

FY 2008 First-Half Financial Results

Six months ended September 30, 2007



November 16, 2007

Koichi, Sumino

Representative Director and CEO

- I. Summary of Consolidated Results of FY2008 1H**

- II. Summary of Chain-wide Retail Sales of FY2008 1H**

- III. Plans and measures for FY2008 2H**

I. Summary of Consolidated Results of FY2008 1H

FY2008 1H Financial Results (Consolidated)



(Hundred Million Yen)

	FY2007 1H Results	FY2008 1H			
		Initial Plan	Actual Results		
				vs. FY07 1H	vs. Plan
Chain-wide Retail Sales	1,429	1,476	1,448	+1.3%	1.9%
Net Sales	1,166	1,284	1,295	+11.0%	+0.9%
Gross Profit <i>% of Net Sales</i>	361 <i>31.0%</i>	398 <i>31.0%</i>	396 <i>30.6%</i>	+10.0%	0.5%
SG&A <i>% of Net Sales</i>	301 <i>25.9%</i>	355 <i>27.6%</i>	366 <i>28.3%</i>	+21.5%	+3.1%
Operating Income <i>% of Net Sales</i>	59 <i>5.1%</i>	43 <i>3.3%</i>	30 <i>2.3%</i>	48.8%	30.2%
Ordinary Income <i>% of Net Sales</i>	86 <i>7.4%</i>	62 <i>4.8%</i>	48 <i>3.7%</i>	44.1%	22.6%
Net Income <i>% of Net Sales</i>	50 <i>4.3%</i>	34 <i>2.6%</i>	20 <i>1.6%</i>	59.4%	41.2%

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

FY2008 1H Financial Summary (Consolidated)



		Factors for Increases and Decreases
Consolidated Net Sales	vs. FY07 1H +12.9billion	<ul style="list-style-type: none"> Acquisition of US auto-parts retailer, Strauss Discount Auto Growth in new business initiatives – automobile sales, inspection and maintenance services, and motorcycle goods sales Incorporation of the oil distribution company, PALSTAR
	vs. Plan +1.1billion	<ul style="list-style-type: none"> Domestic store sales lower than the initial plan Sales transaction of AUTOBACS STRAUSS beginning in Q1, earlier than the initial schedule of Q2
Gross Profit	vs. FY07 1H +3.5billion	<ul style="list-style-type: none"> Sales growth in overseas business – relatively high gross profit rate Wholesale price cuts mainly in car electronics products
	vs. Plan 0.2billion	<ul style="list-style-type: none"> Wholesale gross profit lower than the initial plan Weak sales at subsidiaries of domestic stores
SG&A	vs. FY07 1H +6.5billion	<ul style="list-style-type: none"> Increase in strategic investments – installation of new store POS systems and vehicle purchase program, increase in new employments and staff training programs
	vs. Plan +1.1billion	<ul style="list-style-type: none"> Execution of administrative cost reductions Higher than expected SG&A expenses in overseas business Cost related to the change in sales transaction period of AUTOBACS STRAUSS

Sales and Income of Subsidiaries



(Hundred Million Yen)

		FY2007 1H Results	FY2008 1H			
			Initial Plan	Actual Results	vs. FY07 1H	vs. Plan
Consolidated	Net Sales	1,166	1,284	1,295	+129	+11
	Ordinary Income	86.2	62.0	48.1	38.1	13.9
Non-Consolidated	Net Sales	973	1,010	990	+17	20
	Ordinary Income	88.6	65.0	60.6	28	4.4
Domestic Stores Subsidiaries	Net Sales	366	390	378	+12	12
	Ordinary Income	0.9	1.0	2.3	3.2	3.3
Overseas Stores Subsidiaries	Net Sales	51	117	140	+89	+23
	Ordinary Income	4.4	7.0	8.6	4.2	1.6
Supporting Functions Subsidiaries	Net Sales	71	75	79	+8	+4
	Ordinary Income	4.9	2.0	3.0	1.9	+1
Total Car-life Support Subsidiaries	Net Sales	48	91	88	+40	3
	Ordinary Income	0.4	2.0	0.7	+0.3	1.3

