



**Seven & i Holdings Co., Ltd.**

**Financial Results Presentation  
for the Fiscal Year ended February 28, 2015**

**April 3, 2015**

**Seven & i Holdings Co., Ltd.**

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**Consolidated Financial Results  
for the Fiscal Year ended February 28, 2015**

## Overview of Consolidated Financial Results

- Operating income: New record for a fourth consecutive year

(Billions of yen)

	FY2015 Results			
	Amount	YOY	Change from the previous year	Change from the plan
Group's total sales*	10,235.6	106.6%	+637.7	+35.6
Revenues from operations	6,038.9	107.2%	+407.1	(91.0)
Operating income	343.3	101.1%	+3.6	(12.6)
Net income	172.9	98.5%	(2.7)	(11.0)

Exchange rate (income statements): FY2015 result U.S.\$1=105.79 yen [decline of 8.06 yen YOY]

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

## Operating Income by Business Segment

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

(Billions of yen)

	FY2015 Results			
	Amount	YOY	Change from the previous year	Change from the plan
Consolidated operating income	343.3	101.1%	+3.6	(12.6)
Convenience store operations	276.7	107.5%	+19.2	+6.7
Superstore operations	19.3	65.2%	(10.3)	(13.4)
Department store operations [before amortization of goodwill]	7.0 [12.3]	107.1%	+0.4	(1.1)
Food services	0.04	7.3%	(0.5)	(1.2)
Financial services	47.1	105.1%	+2.2	(0.3)
Mail order services	(7.5)	-	(7.5)	(2.8)
Others	3.6	169.4%	+1.5	(0.03)
Eliminations / corporate	(3.1)	-	(1.4)	(0.3)

## Operating Income for Major Operating Companies

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

(Billions of yen)

	FY2015 Results				
	Amount	YOY	Change from the previous year	Change from the plan	Major factors on YOY changes
Seven-Eleven Japan	223.3	105.0%	+10.5	+4.3	Achieved recordhigh for a fourth consecutive year
7-Eleven, Inc.	59.6	116.5%	+8.4	+0.9	Achieved recordhigh for a third consecutive year
Ito-Yokado	1.8	16.6%	(9.3)	(11.1)	Decrease in existing store sales and deterioration of the gross profit margin in apparel
York-Benimaru (including Life Foods*)	17.0	102.9%	+0.4	+0.3	Growth in existing store sales and increased operating income
Sogo & Seibu	10.2	100.8%	+0.08	(1.7)	Increased operating income

\*Life Foods (LF): Life Foods is a wholly owned subsidiary which produces and sells delicatessen items in York-Benimaru stores.

(Note) The combined operating income for YB and LF are management figures provided for reference purposes.

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**Plan for Consolidated Financial Results  
for the Fiscal Year ending February 29, 2016**

## Plan for Consolidated Financial Results

### ● Plan to achieve increased revenues and income

(Billions of yen)

	FY2016 Plan		
	Amount	YOY	Change from the previous year
Group's total sales*	10,800.0	105.5%	+564.3
Revenues from operations	6,400.0	106.0%	+361.0
Operating income	373.0	108.6%	+29.6
Net income	193.0	111.6%	+20.0

Exchange rate (income statements): FY2016 plan U.S.\$1=118.00 yen [decline of 12.21 yen YOY]

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

## Plan for Consolidated Financial Results: Operating Income by Business Segment

### ● Income growth planned for all segments

(Billions of yen)

	FY2016 Plan		
	Amount	YOY	Change from the previous year
Consolidated operating income	373.0	108.6%	+29.6
Convenience store operations	296.0	107.0%	+19.2
Superstore operations	31.6	163.4%	+12.2
Department store operations	7.6	107.7%	+0.5
Food services	1.6	-	+1.5
Financial services	50.0	106.0%	+2.8
Mail order services	(5.9)	-	+1.6
Others	4.5	122.6%	+0.8
Eliminations / corporate	(12.4)	-	(9.2)



## Plan for Consolidated Financial Results: Operating Income by Major Operating Company

### ● Income growth planned for all major operating companies

(Billions of yen)

	FY2016 Plan		
	Amount	YOY	Change from the previous year
Seven-Eleven Japan	232.0	103.9%	+8.6
7-Eleven, Inc.	73.2	122.7%	+13.5
Ito-Yokado	10.0	537.9%	+8.1
York-Benimaru (including Life Foods*)	17.6	103.4%	+0.5
Sogo & Seibu	12.0	117.3%	+1.7

\*Life Foods (LF): Life Foods is a wholly owned subsidiary which produces and sells delicatessen items in York-Benimaru stores.

(Note) The combined operating income for YB and LF represent internal management reporting figures.

## Plan for Capital Expenditures by Business Segment

- Actively pursue growth opportunities, mainly in convenience store operations

(Billions of yen)

	FY2016 Plan		
	Amount	YOY	Change from the previous year
Consolidated capital expenditures	460.0	134.9%	+118.9
Convenience store operations	293.0	151.6%	+99.7
Superstore operations	92.2	140.8%	+26.7
Department store operations	15.8	102.7%	+0.4
Food services	2.8	79.8%	(0.7)
Financial services	42.0	107.4%	+2.8
Mail order services	4.7	123.2%	+0.8
Others	2.3	42.7%	(3.0)
Corporate	7.2	47.5%	(7.9)

## Plan for Capital Expenditures by Major Operating Company

- Invest for growth in new store openings and revitalization of existing stores

(Billions of yen)

	FY2016 Plan		
	Amount	YOY	Change from the previous year
Consolidated capital expenditures	460.0	134.9%	+118.9
Seven-Eleven Japan	160.0	123.6%	+30.5
7-Eleven, Inc.	129.0	204.0%	+65.7
Ito-Yokado	61.1	148.8%	+20.0
York-Benimaru	12.4	87.8%	(1.7)

# Omni-Channel System:

## Investment Cost and Management of Budget and Actual Results

**Seven & i HLDGS. (holding company) will be responsible for the capital expenditures and operating expenses for the system**

### ● Seven & i HLDGS. (holding company): Plan for FY2016

Capital expenditures	22.3 bn yen	Omni-Channel system-related investment FY2015: 15.1 bn yen FY2016: 7.2 bn yen
Operating expenses	8.6 bn yen	Omni-Channel system-related operating expenses (including depreciation and amortization, sales promotion expenses, etc.)



