

April 27, 2018

FY2017
(Year Ended March 31, 2018)
Financial Results Briefing

 **Hitachi Transport System, Ltd.**



I. FY2017 Results

Overview, Breakdown by Group, Detail of Variations for Revenues/Operating Income, Overseas Results by Region, Deviation Factors, Trend of New Orders/New Startups, Topics, HTS Global Network

II. FY2018 Plan

Overview, Detail of Variations for Revenues/Operating income

III. Progress of the Mid-term Management Plan and next Mid-term Management Plan

Progress, Future Vision, Priority Measures, Business Strategy (Sales, Domestic, Overseas, Heavy Machinery and Plant Logistics, Automobile), Collaborative Innovation Strategy, Promotion of Smart Logistics, Working-style Reform, ESG Management, etc.

[Supplementary Material]

Financial Position, Cash Flows, Major Financial Indicators/Operating Expenses, Capital Expenditures, Personnel, etc.



Summary of FY2017 Results



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

	FY2016		FY2017		
	Results	Results	Y o Y		
			%	Change	
Revenues	665.4	700.4	105%	35.0	
Operating income ^{* 1}	<4.4> 29.47	<4.3> 29.80	101%	0.34	
EBIT (Earnings before interest and taxes)	<4.7> 31.56	<4.7> 33.09	105%	1.54	
Net income attributable to stockholders of the parent company	<2.8> 18.70	<3.0> 20.92	112%	2.21	
ROE	10.3%	10.7%	-	(+0.4%)	
Stock price (closing price)	¥2,313	¥2,990	129%	(+¥677)	
Dividend per share	¥34	^{* 2} ¥36	106%	(+¥2)	

*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	<58>	3,496	102%	✓ 191.5	98%	
	Global logistics	Overseas	<29>	1,771	112%	51.6	116%
		Forwarding and others	<9>	539	113%	6.6	113%
		Total	<38>	2,310	112%	58.1	116%
	Others (logistics-related businesses, etc.)	<4>	228	102%	17.8	92%	
	Total	<100>	6,035	106%	267.5	101%	
Vantec Group	Domestic logistics	<65>	709	99%	34.5	103%	
	Global logistics	Overseas	<35>	375	112%	6.7	78%
		Forwarding and others	<0>	2	80%	0.0	-
		Total	<35>	377	112%	6.7	78%
	Total	<100>	1,086	103%	41.1	98%	
Consolidated Adjustment/ Amortization of customer-related intangible assets of VANTEC Group, etc.		-	-117	(-11)	-10.5	(+1.5)	
Total	Domestic logistics	<60>	4,178	101%	✓ 217.4	100%	
	Global logistics	Overseas	<30>	2,091	112%	56.2	110%
		Forwarding and others	<7>	511	113%	6.6	113%
		Total	<37>	2,603	112%	62.8	110%
	Others (logistics-related businesses, etc.)	<3>	223	102%	17.8	92%	
	<100>	7,004	105%	298.0	101%		

✓: Including -0.40 billion of headquarters relocation cost



FY2017 Revenues (Result)

(Billions of yen)

FY2016 result → FY2017 result

- USD: ¥ 108 → ¥ 111
- EUR: ¥ 119 → ¥ 130
- CNY: ¥ 16.1 → ¥ 16.8

- Domestic/Other: -8.6 billion
- Forwarding/overseas: +12.6 billion
- Expansion of operations: +3.0 billion

- Domestic: +3.9 billion
- Global: +3.5 billion

Contribution from collaborative innovation
+9.2

700.4

New orders
+7.4

Environmental/volume changes/
Continuous improvement, etc.
+7.1

Effect of exchange fluctuation
+11.3

+16.6

FY2017 Sales from collaborative innovation:
11.1 billion

665.4

+35.0

	Effect of exchange fluctuation	Repetitive promoting items/ environmental/volume changes			New orders	Collaborative Innovation projects	Total
		Other volume changes, etc.	Expansion of operations	Subtotal			
Full-year	Domestic	-8.8	2.5	-6.2	3.9	8.4	6.0
	Global	11.3	12.6	13.1	3.5	0.6	28.6
	Other		0.2	0.2		0.2	0.4
	Total	11.3	4.1	3.0	7.4	9.2	35.0

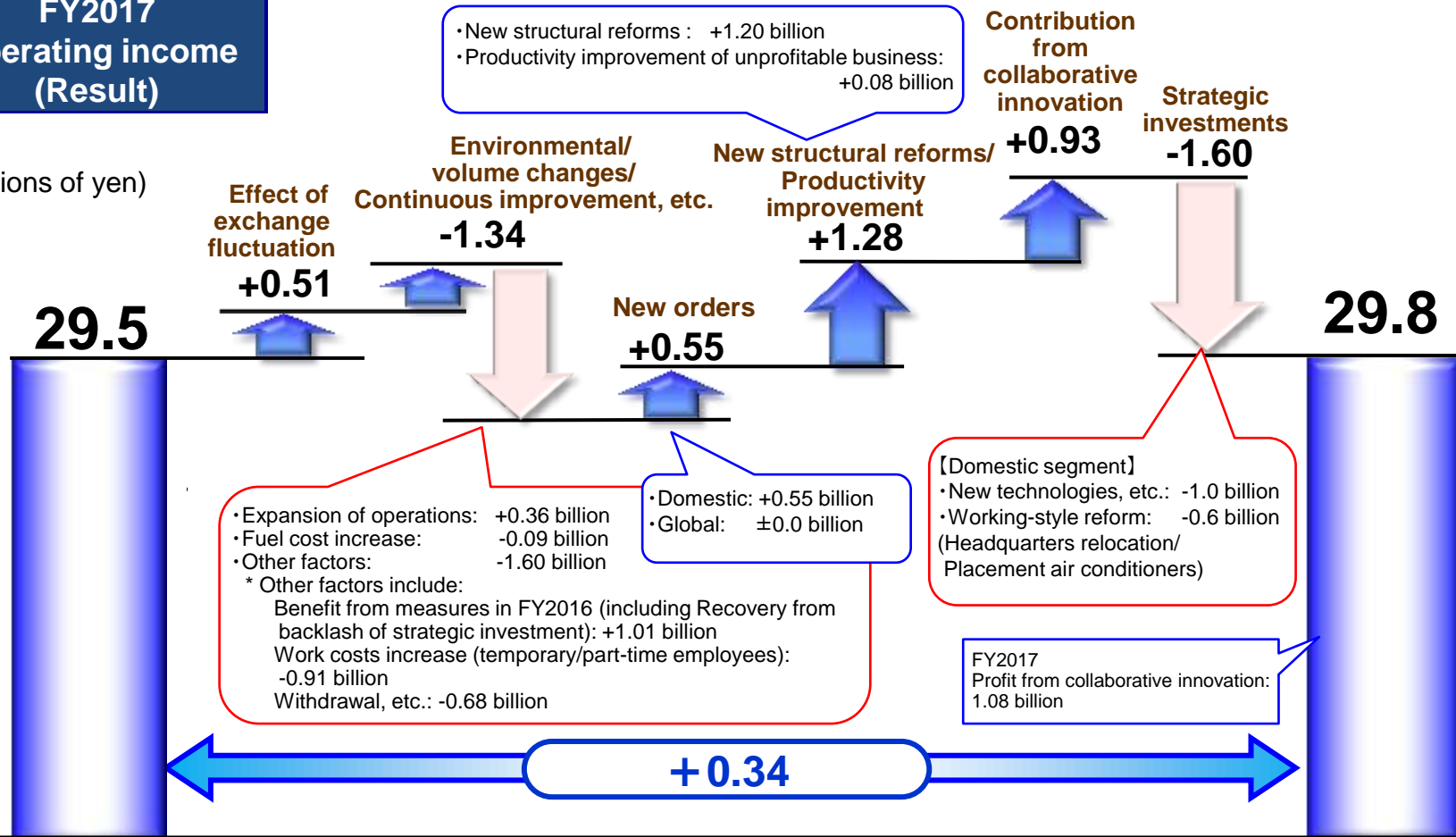
FY2016 (Result)

FY2017 (Result)



FY2017 Operating income (Result)

(Billions of yen)

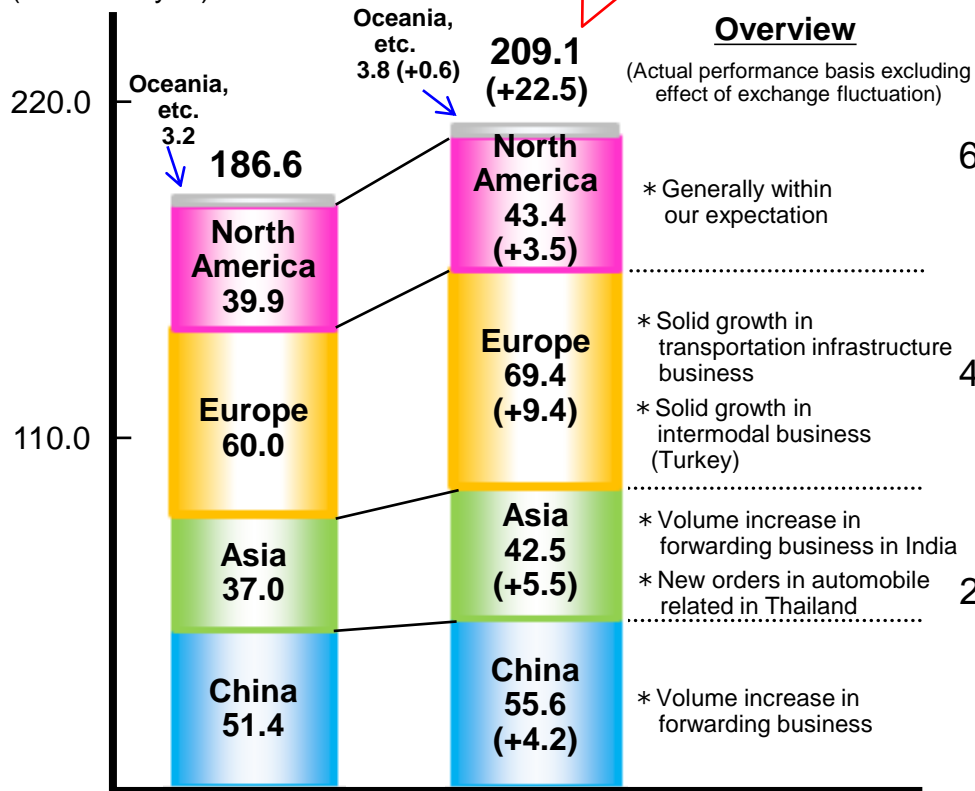


FY2016 (Result)

