# FY2014-2016 Medium-term Business Plan

#### Consolidated operating profit ¥50 billion Consolidated operating profit (OP) and ROE Consolidated operating margin 4.2% **ROE 5.8%** (Millions of yen) 60,000 5.8% ROE 50,000 ROA 4.8% 40,000 ¥130 billion or more Operating cash flows (total for FY2014-2016) OP ¥50 bn 30,000 Capital Investment and Growth Investment (total for FY2014-2016) 20,000 ..... Department Store Business ¥49.5 billion Parco Business ¥37 billion 10,000 ¥3.5 billion Other Businesses 0 FY FY FY FY FY FY FY 2009 2010 2011 2012 2013 2014 2016 M&A ¥20 billion (forecast) (forecast) - ROE Consolidated operating profit [Total] ¥110 billion

### Financial Targets (FY 2016)

## Financial Target Graph

(%)

6.0

5.0

4.0

--- 3.0

---- 2.0

.... 1.0

0

\*ROE for FY 2011 and FY 2013 is shown in real terms excluding special factors.

## Positioning of the FY2014-2016 Medium-term Business Plan

	Phase for constructing foundations (FY2014-2016)	Phase of dramatic growth (FY2017-)
Drastically enhance competitiveness and profitability as a multi-retailer		vise transform the business model with respect to existing businesses (organizational and workforce structure reform, cost optimization) core technologies
Construct a business model for growth along with regions (urban dominant strategy)	<ul> <li>Develop real estates in the vicinity of store locations</li> <li>Strengthen networks with local communities</li> <li>Pursue more extensive Group business opportunities</li> </ul>	in line with the development of local communities Enhance the Tokyo metropolitan area business through the
Promote omni-channel retailing that leverages the strengths of real stores	<ul> <li>Expand business partner networks, product range and target areas with respect to Click &amp; Collect and Endless Aisle services</li> <li>Build up order fulfillment capabilities</li> </ul>	Provide the same products, services and information as those available through physical stores, while creating an environment to enable access to and from customers anytime, anywhere

## Image of Medium-term Growth

## $\bigcirc$ Drastically enhance competitiveness and profitability as a multi-retailer

FY 2016 (Target) Consolidated operating profit ¥50 billion

#### Department Store Business ¥28.5 billion (¥5.5 billion higher than FY2013)

· Significantly higher profits at four priority stores (Daimaru Tokyo, Kobe and Sapporo and Matsuzakaya Nagoya) ·Expansion of the upscale market centered on sales to gaisho customers · Rebuilding of Original Merchandising Business and development of new businesses ·Reinforcing of capabilities to serve tourists from overseas

#### Parco Business ¥13.3 billion (¥1.3 billion higher than FY2013)

Opening of the new building of Fukuoka Parco (fall 2014) and floor space expansion of the main building (spring 2015) ·Development of Sendai New Building (tentative name)(spring 2016) · Swift development of Zero Gate business including Nagoya (fall 2014) and Sapporo (spring 2016) projects Annual renovation of roughly 15% of overall floor space tailored to shifting and diversifying consumer needs

#### Other Businesses ¥8.2 billion (¥1.4 billion higher than FY2013)

 Credit Business ¥4 billion (¥0.8 billion higher than FY2013) Staffing Service and Commissioned Sales Operations Business ¥1.3 billion (¥0.4 billion higher than FY2013), etc.







Artist's impression of New Building of Artist's impression of Fukuoka Parco (tentative name) Nagoya Zero Gate (tentative name)

## ◇ Forge a business model for growth along with regions (urban dominant strategy)

Ginza 6-chome District 10 Redevelopment (scheduled to open in November 2016)



Image of external view \*Subject to changes

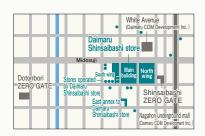
We are committed to creating an unparalleled commercial facility with the right concept for Ginza which has long attracted a diverse range of visitors from throughout Japan and the entire world and we will work with other commercial floor owners to operate all commercial floors in an integrated manner.

Rebuilding of the South Wing of Matsuzakaya Ueno Store (scheduled to open in fall 2017)



The south wing will be rebuilt as a high-rise complex featuring a Parco store, a cinema complex and sophisticated office facilities such that are not currently available in the Okachimachi district, Ueno. This project will breathe new life into the Okachimachi district, which is undergoing many redevelopments, and contribute to the vitality of the area.

#### Shinsaibashi District Redevelopment



To make us significantly more competitive in the Osaka area where an over-abundance of large commercial facilities increases competition, we will move forward with the Shinsaibashi district redevelopment project which is centered on Daimaru Shinsaibashi store (the main building and north and south wings), and also involves the use of real estates and commercial facilities in the district.

## Promote omni-channel retailing



With the aim of establishing predominance over the competition in the mid- to long-term, we will raise the level of customer support of the Group centered on retail stores in key urban areas, offer products, services and information similarly online and in physical stores, thus realizing fine-tuned response to our customers by providing seamless access to and from them anytime, anywhere.



## Dramatic growth in 2017 and after