



(Translation)

April 10, 2014

Dear Sirs and Madams,

Name of Company: Shiseido Company, Limited  
Name of Representative: Shinzo Maeda  
Chairman, Representative Director  
(Code No. 4911; The First Section of the Tokyo Stock Exchange)  
Contact: Yukihiro Saito  
General Manager of Public Relations  
Department  
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### **Shiseido Expands Indonesia Operations with Joint Venture**

Shiseido has concluded a joint venture agreement with PT Sinar Mas Tunggal, a group company of the Indonesian conglomerate, Sinar Mas Group. Shiseido Co., Ltd. and the Sinar Mas Group will hold equity shares of 65% and 35%, respectively of the newly established PT Shiseido Cosmetics Indonesia.

Business operations are scheduled to commence in July 2014.

In the Indonesian market, which offers high growth potential, Shiseido will strive to boost sales not only by continuing to foster its SHISEIDO global brand promoted around the world, but also by stepping up focus on the masstige\* market. This sector is the largest cosmetics market zone and is anticipated to maintain strong growth.

\* Masstige, coined from “mass” and “prestige,” refers to a category that is “more expensive than mass-produced products, but more moderately priced compared to prestige products.”

#### **Indonesian Market**

Indonesia has the world’s fourth largest population of 244 million (2012), about 60% of which are under the age of 35. Notably, the younger population in urban areas is growing at a remarkable pace, generating anticipation for further growth in income and consumption. The Indonesian market as a whole has achieved rapid recovery from historic economic downturns and the cosmetic market specifically has been growing at a robust annual rate of over 10%, which is projected to be sustained according to Shiseido’s estimates.

#### **Background of the Establishment of the Joint Venture and Future Marketing Plans**

Shiseido initially launched sales activities in Indonesia in 1958. Since 1994, the Company has been steadily increasing sales by marketing its products through its distributor, PT Dian Tarunaguna, a Sinar Mas Group company. Exploring the possibility of direct investment in the high-potential Indonesian market, Shiseido decided to establish the joint venture by taking the existing collaborative relationship with the Sinar Mas Group to new heights.

In Indonesia, in addition to its SHISEIDO global brand, Shiseido launched its highest-end brand clé de peau Beauté in 2010, available in prestige department store channels. Going forward, the Company will not only reinforce its prestige product category, but also strengthen marketing efforts for the masstige segment with Za, a skincare and makeup masstige brand that targets Asian women in their 20s.



Shiseido's President and CEO Masahiko Uotani said, *"We are truly grateful for the contributions Sinar Mas, the most powerful business partner in Indonesia, has made in developing the Shiseido group brands. With these new joint efforts, we will start a new era of the Shiseido group brands to bring an even stronger value to customers in Indonesia."*

Upon establishment of the joint venture, Mr. Franky Widjaja, Vice Chairman of Sinar Mas, stated, *"We are delighted to have been able to establish PT SHISEIDO Cosmetics Indonesia jointly with Shiseido. We will further strengthen our marketing efforts, and develop the Shiseido group brands into top brands in Indonesia, brands loved by many customers."*

<Outline of the New Company>

Company Name	PT SHISEIDO Cosmetics Indonesia
Location	Jakarta, Indonesia
Investors	Shiseido: 65%, Sinar Mas Group: 35%
Capital	50.0 billion rupiah
Representative Director	Yu Okazawa



A Shiseido counter in Indonesia

The effect of establishment of PT Shiseido Cosmetics Indonesia on our consolidated earnings for the fiscal year ending March 31, 2015 is expected to be minor. We expect this will contribute to the future expansion of our businesses in the Indonesian market.

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