

# Financial Results

## 3rd Quarter - FY Ending February 28, 2015

### Supplementary Information

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

January 13, 2015

# 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	940 (as of November 30, 2014)
Number of employees	4,218 (full-time) (as of November 30, 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	0	0
'01	10	10
'02	20	20
'03	30	30
'04	100	100
'05	150	150
'06	200	200
'07	300	300
'08	400	400
'09	500	500
'10	600	600
'11	700	700
'12	800	800
'13	900	900

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## ■ Overview of Sugi Group



## New Store Openings

3rd Quarter – 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.

■ 3rd Quarter : Opened 41 stores, closed 16 stores

Nos. of stores by region	FY2014/2	FY2015/2 3rd Quarter			Forecast after December 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	14	6	225	4	0	229	18	6	+12
Chubu Region	381	13	5	389	8	6	391	21	11	+10
Kansai Region	317	14	5	326	7	3	330	21	8	+13
Total	915	41	16	940	19	9	950	60	25	+35

Nos. of stores by company	FY2014/2	FY2015/2 3rd Quarter				Forecast after December 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	38	12	-1	768	16	7	-	777	54	19	-1	+34
Japan	160	2	4	+1	159	3	2	-	160	5	6	+1	±0
Visit Nursing Care ST	12	1	0	-	13	0	0	-	13	1	0	-	+1
Total	915	41	16	-	940	19	9	-	950	60	25	-	+35

※The opening and closing full-year forecast were revised from original forecasts.

※Twenty five full-year store closing forecasts contain five closings for relocations.

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## Financial Highlights

3rd Quarter - FY Ending February 28, 2015

- Consolidated -

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## ■ 3rd Quarter Financial Highlight - Consolidated -

■ 3rd Quarter : Largest ever net sales (JPY286.6billion) and operating profit (JPY15.8billion) achieved.

	FY Ended 2014/2 3Q (March to November)		FY Ending 2015/2 3Q (March to November)				
	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
<b>Sugi Pharmacy business</b>	<b>214,479</b>	<b>78.4</b>	<b>228,266</b>	<b>79.6</b>	<b>100.1</b>	<b>+136</b>	<b>106.4</b>
<b>Japan business</b>	<b>56,106</b>	<b>20.5</b>	<b>55,726</b>	<b>19.4</b>	<b>96.7</b>	<b>-1,914</b>	<b>99.3</b>
<b>Others</b>	<b>2,855</b>	<b>1.1</b>	<b>2,663</b>	<b>1.0</b>	<b>90.0</b>	<b>-297</b>	<b>94.4</b>
<b>Net Sales</b>	<b>273,439</b>	<b>100.0</b>	<b>286,655</b>	<b>100.0</b>	<b>99.3</b>	<b>-2,075</b>	<b>104.8</b>
<b>Sugi Pharmacy business</b>	<b>62,562</b>	<b>29.2</b>	<b>65,958</b>	<b>28.9</b>	<b>100.6</b>	<b>+408</b>	<b>105.4</b>
<b>Japan business</b>	<b>10,635</b>	<b>19.0</b>	<b>10,249</b>	<b>18.4</b>	<b>94.6</b>	<b>-581</b>	<b>96.4</b>
<b>Others</b>	<b>2,444</b>	<b>86.6</b>	<b>2,211</b>	<b>83.0</b>	<b>88.8</b>	<b>-279</b>	<b>90.5</b>
Gross Profit	<b>75,640</b>	<b>27.7</b>	<b>78,419</b>	<b>27.4</b>	<b>99.4</b>	<b>-451</b>	<b>103.7</b>
SG&A Expenses	<b>60,027</b>	<b>22.0</b>	<b>62,538</b>	<b>21.8</b>	<b>97.6</b>	<b>-1,562</b>	<b>104.2</b>
Operating Income	<b>15,613</b>	<b>5.7</b>	<b>15,880</b>	<b>5.5</b>	<b>107.5</b>	<b>+1,110</b>	<b>101.7</b>
Non-operating Income	<b>3,263</b>	<b>1.2</b>	<b>2,206</b>	<b>0.8</b>	<b>122.6</b>	<b>+406</b>	<b>67.6</b>
Non-Operating Expenses	<b>945</b>	<b>0.3</b>	<b>948</b>	<b>0.3</b>	<b>90.3</b>	<b>-102</b>	<b>100.3</b>
Ordinary Income	<b>17,930</b>	<b>6.6</b>	<b>17,138</b>	<b>6.0</b>	<b>110.4</b>	<b>+1,618</b>	<b>95.6</b>
Extraordinary Income	<b>0</b>	<b>0.0</b>	<b>0</b>	<b>0.0</b>	<b>0.0</b>	<b>0</b>	<b>0</b>
Extraordinary Losses	<b>489</b>	<b>0.2</b>	<b>306</b>	<b>0.1</b>	<b>51.0</b>	<b>-294</b>	<b>62.6</b>
Net Income before Income Taxes	<b>17,441</b>	<b>6.4</b>	<b>16,832</b>	<b>5.9</b>	<b>112.8</b>	<b>+1,912</b>	<b>96.5</b>
Income Taxes	<b>6,947</b>	<b>2.5</b>	<b>6,622</b>	<b>2.3</b>	<b>109.1</b>	<b>+552</b>	<b>95.3</b>
Net Income	<b>10,494</b>	<b>3.8</b>	<b>10,209</b>	<b>3.6</b>	<b>115.4</b>	<b>+1,359</b>	<b>97.3</b>

