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On **April 12, 2019**, IDOM Inc. announced earnings results for full-year FY02/19.

| Quarterly performance (JPYmn) | FY02/17 | | | | FY02/18 | | | | FY02/19 | | | | FY02/20 FY Est. |
|-------------------------------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|-----------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | |
| Sales | 66,192 | 124,244 | 191,033 | 251,516 | 71,130 | 135,468 | 204,338 | 276,157 | 71,411 | 143,937 | 216,134 | 309,410 | 324,000 |
| YoY | 31.1% | 30.8% | 25.6% | 19.7% | 7.5% | 9.0% | 7.0% | 9.8% | 0.4% | 6.3% | 5.8% | 12.0% | 4.7% |
| Gross profit | 15,007 | 29,704 | 45,810 | 61,133 | 16,088 | 31,813 | 48,852 | 65,859 | 15,306 | 30,165 | 48,443 | 64,702 | |
| YoY | 27.9% | 26.7% | 22.7% | 18.5% | 7.2% | 7.1% | 6.6% | 7.7% | -4.9% | -5.2% | -0.8% | -1.8% | |
| GPM | 22.7% | 23.9% | 24.0% | 24.3% | 22.6% | 23.5% | 23.9% | 23.8% | 21.4% | 21.0% | 22.4% | 20.9% | |
| SG&A expenses | 13,761 | 27,532 | 41,787 | 56,634 | 14,845 | 29,285 | 43,648 | 59,080 | 14,927 | 29,719 | 45,608 | 61,261 | |
| YoY | 42.0% | 42.1% | 36.0% | 28.5% | 7.9% | 6.4% | 4.5% | 4.3% | 0.6% | 1.5% | 4.5% | 3.7% | |
| SG&A ratio | 20.8% | 22.2% | 21.9% | 22.5% | 20.9% | 21.6% | 21.4% | 21.4% | 20.9% | 20.6% | 21.1% | 19.8% | |
| Operating profit | 1,245 | 2,172 | 4,022 | 4,498 | 1,243 | 2,528 | 5,204 | 6,779 | 378 | 445 | 2,835 | 3,440 | 3,700 |
| YoY | -39.0% | -46.8% | -39.1% | -40.4% | -0.2% | 16.4% | 29.4% | 50.7% | -69.6% | -82.4% | -45.5% | -49.3% | 7.6% |
| OPM | 1.9% | 1.7% | 2.1% | 1.8% | 1.7% | 1.9% | 2.5% | 2.5% | 0.5% | 0.3% | 1.3% | 1.1% | 1.1% |
| Recurring profit | 1,173 | 2,020 | 3,913 | 4,160 | 903 | 2,032 | 4,481 | 5,797 | 103 | -106 | 2,200 | 2,112 | 2,200 |
| YoY | -41.8% | -50.0% | -42.9% | -39.1% | -23.0% | 0.6% | 14.5% | 39.4% | -88.6% | - | -50.9% | -63.6% | 4.2% |
| RPM | 1.8% | 1.6% | 2.0% | 1.7% | 1.3% | 1.5% | 2.2% | 2.1% | 0.1% | -0.1% | 1.0% | 0.7% | 0.7% |
| Net income | 732 | 1,102 | 2,190 | 2,247 | 457 | 1,121 | 2,749 | 3,578 | -146 | -598 | 1,029 | 409 | 420 |
| YoY | -41.3% | -57.0% | -48.1% | -45.3% | -37.6% | 1.7% | 25.5% | 59.2% | - | - | -62.6% | -88.6% | 2.7% |
| Net margin | 1.1% | 0.9% | 1.1% | 0.9% | 0.6% | 0.8% | 1.3% | 1.3% | -0.2% | -0.4% | 0.5% | 0.1% | 0.1% |

