

G-7 HOLDINGS INC.7508 Tokyo Stock Exchange
First Section

24-Jun.-14

Important disclosures
and disclaimers appear
at the end of this document.FISCO Ltd. Analyst
Yuzuru Sato**■ Strengthening overseas business to achieve sales of ¥100bn in FY3/16**

G-7 Holdings is the largest franchisee in Japan of Autobacs stores and of gyomu supermarkets (“business supermarkets”). It is developing agricultural business and overseas business as new growth areas, with the goals of achieving sales of ¥100bn and operating profit of ¥4bn in the fiscal year through March 2016, i.e., FY3/16.

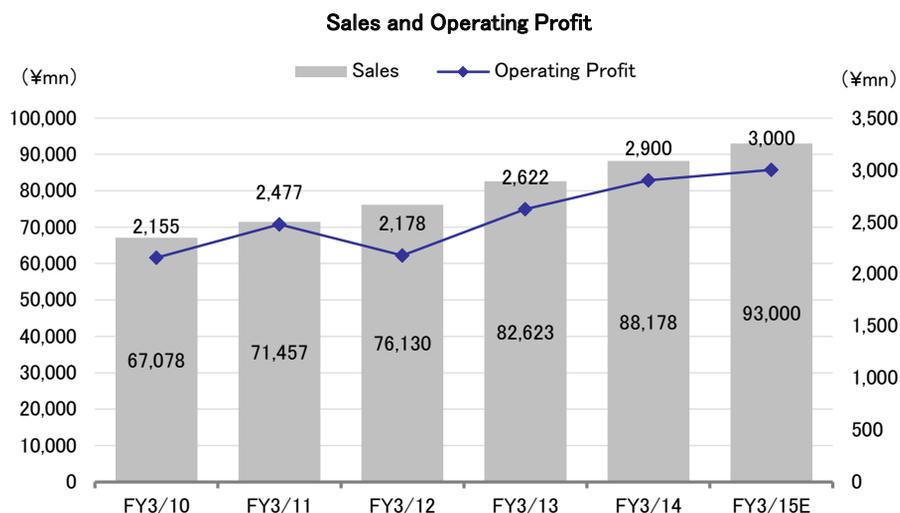
In FY3/14, its consolidated sales grew by 6.7% year-on-year (y-o-y) to ¥88,178mn, and its consolidated operating profit rose by 10.6% y-o-y to ¥2,900mn. Both figures were record highs, eclipsing the highs of FY3/13. Sales and profits increased in AUTOBACS / Car related Business as snowfalls in the winter of 2013-2014 increased the demand for studless tires and consumers stocked up on goods before Japan’s consumption tax increased from 5% to 8% on April 1, 2014. Business Supermarket / Quality Food Business also thrived, as select food supermarkets expanded their range of merchandise and attracted new customers.

For FY3/15, G-7 Holdings forecasts a 5.5% y-o-y increase in sales to ¥93bn and a 3.4% rise in operating profit to ¥3.0bn. The company foresees continued growth in its Autobacs and “business supermarkets” businesses, propelled by the opening of new stores. Its Megumi no Sato market business will strengthen its development of private-brand foods to spur growth.

To achieve its FY3/16 target of ¥100bn in sales, the company will accelerate the expansion of its overseas business. It has set up two Autobacs stores and a Bike Seven motorcycle equipment store in Malaysia, and it has begun agricultural business in Myanmar and Vietnam. Now, the company plans to capitalize on the global popularity of Japanese food and open Japanese restaurants and a Japanese food wholesaling business in Southeast Asia. Through this strategy, it aims to generate ¥2bn of annual sales from its overseas business in near future and ¥10bn over the longer term.

■ Check Point

- In FY3/14, the company reported record-high sales and profits for the second straight year
- While continuing to expand its two main businesses, it is nurturing its food and agribusinesses
- Given the company’s target dividend payout ratio and profit growth, it may pay a higher dividend per share for FY3/15 than currently planned



■ Business Trends

Record-high sales and profits for the second consecutive year

(1) FY3/14 Results

On May 12, 2014, G-7 Holdings announced its consolidated results for FY3/14. Its sales increased by 6.7% y-o-y, to ¥88,178mn, its operating profit grew by 10.6% y-o-y, to ¥2,900mn, its recurring profit advanced by 7.0% y-o-y, to ¥3,139mn, and its net profit increased by 14.6% y-o-y, to ¥1,541mn. Sales and profits hit record highs for the second straight fiscal year. Benefiting from strong consumer demand in advance of an increase in Japan's consumption tax from April 1, 2014, the company's two main businesses, AUTOBACS / Car related Business and Business Supermarket / Quality Food Business, increased their sales and profits. Operating losses suffered by other businesses in FY3/13 declined sharply in FY3/14, mainly due to a shrinkage of losses in the Megumi no Sato market business. The results by business are described below.

