



Seven & i Holdings Co., Ltd.

**Financial Results Presentation
for the Third Quarter of FY2015**

January 9, 2015

Seven & i Holdings Co., Ltd.

**Consolidated Financial Results
for the Third Quarter of FY2015**

Overview of Consolidated Financial Results

● Achieved record-high revenues from operations and operating income

(Billions of yen)

	Nine Months Ended November 30, 2014		
	Amount	YOY	Change from previous year
Group's total sales*	7,648.7	106.5%	+467.0
Revenues from operations	4,501.7	107.5%	+315.1
Operating income [before amortization of goodwill]	249.4 [263.5]	100.1% [100.2%]	+0.3 [+0.5]
Net income	127.3	99.4%	(0.7)

Exchange rate (income statements): U.S.\$1=102.93 yen, down 6.10 yen YOY

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

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Operating Income by Business Segment

- Operating income increased mainly due to increased income in convenience store operations and financial services

(Billions of yen)

	Nine Months Ended November 30, 2014		
	Amount	YOY	Change from previous year
Consolidated operating income [before amortization of goodwill]	249.4 [263.5]	100.1% [100.2%]	+0.3 [+0.5]
Convenience store operations	209.6	106.1%	+12.0
Superstore operations	9.4	55.4%	(7.6)
Department store operations [before amortization of goodwill]	(1.7) [2.2]	- [97.9%]	(0.04) [(0.04)]
Food services	(0.3)	-	(0.6)
Financial services	36.9	107.3%	+2.5
Mail order services	(5.2)	-	(5.2)
Others	2.8	138.3%	+0.7

Operating Income for Major Operating Companies

● Seven-Eleven Japan and 7-Eleven, Inc. achieved record-high operating income

(Billions of yen)

	Nine Months Ended November 30, 2014				Major factors on YOY changes
	Amount	YOY	Change from previous year	Existing store sales increase	
Seven-Eleven Japan	170.0	103.8%	+6.2	+2.4%	Growth in existing store sales and improvements in merchandise gross profit margin
7-Eleven, Inc.	43.9	114.0%	+5.4	+2.3%	Growth in existing store sales
Ito-Yokado	(2.5)	-	(6.2)	(4.4)%	Decrease in existing store sales and deterioration of the gross profit margin in apparel
York-Benimaru (including Life Foods* ¹)	11.9	101.3%	+0.1	+0.4%* ²	Growth in existing store sales and strong performance of Life Foods
Sogo & Seibu	1.1	86.9%	(0.1)	+0.2%	Decrease in high margin apparel sales

*¹Life Foods is a wholly owned subsidiary which produces and sells delicatessen in York-Benimaru stores.

*²Existing store sales increase figures for York-Benimaru non-consolidated base.

Plans of Consolidated Financial Results for FY2015

- Initial plans for both consolidated and segment performance are unchanged; Measures will be rigorously implemented to achieve our plans.

(Billions of yen)

	FY2015 Plans	
	Amount	YOY
Group's total sales	10,200.0	106.3%
Revenues from operations	6,130.0	108.8%
Operating income [before amortization of goodwill]	356.0 [376.0]	104.8% [104.9%]
Net income	184.0	104.7%

Exchange rate (income statements): FY2015 plan U.S.\$1=102.00 yen, down 4.27 yen YOY

Details of Today's Presentation

**1) Group Management Challenges and
Major Group Companies' Strategies**

2) Group Strategies

Harsh management environment to continue with rising prices and stagnant real income

Response for consumer behavior due to “changing consumer mindsets”

Response for the “age of competition between companies” across business formats

Rely on personal stockpile

Bolster own merchandising and regional merchandising based on “Item by Item Management”

Strengthening value communication through customer service

Drive the Omni-Channel Strategy forward to reach our “Second Phase of Creation”

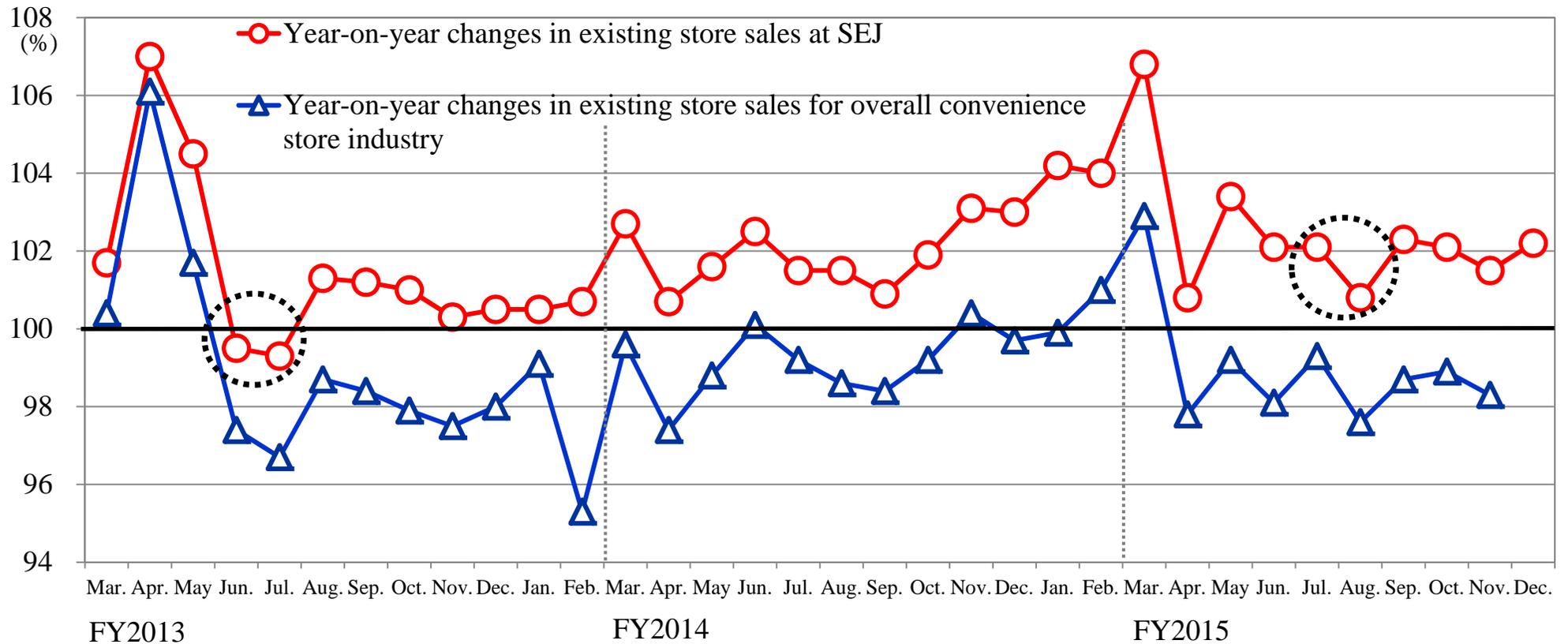
Trend in Year-on-Year Changes in Existing Store Sales at Seven-Eleven Japan (SEJ) Versus Overall Convenience Store Industry

