



Speedway Acquisition by 7-Eleven, Inc.

July 1, 2021

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President and Representative Director

Seven & i Holdings Co., Ltd.

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— TODAY'S

AGENDA

- 1 Growth history and future opportunity
- 2 Transaction Overview & Synergies
- 3 Financial Forecast



— TODAY'S

AGENDA

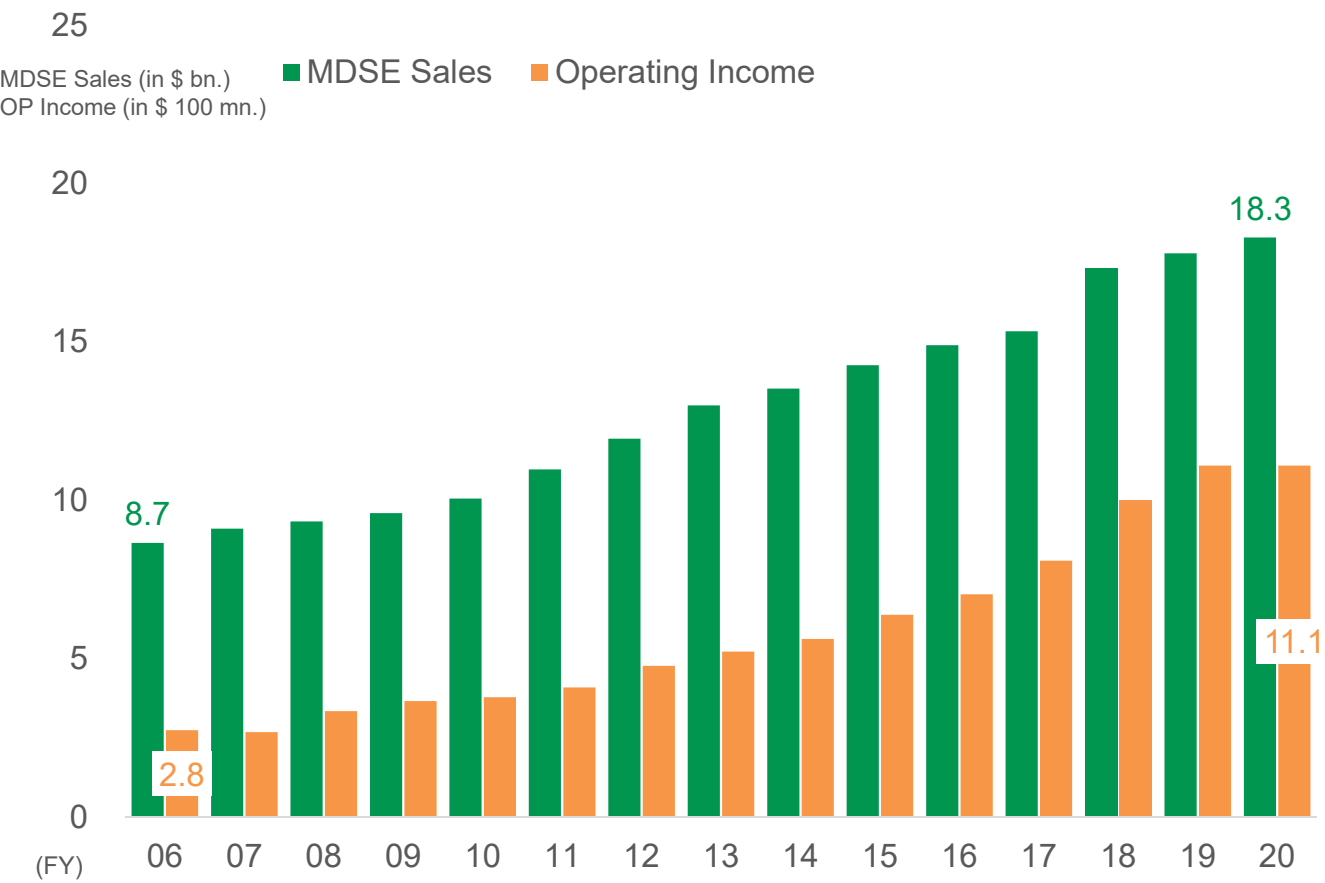
1 **Growth history and future opportunity**

2 Transaction Overview
& Synergies

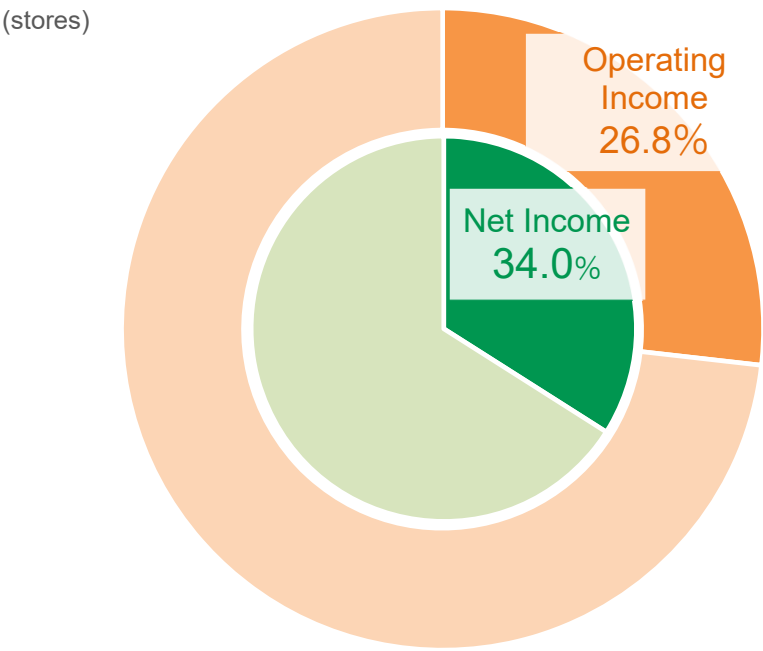
3 Financial Forecast

Business Growth of SEI (1)

