



AIN GROUP

IR PRESENTATION

AIN HOLDINGS INC.

December 2016

Results Overview

Net sales increased 9.3% year on year and decreased 7.3% against the plan reflecting 48 new store openings including M&As. Ordinary income decreased 12.1% year on year and decreased 15.8% against the plan due to the impact of dispensing fee revisions.

(¥ million)	FY4/16 2Q results	FY4/17 2Q plan	FY4/17 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	106,924	126,000	116,844	+9,920	+9.3	(7.3)
Gross profit	16,713	19,950	18,365	+1,652	+9.9	(7.9)
% of net sales	15.6	15.8	15.7			
SG&A expenses	10,812	13,800	13,315	+2,503	+23.2	(3.5)
% of net sales	10.1	11.0	11.4			
Operating income	5,901	6,150	5,049	(852)	(14.4)	(17.9)
% of net sales	5.5	4.9	4.3			
Ordinary income	6,084	6,350	5,346	(738)	(12.1)	(15.8)
% of net sales	5.7	5.0	4.6			
Profit attributable to owners of parent	3,295	3,470	2,855	(440)	(13.4)	(17.7)
% of net sales	3.1	2.8	2.4			
Earnings per share(¥)	103.93	109.44	90.07	(13.86)	(13.3)	(17.7)

▶ Figures in the table are rounded down

Net sales increased 8.7% year on year reflecting new store openings including M&As and full-year contribution of stores opened in the previous year. Net sales decreased 7.1% against the plan due to the decrease of average sales per prescription. Segment income decreased 8.5% year on year and decreased 12.9% against the plan due to the impact of dispensing fee revisions.

(¥ million)	FY4/16 2Q results	FY4/17 2Q plan	FY4/17 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	95,940	112,280	104,297	+8,357	+8.7	(7.1)
Gross profit	13,102	14,630	13,620	+518	+4.0	(6.9)
% of net sales	13.7	13.0	13.1			
SG&A expenses	5,165	6,180	6,401	+1,236	+23.9	+3.6
% of net sales	5.4	5.5	6.1			
Operating income	7,937	8,450	7,218	(719)	(9.1)	(14.6)
% of net sales	8.3	7.5	6.9			
Segment income	8,193	8,600	7,494	(699)	(8.5)	(12.9)
% of net sales	8.5	7.7	7.2			
Number of pharmacies	781	925	917	+136	+17.4	(0.9)

- ▶ Figures in the table are rounded down
- ▶ Segment income is adjusted to ordinary income shown on the quarterly consolidated statements of income
- ▶ Prescription volume: +14.8% YoY
- ▶ Average prescription price: (4.7)% YoY

Drug and Cosmetic Store Business (Consolidated)

Net sales increased 1.8% year on year by new store openings and sales growth of flagship stores. The ratio of gross profit to net sales year on year is improved by the active development of original products, however, segment income became ¥(384) million due to the increase of sales promotion expenses, etc.

(¥ million)	FY4/16 2Q results	FY4/17 2Q plan	FY4/17 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	10,107	10,840	10,288	+181	+1.8	(5.1)
Gross profit	3,484	3,900	3,723	+239	+6.9	(4.5)
% of net sales	34.5	36.0	36.2			
SG&A expenses	3,859	4,210	4,136	+277	+7.2	(1.8)
% of net sales	38.2	38.8	40.2			
Operating income	(375)	(310)	(412)	(37)	-	-
% of net sales	-	-	-			
Segment income	(183)	(250)	(384)	(201)	-	-
% of net sales	-	-	-			
Number of stores	56	54	51	(5)	(8.9)	(5.6)

- ▶ Figures in the table are rounded down
- ▶ Segment income is adjusted to ordinary income shown on the quarterly consolidated statements of income
- ▶ Number of customers: (2.1)% YoY
- ▶ Average spending per customer: +3.9% YoY

Net cash became ¥1,559 million and shareholders' equity ratio became 40.1% due to the decrease of debts from the end of FY4/16.

(¥ million)

End-FY4/16			
Assets		Liabilities	
Current assets	56,593	Current liabilities	66,744
Cash on hand and in banks	22,647	Short-term debt	5,690
		Lease obligations	668
Fixed assets	83,294	Long-term liabilities	19,818
Investments in securities	2,677	Long-term debt	14,854
		Lease obligations	1,198
Deferred assets	-	Total net assets	53,324
Total assets	139,888	Total liabilities and net assets	139,888
Net cash		236	
Shareholders' equity ratio(%)		38.1	

(¥ million)

End-FY4/17 2Q			
Assets		Liabilities	
Current assets	53,295	Current liabilities	64,707
Cash on hand and in banks	23,012	Short-term debt	7,584
		Lease obligations	641
Fixed assets	83,552	Long-term liabilities	17,177
Investments in securities	2,565	Long-term debt	12,138
		Lease obligations	1,087
Deferred assets	-	Total net assets	54,961
Total assets	136,847	Total liabilities and net assets	136,847
Net cash		1,559	
Shareholders' equity ratio(%)		40.1	

▶ Figures in the table are rounded down

▶ Net cash = Cash on hand and in banks – Interest-bearing debt (Long- and short- term debt + Lease obligations)

Cash on hand and in banks increased and notes and accounts receivable decreased by the liquidation of receivables. Total asset decreased ¥3,041 million from the end of FY4/16.

(¥ 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
Total current assets	61,102	56,593	53,295	(3,298)
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)
Total property, plant and equipment	26,111	28,153	27,749	(404)
Lease assets	22	13	12	(1)
Total intangible fixed assets	28,461	35,586	36,113	+527
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
Total investments and other assets	18,044	19,555	19,688	+133
Total fixed assets	72,618	83,294	83,552	+258
Total assets	133,721	139,888	136,847	(3,041)

▶ Figures in the table are rounded down

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

▶ Change: End-FY4/17 2Q compared with End-FY4/16

Total liabilities decreased ¥4,678 million from the end of FY4/16 due to the decrease of accounts payable, etc.

