



Aeon Group Toward 2020

December 12, 2017
AEON CO., LTD.

Agenda

- 1 . Transformation of the Group
- 2 . Major Initiatives
- 3 . Target Levels for 2020

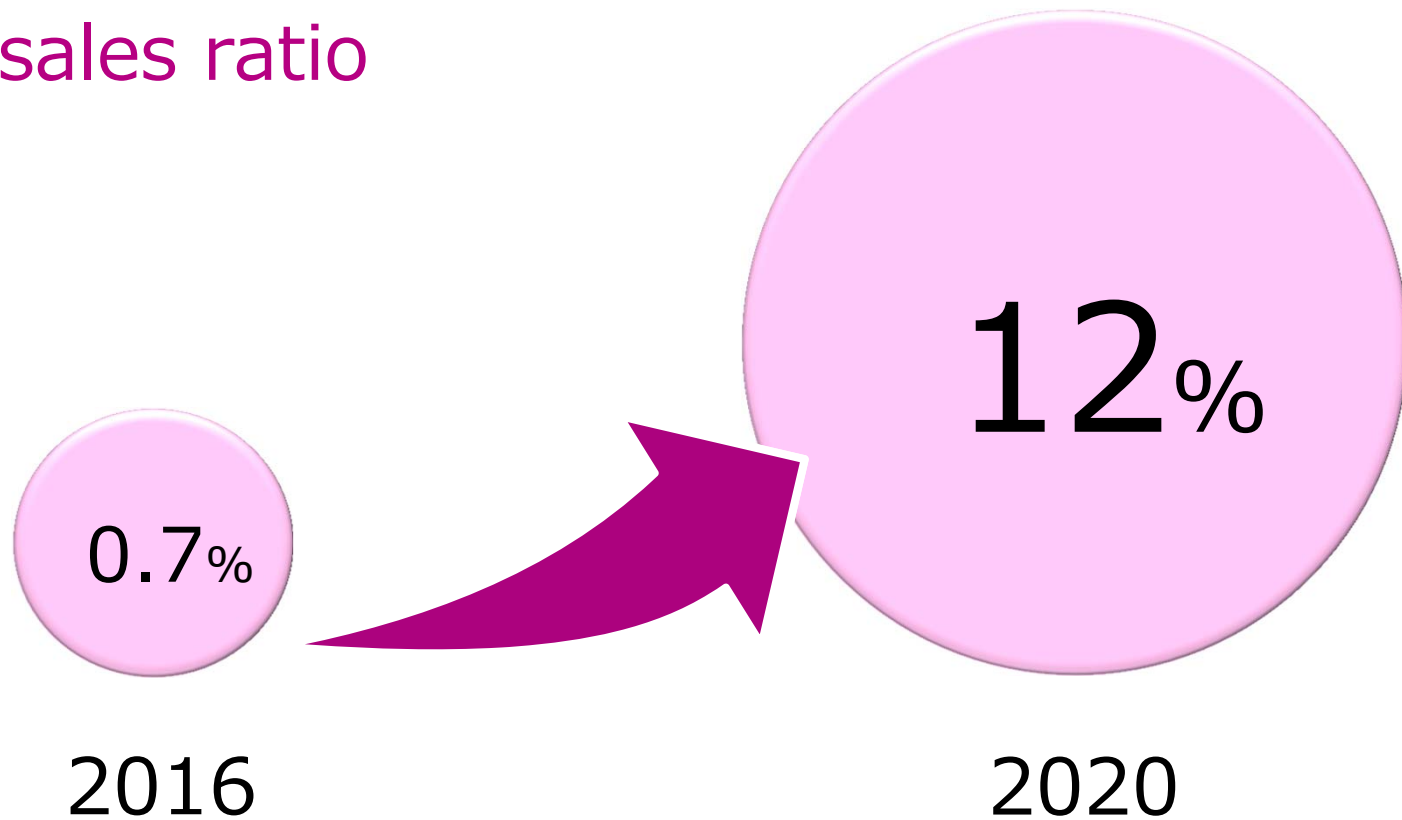
1. Transformation of the Group

Shift to Regional Markets

Restructuring of
Supermarket,
GMS companies

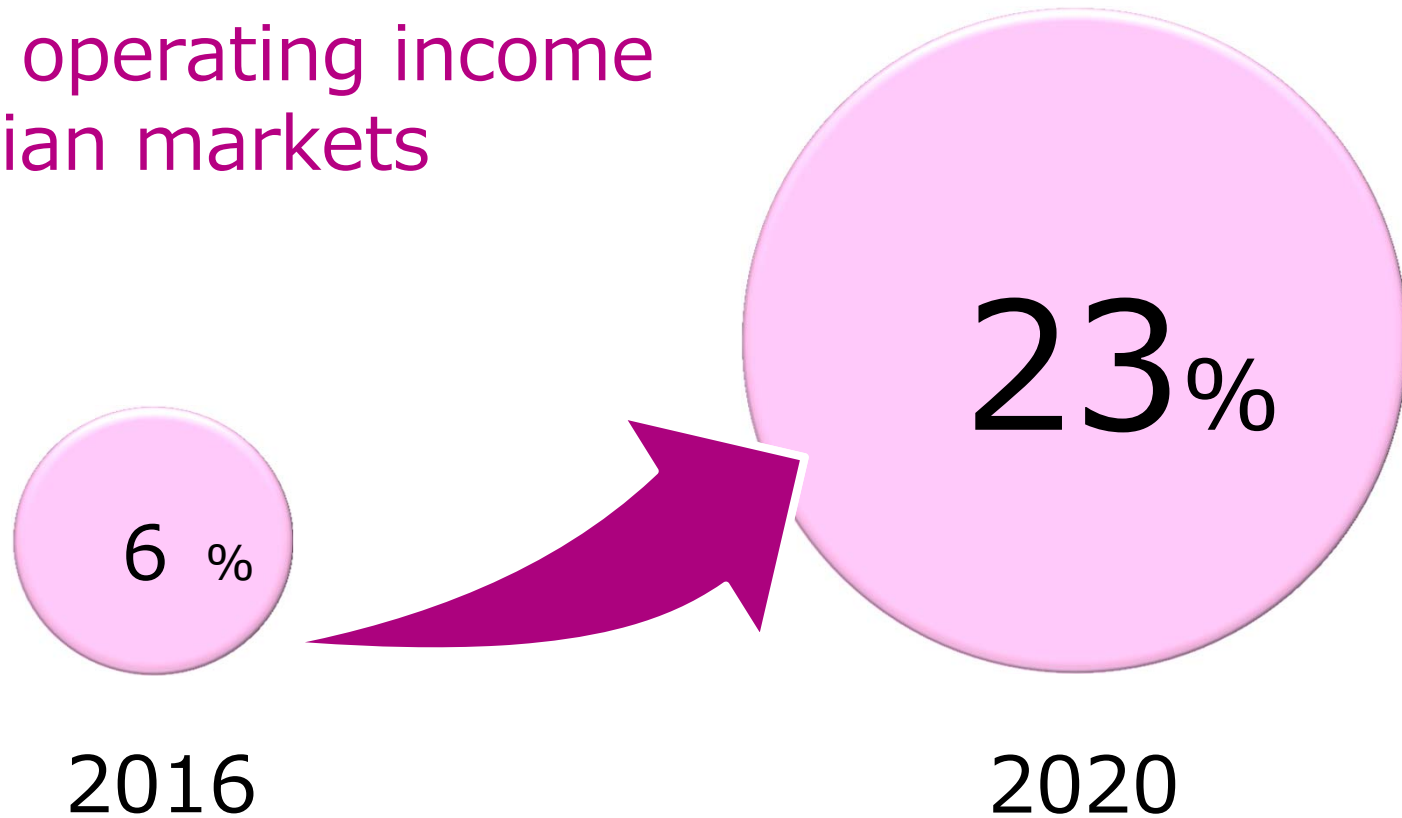
Shift to Digital Markets

Online sales ratio



Shift to Asian Markets

Ratio of operating income
from Asian markets



Investment Shift

IT • Digital • Logistics

Past 3 years

200 billion yen



Next 3 years

500 billion yen

2. Major Initiatives

- ① Supermarket Reforms
- ② GMS Reforms
- ③ Digital Reforms

① Supermarket Reforms

Environmental Changes Surrounding Food

Changes in consumers

- Preference for low-prices
- Local, natural, organic, traditional

Shift to SPA

- Shift away from National Brands

Digitalization

- Access points
- Shift away from labor-intensive system

Integration of Group's Supermarket Business

Hokkaido

Maxvalu Hokkaido
Aeon Hokkaido

230

billion yen

Tokai

Maxvalu Tokai
Maxvalu Chubu

320

billion yen

Tohoku

Maxvalu Tohoku
Aeon Retail
(Tohoku Regional Company)

