

Results for the Three Months ended June 30, 2015



July 30, 2015

AUTOBACS SEVEN CO., LTD.

Q1 FY March 2016 Consolidated P/L



Increase in net sales and income: sales and gross margin increased and SG&A expenses were reduced as planned.

Sales at stores increased as a result of higher sales of automotive goods, such as tires and wheels, reflecting a rebound from the reduced sales stemming from the consumption tax hike in the previous year and the active promotion of statutory safety inspection and maintenance services and automobile purchase and sales. Gross margin improved despite the decline in wholesale sales that was hit by inventory downsizing at franchise outlets. SG&A expenses were reduced as planned by cutting controllable expenses.

(Billion Yen)

	Three months ended June 30, 2015			Three months ended June 30, 2014	
	Actual result	% of Sales	YoY change ratio	Actual result	% of Sales
Net sales	49.0	—	+1.3%	48.5	
Gross margin	15.7	32.0	+5.9%	14.8	30.6
SG&A	14.7	31.0	-1.8%	15.0	31.0
Operating income	0.9	2.0	—	-0.1	(0.4)
Non-operating Income/expenses	0.3	0.7	-39.6%	0.5	1.2
Ordinary income	1.3	2.7	+229.1%	0.4	0.8
Extraordinary gains/ losses	—	—	—	0.3	0.8
Profit attributable to owners of parent	0.5	0.3	+272.1%	0.1	0.3

Amounts are rounded to the nearest hundred million yen. 1
% of Net Sales and YoY comparisons are calculated in million yen.

Analysis for Operating Income

Domestic retail sales		Total stores +5.7% / Same store sales +5.0% (YoY)	
		OP	YoY
Segments	Non-consolidated	1,700MY	+320MY Sales: -1,240MY (-3.2%) <ul style="list-style-type: none"> • Inventory downsizing at franchise outlets Gross profit: -30MY (GPM:19.8% - up from LY's 19.3%) <ul style="list-style-type: none"> • GPM increase from strong sales of tires, wheels, services and etc. SG&A: - 360MY <ul style="list-style-type: none"> • Decrease in performance linked remuneration of last FY, etc.
	Domestic store Subsidiaries	(700MY)	+740MY Sales: +1,160MY (+7.9%), GPM improved by +1.7pt YoY <ul style="list-style-type: none"> • Transfer of stores from franchise companies • Efforts to strengthen business of statutory safety inspection and maintenance services and automobile purchase and sales • Cost reduction for sales expenses and others
	Overseas Subsidiaries	20MY	+160MY
	Others	60MY	-90MY
Total segments		1,080MY	+1,150MY
Consolidation Adjustment		(110MY)	-2MY
Consolidated		960MY	+1,150MY

Segment Information



(Billion yen)

		Three months ended June 30, 2015	Three months ended June 30, 2014	YoY change
Non-consolidated	Net Sales	38.07	39.31	-3.2%
	Ordinary Income	1.7	1.37	+23.8%
Domestic store subsidiaries	Net Sales	15.86	14.7	+7.9%
	Ordinary Income	(0.7)	(1.45)	—
Overseas subsidiaries	Net Sales	2.44	2.54	-3.9%
	Ordinary Income	0.02	(0.14)	—
Subsidiaries for car goods supply and other	Net Sales	5.16	3.92	+31.5%
	Ordinary Income	(0.04)	0.03	—
Subsidiaries for supporting function	Net Sales	0.83	0.77	+7.7%
	Ordinary Income	0.1	0.12	-10.8%
Segment total	Net Sales	62.37	61.25	+1.8%
	Ordinary Income	(1.08)	(0.06)	—

Note: Figures in parentheses are negative.

Amounts are rounded down to the nearest ten million Yen.

Performance Breakdown (Three months ended Jun 30, 2015)



Parental company (Non-consolidated)

Net Sales: 38.0 BY YoY: -1.24BY	Wholesale	-1.42 BY -3.8%	↑ Services, tires & wheels, car exteriors, etc. ↓ Car interiors, car electronics, store fixtures, etc.
	Retail	+0.26 BY +23.8%	↑ On-line stores, car sales, etc. ↓ Car interiors, fuel, oil & batteries, etc.
Gross Margin: 7.5BY YoY: -30MY	Wholesale	-20MY -0.3%	↑ Tire & wheels, car sales, etc. ↓ Car interiors, oil & batteries, car electronics, etc.
	Retail	+20MY +9.5%	↑ Services, car sales, car electronics, etc. ↓ Fuel, etc.
SG&A: 5.8BY YoY: -0.36BY	Salaries : fall due to decrease in performance-linked pay and other.		
	Selling expenses: fall due to less sales promotion and advertisements using newspapers and other media.		
	Equipment costs : increase duo to depreciation cost increase as a result of store system renewal.		
	Others : increase in information systems expenses at overseas stores, decrease in traveling expenses and other		

Domestic store subsidiaries

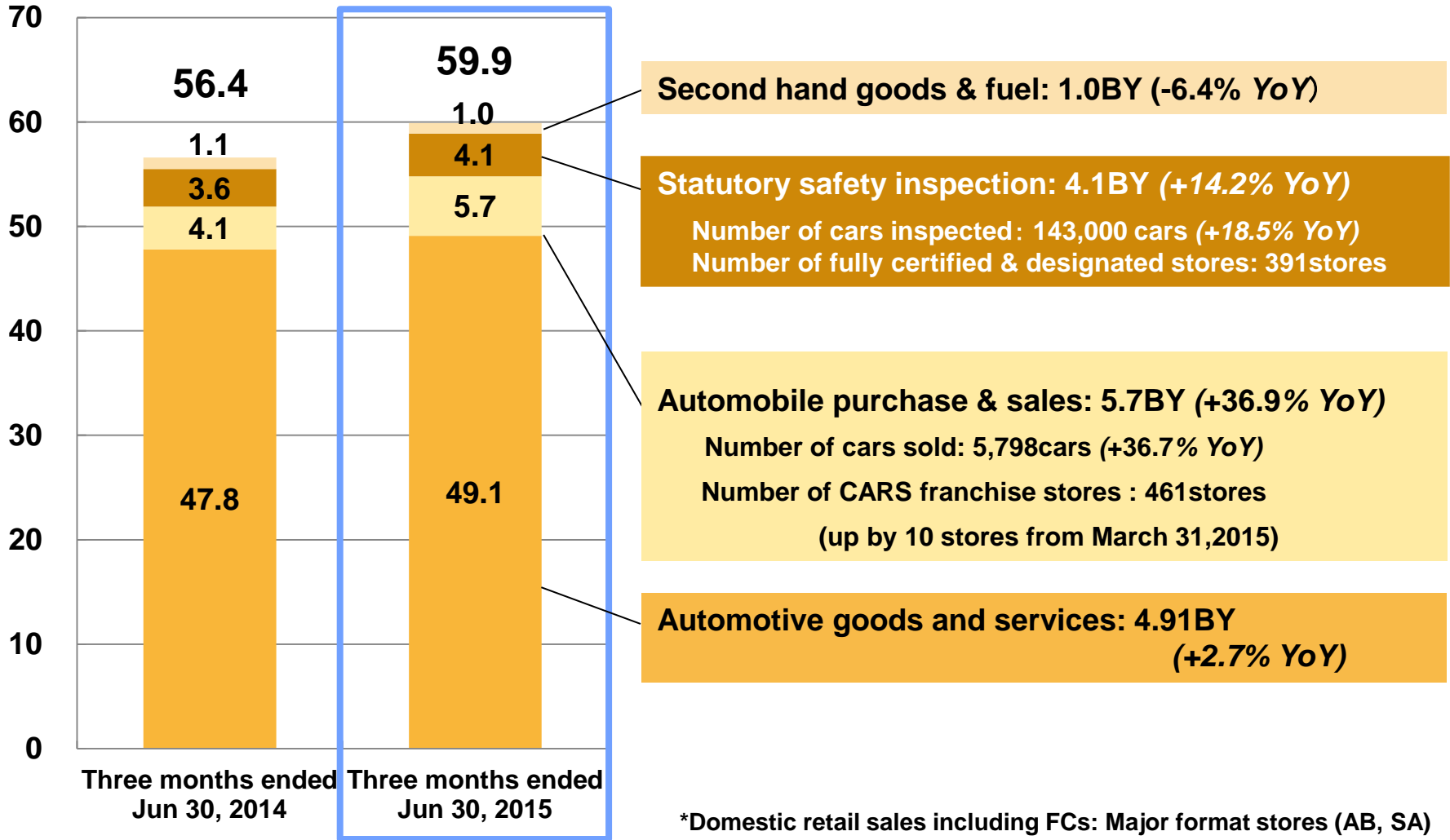
Net Sales: 15.86 BY YoY: +1.16 BY	In addition to growth in sales associated with the transfer of stores from franchise companies, sales of automotive goods such as tires grew as a result of a rebound from the reduced sales following the consumption tax hike in the previous year. Furthermore, an increase in sales was driven by statutory safety inspection and maintenance services and automobile purchase and sales, for which operations were improved. Gross profit grew primarily as a result of an increased gross margin based on higher shares of services such as statutory safety inspection and maintenance services, in addition to higher sales of tires and other merchandise. SG&A expenses were reduced through efforts to cut sales promotion expenses and other controllable expenses, which offset an increase in expenses associated with the transfer of stores from franchise companies.
Ordinary Income: (0.7BY) YoY: +0.74 BY	

