



# CREATE SD HOLDINGS

***FY2013 (6/12-5/13) Interim Results Explanatory Meeting  
January 15, 2013***

The earnings forecasts appearing in this material are based on the business environment at the present time, and there is the possibility that actual earnings may differ from forecasts for various reasons. Furthermore, only inquiries in Japanese are handled. Inquiries should be direct to Mr. Kasakawa or Mr. Ohno (045-914-8241) in the Corporate Planning Office.

# **1H FY2013 Consolidated Results (06/2012 – 11/2012)**



## 2. 1H FY2013 Consolidated Balance Sheet

(million yen)

	May 31, 2012 (consolidate)	November 30, 2012 (consolidated)	Change
<b>Total assets</b>	<b>68,030</b>	<b>70,030</b>	<b>+1,999</b>
<b>Current assets</b>	<b>39,770</b>	<b>40,859</b>	<b>+1,088</b>
<b>Fixed assets</b>	<b>28,260</b>	<b>29,171</b>	<b>+911</b>
<b>Total liabilities</b>	<b>32,129</b>	<b>31,773</b>	<b>▲356</b>
<b>Current liabilities</b>	<b>30,079</b>	<b>29,682</b>	<b>▲397</b>
<b>Fixed liabilities</b>	<b>2,050</b>	<b>2,091</b>	<b>+41</b>
<b>Total net assets</b>	<b>35,900</b>	<b>38,257</b>	<b>+2,356</b>
<b>Total liabilities and net assets</b>	<b>68,030</b>	<b>70,030</b>	<b>+1,999</b>

### Main causes of changes

#### Total assets

- Merchandise +928 million yen
- Opening of 17 new stores, etc.
- Fixed assets +911 million yen

#### Total liabilities

- Accounts payable +196 million yen
- Income taxes payable -667 million yen

#### Total net assets

- Decline due to 668 million yen in dividends
- Net profit 3,024 million yen

\* Accounting period  
 CREATE SD HOLDINGS CO., LTD. June 1-November 30, 2012  
 CREATE SD CO., LTD. June 1-November 30, 2012  
 Welllife Co., Ltd. June 1-November 30, 2012  
 SALON DAY CO.,LTD June 1-November 30, 2012

### 3. 1H FY2013 Consolidated Statement of Cash Flows

(million yen)

	November 30 2011 (consolidated)	November 30 2012 (consolidated)	Change
Cash flow from operating activities	1,678	2,832	+1,153
Cash flow from investing activities	-2,006	-1,907	+99
Cash flow from financing activities	-1,051	-688	+363
Change in cash and cash equivalents	-1,379	237	+1,616
Opening balance of cash and cash equipments	15,463	16,635	+1,172
Closing balance of cash and cash equipments	14,084	16,873	+2,789

#### Major breakdown

- Net profit before taxes 5,066 million yen
- Depreciation 1,016 million yen
- Corporate taxes paid 3,114 million yen

Cash flows related to opening new stores:

- Purchase of fixed tangible assets 1,357 million yen
- Joint loans for construction 400 million yen

- Repayment of long-term loans 20 million yen
- Dividends 668 million yen

\* Accounting period CREATE SD HOLDINGS CO., LTD. June 1-November 30, 2012  
 CREATE SD CO., LTD. June 1-November 30, 2012  
 Welllife Co., Ltd. June 1-November 30, 2012  
 SALON DAY CO.,LTD June 1-November 30, 2012

# Results for Each Business Company

# 1. 1H FY2013 Profit and Loss Statement

(Create SD)

	1H FY2012		1H FY2013			
	(million yen)	Share (%)	(million yen)	Share (%)	YoY change (%)	% of projection (%)
<b>Net sales</b>	<b>83,369</b>	<b>100.0</b>	<b>89,856</b>	<b>100.0</b>	<b>107.8</b>	<b>99.3</b>
<b>Gross profit</b>	<b>22,117</b>	<b>26.5</b>	<b>23,896</b>	<b>26.6</b>	<b>108.0</b>	<b>99.4</b>
<b>SG&amp;A expenses</b>	<b>17,747</b>	<b>21.3</b>	<b>19,204</b>	<b>21.4</b>	<b>108.2</b>	<b>98.6</b>
<b>Operating profit</b>	<b>4,370</b>	<b>5.2</b>	<b>4,692</b>	<b>5.2</b>	<b>107.4</b>	<b>103.3</b>
<b>Recurring profit</b>	<b>4,484</b>	<b>5.4</b>	<b>4,828</b>	<b>5.4</b>	<b>107.7</b>	<b>104.2</b>
<b>Net profit</b>	<b>2,544</b>	<b>3.1</b>	<b>2,886</b>	<b>3.2</b>	<b>113.4</b>	<b>111.0</b>

