

Financial Results

1st Half - FY Ending February 28, 2013

Supplementary Information

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

October 12, 2012

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	846 (as of August 31, 2012)
Number of employees	4,134(full-time) (as of August 31, 2012)
Net sales	JPY327,267m (FY ended Feb. 29, 2012 - consolidated)
Operating Profit	JPY17,215 m (FY ended Feb. 29, 2012 - 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

Fiscal Year	No. of Stores	Consolidated net sales (100 million yen)
'90	0	0
'95	0	0
'00	100	100
'01	120	150
'02	150	200
'03	200	250
'04	250	300
'05	300	350
'06	400	450
'07	500	550
'08	600	650
'09	700	750
'10	750	800
'11	800	850

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■ Overview of Sugi Group



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New Store Openings

1st Half – FY Ending February 28, 2013

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■ Store Openings and Closings in 1st Half

* Please note that "FY2012/2" and "FY 2013/2" in this presentation refers to the fiscal year ended in February 2012, and the fiscal year ending February 2013, respectively. The same notation is used in other pages.

■ 1st Half: opening / 30 stores, closing/ 5 stores Full year forecast: opening/75 stores, closing/10 stores

Nos. of stores by region	FY2012/2	FY2013/2 1st Half			Forecast after September 2012			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	195	9	4	200	18	0	218	27	4	23
Chubu Region	349	12	1	360	11	4	367	23	5	18
Kansai Region	277	9	0	286	16	1	301	25	1	24
Total	821	30	5	846	45	5	886	75	10	65

Nos. of stores by company	FY2012/2	FY2013/2 1st Half			Forecast after September 2012			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	661	28	4	685	38	4	719	66	8	58
Japan	150	2	1	151	4	1	154	6	2	4
Visit Nursing Care ST	10	0	0	10	3	0	13	3	0	3
Total	821	30	5	846	45	5	886	75	10	65

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Financial Highlights

1st Half - FY Ending February 28, 2013

- Consolidated -

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Summary of 1st Half Year Results for the FY Ending February 28, 2013

1st Half Financial Highlight - Consolidated -

■ **1st Half** :Both sales and the operating profit budgets were achieved, even though Sugi Holdings was surrounded by the high hurdles of the special demand from the Great East Japan Earthquake as well as the special demand from pollen allergy and heat wave in the last fiscal year.

	FY Ended 2012/2 1H (March to August)		FY Ending 2013/2 1H (March to August)				
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)
Net Sales	164,141	100.0	173,481	100.0	105.7	102.0	+3,481
Gross Profit	44,347	27.0	46,915	27.0	105.8	102.9	+1,314
SG&A Expenses	34,161	20.8	36,813	21.2	107.8	102.5	+914
Operating Income	10,186	6.2	10,101	5.8	99.2	104.1	+401
Non-operating Income	1,686	1.0	2,415	1.4	143.2	136.5	+646
Non-Operating Expenses	1,136	0.7	568	0.3	50.0	71.0	-231
Ordinary Income	10,736	6.5	11,948	6.9	111.3	112.0	+1,279
Extraordinary Income	2,463	1.5	0	0.0	0.0	0.0	0
Extraordinary Losses	1,663	1.0	195	0.1	11.8	46.6	-224
Net Income before Income Taxes	11,536	7.0	11,752	6.8	101.9	114.7	+1,503
Income Taxes	4,132	2.5	5,027	2.9	121.7	118.6	+787
Net Income	7,404	4.5	6,724	3.9	90.8	111.9	+715

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1st Half SG&A Expenses Status – Consolidated -

■ **1st Half** :Total SG&A expenses increased by 7.8pt although Net Sales increased by 5.7pt on year on year.

