



# FY4/12 Results Briefing

**AIN PHARMACIEZ**

**June 7, 2012**

# Results Overview



# Consolidated P/L

(¥ million)

	FY4/11 results	FY4/12 plan	FY4/12 results	YoY change	Vs plan (%)	YoY change (%)
Net sales	129,387	143,000	142,790	13,403	99.9	110.4
Gross profit <b>% of net sales</b>	20,089 15.5	22,650 15.8	23,093 16.2	3,004	102.0	115.0
SG&A expenses <b>% of net sales</b>	11,981 9.3	12,980 9.1	12,839 9.0	858	98.9	107.2
Operating income <b>% of net sales</b>	8,107 6.3	9,670 6.8	10,253 7.2	2,146	106.0	126.5
Ordinary income <b>% of net sales</b>	8,210 6.3	9,500 6.6	10,547 7.4	2,337	111.0	128.5
Net income	3,916	4,850	4,899	983	101.0	125.1
Net income per share (¥)	255.67	304.19	307.35	51.68	101.0	120.2

► Figures in the table are rounded down

# Dispensing Pharmacy Business (Consolidated)

(¥ million)

	FY4/11 results	FY4/12 plan	FY4/12 results	YoY change	Vs plan (%)	YoY change (%)
Net sales	114,354	127,420	127,134	12,780	99.8	111.2
Gross profit	15,633	17,920	18,269	2,636	101.9	116.9
<b>% of net sales</b>	<b>13.7</b>	<b>14.1</b>	<b>14.4</b>			
SG&A expenses	5,804	6,500	6,378	574	98.1	109.9
<b>% of net sales</b>	<b>5.1</b>	<b>5.1</b>	<b>5.0</b>			
Operating income	9,829	11,420	11,890	2,061	104.1	121.0
<b>% of net sales</b>	<b>8.6</b>	<b>9.0</b>	<b>9.4</b>			
Segment income	10,209	11,670	12,286	2,077	105.3	120.3
<b>% of net sales</b>	<b>8.9</b>	<b>9.2</b>	<b>9.7</b>			
Total number of stores at end of period	448	491	494	—	—	—

- ▶ Figures in the table are rounded down
- ▶ Segment income is adjusted ordinary income shown on the consolidated statements of income
- ▶ Prescription volume: +6.5% YoY
- ▶ Average prescription price: +4.7% YoY

# Drug and Cosmetic Store Business (Consolidated)

(¥ million)

	FY4/11 results	FY4/12 plan	FY4/12 results	YoY change	Vs plan (%)	YoY change (%)
Net sales	14,821	15,340	15,395	574	100.4	103.9
Gross profit	4,500	4,820	4,870	370	101.0	108.2
<b>% of net sales</b>	<b>30.4</b>	<b>31.4</b>	<b>31.6</b>			
SG&A expenses	4,820	4,990	4,853	33	97.3	100.7
<b>% of net sales</b>	<b>32.5</b>	<b>32.5</b>	<b>31.5</b>			
Operating income	(320)	(170)	17	337	—	—
<b>% of net sales</b>	<b>—</b>	<b>—</b>	<b>0.1</b>			
Segment income	(207)	(110)	125	332	—	—
<b>% of net sales</b>	<b>—</b>	<b>—</b>	<b>0.8</b>			
Total number of stores at end of period	53	60	56	—	—	—

▶ Figures in the table are rounded down

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



# Consolidated B/S

(¥ million)

End-FY4/11			
Assets		Liabilities	
Current assets	38,032	Current liabilities	37,616
Cash on hand and in banks	15,437	Short-term debt	5,883
Fixed assets	38,871	Long-term liabilities	9,824
Investments in securities	2,959	Long-term debt	7,331
Deferred assets	35	Total net assets	29,498
Total assets	76,940	Total liabilities and net assets	76,940

(¥ million)

End-FY4/12			
Assets		Liabilities	
Current assets	40,320	Current liabilities	42,945
Cash on hand and in banks	15,935	Short-term debt	6,397
Fixed assets	45,570	Long-term liabilities	9,216
Investments in securities	2,825	Long-term debt	6,318
Deferred assets	17	Total net assets	33,745
Total assets	85,908	Total liabilities and net assets	85,908

Interest-bearing debt 13,214

Net cash 2,222

Interest-bearing debt 12,715  
(Compared with end-FY4/11) (96.2%)

