

FY 2 0 1 8

Presentation Materials

April 10, 2019



FY2018 Consolidated Operating Results

Consolidated Results



Operating Revenue: Highest for nine consecutive years Operating Profit and Ordinary Profit: consecutive rise for four years and achieved new record high

(billion yen)

	FY2018 Result	FY2017 Result	YoY % /change
Operating Revenue	8,518.2	8,390.0	+1.5%
Operating Profit	212.2	210.2	+1.9
Ordinary Profit	215.1	213.7	+1.3
Profit attributable to owners of the parent	23.6	24.5	-0.8

Operating Results by Business Segment



Domestic retail business: Affected by disasters and a cooling of consumer sentiment Services & Specialty Store: Decrease in profit in the course of restructuring for FY2018 A profit increase of 2.4 billion yen in 4Q

Financial Services, Shopping Center Development, and International: Steady increase in profit

(billion yen)

	Operating Revenue	YoY %	Operating Profit	YoY change
Consolidated total	8,518.2	+1.5	212.2	+1.9
GMS	3,080.6	-0.0	11.5	+0.2
SM	3,235.0	-0.2	25.1	-5.5
Health & Wellness	793.9	+11.7	26.2	+0.2
Financial Services	436.5	+7.0	70.8	+1.0
Shopping Center Development	360.2	+7.3	55.5	+4.0
Services & Specialty Store	768.5	+1.2	19.7	-2.1
International	437.5	+4.5	3.4	+3.1

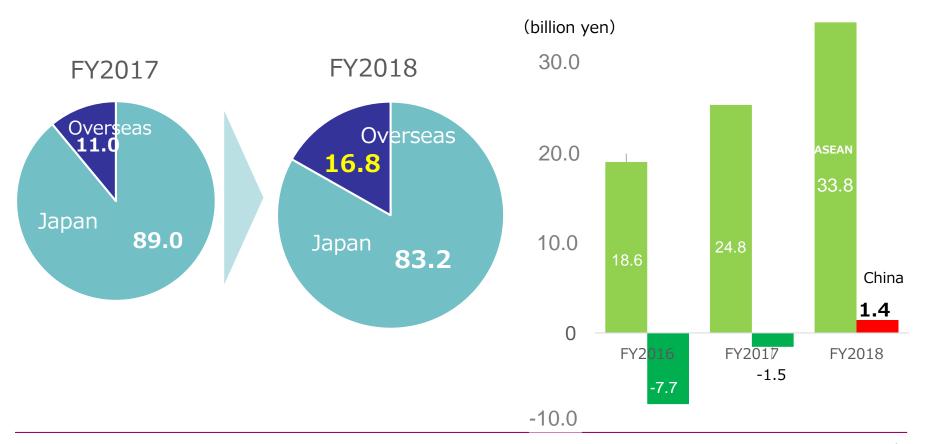
Operating Results of Overseas



The proportion of operating profit generated overseas: Increased to 16.8%(YoY+5.8%) ASEAN and China: Both increased in profit, achieved profitability in China

(Operating profit ratio by region (%)

[Change in Operating profit of ASEAN and China]





Operating Results of Daiei

Daiei

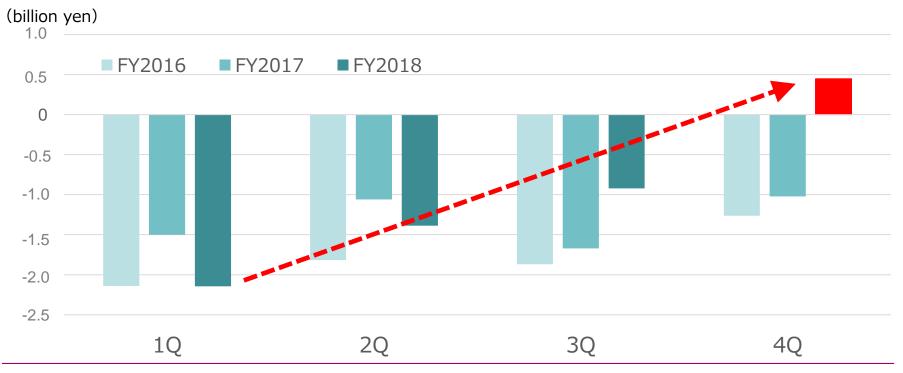


- Proceeded with structural reforms for growth as a supermarket operator after reorganization by region and store format.
- · Improvement in gloss profit margin and turned profitable in 4Q.

