The 3rd Quarter of FY2017 (Ended December 31, 2017) Financial Results Briefing

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* Accelerate development of Smart Logistics
* (Ref.) 3H of FY2017 Results (Breakdown by Business Category)
# 3Q 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>% change</td>
</tr>
<tr>
<td>Revenues</td>
<td>495.5</td>
<td>525.9</td>
<td>106%</td>
</tr>
<tr>
<td>Operating income</td>
<td>(&lt;4.6&gt;) 22.74</td>
<td>(&lt;4.2&gt;) 21.90</td>
<td>96%</td>
</tr>
<tr>
<td>EBIT (Earnings before interest and taxes)</td>
<td>(&lt;5.5&gt;) 27.08</td>
<td>(&lt;4.8&gt;) 25.20</td>
<td>93%</td>
</tr>
<tr>
<td>Net income attributable to stockholders of the parent company</td>
<td>(&lt;3.4&gt;) 16.79</td>
<td>(&lt;2.9&gt;) 15.47</td>
<td>92%</td>
</tr>
</tbody>
</table>

* Operating income in this document represents “Adjusted operating income.”
### 3Q of FY2017 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>3Q (9 months)</td>
<td>Y o Y</td>
</tr>
<tr>
<td>Organic</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic logistics</td>
<td>&lt;58&gt; 2,606</td>
<td>102%</td>
</tr>
<tr>
<td>Global logistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>&lt;30&gt; 1,360</td>
<td>117%</td>
</tr>
<tr>
<td>Forwarding and others</td>
<td>&lt;9&gt; 400</td>
<td>112%</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;39&gt; 1,760</td>
<td>116%</td>
</tr>
<tr>
<td>Others (logistics-related businesses, etc.)</td>
<td>&lt;4&gt; 165</td>
<td>101%</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;100&gt; 4,531</td>
<td>107%</td>
</tr>
<tr>
<td>Vantec Group</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic logistics</td>
<td>&lt;65&gt; 532</td>
<td>100%</td>
</tr>
<tr>
<td>Global logistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>&lt;35&gt; 282</td>
<td>115%</td>
</tr>
<tr>
<td>Forwarding and others</td>
<td>&lt;0&gt; 1</td>
<td>86%</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;35&gt; 283</td>
<td>115%</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;100&gt; 816</td>
<td>105%</td>
</tr>
<tr>
<td>Consolidated Adjustment/Amortization of customer-related intangible assets of VANTEC Group, etc.</td>
<td>-</td>
<td>-88</td>
</tr>
<tr>
<td>Total</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic logistics</td>
<td>&lt;59&gt; 3,119</td>
<td>101%</td>
</tr>
<tr>
<td>Global logistics</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>&lt;30&gt; 1,600</td>
<td>116%</td>
</tr>
<tr>
<td>Forwarding and others</td>
<td>&lt;7&gt; 380</td>
<td>112%</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;38&gt; 1,980</td>
<td>115%</td>
</tr>
<tr>
<td>Others (logistics-related businesses, etc.)</td>
<td>&lt;3&gt; 160</td>
<td>100%</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;100&gt; 5,259</td>
<td>106%</td>
</tr>
</tbody>
</table>

Including upfront investment (-1,100 million)
### 3Q of FY2017 Results (Detail of Variations for Revenues)

**3Q (9 months) of FY2017 Revenues (Result)**

<table>
<thead>
<tr>
<th></th>
<th>Domestic</th>
<th>Global</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Effect of exchange fluctuation</td>
<td>-7.7</td>
<td>10.0</td>
<td>0.1</td>
<td>10.0</td>
</tr>
<tr>
<td>Repetitive promoting items/environmental/volume changes</td>
<td>2.0</td>
<td>12.6</td>
<td>0.4</td>
<td>4.9</td>
</tr>
<tr>
<td>New orders</td>
<td>-5.7</td>
<td>13.0</td>
<td>0.1</td>
<td>7.3</td>
</tr>
<tr>
<td>Collaborative innovation projects</td>
<td>3.6</td>
<td>3.0</td>
<td>0.1</td>
<td>6.6</td>
</tr>
<tr>
<td>Total</td>
<td>3.9</td>
<td>26.4</td>
<td>0.1</td>
<td>30.3</td>
</tr>
</tbody>
</table>

