

Analyst Meeting

Results of the Six Months ended September 30, 2019



ありがとうございます



October 31, 2019

AUTOBACS SEVEN CO., LTD.

Results of the Six Months
ended September 30, 2019
and
Forecasts for Second Half of FY March 2020

Officer,
Finance & Accounting, Legal and IR & PR

Noritaka Hiraga

First Half of FY March 2020 Consolidated P/L



(Billion Yen)

	Six months ended September 30, 2019				Six months ended September 30, 2018
	Initial Forecast	Actual results	YoY change ratio	Change from forecast	
Net sales	105.0	111.0	+13.8%	+6.0	97.5
Gross margin	33.6	35.5	+15.3%	+1.9	30.7
Gross margin ratio	32.0%	32.0%	+0.4pt	±0.0pt	31.6%
SG&A	31.6	31.0	+6.1%	-0.5	29.2
Operating income	2.0	4.4	+194.8%	+2.4	1.5
Operating income ratio	1.9%	4.0%	+2.5pt	+2.1pt	1.5%
Non-operating income	1.0	1.1	-0.2%	+0.1	1.1
Non-operating expenses	0.8	0.9	+10.9%	+0.1	0.8
Ordinary income	2.2	4.6	+153.9%	+2.4	1.8
Extraordinary gains	-	0.0	-4.3%	+0.0	0.0
Extraordinary losses	-	0.4	-50.5%	+0.4	0.9
Net income	1.4	2.8	+375.5%	+1.4	0.5

Amounts are rounded down to the nearest hundred million yen.

Key Figures for the First Half of FY March 2020



Net sales YoY +13.8%

Domestic AUTOBACS chain retail sales YoY +11.2% / **AUTOBACS SEVEN Wholesale +12.3%**

Gross Margin ^{Gross Margin Ratio} 32.0% ← ^{LY} 31.6%

SG&A YoY +1.77 BY

New consolidated subsidiary YoY +0.9 BY

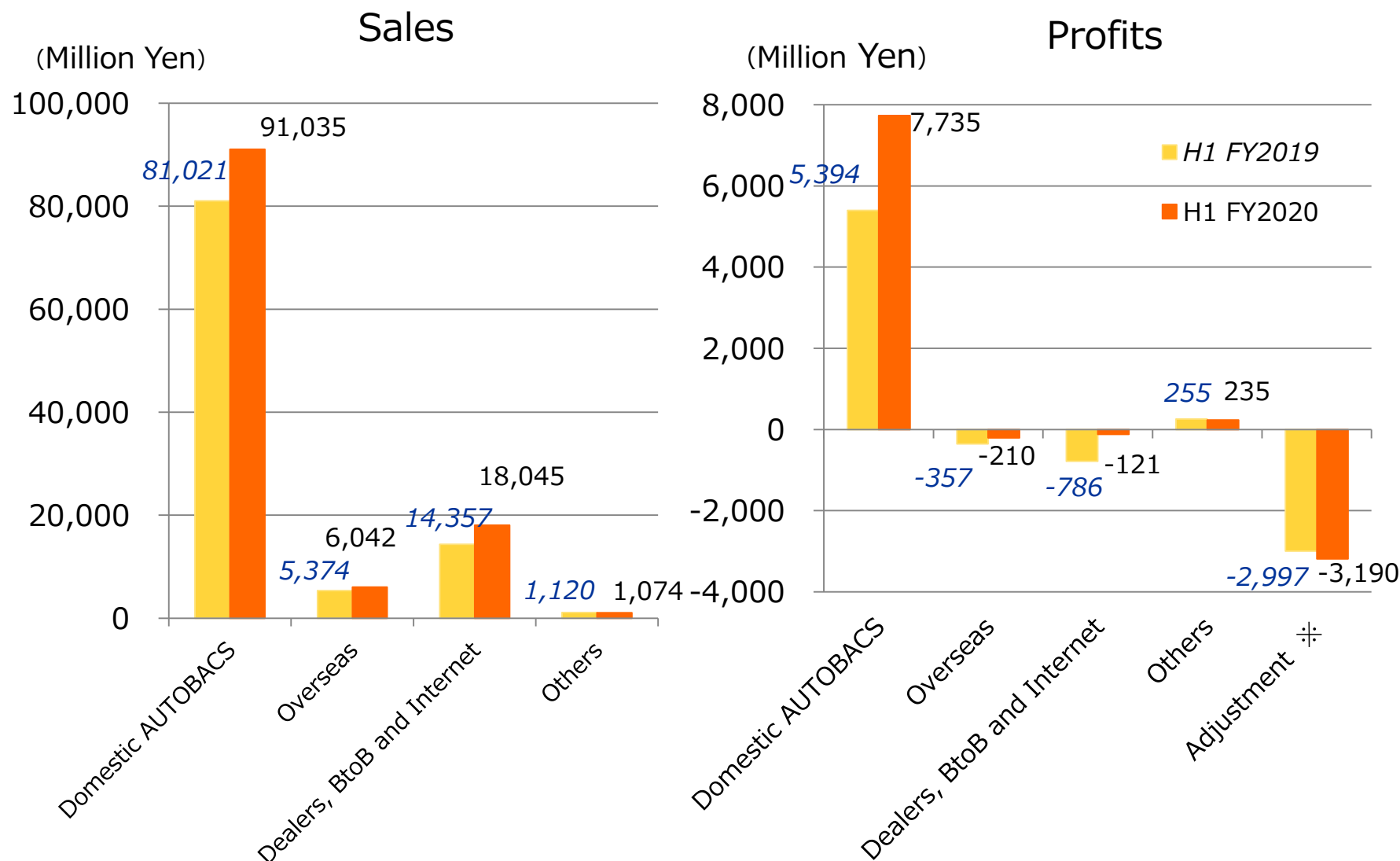
Operating Income 4.44 BY ← ^{LY} 1.5 BY
Operating Income Ratio 4.0% ← 1.5%

Key points for the First Half of FY March 2020



- ✓ Sales of tires increased significantly, partially because of the rush in demand caused by the consumption tax hike and the announcement of a price rise from October.
- ✓ Responding to press reports on tailgating incidents, sales of car electronics increased backed by the increased interest of customers in dashcams.
- ✓ Although advertising expenses such as TV commercials for tires and statutory safety inspections increased, the total SG&A remained within the planned amount.
- ✓ In the overseas business, the operating loss shrank due to the enhancement of wholesale in addition to retailing.
- ✓ In the BtoB business, the revenues from wholesale business subsidiaries, which were reorganized during the previous term, were improved.

Sales and profits by Reporting Segments



Round down to the million Yen
Before elimination of transaction
between segments

※ Corporate expenses not allocated to each reporting segment,
mainly general and administrative expenses

Segment Information



(Million Yen)

		Six months ended September 30, 2019	Six months ended September 30, 2018	YoY	Summary
Domestic AUTOBACS Business	Sales	91,035	81,021	+12.4%	Sales and gross margin increased due to strong sales of tires and dashcams. SG&A expenses increased because of the conversion of FC stores into subsidiaries, but profit increased significantly.
	Gross margin	28,777	25,063	+14.8%	
	SG&A	21,042	19,668	+7.0%	
	Operating income	7,735	5,394	+43.4%	
Overseas Business	Sales	6,042	5,374	+12.4%	Due to making a wholesale company in Australia into a subsidiary in October LY, opening a new store in Thailand, and increasing wholesale sales in China, sales grew and operating loss shrank.
	Gross margin	2,735	2,700	+1.3%	
	SG&A	2,946	3,057	-3.6%	
	Operating income	-210	-357	-	
Imported Car dealer, BtoB and Internet Business	Sales	18,045	14,357	+25.7%	Operating loss shrank significantly because of increased sales in the dealer business, as well as the improved profitability of a wholesale subsidiary in the BtoB business.
	Gross margin	3,611	2,657	+35.9%	
	SG&A	3,733	3,443	+8.4%	
	Operating income	-121	-786	-	
Other Business	Sales	1,074	1,120	-4.1%	Although sales declined, operating income equivalent to that in the previous term was secured.
	Gross margin	386	376	+2.6%	
	SG&A	151	121	+24.7%	
	Operating income	235	255	-7.9%	
Adjustment	Operating income	-3,190	-2,997	-	

Domestic AUTOBACS Business



Retail revenue improvement

- Expanded sales of Safety and Security merchandise



Tires and wheels



Dashcams



Pedal Watcher

- Converted franchisees into company-owned units
 - 7 stores at Gifu, Nagano and Aichi prefecture(March 1, 2019)
 - 8 stores at Kumamoto prefecture(November 1, 2019)

Domestic AUTOBACS Business



Revitalization of existing stores and development of new store format

Before



After



Store renovation (59 stores finished in 1st half)



JACK & MARIE Grandberrypark
(Opening on Nov. 13, 2019)

Development of human resources



AUTOBACS GUYS 2019



AUTOBACS chain joint welcome ceremony 7

Overseas Business

- Strengthened wholesale of private brand products for overseas



Car Dealer Business

- A subsidiary that supervises the car dealer business was established, which enhanced the sales operations at each base. The enhancement of services, not only new car and used car sales, was promoted.

BtoB Business

- Profit was improved due to the optimization of sales activities at the wholesale subsidiaries, which were reorganized during the previous term. In addition, sales of dashcams, etc. increased in the fleet business.

