

# Financial Results

## 3rd Quarter - FY Ending February 28, 2014

### Supplementary Information

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

January 17, 2013

# Sugi Holdings Co., Ltd.

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## PROFILE

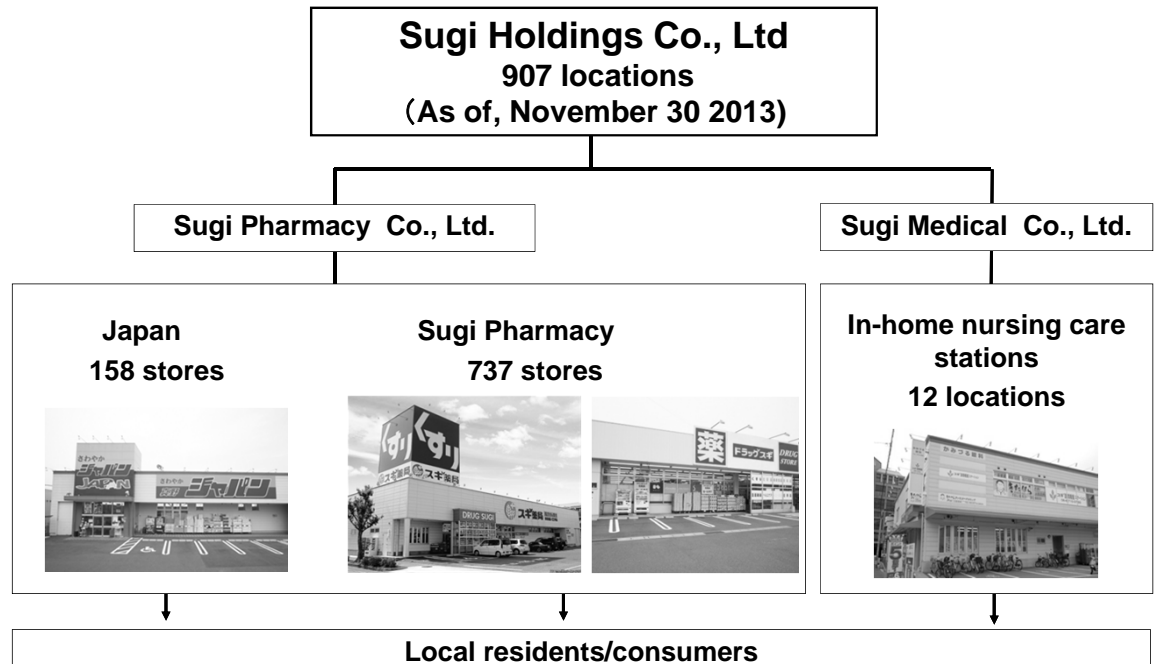
Company name	Sugi Holdings Co., Ltd.
Head office	1-8-4, Mikawaanjo-cho, Anjo-City, Aichi Pref.
Establishment	Sugi Pharmacy was established in December 1976 to sell prescription drugs and OTC drugs.
Founded	March 1982
Paid-in capital	JPY15,434,588,000
Fiscal year-end	End of February
Number of shares outstanding	63,330,838 shares
Number of stores	907 (as of November 30, 2013)
Number of employees	4,080 (full-time) (as of November 30, 2013)
Net sales	JPY343,613m (FY ended Feb. 28, 2013-consolidated)
Operating Profit	JPY18,421m (FY ended Feb. 28, 2013-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 (approx.)	Sales (100 million yen, approx.)
'95	0	0
'96	0	0
'97	0	0
'98	0	0
'99	0	0
'00	10	100
'01	20	200
'02	30	300
'03	40	400
'04	50	500
'05	60	600
'06	70	700
'07	80	800
'08	90	900
'09	100	1000
'10	110	1100
'11	120	1200
'12	130	1300

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### ■ Overview of Sugi Group



## Store Openings and Closings

3rd Quarter – FY Ending February 28, 2014

## ■ Store Openings and Closings

\* Please note that "FY2013/2" and "FY 2014/2" in this presentation refers to the fiscal year ended in February 2013, and the fiscal year ending February 2014, respectively. The same notation is used in other pages.

