

# Medium-Term Business Plan & Result for Fiscal year to February 28, 2014

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April 14, 2014

Gulliver International Co., Ltd.  
(7599)

I . Medium-Term Business Plan

II . Result for Fiscal year to February 28, 2014

III . Plan for Fiscal year to February 28, 2015

IV . The Future of Gulliver

V . Reference

# I . Medium-Term Business Plan

1. Business Model
2. Plan for income growth through new store openings
3. Strategy for new store openings

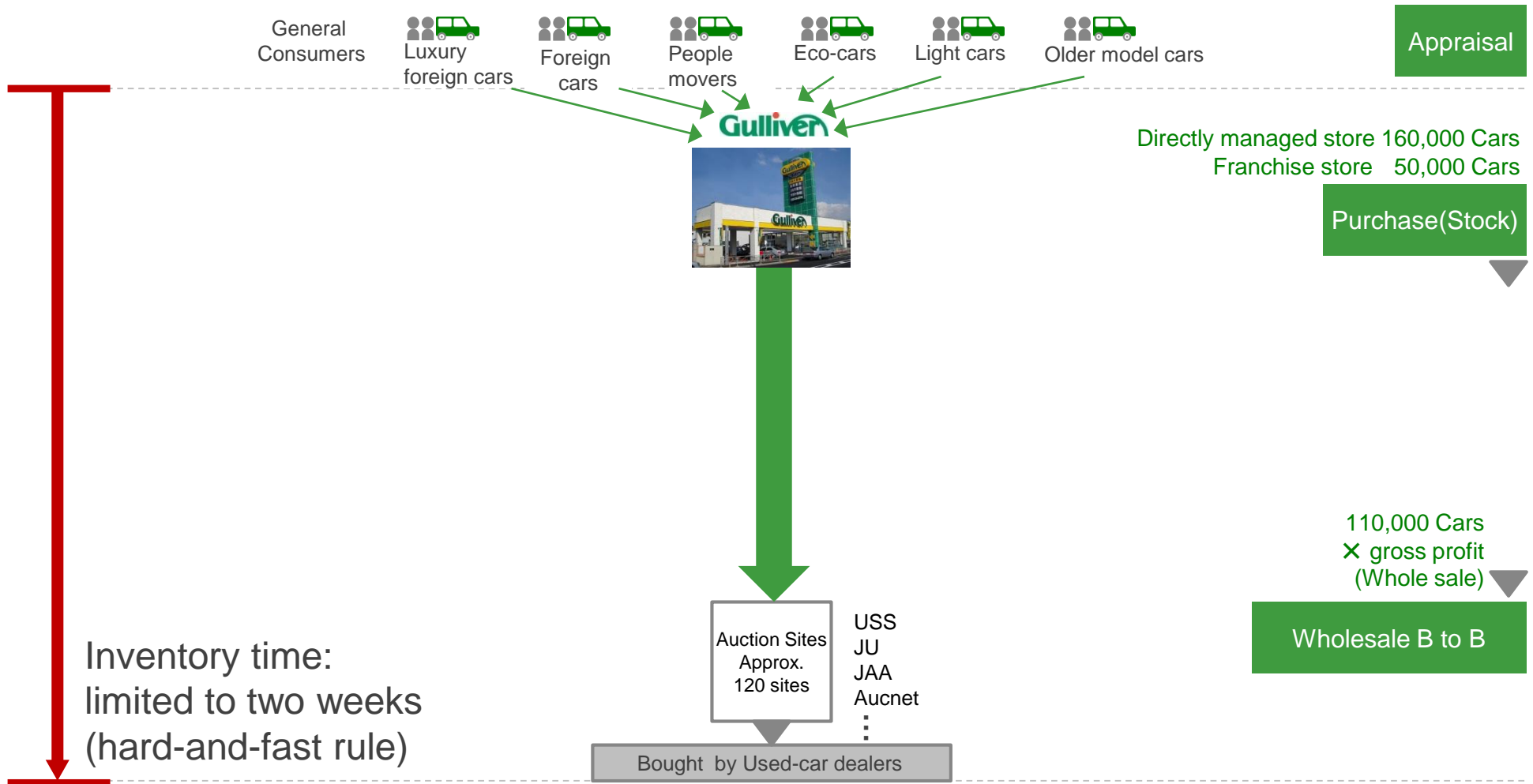
# 1. Business Model

2. Plan for income growth  
through new store openings

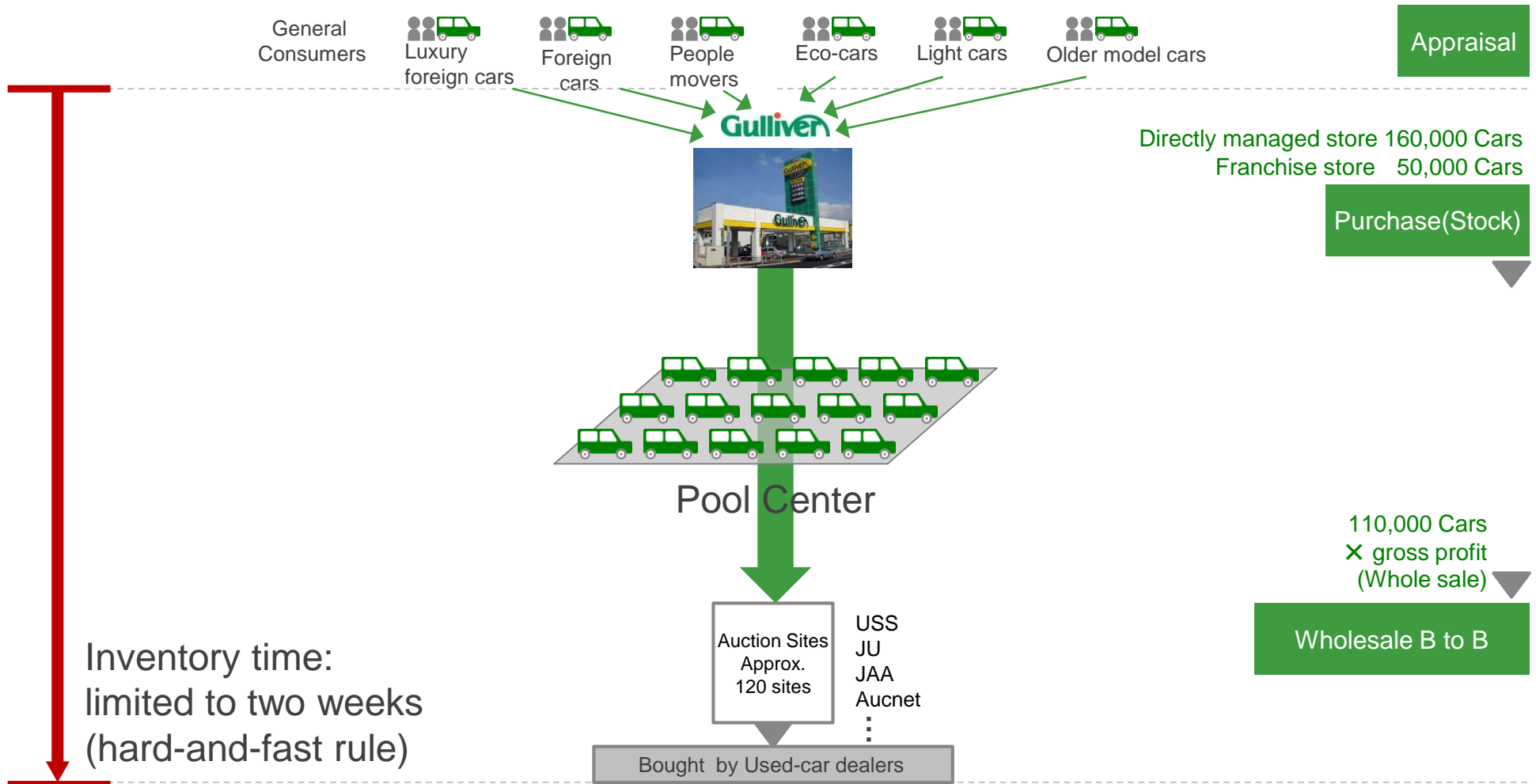
3. Strategy for new store openings

# 1. Business Model

# Car Distribution Flow at Gulliver's Directly Managed Stores

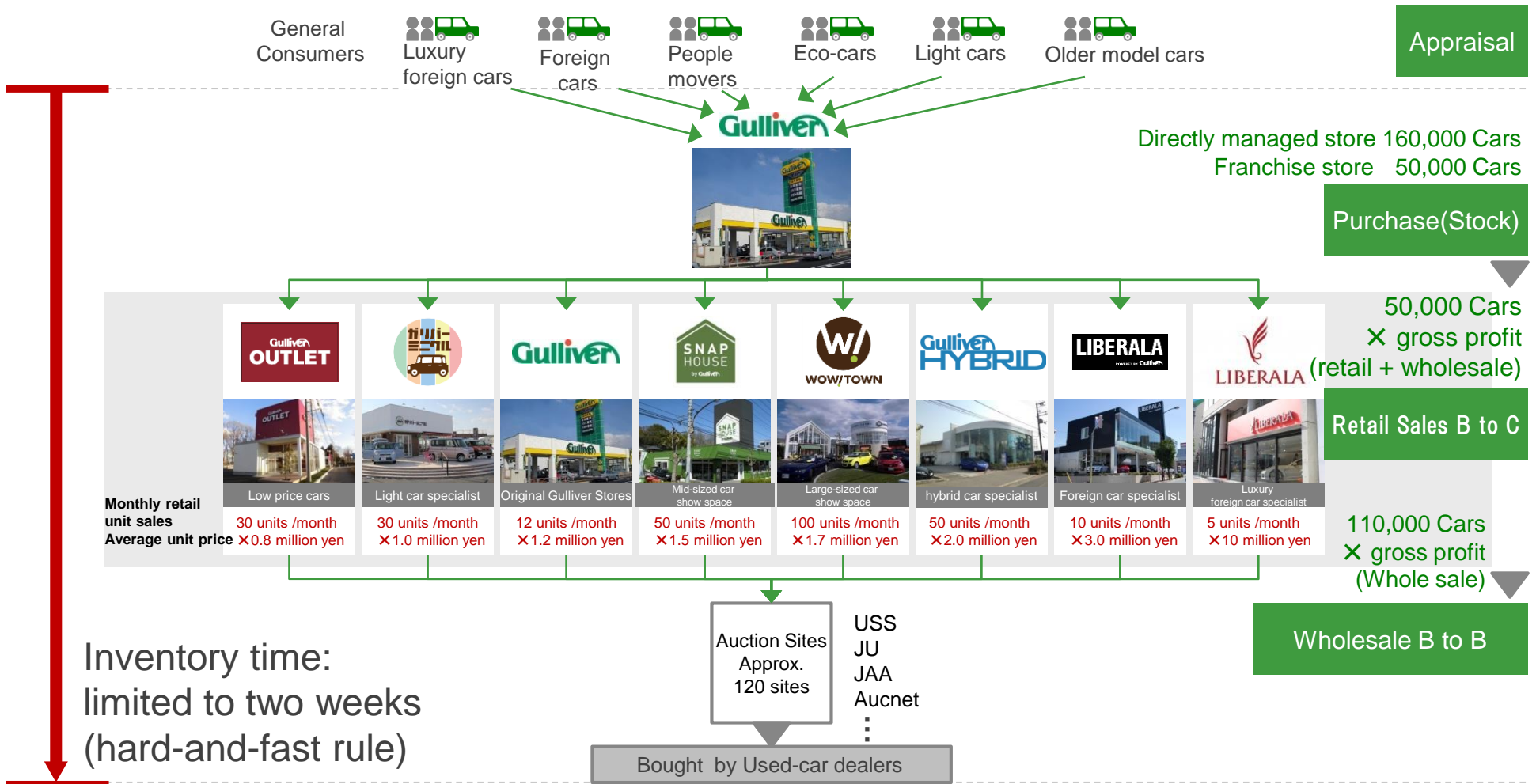


