



AIN GROUP

FY4/18 2Q
Supplementary Materials

AIN HOLDINGS INC.

December 5, 2017

1. Consolidated Results

■ Year-on-Year

	(¥ million)			
	FY4/17 2Q results	FY4/18 2Q results	YoY change	YoY change(%)
Net sales	116,844	132,342	+15,498	+13.3
Gross profit % of net sales	18,365 15.7	22,390 16.9	+4,025	+21.9
SG&A expenses % of net sales	13,315 11.4	14,022 10.6	+707	+5.3
Operating income % of net sales	5,049 4.3	8,367 6.3	+3,318	+65.7
Ordinary income % of net sales	5,346 4.6	8,665 6.5	+3,319	+62.1
Profit attributable to owners of parent % of net sales	2,855 2.4	4,418 3.3	+1,563	+54.7
Earnings per share(¥)	90.07	134.91	+44.84	+49.8

▶ Figures in the table are rounded down

■ Vs Plan

	(¥ million)			
	FY4/18 2Q plan	FY4/18 2Q results	Vs plan change	Vs plan change(%)
Net sales	129,400	132,342	+2,942	+2.3
Gross profit % of net sales	21,380 16.5	22,390 16.9	+1,010	+4.7
SG&A expenses % of net sales	14,680 11.3	14,022 10.6	(658)	(4.5)
Operating income % of net sales	6,700 5.2	8,367 6.3	+1,667	+24.9
Ordinary income % of net sales	6,900 5.3	8,665 6.5	+1,765	+25.6
Profit attributable to owners of parent % of net sales	3,600 2.8	4,418 3.3	+818	+22.7
Earnings per share(¥)	109.91	134.91	+25.00	+22.7

▶ Figures in the table are rounded down

2. Segment Information (Dispensing Pharmacy Business)

■ Year-on-Year

(¥ million)

	FY4/17 2Q results	FY4/18 2Q results	YoY change	YoY change(%)
Net sales	104,297	117,991	+13,694	+13.1
Gross profit % of net sales	13,620 13.1	16,541 14.0	+2,921	+21.4
SG&A expenses % of net sales	6,401 6.1	7,160 6.1	+759	+11.9
Operating income % of net sales	7,218 6.9	9,380 7.9	+2,162	+30.0
Segment income % of net sales	7,494 7.2	9,702 8.2	+2,208	+29.5

▶ Figures in the table are rounded down

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

■ Vs Plan

(¥ million)

	FY4/18 2Q plan	FY4/18 2Q results	Vs plan change	Vs plan change(%)
Net sales	115,400	117,991	+2,591	+2.2
Gross profit % of net sales	15,670 13.6	16,541 14.0	+871	+5.6
SG&A expenses % of net sales	7,040 6.1	7,160 6.1	+120	+1.7
Operating income % of net sales	8,630 7.5	9,380 7.9	+750	+8.7
Segment income % of net sales	8,830 7.7	9,702 8.2	+872	+9.9

▶ Figures in the table are rounded down

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

3. Segment Information (Drug and Cosmetic Store Business)

■ Year-on-Year

	(¥ million)			
	FY4/17 2Q results	FY4/18 2Q results	YoY change	YoY change(%)
Net sales	10,288	11,566	+1,278	+12.4
Gross profit	3,723	4,320	+597	+16.0
% of net sales	36.2	37.4		
SG&A expenses	4,136	4,177	+41	+1.0
% of net sales	40.2	36.1		
Operating income	(412)	143	+555	-
% of net sales	-	1.2		
Segment income	(384)	163	+547	-
% of net sales	-	1.4		

▶ Figures in the table are rounded down

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

■ Vs Plan

	(¥ million)			
	FY4/18 2Q plan	FY4/18 2Q results	Vs plan change	Vs plan change(%)
Net sales	11,160	11,566	+406	+3.6
Gross profit	4,120	4,320	+200	+4.9
% of net sales	36.9	37.4		
SG&A expenses	4,390	4,177	(213)	(4.9)
% of net sales	39.3	36.1		
Operating income	(270)	143	+413	-
% of net sales	-	1.2		
Segment income	(210)	163	+373	-
% of net sales	-	1.4		

▶ Figures in the table are rounded down

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

4. Sales Verification

■ Dispensing Pharmacy (YoY)

	Net sales	Prescription volume	Average prescription price (%)
Same store (828)	+1.9	+0.6	+1.5
Store openings in the previous year (195)	+657.4	+750.1	(12.2)
Total (1,045)	+12.6	+15.3	(2.5)

■ Dispensing Pharmacy (Vs Plan)

	Net sales	Prescription volume	Average prescription price (%)
Same store (828)	+3.1	+1.3	+1.9
Store openings in the previous year (195)	+2.0	(2.7)	+3.9
Total (1,045)	+2.2	(0.2)	+2.3

■ Drug and Cosmetic Store (YoY)

	Net sales	Number of customers	Average spending per customer (%)
Same store (40)	+7.2	+2.5	+4.6
Store openings in the previous year (9)	+1,804.9	+1,144.7	+53.0
Total (50)	+12.4	+5.2	+6.8

■ Drug and Cosmetic Store (Vs Plan)

	Net sales	Number of customers	Average spending per customer (%)
Same store (40)	+3.0	(0.0)	+3.0
Store openings in the previous year (9)	+10.5	+0.6	+9.9
Total (50)	+3.6	+0.1	+3.5

5. Consolidated Balance Sheet

■ Assets

(¥ million)