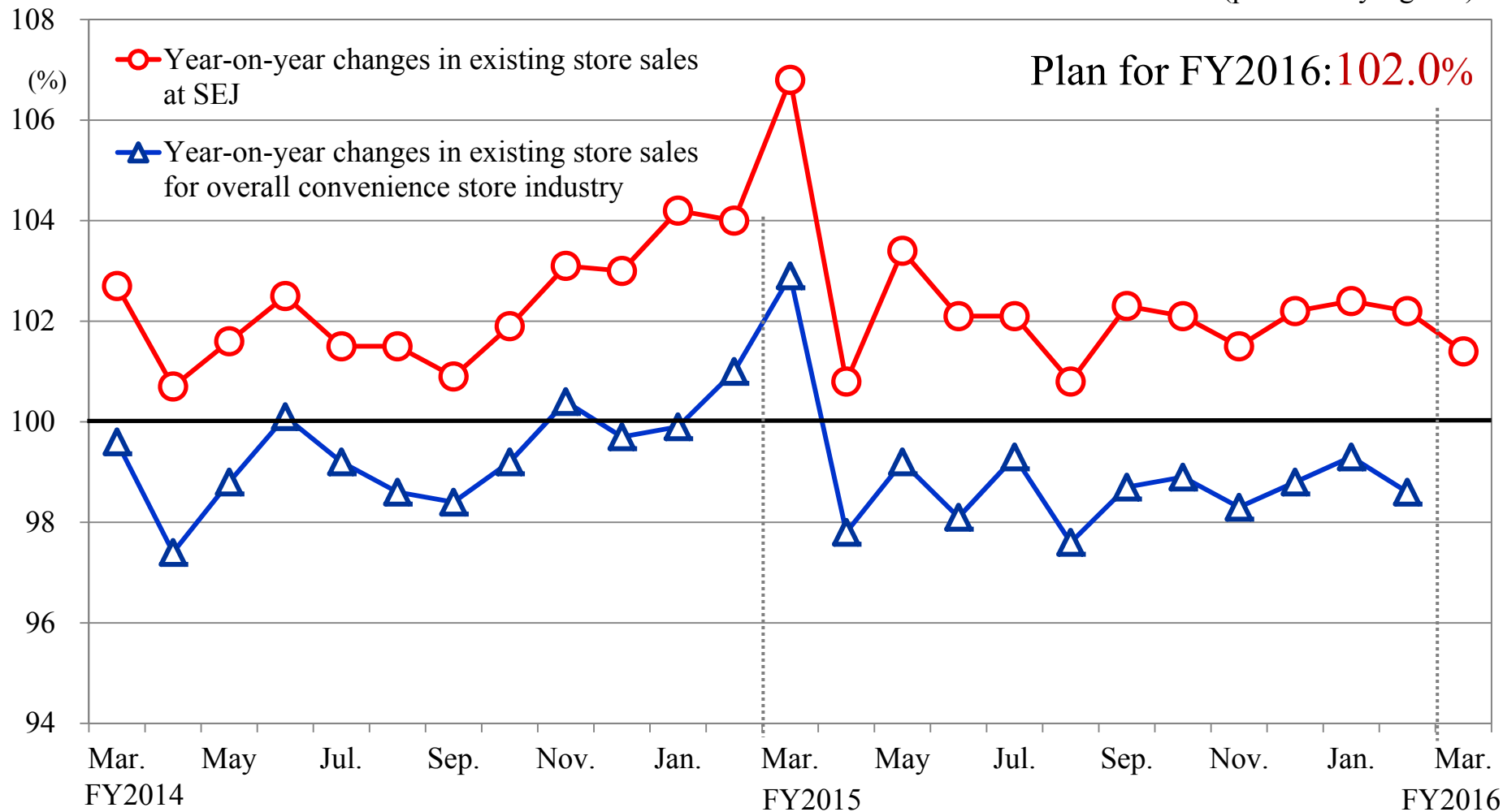
Operating companies to bear costs of distribution and Internet shopping websites to elicit an ambitious spirit of challenge

Seven & i HLDGS. will manage the budget and actual results of Omni-Channel earnings for each operating company

# SEJ: Trend in Year-on-Year Changes in Existing Store Sales

● SEJ: Overcame the impact of the consumption tax hike with growth rate for existing stores rising for 32 consecutive months

March 2015 result: **101.4%** (preliminary figures)



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.

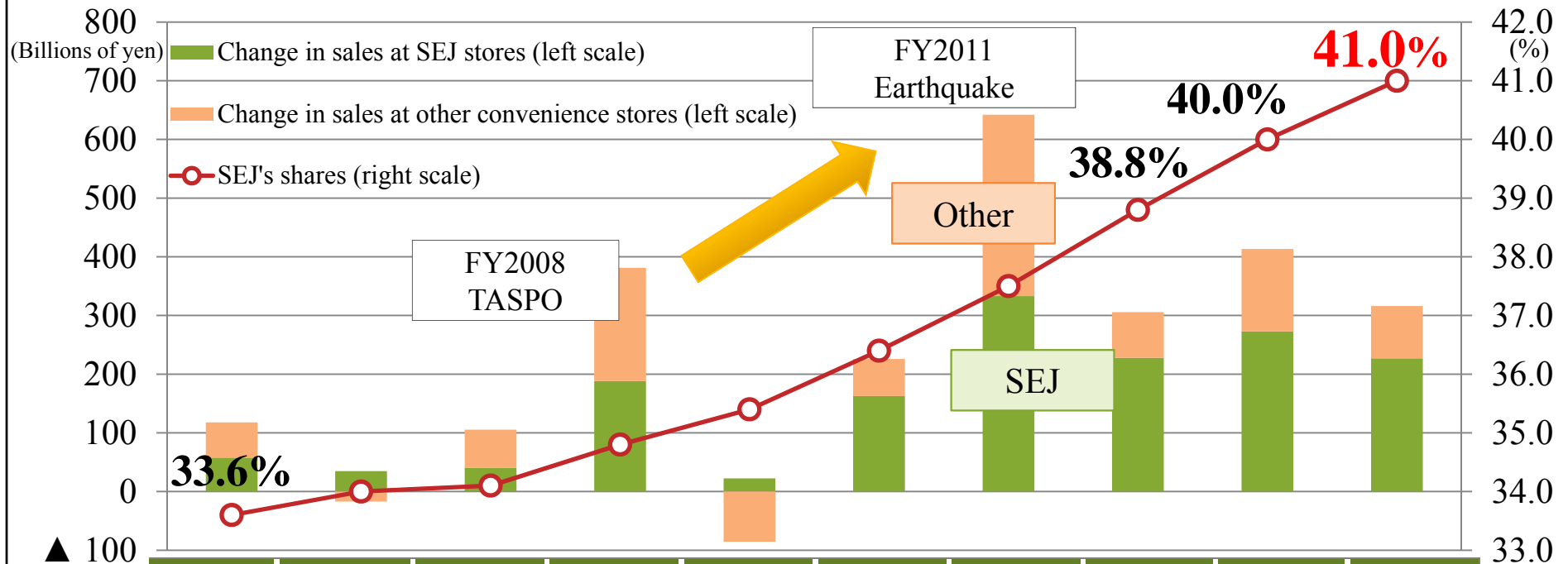
Source: Japan Franchise Association monthly convenience store survey

