

Results for the Three Months ended June 30, 2016



July 29, 2016

AUTOBACS SEVEN CO., LTD.

Q1 FY March 2017 Consolidated P/L



Decrease in net sales and income: Gross profit fell due to a decline in sales. Selling, general, and administrative expenses were within the plan

Sales of vehicle interior accessories and other merchandise and car navigation systems decreased, partly affected by the sluggish sales of light motor vehicles. Gross profit margin declined, due mainly to a drop in gross margin associated with a decrease in the number of tires sold and investment adjustment of car goods. SG&A expenses were within the plan, attributable to the efficient use of advertising expenses, while operating income finished below the plan and below the actual results of the same period of the previous year.

(Billion Yen)

	Three months ended June 30, 2016			Three months ended June 30, 2015	
	Actual result	% of Sales	YoY change ratio	Actual result	YoY change ratio
Net sales	47.5	—	-3.1%	49.0	+1.3%
Gross margin	14.8	31.2%	-5.4%	15.7	+5.9%
SG&A	14.6	30.9%	-0.4%	14.7	-1.8%
Operating income	0.1	0.3%	-81.4%	0.9	—
Non-operating Income/expenses	0.3	0.8%	+1.3%	0.3	-39.6%
Ordinary income	0.5	1.1%	-59.2%	1.3	+229.1%
Extraordinary gains/ losses	—	—	—	—	—
Profit attributable to owners of parent	0.2	0.4%	-63.9%	0.5	+272.1%

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

Financial Forecast after Q2




2nd Quarter

- Business environment for Q2 remains the same as the environment that continued up until Q1.
- Strengthen marketing initiatives and improve profitability

3rd Quarter and 4th quarter

- Expect recovery trend in automobile demands such as tires and statutory inspection services from Q3
- The forecast for the sales increase before the consumption tax hike which was under the plan for the fourth quarter has been revised downward
- In Q3, the plan for the second half of the fiscal year announced at the beginning of the fiscal year shall be achieved by strengthening marketing initiatives, improving the gross margin, and reducing costs.

Revenue forecasts for each quarter of the fiscal year ending March 2017
(Comparison with the plan announced at the beginning of the fiscal year)

	Q2	Q3	Q4
Forecast for sales and income	 <ul style="list-style-type: none"> - Continuation of business environment from before Q1 - Marketing initiatives and exchange of store inventory improve sales 	 <ul style="list-style-type: none"> - Strengthening of tire and statutory inspection services sales, and marketing initiatives - Improvement of gross margin, efficient use of costs 	 <ul style="list-style-type: none"> - Decrease of portion equivalent to last-minute surge in demand in association with the tax hike - Strengthening of statutory inspection/car sales - Respond by improving the gross margin and reducing costs

Analysis of Operating Income by Segment

Domestic Retail sales

Total store basis: -3.6% Same store basis: -5.2%

		Operating income (Billion yen)	
		Amount	Major drivers of variance (yoy)
Segment	Non-consolidated	0.59	-1.1BY Net sales -2.2BY (-5.8%) • Decrease in wholesale sales resulting from a decline in sales at stores Gross profit -0.88BY(GM18.6% (last year 19.8%)) • Decline in gross margin due to a decrease in the sales of tires and wheels. SG&A +0.22BY • Increase in costs due to the renovation of the Logistics Center
	Domestic store subsidiaries	-0.65	+0.05BY Net sales:-0.48BY (-3.0%) GPM improved +0.2pt YoY • Improvement in the gross margin, attributable to initiatives such as the improvement of inventory efficiency • Selling, general, and administrative expenses were reduced, particularly personnel expenses and selling expenses
	Overseas subsidiaries	-0.04	-0.06BY
	Subsidiaries for car goods supply and other & Subsidiaries for supporting function	0.11	+0.05BY
	Segment total	0.01	-1.07BY
Consolidation Adjustments		+0.16	
Consolidated		0.18	-0.78BY

Note: Figures in parentheses are negative.

Amounts are rounded down.

Segment Information



(Billion yen)

		Three months ended June 30, 2016	Three months ended June 30, 2015	YoY change
Non-consolidated	Net Sales	35.86	38.07	-5.8%
	Ordinary Income	0.59	1.7	-65.2%
Domestic store subsidiaries	Net Sales	15.38	15.86	-3.0%
	Ordinary Income	-0.65	-0.7	-
Overseas subsidiaries	Net Sales	1.95	2.44	-19.8%
	Ordinary Income	-0.04	0.02	-
Subsidiaries for car goods supply and other	Net Sales	5.28	5.16	+2.4%
	Ordinary Income	0.02	-0.04	-
Subsidiaries for supporting function	Net Sales	0.73	0.83	-11.8%
	Ordinary Income	0.09	0.1	-8.3%
Segment total	Net Sales	59.23	62.37	-5.0%
	Ordinary Income	0.11	1.08	-99.0%

Note: Figures in parentheses are negative.

Amounts are rounded down to the nearest ten million Yen.

