

# Results for the Nine Months Ended December 31, 2018



January 31, 2019

AUTOBACS SEVEN CO., LTD.

# Q3 FY March 2019 Consolidated P/L



(Billion Yen)

	Nine months ended Dec. 31, 2018			Nine months ended Dec. 31, 2017	
	Actual result	% of Sales	YoY change	Actual result	YoY change
Net sales	165.9	-	+0.5%	165.1	+2.5%
Gross profit	51.8	31.2%	-1.7%	52.7	+1.7%
SG&A	44.6	26.9%	-0.2%	44.7	-0.9%
Operating income	7.1	4.3%	-10.0%	7.9	+19.3%
Non-operating Income/expenses	0.7	0.5%	+54.2%	0.5	+11.6%
Ordinary income	7.9	4.8%	-6.1%	8.4	+18.8%
Extraordinary gains	0.1	0.1%	-41.8%	0.2	-
Extraordinary losses	1.2	0.7%	+57.9%	0.7	-
Net profit*	4.6	2.8%	-11.9%	5.2	+13.9%

Amounts are rounded down. % of Net Sales and YoY comparisons are calculated in the single digits.

\*Net profit = Profit attributable to owners of parent

# Major Index of FY Q1~Q3 March 2019



Consolidated Sales YoY **+0.5%**

Total AUTOBACS stores retail sales YoY **+1.1%**

Whole sales of non-consolidated company YoY **+0.3**

Gross Margin Q1~Q3 FY 2019 Q1~Q3 FY 2018  
**31.2%** ← 31.9%

SG&A YoY **decreased 700 Million Yen**

Operating Income Q1~Q3 FY 2019 Q1~Q3 FY 2018  
**7.14 Billion Yen** ← 7.93 Billion Yen

Extraordinary Income **169 Million Yen**  
Receivable insurance for disasters

Extraordinary Losses **1,230 Million Yen**  
Loss from disasters, special retirement allowance

## Points for the 3<sup>rd</sup> Quarter of FY March 2019

- Increase in sales of tire chains due to an increase in demand for snow tires caused by cold weather and the mandated use of tire chains on some roads. Continuance of strong dashcams sales.
- Increase in earnings of domestic store subsidiaries thanks to strong tire and pit service sales and continuous efforts to increase gross profit.
- Overall SG&A was almost on a par with the level in the same period of the previous year, despite an increase in the selling expense spent on improving TV ads, etc. of tires and statutory safety inspections.
- In addition to retail sales in each country, the overseas business placed greater emphasis on wholesale through the acquisition of a wholesale company in Australia as a new subsidiary, etc.
- The BtoB business is on an improving trend through a business merger with a wholesale subsidiary in the first half, despite a rise in oil and logistics costs.

# Quarterly P/L



(Billion Yen)

	1 <sup>st</sup> Quarter	2 <sup>nd</sup> Quarter	3 <sup>rd</sup> Quarter	4 <sup>th</sup> Quarter (Estimate-result)	FY March 2019 (Estimate)
Net sales	49.0	48.4	68.3	49.0	215.0
YoY	-2.2%	+0.3%	+2.5%	+4.1%	+1.3%
Gross margin (% of Sales)	14.6 (29.9%)	16.1 (33.2%)	21.0 (30.8%)	16.9 (34.5%)	68.8 (32.0%)
YoY	-5.2%	-2.5%	+1.7%	+11.2%	+1.2%
SG&A	14.4	14.8	15.4	15.1	59.8
YoY	-3.7%	+0.4%	+2.8%	-1.9%	-0.6%
Operating income	0.2	1.2	5.6	1.8	9.0
YoY	-47.3%	-27.4%	-1.4%	—	+15.5%
Ordinary income	0.5	1.2	6.0	2.0	10.0
Net profit	0.3	0.2	4.0	2.1	6.8
Same store sales	-2.7%	+3.2%	+2.4%	※±0.0%	+0.6%

※Estimate

Amounts are rounded down.

% of Net Sales and YoY comparisons are calculated in the single digits. 5

# Segment Information

(Billion Yen)

