

Results for the Three Months ended June 30, 2017



July 28, 2017

AUTOBACS SEVEN CO., LTD.

Q1 FY March 2018 Consolidated P/L



Increase in net sales and income: Both sales and gross profit achieved growth. Selling, general, and administrative expenses rose but were still within the plan.

Sales of automotive goods and services picked up thanks to a last-minute surge in demand before tire price hikes and strong sales of statutory safety inspection and maintenance services. SG&A expenses were controlled within the plan despite increased sales promotions such as TV ads on tires and car purchases, and operating income exceeded the result of the same period of the previous year.

(Billion Yen)

	Three months ended June 30, 2017			Three months ended June 30, 2016	
	Actual result	% of Sales	YoY change ratio	Actual result	YoY change ratio
Net sales	49.9	—	+5.1%	47.5	-3.1%
Gross margin	15.3	30.7%	+3.2%	14.8	-5.4%
SG&A	14.9	30.0%	+2.0%	14.6	-0.4%
Operating income	0.3	0.7%	+96.9%	0.1	-81.4%
Non-operating Income/expenses	0.2	0.6%	-21.7%	0.3	+1.3%
Ordinary income	0.6	1.3%	+17.9%	0.5	-59.2%
Extraordinary gains/ losses	0	—	—	—	—
Profit attributable to owners of parent	0.3	0.6%	-42.7%	0.2	-63.9%

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

Segment Information



		Three months ended June 30, 2017	Three months ended June 30, 2016	YoY	Summary
Domestic AUTOBACS Business	Sales	42.06	41.70	+0.9%	The wholesale to franchise companies and the retail of store subsidiaries increased. The purchase cost ratio was reduced to help raise store competitiveness. SG&A expenses increased due to used-car purchases, improved tires ads, etc.
	Gross margin	12.88	12.80	+0.6%	
	SG&A	10.41	10.19	+2.1%	
	Operating income	2.47	2.60	▲5.1%	
Overseas Business	Sales	2.07	1.92	+7.7%	Generally equivalent to the level in the same period of the previous year. Revenue in France increased thanks to the economic recovery, etc.
	Gross margin	1.08	1.00	+8.0%	
	SG&A	1.24	1.16	+7.0%	
	Operating income	▲0.15	▲0.15	-	
Used car buying, Car dealer and B to B Business	Sales	5.58	3.67	+52.1%	Profit decreased due to an increase in advance expenses for car purchases and the B-to-B business in spite of revenue added by newly consolidated Motoren Tochigi Corp.
	Gross margin	1.31	1.00	+31.0%	
	SG&A	1.68	1.15	+45.3%	
	Operating income	▲0.36	▲0.15	-	
Others	Operating income	0	0	-	
Reconciling items	Operating income	▲16.1	▲21.3	-	

Performance Breakdown (Three months ended Jun 30, 2017)



Non-consolidated company

Net sales 36.9 Billion Yen (YoY: +1.05 BY)	Wholesale	+510MY +1.5%	↑ Tires & wheels, car sales, accessories, maintenance goods, etc. ↓ Car electronics, etc.
	Retail	+570MY +43.1%	↑ Car sales, on-line store, etc. ↓ Car electronics, accessories, maintenance goods, etc.
Gross margin 6.6 Billion Yen (YoY: -0.08 BY)	Wholesale	+30MY +0.6%	↑ Accessories, maintenance goods, statutory inspection, etc ↓ Car electronics, oil & batteries, car sales, etc.
	Retail	-40BY +12.7%	↑ Car sales, accessories, maintenance goods, etc. ↓ On-line store, car electronics, etc.
SG&A 6.7 Billion Yen (YoY : + 0.65 BY)	Salary: no significant change		
	Sales expenses: increase in advertising such as TV ads		
	Facilities: increase in repair expenses for Eastern Japan Logistics Center, etc.		
	Other: increase in expenses incurred by the headquarters due to safety inspection improvement		

Domestic store subsidiaries

Net sales 1.36 Billion Yen (YoY: -1.68 BY)	Operating income grew significantly from the previous year to achieve a surplus as a result of strong sales of tires and safety inspections, improved sales capacity based on a reduced ratio of cost of goods purchased on a non-consolidated basis, the ongoing increase in inventory efficiency, a higher gross margin, and the continued efficient use of expenses, offsetting a decrease in sales due to store transfer to a franchise company.
Operating Income 140 Million Yen (YoY: +0.8BY)	

