



FY2014 First Three Quarters Results and Outlook

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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.

First Three Quarters Results (Ended December 2014)



(Billion yen)	Results	YoY % Change	Local Currency	YoY Amount
Net Sales	555.8 [190.1]	+3.8% [+8.7%]	+0.2% [+6.0%]	+20.4 [+15.2]
Domestic	265.0 [92.4]	-2.4% [+3.2%]	-2.4% [+3.2%]	-6.4 [+2.9]
Overseas	290.8 [97.6]	+10.2% [+14.4%]	+2.8% [+8.9%]	+26.8 [+12.3]
Operating Income	18.8	-43.6%	-46.6%	-14.5
Ordinary Income	20.5	-42.0%	—	-14.9
Extraordinary Income/Loss	20.1	(-5.0)	—	+25.1
Net Income	27.8	+66.1%	—	+11.1

The figure in parentheses [] is the amount in the third quarter (3 months).
The figure in parentheses () is the amount in the previous fiscal year.

- **Overseas Sales Ratio** 52.3% (+3.0 pp)
- **Operating Profitability** 3.4% (-2.8 pp)
- **Exchange Rate** 1 US\$ = ¥103.0 (+6%), 1 Euro = ¥139.5 (+10%),
1 RMB = ¥16.7 (+6%)

Domestic Cosmetics Business Sales by Reportable Segment

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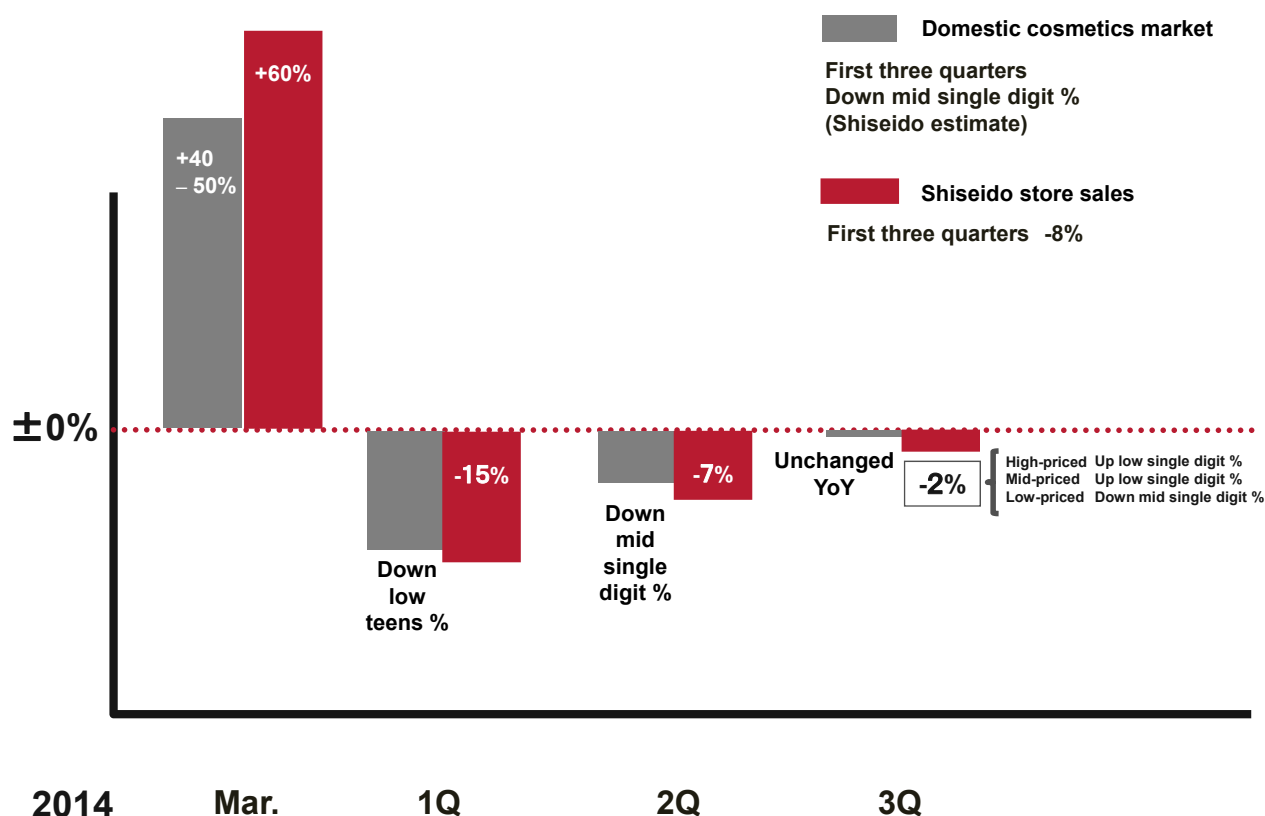
(Billion yen)		FY2014 First Three Quarters			FY2014 Third Quarter (3 months)		
			YoY Amount	YoY % Change		YoY Amount	YoY % Change
	Counseling	128.7	-3.5	-2.7%	50.5	+3.1	+6.6%
	Self-selection	54.2	-0.7	-1.2%	15.6	-0.5	-3.3%
	Toiletries	24.9	-1.9	-7.1%	7.3	+0.1	+0.9%
	Cosmetics	207.8	-6.1	-2.9%	73.3	+2.7	+3.8%
	Healthcare	10.8	-0.4	-3.4%	2.9	-0.3	-10.4%
	Others	26.7	+0.7	+2.7%	9.1	+0.8	+9.5%
	Domestic Cosmetics	245.4	-5.8	-2.3%	85.4	+3.1	+3.8%