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

Overseas Business: Overall Performance



	YoY sales growth rate	Business Conditions in each Market
France	+34.7%	<ul style="list-style-type: none"> · Penetration of AUTOBACS-style selling methods · Expanding AUTOBACS brand acceptance and recognition in the market · Growing confidence in future sales/profit growth
U.S. West	+10.5%	
U.S. AUTOBACS STRAUSS	-	<ul style="list-style-type: none"> · Focusing on product replenishment · AUTOBACS style experimentation at four stores · Cost exceeding the initial plan
China	+39.8%	<ul style="list-style-type: none"> · Opening of 1st franchise store in China · Expansion of the service focused small-format stores
Thailand	+166.7%	<ul style="list-style-type: none"> · Sales growing favorably capturing market share from competitors · Thailand and Singapore stores turning profitable
Taiwan	+74.6%	
Singapore	+24.3%	

Overseas Business: **AUTOBACS STRAUSS**



May: ➤ AUTOBACS SEVEN acquired Strauss Discount Auto

➤ Started product replenishment

June: ➤ Store modification: experimented tower-stocking of tires at four stores

July: ➤ Store modification: strengthened car accessories at two stores

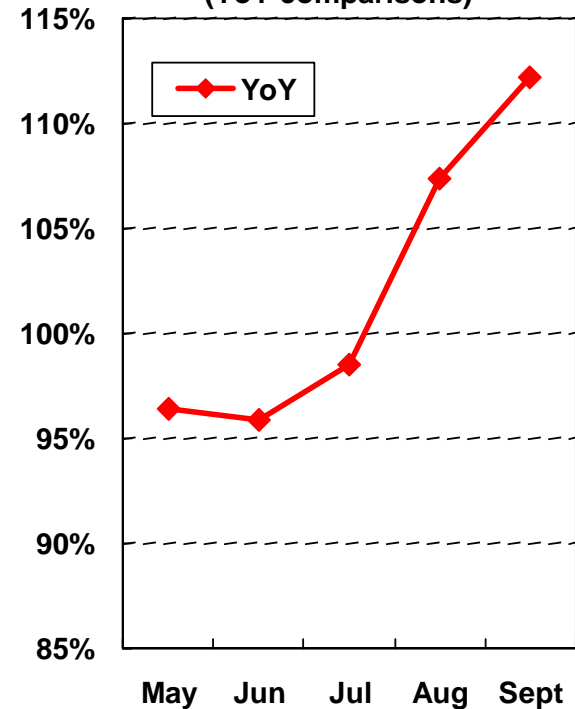
Aug: ➤ Store modification: executed tower-stocking of tires at 13 stores

Sept: ➤ Store modification: enhanced high-performance parts at 15 stores



Store Sales Volume and Customers coming back!!

Comparable store sales
(YoY comparisons)



AUTOBACS STRAUSS: Store Modifications



◆ Tires: Tower-stocking



◆ Engine Oil: Full replenishment of products



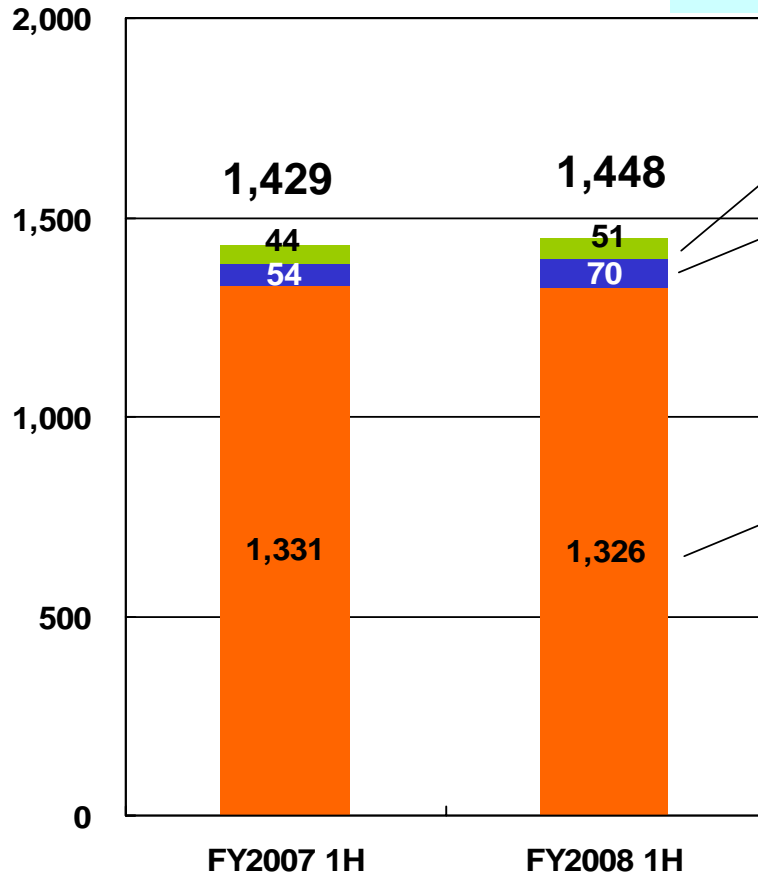
II. Summary of Chain-wide Retail Sales of FY2008 1H

