

Results for the Nine Months ended Dec 31, 2013



January 31, 2014

AUTOBACS SEVEN CO., LTD.

Q3 FY March 2014 Consolidated P/L



Net sales declined but income increased. The impact of the decline in net sales was alleviated by the improvement in the gross margin ratio and SG&A cost reduction.

Sales of tires and wheels, cars, and other goods increased in the third quarter due to enhanced sales promotion. However, net sales declined partly because the unit price for navigation devices continued to decline. The gross margin ratio improved due to the improvement in the gross profit mix and improved purchasing of tires, wheels, and other merchandise. The Company strengthened advertising and sales promotion in the third quarter but total SG&A cost reduced on a consolidated basis. This resulted in a year-on-year increase in operating income.

(Billion Yen)

	Nine months ended Dec 31, 2013			Nine months ended Dec 31, 2013	
	Actual result	% of Sales	YoY change ratio	Actual result	% of Sales
Net sales	178.3	100.0%	- 2.5%	182.9	100.0%
Gross margin	58.6	32.9%	- 0.4%	58.9	32.2%
SG&A	46.7	26.2%	- 1.9%	47.6	26.0%
Operating income	12.0	6.7%	+5.7%	11.3	6.2%
Non-operating Income/expenses	1.5	-	+23.1%	1.2	—
Ordinary income	13.4	7.5%	+7.3%	12.5	6.8%
Extraordinary gains/ losses	- 0.2	-	-	- 0.5	—
Net income	8.0	4.5%	+20.4%	6.6	3.6%

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

Quarterly P/L (FY March 2014)

(Billion Yen)

	Q1(Results)	Q2(Results)	Q3(Results)	Q4(estimates – results)	Full Year (Estimates)
Net Sales	52.4	51.3	74.6	50.8	229.1
YoY	- 9.7%	- 2.7%	+3.4%	+7.4%	- 0.5 %
Gross margin (% of Sales)	17.0 (32.5%)	17.6 (34.3%)	24.0 (32.2%)	17.9 (35.2%)	76.5 (33.4%)
YoY	- 3.9%	- 0.0%	+1.8%	+6.1 %	+1.0 %
SG&A	15.1	15.0	16.5	16.3	63.0
YoY	- 3.2%	- 2.9%	+0.2%	+5.9%	+0.0 %
Operating income	1.9	2.6	7.5	1.5	13.5
YoY	- 9.2%	+20.8%	+5.5%	+8.0%	+5.9 %
Ordinary income	2.4	3.2	7.8	1.2	14.6
YoY	- 1.5 %	+27.6 %	+3.6%	- 40.6%	+0.9 %
Net income	1.3	1.7	5.0	0.2	8.2
YoY	- 4.9%	+87.0 %	+14.0%	- 77.9%	+8.0 %

Amounts are rounded to the nearest hundred million yen.

% of Net Sales and YoY comparisons are calculated in million yen.

Analysis for Operating Income

Domestic retail sales		Total stores -2.5% / Same store sales -4.4% (YoY)	
		Operating Income	YoY
Segments	Non-consolidated	11.72BY	-510MY Sales: -7,290MY (-4.8%) Gross profits: -2,130MY (GPM: 21.2% - up from LY's 21.6%) - Improved gross margin of tires and wheels - Decreased in Car Electronics sales SG&A -1,620MY - Decreased in number of directly operating stores and costs including depreciation of IT system and consulting fees
	Domestic store Subsidiaries	0.26BY	+780MY (Sales: +510MY (+0.9%)) - Increased sales by acquisition of franchise company and stores from non-consolidated company - Change in gross margin mix, improved gross margin of tires and car interiors
	Overseas Subsidiaries	0.08BY	+60MY
	Others	0.59BY	+50MY
Total segments		12.65BY	+390MY
Consolidation Adjustment		-0.68BY	Adjustment amount decreased by 260MY from last year Decreased in depreciation of goodwill by acquisition of franchise company
Consolidated		11.97BY	+640MY

Segment Information



(Billion yen)

		Nine months ended Dec 31, 2013	Nine months ended Dec 31, 2012	YoY change
Non-consolidated	Net Sales	145.47	152.76	-4.8
	Ordinary Income	11.72	12.23	-4.1
Domestic store subsidiaries	Net Sales	60.47	59.95	+0.9
	Ordinary Income	0.26	-0.53	-
Overseas subsidiaries	Net Sales	7.93	6.48	+22.3
	Ordinary Income	0.08	0.02	+322.2
Subsidiaries for car goods supply and other	Net Sales	11.62	11.29	+2.9
	Ordinary Income	0.22	0.19	+20.0
Subsidiaries for supporting function	Net Sales	2.37	2.56	-7.4
	Ordinary Income	0.37	0.36	+3.1
Segment total	Net Sales	227.86	233.05	-2.2
	Ordinary Income	12.65	12.26	+3.1

Note: Figures in parentheses are negative.

Amounts are rounded down to the nearest ten million Yen.

