

AEON Fantasy Co., Ltd.

Medium Term Management Plan

FY2018 - 2020



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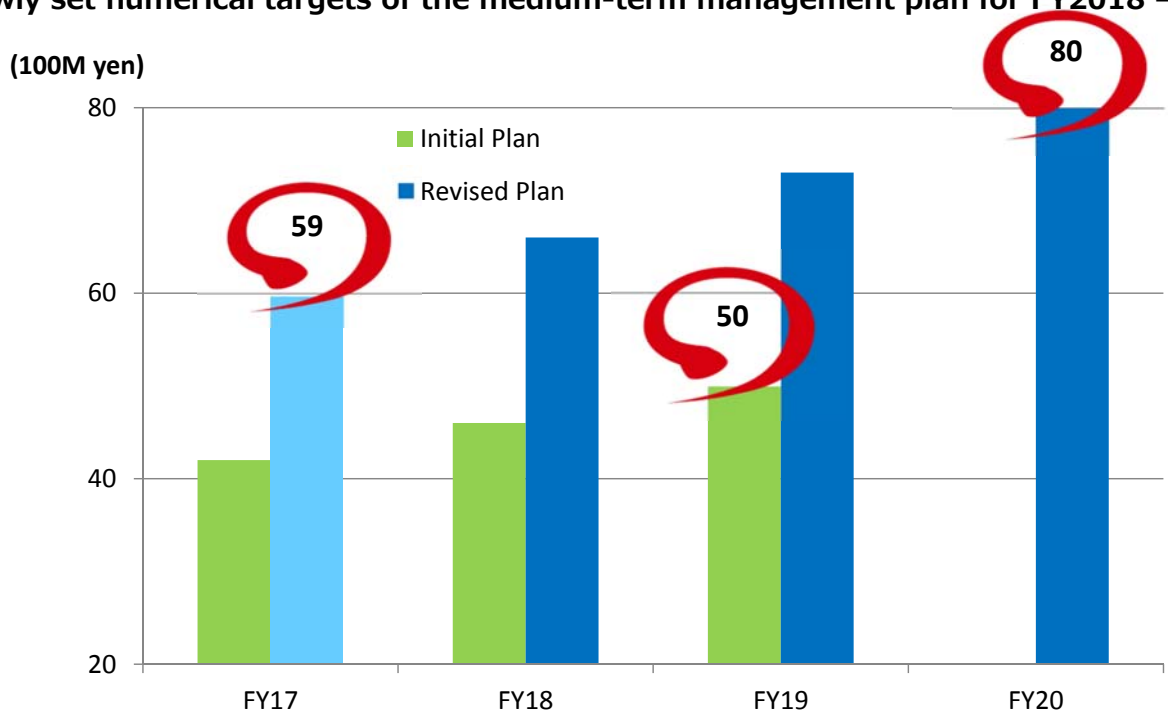
- I . Review**
- II . Our Target**
- III . Three-Year Medium Term Objectives**
- IV . Numerical Plan**

Revisions to medium-term numerical targets

Revisions to medium-term numerical targets (operating profit)

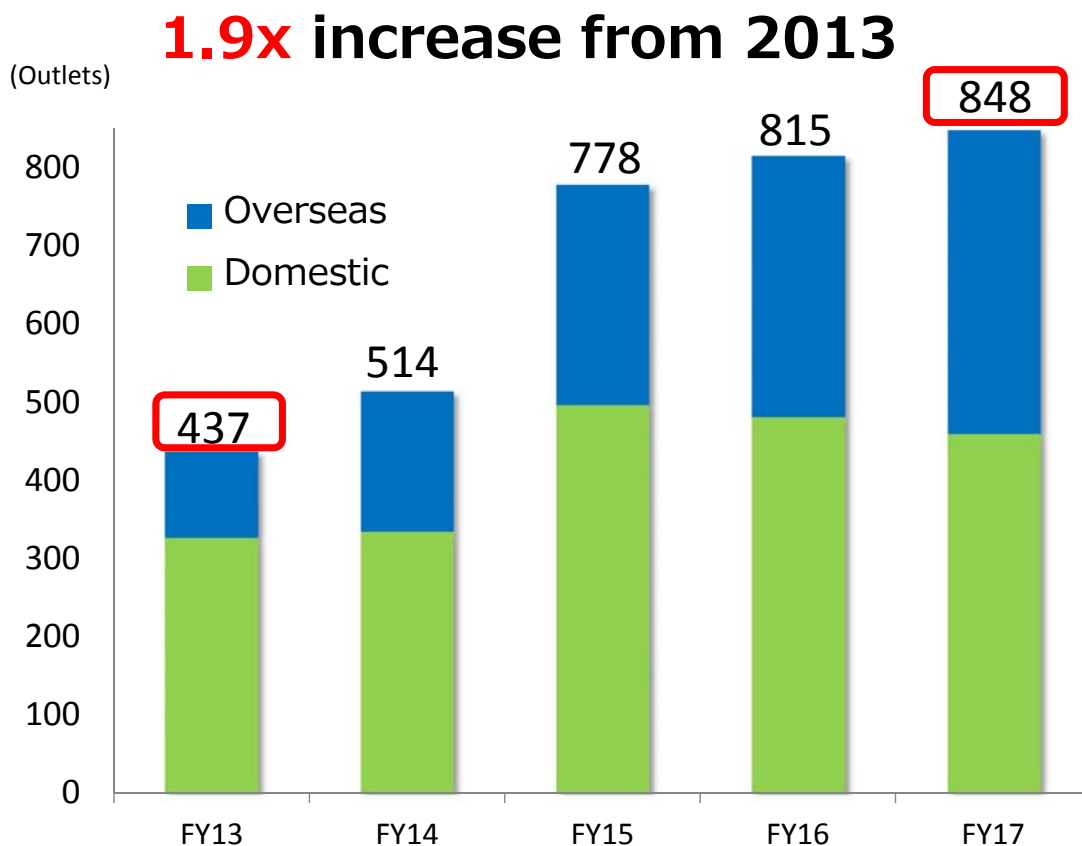


- Achieved the operating profit target for the third year of the medium-term management plan (for FY2017 – FY2019), announced in April, 2017, in its first year
- Newly set numerical targets of the medium-term management plan for FY2018 – FY2020



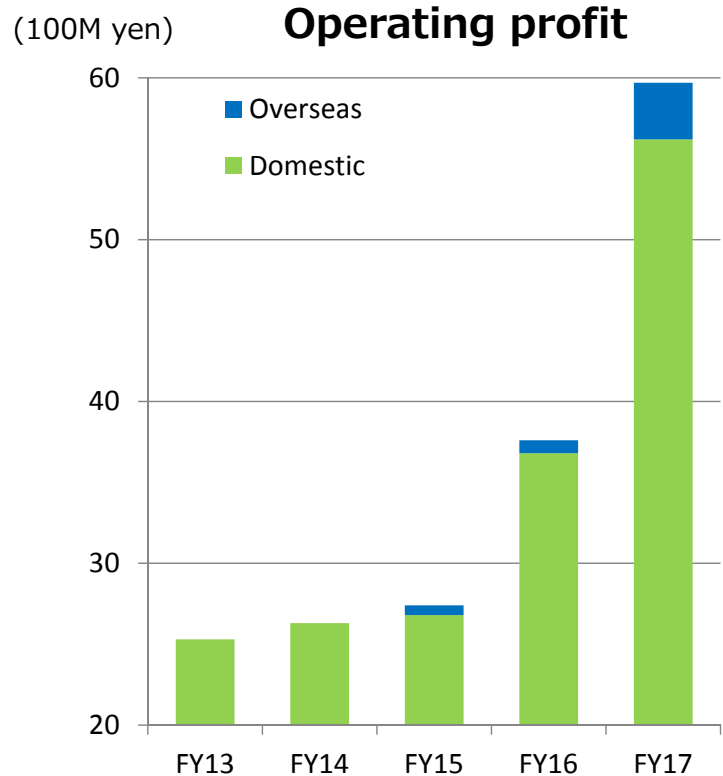
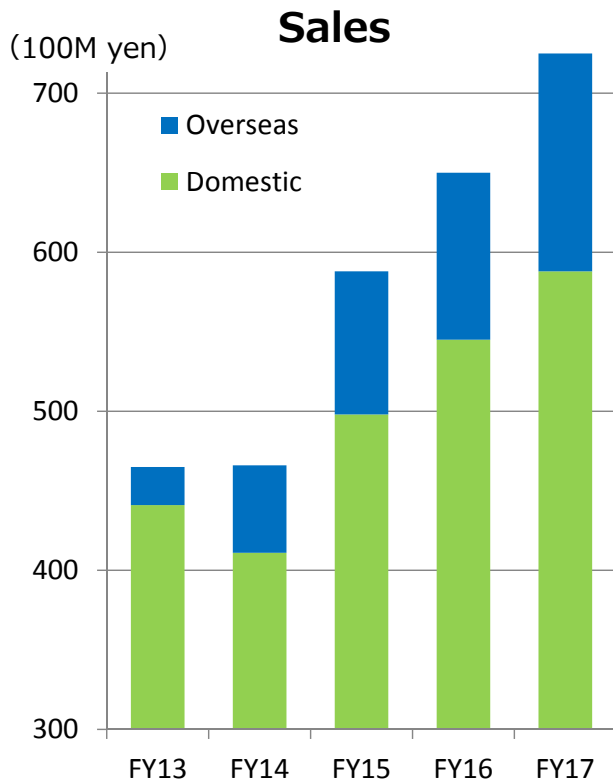
I . Review (FY 2014 - 2017)

