

おとな  
コンビニ  
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# Presentation to Investors

## November 2010

**Cautionary Statement:**

This presentation 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.

NOTE: Prepared in accordance with the financial accounting standards in Japan

## Review for the 1st Half of FYE 2/2011

(March to August 2010)

## Overview of Business Performance for the 1st Half of FYE2/2011

## Consolidated

(Millions of Yen)

	1st H of FYE 2/2011	1st H of FYE 2/2010	YoY (%)
Total operating revenues	163,206	143,382	13.8
Selling, general and administrative expenses	100,766	89,762	12.3
Operating income	21,917	19,631	11.6
Net income	11,303	9,864	14.6

## Business performance (Non-consolidated)

\* Figures do not include TOMONY stores.

	1st H of FYE 2/2011	1st H of FYE 2/2010	YoY difference
Average daily sales of total stores (Thousands of yen)	504	510	(6)
Growth rate of average daily sales of existing stores (%)	(2.3)	(0.6)	—
Gross profit ratio (%)	28.45	28.10	0.35
Average daily sales of new stores (Thousands of yen)	573	450	123
Store openings	356	306	50
Store closures	108	119	(11)

\* 1st half of FYE 2/2011 include am/pm stores being converted to FamilyMart (excluding am/pm stores before conversion).

## Non-consolidated

(Millions of Yen)

	1st H of FYE 2/2011	1st H of FYE 2/2010	YoY (%)
Total net sales of FM stores	727,860	651,279	11.8
Total operating revenues	138,396	121,177	14.2
Selling, general and administrative expenses	87,126	76,836	13.4
Operating income	19,936	18,283	9.0
Net income	10,935	6,036	81.2

## Number of stores

\* Figures include TOMONY stores.

	1st H of FYE 2/2011	1st H of FYE 2/2010	YoY difference
FamilyMart stores (Non-consolidated)	7,410	7,085	325
Total stores in Japan (Including domestic area franchising stores)	7,946	7,604	342
Total stores overseas (Overseas area franchising stores)	8,608	7,636	972
Total chain stores (Japan and overseas)	16,554	15,240	1,314

\* Total of am/pm stores as of August 31, 2010  
am/pm Japan: 614, area franchise: 221, total 835 stores

**Record-high consolidated operating income, growth in revenues & income (both cons. and non-cons.) exceeded original plan**

## Review for the 1st Half of FYE 2/2011

(March to August 2010)

## Revitalize Existing Stores

[Given condition] ...Retail environment remains challenging

## ■ 1st Quarter

- Unseasonable weather nationwide + Kickback from *taspo* effect

## ■ 2nd Quarter

- Sales expansion focused on summer-special items and accompanying products to buy during record-breaking hot summer
  - Chilled noodles, deep fried items
  - Increased new item sales, including chunky chili oil rice balls
- Strengthened support/guidance system for franchisees



&lt;Left: Chilled omori tsukemen noodles&gt;



&lt;Right: Chilled dan dan noodles&gt;



&lt;Chunky chili oil rice ball&gt;

Growth rate of average daily sales of existing stores: -2.3% / Number of customers: 960 (YoY +14)  
Gross profit ratio: 28.45% (YoY +0.35%)

## Brand Integration with am/pm / Creating a High-Quality Store Network

■ Brand Integration with am/pm  
(most urgent task)

Converted stores: 153  
Growth rate of daily sales: Approx. 30%  
(6-month comparison)

- Promotion of companywide system
- Infrastructure integration underway, cutting investment costs
- Enhanced franchisee motivation

## ■ Expansion of railway station market

- Agreements signed with Tobu, Keisei, Sotetsu, JR Kyushu Retail
- Capture stores with high daily sales and enhance brand visibility

## ■ Build strong, dominant position in central Tokyo

## ■ Tighten criteria for building selection

Average daily sales of new stores: ¥573 thousand (YoY +¥123 thousand) / Store openings: 356  
Average daily sales of new stores [excl. stores converted from am/pm]: ¥505 thousand (record high)

## Overseas Strategy

### ■ Conditions overseas

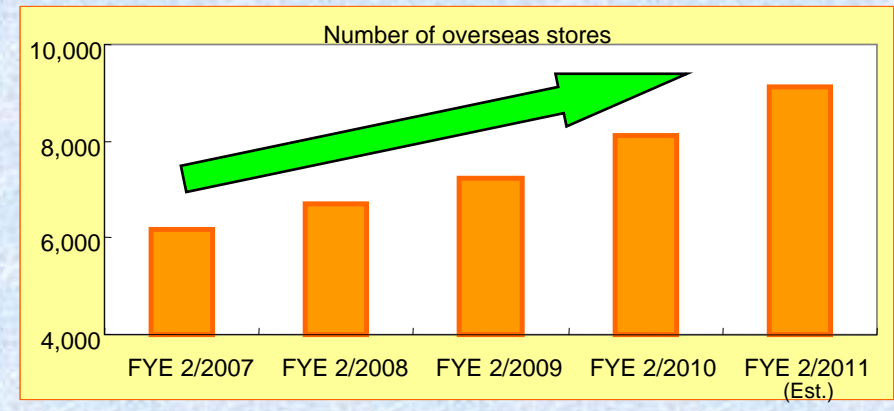
- <China> Reached 400 stores in 3 regions
  - Largest number of outlets among Japanese convenience stores
  - Shanghai: Fast food strengthened, achieved profit in Jul/Aug/Sep on rigorous SQ&C
- <Thailand> Japanese style brought in to bolster management capability/product appeal
- <S. Korea> As the No. 1 chain, reached 5,000 stores
- <Taiwan> Maintaining stable growth

