

Financial Results

1st Quarter - FY Ending February 28, 2017

Supplementary Information

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

July 6, 2016

Sugi Holdings Co., Ltd.

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■ PROFILE

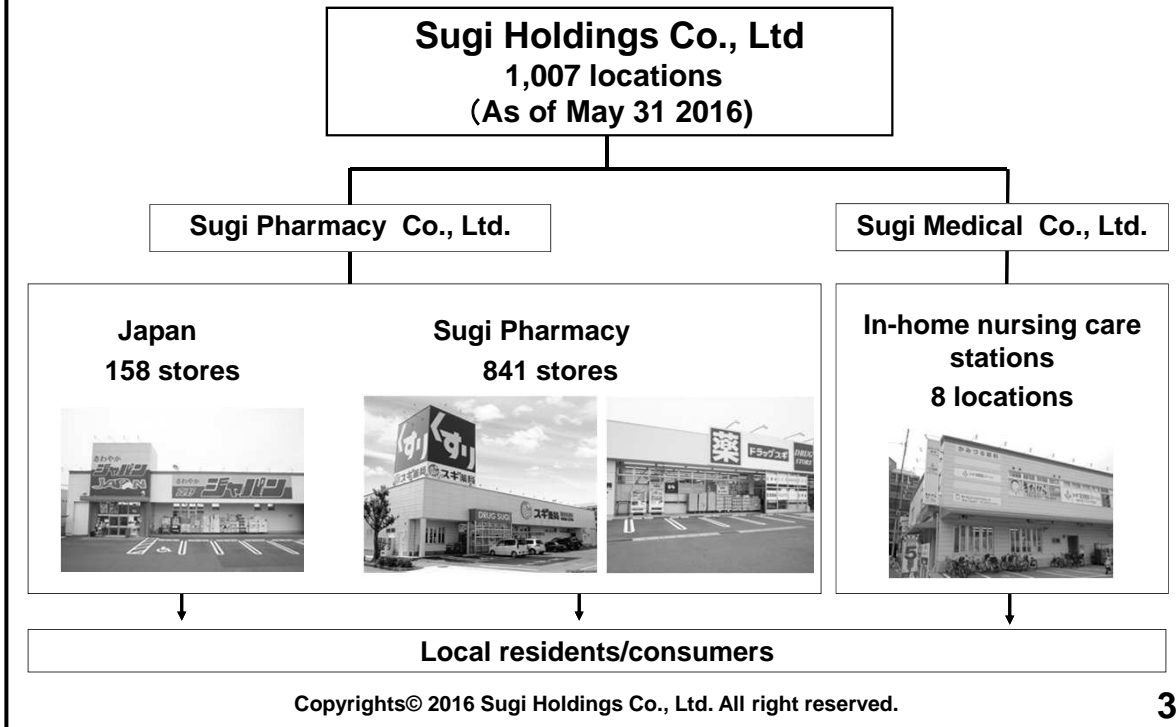
Company name	Sugi Holdings Co., Ltd.
Head office	1-8-4, Mikawaanjo-cho, Anjo-City, Aichi Pref.
Establishment	Sugi Pharmacy was established in December 1976 to sell prescription drugs and OTC drugs.
Founded	March 1982
Paid-in capital	JPY15,434,588,000
Fiscal year-end	End of February
Number of shares outstanding	63,330,838 shares
Number of stores	1,007(as of May, 2016)
Number of employees	5,076(full-time) (as of May, 2016)
Net sales	JPY414,885m (FY ended Feb. 29, 2016-consolidated)
Operating Profit	JPY23,112m (FY ended Feb. 29, 2016-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 (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	~120	~120
'05	~150	~150
'06	~200	~200
'07	~250	~250
'08	~300	~300
'09	~350	~350
'10	~400	~400
'11	~450	~450
'12	~500	~500
'13	~550	~550
'14	~600	~600
'15	~650	~650

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■ Overview of Sugi Group



New Store Openings

1st Quarter – FY Ending February 28, 2017

■ Store Openings and Closings

* Please note that "FY2016/2" and "FY 2017/2" in this presentation refers to the fiscal year ended in February 2016, and the fiscal year ending February 2017, respectively. The same notation is used in other pages.