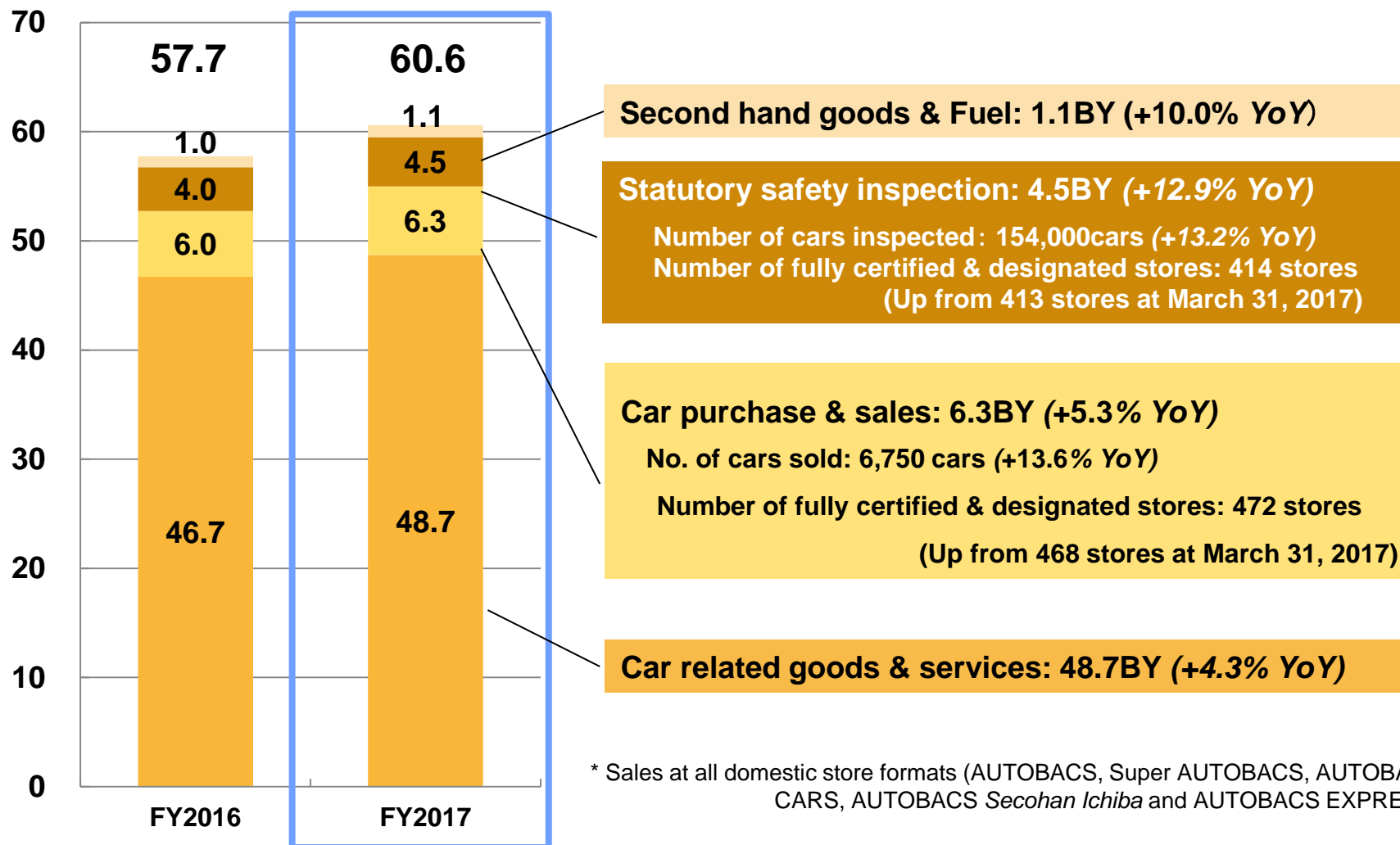
Amounts are rounded down to the nearest hundred million yen.
 % of Net Sales and YoY comparisons are calculated in million yen.

