

# **FY4/19 2Q**

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# **IR PRESENTATION**

**AIN HOLDINGS INC.**  
**December 2018**

# Results Overview

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## Consolidated P/L

Net sales decreased 0.4% year on year to ¥131,781 million, operating income declined 19.6% to ¥6,731 million, ordinary income dropped 19.0% to ¥7,018 million, and profit attributable to owners of parent decreased 17.6% to ¥3,639 million.

(¥ million)	FY4/18 2Q results	FY4/19 2Q plan	FY4/19 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	132,342	132,350	131,781	(561)	(0.4)	(0.4)
Gross profit % of net sales	22,390 16.9	22,300 16.8	21,413 16.2	(977)	(4.4)	(4.0)
SG&A expenses % of net sales	14,022 10.6	15,260 11.5	14,681 11.1	+659	+4.7	(3.8)
Operating income % of net sales	8,367 6.3	7,040 5.3	6,731 5.1	(1,636)	(19.6)	(4.4)
Ordinary income % of net sales	8,665 6.5	7,290 5.5	7,018 5.3	(1,647)	(19.0)	(3.7)
Profit attributable to owners of parent % of net sales	4,418 3.3	3,740 2.8	3,639 2.8	(779)	(17.6)	(2.7)
Earnings per share(¥)	134.91	105.57	102.73	(32.18)	(23.9)	(2.7)

► Figures in the table are rounded down



## Dispensing Pharmacy Business (Consolidated)

Although the group opened 78 new dispensing pharmacies during the first six months, net sales decreased 1.4 % year on year and 0.2% against the plan due to the lagging of timing of new store openings. Segment income dropped 9.8% against the plan due to dispensing fee revisions.

(¥ million)	FY4/18 2Q results	FY4/19 2Q plan	FY4/19 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	117,991	116,600	116,376	(1,615)	(1.4)	(0.2)
Gross profit % of net sales	16,541 14.0	15,950 13.7	15,036 12.9	(1,505)	(9.1)	(5.7)
SG&A expenses % of net sales	7,160 6.1	7,570 6.5	7,419 6.4	+259	+3.6	(2.0)
Operating income % of net sales	9,380 7.9	8,380 7.2	7,616 6.5	(1,764)	(18.8)	(9.1)
Segment income % of net sales	9,702 8.2	8,730 7.5	7,875 6.8	(1,827)	(18.8)	(9.8)
Number of pharmacies	1,045	1,069	1,081	+36	+3.4	+1.1

▶ Figures in the table are rounded down

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

▶ Prescription volume: +1.9% YoY      ▶ Average prescription price: (2.9)%YoY



## Cosmetic and Drug Store Business (Consolidated)

Although the net sales of existing stores has showing significant growth, net sales increased 8.5 % year on year and decreased 2.0% against the plan due to the series of natural disaster. Segment income increasing 238.7% year on year and 21.1% against the plan due to overhaul of procurement activities and cost reduction.

(¥ million)	FY4/18 2Q results	FY4/19 2Q plan	FY4/19 2Q results	YoY change	YoY change(%)	Vs plan (%)
Net sales	11,566	12,800	12,544	+978	+8.5	(2.0)
Gross profit	4,320	4,780	4,698	+378	+8.8	(1.7)
% of net sales	37.4	37.3	37.5			
SG&A expenses	4,177	4,330	4,191	+14	+0.3	(3.2)
% of net sales	36.1	33.8	33.4			
Operating income	143	450	506	+363	+253.8	+12.4
% of net sales	1.2	3.5	4.0			
Segment income	163	456	552	+389	+238.7	+21.1
% of net sales	1.4	3.6	4.4			
Number of stores	50	52	52	+2	+4.0	0.0

- ▶ Figures in the table are rounded down
- ▶ Segment income is adjusted to ordinary income shown on the quarterly consolidated statements of income
- ▶ Number of customers: +1.8% YoY      ▶ Average spending per customer: +6.5% YoY



# Consolidated B/S

Net cash was ¥39,624 million and shareholders' equity ratio became 53.4%. 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
Investments in securities	2,375	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 2Q			
Assets		Liabilities	
Current assets	91,323	Current liabilities	72,397
Cash on hand and in banks	57,337	Short-term debt	8,143
		Lease obligations	367
Fixed assets	93,159	Long-term liabilities	13,631
Investments in securities	2,254	Long-term debt	8,660
		Lease obligations	541
Deferred assets	81	Total net assets	98,535
Total assets	184,564	Total liabilities and net assets	184,564

Net cash	39,624
Shareholders' equity ratio(%)	53.4

▶ 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 ¥1,184 million from the end of the previous fiscal year due to the new store openings and M&A.

(¥ 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)	M&A
Notes and accounts receivable	10,250	10,466	10,835	+369	
Inventories	12,337	9,580	12,088	+2,508	New store openings
<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	M&A
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 (Property, plant and equipment and intangible fixed assets + Deposits and guarantees) totaled ¥2,770 million



# Liabilities and Net Assets

The balance of liabilities decreased ¥618 million from the end of the previous fiscal year due to the repayment of debts etc.

(¥ 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>

Repayment  
of debts

- ▶ Figures in the table are rounded down
- ▶ Change : End-FY4/19 2Q compared with End-FY4/18





## Consolidated C/F

The change of Net cash used in investing activities became ¥5,860 million due to the store opening including M&A, etc.

(¥ million)

	FY4/18 2Q	FY4/19 2Q	Change
<b>Net cash provided by operating activities</b>	<b>6,886</b>	<b>4,402</b>	<b>(2,484)</b>
Profit before income taxes	8,104	6,668	(1,436)
Depreciation and amortization	1,735	1,795	+60
Amortization of goodwill	1,983	2,007	+24
(Increase) decrease in accounts receivable	(92)	1,030	+1,122
(Increase) decrease in inventories	(583)	(1,953)	(1,370)
(Increase) decrease in other accounts receivable	1,265	(364)	(1,629)
Increase (decrease) in accounts payable	806	994	+188
<b>Net cash used in investing activities</b>	<b>(1,279)</b>	<b>(5,860)</b>	<b>(4,581)</b>
Payments for purchases of property, plant and equipment and intangible fixed assets	(1,247)	(1,923)	(676)
Purchase of subsidiaries' shares resulting in obtaining controls	(418)	(4,018)	(3,600)
<b>Net cash provided by financing activities</b>	<b>21,769</b>	<b>(5,183)</b>	<b>(26,952)</b>
Proceeds from issuance of common shares and sales of treasury shares	27,635	-	(27,635)
Net increase in cash and cash equivalents	27,376	(6,642)	(34,018)
<b>Cash and cash equivalents at end of the year</b>	<b>56,611</b>	<b>56,590</b>	<b>(21)</b>

