



# Financial Results for Fiscal 2017

May 2018



# Financial Results Digest

## FY17 Financial Results (Consolidated)

Ordinary income:	¥127.6 billion	(up ¥6.0 billion year-on-year)
Ordinary profit:	¥38.3 billion	(up ¥1.6 billion year-on-year)
Net income:	¥25.3 billion	(up ¥0.2 billion year-on-year)

The first fiscal year of the Medium-Term Management Plan got off to a steady start as planned.

- Annual dividends per share were ¥10.00 (interim: ¥4.75, period-end: ¥5.25), an increase of ¥0.50 per share

## FY18 Outlook (Consolidated)

Planned increases in both ordinary income (¥146.7 billion) and ordinary profit (¥39.8 billion)

We will implement measures to achieve the Medium-Term Management Plan during this mid-plan fiscal year.

- Scheduled interim and period-end dividends of ¥5.00 per share each for total annual dividends of ¥10.00 per share

Reprint  
Materials disclosed on May  
12, 2017

## Achieve Growth in Our Main Business as We Diversify Our Operations

### ATM Platform Business

Create new styles of ATM usage

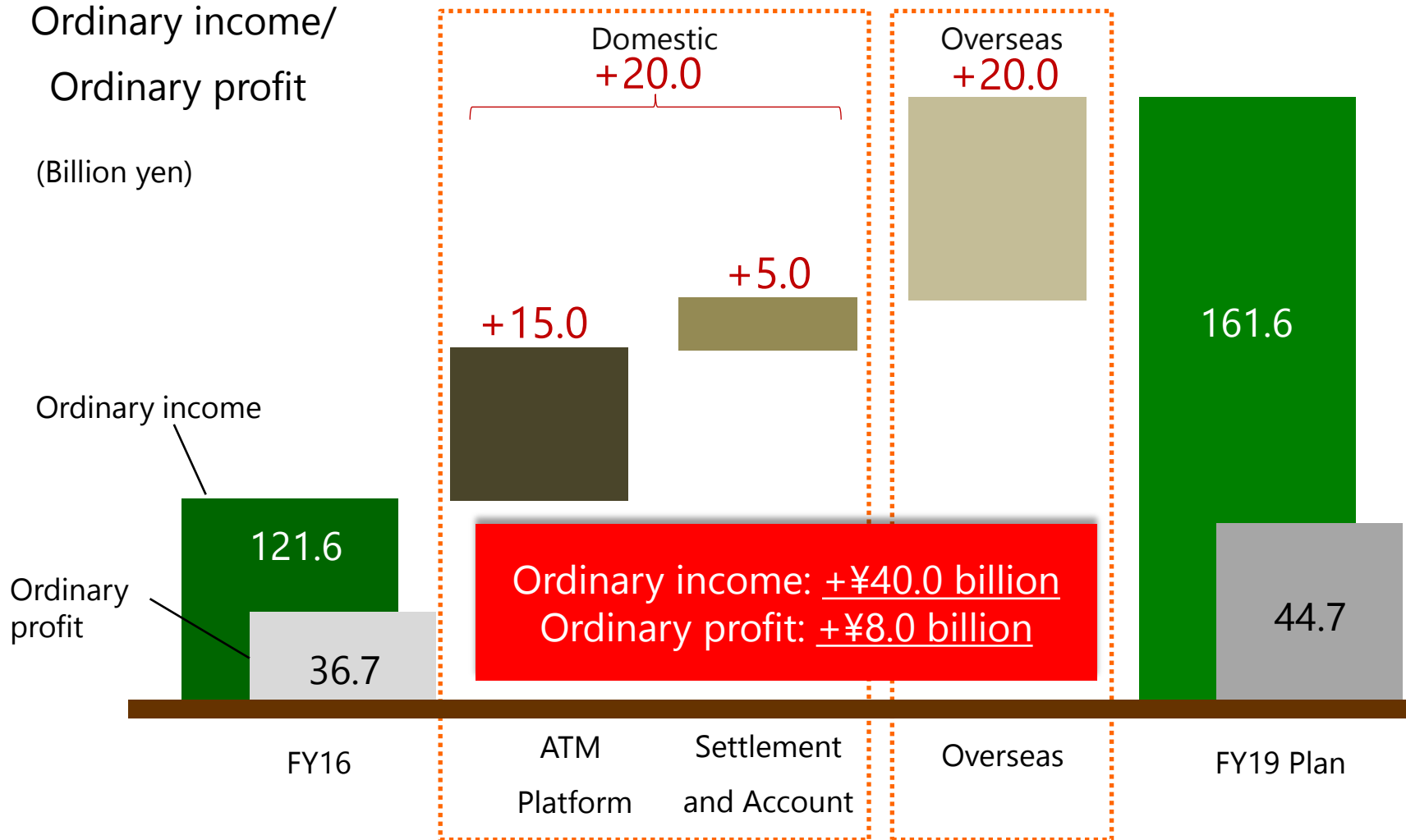
### Settlement and Account Business

Provide financial services that meet the needs of the 22 million customers who visit Seven & i Group stores each day