■1st Quarter : Opened 16 stores, closed 5 stores

Nos. of stores by region	FY2016/2	FY2017/2 1st Quarter			Forecast after June 2016			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	245	8	3	250	24	4	270	32	7	+25
Chubu Region	403	2	0	405	29	8	426	31	8	+23
Kansai Region	348	6	2	352	21	3	370	27	5	+22
Total	996	16	5	1,007	74	15	1,066	90	20	+70

Nos. of stores by company	FY2016/2	FY2017/2 1st Quarter			Forecast after June 2016			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
Sugi Pharmacy	828	15	2	841	69	13	897	84	15	+69
Japan	159	0	1	158	5	2	161	5	3	+2
Visit Nursing Care ST	9	1	2	8	0	0	8	1	2	-1
Total	996	16	5	1,007	74	15	1,066	90	20	+70

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Financial Highlights

1st Quarter - FY Ending February 28, 2017

- Consolidated -

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■ 1st Quarter Financial Highlight - Consolidated -

■ 1st Quarter :Net sales (JPY107.6billion) and operating profit (JPY6.1billion) achieved

	FY Ended 2016/2 1Q (March to May)		FY Ending 2017/2 1Q (March to May)				
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales(%)	vs. Budget (%)	vs. Budget (in million yen)	Y o Y (%)
Net Sales	102,176	100.0	107,649	100.0	98.8	-1,251	105.4
Sugi Pharmacy business	82,148	80.4	88,428	82.1	99.4	-522	107.6
Japan business	18,979	18.6	18,812	17.5	98.0	-388	99.1
Others	1,048	1.0	409	0.4	54.5	-341	39.0
Gross Profit	28,659	28.0	29,394	27.3	97.7	-706	102.6
Sugi Pharmacy business	24,108	29.3	25,478	28.8	98.6	-372	105.7
Japan business	3,563	18.8	3,605	19.2	99.9	-5	101.2
Others	987	94.2	311	76.0	48.6	-329	31.5
SG&A Expenses	21,750	21.3	23,227	21.6	98.8	-273	106.8
Operating Income	6,908	6.8	6,166	5.7	93.4	-434	89.3
Non-operating Income	524	0.5	629	0.6	121.0	+109	120.0
Non-Operating Expenses	355	0.3	282	0.3	104.4	+12	79.4
Ordinary Income	7,077	6.9	6,513	6.1	95.1	-337	92.0
Extraordinary Income	0	0.0	0	0.0	-	0	-
Extraordinary Losses	3	0.0	26	0.0	-	+26	866.7
Net Income before Income Taxes	7,073	6.9	6,487	6.0	94.7	-363	91.7
Income Taxes	2,826	2.8	2,433	2.3	95.8	-107	86.1
Net Income	4,247	4.2	4,054	3.8	94.1	-256	95.5

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

■ 1st Quarter :Total SG&A expenses increased up 6.8% because Net Sales increased up 5.4 % year on year.

	FY Ended 2016/2 1Q (March to May)		FY Ending 2017/2 1Q (March to May)		
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales (%)	Y o Y (%)
Net Sales	102,176	100.0	107,649	100.0	105.4
Total Selling Expenses	1,803	1.8	2,013	1.9	111.6
Advertising Expenses	913	0.9	1,111	1.0	121.7
Premium Expenses	890	0.9	901	0.8	101.2
Personnel Expenses	10,736	10.5	11,617	10.8	108.2
Total Administrative Expenses	9,210	9.0	9,597	8.9	104.2
Rent Expenses	4,135	4.0	4,394	4.1	106.3
Depreciation Expenses	1,216	1.2	1,264	1.2	103.9
Utilities Expenses	975	1.0	908	0.8	93.1
Supplies Expenses	628	0.6	605	0.6	96.3
Tax and Public Charges	476	0.5	577	0.5	121.2
Commission Paid	618	0.6	645	0.6	104.4
Others	1,160	1.1	1,202	1.1	103.6
Total SG&A Expenses	21,750	21.3	23,227	21.6	106.8

