FY２０１９　3Q

Presentation Materials

January 10, 2020

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Consolidated Operating Results

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Consolidated Operating Results (3-month period)

Increase in revenue by capturing demand prior to consumption tax hike.

(billion yen)

	FY2019 Result	YoY % /change	Inappropriate accounting treatment※	IFRS 16	Excluding these impact	YoY % /change
Operating Revenue	2,096.7	+1.1%	-1.2	–	**2,097.9**	**+1.2%**
Operating Profit	16.7	-2.4	-2.2	+2.9	**16.0**	**-3.1**
Ordinary Profit	13.6	-5.7	-2.2	-0.8	**16.6**	**-2.7**
Profit attributable to owners of the parent	-10.1	-0.2	-1.0	-0.3	**-8.7**	**+1.1**

※The inappropriate accounting treatment by AEON Credit Service (Philippines) Inc. disclosed in Nov 1, 2019. http://www.aeonfinancial.co.jp/eng/corp/news/index.html

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Results by Business Segment (3-month period)

GMS business posted increase in both operating revenue and profit, SM business also improved to level almost on par with 3Q of last year.

【Result by segment※】※Excluding the impact of inappropriate accounting treatment and IFRS 16 overseas (billion yen)

	Operating Revenue	YoY %	Operating Profit	YoY change
Consolidated Total	2,097.9	+1.2	16.0	-3.1
GMS	746.2	+1.1	-10.5	+2.3
SM	798.4	-0.2	1.5	-0.4
Health & Wellness	217.3	+11.5	5.2	+1.6
Finance Service	114.6	+5.5	7.6	-7.8
Shopping Center Development	91.2	+3.5	12.4	+0.8
Service & Specialty Store	177.5	-2.2	0.6	+0.9
International	104.3	-4.9	-0.0	+0.5

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Finance Service Business

Impact of the different fiscal period between AEON and AFS and impact of the application of IFRS 9 overseas.

【Operating Profit; YoY Change ※】

(billion yen)

	1Q	2Q	3Q	Total
AEON : Finance Service business	-0.9 (Mar-May)	+3.6 (Jun-Aug)	-7.8 (Sep-Nov)	-5.1 (Mar-Nov)
AEON Financial Service (AFS)	-0.5 (Apr-Jun)	-6.1 (Jul-Sep)	Will Disclose in Feb. (Oct-Dec)	-6.6 (Apr-Sep)

【Main reasons for the decline in profit in 3Q (3-month period)】

1) Gain from the liquidation of receivables were lower than in 3Q of last year.

2) Increase in costs associated with the promotion(20% Cash back) of cashless payment.

3) Increase in bad debt expenses associated with the application of IFRS 9 overseas.

