

Financial Results

Full Year Results FY Ended February 29, 2016

Supplementary Information

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

April 13, 2016

Sugi Holdings Co., Ltd.

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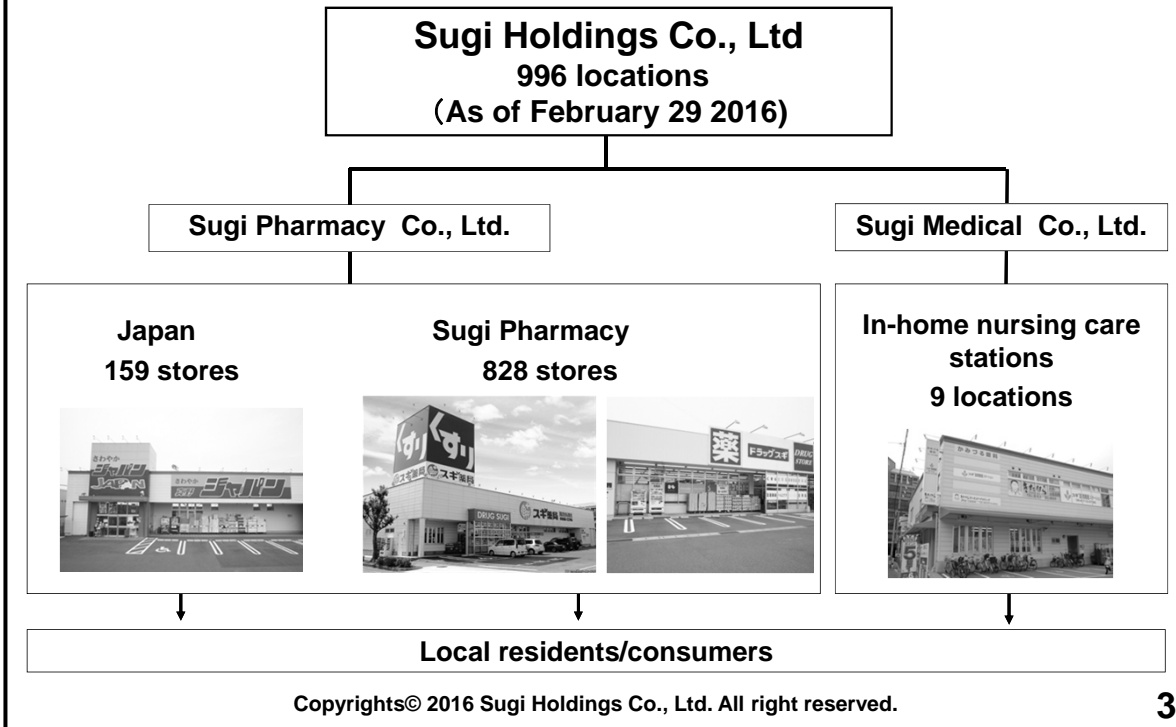
PROFILE

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	996 (as of February, 2016)
Number of employees	4,474(full-time) (as of February, 2016)
Net sales	JPY414,885m (FY ended Feb. 29, 2016-consolidated)
Operating Profit	JPY23,112m (FY ended Feb. 29, 2016-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

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■ Overview of Sugi Group



Store Openings and Closings

Full Year – FY Ended February 29, 2016

■ Store Openings and Closings

* Please note that "FY2015/2" and "FY 2016/2" in this presentation refers to the fiscal year ended in February 2015, and the fiscal year ended February 2016, respectively. The same notation is used in other pages.

