

FY 2019

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# Presentation Materials

April 10, 2020

# Now is the time to practice "Customer First"



# FY2019 Consolidated Operating Results

# Consolidated Results



Operating Revenue : Consecutive rise for 10 years and achieved record high  
Operating Profit : Consecutive rise for 5 years and achieved record high  
Operating Revenue and Profit attributable to owners of the parent : Achieved Forecast

(billion yen)

	FY2019 Result	YoY % / change	To Forecast % / change
Operating Revenue	8,604.2	+1.0%	+0.0%
Operating Profit	215.5	+3.2	-14.4
Ordinary Profit	205.8	-9.2	-14.1
Profit attributable to owners of the parent	26.8	+3.2	+1.8

# Reference: Consolidated Results after Deduction of One-Time Impacts



(billion yen)

	Result	YoY / change	Inappropriate accounting treatment ※	IFRS 16	Deducting One-Time Impacts	YoY / Change
Operating Revenue	8,604.2	+1.0%	-15.8	—	<b>8,620.0</b>	<b>+1.2%</b>
Operating Profit	215.5	+3.2	-16.7	+11.1	<b>221.1</b>	<b>+8.8</b>
Ordinary Profit	205.8	-9.2	-16.7	-4.1	<b>226.7</b>	<b>+11.6</b>
Profit attributable to owners of the parent	26.8	+3.2	-8.9	-2.1	<b>37.9</b>	<b>+14.3</b>

※The financial impact of inappropriate accounting at KAJITAKU Co. and AEON



# Results by Segment



Successful business diversity. Profit increased in four segments.

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

	Operating Revenue	YoY %	Operating Profit	YoY change
Consolidated Total	8,620.0	+1.2	221.1	+8.8
GMS	3,070.5	-0.3	7.2	-4.2
SM	3,224.3	-0.3	20.9	-4.2
Health & Wellness	883.2	+11.2	35.0	+8.7
Financial Service	485.9	+11.3	72.4	+1.5
Shopping Center Development	371.9	+3.2	59.6	+4.0
Service & Specialty Store	754.2	-1.9	19.3	-0.4
International	439.2	+0.4	3.9	+0.7

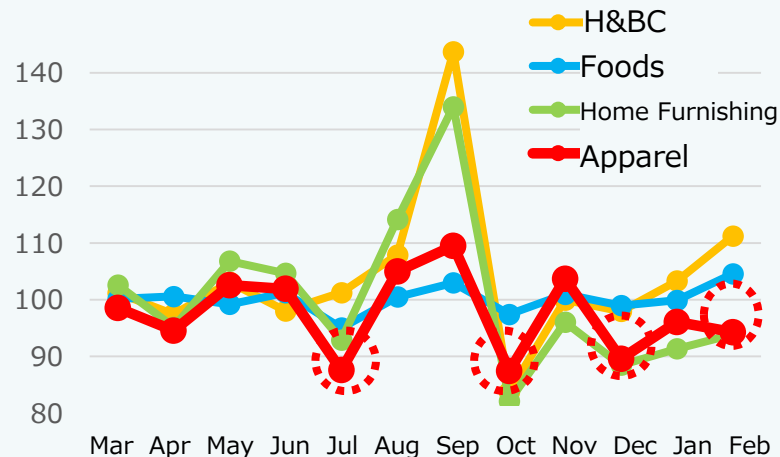
## GMS Business Operating Profit YoY change

-4.2

## Situation of major companies (Operating Profit YoY change)

- AEON KYUSHU +0.5
- AEON Retail Store、AEON Store KYUSHU +0.9
- AEON Retail -6.1 (Operating Profit : 5.6)  
→ Apparel sales and gross profit margin decreased due to longer rainy season, mild winter and the spread of the novel coronavirus.