1) Number of Outlets



2) Sales and Profit

Sales and profits increased for four consecutive terms



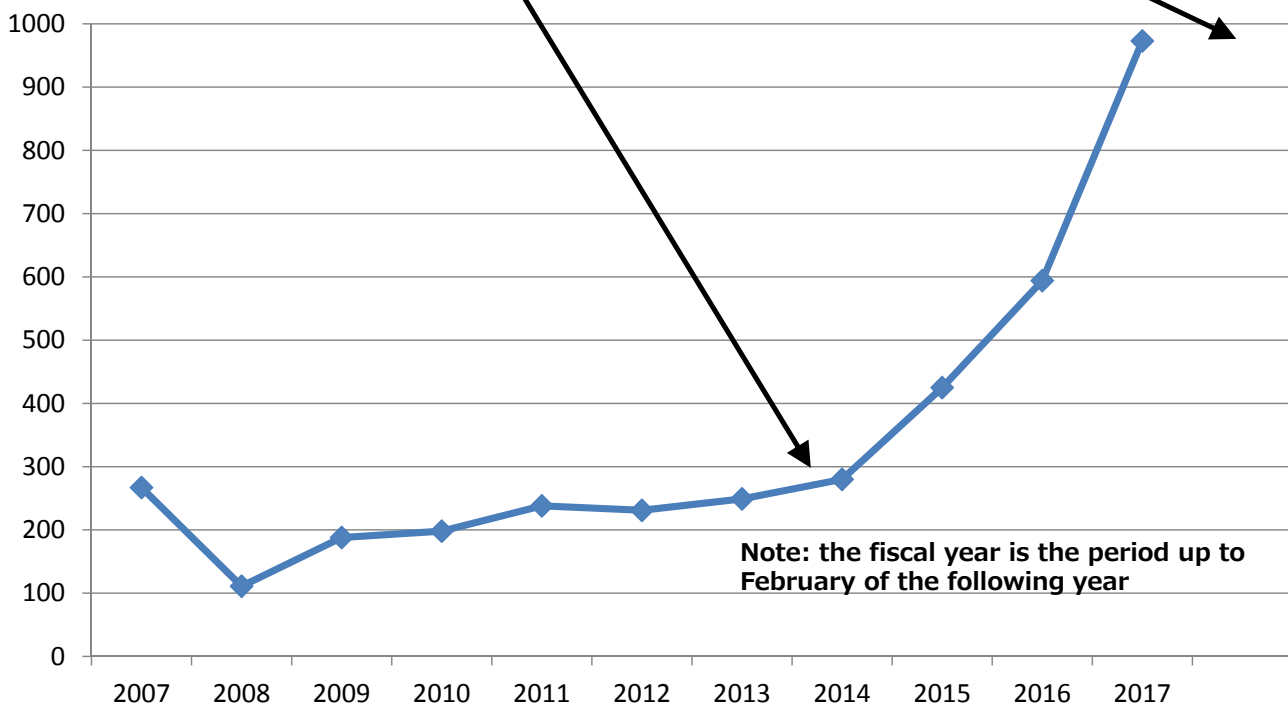
Note: the fiscal year is the period up to February of the following year

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3) Market Capitalization

3.9x increase

(100M yen) **24.9B yen at the end of FY13 -> 97.3B yen at the end of FY17**



Note: the fiscal year is the period up to February of the following year

4) No. 1 Amusement Facility Operator

Rank	Company name	Sales result (FY2016)
1	AEON Fantasy	65.0B yen
2	Company A	47.2B yen
3	Company B	40.5B yen
4	Company C	37.2B yen
5	Company D	14.1B yen
6	Company E	13.3B yen

*The sales for each company is the amusement facility revenue calculated on a consolidated basis including overseas business

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5) Expansion in Overseas Business

Expansion of business area

Network of 389 outlets in 7 countries

June 2014
Entered
Cambodia



December 2017
Established
direct management
in Vietnam



November 2014
Entered
Indonesia



May 2015
Entered the
Philippines



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6) New Business Category Development

Expanding new business categories



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7) Summary

	FY13		FY17	Compared to FY13
Sales	46.5B yen	➡	72.1B yen	1.6x
Operating profit	2.5B yen		5.9B yen	2.4x
Number of outlets	437 outlets		848 outlets	1.9x
Market cap	24.9B yen		97.3B yen	3.9x

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II. Our Target

II - 1 Vision

**Family entertainment company that
"makes families smile" and provides
"relaxation" and "healthy growth for
children" through play**

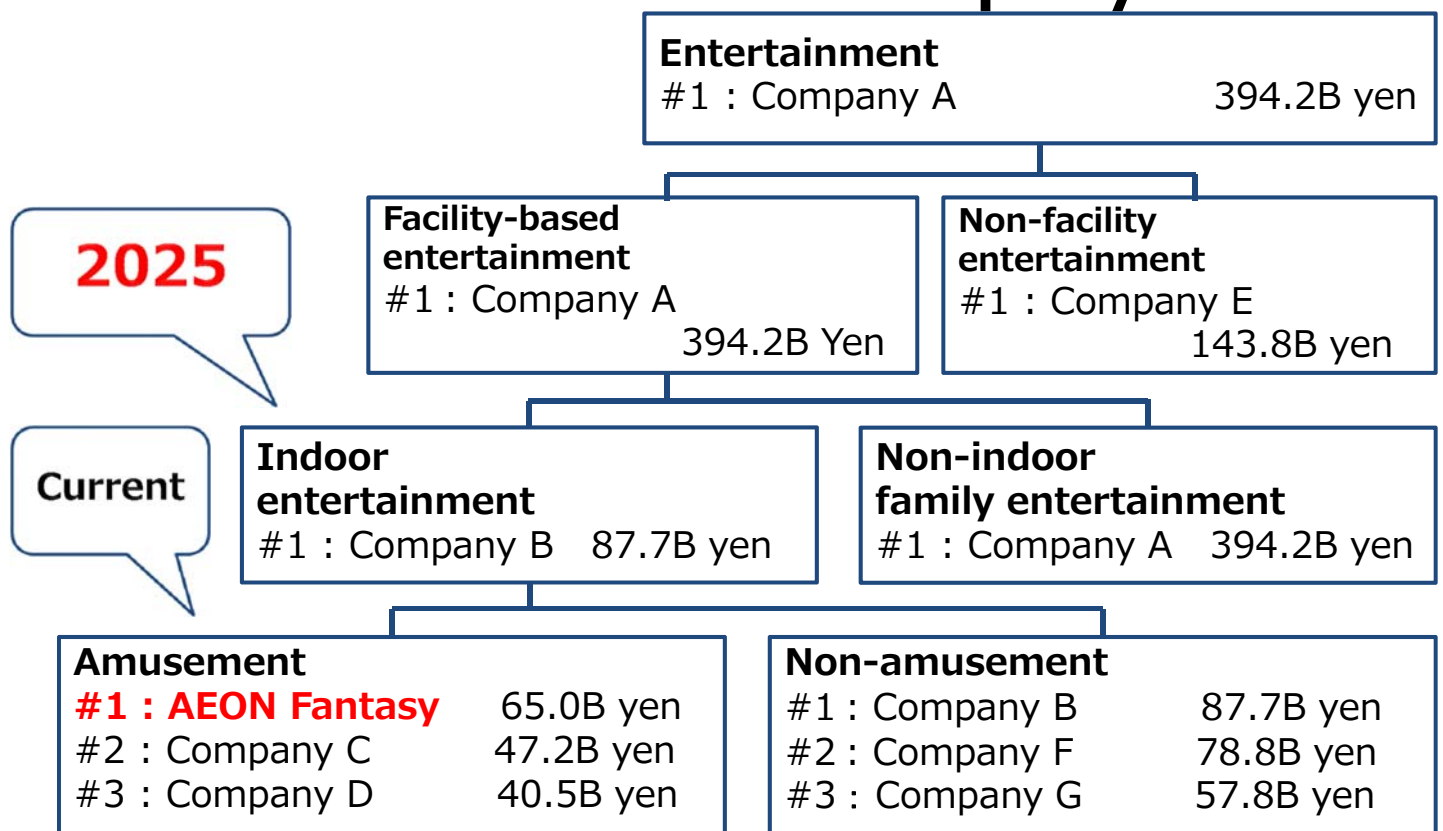
Asia's No. 1 Indoor family entertainment company

