

Results for the Nine Months Ended December 31, 2016



January 31, 2017

AUTOBACS SEVEN CO., LTD.

Q3 FY March 2017 Consolidated P/L



Decrease in net sales and income: Net sales and gross profit declined, while SG&A expenses remained within the plan.

Demand for winter goods increased from the previous year, mainly reflecting the strengthening of sales promotions in the third quarter and snowfall, particularly in eastern Japan. Overall, however, sales of tires & wheels and accessories, among other items, declined. Operating income fell short of the plan and the previous year's result, although SG&A expenses remained at the same level year on year.

(Billion Yen)

	Nine months ended Dec 31, 2016			Nine months ended Dec 31, 2015	
	Actual result	% of Sales	YoY change ratio	Actual result	% of Sales
Net sales	160.6	100.0%	-2.5%	164.8	100.0%
Gross profit	51.4	32.0%	-2.7%	52.8	32.1%
SG&A	45.2	28.2%	-0.2%	45.3	27.5%
Operating income	6.1	3.8%	-18.0%	7.5	4.6%
Non-operating Income/expenses	0.9	-	+1.8%	0.9	-
Ordinary income	7.1	5.1%	-15.8%	8.4	5.1%
Extraordinary gains/ losses	-	-	-	0	-
Net income	4.6	2.9%	-13.2%	5.3	3.2%

Amounts are rounded down. % of Net Sales and YoY comparisons are calculated in the single digits.

Analysis for Operating Income

Domestic Retail sales

Total store basis: +1.0% Same store basis: -1.1%

		Operating income (Billion yen)	
		Amount	Major drivers of variance (yoy)
Segment	Non-consolidated	5.76	-2.31BY Net sales: -5.62BY (-4.3%) Gross Profit: -2.00BY (20.3% (last year 21.0%)) • Decrease in gross margins as a result of a decrease in sales of accessories, maintenance goods, tires & wheels, etc. SG&A: +0.31BY • Increase in costs as a result of the renovation of the logistics center, among other factors.
	Domestic store subsidiaries	0.21	+0.80BY Net sales: -0.34BY (YoY -0.7%) Gross Profit: +0.34BY(39.3% (last year 38.4%)) • Increased, mainly reflecting efforts to improve gross margins and a change in the product mix. SG&A: -0.46BY
	Overseas subsidiaries	-0.09	-0.16BY • Decrease in earnings at the French subsidiary, etc.
	Subsidiaries for car goods supply and other	0.11	+0.06BY • Earnings increased at subsidiaries operating import car dealers and the oil wholesale subsidiary
	Subsidiaries for supporting function	0.29	-0.03BY
	Segment total	6.29	-1.65BY
Consolidation Adjustments		-0.13	• Mainly due to change in unrealized profits
Consolidated		6.15	-1.34BY

Amounts are rounded down.

Quarterly P/L

(Billion Yen)

	1 st Quarter	2 nd Quarter	3 rd Quarter	4 th Quarter (Estimate-result)	FY March 2017 (Estimate)
Net sales	47.5	47.2	65.8	46.0	206.7
YoY	-3.1%	-4.7%	-0.5%	+6.4%	-0.7%
Gross margin (% of Sales)	14.8 (31.2%)	15.7 (33.4%)	20.7 (31.5%)	15.0 (32.8%)	66.5 (32.2%)
YoY	-5.4%	-3.7%	+0.2%	+6.8%	-0.7 %
SG&A	14.6	14.9	15.5	16.0	61.3
YoY	-0.4%	+0.7%	-0.8%	+7.4%	+1.7%
Operating income	0.1	0.8	5.1	-0.9	5.2
YoY	-81.4	-47.1%	+3.2%	—	-22.4%
Ordinary income	0.5	1	5.5	-0.9	6.2
Net income	0.2	0.5	3.9	-0.9	3.7
Same store sales	-5.2%	-3.2%	+4.0%	-3.2%	-2.0%

Amounts are rounded down.

% of Net Sales and YoY comparisons are calculated in the single digits.

Analysis for Operating Income (3rd Quarter)

Domestic Retail sales

Total store basis: +4.4% Same store basis: +4.0%

		Operating income (Billion yen)	
		Amount	Major drivers of variance (yoy)
Segment	Non-consolidated	4.08	-0.47BY Net sales: -1.34BY (-2.5%) Gross Profit: -0.59BY (20.3% (last year 20.9%)) • Decrease in gross margins as a result of a decrease in sales of accessories, maintenance goods, tires & wheels, etc SG&A: -0.11BY • Reduction as a result of a review of advertisements.
	Domestic store subsidiaries	1.34	+0.75BY Net sales: +0.71BY (YoY +3.6%) Gross Profit: +0.55BY(39.7% (last year 38.3%)) • Increase in store sales for items such as tires & wheels. • The gross margin ratio increased as a result of a change in the product mix and efforts to improve gross margins. SG&A: -0.19BY
	Overseas subsidiaries	-0.06	-0.02BY
	Subsidiaries for car goods supply and other	0.13	+0.01BY
	Subsidiaries for supporting function	0.10	-0.01BY
	Segment total	5.60	+0.25BY
Consolidated		5.17	+0.16BY

Amounts are rounded down.

Segment Information



(Million Yen)

		Nine months ended Dec 31, 2016	Nine months ended Dec 31, 2015	YoY change
Non-consolidated	Net Sales	124,136	129,756	▲4.3%
	Ordinary Income	5,762	8,077	▲28.7%
Domestic store subsidiaries	Net Sales	51,864	52,205	▲0.7%
	Ordinary Income	214	▲594	-
Overseas subsidiaries	Net Sales	5,975	7,061	▲15.4%
	Ordinary Income	▲93	75	-
Subsidiaries for car goods supply and other	Net Sales	16,238	16,171	+0.4%
	Ordinary Income	115	55	+109.0%
Subsidiaries for supporting function	Net Sales	2,215	2,453	▲9.7%
	Ordinary Income	297	335	▲11.2%
Segment total	Net Sales	200,431	207,649	▲3.5%
	Ordinary Income	6,297	7,949	▲20.8%

Amounts are rounded down.

% of Net Sales and YoY comparisons are calculated in the single digits.