Performance Breakdown (Nine months ended Dec 31, 2013)



Non-consolidated

Net Sales 145.4 BY <i>YoY: -7.28BY</i>	Wholesale	-4.63 BY -3.2%	↑ car sales, tires & wheels, fuel, services ↓ car electronics devices, motor sports goods, etc.
	Retail	-2.66 BY -40.3%	↑ on-line store, fuel, ↓ car electronics devices, Services , Tires & wheels, etc.
Gross Margin 30.8 BY <i>YoY: -2.12 BY</i>	Wholesale	-1.02 BY -3.3%	↑ car sales, tires & wheels, services, etc. ↓ car electronics devices, car interior items, furniture and fixtures, etc.
	Retail	-0.91 BY -45.2%	↑ — ↓ Services , Tires & wheels, Oil, Battery, etc.
SG&A 19.1 BY <i>YoY: -1.62 BY</i>	Personnel: same as the previous year (a decrease in labor costs due to the transfer of directly managed stores, an increase due to transfers from store subsidiaries)		
	Sales promotion costs: Decreased due to a revision of sales promotion initiatives.		
	Equipment costs: Decreased due to less depreciation costs of information systems and less land and building cost of directly managed stores .		
	Others: Decreased in costs including IT system and consulting fees.		

Domestic store subsidiaries

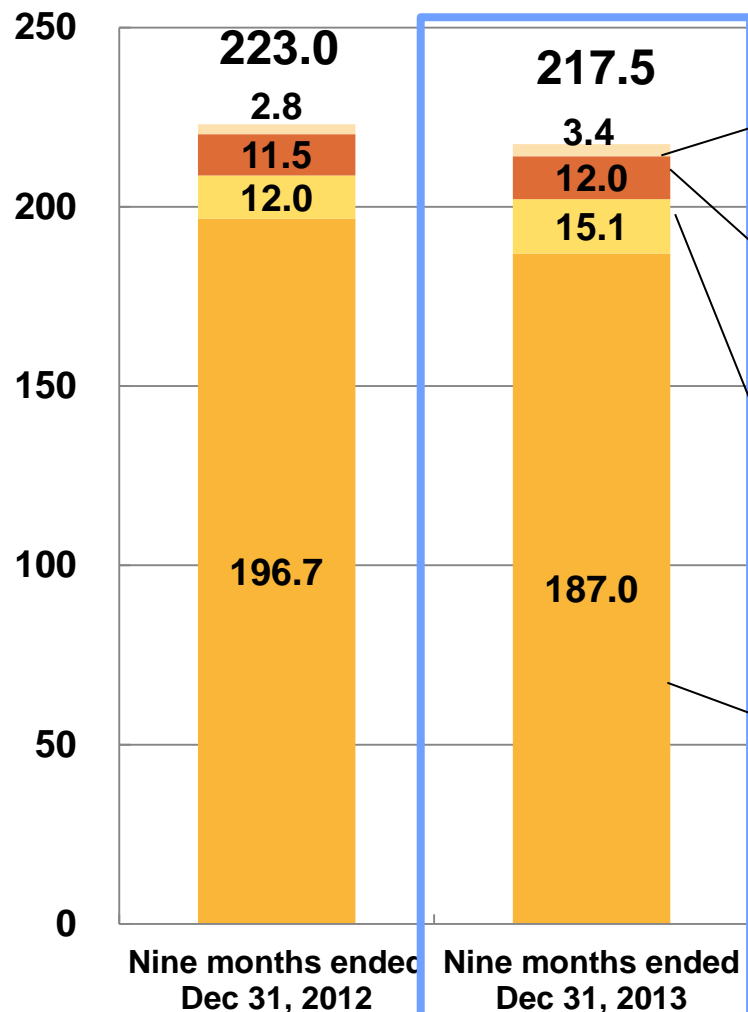
Net Sales: 60.4 BY <i>YoY: +0.51BY</i>	Despite the impact of the decline in car electronics sales, overall sales increased thanks in part to the growth in sales of tires and wheels in Q3 and the increase in net sales attributed to the acquisition of franchise companies and the acquisition of stores from non-consolidated company. GPM increased, partly reflecting a change in the gross profit mix attributed to a decline in the sales of car electronics and the improved gross margin on tires. SG&A cost increased due to the enhancement of sales promotion in Q3, in addition to the increase in expenses resulting from the acquisition of franchise corporations and stores. However, operating income increased year on year.
Ordinary Income: 0.25 BY <i>YoY: +0.798BY</i>	

Retail Sales in Total AUTOBACS Group Stores



RETAIL SALES INCLUDING FCs*: 217.5 billion yen (-2.5% YoY)

(Billion Yen)



Second hand goods & Fuel: 3.4BY (+21.4% YoY)

Statutory safety inspection: 12.0BY (+3.8% YoY)

Number of cars inspected: 405,000 cars (+1.4% YoY)

Number of fully certified & designated stores: 373stores
(Up from 352stores at March 31, 2013)

Car purchase & sales: 15.1BY (+25.8% YoY)

No. of cars sold: 15,404 cars (+21.6% YoY)

Car related goods & services: 187.0BY (-4.9% YoY)