■3rd Quarter : Opened 50 stores, closed 14 stores, increased 36 stores  
Refurbished stores: Sugi Pharmacy 80 stores, Japan 8 stores

Nos. of stores by region	FY2013/2	FY2014/2 3rd Quarter			Forecast after December 2013			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	211	14	6	219	4	4	219	18	10	+8
Chubu Region	366	16	5	377	6	2	381	22	7	+15
Kansai Region	294	20	3	311	9	3	317	29	6	+23
Total	871	50	14	907	19	9	917	69	23	+46

Nos. of stores by company	FY2013/2	FY2014/2 3rd Quarter			Forecast after December 2013			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	707	48	11	-7	737	14	6	-2	743	62	17	-9	+36
Japan	153	1	3	+7	158	4	3	+2	161	5	6	+9	+8
Visit Nursing Care ST	11	1	0	-	12	1	0	-	13	2	0	-	+2
Total	871	50	14	-	907	19	9	-	917	69	23	-	+46

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## Financial Highlights

3rd Quarter - FY Ending February 28, 2014

- Consolidated -

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## ■ 3rd Quarter Financial Highlight - Consolidated -

■ 3rd Quarter :Largest ever net sales (JPY273.4billion) and operating profit (JPY15.6billion) achieved

	FY Ended 2013/2 3Q (March to November)		FY Ending 2014/2 3Q (March to November)				
	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)
<b>Sugi Pharmacy business</b>	<b>201,316</b>	<b>78.1</b>	<b>215,866</b>	<b>78.9</b>	<b>107.2</b>	<b>100.7</b>	<b>+1,436</b>
<b>Japan business</b>	<b>56,158</b>	<b>21.8</b>	<b>57,184</b>	<b>21.0</b>	<b>101.8</b>	<b>97.5</b>	<b>-1,437</b>
<b>Others</b>	<b>342</b>	<b>0.1</b>	<b>389</b>	<b>0.1</b>	<b>114.1</b>	<b>87.1</b>	<b>-58</b>
<b>Net Sales</b>	<b>257,815</b>	<b>100.0</b>	<b>273,439</b>	<b>100.0</b>	<b>106.1</b>	<b>100.0</b>	<b>-60</b>
<b>Sugi Pharmacy business</b>	<b>58,264</b>	<b>28.9</b>	<b>63,953</b>	<b>29.6</b>	<b>109.8</b>	<b>103.2</b>	<b>+2,003</b>
<b>Japan business</b>	<b>11,714</b>	<b>20.9</b>	<b>11,682</b>	<b>20.4</b>	<b>99.7</b>	<b>98.6</b>	<b>-165</b>
<b>Others</b>	<b>59</b>	<b>17.3</b>	<b>5</b>	<b>15.1</b>	<b>8.6</b>	<b>4.4</b>	<b>-108</b>
Gross Profit	70,039	27.2	75,640	27.7	108.0	102.3	+1,730
SG&A Expenses	56,057	21.7	60,027	22.0	107.1	101.3	+759
Operating Income	13,982	5.4	15,613	5.7	111.7	106.6	+971
Non-operating Income	3,066	1.2	3,263	1.2	106.4	120.9	+563
Non-Operating Expenses	881	0.3	945	0.3	107.2	83.0	-194
Ordinary Income	16,166	6.3	17,930	6.6	110.9	110.7	+1,728
Extraordinary Income	0	0.0	0	0.0	-	-	0
Extraordinary Losses	255	0.1	489	0.2	91.4	68.0	-230
Net Income before Income Taxes	15,911	6.2	17,441	6.4	109.6	112.7	+1,959
Income Taxes	6,844	2.7	6,947	2.5	101.5	103.0	+204
Net Income	9,067	3.5	10,494	3.8	115.7	120.1	+1,754

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## ■ 3rd Quarter SG&A Expenses Status – Consolidated -

■3rd Quarter :Total SG&A expenses increased up 7.1% because Net Sales increased up 6.1% year on year.

