



AIN GROUP

FY4/17 2Q  
Supplementary Materials

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**AIN HOLDINGS INC.**

November 25, 2016

## 1. Consolidated Results

### ■ Year-on-Year

	(¥ million)			
	FY4/16 2Q results	FY4/17 2Q results	YoY change	YoY change(%)
Net sales	106,924	116,844	+9,920	+9.3
Gross profit <b>% of net sales</b>	16,713 <b>15.6</b>	18,365 <b>15.7</b>	+1,652	+9.9
SG&A expenses <b>% of net sales</b>	10,812 <b>10.1</b>	13,315 <b>11.4</b>	+2,503	+23.2
Operating income <b>% of net sales</b>	5,901 <b>5.5</b>	5,049 <b>4.3</b>	(852)	(14.4)
Ordinary income <b>% of net sales</b>	6,084 <b>5.7</b>	5,346 <b>4.6</b>	(738)	(12.1)
Profit attributable to owners of parent <b>% of net sales</b>	3,295 <b>3.1</b>	2,855 <b>2.4</b>	(440)	(13.4)
Earnings per share(¥)	103.93	90.07	(13.86)	(13.3)

▶ Figures in the table are rounded down

### ■ Vs Plan

	(¥ million)			
	FY4/17 2Q plan	FY4/17 2Q results	Vs plan change	Vs plan change(%)
Net sales	126,000	116,844	(9,156)	(7.3)
Gross profit <b>% of net sales</b>	19,950 <b>15.8</b>	18,365 <b>15.7</b>	(1,585)	(7.9)
SG&A expenses <b>% of net sales</b>	13,800 <b>11.0</b>	13,315 <b>11.4</b>	(485)	(3.5)
Operating income <b>% of net sales</b>	6,150 <b>4.9</b>	5,049 <b>4.3</b>	(1,101)	(17.9)
Ordinary income <b>% of net sales</b>	6,350 <b>5.0</b>	5,346 <b>4.6</b>	(1,004)	(15.8)
Profit attributable to owners of parent <b>% of net sales</b>	3,470 <b>2.8</b>	2,855 <b>2.4</b>	(615)	(17.7)
Earnings per share(¥)	109.44	90.07	(19.37)	(17.7)

▶ Figures in the table are rounded down

## 2. Segment Information (Dispensing Pharmacy Business)

### ■ Year-on-Year

(¥ million)

	FY4/16 2Q results	FY4/17 2Q results	YoY change	YoY change(%)
Net sales	95,940	104,297	+8,357	+8.7
Gross profit % of net sales	13,102 13.7	13,620 13.1	+518	+4.0
SG&A expenses % of net sales	5,165 5.4	6,401 6.1	+1,236	+23.9
Operating income % of net sales	7,937 8.3	7,218 6.9	(719)	(9.1)
Segment income % of net sales	8,193 8.5	7,494 7.2	(699)	(8.5)

▶ Figures in the table are rounded down

▶ Segment income is adjusted to ordinary income shown on the quarterly consolidated statements of income

### ■ Vs Plan

(¥ million)

	FY4/17 2Q plan	FY4/17 2Q results	Vs plan change	Vs plan change(%)
Net sales	112,280	104,297	(7,983)	(7.1)
Gross profit % of net sales	14,630 13.0	13,620 13.1	(1,010)	(6.9)
SG&A expenses % of net sales	6,180 5.5	6,401 6.1	+221	+3.6
Operating income % of net sales	8,450 7.5	7,218 6.9	(1,232)	(14.6)
Segment income % of net sales	8,600 7.7	7,494 7.2	(1,106)	(12.9)

▶ Figures in the table are rounded down

▶ Segment income is adjusted to ordinary income shown on the quarterly consolidated statements of income

### 3. Segment Information (Drug and Cosmetic Store Business)

#### ■ Year-on-Year

	(¥ million)			
	FY4/16 2Q results	FY4/17 2Q results	YoY change	YoY change(%)
Net sales	10,107	10,288	+181	+1.8
Gross profit	3,484	3,723	+239	+6.9
<b>% of net sales</b>	<b>34.5</b>	<b>36.2</b>		
SG&A expenses	3,859	4,136	+277	+7.2
<b>% of net sales</b>	<b>38.2</b>	<b>40.2</b>		
Operating income	(375)	(412)	(37)	-
<b>% of net sales</b>	<b>-</b>	<b>-</b>		
Segment income	(183)	(384)	(201)	-
<b>% of net sales</b>	<b>-</b>	<b>-</b>		

