

Financial Results

1st Half - FY Ending February 28, 2017

Supplementary Information

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

October 12, 2016

Sugi Holdings Co., Ltd.

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■ PROFILE

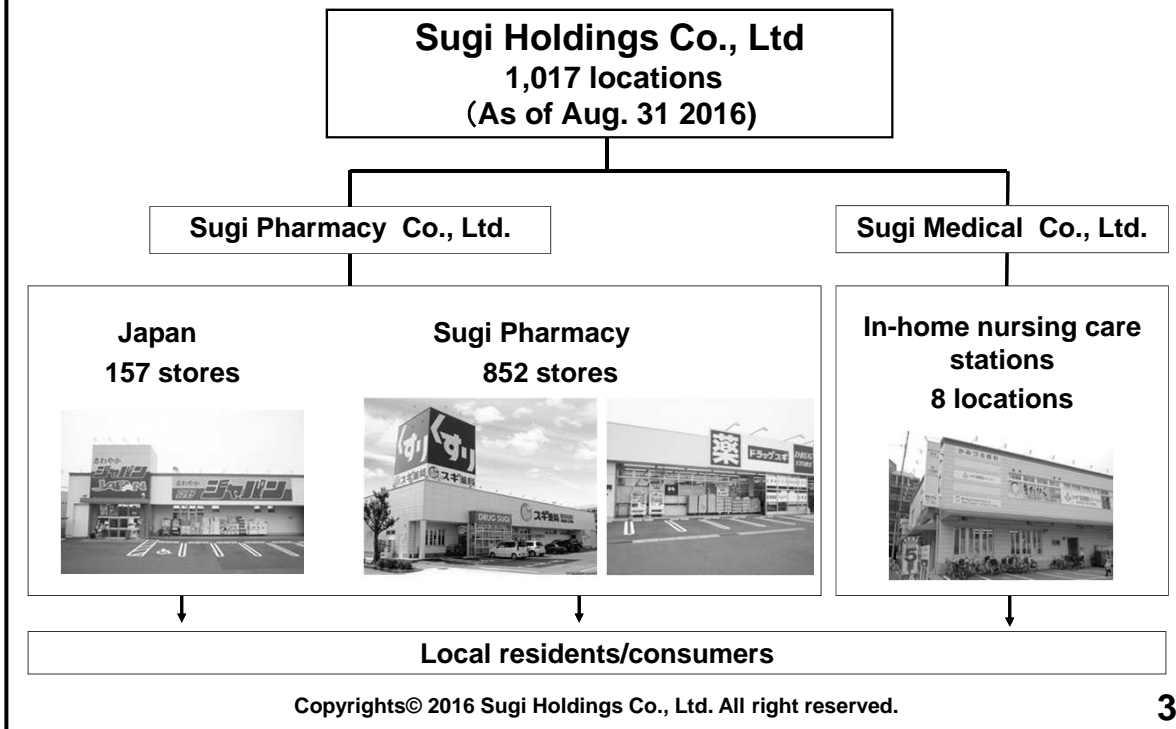
Company name	Sugi Holdings Co., Ltd.
Head office	62-1, Shin'e Yokone-machi, Obu-City, Aichi Pref.
Establishment	Sugi Pharmacy was established in December 1976 to sell prescription drugs and OTC drugs.
Founded	March 1982
Paid-in capital	JPY15,434,588,000
Fiscal year-end	End of February
Number of shares outstanding	63,330,838 shares
Number of stores	1,017(as of Aug, 2016)
Number of employees	5,050(full-time) (as of Aug, 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

Year	Number of Stores (approx.)	Sales (in 100 million yen, approx.)
'95	0	0
'96	0	0
'97	0	0
'98	0	0
'99	0	0
'00	0	100
'01	0	200
'02	0	300
'03	0	400
'04	0	500
'05	0	600
'06	100	700
'07	200	800
'08	300	900
'09	400	1000
'10	500	1100
'11	600	1200
'12	700	1300
'13	800	1400
'14	900	1500
'15	1000	1600

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■ Overview of Sugi Group



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New Store Openings

1st Half – FY Ending February 28, 2017

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■ Store Openings and Closings

* Please note that "FY2016/2" and "FY 2017/2" in this presentation refers to the fiscal year ended in February 2016, and the fiscal year ending February 2017, respectively. The same notation is used in other pages.