FY2008 1H Domestic Chain-wide Retail Sales*



Domestic Chain-wide Retail Sales: up 1.2% YoY

(Hundred Million Yen)



Statutory Car Inspection: **up 15.9% YoY**

Car sales: **up 29.6% YoY**

➤ Growing as one of our new business pillar

Car related goods: **down 0.38% YoY**

➤ Sales slightly declined due to severe domestic market competition

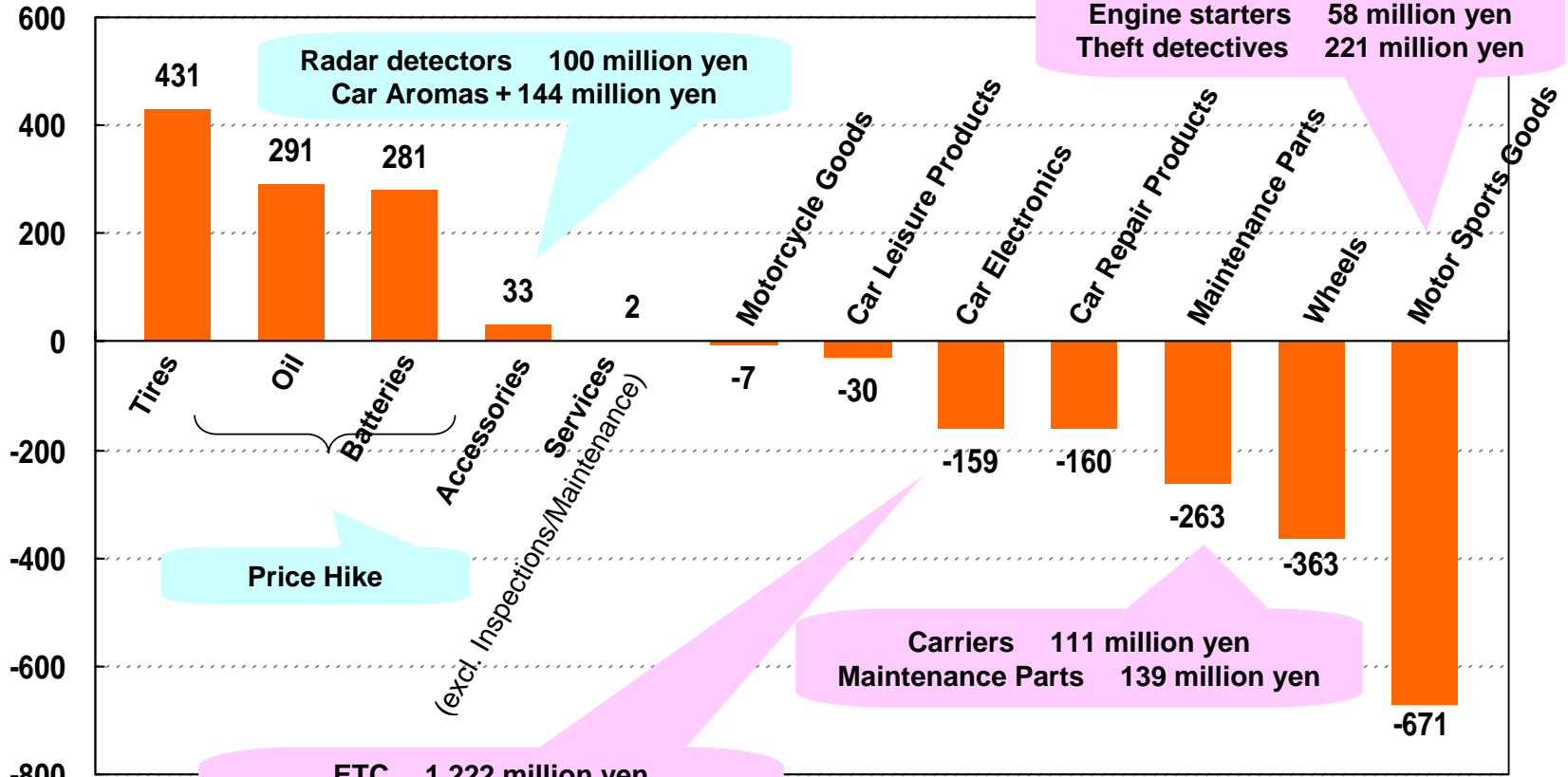
* Domestic Chain-wide retail sales: Major format stores (AB, SA, AH) + Used car goods + C@RS (with vehicle search terminals)

