



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

January 8, 2013
Seven & i Holdings Co., Ltd.



Consolidated Financial Results for the
Nine Months ended November 30, 2012

Overview of Consolidated Financial Results

- ◆ Achieved slight growth in operating income due to improvements in 3Q (Sept. to Nov.)
- ◆ Achieved drastic net income growth due to decrease in special losses

(Billions of yen)

	Nine Months ended Nov. 30, 2012			Major Factors in YOY Changes
	Amount	YOY	Change from previous year	
Group's total sales*	6,321.9	105.3%	+317.2	Contributions from higher total store sales for Seven-Eleven Japan (SEJ) and 7-Eleven, Inc. (SEI)
Revenues from operations	3,677.5	103.6%	+129.0	Increased revenues from operations in SEJ and SEI
Operating income	216.4	100.1%	+0.2	Income growth continues in convenience store operations and financial services
Net income	96.9	115.9%	+13.3	<u>Special losses in 3Q YTD ended Nov. 30, 2011</u> Loss on disaster: 24.5 billion yen Asset retirement obligations: 22.5 billion yen

* Group's total sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees.



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Operating Income by Business Segments

- ◆ Convenience store operations achieved favorable operating income growth
- ◆ Superstore operations also achieved operating income growth in 3Q (Sept. to Nov.)

(Billions of yen)

	3Q (from Sept. to Nov., 2012)			Nine Months ended Nov. 30, 2012		
	Amount	YOY	Change from previous year	Amount	YOY	Change from previous year
Consolidated operating income	69.2	104.8%	+3.1	216.4	100.1%	+0.2
Convenience stores	55.9	97.9%	(1.1)	172.4	103.3%	+5.4
Superstores	3.6	476.9%	+2.8	12.8	59.1%	(8.9)
Department stores	(1.4)	-	(0.6)	(0.1)	-	(1.6)
Food services	(0.01)	-	+0.6	0.4	-	+0.7
Financial services	10.2	112.1%	+1.1	28.8	113.4%	+3.4
Others	0.9	416.0%	+0.7	3.0	219.7%	+1.6



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Operating Income in Convenience Store Operations for the 3Q (Sept.-Nov.)

Rise in upfront expenses associated with aggressive investment targeting medium to long-term growth

(Billions of yen)

	Amount	Change from previous year	Major Factors in YOY Changes
Convenience store operations total	55.9	(1.1)	
Seven-Eleven Japan (non-consolidated)	44.9	+0.5	<ul style="list-style-type: none"> Favorable existing store sales and improvements in merchandise gross profit margins Aggressive strategies targeting medium to long-term growth (sales area renovations and support for franchisees)
7-Eleven, Inc. (non-consolidated)	11.7	(1.1)	<ul style="list-style-type: none"> Strong existing store sales and improvements in merchandise gross profit margins Temporary increase in expenses following M&A activities Rebound from adjustment for accrued property taxes during previous 3Q (approx. 1.2 billion yen)
Others	(0.7)	(0.5)	<ul style="list-style-type: none"> Increase of 250 million yen in amortization of goodwill due to rise in M&A activities by 7-Eleven, Inc. Upfront investment for business expansion in China



Plans of Consolidated Financial Results for FY2013

Plans of Consolidated Financial Results

Full-year operating income plan is unchanged

(Billions of yen)

	FY2013 Plans		
	Amount	YOY	Change from previous year
Group's total sales*	8,530.0	106.0%	+481.8
Revenues from operations	5,030.0	105.1%	+243.6
Operating income	308.0	105.5%	+15.9
Net income	143.0	110.1%	+13.1

* Group's total sales include the sales of Seven-Eleven Japan and 7-Eleven, Inc. franchisees.