Internet Business

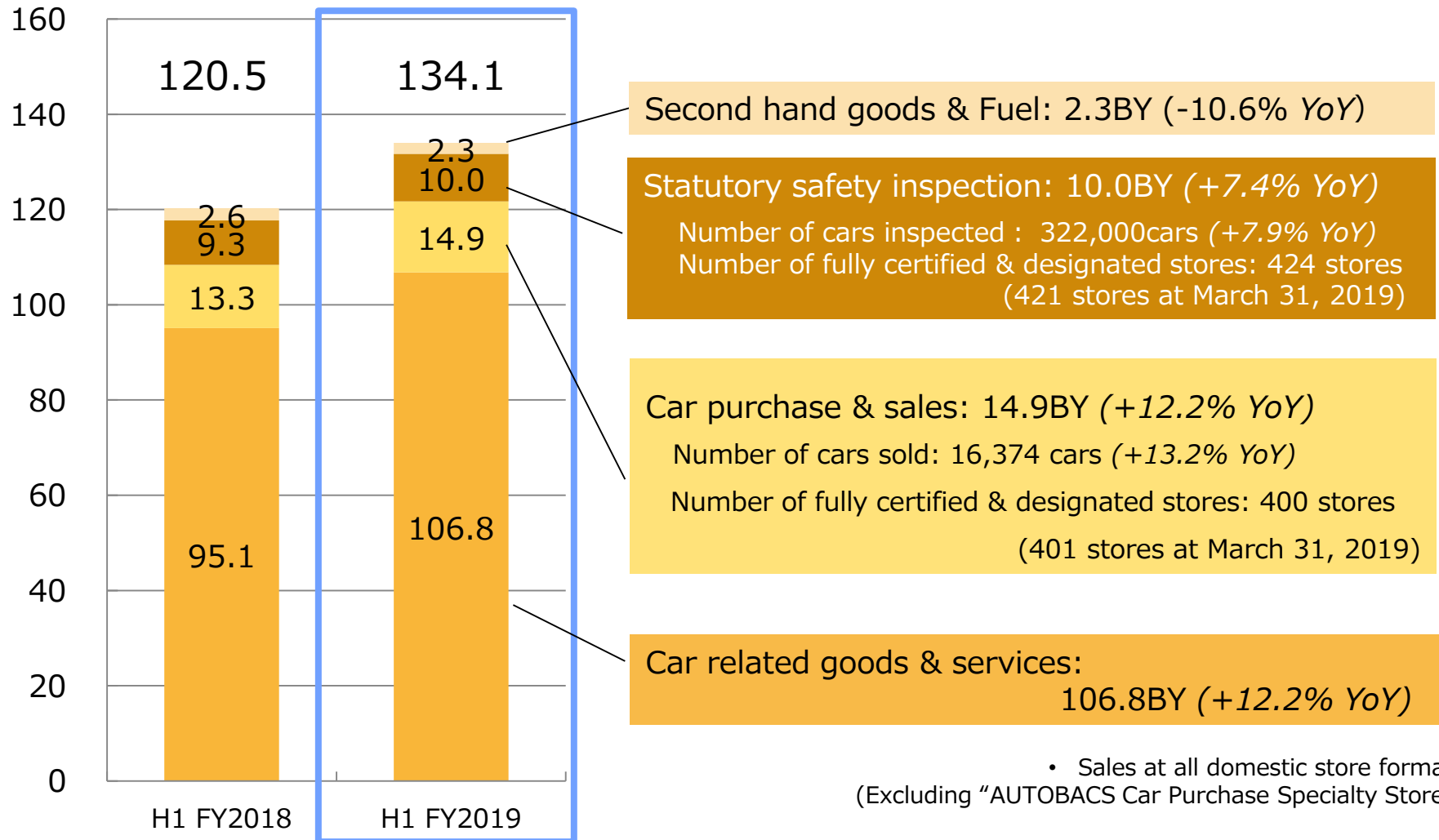
- The merchandise lineup and promotions were renewed while preparations were made for updating the Group's website.

Retail Sales in Total AUTOBACS Group Stores



Retail Sales Including FCs: 134.1 billion yen (+11.2% YoY)

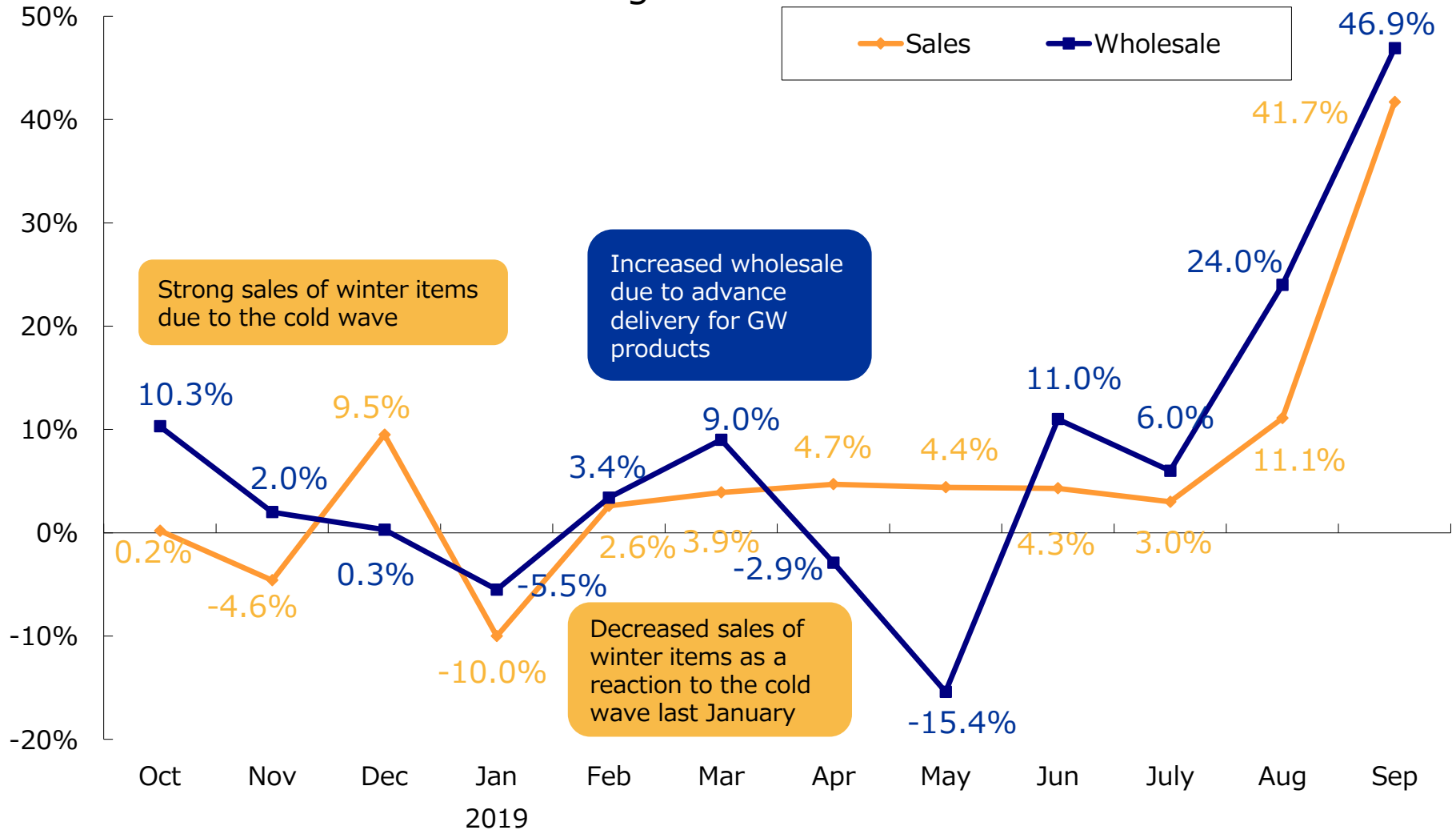
(Billion Yen)



Sales Trend: Retail & Wholesale (Oct. 2018 – Sep. 2019)



