



# Consolidated Financial Results Presentation for the Third Quarter of FY2018

# Overview of Consolidated Financial Results for Q3 FY2018

(Billions of yen)	Amount	YOY Change	vs Budget Difference vs Budget
Group's total sales*	8,265.4	104.5% +356.1	99.2% (69.5)
Revenue from operations	4,479.7	104.4% +190.7	99.2% (33.9)
Operating income	295.7	108.0% +21.7	102.3% +6.7
Ordinary income	295.7	107.0% +19.3	102.7% +7.9
Net income attributable to owners of parent	149.2	197.6% +73.7	103.1% +4.5

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

## Revenues from Operations by Business Segment for Q3 FY2018

(Billions of yen)	Amount	YOY	Change
Consolidated revenues from operations	4,479.7	104.4%	+190.7
Domestic convenience store operations	705.0	103.2%	+21.9
Overseas convenience store operations	1,472.8	121.2%	+257.5
Superstore operations	1,399.1	96.9%	(45.0)
Department store operations	479.3	91.5%	(44.7)
Financial services	152.5	102.4%	+3.6
Specialty store operations	309.4	98.2%	(5.5)
Others	17.8	98.3%	(0.31)
Eliminations / corporate	(56.5)	-	+3.3

## Operating Income by Business Segment for Q3 FY2018

(Billions of yen)	Amount	YOY	Change
Consolidated operating income	295.7	108.0%	+21.7
Domestic convenience store operations	188.4	100.6%	+1.0
Overseas convenience store operations	63.9	120.4%	+10.8
Superstore operations	9.0	91.3%	(0.86)
Department store operations	0.28	-	+3.2
Financial services	39.4	101.4%	+0.54
Specialty store operations	0.69	-	+6.7
Others	3.4	114.1%	+0.42
Eliminations / corporate	(9.5)	-	(0.20)

# Operating Income for Major Operating Companies for Q3 FY2018

(Billions of yen)	Amount	YOY	Change
Seven-Eleven Japan	187.5	100.2%	+0.44
7-Eleven, Inc. [in dollar basis]	72.7 [\$650.3mn]	122.5% [118.9%]	+13.3 [+\$103.1mn]
Ito-Yokado	(2.4)	-	+1.8
York-Benimaru <incl. Life Foods* >	11.7	87.7%	(1.6)
Sogo & Seibu	(0.14)	-	+1.6

\* 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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# Consolidated Financial Results Forecasts for Q3 FY2018

Full-year

(Billions of yen)	Amount	YOY Change
Group's total sales	1,1150.0	105.0% +528.4
Revenues from operations	6,100.0	104.5% +264.3
Operating income	386.5	106.0% +21.9
Ordinary income	385.0	105.7% +20.5
Net income attributable to owners of parent	177.0	182.9% +80.2

No change from announcement on April 6, 2017



# Appendix

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# Domestic Convenience Store Operations: Results

