

April 27, 2017

**FY2016**  
**(Year Ended March 31, 2017)**  
**Financial Results Briefing**

 **Hitachi Transport System, Ltd.**



## I. FY2016 Results

### **[Summary of Financial Results]**

Overview, Breakdown by Group, Breakdown of Change in Revenues/Operating Income, Profits by Indicators, Overseas Results by Region, Deviation Factors, Trend of Orders/Startups

**[FY2016 Topics] [HTS Global Network]**

## II. FY2017 Plan

**[Summary of the Plan]** Overview, Breakdown of Change in Revenues/Operating income

**[Priority Measures]** Priority measures, Business strategy (Sales, Domestic, Overseas, Heavy Machinery and Plant Logistics), Collaborative Innovation with SG Holdings, Smart Logistics, New Structural Reforms

## III. Mid-term Management Plan

### **<Supplementary Material>**

Financial Position, Cash Flows, Major Operating Expenses, Capital Investment, Number of Employees, (Reference) Results by Business Category (estimated)



# Summary of FY2016 Results



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

	FY2015		FY2016		
	Results	Results	Y o Y		
			%	Change	
Revenues	680.4	<b>665.4</b>	98%	-15.0	
Operating income * 1	<4.2> 28.32	<4.4> <b>29.47</b>	104%	1.15	
EBIT (Earnings before interest and tax)	<4.1> 27.79	<4.7> <b>31.56</b>	114%	3.77	
Net income attributable to stockholders of the parent company	<2.1> 14.01	<2.8> <b>18.70</b>	133%	4.69	
ROE	8.0%	<b>10.3%</b>	-	(+2.3%)	
Stock price (closing price)	(Mar. 31, 2016) ¥1,882	(Mar. 31, 2017) <b>¥2,313</b>	123%	(+¥431)	
Dividend per share	¥30	* 2 <b>¥34</b>	113%	(+¥4)	

\*1 Operating income in this document represents "Adjusted operating income." \*2 To be resolved at the Board of Directors meeting in late May.

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

		Revenues			Operating income		
		Full-year		Y o Y	Full-year	Y o Y	
Organic	Domestic logistics	<60>	3,430	102%	195.0	108%	
	Global logistics	Overseas	<28>	1,579	87%	44.5	99%
		Forwarding and others	<8>	475	263%	5.8	369%
	Total	<36>	2,054	102%	50.3	108%	
	Others (logistics-related businesses, etc.)	<4>	223	98%	19.4	83%	
Total		<100>	5,707	102% [96%]	264.7	106% [104%]	
Vantec Group	Domestic logistics	<68>	714	100%	33.5	107%	
	Global logistics	Overseas	<32>	336	113%	8.5	75%
		Forwarding and others	<0>	2	1%	0.0	(-8.6)
	Total	<32>	338	48%	8.5	43%	
Total		<100>	1,052	74% [104%]	42.0	82% [99%]	
Consolidated Adjustment/ Amortization of customer-related intangible assets of VANTEC Group, etc.		-	-105	(+88)	-12.0	(+6.4)	
Total	Domestic logistics	<62>	4,118	102%	218.3	107%	
	Global logistics	Overseas	<28>	1,866	93%	51.1	101%
		Forwarding and others	<7>	451	87%	5.8	100%
	Total	<35>	2,317	92%	56.9	101%	
	Others (logistics-related businesses, etc.)	<3>	219	99%	19.4	83%	
Total		<100>	6,654	98%	294.7	104%	

✓ : % in [ ] reflect changes in the group classification in FY2016 (VHF\* transferred to Organic.) \* VANTEC HTS FORWARDING, LTD.



## Revenues

(Billions of yen)

680.4

**Effect of exchange fluctuation**  
-23.7

**FY2015 result → FY2016 result**

- USD: ¥120 → ¥108
- EUR: ¥133 → ¥119
- CNY: ¥19 → ¥16

Domestic: +11.9 billion  
Global: +9.2 billion

**Environmental/volume changes**

-14.4

- Backlash drop from a temporary volume increase: -3.2 billion
- Domestic/Other: -12.9 billion
- Forwarding/overseas: -7.6 billion
- New orders (old definition): +9.3 billion

**New orders**  
+21.1

**Collaborative innovation**  
+2.0

+23.1

665.4

-15.0

	Exchange Fluctuation	Environmental/volume changes			Subtotal	New orders	Collaborative Innovation projects	Total
		Backlash drop from a temporary volume increase	Changes in existing businesses other than left	New orders (old definition)				
Domestic		-0.7	-12.6	6.2	-7.1	11.9	1.9	6.7
Global	-23.7	-2.5	-7.6	3.1	-7.0	9.2	0.1	-21.4
Other			-0.3		-0.3		0.0	-0.3
Total	-23.7	-3.2	-20.5	9.3	-14.4	21.1	2.0	-15.0

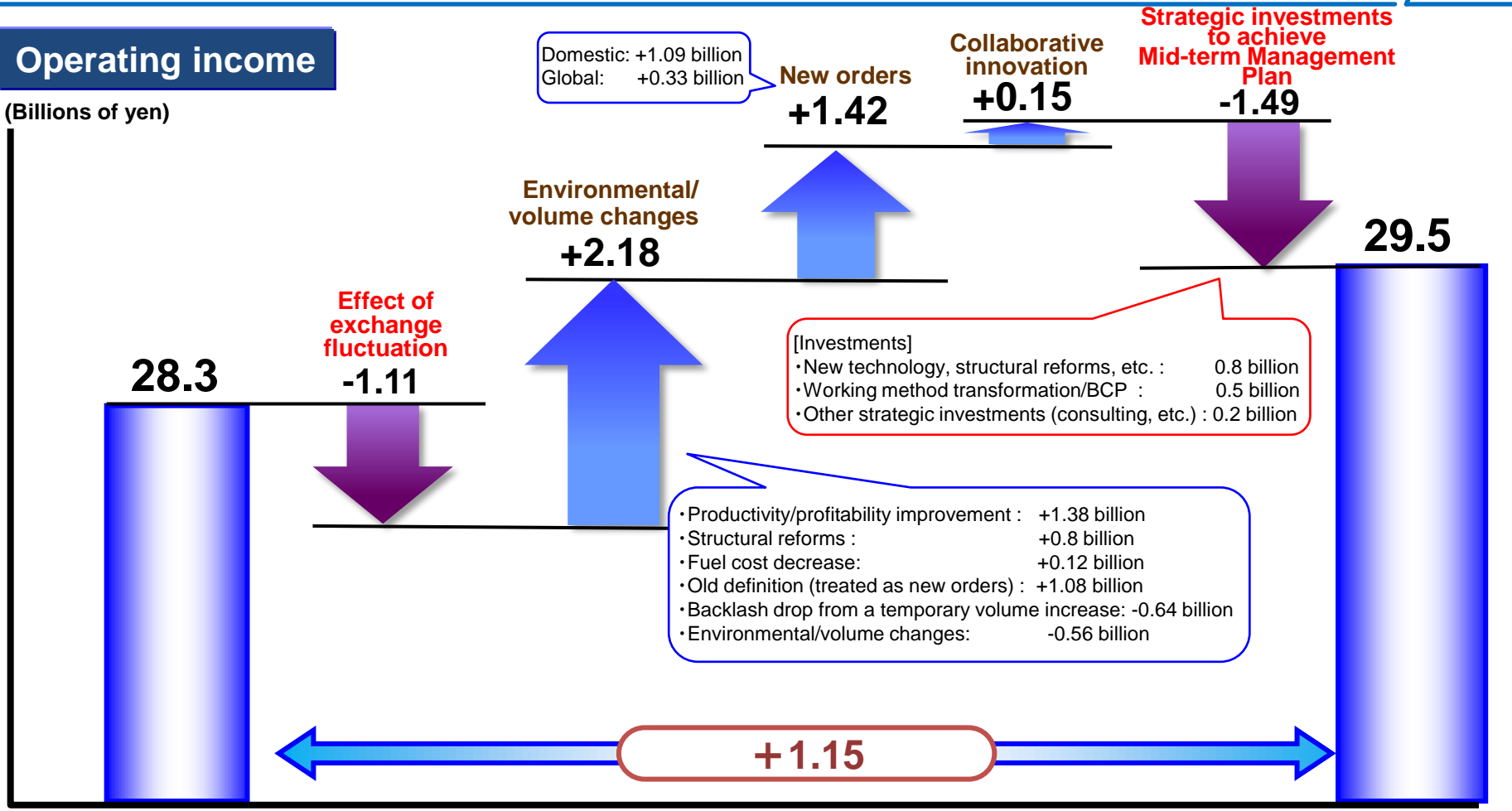
FY2015 (Result)

FY2016 (Result)



## Operating income

(Billions of yen)