- **Domestic/Other Services:** -7.6 billion
- **Forwarding/overseas:** +12.6 billion
- **Expansion of operations:** +2.4 billion
- **Domestic:** +3.6 billion
- **Global:** +3.0 billion

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

**New orders**: +6.6

**Effect of Exchange fluctuation**: +10.0

**Total**: +30.3

**3Q (9 months) of FY2016 (Result)**: 495.5 billion yen

**3Q (9 months) of FY2017 (Result)**: 525.9 billion yen

**3Q (9 months) average of FY2016**

- **USD**: ¥ 107 → ¥ 112
- **EUR**: ¥ 118 → ¥ 129
- **CNY**: ¥ 15.9 → ¥ 16.6

**3Q (9 months) average of FY2017**

- **USD**: ¥ 107 → ¥ 112
- **EUR**: ¥ 118 → ¥ 129
- **CNY**: ¥ 15.9 → ¥ 16.6

**Details of Variations for Revenues**

- **New orders**
  - Domestic: +3.6 billion
  - Global: +3.0 billion

**3Q (9 months)** of FY2016 → 3Q (9 months) of FY2017

- **USD**: ¥ 107 → ¥ 112
- **EUR**: ¥ 118 → ¥ 129
- **CNY**: ¥ 15.9 → ¥ 16.6

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3Q of FY2017 Results (Detail of Variations for Operating Income)

(Billions of yen)

Operating income (Result)

3Q (9 months) of FY2016

-0.84

3Q (9 months) of FY2017

25.20

EBIT

21.90

New orders

+0.51

Operating income

22.74

Operating income

3Q (9 months) of FY2017

Environmental/ volume changes/ Continuous improvement, etc.

Effect of exchange fluctuation

+0.44

-2.38

8operating income

3Q (9 months) of FY2016

Strategic investments

-1.10

Collaborative innovation

+0.56

New structural reforms/ Productivity improvement

+1.13

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

Initial Plan

-2.10 billion (full-year)

-1.00 billion

-1.10 billion (included) Headquarters: -0.50 billion

-2.38

New structural reforms, etc.:

+1.16 billion

Productivity improvement of unprofitable business:

-0.03 billion

Effect of exchange fluctuation

+0.44

-0.07 billion

-2.61 billion

* Other factors include:

Benefit from measures in FY2016 (including Recovery from backlash of strategic investment):  +0.41 billion

Work costs increase (temporary/part-time employees) :  -0.71 billion

Withdrawal, etc.:  -0.50 billion

New orders

+0.51

-2.38

-0.84

Operating income

3Q (9 months) of FY2016 (Result)

-0.84

Operating income

3Q (9 months) of FY2017 (Result)

25.20

EBIT

21.90

【Domestic segment】

- New technologies etc.: +0.52 billion

- Domestic: +0.52 billion

- Global: -0.01 billion

- Working method transformation: -0.60 billion (Headquarters relocation· placement air conditioning)

- Work costs increase (temporary/part-time employees): -0.71 billion

- Withdrawal, etc.: -0.50 billion

【Initial Plan】 -2.10 billion (full-year)

- Next generation/advanced technologies: -1.00 billion

- Working method transformation (ICT/Environment): -1.10 billion (included) Headquarters: -0.50 billion

- Expansion of operations: +0.30 billion

- Fuel cost increase: -0.07 billion

- Other factors:

Benefit from measures in FY2016 (including Recovery from backlash of strategic investment): +0.41 billion

Work costs increase (temporary/part-time employees): -0.71 billion

Withdrawal, etc.: -0.50 billion

- Domestic: +0.52 billion

- Global: -0.01 billion

- New technologies etc.: +0.52 billion

- Domestic: +0.52 billion

- Global: -0.01 billion

- Working method transformation: -0.60 billion (Headquarters relocation· placement air conditioning)

- Work costs increase (temporary/part-time employees): -0.71 billion

- Withdrawal, etc.: -0.50 billion

Operating income

3Q (9 months) of FY2017 (Result)

25.20

EBIT

21.90

New orders

+0.51

Operating income

22.74

Operating income

3Q (9 months) of FY2017

Environmental/ volume changes/ Continuous improvement, etc.

