
FamilyMart UNY Holdings Co., Ltd.



Fiscal 2018 1st Quarter Financial Review

**Director, Senior Managing Executive Officer, Chief Financial Officer
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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 FY2018 1Q (IFRS)

(¥ billion)	FY2017 1Q	FY2018 1Q		Major reasons for increases (decreases)
	Results	Results	YoY	
Gross operating revenue (Corporate/Eliminations are omitted)	310.3	316.5	6.2	
CVS business	143.1	133.3	(9.8)	Decrease in number of stores centered on the closure of Company-owned stores, etc.
GMS business	167.5	184.6	17.0	(Increase) Incorporation of Kanemi Co., Ltd. as a consolidated subsidiary (Decrease) Closure of unprofitable UNY stores
Core operating profit (Corporate/Eliminations are omitted)	18.8	20.3	1.4	
CVS business	11.9	13.6	1.6	Profit increases at converted stores; cost reductions following the closure of Company-owned stores, etc.
GMS business	6.9	7.1	0.2	
Profit attributable to owners of parent	8.4	13.7	5.2	
CVS business	3.4	6.7	3.2	Impact from increase in core operating profit as well as decrease in other expenses
GMS business	4.7	3.9	(0.7)	Includes 40 % deduction (decrease of ¥2.6 billion) for profit attributable to non-controlling interests
Corporate/Eliminations	0.2	2.9	2.7	Includes impact from sale of UNY (HK) Co., Ltd. (¥2.7 billion)

* 1st quarter results for FY2017 have been retroactively revised due to the decision to record goodwill at the time of the management integration.

Increase in core operating profit and profit attributable to owners of the parent

- CVS business: Increase in daily sales at converted stores; rise in profits due to the closure of unprofitable stores centered on Company-owned stores
- GMS business: Profit attributable to owners of the parent was up on an actual basis that excludes the impact of the 40% deduction for profit attributable to non-controlling interests
- Corporate/Eliminations: Recorded gain from sale of UNY (HK) Co., Ltd., etc.

Financial Results and Business Performance

for FY2018 1Q (IFRS): CVS Business

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(¥ billion)	FY2018 1Q			
	CVS business	YoY	FM (non-consolidated)	YoY
Gross operating revenue	133.3	(9.8)	110.8	(9.3)
Core operating profit (equivalent to operating income under Japanese GAAP)	13.6	1.6	11.4	1.6
Profit	6.7	3.2	5.2	0.8

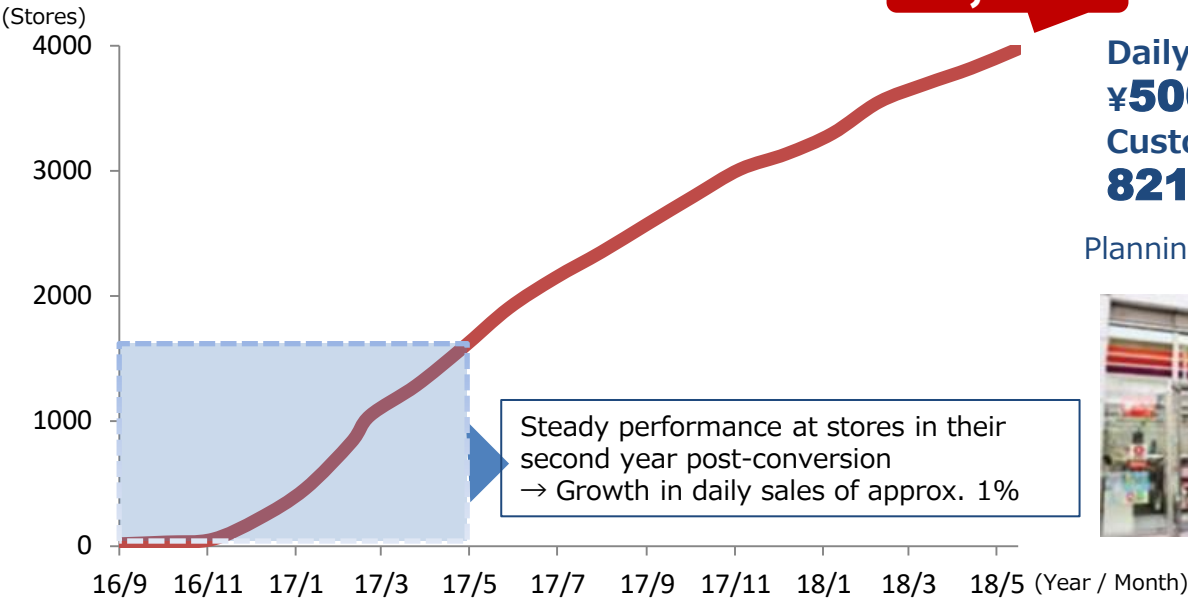
		FY2018 1Q	
		Results	YoY
Business Performance: FM (non- consolidated)	Average daily sales at all stores (¥ thousand)	512	(6)
	Growth rate of average daily sales at existing stores, including converted stores	1.2%	—
	(FYI) Growth rate of daily sales at existing stores, excluding converted stores as well as pre-paid cards and tickets: (1.0%)		
	Gross profit ratio, excluding pre-paid cards and tickets	31.0%	0.0%
	New opening	30	(40)
	Opening due to re-location	65	29
	Converting CKS store to FM brand	424	(330)
	Closures	253	132

