Financial Results Presentation FY2020

April 10, 2020

Seven & i Holdings Co., Ltd.

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Today's Announcement

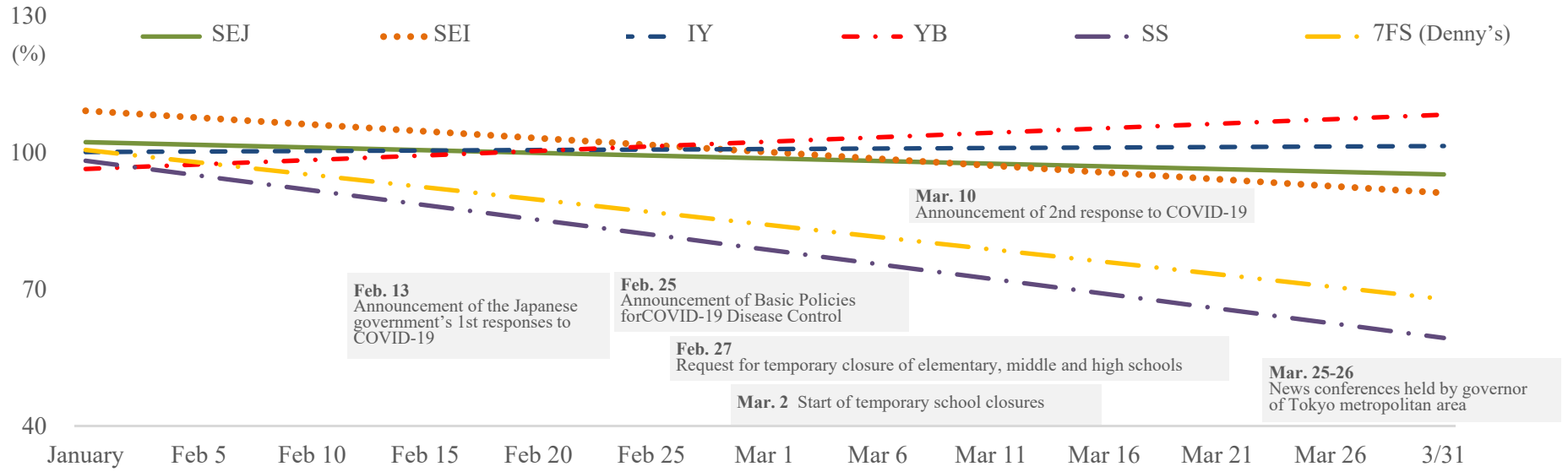
As announced on April 6, it is extremely difficult to rationally estimate future conditions due to the global spread of novel coronavirus disease (COVID-19). For this reason, we have decided to postpone the announcement of the New Medium-Term Management Plan, which had previously been scheduled for today. Moreover, we have decided to set its forecasts of business results for the fiscal year ending February 28, 2021 as "Undecided."

We will promptly make an announcement as soon as it has carefully assessed the impact of COVID-19 on its business results and has determined the details.

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Impact of Novel Corona Virus

◆YOY Change in Existing Store Sales of Operating Companies (approximations)



◆Existing Store Sales Increase YOY on March (preliminary basis)

(%)	Mar. 1-15	Mar. 16-31	March	
SEJ	96.5	97.1	96.8	Positive growth at stores in residential areas, but negative growth at stores near stations and sightseeing spots and in business and other such locations
SEI	103.2	89.0	95.7	Increasing negative impact since mid-March, following the declaration of a national emergency in the U.S. on March 13
IY	94.4	95.0	94.7	Positive growth atop stockpiling demand centered on household goods and food, but negative growth in shopping center formats such as *Ario*
YB	101.3	106.5	103.9	Positive growth mainly due to bulk food purchases in response to stay-home demand
SS*	70.7	63.2	66.6	Drastic downturn in non-essential products (apparel) and cosmetics, crowd avoidance, shorter business hours
7FS	80.0	69.3	74.1	Growth in stay-home consumption, customers refrain from eating out at restaurants

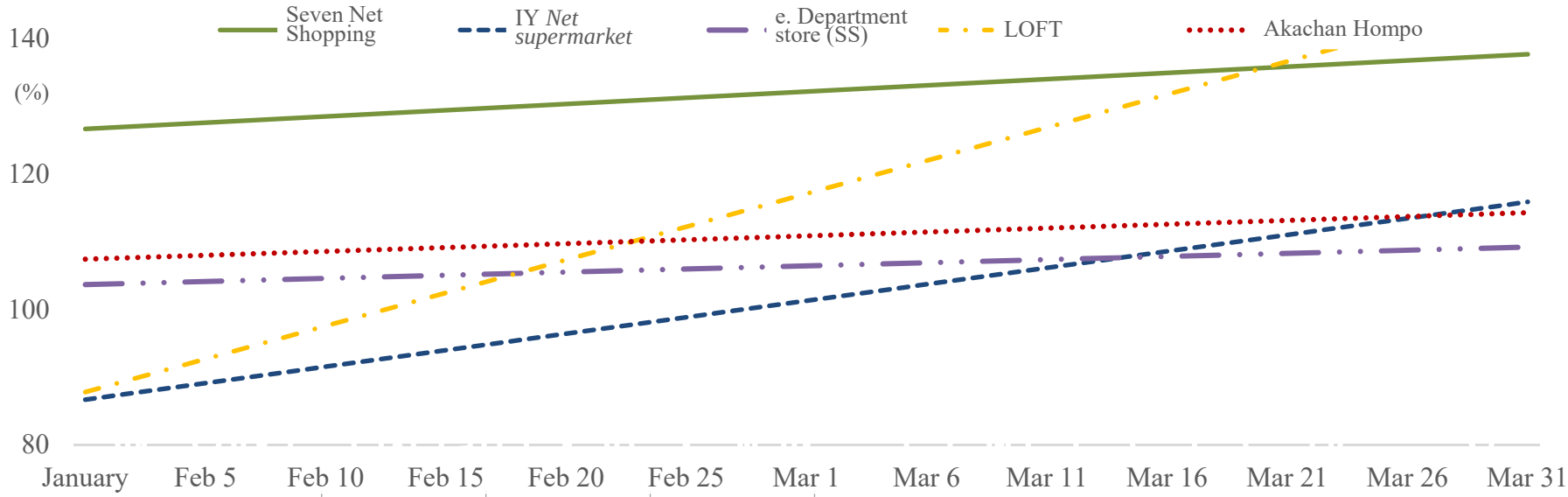
* Excluding the sale of corporate outside sales division

Note) SEJ: Seven-Eleven Japan, SEI: 7-Eleven, Inc., IY: Ito-Yokado
YB: York-Benimaru, SS: Sogo & Seibu, 7FS: Seven & i Food Systems

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Impact of Novel Corona Virus (Last Mile)

◆Changes in mail order and delivery sales (approximations)



(%)	January	February	March	Main factors
Seven Net Shopping	121.0	100.7	130.9	Books, games, etc. performed strongly due to restraint from going out
IY Net Supermarket (Nishi-Nippori)	81.2	102.4	107.1	Growth in meal kits, retort pouched foods, and frequent-use products (milk, eggs, etc.)
e. department store (SS)	95.7	100.1	106.9	Growth in cosmetics
Loft	93.5	93.3	125.2	Growth in cosmetics, cooking appliances, etc.
Akachan Honpo	90.0	115.0	99.0	Growth in sales of disposable diapers, disposable wipes, milk and weaned foods

Corona's restraint on going out and changes in shopping habits

Accelerate initiatives for last mile

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Consolidated Financial Results Highlights FY2020

(Billions of yen)

	FY2019	FY2020	YOY (%)	Change	vs. plan (%)	Change
Group's total sales*	12,018.0	11,997.6	99.8	(20.3)	99.6	(54.1)
Revenues from operations	6,791.2	6,644.3	97.8	(146.8)	99.3	(43.6)
Operating income	411.5	424.2	103.1	+12.6	101.0	+4.2
Net income attributable to owners of parent	203.0	218.1	107.5	+15.1	103.9	+8.1
EBITDA (Operating income + Depreciation and amortization + Amortization of goodwill)	655.9	674.3	102.8	+18.4	-	-
ROE (%) (Return on equity)	8.2	8.5	-	+0.3	-	+0.3
EPS (%) (Earnings per share)	229.50	246.95	107.6	+17.45	103.9	+9.32
DPS (%) (Dividends per share)	95.0	98.5	-	+3.5	-	+3.5

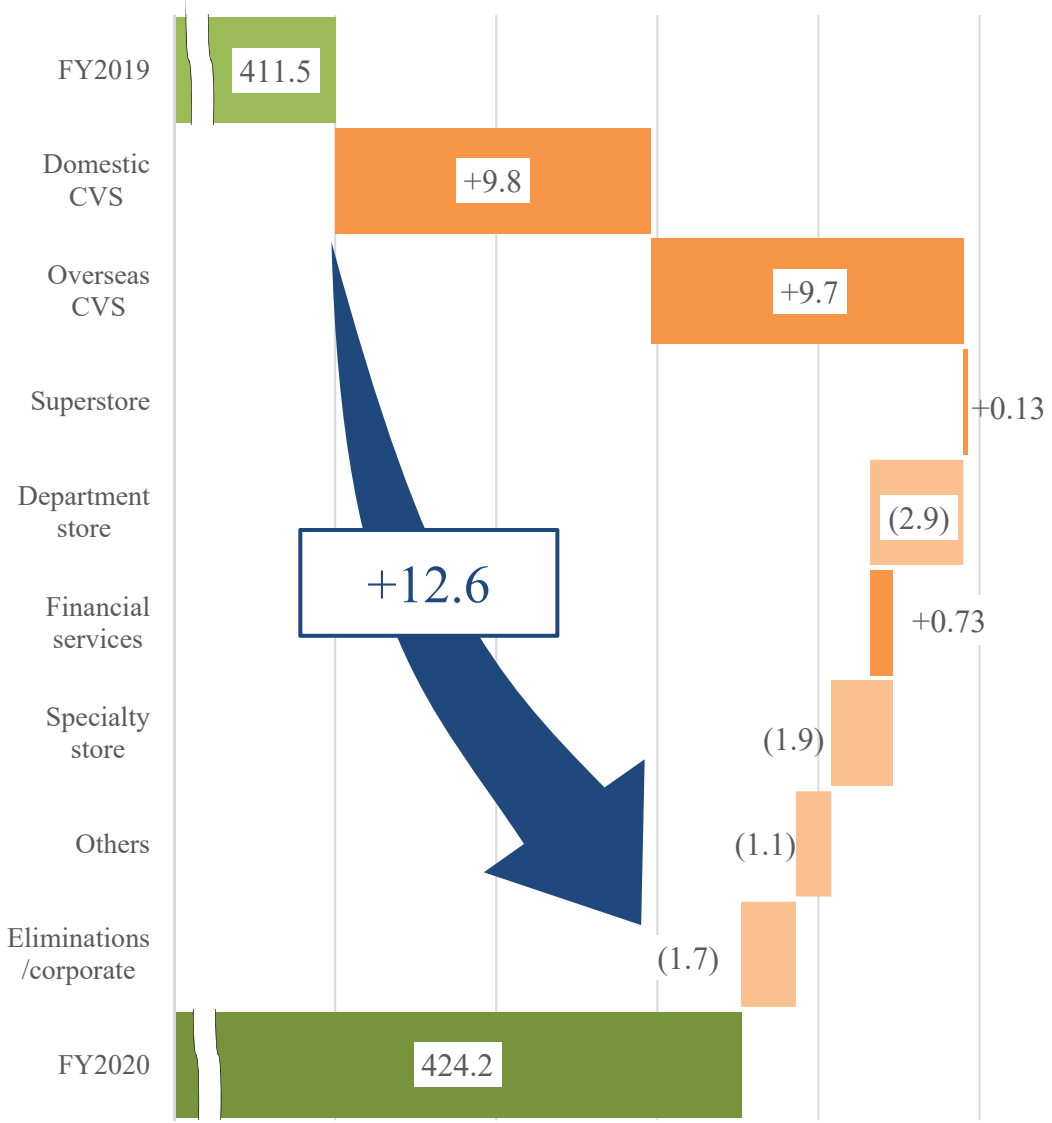
*Group's total sales include the sales of Seven-Eleven Japan, SEVEN-ELEVEN OKINAWA and 7-Eleven, Inc. franchisees.