## Seven-Eleven Japan

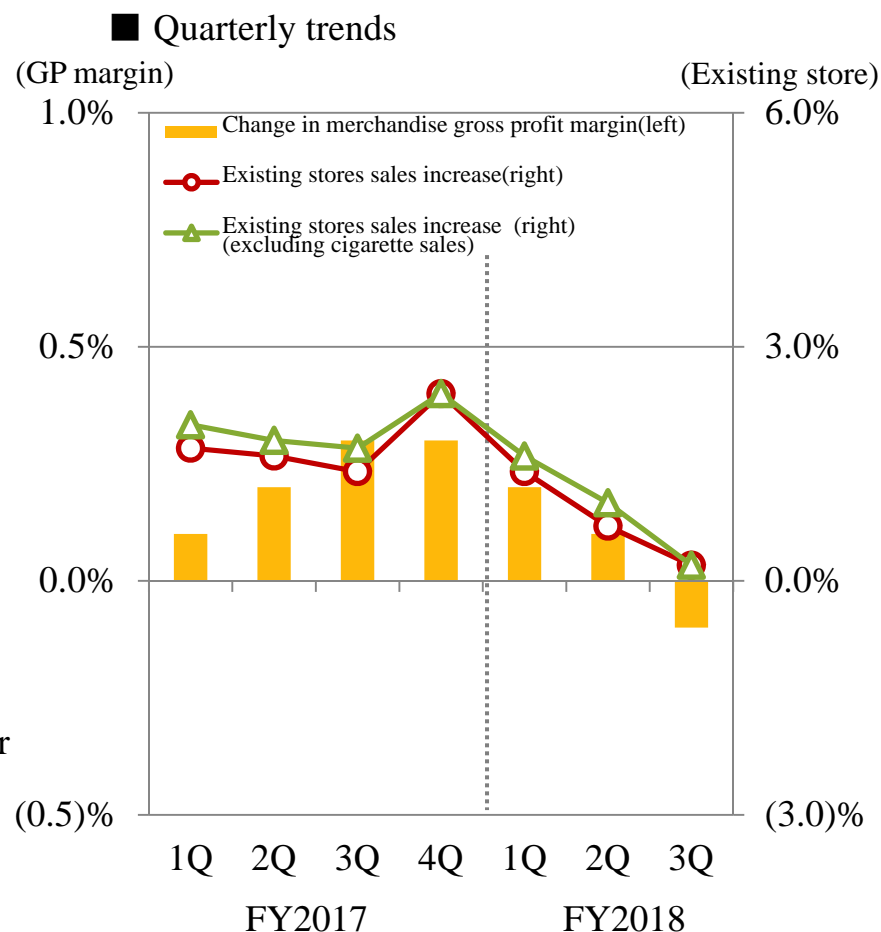


Record-high income for a seventh consecutive year resulted from increased existing store sales and improvement of gross profit margin

	Results	YOY
Operating income	187.5 bn yen	100.2% +0.44 bn yen
Existing store sales increase	+0.8%	
Merchandise gross profit margin	31.9%	+0.1%

### Overview

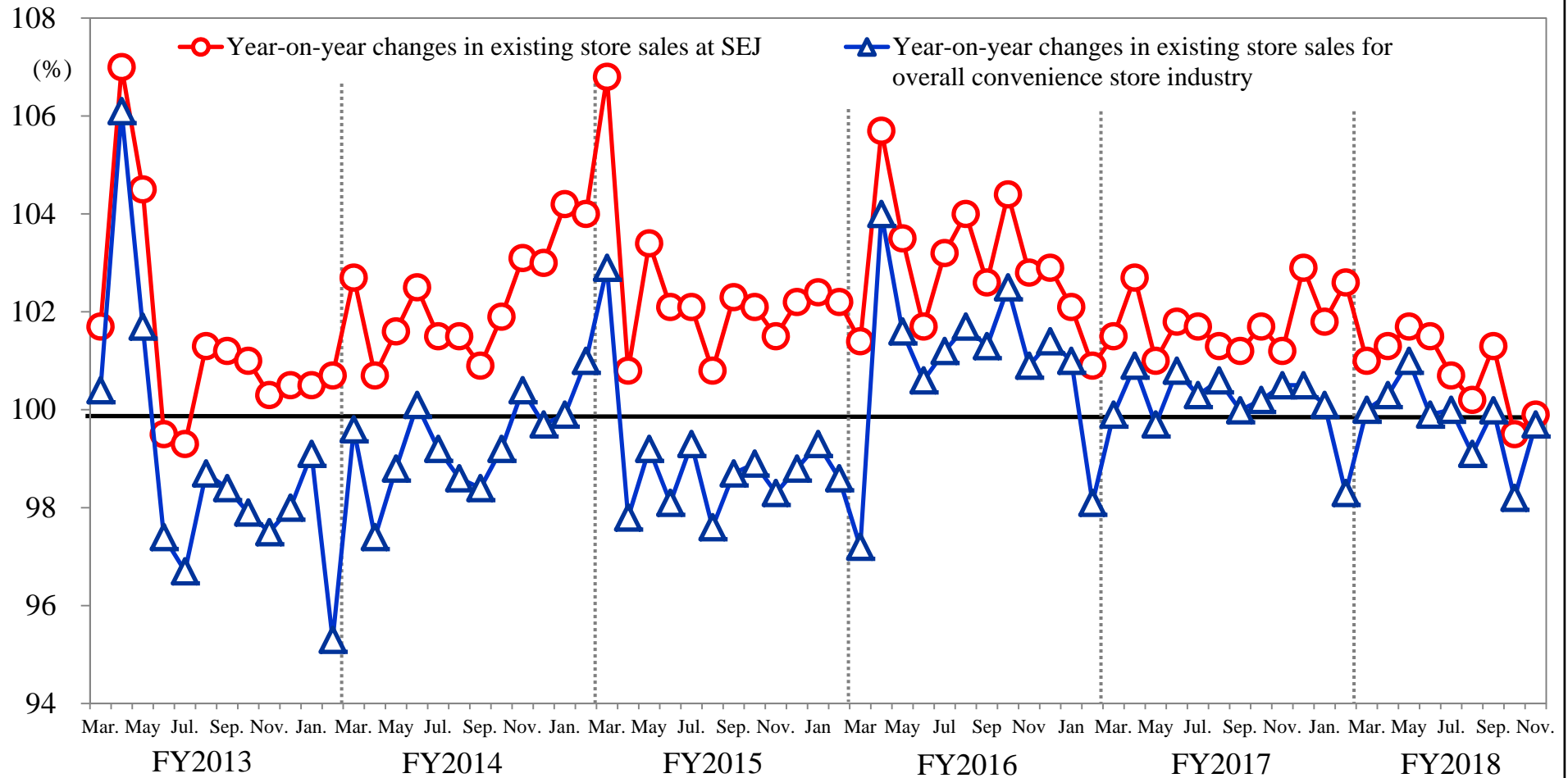
- **Existing store sales:** Driven by growth in improved-quality daily products and counter products
- **Gross profit margin:** Improved due to increase in sales of fryer foods and *SEVEN CAFÉ*, etc. with high gross profit
- **Operating income:** Achieved record-high operating income by driving growth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