Business Performance of FM (Non-consolidated)

- Existing store sales, including converted stores, of 1.2%: Continued favorable daily sales at converted stores
- Opening of 30 new stores: Careful selection of store openings and improvements to quality. Promotion of build-and-scrap strategy
- Closure of 253 stores: Closure of unprofitable stores

Reinforcement of store foundations

● Progress of store conversions



▶▶▶ Performance of converted stores

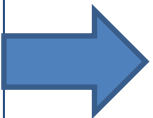
Daily sales:
¥**506** thousand / vs. pre-conversion: **10%**
Customer numbers:
821 / vs. pre-conversion: **11%**

Planning to complete brand conversion by November 2018



● Opening of high-quality stores

- New openings **30 stores**
- B&S(re-location) **65 stores**



Daily sales:
¥**573** thousand / YoY: +**49** thousand

Enhancement of product competitiveness

- Continue ready-to-eat product structural reforms
 - Renewal of mainstay products, including delicatessens, noodles, and sandwiches, with emphasis on ingredients, preparation methods, and appearance
 - Increase in ready-to-eat item sales driven by the “Mother’s Kitchen” brand and chargrilled chicken items



Improvement of store operating procedures

- Efforts to improve operational efficiency
 - Elimination of need for product inspection at nearly half of all stores, saving approx. two hours of working time
 - Increase in size of fast food processing equipment. Introduction of seven-liter fryers
 - Introduction of new drawer-type shelves, self-checkouts, etc., starting from the 2nd quarter



A seven-liter fryer



New drawer-type shelves

Commencement of joint trail with Don Quijote Holdings (three stores opened in June)

- Expansion of items in product lineup, centered on daily necessities
Approx. 5,000 items
(number of items before remodeling + approx. 2,000 new items)
- Establishment of Don Quijote-style product displays in front of registers and at storefronts, installation of POP displays



Financial Results and Business Performance for FY2018 1Q (IFRS): GMS Business

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(¥ billion)	FY2018 1Q			
	GMS business	YoY	UNY (non-consolidated)	YoY
Gross operating revenue	184.6	17.0	143.9	(7.8)
Core operating profit (equivalent to operating income under Japanese GAAP)	7.1	0.2	6.0	(0.2)
Profit	3.9*	(0.7)	5.5	0.6

* Figures for GMS business include the impact of the 40% deduction (decrease of ¥ 2.6 billion) for profit attributable to non-controlling interests

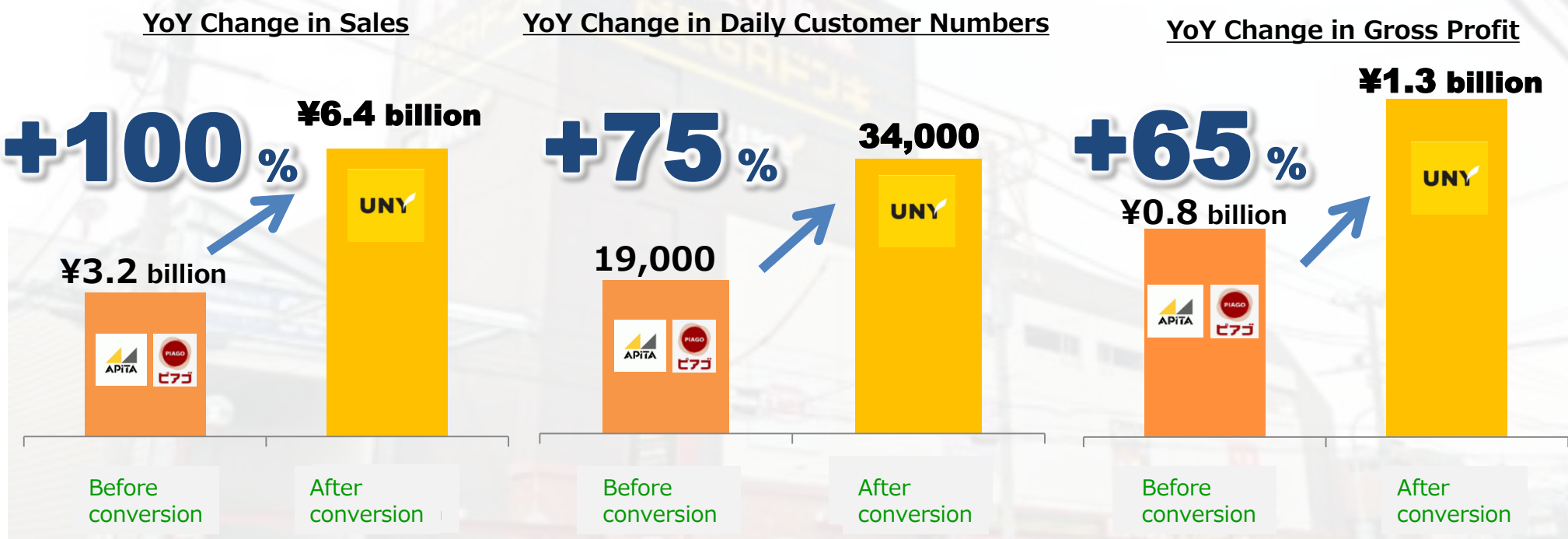
		FY2018 1Q	
		Results	YoY
Business performance: UNY (non- consolidated)	Y-o-y change in existing store sales	0.2%	—
	Clothing	2.8%	—
	Household goods	0.2%	—
	Food	(0.3%)	—
	Gross profit ratio	23.6%	(0.1%)
	Number of stores	192	(17)

