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On **August 9, 2019**, Ship Healthcare Holdings, Inc. (Ship) announced earnings results for Q1 FY03/20.

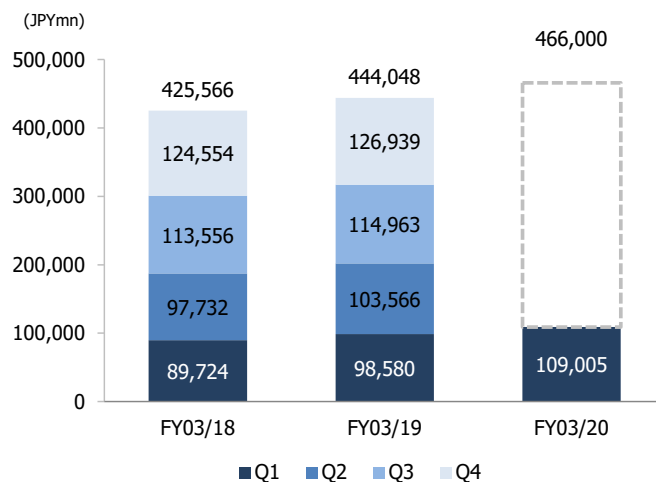
Cumulative (JPYmn)	FY03/18				FY03/19				FY03/20	FY03/20			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	% of 1H	1H Est.	% of FY	FY Est.
Sales	89,724	187,456	301,012	425,566	98,580	202,146	317,109	444,048	109,005	51.9%	210,000	23.4%	466,000
YoY	0.3%	-0.1%	6.0%	4.2%	9.9%	7.8%	5.3%	4.3%	10.6%		3.9%		4.9%
Gross profit	9,764	20,340	33,026	47,082	9,930	20,528	31,965	46,652	10,265				
YoY	6.2%	1.3%	8.6%	5.8%	1.7%	0.9%	-3.2%	-0.9%	3.4%				
GPM	10.9%	10.9%	11.0%	11.1%	10.1%	10.2%	10.1%	10.5%	9.4%				
SG&A expenses	7,232	14,303	21,472	28,822	7,180	14,263	21,468	28,699	7,234				
YoY	-3.0%	-0.8%	1.0%	1.4%	-0.7%	-0.3%	0.0%	-0.4%	0.8%				
SG&A ratio	8.1%	7.6%	7.1%	6.8%	7.3%	7.1%	6.8%	6.5%	6.6%				
Operating profit	2,532	6,036	11,554	18,259	2,749	6,265	10,496	17,952	3,030	46.6%	6,500	16.4%	18,500
YoY	45.5%	6.6%	26.5%	13.7%	8.6%	3.8%	-9.2%	-1.7%	10.2%		3.8%		3.1%
OPM	2.8%	3.2%	3.8%	4.3%	2.8%	3.1%	3.3%	4.0%	2.8%		3.1%		4.0%
Recurring profit	2,769	6,309	12,023	18,935	2,984	6,603	10,991	18,532	3,242	46.3%	7,000	16.8%	19,300
YoY	47.4%	7.5%	25.0%	14.9%	7.8%	4.7%	-8.6%	-2.1%	8.6%		6.0%		4.1%
RPM	3.1%	3.4%	4.0%	4.4%	3.0%	3.3%	3.5%	4.2%	3.0%		3.3%		4.1%
Net income	1,519	3,625	7,003	10,350	1,772	3,994	6,607	11,236	1,855	46.4%	4,000	15.7%	11,800
YoY	77.0%	14.9%	33.4%	10.0%	16.7%	10.2%	-5.7%	8.6%	4.7%		0.2%		5.0%
Net margin	1.7%	1.9%	2.3%	2.4%	1.8%	2.0%	2.1%	2.5%	1.7%		1.9%		2.5%

