

2nd Quarter Results for Fiscal year ending February 28, 2017

October 14, 2016

IDOM Inc.
(7599)

I .2nd Quarter(Six months ended)Results for FY 2017

II .Status of Gulliver stores

III .Status of Display Sales Stores

IV .New services (Expenses for developing future markets)

V .Topics

Reference

VI.Supplementary information about Operating Results
and Financial Data(Reference)

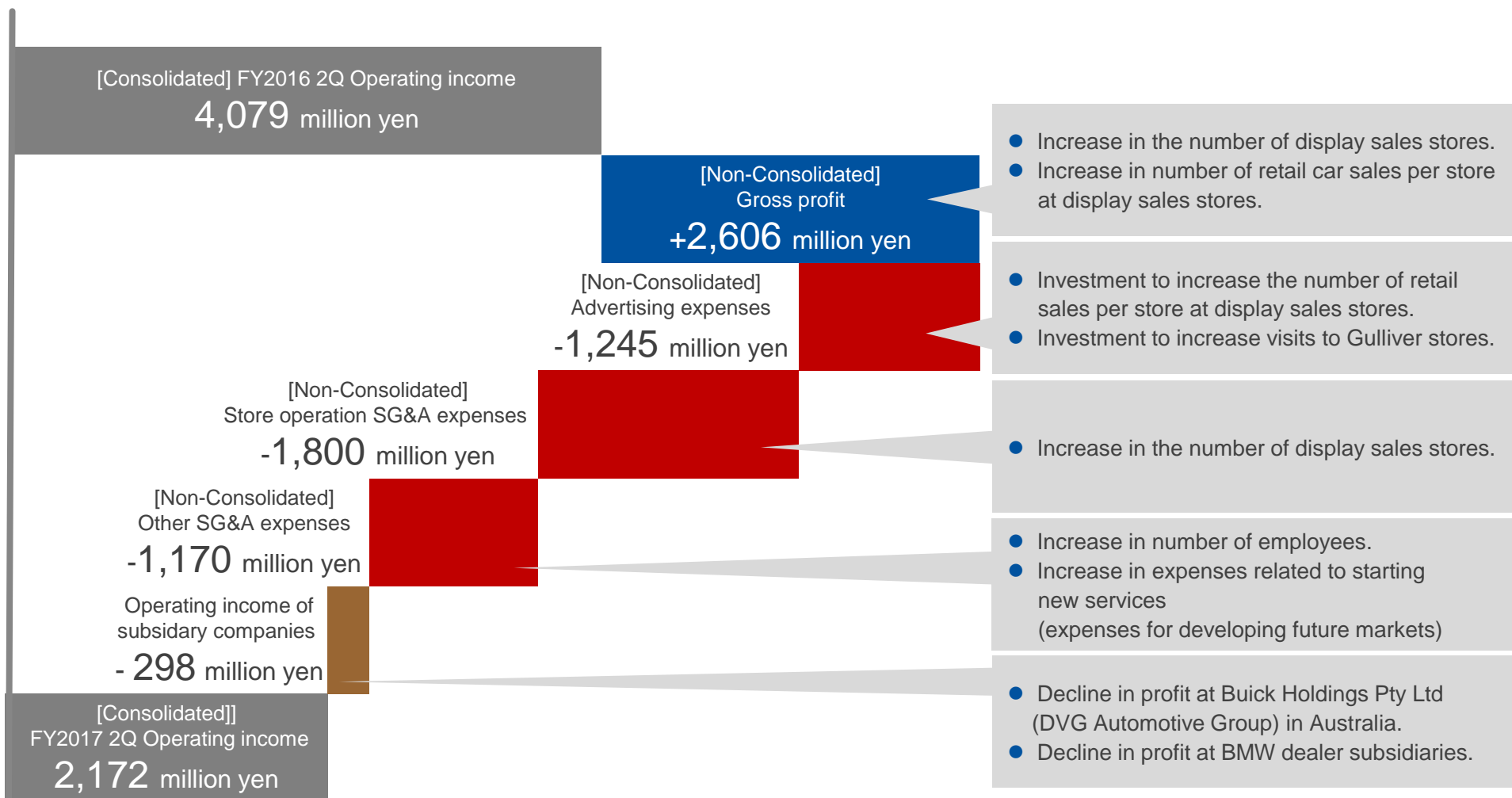
I .2nd Quarter(Six months ended) Results for FY 2017

[Non-Consolidated] 2Q Summary

	FY2016 Mar - Aug		FY2017 Mar - Aug
Number of cars purchased	88,128 cars	➔	87,998 cars
Number of wholesale	64,122 cars	➔	51,877 cars
Number of retail car sales	34,020 cars	➔	45,421 cars
SG&A expenses (Non-consolidated)	18,272 million yen	➔	22,487 million yen
Operating income (Non-consolidated)	3,776 million yen	➔	2,167 million yen

