FY2020 3Q

Presentation Materials

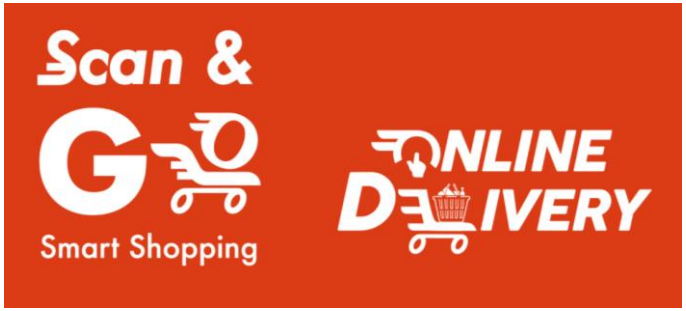
January 13,2021

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Ensuring that customers use AEON with peace of mind


【AEON North Kanto Regional Distribution Center】

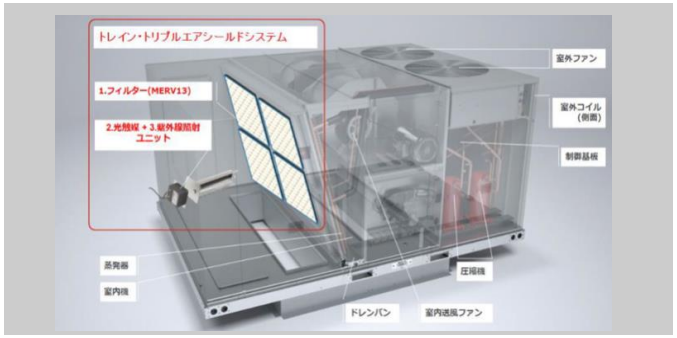












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Consolidated Operating Results（Three months）

【3rd Quarter (3 months)】**Demonstrating the AEON's resilience from the crisis**

Higher operating revenue and profits at all levels for the first time in 3 quarters since 4Q of the previous fiscal year.

Operating Revenue set a new record high beyond the FY2019 3Q. Revenue increase for 11 consecutive fiscal years.

Operating Profit set a new record high beyond the FY2010 3Q (31.9 billion yen).

(billion yen)

	FY2019 3Q Result	**FY2020 3Q Result**	**YoY%/change**
Operating Revenue	2,096.7	**2,122.0**	**+1.2%**
Operating Profit	16.7	**34.2**	**+17.4**
Ordinary Profit	13.6	**31.0**	**+17.4**
Profit attributable to owners of the parent	-10.1	**-5.0**	**+5.1**

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Results by Segment（Three months）

GMS, SM, Health & Wellness and Financial Service businesses posted profit growth.

Shopping Center Development, Service & Specialty Store and International businesses stayed in the black.

【Results by Segment】

(billion yen)