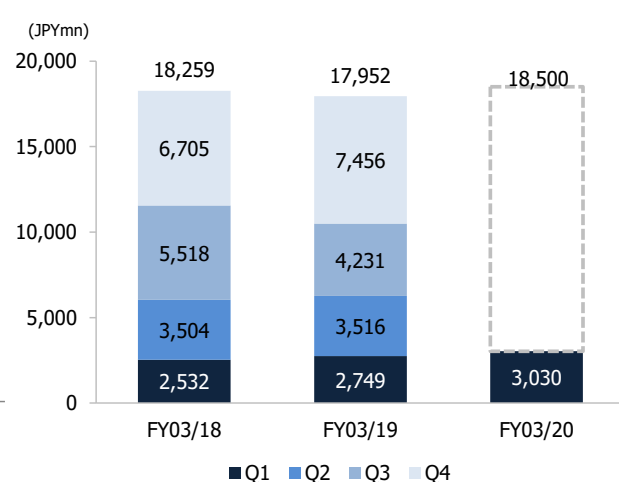
Quarterly (JPYmn)	FY03/18				FY03/19				FY03/20
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	89,724	97,732	113,556	124,554	98,580	103,566	114,963	126,939	109,005
YoY	0.3%	-0.4%	17.8%	0.0%	9.9%	6.0%	1.2%	1.9%	10.6%
Gross profit	9,764	10,576	12,686	14,056	9,930	10,598	11,437	14,687	10,265
YoY	6.2%	-2.8%	22.9%	-0.3%	1.7%	0.2%	-9.8%	4.5%	3.4%
GPM	10.9%	10.8%	11.2%	11.3%	10.1%	10.2%	9.9%	11.6%	9.4%
SG&A expenses	7,232	7,071	7,169	7,350	7,180	7,083	7,205	7,231	7,234
YoY	-3.0%	1.5%	4.6%	2.5%	-0.7%	0.2%	0.5%	-1.6%	0.8%
SG&A ratio	8.1%	7.2%	6.3%	5.9%	7.3%	6.8%	6.3%	5.7%	6.6%
Operating profit	2,532	3,504	5,518	6,705	2,749	3,516	4,231	7,456	3,030
YoY	45.5%	-10.6%	58.9%	-3.1%	8.6%	0.3%	-23.3%	11.2%	10.2%
OPM	2.8%	3.6%	4.9%	5.4%	2.8%	3.4%	3.7%	5.9%	2.8%
Recurring profit	2,769	3,540	5,714	6,912	2,984	3,619	4,388	7,541	3,242
YoY	47.4%	-11.3%	52.3%	0.8%	7.8%	2.2%	-23.2%	9.1%	8.6%
RPM	3.1%	3.6%	5.0%	5.5%	3.0%	3.5%	3.8%	5.9%	3.0%
Net income	1,519	2,106	3,378	3,347	1,772	2,222	2,613	4,629	1,855
YoY	77.0%	-8.3%	61.3%	-19.6%	16.7%	5.5%	-22.6%	38.3%	4.7%
Net margin	1.7%	2.2%	3.0%	2.7%	1.8%	2.1%	2.3%	3.6%	1.7%

Source: Shared Research based on company data  
 Note: Figures may differ from company materials due to differences in rounding methods.

### Sales (quarterly)



### Operating profit (quarterly)



Source: Shared Research, based on company data  
 Note: Figures may differ from company materials due to differences in rounding methods.

## Q1 FY03/20 results (out August 9, 2019)

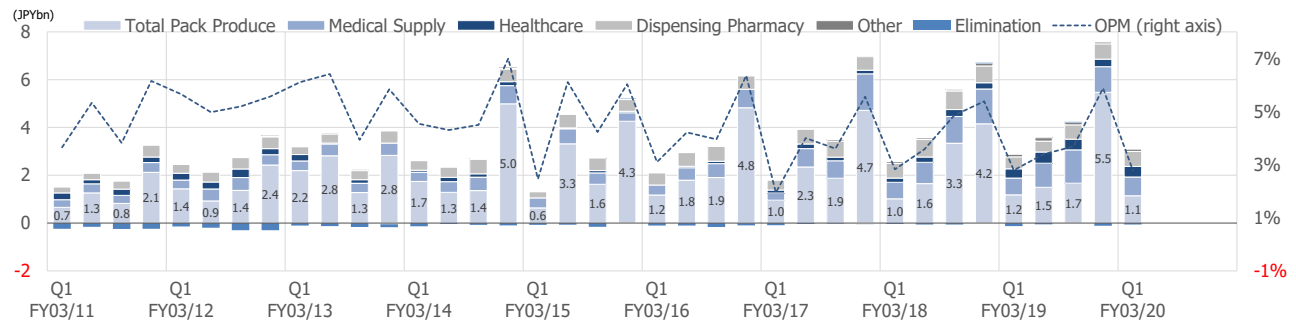
### Results for Q1 FY03/20 (April–June 2019)

