



**Seven & i Holdings Co., Ltd.  
Financial Results Presentation  
for the First Quarter of FY2013**

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July 5, 2012

Seven & i Holdings Co., Ltd.



**Consolidated Financial Results  
for the Three Months ended May 31, 2012**

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## Overview of Consolidated Financial Results

Operating income in line with 1Q FY2012, net income up significantly due to lower special losses

(Billions of yen)

	1Q FY2013			Major Factors
	Amount	YOY	Change from previous year	
Total Group sales*	2,039.9	108.7%	+162.6	* Contributions from higher sales of SEJ and SEI total store sales
Revenues from operations	1,207.0	107.5%	+84.6	—
Operating income	67.2	98.6%	(0.9)	* Operating income in line with 1Q FY2012, when operating income was up 30% YOY
Net income	32.5	248.7%	+19.4	Special losses in 1Q FY2012 Loss on disaster: ¥18.1 bn Asset retirement obligations: ¥22.5 bn

\*Total Group sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees.



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## Operating Income by Business Segment

Operating income up for convenience store operations, but down for superstore operations due to rebound from the Great East Japan Earthquake

(Billions of yen)

	1Q FY2013			Major Factors
	Amount	YOY	Change from previous year	
Convenience stores	50.4	112.3%	+5.5	* Income up for SEJ and SEI
Superstores	6.8	47.3%	(7.6)	* Gross profit margin down due to rebound from the post-earthquake curtailing of price reduction in 1Q FY2012
Department stores	1.1	93.4%	(0.08)	* Sales up due to rebound from the earthquake, but income in line with 1Q FY2012 due to increase of expenses
Food services	(0.09)	-	(0.09)	* Sales up, but income unchanged YOY due to increase of expenses
Financial services	8.6	116.4%	+1.2	* Performance strong in credit card operations
Others	0.8	134.7%	+0.2	—



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## Overview of Convenience Store Operations

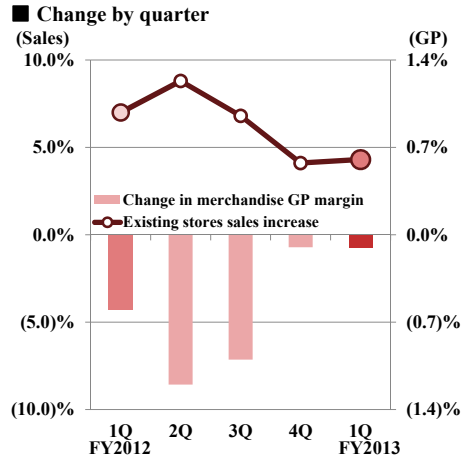
### Seven-Eleven Japan



Income up due to strong sales regardless of higher expenses associated with investment in existing stores continuing from 2Q FY2012

	1Q Results	YOY
Operating income	¥45.4 bn	103.9% ¥+1.6 bn
Existing stores sales increase	+4.3%	
Merchandise gross profit margin	30.1%	(0.1)%

- Sales of existing stores continued to increase due to strong performance of focused original daily food and *Seven Premium* private-brand products
- SG&A expenses up due to increase of stores and introduction of island-type chilled cases which began in 2Q FY2012



## Overview of Convenience Store Operations

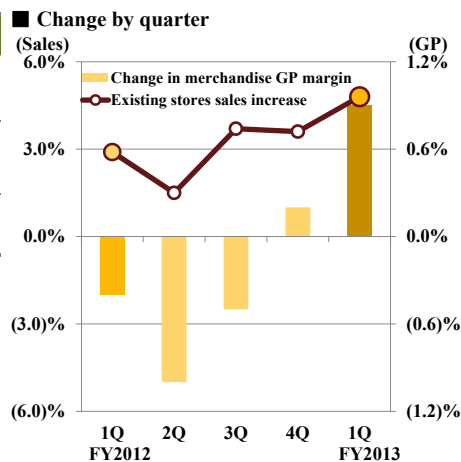
### 7-Eleven, Inc.