### Overseas Business

Get U.S. operations on their way, establish a solid platform in Asia

# Plan for Ordinary Income

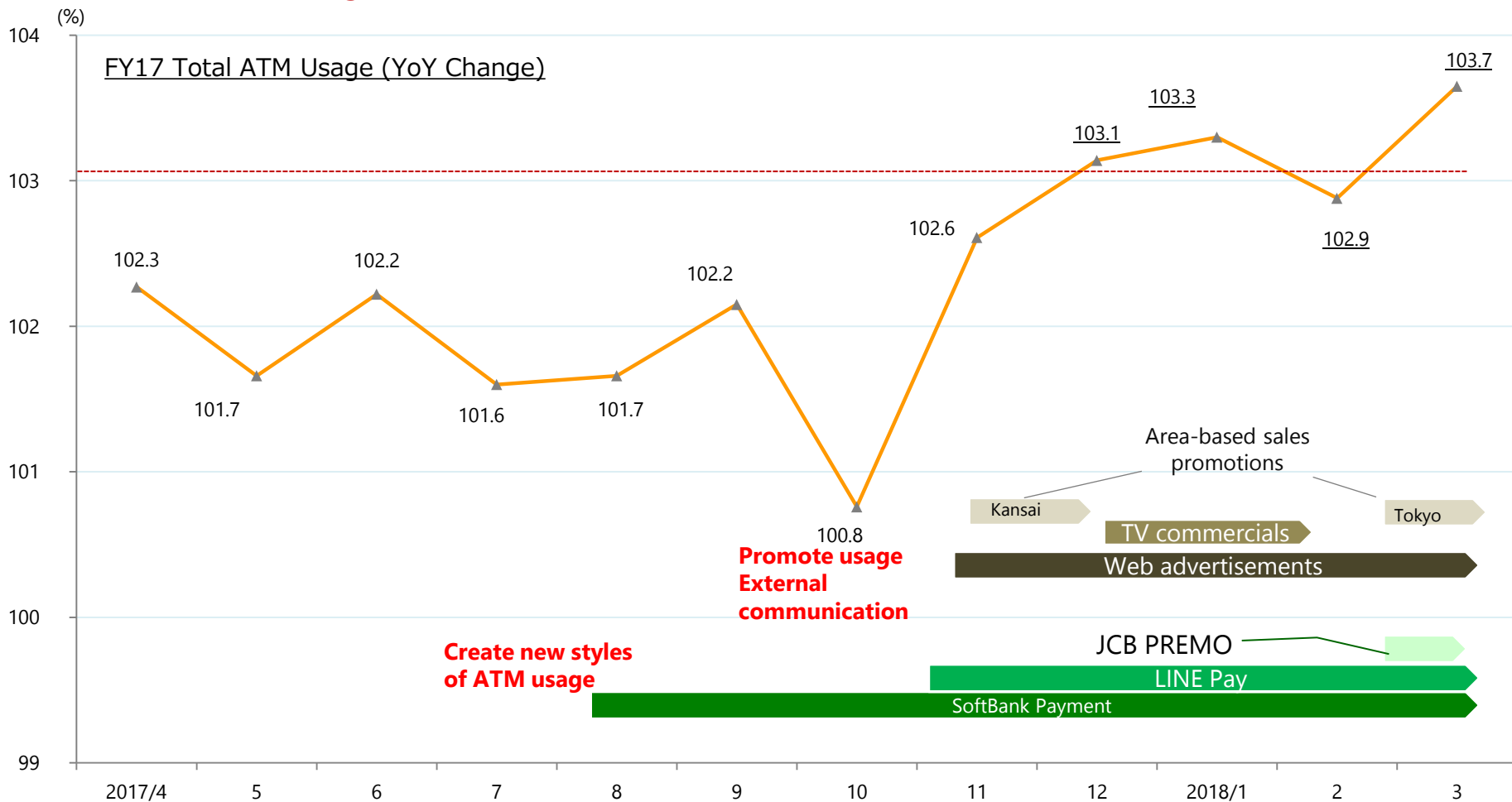


**Start during FY2017 was basically according to plan**  
Accelerate measures to achieve plan goals in FY2019

# ATM Platform Business (Domestic Business)

## ATM Usage

Improve the pace of growth



## Absolute Differentiation

Increase share and profitability

### Environmental Change

- ✓ Settlement diversifying  
(Cashless settlement expanding)
- ✓ Operating environment changing for affiliated financial companies
- ✓ Financial system changing  
(New entrants in the settlement market)

