

Summary of Results for FY2014

Lawson, Inc.
April 10, 2015

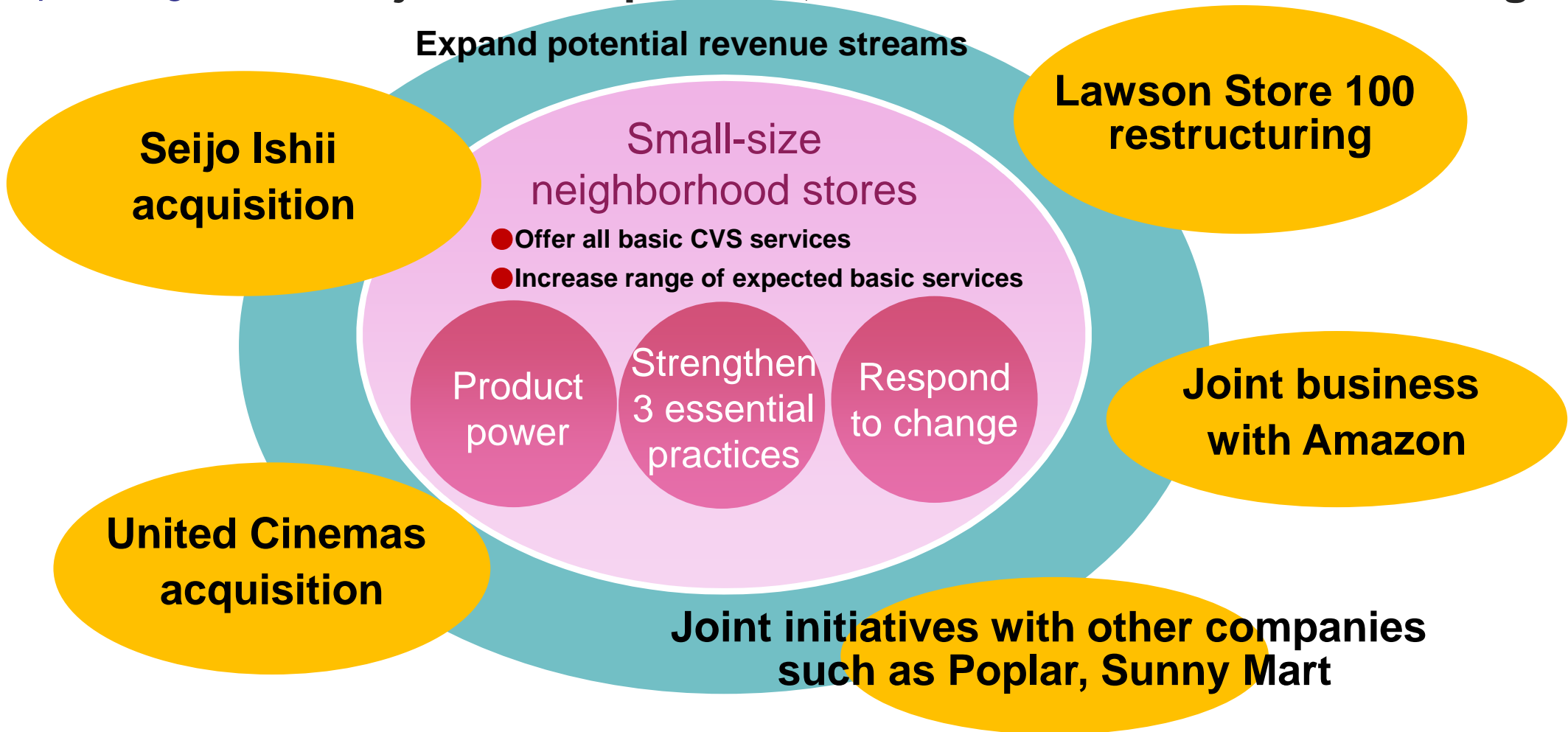
Leverage Lawson's unique strengths to respond effectively to social changes

Genichi Tamatsuka
President and CEO, Representative Director
Lawson, Inc.

Fiscal 2014 Review

Convenience store business in Japan : **Tough competition, polarized consumption, falling customer numbers**

Group management : **Seijo Ishii acquisition, Lawson Store 100 restructuring**



Fiscal 2014 Review

Consolidated OP increased 3.5% YoY, but fell 6.0% short of Plan.

	FY2014 Actual
Consolidated Operating profit (billion yen)	70.4 (vs Plan: ▲4.5)
Consolidated Net profit (billion yen)	32.6 ** (vs Plan: ▲6.2)
Non-consolidated* Net sales at existing stores (YoY)	99.0%
Non-consolidated* Gross profit margin ratio	31.3%

*excluding LAWSON MART/LAWSON STORE100 business

**Special loss of 4.2 bn. yen related to Lawson Mart and Lawson Store100 restructuring.

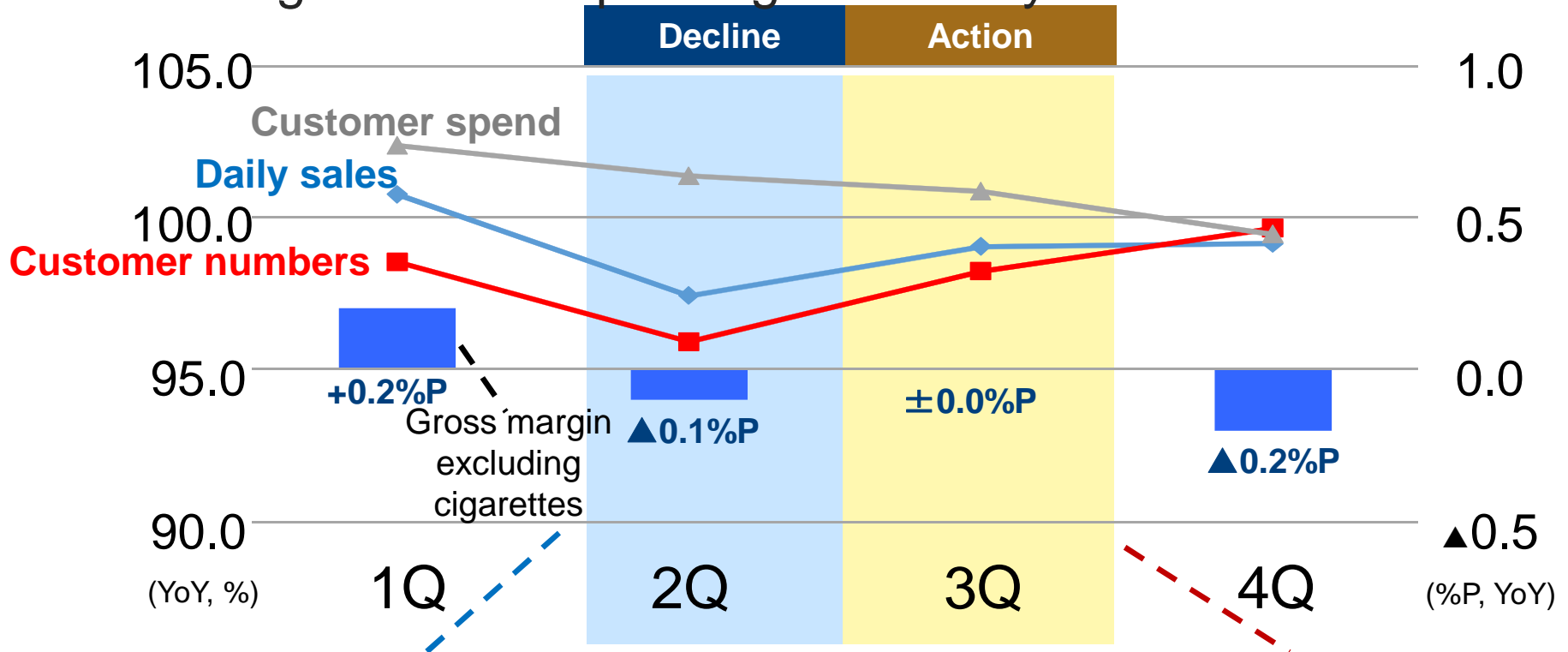
FY2014 Review: Quarterly Trends

1H: Tough competition, polarized consumption, inclement weather

➔ Customer visits began falling in summer 2014

2H: Stronger sales promotions, etc.

➔ Gross margin down despite slight recovery in customer numbers



Inclement weather
Sales-tax hike ⇒ polarized consumption
Falling demand for staple foods

Introduced MACHI café S-size
Increased TV commercials
Implemented strategic price changes

Tough Competitive Environment

A portion of our main customer base defected to other companies and industries

Customer numbers down

	Men	Women
Defected where*	<ol style="list-style-type: none"> 1. Competing convenience stores 2. Eating out 3. Drugstores 	<ol style="list-style-type: none"> 1. Supermarkets, GMS 2. Competing convenience stores 3. Drugstores
Defected why*	<ul style="list-style-type: none"> ● Needed to offer more coffee ● Needed to satisfy demand to drink at home 	<ul style="list-style-type: none"> ● Wanted more semi-made meals to prepare at home

*Lawson survey of men and women between the ages of 30 and 59

Arresting the Fall in Customer Visits

Introduced strategic prices, distributed coupons to main customer base
Worked to boost customer visits by revitalizing various categories, etc.

