



AIN GROUP

FY4/14 Results Briefing

AIN PHARMACIEZ INC.

June 5, 2014

Result Overview

The Group reported net sales of ¥170,225 million, an increase of 10.1% year on year, reflecting the opening of new dispensing pharmacies and M&As. Ordinary income rose 2.9% to ¥10,587 million and net income increased 3.6% year on year to ¥5,259 million.

(¥ million)	FY4/13 results	FY4/14 plan	FY4/14 results	YoY change	YoY change(%)	Vs plan (%)
Net sales	154,560	172,000	170,225	+15,665	+10.1	(1.0)
Gross profit % of net sales	24,442 15.8	26,960 15.7	25,748 15.1	+1,306	+5.3	(4.5)
SG&A expenses % of net sales	14,740 9.5	15,680 9.1	15,635 9.2	+895	+6.1	(0.3)
Operating income % of net sales	9,701 6.3	11,280 6.6	10,113 5.9	+412	+4.2	(10.3)
Ordinary income % of net sales	10,292 6.7	11,650 6.8	10,587 6.2	+295	+2.9	(9.1)
Net income % of net sales	5,075 3.3	6,000 3.5	5,259 3.1	+184	+3.6	(12.3)
Net income per share(¥)	318.37	376.31	330.08	+11.71	+3.7	(12.3)

▶ Figures in the table are rounded down

Dispensing Pharmacy Business(Consolidated)



The dispensing pharmacy business reported net sales of ¥151,472 million, an increase of 10.3% year on year, and segment income of ¥12,772 million, up 0.9%.

(¥ million)	FY4/13 results	FY4/14 plan	FY4/14 results	YoY change	YoY change(%)	Vs plan (%)
Net sales	137,291	152,650	151,472	+14,181	+10.3	(0.8)
Gross profit	19,413	21,320	20,297	+884	+4.6	(4.8)
% of net sales	14.1	14.0	13.4			
SG&A expenses	7,306	7,960	8,018	+712	+9.7	+0.7
% of net sales	5.3	5.2	5.3			
Operating income	12,107	13,360	12,279	+172	+1.4	(8.1)
% of net sales	8.8	8.8	8.1			
Segment income	12,655	13,630	12,772	+117	+0.9	(6.3)
% of net sales	9.2	8.9	8.4			
Number of stores	560	640	616	+56	+10.0	(3.7)

- ▶ Figures in the table are rounded down
- ▶ Segment income is adjusted ordinary income shown on the quarterly consolidated statements of income
- ▶ Prescription volume:+6.8% YoY
- ▶ Average prescription price:+3.3% YoY



Drug and Cosmetic Store Business(Consolidated) AIN GROUP

The drug and cosmetic store business reported net sales of ¥17,985 million, an increase of 7.5% year on year, and segment income of ¥23million, up 65.8%.

(¥ million)	FY4/13 results	FY4/14 plan	FY4/14 results	YoY change	YoY change(%)	Vs plan (%)
Net sales	16,735	18,430	17,985	+1,250	+7.5	(2.4)
Gross profit	5,283	5,730	5,668	+385	+7.3	(1.1)
% of net sales	31.6	31.1	31.5			
SG&A expenses	5,351	5,670	5,685	+334	+6.2	+0.3
% of net sales	32.0	30.8	31.6			
Operating income	(68)	60	(17)	+51	-	-
% of net sales	-	0.3	-			
Segment income	14	150	23	+9	+64.3	(84.7)
% of net sales	0.1	0.8	0.1			
Number of stores	61	67	59	(2)	(3.3)	(11.9)

▶ Figures in the table are rounded down

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

The shareholders' equity ratio improved 1.5 percentage points to 41.5%, compared with 40.0% at the end of the previous fiscal year.