(¥ 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)
Total current liabilities	72,747	66,744	64,707	(2,037)
Long-term debt	6,150	14,854	12,138	(2,716)
Lease obligations	1,274	1,198	1,087	(111)
Total long-term liabilities	10,587	19,818	17,177	(2,641)
Total liabilities	83,335	86,563	81,885	(4,678)
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
Total shareholders' equity	50,120	53,237	54,824	+1,587
Total net assets	50,385	53,324	54,961	+1,637
Total liabilities and net assets	133,721	139,888	136,847	(3,041)

▶ Figures in the table are rounded down

▶ Change : End-FY4/17 2Q compared with End-FY4/16

(¥ million)	End-FY4/16 2Q	End-FY4/17 2Q	Change
Net cash provided by operating activities	9,221	6,090	(3,131)
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)
Net cash used in investing activities	(6,117)	(3,053)	+3,064
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)
Net cash (used in) provided by financing activities	8,157	(2,616)	(10,773)
Net increase (decrease) in cash and cash equivalents	11,261	420	(10,841)
Cash and cash equivalents at end of the period	30,650	22,312	(8,338)

▶ Figures in the table are rounded down

	End-FY4/16 2Q	End-FY4/16	End-FY4/17 2Q	Change
Shareholders' equity ratio (%)	37.6	38.1	40.1	+2.5
Market value equity ratio (%)	136.6	121.0	164.3	+27.7
PER (times)	-	21.39	-	-
EPS (¥)	103.93	249.69	90.07	(13.86)
PBR (times)	3.65	3.19	4.11	+0.46
BPS (¥)	1,584.87	1,679.69	1731.65	+146.78
ROA (%)	-	6.2	-	-
ROE (%)	-	15.6	-	-
EBITDA (¥ million)	-	20,816	-	-
EV/EBITDA (times)	-	8.08	-	-
Net D/E ratio (times)	(0.10)	(0.00)	(0.03)	+0.07
Net cash (¥ million)	5,107	236	1,559	(3,548)
Shareholders' value (¥ million)	-	168,520	-	-
Market capitalization (¥ million)	182,635	169,318	224,806	+42,171

- ▶ Figures in the table are rounded down ▶ Change: End-FY4/17 2Q compared with End-FY4/16 2Q
- ▶ Net D/E ratio = (Interest-bearing debt – Cash on hand and in banks) / Shareholders' equity
- ▶ Shareholders' value = EV – Net interest-bearing debt
- ▶ Market capitalization: Treasury stock is excepted
- ▶ Share prices used to calculate market capitalization:
End-FY4/16 2Q ¥5,760 (End-Oct,2015), End-FY4/16 ¥5,340 (End-Apr,2016), End-FY4/17 2Q ¥7,090 (End-Oct,2016).
- ▶ Net cash = Cash on hand and in banks – Interest-bearing debt (Long- and short- term debt + Lease obligations)

We will absorb the non-achievement of first half of the year by acceleration of new openings and response to dispensing fee revisions. We expect the achievement of FY4/17 plan.

(¥ 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	28,961	38,535	44,200	+5,665	+14.7
% of net sales	15.4	16.4	16.7		
SG&A expenses	17,509	23,915	27,900	+3,985	+16.7
% of net sales	9.3	10.2	10.5		
Operating income	11,452	14,619	16,300	+1,681	+11.5
% of net sales	6.1	6.2	6.2		
Ordinary income	11,697	15,158	16,700	+1,542	+10.2
% of net sales	6.2	6.5	6.3		
Profit attributable to owners of parent	6,197	7,917	9,000	+1,083	+13.7
% of net sales	3.3	3.4	3.4		
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 ▶ 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.

Operating Outlook

2Q Review

Net Sales vs Plan

(7.3)%
¥(9.15)billion

Dispensing Pharmacy Business
(6.4)% ¥(7.98)billion

Average prescription price (4.8)%
Prescription volume (1.2)%

Drug and Cosmetic Store Business
(0.4)% ¥(0.55)billion

Other Business
(0.5)% ¥(0.62)billion

Ordinary Income vs Plan

(15.8)%
¥(1.0)billion

Dispensing Pharmacy Business
(17.4)% ¥(1.1)billion

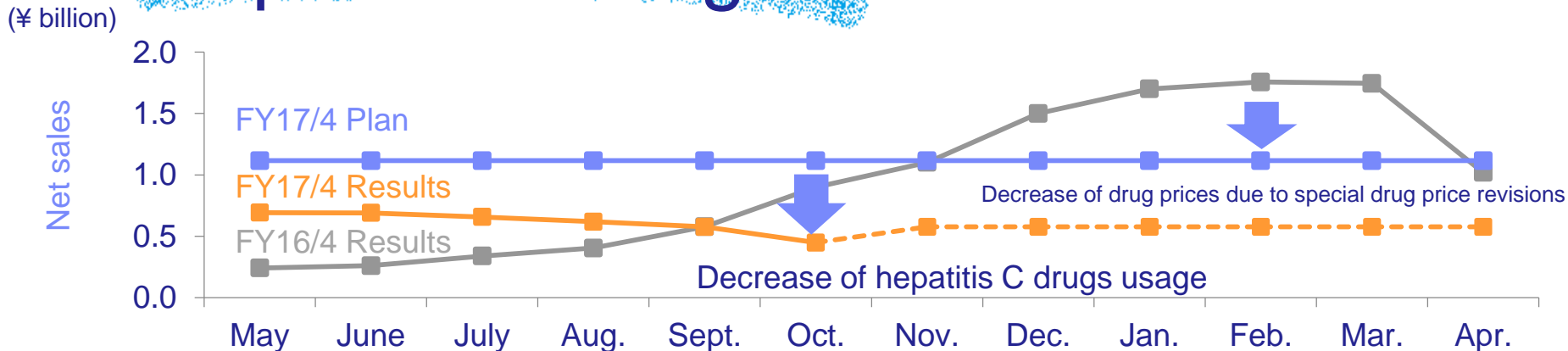
Drug and Cosmetic Store Business
(2.1)% ¥(0.13)billion

