

FY4/20 1Q

IR PRESENTATION

AIN HOLDINGS INC.
September 2019

Results Overview



Consolidated P/L

Net sales increased 11.5% year on year and 1.9% against the plan due to the steadily growth of stores that opened in the previous fiscal year and existing stores. Ordinary income up 16.7% year on year reflecting an increase in net sales, and 4.8% against the plan due to reduced costs in head office expense.

(¥ million)	FY4/19 1Q results	FY4/20 1Q plan	FY4/20 1Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	65,013	71,140	72,461	+7,448	+11.5	+1.9
Gross profit	10,687	11,590	11,490	+803	+7.5	(0.9)
% of net sales	16.4	16.3	15.9			
SG&A expenses	7,236	7,700	7,568	+332	+4.6	(1.7)
% of net sales	11.1	10.8	10.4			
Operating income	3,450	3,890	3,921	+471	+13.7	+0.8
% of net sales	5.3	5.5	5.4			
Ordinary income	3,610	4,020	4,212	+602	+16.7	+4.8
% of net sales	5.6	5.7	5.8			
Profit attributable to owners of parent	1,851	2,100	2,240	+389	+21.0	+6.7
% of net sales	2.8	3.0	3.1			
Earnings per share(¥)	52.27	59.28	63.24	+10.97	+21.0	+6.7

► Figures in the table are rounded down



Dispensing Pharmacy Business (Consolidated)

Net sales increased 13.5% year on year and 3.1% against the plan due to the full contribution of stores opened in the previous fiscal year and increasing of average prescription price. Segment income up 20.6% year on year with increasing of net sales, and declined 0.1% against the plan due to the excess of SG&A expenses.

(¥ million)	FY4/19 1Q results	FY4/20 1Q plan	FY4/20 1Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	57,090	62,880	64,800	+7,710	+13.5	+3.1
Gross profit	7,416	8,310	8,409	+993	+13.4	+1.2
% of net sales	13.0	13.2	13.0			
SG&A expenses	3,576	3,610	3,738	+162	+4.5	+3.5
% of net sales	6.3	5.7	5.8			
Operating income	3,839	4,700	4,671	+832	+21.7	(0.6)
% of net sales	6.7	7.5	7.2			
Segment income	3,984	4,810	4,804	+820	+20.6	(0.1)
% of net sales	7.0	7.6	7.4			
Number of pharmacies	1,024	1,122	1,120	+96	+9.4	(0.2)

▶ Figures in the table are rounded down

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

▶ Prescription volume: +9.8% YoY

▶ Average prescription price: +3.4% YoY



Cosmetic and Drug Store Business (Consolidated)

Net sales increased 0.8% year on year and decreased 6.3% against the plan in spite of the contribution of new opening stores and stores opened in last year. Segment income decreased 36.8% year on year due to the cost in advance for new opening stores, and 21.5% against the plan because of unachieved net sales.

(¥ million)	FY4/19 1Q results	FY4/20 1Q plan	FY4/20 1Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	6,505	7,000	6,560	+55	+0.8	(6.3)
Gross profit	2,403	2,620	2,495	+92	+3.8	(4.8)
% of net sales	36.9	37.4	38.0			
SG&A expenses	2,057	2,330	2,277	+220	+10.7	(2.3)
% of net sales	31.6	33.3	34.7			
Operating income	345	290	217	(128)	(37.1)	(25.2)
% of net sales	5.3	4.1	3.3			
Segment income	364	293	230	(134)	(36.8)	(21.5)
% of net sales	5.6	4.2	3.5			
Number of stores	48	55	55	+7	+14.6	0.0

▶ Figures in the table are rounded down

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

▶ Number of customers: +5.6% YoY ▶ Average spending per customer: (4.5)% YoY



Consolidated B/S

Net cash was ¥30,077million and shareholders' equity ratio became 55.8%. We are maintaining a sound financial structure.