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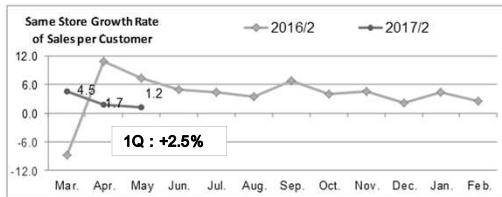
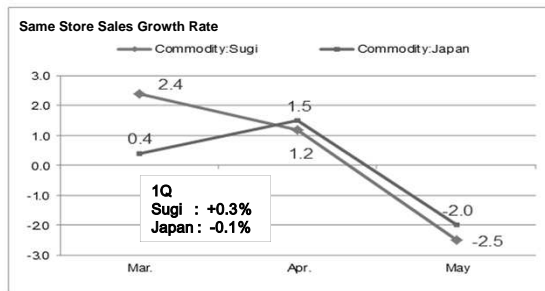
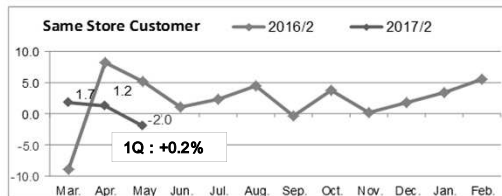
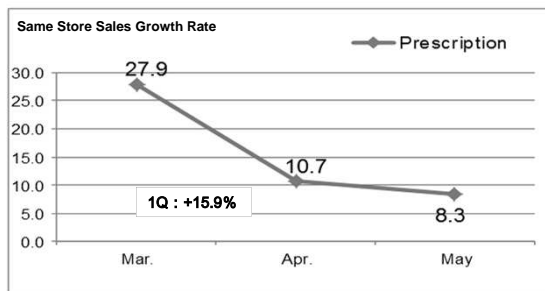
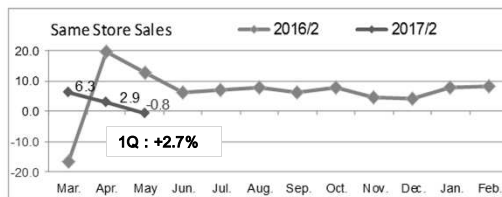
Sales Trend

1st Quarter - FY Ending February 28, 2017

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■ Sales growth rate of existing stores- Sugi Group -

1st Quarter: Same store sales growth rate showed +2.7% (prescription;+15.9%,Sugi's commodity;+0.3%, Japan's commodity;-0.1%), same store customer growth rate indicated +0.2%.



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■ Sales Trend by Product Group - Sugi Group -

Sugi Pharmacy	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2016/2 1Q	FY 2017/2 1Q				FY 2016/2 1Q	FY 2017/2 1Q		
	Results	Budget	Results			Results	Budget	Results	
Prescription	19.8	22.0	21.7	97.9	117.9	36.3	34.1	33.6	-0.5
Healthcare	21.7	20.8	21.1	100.8	104.6	39.8	40.2	39.4	-0.8
Beauty Care	24.0	23.4	22.5	95.6	101.2	28.9	28.8	29.3	+0.5
Household Wares	21.7	21.2	21.0	98.5	103.9	21.2	21.2	21.4	+0.2
Foods	12.8	12.6	13.7	108.4	115.3	15.7	15.6	15.5	-0.1
Total	100.0	100.0	100.0	99.4	107.6	29.3	29.1	28.8	-0.3

