

Results for the Three Months ended June 30, 2018



July 31, 2018

AUTOBACS SEVEN CO., LTD.

Q1 FY March 2019 Consolidated P/L



Profit Loss/Gain: Net sales and gross profit decreased, and operating income fell below that in the previous year.

Although the positive trend of dashcams continued, sales of tires decreased in reaction to the early increase in the demand for the replacement of tires with summer tires and the last-minute surge in demand, which was caused by the price rise in the previous year. On the other hand, selling, general and administrative expenses decreased due to the business transfer of store subsidiaries, despite an increase in TV ads, etc.

(Billion Yen)

	Three months ended June 30, 2018			Three months ended June 30, 2017	
	Actual result	% of Sales	YoY change ratio	Actual result	YoY change ratio
Net sales	49.0	—	-2.2%	50.1	+5.2%
Gross margin	14.6	29.9%	-5.2%	15.4	+3.4%
SG&A	14.4	29.3%	-3.7%	14.9	+2.0%
Operating income	0.2	0.6%	-47.3%	0.5	+62.0%
Non-operating Income/expenses	0.3	0.6%	+228.6%	0.0	-54.2%
Ordinary income	0.5	1.2%	-6.6%	0.6	+17.9%
Profit attributable to owners of parent	0.3	0.7%	+19.7%	0.3	-42.7%

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

Segment Information

(Million Yen)

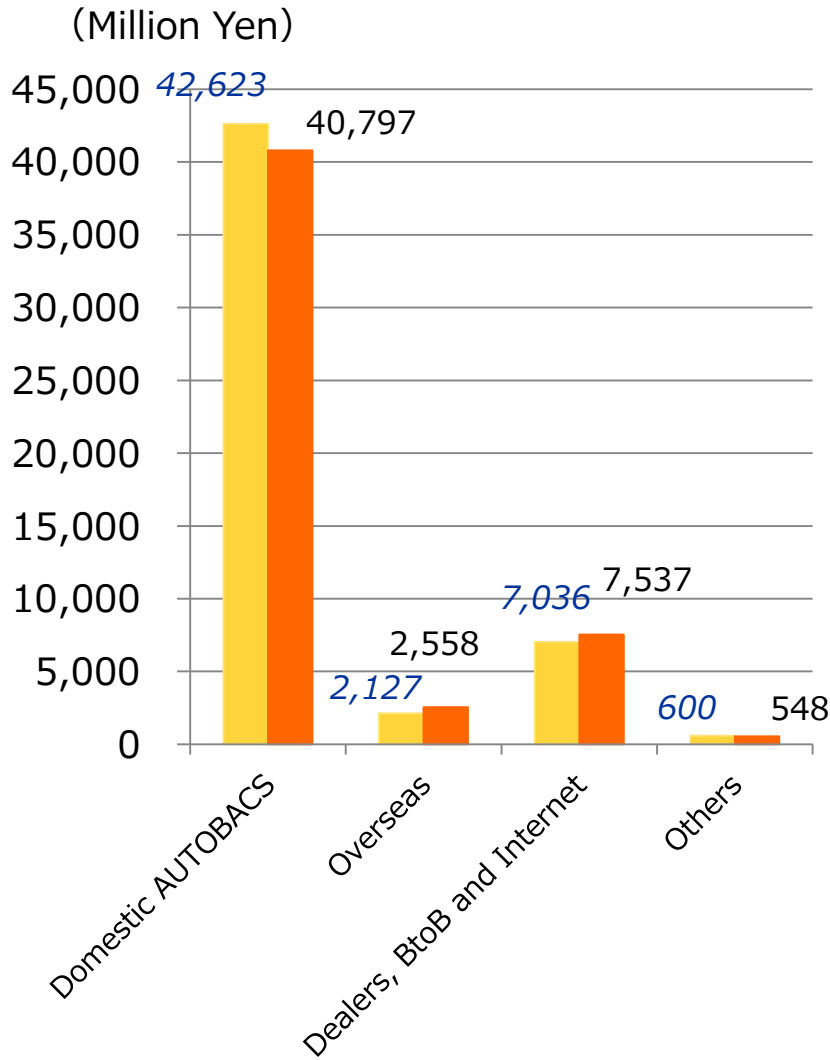


		Three months ended June 30, 2018	Three months ended June 30, 2017	YoY	Summary
Domestic AUTOBACS Business	Sales	40,797	42,623	▲4.3%	Net sales decreased due to a decrease in tire sales and the transfer of two store subsidiaries to franchisees. SG&A decreased due to the business transfer and decrease in logistic system costs.
	Gross margin	11,967	12,911	▲7.3%	
	SG&A	9,636	10,624	▲9.3%	
	Operating income	2,331	2,287	+1.9%	
Overseas Business	Sales	2,558	2,127	+20.3%	Sales increased because franchise outlets became subsidiaries and their stores were transferred in France and new shops were opened in Thailand. In China, expenses for business expansion increased.
	Gross margin	1,312	1,089	+20.5%	
	SG&A	1,525	1,241	+22.9%	
	Operating income	-212	-151	-	
Imported Car dealer, B to B and Internet Business	Sales	7,537	7,036	+7.1%	Imported car dealers increased net sales along with the business transfer. In the BtoB business, merchandise development and channel expansion were promoted. In the online business, streamlining was promoted.
	Gross margin	1,229	1,289	▲4.7%	
	SG&A	1,697	1,451	+16.9%	
	Operating income	-467	-161	-	
Other Business	Sales	548	600	▲8.5%	Net sales and operating income decreased because of a decrease in insurance-related commission income.
	Gross margin	176	206	▲14.8%	
	SG&A	68	64	+5.4%	
	Operating income	107	141	▲24.0%	
Reconciling items	Operating income	-1,473	-1,573	-	