(¥ 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

(¥ million)

End-FY4/20 1Q			
Assets		Liabilities	
Current assets	83,311	Current liabilities	71,967
Cash on hand and in banks	40,753	Short-term debt	5,045
		Lease obligations	286
Fixed assets	103,184	Long-term liabilities	10,421
Goodwill	44,216	Long-term debt	5,014
		Lease obligations	330
Deferred assets	48	Total net assets	104,154
Total assets	186,543	Total liabilities and net assets	186,543

Net cash	30,077
Shareholders' equity ratio(%)	55.8

▶ 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 decreased ¥2,478 million from the end of the previous fiscal year. Mainly reflected an increase in accounts receivable and inventories against decreases in cash on hand and in banks and goodwill.

(¥ million)	End-FY4/19 1Q	End-FY4/19	End-FY4/20 1Q	Change
Cash on hand and in banks	61,725	48,091	40,753	(7,338)
Notes and accounts receivable	11,511	12,771	15,940	+3,169
Inventories	11,227	12,898	13,987	+1,089
Total current assets	94,685	85,446	83,311	(2,135)
Buildings and structures, net	14,773	16,352	16,355	+3
Land	10,197	10,394	10,484	+90
Lease assets	733	571	487	(84)
Total property, plant and equipment	27,884	30,186	30,216	+30
Goodwill	37,266	45,249	44,216	(1,033)
Lease assets	10	7	6	(1)
Total intangible fixed assets	39,285	47,577	46,630	(947)
Investments in securities	2,320	1,795	1,820	+25
Deferred tax assets	3,819	4,284	4,276	(8)
Deposits and guarantees	11,414	15,133	15,078	(55)
Total investments and other assets	20,715	25,751	26,336	+585
Total fixed assets	87,885	103,515	103,184	(331)
Total deferred assets	92	59	48	(11)
Total assets	182,663	189,021	186,543	(2,478)

▶ Figures in the table are rounded down ▶ Change: End-FY4/20 1Q compared with End-FY4/19

▶ Capital expenditures (Property, plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥1,102 million



Liabilities and Net Assets

The balance of liabilities decreased ¥2,710 million from the end of the previous fiscal year due to the repayment of debts etc.

(¥ million)	End-FY4/19 1Q	End-FY4/19	End-FY4/20 1Q	Change
Accounts payable	41,646	44,794	46,194	+1,400
Short-term debt	7,486	5,571	5,045	(526)
Lease obligations	399	318	286	(32)
Total current liabilities	70,739	73,744	71,967	(1,777)
Long-term debt	10,052	5,985	5,014	(971)
Lease obligations	504	401	330	(71)
Total long-term liabilities	15,106	11,355	10,421	(934)
Total liabilities	85,846	85,099	82,389	(2,710)
Common stock	21,894	21,894	21,894	-
Capital surplus	20,500	20,500	20,500	-
Retained earnings	54,349	61,526	61,818	+292
Total shareholders' equity	96,743	103,920	104,212	+292
Total net assets	96,816	103,922	104,154	+232
Total liabilities and net assets	182,663	189,021	186,543	(2,478)

▶ Figures in the table are rounded down

▶ Change : End-FY4/20 1Q compared with End-FY4/19



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 open 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