# 2. Sales

Create SD

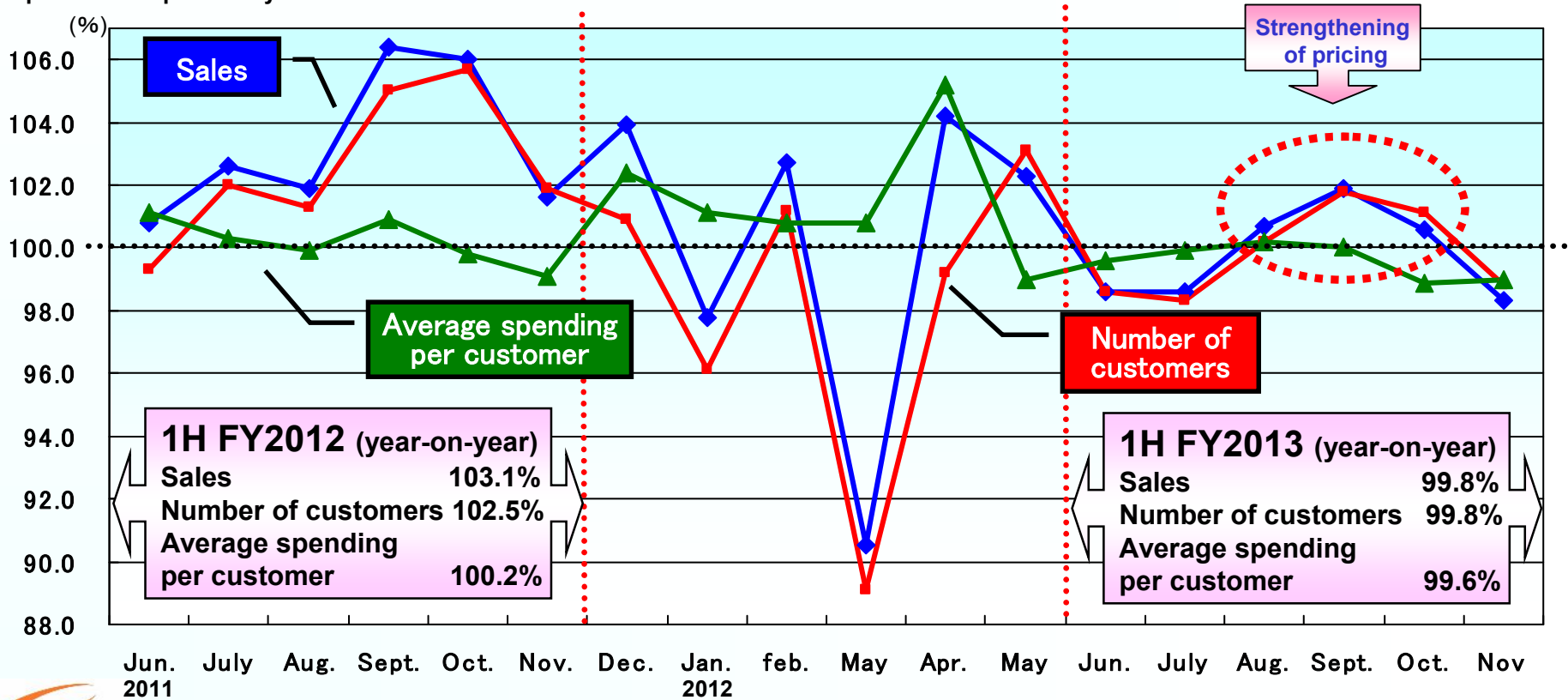
Strived to keep more customers of existing stores from the previous year

Intensified price war with competitors



Marketing efforts to attract more customers by enhancing product line-up and improving the content of hand-distributed flyers

Monthly change in sales, number of customers, and average spending per customer in existing stores compared to the previous year