Domestic: +1.09 billion  
Global: +0.33 billion

**New orders**  
**+1.42**

**Collaborative innovation**  
**+0.15**

**Strategic investments to achieve Mid-term Management Plan**  
**-1.49**

**Effect of exchange fluctuation**  
**-1.11**

**Environmental/volume changes**  
**+2.18**

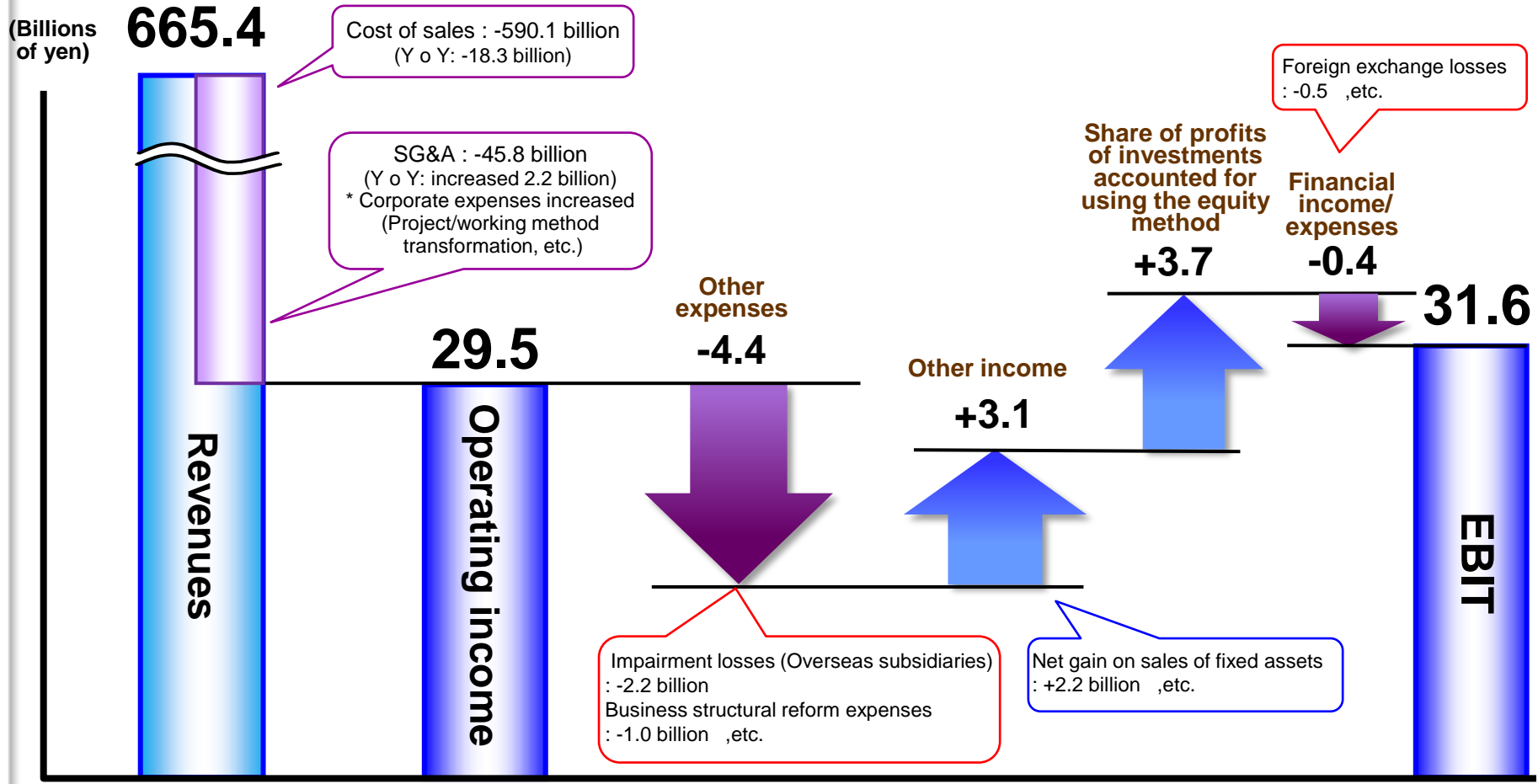
**[Investments]**  
 • New technology, structural reforms, etc. : 0.8 billion  
 • Working method transformation/BCP : 0.5 billion  
 • Other strategic investments (consulting, etc.) : 0.2 billion

• Productivity/profitability improvement : +1.38 billion  
 • Structural reforms : +0.8 billion  
 • Fuel cost decrease: +0.12 billion  
 • Old definition (treated as new orders) : +1.08 billion  
 • Backlash drop from a temporary volume increase: -0.64 billion  
 • Environmental/volume changes: -0.56 billion

**+1.15**

FY2015 (Result)

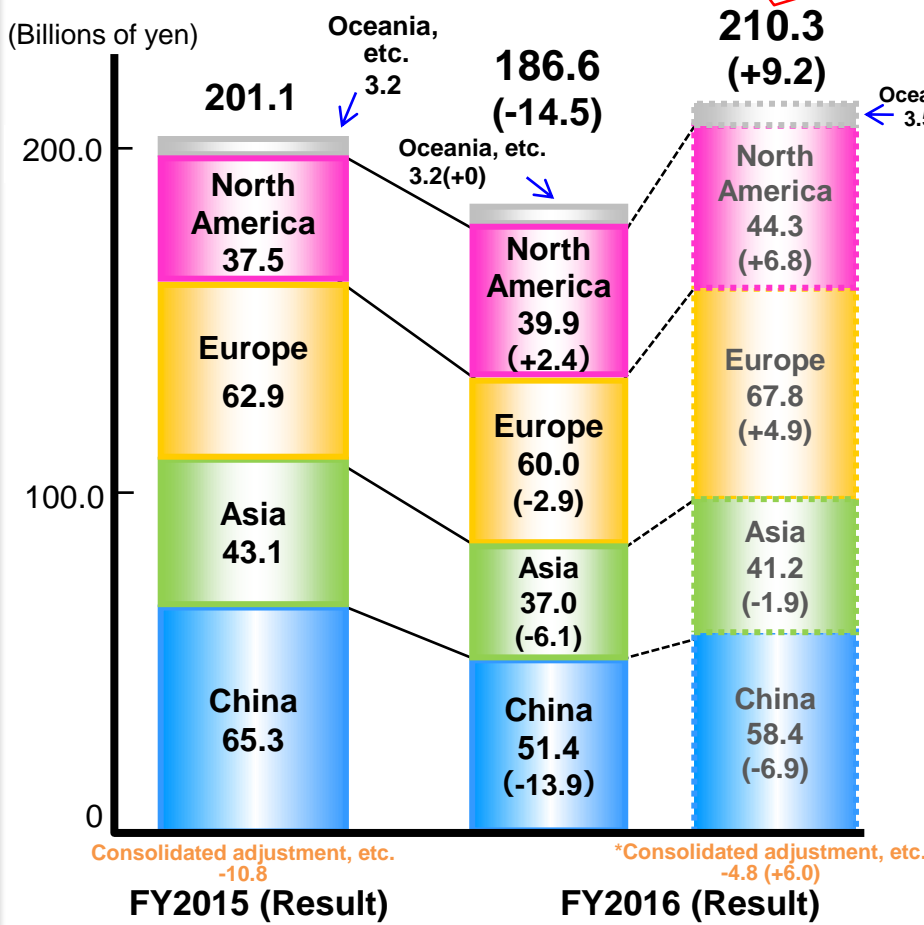
FY2016 (Result)





## Revenues

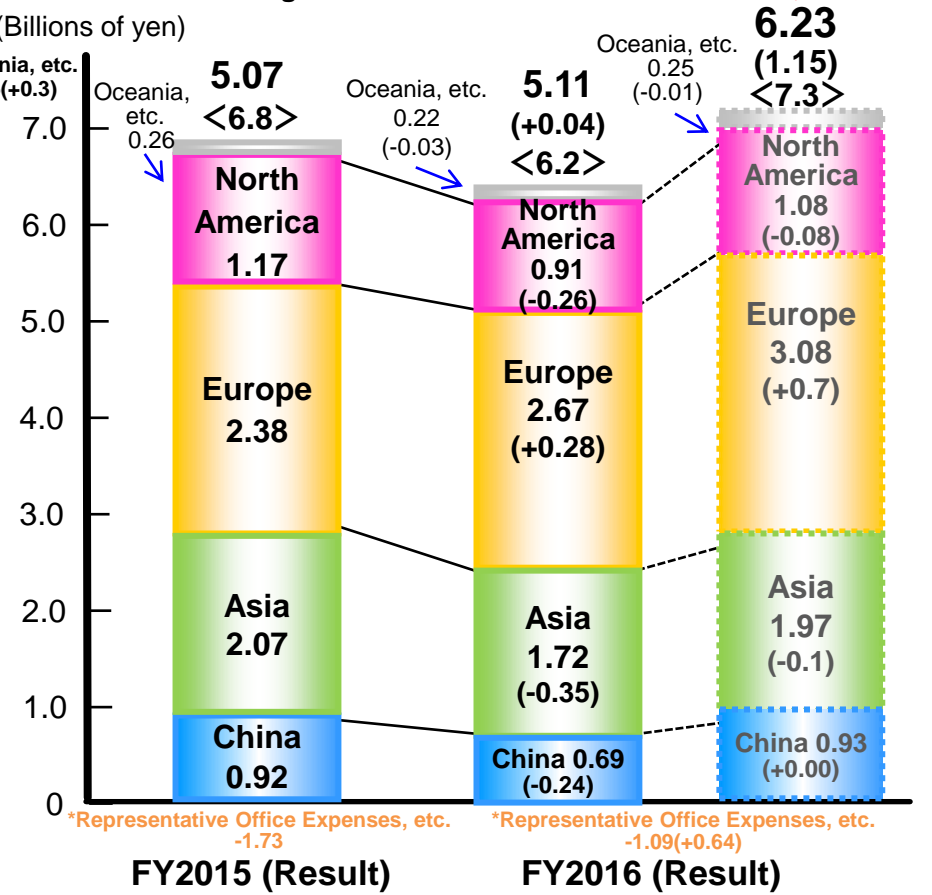
(Billions of yen)