### Response

- **Further increase convenience**
  - Increase number of ATMs
  - **Diversify ATM services**

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- **Increase cost competitiveness**
  - Further improve operation efficiency
  - Next-generation ATMs

### Specific Measures

**Create new styles of ATM usage**

#### Cardless transactions

**Smartphone ATM**  
Jibun Bank, etc.  
4 companies

#### Charge transactions

**New Categories**  
LINE Pay, etc.  
3 companies

#### Cash receipt

**Cash receipt service**



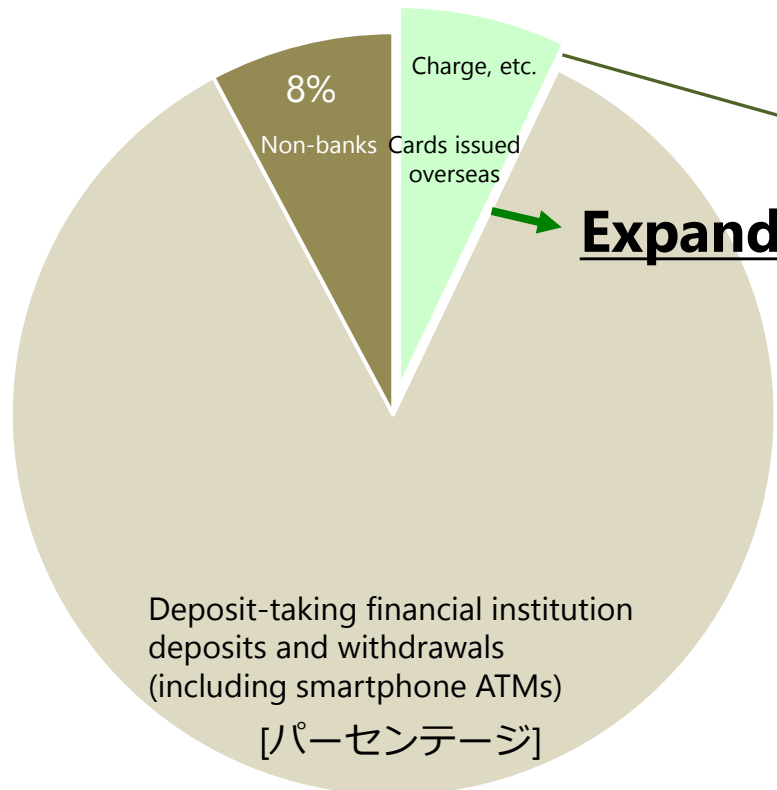
**Build a powerful market presence**

## Create New ATM Value

ATMs that can be used anytime, anywhere, by anyone, and with safety and security

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ATMs that can be used in various ways