	FY Ended 2012/2 1H (March to August)		FY Ending 2013/2 1H (March to August)		
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	Y o Y
Net Sales	164,141	100.0	173,481	100.0	105.7
Total Selling Expenses	2,797	1.7	3,376	1.9	120.7
Advertising Expenses	2,111	1.3	2,153	1.2	102.0
Premium Expenses	685	0.4	1,222	0.7	178.2
Personnel Expenses	16,833	10.3	17,779	10.2	105.6
Total Administrative Expenses	14,530	8.9	15,658	9.0	107.8
Rent Expenses	6,904	4.2	7,219	4.2	104.6
Depreciation Expenses	1,737	1.1	2,188	1.3	125.9
Utilities Expenses	1,544	0.9	1,724	1.0	111.6
Supplies Expenses	966	0.6	909	0.5	94.2
Tax and Public Charges	517	0.3	587	0.3	113.7
Commission Paid	1,058	0.6	1,155	0.7	109.2
Others	1,802	1.1	1,843	1.1	103.0
Total SG&A Expenses	34,161	20.8	36,813	21.2	107.8

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Financial Highlights

1st Half - FY Ending February 28, 2013 - Subsidiaries -

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■ 1st Half Financial Highlight– Sugi Pharmacy Co., Ltd. –

■ **1st Half** :Both net sales and the operating profit budgets were achieved, even though Sugi Pharmacy was surrounded by the high hurdles of the special demand from the Great East Japan Earthquake as well as the special demand from pollen allergy and heat wave in the last fiscal year.

	FY 2012/2 1H (March to August)		FY 2013/2 1H (March to August)				
	Results (in million yen)	%	Results (in million yen)	%	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)
Net Sales	126,446	100.0	134,985	100.0	106.8	102.8	+3,685
Gross Profit	36,313	28.7	38,874	28.8	107.1	103.4	+1,274
SG&A	28,797	22.8	31,565	23.4	109.6	103.2	+965
Operating Profit	7,515	5.9	7,308	5.4	97.2	104.4	+308

1st Half Overview

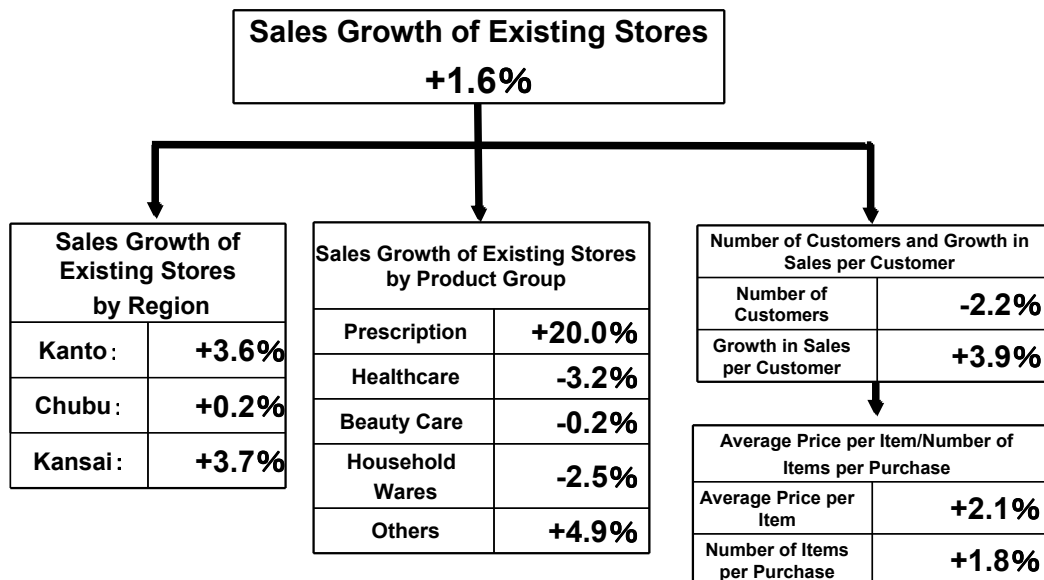
- ◆ **Net Sales:** Existing store sales growth Budget :+0.7% ⇒ Result +1.6%
(Customer count –2.2%, Purchase per customer +3.9%)
- ◆ **Gross margin ratio:** Budget 28.6% ⇒Result 28.8%
- ◆ **SG&A:** vs. Budget +3.2%
(Selling expenses +4.2%, Personnel +2.1%, Admin. expenses +4.0%)

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■ Sales Trend at Existing Stores- Sugi Pharmacy Co., Ltd. -

■ 1st Half :Existing store sales growth ratio indicated +1.6% for the reason of continuous and strong sales growth of prescription



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■ Sales Trend by Product Group - Sugi Pharmacy Co., Ltd. -

■ 1st Half : The composition ratio of the preparation has increased up to 14.2%. As a result, the gross margin rate was able to be up 0.1pt vs. last year.