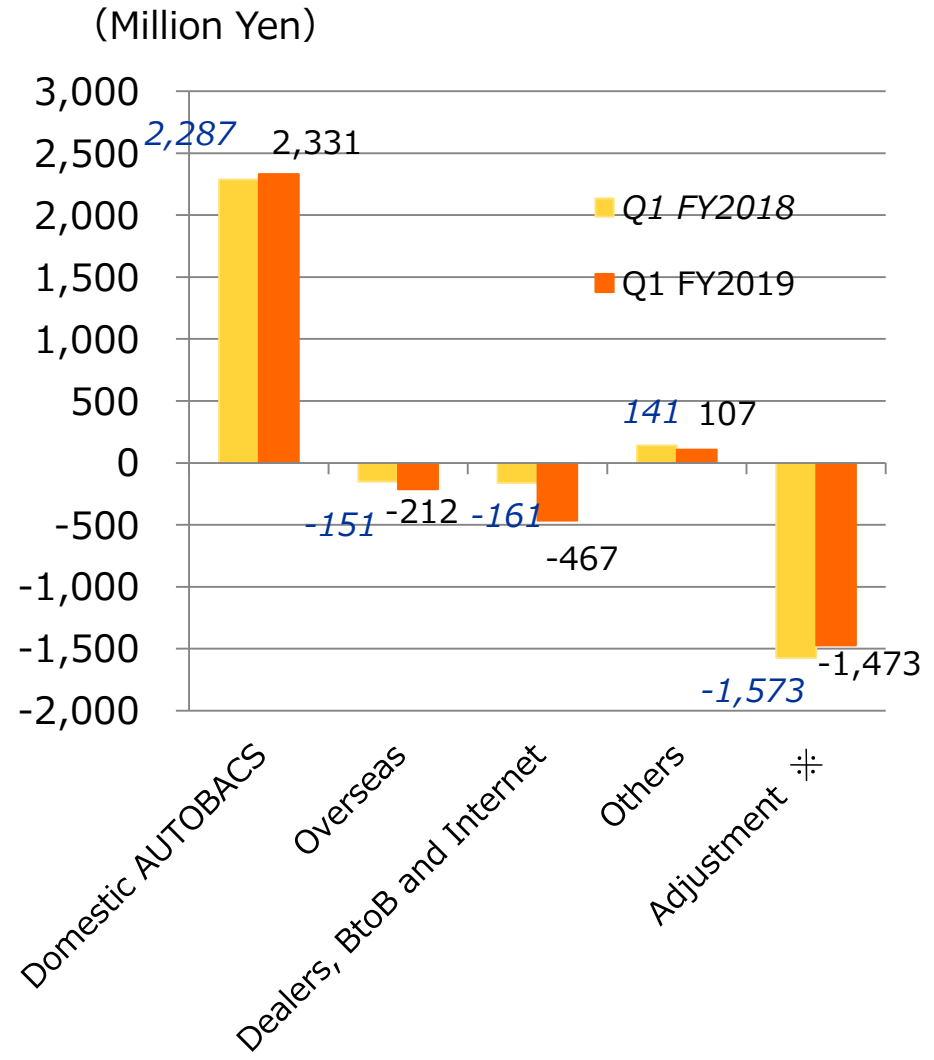
Sales and profits of Reporting Segments



Sales



Profits



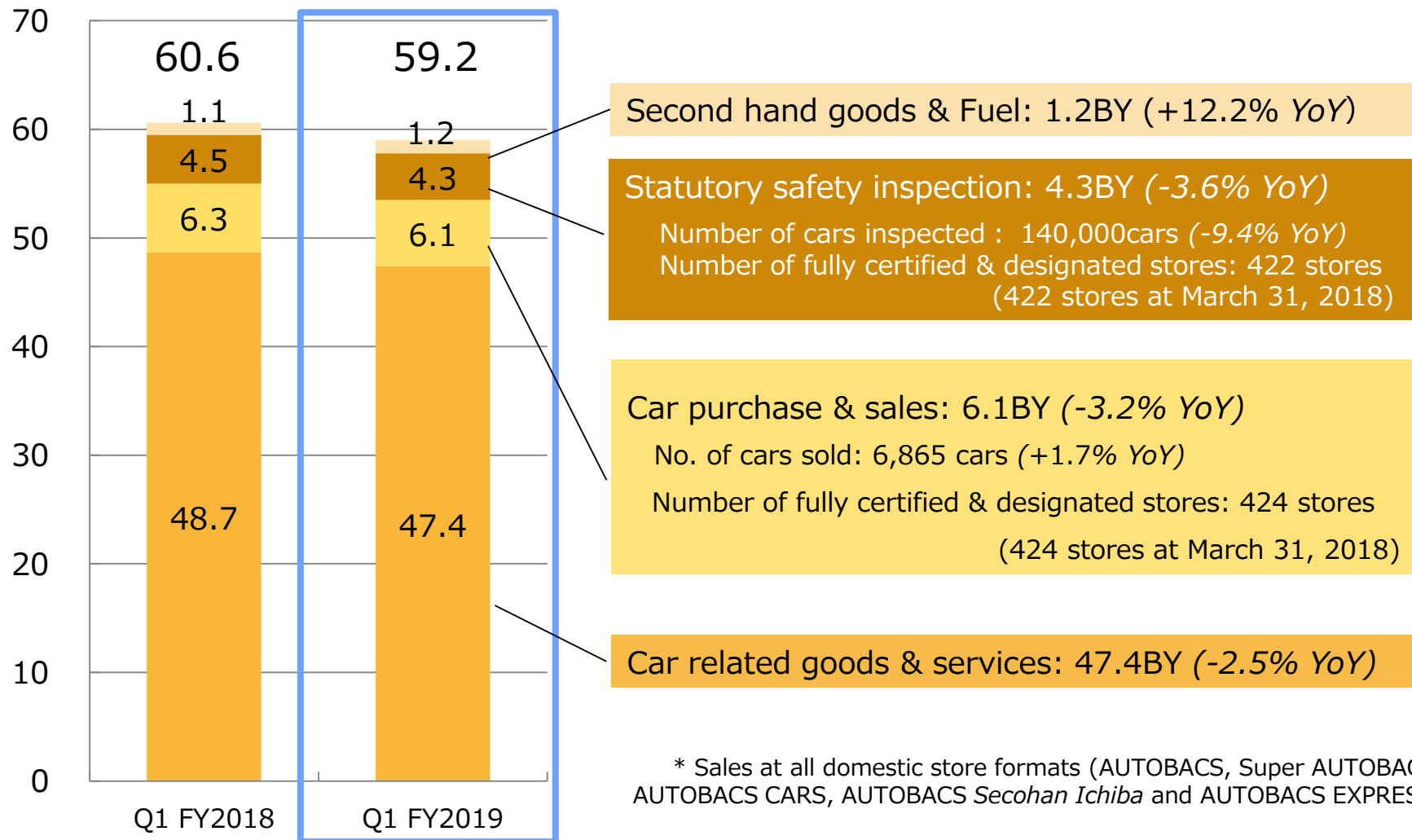
Round down to the million Yen
Before elimination of transaction
between segments

※ Corporate expenses not allocated to each reporting segment,
mainly general and administrative expenses

Retail Sales in Total AUTOBACS Group Stores

RETAIL SALES INCLUDING FCs: 59.2 billion yen (-2.4% YoY)

(Billion Yen)



* Sales at all domestic store formats (AUTOBACS, Super AUTOBACS, AUTOBACS CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

Non-Consolidated and Domestic Store Subsidiaries



(Million Yen)

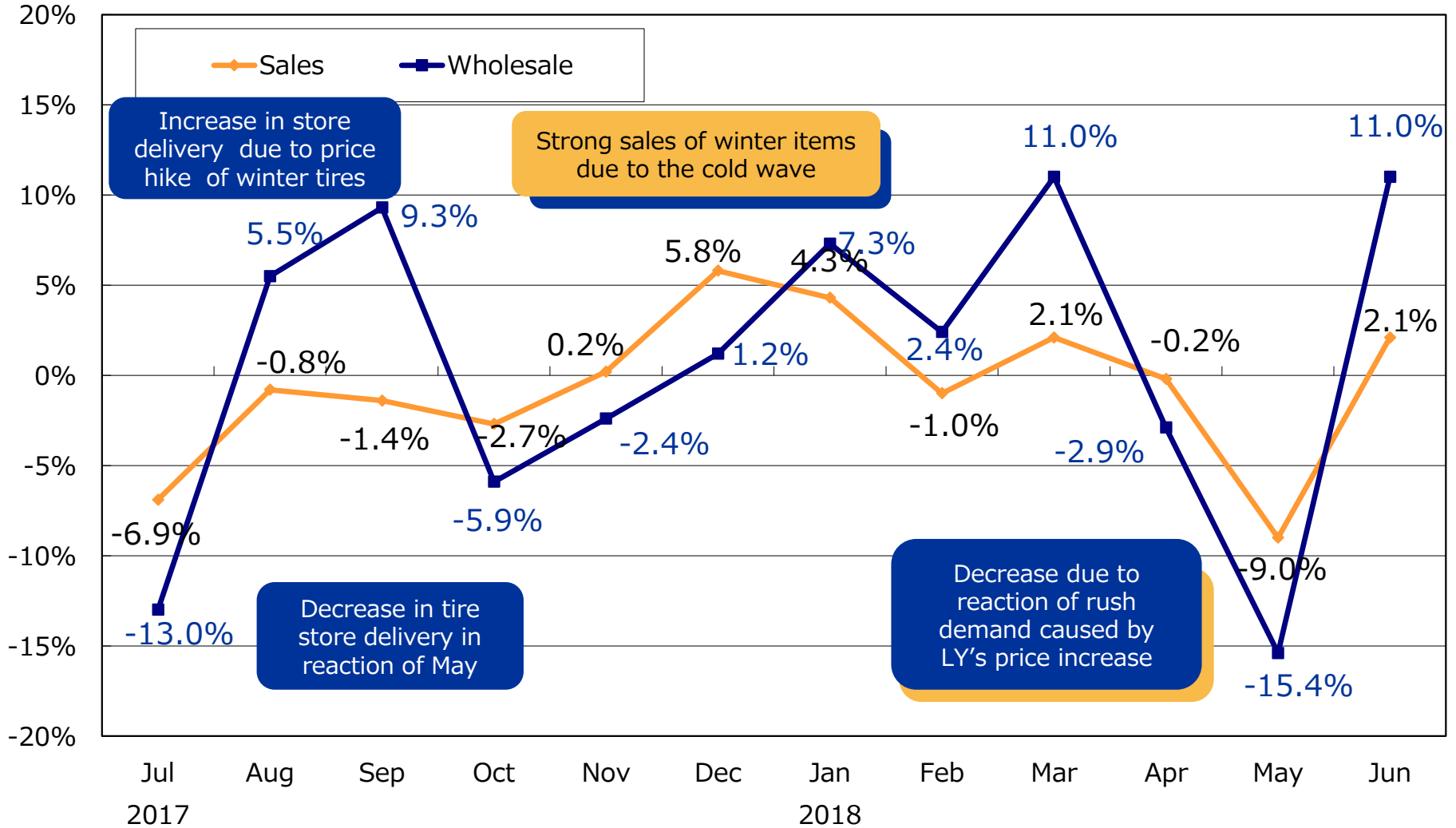
	Non-consolidated		Domestic Store Subsidiaries	
	Results	YoY	Results	YoY
Net Sales	35,963	▲ 958	11,815	▲ 1,884
Gross Margin(%)	6,988 (19.4%)	+ 247 (+1.1pt)	5,048 (42.7%)	▲ 901 (▲0.7pt)
SG&A	6,377	▲ 342	5,116	▲ 689
Operating Income	610	+590	▲ 67	▲ 211
Explanation	<ul style="list-style-type: none"> • Revenue and profit increased. • Although sales of tires and wheels decreased in reaction to the early increase in demand for the replacement of tires with summer tires and the last-minute surge in demand, which was caused by the price rise in the previous year, sales of dashcams and batteries increased. • SG&A decreased due to decreased depreciation costs for the logistic system. 		<ul style="list-style-type: none"> • Revenue increased and profit declined. • SG&A decreased due to the transfer of Michinoku AUTOBACS and AUTOBACS Akita to franchisees. • Efforts such as retail price change management and obsolete inventory reduction to increase gross margin were continued. 	

