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Interfacing with Excellence



ISETAN MITSUKOSHI HOLDINGS

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# **Isetan Mitsukoshi Holdings Fiscal 2013 Financial Results**

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**May 12, 2014**

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# **I. Isetan Mitsukoshi Holdings FY2013 Financial Results**

# Isetan Mitsukoshi Holdings Consolidated Results for FY2013

(100 million yen)

	1st half	YoY YoY difference	2nd half	YoY YoY difference	Full year	YoY YoY difference	Compared with forecast
<b>Net sales</b>	<b>6,028</b>	4.9% +279	<b>7,186</b>	8.7% +572	<b>13,215</b>	6.9% +851	1.7% +215
<b>Gross profit</b>	<b>1,705</b>	5.5% +88	<b>1,994</b>	7.4% +137	<b>3,700</b>	6.5% +226	0.8% +30
<b>Selling, general and administrative expenses</b>	<b>1,579</b>	2.9% +43	<b>1,774</b>	6.1% +102	<b>3,353</b>	4.6% +146	0.3% +8
<b>Operating income</b>	<b>126</b>	54.7% +44	<b>220</b>	19.2% +35	<b>346</b>	30.1% +80	6.6% +21
<b>Recurring income</b>	<b>134</b>	101.4% +67	<b>250</b>	-9.2% -25	<b>384</b>	12.3% +42	13.1% +44
<b>Net income</b>	<b>74</b>	326.7% +56	<b>137</b>	-41.7% -98	<b>211</b>	-16.3% -41	5.8% +11

(Figures are rounded down to the nearest 100 million yen)

Compared with forecast shows the difference with full-year forecasts made when second quarter results were disclosed.

**Net sales:** Increase of 85.1 billion yen due to remodeling and demand prior to consumption tax hike

**Operating income:** Marked new record due to 4th straight period of increases (Up 8 billion yen YoY).

**Recurring income:** Increase due to improvement in equity in earnings of affiliates despite the absence of 13.2 billion yen in amortization of negative goodwill

# Isetan Mitsukoshi Holdings Results for FY2013 – Results by Segment

(100 million yen)

Segment	Net sales	YoY YoY difference	Operating Income (loss)	YoY YoY difference
Department store business	<b>12,010</b>	7.0% +786	<b>232</b>	24.2% +45
Credit & finance business / Customer organization management business	<b>334</b>	8.2% +25	<b>51</b>	40.0% +14
Other retail & specialty store business	<b>858</b>	0.1% +0	<b>(3)</b>	-5 +2
Real estate business	<b>397</b>	21.5% +70	<b>64</b>	83.3% +29

Figures in parenthesis are previous year results.

(Figures are rounded down to the nearest 100 million yen)

**Department store business: Profit up 4.5 billion yen due to favorable domestic department store sector.**

**Credit & finance business / Customer organization management business: Profit and sales up in line with an increase in transaction amounts of MICARD.**

**Real estate business: Sales and profit up due to rental of MI Shinjuku Building Main Annex (Shinjuku Mitsukoshi ALCOTT).**

# Department Store Business Results for FY2013

(100 million yen)

Results	Net sales	YoY YoY difference	Operating Income	YoY YoY difference
Isetan Mitsukoshi Ltd.	<b>6,753</b>	7.5% +473	<b>231</b>	29.5% +52
Domestic regional department stores	<b>4,287</b>	4.2% +171	<b>45</b>	79.4% +20
Overseas department stores	<b>871</b>	18.9% +138	<b>11</b>	7.0% +0

(Figures are rounded down to the nearest 100 million yen)

Net sales and operating income are shown based on the results of each company stated on page 3 of the financial results handout.

**Domestic regional department stores: Profit up 2 billion yen due to profit and sales gains at almost all companies.**

**Overseas department stores: Profit unchanged YoY despite sales growth due to the weak yen.**

# Isetan Mitsukoshi Ltd. Results for FY2013

(100 million yen)

	1st half	YoY YoY difference	2nd half	YoY YoY difference	Full year	YoY YoY difference	Forecast YoY Forecast YoY difference
<b>Net sales</b>	<b>3,067</b>	5.3% +153	<b>3,685</b>	9.5% +319	<b>6,753</b>	7.5% +473	1.7% +115
<b>Operating gross profit</b>	<b>892</b>	5.3% +44	<b>1,054</b>	5.8% +57	<b>1,947</b>	5.6% +102	2.3% +43
<b>Selling, general and administrative expenses</b>	<b>801</b>	1.1% +9	<b>914</b>	4.7% +41	<b>1,716</b>	3.0% +50	1.0% +17
<b>Operating income</b>	<b>90</b>	65.0% +35	<b>140</b>	13.7% +16	<b>231</b>	29.5% +52	12.7% +26
<b>Recurring income</b>	<b>97</b>	63.2% +37	<b>135</b>	-0.2% -0	<b>232</b>	19.2% +37	17.2% +34
<b>Net income</b>	<b>64</b>	99.2% +32	<b>78</b>	-53.8% -92	<b>143</b>	-29.5% -59	18.5% +22

(Figures are rounded down to the nearest 100 million yen)

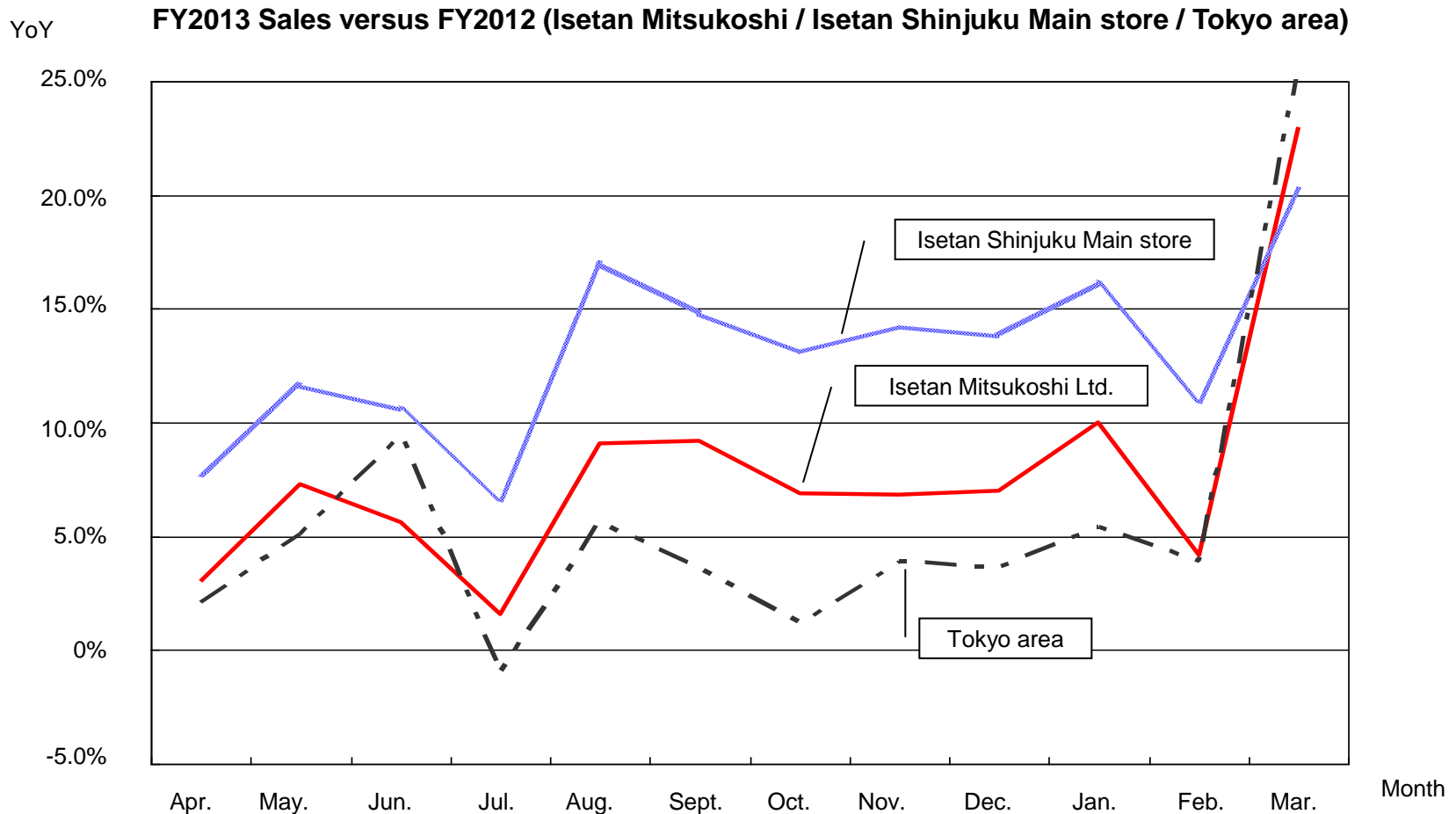
Compared with forecast shows the difference with full-year forecasts made when second quarter results were disclosed.