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

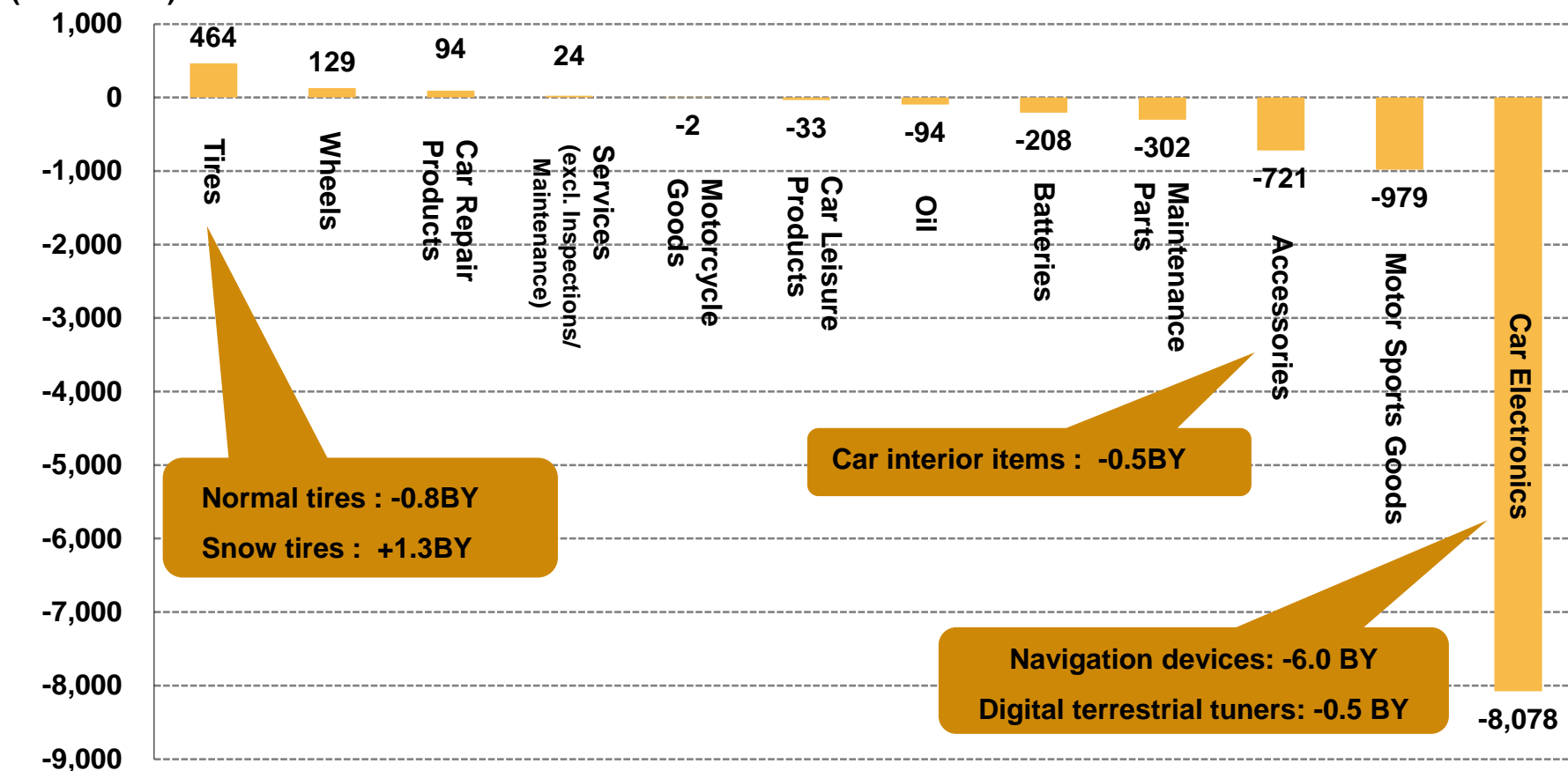
Sales Ups & Downs by Merchandise (Nine Months)

【Same Store Basis】 Sales: -4.4 % YoY, Number of customers: -4.1% YoY

Retail sales ups and downs by merchandise category

(for nine months ended Dec 31 2013, YoY change in amount, total store basis)