Retail Sales in Total AUTOBACS Group Stores



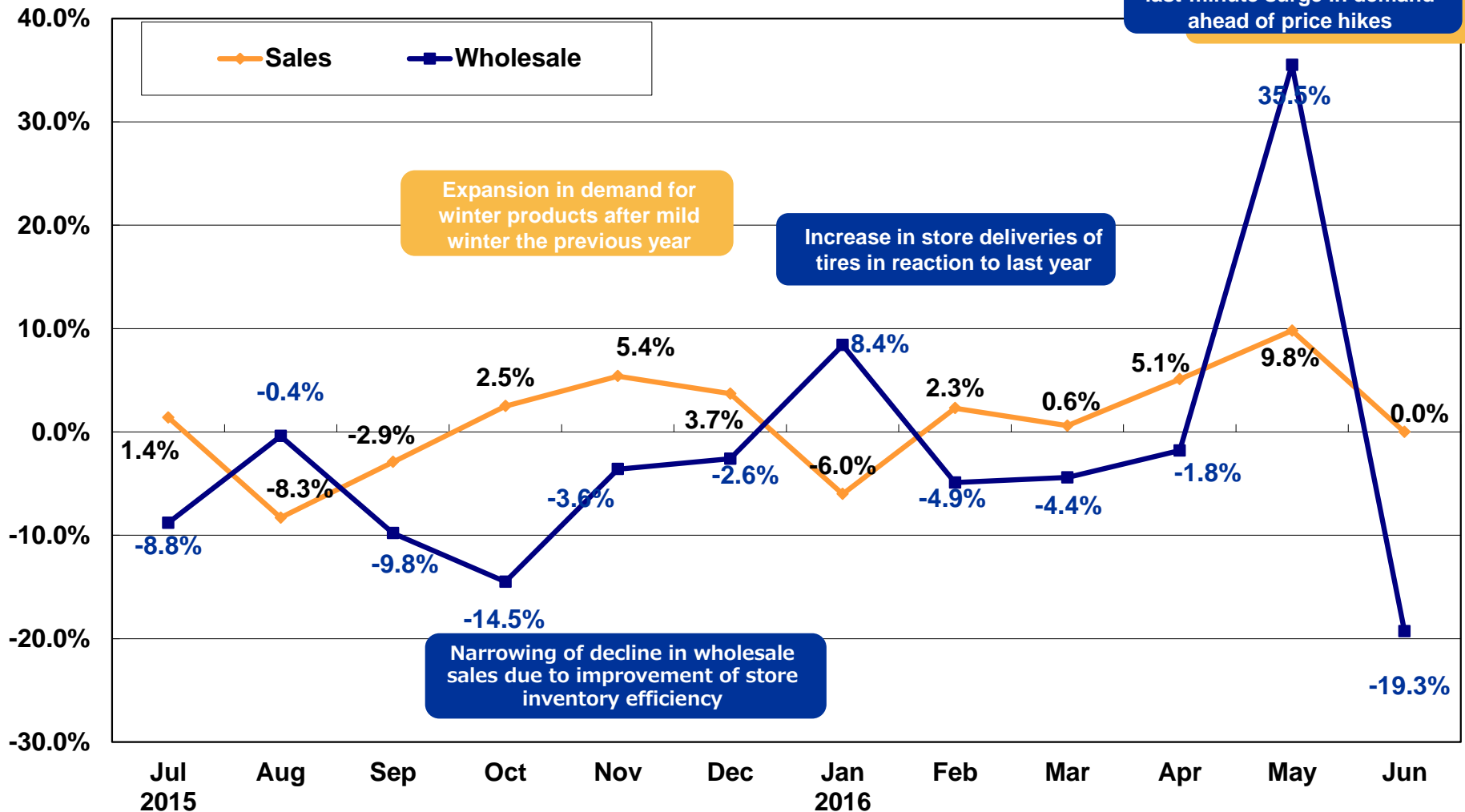
RETAIL SALES INCLUDING FCs: 60.6 billion yen (+5.1% YoY)

(Billion Yen)



Sales Trend: Retail & Wholesale (Jul 2016 – Jun 2017)