[AEON Retail: Monthly change of YoY% same store sales by department]



[AEON Retail: Results by Department]

	Sales same store YoY %	Gross Profit Margin YoY change※
Total	99.9	-0.5
H&BC	103.7	+0.2
Foods	100.0	-0.1
Home Furnishing	99.5	-1.0
<b>Apparel</b>	<b>97.2</b>	<b>-0.6</b>

Daiei recovered profitability by 3 billion yen by improving gross profit margin and cost efficiency.

Companies which had a large profit decline in the 1st half improved in the 2nd half.

(billion yen, %)

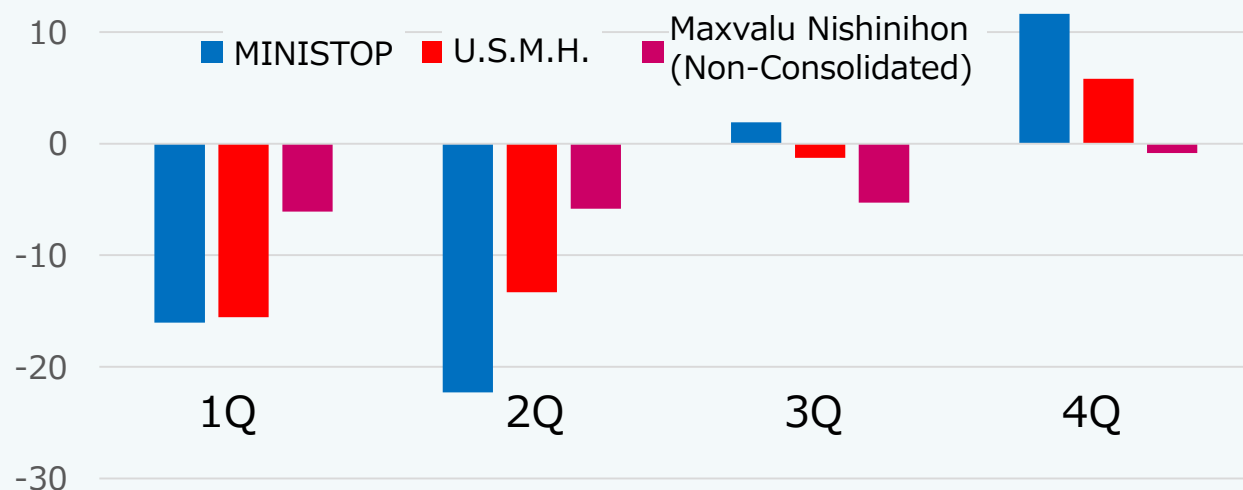
SM Business※  
Operating Profit  
YoY change

-4.2

## Situation of major companies (Operating Profit YoY change)

- Daiei +3.0 (Operating profit : -0.9billion yen)
- Maxvalu Nishinihon (Non-Consolidated) -1.8,  
U.S.M.H -2.4, MINISTOP -2.4

【Quarterly change of YoY % Operating Profit】





# Health & Wellness Business



Sales of prescription drugs remained strong throughout the year.  
Sales of COVID-19 infection prevention items, paper products and foods increased rapidly after the second half of January

