

Medium-term Management Plan (FY2017 - FY2019)

April 12, 2017
AEON Co., Ltd.

1. Major Reforms in Medium-term Management Plan (FY2017-FY2019)



1. Completion of earnings structure reforms of existing businesses

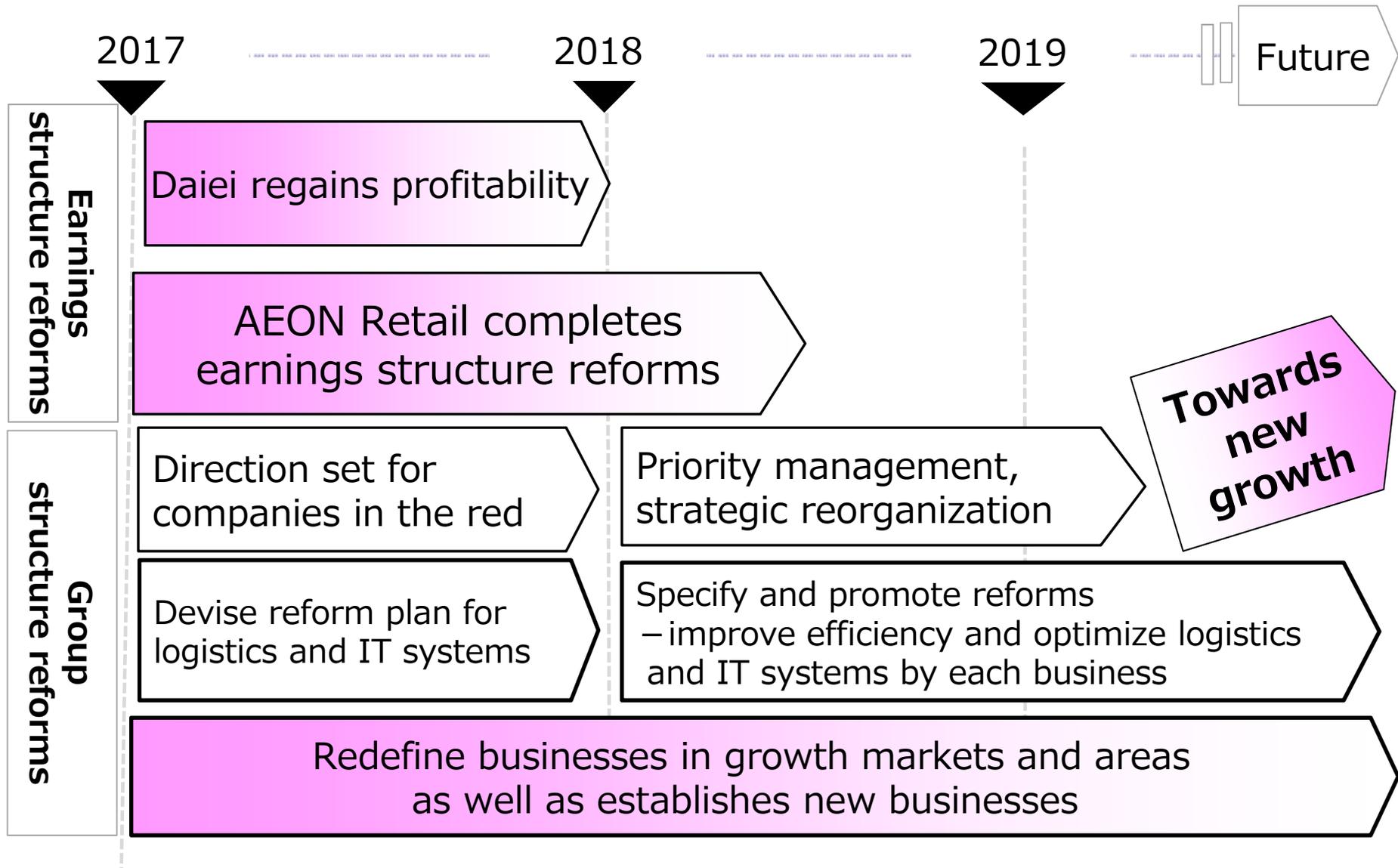
1) Completion of AEON Retail's and Daiei's earnings structure reforms

