

Financial Results

Full Year Results FY Ended February 28, 2014

Supplementary Information

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

April 16, 2014

Sugi Holdings Co., Ltd.

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PROFILE

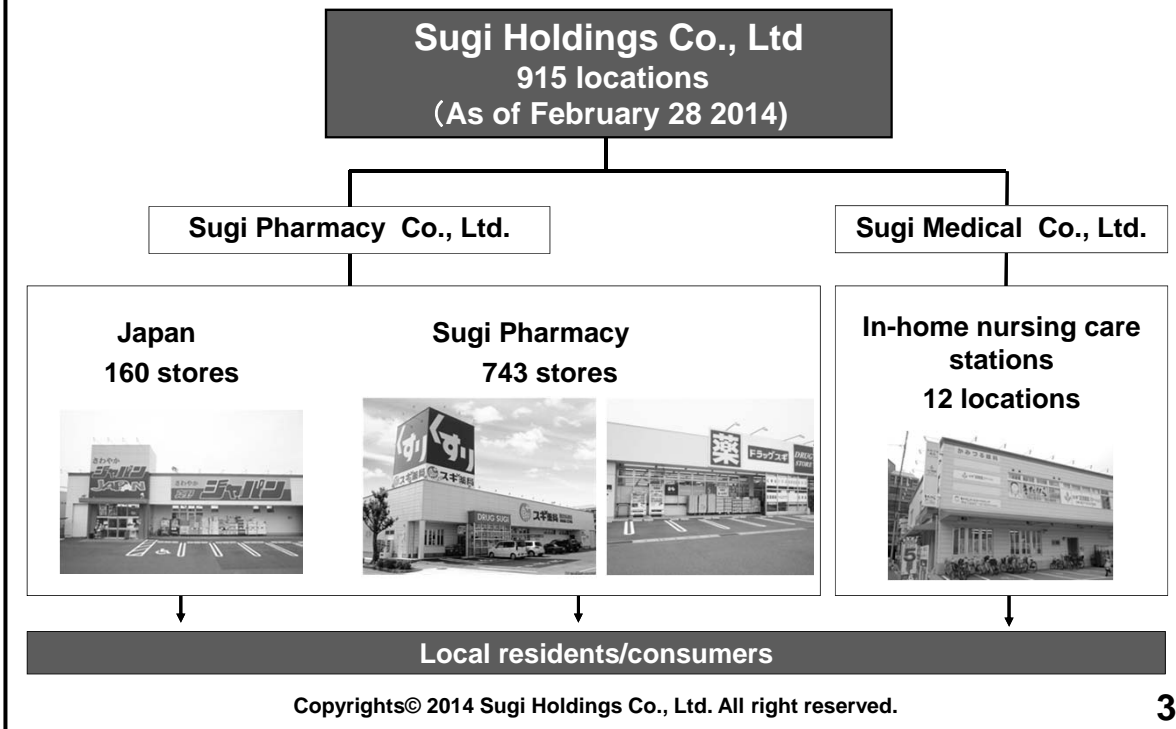
Company name	Sugi Holdings Co., Ltd.
Head office	1-8-4, Mikawaanjo-cho, Anjo-City, Aichi Pref.
Establishment	Sugi Pharmacy was established in December 1976 to sell prescription drugs and OTC drugs.
Founded	March 1982
Paid-in capital	JPY15,434,588,000
Fiscal year-end	End of February
Number of shares outstanding	63,330,838 shares
Number of stores	915 (as of February, 2014)
Number of employees	4,025(full-time) (as of February, 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

(in 100 million yen)

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■ Overview of Sugi Group



Store Openings and Closings

Full Year – FY Ended 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 ended February 2014, respectively. The same notation is used in other pages.