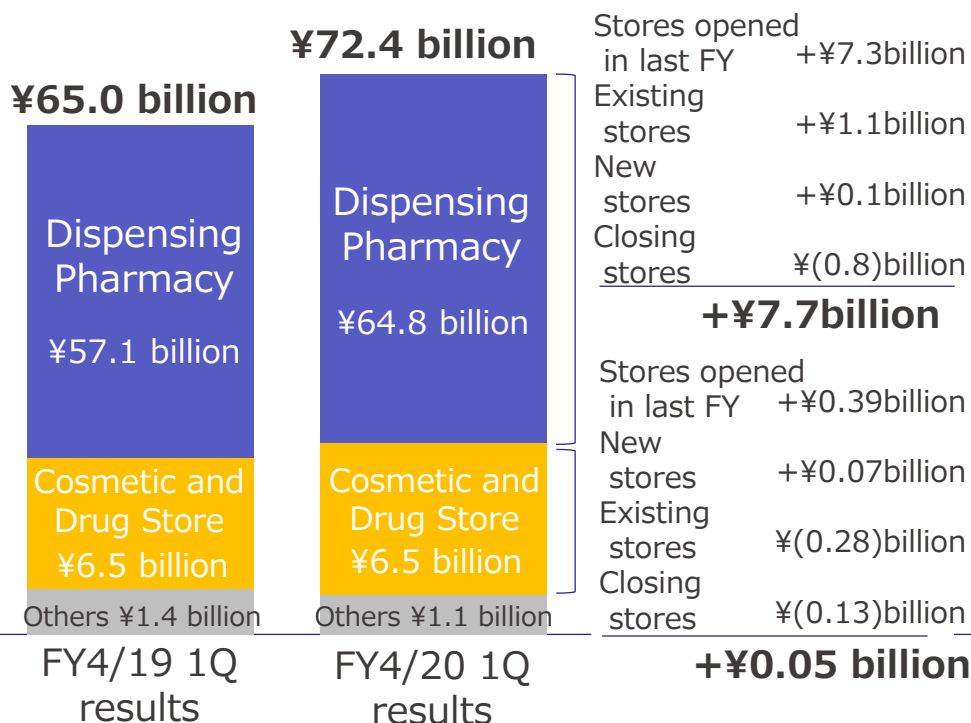
1Q Review



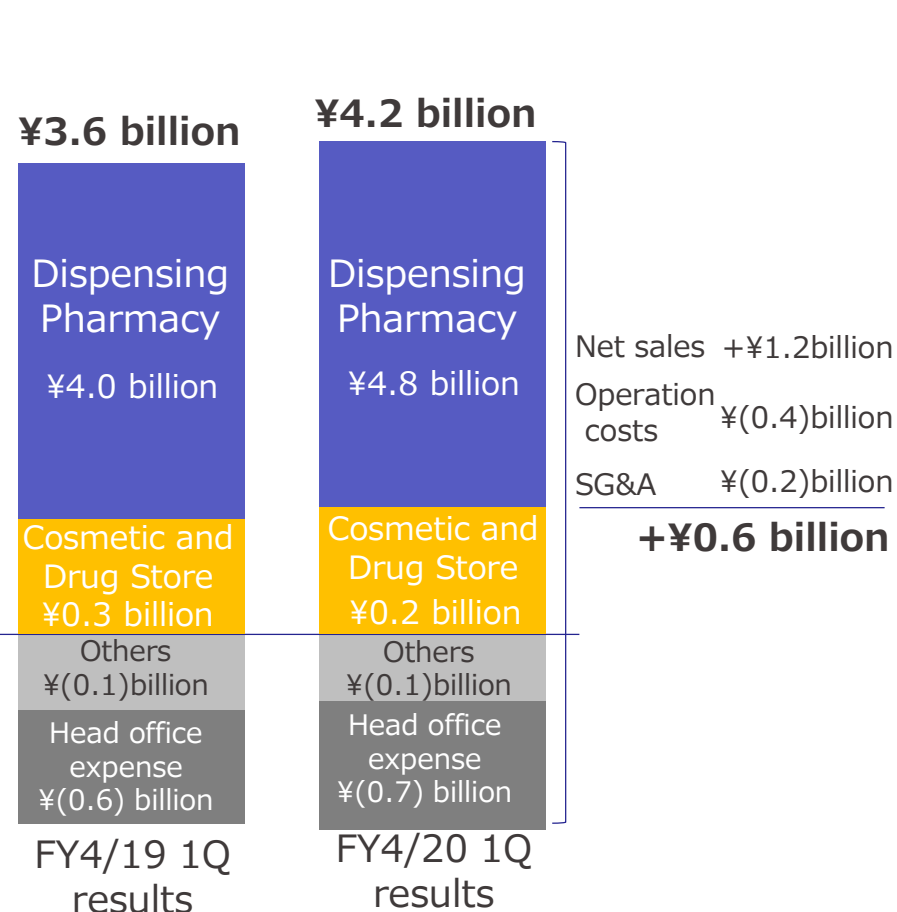
Review (YoY)

Net sales increased due to the expanding of existing dispensing pharmacies. Ordinary income increased 16.7% year on year, reflecting the increasing of net sales.