	FY Ended 2013/2 3Q (March to November)		FY Ending 2014/2 3Q (March to November)				
	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	257,815	100.0	273,439	100.0	106.1	100.0	-61
Total Selling Expenses	5,271	2.0	5,231	1.9	99.2	96.4	-195
Advertising Expenses	3,278	1.3	2,924	1.1	89.2	86.4	-460
Premium Expenses	1,993	0.8	2,307	0.8	115.8	113.0	+265
Personnel Expenses	26,845	10.4	29,051	10.6	108.2	104.3	+1,191
Total Administrative Expenses	23,940	9.3	25,744	9.4	107.5	99.1	-238
Rent Expenses	10,926	4.2	11,608	4.2	106.2	99.1	-106
Depreciation Expenses	3,382	1.3	3,514	1.3	103.9	92.6	-282
Utilities Expenses	2,732	1.1	3,035	1.1	111.1	106.8	+192
Supplies Expenses	1,467	0.6	1,614	0.6	110.0	85.9	-264
Tax and Public Charges	905	0.4	1,004	0.4	111.0	89.7	-115
Commission Paid	1,664	0.6	1,763	0.6	106.0	99.0	-17
Others	2,823	1.1	3,201	1.2	113.4	112.3	+351
Total SG&A Expenses	56,057	21.7	60,027	22.0	107.1	101.3	+758

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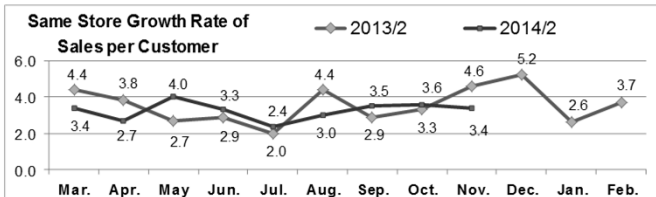
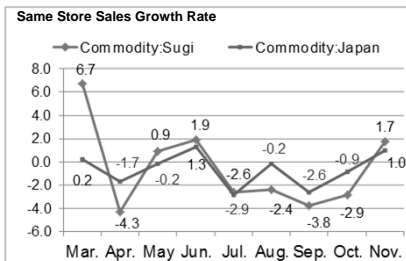
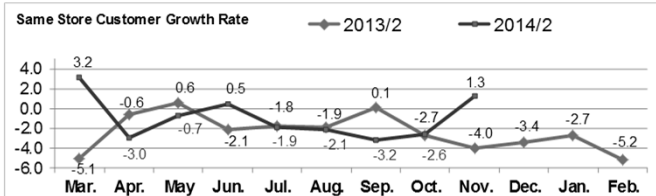
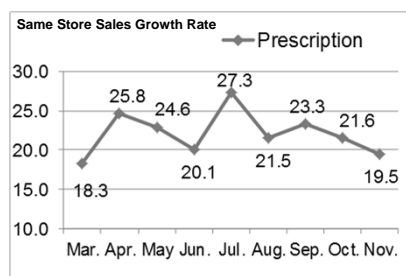
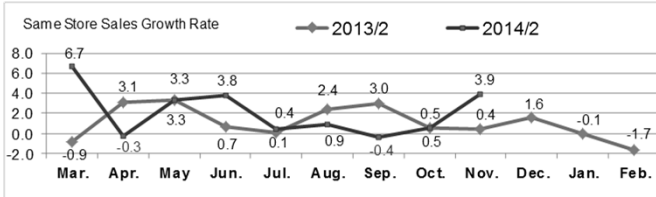
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# Sales Trend

## 3rd Quarter - FY Ending February 28, 2014

### ■ Sales growth rate of existing stores- Sugi Group -

■ 3rd Quarter : Same store sales growth rate showed +2.1% (prescription; +22.4%, Sugi's commodity ; -0.6%, Japan's commodity; -0.7%), same store customer growth rate indicated -0.9%.