| Quarterly performance (JPYmn) | FY02/17 | | | | FY02/18 | | | | FY02/19 | | | | FY02/20 FY Est. |
|-------------------------------|---------|--------|--------|--------|---------|--------|--------|----------|---------|--------|--------|--------|-----------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | |
| Sales | 66,192 | 58,052 | 66,789 | 60,483 | 71,130 | 64,338 | 68,870 | 71,819 | 71,411 | 72,526 | 72,197 | 93,276 | |
| YoY | 31.1% | 30.4% | 17.1% | 4.3% | 7.5% | 10.8% | 3.1% | 18.7% | 0.4% | 12.7% | 4.8% | 29.9% | |
| Gross profit | 15,007 | 14,697 | 16,106 | 15,323 | 16,088 | 15,725 | 17,039 | 17,007 | 15,306 | 14,859 | 18,278 | 16,259 | |
| YoY | 27.9% | 25.4% | 16.1% | 7.3% | 7.2% | 7.0% | 5.8% | 11.0% | -4.9% | -5.5% | 7.3% | -4.4% | |
| GPM | 22.7% | 25.3% | 24.1% | 25.3% | 22.6% | 24.4% | 24.7% | 23.7% | 21.4% | 20.5% | 25.3% | 17.4% | |
| SG&A expenses | 13,761 | 13,771 | 14,255 | 14,847 | 14,845 | 14,440 | 14,363 | 15,432 | 14,927 | 14,792 | 15,889 | 15,653 | |
| YoY | 42.0% | 42.2% | 25.6% | 11.3% | 7.9% | 4.9% | 0.8% | 3.9% | 0.6% | 2.4% | 10.6% | 1.4% | |
| SG&A ratio | 20.8% | 23.7% | 21.3% | 24.5% | 20.9% | 22.4% | 20.9% | 21.5% | 20.9% | 20.4% | 22.0% | 16.8% | |
| Operating profit | 1,245 | 927 | 1,850 | 476 | 1,243 | 1,285 | 2,676 | 1,575 | 378 | 67 | 2,390 | 605 | |
| YoY | -39.0% | -54.5% | -26.6% | -49.5% | -0.2% | 38.6% | 44.6% | 230.9% | -69.6% | -94.8% | -10.7% | -61.6% | |
| OPM | 1.9% | 1.6% | 2.8% | 0.8% | 1.7% | 2.0% | 3.9% | 2.2% | 0.5% | 0.1% | 3.3% | 0.6% | |
| Recurring profit | 1,173 | 847 | 1,893 | 247 | 903 | 1,129 | 2,449 | 1,316 | 103 | -209 | 2,306 | 88 | |
| YoY | -41.8% | -58.2% | -32.7% | - | -23.0% | 33.3% | 29.4% | 432.8% | -88.6% | - | -5.8% | - | |
| RPM | 1.8% | 1.5% | 2.8% | 0.4% | 1.3% | 1.8% | 3.6% | 1.8% | 0.1% | -0.3% | 3.2% | -0.1% | |
| Net income | 732 | 370 | 1,088 | 57 | 457 | 664 | 1,628 | 829 | -146 | -452 | 1,627 | -620 | |
| YoY | -41.3% | -71.9% | -34.4% | - | -37.6% | 79.5% | 49.6% | 1,354.4% | - | - | -0.1% | - | |
| Net margin | 1.1% | 0.6% | 1.6% | 0.1% | 0.6% | 1.0% | 2.4% | 1.2% | -0.2% | -0.6% | 2.3% | -0.7% | |

| By segment Quarterly (JPYmn) | FY02/17 | | | | FY02/18 | | | | FY02/19 | | | | FY02/20 FY Est. |
|------------------------------|---------|--------|--------|--------|---------|--------|--------|--------|---------|--------|--------|--------|-----------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | |
| Total sales | 66,192 | 58,052 | 66,789 | 60,483 | 71,130 | 64,338 | 68,870 | 71,819 | 71,411 | 72,526 | 72,197 | 93,276 | 324,000 |
| YoY | 31.1% | 30.4% | 17.1% | 4.3% | 7.5% | 10.8% | 3.1% | 18.7% | 0.4% | 12.7% | 4.8% | 29.9% | 4.7% |
| Japan | 54,369 | 46,723 | 56,704 | 51,520 | 60,562 | 52,425 | 56,884 | 59,614 | 58,567 | 57,975 | 58,819 | 69,636 | |
| YoY | 8.5% | 6.1% | 16.4% | 10.1% | 11.4% | 12.2% | 0.3% | 15.7% | -3.3% | 10.6% | 3.4% | 16.8% | |
| Australia | 11,413 | 10,868 | 9,664 | 8,651 | 10,184 | 11,385 | 11,445 | 11,838 | 12,460 | 13,958 | 12,618 | 23,175 | |
| YoY | - | - | 24.1% | -20.6% | -10.8% | 4.8% | 18.4% | 36.8% | 22.3% | 22.6% | 10.2% | 95.8% | |
| Other | 410 | 461 | 421 | 312 | 384 | 528 | 541 | 367 | 398 | 603 | 772 | 428 | |
| YoY | 3.5% | -7.8% | -21.0% | -2.5% | -6.3% | 14.5% | 28.5% | 17.6% | 3.6% | 14.2% | 42.7% | 16.6% | |
| Eliminations | - | - | - | - | - | - | - | - | -14 | -10 | -12 | 36 | |
| Operating profit | 1,245 | 927 | 1,850 | 476 | 1,243 | 1,285 | 2,676 | 1,575 | 378 | 67 | 2,390 | 605 | 3,700 |
| YoY | -39.0% | -54.5% | -26.6% | -49.5% | -0.2% | 38.6% | 44.6% | 230.9% | -69.6% | -94.8% | -10.7% | -61.6% | 7.6% |
| Japan | 1,347 | 950 | 2,045 | 1,018 | 1,569 | 1,414 | 2,952 | 1,986 | 434 | 104 | 2,627 | 625 | |
| YoY | -34.9% | -52.5% | -16.3% | 12.9% | 16.5% | 48.8% | 44.4% | 95.1% | -72.3% | -92.6% | -11.0% | -68.5% | |
| OPM | 2.5% | 2.0% | 3.6% | 2.0% | 2.6% | 2.7% | 5.2% | 3.3% | 0.7% | 0.2% | 4.5% | 0.9% | |
| Australia | -5 | 66 | -108 | -415 | -232 | -42 | -199 | -294 | 62 | -10 | -196 | 178 | |
| YoY | - | - | - | - | - | - | - | - | - | - | - | - | |
| OPM | -0.0% | 0.6% | -1.1% | -4.8% | -2.3% | -0.4% | -1.7% | -2.5% | 0.5% | -0.1% | -1.6% | 0.8% | |
| Other | 27 | 33 | 44 | 8 | 28 | 51 | 63 | 23 | 24 | 65 | 82 | -6 | |
| YoY | - | 32.0% | 76.0% | - | 3.7% | 54.5% | 43.2% | 187.5% | -14.3% | 27.5% | 30.2% | - | |
| OPM | 0.2% | 0.3% | 0.5% | 0.1% | 0.3% | 0.4% | 0.6% | 0.2% | 0.2% | 0.5% | 0.6% | -0.0% | |
| Eliminations | 1 | -3 | -8 | - | 7 | -7 | -8 | -8 | -15 | 33 | 1 | -12 | |
| Goodwill amortization | -125 | -120 | -121 | -134 | -128 | -131 | -133 | -132 | -126 | -126 | -125 | -179 | |
| Adjustments | -124 | -123 | -129 | -134 | -121 | -139 | -141 | -139 | -141 | -92 | -124 | -191 | |