FY2017 (Result)

Revenues

(Billions of yen)



*Consolidated adjustment, etc. -4.9

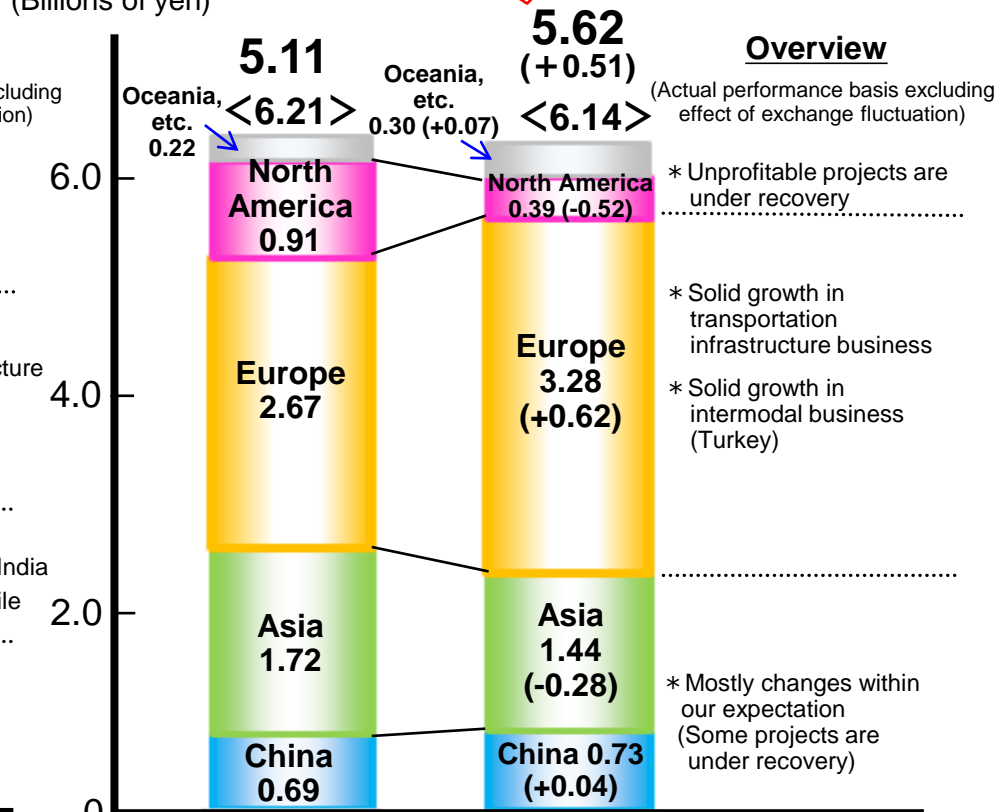
FY2016 (Result)

*Consolidated adjustment, etc. -5.5 (-0.6)

FY2017 (Result)

Operating income

(Billions of yen)



Representative Office Expenses, etc. -1.09

FY2016 (Result)

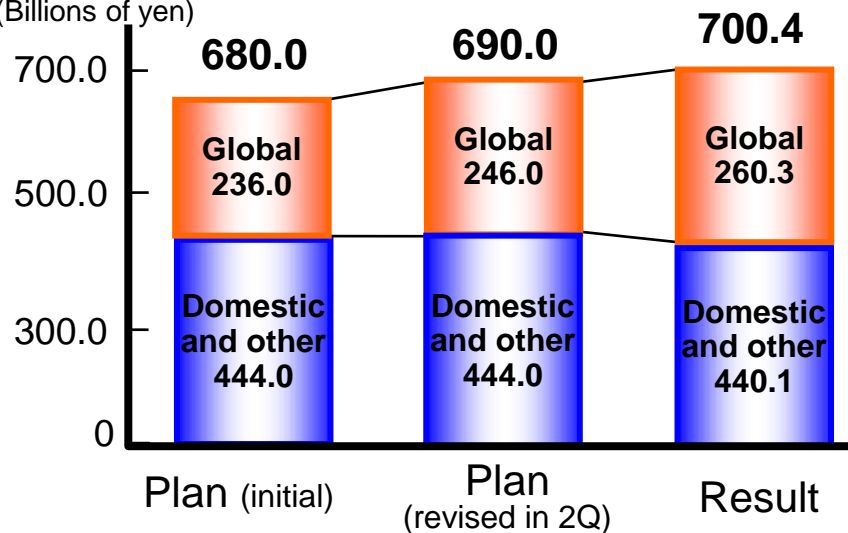
Representative Office Expenses, etc. -0.52 (+0.57)

FY2017 (Result)



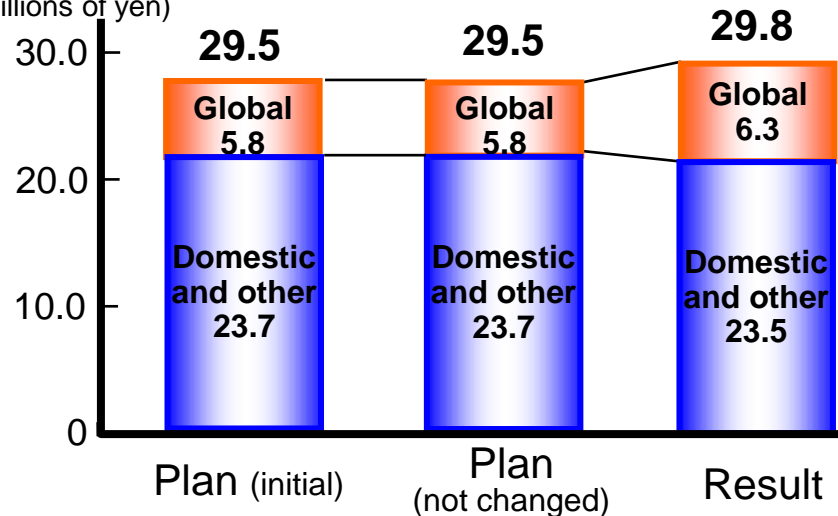
Revenues

(Billions of yen)



Operating income

(Billions of yen)



+20.4 billion yen over initial plan

* Global: +24.3 billion yen

(Effect of exchange fluctuation: +23.5
Volume increase in forwarding, etc.: +0.8)

* Domestic and other: -3.9 billion yen

(Volume decrease due to customers and business environment, etc.: -3.9)

+0.3 billion yen over initial plan

* Global: +0.5 billion yen

(Effect of exchange fluctuation: +1.0 Overseas business : -0.7
Volume increase in forwarding, etc.: +0.2)

* Domestic and other: -0.2 billion yen

(Strategic investment timing gap: +0.5 (2.1→1.6)
Other segment, etc.: -0.7)



FY2017: Trend of New orders/New startups

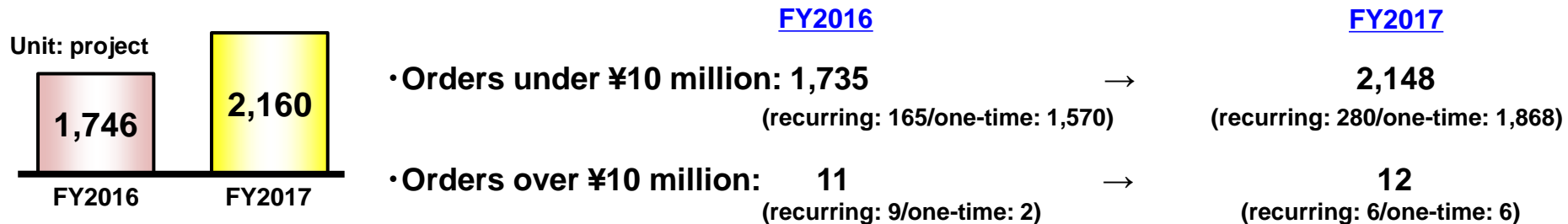
Unit: projects

		FY2016	FY2017	
		Full-year	Full-year	Y o Y
New Startups	Domestic	18	11	-7
	Global	3	7	4
	Total	21	18	-3
New Orders	Domestic	10	24	14
	Global	4	8	4
	Total	14	32	18

(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



Started land transportation service in Southeast Asia

➢ May 2017
Nisshin Transportation started land transportation service in Mekong region (Myanmar – Thailand – China)

Introduced a multi-axle trailer

➢ Nov. 2017
Hitachi City, Ibaraki Prefecture



▲ Multi-axle trailer

Kansai II Medical DC

➢ Feb. 2018
Sanda City, Hyogo Prefecture



Cooperated with a verification experiment using electronic tags

➢ Feb. 2018
Cooperated with a verification experiment of information sharing system for supply chains using electronic tags



Collaboration for auto-tracking transport robot

➢ Sep. 2017
Concluded a collaboration agreement for operation of auto-tracking transport robot with Doog Inc.