Various actions taken since summer 2014

Boosting
customer
visits

[Men]

[Women]

Introduce Machi S-size coffee (Sep.~)

Spruce up chilled lunchboxes (Sep.~)

Expand large-scale sales

30/50 yen off lunchboxes (Dec.~)

100 yen sales of bakery items (Dec.~)

Refresh salad ranges (Feb.~)

Expand large-scale sales

OTC Fast Food 10% off sale (Aug.~)

100 yen sales of bakery items (Dec~)

Price Change of Key Value Items (Nov.~)

Distribute thank you coupons

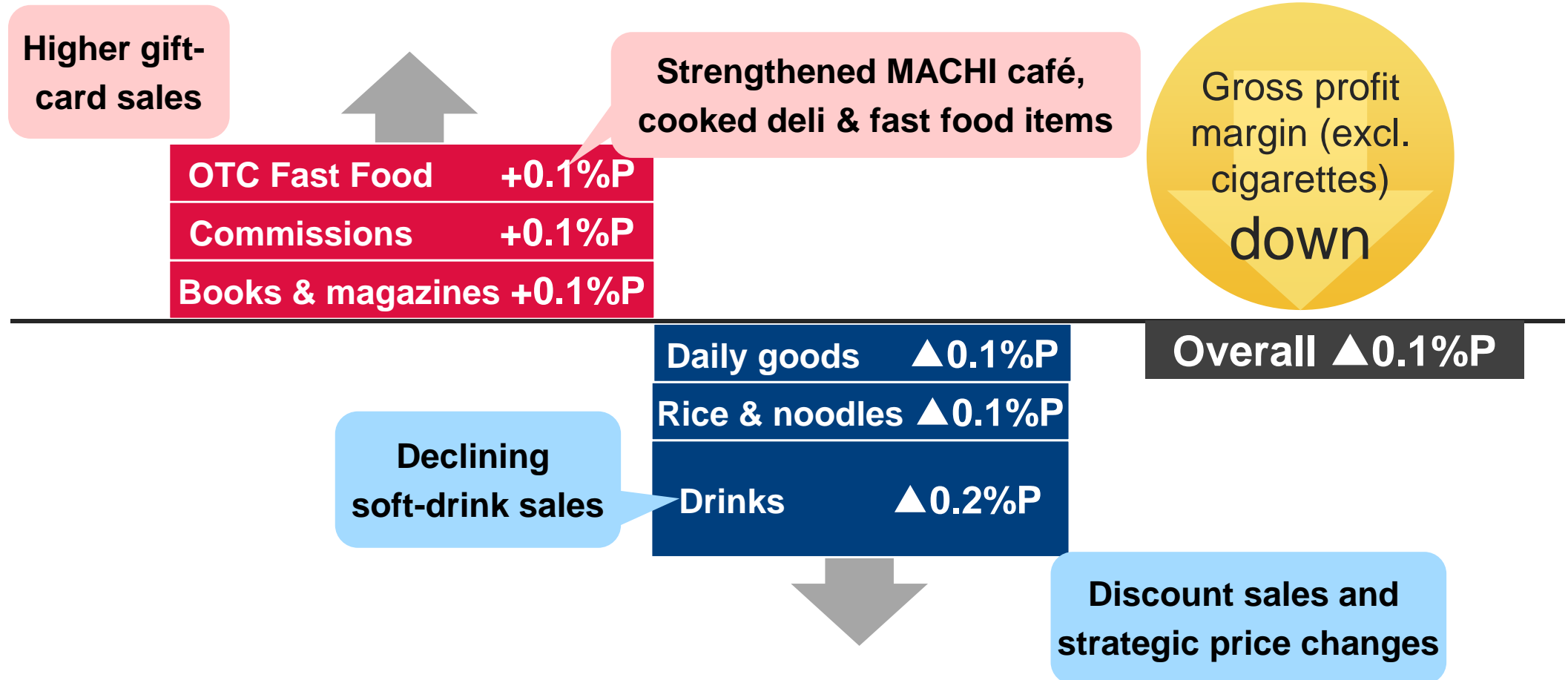
(Expand applicable categories from Oct.)

Refresh salad ranges (Feb.~)

FY2014 2H Gross Profit Margin

Gross profit margin (excl. cigarettes) fell year on year due to pricing strategies, discounting, and the continued decline in soft-drink sales

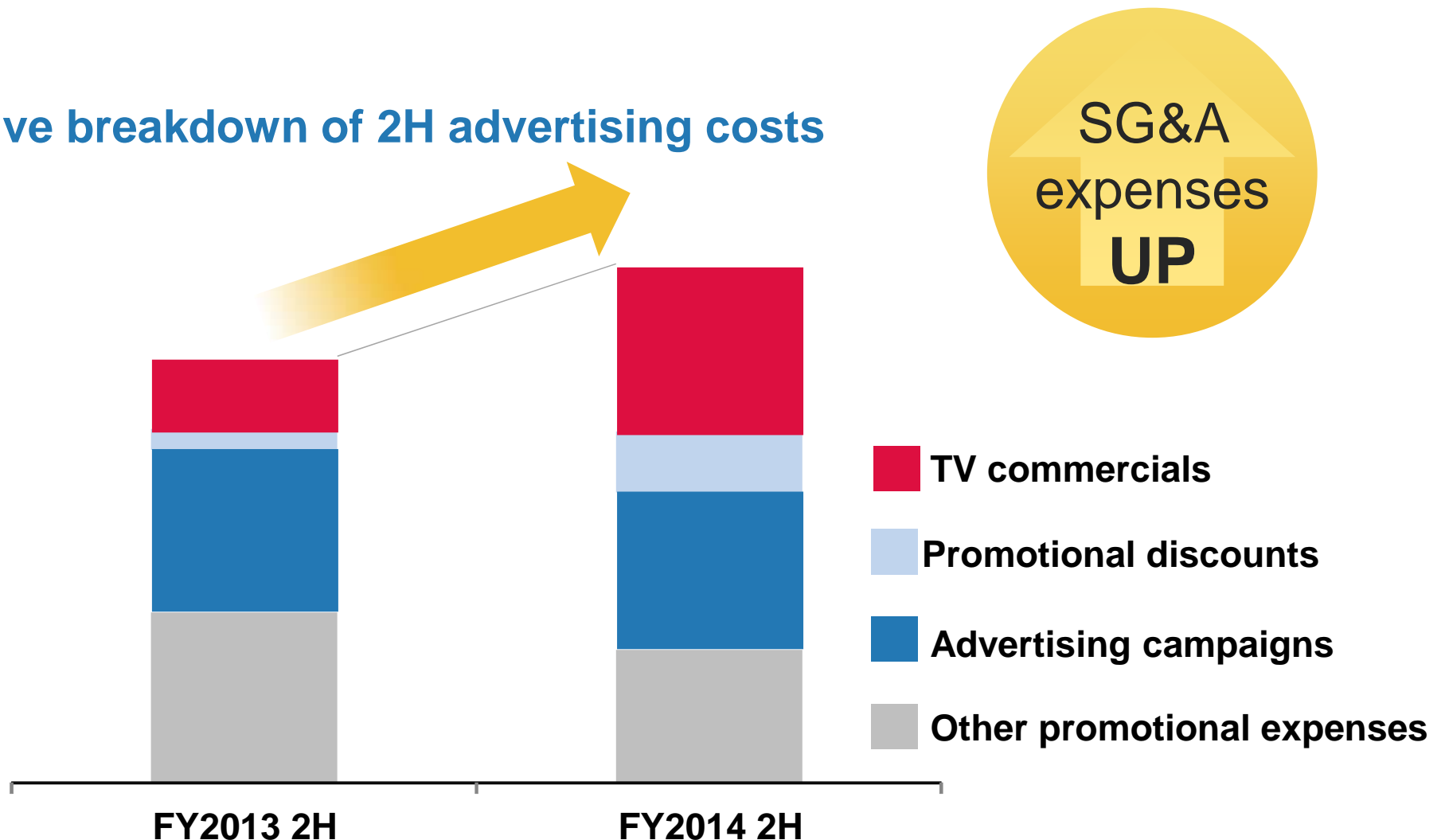
■ YoY change in 2H gross margin per category



FY2014 2H Advertising and Promotion Expenses

Advertising and promotion (A&P)* costs up 20% YoY
Expenditure on TV commercials doubled YoY

Comparative breakdown of 2H advertising costs



* Includes some FC owner supporting cost which is part of 'other SG&A'

FY2014 Review: Existing Store Daily Sales, Gross Margins

Customer numbers

- **Customer visits fell** on polarized consumption following the sales-tax hike, and inclement weather
- **Slight improvement in 2H**, thanks to new MACHI café S-size, more TV commercials and large-scale sales

Customer spend

- **Declined in 2H** as a result of discounting to attract customers, and lower drinks and fast-food sales

Gross profit margin

- **Fell short of target**, due to strategic price cuts and declining soft-drinks sales

Franchise owners

- **Franchise owners' profits deteriorated** on the back of lower sales and higher costs

FY2015 : Actions Toward Mid-term Growth

Respond to social change + Leverage Lawson's unique strengths

Fresh from the oven

- Fried foods, ready-made meals, snacks
- MACHI café
- Machikado Chubo in-store kitchens

Healthier communities

- Tasty & healthy
- Healthcare-focused LAWSON
- Care-focused LAWSON

Everyday support

- Everyday goods/ foods
- Safe vegetables
- Community-focused LAWSON
- SEIJO ISHII

Be closer to customers

- Concentrated-area delivery/dispatch
- Order directly or via visiting salespeople
- Open platform

Fun in the community

- Entertainment all-round
- Ticket, CD·DVD, Goods
- HMV, UNITED CINEMAS

3 Key reinforcements

Store

- Overhaul franchise system
- New semi-automatic ordering system
- Guaranteed quality new stores

Product

- CVS core & lead items
- Supermarket alternatives
- Overhaul supply chain management

Franchise Owners Support

- Improve store hardware
- Accelerate new franchise package

Based on our "Three Essential Practices"

Strengthen Product Power

Creation of “competitive & better products” to respond to social change

CVS core products
(must-have items)



Supermarket substitutes



Competitive
& better
products

Unique differentiating items



Radical review of
promotion strategies



Strengthen Product Power

Core CVS items

Develop leading items in our core sales categories, respond more fully to demands from main customer base



Large salmon LB



Thick pork roast & fillet LB



3 cheese carbonara pasta



Ripe tomato neapolitan spaghetti



Tuna and corn salad

Supermarket substitutes

Strengthen our function as a substitute supermarket by overhauling Lawson Select, and strengthening the range of daily delivered food

