

---

# FamilyMart Co., Ltd.

## Financial Review for 3rd Quarter of FY2019

---

January 10, 2020

**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 3Q of FY2019 (P/L)

**Significant increase of over ¥15.0 billion (on an actual basis)**  
**in profit attributable to owners of parent**

	¥ billion	FY2018 3Q	FY2019 3Q		Major reasons for increases (decreases)
		Results	Results	YoY (excluding IFRS No. 16 impact)	
Gross operating revenues		470.9	<b>390.3</b>	<b>(80.6)</b>	<ul style="list-style-type: none"> <li>• Exclusion of Kanemi Co., Ltd., from consolidation</li> <li>• Decrease in net sales due to fewer FM Company-owned stores</li> </ul>
Core operating profit		48.2	<b>63.7</b>	<b>+15.5</b>	<ul style="list-style-type: none"> <li>• Effect of closing unprofitable stores in the previous fiscal period</li> <li>• Effective management of advertising and sales promotion costs</li> </ul>
Profit attributable to owners of parent		56.5 <sub>*1</sub>	<b>46.0<sub>*2</sub></b>		
[Actual basis] <sub>*3</sub> Profit attributable to owners of parent		21.0	<b>36.6</b>	<b>+15.6</b>	<ul style="list-style-type: none"> <li>• Increase in FM nonconsolidated income</li> <li>• Increase in equity in earnings of associates and joint ventures</li> </ul>

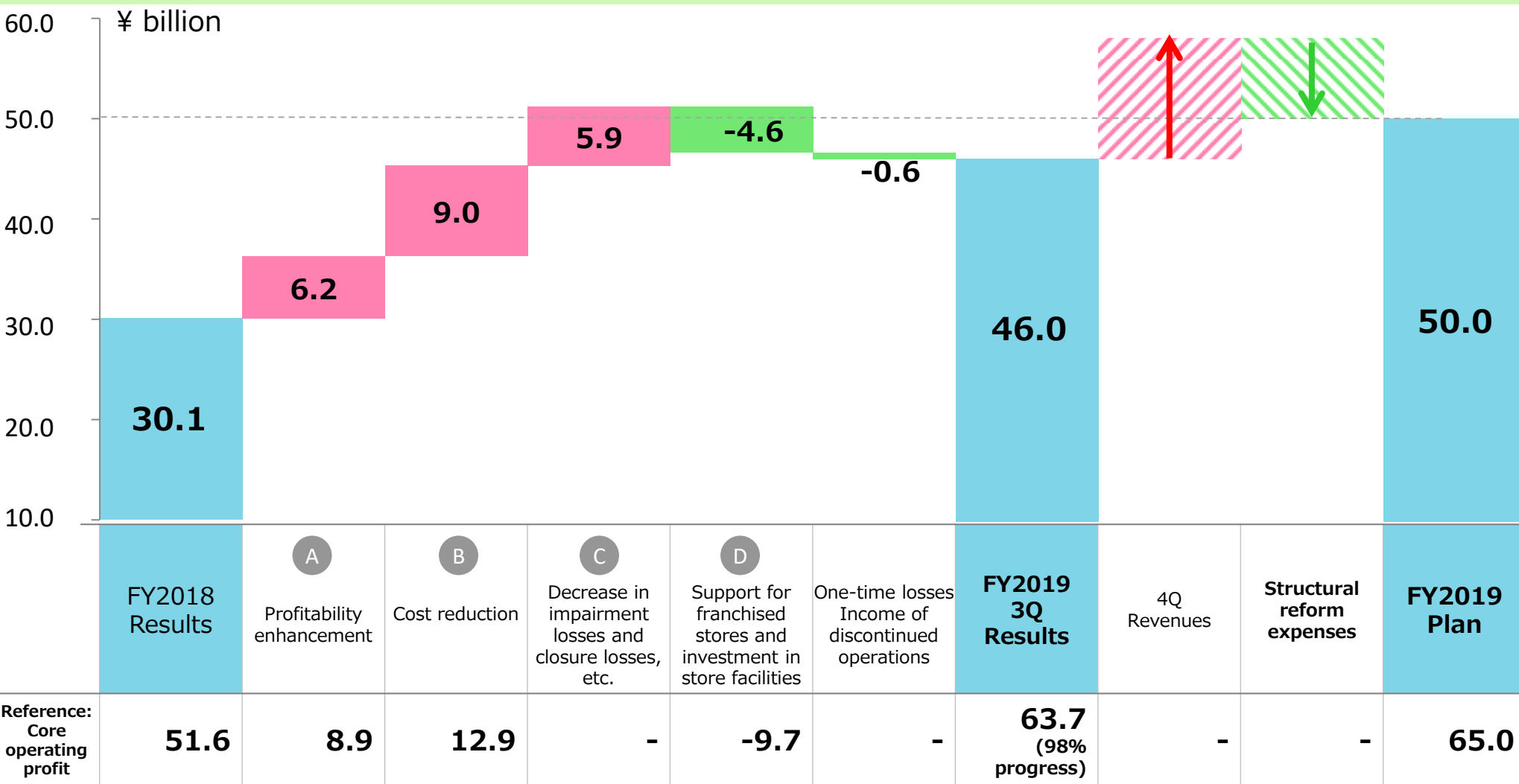
\*1 In FY2018 3Q cumulative results, figures include gain on sales of shares of UNY (+¥13.0 billion) and the tax effect benefits from this gain on sales of shares (+¥22.5 billion).