200

billion yen

Kinki

Daiei

330

billion yen

Tokyo metropolitan area

U.S.M.H

840

billion yen

Daiei

Chugoku-Shikoku

Maxvalu Nishinohon
Marunaka/Sanyo Marunaka

400

billion yen

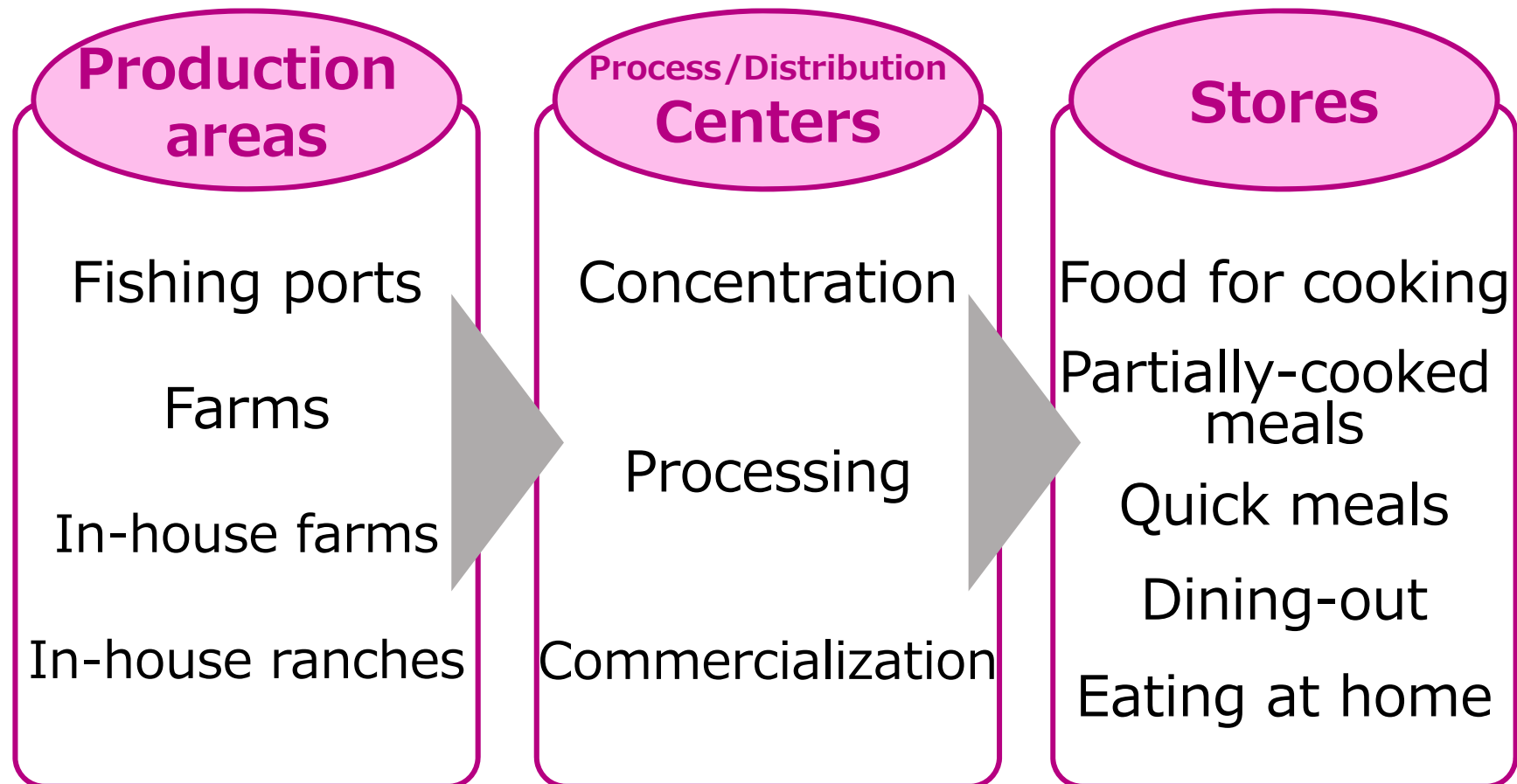
Kyushu

Maxvalu Kyushu
Aeon Kyushu

320

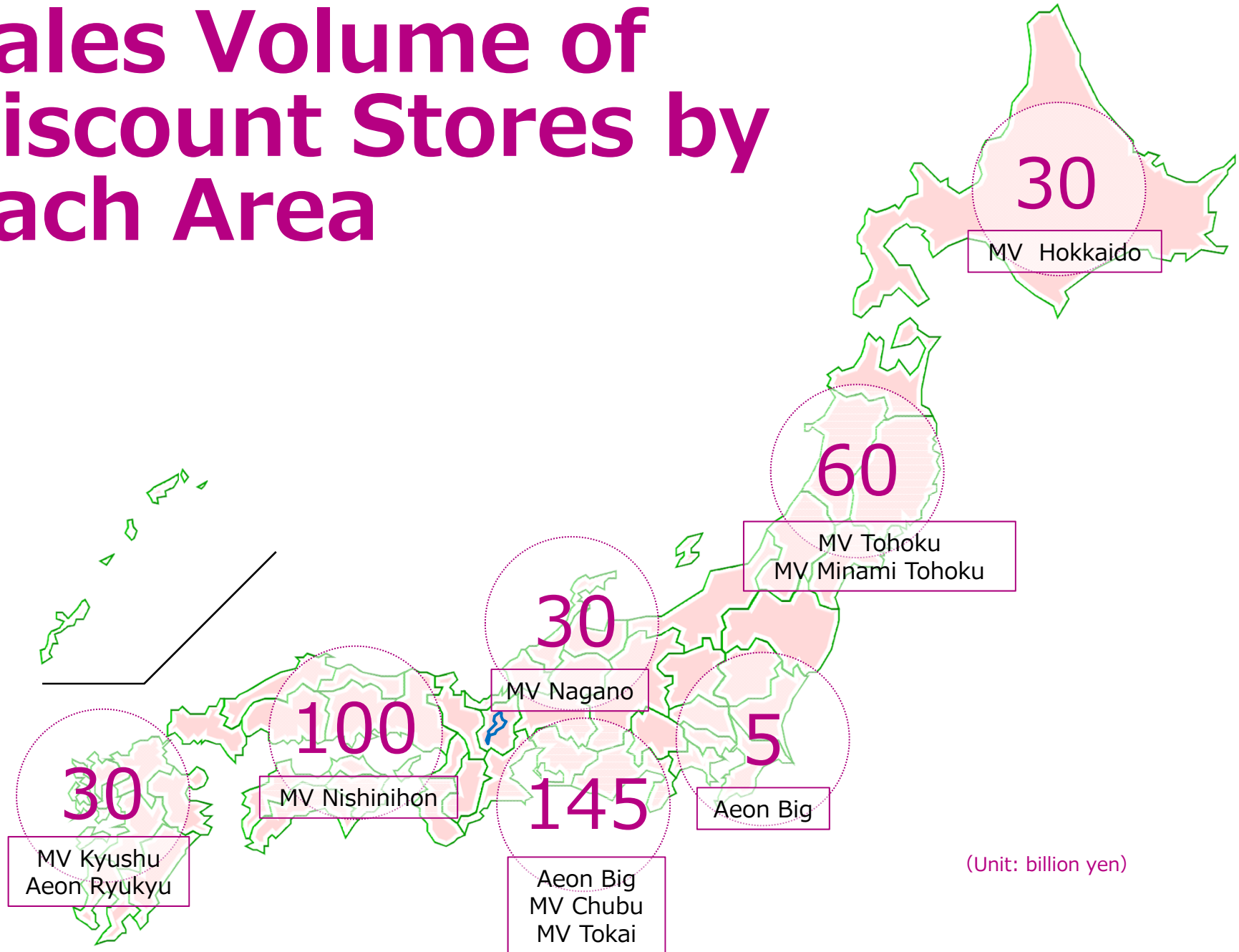
billion yen

Shift to SPA for Food



