

Financial Results

1st Half - FY Ending February 28, 2015

Supplementary Information

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

October 15, 2014

Sugi Holdings Co., Ltd.

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■ PROFILE

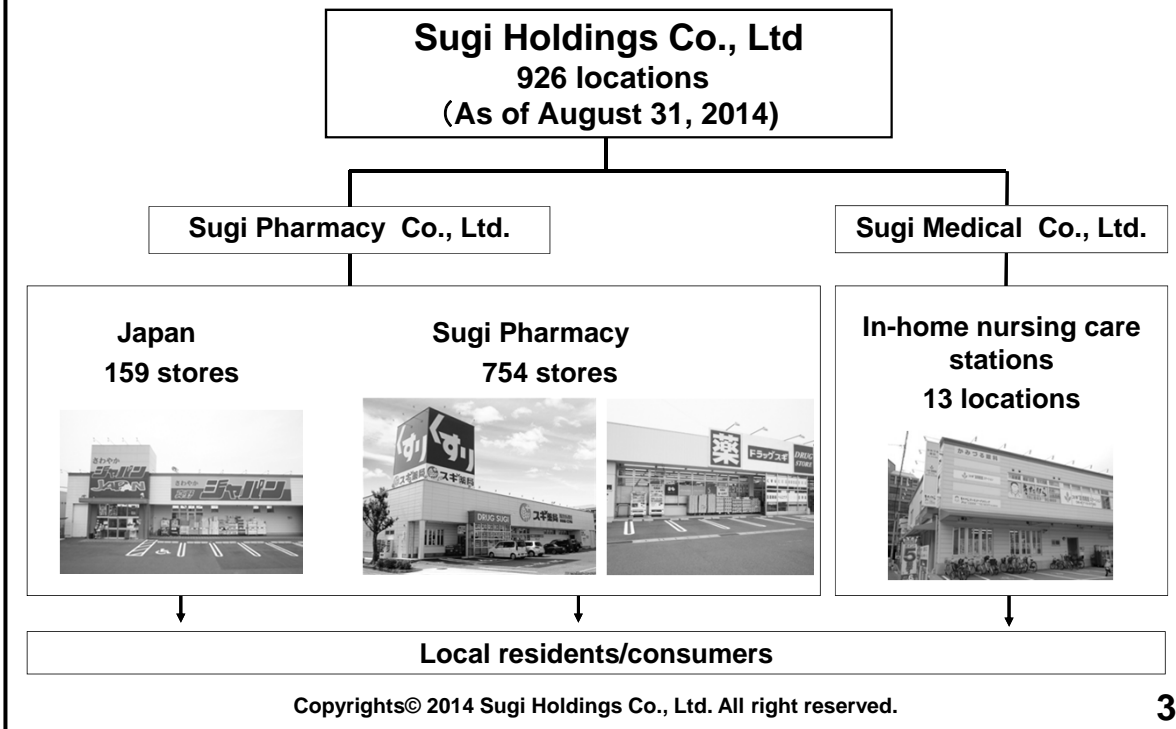
Company name	Sugi Holdings Co., Ltd.
Head office	1-8-4, Mikawaanjo-cho, Anjo-City, Aichi Pref.
Establishment	Sugi Pharmacy was established in December 1976 to sell prescription drugs and OTC drugs.
Founded	March 1982
Paid-in capital	JPY15,434,588,000
Fiscal year-end	End of February
Number of shares outstanding	63,330,838 shares
Number of stores	926 (as of August 31, 2014)
Number of employees	4,285(full-time) (as of August 31, 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)
'90	0	0
'95	0	0
'00	~100	~100
'01	~150	~150
'02	~200	~200
'03	~250	~250
'04	~300	~300
'05	~350	~350
'06	~400	~400
'07	~450	~450
'08	~500	~500
'09	~550	~550
'10	~600	~600
'11	~650	~650
'12	~700	~700
'13	~750	~750