Evening meal (ingredients):
Food delivered daily
-Cooking ingredients/
sauces



Evening meal (simple, ready-made):
Frozen foods, daily foodstuffs



Develop fresh cut vegetables as magnets

For breakfast:



Daily essentials



Strengthen Product Power

Develop unique differentiators

➤ Strengthen business at the counter

Over the counter fast food

- More cooked meal items and nibbles



MACHI café

- All rainforest alliance-certified beans
- Differentiate menu choice



Machikado Chubo in-store kitchens

- Stronger basic items



➤ Offer tasty, healthy foods



Expand our bran breads



Sell foods with health appeal



Expand healthy snacks SKU

Revolutionize promotions

➤ Clear, simple promotion



➤ Categorize product to boost customer visits

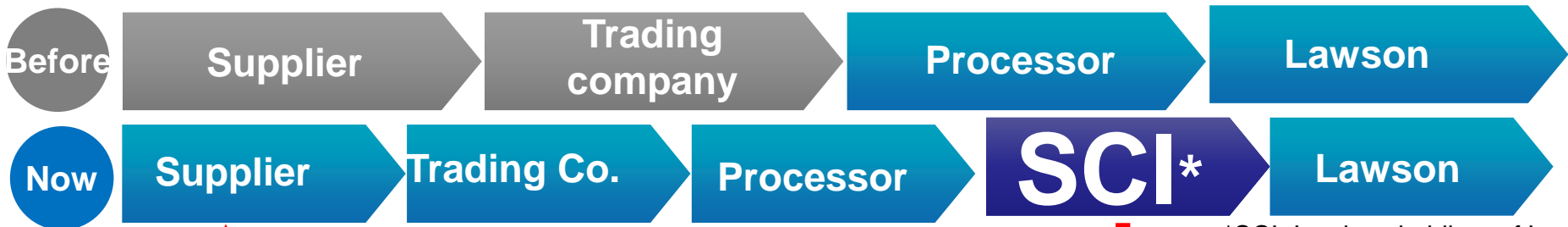


➤ Overall category appeal



Enhance Supply Chain Management

- Secure high-quality ingredients at stable prices for all stores, even against background of weakening yen and rising raw material prices
- Unique strategies to counter tough conditions, maintain high GPM



*SCI, Inc. is subsidiary of Lawson., Inc.

Negotiate directly
 Ensure best timing by analyzing raw material procurement and conditions (market price, exchange rates)

Before Procure ready-made items
 Now Heavy involvement from raw material stage



Revolutionizing Practices to better serve our customers

Lawson and franchise stores to create more attractive stores

Good store guidance

- Create system to provide detailed guidance
- Well developed FC store organization
- Boost supervisor skills

Semi-automated ordering

- Optimize procurement of ready-made food, like lunch boxes, sandwiches
- Reduce operation time of store crews

Planned orders

- Optimize purchasing of such as beverage, snacks, and daily goods
- Simplify operations

Attractive stores = Stores that please customers

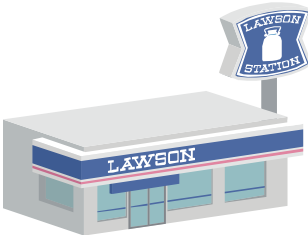
- **What customers want are available every day**
- **Uncover the hidden needs of customers**

Enhance Store Power: Semi-automated Ordering

Suggests optimum inventory levels, based on Ponta member data

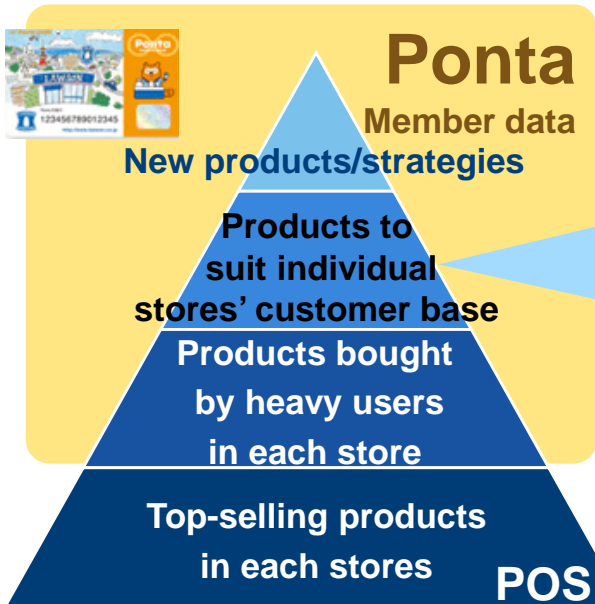
System

35,000 calculations a day

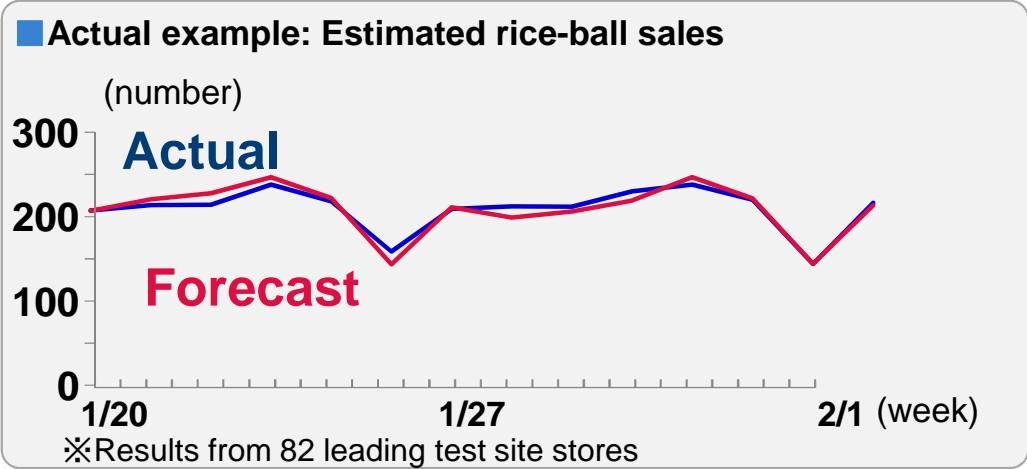


Stock recommendations
4 times a day

Recommended merchandise assortment



Produces recommended levels by matching individual store data with **1.08 billion** total Pont member data



Improvement **Enables more time to be spent on customers**
(customer service, better in-store cooked food, etc.)

Accelerate Introduction of New franchise contract package

- Lawson HQ will share the risks and support to create appealing and attractive stores
- Support franchise stores to execute aggressive purchasing

End FY2014: Approximately 3,500 stores
⇒ End FY2015: 6,000 stores

New franchise contract package:

- HQ to bear 50% of electricity costs
- HQ supports portion of food disposal depending on franchise store's disposal loss ratio
- Revise charge ratios, etc., Increase charge income of HQ



Taken from FY2011 business results documentation

Organizational Restructuring

Operations & store development

- Ensure information transmitted directly between managers and HQ to stores
- Independent reporting lines to ensure operations and store development focus on their individual missions

Product lines

- Combine nine partially optimized category-specific product sections into their new product sections

Franchise Operation Support Div.

- Establish a Franchise Operation Support Div. to improve franchise guidance and support



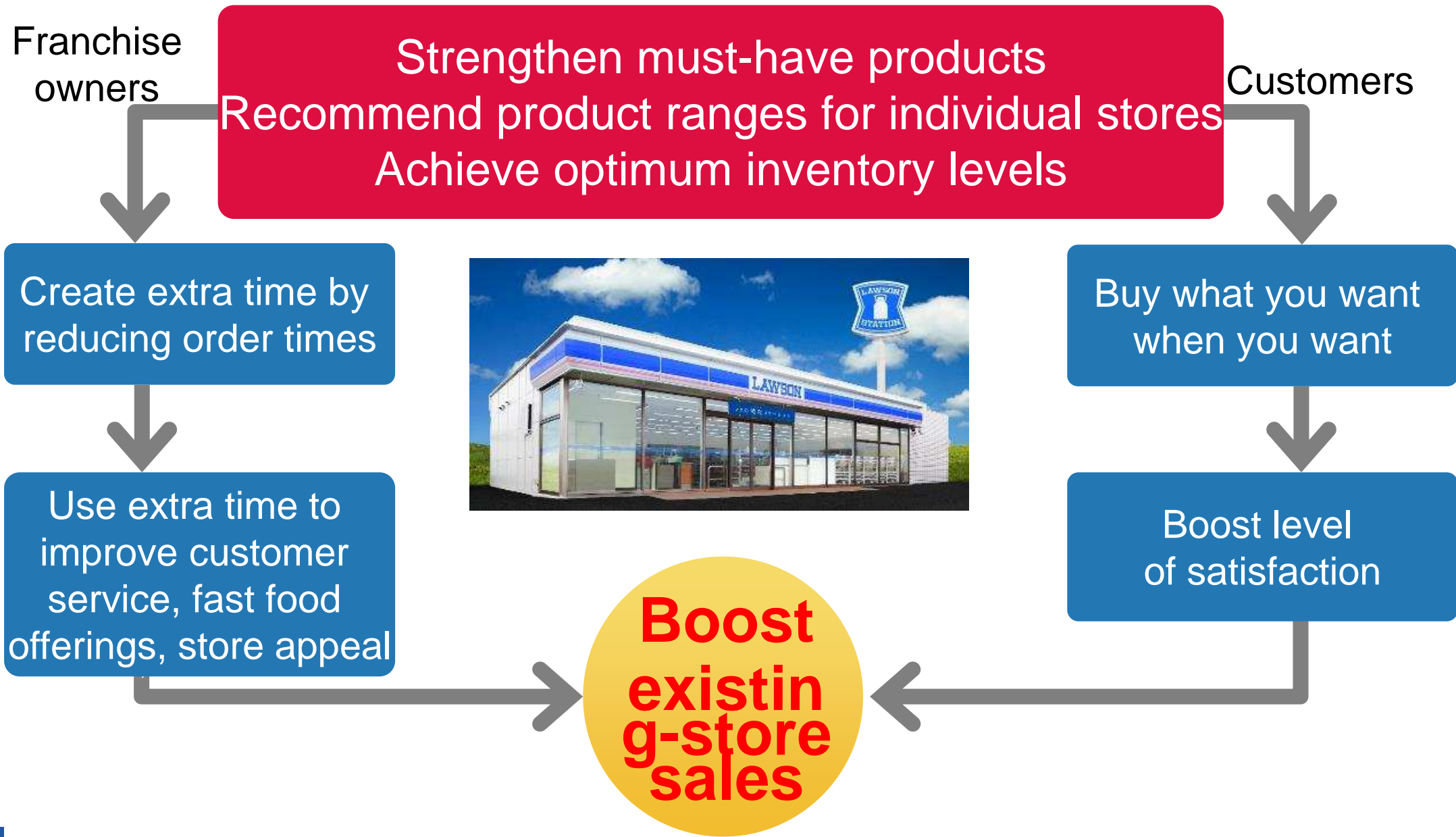
Change organization to boost:

Store power

Product power

Strong franchise links

Maintain Existing-store Sales, Improve FC owners' Profits



Fast Food Freshly Made for You

Differentiate our stores by expanding Lawson's renowned over-the-counter fast-food range

Value-added: Fast Food Freshly Made for You at the store

- Aggressive expansion of fast food served at the counter
- Boost profits by offering value-added ready-made, special counter food to differentiate Lawson from other competitors

Eat at home
Main dishes



Meat croquet

Drinking at home
Side dishes



Yamitsuki garlic and sesame chicken

Ready-made food
Food cooked in-store



Machikado Chubo

Snacks



Kara'age-kun

L-size chicken nougats

Café
Coffee



MACHI café

Contributing to the Health of Local Communities

Enhancing community health

Health + Convenience

Tasty health food



Balanced grilled mackerel Lunch Box



Bran bread



NATURAL LAWSON's healthy snacks and drinks

Lawson healthcare system

Lifestyle support, OTC drugs



Healthcare-focused LAWSON



Care



Care-focused LAWSON



In the home

Medical care



LAWSON pharmacy stores



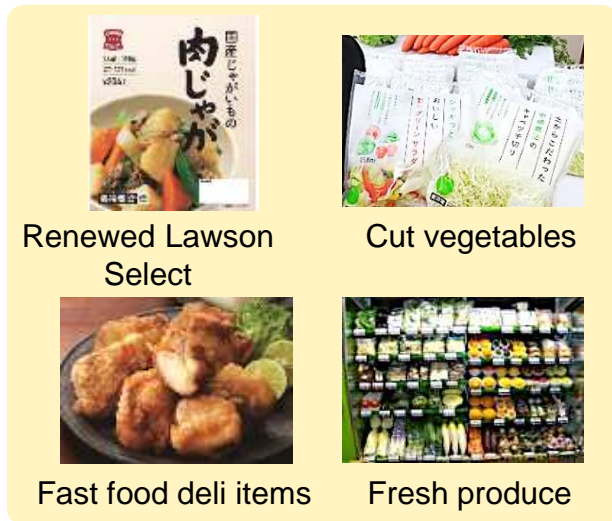
LAWSON hospital stores

For an ageing, health-conscious society

- Develop unique healthy foods such as bran bread
- Develop as the market pioneer LAWSON in hospital and Care-focused LAWSON

Enhancing Lawson's Lifestyle Support Services

Essential everyday foods + Essential everyday goods



Community-focused
LAWSON
Flagship stores to
support daily lives

Regular LAWSON stores
Expand range of everyday
essentials in regular stores too

Products

- Bigger displays of cut vegetables, fresh foods delivered daily, delicatessen items, etc.
- Stronger range of condiments, washing powder and other household goods

Store equipment

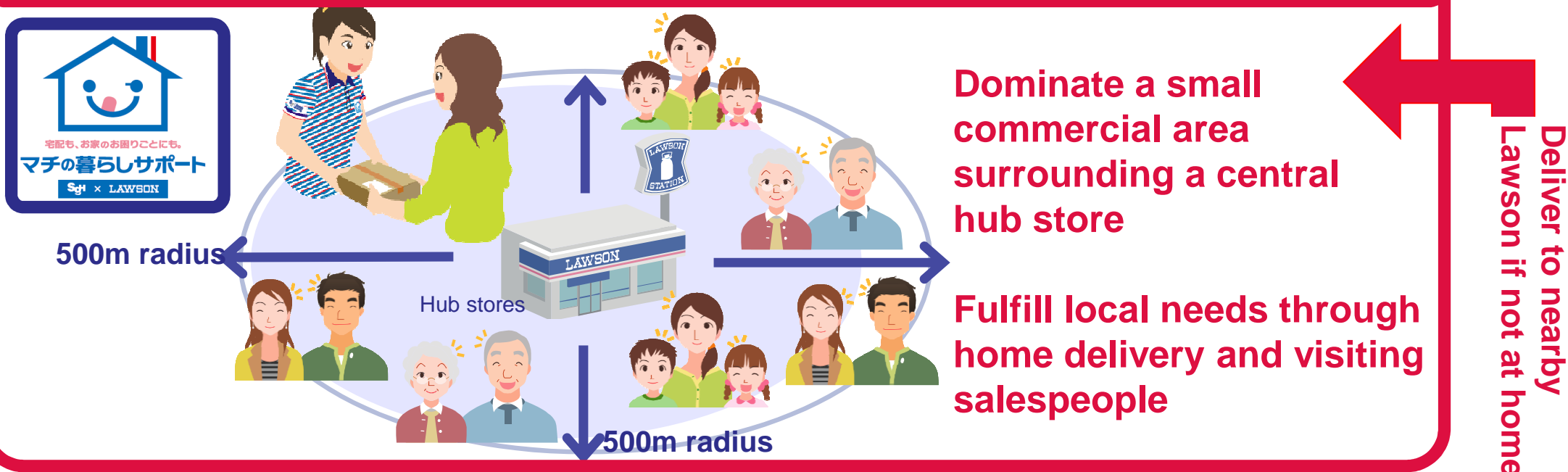
- More open chilled cases, and higher shelves
- More freezer display cases

Convenient support for busy working women and elderly people

- Aim to have 2,300 community-focused LAWSON by end of FY2015
- Use Lawson Farm and the Nakashima farming method to promote safe, reliable vegetables

Getting Closer to the Customer – Open Platform Strategy

SG Lawson Co., Ltd. to manage home-delivery in small commercial areas



Outsourcing the delivery function



Joint food deliveries within 500m radius

TRANSPORT!
COMMUNICATION
SAGAWA

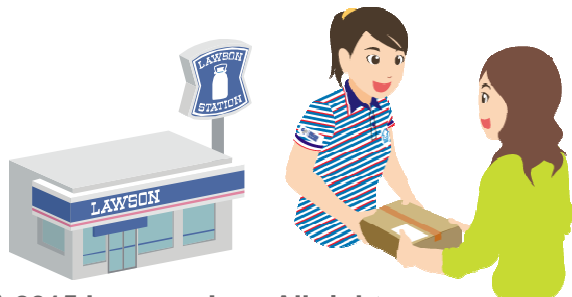
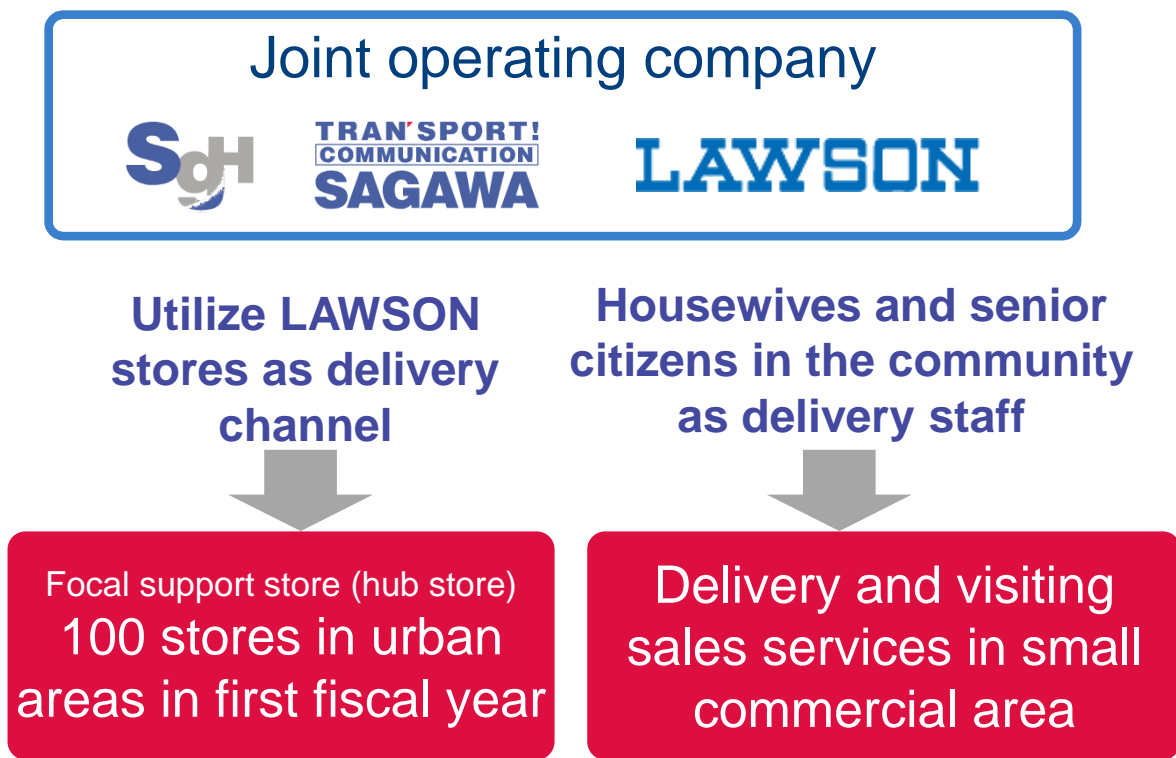
Deliver light packages within 500m radius

Lawson



Entrust home delivery of CVS goods


Outsourcing delivery services and visiting sales for small commercial areas



General life support:
Queries, help with shopping,


Shopping support

CVS delivery



LB freshly cooked in-store

Supermarket delivery



Online supermarket
14,000 SKU incl. fresh fruit & veg.