Historical MDSE Sales, Operating Income



Contribution for Consolidated Figures (FY 2020)

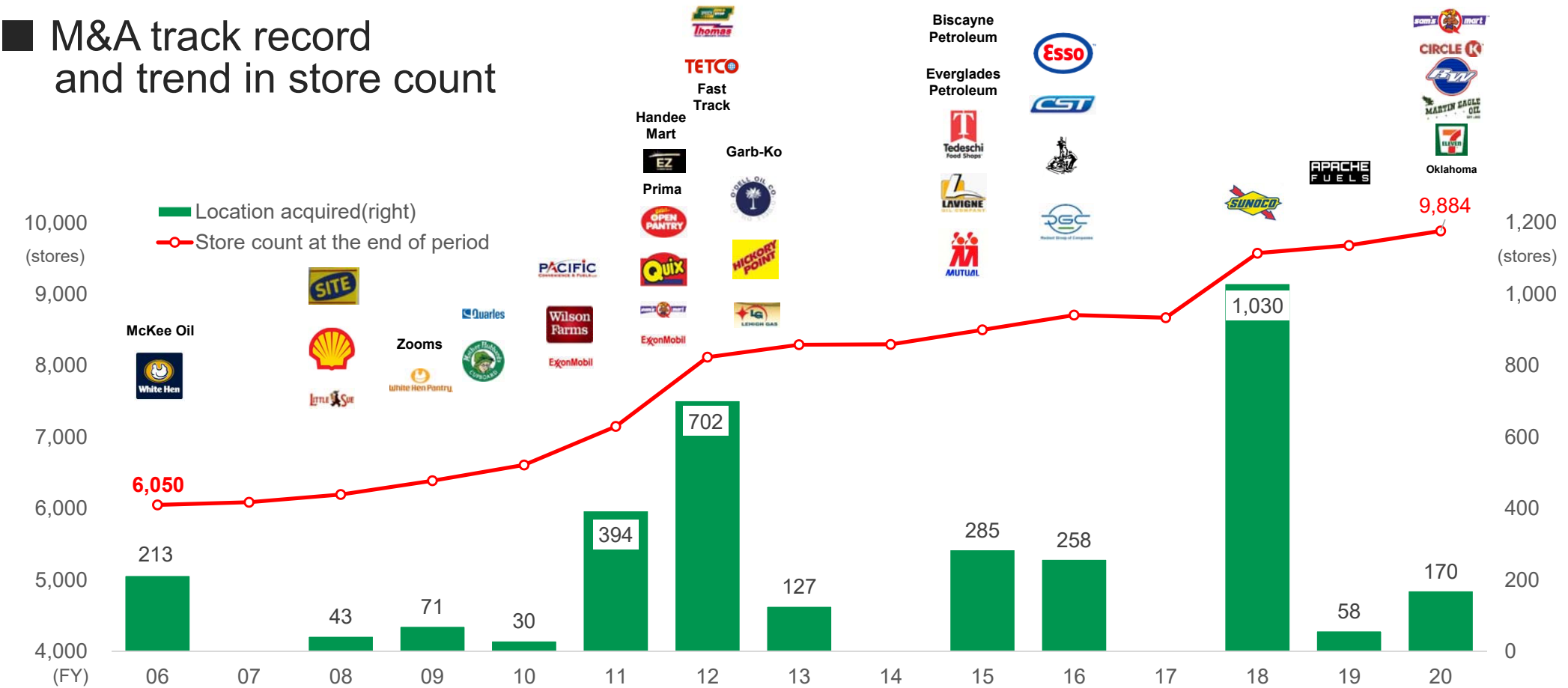


Approx. more than 1/3 share of consolidated net income

*Composition ratio is calculated on a JPY basis after amortization of goodwill

Business Growth of SEI (2)