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■ Overview of Sugi Group



New Store Openings

1st Half – 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 Half : Opened 24 stores, closed 13 stores

Nos. of stores by region	FY2014/2	FY2015/2 1st Half			Forecast after September 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	9	5	221	14	1	234	23	6	+17
Chubu Region	381	7	4	384	25	1	408	32	5	+27
Kansai Region	317	8	4	321	20	4	337	28	8	+20
Total	915	24	13	926	59	6	979	83	19	+64

Nos. of stores by company	FY2014/2	FY2015/2 1st Half				Forecast after September 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	22	10	-1	754	53	4	-8	795	75	14	-9	+61
Japan	160	1	3	+1	159	4	2	+8	169	5	5	+9	±0
Visit Nursing Care ST	12	1	0	-	13	2	0	-	15	3	0	-	3
Total	915	24	13	-	926	59	6	-	979	83	19	-	+64

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Financial Highlights

1st Half - FY Ending February 28, 2015

- Consolidated -

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■ 1st Half Financial Highlight - Consolidated -

■ 1st Half : Largest ever net sales (JPY193.5billion) and operating profit (JPY11.6billion) achieved

	FY Ended 2014/2 1H (March to August)		FY Ending 2015/2 1H (March to August)				
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales(%)	vs. Budget (in %)	vs. Budget (in million yen)	Y o Y
Sugi Pharmacy business	144,403	78.3	153,992	79.5	101.6	+2,422	106.6
Japan business	38,069	20.6	37,833	19.5	97.5	-987	99.4
Others	1,960	1.1	1,773	1.0	88.2	-237	90.4
Net Sales	184,432	100.0	193,598	100.0	100.6	+1,198	105.0
Sugi Pharmacy business	42,310	29.3	44,543	28.9	102.0	+893	105.3
Japan business	7,271	19.1	6,999	18.5	95.1	-361	96.3
Others	1,703	86.9	1,565	88.3	91.5	-145	91.8
Gross Profit	51,284	27.8	53,045	27.4	100.6	+325	103.4
SG&A Expenses	39,732	21.5	41,421	21.4	97.6	-999	104.3
Operating Income	11,552	6.3	11,623	6.0	112.8	+1,323	100.6
Non-operating Income	1,802	1.0	1,751	0.9	145.9	+551	97.2
Non-Operating Expenses	674	0.4	667	0.3	95.3	-33	99.0
Ordinary Income	12,680	6.9	12,708	6.6	117.7	+1,908	100.2
Extraordinary Income	0	0.0	0	0.0	-	0	-
Extraordinary Losses	330	0.2	198	0.1	44.0	-252	60.2
Net Income before Income Taxes	12,350	6.7	12,509	6.5	120.9	+2,159	101.3
Income Taxes	4,922	2.7	4,858	2.5	117.1	+708	98.7
Net Income	7,427	4.0	7,650	4.0	123.4	+1,450	103.0

[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 Half SG&A Expenses Status – Consolidated -

■ 1st Half : Total SG&A expenses increased up 4.3% because Net Sales increased up 5.0 % year on year.

	FY Ended 2014/2 1H (March to August)		FY Ending 2015/2 1H (March to August)		
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales(%)	Y o Y
Net Sales	184,432	100.0	193,598	100.0	105.0
Total Selling Expenses	3,378	1.8	3,627	1.9	107.4
Advertising Expenses	1,875	1.0	1,901	1.0	101.3
Premium Expenses	1,502	0.8	1,726	0.9	114.9
Personnel Expenses	19,701	10.7	20,045	10.4	104.2
Total Administrative Expenses	16,651	9.0	17,748	9.2	106.6
Rent Expenses	7,682	4.2	8,005	4.1	104.1
Depreciation Expenses	2,275	1.2	2,368	1.2	105.8
Utilities Expenses	1,934	1.0	2,047	1.1	107.5
Supplies Expenses	980	0.5	1,053	0.5	127.3
Tax and Public Charges	656	0.4	835	0.4	112.8
Commission Paid	1,231	0.7	1,388	0.7	108.4
Others	1,891	1.0	2,049	1.1	106.6
Total SG&A Expenses	39,732	21.5	41,421	21.4	104.3

