

Results for the Nine Months ended December 31, 2014



January 30, 2015

AUTOBACS SEVEN CO., LTD.

Q3 FY March 2015 Consolidated P/L



Sales of tires and wheels temporary recovered the third quarter, due to nationwide snowfalls. Despite efforts to cut SG&A, however, net sales and the gross margin declined due to sluggish consumer spending, which had continued since the beginning of the fiscal year, and the significant impact of decreased demand for automotive goods. In the fourth quarter, store sales are expected to be down 15% (all stores) based on conservative assumptions. The Group is continuing efforts to improve financial performance such as improving the gross margin and reducing SG&A expenses.

(Billion Yen)

	Nine months ended Dec 31, 2014			Nine months ended Dec 31, 2013	
	Actual result	% of Sales	YoY change ratio	Actual result	% of Sales
Net sales	167.9	100.0%	-5.8%	178.3	100.0%
Gross profit	52.8	31.4%	-10.0%	58.6	32.9%
SG&A	46.1	27.4%	-1.3%	46.7	26.2%
Operating income	6.7	4.0%	-43.8%	12.0	6.7%
Non-operating Income/expenses	1.3	-	-10.2%	1.5	-
Ordinary income	8.1	4.8%	-40.1%	13.4	7.5%
Extraordinary gains/ losses	0.4	-	-	- 0.2	-
Net income	4.7	2.8%	-40.8%	8.0	4.5%

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 2015)

(Billion Yen)

	Q1(Results)	Q2(Results)	Q3(Results)	Q4(estimates – results)	Full Year (Estimates)
Net Sales	48.5	49.6	69.9	48.7	216.6
YoY	-7.5%	-3.4%	-6.2%	-8.9%	-6.5%
Gross profit (% of Sales)	14.8 (30.6%)	15.7 (31.8%)	22.2 (31.8%)	16.9 (34.8%)	69.7 (32.2%)
YoY	-13.0%	-10.5%	-7.5%	-7.3 %	-9.4 %
SG&A	15.0	15.1	16.0	14.7	60.7
YoY	-0.9%	+0.1%	-3.1%	-10.0%	-3.6%
Operating income	-0.2	0.7	6.2	2.3	9.0
YoY	—	-73.0%	-17.1%	+14.9%	-35.5%
Ordinary income	0.4	0.9	6.7	2.7	10.8
YoY	-83.5%	-70.0%	-14.6%	-7.8%	-34.2%
Net income	0.2	0.3	4.3	1.3	6.0
YoY	-87.6%	-84.6%	-13.9%	-29.1%	-38.7%

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 -6.3% / Same store sales -7.5% (YoY)**

		Operating Income	YoY
Segments	Non-consolidated	8.98BY	-2,740MY Sales: -7,020MY (-4.8%) Gross profit: -1,950MY (GPM: 20.9% - up from LY's 21.2%) <ul style="list-style-type: none"> • Decrease in sales and gross profit of interior goods, oil and batteries SG&A +790MY <ul style="list-style-type: none"> • Increase in sales expenses due to enhanced advertising and promotion • Increase in performance-linked remuneration based on the previous year's performance
	Domestic store Subsidiaries	-1.46BY	-1,710MY (Sales: -8,350MY (-13.8%)) <ul style="list-style-type: none"> • Transfer of stores to franchise outlets • Decline in sales due to stagnant consumption and decreased sales of new cars
	Overseas Subsidiaries	-0.11BY	-180MY
	Others	0.45BY	-140MY
Total segments		7.86BY	-4,780MY
Consolidation Adjustment		-1.14BY	Adjustment amount decreased by 460MY from last year <ul style="list-style-type: none"> • Increase in depreciation of goodwill in conjunction with the acquisition of subsidiaries' shares from minority shareholders
Consolidated		6.73BY	-5,240MY

Segment Information



(Billion yen)

		Nine months ended Dec 31, 2014	Nine months ended Dec 31, 2013	YoY change
Non-consolidated	Net Sales	138.45	145.47	-4.8%
	Ordinary Income	8.98	11.72	-23.4%
Domestic store subsidiaries	Net Sales	52.12	60.47	-13.8%
	Ordinary Income	-1.46	0.26	-
Overseas subsidiaries	Net Sales	7.72	7.93	-2.6%
	Ordinary Income	-0.11	0.08	-
Subsidiaries for car goods supply and other	Net Sales	11.73	11.62	+1.0%
	Ordinary Income	0.09	0.22	-59.5%
Subsidiaries for supporting function	Net Sales	2.32	2.37	-2.4%
	Ordinary Income	0.36	0.37	-3.3%
Segment total	Net Sales	212.34	227.86	-6.8%
	Ordinary Income	7.86	12.65	-37.8%

Note: Figures in parentheses are negative.

Amounts are rounded down to the nearest ten million Yen.

Performance Breakdown (Nine months ended Dec 31, 2014)



Non-consolidated

Net Sales 138.4 BY <i>YoY: -7.02BY</i>	Wholesale	-0.68 BY -5.0%	↑ car sales, fuel, services ↓ car electronics, tires & wheels, car interior and etc.
	Retail	-0.09 BY -2.3%	↑ on-line store, services, external items and etc. ↓ second hand goods, motor sports goods, car sales and etc.
Gross profit 28.9 BY <i>YoY: -1.95 BY</i>	Wholesale	-1.66 BY -5.6%	↑ tires & wheels, ↑ car sales, services and etc. ↓ car interior oil & batteries, car electronics and etc.
	Retail	-0.90 BY -8.4%	↑ on-line store, services, insurance revenue ↓ second hand goods, tires & wheels, car sales and etc.
SG&A 19.9 BY <i>YoY: +0.79 BY</i>	Personnel expenses: Increase in performance linkage remuneration etc.		
	Selling expenses: Increase in expenses for advertising, such as TV commercials and newspaper ads as well as sales promotion costs		
	Equipment costs: Increase in depreciation (mold for private brand tires)		
	Others: Decline in expenses for consulting and consignment of operations		

