

# Financial Results

## 3rd Quarter - FY Ending February 29, 2012

### Supplementary Information

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

January 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	811(as of November 30, 2011)
Number of employees	3,733(full-time) (as of November 30, 2011)
Net sales	JPY304,730 m (FY ended Feb. 28, 2011 - consolidated))
Operating Profit	JPY12,777 m (FY ended Feb. 28, 2011 - consolidated))
Description of business	Management of subsidiaries engaging in businesses including pharmacy business, drug store business, and in-home nursing care business

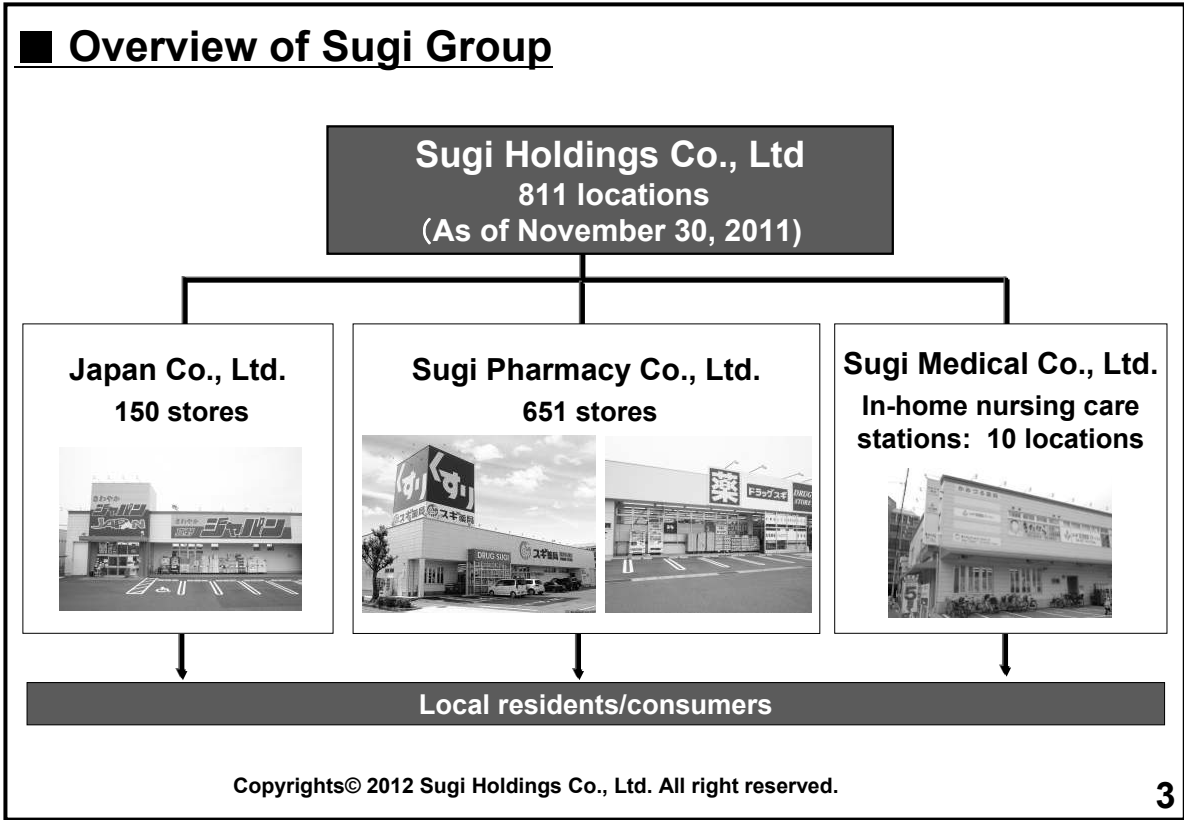
### Number of Stores and Sales Status

Year	No. of Stores	Consolidated net sales (in 100 million yen)
'90	0	0
'95	0	0
'00	~100	~100
'01	~120	~120
'02	~150	~150
'03	~200	~200
'04	~250	~250
'05	~300	~300
'06	~400	~400
'07	~500	~500
'08	~600	~600
'09	~700	~700
'10	~800	~800

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## New Store Openings

### 3rd Quarter – FY Ending February 29, 2012

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## ■ Store Openings and Closings in 3rd Quarter

\* Please note that "FY2011/2" and "FY 2012/2" in this presentation refers to the fiscal year ended in February 2011, and the fiscal year ending February 2012, respectively. The same notation is used in other pages.