(billion yen)

	Operating revenue	YoY	Operating profit	YoY change
FY2018	280.3	-4.3%	-4.0	+1.2

(Quarterly change in operating profit)





FY2019 Initiatives

FY2019 Forecasts



Financial services, Shopping Center Development, and Health & Wellness:

Further growth as group's earnings pillar International: Continuous earnings growth GMS and SM: Carrying out structural reforms

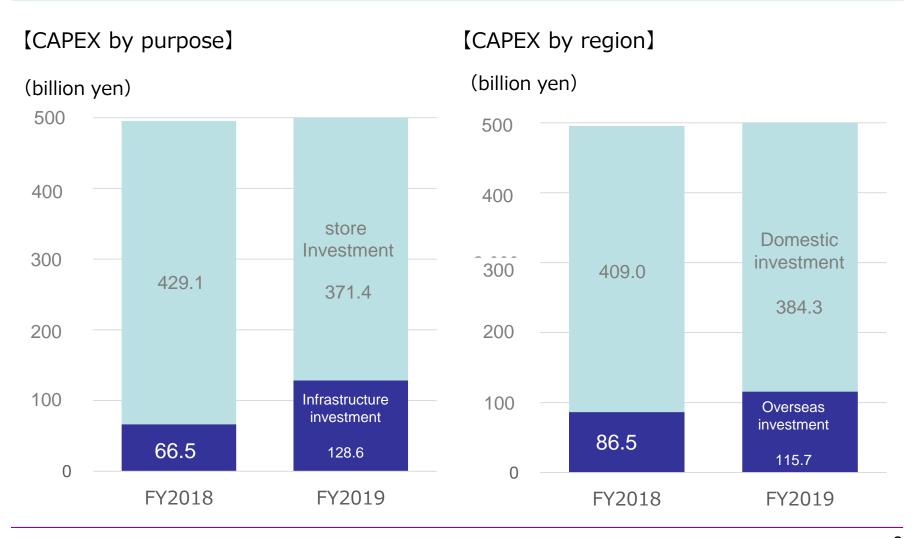
<u>Services & Specialty Store</u>: Drastic reorganization

(billion yen)

	FY2019 forecast	YoY % /change
Operating Revenue	8,600.0	+1.0%
Operating Profit	230.0	+17.7
Ordinary Profit	220.0	+4.8
Profit attributable to owners of the parent	25.0	+1.3



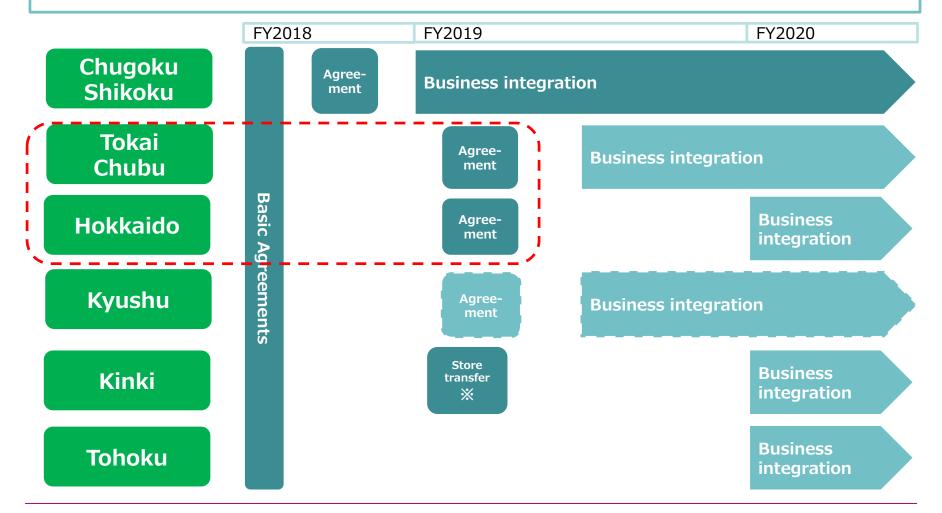
Focusing on investment in infrastructure and overseas



For Future Growth (Supermarket Reform)



