

# Financial Results

## 3rd Quarter - FY Ending February 28, 2017

### Supplementary Information

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

January 11, 2017

# Sugi Holdings Co., Ltd.

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## ■ PROFILE

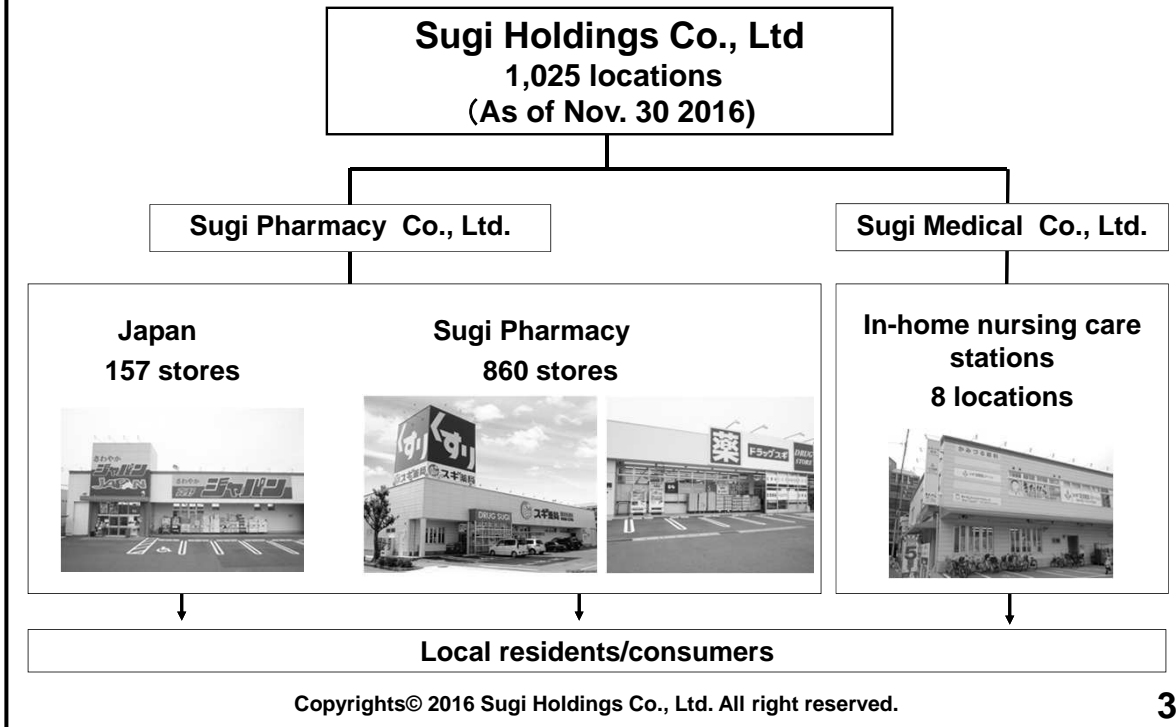
Company name	Sugi Holdings Co., Ltd.
Head office	62-1, Shin'e Yokone-machi, Obu-City, Aichi Pref.
Establishment	Sugi Pharmacy was established in December 1976 to sell prescription drugs and OTC drugs.
Founded	March 1982
Paid-in capital	JPY15,434,588,000
Fiscal year-end	End of February
Number of shares outstanding	63,330,838 shares
Number of stores	1,025(as of Nov, 2016)
Number of employees	4,997(full-time) (as of Nov, 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



## New Store Openings

3rd Quarter – FY Ending February 28, 2017

## ■ 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.

■3rd Quarter : Opened 49 stores, closed 20 stores

Nos. of stores by region	FY2016/2	FY2017/2 3rd Quarter			Forecast after December 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	21	6	260	5	0	265	26	6	+20
Chubu Region	403	15	9	409	11	1	419	26	10	+16
Kansai Region	348	13	5	356	10	2	364	23	7	+16
Total	996	49	20	1,025	26	3	1,048	75	23	+52

Nos. of stores by company	FY2016/2	FY2017/2 3rd Quarter			Forecast after December 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	47	15	860	25	3	882	72	18	+54
Japan	159	1	3	157	1	0	158	2	3	-1
Visit Nursing Care ST	9	1	2	8	0	0	8	1	2	-1
Total	996	49	20	1,025	26	3	1,048	75	23	+52