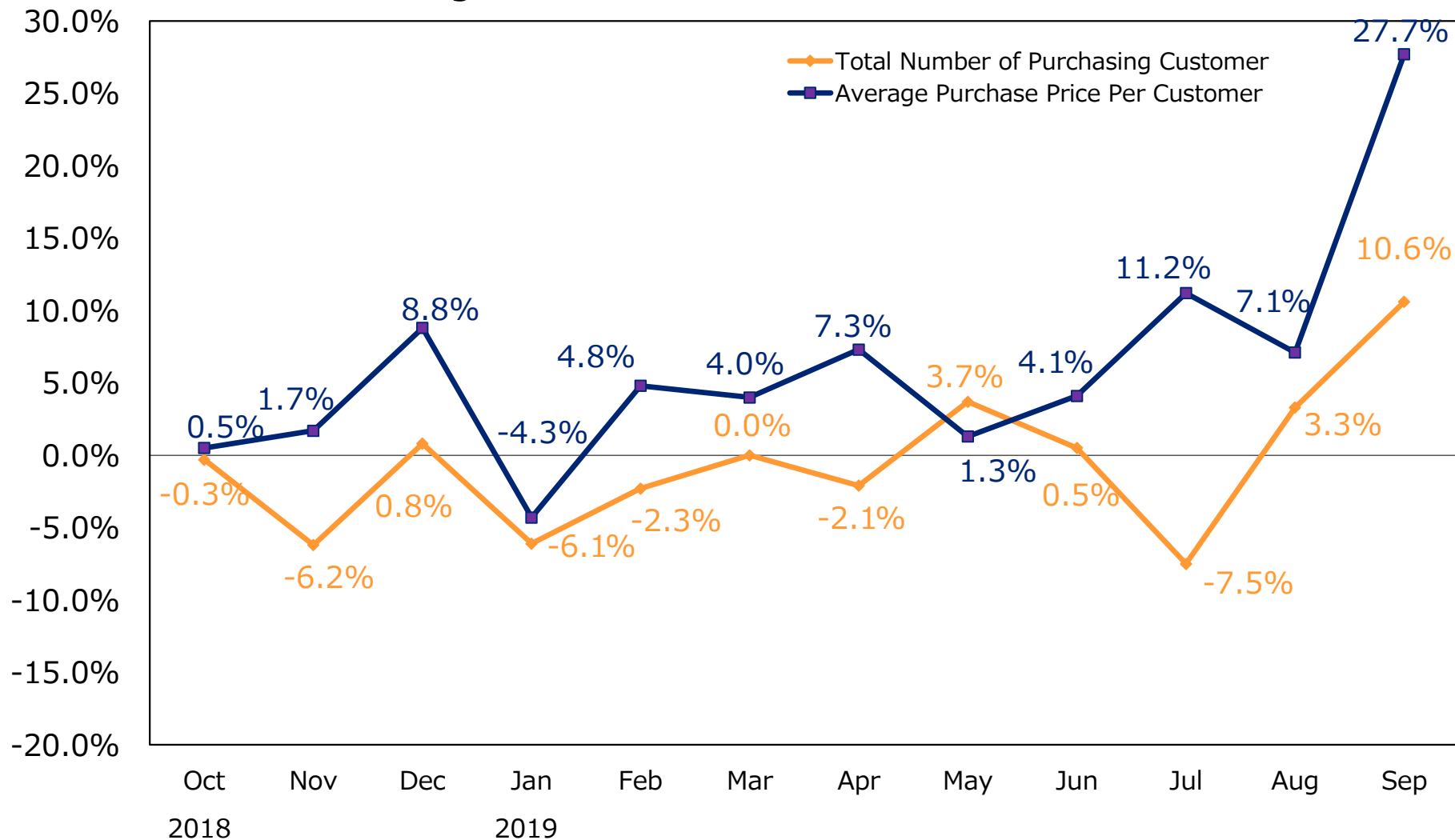
【YoY change for the last 12 months】



- Retail sales at all domestic store formats (AUTOBACS, Super AUTOBACS, AUTOBACS CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)
- Wholesale from AUTOBACS SEVEN to all domestic AUTOBACS stores

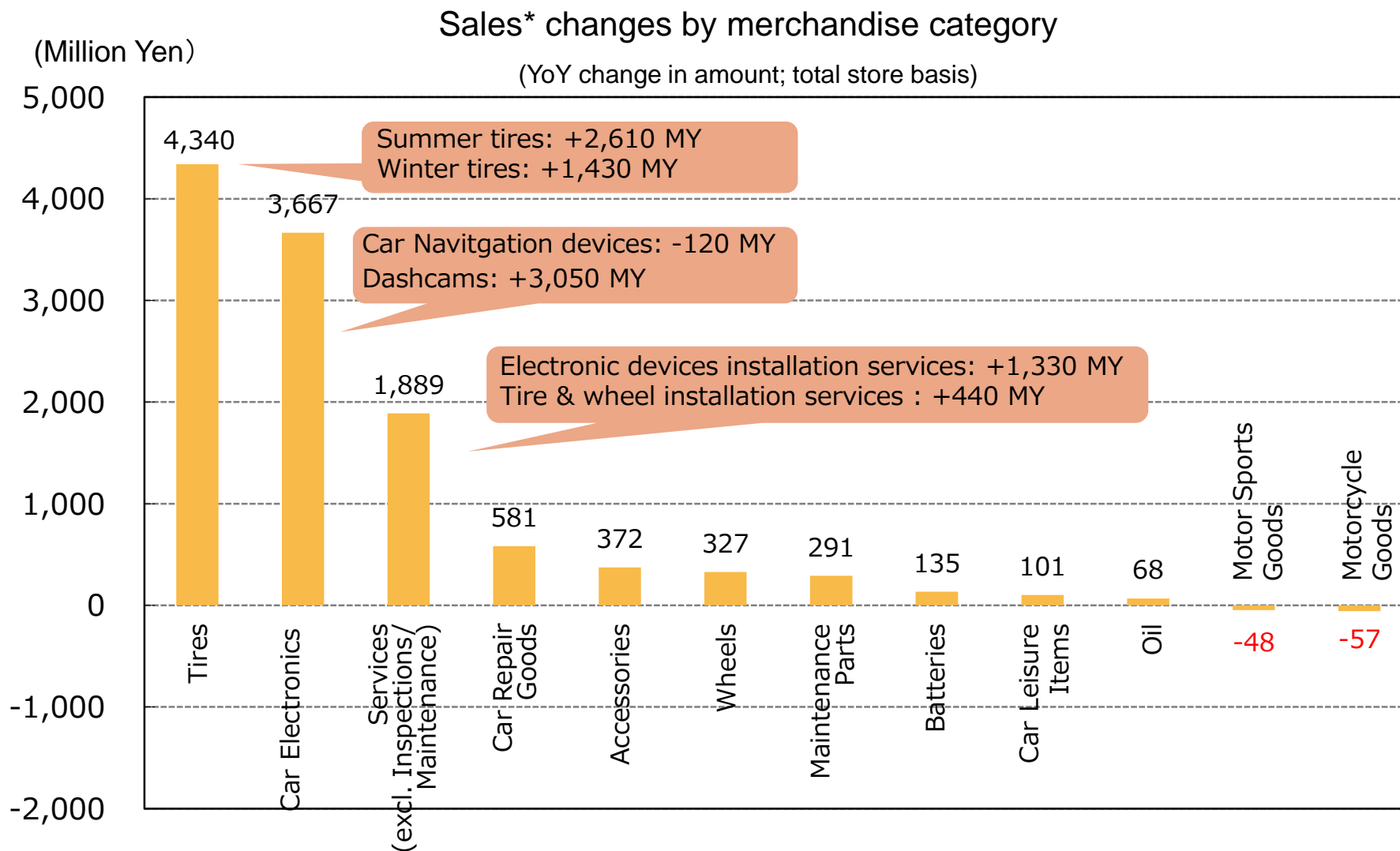
Total Number of Purchasing Customer and Average Purchasing Price Per Customer

【YoY change for the last 12 months】



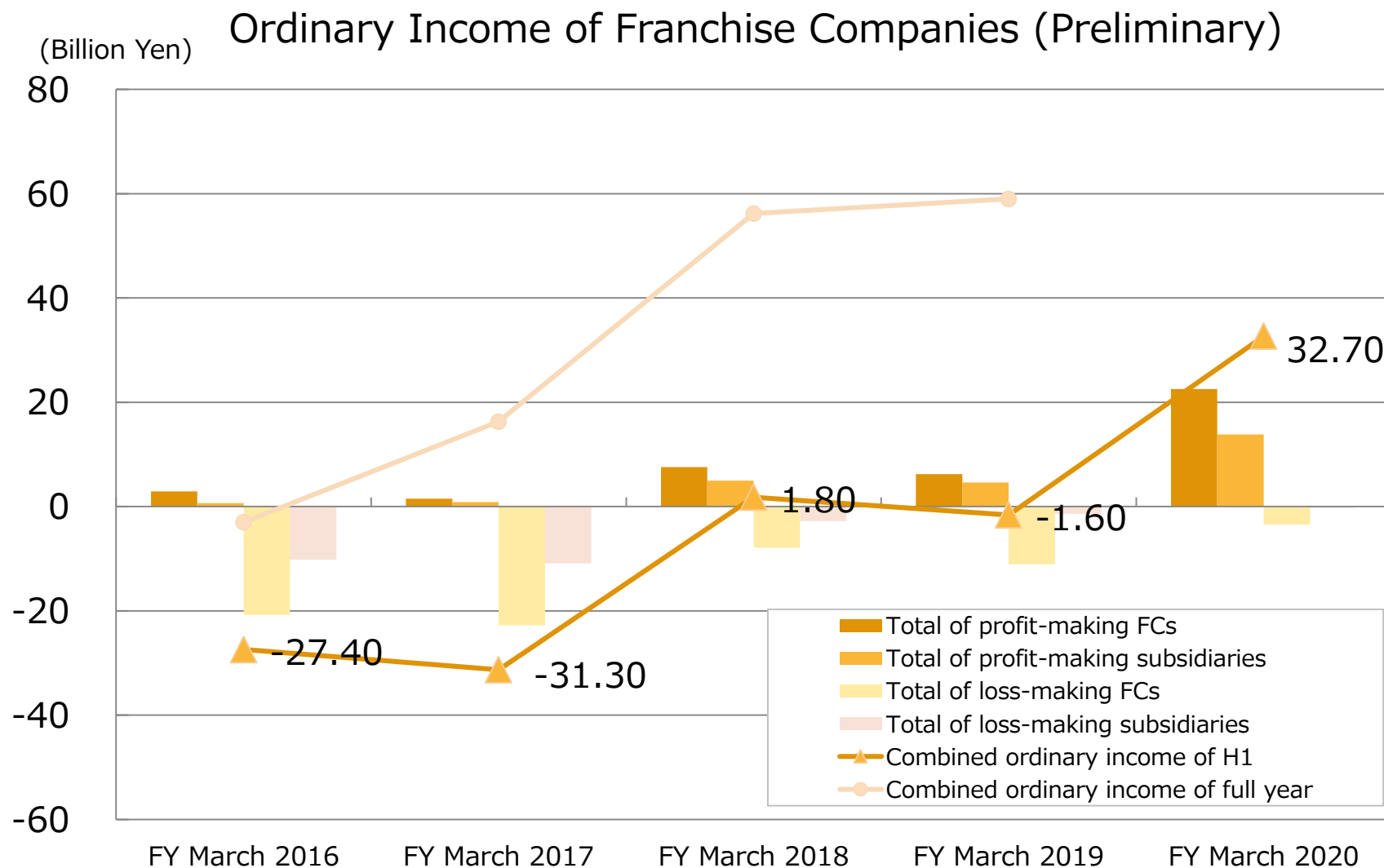
* Sales at all domestic store formats (AUTOBACS, Super AUTOBACS, AUTOBACS CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