Analysis of Income statements (Nine months ended Dec 31, 2016)



Non-consolidated

Net sales 124.1 BY YoY: -5.62 BY	Wholesale	-5.47 BY -4.5%	↑ Fuel, car sales , inspection services, etc. ↓ Accessories, tires & wheels, car electronics and etc.
	Retail	-0.00 BY +0.1%	↑ Car sales, accessories, fuel and etc. ↓ E-commerce, statutory inspection services, used parts etc.
Gross profit 25.1 BY YoY: -2.00 BY	Wholesale	-2.10 BY -8.1%	↑ Oil & batteries, overseas business ↓ Accessories, maintenance parts, tires & wheels, etc.
	Retail	+0.09 BY +8.9%	↑ Used car sales, fuel, accessories, maintenance parts, etc. ↓ E-commerce, Inspection services, tires & wheels, etc.
SG&A 19.4 BY YoY: +0.31 BY	Personnel expenses : Adjustments (decrease) related to performance-linked remuneration had been posted in the previous year. No adjustments were posted in the current year.		
	Promotion expenses : Decrease in expenses for advertising, such as newspaper ads.		
	Equipment costs : Increase due to expenses for the renovation of the logistics center, depreciation, etc.		
	Others : Increase in expenses related to the preferential point program for shareholders.		

Domestic store subsidiaries

Net sales 51.8 BY YoY: -0.34 BY	Continuous efforts were made to improve inventory efficiency, raise gross margin ratios and use expenses more efficiently. Such efforts for improving profitability produced results as sales recovered from a year ago in the third quarter, leading to a significant improvement in operating income year on year.
Operating Income 0.21 BY YoY: +0.8 BY	

Performance by Overseas Subsidiaries

	FRANCE		THAILAND		SINGAPORE		CHINA		MALAYSIA	
Number of stores at Sep. 30, 2015 -including FC stores-	11		8		2		0		5	
Period	9 months FY March 2017	9 months FY March 2016	9 months FY March 2017	9 months FY March 2016	9 months FY March 2017	9 months FY March 2016	9 months FY March 2017	9 months FY March 2016	9 months FY March 2017	9 months FY March 2016
Net sales (Million Yen)	4,597	5,505	203	275	949	1,014	207	255	17	10
SG&A (Million Yen)	2,485	2,821	145	137	360	353	88	99	47	41
Operating income (Million Yen)	-62	50	-89	-55	97	110	2	7	-40	-36
Business conditions	Efforts are being made to improve gross margins by increasing the ratio of sales on services in comparison with tire sales. Despite this, operating income declined as a result of decreased sales.		The Sriracha Store was opened in November. Efforts will continue to build a business model to capture maintenance demand through the operation of small-scale stores.		The Bukit Batok Store that was renovated in October performed well, although sales decreased as a result of the closure of one store in the first half.		The export business for Autobacs stores remained solid, but other wholesale businesses continued to experience difficulties.		The business model with a focus on maintenance services is being tested in the three stores that opened last year.	

Amounts are rounded down.

Store Openings and Closings (Plan)



Domestic stores	No. of stores as of March 31, 2016	Fiscal year ending March 31, 2016							(Plan) No. of stores as of Mar 31, 2017
		Q1 ~ Q3 (result)			No. of stores as of Dec 31, 2016	Q4 (Plan)			
		New	S/B ・ R/L	Close		New	S/B ・ R/L	Close	
AUTOBACS	498	+7	+2/-1	-9	497	+2		-2	497
Super AUTOBACS	75			-1	74				74
AUTOBACS Secohan Ichiba	9				9				9
AUTOBACS EXPRESS	12				12				12
AUTOBACS CARS Stand-alone Store	3		-1		2	+2			4
AUTOBACS Used Car Purchase Store	2	+4			6	+3			9
Total	599	+11	+2/-2	-10	600	+7		-2	605

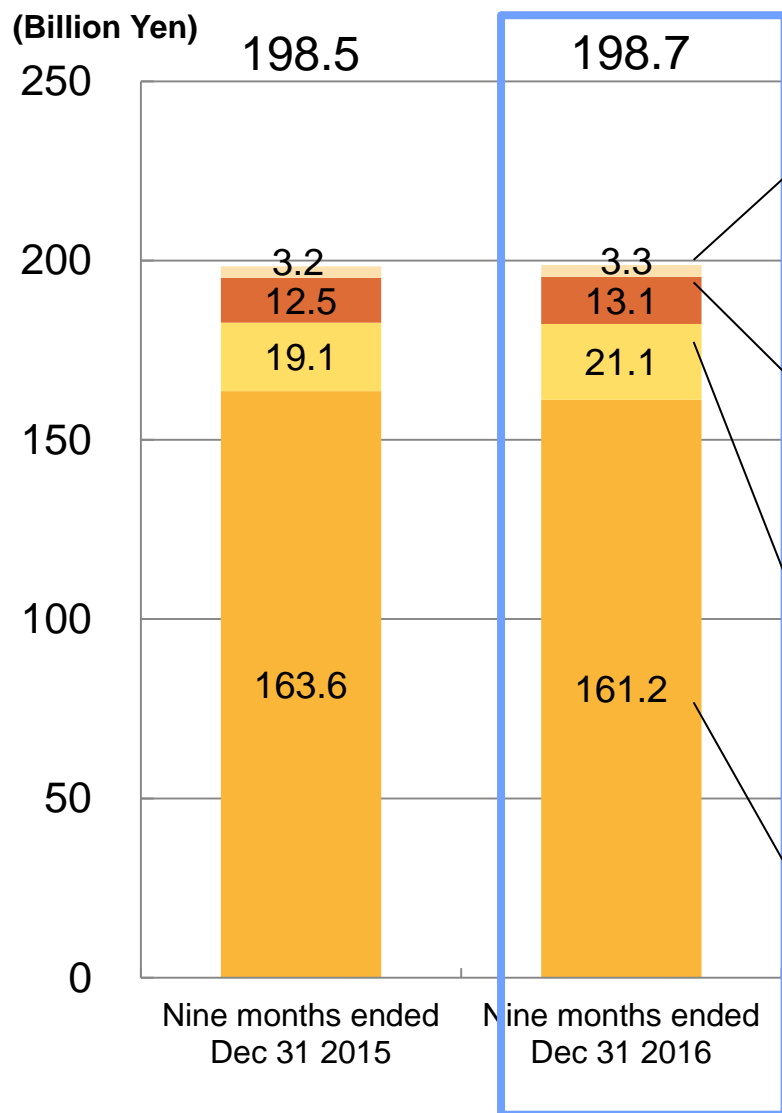
Overseas stores	No. of stores as of March 31, 2016	FY March 2016(Results & Forecasts)			(Plan) No. of stores as of Mar 31, 2017
		Q1 ~ Q3 (result)	No. of stores as of Dec 31, 2015	Q4 (Plan)	
France	11		11		11
Thailand	6	+2	8		8
Singapore	3	-1	2		2
Taiwan	6		6		6
Malaysia	5		5		5
Indonesia	2	+1	3	+2	5
Philippines	0	+1	1		1
Total	33	+3	36	+2	38