Amounts are rounded down.

Sales Trend: Retail & Wholesale (July 2017 – June 2018)



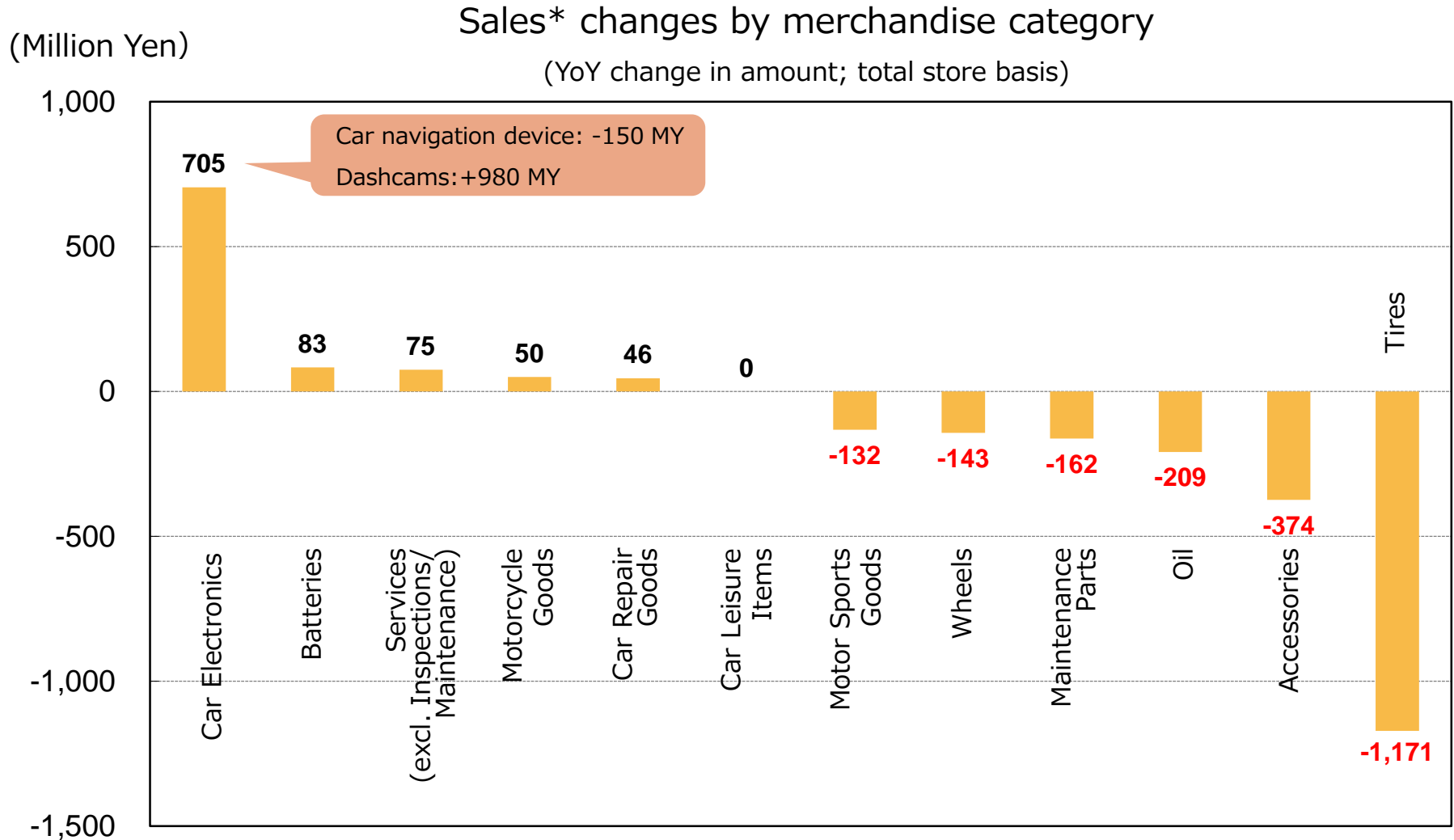
[YoY change for the last 12 months]



