

October 27, 2016

**Consolidated Financial Results
for the First Half of FY2016
(Supplementary Material)**

 **Hitachi Transport System, Ltd.**

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1. Financial Results by Group

[Unit : 100 Million yen]

			FY2015	FY2016				
			1H (Result)	1H (Result)	Year on year		Full year (Plan) (Revised on Oct.27)	
					% change	change		
Revenues	Organic*1	Domestic Logistics	1,632	1,695	104%	63	-	
		Global Logistics	Overseas	966	752	78%	-215	-
			Forwarding and Others	89	236	264%	146	-
			Total	1,056	987	94%	-68	-
		Other Services*2	111	108	97%	-4	-	
	Subtotal	2,799	2,789	100%	-9	5,880		
	VANTEC Group	Domestic Logistics	363	348	96%	-15	-	
		Global Logistics	Overseas	132	157	118%	24	-
			Forwarding and Others	201	1	1%	-200	-
			Total	333	158	47%	-176	-
	Subtotal	696	506	73%	-191	1,070		
	Consolidated Adjustment			-89	-49	-	41	-150
	Total	Domestic Logistics	1,988	2,029	102%	41	4,090	
		Global Logistics	Overseas	1,050	888	85%	-162	-
			Forwarding and Others	259	224	87%	-35	-
Total			1,310	1,112	85%	-197	2,500	
Other Services*2		109	105	97%	-3	210		
			3,406	3,247	95%	-159	6,800	
Adjusted Operating Income	Organic*1	Domestic Logistics	81.3	98.0	120%	16.7	-	
		Global Logistics	Overseas	22.7	23.3	103%	0.6	-
			Forwarding and Others	1.1	2.4	229%	1.4	-
			Total	23.7	25.7	108%	2.0	-
		Other Services*2	11.8	9.2	78%	-2.6	-	
	Subtotal	116.9	132.9	114%	16.0	255.0		
	VANTEC Group	Domestic Logistics	14.9	12.9	86%	-2.1	-	
		Global Logistics	Overseas	5.8	4.5	77%	-1.3	-
			Forwarding and Others	1.8	0.0	-	-1.8	-
			Total	7.6	4.5	59%	-3.1	-
	Subtotal	22.5	17.3	77%	-5.1	40.0		
	Amortization of Customer-related intangible assets of VANTEC Group etc			-9.2	-5.2	-	4.1	-10.0
	Total	Domestic Logistics	92.0	106.6	116%	14.6	200.0	
		Global Logistics	Overseas	25.7	26.8	104%	1.2	-
			Forwarding and Others	0.6	2.4	392%	1.8	-
Total			26.3	29.3	111%	3.0	62.0	
Other Services*2		11.8	9.2	78%	-2.6	23.0		
			130.1	145.0	111%	14.9	285.0	
Earnings before interest and tax (EBIT)			116.9	149.0	127%	32.1	310.0	
Net income attributable to stockholders of the parent company			58.5	88.6	152%	30.1	185.0	

*1.Hitachi Transport System Group, excluding VANTEC Group.

*2."Other Services" includes information system development, service, sale and maintenance of motor vehicles, and travel agency service.

2. Breakdown of Increases and Decreases in Revenues

[Unit : 100 Million yen]

	New order	Increase and Decrease, etc	Effects in foreign exchange rates	Total
1H of FY2016	125	-129	-155	-159

3. Overseas Business

[Unit : 100 Million yen]

		FY2015		FY2016					
		1H		1H					
		Revenues	Adjusted Operating Income	Revenues	Year on year		Adjusted Operating Income	Year on year	
% change	change				% change	change			
Overseas	North America	186	6.7	183	98%	-3	5.8	86%	-0.9
	Europe*1	315	12.1	289	92%	-25	14.6	121%	2.5
	Asia (excluding China)	226	11.4	177	78%	-49	9.0	79%	-2.4
	China	356	5.0	244	68%	-112	3.1	62%	-1.9
	Oceania and Others	16	1.3	15	96%	-1	1.2	88%	-0.2
	Elimination of intra-company transactions, etc.*2	-48	-10.8	-20	-	28	-6.8	-	4.0
Total		1,050	25.7	888	85%	-162	26.8	104%	1.2

*1.Turkey is treated as Europe.

*2.Amortization of Customer-related intangible assets of VANTEC Group is included in "Elimination of intra-company transactions, etc.".

•Until 2Q of FY2015, the subsidiary of CDS Group in North America which was integrated into North America Group was included in China. From 3Q of FY2015, it is included in North America.

4. Financial indicator etc

		FY2015	FY2016
		As of Mar. 31, 2016	As of Sep. 30, 2016
Total assets	(100 Million yen)	4,644	5,200
Total equity attributable to stockholders of the parent company*1	(100 Million yen)	37.8 1,755	34.1 1,775
Total equity per share attributable to stockholders of the parent company	(Yen)	1,573.67	1,590.82
Basic earnings per share attributable to stockholders of the parent company	(Yen)	125.60	79.39
Dividend per share (annual)	(Yen)	30	34*2
Return on equity (ROE) (annual)	(%)	8.0	10.0*3
Return on assets (ROA) (annual)	(%)	3.0	3.6*3
Price book-value ratio (PBR)	(Ratio)	1.20	1.26
Stock price	(Yen)	(Mar.31,2016) 1,882	(Sep.30,2016) 2,009

*1.○ indicates total equity attributable to stockholders of the parent company ratio(%)

*2.Forecast for the end of FY2016.

*3.Annualized rate.

5. Major Operating Expenses

[Unit : 100 Million yen]

	FY2015	FY2016	
	1H	1H	Year on year
Subcontract Expenses	1,748.8	1,629.6	-119.2
Personnel Expenses	819.7	802.1	-17.6
Rent Expenses	244.8	251.0	6.2
Depreciation Expenses	96.0	91.6	-4.4

6. Capital Expenditures

[Unit: 100 Million yen]

	FY2015		FY2016		FY2016(Plan)	
	1H	Full year	1H	Year on year	Full year	Year on year
Purchased Assets* ¹	119.0	223.4	82.3	-36.7	231.8	8.4
(Reference) Leased Assets* ²	301.4	329.4	107.9	-193.6	232.4	-97.0
(Reference) Depreciation Expenses	96.0	191.3	91.6	-4.4	200.0	8.8

*1. Based on fixed assets recorded in the balance sheet. *2. Allocated over the period of the lease.

7. The trend of Major Order / Startup

[Unit: Project]

		FY2015		FY2016	
		1H		1H	Year on year
Startup	Domestic	9		11	2
	Global	7		2	-5
	Total	16		13	-3
Orders	Domestic	4		4	0
	Global	7		2	-5
	Total	11		6	-5

• Until FY2015, the figures of the trend of Major Order/Start up were counted the projects with existing customers that results in increase and decrease in revenues such as relocation. From FY2016, the figures are counted projects that contribute to net increase such as new customers and new locations.

• Figures indicate 10 million yen/month or larger projects.

(Reference) Number of Consolidated Employees

[Unit: Person]

		FY2015		FY2016		FY2016(Plan)	
		As of Sep. 30, 2015	As of Mar. 31, 2016	As of Sep. 30, 2016	Year on year	As of Mar. 31, 2017	Year on year
Regular Employees		24,761	24,744	25,344	583	25,792	1,048
	Part Timers, Temporary Employees etc.* ¹	22,321	21,877	22,430	109	22,549	672
	Total	47,082	46,621	47,774	692	48,341	1,720

*1. Including employees who were reemployed after reaching mandatory retirement age.