▶ Figures in the table are rounded down

▶ Segment income is adjusted to ordinary income shown on the quarterly consolidated statements of income

#### ■ Vs Plan

	(¥ million)			
	FY4/17 2Q plan	FY4/17 2Q results	Vs plan change	Vs plan change(%)
Net sales	10,840	10,288	(552)	(5.1)
Gross profit	3,900	3,723	(177)	(4.5)
<b>% of net sales</b>	<b>36.0</b>	<b>36.2</b>		
SG&A expenses	4,210	4,136	(74)	(1.8)
<b>% of net sales</b>	<b>38.8</b>	<b>40.2</b>		
Operating income	(310)	(412)	(102)	-
<b>% of net sales</b>	<b>-</b>	<b>-</b>		
Segment income	(250)	(384)	(134)	-
<b>% of net sales</b>	<b>-</b>	<b>-</b>		

▶ Figures in the table are rounded down

▶ Segment income is adjusted to ordinary income shown on the quarterly consolidated statements of income

## 4. Sales Verification

### ■ Dispensing Pharmacy (YoY)

	Net sales	Prescription volume	Average prescription price (%)
Same store (719)	(3.6)	(0.9)	(2.7)
Store openings in the previous year (141)	+893.1	+783.8	+10.7
Total (917)	+9.5	+14.8	(4.7)

### ■ Dispensing Pharmacy (Vs Plan)

	Net sales	Prescription volume	Average prescription price (%)
Same store (719)	(6.2)	(0.9)	(5.3)
Store openings in the previous year (141)	(3.5)	(1.1)	(2.8)
Total (917)	(5.8)	(1.2)	(4.8)

### ■ Drug and Cosmetic Store (YoY)

	Net sales	Number of customers	Average spending per customer (%)
Same store (45)	(2.8)	(2.1)	(0.7)
Store openings in the previous year (5)	+171.3	+151.7	+7.8
Total (51)	+1.8	(2.1)	+3.9

### ■ Drug and Cosmetic Store (Vs Plan)

	Net sales	Number of customers	Average spending per customer (%)
Same store (45)	(4.2)	(5.3)	+1.2
Store openings in the previous year (5)	+0.4	(7.1)	+8.0
Total (51)	(5.1)	(6.9)	+2.0

## 5. Consolidated Balance Sheet

### ■ Assets

(¥ million)

	End-FY4/16 2Q	End-FY4/16	End-FY4/17 2Q	Change
Cash on hand and in banks	30,806	22,647	23,012	+365
Notes and accounts receivable	9,199	12,385	7,214	(5,171)
Inventories	12,017	10,984	11,823	+839
<b>Total current assets</b>	<b>61,102</b>	<b>56,593</b>	<b>53,295</b>	<b>(3,298)</b>
Buildings and structures, net	14,099	14,694	14,680	(14)
Land	8,186	9,537	9,525	(12)
Lease assets	1,410	1,352	1,285	(67)
<b>Total property, plant and equipment</b>	<b>26,111</b>	<b>28,153</b>	<b>27,749</b>	<b>(404)</b>
Lease assets	22	13	12	(1)
<b>Total intangible fixed assets</b>	<b>28,461</b>	<b>35,586</b>	<b>36,113</b>	<b>+527</b>
Investments in securities	2,818	2,677	2,565	(112)
Deferred tax assets	1,231	2,038	2,163	+125
Deposits and guarantees	9,769	10,013	10,287	+274
<b>Total investments and other assets</b>	<b>18,044</b>	<b>19,555</b>	<b>19,688</b>	<b>+133</b>
<b>Total fixed assets</b>	<b>72,618</b>	<b>83,294</b>	<b>83,552</b>	<b>+258</b>
<b>Total assets</b>	<b>133,721</b>	<b>139,888</b>	<b>136,847</b>	<b>(3,041)</b>

▶ Figures in the table are rounded down ▶ Change(¥):End-FY4/17 2Q compared with end-FY4/16

▶ Capital expenditures(Purchases of property, plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥2,365million

### ■ Liabilities and Net Assets

(¥ million)