Domestic store subsidiaries

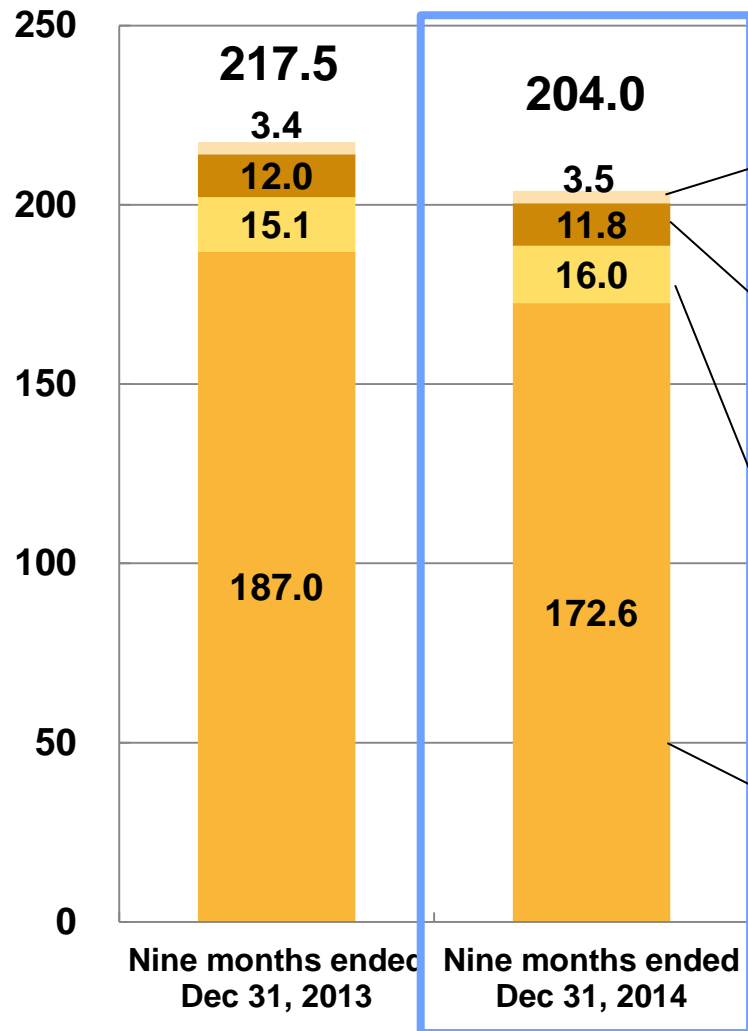
Net Sales: 52.12 BY <i>YoY: -8.35BY</i>	Sales and gross profit declined due to factors such as weak consumer spending following the consumption tax hike and decreased demand for automotive goods associated with sluggish new car sales, in addition to the decreased sales associated with the transfer of stores to franchise outlets. SG&A declined, mainly due to the transfer of stores to franchise outlets.
Ordinary Income: -1.46 BY <i>YoY: -1.71BY</i>	

Retail Sales in Total AUTOBACS Group Stores



RETAIL SALES INCLUDING FCs*: 204.0 billion yen (-6.3% YoY)

(Billion Yen)



Second hand goods & Fuel: 3.5BY (+4.1% YoY)

Statutory safety inspection: 11.8BY (-1.5% YoY)

Number of cars inspected: 405,000 cars (+0.1% YoY)

Number of fully certified & designated stores: 385 stores
(Up from 379 stores at March 31, 2014)

Car purchase & sales: 16.0BY (+6.0% YoY)

No. of cars sold: 16,459 cars (+6.8% YoY)

Number of fully certified & designated stores: 433 stores

(Up from 359 stores at March 31, 2014)

Car related goods & services: 172.6BY (-7.7% YoY)

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

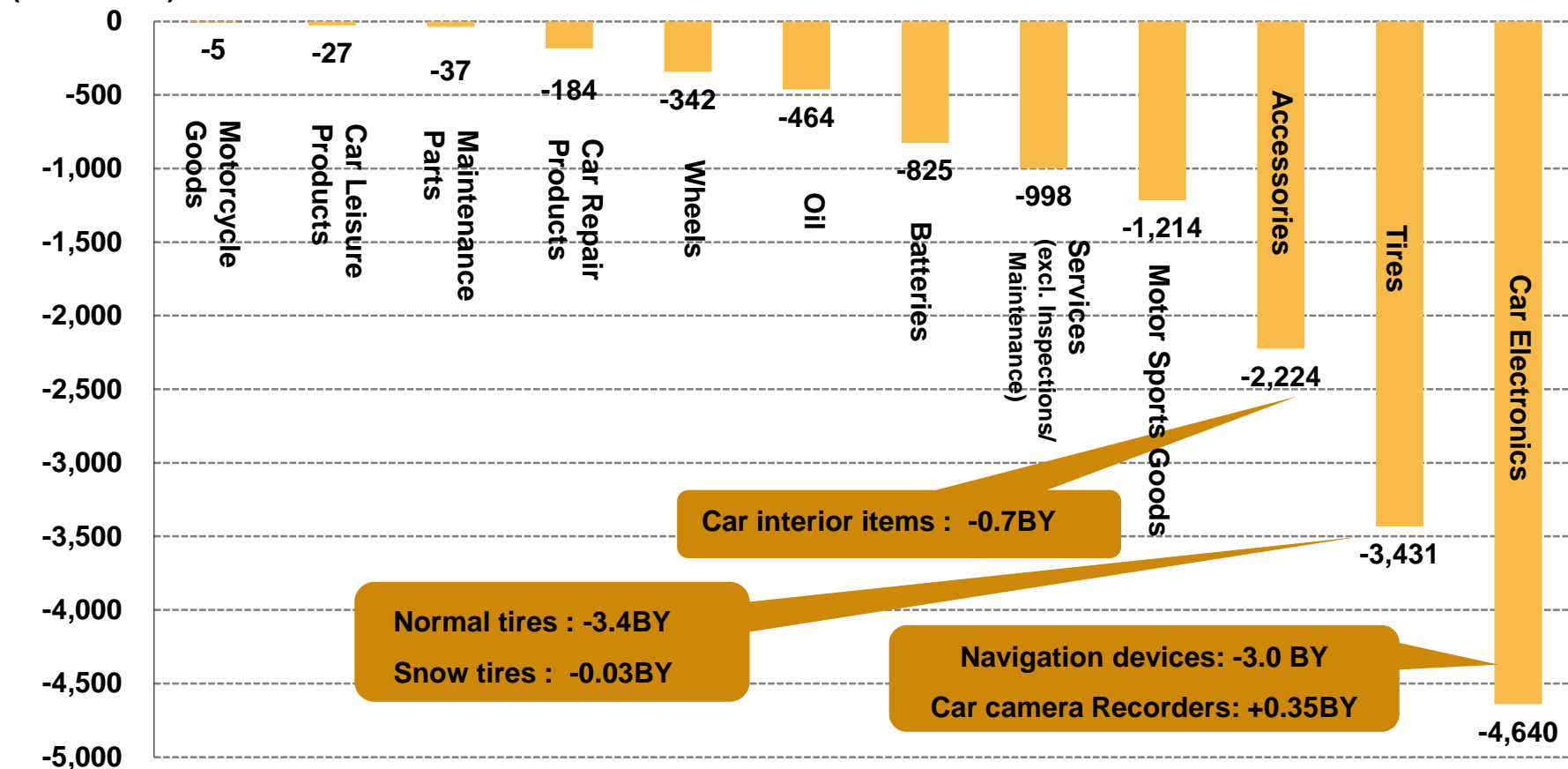
Sales Ups & Downs by Merchandise (Nine Months)