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Sales Trend

1st Half - FY Ending February 28, 2015

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■ Sales growth rate of existing stores- Sugi Group -

1st Half: Same store sales growth rate showed +1.4% (prescription; +12.3%, Sugi's commodity; +0.7%, Japan's commodity; -3.2%)

Same Store Sales Growth

Month	2014/2	2015/2
Mar.	22.0	2.0
Apr.	-10.1	-1.0
May	-2.7	-1.0
Jun.	-2.4	-1.0
Jul.	0.0	0.0
Aug.	0.8	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 - Prescription

Month	Prescription
Mar.	16.8
Apr.	12.5
May	11.0
Jun.	13.7
Jul.	12.7
Aug.	7.1
Sep.	17.0

Same Store Customer

Month	2014/2	2015/2
Mar.	3.7	3.0
Apr.	-7.8	-2.0
May	-2.9	-2.0
Jun.	-3.7	-2.0
Jul.	-3.0	-2.0
Aug.	-2.3	-2.0
Sep.	-2.3	-2.0
Oct.	-2.0	-2.0
Nov.	-2.0	-2.0
Dec.	-2.0	-2.0
Jan.	-2.0	-2.0
Feb.	-2.0	-2.0

Same Store Sales Growth Rate - Commodity

Month	Commodity: Sugi	Commodity: Japan
Mar.	25.3	14.6
Apr.	-13.5	-14.8
May	-4.1	-7.2
Jun.	-5.1	-4.6
Jul.	-1.5	-3.3
Aug.	1.5	-5.1

Same Store Growth Rate of Sales per Customer

Month	2014/2	2015/2
Mar.	17.6	3.0
Apr.	-2.5	0.2
May	0.2	1.1
Jun.	1.1	3.1
Jul.	3.1	3.2
Aug.	3.2	3.2
Sep.	3.2	3.2
Oct.	3.2	3.2
Nov.	3.2	3.2
Dec.	3.2	3.2
Jan.	3.2	3.2
Feb.	3.2	3.2

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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 2014/2 1H	FY 2015/2 1H				FY 2014/2 1H	FY 2015/2 1H		
	Results	Budget	Results			Results	Budget	Results	
Prescription	16.7	18.9	18.0	97.0	115.3	34.5	32.7	33.9	+1.2
Healthcare	22.9	21.8	21.9	102.3	102.1	40.2	39.6	39.2	-0.4
Beauty Care	25.8	25.2	25.1	101.1	103.8	29.1	28.9	29.1	+0.2
Household Wares	21.9	21.5	22.2	104.7	108.0	22.7	22.6	22.4	-0.2
Foods	12.8	12.6	12.8	103.2	106.8	14.8	14.8	15.4	+0.6
Total	100.0	100.0	100.0	101.6	106.6	29.3	28.8	28.9	+0.1

Japan	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2014/2 1H	FY 2015/2 1H				FY 2014/2 1H	FY 2015/2 1H		
	Results	Budget	Results			Results	Budget	Results	
Healthcare	8.6	8.2	8.1	95.3	101.0	31.0	31.3	29.5	-1.8
Beauty Care	8.2	8.3	8.3	96.9	98.2	24.5	24.5	24.2	-0.2
Household Wares	23.2	23.3	23.8	99.4	97.0	22.4	22.2	21.6	-0.6
Foods	60.9	60.1	59.9	97.1	100.3	15.4	15.2	15.0	-0.3
Total	100.0	100.0	100.0	97.5	99.4	19.1	19.0	18.5	-0.5