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

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

■ 3rd Quarter : Total SG&A expenses increased up 4.2% because Net Sales increased up 4.8% year on year.

	FY Ended 2014/2 3Q (March to November)		FY Ending 2015/2 3Q (March to November)		Y o Y
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales(%)	
Net Sales	<b>273,439</b>	<b>100.0</b>	<b>286,655</b>	<b>100.0</b>	<b>104.8</b>
Total Selling Expenses	<b>5,231</b>	<b>1.9</b>	<b>5,366</b>	<b>1.9</b>	<b>102.6</b>
Advertising Expenses	<b>2,924</b>	<b>1.1</b>	<b>2,843</b>	<b>1.0</b>	<b>97.3</b>
Premium Expenses	<b>2,307</b>	<b>0.8</b>	<b>2,523</b>	<b>0.9</b>	<b>109.3</b>
Personnel Expenses	<b>29,051</b>	<b>10.6</b>	<b>30,296</b>	<b>10.6</b>	<b>104.3</b>
Total Administrative Expenses	<b>25,744</b>	<b>9.4</b>	<b>26,874</b>	<b>9.4</b>	<b>104.4</b>
Rent Expenses	<b>11,608</b>	<b>4.2</b>	<b>12,070</b>	<b>4.2</b>	<b>104.0</b>
Depreciation Expenses	<b>3,560</b>	<b>1.3</b>	<b>3,609</b>	<b>1.3</b>	<b>101.4</b>
Utilities Expenses	<b>3,035</b>	<b>1.1</b>	<b>3,173</b>	<b>1.1</b>	<b>104.5</b>
Supplies Expenses	<b>1,614</b>	<b>0.6</b>	<b>1,660</b>	<b>0.6</b>	<b>102.8</b>
Tax and Public Charges	<b>1,004</b>	<b>0.4</b>	<b>1,298</b>	<b>0.5</b>	<b>129.2</b>
Commission Paid	<b>1,763</b>	<b>0.6</b>	<b>1,966</b>	<b>0.7</b>	<b>111.5</b>
Others	<b>3,156</b>	<b>1.2</b>	<b>3,096</b>	<b>1.1</b>	<b>98.1</b>
Total SG&A Expenses	<b>60,027</b>	<b>22.0</b>	<b>62,538</b>	<b>21.8</b>	<b>104.2</b>

