
FamilyMart UNY Holdings Co., Ltd.

Financial Review for 1st Quarter of FY2019

July 10, 2019

Cautionary Statement:

This report contains forward-looking statements, including the Company's strategies, future business plans, and projections. Such forward-looking statements are not based on historical facts and involve known and unknown risks and uncertainties that relate to, but are not necessarily confined to, such areas as economic trends and consumer preferences in Japan and abrupt changes in the market environment. Accordingly, the actual business performance of the Company may substantially differ from the forward-looking statements in this report.

Financial Results for 1Q of FY2019 (P/L)

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	(¥ billion)		
	FY2018 1Q	FY2019 1Q	
	Results	Results ^{*1}	YoY
Gross operating revenues	158.8	132.9	(25.9)
Core operating profit	13.2	19.5	6.3
Profit before taxes ^{*2}	9.6	14.2	4.6
Profit attributable to owners of parent ^{*2}	7.0	20.3	13.3

Major reasons for increases (decreases)

Exclusion of Kanemi Co., Ltd., from consolidation
Decrease in net sales due to fewer FM Company-owned stores

Favorable performances by both FM existing stores and CKS converted stores
Decreases in merger expenses and head office expenses

Increase in core operating profit

Increase in FM non-consolidated profit
Recognition of special profit and loss^{*3}

*1. Since FY2019 1Q, the Company has adopted IFRS 16 "Leases."

*2. In FY2019 1Q results, figures have been stated excluding gain on sales of shares of UNY.

*3. Tax benefit of September 1, 2019, merger: +¥9.6 billion;
recognition of loss on store closures accompanying structural reform: -¥1.0 billion.

Significant increases in core operating profit, profit before tax, and profit attributable to owners of parent

- Favorable performances by both FM existing stores and CKS converted stores. Decreases in merger expenses and head office expenses also contributed, and core operating profit increased significantly.
- Profit before tax and profit attributable to owners of parent also increased due to an increase in core operating profit.

(¥ billion)

	FY2018 1Q	FY2019 1Q	
	Results	Results	YoY
Gross operating revenues	110.9	102.5	(8.4)
Core operating profit	11.5	17.1	5.6
Profit before taxes	7.5	13.1	5.6
Profit attributable to owners of parent	5.2	9.5	4.3

		FY2018 1Q	FY2019 1Q	
		Results	Results	YoY
Average daily sales at total stores	¥1,000	512	528	16
Growth rate of average daily sales at existing stores	%	99.0	101.7	-
Average daily sales at newly opened stores	¥1,000	573	585	12
Store openings (includes B&S)	stores	95	67	(28)

FM Non-consolidated Business Performance

- Growth rate of average daily sales at existing stores was **2%**. Growth rate of average daily sales at converted stores was favorable at **3%**.
- Strict selection of new openings (**31 stores**) and advancement of B&S (**36 stores**). Daily sales at new stores were up YoY to **¥585 thousand**.

➤ Brisk daily sales, partly due to introduction of new products

1) Strengthening of "Mother's Kitchen"

**Prepared dishes
YoY sales
+25%**



2) New self-service coffee machines

Sales at stores
where machines introduced
+10% YoY
Completion of introduction
to all stores around Sep.



3) *POKECHIKI* (chicken in a pocket)

**Launched May 14
Favorable sales**



4) *ICHIOSHI BENTO* (highly recommended boxed lunch)

BUTASHOGADON
(pork and ginger bowl) March
KARAAGEDON
(deep-fried chicken bowl) April
DABURUMISOBUTADON
(double miso pork bowl) May



➤ Placing further emphasis on dialogue with franchised stores and reduction of food wastage

- Strengthened communication with franchisees, store managers and store staff, the level of rigor in the implementation of measures increased.
- By enhancing ordering precision, advanced the construction of sales floor and reduced food wastage.

➤ Reduction of head office expenses

- Made steady progress toward ¥5.0 billion reduction in annual head office expenses through reduction of personnel expenses and reform of contracted operations, and other measures.

Jul. 1: Began digital strategy in earnest

1, Released *FamiPay* and began major campaign



2, Began operations of Famima Digital One Co., Ltd.

FamimaDigitalOne

- Changed trade name of UFI FUTECH Co., Ltd.
- Will be responsible for expanding the FamiPay business and advancing the Group's digital-related businesses

Progress and going forward

Downloads
(as of Jul. 9)

On the first day
1.61 million
downloads

Surpassed **2.5 million** downloads
* Target of 10 million downloads in fiscal 2020
1.61 million downloads in first day alone