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

Domestic Retail Sales



Retail sales including FCs*: 198.7 billion Yen (+0.1% YoY)



Fuel & second-hand goods:
3.3 billion Yen (+4.7% YoY)

Statutory safety inspection :
13.1 billion Yen (+4.2% YoY)
448 thousand cars (+4.3% YoY)

Number of fully certified & designated stores:
413 stores (403 stores, as of March 31, 2016)

Car purchase and sales:
21.1 billion Yen (+8.2% YoY)
20,914 cars (+8.1% YoY)
Number of CARS membership stores: 499 stores
(480 stores, March 2016)

Car related goods and services:
161.2 billion Yen (-1.5% YoY)

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

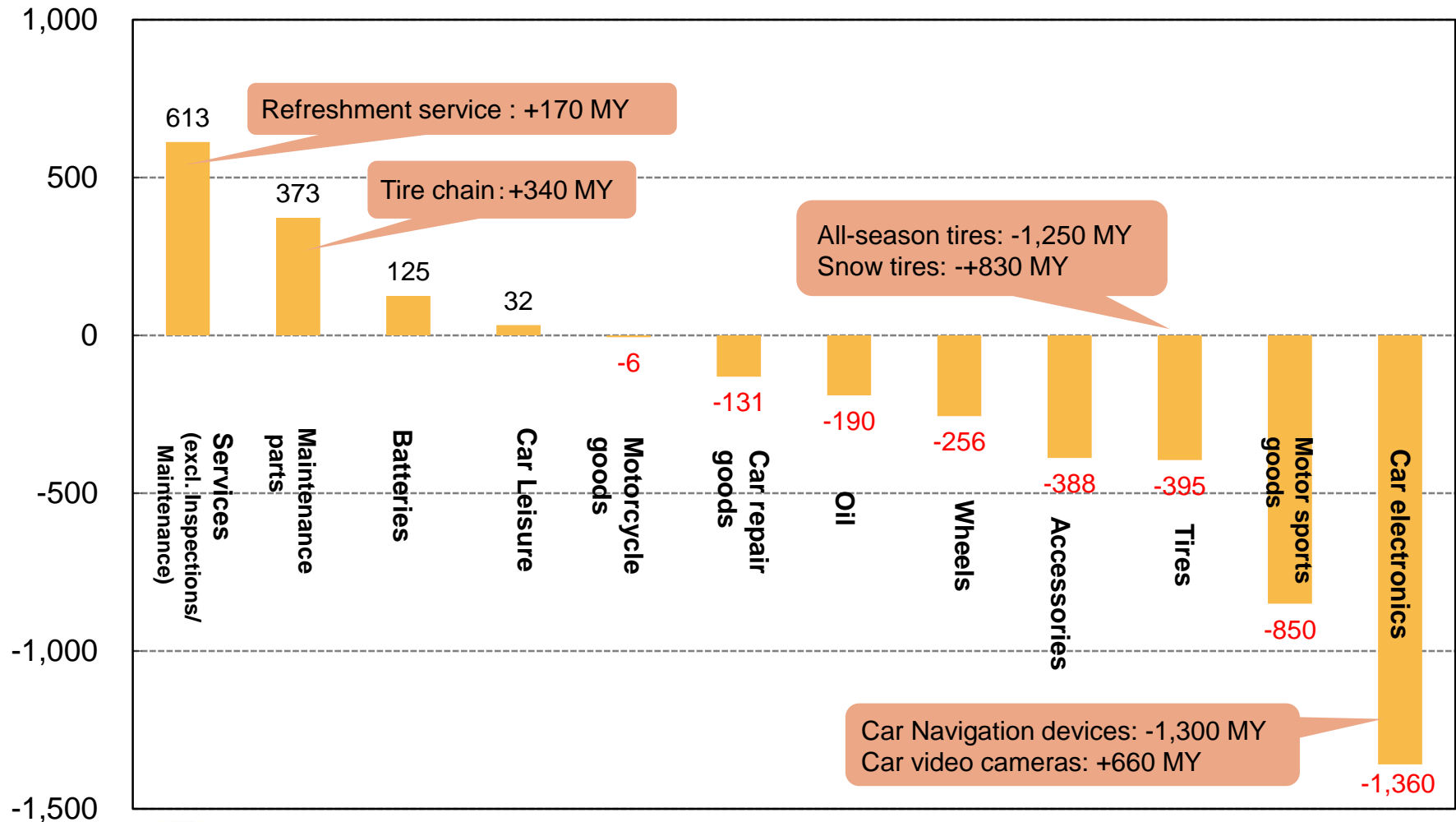
Amounts are rounded down.