Other Business, Administration Department
+3.7% +¥0.23billion

2Q Review

Non-Achievement of Net Sales : Factor①

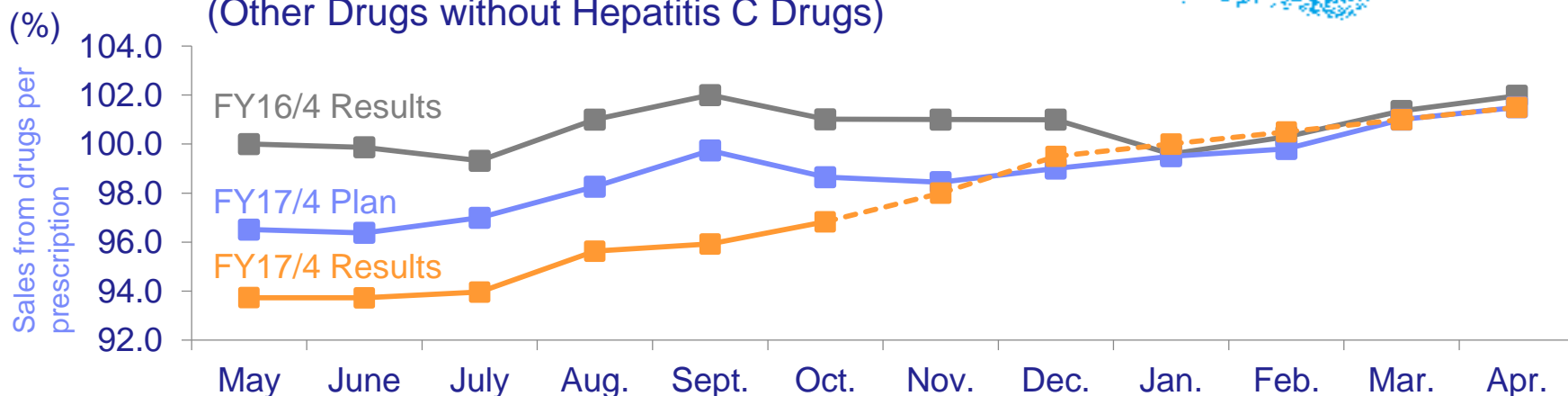
Hepatitis C Drugs



▶ Aggregated the data from pharmacies that could receive Hepatitis C drugs' usage data.

Non-Achievement of Net Sales : Factor②

Decrease of Sales from Drugs Per Prescription (Other Drugs without Hepatitis C Drugs)



▶ Monthly transition in case that the sales from drugs per prescription in May 2015 is assumed as 100.

▶ Aggregated the data in all pharmacies in AIN GROUP.

For Achievement of FY4/17 Plan

● Acceleration of New Store Openings

1,102 stores
(April 2017, forecast)

Vs plan

+101 stores

Opening : +115 stores

Closing : (14) stores

Increase of Dispensing Fee

Technical fee

+3.6%

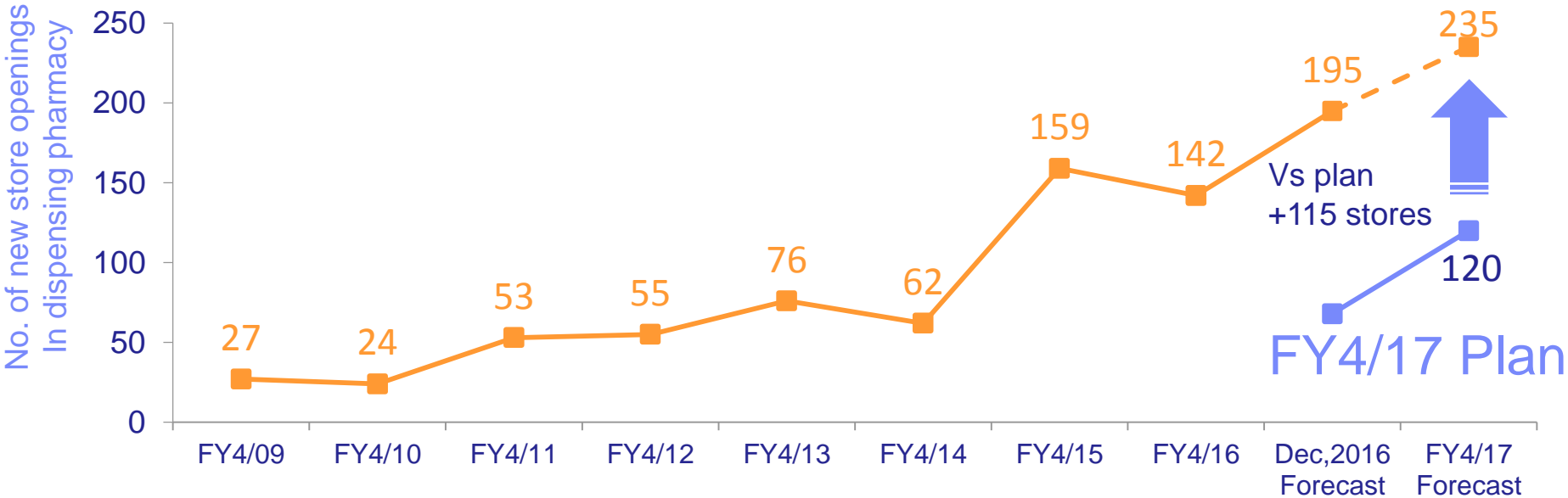
Vs plan

+¥1.6billion

Acceleration of New Store Openings

1,102 stores ^{Vs plan} **+101 stores**

(April 2017, forecast)

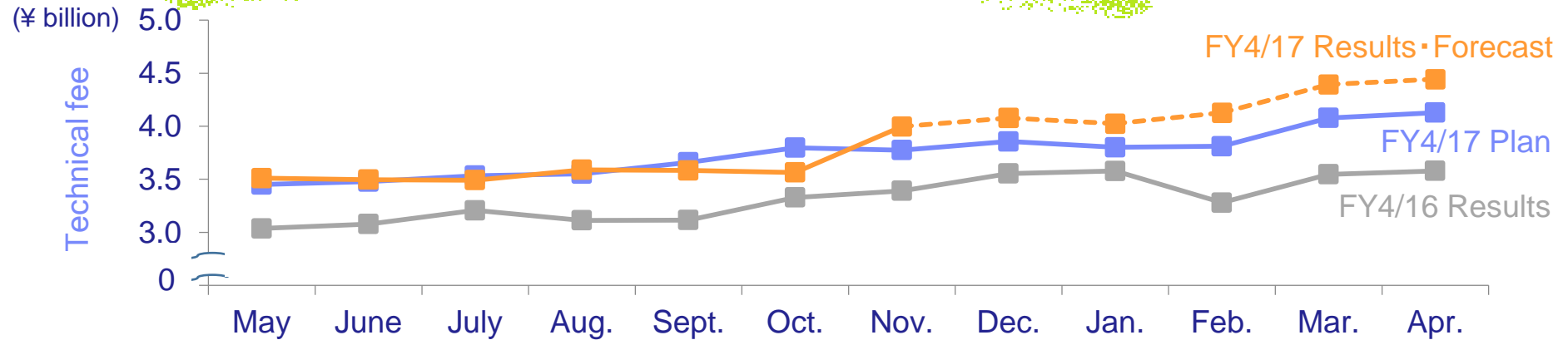


Organic	24	21	18	27	38	36	40	32	22	35
M&A	3	3	35	28	38	26	119	110	173	200
EV/EBITDA ratio	2.21	3.45	5.60	5.51	5.09	3.94	4.77	5.37	5.56	4.0-7.0
Closed	8	2	5	9	10	6	21	15	13	14
No. of total stores	375	397	448	494	560	616	754	881	1,063	1,102