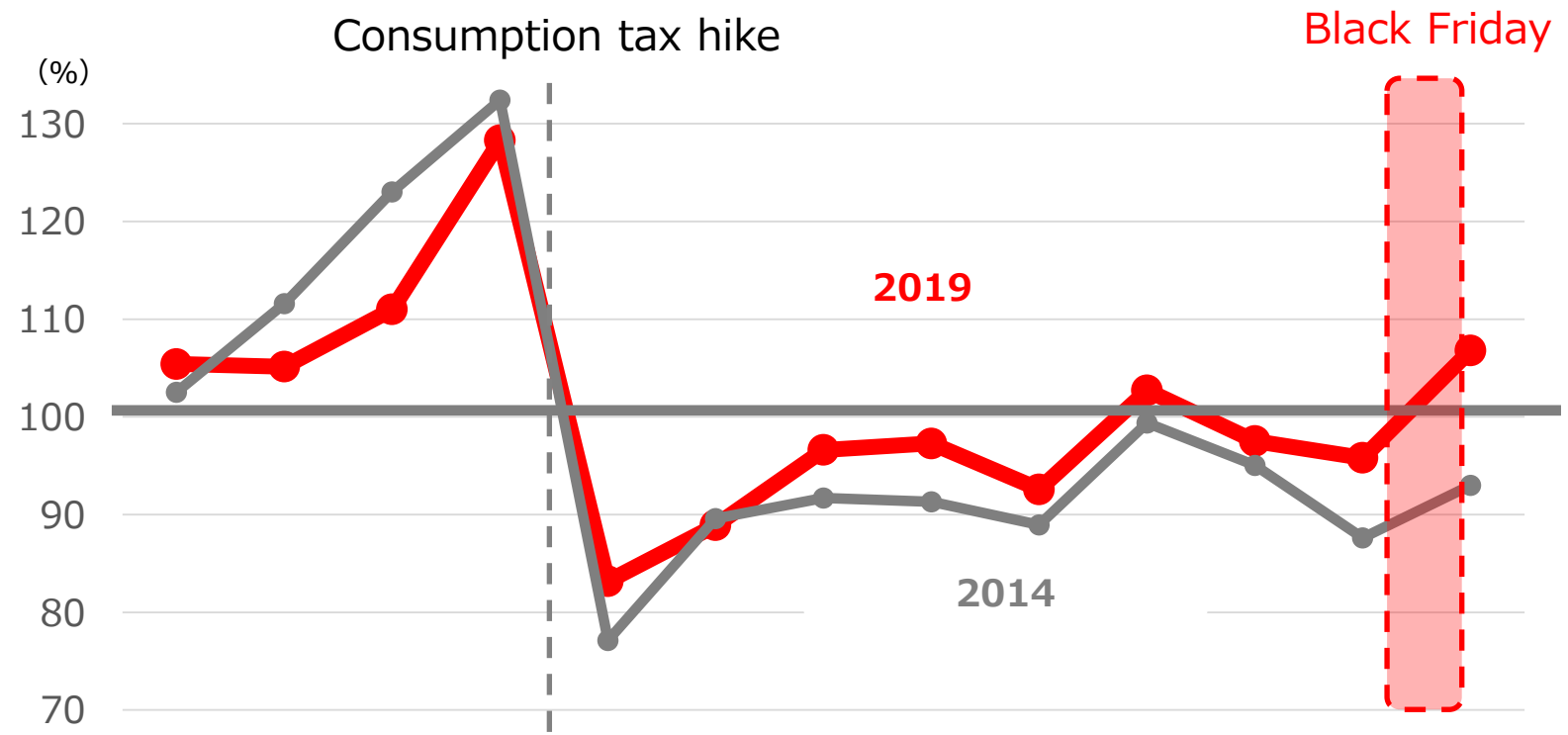
※Excluding the impact of inappropriate accounting treatment.

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General Merchandising Store Business【AEON Retail】

AEON Retail improved its profitability by 1.8 billion during the three-month period due to its increased sales despite the tax hike and multiple typhoons. Black Friday succeeded in increasing sales.

【Monthly change of YoY same store sales】



YoY 2019	Sep : 111.9%	Oct : 92.3%	Nov : 100.9%	3-month	101.6%
YoY 2014	Mar : 117.2%	Apr : 87.9%	May : 93.8%		100.0%

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General Merchandising Store【AEON Retail】

Beauty care products and liquor sales are recovering after tax hike.
Apparel sold well by Black Friday promotion and contributed to sales recovery after tax hike.

【Change of YoY % same store sales of good sales categories before tax hike】

Categories	Sep	Oct	Nov	3Q
Home Renovation	238.9	65.3	75.1	113.2
Appliances	173.5	66.2	83.3	103.8
Beauty Products	150.7	72.3	94.8	104.4
Liquor	132.0	84.0	96.4	103.9

【Change of YoY % same store sales of good sales categories in Black Friday promotion 】

Categories	Sep	Oct	Nov	3Q
Outerwear-Casual	103.5	92.0	111.1	102.3
Business	111.7	83.9	107.2	100.7
Home Furnishing	123.3	87.6	104.8	104.8
Innerwear-Casual	118.4	83.6	102.5	100.3

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Consolidated Operating Results（cumulative 9-month）

Growth in both Revenue and Profit.
Operating Revenue and Operating Profit achieved record high. ※1

(billion yen)

	FY2019 Result	YoY %/ Change	Inappropriate accounting treatment※2	IFRS 16	Excluding these impact	YoY % /change
Operating Revenue	6,387.0	+0.8%	-15.8	–	**6,402.8**	**+1.0%**
Operating Profit	103.0	-5.9	-16.7	+7.5	**112.2**	**+3.2**
Ordinary Profit	93.3	-16.9	-16.7	-3.7	**113.9**	**+3.6**
Profit attributable to owners of the parent	-6.3	-6.9	-8.9	-1.9	**4.5**	**+3.9**

※1 Excluding the impact of inappropriate accounting treatment and IFRS16 overseas.
※2 The impact of inappropriate accounting treatment KAJITAKU and ACS(Philippines)Inc.

