



Seven & i Holdings Co., Ltd.

**Financial Results Presentation
for the Second Quarter of FY2016**

October 9, 2015

Seven & i Holdings Co., Ltd.



**Consolidated Financial Results
for the Second Quarter of FY2016**

Overview of Consolidated Financial Results

- Operating income and net income both reached new records for a third consecutive year

(Billions of yen)

	Six Months Ended August 31, 2015		
	Amount	YOY	Change from previous year
Group's total sales	5,310.2	104.5%	+227.3 ^{*1}
Revenues from operations	2,994.9	99.7%	(9.4) ^{*1}
Operating income	172.4	103.1%	+5.2
Net income	84.5	100.7%	+0.6 ^{*2}

*1 Impact of lower crude oil prices, etc. on 7-Eleven Inc. gasoline sales (including the effect of yen depreciation)	(109.7)
---	---------

*2 Impact of tax asset reversal accompanying the corporate tax rate reduction from the fiscal year ending February 29, 2016	(3.7)
--	-------

Exchange rate (income statements): U.S.\$1=120.30yen, decline 17.84 yen YOY

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

Operating Income by Business Segment

● Convenience store operations are mainly leading income growth

(Billions of yen)

	Six Months Ended August 31, 2015		
	Amount	YOY	Change from previous year
Consolidated operating income	172.4	103.1%	+5.2
Convenience store operations	152.3	111.3%	+15.4
Superstore operations	1.1	12.6%	(8.0)
Department store operations [before amortization of goodwill]	(0.8) [1.7]	- [69.5%]	(0.7) [(0.7)]
Food services	1.1	-	+1.0
Financial services	24.1	100.5%	+0.1
Mail order services	(4.7)	-	(1.6)
Others	1.9	107.4%	+0.1
Eliminations / corporate	(2.6)	-	(1.0)

Operating Income for Major Operating Companies

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

(Billions of yen)

	Six Months Ended August 31, 2015				Major Factors on YOY Changes
	Amount	YOY	Change from Previous year	Existing store sales increase	
Seven-Eleven Japan	122.8	106.0%	+6.9	+3.2%	Growth in existing store sales and improvements in merchandise gross profit margins
7-Eleven, Inc. [in dollar basis]	33.3 [\$276.9mil]	138.8% [118.3%]	+9.3 [+\$42.7mil]	+6.4%	Growth in existing store sales and improvements in merchandise gross profit margins
Ito-Yokado	(9.0)	-	(9.7)	(1.3)%	Decrease in existing store sales and deterioration of the gross profit margin in apparel
York-Benimaru (including Life foods* ¹)	8.6	100.5%	+0.04	+0.3%* ²	Growth in existing store sales and improvements in merchandise gross profit margins
Sogo & Seibu	1.1	64.0%	(0.6)	(0.4)%	Decrease in apparel sales with high gross profit margin

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

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

Plan for Consolidated Financial Results

● Revised full-year forecast based on first-half results

(Billions of yen)

	FY2016 Plan(as of Oct. 8)			FY2016 Plan(as of Apr. 2)	
	Amount	YOY	Change from previous year	Amount	YOY
Group's total sales*	10,600.0	103.6%	+364.3	10,800.0	105.5%
Revenues from operations	6,150.0	101.8%	+111.0	6,400.0	106.0%
Operating income	367.0	106.9%	+23.6	373.0	108.6%
Net income	183.0	105.8%	+10.0	193.0	111.6%

Exchange rate (income statements): Changed from U.S.\$ 1 = 118.00 yen in the FY16/2 forecast to U.S.\$ 1 = 120.00yen
(yen depreciation of 14.21 yen YOY)

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

Copyright (C) Seven & i Holdings Co., Ltd. All Rights Reserved.

Plan for Operating Income by Business Segments

● Revised segment operating income plan based on first-half results (Billions of yen)

	FY2016 Plan(as of Oct. 8)			FY2016 Plan(as of Apr. 2)	
	Amount	YOY	Change from previous year	Amount	YOY
Consolidated operating income	367.0	106.9%	+23.6	373.0	108.6%
Convenience store operations	302.0	109.1%	+25.2	296.0	107.0%
Superstore operations	20.6	106.5%	+1.2	31.6	163.4%
Department store operations	7.6	107.7%	+0.5	7.6	107.7%
Food services	1.6	-	+1.5	1.6	-
Financial services	50.0	106.0%	+2.8	50.0	106.0%
Mail order services	(6.9)	-	+0.6	(5.9)	-
Others	4.5	122.6%	+0.8	4.5	122.6%
Eliminations / corporate	(12.4)	-	(9.2)	(12.4)	-