■ Full Year : Opened 70 stores, closed 21 stores, increased 49 stores

Nos. of stores by region	FY2015/2 Full Year	FY2016/2 1H		FY 2016/2 2H		FY 2016/2 Full Year			
	As of the Term-End	Store Openings	Store Closings	Store Openings	Store Closings	Store Openings	Store Closings	Change	As of the Term-End
Kanto Region	225	10	3	17	4	27	7	+20	245
Chubu Region	391	12	4	10	6	22	10	+12	403
Kansai Region	331	8	1	13	3	21	4	+17	348
Total	947	30	8	40	13	70	21	+49	996

Nos. of stores by company	FY2015/2	FY2016/2 1H		FY2016/2 2H		FY2016/2 Full Year			
	As of the Term- End	Store Openings	Store Closings	Store Openings	Store Closings	Store Openings	Store Closings	Change	As of the Term-End
Sugi Pharmacy	775	28	7	38	6	66	13	+53	828
Japan	162	2	1	2	6	4	7	-3	159
Visit Nursing Care ST	10	0	0	0	1	0	1	-1	9
Total	947	30	8	40	13	70	21	+49	996

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5

Financial Highlights

Full Year - FY Ended February 29, 2016

- Consolidated -

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6

■ Full Year Financial Highlight - Consolidated -

■ Full Year :Largest ever net sales (JPY414.8 billion) and operating profit (JPY23.1 billion) achieved

	FY Ended 2015/2 Full Year		FY Ended 2016/2 Full Year				Y o Y
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales(%)	vs. Budget (in %)	vs. Budget (in million yen)	
Net Sales	383,644	100.0	414,885	100.0	102.4	+9,885	108.1
Sugi Pharmacy business	306,232	79.8	334,551	80.6	102.3	+7,521	109.2
Japan business	73,919	19.3	76,893	18.5	103.7	+2,773	104.0
Others	3,494	0.9	3,441	0.9	89.4	-409	98.5
Gross Profit	105,626	27.5	115,710	27.9	102.9	+3,210	109.5
Sugi Pharmacy business	89,133	29.1	98,264	29.4	102.7	+2,589	110.2
Japan business	13,713	18.6	14,581	19.0	107.1	+961	106.3
Others	2,780	79.6	2,865	83.3	89.4	-340	103.1
SG&A Expenses	84,764	22.1	92,597	22.3	102.3	+2,097	109.2
Operating Income	20,861	5.4	23,112	5.6	105.1	+1,112	110.8
Non-operating Income	2,416	0.6	2,152	0.5	107.6	+152	89.1
Non-Operating Expenses	1,376	0.4	1,455	0.4	145.5	+455	105.7
Ordinary Income	21,901	5.7	23,810	5.7	103.5	+810	108.7
Extraordinary Income	0	-	0	-	-	-	-
Extraordinary Losses	1,013	0.3	983	0.2	98.3	-17	97.0
Net Income before Income Taxes	20,888	5.4	22,826	5.5	103.8	+826	109.3
Income Taxes	8,025	2.1	8,221	2.0	100.3	+21	102.4
Net Income	12,862	3.4	14,605	3.5	105.8	+805	113.6

Note: Because division system is abolished, calculation method of each segments has changed. Sales and gross margin of each business shows numbers of only store sales of each business segment. The number of "others" shows the number of "Sugi Medical", and the sum of "Sugi Pharmacy business headquarters" and "Sugi Holdings".

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7

■ Full Year SG&A Expenses Status – Consolidated -

■ Full Year : Total SG&A expenses increased up 9.2% because Net Sales increased up 8.1% year on year.

	FY Ended 2015/2 Full Year		FY Ended 2016/2 Full Year		Y o Y
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales(%)	
Net Sales	383,644	100.0	414,885	100.0	108.1
Total Selling Expenses	7,171	1.9	7,453	1.8	103.9
Advertising Expenses	3,775	1.0	3,789	0.9	100.4
Premium Expenses	3,395	0.9	3,663	0.9	107.9
Personnel Expenses	41,277	10.8	45,945	11.1	111.3
Total Administrative Expenses	36,315	9.5	39,198	9.4	107.9
Rent Expenses	16,195	4.2	16,879	4.1	104.2
Depreciation Expenses	4,930	1.3	5,256	1.3	106.6
Utilities Expenses	4,214	1.1	4,134	1.0	98.1
Supplies Expenses	2,308	0.6	3,265	0.8	141.5
Tax and Public Charges	1,740	0.5	2,035	0.5	116.9
Commission Paid	2,754	0.7	2,880	0.7	104.5
Others	4,170	1.1	4,746	1.1	113.8
Total SG&A Expenses	84,764	22.1	92,597	22.3	109.2