FX rate: 1USD = 109.03 JPY, 1CNY = 15.78 JPY

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Operating Income Changes FY2020

(Billions of yen)



Main factors in YOY changes
Improved SEJ's sales and GPM and optimized SG&A expenses
SEI existing store sales and GPM growth
Other companies struggled while profits of IY and YB increased
SS existing store sales and GPM decreased
Earnings improvement at overseas subsidiary
7&i Food Systems struggled, etc.
-
Increase in CRM-related expenses
Profit increased by ¥12.6B led by CVS operations in Japan and North America

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FY2020 Results for Major Operating Companies

(Billions of yen, %)

	Operating income	YOY	Change	Net income attributable to owners of parent	YOY	Change
Seven-Eleven Japan	253.9	103.6	+8.8	169.6	110.7	+16.4
7-Eleven, Inc.	121.6	109.5	+10.5	83.1	107.2	+5.5
[Millions of dollar]	[1,115]	110.9	[+109]	[763]	108.6	[+60]
Ito-Yokado	6.5	138.5	+1.8	1.6	-	+9.5
York-Benimaru 〈incl. Life Foods*〉	16.8	101.0	+0.16	9.2	90.0	(1.0)
Sogo & Seibu	0.17	5.3	(3.0)	(7.5)	-	(7.8)

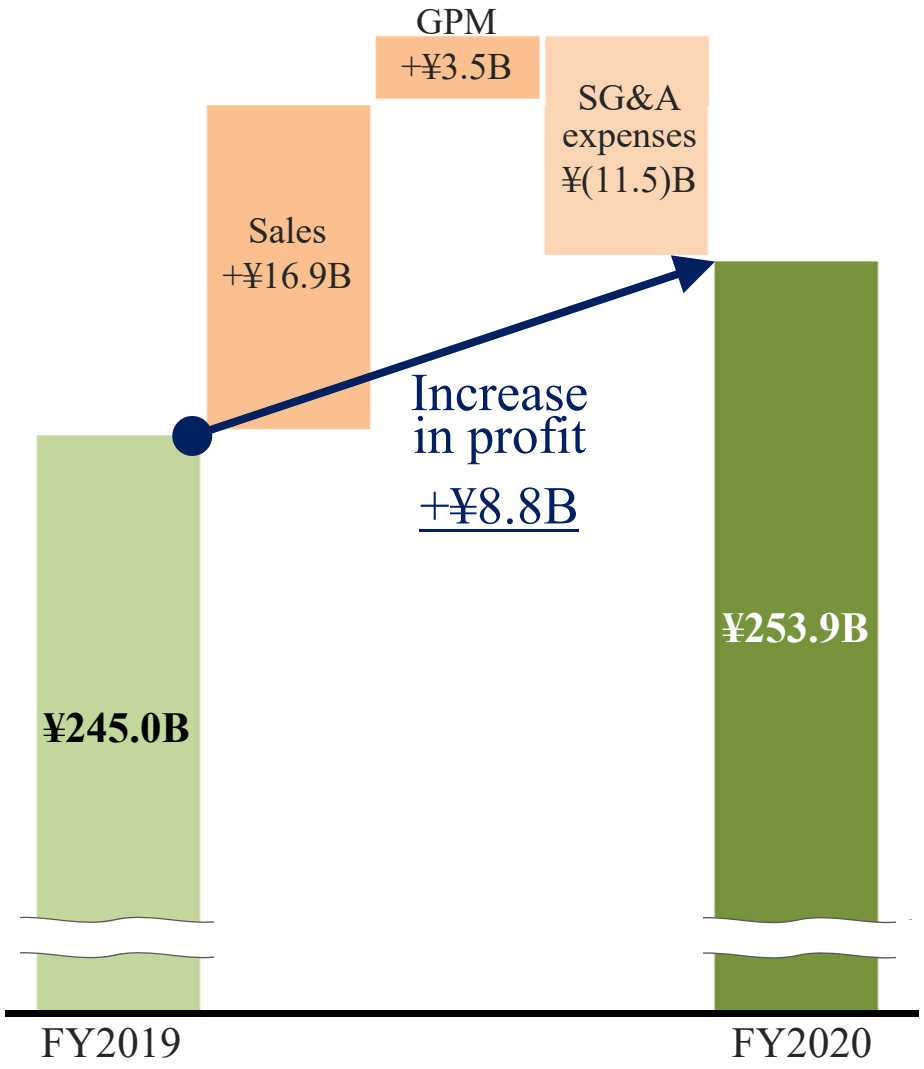
* Life Foods is a wholly owned subsidiary which produces and sells delicatessen in York-Benimaru stores.
The combined operating income and net income attributable to owners of parent for York-Benimaru and Life Foods represents internal management reporting figures.

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Seven-Eleven Japan
SEJ

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Factors in YOY Change of Operating Income FY2020

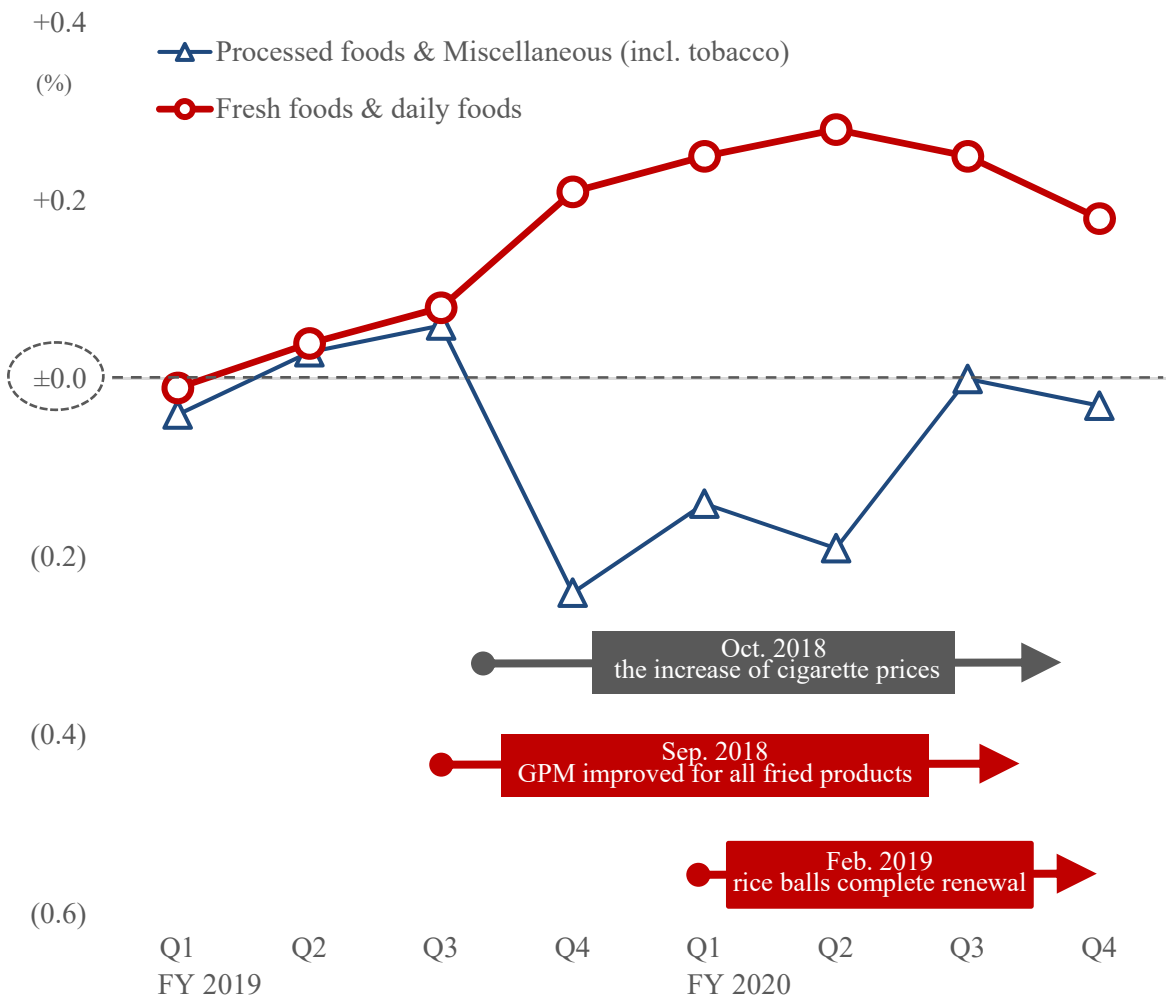


	Results	Details
Sales	+2.3% +¥16.9B	▪Existing store sales +0.2% +¥1.5B ▪Increase in stores +¥15.4B (Incl. leap year effect)
GPM	+0.2% +¥3.5B	▪Improved GPM in fried product sales +0.1% ▪Improve GPM on rice products +0.1% ▪Growth in cigarette sales (0.1)%
SG & A expenses	+2.0% ¥(11.5)B	▪Decrease in advertising expenses +¥3.2B ▪Increase in rent expenses ¥(8.3)B ▪Increase in utility expenses ¥(3.3)B

Increased sales, improved gross profit margin and optimized SG&A expenses to increase profit significantly and achieve plans

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YOY Change in Gross Profit Margin



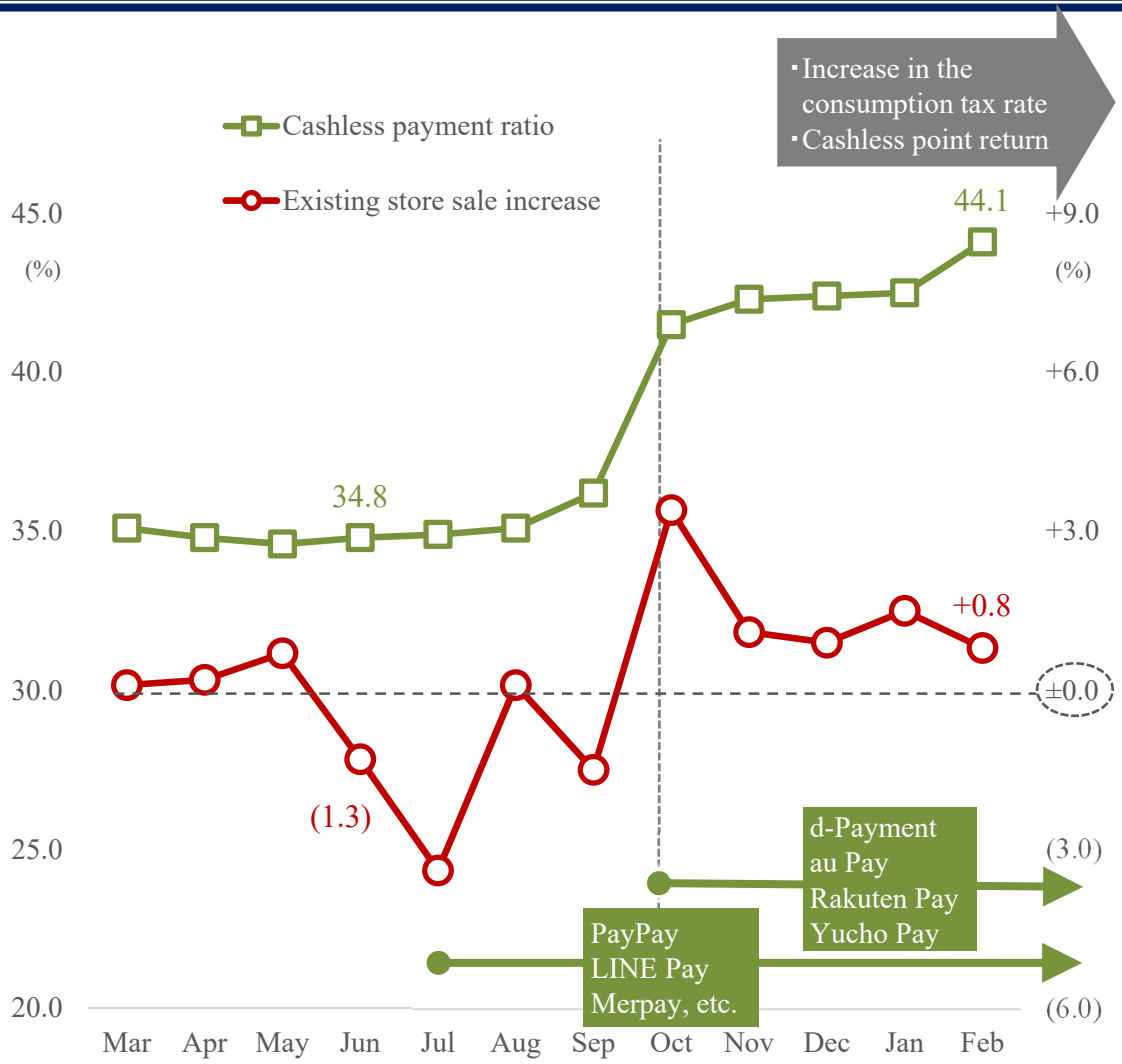
■FY2020 results

Categories	YOY Change
Total	+0.15
Impact of tobacco	(0.07)
Fresh foods, daily foods	+0.24
Fried products	+0.08
Rice products	+0.05
Noodles	+0.02
Sandwiches	+0.02
Desserts	+0.02
Others	+0.05
Alcoholic beverages	+0.02
Confectionary, processed foods	± 0.00
Miscellaneous	(0.01)
Ice cream, soft drink	(0.03)

Sales of fresh food and daily product increased due to continuous renewal that includes quality improvement

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Impact of Cashless Payment



■Change in the Composition Ratio (%)