M&A track record and trend in store count

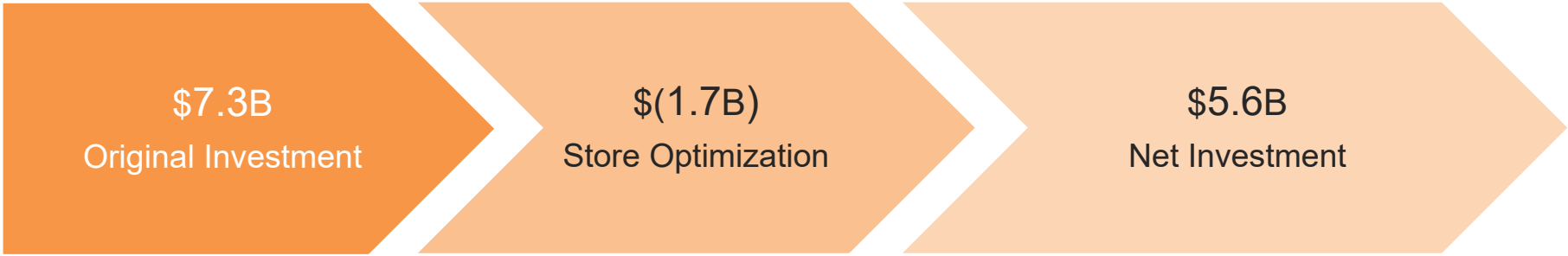


SEI acquired 3,381 stores via M&A deals since 2006

Acquired stores consistute more than 20% of total stores at the end of December 2020

Mature M&A History

Mature M&A History (38 transactions 2006-2020)



Current Performance of Mature M&A (Dec. 2020 LTM)

MDSE APSD Increase	+22.7%*
EBITDA	\$902M
ROIC	9.4%

Big Oil Acquisition History (Dec. 2020 LTM)

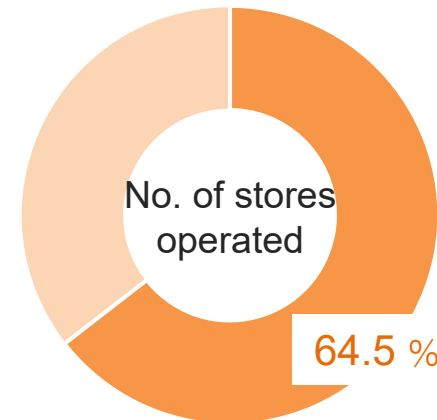
Avg. of 4 Deals below	MDSE APSD Increase	MDSE GPM Improvement	ROIC
Exxon Mobil FL	+48.4%*	+469 bps*	15.0%
Exxon Mobil DFW			
Tetco Retail			
CST Retail			

*Compare with prior to acquisition.

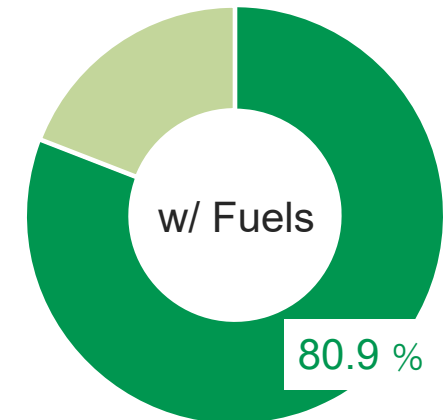
Growth Opportunities in US market

US C-Store Count (as of the end of Dec 2020): 150,274 stores

Company Name	Store Count	Share(%)
1 7-Eleven, Inc.	9,519	6.3
2 Alimentation Couche-Tard Inc.	7,142	4.8
3 Speedway LLC	3,854	2.6
4 Casey's General Stores Inc.	2,230	1.4
5 EG America LLC	1,704	1.1
6 Murphy USA Inc.	1,500	1.0
7 GPM Investments LLC	1,330	0.9
8 BP America Inc.	1,026	0.7
9 ExtraMile Convenience Stores LLC	975	0.6
10 Wawa Inc.	917	0.6
Top 10 chains	30,197	20.1



Small operators
(10 or fewer stores)
over **65%**



with motor fuels
approx. **80%**

Top 10 chains' shares
approx. **20%**

**Industry
remains fragmented**

Source: <https://www.cspdailynews.com/company-news/ranking-top-40-c-store-chains-2021-update#page=1>
<https://www.convenience.org/Research/FactSheets/IndustryStoreCount>



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**Transaction Overview
& Synergies**

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Financial Forecast

Transaction Overview

	As of in August 2020 (At the time of agreement conclusion)	At the present time
Purchase Price	\$21bn	\$21bn
Overview	Store count: -3,900 stores	3,828 stores*1 (Plan to divest: 291 stores)
	Ops Income: \$1.1bn	Ops Income: \$1.3bn (FY2020)
	EBITDA: \$1.5bn	EBITDA: \$1.9bn (FY2020)
Tax Benefit	Approx. \$3bn (for 15 years after the acquisition)	Approx. \$3bn (for 15 years after the acquisition)
Sales Leaseback	Approx. \$5bn of sale leaseback planned	Approx. \$3bn (Plan to execute SLB in Q1 2022)
Purchase Price (adjusted)	\$12bn	\$13.3bn
Synergies	\$475M~\$575M (Year 3 projected)	\$525M~\$625M (Year 3 projected)
EBITDA Multiple	Pre-Synergy: 13.7X ⇒ Post-Synergy: 7.1X	Pre-Synergy: 13.7X ⇒ Post-Synergy: 7.9X(6.4X*2)
Goodwill	N/A	Approx. \$12B
Consolidate EPS Uplift	Increase approx. 50 yen of 7&i consolidated EPS (Year 4 projected)	Increase approx. 95 yen of 7&i consolidated EPS (Year 5 projected)

*1: The number of acquired stores include that operated by dealers *2: Considering EBITDA for FY2020 and an increase in synergy

