Isetan Mitsukoshi Group
Business Results Explanation Meeting
Second Quarter of the Fiscal Year
Ending March 31, 2019

Isetan Mitsukoshi Holdings Ltd.

November 7, 2018

Contents

1. Results of the Second Quarter of the Fiscal Year Ending March 31, 2019

2. Full Year Targets for FY2018

3. Towards Sustainable Growth

Consolidated Results

(Billions of yen)	FY2018 First Half	YoY (*)	YoY Difference (*)
Net Sales	**563.9**	95.7%	-25.3
Gross Profit	**165.4**	95.1%	-8.5
SG&A	**154.6**	93.0%	-11.6
Operating Income	**10.8**	141.5%	+3.1
Recurring Income	**12.2**	128.6%	+2.7
Net Income	**3.9**	-	+3.9

*** Results for businesses which we have terminated, such as the Matsudo Store, Mammina, and Isetan Mitsukoshi Food Service Inc., are included in figures for the previous fiscal year.**

Isetan Mitsukoshi Results (Non-consolidated)

(Billions of yen)	FY2018 First Half	YoY	YoY Difference
Net Sales (Comparable-store basis)	**298.8** (–)	99.6% (102.4%)	-1.2 (+7.0)
Gross Profit	**85.3**	100.9%	+0.7
SG&A	**83.0**	98.3%	-1.4
Operating Income	**9.1**	127.2%	+1.9
Recurring Income	**11.7**	123.6%	+2.2
Net Income	**5.9**	105.6%	+0.3

Consolidated First Half Results (by Segment)

(Billions of yen)	Net Sales	Operating Income	YoY Difference
Department Store Business	**524.7**	5.3	+1.8
Credit & Finance Business/Customer Organization Management Business	**19.0**	3.1	+1.0
Real Estate Business	**20.1**	3.0	-0.4
Shared Service Business and Others	**43.3**	-0.7	+0.7
Total	**563.9**	10.8	+3.1

*** Total includes adjusted amounts.**

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Consolidated Plan

(Billions of yen)	FY2018	YoY (*)	YoY Difference (*)	Difference from Target
Net Sales	**1,200.0**	95.5%	-56.3	+5.0
Gross Profit	**352.9**	96.1%	-14.3	-1.1
SG&A	**323.9**	94.5%	-18.9	-1.1
Operating Income	**29.0**	118.8%	+4.5	±0.0
Recurring Income	**30.0**	109.8%	+2.6	±0.0
Net Income	**13.0**	–	+13.9	±0.0

*** Results for businesses which we have terminated, such as the Matsudo Store, Mammina, and Isetan Mitsukoshi Food Service Inc., are included in figures for the previous fiscal year.**

Isetan Mitsukoshi (Non-consolidated) Plan

(Billions of yen)	FY2018	YoY	YoY Difference	Difference from Target
Net Sales (Comparable-store basis)	**641.1** (–)	98.8% (102.1%)	-7.5 (+13.1)	+11.1 (-)
Gross Profit	**181.9**	99.5%	-0.8	+0.9
SG&A	**175.5**	98.5%	-2.7	+0.5
Operating Income	**19.5**	110.8%	+1.9	±0.0
Recurring Income	**20.5**	109.0%	+1.6	±0.0
Net Income	**7.0**	434.9%	+5.3	±0.0

Consolidated Plan (by Segment)

(Billions of yen)	Net Sales	Operating Income	YoY Difference
Department Store Business	**1,125.0**	**17.0**	+2.5
Credit & Finance Business/Customer Organization Management Business	**40.0**	**6.0**	+0.6
Real Estate Business	**50.0**	**6.0**	-0.6
Shared Service Business and Others	**91.0**	**-0.3**	+1.9
Total	**1,200.0**	**29.0**	+4.5

*** Total includes adjusted amounts.**

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Today's Topics Towards Sustainable Growth

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   - Growth Strategy (3) Expanding real estate business
   - Store Investment
   - Structural Reform
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1. Vision