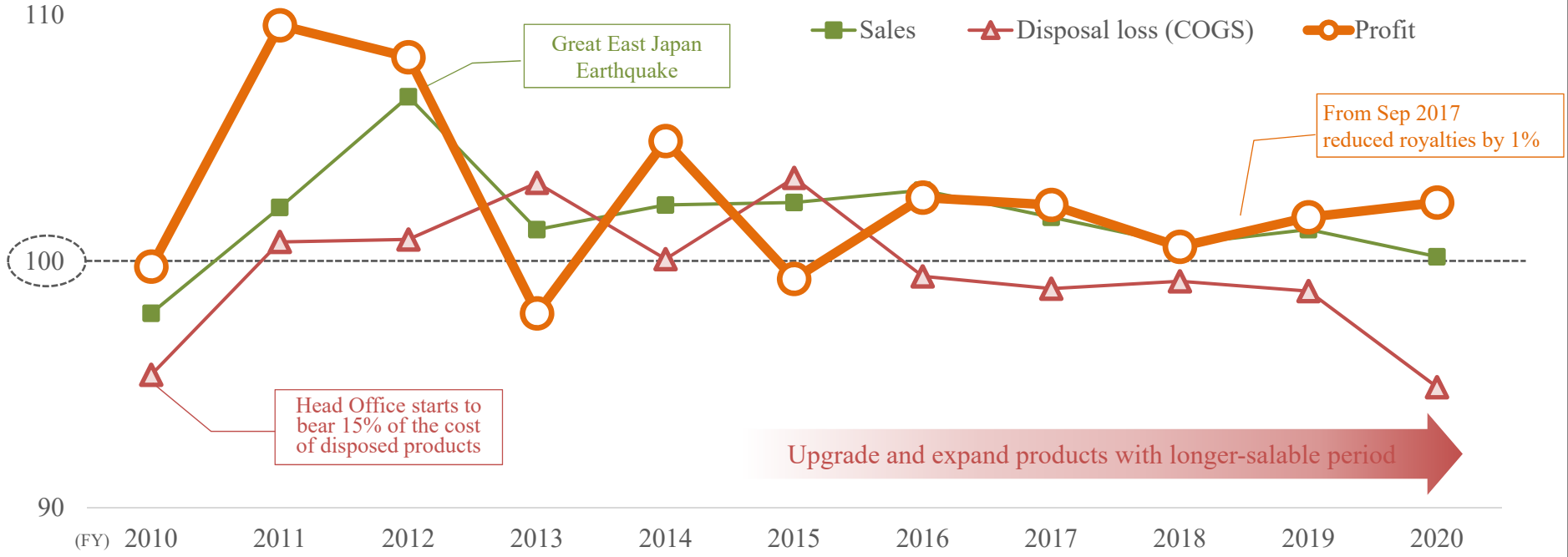
	Jun.	Feb.	Change
Cashless	34.8	44.1	+9.3
nanaco	23.2	23.2	± 0.0
Other e-money (excl. *nanaco*)	6.1	7.0	+0.9
Credit card	5.6	6.1	+0.5
Barcode payment	-	7.8	+7.8
Cash	65.2	55.9	(9.3)

Elevation in existing store sales thanks to the increase of cashless payment with high average customer spending (Difference from cash payment: approx. +¥20)

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Support for Franchise Stores

◆Yearly Trend; Existing Store Sales / Disposal Loss / YOY Change in Profit



◆Franchisee Support Measures from FY2021

Sales / GP	New layout: Scheduled to complete installation at 15,000 stores as of the end of FY2021 (completed at all stores, excluding stores scheduled for closure or revitalization)
Disposal loss	Ethical project: Nationwide expansion (from May 2020)
Profit	Review of "Seven-Eleven Charge" royalties: Profit of franchised stores approx. +¥500 thousand/year (from March 2020)

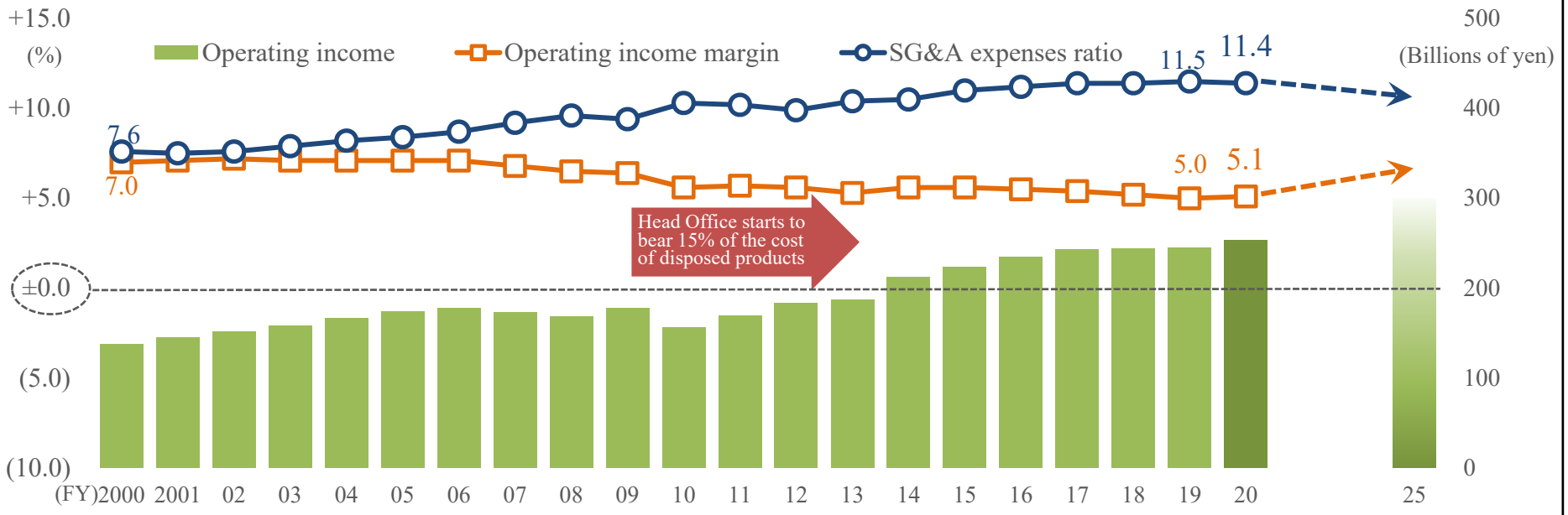
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Improve Profitability

◆Structural Reforms

Store openings & closures	Stricter standards for store openings, accelerate closure of unprofitable stores, curtail land and building rent
Advertising expenses	Streamline through app-based sales promotions, shift from mass consumer to personalized promotions
Optimize Head Office personnel	From March 2020: Established an Administration Division, formed an Organizational Reform Project, and improved man-hour productivity

◆Operating Income Margin and SG&A Expense Ratio



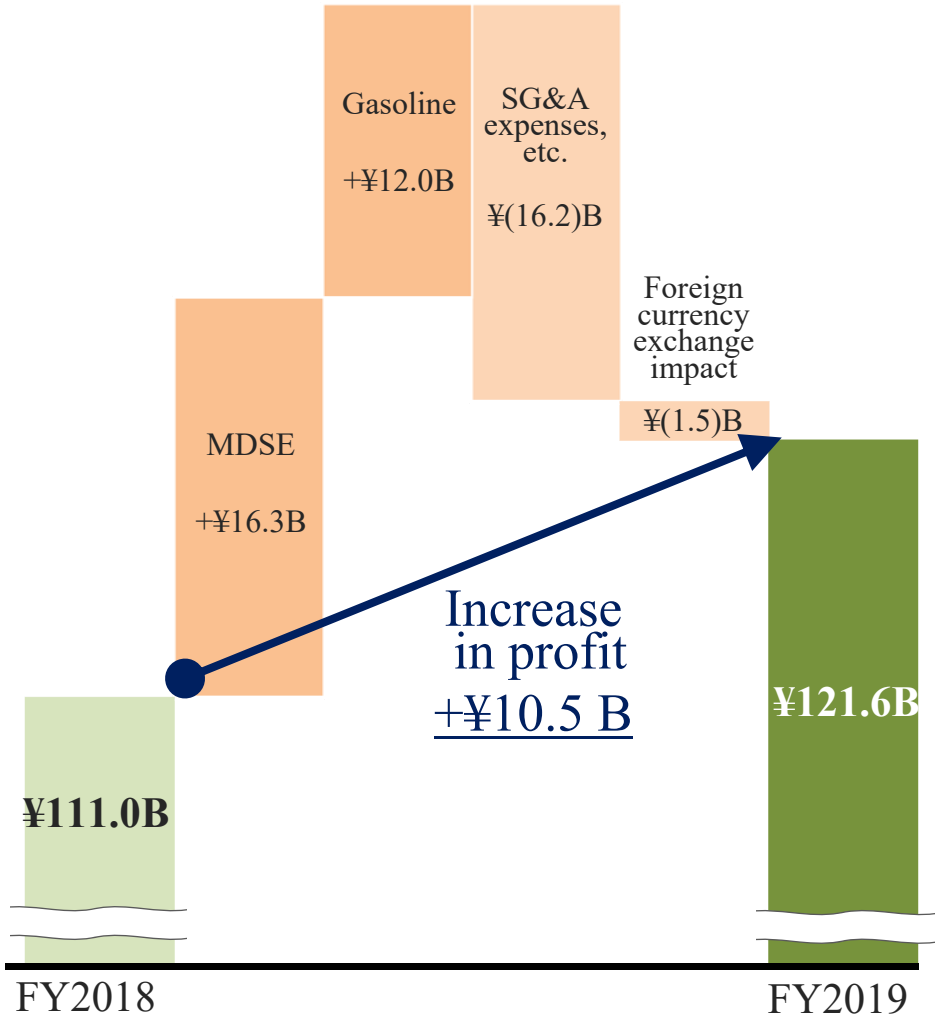
Boldly implement Head Office cost structure reforms, with the aim of improving profitability and achieving sustained

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7-Eleven, Inc.
SEI

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Factors in YOY Change of Operating Income FY2019

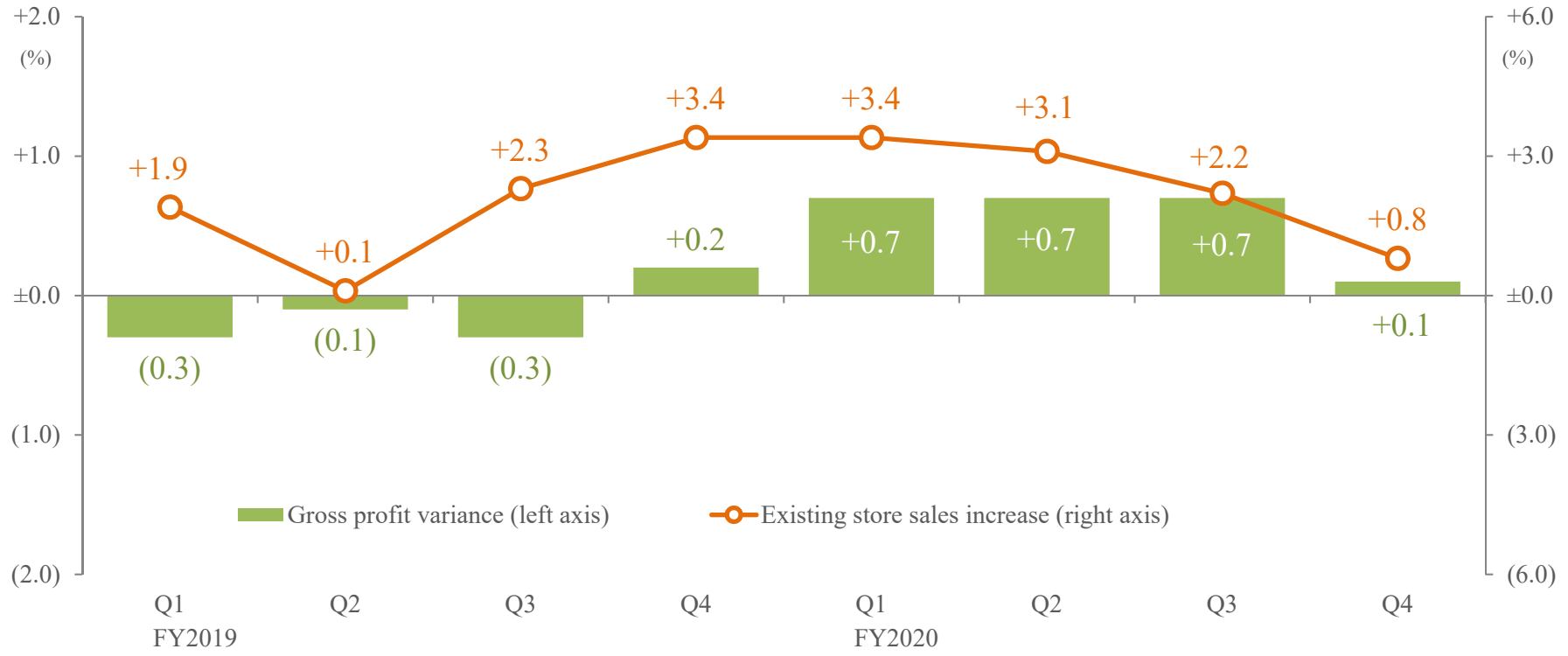


	Results	Details
Merchandise	+¥16.3B	▪Sales +¥8.2B U.S. existing store +2.4% ▪GPM +¥8.1B YOY change +0.6%
Gasoline	+¥12.0B	▪Sales volume +¥1.3B Impact of Sunoco acquisition Increase in store days ▪CPG(cents per gallon) +¥10.7B YOY change + ¢ 1.39
SG&A expenses, etc.	¥(16.2)B	▪Sunoco acquisition Increase in store days Increase in rents associated with sale-and -leaseback
Foreign currency exchange impact	¥(1.5)B	▪FY2019 result US$1=JP¥109.03 (yen appreciation of ¥1.41 YOY)

Existing store sales, gross profit margin growth and improvement in gasoline cents/gallons lifted profits ¥10.5B

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Existing Store Sales and Gross Profit Margin