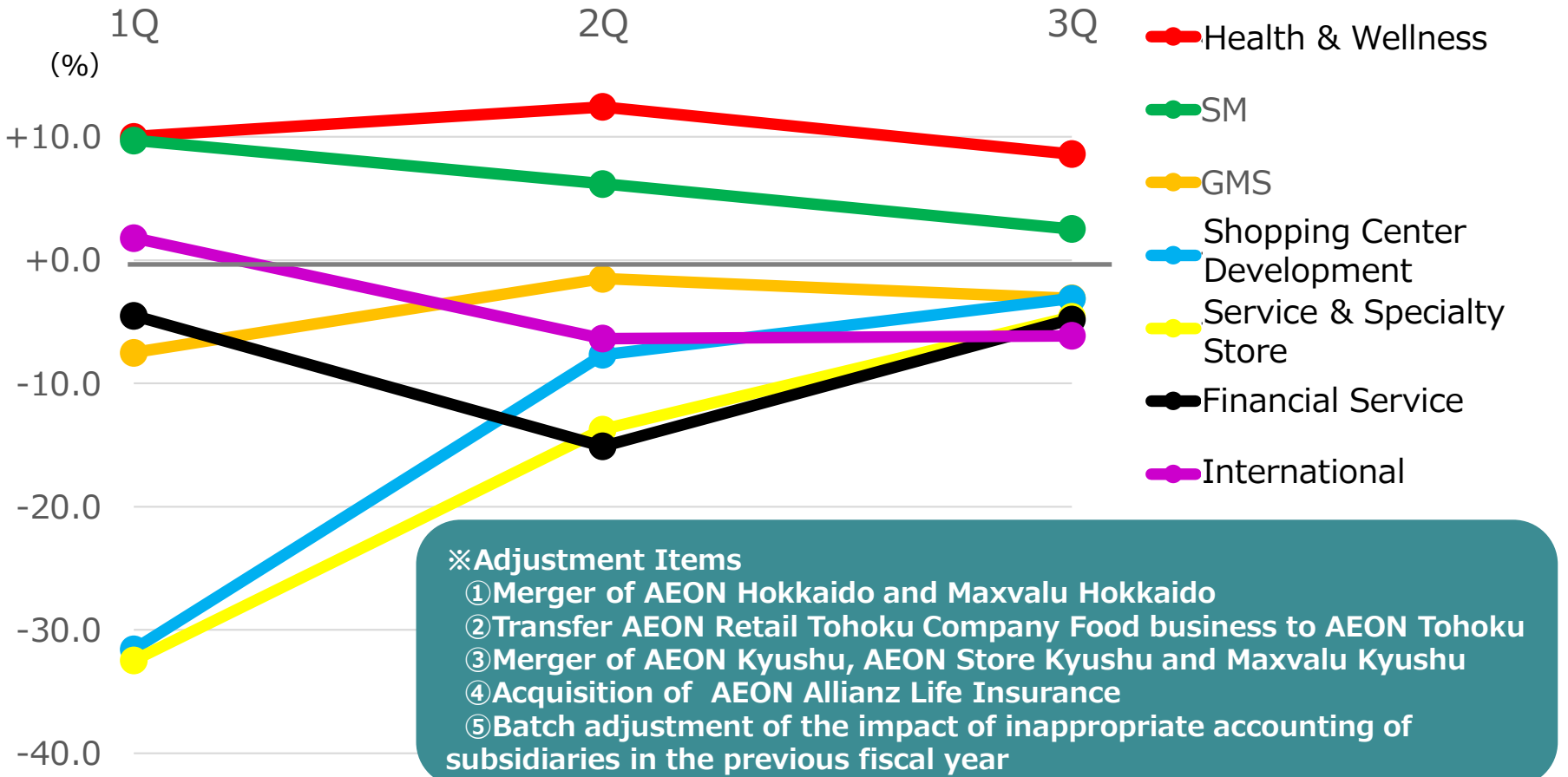
	Operating Revenue	YoY (%)	Operating Profit	YoY change
Consolidated Total	2,122.0	+1.2	34.2	+17.4
GMS	776.4	+4.1	-7.1	+3.3
SM	762.0	-4.6	4.0	+2.3
Health & Wellness	234.9	+8.6	6.1	+0.7
Financial Service	130.7	+15.2	17.4	+11.9
Shopping Center Development	88.4	-3.1	11.0	-2.4
Service & Specialty Store	170.3	-4.6	0.0	-0.5
International	97.8	-6.1	1.0	-0.6

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Results by Segment（Operating Revenue）

Health & Wellness and SM businesses had supported performance while other businesses recover from COVID-19.

【Operating Revenue by Segment; Quarterly Changes of YoY% ※after adjustments】



※Adjustment Items
①Merger of AEON Hokkaido and Maxvalu Hokkaido
②Transfer AEON Retail Tohoku Company Food business to AEON Tohoku
③Merger of AEON Kyushu, AEON Store Kyushu and Maxvalu Kyushu
④Acquisition of AEON Allianz Life Insurance
⑤Batch adjustment of the impact of inappropriate accounting of subsidiaries in the previous fiscal year