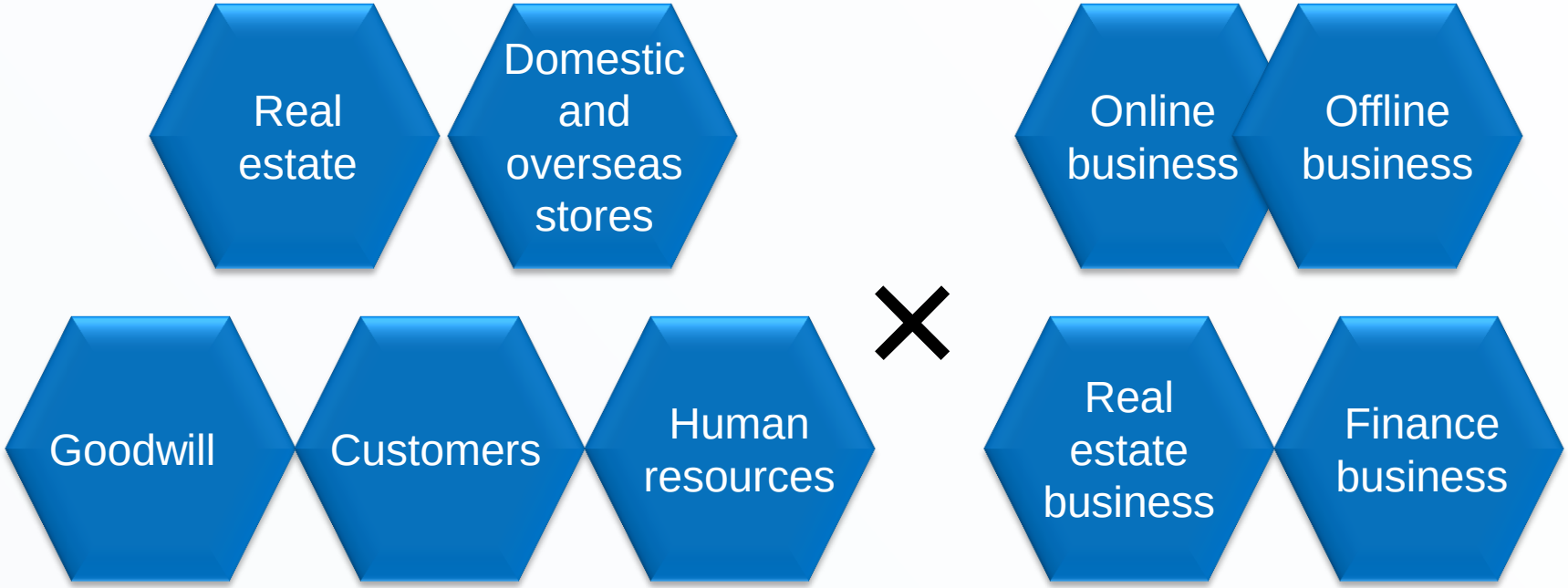
Isetan Mitsukoshi Group –
Connecting people and bridging times

Utilize IT, stores, and people for the
“Future Department Store”
(Platformer)

1. Vision

Direction for value offering

Isetan Mitsukoshi Group's strengths and business structure



Isetan Mitsukoshi Group's "Strengths"

Isetan Mitsukoshi Group's "Businesses"

1. Vision

Direction for value offering

Isetan Mitsukoshi Group – Connecting people and bridging times

Utilize IT, stores, and people for the
“Department Store of the New Age (platformer)”

I. Provide a “supreme customer experience” both online and offline

II. Provide a “new customer experience” by adding digital technologies to Group’s strengths

III. “Expand customer contact points” through the real estate business

Cost structure reform

Isetan Mitsukoshi Group’s strength and business structure

1. Vision

Strategy Overview

Growth Strategy	(1) Business model innovation
	(2) New online business
	(3) Expand real estate business = City block development
Structural Reform	(1) Cost structure reform

2. Business Strategy

Growth Strategy (1) Business model innovation

I. Provide a “supreme customer experience” both online and offline

(1) All products sold in flagship stores are purchasable through online and local stores