Operating revenue: 250B yen
Operating profit: 20B yen

Become the No. 1 company in Asia in the indoor entertainment field

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Aim to Become Asia's No. 1 Entertainment Company

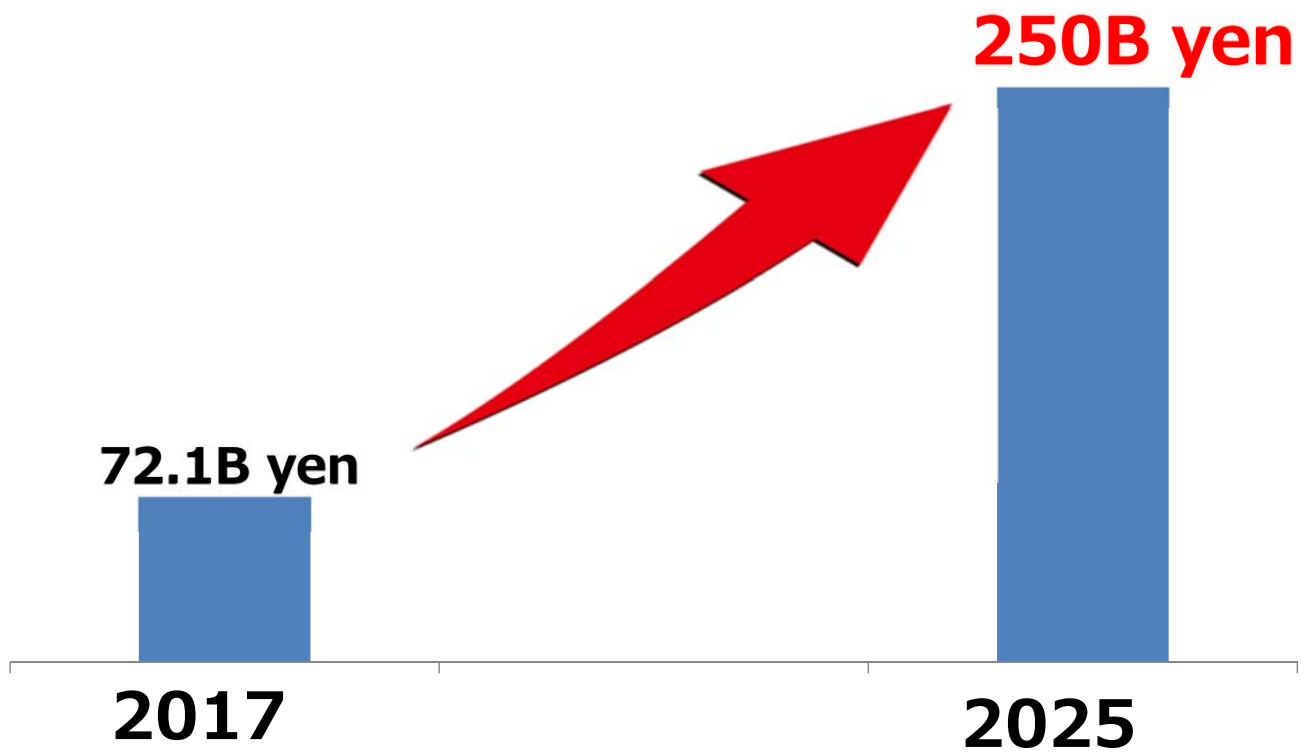


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II. AEON Fantasy Corporate Vision



Increase sales by **3.5x**

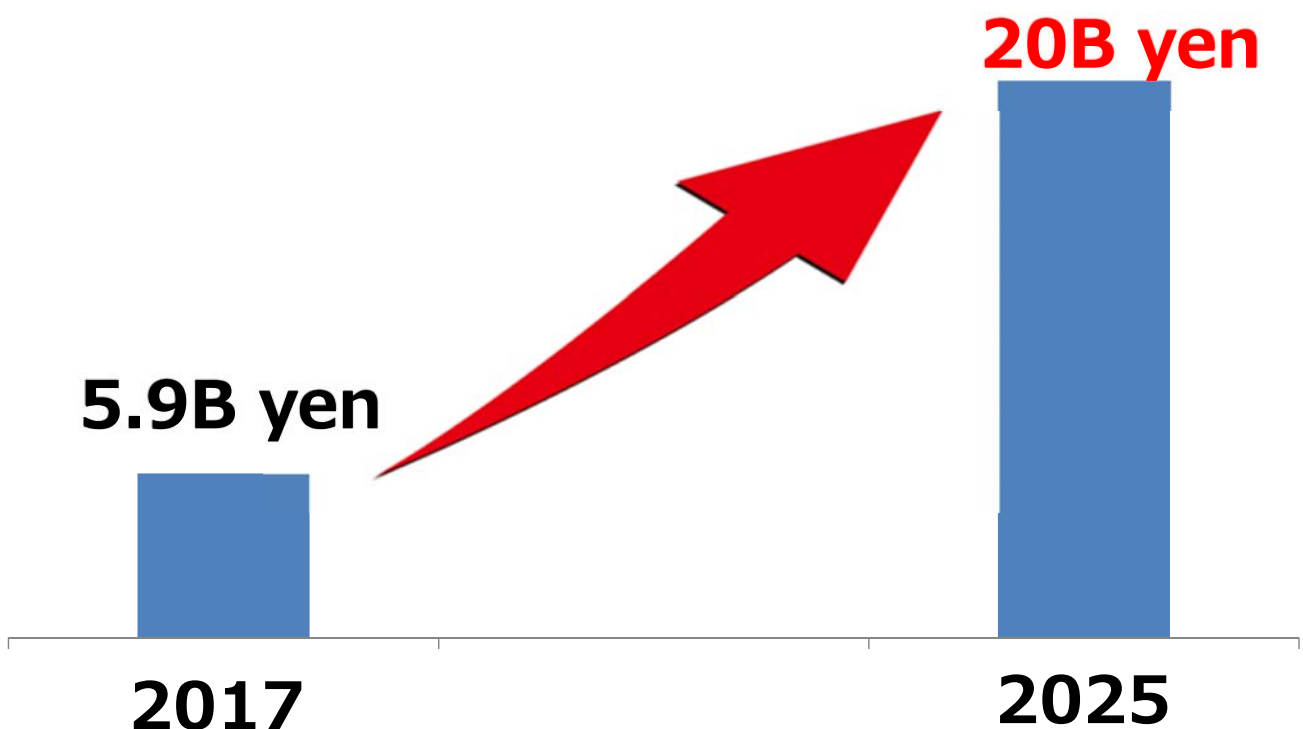


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II. AEON Fantasy Corporate Vision



Increase operating profit by **3.4x**



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II. AEON Fantasy Corporate Vision



Increase the overseas sales ratio to **50%**

Overseas **19%**



2017
Overseas 13.7B yen



2025
Overseas 125B yen

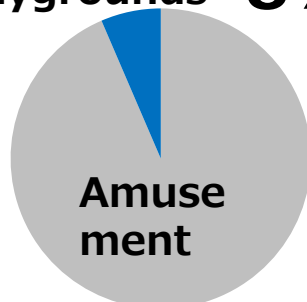
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II. AEON Fantasy Corporate Vision