Sales Breakdown by Product Category



Sales Increases and Decreases (vs prior year, total store basis)

(Millions of Yen)



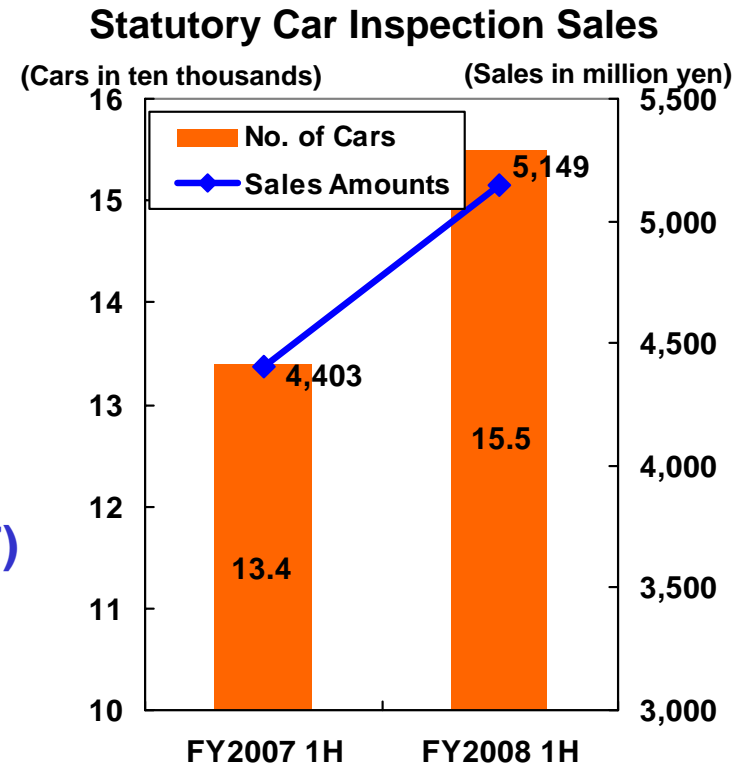
Sales at major store formats (AB, SA, AH)

Statutory Car Inspection Sales*



Statutory Car Inspection Sales: 5.1 Billion Yen
(YoY sales growth +16.9% / YoY volume growth +15.7%)

- **Number of fully certified centers****
238 (Mar 07) 249 (Sep 07)
- **Number of examiners**
521 (Mar 07) 597 (Sep 07)
- **Product sales attributed to inspection**
14.8 thousand yen/car (Mar 07)
16.6 thousand yen/car (Sep 07)



* Statutory Car Inspection Sales: Include sales from major store formats (AB+SA+AH) and independent C@RS stores.

** Fully certified centers: Stores fully equipped with inspection facilities. Vehicles are not required to carry to the Land Transport Bureau of jurisdiction. Therefore, inspection services can be offered even on public holidays.