## Operating income

<>: Sum of all regions

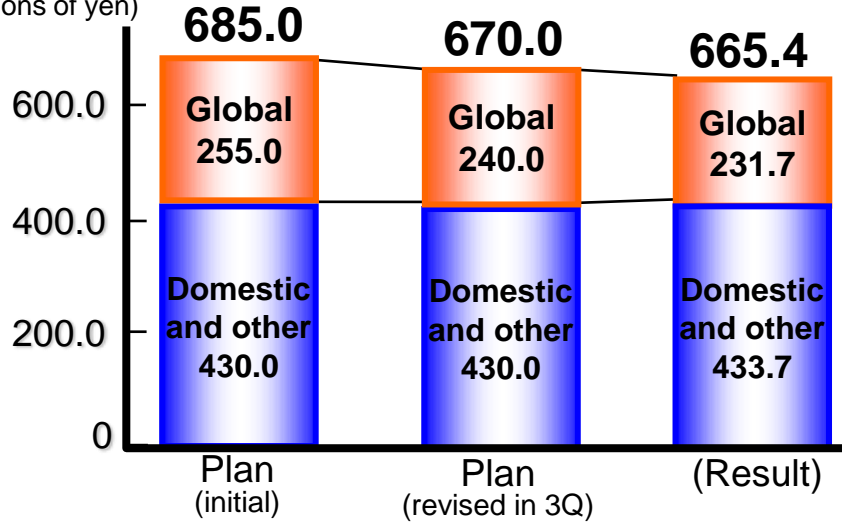
(Billions of yen)





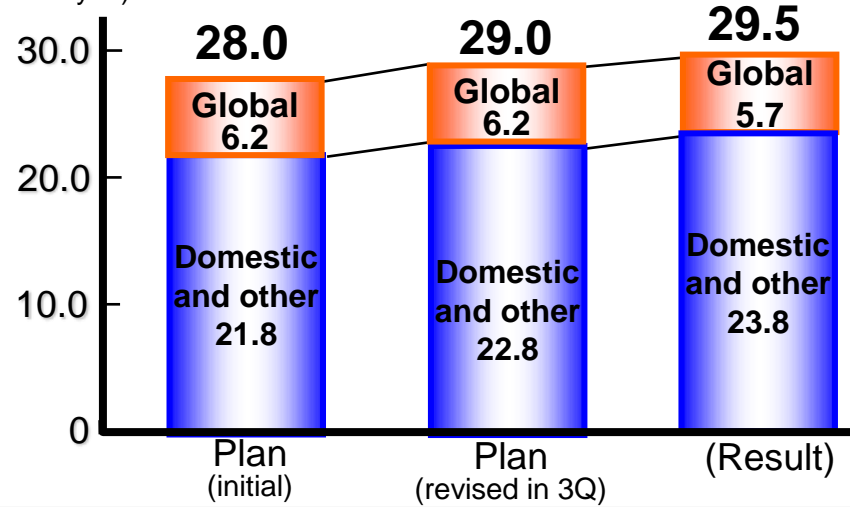
## Revenues

(Billions of yen)



## Operating income

(Billions of yen)



**-19.6 billion yen (-4.6 billion yen) over initial plan**

( ): over the plan (revised in 3Q)

**\* Global -23.3 billion yen (-8.3 billion yen)**

Effect of exchange fluctuation -7.7, overseas business (China, etc.) -9.8  
Volume decrease of forwarding from/to Japan -5.8

**\* Domestic and other +3.7 billion yen (+3.7 billion yen)**

New projects/Volume increase, etc. +3.7

**+1.5 billion yen (+0.5 billion yen) over initial plan**

( ): over the plan (revised in 3Q)

**\* Global -0.5 billion yen (-0.5 billion yen)**

Effect of exchange fluctuation -0.4, overseas business -0.1

**\* Domestic and other +2.0 billion yen (+1.0 billion yen)**

Improved operating efficiency and productivity/profitability +2.0



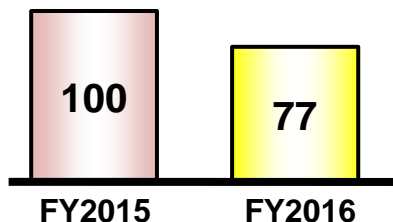
## FY2016: Trend of New orders/New startups

Unit: projects

		FY2015	FY2016	
		Full-year	Full-year	Y o Y
New startups	Domestic	12	18	6
	Global	12	3	-9
	Total	24	21	-3
New orders	Domestic	14	10	-4
	Global	8	4	-4
	Total	22	14	-8

**(Reference) Total amount of orders received** <Including new projects (both new and old definition), one-time project (Heavy Machinery and Plant Logistics, etc.) and small scale projects>

Comparison based on the results of FY2015 as 100



### ■ Total amount of orders is approx. 80% of FY2015

- As multiple renewals of existing major customers (maintenance projects) during the same period resulted in diversified sales resource
- Decrease in overseas/forwarding orders

### ■ Steady increase of orders in regions due to enhanced region-based sales efforts

- Orders over ¥10 million (results of FY2016): 11 (recurring: 9/one-time: 2)
- Orders under ¥10 million (results of FY2016) : 1,735 (recurring: 165/one-time: 1,570)

## Cikarang DC



- West Java, Indonesia
- Operations started Apr. 2016
- Daily commodities related

## Mito Platform Center



- Hitachinaka City, Ibaraki Prefecture
- Operations started May 2016
- Electrical machinery and equipment, etc.

## Chiba-chuo DC



- Chiba City, Chiba Prefecture
- Operations started Jul. 2016
- Food service related

## Canton ILC\* 1



- Mississippi, the U.S.
- Operations started Jul. 2016
- Automobile related
- \*1 Integrated Logistics Center

## Pomona DC



- California, the U.S.
- Operations started Dec. 2016
- Apparel products

## Tsuchiura Phase II DC



- Kasumigaura City, Ibaraki Prefecture
- Operations started Jan. 2017
- Medical related

Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar Apr

### Strategic Capital and Business Alliance with SG Holdings and SAGAWA EXPRESS

- May 2016
- SAGAWA EXPRESS became our equity-method affiliate
- HTS became an equity-method affiliate of Hitachi and SG Holdings

### Renewal of the corporate website

- Jun. 2016 (Japanese and English)

### The 3rd, 4th and 5th issue of unsecured bonds

- Sep. 2016
- Total issue amount ¥30 billion

### Opened a Location for Research and Development (R&D Center)

- Jul. 2016
- Tokyo
- Dedicated R&D facility



### Collaborative Innovation Project with SG Holdings Group

- Oct. 2016: Launched cross-border trucking transport service in Southeast Asia
- Oct. 2016: Launched China-Japan integrated shipping service 'Smart Import' for apparel
- Mar. 2017: Joint use of Shonan DC was certified as an integrated and efficient plan under the "Revised Act on Advancement of Integration and Streamlining of Distribution Business"

### Enhancement and expansion of transportation through consolidation of container drayage

- Nov. 2016
- Consolidated container drayage operations of VHF<sup>2</sup>, Nisshin Transportation and Yabuki Kaiun in Port of Tokyo

### VHF<sup>2</sup> began new temperature-controlled transportation service

- Mar. 2017

\*2 VANTEC HTS FORWARDING, LTD.

### Commendations and others

- Sep. 2016: National Forklift Driving Contest (3rd prize in General category)
- Oct. 2016: National Truck Driver Contest (Prime Minister's Prize, etc.)
- Mar. 2017: Selected as a "Semi-Nadeshiko Brand" company
- Mar. 2017: The President of Turkey subsidiary earned award of merit from Luxembourg
- Mar. 2017: Opened a branch of an Indian subsidiary in UAE



- Companies : 113
- Locations : 770
- Distribution Center: 7.19\*
- Employees : 47,939

*With a network more than  
29 countries/territories  
worldwide*

## EUROPE

- 12 Companies
- 78 sites
- 0.46 Mm<sup>2</sup>
- 4,528 persons

## JAPAN

- 25 Companies
- 363 sites
- 4.97 Mm<sup>2</sup>
- 29,513 persons

## NORTH AMERICA\*3

- 11 Companies
- 48 sites
- 0.38 Mm<sup>2</sup>
- 3,121 persons

## EAST ASIA\*1

- 37 Companies
- 140 sites
- 0.64 Mm<sup>2</sup>
- 2,863 persons

## ASIA\*2

- 28 Companies
- 141 sites
- 0.75 Mm<sup>2</sup>
- 7,914 persons

\*3:Including Mexico

\*2:Including Oceania area

\*1:China, Hong Kong, Taiwan, Korea

※Number of companies is included SAGAWA EXPRESS.

※Number of sites and warehouse floor space are excepted SAGAWA EXPRESS.

※Number of employees is excepted associates accounted for by the equity method.

\* :Million m<sup>2</sup>



# FY2017 Plan



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

	FY2016		FY2017		
	Results	Plan	Y o Y		
			%	Change	
Revenues	665.4	<b>680.0</b>	102%	14.6	
Operating income	<4.4> 29.47	<4.3> <b>29.50</b>	100%	0.03	
EBIT (Earnings Before Interest and Tax)	<4.7> 31.56	<4.7> <b>32.10</b>	102%	0.55	
Net income attributable to stockholders of the parent company	<2.8> 18.70	<2.9> <b>20.00</b>	107%	1.30	
ROE	10.3%	<b>10.0%</b>	-	(-0.3%)	
Dividend per share	(*) ¥34	<b>¥36</b>	-	(+¥2)	

\* To be resolved at the Board of Directors meeting in late May.