# SEJ: Trend in YOY Changes in Existing Store Sales

■ Trend in YOY changes in existing store sales at SEJ

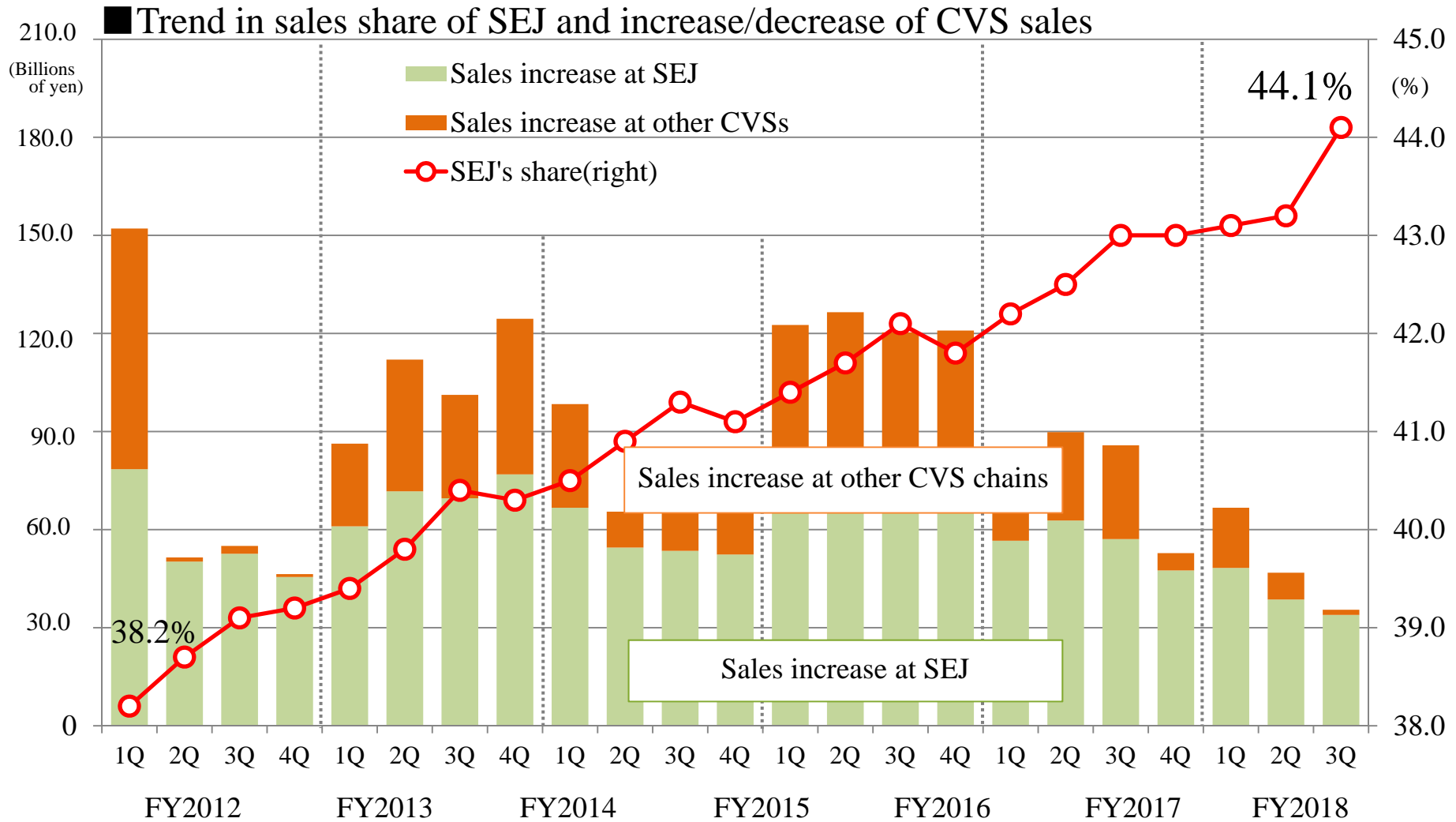


Note: February 2016 figures for existing store YOY change at overall convenience stores represent the YOY change in total sales [up 1.6%], including the impact of the leap year, converted to daily-sales basis.

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 **44.1%** resulted from increased existing store sales



Source: Japan Franchise Association monthly convenience store survey

# Overseas Convenience Store Operations: Results

7-Eleven, Inc.