● SEJ: 29 consecutive months of positive growth as of December 2014

Summer 2012: Year-on-year decrease:
Pull back from the impact of severe heat in 2011 and an extended rainy season



Summer 2014: Year-on-year increase:
Despite pull back from the impact of severe heat in 2013 and an extended rainy season
=Product development and enhanced product lineup=



Note: Year-on-year change in existing store sales at SEJ is presented based on new standards since the fiscal year ended February 28, 2014.

Source: Japan Franchise Association monthly convenience store survey

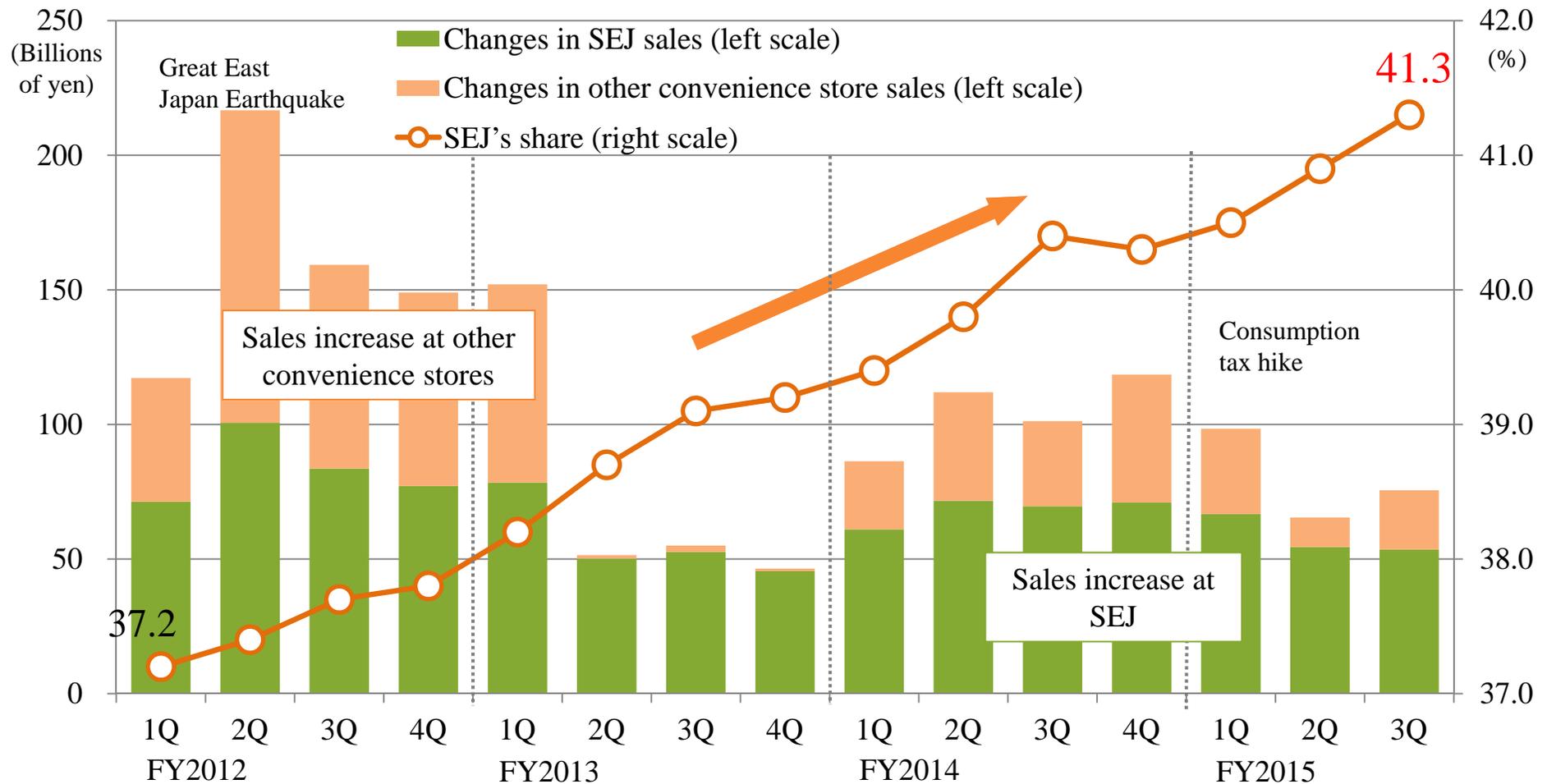
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SEJ: Trend in SEJ's Share of Sales and Changes in Sales by Quarter

● Trend in SEJ's share of sales and changes in convenience store sales by quarter
(Japan Franchise Association)