(¥ million)				(¥ million)			
End-FY4/13				End-FY4/14			
Assets		Liabilities		Assets		Liabilities	
Current assets	43,162	Current liabilities	45,686	Current assets	44,334	Current liabilities	50,349
Cash on hand and in banks	18,460	Short-term debt	7,483	Cash on hand and in banks	18,846	Short-term debt	6,535
		Lease obligations	498			Lease obligations	566
Fixed assets	52,676	Long-term liabilities	11,796	Fixed assets	57,048	Long-term liabilities	8,793
Investments in securities	2,789	Long-term debt	8,048	Investments in securities	2,559	Long-term debt	4,502
		Lease obligations	1,223			Lease obligations	1,454
Deferred assets	1	Total net assets	38,356	Deferred assets	-	Total net assets	42,240
Total assets	95,839	Total liabilities and net assets	95,839	Total assets	101,382	Total liabilities and net assets	101,382
Net cash		1,206		Net cash		5,787	
Shareholders' equity ratio(%)		40.0		Shareholders' equity ratio(%)		41.5	

- ▶ Figures in the table are rounded down
- ▶ Net cash = Cash on hand and in banks-Interest-bearing debt

Consolidated current assets at the end of the fiscal year under review increased by ¥1,172 million to ¥44,334 million compared to ¥43,162 million at the end of the previous fiscal year. Fixed assets at the end of the fiscal year under review increased by ¥4,371 million to ¥57,048 million compared to ¥52,676 million at the end of the previous fiscal year.

(¥ million)	End-FY4/12	End-FY4/13	End-FY4/14	Change
Cash on hand and in banks	15,935	18,460	18,846	+386
Notes and accounts receivable	10,985	7,043	6,718	(325)
Inventories	8,253	7,944	9,759	+1,815
Total current assets	40,320	43,162	44,334	+1,172
Buildings and structures, net	7,048	8,247	9,962	+1,715
Land	5,621	6,030	6,698	+668
Lease assets	873	1,229	1,342	+113
Total property, plant and equipment	15,256	17,550	19,583	+2,033
lease assets	113	99	47	(52)
Total intangible fixed assets	18,655	20,605	21,129	+524
Investments in securities	2,825	2,789	2,559	(230)
Deferred tax assets	1,122	946	1,068	+122
Lease and guarantee deposits	5,758	6,985	8,081	+1,096
Total investments and other assets	11,657	14,520	16,334	+1,814
Total fixed assets	45,570	52,676	57,048	+4,372
Total assets	85,908	95,839	101,382	+5,543

▶ Figures in the table are rounded down ▶ Change(¥):End-FY4/14compared with end-FY4/13

▶ Capital expenditures (Purchases of property, plant and equipment and intangible fixed assets + deposits/guarantees) totaled ¥6,328 million

Liabilities increased by ¥1,659 million to ¥59,142 million compared to ¥57,483 million at the end of the previous fiscal year. This primarily reflected accounts payable of ¥28,002 million, up ¥3,917 million year on year, short-term debt of ¥6,535 million, down ¥947 million, and long-term debt of ¥4,502 million, down ¥3,545 million.

(¥ million)	End-FY4/12	End-FY4/13	End-FY4/14	Change
Accounts payable	22,524	24,084	28,002	+3,918
Short-term debt	6,397	7,483	6,535	(948)
Lease obligation	344	498	566	+68
Total current liabilities	42,945	45,686	50,349	+4,663
Long-term debt(including bonds)	6,318	8,048	4,502	(3,546)
Lease obligation	675	1,223	1,454	+231
Total long-term liabilities	9,216	11,796	8,793	(3,003)
Total liabilities	52,162	57,483	59,142	+1,659
Common stock	8,682	8,682	8,682	0
Capital surplus	7,872	7,872	7,872	0
Retained earnings	17,426	21,704	26,007	+4,303
Total shareholders' equity	33,976	38,254	42,146	+3,892
Total net assets	33,745	38,356	42,240	+3,884
Total liabilities and net assets	85,908	95,839	101,382	+5,543

▶ Figures in the table are rounded down

▶ Change(¥): End-FY4/14 compared with end-FY4/13

Cash and cash equivalents increased ¥296 million year on year to ¥18,735 million.