* Sales at all domestic store formats (AUTOBACS, Super AUTOBACS, AUTOBACS CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

Sales Variance by Merchandise (Q1 FY2019)

【Same store basis】 Sales: -2.7% YoY, Number of customers: -4.7% YoY

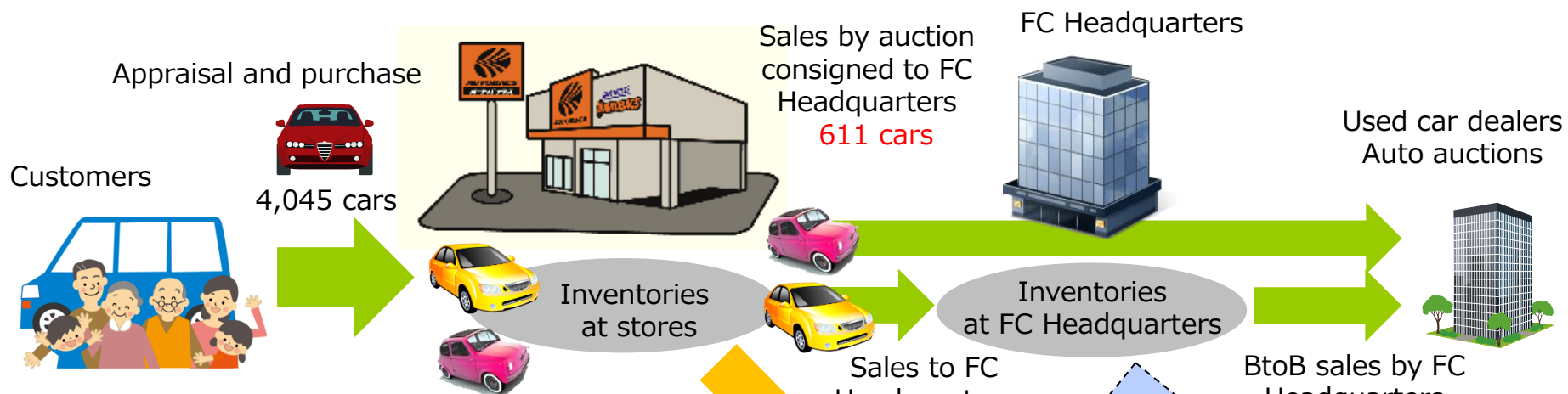


* Include sales at domestic AUTOBACS-chain stores including FCs; all store formats (AUTOBACS, Super AUTOBACS, CARS, AUTOBACS *Secohan Ichiba* and AUTOBACS EXPRESS)

Automobile purchase and sales (1)

Commercial flow of car purchase and BtoB sales

(No. of cars denotes cumulative units for the three months ended June 30, 2019)



	Details	No. of cars sold
BtoB sales	To AUTOBACS Seven	284
	Sales to AA via AUTOBACS Seven	611
	Direct sales from stores	3,111
	BtoB total	4,006
Retail		2,859
Total		6,865