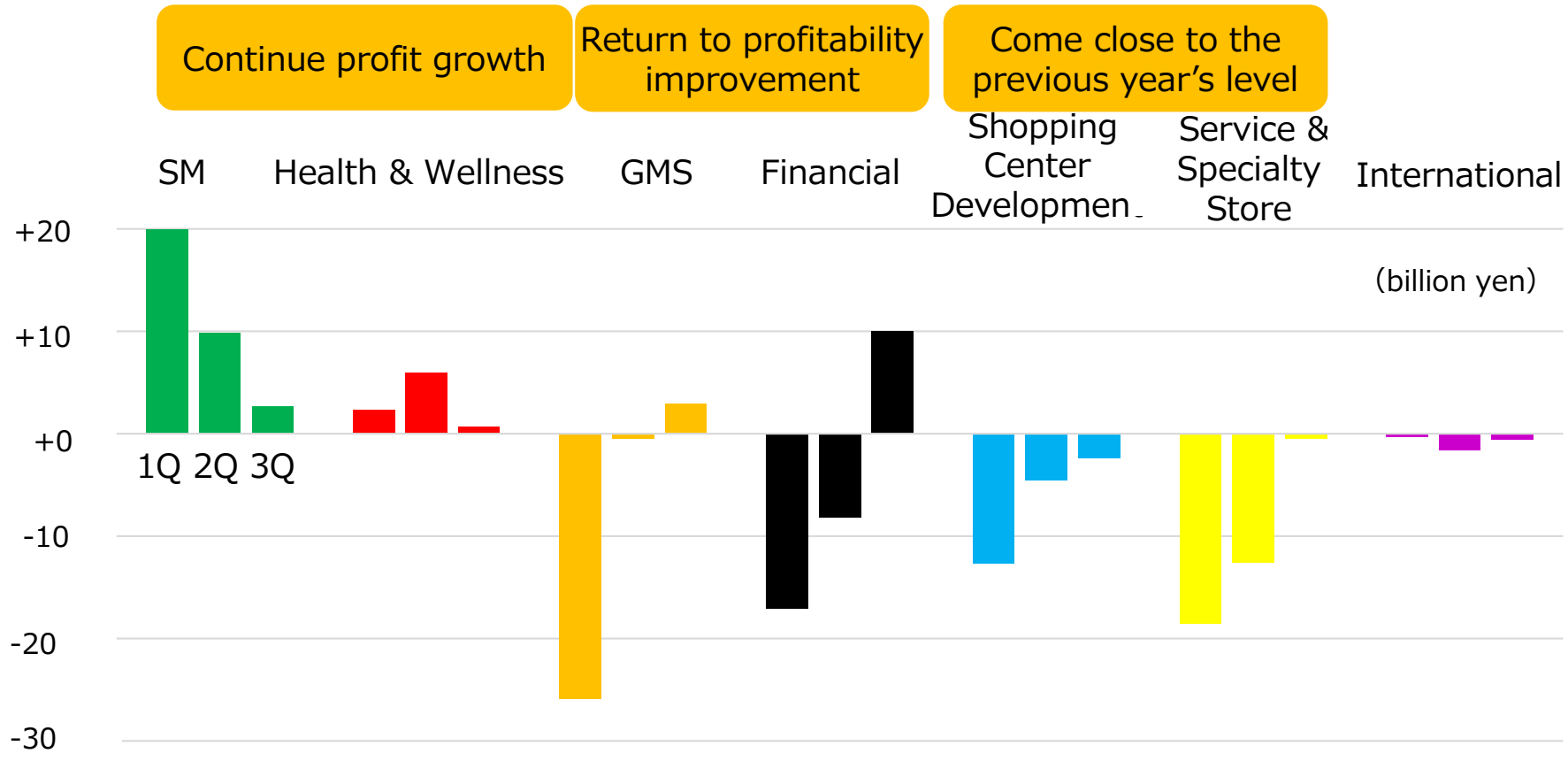
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Results by Segment (Operating Profit)

SM and Health & Wellness businesses continued profit growth. GMS and Financial Service businesses returned to profitability improvement.

Shopping Center Development and Service & Specialty Store businesses also improved significantly, coming close to matching their prior-year levels.