Merchandise sales and gross profit margins improved greatly due to strong sales of core products

	1Q Results	YOY
Operating income	¥5.6 bn	336.8% ¥+3.9 bn
Existing stores sales increase (U.S. merchandise sales in dollar basis)	+4.8%	
Merchandise gross profit margin	35.2%	+0.9%

- Merchandise sales up notably supported by sales of beverages, fresh food, *7-Select* private-brand products, etc.
- Gross profit margins greatly improved due to strong sales of above mentioned high-gross-profit-margin products
- Gasoline gross profits improved due to higher unit price and increasing of sales volume



## Overview of Superstore Operations

### Ito-Yokado

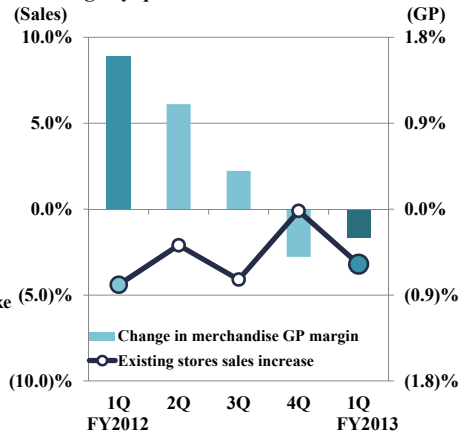


Gross profit margins down and food sales weak due to rebound from the earthquake

	1Q Results	YOY
Operating income	¥2.3 bn	42.7% ¥(3.1) bn
Existing stores sales increase	(3.2)%	
Merchandise gross profit margin	30.0%	(0.3)%

- Sales weak due to rebound from the earthquake and unseasonable weather
- Gross profit margins down compared to 1Q FY2012, when margins improved greatly due to post-earthquake price reduction limiting (+1.3 percentage points compared to 1Q FY2011 by expanding private-brand products and reducing markdown losses)
- Apparel sales and gross profit margins up

#### Change by quarter



## Overview of Superstore Operations

### York-Benimaru

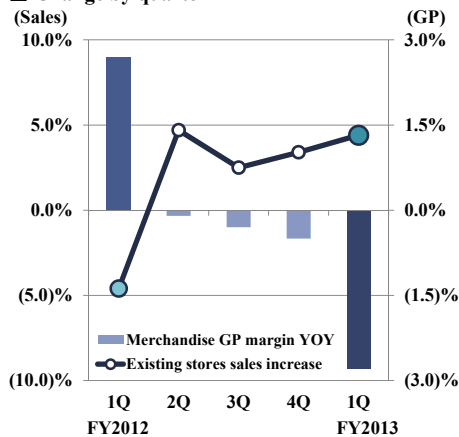


Sales up substantially due to rebound from the earthquake, but gross profit margin declined

	1Q Results	YOY
Operating income	¥2.9 bn	54.6% ¥(2.4) bn
Existing stores sales increase	+4.4%	
Merchandise gross profit margin	25.6%	(2.8)%
Operating income (including Life Foods)*	¥4.0 bn	63.7% ¥(2.2) bn

- Sales up substantially due to rebound after the earthquake
- Gross profit margin down compared to 1Q FY2012, when margins improved greatly due to post-earthquake price reduction limiting (relatively unchanged from 1Q FY2011)
- Fixed expenses during suspension of business halted following the earthquake in 1Q FY2012 translated to ¥1.3 billion in special loss

#### Change by quarter



\*Life Foods is an affiliate which produces and sells delicatessen in York-Benimaru stores.

## Overview of Department Store Operations

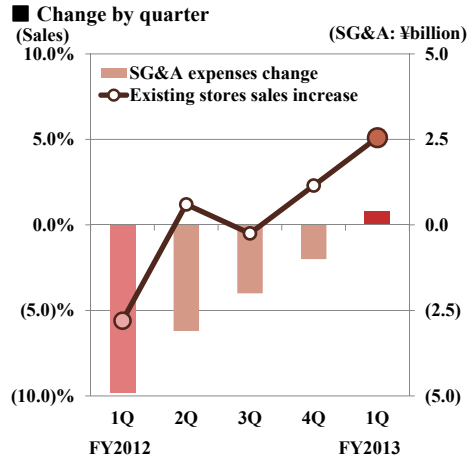
### Sogo & Seibu



Sales up substantially due to rebound from the earthquake, but income in line with 1Q FY2012 due to increase of fixed expenses