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8

Sales Trend

Full Year - FY Ended February 29, 2016

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■ Sales growth rate of existing stores- Sugi Group -

■ Full Year : Same store sales growth rate showed +5.7% (prescription; +19.0%, Sugi's commodity ; +3.4%, Japan's commodity; +2.8%), same store customer growth rate indicated +2.1%.

Month	2015/2	2016/2
Mar.	19.8	-16.8
Apr.	12.8	19.8
May	6.1	12.8
Jun.	6.9	6.1
Jul.	7.9	6.9
Aug.	6.4	7.9
Sep.	8.0	6.4
Oct.	4.7	8.0
Nov.	4.0	4.7
Dec.	7.9	4.0
Jan.	8.4	7.9
Feb.	8.4	8.4

Month	Growth Rate (%)
Mar.	12.8
Apr.	18.1
May	11.1
Jun.	20.4
Jul.	16.8
Aug.	18.2
Sep.	18.9
Oct.	19
Nov.	22.0
Dec.	18.6
Jan.	20.3
Feb.	30.8

Month	2015/2	2016/2
Mar.	8.2	-8.7
Apr.	5.2	8.2
May	1.1	5.2
Jun.	2.3	1.1
Jul.	4.4	2.3
Aug.	-0.3	4.4
Sep.	3.7	-0.3
Oct.	0.1	3.7
Nov.	1.8	0.1
Dec.	3.3	1.8
Jan.	5.6	3.3
Feb.	5.6	5.6

Month	Commodity: Sugi (%)	Commodity: Japan (%)
Mar.	20.5	-22.3
Apr.	14.0	16.8
May	3.9	14.8
Jun.	5.9	3.0
Jul.	7.2	2.7
Aug.	5.0	3.2
Sep.	6.4	0.8
Oct.	1.5	4.1
Nov.	1.2	1.8
Dec.	5.1	2.2
Jan.	3.7	5.8
Feb.	3.7	4.6

Month	2015/2	2016/2
Mar.	10.8	-8.7
Apr.	7.3	10.8
May	4.9	7.3
Jun.	4.4	4.9
Jul.	3.4	4.4
Aug.	6.8	3.4
Sep.	4.1	6.8
Oct.	4.6	4.1
Nov.	2.2	4.6
Dec.	4.4	2.2
Jan.	4.4	4.4
Feb.	2.6	4.4

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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 2015/2 Full Year	FY 2016/2 Full Year				FY 2015/2 Full Year	FY 2016/2 Full Year		
	Results	Budget	Results			Results	Budget	Results	
Prescription	18.9	20.8	20.8	102.3	120.7	35.6	36.2	35.8	-0.4
Healthcare	22.1	21.4	21.2	101.7	105.1	39.2	39.0	39.3	+0.3
Beauty Care	24.5	23.9	23.4	100.2	104.2	28.7	28.8	29.1	+0.3
Household Wares	21.9	21.5	21.6	102.8	107.9	21.7	21.8	21.6	-0.2
Food	12.7	12.4	12.9	106.5	111.5	15.4	14.9	16.2	+1.3
Total	100.0	100.0	100.0	102.3	109.2	29.1	29.3	29.4	+0.1

