Business Segment IR Meeting

Mitsubishi Corporation
Living Essentials Group
Retail Div.
1. Retail Div. Overview

2. Explanation of the main businesses
The Retail Division’s Mission

- Contribute to the sustainable, qualitative growth of Japan by building distribution platforms

- Bring outstanding brands and business models created in Japan to overseas consumers to exceed their expectations
Aim to solve various social problems such as low birth rate, graying population, labor shortages, and weakening foundations for daily life in regional areas outside major urban centers;

- **Expand contact with consumers** by fully utilizing our network of brick-and-mortar stores as well as our loyalty point and payment platforms to provide consumers with environments that enable seamless, convenient and enjoyable shopping in person and online and help realize an efficient consumer society.

- **Strive to create new retail businesses**
Retail Division Organization

Retail Division
Division COO: Kazunori Nishio

Strategy & Planning Office
General manager: Satoshi Yahagi
Management support for the Retail Division; Planning of strategy, new projects and inter-department projects for the Retail Division

Digital Retail Innovation Office
General manager: Satoshi Yahagi
(Concurrently)
Collecting intelligence on cutting-edge technologies and business models in the retail sector; New business development utilizing such intelligence

Food Retail Dept.
General manager: Shigeru Minematsu
Planning and execution of retail businesses, including convenience store (CVS) and supermarket businesses

Apparel Dept.
General manager: Shigeru Murata
Product supply and retail business planning and execution in the fields of clothing, household goods and footwear

S.P.A. Manufacturing Dept.
General manager: Tetsuya Yamada
Clothing product supply and raw material procurement and supply for major SPA* companies; Planning and execution of clothing and other retail businesses

Retail Support Dept.
General manager: Hiroya Nishimura
Sales promotion support business aimed at reinforcing retail support functions in areas related to data marketing and loyalty point and payment systems

CVS Strategy & Administration Team
CVS Development Team
Chain Store Team
Retail Operation Support Team
Fashion Apparel Team
Consumer Products Team
S.P.A. Manufacturing Team
S.P.A. Development Team
Retail Team
Marketing Team
Consumer Service Team

* SPA: Specialty store retailer of private label apparel
The Retail Division’s Business and Main Operating Companies

**Japan**

**Food Retail Dept.**
- CVS/SM business
- Home meal replacement business
- Planning/Marketing

**Retail Support Dept.**
- Data marketing; Customer points service,
  Payment-related business
- Content/sales promotion support

**Digital Retail Development Office**
- Intelligence on cutting-edge technologies
- New business development

**Apparel Dept.**
- Product supply for SPA companies
- Product planning/branding
- Overseas business development

**S.P.A. Manufacturing Dept.**
- OEM for SPA companies
- SPA business support
- Overseas business development

**Overseas**

**Lawson**
- CVS

**Life Corporation**
- Supermarkets

**MC Data Plus**
- Cloud service, data analytics

**Transaction Media Networks**
- Electronic payment and peripheral business

**Loyalty Marketing**
- Customer points service

**d-rights**
- Content and sales promotion support

**Lawson overseas**

**Acasia Foods Co., Ltd.**
- Food courts

**Overseas customer points service**

**Content management**

**MUJI EUROPE HOLDINGS**
- Clothing and household goods sales

**MUJI U.S.A.**
- Clothing and household goods sales

**THAI KURABO**
- Spinning and weaving

**UNIQLO (THAILAND)**
- Clothing sales

**PT. FAST RETAILING INDONESIA**
- Clothing sales

**Limited Liability Company UNIQLO (RUS)**
- Clothing sales
Position of the Retail Division within the Living Essentials Group and Main Operating Companies

Raw material procurement and processing

- CERMAQ: Salmon & trout
- OLAM: Coffee, cacao, etc.
- Indiana Packers: Meat
- Ipanema: Coffee
- Nosan: Livestock feed
- Nitto Fuji Flour Milling: Flour milling
- Nihon Shokuhin Kako: Starch
- Japan Farm: Meat

Product manufacturing

- Itoham Yonekyu Holdings: Meat
- Kanro: Confectionary
- Art Coffee: Coffee
- Salad Club: Vegetables
- THAI KURABO: Spinning and weaving
- Sanyo Foods: Marine products

Retail/Service

- MC Data Plus: Cloud service, Data analytics
- Loyalty Marketing: Customer points, service
- d-rights: Content and sales promotion support
- Transaction Media Networks: Electronic payment and peripheral business
- Lawson: CVS
- Life Corporation: Supermarkets
- Acasia Foods Co., Ltd.: Food courts
- UNIQLO (THAILAND): Clothing sales
- PT. FAST RETAILING INDONESIA: Clothing sales
- Limited Liability Company: UNIQLO (RUS): Clothing sales
- MUJI EUROPE HOLDINGS: Clothing and household goods sales
- MUJI U.S.A.: Clothing and household goods sales
- Mitsubishi Corporation Fashion: Apparel OEM

Consumers

with diverse needs, depending on region, affiliation, etc.