**Net sales: Up 47.3 billion yen following significant growth centered on the three flagship stores**

(YoY Isetan Shinjuku Main store 12.1%, Mitsukoshi Nihombashi Main store 6.4%, Mitsukoshi Ginza store 13.0%)

**Operating income: Exceeded 20 billion yen for first time since merger of Mitsukoshi and Isetan**

# Isetan Mitsukoshi Ltd. Results for FY2013 ~ Factors Behind Strong Sales



- Isetan Shinjuku Main store posted increases in the number of customers coming to stores, number of purchases and sales per purchase due to measures that included remodeling such as the “Park” floor section.
- Growth exceeded the Tokyo area due to expansion of original planned products, reinforcing the product lineup and development that other companies cannot imitate.
- Rush in demand prior to the consumption tax hike (March) impacted sales by approx. +10 billion yen and approx. +1.5% for the year. (Trend comparison: April to February)

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## **II. Isetan Mitsukoshi Holdings FY2014 Financial Results Forecast**

# Assumptions Behind Financial Forecasts (Domestic Department Stores)

◇ Results at the time of tax hike in 1997

1996
Last-minute demand
+1.0%



1997
Tax rate 3% ⇒ 5%
<b>-3.0%</b>

◇ Projections at this time: 1st Half less reaction, 2nd Half assumption in light of last-minute demand in previous year

2013
Last-minute demand
+1.7%



2014
Tax rate 5% ⇒ 8%
<b>-3~3.5%</b>



2015
Tax rate 8% ⇒ 10%
<b>-0.5%</b>

+

<b>Sales measures</b>	<b>Provide new value</b>
	<b>Promote supply chain structural reforms /</b>
	<b>WEB / Open medium-size and small-size stores etc.</b>



**FY2014 precondition: Aim for sales and profit growth**

Excluding special factors (Mail-order business reorganization)

# Forecast of Consolidated Results for FY2014

(100 million yen)

	Full-year forecast	YoY	YoY difference	YoY difference excluding mail-order business reorganization
Net sales	<b>13,000</b>	<b>-1.6%</b>	<b>-215</b>	<b>+51</b>
Gross profit	<b>3,630</b>	<b>-1.9%</b>	<b>-70</b>	<b>+41</b>
Selling, general and administrative expenses	<b>3,280</b>	<b>-2.2%</b>	<b>-73</b>	<b>+37</b>
Operating income	<b>350</b>	<b>1.0%</b>	<b>+3</b>	<b>+4</b>
Recurring income	<b>320</b>	<b>-16.8%</b>	<b>-64</b>	<b>—</b>
Net income	<b>200</b>	<b>-5.5%</b>	<b>-11</b>	<b>—</b>

(Figures are rounded down to the nearest 100 million yen)

**Net sales: Up 0.4% YoY excluding impact of mail-order business reorganization.**

**Operating income: Aim for record high with increase for the 5th straight period.**

**Recurring income: Expect decline due to temporary deterioration in equity in earnings of affiliates.**

# Forecast of Consolidated Results for FY2014 – Forecast of Results by Segment

(100 million yen)

Segment	Net sales forecast	YoY YoY difference	Operating Income forecast	YoY YoY difference
Department store business	12,080	0.6% +69	241	4.1% +9
Credit & finance business / Customer organization management business	350	4.5% +15	52	0.6% ±0
Other retail & specialty store business	580	-32.4% -278	0	(-3) +2
Real estate business	480	20.6% +82	59	-7.4% -4

(Figures are rounded down to the nearest 100 million yen)

**Department store business:** Forecast profit increase for the 5th straight period after factoring in sales decline following consumption tax hike.

**Credit & finance business / Customer organization management business:** Forecast profit increase for 4th straight period after expected rise in business volume outside Group.

**Other retail & specialty store business:** Forecast profit increase despite sales decline in line with mail-order business reorganization .

# Department Store Business Financial Results Forecast for FY2014

(100 million yen)

Results	Net sales forecast	YoY YoY difference	Operating Income forecast	YoY YoY difference
Isetan Mitsukoshi Ltd.	<b>6,755</b>	<b>0.0%</b> <b>+1</b>	<b>240</b>	<b>3.9%</b> <b>+8</b>
Domestic regional department stores	<b>4,288</b>	<b>0.0%</b> <b>±0</b>	<b>40</b>	<b>-11.5%</b> <b>-5</b>
Overseas department stores	<b>944</b>	<b>8.3%</b> <b>+72</b>	<b>17</b>	<b>58.6%</b> <b>+6</b>

(Figures are rounded down to the nearest 100 million yen)

Net sales and operating income are shown based on forecasts for each company stated on page 4 of the financial results handout.

**Isetan Mitsukoshi: Forecast increase for 4th straight period since the integration of operating companies in the Tokyo metropolitan region.**

**Domestic regional department stores: Forecast increase of 200 million yen in operating income excluding real estate transfer within Group.**

**Overseas department stores: Aim to increase operating profit at all sites.**

# Isetan Mitsukoshi Ltd. Financial Results Forecast for FY2014

(100 million yen)

	Full-year forecast	YoY	YoY difference	YoY difference excluding ALTA business reorganization
Net sales	<b>6,755</b>	0.0%	+1	+54
Operating gross profit	<b>1,959</b>	0.6%	+12	+37
Selling, general and administrative expenses	<b>1,719</b>	0.2%	+3	+28
Operating income	<b>240</b>	3.9%	+8	+8
Recurring income	<b>235</b>	1.1%	+2	—
Net income	<b>169</b>	18.1%	+25	—

(Figures are rounded down to the nearest 100 million yen)

**Net sales:** Forecast sales growth despite factoring in an expected decline in sales following the consumption tax hike.

**Selling, general and administrative expenses:** Forecast increase due to expansion of WEB business and opening of medium-size and small-size stores.

**Operating income:** Forecast increase for 4th straight period since integration of operating companies in the Tokyo metropolitan region.

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### **III. Aspired Image of the Group in the Medium Term and Progress of Initiatives**

## **1. Toward Realizing the Group Vision**

- ◇ **Aspired Image in the Medium Term**
- ◇ **Key Strategies of Three-Year Plan (FY2014-FY2016)**
- ◇ **Aim for Operating Income of 50 Billion Yen**

# 1. Toward Realizing the Group Vision ~ Aspired Image in the Medium Term

## Isetan Mitsukoshi Group Vision

High quality lifestyles and being of use to our customers in the many different aspects of their lives

The indispensable department store for each individual customer throughout his or her life

The world's foremost retail services group with high profitability and sustained growth

### Aspired Image in the Medium Term

Creating highly attractive content

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Expanding and enriching customer interaction opportunities

