

# 1st Quarter Results for Fiscal Year Ending February 28, 2019

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July 12, 2018

IDOM Inc.

- I. Summary of 1st quarter (3months ended) results for FY 2019
- II. Performance analysis
- III. Supplementary information

# I. Summary of 1st quarter (3months ended) results for FY 2019

## 1Q summary

	FY 2018 Mar - May	FY 2019 Mar - May
<b>Non-consolidated</b>		
Gross profit	13,673 million yen	12,234 million yen
SG&A expenses	12,269 million yen	12,038 million yen
Operating income	1,404 million yen	195 million yen
.....		
<b>Consolidated</b>		
Operating income	1,243 million yen	378 million yen

	FY 2018 Mar - May	FY 2019 Mar - May
Operating income	1,243 million yen	378 million yen

[Non-consolidated]

- Decrease in retail car sales

- Customer traffic decreased during the advertisement review period
- Conversion rates fell following a change in the retail revenue structure

- Decrease in retail gross profit per unit

- Gross profit per unit fell, due to a change in the retail revenue structure

- Decrease in the number of units purchased

[Consolidated]

- Improvement at our Australian subsidiary

## II. Performance analysis

- 1** IDOM (non-consolidated)
- 2** Australian subsidiary

# Analysis of retail units and gross profit per unit (year on year, individual store performance)

	Mar	Apr	May
Advertisement	↘	↘	→
Customer traffic	↘	↘	↗
Conversion rates	→	↘	↘
Revenue from accessories	→	↘	↘
.....			
[Results (vehicles delivered)]			
Retail units	↘	↘	↘
Gross profit per unit	→	→	↘

## 1. Customer traffic decreased during the advertisement review period

- We reinforced our internal check system to make sure all advertisements are in accordance with regulations.
- Advertising volume decreased in March and April as a result.
- Those effects were incorporated into our forecasts.

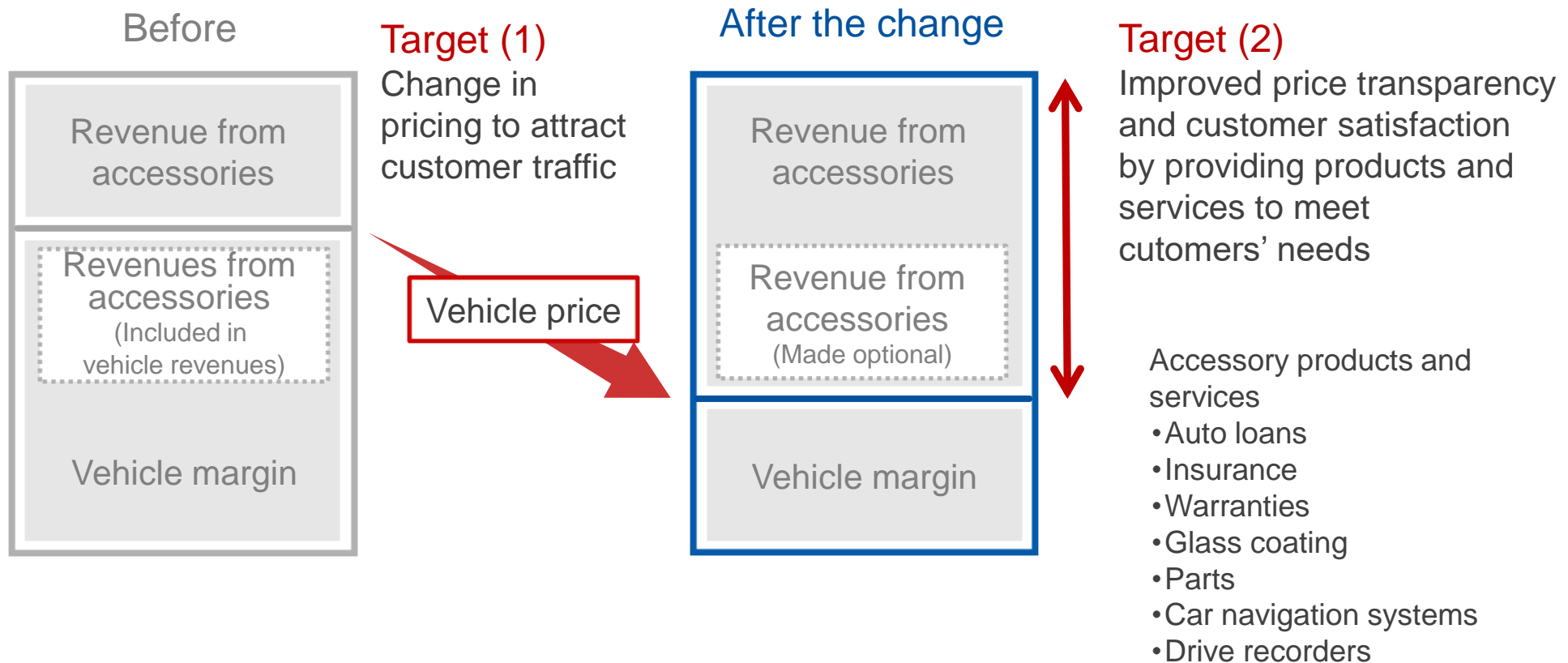
## 2. Change in the retail revenue structure