Intermediate distribution

- Mitsubishi Shokuhin: Food
- Mitsubishi Shoji Packaging: Paper, packaging
- Toyo Reizo: Marine products
- Foodlink: Meat
Agenda

1. Retail Div. Overview

2. Explanation of the main businesses
Convenience Store Business—Lawson

- Lawson Inc., boasting 14,000 stores, will be the core of the consumer-focused value creation model that MC’s Living Essentials Group is working to create.
- Convenience stores are becoming an essential part of Japan’s social infrastructure. MC will make full use of its collective capabilities and functions to support Lawson’s growth on all fronts, and at the same time, work to respond to the changing consumer market and solve social issues. MC currently have more than 50 people dispatched to Lawson.

Consumer value creation centered around Lawson

Building a consumer-focused value creation model

- Deepening our business model from a consumer-first perspective

- Supplying products and services to customers
- Product & service development
- Consumer needs

- Precise analysis of consumers’ hidden needs and understanding of challenges
- Develop products and services that contribute to better living
- Solve social issues
- Realize ongoing local development
- Implement consumer-focused Japanese business models overseas

Establishing broader contact with customers is essential

Social issues
- Low birth rate, graying population
- Labor shortages
- Logistics system struggling to meet needs
- Weakening foundations for daily life in regional areas
- Lack of access to retail outlets

Changes in consumer markets
- Rise of massive, dominant platforms
- Rapid evolution of technology
- Growth in drug stores
- Diversifying tastes
- Shift from owning to sharing
- Falling domestic demand
- Low birth rate, graying population
- Labor shortages
- Logistics system struggling to meet needs
- Weakening foundations for daily life in regional areas
- Lack of access to retail outlets

etc.
Supermarket Business—Life

• Provide supermarkets—important centers of Japan’s food culture—with systematic, commercialized functions that utilize the MC Group’s resources and thereby help bring vitality to local communities.
• Life Corporation is Japan’s leading supermarket chain (non-consolidated basis). MC provides multifaceted support for Life, including data analysis, marketing and product procurement. We have also dispatched three people, including director-class managers, to Life.

Supporting Japan’s food culture while helping bring vitality to local communities

Supporting Japan’s food culture while helping bring vitality to local communities

Stores are center stage!
Realizing a unique Life brand that suits local customers

Invest in people
Invest in stores
Invest in products

Life’s strengths
Online supermarket strategy
Card strategy

Strategies that support the unique Life Brand
Management support, infrastructure strategy, etc.

Penetration, development and ongoing initiatives

Basic Policy of the 6th Four-Year Medium-Term Plan: To Fiscal 2021
Aim to be a business that is trusted by customers, society and employees and to be Japan’s leading supermarket in both name and substance with ¥800 billion in annual net sales and ¥20 billion in ordinary income.

Sales: ¥677.7 billion
Stores: 264
Consolidated net income: ¥12.6 billion
Capital: ¥100.04 billion
Top shareholder: Mitsubishi Corporation (22.4%)
Big Data Analytics—Loyalty Marketing, TMN, MC Data Plus

- Support retail using point, consumption and payment data.
- Building new distribution platforms that leverage point and payment data and working to provide environments that enable seamless, convenient, and enjoyable shopping in person and online.
- Aim to help realize an efficient consumer society.

Next-generation retail initiatives—Building new distribution platforms using point and payment data

- MC entered the customer points service and electronic payment businesses
  - 2008: Established Loyalty Marketing and Transaction Media Networks

Members: 87.12 million
(as of May 31, 2018)
Participating companies: 122
(as of June 1, 2018)
Major partners: Lawson, Showa Shell, Recruit, Himaraya, KFC Holdings Japan, Route Inn, Japan Airlines, Takashimaya, Urban Renaissance Agency, Albis, Nishimuta, etc.

Data analysis cloud service launched
Joint data analysis service development with MC Data Plus

Data expansion phase:
2012: Ponta members exceed 5 million

Members: 87.12 million
(as of May 31, 2018)
Participating companies: 122
(as of June 1, 2018)
Major partners: Lawson, Showa Shell, Recruit, Himaraya, KFC Holdings Japan, Route Inn, Japan Airlines, Takashimaya, Urban Renaissance Agency, Albis, Nishimuta, etc.

Shareholders: MC (40.47%), Toyota Financial Services, NTT DoCoMo, NTT DATA, JCB, Sumitomo Mitsui Card, UC Card, Toyota Finance, Internet Initiative, Dai Nippon Printing

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Initiatives with Global SPA Companies

- Reinforce SCM with global SPA companies through product procurement from global manufacturing bases and the provision of functions.
- Dispatching personnel developed through our businesses to advance joint ventures conducted with global SPA companies in Thailand, Indonesia and Russia, where MC can effectively utilize its functions.
Overseas Business—Asia

- Leveraging MC’s overseas network and collective capabilities to advance joint retail businesses with partner companies.
- Providing multifaceted support, including functions like procurement and marketing and the dispatch of high-level managers to local companies.

Uniqlo (Thailand, Indonesia, Russia)

Lawson (China, Thailand, Philippines, Indonesia)

- MC employees dispatched:
  - China: 4
  - Indonesia: 1
  - Philippines: 2
  - Thailand: 2

Loyalty Marketing (Taiwan, Indonesia)

- Ponta point business in Taiwan and Indonesia
- Ponta Global Alliance Cloud international point platform
- Launching service spanning Japan, Indonesia and Malaysia