

# Review for First Half of FY 2014

## Consolidated

(Billions of Yen)

|                          | 1st H of FY2013 | 1st H of FY2014 | YoY (%) |
|--------------------------|-----------------|-----------------|---------|
| Total operating revenues | 175.0           | <b>184.3</b>    | 5.3     |
| Operating income         | 25.4            | <b>21.4</b>     | (15.8)  |
| Ordinary income          | 27.5            | <b>22.2</b>     | (18.9)  |
| Net income               | 14.0            | <b>20.4</b>     | 45.4    |

## Non-consolidated

(Billions of Yen)

|  | 1st H of FY2013 | 1st H of FY2014 | YoY (%) |
|--|-----------------|-----------------|---------|
| Total store sales of FM stores           | 860.1           | <b>935.3</b>    | 8.7     |
| Total operating revenues                 | 145.4           | <b>152.6</b>    | 4.9     |
| Selling, general administrative expenses | 97.5            | <b>109.8</b>    | 12.6    |
| Operating income                         | 22.9            | <b>18.7</b>     | (18.3)  |
| Ordinary income                          | 25.2            | <b>21.3</b>     | (15.4)  |
| Net income                               | 13.7            | <b>24.8</b>     | 81.3    |

**Declines in operating income and ordinary income, on both a consolidated basis and a non-consolidated basis**

**New record high for net income in the first half**

## Business performance (Non-consolidated)

|   | 1st H of FY2013 | 1st H of FY2014 | YoY (%) |
|---|-----------------|-----------------|---------|
| Average daily sales of total stores (Thousands of yen)    | 530             | <b>517</b>      | (13)    |
| Growth rate of average daily sales at existing stores (%) | (0.5)           | <b>(1.5)</b>    |         |
| Number of customer(all store)                             | 956             | <b>935</b>      | (21)    |
| Spend per customer(all store)                             | 555             | <b>552</b>      | (3)     |
| Gross profit ratio (%)                                    | 27.73           | <b>27.80</b>    | 0.07    |
| Average daily sales at new stores (Thousands of yen)      | 477             | <b>460</b>      | (17)    |
| Store openings*   | 580             | <b>597</b>      | 17      |
| Store closures*   | 113             | <b>137</b>      | 24      |

\* Figures include area franchised stores in Japan and TOMOMY stores.

## Number of stores

\*Figures include TOMOMY stores.

| FamilyMart (Non-consolidated) | 1st H of FY2013      |          | 1st H of FY2014  |             | YoY    | Japan sub-total    | YoY     |
|-------------------------------|----------------------|----------|------------------|-------------|--------|--------------------|---------|
|                               | 9,210                |          | 10,216           |             | 1,006  | 11,007             | 1,059   |
| Japan                         | FamilyMart Co., Ltd. |          | Okinawa          |             | 239    |                    |         |
|                               | 10,216               |          |                  |             |        |                    |         |
|                               | Minami Kyushu        | Hokkaido | JR KYUSHU RETAIL |             |        |                    |         |
|                               | 337                  |          | 72               |             | 143    | Overseas sub-total | YoY     |
| Overseas                      | Taiwan               | Thailand | Shanghai         | Guangzhou   | Suzhou |                    |         |
|                               | 2,926                | 1,121    | 833              | 151         | 104    |                    |         |
|                               | Hangzhou             | Chengdu  | Shenzhen         | Wuxi        |        |                    |         |
|                               | 46                   | 30       | 15               | 14          |        |                    |         |
|                               | U.S.A.               | Vietnam  | Indonesia        | Philippines |        |                    |         |
|                               | 9                    | 57       | 15               | 56          |        | 5,377              | (7,331) |
|                               |                      |          |                  |             |        | Total              | YoY     |
|                               |                      |          |                  |             |        | 16,384             | (6,272) |

# Review of First Half of FY 2014

## Store Development

- **New store openings in three major metropolitan areas (Tokyo, Osaka and Nagoya) and leading provincial cities**
  - Streamlined logistics through market domination measures

- **Joint measures with railway operators**
  - Yokohama Municipal Subway, Keisei Electric Railway Co., Ltd.