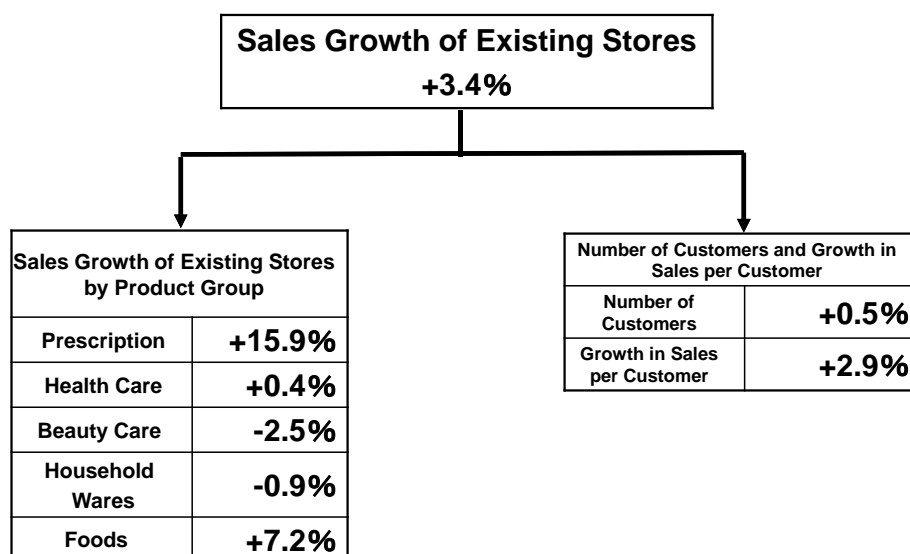
Japan	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2016/2 1Q	FY 2017/2 1Q				FY 2016/2 1Q	FY 2017/2 1Q		
	Results	Budget	Results			Results	Budget	Results	
Healthcare	7.8	7.8	8.4	105.1	106.2	31.2	31.3	32.1	+0.8
Beauty Care	7.6	7.6	7.5	96.8	97.6	24.7	24.8	25.0	+0.2
Household Wares	24.7	24.7	22.4	88.6	89.6	20.9	20.8	21.6	+0.8
Foods	59.9	59.9	61.8	101.1	102.3	15.5	15.6	15.8	+0.2
Total	100.0	100.0	100.0	98.0	99.1	18.8	18.8	19.2	+0.4

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■ Sales Trend at Existing Stores- Sugi Pharmacy business -

■1st Quarter: Existing store sales growth ratio indicated +3.4% for the reason of strong sales growth of prescription drug.



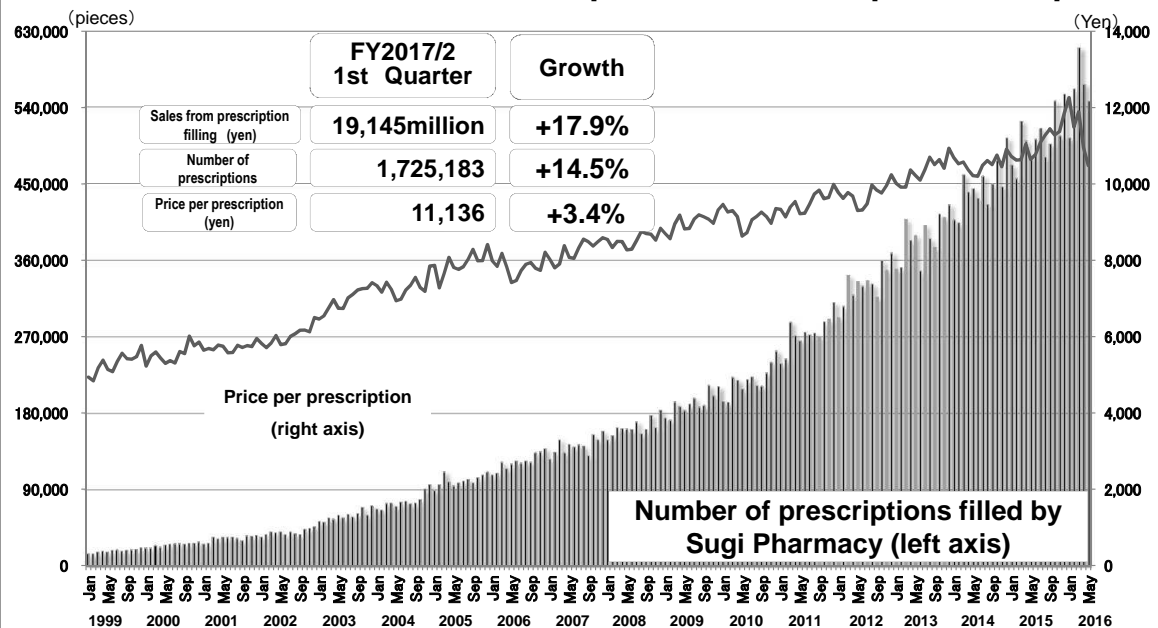
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Medical Business of Sugi Group