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## Financial Highlights

3rd Quarter - FY Ending February 28, 2017

- Consolidated -

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## ■ 3rd Quarter Financial Highlight - Consolidated -

■ 3rd Quarter :Net sales (JPY322.6billion) and operating profit (JPY16.6billion) achieved

	FY Ended 2016/2 3Q (March to November)		FY Ended 2017/2 3Q (March to November)				
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales(%)	vs. Budget (%)	vs. Budget (in million yen)	Y o Y (%)
<b>Net Sales</b>	<b>309,437</b>	<b>100.0</b>	<b>322,664</b>	<b>100.0</b>	<b>96.9</b>	<b>-10,336</b>	<b>104.3</b>
Sugi Pharmacy business	248,712	80.4	264,556	82.0	97.3	-7,334	106.4
Japan business	57,924	18.7	56,698	17.6	96.8	-1,902	97.9
Others	2,800	0.9	1,401	0.4	56.0	-1,099	50.0
<b>Gross Profit</b>	<b>85,998</b>	<b>27.8</b>	<b>88,842</b>	<b>27.5</b>	<b>96.7</b>	<b>-3,058</b>	<b>103.3</b>
Sugi Pharmacy business	72,755	29.3	76,941	29.1	97.7	-1,799	105.8
Japan business	10,838	18.7	10,951	19.3	99.3	-79	101.0
Others	2,403	85.8	951	67.9	44.6	-1,179	39.6
<b>SG&amp;A Expenses</b>	<b>67,476</b>	<b>21.8</b>	<b>72,185</b>	<b>22.4</b>	<b>97.5</b>	<b>-1,815</b>	<b>107.0</b>
<b>Operating Income</b>	<b>18,521</b>	<b>6.0</b>	<b>16,656</b>	<b>5.2</b>	<b>93.1</b>	<b>-1,244</b>	<b>89.9</b>
Non-operating Income	1,544	0.5	1,650	0.5	105.8	+90	106.9
Non-Operating Expenses	919	0.3	888	0.3	109.6	+78	96.6
<b>Ordinary Income</b>	<b>19,146</b>	<b>6.2</b>	<b>17,419</b>	<b>5.4</b>	<b>93.4</b>	<b>-1,231</b>	<b>91.0</b>
Extraordinary Income	0	0.0	0	0.0	-	0	-
Extraordinary Losses	246	0.1	517	0.2	172.3	+217	210.2
<b>Net Income before Income Taxes</b>	<b>18,900</b>	<b>6.1</b>	<b>16,901</b>	<b>5.2</b>	<b>92.1</b>	<b>-1,449</b>	<b>89.4</b>
Income Taxes	7,230	2.3	6,097	1.9	92.4	-503	84.3
<b>Net Income</b>	<b>11,670</b>	<b>3.8</b>	<b>10,804</b>	<b>3.3</b>	<b>91.9</b>	<b>-946</b>	<b>92.6</b>

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

■ 3rd Quarter :Total SG&A expenses increased up 7.0% because Net Sales increased up 4.3 % year on year.

	FY Ended 2016/2 3Q (March to November)		FY Ended 2017/2 3Q (March to November)		
	Results (in million yen)	Ratio to Sales(%)	Results (in million yen)	Ratio to Sales (%)	Y o Y (%)
<b>Net Sales</b>	<b>309,437</b>	<b>100.0</b>	<b>322,664</b>	<b>100.0</b>	<b>104.3</b>
<b>Total Selling Expenses</b>	<b>5,355</b>	<b>1.7</b>	<b>6,151</b>	<b>1.9</b>	<b>114.9</b>
Advertising Expenses	2,788	0.9	3,402	1.1	122.0
Premium Expenses	2,566	0.8	2,748	0.9	107.1
<b>Personnel Expenses</b>	<b>33,401</b>	<b>10.8</b>	<b>36,284</b>	<b>11.2</b>	<b>108.6</b>
<b>Total Administrative Expenses</b>	<b>28,719</b>	<b>9.3</b>	<b>29,749</b>	<b>9.2</b>	<b>103.6</b>
Rent Expenses	12,562	4.1	13,517	4.2	107.6
Depreciation Expenses	3,809	1.2	4,050	1.3	106.3
Utilities Expenses	3,178	1.0	3,057	0.9	96.2
Supplies Expenses	2,171	0.7	1,811	0.6	83.4
Tax and Public Charges	1,495	0.5	1,708	0.5	114.2
Commission Paid	2,024	0.7	2,180	0.7	107.7
Others	3,478	1.1	3,423	1.1	98.4
<b>Total SG&amp;A Expenses</b>	<b>67,476</b>	<b>21.8</b>	<b>72,185</b>	<b>22.4</b>	<b>107.0</b>