Increase the ratio of the indoor playground business to **50%**

Indoor
playgrounds **8%**



2017
Indoor playgrounds
5.7B yen



2025
Indoor playgrounds
125B yen

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III. Three-Year Medium Term Objectives

Basic Strategy

**Provide customers with a branded space that is safe and secure
to enjoy fun play from around the world and our newly created forms of play**

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Example of Applying the Basic Strategy: Philippines Uptown Outlet



Imagination Ground (made in the US)



Ball Pit (made in Thailand)
[AEON Fantasy original](#)



Air Slider (made in China)
[AEON Fantasy original](#)



Make Believe Town (made in Philippines)
[AEON Fantasy original](#)



Cyber Wheel (made in China)



Toy Corner
(made in Denmark, Italy)



Aeon Fantasy
kidzooona
キッズーナ



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- 1. Expand the products that can't be imitated by other companies**
 - 2. Promote the branding**
 - 3. Evolution and expansion of the indoor playground business**
 - 4. Accelerate the shift to Asia**
 - 5. Incessant challenges to new initiatives**
-

Reform (1)

Expand the products that can't be imitated by other companies

Reform (1) Expand the Products That Can't Be Imitated by Other Companies

Introduce “fun play from around the world” and “our newly created forms of play” at **low prices** and with **exclusivity** backed by an overwhelming number of outlets

<Original playground equipment sales distribution ratio>

	17 FY	18 FY	19 FY	20 FY
Domestic	33%	35%	37%	39%
Overseas	40%	43%	45%	46%
Total	34%	36%	38%	40%

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Reform (1) Expand the Products That Can't Be Imitated by Other Companies

Exclusively procure game machines and prizes at low prices

<Game machines>

Machine unit price 58% OFF



Machine unit price 21% OFF



Machine unit price 28% OFF



Examples

<Prizes>

Movie collaboration products



Group collaboration products



Confectionery manufacturer collaboration products



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Reform (1) Expand the Products That Can't Be Imitated by Other Companies

Example

Developed **the world's first** VR game machines geared toward children jointly with **GREE**



Introduced a total of 900 VR game machines in 3 models at 300 outlets, of which 200 in Japan, 100 in China

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Reform (1) Expand the Products That Can't Be Imitated by Other Companies

Example

Yokubari Pass, allowing for fixed-price unlimited play for a fixed time

Introduced at **200 outlets**



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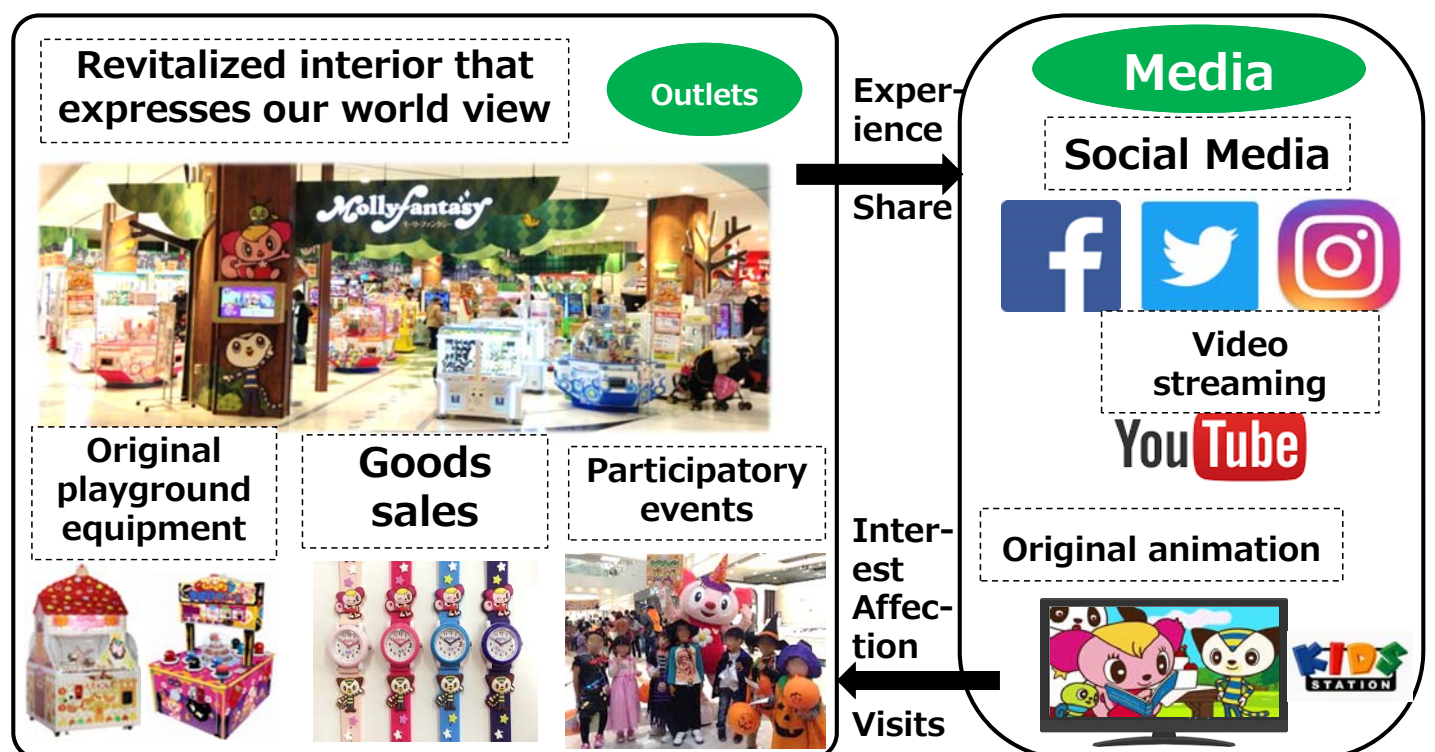
Reform (2)

Branding Promotion

Reform (2) Branding Promotion



Build characters and outlet brands, and popularize them through in-outlet experiences and media



◆ Expanded promotions on YouTube

Princess Hime Suite
2.8 million views

Orutana Channel
1.4 million views

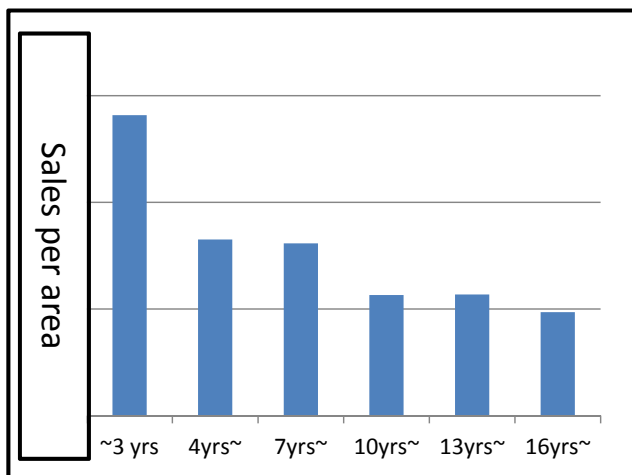


Over 90 million views in FY 2017

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Reform (2) Branding Promotion

Promote outlet revitalization and improve outlet freshness



Younger outlets have higher sales

Revitalized 42 outlets in FY17

	Post-revitalization comparison with pre-revitalized outlets
Before revitalization	101.8%
After revitalization	115.0%
Difference	+13.2 point improvement

Sales definitely improved by revitalization

Remodel 36 or more outlets per year, to maintain and improve outlet freshness

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Reform (3)

Evolution and Expansion of the Indoor Playground Business

Reform (3) Evolution and Expansion of the Indoor Playground Business



Edu-tainment

Improving the “basic fitness of hearts and bodies”

Aeon Fantasy
kidzooona
キッズーナ



SKIDS GARDEN
スキッズガーデン



Theme-based

Evolutionary theme-based playground



東京こども区
こどもの湯
～史上最大級のボールプール温泉～



Expand the current 6 business categories and 231 outlets for further evolution and expansion

"Evolution" Example (1)

"FANPEKKA" theme-based playground



A Finnish town cast under a magical spell becomes a playground



Currently 12 outlets, increasing to **40 outlets** in 2020

FANPEKKA

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「"Evolution" Example (2)