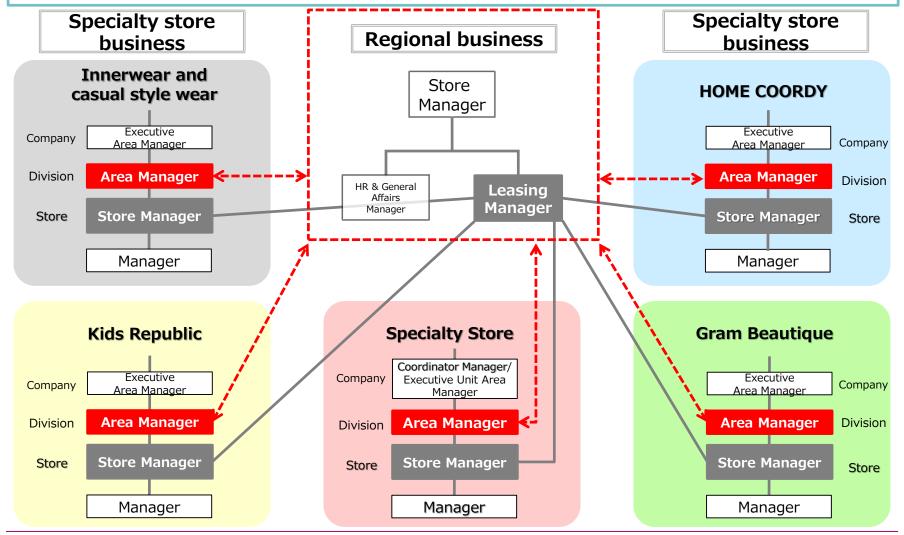
Hokkaido, Tokai & Chubu: Concluded merger agreements Kyushu: Further deliberations to maximize post-merger corporate value



For Future Growth (GMS Reform)



- · Implementation of organizational reforms as a preliminary step toward an upcoming spin-off
- Deployment of area managers as a key of strong specialty product offerings



New Representative Executive Officers



Newly assigned three representative executive officers and transferred authorities to them to accelerate implementation of the regional shift (SM reform and GMS reform), digital shift, Asia shift, and accompanied investment shift (March 1, 2019~)

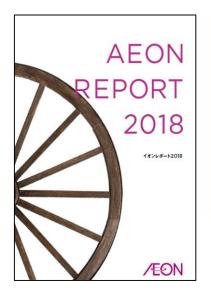
Executive Vice President and Representative Executive Officer, Shopping Center Development Business & Digital Business	Akio Yoshida	President and CEO of AEON MALL Co., Ltd.
Executive Vice President and Representative Executive Officer, GMS Business and International Business	Soichi Okazaki	Director and Chairman of Aeon Retail Co., Ltd.
Executive Vice President and Representative Executive Officer, Supermarket Business	Motohiro Fujita	President and Representative Director of United Super Markets Holdings Inc.

Promoting Disclosure of Sustainable Management Information/EON



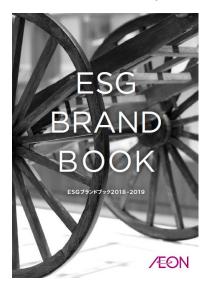
Aeon Report 2018 was awarded a **Grand Prize for Global Warming Countermeasures Reporting**, one of the top awards in the environmental reporting category of the 22nd Environmental Communication Awards.

AEON Report 2018 (Issued in December 2018)





ESG BRAND BOOK 2018-2019 (Issued in January 2019)



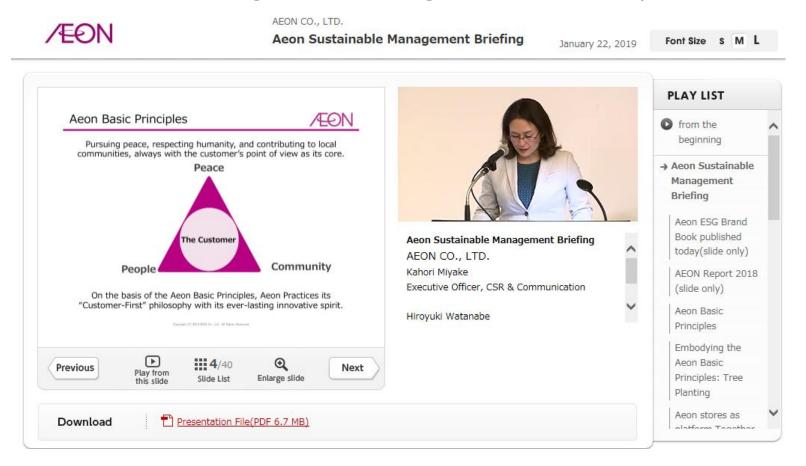
(Japanese) https://www.aeon.info/ir/library/aeon-report/