- **Integrated stores “+ FamilyMart”**
  - Alliances with the National Federation of Agricultural Cooperative Associations (ZEN-NOH)
    - The convenience of convenience stores and a broad lineup that leverages the strengths of ZEN-NOH, with fresh foods, perishables, etc.
  - Tie-up with FUJIO FOOD SYSTEM CO., LTD.
    - Integration of convenience store ready-to-eat items and restaurant functions



FamilyMart + Maido Ookini Shokodo Higashi Ikebukuro 4-chome store

- **Number of store openings: 597 stores (net increase: 460 stores)**
- **Average daily sales at new stores: ¥460 thousand**



FamilyMart + A.COOP Iyo store

## Marketing and Products

- **“FAMIMA PREMIUM” series**
  - Focus on materials, preparation, and presentation, expand lineup

- **FamilyMart collection**
  - Develop 570 items, meet needs of wide range of customers

- **FAMIMA CAFÉ fast-food counter coffee**
  - Launch of new product, Cafe Frappe
  - Average daily sales during July and August reached ¥11,000

- **Introduction of new fixtures**
  - Record-high investment in existing stores
    - Increase to 800 features through the introduction of horizontal refrigerated display cases, expanded lineup of frozen foods and ice cream

- **Growth in average daily sales at existing stores: -1.5%**
  - Excluding cigarettes, growth nearly 0.0%

- **Gross profit ratio: 27.80% (up 0.07% YOY)**
  - Ready-to-eat products contributed increased share of sales



FAMIMA CAFÉ Cafe Frappe

## Overseas Operations / New Businesses

- **Overseas Convenience Store Operations**
  - China: Improvement in profitability. Into the black on combined basis for all operating companies
  - Thailand: Influence of unstable political situation, raised daily sales at existing stores through investment in sales promotion
  - Indonesia: Store openings progressed according to plan

- **New Businesses**
  - Business Tie-Up with Japan Net Bank
    - Plan to issue integrated card, two companies will implement joint campaign
    - Considering ongoing reciprocal customer sharing campaign

# Plan for Second Half of FY 2014

## Store Development

### ■ Maintain enhanced focus on profitability

### ■ “+ FamilyMart” Initiatives

- Expand initiatives with drugstores, dispensing pharmacies, supermarkets, etc.
- Consider tie-ups with other industries
- Pursue new store formats for the future convenience store business

### ■ Stricter criteria for opening new stores / secure superior franchisees

**<Full-year targets>**  
**Number of store openings: 1,300**  
**(area franchised stores in Japan: 100)**

**Average daily sales at new stores:**  
**¥450,000**

## Marketing and Products

### ■ Development of ready-to-eat products

- Expand “FAMIMA PREMIUM” series
- Support for women active in the workplace
  - Products for the health conscious, products designed to lighten the workload at home
- High-quality products with extended shelf life



FAMIMA PREMIUM  
Charcoal Grilled Iberico Pork and Rice

### ■ Thorough implementation of SQ&C

- Enhance face-to-face customer service, pursue “quality” that offers customers a pleasant shopping experience

FAMIMA T Card issued on the spot

### ■ Complete introduction of new fixtures

- Maximize effects of investment in existing stores



### ■ Increase FAMIMA T Card members

- Effects of introduction of FAMIMA T Card issued on the spot and ranking system

### ■ Ready-To-Eat Products Structural Reform Committee

- Restructure the product manufacturing framework, targeting high quality and high efficiency

### ■ Counter items “FAMIMA CAFÉ”

- Launch of new product “Chocolate Latte”