Business alliance (basic agreement) with Hitachi Capital

➢ Mar. 2018 *See P.29 for details



Branding

➢ Apr. 2017: Developed Brand Promise
➢ Aug. 2017: Published Brand advertisement
➢ Mar. 2018: Renewed company brochure



Commendations/Recognition from Outside the Company

➢ Jun. 2017
The 18th Logistics Environment Awards:
Logistics Environmental Impact Mitigation
Technology Development Award



➢ Sep. 2017
The 32nd National Forklift Driving Contest
: 1st* and 2nd prizes



*The Minister of Health, Labour and Welfare Award

Headquarters relocation

➢ Aug. 2017
Kyobashi, Chuo-ku, Tokyo

Short TV show/TVCM

➢ October 2017-
TV program on TV Tokyo



➢ Aug. 2017
Japan Packaging Contest 2017:
Appropriate Packaging Award

➢ Nov. 2017
2017 Excellent Business Entities Working on Modal Shift: Award for Excellent Business Entities (new market category)



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

- Companies : 108
- Locations : 731
- Distribution Center : 7.31*
- Employees : 47,784

EUROPE

- 12 Companies
- 76 sites
- 0.51 Mm²
- 4,779 persons

JAPAN

- 26 Companies
- 333 sites
- 4.99 Mm²
- 29,669 persons

NORTH AMERICA*3

- 10 Companies
- 49 sites
- 0.31 Mm²
- 2,914 persons

*3:Including Mexico

EAST ASIA*1

- 34 Companies
- 144 sites
- 0.71 Mm²
- 2,377 persons

*1:China, Hong Kong, Taiwan, Korea

ASIA*2

- 26 Companies
- 129 sites
- 0.79 Mm²
- 8,045 persons

*2:Including Oceania area

* :Million m²

* Number of companies includes SAGAWA EXPRESS CO., LTD.
 * Numbers of sites and warehouse floor space exclude those of SAGAWA EXPRESS CO., LTD.
 * Number of employees excludes associates accounted for by the equity method.



FY2018 Plan



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

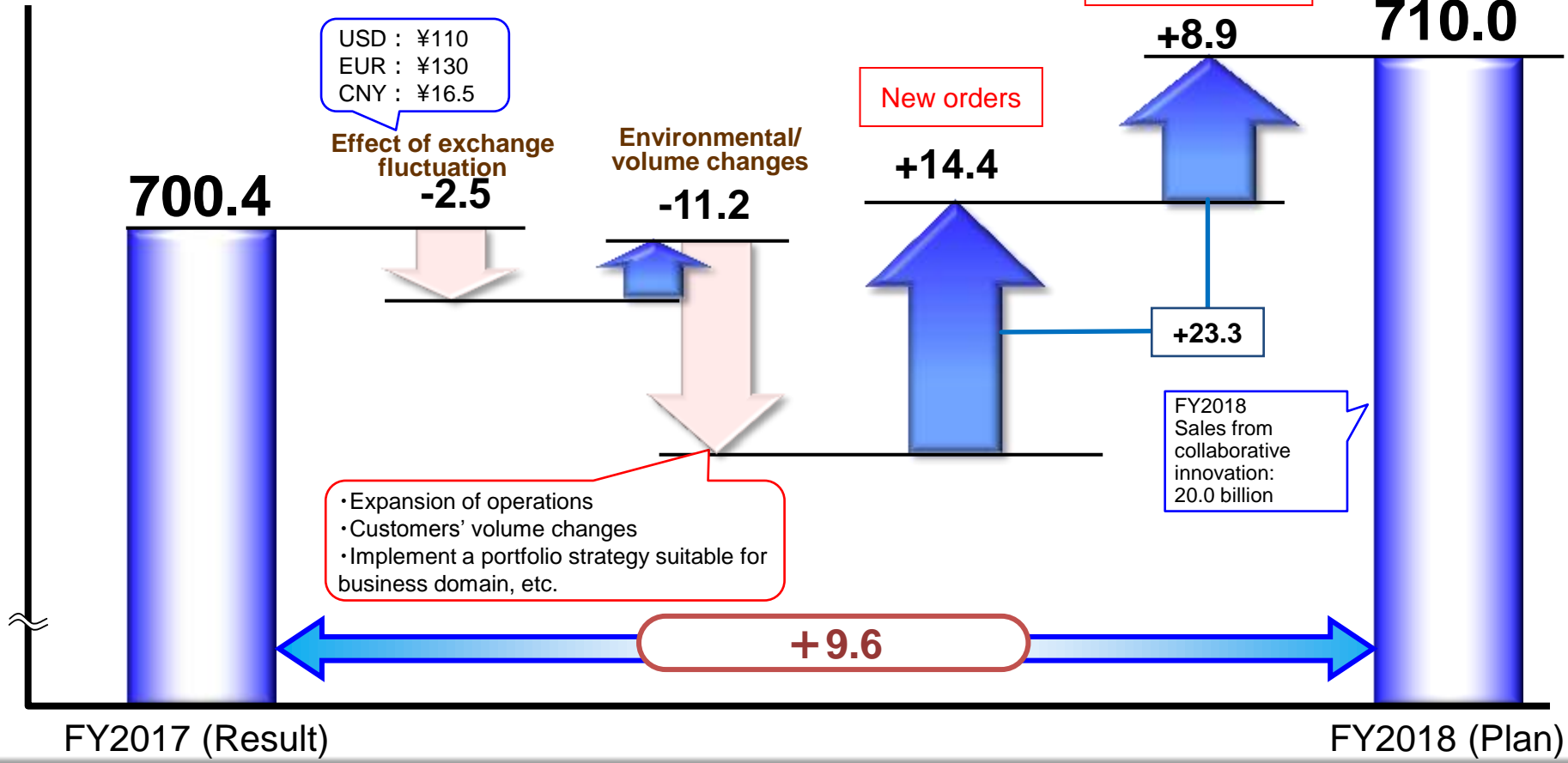
	FY2017		FY2018		
	Results	Plan	Y o Y		
			%	Change	
Revenues	700.4	710.0	101%	9.6	
Operating income	<4.3> 29.80	<4.4> 31.00	104%	1.20	
EBIT (Earnings before interest and taxes)	<4.7> 33.09	<4.9> 34.70	105%	1.61	
Net income attributable to stockholders of the parent company	<3.0> 20.92	<3.0> 21.50	103%	0.58	
ROE	10.7%	9.6%	-	(-1.1%)	
Dividend per share	(*) ¥36	¥39	-	(+¥3)	

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



Revenues (Plan)

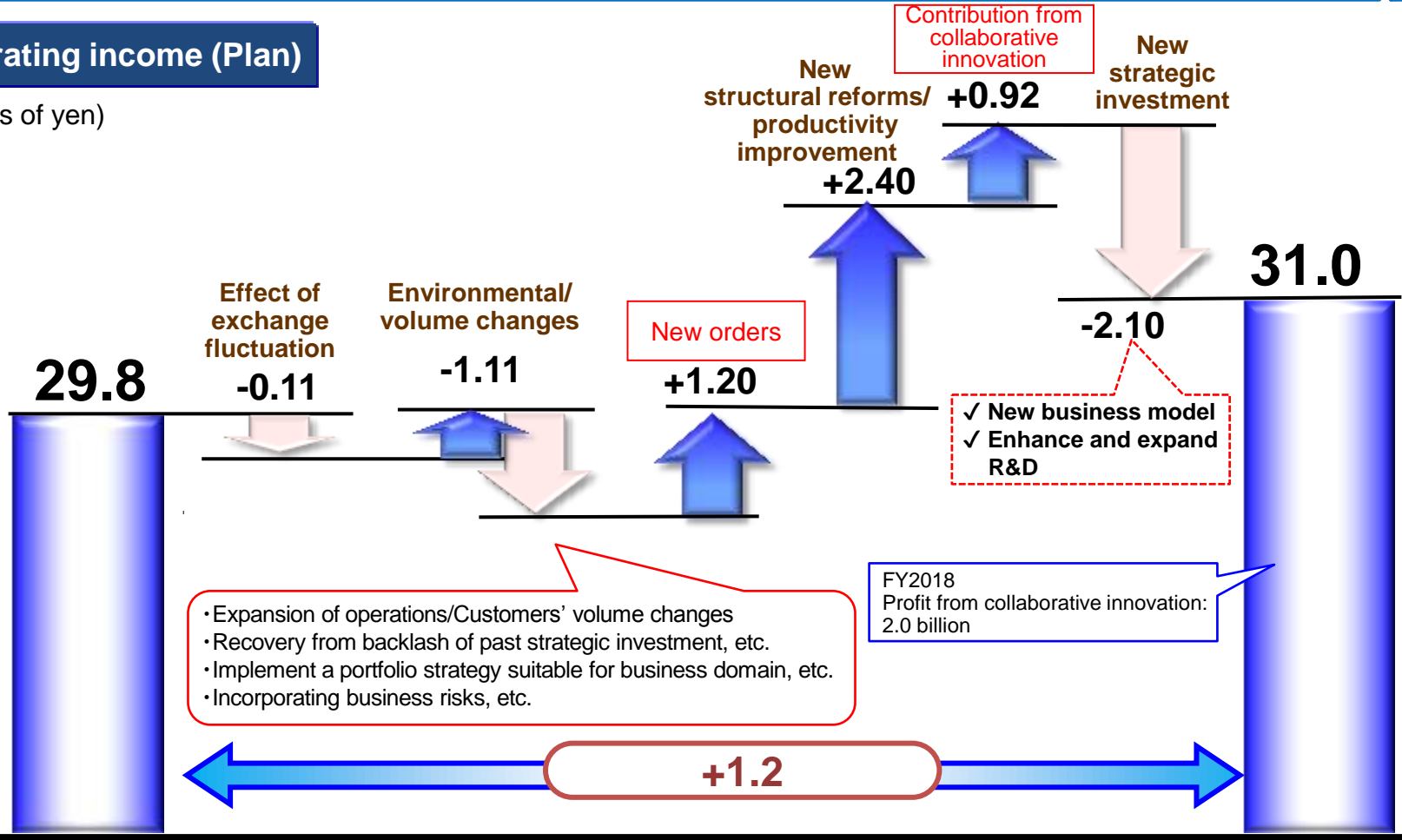
(Billions of yen)





Operating income (Plan)

(Billions of yen)



- Expansion of operations/Customers' volume changes
- Recovery from backlash of past strategic investment, etc.
- Implement a portfolio strategy suitable for business domain, etc.
- Incorporating business risks, etc.