2. Group-wide structural reforms towards new growth

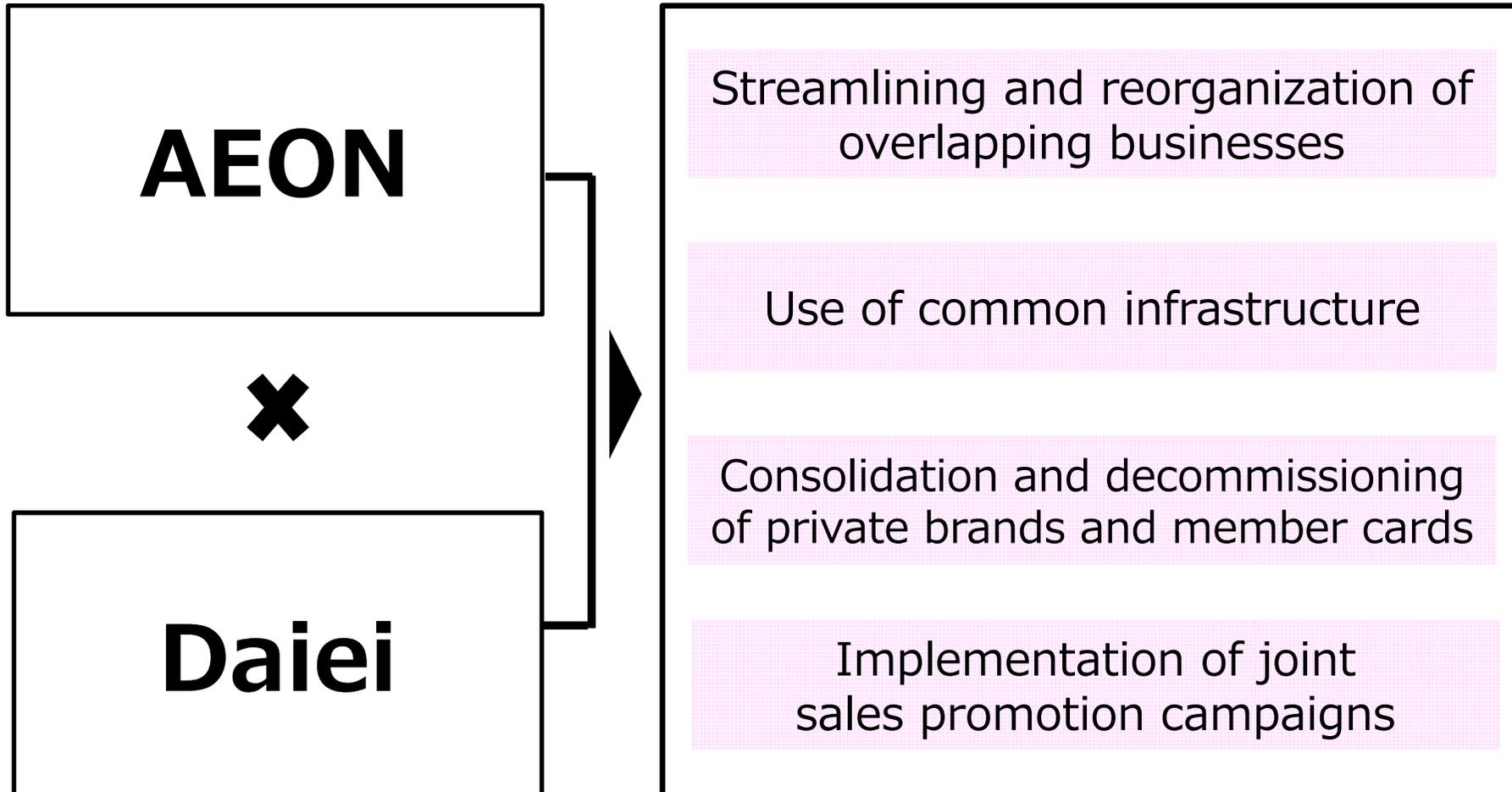
1) Reform of the Group's business structure

2) Reform of business foundation

2. Roadmap for Medium-term Management Plan



3. Completion of Earnings Structure Reforms of Existing Businesses



3. AEON Retail's and Daiei's Earnings Structure Reforms



Business structure able to generate stable profits following successful implementation of three-year medium-term management plan

Expansion of sales

Opening of new stores and refurbishment of existing stores (AEON STYLE, AEON FOOD STYLE)

Improvement of gross margin

Reform of product lineups (Delicatessen reform, improving out-of-store meat packaging ratio)

Nationwide promotion of HOME COORDY, large scale home furnishing unit, by AEON Retail

Improvement of gross operating income

Improvement of rent revenue

Reduction of selling and administrative expenses

Reduction of sales promotion and personnel expenses (work style reforms), system integration (Daiei)

Reinsertion: Major Reforms in Medium-term Management Plan (FY2017-FY2019)



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2. Group-wide structural reforms towards new growth

1) Reform of the Group's business structure

2) Reform of business foundation

3. Reform of Business Foundation



Emergence as top conglomerate in each region and business

Redefine existing businesses and review business areas

Merge, split off and reorganize Group companies

Combining community-centered economies of scale and community-rooted management

Evolve and transform Shopping Center Development, Financial Services and Drugstore & Pharmacy businesses

Strengthen initiatives for "Entertainment," "Wellness," "Healthcare" and other service areas and markets

Establish discount store business as Group's new earnings pillar

Strategic streamlining, consolidation, decommissioning of companies in the red

3. Reorganization of Group Business Structure



Emerge as top conglomerate in each region and business

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1) Reorganization of the Group's business structure reforms

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3. Reform of Business Foundation



Reform business foundation by promoting reforms from a medium- to long-term perspective

IT reforms

Six areas to be reformed

Customers

Stores

Products

Back office operations

Digitalization

Logistics

Logistics reforms

Four areas to be reformed

Procurement and inventory

Restructuring of logistic centers and network

Operation of logistic centers and stores

Food processing centers and commissary

3. Reform of Business Foundation



Implement logistics and IT reforms by using external resources as well to build logistics and IT infrastructures optimal to characteristics of each business unit based on their requirements.

To create next-generation IT and logistics systems that meet post-2020 societal and customer needs

GMS
Business

Supermarket
Business

Drugstore
and
Pharmacy
Business

Financial
Services
Business

Shopping
Center
Development
Business

Services
and
Specialty Store
Business

Reorganize common group platforms