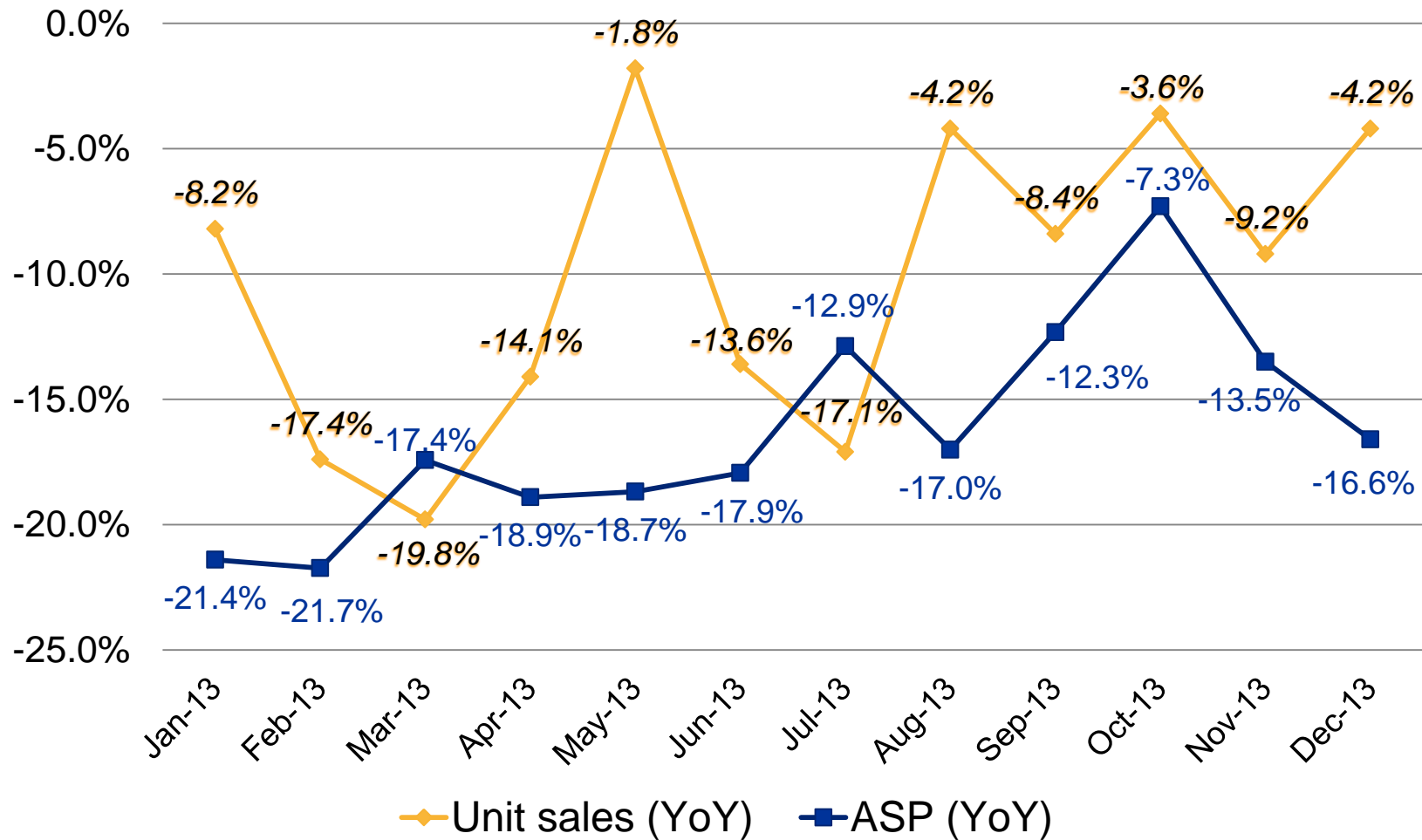
(Million Yen)



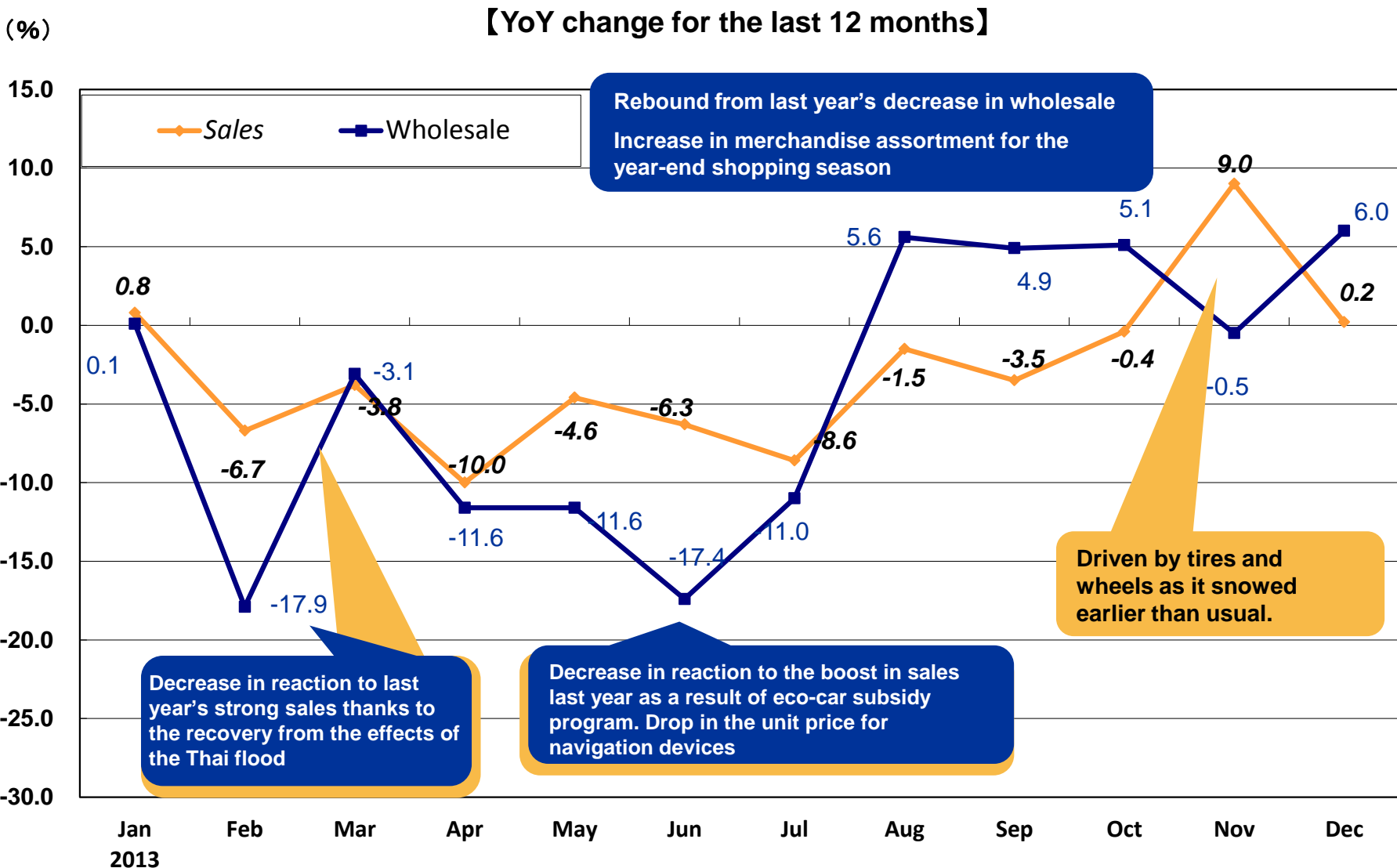
*Domestic retail sales including FCs: Major format stores (AB, SA)
+ Used car goods +New & Used Cars+ Fuel

