

3rd Quarter Result for Fiscal year ending February 28, 2015

January 14, 2015

Gulliver International Co.,Ltd.
(7599)

I . Key indicators for the nine months ended November 30

II . Status of openings

III . New initiatives to expand core businesses

IV . Reference

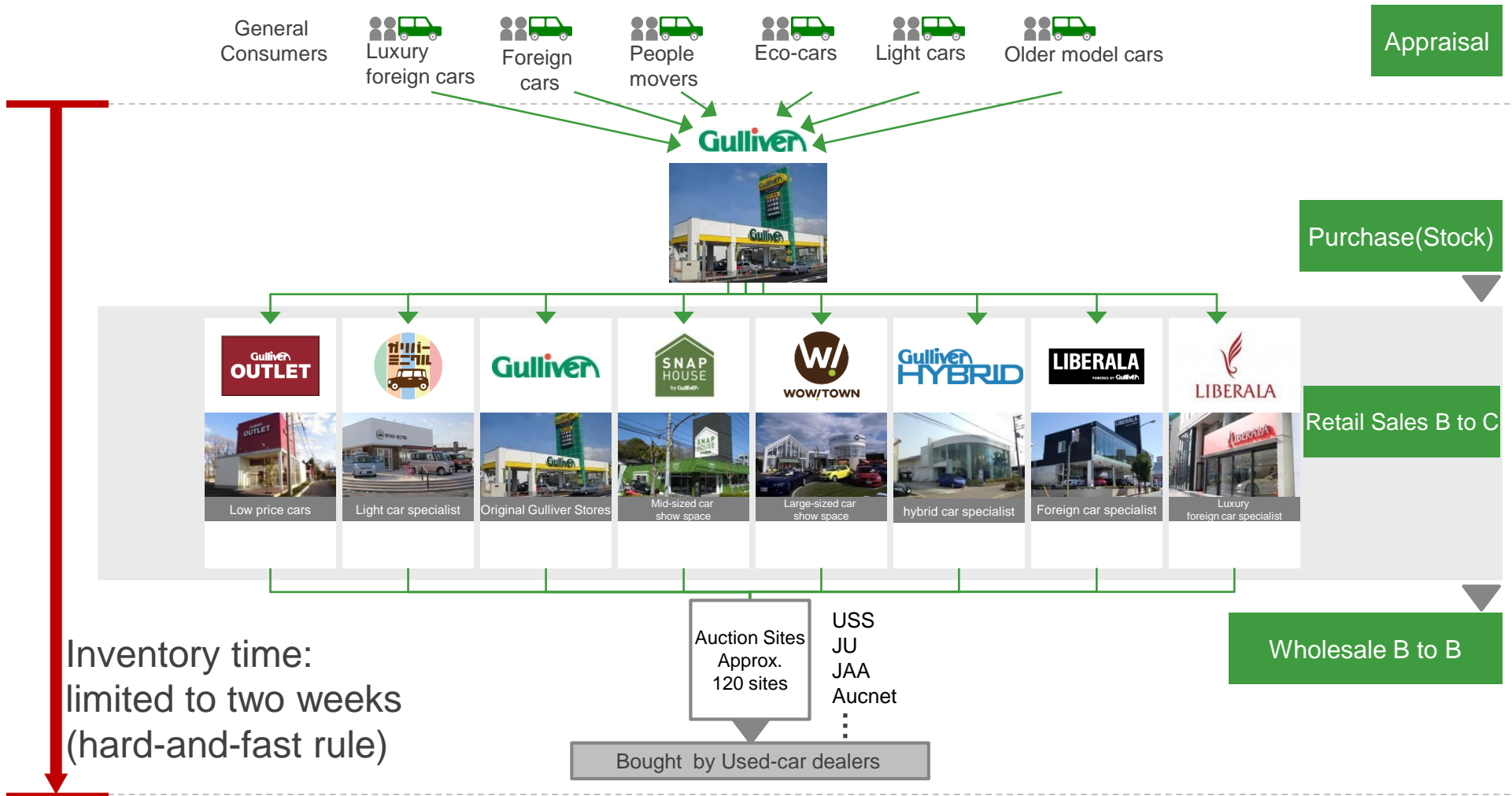
I . Key indicators for the nine months ended November 30

Key indicators for the nine months ended November 30

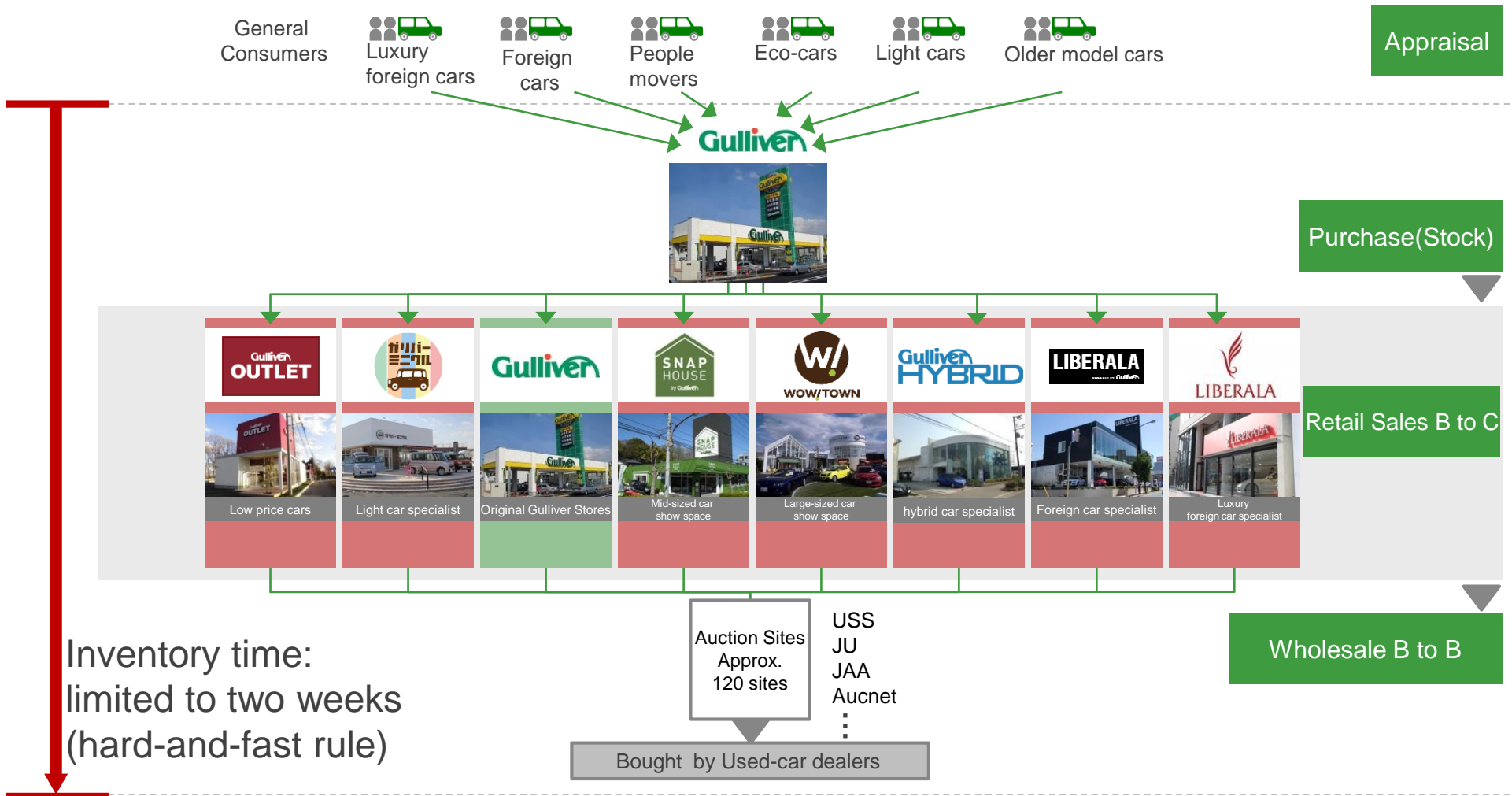
	FY 2014		FY 2015
Number of cars purchased	119,254 cars	➔	115,608 cars
Number of wholesale	97,004 cars	➔	87,178 cars
Number of retail car sales	38,860 cars	➔	39,286 cars
SG&A expenses	21.3 billion yen	➔	24.6 billion yen
Operating income	5.91 billion yen	➔	4.62 billion yen

