

Financial Results

1st Quarter - FY Ending February 28, 2015

Supplementary Information

Securities ID Code: 7649, Part 1 of TSE and NSE

July 9, 2014

Sugi Holdings Co., Ltd.

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■ PROFILE

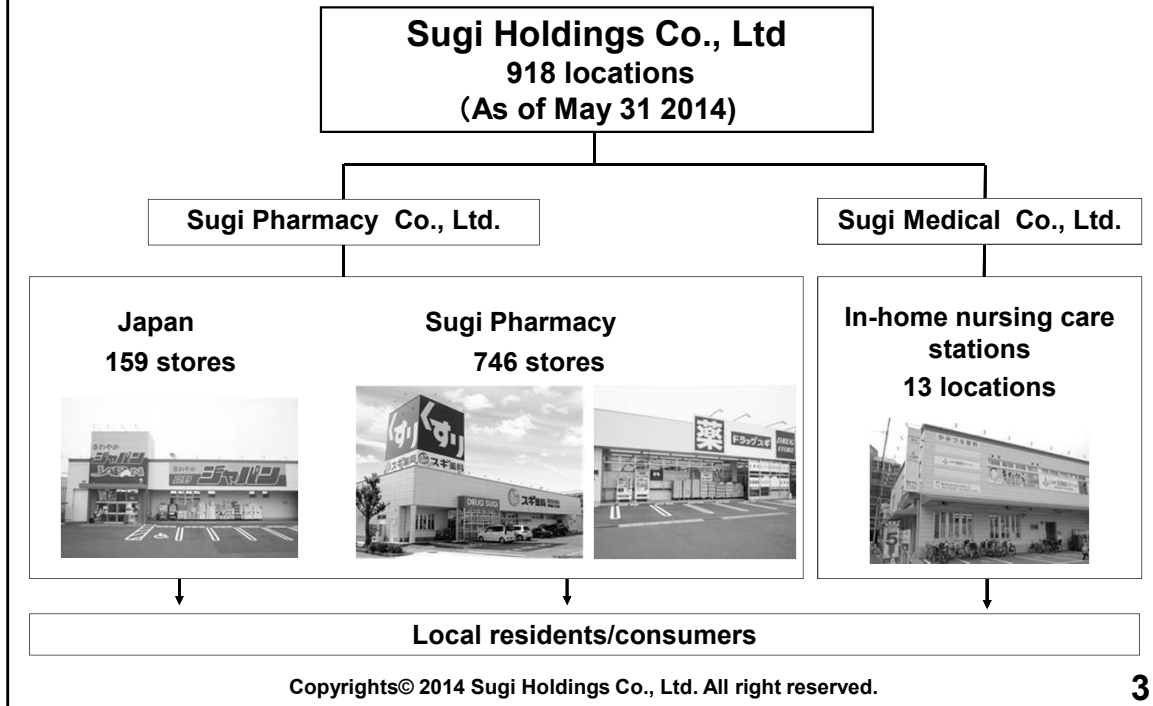
Company name	Sugi Holdings Co., Ltd.
Head office	1-8-4, Mikawaanjo-cho, Anjo-City, Aichi Pref.
Establishment	Sugi Pharmacy was established in December 1976 to sell prescription drugs and OTC drugs.
Founded	March 1982
Paid-in capital	JPY15,434,588,000
Fiscal year-end	End of February
Number of shares outstanding	63,330,838 shares
Number of stores	918 (as of May, 2014)
Number of employees	4,416(full-time) (as of May, 2014)
Net sales	JPY365,200m (FY ended Feb. 28, 2014-consolidated)
Operating Profit	JPY20,103m (FY ended Feb. 28, 2014-consolidated)
Description of business	Management of subsidiaries engaging in businesses including pharmacy business, drug store business, and in-home nursing care business

Number of Stores and Sales Status

Year	Number of Stores	Sales (100 million yen)
'95	~10	~10
'96	~20	~20
'97	~30	~30
'98	~40	~40
'99	~50	~50
'00	~60	~60
'01	~70	~70
'02	~80	~80
'03	~100	~100
'04	~150	~150
'05	~200	~200
'06	~300	~300
'07	~400	~400
'08	~500	~500
'09	~600	~600
'10	~700	~700
'11	~800	~800
'12	~900	~900
'13	~918	~918

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■ Overview of Sugi Group



New Store Openings

1st Quarter – FY Ending February 28, 2015

■ Store Openings and Closings

* Please note that "FY2014/2" and "FY 2015/2" in this presentation refers to the fiscal year ended in February 2014, and the fiscal year ending February 2015, respectively. The same notation is used in other pages.