Respond to customer requests

Health foods



毎日だから大切に




Entertainment





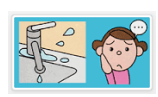
Support for everyday living

Living



Cleaning, house help, removals

Household jobs



Water problems, lock changing, refurbishment

Overseas business

China (Shanghai, Chongqing, Dalian, Beijing)

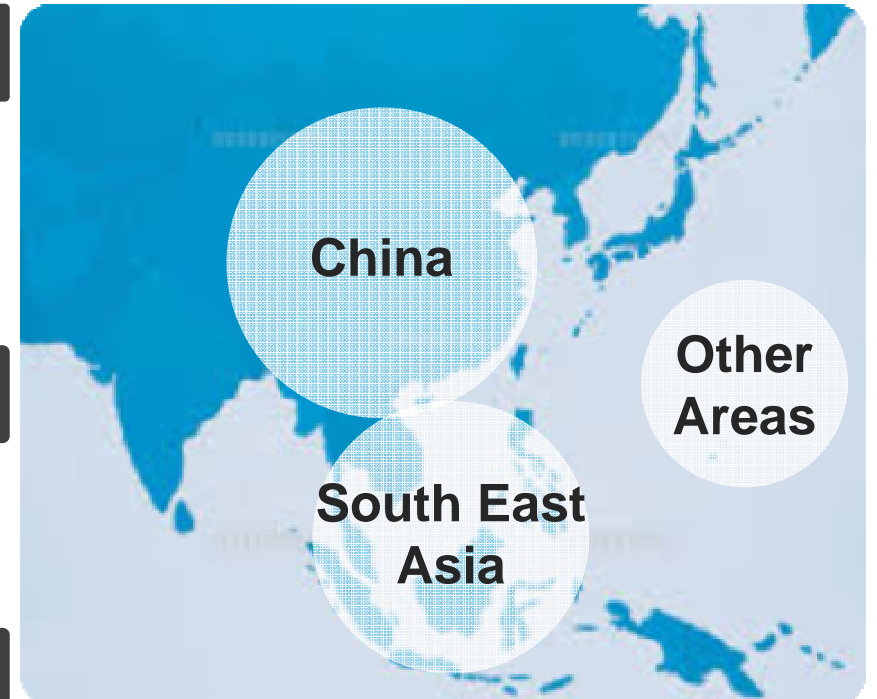
- Gain majority share of subsidiaries and seek the penetration of Lawson brand in the market.
- Establish profitable business model with hands-on initiatives.

South East Asia (Indonesia, Thailand, Philippines)

- Open the first LAWSON Store in the Philippines.
- Expand business leveraging the cooperation with powerful local partners.

Others (new areas including North America)

- Build on the Hawaii operation as a step to enter into the mainland U.S.



Growth Steps for overseas strategy

Seek differentiation of products/services and improvement in brand recognition while meeting regional needs.

Establish Japanese-style convenience store operations, including distribution systems and vendor networks.

Aim to become “community infrastructure” that is indispensable in the region, as a manufacturing retailer focused on small commercial areas,

FY2015: Maintain Existing-store Sales, Improve FC Profits

Strengthen store and product power for customers to boost FC profits

Concentrated investment to strengthen existing stores
(Higher capex and cost burdens)



Maintain existing-store sales
Boost Franchise owner profits

FY2015: Strategic Investment in Existing Stores

Investment & spending to maintain existing store sales and boost FC profits

FY2015 plan

+2,000 Community-focused LAWSON
+600 Machikado Chubo installed stores

Non-consolidated existing store investment

Approx. 25 billion yen

Including leases

Stronger TV ads and promotions
Accelerate new-style FC contracts

Non-consolidated SG&A expenses

A&P + 2 billion yen YoY
Others + 2 billion yen YoY

New Store Strategy

Quality and quantity. 1,200 new stores scheduled for FY2015



FY2015 Lawson store opening strategy in Japan

Open	1,200
Close (exc. LS100stores)	450
Net increase	750

*Net increase of 450 stores when the 300 store closures related to the Lawson Store 100 restructuring plan are included.



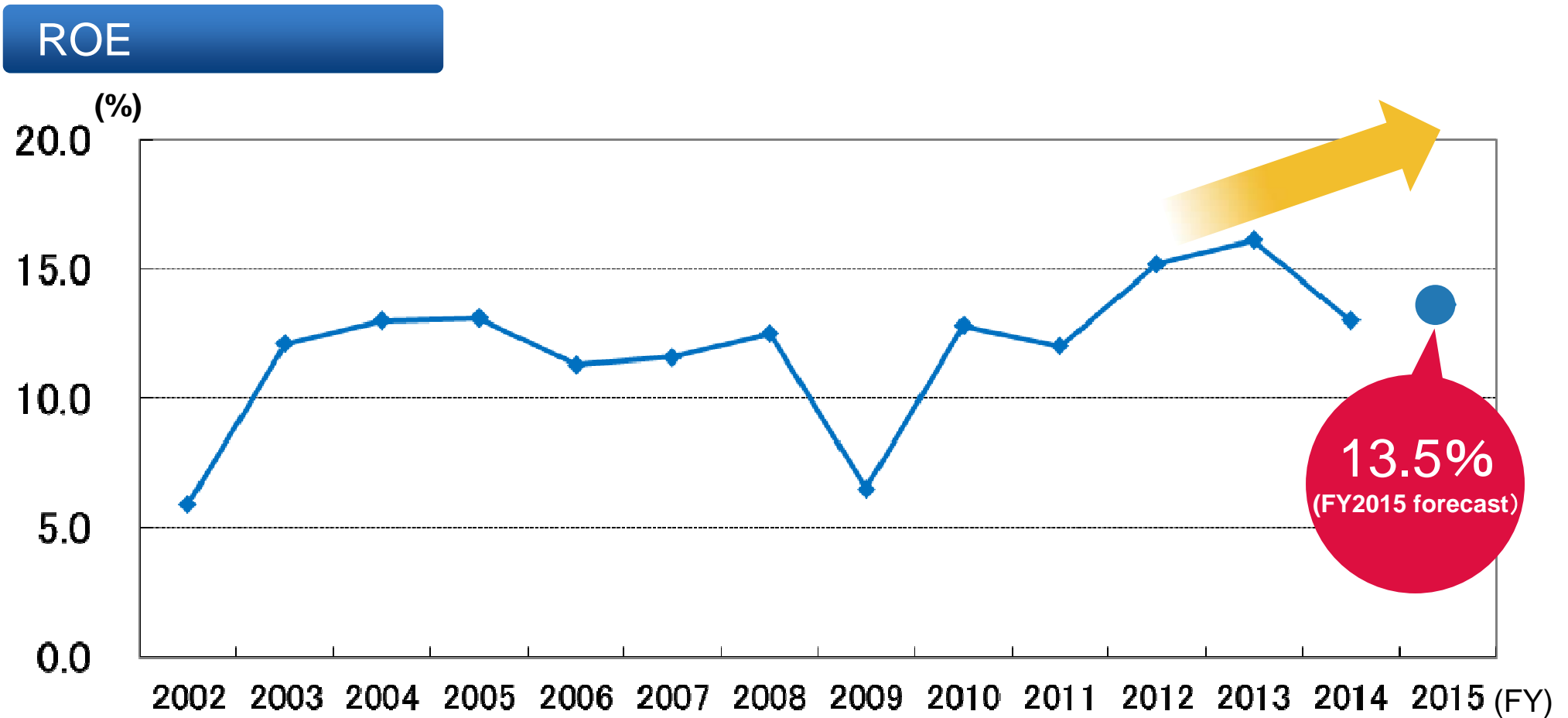
We expect consolidated OP will rise.

		FY2015 Forecast	
		Actual	YoY cange
Non-consolidated	Net sales at existing stores (YoY)*	100.0%	
	Gross profit margin difference (YoY)*	+0.2%P	
	Selling, general and administrative expenses (YoY)	+5~10%	
	Operating profit (billion yen)	58.5	▲2.4 96.0%
Subsidiary Companies and others (billion yen)		12.5	+2.9 131.6%
Consolidated Operating profit (billion yen)		71.0	+0.5 100.7%