Performance Breakdown (Three months ended Jun 30, 2016)



Non-consolidated company

Net sales 35.8 Billion Yen (YoY: -2.2 BY)	Wholesale -2.11 BY -5.9%	↑ fuel, used car goods ↓ tires & wheels, accessories, maintenance goods, etc.
	Retail -0.04 BY -3.2%	↑ car sales, accessories, maintenance goods, etc. ↓ on-line store, fuel, used car goods, etc.
Gross margin 6.6 Billion Yen (YoY: -0.88 BY)	Wholesale -0.92 BY -12.9%	↑ overseas business, car sales, etc. ↓ accessories, maintenance goods, tires & wheels, etc.
	Retail +0.01 BY +5.6%	↑ car sales, on-line store, accessories, maintenance goods, etc. ↓ statutory inspection services, tires & wheels, used car goods, etc.
SG&A 6.0Billion Yen (YoY: +0.22 BY)	Salary: Performance-linked remuneration in last FY adjusted, but no adjustment this FY	
	Seles expenses: Decrease in expenses for advertising, such as TV commercials and newspaper ads, as well as sales promotion costs	
	Facilities: Increases in costs associated with the renovation of the Western Japan Logistics Center and depreciation costs	
	Others: Decreases in costs for store operating systems and information processing costs for overseas stores	

Domestic store subsidiaries

Net sales 15.38 Billion Yen (YoY: -4.8 BY)	Operating income improved year on year as a result of the enhancement in inventory efficiency, improvement in the gross margin, and the efficient use of expenses, despite falling sales at stores. Although the business environment is difficult, the Company believes that it has made steady progress through its ongoing measures to reform domestic store subsidiaries.
Operating Income -0.65 Billion Yen (YoY: +0.05 BY)	

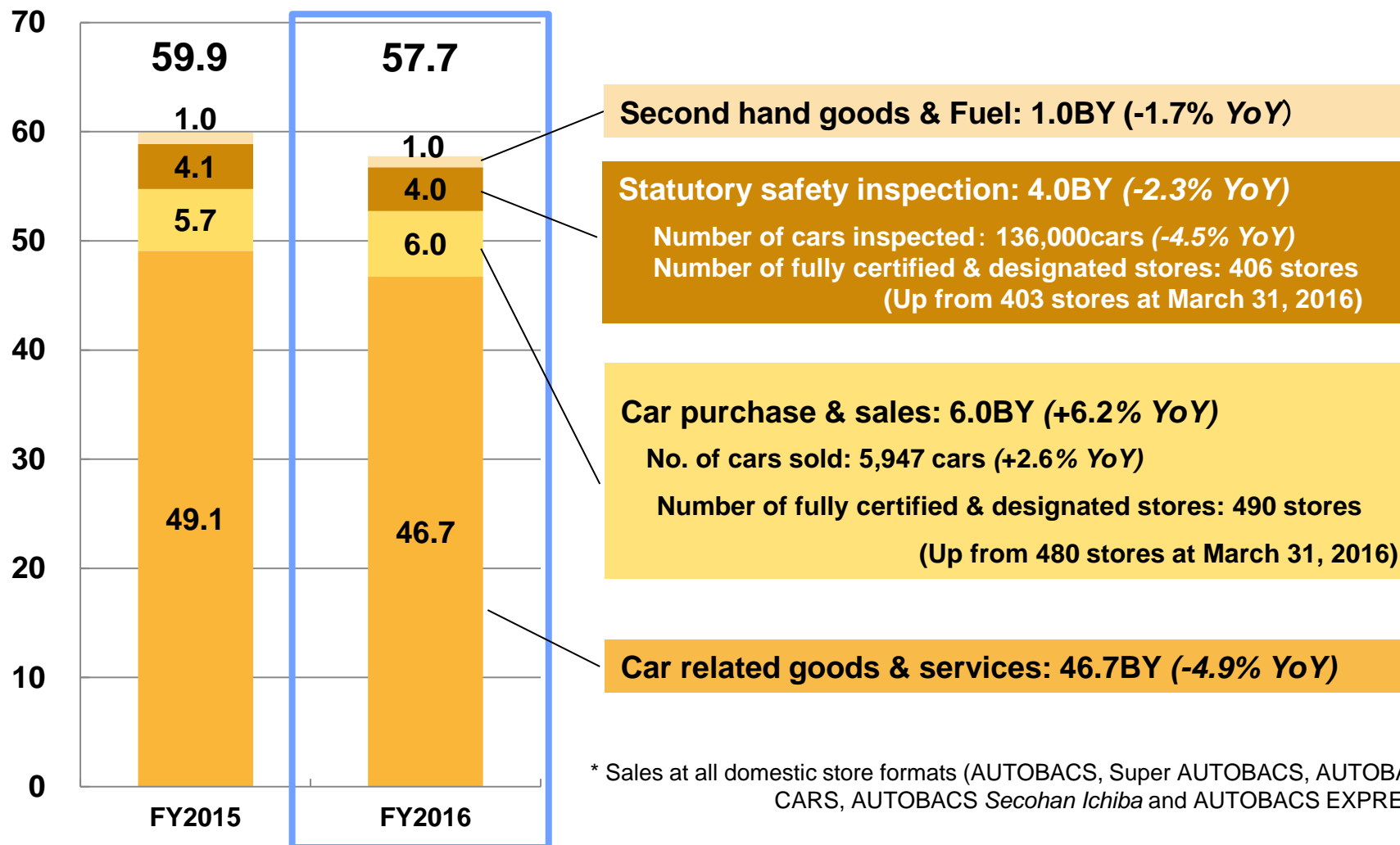
Amounts are rounded down to the nearest hundred million yen.
 % of Net Sales and YoY comparisons are calculated in million yen.