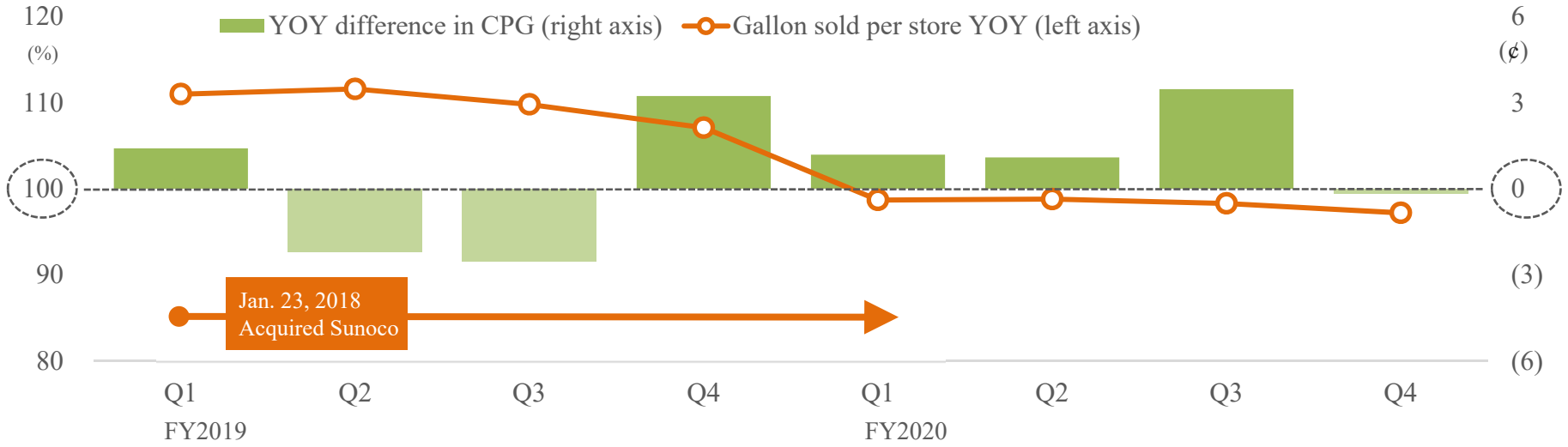


	FY2019 results	FY2019 plans	Main factors for YOY change
Existing store merchandise sales	+2.4%	+2.3%	Fresh food, PB products “7-Select” and Non-alcoholic / alcoholic beverages
Merchandise gross profit margin	+0.6%	+0.5%	Fresh food and PB products “7-Select” ▪Impact of 7Rewards: +0.1% ▪Impact of Sunoco acquisition: +0.2%

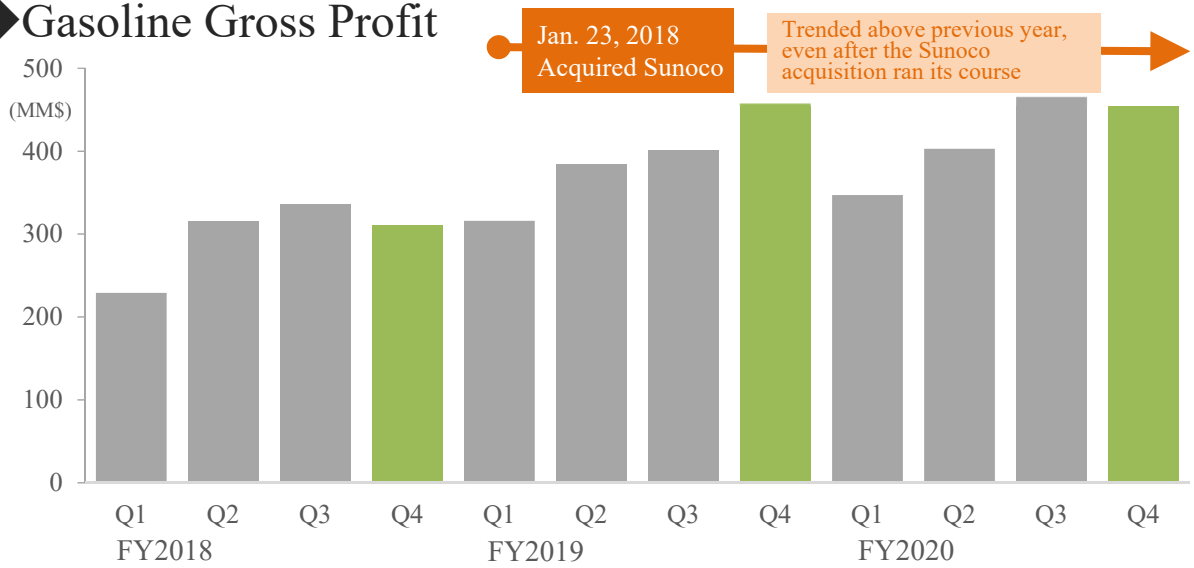
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Gasoline Gross Profit

◆YOY: CPG change and Average Gallon Sold Per Store



◆Gasoline Gross Profit



FY2020 results	
vs. previous year	107.0%
vs. plan	104.6%

Gasoline GP grew consistently due to favorable CPG, which offset a decline in gallons sold

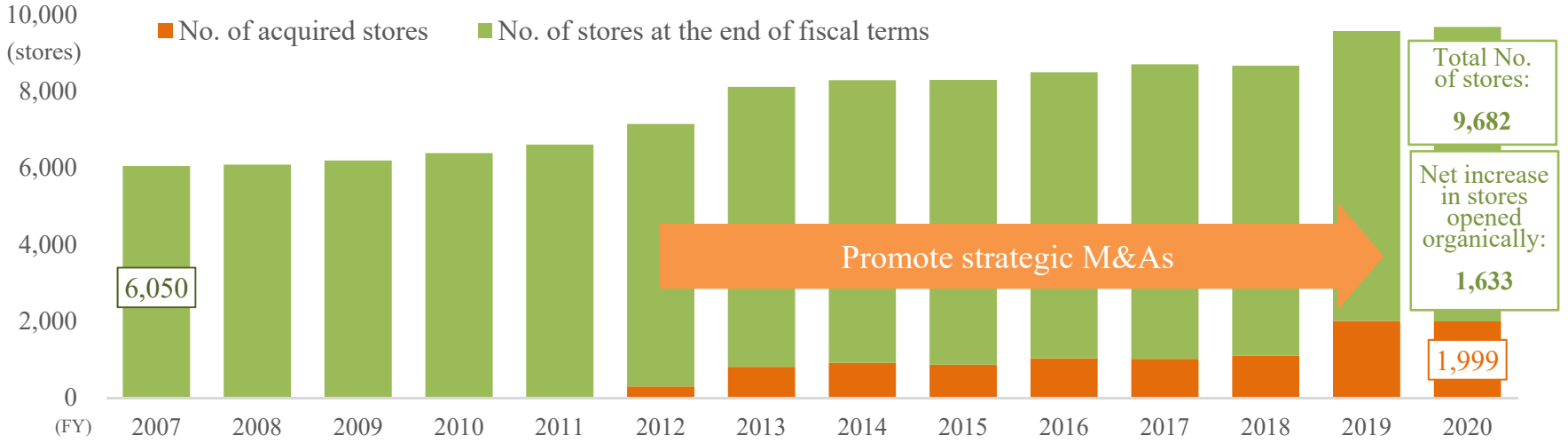
Gasoline GP exceeded both last year's record and the plan

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No. of Stores, Merchandise APSD and Merchandise GP

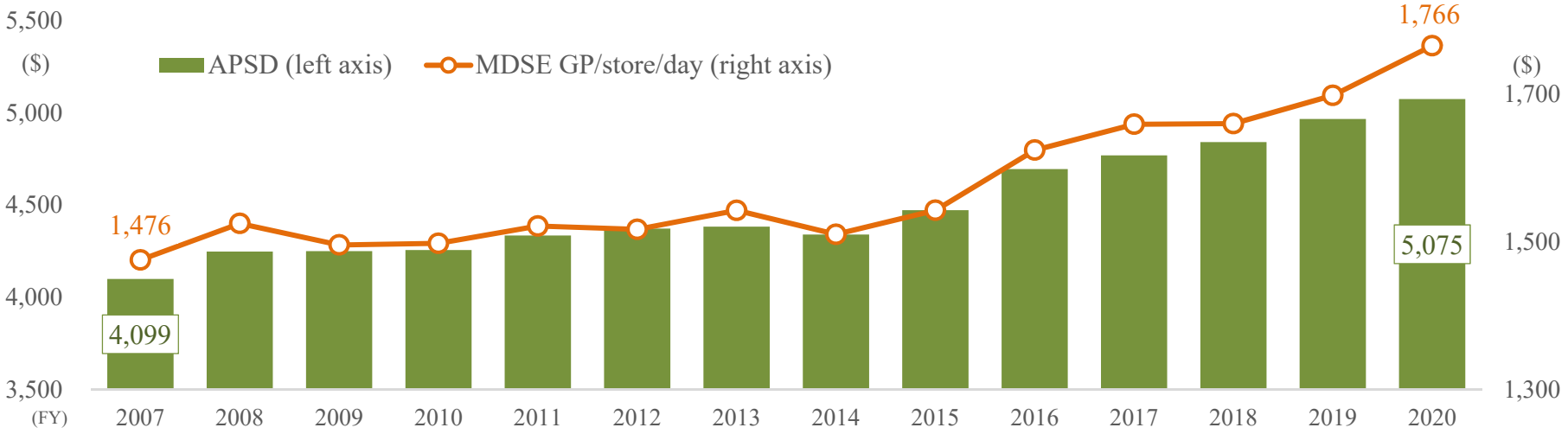
◆Break Down of No. of Stores

*Acquired stores: Number of operational stores as of each fiscal year-end, among the stores acquired since FY2011 for which data is available.



◆Merchandise APSD and Merchandise GP* per Store

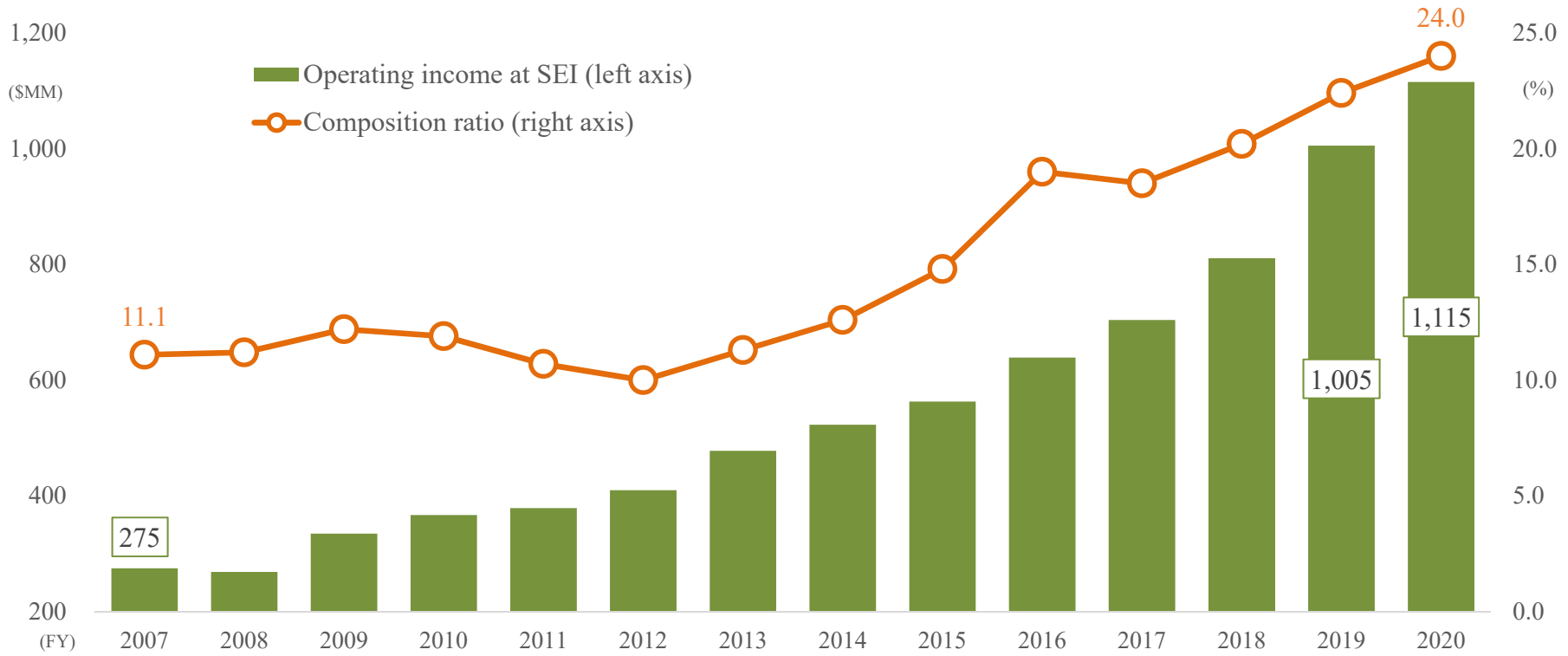
*Merchandise APSD ($) × Merchandise margin (%)



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Profit Contribution

◆Trend in SEI Operating Income and Its Ratio* of Consolidated Operating Income



(1) Strengthen merchandise centered on fresh food	(2) Implement effective M&A activities
(3) Promote franchising	(4) Ensure steady profits in the gasoline business

