



Consolidated Financial Results Presentation for the First Quarter of FY2018

Overview of Consolidated Financial Results for Q1 FY2018

(Billions of yen)	Amount	YOY Change	vs Budg Difference vs Budg
Group's total sales*	2,674.9	104.5% +114.0	101.0% +27.4
Revenue from operations	1,468.0	105.3% +73.3	101.8% +26.1
Operating income	84.1	103.3% +2.6	99.1% (0.7)
Ordinary income	83.6	101.5% +1.2	99.7% (0.2)
Net income attributable to owners of parent	33.6	77.9% (9.5)	75.3% (11.0)

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

Revenues from Operations by Business Segment for Q1 FY2018

(Billions of yen)	Amount	YOY	Change
Consolidated revenues from operations	1,468.0	105.3%	+73.3
Domestic convenience store operations	228.0	104.2%	+9.1
Overseas convenience store operations	459.9	125.4%	+93.0
Superstore operations	476.0	96.4%	(17.9)
Department store operations	162.6	93.1%	(12.0)
Financial services	50.5	103.9%	+1.8
Specialty store operations	103.7	98.6%	(1.4)
Others	5.6	87.5%	(0.8)
Eliminations / corporate	(18.6)	-	+1.4

Operating Income by Business Segment for Q1 FY2018

(Billions of yen)	Amount	YOY	Change
Consolidated revenues from operations	84.1	103.3%	+2.6
Domestic convenience store operations	59.4	102.3%	+1.3
Overseas convenience store operations	7.0	68.5%	(3.2)
Superstore operations	5.2	98.4%	(0.08)
Department store operations	0.4	-	+1.1
Financial services	12.5	97.9%	(0.26)
Specialty store operations	1.1	-	+3.3
Others	0.9	105.0%	+0.04
Eliminations / corporate	(2.7)	-	+0.27

Operating Income for Major Operating Companies for Q1 FY2018

(Billions of yen)	Amount	YOY	Change
Seven-Eleven Japan	59.5	102.1%	+1.2
7-Eleven, Inc. [in dollar basis]	10.0 [\$88.5 mn]	82.3% [83.6%]	(2.1) [\$(17.3) mn]
Ito-Yokado	0.69	170.5%	+0.28
York-Benimaru <incl. Life Foods* >	4.4	91.6%	(0.4)
Sogo & Seibu	0.38	-	+0.36

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

The combined operating income for York-Benimaru and Life Foods represents internal management reporting figures.

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Overview of Special Losses for Q1 FY2018

(Billions of yen)	Amount	Change	Major factors
Special losses total	27.6	+19.5	Promotion of business structure reforms based on the medium-term management plan
Restructuring expenses *	18.4	+16.8	Recording of impairment losses on Sogo & Seibu stores (Sogo Kobe, SEIBU Takatsuki), etc.
Other	3.6	+2.8	Loss on transfer of business at Nissen Holdings, etc.

All factors have been factored into the full-year budget

*Breakdown of the restructuring expenses is available on page 8 of the Consolidated Financial Results in English version.



