

ANALYST MEETING

Results for the Six Months Ended September 30, 2010



November 5, 2010

Setsuo Wakuda
Representative Director and CEO

AUTOBACS SEVEN CO., LTD.

1. RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2010:

- Net Sales in line with estimate, but operating income below expectation due to decreased gross margin ratio

2. FINANCIAL FORECAST FOR THE LATTER SIX MONTHS OF FY 2011 (from Oct 1, 2010 to Mar 31, 2011):

- Achieve initial goal by strengthening sales (focusing on tires) and controlling gross margin

3. MEASURES AND PROGRESS OF “AUTOBACS 2010 MEDIUM-TERM BUSINESS PLAN”:

- Keeping in line with original business plan
- Starting with store reforms and customer service trainings

1. RESULTS FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2010:

FINANCIAL RESULTS: First six months of FY 2011



SALES GAIN BUT PROFIT DECLINE: Net sales increased due to higher than expected sales of automotive goods that offset the sales drop of ETC devices. Profit declined due to gross margin drop.

(Billion Yen)

	Six months ended September 30, 2010				Six months ended September 30, 2009
	Initial forecast	Actual result	YoY change ratio	Change from initial forecast	
Net Sales	111.0	115.0	+0.4%	+4.0	114.5
Gross margin	36.3	35.8	-1.6%	-0.5	36.3
SG&A	32.1	31.6	-0.1%	-0.5	31.7
Operating income	4.2	4.1	-11.8%	-0.1	4.7
Non-operating income/ expenses	1.0	0.3	-70.3%	-0.7	0.9
Ordinary income	5.2	4.4	-20.9%	-0.8	5.6
Extraordinary gains/ losses	(1.3)	(1.2)	-	-0.1	(0.6)
Net income	2.2	1.7	-36.3%	-0.5	2.7

Amounts are rounded to the nearest hundred million yen.

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

Note: Figures in parentheses are negative.

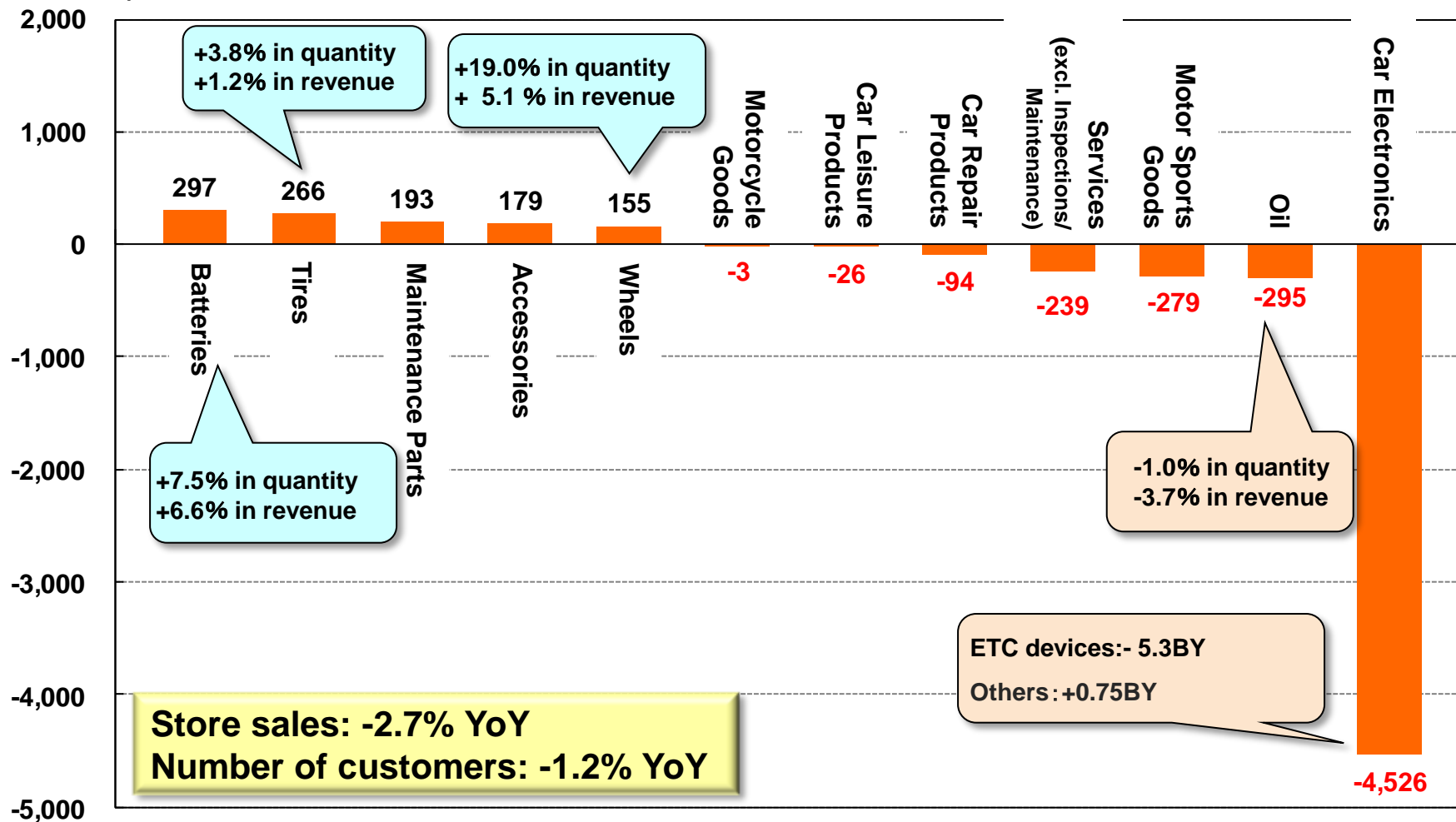
- **Drop in demand for ETC devices**
- **Influence of eco-car tax reduction and subsidy program**
 - **Good for:** Sales of new cars, car navigation devices(with audio systems), wheels, interior, etc.
 - **Not good for:** Sales related to statutory safety inspection, oil, etc.
- **Influence of low temperature from April to early May**
 - **Good for:** Sales of tires (switch-back into summer tires occurred later than usual)
- **Influence of record hot summer (July to September)**
 - **Good for:** Sales of batteries and sun-blocks
 - **Not good for:** Sales of cleaning supplies and wiper blades
- **Other current trends**
 - Eco-friendly tires, terrestrial digital broadcast tuners, rest & relaxation goods