### ■ 3rd Quarter: 56 new stores opened, 19 stores closed

Nos. of stores by region	FY2011/2	FY2012/2 3rd Quarter			Contracts in and after December 2011			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	188	17	12	193	2	0	195	19	12	+7
Chubu Region	335	17	6	346	4	0	350	21	6	+15
Kansai Region	251	22	1	272	5	1	276	27	2	+25
Total	774	56	19	811	11	1	821	67	20	+47

Nos. of stores by company	FY2011/2	FY2012/2 3rd Quarter			Contracts in and after December 2011			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	622	48	19	651	10	0	661	58	19	+39
Japan	144	6	0	150	1	1	150	7	1	+6
Visit Nursing Care ST	8	2	0	10	0	0	10	2	0	+2
Total	774	56	19	811	11	1	821	67	20	+47

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## Financial Highlights

### 3rd Quarter – FY Ending Feb. 29, 2012

### - Consolidated -

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### ■ 3rd Quarter Financial Highlight - Consolidated -

■ 3rd Quarter : Sugi pharmacy achieved a significant net sales in both revenue and operating income

	FY Ended 2011/2 3Q (March to November)		FY Ending 2012/2 3Q (March to November)				
	Results (in million yen)	%	Results (in million yen)	%	Y o Y	vs. Budget (in %, in million yen)	
Net Sales	227,514	100.0	244,550	100.0	107.5	103.7	+8,750
Gross Profit	59,702	26.2	65,657	26.8	110.0	104.9	+3,057
SG&A Expenses	50,349	22.1	52,088	21.3	103.5	99.0	-512
Operating Income	9,353	4.1	13,568	5.5	145.1	135.7	+3,568
Non-operating Income	2,671	1.2	2,542	1.0	95.2	105.9	+142
Non-Operating Expenses	1,459	0.6	1,692	0.7	115.9	161.1	+642
Ordinary Income	10,565	4.6	14,418	5.9	136.5	127.0	+3,068
Extraordinary Income	0	-	2,463	1.0	-	-	+2,463
Extraordinary Losses	595	0.3	1,836	0.8	308.6	90.0	-204
Net Income before Income Taxes	9,970	4.4	15,045	6.2	150.9	161.6	+5,735
Income Taxes	3,791	1.7	5,631	2.3	148.5	162.7	+2,171
Net Income	6,178	2.7	9,414	3.8	152.4	160.9	+3,564

Note ) Above Vs. Budgets (in %, in million yen) are the comparisons with a original budget, and no comparisons with the performance forecast corrected at the second quarter results.

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### ■ Trend of SG&A Expenses Status – Consolidated -

■ 3rd Quarter : Net sales and Gross profit indicated 107.5% and 110.0% (YOY), but SG&A showed 103.5%(YOY)

	FY Ended 2011/2 3Q (March to November)		FY Ending 2012/2 3Q (March to November)		
	Results (in million yen)	%	Results (in million yen)	%	Y o Y Change
Advertising Expenses	3,018	1.3	3,291	1.3	109.0
Premium Expenses	1,686	0.7	1,481	0.6	87.8
Total Selling Expenses	4,706	2.1	4,773	2.0	101.4
Personnel Expenses	23,918	10.5	25,304	10.3	105.8
Rent Expenses	10,154	4.5	10,407	4.3	102.5
Depreciation Expenses	2,509	1.1	2,716	1.1	108.3
Utilities Expenses	2,424	1.1	2,429	1.0	100.2
Supplies Expenses	1,179	0.5	1,426	0.6	120.9
Tax and Public Charges	1,269	0.6	789	0.3	62.2
Commission Paid	1,442	0.6	1,541	0.6	106.9
Others	2,736	1.2	2,700	1.1	98.7
Total Administrative Expenses	21,722	9.5	22,011	9.0	101.3
Total SG&A Expenses	50,349	22.1	52,088	21.3	103.5

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## Financial Highlights

### 3rd Quarter – FY Ending Feb. 29, 2012 - Subsidiaries -

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### ■ 3rd Quarter Financial Highlights – Sugi Pharmacy Co., Ltd. –

■ 3rd Quarter :Sales of prescription in attained big growth, gross margin was changed greatly