Appendix

Domestic Convenience Store Operations: Results

Seven-Eleven Japan

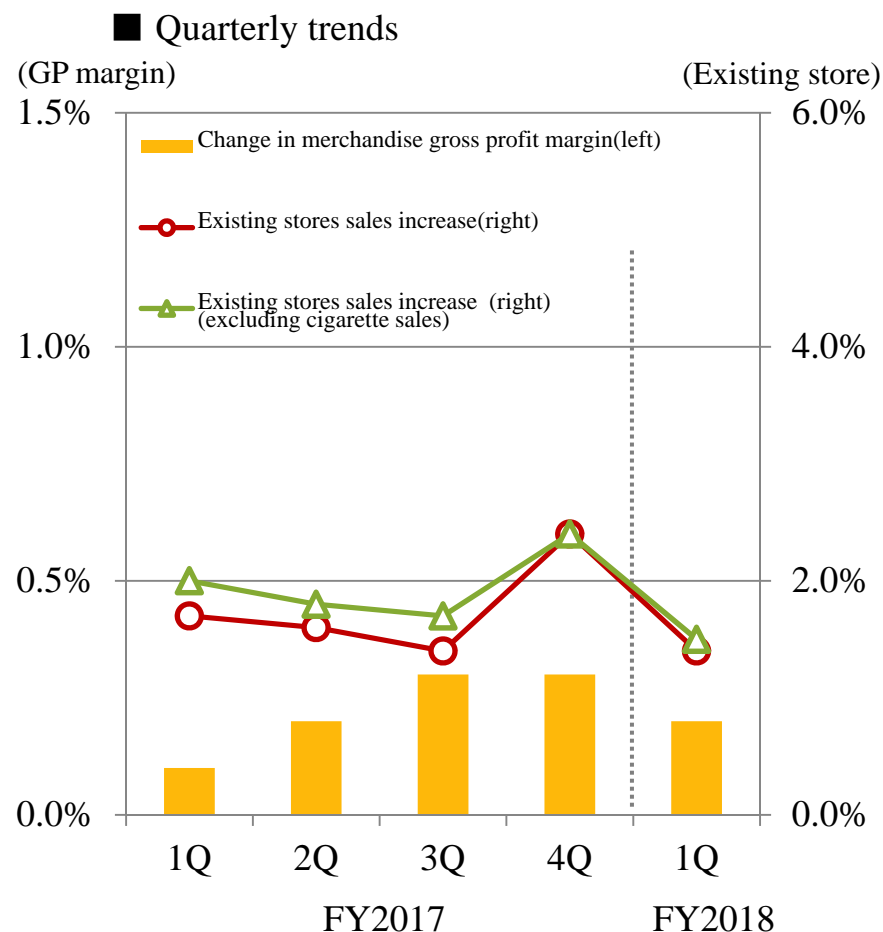


Record-high income for a sixth consecutive year resulted from increased existing store sales and improvement of gross profit margin

	Results	YOY
Operating income	59.5 bn yen	102.1% +1.2 bn yen
Existing store sales increase	+1.4%	
Merchandise gross profit margin	32.1%	+0.2%

Overview

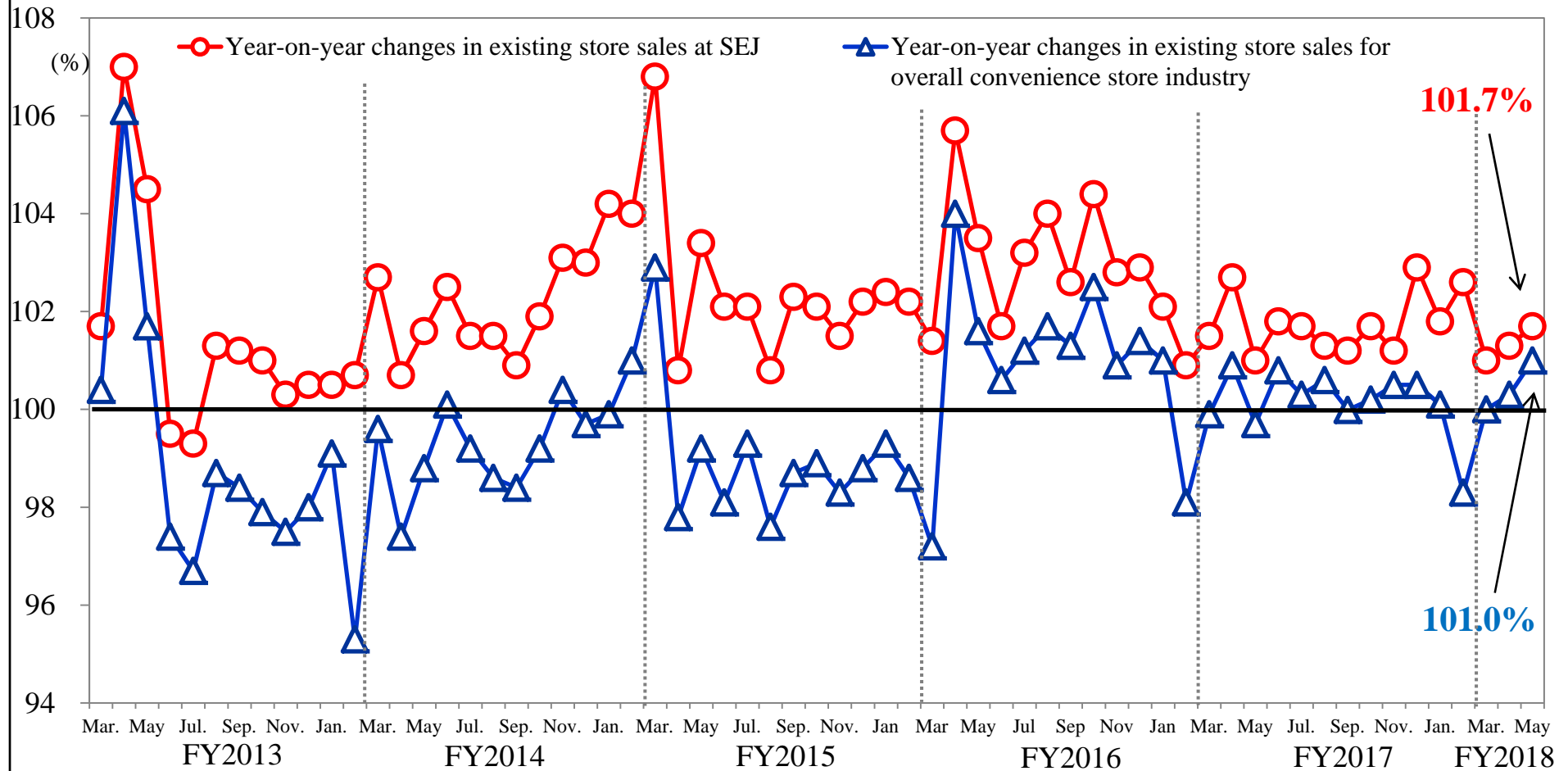
- **Existing store sales:** Driven by growth in improved-quality daily product and counter products
- **Gross profit margin:** Improved due to increase in high-profit margin sales such as fryer foods and *SEVEN CAFÉ*
- **Operating income:** Achieved record-high operating income by driving growth in existing store sales and improving the GPM, in addition to controlling growth in SG&A expenses