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Sale Leaseback Transaction

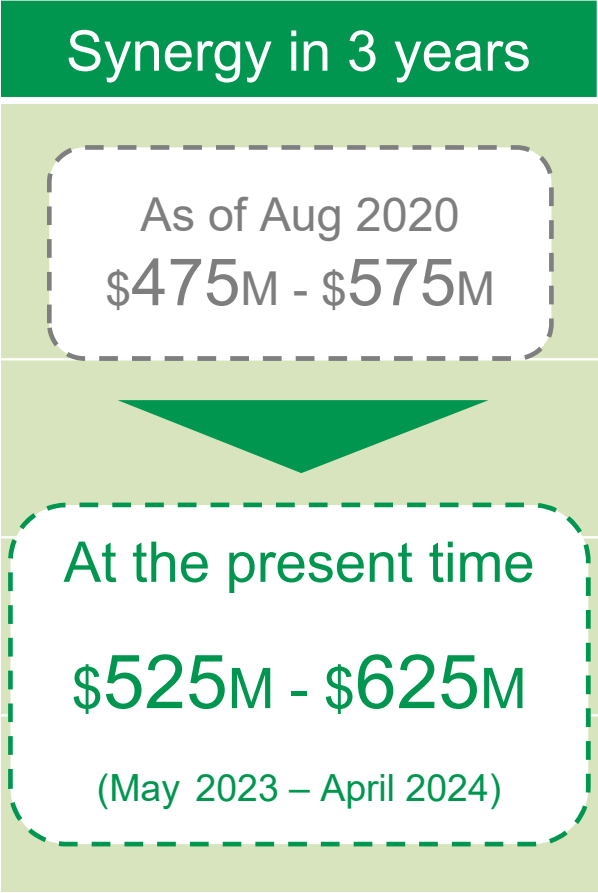
	As of August 2020		At the present time
Amount	approx. \$5.0bn		approx. \$3.0bn
Execution Timing	Q4 FY2021		Q1 FY2022 (Plan)





Main factors for revision of SLB amount

Decrease in overall capital demand	(1) Decrease in financing costs	(2) Improvement in EBITDA relative to original expectations
	(3) Revision of capex plan	(4) Sale of nonstrategic assets

The repayment period will remain at the original assumption even after reducing the SLB