### 3. Sales by Segment

Create SD

Enhanced product line-up focusing on food in order to attract more customers

	1H FY2012			1H FY2013		
	Sales (million yen)	Share (%)	YoY change (%)	Sales (million yen)	Share (%)	YoY change (%)
Medical and health products	18,275	21.9	106.9	19,683	21.9	107.7
Cosmetics	14,062	16.9	105.8	14,871	16.5	105.8
Food products	29,048	34.8	120.8	32,595	36.3	112.2
Daily products	16,012	19.2	109.5	16,877	18.8	105.4
Other	5,969	7.2	101.3	5,827	6.5	97.6
<b>Total</b>	<b>83,369</b>	<b>100.0</b>	<b>111.2</b>	<b>89,856</b>	<b>100.0</b>	<b>107.8</b>

# 4. SG&A Expenses

Create SD

Continued cost-cutting efforts with careful planning and expenditure

## ◆ Efforts to reduce costs

**Personnel expenses**



0.6% lower than forecast (Rose 10.1% year on year)  
• More effective man-hour control by implementing stricter shift management  
Man-hours falling 1.2% compared to the previous year for existing stores  
• Reduced recruiting costs to 73.8% from the previous year by reviewing recruitment media

**Advertising expenses**



17.4% lower than forecast (Fell 4.8% year on year)  
• Changed the reward card system at all stores  
• Changed the number of hand-distributed flyers  
• Reviewed the areas and numbers of flyer distribution for new stores  
• Improved the specification of sales promotion materials

**Other**



• Reduced the costs of facilities, equipment and fixtures for new stores  
• Reduced communication costs  
• Reviewed system maintenance costs  
• Reviewed the outsourcing expense

# 5. New Store Openings

Create SD

**17 new OTC stores and 11 in-store pharmacies were opened**

## New store openings by area

		Kanagawa	Tokyo	Shizuoka	Saitama	Chiba	Gunma	Ibaraki	Aichi	Total
New stores opened in 1H FY2013	OTC	12	1	1	0	2	0	0	1	17
	in-store pharmacies	7	0	2	1	0	0	0	1	11

### Number of new stores by OTC type (17 stores)

Suburban stand alone:13 Shop-in-shop:1

In front of train station:1 NSC:1 Urban center :1

**3 stores were closed (1 in Kanagawa, 2 in Shizuoka)**

		Kanagawa	Tokyo	Shizuoka	Saitama	Chiba	Gunma	Ibaraki	Aichi	Total
Total number of stores as of the end of 1H FY2013	OTC	212	53	59	13	18	5	7	1	368
	dedicated prescription drug stores	13	5	0	1	3	0	0	0	22
	in-store pharmacies	31	6	10	2	0	0	0	1	50

# 6. Prescription Operations

Create SD

11 new in-store pharmacies opened

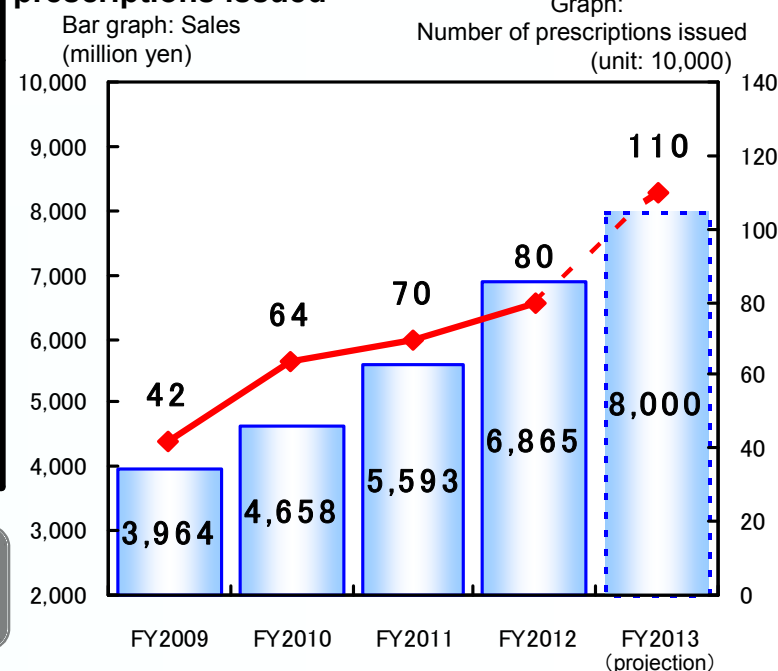
72 stores at the end of 1H  
(22 dedicated prescription drug stores and 50 in-store pharmacies)