AUTOBACS / Car related Business

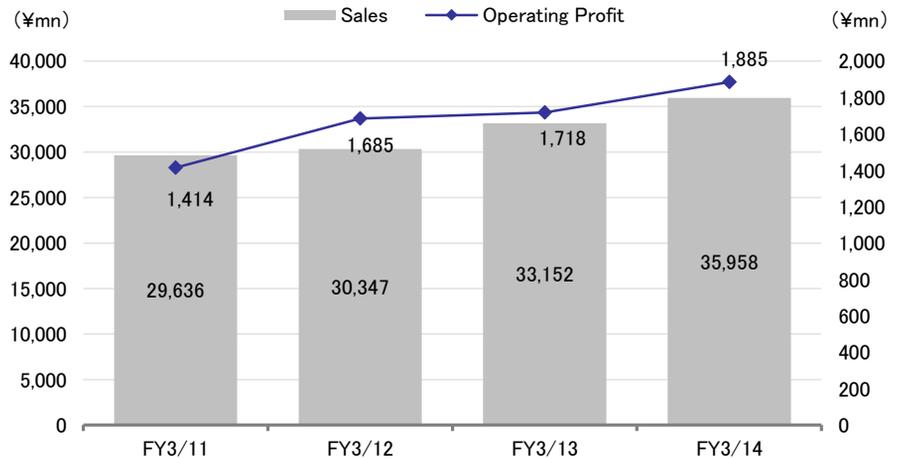
The company's automotive business is conducted by subsidiaries G-7 Auto Service (formerly Auto Seven Co.) and G-7 Motors. G-7 Auto Service operates Autobacs franchisee stores, and operates BP centers, which provide a wide range of automotive maintenance services. G-7 Motors operates Bike Seven motorcycle parts and accessories stores. G-7 Auto Service generates about 90% of the business's sales.

In FY3/14, the automotive business raised its sales by 8.5% y-o-y to ¥35,958mn and its operating profit by 9.8% to ¥1,885mn. During the fiscal year, this business opened six new stores in Japan: four Autobacs stores, one Autobacs Express gasoline station, and one Bike Seven store. It also opened one Autobacs store and one Bike Seven store in Malaysia. Thus, it opened eight new stores, bringing the total number of stores in operation to 99 at the end of FY3/14.

G-7 Auto Service increased its sales by 10.1% y-o-y in FY3/14. Its sales of electronic goods for automobiles dropped, mainly because of weak sales of car navigation equipment. However, its sales of tires and wheels increased, reflecting heavy demand for winter tires and consumer purchases before the consumption price hike on April 1, 2014. Sales of sheet metal repair work, car inspections, and automobiles also advanced. The new Bike Seven stores contributed to a 21% y-o-y rise in sales at G-7 Motors.

The cost of opening new stores increased y-o-y, the company bore initial investment costs in Malaysia, and the prices of car navigation equipment declined. However, increased sales of sheet metal repair work, car inspections, tires and wheels, which carry high profit margins, supported the rise in operating profit in the automotive business in FY3/14. Sales in Malaysia remained small, but they tripled y-o-y. Sales by the single Bike Seven store were particularly strong, because it is the only store in Malaysia that supplies a full range of motorcycle equipment, from wheels and tires to helmets. On week-ends, many motorcycle equipment stores in Singapore traveled to this store to make large purchases. The company now expects this Bike Seven store to turn profitable in FY3/15, but it does not foresee profitability for its two Autobacs stores in Malaysia for another three years, because these stores are burdened with large fixed costs.

AUTOBACS / Car related Business



One of the Two Autobacs Stores in Tebrau City, Malaysia



Source: Company



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Business Supermarket / Quality Food Business

This business is conducted by two subsidiaries, G-7 Super Mart Co. (formerly Sun Seven Co.) and G-7 Food System Co. G-7 Super Mart operates the low-priced “business supermarkets”, while G-7 Food System operates select food supermarkets, the business previously operated by Coldfamily Co., which was purchased on November 1, 2012 and absorbed by G-7 Food System in January 2013, and the business previously operated by Ueno Shokuhin Co., purchased in December 2011 and absorbed by G-7 Food System in January 2014. G-7 Super Mart Co. generates about 90% of the business’s sales.

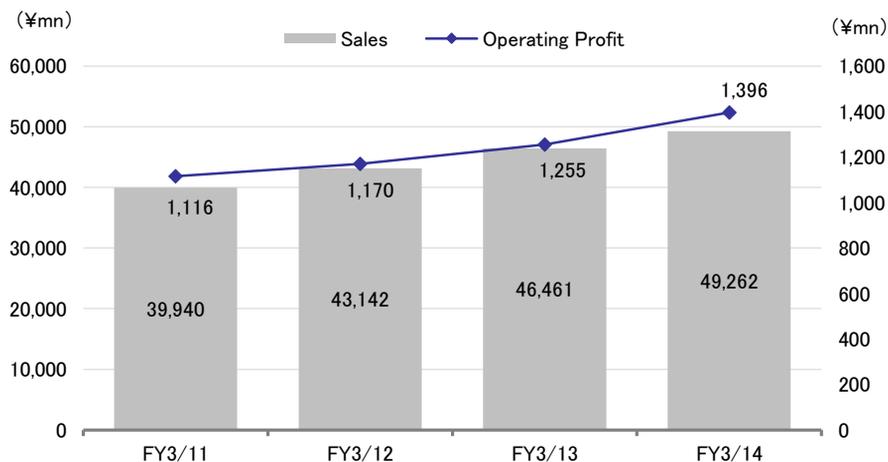
In FY3/14, the business lifted its sales by 6.0% y-o-y to ¥49,262mn and its operating profit by 11.2% to ¥1,396mn. G-7 Super Mart Co. raised its sales by 5% y-o-y and G-7 Food System Co. expanded its sales by 7% y-o-y. On a same-store basis, sales by G-7 Super Mart Co. increased by 3% y-o-y, which was a larger rate of growth than the average rate for supermarkets in Japan. Contributions by new “business supermarkets” and a double-digit y-o-y sales rise in March 2014, mainly reflecting strong demand for staples such as rice and seasonings before Japan’s consumption tax was raised, lifted the company’s overall sales growth. During the fiscal year, this subsidiary opened six new “business supermarkets”, three in Tokyo, and one each in Chiba Prefecture, Kanagawa Prefecture, and Hokkaido. It renovated one store in Aichi Prefecture and closed three stores. Thus, at the end of FY3/14, the subsidiary operated 106 “business supermarkets”, three more than it operated at the end of FY3/13. Until FY3/14, G-7 Super Mart Co. had concentrated its stores in Greater Tokyo, the Chubu region (Aichi, Mie, and Gifu prefectures), the Kinki region (Osaka and Hyogo prefectures), and Fukuoka Prefecture, in Kyushu. In FY3/14, the company opened its first store in Sapporo, Hokkaido, and it plans to open more stores there. Originally, G-7 Super Mart Co. had planned to open 10 new stores in FY3/14. It fell short of this goal because large competitors stepped up their openings of supermarkets about the same size as its “business supermarkets” (660 – 990 square meters) in Greater Tokyo, raising the leasing cost of such properties.