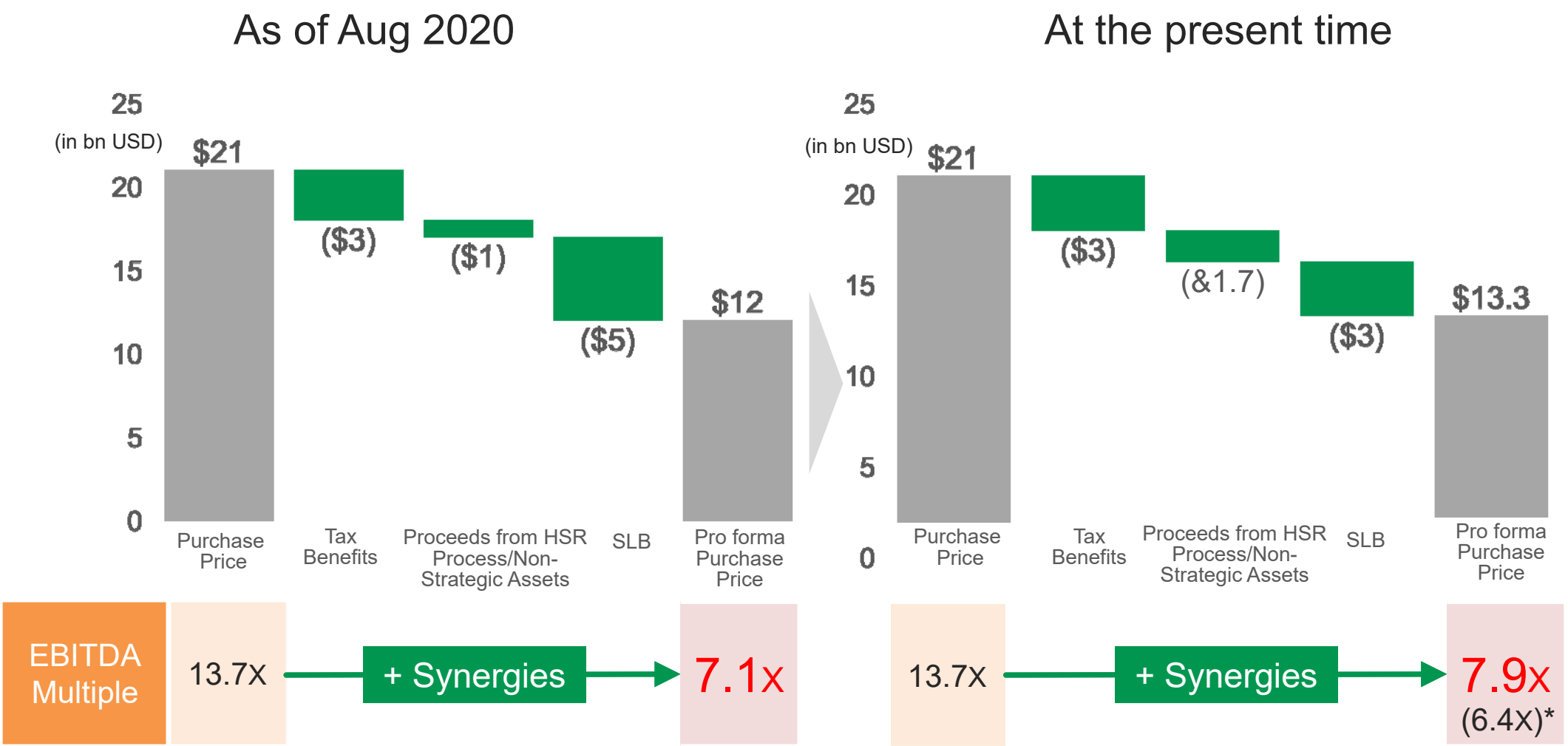
Synergies



Basic components of synergy		
	Merchandise	<ul style="list-style-type: none"> Expand product lineup Introduce SEI's PB products Cost reduction
	Integration of digital strategies	<ul style="list-style-type: none"> Expand delivery service (7NOW) Enhance loyalty program
	Harnessed economies of scale	<ul style="list-style-type: none"> Increase efficiency of SG&A expenses Maintenance reforms
	Integration of fuel logistics	<ul style="list-style-type: none"> Increase fuel supply Leverage internal logistics

Assigned dedicated team toward smooth integration and aim to further enhancement of synergy

Adjusted Purchase Price and EBITDA Multiple



*Considering EBITDA for FY2020 and an increase in synergy

Initiatives toward a Sustainable Society

■ Environment associated with the shift to EV (Measures to encourage the shift to EVs by the new U.S. administration.)

Tax credits for buyers of
US manufactured EVs

Subsidies for charging
station equipment

Assistance to EV
manufacturers

The need for EV charging facilities increases in many municipalities

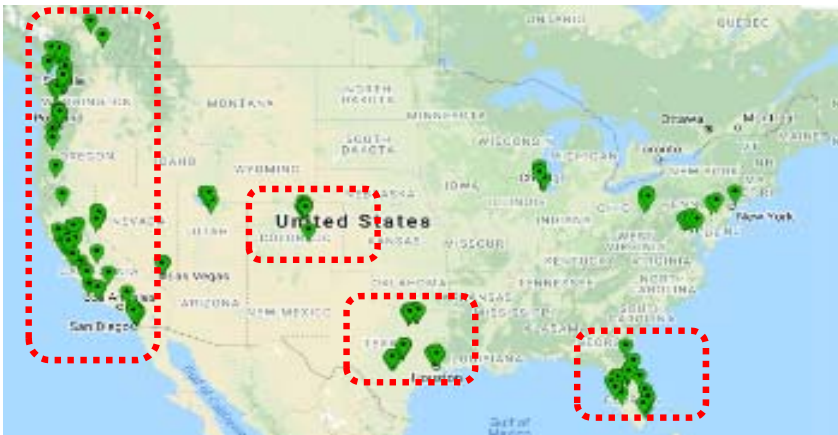


■ Expand installation of EV Chargers



New Target	
Timeline	No. of installation
2027 ↓ 2022 (5 years ahead of schedule)	500 units at 250 stores ↓ Over 500 units at 250 stores

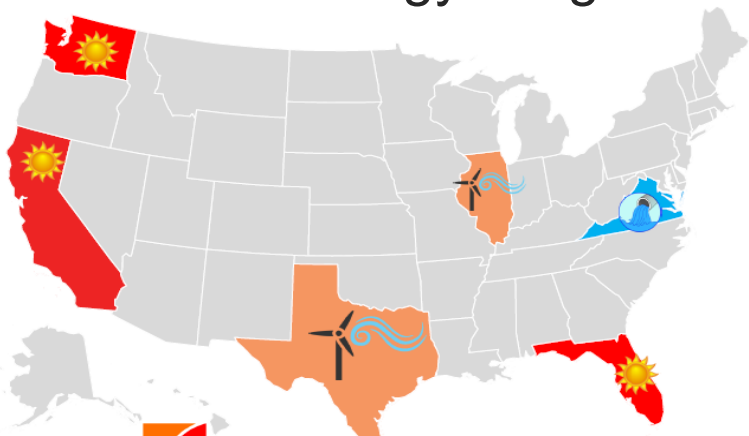
EV charger priority installation areas







Promote installation of EV charger collaborating with U.S Government

Initiatives toward a Sustainable Society

■ Renewable energy usage area



Number of stores using renewable energy

	Solar power	approx. 350 stores
	Wind power	approx. 870 stores
	Hydropower	approx. 150 stores
	Total	approx. 1,370 stores