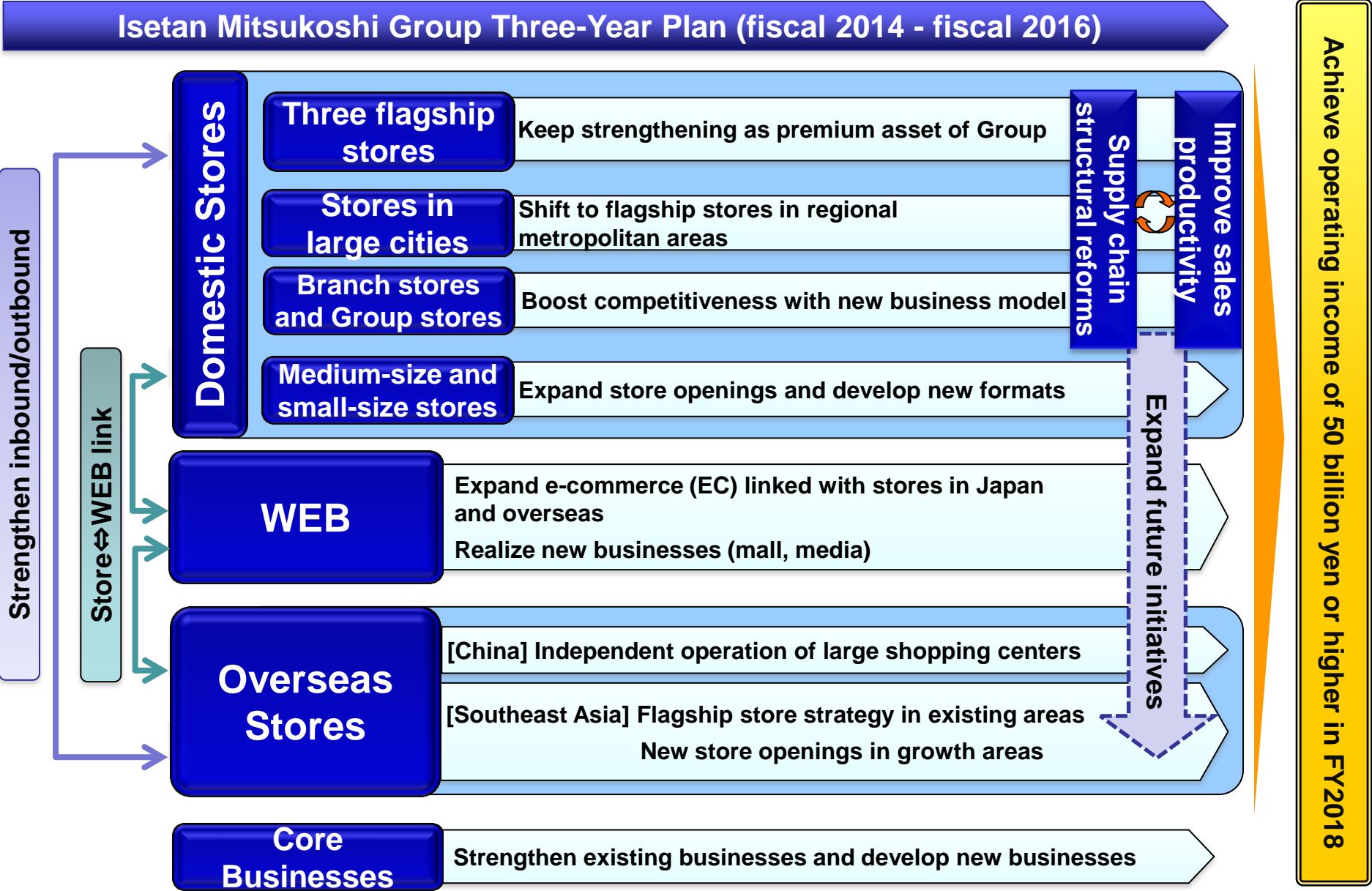
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Improving productivity

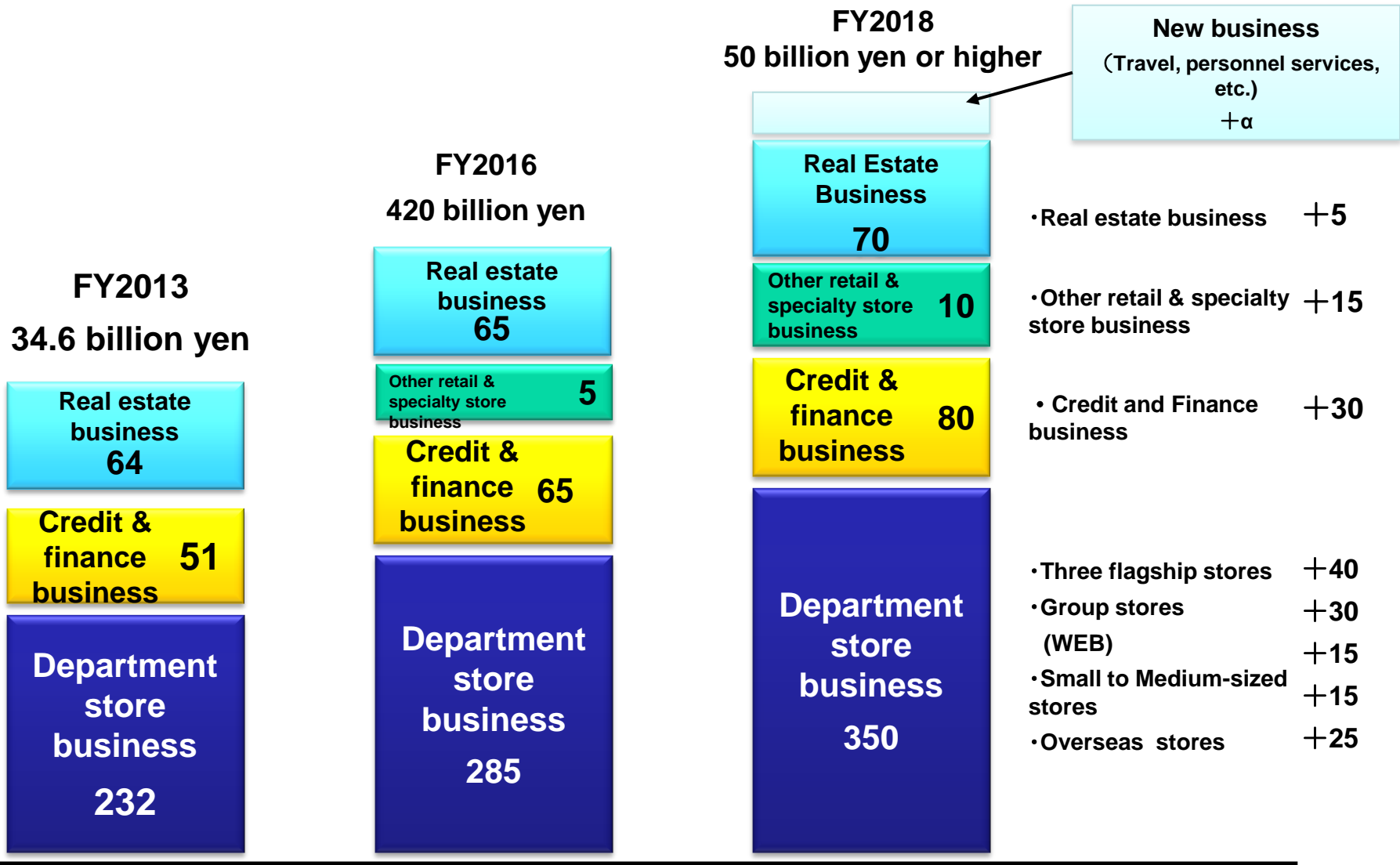
Establishing infrastructure and functions

Achieving Consolidated Operating Income of Over JPY50.0 billion in FY2018

# 1. Toward Realizing the Group Vision ~ Key Strategies of Three-Year Plan (FY2014-FY2016)



# 1. Toward Realizing the Group Vision ~ Aim for Operating Income of 50 Billion Yen



Other retail & specialty store business -3

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## **2. Domestic Store Strategies**

- ◇ **Three Flagship Stores**
- ◇ **Group Stores**
- ◇ **Small to medium-sized stores**

## 2. Domestic Store Strategies ~ Three Flagship Stores

**Make further investment as maximum revenue stream for the Group**

### Isetan Shinjuku Main store



**Keep investing in remodeling as maximum profit base for the Group**

### Mitsukoshi Nihonbashi Main store



**Make large investment at the level of Shinjuku toward new customer creation**

### Mitsukoshi Ginza store



**Make investment in remodeling in response to Changes in customers and environment following expansion of floor space**

**Constantly generate new content and value and penetrate throughout the Group**

## 2. Domestic Store Strategies ~ Isetan Shinjuku Main Store

**Continue to invest going forward and further strengthen profit base**

**Previous initiatives**

**March 2013 Remodeling of B2F~4F (women's, jewelry & watches, miscellaneous)**

**Investment: 9 billion yen**

**FY2013 results**

**Net sales: 265.4 billion yen (+12.1% YoY)**

**No. of customers: Approx. 26 million (+4.5% YoY)**

**Continue to invest to complete the world's greatest fashion museum and aim to increase profit by 2 billion yen in FY2018 versus FY2013**