# Car Distribution Flow at Gulliver's Directly Managed Stores





# Car Distribution Flow at Gulliver's Directly Managed Stores



1. Business Model

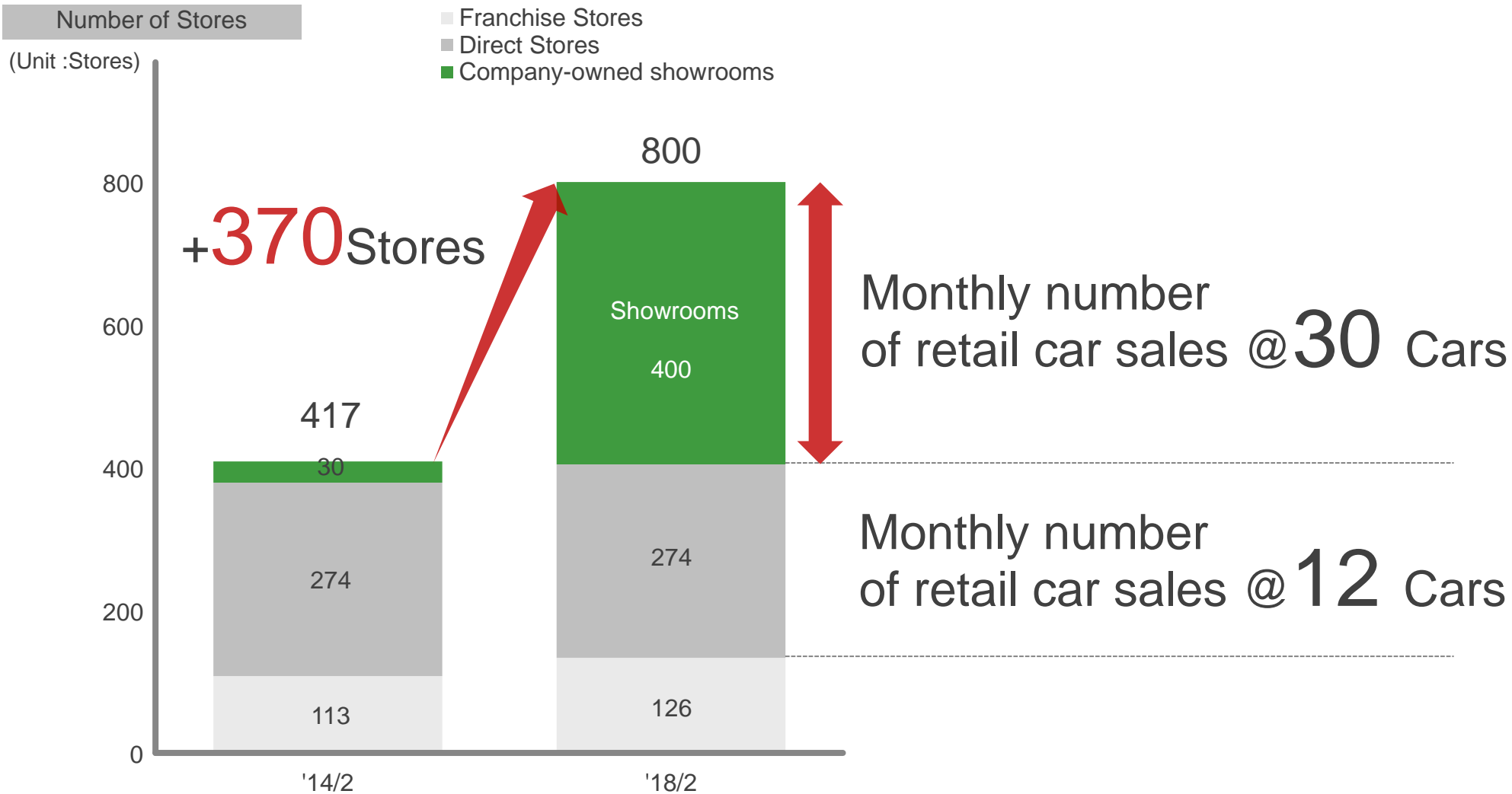
2. Plan for income growth  
through new store openings

3. Strategy for new store openings

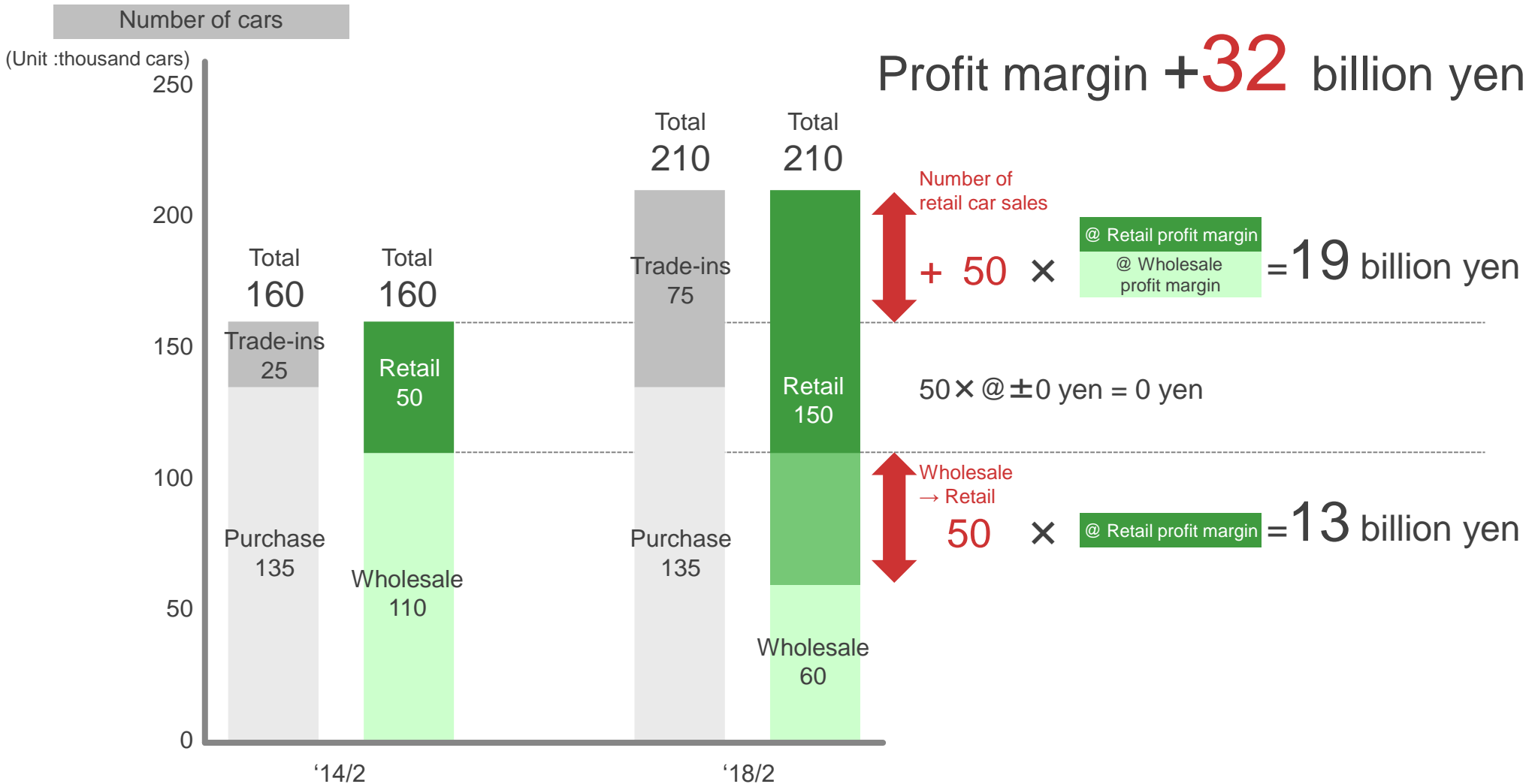
## FY ending Feb 28, 2018

Number of stores	800 stores
Number of retail car sales	150,000 cars
Consolidated operating income	20 billion yen