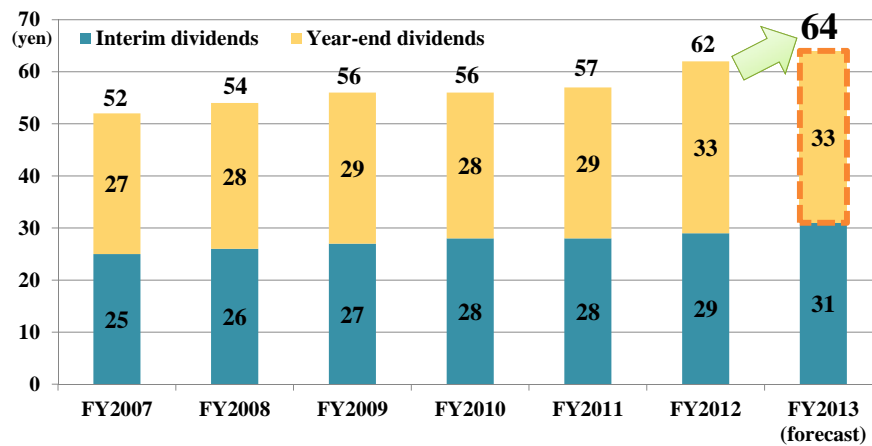
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Dividends Policy

Annual dividends per share: planned to raise dividends to 64 yen, an increase of 2 yen from the previous forecast

● Trend of annual dividends per share



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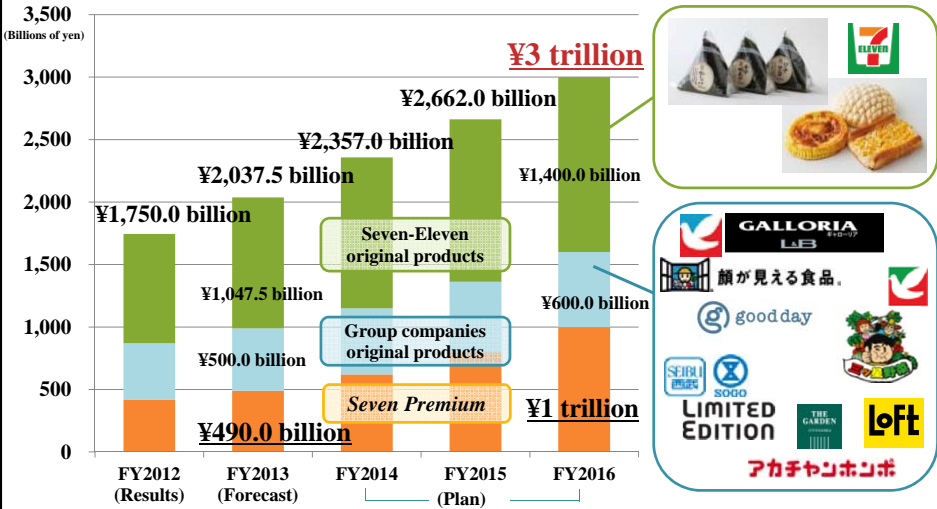
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Group's Private Brand (PB) Strategy

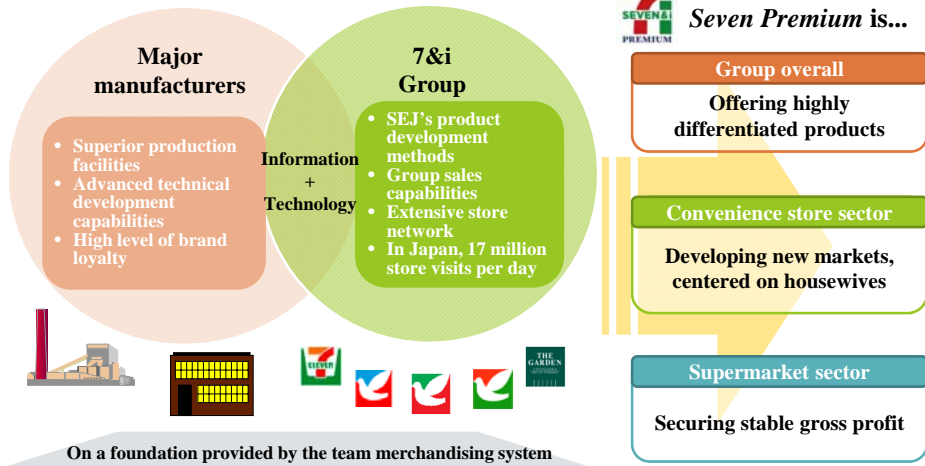
Group Original Products: Targeting Sales of 3 Trillion yen

