The 1st Quarter of FY2017 (Year Ending March 31, 2018) Financial Results Briefing
1Q of FY2017 Financial Results

I. Summary of Financial Results
   Overview, Breakdown by Group,
   Full year (Plan)/1Q (Results) of FY2017 Detail of Variations for Revenues,
   Full year (Plan)/1Q (Results) of FY2017 Detail of Variations for Operating income,
   Overseas results by region,
   Trend of new orders/new startups,
   FY2017 Plan, Smart Logistics, Collaborative Innovation Project with SG Holdings,

II. Topics
   Headquarters Relocation, Brand Promise
## 1Q of FY2017 Results

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

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2017</th>
<th>Y o Y</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Results</td>
<td>Results</td>
<td>%</td>
</tr>
<tr>
<td>Revenues</td>
<td>160.5</td>
<td>168.9</td>
<td>105%</td>
</tr>
<tr>
<td>Operating income</td>
<td>&lt;4.2&gt;</td>
<td>6.72</td>
<td>&lt;3.9&gt;</td>
</tr>
<tr>
<td>EBIT</td>
<td>&lt;4.1&gt;</td>
<td>6.51</td>
<td>&lt;4.7&gt;</td>
</tr>
<tr>
<td>(Earnings before interest and taxes)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net income attributable to stockholders of the parent company</td>
<td>&lt;2.0&gt;</td>
<td>3.29</td>
<td>&lt;2.8&gt;</td>
</tr>
</tbody>
</table>

*Operating income in this document represents “Adjusted operating income.”*
### 1Q Results (Breakdown by Group)

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

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Operating income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q Results</td>
<td>Y o Y</td>
</tr>
<tr>
<td><strong>Organic</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic logistics</td>
<td>&lt;58&gt; 851</td>
<td>102%</td>
</tr>
<tr>
<td>Global logistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>&lt;30&gt; 435</td>
<td>113%</td>
</tr>
<tr>
<td>Forwarding and others</td>
<td>&lt;8&gt; 118</td>
<td>102%</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;38&gt; 553</td>
<td>111%</td>
</tr>
<tr>
<td>Others (logistics-related businesses, etc.)</td>
<td>&lt;3&gt; 51</td>
<td>108%</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;100&gt; 1,454</td>
<td>105%</td>
</tr>
<tr>
<td><strong>Vantec Group</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic logistics</td>
<td>&lt;65&gt; 172</td>
<td>100%</td>
</tr>
<tr>
<td>Global logistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>&lt;35&gt; 91</td>
<td>122%</td>
</tr>
<tr>
<td>Forwarding and others</td>
<td>&lt;0&gt; 0</td>
<td>73%</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;35&gt; 92</td>
<td>121%</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;100&gt; 264</td>
<td>107%</td>
</tr>
<tr>
<td><strong>Consolidated Adjustment/Amortization of customer-related intangible assets of VANTEC Group, etc.</strong></td>
<td>-</td>
<td>-30</td>
</tr>
</tbody>
</table>

|                      |               |                  |               |                |
| Domestic logistics   | <60> 1,016    | 102%             | 47.9          | 95%            |
| Global logistics     |               |                  |               |                |
| Overseas             | <30> 513      | 114%             | 13.2          | 91%            |
| Forwarding and others| <7> 110       | 100%             | 0.8           | 85%            |
| Total                | <37> 623      | 111%             | 14.0          | 90%            |
| Others (logistics-related businesses, etc.) | <3> 49 | 107% | 3.7 | 246% |
| Total                | <100> 1,689   | 105%             | 65.6          | 98%            |

- Company-wide expenses is partly changed the method of allocation from FY2017. 【 】: Figures and ratios are calculated based on the previous method.
FY2017 Plan (Revenues)

Revenues (Plan)

Billion yen

<table>
<thead>
<tr>
<th>Effect of exchange fluctuation</th>
<th>Environmental/volume changes</th>
<th>New orders</th>
</tr>
</thead>
<tbody>
<tr>
<td>-11.9</td>
<td>-1.5</td>
<td>+13.0</td>
</tr>
</tbody>
</table>
| Positive: Receive maintenance/additional orders in regions  
Negative: Decrease in volume, incorporating business risks |

665.4 + 14.6 = 680.0

Collaborative innovation

+15.0

+28.0

FY2016 (Result)
FY2017 (Plan)

Excerpt from Earnings Presentations slide (April 27, 2017)

- 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
### 1Q of FY2017 Results (Detail of Variations for Revenues)