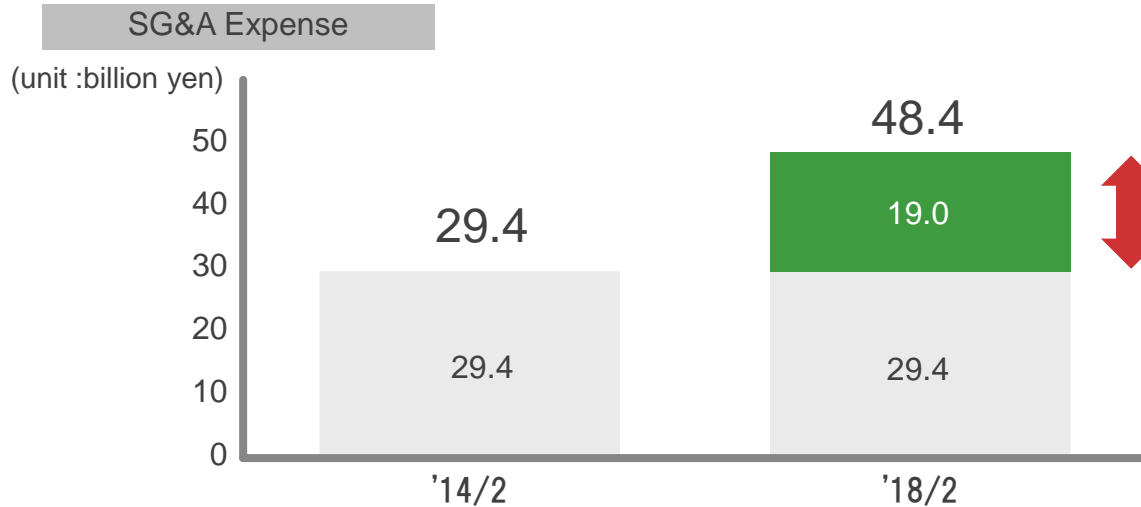
# Plan for income growth



# Plan for income growth

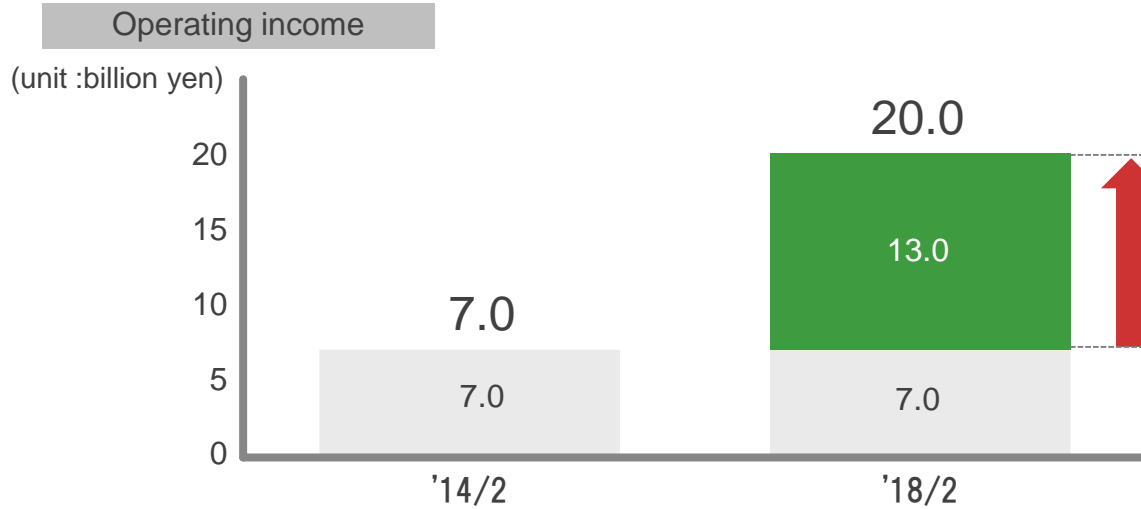


# Plan for income growth



SG&A expenses proportionate  
to increase of 370 stores = **19 billion yen**  
(@5 million yen × 12 months × 370 stores)