- ▷ Sales: JPY109.0bn (+10.6% YoY)
- ▷ Operating profit: JPY3.0bn (+10.2% YoY)
- ▷ Recurring profit: JPY3.2bn (+8.6% YoY)
- ▷ Net income\*: JPY1.9bn (+4.7% YoY)
- ▷ No change to fully-year FY03/20 forecast

\*Net income attributable to parent company shareholders

- ▷ Business environment: In the healthcare industry, reforms are being undertaken to address rising costs driven by more sophisticated medical care and an ageing population. Against this backdrop, both medical institutions and companies involved in the healthcare industry would benefit from forming wide-ranging alliances over the medium and long term, in pursuit of more efficient operations.
- ▷ Company overview: The Total Pack Produce (PPP) segment project business performed well, and occupancy rates improved further in the Life Care segment. The Osaka Heavy Ion Therapy Center began conducting treatment in October 2018 and now is preparing to open a third treatment room (scheduled for October 2019), as patient numbers have been increasing.

### Quarterly operating profit performance



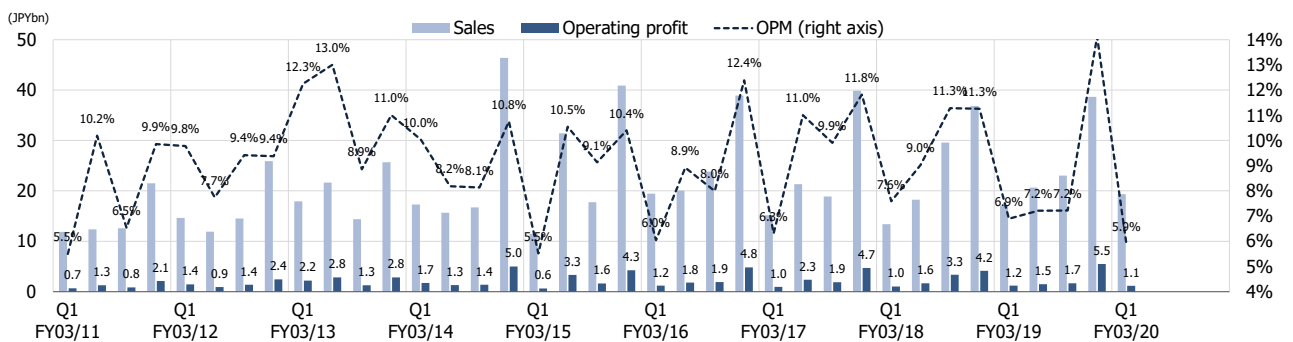
Source: Shared Research based on company data