## ■ Sales Trend by Product Group - Sugi Group -

Sugi Pharmacy	Composition Ratio			Sales % Y o Y	Sales % vs. Budget	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2013/2 3Q	FY 2014/2 3Q				FY 2013/2 3Q	FY 2014/2 3Q		
	Results	Budget	Results			Results	Budget	Results	
Prescription	14.5	15.9	17.0	125.6	108.0	32.4	33.5	34.4	+0.9
Healthcare	23.8	23.1	22.7	102.5	99.0	38.9	39.0	39.8	+0.8
Beauty Care	26.2	25.9	25.3	103.3	98.4	28.9	28.7	29.2	+0.5
Household Wares	22.3	21.9	21.6	104.2	99.2	22.9	22.7	22.4	-0.3
Others	13.2	13.2	13.3	108.5	101.8	17.4	16.3	18.8	+2.5
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>107.2</b>	<b>100.7</b>	<b>28.9</b>	<b>28.9</b>	<b>29.6</b>	<b>+0.7</b>

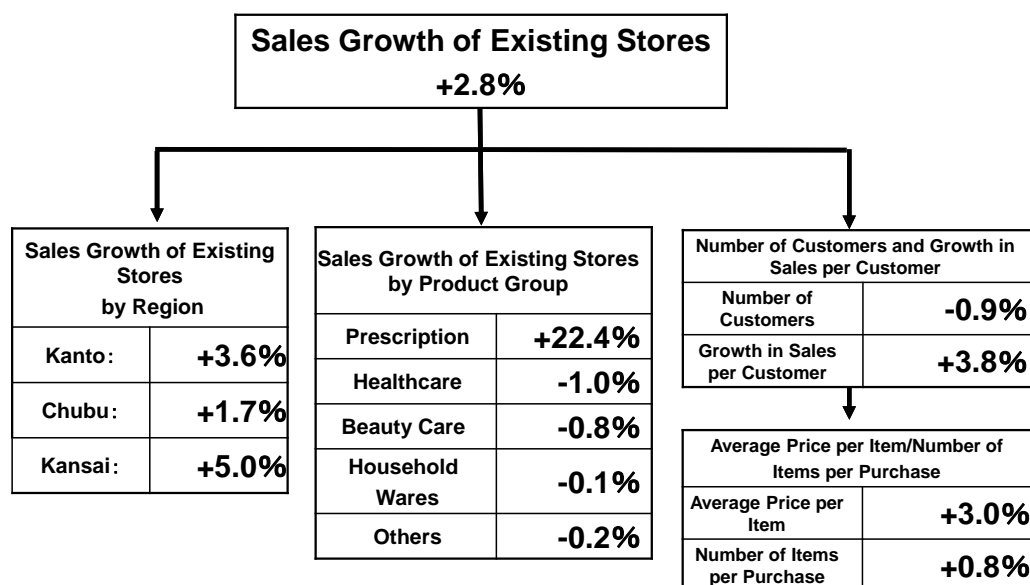
Japan	Composition Ratio			Sales % Y o Y	Sales % vs. Budget	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2013/2 3Q	FY 2014/2 3Q				FY 2013/2 3Q	FY 2014/2 3Q		
	Results	Budget	Results			Results	Budget	Results	
Healthcare	7.7	7.9	7.8	103.6	96.1	30.5	30.8	31.2	+0.4
Beauty Care	8.3	8.2	8.2	100.9	97.1	24.0	23.5	24.4	+0.9
Household Wares	24.4	23.9	23.6	98.9	96.4	22.7	22.1	22.3	+0.2
Others	59.7	59.9	60.4	102.9	98.2	18.4	17.6	17.8	+0.2
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>101.8</b>	<b>97.5</b>	<b>20.9</b>	<b>20.2</b>	<b>20.4</b>	<b>+0.2</b>

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## ■ Sales Trend at Existing Stores- Sugi Pharmacy business -

■3rd Quarter :Existing store sales growth ratio indicated +2.8% for the reason of continuous and strong sales growth of prescription by 22.4%