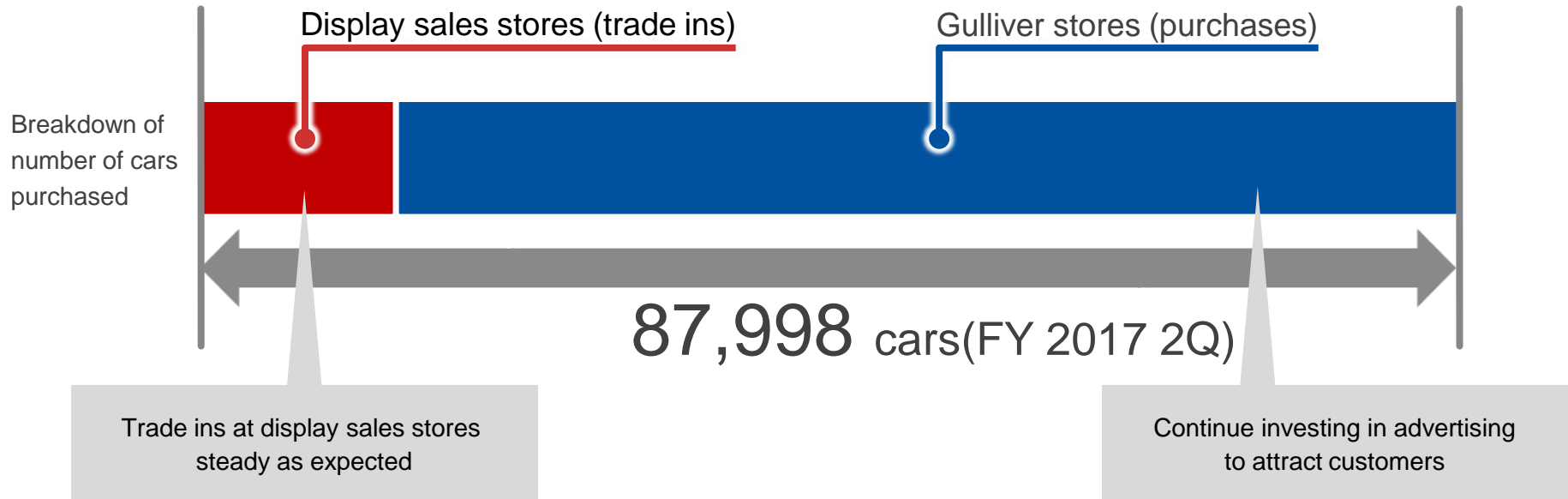
* Number of cars for direct stores

[Consolidated] Factors increasing and decreasing 2Q operating income



II .Status of Gulliver stores

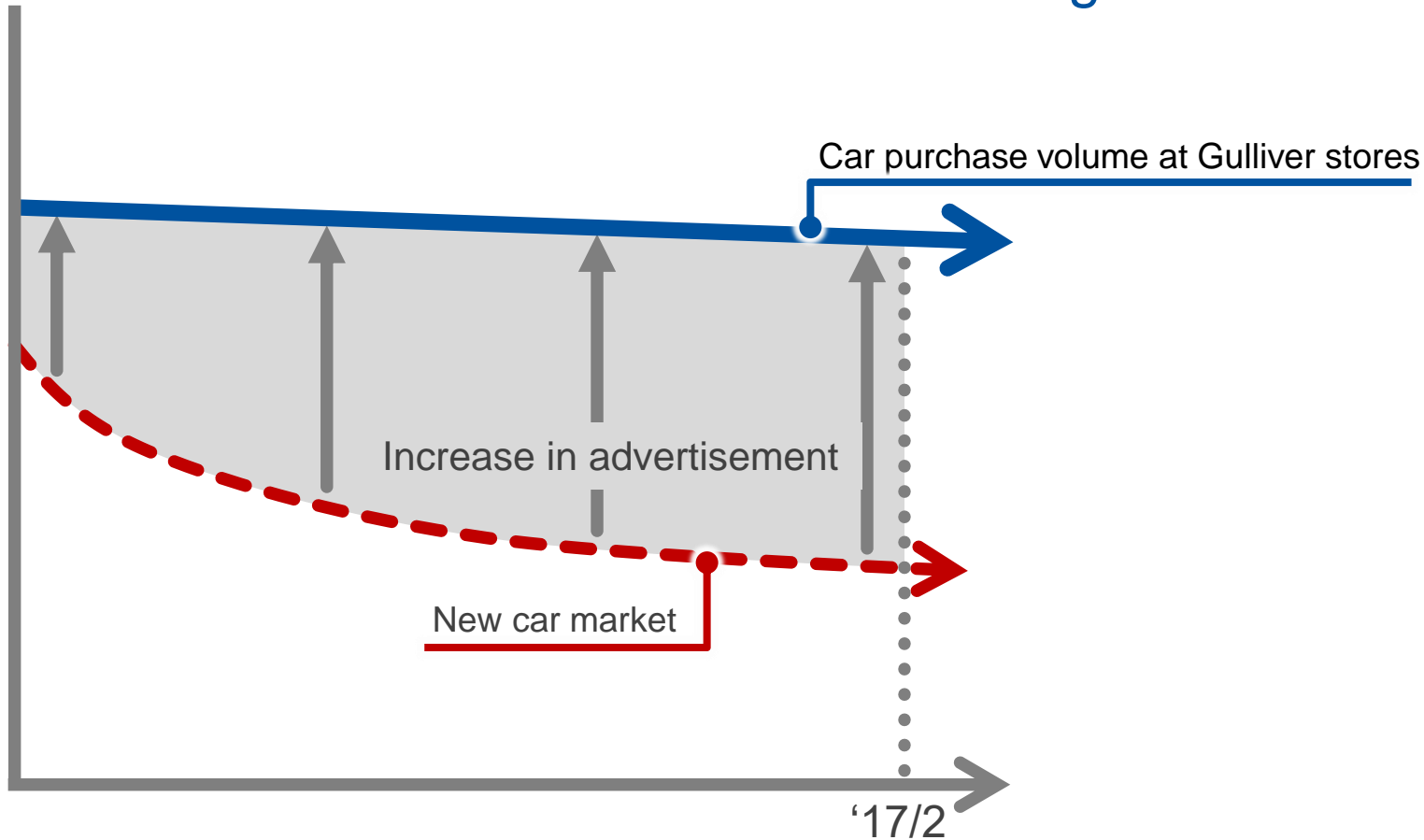
Status of Gulliver stores



Gulliver store visits by objective	Sell to upgrade to a new car	Sell to upgrade to a used car	Sell only without upgrading
Status of store visits by objective (YoY)			

Current Status and Challenges

Increasing advertising expenses to maintain sales volume amid a contracting new car market



III. Status of display sales stores

Display Sales Stores Opened

Gulliver
OUTLET

OL R12-Iwamizawa
Iwamizawa, Hokkaido



OL Sagakanjodori
Saga, Saga



OL Sendaiminato
Sendai, Miyagi



OL Fujinomiya
Fujinomiya, Shizuoka



OL R13-Yokote
Yokote, Akita



OL Fujieda
Fujieda, Shizuoka



OL Nagasakitogitsu
Nishisonogun, Nagasaki



OL Kusatsu
Kusatsu, Shiga



OL Tsuchiuraarakawaoki
Tsuchiura, Ibaraki



OL Komatsu
Komatsu, Ishikawa



OL Mobara
Mobara, Chiba



OL Hitachinaka
Hitachinaka, Ibaraki



OL R4-Hanamaki
Hanamaki, Iwate



OL R7-Sakata
Sakata, Yamagata



OL R10-Nobeoka
Nobeoka, Miyazaki



Display Sales Stores Opened



Kofu-bp
Kofu, Yamanashi



Miyazakikita-bp
Miyazaki, Miyazaki



R36-Tomakomai
Tomakomai, Hokkaido



Gifu
Gifu, Gifu



Kumamoto
Kumamoto, Kumamoto



Shopping mall

HUNT Moreragifu
Motosu, Gifu



HUNT AEON MALL Imabarishintoshin
Imabari, Ehime



Store opening plan and progress

Opened on
March to August

19stores*

Contracts finalized
but not yet opened
(As of August 31)

48stores

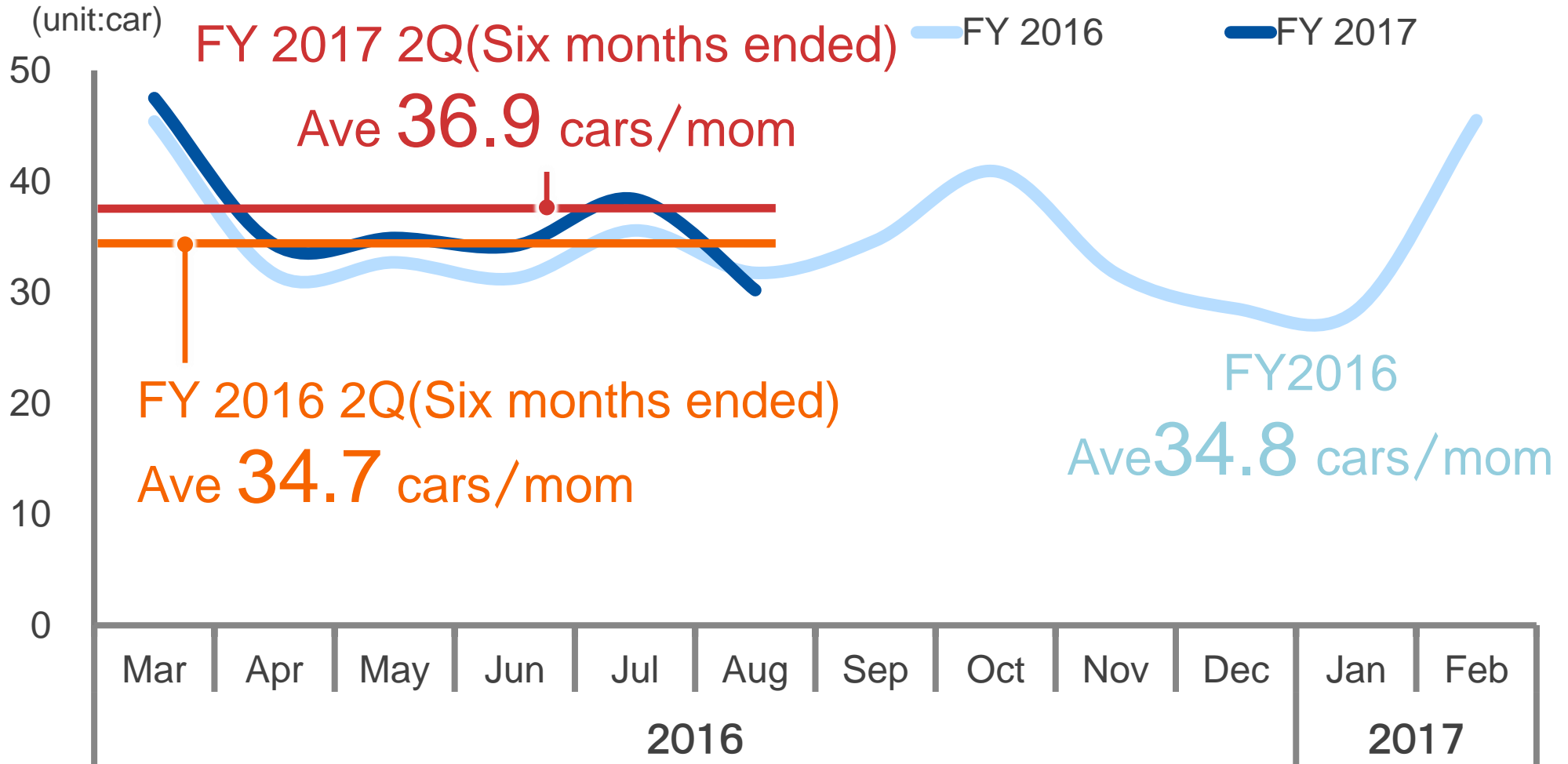
Projects currently
under negotiation
(As of August 31)

61stores

New projects

Plan to open this term
60stores

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



*Monthly average number of retail car sales among stores that opened by August 31, 2016 and are fully operational in FY2017 (excluding Shake! Hamamatsu, VOLVO Matsuyama, and five shopping mall stores)

IV. New services (Expenses for developing future markets)

Overview of the NOREL Service

A monthly flat-rate service for unlimited use of a preferred vehicle. Users can freely change between 100 vehicles types to suit their style.

