

My Review for FY2014, The 1st Year as President and CEO

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**Know the Front Line of Our Business and
Understand Essential Management Issues**

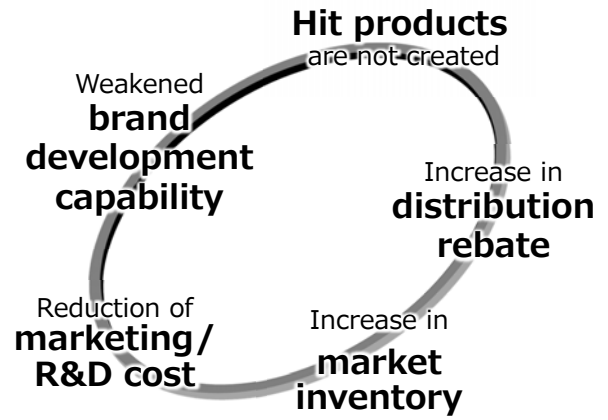
Review for FY2014



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Where is the Root of the Problems?

Cannot break away from the vicious cycle



Successively Innovate Key Brands



Unify the Organization with ICHIGAN

Review for FY2014



ICHIGAN Competitive Organization



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Initiate Total Reengineering of China Business

Review for FY2014



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VISION 2020

Medium-to-Long Term Strategy

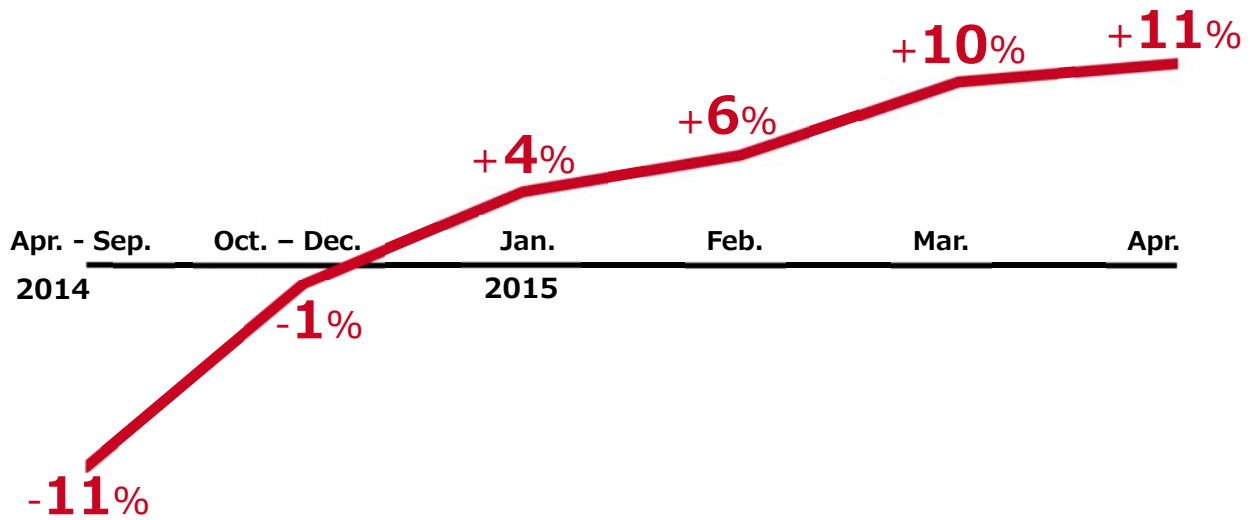


Utilization of Various Human Resources and Values



The Result is Steady Success

Domestic cosmetics business: Retail sales compared to the year before last



Toward Further Growth

Sustained growth in Japan

Radical reforms in **China**

Improved **management** precision

Simultaneous globalization and **localization**

Expanded investment in the foundation for growth

Structural reforms that address core issues

Capital cost conscious management



Business Report

Issues to Address

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Our Mission

VISION 2020

Our Mission

We cultivate relationships with people
We appreciate genuine, meaningful values
We inspire a **life of beauty and culture.**



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Construct All Activities from a **“Consumer-Focused Viewpoint”**



Make a **prototype of Shiseido** that will be thriving **100 years from now**



Priority issues for VISION 2020

Establishment of **No.1 position**
in **Japanese market**

Rebuilding of **China Business**
and making next breakthrough

Acceleration of the profitability
improvement in **Europe and**
the Americas

Rapid growth in **Asian**
Developing Countries



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Desired Outcome for VISION 2020

