

# Commencement of Discussions for the Management Integration

March 10, 2015 (Tue)

あなたと、コンビニに、

**FamilyMart**

FamilyMart Co., Ltd.

President

Isamu Nakayama



**U G H D**

UNY Group Holdings Co., Ltd.

President

Norio Sako

# Business Environment

## Domestic Retail Business

- Shrinking market due to population decline
- Severe store-opening competition in CVS business
- Pan-industry competition
- Increasing consumer traction to convenience and differentiated product offering
- Business potential via innovation

## Overseas Retail Business

- Penetration of Japanese CVS business model

Integration of management resources to create a new retail group will provide the two companies with strategic opportunities

# Strategic Rationale

FamilyMart and UNY Group Holdings will integrate their management resources and aim to be a company which contributes to customers, franchisees, business partners, shareholders and employees

## CVS

- One of the largest store network in Japan
- Enhanced procurement
- Enhanced product development
- Integrated infrastructure (e.g. distribution centers) and common functions (e.g. IT)

## General Retail

- Expansion of the business centered in Tokai and Kanto area
- Utilization of procurement and service of the CVS business
- Development of new store format
- Cooperation in E-Commerce

Financial Service / Card, Dedicated Beauty & Fashion Brands, E-Commerce, Medical Care, Ticker / Entertainment, Delivery, Food Production

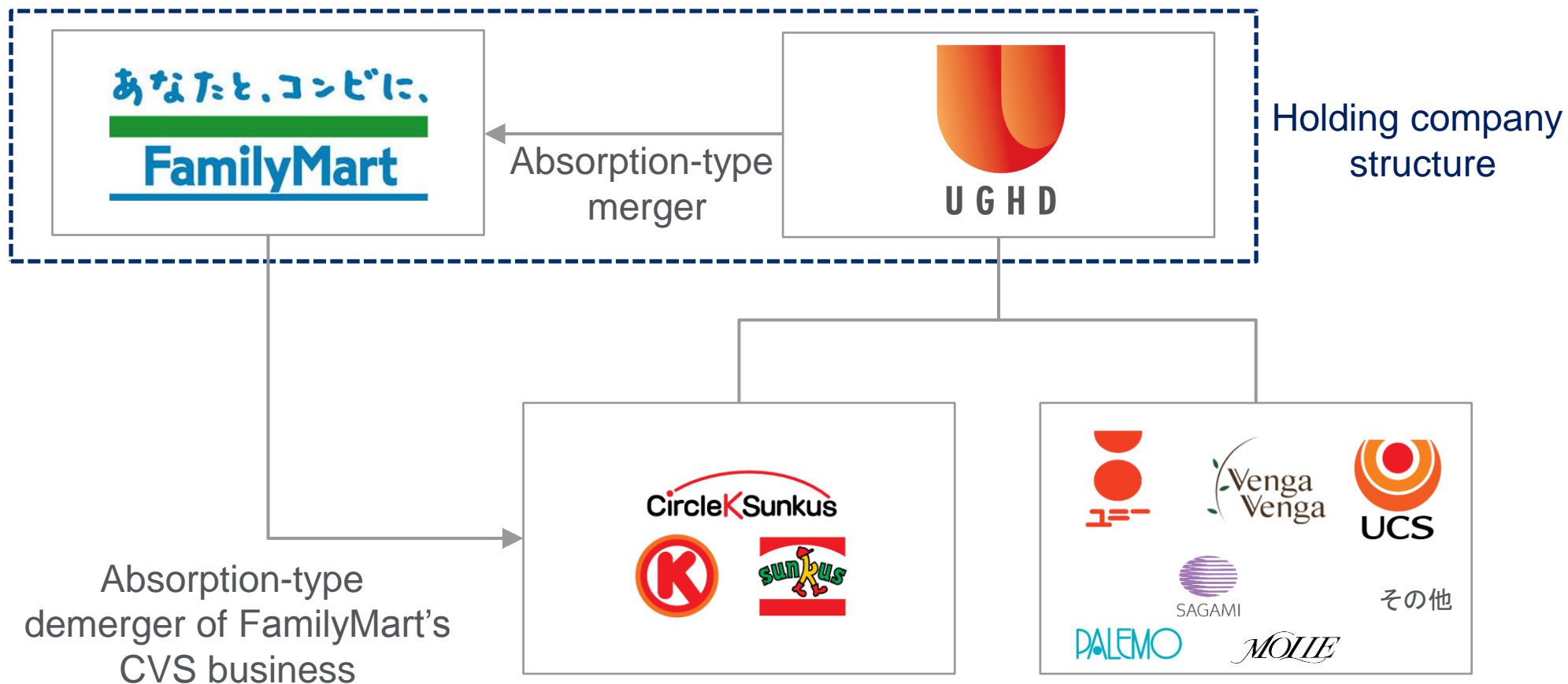
- Further utilization of business footprint / value maximization with integrated management resources