*Number of cars for direct stores

Car Distribution Flow at Gulliver's Directly Managed Stores

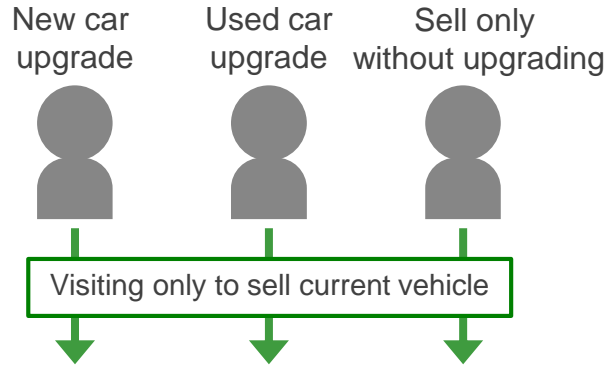


Car Distribution Flow at Gulliver's Directly Managed Stores



Process leading to retail close

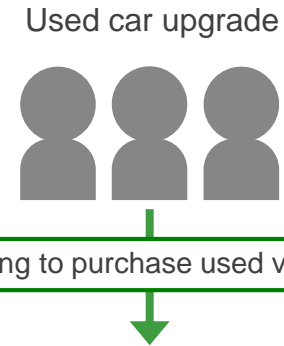
Original Gulliver stores



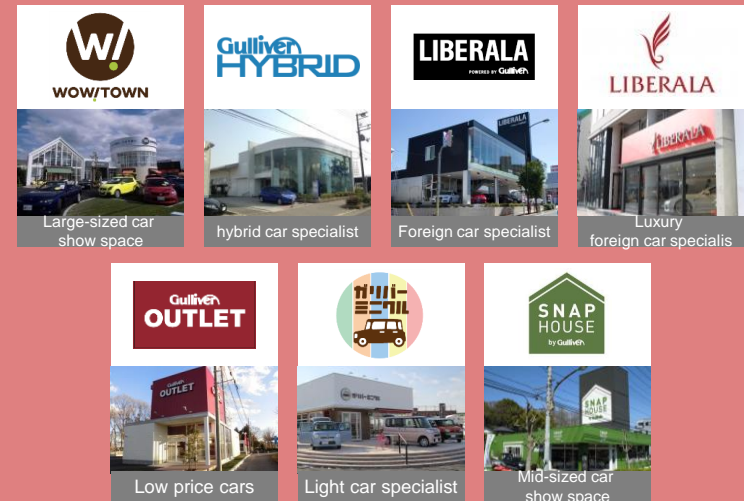
Sales talk for cross selling



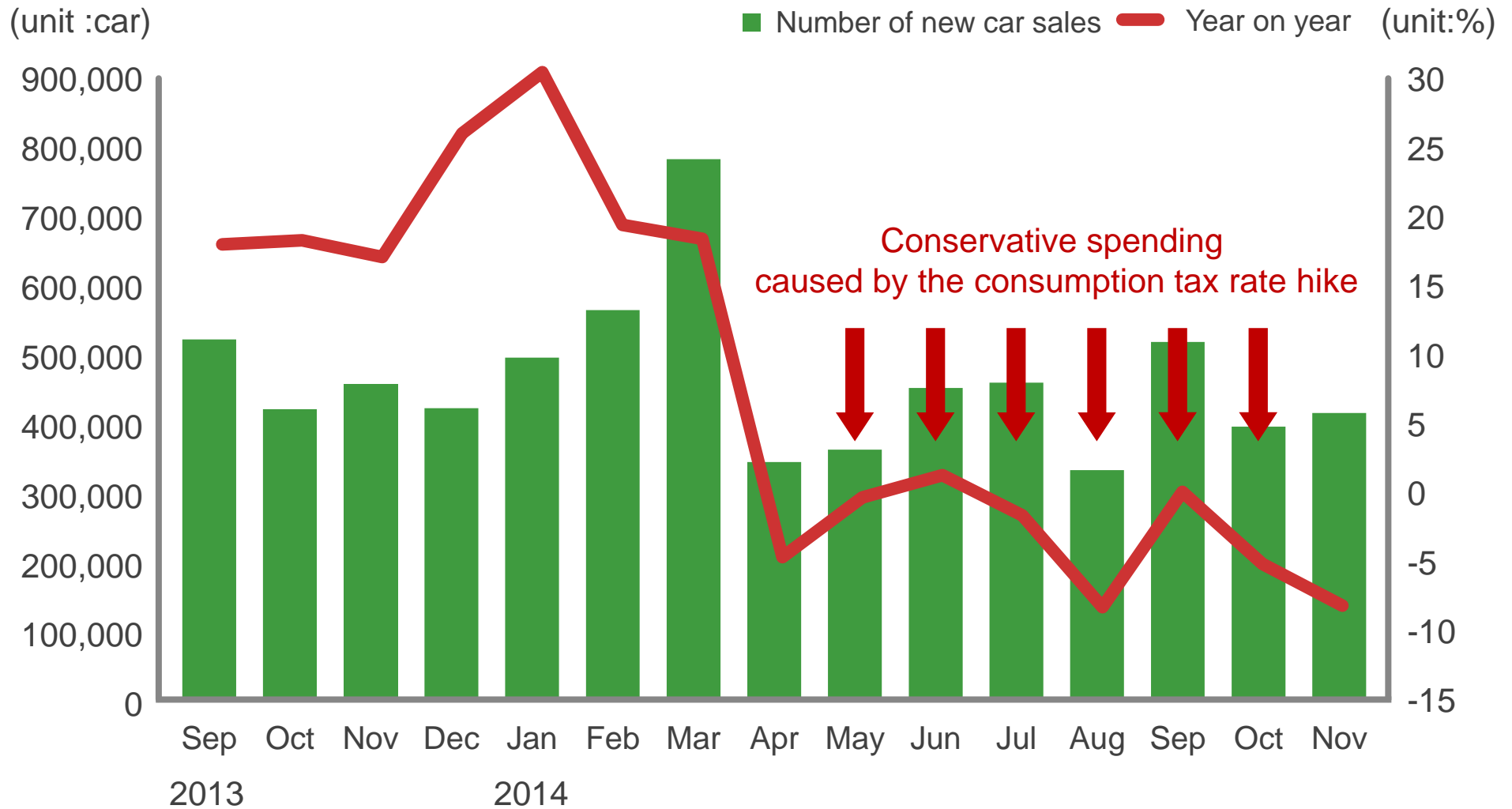
Display sales stores



Sales talk for responding to needs



New car market status



Source:Japan Automobile Dealers Association/ Japan Mini Vehicle Association

New car market status

As the consumption tax hike effect continues,
the number of major model changes for April-November 2014 remains low

Number of new car sales lacks vigor

Number of new car sales

Major model change

(unit :car)
6,000,000

5,000,000

4,000,000

3,000,000

2,000,000

1,000,000

0

2012

2013

2014

2015

Forecast

Forecast

2014 Random order

April

November

LEVORG
(Subaru)

Lexus NX
(Toyota)

DEMIO
(Mazda)

ESQUIRE
(Toyota)

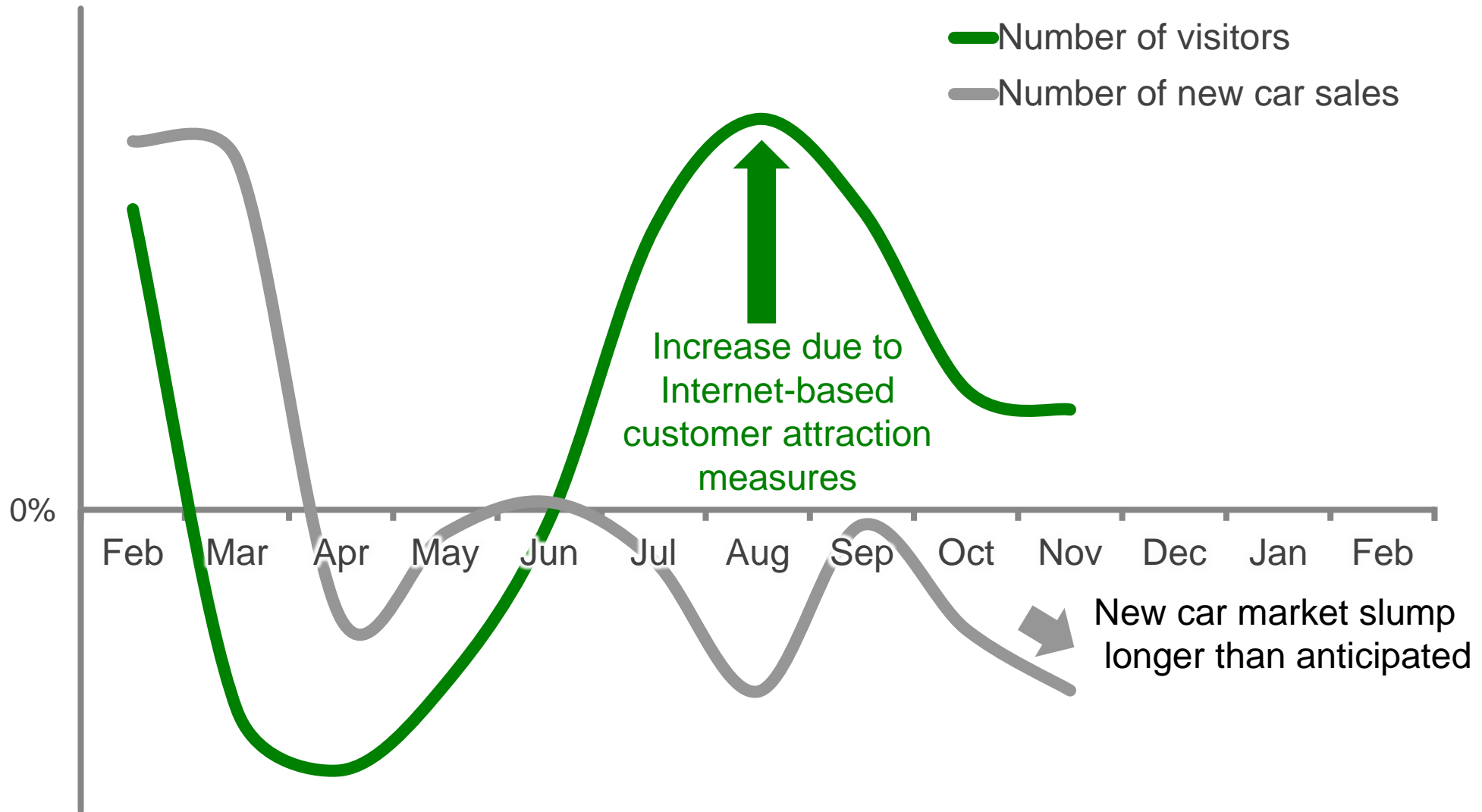
Apr-Nov

*Source:Japan Automobile Dealers Association/ Japan Mini Vehicle Association

* The number of major model changes includes vehicle models of Japanese automakers that have undergone full model change, excluding derivative models, and are expected to sell more than 20,000 units a year. Research by Gulliver Car Research Center

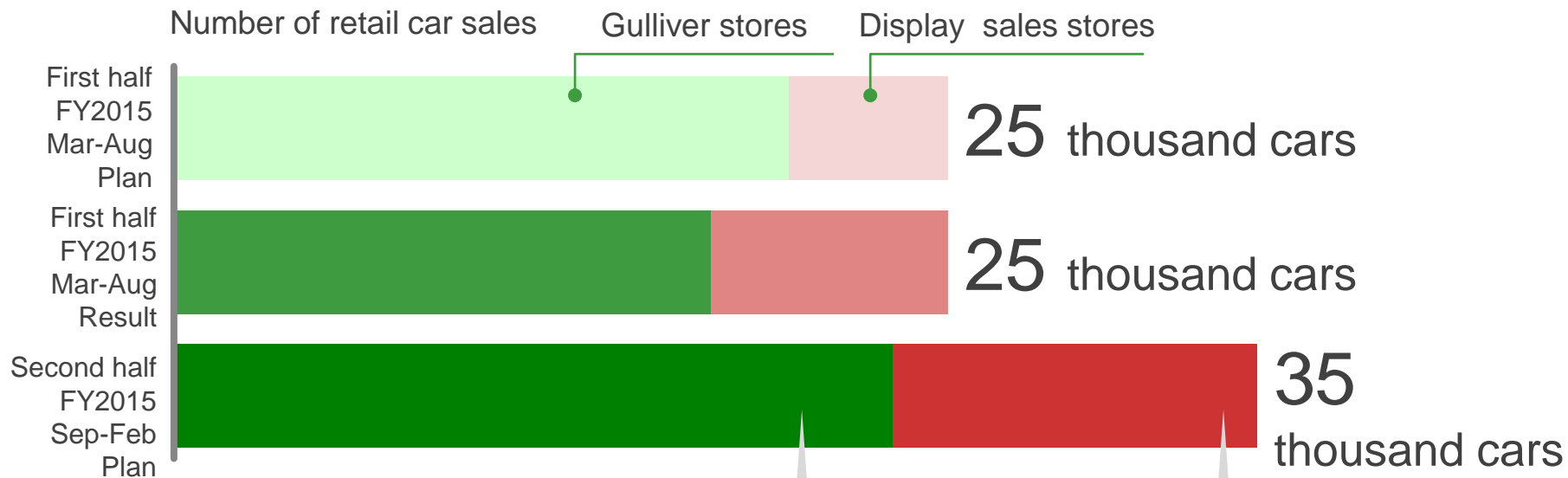
* Fiscal years are those of the automakers, from April 1 to March 31.

Number of visitors/Number of new car sales(YOY)



Current status compared to assumptions for second half (Number of retail car sales)

Retail Sales B to C



Negative factors

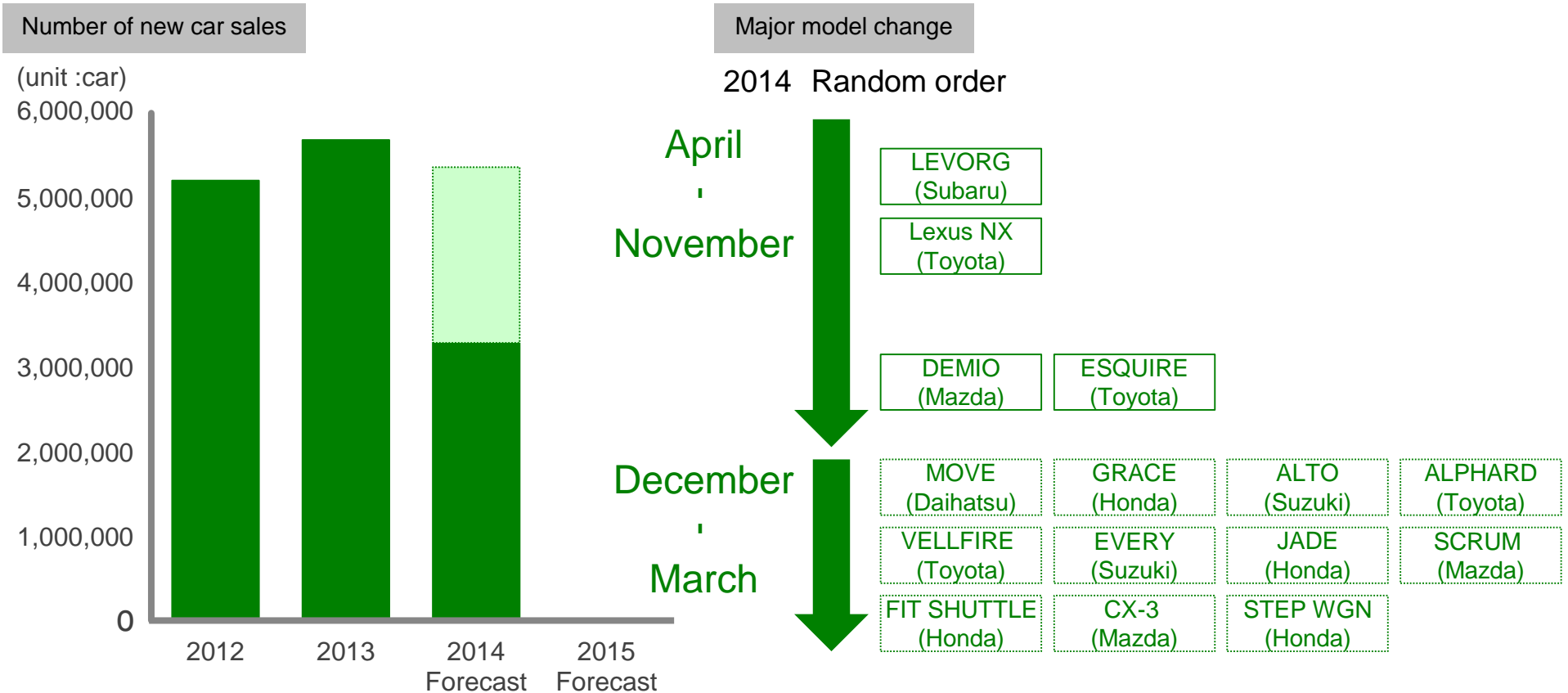
Proceeding below plan due to new car market slump associated with reaction to consumption tax hike