The next step after original products and private-brand products



PB Development : Team Merchandising

On a foundation of team merchandising, operating companies display harmonized synergy effects



Seven Premium: Targeting Sales of 1 Trillion yen

Objective for Groupwide sales of *Seven Premium* products in FY2016: 1 trillion yen

Expanding
Seven Gold

- Share of *Seven Gold* within *Seven Premium* sales
From current 2% ⇒ **15%**
- No. of *Seven Gold* Products
From current 11 items ⇒ **300 items**



Strengthening
Seven Premium

- Moving forward with renewal of existing products
⇒ Further increase in quality
- Expanding scope of development
- Turning the superior private-brand and original products of Group operating companies into *Seven Premium* products
⇒ Seven-Eleven Japan, Ito-Yokado, York-Benimaru, Sogo & Seibu, Seven & i Food Systems, Akachan Honpo, THE LOFT, SHELL GARDEN, etc.



Advancing
Global Strategy

- Strengthening systems for procurement from markets, raw materials suppliers, and manufacturing sites around the world

Seven Premium: Individual Product Sales Capabilities

85 SKUs have sales of more than 1.0 billion yen a year

Daily food products

45 SKUs



Beverages and alcoholic beverages

24 SKUs



Total: **85 SKUs**

Confectioneries

8 SKUs



Processed foods

8 SKUs



Note: Annual sales figures are results for the period from December 2011 through November 2012.



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Progress of Business Strategy

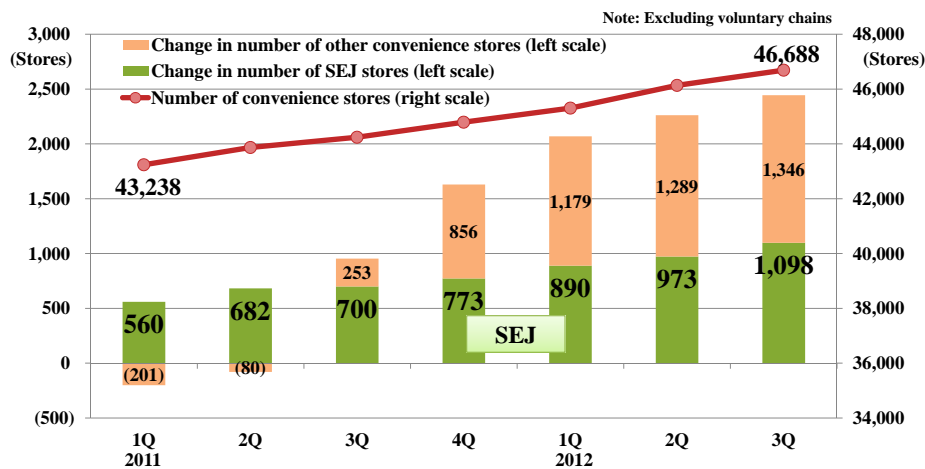
Seven-Eleven Japan: Major initiatives “Close By, Convenient Stores”

Strengthen store openings	<ul style="list-style-type: none"> ● High-quality store openings through robust store development system ● Record-high 1,350 store openings ⇒ exceeds 15,000 stores by the end of February 2013
Bolster sales capabilities	<ul style="list-style-type: none"> ● Development of highly differentiated products ● Increased benefits from stepped up installation of island-type chilled cases and wall-type chilled cases ● Strengthening lineup of basic products ● Strengthening services (product delivery service etc.) ● Improving merchandise gross profit margin
Increasing market share	<ul style="list-style-type: none"> ● Implementing effective sales promotions together with store-opening strategy incorporating both quality and quantity ● Expanding market share with a focus on growth over the medium to long-term