	End-FY4/16 2Q	End-FY4/16	End-FY4/17 2Q	Change
Accounts payable	36,279	39,987	37,693	(2,294)
Short-term debt	17,607	5,690	7,584	+1,894
Lease obligations	666	668	641	(27)
<b>Total current liabilities</b>	<b>72,747</b>	<b>66,744</b>	<b>64,707</b>	<b>(2,037)</b>
Long-term debt	6,150	14,854	12,138	(2,716)
Lease obligations	1,274	1,198	1,087	(111)
<b>Total long-term liabilities</b>	<b>10,587</b>	<b>19,818</b>	<b>17,177</b>	<b>(2,641)</b>
<b>Total liabilities</b>	<b>83,335</b>	<b>86,563</b>	<b>81,885</b>	<b>(4,678)</b>
Common stock	8,682	8,682	8,682	-
Capital surplus	7,872	6,367	6,367	-
Retained earnings	33,984	38,605	40,193	+1,588
<b>Total shareholders' equity</b>	<b>50,120</b>	<b>53,237</b>	<b>54,824</b>	<b>+1,587</b>
<b>Total net assets</b>	<b>50,385</b>	<b>53,324</b>	<b>54,961</b>	<b>+1,637</b>
<b>Total liabilities and net assets</b>	<b>133,721</b>	<b>139,888</b>	<b>136,847</b>	<b>(3,041)</b>

▶ Figures in the table are rounded down ▶ Change(¥):End-FY4/17 2Q compared with end-FY4/16

## 6. Consolidated Statements of Cash Flows

(¥ million)

	End-FY4/16 2Q	End-FY4/17 2Q	Change
<b>Net cash provided by operating activities</b>	<b>9,221</b>	<b>6,090</b>	<b>(3,131)</b>
Profit before income taxes	5,825	5,298	(527)
Depreciation and amortization	1,417	1,753	+336
Amortization of goodwill	1,339	1,660	+321
Increase (decrease) in accounts receivable	(75)	5,733	+5,808
Increase in inventories	(1,515)	(651)	+864
Increase in other accounts receivable	(521)	(1,525)	(1,004)
Increase (decrease) in accounts payable	3,806	(2,918)	(6,724)
<b>Net cash used in investing activities</b>	<b>(6,117)</b>	<b>(3,053)</b>	<b>+3,064</b>
Payments for purchases of property, plant and equipment and intangible fixed assets	(4,427)	(1,544)	+2,883
Purchase of subsidiaries' shares resulting in obtaining controls	(1,131)	(2,293)	(1,162)
<b>Net cash (used in) provided by financing activities</b>	<b>8,157</b>	<b>(2,616)</b>	<b>(10,773)</b>
Net increase (decrease) in cash and cash equivalents	11,261	420	(10,841)
<b>Cash and cash equivalents at end of the period</b>	<b>30,650</b>	<b>22,312</b>	<b>(8,338)</b>

▶ Figures in the table are rounded down

## 7. FY4/17 Plan (Consolidated)

	(¥ million)				
	FY4/15 results	FY4/16 results	FY4/17 plan	YoY change	YoY change (%)
Net sales	187,904	234,843	265,000	+30,157	+12.8
Gross profit <b>% of net sales</b>	28,961 15.4	38,535 16.4	44,200 16.7	+5,665	+14.7
SG&A expenses <b>% of net sales</b>	17,509 9.3	23,915 10.2	27,900 10.5	+3,985	+16.7
Operating income <b>% of net sales</b>	11,452 6.1	14,619 6.2	16,300 6.2	+1,681	+11.5
Ordinary income <b>% of net sales</b>	11,697 6.2	15,158 6.5	16,700 6.3	+1,542	+10.2
Profit attributable to owners of parent <b>% of net sales</b>	6,197 3.3	7,917 3.4	9,000 3.4	+1,083	+13.7
Earnings per share(¥)	195.45	249.69	283.84	+34.15	+13.7
Annual dividend (¥)	30.00	40.00	50.00	+10.00	+25.0

▶ Figures in the table are rounded down ▶ YoY change(¥):FY4/17 plan compared with FY4/16 results

▶ YoY change (%):FY4/17 plan compared with FY4/16 results

▶ On October 1, 2014, the Company conducted a 2-for-1 stock split of common shares. Earnings per share is calculated by deeming stock splits to have occurred at the beginning of the previous fiscal year.



## 8. Transition of Store Openings

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### ■ Number of Store Openings in Dispensing Pharmacy Business

	FY4/10	FY4/11	FY4/12	FY4/13	FY4/14	FY4/15	FY4/16	FY4/17 2Q
Organic	21	18	27	38	36	40	32	17
M&A	3	35	28	38	26	119	110	30
Total	397	448	494	560	616	754	881	917

▶ Total number of stores includes temporarily closed stores from FY4/11.

### ■ Number of store openings in Drug and Cosmetic Store Business

	FY4/10	FY4/11	FY4/12	FY4/13	FY4/14	FY4/15	FY4/16	FY4/17 2Q
Organic	5	6	7	7	3	3	5	1
Total	49	53	56	61	59	56	52	51

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