## Revenues (Plan)

(Billions of yen)

USD: ¥105  
EUR: ¥110  
CNY: ¥15

665.4

Effect of exchange fluctuation  
-11.9

Environmental/volume changes  
-1.5

New orders  
+13.0

Collaborative innovation  
+15.0

680.0

Positive: Receive maintenance/additional orders in regions  
Negative: Decrease in volume, incorporating business risks

• Full-year contribution/finalized startups: +6.5 billion  
• Contribution from new orders: +6.5 billion

+14.6

FY2016 (Result)

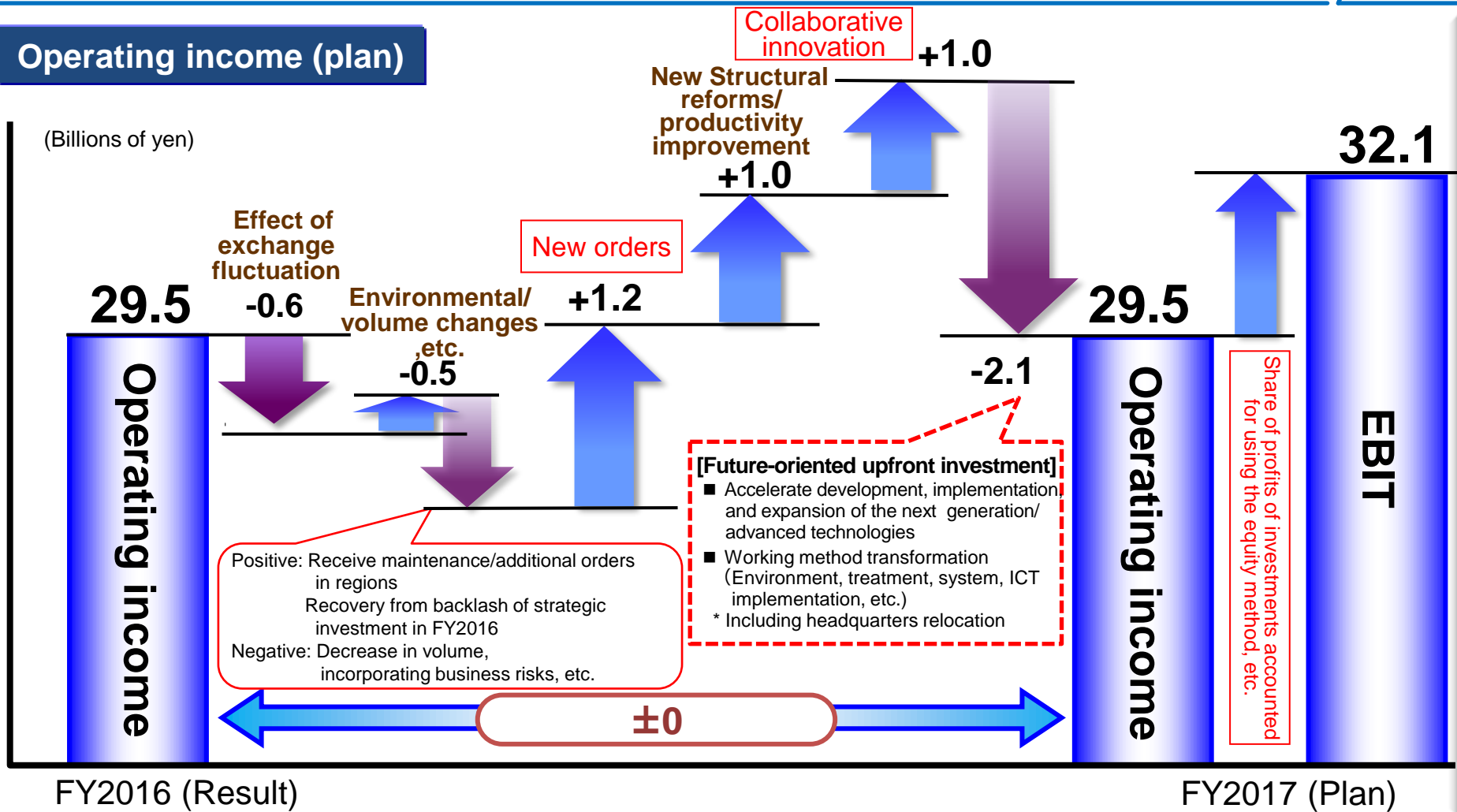
FY2017 (Plan)





## Operating income (plan)

(Billions of yen)



## [Environment surrounding logistics industry]

- Labor shortage
- Response to long working hours
- Commoditization of 3PL
- Expansion of EC
- IoT
- Rise of Logistics 4.0 ,etc.

### ■ Actualize “current” business risks and implement measures (Cross Functional Team)

	Business risk
Changes in customers	<ul style="list-style-type: none"> <li>• Volume decrease, office consolidation, idle warehouses due to changes in customer situations (market, competitiveness, etc.)</li> <li>• Review of logistics in response to changes in capital or reorganization</li> </ul>
Changes in society	<ul style="list-style-type: none"> <li>• Acceleration of labor shortage due to decreasing workforce and working method transformation</li> <li>• Business continuity issues arising from shrinking population and underpopulation in local areas</li> </ul>

### ■ Develop and execute a far-sighted growth strategy (develop new business model)

Growth strategy	Promoting items
Evolve to solution provider	<ul style="list-style-type: none"> <li>• Accelerate <b>LLP business development</b></li> <li>• <b>PF business</b> (packaging by area/industry)</li> <li>• <b>Expand collaborative innovation</b> to horizontal &amp; vertical axis of supply chain</li> <li>• <b>Collaboration</b> with alliances in “<b>manufacturing/sales/distribution</b>” and “<b>finance/commerce/logistics/information</b>” related companies</li> </ul>

## Develop new business model

### ■ LLP strategy

**“Offer high-level LLP with consulting capability (brain) and business power (physical) (visualize horizontal business collaboration)”**

- [Logistic planning: Hypothesis verification, overhead view]
- [Logistic operation: Business operation, new technologies]
- [KPI: Visualize data, objective assessment]
- [Continue cost improvement: Eternal PDCA, establish overall SCM]

### ■ Platform center for EC

- [Share man-hour/labor-saving facilities][Standardized WMS for EC]
- [Establish EC site][Back office]
- [Collaborative innovation with SG Holdings (smart delivery)]

### ■ Global business (forwarding business connecting to new business model)

**“Expand service menu as a solutions provider”**

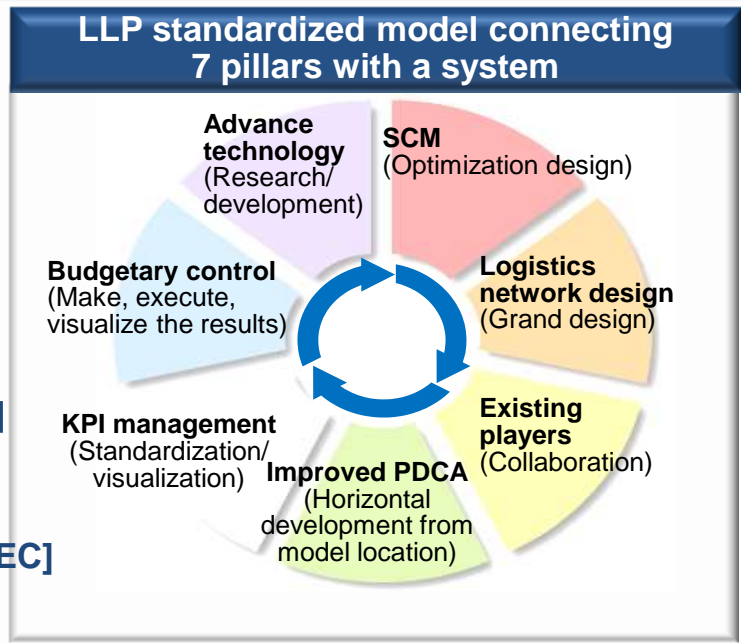
- [Transportation (Freight Forwarding)] [SCM Finance] [Trading] [Smart Import]