Number of Convenience Stores: YOY Change (Quarterly Basis)

From 2012, there has been a clear trend toward acceleration of store openings in the convenience store industry as a whole

● YOY change in number of convenience stores, quarterly basis (Japan Franchise Association)



Source: Japan Franchise Association monthly convenience store survey

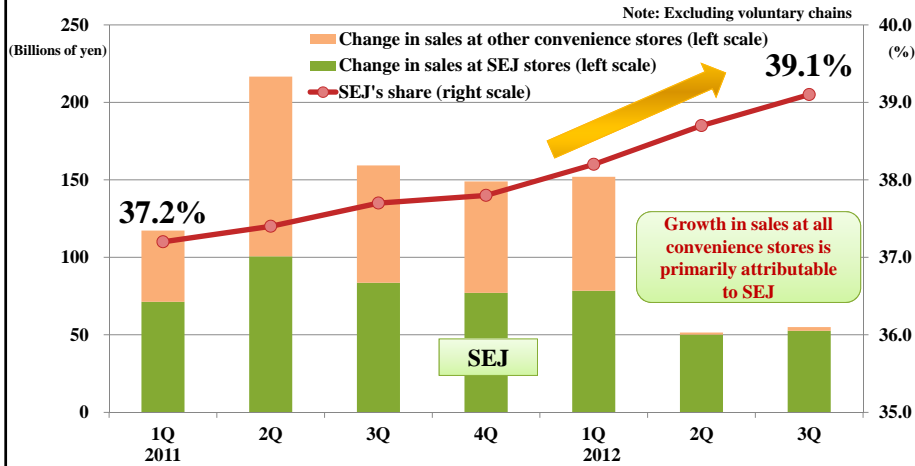
Scope: 10 head offices of Japan Franchise Association member convenience store companies

Cocostore Corporation, Circle K Sunkus Co., Ltd., Three F Co., Ltd., Seicomart Company, Ltd., DAILY YAMAZAKI CO., LTD., FamilyMart Co., Ltd., POPLAR CO., LTD., MINISTOP Co., Ltd., Lawson, Inc., Seven Eleven Japan Co., Ltd.

Seven-Eleven Japan: Share of Convenience Store Sales (Quarterly Basis)

Effect of advancing "close by, convenient stores" product policy and sales promotions
⇒ Clear-cut increase in shares of sales

● SEJ's shares of sales and change in convenience store sales (quarterly basis) (Japan Franchise Association)



Source: Japan Franchise Association monthly convenience store survey

Scope: 10 head offices of Japan Franchise Association member convenience store companies

Cocostore Corporation, Circle K Sunkus Co., Ltd., Three F Co., Ltd., Seicomart Company, Ltd., DAILY YAMAZAKI CO., LTD.,

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Seven-Eleven Japan: Results from Installation of New Fixtures

Following the installation of island-type chilled cases, sales of chilled products have continued to increase

● Monthly sales of products affected by the installation of island-type chilled cases

[Products affected]: Sandwiches, delicatessen, other daily food products, and desserts



Note: December 2011 results exclude Christmas cake and Osechi traditional New Year's foods

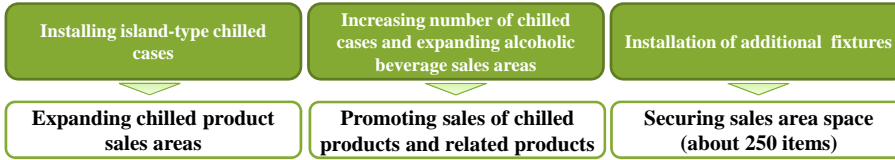


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Seven-Eleven Japan: Advancing “Close By, Convenient Stores”

●Implementing sales area reforms



Installation completed at 11,700 stores ⇒ Installation has been completed at all stores where it is feasible
Installation completed at 8,300 stores ⇒ Installation has been completed at all stores where it is feasible
Installation completed at 4,200 stores ⇒ Installation has been completed at all stores where it is necessary (No. of stores as of end of November 2012)

●Strengthening lineups of basic products

Products used in daily basis by a wide range of customers are positioned as “basic products,” and lineups of these products are being strengthened at all stores.
 ⇒ Advancing “close by, convenient stores”



Spring 2012: 494 items

Fall 2012: **783 items (+289 items)**

Note: Number of items excludes daily food products.