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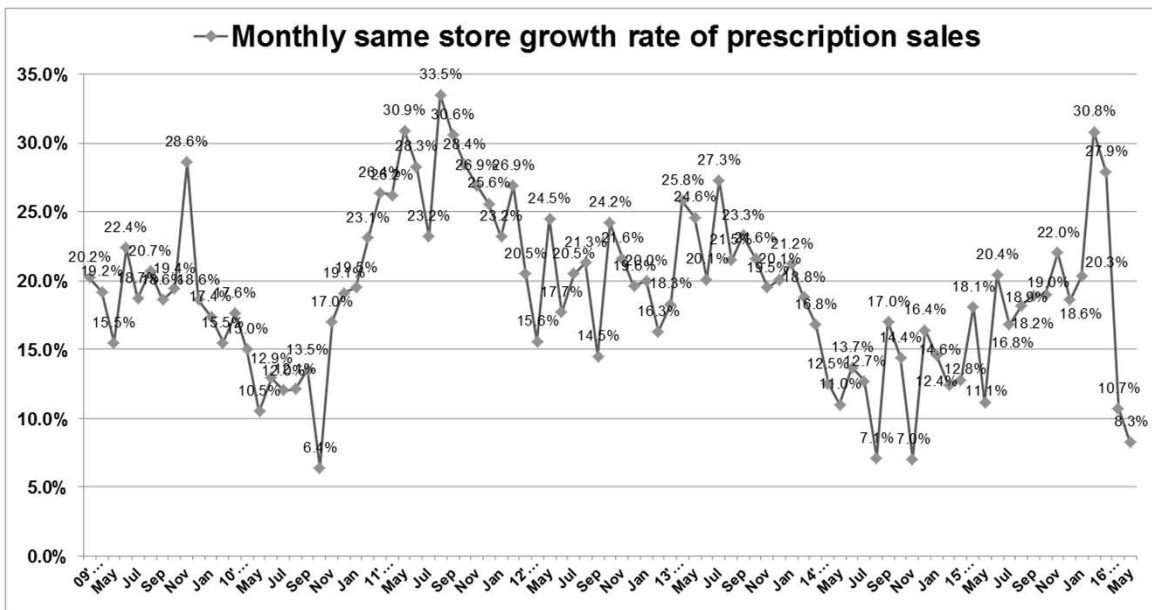
Trends in the Number of Prescriptions and Price per Prescription



	FY 2003/2	FY 2004/2	FY 2005/2	FY 2006/2	FY 2007/2	FY 2008/2	FY 2009/2	FY 2010/2	FY 2011/2	FY 2012/2	FY 2013/2	FY 2014/2	FY 2015/2	FY 2016/2
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	5,473,832	6,181,431
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	10,548	11,270

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Same store growth rate of prescription sales



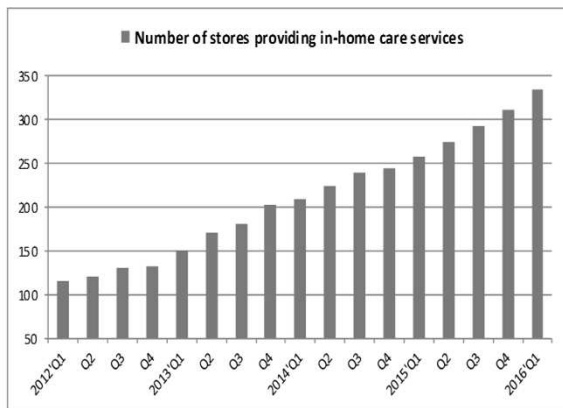
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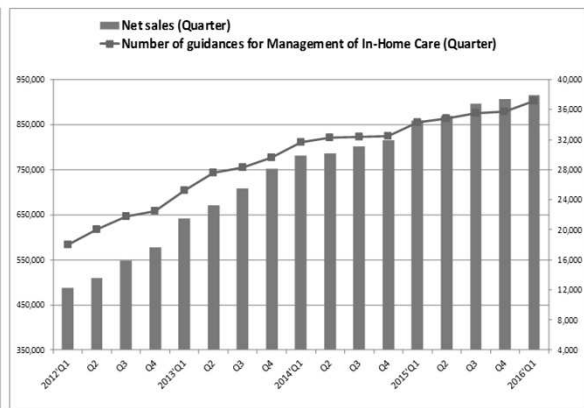
In-home Medical Care Services – As of May 31, 2016