Sales Variance by Merchandise (H1 FY2020)



* Include sales at domestic AUTOBACS-chain stores including FCs; all store formats (AUTOBACS, Super AUTOBACS, CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

Performance Results of Franchisees



*Excluding three listed companies

*Including some FC's latest estimates

Performance by Overseas Subsidiaries

(Million Yen)



	France		Thailand		Singapore		China		Malaysia		Australia	
Number of stores*	11		16		3		0		4		0	
Period	Q2 FY2020	Q2 FY2019	Q2 FY2020	Q2 FY2019	Q2 FY2020	Q2 FY2019	Q2 FY2020	Q2 FY2019	Q2 FY2020	Q2 FY2019	Q2 FY2020	Q2 FY2019
Net sales	3,705	4,172	369	223	661	623	549	251	30	23	692	–
SG&A	1,911	2,197	164	143	262	285	99	100	20	34	212	–
Operating income	24	3	-55	-72	13	7	10	-11	-9	-23	12	–
Business conditions	Although sales decreased due to the transfer of the business rights of a store in July, operating income increased due to reduced advertising expenses and other costs.		Although SG&A expenses were generated in advance in line with the opening of small stores, operating loss was reduced due to increased sales. In July, one store was transferred to the PTG Group.		Operating income increased due to increased wholesale mainly of PB maintenance items for convenience stores and hypermarkets.		Wholesale sales of PB oil, etc. increased substantially for China's domestic market, becoming profitable.		Although customers decreased due to air pollution by smoke, operating loss narrowed, partially because of the restructure conducted in the previous term.		In October 2018, AudioXtra PtyLtd. was made into a new subsidiary in order to promote local wholesale.	

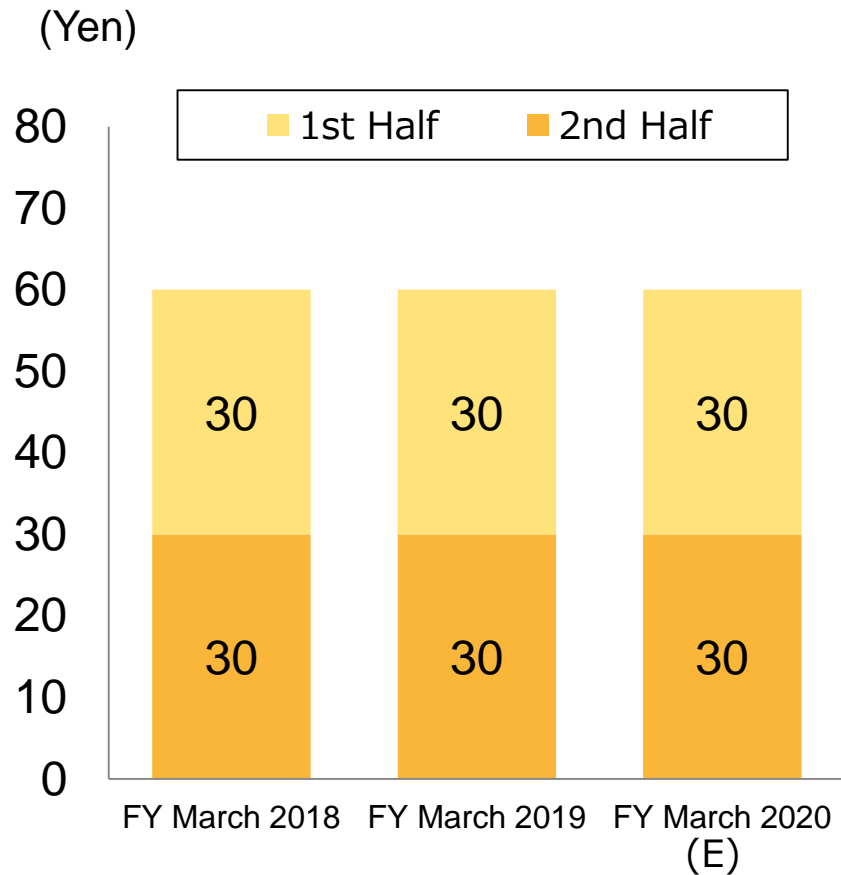
*including FC stores

Amounts are rounded down to the nearest million yen. 15

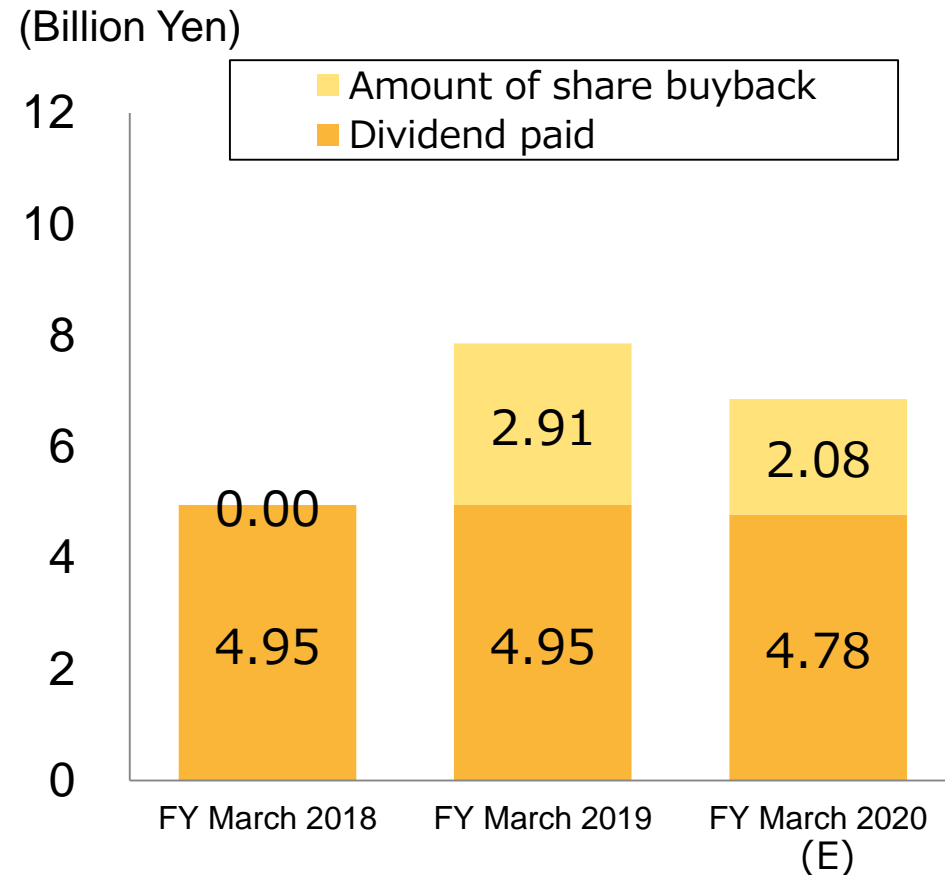
Shareholders Return



Dividends per share



Dividends and share buyback



Business environment

[Positive Factors]

- The increased interest of customers in dashcams continued.
- The area applicable to the order to use tire chains was expanded.
- Demand for smartphone-related items increased in line with the tightening of the regulations on driving while talking on a cell-phone.

[Negative Factors]

- Reaction to the rush in demand caused by the consumption tax hike
- Reaction to the rush in demand caused by the price increase of tires from October
- Demand for statutory safety inspections declined due to the decrease in the number of cars that need to undergo statutory safety inspections.

Domestic store sales (YoY)

1 st half(Results)		2 nd half(revised)		Full Year (No change)	
Same store sales	Total store sales	Same store sales	Total store sales	Same store sales	Total store sales
+11.4%	+11.2%	-6.9%	-6.8%	+1.3%	+1.3%

Estimates of FY March 2020

The results for the first half exceeded the internal plan; however, we are maintaining the full-year earnings forecasts unchanged, considering the severe business environment in the second half.