【Operating Profit by Segment; Quarterly Changes of YoY after adjustments】



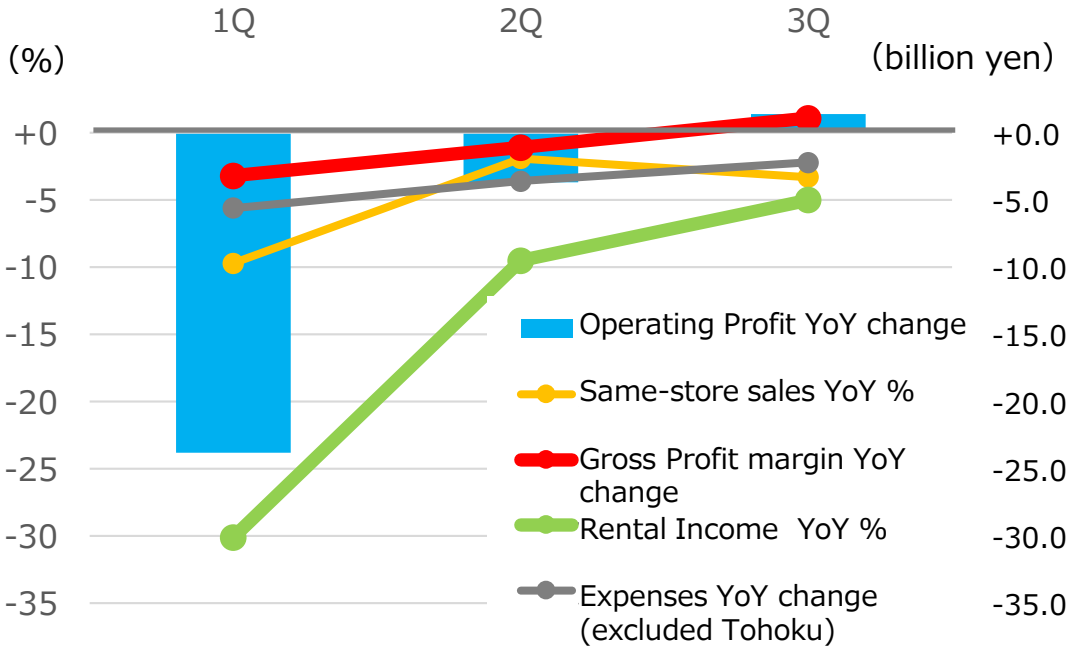
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General Merchandising Store Business【AEON Retail】

Profitability improved in 3Q by gross profit margin improvement, recovery of rent from tenants and expense reduction.

Continued to optimize inventory. Accelerated efforts to meet the “New Normal”.

【Overview of operating results】



【Optimization of Inventory】

(%)

	1Q	2Q	3Q
Inventory reduced % compared with beginning of FY2020	-10.9	-21.8	-13.2

【Efforts in response to the “New Normal”】

197 stores offer online shopping and delivery service. ※
All 197 stores provide the “Pick-Up” services.

22 stores offer the “Regi Go” service. ※ ※※
AEON Retail will implement ”Regi Go” at **100 stores in 2021**.

Installed automated shopping basket disinfection devices.

Demonstration Experiment from Sept.

Installed at 12 Stores from Nov.



※ As of January 13, 2021.
※※ Number of stores offering the service in AEON Retail and AEON Retail Store.

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Financial Service Business

Profit growth in third quarter.

【Operating Profit in the financial service business】 (billion yen)

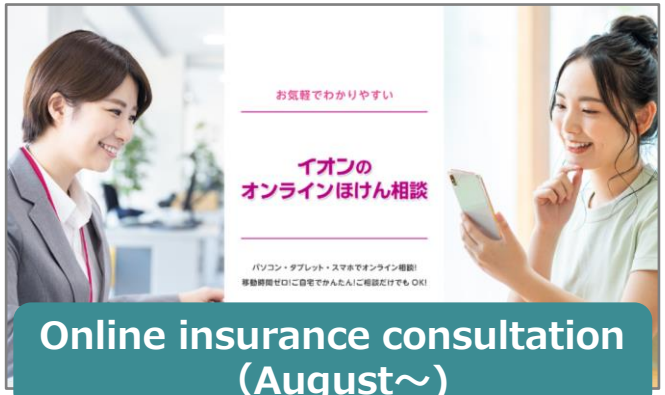
	1Q		2Q		3Q	
	Result	YoY change	Result	YoY change	**Result**	**YoY change**
Operating Profit	-0.6	-17.1	9.3	-8.3	**17.4**	**+11.9**