	FY Ended 2011/2 3Q (March to November)		FY Ending 2012/2 3Q (March to November)				
	Results (in million yen)	%	Results (in million yen)	%	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)
Net Sales	171,212	100.0	188,847	100.0	110.3	104.3	+7,737
Gross Profit	48,131	28.1	54,017	28.6	112.2	105.5	+2,817
SG&A	40,990	23.9	43,966	23.3	107.3	103.7	+1,555
Operating Profit	7,141	4.2	10,051	5.3	140.7	114.4	+1,262

#### 3rd Quarter Overview

◆ Net Sales: Existing store sales growth Budget :+1.1% ⇒ Result +4.6%

(Customer count +3.7%, Purchase per customer +0.9%)

◆ Gross margin ratio: Budget 28.3% ⇒ Result 28.6%

◆ SG&A: Budget overrun 103.7% (Selling expenses 95.5%, Personnel 105.7%, Admin. expenses 103.7%)

Note) Figures for Sugi Pharmacy for previous years above are different from those presented in previous reports. Figures for Sugi Pharmacy presented in the financial report include only non-consolidated figures of Sugi Pharmacy and Iizuka Yakuhin, for your reference, past fiscal year results for Sugi Pharmacy also added simply non-consolidated results of Sugi Pharmacy and Iizuka Yakuhin.

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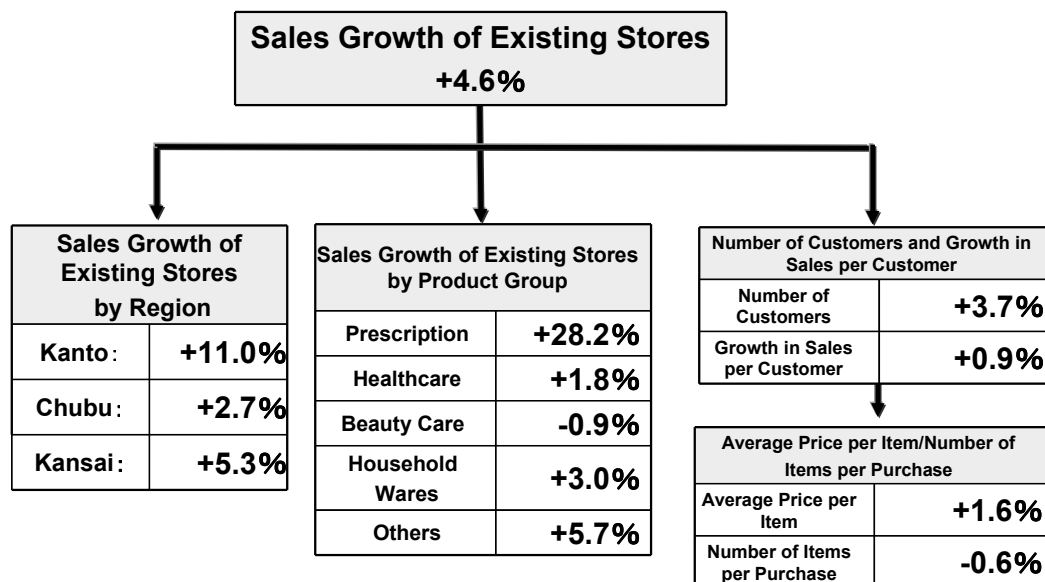
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## ■ Sales Trend at Existing Stores- Sugi Pharmacy Co., Ltd. -

■3rd Quarter :Existing store sales growth ratio indicated +4.6% for the reason of strong sales growth of prescription and household , others



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

■3rd Quarter :The composition ratio of prescription sales increased, and gross margin was greatly improved.

(%)	Composition Ratio			Sales % Y o Y	Sales % vs. Budget	Gross Margin Rate			Gross Margin % vs. Budget
	3rd Quarter FY 2011/2	3rd Quarter FY 2012/2				3rd Quarter FY 2011/2	3rd Quarter FY 2012/2		
	Results	Budget	Results			Results	Budget	Results	
Prescription	9.9	10.2	12.5	138.8	127.2	31.1	31.2	33.5	+2.3
Healthcare	26.0	26.0	24.8	105.4	99.6	37.4	38.0	38.1	±0.0
Beauty Care	28.4	28.4	26.9	104.3	98.8	27.9	28.3	28.2	- 0.1
Subtotal	64.3	64.6	64.2	110.1	103.6	32.2	32.7	33.0	+0.4
Household Wares	23.5	23.5	23.1	108.5	102.4	21.9	21.4	22.3	+0.9
Others	12.2	11.9	12.7	115.0	111.6	18.4	18.0	17.7	- 0.3
Total	100.0	100.0	100.0	110.3	104.3	28.1	28.3	28.6	+0.3