Positive factors

Proceeding according to plan

New car market status

Sharp rise in number of model changes in Dec. 2014 – Mar. 2015



*Source: Japan Automobile Dealers Association/ Japan Mini Vehicle Association

* The number of major model changes includes vehicle models of Japanese automakers that have undergone full model change, excluding derivative models, and are expected to sell more than 20,000 units a year. Research by Gulliver Car Research Center

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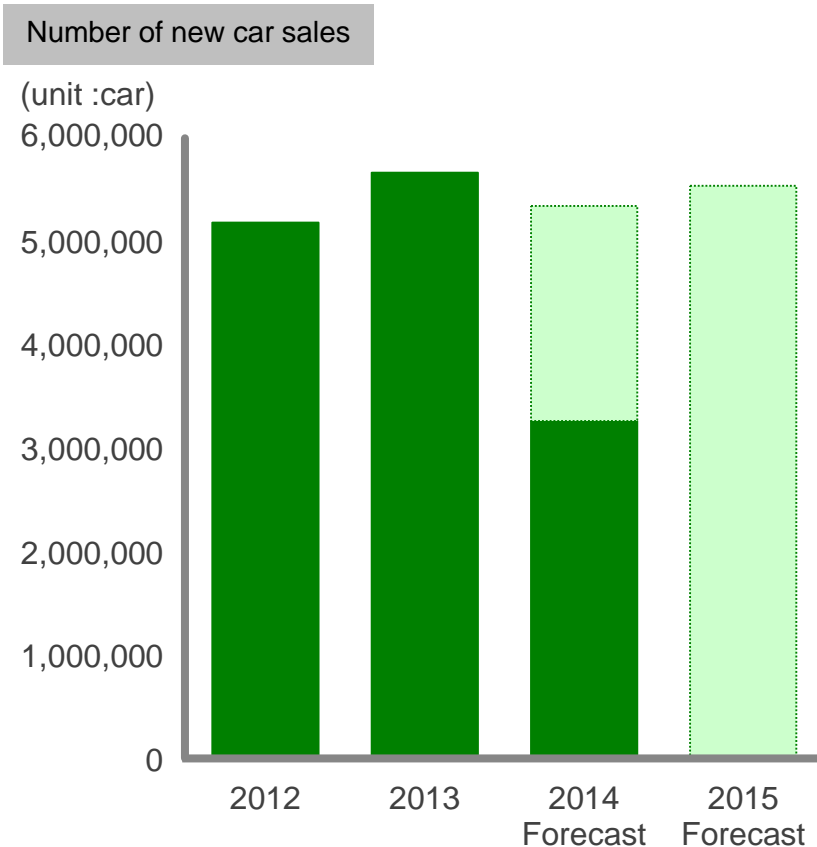
New car market forecast

Sharp rise in number of model changes in FY2014 2H



Rise in number of model changes in FY2015

Positive factors for new car retail sales in FY2015



Major model change

		2014 Random order			
Dec · Mar	↓	MOVE (Daihatsu)	GRACE (Honda)	ALTO (Suzuki)	ALPHARD (Toyota)
		VELLFIRE (Toyota)	EVERY (Suzuki)	JADE (Honda)	SCRUM (Mazda)
		FIT SHUTTLE (Honda)	CX-3 (Mazda)	STEP WGN (Honda)	
		2015 Random order			
Apr · Mar	↓	PRIUS (Toyota)	FREED (Honda)	MARCH (Nissan)	Lexus RX (Toyota)
		BIANTE (Mazda)	CAROL (Mazda)	SX4 (Suzuki)	PREMACY (Mazda)
		CUBE next-model (Nissan)	LAPIN (Suzuki)
	
	

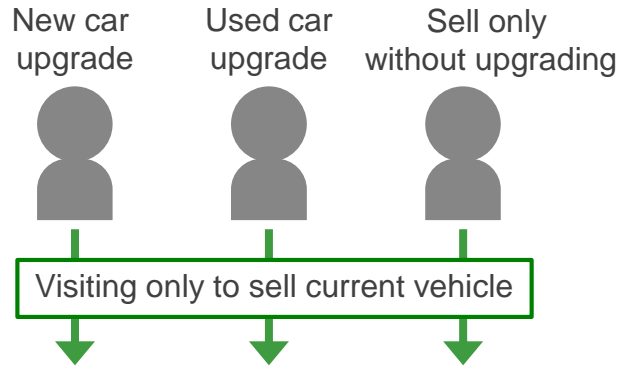
*Source:Japan Automobile Dealers Association/ Japan Mini Vehicle Association

* The number of major model changes includes vehicle models of Japanese automakers that have undergone full model change, excluding derivative models, and are expected to sell more than 20,000 units a year. Research by Gulliver Car Research Center

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Process leading to retail close

Original Gulliver stores



Sales talk for cross selling



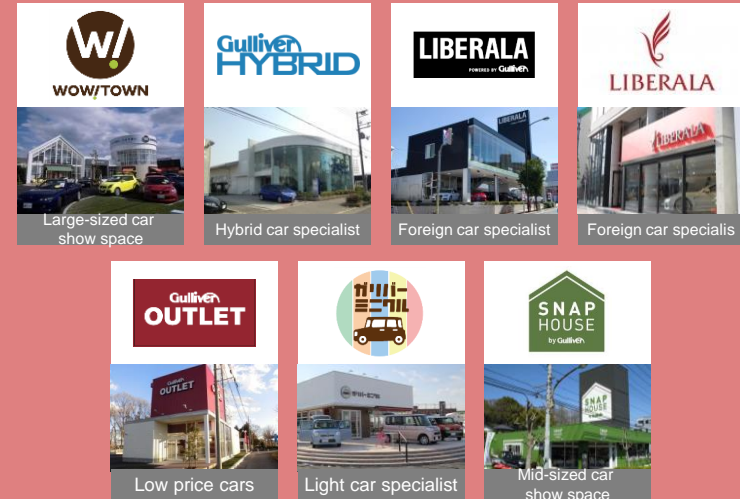
Display sales stores

Used car upgrade

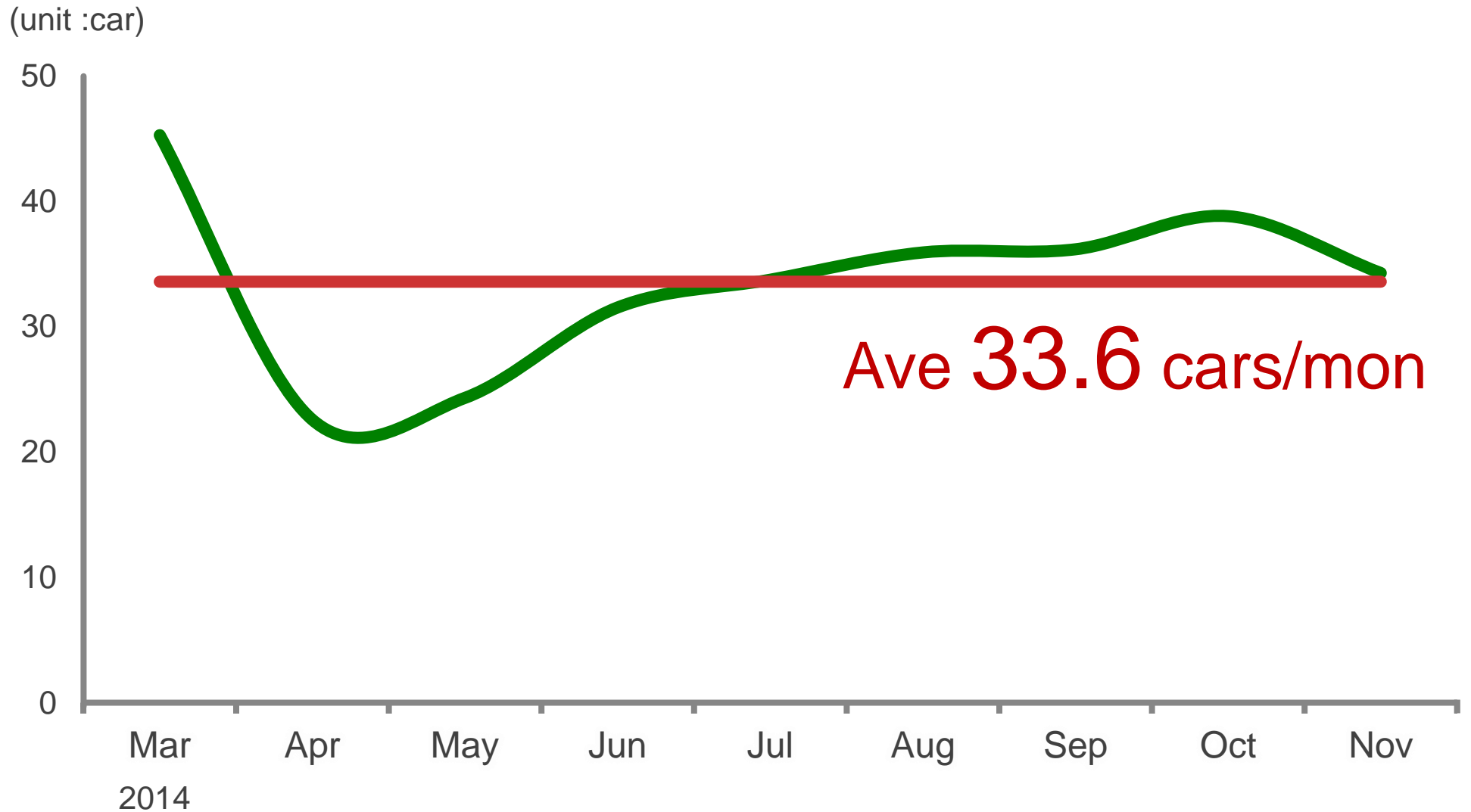


Visiting to purchase used vehicle

Sales talk for responding to needs



Status of display sales stores (Existing stores retail car sales)



*Average retail car sales for 28 stores that opened in FY2014, prior to February 2014, and are fully operational in FY2015 (excluding LIBERALA Azabu and new car dealers)

Status of display sales stores (gross margin per car)

Forecast **200-250** thousand yen/car



3QResult **200-250** thousand yen/car

Status of display sales stores (Capital investment/ SG&A Expenses)