【YoY change for the last 12 months】



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

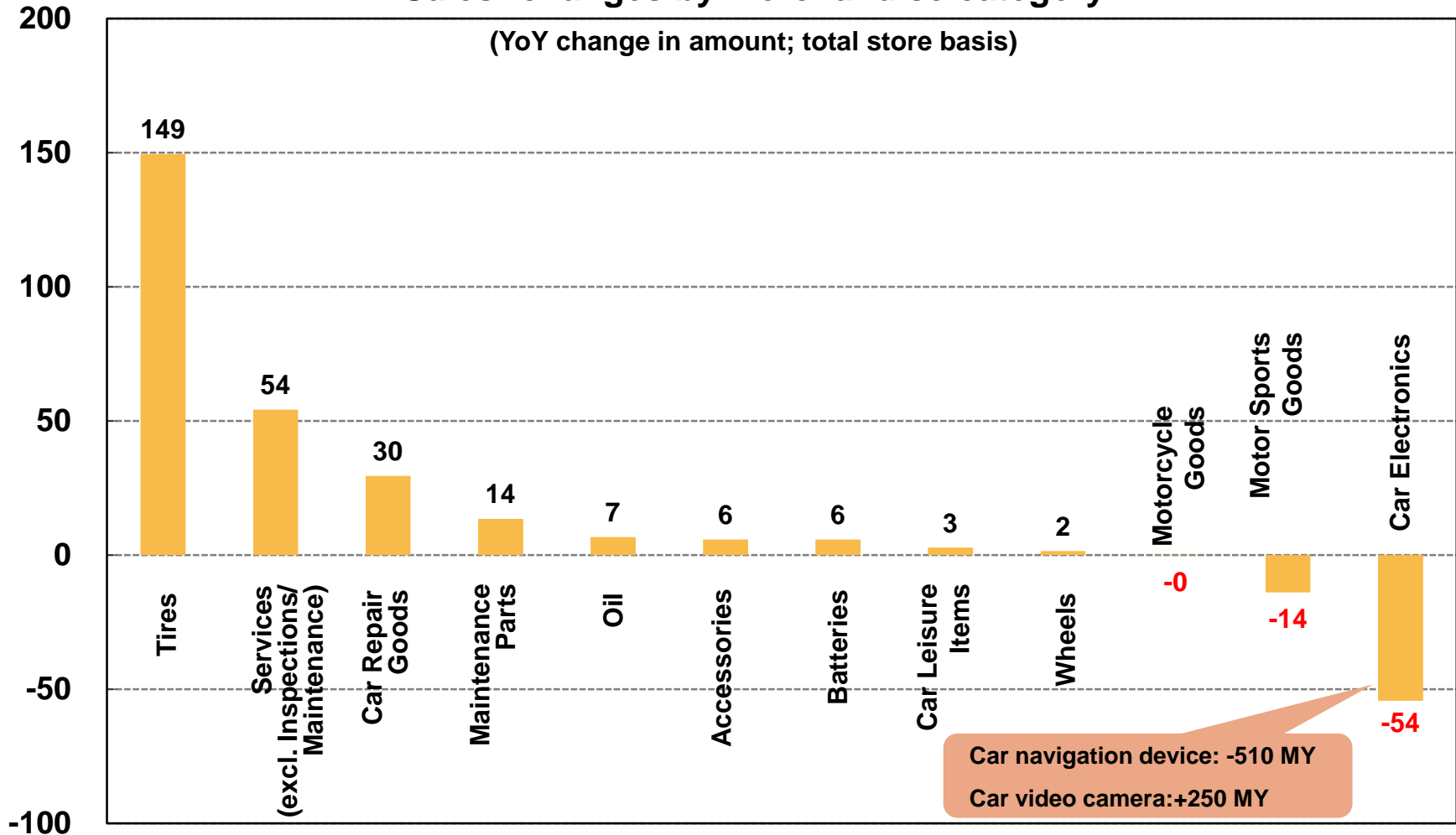
Sales Variance by Merchandise (Q1 FY2017)

【Same store basis】Sales: +5.6% YoY, Number of customers: +0.9% YoY

(Million Yen)

Sales* changes by merchandise category

(YoY change in amount; total store basis)