Car Sales*



Car Sales: 7.4 Billion Yen
(YoY sales growth +22.6% / YoY volume growth +23.4%)

- **SUGOKAI used car purchasing system**

Stores operating SUGOKAI: 133 (Sep 07)

Cars evaluated with SUGOKAI:
approximately 11,000 (as of Sep 07)

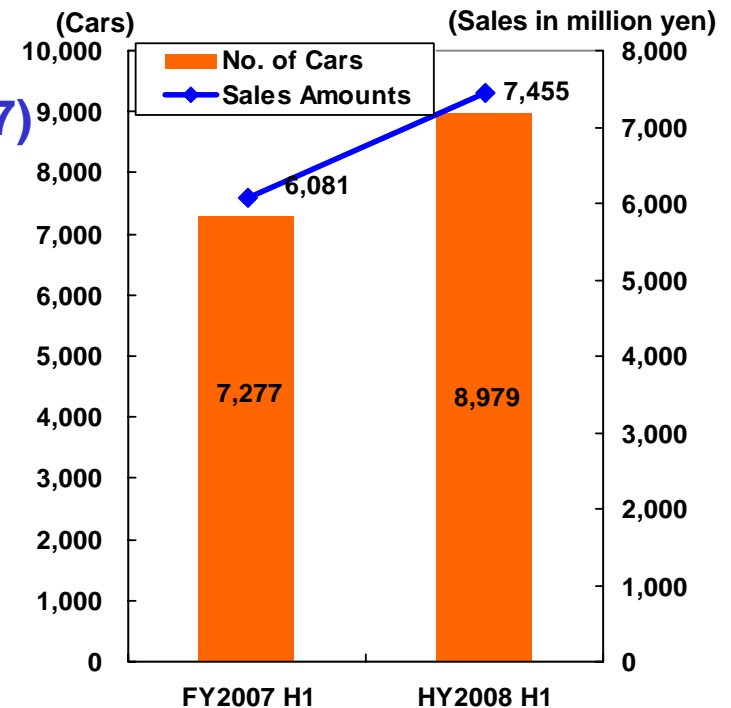
- **Number of stores offering car sales**

362 (Mar 07) 386 (Sep 07)

- **Product sales attributed to car sales**

73 thousand yen/car (Mar 07)
86 thousand yen/car (Sep 07)

Numbers and sales volume of Cars



* Car Sales: Include sales from major store formats (AB+SA+AH) and independent C@RS stores.

III. Plans and Measures for FY2008 2H

FY2008 Financial Plan (Consolidated)



(Hundred Million Yen)

	FY March 2007		FY March 2008			
	1st Half Results	Full Year Results	1st Half Results	Full Year (Initial Plan)	Full Year (Revised Plan)	vs. FY07 Full Year Results
Chain-wide Retail Sales	1,429	2,984	1,448	3,100	3,072	+2.9%
Net Sales	1,166	2,425	1,295	2,720	2,749	+13.4%
Gross Profit	361	747	396	855	837	+12.3%
SG&A	301	625	366	753	775	+24.3%
Operating Income	59	122	30	102	62	49.1%
Ordinary Income	86	163	48	135	93	42.9%
Net Income	50	91	20	73	43	52.7%

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

FY2008 Sales and Income Plan of Subsidiaries



(Hundred Million Yen)

		FY2007 Full Year Results	FY2008			
			Full Year (Initial Plan)	Full Year (Revised Plan)	vs. FY07 Full Year	vs. Initial Plan
Consolidated	Net Sales	2,425	2,720	2,749	+324	+29
	Ordinary Income	163.2	135.0	93.0	70.2	42.0
Non-Consolidated	Net Sales	2,032	2,105	2,085	+53	20
	Ordinary Income	171.5	130.0	111.0	60.5	19.0
Domestic Stores Subsidiaries	Net Sales	770	812	786	+16	26
	Ordinary Income	6.5	13.0	4.0	2.5	9.0
Overseas Stores Subsidiaries	Net Sales	107	294	292	+185	2
	Ordinary Income	10.9	18.0	22.0	11.1	4.0
Supporting Functions Subsidiaries	Net Sales	150	177	175	+25	2
	Ordinary Income	7.5	7.0	6.0	1.5	1.0
Total Car-life Support Subsidiaries	Net Sales	97	180	177	+80	3
	Ordinary Income	1.2	4.0	3.0	+1.8	1.0