Continue to further improve profitability and drive Group-wide growth

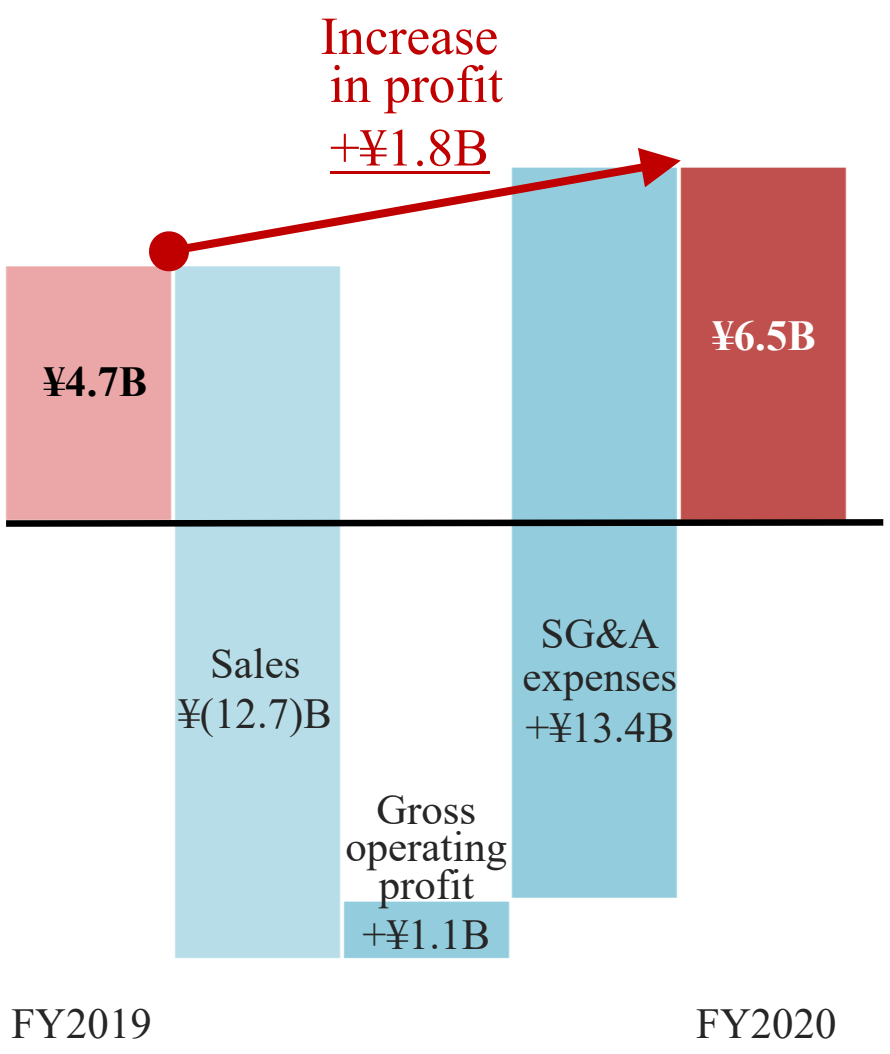
*Composition ratio is calculated in terms of consolidated operating income after amortization of goodwill on a yen basis.

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Ito-Yokado
IY

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Factors in YOY Change of Operating Income FY2020

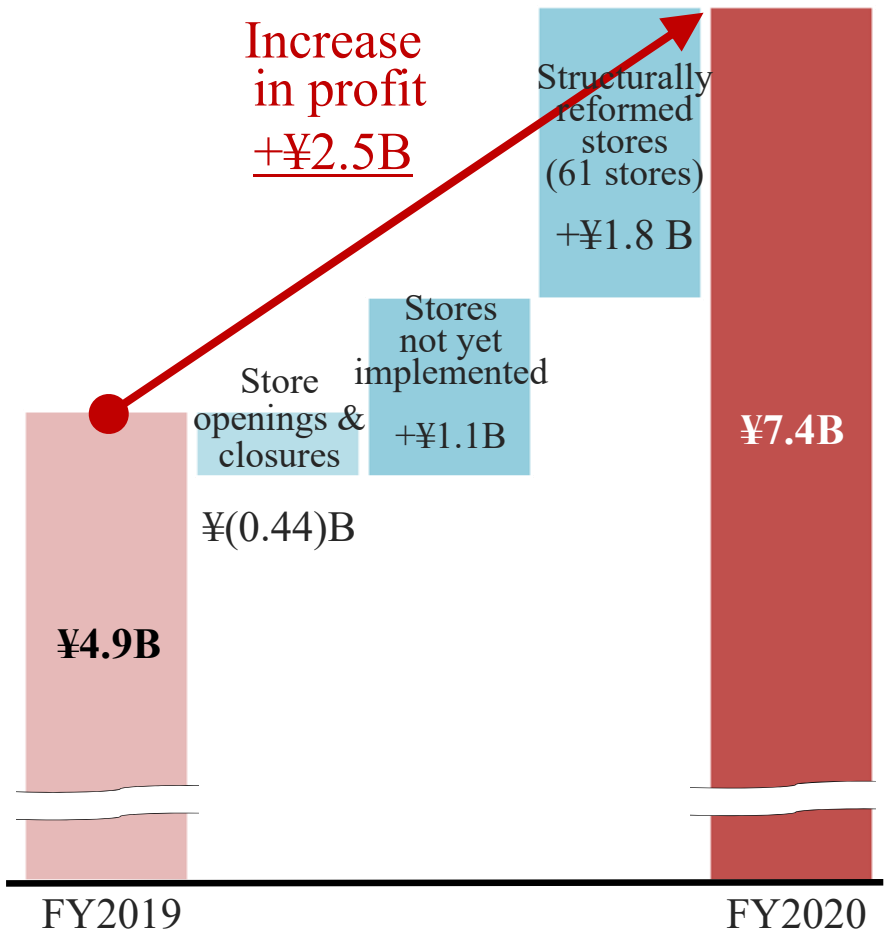


	Results	Details
Operating revenues	(4.1)% ¥(12.7)B	▪Decline in store count Decrease in 2 stores YOY ▪Existing store increase incl. tenants (1.0)% [Directly operated stores (2.9)%]
Gross operating profit	+0.1% +¥1.1B	▪GPM of directly operated sales +0.3% ▪Decrease in gross operating profit margin due to increase in tenant composition ratio
SG&A expenses	(4.4)% +¥13.4B	▪Decrease in personnel cost +¥7.4B ▪Decrease in rent expenses +¥3.2B ▪Decrease in advertising & decoration expense +¥1.8B

Operating income rose ¥1.8 B and hit the plan owing to improved GPM and curtailment of SG&A expenses (Net income turned positive for the first time in six fiscal years)

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Factors in YOY Change of Operating Income Q4 FY2020



	Results	Details
Store openings & closures	¥(0.44)B	▪Store openings FY2020 Increase in 3 stores YOY
Structurally reformed stores	+¥1.1B	▪Delivered earnings growth in 4Q alone atop improved gross profit and reduced expenses
Stores not yet structurally reformed	+¥1.8B	▪FY2020 structurally reformed stores +¥7.3B ▪Structurally reformed stores before FY2019 +¥1.0B

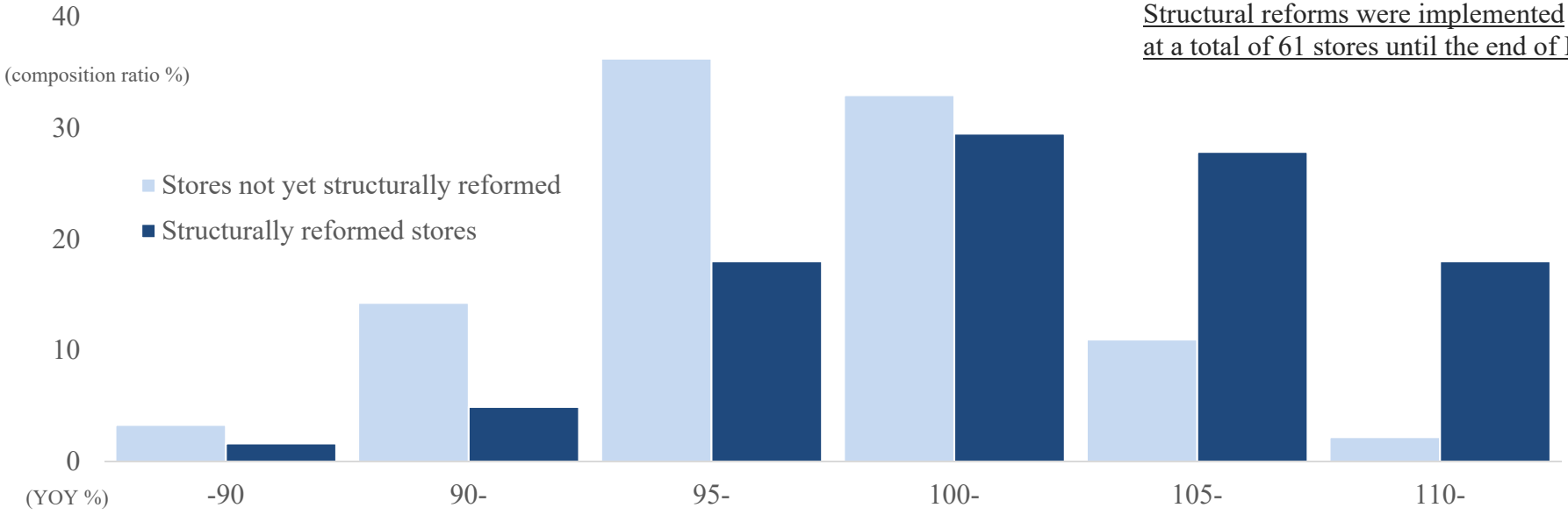
*Out of the ¥2.5 billion increase in operating income, the effect of the leap year is estimated to be ¥0.5 billion

Operating income rose ¥2.5B driven by profitability improvement at stores that have already implemented structural reforms

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Achievements of Store Structural Reform

◆IY Comparison Ratio of YOY Change in Existing Store Sales (February 2020)



Structural reforms were implemented at a total of 61 stores until the end of FY2020

Sales YOY incl. tenants	February*	FY2020
Structurally reformed stores	102.8%	100.4%
Stores not yet structurally reformed	98.8%	96.3%
IY total	101.1%	99.0%

Figures improved for IY as a whole, driven by structurally reformed stores

* Figures are management figures excluding leap-year effects

◆Contribution to Operating Income

Structurally reformed stores	
Change in operating income from the previous year (after allocation of Head Office costs)	FY2020 +¥1.2B

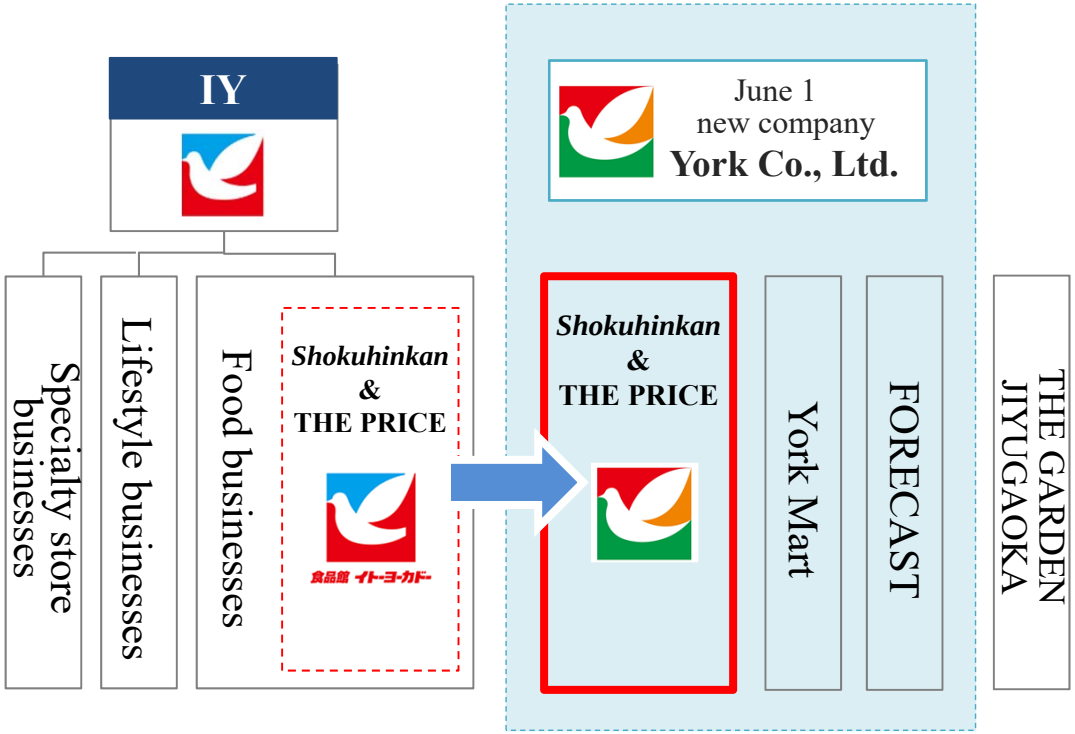
Accelerate horizontal deployment from the current fiscal year onwards

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Business Structural Reforms

◆Reorganization of 7&i Tokyo Metropolitan Area Food Supermarket

Transferred 20 stores of *Shokuhinkan* and THE PRICE to the new company York Co., Ltd. (June 1)



- Strengthen merchandising based on integrated manufacturing, distribution sales
  Introduce
  Process center & Central kitchen
- Synergies through the integration of merchandising across companies
  YMT: New merchandising in the Tokyo metropolitan area
  IY : Merchandising for THE PRICE
  SG : Merchandising for differentiation and high quality
- FOC labor-efficient register system, lockers, etc.

