



# SEVEN & I HOLDINGS (7-ELEVEN):

## IPO PLANS, MARKET SHIFTS & COUCHE-TARD'S RESPONSE

# EXECUTIVE OVERVIEW

Seven & i Holdings has faced growing uncertainty following sluggish performance and investor pressure, culminating in an August 2024 takeover bid from Alimentation Couche-Tard (ACT). Since then, Seven & i has entertained a competing bid from the company-founding Ito family to take the Company private, which recently fell through, along with ongoing speculation about potential restructuring plans. The latest news dropped in early March and included details regarding asset divestitures, leadership changes and plans for an IPO of its North American 7-Eleven operations. As a result, the landscape has shifted again as Seven & I looks to enhance shareholder value and potentially complicate or derail the possibility of an ACT takeover.



# FROM BUYOUT BIDS TO IPO: THE SEVEN & I HOLDINGS TIMELINE

**August 19, 2024**

ACT, parent company of Circle-K, proposed a \$38 billion acquisition of Seven & i Holdings, aiming to create the world's largest convenience store (c-store) operator with approximately 100,000 locations.

**September 6, 2024**

Seven & i rejected ACT's offer, believing it would undervalue the company's potential and raise potential FTC concerns.

**October 9, 2024**

ACT increased its bid by 22% (to \$47 billion), offering divestitures and addressing FTC document requests.

**October 10, 2024**

Seven & i announced it had created a new spin-off company (SST) for its supermarkets, specialty stores and other businesses, allowing it to focus on the c-store segment. The Company revealed plans to close 444 c-stores and enter a sale-leaseback agreement. It also considered a name change to 7-Eleven Corp., hinting at a potential IPO.

**November 13, 2024**

Seven & i announced a potential management buyout valued at \$58 billion, supported by banks, Itochu Corp and the Ito family, forming a special committee led by Stephen Dacus.

**November 22, 2024**

ACT maintained its \$47 billion offer but ruled out a hostile takeover, emphasizing a desire for a friendly deal.

**December 5, 2024**

Reports indicated that the proposed \$58 billion management buyout would involve an IPO for North American c-stores and gasoline stations, dividing Seven & i into three entities: 7-Eleven Japan, North American 7-Eleven (7-Eleven, Speedway and Stripes stores), and the domestic supermarkets and retail business.

**January 24, 2025**

ACT revised its proposal for an undisclosed amount.

**February 26, 2025**

Itochu Corp. withdrew from the management buyout bid, citing insufficient synergies and disagreements over the post-buyout board structure.

**February 27, 2025**

The Ito family also withdrew from the buyout proposal after failing to secure necessary financing.

**February 28, 2025**

ACT registered a subsidiary in Japan as part of its takeover efforts.

**March 3, 2025**

Reports suggested Seven & i CEO Ryuichi Isaka would depart, with Stephen Dacus expected to become the new CEO.

**March 6, 2025**

Seven & i announced plans for an IPO of its North American subsidiary, 7-Eleven Inc., confirmed leadership changes, the decision to sell its superstore business to Bain Capital for \$5.5 billion and the intention to deconsolidate Seven Bank.

# KEY DEVELOPMENTS:

## LEADERSHIP CHANGES & BUSINESS OVERHAUL

### LEADERSHIP CHANGE

Seven & i Holdings CEO Ryuichi Isaka will step down, with Stephen Dacus set to succeed him as president, representative director and CEO on May 27. Dacus, a board director since May 2022, chairman of the board since April 2024 and chairman of the strategy committee, will also become Seven & i's first foreign CEO. Isaka will continue to support the company as a senior adviser. Dacus, who also served as chairman of the special committee overseeing the takeover bids, stepped down on March 5, with Paul Yonamine taking his place.

### DACUS' PREVIOUS RETAIL EXECUTIVE EXPERIENCE



### PRO-FORMA RESTRUCTURING



# KEY DEVELOPMENTS:

## IPO, DIVESTITURES & SHAREHOLDER VALUE

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### 7-ELEVEN IPO

Seven & i Holdings plans to launch an IPO for its North American c-store business (approximately 13,100 stores), 7-Eleven (SEI), by the second half of 2026. While Seven & i will retain majority ownership, this move will allow SEI to operate independently.

### SALE OF SUPERSTORE BUSINESS AND EXIT FROM SEVEN BANK

Seven & i has also signed an agreement to sell its Superstore Business Group, which includes its grocery retail and specialty businesses, to Bain Capital for \$5.37 billion. The deal is expected to close in September 2025. In addition, Seven & i will reduce its stake in Seven Bank to below 40%.

### USE OF PROCEEDS

The proceeds from the Superstore Business sale and the SEI IPO will fund a share repurchasing program, estimated to return \$13.2 billion to shareholders. The program is expected to be completed by 2030. Seven & i will also implement a dividend policy designed to maintain or increase dividend payouts.