(Billion yen)	14/12 Result	13/12 Result	YoY Amount	YoY % Change
Operating Income	20.2	28.1	-7.9	-27.9%
Operating Profitability	8.2%	11.1%	-2.9pp	

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Domestic Cosmetics Market and Shiseido Stores Sales

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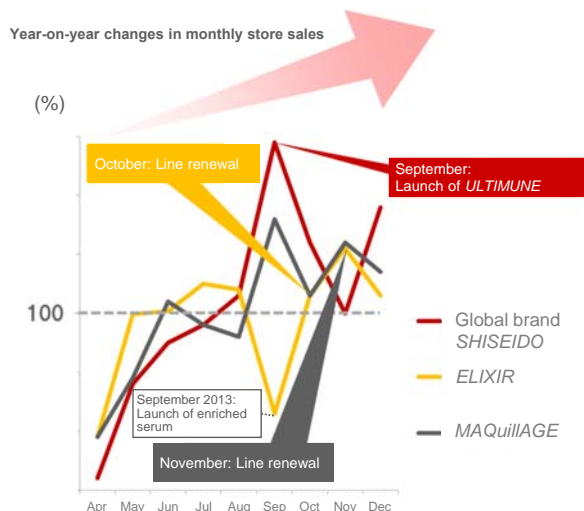


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Domestic Cosmetics Business: Recovery of Mid- and High-Priced Range Brands

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- Strong performance of lines for which we introduced innovations
- Promotion of **ICHIGAN** Project
- Stronger measures for increasing inbound sales



Store sales of mainstay brands and lines that have been strengthened are back on the recovery track.