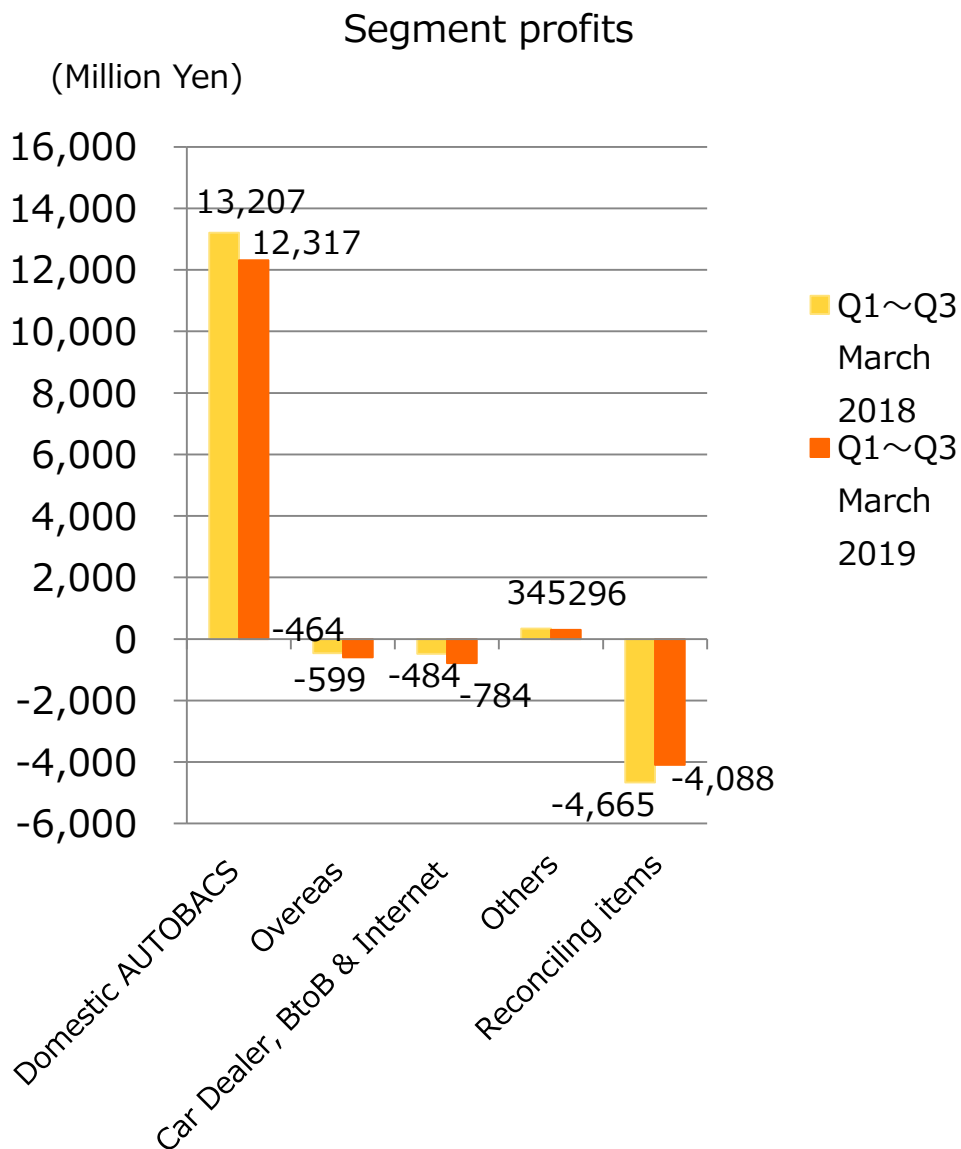
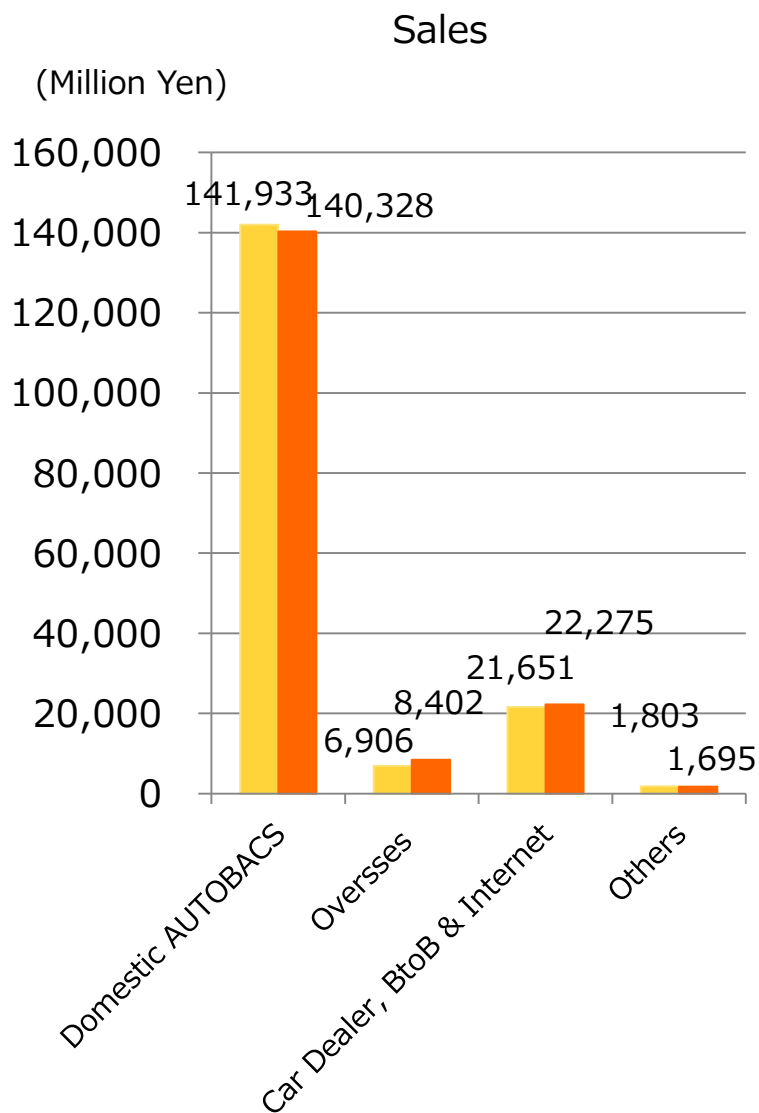


		Nine months ended Dec. 31, 2018	Nine months ended Dec 31, 2017	YoY	Summary
Domestic AUTOBACS Business	Sales	140.32	141.93	-1.1%	Although the retail business delivered strong performance, primarily thanks to strong sales of winter goods, gross profit decreased due to the business transfer. SG&A partially decreased in the costs caused by the business transfer and related to the logistics system.
	Gross margin	42.76	44.44	-3.8%	
	SG&A	30.44	31.23	-2.5%	
	Operating income	12.31	13.20	-6.7%	
Overseas Business	Sales	8.40	6.90	+21.7%	Sales increased thanks to an increase of stores in France and Thailand and an increase in wholesale, but costs also increased. In addition, a wholesale company in Australia joined as a new subsidiary.
	Gross margin	4.10	3.50	+17.4%	
	SG&A	4.70	3.96	+18.4%	
	Operating income	-0.59	-0.46	-	
Car Dealer, BtoB and Internet Business	Sales	22.27	21.65	2.9%	Although sales increased due to an increase in stores of imported car dealers, the oil and logistics expenses in the BtoB business rose, resulting in a profit decrease.
	Gross margin	4.40	4.17	+5.6%	
	SG&A	5.18	4.65	+11.4%	
	Operating income	-0.78	-0.48	-	
Other Business	Operating income	1.69	1.80	-6.0%	Revenue from insurance-related charges decreased.
	Gross margin	0.55	0.59	-6.6%	
	SG&A	0.26	0.25	+3.6%	
	Operating income	0.29	0.34	-14.0%	
Reconciling items	Operating income	-4.08	-4.66	-	

Amounts are rounded down.

% of Net Sales and YoY comparisons are calculated in the single digits.

# Sales and profits of Reporting Segments



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

# Non-Consolidated and Domestic Store Subsidiaries



(Million Yen)

	Non-consolidated		Domestic Store Subsidiaries	
	Results	YoY	Results	YoY
Net Sales	124,544	-489	40,488	-3,739
Gross Margin(%)	26,222 (21.1%)	+139 (+0.5pt)	17,034 (42.1%)	-1,759 (-0.4pt)
SG&A	20,206	+243	15,649	-1,684
Operating Income	6,015	-103	1,385	-75
	<ul style="list-style-type: none"> <li>•Gross profit increased due to the return of the rate of the cost of goods purchased by stores to the normal level from the level in the previous fiscal year and thanks to the strong performance of tires, wheels and car electronics.</li> <li>•SG&amp;A increased due to improved TV ads for tires and statutory safety inspections.</li> </ul>		<ul style="list-style-type: none"> <li>•Sales decreased due to the stock transfer of Michinoku AUTOBACS and AUTOBACS Akita.</li> <li>•Operating income increased thanks to the efforts to increase gross margin and the review of SG&amp;A.</li> </ul>	

