
Financial Results for Fiscal 2018

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Fiscal year ended March 31, 2019

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Financial Results for Fiscal Year Ended March 31, 2019

Consolidated

Ordinary income: ¥147.2 billion (up ¥19.6 billion year-on-year)
 Ordinary profit: ¥40.7 billion (up ¥2.4 billion year-on-year)

Net income attributable to owners of the parent:
 ¥13.2 billion (down ¥12.1 billion year-on-year)

Non-consolidated

Ordinary income: ¥119.5 billion (up ¥2.9 billion year-on-year)
 Ordinary profit: ¥43.0 billion (up ¥0.8 billion year-on-year)

Net income: ¥14.5 billion (down ¥14.6 billion year-on-year)

Both ordinary profit and ordinary income were record

- Annual dividends per share were ¥11.00 (interim: ¥5.00; year-end: ¥6.00, an increase of ¥1.00 per share)

Outlook for Fiscal Year Ending March 31, 2020

Consolidated

Ordinary income: ¥148.9 billion (up ¥1.7 billion year-on-year)
 Ordinary profit: ¥39.7 billion (down ¥1.0 billion year-on-year)

Non-consolidated

Ordinary income: ¥120.2 billion (up ¥0.7 billion year-on-year)
 Ordinary profit: ¥41.7 billion (down ¥1.3 billion year-on-year)

We revised the numerical targets in the Medium-Term Management Plan and expect decline in profit for the fiscal year ending March 2020

- Expect to pay interim and year-end dividends of ¥5.50 per share each for total annual dividends of ¥11.00 per share

Income Statement (Consolidated)

(Billion yen)

	FY17	Plan (Sep. 2018)	FY18	Changes from FY17 results	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	127.6	147.2	147.2	19.6	148.9	1.7	73.6	0.2
Ordinary expenses	89.3	107.3	106.5	17.2	109.2	2.7	53.0	0.3
Ordinary profit	38.3	39.9	40.7	2.4	39.7	(1.0)	20.6	(0.1)
Extraordinary losses	0.1	14.6	14.9	14.8	0.1	(14.8)	0.0	(14.6)
Net income attributable to owners of the parent	25.3	12.8	13.2	(12.1)	26.7	13.5	13.8	14.0

(Reference) Equity in net earnings of affiliated companies

FY18 - ¥0.2 billion

FY19 plan - ¥1.6 billion

- Notes:
1. Amounts less than one hundred million yen have been truncated.
 2. Previous-year comparisons are based on the units used in these materials.
 3. Exchange rates used in the consolidated income statement:
per USD 1
FY2017 = ¥112.16, FY2018 = ¥110.44, FY2019 plan = ¥110.00

Income Statement (Seven Bank)

(Billion yen)

	FY17	Plan (Sep. 2018)	FY18	Changes from FY17 results	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	116.6	119.6	119.5	2.9	120.2	0.7	59.6	(0.8)
ATM-related fee income	105.9	108.3	107.8	1.9	107.5	(0.3)	53.4	(1.0)
Ordinary expenses	74.3	77.1	76.5	2.2	78.4	1.9	37.8	0.3
Interest expenses	0.7	0.8	0.6	(0.1)	0.8	0.2	0.4	0.1
ATM placement fee expenses	14.3	14.8	15.0	0.7	16.0	1.0	7.9	0.5
Outsourcing expenses	18.3	18.8	18.5	0.2	20.3	1.8	9.7	0.5
Maintenance fees	4.1	3.9	3.8	(0.3)	3.9	0.1	1.8	0.0
Depreciation and amortization	15.7	16.1	15.8	0.1	14.2	(1.6)	6.8	(1.3)
Ordinary profit	42.2	42.5	43.0	0.8	41.7	(1.3)	21.8	(1.0)
Extraordinary losses	0.1	21.9	22.0	21.9	0.1	(21.9)	0.0	(21.8)
Total income taxes	13.0	6.4	6.4	(6.6)	12.7	6.3	6.6	6.4
Net income	29.1	14.0	14.5	(14.6)	28.9	14.4	15.1	14.4
EBITDA	58.0	58.6	58.9	0.9	56.0	(2.9)	28.7	(2.2)