■ 1st Half : Opened 31 stores, closed 10 stores

Nos. of stores by region	FY2016/2	FY2017/2 1st Half			Forecast after September 2016			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	245	14	3	256	18	3	271	32	6	+26
Chubu Region	403	6	3	406	26	7	425	32	10	+22
Kansai Region	348	11	4	355	15	3	367	26	7	+19
Total	996	31	10	1,017	59	13	1,063	90	23	+67

Nos. of stores by company	FY2016/2	FY2017/2 1st Half			Forecast after September 2016			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	828	30	6	852	57	12	897	87	18	+69
Japan	159	0	2	157	2	1	158	2	3	-1
Visit Nursing Care ST	9	1	2	8	0	0	8	1	2	-1
Total	996	31	10	1,017	59	13	1,063	90	23	+67

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Financial Highlights

1st Half - FY Ending February 28, 2017

- Consolidated -

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■ 1st Half Financial Highlight - Consolidated -

■ 1st Half :Net sales (JPY217.8billion) and operating profit (JPY11.6billion) achieved

	FY Ended 2016/2 1H (March to August)		FY Ending 2017/2 1H (March to August)				
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales(%)	vs. Budget (%)	vs. Budget (in million yen)	Y o Y (%)
Net Sales	208,156	100.0	217,810	100.0	97.6	-5,390	104.6
Sugi Pharmacy business	166,984	80.2	178,254	82.0	98.0	-3,646	106.7
Japan business	39,268	18.9	38,688	17.8	97.5	-1,012	98.5
Others	1,904	0.9	868	0.4	54.3	-732	45.6
Gross Profit	57,889	27.8	59,386	27.3	96.6	-2,114	102.6
Sugi Pharmacy business	48,787	29.2	51,353	28.8	97.6	-1,247	105.3
Japan business	7,372	18.8	7,459	19.3	99.5	-41	101.2
Others	1,729	90.8	574	66.1	41.0	-826	33.2
SG&A Expenses	44,904	21.6	47,692	21.9	96.7	-1,608	106.2
Operating Income	12,985	6.2	11,694	5.4	95.9	-506	90.1
Non-operating Income	1,053	0.5	1,052	0.5	101.2	+12	99.9
Non-Operating Expenses	632	0.3	580	0.3	107.4	+40	91.8
Ordinary Income	13,406	6.4	12,166	5.6	95.8	-534	90.7
Extraordinary Income	0	0.0	0	0.0	-	0	-
Extraordinary Losses	224	0.1	444	0.2	148.0	+144	198.2
Net Income before Income Taxes	13,181	6.3	11,721	5.4	94.5	-679	88.9
Income Taxes	5,120	2.5	4,314	2.0	93.8	-286	84.3
Net Income	8,061	3.9	7,406	3.4	94.9	-394	91.9

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■ 1st Half SG&A Expenses Status – Consolidated -

■ 1st Half :Total SG&A expenses increased up 6.2% because Net Sales increased up 4.6 % year on year.

	FY Ended 2016/2 1H (March to August)		FY Ending 2017/2 1H (March to August)		
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales (%)	Y o Y (%)
Net Sales	208,156	100.0	217,810	100.0	104.6
Total Selling Expenses	3,608	1.7	4,105	1.9	113.8
Advertising Expenses	1,860	0.9	2,251	1.0	121.0
Premium Expenses	1,747	0.8	1,853	0.9	106.1
Personnel Expenses	22,062	10.6	23,932	11.0	108.5
Total Administrative Expenses	19,233	9.2	19,654	9.0	102.2
Rent Expenses	8,315	4.0	8,901	4.1	107.0
Depreciation Expenses	2,468	1.2	2,597	1.2	105.2
Utilities Expenses	2,104	1.0	1,978	0.9	94.0
Supplies Expenses	1,553	0.7	1,196	0.5	77.0
Tax and Public Charges	957	0.5	1,121	0.5	117.1
Commission Paid	1,428	0.7	1,508	0.7	105.6
Others	2,405	1.2	2,350	1.1	97.7
Total SG&A Expenses	44,904	21.6	47,692	21.9	106.2