⇒ **The difference grows larger when there are major changes.**



Source: Japan Franchise Association monthly convenience store survey

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SEJ: Sales Increased in Existing Stores Due to “Creation of New Markets”

Initiatives to make all stores “close-by, convenient stores”

Increased chilled cases and boosted shelf space by approx. 30% compared to FY2011
(strengthening take-home meals)

⇒ Daily food products centering on delicatessen items have increased for 55 consecutive months
(as of November 2014)

Develop *SEVEN CAFÉ*, recent growth of at least 20% and prospect of selling 700 million cups
in FY2015

● Strategy for second half of FY2015 onward

Actively develop new products that pursue unrivaled value

Propose food centered on cafes which have created new markets

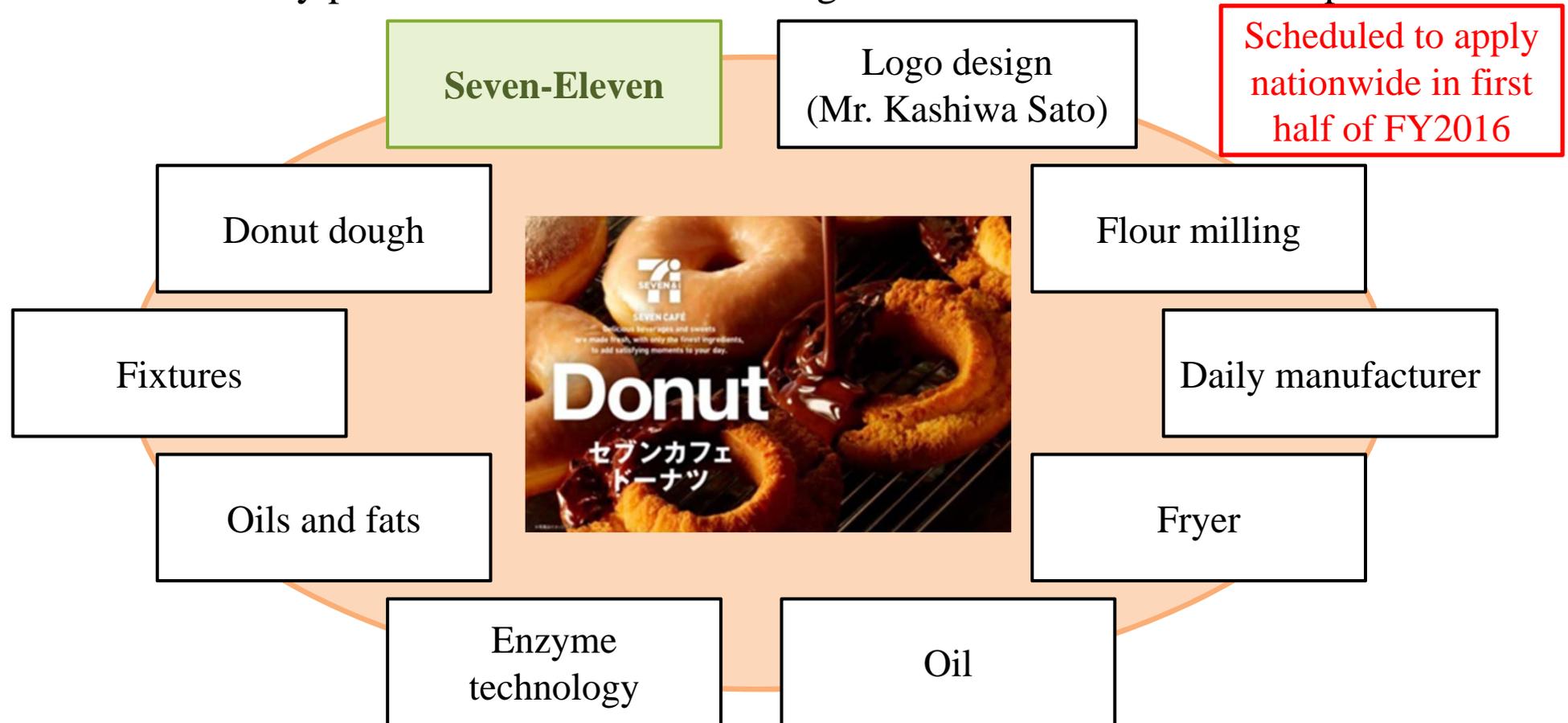
Develop new market strategy by promoting donuts

Reorganization to strengthen regional merchandising development



SEJ: The Donut Market is the Next Challenge (Developing *SEVEN CAFÉ Donuts*)