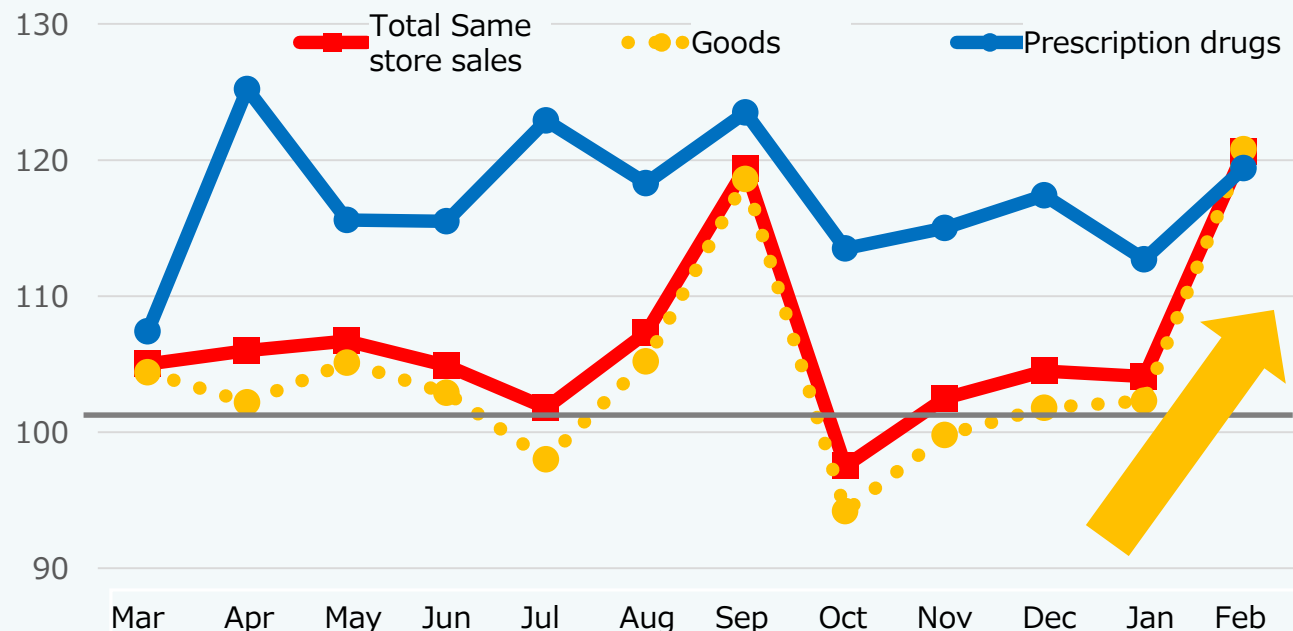
(billion yen, %)

Health & Wellness  
Business  
Operating Profit  
YoY change

Situation of major companies (Operating Profit YoY change)

WELCIA HOLDINGS +8.7

【Monthly change of YoY% same store sales】



+8.7

Financial Service : Achieved a full-year profit increase

Shopping Center Development : Overseas business grew by refurbishment and floor expansion. Sales of Amusement tenants were sluggish in February in Japan

(billion yen, %)

Financial Service  
Business※  
Operating Profit  
YoY change

**+1.5**

SC Development  
Business※  
Operating Profit  
YoY change

**+4.0**

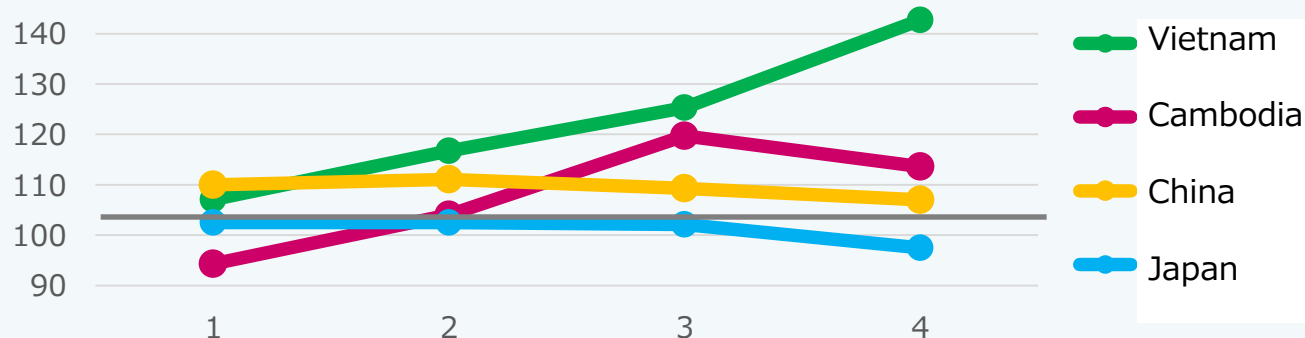
## Situation

Achieved a profit increase full yearly due to the bringing forward of securitization of receivables in Japan, an increase in gain on bad debts sold overseas, and a review of standards for allowances and provisions.