SEJ: Trend in YOY Changes in Existing Store Sales

● Rising 58 consecutive months by the strong sales of original fresh foods

■ Trend in YOY changes in existing store sales at SEJ



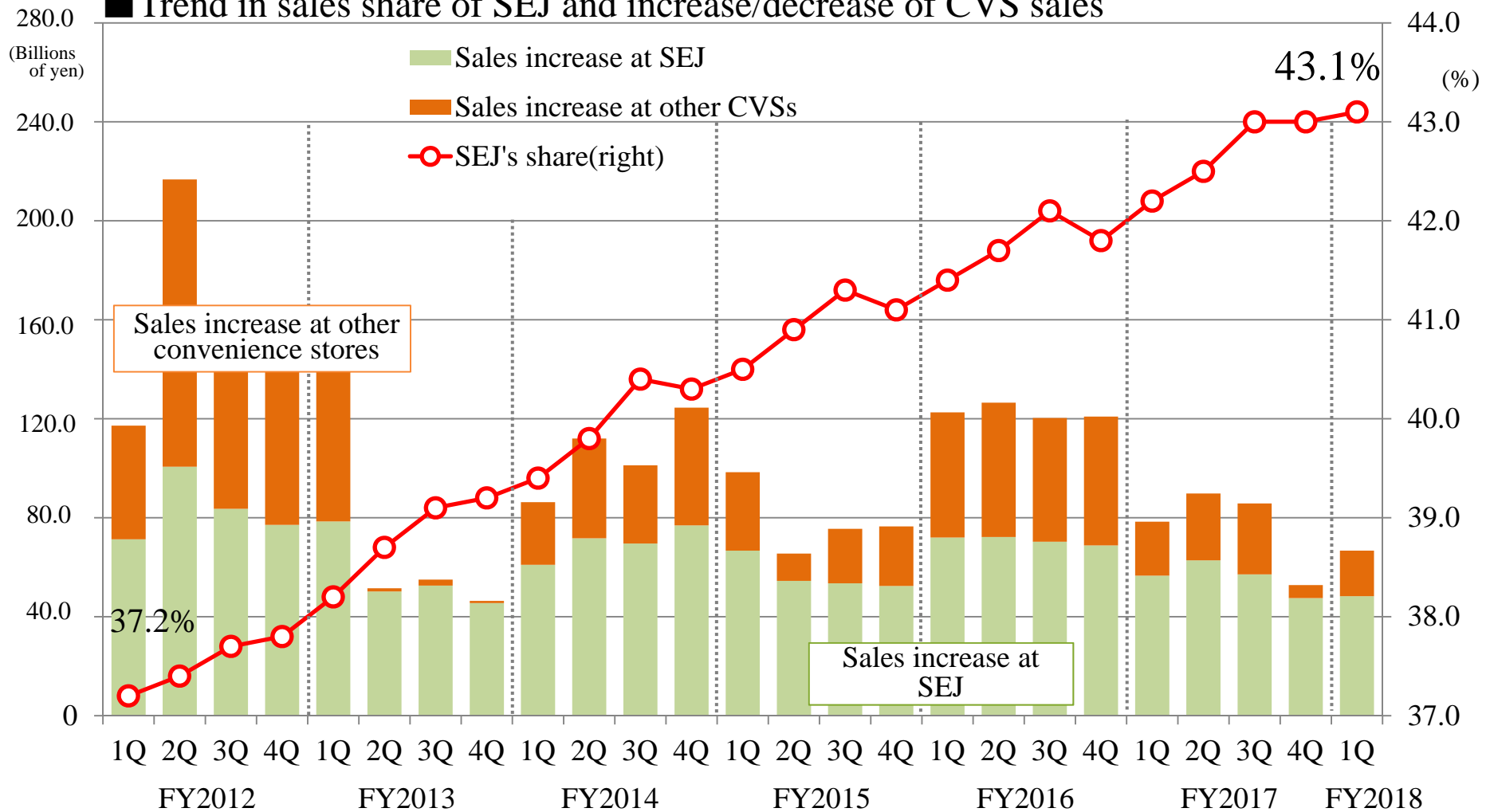
Note: February 2016 figures for existing store YOY change at overall convenience stores represent the YOY change in total sales [up 1.6%], including the impact of the leap year, converted to daily-sales basis.

