



First and foremost, I'd like to extend my deepest appreciation to everyone connected to the HTS Group for your ongoing support.

Under the corporate philosophy, the HTS Group aims to become the most preferred solutions provider for all of our stakeholders, including customers, shareholders and employees, in the sophisticated, diversified and wide-ranging global supply chain, and strives to achieve sustainable growth by solving issues and creating “values” through various “collaborative innovation.”

In FY2018, the final year of the Mid-term Management Plan “Value Creation 2018,” under our business concept “LOGISTEED\*1,” we have promoted various measures to create new innovations beyond the conventional logistics domain by expanding collaborative areas across businesses and industries, with enhancement of logistics as a function as our core target. As part of our efforts to strengthen logistics domain, we entered into a capital and business alliance agreement with AIT Corporation with the aim of providing services through more sophisticated cooperation between forwarding and 3PL, and promoted collaborative innovation with SG Holdings Group to expand cross-selling (business enhancement through logistics and delivery business) and asset sharing. We also entered into a business alliance agreement with Uhuru Corporation with an aim to invigorate collaborative innovation with our partners through access to the cutting-edge technologies such as “AI (Artificial Intelligence)” and “IoT (Internet of Things)” beyond the conventional logistics domain.

As the supply chain structure is changing significantly due to technological advancement and social changes, including “IoT,” “AI,” “Robotics,” “Fintech\*2,” “Sharing Economy\*3” and digitization, the Group, in the new Mid-term Management Plan “LOGISTEED 2021” starting in FY2019, promotes digitalization of the Group and its collaborative partners, and build open platform, in order to realize supply chain based on and originating from our logistics domain.

## Under the concept of “LOGISTEED,” we will strengthen the logistics domain, continue evolving in response to changes and aim at further growth and solving social issues.

As for the environment surrounding the Group in FY2019, the first year of the new Mid-term Management Plan, while the global economy continues to be on a moderate growth trend, attention must be paid to the impacts of protectionism and trade friction as well as geopolitical risks and the impact of natural disasters, etc. In Japan, especially in the logistics industry, the business environment is becoming severe due to intensifying competitions across industries caused by labor shortage and expansion of EC\*4 market. Under such circumstances, the Group intends to strengthen its core logistics function and carry out collaborative innovation strategies leading to further expansion of the domains through collaboration with various partners. In addition, we will promote our initiatives to design a supply chain based on and originating from our logistics domain by accelerating development and on-site implementation of new Smart Logistics technology and pursuing commercialization and enhancement of “SSCV (Smart & Safety Connected Vehicle)\*5” and “EC platform\*6.” We believe solid operation is essential to ensure these initiatives are implemented without delay. Therefore, we will promote “personal ownership” activity at full scale through company-wide bottom-up initiatives (VC21)\*7 and work on productivity improvement and enhancement of operation capabilities toward the next generation. The Group will change and evolve by strengthening its logistics domain as well as further promoting collaborative innovation in its related domains, with an aim to provide innovation responding to social challenges and customer needs and create values.

In order to meet expectations of all of our stakeholders, including customers and employees, and remain to be a preferred company, we believe it is important to have a viewpoint to fulfill our responsibilities for visible environmental and social issues around the globe and meet expectations and demands. Under the management priority measures of “Take actions in consideration of environment, society and governance as well as corporate ethics,” the Group promotes initiatives focusing on corporate social responsibilities, strives to improve management transparency and efficiency, and carry out business activities by thoroughly pursuing safety and considering environmental issues. During the previous Mid-term Management Plan, we formulated “CSR objectives” to be addressed with priority and strived to disseminate them within and outside the Group. In FY2019, we will further enhance the effectiveness of “CSR objectives” initiatives and contribute to the achievement of “SDGs (Sustainable Development Goals)” by deepening our awareness of its compatibility with our business.

The Group will change and evolve under the concept of “LOGISTEED” and aim to become the most preferred solutions provider.

We look forward to your continued support.

Yasuo Nakatani, President and CEO

\*1 LOGISTEED: Please see page 2 for details. \*2 Fintech: A coined word combining “finance” and “technology” and referring to financial services utilizing IT. \*3 Sharing Economy: Social framework whereby products, services and places are used by sharing or exchanging with other people. \*4 EC: Electronic Commerce \*5 SSCV (Smart & Safety Connected Vehicle): Please see page 14 for details. \*6 EC platform: Please see pages 13 and 36 for details. \*7 Promotion of “personal ownership” activities (VC 21): Please refer to *Value Change & Creation 2021* on our website.  
[http://www.hitachi-transportssystem.com/en/ir/library/presentations/pdf/midtermmanagementplan\\_190524enR.pdf](http://www.hitachi-transportssystem.com/en/ir/library/presentations/pdf/midtermmanagementplan_190524enR.pdf)