(Billion Yen)

	H1		H2		Full Year	
	Results	YoY	Forecasts	YoY	Forecasts	YoY
Consolidated Sales	110.0	+13.8%	111.9	-3.7%	223.0	+4.3%
Gross Margin	35.5	+15.3%	35.0	-4.6%	70.6	+4.5%
%	32.0%	+0.4pt	31.3%	-0.3pt	31.7%	+0.1pt
SG&A	31.0	+6.1%	31.5	+2.3%	62.6	+4.2%
Operating Income	4.4	+194.8%	3.5	-40.5%	8.0	+7.0%
%	4.0%	+2.5pt	3.2%	-2.0pt	3.6%	+0.1pt
Recurrent Income	4.6	+153.9%	4.0	-37.0%	8.7	+6.1%
Net Income	2.8	+375.5%	2.9	-37.0%	5.8	+5.7%
ROE	—		—	—	4.7%	+0.3pt

Round down to the 10 million Yen

YoY comparisons are calculated in Yen

Initiatives under the Five-year Rolling Plan 2019

CEO, President

Kiomi Kobayashi

■ Our mission

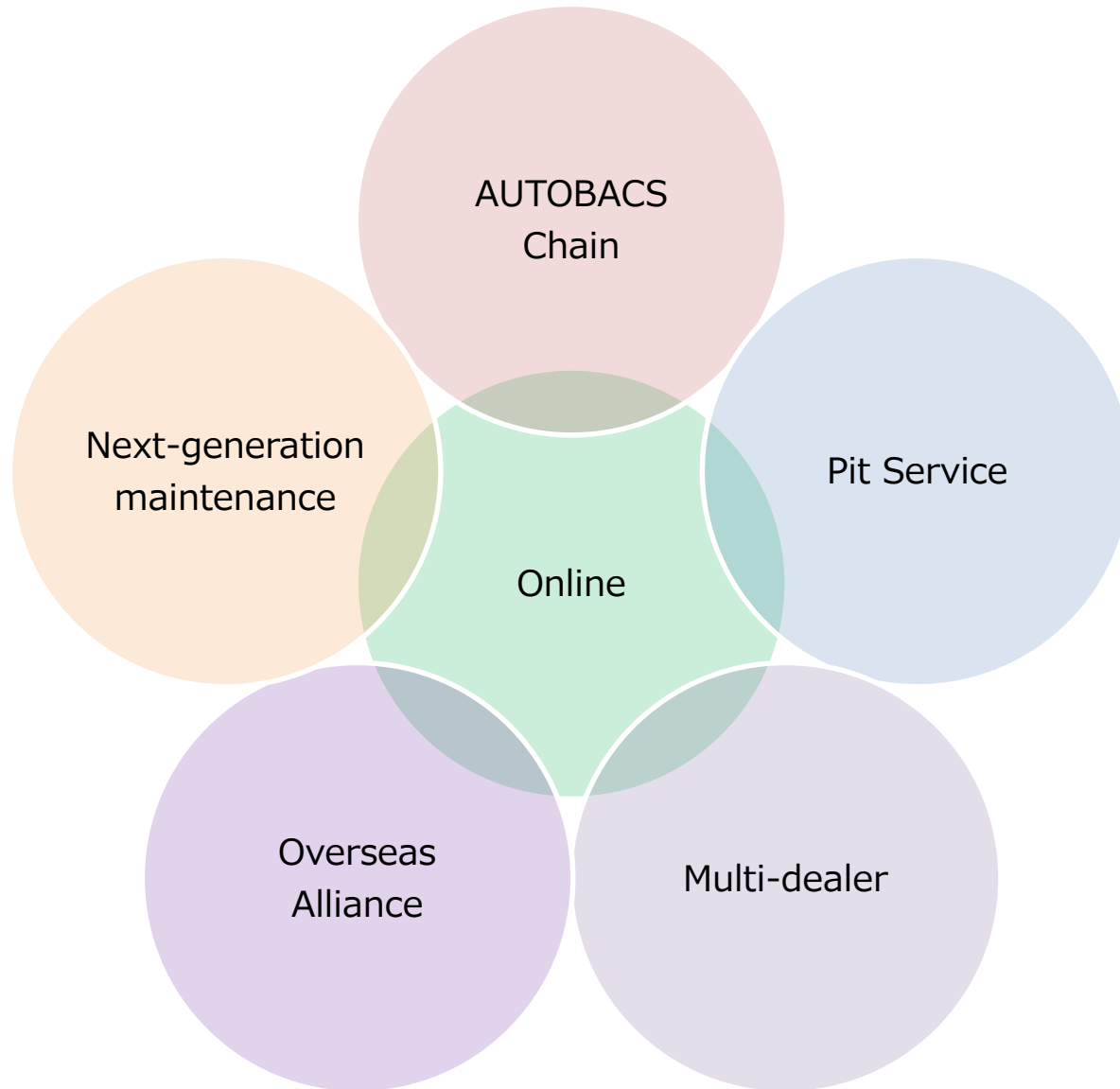
We constantly create a new car lifestyle culture.

- We will get closer to people's living, car and society, and offer more satisfying and value-added services to customers -

■ What we aim to achieve in the Five-Year Rolling Plan

We will establish and link the six networks to provide services suited to the scenarios in which customers use cars.

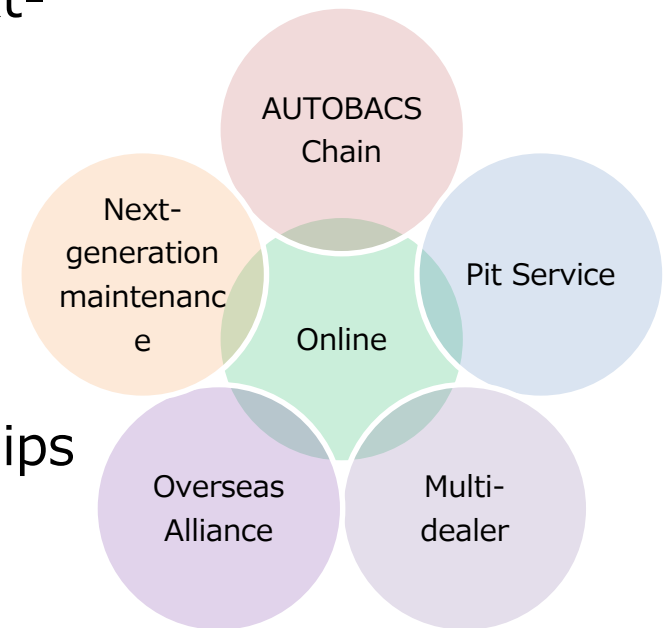
Six Networks



Six Networks

Network is not a business itself but an infrastructure that connects customers to our brand

- ✓ AUTOBACS chain network
- ✓ Pit service network to provide best service
- ✓ Maintenance network to adapt to next-generation technology
- ✓ Multi-dealer network
- ✓ Overseas Alliance network
- ✓ Online network to enhance relationships with customers



AUTOBACS chain network

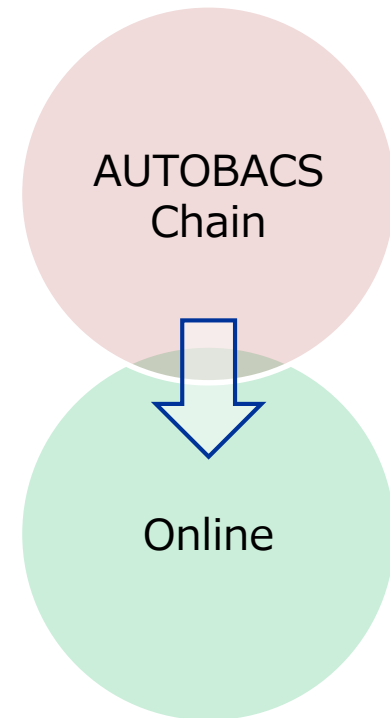
✓ Build a foundation of Online network

Examples...