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# Sales Trend

## 3rd Quarter - FY Ending February 28, 2017

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

3rd Quarter : Same store sales growth rate showed +1.2% (prescription;+9.1%,Sugi's commodity;-0.2%, Japan's commodity;-0.8%), same store customer growth rate indicated ±0.0%.

**Same Store Sales**

Month	2016/2	2017/2
Mar.	6.3	-1.2
Apr.	2.9	18.5
May	-0.8	12.5
Jun.	1.4	5.5
Jul.	2.9	1.5
Aug.	-2.3	-1.5
Sep.	0.8	-1.5
Oct.	-0.2	1.5
Nov.	0.6	1.5
Dec.		1.5
Jan.		1.5
Feb.		1.5

3Q : +1.2%

**Same Store Sales Growth Rate (Prescription)**

Month	Prescription
Mar.	27.9
Apr.	10.7
May	8.3
Jun.	7.6
Jul.	5.8
Aug.	11.5
Sep.	6.2
Oct.	-1.1
Nov.	6.5

3Q : +9.1%

**Same Store Customer Growth Rate**

Month	2016/2	2017/2
Mar.	1.7	-7.5
Apr.	1.2	8.5
May	-2.0	5.5
Jun.	-0.1	1.5
Jul.	3.4	4.5
Aug.	-3.0	4.5
Sep.	-0.1	-1.5
Oct.	-0.6	4.5
Nov.	0.0	1.5
Dec.		3.5
Jan.		4.5
Feb.		5.5

3Q : ±0.0%

**Same Store Sales Growth Rate (Commodity)**

Month	Commodity:Sugi	Commodity:Japan
Mar.	2.4	0.4
Apr.	1.2	1.5
May	-2.5	-2.0
Jun.	0.6	0.2
Jul.	2.7	0.2
Aug.	-5.4	-2.8
Sep.	-1.0	-1.0
Oct.	0.6	-1.9
Nov.	-0.2	-2.2

3Q : Sugi : -0.2%  
Japan : -0.8%

**Same Store Growth Rate of Sales per Customer**

Month	2016/2	2017/2
Mar.	4.5	-8.5
Apr.	1.7	11.5
May	1.2	6.5
Jun.	1.5	1.5
Jul.	0.6	4.5
Aug.	0.7	1.5
Sep.	0.9	1.5
Oct.	0.5	1.5
Nov.	0.5	1.5
Dec.		1.5
Jan.		4.5
Feb.		1.5

3Q : +1.2%

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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 3Q	FY 2017/2 3Q				FY 2016/2 3Q	FY 2017/2 3Q		
	Results	Budget	Results			Results	Budget	Results	
Prescription	20.3	21.6	21.3	94.5	111.5	36.2	34.0	35.0	+1.0
Healthcare	21.1	20.7	20.7	98.0	104.3	39.0	39.4	38.8	-0.6
Beauty Care	23.7	23.4	22.8	95.5	102.6	29.2	29.2	29.3	+0.1
Household Wares	22.0	21.6	21.4	96.9	103.7	21.4	21.4	22.1	+0.7
Foods	13.0	12.8	13.8	105.0	113.3	15.9	15.9	15.8	-0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>97.3</b>	<b>106.4</b>	<b>29.3</b>	<b>29.0</b>	<b>29.1</b>	<b>+0.1</b>