Retail Sales in Total AUTOBACS Group Stores



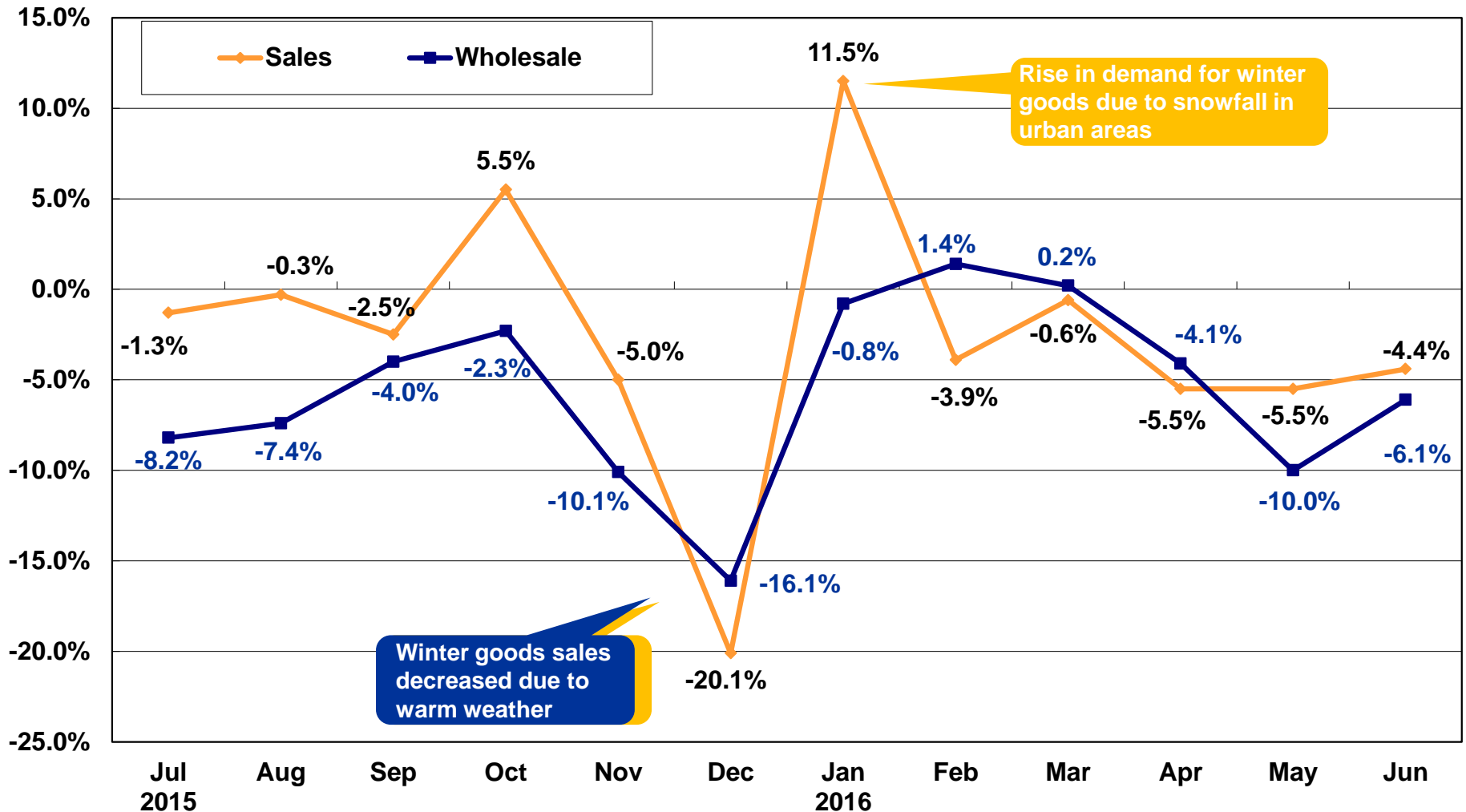
RETAIL SALES INCLUDING FCs: 57.7 billion yen (-3.6% YoY)

(Billion Yen)



Sales Trend: Retail & Wholesale (Jul 2015 – Jun 2016)

