

FY March 2008 Analyst Meeting



May 19, 2008

Koichi Sumino

Representative Director and CEO

- I. FY March 2008 Financial Results and
FY March 2009 Financial Forecasts**

- II. New Mid-term Business Plan:
AUTOBACS BIG PLAN**

**I. FY March 2008 Financial Results and
FY March 2009 Financial Forecasts**

Koichi Sumino

Representative Director and CEO

FY08 Financial Results



(billion yen)

	FY2007 Results	FY2008			
		Original Plan	Actual Results	vs. FY07 (amount and %)	vs. Plan (amount and %)
Net Sales	242.5	272.0	266.4	23.8 +9.9%	5.5 2.0%
Gross Profit <i>% of Net Sales</i>	74.7 <i>30.8%</i>	85.5 <i>31.4%</i>	82.8 <i>31.1%</i>	8.1 +10.8%	2.6 3.1%
SG&A <i>% of Net Sales</i>	62.5 <i>25.8%</i>	75.3 <i>27.7%</i>	75.9 <i>28.5%</i>	13.3 +21.4%	0.6 +0.8%
Operating Income <i>% of Net Sales</i>	12.2 <i>5.0%</i>	10.2 <i>3.8%</i>	6.9 <i>2.6%</i>	5.2 43.2%	3.2 32.0%
Ordinary Income <i>% of Net Sales</i>	16.3 <i>6.7%</i>	13.5 <i>5.0%</i>	6.0 <i>2.3%</i>	10.2 62.9%	7.4 55.1%
Net Income <i>% of Net Sales</i>	9.1 <i>3.8%</i>	7.3 <i>2.7%</i>	1.4 <i>0.6%</i>	7.6 84.0%	5.8 80.0%

Amounts are rounded down to the nearest hundred million yen.
% of Net Sales and YoY comparisons are calculated in million yen.

FY08 Sales and Income of Subsidiaries



(billion yen)

		FY2007 Results	FY2008 1H			
			Original Plan	Actual Results	vs. FY07	vs. Plan
Domestic Group-wide Retail Sales		298.4	310.0	304.2	+1.9	1.8
Non-Consolidated	Net Sales	203.2	210.5	204.2	+0.5	3.0
	Ordinary Income	17.2	13.0	8.3	51.5	36.0
Domestic Store Subsidiaries	Net Sales	77.0	81.2	78.4	+1.9	3.3
	Ordinary Income	0.65	1.30	0.62	4.3	51.9
Overseas Store Subsidiaries	Net Sales	10.7	29.4	28.3	+164.2	3.4
	Ordinary Income	1.09	1.80	2.78	-	-
Supporting Function Subsidiaries	Net Sales	15.0	17.7	16.5	+10.0%	6.5
	Ordinary Income	0.75	0.70	0.72	4.6	+2.9
Total Car-life Support Subsidiaries	Net Sales	9.7	18.0	17.5	+81.3	2.3
	Ordinary Income	0.12	0.40	0.24	+104.1	38.3

Net Sales are rounded down to the nearest hundred million yen.
 Ordinary Incomes are rounded down to the nearest million yen.
 % of Net Sales and YoY comparisons are calculated in million yen.

FY08 Financial Summary (Consolidated)



Consolidated Net Sales 266.4billion	vs. FY07 +23.8billion	+ Acquisition of US auto-parts retailer, Strauss DISCOUNT Auto + Consolidation of the engine oil wholesale subsidiary PALSTAR + Growth in used car sales, Safety Inspection* & maintenance services, and motorcycle goods sales
	vs. Plan 5.5billion	Consolidated store sales in Japan and overseas below target Underperformance of overseas subsidiaries; fluctuations in currency exchange rates
Gross Profit 82.8billion	vs. FY07 +8.1billion	+ Incorporation of domestic and overseas subsidiaries + Gross Margin increase in Oil and Batteries
	vs. Plan 2.6billion	Gross Margin decline in car electronics Fluctuations in currency exchange rates (overseas subsidiaries)
SG&A 75.9billion	vs. FY07 +13.3billion	+ Additional consolidation of domestic store subsidiaries + Strategic investment (new store POS system & car purchase system), employment and education related
	vs. Plan +0.6billion	Improvement in administrative costs + Increase in SG&A expenses with expansion of business overseas (United States and France)

*Safety Inspection = Japan's statutory safety vehicle inspection

FY08 Results by Business Category (Non-consolidated)



Net Sales 204.2billion (vs. FY07 +1.01billion)	Wholesale + 0.57billion (+0.3%)	+ Used Car and Motorcycle Goods Car Electronics and Car Interior Goods
	Retail + 0.21billion (+1.9%)	+ Opening of a company owned store (SA Toyonaka Shounai)
Gross Profit 41.3billion (vs. FY07 0.68billion)	Wholesale 0.99billion (2.7%)	+ Oil and Batteries Car Electronics and Car Interior Goods
	Retail + 0.08billion (+2.3%)	+ Gross Margin improvement at company owned stores and used parts stores
SG&A 30.8billion (vs. FY07 +2.63billion)	Selling Expenses	<ul style="list-style-type: none"> ➤ Increase in sales promotion expenses for used cars, car parts and accessories, and credit cards ➤ Increase in expense for advertisement
	Facilities	<ul style="list-style-type: none"> ➤ Increase in depreciation of software, used car purchase system, etc.
	Other	<ul style="list-style-type: none"> ➤ Increase in expenses for maintenance of the used car purchase system and the new POS system, increase in commissions paid

Domestic Store Subsidiaries

Net Sales:78.4billion (vs. FY07 +1.49billion) Ordinary Income:0.62billion (vs. FY07 0.02billion)

Sales, Gross Profit, and Expenses increased as AMC (our subsidiary) acquired three franchise stores

FY08 Overseas Business Performance



	U.S.A.	France	Asia
Number of Stores	89	9	19
Comparable store sales increase (vs. LY)	West Coast : +1.5% STRAUSS : +5.5%	+15.3%	Taiwan : +21.1% Singapore : +19.8% Thailand : +19.1% China : +42.8%
Net Sales (billion yen)	15.7	8.6	3.9
Operational Expenses (billion yen)	18.1	9.4	4.1
Operational Income (billion yen)	2.3	0.8	0.1
Business Conditions	STRAUSS: Loss increased more than expected with rise in personnel expenses, etc. after acquisition	Sales were in line but gross margin fell due to change in product mix	Asian: Steady improvement of the company's sales structure and economy China: Developing carefully

FY 2008 Losses from Investment Securities



Losses on Revaluation and Sale of Investment Securities

(million yen)

	Balance at March 31, 2008	Loss on Sales for FY 2008 (extraordinary loss)	Loss on devaluation for FY 2008 (non-operating expenses)
SIV	1,293	-	2,702
CDO	1,375	550	1,624
Total	2,669	550	4,326

In addition to the above amount, we have one more CDO due for redemption in June 2008. The market value of this CDO at the end of March 2008 exceeded 100% of the purchase price.