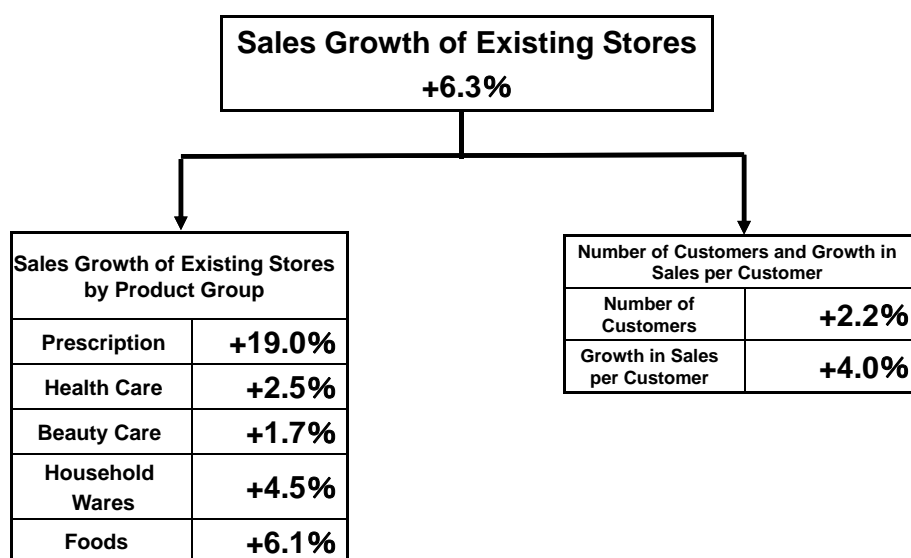
Japan	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2015/2 Full Year	FY 2016/2 Full Year				FY 2015/2 Full Year	FY 2016/2 Full Year		
	Results	Budget	Results			Results	Budget	Results	
Healthcare	8.1	8.2	8.0	101.0	103.6	30.5	29.5	31.6	+2.1
Beauty Care	8.0	7.9	7.6	99.5	98.9	23.8	23.6	24.7	+1.1
Household Wares	24.2	23.9	24.3	105.3	104.3	21.0	21.1	21.0	-0.1
Food	59.7	59.9	60.1	104.1	104.7	15.2	15.1	15.7	+0.6
Total	100.0	100.0	100.0	103.7	104.0	18.6	18.4	19.0	+0.6

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11

■ Sales Trend at Existing Stores- Sugi Pharmacy business -

■ Full Year : Existing store sales growth ratio indicated +6.3% for the reason of continuous and strong sales growth of prescription by +19.0%



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12

Forecast for the Year Ending Feb.28, 2017

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13

■ P/L Forecast for the Year Ending Feb. 28, 2017 - Consolidated -

■ FY 2017/2 : Net sales JPY445 billion, Operating profit JPY24 billion

(in million yen)	1st Half Year			2ed Half Year			Full Year				
	2016/2 Results	2017/2 Forecast	Y o Y %	2016/2 Results	2017/2 Forecast	Y o Y %	2016/2 Results	Ratio	2017/2 Forecast	Ratio	Y o Y %
Net Sales	208,156	223,200	107.2	206,729	221,800	107.3	414,885	100.0	445,000	100.0	107.3
Sugi Pharmacy	166,984	181,800	108.8	167,567	182,500	108.9	334,551	80.6	364,300	81.9	108.9
Japan	39,268	39,700	101.2	37,625	37,600	99.9	76,893	18.5	77,300	17.4	100.6
Others	1,904	1,700	89.8	1,537	1,700	111.3	3,441	0.8	3,400	0.8	99.4
Gross Margin	57,889	61,500	106.2	57,821	62,000	107.2	115,710	27.9	123,500	27.8	106.7
Sugi Pharmacy	48,787	52,600	107.9	49,477	53,400	107.9	98,264	29.4	106,000	29.1	107.9
Japan	7,372	7,500	101.9	7,209	7,200	99.8	14,581	19.0	14,700	19.0	100.9
Others	1,729	1,400	78.6	1,136	1,400	123.8	2,865	83.3	2,800	80.8	96.5
SG&A	44,904	49,300	109.8	47,693	50,200	105.3	92,597	22.3	99,500	22.4	107.5
Selling Expenses	3,608	4,100	114.7	3,845	4,000	103.2	7,453	1.8	8,100	1.8	108.8
Personnel Expenses	22,062	24,100	109.2	23,883	24,300	101.8	45,945	11.1	48,400	10.9	105.4
SG&A Expenses	19,233	21,100	109.6	19,965	21,900	109.7	39,198	9.4	43,000	9.7	109.7
Operating Profit	12,985	12,200	94.0	10,127	11,800	116.5	23,112	5.6	24,000	5.4	103.8
Recurring Profit	13,406	12,700	94.7	10,404	12,300	118.2	23,810	5.7	25,000	5.6	105.0
Net Income	8,061	7,800	96.8	6,544	7,900	120.7	14,605	3.5	15,700	3.5	107.5