Source: Japan Franchise Association monthly convenience store survey

SEJ: Trend in Sales Share and Changes in Sales by Quarter

● Record-high sales share expanded to **43.1%** resulted from increased existing store sales

■ Trend in sales share of SEJ and increase/decrease of CVS sales



Source: Japan Franchise Association monthly convenience store survey

Overseas Convenience Store Operations: Results

7-Eleven, Inc.

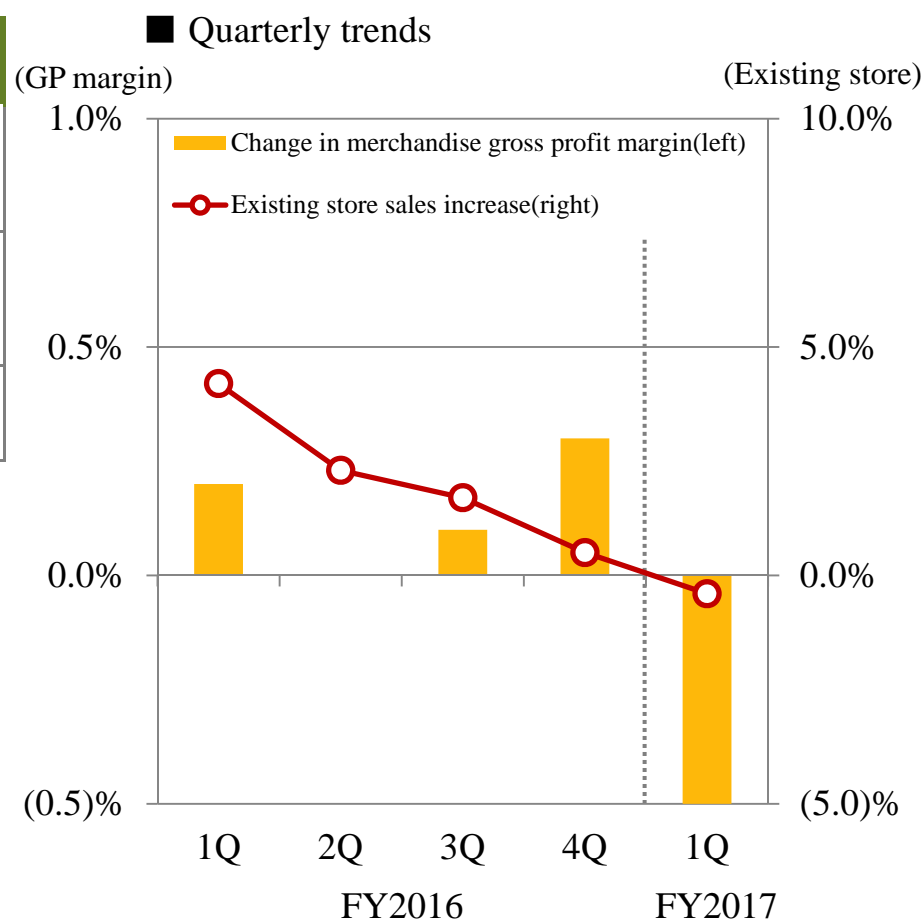


Lower income due to a decline in existing store sales and in GPM, despite brisk gasoline sales