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

FY2008 Business Plan: Store Allocations



Domestic Store Openings and Closings

Store Type	No. of Stores at FY07 end	FY 2008										No. of Stores at FY08 end
		1H (Results)					2H (Plan)					
		New	AB	SA	S/B · R/L	Closed	New	AB	SA	S/B · R/L	Closed	
AB	402	+ 2	2	+4/ 4	1	+1	2	+1/ 1	-	400		
SA	70	+1	+2	-	-	-	+2	-	-	75		
AH	11	-	-	-	-	-	-	-	1	10		
SH	27	+4	-	-	-	-	-	-	-	31		
Total	510	+7	0	0	1	+1	0	0	1	516		

Excludes AUTOBACS Express Stores

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

AB: AUTOBACS

SA: Super AUTOBACS

AH: AUTO HELLOES

SH: AUTOBACS Hashiriya Tengoku Secohan Ichiba

Overseas Store Openings and Closings

Country / Region	No. of Stores at FY07 end	FY 2008		No. of Stores at FY08 end
		1H	2H (Plan)	
Taiwan	4	-	-	4
Singapore	1	-	-	1
Thailand	2	-	-	2
Europe	8	-	+1	9
U.S.A.	1	+89	-	90
China	5	+4	+3	12
Total	21	+93	+4	118



For all Products

- Add lower-priced items to increase customer traffic
- Prepare with the best product arrangements that fulfills the needs of each store's core customer
- Improve gross margin by having more products controlled under category management
- Develop new products with suppliers and modify sales space to be more attractive to female customers
- Promote maintenance parts to customers at service pits

For each Product

- **Tires:** Start selling new private brand snow tires
- **Car Electronics:** Enable price competitiveness of navigation systems through volume purchasing / Enhance selling of digital affiliates
- **Oil:** Active promotion of seasonal products and membership exclusive items / Time-reduction plan for the waiting time of oil changes
- Selling promotion of fuel-saving products



Statutory Car Inspections and Maintenance Services

- **Statutory Car Inspection Services:**
 - Promote inspection booking in the peak selling season of car parts
 - Attract customers by using several communication packages
- **Maintenance Services:**
 - Introduce standard maintenance packages to stores
 - Promote additional maintenance services to customers

Car Sales

- Search franchise candidates for the new C@RS business (aim to have 300 stores by end-of-year)
- Promote staff training at stores
- Active promotion for the acknowledgement of “SUGOKAI” used car purchasing system
- Re-strengthen the retail business through the introduction of new car sales



Staff Training:

To focus on the empowerment of “Total Car-life Services”

- Nurture younger generations
- Facilitate certificate acquisition / enhance training programs
 - Store Manager certification program
 - Car-life advisor certification program
 - Mechanic certification program
- Implement a group-wide employment system

Future Growth Strategy



M&A programs as a vector of Growth

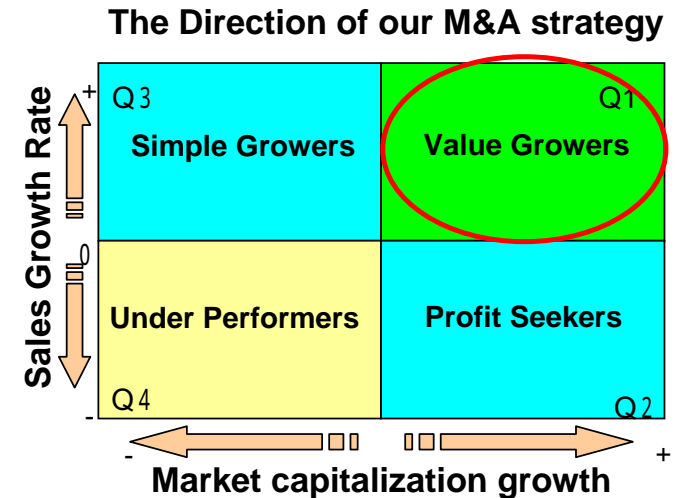
- **Business backgrounds:**

- **Market shrinkage**
- **Growing concern over the reducing use of automobiles**

- **Fund usage and the direction of M&A strategy**

- **Domestic Market:**
Speed building of the business infrastructure
- **Overseas Market:**
Maximize return on investment / Access to highly-skilled, competent employees

- **Accurate and objective investment decision provided by the investment committee and the M&A project staff**



- **FY 2008 Financial Performance**
- **Mid-Term Business Plan**



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 substantially from forecasts due to such factors as changes in operating circumstances.