No. of ATMs installed at end of term (units)	24,392	25,350	25,152	760	25,502	350	25,333	577
ATM-related fee income per transaction (yen)	132.9	133.1	132.9	0	134.0	1.1	134.3	1.3
Daily average transactions per ATM (transactions/ATM/day)	94.1	92.3	92.3	(1.8)	89.2	(3.1)	90.2	(3.5)
Total no. of transactions (million)	815	830	829	14	822	(7)	414	(5)

Note: EBITDA = Ordinary profit + Depreciation and amortization

Income Statement (FCTI)

(Million USD)

	FY17	Plan (Sep. 2018)	FY18	Changes from FY17 results	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	96.5	244.3	248.5	152.0	255.4	6.9	125.2	6.1
Ordinary expenses	120.4	258.4	257.3	136.9	253.8	(3.5)	125.5	(5.9)
Interest expenses	12.5	30.1	31.7	19.2	37.7	6.0	18.1	3.5
ATM placement fee expenses	58.0	141.9	140.1	82.1	139.9	(0.2)	69.2	1.0
Outsourcing expenses	7.8	19.5	17.8	10.0	17.6	(0.2)	8.8	(0.2)
Maintenance fees	8.4	20.3	19.6	11.2	20.8	1.2	10.3	0.5
Depreciation and amortization	9.5	16.0	15.7	6.2	7.4	(8.3)	3.5	(9.2)
Ordinary profit	(23.9)	(14.0)	(8.7)	15.2	1.6	10.3	(0.3)	12.0
Extraordinary losses	0.0	90.0	90.6	90.6	0.6	(90.0)	0.6	(89.4)
Net income	(27.4)	(104.0)	(99.5)	(72.1)	0.8	100.3	(1.0)	101.3
EBITDA	(14.3)	2.0	6.9	21.2	9.0	2.1	3.2	2.8
No. of ATMs installed at end of term (units)	11,582	13,300	12,795	1,213	11,770	(1,025)	11,761	(1,474)
At SEI (units)	5,948	8,400	8,349	2,401	8,311	(38)	8,306	403
Daily average transactions per ATM (transactions/ATM/day)	20.3	36.7	37.5	17.2	45.0	7.5	43.8	9.3
At SEI (transactions/ATM/day)	39.2	50.0	52.0	12.8	57.2	5.2	55.6	7.5
Total no. of transactions during the period (thousand)	51,812	177,400	177,628	125,816	194,000	16,372	94,000	12,085

- Notes: 1. Number of ATMs installed as of March 31, 2019: 12,378 (Installed at 7-Eleven stores: 8,354 Installed at stores other than 7-Eleven stores: 4,024)
2. FCTI interest expenses: Equivalent to interest charges paid to financial institutions supplying cash to ATMs, outsourcing expenses, etc.

Income Statement (Domestic Consolidated Subsidiaries)

BBF

(Million yen)

	FY17	Plan (May 2018)	FY18	Changes from FY17 results	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	972	1,016	1,189	217	1,410	221	640	74
Ordinary expenses	881	981	1,052	171	1,260	208	616	126
Ordinary profit	90	35	137	47	150	13	24	(52)
Net income	57	22	108	51	97	(11)	17	(32)

7PS

(Million yen)

	FY17	Plan (May 2018)	FY18	Difference with plan	FY19 Plan			
					Full year	Changes from FY17 results	H1	Changes from FY17 results
Ordinary income	--	492	45	(447)	127	82	51	47
Ordinary expenses	--	597	182	(415)	328	146	129	42
Ordinary profit	--	(104)	(137)	(33)	(200)	(63)	(77)	5
Net income	--	(104)	(137)	(33)	(200)	(63)	(77)	5



FY2017-FY2019

Medium-Term Management Plan [Status of Progress]

Materials disclosed in May 2017

Reprint

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 track, consolidate the base in Asia

Medium-Term Management Plan

Accumulate income and profits

Revised target figures

➤ KPI FY2019 targets

Ordinary income: ¥161.6 billion (up ¥40.0 billion compared with FY2016)

Ordinary income: ¥44.7 billion (up ¥8.0 billion compared with FY2016)

With changes in the business environment gathering pace, we judged that it is difficult to make up for the delays in the plan