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Sales Trend

1st Half - FY Ending February 28, 2017

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■ Sales growth rate of existing stores- Sugi Group -

1st Half: Same store sales growth rate showed +1.7%(prescription;+12.0%,Sugi's commodity;-0.3%, Japan's commodity;-0.4%), same store customer growth rate indicated +0.2%.

Same Store Sales

Month	2016/2	2017/2
Mar.	6.3	-16.0
Apr.	2.9	20.0
May	-0.8	15.0
Jun.	1.4	5.0
Jul.	2.8	5.0
Aug.	-2.3	5.0
Sep.	5.0	5.0
Oct.	5.0	5.0
Nov.	5.0	5.0
Dec.	5.0	5.0
Jan.	5.0	5.0
Feb.	5.0	5.0

1Q : +1.7%

Same Store Sales Growth Rate (Prescription)

Month	Growth Rate
Mar.	27.9
Apr.	10.7
May	8.3
Jun.	7.6
Jul.	5.8
Aug.	11.5

1Q : +12.0%

Same Store Customer

Month	2016/2	2017/2
Mar.	1.7	-8.0
Apr.	1.2	8.0
May	-2.0	5.0
Jun.	-0.1	2.0
Jul.	3.4	5.0
Aug.	-3.0	5.0
Sep.	5.0	5.0
Oct.	5.0	5.0
Nov.	5.0	5.0
Dec.	5.0	5.0
Jan.	5.0	5.0
Feb.	5.0	5.0

1Q : +0.2%

Same Store Sales Growth Rate (Commodity)

Month	Commodity: Sugi	Commodity: Japan
Mar.	0.4	2.4
Apr.	1.2	1.5
May	-2.0	-2.5
Jun.	0.0	0.6
Jul.	0.2	2.7
Aug.	-5.4	-2.8

1Q : Sugi : -0.3%
Japan : -0.4%

Same Store Growth Rate

Month	2016/2	2017/2
Mar.	4.5	-8.0
Apr.	1.7	12.0
May	1.2	5.0
Jun.	1.6	2.0
Jul.	-0.6	2.0
Aug.	0.7	2.0
Sep.	5.0	5.0
Oct.	5.0	5.0
Nov.	5.0	5.0
Dec.	5.0	5.0
Jan.	5.0	5.0
Feb.	5.0	5.0

1Q : +1.5%

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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 2016/2 1H	FY 2017/2 1H				FY 2016/2 1H	FY 2017/2 1H		
	Results	Budget	Results			Results	Budget	Results	
Prescription	19.6	21.4	21.1	96.3	114.5	36.5	33.9	34.3	+0.4
Healthcare	21.1	20.5	20.6	98.6	104.0	39.0	39.4	38.6	-0.8
Beauty Care	24.2	23.8	23.0	94.7	101.4	28.8	29.0	29.2	+0.2
Household Wares	22.1	21.6	21.5	97.6	103.7	21.5	21.5	22.0	+0.5
Foods	12.9	12.7	13.8	106.7	114.7	16.0	16.0	15.7	-0.3
Total	100.0	100.0	100.0	98.0	106.7	29.2	28.9	28.8	-0.1