Retail Sales Including Franchisees



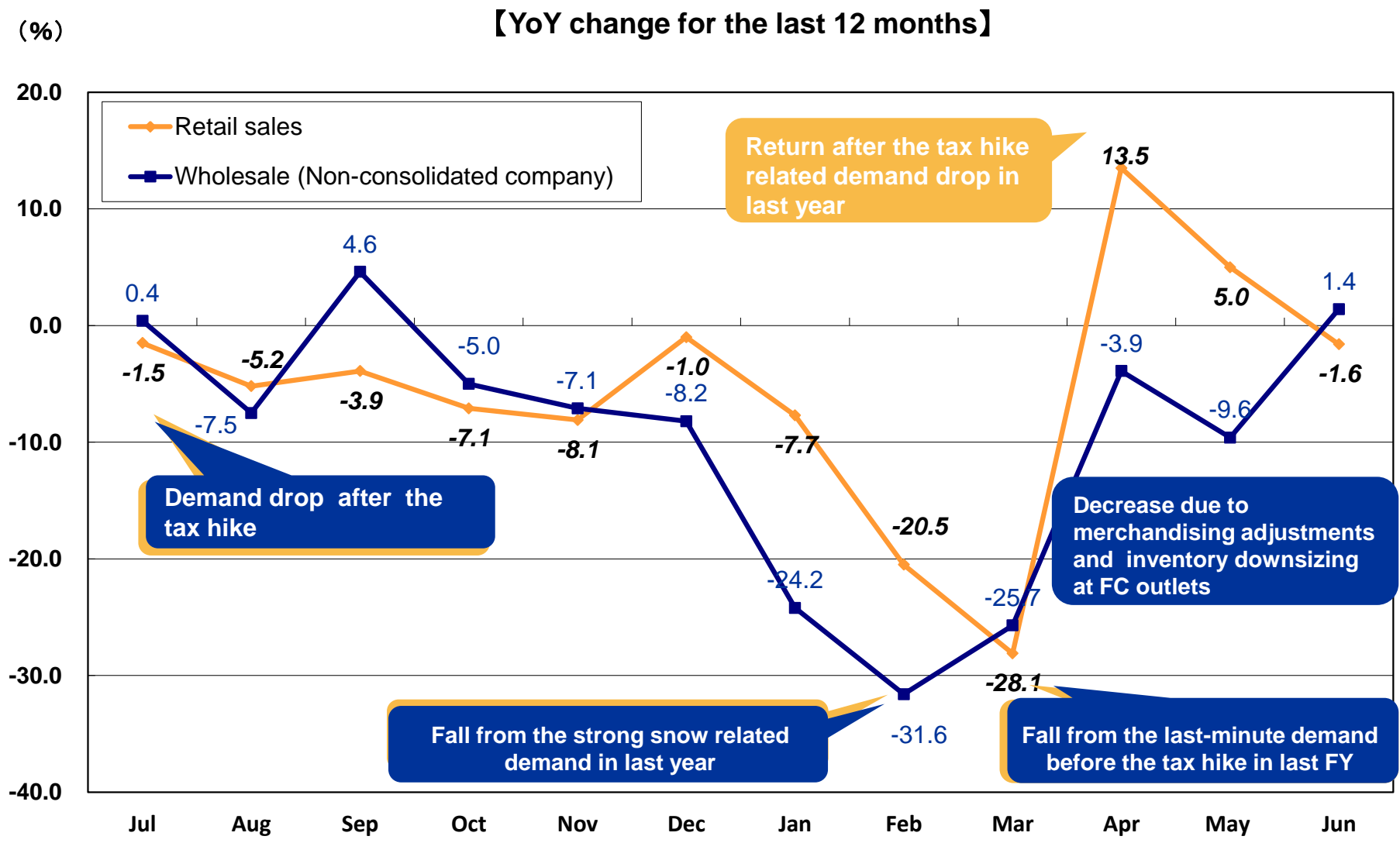
RETAIL SALES INCLUDING FCs*: 59.9billion yen (+5.7% YoY)

(Billion Yen)



*Domestic retail sales including FCs: Major format stores (AB, SA)
+ Used car goods + New & Used cars + Fuel

Sales Trend: Retail & Wholesale (July 2014 – June 2015)



Sales Ups & Downs by Merchandise (Q1)