Plan for Operating Income for Major Operating Companies

● Revised operating income plan for major operating companies based on first-half results (Billions of yen)

	FY2016 Plan(as of Oct. 8)			FY2016 Plan(as of Apr. 2)	
	Amount	YOY	Change from previous year	Amount	YOY
Seven-Eleven Japan	235.0	105.2%	+11.6	232.0	103.9%
7-Eleven, Inc. [in dollar basis]	76.4 [\$636.6mil]	128.1% [112.9%]	+16.7 [+\$72.7mil]	73.2 [\$620.3mil]	122.7% [110.0%]
Ito-Yokado	1.0	53.8%	(0.8)	10.0	537.9%
York-Benimaru (including Life Foods*1)	17.6	103.4%	+0.5	17.6	103.4%
Sogo & Seibu	12.0	117.3%	+1.7	12.0	117.3%

Exchange rate (income statements): Changed from U.S.\$ 1 = 118.00 yen in the FY16/2 forecast to U.S.\$ 1 = 120.00yen
(yen depreciation of 14.21 yen YOY)



**Ito-Yokado (IY)
First-Half Results and
Second-Half Initiative**

IY: First-Half Operating Loss (9.06) billion yen [(9.7) billion yen YOY]

– Analysis of Factors in YOY Change

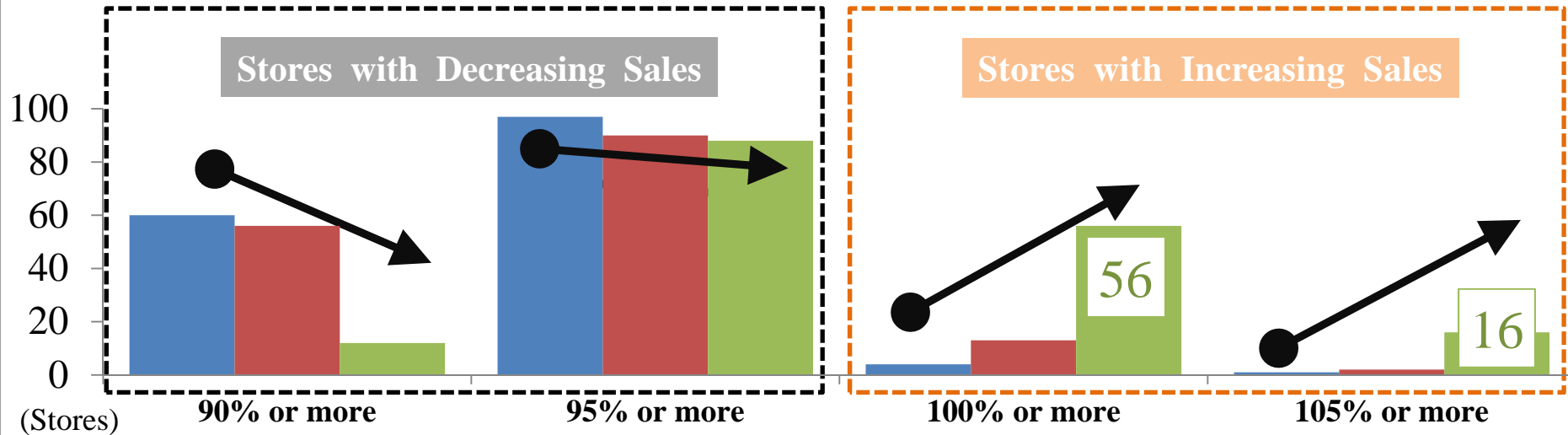
Operating income changes	Amount of change	Factors in YOY change	Details
+0.4	+0.4	Increase in tenant income	Promoted store structural reform
0	(2.6)	Decline in existing store sales	First-half existing store sales growth (1.3)% 2Q-only growth improved at (0.6)%
(Billions of yen)	(4.8)	Gross profit deterioration	* Main reason is “lax responsibility in purchasing” from private brand apparel product development – store recommendation
	(0.5)	Increase in discount sales	Conducted direct mail sales for card members
(10.1)	(2.2)	Increase in SG&A expenses	New stores 4.1 bn yen increase, closed stores 2.2 bn yen decrease Existing stores 0.3 bn yen increase [Renovation cost 2.5 bn yen increase; other 2.8 bn yen decrease]