<Response to diversified supply chain>

**(Pursue volume ⇒ Pursue opportunities for collaborative innovation/connecting)**

<Forwarding system as SCM solution>

**(Brush up system and connect with 3PL system)**



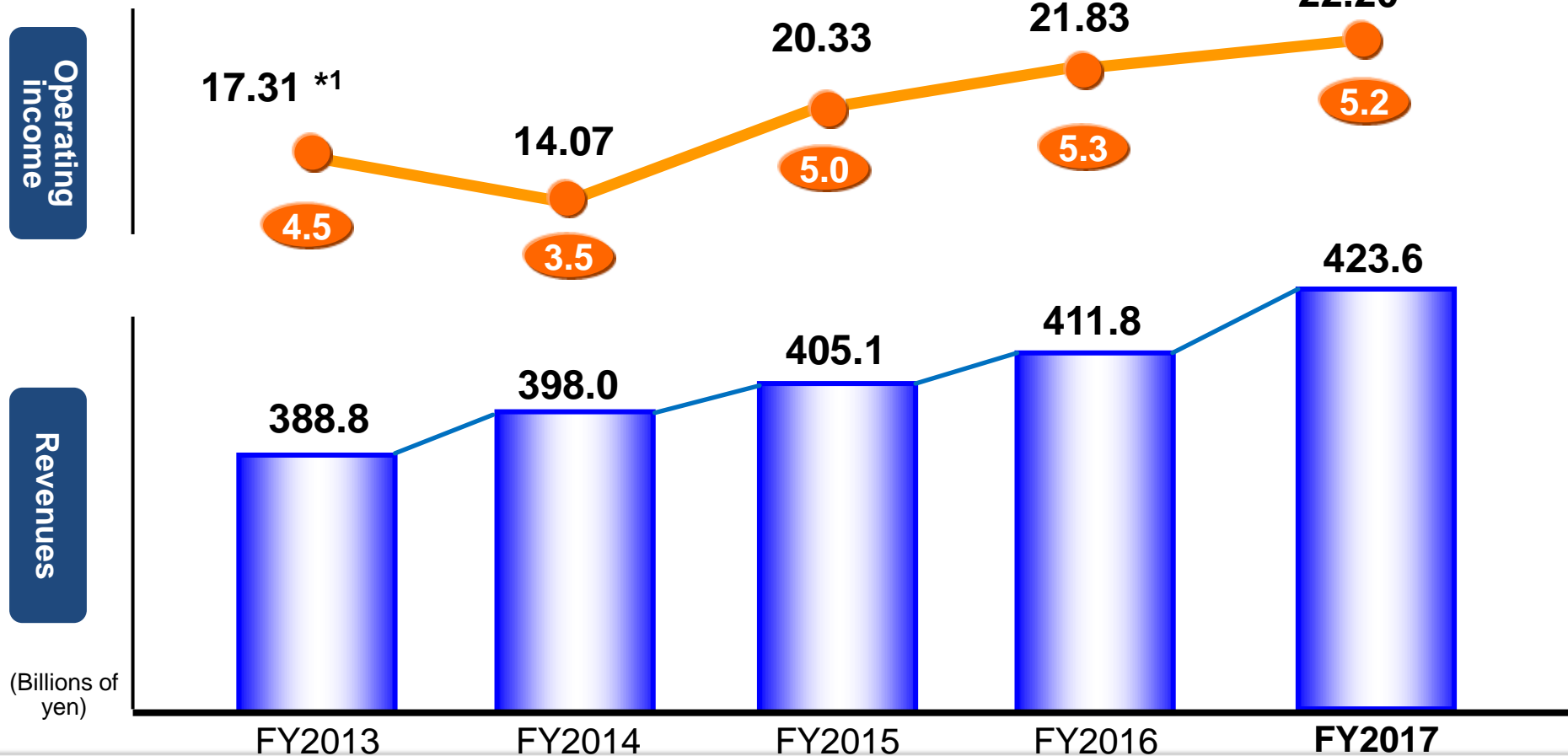


# Financial Results of Domestic Business

\*1: Rough estimate after IFRS and allocation of company-wide expenses

\*2: Before excluding headquarters relocation cost

●: Operating income/margin (%)

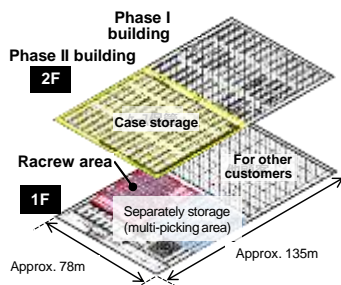




## Tsuchiura Phase II DC



■ Full operation started on April 2017



Achieve integrated labor-saving operations by automating conveyance operations before and after Racrew\* processes

## Kansai II Medical DC



■ Operation to be started on February 2018



Introduce automated forklifts linked to rotary piece sorters and movable racks

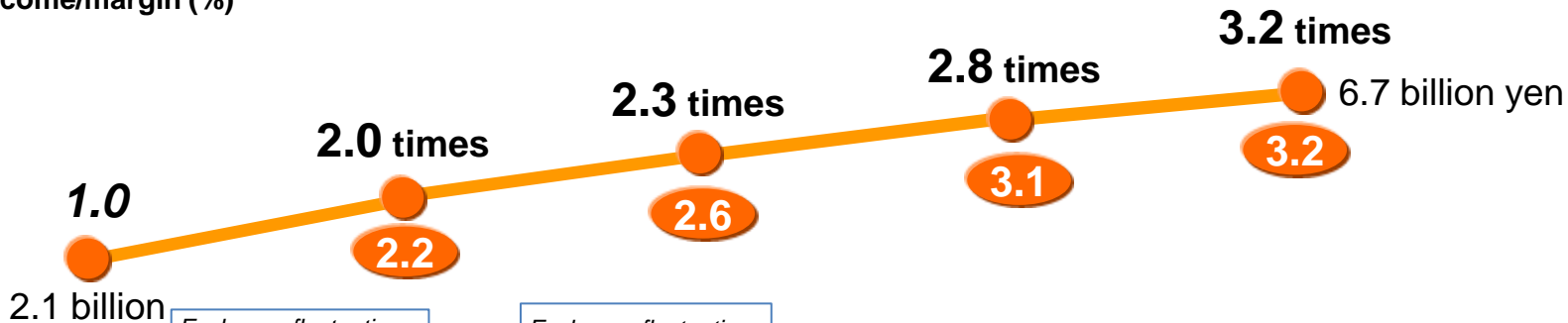
Establish labor-saving distribution center by implementing new technologies

\* "Racrew" is a registered trademark of Hitachi, Ltd. in Japan.



● : Operating income/margin (%)

Operating Income



Compared with FY2013 as the base (estimated under the current standard excluding effect of exchange fluctuation)

Exchange fluctuation: +12.3 billion  
M&A: +21.3 billion

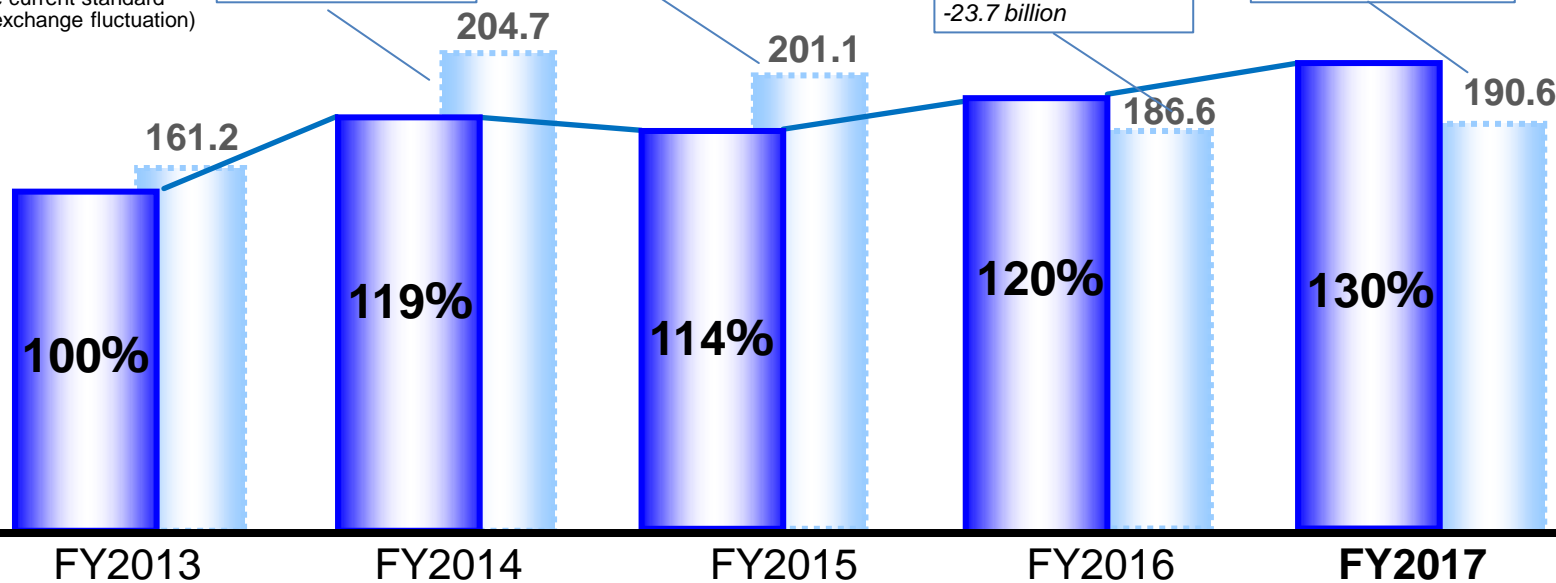
Exchange fluctuation: +4.5 billion

Exchange fluctuation: -23.7 billion

Exchange fluctuation: -11.9 billion

Revenues

(Billions of yen)





## Europe

- Expand automobile business (automobile parts/ agricultural machinery)
- Enhance Bridge Turkey Project (transportation between Europe and Central Asia)
- Reorganize/strengthen locations in Benelux countries (including M&A)

## North America

- Enhance truck transport capability/network (including M&A)
- Improve operating efficiency and productivity/profitability (Canton ILC/ Pomona DC)
- Expand Mexico business mainly in automobile related logistics

**Toward sustainable growth within the region**

## Asia

- Expand CBT business<sup>\*1</sup> (innovative collaboration with SG Holdings, etc.)
- Deal with GST<sup>\*2</sup> in India (strengthen/improve locations/network)
- Expand business in Middle East

\*1. Cross-border truck business \*2. Goods and Services Tax in India

## China

- Expand master loader business from China
- Advance into inland area
- Strengthen/expand information equipment solution business

“Belt and Road” Initiative of Hitachi Transport System



## Partnership

### ■ Expand location network in Middle East area

- Project management using existing area network + Flyjac (Dubai office)



- Focus on projects within the region

## Strategic investment

### ■ Domestic: Advance into new field through asset investment (Multi-axle trailer, etc.)



### ■ Overseas: Capital alliance/M&A (Deepen collaborative innovation with heavy-lift cargo transport company)

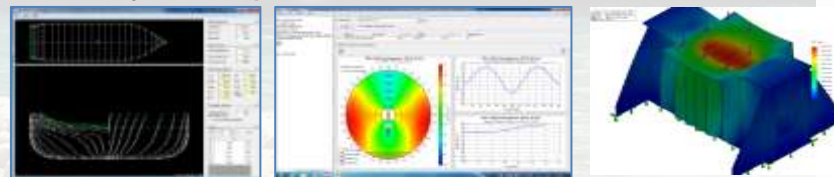
Enhance own resources and deepen collaborative innovation

## Plant 3PL

- Railway business model in the U.K.
- SCM Finance (Collaborative solutions with finance/commercial companies)
- Recycle resource logistics and reverse 3PL business

## Engineering

### ■ Technology investment for super heavy-lift transportation (Ship response analysis/intensity calculation analysis/ 3D analysis, etc.)