Net sales



Ordinary income

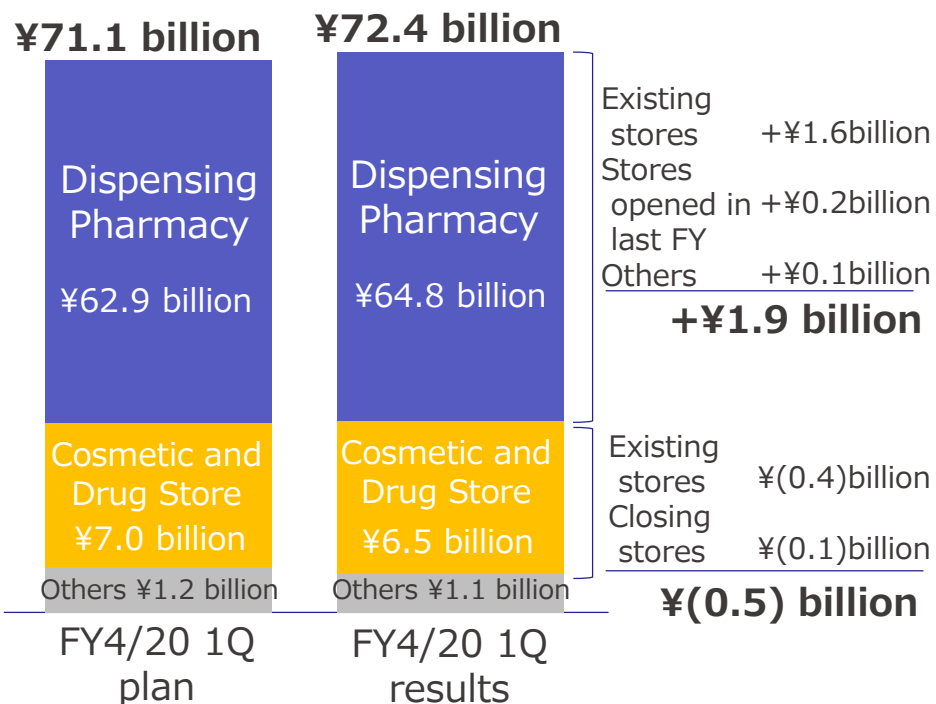




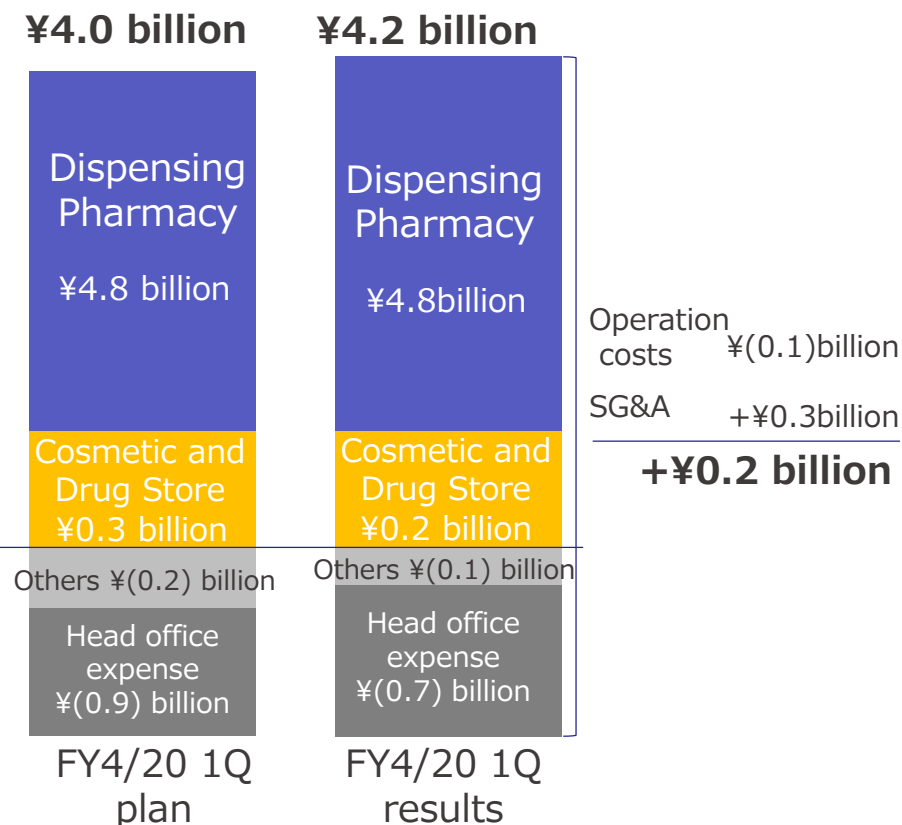
Review (Vs plan)

Net sales achieved the plan due to expanding of existing stores in the dispensing pharmacy business. Ordinary income also achieved the plan due to sales increase and reduced costs in head office expense.