**Domestic**
- 2.0
- 1.0
- 1.8

**Global**
- 0.7
- 3.4
- 0.1
- 3.5
- 1.9
- 0.1
- 6.2

**Other**
- 0.3
- 0.3
- 0.0
- 0.3

**Total**
- 0.7
- 1.7
- 1.1
- 2.8
- 3.7
- 1.1
- 8.4

*Effect of exchange fluctuation*
- +0.7

*New Orders*
- +3.7

*Collaborative innovation (Volume changes, etc.)*
- +1.1

*New Orders (Subtotal)*
- +4.8

**Total Revenues (Result)**
- 168.9

*1Q of FY2017 (Result)*

**Exchange Fluctuation**

<table>
<thead>
<tr>
<th></th>
<th>Domestic</th>
<th>Global</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume</td>
<td>-2.0</td>
<td>3.4</td>
<td>0.3</td>
<td>0.7</td>
</tr>
<tr>
<td>changes,</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>etc.</td>
<td>1.0</td>
<td>0.1</td>
<td></td>
<td>1.7</td>
</tr>
<tr>
<td>Expansion</td>
<td>-1.0</td>
<td>3.5</td>
<td>0.3</td>
<td>2.8</td>
</tr>
<tr>
<td>of operations</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

*New Orders (Subtotal)*

<table>
<thead>
<tr>
<th></th>
<th>Domestic</th>
<th>Global</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1.8</td>
<td>1.9</td>
<td>0.1</td>
<td>3.7</td>
</tr>
<tr>
<td>Collaborative innovation projects</td>
<td>1.0</td>
<td>0.1</td>
<td>0.0</td>
<td>1.1</td>
</tr>
</tbody>
</table>

*Environmental/Volume changes/Continuous improvement, etc.*

- +2.8

*Effect of exchange fluctuation*

- +0.7

*1Q of FY2016 (Result)*

**Domestic**
- 160.5

*USD:* ¥108 $→$111

*EUR:* ¥122 $→$122

*CNY:* ¥16.5 $→$16.2

*1Q of FY2016 → 1Q of FY2017*

*1Q of FY2017 (Result)*

**Domestic/Other***
- -1.7 billion

*Forwarding/Overseas***
- +3.4 billion

*Expansion of operations***
- +1.1 billion

*New orders***
- +3.7

*Environmental/Volume changes/Continuous improvement, etc.*
- +2.8

*Collaborative innovation***
- +1.1

*Effect of exchange fluctuation***
- +0.7

*Total***
- 8.4
**Operating income (plan)**

FY2016 (Result)  
29.5 (Billions of yen)

**Operating income**

- **Operating income**
  - **Environmental/volume changes, etc.**
  - **Effect of exchange fluctuation**
  - **New orders**
  - **New Structural reforms/productivity improvement**
  - **Collaborative innovation**

**FY2017 (Plan)**

32.1 (Billions of yen)

**EBIT**

- **Operating income (plan)**
  - **Operating income**
    - **Operating income**
      - **Operating income**

**Positive: Receive maintenance/additional orders in regions**

**Negative: Decrease in volume, incorporating business risks, etc.**

**Future-oriented upfront investment**

- Accelerate development, implementation, and expansion of the next generation/advanced technologies
- Working method transformation (Environment, treatment, system, ICT implementation, etc.)
  - Including headquarters relocation

Excerpt from Earnings Presentations slide (April 27, 2017)
Expansion of operation: +0.14 billion
Fuel cost increase: -0.03 billion
Other factors: -0.64 billion
*Other factors include below:
Benefit from these measures in FY2016 (including backlash of strategic investment): +0.31 billion
Increase the operating cost: -0.2 billion

New Structural reforms: +0.28 billion
Productivity improvement: +0.12 billion

Collaborative innovation: +0.10

Environmental/volume changes/Continuous improvement, etc.: -0.53

New Orders: +0.18

Strategic investments: -0.34

IT related
Working method transformation (headquarters relocation, placement air conditioning)

Domestic: +0.24 billion
Global: -0.06 billion

Benefit from these measures in FY2016 (including backlash of strategic investment): +0.31 billion
Increase the operating cost: -0.2 billion

Effect of exchange fluctuation: +0.03

Share of profits of investments accounted for using the equity method, etc.

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1Q of FY2017 Results (Overseas Results by Region)

### Revenues

- **North America**: 10.6 (+1.9)
- **Europe**: 16.9 (+1.6)
- **Asia**: 9.9 (+0.8)
- **China**: 14.4 (+2.1)
- **Oceania, etc.**: 0.7

Excluding effect of exchange fluctuation (+0.7 billion)

### Operating income

- **North America**: 10.3 (+1.7)
- **Europe**: 16.9 (+1.6)
- **Asia**: 9.5 (+0.4)
- **China**: 14.3 (+2.0)

Excluding effect of exchange fluctuation (+0.03 billion)

- **North America**: 0.29
- **Europe**: 0.93
- **Asia**: 0.47
- **China**: 0.10

< 1.84 >

1.45

1.32 (-0.14)