## Promote collaborative innovation and collaboration to realize seamless comprehensive logistics service

**New approach to strengthen BtoB 3PL**

**Build new complementary relationship**

**Horizontal expansion of success case**

Item		FY2016 Results		FY2017 Targets	
		Revenues	Operating income	Revenues	Operating income
3PL/transportation	Cross-selling/optimization	1.8	0.12	6.8	0.53
Forwarding	New services (Smart Import), etc.	0.1	0.02	0.7	0.10
Heavy Machinery and Plant Logistics	New/undeveloped fields	0.05	0.01	0.1	0.01
Others	Vehicles leasing/travel business, etc.	0.03	0.00	0.1	0.02
Cross-selling projects (being proposed)		-	-	7.3	0.34
<b>Collaborative Innovation Effect</b>		<b>Approx. 2.0 billion</b>	<b>Approx. 0.15 billion</b>	<b>15.0 billion</b>	<b>1.0 billion</b>

**FY2017 Targets Revenues: ¥15 billion Operating income: ¥1 billion (6.7%)**

( ) : Operating margin

**[Ref.] Share of profits of investments accounted for using the equity method (including SAGAWA EXPRESS)**

FY2016: 3.7 billion

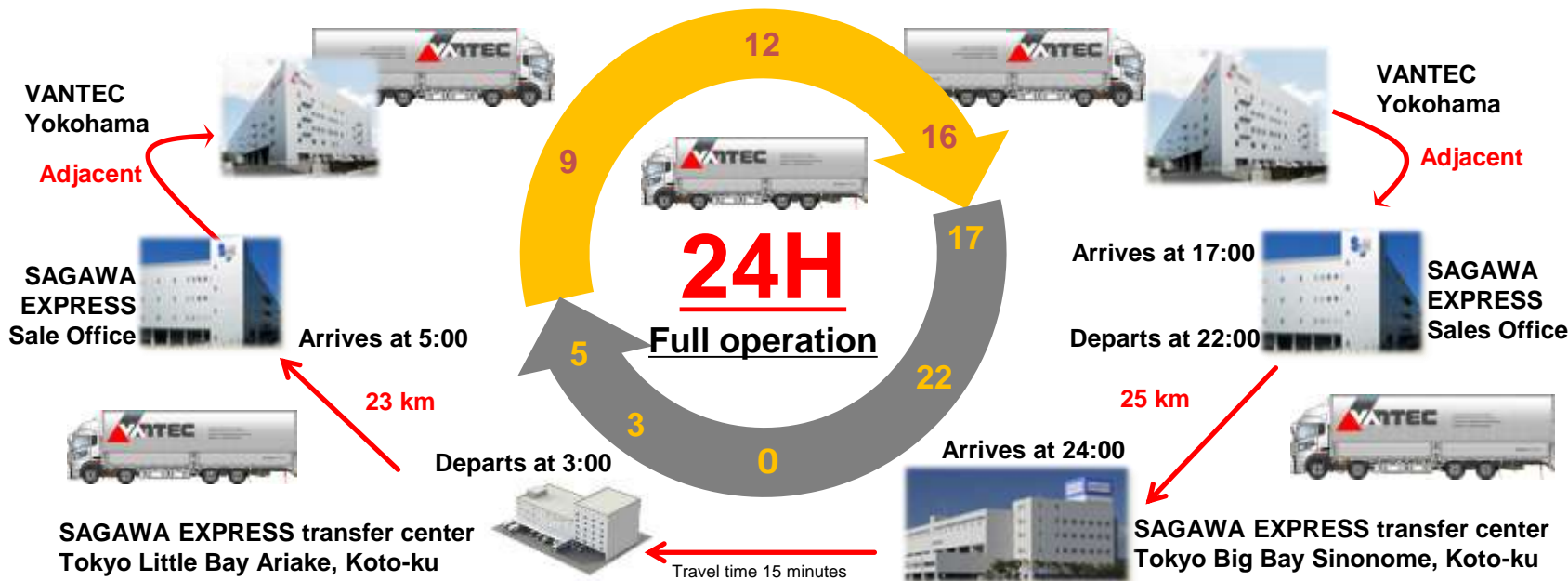
FY2017: over 4.0 billion



- Oct. 2016: Launched cross-border trucking transport service in Southeast Asia
- Oct. 2016: Launched China–Japan integrated shipping service ‘Smart Import’ for apparel
- Jan. 2017: Opened a satellite location of SAGAWA EXPRESS within our center

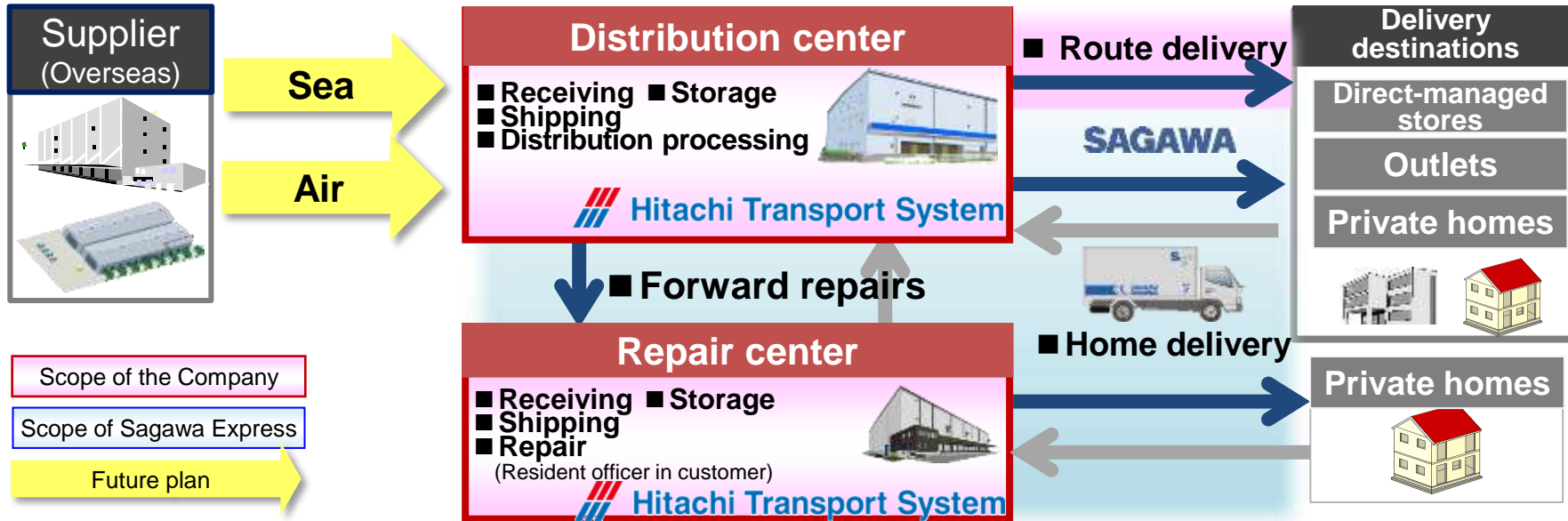
## February 2017: Undertook line-haul trucking of SAGAWA EXPRESS using VANTEC vehicles

■ Night-time use of trucks held by VANTEC (line-haul trucking of SAGAWA EXPRESS)⇒Maximize utilization rate





## Example of cross-selling: Cross-selling to retail customers, providing integrated solution



### Proposed cross-selling projects

(extract)

Industry	Proposal
Automobile parts	Logistics optimization
Distribution/retail	EC center operation
	New center operation

Industry	Proposal
Food	Logistics optimization
	Dedicated center operation
Building materials/housing equipment	Logistics optimization

## Enhance proposal-based sales and maintenance service sales to new customers using new technologies of Smart Logistics

- **Offering value to new customers**  
(Proposal focusing on “automation” and “labor-saving” from early stage)
- **Active proposal to existing customers**  
(Active proposal of labor-saving tool available for existing locations and approach to differentiation strategy)



## Pursue safety, quality, productivity

- **Projection (utilize AI)**
  - Build proactive management approach based on volume projection

- **Strengthen issue solution capability**
  - Strengthen consulting/sales capabilities utilizing the on-site simulator



- **Efficiency**
  - Utilize IoT, drone/image analysis

- **Safety driving management**
  - Provide full support for safety driving with IoT equipped vehicles

## R&D Center (accelerate verification of new technology)



● Dual-arm piece picking robot  
(Cooperates with Racrew)



● Automated forklift  
(Given trial in distribution centers on April)



● Image recognition depalletizer



● Racrew  
(Introduced in Tsuchiura Phase II DC on April)



