FamilyMart UNY Holdings Co., Ltd.

Financial Review for 3rd Quarter of FY2018

January 2019

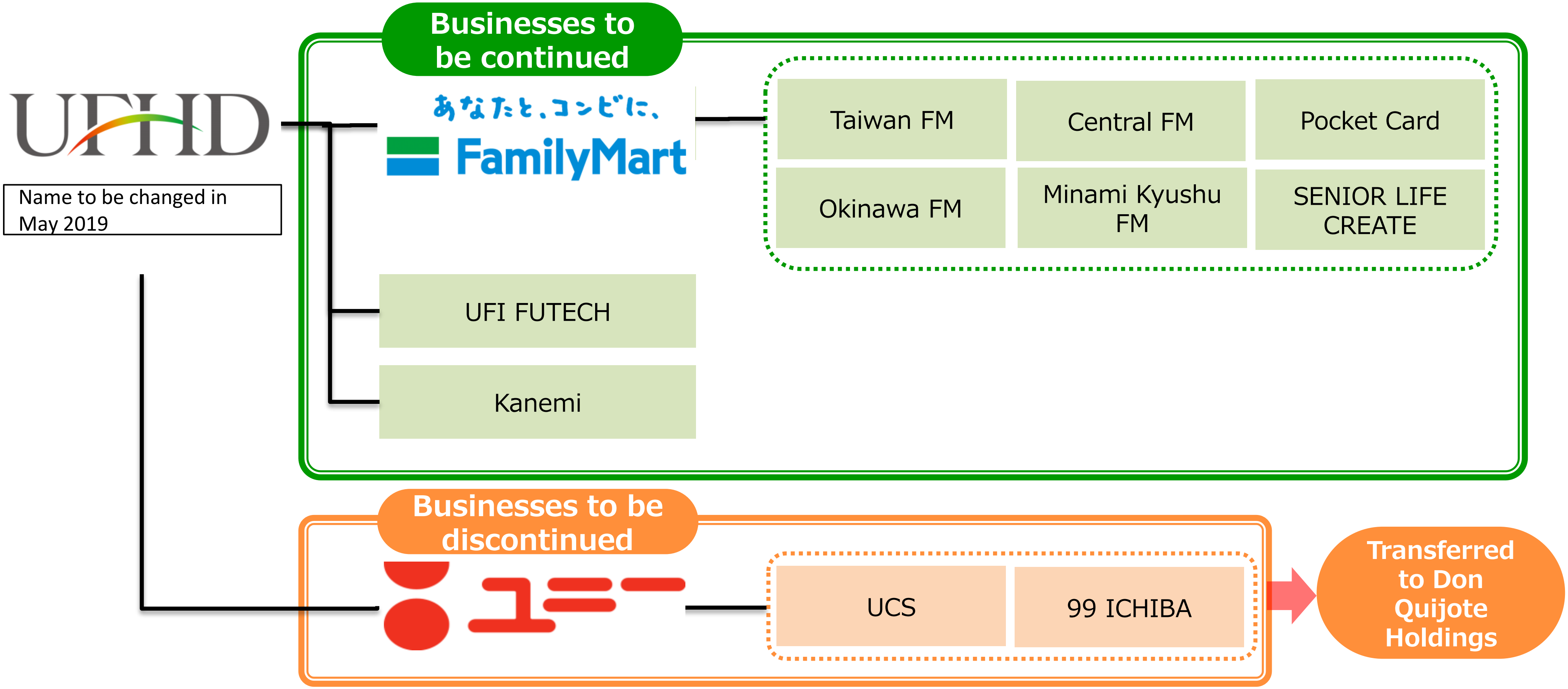
Cautionary Statement:
This report contains forward-looking statements, including the Company’s strategies, future business plans, and projections. Such forward-looking statements are not based on historical facts and involve known and unknown risks and uncertainties that relate to, but are not necessarily 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 3rd Quarter of FY2018 and Full-Year Forecasts

Notes Pertaining to Financial Statements

- **In reflection of the decision to transfer of shares of stock in UNY, the businesses of UNY and its subsidiaries have been classified as businesses to be discontinued from the nine -month period ended November 30, 2018.**