*excluding LAWSON MART/LAWSON STORE100 business

ROE

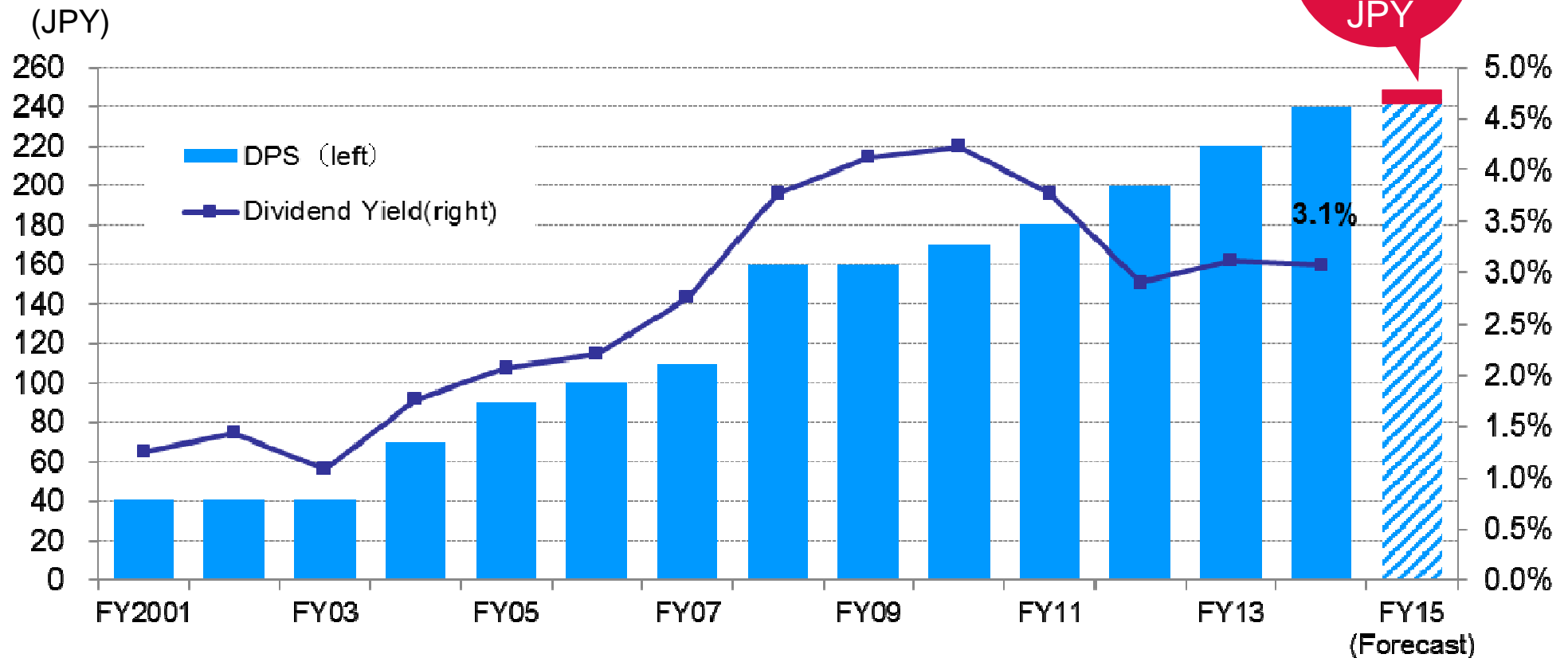
Temporary fall in FY2014 due to special losses
ROE expected to resume upward trend from FY2015 onwards



Dividend

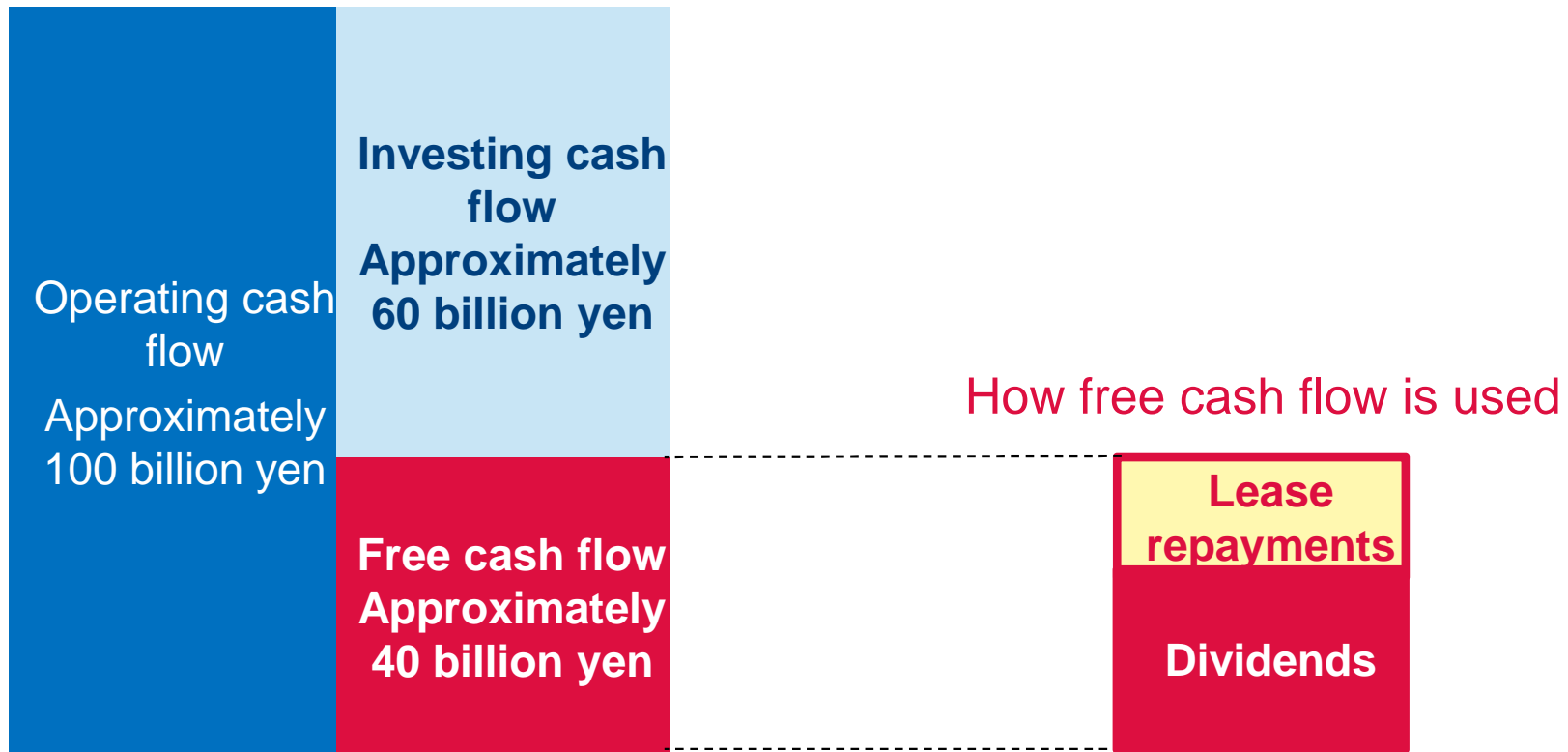
No change in fundamental strategy to gradually increase shareholder returns

Changes in annual dividends per share and dividend yield



Financial Discipline – Cash Flow

Rough picture of cash flow based on convenience store business in Japan (opening 1,000 stores)



Independent officers with various professional backgrounds

Management Executive

Member of the Board (Outside)

Reiko Okutani

Chairman, The R Co., Ltd.

Former civil servant

Corporate Auditor (Outside)

Shinichi Hokari

Former the Board of Audit of Japan

Professor

Member of the Board (Outside)

Emi Osono

Professor, Graduate School of International Corporate Strategy, Hitotsubashi University

Lawyer

Corporate Auditor (Outside)

Tetsuo Ozawa

Lawyer, Tokyo Fuji Law Office

Management Executive

Member of the Board (Outside)

Sakie Akiyama

Chief Executive Officer, Saki Corporation

Professor, CPA.

Corporate Auditor (Outside)

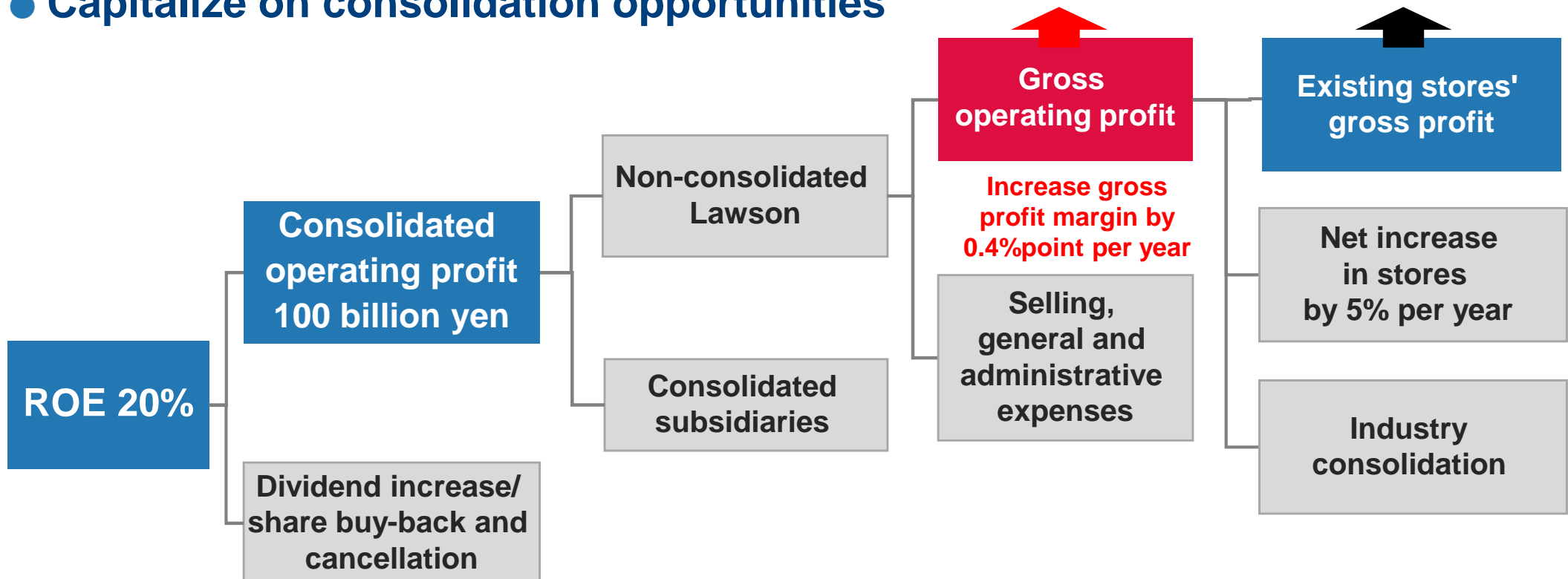
Eiko Tsujiyama

Professor, School of Commerce and Graduate School of Commerce, Waseda University

6 independent officers out of 8 directors and 4 auditors

Medium-term Roadmap

- Initiatives toward 1) 100 billion yen in operating profit and 2) ROE 20%
- Maintain capital discipline with emphasis on ROIC
- Differentiation by products with high GPM and multiple store formats
- High customer retention through CRM leveraging Ponta card data analysis
- Productivity improvement through SCM reform
- Capitalize on consolidation opportunities