SALES UPS AND DOWNS BY MERCHANDISE

Retail sales ups and downs by merchandise category

(for the six months ended Sep 30 2010, YoY change in amount, total store basis)

(Million Yen)



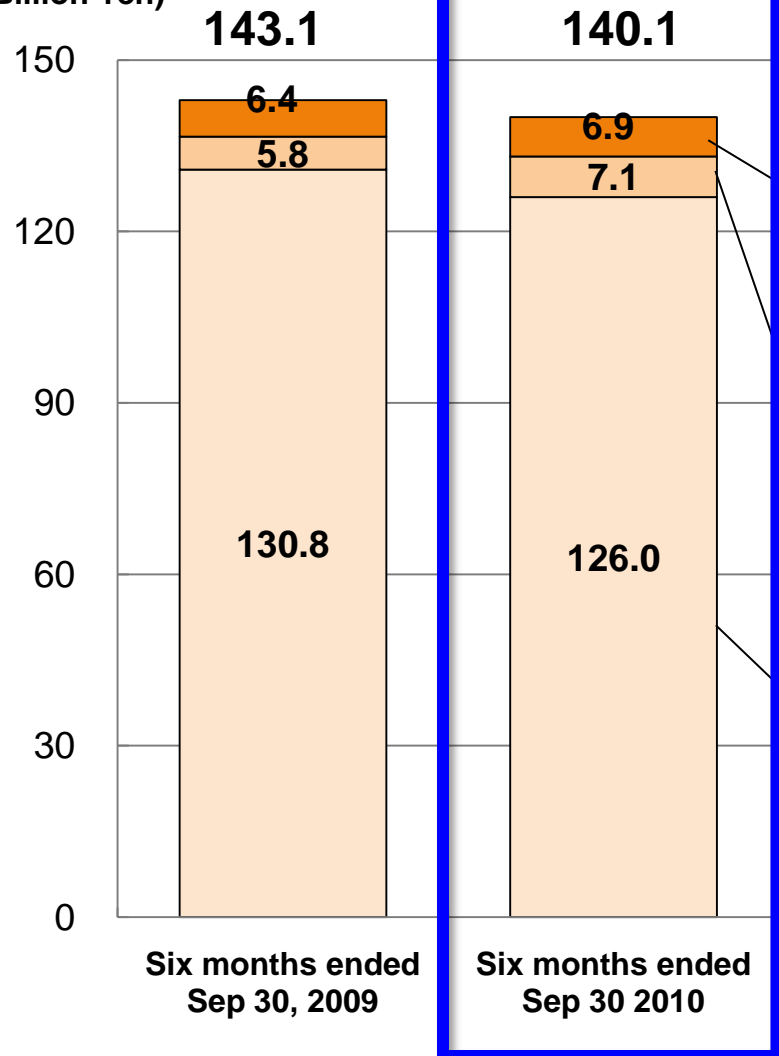
* Sales at major store formats (AB, SA, AH)

RETAIL SALES INCLUDING FRANCHISEES



RETAIL SALES INCLUDING FCs*: 140.1 billion yen
(-2.1% YoY)

(Billion Yen)



Statutory safety inspection sales: 6.9 billion yen**
(+8.4% YoY)

Number of cars inspected: 230,000 cars (+11.3% YoY)

Number of fully certified & designated stores: 310 stores
(+11 stores from the end of previous fiscal year)

Car sales: 7.1 billion yen (+22.6% YoY)

No. of cars sold at AUTOBACS Group stores: 7,994 cars
(+17.4% YoY)

Car related goods sales: 126.0 billion yen
(-3.7% YoY)

*Domestic retail sales including FCs: Major format stores (AB, SA, AH)
+ Used car goods + C@RS (with vehicle search terminals)

MAJOR DRIVERS OF VARIANCE



(Billion Yen)

	Six months ended September 30, 2010			Six months ended September 30, 2009
	Results % of Sales	YoY change	Major drivers of variance	
Net sales	115.0	+0.4%	Non-consolidated: Flat (See appendix) Domestic store subsidiaries: +0.5 BY Overseas store subsidiaries: +0.17 BY	114.5
Gross profit	35.8 31.1%	-1.6%	Non-consolidated: -0.6 BY Domestic store subsidiaries: -0.1 BY Overseas store subsidiaries: -0.15 BY	36.3
SG&A	31.6	-0.1%	Sales promotion: +0.5 BY > Offset with personnel & equipment cost reduction	31.7
Non-operating income/ expenses	0.3	-0.6 BY	Non-operating income; income of subsidiaries for supporting function: -0.15 BY Non-operating expenses; exchange loss: +0.26 BY, subsidiary mergers: +0.1 BY	0.9
Extraordinary gains/ losses	(1.2)	-0.6 BY	Extraordinary gains; Gain on sales of fixed assets: 0.4 BY Reversal of allowance for doubtful receivable: 0.4 BY Extraordinary losses; Asset retirement obligations: 1.2 BY Special retirement costs: 0.5 BY, etc.	(0.6)

Amounts are rounded to the nearest hundred million yen.