- We changed our retail revenue structure in mid-April.
- Our forecast did not take into account decreases in the number of retail units and lower gross profit per unit.



# Changes in the revenue structure

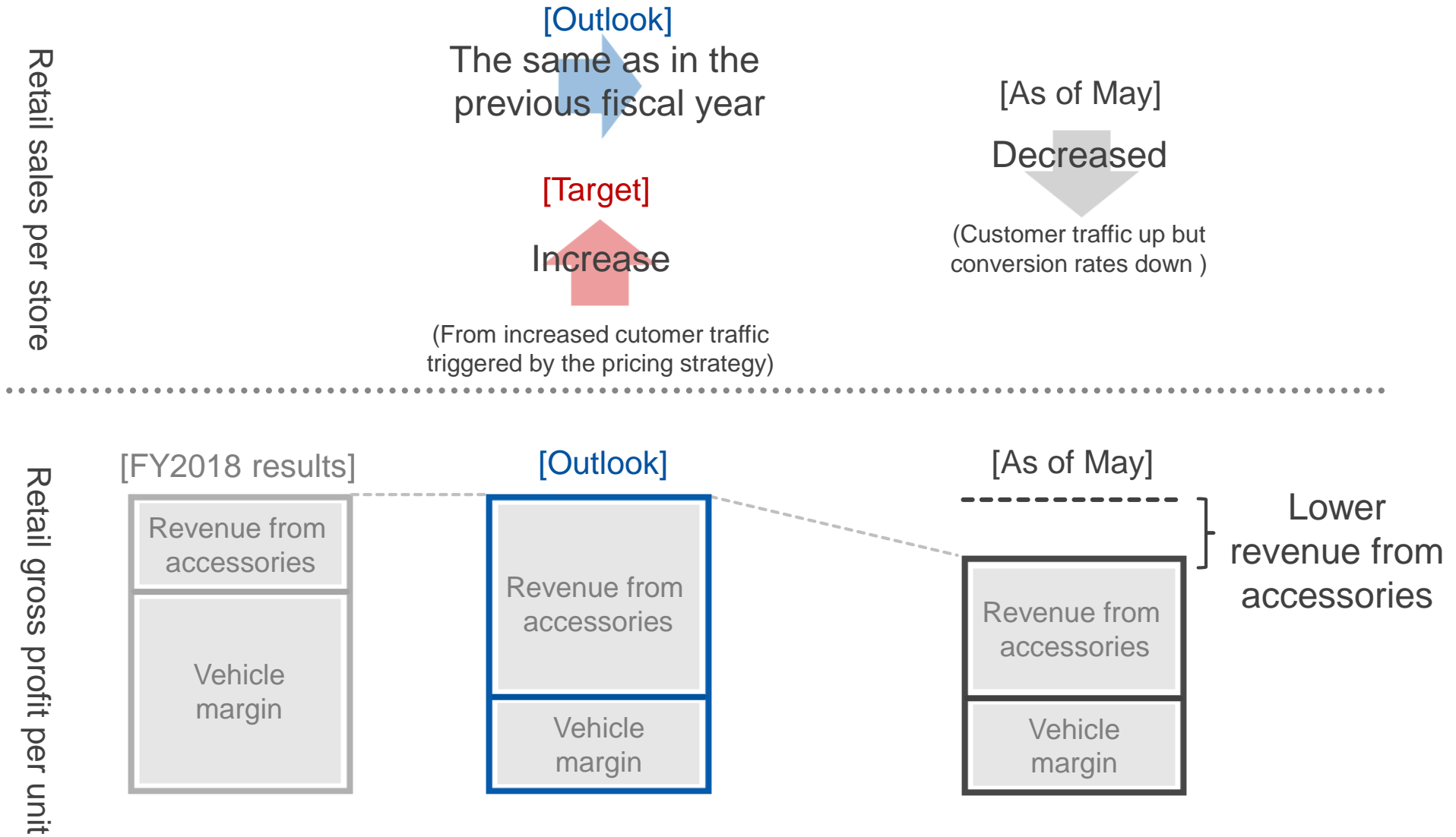
- Changed structure of retail gross profit (profits from vehicles and revenue from accessories)