Source: Shared Research based on company data

IDOM's quarterly gross profit margin (GPM) fluctuates due to seasonal factors. The peak period for auctions is the end of the fiscal year in February and March, and April is a quiet period. Consequently, the GPM tends to be high in Q4 and low in Q1. Wholesale prices fall when the auctions are quiet, but the company's gross profit/unit is steady, and GPM tends to rise.

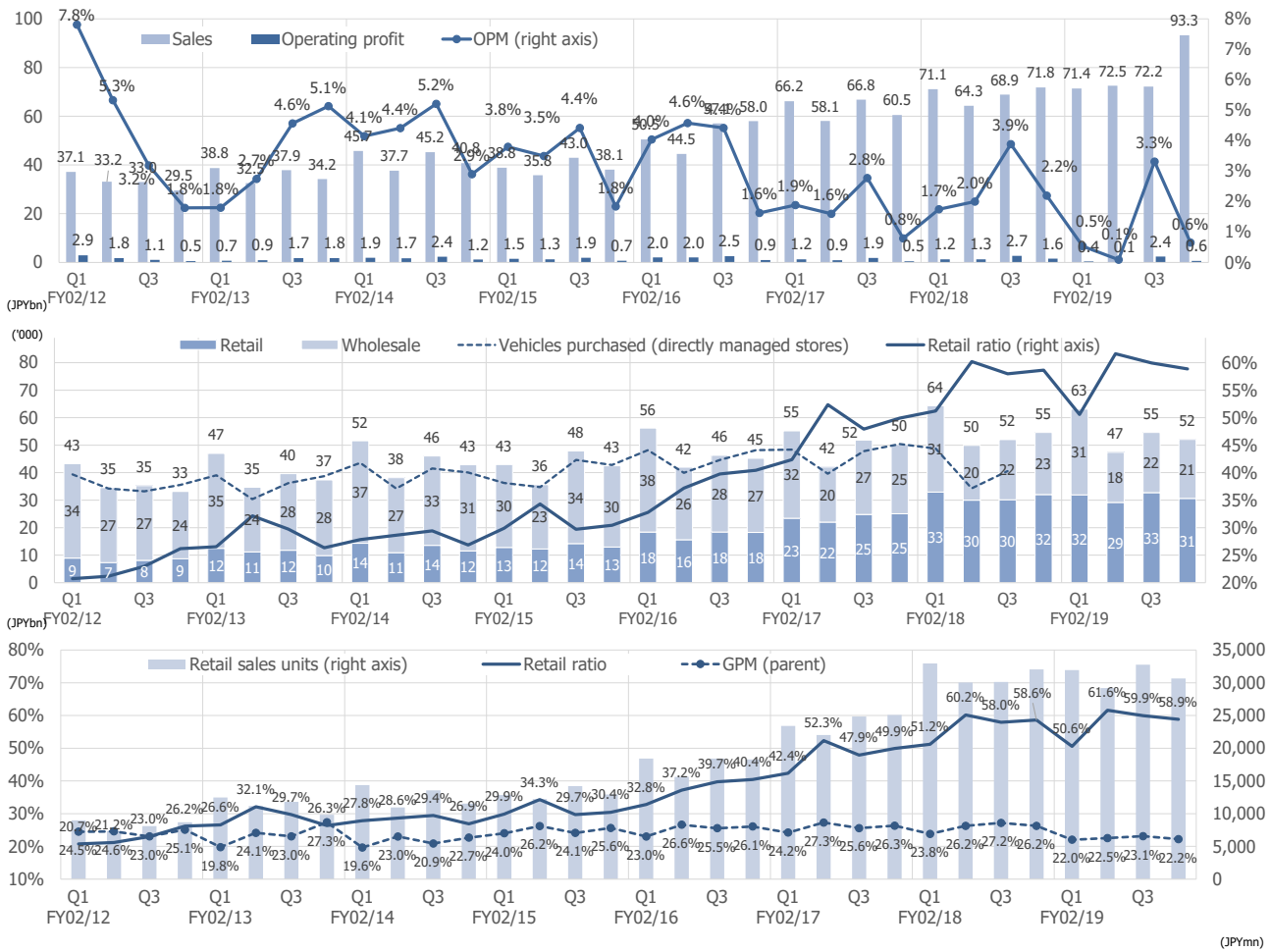
| Parent (JPYmn) | FY02/17 | | | | FY02/18 | | | | FY02/19 | | | | FY02/20 |
|---|---------|--------|--------|--------|---------|--------|--------|--------|---------|--------|--------|--------|---------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | FY Est. |
| Sales | 51,275 | 44,925 | 53,355 | 48,879 | 57,444 | 50,162 | 52,975 | 55,196 | 55,588 | 55,001 | 64,321 | 59,708 | 234,700 |
| YoY | 7.7% | 7.7% | 15.7% | 11.3% | 12.0% | 11.7% | -0.7% | 12.9% | -3.2% | 9.6% | 21.4% | 8.2% | 0.0% |
| Gross profit | 12,407 | 12,248 | 13,645 | 12,866 | 13,673 | 13,167 | 14,393 | 14,487 | 12,234 | 12,396 | 14,874 | 13,266 | 52,800 |
| YoY | 13.3% | 10.4% | 15.8% | 12.3% | 10.2% | 7.5% | 5.5% | 12.6% | -10.5% | -5.9% | 3.3% | -8.4% | 0.1% |
| GPM | 24.2% | 27.3% | 25.6% | 26.3% | 23.8% | 26.2% | 27.2% | 26.2% | 22.0% | 22.5% | 23.1% | 22.2% | 22.5% |
| SG&A expenses | 11,204 | 11,283 | 11,804 | 12,341 | 12,269 | 11,862 | 11,884 | 12,782 | 12,038 | 12,298 | 12,926 | 12,716 | 50,000 |
| Personnel | 4,153 | 4,111 | 4,185 | 4,165 | 4,487 | 4,270 | 4,316 | 4,357 | 4,462 | 4,402 | 4,624 | 4,445 | |
| Outsourcing | 434 | 433 | 507 | 440 | 557 | 519 | 471 | 662 | 597 | 639 | 756 | 359 | |
| Commission fee | 385 | 491 | 486 | 360 | 456 | 543 | 367 | 366 | 326 | 422 | 439 | 457 | |
| Depreciation | 572 | 606 | 651 | 685 | 631 | 658 | 672 | 688 | 633 | 647 | 665 | 681 | |
| Advertising | 1,994 | 1,929 | 2,322 | 2,819 | 1,992 | 1,813 | 2,107 | 2,624 | 1,829 | 1,784 | 2,013 | 2,516 | |
| Rents | 1,816 | 1,861 | 1,891 | 1,964 | 2,153 | 2,209 | 2,175 | 2,241 | 2,328 | 2,384 | 2,494 | 2,507 | |
| Other | 1,846 | 1,853 | 1,763 | 1,910 | 1,989 | 1,848 | 1,771 | 1,852 | 1,860 | 2,017 | 1,932 | 1,758 | |
| YoY | 21.9% | 24.3% | 24.6% | 15.3% | 9.5% | 5.1% | 0.7% | 3.6% | -1.9% | 3.7% | 8.8% | -0.5% | 0.0% |