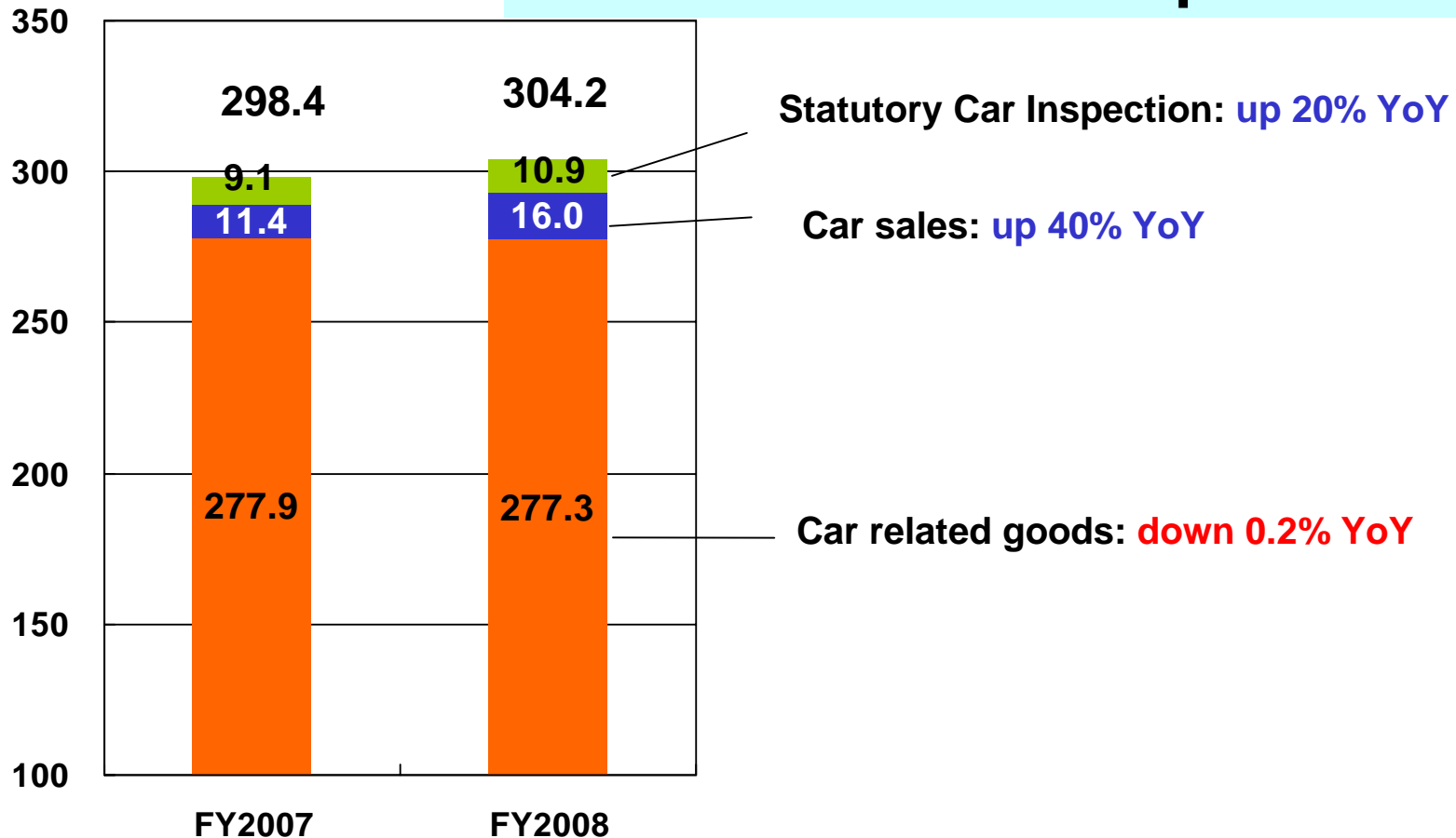
SIV= Structured Investment Vehicle
CDO= Collateralized Debt Obligation

FY 2008 Domestic Retail Sales including FCs



**Domestic Retail Sales including FCs:
up 1.9% YoY**

(Billion Yen)



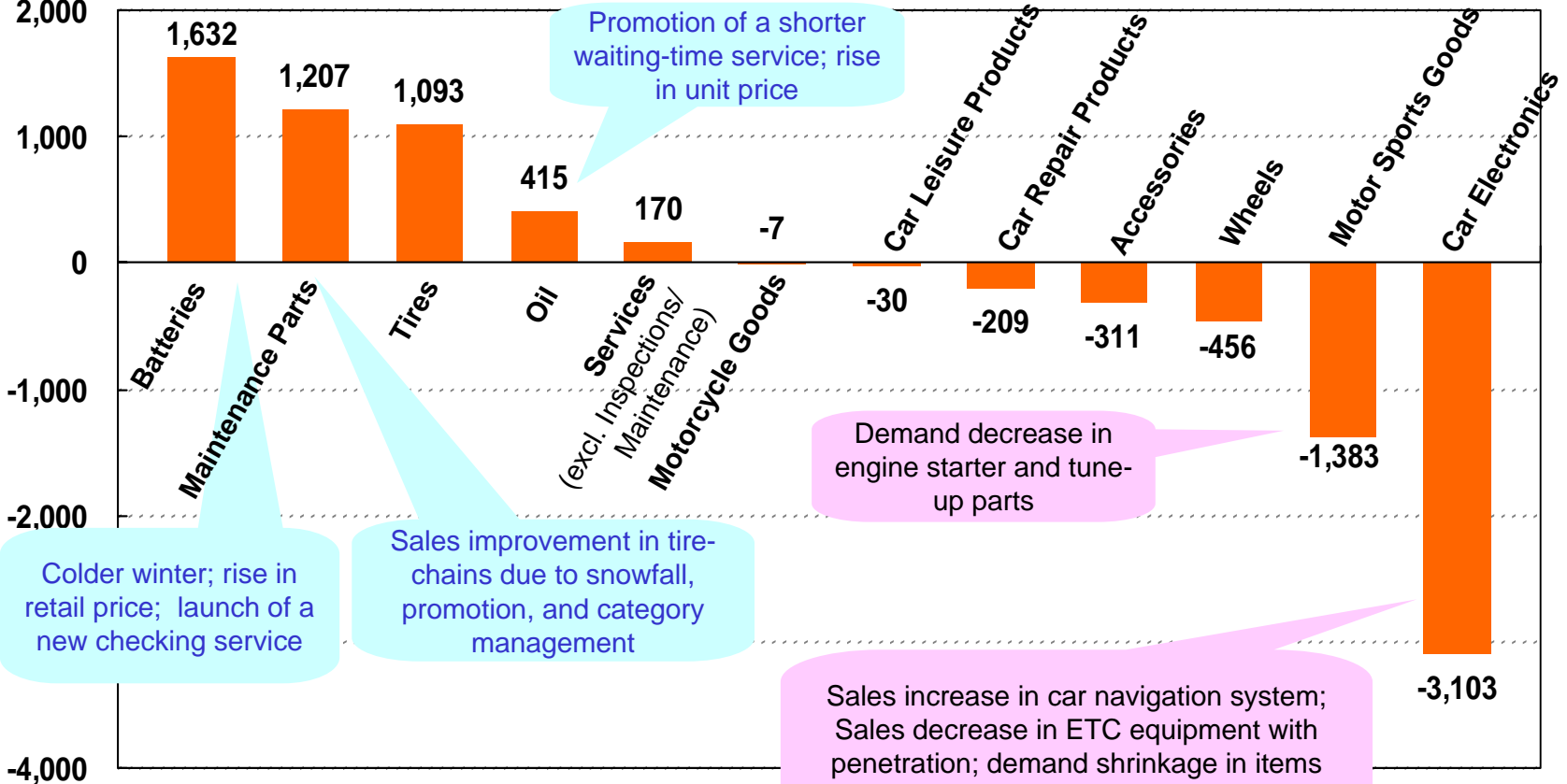
Domestic retail sales including FCs : Major format stores (AB, SA, AH) + Used car goods + C@RS(with vehicle search terminals)