【Same Store Basis】 Sales: -7.5% YoY, Number of customers: -5.7% YoY

Retail sales ups and downs by merchandise category

(for nine months ended Dec 31 2014, YoY change in amount, total store basis)

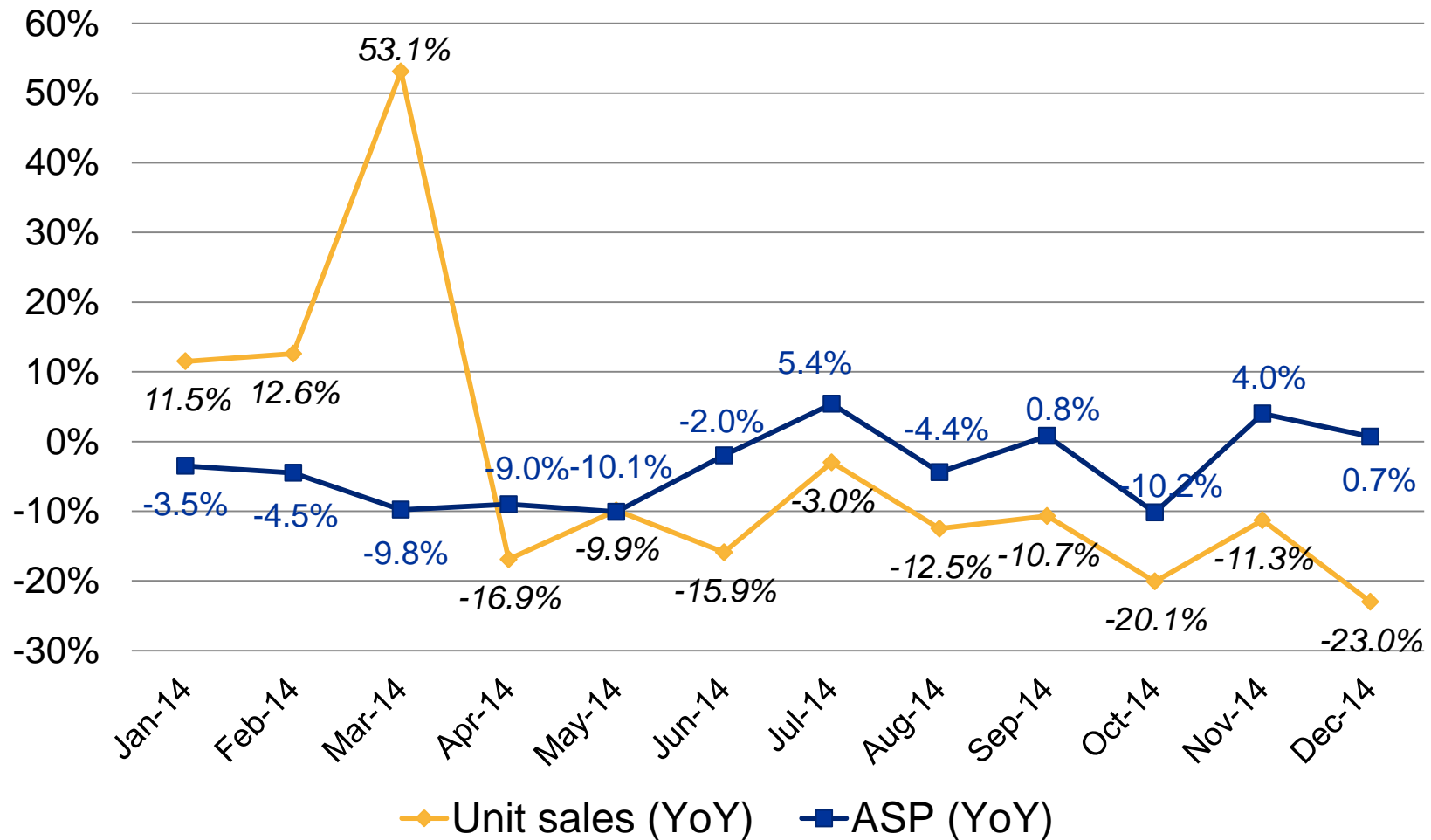
(Million Yen)