Monthly flat-rate fee 49,800 yen*

*Fee includes: ● Vehicle insurance (voluntary insurance) ● Taxes (vehicle tax, weight tax) ● Safety inspection certificate

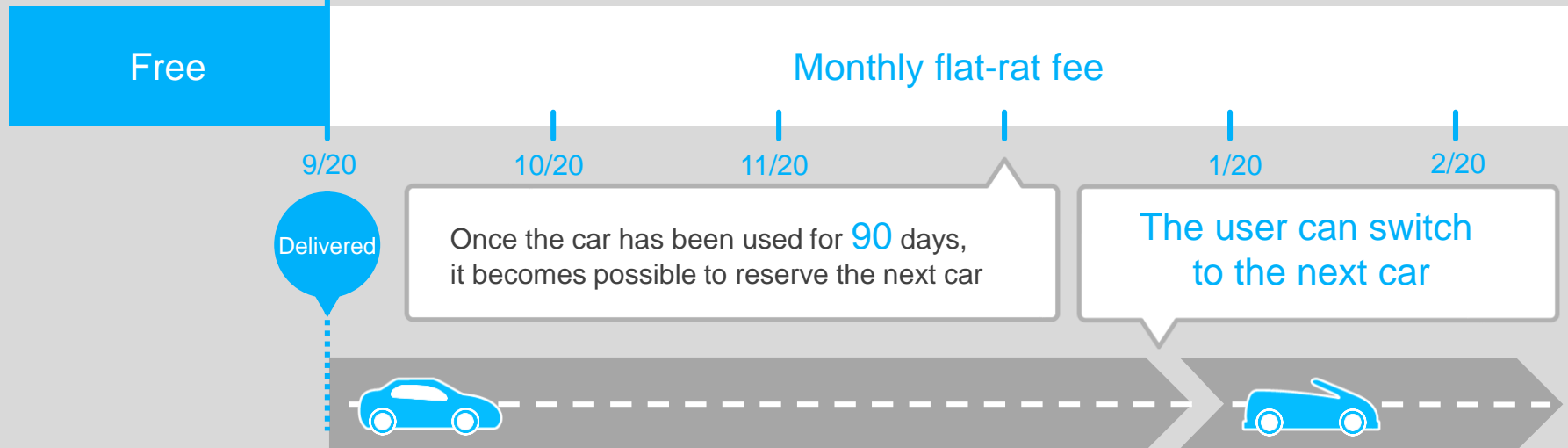
*Before consumption tax / Only credit cards accepted

Service use cases

Example: For car delivery (pick up) on September 20

Search of car

- Delivered reservation



クルマを自由に着替えよう













どんなクルマに乗りますか？



月額定額で
あれこれ乗れる。



Example of NOREL Line Up

 <p>利用中</p> <p>その他 テスラ (2014年式)</p>	 <p>予約受付中</p> <p>NEW BMW ミニ (2015年式)</p>	 <p>利用中</p> <p>ポルシェ ボクスター (2014年式)</p>	 <p>LIBERALA POWERED BY Gulliver</p> <p>利用中</p> <p>M・ベンツ CLA 250 (2014年式)</p>
 <p>利用中</p> <p>ローバー レンジイヴォーク (2016年式)</p>	 <p>利用中</p> <p>レクサス RX (2016年式)</p>	 <p>予約受付中</p> <p>トヨタ アルファードハイブリッド (2013年式)</p>	 <p>予約受付中</p> <p>NEW 日産 セレナ (2012年式)</p>
 <p>予約受付中</p> <p>トヨタ 86 (2012年式)</p>	 <p>予約受付中</p> <p>トヨタ プリウス (2015年式)</p>	 <p>予約受付中</p> <p>トヨタ カムロード (2006年式)</p>	 <p>予約受付中</p> <p>ホンダ S660 (2015年式)</p>

NOREL Vehicle Details Screen



利用中

その他テスラ (2014年式)

このクルマは現在予約できません。

利用期限 2017年08月02日まで

予約する

基本情報

燃費	-
燃料	電気
ミッション	CAT
駆動方式	4WD
定員	7名
サイズ	-
ハンドル	右
状態評価	SS

装備・オプション

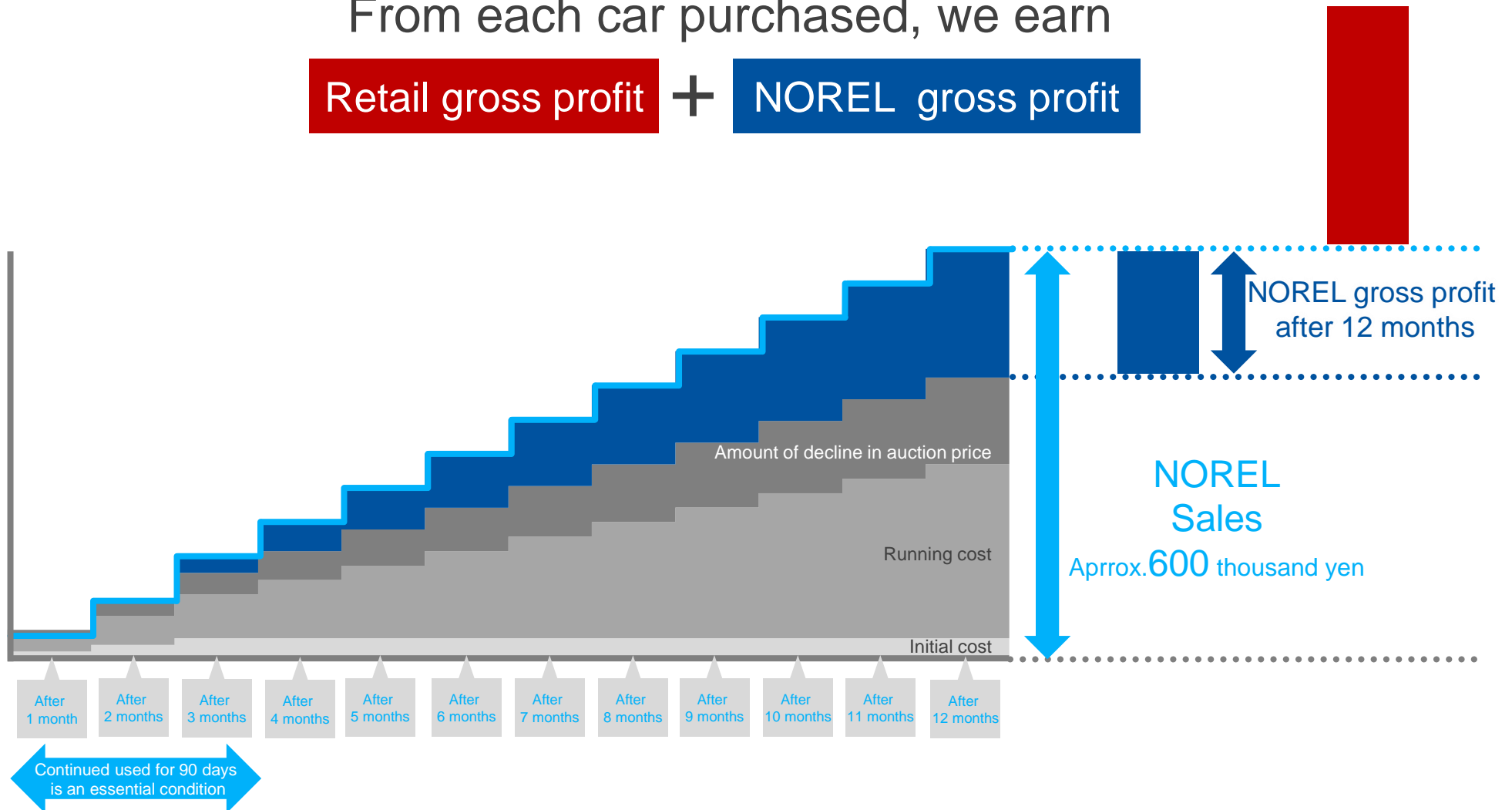
カーナビ	×	革シート	○
テレビ	×	サンルーフ	○
CD/MD	×	アルミホイール	○
ETC	○	ABS	○
バックカメラ	×		

NOREL Gross Profit Simulation

From each car purchased, we earn

Retail gross profit + **NOREL gross profit**

Retail gross profit



*Simulation where the car is sold at retail after 12 months' use

Introduction to “Kurumajiro” Individual Car Buyer and Seller Service



Objective of developing Kurumajiro

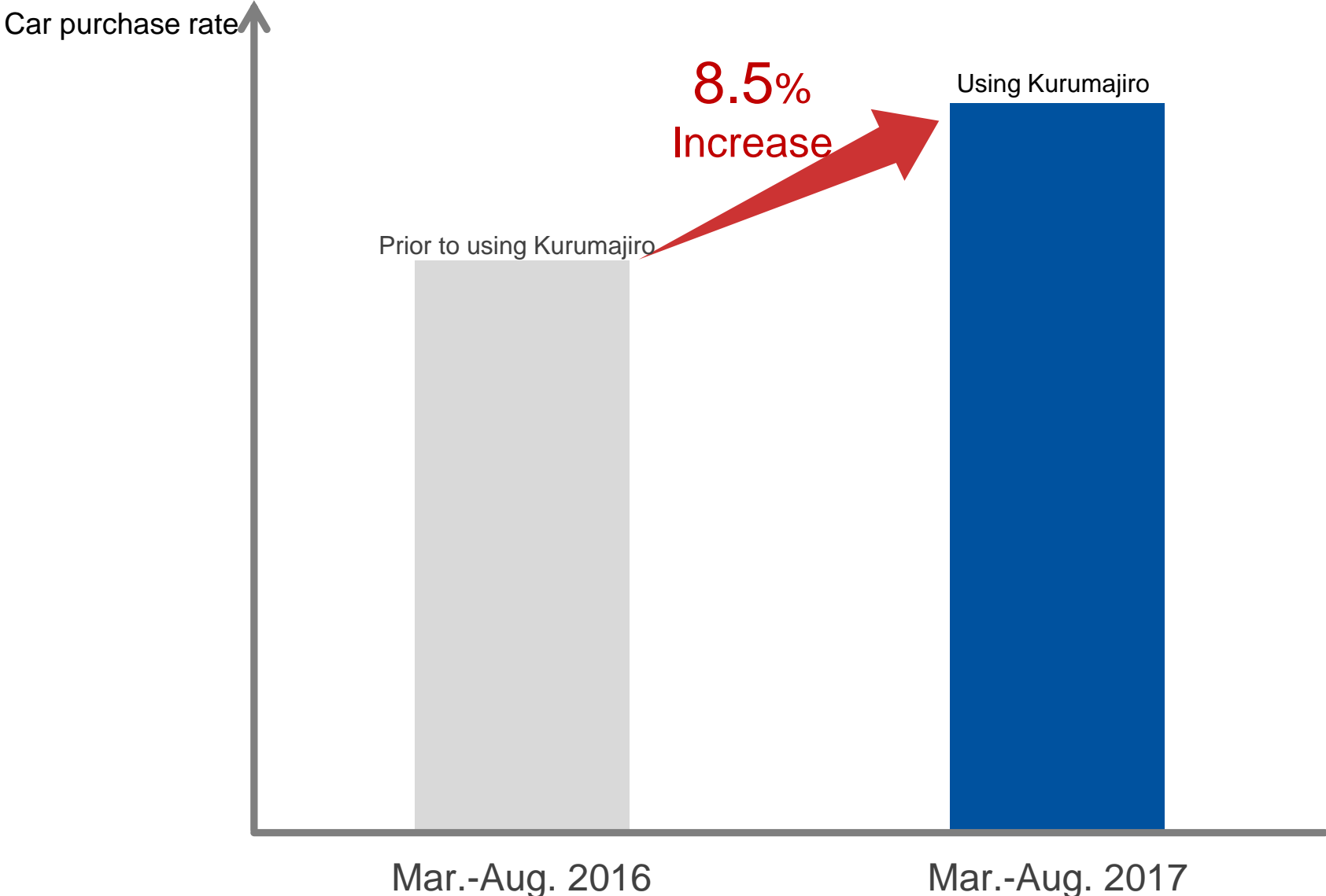
1 Improve purchase contract conclusion rate