■1st Quarter : Opened 10 stores, closed 7 stores

Nos. of stores by region	FY2014/2	FY2015/2 1st Quarter			Forecast after June 2014			Openings and closings full-year forecast		
	As of the Term-End	Store Openings	Store Closings	As of the Term-End	Store Openings	Store Closings	As of the Term-End	Store Openings	Store Closings	Change
Kanto Region	217	3	2	218	20	4	234	23	6	+17
Chubu Region	381	3	1	383	29	4	408	32	5	+27
Kansai Region	317	4	4	317	24	4	337	28	8	+20
Total	915	10	7	918	73	12	979	83	19	+64

Nos. of stores by company	FY2014/2	FY2015/2 1rd Quarter				Forecast after June 2014				Openings and closings full-year forecast			
	As of the Term-End	Store Openings	Store Closings	Store conversion	As of the Term-End	Store Openings	Store Closings	Store conversion	As of the Term-End	Store Openings	Store Closings	Store conversion	Change
Sugi Pharmacy	743	9	5	-1	746	66	9	-9	803	75	14	-9	+61
Japan	160	0	2	+1	159	5	3	+9	161	5	5	+9	±0
Visit Nursing Care ST	12	1	0	-	13	2	0	-	15	3	0	-	3
Total	915	10	7	-	918	73	12	-	979	83	19	-	+64

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Financial Highlights

1st Quarter - FY Ending February 28, 2015

- Consolidated -

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■ 1st Quarter Financial Highlight - Consolidated -

■ 1st Quarter :Largest ever net sales (JPY96.9billion) and operating profit (JPY5.9billion) achieved

	FY Ended 2014/2 1Q (March to May)		FY Ending 2015/2 1Q (March to May)				Y o Y
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales(%)	vs. Budget (in %)	vs. Budget (in million yen)	
Sugi Pharmacy business	71,115	78.6	77,536	80.0	105.3	+3,926	109.0
Japan business	18,247	20.2	18,475	19.1	99.1	-165	101.2
Others	1,079	1.2	915	0.9	93.4	-65	84.8
Net Sales	90,441	100.0	96,926	100.0	104.0	+3,696	107.2
Sugi Pharmacy business	20,900	29.4	22,298	28.8	105.0	+1,058	106.7
Japan business	3,407	18.7	3,480	18.8	100.6	+20	102.1
Others	954	88.4	758	82.8	90.2	-82	79.5
Gross Profit	25,261	27.9	26,537	27.4	103.9	+997	105.1
SG&A Expenses	19,470	21.5	20,575	21.2	98.5	-315	105.7
Operating Income	5,790	6.4	5,962	6.2	128.2	+1,312	103.0
Non-operating Income	1,964	2.2	525	0.5	87.5	-75	26.7
Non-Operating Expenses	286	0.3	351	0.4	100.3	+1	122.7
Ordinary Income	7,468	8.3	6,136	6.3	125.2	+1,236	82.2
Extraordinary Income	0	0.0	0	0.0	0.0	±0	0.0
Extraordinary Losses	16	0.0	51	0.1	34.0	-99	318.8
Net Income before Income Taxes	7,452	8.2	6,085	6.3	128.1	+1,335	81.7
Income Taxes	2,982	3.3	2,333	2.4	122.8	+433	78.2
Net Income	4,470	4.9	3,751	3.9	131.6	+901	83.9

【Note】 Sales of Sugi Pharmacy business and Japan Business are changed to the sum value of the only commodity sales.

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■ 1st Quarter SG&A Expenses Status – Consolidated -

■ 1st Quarter :Total SG&A expenses increased up 5.7% because Net Sales increased up 7.2 % year on year.