Amounts are rounded down to the nearest hundred million yen. 8

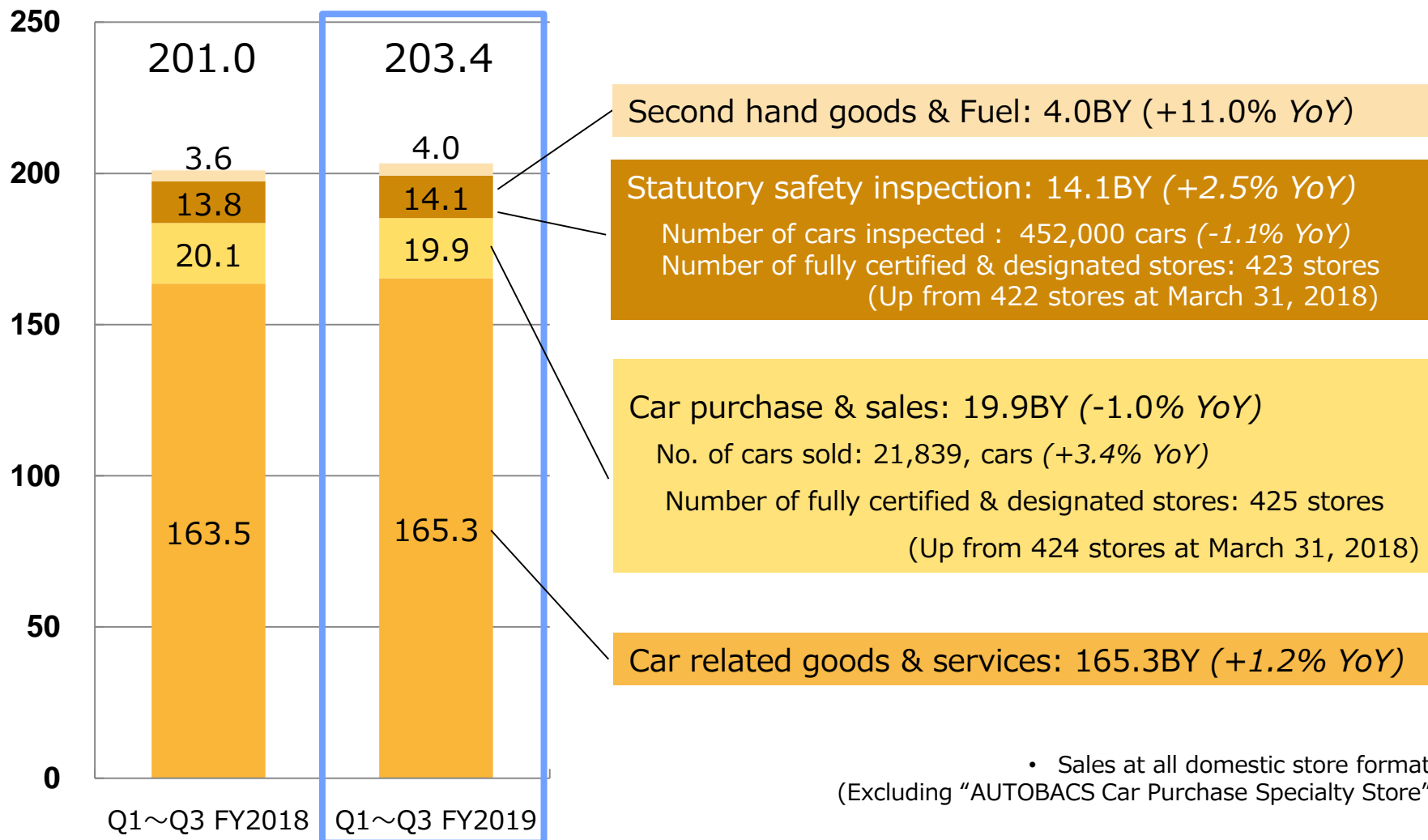


# Retail Sales in Total AUTOBACS Group Stores



Retail Sales Including FCs: 203.4 billion yen (+1.1% YoY)

(Billion Yen)



# Performance by Overseas Subsidiaries (1)



	FRANCE		THAILAND		SINGAPORE	
Number of stores at Dec. 31, 2018 -including FC stores-	11		9		3	
Period	Nine months FY March 2019	Nine months FY March 2018	Nine months FY March 2019	Nine months FY March 2018	Nine months FY March 2019	Nine months FY March 2018
Net sales (Million Yen)	6,011	5,183	364	282	987	1,053
SG&A (Million Yen)	3,259	2,752	215	177	434	466
Operating income (Million Yen)	-74	-7	-101	-93	12	66
Business conditions	<p>Although the number of stores increased due to the two stores placed under the umbrella of the local corporation, operating income decreased, primarily due to bad weather and political uncertainties such as demonstrations.</p>		<p>Sales increased with the active retail store openings in gas station malls of the PTG Group; however, expenses were incurred in advance.</p>		<p>Although the services for car sharing companies and the wholesale to hypermarkets increased, profit decreased due to the low service sales in stores.</p>	

Amounts are rounded down to the million Yen.

# Performance by Overseas Subsidiaries (2)



	CHINA		MALAYSIA		AUSTRALIA	
Number of stores at Dec. 31, 2018 -including FC stores-	0		4		0	
Period	Nine months FY March 2019	Nine months FY March 2018	Nine months FY March 2019	Nine months FY March 2018	Nine months FY March 2019	Nine months FY March 2018
Net sales (Million Yen)	473	345	35	22	405	–
SG&A (Million Yen)	150	122	47	47	106	–
Operating income (Million Yen)	26	3	-32	-37	29	–
Business conditions	Although expenses for business expansion increased, the wholesale of automotive goods and services for China grew and operating income increased.		Wholesale to hypermarkets increased. Unprofitable stores were closed in August. The restructuring of local subsidiaries was also performed.		AudioXtra was acquired as a new subsidiary in October 2018. Sales and profit in Q3 were almost as estimated.	

Amounts are rounded down to the million Yen.

# Store Openings and Closings (Plan)



## Domestic stores

	No. of stores as of March 31, 2018	Fiscal year ending March 31, 2019							No. of stores as of March 31, 2019 (Plan)
		Q1~Q3 (results)			No. of stores as of Dec. 31, 2018	Q4 (Plan)			
		New	S/B·R/L	Close		New	S/B·R/L	Close	
AUTOBACS	497	+2	+2/▲2	▲4	495		+1/▲1	▲2	493
Super AUTOBACS	74		+2/▲2		74				74
AUTOBACS <i>Secohan Ichiba</i>	8				8			▲1	7
AUTOBACS EXPRESS	11				11				11
AUTOBACS CARS	13			▲4	9			▲1	8
Total	603	+2	+4/▲4	▲8	597		+1/▲1	▲4	593