Sales Ups & Downs by Merchandise (Q3)

【Same Store Basis】 Sales: -1.1% YoY, Number of customers: -4.4% YoY

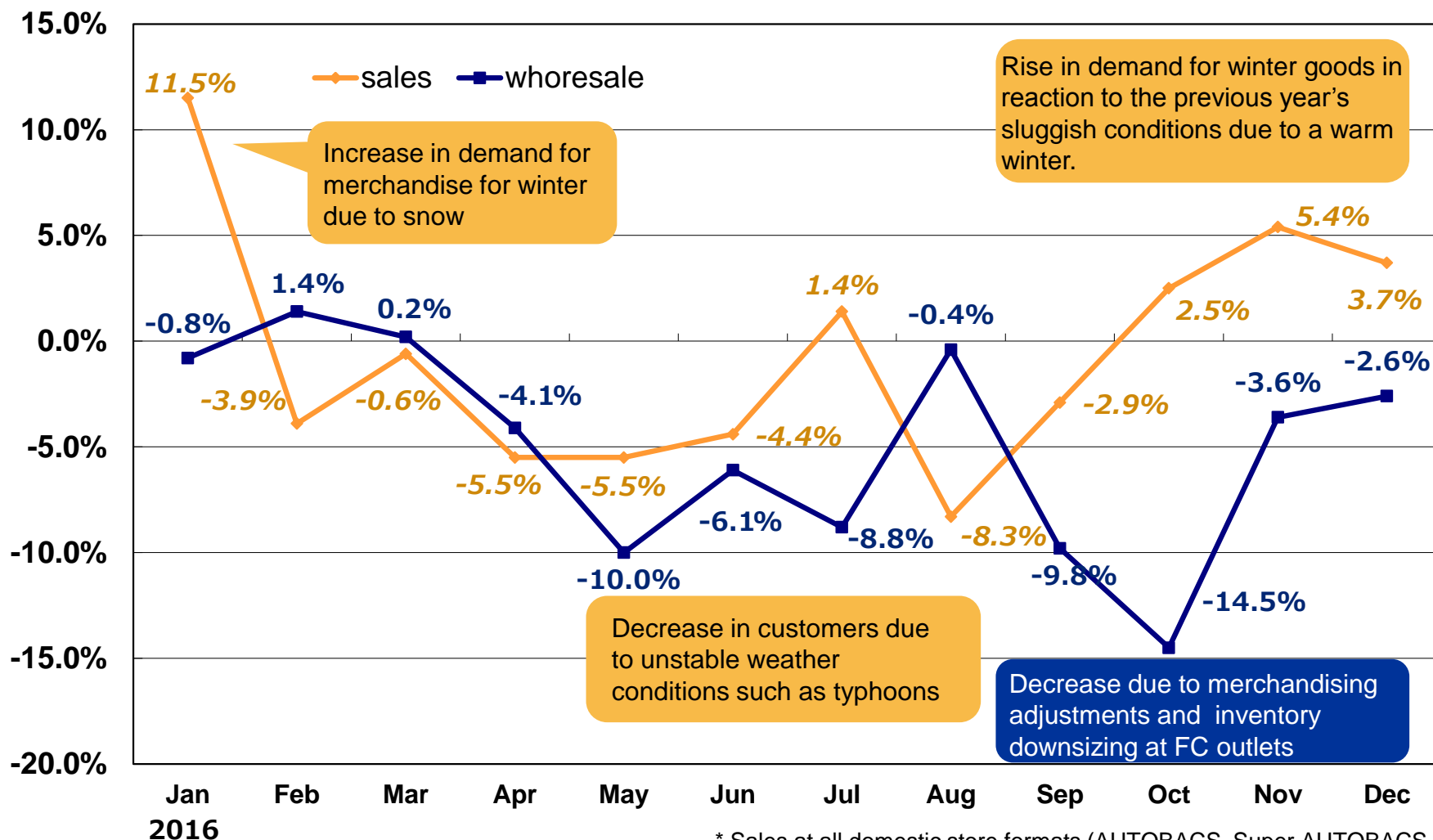
Retail sales ups and downs by merchandise category

(Million Yen) (for nine months ended Dec. 31, 2016, YoY change in amount, total store basis)



Sales Trend: Retail & Wholesale (Jan 2016 – Dec 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)

Automobile purchase and sales (1)

Commercial flow of car purchase and B2B sales

(No. of cars denotes cumulative units for the nine months ended Dec. 31, 2016)

