

Shiseido to Commence Sales in Mongolia

Shiseido will commence sales of cosmetic products in Ulaanbaatar, the capital city of Mongolia, from the end of May 2010. In addition to handling global brand *SHISEIDO* makeup and skincare lines through locally based distributor Bishreft Trade Co., Ltd., Shiseido also plans to meticulously respond to market needs via counseling services aimed at steadily promoting initiatives to develop regular users of Shiseido products. With the current launch of sales in Mongolia, global brand *SHISEIDO* products will be available in 74 countries and regions including Japan.

Background to Entering the Mongolian Market

The population of Mongolia is around 2.7 million, with approximately 1 million people concentrated in the capital city of Ulaanbaatar. The country's economic growth as a result of the development of underground resources in recent years and other factors is expected to continue in the future. Although the scale of the prestige cosmetics market is still not large, this market is showing rapid growth, nearly doubling over the six-year period since 2003. Settings for cosmetics sales counters such as upscale shopping centers have been developed along with the rising fashion awareness of women living in urban areas.

Shiseido is currently promoting its Three-Year Plan, which was formulated in 2008 in seeking to become “*a global player representing Asia with its origins in Japan.*” Accordingly, Shiseido has thus far specifically carried out initiatives directed toward “the expansion of operations in new markets” and “strengthening of operating bases in existing markets” as key thrusts among its central activities. Making inroads into the Mongolian market is a part of these efforts. Global brand *SHISEIDO* products are slated to initially be sold in one store within a shopping center in Ulaanbaatar city during the first year of commencing sales as a means of establishing a prestige image and steadily obtaining regular users of Shiseido products.

Overview of Distributor

The Bishreft Group is engaged in business development on multiple fronts including trading, banking and hotel management.

Company name:	Bishreft Trade Co., Ltd.
Representative:	Ms. Batbayar Undarmaa
Location:	Ulaanbaatar, Mongolia
Capital:	4,740 million MNT (rounded to the nearest million MNT; approximately 297 million yen)
Main business:	Import and sales of cosmetic products

Main Initiatives for Strengthening Overseas Business

January 2008	Shiseido (RUS), LLC commenced sales of cosmetics in Russia. (Entered the market via distributor in 1999; established a subsidiary in 2007.) <u>Strengthening of business scheme</u>
March 2008	Commenced sales in Romania and Bulgaria. (Entered the market via import and sales distributor in Eastern Europe.) <u>Entry into emerging markets</u>
March 2008	Announced plans to establish a production factory in Vietnam (construction completed in February 2010), becoming the 11th production base overseas (Americas: 3, France: 3, Mainland China: 2, Taiwan: 2, Vietnam: 1). <u>Strengthening of global production structure</u>
January 2009	New makeup line launched from global brand <i>SHISEIDO</i> . Remodeled function and design of sales counters and introduced symbolic sign. <u>Innovating the global brand <i>SHISEIDO</i></u>
January 2009	Shiseido Deutschland GmbH incorporated the sales and marketing functions for The Netherlands and Poland and shifted to handling operations directly. Marketing was previously handled via its distributors since 1964 in The Netherlands and 1998 in Poland. <u>Strengthening of business scheme</u>
May 2009	Entered Africa for the first time. Launched global brand <i>SHISEIDO</i> at duty free shops in Cairo Airport in Egypt via Shiseido Europe S.A.S. (Paris, France). <u>Entry into emerging markets</u>
August 2009	Commenced sales in Morocco. Launched global brand <i>SHISEIDO</i> via Shiseido Europe S.A.S. <u>Entry into emerging markets</u>
August 2009	Commenced sales in Laos. Launched global brand <i>SHISEIDO</i> via Shiseido Thailand Co., Ltd. (Bangkok, Thailand). <u>Entry into emerging markets</u>
October 2009	Signed a contract to establish Shiseido Hellas S.A. in Greece as a joint venture between Shiseido International Europe S.A. (Paris, France) and a leading Greek cosmetics import and sales company. <u>Strengthening of business scheme</u>
December 2009	Sales to commence in Azerbaijan in Central Asia. Global brand <i>SHISEIDO</i> to be launched via Shiseido Europe S.A.S. <u>Entry into emerging markets</u>
January 2010	Commenced operations of wholly owned subsidiary Shiseido Cosmetics Vietnam Co., Ltd. <u>Strengthening of business scheme</u>
January 2010	Shiseido S.A. commenced sales of cosmetics in Switzerland. (Entered the market via distributor in 1990.) <u>Strengthening of business scheme</u>