A company **filled with** growth
energy

A company overflowing with
youthful spirit

A company always much **talked**
about

A company inspiring to, and
admired by, younger generations

A company driven forth by diverse
cultures



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Toward Brand Enhancement

Integrated
consumer-driven
Marketing

**Marketing
X
Innovation**

**Product
development**
based on our innovative
core technologies

**Human resources and organizational structure
with strong executional abilities**

Regional,
front-line focus

Flat
organization

Speed

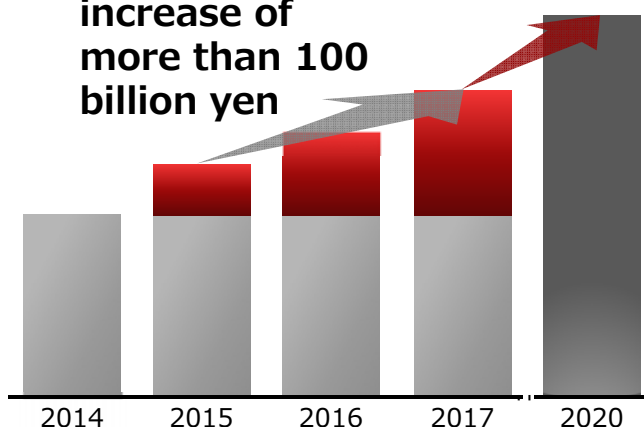
Accountability

Acceleration in Marketing Investment

Increase by **over
100 billion yen**
in total in 3 years

↓
Increase
brand value

Cumulative
increase of
more than 100
billion yen



Increase in R&D Investments for Achieving Innovations

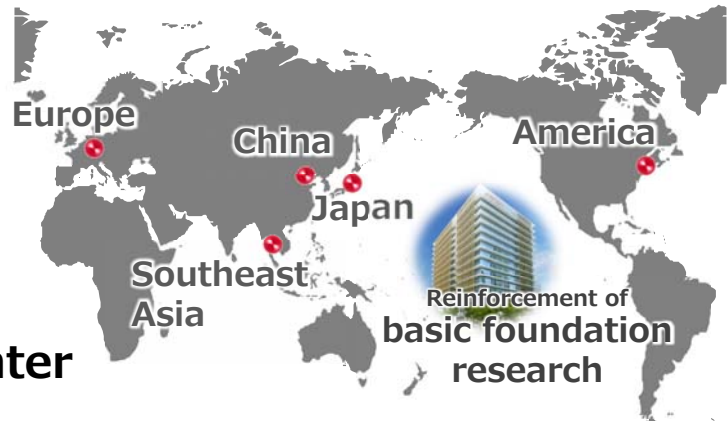
VISION 2020/Three-Year Plan

Increase R&D investment by **40%*** by FY2017

Number of researchers (2020)
Approx. 1,000 people ->

Approx. 1,500 people

Establishment of **Global Innovation Center** (tentative)



*As compared to FY2014

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Reforms for Further Growth of China Business

VISION 2020/Three-Year Plan

Strong brands

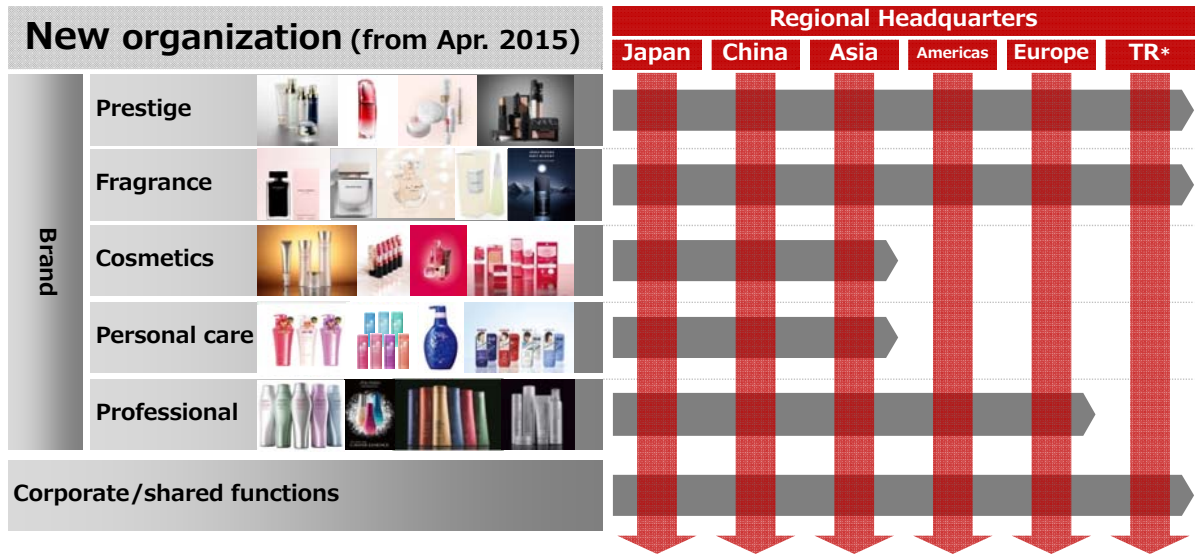
Establishment of **No.1 position in digital/E-commerce market**