Key Factors for improvement in 3Q

Reduced marketing and promotion expenses in Japan (Implemented a large-scale campaign for the cashless promotion in previous year)

Reduced bad debt expenses.

【Efforts in response to the “New Normal”】 Enhanced online service



Online insurance consultation (August～)



Online bank counter services (September～)



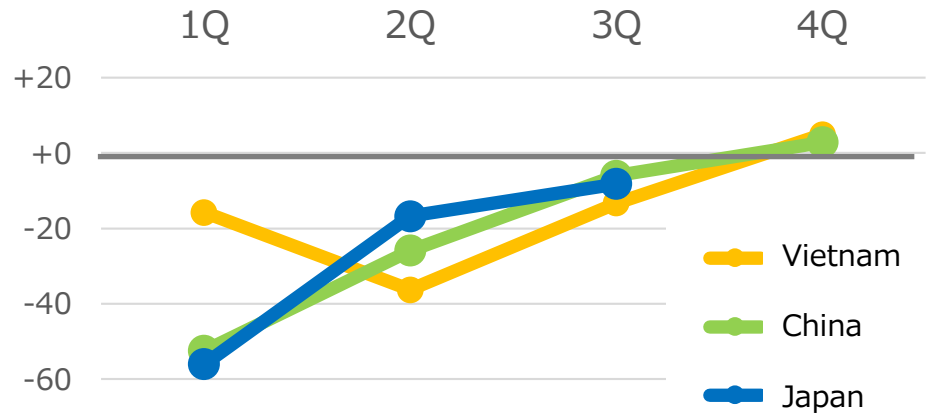
Online ID checks (October～)

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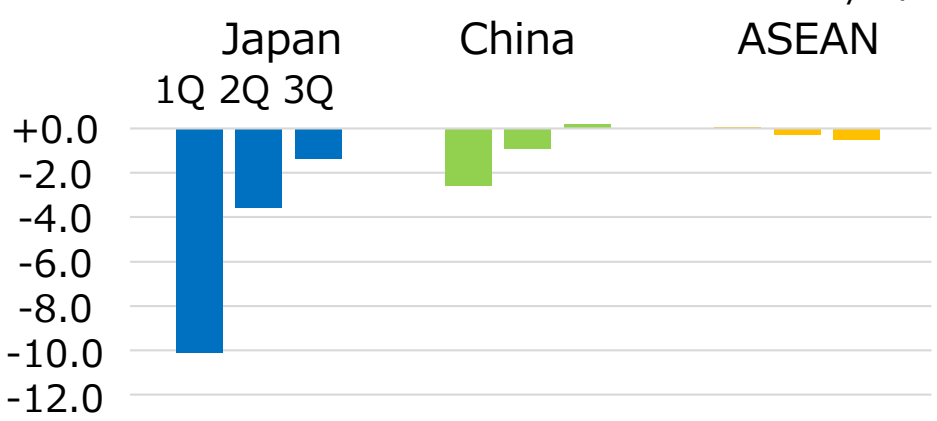
Shopping Center Business【AEON Mall】

Profitability improved in Japan and China in conjunction with improvement in tenant sales. China turns to profit increase.