FY 2008 Sales Breakdown by Product Category



Sales Increases and Decreases (vs prior year, total store basis)

(Millions of Yen)

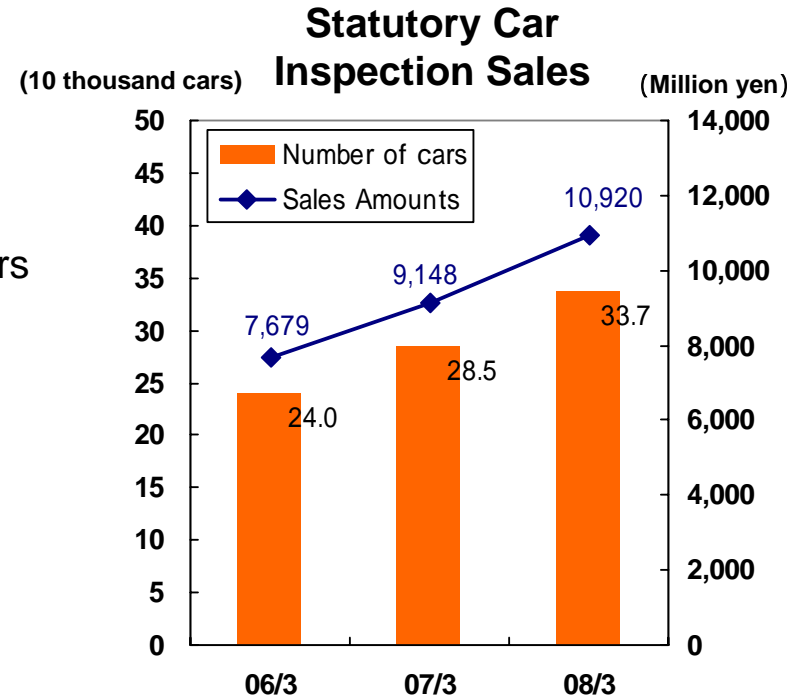


Sales at major store formats (AB, SA, AH)



Safety Car Inspection

- Sales of statutory safety inspection service increased due to sales promotions by stores and headquarters
 - ◆ Heavy promotions to our registered customers to make reservations for statutory safety inspection
 - ◆ Enclosure of more customers through an effective communications package
- Synergy of Safety Inspection to retail sales
 17.8 thousand yen/car as of Mar 2008
 (from 14.8 thousand yen/car as of Mar 2007)



Maintenance Services

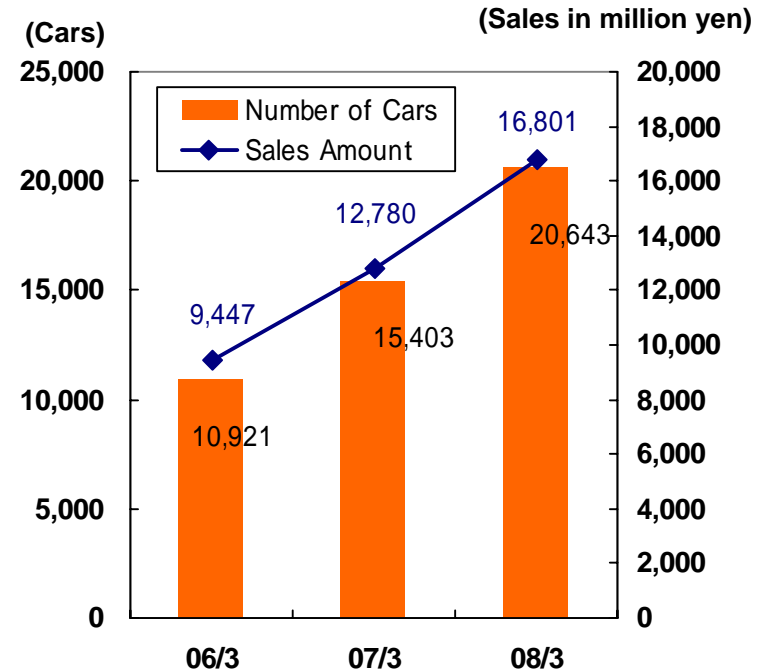
- Introducing standardized maintenance package
- Promotion of "purchasing one more item" at the service pit corner

No of shops certified	216	237	265

Sales Target: 20,000 cars

- More stores signed the new CARS franchise agreements: 317 stores as of Mar 2008 (from 133 stores as of Sep 2007)
- Training of store workers to bolster car evaluation
- Advertisement to improve recognition of "Sugogai"
- Boosting retail sales by increasing the number of on-site supervisors
- Synergy of car sales to retail sales
88 thousand yen/cars as of Mar 2008
(from 73 thousand yen/cars as of Mar 2007)

Numbers and sales amount of Cars



FY 2008 Changes in Store Mix



Domestic Store Openings and Closings

Type of Store	07/3 end	2008/3 (Results)										08/3 end
		1H					2H					
		New	AB	SA	S/B · R/L	Closed	New	AB	SA	S/B · R/L	Closed	
AUTOBACS (AB)	402	+2	2		+4/ 4	1	+1	1		+1/ 1	2	399
Super AUTOBACS (SA)	70	+1	+2					+1				74
AUTO HELLOES	11										1	10
AUTOBACS <i>Hashiriya Tengoku Secohan Ichiba</i>	27	+4										31
AUTOBACS EXPRESS	7	+1					+1					9
RICOLAND	6						+2					8
Total Domestic	523	+8	0		0	1	+4	0		0	3	531

S/B=Scrap & build, R/L=Relocation

Overseas Store Openings and Closings

Country / Region	2007/3 end	2008/3 (Results)		2008/3 end
		1H	2H	
U.S.A	1	+89	1	89
France	8		+1	9
China	5	+4	+3	12
Taiwan	4			4
Thailand	2			2
Singapore	1			1
Total Overseas	21	+93	+3	117

iii. FY March 2009 Business Plan

FY 2009 Business Plan



(billion yen)