For Achievement of FY4/17 Plan

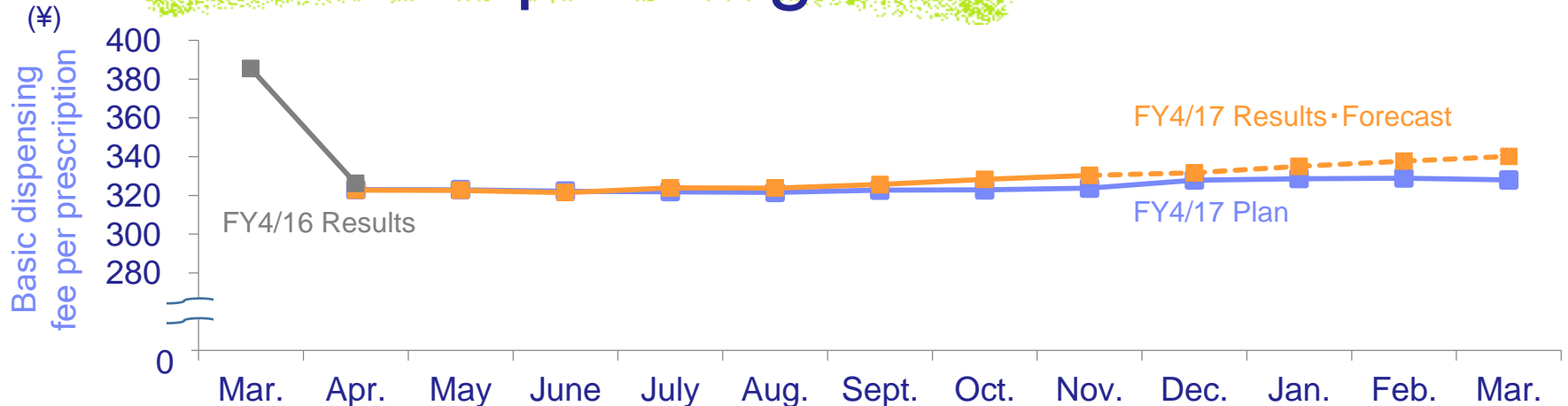
Increase of Dispensing Fee

Increase of Store Openings



▶ Aggregated the data from all pharmacies in AIN GROUP and the data is adjusted to account closing months.

Basic Dispensing Fee



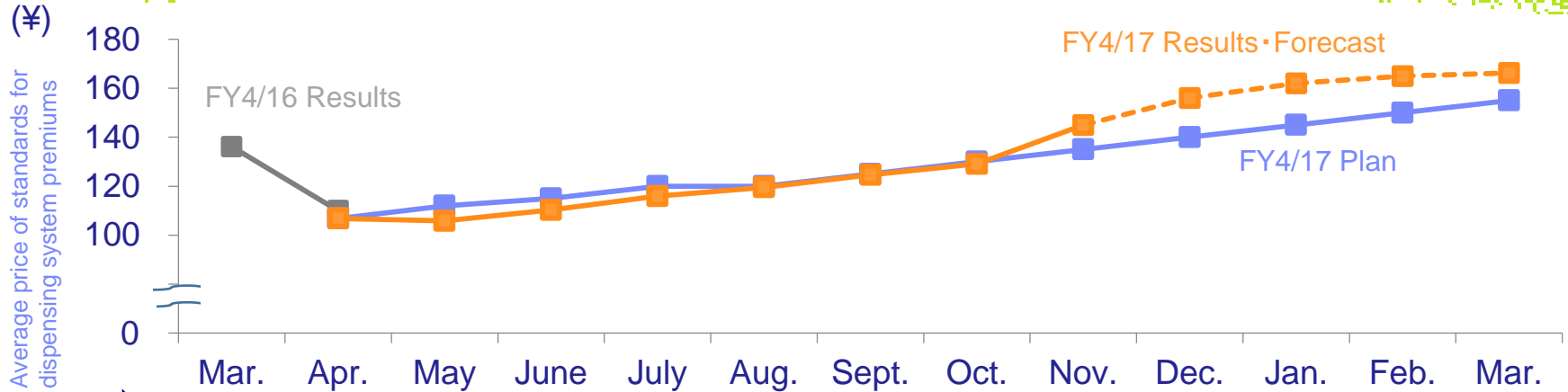
▶ Aggregated the data from all pharmacies in AIN GROUP and the data is adjusted to the months following the schedule.

A orange line on the graph after December is forecast data estimated by 907 stores.

For Achievement of FY4/17 Plan

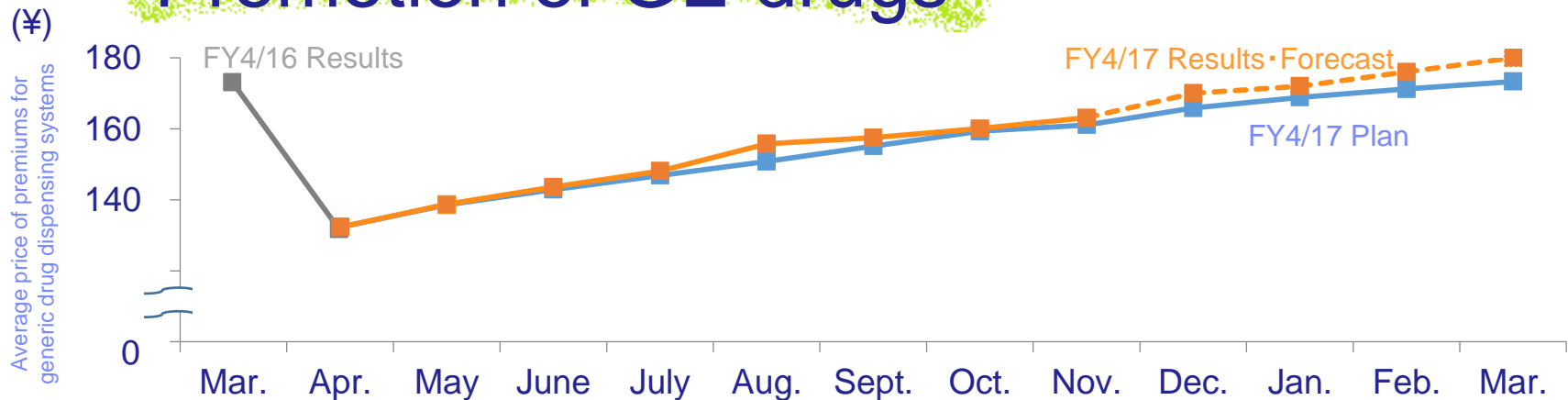
Increase of Dispensing Fee

Standards for Dispensing System Premiums



▶ Aggregated the data from all pharmacies in AIN GROUP and the data is adjusted to the months following the schedule.
A orange line on the graph after December is forecast data estimated by 907 stores.

