The First Half of FY2015
(Year Ending March 31, 2016)
Financial Results Briefing

Contents of Today's Briefing

I. 1H of FY2015 financial results
   [Summary of Financial Results] Overview, breakdown by group, breakdown of changes in revenues and profits, overseas results by region, deviation factors, quarterly operating income

II. FY2015 plan
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   [Domestic Business]
   [Global Business (Regional Strategy/Forwarding Business)]
   [Smart Logistics]
   [Topics (Domestic/Overseas)]
## 1H of FY2015 Results

(Unit: billion yen, rounded off to nearest integer, < >: profit ratio (%). ( ): year-on-year change)

<table>
<thead>
<tr>
<th>FY2014 [IFRS]</th>
<th>FY2015 [IFRS]</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H</td>
<td>1H vs Initial plan</td>
</tr>
<tr>
<td>Results</td>
<td>Results</td>
</tr>
<tr>
<td>Revenues</td>
<td>330.0</td>
</tr>
<tr>
<td>Operating income</td>
<td>&lt;2.5&gt;</td>
</tr>
<tr>
<td>Income before income taxes</td>
<td>&lt;2.7&gt;</td>
</tr>
<tr>
<td>Net income attributable to equity holders of the parent</td>
<td>&lt;1.2&gt;</td>
</tr>
<tr>
<td>ROE &lt;Annualized&gt;</td>
<td>4.4%</td>
</tr>
</tbody>
</table>

### Breakdown by group

(Unit: 100 million yen, rounded off to nearest integer. < >: composition ratio (%). ( ): year-on-year change)

<table>
<thead>
<tr>
<th>Revenues</th>
<th>Operating income</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H</td>
<td>Y o Y</td>
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</tbody>
</table>

**Organic**

- Domestic logistics
  - Overseas: <58> 1,632 (104%) | 80.3 (164%)
  - Forwarding and others: <3> 89 (95%) | 1.0 (65%)
  - Total: <38> 1,056 (110%) | 25.7 (141%)
- Other (logistics-related businesses, etc.): <4> 111 (100%) | 11.8 (96%)
- Total: <100> 2,799 (106%) | 117.8 (148%)

**Vantec Group**

- Domestic logistics
  - Overseas: <19> 132 (89%) | 3.6 (103%)
  - Forwarding and others: <29> 201 (99%) | 2.5 (62%)
  - Total: <48> 333 (95%) | 6.1 (81%)
- Total: <100> 696 (96%) | 20.1 (166%)

- Consolidated adjustment: -89 (-15) | -
- Amortization of customer-related intangible assets of VANTEC Group, etc.: -9.2 (+0.2) | -
- Total: <100> 3,406 (103%) | 128.7 (157%)

* Hitachi Transport System Group, excluding VANTEC Group
1H of FY2015 Results (Breakdown of change in revenues)

**Revenues**

<table>
<thead>
<tr>
<th></th>
<th>J-GAAP</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H of FY2014</td>
<td>329.3</td>
<td>330.0</td>
</tr>
<tr>
<td>1H of FY2015</td>
<td>340.6</td>
<td></td>
</tr>
</tbody>
</table>

**Environmental/volume changes**

- J-GAAP: -13.2 billion
- IFRS: +8.4 billion

**New orders**

- Domestic: +10.9 billion
- Global: +4.5 billion

**Effect of exchange rates**

- Domestic: +10.6 billion
- Global: +3.2 billion

1H of FY2015 Results (Breakdown of change in operating income)

**Operating income**

<table>
<thead>
<tr>
<th></th>
<th>J-GAAP</th>
<th>IFRS</th>
</tr>
</thead>
<tbody>
<tr>
<td>1H of FY2014</td>
<td>7.65</td>
<td>8.2</td>
</tr>
<tr>
<td>1H of FY2015</td>
<td>12.9</td>
<td></td>
</tr>
</tbody>
</table>

**Profitability improvement**

- New orders: +3.1 billion

**Environmental/volume changes**

- J-GAAP: -0.1 billion

**Benefits from Structural reforms**

- New orders: +1.0 billion
- Benefits from Structural reforms: +0.5 billion

**Effect of exchange rates**

- New orders: +0.2 billion

**Other factors**

- Recover from the backlash drop: +0.8 billion
- Temporary factor (volume increase): +0.6 billion
- Fuel cost decrease: +0.4 billion
- Improve startup loss cost: +1.8 billion
- Collection of appropriate fee: +1.3 billion

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1H of FY2015 Results (Overseas results by region)

Revenues

- North America: 18.6 (+0.9)
- Europe: 31.5 (+0.0)
- Asia: 22.6 (+3.8)
- China: 35.6 (+3.4)

Operating income

- North America: 0.57 (+0.18)
- Europe: 1.22 (+0.18)
- Asia: 1.03 (+0.73)
- China: 0.48 (-0.09)

* Amortization of customer-related intangible assets of VANTEC are not deducted from “Operating income” in above.