Note: Figures in parentheses are negative.

CONSOLIDATED GROSS PROFIT MARGIN

Goal: 32.7% \Rightarrow Result: 31.1% (-0.5 billion yen)

Positive factors

- Strengthened margin control
- Margin improvement by purchase reform

Negative factors

- Change in merchandise sales mix; High margin items failing to achieve sales goals
 - Soft sales of high margin items: Tires, ETC devices, statutory safety inspection service and maintenance
 - Strong sales of low margin items: Car navigation devices, vehicles
- Deep discounts, etc., to achieve planned sales

SEGMENT INFORMATION



(Billion Yen)

		Six months ended September 30, 2010	Six months ended September 30, 2009	YoY change	Initial Forecast	% to Plan
Non-consolidated	Net sales	94.12	94.18	-0.1%	90.9	+3.5%
	Operating income	4.49	5.34	-15.8%	4.7	-4.4%
Domestic store subsidiaries	Net sales	39.22	38.69	+1.4%	39.0	+0.6%
	Operating income	(0.66)	(0.22)	—	(0.2)	—
Overseas subsidiaries	Net sales	4.59	4.42	+3.8%	4.71	-2.7%
	Operating income	(0.19)	(0.25)	—	(0.05)	—
Subsidiaries for car good supply and other	Net sales	6.81	(6.87)	-0.9%	6.8	+0.1%
	Operating income	0.17	(0.24)	-28.1%	0.15	+13.3%
Subsidiaries for supporting function	Net sales	4.55	(6.71)	-32.1%	5.6	-18.7%
	Operating income	0.35	(0.43)	-17.8%	0.4	-12.0%
Segment total	Net sales	1,49.29	1,50.87	-1.0%	147.01	+1.5%
	Operating income	4.16	5.52	-24.6%	5.0	-16.7%

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

Note: Figures in parentheses are negative.

DECREASE IN CONSOLIDATION ADJUSTMENTS



Consolidation Adjustments

(Million Yen)

	Six months ended September 30, 2010	Six months ended September 30, 2009
Operating Income for segment total	4,164	5,522
Inventories (Unearned income of subsidiary inventories, etc.)	(201)	(185)
Depreciation of Goodwill	(134)	(193)
Allowance for point card	32	(14)
Elimination of Intersegment transaction	110	(301)
Other	164	(136)
Consolidation adjustment	(28)	(830)
Consolidated operating income	4,136	4,692

Amounts are rounded off to the nearest million yen.

Note: Figures in parentheses are negative.

See page 12 of the Quick Financial Announcement announced on November 4, 2010

GEOGRAPHICAL SEGMENTS: Overseas



Results of overseas subsidiaries by country

	France		China		Singapore		Thailand	
Number of Stores at September 30, 2010 -include FC stores-	11		4		2		3	
Comparable store sales YoY change for the six months ended September 30, 2010 -include FC stores-	+6.0%		+6.1%		+12.2%		-0.2%	
	six months ended 9/30/2010	six months ended 9/30/2009	six months ended 9/30/2010	six months ended 9/30/2009	six months ended 9/30/2010	six months ended 9/30/2009	six months ended 9/30/2010	six months ended 9/30/2009
Net Sales (Million Yen)	3,600	3,400	190	300	510	460	260	270
SG & A (Million Yen)	1,820	1,980	110	160	150	160	70	70
Operating Income (Million Yen)	(220)	(200)	(30)	80	60	40	10	10
Business Conditions	Made local FC into a subsidiary. Ordinary income turned surplus of 40 million yen after restructuring.		Closed 3 FCs. Continues experiment with subsidiary direct-owned stores.		Strengthened sales of maintenance goods, responding to cars with longer operating life		Consumption fell due to unstable political situation, but strong maintenance goods sales kept surplus of operating income.	

Note: Figures in parentheses are negative. | 1

2. FINANCIAL FORECAST FOR THE LATTER SIX MONTHS OF FY 2011 (from October 1, 2010 to March 31, 2011):

FORECASTS FOR FY 2011



(Billion Yen)

	Fiscal year ended Mar 31, 2010 % of sales	Fiscal year ending March 31, 2011				
		Forecast for the 12 months ending Mar 31, 2011 ① % of sales	Results for the six months ended Sep 30, 2010 % of sales	Forecast for the latter six months of FY 2011 % of sales	Revised forecast for the 12 months ending Mar 31, 2011 ② % of sales	Revised amount ②—①
Net sales	232.9	225.9	115.0	114.5	229.5	+3.6
Gross profit	74.0 31.8%	74.0 32.8%	35.8 31.1%	37.5 32.8%	73.2 31.9%	-0.8
SG&A	63.8 27.4%	63.4 28.1%	31.6 27.5%	31.0 27.1%	62.6 27.3%	-0.8
Operating income	10.2 4.4%	10.6 4.7%	4.1 3.6%	6.5 5.7%	10.6 4.6%	0.0
Ordinary income	11.8 5.0%	12.4 5.5%	4.4 3.8%	7.2 6.3%	11.6 5.1%	-0.8
Net income	5.9 2.5%	6.1 2.7%	1.7 1.5%	3.9 3.4%	5.6 2.4%	-0.5
Store sales YoY change (AB, SA, AH)	-0.1%	-1.5%	-2.9%	-0.1%	-1.5%	

Amounts are rounded to the nearest hundred million yen.