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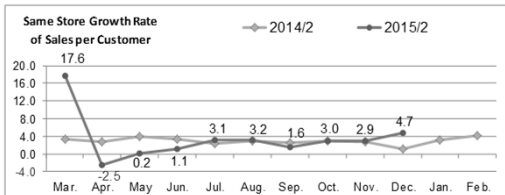
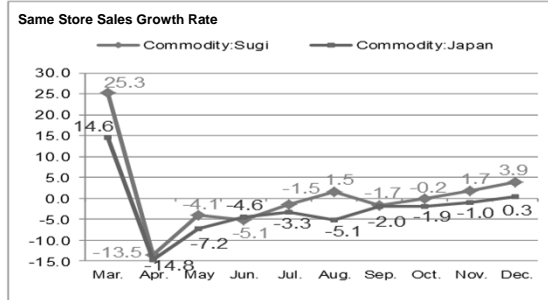
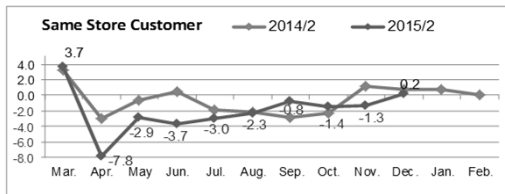
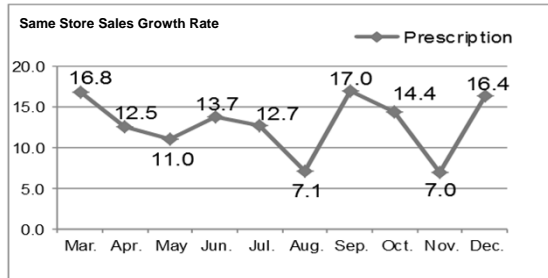
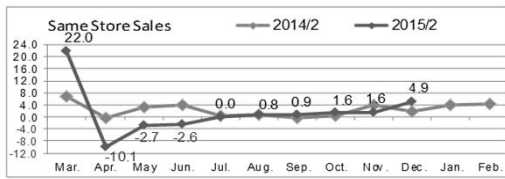
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# Sales Trend

## 3rd Quarter - FY Ending February 28, 2015

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

■3rd Quarter : Same store sales growth rate showed +1.5% (prescription;+12.5%,Sugi's commodity;+0.5%, Japan's commodity;-2.7%)



## ■ 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 3Q	FY 2015/2 3Q				FY 2014/2 3Q	FY 2015/2 3Q		
	Results	Budget	Results			Results	Budget	Results	
Prescription	17.1	19.2	18.5	96.6	115.2	34.4	32.5	35.2	+2.7
Healthcare	22.9	22.0	21.9	99.7	101.9	39.8	39.4	38.7	-0.7
Beauty Care	25.4	24.9	24.6	99.2	103.1	29.2	29.1	29.0	-0.1
Household Wares	21.8	21.4	22.1	103.4	108.1	22.4	22.3	21.8	-0.5
Foods	12.8	12.6	12.8	102.1	106.7	14.6	14.5	15.1	+0.6
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>100.1</b>	<b>106.4</b>	<b>29.2</b>	<b>28.7</b>	<b>28.9</b>	<b>+0.2</b>

Japan	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2014/2 3Q	FY 2015/2 3Q				FY 2014/2 3Q	FY 2015/2 3Q		
	Results	Budget	Results			Results	Budget	Results	
Healthcare	7.9	8.3	8.1	94.1	101.0	31.2	31.4	29.6	-1.8
Beauty Care	8.3	8.3	8.2	95.3	97.3	24.4	24.3	24.2	-0.1
Household Wares	24.1	23.1	23.8	99.8	98.1	22.3	22.1	21.3	-0.8
Foods	59.6	60.4	60.0	96.0	99.9	15.2	15.0	14.9	-0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>96.7</b>	<b>99.3</b>	<b>19.0</b>	<b>18.8</b>	<b>18.4</b>	<b>-0.4</b>