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1H of FY2015 Results (Deviation factors)

Revenues

- Global: 124.7 (+0.6)
- Domestic and other: 205.3

Operating income

- Global: 2.1 (+0.6)
- Domestic and other: 6.1

* Global -5.5 billion yen
Volume increase in overseas business (China, etc.) -4.7
Volume decrease of forwarding from/to Japan -0.8

* Domestic +6.1 billion yen
Recover from the backlash drop +1.9
Volume increase (including temporary factors), etc. +4.2

* Global ±0 billion yen
Improve profitability of overseas 3PL business (Asia/North America), etc. +0.3
Volume decrease of forwarding from/to Japan -0.3

* Domestic+1.2 billion yen
Profitability improvement/recover from the backlash drop, etc. +0.6
Temporary volume increase +0.6

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1H of FY2015 Results (Quarterly Operating Income)

(Billions of yen)

FY2012 FY2013 FY2014 FY2015
1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q 1Q 2Q 3Q 4Q
5.2 4.9 5.0 3.0 6.0 6.6 7.0 6.7
4.9 4.6 3.1

J-GAAP (FY2015 figures are estimate.)

Approx. 5.7
Approx. 6.7

Intensified competition in Japanese and overseas markets
Uncertainty over the economy

FY2015 Plans

Plan Revenues: 690 billion yen Operating Income: 27 billion yen

*Figures announced on May 11, 2015 remain unchanged.

Secure execution of priority measures: Aim to achieve FY2015 plan

1. Improve domestic profitability (prevent unprofitable projects, etc.)
   * Enhance project management
   * Ensure phase-gate process

2. Complete structural reforms (Phase1: complete in FY2015)
   * Promote domestic transformation
   * Restructure organizations/group companies, eliminate and integrate overseas locations

3. Improve global profitability
   * Enhance forwarding business
   * Cultivate global accounts

4. Realize and accelerate implementation of smart logistics
   * Develop new businesses and transform existing businesses with new technologies
Domestic Business Expansion
(Restructure Business Revenue Base)

<table>
<thead>
<tr>
<th>Revenues / Profit plan (Billions of yen)</th>
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<tbody>
<tr>
<td>Operating income</td>
</tr>
<tr>
<td>FY2014 (Result)</td>
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<table>
<thead>
<tr>
<th>Domestic 3PL business</th>
</tr>
</thead>
<tbody>
<tr>
<td>Food products/ daily commodities</td>
</tr>
<tr>
<td>Tatebayashi City, Gunma Prefecture</td>
</tr>
<tr>
<td>(started full operation from October 2015)</td>
</tr>
<tr>
<td>Sakaide City, Kagawa Prefecture</td>
</tr>
<tr>
<td>(phased startup from September 2015)</td>
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</table>

Priority measures: Improve profitability and develop new growth strategies

- Improve domestic profitability
  * Ensure phase-gate process by PM (Project Management) office
    [Phase-gate process targets: 37 cases (as of Oct. 2015)]
  * Improve on-site operation and differentiate with new technology of Smart Logistics
  * Visualize and interchange resources, improve efficiency by consolidating back office functions

- Complete domestic transformation
  * Transfer regional business and revenue base to group companies, etc.

Global Business Expansion
(Regional Strategy)

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<table>
<thead>
<tr>
<th>Overseas 3PL business</th>
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<tbody>
<tr>
<td>U.S.</td>
</tr>
<tr>
<td>Automobile parts related (Operations started August 2015)</td>
</tr>
<tr>
<td>U.K.</td>
</tr>
<tr>
<td>Automobile parts related (Operations to be started in the 2nd half of FY2015)</td>
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</tbody>
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Priority measures: Establish an autonomous decentralized global management structure

- **North America**
  Stabilize a new integrated company in North America
  Expand cross-border logistics mainly in automobile parts between the U.S. and Mexico, and Milk-run business

- **Europe**
  Expand Intermodal logistics and cross-border business (Turkey as a gateway for arrival and departure)
  Further expansion of automobile related business (U.K., etc.)