Effect of exchange fluctuation

+0.44

-2.38

3Q (9 months) of FY2016

3Q of FY2017 Results (Detail of Variations for Operating Income)
【Overview of 3Q (9 months)】

- **North America**
  - 32.4 (3.9)
  - Solid growth in intermodal business (Turkey)

- **Europe**
  - 53.5 (9.1)
  - Solid growth in transportation infrastructure business

- **Asia**
  - 31.1 (4.0)
  - Solid growth in automobile related in Thailand

- **China**
  - 44.4 (5.8)

- **Oceania, etc.**
  - 2.3

**Effect of exchange fluctuation (+10.0 billion)**

**Operating income**

- **North America**
  - 0.71

- **Europe**
  - 2.12

- **Asia**
  - 1.37

- **China**
  - 0.66

- **Oceania, etc.**
  - 0.23

**Effect of exchange fluctuation (+0.44 billion)**

- **North America**
  - 0.21 (0.50)

- **Europe**
  - 2.55 (0.43)

- **Asia**
  - 1.07 (0.30)

- **China**
  - 0.66 (+0.00)

**Overview of 3Q (9 months)**

- **North America**
  - 0.71

- **Europe**
  - 2.12

- **Asia**
  - 1.37

- **China**
  - 0.66

- **Oceania, etc.**
  - 0.23

**Representative Office Expenses, etc.**

- **North America**
  - 0.00

- **Europe**
  - 0.00

- **Asia**
  - 0.00

- **China**
  - 0.00

- **Oceania, etc.**
  - 0.00

**Consolidated adjustment, etc.**

- **North America**
  - -3.4

- **Europe**
  - -4.2 (-0.8)

- **Asia**
  - -2.3

- **China**
  - -2.3

- **Oceania, etc.**
  - -2.3

**3Q (9 months) of FY2016 (Result)**

- **North America**
  - 28.6

- **Europe**
  - 44.4

- **Asia**
  - 27.1

- **China**
  - 38.6

- **Oceania, etc.**
  - 2.3

**3Q (9 months) of FY2017 (Result)**

- **North America**
  - 32.4 (3.9)

- **Europe**
  - 53.5 (9.1)

- **Asia**
  - 31.1 (4.0)

- **China**
  - 44.4 (5.8)

- **Oceania, etc.**
  - 2.3
3Q of FY2017 Results (Trend of New Orders/New Startups)

<table>
<thead>
<tr>
<th>3Q (9 months) of FY2017: Trend of new orders/new startups</th>
<th>FY2016</th>
<th>FY2017</th>
<th>Y o Y</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>3Q (9 months)</td>
<td>3Q (9 months)</td>
<td></td>
</tr>
<tr>
<td>New startups</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>13</td>
<td>6</td>
<td>-7</td>
</tr>
<tr>
<td>Global</td>
<td>3</td>
<td>6</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>16</td>
<td>12</td>
<td>-4</td>
</tr>
<tr>
<td>New orders</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Domestic</td>
<td>6</td>
<td>20</td>
<td>14</td>
</tr>
<tr>
<td>Global</td>
<td>4</td>
<td>7</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>10</td>
<td>27</td>
<td>17</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: 1,237 → 1,557
  (recurring:128/one-time:1,109)  (recurring:217/one-time:1,340)
- Orders over ¥10 million: 7 → 8
  (recurring:6/one-time:1)  (recurring:4/one-time:4)

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### Collaborative Innovation Project with SG Holdings