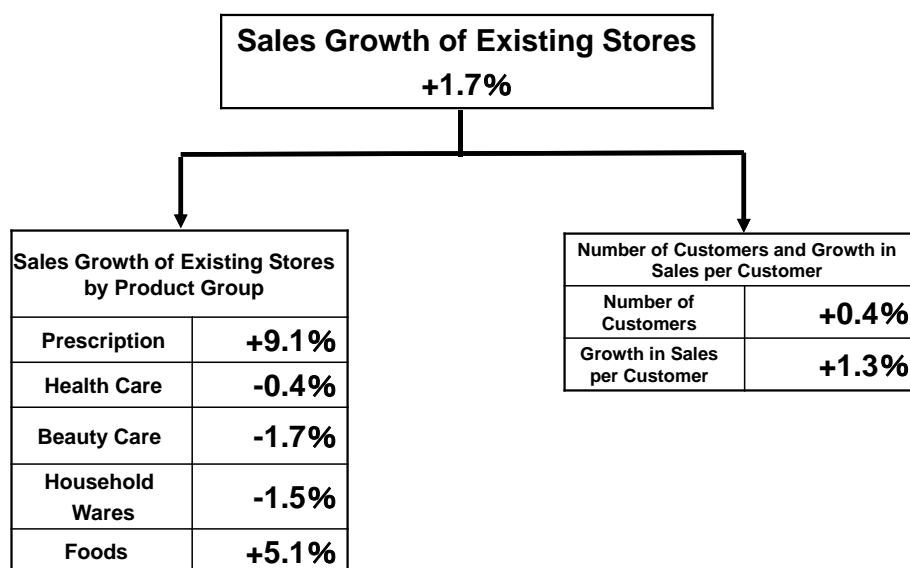
Japan	Composition Ratio			Sales % vs. Budget	Sales % Y o Y	Gross Margin Rate			Gross Margin % vs. Budget
	FY 2016/2 3Q	FY 2017/2 3Q				FY 2016/2 3Q	FY 2017/2 3Q		
	Results	Budget	Results			Results	Budget	Results	
Healthcare	7.9	7.9	8.2	101.5	101.9	30.9	31.3	32.7	+1.4
Beauty Care	7.7	7.7	7.7	97.4	98.6	24.6	24.4	25.0	+0.5
Household Wares	24.4	24.3	22.6	90.0	90.8	21.1	21.1	22.4	+1.3
Foods	60.0	60.1	61.4	98.8	100.1	15.4	15.6	15.7	+0.1
<b>Total</b>	<b>100.0</b>	<b>100.0</b>	<b>100.0</b>	<b>96.8</b>	<b>97.9</b>	<b>18.7</b>	<b>18.8</b>	<b>19.3</b>	<b>+0.5</b>

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

■3rd Quarter : Existing store sales growth ratio indicated +1.7% for the reason of strong sales growth of prescription drug.



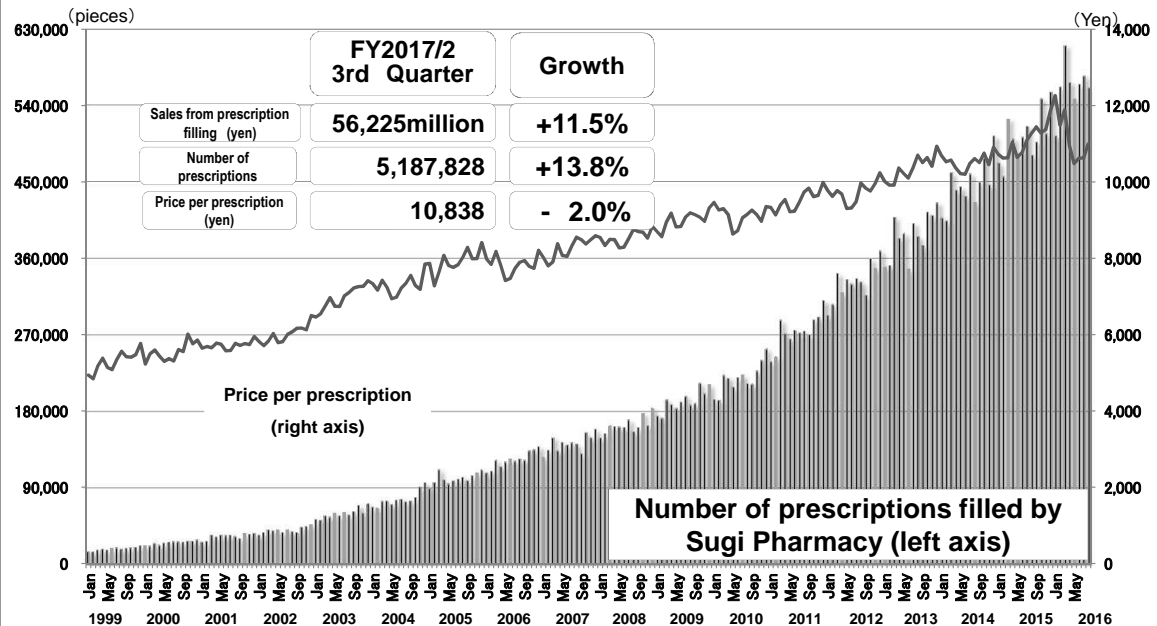
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# Medical Business of Sugi Group