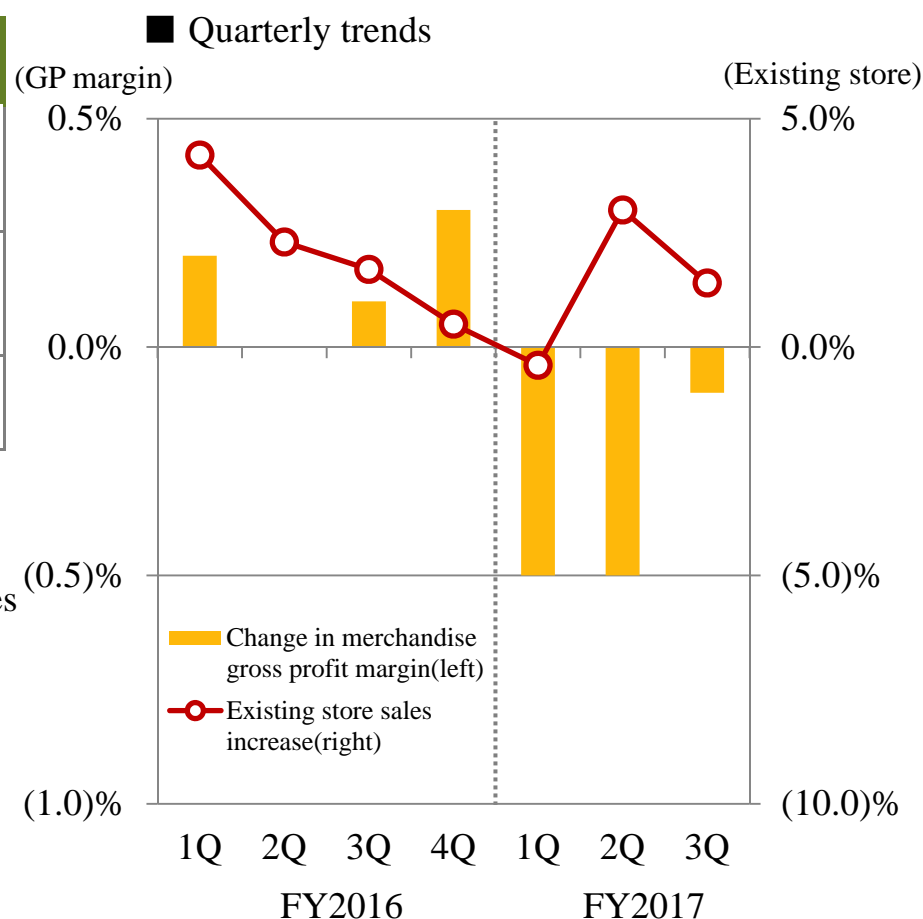


Higher income due to mainly driving growth in existing store sales and brisk sales of gasoline, despite deterioration in merchandise gross profit margin

	Results	YOY
Operating income	72.7 bn yen	122.5% +13.3 bn yen
Existing store sales increase (U.S. MDSE sales in \$ basis)	+1.5%	
Merchandise gross profit margin	34.6%	(0.3)%

## Overview

- **Existing store sales:** Increased due primarily to brisk sales of cigarettes, despite the impact of poor weather.
- **Gross profit margin:** Deteriorated due to growth in low gross-profit-margin cigarettes sales and decline in beverages, etc.
- **Operating income:** Higher income due to mainly brisk sales of gasoline, despite deterioration in merchandise gross profit margin.



# Superstore Operations: Results (1)

Ito-Yokado



Higher income mainly due to a reduction in SG&A expenses and improved gross profit margin despite a decline in existing store sales

	Results	YOY
Operating income	(2.4) bn yen	- +1.8 bn yen
Existing store sales increase	(2.1)%	[(1.4)%]*
Merchandise gross profit margin	29.5%	+0.4%