2 Derive profit from customers who has not yet agreed to sell their car to Gulliver store

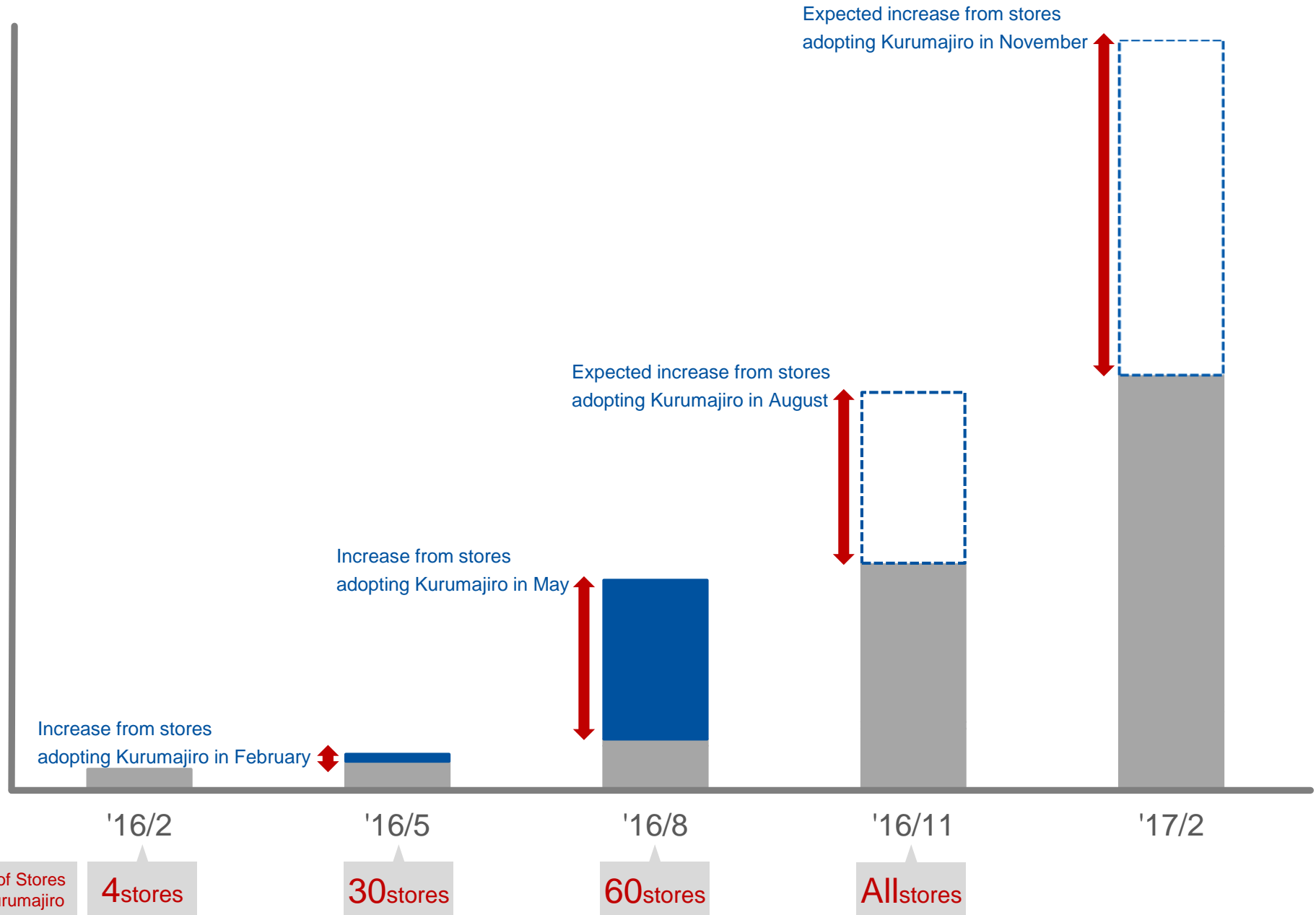
Gulliver Store Purchase Inspection Status