► Figures in the table are rounded down



# Business Value Analysis

	FY4/18 2Q	FY4/18	FY4/19 2Q	Change
Shareholders' equity ratio (%)	50.3	52.7	53.4	+3.1
Market value equity ratio (%)	152.2	141.0	169.7	+17.5
PER (times)	28.72	23.54	43.02	+14.3
EPS (¥)	134.91	310.08	102.73	(32.18)
PBR (times)	3.02	2.67	3.18	+0.16
BPS (¥)	2,560.59	2,729.44	2,780.64	+220.05
ROA (%)	2.6	6.2	2.0	(0.6)
ROE (%)	5.9	13.5	3.7	(2.2)
EBITDA (¥ million)	12,086	27,156	10,534	(1,552)
EV/EBITDA (times)	19.95	7.90	26.00	+6.05
Net D/E ratio (times)	(0.37)	(0.46)	(0.40)	(0.03)
Net cash (¥ million)	33,637	44,474	39,624	+5,987
Shareholders' value (¥ million)	274,771	258,928	313,559	+38,788
Market capitalization (¥ million)	274,563	258,620	313,178	+38,615

- ▶ Figures in the table are rounded down    ▶ Change : FY4/19 2Q compared with FY4/18 2Q
- ▶ 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-FY4/18 2Q ¥7,750 (End-Oct,2017), End-FY4/18 ¥7,300 (End-Apr,2018), End-FY4/19 2Q ¥8,840 (End-Oct,2018).
- ▶ Net cash = Cash on hand and in banks – Interest-bearing debt (Long- and short- term debt + Lease obligations )



## FY4/19 Plan (Consolidated)

The group forecasts net sales for the fiscal year ending April 30, 2019 of 272,870 million, increase 1.7% year on year by openings new stores (100 pharmacies and 7 Cosmetic and drug stores) , ordinary income decrease 10.6% due to the dispensing fee revisions.

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

► Figures in the table are rounded down    ► YoY change :FY4/19 plan compared with FY4/18 results

2Q Review

Revision of 2018

Growth Strategy

# 2Q Review

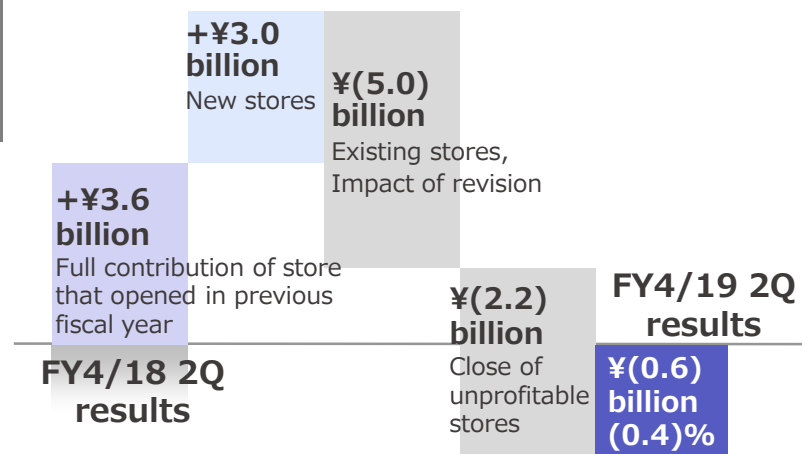


# Review① (Vs FY4/18 2Q Results)

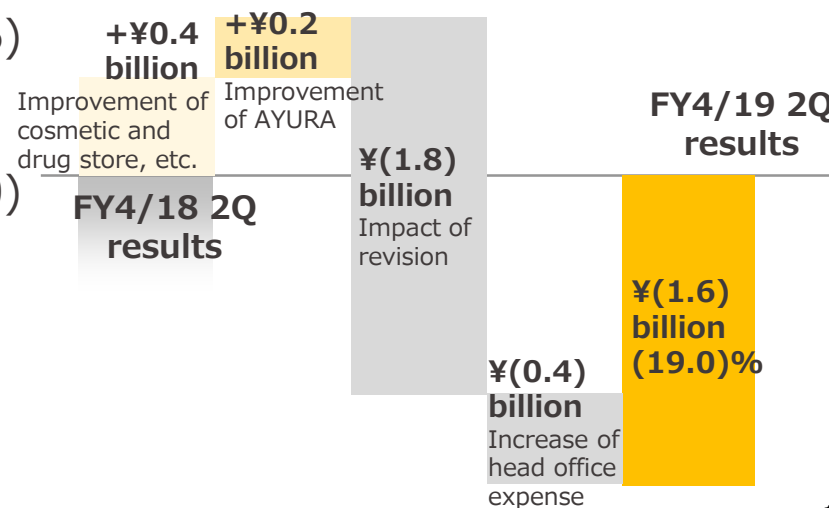
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Net sales	132,342	131,781	(561)	(0.4)
Gross profit % of net sales	22,390 16.9	21,413 16.2	(977)	(4.4)
SG&A expenses % of net sales	14,022 10.6	14,681 11.1	+659	+4.7
Operating income % of net sales	8,367 6.3	6,731 5.1	(1,636)	(19.6)
Ordinary income % of net sales	8,665 6.5	7,018 5.3	(1,647)	(19.0)

► Figures in the table are rounded down

## ■ Net sales



## ■ Ordinary income



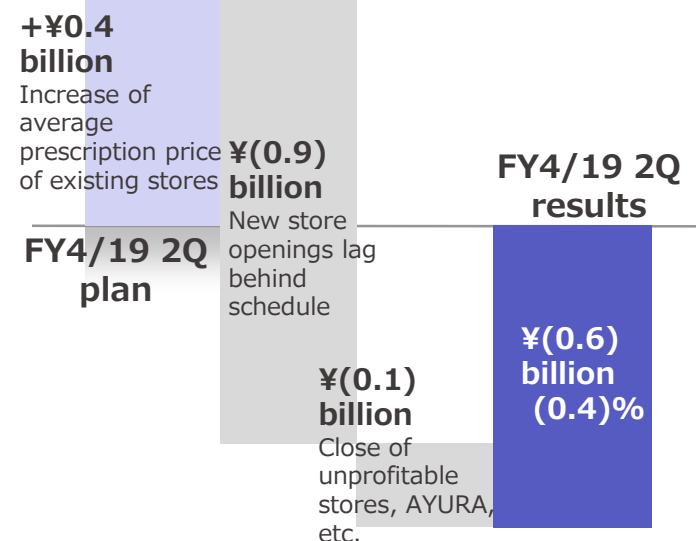


## Review② (Vs plan)

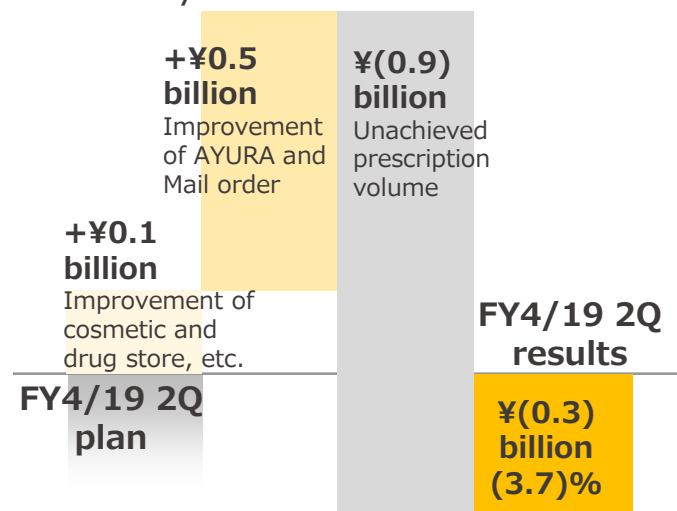
(¥ million)	FY4/19 2Q plan	FY4/19 2Q results	Vs plan	Vs plan (%)
Net sales	132,350	131,781	(569)	(0.4)
Gross profit % of net sales	22,300 16.9	21,413 16.2	(887)	(4.0)
SG&A expenses % of net sales	15,260 11.5	14,681 11.1	(579)	(3.8)
Operating income % of net sales	7,040 5.3	6,731 5.1	(309)	(4.4)
Ordinary income % of net sales	7,290 5.5	7,018 5.3	(272)	(3.7)