7-Eleven, Inc.: Major Initiatives

Store openings

- Expansion by new store openings and acquisition of stores, etc.
 Annual new store opening plan: **970 stores**
 ⇒ exceeds 8,000 stores by the end of December 2012

- Advancing the conversion of directly managed stores to franchised stores and the conversion of acquired stores to the 7-Eleven format
 ⇒ Improving profitability due to increase in franchised stores

Strengthening product lineups

- Reinforcing product development in fresh foods and hot foods
- Bolstering development of 7-Select private-brand products

7-Eleven, Inc.: Process of Converting Acquired Stores to Franchised Stores

Converting acquired stores to franchised stores after reforming stores to the 7-Eleven format and increase its profitability

Reform to 7-Eleven stores

- Change signs
- Introduce product policy and distribution
- Introduce POS systems and settlement systems

Strive to implement within one year*

Improving profitability and conversion to franchised stores

- Operate as directly managed stores for a certain period of time
- Increase sales and merchandise gross profit margin, and then move ahead with conversion to franchised store

Strive to implement within one year after reform

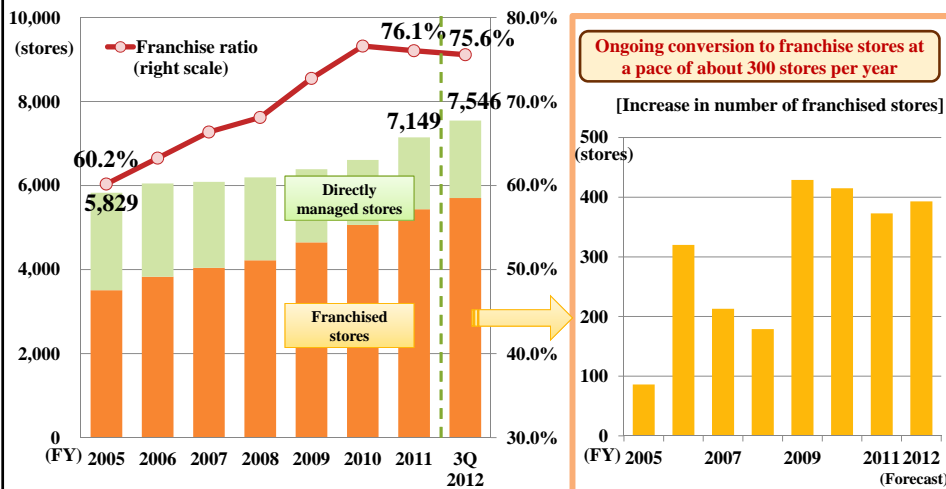
Improving profit margin at 7-Eleven, Inc.

- (1) Increase in franchise fees received when contracts are concluded
- (2) Increase in revenues from franchised stores
- (3) Reduction in cost burden

* The timing varies for each project. Of the stores acquired in the fiscal year ended December 2011, conversion to the 7-Eleven format has been completed for about 70%.