FY2018
Profit from collaborative innovation:
2.0 billion

- ✓ New business model
- ✓ Enhance and expand R&D

FY2017 (Result)

FY2018 (Plan)



Progress of the Mid-term Management Plan

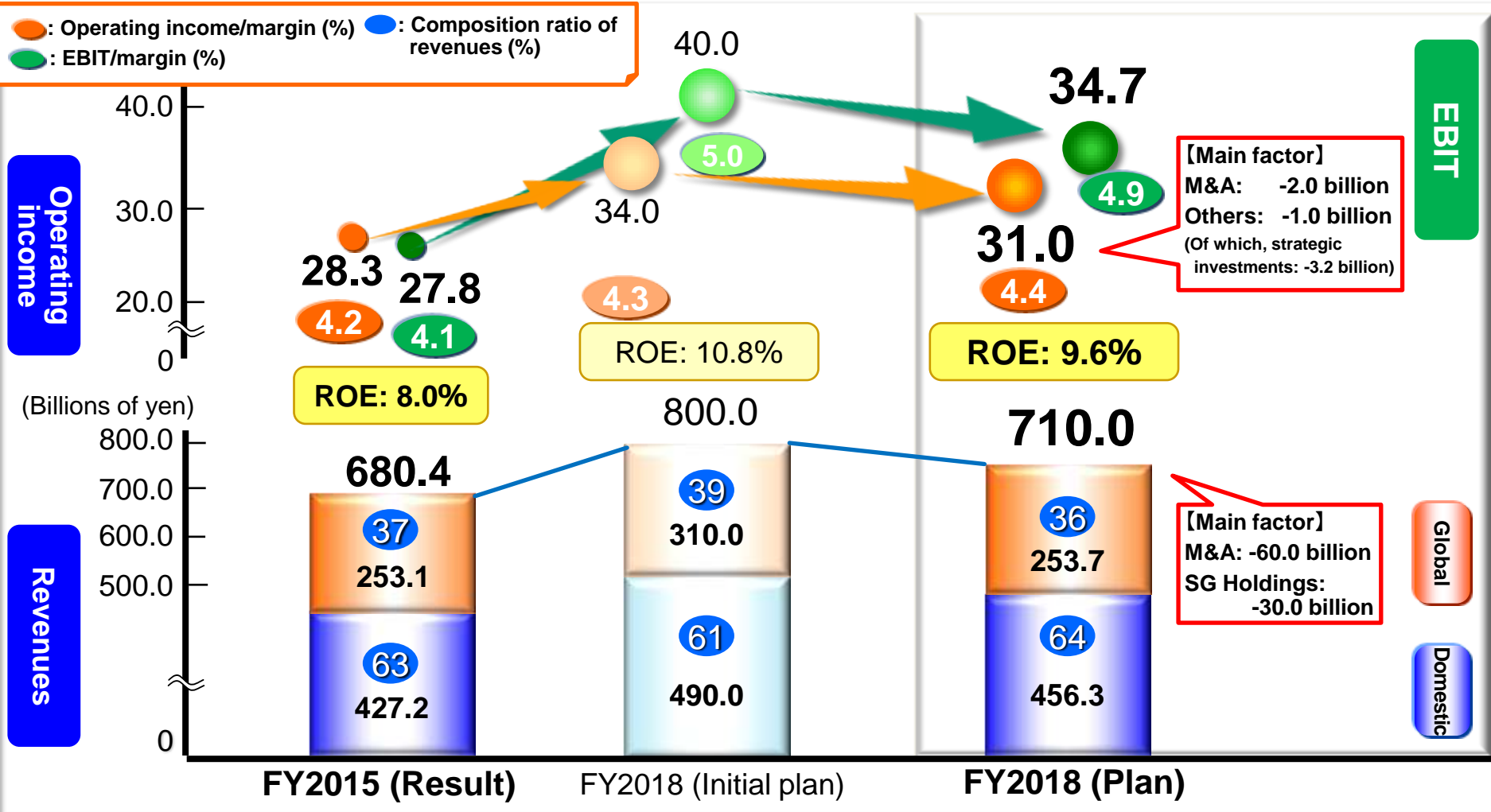
– Value Creation 2018 –

Toward next Mid-term Management Plan



Mid-term Management Plan

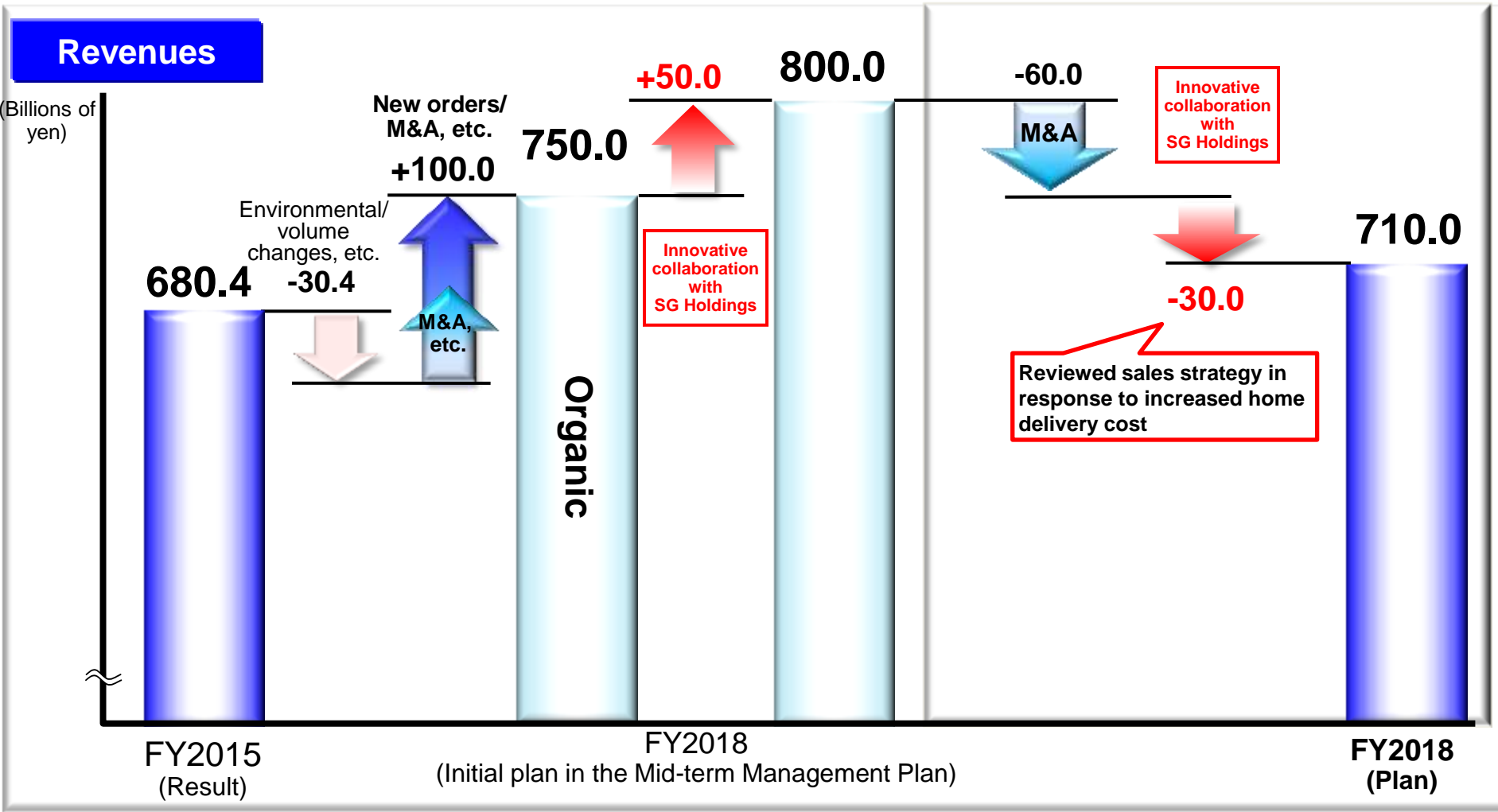
(Announced on May 12, 2016: Deviation from the Mid-term Management Plan)