## Situation of major companies (Operating Profit YoY change)

**AEON Mall +7.8** (+2.4: Excluding the impact of IFRS 16 overseas)

[Quarterly change of YoY % Tenant Sales at Same Malls (Overseas JAN~DEC) ]



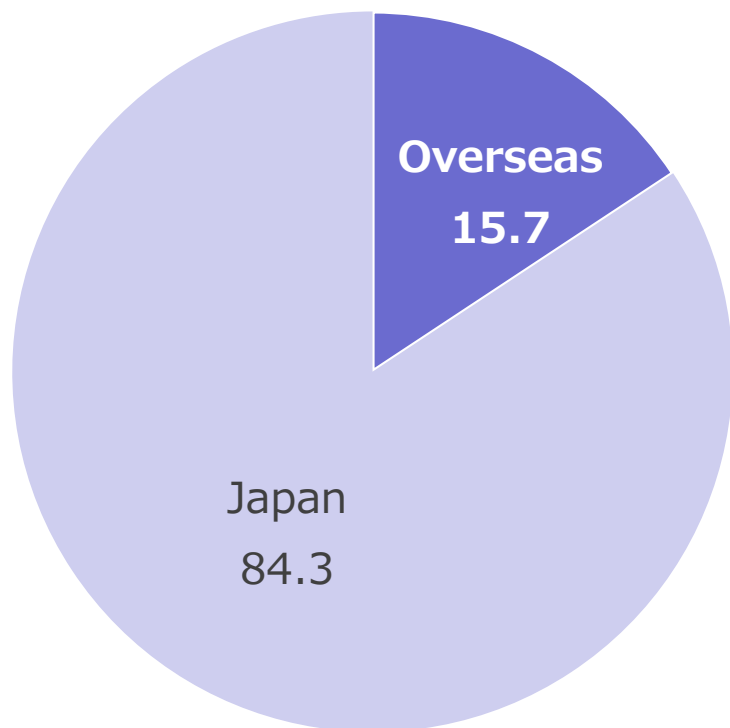
※Excluding the impact of inappropriate accounting at on overseas subsidiary and IFRS 16 overseas

# Operating Results of Overseas



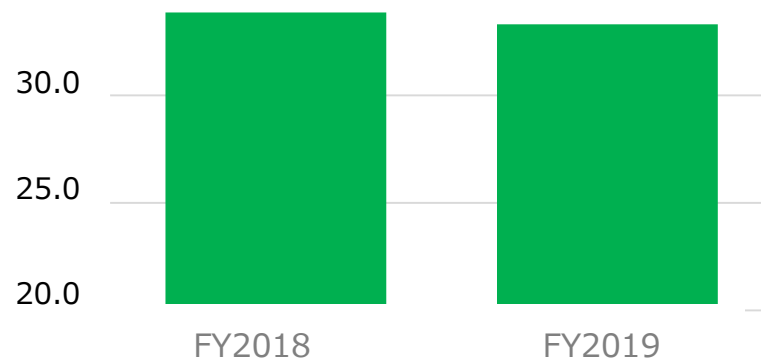
Shopping Center Development business covered profit decline in financial business in both ASEAN and China

【Composition % of Operating Profit by area】※



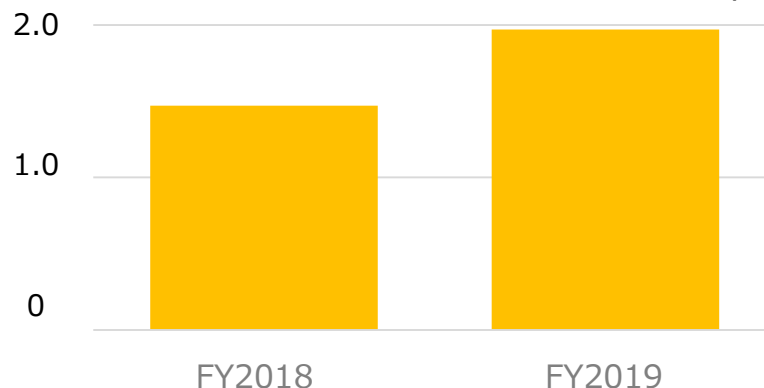
【Operating Profit in ASEAN area】※

(billion yen)