■ Full Year : Opened 68 stores, closed 24 stores, increased 44 stores

Nos. of stores by region	FY2013/2 Full Year	FY2014/2 1H		FY 2014/2 2H		FY 2014/2 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	211	9	5	8	6	17	11	+6	217
Chubu Region	366	10	5	12	2	22	7	+15	381
Kansai Region	294	12	2	17	4	29	6	+23	317
Total	871	31	12	37	12	68	24	+44	915

Nos. of stores by company	FY2013/2	FY2014/2 1H			FY2014/2 2H			FY2014/2 Full Year					
	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	30	11	-4	722	31	5	-5	743	61	16	-9	+36
Japan	153	0	1	+4	156	5	6	+5	160	5	7	+9	+7
Visit Nursing Care ST	11	1	0	-	12	1	1	-	12	2	1	-	+1
Total	871	31	12	-	890	37	12	-	915	68	24	-	+44

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5

Financial Highlights

Full Year - FY Ended February 28, 2014

- Consolidated -

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6

■ Full Year Financial Highlight - Consolidated -

■ Full Year :Largest ever net sales (JPY365.2 billion) and operating profit (JPY20.1 billion) achieved

	FY Ended 2013/2 Full Year		FY Ended 2014/2 Full Year				
	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
Sugi Pharmacy business	269,192	78.3	288,669	79.0	100.4	+1,231	107.2
Japan business	73,958	21.5	76,008	20.8	97.5	-1,991	102.8
Others	463	0.1	523	0.1	93.1	-39	112.0
Net Sales	343,613	100.0	365,200	100.0	99.8	-800	106.3
Sugi Pharmacy business	78,197	29.0	85,159	29.5	103.0	+2,488	108.9
Japan business	15,468	20.9	15,664	20.6	99.1	-146	101.3
Others	84	18.1	4	0.8	2.4	-165	4.8
Gross Profit	93,749	27.3	100,827	27.6	102.2	+2,177	107.5
SG&A Expenses	75,327	21.9	80,723	22.1	101.3	+1,073	107.2
Operating Income	18,421	5.4	20,103	5.5	105.8	+1,103	109.1
Non-operating Income	5,538	1.6	3,078	0.8	85.5	-522	55.6
Non-Operating Expenses	1,263	0.4	1,316	0.4	87.7	-184	104.2
Ordinary Income	22,696	6.6	21,865	6.0	103.6	+765	96.3
Extraordinary Income	0	-	0	0.0	-	-	-
Extraordinary Losses	619	0.2	678	0.2	61.6	-422	109.6
Net Income before Income Taxes	22,077	6.4	21,187	5.8	105.9	+1,187	96.0
Income Taxes	9,447	2.7	8,366	2.3	96.2	-334	88.6
Net Income	12,630	3.7	12,820	3.5	113.5	+1,520	101.5

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7

■ Full Year SG&A Expenses Status – Consolidated -

■ Full Year :Total SGA expenses was controlled at 101.3 percent (vs budget) by the cost savings of the other, although the LED-related additional expenses was enlarged as prior investment.

	FY Ended 2013/2 Full Year		FY Ended 2014/2 Full Year				
	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
Net Sales	343,613	100.0	365,200	100.0	99.8	-800	106.3
Total Selling Expenses	7,032	2.0	6,905	1.9	95.7	-307	98.2
Advertising Expenses	4,252	1.2	3,764	1.0	85.3	-651	88.5
Premium Expenses	2,779	0.8	3,141	0.9	112.3	+343	113.0
Personnel Expenses	35,466	10.3	38,877	10.6	104.4	+1,627	109.6
Total Administrative Expenses	32,829	9.6	34,941	9.6	99.3	-237	106.4
Rent Expenses	14,699	4.3	15,558	4.3	98.3	-261	105.8
Depreciation Expenses	4,655	1.4	4,931	1.4	93.7	-334	105.9
Utilities Expenses	3,609	1.1	3,924	1.1	104.6	+171	108.7
Supplies Expenses	2,048	0.6	2,143	0.6	85.4	-367	104.6
Tax and Public Charges	1,217	0.4	1,337	0.4	88.9	-167	109.9
Commission Paid	2,316	0.7	2,488	0.7	99.3	-18	107.4
Others	4,281	1.2	4,559	1.2	119.4	+741	106.5
Total SG&A Expenses	75,327	21.9	80,723	22.1	101.3	+1,073	107.2