(Note) YMT: York Mart, IY: Ito-Yokado, SG: SHELL GARDEN, *Shokuhinkan*: Food specialty store of IY, THE PRICE: Discount store format of IY, FORECAST: Food supermarket operator of 7&i Group with new business format

Seek to improve profitability by streamlining the supply chain, while collaborating with the IY food business in the future

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5-Year Plan for Each Initiative

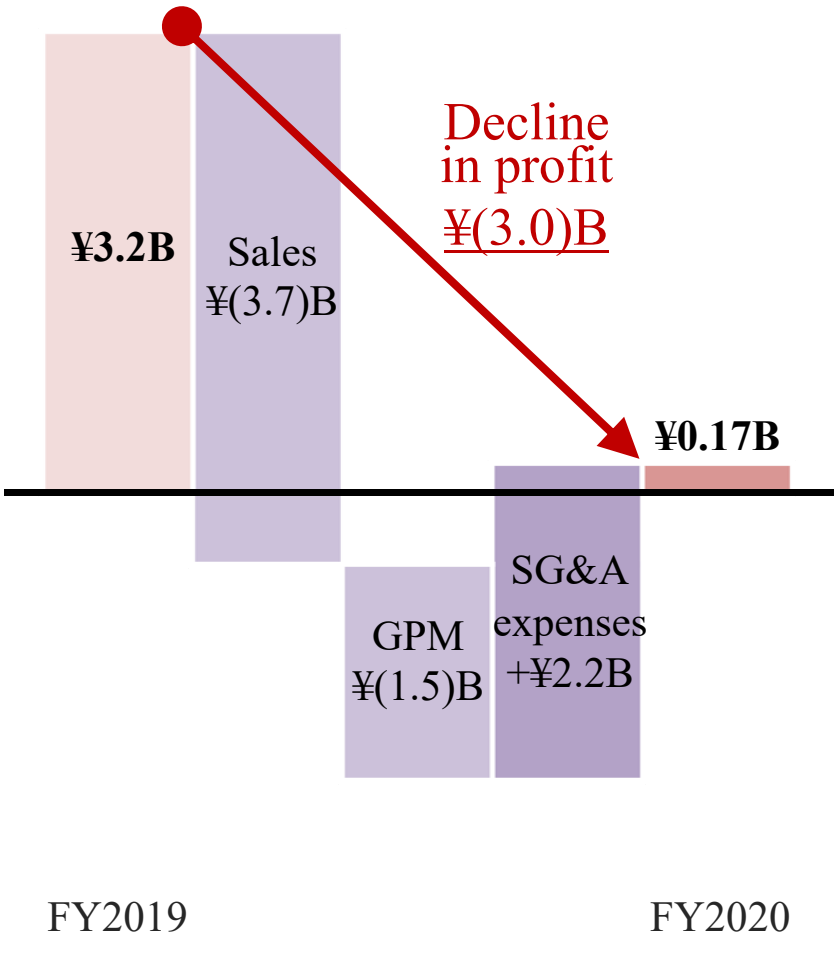
		FY2021	FY2022	FY2023	FY2024	FY2025
Store structural reform		Structural reforms implemented over five years at nearly all stores with ongoing operations				
		26 stores	25 stores	37 stores		
Business structural reform	**Unprofitable stores (33 stores)** *2 stores have already been closed in FY2020	Closures 8 stores	Collaboration with inside and outside of the Group or closures 23 stores			
	***Shokuhinkan* THE PRICE**	Transfer (June) 20 stores				
	Personnel initiatives	Reduce workforce by approx. 1,700 employees vs FY2019 Transfers or assignments to Group companies or natural attrition				
Cost-cutting initiatives		Review Head Office expenses, etc. (FY2025: Target a 25% reduction from FY2019)				

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Sogo & Seibu
SS

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Factors in YOY Change of Operating Income FY2020



	Results	Details
Sales	(2.5)% ¥(3.7)B	・Key stores* in Tokyo metropolitan area (1.4)% ・Regional and suburban stores (5.1)% ・Corporate outside sales division (3.4)%
GPM	(0.4)% ¥(1.5)B	Sluggish sales of apparel with high GPM and growth in sales of products with low GPM, such as luxury goods and food
SG&A expenses	(1.7)% +¥2.2B	・Decrease in personnel cost (Efficiency gains from personnel allocation management) +¥1.4B ・Decrease in advertising & decoration expenses +¥0.53B ・Decrease in utility expenses (Decrease in consumption) +¥0.35B

Profit drastically decreased due to struggling sales in existing stores and GPM, despite reducing SG&A expenses

*Key stores in Tokyo metropolitan area: SEIBU Ikebukuro, Sogo Yokohama, Sogo Chiba, SEIBU Shibuya and Sogo Omiya

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Structural Reforms (Announced October 2019)

◆Outline of Structural Reforms

Store initiatives	▪Close unprofitable stores (5 stores) Reduce sales area space (2 stores)
Personnel initiatives	▪Optimize staff composition (career change support measures, secondment outside of the Company, staff reassignments within the Company) ▪Optimize personnel to date and reduce fixed costs associated with relocation and downsizing of Head Office

◆Specific measures

	Stores	Implementation timing (plan)
Closures	SEIBU Okazaki	August 2020
	SEIBU Otsu	August 2020
	Sogo Seishin	August 2020
	Sogo Tokushima	August 2020
	Sogo Kawaguchi	February 2021
Reduction of sales area space	SEIBU Akita	February 2021
	SEIBU Fukui	February 2021

Optimize staff composition	
	FY2023 (vs.FY2019)
No. of employees (incl. contract employees)	Decrease approx. 1,300 people ⇒ 1,400 people
Personnel expenses	Decrease approx. ¥8.6 billion

Accelerate concentrate management resources at key stores in the Tokyo metropolitan area

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Digital & Financial Strategies

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Digital & Financial Strategies

◆Target Status

Digital and finance	UX improvement	New customer inflow Frequency of store visits Increase in basket size	Improve customer satisfaction Improve customers' LTV

◆Basic Concept

Digital strategy

Deepen CRM	▪Expand 7iD collaborations ▪Digital coupon distribution (Beacon)
Upgrade and expand services	▪IY's *Net Supermarket* and SEJ's Net Convenience Store ▪Delivery lockers
Improve productivity	▪Improve efficiency of store operations AI-based ordering, unmanned stores, etc. ▪Supply chain management

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Financial strategy

ATMs	▪Added value through new services Smartphone payment, facial recognition
Credit cards	▪Upgrade and expand service menu (cashing, revolving payments, credit, etc.) ▪Contactless payment (Type A/B) ▪Link 7iD and customers' financial information
nanaco (e-money)	▪Strengthen mobile *nanaco*

Comprehensive security platform

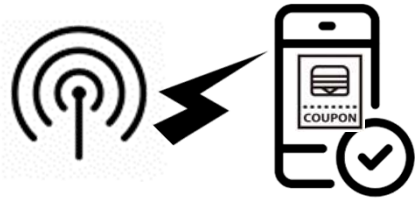
Foster understanding of individual customer needs and strengthen relationships through purchase, payment and customer data

One to One marketing	New financial products and services	New shopping experiences

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Improve UX Using Digital Technology

◆Improvement measures to address pain points felt by customers and the benefits of these measures

It's bothersome to open your smartphone at the register.	It's bothersome to search for coupons when you don't have your smartphone open.	You cannot visit a store You cannot visit a store while it is open
		
 Credit cards Contactless payment (Type A/B) Consider: Proposal to link card to 7iD	 Coupons will open automatically when you enter a store with Beacon	 Online supermarkets Delivery lockers at CVS
▪New customer inflow ▪Frequency of store visits	▪Frequency of store visits ▪Basket size	▪New customer inflow ▪Basket size

Strive to improve UX by offering new value propositions based on digital technology

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Milestones for UX Improvement Measures

			Q1	Q2	Q3	Q4
Payment	Type A/B			SEJ (Scheduled to start in June)	IY・YMT (Scheduled to start in September)	SS
App	Beacon			Conduct tests at SEJ (Scheduled to start in June) → Verification		Expand to areas and other companies
Last mile	Delivery lockers		Conduct tests at SEJ (Started in March)	→ Verification		Expand to areas and other companies
	Package drop service		IY Nishi-Nippori area (Started in November 2019)			Expand service areas

Full-fledged start of services

Enhance customer interfaces by harnessing digital tools and expanding services

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Corporate Governance

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Strengthen the organizational management system

◆Examples of key measures to strengthen governance to date

1. Establishment of Nomination and Compensation Committee (from FY2017)
2. Evaluation of the effectiveness of the Board of Directors (from FY2017)
3. Introduction of stock-based compensation system linked to business performance (from FY2020)

◆Strengthen governance further

1. Review of the roles of the Nomination and Compensation Committee
2. Amendments to the Articles of Incorporation:
   Review the upper limit for the number of Directors and the roles of the Chair
3. Introduction of non-financial metrics to executive compensation (CO_2 emissions)
4. Strengthen financial discipline

Strive to strengthen the system to improve the effectiveness of management policies, with a view to realizing the Group's vision

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Target Status

Open the next "Convenience" door

CVS Business strategy as a core of growth

- Further enhance customer value by domestic CVS
- Expand scale through M&As in the North American market
- Providing value through 70,000 stores worldwide
  (20,000 domestic and 50,000 overseas)

Challenge for "Food" that are now needed by customers

Strengthening food / Tokyo metropolitan area food strategy

- Further strengthen *Seven Premium*
  Group-wide team merchandising method
  High quality + reasonable price + good health
- Tokyo metropolitan area food strategy
  Reinforcement of food value chain toughness
  (Manufacturing, Distribution, Sales)

Creation of affluent "lifestyle hubs"

Large-scale commercial base strategy

- Operation of large-scale shopping centers
- Respond to local needs and premium
  Respond to local needs and demand for premium products
- Building facilities and communities from an experience-based perspective
- Monetization through product sales + tenants + services

Expansion of "contact points" with our customers

Digital and financial strategies

- Enhancing credit cards business
- Promote Group CRM based on 7iD
- Expansion of last mile functions
- Active utilization of AI and other technologies (productivity improvement)

Contributing to improving QOL* with four growth engines

Aiming to become a corporate group that is indispensable to people's daily lives

*QOL: Quality of Life

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Financial Policy

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Financial Policy

◆Basic Policy

Increase returns in excess of the cost of capital and enhance the ability to generate cash flows, in order to deliver a sustained increase in corporate value

◆KPIs

- **ROE**
- **ROIC Spread**
- **EPS Growth Rate**
- **Free Cash Flow Level**
- **Debt / EBITDA**

*Individual KPIs are also set for operating companies to achieve consolidated KPIs

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Financial Policy

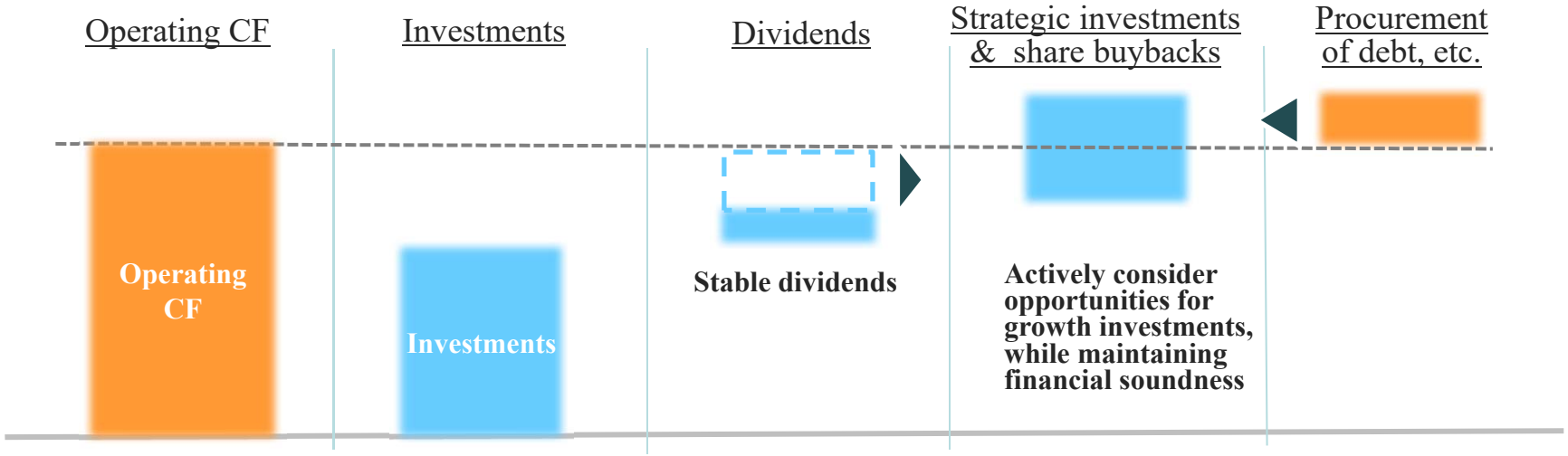
◆Financial measures

(1) Enhance returns (ROIC) relative to the cost of invested capital (equity + interest-bearing debt) (WACC), i.e., increase the ROIC spread over the medium and long terms

ROIC (Net income basis) › WACC (weighted average cost of capital) ← Evaluate returns based on the cost of capital

(2) Prioritize allocation of funds to investments and shareholder returns, and enhance the ability to generate operating cash flows

(3) Ensure discipline from the perspective of ensuring financial soundness, by determining how to support growth strategy investments, particularly M&As, with the balance sheet