FY2019 plan: ordinary income ¥148.9 billion ordinary profit ¥39.7 billion

Build foundation for a long-term growth

Continue to promote

➤ Build the foundation for the growth from FY2020 onwards







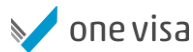





Continue to firmly and progressively implement measures
Move from the “sowing” stage on to “nurture” stage

Status of Progress in Medium-Term Management Plan (2)

	Plan	FY2019 Outlook	Difference	Factors
Consolidated	+40.0	+27.3	(12.7)	Accumulated ordinary income with respect to FY2016 results (Billion yen)
ATM Platform Business				
Consistently expand the scale	+10.0			Daily average transactions per ATM continues to gradually decline
Further improve quality				
Create new styles of ATM usage	+5.0	+3.6	(11.4)	The ATM installation has been delaying compared with the plan primarily due to the control in new 7-Eleven store opening To start new services, it takes time to develop a new market
Settlement and Account Business				
Loan service	+5.0	+3.0	(2.0)	Changes in environment surrounding bank loans and slower growth in outstanding loans
International money transfer services				The revision of the Immigration Control and Refugee Recognition Act to further expand the money transfer market
Debit services				The number of cards issued and the usage have been strong, but spending per transaction has been below expectations
Sales proceeds deposit service				Corporate customers who are using services other than 7-Eleven have been steadily increasing
Overseas Business				
U.S. operations	+20.0	+19.5	(0.5)	Installation at all U.S. 7-Eleven stores completed as planned
Asia (Indonesia, etc.)	+α	+0.0	+0.0	The business environment changed and we could not expand business operations

Promote **expansion of business fields** including consolidated subsidiaries and affiliates

Domestic Business

Domestic Business	ATM platform	ATM	<ul style="list-style-type: none"> ➤ Build new business model for contract-based ATM operation ➤ Create new usages by leveraging next-generation ATM  
		Security	<ul style="list-style-type: none"> ➤ Create business by leveraging “safety and security” knowhow  
		BPO*	<ul style="list-style-type: none"> ➤ Strengthen back-office support business as common infrastructure  
		Foreign residents	<ul style="list-style-type: none"> ➤ Offer financial service infrastructure for daily life 
	Settlement and account	Settlement and account	<ul style="list-style-type: none"> ➤ Account business in collaboration with other companies  
		Financial products	<ul style="list-style-type: none"> ➤ Enhance lineup of easy-to-understand and simple financial products 
		Corporate	<ul style="list-style-type: none"> ➤ Offer settlement service for corporate customers at ATMs and over the internet 
Overseas Business	U.S.	U.S.	<ul style="list-style-type: none"> ➤ Expand ATM use ➤ Offer new financial services by creating synergies with SEI 
		Asia	<ul style="list-style-type: none"> ➤ Deploy ATMs, financial services, etc. in the areas where 7-Eleven is operating

*BPO = Business Process Outsourcing

Innovation!

New ATM utilization style: technology innovation + collaboration with new partners



Mar. 2017
Expansion of smartphone ATM service

Aug. 2017
Tie-up with new settlement companies



May. 2018
Cash receipt service

Oct. 2018
Expansion of e-money charges

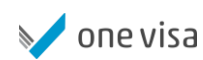


New!

Expansion of new business fields: strengthen collaboration with invested companies, partner companies, etc.

Provide financial service infrastructure for foreigners

Enhance security to prevent money laundering, etc.



ATM

- **Strengthen promotion of new services launched in FY2018**
 - Expand alliances with new settlement companies and Cash Receipt Service
 - e-money charges: enhance visibility
- **Strengthen promotion of installation outside the group**
 - Advance installation related to sightseeing, retail and transportation for Olympic Games and Paralympic Games
- **Strengthen sales and develop functions to replace ATMs of other financial institutions**
 - Strengthen existing functions that differentiate from competitors and develop new differentiating functions (development of identity verification function, etc.)
- **Strengthen promotion of back-office support business centered on money laundering prevention**
- **Review overseas money transfer business with focus on expected increase in foreign workers**
 - Review sales structure (strengthen collaboration with invested companies and partner companies)

Security

Foreign residents

Next-generation ATM

Installation is scheduled to start from fall 2019

- **Pursue further operation efficiency and innovate basic performance such as reduction in environmental burden**
- **Incorporate technology innovation such as highly accurate cameras and scanners, etc.**
- **Considering service enhancement with new usages such as personal authentication** (planning to hold demonstration experiment)

Domestic Business

Settlement
and account

Financial
products

- **Review UI/UX for “accounts primarily for smartphones and ATM”**
- **Expand service collaboration by utilizing API = Strengthening of functions**
- **Expand customer contacts in cooperation with 7pay and nanaco and contribute to streamlining of settlements at cashier**
- **Develop and offer unique products (fund management, insurance, etc.) in collaboration with invested companies**

Overseas Business

U.S.