Note: Because division system is abolished, calculation method of each segments has changed. Sales and gross margin of each business shows numbers of only store sales of each business segment. The number of "others" shows the number of "Sugi Medical", and the sum of "Sugi Pharmacy business headquarters" and "Sugi Holdings".

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14

■ Preconditions of Forecasts for FY 2017/2

<Store Opening & Closing>

(Store)	Openings	Closings	Total
Sugi Pharmacy	85	20	+70
Japan	5		
Visit Nursing Care ST	0	0	0
Group Total	90	20	+70

<Investment>

(in million yen)	Amount
New stores	9,600
Existing store refurbishment	1,100
Investment in systems and others	6,300
Group Total	17,000

<Existing Stores Sales Growth>

(%)	Q1	Q2	Q3	Q4	1H	H2	Full Year
Sugi Pharmacy	103.4	103.2	104.5	102.1	103.3	103.3	103.3
Japan	99.7	100.3	99.1	96.4	100.0	97.8	98.9
Group Total	102.7	102.7	103.5	101.1	102.7	102.3	102.5

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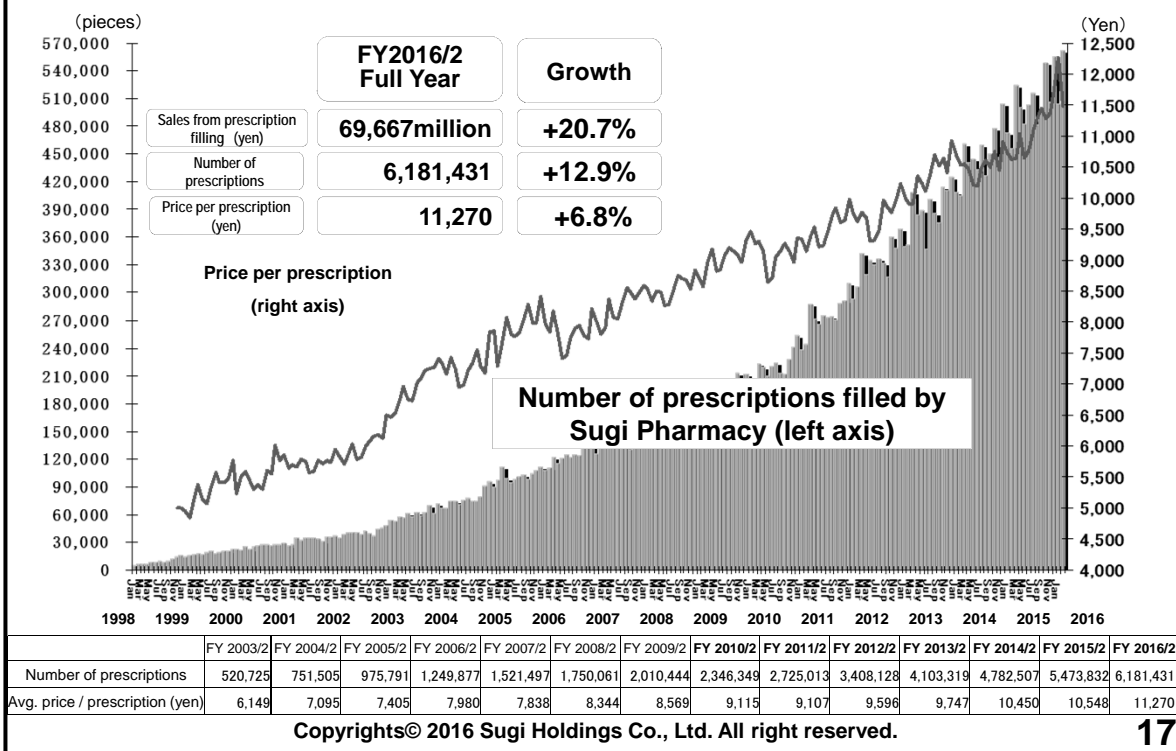
15