● RFID



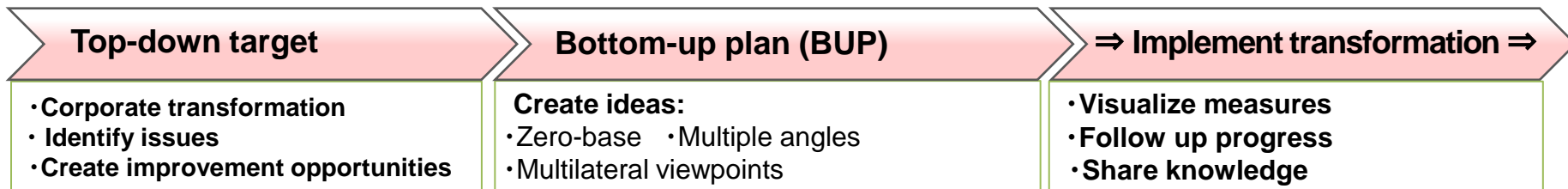
● Auto-trailing AGV

### FY2017: New verification

- Automatic inspection system: Establish operation required to implement in locations (Improve image inspection accuracy)
- Automatic packing: Establish operation required to implement in locations (Automate process of inputting goods)
- Piece picking robot: Establish basic technology to implement in locations (Develop general technology for picking pieces)



## Promote a new structural reform to ensure achievement of Mid-term Management Plan (VC2018) — R200 Project —



“Ensure achievement of Mid-term Management Plan” and “Create an organization that keeps changing and growing”

<b>Work Stream</b>	<b>Purchase/outsourcing cost</b>	• Consolidation, concentration
	<b>On-site operation</b>	• Streamlining and simplification
	<b>Sales marketing</b>	• Process improvement and reduction
	<b>Forwarding</b>	• Performance management
	<b>Indirect operation</b>	• Visualization, standardization
	<b>Working capital</b>	• Optimization

**[Achievements in FY2016]**  
**Create ideas and Implement on-site measures**  
 ⇒ Certain measures progressed to implementation phase  
 ⇒ Aim to reach benefit phase early

<b>Ongoing impact:</b> Benefit from these measures	<b>¥0.4 billion</b>
<b>One-time impact:</b> Working capital	<b>¥1.3 billion</b>

Expected annualized effects



April 27, 2017

# Progress of the Mid-term Management Plan – *Value Creation 2018* –

 Hitachi Transport System, Ltd.



## Business policy in FY2017: Enhance corporate value

Continue working method transformation

Thoroughly enhance earning capability

Re-plan and execute growth strategy toward big innovation

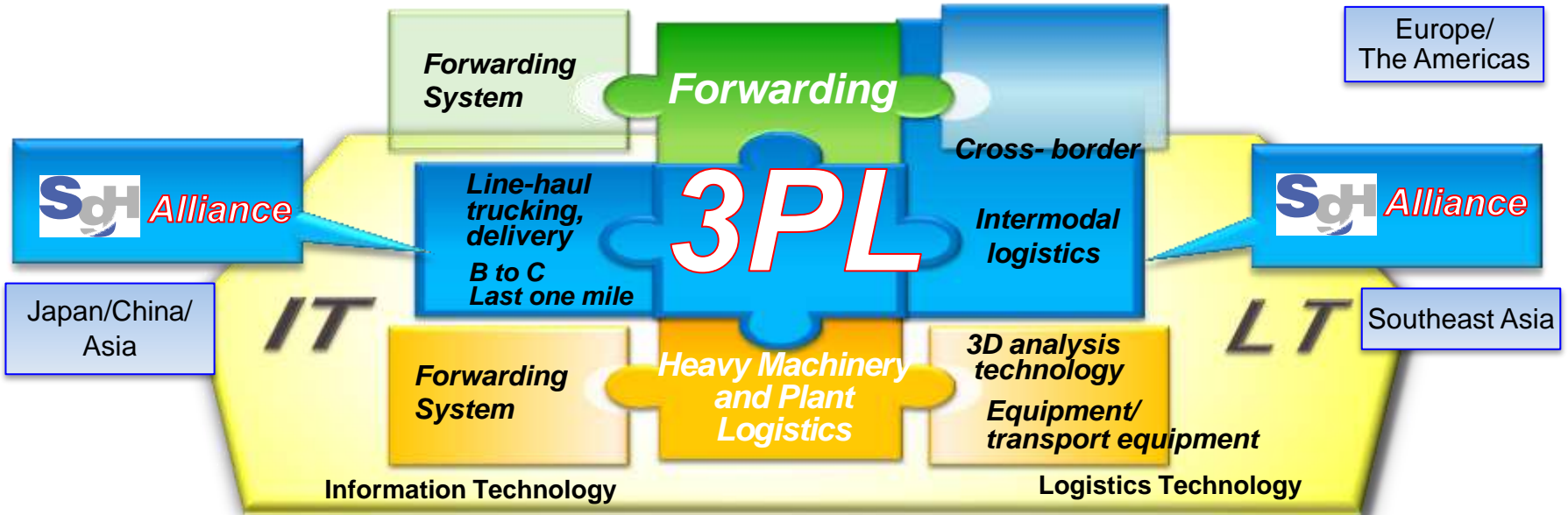
## Future Vision: Global Supply-Chain Solutions Provider

■ 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



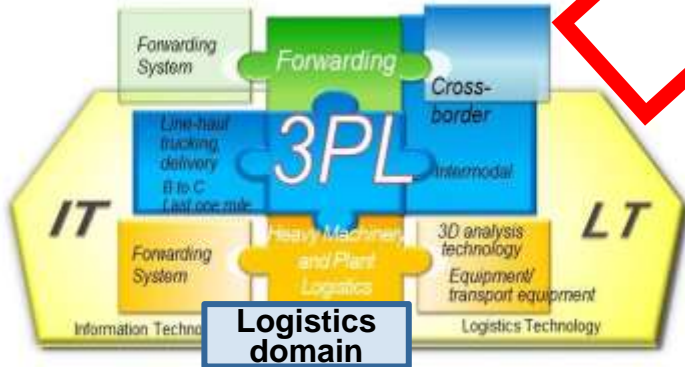


Aim to expand innovative collaboration across business/industry to achieve new innovation, with “logistics as function” as a core

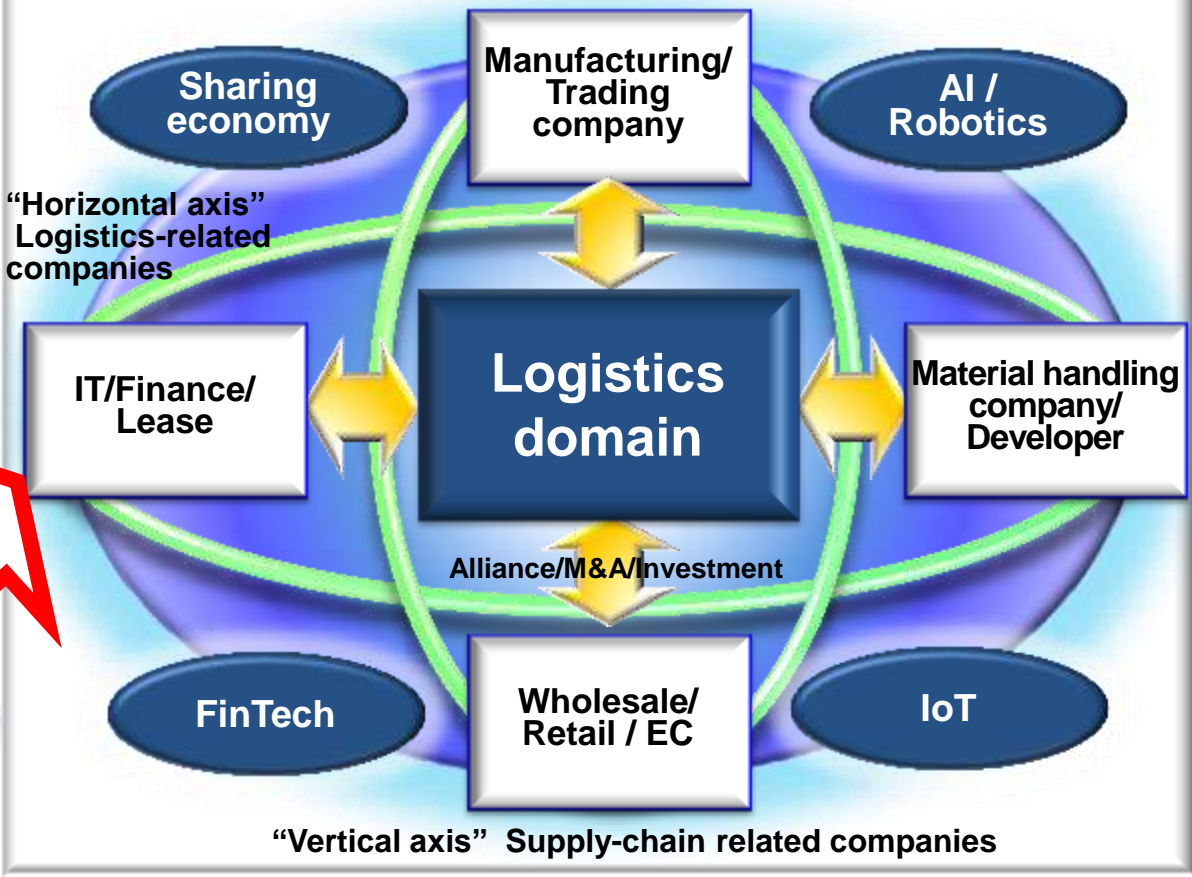
### FY2018 Mid-term Management Plan

Revenues	:	¥800 billion
Operating income	:	¥34 billion
EBIT	:	¥40 billion
ROE	:	10.8%