Transactions by Service

Create New ATM Value

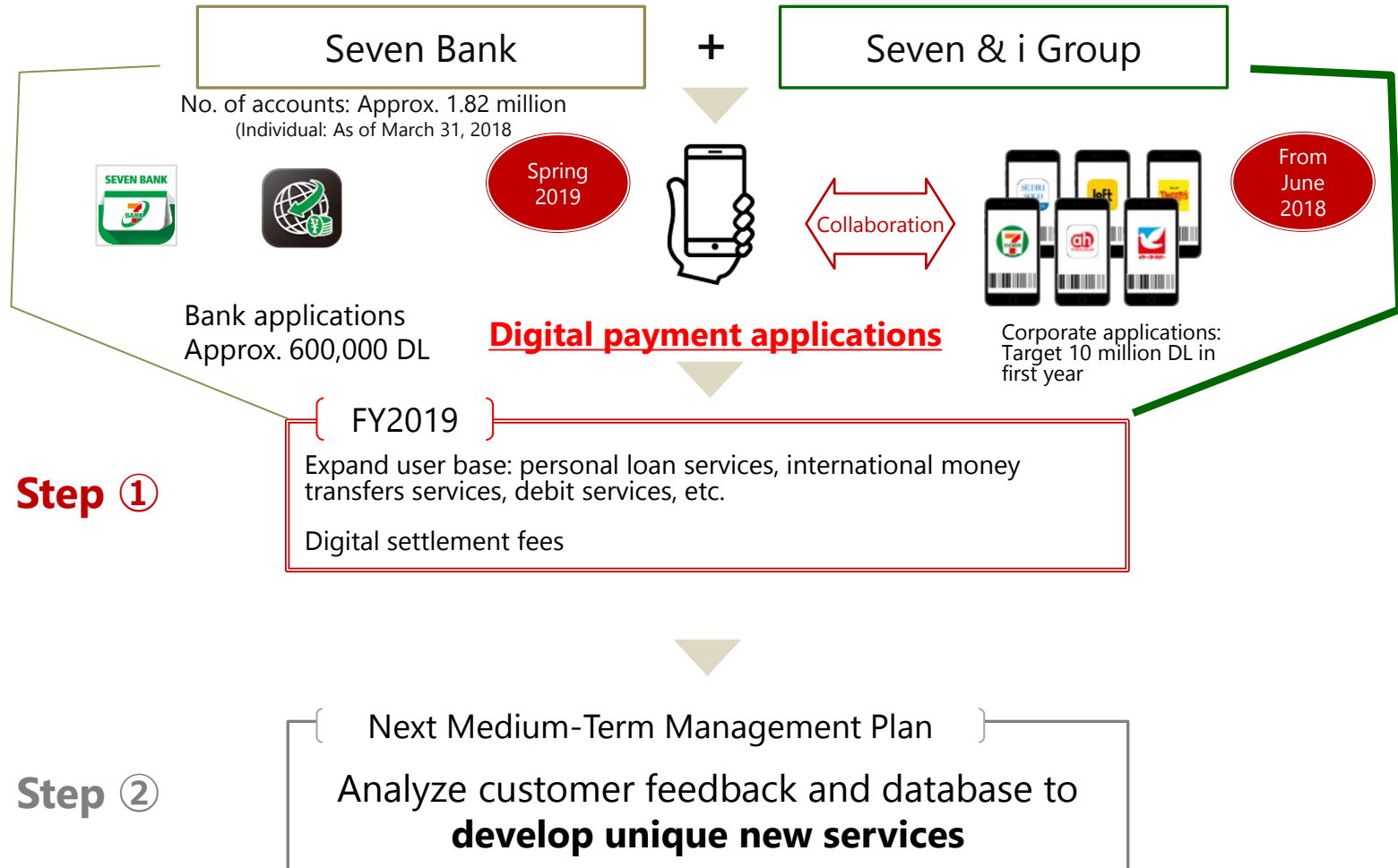
2007: Cards issued overseas  
2007: *nanaco* card charges  
2017: SoftBank Payment  
LINE Pay, charge  
2018: **Cash receipt service**  
2018: .....  
2019: Next-generation ATMs

Sequentially introduce unique services

Note: Transactions by Service excludes balance inquiries, PIN changes and daily withdrawal limit changes.

## Broaden Customer Base

22 million customers visit Seven & i Group stores each day





# Income Statement (Seven Bank)

(Billion yen)

	FY16	Plan	FY17	Changes from FY16 results	FY18 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 H1 results
<b>Ordinary income</b>	<b>113.1</b>	<b>117.0</b>	<b>116.6</b>	<b>3.5</b>	<b>119.6</b>	<b>3.0</b>	<b>59.9</b>	<b>1.8</b>
ATM-related fee income	103.7	106.0	105.9	2.2	108.3	2.4	54.7	1.5
<b>Ordinary expenses</b>	<b>74.1</b>	<b>76.0</b>	<b>74.3</b>	<b>0.2</b>	<b>77.1</b>	<b>2.8</b>	<b>37.5</b>	<b>0.9</b>
Interest expenses	0.9	0.8	0.7	(0.2)	0.8	0.1	0.3	0.0
ATM placement fee expenses	13.8	14.6	14.3	0.5	14.8	0.5	7.3	0.2
Outsourcing expenses	17.8	18.5	18.3	0.5	18.8	0.5	9.3	0.2
Maintenance fees	4.0	4.2	4.1	0.1	3.9	(0.2)	2.0	(0.1)
Depreciation and amortization	17.5	16.1	15.7	(1.8)	16.1	0.4	7.9	0.1
<b>Ordinary profit</b>	<b>38.9</b>	<b>41.0</b>	<b>42.2</b>	<b>3.3</b>	<b>42.5</b>	<b>0.3</b>	<b>22.4</b>	<b>0.9</b>
Extraordinary gain (loss)	(0.1)	(0.1)	(0.1)	0.0	(0.1)	0.0	0.0	0.0
Income taxes	11.8	12.5	13.0	1.2	12.9	(0.1)	6.8	0.2
<b>Net income</b>	<b>26.8</b>	<b>28.3</b>	<b>29.1</b>	<b>2.3</b>	<b>29.4</b>	<b>0.3</b>	<b>15.5</b>	<b>0.7</b>
<b>EBITDA</b>	<b>56.5</b>	<b>57.1</b>	<b>58.0</b>	<b>1.5</b>	<b>58.6</b>	<b>0.6</b>	<b>30.3</b>	<b>1.0</b>