Forecast **80** million yen/store **5** million yen/store



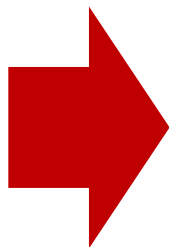
3QResult **80** million yen/store **5** million yen/store

Negative factors

- Conservative spending caused by the consumption tax rate hike was longer than anticipated
- ➔ Decrease in number of cars purchased at Gulliver stores
= Decrease in number of wholesale
- ➔ Decrease in number of retail car sales

Positive factors

- Greater-than-expected increase in number of retail car sales at display sales stores
- New store openings proceeded as planned



No change in medium-term management strategy;
new store openings and hiring to continue as planned

II . Status of openings

Display sales stores opened

Gulliver
OUTLET

R124-Kashima
Ibaraki-Kashima



R431-Yonago
Tottori-Yonago



R10-Miyazakiehira
Miyazaki-Miyazaki



Hirakata
Osaka-Hirakata



Matsuyamakumanodai
Ehime-Matsuyama



Kofubp-Kokubo
Yamanashi-Kofu



R8-Fukui
Fukui-Fukui



Niigatakameda
Niigata-Niigata



Toyamashinjo
Toyama-Toyama



R4-Soka
Saitama-Soka



Asahikawasuehiro
Hokkaido-Asahikawa



Tottori-bp
Tottori-Tottori



R26-Wakayama
Wakayama-Wakayama



Ogaki
Gihu-Ogaki



R1-Shimizu
Shizuoka-Shizuoka



Display sales stores opened

Tochigi-bp
Tochigi-Tochigi



Yatsushiro inter
Kumamoto-Yatsushiro



R17-Maebashikita
Gunma-Maebashi



Kanazawanishi inter
Ishikawa-Kanazawa



Kyotofushimi
Kyoto-Kyoto



Higashikawaguchi
Saitama-Kawaguchi



Yamagatanishi-bp
Yamagata-Yamagata



Akitaniida
Akita-Akita



WOW/TOWN

Niigata
Niigata- Niigata



Kisarazu
Chiba-Kisarazu



*in AEON Mall Kisarazu



Takarazukainter
Hyogo-Takarazuka



Tsukuba
Ibaraki-Tsukuba

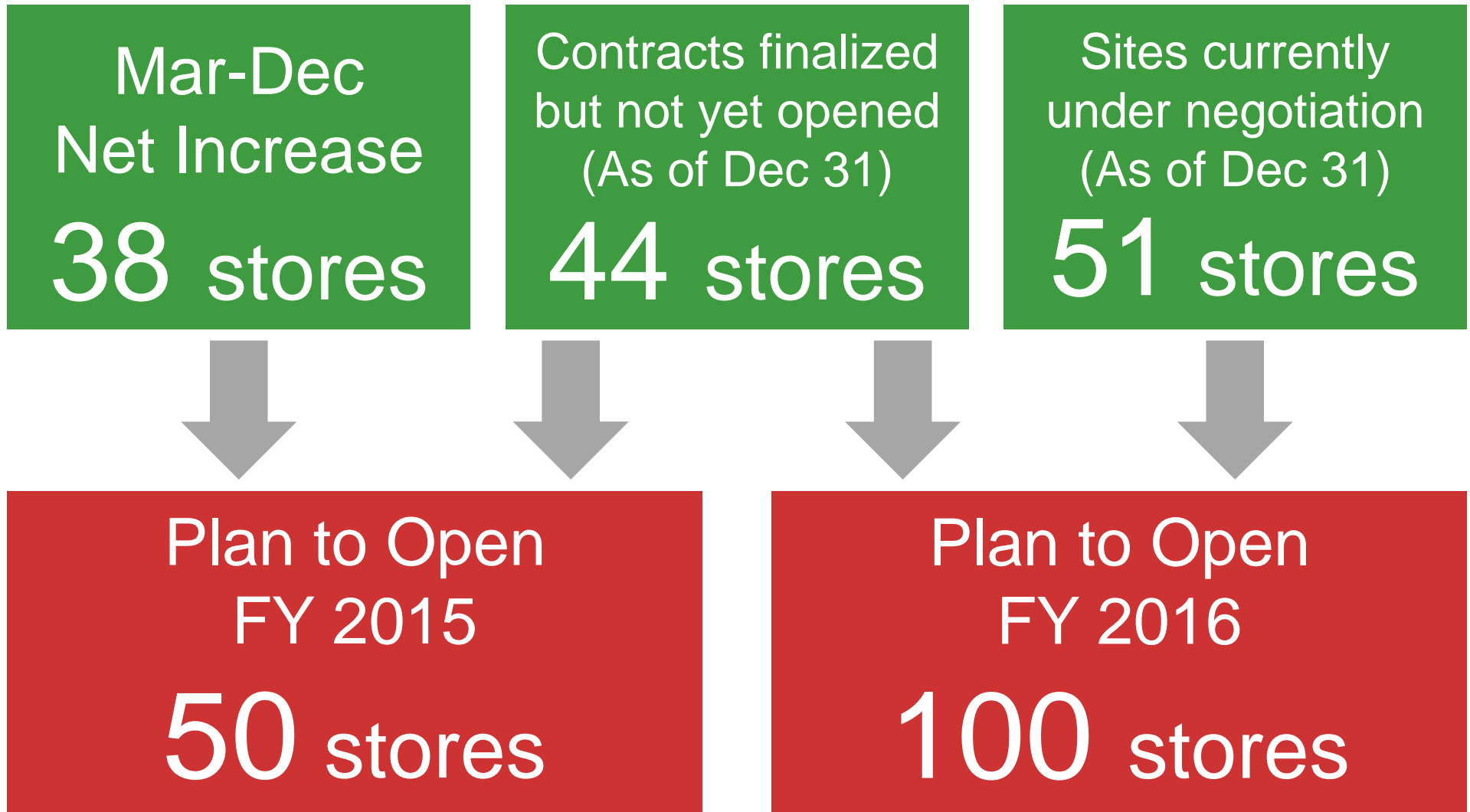


Net Increase in the Number of Directly Managed Stores from March 1

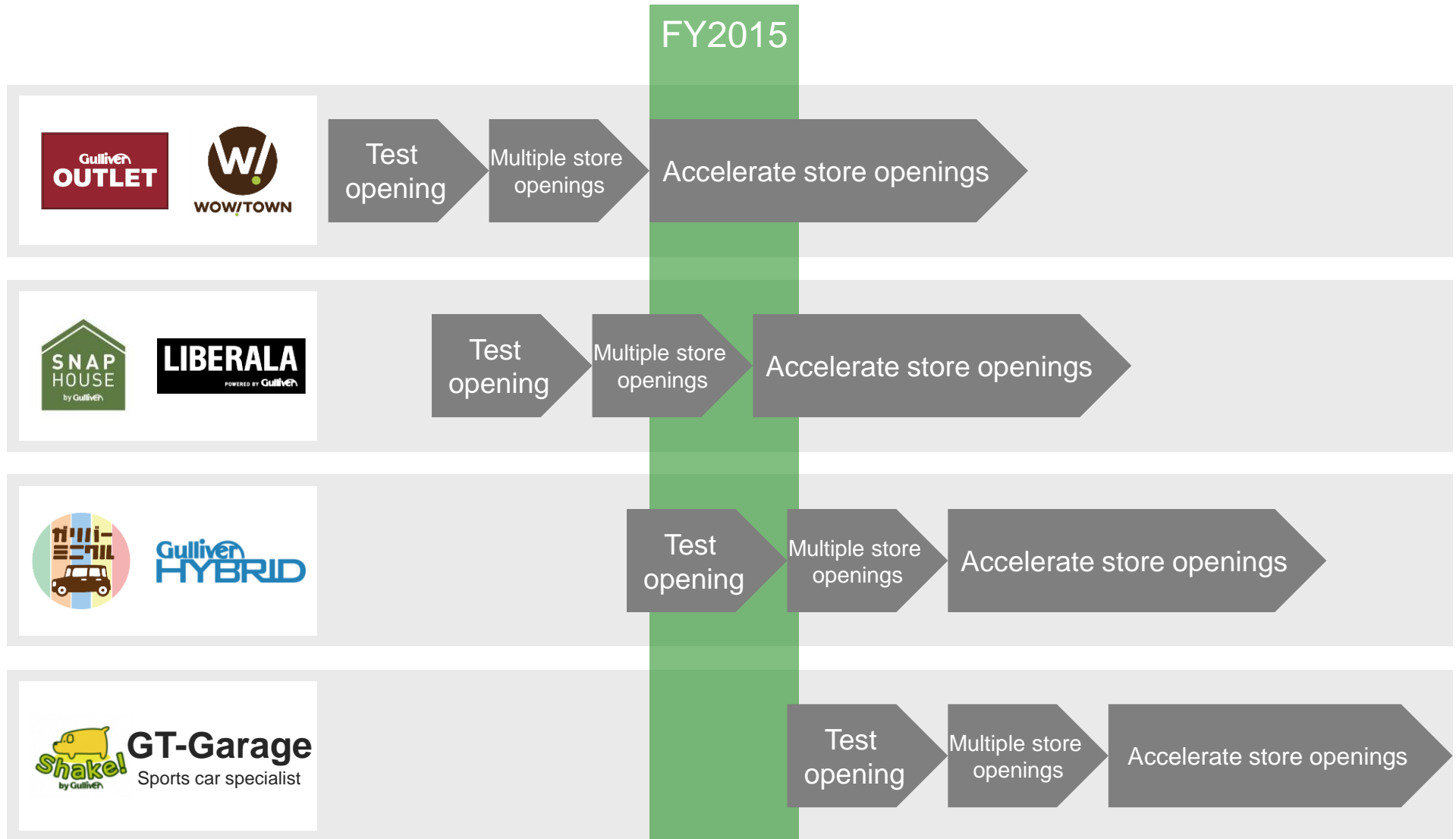


* Forecast for January onward

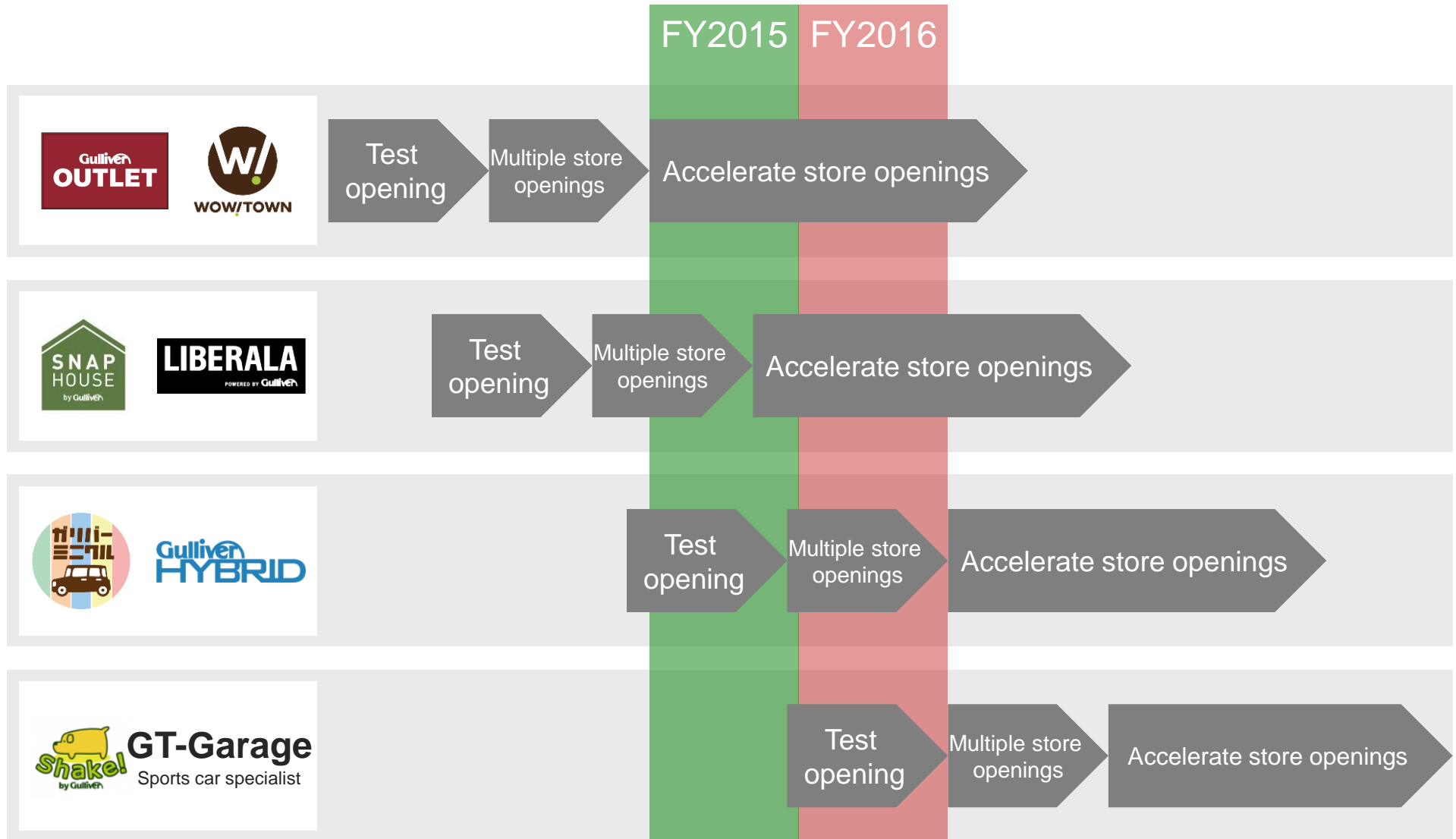
Basis for FY2015, FY2016 development plan