ASP Trends in Car Navigation Devices

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



Sales Trend: Retail & Wholesale (Jan 2013 – Dec 2013)



- 1. Improving the gross profit mix**
 - Sales ratio for car electronics items decreased from 20.2% to 17.1%.
 - Increasing in sales of tire chain in Q3
- 2. Improving the gross margin for tires**
- 3. Decreasing in the gross margin for Car Electronics**
- 4. Improving the gross margin for motor sports goods**
 - Improving purchasing and reviewing store sales prices

Results of Overseas Operation by Country

	FRANCE		CHINA		SINGAPORE		THAILAND	
Number of stores at Dec 31, 2013 -including FCs stores-	11		1		3		4	
Total store sales -including FC stores-	-4.9%		+46.9%		-4.4%		-12.2%	
Period	4/1/2013 through 12/31/2013	4/1/2012 through 12/31/2012	4/1/2013 through 12/31/2013	4/1/2012 through 12/31/2012	4/1/2013 through 12/31/2013	4/1/2012 through 12/31/2012	4/1/2013 through 12/31/2013	4/1/2012 through 12/31/2012
Net sales (Million Yen)	6,000	4,840	370	280	1,090	930	470	430
SG&A (Million Yen)	2,920	2,310	250	280	350	290	180	120
Operating income (Million Yen)	40	30	-50	-130	130	120	-40	-0
Business conditions	Winter goods were strong due in part to the lower temperature and snowfalls, but sales of tires, car electronics, and other merchandise decreased due to price competition with competitors. The gross margin increased as a result of strengthening the service.		Overall sales declined due to the closing of the third store at the end of October. However, operating losses narrowed partly because tires and wheels were strong at existing stores.		Net sales decreased due to increasingly fierce competition with competitors, offsetting relatively strong sales of wheels, maintenance, and service.		Net sales decreased due to the shutdown of certain stores attributed to the impact of the anti-government protests that broke out in November. This offset strong sales of tires and maintenance-related merchandise, resulting in wider operating losses.	

Note: Figures in parentheses are negative.

Amounts are rounded down to the nearest ten million yen.

Decrease in Consolidation Adjustments

Consolidation Adjustments

(Million Yen)

	Nine months ended Dec 31, 2013	Nine months ended Dec 31, 2012
Operating Income for segment total	12,646	12,261
Elimination of Intersegment transaction (Income of subsidiaries for supporting functions, etc.)	(114)	(323)
Inventories (Unearned income of subsidiary inventories, etc.)	(750)	(501)
Depreciation of Goodwill	(83)	(241)
Adjustment in fixed assets	185	153
Allowance for point card	(44)	(43)
Other	126	20
Consolidation adjustment	(680)	(937)
Consolidated operating income	11,966	11,324

Amounts are rounded off to the nearest million yen.

Note: Figures in parentheses are negative.

Analysis for Operating Income (FY2014 Q3)

Domestic retail sales	Total stores -2.9% / Same store sales -1.2% (YoY)
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		Operating Income	YoY
Segments	Non-consolidated	6.3BY	-0.4BY Sales: -1.13BY (+1.8%) Gross profits: -4.9BY (GPM: 21.0% - up from LY's 22.2%) - Decreased in Car Electronics sales SG&A -0.09BY - Decreased in number of directly operating stores and costs including depreciation of IT system and consulting fees
	Domestic store Subsidiaries	1.4BY	+0.65BY Sales: +1.37BY (+5.9%) Gross profits: +0.73BY (GPM: 37.5% - up from LY's 36.5%) - Improved in gross margin for tires and car electronics SG&A +0.09BY - Decreased in personal costs - Increased in costs due to acquisition of stores from non-consolidated company
	Overseas Subsidiaries	0.0BY	+0.01BY
	Others	0.25BY	+0.02BY
	Total segments	8.0BY	+0.28BY
Consolidated		7.5BY	+0.39BY