	1Q Results	YOY
Operating income	¥1.2 bn	109.8% ¥+0.1 bn
Existing stores sales increase	+5.1%	
Merchandise gross profit margin	25.5%	±0.0%

- Sales up substantially due to rebound from period of shortened operating hours following the earthquake in 1Q FY2012
- Fixed expenses during suspension of business halted following the earthquake in 1Q FY2012 translated to ¥1.3 billion in special loss



## Forecast of Consolidated Financial Results for FY2013

## Forecast of Consolidated Financial Results for the FY2013

1Q performance in line with plans, first-half and full-year plans unchanged accordingly

(Billions of yen)

	FY2013 1 <sup>st</sup> Half Plans		FY2013 Plans	
	Amount	YOY	Amount	YOY
Total Group sales*	4,200.0	105.6%	8,550.0	106.2%
Revenues from operations	2,480.0	105.2%	5,060.0	105.7%
Operating income	154.5	102.9%	315.0	107.9%
Net income	74.0	140.2%	155.0	119.4%

\*Total Group sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees.



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## Forecast of Operating Income by Business Segment

Plans of operating income by business segment would be unchanged

(Billions of yen)

	FY2013 Plans		
	Amount	YOY	Change from previous year
Convenience stores	228.9	106.6%	+14.2
Superstores	35.0	107.9%	+2.5
Department stores	12.9	129.7%	+2.9
Food services	1.3	-	+1.3
Financial services	35.6	105.4%	+1.8
Others	2.8	121.5%	+0.4



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## Business Strategies of Major Operating Companies

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### Domestic Convenience Store Operations: Business Strategy

#### Seven-Eleven Japan: Aggressive investment for future growth



##### Store opening acceleration

- Plans record high store openings of 1,350 stores in FY2013  
—1Q results: 260 stores (record high)
- Plans record high average daily sales per newly opened store in FY2013  
—1Q results: ¥603 thousands (over ¥600 thousands for first time)

##### Enhance product lineups by introducing new utensils

- Introduction of island-type chilled cases  
: about 10,100 stores (as of the end of May 2012)
- Introduction of wall-type chilled cases  
: Bolster lineup of alcoholic beverages, milk and milk beverages

Achieved both a record high number of store openings and high average daily sales per newly opened store

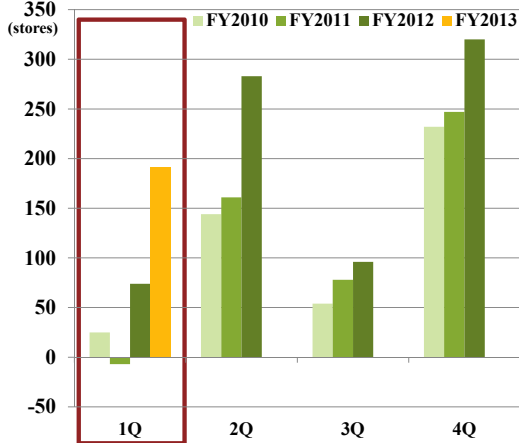
Medium-term target for average daily sales per store: ¥700 thousands

Newly defined market: from ¥9 trillion convenience store market to ¥70 trillion market that also includes food and beverage retail, food services, and take-out meal businesses

## Domestic Convenience Store Operations: Store-Opening Strategy

- Establish store development system and strengthen links with operating departments
- Achieved record highs of **260 store openings**, **net increase in stores of 191**, and average daily sales per newly opened store of **¥603 thousands** in 1Q FY2013

■ Net increase in stores by quarter



Selection of candidate locations  
Thorough market research

Store development headquarter  
Store development management

Strengthen links ↔ Drastic decrease of unprofitable stores

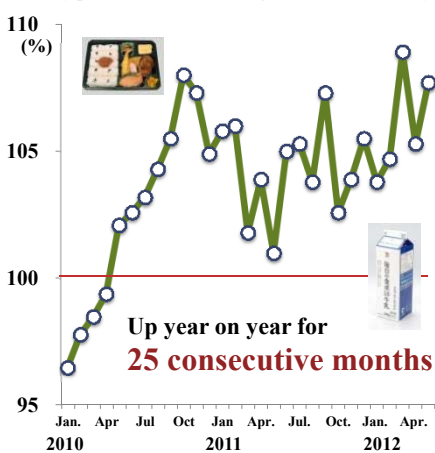
Operation headquarter  
Franchise store information