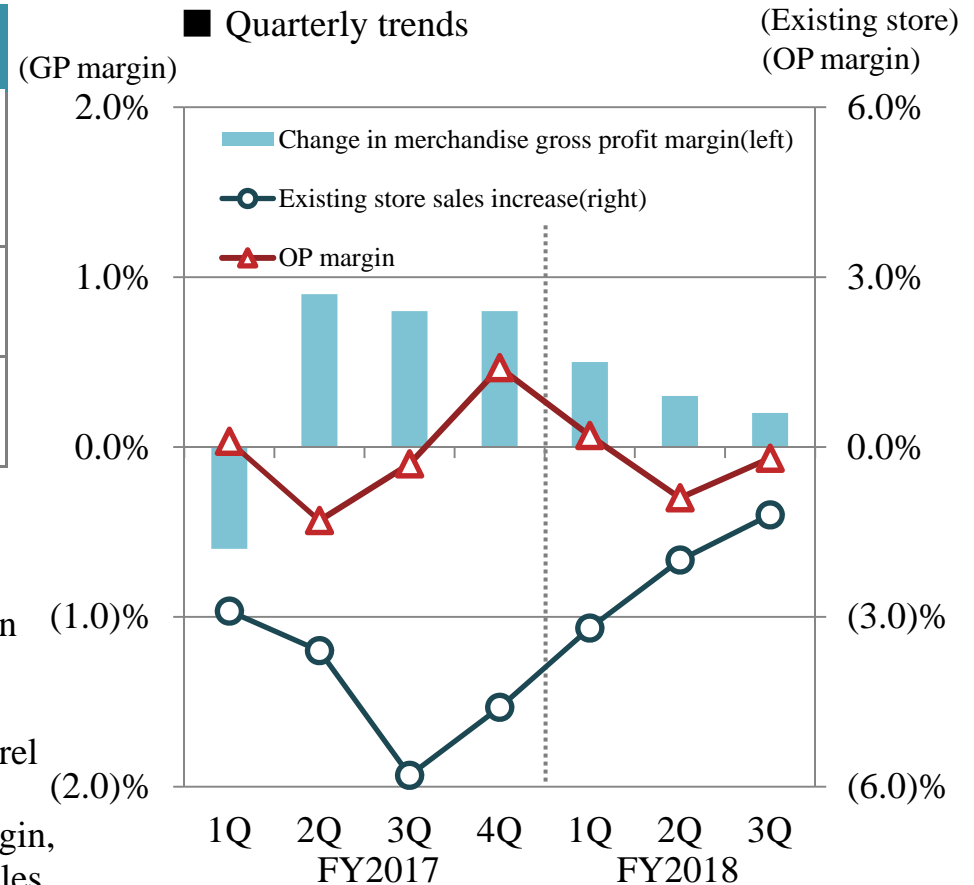
## Overview

\*Existing store sales increase of total shopping centers sales

- Existing store sales: Decreased mainly due to a reduction in the number of pamphlets and in the level of discount on apparel and household goods
- Gross profit margin: Increased mainly due to revision of sales promotions and decrease in discount losses on apparel
- Operating income: Increased as reduction in SG&A expenses [(6.0) bn yen], improvement in gross profit margin, and other factors absorbed the decline in existing store sales

## Progress on renovation

Renovated 15 stores year to date against the planned renovation of 19 stores for the current fiscal year (Conversion to Ario: 1, Existing Ario: 8, Tenant mix: 6)



# Superstore Operations: Results (2)

## York-Benimaru



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

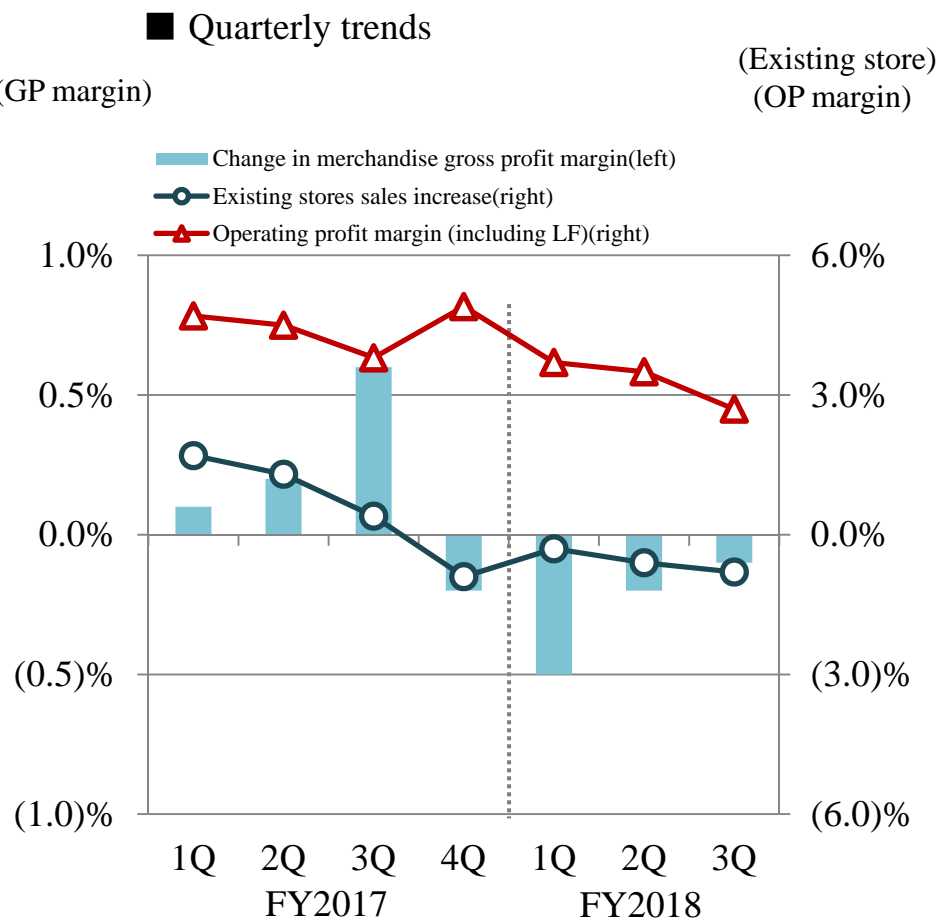
	Results	YOY
Operating income	9.0 bn yen	90.0% (1.0) bn yen
Existing store sales increase	(0.6)%	
Merchandise gross profit margin	25.4%	(0.3)%
Operating income (including Life Foods)*	11.7 bn yen	87.7% (1.6) bn yen