Financial Results for FY2014

Earnings Summary of FY2014

(Consolidated: Billions of yen)	FY2012	FY2013	FY2014		
	Actual	Actual	Actual	YoY	vs. Plan
Net sales of all stores	1,906.5	1,945.3	1,961.9	100.9%	99.0%
Operating profit	66.2	68.1	70.4	103.5%	94.0%
Operating profit ratio	3.5%	3.5%	3.6%	+0.1%P	▲0.2%P
Recurring profit	65.9	68.8	71.7	104.1%	97.0%
Net profit	33.1	37.9	32.6	86.1%	84.0%
EPS (Yen)	332.20	380.04	327.08	▲ 52.96	▲ 62.25
Dividend per share (Yen)	200	220	240	+20	-
ROE	15.2%	16.1%	13.0%	▲ 3.1%P	▲ 2.4%P
Total no. of stores in Japan	11,130	11,606	12,383	+777	+95

Note: FY2014 total chain store sales includes sales from the convenience store operation in Japan, overseas operations and sales from Seijo Ishii (consolidated items only). Regarding Seijo Ishii, only the sales of directly operated stores are included.

Note: The number of stores in FY2014 is the total number of convenience stores in Japan operated by the Lawson Group plus the number of directly operated Seijo Ishii stores.

Note: Following changes in FY2014 to the method for counting store numbers, the FY2014 number includes extra small stores (82 stores as of March 1, 2014).

Note: Change indicates comparison with plan announced along with the FY2014 2Q results. second quarter of FY2014.

■ Consolidated operating profit increased 3.5% YoY, but fell 6.0% short of plan

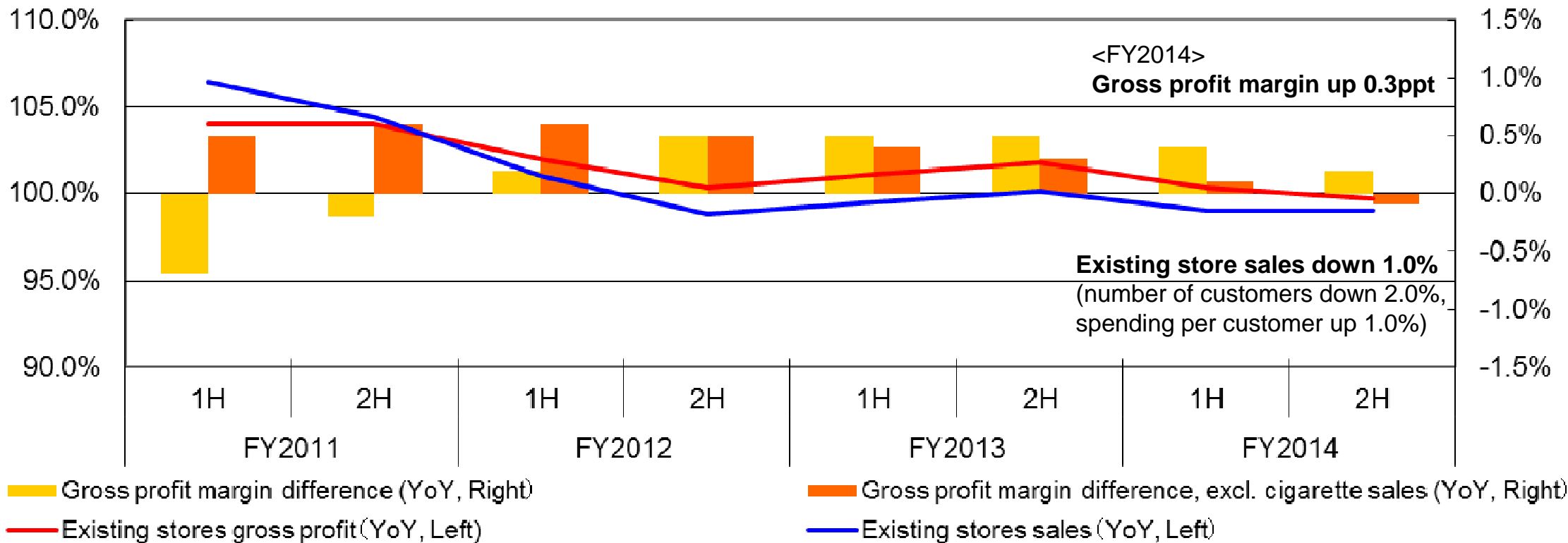
MACHI café renewal and stronger sales promotions to counteract tough competitive environment and polarized consumption trend. Measures to strengthen existing stores: Aggressive introduction of Machikado Chubo stores, injection of funds to boost product ranges.

■ Consolidated net profit fell sharply, contracting 13.9% YoY

Special loss rose by 49 billion yen YoY on the back of goodwill amortization at our Chinese subsidiary and losses relating to Lawson Mart and Lawson Store 100 restructuring.

Existing Stores (Non-Consolidated*)

* excluding LAWSON MART/LAWSON STORE100 business

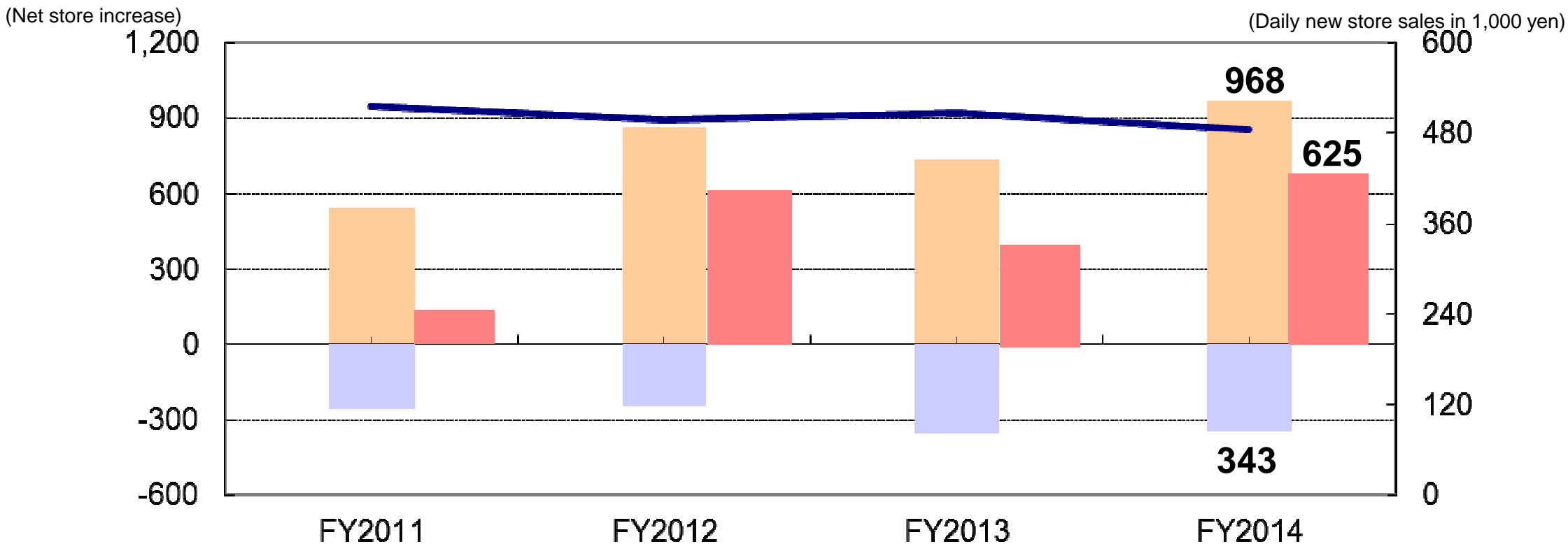


- Existing-store sales fell 1.0% YoY. Poor conditions in the 1H dragged existing-store sales down, on the back of inclement weather, polarized consumption patterns following the sales-tax hike. Customer visits picked up somewhat in 2H.
- Gross profit margin rose 0.3ppt YoY. Falling cigarette component of sales, stronger counter fast food, processed foods and non-food items helped boost profit margins. But the overall gross margin, excluding cigarettes, held flat YoY, following our strategic price cutting moves, etc.
- As a result, gross profit at existing stores, which correlates closely to profits at franchise stores, held flat YoY

Store Openings (Non-Consolidated*)

*excluding LAWSON MART/LAWSON STORE100 business

- Net store increase (Left)
- Store opening (Left)
- Store Closure (Left)
- Daily sales per new store (Right)



- Store openings: Included 89 stores converted from Sunkus in Osaka and other areas, and 40 stores converted from Three F in Kochi. Tough competition knocked daily sales per new store down YoY to 484,000 yen.
- New store openings, store closures, and the net increase in store numbers were in line with plan.
- FY2015 plans (excluding Lawson Mart/Lawson Store 100): 1,130 stores openings, 430 closures. Net increase: 700.

Key Components of SG&A Expenses

		FY2013	FY2014		FY2015
		Actual	Actual	Change	Forecast
Non-consolidated	Selling, general & administrative expenses	213.9	232.9	+18.9	Increase 5-10%
	<Major Expenses>				
	Personnel expenses	35.8	36.6	+0.8	Increase 0-5%
	IT-related expenses (Hardware leasing, software amortization, maintenance, etc.)	14.7	12.7	▲ 2.0	Decrease 5-10%
	Advertising and promotional expenses	9.0	8.2	▲ 0.8	Increase 20-30%
	Facilities expenses	118.1	127.4	+9.4	Increase 5-10%
Consolidated SG&A expenses		290.4	299.3	+8.8	Increase 15-20%

*Including the impact of around 7% from the business restructuring of Ninety-nine Plus.