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

■3rd Quarter :Net sales attained 110.3% (YOY), but SG&A was controlled 107.3%(YOY)

	FY Ended 2011/2 3Q (March to Nov.)		FY Ending 2012/2 3Q (March to November)					
	Results (in million yen)	Ratio to Sales (%)	Results (in million yen)	Ratio to Sales (%)	Change from Last Year	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)
Advertising Expenses	2,596	1.5	2,773	1.5	106.8	+177	103.9	+102
Premium Expenses	1,687	1.0	1,481	0.8	87.8	-205	83.0	-302
Total Selling Expenses	4,283	2.5	4,255	2.3	99.3	-27	95.5	-199
Personnel Expenses	17,095	10.0	18,994	10.1	111.1	+1,899	105.7	+1,020
Rent Expenses	9,535	5.6	10,192	5.4	106.9	+657	97.9	-221
Depreciation Expenses	861	0.5	723	0.4	84.0	-138	82.2	-156
Utilities Expenses	1,831	1.1	1,860	1.0	101.6	+28	100.0	±0
Supplies Expenses	885	0.5	1,049	0.6	118.5	+163	98.3	-17
Tax and Public Charges	854	0.5	388	0.2	45.5	-465	119.5	+63
Commission Paid	3,920	2.3	4,543	2.4	115.9	+623	127.9	+991
Others	1,722	1.0	1,957	1.0	113.6	+234	104.1	+76
Total Administrative Expenses	19,611	11.5	20,715	11.0	105.6	+1,104	103.7	+734
Total SG&A Expenses	40,990	23.9	43,966	23.3	107.3	+2,975	103.7	+1,555

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## ■ 3rd Quarter Financial Highlights - Japan Co., Ltd. -

■3rd Quarter :Sales of healthcare and foods was good, and SG&A was controlled within the range of budget.

	FY Ended 2011/2 3Q (March to November)		FY Ending 2012/2 3Q (March to November)				
	Results (in million yen)	%	Results (in million yen)	%	Y o Y	vs. Budget (in %)	vs. Budget (in million yen)
Net Sales	53,243	100.0	55,185	100.0	103.6	100.3	+185
Gross Margin	10,820	20.3	11,504	20.8	106.3	103.9	+434
SG & A	8,931	16.8	9,027	16.4	101.1	97.5	-232
Operating Profit	1,889	3.5	2,477	4.5	131.1	136.9	+667

### 3rd Quarter Overview

- ◆Net Sales: Existing store sales growth Budget : -0.3% ⇒ Result +2.2%  
(Customer count +1.5%, Purchase per customer +0.6%)
- ◆Gross margin ratio: Budget 20.1% ⇒Result 20.8%
- ◆SG&A: Budget attainment 97.5%

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## Medical Business - Sugi Pharmacy 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		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Category 1	+18.8	+25.4	+14.5	+26.4	+16.5	+20.9	+19.7	+2.1	+15.8	+1.4
Category Specified 2	+9.7	+1.9	-1.5	-1.4	+6.4	+11.7	+14.8	+31.5	+5.1	+5.0
Category 2	+6.9	+4.4	-8.0	-9.7	-1.1	+9.0	+12.0	+31.0	-1.5	+3.1
Category 3	+9.1	+2.5	-6.9	-13.3	-14.8	+0.5	+14.6	+19.2	-0.3	+2.0
OTC Total	+8.7	+4.3	-4.7	-6.5	-2.1	+8.2	+13.4	+26.3	+1.4	+5.0