7-Eleven, Inc.: Progress in Conversion to Franchised Stores

Steady progress each year in converting to franchised stores



* Fiscal year-end: December

Ito-Yokado: Major Initiatives

Ongoing merchandising reforms	<ul style="list-style-type: none"> ● Apparel: Strengthen 4 core private-brand products ● Food: Strengthen fresh foods, expand <i>Seven Premium</i>
Activate existing store	<ul style="list-style-type: none"> ● Increase customer service level: More aggressive use of part-time staff ● Strengthen store-managed operating system ● Utilize the tenants ● Establish store format of <i>Shokuhinkan</i>, urban-style small supermarket ● Changes to sales promotion method: Utilization of Web flyers

Ito-Yokado: Merchandising Reforms (Apparel)

Improving gross profit margin in apparel operations by strengthening private-brand strategy and improving loss ratio

Strengthening 4 core private-brand products

- Strengthening visual merchandising
- Strengthening customer service/sales: Customer service training by Sogo & Seibu

Composition of sales

1st half: 15%

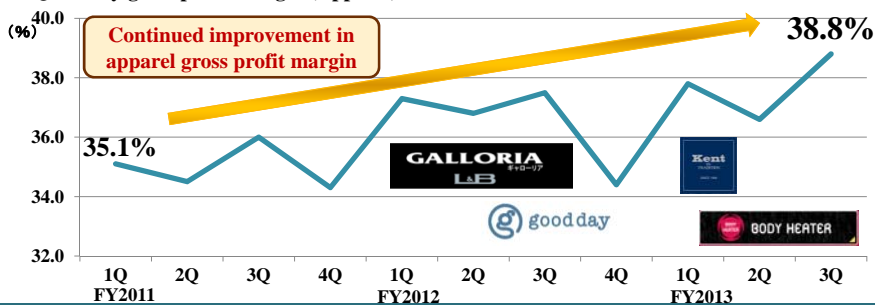
3Q: **20%**

Composition of gross profit

1st half: 18%

3Q: **24%**

● Quarterly gross profit margin (Apparel)



Ito-Yokado: Enhancing Customer-service Sales

Objective

Building a store operations system with a focus on communicating value to customers

- Strengthening basic training: Practical training in accordance with a shared curriculum
- Enhancing customer-service teams
⇒ Increased employee motivation and reinforced customer service capabilities
- Start of trials at Hikifune store and Soka store from October 2012

- Effect of initiatives to enhance capabilities of part-time employees (Hikifune store)

Increasing customer-service sales ratio in apparel

Improving loss ratio in fresh foods

Before part-time initiatives (September 2012)		After part-time initiatives (November 2012)	
Store employees	336	Store employees	376 +40
Part-time ratio	75%	Part-time ratio	86% +11%

Note: Figures for part-time employees are the monthly average number of employees, calculated on the basis of 163 work hours per employee equivalent.

Ito-Yokado: Effect of Measures to Increase Tenants

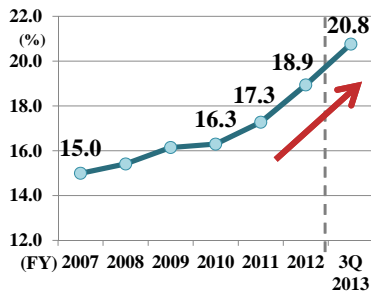
Objective

Increasing profitability for stores overall

- Improving efficiency per unit of floor space by optimizing directly-managed sales floor space
- Increasing customer-drawing power through the effective use of tenants from inside and outside the Group

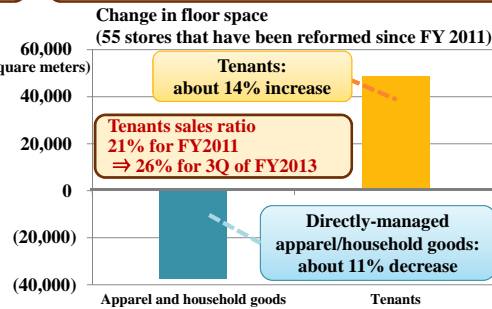
- Tenant sales ratio (all stores)

Since FY2011, when policy reforms were stepped up, there has been a marked increase in tenant sales ratio



- Effects of remodeling store initiatives

Efficiency per unit of floor space of directly-managed apparel has improved by about 6% (compared with efficiency prior to reforms)



(Reference)

Overview of Financial Results for Major Operating Companies

Higher Electricity Expenses

● Electricity Expenses: Consolidated and Major Operating Companies

Excluding new stores, etc., up 3.3 billion yen, basically in line with plans

- At Seven-Eleven Japan, electricity rate increase offset by energy-saving measures, such as LED lighting (overall increase due to rise in the number of stores and the installation of new fixtures)
- Other companies also took steps to reduce electricity expenses, such as the use of LED lighting.