| Personnel | 18.8% | 16.7% | 21.2% | 22.2% | 8.0% | 3.9% | 3.1% | 4.6% | -0.6% | 3.1% | 7.1% | 2.0% | |
| Outsourcing | 16.4% | 11.9% | 28.0% | 21.5% | 28.3% | 19.9% | -7.1% | 50.5% | 7.2% | 23.1% | 60.5% | -45.8% | |
| Commission fee | 44.2% | 74.1% | 112.2% | 17.6% | 18.4% | 10.6% | -24.5% | 1.7% | -28.5% | -22.3% | 19.6% | 24.9% | |
| Depreciation | 27.1% | 22.4% | 16.0% | 10.0% | 10.3% | 8.6% | 3.2% | 0.4% | 0.3% | -1.7% | -1.0% | -1.0% | |
| Advertising | 39.8% | 55.4% | 37.7% | 3.8% | -0.1% | -6.0% | -9.3% | -6.9% | -8.2% | -1.6% | -4.5% | -4.1% | |
| Rents | 21.6% | 15.7% | 15.9% | 21.2% | 18.6% | 18.7% | 15.0% | 14.1% | 8.1% | 7.9% | 14.7% | 11.9% | |
| Other | 9.6% | 20.1% | 15.9% | 14.9% | 7.7% | -0.3% | 0.5% | -3.0% | -6.5% | 9.1% | 9.1% | -5.1% | |
| SG&A ratio | 21.9% | 25.1% | 22.1% | 25.2% | 21.4% | 23.6% | 22.4% | 23.2% | 21.7% | 22.4% | 20.1% | 21.3% | 21.3% |
| Operating profit | 1,202 | 965 | 1,841 | 526 | 1,404 | 1,305 | 2,509 | 1,704 | 195 | 98 | 1,948 | 550 | 2,800 |
| YoY | -31.7% | -52.1% | -20.2% | -30.6% | 16.8% | 35.2% | 36.3% | 224.0% | -86.1% | -92.5% | -22.4% | -67.7% | 0.3% |
| OPM | 2.3% | 2.1% | 3.5% | 1.1% | 2.4% | 2.6% | 4.7% | 3.1% | 0.4% | 0.2% | 3.0% | 0.9% | 1.2% |
| Cons. Sales | 14,917 | 13,127 | 13,434 | 11,604 | 13,686 | 14,176 | 15,895 | 16,623 | 15,823 | 17,525 | 7,876 | 33,568 | |
| -Par. Gross profit | 2,600 | 2,449 | 2,461 | 2,457 | 2,415 | 2,558 | 2,646 | 2,520 | 3,072 | 2,463 | 3,404 | 2,993 | |
| Diff. SG&A | 2,557 | 2,488 | 2,451 | 2,506 | 2,576 | 2,578 | 2,479 | 2,650 | 2,889 | 2,494 | 2,963 | 2,937 | |
| Operating profit | 43 | -38 | 9 | -50 | -161 | -20 | 167 | -129 | 183 | -31 | 442 | 55 | |
| Buick Operating profit | -5 | 66 | -108 | -185 | -230 | -42 | -199 | -294 | 62 | 19 | -20 | | |
| HD Goodwill amortization | 100 | 94 | 97 | 109 | 104 | 105 | 94 | 120 | 101 | 101 | 100 | | |
| OP after goodwill amortization | -106 | -27 | -205 | -294 | -334 | -147 | -293 | -414 | -39 | -82 | -120 | | |
| Indicators (stores, units) | FY02/17 | | | | FY02/18 | | | | FY02/19 | | | | FY02/20 |
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | FY Est. |