Car Purchase Rate at Four Gulliver Stores Using Kurumajiro



Trend in Customers Tendering Cars for Auction Due to Kurumajiro



Final Objective: To Build the Largest C to C Marketplace

Increase from stores
adopting Kurumajiro in February

Increase from stores
adopting Kurumajiro in May

Expected increase from stores
adopting Kurumajiro in August

Expected increase from stores
adopting Kurumajiro in November

'16/2

4stores

'16/5

30stores

'16/8

60stores

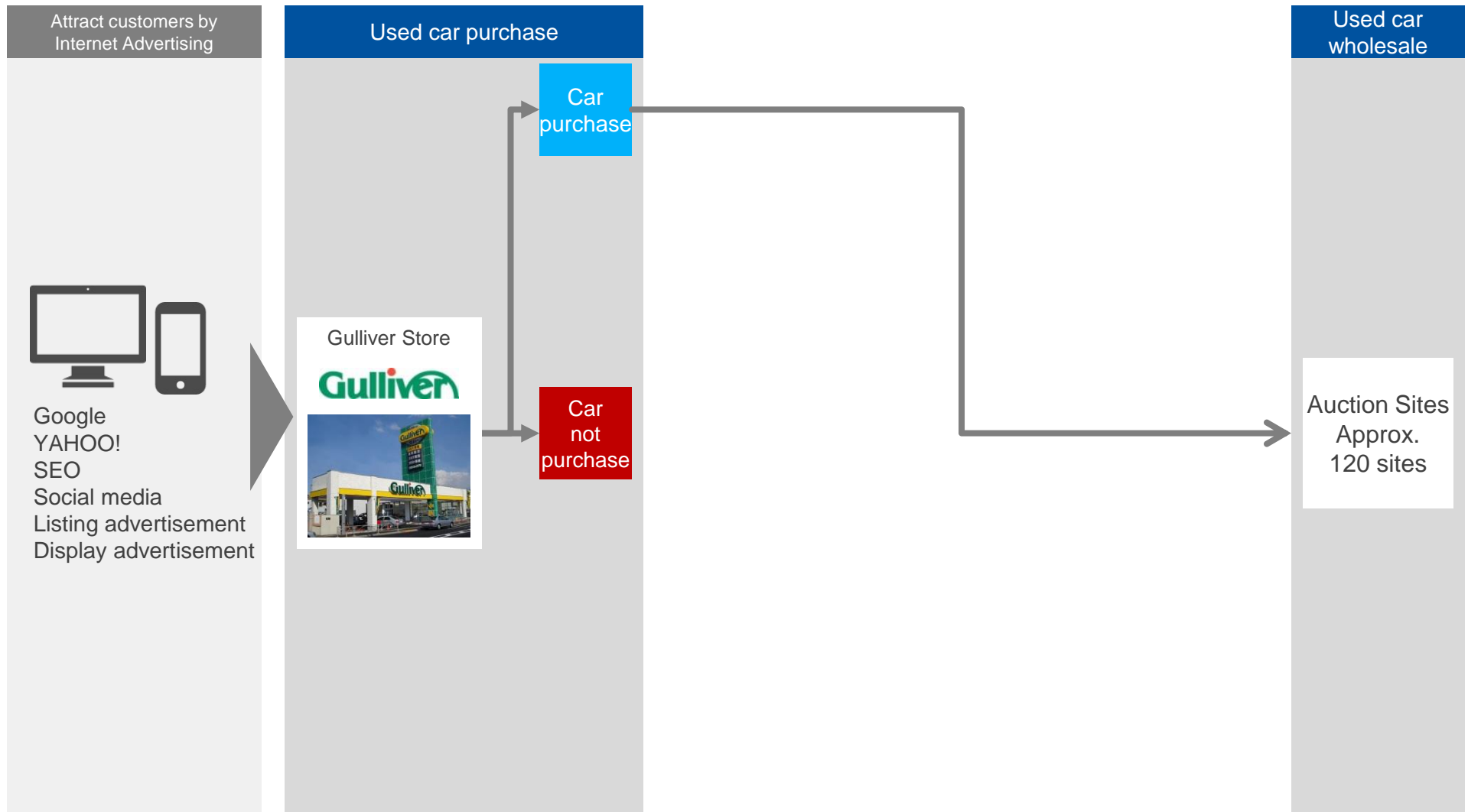
'16/11

Allstores

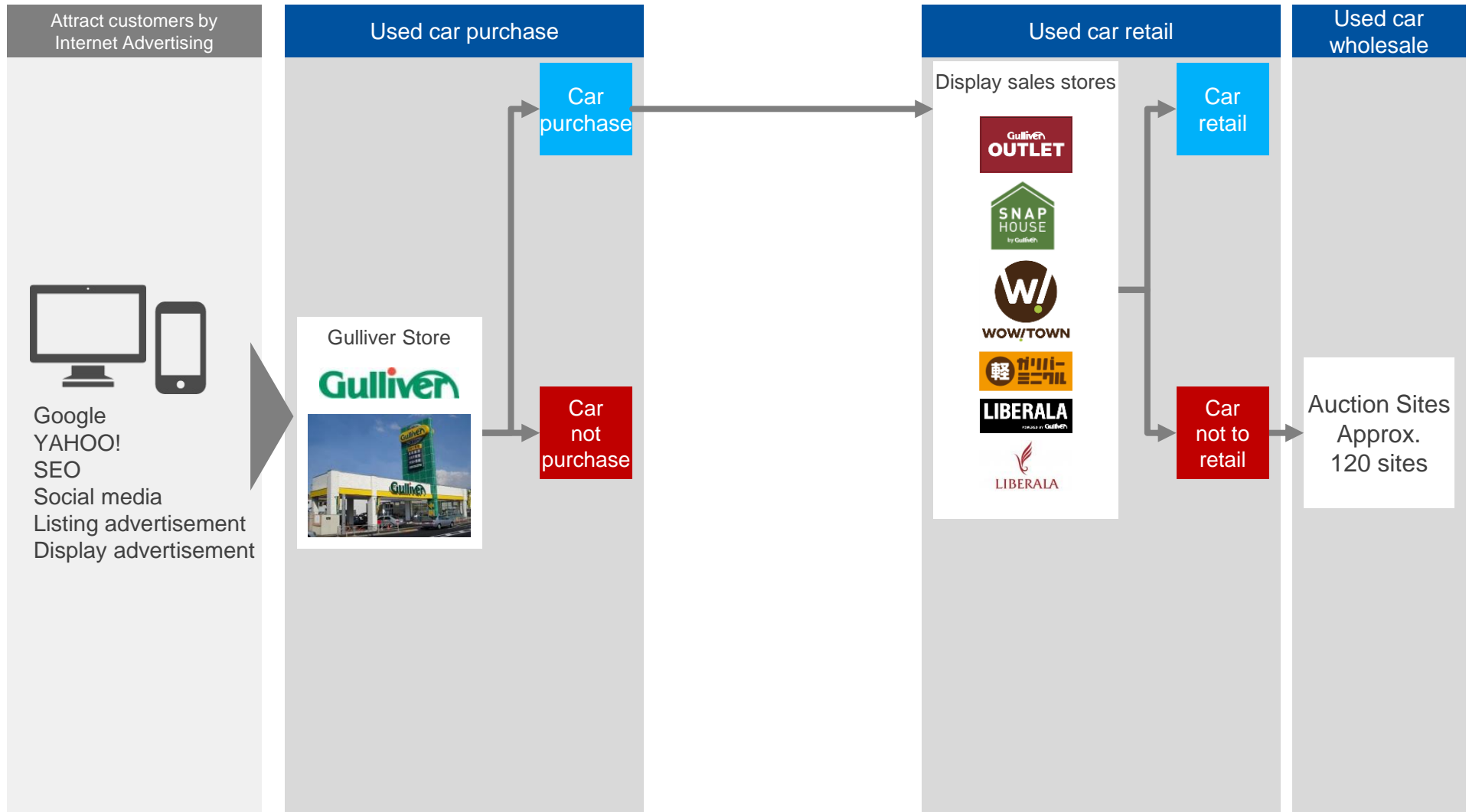
'17/2

Number of Stores
Using Kurumajiro

Business flow 1

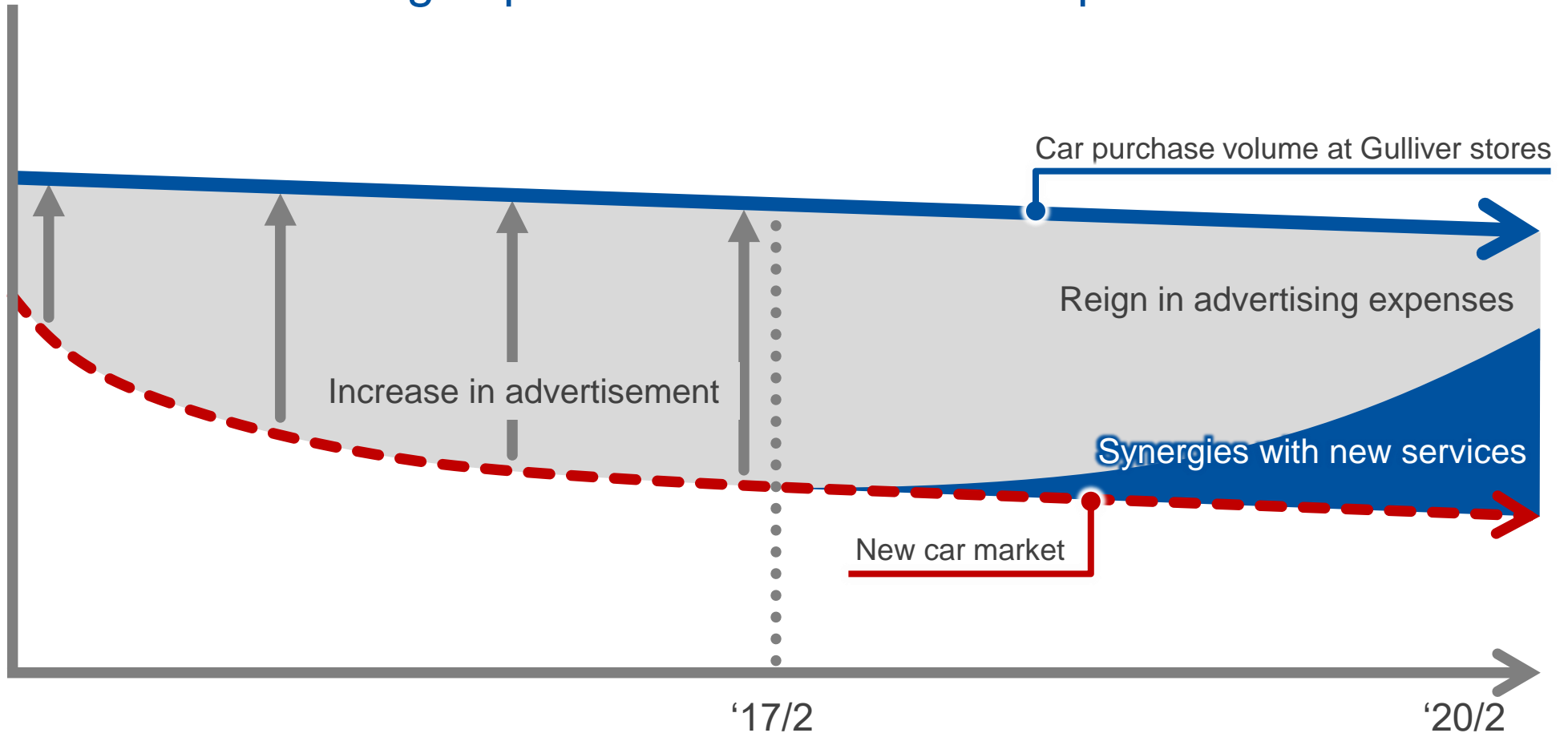


Business flow 2

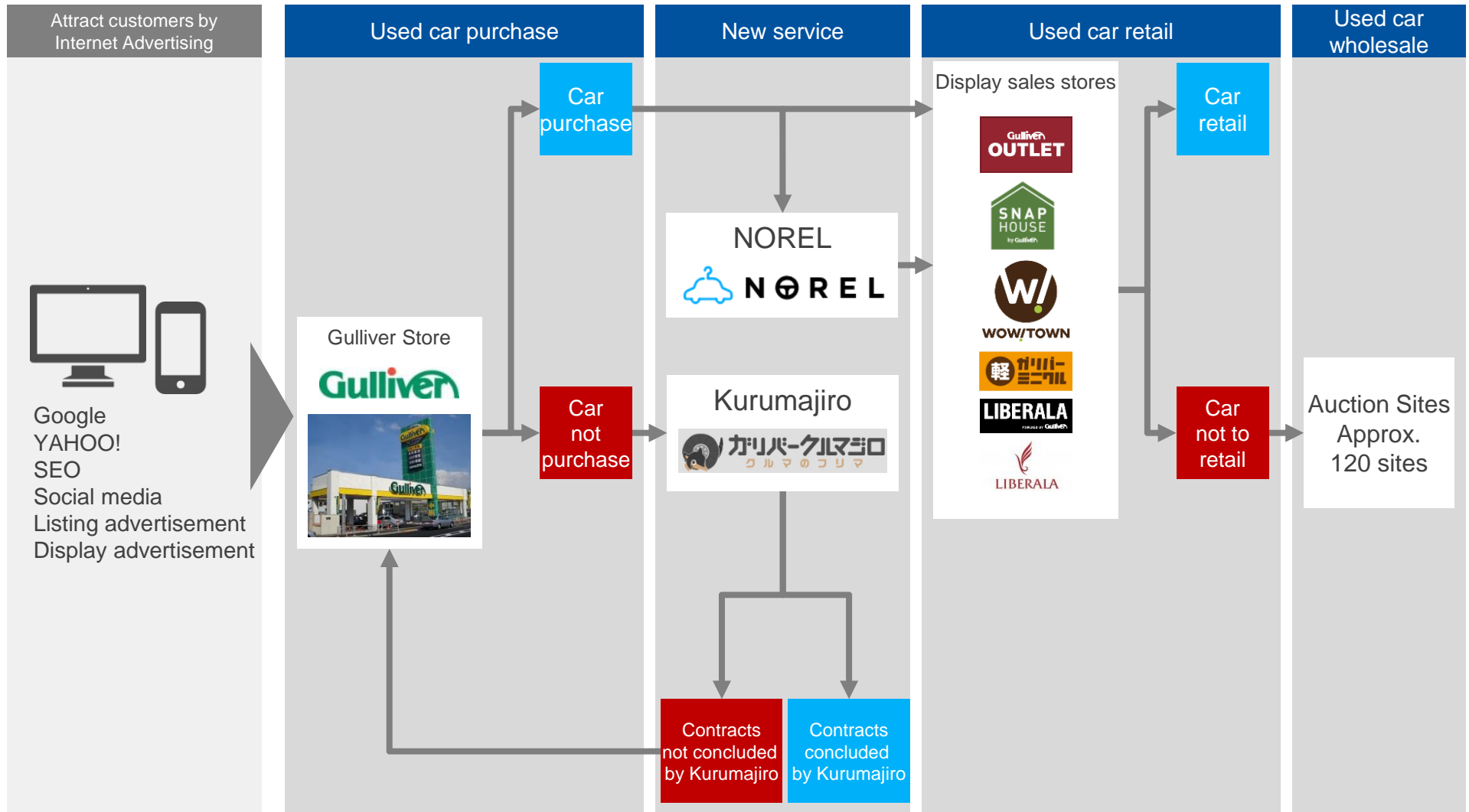


Current Challenges and Initiatives

Leverage the synergies with new services to reign in advertising expenses and maintain car purchase volume