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8

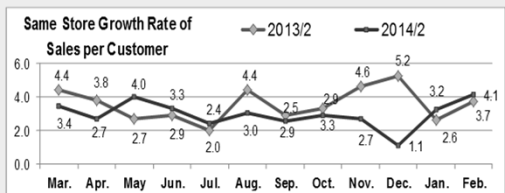
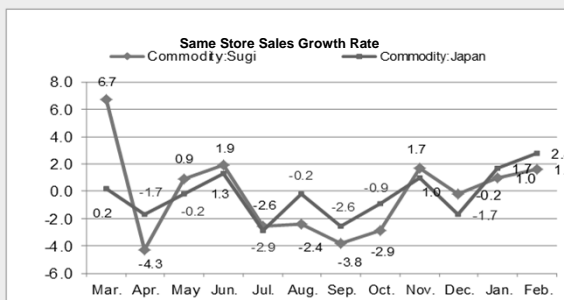
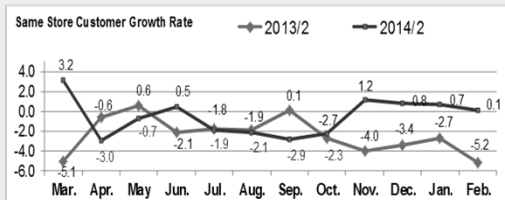
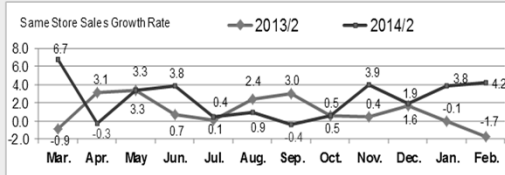
Sales Trend

Full Year - FY Ended February 28, 2014

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■ Sales growth rate of existing stores- Sugi Group -

■ Full Year : Same store sales growth rate showed +2.3% (prescription; +21.7%, Sugi's commodity ; -0.3%, Japan's commodity; -0.4%), same store customer growth rate indicated -0.6%.



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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 2013/2 Full Year	FY 2014/2 Full Year				FY 2013/2 Full Year	FY 2014/2 Full Year		
	Results	Budget	Results			Results	Budget	Results	
Prescription	14.9	16.1	17.3	107.9	124.9	32.8	33.5	34.4	+0.9
Healthcare	24.0	23.2	22.9	99.0	102.3	39.3	39.0	40.0	+1.0
Beauty Care	26.2	25.8	25.2	98.1	103.5	28.8	28.5	29.1	+0.6
Household Wares	22.0	21.8	21.5	98.8	104.5	22.6	22.2	22.0	-0.2
Others	13.0	13.0	13.1	101.0	108.3	17.3	16.1	17.8	+1.7
Total	100.0	100.0	100.0	100.4	107.2	29.0	28.8	29.5	+0.7