Compared to Fiscal 2013

Non-consolidated

- A&P: Up approx. 900 million yen YoY including product support extended via new FC contracts.
- Equipment: Large increase relating to transfer of control of Ninety-nine Plus, higher store numbers.

Consolidated

- Increased after SG&A expenses from Seijo Ishii and United Cinemas were incorporated into consolidated accounts.

Compared to Plan

Non-consolidated

+2.7 billion yen v. plan
Increased expenditure relating to review of charges, commission system with Lawson Mart.

Consolidated

+4.9 billion yen v. plan
Includes SG&A expenses from Seijo Ishii and United Cinemas in consolidated accounts.

Earnings of Major Subsidiaries

< Operating Profit of Major Subsidiaries >			FY2014		FY2015
			Actual	YoY change	Forecast
	FY-end	Ownership			
Lawson Mart, Inc.	Feb.	100.0%	1.76	+1.66	0.50
SEIJO ISHII CO., LTD.	Dec.	100.0%	1.54	-	4.90
Lawson HMV Entertainment, Inc.	Feb.	100.0%	3.09	+0.27	3.20
Lawson ATM Networks, Inc.	Feb.	76.5%	5.93	▲ 0.15	5.60
Chongqing Lawson, Inc.	Dec.	100.0%	▲ 0.90	▲ 0.06	▲ 0.80
Shanghai Hualian Lawson, Inc.	Dec.	94.0%	▲ 0.64	▲ 0.24	▲ 0.90

(Billions of yen)

Note: The FY2014 data for newly consolidated Seijo Ishii includes the 3 months of data (Oct.-Dec. 2014) included in the consolidated income statement

Lawson Mart

700 million yen loss (incl. operation HQ at parent). FY2015E: Turn a profit in 2H on product strategy review, 300 store closures, concentrated store area, low-cost operations.

SEIJO ISHII

Included 4Q (Oct.-Dec. 2014) in consolidated P&L. Contributed 1.3 billion yen to consolidated operating profit, after amortization of goodwill and other.

Lawson HMV Entertainment

Profit up on back of strong ticket sales for large-scale events and entrance to theme parks. United Cinema incorporated from FY2014 3Q.

Lawson ATM Networks

Slight fall in profit: Net result of fall in daily ATM usage, rise in new ATMs introduced in line with net increase in store numbers, review of ATM operating costs.

FY2013 Consolidated Balance Sheet

	As of Feb. 28, 2015	Change from Feb. 28, 2014
Total current assets	223.6	27.8
(Cash and deposits)	76.7	▲0.0
(Accounts receivable)	58.6	4.4
Total noncurrent assets	540.9	115.7
Property, plant and equipment	274.4	40.9
Intangible assets	79.5	51.0
(Goodwill)	48.1	38.4
Investments and other assets	187.0	23.7
(Long-term loans receivable)	37.2	3.5
(Guarantee deposits)	93.2	7.0
Total Assets	764.6	143.6

	As of Feb. 28, 2015	Change from Feb. 28, 2014
Total current liabilities	301.0	54.3
(Accounts payable-trade)	103.4	14.2
(Deposits payable)	103.6	16.0
Total noncurrent liabilities	199.7	75.9
(Long-term loans payable)	58.4	58.4
(Long-term guarantee deposits)	29.9	▲ 2.2
Net Assets	263.7	13.2
(Common stock)	58.5	-
(Retained earnings)	147.1	9.0
Liabilities and net assets	764.6	143.6

(Billions of yen)

- Large YoY increase in fixed liabilities (long-term borrowings) and intangible assets (goodwill) linked to the acquisition of Seijo Ishii and United Cinemas.
- Current assets (products) and current liabilities (trade payables) increased on the back of the consolidation of Seijo Ishii's directly operated store operation, and the expanded scope of SCI.

Cash Flows and Capital Expenditures (Consolidated)

(Billions of yen)

● Consolidated Capital Expenditures	FY2012	FY2013	FY2014	FY2015
	Actual	Actual	Actual	Plan
New stores	33.1	32.2	49.0	53.5
Existing stores	8.7	7.0	5.8	10.0
IT-related	5.9	5.3	8.2	13.0
Other	3.2	2.0	2.7	1.0
Subtotal for capital expenditure	51.0	46.7	65.8	77.5
Depreciation and amortization	43.8	47.8	41.8	50.9

(Billions of yen)

● Consolidated Cash flows	FY2012	FY2013	FY2014	FY2015
	Actual	Actual	Actual	Plan
Cash flows from operating activities	85.1	81.5	110.5	Approx. 100.0
Cash flows from investing activities	▲ 54.1	▲ 47.9	▲ 100.4	Approx. ▲ 80.0
Free cash flows	30.9	33.5	10.1	Approx. 20.0
Cash flows from financing activities	▲ 31.9	▲ 39.6	▲ 3.2	Approx. ▲ 45.0
(Cash dividends paid)	▲ 19.2	▲ 20.9	▲ 22.9	▲ 24.2
Cash and cash equivalents at end of period	72.7	68.7	76.7	—

In FY2014, investment cash flow increased in relation to the Seijo Ishii acquisition.
 FY2015E: High investment cash flows on strengthening of existing stores, systems investment, etc.

FY2015 Company Forecast, Consolidated

(Billions of yen)	FY2013	FY2014	FY2015 Forecast	
	Actual	Actual	Plan	YoY
Net sales of all stores	1,945.3	1,961.9	2,074.0	105.7%
Operating profit	68.1	70.4	71.0	100.7%
Operating profit ratio	3.5%	3.6%	3.4%	▲0.2%P
Recurring profit	68.8	71.7	68.9	96.1%
Net profit	37.9	32.6	35.2	107.7%
EPS (Yen)	380.04	327.08	352.00	+24.92
Dividend per share (Yen)	220	240	245	+5
ROE	16.1%	13.0%	13.5%	+0.5%P
Total no. of stores in Japan	11,606	12,383	12,846	+463
(Non-consolidated*) [†] excluding LAWSON MART/LAWSON STORE100 business				
Gross profit at existing stores (YoY)	101.5%	100.0%	100.7%	+0.7%P
Net sales at existing stores (YoY)	99.8%	99.0%	100.0%	+1.0%P
Gross profit margin ratio	31.0%	31.3%	31.5%	+0.2%P
Gross profit margin difference excluding cigarette sales (YoY)	+0.4%P	±0.0%P	±0.0%P	±0.0%P

Note: FY2014 total chain store sales includes sales from the convenience store operation in Japan, overseas operations and sales from Seijo Ishii (consolidated items only). Regarding Seijo Ishii, only the sales of directly operated stores are included.

Note: The number of stores in FY2014 is the total number of convenience stores in Japan operated by the Lawson Group plus the number of directly operated Seijo Ishii stores.

Despite concentrated investment to help boost FC profits and strategic expenditure, we expect consolidated OP will rise on strong contribution from Seijo Ishii.

Reference

Half Year Breakdown of FY2015 Forecast

(Consolidated: Billions of yen)	FY2015 Forecast		
	1st Half	2nd Half	Full year
Net sales of all stores	1,046.0	1,028.0	2,074.0
Operating profit	37.0	34.0	71.0
Operating profit ratio	3.5%	3.3%	3.4%
Recurring profit	36.0	32.9	68.9
Net profit	18.4	16.8	35.2
(Non-consolidated*) *excluding LAWSON MART/LAWSON STORE100 business			
Gross profit at existing stores (YoY)	100.2%	101.2%	100.7%
Net sales at existing stores (YoY)	99.5%	100.5%	100.0%
Gross profit margin ratio	31.5%	31.5%	31.5%

Note: FY2014 total chain store sales includes sales from the convenience store operation in Japan, overseas operations and sales from Seijo Ishii (consolidated items only). Regarding Seijo Ishii, only the sales of directly operated stores are included.

Number of Convenience stores in Japan

		FY2013		FY2014		FY2015 (Plan)	
			Total Lawson and NATURAL Lawson stores.		Total Lawson and NATURAL Lawson stores.		Total Lawson and NATURAL Lawson stores.
Non-Consolidated	Opening	735	735	979	968	1,150	1,130
	Closure	363	352	400	343	730	430
	Net Increase	372	383	579	625	420	700
	Total number of stores	11,337	10,135	11,900	10,749	12,192	11,351 (6)
Group Company	Opening	139		31		50	
	Closure	35		22		20	
	Net Increase	104		9		30	
	Total number of store	269		376		534	
Total	Opening	869		1,010		1,200	
	Closure	393		422		750	
	Net Increase	476		588		450	
	Total number of stores	11,606		12,276		12,726	

(1) Control of 120 Kagoshima branch stores transferred from parent to Lawson Minami Kyushu at beginning of FY2014.

(2) Control of 24 Lawson Kumamoto transferred to parent at beginning of FY2014.

(3) 82 extra small stores (parent 80, Group 2) included in store numbers from FY2014.

(4) 5 stores transferred between Lawson, Natural Lawson and Lawson Store 100.

(5) On April 1, 2015, control of 128 stores in Kochi prefecture will transfer from the parent to Lawson Kochi.

(6) During FY2015, it is planned to convert 30 stores to different store brands among Lawson group.

Cautionary Statement

This presentation contains forward-looking statements and forecasts regarding the future plans, strategies and performances of Lawson and its subsidiaries and affiliates. These statements and forecasts are not historical facts. They are expectations based on assumptions and beliefs derived from information currently available to the Company and are subject to risks and uncertainties including, but not limited to, economic trends, heightened competition in the domestic convenience store sector, personal consumption, market demand, the tax system and other legislation. As such, actual results may differ materially from estimates. Figures in this presentation have been rounded down.