## Reasons for the change:

- (1) Adjusted vehicle pricing strategy to attract customers, with the aim of increasing the number of retail units.
- (2) Increase pricing transparency and customer satisfaction by providing customized products and services to meet customer needs.

# Customer traffic expanded but retail unit sales and gross profit decreased



Although the initiative succeeded in boosting customer traffic, gross profit per unit and sales per store fell due to weak revenue from accessories and low conversion rates.

# What went wrong and how to get back on track

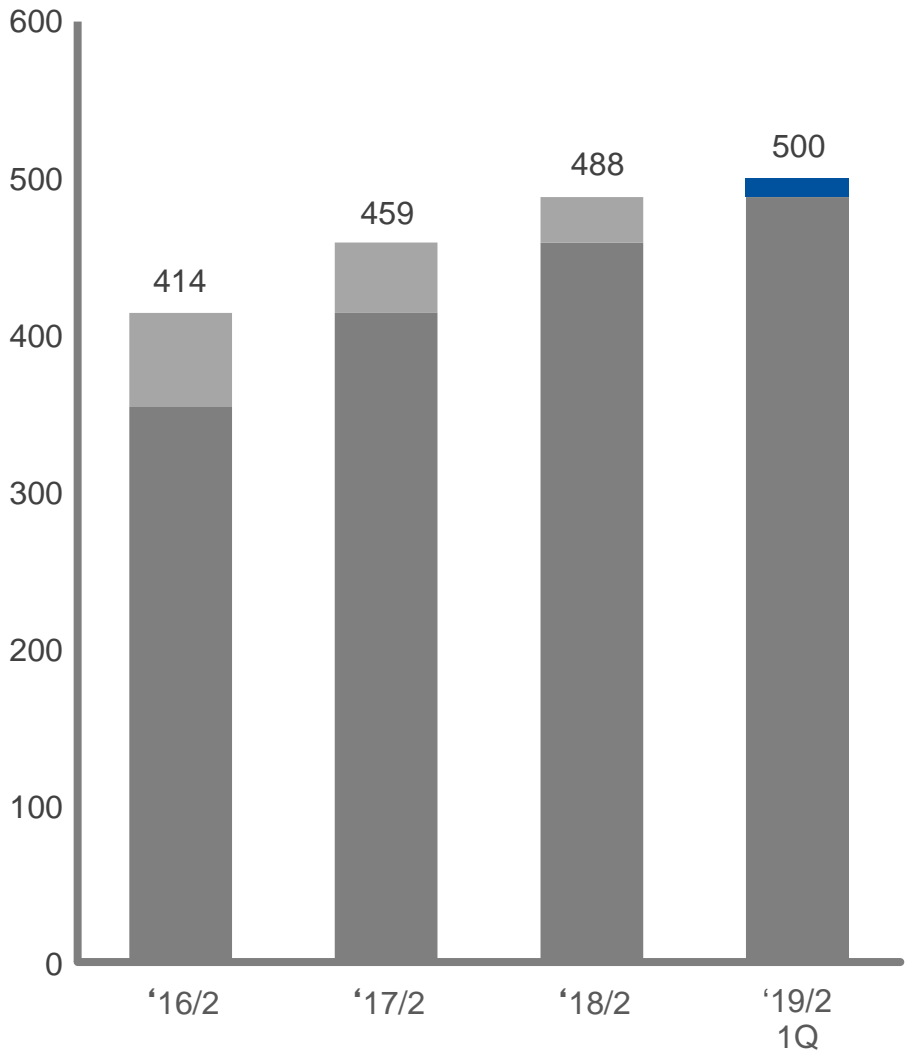
	Review	Initiatives
Salespeople	<ul style="list-style-type: none"> <li>•Lack of understanding and motivations in offering accessory products and services</li> <li>•Unclear sales style</li> </ul>	<ul style="list-style-type: none"> <li>•Introduce tools and measures to help standardize sales process</li> </ul>
Segmentation	<ul style="list-style-type: none"> <li>•Percentage of revenues from accessories on lower-priced cars was lower than anticipated</li> <li>•Insufficient plans by regions</li> </ul>	<ul style="list-style-type: none"> <li>•Segment strategies by area and vehicle price level</li> </ul>
Product and service lineup	—	<ul style="list-style-type: none"> <li>•Provide a wider range of products and services to meet customer needs</li> <li>•Increase lineup of high-margin products</li> </ul>

By introducing these initiatives, we expect a recovery in conversion rates and revenue from accessories, leading to our planned increase in retail unit sales.