Establishment of Discount Store Business

Sales Volume of Discount Stores by Each Area



(Unit: billion yen)

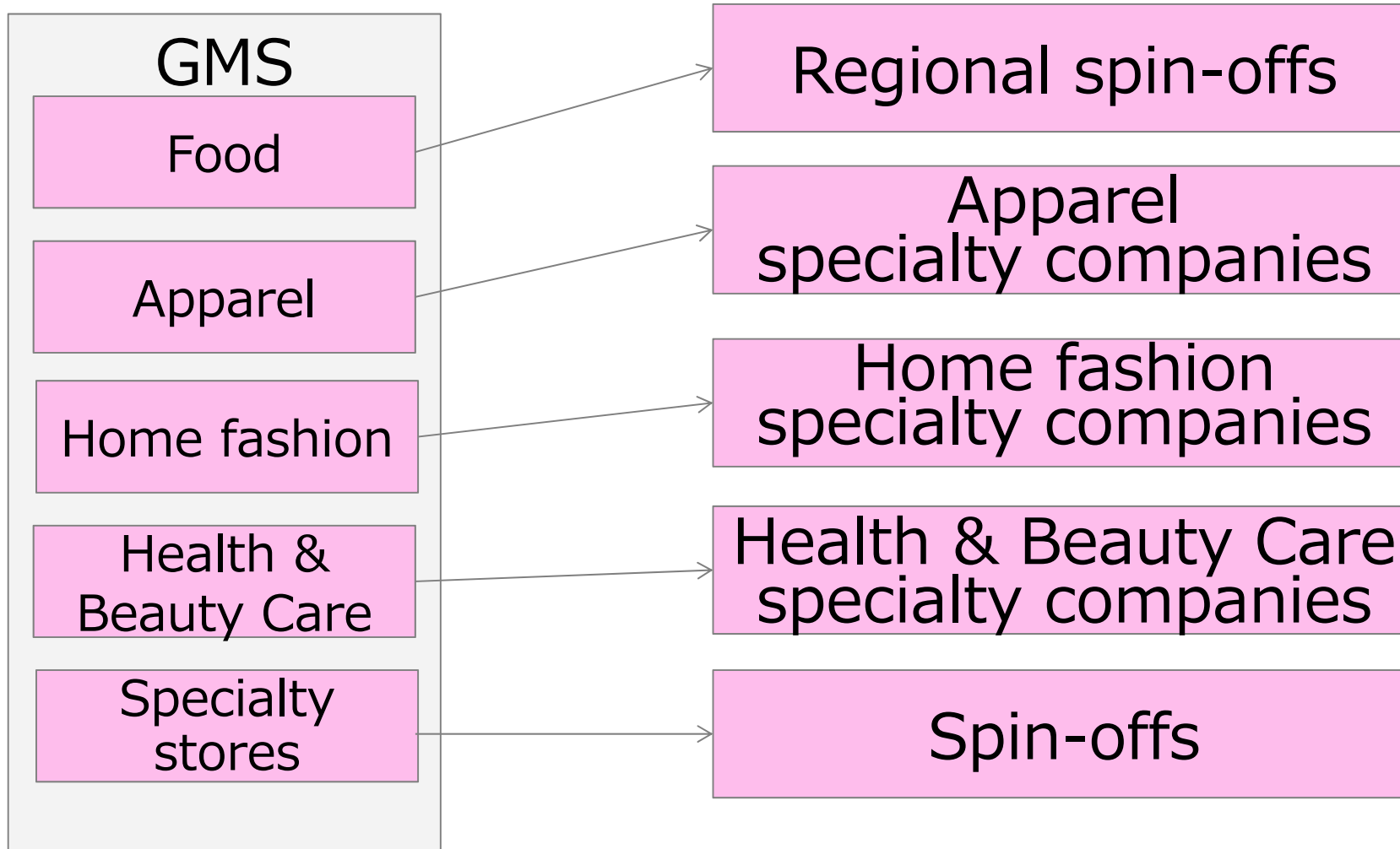
Burgeoning into Group's New Earnings Pillar

