

FY4/19

IR PRESENTATION

AIN HOLDINGS INC.
June 2019

Results Overview



Consolidated P/L

Net sales increased 2.7% year on year and increased 1.0% against the plan reflecting 164 new store openings including M&A. Ordinary income declined 17.3% year on year and decreased 7.6% against the plan due to the dispensing fee revisions.

(¥ million)	FY4/18 results	FY4/19 plan	FY4/19 results	YoY change	YoY change(%)	Vs plan (%)
Net sales	268,385	272,870	275,596	+7,211	+2.7	+1.0
Gross profit	47,993	48,040	45,363	(2,630)	(5.5)	(5.6)
% of net sales	17.9	17.6	16.5			
SG&A expenses	28,370	30,540	29,295	+925	+3.3	(4.1)
% of net sales	10.6	11.2	10.6			
Operating income	19,622	17,500	16,067	(3,555)	(18.1)	(8.2)
% of net sales	7.3	6.4	5.8			
Ordinary income	20,129	18,000	16,637	(3,492)	(17.3)	(7.6)
% of net sales	7.5	6.6	6.0			
Profit attributable to owners of parent	10,567	9,260	9,029	(1,538)	(14.6)	(2.5)
% of net sales	3.9	3.4	3.3			
Earnings per share(¥)	310.08	261.38	254.87	(55.21)	(17.8)	(2.5)

► Figures in the table are rounded down



Dispensing Pharmacy Business (Consolidated)

Net sales increased 2.7% year on year and 2.2% against the plan due to the 157 new store openings, including M&A. Segment income decreased 19.1% year on year and declined 8.3% against the plan due to the dispensing fee revisions.

(¥ million)	FY4/18 results	FY4/19 plan	FY4/19 results	YoY change	YoY change(%)	Vs plan (%)
Net sales	238,645	239,800	245,003	+6,358	+2.7	+2.2
Gross profit	36,030	34,500	32,741	(3,289)	(9.1)	(5.1)
% of net sales	15.1	14.4	13.4			
SG&A expenses	14,034	15,200	14,882	+848	+6.0	(2.1)
% of net sales	5.9	6.3	6.1			
Operating income	21,995	19,300	17,859	(4,136)	(18.8)	(7.5)
% of net sales	9.2	8.0	7.3			
Segment income	22,668	20,000	18,331	(4,337)	(19.1)	(8.3)
% of net sales	9.5	8.3	7.5			
Number of pharmacies	1,029	1,112	1,132	+103	+10.0	+1.8

▶ Figures in the table are rounded down

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

▶ Prescription volume: +6.3% YoY

▶ Average prescription price: (3.3)%YoY



Cosmetic and Drug Store Business (Consolidated)

Although the net sales of existing stores has showing steadily growth, net sales increased 4.5 % year on year and decreased 6.6% against the plan. Segment income increased 47.9% year on year and decreased 4.7% against the plan due to cost reduction and by an overhaul of procurement activities.

(¥ million)	FY4/18 results	FY4/19 plan	FY4/19 results	YoY change	YoY change(%)	Vs plan (%)
Net sales	24,117	27,000	25,210	+1,093	+4.5	(6.6)
Gross profit	8,925	10,060	9,535	+610	+6.8	(5.2)
% of net sales	37.0	37.3	37.8			
SG&A expenses	8,317	9,060	8,632	+315	+3.8	(4.7)
% of net sales	34.5	33.6	34.2			
Operating income	608	1,000	903	+295	+48.5	(9.7)
% of net sales	2.5	3.7	3.6			
Segment income	657	1,020	972	+315	+47.9	(4.7)
% of net sales	2.7	3.8	3.9			
Number of stores	48	55	54	+6	+12.5	(1.8)

- ▶ Figures in the table are rounded down
- ▶ Segment income is adjusted to ordinary income shown on the consolidated statements of income
- ▶ Number of customers: +3.0% YoY ▶ Average spending per customer: +1.5% YoY



Consolidated B/S

Net cash was ¥35,814 million and shareholders' equity ratio became 54.9%. We are maintaining a sound financial structure.