Asia

- **Become profitable and develop new services**
 - Streamline business to achieve profitability, push forward to increase usage
 - Develop new services to utilize ATM usage data
- **Consider entry primarily into areas where 7-Eleven outlets operate**
 - Entry with ATM + Consider financial business other than ATM

Treasury stock acquisition: established upper limit of ¥5.0 billion

- Judge taking the status of capital, trend in business performance, level of the company's stock price, opportunity for growth investment, improvement in capital efficiency, etc. into account

Overview of acquisition of treasury stock

Acquisition amount	¥5.0 billion (upper limit)
Number of shares to be acquired	13.5 million (upper limit)
	Ratio of treasury stock to be acquired to shares outstanding*: 1.13%
Acquisition period	From May 13 to July 31, 2019
Acquisition method	Market purchase based on discretionary trading contract
Cancellation of shares to be acquired	Scheduled cancellation date August 20, 2019

* Shares outstanding do not include treasury stock.

As of March 31, 2019: 1,191,632,629 shares (treasury shares: 831,371)

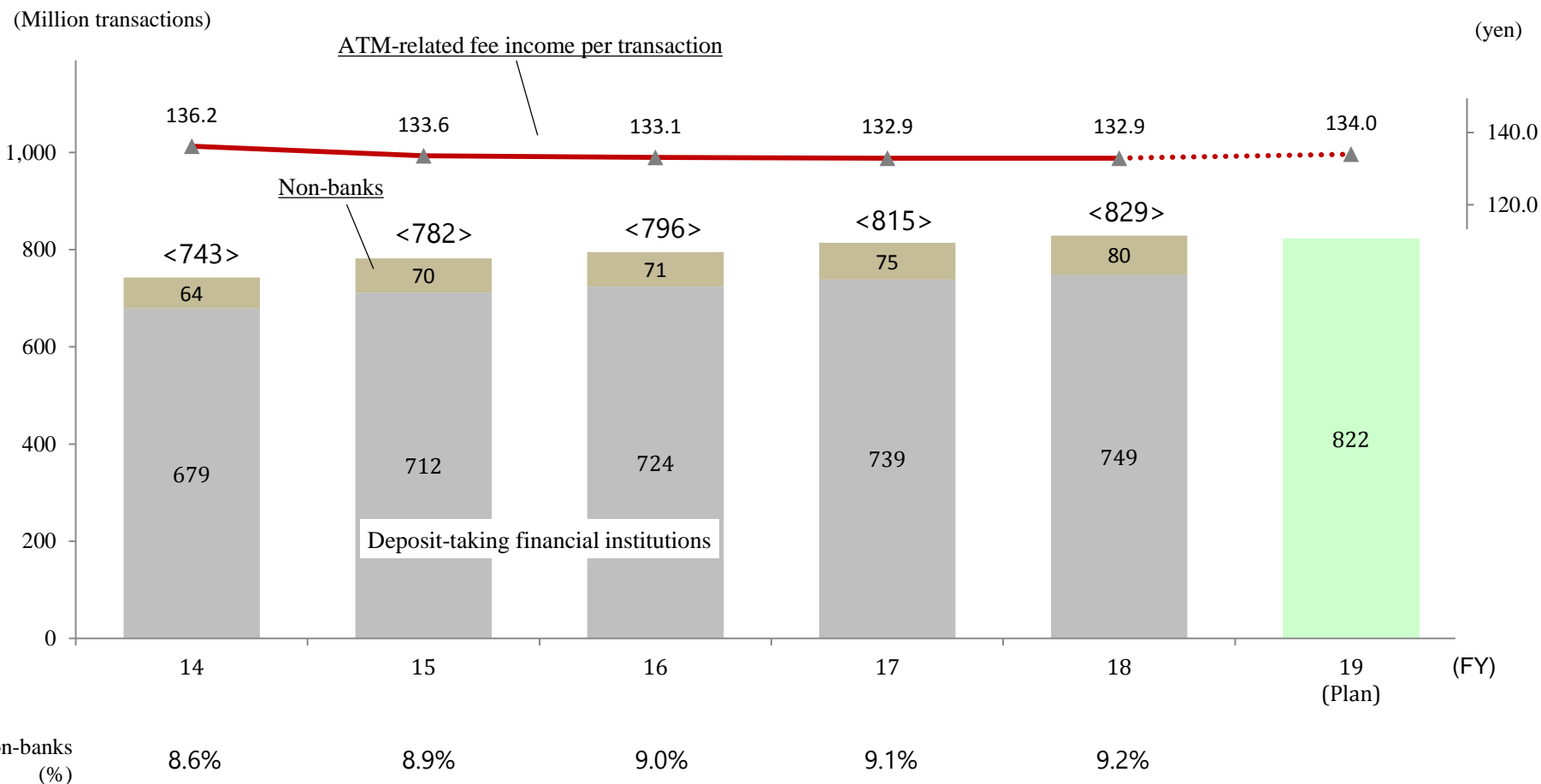
	FY17	FY18	FY19	Total for three years
Dividend per share (yen)	10.0	11.0	11.0	
Total dividends (Billion yen)	11.9	13.1	12.9	37.9
Payout ratio (%)	47.0	99.0	48.6	
Acquisition of treasury stock (Billion yen)	--	--	5.0	5.0
Total return (Billion yen)	--	--	17.9	<u>42.9</u>
Overall return ratio (%)	--	--	67.2	