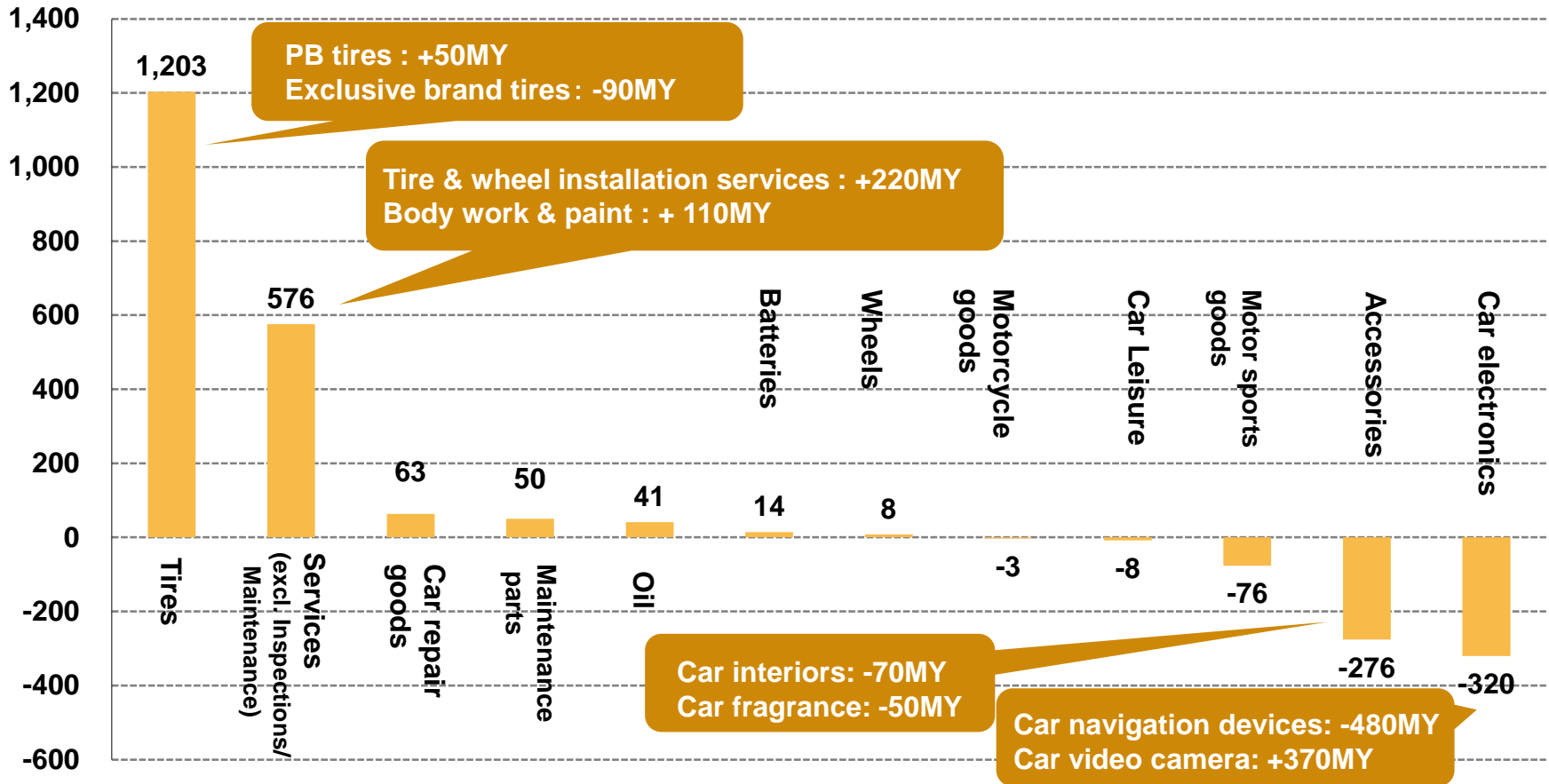


[Same Store Basis] Sales: + 5.0% YoY, Number of customers: - 1.7% YoY

Retail sales ups and downs by merchandise category

(for three months ended June 30 2015, YoY change in amount, total store basis)

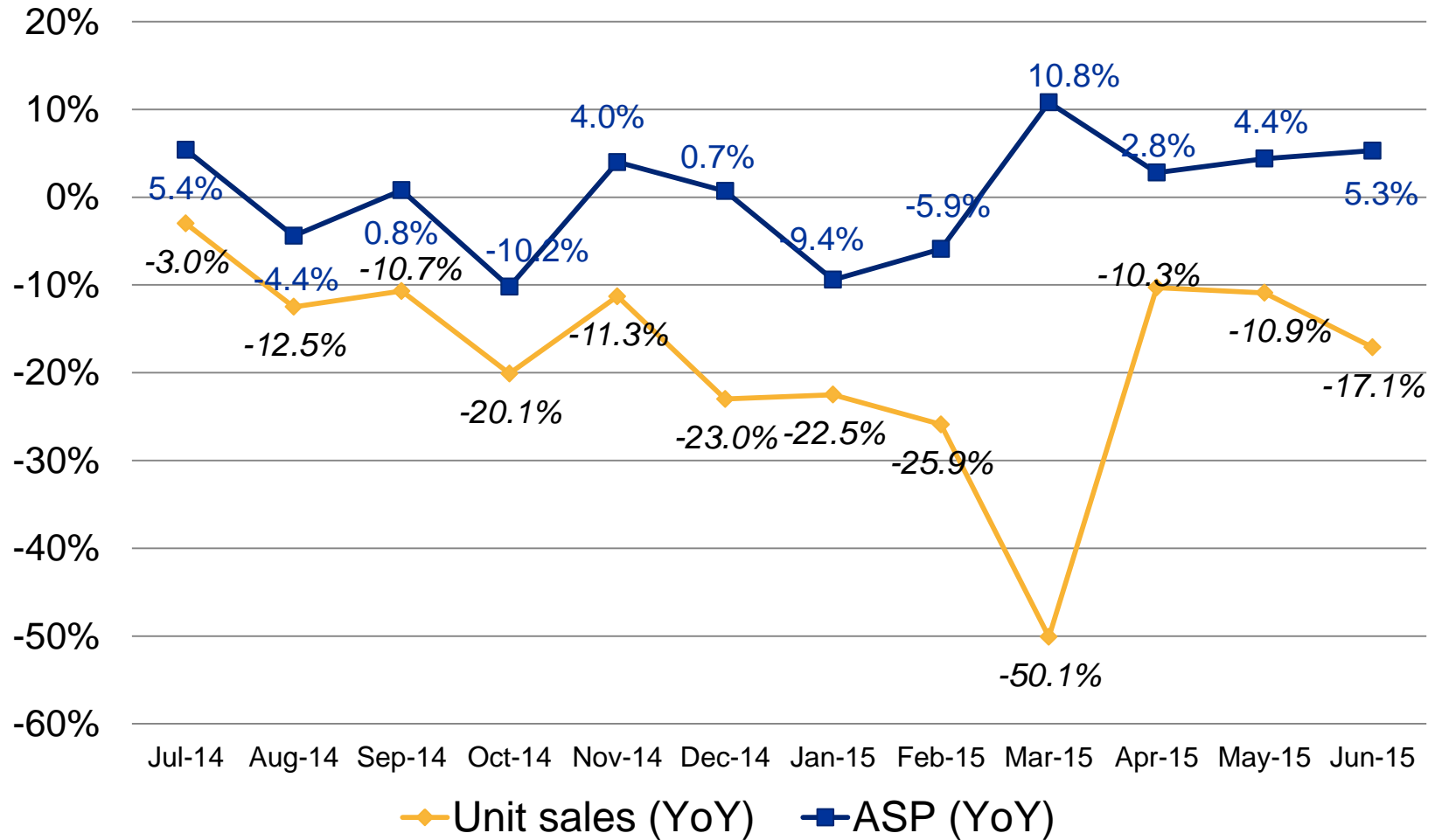
(Million Yen)



*Domestic retail sales including FCs: Major format stores (AB, SA)
+ Used car goods +New & Used Cars+ Fuel