Step for development of channel



Step for development of channel

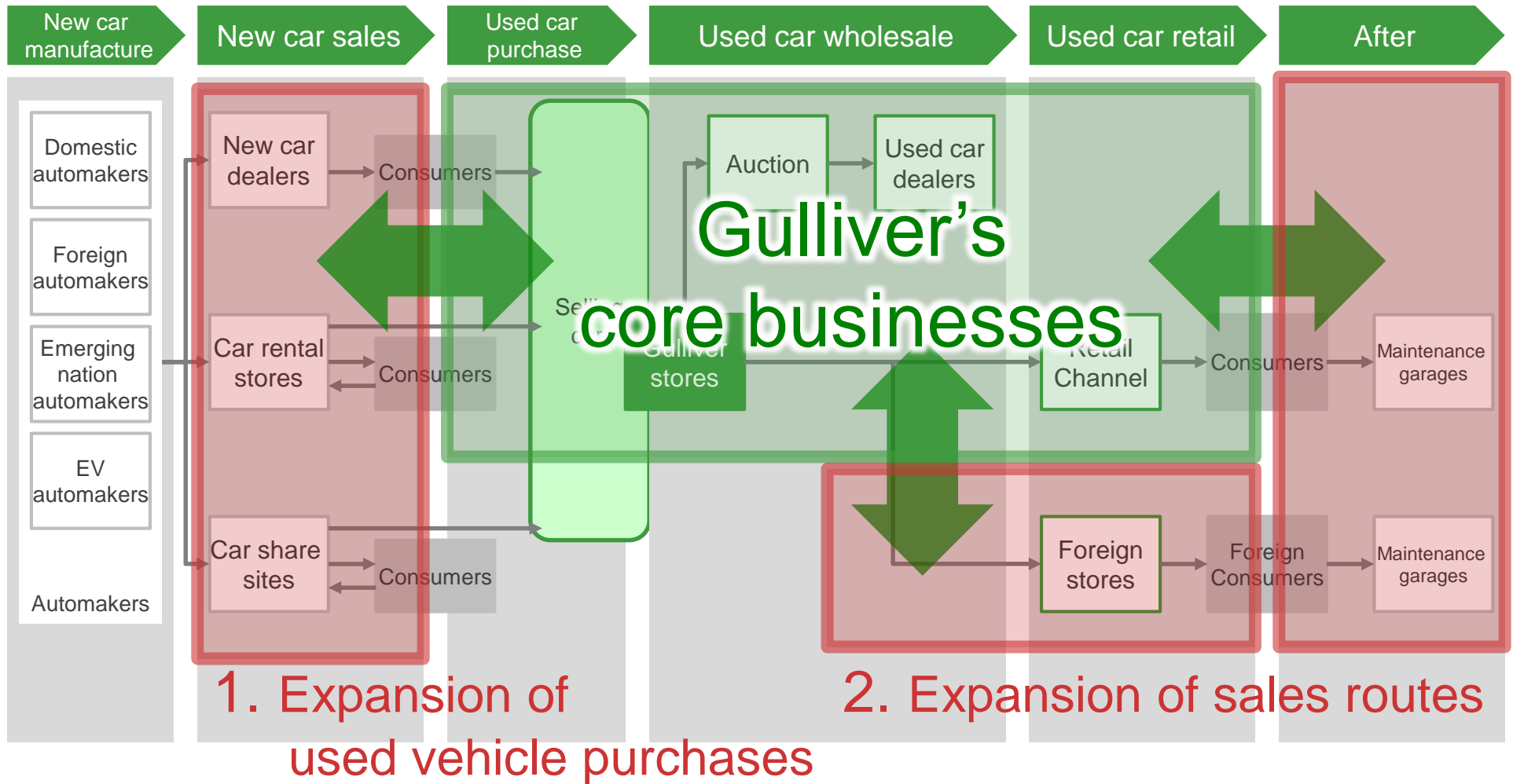


III. New initiatives to expand core businesses

Start of growth strategy for 2018 and beyond

Expand into businesses that achieve synergy with core businesses

3. Expansion of ancillary services



Synergy effects from M&A with new car dealers

Expand used car purchasing

Use trade-ins from new car customers to supply inventory for used car retail sales



Expansion of sales routes

Create opportunities to propose used vehicle retail sale to new vehicle upgrade customers



Expansion of ancillary services

Shared use of maintenance workshops

Expansion of new car dealer

BMW/MINI Asahikawa (1 store)



Opened
Jan, 2013

VolvoCars-Matsuyama (1 store)



Opened
Oct, 2013

Expansion of new car dealer

BMW/MINI Asahikawa (1 store)



Opened
Jan, 2013

Absorb dealers' management expertise

VolvoCars-Matsuyama (1 store)



Opened
Oct, 2013

and verify synergy effect

Expansion of new car dealer

BMW/MINI Asahikawa (1 store)



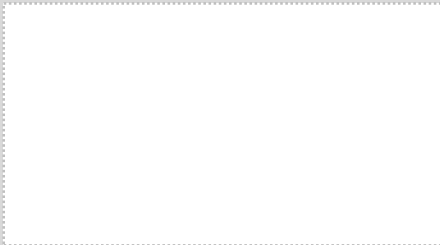
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Jan, 2013

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Opened
Oct, 2013

????????? (Multiple store openings)



Opening
?, 2015

Expansion of new car dealer

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VolvoCars-Matsuyama (1 store)



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Oct, 2013

???????? (Multiple store openings)

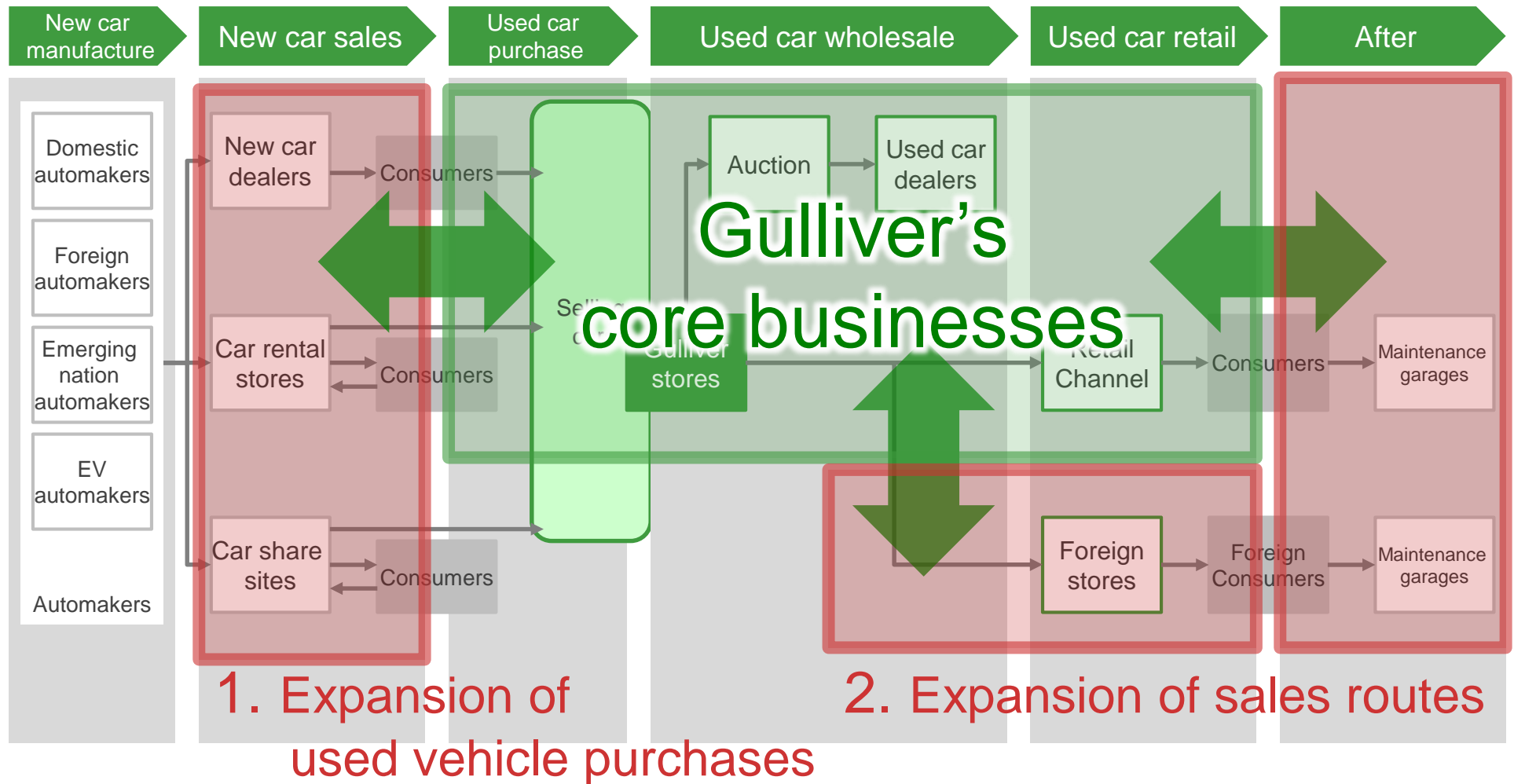


Full-scale entry
into dealer business

Start of growth strategy for 2018 and beyond

Expand into businesses that achieve synergy with core businesses

3. Expansion of ancillary services



Vehicle inspection business “ Shake ! ”