## Results summary by segment

### Total Pack Produce segment

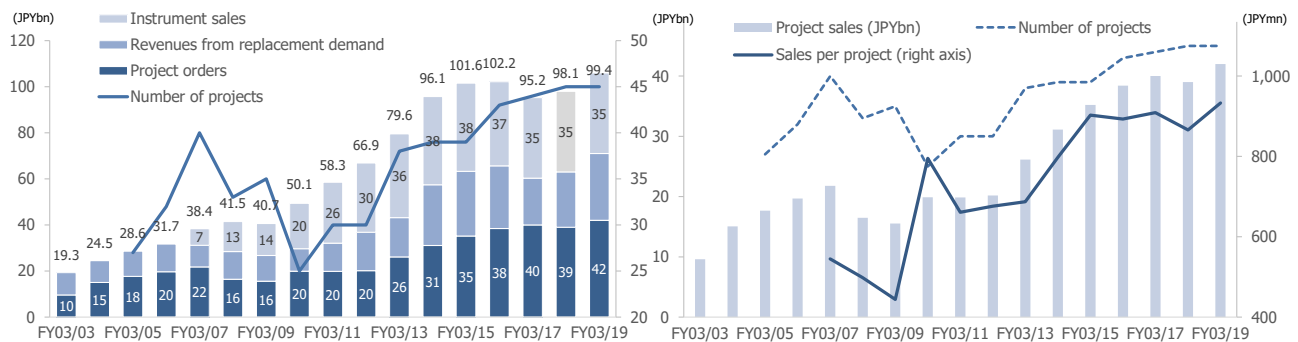
#### Total Pack Produce segment earnings performance

Total Pack Produce (JPYmn)	FY03/17				FY03/18				FY03/19				FY03/20
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	15,172	21,318	18,874	39,881	13,394	18,235	29,590	36,845	17,070	20,666	23,026	38,679	19,332
YoY	-22.0%	6.3%	-20.7%	2.5%	-11.7%	-14.5%	56.8%	-7.6%	27.4%	13.3%	-22.2%	5.0%	13.3%
Operating profit	958	2,347	1,870	4,714	1,016	1,646	3,338	4,150	1,177	1,490	1,662	5,465	1,141
YoY	-18.4%	31.1%	-1.7%	-2.2%	6.1%	-29.9%	78.5%	-12.0%	15.8%	-9.5%	-50.2%	31.7%	-3.1%
OPM	6.3%	11.0%	9.9%	11.8%	7.6%	9.0%	11.3%	11.3%	6.9%	7.2%	7.2%	14.1%	5.9%
Sales (cumulative)	15,172	36,490	55,364	95,245	13,394	31,629	61,219	98,064	17,070	37,736	60,762	99,441	19,332
YoY	-22.0%	-7.6%	-12.5%	-6.8%	-11.7%	-13.3%	10.6%	3.0%	27.4%	19.3%	-0.7%	1.4%	13.3%
OP (cumulative)	958	3,305	5,175	9,889	1,016	2,662	6,000	10,150	1,177	2,667	4,329	9,794	1,141
YoY	-18.4%	11.5%	6.3%	2.1%	6.1%	-19.5%	15.9%	2.6%	15.8%	0.2%	-27.9%	-3.5%	-3.1%
OPM	6.3%	9.1%	9.3%	10.4%	7.6%	8.4%	9.8%	10.4%	6.9%	7.1%	7.1%	9.8%	5.9%
No. of projects		12		44		7		45					



Source: Shared Research based on company data

#### Sales and number of projects



Source: Shared Research based on company data

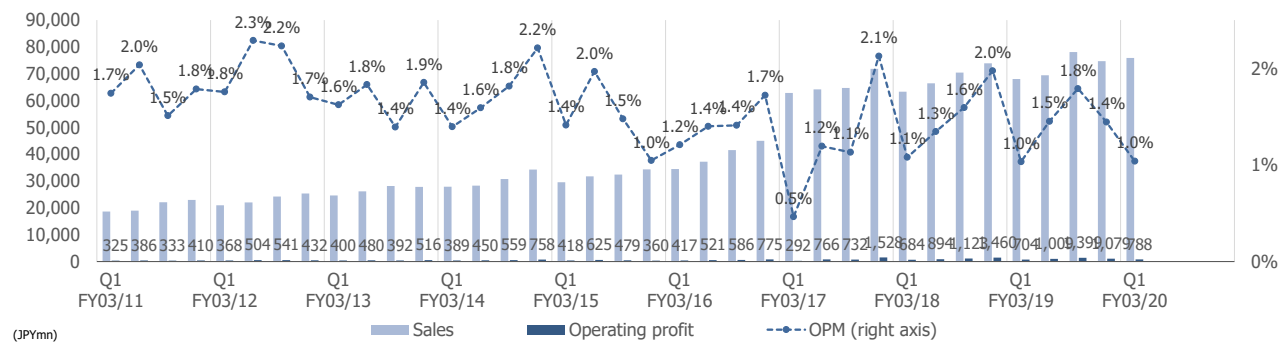
#### Total Pack Produce segment: results for Q1 FY03/20 (April–June 2019)