Business flow 3



V .Topics

Introduction of a Market Price Issue Share Acquisition Right Trust (Incentive Plan)

- Issue of a total of 3 million (2.96%) share acquisition rights
- Exercisable only if profit targets are achieved
- Eligible allottees from among directors and employees can be determined retrospectively
- No expense accounting required (anticipated)

Abolition of Directors Retirement Benefits System

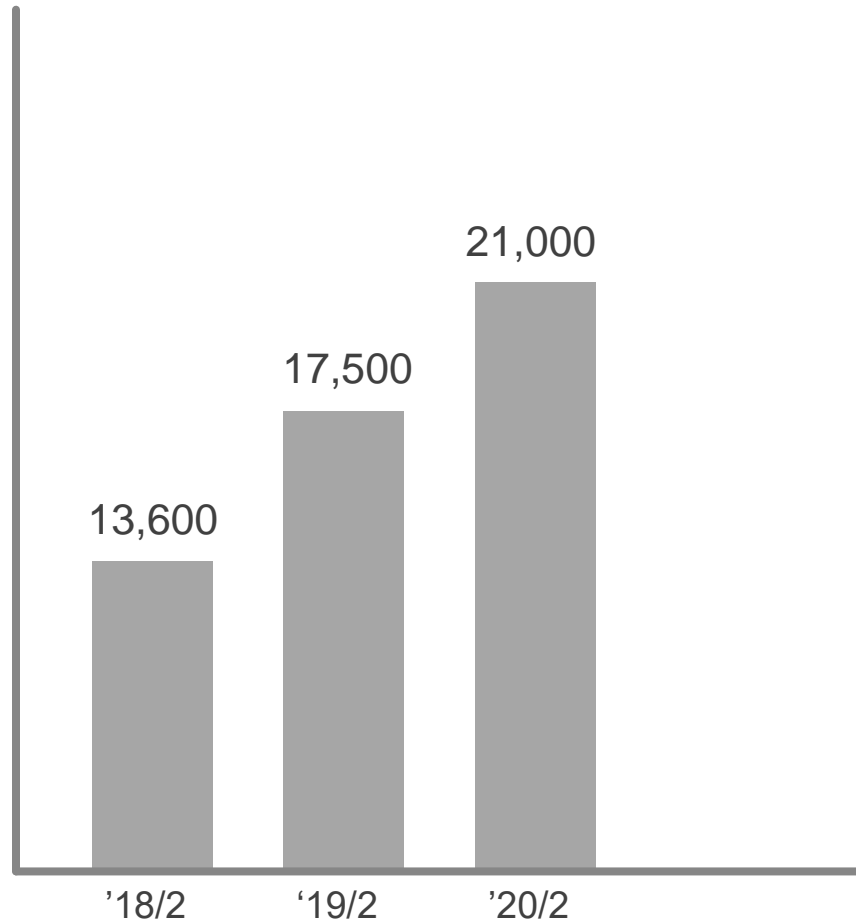
- Decision to abolish the system
- Final payment to be voted on at General Meeting of Shareholders in late May, 2017

Profit Target Conditions in Market Price Issue Stock Acquisition Rights Trust

Medium-Term Business Plan

announced April 14, 2016

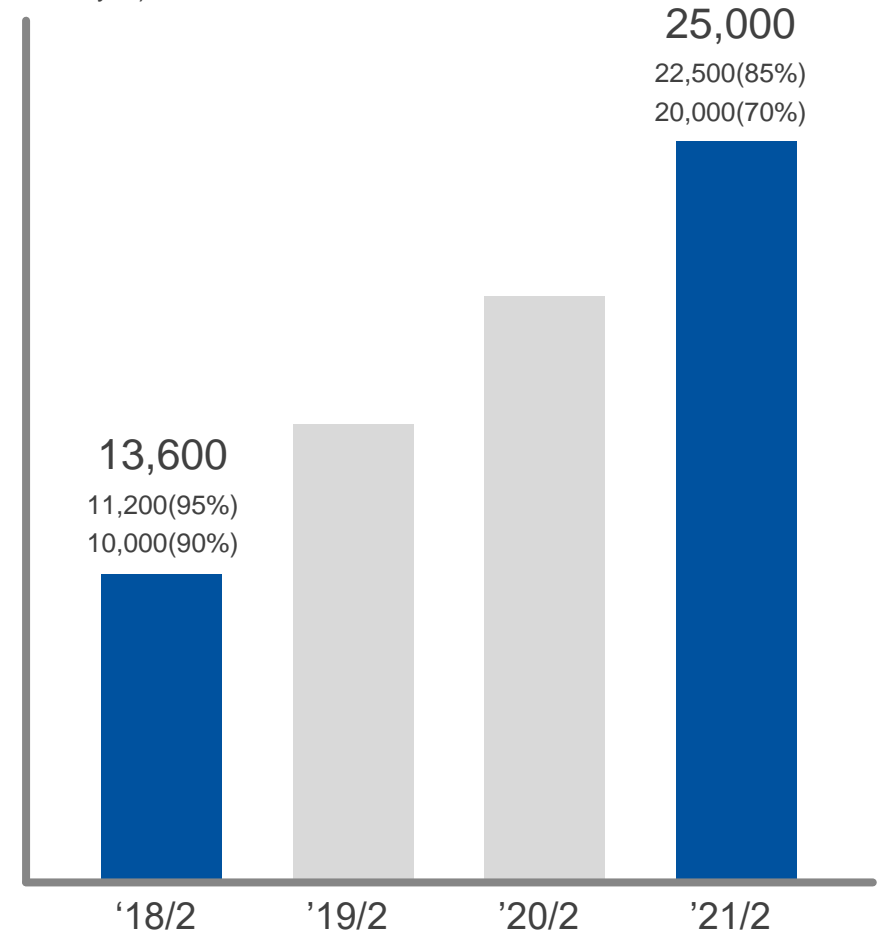
(unit : million yen)



Profit target condition

announced October 13, 2016

(unit : million yen)