### Present: Logistics company

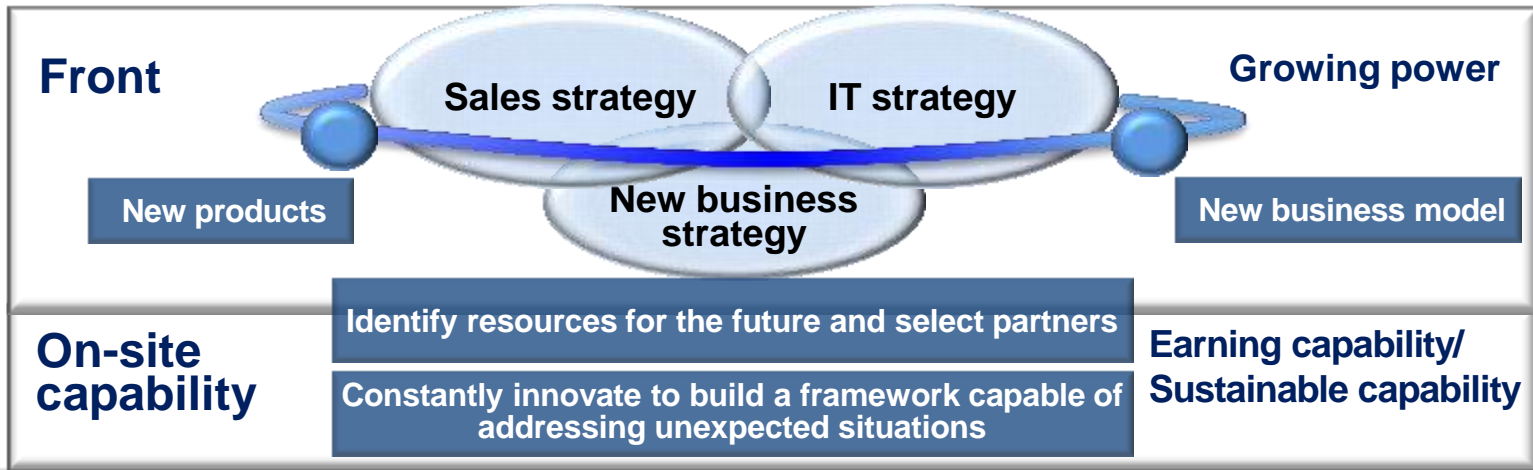


## Future Vision: Global Supply-Chain Solutions Provider





## Organization and management system to address management issues





## Working method transformation

### ■ Top commitment

(Provide information aiming at working method transformation)

### ■ Change awareness of the management position

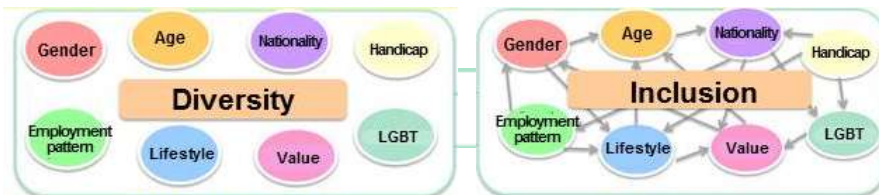
(Implement new working method and management)

### ■ Create a framework for pleasant working environment

(Promote flexible working method)

## Promotion of diversity

- \* Promote active participation by female workers
- \* Promote participation and employment of the disabled in workplace
- \* Consider working style of elderly employees
- \* Establish limited regular employee system rules
- \* Secure fixed-term contract workers



# Taking on the Future

In a world of constant change, we are committed to pioneering new trails, always looking ahead and energizing our society.

We build true trust with our customers, working tenaciously and charting a collaborative future.

We create and deliver innovative solutions, embracing cutting-edge technologies.

And we keep moving forward as one team, fostering mutual respect and releasing individual potential.

Going beyond the conventional domain of logistics, we will bring innovation to the future of business and people's lifestyles.



# Supplementary Material

< Financial Position, Cash Flows, etc.>



(Unit : 100 Million yen)

	FY2015	FY2016	
	As of Mar. 31, 2016	As of Mar. 31, 2017	Y o Y
(Assets)			
Current assets	1,849	<b>2,049</b>	200
Non-current assets	2,795	<b>3,451</b>	655
Total	4,644	<b>5,499</b>	855
(Liabilities)			
Current liabilities	1,619	<b>1,511</b>	-108
Non-current liabilities	1,239	<b>2,079</b>	840
Total	2,858	<b>3,590</b>	732
(Equity)			
Equity attributable to stockholders of the parent company	1,755	<b>1,875</b>	119
Non-controlling interests	30	<b>34</b>	4
Total	1,786	<b>1,909</b>	124
Total liabilities and equity	4,644	<b>5,499</b>	855



(Unit : 100 Million yen)

	FY2015	FY2016	
	Full Year	Full Year	Y o Y
Net cash provided by operating activities	388	<b>264</b>	-124
Net cash used in investing activities	-104	<b>-690</b>	-586
Net cash provided by (used in) financing activities	-167	<b>556</b>	723
Effect of exchange rate changes on cash and cash equivalents	-11	<b>-6</b>	5
Net increase in cash and cash equivalents	106	<b>123</b>	17
Cash and cash equivalents at beginning of year	345	<b>451</b>	106
Cash and cash equivalents at end of year	451	<b>575</b>	123



## Financial Indicator etc.

		FY2015	FY2016
Total equity attributable to stockholders of the parent company* (100 Million yen)	(37.8)	1,755	(34.1) 1,875
Total equity per share attributable to stockholders of the parent company (Yen)		1,573.67	1,680.70
Basic earnings per share attributable to stockholders of the parent company (Yen)		125.60	167.66
Return on equity (ROE) (annual) (%)		8.0	10.3
Return on assets (ROA) (annual) (%)		3.0	3.7
Price book-value ratio (PBR) (Ratio)		1.20	1.38

## Major Operating Expenses

(Unit: 100 Million yen, ( ): composition ratio (%))

	FY2015		FY2016			
	Full Year		Full Year		Y o Y	
					% change	change
Subcontract Expenses	(50.9)	3,461.6	(49.9)	3,318.7	96%	-142.9
Personnel Expenses	(24.0)	1,629.9	(24.3)	1,616.7	99%	-13.2
Rent Expenses	(7.2)	491.3	(7.6)	503.4	102%	12.1
Depreciation Expenses	(2.8)	191.3	(2.8)	187.4	98%	-3.8





## Capital Expenditures

(Unit: 100 Million yen)

	FY2015	FY2016	FY2017
	Full Year	Full Year	Full Year (Plan)
Purchased Assets <sup>*1</sup>	223.4	<b>156.7</b>	204.5
(Reference) Leased Assets <sup>*2</sup>	329.4	<b>217.7</b>	390.0
(Reference) Depreciation Expenses	191.3	<b>187.4</b>	192.2

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

## Number of Employees

(Unit: Person)

	FY2015	FY2016	FY2017
	Full Year	Full Year	Full Year (Plan)
Regular Employees	24,744	<b>25,274</b>	26,279
Employees and others*	21,877	<b>22,665</b>	22,536
Consolidated	46,621	<b>47,939</b>	48,815

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

**Reference****Results by Business Category (estimated)**

(Unit: 100 Million yen)

※ ( ): Excluding amortization of customer-related intangible assets.

		FY2016 (Result)				FY2017 (Plan)			
		Revenues	Operating income	Operating margin		Revenues	Operating income	Operating margin	
	Domestic	3,479	187.3	5.4%	(5.4%)	3,512	186.7	5.3%	(5.4%)
	Global	1,148	46.0	4.0%	(4.4%)	1,151	45.8	4.0%	(4.3%)
	<b>3PL</b>	<b>4,627</b>	<b>233.2</b>	<b>5.0%</b>	<b>(5.2%)</b>	<b>4,664</b>	<b>232.6</b>	<b>5.0%</b>	<b>(5.1%)</b>
	Domestic	449	6.9	1.5%	(2.5%)	489	7.1	1.5%	(2.4%)
	Global	516	5.1	1.0%	(2.3%)	530	5.1	1.0%	(2.1%)
	<b>Forwarding</b>	<b>965</b>	<b>12.0</b>	<b>1.2%</b>	<b>(2.4%)</b>	<b>1,018</b>	<b>12.2</b>	<b>1.2%</b>	<b>(2.2%)</b>
	Domestic	612	22.7	3.7%	(5.1%)	692	22.6	3.3%	(4.5%)
	Global	223	3.7	1.7%	(2.1%)	208	4.7	2.3%	(2.8%)
	<b>Automobile</b>	<b>834</b>	<b>26.4</b>	<b>3.2%</b>	<b>(4.3%)</b>	<b>900</b>	<b>27.3</b>	<b>3.0%</b>	<b>(4.1%)</b>
<b>Other services</b>	<b>228</b>	<b>23.0</b>	<b>10.1%</b>	<b>(10.1%)</b>	<b>218</b>	<b>22.9</b>	<b>10.5%</b>	<b>(10.5%)</b>	
<b>Total</b>	<b>6,654</b>	<b>294.7</b>	<b>4.4%</b>	<b>-</b>	<b>6,800</b>	<b>295.0</b>	<b>4.3%</b>	<b>-</b>	

※ Company-wide expenses is planned to partly change the method of allocation from FY2017. Figures above are reflected this alternation.

April 27, 2017

**FY2016**  
**(Year Ended March 31, 2017)**  
**Financial Results Briefing**

 **Hitachi Transport System, Ltd.**