- ▷ Segment sales (external): JPY19.3bn (+13.3% YoY)
- ▷ Segment profit: JPY1.1bn (-3.1% YoY)
- ▷ Project business: Solid performance in line with initial forecasts.
- ▷ Osaka Heavy Ion Therapy Center: While early costs have been incurred, including depreciation on equipment accompanying the initiation of treatment services, the number of patients is increasing steadily and at a faster pace than projected, and preparations are under way to open a third treatment room, expected to start operating in October 2019.
- ▷ Bangladesh hospital business: As in the previous fiscal year, the business continues to incur initial costs as it works toward a start-up.

## Medical Supplies segment

### Earnings performance

Medical Supply (JPYmn)	FY03/17				FY03/18				FY03/19				FY03/20
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	62,834	64,158	64,703	71,833	63,335	66,421	70,419	73,883	68,078	69,475	78,128	74,682	75,882
YoY	82.2%	72.4%	55.8%	59.6%	0.8%	3.5%	8.8%	2.9%	7.5%	4.6%	10.9%	1.1%	11.5%
Operating profit	292	766	732	1,528	684	894	1,123	1,460	704	1,009	1,399	1,079	788
YoY	-30.0%	47.0%	24.9%	97.2%	134.2%	16.7%	53.4%	-4.5%	2.9%	12.9%	24.6%	-26.1%	11.9%
OPM	0.5%	1.2%	1.1%	2.1%	1.1%	1.3%	1.6%	2.0%	1.0%	1.5%	1.8%	1.4%	1.0%
Sales (cumulative)	62,834	126,992	191,695	263,528	63,335	129,756	200,175	274,058	68,078	137,553	215,681	290,363	75,882
YoY	82.2%	77.1%	69.3%	66.6%	0.8%	2.2%	4.4%	4.0%	7.5%	6.0%	7.7%	5.9%	11.5%
OP (cumulative)	292	1,058	1,790	3,318	684	1,578	2,701	4,161	704	1,713	3,112	4,191	788
YoY	-30.0%	12.8%	17.5%	44.3%	134.2%	49.1%	50.9%	25.4%	2.9%	8.6%	15.2%	0.7%	11.9%
OPM	0.5%	0.8%	0.9%	1.3%	1.1%	1.2%	1.3%	1.5%	1.0%	1.2%	1.4%	1.4%	1.0%



### Medical supplies segment: results for Q1 FY03/20 (April–June 2019)

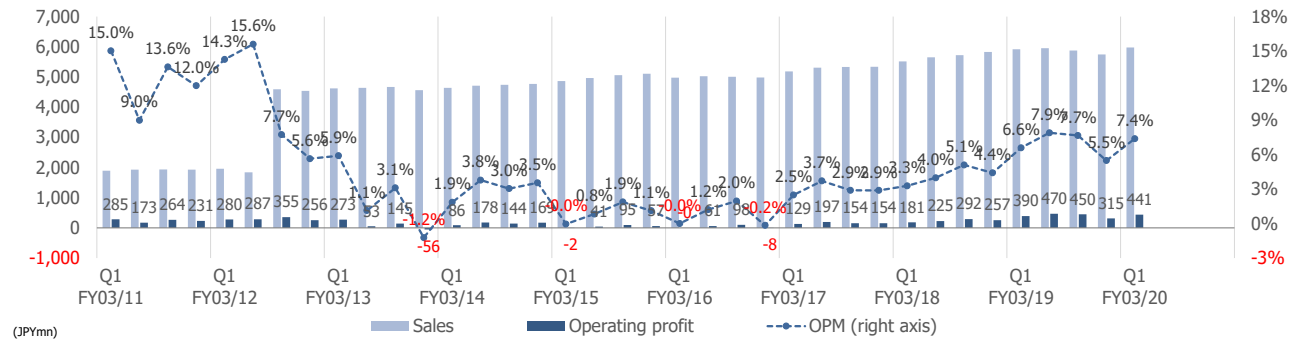
- ▷ Segment sales (external): JPY75.9bn (+11.5% YoY)
- ▷ Segment profit: JPY788mn (+11.9% YoY)
- ▷ Special treatment materials: Redemption price revisions in 2018 mean that it remains difficult to secure profit
- ▷ Facility operations: Progress is generally according to forecasts, thanks to collaboration and pursuit of greater operational efficiency within the group.