Promotion of GE drugs



▶ Aggregated the data from all pharmacies in AIN GROUP and the data is adjusted to the months following the schedule.
A orange line on the graph after December is forecast data estimated by 907 stores.

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	28,961	38,535	44,200	+5,665	+14.7
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Annual dividend (¥)	30.00	40.00	50.00	+10.00	+25.0

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ainz & tulpe KITASENZYU MARUI

Location	Adachi-ku, Tokyo
Open day	December 9, 2016
Sales floor	413m ² 1 floor
No. of Items	15,000SKU

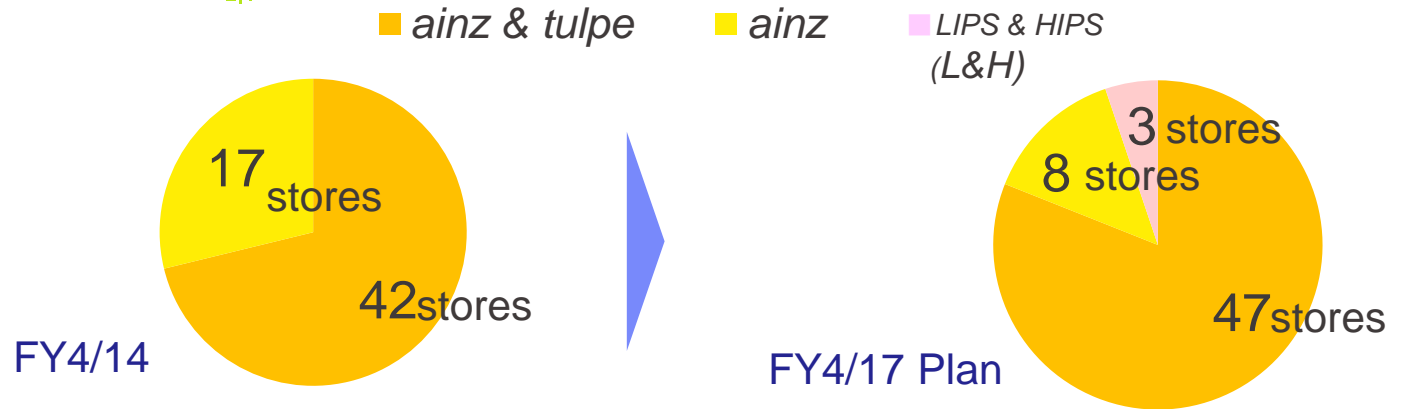


ainz & tulpe Colette Mare SAKURAGICHO

Location	Yokohama-shi, Kanagawa
Open day	December 15, 2016
Sales floor	1,030m ² 1 floor
No. of Items	22,000SKU



Model Change

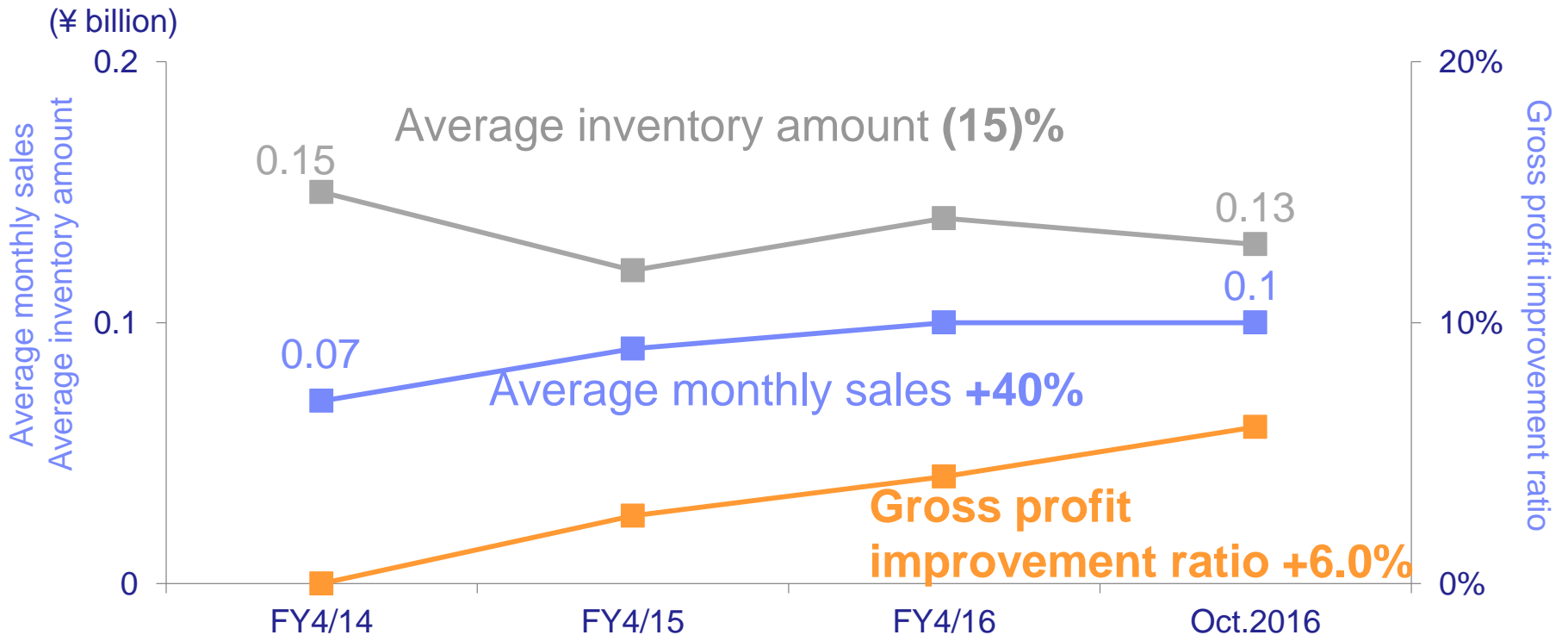


	FY4/14	FY4/15	FY4/16	December, 2016	FY4/16 Forecast
No. of store openings	3	3	5	5	12
	<ul style="list-style-type: none"> • SANNOMIYA SANKITA-DORI • ABENO SORAHA • NU CHAYAMACHI 	<ul style="list-style-type: none"> • SANNOMIYA YUZAWAYA • OYAMA STATION • HIGASHI KUYAKUSHO MAE 	<ul style="list-style-type: none"> • MARUI CITY YOKOHAMA • SHINJUKU HIGASHIGUCHI • Le trois • NEW CHITOSE AIRPORT • OMIYA MARUI 	<ul style="list-style-type: none"> • Colette Mare SAKURAGICHO-B1 • GINZA NAMIKIDORI • SHINSAPPORO Sanpiazza • KITASENZYU MARUI • Colette Mare SAKURAGICHO 	<ul style="list-style-type: none"> • GINZA2 • SHINJUKU • YOKOHAMA • MORIGUCHI • KYOTO • L&H1 • L&H2
No. of closed stores	5	6	9	4	6
No. of total stores	59	56	52	53	58