	FY 2008 Results	FY 2009 (Plan)			
		1 st Half	2 nd Half	Full Year	vs. FY08 (%)
Net Sales <i>% of Net Sales</i>	266.4	136.7	145.3	282.0	+15.7 +5.8%
Gross Profit <i>% of Net Sales</i>	82.8 <i>31.1%</i>	42.2 <i>30.9%</i>	45.8 <i>31.5%</i>	88.0 <i>31.2%</i>	+5.1 +6.2%
SG&A <i>% of Net Sales</i>	75.9 <i>28.5%</i>	40.2 <i>29.4%</i>	40.8 <i>28.1%</i>	81.0 <i>28.7%</i>	+5.0 +6.7%
Operating Income <i>% of Net Sales</i>	6.9 <i>2.6%</i>	2.0 <i>1.5%</i>	5.0 <i>3.4%</i>	7.0 <i>2.5%</i>	+0.0 +0.9%
Ordinary Income <i>% of Net Sales</i>	6.0 <i>2.3%</i>	2.5 <i>1.8%</i>	6.5 <i>4.5%</i>	9.0 <i>3.2%</i>	+2.9 +48.5%
Net Income <i>% of Net Sales</i>	1.4 <i>0.6%</i>	3.0 <i>2.2%</i>	3.1 <i>2.1%</i>	6.1 <i>2.2%</i>	+4.6 +315.8%

Amounts are rounded down to the nearest hundred million yen.
% of Net Sales and YoY comparisons are calculated in million yen.

FY 2009 Sales and Income of Subsidiaries



(billion yen)

		FY 2008 Results	FY 2009 (Plan)			
			1 st Half	2 nd Half	Full Year	vs. FY08 (%)
Non-Consolidated	Net Sales	204.2	102.5	109.5	212.0	+3.8%
	Ordinary Income	8.32	3.7	5.9	9.6	+15.4%
Subsidiaries: Domestic Stores	Net Sales	78.4	39.9	42.9	82.8	+5.5%
	Ordinary Income	0.62	0.2	0.85	0.65	+4.0%
Subsidiaries: Overseas Stores	Net Sales	28.3	16.9	17.4	34.3	+20.8%
	Ordinary Income	2.78	0.6	1.1	1.7	-
Subsidiaries: Supporting Functions	Net Sales	16.5	9.1	10.0	19.1	+15.4%
	Ordinary Income	0.72	0.2	0.4	0.6	16.7%
Subsidiaries: Total Car-life Sales	Net Sales	17.5	9.4	9.3	18.7	+6.9%
	Ordinary Income	0.24	0.1	0.15	0.25	+1.2%

Net Sales are rounded down to the nearest hundred million yen.
 Ordinary Incomes are rounded down to the nearest million yen.
 % of Net Sales and YoY comparisons are calculated in million yen.

Non-Consolidated: Sales and Profit Increase

Net Sales: Increase from FY2008, with sales improvement at tires and used cars

Operating Income: Decrease from FY2008, by expense augmentation (personnel, sales promotion, and system related)

Ordinary Income: Increase from FY2008, by improvements in non-operating income

Domestic Store Subsidiaries: Sales and Profit Increase

Aggressive initiatives to sell car parts and accessories, statutory safety inspection & maintenance services, and used car sales

Overseas Store Subsidiaries: Sales and Profit Increase

Increasing sales by new store openings; Profit improvement at STRAUSS stores (USA) and French operation

To improve Sales

- Attracting new customers to tires, engine oil, and batteries; boosting market share
- Approaching to customers at stores and service pits

Specifying aluminum wheels, car electronics accessories, maintenance items, and child seats as “key items” and working to improve sales corners and selling approaches especially for those key items.

To improve Gross Margin

- Changing the product mix at stores
- Expanding supply-chain management and category management
- Enhancing central merchandising, a Group-wide intensive sales initiatives

Newly implementing: Wiper blades, air fresheners, chassis items

Continuing items: Maintenance, repair products, car washing products,
DIY goods

Statutory Car Inspections and Maintenance Services

Sales Target: 390,000 cars

- Continuing to increase the number of certified shops
- Raising the bottom line of sales at existing stores by increasing the service pit operation and repeat rate
- Differentiating ourselves from competitors by introducing original vehicle diagnostic safety inspections
- Reinforcing car related items, such as car washing products
- Improving employees' basic skills by promoting them to attain mechanic qualifications

Car Sales

Sales Target: 25,000 cars

- Increasing the number of stores signing to the new CARS franchise agreement (aiming to have 400 stores by year-end)
- Attracting customers by placing timely information on the Aucnet website
- Improving revenue by encouraging sales on credit with residual value setting
- Starting sales of used cars with our certification (providing our own maintenance and engine diagnostic services)

FY 2009 New Business Initiatives: Other issues



- Launching a comprehensive environmental campaign
- Exchanging customer information with T CARD & MARKETING through alliance and implementing various marketing programs utilizing its segmented data
- Building a training system that educates employees as “concierges”
- Providing franchisees with the headquarters’ human resource and labor management assistance
- Deploying a project to welcome female customers at stores

FY2009 Store Allocation Plan



Domestic Store Openings and Closings

Type of Store	08/3 end	2009/3 (Plan)										09/3 end
		1H					2H					
		New	AB	SA	S/B · R/L	Closed	New	AB	SA	S/B · R/L	Closed	
AUTOBACS (AB)	399	+2	2		+2/ 2		+1	2		+3/ 3		398
Super AUTOBACS (SA)	74		+2					+2				78
AUTO HELLOES (AH)	10											10
AUTOBACS Hashiriya Tengoku Secohan Ichiba	31	+1					+1					33
AUTOBACS EXPRESS	9	+1										10
RICOLAND	8											8
Total Domestic	531	+4	0		0		+2	0		0		537