(English) https://www.aeon.info/en/ir/library/aeon-report/

Promoting Disclosure of Sustainable Management Information / EON



AEON Sustainable Management Briefing (Held on January 22nd, 2019)



(Japanese) http://www.irwebcasting.com/20190122/1/7d277f0daf/mov/main/index.html (English) http://www.irwebcasting.com/20190122/2/2e2b074912/mov/main/index.html

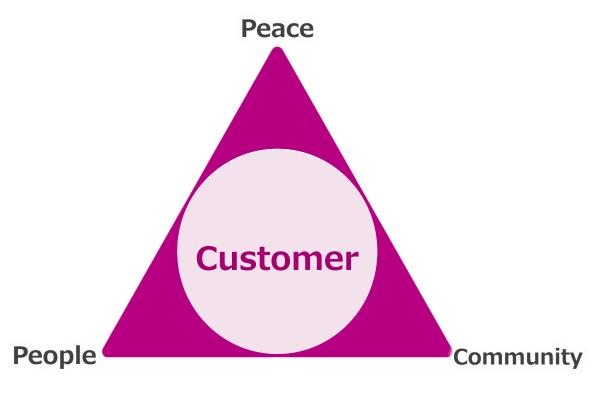


		FY2018 Results	FY2019 Forecasts
Dividen	End of second quarter	Ordinary dividend 17yen	Ordinary dividend 17yen Commemorative dividend 1yen
Dividend per share / year	Year-end	Ordinary dividend 17yen	Ordinary dividend 17yen Commemorative dividend 1yen
e / year	Total	Ordinary dividend 34yen	Ordinary dividend 34yen Commemorative dividend 2yen

AEON Basic Principles



Pursuing peace, respecting humanity, and contributing to local communities, always with the customer's point of view as its core.



Peace:

Aeon is a corporate group whose operations are dedicated to the pursuit of peace through prosperity.

People:

Aeon is a corporate group that respects human dignity and values personal relationships.

Community:

Aeon is a corporate group rooted in local community life and dedicated to making a continuing contribution to the community.

On the basis of the Aeon Basic Principles, Aeon practices its "Customer-First" philosophy with its ever-lasting innovative spirit.



Æ9N



Reference Materials

FY2018 Consolidated Balance Sheets



	(billion yen)						
Assets (main items only)	2018/2	2019/2	Change from '18/2	Liabilities and net assets (main items only)	2018/2	2019/2	Change from '18/2
Cash and deposits	918.0	852.3	-65.6	Notes and accounts payable – trade	906.1	914.1	+7.9
Notes and accounts receivable - trade (incl. installment receivables)	1,292.1	1,461.6	+169.5	Interest bearing debt (excl. finance subsidiary)	1,534.6	1,646.7	+112.1
Inventories	600.2	598.4	-1.8	Interest bearing debt (finance subsidiary)	809.7	905.8	+96.0
Operating loans, Loans and bills discounted for	2,167.5	2,359.2	+191.7	Deposits for banking business	3,007.2	3,443.0	+435.7
banking business				Total liabilities	7,536.0	8,174.3	+638.2
Property, buildings and equipment	2,755.1	2,790.8	+35.7	Shareholder's equity	1,061.9	1,047.4	-14.4
Investments and other assets	928.4	951.6	+23.2	Total net assets	1,916.7	1,875.3	-41.3
Total assets	9,452.7	10,049.6	+596.9	Total net assets and liabilities	9,452.7	10,049.6	+596.9

Reference Material: 1

FY2018 Consolidated Cash Flow Statement



(billion yen)