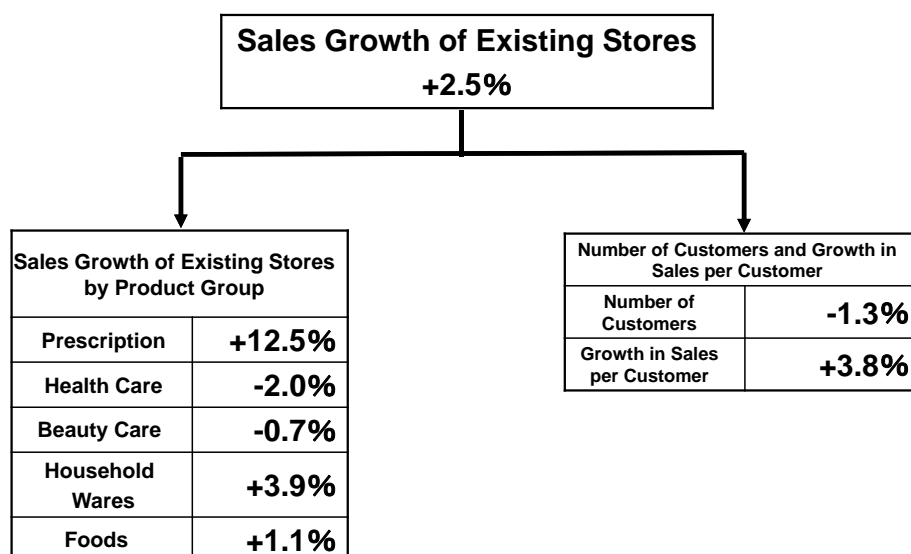
[Note] Sales of Sugi Pharmacy business and Japan Business are changed to the sum value of the only commodity sales.

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

■3rd Quarter : Existing store sales growth ratio indicated +2.5% for the reason of strong sales growth of prescription drug, and special demand of before consumption tax increase in March.



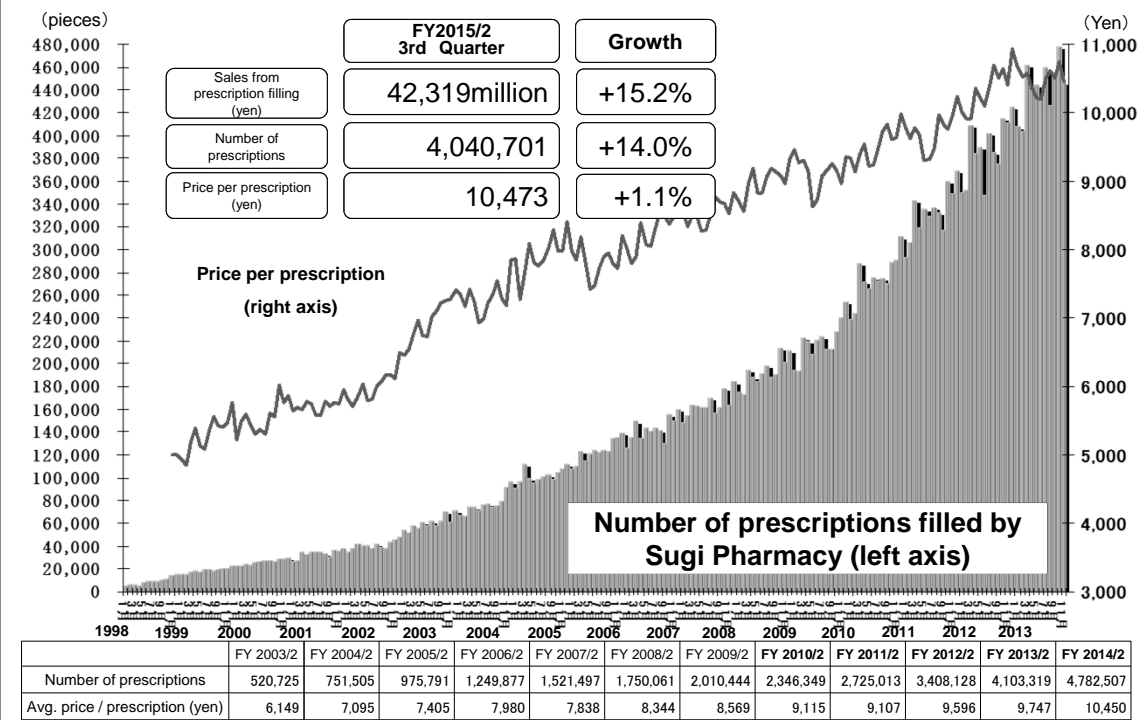
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# Medical Business of Sugi Group