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

Business environment: Consumer spending remains weak in the sluggish economy; new car sales decline due to end of eco-car subsidy program; demand grows for snow tires and terrestrial digital tuners

Retail Sales measures to be emphasized:

(1) To improve profit through enhanced tire sales

- Store and merchandise mix reforms
- Better customer service at stores and safety checks at service pits

(2) To strengthen sales of terrestrial digital broadcasting

- Promotion of car navigation devices and enhanced terrestrial digital tuner lineup

(3) Improve customer service and consulting system

- Implementation of special sales corner providing unique proposals for popular vehicle models (navigation, tires, etc.)
- Enhancement of lower-priced with added value, EDLP items
- Launch of an oil keeping program (maintenance pack)

Gross margin is planned to improve in the latter six months of FY 2011 due to environmental factors and sales improvement measures

Changing Business Environment

- Sales of car navigation devices and automobiles, which margins are rather low, are supposed to scale down in the latter six months of FY 2011, along with the decreasing trend of new car sales.
- On the other hand, high margin maintenance and service demand is expected to increase.
- Sales drop of ETC devices in reaction to the strong sales of last year, becomes softer.

Sales Improvement Measures

- Improve gross margin by strengthening tire sales
- Strengthen Headquarters' control over sales price-cuts

SALES IMPROVEMENT MEASURES: Sample

Enhance sales corner of terrestrial digital tuners, which is scheduled for complete implementation in July 2011



Display car navigation models depending on type of vehicles



3. MEASURES AND PROGRESS OF “AUTOBACS 2010 MEDIUM-TERM BUSINESS PLAN”:

MEASURES OF THE AUTOBACS 2010 PLAN



Measures	Progress of individual measure
1. Improving store profitability	
1)Store reform	○ Began implementation in July 2010. Aiming to complete reforms at 145 stores by the end of March 2011.
2)Merchandise/ purchase reform	○ Evaluating and selecting suppliers for strategic partnership.
3)Human resources/ store operation reform	○ Started employee training for comfortable customer service in April 2010.
2. Increasing market share	
1)New store opening	△ Planning to open one pilot store in the latter six months of FY 2011. Delayed from the initial target of opening five pilot stores.
2)Development of service formats/ multi- channel strategy	× Carry out trial start of pit reservation system in the latter six months of FY 2011, but delayed from the overall implementation schedule.
3. Overseas operation	○ Business turning into the black except China operation. Under reconstruction of business in China.

1-(1) STORE REFORM: Implementation Scheme



To make stores “easier to shop with improved efficiency”

Level 1

- **Upgrading main shelves**
(Multi-faced displays and clear merchandise information to make it easier for customers to select items by themselves)
- **Establishment of comprehensive maintenance and service corner**
- **Improvement of store environment**
(Wider aisles; improved in-store signs and displays; brighter lightings)

Level 1 to 2
Implemented at
32 AUTOBACS
stores as of
October 31.

Level 2

- **Reform of wall layout**
(Better merchandise-zoning and arrangements including walls)

Level 1 to 3
Implemented at
22 AUTOBACS
stores as of
October 31.

Level 3

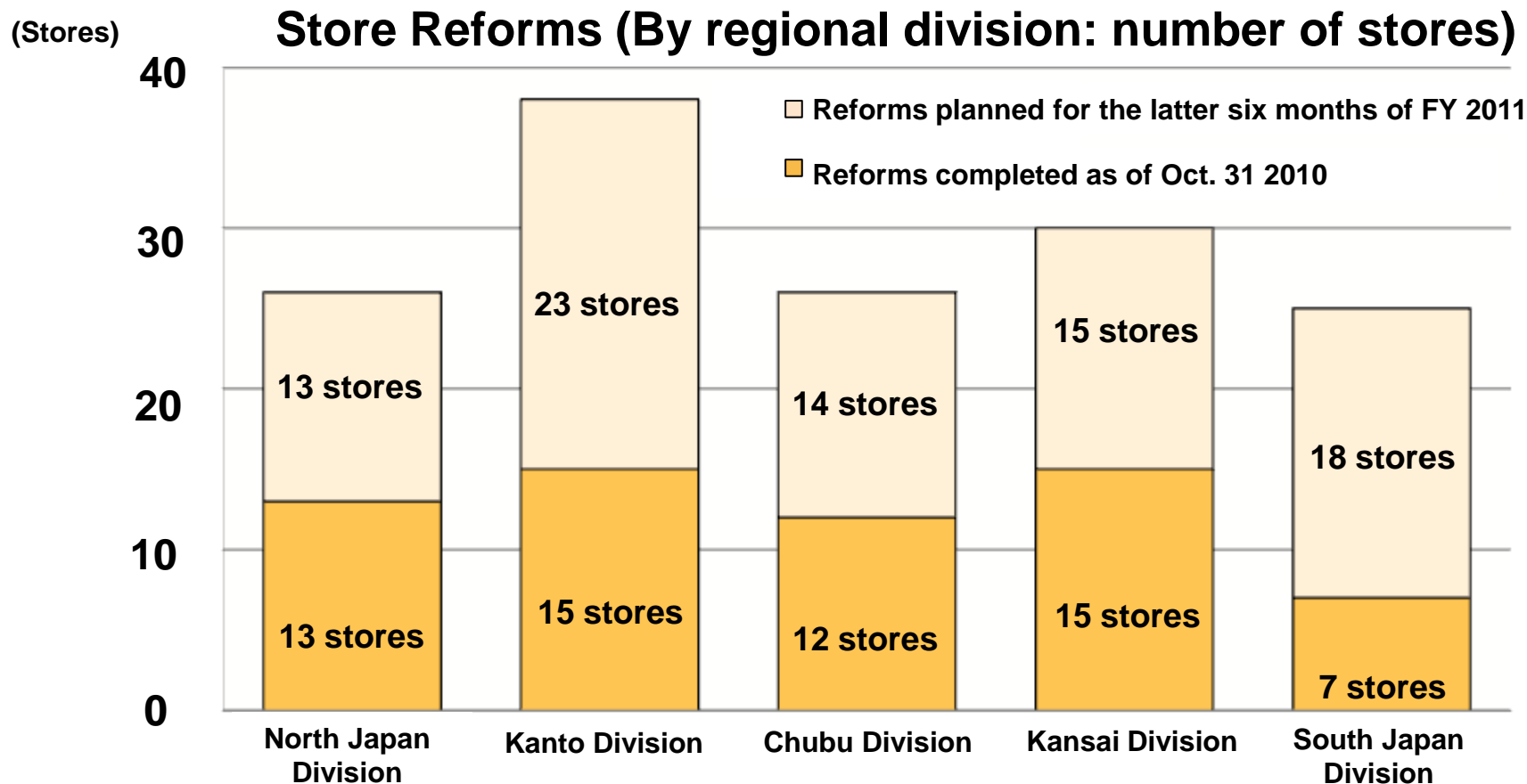
- **Repair work of store interior and exterior**