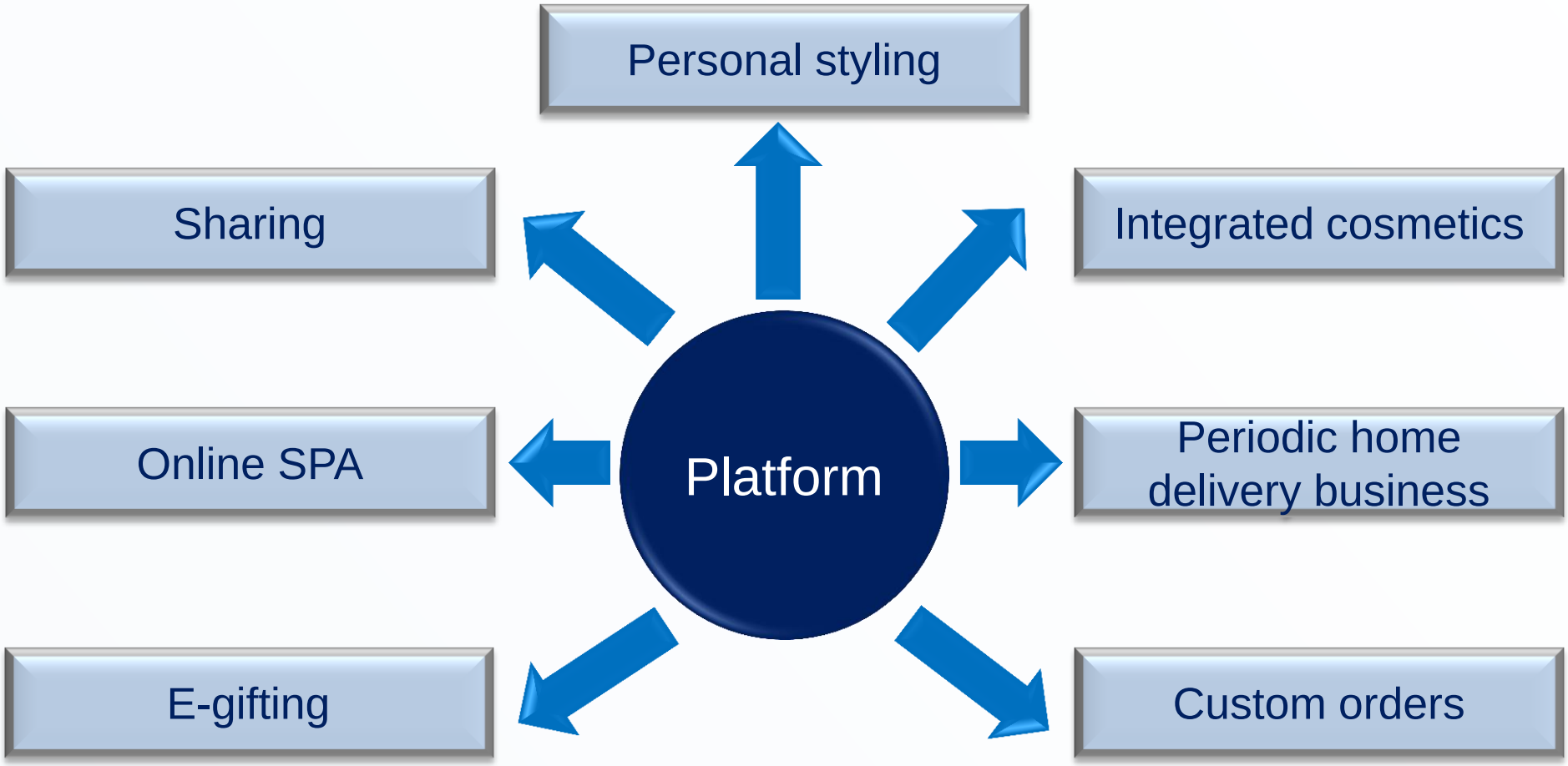
(2) Customers through online and local stores can experience the same level of hospitality and services as in flagship

(3) Establish a provision system at local stores

2. Business Strategy

Growth Strategy (2) New online business

II. Provide a “new customer experience” by adding digital technologies to Group’s strengths



2. Business Strategy

Growth Strategy (1) Business model innovation

Towards realization of Growth Strategy I and II

Full structural revision

(1) FY2019 organizational restructuring	Transfer authority to an operating company
(2) Revision of operational flow	Establish operational flow to build seamless structure
(3) Revision of working practices	Strengthen customer service structure including deployment of store attendants and category concierges
(4) Open innovation	Widely utilize external expertise