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

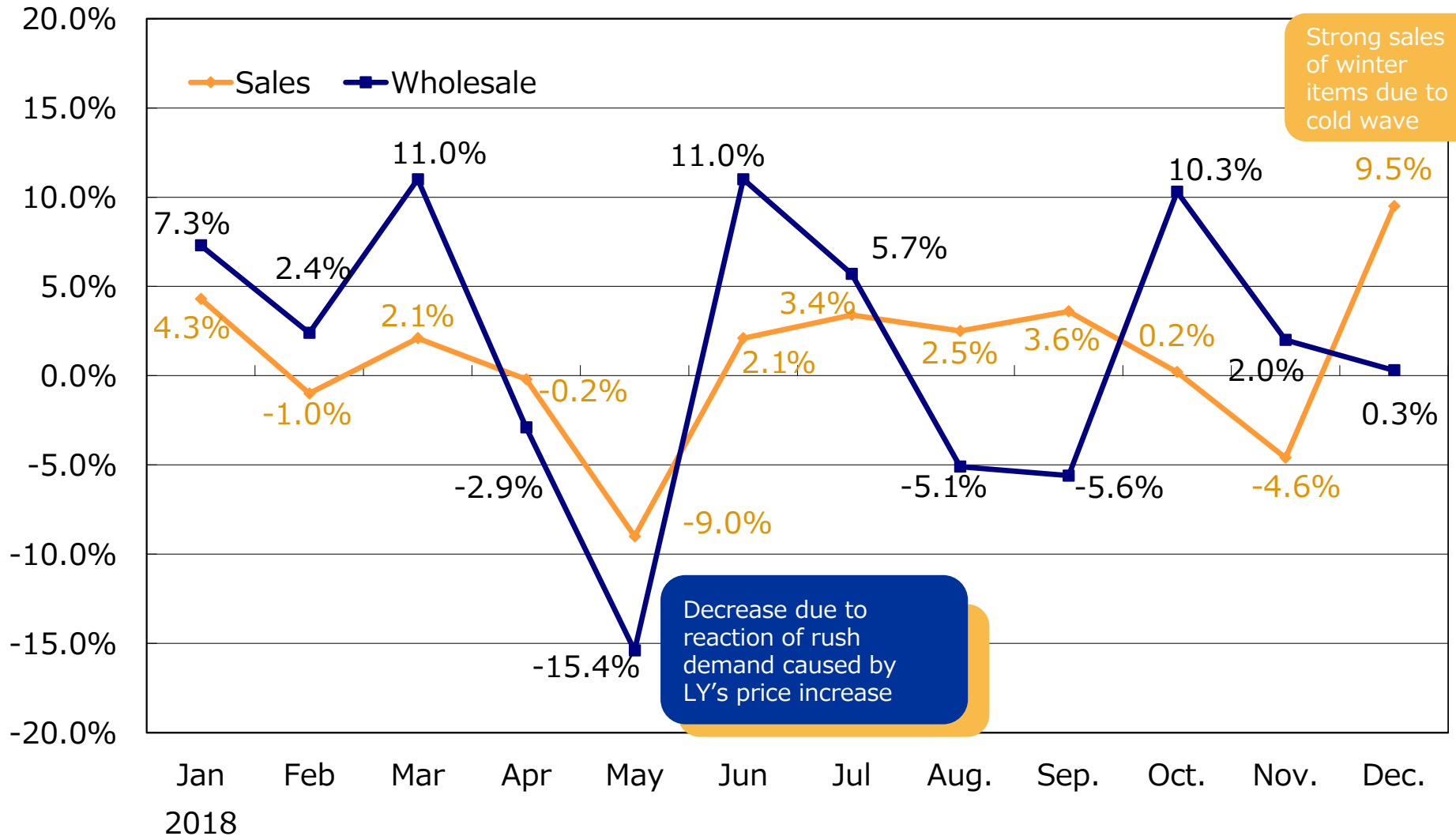
## Overseas stores

Country / Region	No. of stores as of March 31, 2018	FY March 2019(Results & Forecasts)			No. of stores as of Mar 31, 2019 (Plan)
		Q1~Q3 (results)	No. of stores as of Dec 31, 2018	Q4 (Plan)	
France	11		11		11
Thailand	9	+4	13	+2	15
Singapore	3		3		3
Taiwan	6	+2/▲1	7		7
Malaysia	5	▲1	4		4
Indonesia	4	+1/▲2	3		3
Philippines	3		3		3
Total	41	+7/▲4	44	+2	46

# Sales Trend: Retail & Wholesale



[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 (Q1~Q3 FY2019)