Establish a new business category using famous characters

Let's play with NHK characters "Nikohapi kidz"



Opened the first facility in 2017
→ Promote opening more facilities

Outlets with a new business category



Plan in progress

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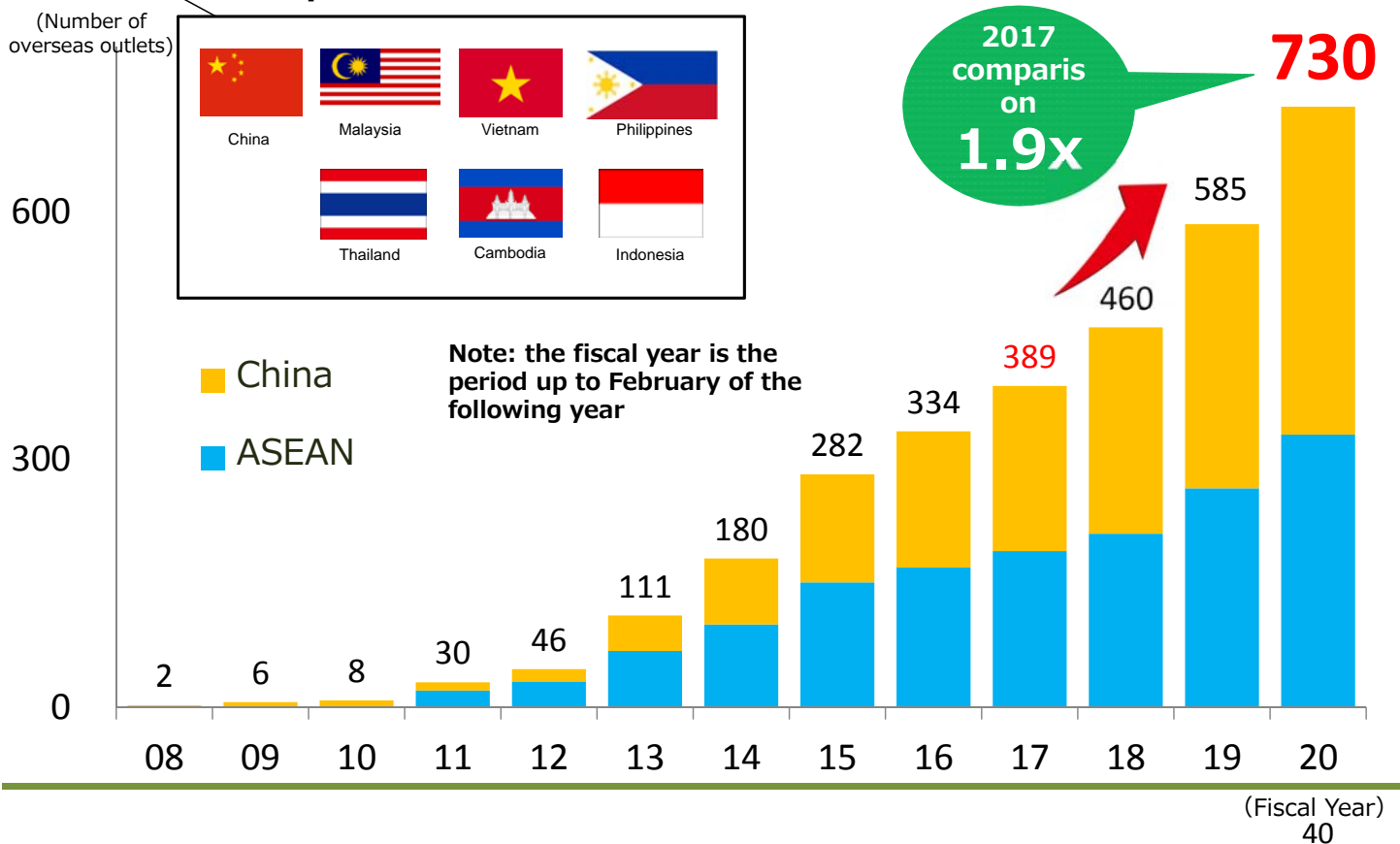
Reform (4)

Accelerate the expansion in Asia

Reform (4) Accelerate the expansion in Asia

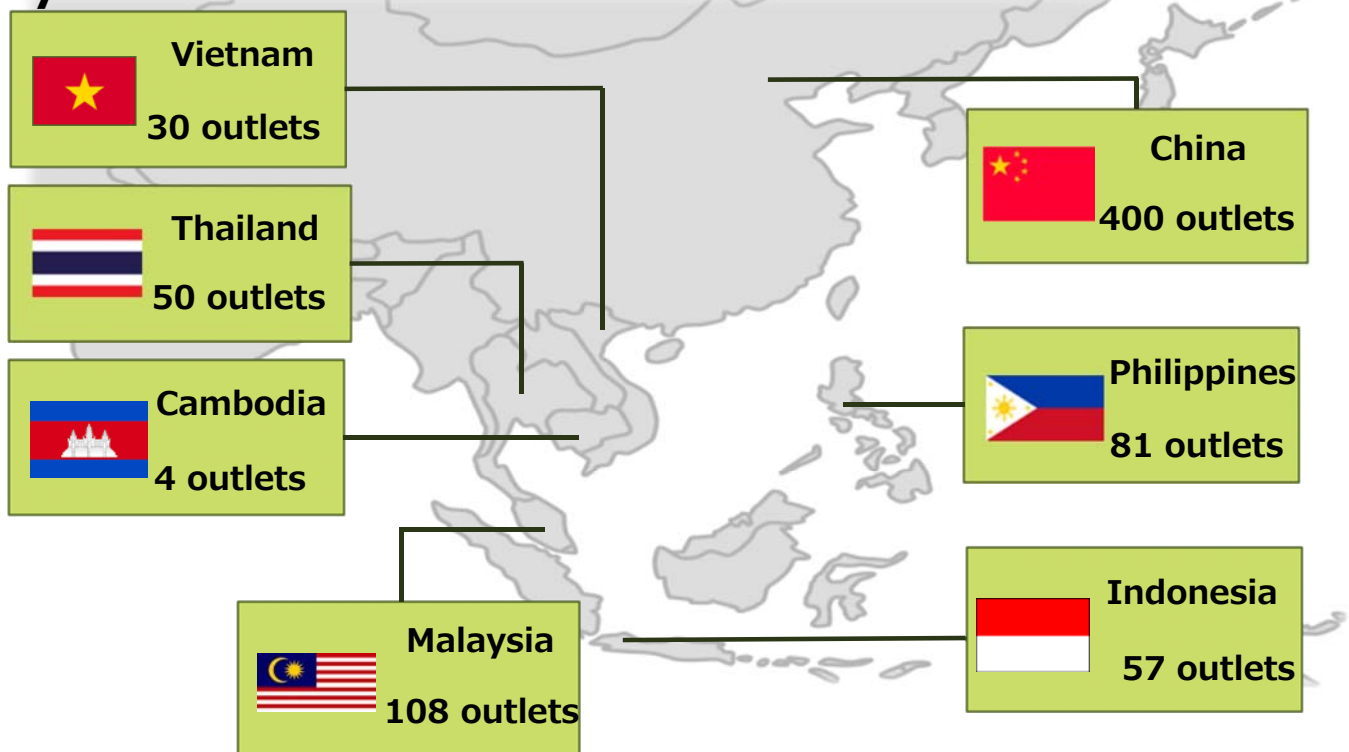


Overwhelmingly dominant expansion in the countries we have already entered and expansion into new countries