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Operating Results by Segment (cumulative 9-month)

General Merchandising Store Business posted 0.6 billion yen improvement in operating profit.

【Result by segment※】※Excluding the impact of inappropriate accounting treatment and IFRS 16 overseas. (billion yen)

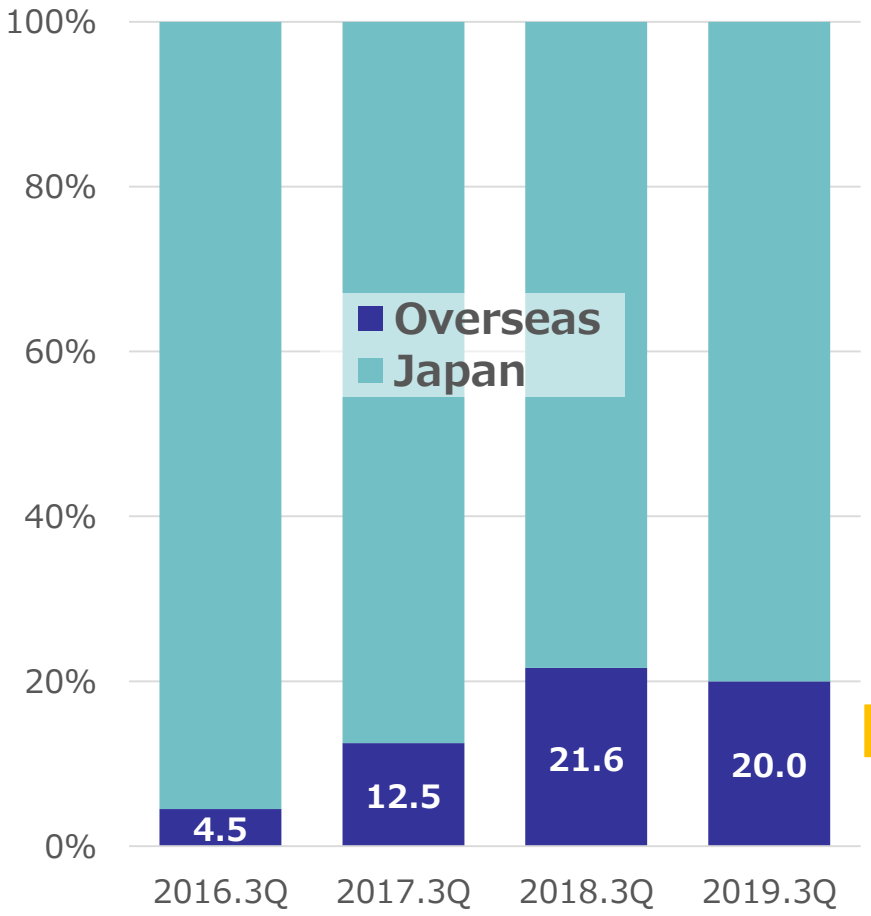
	Operating Revenue	YoY(%)	Operating Profit	YoY change
Consolidated Total	6,402.8	+1.0	112.2	+3.2
GMS	2,276.6	+0.2	-18.1	+0.6
SM	2,403.5	-1.1	4.1	-9.0
Health & Wellness	652.1	+10.5	22.2	+4.9
Financial Service	354.0	+10.5	42.2	-5.1
Shopping Center Development	275.8	+3.6	40.6	+3.6
Service & Specialty Store	571.0	-1.0	17.6	+4.1
International	327.4	-0.8	1.0	+1.2