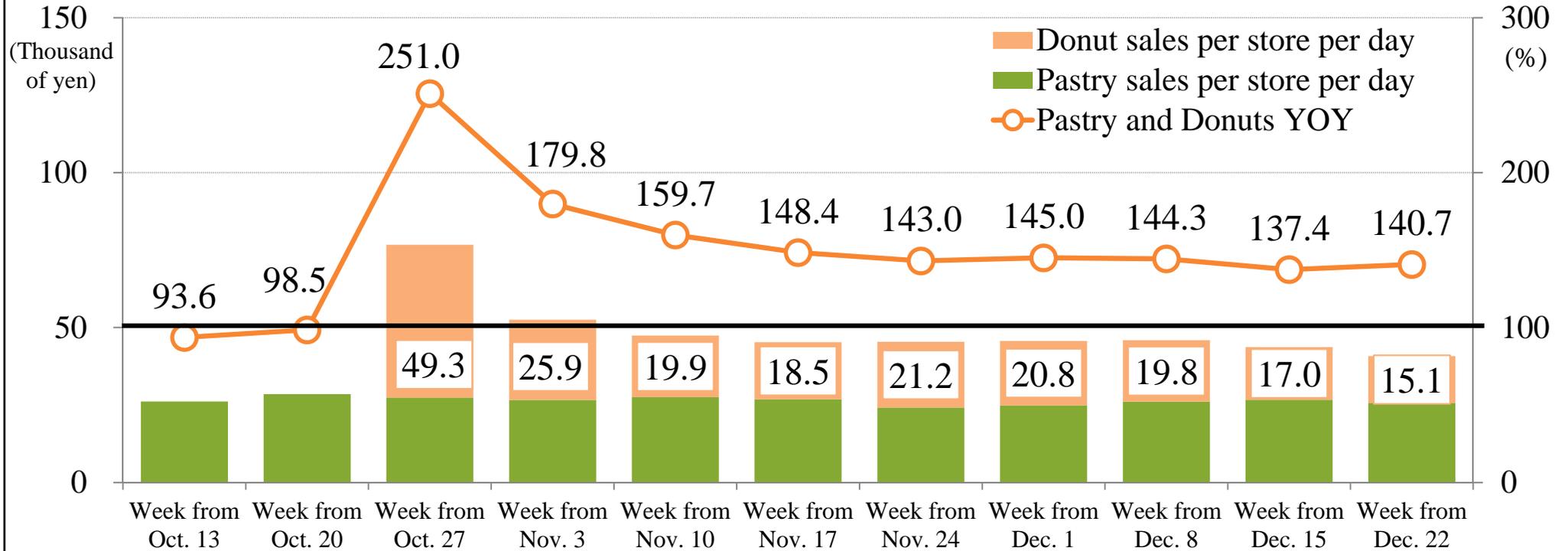
- Commercialized by powerful team merchandising across 10 fields and 24 companies



Delivered at stable temperature from 24 dedicated plants located across Japan and sold from dedicated fixtures

SEJ: Up-Front Donut Sales (Sales started on a week from Oct. 27 at 23 stores in the Kansai area)

● Donut sales added to sales of existing pastry



Effect of introducing donuts	High ratio of women, afternoon shoppers, bulk buyers <i>SEVEN CAFÉ</i> sales also increased	
Sales targets	FY2016	
	400 mn donuts	40 bn yen
	FY2017	
	600 mn donuts	60 bn yen

7-Eleven, Inc. (SEI): Promotion of “Merchandising Innovation”

- SEI priority action: Install hot food equipment* to strengthen fast food sales

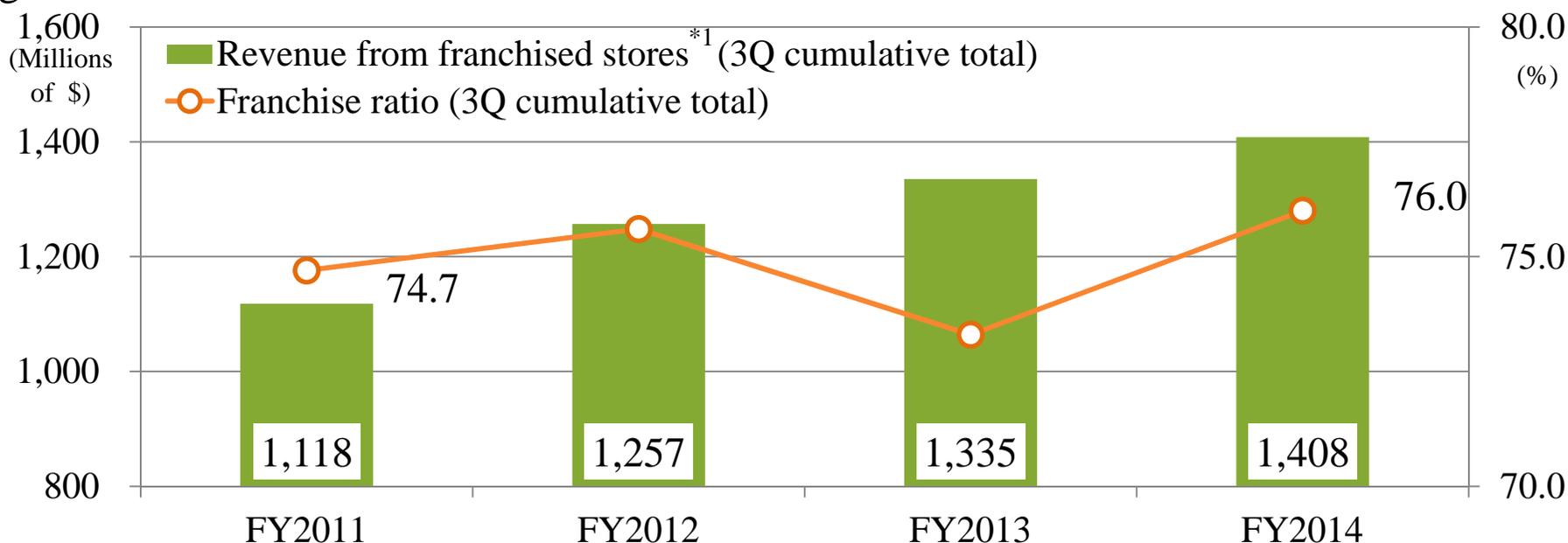


FY2014	1Q	2Q	3Q	4Q
US existing stores sales increase (%)	+1.0	+2.1	+3.5	+5.6(until Nov.)
Hot food growth rate (%)	+23.3	+49.5	+36.9	-
Stores with hot foods	Approx. 5,500	Approx. 5,800	Approx. 5,900	Approx. 6,000 (Plan)

* Started installing from FY2010

SEI: Promotion of “Conversion to Franchised Stores”

- Sales growth at existing stores and progress with conversion to franchised stores increased earnings



Number of franchised stores*2	5,264	5,703	6,071	6,293
Number of directly operated stores*2	1,784	1,843	2,217	1,986
Number of acquired stores*2	361	662	121	8