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# SEJ: Sales Shares and CVS Sales Inc./Dec. Trend

● Distinct enhancement in market share since starting the “close-by, convenient stores” concept in FY2011



	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012	FY2013	FY2014	FY2015
Share	33.6%	34.0%	34.1%	34.8%	35.4%	36.4%	37.5%	38.8%	40.0%	41.0%
Inc./Dec.	+0.1%	+0.4%	+0.1%	+0.7%	+0.6%	+1.0%	+1.1%	+1.3%	+1.2%	+1.0%

**FY2006-FY2010 +1.9%**

**FY2011-FY2015 +5.6%**

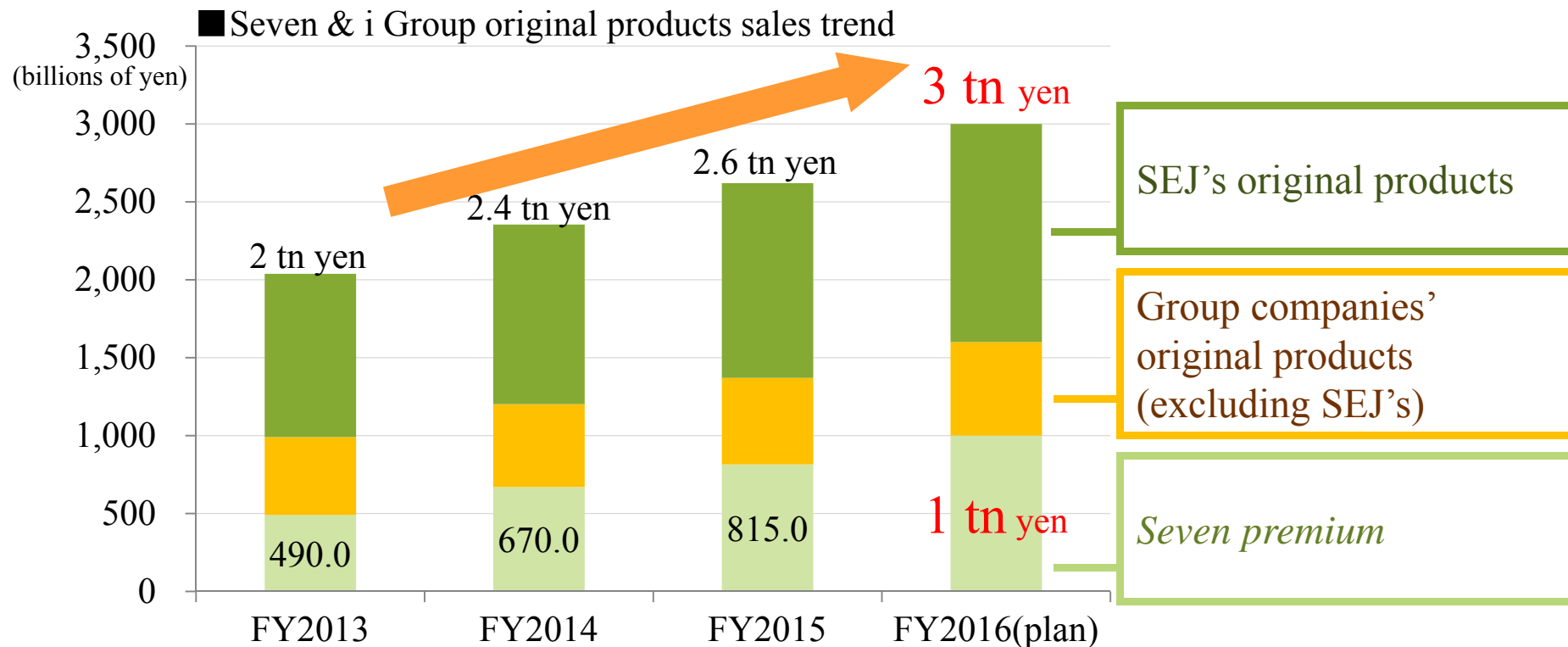
Source: Japan Franchise Association monthly convenience store survey

# Development of Original Products

*Seven Premium*: FY2015 Result 815.0 bn yen, FY2016 Plan 1 tn yen

Value-added products are in demand across business formats and pursue further synergy.

Amount of sales of Group companies' original products (including *Seven Premium*):  
FY2015 Result 2.6 tn yen, FY2016 Plan 3.0 tn yen



**【Appendix】**

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**Overview of Financial Results  
for Major Operating Companies**



# Convenience Store Operations: Results (1)

## Seven-Eleven Japan

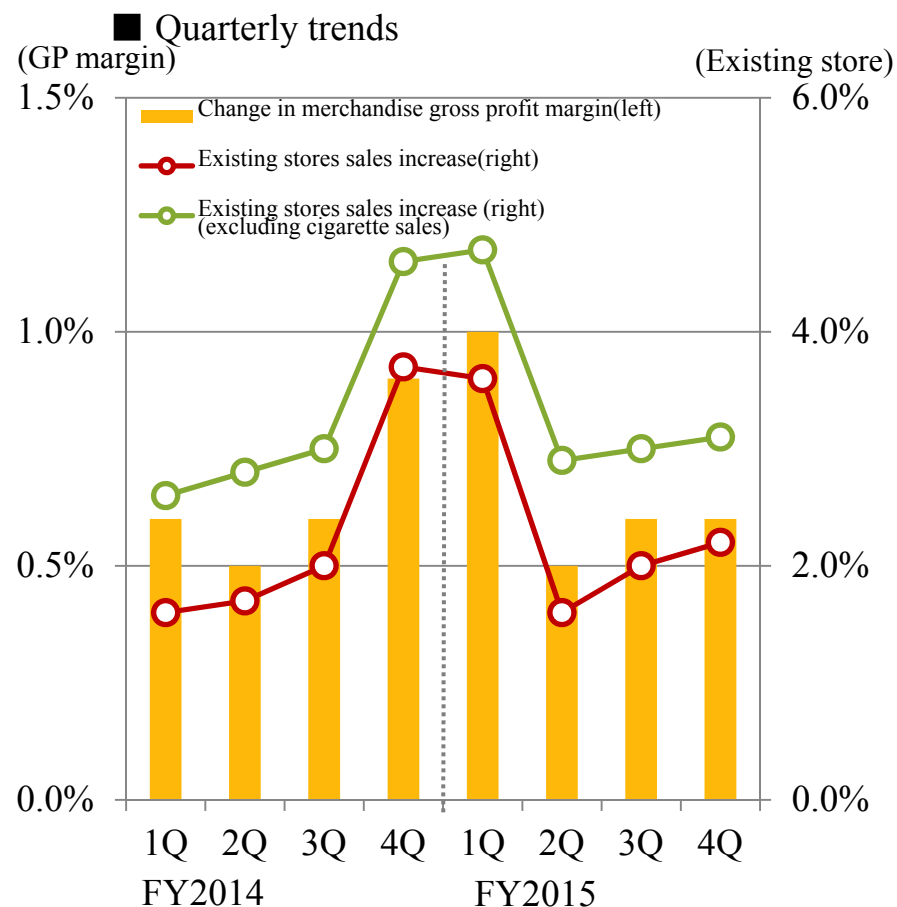


Record-high income for the fourth consecutive year resulted from increased existing store sales and improved gross profit margin

	Results	YOY
Operating income	223.3 bn yen	105.0% +10.5bn 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%), effect of reduced sales composition of low gross profit margin cigarettes (+0.3%), among others
- 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.