Progress of New Store Openings



	Store name	Owner of stores	Opening date
1	AUTOBACS AOMORI-CHUO Store	FC	Oct 4, 2013
2	AUTOBACS SHIZUNAI Store	FC	Oct 11, 2013
3	AUTOBACS AKITA OMAGARI Store	FC	Oct 11, 2013
4	AUTOBACS EXPRESS IYOSAIJO Store	Subsidiaries	Oct 18, 2013
5	AUTOBACS Tire Shop MATSUMORI Store	Subsidiaries	Oct 24, 2013
6	AUTOBACS KISARAZU KANEDA Store	FC	Nov 14, 2013
7	AUTOBACS EXPRESS KISARAZU KANEDA	FC	Nov 14, 2013



AUTOBACS AOMORI-CHUO Store



AUTOBACS SHIZUNAI Store



AUTOBACS AKITA OMAGARI Store



AUTOBACS EXPRESS
IYOSAIJO Store



AUTOBACS Tire Shop MATSUMORI Store



AUTOBACS KISARAZU
KANEDA Store



AUTOBACS EXPRESS
KISARAZU KANEDA

Net sales for the nine months ended December 31, 2013
: 940 million yen (up 78.6% year on year)

Delivery directly to customers: 400 million yen
Store sales: 540 million yen

- **Main merchandise** - **Car Electronics: about 50% of total**
 - **Tires and Wheels: about 20% of total**
- **By channel** - **Through the company's website: about 68% of total**
 - **Shopping mall: about 32% of total**

Autobacs Yahoo! store



[Steps taken]

- ◆ **Increased merchandise assortment**
: about 58,000 SKU (as of March 31) ⇒ about 97,000 SKU
- ◆ **Improved the app for smartphone**
- ◆ **Developed merchandise, etc. accompanied by installation service**
(Navigation devices, ETC devices, drive recorders)
- ◆ **Added channel of internet sales on “Yahoo! Shopping ” (Jan.16,2014)**

Store Openings and Closings (Plan)

< Domestic stores >

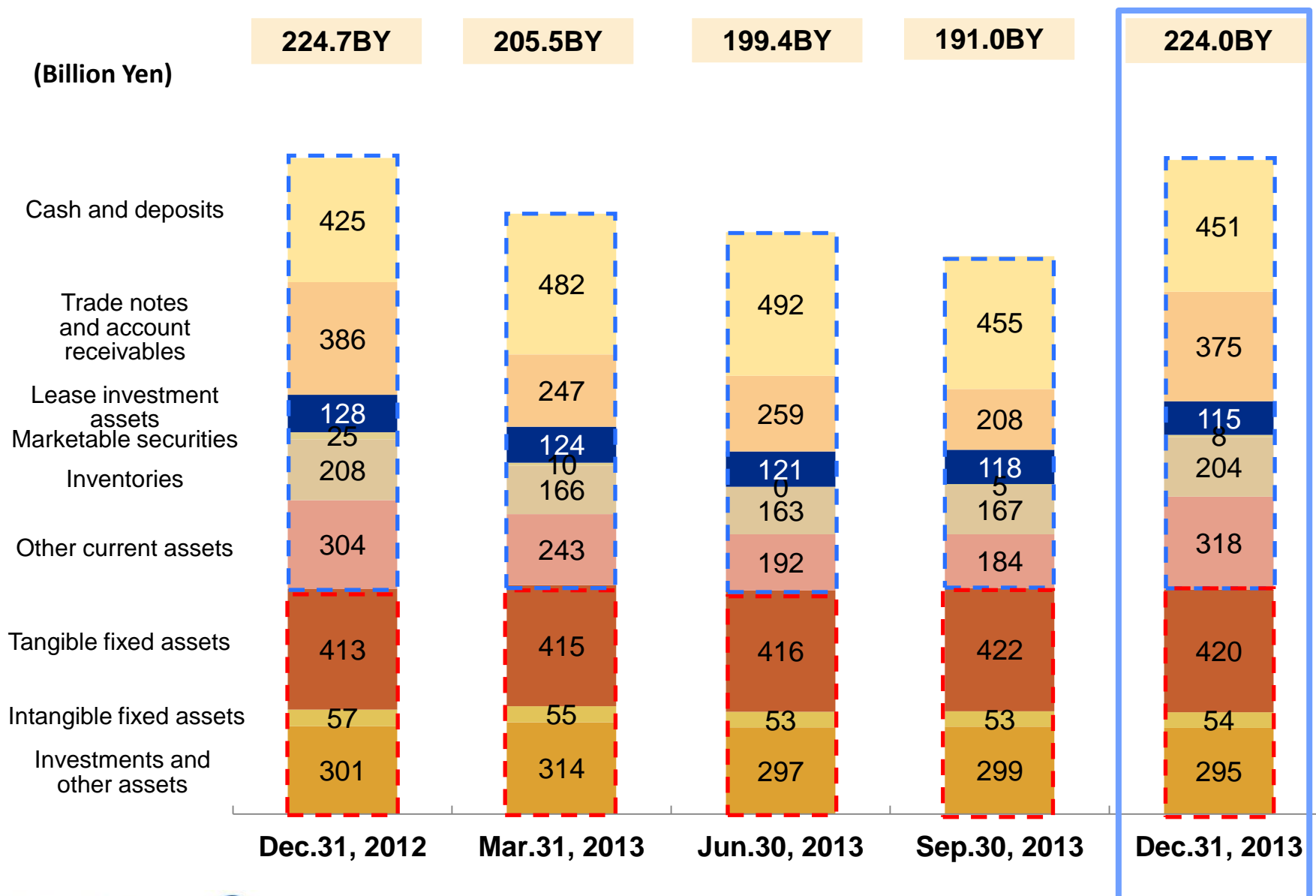
	No. of stores as of March 31, 2013	Fiscal year ending March 31, 2013							No. of stores as of March 31, 2013
		Q1 ~ Q3 (result)			No. of stores as of Dec 31, 2013	Q4 (Plan)			
		New	S/B · R/L	Close		New	S/B · R/L	Close	
AUTOBACS	455	+19	+5/-4	-1	474	+4			478
Super AUTOBACS	76			-1	75				75
Secohan Ichiba	14			-3	11			-1	10
AUTOBACS EXPRESS	7	+2	-1		8				8
Domestic total	552	+21	+5/-5	-5	568	+4		-1	571