	FY Ended 2014/2 1Q (March to May)		FY Ending 2015/2 1Q (March to May)		Y o Y
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales(%)	
Net Sales	90,441	100.0	96,926	100.0	107.2
Total Selling Expenses	1,740	1.9	1,938	2.0	111.4
Advertising Expenses	1,002	1.1	998	1.0	99.6
Premium Expenses	738	0.8	939	1.0	127.2
Personnel Expenses	9,683	10.7	10,043	10.4	103.7
Total Administrative Expenses	8,045	8.9	8,592	8.9	106.8
Rent Expenses	3,826	4.2	3,986	4.1	104.2
Depreciation Expenses	1,107	1.2	1,109	1.1	100.2
Utilities Expenses	850	0.9	908	0.9	106.9
Supplies Expenses	472	0.5	571	0.6	121.0
Tax and Public Charges	342	0.4	413	0.4	120.6
Commission Paid	530	0.6	616	0.6	116.1
Others	916	1.0	987	1.0	107.8
Total SG&A Expenses	19,470	21.5	20,575	21.2	105.7

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Sales Trend

1st Quarter - FY Ending February 28, 2015

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■ Sales growth rate of existing stores- Sugi Group -

1st Quarter: Same store sales growth rate showed +3.5% (prescription;+13.3%,Sugi's commodity;+3.2%, Japan's commodity;-2.2%), same store customer growth rate indicated -2.2%.

Same Store Sales Growth Rate

Month	2014/2	2015/2
Mar.	22.0	10.0
Apr.	0.0	-10.1
May	2.0	-2.7
Jun.	2.0	0.0
Jul.	0.0	0.0
Aug.	0.0	0.0
Sep.	0.0	0.0
Oct.	0.0	0.0
Nov.	0.0	0.0
Dec.	0.0	0.0
Jan.	0.0	0.0
Feb.	0.0	0.0

Same Store Sales Growth Rate

Month	Prescription
Mar.	16.8
Apr.	12.5
May	11.0

Same Store Customer Growth Rate

Month	2014/2	2015/2
Mar.	3.7	0.0
Apr.	0.0	-7.8
May	0.0	-2.9
Jun.	0.0	0.0
Jul.	0.0	0.0
Aug.	0.0	0.0
Sep.	0.0	0.0
Oct.	0.0	0.0
Nov.	0.0	0.0
Dec.	0.0	0.0
Jan.	0.0	0.0
Feb.	0.0	0.0

Same Store Sales Growth Rate

Month	Commodity:Sugi	Commodity:Japan
Mar.	25.3	14.6
Apr.	-13.5	-14.8
May	-4.1	-7.2

Same Store Growth Rate of Sales per Customer

Month	2014/2	2015/2
Mar.	17.6	0.0
Apr.	0.0	-2.5
May	0.0	0.2
Jun.	0.0	0.0
Jul.	0.0	0.0
Aug.	0.0	0.0
Sep.	0.0	0.0
Oct.	0.0	0.0
Nov.	0.0	0.0
Dec.	0.0	0.0
Jan.	0.0	0.0
Feb.	0.0	0.0

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■ Sales Trend by Product Group - Sugi Group -

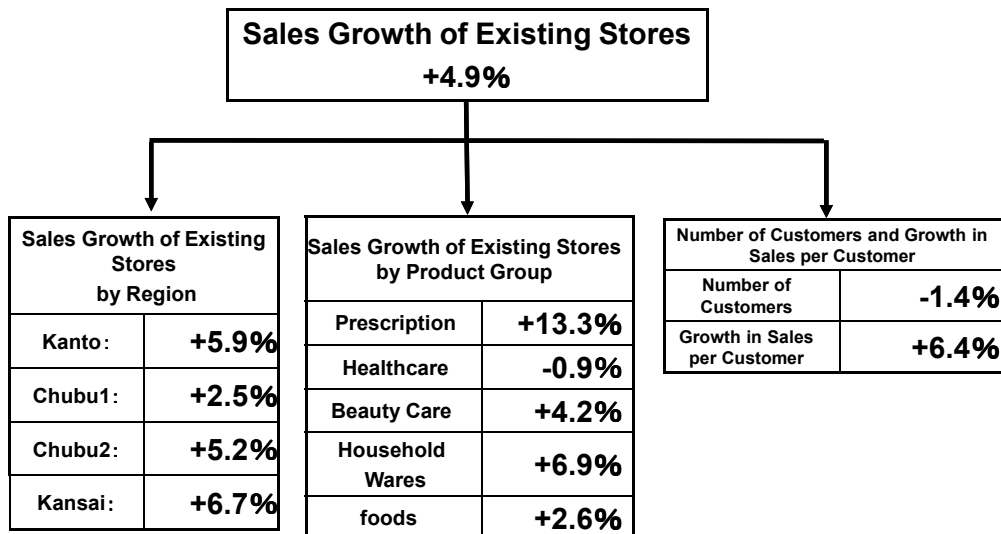
Sugi Pharmacy	Composition Ratio			Sales % vs. Budget	Sales % YoY	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2014/2 1Q	FY 2015/2 1Q				FY 2014/2 1Q	FY 2015/2 1Q		
	Results	Budget	Results			Results	Budget	Results	
Prescription	16.9	19.2	18.1	99.2	116.6	34.8	33.4	33.4	±0.0
Healthcare	24.0	22.4	22.7	106.9	103.2	40.3	39.6	39.3	-0.3
Beauty Care	25.2	24.8	25.0	106.0	108.2	29.1	28.9	28.9	±0.0
Household Wares	21.2	21.0	21.6	108.3	111.0	21.9	21.9	21.6	-0.2
Foods	12.7	12.6	12.6	105.5	108.3	14.8	14.4	15.1	+0.6
Total	100.0	100.0	100.0	105.3	109.0	29.4	28.9	28.8	-0.1