	End-FY4/17 2Q	End-FY4/17	End-FY4/18 2Q	Change
Cash on hand and in banks	23,012	29,775	57,059	+27,284
Notes and accounts receivable	7,214	9,990	10,250	+260
Inventories	11,823	11,668	12,337	+669
Total current assets	53,295	65,420	91,711	+26,291
Buildings and structures, net	14,680	15,365	15,180	(185)
Land	9,525	9,958	9,784	(174)
Lease assets	1,285	1,166	1,040	(126)
Total property, plant and equipment	27,749	28,464	27,931	(533)
Goodwill	33,776	40,939	39,494	(1,445)
Lease assets	12	8	13	+5
Total intangible fixed assets	36,113	43,109	41,569	(1,540)
Investments in securities	2,565	2,435	2,438	+3
Deferred tax assets	2,163	2,167	2,071	(96)
Deposits and guarantees	10,287	10,443	10,697	+254
Total investments and other assets	19,688	19,329	19,199	(130)
Total fixed assets	83,552	90,902	88,700	(2,202)
Total assets	136,847	156,323	180,537	+24,214

▶ Figures in the table are rounded down ▶ Change(¥):End-FY4/18 2Q compared with end-FY4/17

▶ Capital expenditures(Purchases of property, plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥1,772million

■ Liabilities and Net Assets

(¥ million)

	End-FY4/17 2Q	End-FY4/17	End-FY4/18 2Q	Change
Accounts payable	37,693	39,325	40,326	+1,001
Short-term debt	7,584	7,596	7,457	(139)
Lease obligations	641	594	520	(74)
Total current liabilities	64,707	72,955	70,285	(2,670)
Long-term debt	12,138	18,254	14,608	(3,646)
Lease obligations	1,087	958	834	(124)
Total long-term liabilities	17,177	23,188	19,472	(3,716)
Total liabilities	81,885	96,144	89,757	(6,387)
Common stock	8,682	8,682	21,894	+13,212
Capital surplus	6,367	6,367	20,500	+14,133
Retained earnings	40,193	45,286	48,120	+2,834
Total shareholders' equity	54,824	59,918	90,514	+30,596
Total net assets	54,961	60,178	90,779	+30,601
Total liabilities and net assets	136,847	156,323	180,537	+24,214

▶ Figures in the table are rounded down ▶ Change(¥):End-FY4/18 2Q compared with end-FY4/17

6. Consolidated Statements of Cash Flows

(¥ million)

	End-FY4/17 2Q	End-FY4/18 2Q	Change
Net cash provided by operating activities	6,090	6,886	+796
Profit before income taxes	5,298	8,104	+2,806
Depreciation and amortization	1,753	1,735	(18)
Amortization of goodwill	1,660	1,983	+323
(Decrease) increase in accounts receivable	5,733	(92)	(5,825)
Increase in inventories	(651)	(583)	+68
Increase in other accounts receivable	(1,525)	1,265	+2,790
Increase (decrease) in accounts payable	(2,918)	806	+3,724
Net cash used in investing activities	(3,053)	(1,279)	+1,774
Payments for purchases of property, plant and equipment and intangible fixed assets	(1,544)	(1,247)	+297
Purchase of subsidiaries' shares resulting in obtaining controls	(2,293)	(418)	+1,875
Net cash (used in) provided by financing activities	(2,616)	21,769	+24,385
Proceeds from issuance of common shares and sales of treasury shares	-	27,635	+27,635
Net increase (decrease) in cash and cash equivalents	420	27,376	+26,956
Cash and cash equivalents at end of the period	22,312	56,611	+34,299

▶ Figures in the table are rounded down

6. FY4/18 Plan (Consolidated)

	(¥ million)				
	FY4/17 results	FY4/18 original plan	FY4/18 revised plan	Vs plan change	YoY change (%)
Net sales	248,110	267,500	267,500	+19,390	+7.8
Gross profit % of net sales	42,092 17.0	46,530 17.4	47,400 17.7	+5,308	+12.6
SG&A expenses % of net sales	27,529 11.1	29,930 11.2	29,400 11.0	+1,871	+6.8
Operating income % of net sales	14,563 5.9	16,600 6.2	18,000 6.7	+3,437	+23.6
Ordinary income % of net sales	15,080 6.1	17,000 6.4	18,500 6.9	+3,420	+22.7
Profit attributable to owners of parent % of net sales	7,949 3.2	8,900 3.3	9,200 3.4	+1,251	+15.7
Earnings per share(¥)	250.71	261.15	269.96	+19.25	+7.7
Annual dividend (¥)	50.00	50.00	50.00	(0.00)	(0.0)

▶ Figures in the table are rounded down

▶ Change(¥):FY4/18 revised plan compared with FY4/17 results

▶ Earnings per share is calculated including new shares issued through a public offering (2,820,000) and a private placement (270,000). The Company plans to issue additional shares (450,000) through a private placement for a secondary offering using an over-allotment option, but the impact of those shares has not been factored into the earnings per share calculation as the payment date is October 3, 2017.

8. Transition of Store Openings

■ Number of Store Openings in Dispensing Pharmacy Business

	FY4/10	FY4/11	FY4/12	FY4/13	FY4/14	FY4/15	FY4/16	FY4/17	FY4/18 2Q
Organic	21	18	27	38	36	40	32	27	13
M&A	3	35	28	38	26	119	110	182	5
Total	397	448	494	560	616	754	881	1,066	1,045

▶ Total number of stores includes temporarily closed stores from FY4/11.

■ Number of Store Openings in Drug and Cosmetic Store Business

	FY4/10	FY4/11	FY4/12	FY4/13	FY4/14	FY4/15	FY4/16	FY4/17	FY4/18 2Q
Organic	5	6	7	7	3	3	5	9	1
Total	49	53	56	61	59	56	52	52	50

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