## Life Care segment

### Earnings performance

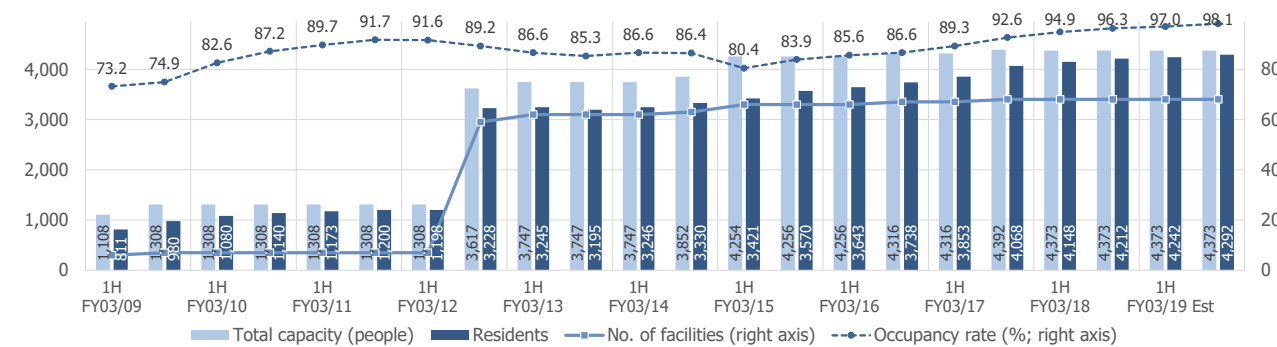
Life Care (JPYmn)	FY03/17				FY03/18				FY03/19				FY03/20
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	5,187	5,310	5,332	5,338	5,515	5,653	5,726	5,830	5,921	5,955	5,875	5,749	5,976
YoY	4.3%	5.7%	6.4%	7.1%	6.3%	6.5%	7.4%	9.2%	7.4%	5.3%	2.6%	-1.4%	0.9%
Operating profit	129	197	154	154	181	225	292	257	390	470	450	315	441
YoY	-	223.0%	57.1%	-	40.3%	14.2%	89.6%	66.9%	115.5%	108.9%	54.1%	22.6%	13.1%
OPM	2.5%	3.7%	2.9%	2.9%	3.3%	4.0%	5.1%	4.4%	6.6%	7.9%	7.7%	5.5%	7.4%
Sales (cumulative)	5,187	10,497	15,829	21,167	5,515	11,168	16,894	22,724	5,921	11,876	17,751	23,500	5,976
YoY	4.3%	5.0%	5.5%	5.9%	6.3%	6.4%	6.7%	7.4%	7.4%	6.3%	5.1%	3.4%	0.9%
OP (cumulative)	129	326	480	634	181	406	698	955	390	860	1,310	1,625	441
YoY	-	434.4%	201.9%	319.9%	40.3%	24.5%	45.4%	50.6%	115.5%	111.8%	87.7%	70.2%	13.1%
OPM	2.5%	3.1%	3.0%	3.0%	3.3%	3.6%	4.1%	4.2%	6.6%	7.2%	7.4%	6.9%	7.4%
Nursing care occupancy	-	89.3%	-	92.6%	-	94.9%	-	96.3%	-	-	-	-	-
No. of facilities	-	67	-	68	-	68	-	68	-	-	-	-	-
Capacity	-	4,316	-	4,392	-	4,373	-	4,373	-	-	-	-	-
Residents	-	3,853	-	4,068	-	4,148	-	4,212	-	-	-	-	-