Japan	Composition Ratio			Sales % vs. Budget	Sales % YoY	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2014/2 1Q	FY 2015/2 1Q				FY 2014/2 1Q	FY 2015/2 1Q		
	Results	Budget	Results			Results	Budget	Results	
Healthcare	8.2	8.5	8.4	98.6	104.5	32.5	32.9	31.5	-1.4
Beauty Care	8.2	8.2	8.3	100.9	102.4	24.5	24.3	25.0	+0.7
Household Wares	24.1	23.0	23.5	101.0	98.7	21.4	21.2	21.9	+0.7
Foods	59.6	60.4	59.8	98.2	101.6	14.9	14.8	15.0	+0.2
Total	100.0	100.0	100.0	99.1	101.2	18.7	18.6	18.8	+0.3

[Note] Sales of Sugi Pharmacy business and Japan Business are changed to the sum value of the only commodity sales.

■ Sales Trend at Existing Stores- Sugi Pharmacy business -

■1st Quarter: Existing store sales growth ratio indicated +4.9% for the reason of strong sales growth of prescription drug, and special demand of before consumption tax increase in March.



※ Chubu 1: Mikawa area (Aichi) ・Shizuoka pref.
Chubu 2: Nagoya city(Aichi) ・Gifu pref. ・Mie pref.

Main Targets for the Term Ending February 2015

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■ Main Targets for the Term Ending February 2015

Enhancement of merchandising capability

“Optimization of space management and lineup,” “speedy revision or abolition of products by unit article management” and “evaluation of products on display by shelf space” for each store by utilizing the “merchandising cycle system”

Enhancement of product development capability (PB products)

Thoroughly evaluate and review self-developed products, re-establish or renew the positioning of self-developed products in product categories in order to develop and improve “our company’s representative or core products”

Enhancement of the capability to develop new stores and new markets

Evaluate and select new stores to be opened through cooperation between the sales unit and the store development unit, scrap and build (S&B) or renovate existing stores, develop new business categories for both Sugi Pharmacy and Japan, and accelerate the transformation or improvement of existing business categories.

Enhancement of profit management capability

Strengthen organizations and operating systems so that profit management in which the operational plan and the numerical plan are integrated may be made by utilizing the budgeting system based on the “management accounting system” which is used for managing performances by unit or by department.

Enhance personnel development

Implement the job rotation system and the education and training system in a systematic manner so that personnel may make judgment from multiple viewpoints and tackle with various tasks in a positive manner.