| Store Directly managed | 424 | 433 | 448 | 459 | 474 | 479 | 482 | 488 | 500 | 506 | 512 | 519 | 519 |
| YoY | 15.5% | 14.2% | 13.7% | 10.9% | 11.8% | 10.6% | 7.6% | 6.3% | 5.5% | 5.6% | 6.2% | 6.4% | 0.0% |
| Franchisees | 87 | 88 | 85 | 84 | 80 | 72 | 73 | 70 | 69 | 69 | 69 | 69 | - |
| Vehicles sold | 55,215 | 42,083 | 51,817 | 50,247 | 64,340 | 49,901 | 52,001 | 54,637 | 63,118 | 47,387 | 54,650 | 52,080 | 217,300 |
| Retail | 23,396 | 22,025 | 24,834 | 25,078 | 32,947 | 30,032 | 30,135 | 32,037 | 31,925 | 29,198 | 32,751 | 30,653 | 124,600 |
| Wholesale | 31,819 | 20,058 | 26,983 | 25,169 | 31,393 | 19,869 | 21,866 | 22,600 | 31,193 | 18,189 | 21,899 | 21,427 | 92,700 |
| Retail ratio | 42.4% | 52.3% | 47.9% | 49.9% | 51.2% | 60.2% | 58.0% | 58.6% | 50.6% | 61.6% | 59.9% | 58.9% | 57.3% |
| YoY | -1.7% | 0.3% | 11.9% | 11.1% | 16.5% | 18.6% | 0.4% | 8.7% | -1.9% | -5.0% | 5.1% | -4.7% | 0.0% |
| Retail | 27.0% | 41.1% | 34.9% | 37.2% | 40.8% | 36.4% | 21.3% | 27.7% | -3.1% | -2.8% | 8.7% | -4.3% | 0.1% |
| Wholesale | -15.7% | -23.9% | -3.3% | -6.6% | -1.3% | -0.9% | -19.0% | -10.2% | -0.6% | -8.5% | 0.2% | -5.2% | -0.0% |
| Retail units / Directly managed stores (avg.) | 56 | 51 | 56 | 55 | 71 | 63 | 63 | 66 | 65 | 58 | 64 | 59 | |
| YoY | #REF! | 22.9% | 18.4% | 22.2% | 26.5% | 22.6% | 11.2% | 19.5% | -8.5% | -7.9% | 2.6% | -10.0% | |
| Sales (parent) / Vehicles sold | 929 | 1,068 | 1,030 | 973 | 893 | 1,005 | 1,019 | 1,010 | 881 | 1,161 | 1,177 | 1,146 | |
| YoY | 9.6% | 7.4% | 3.4% | 0.1% | -3.9% | -5.8% | -1.1% | 3.9% | -1.4% | 15.5% | 15.5% | 13.5% | |
| Gross profit (parent) / Vehicles sold | 225 | 291 | 263 | 256 | 213 | 264 | 277 | 265 | 194 | 262 | 272 | 255 | |
| YoY | 15.2% | 10.1% | 3.5% | 1.1% | -5.4% | -9.3% | 5.1% | 3.6% | -8.8% | -0.9% | -1.7% | -3.9% | |
| No. of employees (parent) | 3,237 | 3,249 | 3,245 | 3,169 | 3,464 | 3,339 | 3,265 | 3,039 | 3,437 | 3,401 | 3,328 | - | |
| No. of employees per store | 7.6 | 7.5 | 7.2 | 6.9 | 7.3 | 7.0 | 6.8 | 6.2 | 6.9 | 6.7 | 6.5 | - | |
| YoY | 3.9% | 6.5% | 6.9% | 5.7% | -4.3% | -7.1% | -6.5% | -9.8% | -5.9% | -3.6% | -4.0% | - | |
| Capital expenditures | 1,420 | 1,401 | 1,482 | 1,000 | 1,625 | 2,419 | 3,082 | 4,039 | 1,208 | 2,187 | 3,062 | 3,957 | 2,500 |

