
FamilyMart Co., Ltd.

Financial Review for 1st Half of FY2019

October 9, 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 1H of FY2019 (P/L)

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

¥ billion	FY2018 1H Results	FY2019 1H		Major reasons for increases (decreases)
		Results	YoY	
Gross operating revenues	321.2	265.4	(55.8)	<ul style="list-style-type: none"> • Exclusion of Kanemi Co., Ltd., from consolidation • Decrease in net sales due to fewer FM Company-owned stores
Core operating profit	35.2	46.3	+11.1	<ul style="list-style-type: none"> • Favorable daily sales by FM existing stores • Decreases in head office expenses
Profit attributable to owners of parent*1	20.0	38.2	+18.2	<ul style="list-style-type: none"> • Increase in FM nonconsolidated income • Increase in equity in earnings of associates and joint ventures • Recognition of tax effect benefits*2

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

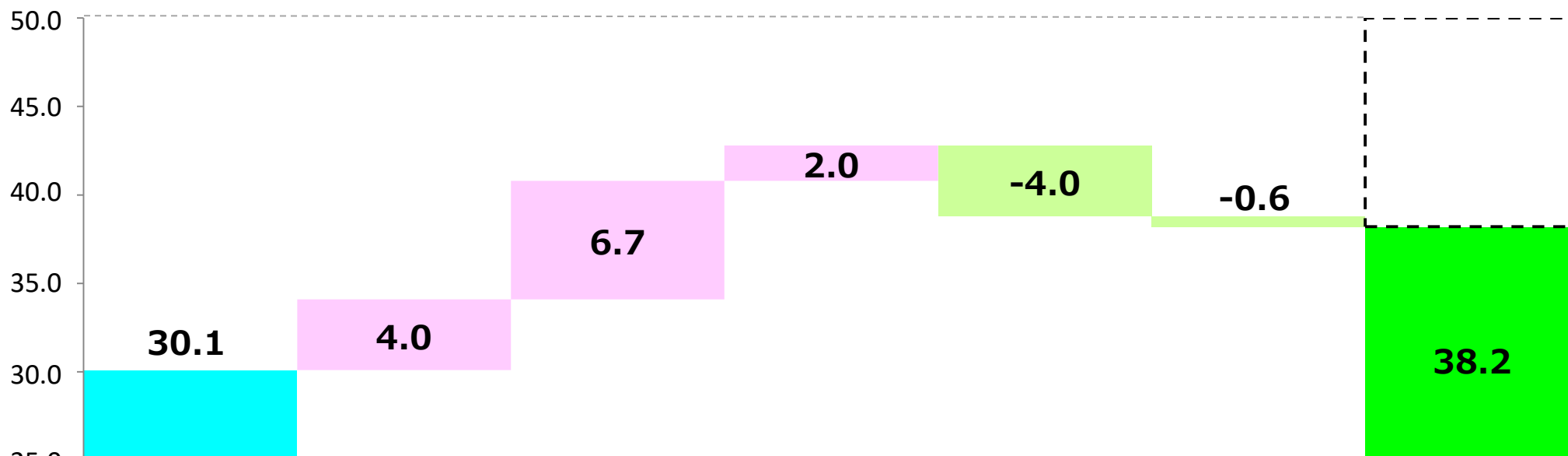
*2 Tax benefit of September 1, 2019, merger: +¥9.8 billion

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

Reasons for increase / decrease in profit attributable to owners of parent

¥ billion

50.0



	FY2018 Results	Profitability enhancement	Cost reduction	Decrease in impairment losses and closure losses, etc.	Support for franchised stores and investment in store facilities	One-time losses Profit of discontinued operations	FY2019 1H Results
Full-year plan	-	8.0	10.0	11.5	-9.0	-0.6	50.0
1H progress	-	50.0%	67.0%	17.4%	44.4%	100.0%	76.4%
Main points	-	<ul style="list-style-type: none"> Improvement in daily sales 	<ul style="list-style-type: none"> Reduction in system costs Reduction in personnel costs 	<ul style="list-style-type: none"> Reduction in closure costs Reduction in impairment losses 	<ul style="list-style-type: none"> Subsidies for stores operating on a 24-hour basis, etc. Investment in facilities of existing stores New coffee machines Expansion of frozen food sales areas, etc. 	<ul style="list-style-type: none"> Merger tax effects UNY related 	-

1) Enhancing product competitiveness

New coffee machines



◆ First-half strong sellers
Innovative products such as
ICED MATCHA LATTE

◆ Strategic products
Caffe Latte



Number of machines
installed

25,000

Sales growth due to
installation

Up approx. **10%**

Expansion of frozen food sales areas



Stores with expanded
frozen food sales areas

Sales growth due to
expansion

◆ First-half strong seller
Mochitto Kanshoku Shirunashi Tantanmen
(*AI Dente Spicy Noodles without Soup*)

◆ Strategic products
Increasing single-plate-type products heated
in stores' microwave ovens
Kashokaoru Shisenfu Mabodofudon
(*Szechuan Pepper-Fragranced Szechuan-Style Tofu Bowl*), etc.