Vehicle inspection business “ Shake ! “



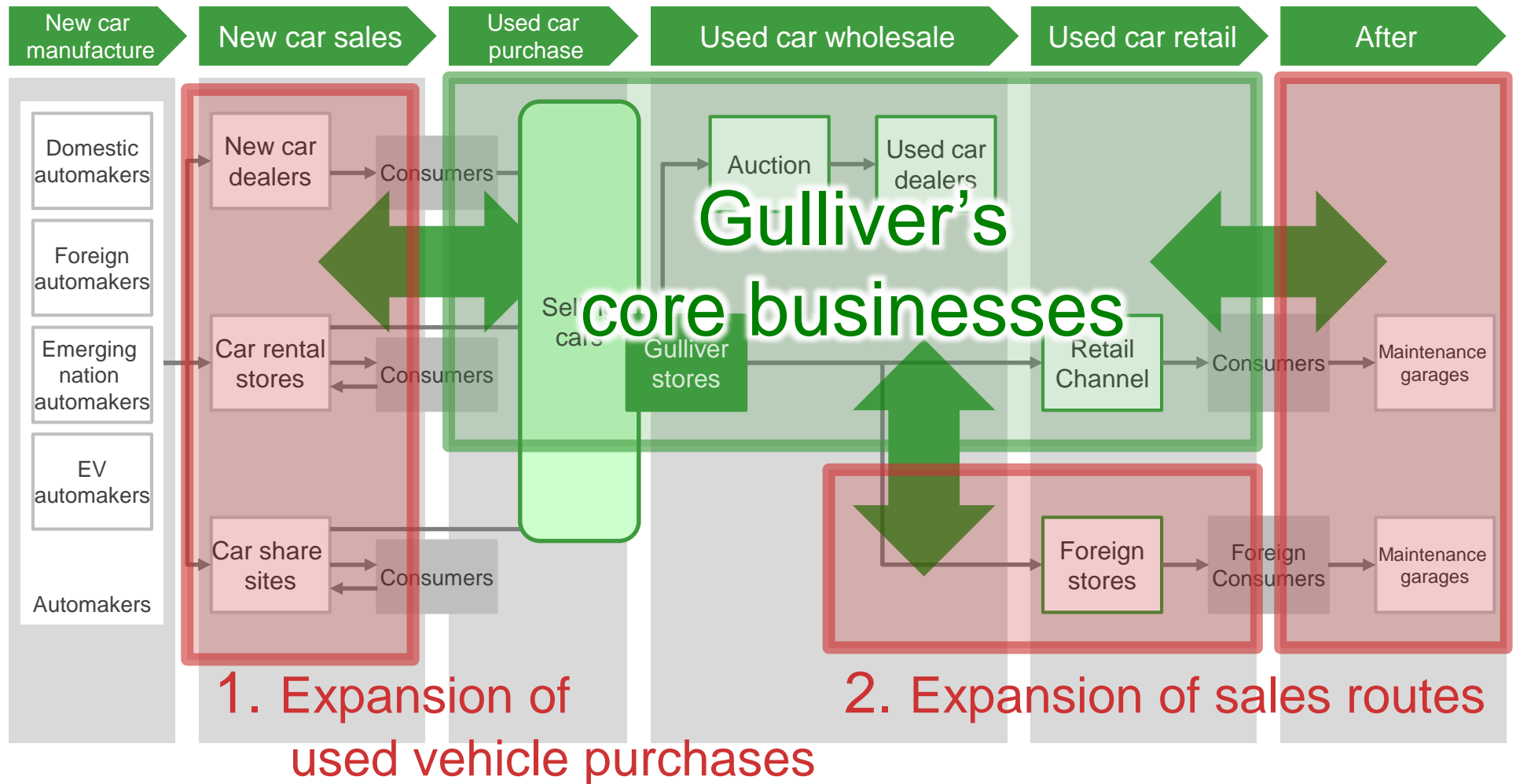
Vehicle inspection business “ Shake ! ”



Start of growth strategy for 2018 and beyond

Expand into businesses that achieve synergy with core businesses

3. Expansion of ancillary services



Expansion to Oceania area

Direct export model using Dolphinet



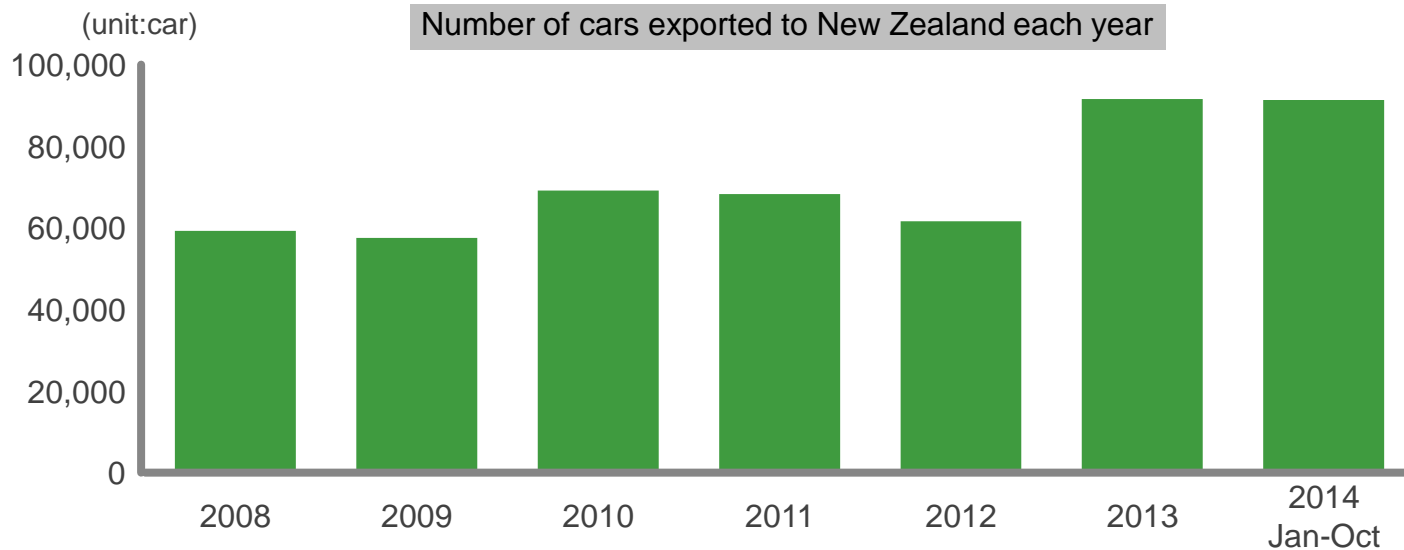
Local operation to begin in Australia once customs duty on exports of used cars to Australia is scrapped

Establish a wholly-owned subsidiary in New Zealand, with plans to commence trial operation at one store from November

Background to expansion into New Zealand

- Absence of customs regulations, etc., and easy to secure profit from used-car exports
- Japanese used cars are accepted since New Zealand uses right-hand drive cars

➔ **One of the top ranking destination countries by export volume**
at approx. 100,000 cars/year



Export destination
country ranking

4th

2nd

4th

4th

6th

4th

3rd

The first store in New Zealand



The first store in New Zealand



VI. Reference

Expansion to ASEAN



Established joint venture, V-Gulliver Company Limited with a subsidiary of the Viriyah Group

March, 2014 First store Gulliver Srinagarindra was opened

August, 2014 Second store Gulliver Nakhon Sawan was opened

October, 2014 Third store Gulliver Nawamin is opening

February, 2015 4th & 5th stores Opening

Plan to open 10 stores in total in Thailand by April 2015

The second store in Thailand(Nakhon Sawan)



The third store in Thailand(Nawamin)



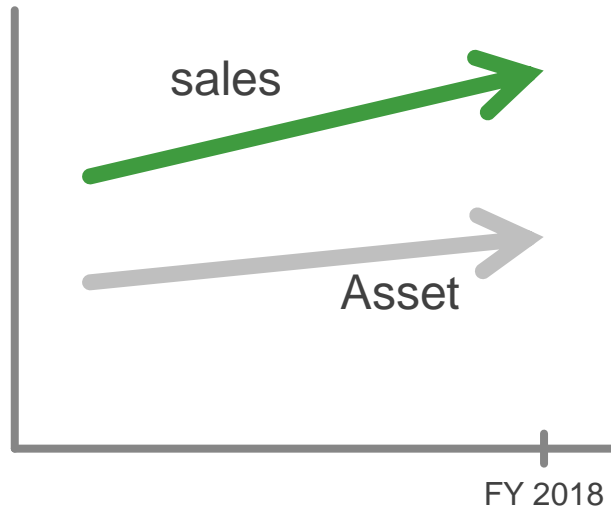
Outlook for ROE FY2018

Increase in retail car sales
Increase in profit margin
with expansion in retail sales



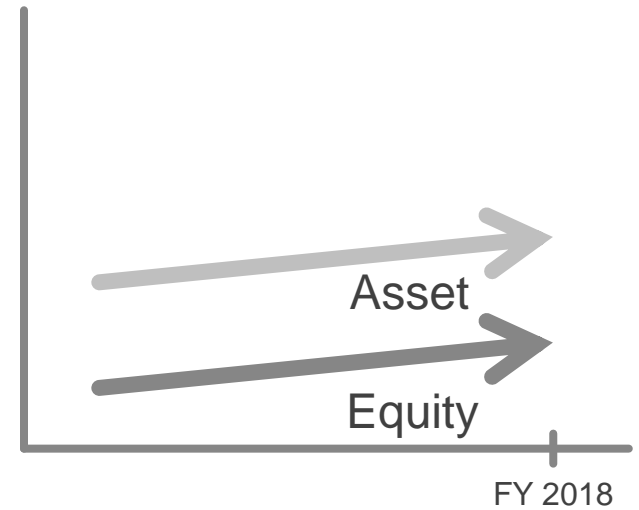
Net income margin

Expand retail car sales
based on management policy
of not holding inventory
or real estate



Total asset turnover ratio

Investment in store opening
with own capital
(+ a portion from bank loan)



Financial leverage

$$\frac{\text{Net income}}{\text{sales}}$$



$$\frac{\text{sales}}{\text{Asset}}$$



$$\frac{\text{Asset}}{\text{Equity}}$$

Outlook for ROE FY2018

Increase in retail car sales
Increase in profit margin
with expansion in retail sales

Expand retail car sales
based on management policy
of not holding inventory
or real estate

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with own capital
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Net income margin

Total asset turnover ratio

Financial leverage

$$\frac{\text{Net income}}{\text{sales}}$$

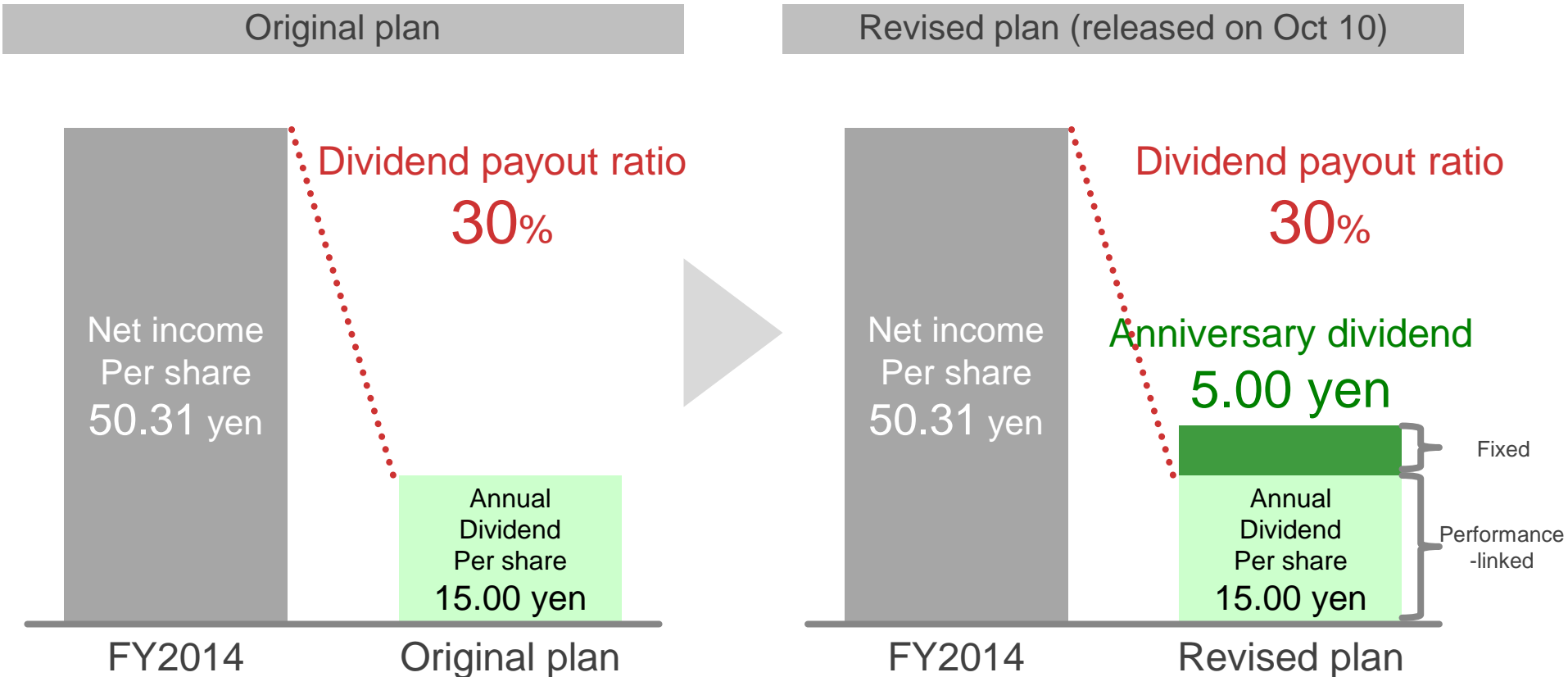


$$\frac{\text{sales}}{\text{Asset}}$$



$$\frac{\text{Asset}}{\text{Equity}}$$

Commemorative year-end dividend of 5 yen per share for 20th Anniversary



* Dividend per share will be an interim dividend of 7.50 yen per share plus year-end dividend of 12.50 yen per share for a planned annual dividend of 20.00 yen per share.