* Decisive action to reduce inventory by (3.5) billion yen in first half based on item-by-item management

Signs of Change in IY First-Half Results: Steady Improvement at the Individual Store Level

● FY2014 to FY2016 first half: Number of Stores by Existing Store Sales YOY Change

■ FY2014 ■ FY2015 ■ FY2016



Stores with Increasing Sales			
FY2014	6	Independently operated stores	5
FY2015	15	Structurally reformed stores	23
FY2016 first half	72	Shokuhinkan food specialty stores	10
		THE PRICE	8
		Other existing stores	26

5 out of 9 independently operated stores are now recording sales growth

Stores that have both changed the tenant mix and renovated food product sales area

Growth from conducting operations from merchandising to sales promotion completely within business department

As above

Multiple factors

Boosting GMS depends on establishing independent operation and moving coordination from merchandising to sales promotion on to the execution level

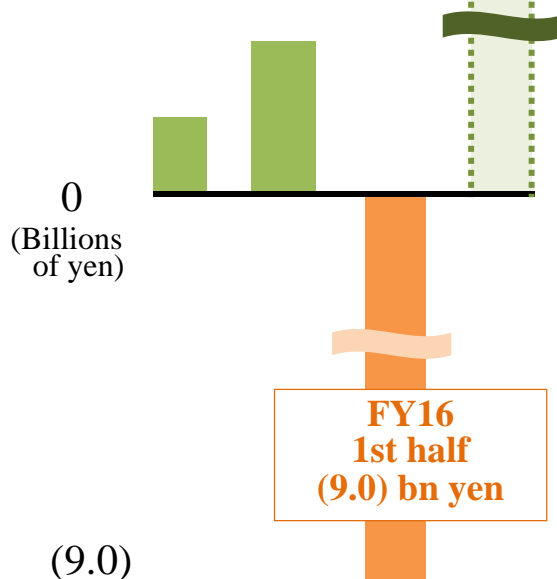
IY: Second-Half Key Initiative: Change Full-Year Plan in Response to Recent Changes

- Change full-year operating income plan from 10.0 billion yen to 1.0 billion yen, clarify second-half initiatives

■ Half-year operating income
+10.0

FY2015	
1 st half	2 nd half
0.6 bn yen	1.2 bn yen

**FY16
second-half plan
10.0 bn yen**



Item	Second-Half Plan	Detail
Operating income	10.0 bn yen	YOY change of + 8.8 bn yen
Existing store sales	+0.8%	Strengthen functions of regional zone business departments and maximize independent operation effect
Gross profit margin	30.7%	Reduce loss by increasing orders from stores [YOY change + 0.7%]
SG&A expenses	(2.8)bn yen	Reduce personnel and utility costs

Revise plan to factor in maximum effect from initiatives



Sogo & Seibu Structural Reforms

Sogo & Seibu: Creating New Department Stores for the Omni-Channel Era

Moving away from wholesaler-dependent structure and homogenization

● Strengthen key stores

Initiative	Details
Bolster luxury goods areas	<ul style="list-style-type: none">▪ Realize top-class product lineup in Japan at SEIBU Ikebukuro flagship store Significantly increase the number of brands at SEIBU Ikebukuro, etc. (start from FY2017)▪ Open specialty luxury brand online shopping site “e.CASTEL” in November
Invigorate sales areas	<ul style="list-style-type: none">▪ Strengthen retailer-managed product development and links with sales areas in line with full-scale roll-out of Omni-Channel New retailer-developed products: focus on items and materials. : pursue value appeal for mature women <p>⇒ Invigorate sales areas through webrooming</p>

Sogo & Seibu: Structural Reforms

● Invigorate regional stores

Initiative	Details
Store policy	Eliminate unprofitable stores Close SEIBU Kasukabe (February 2016)
Invigorate sales areas	<ul style="list-style-type: none">▪ Enhance product line-ups matched to regional characteristics <i>Limited Edition areamode</i>: Utilize local traditional crafts and materials▪ Introduce new services Ordering in, apparel trying-on service, etc.▪ Promote development into shopping centers

Start work on reducing head office costs as well



Appendix

Convenience Store Operations: Results (1)