*1: Franchise store revenue is the total of C-type stores and BCP stores

*2: The number of franchised stores and directly operated stores is as of the end of September and number of acquired stores is as of the end of December for FY2011-FY2013 as of the end of September for FY2014. Acquired stores are for a certain period as directly operated stores

Ito-Yokado (IY): Greatest Reform since the Establishment of HD and Current Challenge

Summary of challenges and response measures

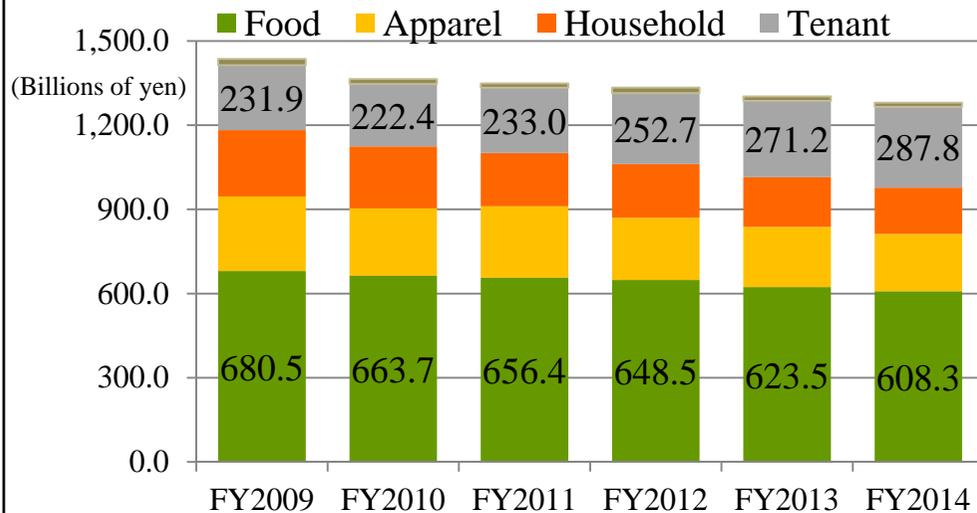
New stores: Focus on mall-type shopping centers (*Ario*) and *Shokuhinkan* food specialty stores

GMS: Rightsize directly-managed sales areas and expand tenants with a main focus on apparel

Merchandising: Strengthen private brands Sales: Strengthen customer service

Cost reduction: Close unprofitable stores, review sales promotion costs, etc.

● Ito-Yokado sales by fiscal year



Tenant mix adjustment achieved a certain level of success

Still room for improvement with apparel and household items

End reliance on merchandisers and move to own merchandising

A slump in food, which is our backbone, is an urgent challenge

IY: Food Challenge and Response Measures

Food challenge recognition

Reduced competitiveness in fresh foods and deterioration in facility capabilities due to aging of sales areas

Gap emerging between customers' needs and merchandising and sales area revisions

- Response measures :
 - 1. Address regions and individual stores**
 - 2. Harness the Group's capabilities**
 - 3. Enhance customer service capabilities**

Activity	Target	Participating Stores
Strengthen delicatessen items	Increase the frequency of customer visits	Prioritized refurbishments in stores with high food sales
Strengthen fresh items	Expand catchment areas	
Improve groceries	Expand customer base	

IY: Change Store Operation Structure -Responding to Diversifying Consumer Needs-

Do away with past approaches to chain stores

Limit of “Head Office-centered philosophy = Merchandising department taking responsibility for sales, supply and income”

1. Incorporating regional characteristics

- West Japan Business Department, Tohoku Reform Project
- A part of the merchandising department function placed in each regional zone
⇒ Optimize supply and product lineups for individual stores

2. Permeation of individual store autonomy

Reorganize to promote store-led merchandising, sales area creation and operations

1) Group Management Challenges and
Major Group Companies' Strategies

2) Group Strategies

Seven Premium: FY2015 Sales to Reach 800.0 Billion Yen

- Vigorously promoted renewals to achieve 607.0 billion yen (22.1% increase YOY) in sales during the third quarter of FY2015



Demonstrated that products representing value can be sold across business formats
 These results will be extended to clothing and miscellaneous goods, and will boost the operating results of large-scale stores

Progress with the Omni-Channel Strategy

Foreseeable milestones (autumn 2015)

Portal site renewal

Complete requirement definition

Trial and verification ahead of full-fledged implementation

Machi no Honya (Neighborhood Bookstore)
Handling shoes and cosmetics, etc.

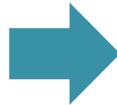
Establish scheme for accepting returns
Management of small quantities of many items

● Utilize TOHAN's logistics



Establish 365-day distribution and return retrieval scheme

● Utilize Kuki distribution center



Establish distribution for each Group company

● Strengthen Holding Company functions



Strengthen corporation with Group merchandizing project
Establishment of Omni-Channel Systems Development Office

All Group products sold on the Internet to be available for pick up at SEJ stores from autumn 2015

【Appendix】
Overview of Financial Results
for Major Operating Companies

Convenience Store Operations: Results (1)