Changes in Profit Structure

Gross profit improvement rate

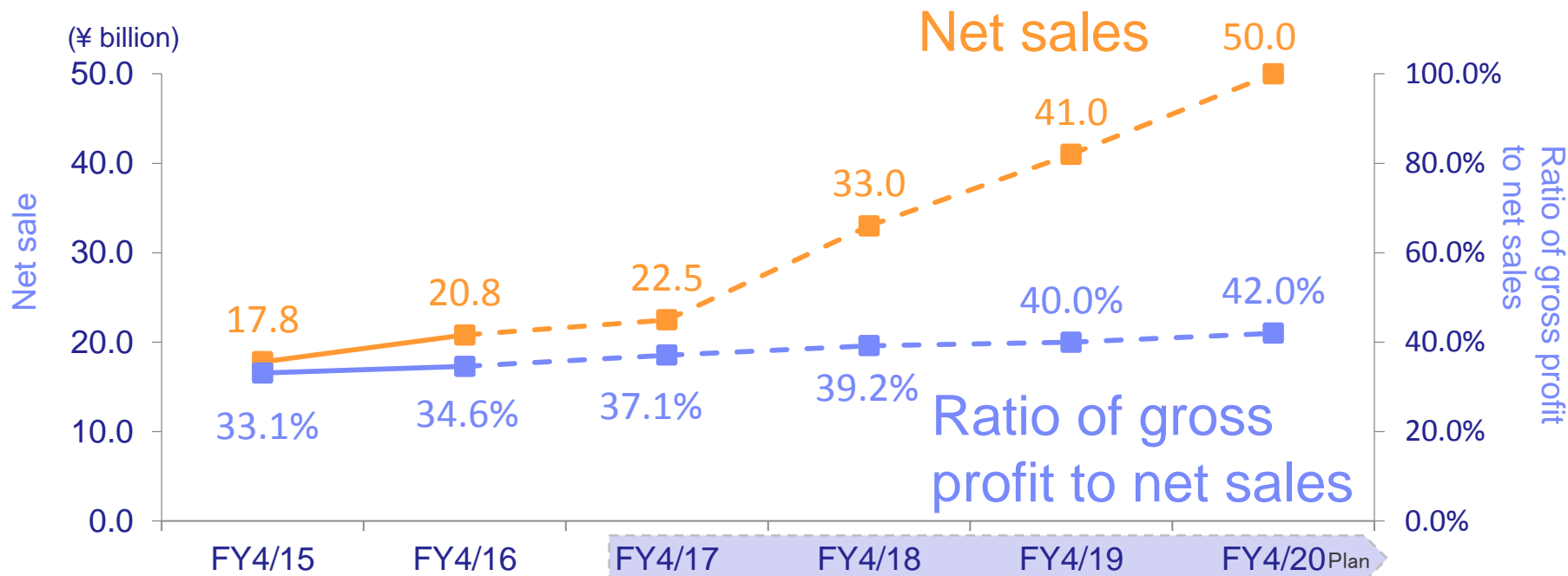
Vs FY4/14
+6.0%



▶ Target store: *ainz&tulpe* HARAJUKU QUEST, Ikebukuro Seibu, Tokyo Station

▶ Gross profit improvement ratio = $1 - (\text{Inventory cost of the end of fiscal year} / \text{Inventory selling price of the end of fiscal year})$, compared with FY14/4.

Plan of Store Openings



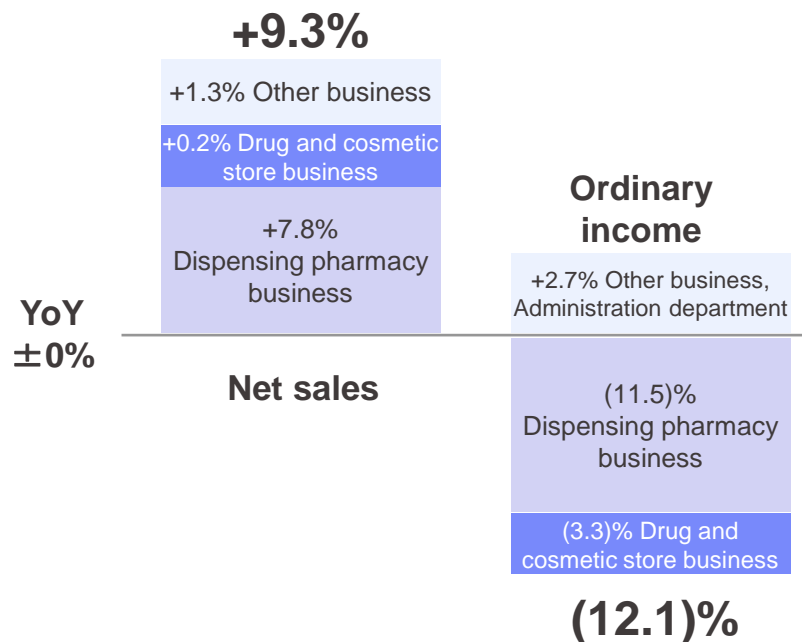
Net sales	17.8	20.8	22.5	33.0	41.0	50.0
Ratio of gross profit to net sales	33.1%	34.6%	37.1%	39.2%	40.0%	42.0%
No. of new store openings	3	5	12	15	20	25
No. of stores	56	52	58	71	78	85