ASP Trends in Car Navigation Devices

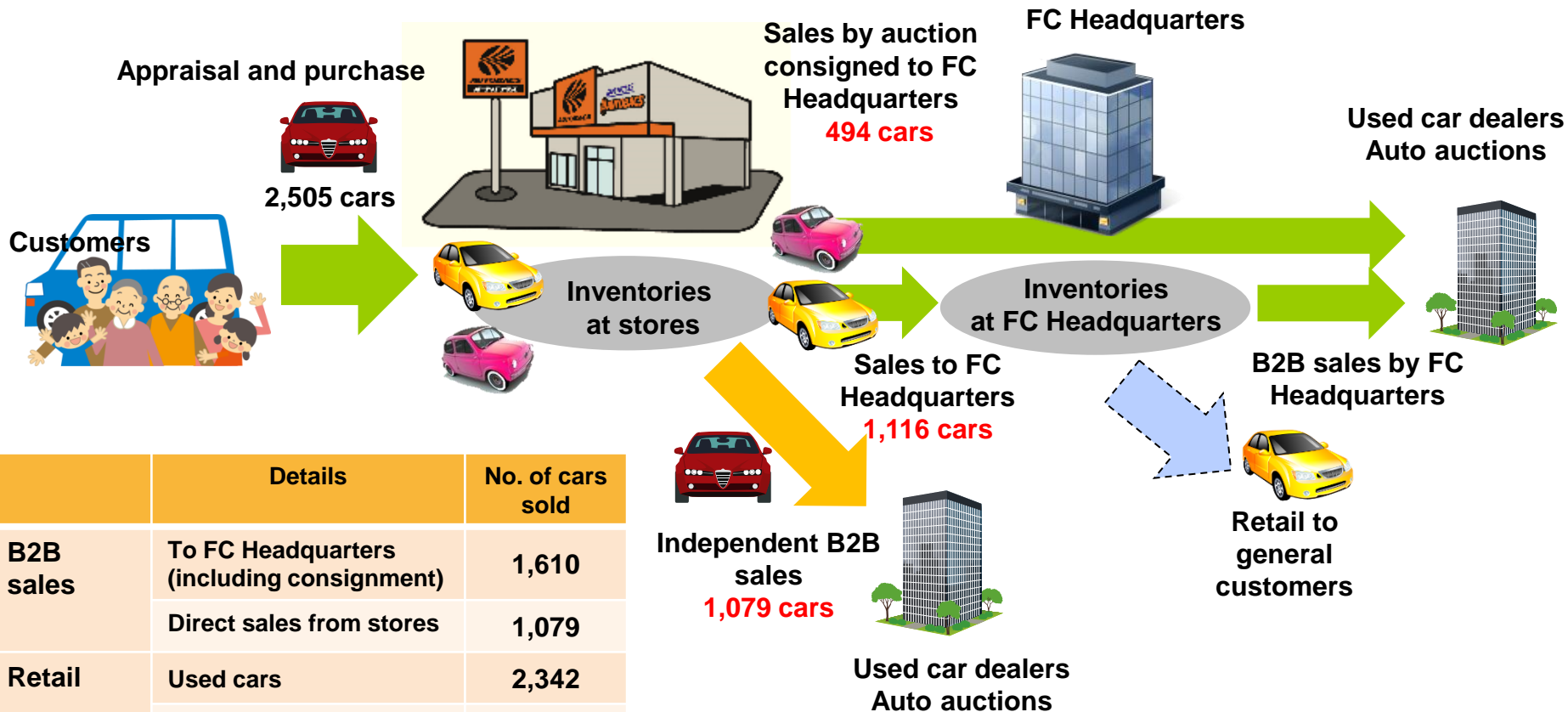
ASP and Unit Sales Trends of Car Navigation Devices (YoY)



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, 2015)

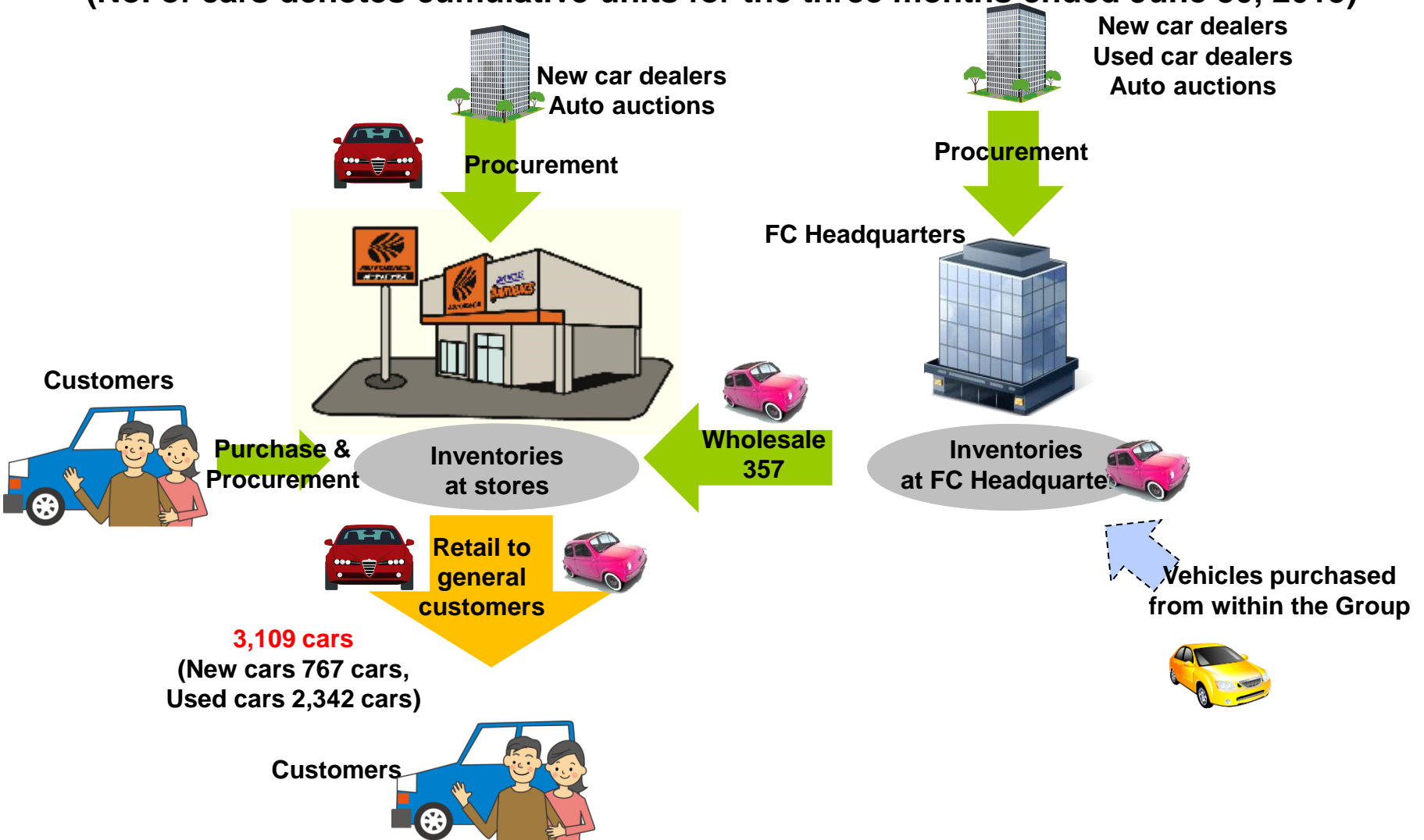


	Details	No. of cars sold
B2B sales	To FC Headquarters (including consignment)	1,610
	Direct sales from stores	1,079
Retail	Used cars	2,342
	New cars	767
Total		5,798

Automobile purchase and sales (2)

Commercial flow of retail sales

(No. of cars denotes cumulative units for the three months ended June 30, 2015)



Results of Overseas Operation by Country



	FRANCE		THAILAND		SINGAPORE		MALAYSIA	
Number of stores at June 30, 2015 -including FCs stores-	11		6		3		1	
Total store sales -including FC stores-	+2.0%		-26.5%		-7.8%		-	
Period	Q1 FY2016	Q1 FY2015	Q1 FY2016	Q1 FY2015	Q1 FY2016	Q1 FY2015	Q1 FY2016	Q1 FY2015
Net sales (Million Yen)	1,900	1,960	100	130	350	340	2	-
SG&A (Million Yen)	970	1,120	50	50	120	100	10	-
Operating income (Million Yen)	20	(160)	(10)	(20)	30	40	(10)	-
Business conditions	Sales were largely equal to last year due to Improved oil and service sales. Operating loss turned into operating surplus due to inventory management and efforts to increase gross profit.		Opened one store in April but sales decreased as a result of unprofitable store closures in last year. Operating loss was reduced due to higher gross profit achieved by less sales discounts and cost cutting efforts.		Gross profit margin increased due to higher sales from services that offset a decline in overall sales. Operating income remained at last years level according to cost cutting efforts.		The first store was opened by the local subsidiary in May, which launched activities to enhance store recognition based particularly on maintenance items such as tires, oil, and batteries.	