1-(1) STORE REFORM: Proceeding on Schedule



The goal of 100 store reforms in the fiscal year ending March 31, 2011 has been lifted up to 145 stores due to faster-than-planned implementation



1-(1) STORE REFORM: Successful Results



September Results (AB stores average vs. after-reform stores average)

	Average growth rate of AB format stores (YoY)	Average growth rate of after-reform stores (YoY)	Difference
Retail sales	101.3%	108.4%	+7.1%
Number of customers	98.9%	103.1%	+4.2%
Number of items purchased from central shelves	99.4%	107.1%	+7.7%
Sales of maintenance items	101.9%	106.7%	+4.8%
Sales of maintenance related services	110.1%	110.1%	±0%
Tire sales in number	102.7%	114.9%	+12.2%

1-(1) STORE REFORM: Pilot Store Opening



AUTOBACS Yamato Koriyama Store

← **Store focused on “easy shopping”**

- Expanded aisles and improved visibility
- Glass entrance for an open and inviting atmosphere

“Easy to find and choose” →

- Wide aisles, improved visibility
- Appropriate signage & advertisement



← **Comprehensive maintenance & service counter**

- United the cashier and the information counter
- Improved customer service efficiency

1-(2) MERCHANDISE/ PURCHASE REFORM

Current Effect: Cost reduction of approximately 0.3 billion yen. The goal of gross profit improvement through this reform is 0.65 billion yen for the FY ending March 31, 2011.

Merchandise	Reduced cost	Actual steps taken to reduce cost
Tires	Approx. 100 million yen	Strategic tie-ups with manufacturers
Wheels	Approx. 50 million yen	Evaluated and selected suppliers (from 40 into 10 suppliers)
Central shelves items (accessories)	Approx. 130 million yen	Evaluated and selected suppliers and revised purchasing agreement into a system with no returning policy, both along with the implementation of store reform initiative
Logistics	Approx. 25 million yen	Cutback of packaging fees; less work for merchandise returning; logistic improvement
Total	Approx. 300 million yen	

1-(3) HUMAN RESOURCES/ OPERATION REFORM



Prioritize employee training to carry out “Comfortable customer services and appropriate proposals.”

	Trainings applied as of Sep 30, 2010	Training planned for the latter six months of FY 2011
Customer Treatment Training -To improve manners of customer greetings and guiding	Training offered to 2,353 employees	Trainings planned be offered to 1,068 employees
Customer Service Training -To expand the capabilities of each store staff	Training offered to 522 employees	Trainings planned to be offered to 21 employees

Store operation reform (multi-capabilities, pit techniques, etc.) is planned to be conducted in the latter six months of FY 2011.

2. MEASURES TO INCREASE MARKET SHARE

Measures are continued to be implemented for the latter six months of the FY ending March 31, 2011.

(1) New store openings (development of small, low-cost stores)

- Establish project team aiming for the development of low-cost operation stores
- Accelerate preparation for opening a pilot store. (Delayed from the plan of opening 5 stores)

(2) Development of Service formats, multi-channels strategies

- Carry out trials for the pit reservation.
- Start preparing for other projects.

3. OVERSEAS BUSINESS



- **Business turning into the black in the currently operating overseas countries (except China.) Especially, business performance is improving in France.**
- **Continuing research and preparation for expansion in China as it is deemed as one of our future growth pillars. Plan to open three to four pilot stores toward the next fiscal year.**
- **US litigation still continuing; any information to be released when situation changes.**

1. **We plan to improve our gross margin through several sales enhancement measures and also through favorable environmental factors**
2. **“AUTOBACS 2010 MEDIUM-TERM BUSINESS PLAN” is progressing in line with our plan. Focusing on the improvement of store profitability and customer service, we will conduct preparations for other measures designed in the Plan.**

**Towards realization of our vision,
“Anything about car, you find at AUTOBACS,”
we will steadily implement measures designed in the
AUTOBACS 2010 MEDIUM-TERM BUSINESS PLAN.**

APPENDIX

PERFORMANCE BREAKDOWN



Six months ended Sep 30, 2010

Non-consolidated

(Billion Yen)

Net Sales 94.1 BY <i>YoY: -0.06 BY</i>	Wholesale	+0.7 BY +0.8%	↑Tires & wheels, internal items, new & used cars ↓Car electronics devices motorsports goods
	Retail	-0.7 BY -13.2%	↑Services ↓car electronics devices, motorcycle related goods, used parts
Gross Margin 18.8 BY <i>YoY: -0.44 BY</i>	Wholesale	-0.06 BY -0.4%	↑Internal items, Tires & wheels, other equipments ↓car electronics devices, new and used cars
	Retail	-0.23 BY -13.3%	↓car electronics devices, used parts, motorcycle related goods,
SG&A 14.3 BY <i>YoY: -0.4 BY</i>	Personnel: ↓Improved efficiency of business operation (number of employees increased)		
	Sales promotion costs: ↑Newspaper adds, incentive (transferred from cost of sales)		
	Equipment costs: ↓Fewer amount of depreciation		
	Others: ↑Business operation survey, consultant fee		