Results in 3Q

(Billions of yen)

	Amount	Change from previous year
Consolidated	74.8	+7.3
Seven-Eleven Japan	28.7	+3.7
Ito-Yokado	15.0	+1.8
York-Benimaru	3.4	+0.4
Sogo & Seibu	5.2	+0.5
Others	22.5	+0.9

(Billions of yen)

Increased surcharges	+5.8
Reduction measures, such as LED lighting	(2.5)
Increase due to new stores, etc.	+4.0

Seven-Eleven Japan

Results in 3Q



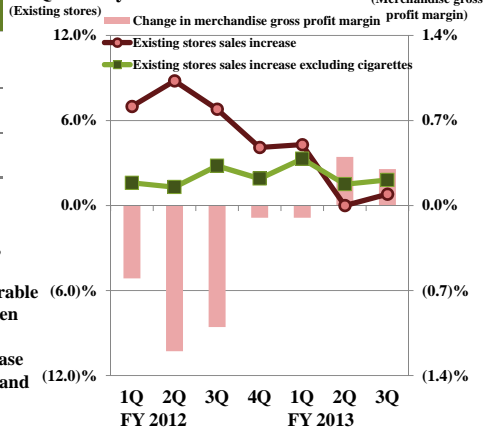
Record-high income achieved due to favorable sales as a result of benefits of investments in existing stores

	3Q Results	YOY
Operating income	145.0 bn yen	102.2% +3.1 bn yen
Existing stores sales increase	+1.6%	
Merchandise gross profit margin	30.1%	+0.2%

Overview

- Opened 1,008 stores with a net increase of 778 stores, both record highs
- Existing store sales continued to increase due to favorable results in original daily food products, which have been strengthened, and in *Seven Premium*.
- SG&A expenses exceeded planned levels due to increase of stores as well as enhanced support for franchisees and accelerated installation of chilled cases, etc.

Quarterly trends



7-Eleven, Inc.

Results in 3Q



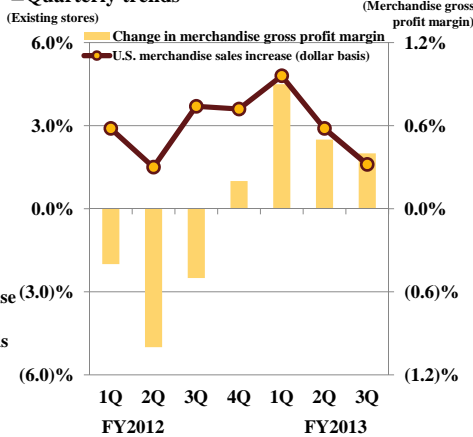
Record-high income on dollar basis due to favorable sales of core products and improvement in merchandise gross profit margin

	3Q Results	YOY
Operating income	29.5 bn yen	113.5% +3.5 bn yen
Existing stores sales increase (U.S. Merchandise sales in dollar basis)	+3.0%	
Merchandise gross profit margin	35.3%	+0.6%

Overview

- Opened 463, including acquisition of stores (net increase: +397 stores)
- Continued merchandise sales growth and merchandise gross profit margin improvement due to strong performances by non-alcoholic beverages, fresh foods and hot foods, *7-Select* private-brand products
- Increase in gross profit on gasoline due to higher prices and sales volume