2. Business Strategy

Growth Strategy (3) Expand real estate business

III. “Expand customer contact points” through the real estate business

1. Redevelop the Group’s domestic real estate properties

2. Strengthen commercial leasing

3. Enhance value of the Group’s real estate properties

2. Business Strategy　Store Investment

Store Investment

1. Redevelopment of
   Mitsukoshi Nihombashi Main Store

2. Redevelopment of Isetan Shinjuku Main Store

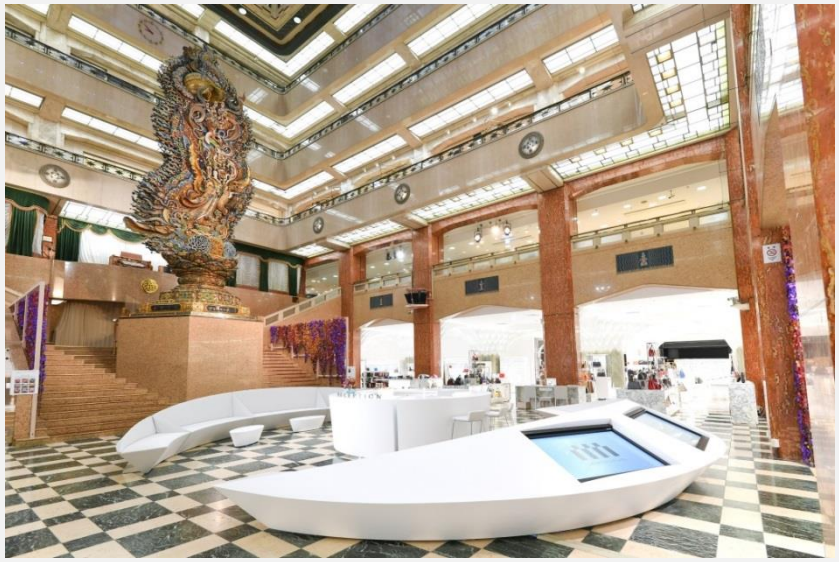
3. Redevelopment of neighboring area

4. Redevelopment of local stores

2. Business Strategy　Store Investment

Redevelopment of Mitsukoshi Nihombashi Main Store

Redevelopment into a department store focusing on customer service and hospitality





Total investment of approximately 15.0 billion yen in the first and second stages

2. Business Strategy Store Investment

Redevelopment of Mitsukoshi Nihombashi Main Store











First stage: Grand opening in October 2018

Second stage: To be completed in FY2019
Watches, jewelry, artwork, choice goods, and ladies' and men's categories

2. Business Strategy Store Investment

Redevelopment of Isetan Shinjuku Main Store





First stage:	<Men's Annex> Fall 2018 – Spring 2019 (opening)
Second stage:	<Main Building> Spring 2019 – FY2019 Watches, jewelry, cosmetics, and luxury brands will be strengthened

2. Business Strategy Structural Reform

Cost structure reform

(1) Reduction of SG&A	324.0 billion → 300.0 billion yen on a consolidated basis
(2) Organizational restructuring	Profit management by each organization and placement of staff dedicated to cost reform
(3) Replacement of real estate	Includes relocation of Head Office
(4) Revision of staff structure	11,000 staff → optimize the number of personnel

3. Investment Plan

Invest funds secured through structural reform into growth strategies

	(Billions of yen)	FY2018	Next 3 Years (FY2019 to FY2021)
Stores, etc.	Ordinary investment	20.0	58.0
	Strategic investment	30.0	71.0
System	Ordinary investment	2.0	7.0
	Strategic investment	3.0	22.0
Investment total		55.0	158.0

