

To Our Readers

In the fiscal year ended March 2004, we laid a stronger foundation for the ongoing evolution of the Suzuken Group. In the previous fiscal year, we reached a performance milestone by achieving one trillion yen in net sales. In last year's annual report, I commented: "These figures are merely stepping stones to even greater accomplishments in the years ahead. We will continue to learn from our customers, and to look beyond pharmaceutical wholesaling to create new forms of value. We are determined to continue evolving as Japan's primary supplier of health resources."

To make this vision a reality, we are taking actions in a number of areas. To achieve growth in our businesses, we are conducting strategic mergers and acquisitions. To strengthen our operating base, we are focusing more on superior suppliers and customers, and increasing our emphasis on our core businesses by streamlining non-core businesses. We are also actively developing medicines and medical equipment, primarily targeting diabetes. The success of these activities helped us achieve record-high sales and profits in the year ended March 2004.



Underpinning all these activities is our enduring business philosophy of “learning from our customers.” This has guided the growth of Suzuken since its inception. We believe our *raison d'être* is to provide value to our customers, and that the purpose of this value is to create customer satisfaction. Yet this is not an emotionally detached endeavor. The key is to perceive satisfaction from the customers' standpoint and then supply value-added products and services that not only create customer satisfaction, but also establish the company's reputation as a service provider that consistently exceeds expectations. Our success results from all of our people understanding this point and putting it into practice on a daily basis.

While we achieved record sales of ¥1,194,024 million and record net income of ¥17,308 million in the past fiscal year, our performance was still not entirely satisfactory. In terms of numerical performance, we aim to achieve net sales of ¥2 trillion and a market share of over 25% by the fiscal year 2010. This is our long-term goal, and we realize it is a challenging one. Our achievements in the year ended March 2004 are merely the company “taxiing prior to take-off.” Our strategy for soaring toward our goal is clear. We will use an M&A-based approach to extend our service coverage to include all of Japan, while delegating operational authority to the regional level so that we can target local primacy across all parts of the country. Besides strengthening our pharmaceutical wholesaling functions, we will also leverage the many capabilities of the Suzuken Group to expand our presence in various areas of healthcare, a task where the challenge is only just beginning.

The philosophy of “learning from our customers” is eternal. By taking this philosophy to heart and by focusing on implementing our clear strategy, I believe we can continue to grow toward becoming the undisputed leader in pharmaceutical wholesaling. The Suzuken Group stands “ready for take-off.”

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Yoshiki Bessho
President and Chief Executive Officer