# Store openings

Number of directly managed stores

(unit: stores)



Net increase  
**12** stores

Newly opened	14
Closed	2

# Store openings (March - May)



OL Niigata Sakuragi  
Niigata



OL Ishinomaki  
Ishinomaki, Miyagi



OL R-8 Tsubame-Sanjo  
Sanjo, Niigata



OL Kishiwada-Izumi  
Izumi, Osaka



OL Yonezawa  
Yonezawa, Yamagata



(Gulliver display sales model)

Nanao  
Nanao, Ishikawa



Nakatsu  
Nakatsu, Oita



Mizuho  
Nishitama, Tokyo



Noboribetsu-Muroran  
Noboribetsu, Hokkaido



Chikusei  
Chikusei, Ibaraki



Omura  
Omura, Nagasaki



Karatsu  
Karatsu, Saga



Takeo  
Takeo, Saga



Saku  
Saku, Nagano



**1** IDOM (non-consolidated)

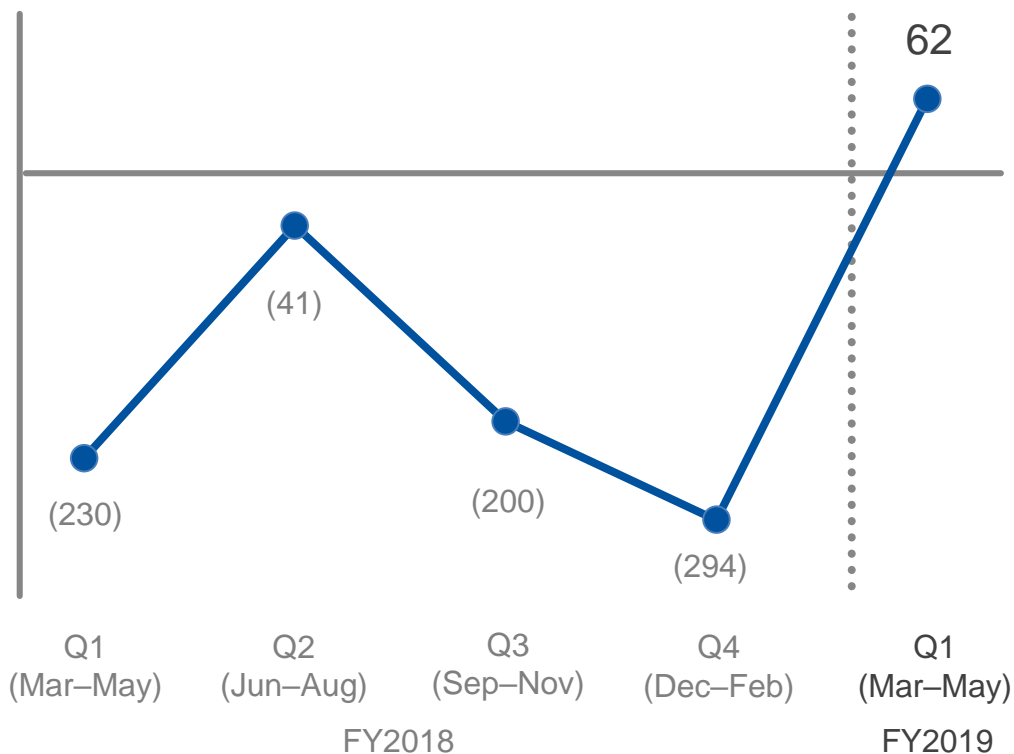
**2** Australian subsidiary

# Results from Buick Holdings (DVG), our Australian subsidiary

## Operating income (quarterly)

Before deduction for  
amortization of goodwill

(unit: million yen)