【YoY change for the last 12 months】



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

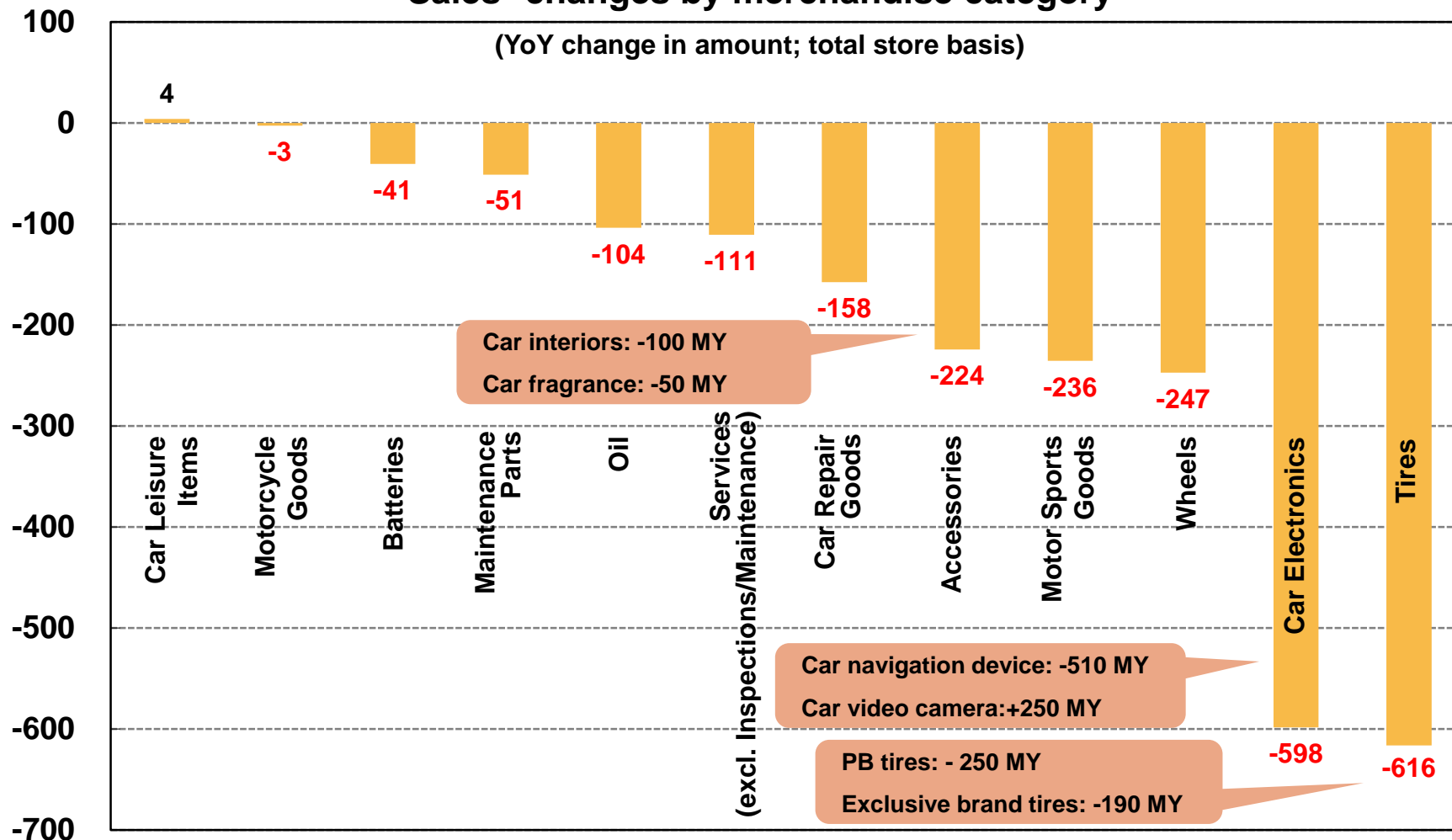
Sales Variance by Merchandise (Q1 FY2017)

【Same store basis】 Sales: -5.2% YoY, Number of customers: -6.4% YoY

(Million Yen)

Sales* changes by merchandise category

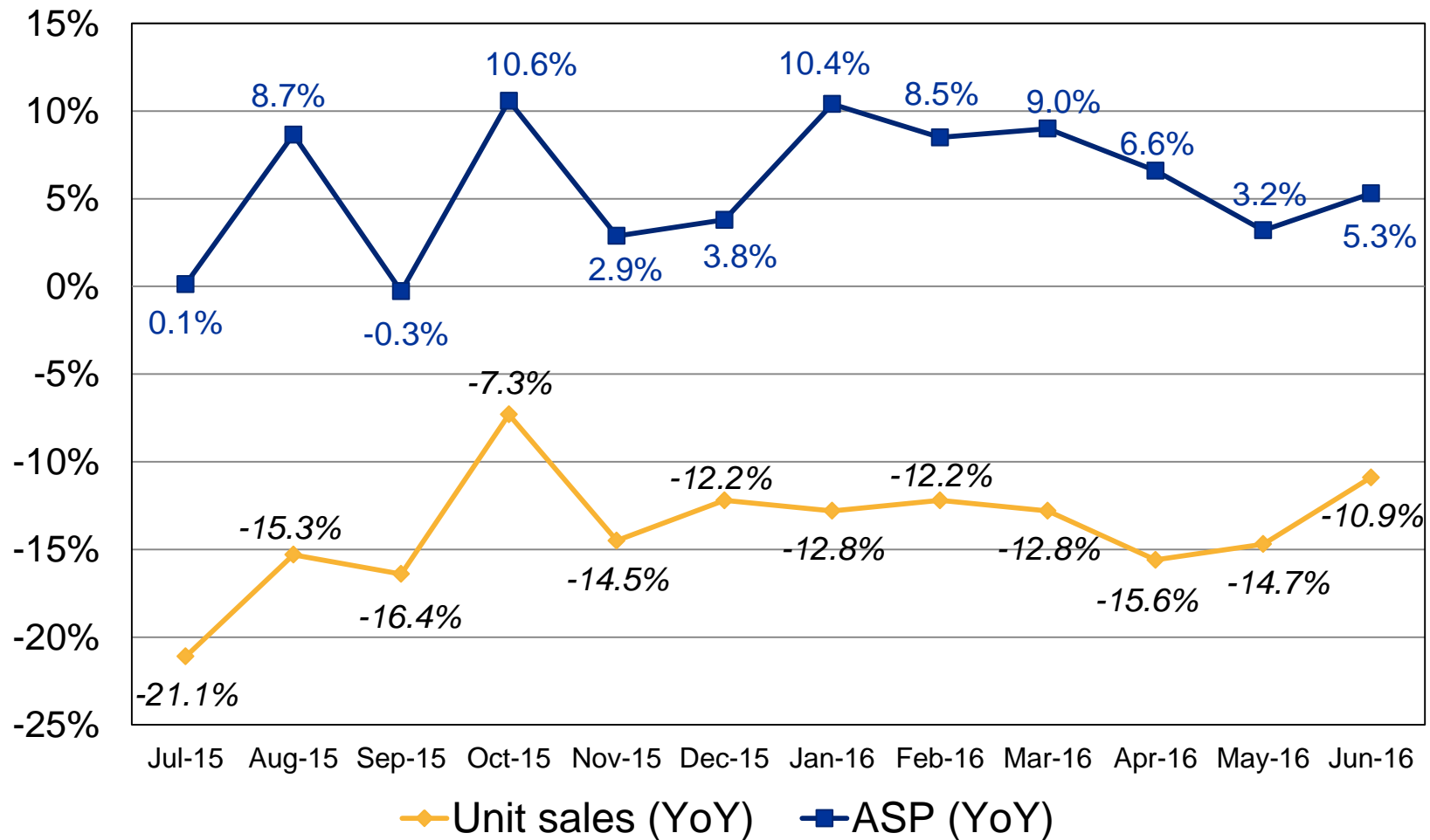
(YoY change in amount; total store basis)