*** The amount of investment is on a cash-out basis.**

4. KPI

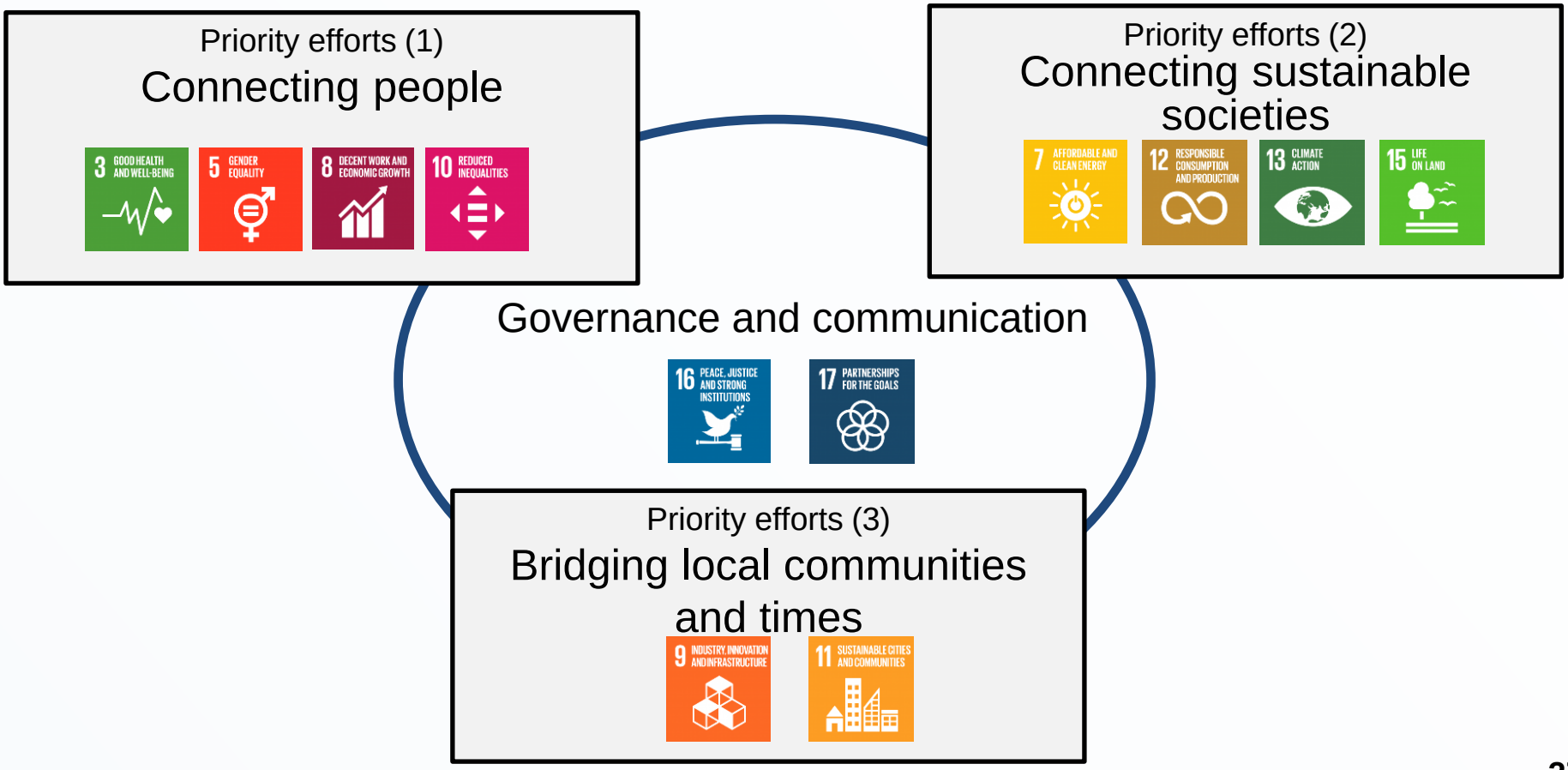
KPI: FY2021 operating income of 50.0 billion yen and ROE of 5.0% or more

	FY2019 Plan	FY2021 Target
Operating Income	35.0 billion yen	50.0 billion yen
ROE	3.7%	5.0% or more

*** Target values are based on current estimates.**

5. ESG Measures

Isetan Mitsukoshi Group – Connecting people and bridging times



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