► Figures in the table are rounded down

### ■ Net sales



### ■ Ordinary income



# Revision of 2018





# Dispensing Fee Revisions of 2018

## ■ Basic dispensing fee (New classification requirements )

- 1 41 pts
- 2 25 pts Over 4,000 times & 70% or Over 2,000 times & Over **85%** or Over 4,000 times from specific hospital
- 3- I 20 pts Same group over 40,000 times / month & Over 85% or lease contract with medical institution

**3-II 15 pts Same group over 400,000 times / month & Over 85% or lease contract with medical institution**

**S 10 pts Same premises (lease contract) & Over 95%**

Companies with annual net sales of approximately 43 billion yen or above

## ■ Community support system premiums (New) 35 pts

Basic dispensing fee 1, Inventory 1,200 items & Home healthcare services & Primary care pharmacists & Supervising pharmacist having experience 5 years, staying 1 year, 32h/week

**Other than basic dispensing fee 1, have to fulfill all the following achievements**

## ■ GE Premiums (Requirements changed)

**75-80% 18pts, 80-85% 22pts, Over 85% 26pts**

## ■ Drug use history management and guidance fee (3 classifications)

41pts BDF 41pts & handing over medication notebook & visiting within 6 months

53pts Except the above

**13pts handing over medication notebook ratio under 50%**

### Per pharmacists per year

- ①Night • Holiday addition 400 times
- ②Narcotic drug management guidance addition 10 times
- ③Duplicate medication • Interaction prevention addition 40 times
- ④Primary care pharmacists instruction fee 40 times
- ⑤Outpatient medication support fee 12 times
- ⑥Medication adjustment support addition 1 times
- ⑦Home care services 12 times
- ⑧Medication information providing fee 60 times

## ■ Primary care pharmacists instruction fee (Requirements changed)

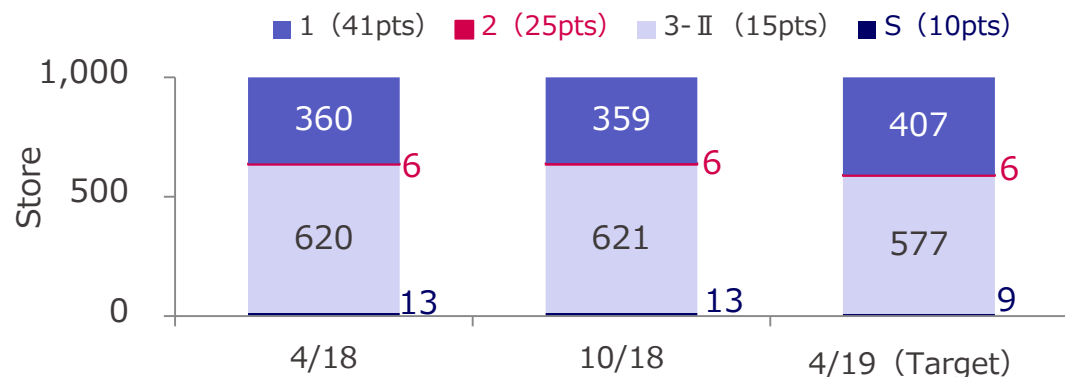
73pts Patient's consent & 3 years experience • **Staying 1 year** • 32h/week, etc.



## Basic dispensing fee ・ Community support system premiums

### ■ Basic dispensing fee

To increase basic dispensing fee 1 by promote primary care services and working on receive prescriptions not only from hospital near pharmacy but also from other hospitals and facilities.

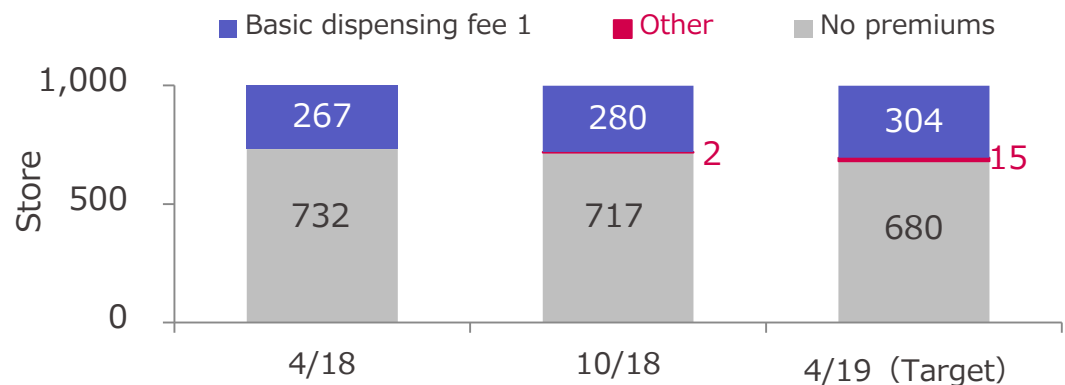


▶ Object: 999 stores excluding the store opening in FY4/19

Progress measures	
Basic dispensing fee 1 (41pts)	<b>29 stores have already satisfy the requirement for changing to basic dispensing fee 1</b> ▶ <b>4/19 target : +47 stores</b>
▶ 4/19 target : Compared with 4/18	

### ■ Community support system premiums

The number of stores became 282 in October 2018. 4 stores which are other than Basic dispensing fee 1 have succeeded to fulfill 8 achievements until November 2018.