Development towards 2030



*As of the end of December 2020



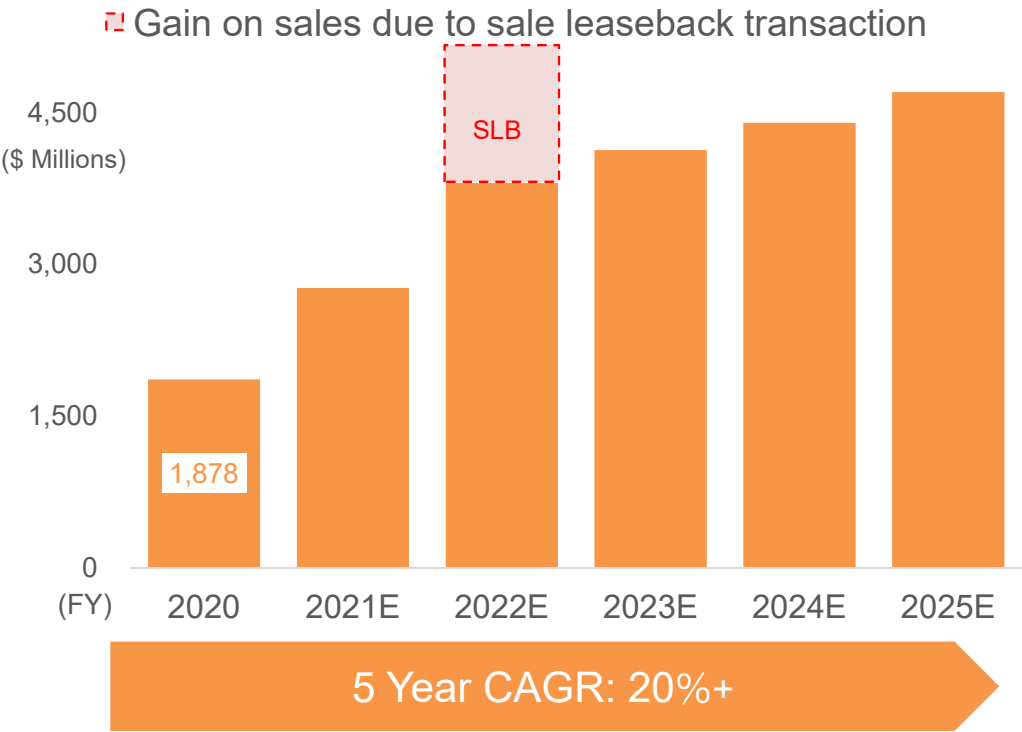
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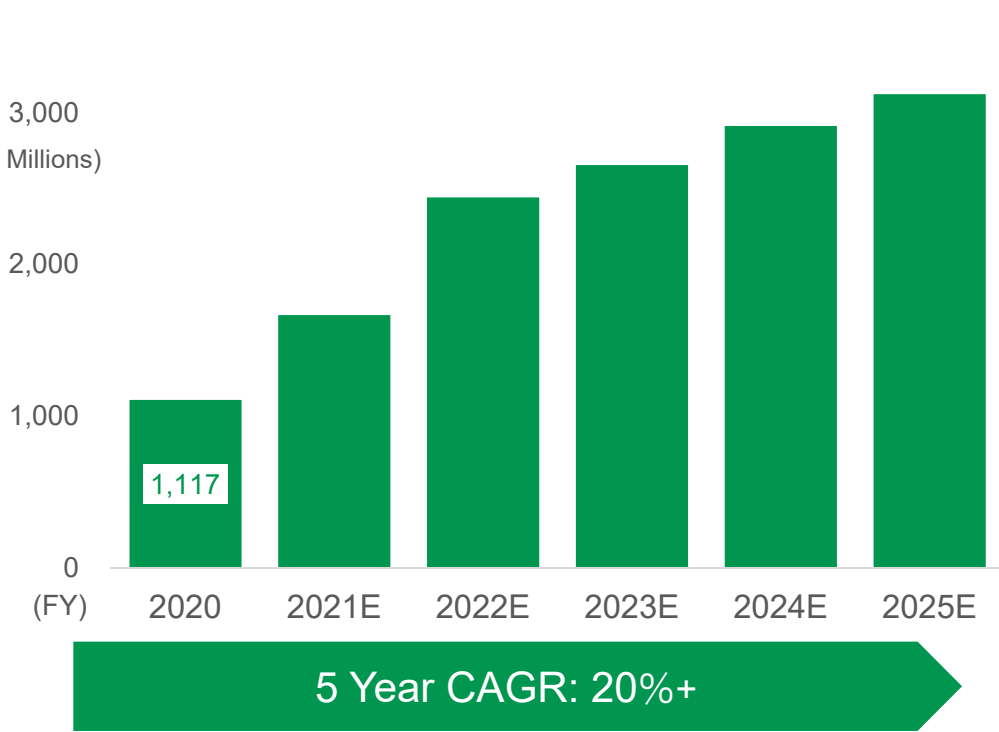
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Pro forma ~Post Synergy~