G-7 Food System Co.’s sales growth of 7% y-o-y stemmed partly from the absorption of Coldfamily Co. in January 2013 and of Ueno Shokuhin Co. in January 2014, but the select food supermarkets also improved their sales and profits by increasing the number of customers and developing new select foods.

At G-7 Super Mart Co., the cost-of-goods-sold ratio rose slightly due to yen depreciation against other currencies. The company’s cost of heating and lighting rose due to an increase in electricity charges. However, these factors were offset by the rise in sales and by a streamlining of personnel costs, so the subsidiary’s profits grew. One way the company limited its personnel costs was by installing part-time store managers for the first time. Part-timers were put in charge of four stores, and all four met their sales targets. Hereafter, the company plans to appoint women as part-time store managers aggressively.

Profits at G-7 Food System Co. also increased, reflecting the company’s sales growth and the reduction of indirect costs following the absorption of Coldfamily Co. and Ueno Shokuhin Co.

Business Supermarket / Quality Food Business



Other Businesses

The company's main other businesses are G-7 Agri Japan, which operates the Megumi no Sato market business, and G-7 Development, which operates the restaurant business, the Ryohin Kaikan recycling and reusing business, the Daiso discount (¥100 yen) shop franchise business, and the real estate leasing business. In FY3/14, these businesses saw their aggregate sales fall by 1.7% y-o-y, to ¥2,957mn, but their operating loss shrank to ¥62mn from ¥154mn.

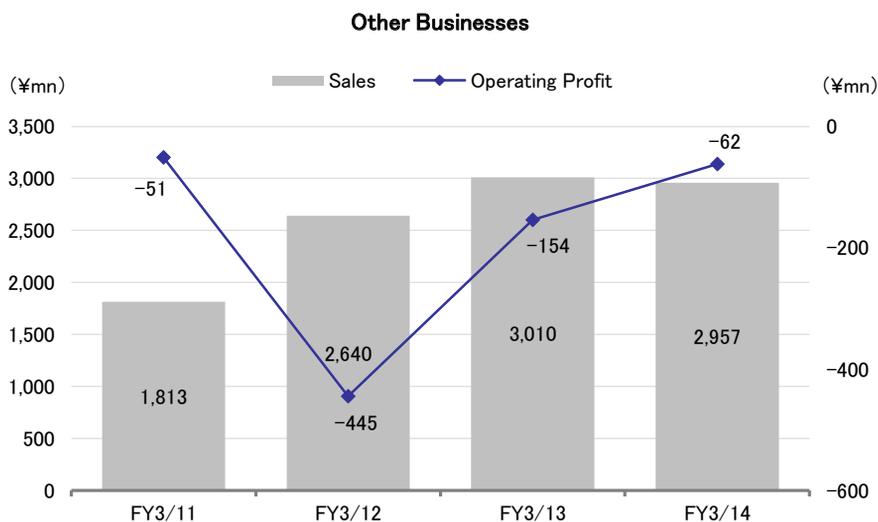
In FY3/14, G-7 Agri Japan opened one new Megumi no Sato market, giving it 18, of which 13 were in Hyogo Prefecture, 4 were in Nara Prefecture, and 1 was in Osaka. Its sales grew by 11% y-o-y, and its operating loss decreased. G-7 Agri Japan has also started raising chrysanthemums in Vietnam and strawberries in Myanmar. The first shipment of chrysanthemums raised in Vietnam was sold in Megumi no Sato markets in Japan in December 2013. In August 2013, the company established a joint venture called CM Japan Agri Myanmar Co. Ltd. in Yangon, Myanmar, with City Mart Holding Co., the largest distribution company in Myanmar. G-7 Agri Japan holds a 40% stake in the joint venture, which has been cultivating strawberries on an experimental basis. These strawberries have been highly appraised by local consumers. Thus, the company plans to start shipping them to hotels and restaurants in Myanmar and as gifts in November 2014.