FAMIMA CAFÉ Chocolate Latte

### ■ FamilyMart collection

- Expand to 650 items
- Meet needs of broader range of customers

**<Full-year targets>**  
**Growth in average daily sales at existing stores: -1.2%**  
**(2nd half plan: 0.0%)**

**Gross profit ratio: 27.83%**  
**(up 0.10% YOY) (2nd half plan: 27.86%)**

# Plan for Second Half / Forecasts for FY 2014

## Overseas Operations

### ■ Accelerate the speed of store development, with a continued focus on Asia

#### Number of stores

|  | FY2013        | FY2014 (est.) | YoY            |
|--|---------------|---------------|----------------|
| -China:<br>First store opening in Beijing in September<br>Consider opening stores in new regions<br>Expect to achieve profitability on full-year basis |               |               |                |
| Japan  | 10,547        | 11,451        | 904            |
| Overseas   | 13,075        | 5,718         | (7,357)        |
| Taiwan   | 2,897         | 2,951         | 54             |
| South Korea  | 7,925         | -             | (7,925)        |
| Thailand   | 1,070         | 1,207         | 137            |
| China: Shanghai  | 792           | 907           | 115            |
| China: Guangzhou   | 142           | 163           | 21             |
| China: Suzhou  | 93            | 101           | 8              |
| China: Hangzhou  | 34            | 51            | 17             |
| China: Chengdu   | 26            | 39            | 13             |
| China: Shenzhen  | 6             | 21            | 15             |
| China: Wuxi  | 2             | 19            | 17             |
| China: Beijing   | -             | 4             | 4              |
| U.S.A.   | 9             | 10            | 1              |
| -Taiwan:<br>Plan to increase profits through expansion of stores with enhanced ready-to-eat offerings  |               |               |                |
| Vietnam  | 28            | 83            | 55             |
| -Thailand:<br>Reevaluate lineup, advance sales space creation, expand original ready-to-eat products, promote FamilyMart collection                    |               |               |                |
| Indonesia  | 12            | 35            | 23             |
| Philippines  | 39            | 127           | 88             |
| -Philippines:<br>Accelerate store openings, advance franchise development  |               |               |                |
| <b>Total</b>   | <b>23,622</b> | <b>17,169</b> | <b>(6,453)</b> |

## New Businesses

### ■ New Businesses

Consider establishment of business in fields of financial services, nursing and healthcare, and Internet service

◆ Dividend: Full-year payout of ¥106 per share (up ¥4)

⇒ Tenth consecutive annual increase

## Performance Forecasts for FY 2014

### Business performance (Non-consolidated)

|   | FY 2013 | FY 2014 (est.) | YoY  |
|---|---------|----------------|------|
| Average daily sales of total stores (Thousands of yen)    | 521     | 513            | (8)  |
| Growth rate of average daily sales at existing stores (%) | (0.4)   | (1.2)          |      |
| Gross profit ratio (%)                                    | 27.73   | 27.83          | 0.10 |
| Average daily sales at new stores (Thousands of yen)      | 440     | 450            | 10   |
| Store openings*   | 1,355   | 1,300          | (55) |
| Store closures*   | 289     | 396            | 107  |

\* Figures include area franchised stores in Japan and TOMOMY stores.

### Consolidated

(Billions of Yen)

|                          | FY 2013 | FY 2014 (est.) | YoY (%) |
|--------------------------|---------|----------------|---------|
| Total operating revenues | 345.6   | 377.9          | 9.3     |
| Operating income         | 43.3    | 40.0           | (7.6)   |
| Ordinary income          | 47.3    | 42.0           | (11.2)  |
| Net income               | 22.6    | 25.5           | 12.8    |

### Non-consolidated

(Billions of Yen)

|                                | FY 2013 | FY 2014 (est.) | YoY (%) |
|--------------------------------|---------|----------------|---------|
| Total store sales of FM stores | 1,721.9 | 1,873.2        | 8.8     |
| Total operating revenues       | 287.4   | 304.4          | 5.9     |
| Operating income               | 37.8    | 34.0           | (10.3)  |
| Ordinary income                | 40.7    | 37.1           | (8.9)   |
| Net income                     | 21.4    | 28.4           | 32.7    |