Mid-term Management Plan

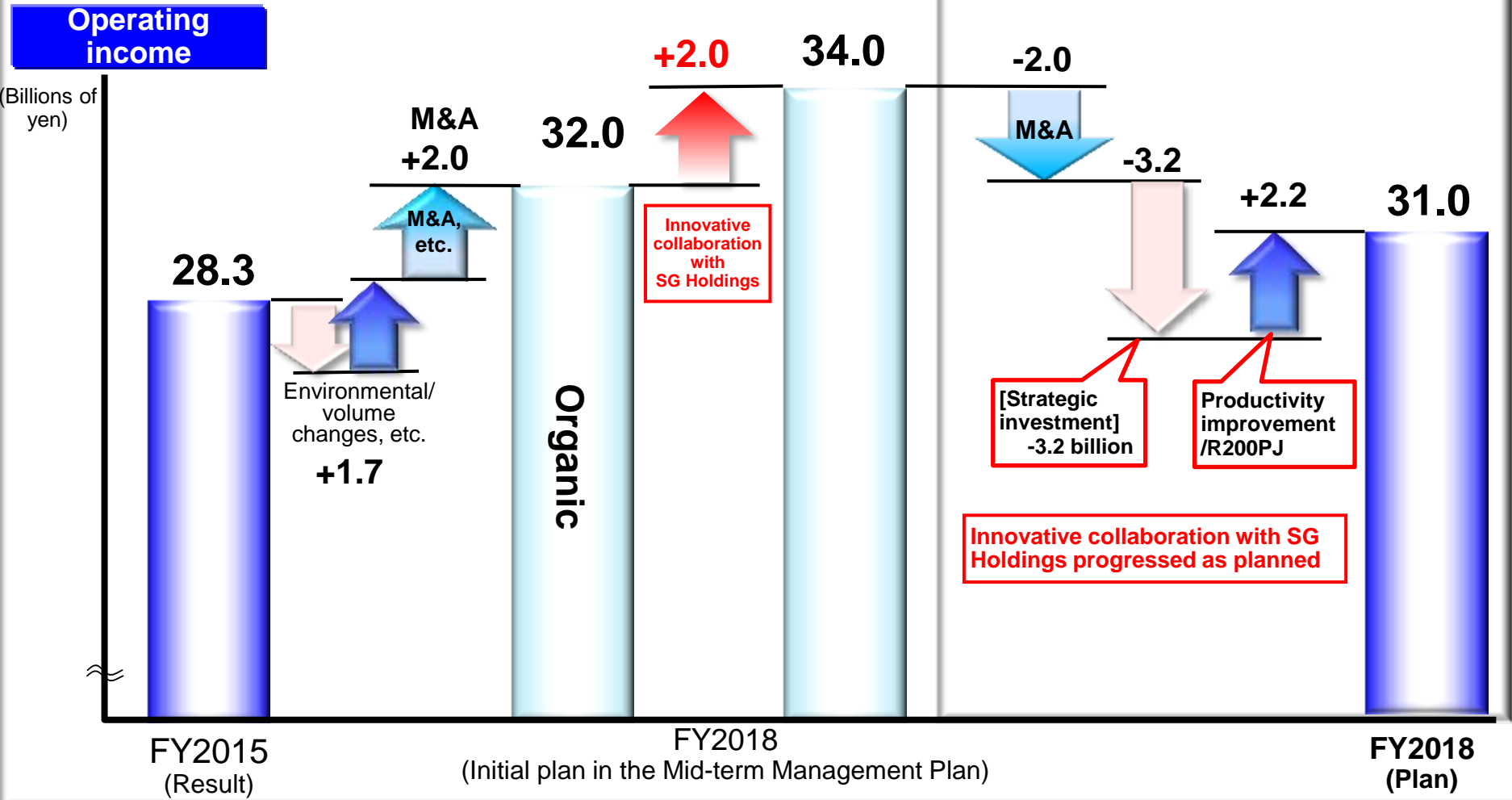
(Announced on May 12, 2016: Deviation from the Mid-term Management Plan)





Mid-term Management Plan

(Announced on May 12, 2016: Deviation from the Mid-term Management Plan)



Future Vision: Global Supply-Chain Solutions Provider

S&H | SAGAWA



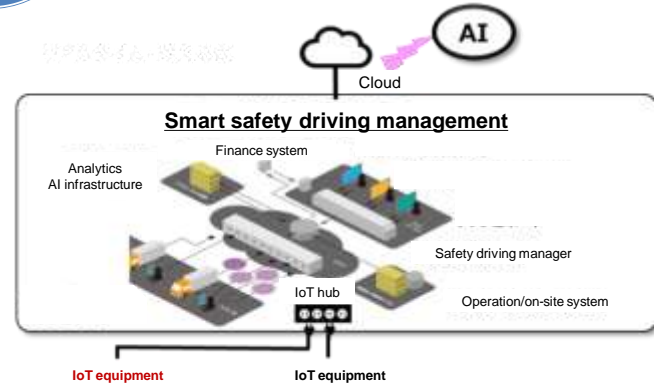
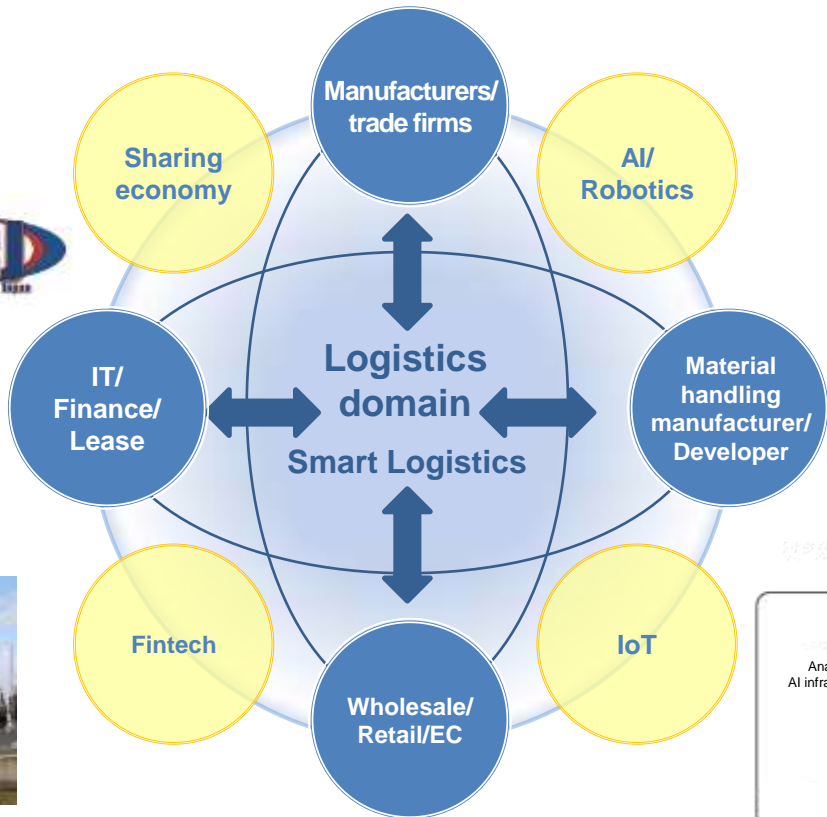
Platform
(Sharing by industry and area)



SCM Finance

Hitachi Capital Corporation

Hitachi High-Tech





Positioning of FY2018

- ✓Mid-term Management Plan: Final year of “Value Creation 2018”
- ✓Preparations and Approach Run for the next Mid-term Management Plan

■ Enhancement of logistics as a function

- ✓Evolve into a SCM partner from a logistics partner
- ✓Enhance and evolve our 3PL business
 - Delivery solution, region-based business development, implementation of smart logistics, industry/area-based Platform Business
- ✓Enhance overseas 3PL business
- ✓Enhance Heavy Machinery and Plant Logistics

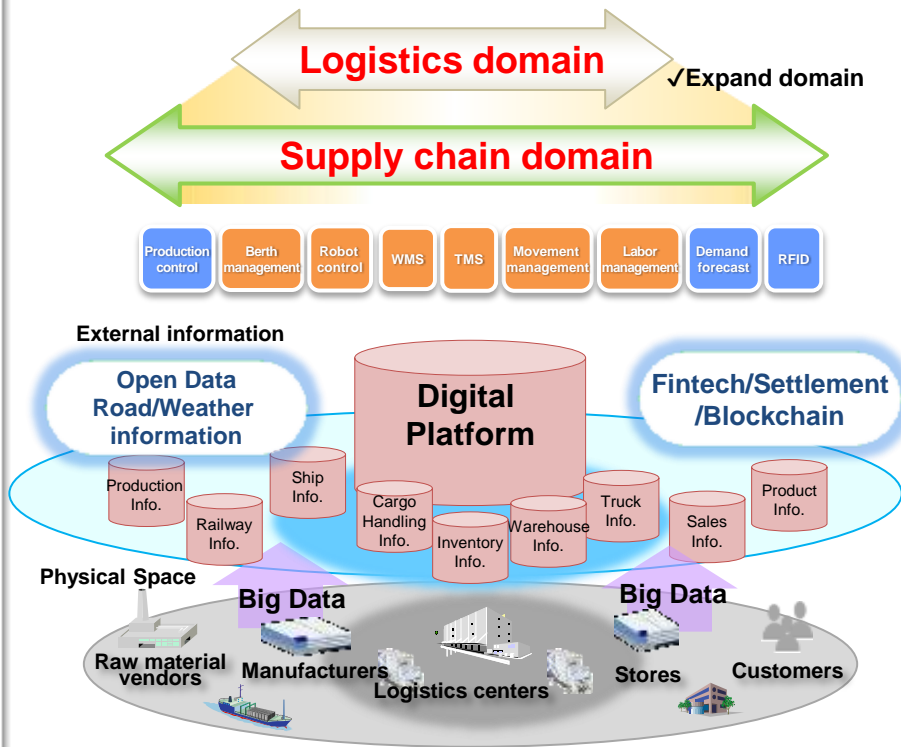
■ Expand collaborative areas across businesses and industries

- ✓Promote collaborative innovation and collaboration with SG Holdings
- ✓Promote vertical and horizontal collaboration in logistics/supply chain domains
- ✓Implement a portfolio strategy suitable for business domain