Discount store business

Over **1** trillion yen

② GMS Reforms

Post GMS Reforms



Ranking of Apparel Products

(Unit: billion yen)

<u>Ranking</u>	<u>Company</u>	<u>Sales</u>
1	Fast Retailing	810
2	Shimamura	570
3	Aeon	500

*Figures are based on sales in the year ended Feb. 28, 2017. (The figure for Fast Retailing is based on its sales result in Japan for the fiscal year ended Aug. 31, 2017).

Ranking of Home Fashion Products

(Unit: billion yen)

<u>Ranking</u>	<u>Company</u>	<u>Sales</u>
1	Nitori	300
2	Aeon	110
3	Ryohin Keikaku	80

*Figures for NITORI and Ryohin Keikaku are based on aggregate sales of their respective home fashion segments from data pertaining to their sales results for the year ended Feb. 28, 2017.

Ranking of Health & Beauty Care Products

(Unit: billion yen)

<u>Ranking</u>	<u>Company</u>	<u>Sales</u>
1	Aeon	930
2	Tsuruha	580
3	Matsumoto Kiyoshi	540

*Figures are based on the sales results for the year ended Feb. 28, 2017.

Further Growth by Boosting Expertise



AEON LIQUOR



AEON BIKE

Provision of Added Convenience

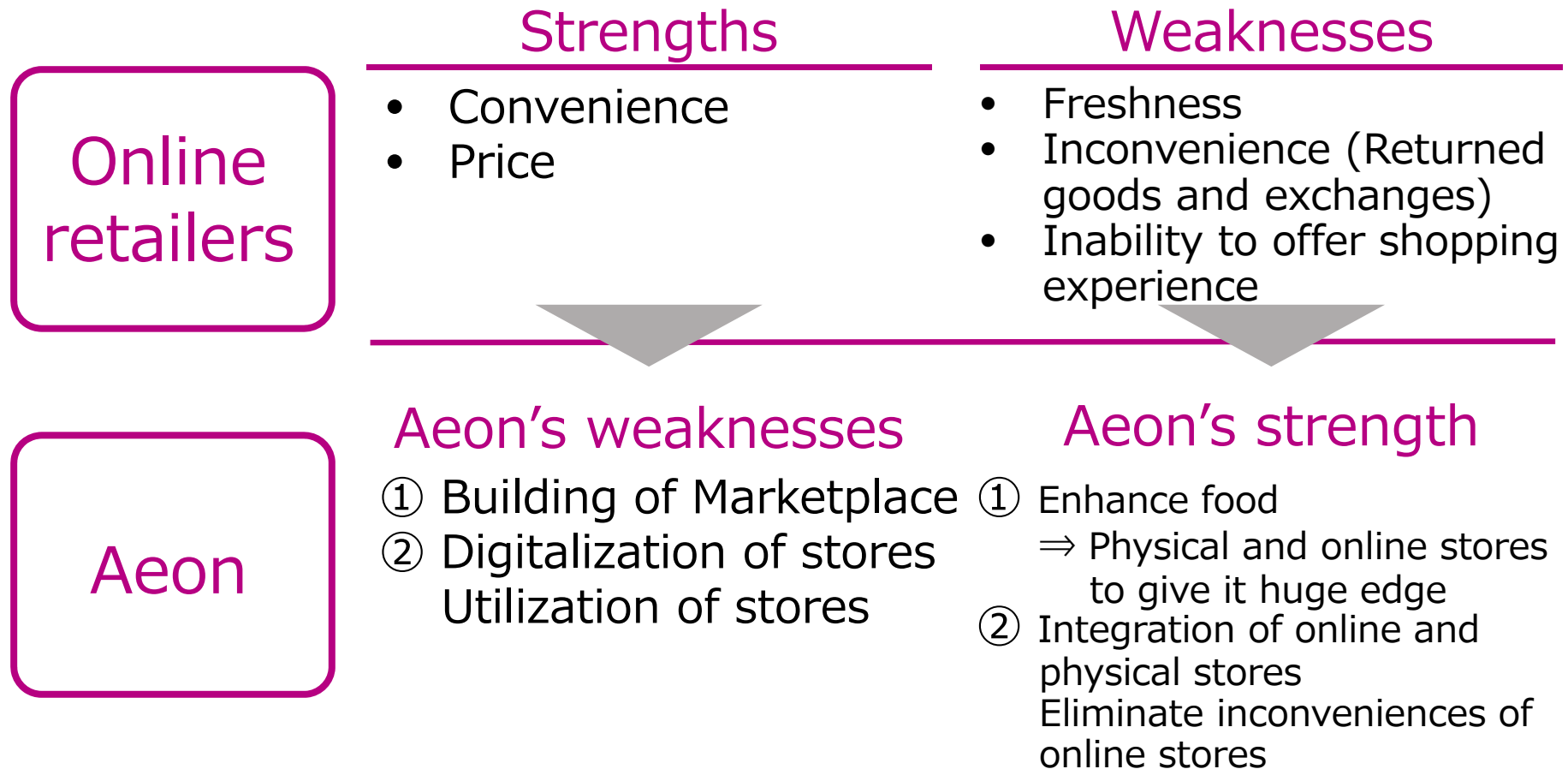
Food-centered
"products"
+
"events"