SG&A Expense **+19** billion yen



profit margin **+32** billion yen

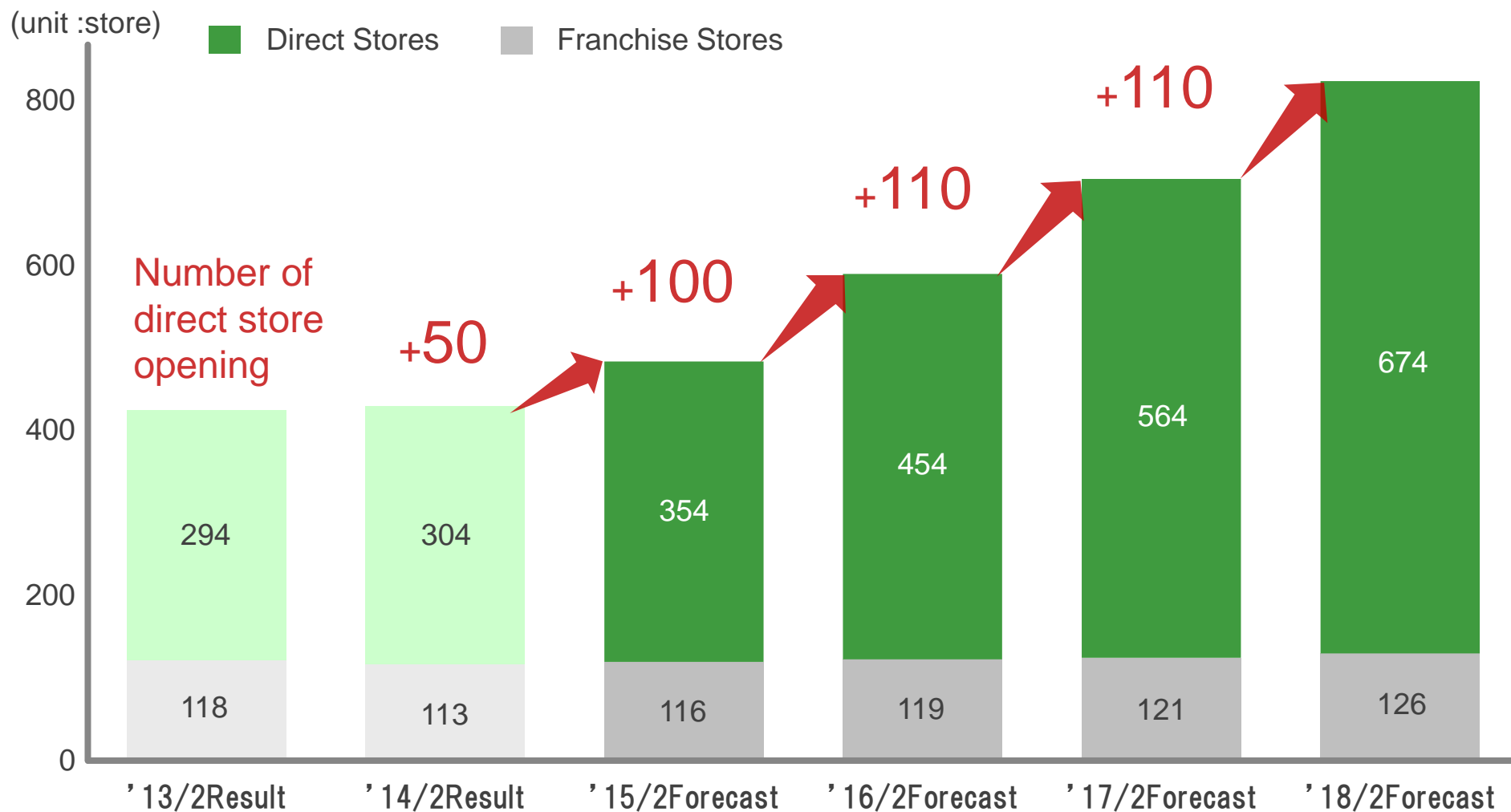
- SG&A Expense **+19** billion yen

Operating income **+13** billion yen

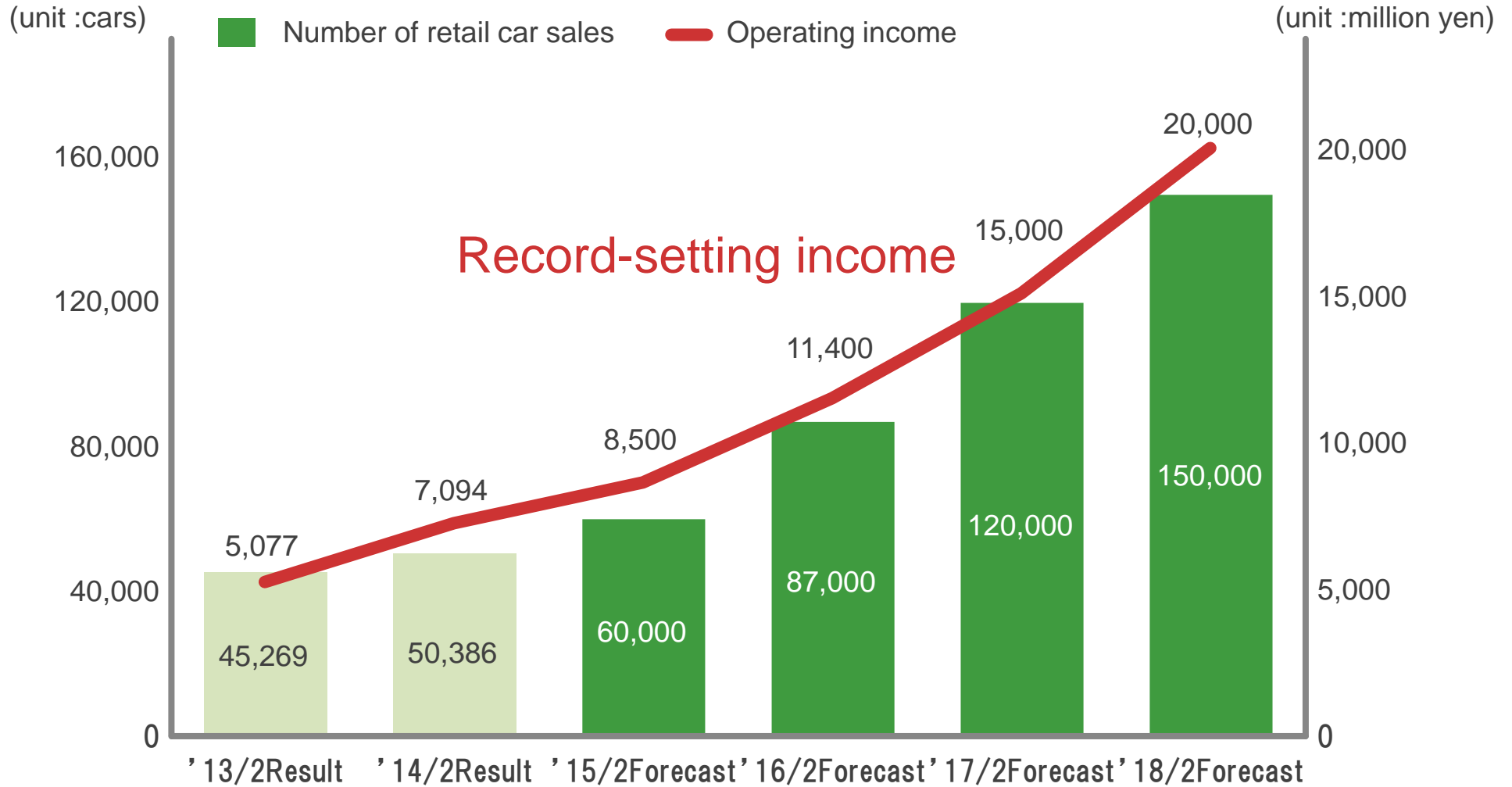
**7** billion yen

Operating income **20** billion yen

# Medium-Term Business Plan(Number of stores)



# Medium-Term Business Plan(Operating Income, Number of retail car sales)





1. Business Model

2. Plan for income growth  
through new store openings

3. Strategy for new store openings

Company does not take ownership of land

Recover investment within 36 months

Link store launch decisions to manager candidate development and sales staff hiring

Company does not take ownership of land

Recover investment within 36 months

Link store launch decisions to manager candidate development and sales staff hiring

# Store land ownership for only two sites

Tomita  
(Koriyama, Fukushima)

Purchased in October, 1996

R7-hirosakibp  
(Hirosaki, Aomori)