1.29 (-0.17)

< 1.54 >

< 1.51 >

Consolidated adjustment, etc.-0.8

Consolidated adjustment, etc.-1.4(-0.5)

Representative Office Expenses, etc -0.39

Representative Office Expenses, etc -0.23(+0.16)

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## 1Q of FY2017: Trend of New orders/New startups

<table>
<thead>
<tr>
<th></th>
<th>FY2016</th>
<th>FY2017</th>
<th>Y o Y</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1Q</td>
<td>1Q</td>
<td></td>
</tr>
<tr>
<td>New startups</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>4</td>
<td>1</td>
<td>-3</td>
</tr>
<tr>
<td>Global</td>
<td>1</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>Total</td>
<td>5</td>
<td>2</td>
<td>-3</td>
</tr>
<tr>
<td>New orders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>1</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Global</td>
<td>1</td>
<td>4</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>2</td>
<td>6</td>
<td>4</td>
</tr>
</tbody>
</table>

(Reference) The number of New Orders of Domestic sales division

<Including new projects (both new and old definition), one-time project (Heavy Machinery and Plant Logistics, etc.) and small scale projects>

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

- Orders under ¥10 million: 427 (recurring: 35 one-time: 392) → 523 (recurring: 80 one-time: 443)
- Orders over ¥10 million: 3 (recurring: 3 one-time: 0) → 2 (recurring: 1 one-time: 1)
FY2017 Plan (Summary)

Full year: 680.0 billion/29.5 billion

1H) Revenues: 330.0 billion yen

1H) Operating Income: 13.4 billion yen

- Headquarters relocation
- Strategic investment
- Business risks

1H・Full year Deferred Plan

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Accelerated deployment of Smart Logistics

Expand the Racrew-installed site

Full operation started in May 2017
Location: Tsuchiura Phase II DC
Products: Medical supplies

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

Trial installation of Automated forklift (at 2 sites, 3 Automated forklifts)

June 2017
Location: Distribution Center in Saitama Pref.
Products: Medical supplies
Number of Automated forklift: 1
Utilization: Convey received items from vertical conveyor to unloading area automatically (day-time operation)

July 2017
Location: Distribution Center in Ibaraki Pref.
Products: Construction machinery and equipment
Number of Automated forklift: 2
Utilization: Return empty boxes from 1st floor to 2nd floor automatically (Automated operation in the nighttime)

* “Racrew” is a registered trademark of Hitachi, Ltd. in Japan.
Progress of Collaborative Innovation Project with SG Holdings

1Q of FY2017 (Results): Revenues: 1.1 billion yen, Operating income: 0.1 billion yen (9.4%)

◆ Example  (Transport and Relocation Project)

Provided the facility service for urban redevelopment (From June to July 2017)

Operated internal setting up in complex facility by combining HTS Group and SG Holdings Group’s know-how

- Setting Operation (Equipment, etc.)
- Internal Distribution (Products)

Realized safe and high-quality installation and facility preservation with “Seamless internal operation”

General morning meeting  Operation
Progress of Collaborative Innovation Project with SG Holdings

◆ Example (3 PL Project)

Full operation started of the Distribution Center for apparel (From May 2017)

Image flow

Supplier → Distribution Center → Delivery Destination

- Receiving
- Storage
- Distribution processing
- Shipping

Scope of HTS

SAGAWA Express

Location: Distribution Center in Chiba Pref.

New Orders (Excerpts)

SNS related
* Overview: HTS: Supply from Overseas, Management of DC
  SgH: Delivery, Collect repairs
* Start of Operation: Dec. 2017

Publishing industry
* Overview: HTS: Management of DC
  SgH: Delivery
* Start of Operation: May 2018

Overview:
HTS: Supply from Overseas,
Management of DC
SgH: Delivery, Collect repairs

Start of Operation:
Dec. 2017
May 2018
◆ Headquarters Relocation

- New address: “Hitachi Transport System bldg.”
  2-9-2, Kyobashi, Chuo-ku, Tokyo
  (TEL) +81-3-6263-2803
  (FAX) +81-3-6263-2752
- Schedule: Aug. 16, 2017

【Concept of the relocation】

- Flexibility
- Collaborative Innovation
- Productivity Improvement

Priority Measures at New Headquarters

- Free address
- Unified communications
- Paper Stockless

Rents the whole building (excluding the 1st floor)
Reception in the 2nd floor
◆ Strengthen Our Brand

i. Creation Brand Promise

“Slogan : Taking on the Future”

ii. Promotion Placing ads on media

- Planning to place our brand advertisements on media from Aug. 2017

iii. Renewal of Company Profile

[Concept for renewal]

- Simple format
- Link to corporate website (main : corporate website)
- Making unified brand image