**FY2014 key strategy**

**Remodel upper floors to further boost profitability  
(5F living, 6F baby/children's & solutions)**

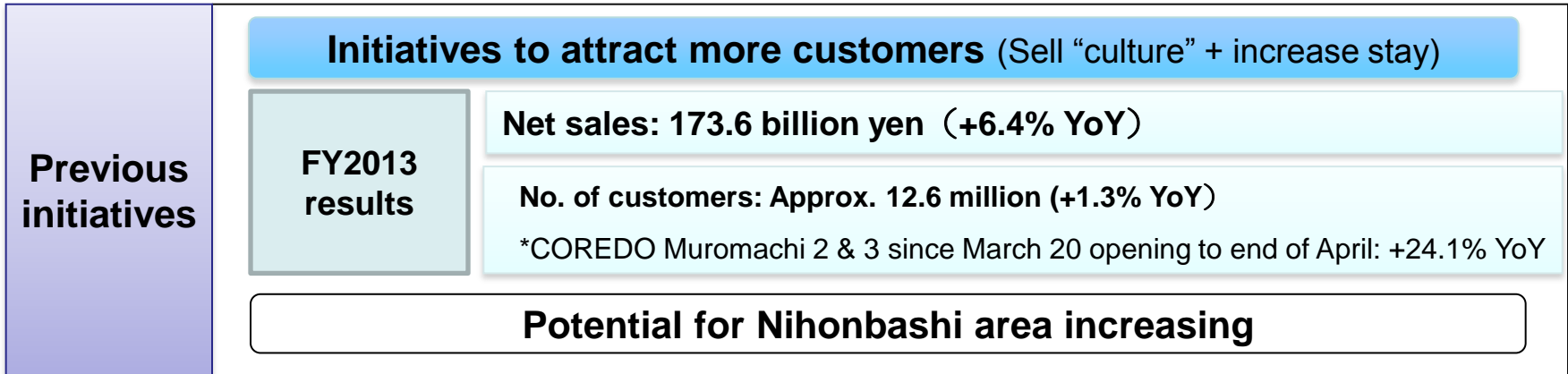


5F living floor "Park" opened first on March 12

**[FY2014 target] Net sales +2.1% YoY**

## 2. Domestic Store Strategies ~ Mitsukoshi Nihonbashi Main Store

**Make investment at Shinjuku level toward a department store based on culture**



**New customer creation campaign following the remodel and aim to increase profit by 1 billion yen in FY2018 versus FY2013**

### **FY2014 key strategy**

**Initiatives for increasing number of people in area (entrench)**



Introduce core merchandise befitting new customers

Improve conversation space, environment creation and merchandise connected to culture

**[FY2014 target] Net sales +1.5% YoY (excluding ALTA)**

## 2. Domestic Store Strategies ~ Mitsukoshi Ginza Store

**Make investment toward a “global store” that responds to changes in customer composition and surrounding environment**

**Previous initiatives**

**Fall 2010 remodeling investment in expansion of floor space: 10 billion yen**

**FY2013 results**

**Net sales: 69.2 billion yen (+13.0% YoY)**

**No. of customers: Approx. 20 million (+1.9% YoY)**

**Sales to foreign customers: 3.5 billion yen (+143.6% YoY)**

**Marked change in customer composition and surrounding environment compared with initial remodeling**

**Promote new store model as a global store and aim to increase profit by 1 billion yen in FY2018 versus FY2013**

**FY2014 key strategy**

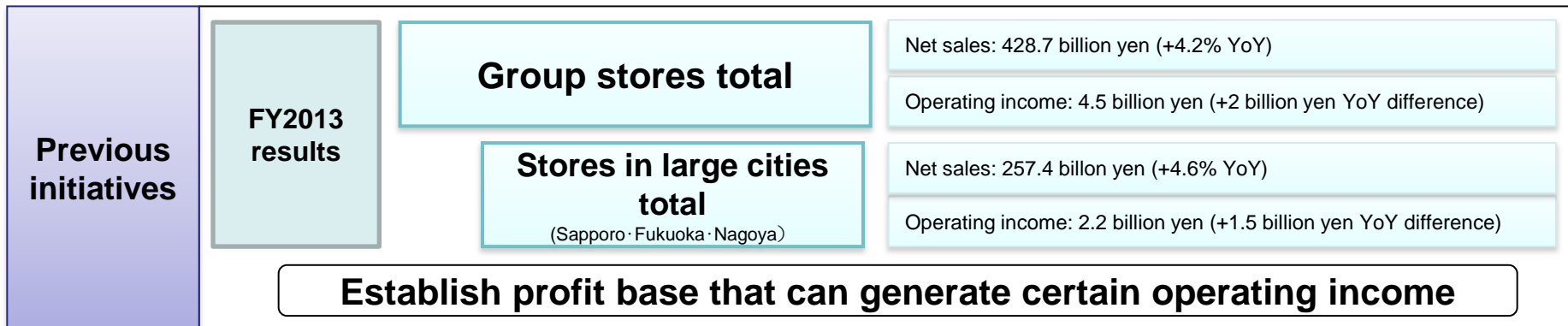
**Create a store that aims to place top priority on visitors to Ginza and foreign customers ⇒ Promote new store model, including strengthening inbound**

**Trading zone expansion strategy ⇒ Secure new customers, including Tokyo bay area**

**[FY2014 target] Net sales +0.3% YoY ⇒ Aim for net sales of 70 billion yen or higher**

## 2. Domestic Store Strategies ~ Group Stores

### Increased attractiveness and asset efficiency via large scale remodeling



**Aim to increase profit by 2.5 billion yen in FY2018 versus FY2013 as Group store total by concentrating investment in stores in large cities and boosting competitiveness through Small to Medium-sized stores**

### FY2014 key strategy

#### Sapporo

**Summer 2014: Start large-scale remodeling**

Open sequentially from autumn/winter 2014

#### Fukuoka

**Sept. 2014: 3rd grand opening of Fukuoka Mitsukoshi**

#### Nagoya

**Examine remodeling toward revitalization of Sakae area**

**[FY2014 target] Group store total operating income of 4 billion yen (Actual profit gain)**

## 2. Domestic Store Strategies ~ Small to Medium-sized Stores (Existing Format)

**Expand stores nationwide, expanding customer interaction opportunities and boost brand value**

Previous initiatives

Steadily increased stores and progressed with renewal of existing satellite MI PLAZA

FY2013 results

Isetan Mirror 1.7 billion yen 9 stores

MI PLAZA 20.7 billion yen 63 stores

Isetan Haneda Store 0.5 billion yen 1 store

Isetan Outlet Stores 0.7 billion yen 4 stores

**Aiming for 150 total stores by expanding branch stores throughout the country in FY2016 (+70 stores or more) and aim for net sales of 50 billion yen in FY2018 and to increase profit by 1.5 billion yen in FY2018 versus FY2013**

**FY2014 key strategy**

**Isetan Mirror**

**New store target:  
6 stores**

15 stores

**Isetan Haneda Store**

**New stores decided: 2 stores**

Men's No. 2 store  
Ladies No. 1 store

3 stores

**MI PLAZA**

**New store target:  
10 stores  
(incl. Group stores)**

73 stores

**Isetan Outlet Stores**

**New store target:  
2 stores**

6 stores

**[FY2014 target] Increase sales by 4 billion yen YoY by opening new stores (incl. Group stores)**

## 2. Domestic Store Strategies ~ Small to Medium-sized Stores (New Format)

Develop high-profit new format by extracting and coordinating the strengths of the three flagship stores

### Chain stores to open as of FY2015

Medium-sized  
selected  
stores

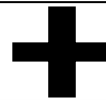
Store size: 1,000~3,000 sq. meters

Location of store openings: Office towers and station buildings in major cities nationwide, etc.

Concept: High-fashion select shop that has originality, profitability and coordination capabilities

Aim for an operating income ratio of 5% by developing original merchandise with high profit margin

**First Nagoya-area store in Fall 2015**



### Complete store opening preparations during FY2014

Store model  
that has  
extracted  
content from  
flagship stores

**Create business plan with new content**

Ladies & Men's clothing

Sundry goods

### **3. Improving Productivity**

- ◇ **Supply Chain Reforms**
- ◇ **Improving Sales Ability**

### 3. Improving Productivity ~ Supply Chain Reforms (Previous Results and Issues)

#### Supply chain reforms (2011~) Initiatives to increase originality and profitability

Previous initiatives

**Sites**

**Three flagship stores**

Initiatives to enhance originality and appeal (originality x profitability)

**Branch and Group stores**

Initiatives to increase productivity of “space” (Sales support x profitability)

**Initiatives**

Develop and market uniquely planned products (in-house manufacturing, purchasing, etc.)

