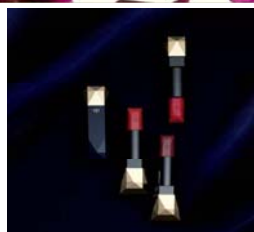
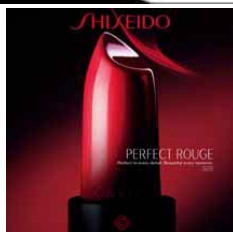
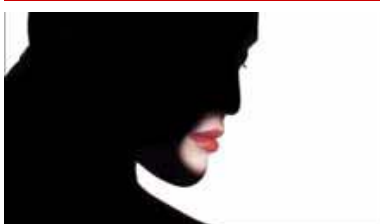
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Major Planned Initiatives (Japan)

SHISEIDO

Department stores

Cosmetics specialty stores



Global brand SHISEIDO

clé de peau BEAUTÉ

BENEFIQUE

TV ad launch

New makeup products
released on Aug. 21

Enhance the counseling capacity of beauty consultants using iPads

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Major Planned Initiatives (Japan)

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Major retailers (drugstores and general merchandise stores)



Released
on
Jul. 21



"True Rouge"



"True Eye Shadow"

To be
released
Aug. 21



"True Liquid Moisture UV"



"True Cheek"

MAQuillAGE



ELIXIR

AG+

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Major Planned Initiatives (China)

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Enhance initiatives in large coastal cities and locally produced brands in China



"AUPRES" at department stores

Improvement of counseling
activities using a new cosmetic
device



"URARA" at cosmetics
specialty stores

Renewal of the world's first anti-
aging skincare line that uses the
latest research findings on D-
amino acid

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Synergy between direct-to-consumer (DTC) and retail businesses



North America DTC Business

Re-strengthen QVC and infomercials

North America Retail Business

Prioritize strengthening existing stores

Overseas Business

Focus on UK and Japanese markets

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Outlook for the First Half Ending September 2013

(Billion yen)	Forecast	YoY % Change	Local Currency	Change from 4/26
Net Sales	360.0	+7.9%	-0.2%	+17.0
Domestic	187.0	+0.2%	+0.2%	+/-0.0
Overseas	173.0	+17.7%	-0.8%	+17.0
Operating Income	15.0	+79.8%	—	+3.0
Ordinary Income	15.0	+79.6%	—	+3.0
Net Income	7.0	+39.4%	—	+1.0

- Overseas Sales Ratio 48.1% (+4.0 pp)
- Operating Margin 4.2% (+1.7 pp)
- Exchange Rate 1 US\$ = ¥96 (+20%), 1 Euro = ¥126 (+21%), 1 RMB = ¥15.5 (+22%)

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(Billion yen)	Results	YoY % Change	Local Currency	Difference from result announced on Apr. 26		
				1st half	2nd half	Annual
Net Sales	727.0	+7.3%	+1.0%	+17.0	+/-0.0	+17.0
Domestic	376.0	+0.7%	+0.7%	+/-0.0	+/-0.0	+/-0.0
Overseas	351.0	+15.3%	+1.2%	+17.0	+/-0.0	+17.0
Operating Income	39.0	+49.7%	—	+3.0	-2.0	+1.0
Ordinary Income	39.0	+37.3%	—	+3.0	-2.0	+1.0
Extraordinary Income/Loss	-1.0	(-34.8)	—	+/-0.0	+/-0.0	+/-0.0
Net Income	20.0	(-14.7)	—	+1.0	-1.0	+/-0.0

The figure in parentheses is the amount in the previous fiscal year.

- Overseas Sales Ratio 48.3% (+3.4 pp)
- Operating Margin 5.4% (+1.6 pp)
- Exchange Rate 1 US\$ = ¥90 (+13%), 1 Euro = ¥120 (+17%),
1 RMB = ¥14.7 (+16%)

This moment. This life. Beautifully. 

Cost of Sales/ SG&A

SHISEIDO

(Billion yen)	Q1 of 2014/3			Q1 of 2013/3		YoY Increase /Decrease +:cost cut	YoY % Change
		% of Net Sales	% pt. Change +:decrease		% of Net Sales		
Cost of Sales	37.8	23.3%	-0.3%	34.4	23.0%	-3.4	+10.0%
SG&A	117.7	72.5%	+6.5%	118.1	79.0%	+0.4	-0.4%
(Domestic)	62.5	76.3%	+7.9%	68.6	84.2%	+6.1	-8.8%
(Overseas)	55.2	68.6%	+4.3%	49.6	72.9%	-5.6	+11.4%
Advertising & Selling	34.5	21.3%	+3.4%	36.9	24.7%	+2.4	-6.4%
Personnel	43.8	27.0%	+1.8%	43.1	28.8%	-0.7	+1.6%
Others	37.2	22.9%	+1.1%	35.8	24.0%	-1.4	+3.8%
M&A-related Amortization Cost	2.1	1.3%	+0.2%	2.3	1.5%	+0.1	-5.0%