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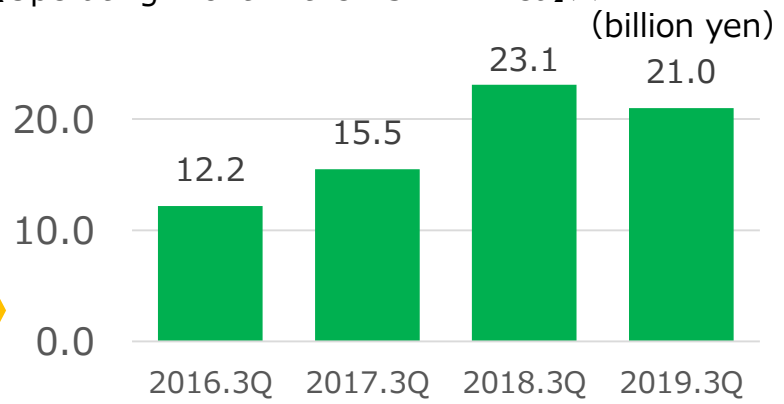
Operating Result of Oversea （cumulative 9-month）

Operating profit steadily increased in the overseas business.

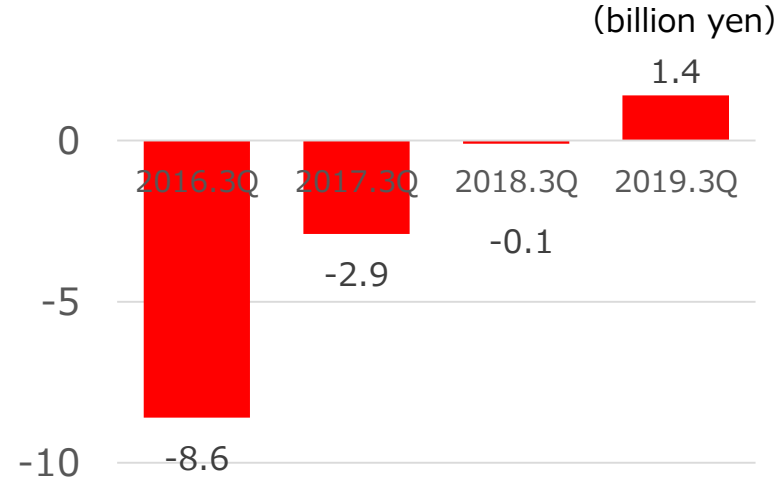
【Comparison of the ratio of Operating Profit by Area】※



【Operating Profit in the ASEAN Area】※



【Operating Profit in the China Area】※



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※Excluding the impact of inappropriate accounting treatment and IFRS 16 overseas in FY2019.

Progress made on our key strategies

Regional Shift (Supermarket reforms)

Region	Progress
Hokkaido	AEON Hokkaido and Maxvalu Hokkaido will merge in Mar 2020.
Tohoku	**Maxvalu Tohoku and AEON Retail Tohoku Company will integrate in Mar 2020 with the company name "AEON Tohoku Co.,Ltd.".**
Tokai・Chubu	Maxvalu Tokai and Maxvalu Chubu merged in Sep 2019. **Integrated their headquarters in Nov 2019.**
Kinki	Entered into the basic agreement. Preparing for binding agreement.
Chugoku・Shikoku	Maxvalu Nishinihon made Marunaka and Sanyo Marunaka subsidiaries in Mar 2019.
Kyushu	Entered into the basic agreement. Preparing for binding agreement.

Digital shift

・Entered into an exclusive partnership agreement in Japan with U.K. online supermarket Ocaco.

・Build the first customer fulfillment center by 2023 to establish AEON's Next generation online supermarket

Termination of unprofitable business

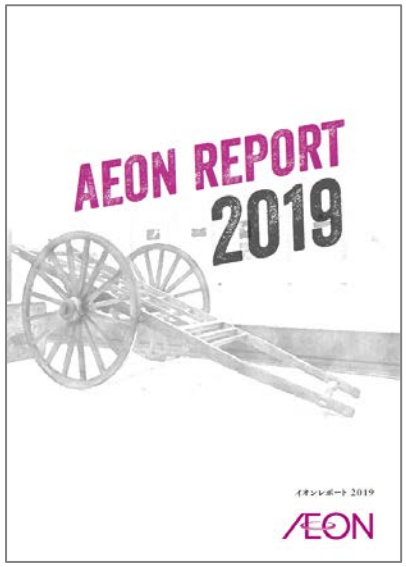
・The Talbots Japan business to be terminated in May 2020.

