



YAMAMOTO Ryoichi

President
J. Front Retailing Co., Ltd.

We Will Seek New Challenges toward Dramatic Growth as a Group.

J. Front Retailing Group (the “Group”) has started the FY 2014 to 2016 Medium-term Business Plan in the current fiscal year. Currently the Group tackles two big projects including the redevelopment of Ginza 6-chome District 10 and the rebuilding of the south wing of Matsuzakaya Ueno store. The opening of these locations is aimed for November 2016 and fall 2017, respectively. Therefore, positioning the three years of the medium-term business plan as a very important period for dramatic growth for fiscal year 2017 and beyond, we will dedicate our all strength to addressing the following challenges.

The first is “to drastically enhance competitiveness and profitability as a multi-retailer.”

While further promoting our efforts to establish a new department store model, we will step up initiatives as a multi-retailer involving Parco, StylingLife Holdings and Forest, our newly consolidated subsidiary, and cater to a broad range of customer needs to drastically increase the competitiveness and profitability of the Group. Thereby we will enhance our corporate value and earn funds both in hardware and software toward growth for 2017 and beyond.

The second is to construct the foundation toward the “development of a business model for growth along with local communities.”

The Group has store assets of its core Daimaru and Matsuzakaya department stores, Parco and StylingLife Holdings in a balanced manner in central urban areas throughout Japan as well as prime customer assets. As the population is expected to continue to concentrate in urban areas, we aim to establish dominance in urban areas as a group by effectively using these assets.

The third is “to promote omni-channel retailing that leverages the strengths of real stores.”

Toward the establishment of our own omni-channel model, we will draw more support for the Group mainly at stores in major urban areas and meticulously serve customers by offering products, services and information online and at real stores alike and making ourselves accessible to and from customers seamlessly anytime and anywhere to ensure an advantage over our competitors.

In addition, we will actively pursue mergers and acquisitions and business alliance with external companies to expand the scope of our business as a multi-retailer.

By promoting the foregoing initiatives, we aim to achieve a consolidated operating profit of ¥50 billion in fiscal year 2016, the final year of the medium-term plan. With respect to ROE, we would like to increase it to 5.8% in fiscal year 2016 from 4.8% in fiscal year 2013 to reach our goal of 8%. As for return to shareholders, we will actively pay dividends based on a consolidated dividend payout ratio of at least 30%.

We acknowledge that “people” are the most important management resources to promote these initiatives. We will provide opportunities to challenge for employees and create a system under which those who are willing to take on challenges are recognized, while recruiting people from outside the Group. We will also promote diversity management. In particular, we will beef up efforts to increase the involvement and promotion of women.

At the same time, we will ensure that our business activities thoroughly fulfill compliance requirements and corporate social responsibilities and we aim to develop the Group by contributing to society at large as a fair and reliable company, as well as ensuring legal compliance.

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