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

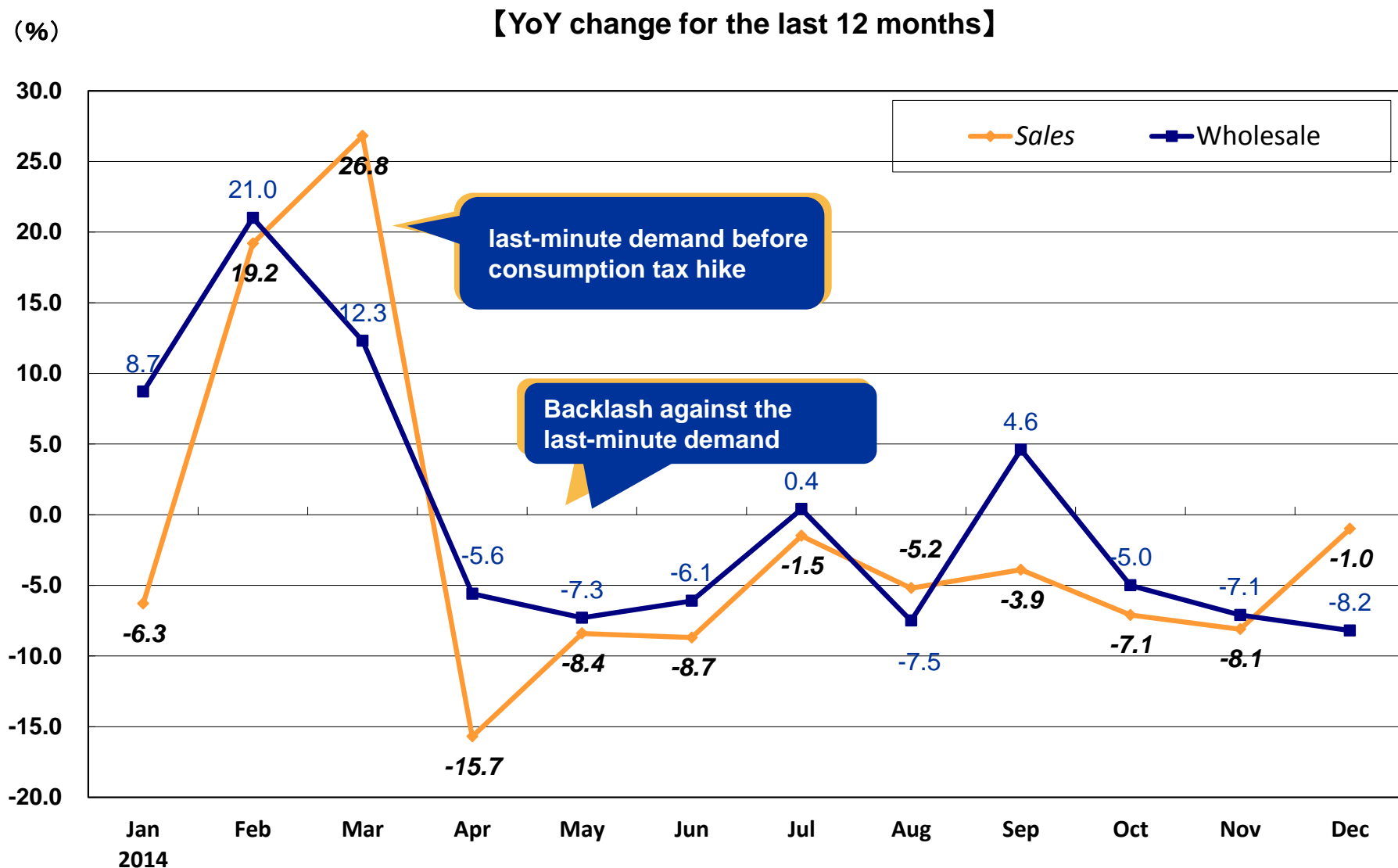
ASP Trends in Car Navigation Devices

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



— Unit sales (YoY) — ASP (YoY)

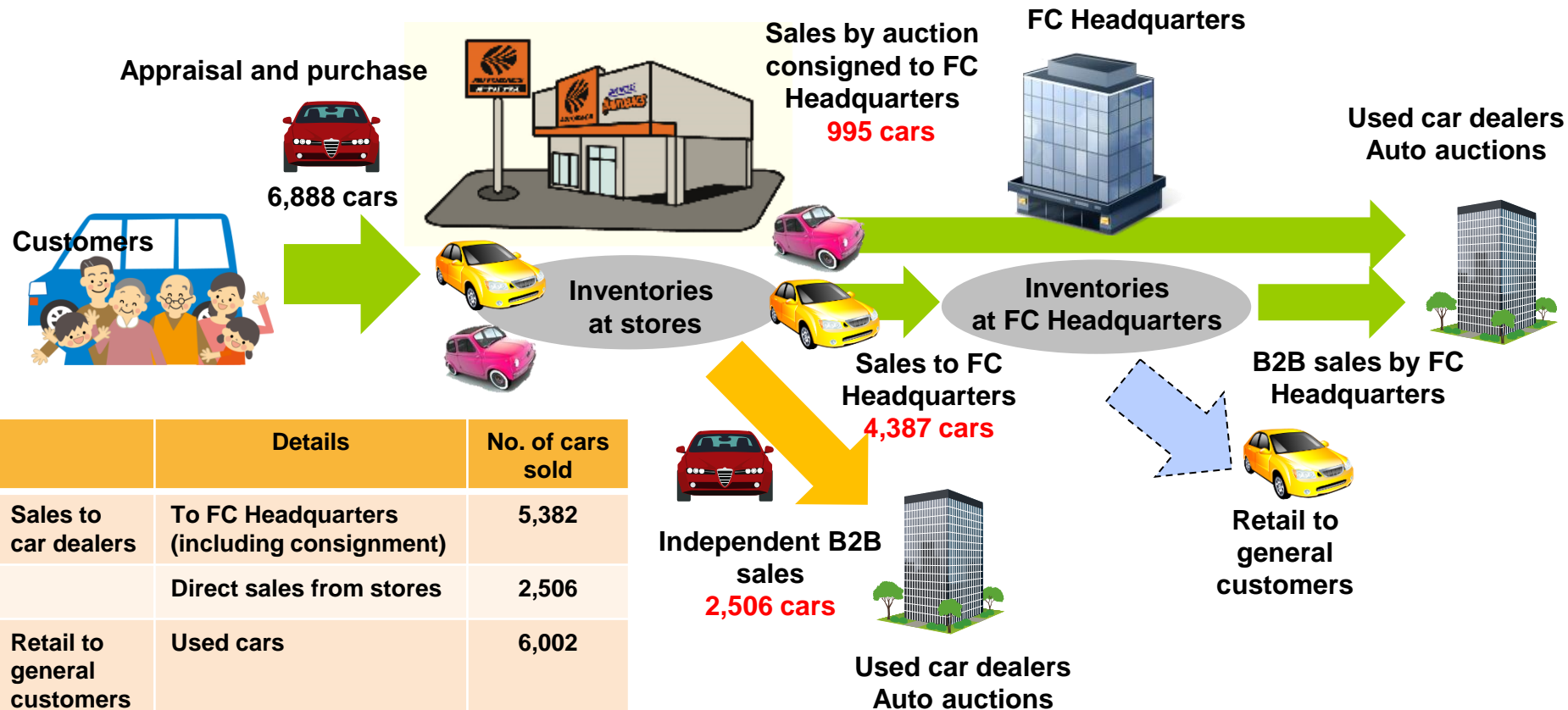
Sales Trend: Retail & Wholesale (Jan 2014 – Dec 2014)



Flow of Car Sales and Purchases (No.1)

Commercial flow of sales and purchases

(No. of cars denotes cumulative units for nine months ended Dec 31, 2014)