	Results	YOY
Operating income	10.0 bn yen	82.3% (2.1) bn yen
Existing store sales increase (U.S. merchandise sales in dollar basis)	(0.4)%	
Merchandise gross profit margin	34.3%	(0.5)%

Overview

- Existing store sales: Weak, mainly in beverages, due primarily to the impact of poor weather
- Gross profit margin: Deteriorated due to growth in low gross-profit-margin tobacco sales and decline in beverages, etc.
- Operating income: Declined due to decrease in existing store sales and deterioration of GPM, in addition to increasing SG&A expenses
[The effect of yen appreciation: (0.1) bn yen]



Superstore Operations: Results (1)

Ito-Yokado



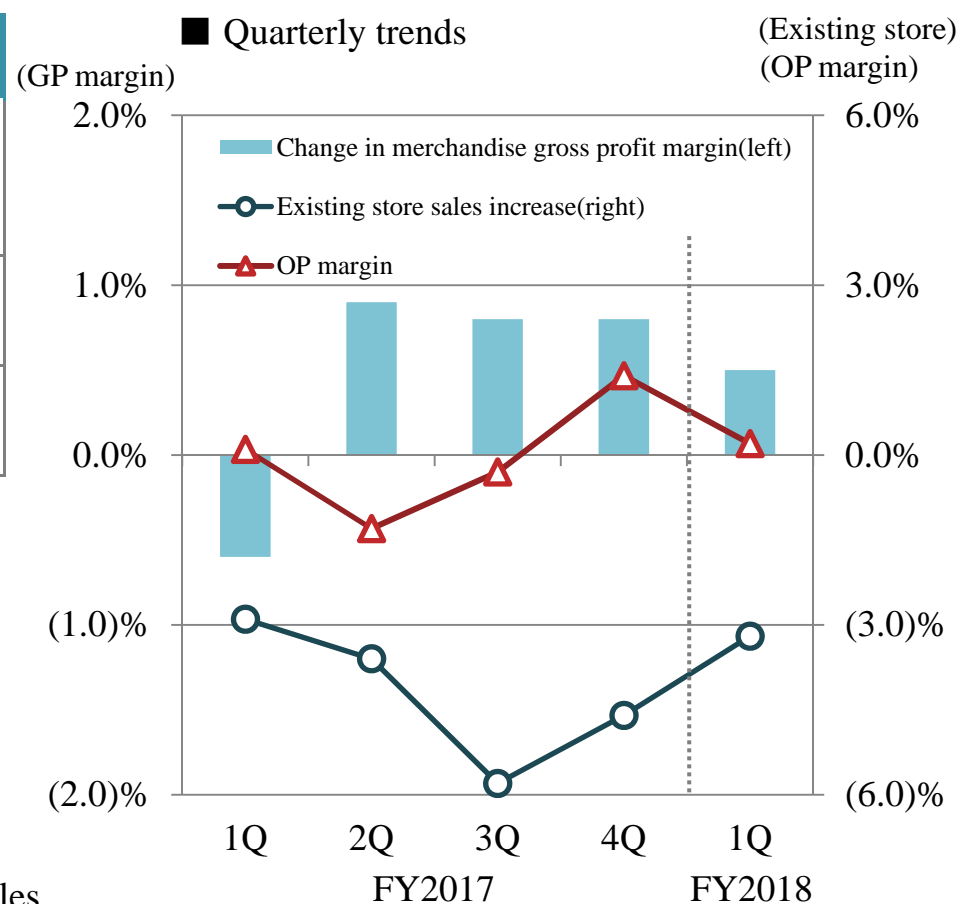
Higher income mainly due to a decrease in SG&A expenses and improved GPM, despite a decline in existing store sales