(%)	Composition Ratio			Sales % Y o Y	Sales % vs. Budget	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2012/2 1st Half		FY 2013/2 1st Half			FY 2012/2 1st Half		FY 2013/2 1st Half	
	Results	Budget	Results			Results	Budget	Results	
Prescription	12.1	13.4	14.2	125.4	109.0	32.5	31.4	31.8	+0.4
Healthcare	25.0	24.4	23.7	101.4	100.0	38.5	38.7	38.8	+0.1
Beauty Care	27.0	27.1	26.4	104.4	100.3	28.1	28.4	28.5	+0.1
Subtotal	64.1	64.9	64.3	107.2	102.0	33.0	32.9	33.0	+0.1
Household Wares	23.4	23.0	22.4	102.4	100.2	22.7	22.8	23.1	+0.3
Others	12.6	12.2	13.3	112.6	111.7	18.1	17.4	17.8	+0.4
Total	100.0	100.0	100.0	106.8	102.7	28.7	28.6	28.8	+0.2

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■ Trend of SG&A Expenses - Sugi Pharmacy Co., Ltd. -

■1st Half : Total SG&A expenses increased by 3.2pt although Net Sales increased by 2.8pt on year on year.

	FY Ended 2012/2 1H (March to August)		FY Ending 2013/2 1H (March to August)				
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)
Net Sales	126,446	100.0	134,985	100.0	106.8	102.8	+3,685
Total Selling Expenses	2,492	2.0	3,020	2.2	121.2	104.2	+120
Advertising Expenses	1,806	1.4	1,798	1.3	99.5	105.8	+98
Premium Expenses	685	0.5	1,222	0.9	178.2	102.0	+24
Personnel Expenses	12,612	10.0	13,625	10.1	108.0	102.1	+275
Total Administrative Expenses	13,692	10.8	14,918	11.1	109.0	104.0	+568
Rent Expenses	6,777	5.4	7,152	5.3	105.5	101.4	+97
Depreciation Expenses	499	0.4	703	0.5	156.8	86.6	-109
Utilities Expenses	1,179	0.9	1,342	1.0	113.8	113.6	+160
Supplies Expenses	691	0.5	716	0.5	103.6	138.0	+197
Tax and Public Charges	247	0.2	310	0.2	125.5	122.8	+57
Commission Paid	3,046	2.4	3,267	2.4	107.3	105.5	+170
Others	1,301	1.0	1,424	1.1	109.5	100.0	0
Total SG&A Expenses	28,797	22.8	31,565	23.4	109.6	103.2	+965

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■ 1st Half Financial Highlight - Japan Co., Ltd. -

■1Half : Both net sales and the operating profit budgets were achieved, even though Japan Co., was surrounded by the high hurdles of the special demand from the Great East Japan Earthquake as well as the special demand from heat wave in the last fiscal ear.