Source: Shared Research based on company data

Full-year FY02/19 results (out April 12, 2019)

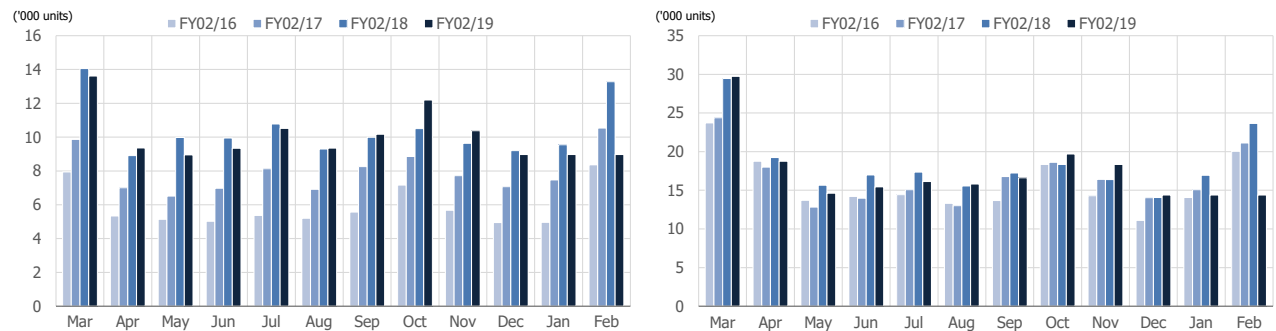
- ▷ FY02/19 results: Sales up 12.0% YoY at JPY309.4bn, operating profit down 49.3% YoY at JPY3.4bn, net income down 88.6% YoY at JPY409mn
- ▷ Sales up: Sales improved in all regions, with Domestic sales up 6.8% YoY at JPY245.0bn, Australian sales up 38.7% YoY at JPY62.2bn, and Other (US and other regions) sales up 20.9% YoY at JPY2.2bn. Total retail sales at directly-managed stores declined by 0.5% YoY to 124,527 units, and the number of vehicles sold (retail and wholesale) declined by 1.6% YoY to 217,235 units, but increases to sales unit price ensured higher sales. In Australia the company benefited from consolidation of five dealer groups (contributing in the five-month period from October to February), which the company acquired in October 2018
- ▷ Gross profit down: Gross profit decreased 1.8% YoY to JPY64.7bn. Domestically, the company made changes to used vehicle revenue structure in order to increase unit sales (such as making some value-added services optional in order to reduce display price), but gross profit per vehicle decreased. SG&A expenses also increased due mainly to an increase in store count. The weak results in domestic business had an effect. The company changed the timing of recording the referral fees paid to staffing agencies for new graduate recruitment; it started recording them at the time of employment rather than at the time of issuing provisional offers of employment, boosting operating income by JPY232mn in FY02/19
- ▷ Cash flow: Operating cash flow was negative JPY19.6bn (primarily because of expanded inventory, of JPY26.9bn) and investing cash flows was negative JPY11.0bn, due to the acquisition of shares in subsidiaries which involves a change in the scope of consolidation (JPY4.4bn), the acquisition of tangible fixed assets (JPY3.8bn), and the acquisition of intangible fixed assets (JPY798mn). On March 18, the company also announced the agreement of a syndicated loan contract (with a total amount of JPY11.5bn)
- ▷ Q4 FY02/19: In Q4 (from December 2018 to February 2019), sales up 29.9% YoY to JPY93.3bn, gross profit down 4.4% YoY to JPY16.3bn, and operating profit down 61.6% YoY to JPY605mn
- ▷ Signs of improvement: The monthly number of vehicles sold at directly managed stores continued to decrease from December 2018 to February 2019 (by 2.6% YoY in December 2018, by 0.2% YoY in January 2019, and by 8.5% YoY in February 2019), but started to increase in March 2019 (by 4.8% YoY)
- ▷ Forecast for FY02/20: For FY02/20, the company expects sales to increase 4.7% YoY to JPY324.0bn, operating profit to increase 7.6% YoY to JPY3.7bn, net income to increase 2.7% YoY to JPY420mn (EPS of JPY4.14). The company expects nearly equal results for 1H and 2H. The company has not at present factored in the impact of the measures it is pursuing to improve business performance in its domestic directly managed stores. It will be necessary to take a close look at the details of these business improvement measures
- ▷ Dividend: The company forecasts annual dividend of JPY11.0 per share for FY02/19, and JPY1.2 per share in FY02/20 as planned. The company has conventionally used the approach of setting the total dividend at 30% of the previous year's net income (net income attributable to parent company shareholders). The company plans to apply the same method in FY02/20 as well

Quarterly earnings



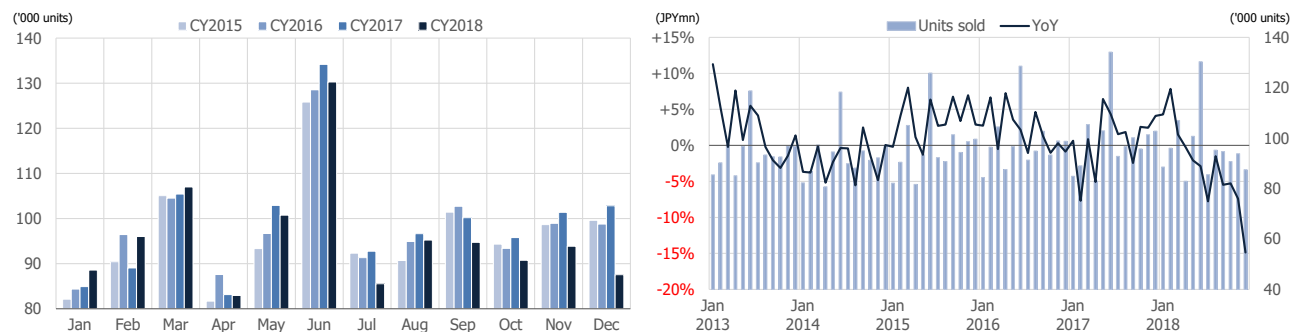
Source: Shared Research based on company data

Number of vehicles sold (retail; left) and number of vehicles sold (retail + wholesale; right) at directly managed stores