Seven-Eleven Japan

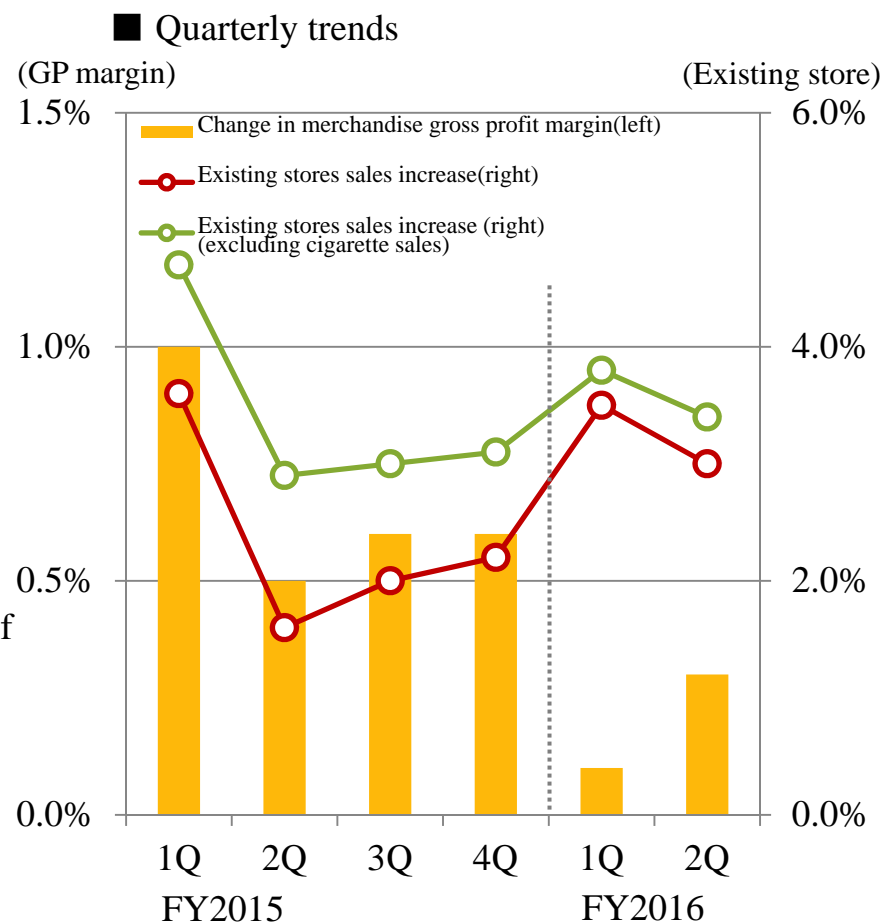


Record-high income for a fifth consecutive year resulted from increased existing store sales

	Results	YOY
Operating income	122.8 bn yen	106.0% +6.9bn yen
Existing store sales increase	+3.2%	
Merchandise gross profit margin	31.6%	+0.2%

Overview

- Existing store sales: Increased sales due to recommendation of new products with value and further improvement of quality for standard products such as rice balls and sandwiches
- Gross profit margin: Improved due to effect of reduced sales composition of low gross profit margin cigarettes, among others
- Operating income: Robust sales absorbed growing SG&A expenses to achieve record income



Convenience Store Operations: Results (2)

7-Eleven, Inc.