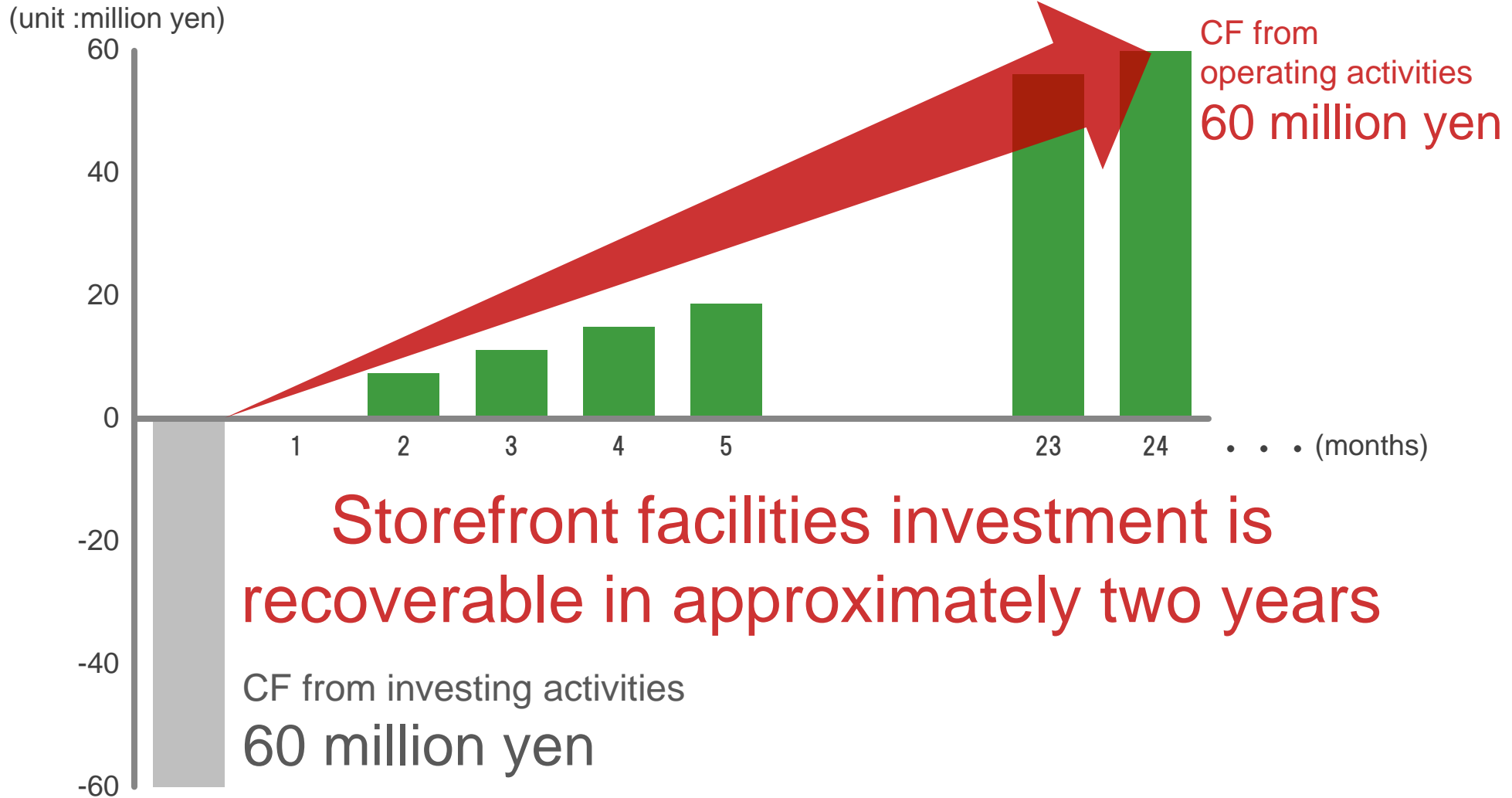
Purchased in October, 2008

Company does not take ownership of land

Recover investment within 36 months

Link store launch decisions to manager candidate development and sales staff hiring

# Investment recovery for existing stores



# Store facilities investments can be covered through equity capital and loans

(unit :billion yen)

	FY 2014				FY 2015
	End of 1Q	End of 2Q	End of 3Q	End of 4Q	End of March
Loans payable	9.0	9.0	4.0	4.0	4.0
Long-term	4.0	4.0	4.0	4.0	4.0
Short-term	5.0	5.0	0	0	0
Cash and Deposit	11.3	11.7	15.0	14.6	18.0

Company does not take ownership of land

Recover investment within 36 months

Link store launch decisions to manager candidate development and sales staff hiring



# Prerequisite conditions for new store openings

Manager candidate development

Development timeframe approximately **2** years



Sales staff hiring

Manager candidate development and sales staff hiring are prerequisite conditions

Store launch decisions

Takes approximately **6** months  
to open a store

# Process to 800 stores

Manager candidate development

Development time frame approximately **2** years



sales staff hiring



Store launch decisions

Takes approximately **6** months to open a store

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
No. of candidates who passed the manager certification test as of end of previous term	192	220	220	170	110
No. of candidates who passed the manager certification test this term	+50	+50	+50	+50	+50
No. of candidates promoted to manager this term	-22	-50	-100	-110	-110
No. of candidates ready to be promoted	220	220	170	110	50

(person)

	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018
No. of new graduate hires	<b>145</b>	<b>219</b>	<b>500</b>	<b>500</b>	<b>500</b>
No. of sales staff per a store	4to5	4to5	4to5	4to5	4to5
No. of stores opening	22	50	100	110	110

(person)

(store)

