



AIN GROUP

FY4/19 1Q  
Supplementary Materials

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**AIN HOLDINGS INC.**

August 30, 2018

## 1. Consolidated Results

### ■ Year-on-Year

	(¥ million)			
	FY4/18 1Q results	FY4/19 1Q results	YoY change	YoY change(%)
Net sales	66,095	65,013	(1,082)	(1.6)
Gross profit <b>% of net sales</b>	11,060 <b>16.7</b>	10,687 <b>16.4</b>	(373)	(3.4)
SG&A expenses <b>% of net sales</b>	7,096 <b>10.7</b>	7,236 <b>11.1</b>	+140	+2.0
Operating income <b>% of net sales</b>	3,963 <b>6.0</b>	3,450 <b>5.3</b>	(513)	(12.9)
Ordinary income <b>% of net sales</b>	4,135 <b>6.3</b>	3,610 <b>5.6</b>	(525)	(12.7)
Profit attributable to owners of parent <b>% of net sales</b>	2,120 <b>3.2</b>	1,851 <b>2.8</b>	(269)	(12.7)
Earnings per share(¥)	66.88	52.27	(14.61)	(21.8)

▶ Figures in the table are rounded down

### ■ Vs Plan

	(¥ million)			
	FY4/19 1Q plan	FY4/19 1Q results	Vs plan change	Vs plan change(%)
Net sales	65,900	65,013	(887)	(1.3)
Gross profit <b>% of net sales</b>	10,980 <b>16.7</b>	10,687 <b>16.4</b>	(293)	(2.7)
SG&A expenses <b>% of net sales</b>	7,670 <b>11.6</b>	7,236 <b>11.1</b>	(434)	(5.7)
Operating income <b>% of net sales</b>	3,310 <b>5.0</b>	3,450 <b>5.3</b>	+140	+4.2
Ordinary income <b>% of net sales</b>	3,430 <b>5.2</b>	3,610 <b>5.6</b>	+180	+5.2
Profit attributable to owners of parent <b>% of net sales</b>	1,760 <b>2.7</b>	1,851 <b>2.8</b>	+91	+5.2
Earnings per share(¥)	49.68	52.27	+2.59	+5.2

▶ Figures in the table are rounded down

## 2. Segment Information (Dispensing Pharmacy Business)

### ■ Year-on-Year

(¥ million)

	FY4/18 1Q results	FY4/19 1Q results	YoY change	YoY change(%)
Net sales	58,929	57,090	(1,839)	(3.1)
Gross profit <b>% of net sales</b>	8,218 <b>13.9</b>	7,416 <b>13.0</b>	(802)	(9.8)
SG&A expenses <b>% of net sales</b>	3,577 <b>6.1</b>	3,576 <b>6.3</b>	(1)	(0.0)
Operating income <b>% of net sales</b>	4,640 <b>7.9</b>	3,839 <b>6.7</b>	(801)	(17.3)
Segment income <b>% of net sales</b>	4,821 <b>8.2</b>	3,984 <b>7.0</b>	(837)	(17.4)

▶ 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)

	FY4/19 1Q plan	FY4/19 1Q results	Vs plan change	Vs plan change(%)
Net sales	58,100	57,090	(1,010)	(1.7)
Gross profit <b>% of net sales</b>	7,880 <b>13.6</b>	7,416 <b>13.0</b>	(464)	(5.9)
SG&A expenses <b>% of net sales</b>	3,770 <b>6.5</b>	3,576 <b>6.3</b>	(194)	(5.1)
Operating income <b>% of net sales</b>	4,110 <b>7.1</b>	3,839 <b>6.7</b>	(271)	(6.6)
Segment income <b>% of net sales</b>	4,270 <b>7.3</b>	3,984 <b>7.0</b>	(286)	(6.7)

▶ 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 (Cosmetic and Drug Store Business)