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## Medical Business of 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				FY 2014/2		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Category 1	+25.4	+14.5	+26.4	+16.5	+20.9	+19.7	+2.1	+15.8	+1.4	+5.6	+25.5	+1.0	+6.7	+10.1	+49.5	+5.8	+7.7
Category Specified 2	+1.9	-1.5	-1.4	+6.4	+11.7	+14.8	+31.5	+5.1	+5.0	+11.8	+3.3	+5.2	+6.9	-1.9	+1.8	-3.6	-2.0
Category 2	+4.4	-8.0	-9.7	-1.1	+9.0	+12.0	+31.0	-1.5	+3.1	+4.8	-3.8	-0.1	+0.7	-0.9	+3.4	+1.0	+0.9
Category 3	+2.5	-6.9	-13.3	-14.8	+0.5	+14.6	+19.2	-0.3	+2.0	+3.0	+1.7	+4.2	+4.6	+3.8	+7.4	+2.1	+3.2
OTC Total	+4.3	-4.7	-6.5	-2.1	+8.2	+13.4	+26.3	+1.4	+5.0	+6.4	+1.1	+2.5	+3.9	+0.6	+6.8	+0.3	+1.0

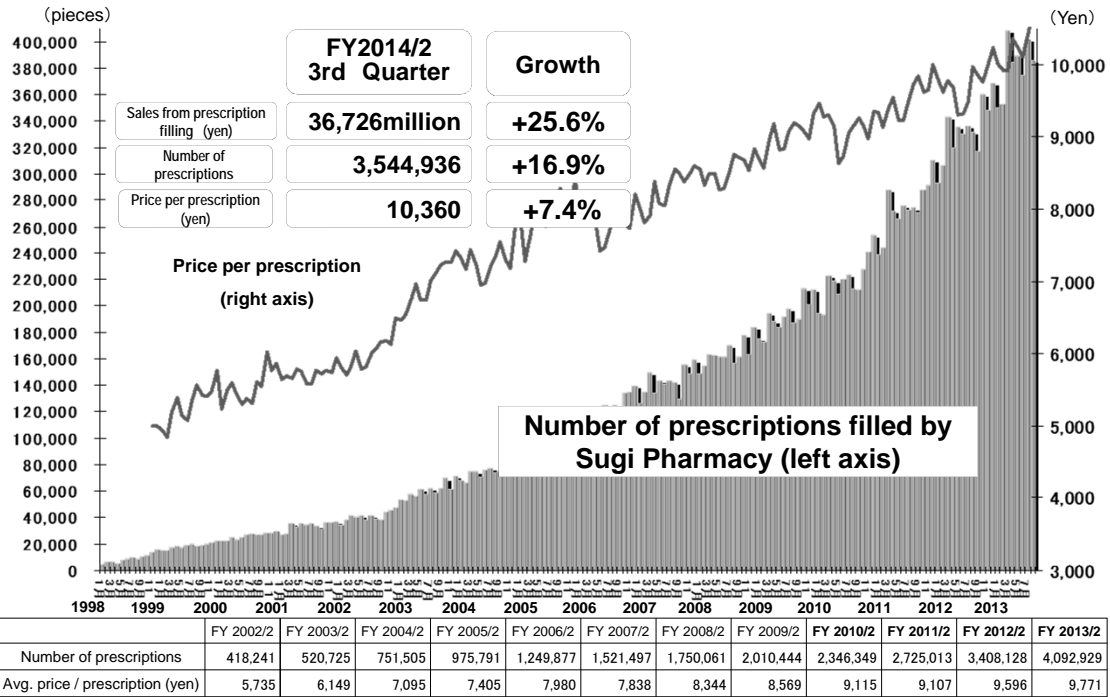
< OTC Sales by Category (All Stores)>

(%)	FY 2010/2		FY 2011/2				FY 2012/2				FY 2013/2				FY 2014/2		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Category 1	6.0	6.6	7.3	6.5	6.7	7.0	5.9	6.2	6.1	5.6	6.7	5.7	5.7	5.8	9.0	5.7	5.8
Category Specified 2	26.6	27.8	27.2	25.0	27.5	28.2	28.3	25.7	28.1	30.3	29.6	26.7	30.1	30.8	28.6	26.0	29.2
Category 2	40.5	41.3	42.1	44.9	40.8	40.8	43.7	43.7	41.1	40.3	40.4	41.0	37.8	37.2	38.9	41.5	38.1
Category 3	26.9	24.3	23.4	23.6	25.0	24.5	22.1	24.4	24.7	23.8	23.3	26.5	26.3	26.1	23.5	26.8	26.9