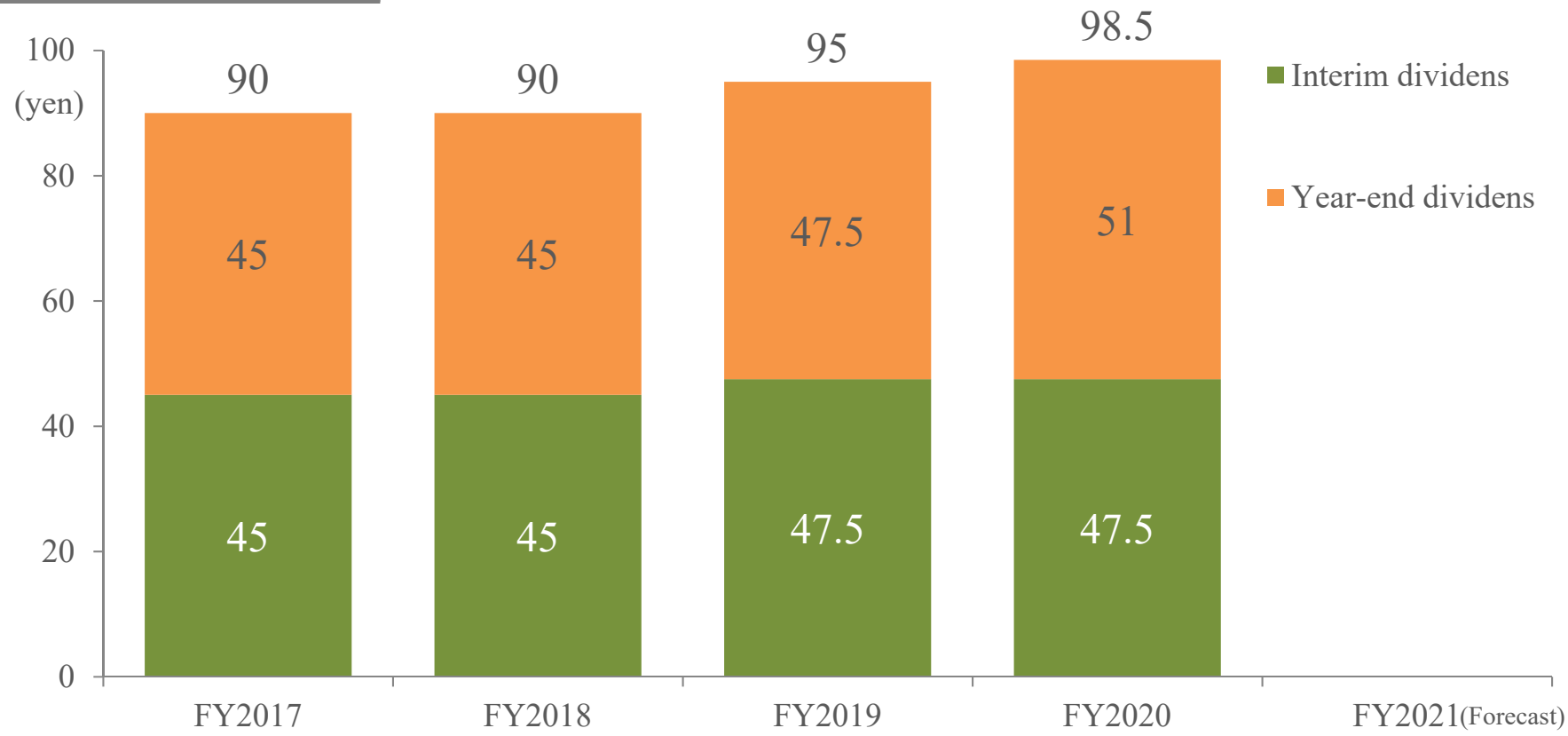


Note: In consideration of factors such as the recording of special losses, the numerator of ROIC needs to be calculated and managed on a net income basis in order to achieve the ROE target.
Moreover, given that WACC includes after-tax costs for interest-bearing debt, ROIC has been adjusted for by adding after-tax interest expenses to the numerator of ROIC.

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Dividends Policy

Consolidated dividends payout ratio target	Provide stable dividends by maintaining a dividend payout ratio at the level of 40% of consolidated net income
Share buybacks	Consider flexibly conducting share buybacks while taking into consideration the level of free cash flow



	FY2017	FY2018	FY2019	FY2020	FY2021(Forecast)
Dividends payout ratio (%)	82.3	43.9	41.4	39.9	-

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Appendix

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Revenues from Operations by Business Segment FY2020

(Billions of yen, %)

	Q3 Cumulative		Q4		FY2020 YTD		
		YOY/change		YOY/change		YOY/change	vs. budget
Consolidated revenues from operations	4,975.5	98.1 (96.8)	1,668.8	97.1 (50.0)	6,644.3	97.8 (146.8)	99.3 (43.6)
Domestic CVS operations	733.7	101.2 +8.4	237.5	103.2 +7.2	971.2	101.7 +15.7	99.9 (0.96)
Overseas CVS operations	2,075.8	97.8 (47.0)	663.9	95.1 (34.1)	2,739.8	97.1 (81.2)	100.0 (0.16)
Superstore operations	1,366.2	97.2 (40.0)	482.8	97.3 (13.3)	1,849.1	97.2 (53.3)	98.9 (20.0)
Department store operations	420.6	98.6 (5.7)	156.9	94.7 (8.7)	577.6	97.6 (14.4)	97.8 (12.9)
Financial services	162.9	100.1 +0.13	54.4	104.3 +2.2	217.3	101.1 +2.3	98.4 (3.6)
Specialty store operations	253.3	94.9 (13.7)	86.3	97.7 (2.0)	339.6	95.6 (15.8)	97.3 (9.3)
Others	19.4	110.4 +1.8	5.7	94.2 (0.35)	25.2	106.2 +1.4	93.3 (1.7)
Eliminations / corporate	(56.6)	- (0.74)	(19.0)	- (0.85)	(75.6)	- (1.6)	- +5.3

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Operating Income by Business Segment FY2020

(Billions of yen, %)

	Q3 Cumulative		Q4		FY2020 YTD		
		YOY/change		YOY/change		YOY/change	vs. budget
Consolidated revenues from operations	319.0	104.9 +14.8	105.1	98.0 (2.1)	424.2	103.1 +12.6	101.0 +4.2
Domestic CVS operations	200.1	107.3 +13.6	56.4	93.7 (3.8)	256.6	104.0 +9.8	102.1 +5.2
Overseas CVS operations	76.4	111.4 +7.8	25.5	108.0 +1.9	102.0	110.6 +9.7	99.3 (0.69)
Superstore operations	7.9	80.2 (1.9)	13.3	118.5 +2.0	21.3	100.6 +0.13	81.6 (4.7)
Department store operations	(1.9)	- (1.5)	2.7	66.5 (1.3)	0.79	21.3 (2.9)	17.0 (3.9)
Financial services	41.7	97.1 (1.2)	11.9	119.7 +1.9	53.6	101.4 +0.73	115.8 +7.3
Specialty store operations	4.0	75.8 (1.3)	0.61	47.3 (0.68)	4.6	70.2 (1.9)	57.9 (3.4)
Others	1.5	75.1 (0.50)	0.01	2.6 (0.59)	1.5	58.5 (1.1)	62.2 (0.94)
Eliminations / corporate	(10.8)	- (0.15)	(5.4)	- (1.6)	(16.2)	- (1.7)	- +5.5

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Operating Income for Major Operating Companies FY2020

(Billions of yen)

	Q3 Cumulative		Q4		FY2020 YTD		
		YOY/change		YOY/change		YOY/change	vs. budget
Seven-Eleven Japan	198.4	107.0 +13.0	55.4	93.0 (4.1)	253.9	103.6 +8.8	101.6 +3.9
7-Eleven, Inc.	91.1	110.5 +8.6	30.5	106.7 +1.9	121.6	109.5 +10.5	99.2 (0.94)
[Millions of dollar]	[835]	111.0 [+82]	[280]	110.8 [+27]	[1,115]	110.9 [+109]	100.1 [+1.2]
Ito-Yokado	(0.89)	- (0.69)	7.4	151.1 +2.5	6.5	138.5 +1.8	100.3 +0.02
York-Benimaru* 〈incl. Life Foods*〉	11.1	105.7 +0.60	5.7	92.9 (0.44)	16.8	101.0 +0.16	92.3 (1.4)
Sogo & Seibu	(2.6)	- (1.6)	2.7	66.4 (1.4)	0.17	5.3 (3.0)	4.1 (4.0)

* 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 B/S Summary (As of Feb. 29, 2020)

(Billions of yen)

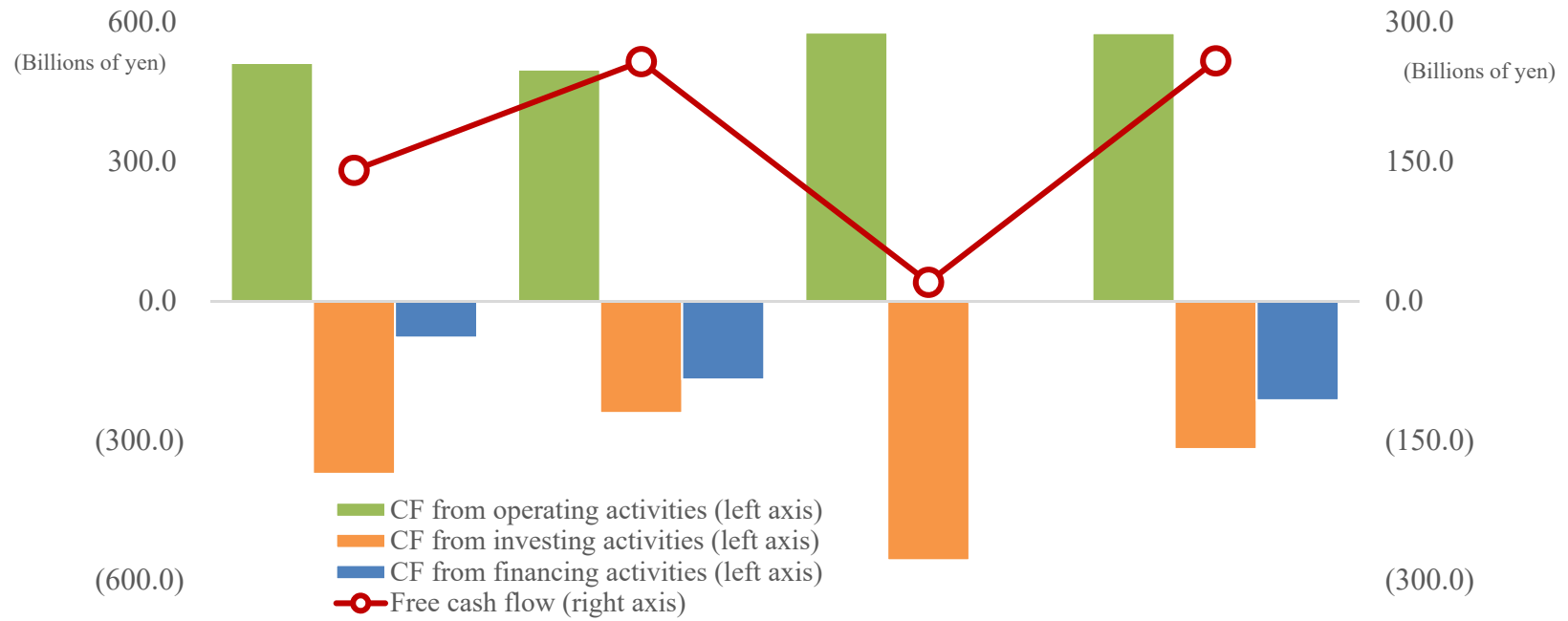
Assets (Main items only)	Feb. 28 2019	Feb. 29 2020	change
Current assets	2,326.4	2,471.9	+145.4
Cash and bank deposits	1,314.5	1,357.7	+43.1
Cash and due from banks at Seven Bank	775.4	846.2	+70.7
Notes and accounts receivable-trade	95.6	153.0	+57.3
Non-current assets	3,468.5	3,522.5	+54.0
Property and equipment	2,118.6	2,183.3	+64.7
Buildings and structures, net	954.0	992.3	+38.2
Land	751.6	746.9	(4.7)
Intangible assets	608.4	608.8	+0.39
Investments and other assets	741.3	730.2	(11.1)
Deferred assets	0.10	2.4	+2.3
Total assets	5,795.0	5,996.8	+201.8

Liabilities and net assets (Main items only)	Feb. 28 2019	Feb. 29 2020	change
Total liabilities	3,122.5	3,239.6	+117.0
Current liabilities	1,992.7	2,157.1	+164.4
Notes and accounts payable, trade	411.6	410.7	(0.8)
Short-term loans	143.1	129.4	(13.7)
Current portion of bonds Current portion of long-term loans	156.6	168.4	+11.7
Deposits received	174.0	228.4	+54.3
Deposit received in banking business	588.3	655.0	+66.6
Non-current liabilities	1,129.8	1,082.4	(47.3)
Bonds	361.9	281.9	(79.9)
Long-term loans	443.4	403.1	(40.2)
Total net assets	2,672.4	2,757.2	+84.7
Total liabilities and net assets	5,795.0	5,996.8	+201.8

Note) ASBJ Statement No. 28 has been adopted and reflected retroactively in the figures for the fiscal year ended February 28, 2019