#### ■ Year-on-Year

	(¥ million)			
	FY4/18 1Q results	FY4/19 1Q results	YoY change	YoY change(%)
Net sales	5,827	6,505	+678	+11.6
Gross profit	2,105	2,403	+298	+14.2
<b>% of net sales</b>	<b>36.1</b>	<b>36.9</b>		
SG&A expenses	2,077	2,057	(20)	(1.0)
<b>% of net sales</b>	<b>35.6</b>	<b>31.6</b>		
Operating income	27	345	+318	+1,177.8
<b>% of net sales</b>	<b>0.5</b>	<b>5.3</b>		
Segment income	37	364	+327	+883.8
<b>% of net sales</b>	<b>0.6</b>	<b>5.6</b>		

▶ 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)			
	FY4/19 1Q plan	FY4/19 1Q results	Vs plan change	Vs plan change(%)
Net sales	6,360	6,505	+145	+2.3
Gross profit	2,340	2,403	+63	+2.7
<b>% of net sales</b>	<b>36.8</b>	<b>36.9</b>		
SG&A expenses	2,110	2,057	(53)	(2.5)
<b>% of net sales</b>	<b>33.2</b>	<b>31.6</b>		
Operating income	230	345	+115	+50.0
<b>% of net sales</b>	<b>3.6</b>	<b>5.3</b>		
Segment income	233	364	+131	+56.2
<b>% of net sales</b>	<b>3.7</b>	<b>5.6</b>		

▶ 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 Business (YoY) (%)      ■ Dispensing Pharmacy Business (Vs Plan) (%)

	Net sales	Prescription volume	Average prescription price		Net sales	Prescription volume	Average prescription price
Same store (981)	(4.4)	(0.9)	(3.5)	Same store (981)	+0.1	(0.8)	+1.1
Store openings in the previous year (35)	+741.1	+650.1	+25.9	Store openings in the previous year (35)	(3.6)	(0.7)	(2.9)
Total (1,024)	(2.7)	+0.2	(2.9)	Total (1,024)	(1.7)	(2.7)	+1.0

### ■ Cosmetic and Drug Store Business (YoY) (%)      ■ Cosmetic and Drug Store Business (Vs Plan) (%)

	Net sales	Number of customers	Average spending per customer		Net sales	Number of customers	Average spending per customer
Same store (44)	+12.5	+4.5	+7.6	Same store (44)	+2.5	(3.6)	+6.3
Store openings in the previous year (4)	-	-	-	Store openings in the previous year (4)	(4.7)	+4.8	(9.1)
Total (48)	+11.6	+3.6	+7.8	Total (48)	+2.2	(3.1)	+5.5

## 5. Consolidated Balance Sheet

### ■ Assets

	End-FY4/18 1Q	End-FY4/18	End-FY4/19 1Q	(¥ million) Change
Cash on hand and in banks	29,500	63,779	61,725	(2,054)
Notes and accounts receivable	9,656	10,466	11,511	+1,045
Inventories	12,688	9,580	11,227	+1,647
<b>Total current assets</b>	<b>64,249</b>	<b>94,557</b>	<b>94,685</b>	<b>+128</b>
Buildings and structures, net	15,342	14,934	14,773	(161)
Land	9,871	10,041	10,197	+156
Lease assets	1,122	824	733	(91)
<b>Total property, plant and equipment</b>	<b>28,229</b>	<b>27,853</b>	<b>27,884</b>	<b>+31</b>
Goodwill	40,438	38,011	37,266	(745)
Lease assets	16	11	10	(1)
<b>Total intangible fixed assets</b>	<b>42,583</b>	<b>40,132</b>	<b>39,285</b>	<b>(847)</b>
Investments in securities	2,476	2,375	2,320	(55)
Deferred tax assets	3,305	3,772	3,819	+47
Deposits and guarantees	10,763	11,339	11,414	+75
<b>Total investments and other assets</b>	<b>20,513</b>	<b>20,732</b>	<b>20,715</b>	<b>(17)</b>
<b>Total deferred assets</b>	<b>91,326</b>	<b>88,718</b>	<b>87,885</b>	<b>(833)</b>
<b>Total fixed assets</b>	<b>-</b>	<b>103</b>	<b>92</b>	<b>(11)</b>
<b>Total assets</b>	<b>155,576</b>	<b>183,380</b>	<b>182,663</b>	<b>(717)</b>

▶ Figures in the table are rounded down

▶ Change(¥):End-FY4/19 1Q compared with end-FY4/18

▶ Capital expenditures(Purchases of property, plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥1,257million

▶ Effective from the first quarter of the current fiscal year, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting". As a result, the Company now classifies deferred tax assets as investments and other assets, and deferred tax liabilities as non-current liabilities.