Acceleration of **organizational reform and localization**



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Establishment of Global Management Structure



*TR: Travel Retail (Business for selling products to foreign tourists at duty free shops at airports, etc.)

HR strategy which activates people and organization



NIKKEI WOMAN

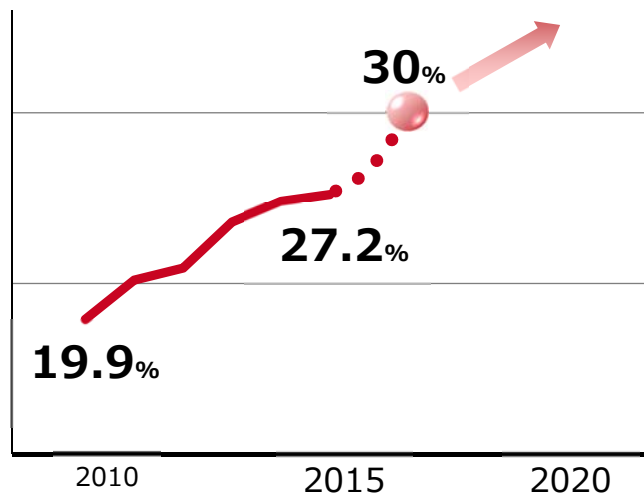
**“BEST 100 companies in which women play active roles”
Ranked as No.1**