### Overview

- Existing store sales: Food sales were mostly unchanged from the previous year but were unable to cover struggling sales of apparel and household goods, leading to a decline in existing store sales.
- Gross profit margin: Lower due to strengthening sales promotions, etc.
- Operating income: Declined due to lower existing store sales and gross profit margin

\*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

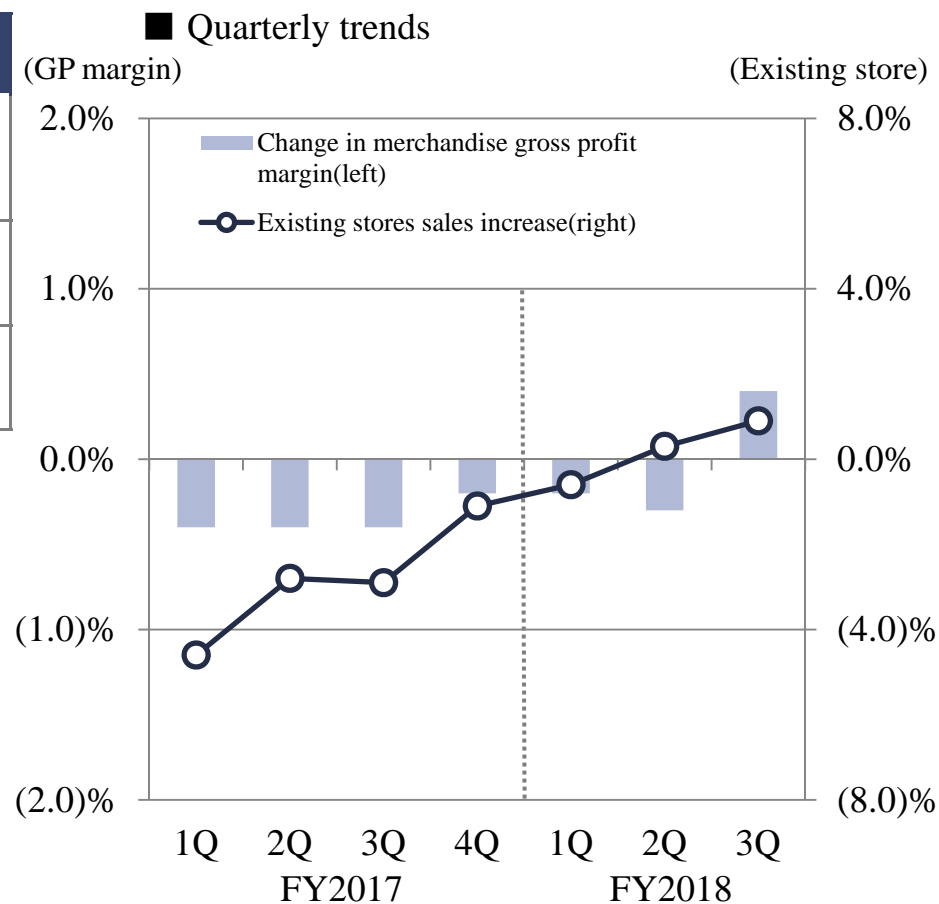


Higher income due to increase in existing stores sales and optimizing SG&A expenses in conjunction with structural reforms

	Results	YOY
Operating income	(0.14) bn yen	- +1.6 bn yen
Existing store sales increase	+0.2%	
Merchandise gross profit margin	24.3%	±0.0%

### Overview

- Existing store sales: Trending above YOY, partly due to progress in optimizing advertising and decoration expenses
- Gross profit margin: GPM was restored to the previous year's level owing to reduced losses on price discounts and improved apparel sales in Q3
- Operating income: Higher income due to increase in existing stores sales and optimizing SG&A expenses in conjunction with structural reforms



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