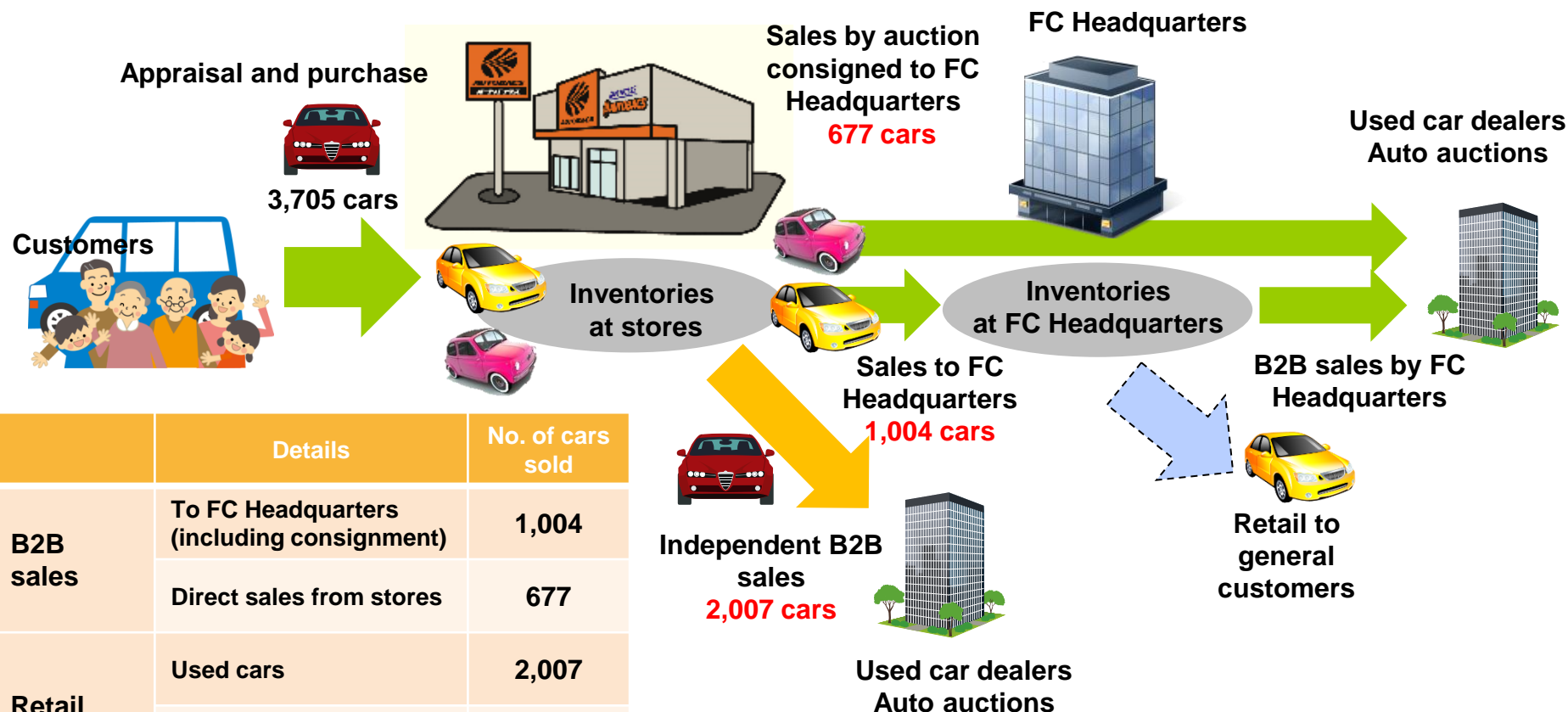


* Include sales at domestic AUTOBACS-chain stores including FCs; all store formats (AUTOBACS, Super AUTOBACS, CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

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)