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

ASP Trends in Car Navigation Devices

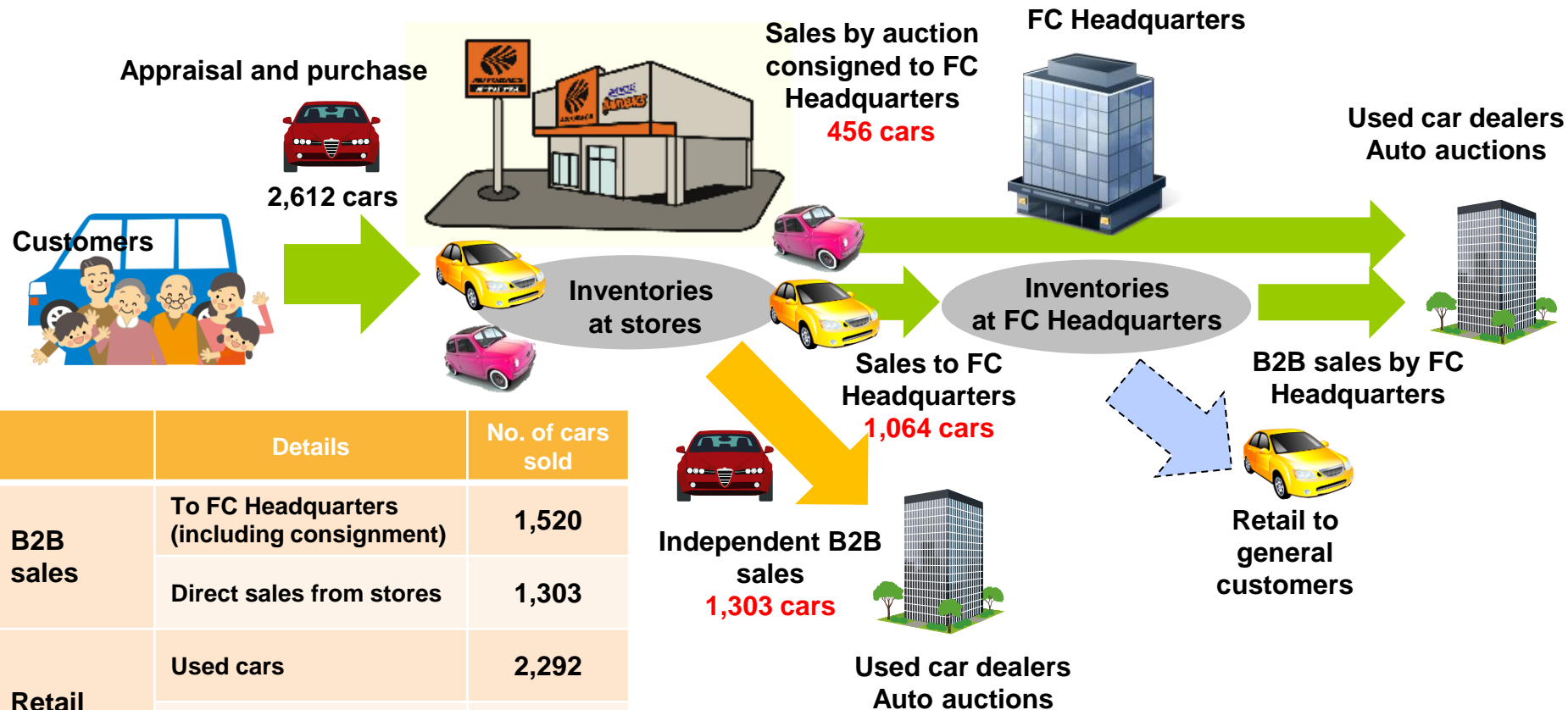
ASP and Unit Sales Trends of Car Navigation Devices (YoY)



Automobile purchase and sales (1)

Commercial flow of car purchase and B2B sales

(No. of cars denotes cumulative units for the three months ended June 30, 2016)