Inside a Greenhouse Producing Chrysanthemums in Dalat, Vietnam



Source: Company

G-7 Development increased its sales by 4% y-o-y in FY3/14, led by sales growth at the restaurant business and the Ryohin Kaikan recycling and reusing business. As part of G-7 Holdings' strategy to expand its overseas operations, it intends to develop restaurants in Southeast Asia. Through subsidiary G-7 Retail Malaysia, the restaurant business opened its first overseas restaurant, a ramen restaurant in Malaysia, in February 2014. This restaurant serves ramen made with a soy sauce base mainly to Japanese and Chinese customers. Most of the other ramen restaurants in Malaysia commonly sell ramen containing pork bone that has not been prepared by methods making it acceptable for Muslims to eat. Thus, the common image of ramen in Malaysia is that it is not acceptable to eat. Nonetheless, business at the company's first ramen restaurant has been brisk.



Company aims to improve store profitability by raising productivity and controlling costs

(2) Company forecasts for FY3/15

For FY3/15, G-7 Holdings forecasts a 5.5% y-o-y rise in consolidated sales to ¥93bn, a 3.4% increase in operating profit to ¥3.0bn, a 1.9% upturn in recurring profit to ¥3.2bn, and a 3.8% improvement in net profit to ¥1.6bn. If these forecasts are achieved, the company will report record-high sales and profits for the third straight fiscal year.

To attain its forecasts, G-7 Holdings plans to continue to open new stores and to improve the profitability of each store by raising productivity and cutting administrative costs. In FY3/15, the company plans to open 8 new Autobacs stores, 10 new "business supermarkets", and 4 new Megumi no Sato markets in Japan. Overseas, the company intends to open two new Bike Seven shops in Malaysia and ramen shops throughout Southeast Asia. Company forecasts for each main segment of business are as follows.



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High value-added services to lift profitability

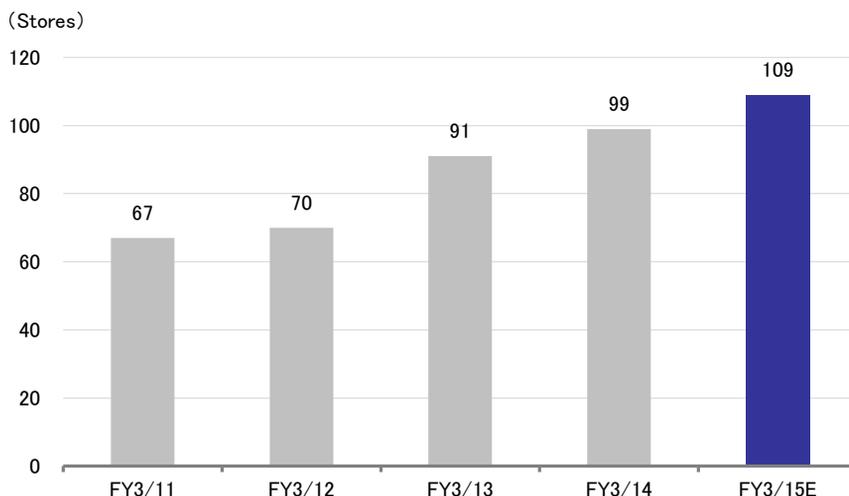
AUTOBACS / Car related Business

G-7 Holdings foresees sales and profit growth in FY3/15 for its AUTOBACS / Car related Business as a result of opening new stores. In the first half of April, sales in this business declined y-o-y, as expected, in reaction to strong demand before Japan raised its consumption tax from 5% to 8% on April 1. Since then, sales by this business have been stronger than the company had projected, mainly because of the delivery of new cars.

This business plans to open eight new Autobacs stores and two new Bike Seven shops, bringing the total number of stores in operation globally to 109. The company plans to take advantage of any opportunity to expand its network of Autobacs stores through mergers and acquisitions. Its Autobacs stores are more profitable than the stores operated in Japan by Autobacs Seven and more profitable than any subsidiary of Autobacs seven and any other franchisee of Autobacs Seven. One reason for this profitability is that its Autobacs stores promote high value-added services, such as sheet metal repair work and car inspections. In FY3/14, five of the top ten Autobacs stores in Japan in terms of the number of car inspections performed were operated by G-7 Holdings. In FY3/14, services accounted for about 23% of the total sales generated by the Autobacs stores operated by G-7 Holdings. The gross profit margin on these services is more than twice the gross profit margin on the sale of automobile equipment. By raising the sales weighting of services, G-7 Holdings plans to lift the profitability of its Autobacs business.