▶ Object: 999 stores excluding the store opening in FY4/19

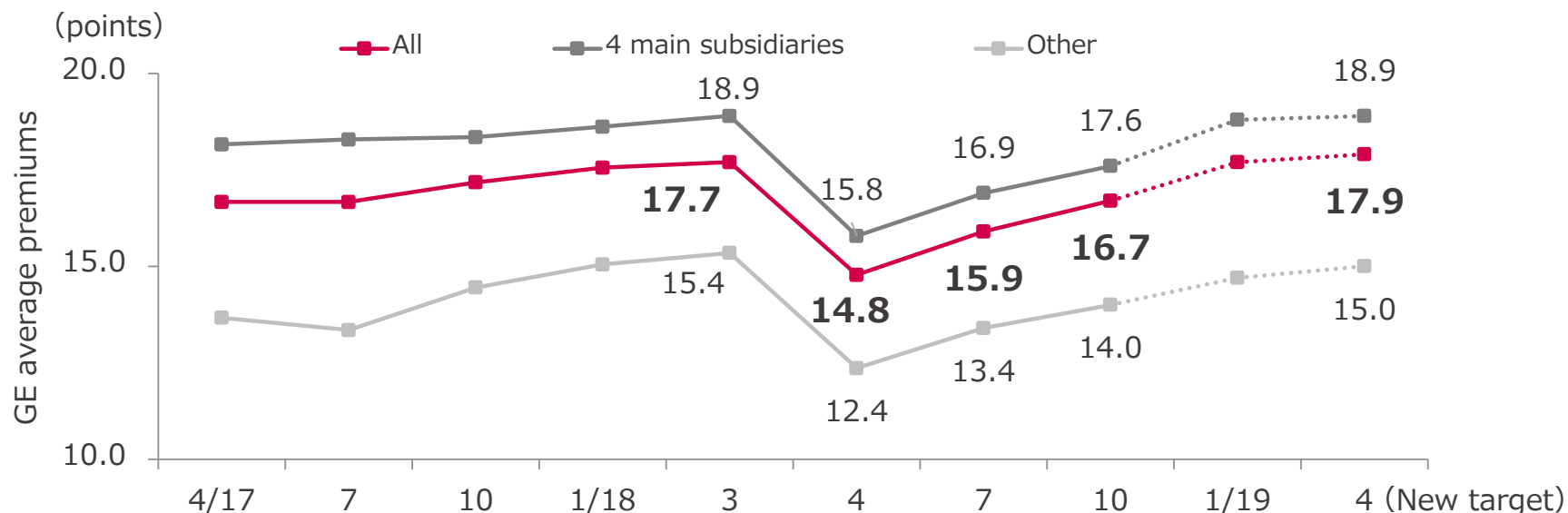
Progress measures	
Premiums (Basic dispensing fee 1)	<b>Current : +13 stores</b> ▶ <b>4/19 target : +37 stores</b>
Premiums (Other)	<b>Current : +4 stores</b> ▶ <b>4/19 target : +15 stores</b>
▶ Other : As of November 2018	
▶ 4/19 target : Compared with 4/18	



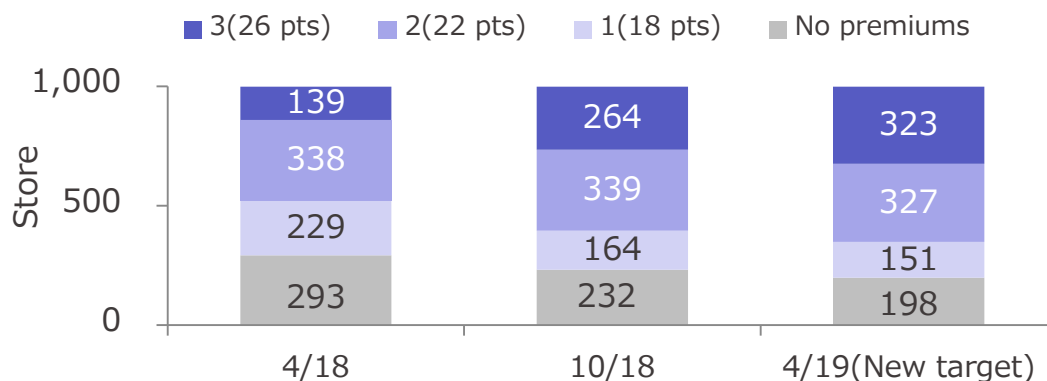
# Generic drug dispensing system premiums

Although GE average premiums dropped 2.9 points to 14.8 points after the dispensing fee revisions, the group have recovered to 16.7 points in October 2018. Furthermore, the group revise up the target from 17.0 to 17.9 points due to promote wider use of generic drugs.

## ■ Transition of GE premiums



▶ 4 main subsidiaries: AIN PHARMACIEZ, AIN MEDIO, DAICHIKU, ASAHI PHARMACY



	Change
3 (26 pts)	+125 stores
2 (22 pts)	+1 stores
1 (18 pts)	(65) Stores
No premiums	(61) Stores

▶ Change : 10/18 compared with 4/18

# Growth strategy



# Growth Strategy

With a drastic reduction in drug prices and further reduction of points aimed at major dispensing pharmacy chains, the dispensing fee revisions in 2018 gotten severe. The group continues to strengthen pharmacy functions in anticipation of strict system changes and deregulation in the future.

## ■ Top-line

Expanding of business by active new store openings in prime location and by secure M&As



## ■ Strengthening the function of pharmacies

Strengthening the function of pharmacies focusing on KPI, evaluating the quality of the non-hospital dispensing, such as Community Support System and Primary Care Functions, etc.



## ■ Recruit and train personnel

Recruiting activity and development of human resources with the energy of the entire company



## ■ Growth of AINZ & TULPE

Improving the ratio of original products and gross profit by active store openings in the metropolitan area and by strengthening our brand equity





## Top-line①

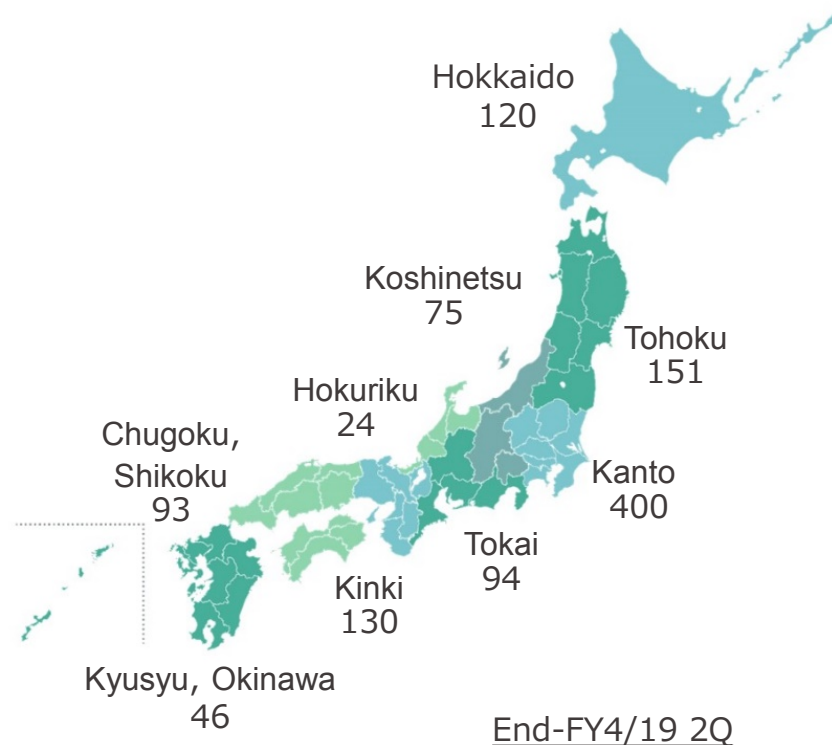
The group achieved the plan due to KOM MEDICAL, which mainly in Niigata, became subsidiaries of the group during FY4/19 2Q. We forecast the total number of store opening in end-FY4/19 will surpass the plan.