Quarterly trends



Ito-Yokado

Results in 3Q

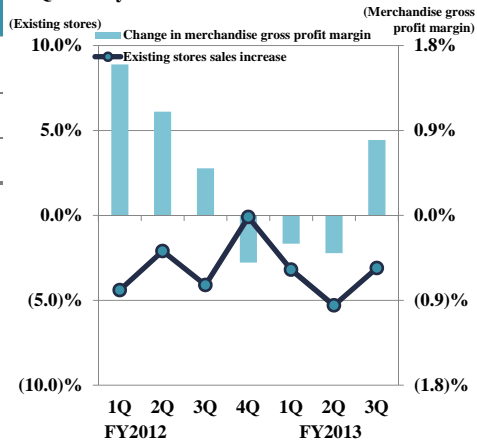
Income up 3.0 billion yen in 3Q (Sept. to Nov.) due to improved merchandise gross profit margin

	3Q Results	YOY
Operating income	1.3 bn yen	37.6% (2.2) bn yen
Existing stores sales increase	(3.9)%	
Merchandise gross profit margin	29.9%	±0.0%

Overview

- Sales down due to weather conditions and rebound from the earthquake
- Merchandise gross profit margin improved for all areas in 3Q (Sept. to Nov.), despite first half declines for all areas but apparel.
- SG&A expenses were limited through measures to cut costs, centered on labor expenses and land/building rent, which offset an increase in electricity expense.

Quarterly trends



York-Benimaru

Results in 3Q

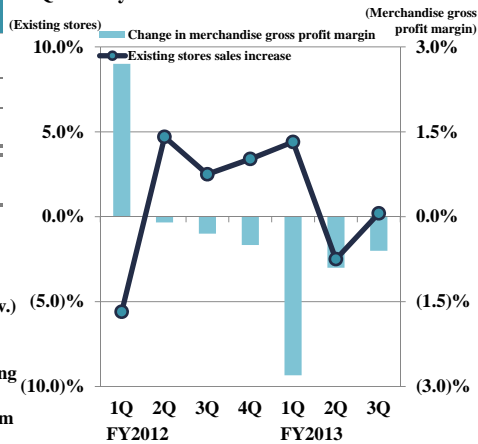
Impacts of rebound from previous year's earthquake began to lessen in 3Q

	3Q Results	YOY
Operating income	7.9 bn yen	66.5% (3.9) bn yen
Existing stores sales increase	+0.6%	
Merchandise gross profit margin	25.8%	(1.3)%
Operating income (including Life Foods)*	10.7 bn yen	74.7% (3.6) bn yen

Overview

- Existing stores sales: +1.5% from corresponding period two years ago
- Merchandise gross profit margin in 3Q (Sept. to Nov.) showed improvement, despite the rebound from the substantial improvement recorded during the previous year due to the increase in demand following the earthquake.
- Operating income : +40.9%, 2.2 bn yen increase from corresponding period two years ago

Quarterly trends



Sogo & Seibu

Results in 3Q

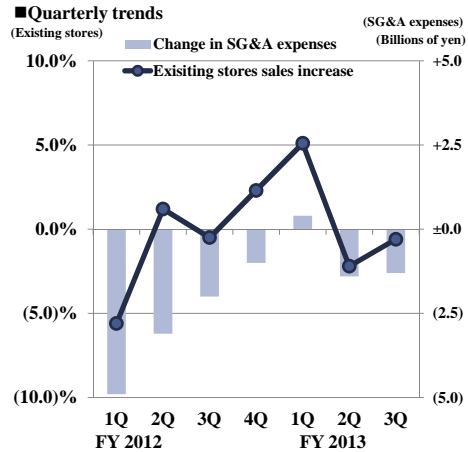


Income down due to lower existing store sales and merchandise gross profit margin, resulting primarily from weather conditions

	3Q Results	YOY
Operating income	1.7 bn yen	51.6% (1.6) bn yen
Existing stores sales increase	+0.7%	
Merchandise gross profit margin	25.2%	(0.1)%

Overview

- Increase in existing store sales due to rebound from previous year's earthquake in 1Q, which overcome weather conditions after 2Q.
- Merchandise gross profit margin declined due to poor apparel sales.
- Fixed costs of 1.3 billion yen during the period when stores were shut in previous year due to the earthquake were recorded as special losses.



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