Net sales



Ordinary income





Top-line

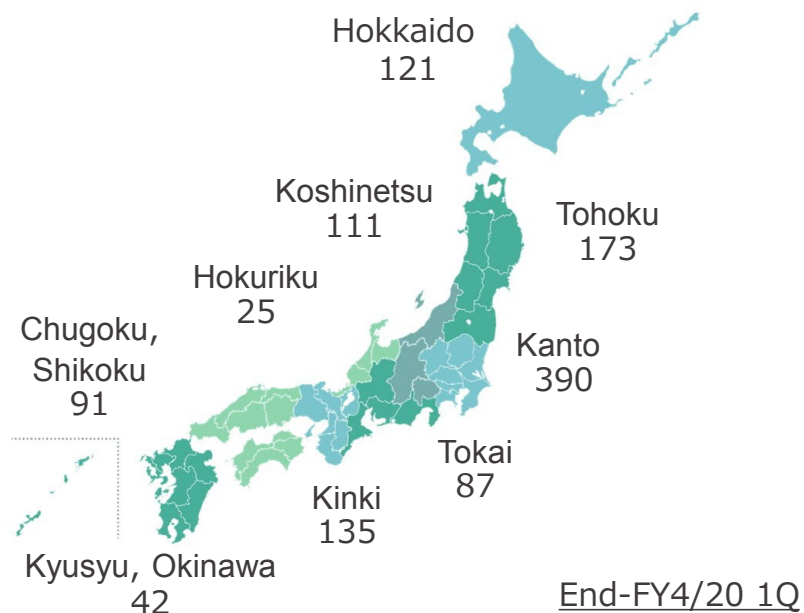
We plan to open 115 and close 35 stores, resulting in a total of 1,266 stores at the end of the FY4/20.

■ Total number of stores

1,175 (Dispensing pharmacy: 1,120, Cosmetic and drug store: 55)

■ Plan

		FY4/20 1Q		FY4/20
		Plan	Results	Plan
Opening	Dispensing Pharmacy	5	5	100
	Organic	3	3	25
	M&A	2	2	75
	Cosmetic and drug store	3	3	15
Total		8	8	115
Closed	Dispensing Pharmacy	15	17	30
	Cosmetic and drug store	2	2	5
	Total	17	19	35



■ Transition of dispensing pharmacies

	FY4/12	FY4/13	FY4/14	FY4/15	FY4/16	FY4/17	FY4/18	FY4/19	FY4/20 1Q
Organic	27	38	36	40	32	27	25	23	3
M&A	28	38	26	119	110	182	11	134	2
EV/EBITDA ratio	5.51	5.09	3.94	4.77	5.37	5.50	3.96	4.88	3.44
Closed	9	10	6	21	15	24	73	54	17
Sold	-	-	1	1	1	2	32	30	8
No. of total stores	494	560	616	754	881	1,066	1,029	1,132	1,120