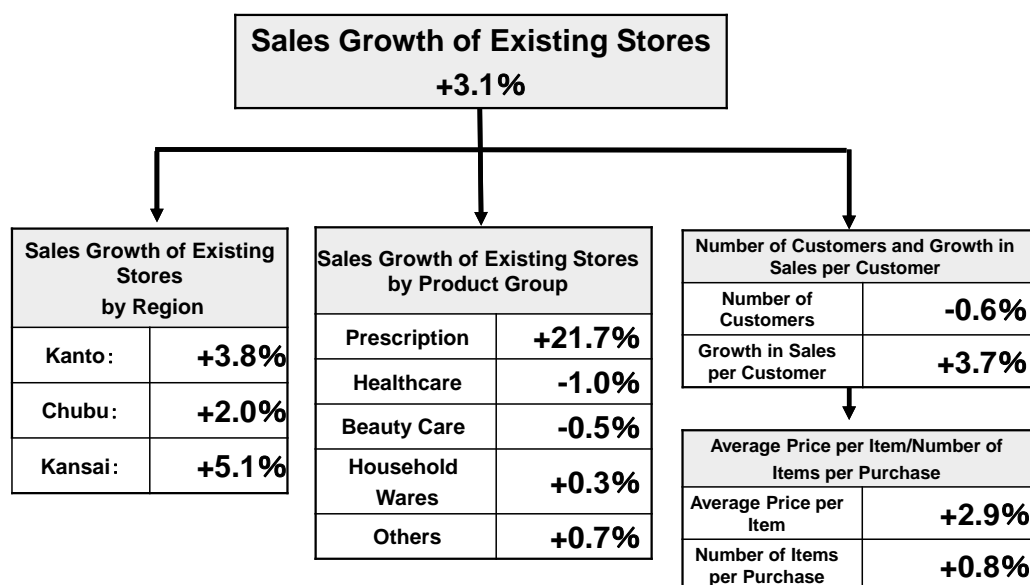
Japan	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2013/2 Full Year	FY 2014/2 Full Year				FY 2013/2 Full Year	FY 2014/2 Full Year		
	Results	Budget	Results			Results	Budget	Results	
Healthcare	7.9	8.0	7.9	96.2	104.2	30.6	30.6	30.3	-0.3
Beauty Care	8.1	8.1	8.1	96.4	101.2	23.8	23.4	23.9	+0.5
Household Wares	23.6	24.1	23.6	95.5	99.2	22.7	22.1	22.0	-0.1
Others	60.5	59.8	60.5	98.5	104.3	18.5	17.7	18.4	+0.6
Total	100.0	100.0	100.0	97.4	102.8	20.9	20.3	20.6	+0.3

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11

■ Sales Trend at Existing Stores- Sugi Pharmacy business -

■ Full Year : Existing store sales growth ratio indicated +3.1% for the reason of continuous and strong sales growth of prescription by 21.7%



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12

Forecast for the Year Ending Feb.28, 2015

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13

■ P/L Forecast for the Year Ending Feb. 28, 2015 - Consolidated -

■ FY 2015/2 : Net sales JPY389 billion, Operating profit JPY20 billion

(in million yen)	1st Half Year			2ed Half Year			Full Year				
	2014/2 Results	2015/2 Forecast	Y o Y %	2014/2 Results	2015/2 Forecast	Y o Y %	2014/2 Results	Ratio	2015/2 Forecast	Ratio	Y o Y %
Net Sales	184,432	192,400	104.3	180,768	196,600	108.8	365,200	100.0	389,000	100.0	106.5
Sugi Pharmacy	144,403	151,570	105.0	142,904	156,770	109.7	287,307	78.7	308,340	79.3	107.3
Japan	38,069	38,820	102.0	36,168	37,950	104.9	74,237	20.3	76,770	19.7	103.4
Others	1,961	2,010	102.5	1,696	1,880	110.9	3,656	1.0	3,890	1.0	106.4
Gross Margin	51,284	52,720	102.8	49,543	53,440	107.9	100,827	27.6	106,160	27.3	105.3
Sugi Pharmacy	42,310	43,650	103.2	41,501	44,860	108.1	83,811	29.2	88,510	28.7	105.6
Japan	7,271	7,360	101.2	6,680	7,050	105.5	13,951	18.8	14,410	18.7	103.3
Others	1,704	1,710	100.3	1,361	1,530	112.4	3,065	83.8	3,240	83.3	105.7
SG&A	39,732	42,420	106.8	40,991	43,740	106.7	80,723	22.1	86,160	22.1	106.7
Selling Expenses	3,378	3,800	112.5	3,527	3,790	107.5	6,905	1.9	7,590	2.0	109.9
Personnel Expenses	19,701	20,380	103.4	19,176	20,730	108.1	38,877	10.6	41,110	10.6	105.7
SG&A Expenses	16,651	18,240	109.5	18,290	19,220	105.1	34,941	9.6	37,460	9.6	107.2
Operating Profit	11,552	10,300	89.2	8,551	9,700	113.4	20,103	5.5	20,000	5.1	99.5
Recurring Profit	12,680	10,800	85.2	9,185	10,200	111.1	21,865	6.0	21,000	5.4	96.0
Net Income	7,427	6,200	83.5	5,393	5,800	107.5	12,820	3.5	12,000	3.1	93.6

