

VT Holdings' Business Strategies and Earnings Reviewed by KCR

Becoming a World-Leading Mega Dealer with a Global M&A Strategy and Maintaining High Growth Rate: Target Net Sales of JPY500.0 Billion

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NOTE TO EDITORS: This release contains investment opinion issued by KCR Inc.

Tokyo – [VT Holdings Co., Ltd. \(TOKYO:7593\)](#), an auto dealership holding company located in Aichi Prefecture, announced that recently it has been reviewed by KCR Inc., an independent research and investor relations support company providing reports on various publicly traded Japanese companies. In the report, KCR provides analysis of the company's business model and earnings.

Report Highlights

VT Holdings Co., Ltd. is an auto dealership holding company located in Aichi Prefecture, comprising 44 subsidiaries. The company's auto dealership business is made up of Honda dealerships, Nissan dealerships, import car dealerships, auto importers and overseas car dealerships and the company continue to grow as a global auto dealer through M&A. VT Holdings is positioned to proactively pursue M&A in overseas markets and intends to achieve its target of JPY500.0 billion in consolidated net sales at an early stage.

VT Holdings' business growth model has three major strategies. The first is an M&A strategy, which the company has aggressively carried out. The second is a high base profit cover ratio. The third is a recurring-revenue business model. The company aims to rapidly achieve high growth and stable profit with these three strategies.

In the fiscal year ended March 31, 2018, the company recorded consolidated net sales of JPY202,133 million (+19.2% YoY), up for the ninth straight year. Operating income was JPY6,780 million (-10.7%), ordinary income was JPY7,173 million (-9.6%) and profit attributable to owners of parent was JPY3,765 million (-14.9%). Active overseas M&A strategies contributed greatly to the rise in net sales. The overseas net sales ratio is increasing year by year and expanded to 38.35% during the fiscal year ended March 31, 2018.

For the fiscal year ending March 31, 2019, VT Holdings expects sales and profit growth to continue. The company forecasts net sales of JPY210.0 billion (+3.9% YoY), operating

income of JPY8.0 billion (+18.0%), ordinary income of JPY8.2 billion (+14.3%) and profit attributable to owners of parent of JPY4.8 billion (+27.5%). The company's full-year plan does not anticipate increased sales for Nissan, but the company expects overall sales to rise as long as no recall issues arise as they did in the year ended March 31, 2018. Additionally, the company plans to switch to IFRS during the fiscal year ending March 31, 2020. At present, VT Holdings expects the transition to boost pretax income by around JPY1.2 billion.

VT Holdings puts special emphasis on improving profits in its service segment, expanding a business model in which earnings derive from the number of cars owned. Passenger car ownership in the domestic market has been trending slightly upward (up 18% since 2001) due in part to owners holding on to their vehicles for longer.

Due to steady M&A activities each year, for the fiscal year ending March 31, 2019 KCR expects net sales of JPY222,346 million, operating income of JPY8,672 million, ordinary income of JPY8,894 million and net income of JPY5,603 million and notes a possible increase in dividends. KCR assigns an overall rating of +2 (BUY) to VT Holdings and maintains its buy recommendation with a target share price of JPY721.

Read the full research report (KCR Inc.), please see:

http://www.vt-holdings.co.jp/eng/ir/library/pdf/20180613_kcr.pdf

For details about VT Holdings Co., Ltd. (TOKYO:7593), please see:

<http://www.vt-holdings.co.jp/eng/index.html>

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