(¥ million)

End-FY4/18			
Assets		Liabilities	
Current assets	94,557	Current liabilities	69,950
Cash on hand and in banks	63,779	Short-term debt	6,717
		Lease obligations	443
Fixed assets	88,718	Long-term liabilities	16,696
Goodwill	38,011	Long-term debt	11,511
		Lease obligations	632
Deferred assets	103	Total net assets	96,733
Total assets	183,380	Total liabilities and net assets	183,380

Net cash	44,474
Shareholders' equity ratio(%)	52.7

(¥ million)

End-FY4/19			
Assets		Liabilities	
Current assets	85,446	Current liabilities	73,744
Cash on hand and in banks	48,091	Short-term debt	5,571
		Lease obligations	318
Fixed assets	103,515	Long-term liabilities	11,355
Goodwill	45,249	Long-term debt	5,985
		Lease obligations	401
Deferred assets	59	Total net assets	103,922
Total assets	189,021	Total liabilities and net assets	189,021

Net cash	35,814
Shareholders' equity ratio(%)	54.9

▶ 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)



Assets

The balance of total assets increased ¥5,641 million from the end of the previous fiscal year due to new store openings and M&A.

(¥ million)	End-FY4/17	End-FY4/18	End-FY4/19	Change	
Cash on hand and in banks	29,775	63,779	48,091	(15,688)	M&A New store openings
Notes and accounts receivable	9,990	10,466	12,771	+2,305	
Inventories	11,668	9,580	12,898	+3,318	
Total current assets	65,420	94,557	85,446	(9,111)	
Buildings and structures, net	15,365	14,934	16,352	+1,418	M&A
Land	9,958	10,041	10,394	+353	
Lease assets	1,166	824	571	(253)	
Total property, plant and equipment	28,464	27,853	30,186	+2,333	
Goodwill	40,939	38,011	45,249	+7,238	
Lease assets	8	11	7	(4)	
Total intangible fixed assets	43,109	40,132	47,577	+7,445	
Investments in securities	2,435	2,375	1,795	(580)	
Deferred tax assets	2,167	3,772	4,284	+512	
Deposits and guarantees	10,443	11,339	15,133	+3,794	
Total investments and other assets	19,329	20,732	25,751	+5,019	
Total fixed assets	90,902	88,718	103,515	+14,797	
Total deferred assets	-	103	59	(44)	
Total assets	156,323	183,380	189,021	+5,641	

▶ Figures in the table are rounded down ▶ Change: End-FY4/19 compared with End-FY4/18

▶ Capital expenditures (Property, plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥9,919 million



Liabilities and Net Assets

The balance of liabilities decreased ¥1,547 million from the end of the previous fiscal year due to the repayment of debts etc.

(¥ million)	End-FY4/17	End-FY4/18	End-FY4/19	Change
Accounts payable	39,325	38,728	44,794	+6,066
Short-term debt	7,596	6,717	5,571	(1,146)
Lease obligations	594	443	318	(125)
Total current liabilities	72,955	69,950	73,744	+3,794
Long-term debt	18,254	11,511	5,985	(5,526)
Lease obligations	958	632	401	(231)
Total long-term liabilities	23,188	16,696	11,355	(5,341)
Total liabilities	96,144	86,646	85,099	(1,547)
Common stock	8,682	21,894	21,894	-
Capital surplus	6,367	20,500	20,500	-
Retained earnings	45,286	54,268	61,526	+7,258
Total shareholders' equity	59,918	96,662	103,920	+7,258
Total net assets	60,178	96,733	103,922	+7,189
Total liabilities and net assets	156,323	183,380	189,021	+5,641

Repayment of debts

- ▶ Figures in the table are rounded down
- ▶ Change : End-FY4/19 compared with End-FY4/18



Consolidated C/F

The change of Net cash used in investing activities became ¥19,985 million due to the store opening including M&A, etc.