Overseas Store Openings and Closings

S/B=Scrap & build, R/L=Relocation

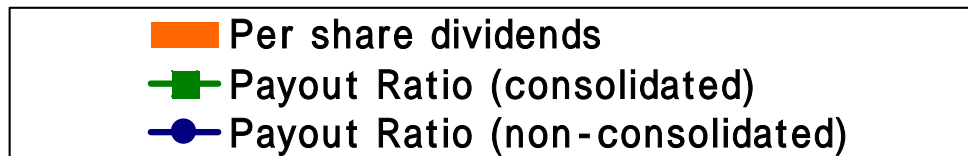
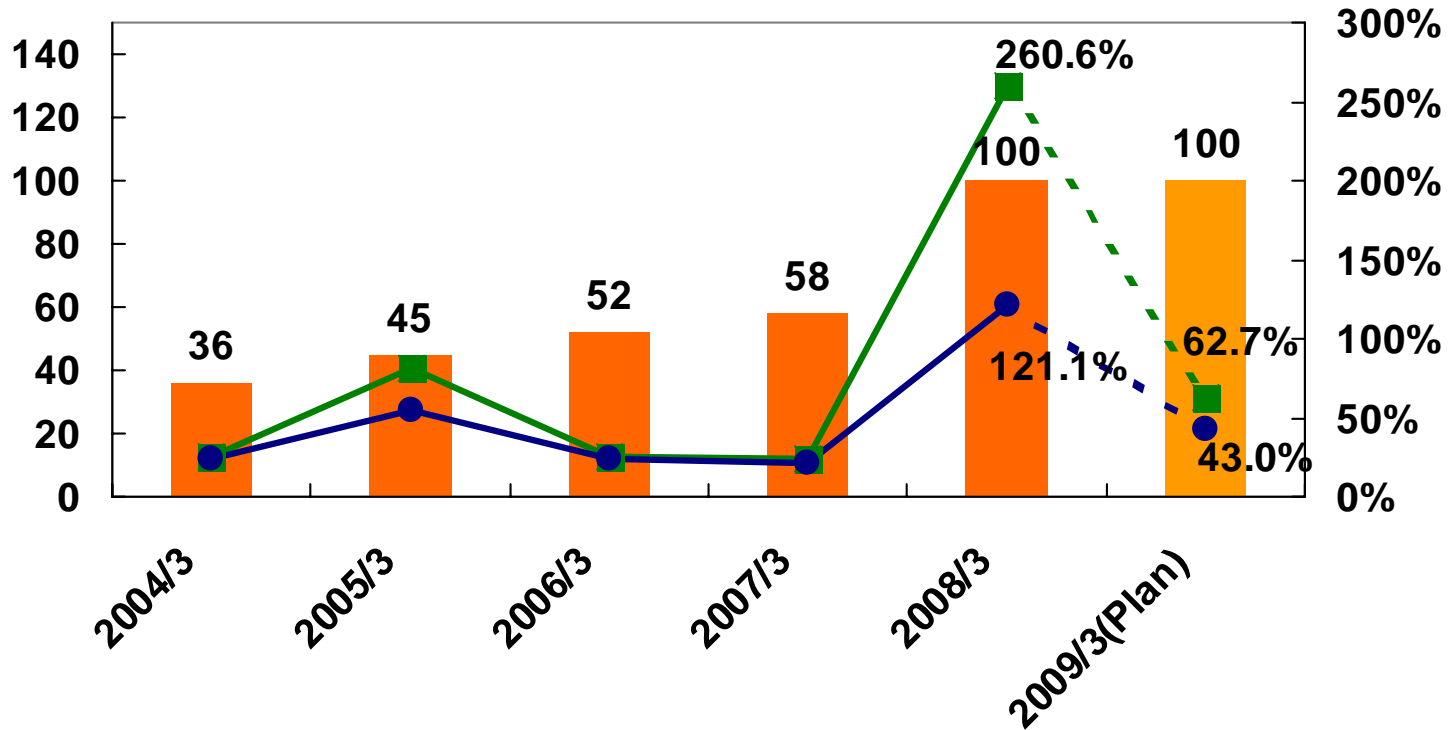
Country / Region	2008/3 end	2009/3 (Plan)		2009/3 end
		1H	2H	
U.S.A	89	+1		90
France	9	+2		11
China	12	+1		13
Taiwan	4			4
Thailand	2	+1		3
Singapore	1	+1		2
海外計	117	+6		123

FY2009 Dividend Plan



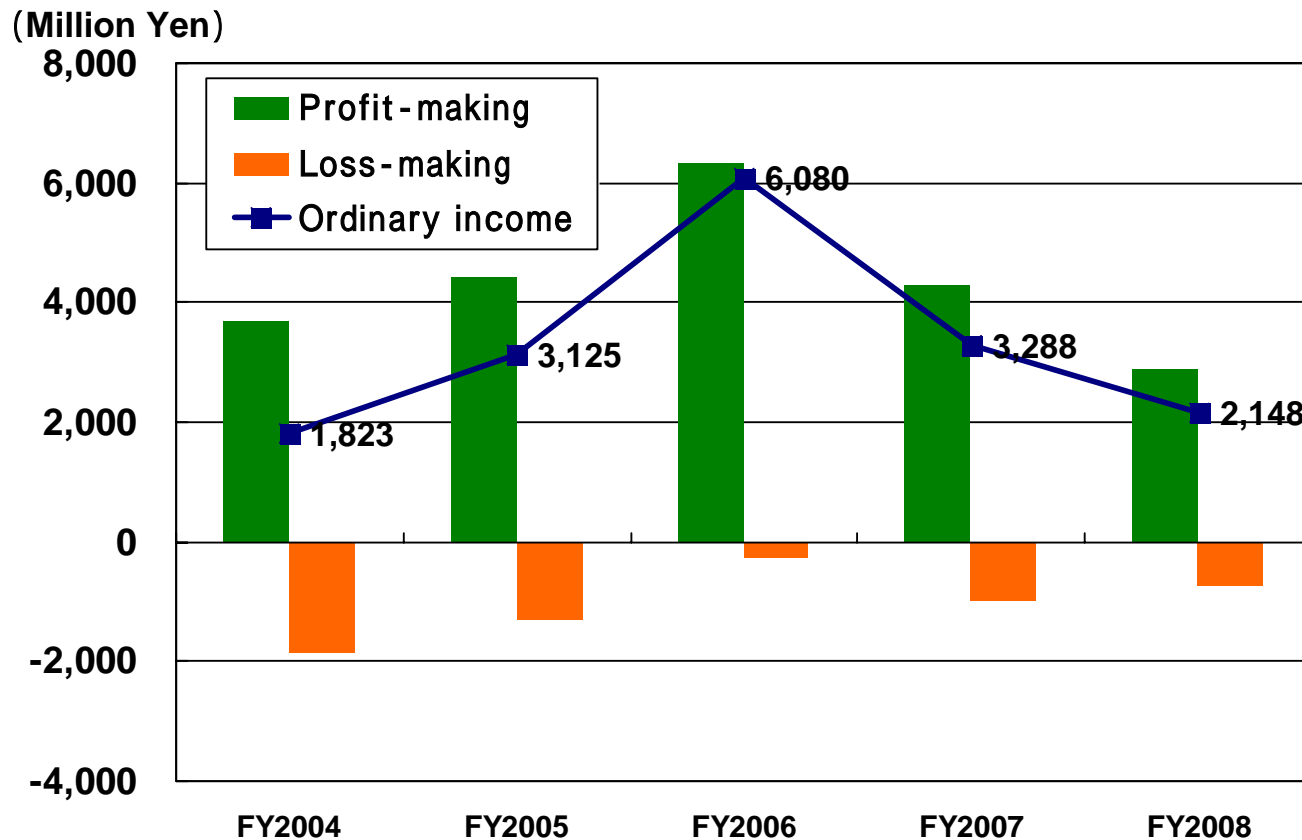
(Yen)

Dividend Trend



Appendix

Ordinary Income of Corporate Franchisees



Three listed companies are not included

Impact of the Changes in Accounting Principles



1 . Applying new lease accounting principles

Assets significantly affected : Our buildings leased to franchisees

	Former standard	New standard
Balance sheet	Buildings and structures (fixed assets)	Lease asset (current asset)
	Depreciation is calculated by declining balance method	Depreciation is calculated by the interest method. Lease assets are recalculated from the time the agreements were concluded using the interest method.
Statements of Income	Depreciation is posted as a cost of sales	Depreciation is posted as cost of sales. The difference between the recalculated lease assets under past agreements and the most recent lease assets is posted in extraordinary income (= ¥3.9 billion in consolidated extraordinary income).