Seven-Eleven Japan

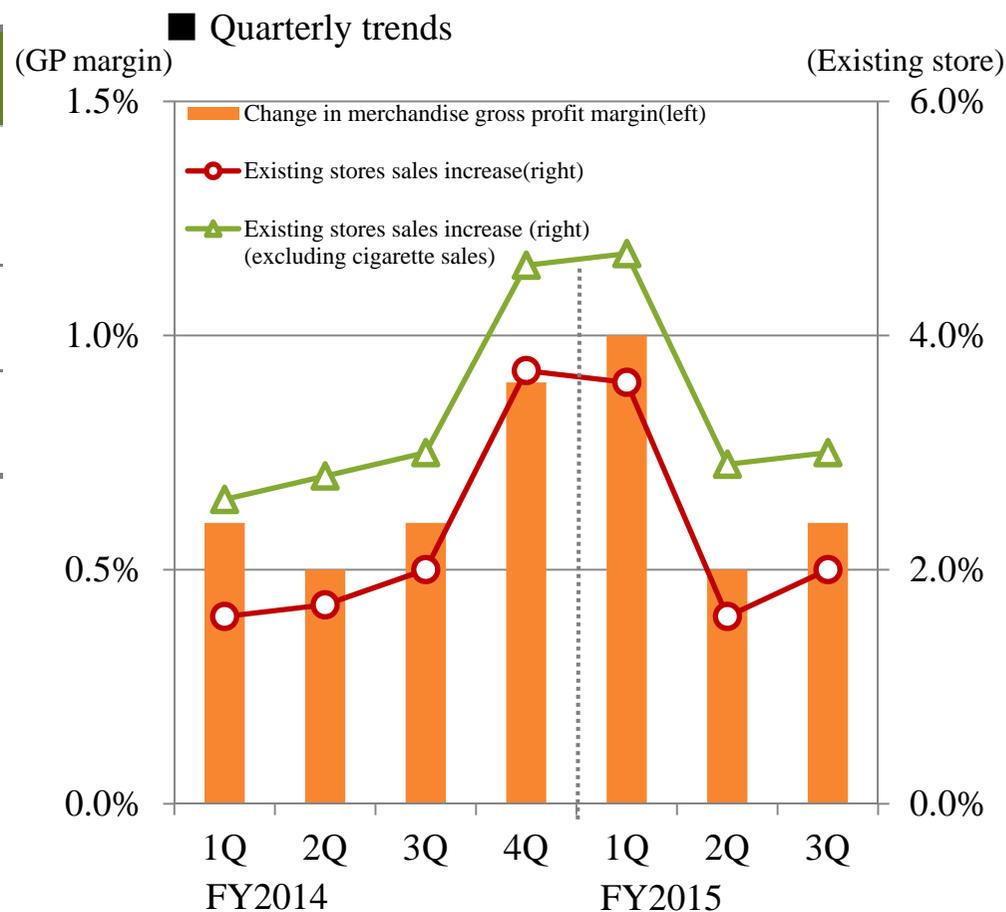


Record-high income for the fourth consecutive year resulted from increased existing store sales and improved gross profit margin

	Results	YOY
Operating income	170.0 bn yen	103.8% +6.2bn yen
Existing store sales increase	+2.4%	
Merchandise gross profit margin	31.4%	+0.7%

Overview

- Existing store sales: Increased sales of new products with value and renewing and expanding original products
- Gross profit margin: Significantly improved due to continued brisk sales of *SEVEN CAFÉ* (+0.2%) and effect of cigarettes (+0.3%)
- Operating income: Robust sales and gross profit margin absorbed growing SG&A expenses to achieve record income



Convenience Store Operations: Results (2)

7-Eleven, Inc.

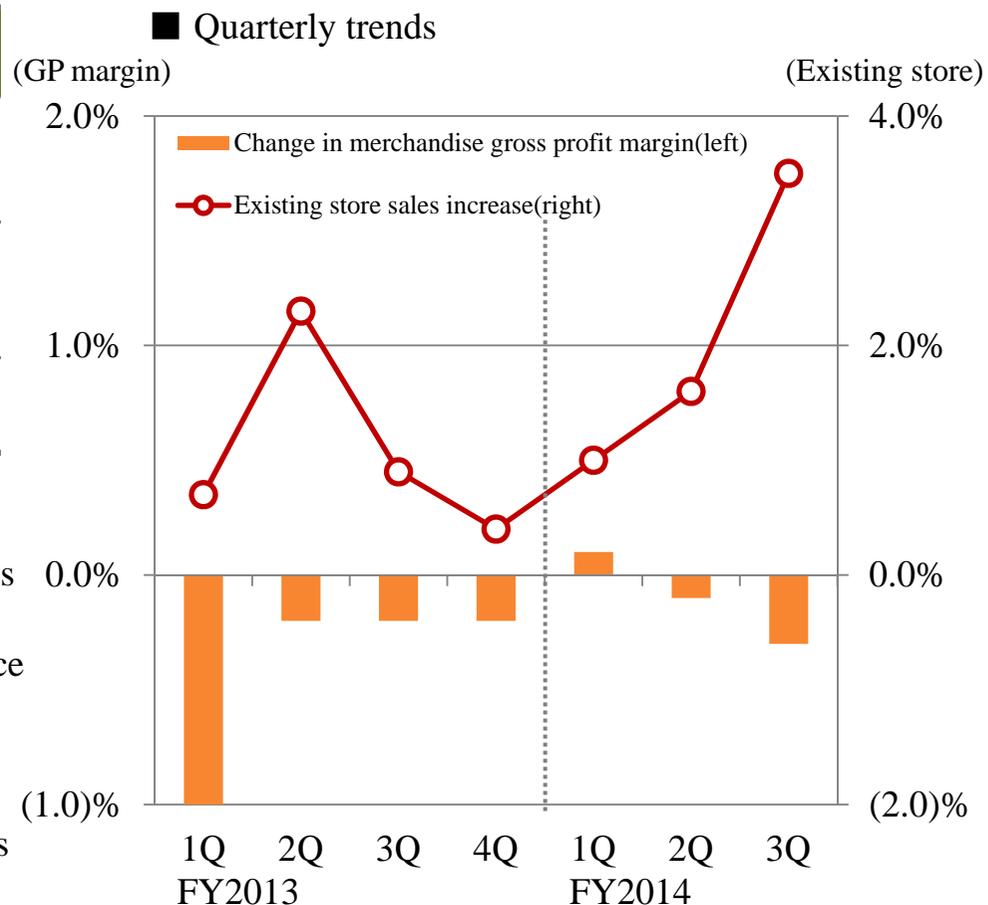


Growth in merchandise sales at existing stores driven by strong hot foods sales resulted in double-digit operating income growth