< Overseas stores >

S/B=Scrap & Build、R/L=Relocation

	No. of stores as of March 31, 2013	FY March 2013(Results & Forecasts)			No. of stores as of Mar 31, 2013
		Q1 ~ Q3 (result)	No. of stores as of Dec 31, 2013	Q4 (Plan)	
France	11		11		11
China	2	-1	1		1
Thailand	4		4		4
Singapore	3		3		3
Taiwan	6	+1	7	-1	6
Malaysia	1	+1	2		2
Total	27	+1	28	-1	27

Balance Sheet / Assets



Balance Sheet / Liabilities & Net Assets

(Billion Yen)

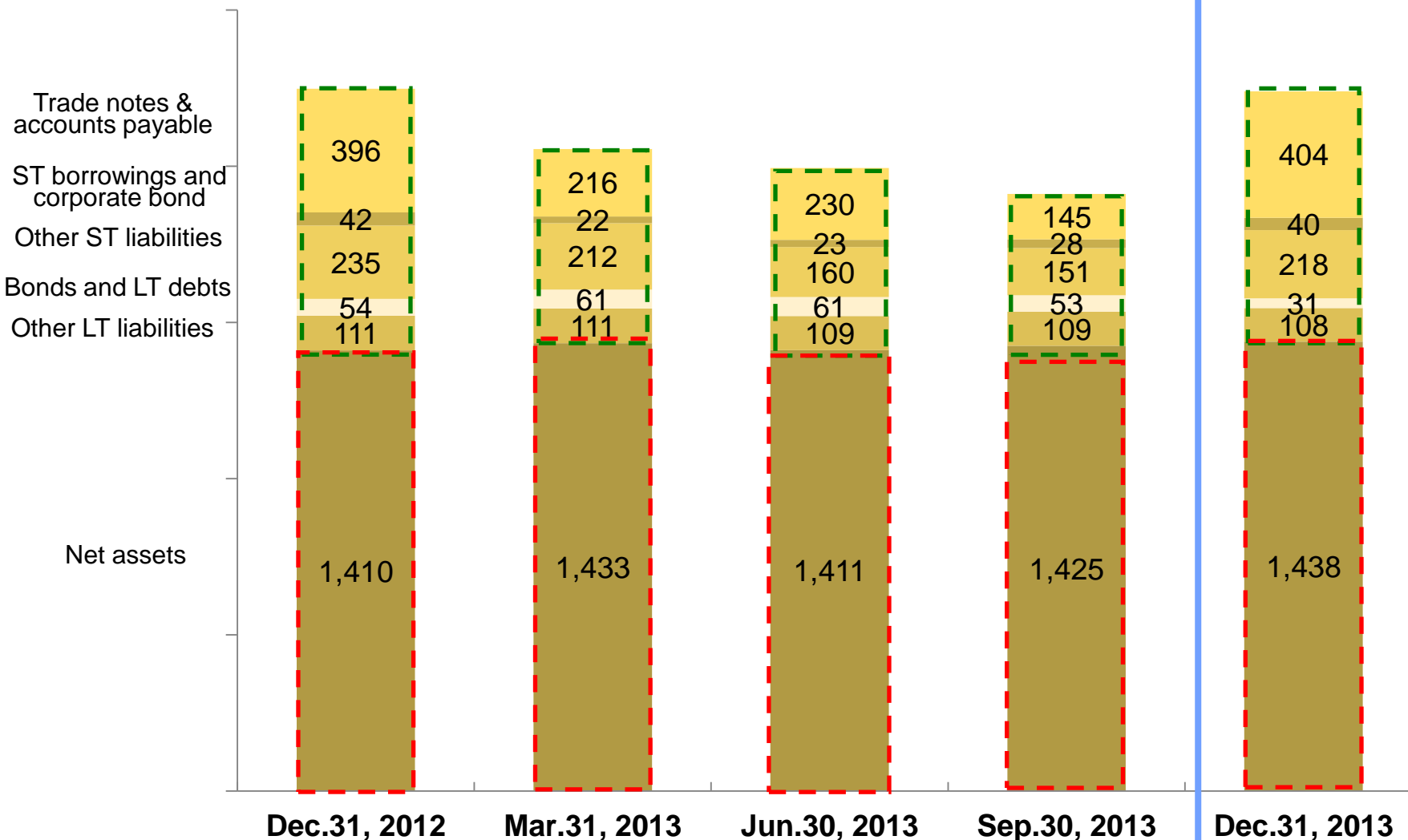
224.7BY

205.5BY

199.4BY

191.0BY

224.0BY



The number of new car sales in Japan has been increasing year on year from September, the Company expects increase in demand for car goods including car electronics devices

