

Shiseido to Commence Cosmetics Sales in Three Countries of the Balkan Peninsula

From mid-July in 2010, Shiseido will commence sales of cosmetics products consecutively in three Balkan Peninsula countries, beginning with Albania followed by Kosovo and Macedonia, as part of its initiatives to strengthen its business in the European market. The global brand *SHISEIDO* developed worldwide will be handled via EVERET Group Ltd., a distributor with a proven track record for handling Shiseido's business in Eastern Europe. Acquiring regular users of Shiseido products will be promoted by meticulously addressing customer needs through counseling services.

With Shiseido's entry into these new markets, cosmetics sales activities overseas will encompass 77 countries and regions worldwide, including 44 countries in the European region. Additionally, Shiseido will make inroads into these three countries as the first Japanese cosmetics brand.

Background to Making Inroads

Albania, Kosovo and Macedonia are situated in an area of southeastern Europe within the Balkan Peninsula, which is surrounded by the Black Sea, Aegean Sea, Mediterranean Sea and Adriatic Sea. In recent years, as evidenced by the population exceeding 500,000 in respective capital cities, the economies of these countries are showing signs of growth accompanied by stabilization of social foundations. Amid such circumstances, cosmetics specialty stores handling imported prestige cosmetics have started to open targeting the affluent population with a high interest in beauty. Along with this development, an environment is being facilitated in which highly recognized, European prestige cosmetics brands can be purchased in these markets.

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. Since realizing full-fledged entry into European markets beginning with making inroads into France and Germany in 1980, Shiseido's products are highly regarded as high-quality, prestige cosmetics products. Similarly, Shiseido will promote prestige marketing in these three uncultivated markets in southeastern Europe, and in turn, enhance Shiseido's presence throughout Europe.

Marketing Concept

While the development of marketing channels is being promoted, the opening of department stores and launch of prestige cosmetics products are underway in respective countries. In this respect, as a means of comprehensively maintaining its prestige brand image, Shiseido will open two or three stores in each country during the first year by

carefully selecting stores centralized in capital cities. Additionally, Shiseido aims to establish a counseling sales model for prestige cosmetics in respective markets with an emphasis on Shiseido's excellence in skincare products.

EVERET Group Ltd.

Company name: EVERET Group Ltd.
Representative: Mr. Tatjana Petek Sumrada
Location: Head Office based in Ljubljana, Slovenia
Capital: 4,662,377.50 euro
Main scope of business: Import and sales of cosmetics products

Reference: Global Brand *SHISEIDO*

Skincare, makeup, suncare, body care, fragrance and men's cosmetics products, etc.

Principal product lines include *SHISEIDO Future Solution LX*, *SHISEIDO The Skincare*, *SHISEIDO Bio-Performance*, *SHISEIDO Benefiance*, *SHISEIDO White Lucent*, *SHISEIDO Pureness*, *SHISEIDO Makeup*, *SHISEIDO Suncare*, *SHISEIDO Body Creator* (body care), *SHISEIDO Zen* (fragrance), *SHISEIDO Men* (men's cosmetics products), etc.

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>
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 Laos. Launched global brand <i>SHISEIDO</i> via Shiseido Thailand Co., Ltd. (Bangkok, Thailand). <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>
November 2009	Established Shiseido Hellas S.A. in Greece as a joint venture between Shiseido International Europe S.A. (Paris, France) and a Greek cosmetics import and sales company. Commenced operations in January 2010. <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>
February 2010	Completed construction of a production factory in Vietnam, becoming the 11th production base overseas (Americas: 3, France: 3, Mainland China: 2, Taiwan: 2, Vietnam: 1). <u>Strengthening of global production structure</u>
May 2010	Commenced sales of global brand <i>SHISEIDO</i> in Mongolia via distributor. <u>Entry into emerging markets</u>
May 2010	Announced Shiseido Dah Chong Hong Cosmetics Ltd. (Hong Kong), previously a consolidated subsidiary, to become a wholly owned subsidiary via acquisition of all shares. <u>Strengthening of business scheme</u>