	Results	YOY
Operating income	0.69 bn yen	170.5% +0.28 bn yen
Existing store sales increase	(3.2)%	[(2.1)%]*
Merchandise gross profit margin	29.7%	+0.5%

Overview

*Existing store sales increase of total shopping centers sales

- Existing store sales: Declined due to a reduction in the number of pamphlets and in the level of discount on apparel and household goods
- Gross profit margin: Increased due to revision of sales promotions and decrease in discount losses on
- Operating income: Increased as reduction in SG&A expenses [(1.7) bn yen], improvement in GPM, and other factors absorbed the decline in existing store sales



IY: Progress on Store Structure Reform

Store structure reforms planned for 19 stores in FY2018.
Renovation of 5 stores during 1Q

	Stores		Details	Sales floor ratio(%)			
				Before renovation*		After renovation*	
				Directly operated	Tenant	Directly operated	Tenant
Renovation of existing Ario stores	<i>Ario Nishi-arai</i>	March grand opening	Invigorate food sales areas New tenant introduction	27	73	26	74
	<i>Ario Hashimoto</i>	March grand opening	Invigorate food sales areas New tenant introduction	24	76	20	80
	<i>Ario Otori</i>	April grand opening	New tenant introduction	20	80	16	84
Tenant mix initiatives	<i>Yokohama-Bessho</i>	Phase 1 renovation	New tenant introduction	72	28	66	34
	<i>Hikifune</i>	Phase 1 renovation	New tenant introduction	70	30	65	35

*Before renovation: Sales floor ratio before phase 1 renovation; After renovation: sales floor ratio at the time of grand opening

Superstore Operations: Results (2)

York-Benimaru



Lower income due to lower sales and gross profit margin, while expenses increased with the increase in store numbers and other factors

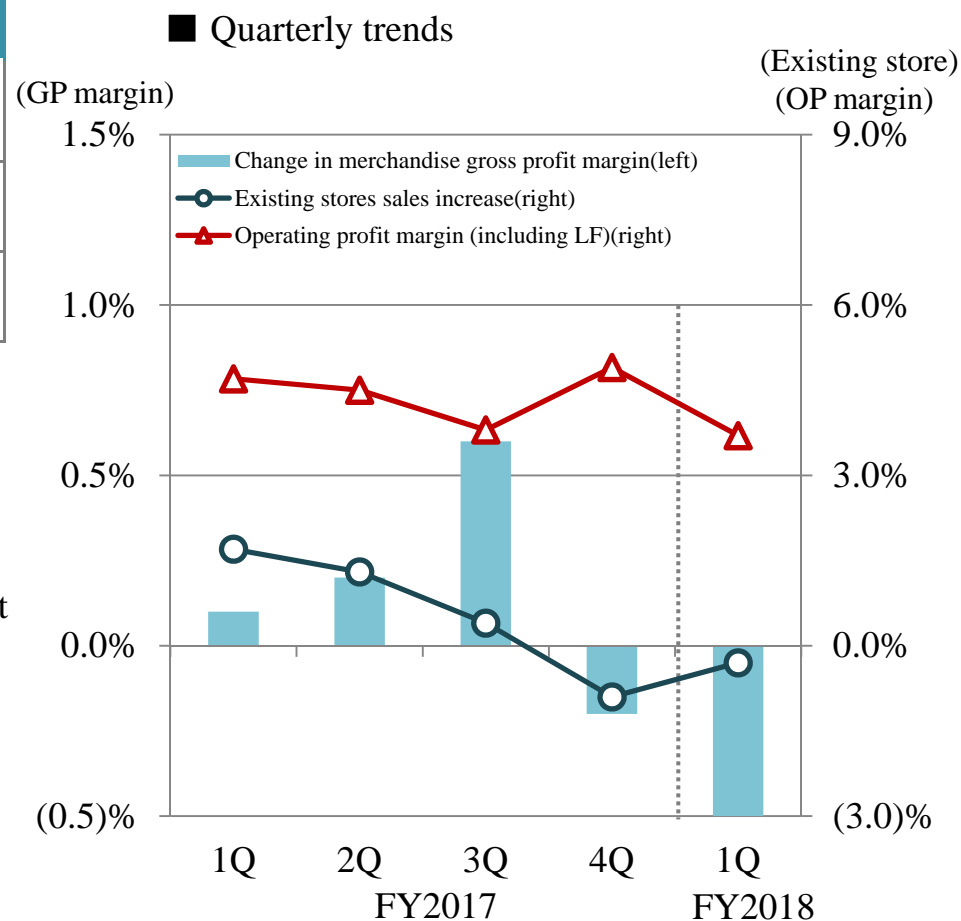
	Results	YOY
Operating income	3.2 bn yen	90.3% (0.35) bn yen
Existing store sales increase	(0.3)%	
Merchandise gross profit margin	25.1%	(0.5)%
Operating income (including Life Foods)*	4.4 bn yen	91.6% (0.4) bn yen