Note: Figures in parentheses are negative.

Amounts are rounded down to the nearest ten million yen.

Decrease in Consolidation Adjustments



Consolidation Adjustments

(Million Yen)

	Three months ended June 30, 2015	Three months ended June 30, 2014
Operating Income for segment total	1,083	(67)
Elimination of Intersegment transaction	(172)	(104)
Inventories (Unearned income of subsidiary inventories, etc.)	(8)	(101)
Depreciation of Goodwill	(25)	(80)
Adjustment in fixed assets	123	96
Allowance for point card	(1)	53
Other	(31)	18
Consolidation adjustment	(115)	(117)
Consolidated operating income	968	(185)

Amounts are rounded off to the nearest million yen.

Note: Figures in parentheses are negative.

Progress of New Store Openings



4月から6月までの国内新規出店実績

	Store name	Ownership of stores	Opening data
1	AUTOBACS TAKEO Store	Subsidiaries	April 16, 2015
2	AUTOBACS OGAWARA Store	Subsidiaries	June 11, 2015
3	AUTOBACS KUREAGA – CHUO Store	Subsidiaries	June 25, 2015
4	AUTOBACS KYOTO AYABE Store	FC	June 25, 2015
5	AUTOBACS EXPRESS KYOTO AYABE	FC	June 25, 2015



AUTOBACS TAKEO Store



AUTOBACS OGAWARA Store



AUTOBACS KUREAGA – CHUO Store



AUTOBACS KYOTO AYABE Store



AUTOBACS EXPRESS KYOTO AYABE

Enhanced AQ. Lineup



Car shampoo and coating
(on sale - April, 2015)



Steering wheel cover
(on sale - April, 2015)



Car window washer
(on sale- April, 2015)



Engine oil
(on sale - June, 2015)

Store Openings and Closings (Plan)



< Domestic stores >

	No. of stores as of March 31, 2014	Fiscal year ending March 31, 2015							(Plan) No. of stores as of March 31, 2015
		Q1 (result)			No. of stores as of June 30, 2014	Q2 – Q4 (Plan)			
		New	S/B · R/L	Close		New	S/B · R/L	Close	
AUTOBACS	478	+2			480	+17	+2 / -2		497
Super AUTOBACS	75				75				75
<i>Secohan Ichiba</i>	10				10				10
AUTOBACS EXPRESS	8				8	+1			9
Domestic total	571	+2			573	+18	+2 / -2		591

< Overseas stores >

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

	No. of stores as of March 31, 2014	FY March 2015(Results & Forecasts)			(Plan) No. of stores as of Mar 31, 2015
		Q1 (result)	No. of stores as of June 30, 2014	Q2 – Q4 (Plan)	
France	11		11		11
China	2		1		1
Thailand	4	-1	3		3
Singapore	3		3		3
Taiwan	6		6		6
Malaysia	1		2		2
Total	27	-1	26		26