Promoting brand innovation powerfully through the ICHIGAN Project



Use of tablet computers compatible with multiple languages



Shiseido corner in Narita Airport

Strengthen measures for increasing inbound sales

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Domestic Cosmetics Business: Continued Aggressive Marketing

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Accelerate measures to strengthen the counseling categories with the **ICHIGAN** Marketing



Launched on January 21
PRIOR



New ELIXIR products to be launched on February 21



New MAQUILLAGE products to be launched on February 21



New HAKU products to be launched on March 21

ICHIGAN SHISEIDO
ICHIGAN プロジェクト

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Strengthen haircare/body care/men's categories with a focus on renewal of *TSUBAKI*



New **ANESSA**
products to be
launched on
February 21



New **TSUBAKI** products
to be launched in the end of March



New **SENKA** products
to be launched in the middle of February



New **ADENOGEN**
products to be launched
on February 21

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Global Business Sales by Reportable Segment

		FY2014 First Three Quarters			FY2014 Third Quarter (3 months)		
			YoY % Change	Local Currency		YoY % Change	Local Currency
(Billion yen)							
	Cosmetics	270.7	+12.0% [+12.5%]	+4.5% [+5.0%]	92.1	+17.9% [+18.7%]	+12.1% [+12.9%]
	Professional	31.9	-9.3% [+3.3%]	-13.2% [-0.6%]	9.6	-18.4% [+1.8%]	-20.4% [-1.3%]
	Global Business	302.6	+9.3% [+11.6%]	+2.3% [+4.4%]	101.7	+13.1% [+16.9%]	+7.9% [+11.3%]

*Note: Figures in parentheses exclude the effect of the sale of the DECLÉOR and CARITA brands

(Billion yen)	14/12 Result	13/12 Result	YoY Amount	YoY % Change
Operating Income before Amortization of Goodwill and Sales Rights	3.7	9.9	-6.2	-62.6%
Operating Income	-3.1	3.3	-6.5	-
Operating Profitability	-1.0%	1.2%	-2.2pp	

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Overseas: Overview of Third Quarter FY2014 (Jul.-Sep.)

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Region	YoY Comparison of 3Q Sales (Local Currency Basis)	Content
Overseas total	+14.4% (+8.9%)	(+) <i>ULTIMUNE</i> remained strong in all regions
Americas	+22.4% (+16.4%)	(+) Continued strong sales of <i>BARESKIN</i> and <i>NARS</i>
Europe	+15.2% (+9.2%)	(+) Increased sales of fragrance business (-) Decreased sales as a result of sale of <i>DECLÉOR</i> and <i>CARITA</i> brands
Asia / Oceania	+7.2% (+2.5%)	(+) Strong performance in travel retail business, Malaysia and e-commerce business in China

ULTIMUNE wins cosmetics awards all over the world



A number of best cosmetics awards in Japan

Prix d'Excellence Awards

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Overseas: Overview of Fourth Quarter FY2014 (Oct.-Dec.)

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Region	4Q Sales* (Local Currency Basis)	Content
Americas	YoY Unchanged	(+) Continued strength in sales of <i>NARS</i> and fragrance business (-) ZOTOS
Europe	YoY Unchanged	(+) Fragrance business (-) Germany, Italy (-) Decreased sales as a result of sale of <i>DECLÉOR</i> and <i>CARITA</i> brands
Asia / Oceania	Down YoY	(+) Travel retail business (-) Inventory optimization in China and Asia

* Figures in this document showing increase/ decrease in sales are based on simple aggregation of preliminary figures. Accordingly, they may differ from year-on-year changes of actual sales in each region in local currency terms which are disclosed in our consolidated settlement of accounts.



NARS



narciso rodriguez



ISSEY MIYAKE

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Introduce groundbreaking new products

Accelerate renewal of store counters



*BOP
Glow Revival Serum*



*To be launched in March
Perfect UV Protection N*



*bareMinerals
Complexion Rescue*

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Initiatives for Reconstruction of China Business

Areas where
results have
been
produced

- Promote structural reform
- Establishment of the e-commerce business department
- Accelerate localization of marketing function
- New organizational structure, including appointment of new local subsidiary president