#### [Progress Status of 3Q]

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

<table>
<thead>
<tr>
<th>Item</th>
<th>FY2016 Results</th>
<th>FY2017 Target</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenues</td>
<td>Operating Income</td>
</tr>
<tr>
<td>3PL/Transportation Cross-selling/optimization</td>
<td>1.80</td>
<td>0.12</td>
</tr>
<tr>
<td>Forwarding New services (Smart Import), etc.</td>
<td>0.10</td>
<td>0.02</td>
</tr>
<tr>
<td>Heavy Machinery and Plant Logistics New/Undeveloped fields</td>
<td>0.05</td>
<td>0.01</td>
</tr>
<tr>
<td>Others Vehicles leasing/Travel business, etc.</td>
<td>0.03</td>
<td>0.00</td>
</tr>
</tbody>
</table>

**Collaborative Innovation Effect ( ) : Operating margin**

- **FY2016 Results**
  - 2.0 billion
  - (7.5%)
- **FY2017 Target**
  - 6.4 billion
  - (8.8%)

**Initial plan (3Q (9 months))**

<table>
<thead>
<tr>
<th></th>
<th>Revenues</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td>3PL/Transportation Cross-selling/optimization</td>
<td>0.15 billion</td>
<td></td>
</tr>
<tr>
<td>Forwarding New services (Smart Import), etc.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Heavy Machinery and Plant Logistics New/Undeveloped fields</td>
<td>0.56 billion</td>
<td></td>
</tr>
<tr>
<td>Others Vehicles leasing/Travel business, etc.</td>
<td>1.0 billion</td>
<td></td>
</tr>
</tbody>
</table>

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

- **FY2016 Results**
  - 3.7 billion
- **FY2017 Target**
  - Approx. 5.0 billion

**New order of 3Q (extract)**

- **Industry**: Apparel
- **Outline**: Logistics optimization (locations integration, etc.)
- **Schedule**: To be started in May. 2018

**Proposed projects**

- Proposing (ongoing) to “Retail products”, “Food”, and “Apparel” etc. industries (full-year contribution : Approx. 20.0 billion yen)
Accelerate Development of Smart Logistics

DE-PALLETIZING ROBOT

Trial implementation in Feb. 2018
Location: DC in Kanagawa Pref.
Products: Retail (Food • daily commodities etc.)

Inspecting barcodes at one-time by image recognition technology

IMAGE-BASED INSPECTION

Practical implementation in Dec. 2017
Location: DC in Tokyo
Products: Food

Screen image of the inspection

Automating operation that putting cases into conveyor
## Results by Business Category (estimated)

*( ): Excluding amortization of customer-related intangible assets.  
(Unit: 100 Million yen)

<table>
<thead>
<tr>
<th></th>
<th>3Q (9 months) of FY2016 (Result)</th>
<th>3Q (9 months) of FY2017 (Result)</th>
<th>Full Year of FY2017 (Plan) (Reviced on Oct.26)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Revenues</td>
<td>Operating income</td>
<td>Operating margin</td>
</tr>
<tr>
<td>Domestic</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>2,584</td>
<td>142.6</td>
<td>5.5%</td>
</tr>
<tr>
<td>Global</td>
<td>836</td>
<td>39.6</td>
<td>4.7%</td>
</tr>
<tr>
<td>3PL</td>
<td>3,420</td>
<td>182.3</td>
<td>5.3%</td>
</tr>
<tr>
<td>Domestic</td>
<td>337</td>
<td>4.8</td>
<td>1.4%</td>
</tr>
<tr>
<td>Global</td>
<td>395</td>
<td>4.1</td>
<td>1.0%</td>
</tr>
<tr>
<td>Forwarding</td>
<td>732</td>
<td>8.9</td>
<td>1.2%</td>
</tr>
<tr>
<td>Domestic</td>
<td>504</td>
<td>15.1</td>
<td>3.0%</td>
</tr>
<tr>
<td>Global</td>
<td>151</td>
<td>3.9</td>
<td>2.6%</td>
</tr>
<tr>
<td>Automobile</td>
<td>655</td>
<td>19.0</td>
<td>2.9%</td>
</tr>
<tr>
<td>Other services</td>
<td>148</td>
<td>17.2</td>
<td>11.6%</td>
</tr>
<tr>
<td>Total</td>
<td>4,955</td>
<td>227.4</td>
<td>4.6%</td>
</tr>
</tbody>
</table>

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