Increased from **3,500** stores
→ To approx. **4,000** stores

Up approx. **40%**

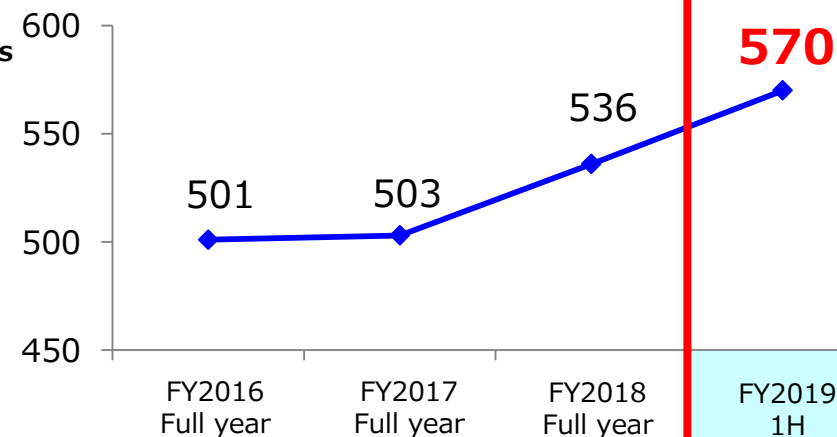
2) Reinforcing store foundations

- ◆ Store closures: **Fewer store closures due to decrease in underperforming stores**
- ◆ Build-and-scrap (B&S): **Strengthening of profitability progressing as planned**
- ◆ Store openings: **Advancing strict selection of store openings**

Trend in store closings / openings

	Stores		
	Closing	B&S	Opening
1H Results	35	110	99
YoY	-530	-66	+44
(Reference) FY2019 Plan	185	215	285

Average daily sales at new stores (¥ thousand)



Reduction of Food Wastage

Seasonal Products

Reservation-only system
"zero food wastage"*Doyo no Ushi*
(eel)
(year on year)

Number of reservations	Double
Wastage monetary amount	Down 80%
Income of franchised stores	Up 70%
Income of head office	Unchanged YoY

Strengthen Product Reservation

1. Extend reservation periods
2. Establish discounts for early reservation
3. Establish website for receiving reservations

FamiPay online reservations
beginning in OctoberChristmas cakes
Ehomaki sushi rolls
Target number of reservations**Double YoY**

Ready-to-Eat Items with Longer Shelf Lives

1) Extended best-by dates from May

Changing preparation, ingredients, packaging, etc.

1H Extension of approx. **20 items**:
bread, desserts, etc.2H Addition of approx. **50 items**: oden,
prepared dishes, etc.Wastage
monetary
amount of
target products**Down 30%**2) Revised sell-by dates from SeptemberHygiene enhancement through establishment of temperature-zone-
dedicated plants, etc.Target products
and detailsApprox. **260 items**:
Sales period **+2 hours**

Sales period checks

6 times → **4 times** per day
* Workload reductionWastage
monetary
amount of
target products**Down 10%**

Began Digital Strategy in Earnest from July

Launched in-house smartphone payment service

Downloads	Approx. 3.7 million
Cashless percentage	20%
YoY	Up 30%

FamiPay



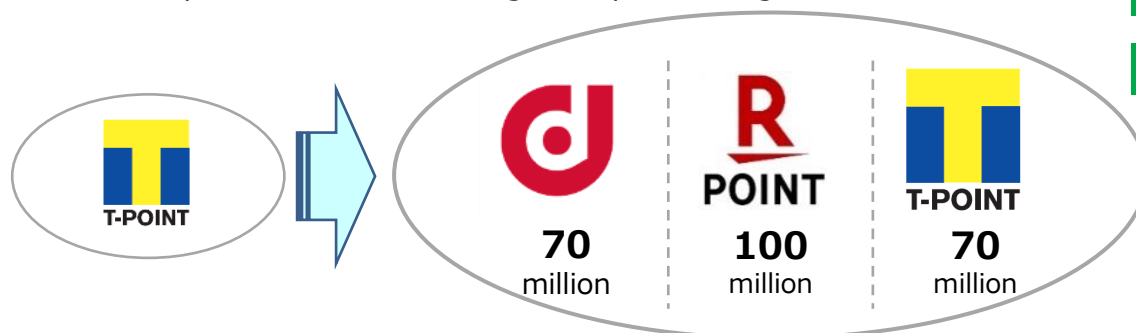
FM stores smartphone payment: Top 3

No.1	FamiPay	Breakdown 33%
No.2	PayPay	30%
No.3	d払い	14%

Beginning multiple-loyalty-point compatibility from November

Proactively conduct sales promotions focused on an expanding target

Introduction of multiple-loyalty-point compatibility will dramatically increase members targeted by marketing



loyalty points

coupons

smartphone app payment



Customer service time at cash register per person

Reduced to one-third

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

➤ Unchanged from the announcement on April 10.

		FY2019 Full year	
		Plan	YoY
	¥ billion		
Gross operating revenues		525.0	(92.2)
Core operating profit		65.0	+13.4
Profit attributable to owners of parent		50.0	+4.6