Reference Materials

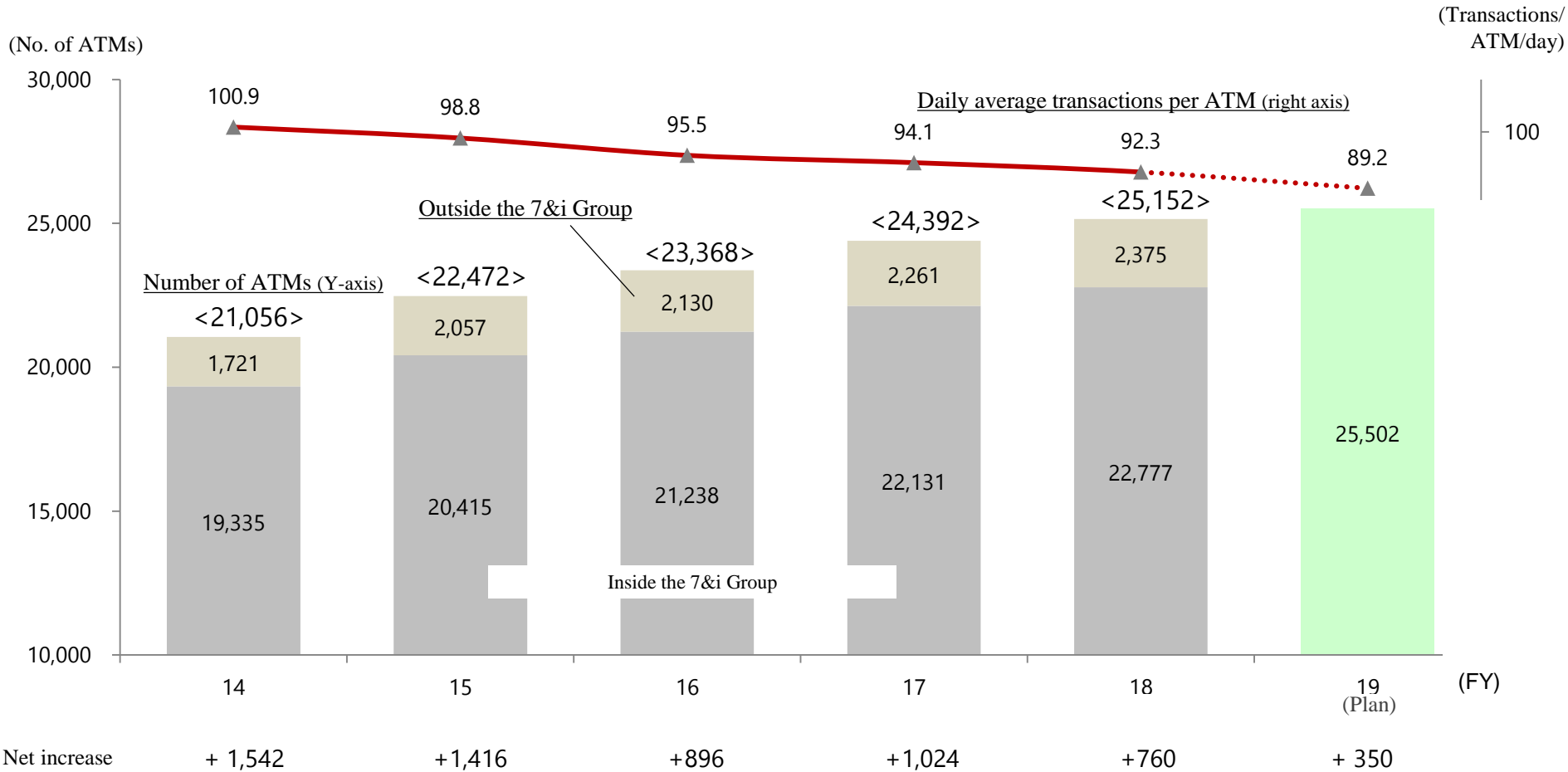
Fiscal year ended March 31, 2019

ATM Usage and Fee Income per Transaction



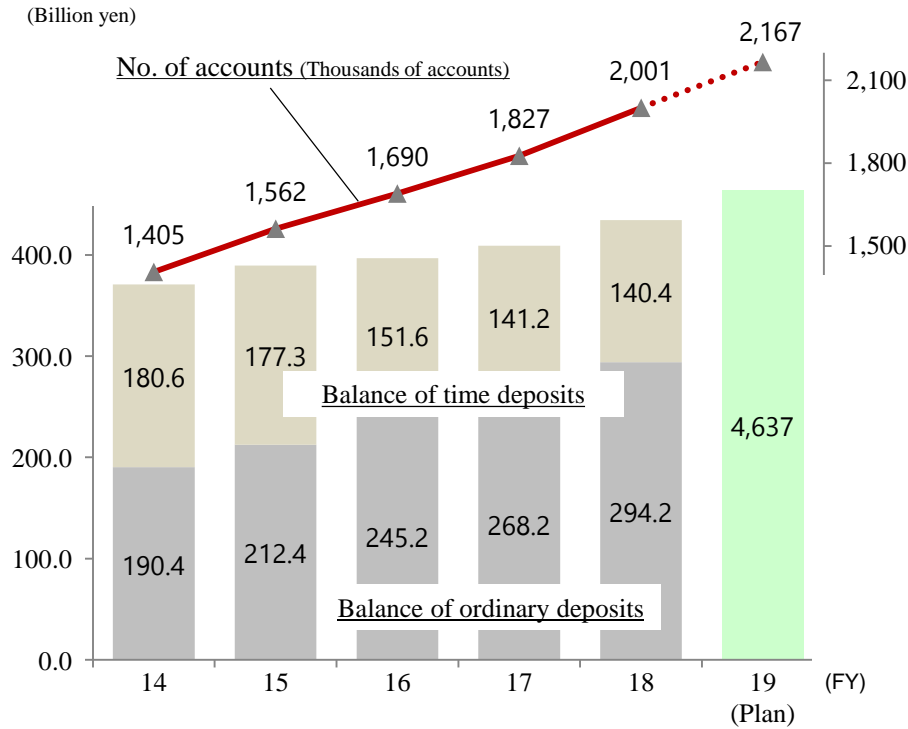
- Notes: 1. Daily average transactions per ATM do not include balance inquiries, e-money charges, PIN changes and withdrawal limit changes.
 2. ATM-related fee income per transaction = ATM-related fee income / (Total of transactions – Total of transactions without ATM-related fee income [i.e. sales proceeds deposits])
 3. In this report, securities, life insurance, credit card, consumer credit and consumer financing companies are all referred to as “non-banks.”