■ Continue to work on working-style reform

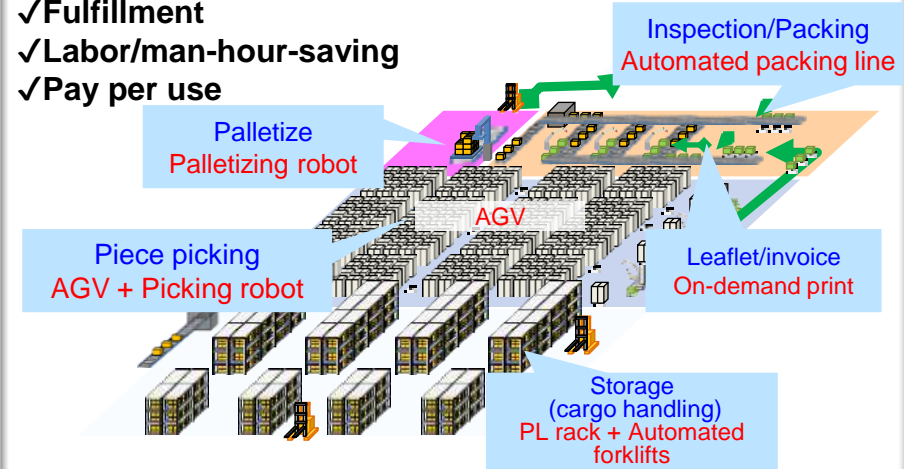
Evolve into a SCM partner from a logistics partner

Establish digital platform and optimize SCM



Platform center for EC

- ✓Fulfillment
- ✓Labor/man-hour-saving
- ✓Pay per use



Smart logistics center directly connected to a factory



Manufacturer (factory)

Logistics center



Industry-based platform

Sports & Shoes Platform Town

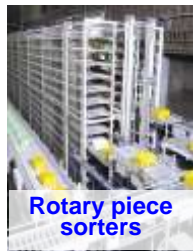
Platform Town by consolidating/optimally allocating sports and shoes sites concentrating in Tokatsu area in Chiba Prefecture



Perspective drawing

Location: Kashiwa City, Chiba Prefecture
Area: 117,000 m²
Handling: Sports-related
Operation start: August 2018

Instruments and technologies to be implemented



Rotary piece sorters



Automated pallet storage system



Movable racks + Automated forklifts

Other than above: new safety technologies, etc.

*** Enhance operations and human resource management by implementing WVS* (mobilization of human resources)**

*Warehouse Visualized System

Area-based platform

Area General Center

[Customers] (Dedicated → General)

Center for accommodating multiple customers

[Area selection]

(Center of gravity of delivery → Focus on employees)
Area selection for securing labor force

[Standardization]

(Tailor-made operation → Standardized operation)
Standardizing operation/system among multiple customers

[Sharing] (Exclusive → Sharing)

Resource sharing (facilities/operators/systems/vehicles)

[Collaborative innovation with SG Holdings Group]

Establishing SAGAWA EXPRESS's terminal on the same site

Survive in each region with unique business model

Europe

- Expand intermodal business from Turkey (Develop to Northern Europe and Central Asia)



North America

- Expand transportation network (Canada – U.S. – Mexico)
- Start operation of next-generation center (Non-Auto field)



Asia

- Expand cross-border logistics within the region (Thailand – Laos – Vietnam)
- Expand cold chain (Start operation of new chilled warehouse)



China

- Expand inland business (Xian, Chongqing, Chengdu)
- Belt and Road (Intercontinental railway transport)





Heavy Machinery and Plant Logistics

■ Enhance initiatives in domestic and overseas heavy electric plant business

- Large thermal power plant project (Indonesia, Bangladesh)
- Petrochemical plant project (Indonesia)

■ Expand railway cars business

■ Expand plant 3PL business

- Expand sales by focusing on SCM finance proposals

■ Expand plant logistics and environment businesses

- Expand recycled resource logistics (using new-type containers, etc.)



■ Collaborative innovation with SG Holdings, etc.

■ Utilize multi-axle trailer

- Collaborative schemes with competitors
- Sharing
→to new field work



Automobile Business

■ Expand transportation network by collaborative innovation

<Enhance transportation capability through collaboration with partners>

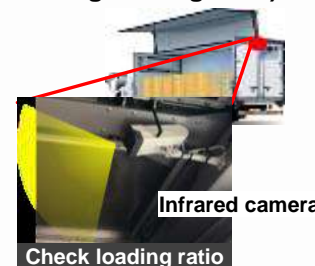
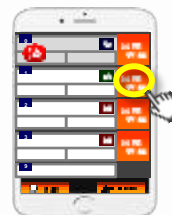
- Effective use of resources
- Establish collaborative system
⇒ Promote alliance with transportation business partners (WIN/WIN relationships)



■ Enhance cost competitiveness by increasing transportation efficiency

- Install “mobile transportation management system (TMS)” to all vehicles
(Improve loading efficiency by visualizing loading ratio)

Mobile TMS



Infrared camera

Check loading ratio

Promote collaborative innovation and collaboration to realize seamless comprehensive logistics service

[Billions of yen]

Item			FY2016		FY2017		FY2018	
			Revenues	Operating income	Revenues	Operating income	Revenues	Operating income
Domestic	3PL/Transportation	Cross-selling/optimization	1.80	0.12	10.1	0.97	-	-
	Others	Heavy Machinery and Plant Logistics, etc.	0.10	0.02	0.10	0.02	-	-
	Subtotal		1.90	0.14	10.3	0.99	18.6	1.84
Global	3PL/Transportation	Cross-selling/optimization			0.10	0.01	-	-
	Others	Heavy Machinery and Plant Logistics/Forwarding, etc.	0.10	0.01	0.60	0.07	-	-
	Subtotal		0.05	0.01	0.70	0.08	1.10	0.12
Others	Others	Vehicles leasing/Travel business, etc.	0.03	0.00	0.20	0.01	-	-
	Subtotal		0.03	0.00	0.20	0.01	0.30	0.04
Total	3PL/Transportation	Cross-selling/optimization	1.80		10.2	0.98	-	-
	Others	Heavy Machinery and Plant Logistics/Forwarding, etc.	0.20	0.03	0.90	0.10	-	-
	Collaborative Innovation Effect () : Operating margin		(7.5%) 2.00	0.15	(9.7%) 11.1	1.08	(10.0%) 20.0	2.00



Generate collaborative innovation projects in various regions nationwide

Hokkaido/Tohoku area

- * Installation work of agricultural equipment parts

Kansai area

- * Warehouse operation through collaboration with SG Holdings Group (cosmetics)
- * Opened sales office of SG Holdings Group inside HTS sales office



Kyushu area

- * Warehouse operation through collaboration with SG Holdings Group (electrical machinery/industry)



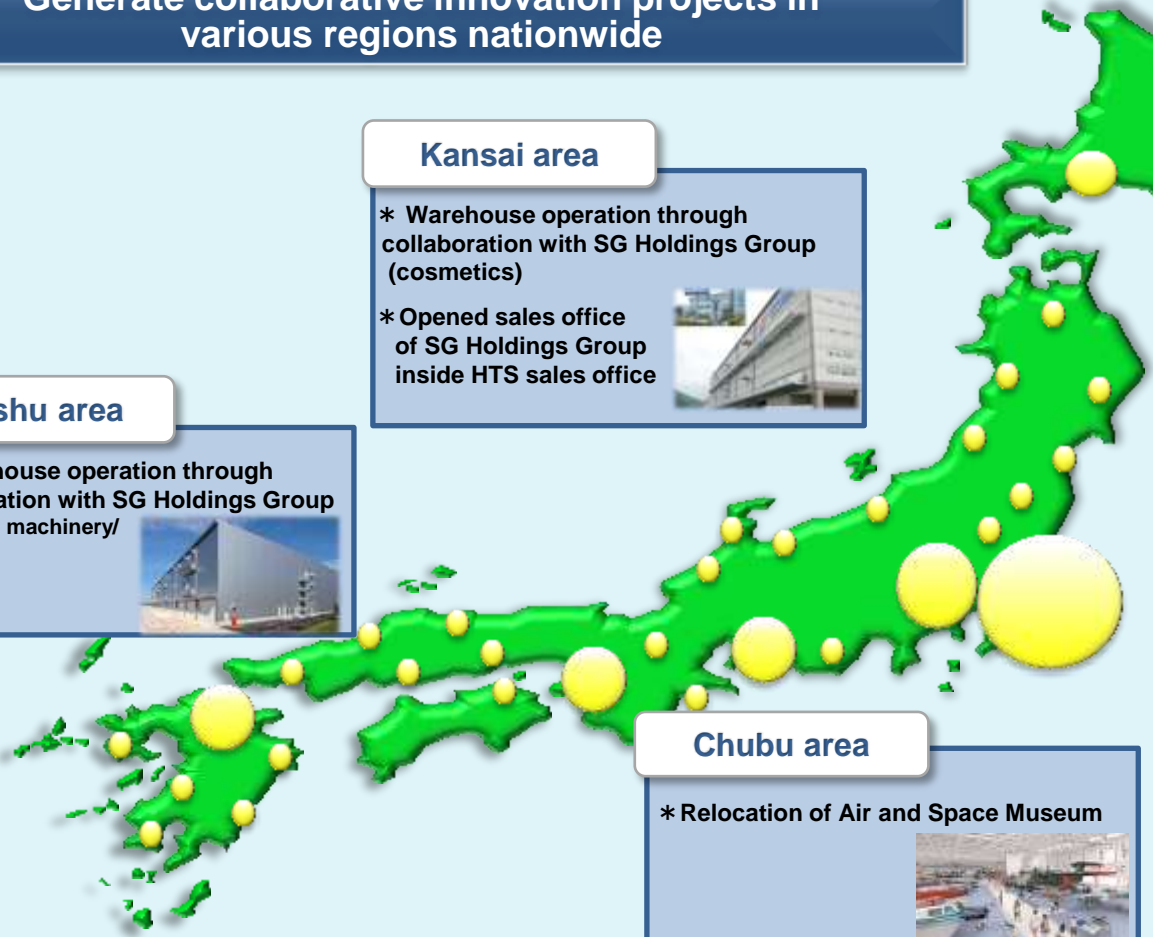
Kanto area

- * In-plant delivery service in Hitachi Group's factories
- * Opened a satellite location of SG Holdings Group within our center
- * Cross-selling (3PL: apparel, distribution, retail)
- * Relocation of complex facility in Tokyo
- * "Undertaking line-haul trucking" "Year-end special operations" by VANTEC vehicles



Chubu area

- * Relocation of Air and Space Museum





Promote collaboration in cross-selling projects

Full-scale operation of projects

■ Ongoing projects (extract)

- 2018 -

March: EC of industrial tools

March: Tire manufacturer

April: Retail products

May (scheduled) : SNS related

May (scheduled) : Apparel manufacturer, etc.