Reform (4) Accelerate the expansion in Asia

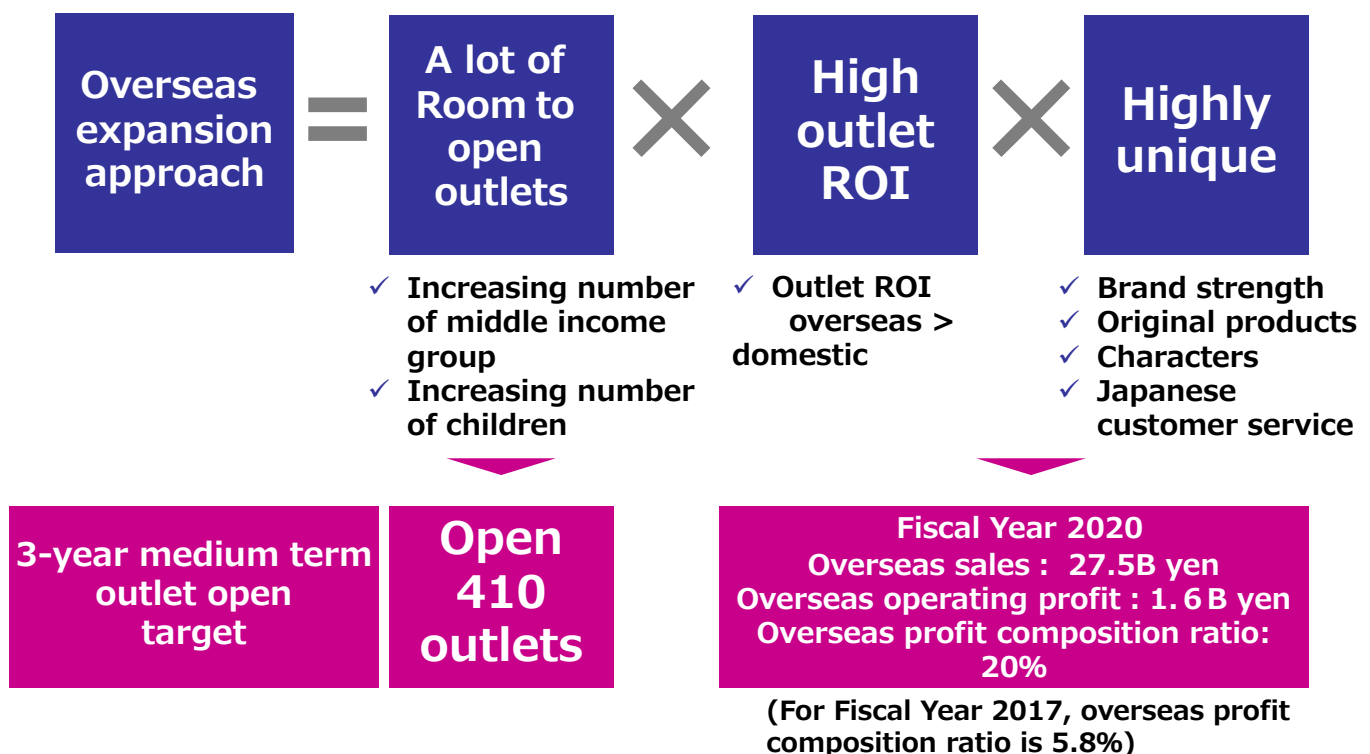
Plan to increase up to a total of **730 overseas outlets** by the end of 2020



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Reform (4) Accelerate the expansion in Asia

[Accelerate overseas expansion which has a high ROI]

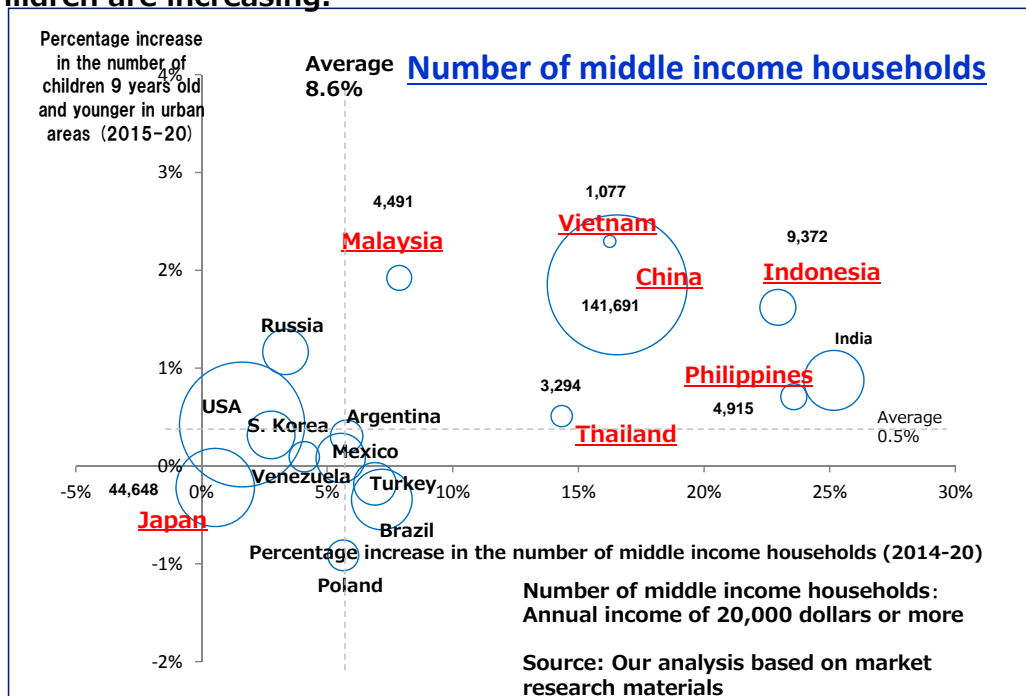


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Reform (4) Accelerate the expansion in Asia

[Overseas latent market potential analysis: number of middle income households]

- We are expanding into countries with a high latent market potential where the number of middle income households and children are increasing.



Note: the size of the circle indicates the number of households (units: 1m households)

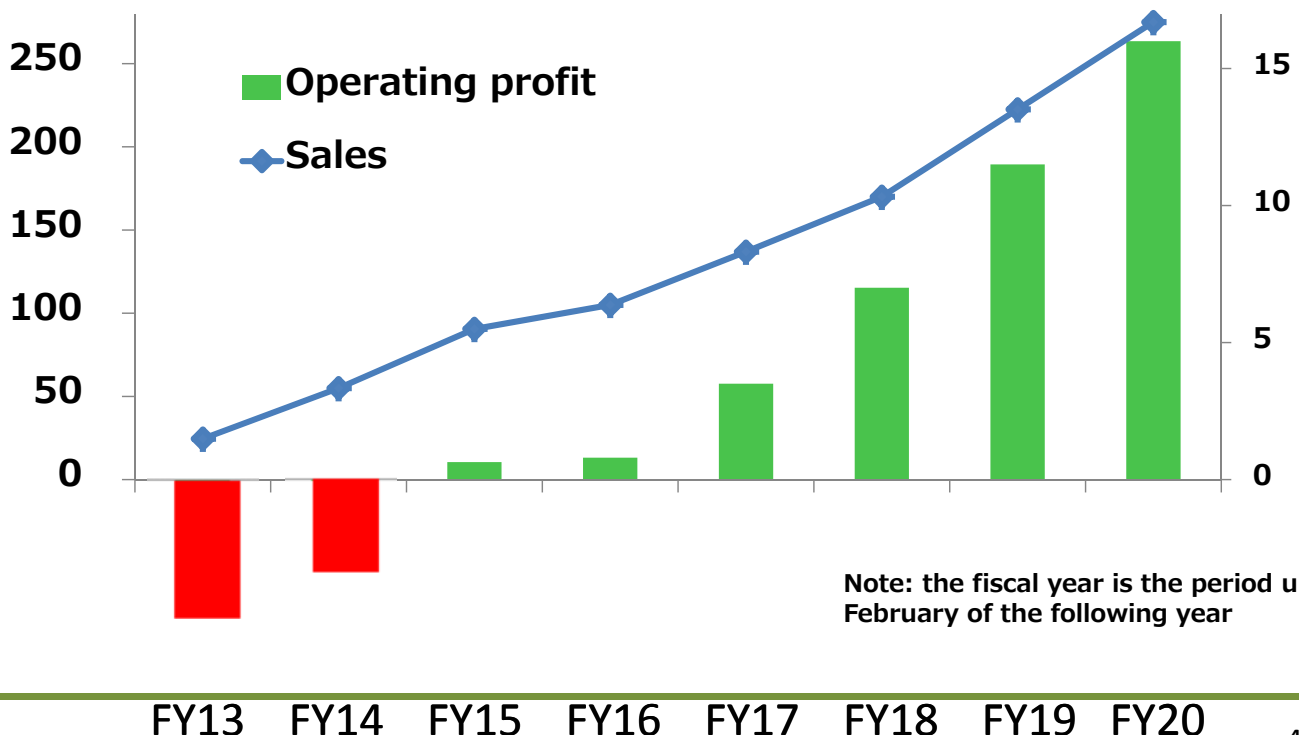
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Reform (4) Accelerate the expansion in Asia