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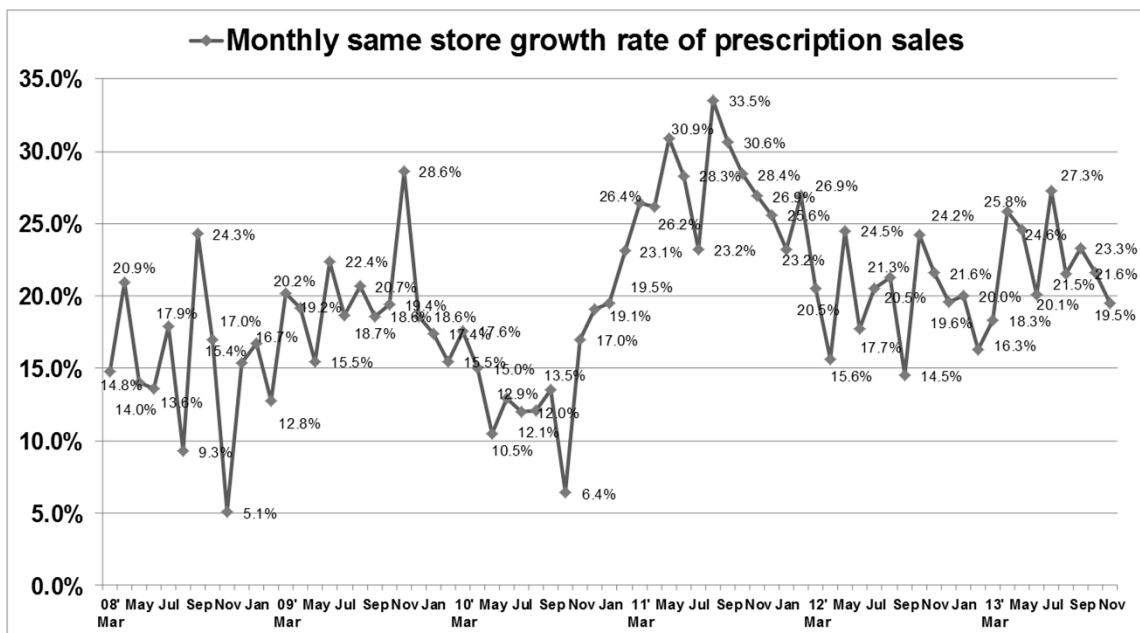
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### Trends in the Number of Prescriptions and Price per Prescription



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### Same store growth rate of prescription sales