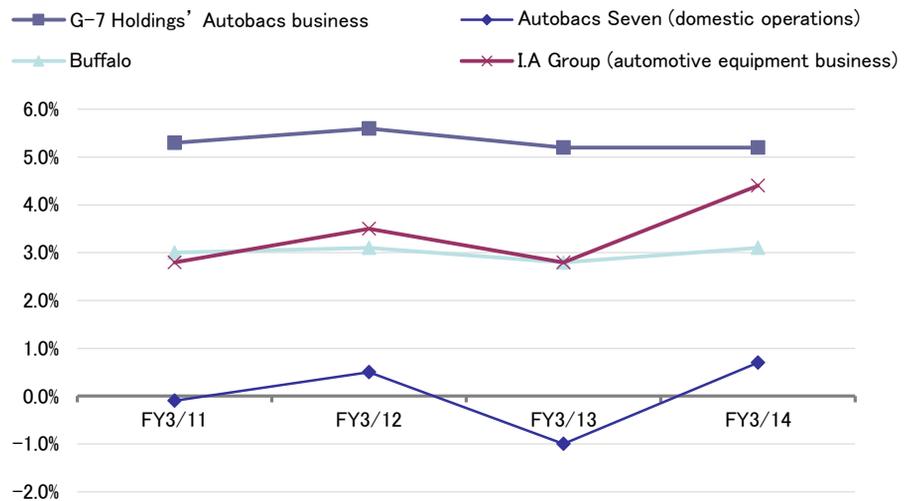
In April 2012, this business opened its first overseas store, an Autobacs store in Malaysia. In FY3/14, sales at this store increased by 35% y-o-y. In August 2013, the company opened its second Autobacs store and its first Bike Seven store in Malaysia. The company aims to make its Autobacs operations in Malaysia profitable within three years. Sales at the Bike Seven store have also been growing rapidly, so the company plans to open a second Bike Seven store in Malaysia in FY3/15. Bike Seven stores hold about half the inventory of an Autobacs store and employ about eight people per store, which is about half the work force at an Autobacs store. Therefore, the break-even sales point for a Bike Seven store is lower than the break-even point for an Autobacs store, and a Bike Seven store can achieve profitability faster than an Autobacs store. The company is preparing to open Bike Seven stores in other Southeast Asian countries where motorcycles are popular, including Vietnam and Indonesia. In these countries, it will probably license Bike Seven stores to local operators.

Number of Stores in the Autobacs and Other Automotive Business



Note: These numbers include the number of Bike Seven shops, which sell motorcycle parts and accessories.

Operating Profit Margins at G-7 Holdings' Autobacs and Competing Companies



To open smaller “business supermarkets” and assign women managers

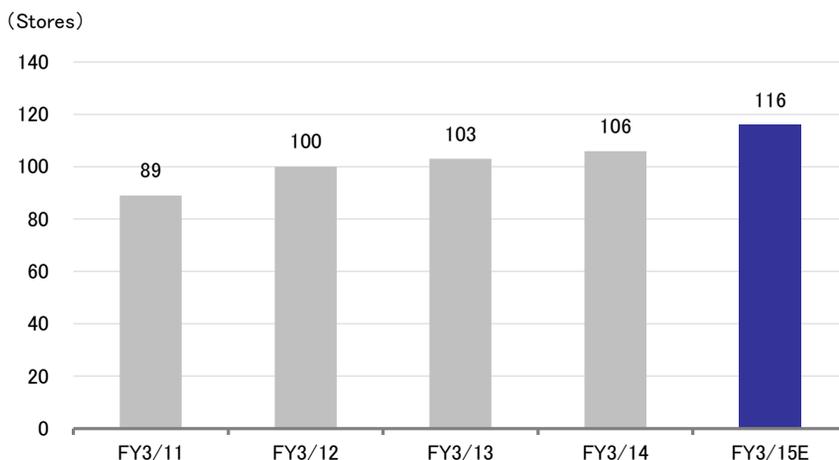
Business Supermarket / Quality Food Business

The company plans to open 10 new “business supermarkets” in FY3/15, including five in Sapporo, Hokkaido, two in Greater Tokyo, two in Greater Nagoya, and one in Greater Osaka. Four of these were opened in April and May. The company expects the new supermarkets to support 6 – 9% y-o-y sales growth for the “business supermarkets” business in FY3/15. The company believes that it can profitably operate 20 “business supermarkets” in Sapporo, so if it finds sites offering favorable conditions, it may open more than five such supermarkets there in FY3/15. Because the cost of leasing buildings in Greater Tokyo is rising, the company plans to open small “business supermarkets” there.

The company expects large “business supermarkets” opened three years ago to turn profitable in FY3/15, as their fixed costs have decreased. Furthermore, the company intends to rationalize personnel costs for “business supermarkets”, primarily by appointing women to lead some supermarkets. In April, sales at “business supermarkets” dropped y-o-y because consumers had stocked up the previous month, but from May, sales grew again y-o-y.

The company has decided to appoint some of its veteran women part-timers as managers and regular employees to manage 5 – 6 “business supermarkets” in an area. The women selected for these posts will have worked in their areas for many years and contributed to the sales growth of their stores by communicating effectively with customers, accurately reading changes in demand for goods, and paying attention to details, such as polite approaches to customers. The company is effectively managing its part-time employees, and it has implemented a system to control the profitability of each supermarket by highlighting important statistics, such as the amount of daily purchases, the gross profit margin, and the personnel cost ratio. Therefore, it feels ready to promote qualified and highly motivated part-timers to managers.