### ■ Total number of stores

**1,133** (Dispensing pharmacy:1,081 Cosmetic and drug store:52)

### ■ Plan

			FY4/19 2Q		12/18	FY4/19 Plan
			Plan	Results		
Dispensing Pharmacy	Organic		8	6	17	30
	M&A (EV/EBITDA ratio)		47	72	73 (4.79)	70
Cosmetic and drug store			4	4	4	7
Total			59	82	94	107
Closure	Dispensing Pharmacy	Close	15	7	10	17
		Transfer	-	19	25	-
	Cosmetic and drug store		-	-	-	-
Total			15	26	35	17



▶ FY4/17-FY4/18 The number of closure store in dispensing pharmacy : close 63, transfer 34

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



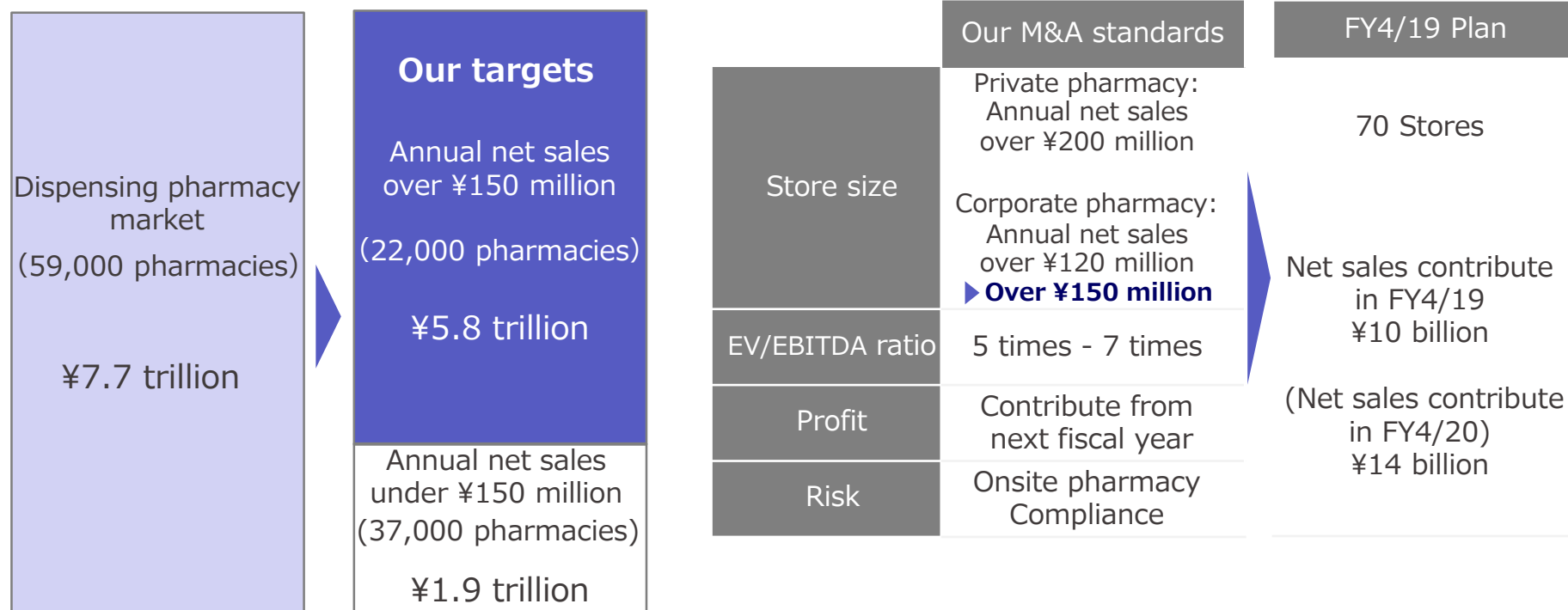
## Top-line②

Due to the failure of successor, shortage of pharmacist, dispensing fee revisions in 2018 and anxiety about business continuity, the number of projects both of private and corporate pharmacy that meet our M&A standards is increasing. The group continues aggressive M&A towards expanding the top line.

### ■ Transition of M&A

	FY4/10	FY4/11	FY4/12	FY4/13	FY4/14	FY4/15	FY4/16	FY4/17	FY4/18	FY4/19
No. of M&A	3	35	28	38	26	119	110	182	11	72
EV/EBITDA ratio	3.45	5.60	5.51	5.09	3.94	4.77	5.37	5.50	3.96	4.79