【Operating Profit in China area】※

(billion yen)



# FY2020 Forecasts

# Impact of the Novel Coronavirus (COVID-19)



	JAN	FEB	MAR	APR
CHINA	<p>1/9 Specifie new coronavirus</p> <p>1/23 Hubei GMS stores shortened business hours</p> <p>1/24 Hubei 3 Malls tenant zone closed</p> <p>1/31 GMS stores in other areas also shortened business hours</p> <p>1/28 All Aeon Fantasy closed</p> <p>MINISTOP closed some stores</p>	<p>Up to half of AEON Mall closed in the tenant zone</p> <p>GMS stores continued being open with shorten business hours</p>	<p>Return to normal business hours of GMS store</p> <p>Late Mar. Some AEON Fantasy stores resume operations</p>	<p>4/1 AEON Mall resumed normal business</p> <p>GMS recovered normal business hours</p> <p>AEON Fantasy reopened over 20 stores</p>
JAPAN	<p>1/16 Confirmation of the first infection in Japan</p> <p>Late Jan. Surged in demand for masks.</p>	<p>2/25 Gov. announced basic policy</p> <p>2/27 Gov. requested for suspension of school</p> <p>Late Feb. Surged in demand for toilet paper, paper products and foods</p> <p>2/28 Hokkaido requested to refrain from going out</p>	<p>3/2~18 AEON Fantasy closed</p> <p>3/3~15 AEON Mall shortened business hours</p> <p>AEON Culture, AEON Sports Club closed, AEON Lounge closed, AEON CINEMA closed at some stores and sells tickets with space between seats</p> <p>Late Mar. Tokyo requested refraining from going out</p> <p>3/28, 9 AEON Mall closed in 3 prefectures</p>	<p>AEON Mall and AEON TOWN announced partial exemption of tenant rent in March and April</p> <p>4/4,5 AEON Mall closed in 4 prefectures</p> <p>4/7 Gov. declared state of emergency. AEON mall and amusement facilities in 7 prefectures closed</p>
ASEAN			<p>3/18 (MYS) Activity restrictions. Central bank requested deferral of payment to customers</p> <p>(Finance) All branches closed</p> <p>(GMS, DS) Part of the food sections only opened and shortened business hours</p> <p>3/26 (THA)Declaration of emergency</p> <p>(Finance) Half of branches closed</p> <p>Late Mar. (IDN) Activity Restriction and Lockdown in each local government</p> <p>(GMS) 2 stores limited to part of food sections only opened</p> <p>3/28 (VTM) Notification all businesses closed except for food and drug stores</p> <p>(AEON Fantasy) Closed operations in MYS, THA, VNT, PHL</p> <p>(MINISTOP) Some stores closed in VNT and PHL</p> <p>(AEON Mall) Closed and shortened business hours from late March in VNM, KHM and IDN</p>	<p>(THA)Administrative guidance for shortening business hours</p> <p>(SM) Shortened all store business hours</p> <p>(VNM)Administrative guidance</p> <p>(GMS) Reduction of Business in tenant zone</p> <p>(MMR)Refraining from going out in some areas, vehicle suspension</p> <p>(SM) Eat-in corner closed at some stores</p>

# Fiscal 2020 Forecast



- The resulting forecasts are predicted on the expectation that the impact the COVID-19 on AEON's business will continue until the end of FY 2020.
- Assuming that the impact on consumer sentiment to bottom out in the third quarter and continue until the fiscal year-end.
- Calculated based on currently available information and indicators based on original analysis.