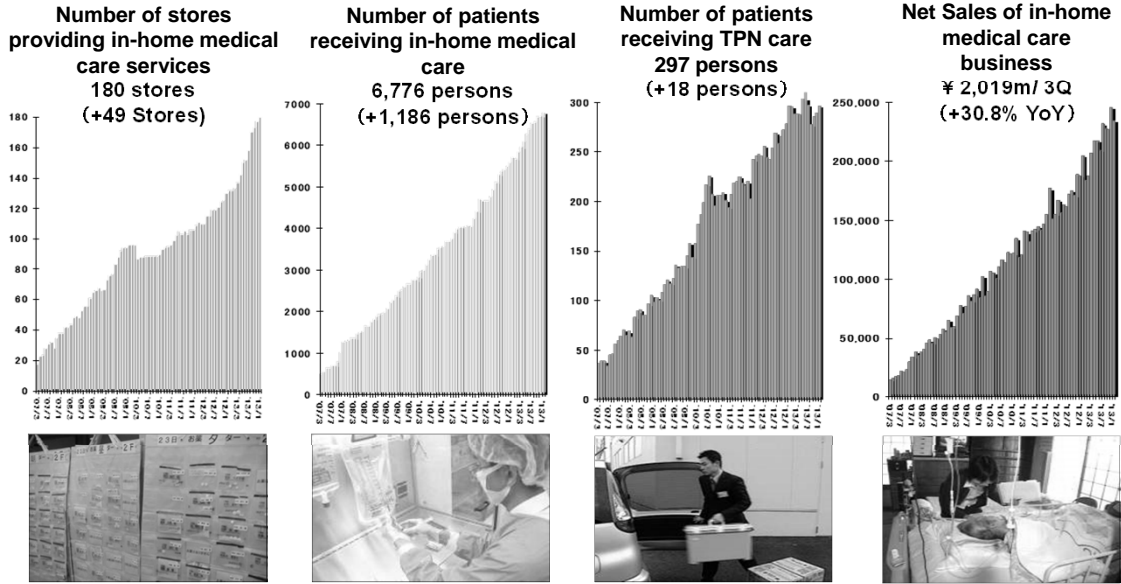


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## ■ In-home Medical Care Services – As of Nov. 30, 2013

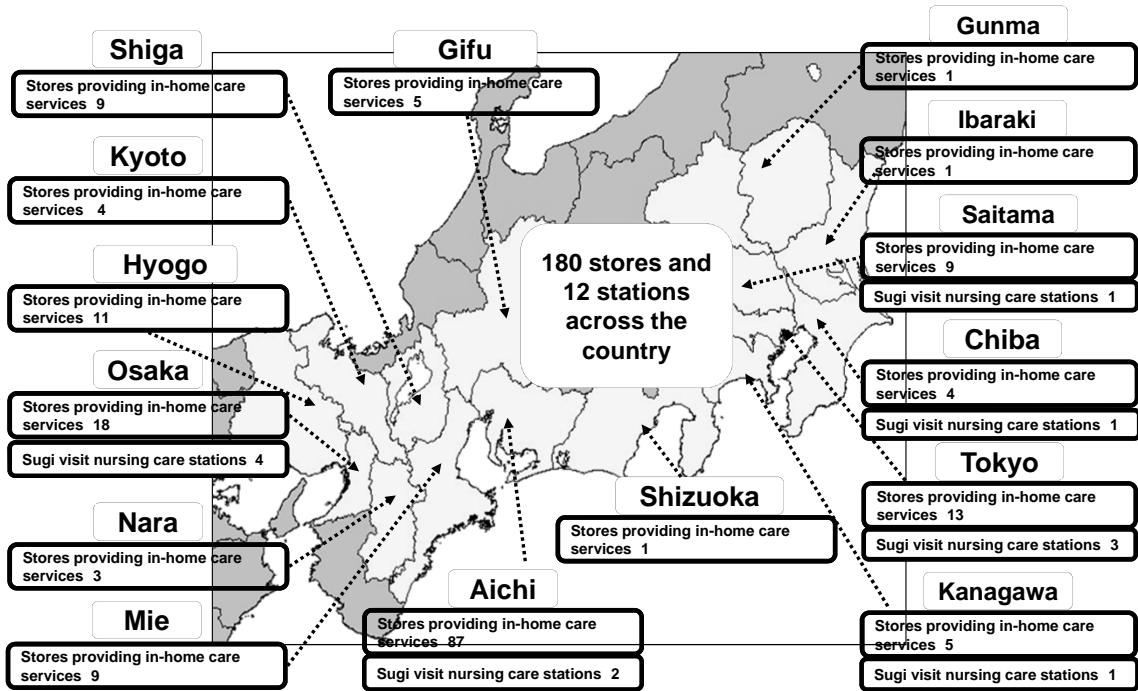
Sales of prescription filing: JPY36,726m (3rd Quarter), including sales of in-home medical care: JP2,019m (+30.8% YoY)



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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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.