Number of ATMs and Daily Average Transactions per ATM



Note: Daily average transactions per ATM do not include balance inquiries, e-money charges, PIN changes and withdrawal limit changes.

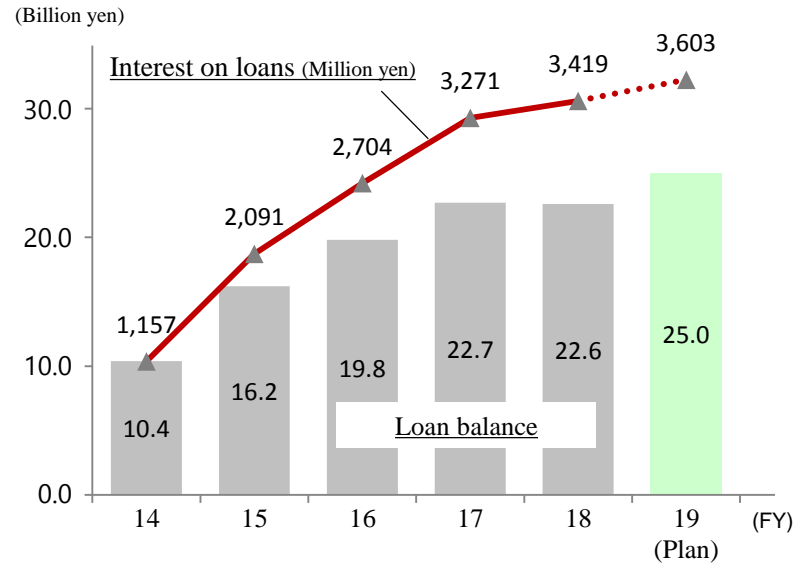
Number of individual accounts and balance of deposits



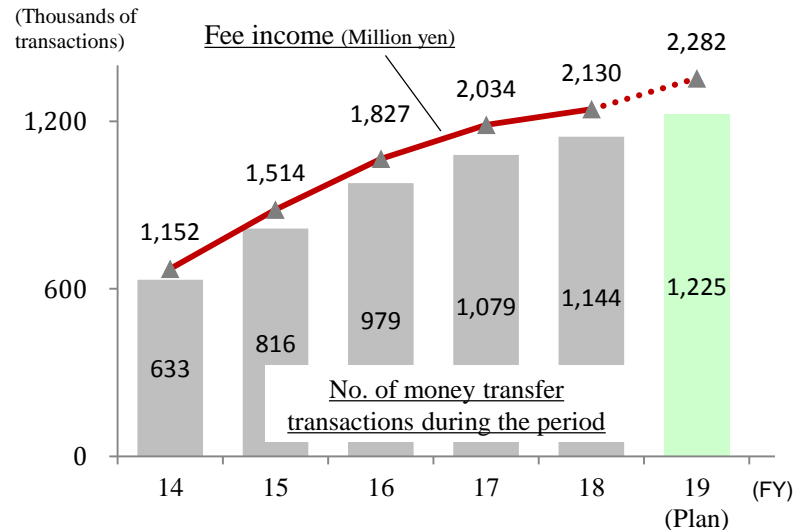
Debit services

	FY18	FY19 (Plan)
Accounts (Thousands of accounts)	484	618
Number of transactions (Thousands of transactions)	10,473	14,462