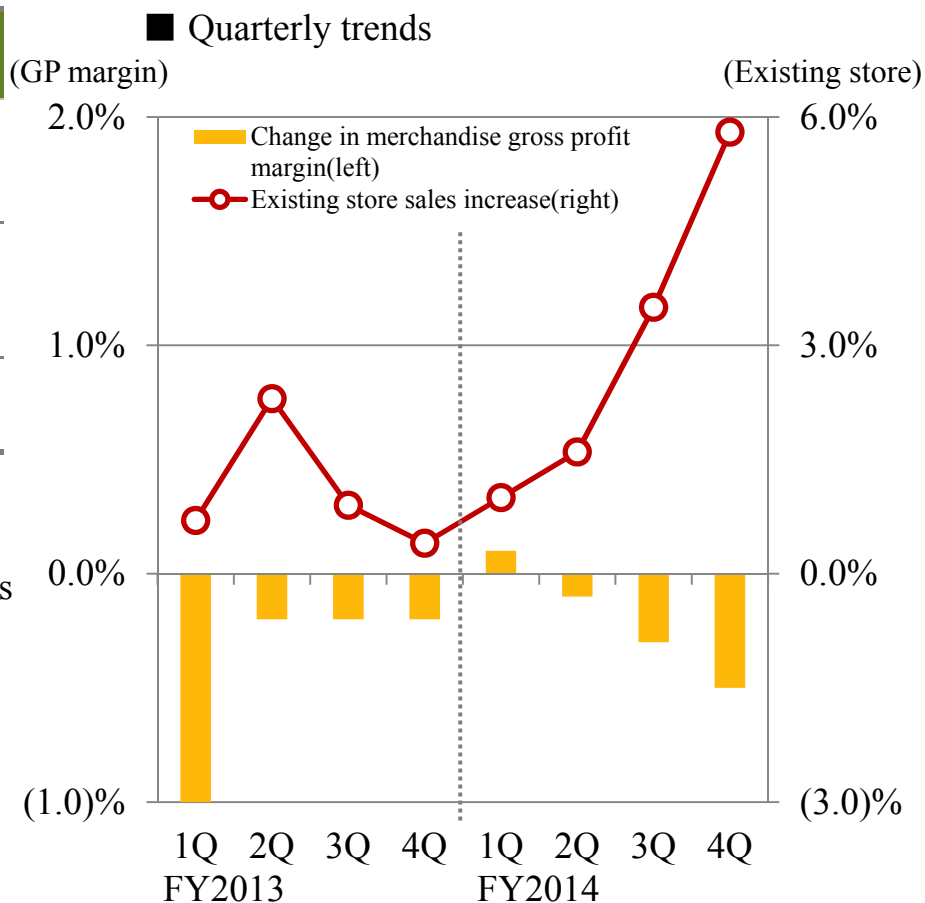


Growth in merchandise sales at existing stores driven by strong hot foods sales resulted in double-digit operating income growth

	Results	YOY
Operating income	59.6 bn yen	116.5% +8.4 bn yen
Existing store sales increase (U.S. merchandise sales in dollar basis)	+3.1%	
Merchandise gross profit margin	34.5%	(0.3)%

## Overview

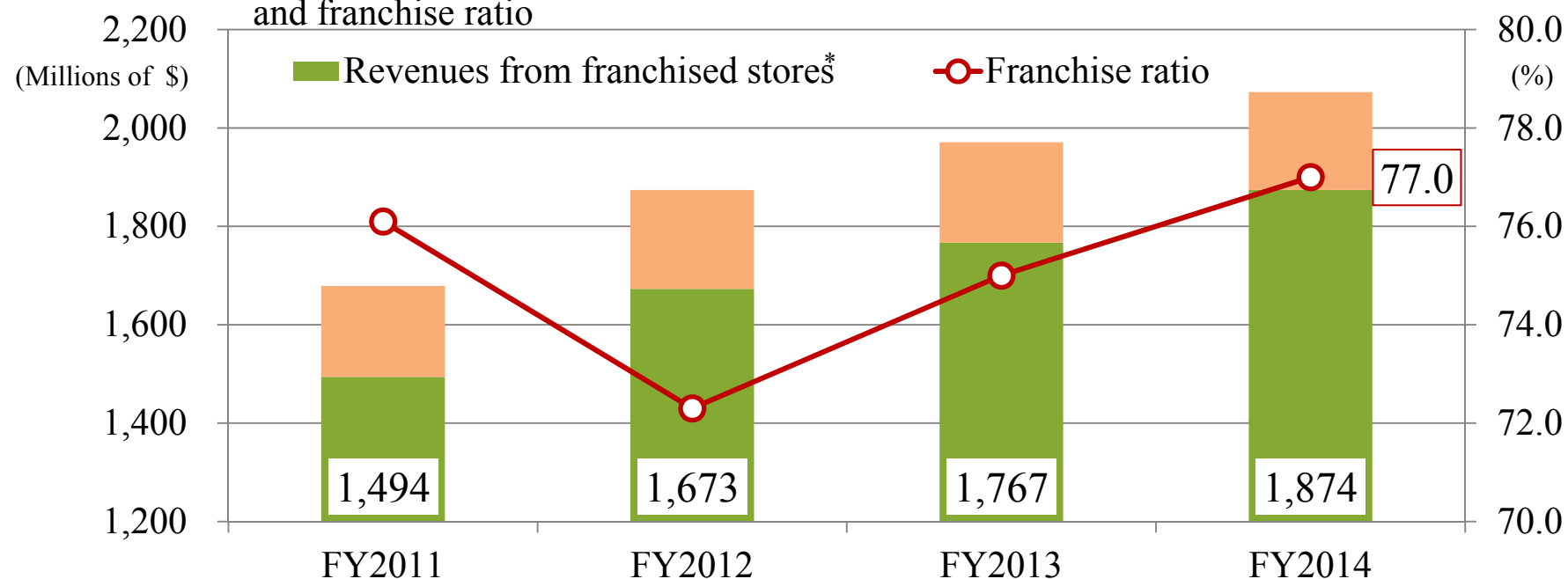
- Existing store sales: Increased due to growth in fast foods sales centered on hot foods
- Gross profit margin: Declined due to an appropriate pricing of cigarettes combined to market price and an increase in sales of low gross profit margin cigarettes since major drug stores stopped cigarette sales
- Operating income: A double-digit income increase resulted from growth in existing store product sales, which covered a decline in the gross profit margin