Aim to increase overseas business **sales and profits for 7 consecutive periods** Sales of 27.5B yen and operating profit of 1.6B yen in FY20

(Sales: 100M yen)

(Operating profit: 100M yen)



Note: the fiscal year is the period up to February of the following year

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Reform (5)

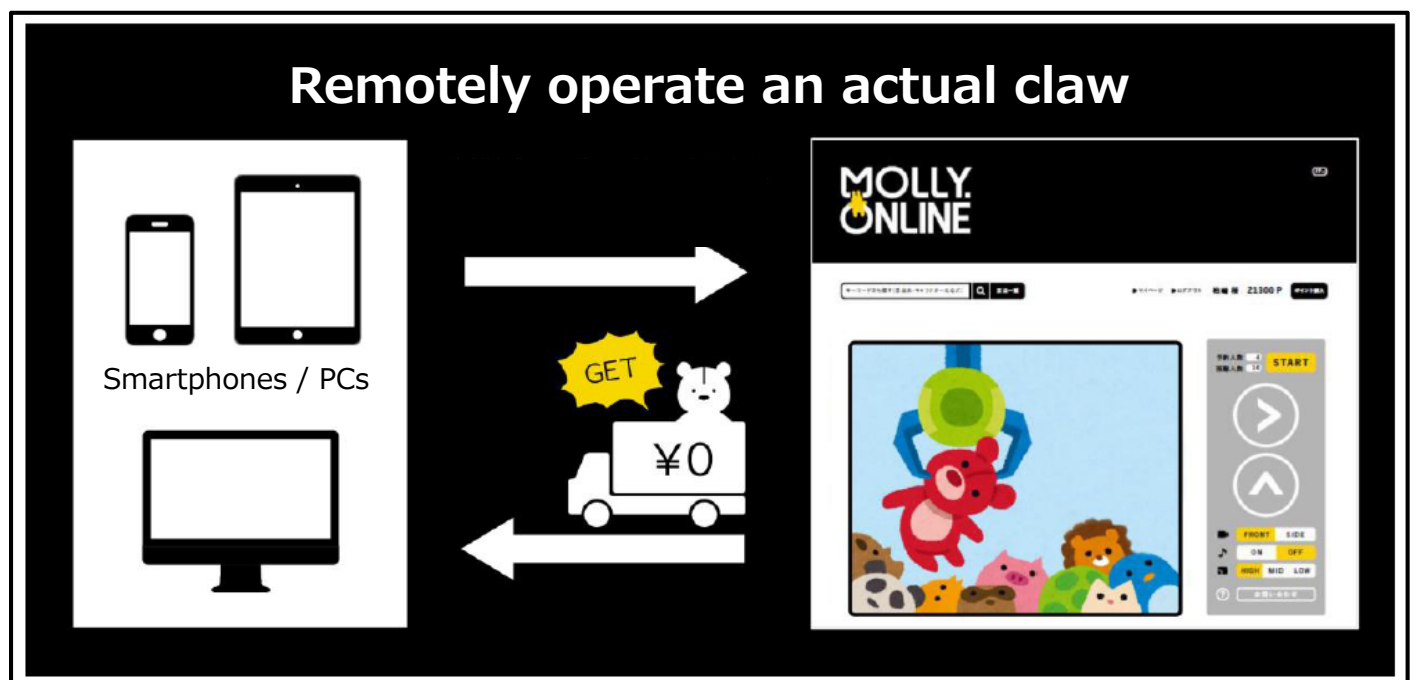
Incessant challenges to new initiatives

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Reform (5) New initiative (1)



Entered the online claw game business
from the spring of 2018



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Reform (5) New initiative (2)

Entered the hot bath business in the spring of 2018
(Aiming to be the No. 1 in the industry with the market size of 310B yen)



IV. Numerical Plan

Numerical Plan Overview



(Units: 1M yen)

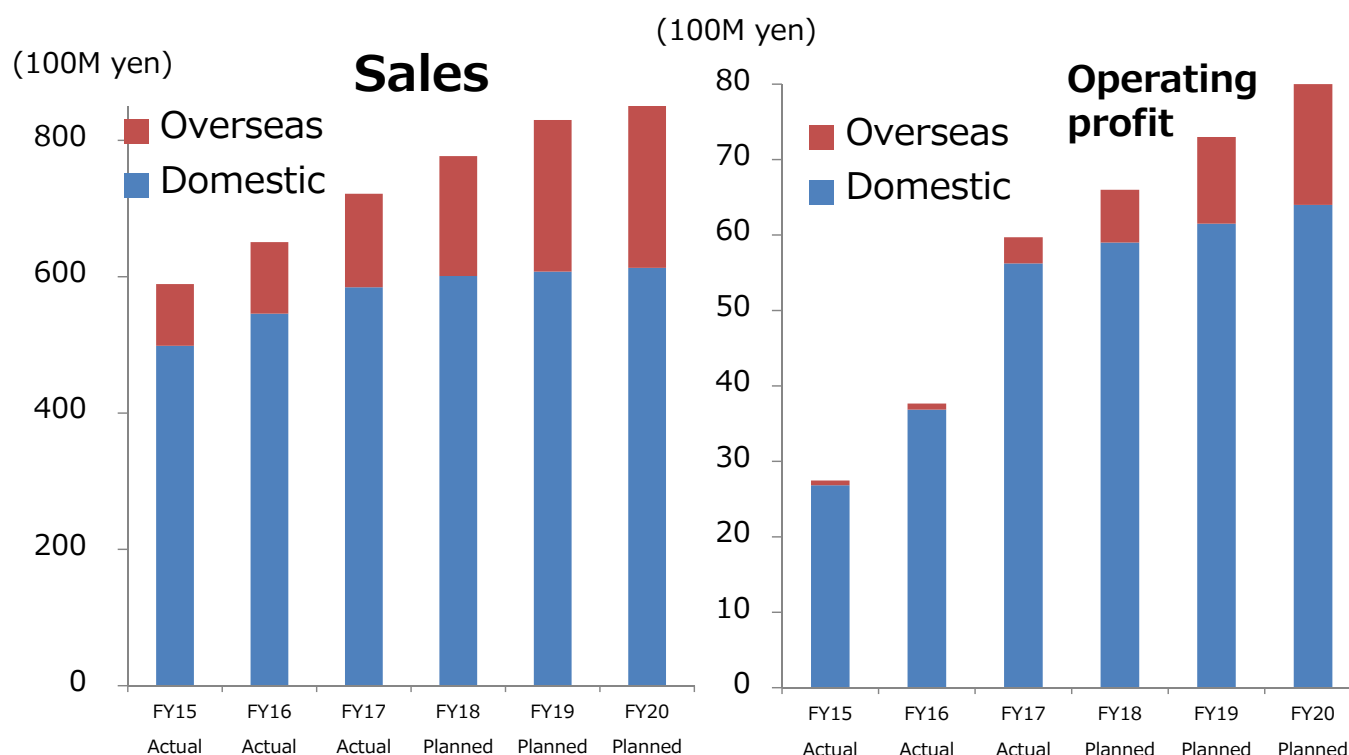
	2018/2nd term	2019/2nd term	2020/2nd term	2021/2nd term	2018/2nd term comparison
	Results	Planned	Planned	Planned	
Sales	72,174	77,700	83,000	88,800	123.0%
Operating profit	5,970	6,600	7,300	8,000	134.0%
Ordinary profit	5,598	6,000	6,600	7,200	128.6%
Current net profit attributable to parent company shareholders	2,986	3,300	3,700	4,200	140.7%
Ratio of operating profit to sales	8.3%	8.5%	8.8%	9.0%	—
ROE	11.1%	11.3%	11.7%	12.2%	—
Number of outlets opened	86	110	150	180	—
Number of outlets	848	920	1,050	1,200	141.5%

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Sales and Operating Profit Trends



FY2020 : Sales 88.8B yen, Operating profit 8B yen planned



Note: the fiscal year is the period up to February of the following year

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Segment Sales and Operating Profit



■ Sales

(Units: 1M yen)