Regional franchise store information

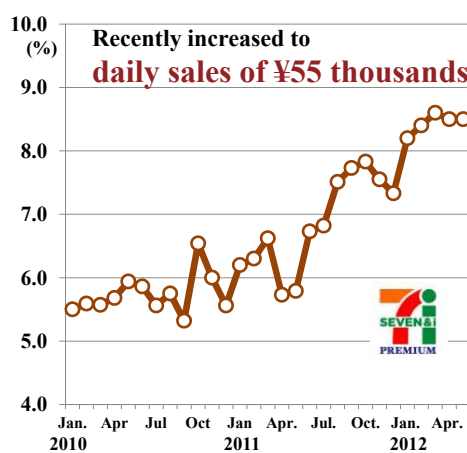
## Domestic Convenience Store Operations: Results of Product Lineup Enhancement

- Strengthening daily products: positive effect of *Seven Premium's* favorable sales
- Continued improvement in daily products including fast food, which account for about **40%** of total store sales

■ Daily products YOY existing-store sales (monthly)



■ Percentage of sales\* accounted for by *Seven Premium*



\* Percentage of sales accounted for by *Seven Premium* is the share of total store sales.



## Convenience Store Operations in North America: Business Strategy

**7-Eleven, Inc. : Aggressively opened and remodeled stores targeting higher share in the U.S.**



### Store initiatives

- Continued expansion through store openings and M&A:  
Record high store openings of 643 in FY2011 (fiscal year-end December)
- Significant sales improvement seen on acquired stores after conversion to 7-Eleven store

### Enhance product lineups at existing stores

- Consolidated Market Rollout (CMR) implementation:  
Scheduled for 1,000 stores in FY2012 (fiscal year-end December)
- IT investment: Strengthening "item-by-item management systems"

Aggressive store openings and remodeling

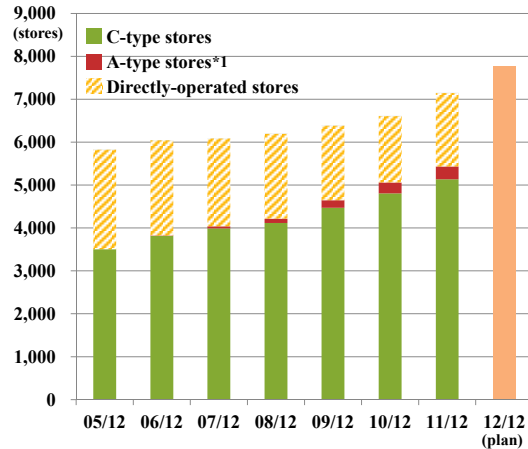
Introduction of Japan-style total management methods

Expand store share in the U.S. (currently 4.9%)

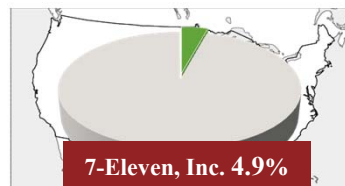
## Convenience Store Operations in North America: Expansion Strategy based on Store Openings

- Share in North America expanded for previous fiscal year due to aggressive store openings including M&As
- Store openings in FY ended March 2012 in line with plans at **129** (net increase of **114** stores)

### Store numbers



### SEI's share of stores in the U.S. \*2



Total number of convenience stores in the U.S.: about 150,000

Source: National Association of Convenience Stores



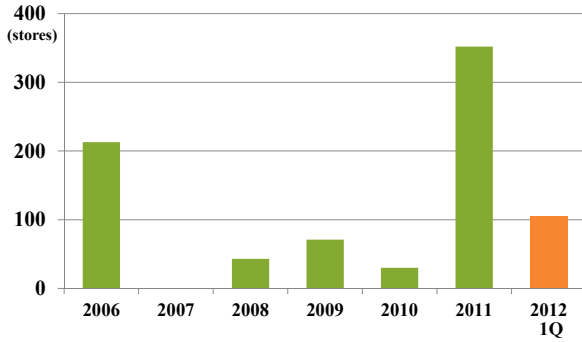
\*1 A-type stores: stores based on the Business Conversion Program (BCP)