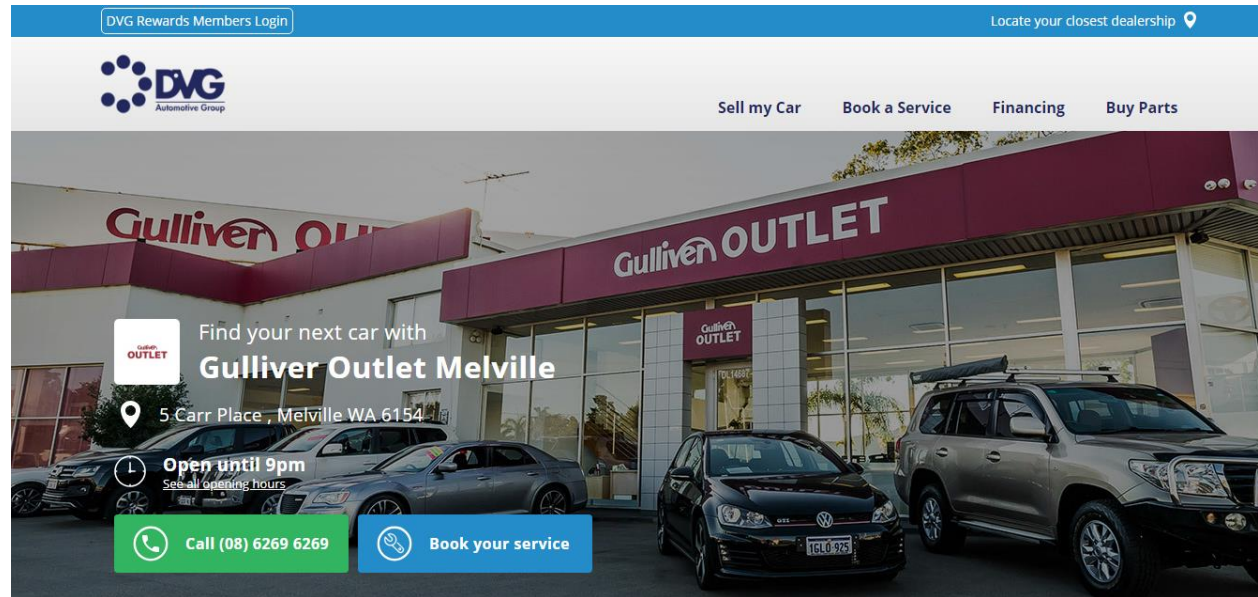
(unit: million yen)

	FY2018 Mar–May	FY2019 Mar–May
Operating income (loss) (Before deduction for amortization of goodwill)	(230)	62
Amortization of goodwill	103	101

Results were in line with forecasts, due to the results of initiatives to improve performance.

- Reinforcing the used car business

Opened a trial Gulliver Outlet store, which utilizes existing resources and operates at low cost



Gulliver Outlet Melville



# III. Supplementary information

# [Consolidated / Non-consolidated] Income statement

Consolidated	3 months ended May 31, 2015		3 months ended May 31, 2016		3 months ended May 31, 2017		3 months ended May 31, 2018			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	50,498	100.0	66,192	100.0	71,130	100.0	71,411	100.0	281	0.4
Cost of sales	38,766	76.8	51,184	77.3	55,041	77.4	56,104	78.6	1,063	1.9
Gross profit	11,731	23.2	15,007	22.7	16,088	22.6	15,306	21.4	-782	-4.9
SG&A Expenses	9,690	19.2	13,761	20.8	14,845	20.9	14,927	20.9	82	0.6
Operating income	2,040	4.0	1,245	1.9	1,243	1.7	378	0.5	-865	-69.6
Ordinary income	2,017	4.0	1,173	1.8	903	1.3	103	0.1	-800	-88.6
Income before income taxes and minority interests	2,017	4.0	1,050	1.6	802	1.1	-59	-0.1	-861	—
Profit attributable to owners of parent	1,248	2.5	732	1.1	457	0.6	-146	-0.2	-603	—

Non-Consolidated	3 months ended May 31, 2015		3 months ended May 31, 2016		3 months ended May 31, 2017		3 months ended May 31, 2018			
	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Results (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	47,604	100.0	51,275	100.0	57,444	100.0	55,588	100.0	-1,856	-3.2
Cost of sales	36,649	77.0	38,868	75.8	43,770	76.2	43,353	78.0	-417	-1.0
Gross profit	10,954	23.0	12,407	24.2	13,673	23.8	12,234	22.0	-1,439	-10.5
SG&A Expenses	9,194	19.3	11,204	21.9	12,269	21.4	12,038	21.7	-231	-1.9
Operating income	1,760	3.7	1,202	2.3	1,404	2.4	195	0.4	-1,209	-86.1
Ordinary income	1,737	3.6	1,175	2.3	1,242	2.2	84	0.2	-1,158	-93.2
Income before income taxes	1,736	3.6	1,057	2.1	1,150	2.0	-122	-0.2	-1,272	—
Net income	1,012	2.1	798	1.6	733	1.3	-163	-0.3	-896	—