	2018/2nd term	2019/2nd term	2020/2nd term	2021/2nd term	2018/2nd term comparison
	Actual	Planned	Planned	Planned	
Domestic	58,819	60,600	61,500	62,100	105.6%
Overseas	13,728	17,600	22,250	27,500	200.3%
Consolidated total	72,174	77,700	83,000	88,800	123.0%

[Existing outlet hypothesis]: Domestic 100% ~ 102%, overseas 104% ~ 105%

■ Operating profit

(Units: 1M yen)

	2018/2nd term	2019/2nd term	2020/2nd term	2021/2nd term	2018/2nd term comparison
	Actual	Planned	Planned	Planned	
Domestic	5,628	5,900	6,150	6,400	113.7%
Overseas	346	700	1,150	1,600	462.4%
Consolidated total	5,972	6,600	7,300	8,000	134.0%

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Outlet Opening Plan, Number of Outlets



■ Number of outlet openings

	2018/2nd term	2019/2nd term	2020/2nd term	2021/2nd term	2019/2nd term ~ 2021/2nd term
	Actual	Planned	Planned	Planned	Total
Domestic	8	10	10	10	30
Overseas	78	100	140	170	410
Consolidated total	86	110	150	180	440

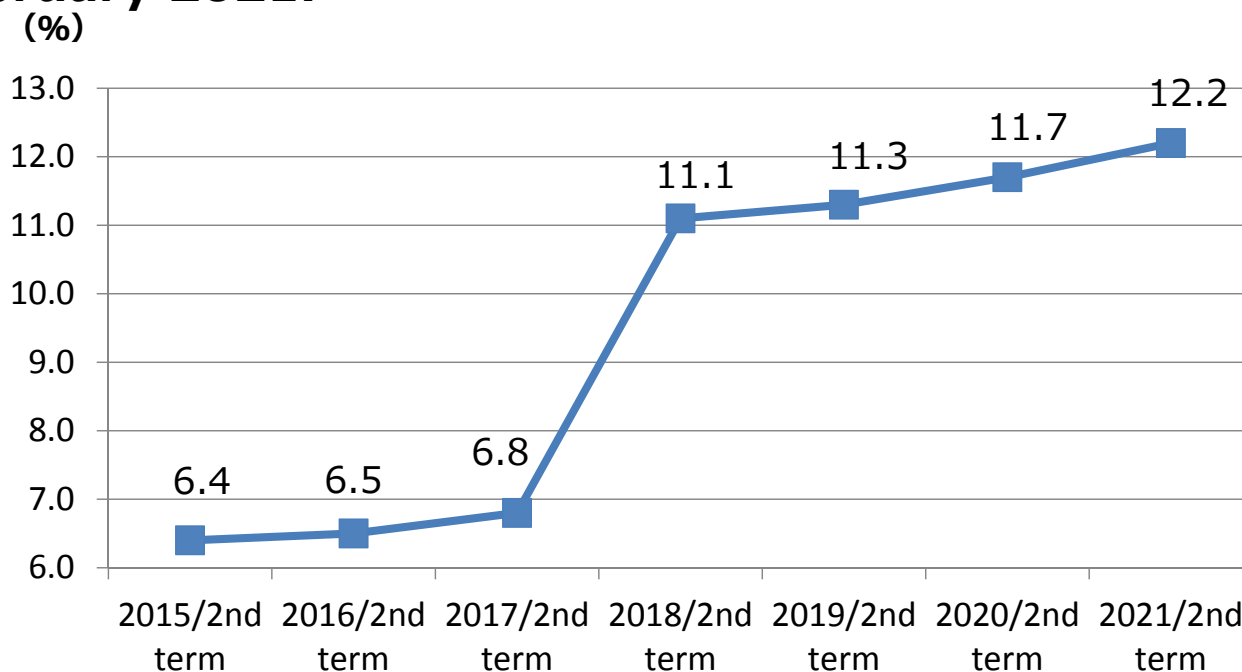
■ Number of outlets

	2018/2nd term	2019/2nd term	2020/2nd term	2021/2nd term	2018/2nd term comparison
	Actual	Planned	Planned	Planned	
Domestic	459	460	465	470	102.4%
Overseas	389	460	585	730	187.7%
Consolidated total	848	920	1,050	1,200	141.5%

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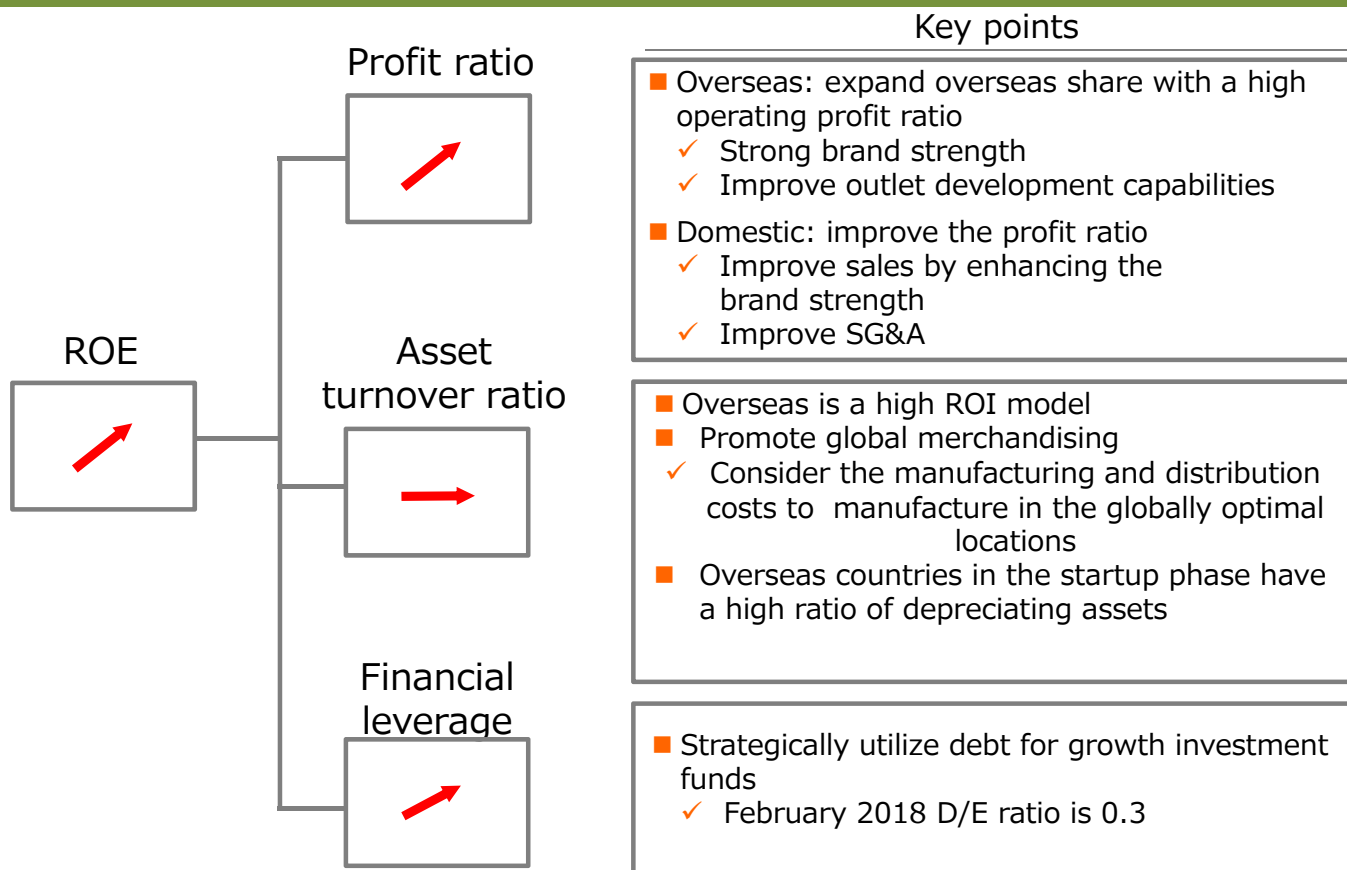
ROE Trends

ROE will increase to 12.2% by the fiscal year ending in February 2021.



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ROE Strategy Within the Growth Strategy



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Profit Sharing with Shareholders



[Dividend policy]

Based on a comprehensive consideration of the enhancement of the internal reserves, business results and payout ratio premised on the stable distribution of profit to the shareholders, dividends will be paid out.

(Units: yen)

Dividend per share