Independent BtoB sales
3,111 cars

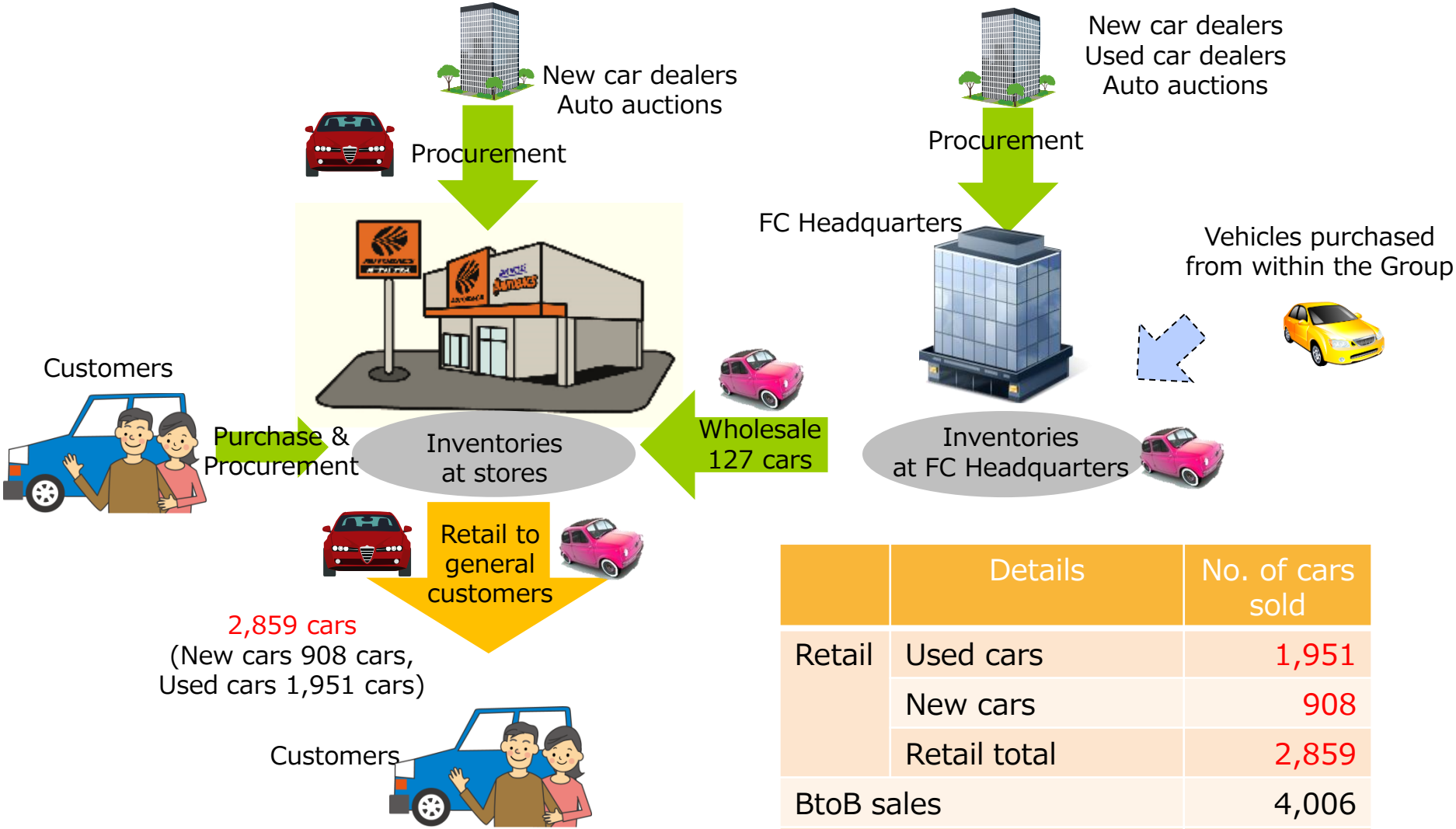
Used car dealers
Auto auctions

Retail to
general
customers

Automobile purchase and sales (2)

Commercial flow of retail sales

(No. of cars denotes cumulative units for the three months ended June 30, 2019)



	Details	No. of cars sold
Retail	Used cars	1,951
	New cars	908
	Retail total	2,859
BtoB sales		4,006
Total		6,865

Performance by Overseas Subsidiaries

	FRANCE		THAILAND		SINGAPORE		CHINA		MALAYSIA	
Number of stores at June. 30, 2018 -including FC stores-	11		11		3		0		4	
Period	Q1 FY2019	Q1 FY2018	Q1 FY2019	Q1 FY2018	Q1 FY2019	Q1 FY2018	Q1 FY2019	Q1 FY2018	Q1 FY2019	Q1 FY2018
Net sales (Million Yen)	2,014	1,613	101	87	310	335	84	73	10	6
SG&A (Million Yen)	1,124	892	72	55	136	154	50	40	17	14
Operating income (Million Yen)	-43	-29	-38	-28	5	10	-21	-11	-12	-11
Business conditions	The number of stores increased due to franchisees becoming subsidiaries and store transfers, resulting in an increase in sales. However, operating loss increased due to flood surround Paris.		Through an alliance with the local PTG Group, sales increased due to active store openings in the gas station mall, which was operated by the PTG Group.		Although overall profit decreased, the number of customers of the maintenance service for the vehicles used for car sharing increased, contributing to an increase in sales.		In addition to increased expenses for business expansion, the gross margin of the merchandise for the AUTOBACS chain decreased, resulting in a decrease in profit.		Sales increased due to strong sales at the stores that were opened last year and the abolition of consumption tax starting from June.	

Note: Figures in parentheses are negative.

Amounts are rounded down.

JACK & MARIE Second Store

JACK & MARIE
GO FOR A RIDE



Store name: JACK & MARIE LaLaport NAGOYA minato AQUUS

Opening on: September 28, 2018 (Fri.)

Location: 3-2, Komei 2-chome, Minato-ku, Nagoya-shi, Aichi

We plan to open new stores in other areas in the future.

Overseas Business: New Store Openings



Thailand: Accelerate store openings in shopping malls of PTG group



Phetkasem 25 Store (Opened on May 11, 2018)



Krathumbaen 5 Store (Opened on June 29, 2018)



Vibhavadi 32 Store (Opened on July 25, 2018)



Bang Na KM12 Store (Opened on July 27, 2018)

Imported Car Dealer Business

Increase in BMW Official Dealer Shops



Ogikubo BMW (Suginami-ku, Tokyo)

The business was transferred to us and will commence operation on August 1, 2018.

The total number of BMW official dealer shops operated by the Group will be 10.

Restructure of wholesale business subsidiaries

- Establishment of a new company

Company name: **CAP Style Co., Ltd.**

Establishment date: Mid-August 2018



- Business transfer from existing business subsidiaries to a new company

Companies to transfer: Cores International, Inc.

Plastar K.K.

Transfer date: October 1, 2018

* The abovementioned subsidiaries are planned to be balanced during the fiscal year ending March 2019.