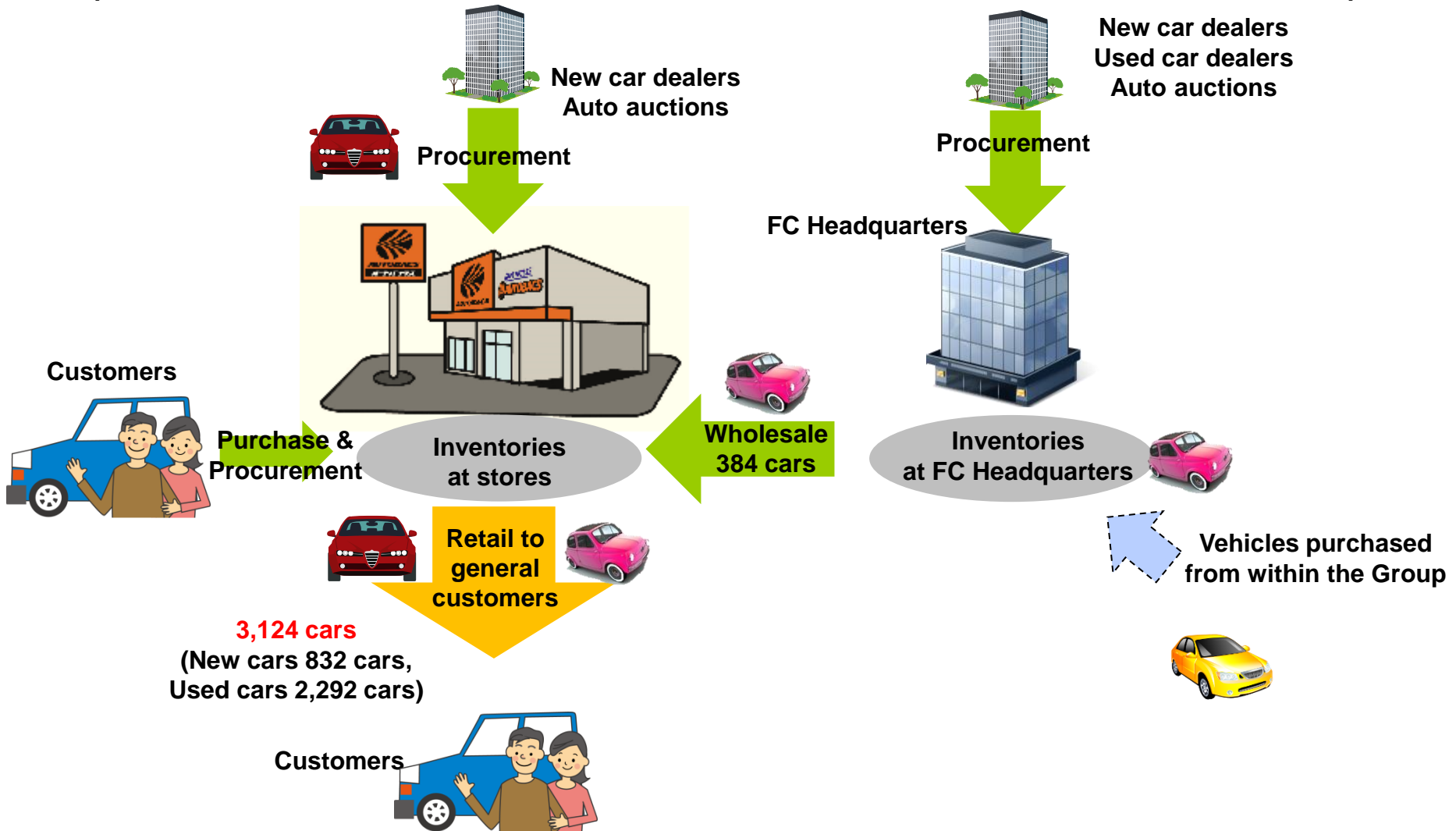


	Details	No. of cars sold
B2B sales	To FC Headquarters (including consignment)	1,004
	Direct sales from stores	677
Retail	Used cars	2,007
	New cars	832
Total		5,947

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		4	
Period	Q1 FY2018	Q1 FY2017	Q1 FY2018	Q1 FY2017	Q1 FY2018	Q1 FY2017	Q1 FY2018	Q1 FY2017	Q1 FY2018	Q1 FY2017
Net sales (Million Yen)	1,613	1,526	87	54	335	314	73	58	6	5
SG&A (Million Yen)	892	846	55	40	154	109	40	31	14	15
Operating income (Million Yen)	(29)	(45)	(28)	(23)	10	45	(11)	(6)	(11)	(12)
Business conditions	In addition to a recovery in business confidence, sales in services based on tire sales increased, which reduced the operating loss.		The number of visitors to small stores in the neighboring market area stabilized. Sales were achieved mostly as planned, and SG&A expenses were controlled within the plan.		While profit was reduced by a temporary decline in technical service sales, stores opened inside gas stations and services for car sharing vehicles were launched.		The wholesale business for China's domestic market struggled despite strong exports to AUTOBACS stores.		Small stores mostly providing maintenance services, which had struggled to attract customers in the past, began to regain a larger number of customers through improved promotional techniques.	

Note: Figures in parentheses are negative.

Amounts are rounded down.

Car-related lifestyle brand "JACK & MARIE"



JACK & MARIE
— GO FOR A RIDE —

Concept: for grownups fashionably enjoying "Café, Nature, and Car Life"

Launched on ZOZOTOWN on June 1, 2017.



JACK & MARIE merchandise



Tote bags



Folding
containers



Fragrances



Sunshades



T-shirts

JKM



GORDON MILLER



AUTOBACS GARAGE FUCHU

Opened after renovation as a store offering lifestyles (June 2017)



[1st Floor]


Offering various technical services, safety inspections, tires, oils, batteries, and other products at the information counter.



[2nd Floor]

Offering lifestyles in five categories, including "GO OUT" and "Interior & Fragrances."