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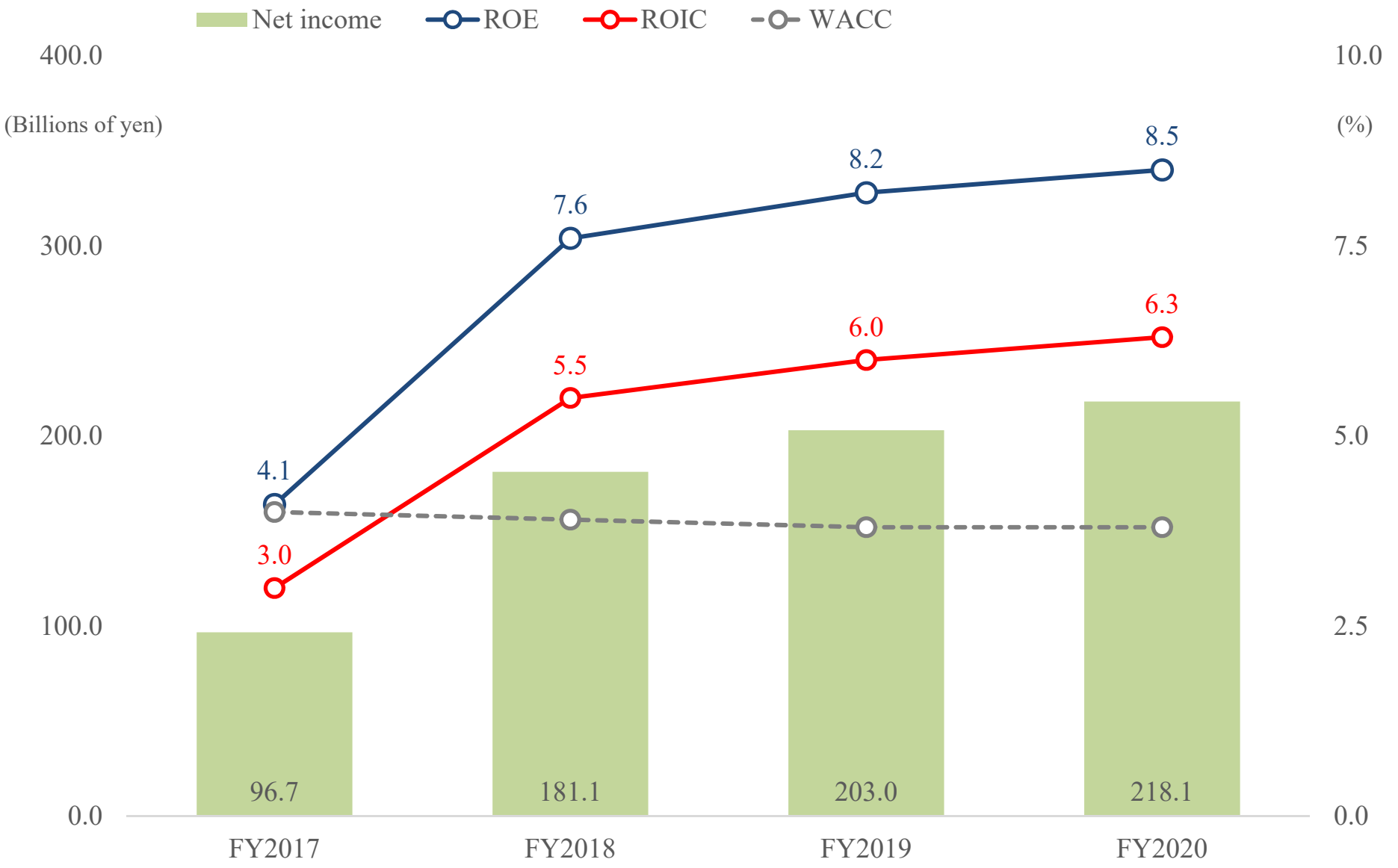
Consolidated Statements of Cash Flows FY2020



(Billions of yen)	FY2017	FY2018	FY2019	FY2020	vs. FY2019
CF from operating activities	512.5	498.3	577.8	576.6	(1.2)
CF from investing activities	(371.6)	(240.4)	(557.4)	(318.0)	+239.4
Free cash flow	140.9	257.8	20.3	258.6	+238.2
CF from financing activities	(78.1)	(168.5)	(5.3)	(213.2)	(207.8)
Cash and cash equivalents at end of period	1,209.4	1,300.3	1,310.7	1,354.8	+44.1

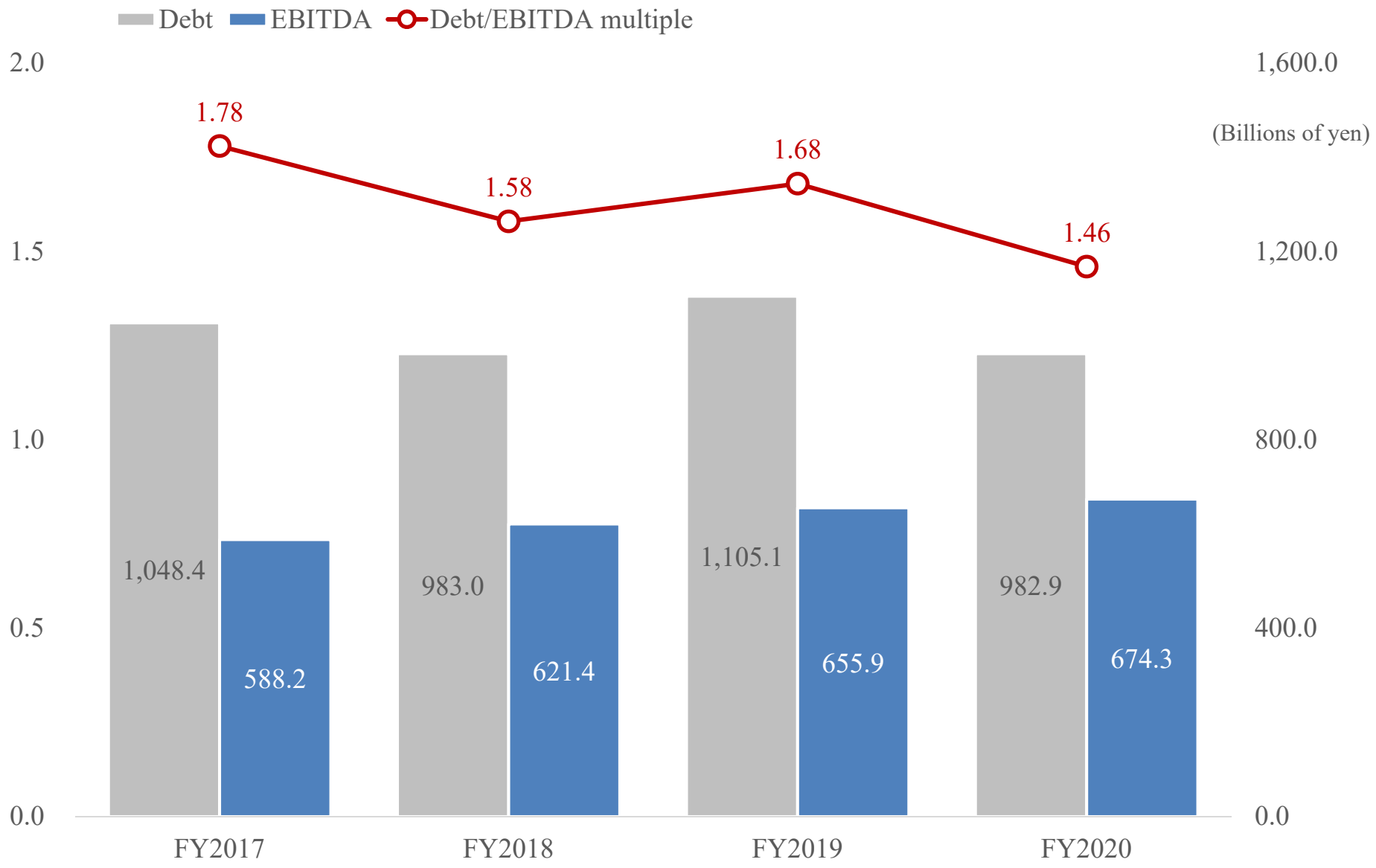
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Consolidated ROE & ROIC



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(Reference) Debt / EBITDA Multiple



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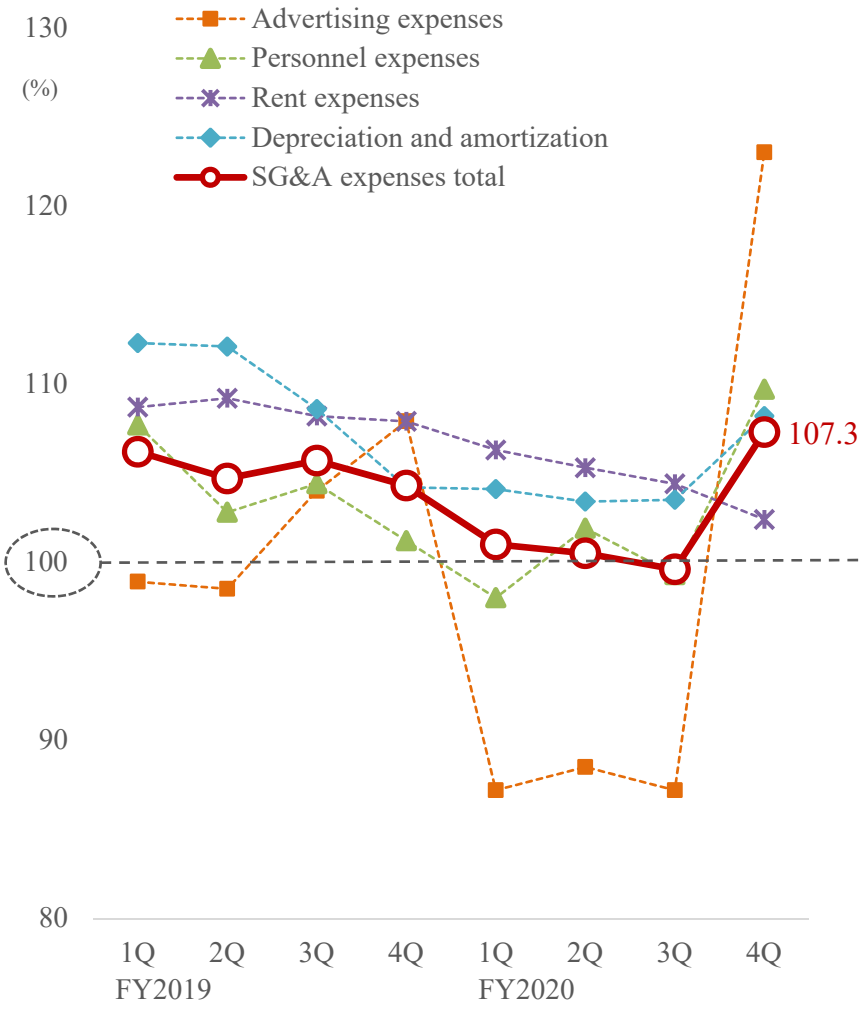
SEJ: Progress in Action Plan

Closure in the midnight time	As of the end of Feb. 2020 Stores that have already started trial: approx. **494** stores **128** stores have changed contracted opening hours
Improvement in cash register service training	FY2020: Held **3,500** times in total From Sep. 2019: Started new employee training ⇒ Held approx. **1,200** times by the end of February 2019
Promote dialogue with FZ stores	FY2020: Visits by executives of SEJ to approx. 700 stores in 11 zones From Oct. 2019: Implemented franchise store owners meeting ⇒ Held in 8 zones by Feb. 2020 and had dialogue with approx. 110 franchise store owners
New layout	As of the end of Feb. 2020 Stores that have already introduced New layout: approx. **10,000** stores ⇒ Sales increase effect in Feb.: +**10.6** thousand yen/ day* FY2021: Scheduled for introduction at approx. **5,000** stores ⇒ **15,000** store in total
Ethical project	From Oct. 30, 2019: Trial conducted in the Hokkaido/Shikoku area From Feb. 2020: Expanded throughout Kyushu excluding Okinawa From May 2020: Scheduled to expand nationwide

*Figures excluding cigarette at 855 stores that introduced new layout in FY2019

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SEJ: YOY SG&A Expenses



	YOY Change (Billions of yen)		Main factors
	Q4	YTD	
Advertising expenses	+2.7	(3.2)	Q4: Changes in product lineup, Streamline Head Office-supported sales promotions (Shift to Seven-Eleven app-based sales promotions)
Personnel expenses	+1.8	+1.6	Q4: Presented year-end bonus
Rent expenses	+1.1	+8.3	Curtailed store openings Closed unprofitable stores
Depreciation and amortization	+1.4	+3.3	Stepped up installation of new layouts Software-related expenses (Consumption tax hike and apps-related)
SG&A expenses total	+9.8	+11.5	Held growth rate to 102% YOY

SG&A expenses rose 107% in Q4, mainly due to the recording of one-time expenses, but the increase was held to the smallest-ever growth rate for a full fiscal year

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SEI: Sunoco Results FY2019

◆Operating Figures (Average daily sales per store)

	Sunoco	Change	SEI (excl. Sunoco)	Change	SEI Total	Change
Merchandise ($)	4,975	+45	5,087	+117	5,075	+108
Gasoline (Gallons)	4,864	(146)	3,390	(60)	3,728	(67)

◆Financial Figures

(Exchange rate: 1USD = 109.03JPY)

	Sunoco	YOY	SEI (excl. Sunoco)	YOY	SEI Total	YOY
Operating income (Millions of dollars)	141	117.3%	974	110.1%	1,115	110.9%
Operating income (Billions of yen)	15.4	115.8%	106.2	108.7%	121.6	109.5%
Amortization of goodwill (Billions of yen)	7.5*	98.7%	12.0	108.2%	19.6	104.4%
Contribution to consolidated operating income (Billions of yen)	7.8	139.0%	94.1	108.7%	102.0	110.6%

Operating income rose significantly due to improvements in merchandise and gasoline profitability, etc. leading to the achievement of the full-year budget

*Goodwill: Calculated as $1,388 MM.

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