Sales of prescription filing: JPY19,145m (1st Quarter), including sales of in-home medical care: JPY914m

Number of stores providing in-home medical care services
335 stores
(+78 Stores)



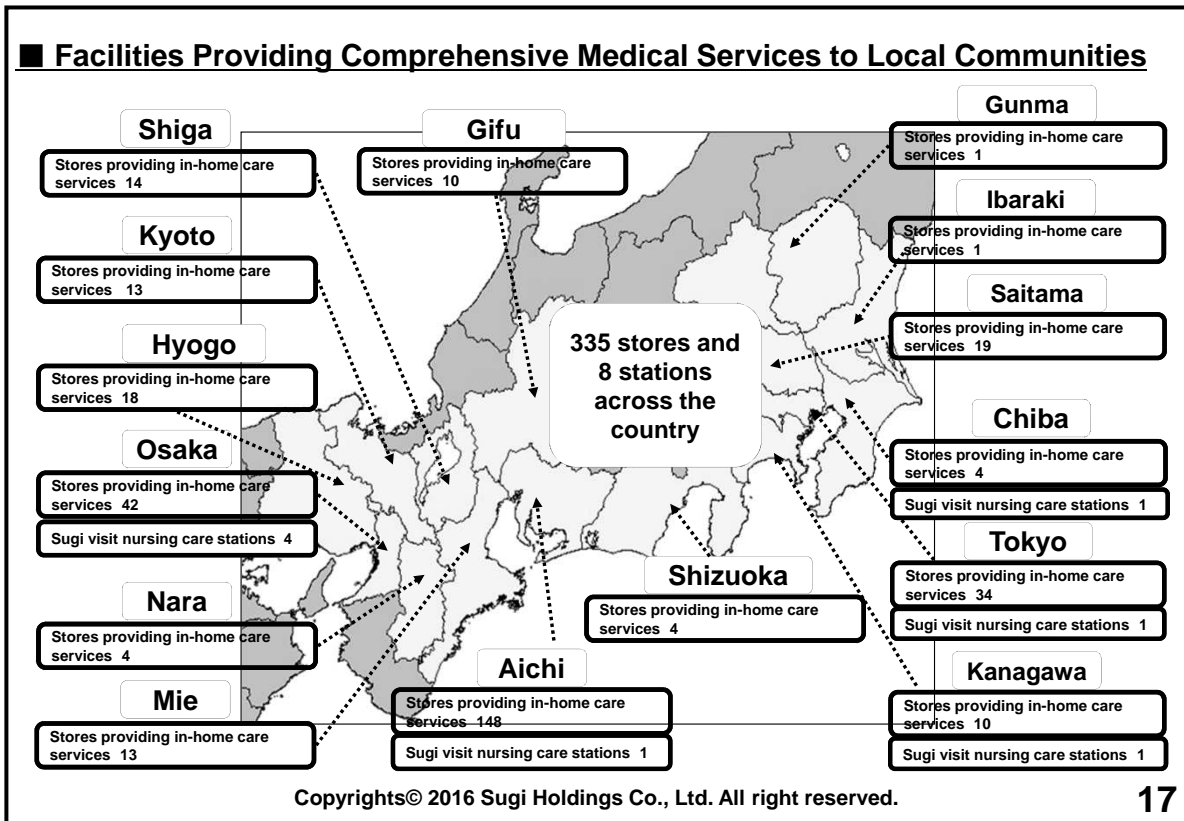
Net Sales of in-home medical care business
¥ 914m/ 1st Quarter
(+6.4% YoY)



Note: Comparison with previous year

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- Sugi Group -

The forward-looking statements regarding business and other forecasts are Sugi Holdings management's decisions based on information currently available at the time the report was created, and contain risks and uncertainties. We recommend that readers do not make their decisions solely relying on these forecasts, and readers are reminded that actual results may differ materially from these forecasts due to various circumstances beyond management's control.