<Classifications of Major Companies>



Notes Pertaining to Financial Statements

<Numerical Values Under Corporate Accounting Procedures>

	Major changes	Retroactive revisions to previous fiscal year's performance
P/L	Figures for gross operating profit, core operating profit, and profit before taxes exclude performance of businesses to be discontinued	Yes
B/S	Assets and liabilities associated with businesses to be discontinued presented as "Assets held for sale" and "Liabilities directly associated with assets held for sale"	No
C/F	Operating, investing, and financing cash flows associated with businesses to be discontinued presented as one line item in respective categories	Yes

●P/L

Businesses to be continued

(¥ billion)	FY2017 3Q <17/3-11> Results	FY2018 3Q <18/3-11> Results	YoY
Gross operating revenue	**479.1**	**470.8**	**▲ 8.2**
Core operating profit	**36.6**	**48.2**	**11.5**
Proft before tax	23.5	37.3	13.7
Profit from continuing operations	31.3	47.7	16.4
Profit from discontinued operations	20.7	18.9	▲ 1.7
Profit	52.1	66.7	14.6
Profit attributable to owners of parent	**48.4**	**56.4**	**8.0**

Note: Please refer to pages 3–5 of Summary of Selected Financial Data for the 3rd Quarter Ended November 30, 2018 for numerical values under corporate accounting procedures from the consolidated statement of profit or loss, the consolidated statement of financial position, and the consolidated statement of cash flows

Financial Results for 3rd Quarter of FY2018 (IFRS)

＜Reference: Figures differ from numerical values under corporate accounting procedures＞

Note: Please refer to pages 1–2 of Summary of Selected Financial Data for the 3rd Quarter Ended November 30, 2018 ［for year-on-year comparisons that include the performance of the GMS business (businesses to be discontinued).］

Performance of Kanemi included in CVS business	FY2017 3Q <17/3-11>	FY2018 3Q <18/3-11>		
(¥ billion)	Results	Results	YoY	Major reasons for increases (decreases)
Gross operating revenue	**950.8**	**949.0**	**▲ 1.8**	**(▲0．2%)**
CVS business	459.9	470.9	11.0	Incorporation of Kanemi Co., Ltd. as a consolidated subsidiary
GMS business	493.8	482.6	▲ 11.1	Decrease in number of stores
Core operating profit	**57.5**	**71.8**	**14.2**	**24．8%**
CVS business	37.8	49.6	11.8	Profit increases at converted stores; cost reductions following the closure of underperforming stores
GMS business	19.8	22.0	2.1	Strong performance of existing stores and MEGA Don Quijote UNY stores
Profit attributable to owners of parent	**48.4**	**56.4**	**8.0**	**16．5%**
CVS business	12.1	20.7	8.5	Increase in core operating profit, etc.
Corporate/ Eliminations	17.1	25.8	8.6	Recording of deferred tax assets (+¥6.8 billion YoY)
GMS business	19.1	9.8	▲ 9.2	YoY impact of transference of 40% of UNY stock (decrease of 6.1)

Substantial YoY increases in core operating profit and profit attributable to owners of parent

CVS business :	Contributions from higher profit at stores undergoing brand conversion and lower costs following closures of underperforming stores
GMS business :	YoY increase in sales at existing stores and strong performance at MEGA Don Quijote UNY stores
Corporate/Eliminations:	Recording of deferred tax assets (¥22.5 billion); gain from sale of UNY (HK) Co., Ltd. (¥2.7 billion); etc.

FY2018 Forecasts (IFRS)