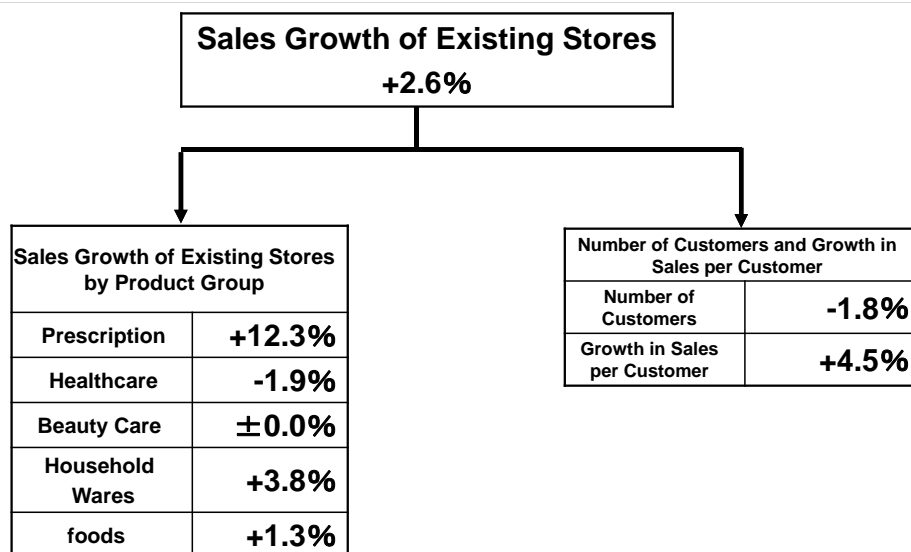
【Note】 Sales of Sugi Pharmacy business and Japan Business are changed to the sum value of the only commodity sales.

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■ Sales Trend at Existing Stores- Sugi Pharmacy business -

■1st Half: Existing store sales growth ratio indicated +2.6% for the reason of strong sales growth of prescription drug, and special demand of before consumption tax increase in March.



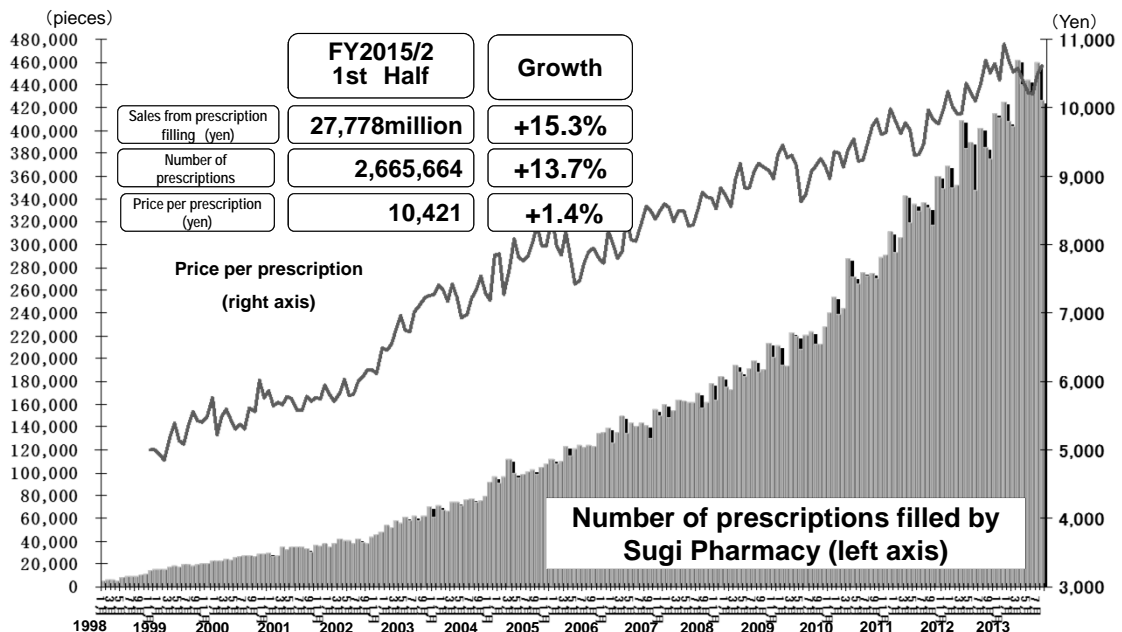
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Medical Business of Sugi Group