Change in Reportable Segments

Segments before change		Segments after change	Segment description	
The Company		Domestic AUTOBACS Business	Wholesale and retail of automotive goods and services; purchase and sale of used cars; statutory safety inspection service, etc.	<ul style="list-style-type: none"> • Domestic Store Subsidiaries • Shaken-Bankin DEPOT Inc., • Chain Growth Co., Ltd. • ABT Marketing Co., Ltd.
Domestic Store Subsidiaries		Overseas Business	Wholesale and retail of automotive goods and services, etc.	<ul style="list-style-type: none"> • Overseas Subsidiaries
Overseas Subsidiaries		Used car buying, Car dealer and BtoB Business	Used car buying stores; imported car dealer business; wholesale to customers outside the AUTOBACS Group, etc. * Equivalent to "New Business" set out in the 2017 Medium-Term Business Plan	<ul style="list-style-type: none"> • CORES INTERNATIONAL, Inc • PALSTAR K.K • Autoplatz K.K., • Autoplatz Motors K.K
Subsidiaries for Car Goods Supply and Other				
Subsidiaries for Supporting Functions		Others	Leasing business of subsidiaries, etc., which is not classified under the above descriptions.	

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

174.2BY

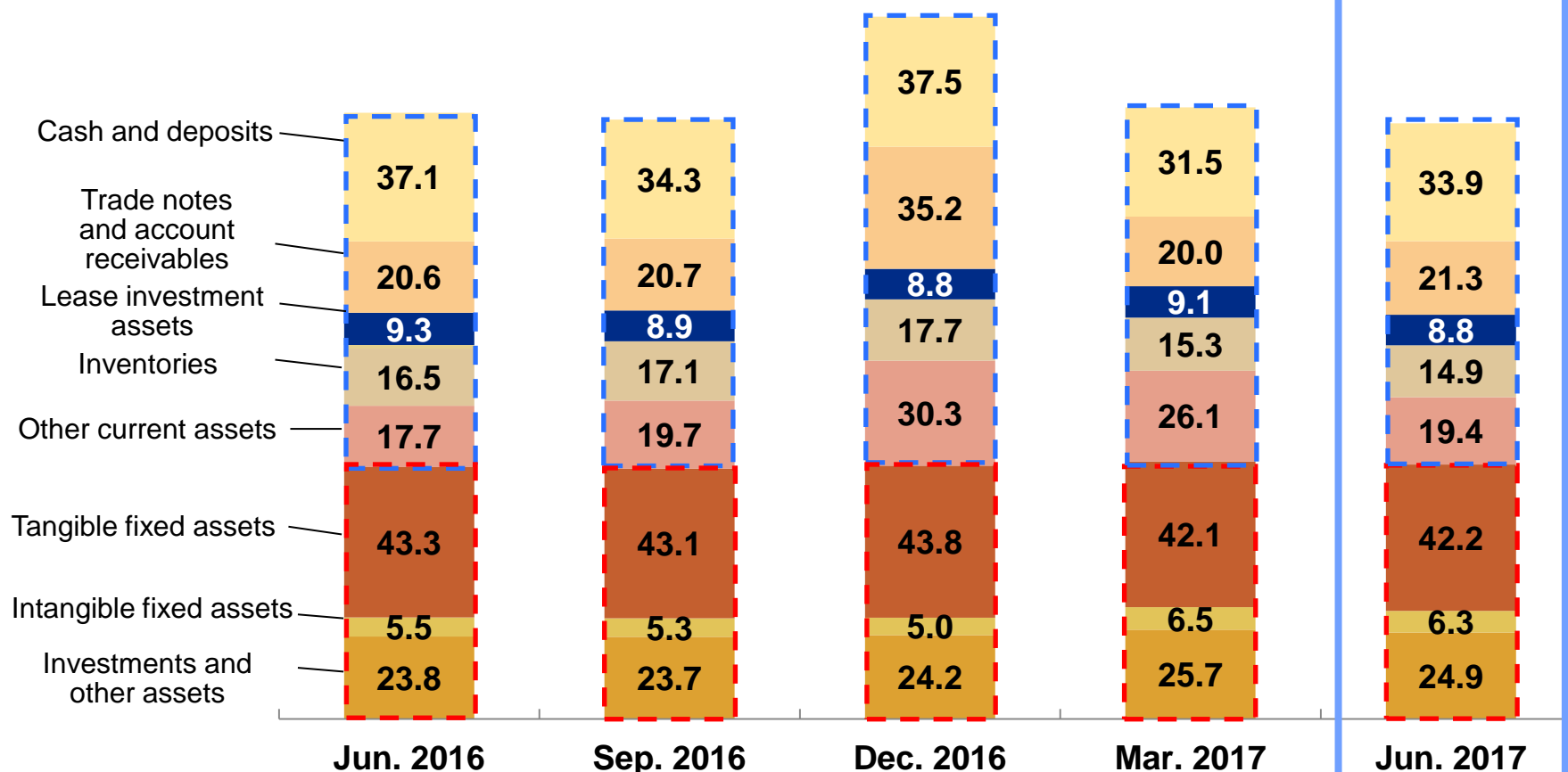
173.1BY

203.0BY

176.7BY

172.2BY

(Billion Yen)