2 . Applying Lower-of-Cost-or-Market Method to Inventories

- Inventories which prices are lower than their procurement cost: Evaluated by the lower-of-cost-or-market method and the loss on write-down is posted.
- Inventories that are not sold for more than two years: Deemed to have no value.
- We forecast the posting of approx. ¥200 million for the effects from the application of lower-of-cost-or-market method for FY 2009. (The majority of applications will be to used auto parts and accessories)

II. New Mid-term Business Plan: AUTOBACS BIG PLAN

Setsuo Wakuda

Representative Director and PMO

Objectives of AUTOBACS BIG PLAN

-From July 2008 to end of March 2011-



MAXIMIZING CORPORATE VALUE

by

**Enhancing Effective Operation and
Reinforcing Corporate Governance**

Business Strategy

- Improving profitability by concentrating corporate resources on domestic franchise business and increasing cost efficiency
- Selecting businesses and domains that will form growth pillars in the future

Financial Strategy

- Improving asset and capital efficiency

Governance System

- Reorganizing the management system
- Reinforcing risk management

Basic Concept of the AUTOBACS BIG PLAN

Changing from “Expansion-oriented” to “Profit-oriented” Company



Former Mid-term Business Plan

Emphasizing Expansion

- Expanding car parts and accessories retail business and associated business
- Expanding overseas business as for our future growth driver
- Changing the headquarters functions to concord with sales growth
- Improving return on investment through sales growth
- Separating supervision from execution in order to accelerate execution

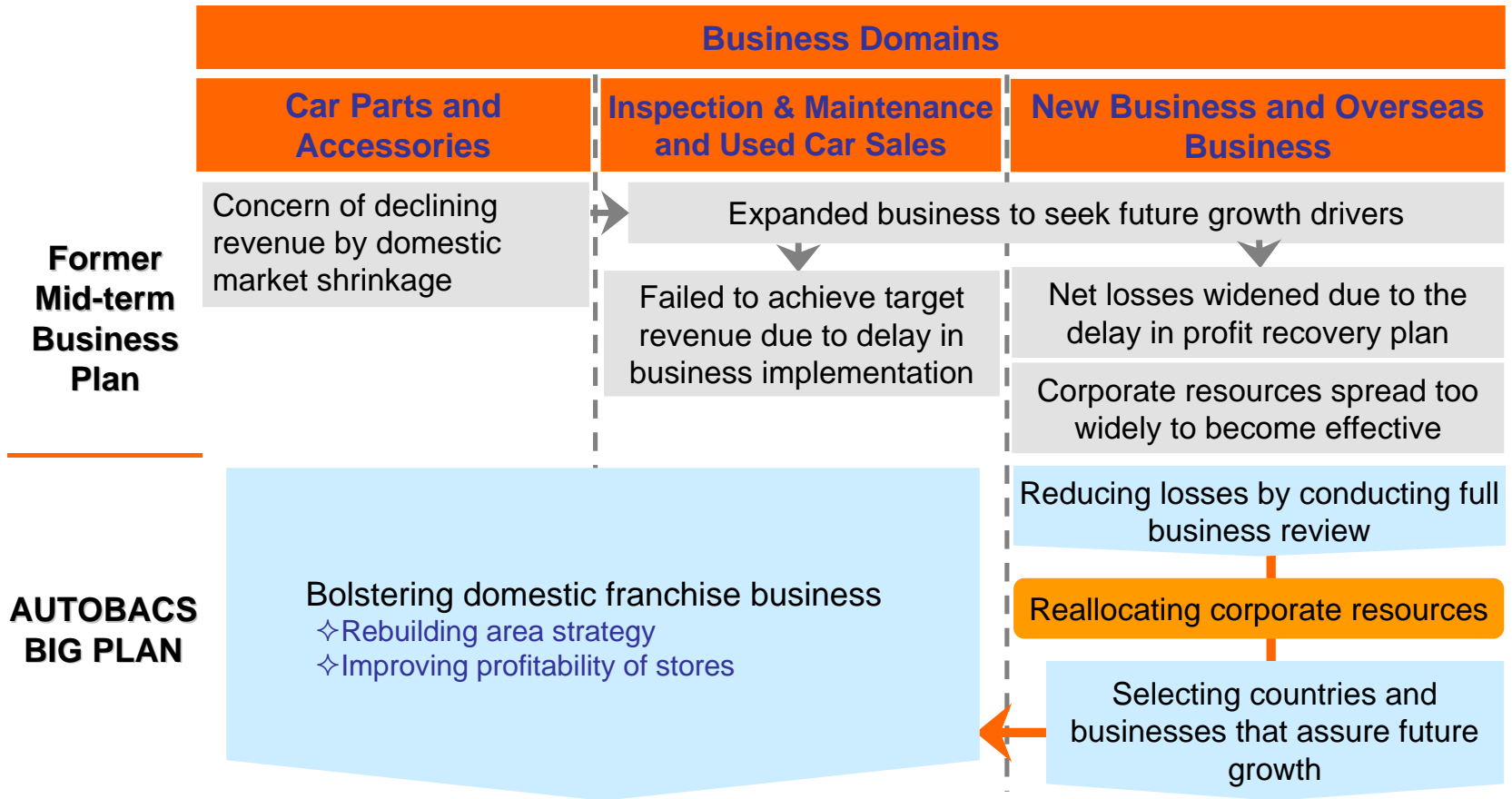
AUTOBACS BIG PLAN

Emphasizing Profitability

- Early implementation of selection and concentration of our business, and construction of the foundation for future growth
- Improving profitability by concentrating corporate resources on selected businesses and effective costing
- Bolstering corporate governance to elaborate decision-making process