(¥ million)	End-FY4/13	End-FY4/14	Change
Net cash provided by operating activities	10,203	14,662	+4,459
Income before income taxes and minority interests	9,694	10,265	+571
Depreciation and amortization	2,212	2,258	+46
Amortization of goodwill	1,784	2,033	+249
Decrease in accounts receivable	4,672	1,110	(3,562)
(Increase) decrease in inventories	504	(1,485)	(1,989)
(Increase) decrease in other accounts receivable	(4,268)	1,551	5,819
Net cash used in investing activities	(8,503)	(7,749)	+754
Payments for purchases of property, plant and equipment, and intangible fixed assets	(4,223)	(4,254)	(31)
Purchase of shares in affiliated companies	(2,923)	(2,410)	+513
Net cash provided by (used in) financing activities	803	(6,617)	(7,420)
Net increase in cash and cash equivalents	2,504	295	(2,209)
Cash and cash equivalents at end of the period	18,439	18,735	+296

▶ Figures in the table are rounded down

	End-FY4/12	End-FY4/13	End-FY4/14	Change
Shareholders' equity ratio (%)	39.2	40.0	41.5	+1.5
Market value equity ratio (%)	79.6	79.3	70.3	(9.0)
PER (times)	13.96	14.97	13.62	(1.35)
EPS (¥)	307.35	318.37	330.08	+11.71
PBR (times)	2.03	1.98	1.70	(0.28)
BPS (¥)	2,113.79	2,403.43	2,656.86	+253.43
ROA (%)	6.0	5.6	5.3	(0.3)
ROE (%)	15.5	14.1	13.1	(1.0)
EBITDA (¥ million)	13,266	13,698	14,405	+707
EV/EBITDA (times)	4.88	5.37	4.49	(0.88)
Net D/E ratio (times)	(0.06)	(0.03)	(0.14)	(0.11)
Net cash (¥ million)	2,199	1,206	5,787	+4,581
Shareholder value (¥ million)	66,988	74,713	70,407	(4,306)
Market capitalization (¥ million)	68,385	75,957	71,264	(4,693)

- ▶ Figures in the table are rounded down
- ▶ Change: FY4/14 compared with FY4/13
- ▶ 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-FY4/12 ¥4,290(end-Apr 2012), end-FY4/13 ¥4,765 (end-Apr 2013), end-FY4/14 ¥4,495 (end-Apr 2014).
- ▶ Net cash = Cash on hand and in banks – Interest-bearing debt

FY4/15 Plan (Consolidated)

The Group forecasts net sales for the fiscal year ending April 30, 2015 of ¥190,000 million, up 11.6% year on year, ordinary income of ¥10,700 million, up 1.1%, and net income of ¥5,500 million, an increase of 4.6%

(¥ million)	FY4/13 results	FY4/14 results	FY4/15 plan	YoY change	YoY change (%)
Net sales	154,560	170,225	190,000	+19,775	+11.6
Gross profit % of net sales	24,442 15.8	25,748 15.1	27,870 14.7	+2,122	+8.2
SG&A expenses % of net sales	14,740 9.5	15,635 9.2	17,610 9.3	+1,975	+12.6
Operating income % of net sales	9,701 6.3	10,113 5.9	10,260 5.4	+147	+1.5
Ordinary income % of net sales	10,292 6.7	10,587 6.2	10,700 5.6	+113	+1.1
Net income % of net sales	5,075 3.3	5,259 3.1	5,500 2.9	+241	+4.6
Net income per share(¥)	318.37	330.08	346.91	+16.83	+5.1
Annual dividend (¥)	60.00	60.00	60.00	0.00	00.0

▶ Figures in the table are rounded down

▶ Change: FY4/15plan compared with FY4/14

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