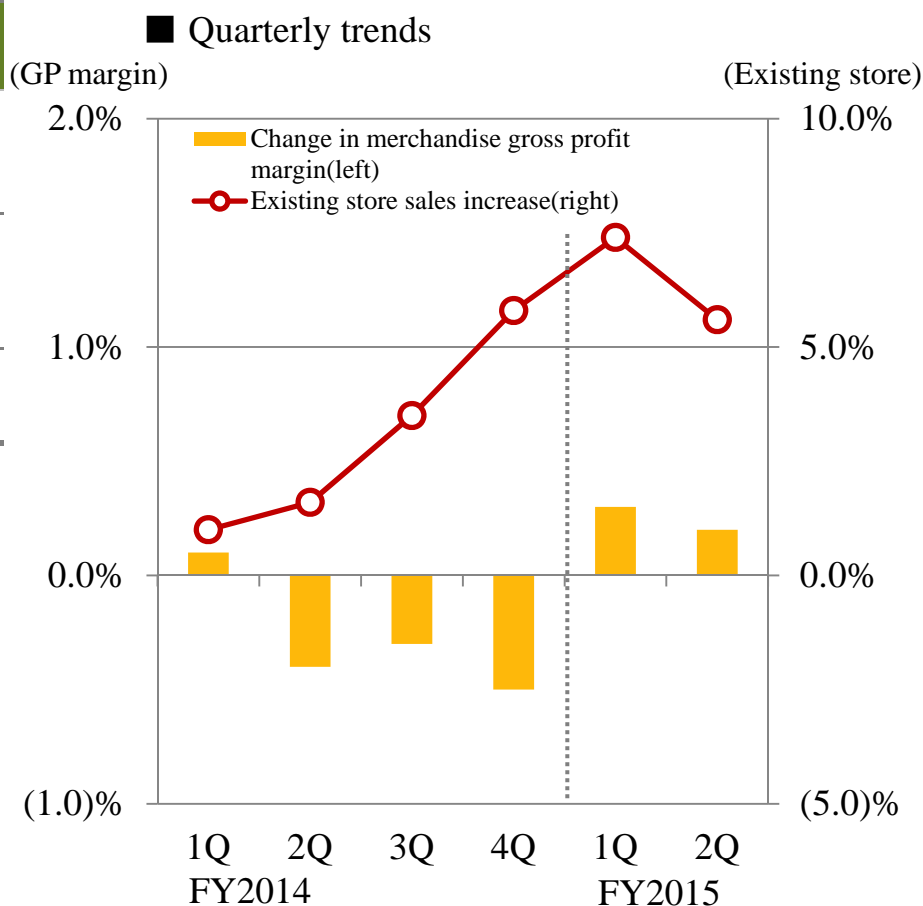


Growth in merchandise sales at existing stores driven by strong fresh foods sales resulted in significant operating income growth

	Results	YOY
Operating income	33.3 bn yen	138.8% +9.3 bn yen
Existing store sales increase (U.S. merchandise sales in dollar basis)	+6.4%	
Merchandise gross profit margin	34.9%	+0.3%

Overview

- Existing store sales: Increased due to growth in fresh foods sales centered on hot foods
- Gross profit margin: Increased due to brisk sales of fresh food and non-alcoholic beverages
- Operating income: Increased due to higher merchandise sales, improvement of gross profit margin and the effect of yen depreciation
(The effect of a weaker yen: +4.9 billion yen)



Superstore Operations: Results (1)

Ito-Yokado



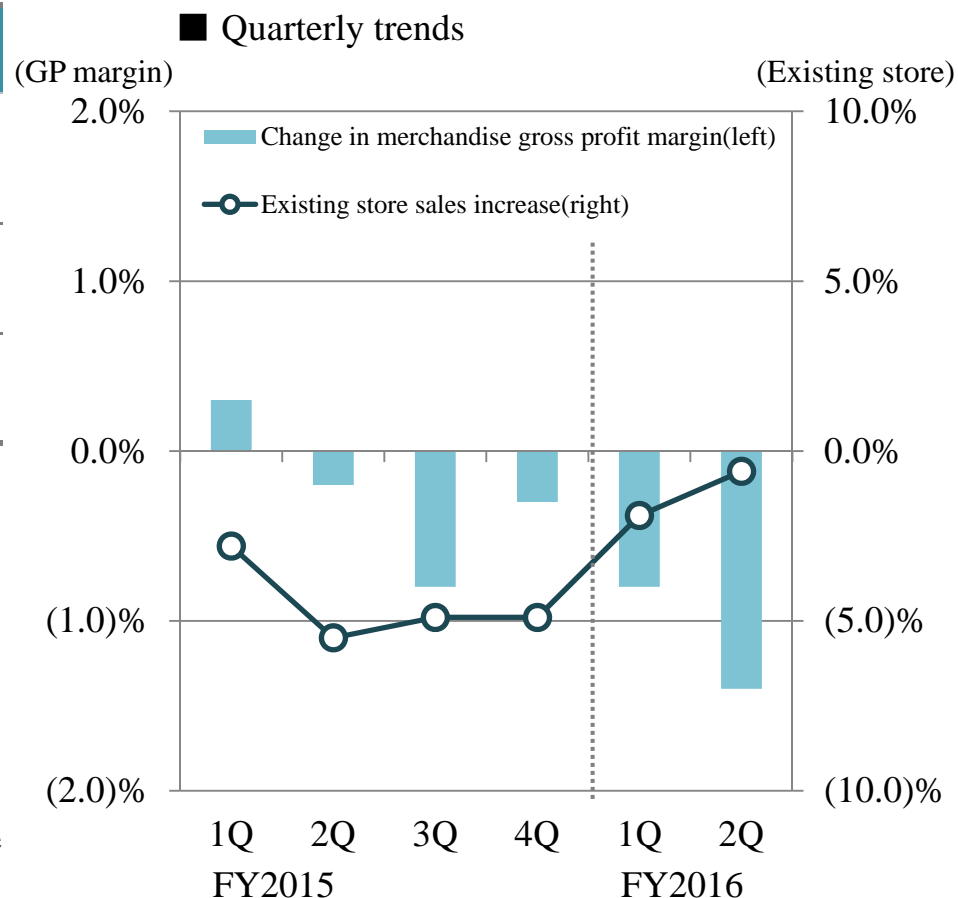
Lower income reflected a decrease in existing store sales and deterioration of the gross profit margin in apparel