Net cash 3,219

- ▶ Figures in the table are rounded down
- ▶ Bonds as of end-FY4/11 are included in long-term debt
- ▶ Net cash = Cash on hand and in banks – Interest-bearing debt

# Assets

(¥ million)

	End-FY4/10	End-FY4/11	End-FY4/12	Change	
Cash on hand and in banks	11,188	15,437	15,935	498	
Notes and accounts receivable	9,269	10,247	10,985	738	
Inventories	6,938	8,375	8,253	(122)	Due to drug price revision
<b>Total current assets</b>	<b>31,242</b>	<b>38,032</b>	<b>40,320</b>	<b>2,288</b>	
Buildings and structures, net	5,993	6,456	7,048	592	
Land	5,001	5,420	5,621	201	
<b>Total property, plant and equipment</b>	<b>12,510</b>	<b>13,451</b>	<b>15,256</b>	<b>1,805</b>	
<b>Total intangible fixed assets</b>	<b>13,077</b>	<b>14,827</b>	<b>18,655</b>	<b>3,828</b>	Due to increase in goodwill
Investments in securities	2,802	2,959	2,825	(134)	
Deferred tax assets	995	1,233	1,122	(111)	
Deposits and guarantees	4,462	4,990	5,758	768	Due to new store openings, etc.
<b>Total investments and other assets</b>	<b>9,054</b>	<b>10,592</b>	<b>11,657</b>	<b>(1,065)</b>	
<b>Total fixed assets</b>	<b>34,642</b>	<b>38,871</b>	<b>45,570</b>	<b>6,699</b>	
<b>Total assets</b>	<b>65,898</b>	<b>76,940</b>	<b>85,908</b>	<b>8,968</b>	

▶ Figures in the table are rounded down

▶ Capital expenditures (purchases of property, plant and equipment and intangible fixed assets + deposits/guarantees) totaled ¥5,870 million

▶ Change (¥): End-FY4/12 compared with end-FY4/11

# Liabilities and Net Assets

	(¥ million)			
	End-FY4/10	End-FY4/11	End-FY4/12	Change
Accounts payable	19,666	19,706	22,524	2,818
Short-term debt	6,549	5,883	6,397	514
<b>Total current liabilities</b>	<b>34,140</b>	<b>37,616</b>	<b>42,945</b>	<b>5,329</b>
Long-term debt (including bonds)	8,427	7,331	6,318	▲1,013
<b>Total long-term liabilities</b>	<b>10,266</b>	<b>9,824</b>	<b>9,216</b>	<b>▲608</b>
<b>Total liabilities</b>	<b>44,406</b>	<b>47,441</b>	<b>52,162</b>	<b>4,721</b>
Common stock	6,308	8,682	8,682	—
Capital surplus	5,498	7,872	7,872	—
Retained earnings	9,874	13,227	17,426	4,199
<b>Total shareholders' equity</b>	<b>21,676</b>	<b>29,778</b>	<b>33,976</b>	<b>4,198</b>
<b>Total net assets</b>	<b>21,492</b>	<b>29,498</b>	<b>33,745</b>	<b>4,247</b>
<b>Total liabilities and net assets</b>	<b>65,898</b>	<b>76,940</b>	<b>85,908</b>	<b>8,968</b>

Increase in purchasing due to rise in number of stores

Profit growth

- ▶ Figures in the table are rounded down
- ▶ Change (¥): End-FY4/12 compared with end-FY4/11





# Consolidated C/F

(¥ million)

	FY4/11 (a)	FY4/12 (b)	(b)-(a)
Income before income taxes and minority interests	7,644	9,782	2,138
Depreciation and amortization	1,560	1,749	189
Amortization of goodwill	973	1,262	289
(Increase) decrease in inventories	(1,130)	404	1,534
(Increase) decrease in other accounts receivable	(505)	(687)	(182)
<b>Net cash provided by operating activities</b>	<b>7,627</b>	<b>11,679</b>	<b>4,052</b>
Payments for purchases of property, plant and equipment, and intangible fixed assets	(1,554)	(3,606)	(2,052)
Purchase of shares in affiliated companies	(1,635)	(4,122)	(2,487)
<b>Net cash used in investing activities</b>	<b>(3,881)</b>	<b>(9,010)</b>	<b>(5,129)</b>
Proceeds from issuance of new shares	4,720	—	(4,720)
<b>Net cash provided by (used in) financing activities</b>	<b>463</b>	<b>(2,131)</b>	<b>(2,594)</b>
Net increase in cash and cash equivalents	4,209	537	(3,672)
<b>Cash and cash equivalents at end of the period</b>	<b>15,397</b>	<b>15,935</b>	<b>538</b>