- **Asia**
  Expand 3PL business: utilize domestic 3PL management know-how and technology
  Expand cross-border logistics within the area departing from Thailand and Vietnam (develop new routes, start consolidated delivery)

- **China**
  Expand domestic transportation/Increase logistics volume of consumer products (refrigerated products, etc.)

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Establish Forwarding Business Strategy Headquarters (October 2015)

- Structural reforms of forwarding business to and from Japan
- Consolidate strategy formulation and promotion functions
- Enhance horizontal business collaborations across the Group
- Enhance network and enter new areas
- Promote integration of overseas forwarding business (North America/Hong Kong: October 2015)
- Lead implementation and development of a new main system for global forwarding

Promote Smart Logistics (Using New Technologies)

- Picking AGV System (Operations started on April 2015)
  - No more walking, searching, or making mistakes (AGV conveys storage shelf)
  - Glove style scanner and tablet (introduced in FY2015)
    - Hands-free (make both hands available)
    - Improve operational efficiency
- Intelligent automated cart
  (To be introduced in the second half of FY2015)
  - Automated conveyance for receiving and shipping from warehouse and replenishment/combinative operations
**Promote Smart Logistics (Smart Warehouse)**

**Distribution warehouse with “Efficiency” and “Flexibility”**

1. **Robots**
   - Modularization of each functions
   - Storage arm module
   - Soft module
   - Base unit (AGV)

2. **Human extension (1)**
   - Cooperation with Robots
   - Training/support of operations

3. **Human extension (2)**
   - Remote operation and monitoring
   - Automatic layout change
   - Flexible use of robots among warehouses

*AGV: Automated Guided Vehicle

**FY2015 Topics**

**New picking system**
- May 2015
- Full scale introduction of a new picking system using automated guided vehicle "Racrew"

**Shin-Yachiyo DC**
- Yachiyo City, Chiba Prefecture
- Operations started July 2015
- Cosmetics, etc.

**Shin-Shonan DC**
- Kashiwa City, Chiba Prefecture
- Operations started August 2015
- Sports goods

**AEON Shikoku LC**
- Sakaide City, Kagawa Prefecture
- Operations started September 2015
- Food products/daily commodities, etc.

- Shanghai City, China
- Operations started May 2015
- Construction equipment parts

**“2015 Japan Excellence Awards” by Frost & Sullivan**
- June 2015
- Received the highest award in three logistics categories

**Laredo XD Terminal**
- Texas, U.S.
- Operations started August 2015
- Automobile parts related, etc.

**National Forklift Driving Contest**
- September 2015
- General category: 1st prize (dominated top 3 prizes) (The Minister of Health, Labour and Welfare Award)
- Women’s category: 1st prize (won 1st and 4th) (The Minister of Health, Labour and Welfare Award)

**National Truck Driver Contest**
- October 2015
- Women’s category: 1st prize
- Trailer category: 2nd and 3rd prize
- 4-ton category: 4th prize
Toward Next Mid-term Management Plan (FY2016 - FY2018)

Future Vision: Global Supply-Chain Solutions Provider

- Drive thorough enhancement of 3PL business and increase market share
  - Enhance Line-haul trucking and delivery capability
  - Enhance cross-border logistics/Intermodal logistics

- Enhance Forwarding Business
- Enhance Heavy Machinery and Plant Logistics

■ Enhance Forwarding Business
  ● Enhance Line-haul trucking and delivery capability
  ● Enhance cross-border logistics/Intermodal logistics

- Enhance Heavy Machinery and Plant Logistics
  ● Enhance Forwarding Business
  ● Enhance Line-haul trucking and delivery capability
  ● Enhance cross-border logistics/Intermodal logistics

Collaboration

IT: Information Technology
LT: Logistics Technology

Japan/China/Asia

Europe/The Americas/Asia

Enhance Resources

Unified Forwarding System

Line-haul trucking, delivery
B to C
Last one mile

Unified Forwarding system

Intermodal

3D Analysis Technology

Equipment/transport equipment

Forwarding

Cross-border

3PL

Heavy Machinery
and Plant Logistics

Unified Forwarding system

Line-haul trucking, delivery
B to C
Last one mile

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