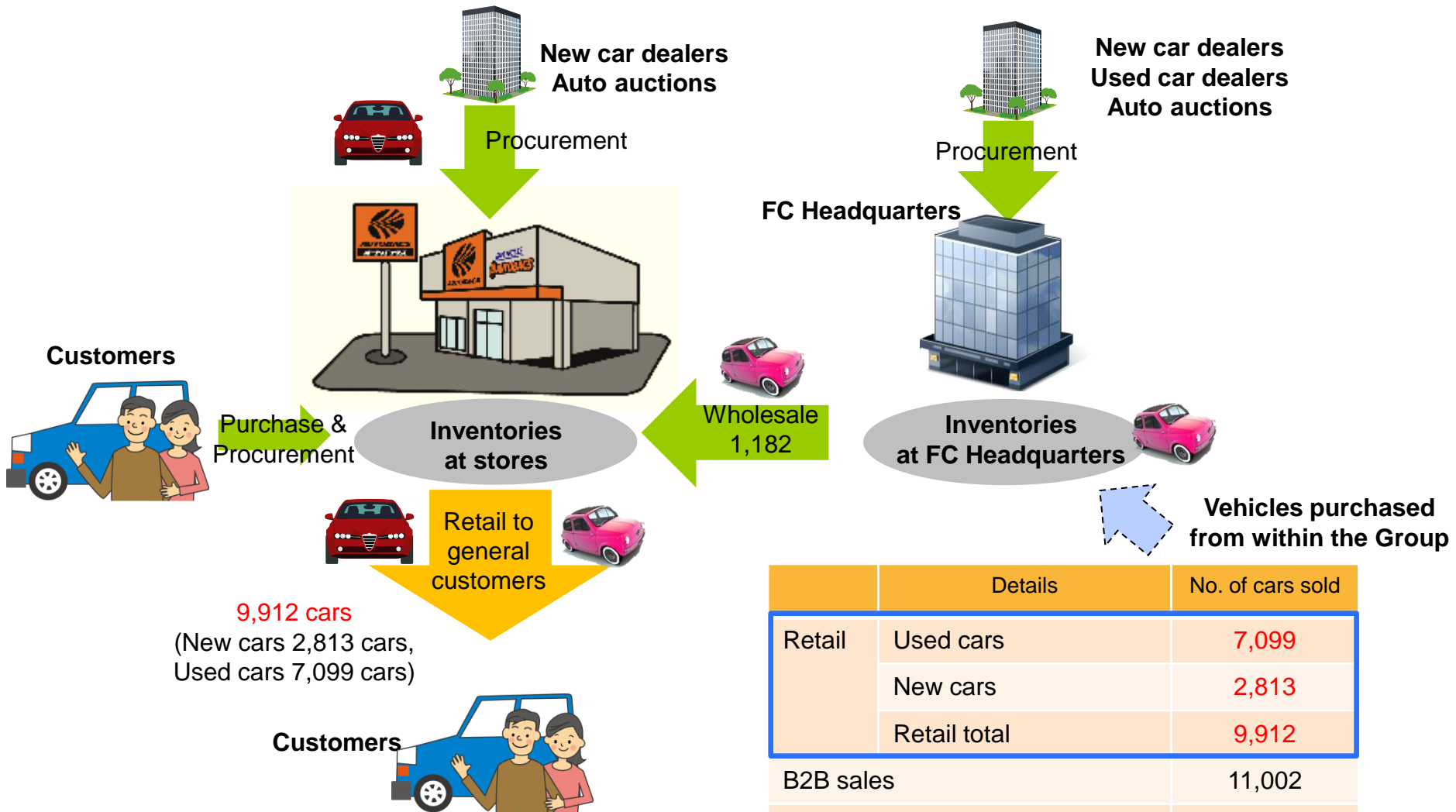


	Details	No. of cars sold
B2B sales	To AUTOBACS Seven	4,812
	Sales to AA via AUTOBACS Seven	1,661
	Direct sales from stores	4,529
	B to B total	11,002
Retail		9,912
Total		20,914

Automobile purchase and sales (2)

Commercial flow of retail sales

(No. of cars denotes cumulative units for the nine months ended Dec. 31, 2016)



Consolidation Adjustments



Consolidation Adjustments

(Million Yen)

	Nine months ended December 31, 2016	Nine months ended December 31, 2015
Operating Income for segment total	6,297	7,949
Elimination of Intersegment transaction (Income of subsidiaries for supporting functions, etc.)	-336	-376
Inventories (Unearned income of subsidiary inventories, etc.)	30	-375
Depreciation of Goodwill	-92	-77
Adjustment in fixed assets	265	373
Allowance for point card	2	-7
Others	-7	21
Consolidation adjustment	-137	-441
Consolidated operating income	6,159	7,507

Amounts are rounded down.

Progress of New Store Openings

	Store name	Location (Prefecture)	Owner of store	Opening date
1	AUTOBACS KAWAGOE Store	Saitama	FC	November 3, 2016
2	AUTOBACS TATEBAYASHI SUWA-CHO Store	Gunma	RC	November 3, 2016
3	AUTOBACS AWASE-MALL Store	Okinawa	FC	November 11, 2016
4	AUTOBACS Used Car Purchase Store MANBAYAMA	AICHI	RC	December 5, 2016
5	AUTOBACS AKITA YURIHONJO Store	AKITA	RC	December 23, 2016
6	AUTOBACS IWAKUNI Store	YAMAGUCHI	RC	December 23, 2016



AUTOBACS
KAWAGOE Store



AUTOBACS
AWASE-MA
LL Store



AUTOBACS
AKITA
YURIHONJO
Store



AUTOBACS TATEBAYASHI
SUWA-CHO Store



AUTOBACS Used Car Purchase Store
MANBAYAMA



AUTOBACS
IWAKUNI Store

AUTOBACS TATEBAYASHI SUWA-CHO Store

With a focus on the operation of self-service gas stations that are expected to be used more frequently by drivers, we developed new stores that offer a combination of automotive goods, statutory safety inspections, maintenance, and a drive-through car wash (opened on November 23, 2016).

Concept: “Your gas station that offers greater convenience”



Appearance 1



Appearance 2

AUTOBACS AKITA YURIHONJO Store

We implemented renewals to improve customer usability
(opened on December 23, 2016).

[Differences from conventional Autobacs stores]

- Significant change in the way goods are displayed.
⇒ Displays that adapt to customers' purposes and the way they use goods
- Installation of goods and replacement work offered through reservations by telephone or online.
⇒ No need to wait for the start of work
- Review of display equipment.
⇒ Improvement of in-store visibility by using low-height display equipment



車内を快適に



安全・安心のために



これは便利！



きれいにしたい

Classification signs by scene



Sales floor of AUTOBACS
AKITA YURIHONJO Store

Development of store focusing on car maintenance, especially car washing

Smart+1 IBARAKI NISHI Store (opened on February 9, 2017)

Providing three Smarts Plus One Value for customers

① Smart time management

- ⇒ Full reservation system
- ⇒ You can make a reservation as early as three hours before

② Smart choice of goods

- ⇒ Through its full membership system, Smart+1 presents goods that are most suitable for customers' tastes and needs

③ Smart notification to visit again

- ⇒ Notification about the time to wash cars and get an oil change



Smart+1Cafe, which was built to enable customers to wait comfortably, provides drinks and bread for free.

New product responds to new customer's needs through cooperative efforts with suppliers

“Pedal Watcher”

Release date: December 5, 2016

Price: 39,999 yen

(Including the main body, installation parts and installation service. Excluding taxes.)

- Prevention of an unintended fast start due to drivers stepping on the wrong pedal while idling or driving very slowly.
- Supports more than 100 types of Japanese cars.
- Includes traffic accident insurance coverage for a one-year period.



In Japan, recently, people are concerned about accidents attributable to unintended fast starts due to drivers stepping on the wrong pedal. Given this emerging social problem, the product attracted a great deal of attention among customers and the media before it was released.

Optimize the operational structure and increase area competitiveness and management efficiency

- **Transfer of shares of store subsidiaries**

Transferred all shares of a store subsidiary in Hokkaido to a franchisee
(include transfer of 17 stores)

- **Transfer of store ownership**

Transferred two stores in Saga area to a franchisee

Number of domestic store subsidiaries

As of February 1, 2017: 18 companies

**Addition of an import car dealer operating company as a subsidiary
(December 2016)**

Motoren Tochigi Corp.