Supplementary Information

Validation of Net Sales & Ordinary Income

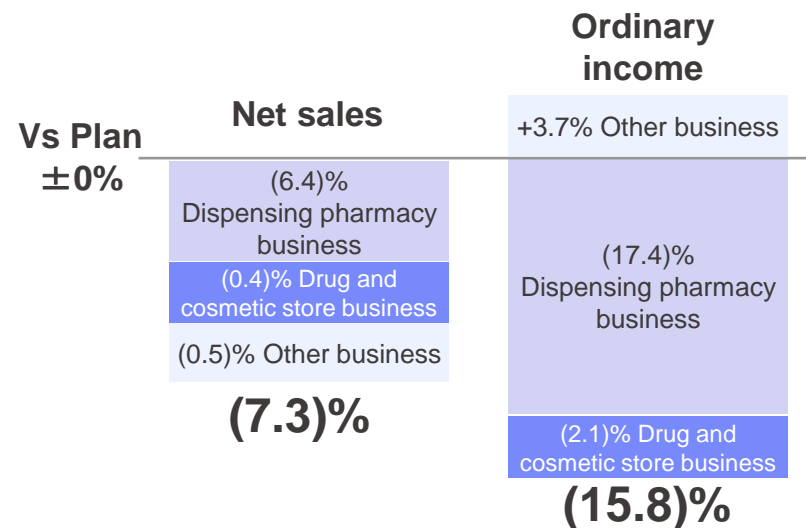
■ Year-on-Year

(¥ million)	FY4/16 2Q results	FY4/17 2Q results	YoY change(%)
Net sales	106,924	116,844	+9.3
Ordinary income	6,084	5,346	(12.1)
% of net sales	5.7	4.6	



■ Vs Plan

(¥ million)	FY4/17 2Q plan	FY4/17 2Q results	Vs plan (%)
Net sales	126,000	116,844	(7.3)
Ordinary income	6,350	5,346	(15.8)
% of net sales	5.0	4.6	



■ Dispensing Pharmacy Business (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 Business (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 Business (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 Business (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

Dispensing Fee Revisions of 2016

	Before	Points	After	Points
Basic dispensing fee	Except following	41 (31)	1 Except following	41 (31)
	Over 4,000 times and over 70% Over 2,500 times and over 90%	25 (19)	2 Over 4,000 times and over 70% or Over 2,000 times and over 90% or Over 4,000 times from specific hospital	25 (19)
			3 Same group over 40,000 times / month and over 95% or Lease contract with medical institution	20(15)
Standards for dispensing system premiums	24-hour rotation support, home healthcare support	12	Basic dispensing fee 41points & Inventory 1,200 items & Home healthcare services (1 case / year) & Notification of Kakaritsuke-pharmasists & supervising pharmacists having operational experience for at least 5 years and enrollment for at least 1 year	32
	24-hour own support, result of home healthcare services	36		
Premiums for generic drug dispensing systems	55%-65%	18	65-75%	18
	Over 65%	22	Over 75%	22
Drug use history management and guidance fee	Except following	41	Basic dispensing fee 41 points, handing over medication notebook, patients' visiting within 6 months	38
	No notebooks	34	Except the above	50
			Primary care pharmacists instruction fee	70
Premiums for specific drug management instruction	Specific drug management instruction	4	Specific drug management instruction	10

▶ Items and requirements mentioned above is a part of dispensing fee revisions

▶ Points inside of parentheses are the subtracted points

Condition for receiving primary care pharmacists instruction fee	Operational experience for at least 3 years, Working over 32 hours per week, Belongs to pharmacy over 6 months, Certified pharmacists, Participation of community activity
Opetation of primary care pharmacists	Guidance for drug usage, Integrated and continuous management of patients' information, 24-hour support, Management of surplus drugs, home-based healthcare

Response to Dispensing Fee Revisions ①

(¥)

	After	Points	March	April	Change	October	Change	After (March 2017)	Change
Basic dispensing fee	1 Except following	41 (31)						Promotion to receive prescriptions from hospitals that are not located near our pharmacies.	
	2 Over 4,000 times and over 70% or Over 2,000 times and over 90% or Over 4,000 times from specific hospital	25 (19)	382.9	312.8	(70.1)	316.1	(66.8)	Raising awareness among patients about Kakaritsuke-pharmacists	323.5 (59.4)
	3 Same group over 40,000 times / month and over 95% or Lease contract with medical institution	20 (15)							
Standards for dispensing system premiums	Basic dispensing fee 41points & Inventory 1,200 items & Home healthcare services (1 case / year) & Notification of Kakaritsuke-pharmacists & supervising pharmacists having operational experience for at least 5 years and enrollment for at least 1 year	32	147.6	116.8	(30.8)	138.6	(9.0)	Right personal distribution and promotion of home healthcare services	166.6 +19.0
Premiums for generic drug dispensing systems	65-75%	18	191.3	146.5	(44.8)	174.7	(16.6)	Promotion of the use of generic drugs	186.5 (4.8)
	Over 75%	22							
Drug use history management and guidance fee	Basic dispensing fee 41 points, handing over medication notebook, patients' visiting within 6 months	38	382.6	433.6	+51.0	441.8	+59.2	Raising awareness among patients about Kakaritsuke-pharmacists	462.9 +80.3
	Except the above	50							
	Kakaritsuke-pharmacists instruction fee	70							
Premiums for specific drug management instruction	Specific drug management instruction	10	9.6	25.4	+15.8	24.3	+14.7		25.4 +15.8
					(78.9)		(18.5)		+50.9

▶ Items and requirements mentioned above is a part of dispensing fee revisions

▶ Points inside of parentheses are the subtracted points

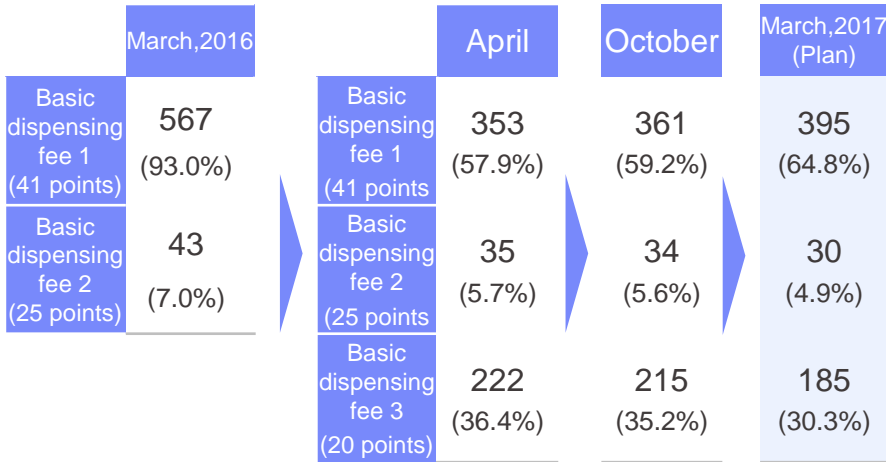
▶ Average prescription price per a reception