Domestic store subsidiaries

(Billion Yen)

Net Sales: 39.2 BY <i>YoY: + 0.53 BY</i>	Net sales increased due to store transfer from FCs. SG&A expensed were reduced but gross margin declined.
Ordinary Income: (0.66 BY) <i>YoY: -0.44</i>	

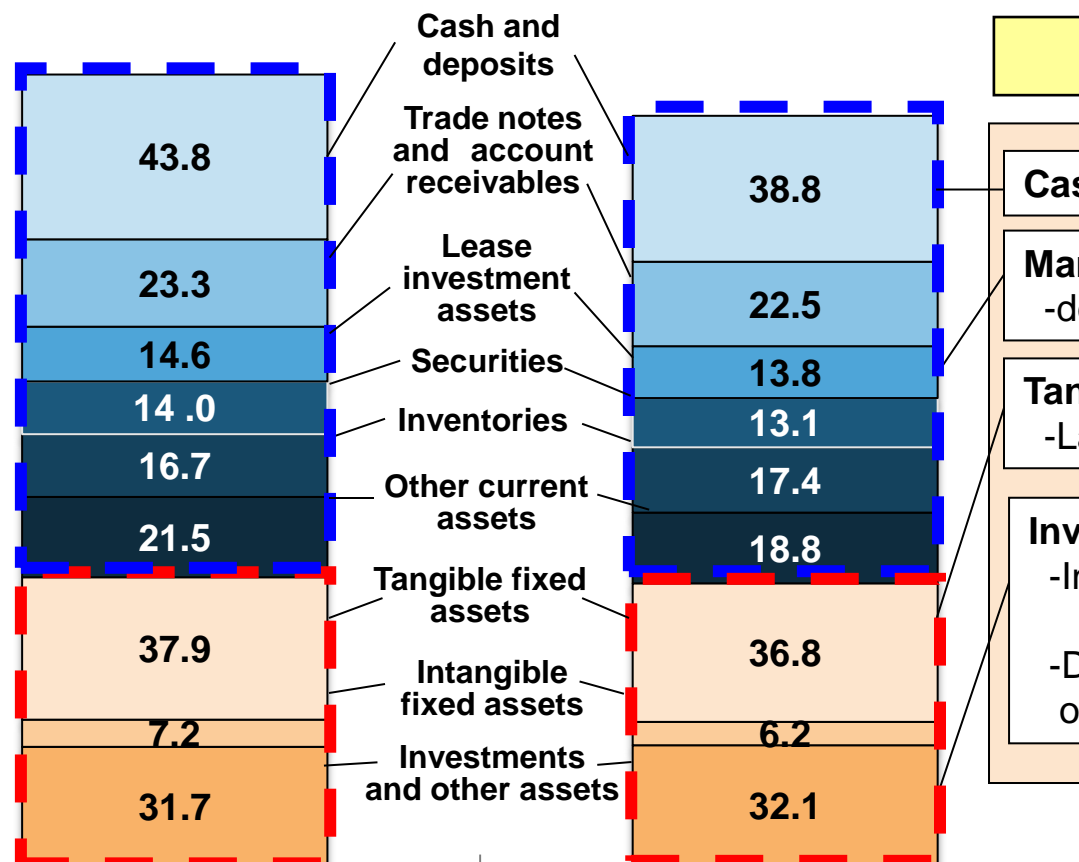
Note: Figures in parentheses are negative. 29

BALANCE SHEET: Assets



(Billion Yen)

Total Assets	
210.7 BY	199.5 BY



Major items changed

Cash and deposits: -5.0 BY

Marketable securities: -0.9 BY
-decrease in company bond

Tangible fixed assets
-Land (Driving school): -1.1 BY

Investments, other assets: +0.5 BY
-Increase of investment securities: + 2.2 BY
-Decrease in Long term debt and others