- Operates five dealers including authorized BMW dealers in Tochigi.
- Sells new and certified pre-owned BMW cars as well as services.



Tochigi BMW Utsunomiya Headquarters



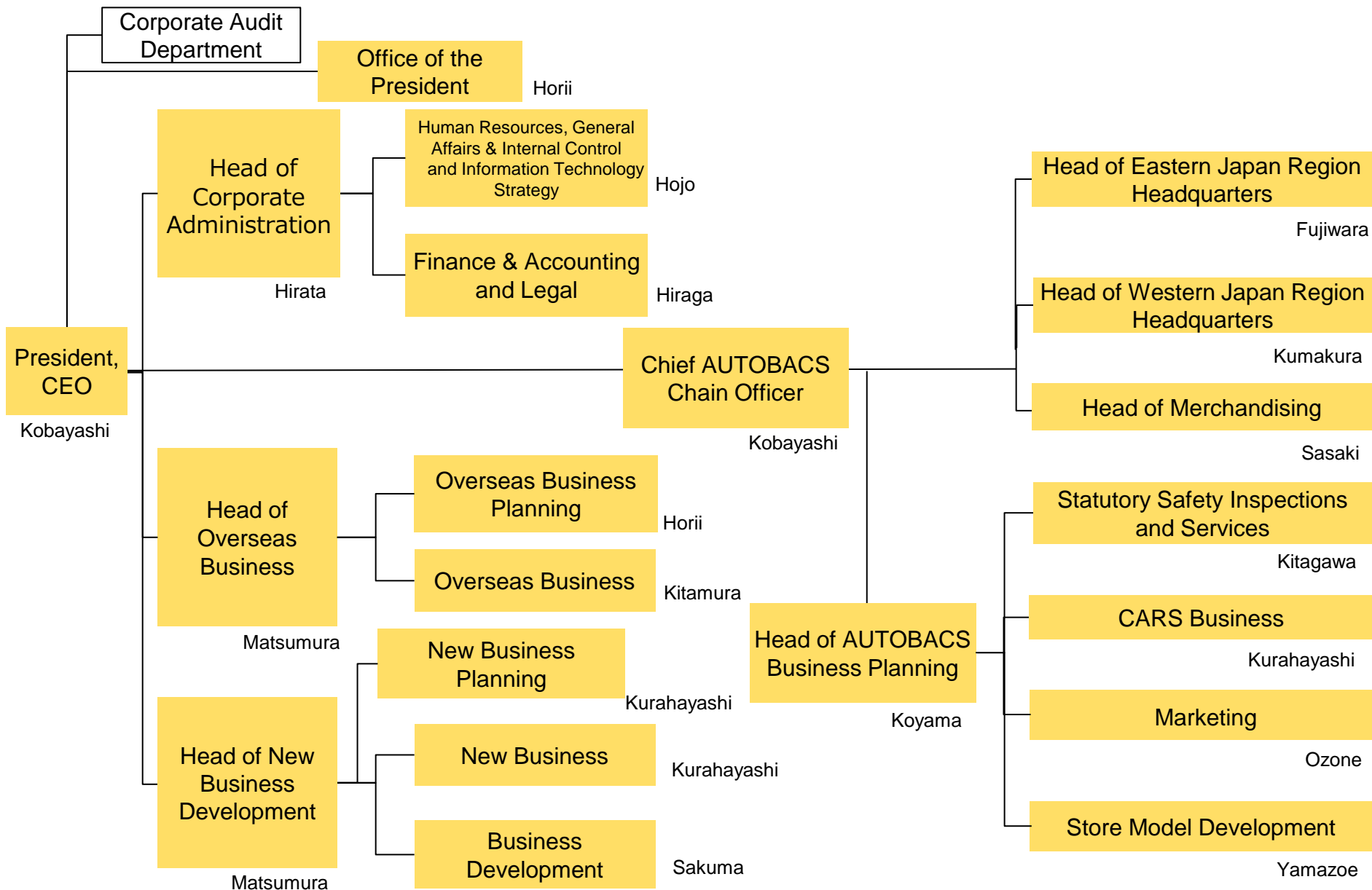
BMW Premium Selection, Oyama

To reinforce framework for quick business operation under Head Officer positions responsible for overseeing each division, so as to increase the efficiency of business execution in the new medium-term business plan