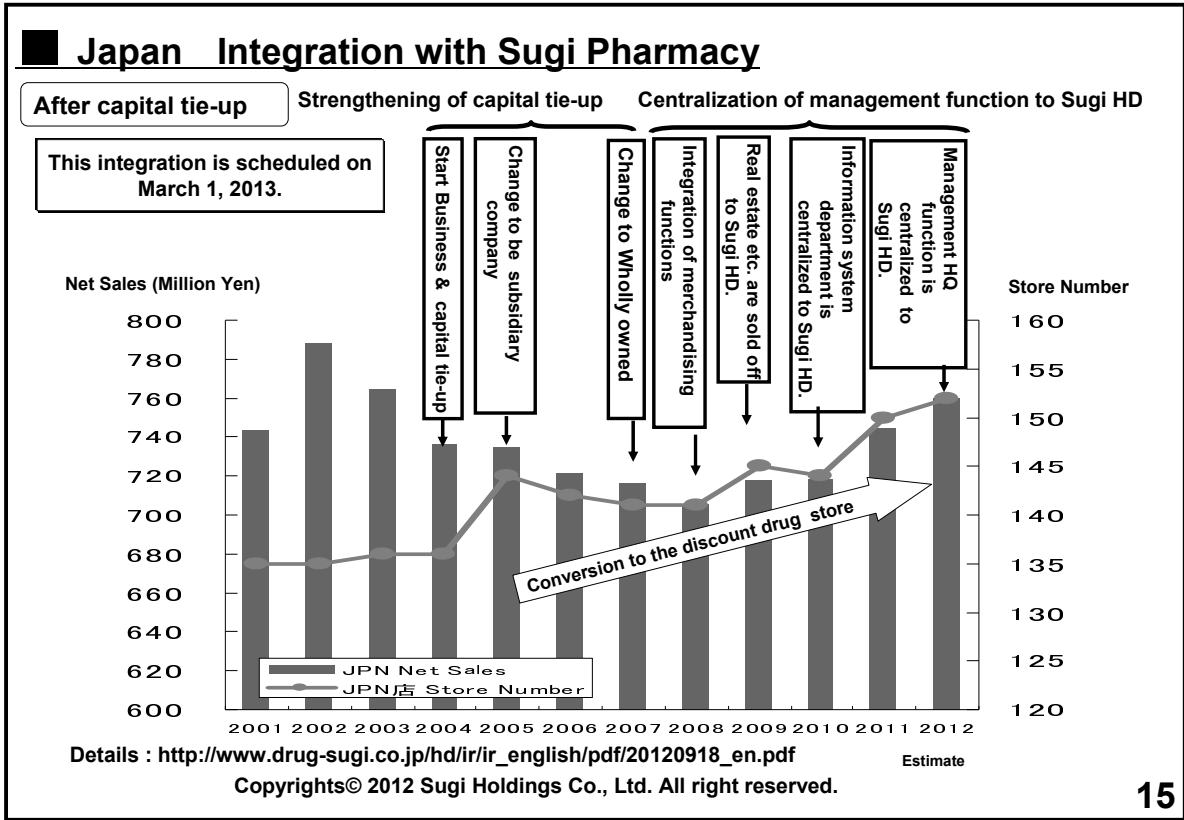
	FY 2012/2 1H (March to August)		FY 2013/2 1H (March to August)				
	Results (in million yen)	%	Results (in million yen)	%	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)
Net Sales	37,272	100.0	38,270	100.0	102.7	100.2	+70
Gross Margin	7,918	21.2	7,996	20.9	101.0	100.8	+66
SG&A	5,988	16.1	5,979	15.6	99.9	98.8	-70
Operating Profit	1,929	5.2	2,016	5.3	104.5	107.3	+136

1st Half Overview

- ◆ Net Sales: Existing store sales growth Budget : -0.4% ⇒ Result +0.6%
(Customer count -0.9%, Purchase per customer +1.5%)
- ◆ Gross margin ratio: Budget 20.8% ⇒ Result 20.9%
- ◆ SG&A: vs. Budget 98.8%

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Japan Integration with Sugi Pharmacy

Aim of the integration Details : http://www.drug-sugi.co.jp/hd/ir/ir_english/pdf/20120918_en.pdf

1. Accelerating the restructuring and upgrading of existing stores of “Sugi Pharmacy” and “Japan” in a bid to “expand its market share within its trade area”
2. Opening “Japan” (a discount store-type drugstore) to “accelerating business expansion”

Expansion of trade area
Focus on the trade area share

Price competition and EDLC

Food Daily Cosmetic Drug Rx

Discriminatory service competition

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Medical Business

1st Half - FY Ending February 28, 2013 - Sugi Group

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■ OTC Sales Trends – Sugi Pharmacy

■After Revision in Japan's Pharmaceutical Affairs Act (June 2009)

<Growth Rate of All Stores Sales >

(%)	FY 2010/2			FY 2011/2				FY 2012/2				FY 2013/2	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Category 1	+18.8	+25.4	+14.5	+26.4	+16.5	+20.9	+19.7	+2.1	+15.8	+1.4	+5.6	+25.5	+1.0
Category Specified 2	+9.7	+1.9	-1.5	-1.4	+6.4	+11.7	+14.8	+31.5	+5.1	+5.0	+11.8	+3.3	+5.2
Category 2	+6.9	+4.4	-8.0	-9.7	-1.1	+9.0	+12.0	+31.0	-1.5	+3.1	+4.8	-3.8	-0.1
Category 3	+9.1	+2.5	-6.9	-13.3	-14.8	+0.5	+14.6	+19.2	-0.3	+2.0	+3.0	+1.7	+4.2
OTC Total	+8.7	+4.3	-4.7	-6.5	-2.1	+8.2	+13.4	+26.3	+1.4	+5.0	+6.4	+1.1	+2.5