< OTC Sales by Category (All Stores) >

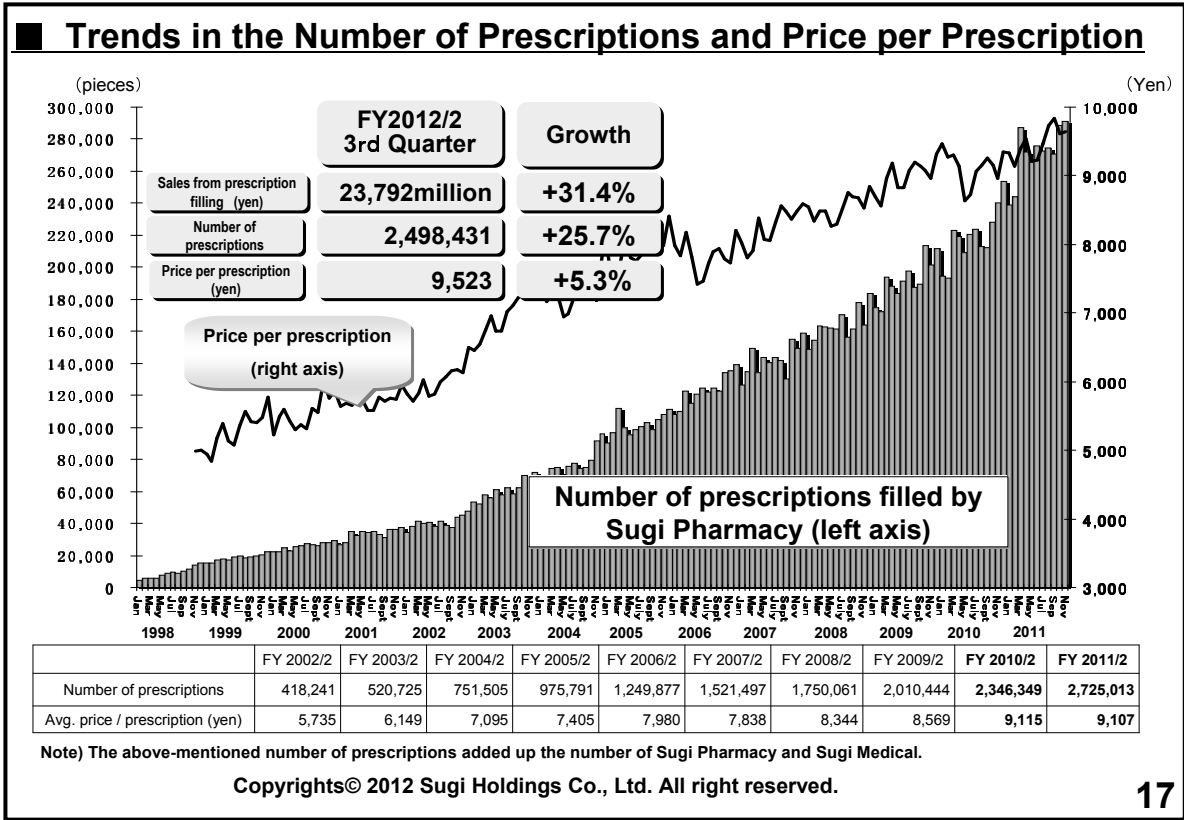
(%)	FY 2010/2			FY 2011/2				FY 2012/2		
	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Category 1	5.5	6.0	6.6	7.3	6.5	6.7	7.0	5.9	6.2	6.1
Category Specified 2	23.0	26.6	27.8	27.2	25.0	27.5	28.2	28.3	25.7	28.1
Category 2	44.4	40.5	41.3	42.1	44.9	40.8	40.8	43.7	43.7	41.1
Category 3	27.1	26.9	24.3	23.4	23.6	25.0	24.5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