Expand solution business

• Sales approach to SG Holdings' customers (LCM* support of information equipment, etc.)

*Life Cycle Management

Proposed (ongoing) projects: Approx. 20 billion yen (full-year contribution)

Mutual use of facilities (promote sharing)

Opened SAGAWA EXPRESS's sales office within HTS Group site

■ Overview of distribution center

Location: Otokuni-gun, Kyoto Prefecture
Schedule: Operations started in April 2018

<Effects>

- (1) Having SAGAWA's sales office on the same site allows flexible shipping lead time
- (2) Improve utilization rate of HTS Group's facilities



HTS Group Oyamazaki AE sales office
(top left: sales office of SAGAWA EXPRESS)

Basic Agreement on Business Alliance with Hitachi Capital



Purpose of business alliance

Promote various measures toward **realization of new innovations through “Finance, Commerce, Logistics and Information”** by expanding collaborative innovation areas across businesses and industries, while especially focusing on enhancement of finance and logistics as a function

Particulars of business alliance

- (1) The details of the alliance are being discussed and considered by both companies
- (2) **Partial transfer of shares of Hitachi Auto Service (under discussion/consideration)**
⇒ Enhance collaboration with **“Vehicle Solutions Business”*** of Hitachi Capital

Timeline

- Business alliance agreement: Late June 2018 (Scheduled)
- Share transfer of Hitachi Auto Service: Late July 2018 (Scheduled)

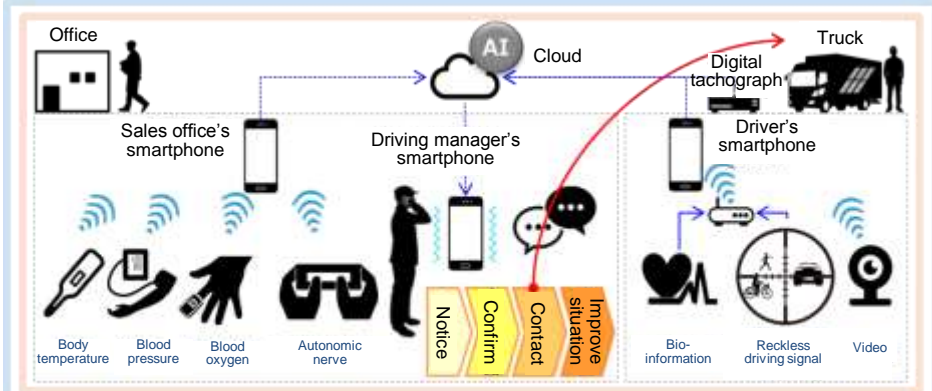
* A business model that addresses the needs of customers by providing not only vehicle-related finances but comprehensive solutions combining various services including maintenance and insurance, etc.



Joint development through industry-academia collaboration aiming at realization of zero-accident society

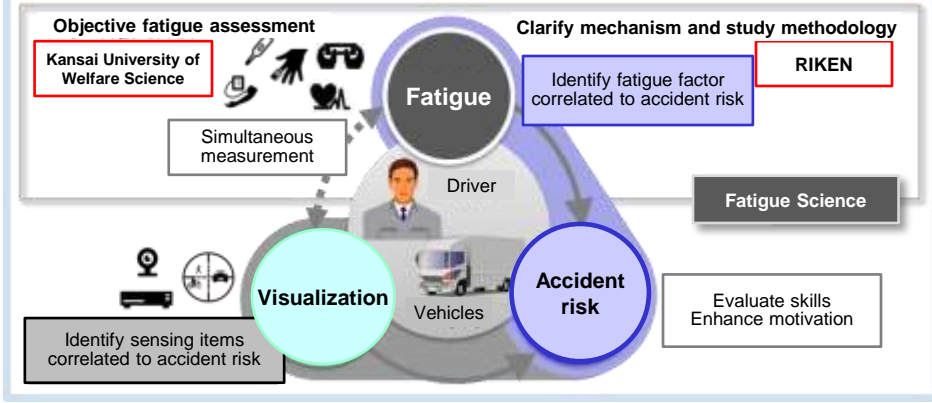
Smart safety driving management system

(Started joint development with Hitachi Capital Auto Lease Corporation, RIKEN*, Kansai University of Welfare Science, and Hitachi, Ltd.)



- #### Outline of solutions
- (1) **Collect** drivers' information of before/during operations **into Cloud**
 - (2) **AI** identifies situations affecting accidents and Hiyari-Hatto (near-miss)
 - (3) **Give a real-time warning** to the driver and driving manager

▶ **Joint development with scholars of "Fatigue Science"**
(Pursue safety/quality through accident risk assessment/measures)



- #### Advantages for users
- (1) Establish **working environment to protect drivers** and reduce loss cost by **preventing accidents**
 - (2) **Reduce workload and improve efficiency** for driving manager by digitalization
 - (3) Improve safety and quality and **visualize** quality indicator

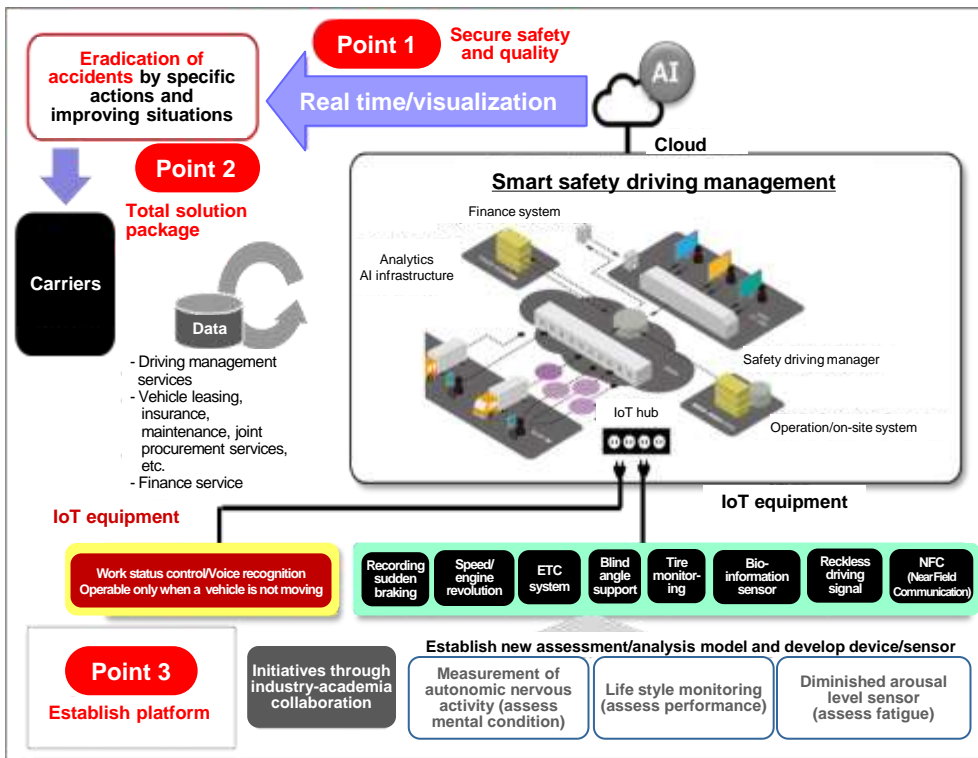
▶ **Total support to carriers**
Reduce drivers' workload and improve working environment

* RIKEN Center for Biosystems Dynamics Research



Develop Vehicle Solution System for safe driving not depending on drivers

Smart safety driving management system



Future development

- (1) Utilize IoT to realize zero-accidents and reduce loss costs
- (2) Establish advanced driving management system/safety education system
- (3) Provide total solution package including vehicle leasing/insurance/maintenance/joint procurement function
(Collaborate with Hitachi Capital: New innovation through "Finance, Commerce, Logistics, and Information")

Future vision

- Reduce cost and increase the number of vehicles by sharing procurement function
- Contribute to maintenance business through predictive analytics
- Implement the system as standard equipment through collaborative innovation with truck manufacturers
- Expand sales to bus/taxi industries

Expand ecosystem into a lifeline to support lifestyle



Expand Racrew* operation area

**March 2018: implemented 50 more Racrew*s
(25 → 75)**

Location: Distribution center in Chiba Prefecture

Products: sports related

【Racrew Area】

400 tsubo (1,320㎡) ⇒ 870 tsubo **(2,880㎡)**

【Work station】

10 stations ⇒ **26 stations**



Take preemptive measures against volume increase, future labor shortage and labor cost increase by expanding the use of Racrew*

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

Fully implement spectacle-type wearable device

April 2018: implemented 10 devices

Location: Distribution center in Tokyo

Products: electrical machinery



Improve operational efficiency by using wearable device



Diversity & Inclusion

- Create working environment enabling diversified human resources to demonstrate their abilities
(Promote active participation by female workers, improve treatment of elderly employees, etc.)
- Utilize diversified human resources
(Promote work-at-home system/work at satellite office)

Improve on-site environment including logistics centers, etc.)

- Establish and invigorate systems and activities relating to health (hygiene) management for the entire Group
(Establish basic policy for health management, etc.)

Standardize systems (improve workers' treatment, etc.)