Main items only	FY2017	FY2018	YoY change
Cash Flow from operating Activities (Except for increase (decrease) in financial loan and time deposits, loans, and bills discounted for banking business)	463.9 (344.2)	469.8 (218.7)	5.9 (-125.5)
Income before income taxes	168.5	168.0	-0.5
Depreciation	239.8	247.1	+7.3
Increase (decrease) in working capital	-92.2	-141.3	-49.1
Increase (decrease) in financial loan and time deposits, loans, and bills discounted for banking business	119.6	251.0	131.4
Payment of corporate taxes	-83.6	-83.1	+0.5
Other-net	111.7	28.0	-83.7
Cash Flow from Investing Activities	-427.8	-662.4	-234.6
CAPEX	-481.7	-495.6	-13.9
Sale of tangible fixed assets	77.8	99.0	+21.2
Other-net	-23.9	-265.8	-241.9
Cash Flow from Financing Activities	28.6	143.7	115.1
Increase in cash and cash equivalents	68.4	-55.5	-123.9

Reference Material: 2

FY2018 Investment Result



(billion yen)

	FY2018	YoY changes
Consolidated total	495.6	+13.9
GMS	82.2	+8.6
SM	75.0	-0.5
Health & Wellness	23.8	-0.4
Financial Services	34.6	-7.2
Shopping Center Development	217.0	+13.0
Services & Specialty Store	23.3	-7.9
International	30.8	+10.7
Other	8.5	-2.2

FY2019 Investment Plan by Region



			(billion yen)
	FY2018 FY2019 YoY cha		YoY changes
Japan	409.0	384.3	-24.8
ASEAN	62.8	95.0	+32.1
China	17.4	16.5	-0.9
Others	6.2	4.2	-2.1
Overseas Investment Total	86.5	115.7	+29.1
Overseas Investment Proportion	17.5%	23.1%	+5.7%
Consolidated CAPEX Total	495.6	500.0	+4.3

FY2019 Consolidated Financial Indicators



	FY2017	FY2018	FY2019
	Results	Results	Plan
ROIC	4.3%	4.2%	4.3%
Debt Equity Ratio (excluding Financial Services Business)	1.2	1.4	Approx. 1.4
Operating Cash Flow by	366.4	376.2	390.0
Simple Calculation basis	billion yen	billion yen	billion yen
Consolidated CAPEX	481.7	495.6	500.0
	billion yen	billion yen	billion yen

^{*}Debt equity ratio has been adjusted considering the capital nature of hybrid bonds and hybrid loans

FY2018 Result of Daiei and ex-Daiei GMS



(Billion yen)

Business	Company name	Operating Revenue	Operating Profit		
segment	Company name	Results	YoY	Results	YoY changes
AEON Retail store		138.3	-2.5%	-6.1	+1.0
AEON Store Kyushu	AEON Store Kyushu	56.4	-1.0%	-1.3	+0.0
SM	Daiei	280.3	-4.3%	-4.0	+1.2

Executive Officers



President and Representative Executive Officer	Group CEO		Motoya Okada	
Executive Vice President and Representative Executive Officer	Shopping Center Development Business & Digital Business		Akio Yoshida	
	GMS Business and International Business		Soichi Okazaki	
	Supermarket Business		Motohiro Fujita	
Executive Vice President and Executive Officer	CFO, Business Management		Akinori Yamashita	
	Management Strategy		Shinya Wako	
Executive Officers				
China Business	Yuki Habu	Merchandising and Logistics		Eiji Shibata
Financial Services Business	Masaki Suzuki	Services & Specialty Store Business Ip		Ippei Nakayama
CSR & Communication	Kahori Miyake	Logistics Reform		Hidenori Osano
Human Resources and Administration / Administration & Risk Management	Hiroyuki Watanabe	Internet Business		Takehiko Saitoh
ASEAN Business	Yasuo Nishitoge			
Chief Manager				
Health & Wellness Business	Hiroyuki Namba	Cosmetics Business	s Yuko Nakajima	
Group Strategy	Kazusa Ikehata	ICT Business	Hirofumi Sakuraba	

Reference Materials: 7

Disclaimer regarding Forecast Statement



- These materials are intended for the purpose of providing information, and not to encourage any specific actions. The company has prepared these materials (including business plans) based on available information believed to be reliable, but there are risks and uncertainties. The company bears no liability for the accuracy or completeness of the information.
- Please use these materials at your own discretion. The company bears
 no liability for any loss or harm that may arise from investment
 decisions made on the basis of any of the projections or targets
 contained in these materials.
- All rights of authorship of these materials revert to AEON CO., LTD.
 These materials may not be reproduced or distributed without the permission of the company.