### ■ Liabilities and Net Assets

	End-FY4/18 1Q	End-FY4/18	End-FY4/19 1Q	(¥ million) Change
Accounts payable	41,779	38,728	41,646	+2,918
Short-term debt	8,520	6,717	7,486	+769
Lease obligations	560	443	399	(44)
<b>Total current liabilities</b>	<b>73,213</b>	<b>69,950</b>	<b>70,739</b>	<b>+789</b>
Long-term debt	16,376	11,511	10,052	(1,459)
Lease obligations	911	632	504	(128)
<b>Total long-term liabilities</b>	<b>21,645</b>	<b>16,696</b>	<b>15,106</b>	<b>(1,590)</b>
<b>Total liabilities</b>	<b>94,858</b>	<b>86,646</b>	<b>85,846</b>	<b>(800)</b>
Common stock	8,682	21,894	21,894	(0)
Capital surplus	6,367	20,500	20,500	(0)
Retained earnings	45,822	54,268	54,349	+81
<b>Total shareholders' equity</b>	<b>60,453</b>	<b>96,662</b>	<b>96,743</b>	<b>+81</b>
<b>Total net assets</b>	<b>60,717</b>	<b>96,733</b>	<b>96,816</b>	<b>+83</b>
<b>Total liabilities and net assets</b>	<b>155,576</b>	<b>183,380</b>	<b>182,663</b>	<b>(717)</b>

▶ Figures in the table are rounded down

▶ Change(¥):End-FY4/19 1Q compared with end-FY4/18

▶ Effective from the first quarter of the current fiscal year, the Company has applied "Partial Amendments to Accounting Standard for Tax Effect Accounting". As a result, the Company now classifies deferred tax assets as investments and other assets, and deferred tax liabilities as non-current liabilities.

## 6. FY4/19 Plan (Consolidated)

(¥ million)

	FY4/17 results	FY4/18 results	FY4/19 plan	YoY change	YoY change (%)
Net sales	248,110	268,385	<b>272,870</b>	+4,485	+1.7
Gross profit % of net sales	42,092 17.0	47,993 17.9	<b>48,040</b> 17.6	+47	+0.1
SG&A expenses % of net sales	27,529 11.1	28,370 10.6	<b>30,540</b> 11.2	+2,170	+7.6
Operating income % of net sales	14,563 5.9	19,622 7.3	<b>17,500</b> 6.4	(2,122)	(10.8)
Ordinary income % of net sales	15,080 6.1	20,129 7.5	<b>18,000</b> 6.6	(2,129)	(10.6)
Profit attributable to owners of parent % of net sales	7,949 3.2	10,567 3.9	<b>9,260</b> 3.4	(1,307)	(12.4)
Earnings per share(¥)	250.71	310.08	<b>261.38</b>	(48.70)	(15.7)
Annual dividend (¥)	50.00	50.00	<b>55.00</b>	+5.00	+10.0

▶ Figures in the table are rounded down

▶ Change(¥):FY4/19 plan compared with FY4/18 results

## 7. Transition of Store Openings

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### ■ Number of Store Openings in Dispensing Pharmacy Business

	FY4/11	FY4/12	FY4/13	FY4/14	FY4/15	FY4/16	FY4/17	FY4/18	FY4/19 1Q
Organic	18	27	38	36	40	32	27	25	2
M&A	35	28	38	26	119	110	182	11	3
Total	448	494	560	616	754	881	1,066	1,029	1,024

### ■ Number of Store Openings in Cosmetic and Drug Store Business

	FY4/11	FY4/12	FY4/13	FY4/14	FY4/15	FY4/16	FY4/17	FY4/18	FY4/19 1Q
Organic	6	7	7	3	3	5	9	4	0
Total	53	56	61	59	56	52	52	48	48

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