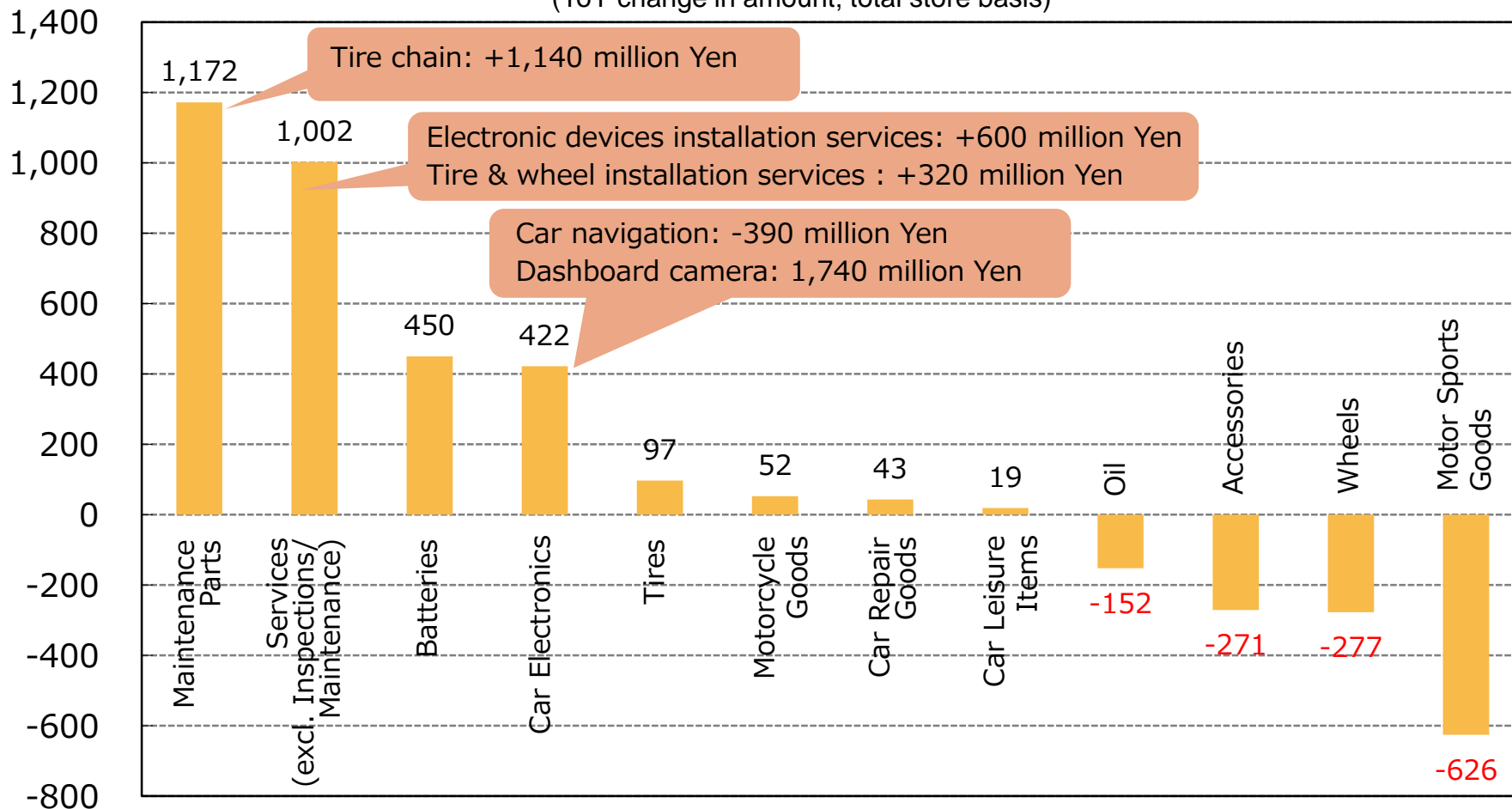


【Same store basis】 Sales: +1.1% YoY, Number of customers: -2.4% YoY

## Sales\* changes by merchandise category

(Million Yen)

(YoY change in amount; total store basis)

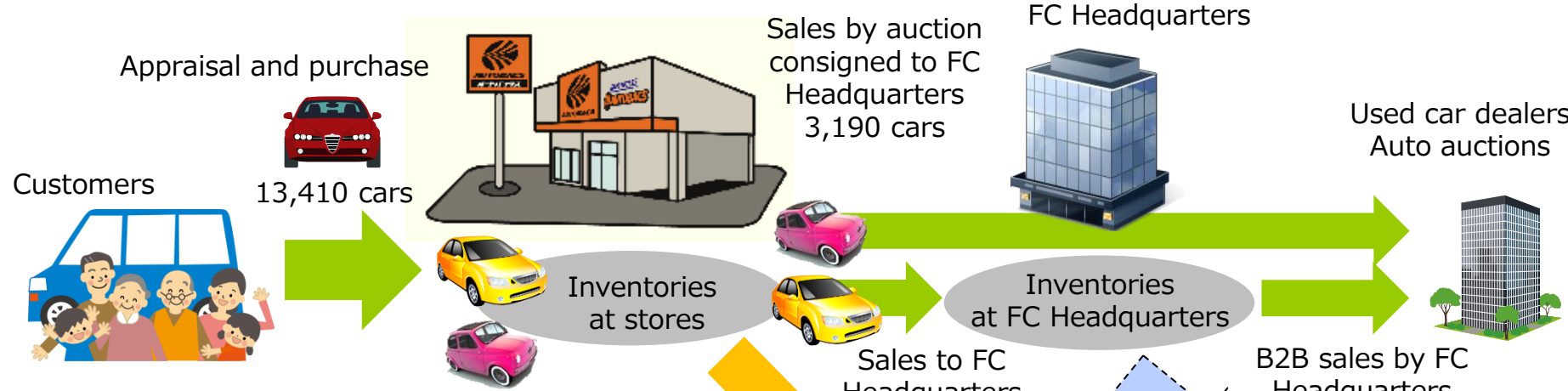


\* Include sales at domestic AUTOBACS-chain stores including FCs; all store formats (AUTOBACS, Super AUTOBACS, CARS, AUTOBACS Secohan Ichiba and AUTOBACS EXPRESS)

# Automobile purchase and sales (1)

## Commercial flow of car purchase and B2B sales

(No. of cars denotes cumulative units for the nine months ended Dec. 31, 2018)