(¥ million)

	FY4/18	FY4/19	Change
Net cash provided by operating activities	21,656	14,788	(6,868)
Profit before income taxes	17,852	15,624	(2,228)
Depreciation and amortization	3,596	3,903	+307
Amortization of goodwill	3,937	4,183	+246
(Increase) decrease in accounts receivable	(25)	843	+868
(Increase) decrease in inventories	2,278	(2,054)	(4,332)
(Increase) decrease in other accounts receivable	1,685	(407)	(2,092)
Increase (decrease) in accounts payable	(1,076)	1,685	+2,761
Net cash used in investing activities	(5,281)	(19,985)	(14,704)
Payments for purchases of property, plant and equipment and intangible fixed assets	(3,709)	(4,990)	(1,281)
Purchase of subsidiaries' shares resulting in obtaining controls	(1,310)	(13,246)	(11,936)
Net cash provided by financing activities	17,623	(10,681)	(28,304)
Proceeds from issuance of common shares and sales of treasury shares	27,631	-	(27,631)
Net increase in cash and cash equivalents	33,998	(15,878)	(49,876)
Cash and cash equivalents at end of the year	63,233	47,495	(15,738)

► Figures in the table are rounded down



Business Value Analysis

	FY4/17	FY4/18	FY4/19	Change
Shareholders' equity ratio (%)	38.4	52.7	54.9	+2.2
Market value equity ratio (%)	156.6	141.0	165.7	+24.7
PER (times)	30.79	23.54	34.68	+11.14
EPS (¥)	250.71	310.08	254.87	(55.21)
PBR (times)	4.09	2.67	3.01	+0.34
BPS (¥)	1,895.63	2,729.44	2,931.48	+202.04
ROA (%)	5.4	6.2	4.8	(1.4)
ROE (%)	14.0	13.5	9.0	(4.5)
EBITDA (¥ million)	21,905	27,156	24,154	(3,002)
EV/EBITDA (times)	11.07	7.90	11.52	+3.62
Net D/E ratio (times)	(0.04)	(0.46)	(0.34)	+0.12
Net cash (¥ million)	2,371	44,474	35,814	(8,660)
Shareholders' value (¥ million)	244,828	258,928	314,139	+55,211
Market capitalization (¥ million)	244,782	258,620	313,178	+54,558

- ▶ Figures in the table are rounded down ▶ Change : FY4/19 compared with FY4/18
- ▶ 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-FY4/17 ¥7,720 (End-Apr,2017), End-FY4/18 ¥7,300 (End-Apr,2018), End-FY4/19 ¥8,840 (End-Apr,2018).
- ▶ Net cash = Cash on hand and in banks – Interest-bearing debt (Long and short-term debt + Lease obligations)



FY4/20 Plan (Consolidated)

The group forecasts net sales for the fiscal year ending April 30, 2020 of 300,330 million, increase 9.0% year on year and ordinary income increase 15.4% year on year by openings new stores (100 dispensing pharmacies and 15 cosmetic and drug stores).

(¥ million)	FY4/18 results	FY4/19 results	FY4/20 plan	YoY change	YoY change (%)
Net sales	268,385	275,596	300,330	+24,734	+9.0
Gross profit	47,993	45,363	50,540	+5,177	+11.4
% of net sales	17.9	16.5	16.8		
SG&A expenses	28,370	29,295	31,840	+2,545	+8.7
% of net sales	10.6	10.6	10.6		
Operating income	19,622	16,067	18,700	+2,633	+16.4
% of net sales	7.3	5.8	6.2		
Ordinary income	20,129	16,637	19,200	+2,563	+15.4
% of net sales	7.5	6.0	6.4		
Profit attributable to owners of parent	10,567	9,029	10,130	+1,101	+12.2
% of net sales	3.9	3.3	3.4		
Earnings per share(¥)	310.08	254.87	285.94	+31.07	+12.2
Annual dividend (¥)	50.00	55.00	55.00	-	0.0

▶ Figures in the table are rounded down ▶ YoY change :FY4/20 plan compared with FY4/19 results

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