	1H FY2013		
	(million yen)	Share (%)	YoY change (%)
Net sales	3,739	100.0	117.4
Gross profit	1,419	38.0	112.9

Existing stores comparisons  
Sales 9.8% Prescriptions 7.5%

(Home service operations)	1H FY2013		
	(million yen)	Share (%)	YoY change (%)
Net sales	262	100.0	131.5

## Sales in prescription operations and the number of prescriptions issued



Medication guidance by visit  
Collaboration with 36 nursing facilities  
(demand from 7 new facilities)

# 7. Fee-charging Nursing Home and Preventive Nursing Business

**Wellife  
SALON DAY**

	1H FY2013		
	(million yen)	Share (%)	Difference from projection (million yen)
<b>Net sales</b>	<b>604</b>	<b>100.0</b>	<b>+28</b>
<b>Operating profit</b>	<b>12</b>	<b>2.0</b>	<b>+43</b>
<b>Recurring profit</b>	<b>12</b>	<b>2.1</b>	<b>+48</b>
<b>Net profit</b>	<b>-21</b>	<b>—</b>	<b>+54</b>

\* The income statement is based on the simple addition of figures for Wellife Co., Ltd. and SALON DAY CO., LTD.

**Preventive nursing business (SALON DAY)**

**Opened 2 day service centers  
creating a network of 26 centers**  
**Long-term care support center 1 center**

Number of day service centers  
at the end of 1H FY2013

**Stand-alone centers: 19**  
**In-store centers: 7**



## 8. We support health promotion activities for local customers

Hosting the 8th “Let’s walking” event

**Purpose:**  
To help our local customers live healthier lives through walking activities and health advice services

Walking about 8km in the Minatomirai area in Yokohama  
1,423 customers joined - the largest number of participants so far



walking map



health advice services  
In the goal meeting place

The event is held in autumn every year since 2005  
We are considering hosting another similar one in areas other than Kanagawa prefecture



## 9. Commit to making social contributions

Participated in UNICEF-related NPO activity  
“Vaccines for the world’s children”  
with our customers

Started collecting used PET bottle caps at our stores since 2007

Increasing the scope of areas  
and the number of stores

We have offered polio vaccines to 75,000 children in total  
(as of 2012 Dec)



eco CAP・エコキャップ運動  
「ペットボトルキャップ」の収集活動

環境に優しく“リサイクル”できれば…。地球温暖化や大気汚染が問題となり、誰もが自分ができることはないかと考えるようになってきました。  
「ペットボトルキャップ」の収集活動は、「誰でもできる」「みんなで協力してできる」「周囲や地域の人に呼びかけて、人のつながりができる」「環境問題の改善ができる」「生まれない子どもたちを救うことができる」活動です。

キャップは400個(1kg)で10円になります。  
PET bottle cap  
リサイクル素材に再利用  
認定NPO法人 世界の子どもにワクチンを  
日本委員会(こどもにワクチんを)  
ポリオワクチンは20円で1人の子どもの命を救えます。

「ペットボトルのキャップはゴミじゃない!」  
興味がない人から見れば、ただのゴミにしか見えないペットボトルのフタ。たくさん集めれば、困っている人の役に立てることが出来ます。

ワクチン名	1人分単価
ポリオ(小児マヒ)	約 20 円
MMR(はしかと風疹)	約 114 円
BCG(結核)	約 7 円
はしか	約 95 円

「ペットボトルキャップ」で世界の子どもに「ワクチン」を届けよう!!  
キャップは 800 個(約 2kg)でポリオワクチン 1 人分になります。

# **FY2013 Forecasts (Full Fiscal Year)**



# Future measures

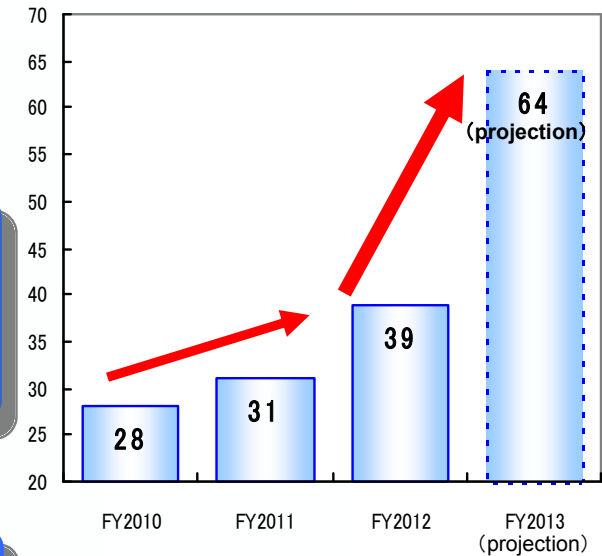
## 1. Enhancing our specialty – focusing on the medical field