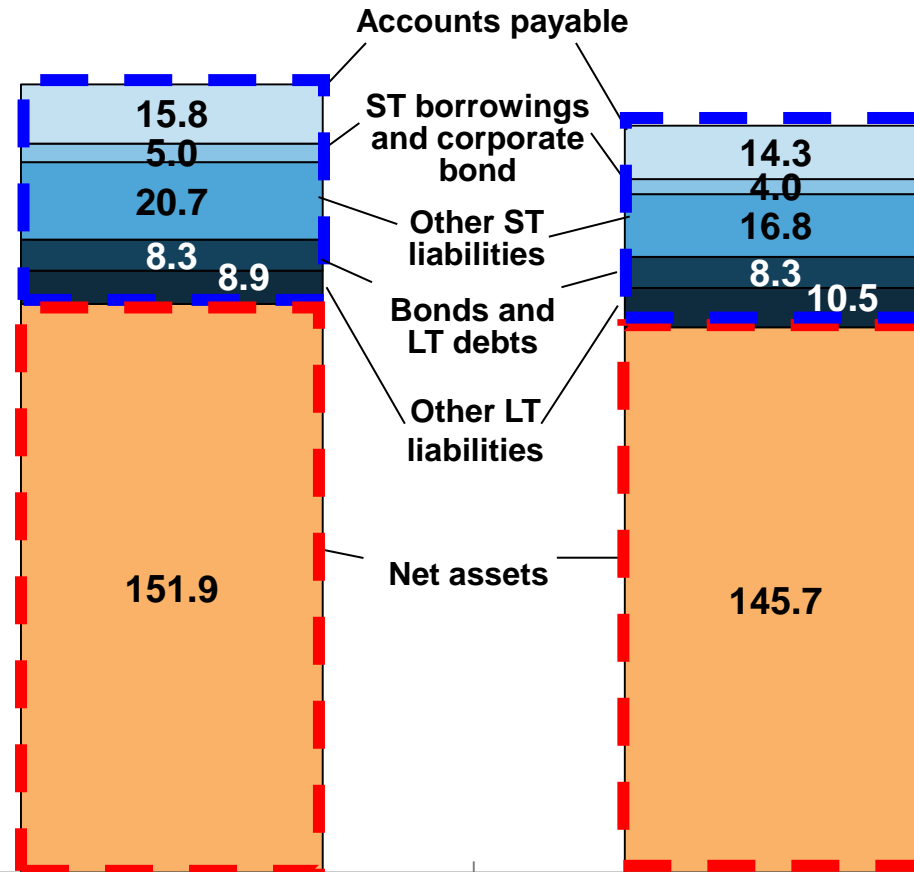
At March 31, 2010

At September 30, 2010

BALANCE SHEET: Liabilities and Equity

(Billion Yen)

Total Liabilities and Equity	
210.7 BY	199.5 BY



Major items changed

ST borrowings: -1.0 BY

Other ST liabilities
-Decrease in outstanding accounts

Other LT liabilities
-Asset Retirement Bond: +1.7 BY

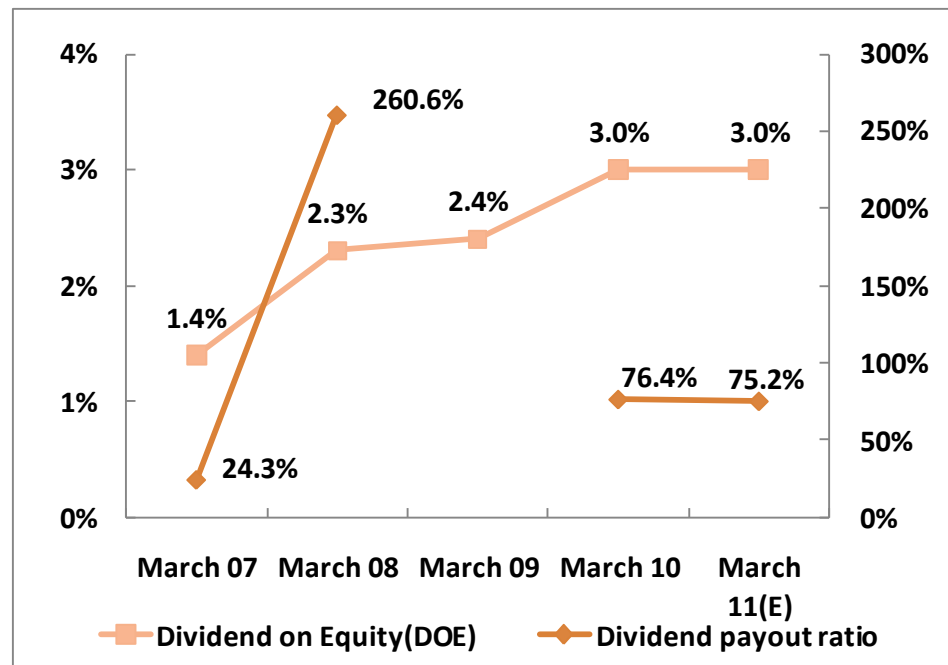
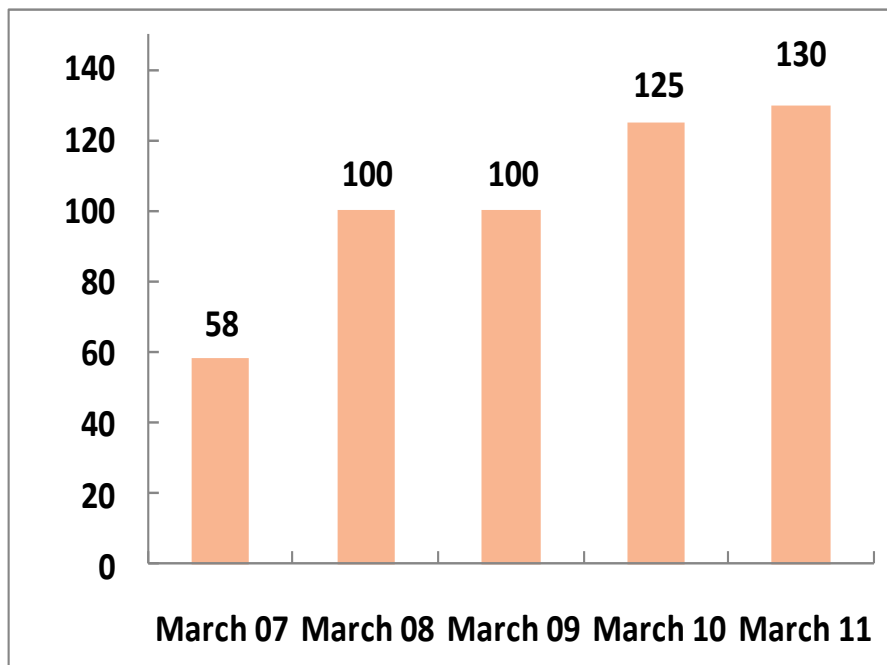
Net assets
-Retained Earnings (dividend payments): -0.6BY
-Treasury Stock (share buyback): -5.2BY