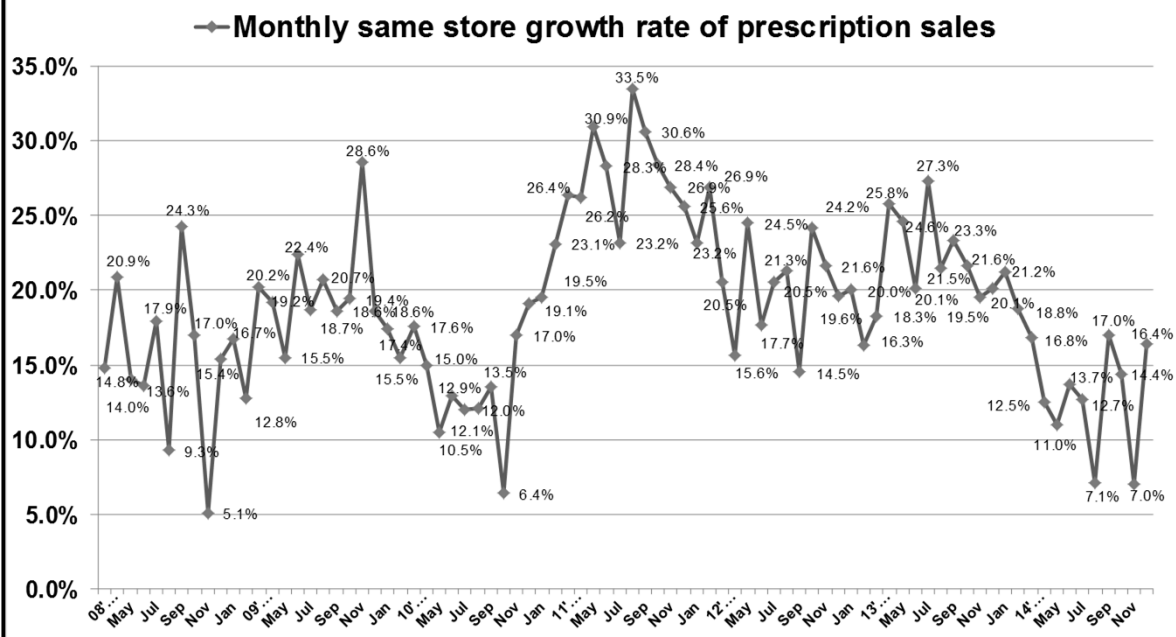
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## Trends in the Number of Prescriptions and Price per Prescription



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## Same store growth rate of prescription sales



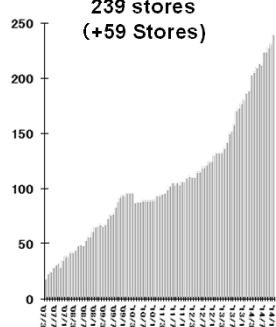
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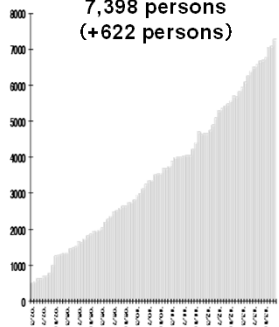
## In-home Medical Care Services – As of Nov. 30, 2014

Sales of prescription filing: JPY42,319m (3rd Quarter), including sales of in-home medical care: JP2,368m (+17.3% Y o Y)

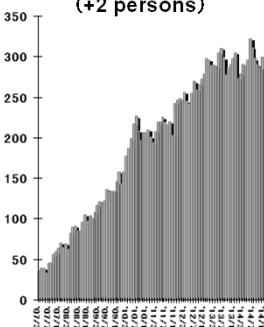
Number of stores providing in-home medical care services  
239 stores (+59 Stores)