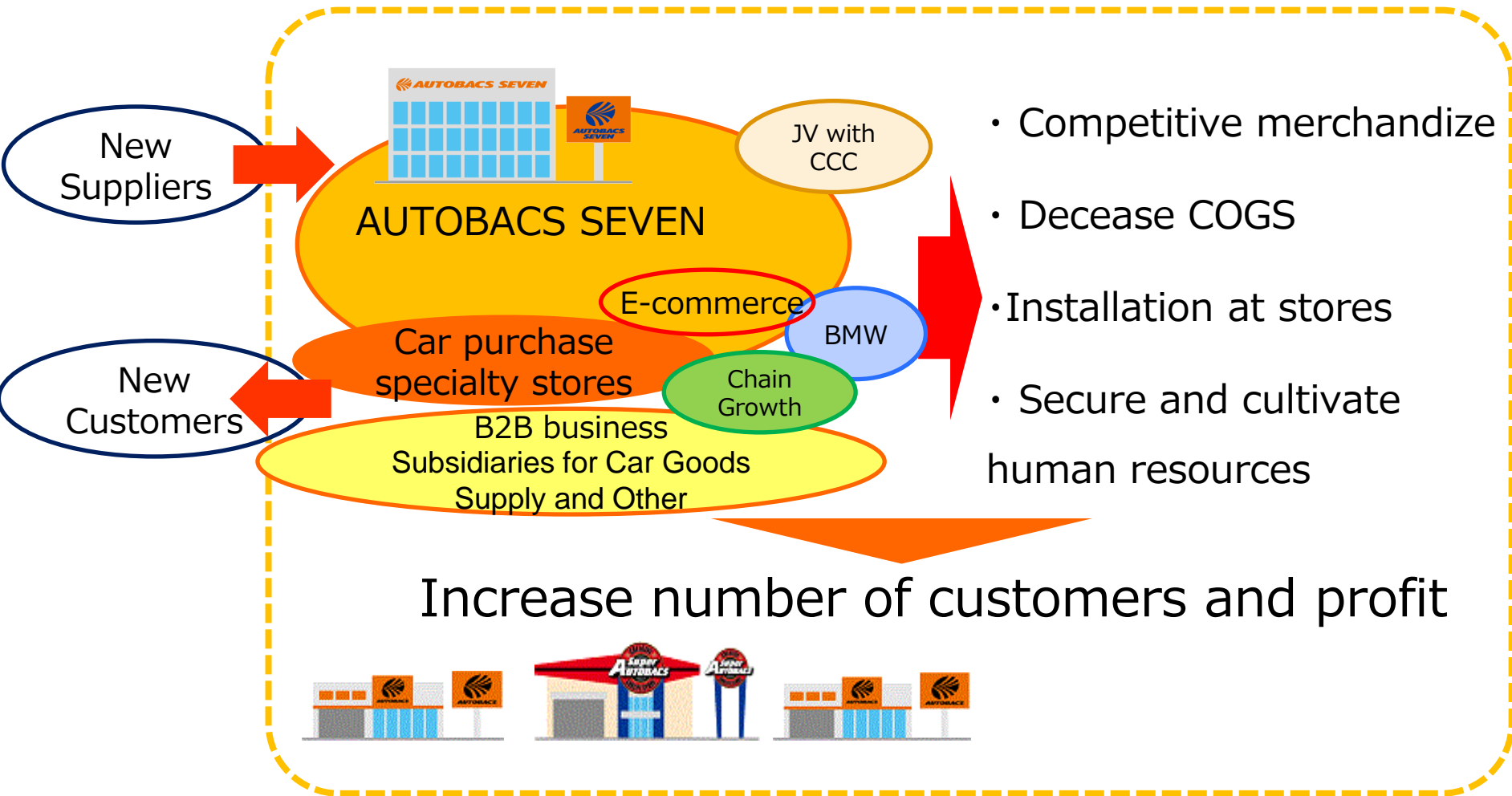
Purposes

- 1) Creates four Head Officers for domestic AUTOBACS business and a Head Officer for each Overseas Business and New Business expecting to implementing initiatives with strong mutual collaboration and communication among each Head Officers.**
- 2) Creates a Head Officer position for the Corporate administration expecting to carry out reforms of the Consolidated Group's profit and cost structure.**

New organization and officers (from April 1, 2017)



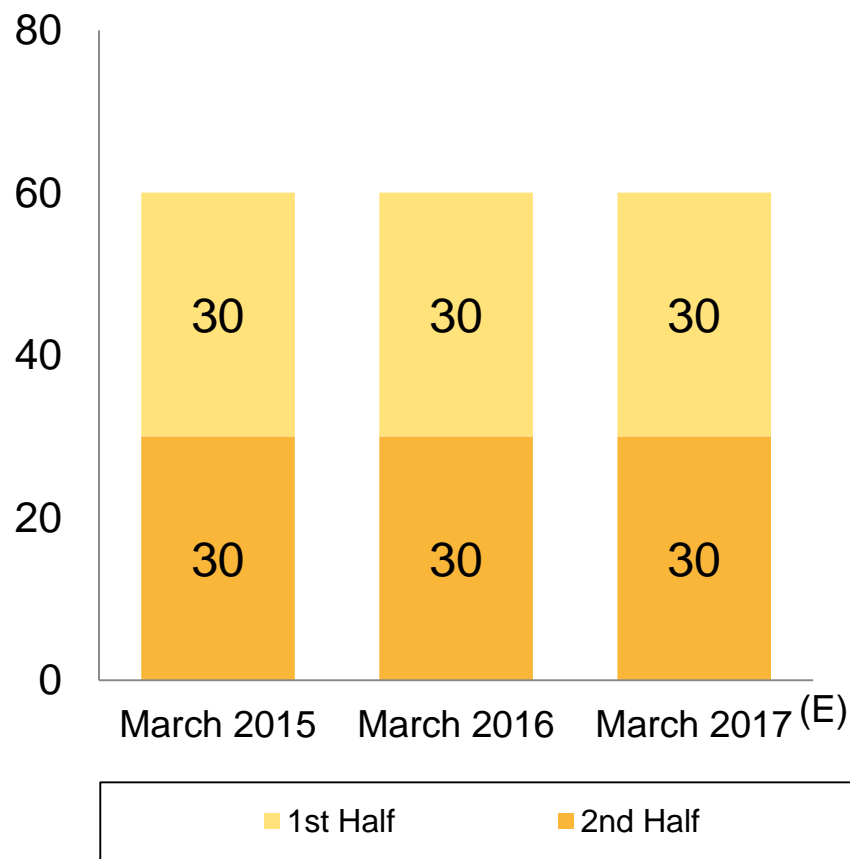
Aiming growth by utilizing total function in our group