	Results	YOY
Operating income	43.9 bn yen	114.0% +5.4 bn yen
Existing store sales increase (U.S. Merchandise sales in dollar basis)	+2.3%	
Merchandise gross profit margin	34.6%	(0.3)%

Overview

- Existing store sales: Increased due to growth in fast foods sales centered on hot foods
- Gross profit margin: Decreased mainly due to competitive price setting for cigarettes
- Operating income: A double-digit income increase resulted from growth in existing store product sales and appropriate management of expenses, which covered a decline in the gross profit margin



Superstore Operations: Results (1)

Ito-Yokado

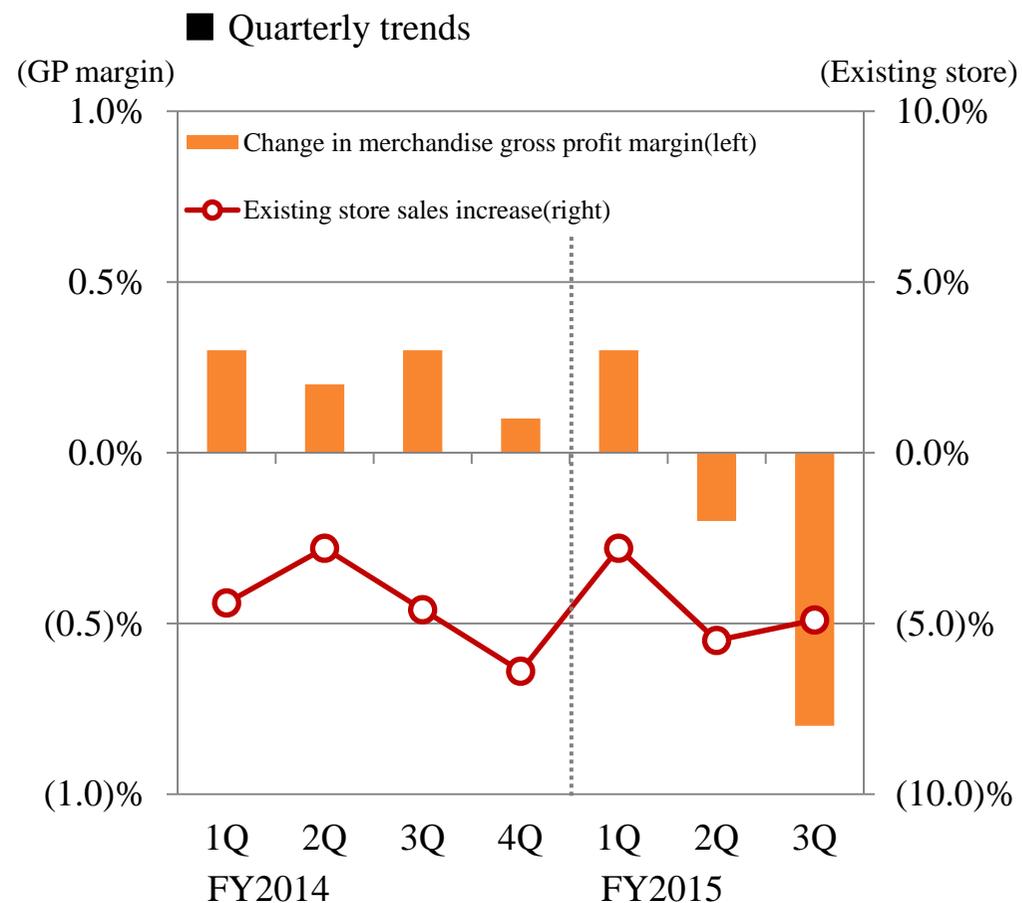


Lower income reflected a decrease in existing store sales and deterioration of the gross profit margin in apparel

	Results	Change
Operating income	(2.5) bn yen	(6.2) bn yen
Existing store sales increase	(4.4)%	
Merchandise gross profit margin	30.0%	(0.2)%

Overview

- Existing store sales: Decreased due to fall-back following demand surge, unseasonable weather, and optimizing directly-managed sales areas (increasing tenants)
- Gross profit margin: Increased markdown loss, mainly in apparel, led to a 0.2% decrease
- SG&A: Down 0.6% despite increase in electricity charges offset by decreased land and building rent expenses and salaries and wages



Superstore Operations: Results (2)

York-Benimaru



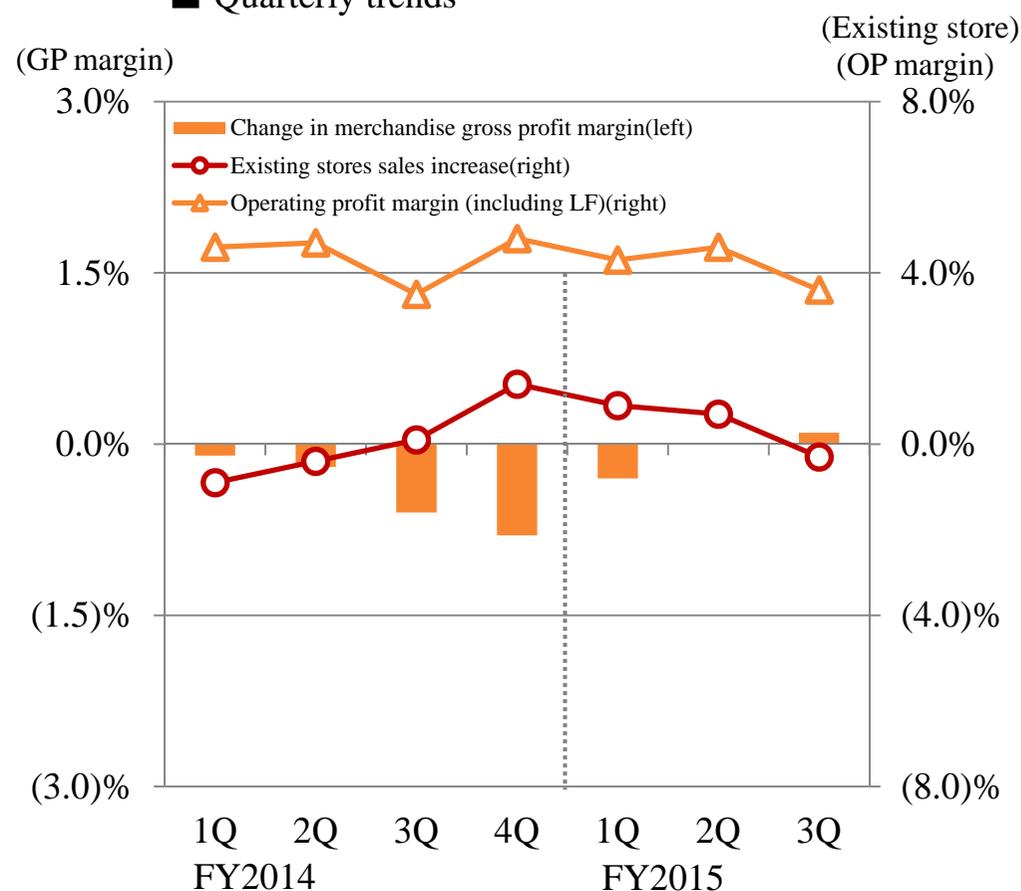
Increased income due to existing stores sales growth from operating income, including from Life Foods