Nationwide deployment of common format (unit) \* Branch stores and Group stores

**Results**

- Secure production and development know-how of high value-added products and enhance sales capability to sell out
- Establish “spaces” with originality
- Create system for development, provision and sale of best seller x high-profit merchandise

**Contribution to profit margin: +0.21 pt YoY difference**

**FY2013 Results**

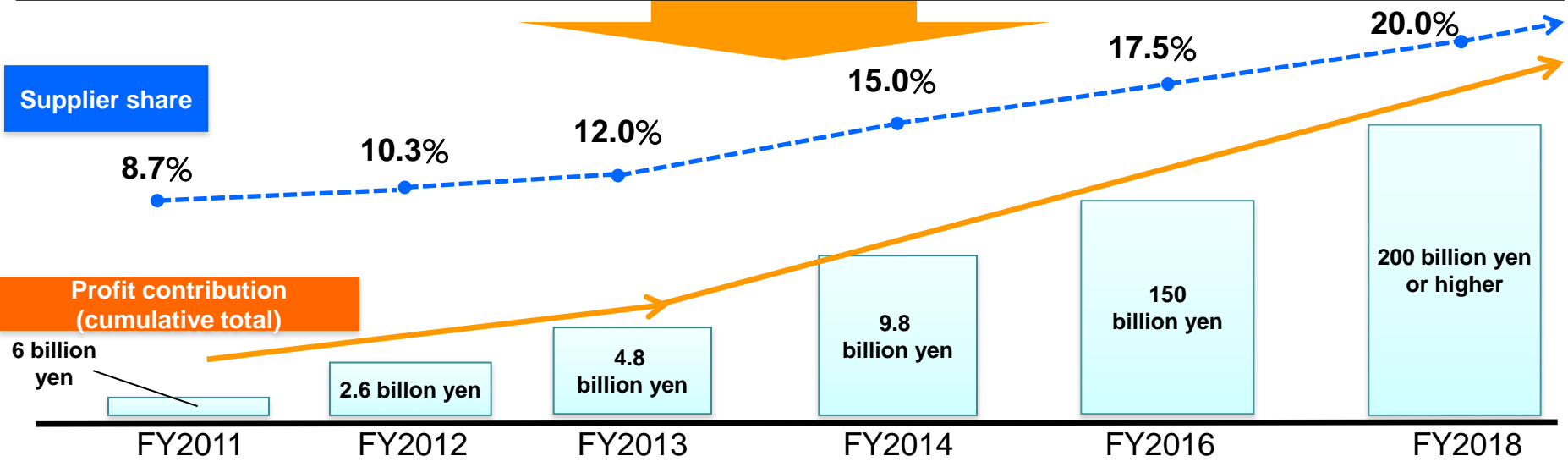
(100 million yen)

	All store total	Three flagship stores	Shinjuku	Nihonbashi	Ginza	Branch and Group stores
Store sales	11,333	4,406	2,345	1,369	692	6,927
Supply chain structural reform cost	1,358	402	255	95	51	956
Supplier share	12.0%	9.1%	10.9%	7.0%	7.4%	13.8%

# 3. Improving Productivity ~ Supply Chain Reforms (Future Direction)

Implement initiatives toward profit contribution of 20 billion yen

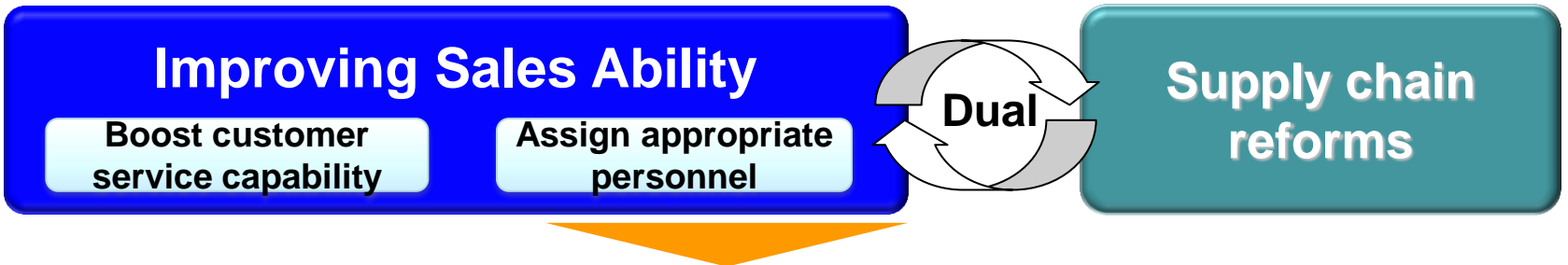
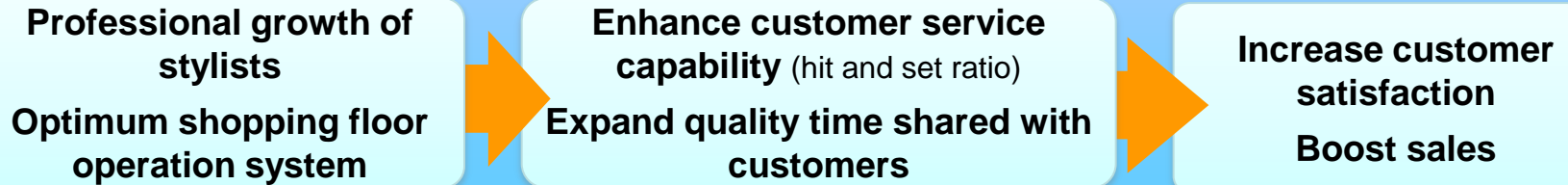
<b>Direction</b>	<b>Expand lots and utilize new “space” by leveraging Group network</b>	
<b>Future initiatives</b>	<b>Private- brand Products</b>	Strengthen merchandise with “highly unique and profitable” through existing measures Expand lots by introducing mutual merchandise at three flagship stores, branch stores and Group stores
	<b>Unit</b>	Strengthen existing units, modify special events and create a framework for stores in large cities
	<b>New space</b>	Expand products with high profit margin in new customer contact points (medium-size and small-size stores, EC)
	<b>Supplier measures</b>	Increase collaboration with suppliers and expand brand licensing business



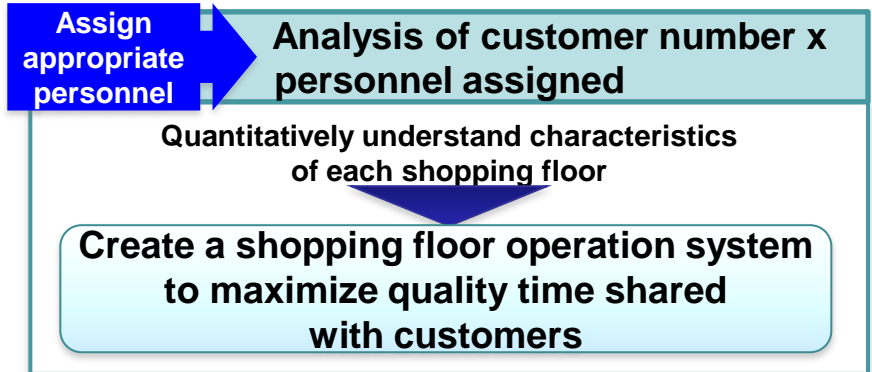
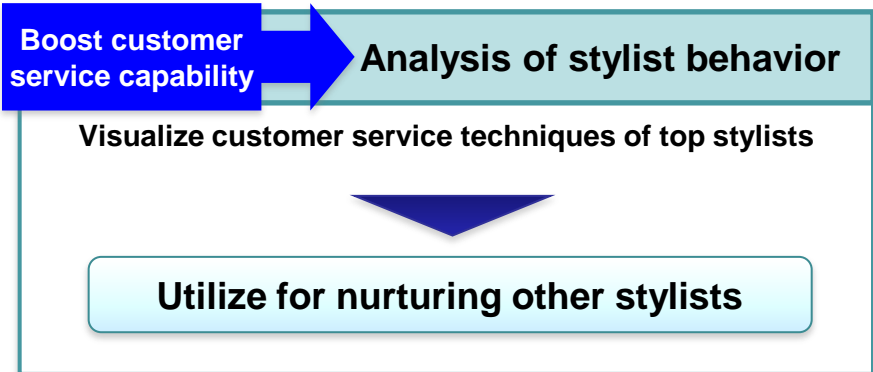
### 3. Improving Productivity ~ Efforts to Boost Sales Productivity

#### Efforts to improve Sales Ability

Expand profit by enhancing rather than reducing service “space”