### • Promoting in-store pharmacies

#### Number of in-store pharmacies



Number of in-store pharmacies (stores)



### • Developing home service facilities

#### Number of nursing facilities in collaboration for home medication guidance



## 2. Creating convenience –improving customer experience

### ▪ Enhancing product line-up

Enhancing product line-up such as vegetables and desserts

### ▪ Increasing the number of stores that offer a home delivery service for customers

1H FY2013  
10 stores



FY2013(projection)  
60 stores



## 3. Efforts to reduce costs

Monitoring the progress and effects of budget plus  $\alpha$  plans every month such as construction costs, recruiting costs, supplies expenses, sales promotion expenses and communication costs

# FY2013 Forecasts (Consolidated)

No revisions were made to forecasts for the full fiscal year

	FY2012 (consolidated results)		FY2013 (consolidated projection)		
	(million yen)	Share (%)	(million yen)	Share (%)	YoY Change (%)
Net sales	<b>169,790</b>	<b>100.0</b>	<b>183,403</b>	<b>100.0</b>	<b>108.0</b>
Gross profit	<b>45,123</b>	<b>26.6</b>	<b>48,752</b>	<b>26.6</b>	<b>108.0</b>
SG&A expenses	<b>35,999</b>	<b>21.2</b>	<b>39,027</b>	<b>21.3</b>	<b>108.4</b>
Operating profit	<b>9,124</b>	<b>5.4</b>	<b>9,725</b>	<b>5.3</b>	<b>106.6</b>
Recurring profit	<b>9,441</b>	<b>5.6</b>	<b>10,005</b>	<b>5.5</b>	<b>106.0</b>
Net profit	<b>4,824</b>	<b>2.8</b>	<b>5,572</b>	<b>3.0</b>	<b>115.5</b>
Capital expenditures		6,200 million yen (+23.7% YoY)			
Depreciation expense		2,275 million yen (+11.6% YoY)			



# FY2013 Projections

(Create SD – Drug Stores and Prescription Operations)

No revisions were made to forecasts for the full fiscal year

	FY2012 (results)		FY2013 (projection)		
	(million yen)	Share (%)	(million yen)	Share (%)	YoY change (%)
Net sales	<b>168,711</b>	<b>100.0</b>	<b>182,176</b>	<b>100.0</b>	<b>108.0</b>
Gross profit	<b>45,155</b>	<b>26.8</b>	<b>48,715</b>	<b>26.7</b>	<b>107.9</b>
SG&A expenses	<b>36,301</b>	<b>21.5</b>	<b>39,368</b>	<b>21.6</b>	<b>108.4</b>
Operating profit	<b>8,853</b>	<b>5.2</b>	<b>9,347</b>	<b>5.1</b>	<b>105.6</b>
Recurring profit	<b>9,076</b>	<b>5.4</b>	<b>9,549</b>	<b>5.2</b>	<b>105.2</b>
Net profit	<b>4,765</b>	<b>2.8</b>	<b>5,366</b>	<b>2.9</b>	<b>112.6</b>

# FY2013 Projections

(Assisted-living Fee-charging Nursing Home and Preventive Nursing Business)

**No revisions were made to forecasts for the full fiscal year**

	FY2012 (results)		FY2013 (projection)		
	(million yen)	Share (%)	(million yen)	Share (%)	YoY change (%)
<b>Net sales</b>	<b>1,078</b>	<b>100.0</b>	<b>1,226</b>	<b>100.0</b>	<b>113.7</b>
<b>Operating profit</b>	<b>-79</b>	<b>—</b>	<b>-10</b>	<b>—</b>	<b>—</b>
<b>Recurring profit</b>	<b>-75</b>	<b>—</b>	<b>-18</b>	<b>—</b>	<b>—</b>
<b>Net profit</b>	<b>-146</b>	<b>—</b>	<b>-99</b>	<b>—</b>	<b>—</b>

**6 day service centers** are expected to open during the current fiscal year