* The performance-linked component of the dividend may increase or decrease if the net income for the fiscal year is lower or higher than planned.

*The year-end dividend for the fiscal year ending February 28, 2015, including the commemorative dividend, is to be formally decided by a resolution of the ordinary general meeting of shareholders.

Basic Policy Concerning Distribution of Profits

Basic policy

- We emphasize dividend payout ratio and return profits to investors corresponding to achievements.

Concrete Target

- Retaining dividend payout ratio of 30% of consolidated net income for the period.

Dividends per share

(unit:yen)

		FY ended Feb 28, 2013	FY ended Feb 28, 2014	FY ending Feb 28, 2015 (Forecast)
Interim dividend		41.00	5.00	7.50
Year-end dividend	Ordinary dividend	47.00	8.00	7.50
	Anniversary dividend	-	-	5.00
Annual dividend		88.00	13.00	20.00

• We had split one common share to 10 shares and implemented the share unit system, by which 10 shares turn to as share unit, effective as of May 1, 2013. Dividend data adjusted for stock splits..

Income Statement

Consolidated	FY ended Nov 30, 2011		FY ended Nov 30, 2012		FY ended Nov 30, 2013		FY ended Nov 30, 2014			
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	103,345	100.0	109,169	100.0	128,637	100.0	117,623	100.0	-11,014	-8.6
Cost of sales	77,887	75.4	84,686	77.6	101,379	78.8	88,374	75.1	-13,005	-12.8
Gross profit	25,457	24.6	24,482	22.4	27,257	21.2	29,248	24.9	1,991	7.3
SG&A Expenses	19,738	19.1	21,163	19.4	21,345	16.6	24,621	20.9	3,276	15.3
Operating income	5,719	5.5	3,319	3.0	5,912	4.6	4,626	3.9	-1,286	-21.8
Ordinary income	5,727	5.5	3,477	3.2	6,012	4.7	4,665	4.0	-1,347	-22.4
Income before income taxes and minority interests	6,044	5.8	3,392	3.1	5,984	4.7	4,522	3.8	-1,462	-24.4
Net income	3,619	3.5	1,952	1.8	3,707	2.9	2,765	2.4	-942	-25.4

Non-Consolidated	FY ended Nov 30, 2011		FY ended Nov 30, 2012		FY ended Nov 30, 2013		FY ended Nov 30, 2014			
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	100,918	100.0	108,100	100.0	127,579	100.0	115,624	100.0	-11,955	-9.4
Cost of sales	76,657	76.0	84,097	77.8	100,715	78.9	87,067	75.3	-13,648	-13.6
Gross profit	24,261	24.0	24,003	22.2	26,864	21.1	28,557	24.7	1,693	6.3
SG&A Expenses	19,166	19.0	20,930	19.4	21,112	16.5	24,181	20.9	3,069	14.5
Operating income	5,095	5.0	3,073	2.8	5,751	4.5	4,376	3.8	-1,375	-23.9
Ordinary income	5,124	5.1	3,152	2.9	5,796	4.5	4,390	3.8	-1,406	-24.3
Income before income taxes	5,673	5.6	3,177	2.9	5,780	4.5	4,259	3.7	-1,521	-26.3
Net income	3,481	3.4	1,825	1.7	3,577	2.8	2,594	2.2	-983	-27.5

Income Statement(Forecast)

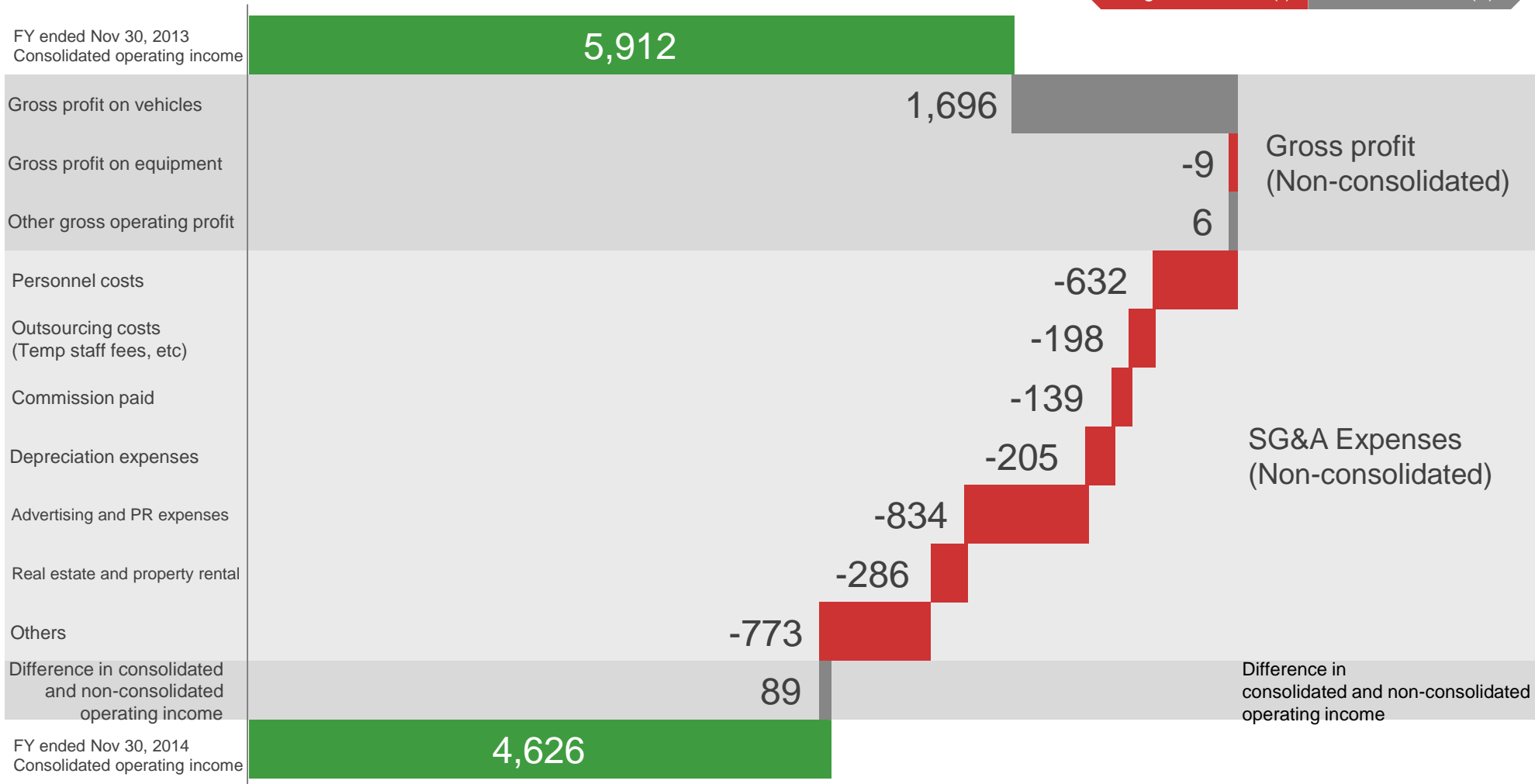
Consolidated	FY ended Feb 29, 2012		FY ended Feb 28, 2013		FY ended Feb 28, 2014		FY ending Feb 28, 2015			
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Forecast (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	132,881	100.0	143,417	100.0	169,398	100.0	173,000	100.0	3,602	2.1
Cost of sales	99,892	75.2	109,527	76.4	132,843	78.4	132,000	76.3	-843	-0.6
Gross profit	32,989	24.8	33,889	23.6	36,554	21.6	41,000	23.7	4,446	12.2
SG&A Expenses	26,739	20.1	28,812	20.1	29,460	17.4	32,500	18.8	3,040	10.3
Operating income	6,249	4.7	5,077	3.5	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

Non-Consolidated	FY ended Feb 29, 2012		FY ended Feb 28, 2013		FY ended Feb 28, 2014		FY ending Feb 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	76.6	132,000	78.6	131,300	76.5	-700	-0.5
Gross profit	31,595	24.3	33,290	23.4	36,036	21.4	40,300	23.5	4,264	11.8
SG&A Expenses	26,050	20.0	28,491	20.1	29,161	17.4	32,000	18.6	2,838	9.7
Operating income	5,544	4.3	4,798	3.4	6,874	4.1	8,300	4.8	1,426	20.7
Ordinary income	5,622	4.3	4,966	3.5	6,987	4.2	8,300	4.8	1,313	18.8
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

Analysis of change in consolidated operating income

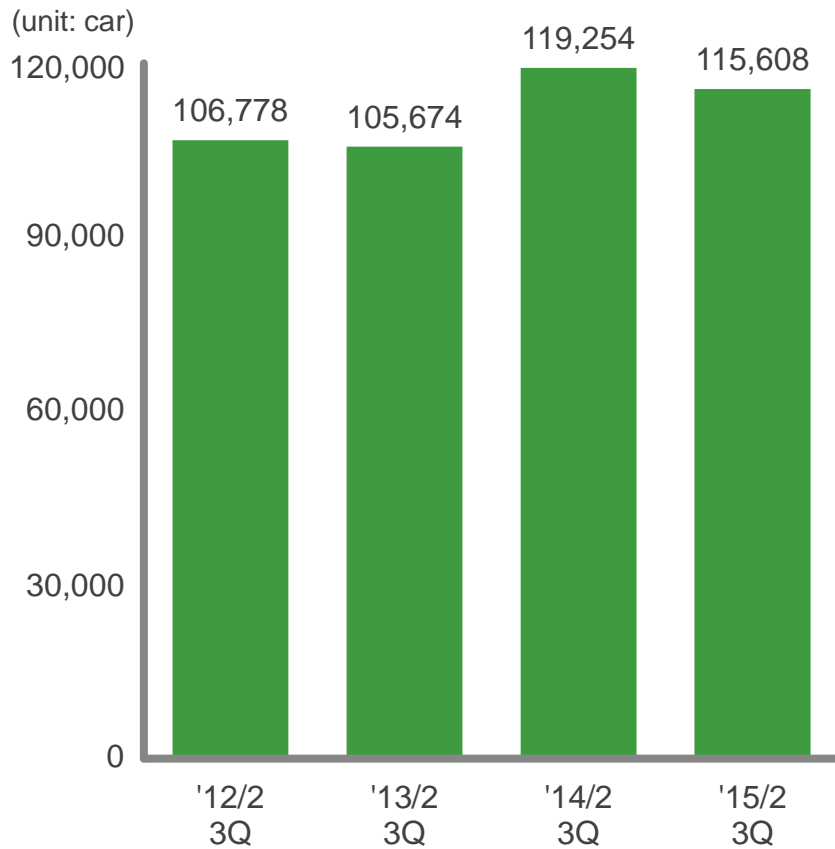
(unit: million yen) *Amounts truncated to ten thousand