Business Performance of UNY (Non-consolidated)

- Existing store sales of 0.2%: Successful rollout of promotions that targeted *UCS Card* and *uniko card* members. Steady performance of clothing and household goods
- Gross profit ratio of 23.6%: Promotion of inventory adjustments. Strengthening of efforts to promote the appealing prices of certain household goods

Progress of Collaborative Efforts with Don Quijote Holdings

Results of the six total new-format stores from March to May 2018 (approximations)



Sales, customer numbers, and gross profit all continue to perform at a higher level after conversion than they did before conversion.

Change in sales composition:

Before conversion: 70% sales from food items to 30% from non-food items

After conversion: 60% sales from food items to 40% from non-food items → Particular increase in sales of household goods

Change in customer base: Significant increase in young customers, which were not previously incorporated, centered on students as well as customers in their 30s and 40s with young children

(Reference) FY2018 Forecasts (IFRS)

Performance Forecasts (Unchanged from figures announced on April 11)

(¥ billion)	FY2017 Full-year	FY2018 Full-year	
	Results	Plan	YoY
Gross operating revenue	1,275.3	1,270.2	(5.1)
CVS business (including Corporate/Eliminations)	556.5	515.8	(40.7)
GMS business	718.7	754.4	35.6
Core operating profit (equivalent to operating income under Japanese GAAP)	66.2	77.3	11.0
CVS business (including Corporate/Eliminations)	42.7	50.2	7.4
GMS business	23.5	27.1	3.5
Profit attributable to owners parent	33.6	40.0	6.3
CVS business (including Corporate/Eliminations)	15.9	30.4	14.4
GMS business	17.7	9.6*	(8.1)

* Figures for GMS business include the impact of the 40% deduction (decrease of ¥6.2 billion) for profit attributable to non-controlling interests

(Reference) FY2018 Forecast (IFRS)—CVS Business

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(¥ billion)	FY2018 Full-year			
	CVS business	YoY	FM (non-consolidated)	YoY
Gross operating revenue	520.5	(40.3)	424.3	(43.8)
Core operating profit (equivalent to operating income under Japanese GAAP)	51.0	8.0	43.5	9.3
Profit	30.0	31.2	27.3	26.8

		FY2018 Full-year	
		FM	YoY
Business Performance: FM (non- consolidated)	Average daily sales at all stores (¥ thousand)	525	5
	Growth rate of average daily sales at existing stores, including converted stores	2.4%	—
	* Growth rate of daily sales at existing stores, excluding converted stores as well as pre-paid cards and tickets: 1.1%		
	Gross profit ratio, excluding pre-paid cards and tickets	31.1%	0.2%
	Store openings	260	(1)
	B&S	340	25
	Brand conversion	1,045	(1,675)
	Store closures	741	(378)

Brand conversion		FY2016	FY2017	FY2018 (est.)	Total
	Brand conversion	829	2,720	1,045	4,594
	B&S	64	203	140	407
	CKS closures	244	664	396	1,304

(Reference) FY2018 Forecast (IFRS)—GMS Business

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(¥ billion)	FY2018 Full-year					
	GMS Business total	YoY	UNY (non-consolidated)	YoY	UCS	YoY
Gross operating revenue	754.4	35.6	581.3	(24.4)	19.9	0.0
Core operating profit (equivalent to operating income under Japanese GAAP)	27.1	3.5	21.0	1.4	4.0	0.1
Profit	9.6*	(8.1)	12.2	(2.1)	2.7	0.1

* Figures for GMS business include the impact of the 40% deduction (decrease of ¥6.2 billion) for profit attributable to non-controlling interests

				FY2018 Full-year	
				Plan	YoY
Business performance: UNY (non-consolidated)	Y-o-y change in existing store sales			(0.2%)	—
		1H / 2H		0.4% / (0.7%)	—
	Gross Profit ratio			23.8%	0.4%
		1H / 2H		23.7% / 23.8%	0.4% / 0.3%
	Store openings			1	0
	Store closures			11	(9)
	Number of stores			181	(10)