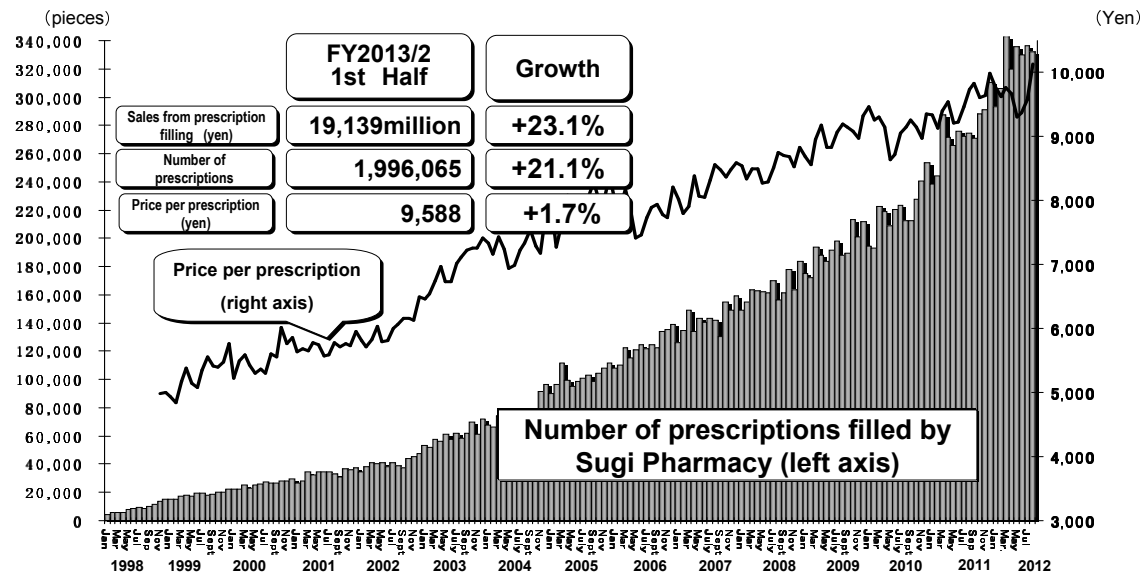
< OTC Sales by Category (All Stores) >

(%)	FY 2010/2			FY 2011/2				FY 2012/2				FY 2013/2	
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2
Category 1	5.5	6.0	6.6	7.3	6.5	6.7	7.0	5.9	6.2	6.1	5.6	6.7	5.7
Category Specified 2	23.0	26.6	27.8	27.2	25.0	27.5	28.2	28.3	25.7	28.1	30.3	29.6	26.7
Category 2	44.4	40.5	41.3	42.1	44.9	40.8	40.8	43.7	43.7	41.1	40.3	40.4	41.0
Category 3	27.1	26.9	24.3	23.4	23.6	25.0	24.5	22.1	24.4	24.7	23.8	23.3	26.5

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Trends in the Number of Prescriptions and Price per Prescription



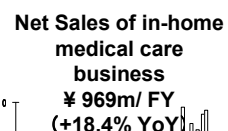
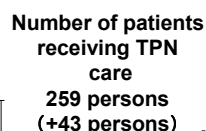
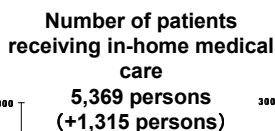
	FY 2003/2	FY 2004/2	FY 2005/2	FY 2006/2	FY 2007/2	FY 2008/2	FY 2009/2	FY 2010/2	FY 2011/2	FY 2012/2
Number of prescriptions	520,725	751,505	975,791	1,249,877	1,521,497	1,750,061	2,010,444	2,346,349	2,725,013	3,408,128
Avg. price / prescription (yen)	6,149	7,095	7,405	7,980	7,838	8,344	8,569	9,115	9,107	9,596

Note) The above-mentioned past number of prescriptions added up the number of Sugi Pharmacy and Sugi Medical.