Medical Business of Sugi Group

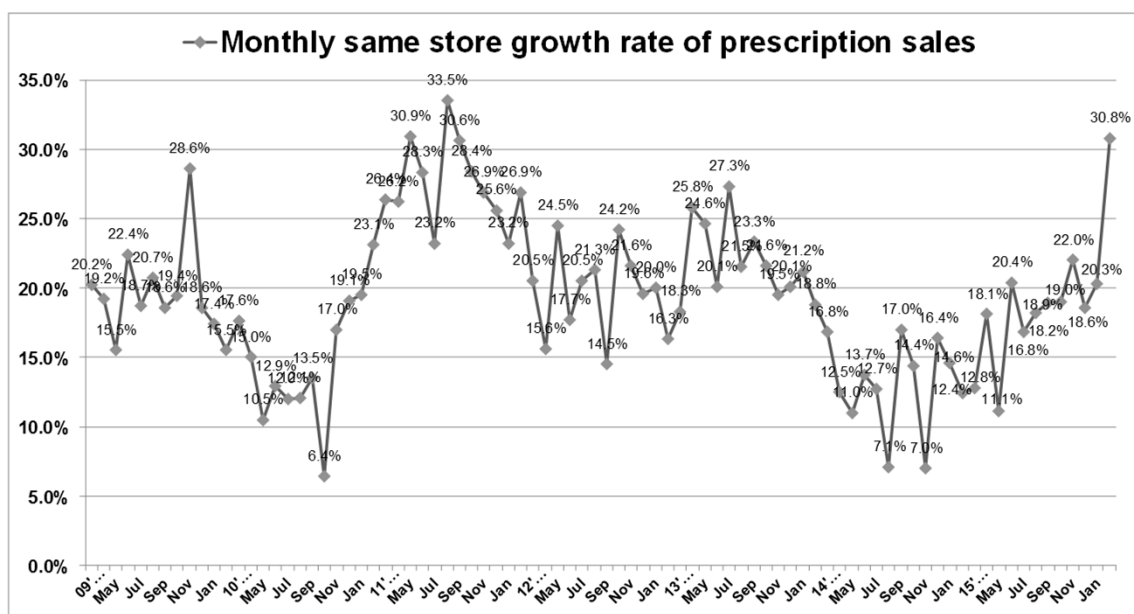
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16

Trends in the Number of Prescriptions and Price per Prescription



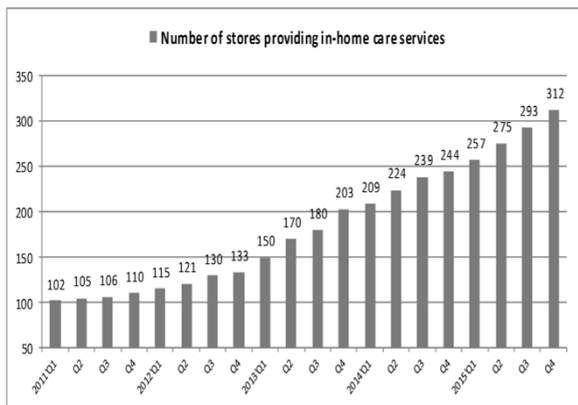
Same store growth rate of prescription sales