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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14

■ Preconditions of Forecasts for FY 2015/2

<Store Opening & Closing>

(Store)	Openings	Closings	Conversion	Total
Sugi Pharmacy	75	-12	-10	+53
Japan	5	-7	+10	+8
Visit Nursing Care ST	3	0	-	+3
Group Total	83	-19	±0	+64

<Investment>

(in million yen)	Amount
New stores	6,500
Existing store refurbishment	2,000
Investment in systems and others	1,000
Group Total	9,500

<Existing Stores Sales Growth>

(%)	Q1	Q2	Q3	Q4	1H	H2	Full Year
Sugi Pharmacy	-0.2	+2.3	+4.5	+5.1	+1.1	+4.8	+2.9
Japan	-1.6	-2.5	-0.8	-0.6	-2.1	-0.7	-1.4
Group Total	-0.5	+1.4	+3.5	+4.1	+0.5	+3.8	+2.1

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15

Introduction of new stores



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2. Japan's "Hekinan-sakuzuka store"

Not only to open a discount store, our concept is to build a new store that is easy to buy, easy to choose for customers, in pursuit of more low-cost operations.



Single item appeal



Concentration of items



Layout with increased induction of the shopping for customers



Low-cost display

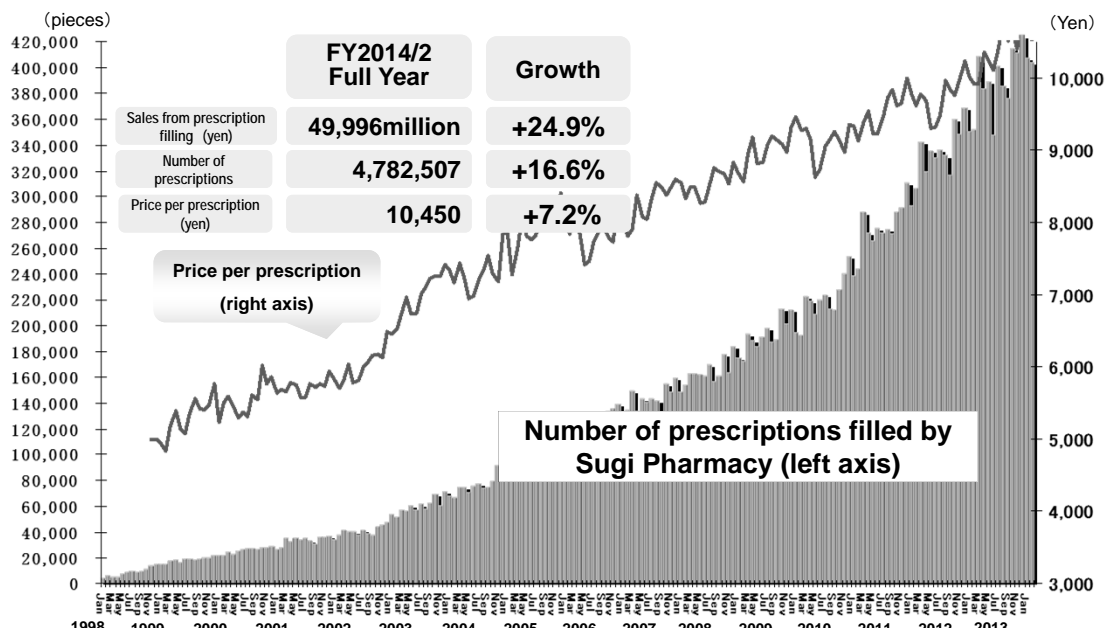


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Medical Business of Sugi Group