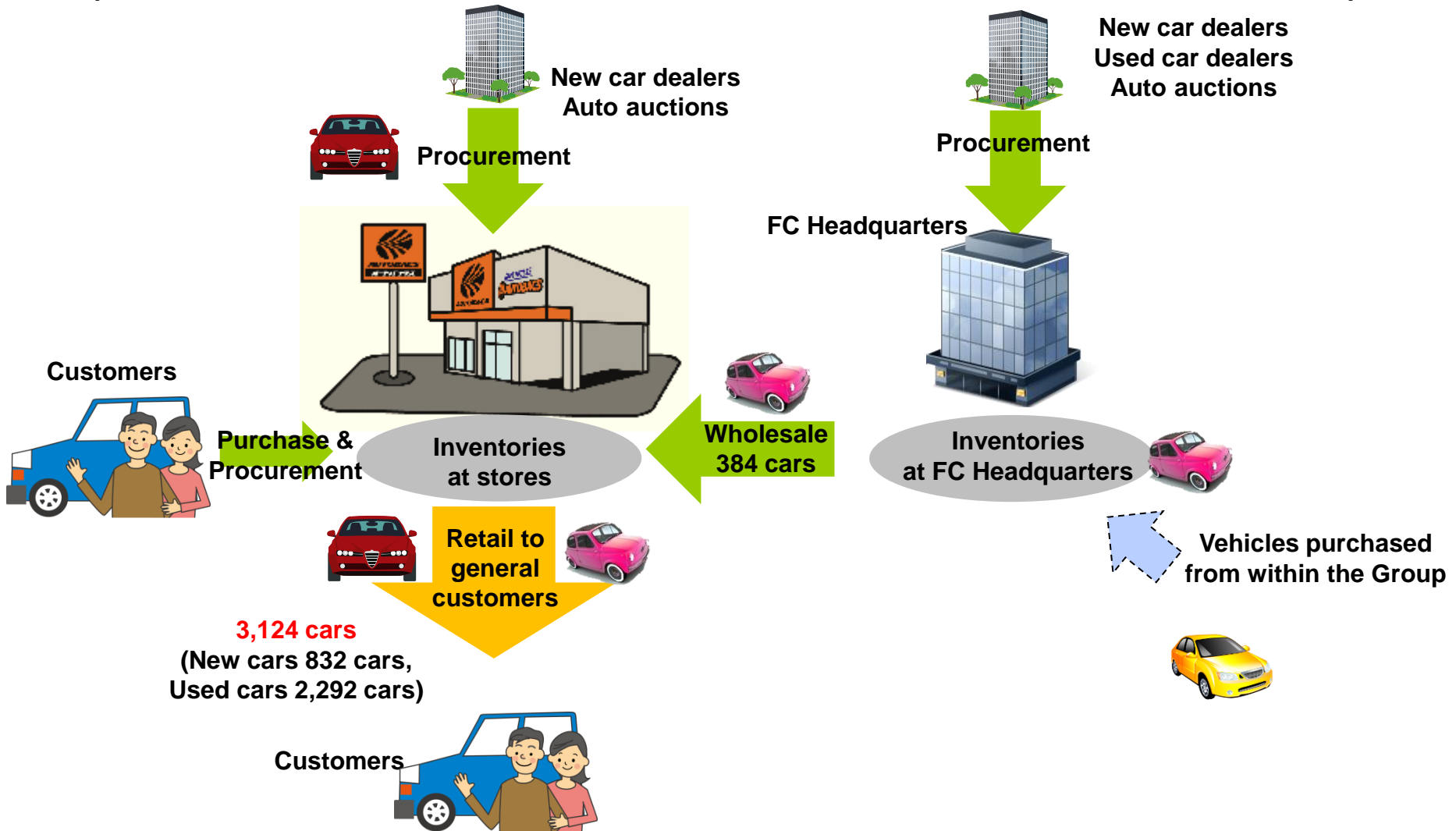


	Details	No. of cars sold
B2B sales	To FC Headquarters (including consignment)	1,520
	Direct sales from stores	1,303
Retail	Used cars	2,292
	New cars	832
Total		5,947

Automobile purchase and sales (2)

Commercial flow of retail sales

(No. of cars denotes cumulative units for the three months ended June 30, 2016)



Performance by Overseas Subsidiaries

	FRANCE		THAILAND		SINGAPORE		CHINA		MALAYSIA	
Number of stores at June. 30, 2016 -including FC stores-	11		7		3		0		5	
Period	Q1 FY2017	Q1 FY 2016	Q1 FY2017	Q1 FY 2016	Q1 FY2017	Q1 FY 2016	Q1 FY2017	Q1 FY 2016	Q1 FY2017	Q1 FY 2016
Net sales (Million Yen)	1,526	1,904	54	103	314	357	58	78	5	2
SG&A (Million Yen)	846	976	40	51	109	123	31	33	15	16
Operating income (Million Yen)	(45)	22	(23)	(19)	45	39	(6)	(1)	(12)	(15)
Business conditions	The business environment remained in disarray after the terrorist attacks. The decrease in sales significantly affected profits, despite efforts to improve gross margin by increasing the ratio of sales of services.		In May, the Company opened its seventh store in the country. It is working to establish a business model for operating small stores that capitalize on customers' needs for maintenance in outlying commercial areas.		Gross profit margin improved further, despite a decline in sales. Selling, general, and administrative expenses were reduced, and operating income exceeded the level of a year ago.		The trade business of automotive products performed well. Operating loss improved, due partly to the positive effects from cost reduction.		The Company promoted initiatives to boost the recognition of AUTOBACS brand, primarily through the maintenance services offered at the three stores that opened in the previous fiscal year.	

Note: Figures in parentheses are negative.

Amounts are rounded down.

Decrease in Consolidation Adjustments

Consolidation Adjustments

(Million Yen)

	Three months ended June 30, 2016	Three months ended June 30, 2015
Operating Income for segment total	11	1,083
Elimination of Intersegment transaction	-108	-172
Inventories (Unearned income of subsidiary inventories, etc.)	266	-8
Depreciation of Goodwill	-46	-25
Adjustment in fixed assets	97	123
Allowance for point card	-2	-1
Other	-37	-31
Consolidation adjustment	169	-115
Consolidated operating income	180	968

Amounts are rounded off to the nearest million yen.

Progress of New Store Openings

	Store name	Location (Prefecture)	Owner of store	Opening date
1	AUTOBACS OSAWANO Store	Toyama	FC	April 23, 2016
2	AUTOBACS Used Car Purchase Store MATSUBARA	Tokyo	RC	May 26, 2016
3	AUTOBACS SATOSHO Store	Okayama	FC	June 24, 2016
4	AUTOBACS Used Car Purchase Store KOGANEI	Tokyo	RC	July 27, 2016



AUTOBACS
OSAWANO Store



AUTOBACS Used Car Purchase Store
MATSUBARA



AUTOBACS
SATOSHO Store



AUTOBACS Used Car Purchase
Store KOGANEI

Expanding AUTOBACS Private Brand



“AQ. (AUTOBACS QUALITY.)”