### ■ M&A Targets and standards of AIN Group

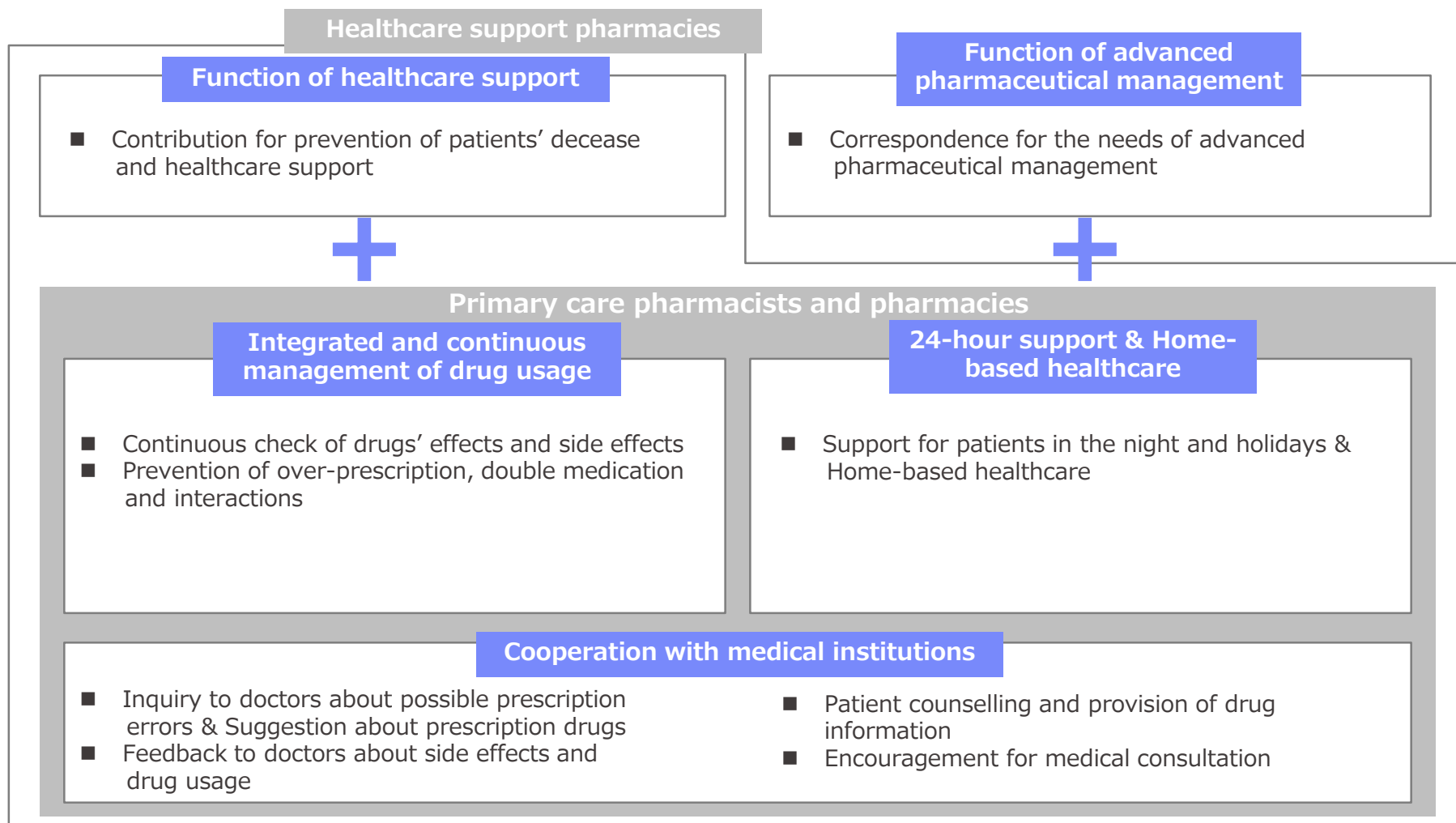


▶ Estimated by Recent trend of national dispensing medical expenses(2017) from Ministry of Health, Labor and Welfare



# Strengthening the function of pharmacies

- Pharmacy's vision for patients (by the Ministry of Health, Labor and Welfare on October 23th, 2015)







# Strengthening the function of pharmacies

The group continues to strengthen the function of pharmacies which are based on “pharmacy’s vision for patients”. In addition, in order to further enhance the functions, location that near hospital or same premises as hospital would likely be the most favorable location since it can easy to build links with medical institutions.

## Healthcare support pharmacies

### Function of healthcare support

Healthcare support which **local hub pharmacy and hospital are well cooperated**



### Function of advanced pharmaceutical management

Pharmacist with specialist skills and equipment  
Provide advanced medical treatment by **cooperation with regional center hospitals**



## Primary care pharmacists and pharmacies

### Integrated and continuous management of drug usage

Primary care pharmacy **919** stores  
(YoY change +3%)

Primary care service **470** thousand times  
(YoY change (4)%)

### 24-hour support & Home-based healthcare

24-hour support **ALL** stores

Home-base healthcare **90** thousand times  
(YoY change +4%)

### Cooperation with medical institutions

Addition to Preventing double medication and interactions  
**140** thousand times  
(YoY change +13%)

Drug instruction addition (Tracing Report)  
**16** thousand times  
(YoY change +243%)

Medication adjustment support addition (Polypharmacy)  
**89** times



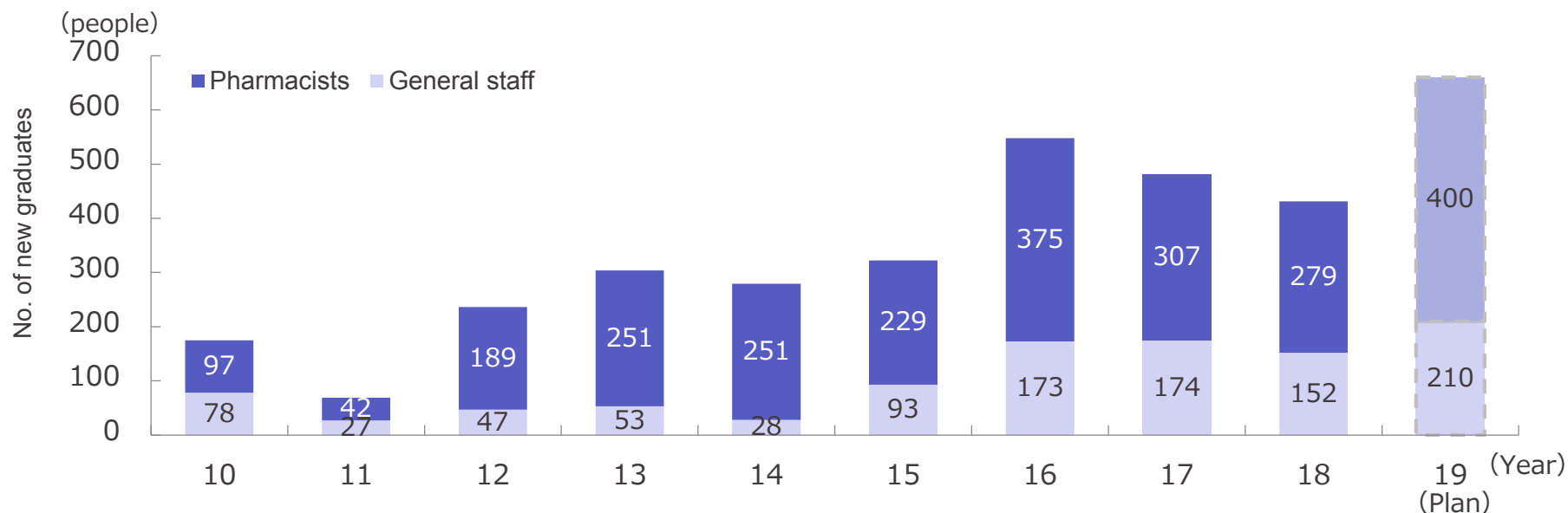
# Recruiting of Pharmacists

In April 2018, new 431 employees (pharmacists : 279, general staff : 152) joined our company. The number of prospective new employees in April 2019 at this time is 566 (pharmacists :344, general staff:222).

■ The transition of No. of national examination passers and new qualified pharmacists in AIN Group

(people)	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
No. of newly qualified pharmacists hired in AIN Group	97	42	189	251	251	229	375	307	279	344 (prospective)
No. of pharmacists' national examination passers (pass rate)	3,787 (56.4%)	1,455 (44.4%)	8,641 (88.3%)	8,929 (79.1%)	7,312 (60.8%)	9,044 (63.2%)	11,488 (76.9%)	9,479 (71.6%)	9,584 (70.6%)	- ( - )
Rate of newly qualified pharmacists hired in AIN Group	2.6% ( - )	2.9% ( - )	2.2% (5.7%)	2.8% (7.0%)	3.4% (8.0%)	2.5% (8.0%)	3.3% (11.7%)	3.2% (10.0%)	2.9% (8.0%)	- ( - )

▶ Estimates : based on the result in AIN Group, and data from the Ministry of Health, Labor and Welfare, Council on Pharmaceutical Education.