Source: Shared Research based on company data

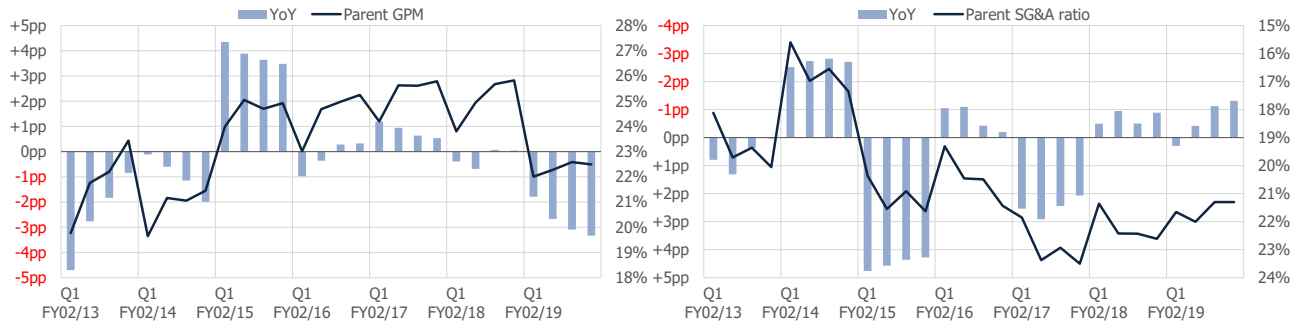
Number of vehicles sold at Australian business



Source: Shared Research based on Federal Chamber of Automotive Industries data

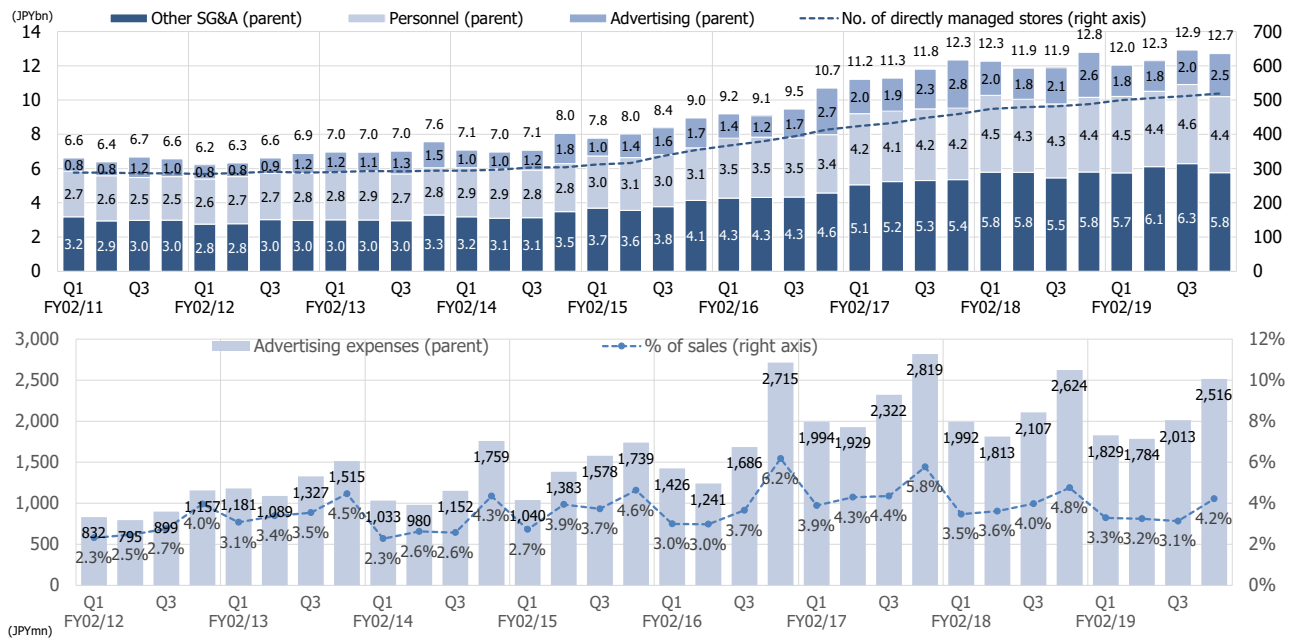
For reference

Parent GPM (left) and SG&A-to-sales ratio (right)