for two consecutive years



Utilization of Female Personnel

Increase the rate of female leaders in Japan
Aim 30% in FY2016



BCs Who Communicate Brand Value

Recruit **new full-time employees**

Make fixed-term contract employees **full-time employees**

Innovate **personnel training and evaluation systems**



CSR Activities that are Unique to Shiseido

Women and Cosmetics



Environment



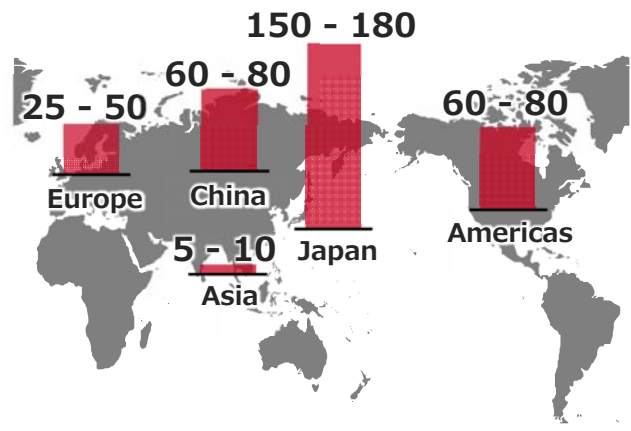
Culture



Generate **30 to 40 billion yen** by FY2017

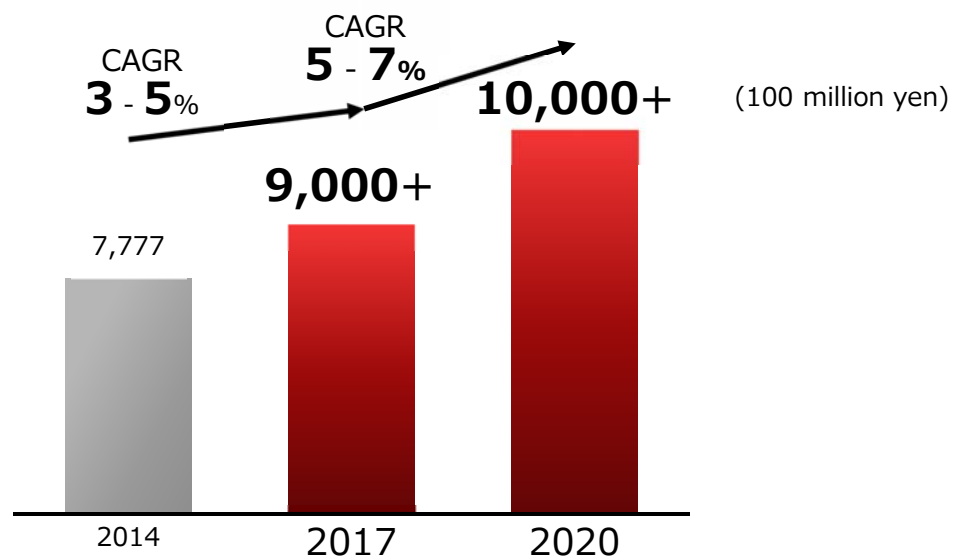


Expand **investment into marketing for customers and R&D**



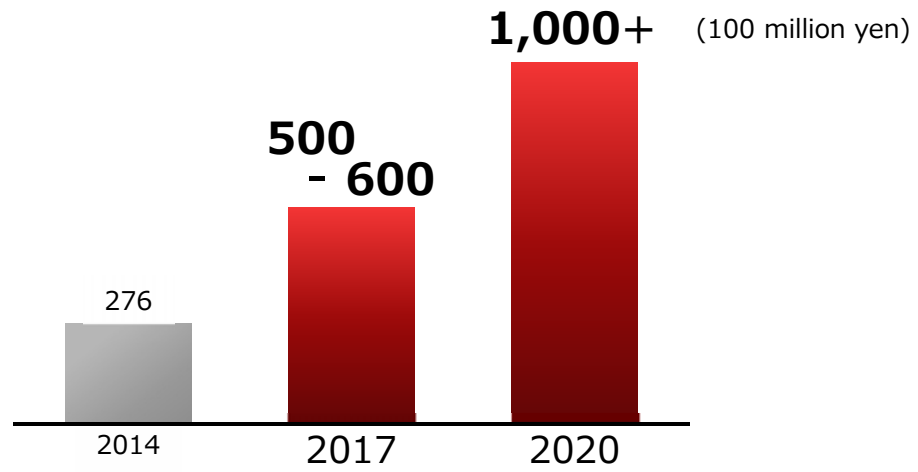
(Billion of yen)

Consolidated Sales Target



Consolidated Operating Income Target

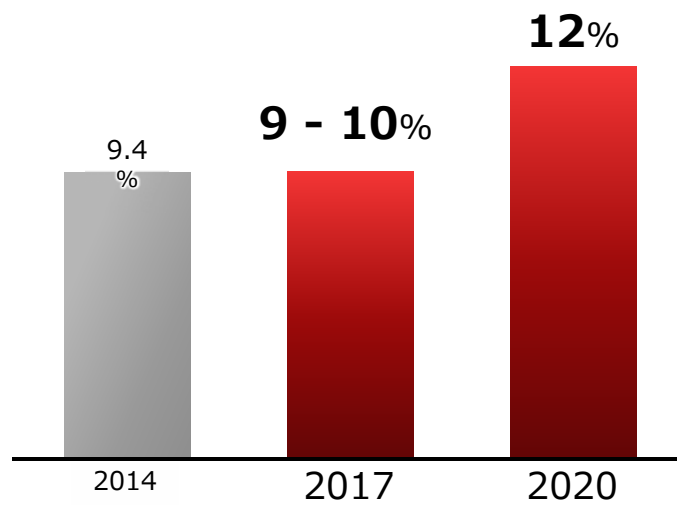
VISION 2020/Three-Year Plan



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ROE Target

VISION 2020/Three-Year Plan



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Roadmap Toward VISION 2020

2015 - 2017

Restructure the
Business Foundation

Brands

China Business

E-commerce

Human Resources/
Organization



2018 - 2020

New Strategy to
Accelerate Growth

New Businesses

Global System

New Business Model

M&A



“Rejuvenate Shiseido” -My Commitment-

1. Redirect all action of Shiseido to start from consumer.
2. Connect with consumer, and create brands that are continuously loved.
3. Continue to create innovations surprised by the world.
4. Discuss truthfully and nurture talents filled with energy.
5. My life will depend on achieving VISION 2020.

Masahiko Uotani

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The image features the Shiseido logo, which consists of a stylized white 'S' followed by the word 'HISEIDO' in a bold, white, sans-serif font. The logo is centered on a solid red rectangular background.

SHISEIDO