# Expansion of AINZ & TULPE①



Year FY 4/00 FY 4/02 FY 4/04 FY 4/06 FY 4/08 FY 4/10 FY 4/12 FY 4/14 FY 4/16 FY 4/18 FY 4/20 FY 4/22

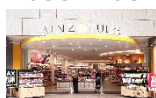
Strategy

First ainz & tulpe



SAPPORO CHIKAGAI

Expand Nationwide



HARAJUKU QUEST

Open department store



IKEBUKURO SEIBU

Open store inside the station



Tokyo Station

Flagship store in metropolitan area

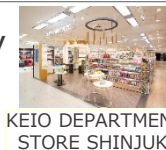


SHINJUKU HIGASIGUCHI

Complex facility



Le trois



KEIO DEPARTMENT STORE SHINJUKU

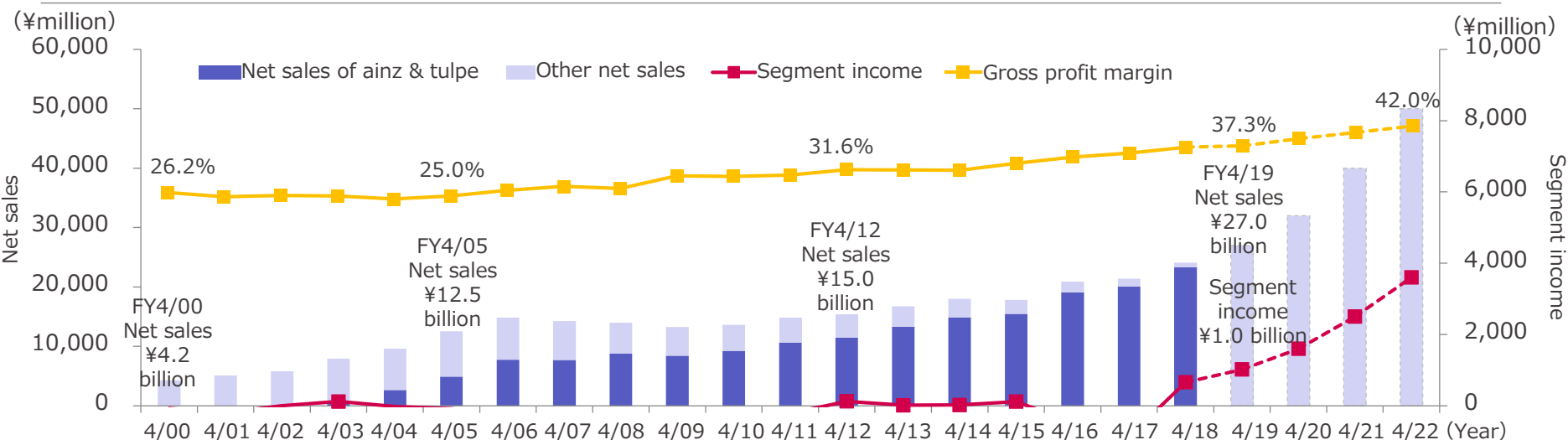


SHIBUYA KOENDORI

Renewal of SAPPORO CHIKAGAI



SAPPORO CHIKAGAI



Net sales (¥billion)	4.2	5.0	5.8	7.9	9.5	12.5	14.8	14.2	13.9	13.2	13.6	14.8	15.3	16.7	17.9	17.8	20.8	21.3	24.1	27.0	32.0	40.0	50.0
Segment income (¥billion)	0	(0.1)	0	0.1	0	(0.1)	(0.2)	(0.2)	(0.4)	(0.2)	(0.4)	(0.2)	0.1	0	0	0.1	(0.4)	(0.8)	0.6	1.0	-	-	-
No. of store	30	36	33	40	27	44	43	43	45	46	49	53	56	61	59	56	52	52	48	55	65	80	100
ainz & tulpe	0	0	0	1	4	9	12	13	15	18	20	26	33	39	41	41	42	45	41	50	59	72	90
Closing	0	0	5	7	16	0	4	3	1	4	2	2	4	2	5	6	9	9	8	-	-	-	-
Membership (million)	-	-	0.0	0.0	0.0	0.1	1.0	1.2	1.5	1.7	2.0	2.2	2.5	2.9	3.2	3.6	4.2	4.6	4.9	-	-	-	-



## Expansion of AINZ & TULPE②

Despite the impacts of the typhoons and the earthquake in Hokkaido, net sales are increasing solidly because of getting more awareness in the metropolitan area. Gross margin also improve due to an overhaul of procurement activities and greater operation efficiency.

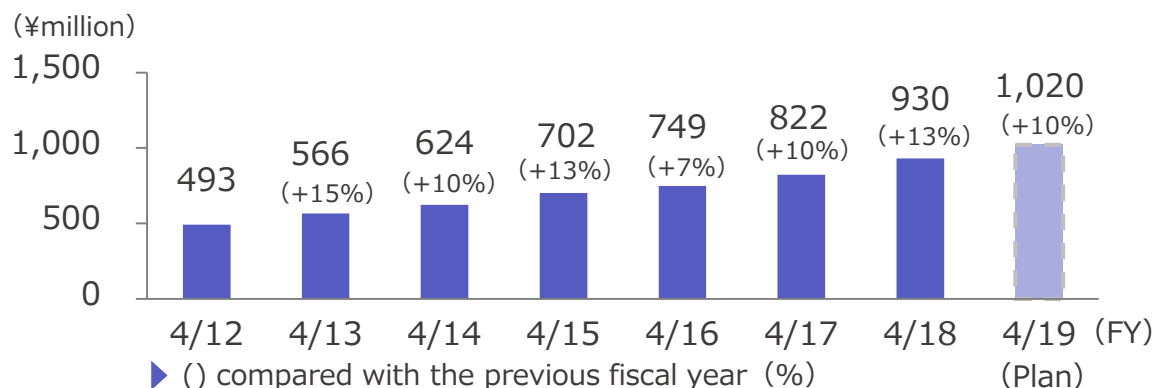
### ■ Area verify

(¥ million)	Sapporo area				Metropolitan area			
	FY4/18 2Q	FY4/19 2Q	YoY change	YoY change(%)	FY4/18 2Q	FY4/19 2Q	YoY change	YoY change(%)
Net sales	4,312	4,164	(148)	(3.4)	6,513	7,773	+1,260	+19.3
Segment income	284	339	+55	+19.4	56	445	+389	+694.6
% of net sales	6.6	8.1			0.9	5.7		