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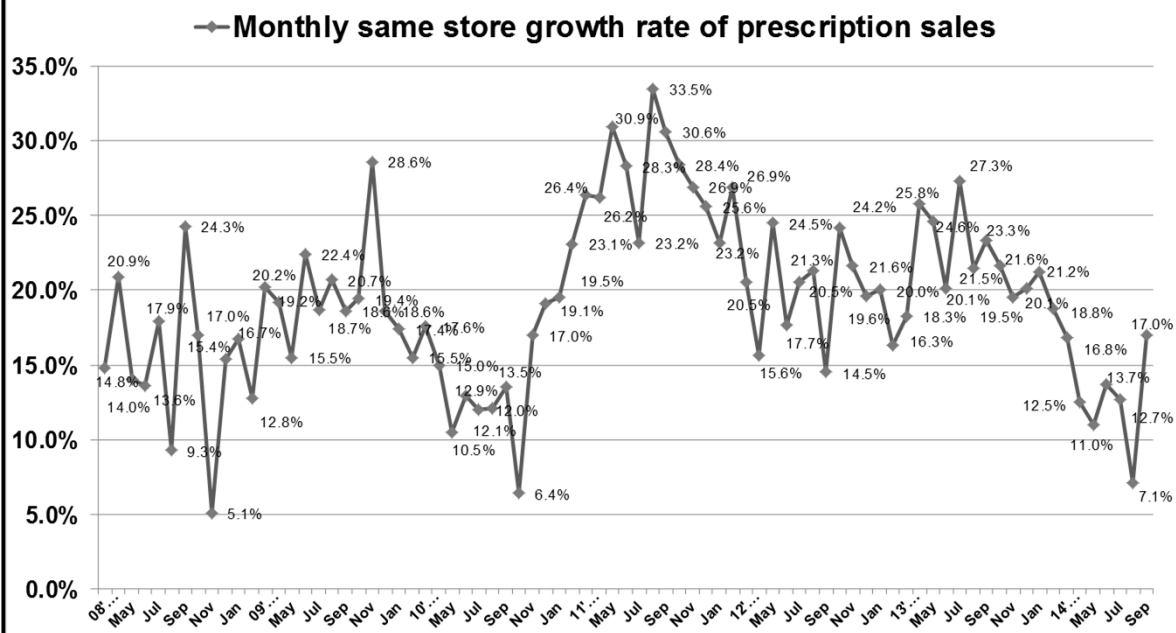
Trends in the Number of Prescriptions and Price per Prescription



	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
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



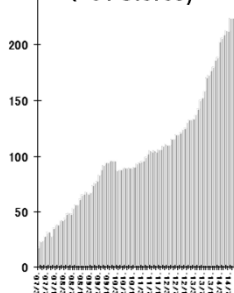
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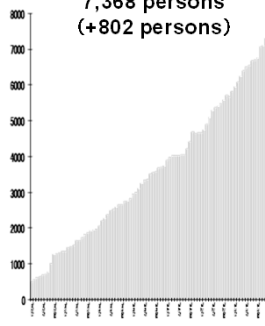
In-home Medical Care Services – As of Aug 31, 2014

Sales of prescription filing: JPY27,778m (1st Half), including sales of in-home medical care: JP1,566m (+19.4% YoY)

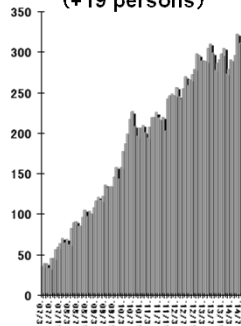
Number of stores providing in-home medical care services
224 stores (+54 Stores)