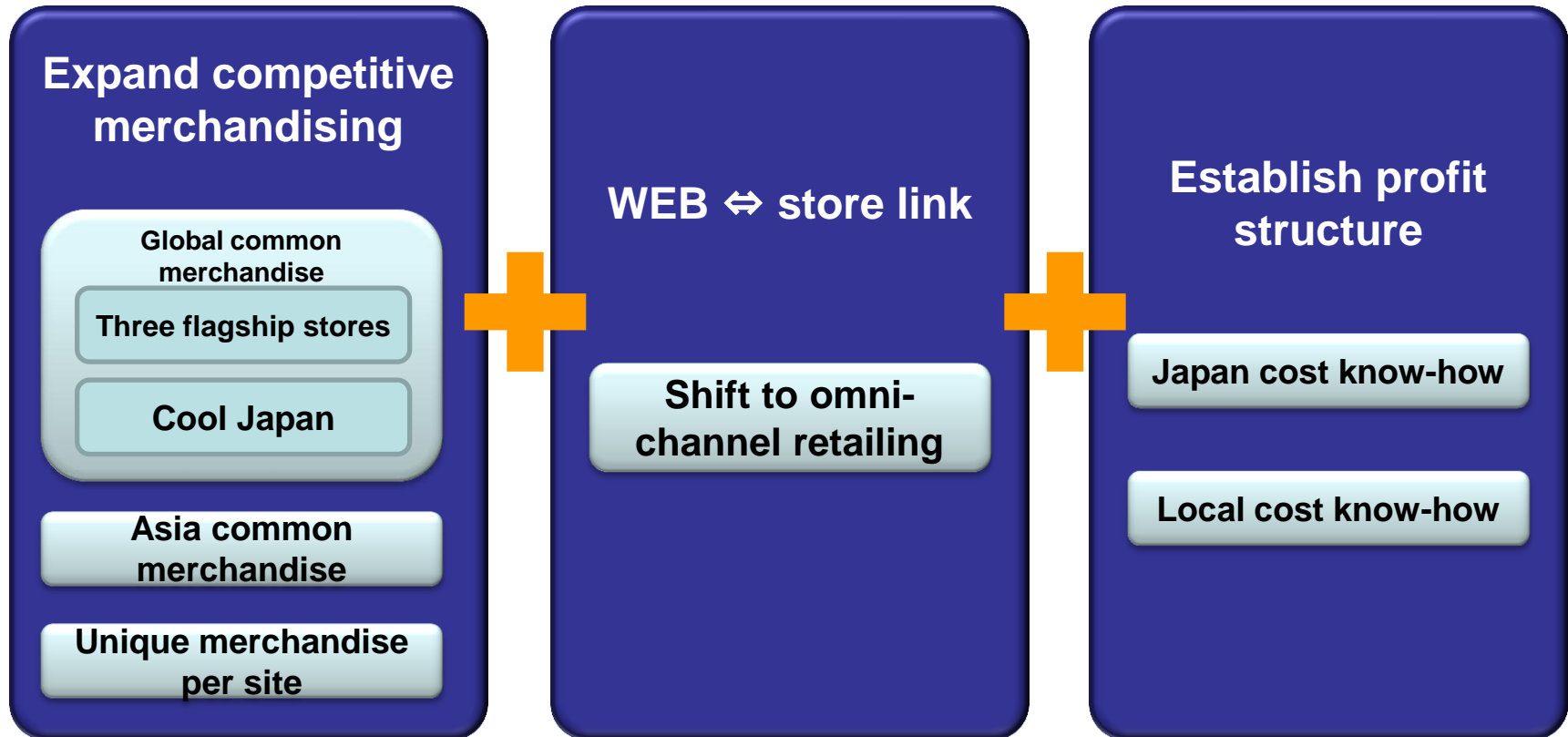
#### IT Analysis of Customer Service



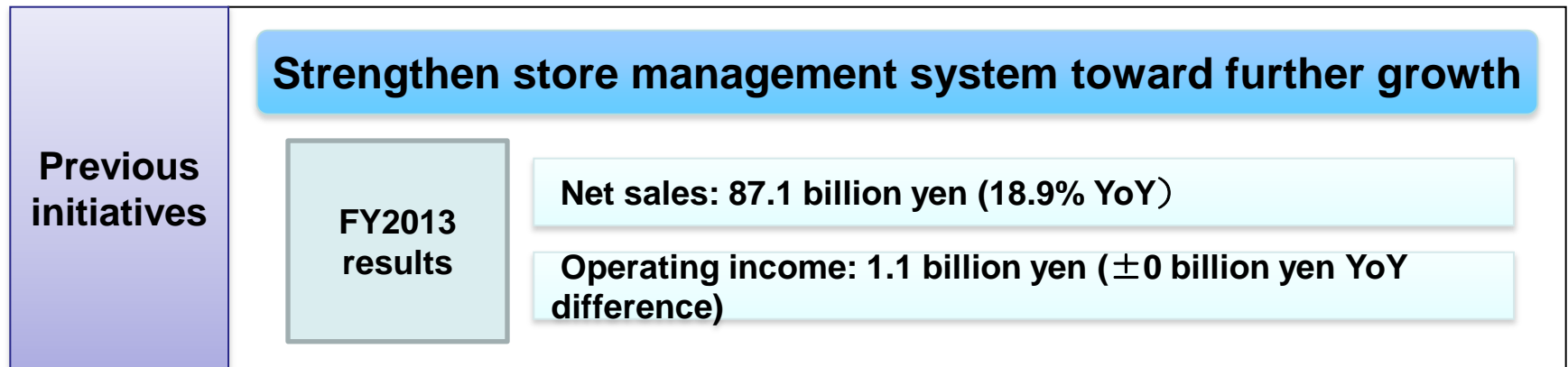
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## **4. Overseas Business Strategy**

### Shift to multiple store and multiple channel system through competitive “new store model”



## 4. Overseas Business Strategy



**Quickly achieve net sales of 100 billion yen by promoting a new store model and new store openings and aim to increase profit by 2.5 billion yen in FY2018 versus FY2013**

### FY2014 key strategy

**Newly establish**

**Strengthen business promotion capability through ASEAN control and Isetan (China) Holdings**

**Expand cool Japan**

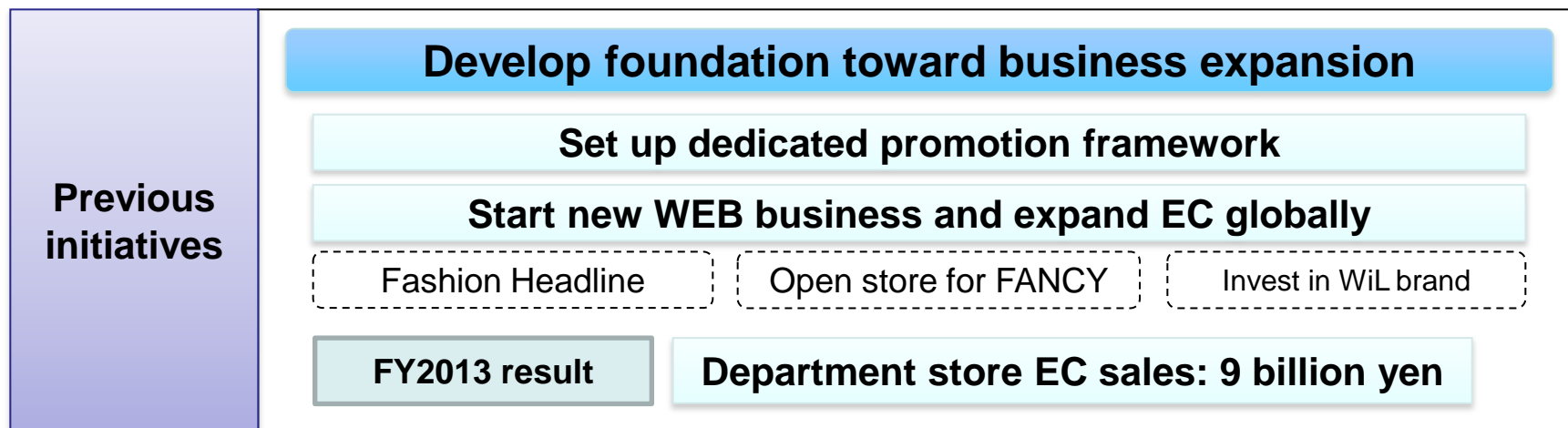
**[FY2014 target] Increase sales by 7 billion yen and profit by 600 million yen YoY difference**

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## **5. WEB Strategy**

## 5. WEB Strategy

**Establish business model with department store EC sales of 30 billion yen**



**Quickly achieve department store EC sales of 30 billion yen by reproducing product lineup and services of flagship stores on WEB and aim to increase profit by 1.5 billion yen in FY2018 versus FY2013**