Store Openings and Closings



Domestic stores

	No. of stores as of March 31, 2018	Fiscal year ending March 31, 2019							(Plan) No. of stores as of March 31, 2019
		Q1 (results)			No. of stores as of June 30, 2018	Q2 - Q4 (Plan)			
		New	S/B•R/L	Close		New	S/B•R/L	Close	
AUTOBACS	497			-2	495	+2	+2/-2	-2	495
Super AUTOBACS	74				74				74
AUTOBACS Secohan Ichiba	8				8				8
AUTOBACS EXPRESS	11				11				11
AUTOBACS CARS	13			-3	10				10
Total	603			-2	598	+2	+2/-2	-2	598

Overseas stores

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

Country / Region	No. of stores as of March 31, 2018	FY March 2017(Results & Forecasts)			(Plan) No. of stores as of Mar 31, 2019
		Q1 (results)	No. of stores as of June 30, 2018	Q2 - Q4 (Plan)	
France	11		11		11
Thailand	9	+2	11	+15	26
Singapore	3		3		3
Taiwan	6	+2	8	+1/-1	8
Malaysia	5		5	-1	4
Indonesia	4	-1	3	+1	4
Philippines	3		3		3
Total	41	+3	44	+15	59

Balance Sheet / Assets



172.2BY

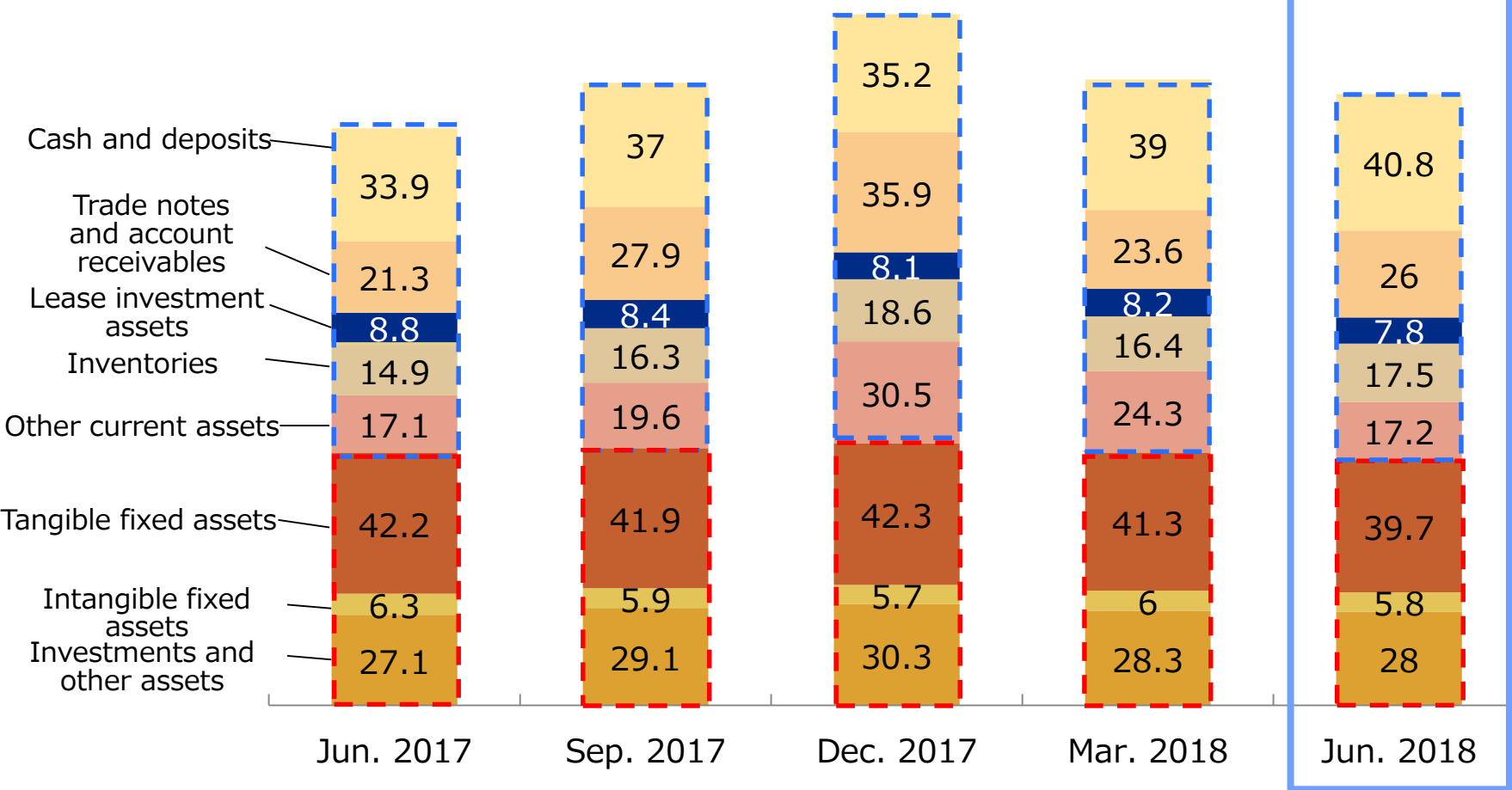
186.5BY

207.1BY

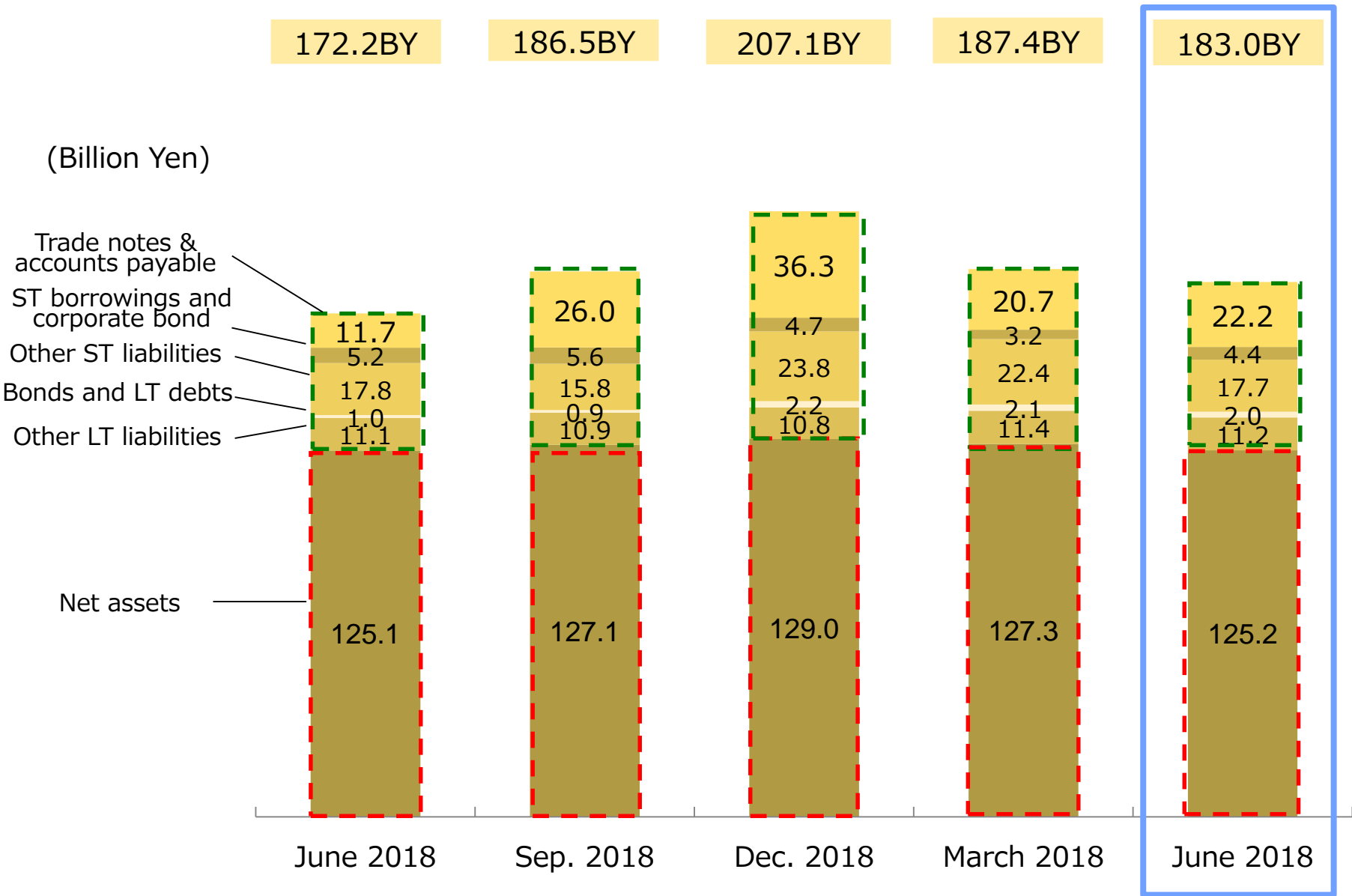
187.4BY

183.0BY

(Billion Yen)



Balance Sheet / Liabilities & Net Assets



Change in Reportable Segments

Before change

Reportable segment	Description
Domestic AUTOBACS Business	Wholesale and retail of automotive goods, purchase and sale of vehicles, statutory safety inspections and maintenance services, and <u>online-related sales</u> , etc.