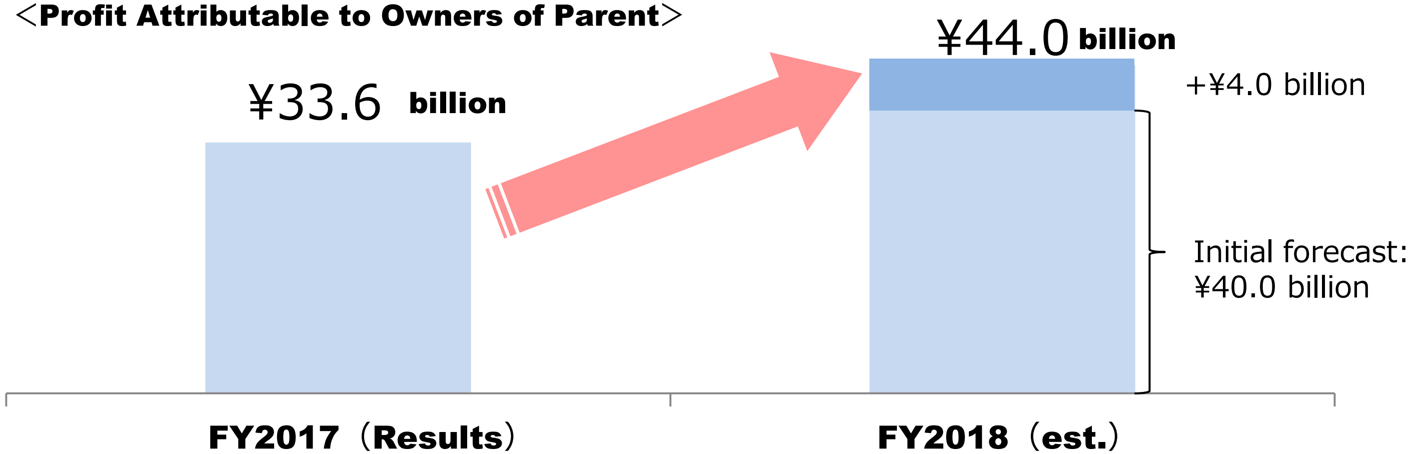
●Disclosed on January 4, 2019

(¥ billion)	FY2017 Full-year Results	FY2018 Full-year Plan	YoY
Gross operating revenue	637.0	–	–
Core operating profit	41.6	–	–
Profit attributable to owners of parent	33.6	44.0	10.3

Currently being determined

Note: Gross operating revenue and core operating profit exclude the performance of businesses to be discontinued from FY2017.

<Profit Attributable to Owners of Parent>



Upward revision of ¥4.0 billion to initial forecast for profit attributable to owners of parent, current full-year forecast projects ¥44.0 billion

Ahead-of-schedule introduction of certain strategic store fixtures and recording of losses to address future performance-related concerns planned in 4Q

Progress of Specific Measures for FY2018: CVS Business

Reinforcement of store foundations

- **Brand Conversions**

Conversion to FamilyMart brand completed on November 30, 2018

CircleKSunkus

Total converted stores: 5,003

あなたと、コンビに、
FamilyMart

Daily sales after conversion: ¥506,000
Vs. pre-conversion: +10%

- **Strong performance at stores in 2nd year after conversion (2,958) ⇒ 2% growth in daily sales**
- **Integration synergies: ¥6.0 billion projected in FY2018 →¥9.0 billion projected in FY2019 (including benefits of system integration)**
- **Integration costs: ¥9.0 billion projected in FY2018 (Conversion support funds, depreciation, etc.) → ¥6.5 billion projected in FY2019 (Depreciation only)**

- **Opening of High-Quality Stores**

Ongoing strong daily sales at new stores

FY2018 3Q	New	B&S	Total
Store openings	79	256	335
Daily sales at new stores (YoY)	¥546,000 (+¥39,000)		

Progress of Specific Measures for FY2018: CVS Business

Enhancement of product competitiveness

- **Higher sales due to ready-to-eat product structural reforms**
  - **Sales of ready-to-eat products driven by "Mother's Kitchen" brand items**
    ⇒Sales of prepared dishes at existing stores: +22%
  - **Robust performance of health-conscious rice balls using "super barley" boas plentiful dietary fiber**
    ⇒ Sales of rice balls at existing stores: +2%

Rapid launches of boxed lunches and sushi using "super barley" prompted by strong rice ball performance

Hit offering boasting aggregate sales of over 40 million meals

Wasabi inari-zushi containing "super barley"

- **Reinvention of coffee products**
  - **Ahead-of-schedule introduction of new coffee machines**
    (to be introduced at all stores in FY2019)
    2nd of fiscal year: Introduce 6,400 units
    (compared with initial projection of 5,400 units)
  - **10% increase in coffee sales following introduction**
    Rapid growth in sales of café lattes centered on female customers