【Tenant sales; changes of YoY%】



【Operational Profit by Area; changes of YoY change】



【Tenant sales by category;changes of YoY% 】

(%)

	1Q	2Q	3Q
Total	-56.0	-16.8	-8.2
Apparel	-59.6	-11.8	-8.5
General shop	-46.1	+0.3	+0.4
Hobby	-41.0	+0.3	+4.3
Food & Drink	-64.7	-30.6	-14.4
Amusement	-67.5	-26.5	-2.5
Cinema	**-88.1**	**-70.0**	**+12.8**

【Efforts in response to the “New Normal”】

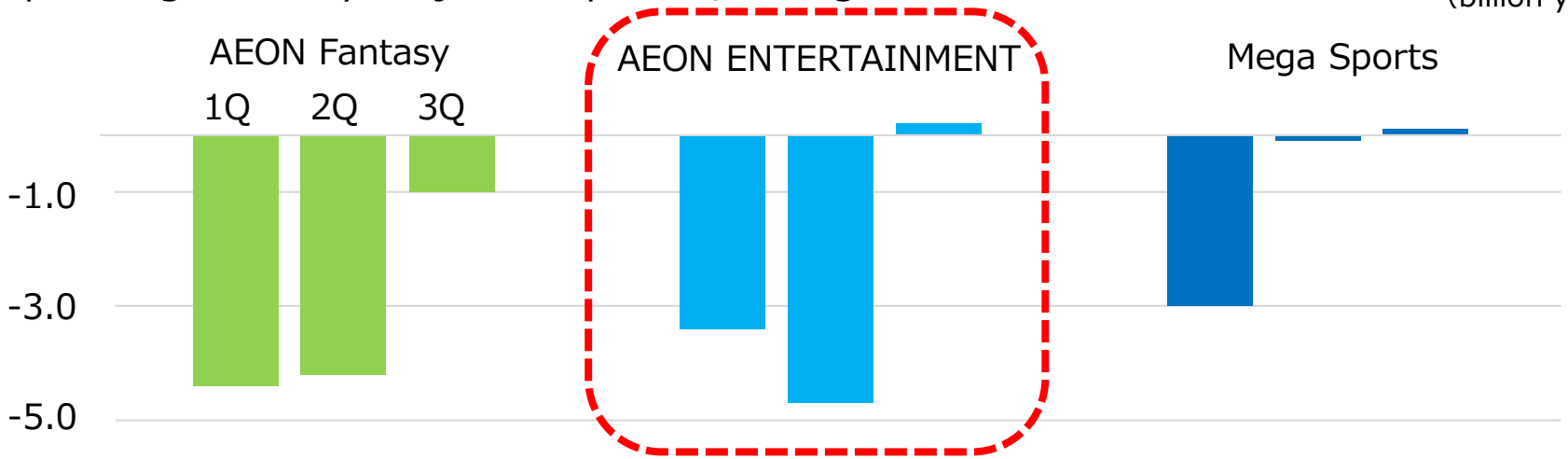


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Service & Specialty Store Business

Companies suffered by COVID-19 recovered significantly.

【Operating Profit by major companies; changes of YoY %】



【Efforts in response to the "New Normal"】

Cox

Online Sales doubled the previous year result（March through November）.
Renewed online site in October

Opened 6 Fashionable mask shops called "Mask.com"



AEON ENTERTAINMENT

The first company in Japan to install partitions between movie theater seats to prevent infection via airborne droplets.
（AEON Cinema Ichikawa Myoden)