Balance Sheet / Assets



187.8BY

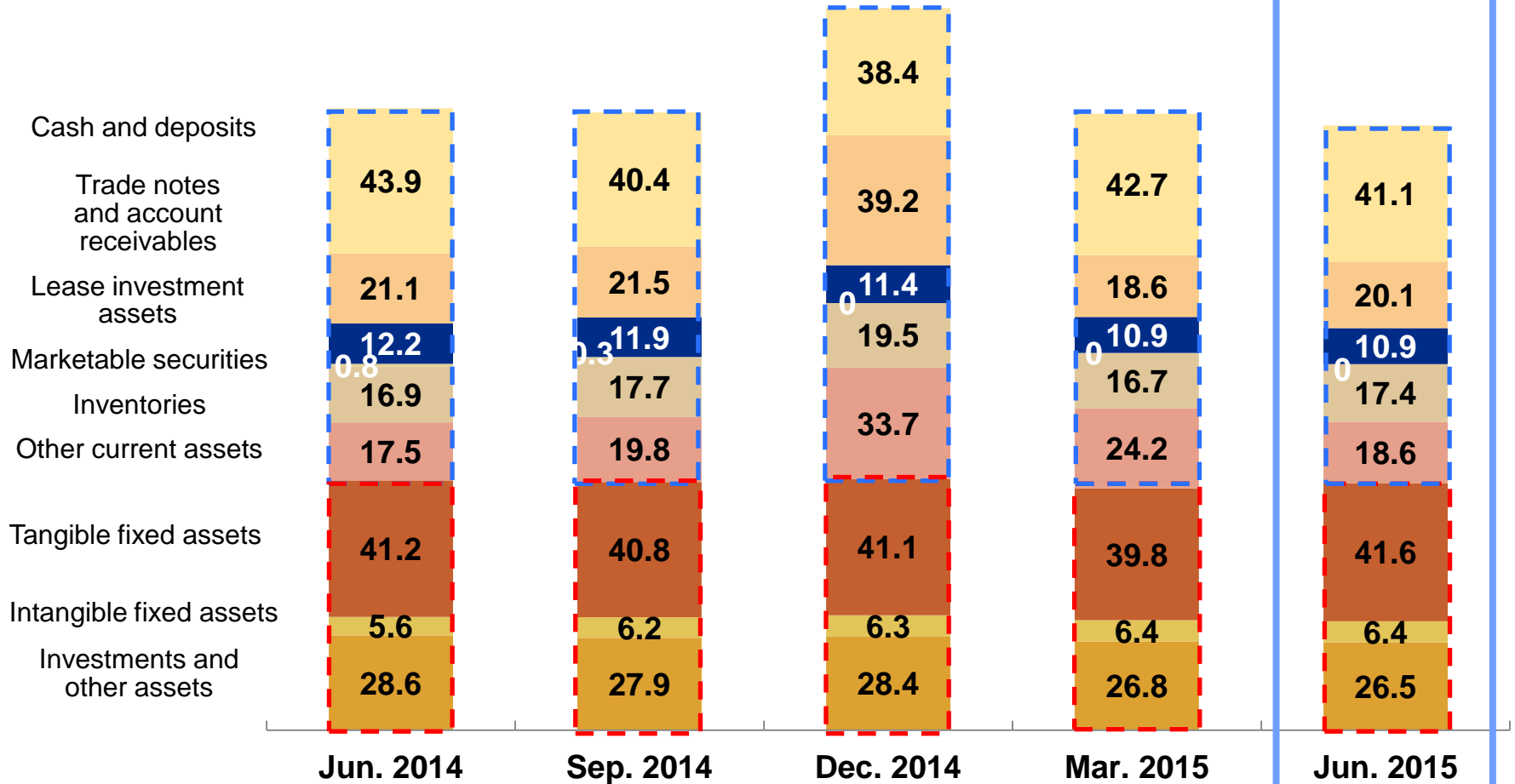
186.5BY

218.0BY

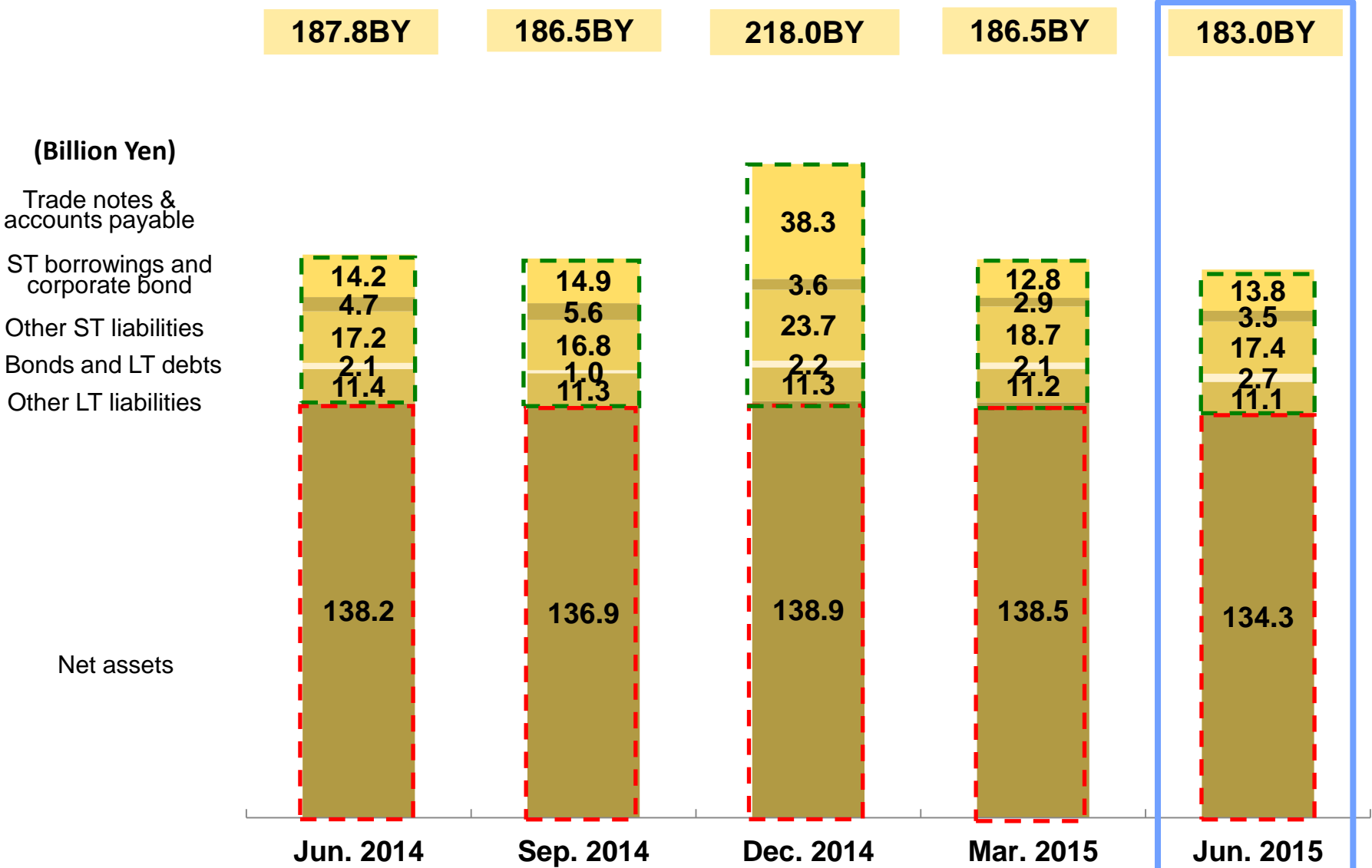
186.5BY

183.0BY

(Billion Yen)



Balance Sheet / 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.

AUTOBACS SEVEN CO., LTD.

Revision of “2014 Medium-term Business Plan”



July 30, 2015

Basic Policy

Improving Profitability of AUTOBACS Business and Creating New Business for Growth

1. Transforming the AUTOBACS Business into a business that responds to change
2. Building a new pillar to generate revenue
3. Adopting organizational reforms to create a corporate culture responsive to change

Management Targets

Consolidated operating income:
15 billion yen (Revised)

Consolidated ROE: 8.0%

Consolidated DOE: 3.0% or higher

Period

Four years from April 2014 to March 2018

Outline of Business Strategy



Status

Policy

Domestic AUTOBACS Business

Focus as the Group's top priority business

Transform into a more highly profitable business

Increase investment efficiency

〔Basic policy〕

“Creating Higher Value for Customers and Establishing Competitive Advantage”

Building a continuous relationship with customers, and providing convenience and trust by strengthening ties with them

New Business

Bolster as pillars for future growth

Invest resources in the current medium-term period

〔Basic policy〕

Develop business in automobile-related sectors, which forms one of its future profit pillar (the business might have no synergy with existing AUTOBACS business)