Number of “Business Supermarkets”



The select food supermarkets aim to grow by attracting more customers, in part, by offering private-brand goods developed by Megumi no Sato markets. The company also plans to extend its sales routes for such supermarkets into Southeast Asia. In April 2014, it opened a booth in the international Food and Hotel Asia Exhibition in Singapore, the first overseas activity for these supermarkets. The booth sold mainly Japanese foods, such as rice, fruits, processed foods, and Japanese beef. It also served cooked Japanese beef, kamameshi (Japanese Traditional Clay pot rice), and other foods. By operating this booth, the company aimed to appeal to local food wholesalers, and through them, to restaurants and hotels. Its Hong Kong subsidiary is importing foods from G-7 Food System Co. and G-7 Agri Japan and selling the foods to local wholesalers. In December 2013, it started selling small quantities of Japanese beef, and it intends to expand its sales in Southeast Asia, mainly of foods that are acceptable to Muslims.

G-7 Holdings Booth at the 2014 International Food and Hotel Asia Exhibition in Singapore



Source: Company

From FY3/15, G-7 Food System Co. will sell private-brand, popular foods developed by Megumi no Sato markets to other retailers. In May 2014, it started selling salad dressings developed by these markets to high-grade supermarkets in Chiba Prefecture, and within three weeks, it had sold 1,300 bottles. The Megumi no Sato markets intend to develop more private-brand foods. By selling them through G-7 Food System and directly, they should be able to expand their sales.

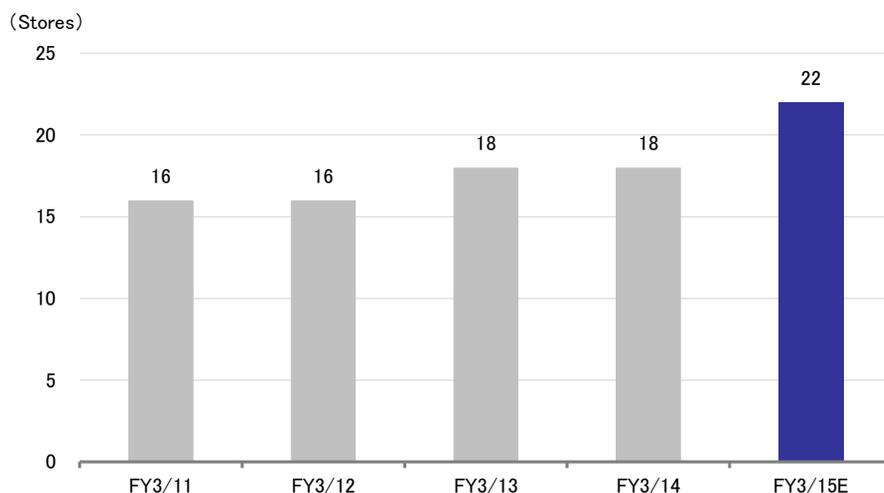
To expand overseas operations of the agribusiness and restaurant business

Other Businesses

In FY3/15, G-7 Holdings expects its other businesses to regain sales growth and to turn profitable at the operating level for the first time. G-7 Agri Japan, which operates the Megumi no Sato market business, plans to open four new Megumi no Sato markets in the Greater Osaka area in FY3/15. The cost of opening these markets will probably keep the business slightly unprofitable. However, the company expects its Ryohin Kaikan recycling and reusing business to turn profitable, as it will not have an inventory disposal loss similar to the one declared in FY3/14.

The Megumi no Sato markets plan to increase the number of their private-brand goods, mainly processed foods, from seven now to 50 a year from now. These goods will not be cheap. Rather, they will carry high added value, marketed under the slogan, “tastiness is happiness”.

Number of Megumi no Sato Markets



G-7 Agri Japan plans to expand its cultivation of strawberries in Myanmar and chrysanthemums in Vietnam. The strawberries grown on an experimental basis to date have proved popular among the people of Myanmar, so the company is planning to erect more greenhouses for their cultivation. It aims to start selling them on a full scale in November 2014. G-7 Agri Vietnam has tilled 17.8 hectares of agricultural land so far, but it is only using 6.6 hectares to grow 18,000 chrysanthemums over four growing seasons per year and about 7,000kg of sweet potatoes over three growing seasons per year. Each of these products generates annual sales of only a few million yen per year, but if the business grows, the subsidiary plans to expand their production.

Strawberry Greenhouse Operated by CM Japan Agri Myanmar



Source: Company

In recent years, there has been a boom in Japanese food in Southeast Asia. Thus, as part of G-7 Holdings' strategy to expand its overseas operations, it intends to develop restaurants in Southeast Asia. Through subsidiary G-7 Retail Malaysia, the restaurant business opened its first overseas restaurant, a Ramen Kanbe restaurant in Malaysia, in February 2014. Business at this restaurant has been brisk, so the company plans to open 1 – 2 more directly operated ramen restaurants and many licensed restaurants in Malaysia. This summer, the company plans to open a ramen restaurant in Myanmar in a building owned by business partner City Mart Holding. In FY3/16, the company plans to open one ramen restaurant each in Vietnam, Indonesia and Taiwan.

Ramen shops are relatively cheap to open and have relatively low break-even sales points, so if they prosper, they can turn profitable quickly. If the first ramen shop in Malaysia remains popular, the company foresees profitability for it in the second half of FY3/15. This restaurant serves ramen made with a soy sauce base and charges 17 Malaysian ringgits (about ¥530) for a bowl. Most of the other ramen restaurants in Malaysia commonly sell ramen containing pork bone that has not been prepared by methods making it acceptable for Muslims to eat. However, the Ramen Kanbe restaurant in Malaysia uses a soy sauce base and sells mainly to Japanese and Chinese customers. Its employees are hospitable, contributing to sales growth.