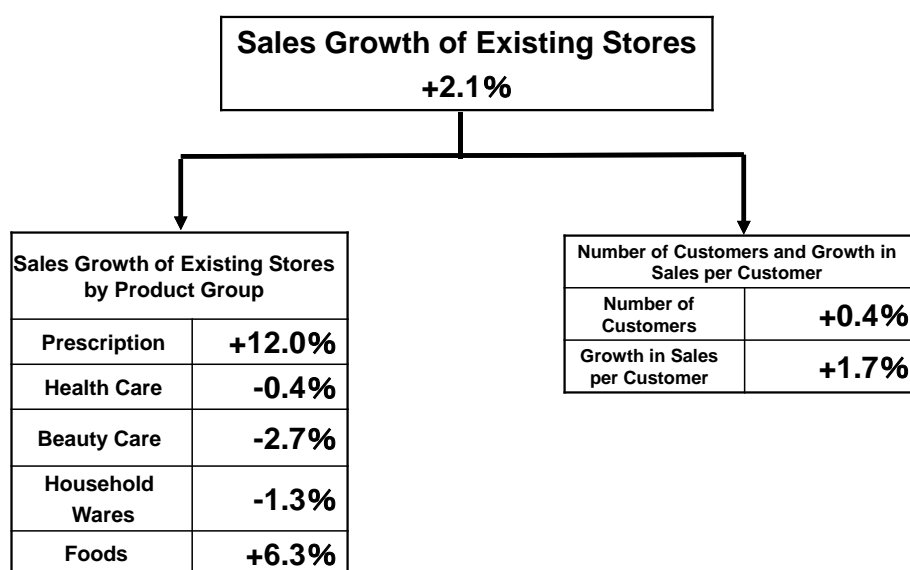
Japan	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2016/2 1H	FY 2017/2 1H				FY 2016/2 1H	FY 2017/2 1H		
	Results	Budget	Results			Results	Budget	Results	
Healthcare	7.8	7.8	8.2	102.4	103.4	30.3	30.6	31.9	+1.3
Beauty Care	7.7	7.7	7.6	96.7	97.5	24.4	24.6	25.2	+0.6
Household Wares	24.7	24.6	22.7	90.0	90.6	21.0	21.0	22.3	+1.3
Foods	59.8	59.9	61.5	99.9	101.3	15.6	15.8	15.7	-0.1
Total	100.0	100.0	100.0	97.5	98.5	18.8	18.9	19.3	+0.4

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■ Sales Trend at Existing Stores- Sugi Pharmacy business -

■1st Half: Existing store sales growth ratio indicated +2.1% for the reason of strong sales growth of prescription drug.



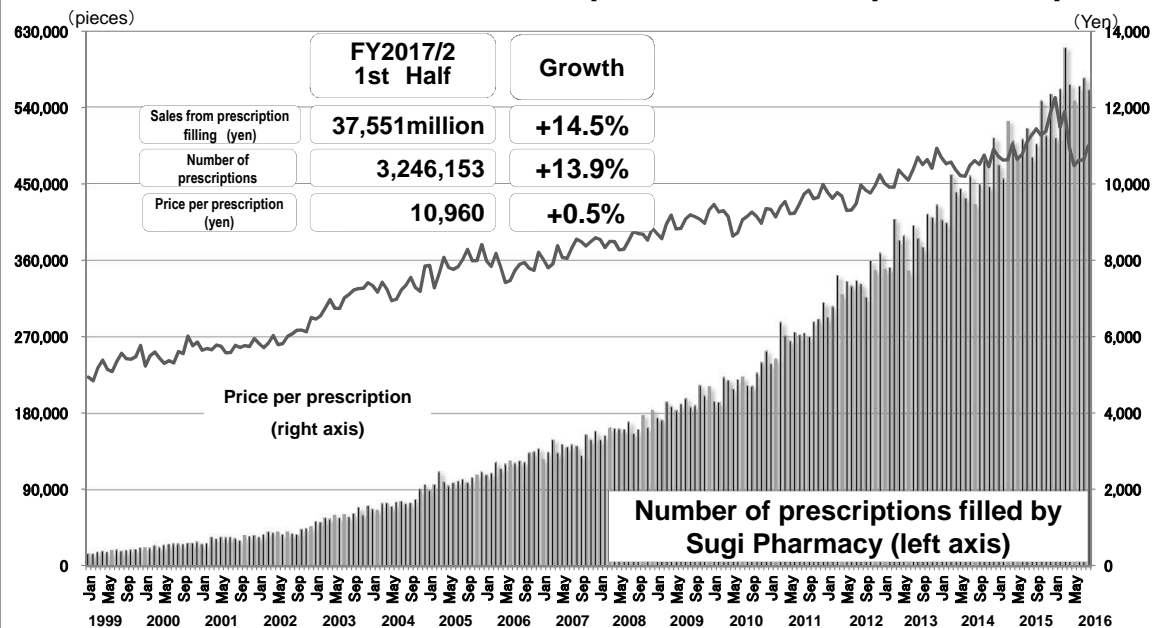
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Medical Business of Sugi Group