Overseas Business

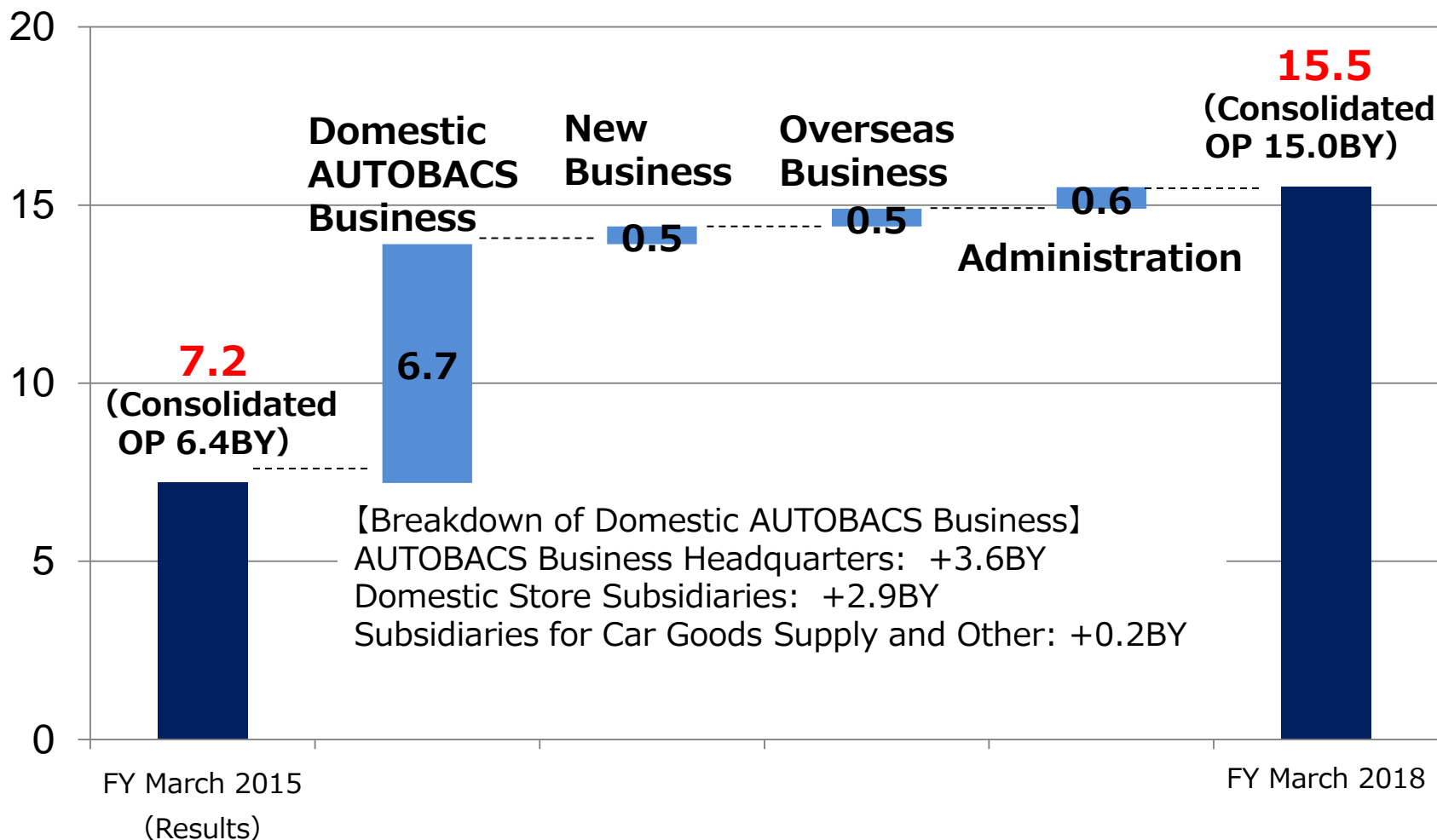
〔Basic policy〕

Accelerate overseas business development primarily in ASEAN region, which is in the growth stage

Breakdown of OP Target by Business Categories*



(Billion Yen)

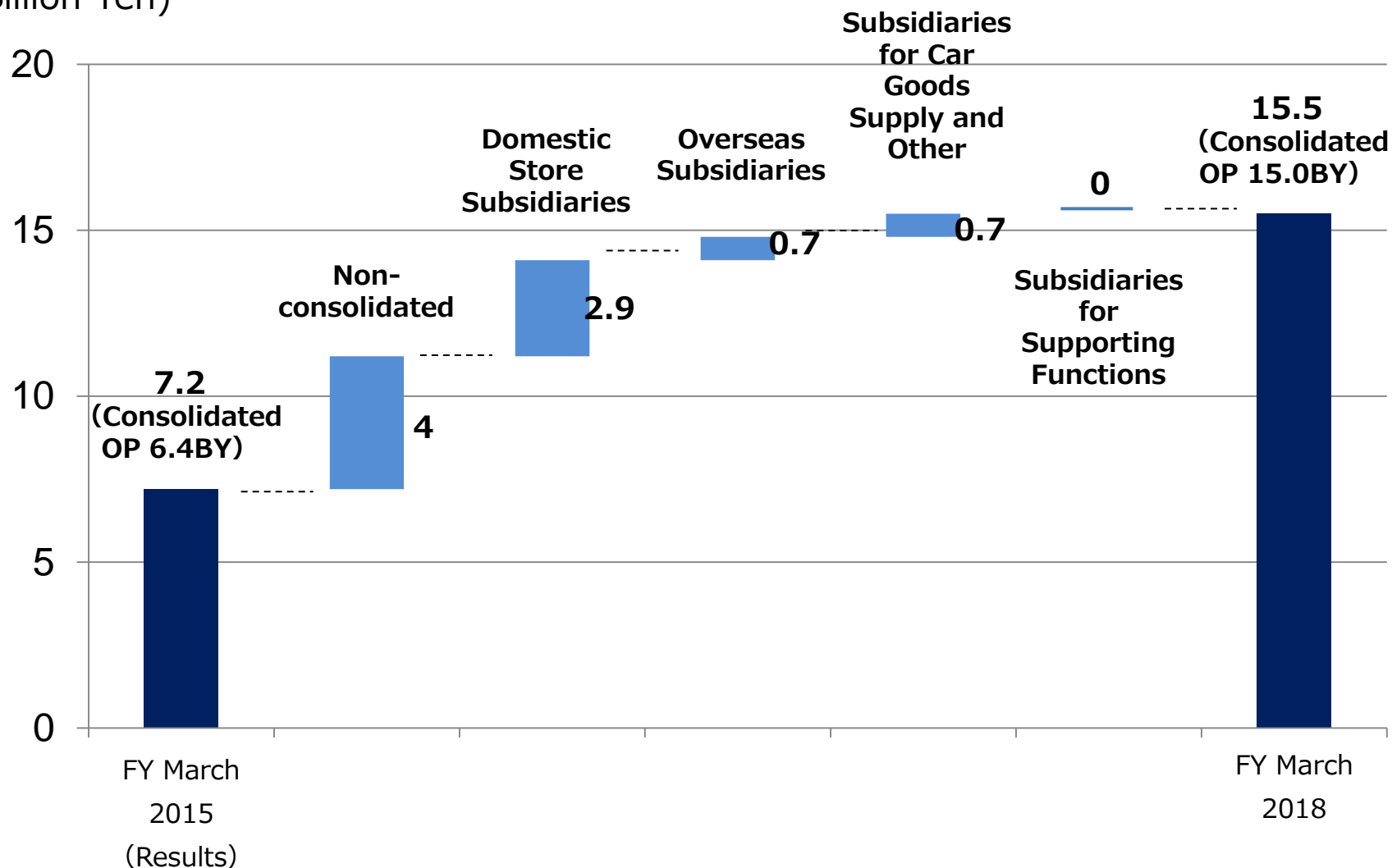


*Operating incomes of 7.2BY(FY 3/2015) and 15.5BY (FY 3/2018) are simply the sum of the profit improvement amount in each business category. Therefore, this amount is not equal to the consolidated operating incomes.

Breakdown of OP Target by Segment*



(Billion Yen)



*Operating incomes of 7.2BY(FY 3/2015) and 15.5BY (FY 3/2018) are simply the sum of the profit improvement amount in each segment. Therefore, this amount is not equal to the consolidated operating incomes.

Business Policy

Creating Higher Value for Customers and Establishing Competitive Advantage

“Building Continuous Relationship with Customers, and Providing Convenience and Trust by Strengthening Ties with Them”

Segment Target

Numerical Targets of the Domestic AUTOBACS Business

- **Automotive goods and services: 240.0 billion yen**
(Tire sales: 7.3million tires/ 65.0BY)
- **Statutory safety inspection and maintenance sales:**
0.8 million cars/ 20.8BY
- **Automobile purchase and sales: 52,000 cars/ 50.0 BY**
- **New store opening: 48 stores**
(34 stores opened from FY March 2016 to FY March 2018)

Policy of Domestic AUTOBACS Business



Competitive advantage of AUTOBACS

“Customers can use our services comfortably without stress”

~customers feel they are served “with great understandings,” “with trust,”
“with shorter waiting times,” “at all times,” and “with suitable substitutes”~

Building continuous relationship with customers by strengthening statutory safety inspection and maintenance services



Offer a variety of merchandise and services by utilizing maintenance membership information and building sustained relationship with customers via omni-channel and else.