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In-home Medical Care Services – As of Aug. 31. 2012

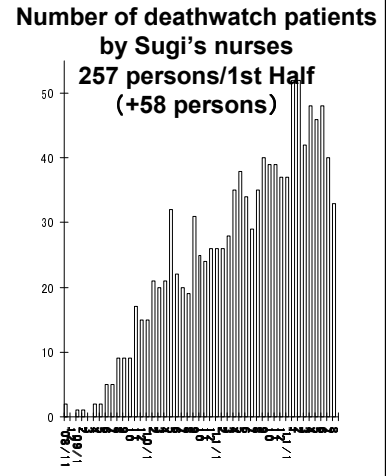
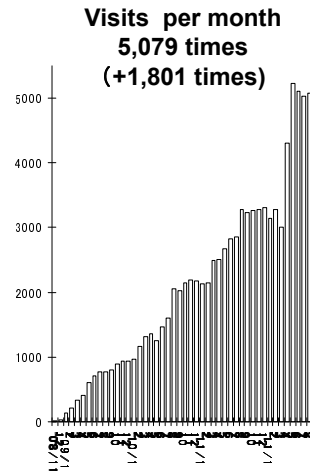
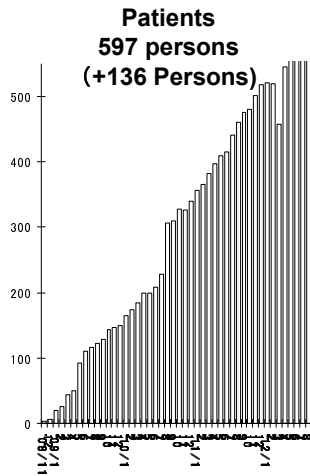
Sales of prescription filing: JPY19,139m (1st Half), including sales of in-home medical care: JPY969m (+18.4% YoY)



Note: Comparison with previous year

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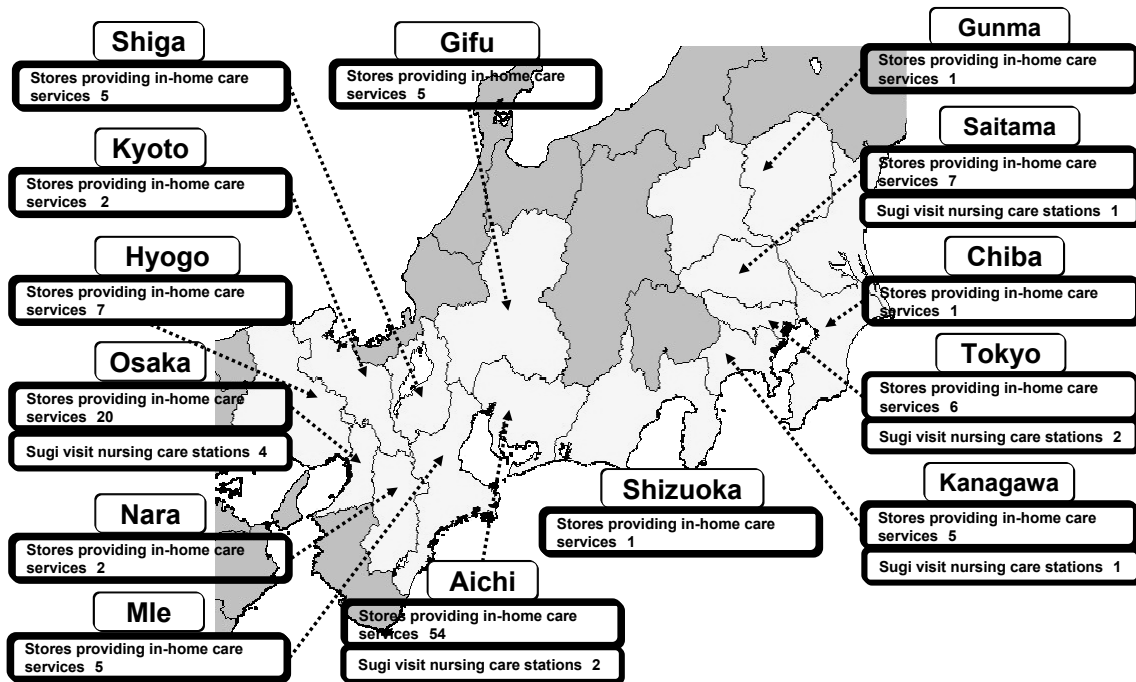
■ Visit Nursing Care Services : 10 locations (As of Aug. 2012)



Note: Comparison with previous year

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■ Facilities providing Comprehensive Medical Services to Local Communities



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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.