Current
Challenges

- Building of brand portfolio
- Initiatives to reenergize beauty consultants



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Consolidated Balance Sheets

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(Billion yen)	14/12	Change from 2014/3	Excluding Foreign Currency Exchange	Foreign Currency Exchange
Total Current Assets	391.7	-10.9	-13.9	+3.0
Cash, Time Deposits and Short-term Investments in Securities	110.9	-18.0	-19.3	+1.4
Notes & Accounts Receivable	124.1	-14.2	-14.2	+0.0
Inventories	111.2	+20.9	+19.8	+1.2
Total Fixed Assets	390.6	-8.1	-14.4	+6.2
Property, Plant and Equipment	132.7	-2.2	-3.3	+1.0
Intangible Assets	157.4	-9.3	-14.6	+5.3
Investments and Other Assets	100.6	+3.4	+3.5	-0.1
Total Assets	782.4	-19.0	-28.2	+9.2

US1\$ = ¥109.5 1€ = ¥138.9 1RMB = ¥17.8 (2014/12)
 US1\$ = ¥105.4 1€ = ¥145.0 1RMB = ¥17.4 (2014/3)

(Billion yen)	14/12	Change from 2014/3	Excluding Foreign Currency Exchange	Foreign Currency Exchange
Total Liabilities	400.6	-42.1	-44.1	+2.0
Notes & Accounts Payable	90.2	-8.8	-8.7	-0.1
Interest-bearing Debt	128.0	-27.9	-28.2	+0.3
Accrued/Liabilities for Retirement Benefits	74.3	+13.5	+13.6	-0.1
Total Net Assets	381.8	+23.1	+15.9	+7.2
Shareholders' Equity	345.0	+9.5	-	-
Accumulated Other Comprehensive Income	14.6	+11.5	-	-
Minority Interests in Consolidated Subsidiaries	21.2	+2.0	-	-
Total Liabilities and Net Assets	782.4	-19.0	-28.2	+9.2

* NOTE: Major accounts only
 Equity Ratio: 46.0%, Interest-bearing Debt Ratio: 25.1% (2014/12)
 Equity Ratio: 42.2%, Interest-bearing Debt Ratio: 30.3% (2014/3)

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Outlook for FY2014

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(Billion yen)	15/3	14/3	YoY % Change	Local Currency	Difference from October Forecast
Net Sales	775.0	762.0	+1.7%	-2%	+5.0
Domestic	363.0	377.3	-3.8%	-4%	-4.0
Overseas	412.0	384.8	+7.1%	-1%	+9.0
Operating Income	25.0	49.6	-49.6%	-	±0.0
Ordinary Income	26.0	51.4	-49.4%	-	±0.0
Extraordinary Income/Loss	18.5	-1.0	-	-	±0.0
Net Income	30.0	26.1	+14.7%	-	±0.0

- Overseas Sales Ratio 53.2%
- Operating Profitability 3.2%
- Forecast ROE 8.6%
- Exchange Rate 1 US\$ = ¥105.9 (+8%), 1 Euro = ¥140.4 (+8%), 1 RMB = ¥17.2 (+8%)
- Cash Dividend Interim: ¥10 Year-end: ¥10 (plan)

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- Renew the brands and strengthen the portfolio.
- Execute ICHIGAN Marketing.
- VISION 2020: Change awareness and actions in customer-oriented manners
- Promote structural reform merged with the organizational reform

一新、TSUBAKI



Kick-off meeting on the VISION 2020

Achievement of sustainable growth

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[Supplemental Data 1]
Sales and Operating Income by Reportable Segment

(Billion yen)		14/12 Result	13/12 Result	YoY Amount	YoY % Change
	Domestic Cosmetics Business	245.4	251.2	-5.8	-2.3%
	Global Business	302.6	276.8	+25.7	+9.3%
	Others	7.8	7.4	+0.4	+5.6%
Net Sales		555.8	535.4	+20.4	+3.8%

	Domestic Cosmetics Business	20.2	28.1	-7.9	-27.9%
	Global Business	-3.1	3.3	-6.5	-
	Others	1.7	1.6	+0.1	+8.5%
	Elimination/Corporate	-0.0	0.3	-0.4	-
Operating Income		18.8	33.3	-14.5	-43.6%