## SEI: Promotion of “Conversion to Franchised Stores”

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

■ Trends of SEI’s other operating revenues (including revenues from franchised stores) and franchise ratio



Number of franchised stores	5,437	5,870	6,219	6,390
Number of directly operated stores	1,712	2,248	2,073	1,907
Number of acquired stores	361	662	121	8

\* Revenues from franchised stores are the total of C-type stores and BCP stores

## Convenience Store Operations: FY2016 Plan

### Seven-Eleven Japan

Operating income: 232.0 bn yen [YOY 103.9%, Change +8.6 bn yen]

	Plan [YOY]	Remarks
Total store sales	4,236.0 bn yen[105.7%]	Contribution from improvement in existing stores and new store openings
Existing store sales increase	+2.0%	Impact from cigarettes:approx. (1.0%)
Merchandise gross profit margin	31.9%[+0.5%]	Decreased sales composition of cigarettes
Number of stores	18,591 stores[+1,100 stores]	Openings: 1,700 stores Closures: 600 stores

### 7-Eleven, Inc.

Operating income: 73.2 bn yen [YOY122.7 %, Change +13.5 bn yen]

	Plan [YOY]	Remarks
Total store sales	3,215.0 bn yen[113.4%]	Contribution from improvement in existing stores and new store openings
Existing store sales increase (U.S. merchandise)	+4.4%	Expansion of fast food, an increase in cigarette sales, and contribution by remodeling
Merchandise gross profit margin	34.7%[+0.2%]	Expansion of fast food and private-brand products
Number of stores	8,572 stores [+275 stores]	Openings: 400 stores Closures: 125 stores

# Superstore Operations: Results (1)

Ito-Yokado



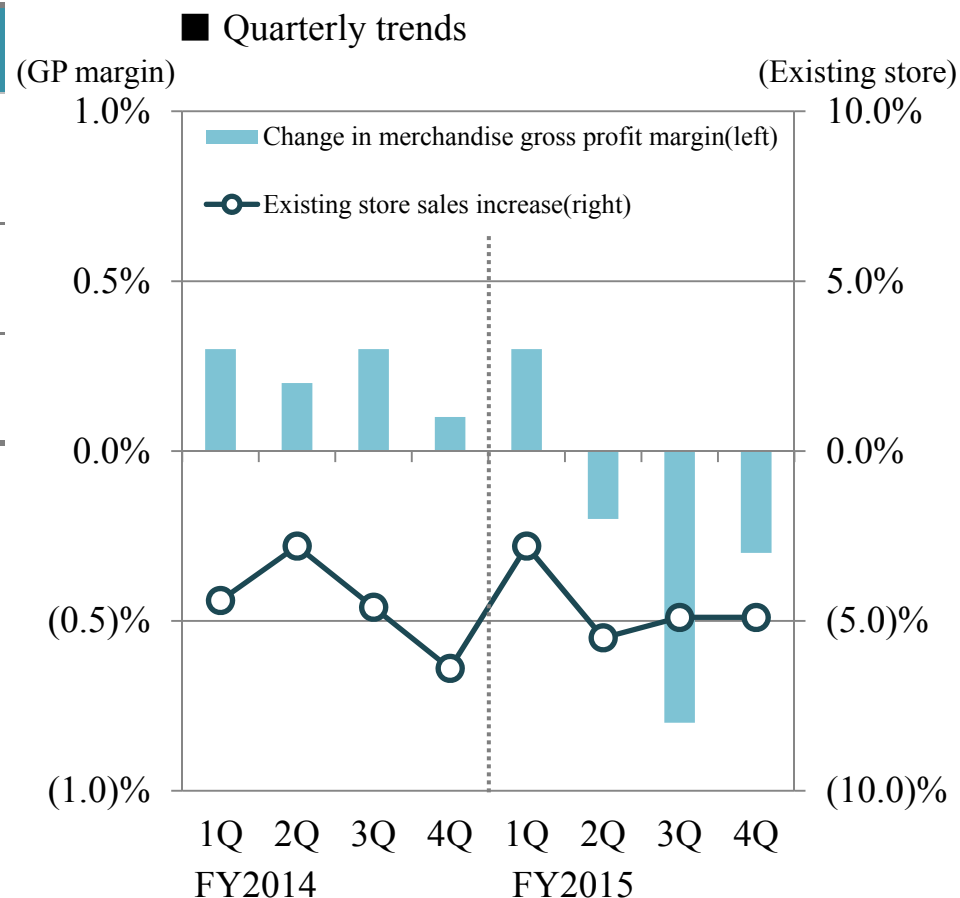
Lower income reflected a decrease in existing store sales and deterioration of the gross profit margin in apparel

	Results	Change
Operating income	1.8 bn yen	16.6% (9.3) bn yen
Existing store sales increase	(4.5)%	[(3.4)%] *
Merchandise gross profit margin	29.9%	(0.3)%