⇒ AUTOBACS stores to become more trusted and comfortable to customers

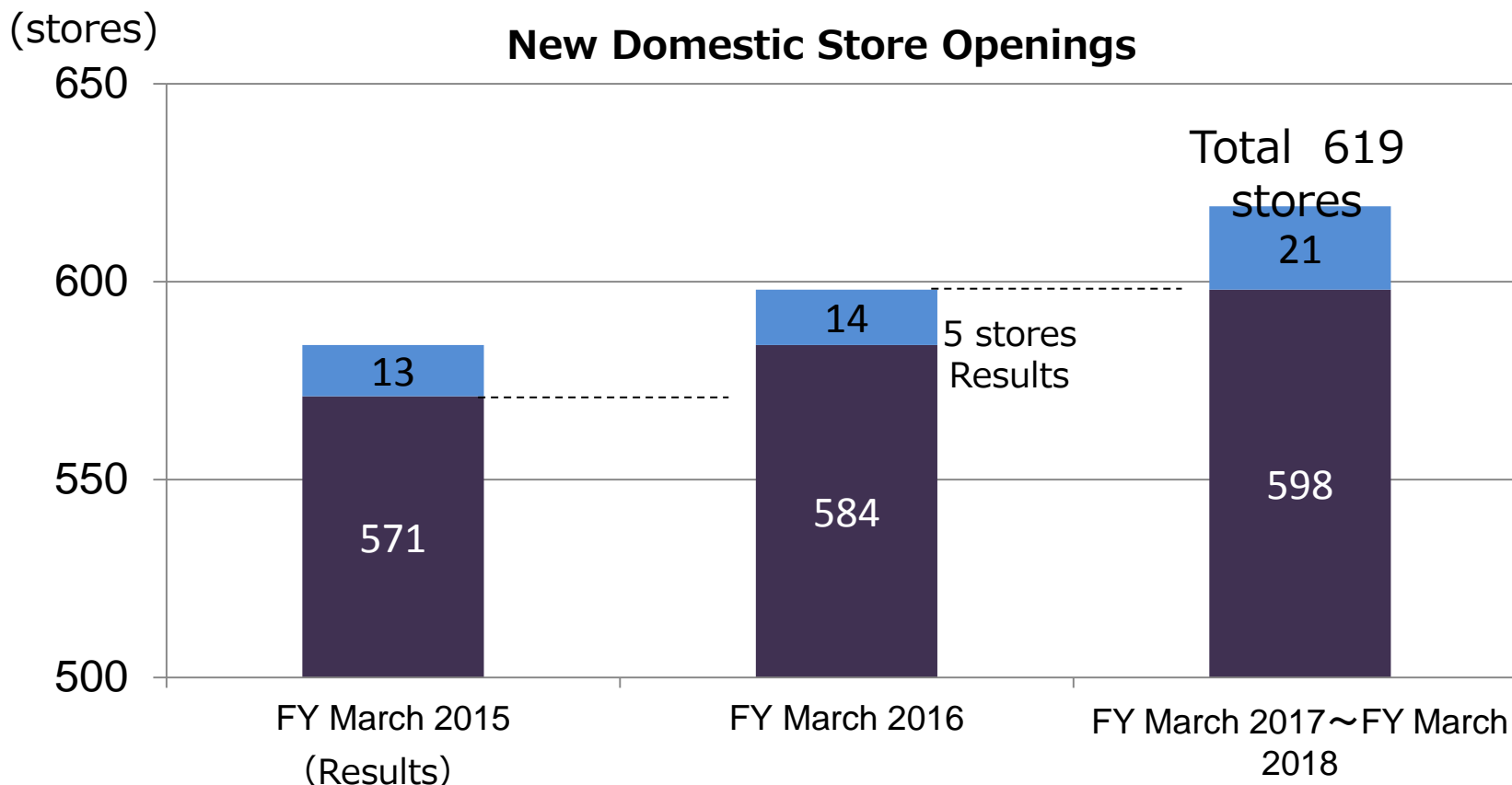
Initiatives of Domestic AUTOBACS Business



Items	Initiatives
Maintenance membership holders	<ul style="list-style-type: none">▪ Reviewing membership benefits, strengthen activities to attract more members, etc.▪ Increasing maintenance members to three million from two million at the end of March 2015
Oil change services	<ul style="list-style-type: none">▪ Shortening waiting times for oil changing services▪ Promoting online booking and improving coordination with stores
Statutory safety inspection services	<ul style="list-style-type: none">▪ Acquiring more appointments for statutory safety inspections▪ Reviewing merchandise and services
Tire sales	<ul style="list-style-type: none">▪ Establishing an appointment system for tire replacements▪ Strengthening online sales▪ Providing a service for holding tires and proposing tire replacement▪ Improve purchase and inventory control
Automobile purchase and sales	<ul style="list-style-type: none">▪ Strengthening sales of leasing items▪ Continuing measures currently carried out at existing stores

New Domestic Store Openings: 48 stores in four years (previous plan, 100 stores)

Considering the possibility of opening new stores, and reviewing the construction costs involved in adjusting plans for new store openings



Implementing strategic cost reduction to transform into a more profitable business structure

1. Reduction in procurement and distribution costs

- Reducing distribution costs by cooperating with suppliers
- Reducing cost of goods purchased

2. Reduction in purchasing costs

Reducing costs by reviewing store equipment and indirect materials

3. Promotion of operational efficiency in headquarters

- Reviewing methods for promoting sales
- Improving the operational efficiency of headquarters

Improving Revenues of Domestic Store Subs.



1. Increase in Sales

Expanding sales of automotive goods, statutory inspections, and automobile purchase and sales in line with the business strategy

2. Improvement of gross margin

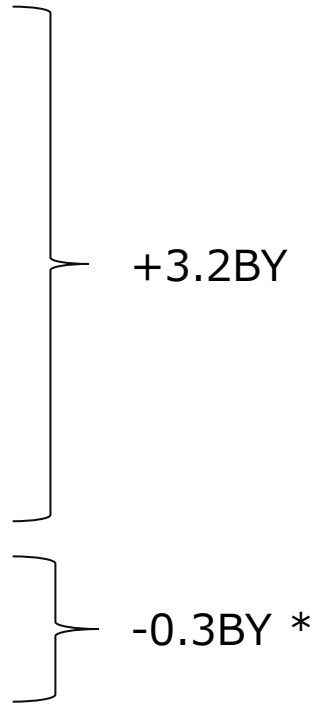
- ① Ensuring sales price management
- ② Reviewing terms for rebates and ensuring they are managed
- ③ Providing individual guidance for stores with problems, and improving the level of human resources

3. Cost Reduction

- ① Improving productivity through operational reforms
- ② Cutting rent, system costs, and other expenses

4. Optimization of Inventory and Improvement of Turnover

5. Closing of Consistently Unprofitable Stores



*In addition to the amount to be cut, there will be a cost increase due to higher sales, resulting in an increase in the total expenses. 11

Breakdown of OP Target of AUTOBACS Business



Breakdown of 6.7 billion yen

(profit improvement amount for the domestic AUTOBACS business)

(billion yen)

	AUTOBACS Business Headquarters	Domestic Store Subsidiaries	Subsidiaries for Car Goods Supply and Other
Automotive goods and services	+3.1	+1.9	+0.2
Statutory safety inspection and maintenance	+0.1	+0.8	
Automobile purchase and sales	+0.6	+0.5	
Costs	-0.2	-0.3	
Total	+3.6	+2.9	

1. Financial Strategies: measures to achieve ROE8%

- ① Making investments for business strategies (approximately 44 billion yen in four years)
- ② Improving asset turnover by reducing assets
- ③ Improving capital efficiency after establishing financial stability
- ④ Improving net income as a result of improved corporate tax rate

2. Return to Shareholders (policies remain unchanged)

- ① Paying stable dividends with the targeted DOE of 3.0% or higher
- ② Flexibly buying back our own shares



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