Image of Business Reform by the BIG PLAN

Reallocating corporate resources to areas with high growth potential



Summary of the former Mid-term Business Plan

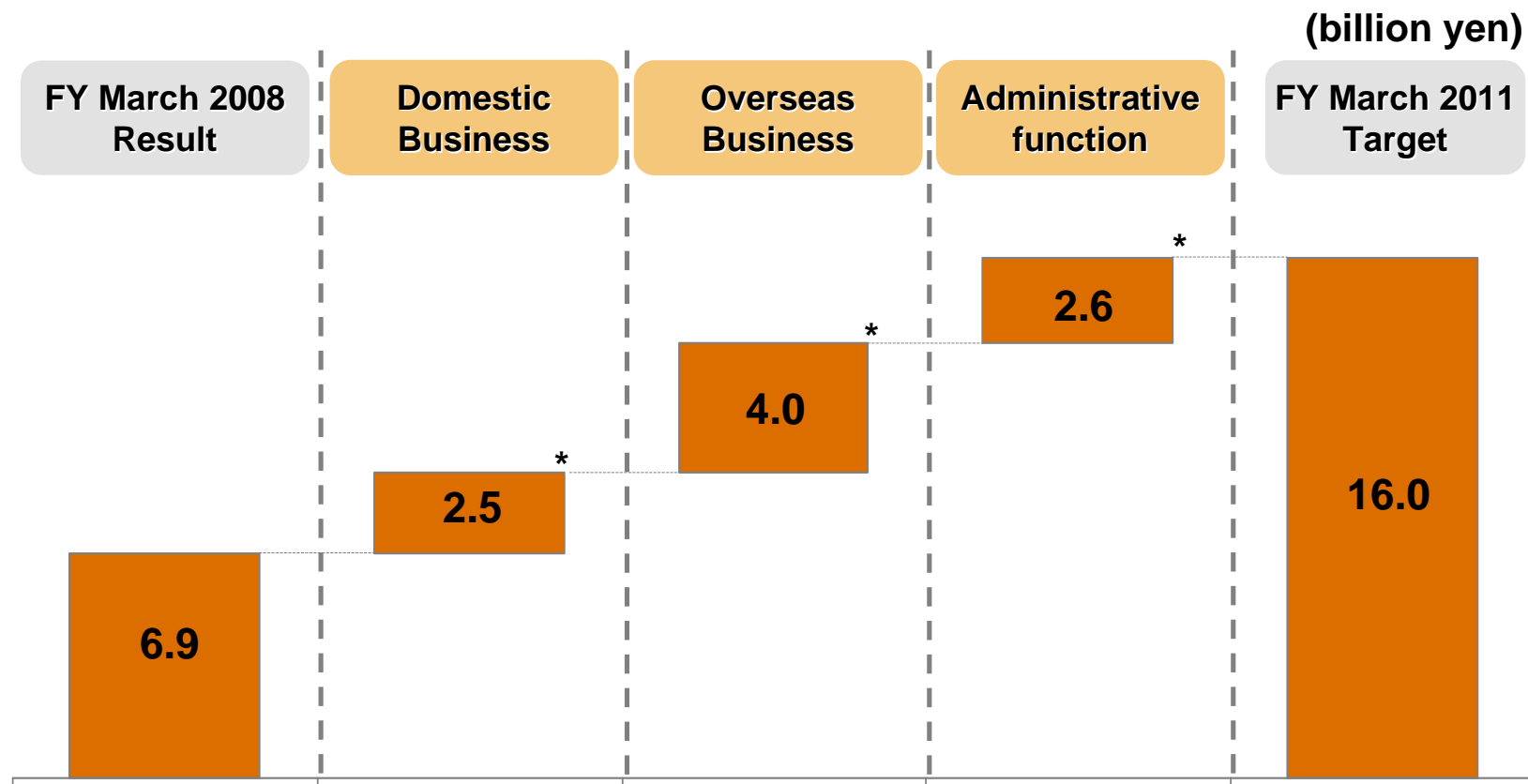


Initial Goals

Actual Results

		Initial Goals	Actual Results
Major Business Strategies	Domestic Business	<ul style="list-style-type: none"> ➤ Total Car-Life Business Strategy: Expanding car parts and accessories sales business, and associated business ➤ Area Dominant Strategy: Establishing optimal placement of stores to assure market share leadership in each business area 	<ul style="list-style-type: none"> ➤ Direction was right but not profitable due to delayed business development at Safety Inspection & Maintenance Services and Used Car Sales Business ➤ Corporate resources spread out among too many business segments, while the company had expanded in a very short period of time ➤ Failed to expand market share due to the shortages of appropriate land in urban areas and the delay in the small format business development
	Overseas Business	<ul style="list-style-type: none"> ➤ Expanding overseas business as our future growth driver 	<ul style="list-style-type: none"> ➤ Profit recovery plan were behind schedule and further net losses had been incurred
	Administrative function	<ul style="list-style-type: none"> ➤ Changing the Headquarters to concord with business expansion 	<ul style="list-style-type: none"> ➤ Increased administrative costs following broad deployment of new and overseas business
Financial		<ul style="list-style-type: none"> ➤ Improving return on investment through sales growth 	<ul style="list-style-type: none"> ➤ Quick expansion of new business and overseas business had deteriorated asset and capital efficiency
Corporate Governance		<ul style="list-style-type: none"> ➤ Introducing the executive officer system to separate supervision from execution 	<ul style="list-style-type: none"> ➤ The Company's control system or cross-check function was not well prepared for the faster decision-making

Operating Income Targets designed by BIG PLAN



*The above amounts for each business strategy are targets of improvement based on rough assumption

Themes and Measures of AUTOBACS BIG PLAN



Themes of the PLAN

Measures of Implementation

		Themes of the PLAN	Measures of Implementation
Major Business Strategies	Domestic Business	<ul style="list-style-type: none"> ➤ Reinforcing FC business ➤ Effective reallocation of corporate resources 	<ul style="list-style-type: none"> ➤ Improving profitability of each store <ul style="list-style-type: none"> -Boosting profitability by raising volume of high-margin products and services, such as Tires, Oil, Batteries and Safety Inspection & Maintenance services -Heightening sales and cost efficiency by implementing “customer relationship management” -Expanding used car sales and purchases with an aggressive deployment of <i>Sugogai</i>, the used car purchasing system ➤ Rebuilding “Area Dominant Strategy” <ul style="list-style-type: none"> -Continuing the optimal store placement plan -Expanding sales stronghold -Activating existing stores by renewal and remodeling -Revising area based management system
	Overseas Business	<ul style="list-style-type: none"> ➤ Conducting full review of present operation ➤ Concentrating investments to countries that lead to future growth 	<ul style="list-style-type: none"> ➤ Reviewing strategy of each country and cutting losses by the end of March 2011 <ul style="list-style-type: none"> -Selecting countries that will form growth pillars in the future
	Administrative function	<ul style="list-style-type: none"> ➤ Making the headquarters functions/costs more efficient 	<ul style="list-style-type: none"> ➤ Reducing cost by concentrating overlapped functions and unifying cost management ➤ Upgrading level of functions through personnel training
Financial		<ul style="list-style-type: none"> ➤ Improving asset/capital efficiency 	<ul style="list-style-type: none"> ➤ Reducing investment securities and non-core business assets ➤ Reinforcing shareholders' returns by increasing dividends and acquiring own shares
Corporate Governance		<ul style="list-style-type: none"> ➤ Rebuilding management system and reinforcing risk management 	<ul style="list-style-type: none"> ➤ Increasing outside directors and outside auditors ➤ Elaborating decision-making processes etc.

Directions of Overseas Business Policy

Conduct full review of each country and select areas to invest



➤ **Assessing invested-business plans of the countries**

- Freezing investment for business expansion during evaluation
- Conducting objective, third-party assessment
- Starting from July 2008, under new management



➤ **To evaluate if each business contributes to improve corporate value**

- Examining business whether it produces profitability in the future or needs additional investment

YES

➤ **To allocate corporate resources to make business profitable in the future**

- Defining achievement targets
- Reassessing business if deviated from the plan

NO

➤ **Withdrawal**

- The judgment on “when” and “how” to exit the business is made under consideration of the respective situation

Augmentation of shareholders' returns by dividends increase and own share acquisition



➤ Reinforcing distribution policy based on our new financial strategy

- Keeping approx. 30 billion yen of liquidity on hand
- Ensuring financial strength (safety)
- Improving capital efficiency

Dividends

- Determining the payout level according to a review of business results
- The target dividends on equity (DOE) for the fiscal year ending March 31, 2011 are 3%

Planning year-end dividend of 70 yen/share for the fiscal year ended March 31, 2008, an increase of 40 yen over the initial forecast (annual dividend of 100 yen/share).