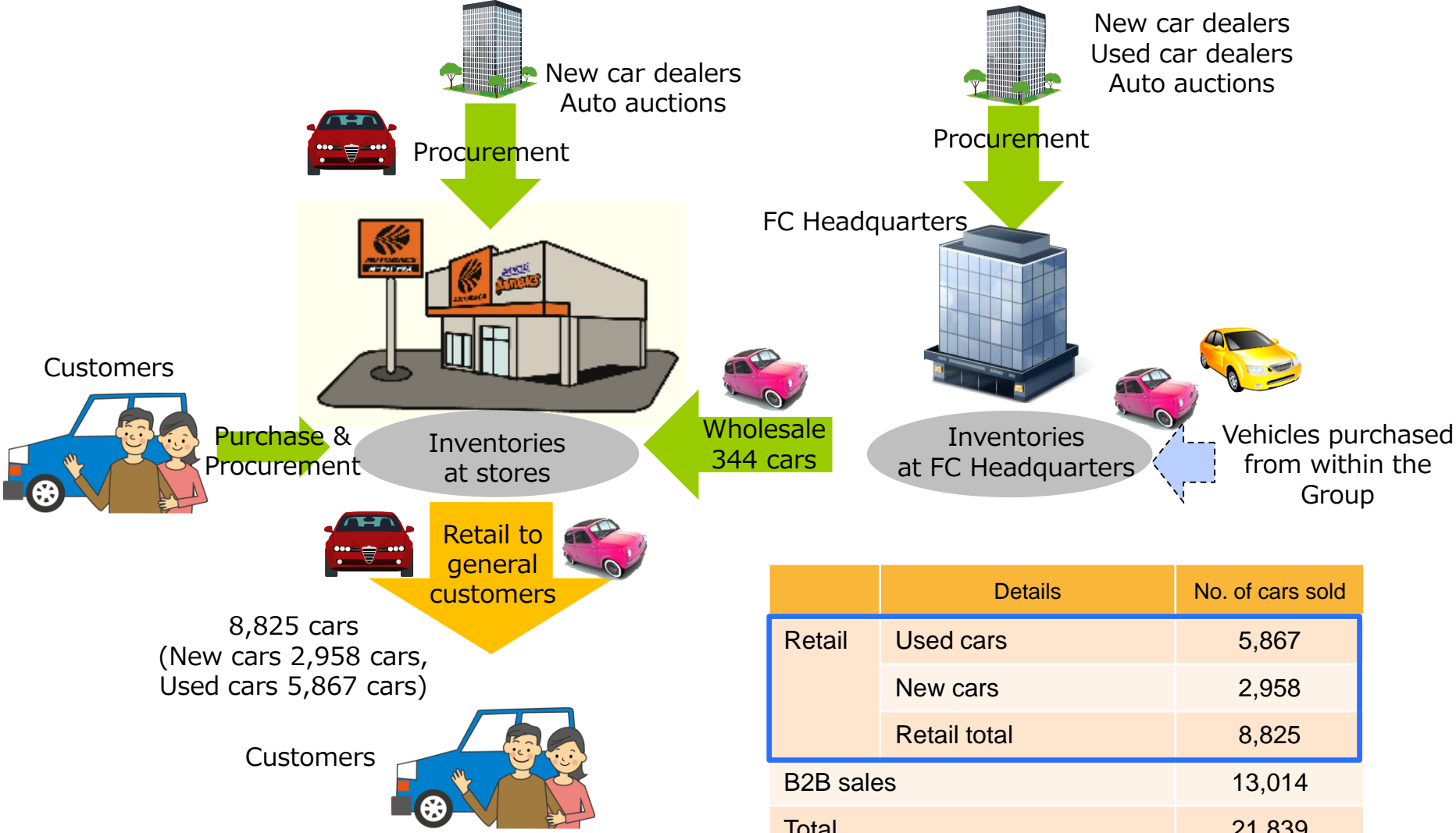


	Details	No. of cars sold
B2B sales	To AUTOBACS Seven	1,397
	Sales to AA via AUTOBACS Seven	3,190
	Direct sales from stores	8,427
	B to B total	13,014
Retail		8,825
Total		21,839

# Automobile purchase and sales (2)

## Commercial flow of retail sales

(No. of cars denotes cumulative units for the nine months ended Dec. 31, 2018)



	Details	No. of cars sold
Retail	Used cars	5,867
	New cars	2,958
	Retail total	8,825
B2B sales		13,014
Total		21,839