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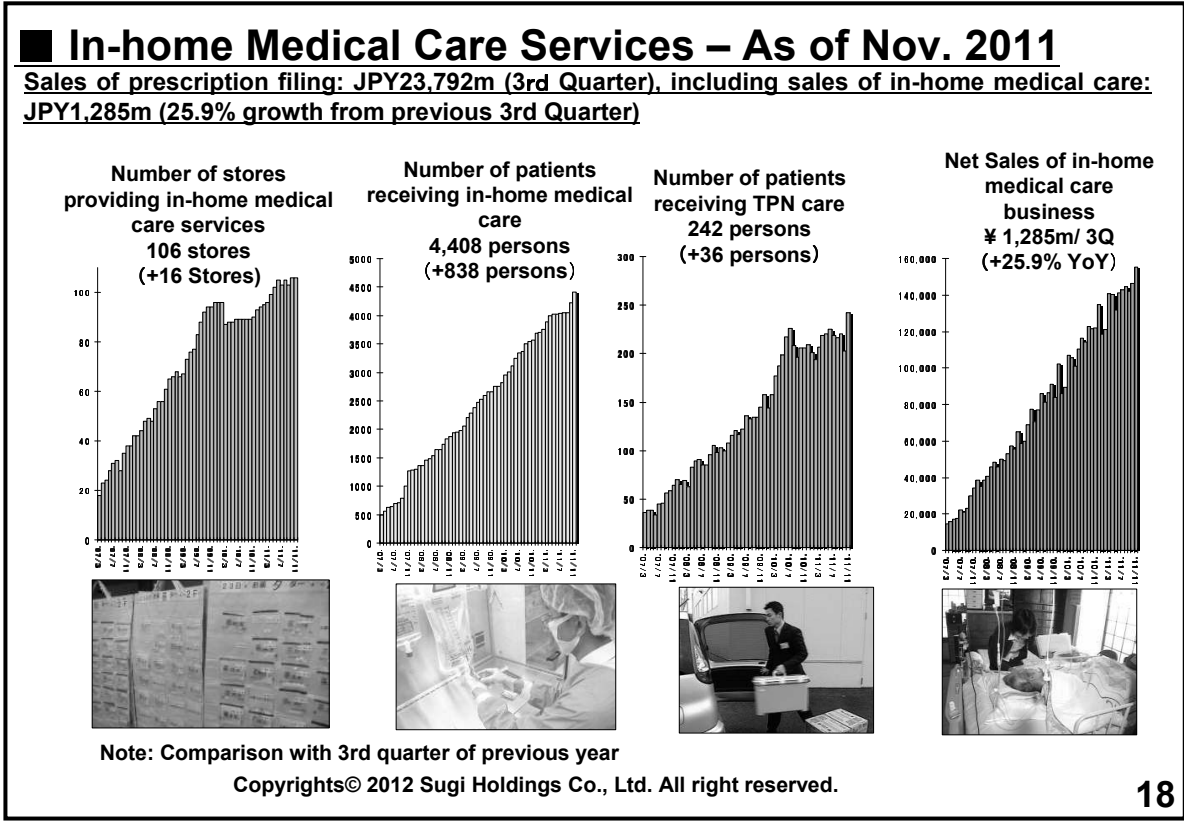
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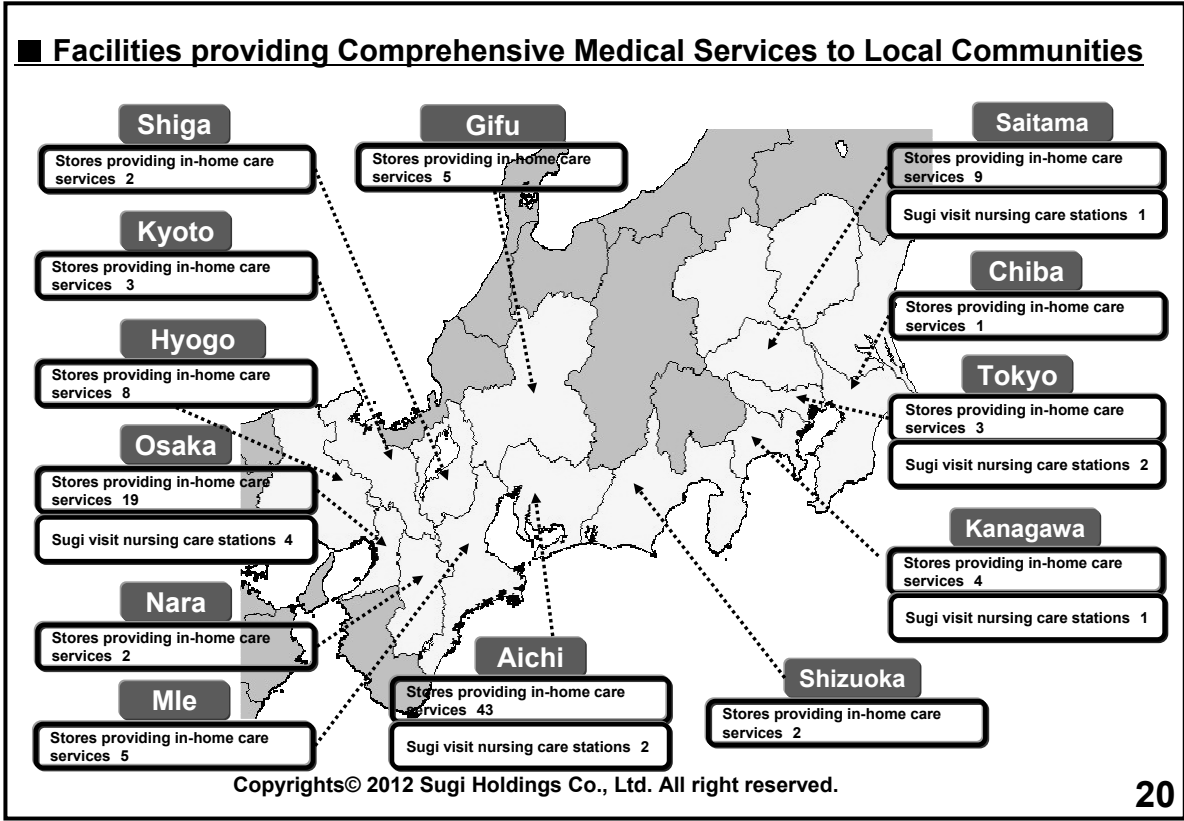
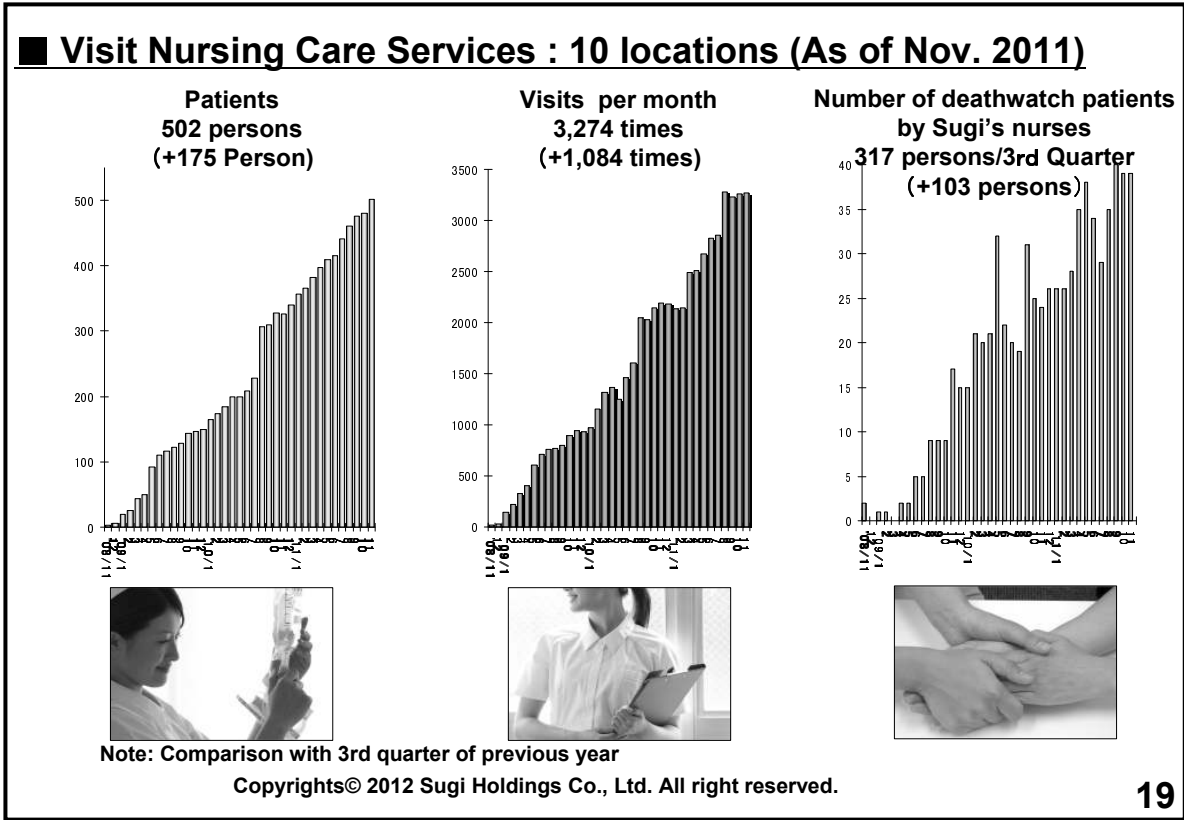


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## - Sugi Pharmacy Group -

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.

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