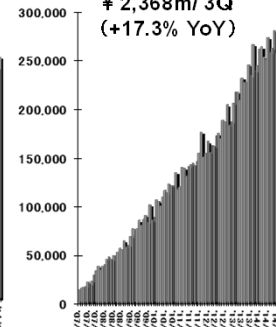
Number of patients receiving in-home medical care  
7,398 persons (+622 persons)



Number of patients receiving TPN care  
299 persons (+2 persons)



Net Sales of in-home medical care business  
¥ 2,368m/ 3Q (+17.3% YoY)

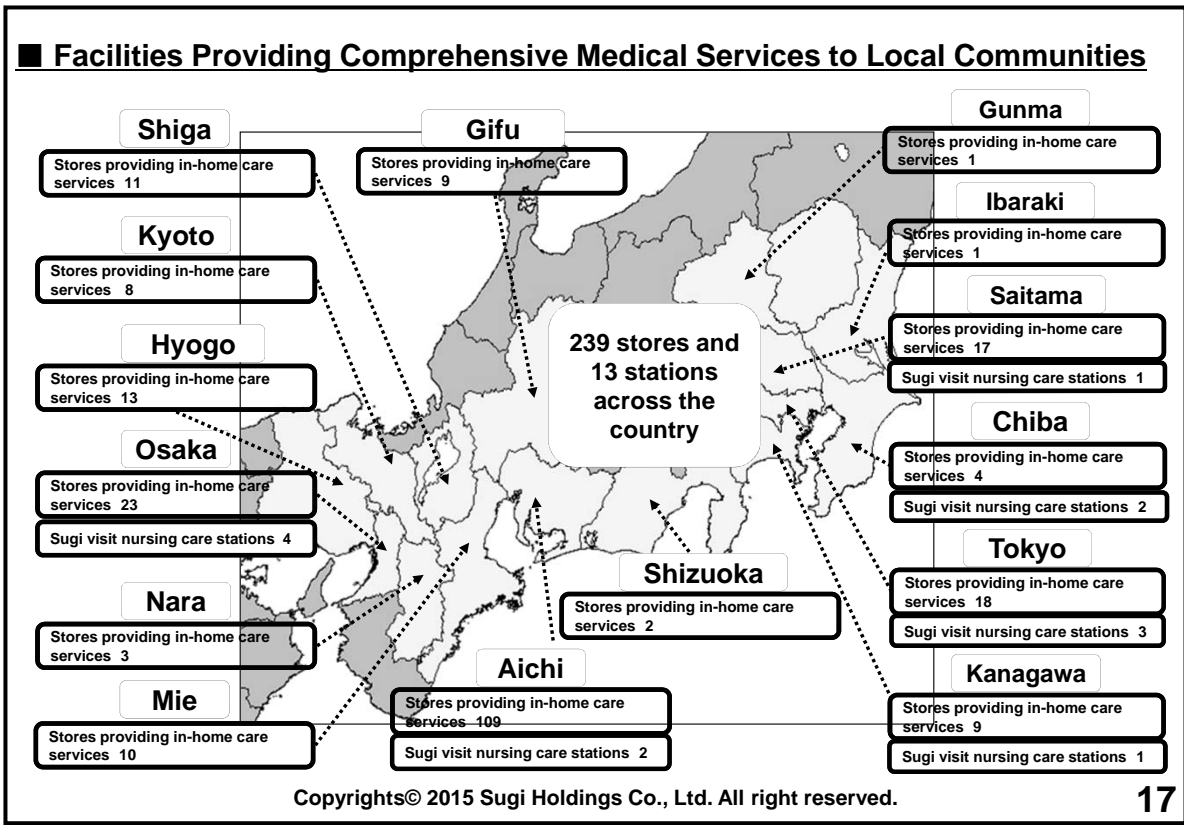


Note: Comparison with previous year

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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.

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