Negative factors (-) Positive factors (+)

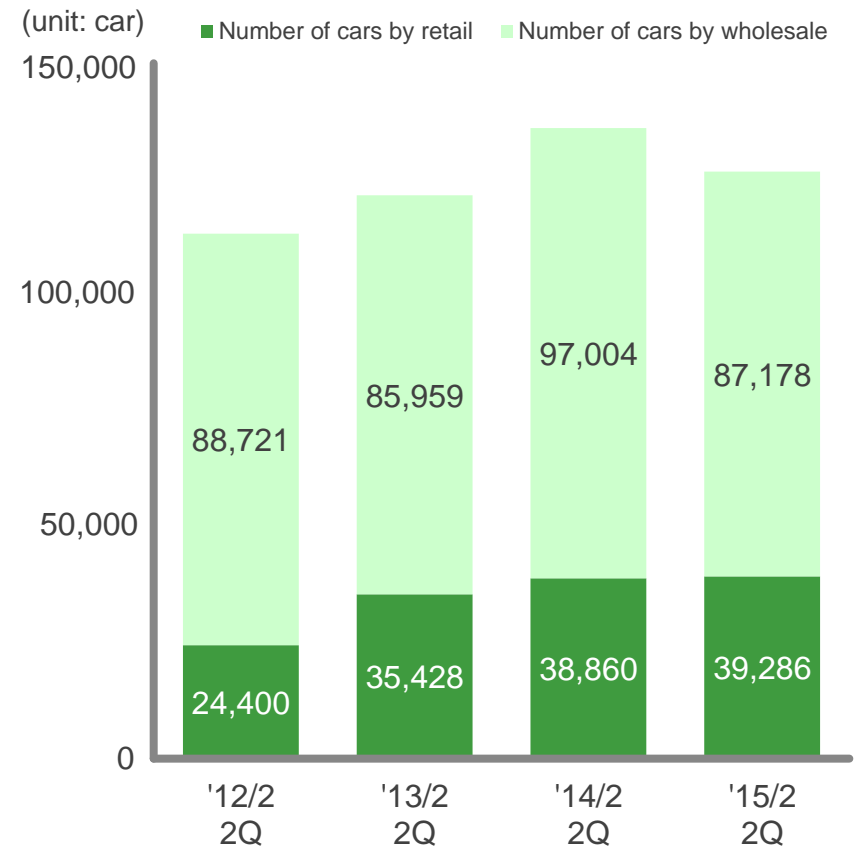


Transaction Volume

Number of cars purchased

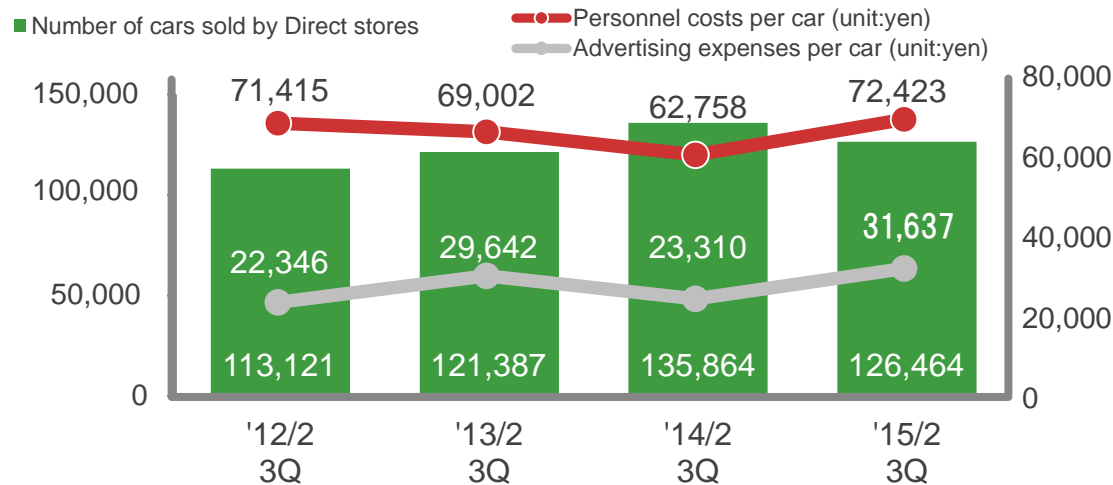
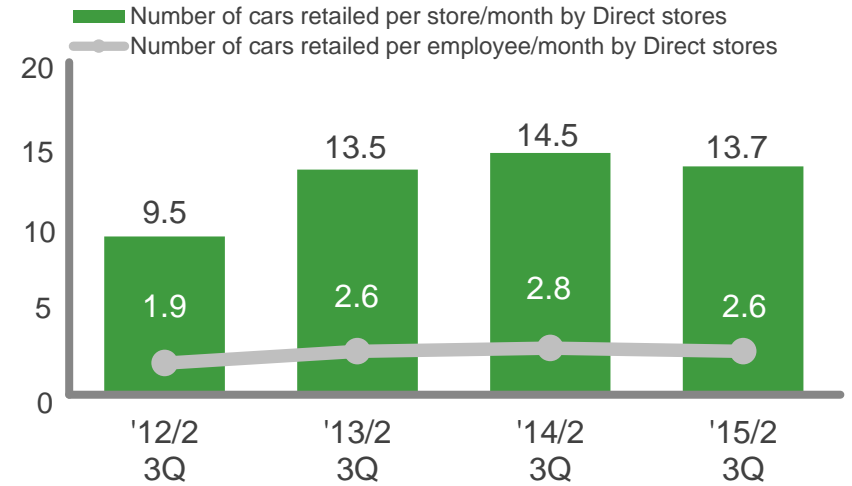
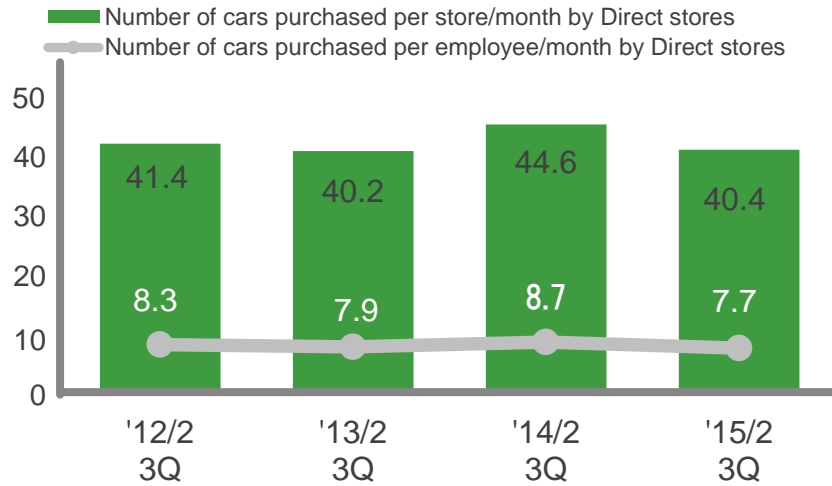


Number of cars by wholesale and Number of cars by retail



Productivity Indicator

Productivity Indicator



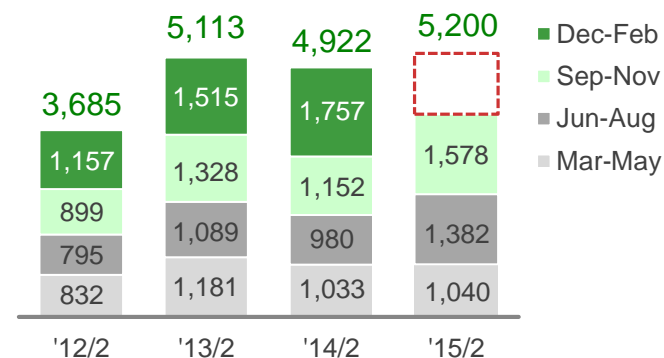
SG&A Expense (Non-Consolidated)

	FY ended Nov 30, 2011		FY ended Nov 30, 2012		FY ended Nov 30, 2013		FY ended Nov 30, 2014			
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Personnel costs	8,078	8.0	8,375	7.7	8,526	6.7	9,158	7.9	632	7.4
Outsourcing costs (Temp staff fees, etc)	821	0.8	876	0.8	796	0.6	994	0.9	198	24.9
Commission paid	336	0.3	375	0.3	390	0.3	529	0.5	139	35.6
Depreciation expenses	865	0.9	850	0.8	935	0.7	1,140	1.0	205	21.9
Advertising and PR expenses	2,527	2.5	3,598	3.3	3,167	2.5	4,001	3.5	834	26.3
Real estate and property rental	3,305	3.3	3,490	3.2	3,676	2.9	3,962	3.4	286	7.8
Others	3,232	3.2	3,363	3.1	3,620	2.8	4,394	3.8	774	21.4
Total	19,166	19.0	20,930	19.4	21,112	16.5	24,181	20.9	3,069	14.5

Basic data

		FY ended Nov 30, 2011	FY ended Nov 30, 2012	FY ended Nov 30, 2013	FY ended Nov 30, 2014
Employees (Head office)	person	526	478	483	508
Employees (Direct stores)	person	1,445	1,486	1,540	1,673
Total employees	person	1,971	1,964	2,023	2,181
Capital investment(stores)	million yen	775	298	849	3,215
Capital investment(system, etc)	million yen	417	405	262	431
Total capital investment	million yen	1,192	704	1,111	3,647

Advertising expenses (million yen)



Consolidated balance sheets

(unit: million yen)

	As of February 28, 2014	As of November 30, 2014
Assets		
Current assets		
Cash and deposits	14,688	10,887
Notes and accounts receivable - trade	7,163	3,838
Merchandise	9,414	10,926
Deferred tax assets	1,210	978
Other	1,046	1,171
Allowance for doubtful accounts	-59	-62
Total current assets	33,463	27,740
Non-current assets		
Property, plant and equipment		
Buildings and structures	15,586	18,422
Accumulated depreciation	-5,605	-6,129
Buildings and structures, net	9,981	12,292
Vehicles	215	60
Accumulated depreciation	-185	-57
Vehicles, net	30	3
Tools, furniture and fixtures	2,740	2,972
Accumulated depreciation	-2,165	-2,295
Tools, furniture and fixtures, net	575	677
Land	218	218
Construction in progress	184	807
Total property, plant and equipment	10,989	13,999
Intangible assets		
Software	993	1,211
Other	17	170
Total intangible assets	1,011	1,381
Investments and other assets		
Investment securities	3	3
Shares of subsidiaries and associates	435	76
Long-term loans receivable	251	375
Lease and guarantee deposits	3,319	3,569
Construction assistance fund receivables	2,812	3,227
Deferred tax assets	253	263
Other	302	370
Allowance for doubtful accounts	-62	-63
Total investments and other assets	7,315	7,823
Total non-current assets	19,316	23,205
Total assets	52,779	50,945

	As of February 28, 2014	As of November 30, 2014
Liabilities		
Current liabilities		
Accounts payable - trade	2,852	2,808
Short-term loans payable	-	4,002
Accounts payable - other	1,721	1,467
Income taxes payable	2,116	307
Deposits received	98	184
Provision for bonuses	440	79
Provision for merchandise warranties	1,817	1,282
Other	4,478	4,145
Total current liabilities	13,525	14,277
Non-current liabilities		
Long-term loans payable	4,000	47
Long-term guarantee deposited	741	700
Provision for directors' retirement benefits	474	498
Asset retirement obligations	1,191	1,332
Total non-current liabilities	6,407	2,578
Total liabilities	19,933	16,855
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	28,548	29,756
Treasury shares	-3,975	-3,947
Total shareholders' equity	32,761	33,998
Accumulated other comprehensive income		
Foreign currency translation adjustment	80	90
Total accumulated other comprehensive income	80	90
Subscription rights to shares	4	-
Total net assets	32,846	34,089
Total net assets	52,779	50,945