Interior mat of three dimensional shape
Launched in May 2016



Leather style cushion
Launched in April 2016



Waterproof seat cover
Launched in July 2016



Initiatives for Boosting the Appeal of the Statutory Safety Inspection Service

Launched a new service called “Three Relief Star Compensation” in July 2016



Three Relief Star Compensation

Three compensation items are offered free of charge for one year to customers who have commissioned the Company to perform statutory safety inspections.

- [Details of compensation]
- Change of punctured tires
 - Repair or replacement of vehicle windowpane
 - Repair or replacement of scratches in bumpers

⇒Set AUTOBACS apart from competitors by offering added value in relation to statutory safety inspections

AUTOBACS Statutory Safety Inspection: Two characteristics for peace of mind

<p>Reassurance of options available</p>	<ul style="list-style-type: none"> • Three courses are available to accommodate the individual needs of each customer. • The choice between automotive products and maintenance services is available at the time of statutory safety inspection. • The customer can consult with the on-site staff about the options available: statutory safety inspection, selling his/her car, and replacement.
<p>Reassurance of entrustment</p>	<ul style="list-style-type: none"> • Peace of mind provided by the Three Relief Star Compensation after the statutory safety inspection • Support at 400 designated factories and stores at 570 bases nationwide. 12-month maintenance warranty offered. • Ten maintenance member privileges available.

Implementation of initiatives to boost the recognition of the AUTOBACS brand, such as TV commercials.

Store Openings and Closings (Plan)



Domestic stores

	No. of stores as of March 31, 2016	Fiscal year ending March 31, 2017							(Plan) No. of stores as of March 31, 2017
		Q1 (result)			No. of stores as of June 30, 2016	Q2 – Q4 (Plan)			
		New	S/B · R/L	Close		New	S/B · R/L	Close	
AUTOBACS	498	+2		-1	499	+4	+1/-1	-1	502
Super AUTOBACS	75				75				75
AUTOBACS Secohan Ichiba	9				9				9
AUTOBACS EXPRESS	12				12				12
AUTOBACS CARS Stand-alone Store	3				3				3
AUTOBACS Used Car Purchase Store	2	+1			3	+2			5
Total	599	+3		-1	601	+6	+1/-1	-1	606

Overseas stores

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

Country / Region	No. of stores as of March 31, 2016	FY March 2017(Results & Forecasts)			(Plan) No. of stores as of Mar 31, 2017
		Q1 (result)	No. of stores as of June 30, 2016	Q2 – Q4 (Plan)	
France	11		11		11
Thailand	6	+1	7	+3	10
Singapore	3		3		3
Taiwan	6		6		6
Malaysia	5		5	+2	7
Indonesia	2		2		2
Total	33	+1	34	+5	39