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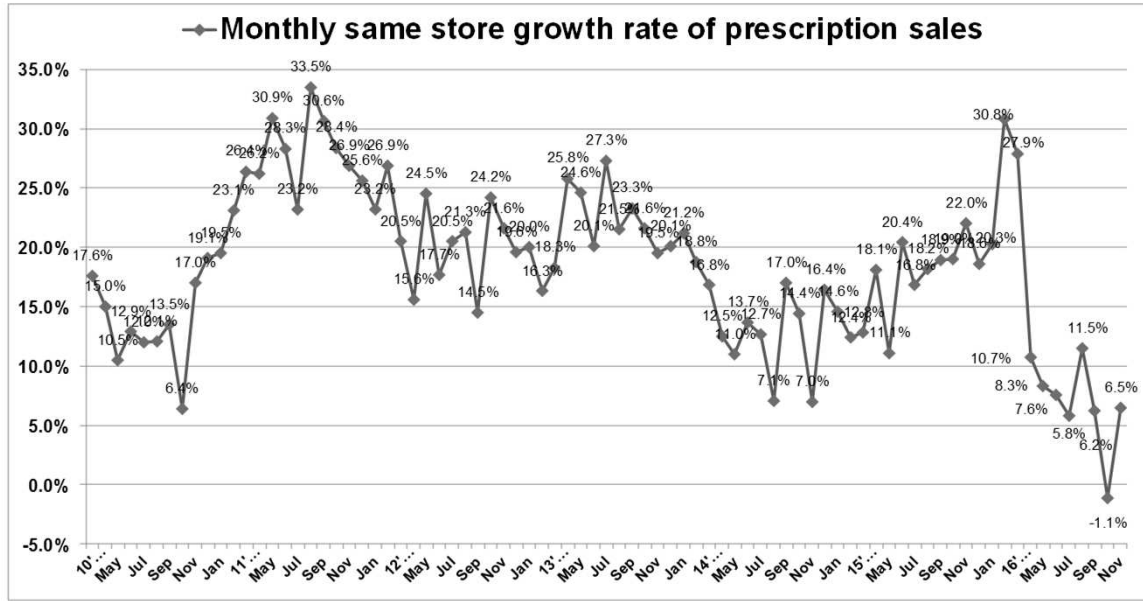
## Trends in the Number of Prescriptions and Price per Prescription



	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



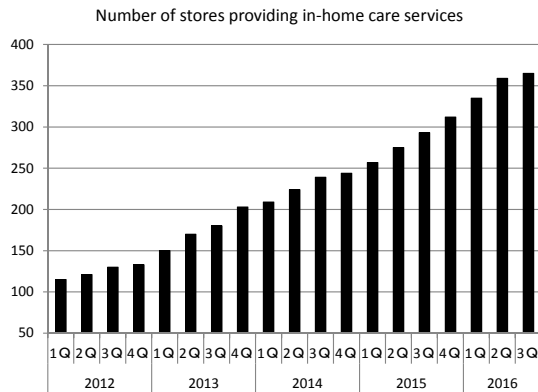
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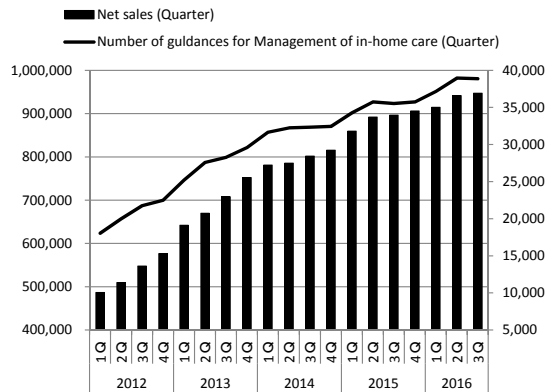
## In-home Medical Care Services – As of Nov. 30, 2016