## Overview

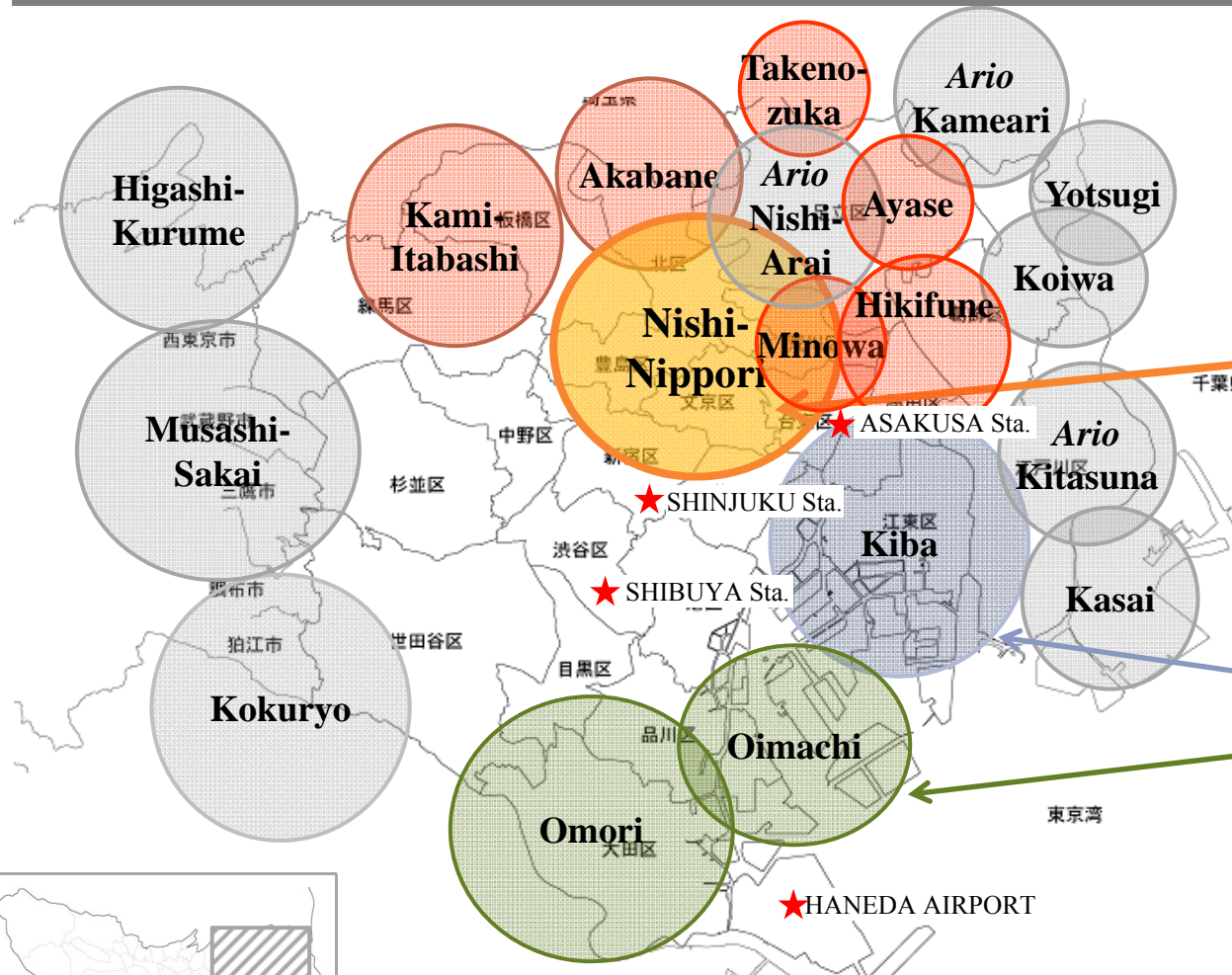
- Existing store sales: Decreased due to fall-back following demand surge, unseasonable weather, and optimizing directly-managed sales areas (increasing tenants)
- Gross profit margin: Increased markdown loss, mainly in apparel, led to a 0.3% decrease
- SG&A : Down 0.8% due to rent revisions and reduced promotional expenses, although offset by increases in electricity charges and new stores

\*Existing store sales increase of total SC (mall-type shopping centers) sales



# IY Net Supermarket: Business Enhancement Linked to Omni-Channel Strategy

●FY2015 Sales 50 bn yen ⇒ Aim for further expansion

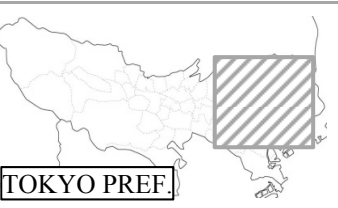


**Address opportunity loss by expanding order acceptance capacity**

- Dedicated Net Supermarket store**
- Open in market concentration areas
  - Further cultivate existing markets and develop new areas
  - Store opening date: March 2015

**Expand operating area (external warehouse)**

- Two-store system**
- Use existing stores in market concentration areas
  - Overlap delivery zones to expand order acceptance capacity





# Superstore Operations: Results (2)

## York-Benimaru

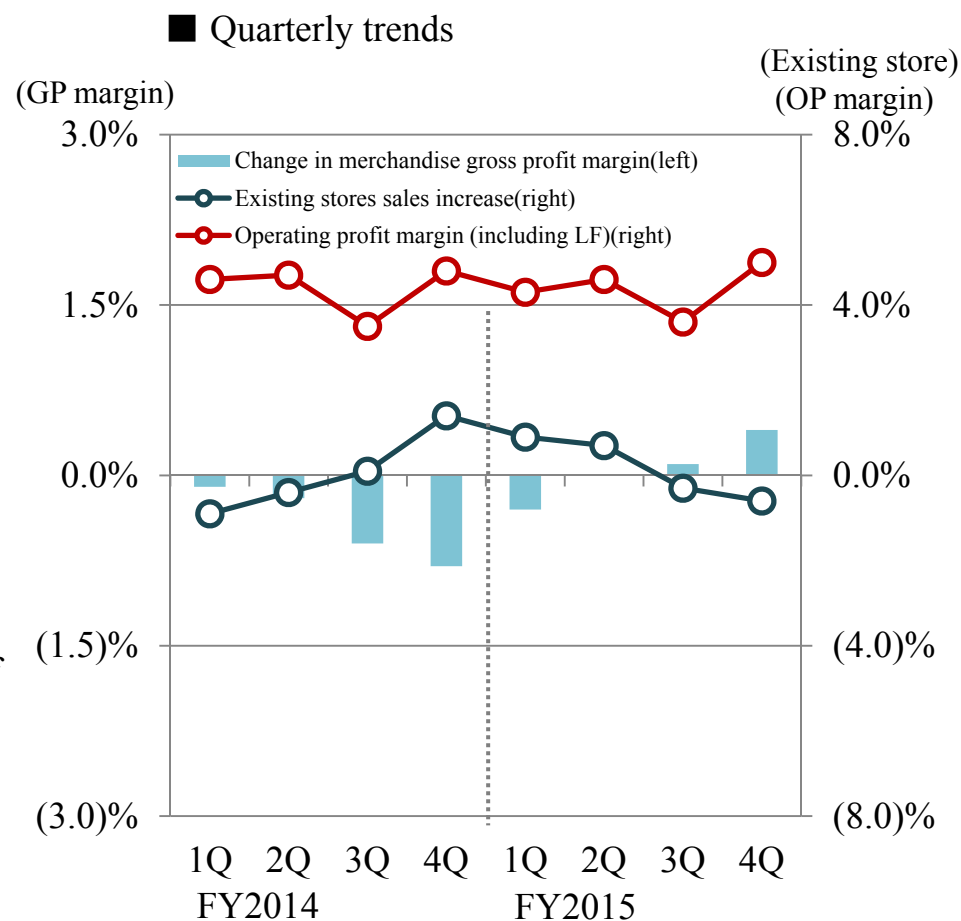


Achieved increased income due to improved sales and cost reductions in existing stores

	Results	YOY
Operating income	12.8 bn yen	100.8% +0.1 bn yen
Existing store sales increase	+0.2%	
Merchandise gross profit margin	25.6%	±0.0%
Operating income (including Life Foods)*	17.0 bn yen	102.9% +0.4 bn yen