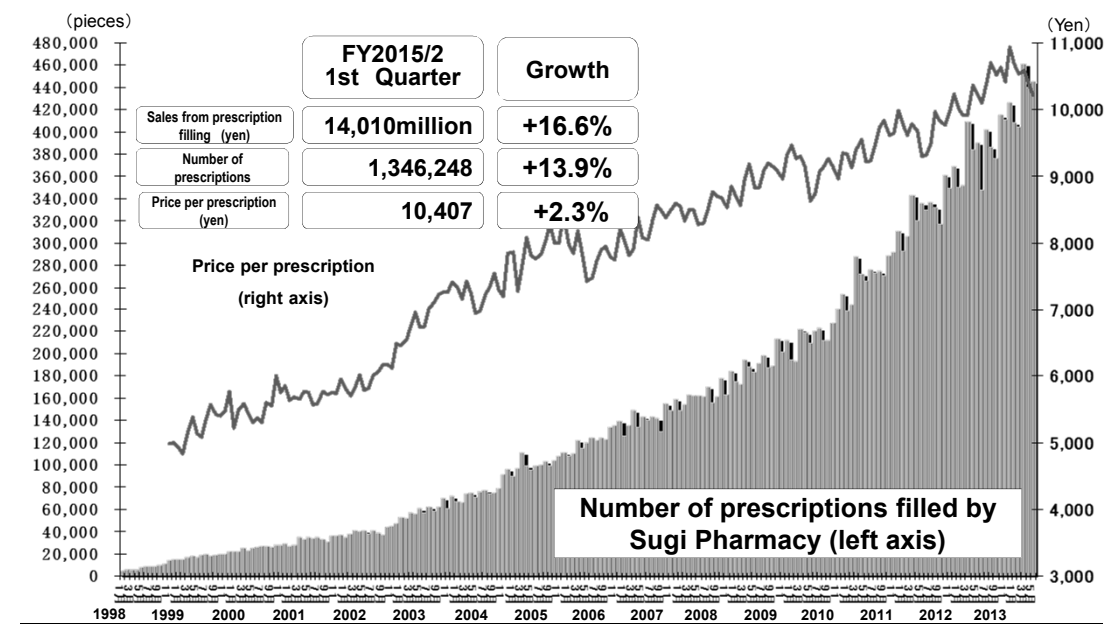
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Medical Business of Sugi Group

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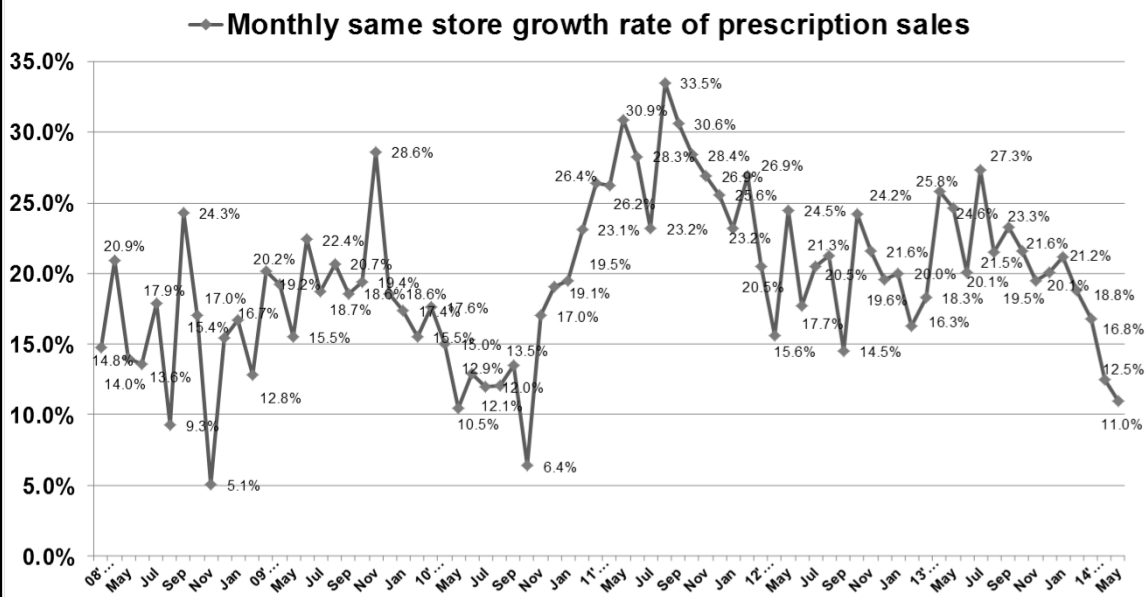
Trends in the Number of Prescriptions and Price per Prescription



	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
Number of prescriptions			520,725	751,505	975,791	1,249,877	1,521,497	1,750,061	2,010,444	2,346,349	2,725,013	3,408,128	4,103,319	4,782,507		
Avg. price / prescription (yen)			6,149	7,095	7,405	7,980	7,838	8,344	8,569	9,115	9,107	9,596	9,747	10,450		