Balance Sheet / Liabilities & Net Assets

174.2BY

173.1BY

203.0BY

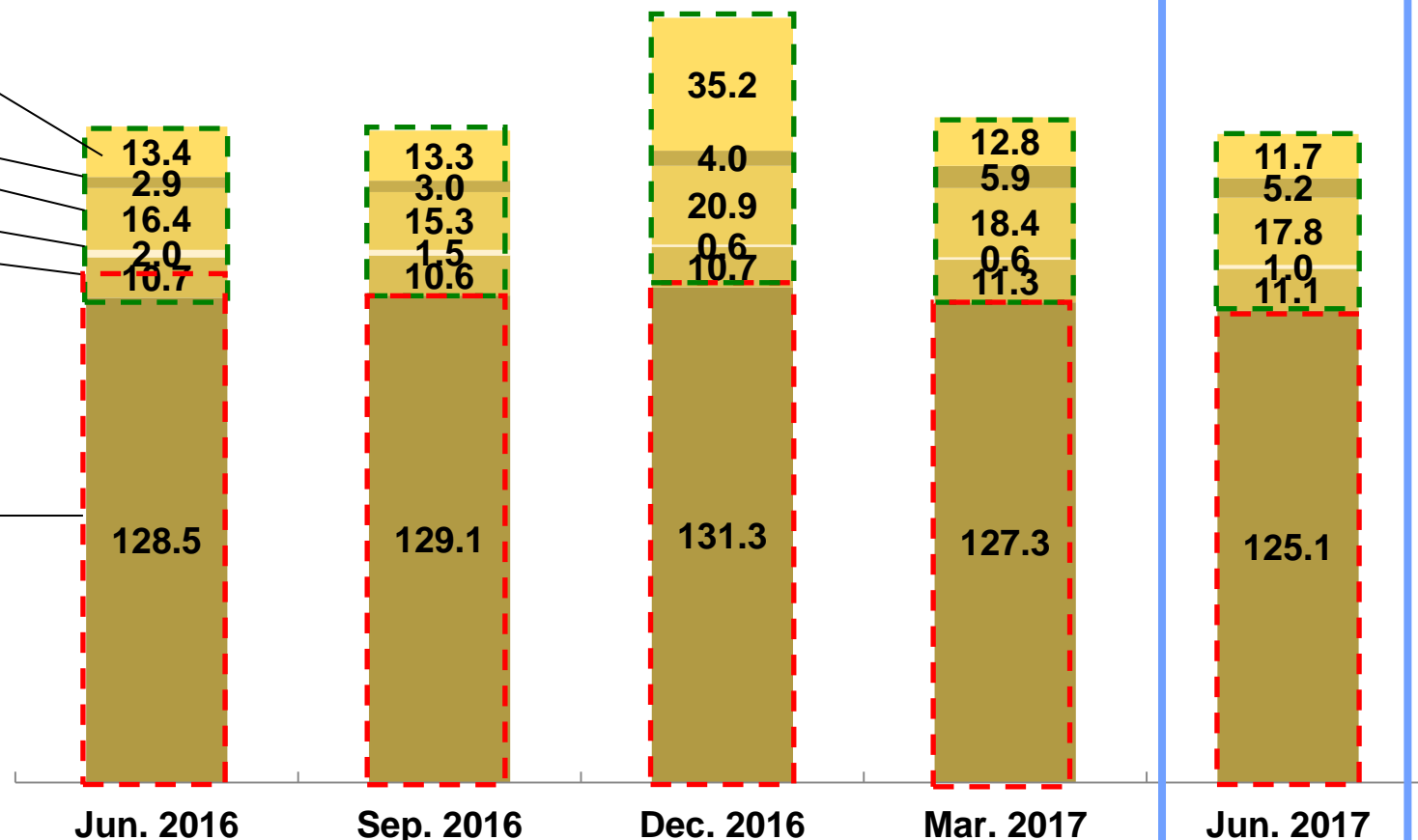
176.7BY

172.2BY

(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.