# Discussions for the Management Integration

- Management integration in sprit of equals
- Form an Integration Preparation Committee, jointly led by Presidents of the two companies
- Other considerations:
  - Group principles
  - Company / group name, brands
  - Board / management structure
  - HR
  - Corporate strategy, business plan

# Transaction Structure

- UNY Group HD will be merged into FamilyMart and forms a new holding company
- FamilyMart's CVS business will be integrated with CKS through an absorption-type demerger. The CVS brand will be unified
- Merger ratio will be determined following due diligence and consultation with advisers



# Envisioned Timeline

Resolution of the Board of Directors	March 10, 2015 (Today)
Signing of the memorandum of understanding	March 10, 2015 (Today)
Execution of the basic agreement	August 2015 (Plan)
Execution of absorption-type merger agreement and absorption-type demerger agreement	April 2016 (Plan)
AGM (FamilyMart and UNY Group HD) to approve the absorption-type merger and absorption-type demerger	May 2016 (Plan)
Closing / Effective date of the absorption-type merger and absorption-type demerger	September 2016 (Plan)

(Reference)

## Creation of A New Retail Group with c.¥3.5tn Total Store Sales

		FamilyMart	UNY Group HD	Total
<b>Consolidated</b>	Total Store Sales	¥1,721.9bn	¥1,834.2bn	¥3,556.2bn
	Operating Income	¥43.3bn	¥25.3bn	¥68.6bn
<b>CVS</b>	Total Store Sales	¥1,721.9bn	¥950.6bn	¥2,672.5bn
	Operating Income	¥43.3bn	¥10.9bn	54.2bn
	Stores (Japan)	11,271 stores	6,328 stores	17,599 stores
	Stores (Overseas)	5,625 stores	1,043 stores	6,668 stores
<b>GMS / SM</b>	Net Sales	- bn	¥799.9bn	¥799.9bn
	Operating Income	- bn	¥12.2bn	¥12.2bn
	Stores (Japan)	- stores	318 stores	318 stores
	Stores (Overseas)	- stores	4 stores	4 stores

Notes: Financial numbers for the fiscal year ended February 2014.

Number of stores as at the end of January 2015. UNY Group Holdings' overseas CVS stores as at the end of October 2014 (Circle K Asia).

# (Reference) Business Portfolio

あなたと、コンビニに、

**FamilyMart**

Convenience Stores (CVS)

あなたと、コンビニに、

**FamilyMart**

Credit Card

Delivery

E-Commerce



UGHD

General Retail

Convenience Stores (CVS)



Dedicated Beauty & Fashion Brands

Services

Financial Services



SAGAMI



unicom



UCS



Food Production

Food Services

Developer



nagai



UT



U-LIFE

Urban Mini-Supermarkets

Overseas

Other Affiliated Companies





# “Leading Retail Group in Japan”

あなたと、コンビニに、

**FamilyMart**



**U G H D**