\*2 Share of stores in the U.S. as of March 31, 2012

### Convenience Store Operations in North America: Store Acquisitions

- 458 stores were acquired during FY2011 to first quarter of FY2012
- Aggressively implementing conversion of acquired stores to **7-Eleven** store in this fiscal year

#### Acquired stores



After remodeling



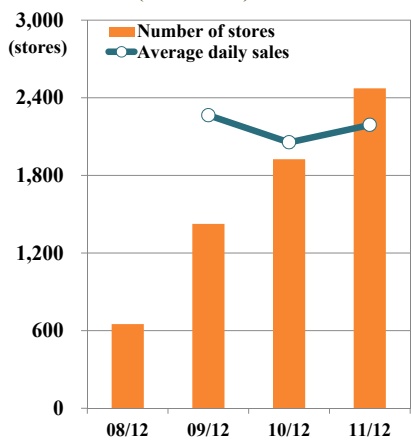
Before remodeling

- Number of Stores acquired: **458** (FY2011—1Q FY2012)
- Of these, store renovated: **200** (as of the end of Mar. 2012)

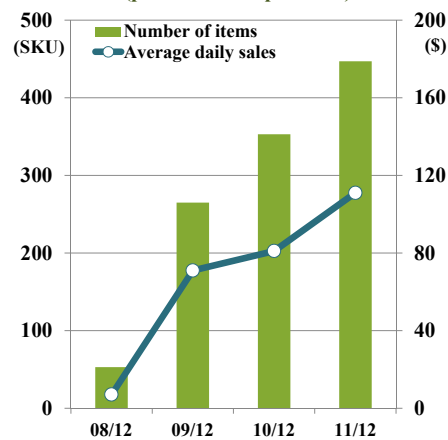
### Convenience Store Operations in North America: Results of Product Lineup Policies

- Hot foods and 7-Select, private-brand products both making strong contribution to sales

#### Hot foods (fresh foods)



#### 7-Select (private-brand products)



## Domestic Superstore Operations: Business Strategy

### Ito-Yokado: Establishment of New Businesses and Improvement of Stores and Sales Area Efficiency



#### Establishment of Ario operations

➤ Focus investment in new store openings on Ario as shopping center (SC) operations from FY2006

#### Existing store profitability improvement

➤ Focus investment in existing stores on stores in the highly profitable Tokyo metropolitan area from FY2011

#### Asset efficiency improvement

➤ Resume stores closures centered on unprofitable stores

Develop Ario format into a pillar of IY's operations

Conduct value promoting GMS centered on Tokyo metropolitan area

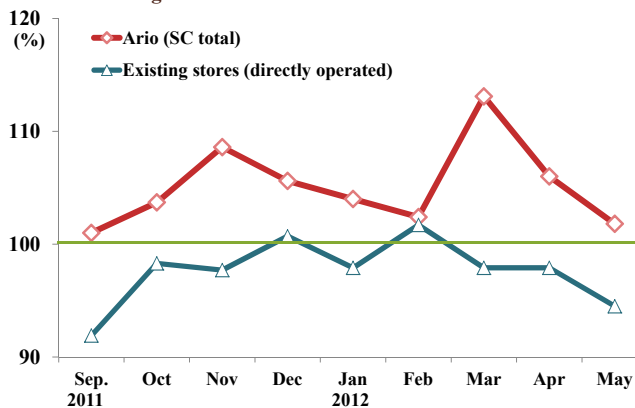
Establish system for achieving target operating income margin of 3%

## Domestic Superstore Operations: Ario Operations

- **13** stores as of February 29, 2012, and sales up to approx. **¥210.0 billion\*** (approx. **16%** of total net sales)
- Ario including tenants, currently driving sales and income increases of the Company as a whole