# Balance Sheet / Assets



207.1BY

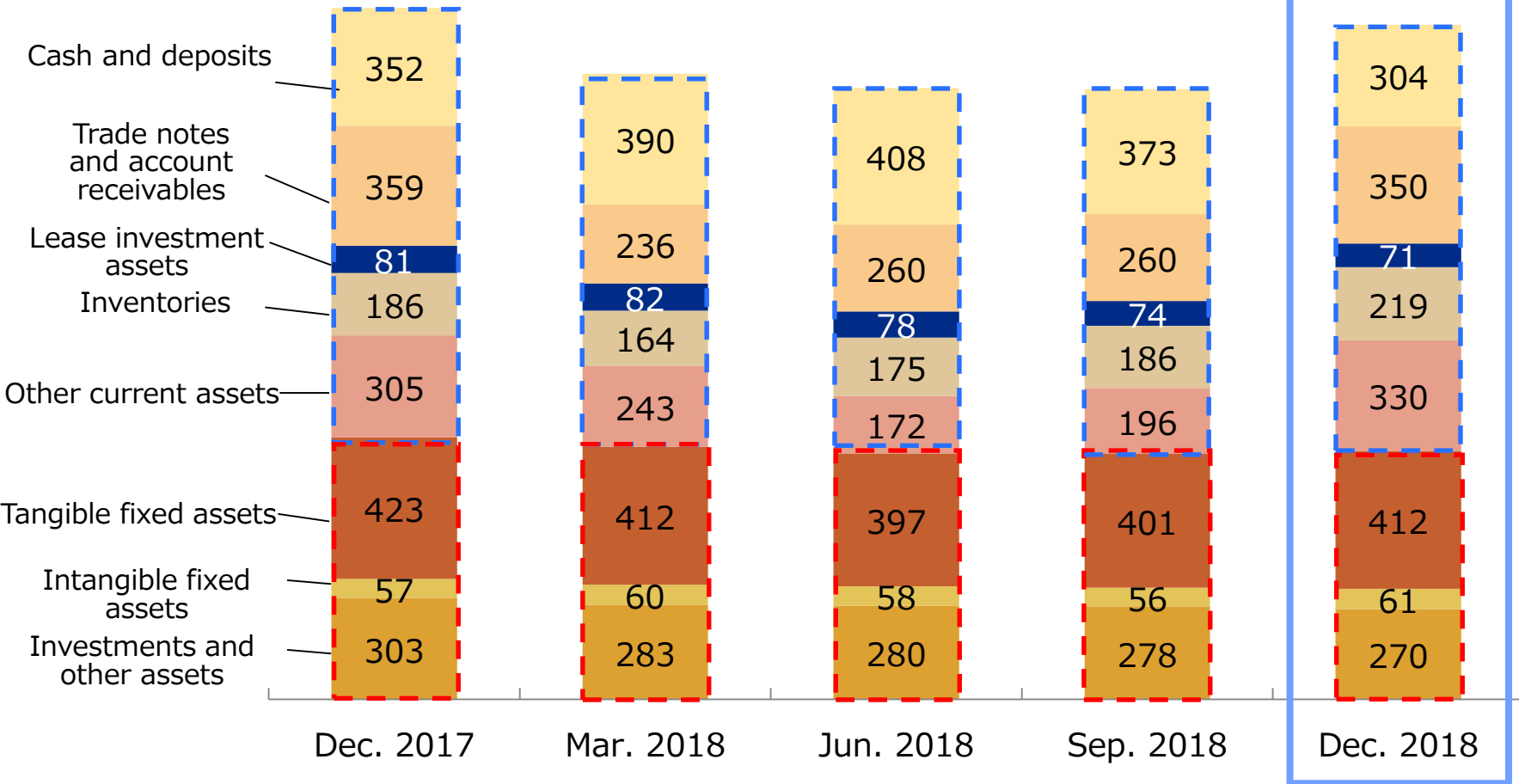
187.3BY

183.0BY

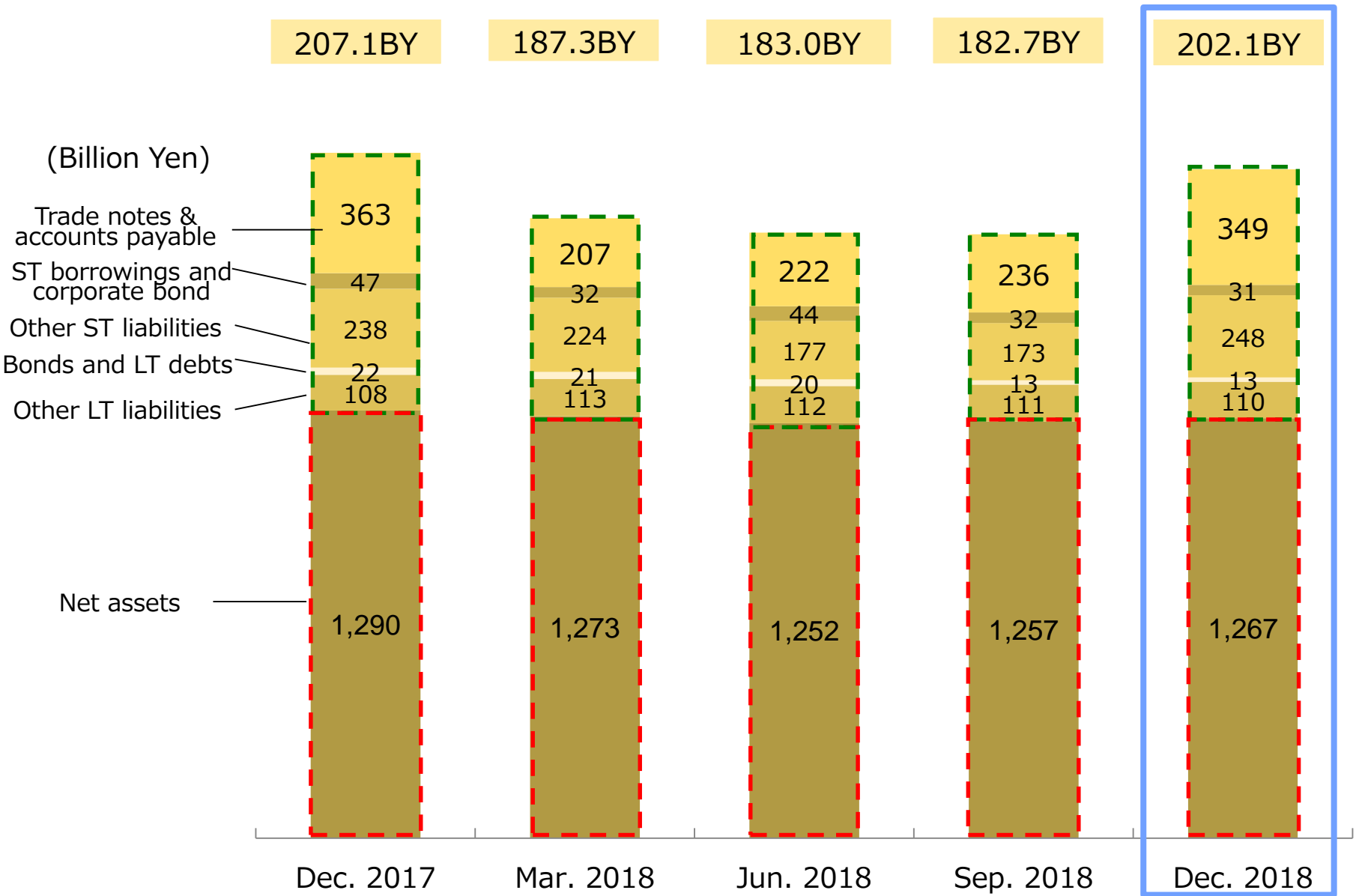
182.7BY

202.1BY

(Billion Yen)



# Balance Sheet / Liabilities & Net Assets

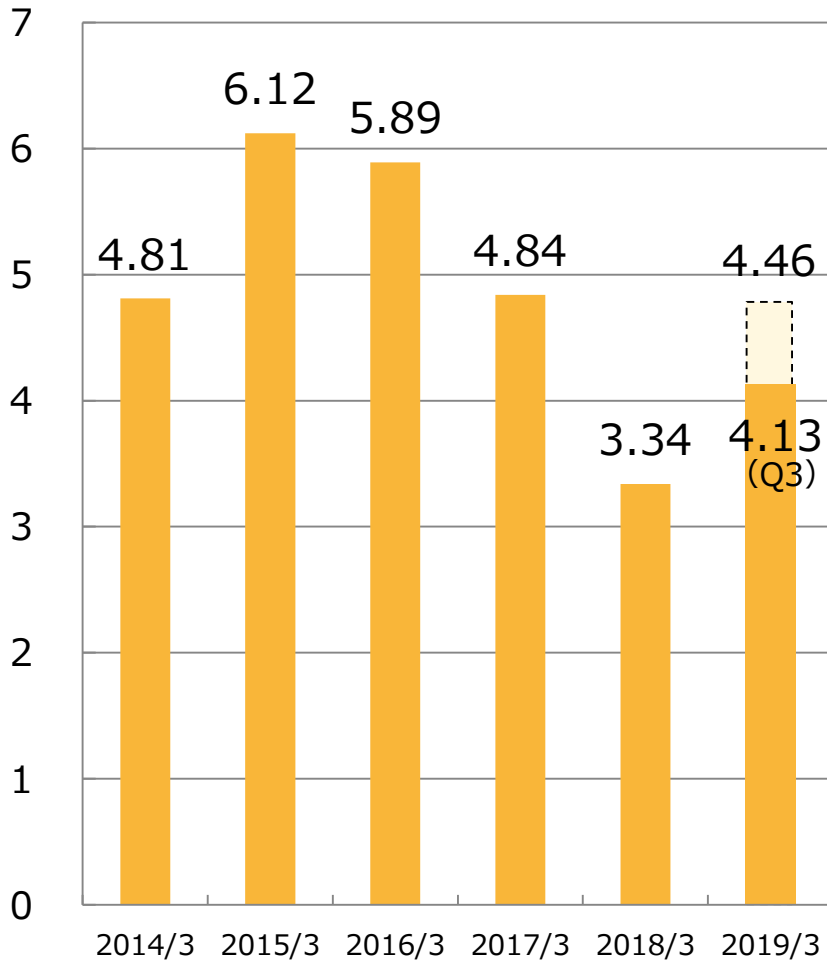


# CAPEX and Depreciation



## CAPEX

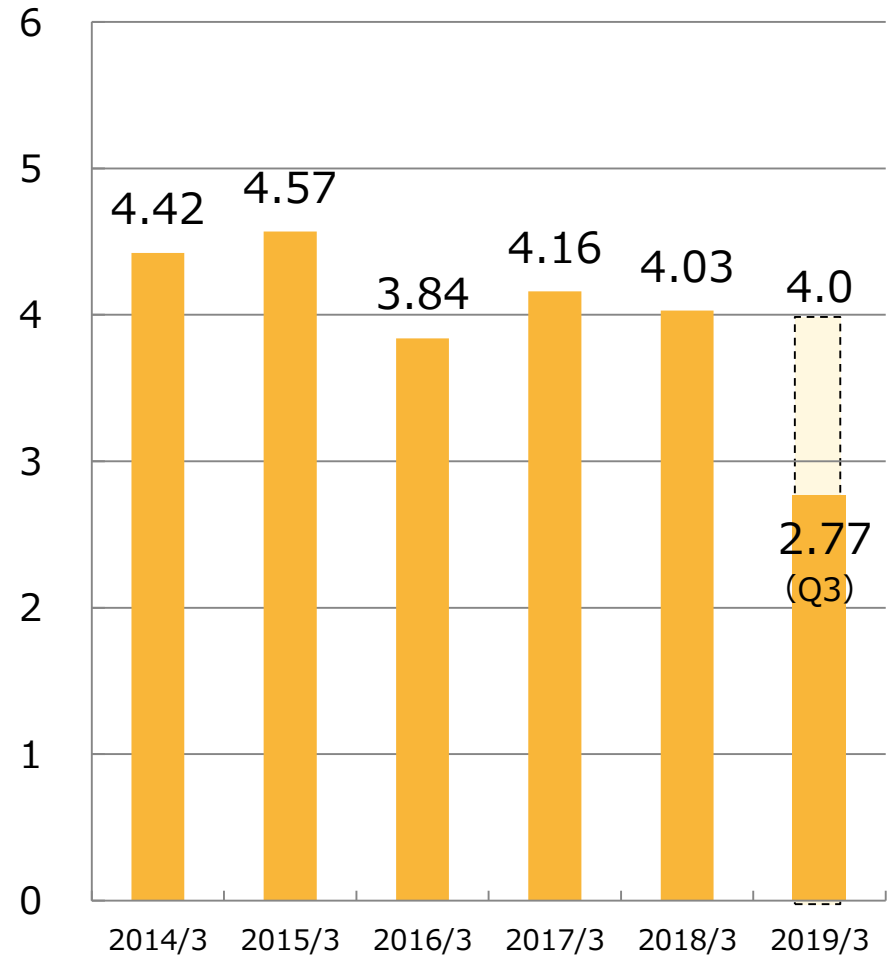
(Billion Yen)