Shareholders Return

Dividends per share

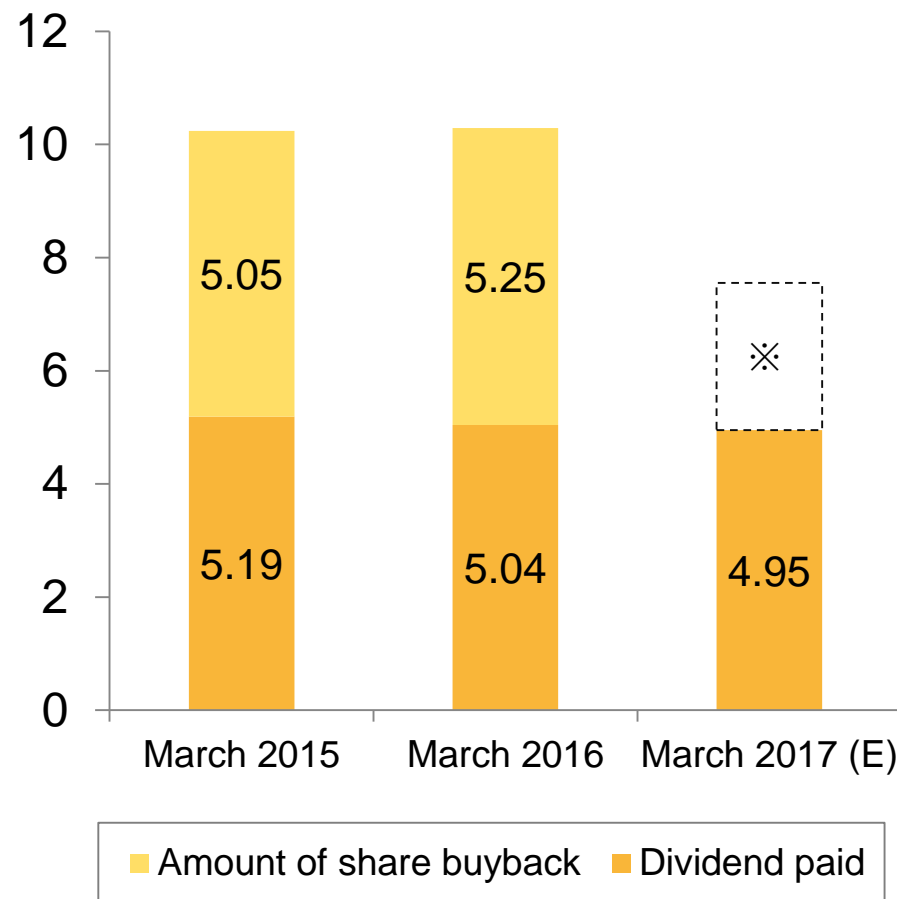
(Yen)



Amounts are rounded down.

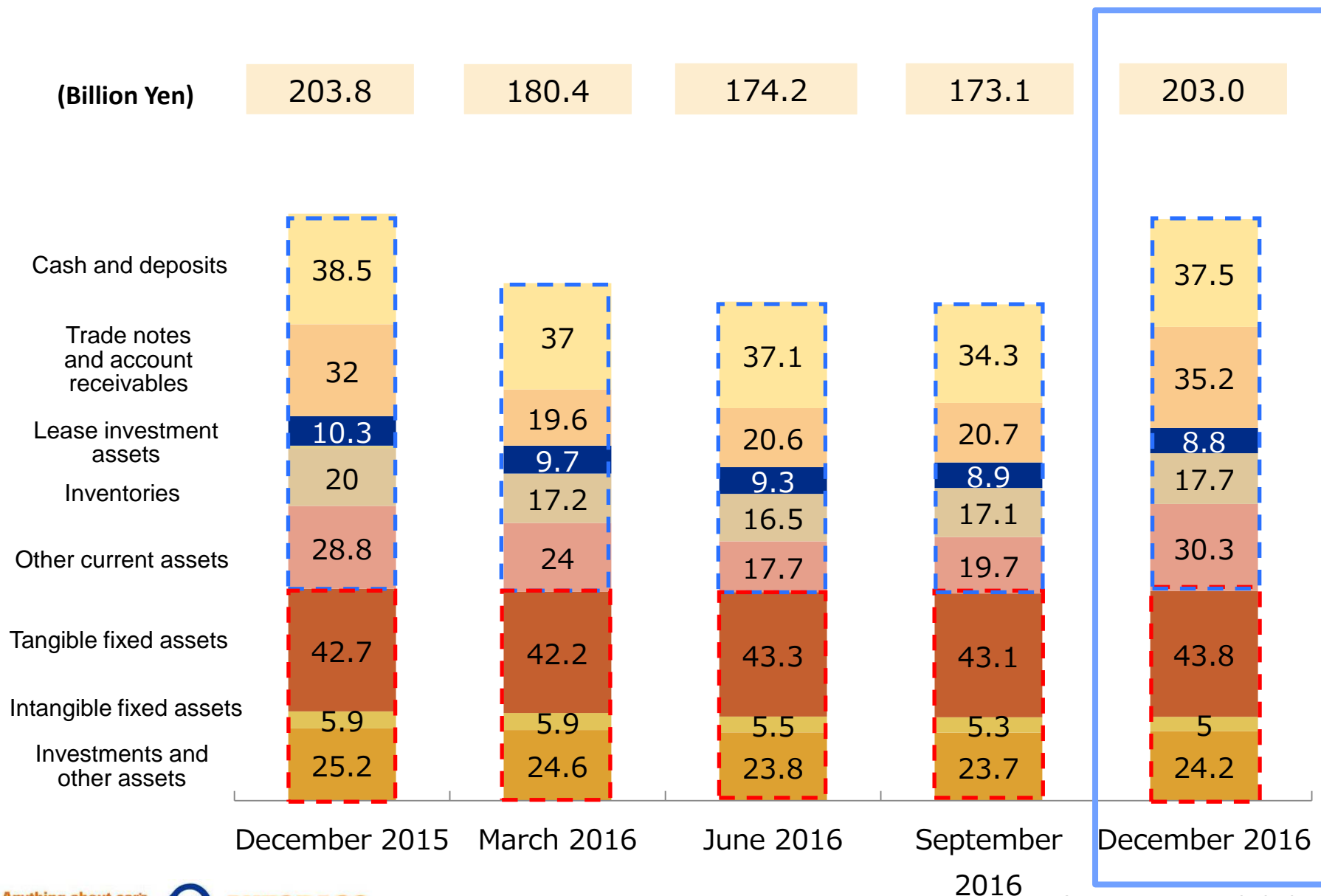
Dividends and share buyback

(Billion Yen)



※ Company will purchase 1,500 thousand share utmost 3 billion Yen

Balance Sheet / Assets



Amounts are rounded down. 26

Balance Sheet / Liabilities & Net Assets

(Billion Yen)

203.8

180.4

174.2

173.1

203.0

Trade notes &
accounts payable

ST borrowings and
corporate bond

Other ST liabilities

Bonds and LT debts

Other LT liabilities

33.9

2.6

20.8

2.3

11.0

132.9

13.8

2.4

19.2

2.3

10.8

131.7

13.4

2.9

16.4

2.0

10.7

128.5

13.3

3.0

15.3

1.5

10.6

129.1

35.2

4.0

20.9

0.6

10.7

131.3

December 2015

March 2016

June 2016

September

2016

December 2016

Amounts are rounded down.



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.