At March 31, 2010

At September 30, 2010

Dividend per share and Dividend on Equity

Yen



Results of Share Buyback

Period: May 17, 2010 - September 17, 2010

Aggregate number of shares acquired: 1,600,000 shares

Aggregate purchase price of shares: 5,229 million yen

STORE OPENINGS AND CLOSINGS



Domestic Store

	As of March 31, 2010	Fiscal year ending March 31, 2011							As of March 31, 2011
		From Apr 1, 2010 to Sep 30, 2010 (Result)			As of Sep 30, 2010	From Oct 1, 2010 to Mar 31, 2011 (Forecast)			
		New	S/B R/L	Close		New	S/B R/L	Close	
AUTOBACS	395	+1	+3		399		+1	▲1	399
Super AUTOBACS	77		▲1		76				76
AUTO HELLOES	8		▲2		6		▲1		5
Secohan Ichiba	25			▲1	24			▲1	23
EXPRESS	6				6	+1			7
Domestic Total	511	+1	—	▲1	511	+1	—	▲2	510

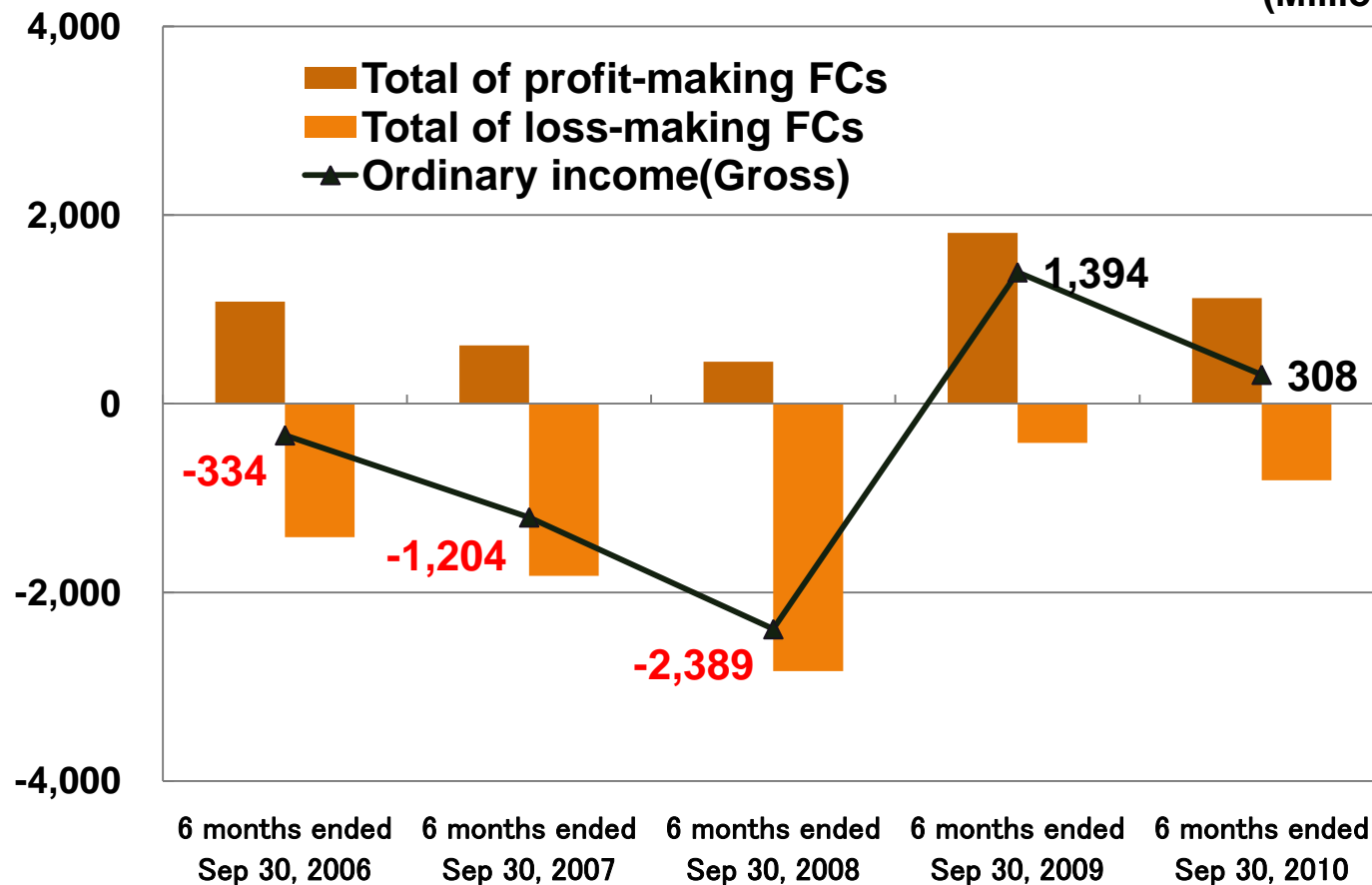
S/B=Scrap & Build、R/L=Relocation(include format change)

Overseas Store

	As of March 31, 2010	Fiscal year ending March 31, 2011			As of March 31, 2011
		From Apr 1, 2010 to Sep 30, 2010 (Result)	As of Sep 30, 2010	From Oct 1, 2010 to Mar 31, 2011 (Forecast)	
France	11		11		11
China	6	▲2	4	+1	5
Thailand	3		3	+1	4
Singapore	2		2		2
Taiwan	4		4	±1	4
Overseas Total	26	▲2	24	+2	26

Ordinary Income of Franchise Companies

(Million Yen)



Notes) Three listed companies are not included.

Franchise figures are preliminary and are subject to revision



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.