▶ Figures in the table are rounded down



# Business Value Analysis

	End-FY4/11	End-FY4/12	Change
Shareholders' equity ratio (%)	38.3	39.2	0.9
Market value equity ratio (%)	64.5	79.6	15.1
PER (times)	12.18	13.96	1.78
EPS (¥)	255.67	307.35	51.68
PBR (times)	1.68	2.03	0.35
BPS (¥)	1,847.46	2,113.79	266.33
ROA (%)	5.5	6.0	0.5
ROE (%)	15.4	15.5	0.1
EBITDA (¥ million)	10,642	13,266	2,624
EV/EBITDA (times)	4.30	4.81	0.51
Net D/E ratio (times)	(0.07)	(0.09)	(0.02)
Net cash (¥ million)	2,222	3,219	997
Shareholder value (¥ million)	48,000	67,002	19,002
Market capitalization (¥ million)	49,665	68,400	18,735

- ▶ Figures in the table are rounded down
- ▶ Shareholder value = EV – net interest-bearing debt
- ▶ Net D/E ratio = (interest-bearing debt – cash on hand and in banks) / shareholders' equity
- ▶ Share prices used to calculate market capitalization: End-FY4/11 ¥3,115(end-Apr 2011), end-FY4/12 ¥4,290 (end-Apr 2012).
- ▶ Net cash = Cash on hand and in banks – Interest-bearing debt



# FY4/13 Plan (Consolidated)

(¥ million)

	FY4/12 results	FY4/13 plan	Change	YoY change (%)
Net sales	142,790	157,500	14,710	110.3
Gross profit	23,093	25,890	2,797	112.1
<b>% of net sales</b>	<b>16.2</b>	<b>16.4</b>		
SG&A expenses	12,839	14,380	1,541	112.0
<b>% of net sales</b>	<b>9.0</b>	<b>9.1</b>		
Operating income	10,253	11,510	1,257	112.3
<b>% of net sales</b>	<b>7.2</b>	<b>7.3</b>		
Ordinary income	10,547	11,630	1,083	110.3
<b>% of net sales</b>	<b>7.4</b>	<b>7.4</b>		
Net income	4,899	6,010	1,111	122.7
Net income per share (¥)	307.35	376.94	69.59	122.6
Annual dividend (¥)	50.00	60.00	10.00	—

▶ Figures in the table are rounded down

# FY4/13 plan (Dispensing pharmacy business)

(¥ million)

	FY4/12 results	FY4/13 plan	YoY change	YoY change (%)
Net sales	127,134	139,630	12,496	109.8
Gross profit	18,269	20,470	2,201	112.0
<b>% of net sales</b>	<b>14.4</b>	<b>14.7</b>		
SG&A expenses	6,378	7,010	632	109.9
<b>% of net sales</b>	<b>5.0</b>	<b>5.0</b>		
Operating income	11,890	13,460	1,570	113.2
<b>% of net sales</b>	<b>9.4</b>	<b>9.6</b>		
Segment income	12,286	13,720	1,434	111.7
<b>% of net sales</b>	<b>9.7</b>	<b>9.8</b>		
Total number of dispensing pharmacies	494	560	66	—

▶ Figures in the table are rounded down

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

# FY4/13 plan (Drug and cosmetic store business)

(¥ million)

	FY4/12 results	FY4/13 plan	YoY change	YoY change (%)
Net sales	15,395	17,200	1,805	111.7
Gross profit	4,870	5,500	630	112.9
<b>% of net sales</b>	<b>31.6</b>	<b>32.0</b>		
SG&A expenses	4,853	5,420	567	111.7
<b>% of net sales</b>	<b>31.5</b>	<b>31.5</b>		
Operating income	17	80	63	470.6
<b>% of net sales</b>	<b>0.1</b>	<b>0.5</b>		
Segment income	125	180	55	144.0
<b>% of net sales</b>	<b>0.8</b>	<b>1.0</b>		
Total number of stores	56	66	10	—

- ▶ Figures in the table are rounded down
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