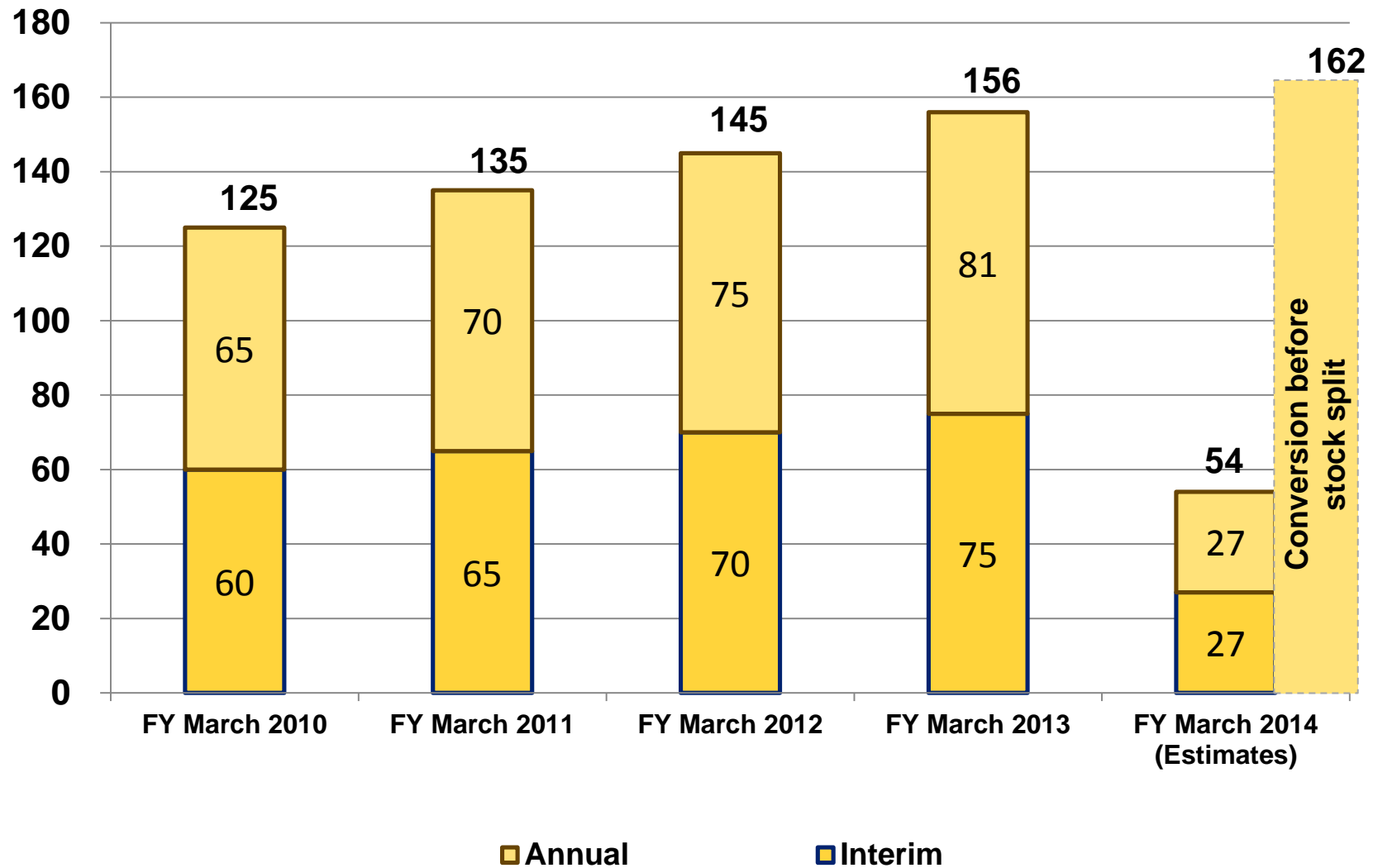


- ◆ **Strengthen merchandises for automobile purchasers (such as car electronics).**
- ◆ **Respond to front-loaded demand, mainly for tires and wheels.**
- ◆ **Strengthen sales of new cars and used cars and the appraisal of used cars to purchase.**
- ◆ **Provide privileges for customers purchasing cars from AUTOBACS and promote sales of cars.**

Financial Strategies – Shareholder return policy



(Yen)



Transfer of Store Ownership (March 1, 2014)

The company will transfer store ownership of its consolidated subsidiary, AUTOBACS Yamato Ltd. to franchise company(non-consolidated).

Purpose of transfer

- Optimized to store ownership in the Nara**
- Strengthen area competitiveness and management efficiency.**

Influence on Company's business

- The influence of this transaction on AUTOBACS SEVEN's consolidated financial results is assumed to be very low.**
- Number of domestic store subsidiaries are 21 from March 1, 2014.**



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.