



October 31, 2016

**AUTOBACS SEVEN Announces Medium-Term Management Policy and Basic Strategy**

AUTOBACS SEVEN Co., Ltd.

AUTOBACS SEVEN Co., Ltd. (the “Company,” Representative Director and CEO: Kiomi Kobayashi) announces its medium-term management policy and basic strategy showing its course of action in accordance with the new medium-term business plan under the new management structure launched in June 2016. Details are as follows.

**1. Course of Action for the Company**

Ever since the first AUTOBACS store was opened in 1974, the Company has conducted its business together with its franchisees with the aim of providing customers with the best lifestyle with cars and creating a rich, healthy motorized society.

While the market for car parts and accessories has shrunk and the market for automotive after-sales services is still experiencing harsh business conditions, the Company will return to the starting point to solve automotive problems for customers and will develop new merchandise/services with which customers can enjoy driving and new business models to offer such merchandise/services in a manner suiting customer needs. The Company will provide customers with a happier, richer life, thereby achieving the growth of the AUTOBACS franchise business and the development of new businesses.

**2. Basic Strategy**

(1) Domestic AUTOBACS business

- (i) Basic policy: “Development of new markets and new business models” and “Revitalization of existing revenue base”

In addition to initiatives for revitalization of existing revenue base, such as improvement of revenue of existing store and cost competitiveness, the Company will provide comprehensive automobile services that offer car parts and accessories, statutory safety inspections and automobiles to customers comfortably and safely, a happy life with automobiles is offered to customers, and earnings shall thereby be increased.

- (ii) Major initiatives: - Statutory safety inspections as a core business, plus automobile purchases and sales, provision of car parts and accessories and merchandise/services relating to maintenance
- Support with and proposal of car maintenance that offers convenience to customers
  - Restructuring of the membership system to ensure connection with customers and the realization of various proposals
  - Proposal of a new method of using/enjoying automobiles to customers
  - Development of the market for car parts and accessories with merchandise that offers fun, safety, etc. to customers
  - Development of a new model to realize new marketing systems and store floors suiting the needs of individual customers
  - Restoration of the existing stores and the revenue base through increased cost competitiveness

(2) Overseas business

- (i) Basic policy: “Establishment of the business foundation that will contribute to future revenues”



(ii) Major initiatives: - Shoring up the unprofitable fields, strengthening the local management structure, establishing the store model, improving the profitability of the existing AUTOBACS business by bolstering product appeal/competitiveness

- Good use of partnership with local companies, business expansion through M&A in the retail/wholesale fields.

(3) Domestic new business

(i) Basic policy: "Establishment of a business foundation that will contribute to future revenues"

(ii) Major initiatives: - Launch of new businesses and development of future businesses in automobile-related fields

- Launch of the imported vehicle dealer business

### **3. Future plans**

The Company will start new medium-term plans along with these medium-term management policy and basic strategy from fiscal year ending March 2018. The management targets and other details of medium-term plans will be announced as soon as they are formulated. "2014 Medium-Term Business Plan" will be finished at the end of fiscal year ending March 2017.

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