The annual dividend for the fiscal year ending March 31, 2009 is planned as 100 yen/share (interim dividend: 50 yen; year-end dividend: 50 yen).

Own Share Acquisition

- Flexible acquisition of own share

Acquiring own shares up to 800,000 shares and up to 2.8 billion yen from May 16 through June 20 (announced on May 15)

Strengthening Corporate Governance



Actions taken since December 2007

Strengthening management system

- Appointing additional two Outside Directors and one Outside Auditor (to be proposed at the GMS in June 2008)
- Setting up Corporate Governance & Internal Control Office
- Improving a timely disclosure system
- Improving quality of decision-making process and risk assessment process
- Revising roles of the Management Committee and setting up an Executive Officer Committee

Reinforcing Risk management

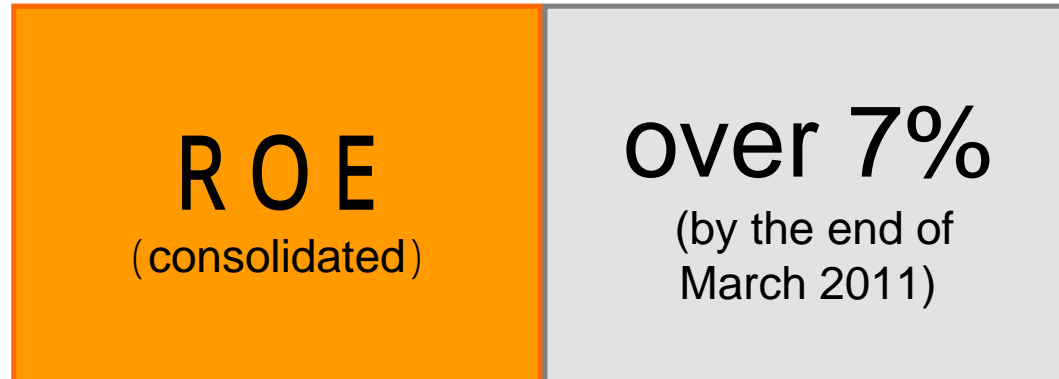
- Developing risk management policy
- Conducting company-wide risk assessment
- Setting up Risk Management Committee
- Developing Risk Management and Emergency Management Rules and their manuals

Efforts going forward

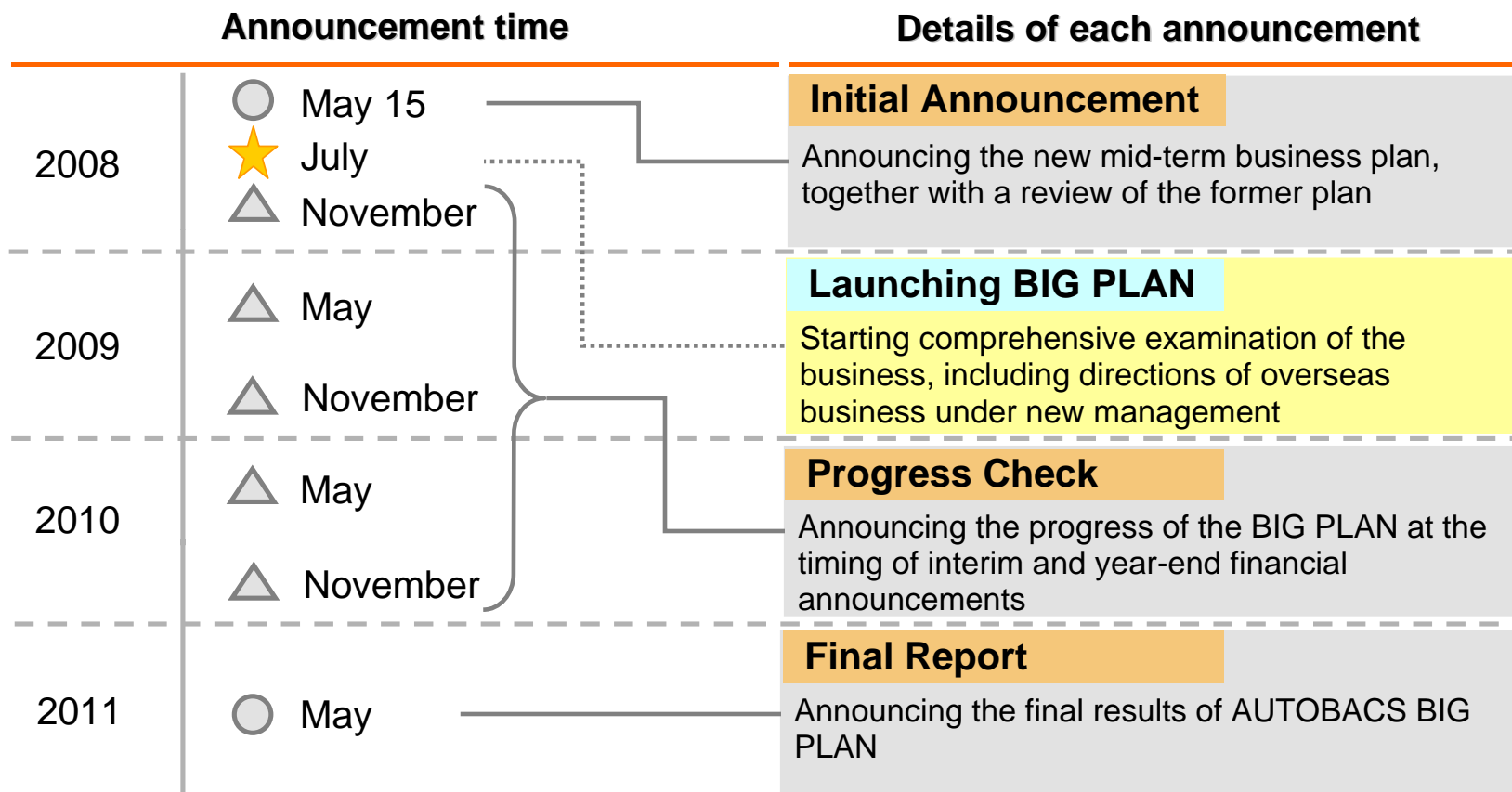
- Reviewing company-wide organization structure
- Reviewing the executive officer system
- Designing optimal allocation of human resources
- Setting up Governance Committee
- Improving decision-making process
 - Enhancement of post-audit process
 - Improving the collective decision-making system (enhancing cross-check function)
- Redeveloping rules on risk management
- Assessing and introducing risk control measures



**Transforming from an “Expansion-oriented”
to a “Profit-oriented” company**
Setting a profitability index for as a target



The Announcement Schedule of the BIG PLAN





Forward-Looking Statements

These materials include forecasts regarding the Company's future plans, strategies, and performance. This information is based on judgments and estimates made in accordance with information currently available. Actual results may differ substantially from forecasts due to such factors as changes in operating circumstances.