Source: Shared Research based on company data



Source: Shared Research based on company data

### Number of facilities, occupants



Source: Shared Research based on company data

### Life Care segment: results for Q1 FY03/20 (April–June 2019)

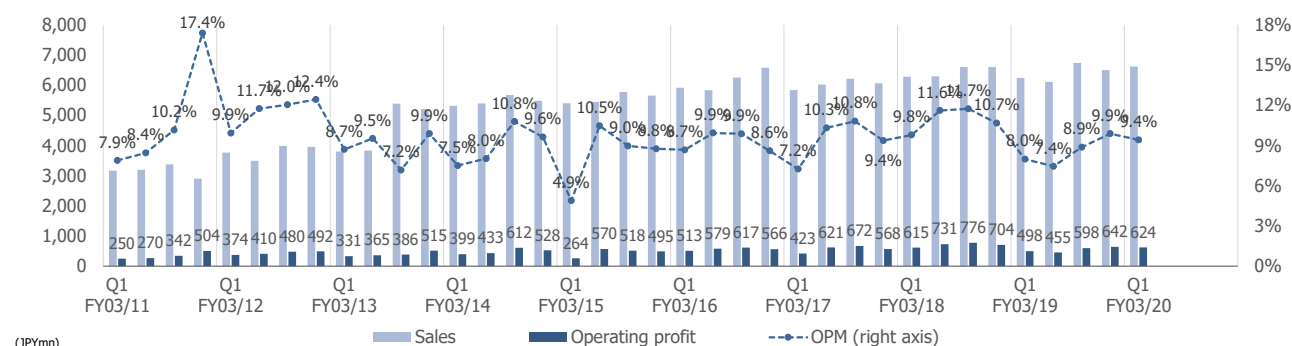
- ▷ Segment sales (external): JPY6.0bn (+0.9% YoY)
- ▷ Segment profit: JPY441mn (+13.1% YoY)
- ▷ Business conditions: Profit growth was aided by improved operational efficiency, thanks to the establishment of national integrated management.
- ▷ Occupancy rates: Occupancy rates increased further.

## Dispensing Pharmacies segment

### Earnings performance

Dispensing Pharmacy (JPYmn)	FY03/17				FY03/18				FY03/19				FY03/20
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	5,838	6,020	6,213	6,063	6,283	6,296	6,609	6,601	6,242	6,108	6,736	6,499	6,621
YoY	-1.3%	3.3%	-0.6%	-7.9%	7.6%	4.6%	6.4%	8.9%	-0.7%	-3.0%	1.9%	-1.5%	6.1%
Operating profit	423	621	672	568	615	731	776	704	498	455	598	642	624
YoY	-17.5%	7.3%	8.9%	0.4%	45.4%	17.7%	15.5%	23.9%	-19.0%	-37.8%	-22.9%	-8.8%	25.3%
OPM	7.2%	10.3%	10.8%	9.4%	9.8%	11.6%	11.7%	10.7%	8.0%	7.4%	8.9%	9.9%	9.4%
Sales (cumulative)	5,838	11,858	18,071	24,134	6,283	12,579	19,188	25,789	6,242	12,350	19,086	25,585	6,621
YoY	-1.3%	1.0%	0.4%	-1.8%	7.6%	6.1%	6.2%	6.9%	-0.7%	-1.8%	-0.5%	-0.8%	6.1%
OP (cumulative)	423	1,044	1,716	2,284	615	1,346	2,122	2,826	498	953	1,551	2,193	624
YoY	-17.5%	-4.4%	0.4%	0.4%	45.4%	28.9%	23.7%	23.7%	-19.0%	-29.2%	-26.9%	-22.4%	25.3%
OPM	7.2%	8.8%	9.5%	9.5%	9.8%	10.7%	11.1%	11.0%	8.0%	7.7%	8.1%	8.6%	9.4%
No. of stores	89				95				100				

