



AIN GROUP

FY4/19 2Q  
Supplementary Materials

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**AIN HOLDINGS INC.**

December 4, 2018

## 1. Consolidated Results

### ■ Year-on-Year

	(¥ million)			
	FY4/18 2Q results	FY4/19 2Q results	YoY change	YoY change(%)
Net sales	132,342	131,781	(561)	(0.4)
Gross profit <b>% of net sales</b>	22,390 <b>16.9</b>	21,413 <b>16.2</b>	(977)	(4.4)
SG&A expenses <b>% of net sales</b>	14,022 <b>10.6</b>	14,681 <b>11.1</b>	+659	+4.7
Operating income <b>% of net sales</b>	8,367 <b>6.3</b>	6,731 <b>5.1</b>	(1,636)	(19.6)
Ordinary income <b>% of net sales</b>	8,665 <b>6.5</b>	7,018 <b>5.3</b>	(1,647)	(19.0)
Profit attributable to owners of parent <b>% of net sales</b>	4,418 <b>3.3</b>	3,639 <b>2.8</b>	(779)	(17.6)
Earnings per share(¥)	134.91	102.73	(32.18)	(23.9)

▶ Figures in the table are rounded down

### ■ Vs Plan

	(¥ million)			
	FY4/19 2Q plan	FY4/19 2Q results	Vs plan change	Vs plan change(%)
Net sales	132,350	131,781	(569)	(0.4)
Gross profit <b>% of net sales</b>	22,300 <b>16.8</b>	21,413 <b>16.2</b>	(887)	(4.0)
SG&A expenses <b>% of net sales</b>	15,260 <b>11.5</b>	14,681 <b>11.1</b>	(579)	(3.8)
Operating income <b>% of net sales</b>	7,040 <b>5.3</b>	6,731 <b>5.1</b>	(309)	(4.4)
Ordinary income <b>% of net sales</b>	7,290 <b>5.5</b>	7,018 <b>5.3</b>	(272)	(3.7)
Profit attributable to owners of parent <b>% of net sales</b>	3,740 <b>2.8</b>	3,639 <b>2.8</b>	(101)	(2.7)
Earnings per share(¥)	105.57	102.73	(2.84)	(2.7)

▶ Figures in the table are rounded down

## 2. Segment Information (Dispensing Pharmacy Business)

### ■ Year-on-Year

(¥ million)

	FY4/18 2Q results	FY4/19 2Q results	YoY change	YoY change(%)
Net sales	117,991	116,376	(1,615)	(1.4)
Gross profit <b>% of net sales</b>	16,541 <b>14.0</b>	15,036 <b>12.9</b>	(1,505)	(9.1)
SG&A expenses <b>% of net sales</b>	7,160 <b>6.1</b>	7,419 <b>6.4</b>	+259	+3.6
Operating income <b>% of net sales</b>	9,380 <b>7.9</b>	7,616 <b>6.5</b>	(1,764)	(18.8)
Segment income <b>% of net sales</b>	9,702 <b>8.2</b>	7,875 <b>6.8</b>	(1,827)	(18.8)

▶ 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 2Q plan	FY4/19 2Q results	Vs plan change	Vs plan change(%)
Net sales	116,600	116,376	(224)	(0.2)
Gross profit <b>% of net sales</b>	15,950 <b>13.7</b>	15,036 <b>12.9</b>	(914)	(5.7)
SG&A expenses <b>% of net sales</b>	7,570 <b>6.5</b>	7,419 <b>6.4</b>	(151)	(2.0)
Operating income <b>% of net sales</b>	8,380 <b>7.2</b>	7,616 <b>6.5</b>	(764)	(9.1)
Segment income <b>% of net sales</b>	8,730 <b>7.5</b>	7,875 <b>6.8</b>	(855)	(9.8)

▶ 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 2Q results	FY4/19 2Q results	YoY change	YoY change(%)
Net sales	11,566	12,544	+978	+8.5
Gross profit	4,320	4,698	+378	+8.8
<b>% of net sales</b>	<b>37.4</b>	<b>37.5</b>		
SG&A expenses	4,177	4,191	+14	+0.3
<b>% of net sales</b>	<b>36.1</b>	<b>33.4</b>		
Operating income	143	506	+363	+253.8
<b>% of net sales</b>	<b>1.2</b>	<b>4.0</b>		
Segment income	163	552	+389	+238.7
<b>% of net sales</b>	<b>1.4</b>	<b>4.4</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 2Q plan	FY4/19 2Q results	Vs plan change	Vs plan change(%)
Net sales	12,800	12,544	(256)	(2.0)
Gross profit	4,780	4,698	(82)	(1.7)
<b>% of net sales</b>	<b>37.3</b>	<b>37.5</b>		
SG&A expenses	4,330	4,191	(139)	(3.2)
<b>% of net sales</b>	<b>33.8</b>	<b>33.4</b>		
Operating income	450	506	+56	+12.4
<b>% of net sales</b>	<b>3.5</b>	<b>4.0</b>		
Segment income	456	552	+96	+21.1
<b>% of net sales</b>	<b>3.6</b>	<b>4.4</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 (966)	(5.2)	(1.6)	(3.6)	Same store (966)	+0.6	(1.1)	+1.9
Store openings in the previous year (34)	+393.7	+388.8	+4.9	Store openings in the previous year (34)	(2.7)	(1.0)	(1.8)
Total (1,081)	(1.1)	+1.9	(2.9)	Total (1,081)	(0.2)	(1.6)	+1.5