Customer base of 7 million active members and its purchasing data, customer's car information, T-card transaction data and car parts identification data, etc

✓ Targeting partners :

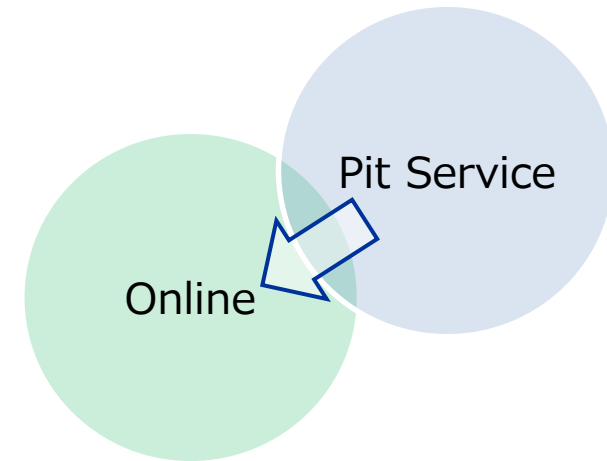
AUTOBACS group stores, other automotive parts chain, hardware stores, online retailer, and gas stations, etc



Pit service network to provide the best Service

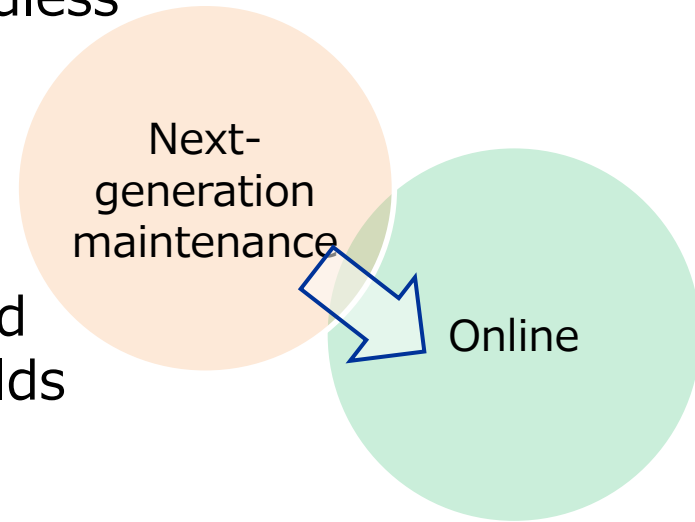


- ✓ Increase the connection point of customers that purchase items or receive services at other channels
- ✓ Increase the access to new customer data base
- ✓ Targeting partners :
electrical installers, automobile repair and maintenance shops, auto body repair shops, and gas stations, etc



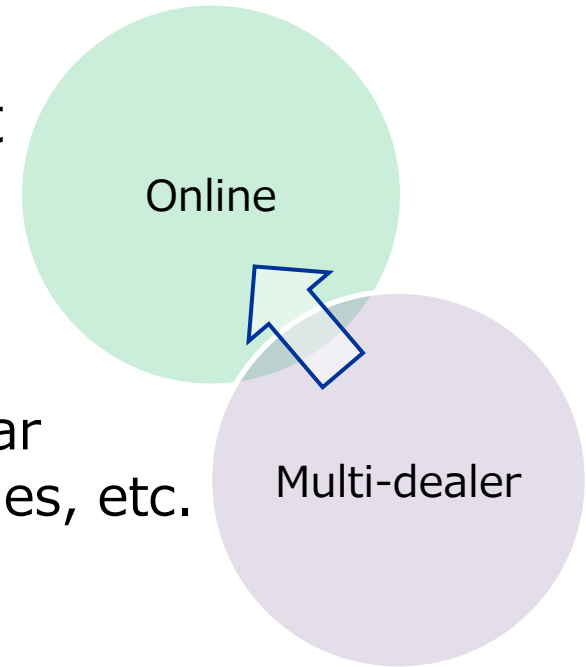
Maintenance network to adapt to next-generation technology

- ✓ Enhance collaboration with partners that deal with next-generation technologies, regardless of their name or size
- ✓ Handle information of maintenance that requires next-generation technologies, facilities, maintenance operation skills and customers that each business partner holds
- ✓ Targeting partners :
Automobile repair and maintenance shops, auto body repair shops and car dealers, etc



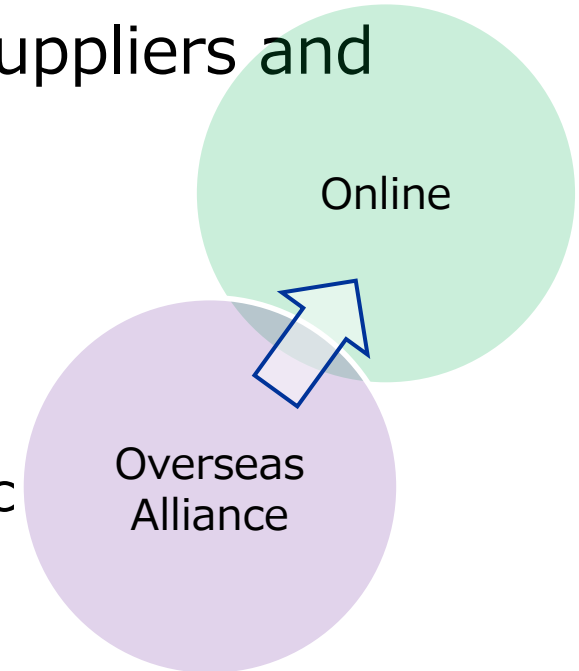
Multi-dealer network

- ✓ Handling information of next-generation vehicles through the car dealership business and make the best use of it with other networks
- ✓ Targeting partners :
Domestic and overseas car dealers, used car dealers, car rental and car leasing companies, etc.



Overseas Alliance network

- ✓ Incorporate technological innovations and business models from alliance companies
- ✓ Contribute to the development of a domestic value chain by start trading with foreign suppliers and wholesalers
- ✓ Targeting partners :
Car sharing companies, startup companies related to automobile, autoparts manufacturers, local retailers, etc



audioXtra

爱车小屋®
Car House

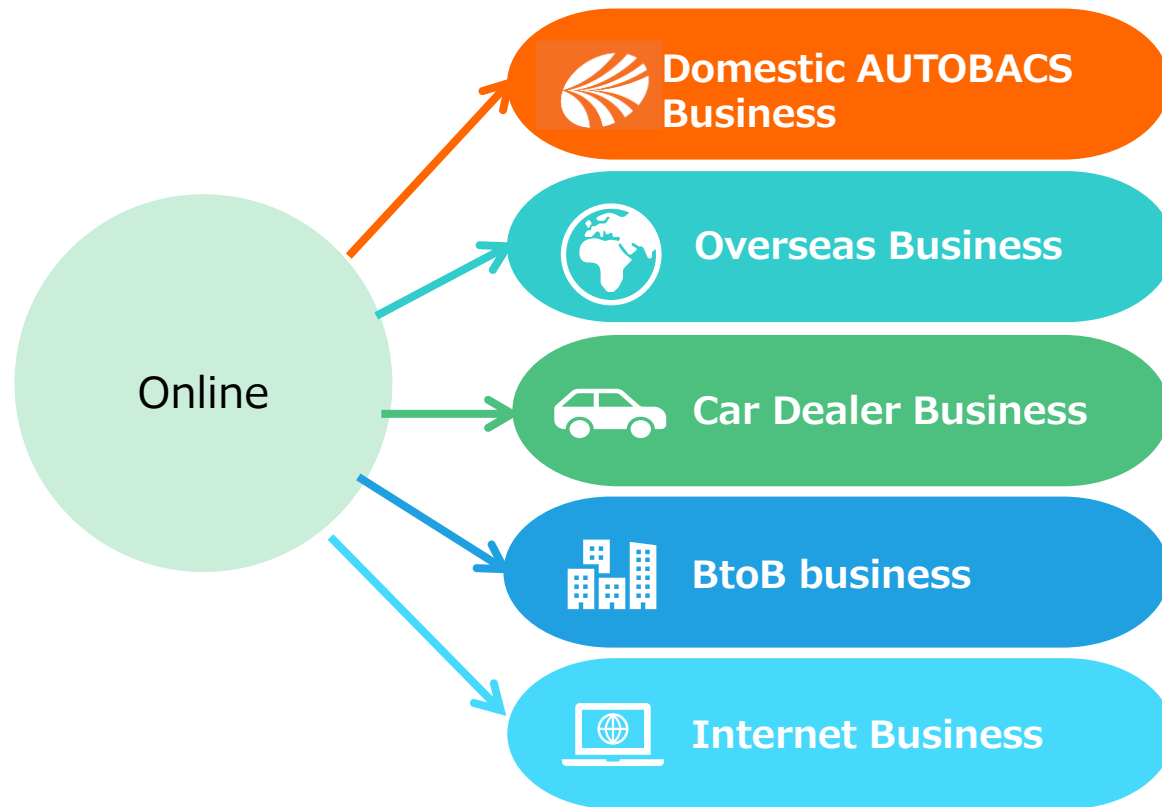

smove
on-demand mobility

Tayaria


OFFICIAL PARTNER OF
AUTOBACS

Online network to enhance relationships with customers

- ✓ Integrate all the data, technologies, skills, etc. of each network, and build a database that visualizes "people's lives"



AUTOBACS SEVEN VISION 2050 Create Future Together Professional and Friendly



Appendix

Non-Consolidated and Domestic Store Subsidiaries

(H1 FY2020)

(Million Yen)

	Non-consolidated		Domestic Store Subsidiaries	
	Results	YoY	Results	YoY
Net Sales	79,545	+9,049	27,983	+3,638
Gross margin(%)	16,789 (21.1%)	+2,027 (+0.2pt)	12,241 (43.7%)	+1,832 (+0.9pt)
SG&A	14,046	+830	11,013	+769
Operating Income	2,743	+1,196	1,228	+1,063
	<ul style="list-style-type: none"> •Sales and profit increased. •Wholesale of tires, wheels, and car electronics, etc. remained strong. •Profit increased significantly by controlling the increase of SG&A within the range of increase of the gross margin. 		<ul style="list-style-type: none"> •Sales and profit increased. •Sales and gross margin increased because of the conversion of franchisees into subsidiaries and the strong sales of tires and dashcams, etc. •Gross margin ratio improved due to strong sales of services including statutory safety inspections. 	