**FY2014 key strategy**

**Operate integrated EC site and strengthen continuity**

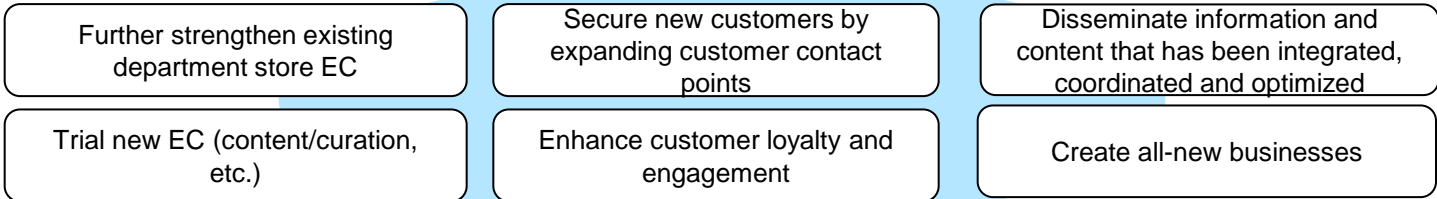
**Establish foundation toward the realization of a new type of WEB business**

**[FY2014 target] Aim to turn a profit in WEB business**

# Future aspired image for Isetan Mitsukoshi

**Significantly strengthen digital domain**  
⇒ **Maximize analog value and realize global service offering**

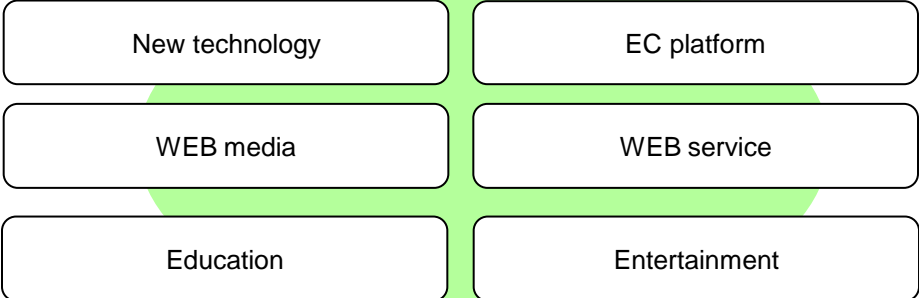
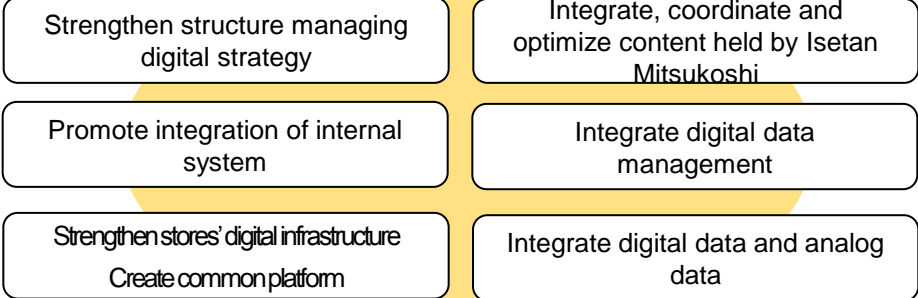
**Strengthen and expand digital business and service**



Create new shopping experience  
Create absolute experiential value  
Provide appealing content

**Further enhance digitization throughout the Group**

**Further promote external links and introduction**



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## **6. Core Businesses**

# 6. Core Businesses ~ Food and Supermarket

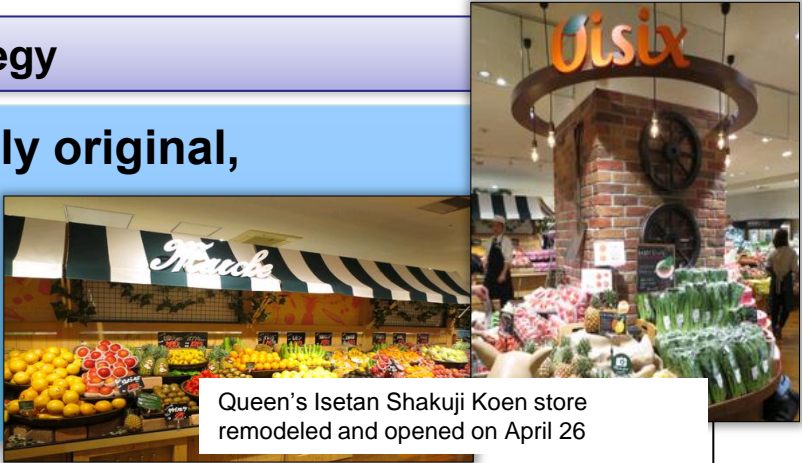
## Establish chain operation through highly profitable multi-store model

Previous initiatives	Establish foundation toward model creation		
	Implement one-day, two-open	Develop 52-week merchandise	
	FY2013 results	Net sales: 53 billion yen (3.5% YoY)	Operating income: -160 million yen (-110 million yen YoY difference)

Strengthen existing stores while expanding new stores under the current profitability model and aim to increase profit by 600 million yen in FY2018 versus FY2013

### FY2014 key strategy

- Establish Queen's Isetan model as a highly original, high-quality supermarket
- Promote full remodeling of existing stores
- Reform store operation and supply chain



[FY2014 target] Aim to turn a profit

## 6. Core Businesses ~ Credit Cards and Financial Services Business

**Establish sturdy profit foundation not influenced by department store sales**

**Previous initiatives**

**Expand the Group's external business volume and compile and utilize customer information**

**FY2013 results**

Operating revenue: 2.9 billion yen (9.4% YoY)

Operating income: 5.8 billion yen (+1.4 billion YoY difference)

External business volume: 281.8 billion yen (26% YoY)

**Aim to achieve external business volume of 500 billion yen in FY2018 and increase profit by 3 billion yen in FY2018 versus FY2013 by expanding business volume from customers within the Group and securing customers from outside the Group**

**FY2014 key strategy**

**Further expand external business volume toward enhanced profitability**

**Strengthen cultivation of external affiliate store**

**Strengthen commission business**  
(Revolving credit, installment payment)

**Strengthen alliance strategy**

**[FY2014 target] +40 billion yen or higher YoY difference in external business volume**

# 6. Core Businesses ~ Fashion Brand Business

**Deploy and expand brands recognized as world class that also incorporates a view to overseas operations**

Previous initiatives

Establish business model that leverages the strengths of the three flagship stores

Secure seasonal brands

MULBERRY

RAG & BONE

ALEXANDER WANG

FY2013 results

Brand sales: 1.8 billion yen (+800 million yen YoY difference)



**Quickly achieve brand sales of 5 billion yen by deploying and expanding from multiple dimensions such as store openings and licensing in Japan and overseas and aim to increase profit by 700 million yen in FY2018 versus FY2013**