# [Consolidated] Balance sheets

	As of February 28, 2018	As of May 31, 2018
<b>Assets</b>		
Current assets		
Cash and deposits	22,763	26,881
Notes and accounts receivable - trade	5,709	4,862
Merchandise	44,479	46,852
Deferred tax assets	1,037	1,092
Other	3,203	3,212
Allowance for doubtful accounts	-239	-76
Total current assets	76,955	82,826
Non-current assets		
Property, plant and equipment		
Buildings and structures	32,602	33,578
Accumulated depreciation	-11,445	-11,746
Buildings and structures, net	21,156	21,832
Vehicles	64	48
Accumulated depreciation	-15	-15
Vehicles, net	48	33
Tools, furniture and fixtures	4,332	4,395
Accumulated depreciation	-3,446	-3,485
Tools, furniture and fixtures, net	886	910
Land	218	218
Construction in progress	777	291
Total property, plant and equipment	23,088	23,286
Intangible assets		
Software	2,981	2,791
Goodwill	8,927	8,687
Other	3,688	3,579
Total intangible assets	15,597	15,059
Investments and other assets		
Investment securities	45	46
Shares of subsidiaries and associates	2,150	2,192
Long-term loans receivable	211	201
Lease and guarantee deposits	5,541	5,773
Construction assistance fund receivables	5,643	5,785
Deferred tax assets	504	589
Other	746	915
Allowance for doubtful accounts	-304	-488
Total investments and other assets	14,539	15,015
Total non-current assets	53,225	53,360
Total assets	130,181	136,187

	As of February 28, 2018	As of May 31, 2018
<b>Liabilities</b>		
Current liabilities		
Accounts payable - trade	14,327	13,890
Short-term loans payable	1,201	1,075
Accounts payable - other	3,845	3,665
Income taxes payable	2,029	371
Advances received	4,581	4,163
Deposits received	314	219
Provision for bonuses	815	94
Provision for merchandise warranties	871	539
Other provision	315	389
Other	3,597	4,000
Total current liabilities	31,901	28,409
Non-current liabilities		
Long-term loans payable	52,680	62,680
Long-term guarantee deposited	499	481
Asset retirement obligations	2,008	2,072
Deferred tax liabilities	1,008	979
Other provision	395	399
Other	191	363
Total non-current liabilities	56,784	66,975
Total liabilities	88,686	95,385
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	36,373	35,871
Treasury shares	-3,947	-3,947
Total shareholders' equity	40,615	40,113
Accumulated other comprehensive income		
Foreign currency translation adjustment	323	157
Total accumulated other comprehensive income	323	157
Stock acquisition rights	3	3
Minority owner shares worth	551	526
Total net assets	41,494	40,801
Total liabilities and net assets	130,181	136,187

(million yen)

# [Topics] Online purchasing service: Gulliver Online

- IDOM offers a purchasing service that requires no store visits.
- We launched the Gulliver Online service, which allows customers to sell their cars entirely through online transactions.

## オンライン買取

その場ですぐに査定・買取

※ 本人確認、名義変更書類の送付等は別途必要です。



中古車買取実績No.1だから安心

## 来店不要! チャットで相談

気になる事はチャットで相談、  
プロが親切にアドバイス。  
来店せずにご購入も可能です。



お待たせいたしました！  
こちらは、本日入庫したばかりの最新の在庫  
でございます！

ホンダ フリード G (エアロ)  
H20年式  
走行距離 34千キロ  
車庫内保管車  
1,317,600円

ご購入はこちら

お問い合わせいただきご希望条件に非常に近かった  
ので、すぐにお送りさせて頂きました！  
ご希望と比べて、いかがでしょうか？

ありがとうございます。条件にピッタリです  
ちなみに値引きもかかってきますか？

## コストカットで 高価買取!

通常の買取査定	オンライン買取
査定人件費	査定人件費
査定人件費	査定人件費
店舗運営費 または 出張費	店舗運営費 または 出張費
買取価格	買取価格

価格の上乗せ

※ 実査定、オンライン査定において同評価であった場合です。  
※ 車両、車両状態により上乗せ額の金額は異なります。