(billion yen)

	Forecast	YoY %•change
Operating Revenue	8,000.0 ~8,400.0	▲7.0% ~▲2.4%
Operating Profit	50.0 ~100.0	▲165.5 ~▲115.5



# Forecast of Dividend Payments



		FY2019 (Result)	2020年度 (Forecast)
Dividend per share / year	End of second quarter	Ordinary Dividend <div>17yen</div> Commemorative Dividend <div>1yen</div> <hr/> Total <b>18yen</b>	Ordinary Dividend <div>18yen</div>
	Year-end	Ordinary Dividend <div>17yen</div> Commemorative Dividend <div>1yen</div> <hr/> Total <b>18yen</b>	Ordinary Dividend <div>18yen</div>
	Total	Ordinary Dividend <div>34yen</div> Commemorative Dividend <div>2yen</div> <hr/> Total <b>36yen</b>	Ordinary Dividend <div>36yen</div>

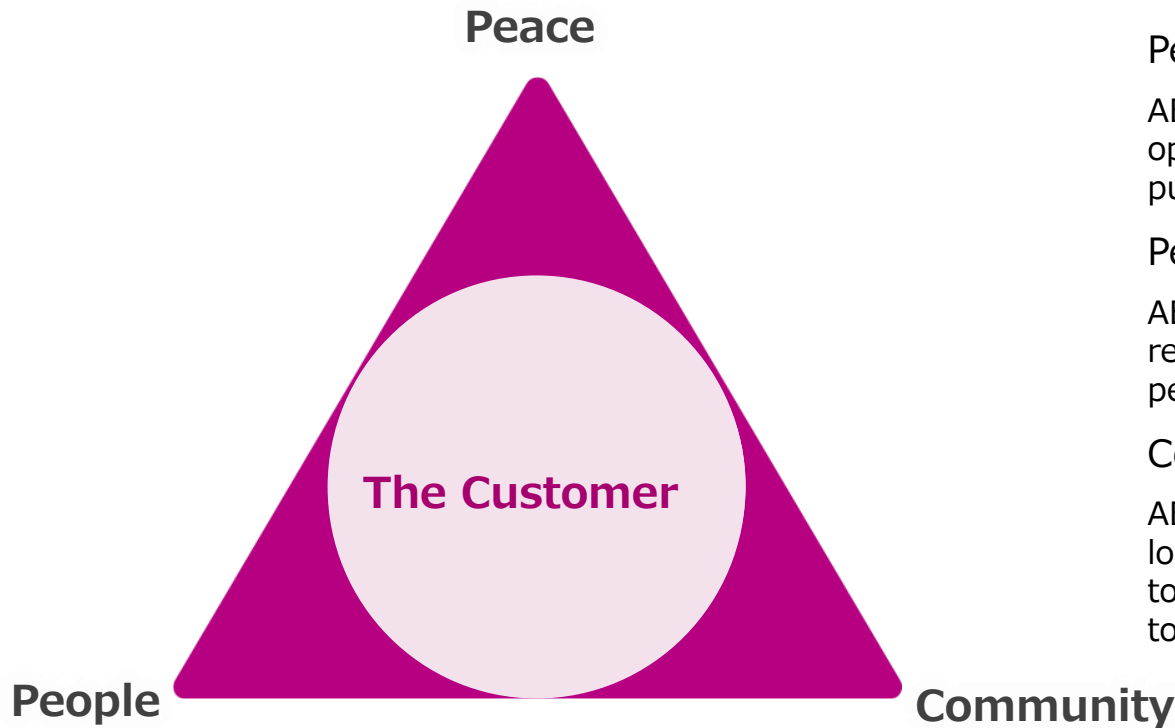
# The Situation in March 2020



YoY% Same Store Sales in March ※Including prompt reports

JAPAN	SM subsidiaries	Approx. 107%
	WELCIA HOLDINGS	106.1%
	Transaction amount of card shopping	Same as Last Yr.
	GMS subsidiaries	Approx. 93%
	AEON MALL	69%
	AEON Fantasy	Approx. 30%
CHINA	GMS, SM	Approx. 90%
	AEON MALL	33%
ASEAN	GMS, SM	Same as Last Yr.
	AEON Fantasy	10~30%

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.