**FY2014 key strategy**

**Secure and nurture highly appealing new brands**

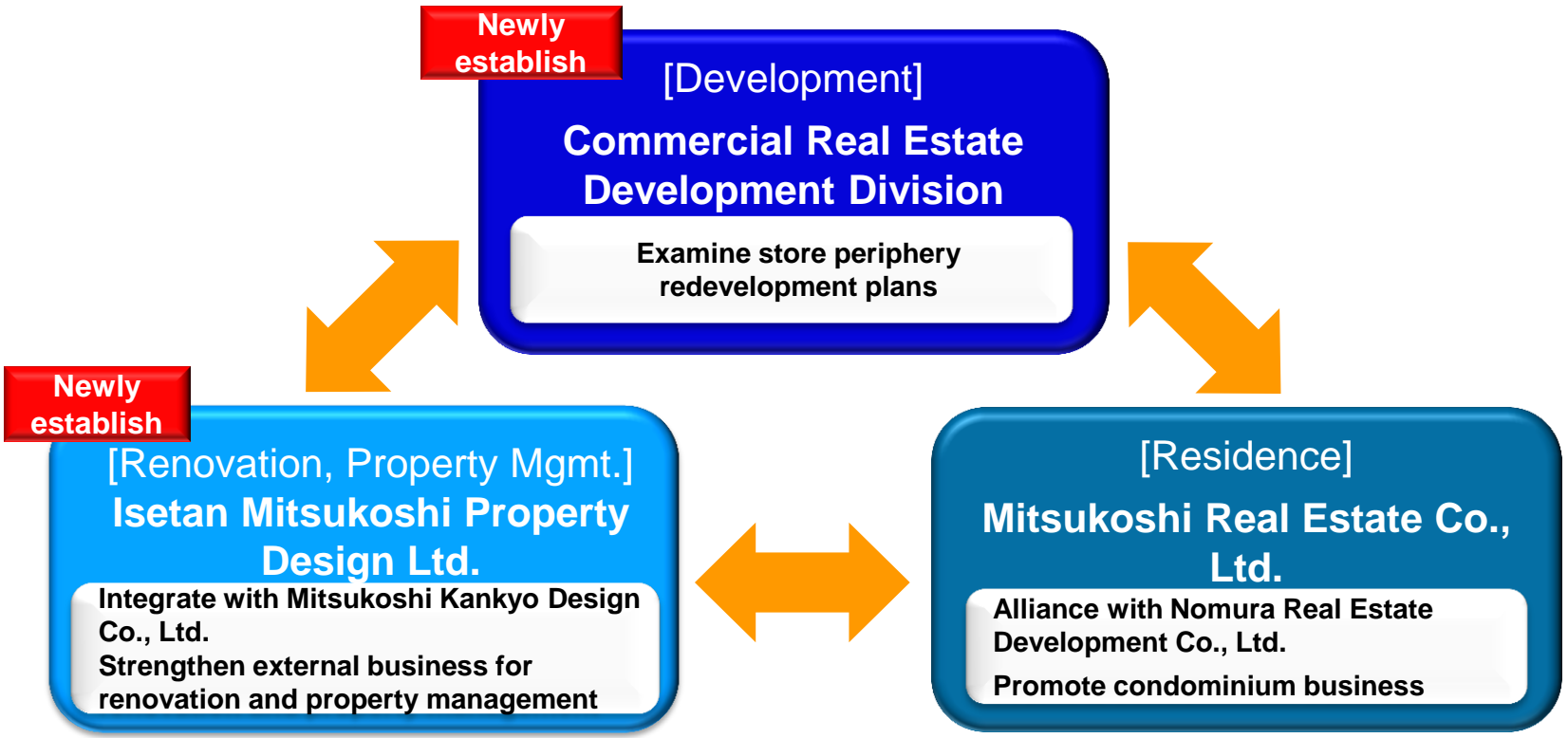
**[FY2014 target] Achieve 2 billion yen or higher in brand sales**

# 6. Core Businesses ~ Develop and Nurture New Businesses (Commercial Real Estate)

**Commercialize profitable businesses by maximizing use of resources held and participating in redevelopment plans**

## FY2014 key strategy

**Create foundations and build up know-how toward business promotion**



## 6. Core Business ~ Develop and Nurture New Businesses (Travel Business)

**Quickly achieve travel sales of 10 billion yen through expansion strategy**

Provide high value-added and high-quality travel to affluent population in Japan and overseas

[Japan]  
Affluent population  
outside Group



[Japan]  
Affluent population inside  
Group



[Overseas]  
Affluent population



**Link with department store inbound business**

**Aim for travel sales of 10 billion yen and operating income of 500 million yen in FY2018 by providing high value-added and high-quality travel unique to Isetan Mitsukoshi that cannot be offered in the specialized travel industry**

**FY2014 key strategy**

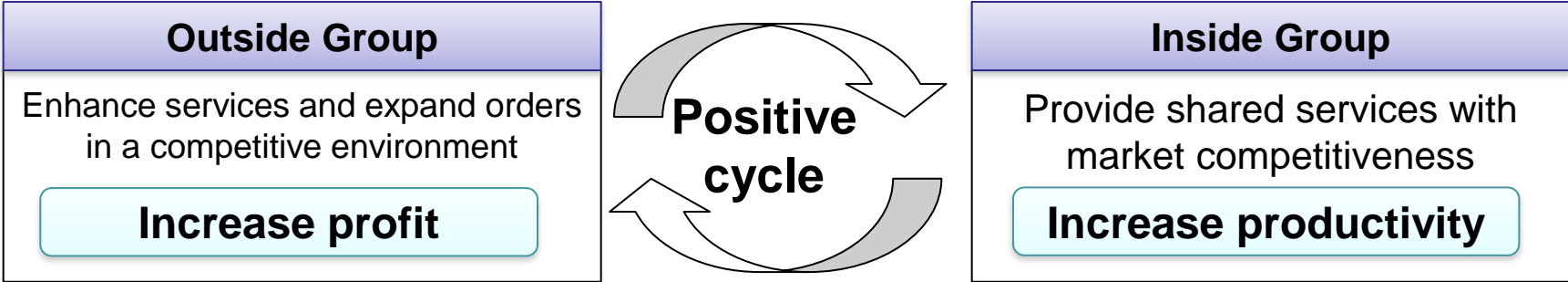
**Expand travel sales sites within Group**

**Develop high-quality travel for affluent population overseas**

**[FY2014 target] Travel sales of 4.5 billion yen**

# 6. Core Business ~ Develop and Nurture New Businesses (Personnel Services Business)

**Expand personnel services business by leveraging the know-how of the No.1 department store group**



**Establish business model that generates a positive cycle of increasing external profit and improving service quality and aim for external revenues of 3 billion yen in FY2018 and to increase profit by 300 million yen in FY2018 versus FY2013**

## FY2014 key strategy



**[FY2014 target] External revenues of 1.3 billion yen (+400 million yen YoY)**

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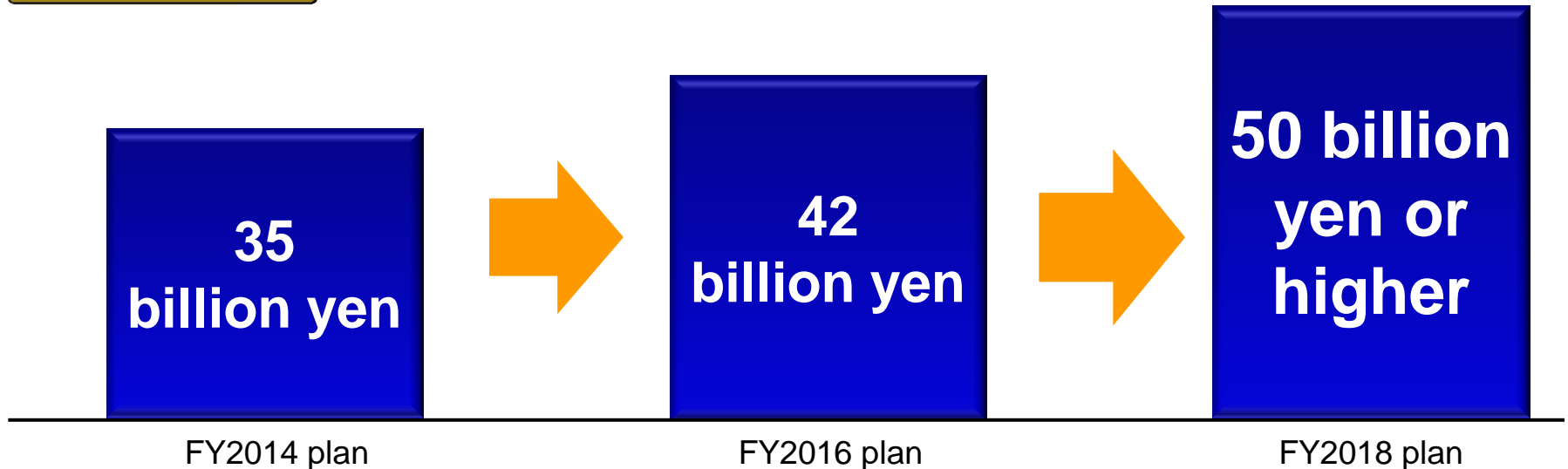
## **7. Management Indicators**

- ◇ **Profit Plan, Investment Plan**

- ◇ **ROE**

## 7. Management Indicators ~ Profit Plan and Investment Plan

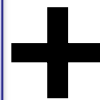
### Profit plan



### Investment plan

**FY2014 ~ FY2016 Total 111 billion yen**

Maximize investment within the range of operating cash flow



Increase investment in highly promising ventures  
(M&A, commercial real estate, etc.)

**Aim to enhance ROE over the long term**

### Measures to enhance ROE

#### Profit Maximization

Achieve an operating income of  
of over JPY50 billion yen  
in the short-term

Maximize utilization of portfolio asset

#### Shareholder return

Increase dividends

Consider strategies to make  
shareholder returns  
further reflect performance

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