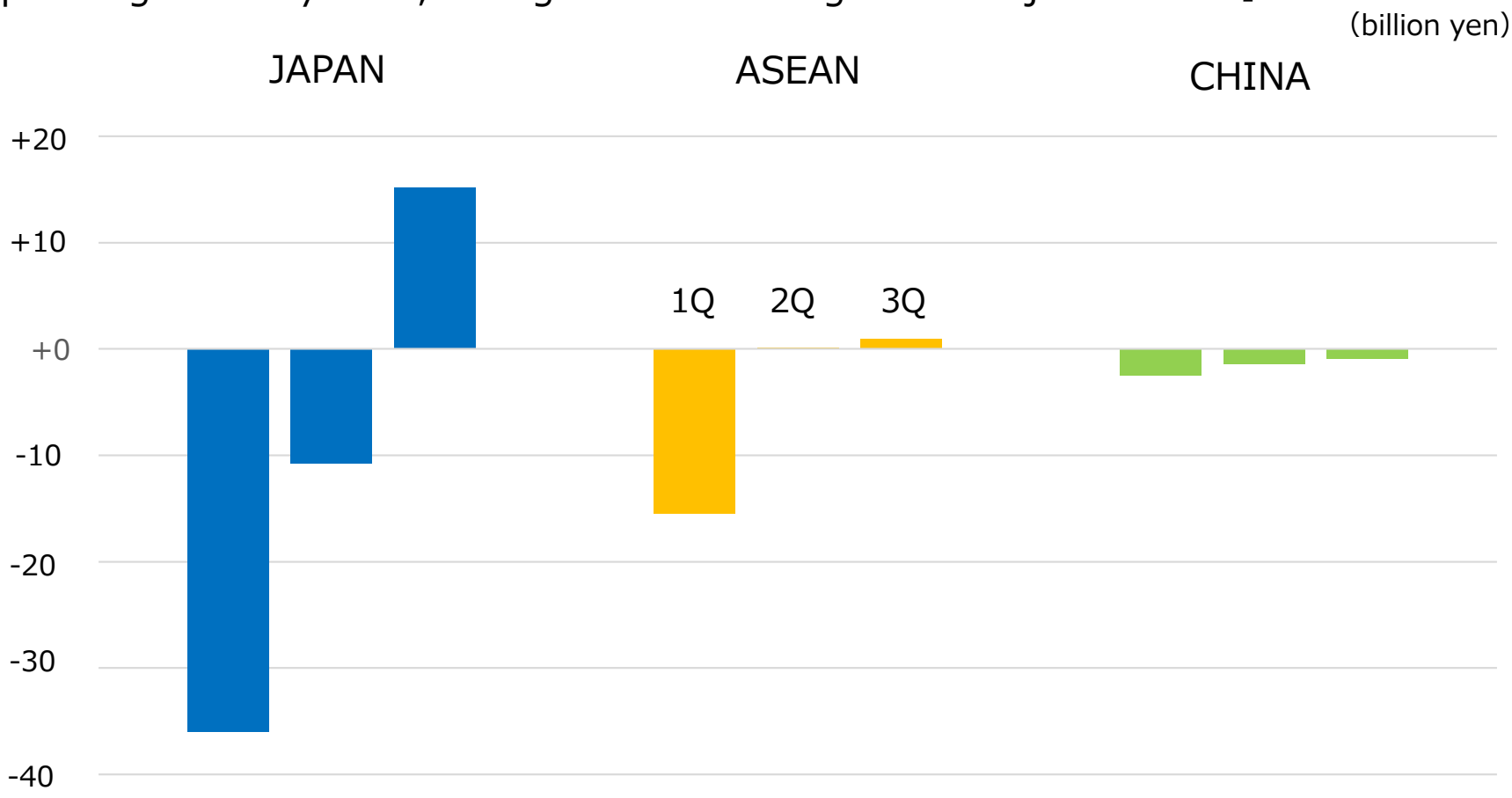


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Results by Area（Operating Profit）

Turned to significant profit growth in Japan. ASEAN and CHINA are also on the recovery trend.

【Operating Profit by Area; changes of YoY change after adjustment※ 】



※Adjusted the impact of the inappropriate accounting by the subsidiaries in previous year.

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Consolidated Operating Results（Nine Months）

Operating revenue turned to increase, setting a new record high for 9 months.
The amount of decrease in profit at each stage has improved.

(billion yen)

	FY2019 Result	**FY2020 Result**	**YoY%/change**
Operating Revenue	6,387.0	**6,392.5**	**+0.1%**
Operating Profit	103.0	**68.1**	**-34.9**
Ordinary Profit	93.3	**58.9**	**-34.3**
Profit attributable to owners of the parent	-6.3	**-62.5**	**-56.2**

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Results by Segment（Nine Months）

5 out of 7 businesses are in the black despite the impact of COVID-19.
2 businesses recorded considerable profit growth and supported consolidated performance.