Source: Shared Research based on company data

Parent SG&A expenses



Source: Shared Research based on company data

Full-year company forecasts

| Consolidated (JPYmn) | FY02/18 | | | FY02/19 | | | FY02/20 Est. | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1H | 2H | FY | 1H | 2H | FY | 1H | 2H | FY |
| Sales | 135,468 | 140,689 | 276,157 | 143,937 | 165,473 | 309,410 | 162,000 | 162,000 | 324,000 |
| YoY | 9.0% | 10.5% | 9.8% | 6.3% | 17.6% | 12.0% | 12.5% | -2.1% | 4.7% |
| Cost of sales | 103,654 | 106,644 | 210,298 | 113,771 | 130,936 | 244,707 | | | |
| Gross profit | 31,813 | 34,046 | 65,859 | 30,165 | 34,537 | 64,702 | | | |
| YoY | 7.1% | 8.3% | 7.7% | -5.2% | 1.4% | -1.8% | | | |
| GPM | 23.5% | 24.2% | 23.8% | 21.0% | 20.9% | 20.9% | | | |
| SG&A expenses | 29,285 | 29,795 | 59,080 | 29,719 | 31,542 | 61,261 | | | |
| SG&A ratio | 21.6% | 21.2% | 21.4% | 20.6% | 19.1% | 19.8% | | | |
| Operating profit | 2,528 | 4,251 | 6,779 | 445 | 2,995 | 3,440 | 1,850 | 1,850 | 3,700 |
| YoY | 16.4% | 82.8% | 50.7% | -82.4% | -29.5% | -49.3% | 315.7% | -38.2% | 7.6% |
| OPM | 1.9% | 3.0% | 2.5% | 0.3% | 1.8% | 1.1% | 1.1% | 1.1% | 1.1% |
| Non-op. income (expenses) | -496 | -486 | -982 | -551 | -777 | -1,328 | -750 | -750 | -1,500 |
| Recurring profit | 2,032 | 3,765 | 5,797 | -106 | 2,218 | 2,112 | 1,100 | 1,100 | 2,200 |
| YoY | 0.6% | 75.9% | 39.4% | - | -41.1% | -63.6% | - | -50.4% | 4.2% |
| RPM | 1.5% | 2.7% | 2.1% | -0.1% | 1.3% | 0.7% | 0.7% | 0.7% | 0.7% |
| Net income | 1,121 | 2,457 | 3,578 | -598 | 1,007 | 409 | 210 | 210 | 420 |
| YoY | 1.7% | 114.6% | 59.2% | - | -59.0% | -88.6% | - | -79.1% | 2.7% |
| Depreciation | | | 3,044 | | | 3,051 | | | - |
| Capital expenditures | | | 4,039 | | | - | | | - |

| Parent (JPYmn) | FY02/18 | | | FY02/19 | | | FY02/20 Est. | | |
|---------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|
| | 1H | 2H | FY | 1H | 2H | FY | 1H | 2H | FY |
| Sales | 107,606 | 108,171 | 215,777 | 110,589 | 124,029 | 234,618 | 117,350 | 117,350 | 234,700 |
| YoY | 11.9% | 5.8% | 8.7% | 2.8% | 14.7% | 8.7% | 6.1% | -5.4% | 0.0% |
| Cost of sales | 80,763 | 79,294 | 160,057 | 85,958 | 95,889 | 181,847 | | | 181,900 |
| Gross profit | 26,840 | 28,880 | 55,720 | 24,630 | 28,140 | 52,770 | | | 52,800 |
| YoY | 8.9% | 8.9% | 8.9% | -8.2% | -2.6% | -5.3% | | | 0.1% |
| GPM | 24.9% | 26.7% | 25.8% | 22.3% | 22.7% | 22.5% | | | 22.5% |
| SG&A expenses | 24,131 | 24,666 | 48,797 | 24,336 | 25,642 | 49,978 | | | 50,000 |
| SG&A ratio | 22.4% | 22.8% | 22.6% | 22.0% | 20.7% | 21.3% | | | 21.3% |
| Operating profit | 2,709 | 4,213 | 6,922 | 293 | 2,498 | 2,791 | | | 2,800 |
| YoY | 25.0% | 78.0% | 52.7% | -89.2% | -40.7% | -59.7% | | | 0.3% |
| OPM | 2.5% | 3.9% | 3.2% | 0.3% | 2.0% | 1.2% | | | 1.2% |
| Non-op. income (expenses) | -220 | 149 | -71 | -198 | 120 | -78 | | | -100 |
| Recurring profit | 2,489 | 4,362 | 6,851 | 95 | 2,618 | 2,713 | 1,350 | 1,350 | 2,700 |

| Cons.-Par. difference (JPYmn) | FY02/18 | | | FY02/19 | | | FY02/20 Est. | | |
|----------------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| | 1H | 2H | FY | 1H | 2H | FY | 1H | 2H | FY |
| Sales | 27,862 | 32,518 | 60,380 | 33,348 | 41,444 | 74,792 | 44,650 | 44,650 | 89,300 |
| YoY | -0.6% | 29.9% | 13.7% | 19.7% | 27.4% | 23.9% | 33.9% | 7.7% | 19.4% |
| Cost of sales | 22,891 | 27,350 | 50,241 | 27,813 | 35,047 | 62,860 | | | |
| Gross profit | 4,973 | 5,166 | 10,139 | 5,535 | 6,397 | 11,932 | | | |
| YoY | -1.5% | 5.0% | 1.7% | 11.3% | 23.8% | 17.7% | | | |
| GPM | 17.8% | 15.9% | 16.8% | 16.6% | 15.4% | 16.0% | | | |
| SG&A expenses | 5,154 | 5,129 | 10,283 | 5,383 | 5,900 | 11,283 | | | |
| SG&A ratio | 18.5% | 15.8% | 17.0% | 16.1% | 14.2% | 15.1% | | | |
| Operating profit | -181 | 38 | -143 | 152 | 497 | 649 | | | 900 |
| YoY | - | - | - | - | 1,207.9% | - | | | 38.7% |
| OPM | -0.6% | 0.1% | -0.2% | 0.5% | 1.2% | 0.9% | | | 1.0% |
| Non-op. income (expenses) | -276 | -635 | -911 | -353 | -897 | -1,250 | -250 | -250 | -1,400 |
| Recurring profit | -457 | -597 | -1,054 | -201 | -400 | -601 | -250 | -250 | -500 |

Source: Shared Research based on company data

 This note is the most recent addition to the [full report](#).

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