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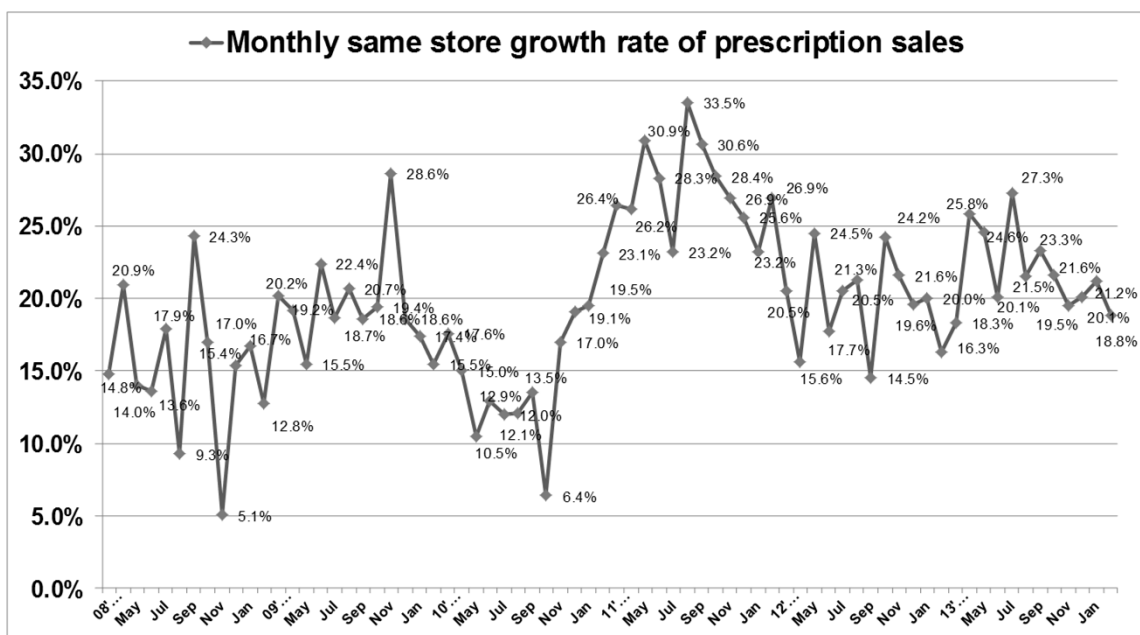
Trends in the Number of Prescriptions and Price per Prescription



	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	FY 2013/2	FY 2014/2
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	4,103,319	4,782,507
Avg. price / prescription (yen)	6,149	7,095	7,405	7,980	7,838	8,344	8,569	9,115	9,107	9,596	9,747	10,450