First Ramen Kanbe Restaurant in Malaysia



Source: Company

First Ramen Kanbe Restaurant in Malaysia



Source: Company

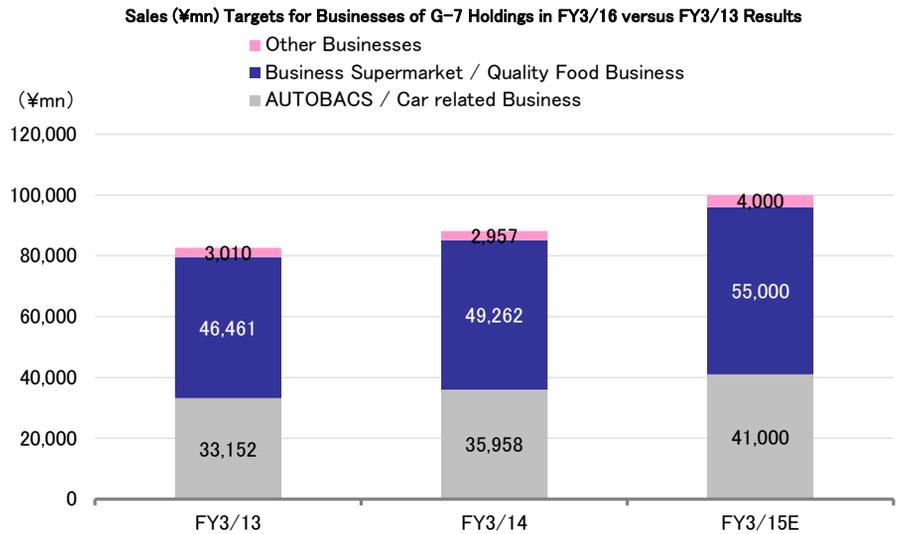
■ Medium-term Plan of Operations

While continuing to expand its two main businesses, it is nurturing its food and agribusinesses

The current plan of operations for G-7 Holdings for FY3/14 – FY3/16 targets sales of ¥100bn and operating profit of ¥4bn for FY3/16. The company expects its AUTOBACS / Car related Business to provide ¥41bn of sales in FY3/16, which is 14% more than its sales in FY3/14. The company foresees sales of ¥55bn from its Business Supermarket / Quality Food Business in FY3/16, which would be 12% more than its sales in FY3/14. From other businesses, the company projects ¥4bn in sales in FY3/16, including ¥1bn of overseas sales. This would be 35% more than the sales from other businesses in FY3/14.

While supporting the continued growth of its Autobacs and “business supermarket” businesses, the company intends to expand its Bike Seven business, the food operations of G-7 Food System Co., and its agribusiness. Its basic strategies for each business are summarized in the table below. Overseas, the company plans to aggressively expand its Autobacs, Bike Seven, and food exporting businesses, as well as its agribusiness and restaurant business. Thus, it targets ¥1bn in sales from overseas businesses by FY3/16, ¥2bn by a couple years after that, and ¥10bn in the longer term.

One management goal is to develop areas to supplement the two main businesses, Autobacs and “business supermarkets”. Thus, it will promote its food business and agribusiness, aiming for annual sales of ¥5bn from each business by FY3/16. Another management goal is the development of personnel, especially managers. It is already committing resources toward this end in all its businesses, and with greater control from the head office, the company expects to accelerate its growth and improve its profitability.



Strategies for Achieving Objectives of Medium-term Plan

1	G-7 Holdings plans to strengthen its total car life support business. It aims to have 100 stores for this business in operation by the end of FY3/16, up from 90 (66 Autobacs stores and 24 specialty stores) at the end of FY3/14. Priority will be given to opening small Autobacs stores to serve areas with a limited number of potential customers. The company also plans to expand this business through mergers and acquisitions.
2	The “business supermarkets” business will build more supermarkets in Greater Tokyo and Greater Nagoya. In the 23 wards of Tokyo and in urban areas of Kanagawa Prefecture, the business will construct small supermarkets without parking lots. By the end of FY3/16, the company aims to have 130 “business supermarkets” in operation.
3	The select foods business will strengthen its development of select foods and, in collaboration with G-7 Food System and the Megumi no Sato markets, expand its sales of private brand goods. It will establish offices in Singapore and Hong Kong, from which, it will build a sales network in Southeast Asia and China.
4	The Ryohin Kaikan reusable goods business will develop more stores in Hyogo Prefecture, Okayama Prefecture and Greater Tokyo. The Teppan Buffet “Green’s K” restaurant chain will open new restaurants in Greater Osaka and Greater Tokyo. More Daiso 100 yen shops will be opened in large facilities housing many G-7 stores, such as malls.
5	The Megumi no Sato markets business will open more markets in Greater Osaka from H2 FY3/14, while in Greater Tokyo, it will open minimarkets. It also plans to acquire unused agricultural land and enter the business of leasing such land. In Myanmar, it will raise vegetables for local hotels and restaurants, and in Vietnam, it will raise chrysanthemums for export to Japan.
6	In Malaysia, G-7 Holdings will promote its concept of total car life to raise its recognition among the local populace and to open more stores in the country. In other Southeast Asian countries, the company will develop businesses in used car sales, automobile repair, food supermarkets, and other areas.
7	The company hopes to develop its Bike Seven business into its third main business. Toward this end, it plans to expedite the opening of new Bike Seven stores in Japan and to develop stores in Malaysia, Taiwan, Vietnam, Myanmar, Thailand, the Philippines, and Bangladesh.
8	In Japan and Southeast Asia, G-7 Holdings intends to grow by merging with, acquiring, or establishing business ties with other companies engaged in businesses similar to those of G-7 Holdings. This approach will be applied in particular in Southeast Asia to rapidly overcome restrictions on business by foreign companies and to expedite the establishment of many kinds of stores.
9	G-7 Holdings will establish more malls, where it can open several stores, obtain lease revenue from tenants, and benefit from the high rate of customer visits to malls.
10	G-7 Holdings also plans to open stores selling Japanese ramen, curry and hamburg steaks in Taiwan, Indonesia, Myanmar, Vietnam, Cambodia, Bangladesh, and the Philippines.