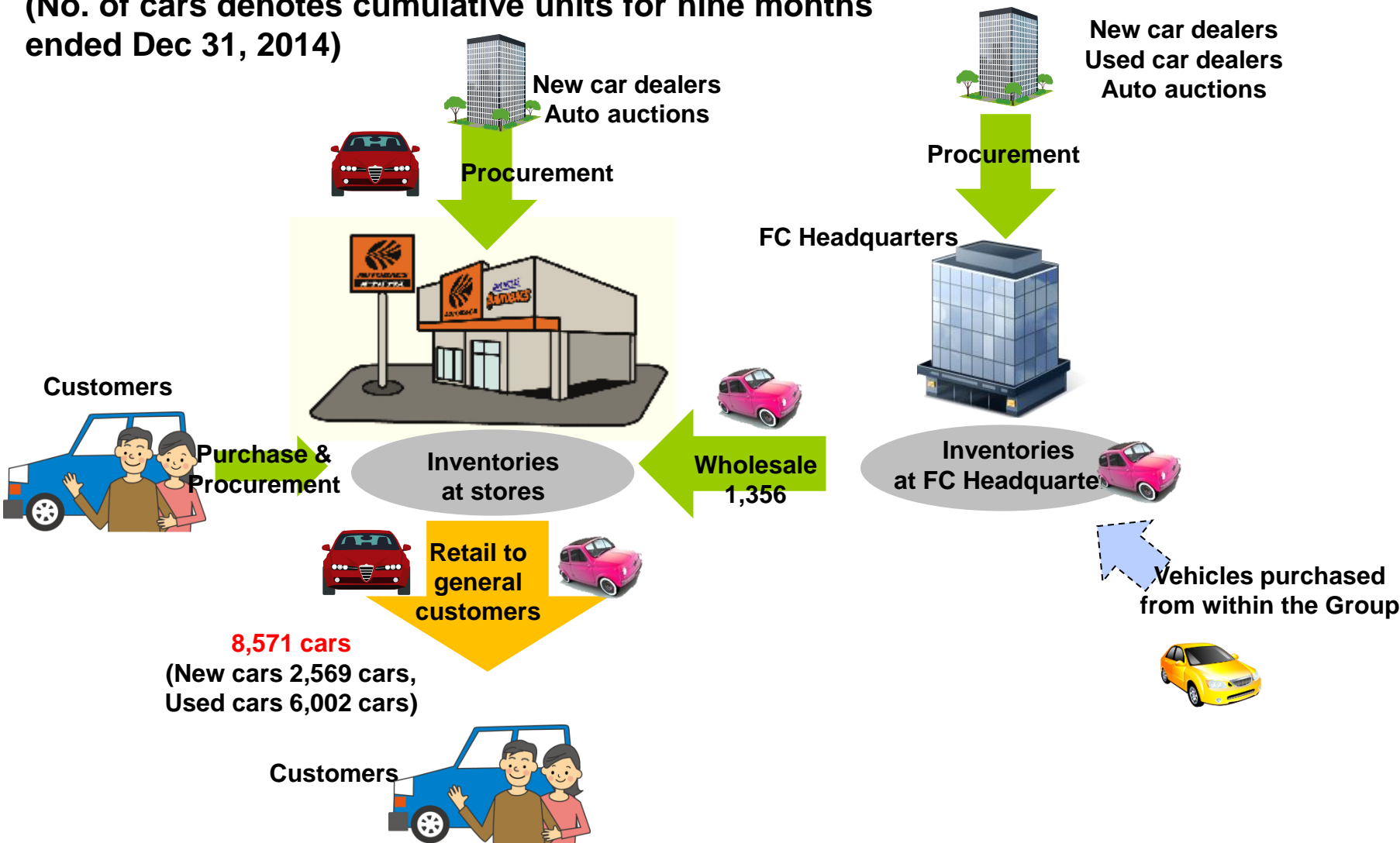
	Details	No. of cars sold
Sales to car dealers	To FC Headquarters (including consignment)	5,382
	Direct sales from stores	2,506
Retail to general customers	Used cars	6,002
	New cars	2,569
Total		16,459

Flow of Car Sales and Purchases (No.2)



Commercial flow of retail sales

(No. of cars denotes cumulative units for nine months ended Dec 31, 2014)



Results of Overseas Operation by Country

	FRANCE		CHINA		SINGAPORE		THAILAND	
Number of stores at Dec 31, 2014 -including FCs stores-	11		0		3		4	
Total store sales -including FC stores-	▲3.9%		—		▲11.0%		▲22.2%	
Period	4/1/2014 through 12/31/2014	4/1/2013 through 12/31/2013	4/1/2014 through 12/31/2014	4/1/2013 through 12/31/2013	4/1/2014 through 12/31/2014	4/1/2013 through 12/31/2013	4/1/2014 through 12/31/2014	4/1/2013 through 12/31/2013
Net sales (Million Yen)	6,050	6,000	270	370	1,040	1,090	370	470
SG&A (Million Yen)	3,110	2,920	140	250	330	350	140	180
Operating income (Million Yen)	-1.50	40	-30	-50	120	130	-50	-40
Business conditions	Operating loss was posted due to decreased sales and gross profit, as sales of services, among other sales, remained low against the backdrop of factors such as depressed business.		Stores were closed in Q2 to rebuild the retail business. Going forward, the Group will facilitate the export and import of merchandise, while considering the development of new stores.		Operating income remained at the year-ago level as a result of efforts to reduce expenses, although sales fell due to intensified competition, causing a decline in the gross margin.		New stores were opened in October, but operating loss increased due to the impact of the political disturbance that continued from last year.	

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, 2014	Nine months ended Dec 31, 2013
Operating Income for segment total	7,863	12,646
Elimination of Intersegment transaction (Income of subsidiaries for supporting functions, etc.)	(344)	(114)
Inventories (Unearned income of subsidiary inventories, etc.)	(823)	(750)
Depreciation of Goodwill	(169)	(83)
Adjustment in fixed assets	278	185
Allowance for point card	(25)	(44)
Other	(51)	126
Consolidation adjustment	(1,136)	(680)
Consolidated operating income	6,727	11,966

Amounts are rounded off to the nearest million yen.

Note: Figures in parentheses are negative.

Analysis for Operating Income (FY2015 Q3)

Domestic retail sales		Total stores -4.8% / Same store sales -6.0% (YoY)	
		Operating Income	YoY
Segments	Non-consolidated	5.99BY	-0.31BY Sales: -4.02BY (-6.3%) Gross profit: -4.9BY (GPM: 21.6% - up from LY's 21.0%) <ul style="list-style-type: none"> • Increase in gross profit ratio of tires & wheels • Decline in sales and gross margin of interior goods, oil and batteries SG&A -0.17BY <ul style="list-style-type: none"> • strengthen sales promotion and reduce controllable expenses
	Domestic store Subsidiaries	0.94BY	-0.50BY Sales: +2.96BY (+12.0%) Gross profit: -1.04BY (GPM: 37.8% - up from LY's 37.5%) <ul style="list-style-type: none"> • Increase in gross margin of tires & wheels • Decline in gross profit due to overall decrease in sales SG&A +0.53BY <ul style="list-style-type: none"> • Decline in sales due to transfer of stores to franchise outlets (-0.46BY)
	Overseas Subsidiaries	-0.04BY	-0.04BY
	Others	0.17BY	-0.08BY
Total segments		7.06BY	-0.94BY
Consolidated		6.22BY	-1.28BY