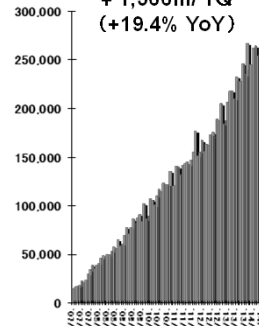
Number of patients receiving in-home medical care
7,368 persons (+802 persons)



Number of patients receiving TPN care
297 persons (+19 persons)



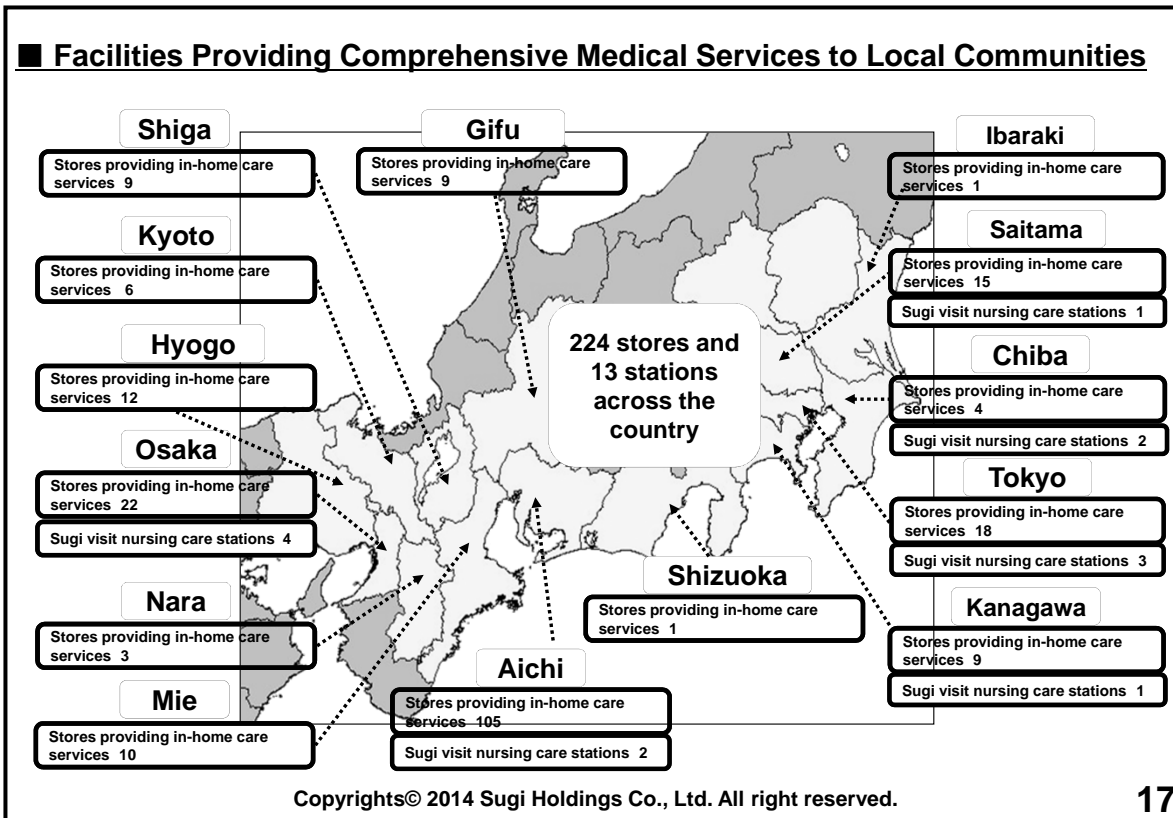
Net Sales of in-home medical care business
¥ 1,566m/ 1Q (+19.4% YoY)



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.