Personal loan services

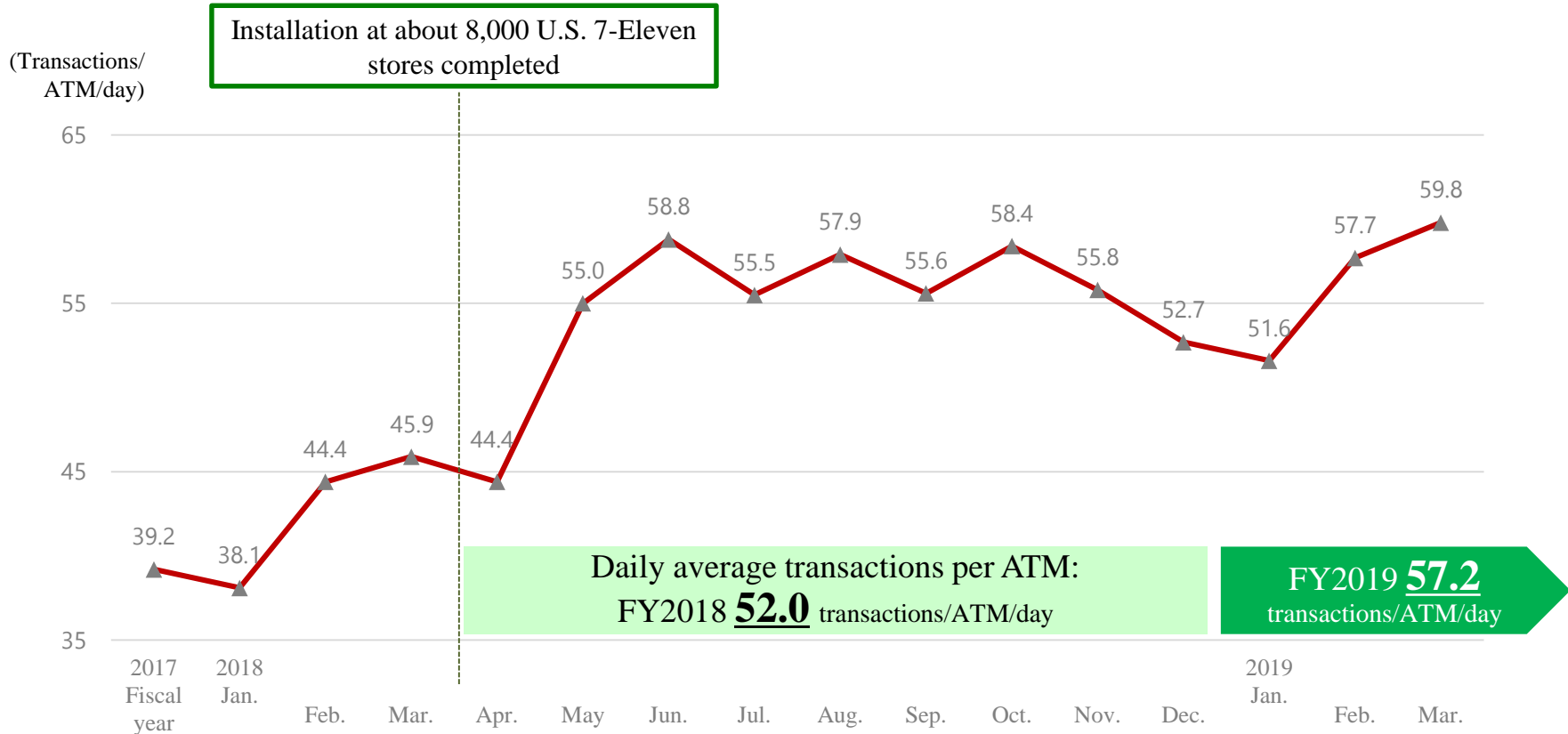


International money transfer services



ATMs installed at U.S. 7-Eleven

Monthly average transactions per ATM



Operation focused on profitability = Focus on ATM business at SEI and systematic streamlining of low-profitable ATMs

Note: Figures from June 2018 include ATMs installed by Sunoco

These presentation materials contain forward looking statements concerning forecasts, expectations, goals and plans related to the financial results of Seven Bank, Ltd. (“Seven Bank”) and its consolidated subsidiaries, etc. Except for concrete historical facts, these forward looking statements are based on the information available when they were written. As such, these forward-looking statements may contain some premises (assumptions). These statements and premises (assumptions) are subjective and subject to various risks and uncertainties. As a result of such risks and uncertainties, the actual financial results of Seven Bank may differ substantially from these forecasts and expectations. Such risks and uncertainties include, without limitation, system malfunctions, disasters, crimes and other various risks entailed in the ATM Platform Business, Settlement and Account Business and Overseas Business. Any information in these materials, which is other than that of Seven Bank and its consolidated subsidiaries, etc. is based on publicly available information, and we have not validated the accuracy or appropriateness of such information and do not guarantee its accuracy. All rights reserved.



Note: Earnings announcement data can be found on our website.
(<https://www.sevenbank.co.jp/english/ir/library/presentation/>)