Overview

- Existing store sales: Declined as increase in food did not absorb decreases in apparel and household goods
- Gross profit margin : Lower due to strengthening sales promotions, etc.
- Operating income: Declined due to lower existing store sales and GPM

*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

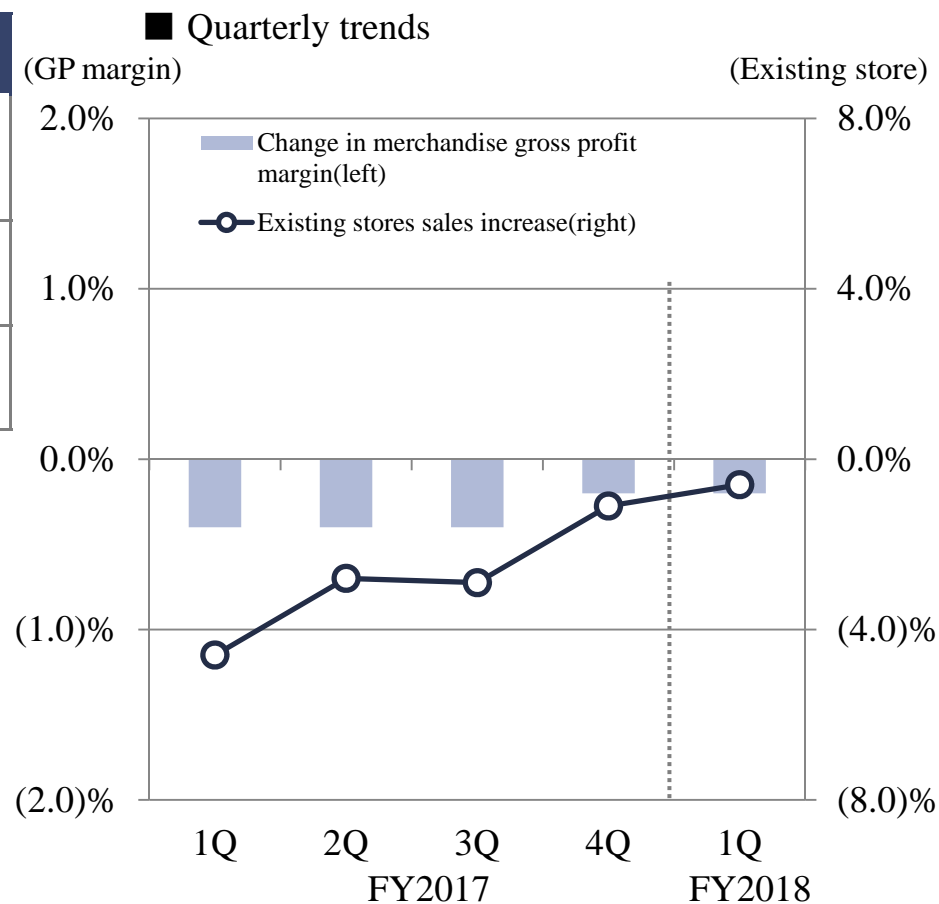


Higher income due to optimizing SG&A expenses in conjunction with structural reforms

	Results	YOY
Operating income	0.38 bn yen	- +0.36 bn yen
Existing store sales increase	(0.6)%	
Merchandise gross profit margin	24.5%	(0.2)%

Overview

- Existing store sales: Mostly in line with plan, partly due to progress in optimizing advertising and decoration expenses. Apparel continued to struggle, while miscellaneous goods and foods grew.
- Gross profit margin: Lower, mainly due to decline in sales of high gross profit margin apparel.
- Operating income: Increased due to optimizing SG&A expenses in conjunction with structural reforms, despite decline in mainly apparel sales and deterioration in GPM.



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