Store Openings and Closings (Plan)



Domestic stores

	No. of stores as of March 31, 2019	Fiscal year ending March 31, 2020							No. of stores as of March 31, 2020 (Plan)
		H1 (results)			No. of stores as of Sep. 30, 2019	H2 (Plan)			
		New	S/B•R/L	Close		New	S/B•R/L	Close	
AUTOBACS	493		+2/-2	-2	491	+3		-2	492
Super AUTOBACS	74				74				74
AUTOBACS <i>Secohan Ichiba</i>	7				7				7
AUTOBACS EXPRESS	11				11				11
AUTOBACS CARS	8			-5	3				3
Total	593		+2/-2	-7	586	+3		-2	587

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

Overseas stores

Country / Region	No. of stores as of March 31, 2019	FY March 2019 (Results & Forecasts)			No. of stores as of March 31, 2020 (Plan)
		H1 (results)	No. of stores as of Sep. 30, 2019	H2 (Plan)	
France	11		11	-1	10
Thailand	15	+1	16	+1	17
Singapore	3		3		3
Taiwan	7		7	-1	6
Malaysia	4		4		4
Indonesia	3	-1	2		2
Philippines	3		3		3
Total	46	+1/-1	46	+1/-2	45

Automobile purchase and sales business



BtoB Sales

Details	No. of cars sold
To AUTOBACS SEVEN	1,590
Sales to AA via AUTOBACS SEVEN	2,533
Direct sales from stores	5,762
BtoB total	9,884

Retail

Details	No. of cars sold
Used cars	4,121
New cars	2,369
Retail total	6,490

Total 16,374 cars

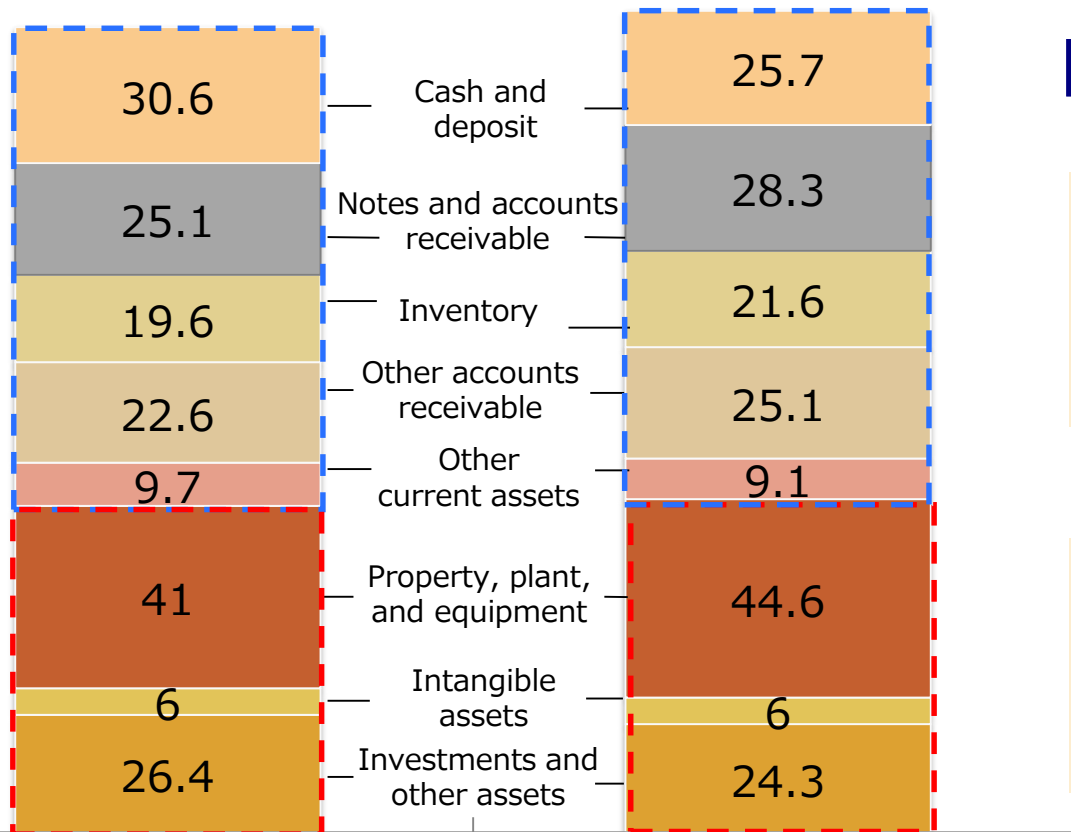
YoY +13.2%

※Include sales at all domestic AUTOBACS CARS stores

Balance Sheets / Assets

Total Assets
181.3
Billion Yen

Total Assets
185.0
Billion Yen



At Mar 31, 2019

September 30, 2019

Major items changed

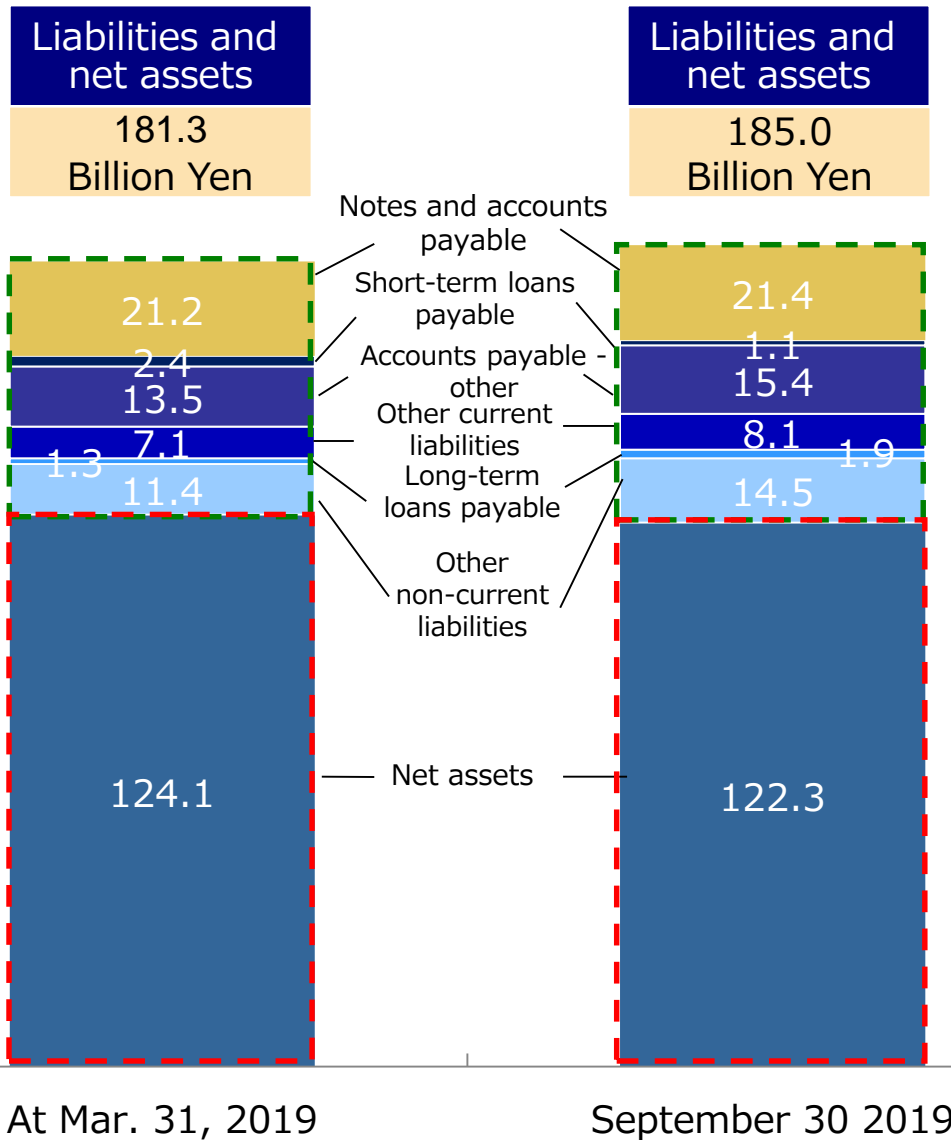
Domestic AUTOBACS
Business : +1.5BY
Others : +0.7BY

Right-of-use assets: +3.6 BY
Land: +0.1 BY

* Billion Yen

* Round down to the 10 million Yen

Balance Sheets / Liabilities and Net assets



Major items changed

Lease liability: +3.1BY

Total Dividends Paid :-2.4BY
 Profit attributable to owners of parent :+2.8BY
 Acquisition of Own Shares : -2.0BY