	Results	YOY
Operating income	8.7 bn yen	96.1% (0.3) bn yen
Existing store sales increase	+0.4%	
Merchandise gross profit margin	25.4%	(0.1)%
Operating income (including Life Foods)*	11.9 bn yen	101.3% +0.1 bn yen

Overview

- Existing store sales: : Increased on brisk sales of foods despite the struggling apparel sales due to weather impact
- Gross profit margin: Maintained food at the same level as the previous fiscal year, although apparel and household goods declined
- SG&A: Up 5.7% on increases in electricity rates and new stores (6 more than in the 3Q ended November 2013)

Quarterly trends



*Life Foods is wholly owned subsidiary which produces and sells delicatessen in York-Benimaru stores.

Department Store Operations: Results

Sogo & Seibu

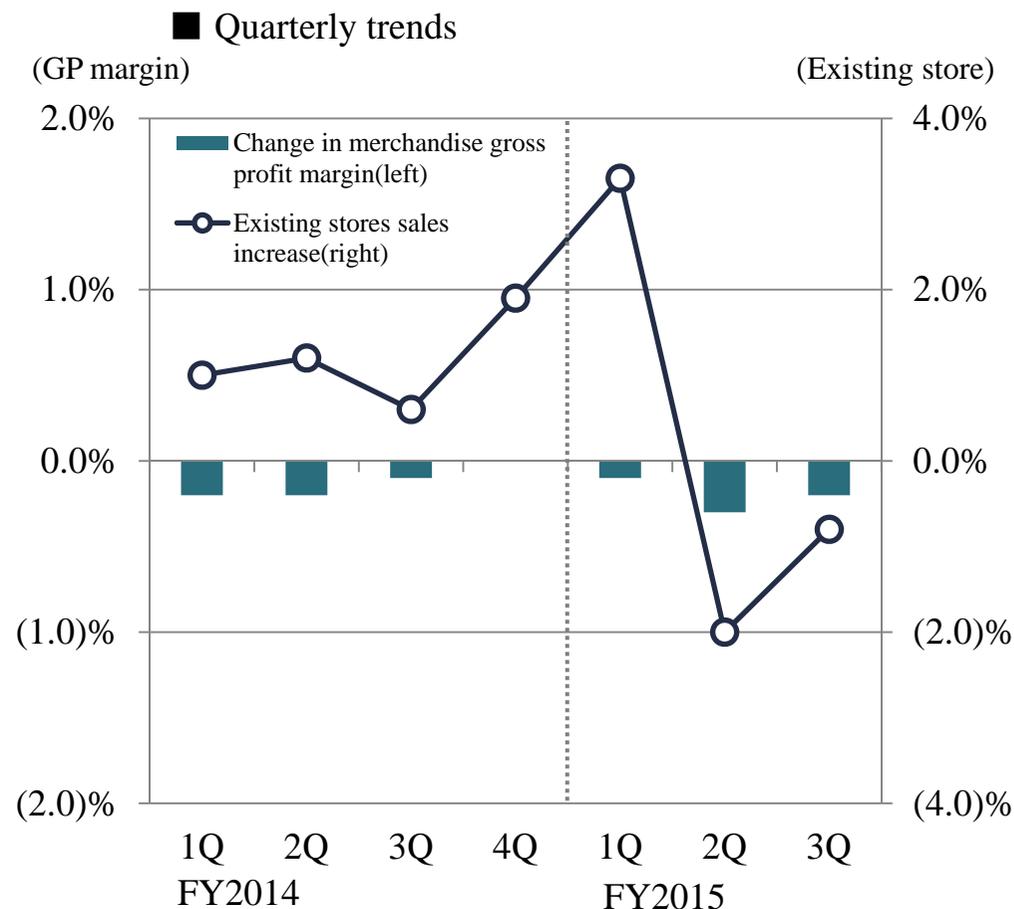


Lower earnings reflected a decrease in gross profit margin despite an increase in existing store sales

	Results	YOY
Operating income	1.1 bn yen	86.9% (0.1) bn yen
Existing store sales increase	+0.2%	
Merchandise gross profit margin	24.8%	(0.2)%

Overview

- Existing store sales: Growth centered on the major stores thanks to higher sales of premium products due to a surge in demand ahead of the consumption tax increase and brisk sales of food products
- Gross profit margin: Decreased due to growth in sales of premium and food products with low gross profit margins
- SG&A: Decreased 0.3% despite an increase in advertising and decoration expenses associated with the launch of a shopping point system for food



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