Progress of New Store Openings

	Store name	Ownership of stores	Opening date
1	AUTOBACS MANIWA Store	FC	October 10, 2014
2	AUTOBACS TAIWA YOSHIOKA Store	Subsidiaries	October 10, 2014
3	AUTOBACS HASIMOTO-KOYAGUCHI Store	FC	October 16, 2014
4	AUTOBACS KASUGA FOREST-CITY Store	Subsidiaries	October 23, 2014
5	AUTOBACS ISEHARA	FC	October 24, 2014
6	AUTOBACS SUPER MALL TAKAHAGI	Subsidiaries	December 5, 2014



**AUTOBACS
MANIWA Store**



**AUTOBACS TAIWA
YOSHIOKA Store**



**AUTOBACS HASHIMOTO-
KOYAGUCHI Store**



**AUTOBACS KASUGA
FOREST-CITY Store**



**AUTOBACS
ISEHARA Store**



**AUTOBACS SUPER MALL
TAKAHAGI Store**

Progress of Medium-Term Business Plan



Business Fields	Initiatives
Automotive Goods	<ul style="list-style-type: none"> • Enhanced the lineup of the new private brand “AQ” (Launched sales with approx. 800 SKU including batteries, snow wipers, car mats, rearview mirrors, and accessories) • Expanded tire storage service
Safety Inspection and Maintenance	<ul style="list-style-type: none"> • Opened Shaken Depot Shinurayasu in a shopping center, providing the registration service for statutory safety inspections • Enhanced the programs for fostering automotive mechanics
Car Purchases and Sales	Number of franchisees: 433 stores (Dec. 31, 2014)
E-Commerce	Cumulative sales of nine months ended Dec 31, 2014: 1.09 billion yen (up 17% YoY) * For details, please see page 18
Other	<ul style="list-style-type: none"> • Opened a trial store to implement operations that strengthen the collaboration between the businesses of automotive goods, statutory inspections, and purchases and sales of cars • Enhanced app for smart phone • Improved sales promotion for segmented Customers

Overseas Business

Concentrate operations in the ASEAN region and manage business with a focus on profitability

Thailand: Opened a small store that mainly sells maintenance merchandise in a shopping mall in October 2014.
The second store is planned to be opened in the fourth quarter.

Malaysia and Indonesia: Preparing to open stores.

China: Closed a store in Shanghai.

Continuing the operation of exporting automotive goods to Japan.

France: Implemented initiatives to increase revenue-raising capabilities such as the reform of store operations and a reduction in long-term inventories.



**AUTOBACS KHUBON
Store, Thailand**

Net sales for the nine months ended December 31, 2014
: 1,090 million yen (up 17.0% year on year)

**(Delivery directly to customers: 440 million yen
Store sales: 650 million yen)**

[Measures taken]

- **Commenced the concurrent booking of oil changes for the purchase of oil on the Group's website**
- **In-store installation of merchandise sold by Amazon.co.jp**
⇒ Number of stores providing the service: 517 (as of Jan. 10, 2015)
- **Opened a photo gallery on the website for holders of Loyalty points**

Examples of Initiatives Implemented via the Internet

マイカーフォトギャラリー

Photo Gallery

お買得タイヤ・ホイールが目白押し!!

当店
オスズメ!

タイヤ&ホイール
SPECIAL SELECT
セット

お買い得価格でタイヤの履き替え全力応援!!

マイカーフォトギャラリーに登録する!

ただ今開設キャンペーン中!!

登録先着1000名様に
オートバックスポイント500P!!

写真とホイールの
写真をウェブサイトに掲載

MODEL SEARCH (車種で絞り込み)

1. メーカーを選択

-- 選択してください. --

2. 車種を選択

-- 選択してください. --

3. モデルを選択

-- 選択してください. --

WHEEL SEARCH (ホイールから絞り込み)

1. メーカーを選択

-- 選択してください. --

2. ブランドを選択

-- 選択してください. --

※ 車種 + ホイール で絞り込みができます。

日産
スカイライン

V35

フォルクスワーゲン
ニュービートル

タッゲン

日産
セレナ

ちか

トヨタ
アルテッツァ

Amuroray

スバル
レガシィB4

たく。

ホンダ
エディックス

JIGEN

日産
グロリア

グロさん

トヨタ
86

うごうご

“My Car” photo gallery at AUTOBACS.COM

オイル選びも交換予約も済ませて来店!

会員様
限定

オイル選びも
交換予約も
済ませて来店!

オイル選び&交換予約が、一緒に出来るようになりました!!

オイル選びも交換作業予約も済ませて来店。作業終了までの時間をぐんと短縮できます。

商品の購入から交換作業完了までの流れ

1 商品予約

下記より対象オイルをご予約ください。

※受け取り方法は「店舗受取」を選択してください。

※会員登録をし、ログイン後に、ご購入ください。

2 オイル交換作業を予約

商品のご注文完了後に表示される「つづけてオイル交換作業を予約する」ボタンを押して、作業予約をしてください。

3 来店して入庫

ご予約時間の10~15分前にご来店いただき、スタッフにお声掛けください。

エンジンオイルは、3000km~5000kmごとの交換をオススメしています。

走行距離が短くても、半年に1回はオイル交換をしましょう。

1 オイルの基礎知識

オイルの役割

オイルの選び方

オイル交換の時期・オイルQ&A

エンジン内部コーティング

>> 詳細はこちらから <<

Booking of oil changes via AUTOBACS.COM

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Anything about car's, you find at  **AUTOBACS**

Store Openings and Closings (Plan)