■ Shareholder Return Policy

Given the company's target dividend payout ratio and profit growth, it may pay a higher dividend per share for FY3/15 than currently planned

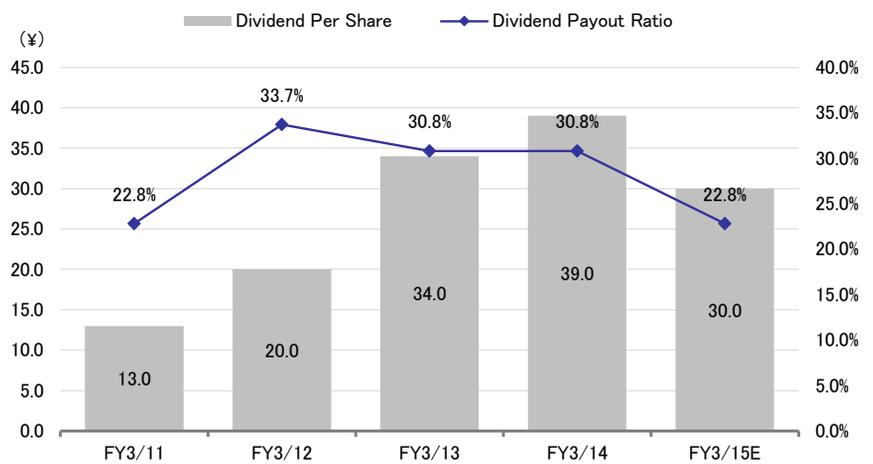
The company's basic policy is to pay a steady dividend based on its own profits and on considerations of investments required to expand business and improve its financial condition. The company generally aims to maintain a dividend payout ratio of 30%. For FY3/14, the company plans to raise its dividend per share by ¥5 to ¥39.0 per share, which would yield a dividend payout ratio of 30.8%. For FY3/15, it currently plans to pay a dividend per share of ¥30.0. However, given the profit growth it forecasts for FY3/15, it may pay a higher dividend per share for FY3/15 than currently planned.

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Dividend Per Share and Dividend Payout Ratio





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Summary Income Statement (¥mn), FY3/11 – FY3/15E

	(¥mn)				
	FY3/11	FY3/12	FY3/13	FY3/14	FY3/15E
Net sales	71,457	76,130	82,623	88,178	93,000
y-o-y	6.5	6.5	8.5	6.7	5.5
Cost of goods sold	52,175	55,552	60,338	64,487	–
vs. sales	73.0	73.0	73.0	73.1	–
SGA costs	16,804	18,398	19,662	20,790	–
vs. sales	23.5	24.2	23.8	23.6	–
Operating profit	2,477	2,178	2,622	2,900	3,000
y-o-y	14.9	–12.0	20.4	10.6	3.4
vs. sales	3.5	2.9	3.2	3.3	3.2
Non-operating income	263	326	425	374	300
dividends & interest received	0	2	1	1	–
other income	263	324	424	373	–
Non-operating expenses	148	255	144	136	–
interest & discounts paid	68	56	0	48	–
other expenses	80	199	64	88	–
Recurring profit	2,591	2,250	2,933	3,139	3,200
y-o-y	15.3	–13.2	30.3	7.0	1.9
vs. sales	3.6	3.0	3.5	3.6	3.4
Extraordinary gains	35	0	41	0	–
Extraordinary losses	781	512	333	221	–
Pretax profit	1,844	1,738	2,640	2,917	–
y-o-y	1.2	–5.7	51.9	10.5	–
vs. sales	2.6	2.3	3.2	3.3	–
Corporate taxes	1,142	1,015	1,295	1,376	–
Effective tax rate	61.9	58.4	49.1	47.1	–
Net profit	701	722	1,345	1,541	1,600
y-o-y	–19.5	3.0	86.1	14.6	3.8
vs. sales	1.0	0.9	1.6	1.7	1.7
Per-share and Other Data					
No. of shares outstanding (thousand)	12,328	12,171	12,170	12,170	12,170
EPS (¥)	59.94	59.38	110.51	126.66	131.46
DPS (¥)	13.0	20.0	34.0	39.0	30.0
BPS (¥)	734.25	780.73	867.54	953.05	–
Dividend payout ratio (%)	22.8	33.7	30.8	30.8	22.8
ROE (%)	9.7	8.0	10.0	10.1	–

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