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[Supplemental Data 2] Sales by Geographic Segment

(Billion yen)	14/12 Result		13/12 Result		YoY Amount	YoY % Change	Local Currency
		% of Net Sales		% of Net Sales			
Japan	265.0	47.7%	271.4	50.7%	-6.4	-2.4%	-2.4%
Americas	92.8	16.7%	83.0	15.5%	+9.8	+11.9%	+4.9%
Europe	75.7	13.6%	69.8	13.0%	+5.9	+8.4%	-0.6%
Asia/Oceania	122.3	22.0%	111.2	20.8%	+11.1	+10.0%	+3.4%
China	80.7	14.5%	72.4	13.5%	+8.2	+11.3%	+4.4%
Asia (excl. China)	41.6	7.5%	38.8	7.3%	+2.9	+7.4%	+1.5%
Overseas	290.8	52.3%	264.0	49.3%	+26.8	+10.2%	+2.8%
Total	555.8	100%	535.4	100%	+20.4	+3.8%	+0.2%

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[Supplemental Data 3] Cost of Sales and SG&A Expenses

(Billion yen)	14/12 Result			YoY Change +: cost cuts	YoY % Change	Impact of Foreign Currency Exchange	Excl. Impact of Foreign Currency Exchange +: cost cuts
		% of Net Sales	% pt. Change +: decrease				
Cost of Sales	138.1	24.8%	-0.2%	-6.6	+5.0%	-5.2	-1.4
SG&A Expenses	398.8	71.8%	-2.6%	-28.3	+7.6%	-13.3	-15.0
(Domestic)	200.7	75.9%	-3.2%	-4.1	+2.1%	-	-4.1
(Overseas)	198.1	68.0%	-2.3%	-24.2	+13.9%	-13.3	-10.8
Marketing Costs	126.5	22.8%	-1.7%	-13.8	+12.3%	-4.8	-9.0
Personnel Expenses	141.7	25.5%	-0.5%	-7.6	+5.7%	-4.0	-3.6
Other Expenses	123.7	22.3%	-0.4%	-6.5	+5.6%	-4.0	-2.5
M&A-related Amortization Cost	6.9	1.2%	-0.0%	-0.3	+4.1%	-0.5	+0.2

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(Billion yen)		14/12 Result	13/12 Result	YoY Change +: cost cuts	YoY % Change	Impact of Foreign Currency Exchange	Excl. Impact of Foreign Currency Exchange +: cost cuts
	Domestic	56.5	56.4	-0.1	+0.1%	-	-0.1
	Overseas	70.0	56.2	-13.8	+24.5%	-4.8	-9.0
Marketing Costs		126.5	112.7	-13.8	+12.3%	-4.8	-9.0
	Domestic	81.5	78.4	-3.0	+3.9%	-	-3.0
	Overseas	60.2	55.6	-4.6	+8.3%	-4.0	-0.6
Personnel Expenses		141.7	134.0	-7.6	+5.7%	-4.0	-3.6
	Domestic	62.6	61.6	-1.0	+1.7%	-	-1.0
	Overseas	61.1	55.6	-5.5	+9.9%	-4.0	-1.5
Other Expenses		123.7	117.2	-6.5	+5.6%	-4.0	-2.5
	Domestic	0.1	0.1	+0.0	-0.0%	-	+0.0
	Overseas	6.8	6.6	-0.3	+4.2%	-0.5	+0.2
M&A-related Amortization Cost		6.9	6.7	-0.3	+4.1%	-0.5	+0.2
	Domestic	200.7	196.6	-4.1	+2.1%	-	-4.1
	Overseas	198.1	174.0	-24.2	+13.9%	-13.3	-10.8
Total		398.8	370.5	-28.3	+7.6%	-13.3	-15.0

VISION 2020

Rejuvenate Shiseido