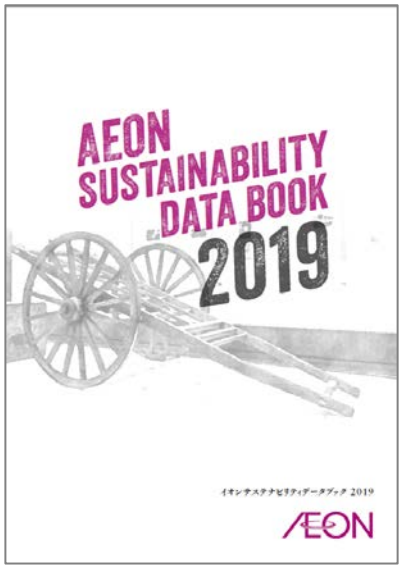
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ESG-related initiatives (communication with stakeholders)

Disclosed the current status of scenario analysis based on TCFD (The Task Force on Climate-related Financial Disclosures) guidance.

【AEON REPORT 2019(AEON's integrated report)】
【AEON SUSTAINABILITY DATA BOOK 2019】





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

【AEON Sustainable Management Briefing 】
(held in Dec.11/2019)



https://www.aeon.info/en/ir/policy/strategy/

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FY2019 Forecasts

No Change in FY2019 Forecasts from the figures announced at the Beginning of the Fiscal Year

(billion yen)

	FY2019 Forecasts	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

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Reference Materials

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FY2019 3Q Consolidated Balance Sheets

(billion yen)

Assets (main items only)	2019/2	2019/11	Change from '19/2
Cash & deposit	852.3	1,013.8	+161.4
Notes and accounts receivable – trade (incl. installment receivables)	1,461.6	1,674.1	+212.5
Inventories	598.4	621.7	+23.3
Operating loans, Loans and bills discounted for banking business	2,359.2	2,628.1	+268.9
Property, buildings, and equipment	2,790.8	3,154.9	+364.0
Investments and other asssets	994.7	993.1	▲1.5
Total assets	10,045.3	11,062.1	+1,016.8

Liabilities and net assets (main items only)	2019/2	2019/11	Change from '19/2
Notes and accounts payable – trade	914.1	1,126.8	+212.7
Interest bearing debt (excl. finance subsidiaries)	1,646.7	1,944.0	+297.2
Interest bearing debt (finance subsidiaries)	905.8	1,094.6	+188.8
Deposit for banking business	3,443.0	3,675.8	+232.7
Total liabilities	8,170.0	9,241.6	+1,071.6
Shareholder's equity	1,047.4	991.3	▲56.1
Total net assets	1,875.3	1,820.5	▲54.8
Total net assets and liabilities	10,045.3	11,062.1	+1,016.8

※Applying partial amendments to Accounting standards on tax effect accounting, certain reclassifications, rearrangement, and offset have been made to the partial account items as of 2019/2.

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FY2019 3Q Results of Daiei and ex-Daiei GMS

(billion yen)

Business segment	Company name	Operating Revenue		Operating Profit	
		Results	YoY	Results	YoY changes
GMS	AEON Retail store ※Former Daiei GMS in Kanto, Kinki, and Nagoya region	92.5	-9.5%	-4.7	+0.8
	AEON Store kyushu ※Former Daiei GMS Kyushu	35.9	-14.8%	-1.3	+0.0
SM	Daiei	222.2	+5.1%	-1.9	+2.5

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Forecast of Dividend Payments

		FY2018 (Results)	FY2019
Dividend per share / year	End of second quarter	Ordinary dividend: 17 yen	Ordinary dividend: 17 yen Commemorative dividend: 1 yen Total: 18 yen (Results)
	Year-end	Ordinary dividend: 17 yen	Ordinary dividend: 17 yen Commemorative dividend: 1 yen Total: 18 yen (Forecasts)
	Total	Ordinary dividend: 34 yen	Ordinary dividend: 34 yen Commemorative dividend: 2 yen Total: 36 yen (Forecasts)

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