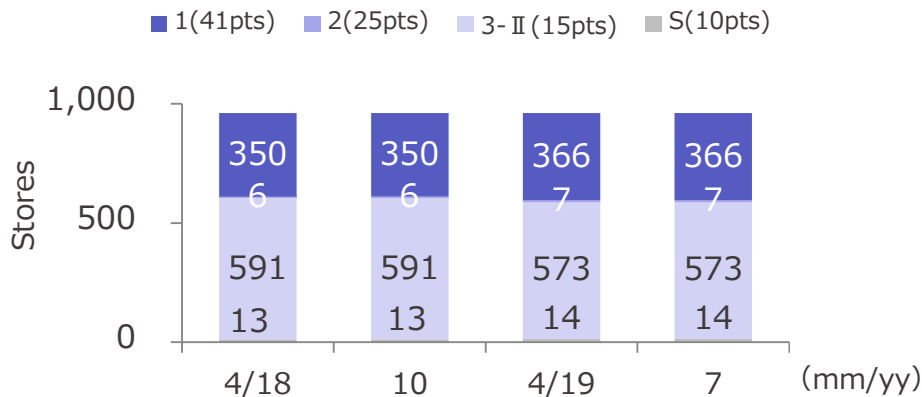
▶ EV/EBITDA ratio = EV(Purchase price) / EBITDA(Operating income + Depreciation and amortization)



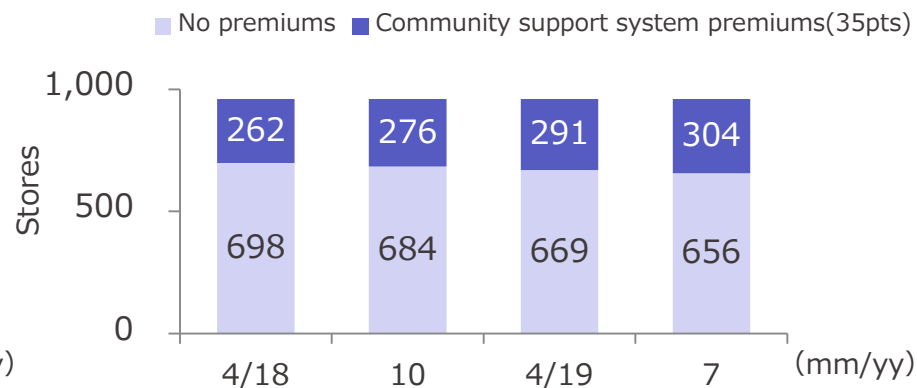
Responsive to revision of 2018

Object: 960 existing stores

Basic dispensing fee

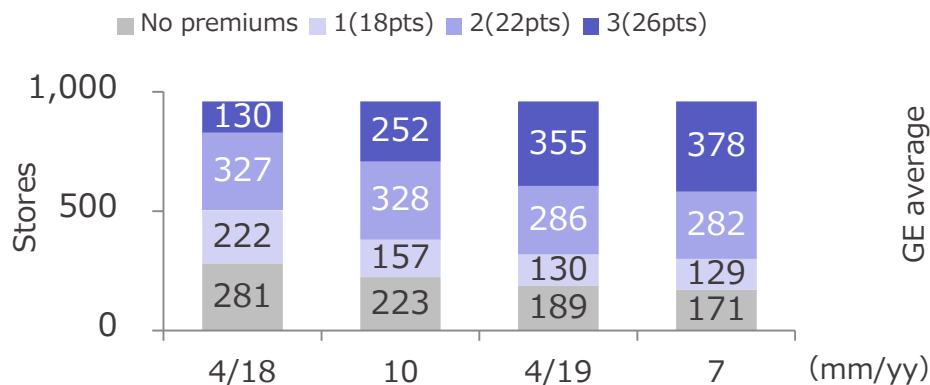


Community support system premiums

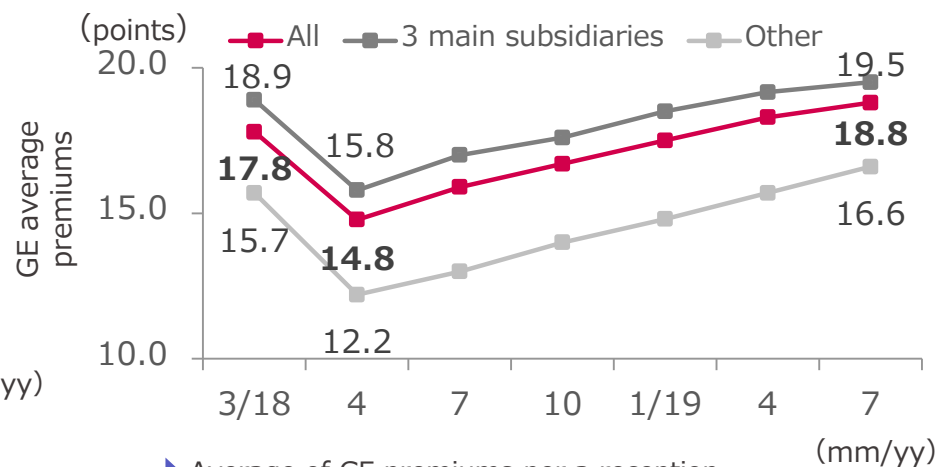


▶ In general, change of classification once a year (April)

