**Special Feature 1** Mid-term Management Plan – LOGISTEED 2021 –

**Numerical Targets**

<table>
<thead>
<tr>
<th>FY2018 (Result)</th>
<th>FY2019 (Plan)</th>
<th>FY2021 (Mid-term Management Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenues</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted operating income (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global</td>
<td>Domestic</td>
<td>Global</td>
</tr>
<tr>
<td>10.7%</td>
<td>10.0%</td>
<td>10.0%</td>
</tr>
<tr>
<td>EBIT margin (%)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global</td>
<td>Domestic</td>
<td>Global</td>
</tr>
<tr>
<td>360</td>
<td>60</td>
<td>50</td>
</tr>
<tr>
<td>ROE: over10%</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Global</td>
<td>Domestic</td>
<td>Global</td>
</tr>
<tr>
<td>7,088</td>
<td>7,000</td>
<td>7,200</td>
</tr>
</tbody>
</table>

**Priority Measures**

Change and Evolution toward LOGISTEED

- Build a solid core domain (Smart Logistics)
- Collaborative innovation strategy aiming at further expansion of domains
- Supply chain based on and originating from Logistics
  - Digital transformation × Business
  - Logistics “Gemba” power × Platform
- Succession of hands-on approach
- Environment/Society/Governance

Consolidate four flows through LOGISTEED

Future Vision: Global Supply Chain Solutions Provider

Integrate four flows for better supply chain

**Strategic Investment for Change and Evolution into “LOGISTEED”**

- Strategic investments (660 million yen)
- Promote Digital Transformation, establishment of IT platform
- Implementation of big data management
- Transport digital, etc.
- Development of new technology (R&D, verification of commercialization, etc.)
- Development of new business (Smart warehouse/SSCV, etc.)
- Human resources, safety, etc.
- M&A, capital policy, etc.

**Logistics**

- Domain
- Smart Logistics

**Future Trends**

- IT/Finance
- Lease
- AI/Robotics
- Sharing economy
- Manufacturers/Trade firms
- AI/Robotics
- Material handling
- Developers
- IT/Finance
- Lease

**Special Feature 2** Business Strategy

**Working Together**

- Corporate Governance
- Environmental Initiatives
- Safety Initiatives
- Business & Strategy
Initiatives to Enhance the Core Domain/Acquire New Growth Opportunities

From Enhancing the Core Domain to Ecosystem

- Integration with growth strategies of strong entities/partners
- Growth with partner groups (Expansion of Domains)
- Build an ecosystem (to new domain)

Design Supply Chain Based on and Originating from the Logistics Domain

- Supplier
- Manufacturer
- Wholesale
- Retail
- Consumer

Logistics domain

- Smart Logistics
- Material handling manufacturer/Developer
- AI/Robotics
- IoT
- IT/Finance/Lease
- Material handling manufacturer

Collaborative Innovation Strategy with SG Holdings

- Open digital platform (Big data, AI, IoT)
- Inventory at site
- Trace information
- Inventory at center
- Transportation information

Collaborative Innovation Strategy with AIT

- Open digital platform (Big data, AI, IoT)

[Forwarding Business]
- New marketing with AIT’s sales capability × HTS’s network
- (Sea transportation to North America, etc.)
- Promote sharing between AIT and the HTS Group

[3PL Business (Domestic/Overseas)]
- Procurement logistics
- Seamless cooperation between 3PL and forwarding
- Sales logistics
- Creation of new customer value + Differentiation through new service (EC platform)
Initiatives to Enhance the Core Domain/Acquire New Growth Opportunities

Resolve Social Issues with Innovation → New Growth Opportunities

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EC Platform (Evolution of Smart Warehouse)

EC Platform center (Kasukabe DC) < To be commercialized in FY2019 (scheduled)>

[Sales plan]

- [Aim of the service]
  - Pay per Use
  - Through automation (Comparison with manual operation: Reduced by 72%)
  - Standardized operation for multiple owners

[Future plans]

- Promote expansion to multiple locations (Wholesale, Venture, and other areas)
- Enhance functions
  - Insurance, settlement, returns, etc.

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SSCV-safety Service Lineup

[Share the value with partners]

- While driving
- After returning
- Shared data

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SSCV (Japanese version only): http://www.hitachi-transportsystem.com/jp/swh/


Details of the Mid-term Management Plan are available at the Company’s website.