#### ■ YOY existing-store sales



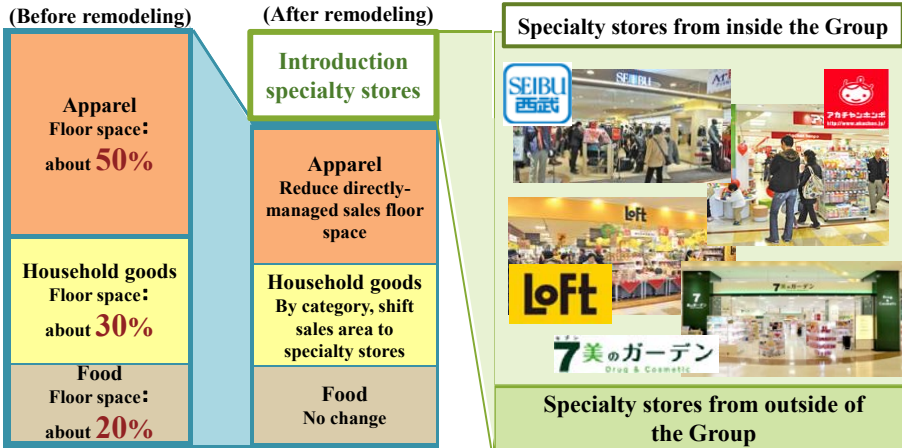
Ario performance in 1Q FY2013 (existing store basis)

- Operating income (existing stores)  
Income increases continue
- YOY change in existing stores sales  
SC total: 106%

\* FY2012 performance of shopping centers

## Domestic Superstore Operations: Strengthen Highly Profitable Existing Stores

- Remodeling of existing store measures: **36** stores (FY2011 - FY2012)
- Plans for FY2013: **26** stores => implemented at **11** stores in 1Q FY2013
- Introduce specialty stores and optimize directly-managed sales areas



## Department Store Operations: Business Strategy

### Sogo & Seibu: Structural reforms



#### Strengthening of key stores

- Key stores: Introduce successful reforms implemented at SEIBU Ikebukuro
- New IT system launch (March 2012): Develop products and promote "item-by-item management"

#### Business model conversion

- Converting business format to shopping center in suburban stores

#### Asset efficiency improvement

- Close unprofitable stores: SEIBU Numazu, Sogo Kure (scheduled for January 31, 2013)

Establish new type of department stores in key stores

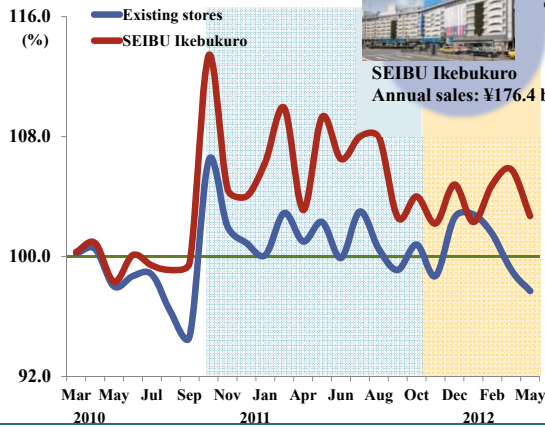
Establish retailer-managed merchandising system

Establish system for achieving target operating income margin of 3%

## Department Store Operations: Improve Profitability of Key Stores

- Introduce successful reforms at SEIBU Ikebukuro (establishment of store-managed sales areas) to other key stores
- Introduce new IT systems to facilitate “item-by-item management” and fast procurement of high-selling products

### ■ Sales trend (monthly)\*



SEIBU Ikebukuro  
Annual sales: ¥176.4 billion

### Successful reforms at SEIBU Ikebukuro

Introduction of new IT systems

Other key stores



Sogo Chiba  
Annual sales: ¥78.6 billion



Sogo Yokohama  
Annual sales: ¥100.9 billion

Note: Annual sales figures are for FY2012.

\* Sales in March FY2011 and March FY2012 were highly affected by the Great East Japan Earthquake and are thus not displayed.

## Department Store Operations: Business Model Changes and Stores Closures

- SEIBU Numazu and Sogo Kure scheduled for closures

### ■ Progress for conversion of business formats and store closures

FY2010		FY2011		FY2012		FY2013 (plan)	
1 <sup>st</sup> Half	2 <sup>nd</sup> Half	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	1 <sup>st</sup> Half	2 <sup>nd</sup> Half	1 <sup>st</sup> Half	2 <sup>nd</sup> Half
<b>Format conversion</b>							
<b>Store closures</b>							
● Shinsaibashi		● Yurakucho		● Hachioji		● Numazu / Kure	
● Sapporo							

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