< Domestic stores >

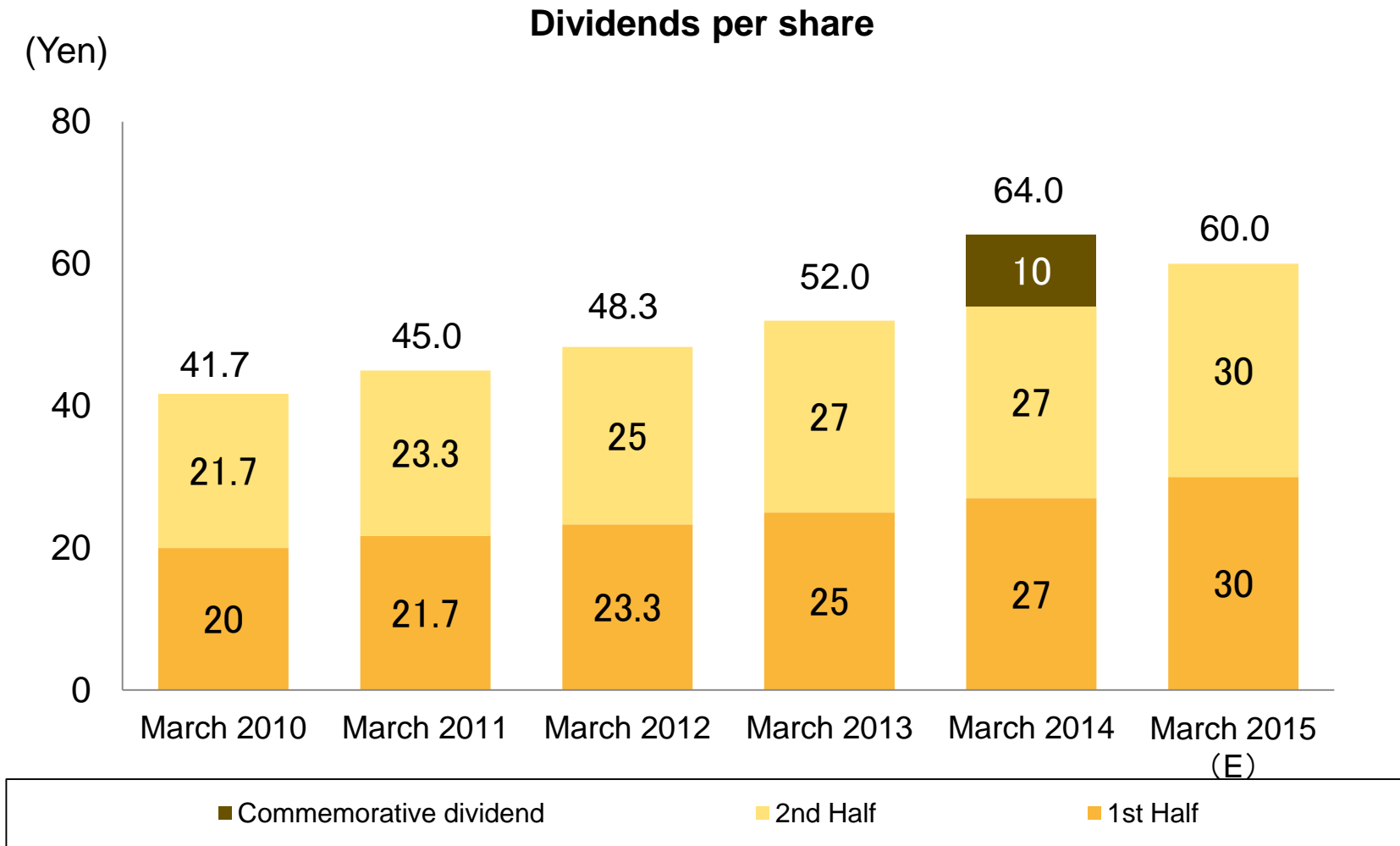
	No. of stores as of March 31, 2014	Fiscal year ending March 31, 2015							No. of stores as of March 31, 2015
		Q1 ~ Q3 (result)			No. of stores as of Dec 31, 2014	Q4 (Plan)			
		New	S/B ・ R/L	Close		New	S/B ・ R/L	Close	
AUTOBACS	478	+13			491				491
Super AUTOBACS	75				75				75
<i>Secohan Ichiba</i>	10				10				10
AUTOBACS EXPRESS	8				8				8
Domestic total	571	+13			584				584

< Overseas stores >

S/B=Scrap & Build、R/L=Relocation

	No. of stores as of March 31, 2014	FY March 2015(Results & Forecasts)			No. of stores as of Mar 31, 2015
		Q1 ~ Q3 (result)	No. of stores as of Dec 31, 2014	Q4 (Plan)	
France	11		11		11
China	1	-1	0		0
Thailand	4	+1/-1	4	2	6
Singapore	3		3		3
Taiwan	6		6		6
Malaysia	2		2		2
Total	27	-1	26	2	28

Financial Strategies – Shareholder return policy



Note : Dividend per share for march 2013 and before are adjusted to reflect the stock split.

With the goal of achieving the 2014 Medium-Term Business Plan in mind, the Group will undergo an organizational reform to simultaneously “strengthen its ability to get strategy achieved” and “improve its efficiency in terms of operations and staffing”. It will also clarify the responsibilities of the Vice CEOs (two persons) and a Senior Managing Executive Officer by assigning them to the job of overseeing the AUTOBACS business, the overseas business, new business and business administration.