Number of stores

	FYE 2/2010	1st H of FYE 2/2011	FYE 2/2011 (Est.)	YoY
Japan *	7,688	7,946	8,258	570
Taiwan	2,424	2,518	2,583	159
South Korea	4,743	5,050	5,263	520
Thailand	565	591	623	58
China: Shanghai	287	353	484	197
China: Guangzhou	46	57	108	62
China: Suzhou	26	27	51	25
U.S.A.	9	9	13	4
Vietnam	1	3	5	4
<b>Overseas</b>	<b>8,101</b>	<b>8,608</b>	<b>9,130</b>	<b>1,029</b>
<b>Total</b>	<b>15,789</b>	<b>16,554</b>	<b>17,388</b>	<b>1,599</b>

\* Estimate for FYE 2/ 2011

- 1) Exclude values for TOMONY stores and JR Kyushu Retail stores to be opened in year ending February 2011;
- 2) Include am/pm stores to be converted to FamilyMart (am/pm stores before conversion are excluded)



<China: Store launch for Shanghai Expo>



<China: Shanghai Metro store>



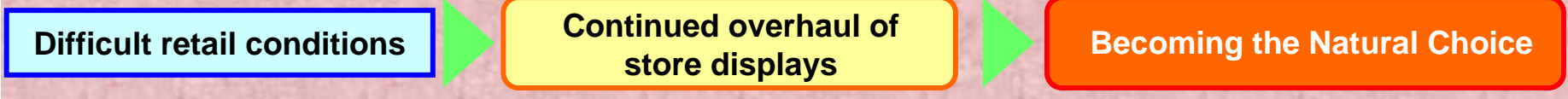
<Thailand: Selling fried chicken>



<S. Korea: Expressway store>

Number of overseas stores (as of August 31, 2010): 8,608 (change from 2/2010 +507 stores)

# Strategy for the 2nd Half of FYE 2/2011



Overhaul store display, respond to tobacco tax increase, raise average spending per customer

**Focus target strategy**

- ...Step-up approach to the middle-aged and retired 50-65 year-old (“otona” active mature adults) generation
- Launch of “Otona-conveni laboratory”
  - Propose an “otona” perspective, including product development, comfortable store space and services



<Left: Pancetta and 5 types of mushroom cream sauce>  
<Right: Ajiwai Famima Café Blue Mountain Blend coffee>

**Product registration, order guidance initiatives**

- Pursue the ideal of convenience stores
- Strengthen development of high-priced, high-value-added original products
  - “Kinmemai Rice Balls,” “Ajiwai Famima Café”
- Increase share of high-priced goods within product lineup



<Left: Ajiwai Famima Café shelves>  
<Right: Kinmemai Rice Balls>

**Improve accuracy of ordering/tailor lineups to individual stores**

- Utilize “new order terminals”
  - Prevent on-shelf stock-outs
- Introduce store cluster analysis
  - Classify 8 patterns of selling/usage based on regional characteristics
  - ⇒ Increase the number of items sold and spending per customer



<Left: Sundubu jjigae>  
<Right: Minestrone soup, providing 1/3 of daily vegetables>

**Introduce strong-selling am/pm products**

- Strengthen delicatessen meal, salad, daily food items
- Product development aimed at full-scale rollout of frozen *bento* products

Growth in average daily sales of existing stores (FYE 2/2011 Est.) : -0.4% /Gross profit ratio (FYE 2/2011 Est.) : 28.28%

# Business Performance Forecasts for FYE 2/2011

## Store Opening Strategy

### Brand Integration with am/pm

**Number of conversions (2<sup>nd</sup> half): Approx. 200**

- Increase share in urban areas, especially the Tokyo area

### Overseas expansion

- Accelerate store openings in various countries

⇒ **25,000 stores by end of FY2015**

**Non-consolidated net increase (FYE 2/2011 Est.): 550 stores**

**Average daily sales of new stores (FYE 2/2011 Est.): ¥550 thousand**

**Number of overseas stores as of February 28, 2011 (Est.): 9,130 (YoY +1,029)**

### Consolidated

(Millions of Yen)

	FYE 2/2011 (Est.)	FYE 2/2010	YoY (%)
Total operating revenues	314,800	278,175	13.2
Operating income	36,600	33,531	9.2
Net income	17,300	15,103	14.5

### Business performance (Non-consolidated)

\* Figures do not include TOMONY stores.

	FYE 2/2011 (Est.)	FYE 2/2010	YoY difference
Average daily sales of total stores (Thousands of yen)	503	498	5
Growth rate of average daily sales of existing stores (%)	(0.4)	(2.4)	—
Gross profit ratio (%)	28.28	27.96	0.32
Average daily sales of new stores (Thousands of yen)	550	439	111
Store openings	800	534	266
Store closures	250	278	(28)

\* Estimate for FYE 2/2011

- 1) Include am/pm stores being converted to FamilyMart format (am/pm stores before conversion are excluded).
- 2) Number of planned store openings for year ending February 2011 is total of 350 to-be-converted am/pm stores plus 450 FamilyMart new stores.

### Non-consolidated

(Millions of Yen)

	FYE 2/2011 (Est.)	FYE 2/2010	YoY (%)
Total net sales of FM stores	1,436,000	1,273,752	12.7
Total operating revenues	266,400	233,024	14.3
Operating income	32,200	30,246	6.5
Net income	15,900	10,305	54.3

### Number of stores

	FYE 2/2011 (Est.)	FYE 2/2010	YoY difference
FamilyMart stores (Non-consolidated)	7,708	7,158	550

\* Estimate for FYE 2/2011

- 1) Exclude values for TOMONY format stores to be opened in year ending February 2011.
- 2) Include am/pm stores to be converted to FamilyMart (am/pm stores before conversion are excluded).