	Results	YOY
Operating income	(9.0) bn yen	- (9.7) bn yen
Existing store sales increase	(1.3)%	[(0.7)%] *
Merchandise gross profit margin	28.8%	(1.1)%

Overview

- Existing store sales: Decrease due to fallback in March after rush demand ahead of April 2014 consumption tax hike and downturn in apparel sales
- Gross profit margin: Declined, mainly due to reducing inventory in apparel and foreign exchange effects
- SG&A: Up 1.3% YOY, mainly due to a increase in advertising and decoration expenses, despite a decrease in rent expenses and utility costs

*Existing store sales increase of total shopping centers sales



Superstore Operations: Results (2)

York-Benimaru



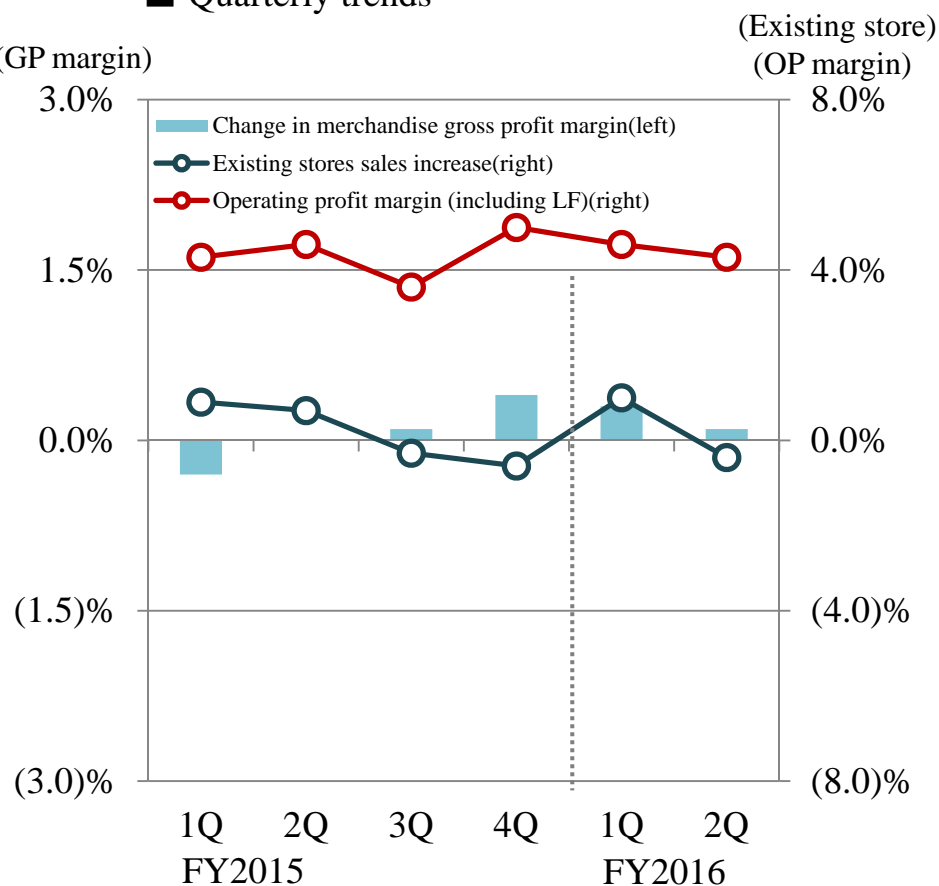
Higher income reflected a increase in existing store sales and improved gross profit margin

	Results	YOY
Operating income	6.1 bn yen	100.7% +0.04 bn yen (GP margin)
Existing store sales increase	+0.3%	
Merchandise gross profit margin	25.5%	+0.2%
Operating income (including Life Foods)*	8.6 bn yen	100.5% +0.04 bn yen

Overview

- Existing store sales: Up on strong performance in food due to success of weekly menu proposals and to remodeling existing stores
- Gross profit margin :Increased 0.2% due to brisk sales of foods
- Operating income: Increased in addition to the positive results in directly-operated stores, brisk sales in Life Foods

Quarterly trends



*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.