GE premiums



Transition of GE premiums



▶ Average of GE premiums per a reception

▶ GE drugs share (volume) : 80.7% (As of July 2019)



FY4/20 Plan (Dispensing Pharmacy Business)

The group forecasts net sales for the fiscal year ending April 30, 2020 of 266,850 million, up 8.9% year on year, Segment income of 22,320 million up 21.8% by open 100 new stores including M&A and close 30 stores.

(¥ million)	FY4/18 results	FY4/19 results	FY4/20 plan	YoY change	YoY change (%)
Net sales	238,645	245,003	266,850	+21,847	+8.9
Gross profit	36,030	32,741	37,020	+4,279	+13.1
% of net sales	15.1	13.4	13.9		
SG&A expenses	14,034	14,882	15,170	+288	+1.9
% of net sales	5.9	6.1	5.7		
Operating income	21,995	17,859	21,850	+3,991	+22.3
% of net sales	9.2	7.3	8.2		
Segment income	22,668	18,331	22,320	+3,989	+21.8
% of net sales	9.5	7.5	8.4		
Number of stores	1,029	1,132	1,202	+70	+6.2

▶ Figures in the table are rounded down

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



Expansion of ainz & tulpe①

In this period, even though the decline in net sales of existing stores had an impact, gross profit margin increased due to the strengthened merchandise lineups and overhaul of procurement activities. The group will continue to increase profits by opening new stores and cost control.

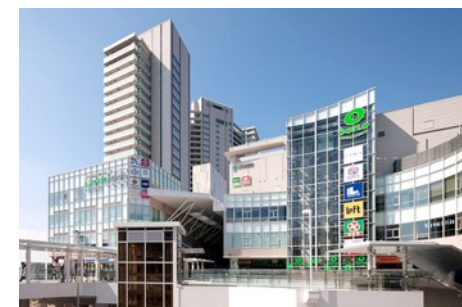
■ Results review

(¥ million)	FY4/19 1Q	FY4/20 1Q	YoY change	YoY change(%)
Net sales	6,505	6,560	+55	+0.8
Existing Stores	6,335	6,058	(277)	(4.4)
Gross profit margin	36.9	38.0		

Although net sales of existing stores were below the previous year due to temporary effects such as inclement weather and inbound demand, it has been recovered steady in and after August.