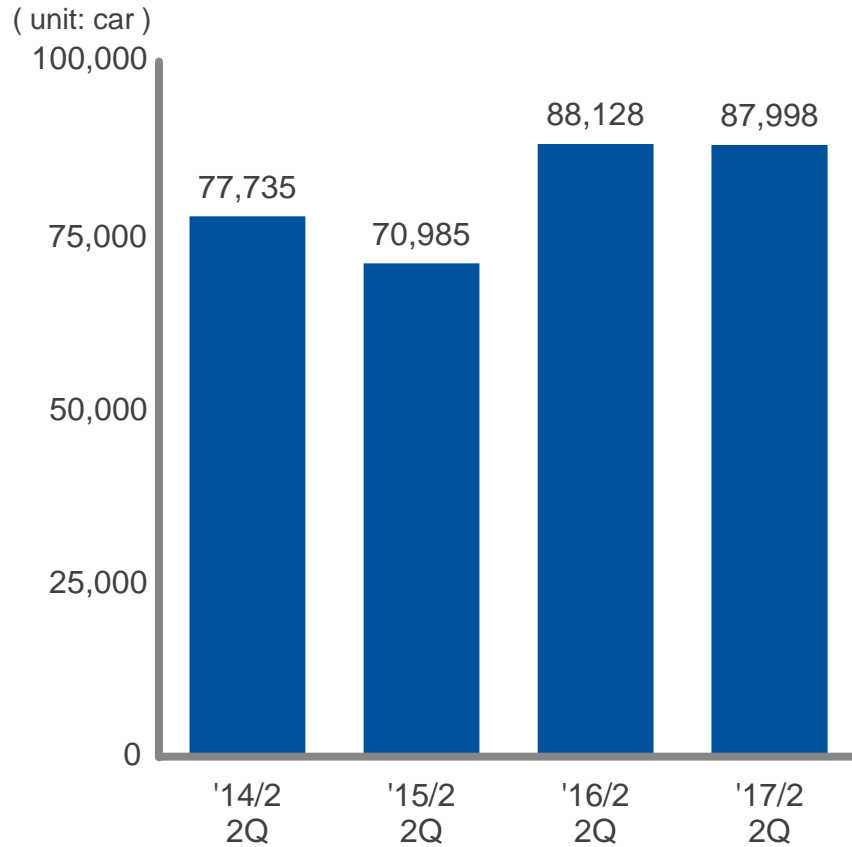


*Numbers in parenthesis are proportion that can be exercised having achieved stated profits

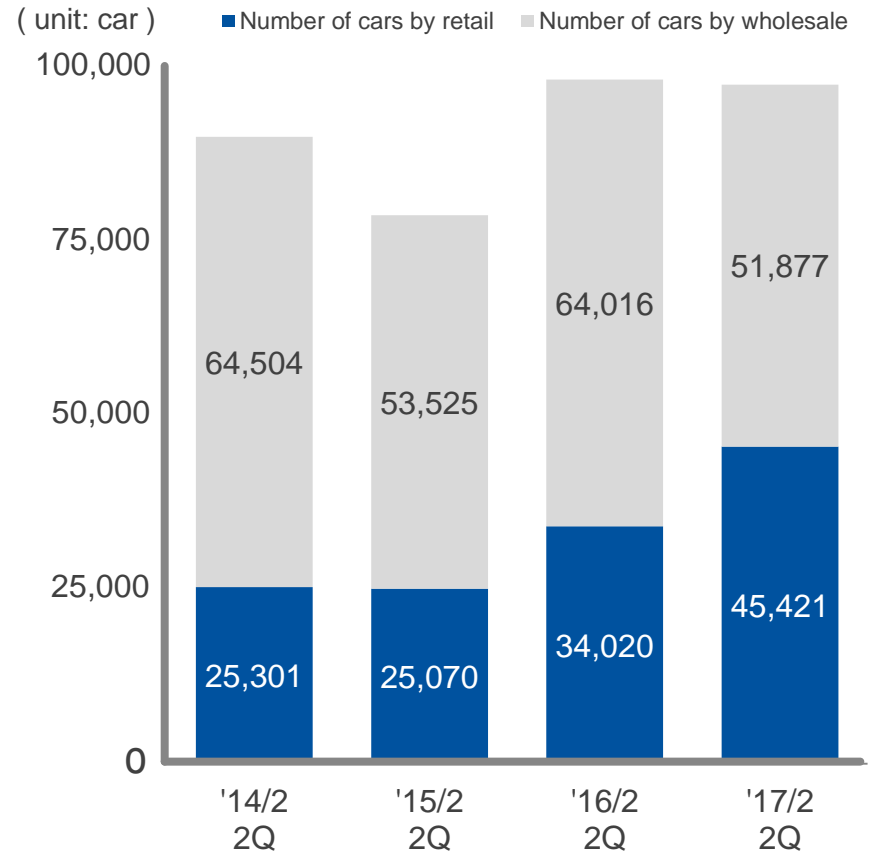
VI. Supplementary information about Operating Results and Financial Data(Reference)

[Non-consolidated] Transaction Volume

Number of cars purchased



Number of cars by wholesale and Number of cars by retail



[Consolidated / Non-consolidated] Income Statement

Consolidated	Six months ended August 31, 2013		Six months ended August 31, 2014		Six months ended August 31, 2015		Six months ended August 31, 2016			
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	83,401	100.0	74,631	100.0	95,024	100.0	124,244	100.0	29,220	30.8
Cost of sales	65,637	78.7	55,828	74.8	71,573	75.3	94,539	76.1	22,966	32.1
Gross profit	17,763	21.3	18,802	25.2	23,450	24.7	29,704	23.9	6,254	26.7
SG&A Expenses	14,206	17.0	16,075	21.5	19,371	20.4	27,532	22.2	8,161	42.1
Operating income	3,557	4.3	2,727	3.7	4,079	4.3	2,172	1.7	-1,907	-46.8
Ordinary income	3,658	4.4	2,758	3.7	4,043	4.3	2,020	1.6	-2,023	-50.0
Income before income taxes and minority interests	3,679	4.4	2,704	3.6	4,021	4.2	1,789	1.4	-2,232	-55.5
Net income	2,298	2.8	1,645	2.2	2,563	2.7	1,102	0.9	-1,461	-57.0

Non-Consolidated	Six months ended August 31, 2013		Six months ended August 31, 2014		Six months ended August 31, 2015		Six months ended August 31, 2016			
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Sales	82,712	100.0	73,280	100.0	89,317	100.0	96,200	100.0	6,883	7.7
Cost of sales	65,211	78.8	54,925	75.0	67,268	75.3	71,544	74.4	4,276	6.4
Gross profit	17,500	21.2	18,354	25.0	22,048	24.7	24,655	25.6	2,607	11.8
SG&A Expenses	14,043	17.0	15,793	21.6	18,272	20.5	22,487	23.4	4,215	23.1
Operating income	3,456	4.2	2,561	3.5	3,776	4.2	2,167	2.3	-1,609	-42.6
Ordinary income	3,502	4.2	2,563	3.5	3,740	4.2	2,102	2.2	-1,638	-43.8
Income before income taxes	3,532	4.3	2,519	3.4	3,721	4.2	1,904	2.0	-1,817	-48.8
Net income	2,198	2.7	1,527	2.1	2,343	2.6	1,343	1.4	-1,000	-42.7

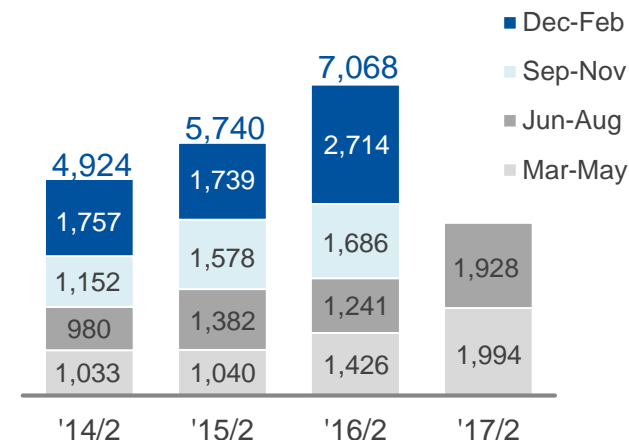
[Non-Consolidated] SG&A Expense

	Six months ended August 31, 2013		Six months ended August 31, 2014		Six months ended August 31, 2015		Six months ended August 31, 2016			
	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Result (million yen)	Ratio (%)	Change (million yen)	Y/Y (%)
Personnel costs	5,746	6.9	6,122	8.4	7,019	7.9	8,264	8.6	1,245	17.7
Outsourcing costs (Temp staff fees, etc)	554	0.7	640	0.9	760	0.9	867	0.9	107	14.1
Commission paid	267	0.3	350	0.5	549	0.6	876	0.9	327	59.6
Depreciation expenses	599	0.7	729	1.0	945	1.1	1,178	1.2	233	24.7
Advertising and PR expenses	2,014	2.4	2,423	3.3	2,667	3.0	3,923	4.1	1,256	47.1
Real estate and property rental	2,447	3.0	2,603	3.6	3,102	3.5	3,677	3.8	575	18.5
Others	2,414	2.9	2,923	4.0	3,227	3.6	3,699	3.8	472	14.6
Total	14,043	17.0	15,793	21.6	18,272	20.5	22,487	23.4	4,215	23.1