### ■ 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)	+8.6	+3.3	+5.1	Same store (44)	(1.8)	(4.3)	+2.7
Store openings in the previous year (4)	+474.9	+499.1	(4.0)	Store openings in the previous year (4)	(5.5)	+9.0	(13.3)
Total (52)	+8.5	+1.8	+6.5	Total (52)	(2.0)	(3.6)	+1.7

## 5. Consolidated Balance Sheet

■ Assets				(¥ million)
	End-FY4/18 2Q	End-FY4/18	End-FY4/19 2Q	Change
Cash on hand and in banks	57,059	63,779	57,337	(6,442)
Notes and accounts receivable	10,250	10,466	10,835	+369
Inventories	12,337	9,580	12,088	+2,508
<b>Total current assets</b>	<b>90,411</b>	<b>94,557</b>	<b>91,323</b>	<b>(3,234)</b>
Buildings and structures, net	15,180	14,934	15,732	+798
Land	9,784	10,041	10,376	+335
Lease assets	1,040	824	762	(62)
<b>Total property, plant and equipment</b>	<b>27,931</b>	<b>27,853</b>	<b>29,339</b>	<b>+1,486</b>
Goodwill	39,494	38,011	40,993	+2,982
Lease assets	13	11	11	0
<b>Total intangible fixed assets</b>	<b>41,569</b>	<b>40,132</b>	<b>43,064</b>	<b>+2,932</b>
Investments in securities	2,438	2,375	2,254	(121)
Deferred tax assets	3,255	3,772	3,915	+143
Deposits and guarantees	10,697	11,339	11,540	+201
<b>Total investments and other assets</b>	<b>20,383</b>	<b>20,732</b>	<b>20,755</b>	<b>+23</b>
<b>Total fixed assets</b>	<b>89,884</b>	<b>88,718</b>	<b>93,159</b>	<b>+4,441</b>
<b>Total deferred assets</b>	<b>125</b>	<b>103</b>	<b>81</b>	<b>(22)</b>
<b>Total assets</b>	<b>180,420</b>	<b>183,380</b>	<b>184,564</b>	<b>+1,184</b>

▶ Figures in the table are rounded down

▶ Change: End-FY4/19 2Q compared with end-FY4/18

▶ Capital expenditures (Purchases of property, plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥2,770 million

■ Liabilities and Net Assets				(¥ million)
	End-FY4/18 2Q	End-FY4/18	End-FY4/19 2Q	Change
Accounts payable	40,326	38,728	42,131	+3,403
Short-term debt	7,457	6,717	8,143	+1,426
Lease obligations	520	443	367	(76)
<b>Total current liabilities</b>	<b>69,944</b>	<b>69,950</b>	<b>72,397</b>	<b>+2,447</b>
Long-term debt	14,608	11,511	8,660	(2,851)
Lease obligations	834	632	541	(91)
<b>Total long-term liabilities</b>	<b>19,697</b>	<b>16,696</b>	<b>13,631</b>	<b>(3,065)</b>
<b>Total liabilities</b>	<b>89,641</b>	<b>86,646</b>	<b>86,028</b>	<b>(618)</b>
Common stock	21,894	21,894	21,894	-
Capital surplus	20,500	20,500	20,500	-
Retained earnings	48,120	54,268	56,137	+1,869
<b>Total shareholders' equity</b>	<b>90,514</b>	<b>96,662</b>	<b>98,530</b>	<b>+1,868</b>
<b>Total net assets</b>	<b>90,779</b>	<b>96,733</b>	<b>98,535</b>	<b>+1,802</b>
<b>Total liabilities and net assets</b>	<b>180,420</b>	<b>183,380</b>	<b>184,564</b>	<b>+1,184</b>

▶ Figures in the table are rounded down

▶ Change: End-FY4/19 2Q compared with end-FY4/18

## 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 2Q
Organic	18	27	38	36	40	32	27	25	6
M&A	35	28	38	26	119	110	182	11	72
Total	448	494	560	616	754	881	1,066	1,029	1,081

### ■ 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 2Q
Organic	6	7	7	3	3	5	9	4	4
Total	53	56	61	59	56	52	52	48	52

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