■ *ainz & tulpe* bono SAGAMIONO

Open	May 30, 2019
Sales floor	258m ²
S K U	10,000



■ *ainz & tulpe* ASAKUSA ROX

Open	June 21, 2019
Sales floor	238m ²
S K U	10,000





Expansion of ainz & tulpe②

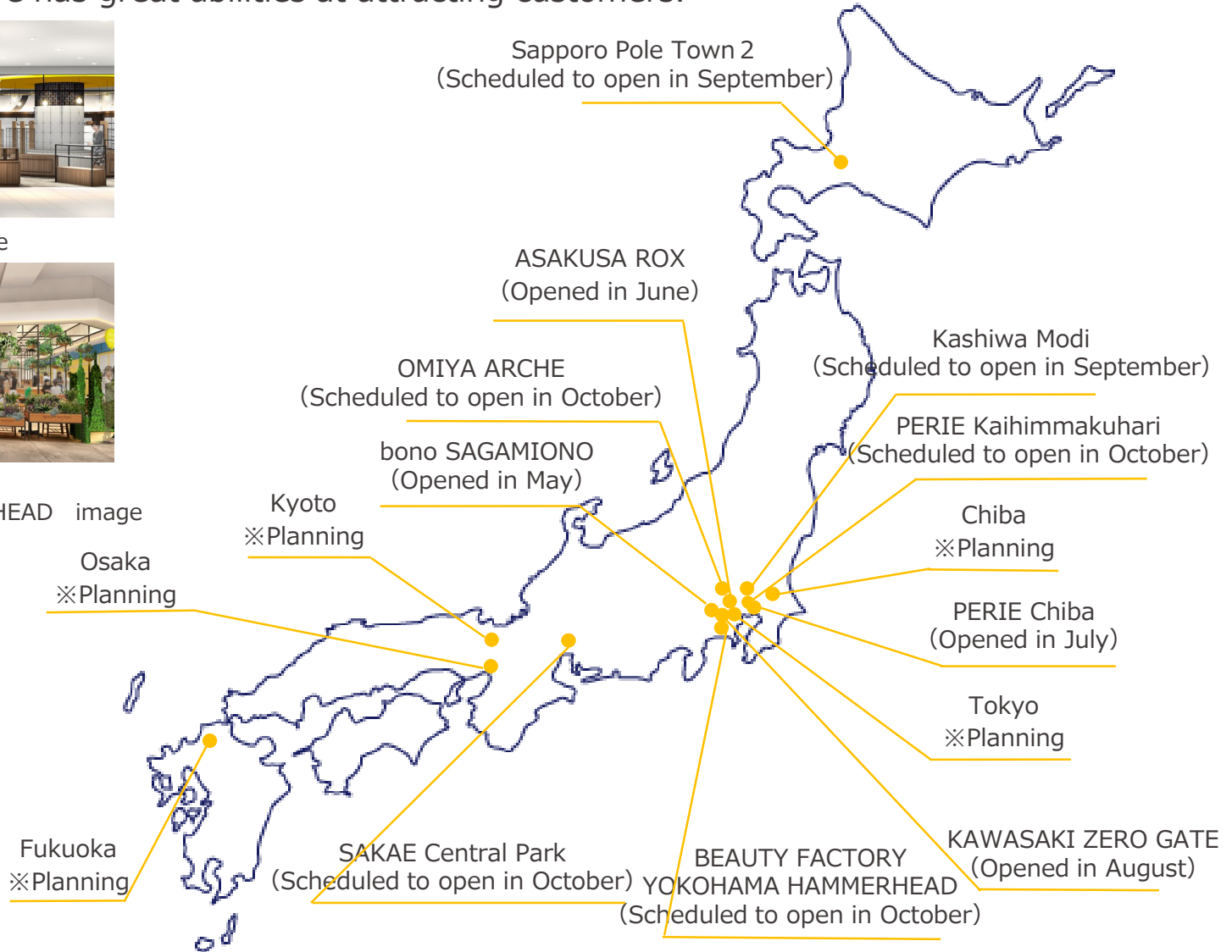
The plan for new store opening is all on schedule. We plan to continue opening stores in urban retail facilities where has great abilities at attracting customers.



▶ OMIYA ARCHE image



▶ BEAUTY FACTORY YOKOHAMA HAMMERHEAD image





FY4/20 Plan (Cosmetic and Drug Store Business)

The group forecasts net sales for the fiscal year ending April 30, 2020 of 28,500 million, increase 13.1% year on year and Segment income of 1,300 million, increase 33.7% year on year by open 15 new stores and close 5 stores.

(¥ million)	FY4/18 results	FY4/19 results	FY4/20 plan	YoY change	YoY change (%)
Net sales	24,117	25,210	28,500	+3,290	+13.1
Gross profit	8,925	9,535	10,930	+1,395	+14.6
% of net sales	37.0	37.8	38.4		
SG&A expenses	8,317	8,632	9,650	+1,018	+11.8
% of net sales	34.5	34.2	33.9		
Operating income	608	903	1,280	+377	+41.7
% of net sales	2.5	3.6	4.5		
Segment income	657	972	1,300	+328	+33.7
% of net sales	2.7	3.9	4.6		
Number of stores	48	54	64	+10	+18.5

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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 open 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		
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% 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

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Inquiries related to this presentation should be addressed to

**AIN HOLDINGS INC.
Corporate Planning Division
TEL(81)11-814-0010
FAX(81)11-814-5550
<https://www.ainj.co.jp/>**

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