# Reference Materials

# Executive Officers



Chairman and Representative Executive Officer		Motoya Okada
President and Representative Executive Officer		Akio Yoshida
Executive Vice President and Representative Executive Officer	Finance and Business Management	Akinori Yamashita
	Supermarket Business, Merchandising and Logistics	Motohiro Fujita
Executive Vice President and Executive Officer	Digital and China Business	Yuki Habu
Executive Officer	ASEAN Business	Soichi Okazaki
	Logistics	Eiji Shibata
	CSR & Communication	Kahori Miyake
	Human Resources and Administration / Administration & Risk Management	Hiroyuki Watanabe



# FY2019 Consolidated Balance Sheets



(billion yen)

Assets (main items only)	2019/2	2020/2	Change from '19/2	Liabilities and net assets (main items only)	2019/2	2020/2	Change from '19/2
Cash & deposit	852.3	1,221.9	+369.6	Notes and accounts payable	914.1	1,068.4	+154.2
Notes and accounts receivable – trade (incl. installment receivables)	1,461.6	1,626.7	+165.0	Interest bearing debt (excl. finance subsidiaries)	1,646.7	1,941.7	+294.9
Inventories	598.4	575.7	▲22.6	Interest bearing debt (finance subsidiaries)	905.8	1,064.9	+159.1
Operating loans, loans & bills discounted for banking business	2,359.2	2,483.1	+123.8	Deposits for banking business	3,443.0	3,784.3	+341.2
Property, buildings, and equipment	2,790.8	3,094.3	+303.4	Total liabilities	8,170.0	9,213.4	+1,043.3
Investments and other assets	994.7	953.1	▲41.5	Shareholders' equity	1,047.4	1,025.8	▲21.6
				Total net assets	1,875.3	1,849.2	▲26.0
Total assets	10,045.3	11,062.6	+1,017.3	Total net assets and liabilities	10,045.3	11,062.6	+1,017.3

※Partial amendments to the Accounting Standards concerning Tax Effect Accounting have been applied since the beginning of the period, and some account items have been reclassified and offset at the end of February 2019.

# FY2019 Consolidated Cash Flow Statement



(billion yen)

Main items only		FY2018	FY2019	YoY change
<b>Cash Flow from Operating Activities</b> (Except for increase (decrease) in financial loan and time deposits, loans, and bills discounted for banking business)		<b>469.8</b> <b>(218.7)</b>	<b>624.6</b> <b>(408.5)</b>	<b>154.7</b> <b>(189.7)</b>
	Income before income taxes	168.0	174.6	6.5
	Depreciation	247.1	292.7	45.6
	Increase (decrease) in working capital	-141.3	6.7	141.8
	Increase (decrease) in financial loan and time deposits, loans, and bills discounted for banking business	251.0	216.0	-35.0
	Payment of corporate taxes	-83.1	-100.8	-17.7
	Other-net	28.0	35.2	7.2
<b>Cash Flow from Investing Activities</b>		<b>-662.4</b>	<b>-341.4</b>	<b>320.9</b>
	CAPEX	-469.6	-417.7	51.8
	Sale of tangible fixed assets	99.0	87.0	-12.0
	Other-net	-291.7	-10.7	281.0
<b>Cash Flow from Financing Activities</b>		<b>143.7</b>	<b>51.1</b>	<b>-92.6</b>
Increase in cash and cash equivalents		-55.5	326.6	382.2

※CAPEX amount for FY2019 does not include the guarantee deposits.  
The amount for previous year was recalculated on the same basis.