【Results by Segment】 (billion yen)

	Operating Revenue	YoY (%)	Operating Profit	YoY change
Consolidated Total	6,392.5	+0.1	68.1	-34.9
GMS	2,255.6	-0.9	-42.6	-24.5
SM	2,474.9	+3.0	**36.1**	**+31.5**
Health & Wellness	716.0	+10.4	**31.7**	**+9.0**
Financial Service	361.2	+2.4	**26.1**	-13.5
Shopping Center Development	236.7	-14.2	**23.9**	-19.7
Service & Specialty Store	474.7	-15.2	-14.7	-17.2
International	316.2	-3.4	**3.2**	-2.6

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Progress with Reforms

Made steady progress with reforms along with responding to the COVID-19.

Discount Store Business Reforms	Business integration between Big-A and A･Colle. Strengthening small Discount Store business in the metropolitan area. Announced in October 2020, scheduled to be integrated in March 2021.
Efforts to respond to climate change and health	Selected by the CDP as the "A List" for climate change countermeasures. Awarded the highest for the second consecutive year. "Challenge to reduce shopping bags together" organized by the Ministry of the Environment. Received the highest award in the corporate category. Full-scale assortment of TOPVALU "Vegetive" series replacing with plant -based raw materials (October～) 
A New business model for convenience store business	Switching existing franchise agreements to "MINISTOP partnership agreements." from September 2021. New services in the micro-market such as in the workplace called "MINISTOP POCKET"

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Fiscal 2020 Forecasts

The initial forecast was revised upward on December 23, 2020.

(billion yen)

	Initial Forecast	**Revised Forecast**	YoY %・change
Operating Revenue	8,000.0 ～8,400.0	**8,500.0**	▲1.2%
Operating Profit	50.0 ～100.0	**120.0** **～150.0**	▲95.5 ～▲65.5
Ordinary Profit	–	**100.0** **～120.0**	▲105.8 ～▲85.8
Profit attributable to owners of the parent	–	**–**	–

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AEON

Reference Materials

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FY2020 3Q Consolidated Balance Sheets

(billion yen)

Assets (main items only)	2020/2	2020/11	Change from '20/2	Liabilities and net assets (main items only)	2020/2	2020/11	Change from '20/2
Cash & deposit	1,221.9	998.9	▲223.0	Notes and account payable	1,068.4	1,007.1	▲61.2
Notes and accounts receivable-trade (incl. installment receivables)	1,626.7	1,709.7	+83.0	Interest bearing debt (excl. finance subsidiaries)	1,941.7	2,075.1	+133.3
Inventories	575.7	577.6	+1.8	Interest bearing debt (finance subsidiaries)	1,064.9	1,092.7	+27.7
Operating loans, loans & bills discounting for banking business	2,483.1	2,735.9	+252.8	Deposits for banking business	3,784.3	3,910.1	+125.7
Property, buildings, and equipment	3,094.3	3,072.8	▲21.5	Total liabilities	9,213.4	9,539.3	+325.8
Investments and other assets	953.1	980.1	+27.0	Shareholders' equity	1,025.8	931.3	▲94.5
				Total net assets	1,849.2	1,748.5	▲100.6
Total assets	11,062.6	11,287.9	+225.2	Total net assets and liabilities	11,062.6	11,287.9	+225.2

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FY2020 3Q 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, Nagoya, and Kinki region	81.0	-12.4%	-3.5	+1.2
SM	Daiei	231.8	+4.3%	2.7	+4.6

※AEON Store Kyushu, which succeeded the former Daiei GMS in Kyushu, merged with AEON Kyushu and Maxvalu Kyushu in September 2020.

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Forecast of Dividend Payments

		FY2019 (Result)	FY2020
Dividend per share / year	End of second quarter	Ordinary Dividend 17 yen Commemorative Dividend 1 yen Total 18 yen	Ordinary Dividend (Result) 18 yen
	Year-end	Ordinary Dividend 17 yen Commemorative Dividend 1 yen Total 18 yen	Ordinary Dividend (Forecast) 18 yen
	Total	Ordinary Dividend 34 yen Commemorative Dividend 2 yen Total 36 yen	Ordinary Dividend (Forecast) 36 yen

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