Overseas Business	Wholesale and retail of automotive goods in overseas countries, etc.
<u>Used car buying</u> , Car dealer and BtoB Business	<u>Used car buying stores</u> , imported car dealers, wholesale to customers outside the AUTOBACS Group
<u>Others</u>	<u>Leasing business of subsidiaries, etc., which is not classified under the above descriptions</u>



After change

Reportable segment	Description
Domestic AUTOBACS Business	Wholesale and retail of automotive goods, car purchase and sale (<u>including used car buying stores</u>), statutory safety inspections and services, etc.
Overseas Business	Wholesale and retail of automotive goods in overseas countries, etc.
Car Dealer, BtoB and <u>Internet Business</u>	Imported car dealers, wholesale to customers outside the AUTOBACS Group, and <u>online-related sales</u> , etc.
<u>Other Businesses</u>	<u>Credit card commission income, leasing business of subsidiaries, etc.</u>

Profit in the Credit Business etc.

Position of items concerning credit card and customers loan commission at the stores were changed from FY March 2019.

Profits of credit business in last FY(Q1 FY2018)

(Million Yen)

	Before change	After change
Net Sales	-	187
Gross Margin	-	164
SG&A	-	-22
Operating Income	-	187
Non-operating Income	187	-
Non-operating expenses	-	-
Ordinary income	187	187





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 materially from forecasts due to such factors as changes in operating circumstances.