EBITDA



Ops Income

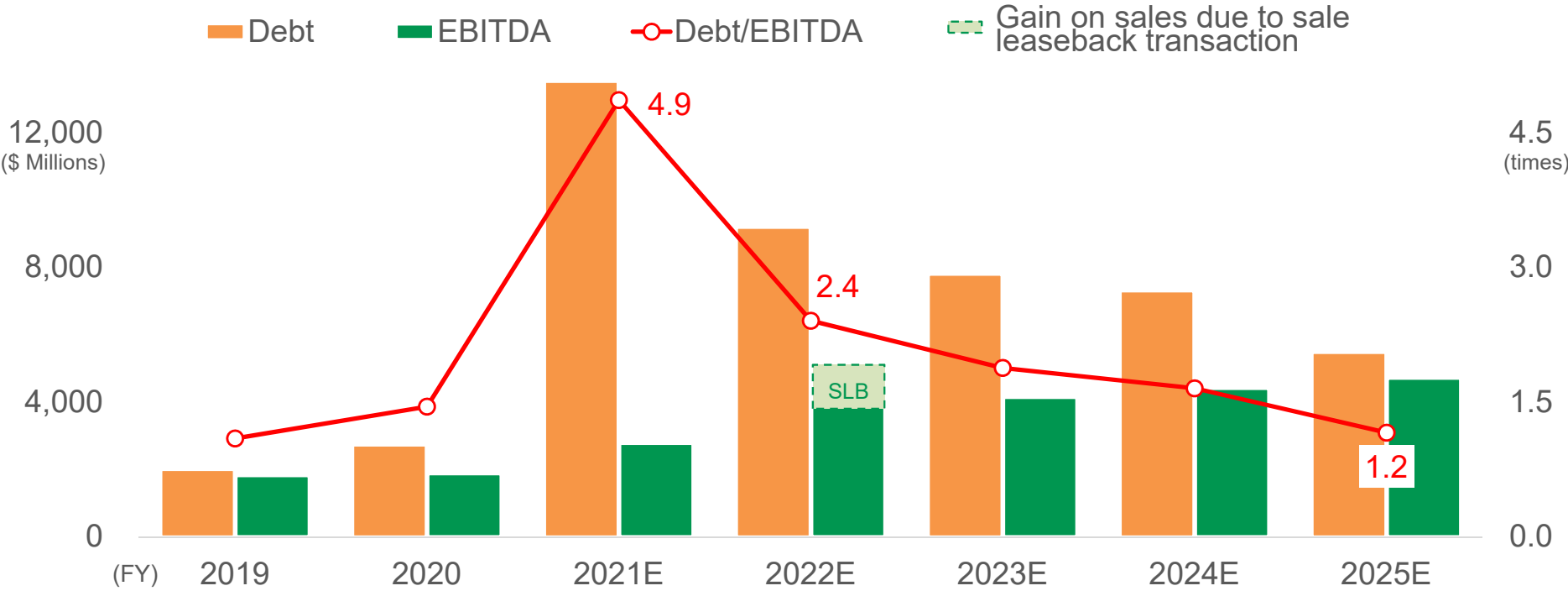


Acquisition of Speedway will increase both EBITDA and OP income more than 2.5 times of the FY2020 results

Notes 1. Estimate based on the assumption that the acquisition would be completed in the middle of May 2021
 2. Exchange rate: FY2021 \$1 = ¥107.00, FY2022 onward \$1 = ¥105.00 To be the same afterwards

Financial Plan

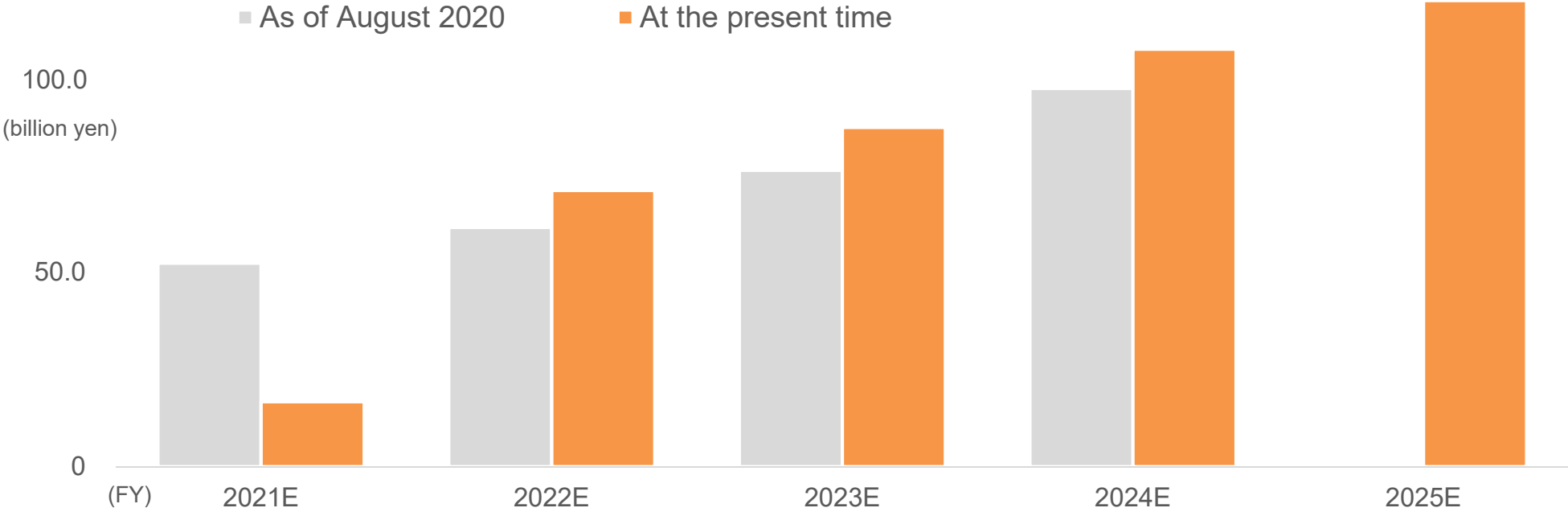
SEI Funding Plan



Cash Flow generated by synergy will be used to repay interest-bearing debt for the time being to improve the financial strength.