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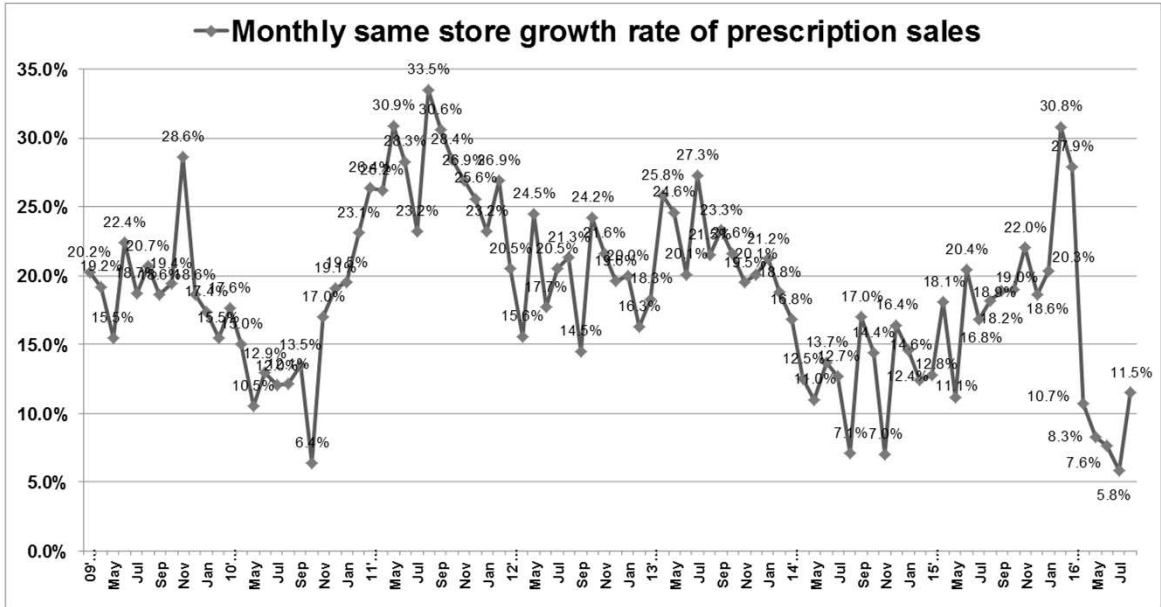
■ Trends in the Number of Prescriptions and Price per Prescription



	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	FY 2015/2	FY 2016/2
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	5,473,832	6,181,431
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	10,548	11,270

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Same store growth rate of prescription sales



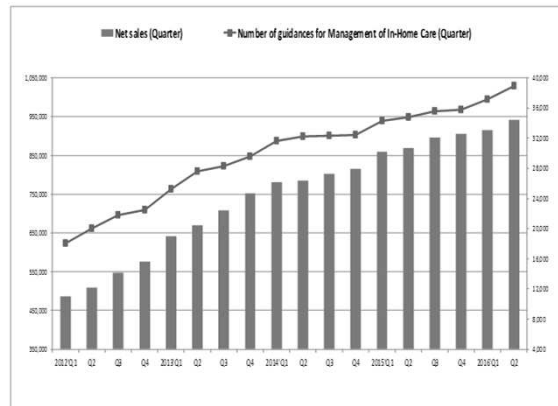
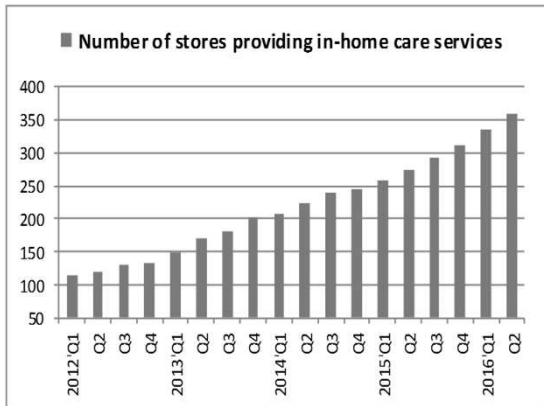
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In-home Medical Care Services – As of Aug. 31, 2016