* Billion Yen

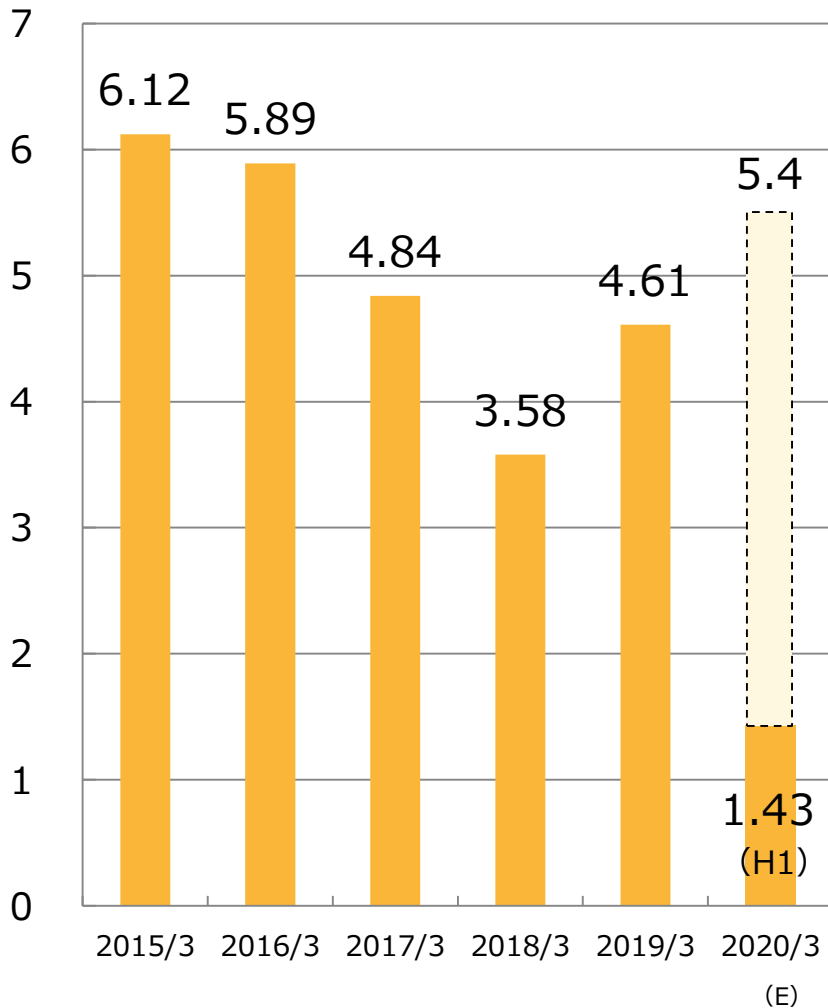
* Round down to the 10 million Yen

CAPEX and Depreciation



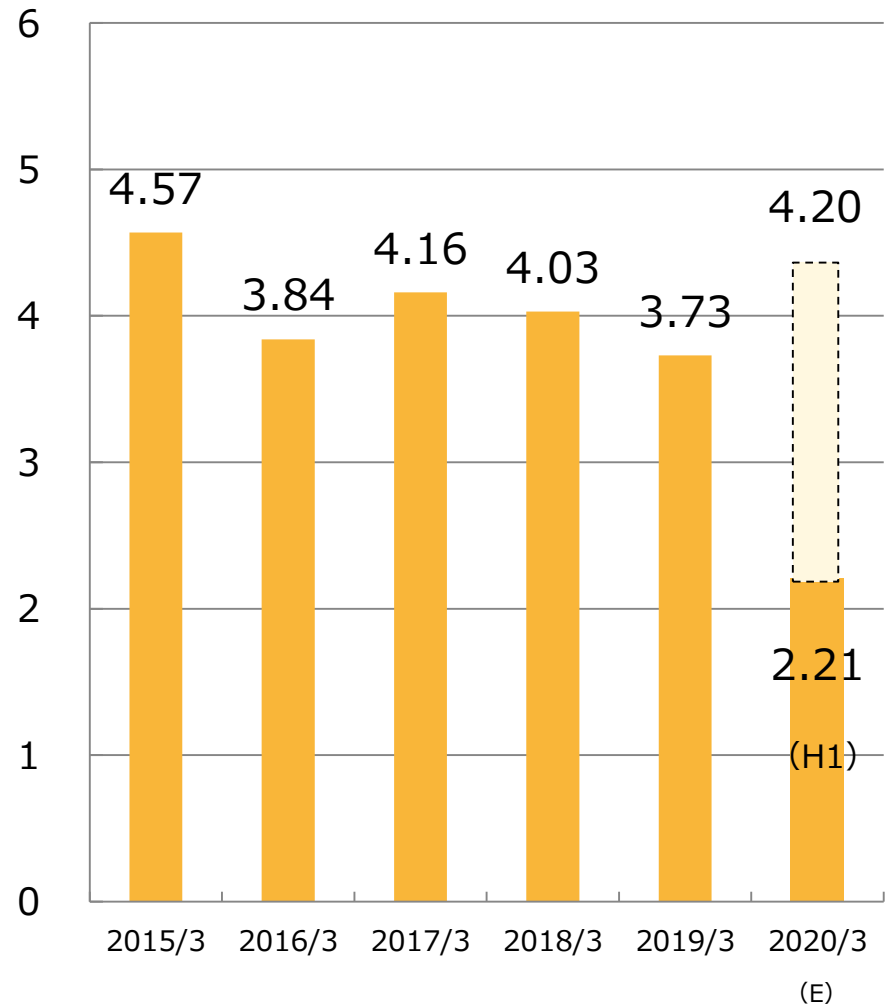
CAPEX

(Billion Yen)

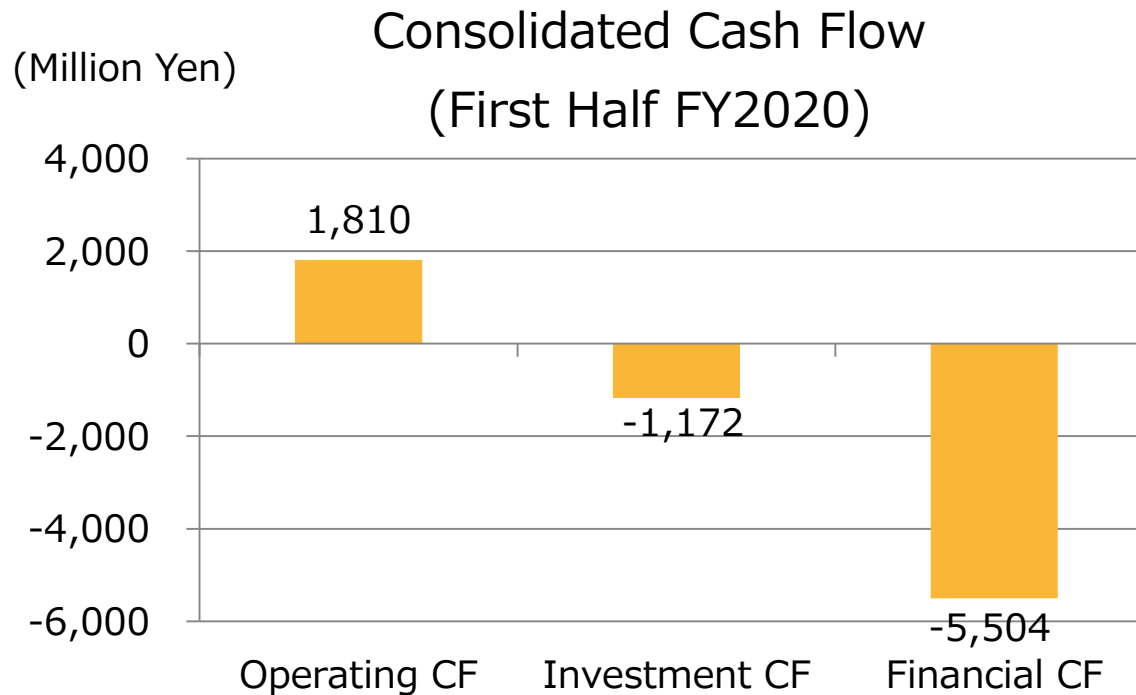


Depreciation

(Billion Yen)



Cash Flow



Cash balance:
25.6Billion Yen(Sep.30, 2019)
37.3 Billion Yen (Sep.30, 2018)

Breakdown of investment items (including items other than CAPEX)

- Renovation of existing stores
- Information technology investment

Conversion of franchisees into a subsidiary

- Acquisition of Shares of franchise company, running 7 stores in Gifu, Nagano and Aichi Prefecture. (March 1, 2019)
- Planned acquisition of Shares in franchise company, running 8 stores in Kumamoto prefecture. (November 1, 2019)

As of September 30, 2018, Domestic store subsidiaries:
110 stores operated by 14 companies



As of November 1, 2019, Domestic store subsidiaries:
123 stores operated by 16 companies

“Safety and Security” merchandise

Goods for security and safety are currently attracting attention from customers, because of multiple reports in the media of accidents due to mistakenly pressing down the accelerator instead of the brake.

Pedal Watcher II

Price : 40,000 yen

(electric wiring for each car, ~, ~, ~,
installation fee included, tax excluded)



In several local governments including Tokyo, there is a growing trend for products that support safety driving by elderly drivers to be covered by subsidies.

Domestic AUTOBACS Business: JACK & MARIE Fifth store



JACK & MARIE
— GO FOR A RIDE —



■ Promotion of opening of stores

Fifth store: JACK & MARIE Grandberry Park
(open on November 13, 2019)

Location: Machida-shi, Tokyo (inside Grandberry Park)

Conversion of a statutory safety inspection provider to a subsidiary

To develop a new network, of maintenance business a statutory safety inspection provider has been converted into a subsidiary in June 2019.

Company name : Seiwa Automobile Sales Co., Ltd.

Location : Rittou-shi, Shiga Prefecture

Business description : Car repair and maintenance

Capital : 10 Million Yen



Making a wholesale business company a subsidiary

Company name : HSC Planning ,Ltd

Location : Onojo-shi, Fukuoka Prefecture

Business description : Planning, development and import wholesale business of wheels

Capital : 10 Million Yen

Stock acquisition date : July 31, 2019





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.