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SG&A: Domestic and Overseas Breakdown

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(Billion yen)		Q1 of 2014/3	Q1 of 2013/3	YoY Increase/ Decrease +: cost cut	YoY % Change
	Domestic	16.5	18.7	+2.2	-12.0%
	Overseas	18.0	18.2	+0.1	-0.7%
Advertising & Selling		34.5	36.9	+2.4	-6.4%
	Domestic	26.0	28.5	+2.4	-8.5%
	Overseas	17.8	14.6	-3.1	+21.4%
Personnel		43.8	43.1	-0.7	+1.6%
	Domestic	19.9	21.3	+1.4	-6.5%
	Overseas	17.3	14.5	-2.7	+18.9%
Others		37.2	35.8	-1.4	+3.8%
	Domestic	0.0	0.0	+/-0.0	+/-0.0%
	Overseas	2.1	2.2	+0.1	-5.1%
M&A-related Amortization Cost		2.1	2.3	+0.1	-5.0%
	Domestic	62.5	68.6	+6.1	-8.8%
	Overseas	55.2	49.6	-5.6	+11.4%
Total SG&A		117.7	118.1	+0.4	-0.4%

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Operating Income by Reportable Segment

SHISEIDO

(Billion yen)		Q1 of 2014/3	Q1 of 2013/3	YoY Amount	YoY % Change
Domestic Cosmetics	Operating Income	7.1	1.7	+5.4	+322.0%
	OP Margin	9.4%	2.2%	+7.2 ppt	
Global Business	Operating Income before Amortization	1.0	-3.0	+3.9	—
	Operating Income	-1.1	-5.2	+4.0	—
	OP Margin	-1.3%	-7.2%	+5.9 ppt	
Others	Operating Income	0.5	0.4	+0.1	+17.5%
	OP Margin	15.3%	12.8%	+2.5 ppt	
Elimination/ Corporate	Operating Income	0.3	0.0	+0.3	—
Total	Operating Income before Amortization	9.0	-0.8	+9.8	—
	Operating Income	6.9	-3.0	+9.9	—
	OP Margin	4.2%	-2.0%	+6.2 ppt	

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Consolidated Balance Sheets

SHISEIDO

(Billion yen)		2013/6	Change from 2013/3	(Compared to end of Mar. 2013)	
				Excluding Foreign Currency Exchange	Foreign Currency Exchange
Total Current Assets	323.4	-9.2	-22.1	+12.9	
Cash Deposits and Securities	91.9	+0.7	-3.0	+3.7	
Notes & Accounts Receivable	102.8	-15.4	-19.4	+4.0	
Inventories	91.2	+6.6	+2.4	+4.2	
Total Fixed Assets	393.0	+10.1	-5.3	+15.4	
Property Plant and Equipment	129.8	+2.0	-1.4	+3.4	
Intangible Assets	159.5	+8.8	-2.4	+11.2	
Investments and Other Assets	103.7	-0.7	-1.4	+0.7	
Total Assets	716.5	+0.9	-27.4	+28.2	

(Billion yen)		2013/6	Change from 2013/3	(Compared to end of Mar. 2013)	
				Excluding Foreign Currency Exchange	Foreign Currency Exchange
Total Liabilities	399.2	-13.2	-20.9	+7.7	
Notes & Accounts Payable	43.7	+0.1	-0.9	+1.0	
Other Payables	34.4	-5.2	-5.4	+0.3	
Allowance for Bonuses	5.5	-7.0	-7.2	+0.2	
Interest-bearing Debt	186.8	+2.1	+1.1	+1.0	
Total Net Assets	317.3	+14.1	-6.4	+20.5	
Shareholders' Equity	315.4	-7.2	—	—	
Other Comprehensive Income	-15.8	+19.7	—	—	
Minority Interests	16.8	+1.6	—	—	
Total Liabilities and Net Assets	716.5	+0.9	-27.4	+28.2	

< Exchange rates applied >

End of Jun. 2013: USD 1.00 to JPY 94.0, EUR 1.00 to JPY 120.7,
and CNY 1.00 to JPY 15.1

End of Mar. 2013: USD 1.00 to JPY 86.6, EUR 1.00 to JPY 114.7,
and CNY 1.00 to JPY 13.9

Note: Major account items only

Equity ratio: 41.8%; interest-bearing debt ratio: 37.1%

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