Sales of prescription filing: JPY37,551m (1st Half), including sales of in-home medical care: JPY1,856m

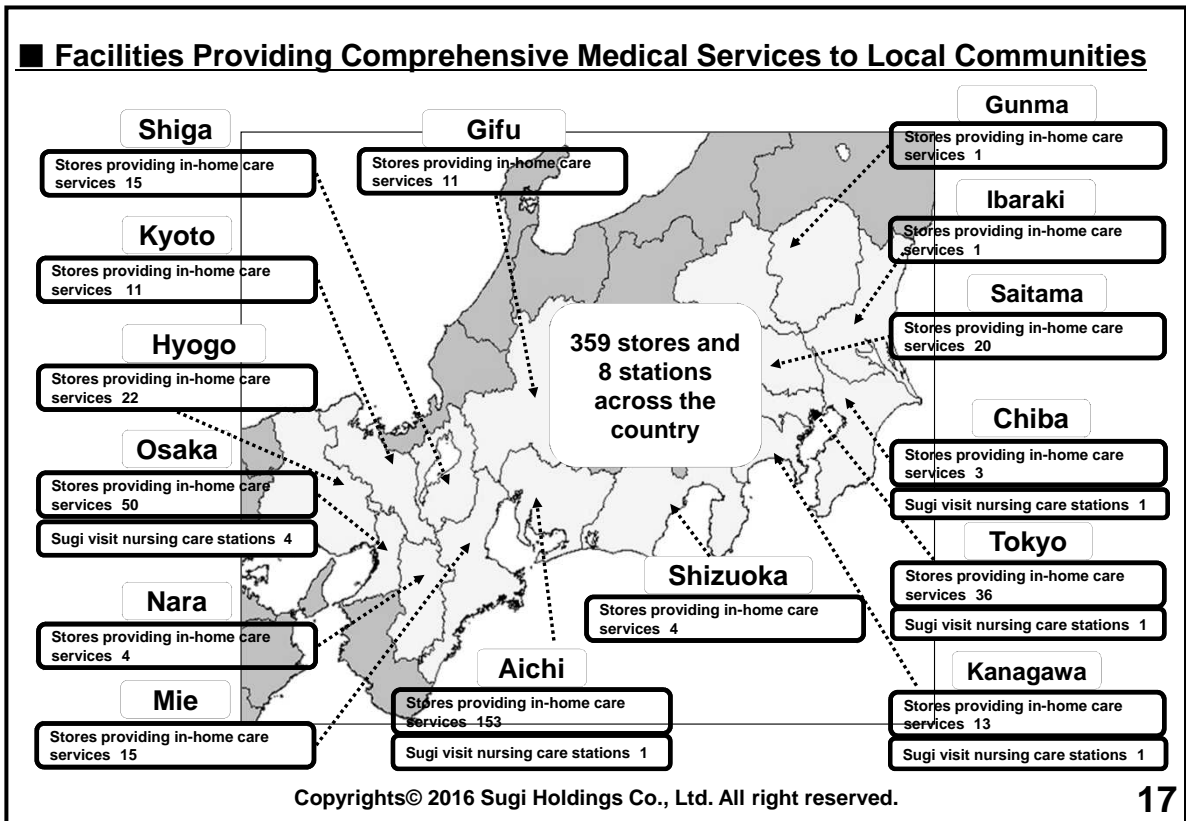
Number of stores providing in-home medical care services
359 stores
(+84 Stores)

Net Sales of in-home medical care business
¥ 1,856m/ 1st Half
(+6.0% YoY)



Note: Comparison with previous year

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- Sugi Group -

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