### Overview

- Existing store sales: Increase on brisk sales of foods despite a negative result in apparel due to poor weather
- Gross profit margin :Foods were positive on the back of brisk fresh foods sales despite a negative results in apparel
- Operating income: In addition to the positive results in directly-operated stores, brisk sales in Life Foods enabled a second consecutive year of YOY growth including Life Foods

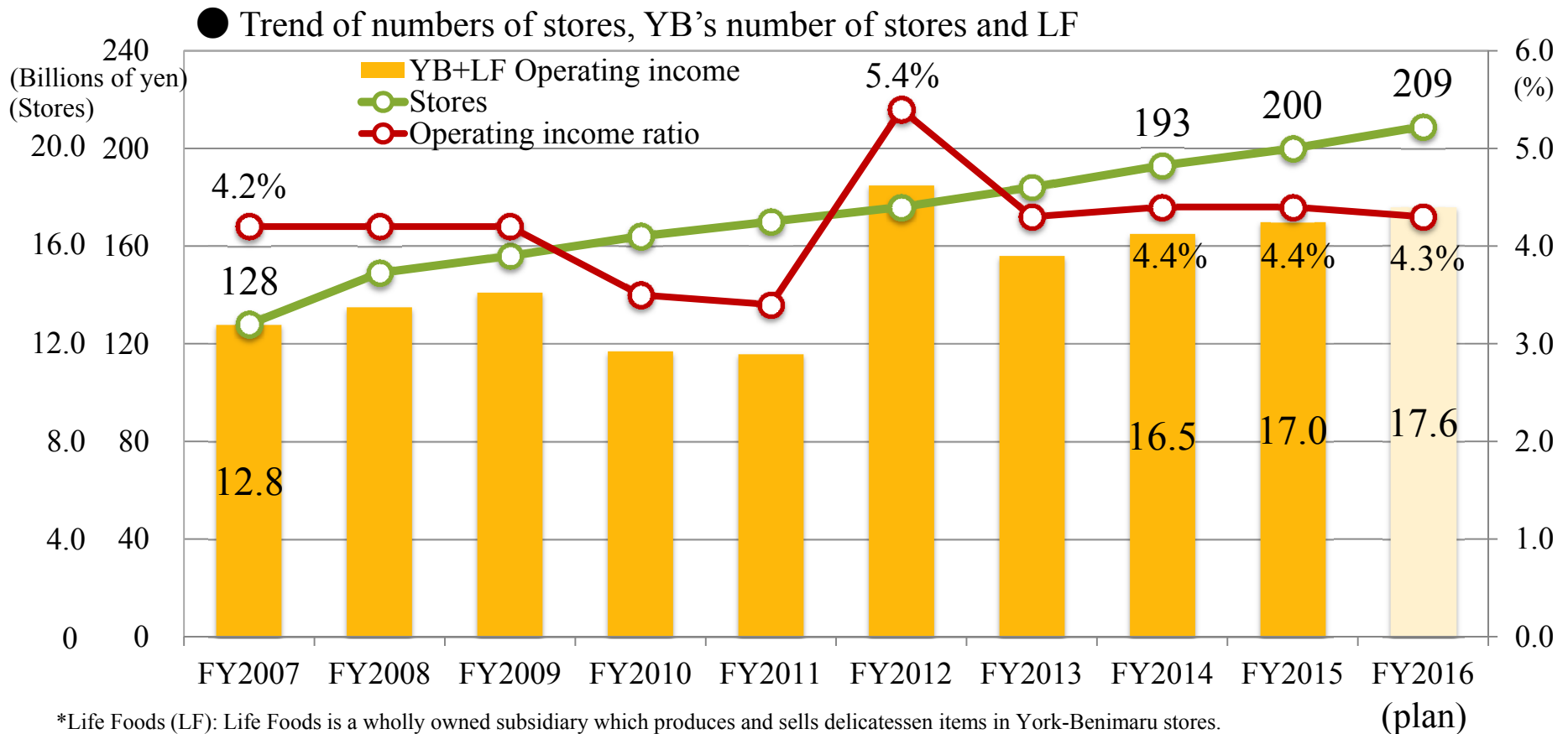


\*Life Foods (LF): Life Foods is a wholly owned subsidiary which produces and sells delicatessen items in York-Benimaru stores.

(Note) The combined operating income for YB and LF are management figures provided for reference purposes.

# York-Benimaru(YB): Differentiation Strategy

- Increasing store density in areas with existing stores
- Promoting differentiation strategy utilizing fresh foods and *Seven Premium* private-brand products
- Expand delicatessen sales area which produced and sold by Life Foods (LF)\* responding to the needs of ready-to-serve and easy meal products



\*Life Foods (LF): Life Foods is a wholly owned subsidiary which produces and sells delicatessen items in York-Benimaru stores.  
 (Note) The combined operating income for YB and LF represent internal management reporting figures.



## Superstore Operations: FY2016 Plan

### Ito-Yokado

Operating income: 10.0 bn yen [YOY 537.9%, Change +8.1 bn yen]

	Plans [YOY]	Remarks
Net sales	1,275 .0 bn yen [101.7%]	Improve existing store sales
Existing store sales increase	+1.0%	Revitalize existing stores through structural reforms, food product revamps and more
Merchandise gross profit margin	30.1% [+0.2%]	Improve by strengthening development of private-brand products and reducing markdown losses
Number of stores	183 stores [+2 stores]	Openings 4 stores (including dedicated <i>Net Supermarket</i> stores) Closures: 2 stores
Capital expenditures	61.1 bn yen [148.8%]	Increase investment in existing stores and investment related to new stores from FY2017 onward

### York-Benimaru

Operating income (including Life Foods):  
17.6 bn yen [YOY 103.4%, Change +0.5 bn yen]

	Plans [YOY]	Remarks
Net sales	410.0 bn yen[105.0%]	Contribution from growth in existing stores and new stores
Existing store sales increase	+1.8%	Differentiate by strengthening foods including fresh foods and delicatessen items
Merchandise gross profit margin	26.0%[+0.4%]	Reducing markdown losses and strengthening sales of private-brand products
Number of stores	209 stores [+9 stores]	Openings: 9 stores Closure: 0 store