3,000m²

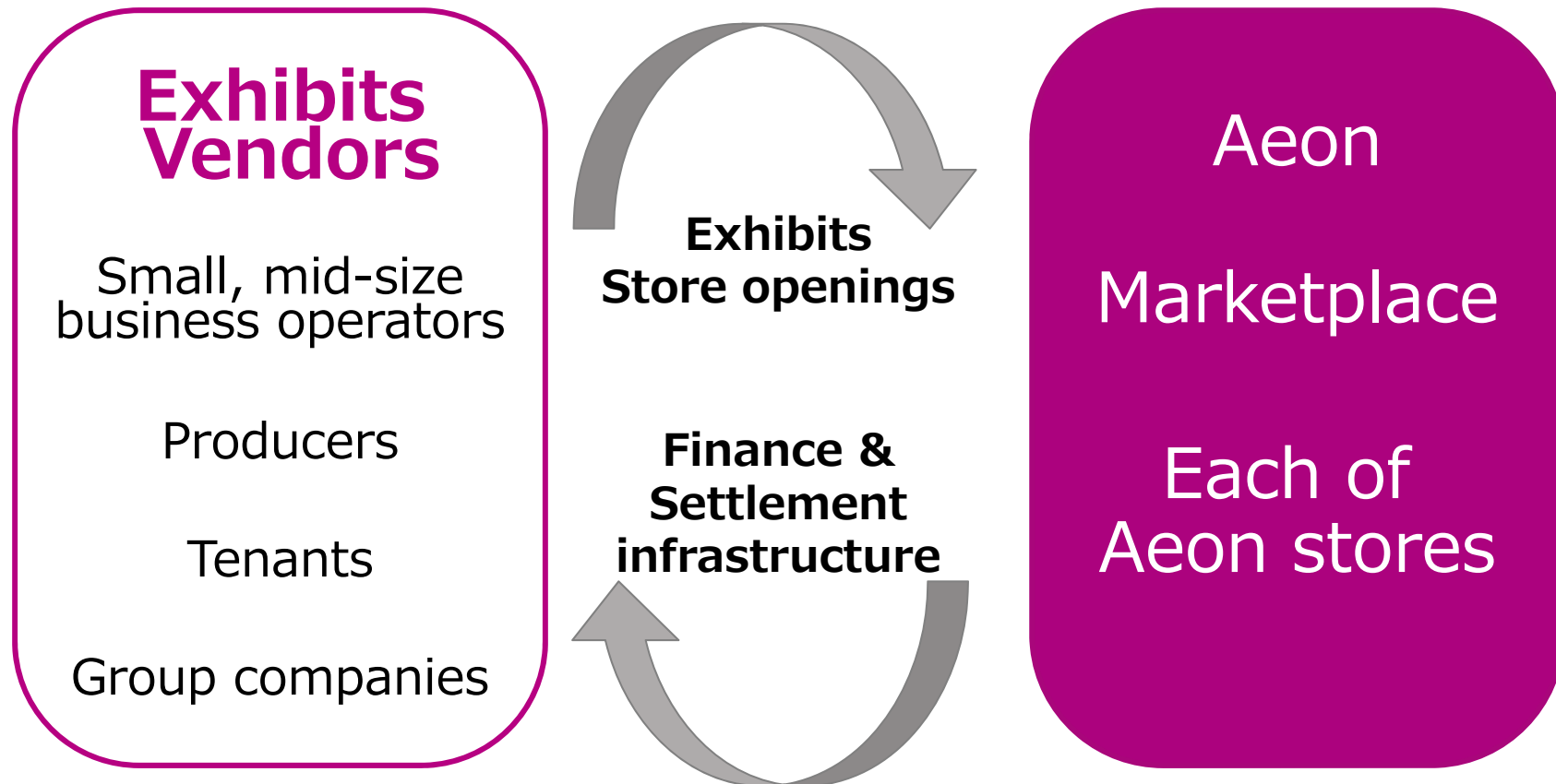
- Food
- Grocerants
- Health & Beauty Care
- Community Space

③ Digital Reforms

Digitalization Initiatives



Development of Marketplace



Provision of Group resources

Digitalization of Stores

Customer
convenience

Optimization
of
operations

- Stress-free check-out
- Ordering and customer analysis using AI
- Product proposals using AR, VR
- More pickup locations and methods
- Robotization of distribution and processing center

3 . Target Levels for 2020

Target for 2020

Operating
revenue **10** trillion yen

Operating
income **340** billion yen

Dramatic Rejuvenation of Organization



Notes on projections

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