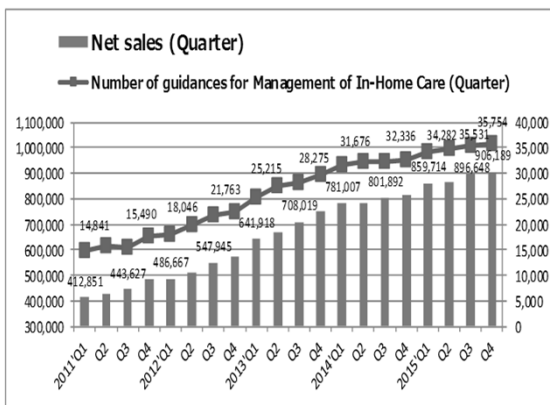
■ In-home Medical Care Services – As of Feb. 29, 2016

Sales of prescription filing: JPY69,667m (Full Year), including sales of in-home medical care: JP3,554m (+11.6% Y o Y)

Number of stores providing in-home care services
312 stores
(+68 Stores)



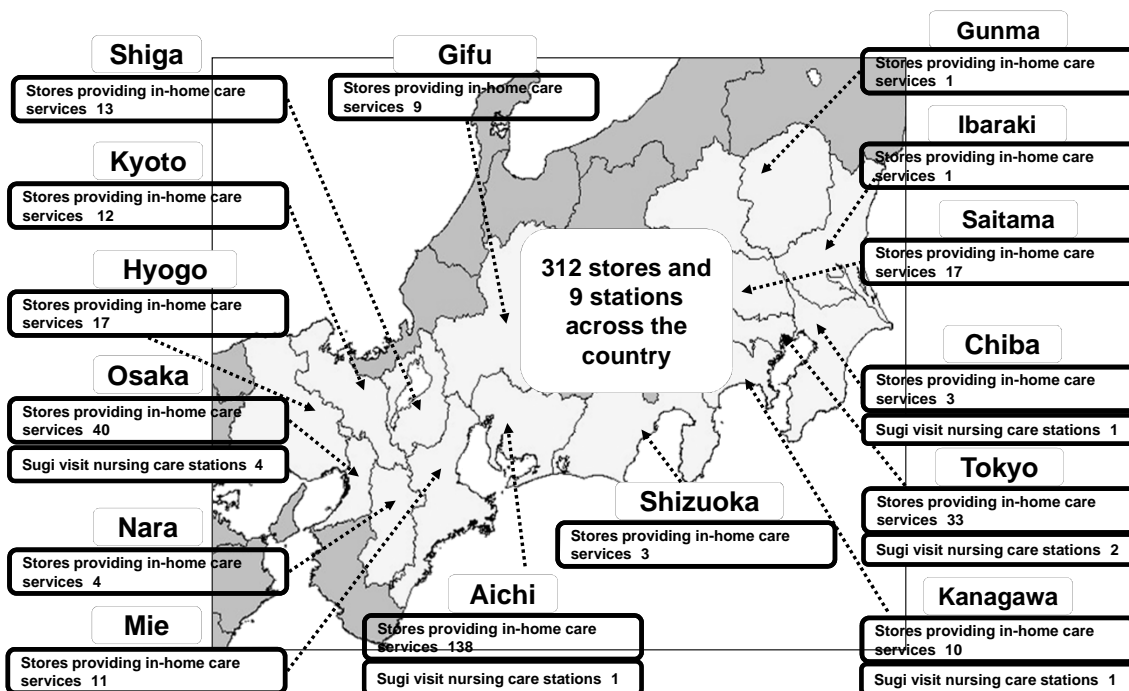
Net Sales of in-home medical care business
¥ 3,554m/ Full Year
(+11.6% YoY)



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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