Source: Shared Research based on company data



Source: Shared Research based on company data

### Dispensing Pharmacies segment: results for Q1 FY03/20 (April–June 2019)

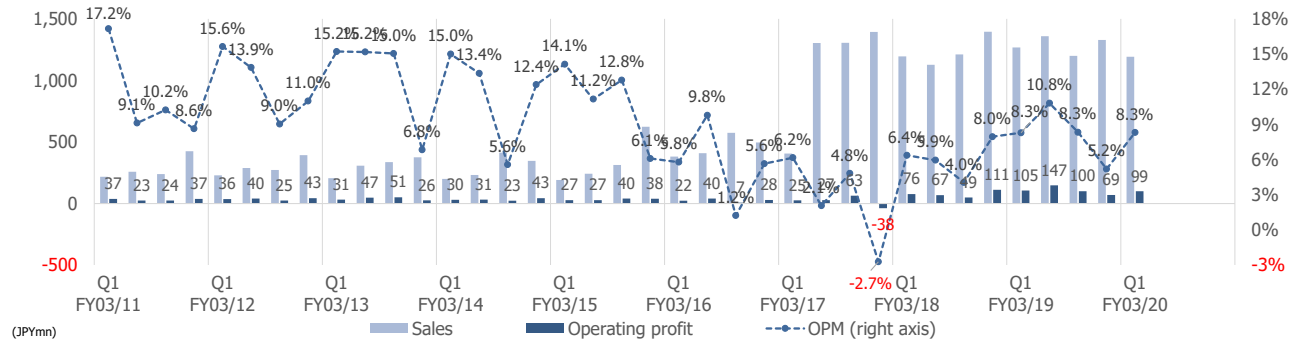
- ▷ Segment sales (external): JPY6.6bn (+6.1% YoY)
- ▷ Segment profit: JPY624mn (+25.3% YoY)
- ▷ Revised dispensing fee structure: Although the effects of 2018 revisions to dispensing fees have moderated since last year, the business climate remains harsh with a consumption tax hike scheduled for October 2019.

## Other

### Earnings performance

Other (JPYmn)	FY03/17				FY03/18				FY03/19				FY03/20
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1
Sales	406	1,305	1,306	1,395	1,195	1,127	1,211	1,396	1,268	1,360	1,200	1,329	1,192
YoY	6.6%	219.1%	127.5%	181.3%	194.3%	-13.6%	-7.3%	0.1%	6.1%	20.7%	-0.9%	-4.8%	-6.0%
Operating profit	25	27	63	-38	76	67	49	111	105	147	100	69	99
YoY	13.6%	-32.5%	800.0%	-	204.0%	148.1%	-22.2%	-	38.2%	119.4%	104.1%	-37.8%	-5.7%
OPM	6.2%	2.1%	4.8%	-2.7%	6.4%	5.9%	4.0%	8.0%	8.3%	10.8%	8.3%	5.2%	8.3%
Sales (cumulative)	406	1,711	3,017	4,412	1,195	2,322	3,533	4,929	1,268	2,628	3,828	5,157	1,192
YoY	6.6%	116.6%	121.2%	137.2%	194.3%	35.7%	17.1%	11.7%	6.1%	13.2%	8.3%	4.6%	-6.0%
OP (cumulative)	25	52	115	77	76	143	192	303	105	252	352	421	99
YoY	13.6%	-16.1%	66.7%	-20.6%	204.0%	175.0%	67.0%	293.5%	38.2%	76.2%	83.3%	38.9%	-5.7%
OPM	6.2%	3.0%	3.8%	1.7%	6.4%	6.2%	5.4%	6.1%	8.3%	9.6%	9.2%	8.2%	8.3%

Source: Shared Research based on company data



Source: Shared Research based on company data

**Other segment results for Q1 FY03/20 (April–June 2019)**

- ▷ Segment sales (external): JPY1.2bn (-6.0% YoY)
- ▷ Segment profit: JPY99mn (-5.7% YoY)
  
- ▷ Results for Q1 FY03/20 were generally in line with plan, underpinned by strong performances by the veterinary business and security support services business.

This note is the most recent addition to the [full report](#).

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