Gulliver International Co., Ltd.

Gulliver announces revisions to operating results forecasts

Tokyo, April 3, 2015-Gulliver International Co., Ltd. ("Gulliver," TSE stock code 7599) today announced revisions to its forecasts for operating results and dividend per share for the fiscal year ended February 28, 2015. The revisions are as follows.

Results forecast revisions for the fiscal year ended February 28, 2015

Revisions to the consolidated full-year results forecast (March 1, 2014 to February 28, 2015)

(unit: Millions of yen)

	Net sales	Operating income	Ordinary income	Net income	Net income per share (¥)
Previously announced forecasts (A)	173,000	8,500	8,500	5,100	50.31
Revised forecasts (B)	155,700	5,300	5,300	3,300	32.55
Change (B – A)	(17,300)	(3,200)	(3,200)	(1,800)	
Percentage change (%)	(10.0)	(37.6)	(37.6)	(35.3)	
Reference: Results for the fiscal year ended February 2014	169,398	7,094	7,201	4,360	43.01

Revisions to the non-consolidated full-year results forecast (March 1, 2014 to February 28, 2015)

(unit: Millions of yen)

	Net sales	Ordinary income	Net income	Net income per share (¥)
Previously announced forecasts (A)	171,600	8,300	5,000	49.33
Revised forecasts (B)	153,100	6,000	4,100	40.44
Change (B – A)	(18,500)	(2,300)	(900)	
Percentage change (%)	(10.8)	(27.7)	(18.0)	
Reference: Results for the fiscal year ended February 2014	168,036	6,987	4,200	41.44

Reasons for revisions

The retail sales volume of used cars at the display and sales lots that the Group is speeding up to open (mainly WOW! TOWN, OUTLET, LIBERALA, SNAP HOUSE, and MINICLE) were higher than expected and steadily building up results.

On the other hand, the Gulliver stores saw a decrease in footfall of customers looking to trade in their vehicle for a new car. This reflected the backdrop of a slump in the market for new automobiles that had continued for longer than expected, following an increase in Japan's consumption tax rate in April 2014. As a result, the Group's overall retail sales volume of used cars declined as opportunities for cross-selling the next car to these customers diminished. In addition, SG&A expenses rose more than anticipated as a consequence of the Group increasing its advertising expenditures to stem this decrease in customer footfall.

As for non-consolidated operating results, 1,000 million yen in dividends received from a wholly-owned consolidated subsidiary will be recorded as dividend income under non-operating income. This transaction, however, will have no impact on consolidated operating results, as it will be offset and eliminated completely as a transaction between a parent company and its subsidiary.

In view of the above, Gulliver's consolidated and non-consolidated operating results are now forecast to be less than those previously announced.

Revision of Dividend Forecast

(unit: Yen)

	Dividend per share		
Base date	Interim dividend	Year-end dividend	Annual dividend
Previous dividend forecasts (Announced January 13, 2015)	--	12.50	20.00
Revised dividend forecasts	--	7.50	15.00
Actual dividends for FY ended February 28, 2015	7.50		
Results for the fiscal year ended February 2014	5.00	8.00	13.00

Note: Breakdown of the year-end dividend forecast for the fiscal year ended February 2015 is a 2.50 yen ordinary dividend and 5.00 yen commemorative dividend per share.

Reasons for Revision

Gulliver has a basic policy of returning profits to shareholders as appropriate in accordance with operating results and emphasizes the dividend payout ratio in doing so. Specifically, Gulliver targets a dividend payout ratio of around 30% of consolidated net income.

The year-end dividend forecast was revised in accordance with this basic policy and target, and considering that consolidated net income in the operating results forecast for the fiscal year ended February 28, 2015 is expected to fall short of the previous forecast.

On the other hand, as announced on October 10, 2014, Gulliver will proceed as planned to pay a commemorative year-end dividend of 5 yen per share to mark the 20th anniversary of its founding. As stated above, Gulliver's policy on dividends has been to pay a dividend linked to earnings performance, applying a payout ratio of 30% on consolidated net income as a yardstick in deciding the dividend amount. However, the commemorative is to be paid separately from this performance-linked dividend.

As a result, Gulliver is now forecasting a year-end dividend of 7.50 yen per share and, together with the interim dividend it paid, an annual dividend of 15 yen per share.

The year-end dividend, including the commemorative dividend, for the year ended February 2015 is to be formally decided by a resolution of the Ordinary Shareholders' Meeting scheduled in May 2015.