No. of ATMs installed at end of term (units)	23,368	24,300	24,392	1,024	25,350	958	24,813	940
ATM-related fee income per transaction (yen)	133.1	133.0	132.9	(0.2)	132.1	(0.8)	132.0	(1.0)
Daily average transactions per ATM (transactions/ATM/day)	95.5	94.3	94.1	(1.4)	93.1	(1.0)	94.8	(0.5)
Total no. of transactions (millions)	796	815	815	19	839	24	424	15

Note: EBITDA = Ordinary profit + Depreciation and amortization

# Income Statement (FCTI)

(Million US\$)

	FY16	Plan	FY17	Changes from FY16 results	FY18 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 H1 results
Ordinary income	77.6	122.8	96.5	18.9	239.1	142.6	113.8	77.9
Ordinary expenses	84.2	130.6	120.4	36.2	250.0	129.6	122.7	79.2
Interest expenses	5.7	9.1	12.5	6.8	30.1	17.6	16.1	12.9
ATM placement fee expenses	44.1	69.3	58.0	13.9	138.9	80.9	66.7	44.8
Outsourcing expenses	5.9	10.1	7.8	1.9	19.1	11.3	9.4	6.4
Maintenance fees	6.7	8.0	8.4	1.7	17.1	8.7	8.3	5.2
Depreciation and amortization	6.8	11.5	9.5	2.7	25.5	16.0	12.3	9.3
Ordinary profit	(6.6)	(7.8)	(23.9)	(17.3)	(10.9)	13.0	(8.9)	(1.3)
Net income	(4.3)	(5.0)	(27.4)	(23.1)	(10.9)	16.5	(8.9)	(4.0)
EBITDA	0.2	3.5	(14.3)	(14.5)	13.9	28.2	3.0	(4.3)
No. of ATMs installed at end of term (units)	6,227	12,640	11,582	5,355	13,300	1,718	13,700	8,026
At SEI (units)	-	8,080	5,948	-	8,400	2,452	8,000	-
Daily average transactions per ATM (transactions/ATM/day)	16.2	30.6	20.3	4.1	36.7	16.4	33.8	17.8
At SEI (transactions/ATM/day)	-	60.4	39.2	-	50.0	10.8	46.7	-
Total no. of transactions (Thousands)	37,422	77,900	51,812	14,390	177,400	125,588	81,100	64,003

Notes:

1. Number of ATMs installed as of March 31, 2018 : 13,413

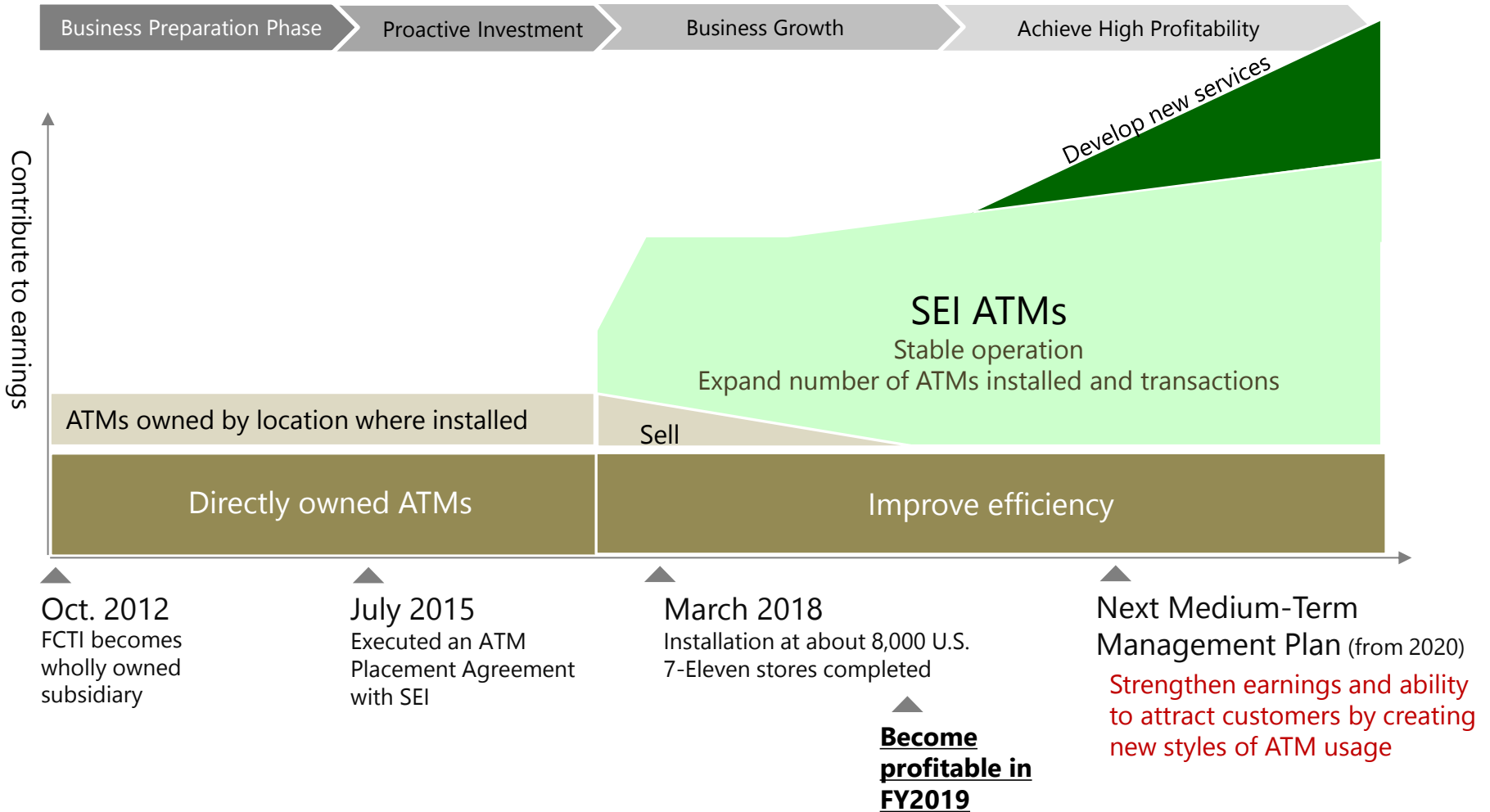
Installed at 7-Eleven stores: 7,954

Installed at stores other than 7-Eleven stores: 4,597 directly owned, 862 owned by location where installed

2. FCTI interest expenses: Equivalent to interest charges paid to financial institutions supplying cash to ATMs, outsourcing expenses, etc.

# Overseas Business (North America)

## Focus Resources on SEI ATM Business



## Current Issues and Countermeasures

### ◆ Promote the expansion of surcharge-free transactions to achieve our usage targets

- ✓ Change to service provider (surcharge-free network)
- ✓ Terminate alliances with directly affiliated banks (banks that use ATMs for branding) that already have surcharge-free transactions

} Temporary impact

### Transaction Comparison for ATMs Installed at 7-Eleven Stores (Current)



\*U.S. ATM market average is 70-80% (Seven Bank estimate)

### ◆ With ATMs installed at all 7-Eleven stores, implement the following measures:

1. Clearly announce that financial institutions in the network are surcharge-free

	Previous ATM operator	FCTI
Surcharge-free network	Company A	Money Pass
No. of member financial institutions	Over 1,000 companies	1,500 companies
Cardholders	60 million people	76 million people

Source: Website of each company

2. Increase new alliances with banks that use ATMs for branding

	Previous ATM operator	FCTI
Banks that use ATMs for branding	1	Multiple companies (5 companies as of Dec. 2017)
		Nationwide banks
		Banks with high recognition in their operating region

3. Display surcharged or surcharge-free at start of transaction on ATM screen (FCTI patented technology)

- Respond to interest rate risk by significantly reducing supply of cash to ATMs (20% to 30% reduction compared with the start of installation)
  - Improve operation efficiency and AI use



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