### ■ Stores in Metropolitan area

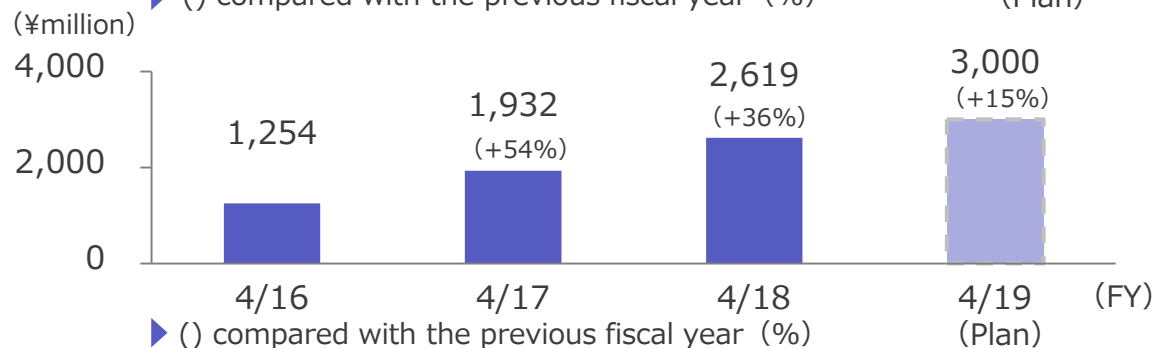
#### Tokyo Station

Open	10/10
Sales floor	430m <sup>2</sup>
SKU	16,000



#### SHINJUKU HIGASIGUCHI

Open	7/15
Sales floor	793m <sup>2</sup>
SKU	23,000





## FY4/19 Plan (Consolidated)

The group forecasts net sales for the fiscal year ending April 30, 2019 of 272,870 million, increase 1.7% year on year by openings new stores (100 pharmacies and 7 Cosmetic and drug stores) , ordinary income decrease 10.6% due to the dispensing fee revisions.

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

► Figures in the table are rounded down    ► YoY change :FY4/19 plan compared with FY4/18 results

# Supplementary Information

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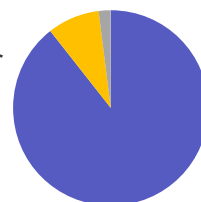


# Company Profile

Trade name	AIN HOLDINGS INC
Representative	Kiichi Otani, President and Representative Director
Established	August 1969
Market capitalization	¥283,426 million <u>As of Dec 6, 2018</u>
Net sales and operating income	Net sales: ¥268,385 million    Operating income: ¥19,622 million <u>As of FY4/18</u>
Sales composition	Dispensing Pharmacy : ¥238,645 million, Cosmetic and Drug Store : ¥24,117 million, Others : ¥5,623 million <u>As of FY4/18</u>
Number of employees	9,603 (including pharmacists : 4,457) <u>As of Apr 30, 2018</u>
Group companies	《Dispensing pharmacy》    AIN PHARMACIEZ Inc. and other 65 companies. 《Staffing services》    《Consulting services》    MEDIWEL Corp., Medical Development Co., Ltd. etc. 《Generic drug wholesales》    WHOLESale STARS Co., Ltd <u>As of FY4/18</u>
Number of stores	1,077 (1,029 dispensing pharmacies, 48 cosmetic and drug stores) <u>As of FY4/18</u>



Cosmetic and Drug Store 9.0%



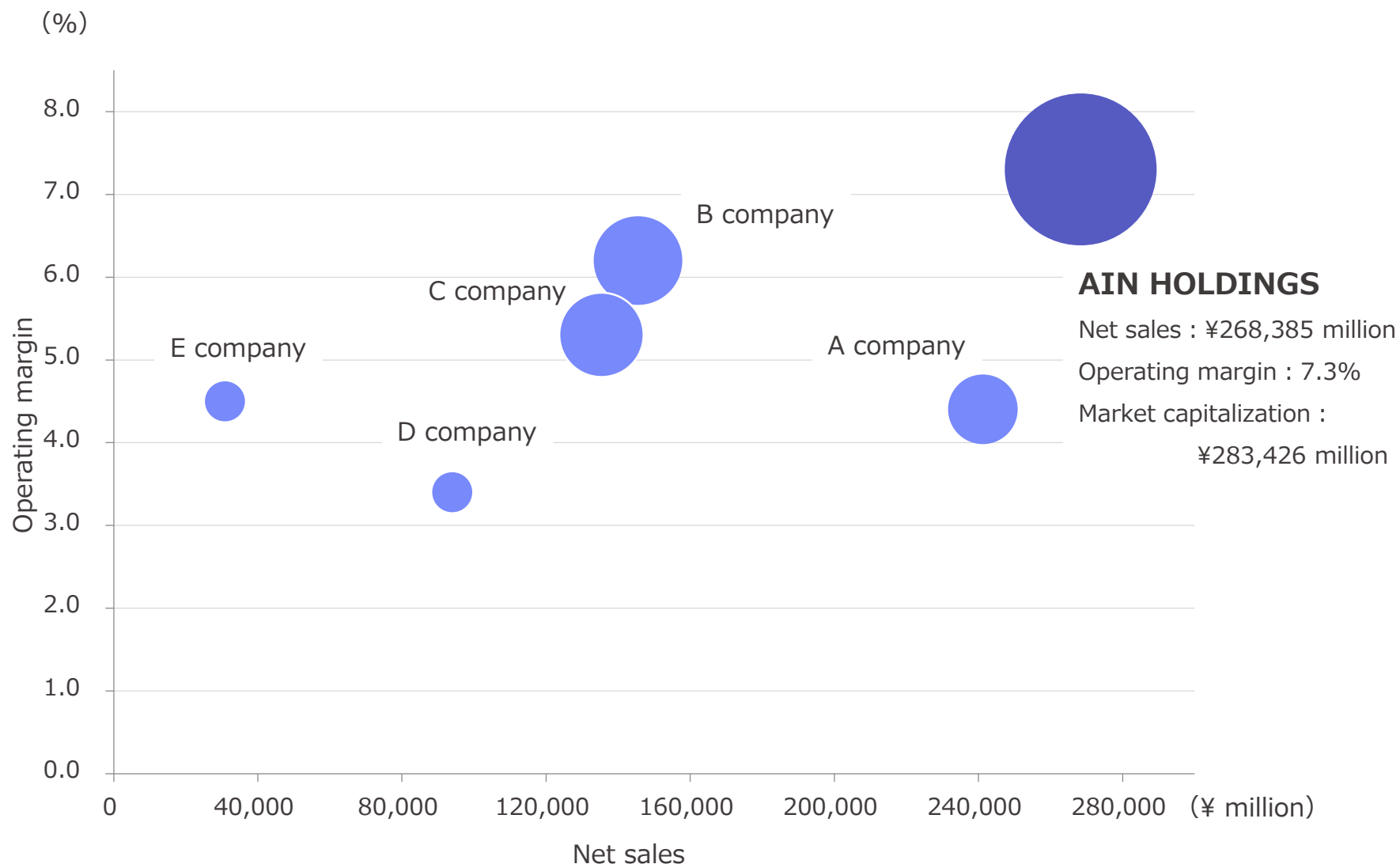
FY4/18 Consolidated net sales  
¥268,385 million



Dispensing Pharmacy 88.9%



## Comparison to Other Companies



▶ Based on each company's summary of financial statement for FY 3/18 (AIN HD: FY4/18)

▶ Size of circle is proportional to market capitalization on Dec 6, 2018





**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  
<http://www.ainj.co.jp/>**

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AIN GROUP