## Basis for current term development plan

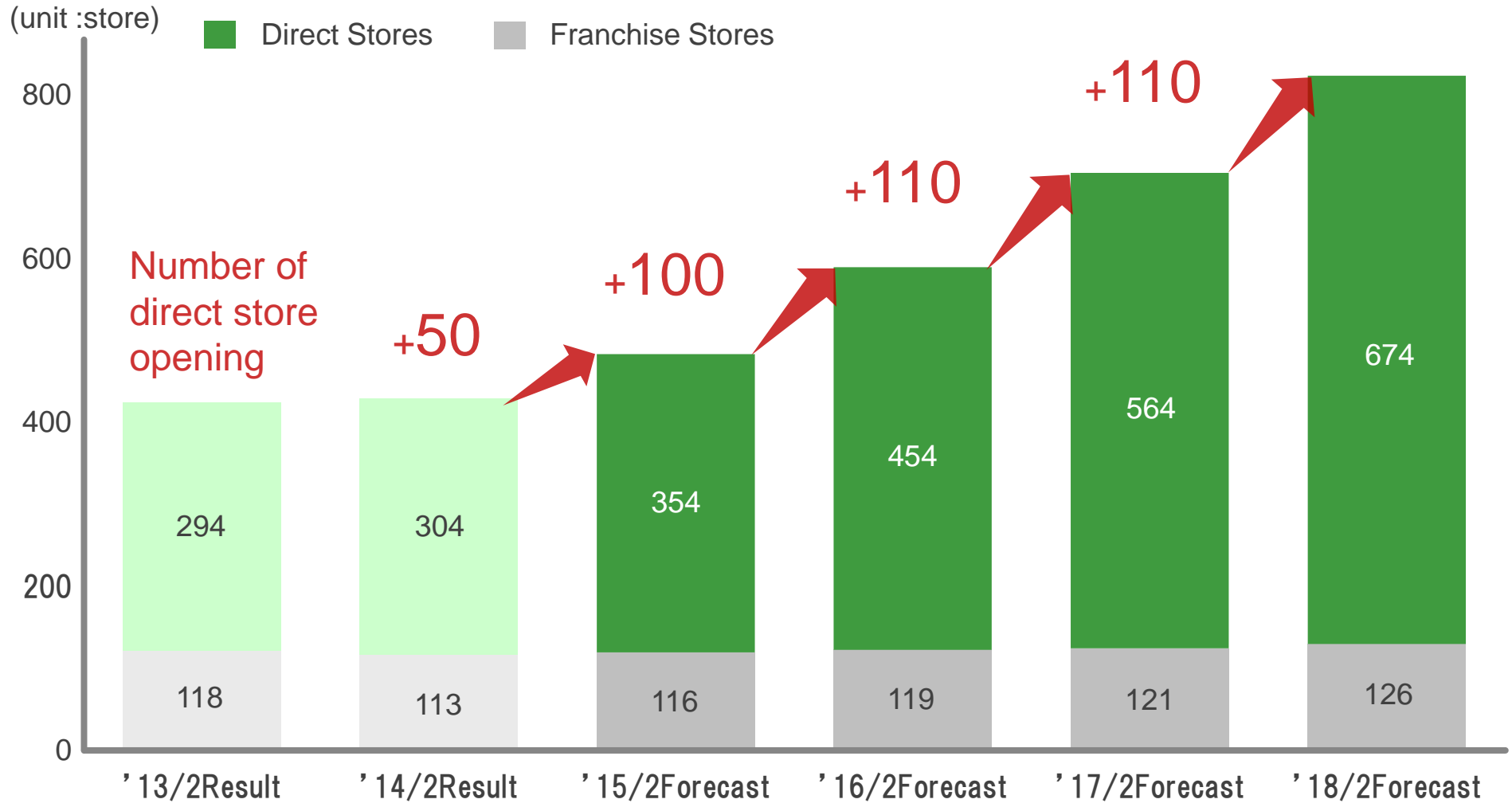


# Contracts finalized but not yet opened

Location	Channel
Asahikawa, Hokkaido	OUTLET
Hachinohe, Aomori	OUTLET
Akita, Akita	SNAP HOUSE
Yamagata, Yamagata	SNAP HOUSE
Fukushima, Fukushima	Gulliver
Fukushima, Fukushima	OUTLET
Tsukuba, Ibaraki	LIBERALA
Tsukuba, Ibaraki	SNAP/Minikuru
Hitachinaka, Ibaraki	OUTLET
Utsunomiya, Tochigi	LIBERALA
Tochigi, Tochigi	OUTLET
Maebashi, Gunma	OUTLET
Souka, Saitama	OUTLET
Akishima, Tokyo	OUTLET
Tsuzuki Yokohama, Kanagawa	Gulliver
Nishi Niigata, Niigata	WOW!TOWN
Konan Niigata, Niigata	Minikuru

Location	Channel
Kanazawa, Ishikawa	OUTLET
Fukui, Fukui	OUTLET
Koufu, Yamanashi	OUTLET
Oogaki, Gifu	OUTLET
Toyohashi, Aichi	LIBERALA
Fushimi Kyoto, Kyoto	OUTLET
Sakai Sakai, Oosaka	Gulliver
Toyonaka, Oosaka	Gulliver
Tottori, Tottori	OUTLET
Ube, Yamaguchi	OUTLET
Shimonoseki, Yamaguchi	Undecided
Takamatsu, Kagawa	Gulliver
Takamatsu, Kagawa	Gulliver
Yashiro, Kumamoto	OUTLET
Miyazaki, Miyazaki	OUTLET
Okinawa, Okinawa	Gulliver
Ginowan, Okinawa	Gulliver

# Medium-Term Business Plan(Number of stores)



## II . Result for Fiscal year to February 28, 2014

## 22 stores opened

Opening	OUTLET	LIBERALA	Minikuru	New cars dealer	Gulliver
1Q	Yokkaichi-Ryokuchi				
	R13-Yamagata				
2Q	Fukuoka-Nishi	Setagaya			Anagawainter
	Takamatsu-HigashiBP				
	Kochi-Tosadoro				
3Q	R36-Kitahiroshimainter	Sapporo		VOLVO-Matsuyama	Tokainawa
	Akita-Hiroomote				
	KomagataBP				
4Q	Utsunomiya-Hiraide		Morioka-NishiBP		Tottori-MinamiBP
	Suzuka-Chuodori				Yonagoyonehara
	Dazaifuinter				Niigatakenchomae
	Mitointer				
	R150-yaizu				
Number of stores opening	13 stores	2 stores	1 store	1 store	5 stores

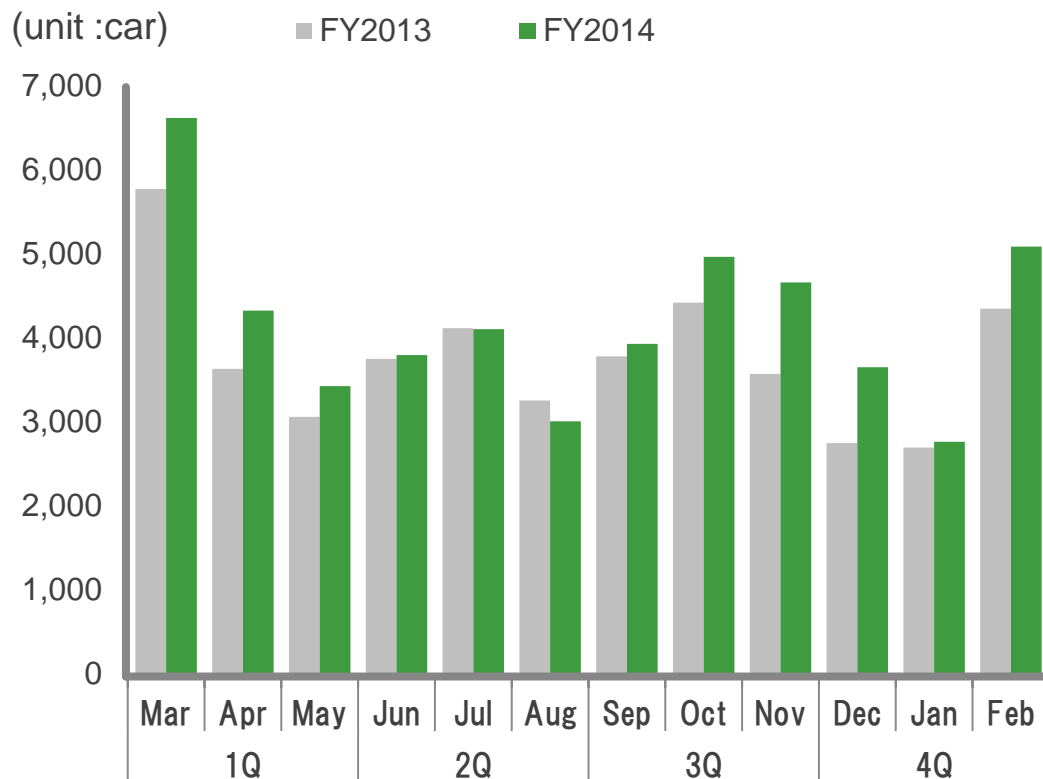
## Key indicators

	FY 2013		FY 2014
Number of cars purchased	144,402 cars	➔	159,316 cars
Number of wholesale	113,484 cars	➔	128,383 cars
Number of retail car sales	45,269 cars	➔	50,386 cars
SG&A expenses	28.2 billion yen	➔	29.4 billion yen
Operating income	5.07 billion yen	➔	7.09 billion yen