Basic data

		Six months ended August 31, 2013	Six months ended August 31, 2014	Six months ended August 31, 2015	Six months ended August 31, 2016
Employees (Head office)	person	498	505	595	771
Employees (Direct stores)	person	1,508	1,702	2,075	2,478
Total employees	person	2,006	2,207	2,670	3,249
Capital investment(stores)	million yen	481	1,251	1,885	1,796
Capital investment(system, etc)	million yen	150	245	758	1,024
Total capital investment	million yen	632	1,496	2,644	2,821

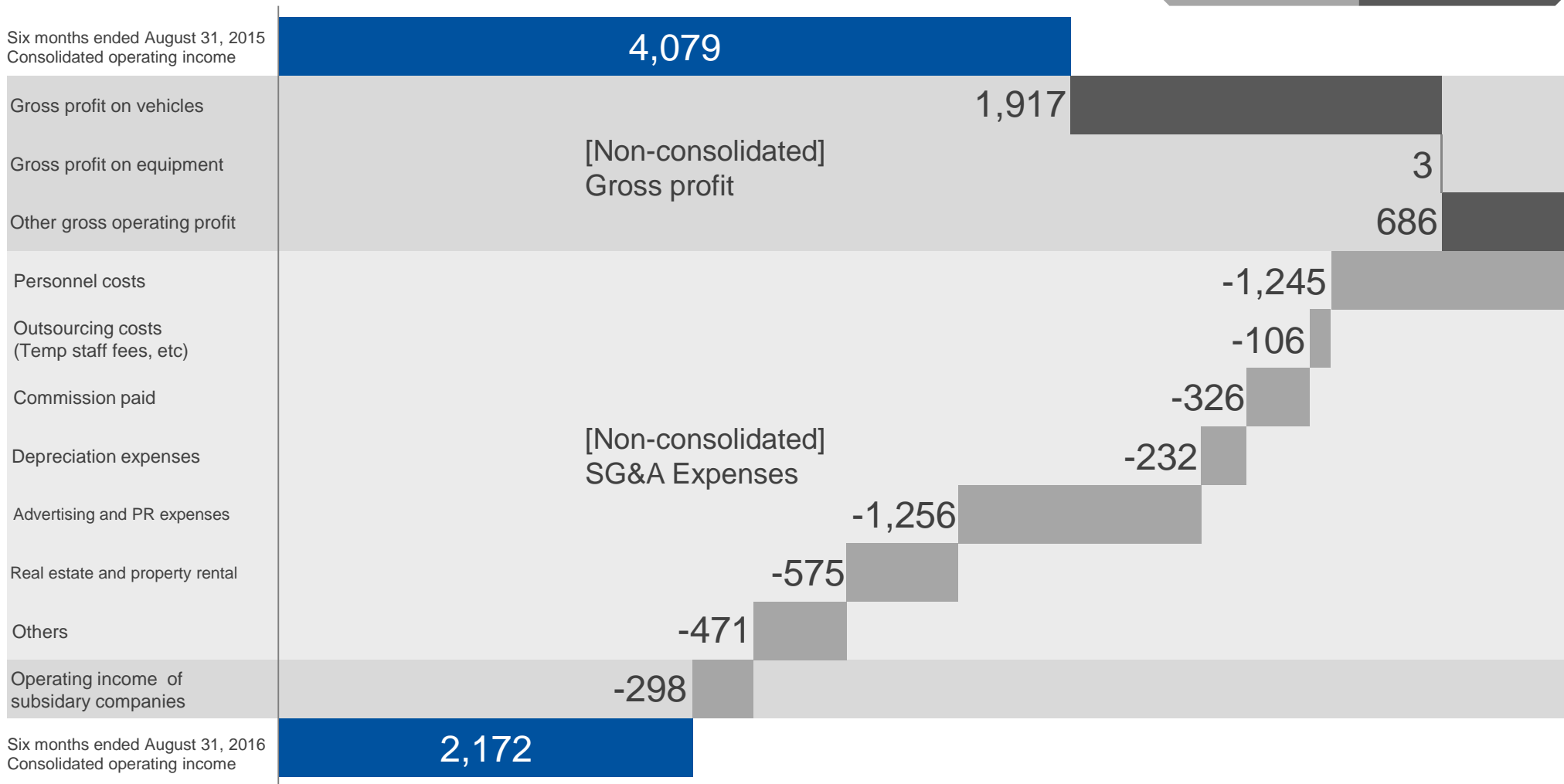
Advertising expenses (million yen)



[Consolidated] Analysis of change in consolidated operating income

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

Negative factors (-) Positive factors (+)



Buick Holdings(DVG) / BMW Dealer subsidiaries

Buick Holdings(DVG)

(unit:million yen)

	FY 2016 2nd Quarter	FY 2017 2nd Quarter	Change
Operating income	-	61	-
Amortization of goodwill	-	194	-
Operating income after deduction of amortization of goodwill	-	-133	-

BMW Dealer subsidiaries*

(unit:million yen)

	FY 2016 2nd Quarter	FY 2017 2nd Quarter	Change
Operating income	225	-57	-282
Amortization of goodwill	46	46	0
Operating income after deduction of amortization of goodwill	179	-103	-282

*Motoren Global (Asahikawa) and Motoren Glanz (Chiba)

[Consolidated] Balance sheets

(unit: million yen)

	As of February 29, 2016	As of August 31, 2016
Assets		
Current assets		
Cash and deposits	9,149	20,058
Notes and accounts receivable - trade	5,192	4,192
Merchandise	31,848	32,812
Deferred tax assets	778	797
Other	2,159	2,782
Allowance for doubtful accounts	△54	△56
Total current assets	49,074	60,586
Non-current assets		
Property, plant and equipment		
Buildings and structures	26,000	27,670
Accumulated depreciation	△8,564	△9,186
Buildings and structures, net	17,435	18,484
Vehicles	435	355
Accumulated depreciation	△180	△107
Vehicles, net	255	247
Tools, furniture and fixtures	3,882	3,952
Accumulated depreciation	△2,874	△2,877
Tools, furniture and fixtures, net	1,007	1,074
Land	218	218
Construction in progress	826	662
Total property, plant and equipment	19,743	20,687
Intangible assets		
Software	1,941	2,996
Goodwill	9,597	9,029
Other	3,974	3,709
Total intangible assets	15,513	15,735
Investments and other assets		
Investment securities	13	30
Shares of subsidiaries and associates	45	45
Long-term loans receivable	395	383
Lease and guarantee deposits	4,565	4,878
Construction assistance fund receivables	4,304	4,824
Deferred tax assets	274	325
Other	489	492
Allowance for doubtful accounts	△209	△236
Total investments and other assets	9,879	10,744
Total non-current assets	45,136	47,167
Total assets	94,211	107,754

	As of February 29, 2016	As of August 31, 2016
Liabilities		
Current liabilities		
Accounts payable - trade	14,102	12,320
Short-term loans payable	2,045	24
Current portion of long-term loans payable	79	-
Accounts payable - other	3,064	3,201
Income taxes payable	1,778	841
Advances received	3,026	3,167
Deposits received	475	311
Provision for bonuses	459	706
Provision for merchandise warranties	1,076	1,103
Other provision(Current)	113	144
Other	2,378	2,774
Total current liabilities	28,600	24,595
Non-current liabilities		
Long-term loans payable	22,851	40,802
Long-term guarantee deposited	651	575
Provision for directors' retirement benefits	540	181
Asset retirement obligations	1,653	1,747
Deferred tax liabilities(Fixed)	1,086	1,030
Other provision(Fixed)	388	388
Other	194	151
Total non-current liabilities	27,365	44,879
Total liabilities	55,965	69,474
Net assets		
Shareholders' equity		
Capital stock	4,157	4,157
Capital surplus	4,032	4,032
Retained earnings	32,869	33,464
Treasury shares	△3,947	△3,947
Total shareholders' equity	37,111	37,706
Accumulated other comprehensive income		
Foreign currency translation adjustment	1	△454
Total accumulated other comprehensive income	1	△454
Minority owner shares worth	1,131	1,027
Total net assets	38,245	38,279
Total liabilities and net assets	94,211	107,754

[Consolidated] Statements of Cash Flows

(unit: million yen)

	Six months ended August 31, 2014	Six months ended August 31, 2015	Six months ended August 31, 2016
I . Cash flows from operating activities	1,757	6,009	389
II . Cash flows from investing activities	-2,780	-4,069	-4,793
III . Cash flows from financing activities	-948	5,938	15,354
IV . Effect of exchange rate change on cash and cash equivalents	-2	0	-41
V . Net increase (decrease) in cash and cash equivalents	-1,973	7,878	10,909
VI . Cash and cash equivalents at beginning of period	14,661	4,863	9,122
VII . Increase in cash and cash equivalents from newly consolidated subsidiary	103	-	-
VIII . Cash and cash equivalents at end of period	12,791	12,741	20,031

Shareholder Return policy and Revision of Dividend Forecast

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, 2015	FY ended Feb 28, 2016	FY ending Feb 28, 2017 (Forecast)
Interim dividend		7.50	7.50	6.00
Year-end dividend	Ordinary dividend	2.50	5.00	6.00
	Anniversary dividend	5.00	-	-
Annual dividend		15.00	12.50	12.00