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Same store growth rate of prescription sales



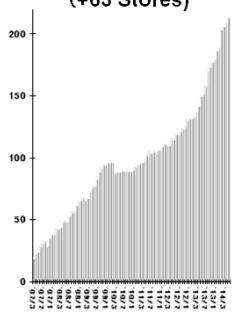
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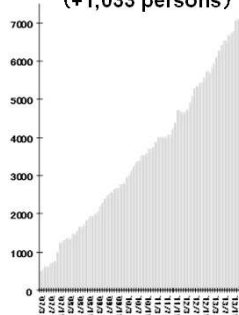
In-home Medical Care Services – As of May 31, 2014

Sales of prescription filing: JPY14,010m (1st Quarter), including sales of in-home medical care: JP781m (+21.7% YoY)

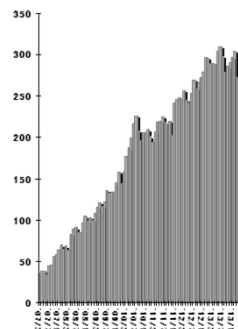
Number of stores providing in-home medical care services
213 stores (+63 Stores)



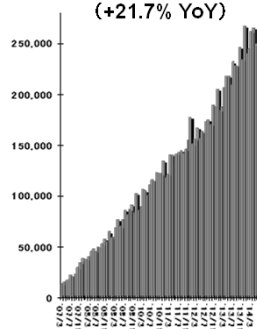
Number of patients receiving in-home medical care
7,300 persons (+1,033 persons)



Number of patients receiving TPN care
296 persons (-8 persons)



Net Sales of in-home medical care business
¥ 781m/ 1Q (+21.7% YoY)

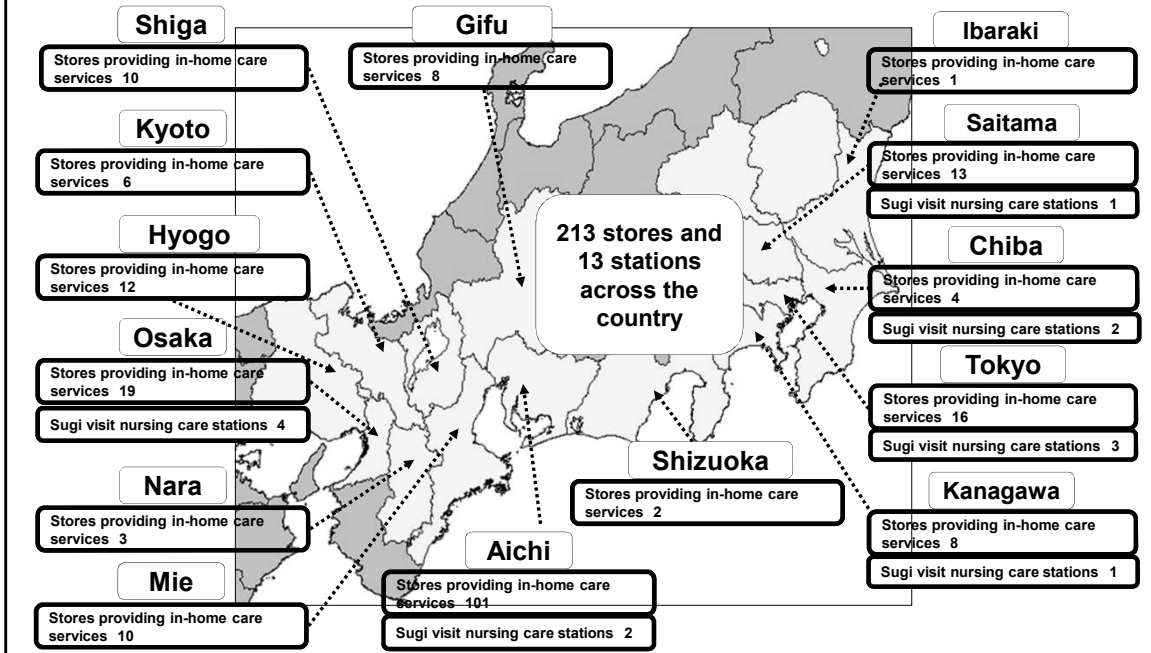


Note: Comparison with previous year

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Facilities Providing Comprehensive Medical Services to Local Communities



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- Sugi Group -

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