# WHAT ABOUT ALIMENTATION COUCHE-TARD?

ACT is still very much in the picture. While it initially sought to acquire all of Seven & i Holdings, the restructuring, particularly SEI's spin-off, could clear the path for ACT to acquire just the North American arm, which we believe is its primary interest. Since the IPO is not slated to occur before the second half of 2026, Seven & I and ACT would appear to have plenty of time to discuss a potential deal.

## RISKS

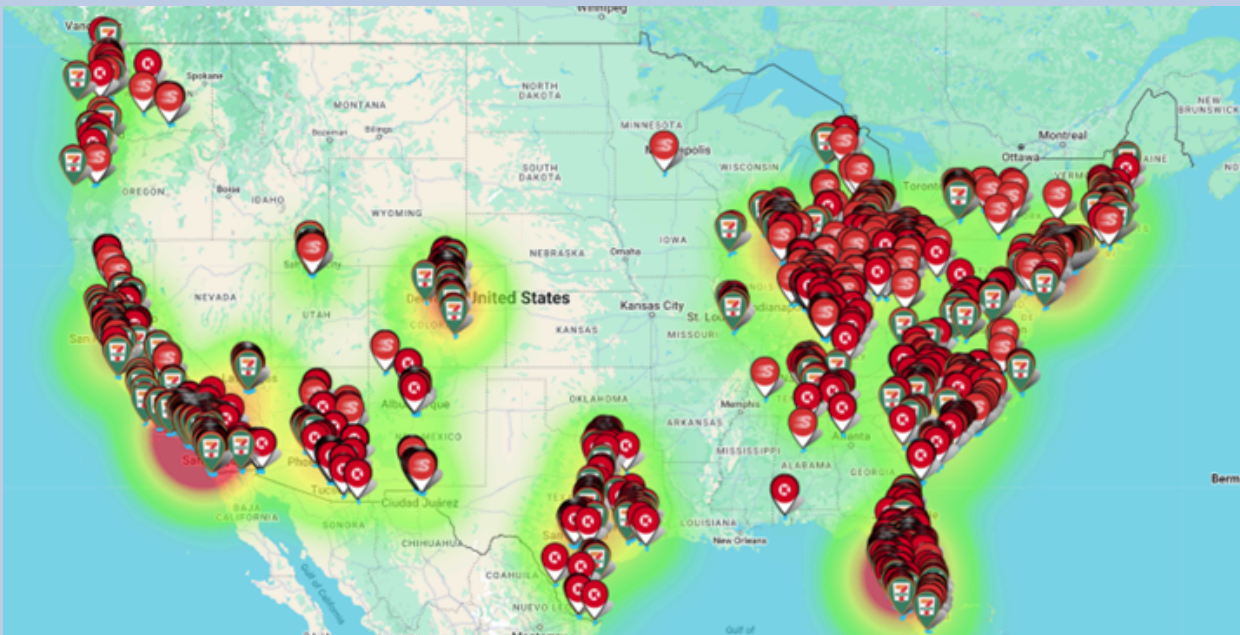
- Regulatory obstacles remain a concern, with anti-competition issues potentially delaying or even blocking the deal.
- ACT could lose its advantageous position if Seven & i shifts its strategy or if a new bid arises from another buyer.
- Merging 7-Eleven into ACT's operations would be complex and costly, requiring substantial adjustments.

Following Seven & i's restructuring announcement, ACT confirmed it is in exploratory talks with third parties about potentially selling U.S. stores, with management confident in a clear path to regulatory approval. Seven & i has also confirmed that its special committee is still engaging with ACT, exploring potential divestitures to address antitrust concerns. Thus, the spin-off may never happen if an agreement is reached before the IPO.

# WHAT ABOUT ALIMENTATION COUCHE-TARD?

## U.S. MARKET PRESENCE

Seven & I is the largest c-store operator in North America, with 13,100 locations, while ACT follows closely behind with 9,200 Circle K stores. Any potential acquisition by ACT would undoubtedly require an extensive antitrust review by U.S. regulators, which could force the retailer to divest thousands of stores.



The map shows areas where a 7-Eleven, Speedway, or Circle K is within one mile of another.

Overall, there are 1,535 Circle K stores located within a one-mile radius of a 7-Eleven or Speedway, 862 Speedway stores within one mile of a 7-Eleven or Circle K, and 2,025 7-Eleven stores within one mile of either a Circle K or Speedway. California, Texas, and Florida would be the most affected by a potential deal, followed by other states with high concentrations, such as Arizona and Georgia. The Northeast also shows a notable density of these stores, particularly in states such as New York and Pennsylvania.

# FINAL THOUGHTS

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At this juncture, it appears clear that Seven & i Holdings will look very different a year from now. While ACT initially pursued a full acquisition, SEI's spin-off could create a more direct path for a targeted deal, which we believe was the more prudent way to go from the start. However, regulatory challenges, shifting priorities at Seven & i and the IPO's timeline have introduced uncertainties. ACT remains engaged despite these hurdles, exploring potential divestitures to ease antitrust concerns. Whether the IPO moves forward or a deal is struck before then, the outcome will significantly impact the North American convenience sector. A successful acquisition would solidify ACT's position as the industry's dominant player. With both companies still in active talks, we will continue reporting as the situation develops.

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