# FY2019 Investment Results (by segment)



(billion yen)

	FY2019	YoY change
Consolidated Total	417.7	-51.8
GMS	125.2	+46.1
SM	72.9	+5.0
Health & Wellness	16.3	-0.6
Financial Service	45.6	+13.9
Shopping Center Development	110.5	-101.6
Service & Specialty Stores	21.4	-1.2
International	11.7	-18.7
Other	13.8	+5.3

# FY2019 Investment Results (by purpose・by region)



(billion yen)

## Investment Amount by purpose

	FY2019	YoY change
Consolidated CAPEX Total	417.7	-51.8
Store Investment	328.9	-74.2
Infrastructure Investment	88.8	+22.3

## Investment Amount by region

	FY2019	YoY change
Consolidated CAPEX Total	417.7	-51.8
Japan	375.0	-14.3
Overseas	42.6	-37.6

※CAPEX amount for FY2019 does not include the guarantee deposits.  
The amount for previous year was recalculated on the same basis.

# FY2019 Consolidated Financial Indicators



	FY2018 Result	FY2019 Result
ROIC	4.2%	3.9%
Debt Equity Ratio ※ (excluding Financial Service Business)	1.4	<div>1.6</div> <div>( Excluding the impact of IFRS 16 )</div> <div>1.3</div>
Operating Cash Flow by Simple Calculation basis	376.2 billion yen	407.3 billion yen
Consolidated CAPEX ※※	469.6 billion yen	417.7 billion yen

※Debt Equity Ratio has been adjusted considering the capital nature of hybrid bonds and hybrid loans.

※※CAPEX for FY2019 does not include the guarantee deposits. The amount for previous year was recalculated on the same basis.

# FY2019 Results of Daiei and ex-Daiei GMS



(billion yen)

Business Segment	Company Name	Operating Revenue		Operating Profit	
		Result	YoY	Result	YoY change
GMS	AEON Retail store ※Former Daiei GMS in Kanto, Kinki, and Nagoya region	121.7	-12.0%	-5.3	+0.8
	AEON Store Kyushu ※Former Daiei GMS in Kyushu	48.2	-14.4%	-1.2	+0.1
SM	Daiei	297.9	+6.3%	-0.9	+3.0



## Changes across reporting segments

### Maxvalu Hokkaido (SM → GMS)

- Merged with AEON Hokkaido on 1<sup>st</sup> March 2020.

### AEON Retail Tohoku Company Food business (GMS → SM)

- Business integration with Maxvalu Tohoku on 1<sup>st</sup> March 2020.  
New company name: AEON Tohoku

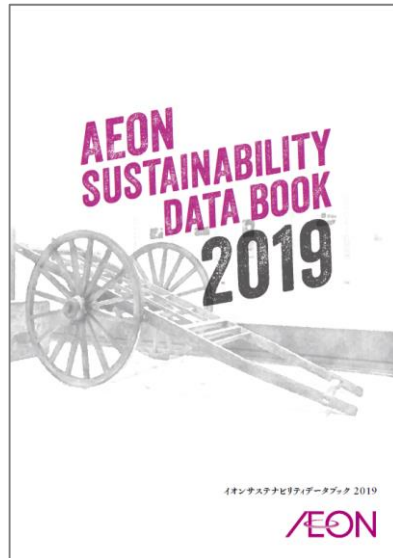
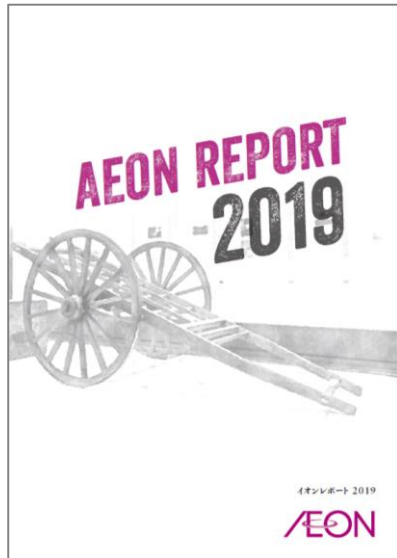
### R.O.U (Health & Wellness → Service & Specialty Store)

# ESG-related Initiatives (Communication with stakeholders)



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

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



(ENG) <https://www.aeon.info/en/ir/library/aeon-report/>

(ENG) <https://www.aeon.info/en/ir/policy/strategy/>

# Disclaimer regarding Forecast Statement

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