# Department Store Operations: Results



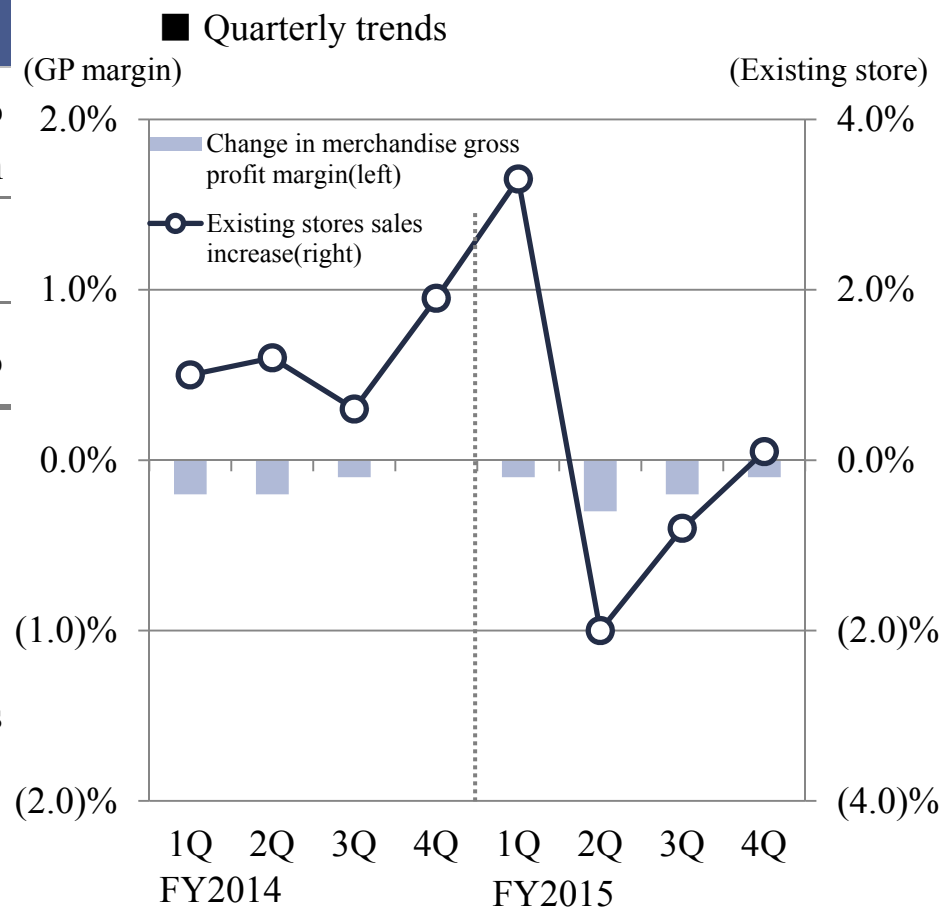
## Sogo & Seibu

Profits increased mainly due to increased sales centered on key stores and reduced expenses

	Results	YOY
Operating income	10.2 bn yen	100.8% +0.08 bn yen
Existing store sales increase	+0.1%	
Merchandise gross profit margin	24.6%	(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 hike and brisk sales of food products
- Gross profit margin: Decreased 0.2% due to growth in sales of food products and tenant sales with low gross profit margins
- SG&A: Held down despite rising advertising and decoration expenses stemming from increased sales, due to reduced labor costs and rent expenses

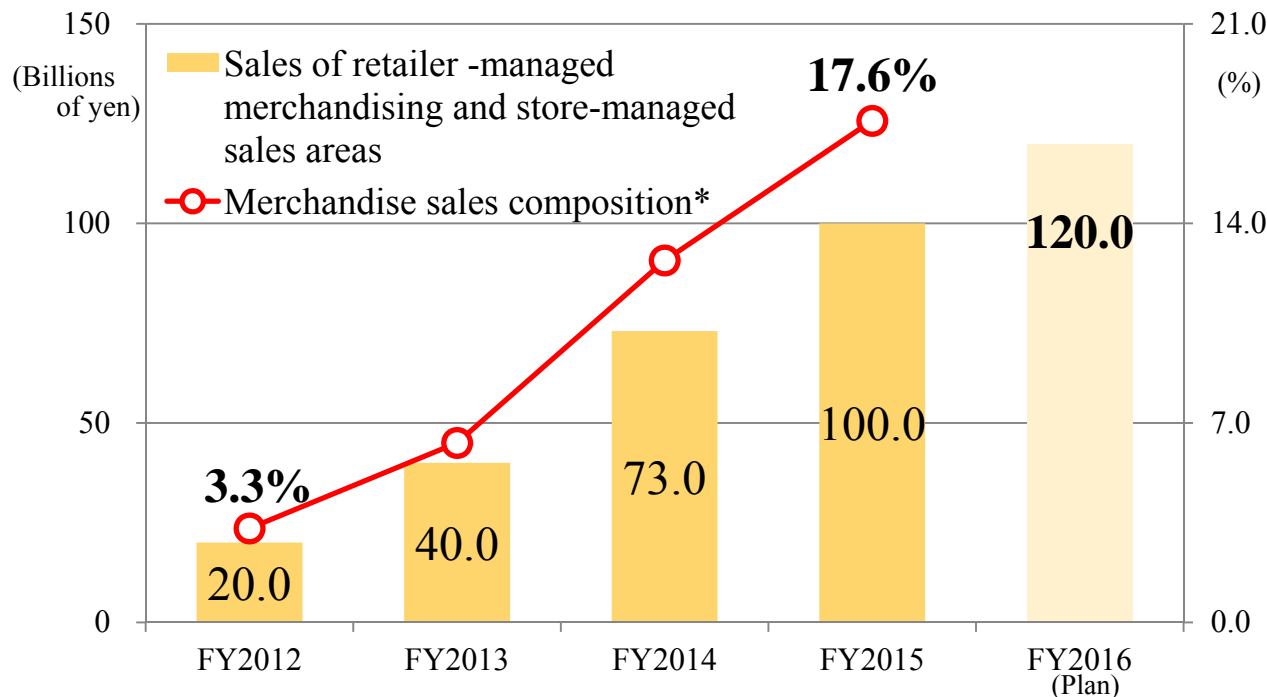


# SS: Develop Premium, High-Quality Products

## ● Strengthen development of retailer-managed merchandising centered on *Limited Edition*

FY2016 Sales plan	<ul style="list-style-type: none"> <li>▪ Expand joint development with new and influential business partner manufacturers</li> <li>▪ Step up overseas purchasing</li> <li>▪ Develop products in earnest as a specialty store retailer of private-label apparel</li> </ul>
120.0 bn yen (120% YOY)	

## ● Sales and sales composition of retailer-managed merchandising and store-managed sales areas



*Limited Edition 'areamode'*

\*Merchandise sales composition =  $\frac{\text{Sales of retailer-managed merchandising and store-managed sales areas}}{\text{Merchandise sales(excluding corporate and tenants sales)}}$

## Department Store Operations: FY2016 Plan

### Sogo & Seibu

Operating income: 12.0 bn yen [YOY 117.3%, Change +1.7 bn yen]

	Plans [YOY]	Remarks
Net sales	812.6 bn yen [102.8%]	—
Existing store sales increase	+2.8%	Positive growth expected for key stores
Merchandise gross profit margin	24.8% [+0.2%]	Strengthening initiatives for store-managed sales areas and retailer-managed merchandising centered on <i>Limited Edition</i> .
Number of stores	24 stores [ $\pm 0$ store]	—

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