Cashless
percentage

+20% YoY
* Aim to be 50% cashless in fiscal 2022

Progress
going forward

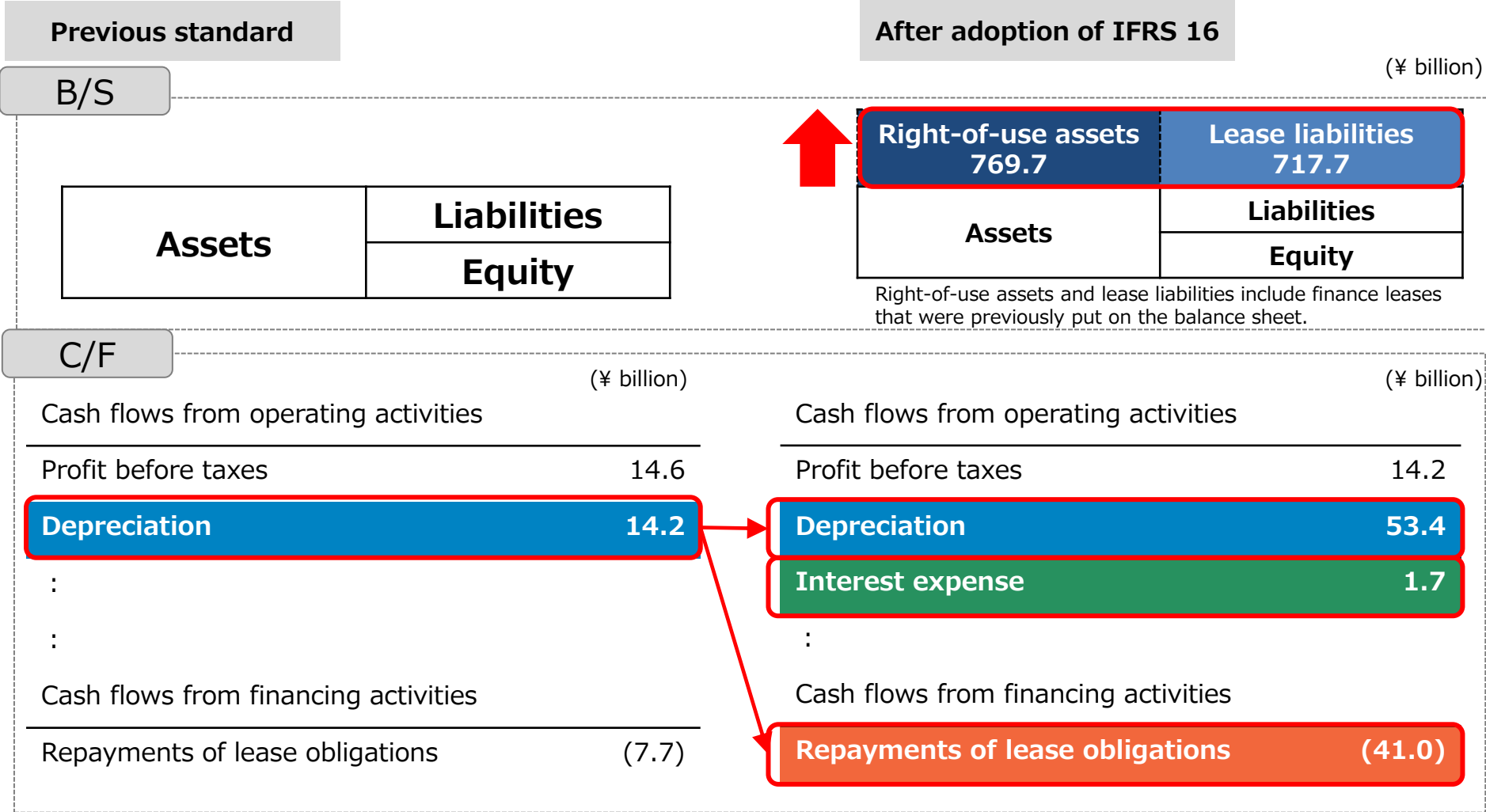


【November】
Begin compatibility with multiple loyalty points
Link *FamiPay* charging to back accounts

【During second half】
Begin new services, such as financial services for small-sum financing, etc.

Effect on Financial Statements of Adopting IFRS 16 “Leases”

- All real estate lease agreements will be newly put on the balance sheet (B/S).
- In the statement of cash flows (C/F), they will be recognized in cash flows from operating activities and cash flows from financing activities, respectively.



Effect on Financial Statements of Adopting IFRS 16 “Leases”

- In the statement of profit or loss (P/L), instead of the previous leasehold and office rents, depreciation and interest expense will be recognized, respectively.

Previous standard		After adoption of IFRS 16	
P/L		(¥ billion)	
Gross operating revenues	134.9	Gross operating revenues	132.9
Leasehold and office rents	44.0	Leasehold and office rents	2.1
Depreciation	14.0	Depreciation	53.2
:		:	
Core operating profit	18.6	Core operating profit	19.5
Interest expense	0.5	Interest expense	1.7
:		:	
Profit before taxes	14.6	Profit before taxes	14.2
:		:	

(Reference) FY2019 Full-Year Forecast (P/L)

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- Unchanged from the announcement on April 10.

(¥ billion)

	FY2019	
	Plan	YoY
Gross operating revenues	525.0	(92.2)
Core operating profit	65.0	(13.4)
Profit before taxes	60.0	(55.8)
Profit attributable to owners of parent	50.0	(4.6)

* The FY2019 full-year forecast has not changed. The application of IFRS 16 affects core operating profit. However, this is currently being analyzed.