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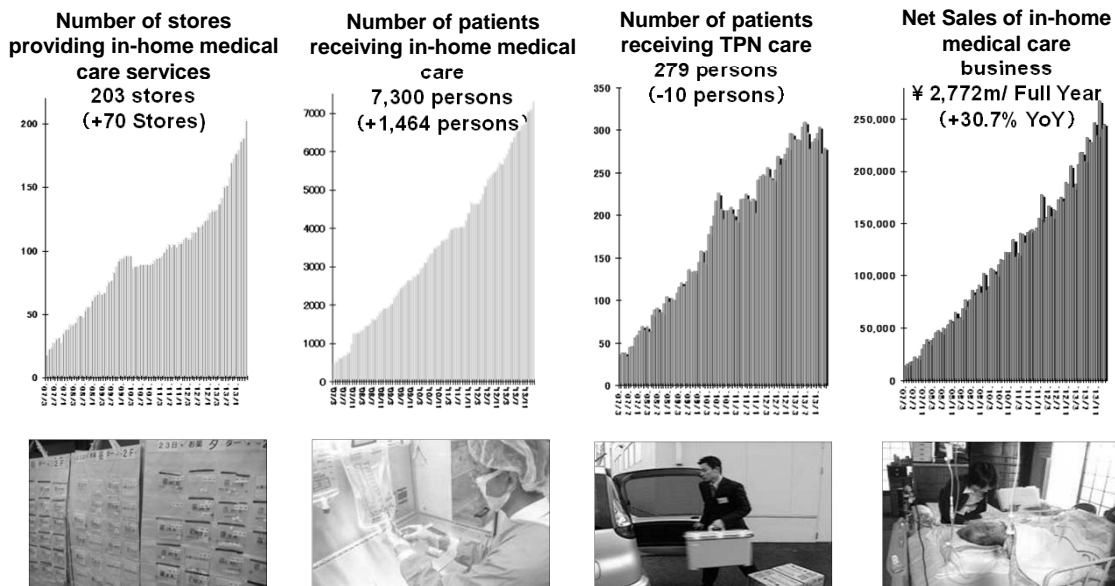
Same store growth rate of prescription sales



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■ In-home Medical Care Services – As of Feb. 28, 2014

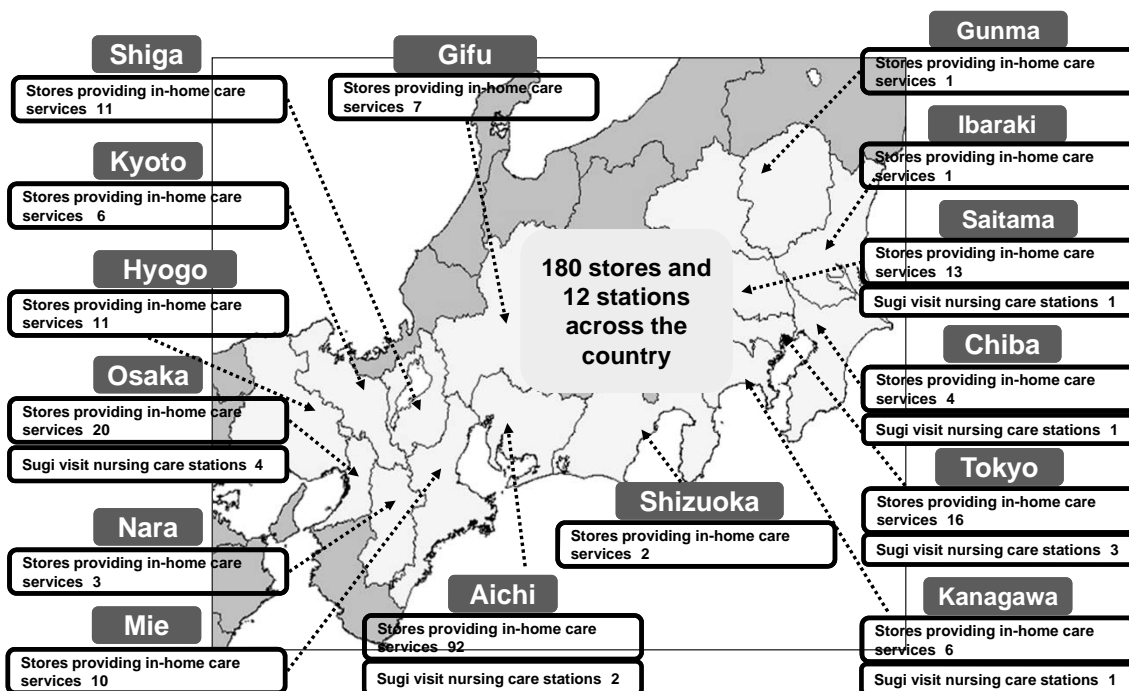
Sales of prescription filing: JPY49,996m (Full Year), including sales of in-home medical care: JP2,772m (+30.7% YoY)



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.