Department Store Operations: Results

Sogo & Seibu

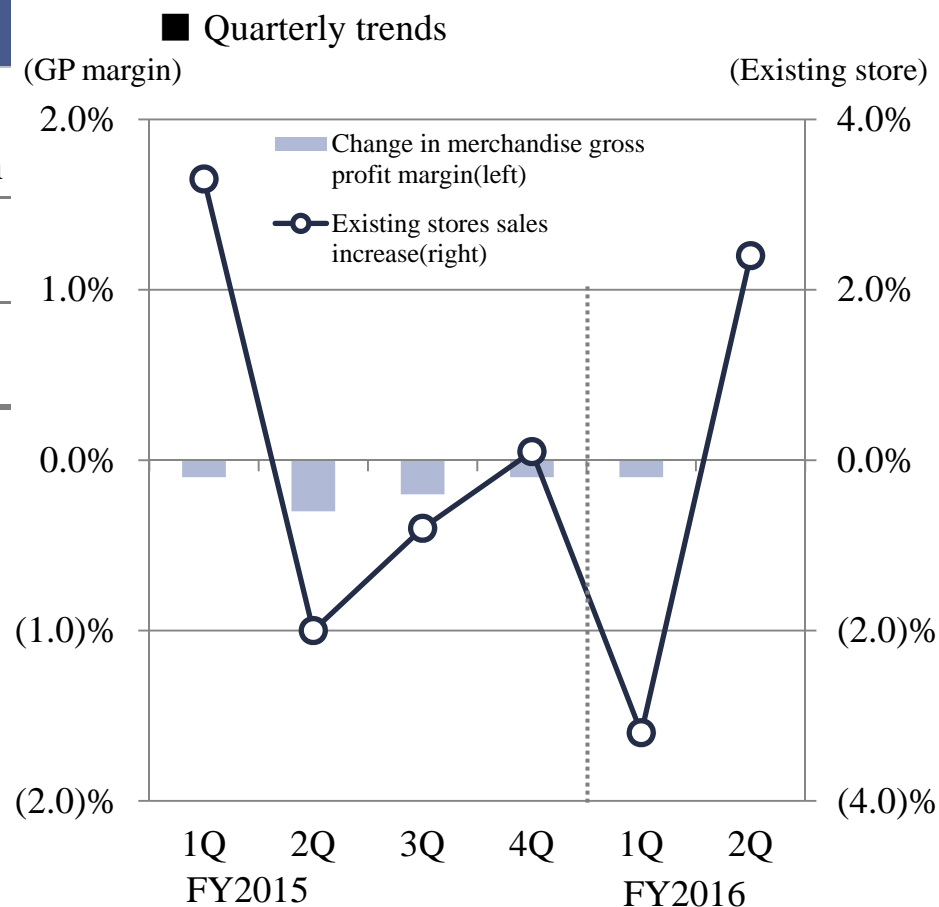


Lower income reflected a decrease in existing store sales and deterioration of the gross profit margin

	Results	YOY
Operating income	1.1 bn yen	64.0% (0.6) bn yen
Existing store sales increase	(0.4)%	
Merchandise gross profit margin	24.6%	(0.1)%

Overview

- Existing store sales: Decrease slightly in the first half due to sales growth in 2Q, despite fallback in March after rush demand ahead of April 2014 consumption tax hike
- Gross profit margin: Declined due to decrease in sales of apparel products with low gross profit and high sales composition ratio
- SG&A: Down 0.7% due to reduced labor costs and rent expenses



This document contains certain statements based on the Company's current plans, estimates, strategies, and beliefs; all statements that are not historical fact are forward-looking statements. These statements represent the judgments and hypotheses of the Company's management based on currently available information. It is possible that the Company's future performance will differ from the contents of these forward-looking statements. Accordingly, there is no assurance that the forward-looking statements in this document will prove to be accurate.