Progress of Specific Measures for FY2018: CVS Business

Improvement of store operating procedures

- **Efforts to improve operational efficiency**

Investments at existing stores to reduce operating burden of franchised stores

Elimination of in-store inspections

7L fryers

New drawer-style shelves

Cash counters

Self-checkout registers

Reduction of approx. 5 hours in total store workhours

- **Support for franchised stores**

Enhancement of profitability on an individual-store level, additional measures for developing disaster-resilient stores

- **Ahead-of-schedule replacement of store activation terminals (SATs)**
  -Improvement of ordering accuracy and reduction of ordering time
- **Reinforcement of store BCPs**
  -Emergency power supplies secured for times of disaster
- **Completion of installation of LED lighting**
  -Reduction of lighting costs at stores

Collaborative Efforts with Don Quijote Holdings

Continuation of business alliance

- **Strengths and know-how of each company shared beyond industry boundaries**
  1. **Joint product and service development**
  2. **Collaboration in data marketing and financial service fields**
  3. **Joint overseas expansion, etc.**
- **MEGA Don Quijote UNY stores have sustained favorable sales trends.**

Completion of transfer of shares in UNY

UFHD Don Quijote HLDGS

- **Transfer of remaining 60% of shares in UNY held by the Company to Don Quijote Holdings completed**
- **UNY excluded from the scope of consolidation in January 2019**

Principal impacts on finances

P/L	➢ Recording of deferred tax assets, etc. in conjunction with exclusion of UNY from the scope of consolidation in FY2018 (third quarter)
B/S	➢ Exclusion of GMS business assets/liabilities on December 31, 2018 (Reference: Assets/Liabilities on November 30, 2018) ・Total assets: Approx. ¥490.0 billion ・Total liabilities: Approx. ¥430.0 billion (including approx. ¥230.0 billion in interest-bearing liabilities)
C/F	➢ Cash inflow of approx. ¥200.0 billion (fourth quarter of FY2018) Gain on transfer of UNY of ¥28.2 billion combined with inflow of approx. ¥170.0 billion from the collection of loans associated with the GMS business, dividends received, etc.

(Reference)Financial Results for FY2018 3Q (IFRS)－CVS Business

(¥ billion) Performance of Kanemi included in CVS business	FY2018 3Q <18/3-11>			
	CVS business	YoY	FM (non-consolidated)	YoY
Gross operating revenue	**470.9**	11.1	**332.3**	(28.8)
Core operating profit	**49.6**	11.8	**41.3**	10.1
Profit	**20.7**	8.5	**20.7**	※ 8.9

* Excludes impact of dividends received from subsidiaries in previous fiscal year (¥4.3 billion)

		FY2018 3Q <18/3-11>	
		Results	YoY
Business Performance: FM (non-consolidated)	Average daily sales at all stores (¥ thousand)	**529**	▲ 3
	Growth rate of average daily sales at existing stores, including converted stores	**1.5%**	－
	Gross profit ratio, excluding pre-paid cards and tickets	**31.0%**	0.1%
	Store openings	**79**	▲ 126
	B&S	**256**	71
	Store closures	**265**	▲ 30

(Reference)Financial Results for FY2018 3Q (IFRS)－GMS Business

(¥ billion)	FY2018 3Q <18/3-11>			
	GMS business	YoY	UNY (non-consolidated)	YoY
Gross operating revenue	**482.6**	(11.1)	**435.8**	(13.1)
Core operating profit	**22.0**	2.1	**18.0**	0.9
Profit	**9.8**	※ (9.2)	**13.2**	(4.2)

* Excludes YoY impact of transference of 40% of UNY stock in FY2017 (decrease of ¥6.1 billion)

			FY2018 3Q <18/3-11>	
			Results	YoY
Business performance: UNY (non-consolidated)	Y-o-y change in existing store sales		**1.0%**	－
		Clothing	**0.0%**	－
		Households goods	**1.1%**	－
		Foods	**1.2%**	－
	Gross Profit ratio		**23.5%**	0.0%
	Number of stores		**188**	▲ 12