(E)

## Depreciation

(Billion Yen)

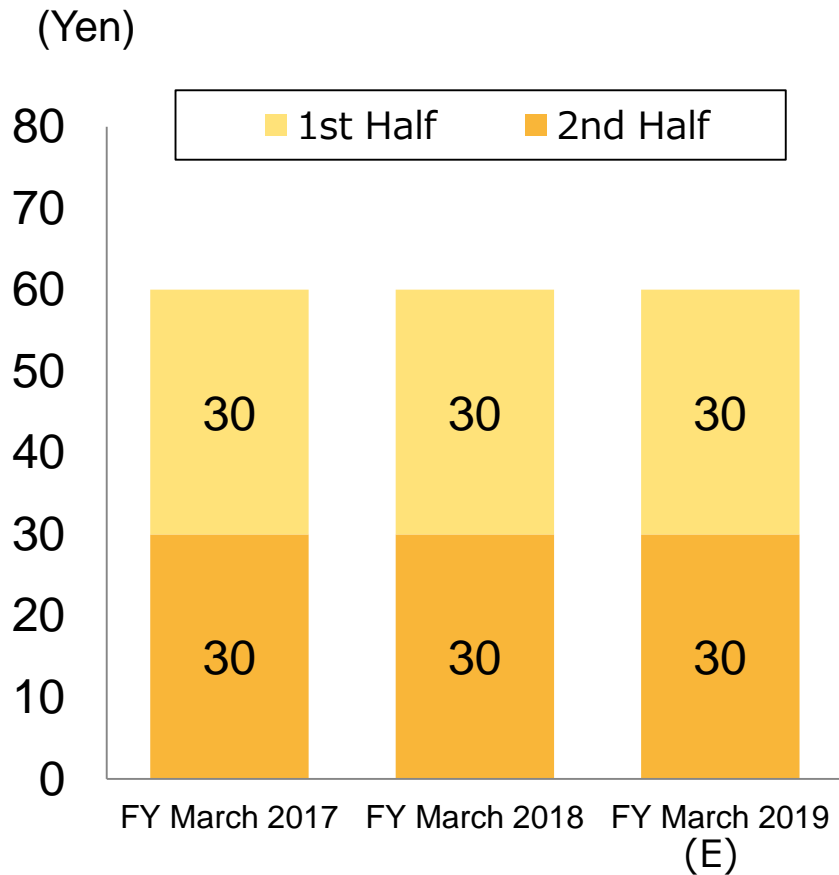


(E)

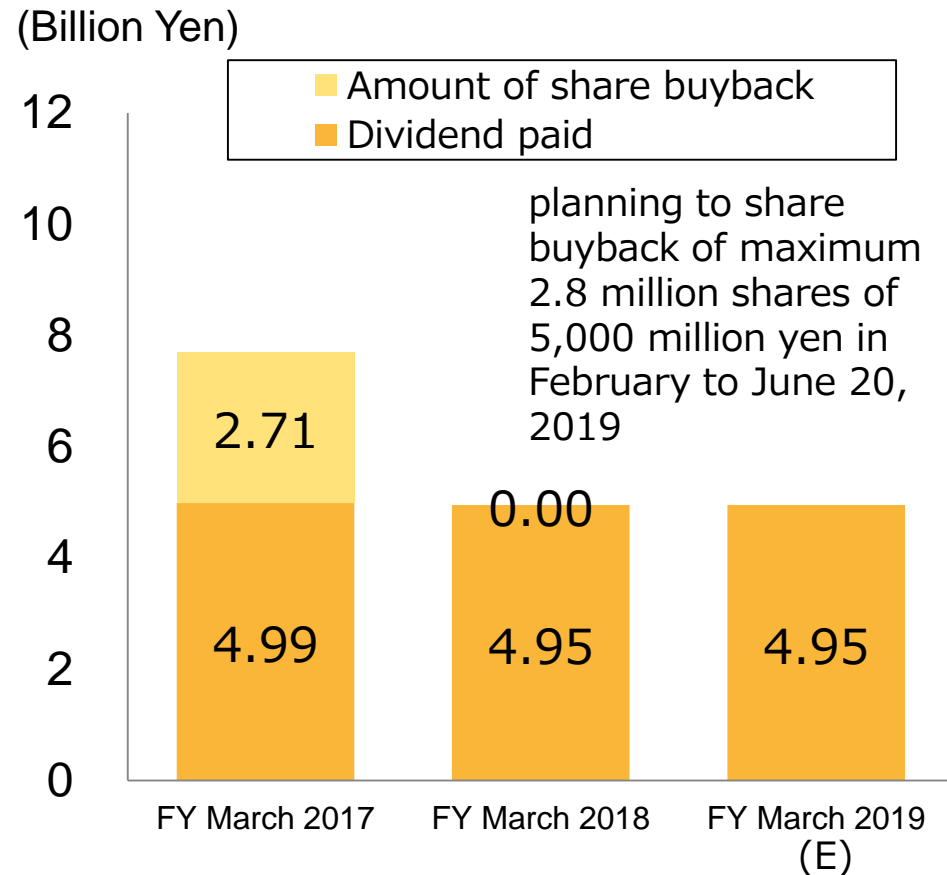
# Shareholders Return



## Dividends per share



## Dividends and share buyback



# Implementation of Share Buyback



Purpose: To improve capital efficiency and strengthen shareholders' return

Number of acquired shares (max.): 2.8 million shares

\* Percentage of total issued shares (excluding treasury shares): 3.39%

Acquisition value (max.): 5,000 million yen

Acquisition period: February 1 to June 20, 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.