Balance Sheet / Assets

183.0BY

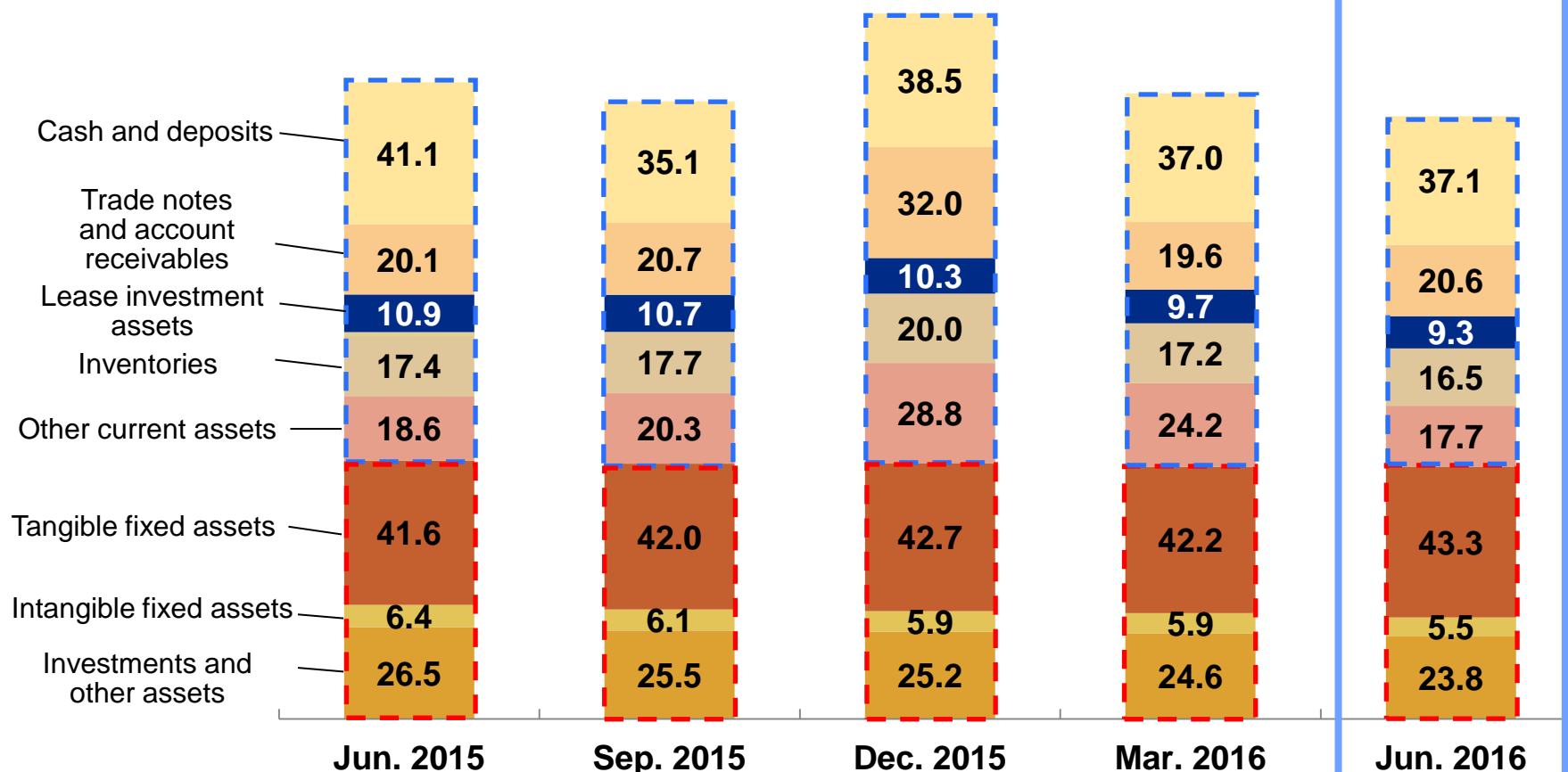
178.5BY

203.8BY

180.4BY

174.2BY

(Billion Yen)



Balance Sheet / Liabilities & Net Assets

183.0BY

178.5BY

203.8BY

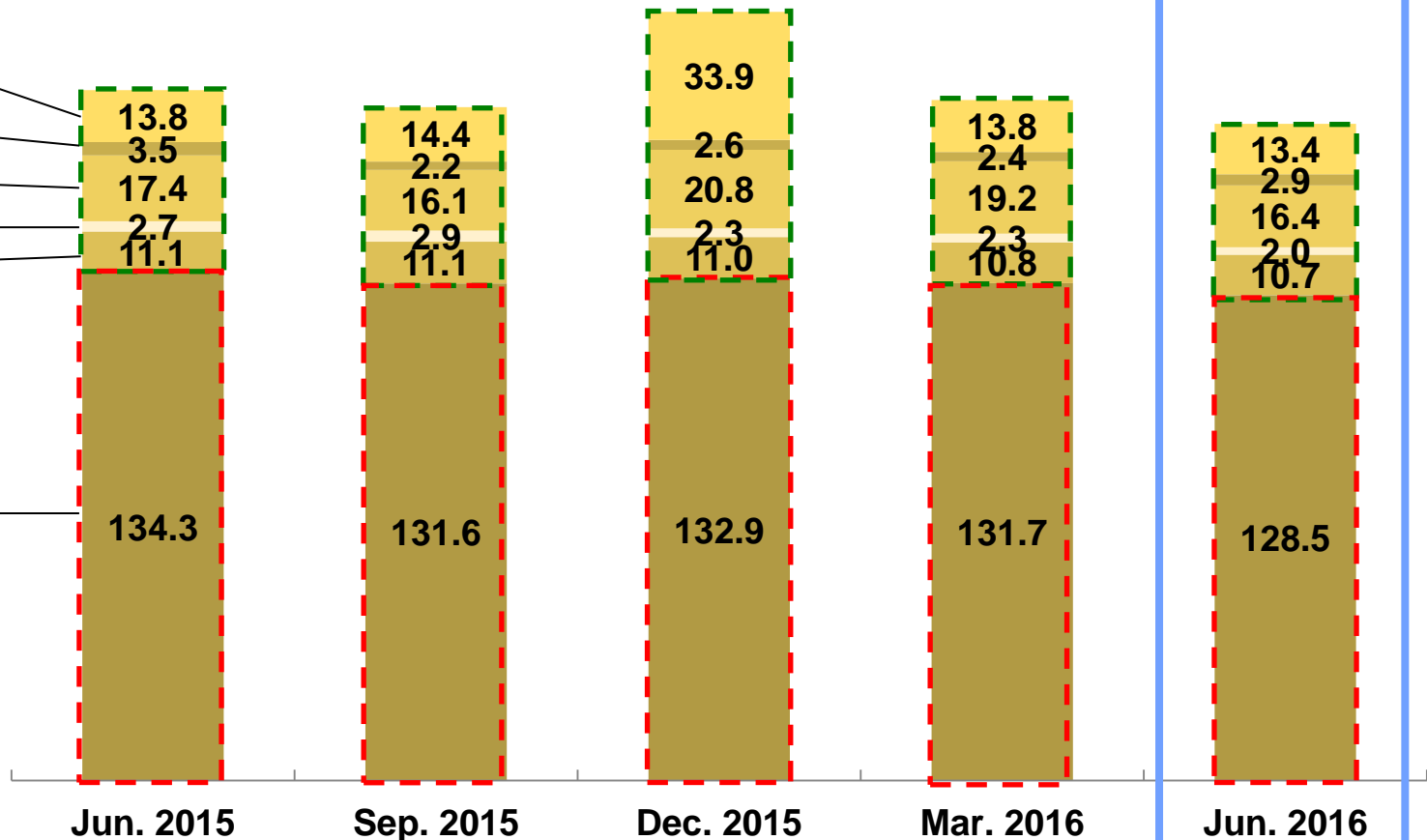
180.4BY

174.2BY

(Billion Yen)

Trade notes & accounts payable
ST borrowings and corporate bond
Other ST liabilities
Bonds and LT debts
Other LT liabilities

Net assets





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.