Impact to 7&i Consolidated Figures (P&L)

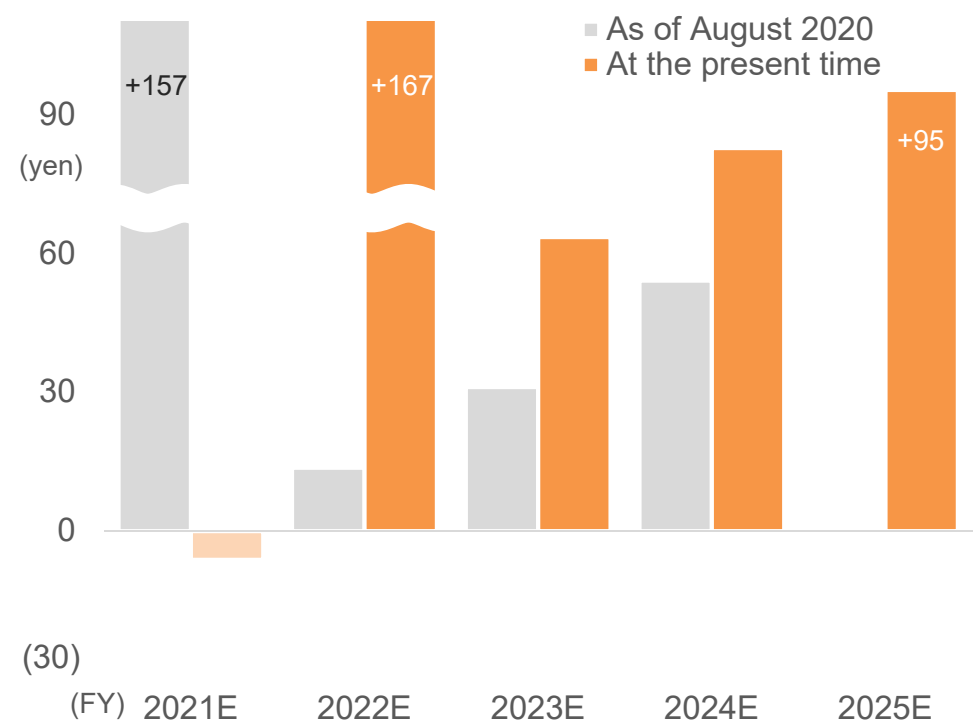
Consolidated operating income uplift



FY2021 Consolidated operating income is expected to be lower than the original estimate due to the delay of the closing date in Year 1; however, it is estimated to surpass the original estimate after Year 2.

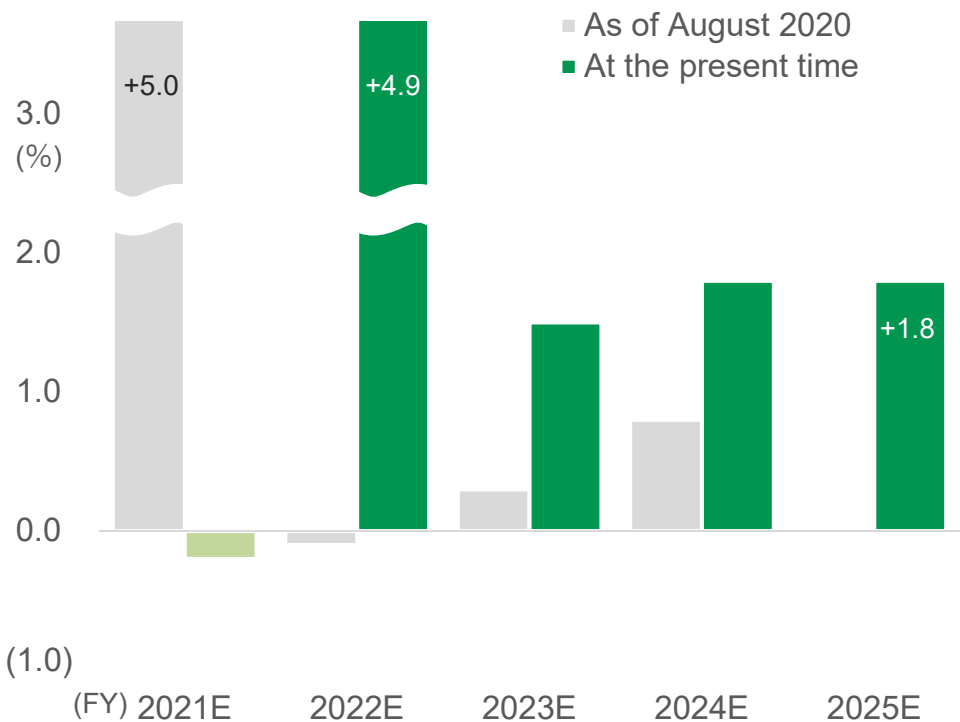
Impact to 7&i Consolidated Figures (P&L)

Consolidated operating income uplift



95 yen uplift expected in 5 years

Consolidated ROE uplift



1.8%pt uplift expected in 5 years

With Livings — Seven & i Group



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