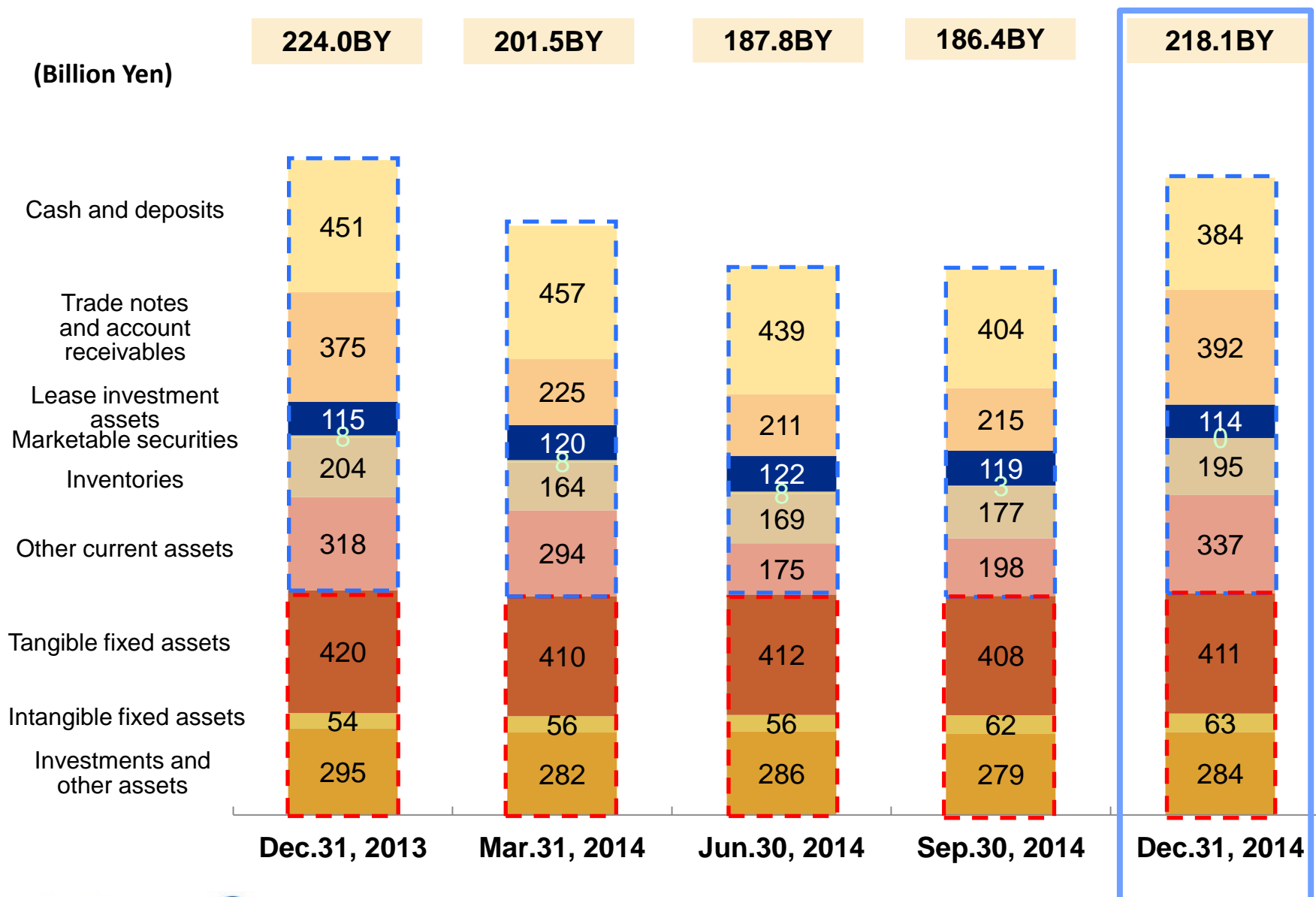
(1) Consolidation of departments to strengthen collaboration and operational efficiency

- Establish a department responsible for reforming subsidiary stores, thereby returning their business to profit
- Make decisions more rapidly through the consolidation of sales departments and the delegation of responsibility
- Integrate sales promotion and merchandise planning into the marketing department
- Strengthen the statutory safety inspection and service businesses
- Reduce the number of positions for officers and department managers

(2) Personnel shift from indirect departments to revenue raising departments

Relocate staff members so that they are engaged in assignments related directly to statutory safety inspections and vehicles at stores

Balance Sheet / Assets



Amounts are rounded to the nearest hundred million yen.

Balance Sheet / Liabilities & Net Assets

(Billion Yen)

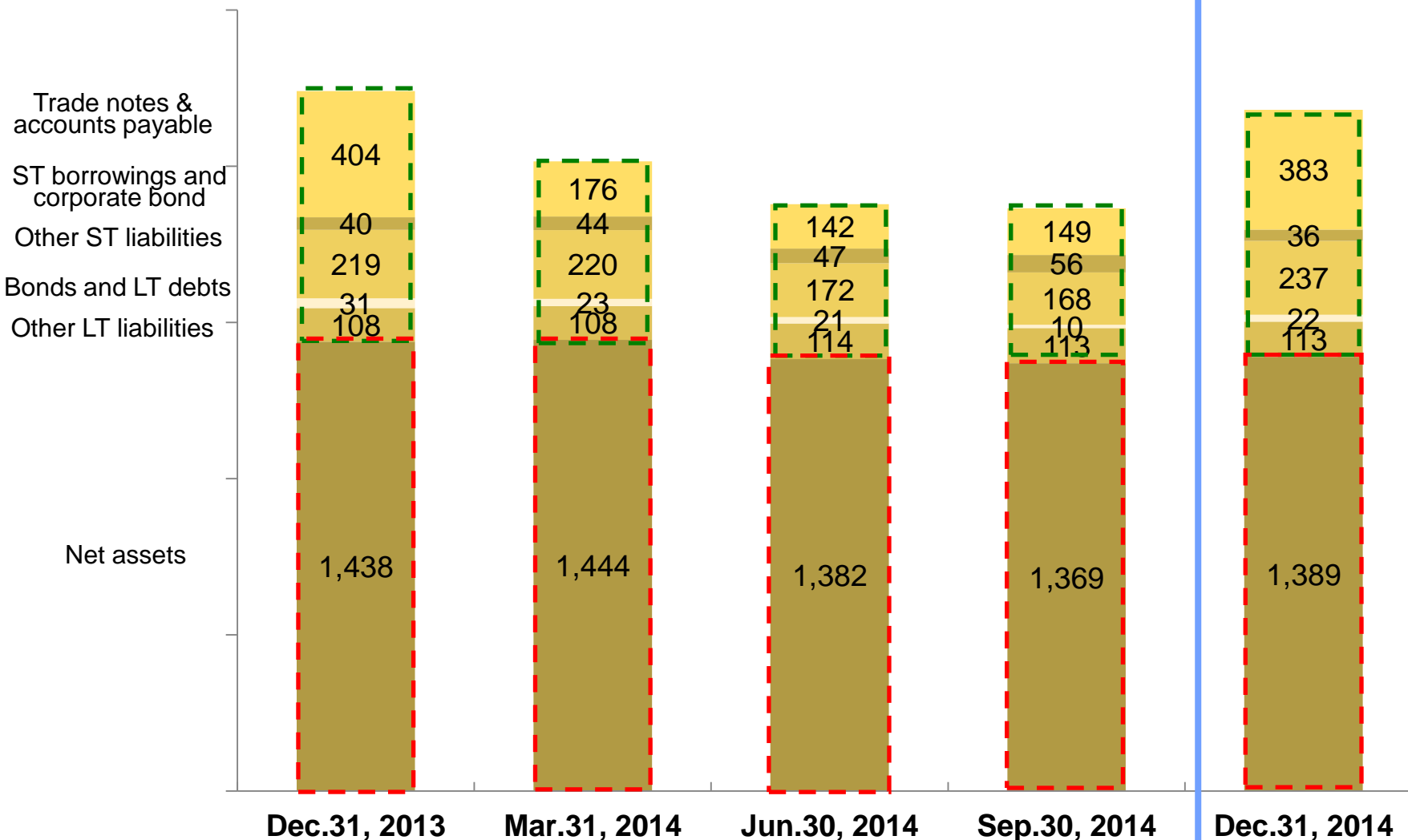
224.0BY

201.5BY

187.8BY

186.4BY

218.1BY





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.