Sales of prescription filing: JPY56,225m (3rd Quarter), including sales of in-home medical care: JPY2,803m

Number of stores providing in-home medical care services  
365 stores  
(+53 Stores)



Net Sales of in-home medical care business  
¥ 2,803m/ 3rd Quarter  
(+5.8% YoY)

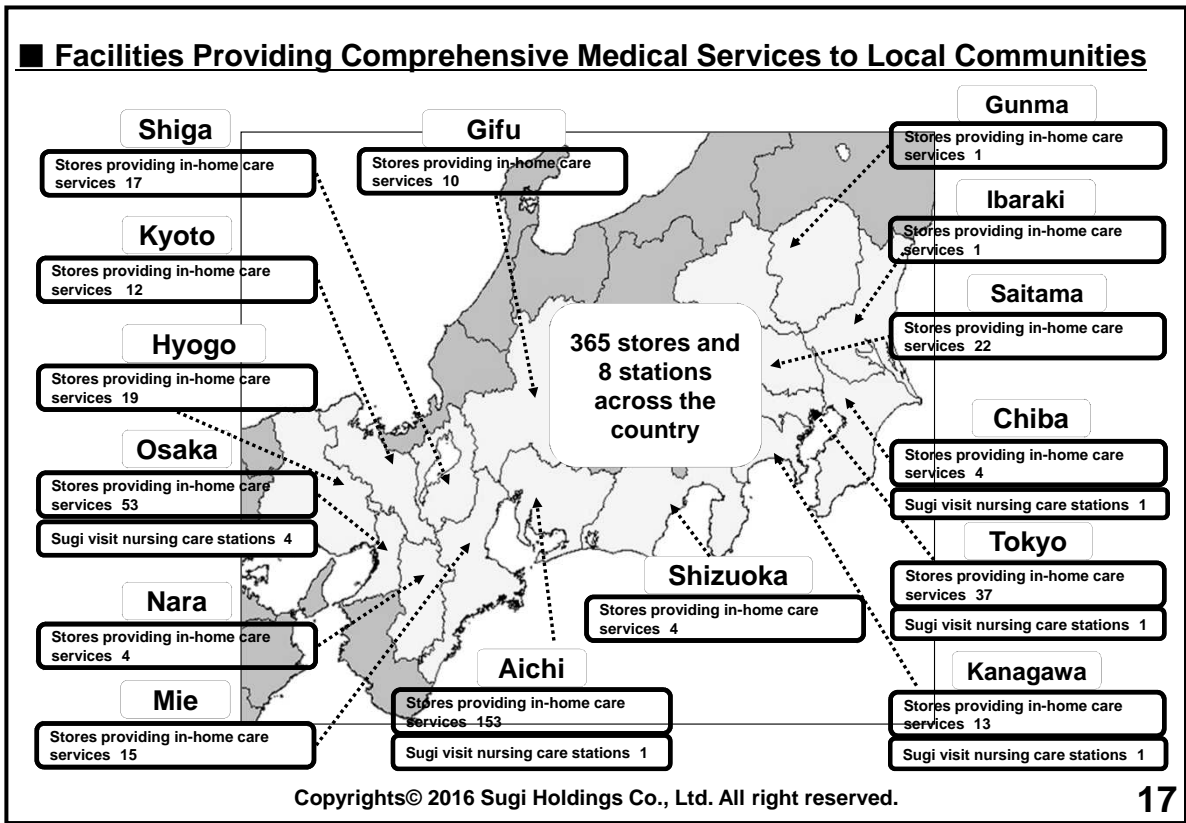


Note: Comparison with previous year

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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.