\*2 In FY2019 3Q cumulative results, figures include +¥9.4 billion in merger tax benefits.



\*3 Figures that exclude the gain on sales of shares of UNY and the tax effect benefits of this gain on sales of shares

# Trend in Plan for Profit Attributable to Owners of Parent

- Steady increase in ability to generate core profit, with a 92% progress rate on the full-year plan
- Slated to record structural reform expenses in 4Q



# Reasons for Increase / Decrease in Profit After tax

Reason	Main points
<b>A Profitability enhancement</b>  6.2billion	<ul style="list-style-type: none"> <li>Increased competitiveness of products such as rice balls, frozen foods, and fast food coffee (<i>Café Latte</i>)</li> </ul> <div> <div>New coffee machines</div> <div>  <p><b><u>Completed introduction at all stores: 26,000 units</u></b></p> <p>➢Effect of introduction Approx. <b>10% increase</b> in sales</p> </div> <div> <p>Strategic products: <b><i>Café Latte</i></b></p>  <p>➢Increase in year-on-year sales of approx. <b>50%</b> in November, due in part to the effects of commercials and other initiatives</p> <p>➢Cumulative total of over <b>55.0 million cups</b> sold during the current fiscal period</p> </div> </div>
<b>B Cost reduction</b> 9.0billion	<ul style="list-style-type: none"> <li>Reduced costs at the headquarters centered on improving efficiency: ¥4.1 billion</li> <li>Cost-reducing effects of closing unprofitable stores in the previous fiscal period: ¥4.9 billion</li> </ul>
<b>C Decrease in impairment losses and closure losses, etc.</b> 5.9billion	<ul style="list-style-type: none"> <li>Reduction in number of store closings (number reduced by 715 from the previous fiscal period, from 921 stores closed to 206 stores closed)</li> </ul>
<b>D Support for franchised stores and investment in store facilities</b> (4.6billion)	<ul style="list-style-type: none"> <li>Increase in compensation scheme for opening stores 24 hours a day, etc.: ¥1.1 billion</li> <li>Investment in labor-saving through new pullout shelves: ¥3.5 billion</li> </ul>

## Began Digital Strategy in Earnest from July

### 1 In-house smartphone payment service

**FamiPay**



Customer service time at cash register per person

**Reduced to one-third**

loyalty points

coupons

smartphone app payment

Downloads

Approx. **4.0** million

Cashless percentage

**28%**

FY2018

16%

(As of end of November)

Target

Downloads

10.0 million (FY2020)

Cashless percentage

50% (FY2022)

### 2 Began multiple-loyalty-point compatibility from November

Commenced the rollout of active sales promotions toward expanding target customers



### 3 Plans for the full-scale rollout of the financial business

Spring 2020

Connection with bank accounts for charging *FamiPay*

Summer 2020

Commencement of new services in the financial business, including microfinance

## Reducing food loss

### Seasonal products: Reservation-only system

Midsummer Day of the Ox, Christmas cakes, *osechi*, *ehomaki* sushi rolls

**Results for  
Christmas cakes  
in FY2019**  
(year on year)

Wastage monetary amount
Income of franchised stores

**Down 50%**

**Up 30%**

### Oden: Transition to ordering and receiving *oden* items at the register

Complete renewal in January 2020 with a view to  
**eliminating food waste**

## Reducing plastics

Target

**Shift to eco-friendly  
materials 70%**

(FY2030)

- Biomass plastic containers
- Shift to recycled PET compounds and wood materials for stirrers
- Shift to thinner film



## Reducing CO<sub>2</sub>

Target

**30% Reduction**

(FY2030)

- Clean diesel trucks
- ✓ Convert all of the approx. 4,500 delivery trucks to clean diesel trucks by 2023



**Establishment of the Medium- to Long-Term Environmental Goals  
during the current fiscal year, promotion of the SDGs**

# Organizational Reforms (As of March 1, 2020)

## Reorganizing our sales and development headquarters as part of our efforts toward head office structural reforms

### 1. Delegating authority to area headquarters, streamlining the head office organization, and establishing new divisions

#### Area Division (Four headquarters: North Japan, East Japan, Central Japan, and West Japan)

Local organization

Transferring jurisdiction of certain functions related to franchised store support and store development to area headquarters. Establishing 12 regions across Japan to be under jurisdiction

#### Area Support Division

Head office organization

Integrating functions that should be handled by the head office related to franchised store support and store development

### 2. Establishing a headquarters that oversees the revitalization of unprofitable stores as well as the “return to franchise” process

#### Store Regeneration Division (Two headquarters: East Japan and West Japan)

This headquarters will undertake drastic measures to revitalize stores by utilizing a new system that provides support to multiple stores as part of the “return to franchise” process.

# Reference

		FY2018 3Q	FY2019 3Q	
		Results	Results	YoY
Average daily sales at total stores	¥ thousand	529	534	5
Growth rate of average daily sales at existing stores	%	(0.2)	0.5	-
Store closures	stores	658	56	(602)
Closure due to B&S	stores	263	150	(113)
Store openings	stores	79	146	67
Opening due to B&S	stores	256	153	(103)