▶ Object: 610 pharmacies

▶ Change: Compared to March 2016

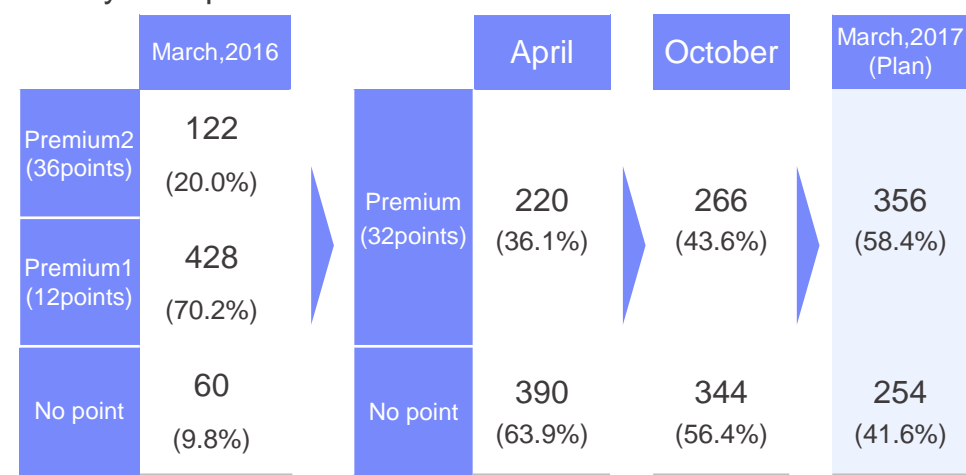
Response to Dispensing Fee Revisions ②

Ratio of stores that receive basic dispensing fee



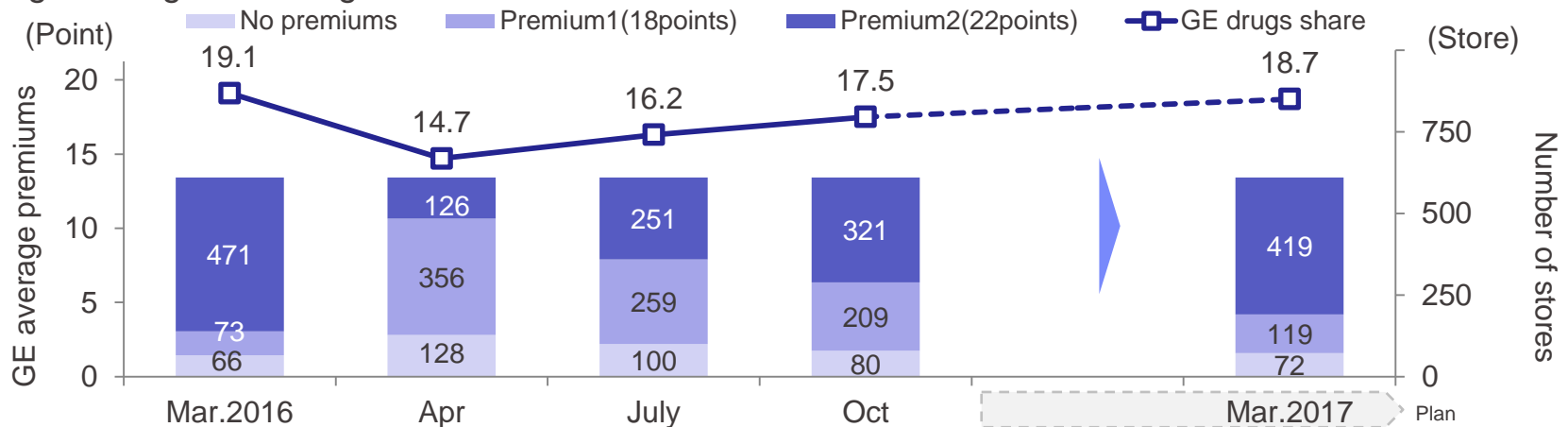
▶ Object :610 pharmacies (As of October 2016)

Ratio of stores that receive standards for dispensing system premiums



▶ Object :610 pharmacies (As of October 2016)

Progress of generic drugs



▶ Mar. 2016 : It is calculated by old standards of 2014 revisions ▶ GE average premiums : Price per reception of prescriptions

▶ Object :610 pharmacies (As of October 2016) ▶ GE drug share (volume) : 72.8% (As of October 2016)

(¥ million)	FY4/16 results	FY4/17 plan	YoY change	YoY change(%)
Net sales	211,009	236,100	+25,091	+11.9
Gross profit % of net sales	30,268 14.3	32,480 13.8	+2,212	+7.3
SG&A expenses % of net sales	11,629 5.5	12,780 5.4	+1,151	+9.9
Operating income % of net sales	18,639 8.8	19,700 8.3	+1,061	+5.7
Segment income % of net sales	19,219 9.1	20,000 8.5	+781	+4.1

▶ Figures in the table are rounded down

Breakdown of plan

■ Net Sales		FY4/17 plan	YoY change(%)
(¥ million)			
Dispensing pharmacy	Same store(730)	191,745	(1.0)
	Store openings in the previous year(141)	28,892	+131.1
	Store openings in this year(120)	9,460	-

▶ No. of stores that planned in the beginning of FY4/17

■ Segment Income

(Decrease of ratio of gross profit to net sales)

We forecast that the ratio of gross profit to net sales will decrease 0.5 % year on year to 13.8% although we will actively to respond dispensing fee revisions.

(Decrease of SG&A ratio)

SG&A expenses will increase 9.9% year on year by the business expansion. However, we will focus on cost saving and forecast that SG&A ratio will decrease 0.1% year on year to 5.4%.

(¥ million)	FY4/16 results	FY4/17 plan	YoY change	YoY change(%)
Net sales	20,884	22,500	+1,616	+7.7
Gross profit % of net sales	7,236 34.6	8,350 37.1	+1,114	+15.4
SG&A expenses % of net sales	7,931 38.0	8,700 38.7	+769	+9.7
Operating income % of net sales	(694) -	(350) -	+344	-
Segment income % of net sales	(459) -	(224) -	+235	-

▶ Figures in the table are rounded down

Breakdown of plan

■ Net Sales

(¥ million)	FY4/17 plan	YoY change(%)
Same store(47)	17,700	+2.0
Drug and Cosmetic store Store openings in the previous year(5)	3,530	+65.7
Store openings in this year(6)	1,270	-

▶ No. of stores that planned in the beginning of FY4/17

■ Segment Income

(Improvement of ratio of gross profit to net sales)

We will improve the ratio of gross profit to net sales by developing the original products. We forecast that the ratio will increase 2.5 % to 37.1%.

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