\* Number of cars for direct stores



# Change in number of retail car sale



increased by 11.3%  
from February 28, 2013

	1Q			2Q			3Q			4Q			FY
	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	
FY 2013	5,758	3,642	3,080	3,761	4,123	3,270	3,789	4,422	3,583	2,771	2,717	4,353	45,269
FY2014	6,593	4,327	3,441	3,804	4,109	3,027	3,937	4,962	4,660	3,661	2,785	5,080	50,386

# Change in number of retail car sale(Monthly)



# Pictures of new stores



# LIBERALA(Red)



LIBERALA(Red)



# LIBERALA(Red)



# LIBERALA(Black)





# LIBERALA(Black)



LIBERALA(Black)



# LIBERALA(Black)











# SNAP HOUSE





# SNAP HOUSE



# SNAP HOUSE



# SNAP HOUSE











OUTLET





OUTLET





# OUTLET



# Gulliver Asaka







# III. Plan for Fiscal year to February 28, 2015

## FY2015 Plan assumptions

	FY2014		FY2015
Number of cars purchased	159,316 cars	➔	164,000 cars
Number of wholesale	128,383 cars	➔	123,000 cars
Number of retail car sales	50,386 cars	➔	60,000 cars
SG&A expenses	29.4 billion yen	➔	30.6 billion yen
Operating income	7.09 billion yen	➔	8.5 billion yen

\*Number of cars for direct stores



# Income Statement(Forecast)

Consolidated	FY ended February 29, 2012		FY ended February 28, 2013		FY ended February 28, 2014		FY ending February 28, 2015			
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Forecast (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	132,881	100.0	143,417	100.0	169,398	100.0	173,000	100.0	3,602	2.1
Cost of sales	99,892	75.2	109,527	75.7	132,843	78.4	133,850	77.4	1,007	0.8
Gross profit	32,989	24.8	33,889	24.3	36,554	21.6	39,150	22.6	2,596	7.1
SG&A Expenses	26,739	20.1	28,812	20.5	29,460	17.4	30,650	17.7	1,190	4.0
Operating income	6,249	4.7	5,077	3.7	7,094	4.2	8,500	4.9	1,406	19.8
Ordinary income	6,318	4.8	5,252	3.7	7,201	4.3	8,500	4.9	1,299	18.0
Income before income taxes and minority interests	6,596	5.0	5,172	3.6	7,071	4.2	8,300	4.8	1,229	17.4
Net income	3,785	2.8	2,980	2.1	4,360	2.6	5,100	2.9	740	17.0

Depreciation	1,192	-	1,191	-	1,354	-	1,400	-	-	-
Capital investment	1,320	-	2,331	-	2,374	-	5,000	-	-	-

Non-Consolidated	FY ended February 29, 2012		FY ended February 28, 2013		FY ended February 28, 2014		FY ending February 28, 2015			
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Forecast (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	130,138	100.0	142,060	100.0	168,036	100.0	171,600	100.0	3,564	2.1
Cost of sales	98,543	75.7	108,770	76.1	132,000	78.6	133,000	77.5	1,000	0.8
Gross profit	31,595	24.3	33,290	23.9	36,036	21.4	38,600	22.5	2,564	7.1
SG&A Expenses	26,050	20.0	28,491	20.3	29,161	17.4	30,300	17.7	1,138	3.9
Operating income	5,544	4.3	4,798	3.6	6,874	4.1	8,300	4.8	1,426	20.7
Ordinary income	5,622	4.3	4,966	3.6	6,987	4.2	8,300	4.8	1,377	19.9
Income before income taxes	6,202	4.8	4,904	3.5	6,810	4.1	8,100	4.7	1,290	18.9
Net income	3,674	2.8	2,834	2.0	4,200	2.5	5,000	2.9	800	19.0

Depreciation	1,178	-	1,187	-	1,349	-	1,400	-	-	-
Capital investment	1,320	-	2,331	-	2,374	-	5,000	-	-	-

# Income Statement(Forecast: Six months)

Consolidated	FY ended February 29, 2012		FY ended February 28, 2013		FY ended February 28, 2014		FY ending February 28, 2015			
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Forecast (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	70,318	100.0	71,299	100.0	83,401	100.0	80,200	100.0	-3,201	-3.8
Cost of sales	52,582	74.8	55,636	78.0	65,637	78.7	62,330	77.7	-3,307	-5.0
Gross profit	17,735	25.2	15,663	22.0	17,763	21.3	17,870	22.3	107	0.6
SG&A Expenses	13,067	18.6	14,073	19.7	14,206	17.0	14,670	18.3	464	3.3
Operating income	4,668	6.6	1,589	2.2	3,557	4.3	3,200	4.0	-357	-10.0
Ordinary income	4,670	6.6	1,718	2.4	3,658	4.4	3,200	4.0	-458	-12.5
Income before income taxes and minority interests	5,027	7.1	1,597	2.2	3,679	4.4	3,100	3.9	-579	-15.7
Net income	3,009	4.3	868	1.2	2,298	2.8	1,900	2.4	-398	-17.3

Non-Consolidated	FY ended February 29, 2012		FY ended February 28, 2013		FY ended February 28, 2014		FY ending February 28, 2015			
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Forecast (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	68,225	100.0	70,612	100.0	82,712	100.0	79,500	100.0	-3,212	-3.9
Cost of sales	51,494	75.5	55,249	78.2	65,211	78.8	61,900	77.9	-3,311	-5.1
Gross profit	16,730	24.5	15,363	21.8	17,500	21.2	17,600	22.1	100	0.6
SG&A Expenses	12,549	18.4	13,916	19.7	14,043	17.0	14,500	18.2	457	3.3
Operating income	4,180	6.1	1,446	2.0	3,456	4.2	3,100	3.9	-356	-10.3
Ordinary income	4,211	6.2	1,506	2.1	3,502	4.2	3,100	3.9	-402	-11.5
Income before income taxes	4,801	7.0	1,527	2.2	3,532	4.3	3,000	3.8	-532	-15.1
Net income	2,971	4.4	860	1.2	2,198	2.7	1,850	2.3	-348	-15.8