- Standardize systems including operation at group companies and on-site level
(Wage system, working system, etc.)

Education for all employees

- Enhance business operation capabilities through a unified training system within the Group
(Review training for on-site workers and offer training for necessary knowledge)

“Secure, retain and foster human resources” and “Improve productivity,” continue to work on working-style reform reflecting revisions of laws and regulations

Environment (Promoting green logistics)

- Comply with environmental laws
- Enhance environmental management
- Reduce environmental load
(Use of double-trailer trucks etc.)



△ Introduce LED lighting

Society

- Coexist with local communities
- Enhance safety and quality
(safety caravan in domestic and overseas, etc.)



△ Road safety classroom (Turkey)

Corporate Governance

- Ensure to bear in mind the notion of
“Basics and Ethics”
(Enhance compliance and governance)

Material issues of the HTS Group

- FY2017: Identified key 15 categories* and formulated 4 focused sectors

Those **inside** ● represent the Group's source of competitiveness (competence).



*Identified material issues (key 15 categories) based on understanding and prioritization of social and environmental issues and expectations, referring to global common standards such as Global Reporting Initiative (GRI) guideline, ISO26000, UN Global Compact and SDGs.

The Hitachi Transport System Group will exceed the domain of Smart Logistics and start our new business concept **“LOGISTEED”** which reflects the Group’s commitment toward our brand slogan **“Taking on the Future.”**

[LOGISTEED]: LOGISTICS + Exceed, Proceed, Succeed & Speed

LOGISTEED is a word representing our determination to lead businesses to new domain beyond the conventional domain of logistics.

SMART LOGISTICS
to bring business
into the future



LOGISTEED

Taking on the Future



Hitachi Transport System



Supplementary Material

< Financial Position, Cash Flows, etc.>



(Unit : 100 Million yen)

	FY2016	FY2017	
	As of Mar. 31, 2017	As of Mar. 31, 2018	Y o Y
(Assets)			
Current assets	2,049	2,202	153
Non-current assets	3,451	3,448	-3
Total	5,499	5,649	150
(Liabilities)			
Current liabilities	1,511	1,478	-33
Non-current liabilities	2,079	2,088	9
Total	3,590	3,566	-24
(Equity)			
Equity attributable to stockholders of the parent company	1,875	2,043	168
Non-controlling interests	34	40	5
Total	1,909	2,083	174
Total liabilities and equity	5,499	5,649	150



(Unit : 100 Million yen)

	FY2016	FY2017	
	Full Year	Full Year	Y o Y
Net cash provided by operating activities	264	279	16
Net cash used in investing activities	-690	-62	628
Net cash provided by (used in) financing activities	556	-164	-720
Effect of exchange rate changes on cash and cash equivalents	-6	7	13
Net increase in cash and cash equivalents	123	60	-63
Cash and cash equivalents at beginning of year	451	575	123
Cash and cash equivalents at end of year	575	635	60



Financial Indicator etc.

		FY2016		FY2017	
Total equity attributable to stockholders of the parent company*1	(100 Million yen)	34.1	1,875	36.2	2,043
Total equity per share attributable to stockholders of the parent company	(Yen)		1,680.70		1,831.72
Basic earnings per share attributable to stockholders of the parent company	(Yen)		167.66		187.50
Return on equity (ROE) (annual)	(%)		10.3		10.7
Return on assets (ROA)(annual)	(%)		3.7		3.8
Price book-value ratio (PBR)	(Ratio)		1.38		1.63

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

Major Operating Expenses (Unit: 100 Million yen, (): composition ratio (%))

	FY2016		FY2017			
	Full Year		Full Year		Y o Y	
					% change	change
Subcontract Expenses	(49.9)	3,318.7	(50.7)	3,554.1	107%	235.4
Personnel Expenses	(24.3)	1,616.7	(23.8)	1,667.9	103%	51.1
Rent Expenses	(7.6)	503.4	(7.4)	515.8	102%	12.4
Depreciation Expenses	(2.8)	187.4	(2.7)	190.2	101%	2.7



Capital Expenditures

(Unit: 100 Million yen)

	FY2016	FY2017	FY2018
	Full Year	Full Year	Full Year (Plan)
Purchased Assets ^{*1}	156.7	130.1	246.0
(Reference) Leased Assets ^{*2}	217.7	254.6	464.7
(Reference) Depreciation Expenses	187.4	190.2	198.4

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

(Ref.) Number of Employees^{*1}

(Unit: Person)

	FY2016	FY2017	FY2018
	Full Year	Full Year	Full Year (Plan)
Regular Employees	25,274	25,074	25,818
Employees and others ^{*2}	22,665	22,710	22,746
Consolidated	47,939	47,784	48,564

*1. Excluding employees of associates accounted for by the equity method.

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

**Reference**

Results by Business Category (estimated)

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

		FY2017 (Result)				FY2018 (Plan)			
		Revenues	Operating income	Operating margin		Revenues	Operating income	Operating margin	
	Domestic	3,504	180.7	5.2%	(5.2%)	3,637	180.6	5.0%	(5.0%)
	Global	1,249	57.8	4.6%	(5.0%)	1,312	59.6	4.5%	(4.9%)
	3PL	4,753	238.5	5.0%	(5.1%)	4,949	240.2	4.9%	(5.0%)
	Domestic	508	8.3	1.6%	(2.5%)	518	7.5	1.4%	(2.3%)
	Global	610	7.6	1.2%	(2.2%)	491	8.3	1.7%	(2.8%)
	Forwarding	1,118	15.9	1.4%	(2.3%)	1,009	15.8	1.6%	(2.5%)
	Domestic	674	19.2	2.9%	(4.1%)	707	26.0	3.7%	(4.9%)
	Global	235	3.3	1.4%	(1.9%)	220	7.1	3.2%	(3.7%)
	Automobile	908	22.6	2.5%	(3.5%)	927	33.0	3.6%	(4.6%)
	Other services	224	21.1	9.4%	(9.4%)	215	20.9	9.7%	(9.7%)
	Total	7,004	298.0	4.3%		7,100	310.0	4.4%	

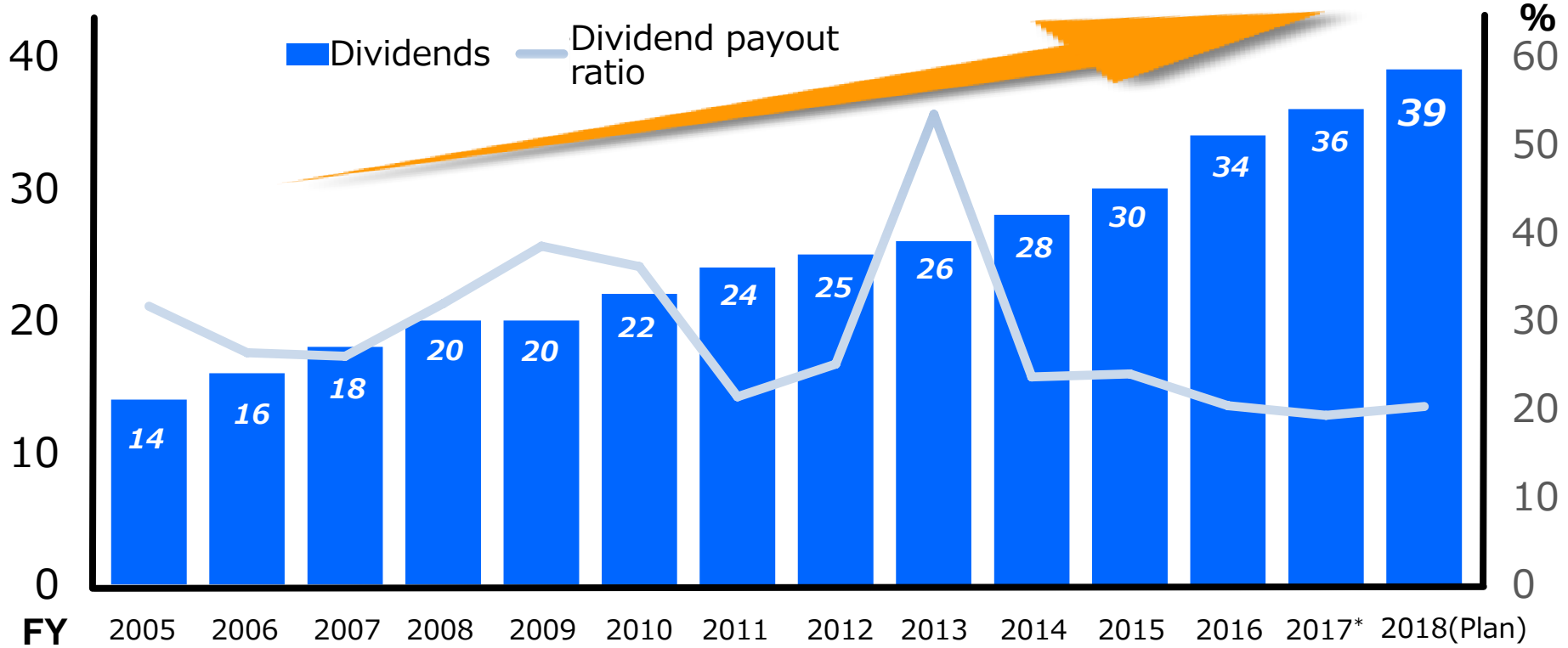
*. Company-wide expenses is planed to partly change the method of allocation from FY2017. FY2017(Result) and FY2018(Plan) are reflected this alternation.



Trend of Dividends and Dividend payout ratio (from FY2005 to FY2018)

Yen per share of stock

Continue stable dividends



J-GAAP

IFRS

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

April 27, 2018

FY2017
(Year Ended March 31, 2018)
Financial Results Briefing

 **Hitachi Transport System, Ltd.**