

October 30, 2019

**Consolidated Financial Results
for the 2nd Quarter of FY2019
(Supplementary Material)**

 **Hitachi Transport System, Ltd.**

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1. Financial Results by Group

[Unit: 100 million yen]

			FY2019						Full year Forecast (As of Oct.30)	
			2Q (Jul.-Sep. 2019)			1H (Apr.-Sep. 2019)				
			Result	Year on year		Result	Year on year			
				% change	change		% change	change		
Revenues	Organic ^{*1}	Domestic Logistics	941	104%	39	1,856	104%	74	-	
		Global Logistics	Overseas	413	92%	-37	847	95%	-48	-
			Allocated to domestic companies ^{*2}	83	66%	-42	167	65%	-91	-
			Total	496	86%	-79	1,014	88%	-139	-
		Other Services ^{*3}	49	89%	-6	93	88%	-12	-	
	total	1,486	97%	-47	2,963	97%	-77	-		
	VANTEC Group	Domestic Logistics	167	91%	-16	329	91%	-33	-	
		Global Logistics	Overseas	81	89%	-10	164	89%	-20	-
			Allocated to domestic companies ^{*2}	0	-	0	0	-	0	-
			Total	81	89%	-10	164	89%	-20	-
	total	248	90%	-26	493	90%	-53	-		
	Consolidated Adjustment		-24	-	7	-48	-	13	-	
	Total	Domestic Logistics	1,102	102%	25	2,175	102%	47	4,489	
		Global Logistics	Overseas	486	92%	-41	993	[96%]	95%	-56
			Allocated to domestic companies ^{*2}	76	64%	-42	152	[92%]	63%	-91
Total			562	87%	-83	1,146	[96%]	89%	-148	
Other Services ^{*3}		46	85%	-8	86	85%	-15	179		
total	1,710	96%	-66	3,408	97%	-116	7,000			
Adjusted Operating Income	Organic ^{*1}	Domestic Logistics	57.7	127%	12.3	111.8	120%	18.4	-	
		Global Logistics	Overseas	17.0	105%	0.8	33.8	105%	1.7	-
			Allocated to domestic companies ^{*2}	0.8	-	1.1	1.1	-	1.5	-
			Total	17.8	112%	1.9	34.9	110%	3.3	-
		Other Services ^{*3}	2.5	50%	-2.6	6.8	90%	-0.8	-	
	total	78.0	117%	11.6	153.5	116%	20.9	-		
	VANTEC Group	Domestic Logistics	8.7	107%	0.6	13.7	87%	-2.1	-	
		Global Logistics	Overseas	1.6	71%	-0.7	3.2	62%	-2.0	-
			Allocated to domestic companies ^{*2}	0.0	-	0.0	0.0	-	0.0	-
			Total	1.6	71%	-0.7	3.2	62%	-2.0	-
	total	10.3	99%	-0.1	16.9	81%	-4.1	-		
	Amortization of Customer-related intangible assets of VANTEC Group etc.		-2.5	-	-0.0	-5.2	-	-0.1	-	
	Total	Domestic Logistics	64.3	125%	12.8	121.4	115%	16.2	251.5	
		Global Logistics	Overseas	18.2	101%	0.1	35.9	[102%]	99%	-0.3
			Allocated to domestic companies ^{*2}	0.8	-	1.1	1.1	[+3.7]	-	1.5
Total			19.0	107%	1.3	37.1	[114%]	103%	1.2	
Other Services ^{*3}		2.5	50%	-2.6	6.8	90%	-0.8	12.5		
total	85.8	115%	11.5	165.2	111%	16.7	340.0			
Earnings Before Interest and Taxes (EBIT)		100.9	150%	33.4	195.9	132%	47.7	402.0		
Net income attributable to stockholders of the parent company		61.1	187%	28.4	108.8	131%	25.6	220.0		

✓ Figures in [] are percentages of Y on Y changes excluding the impact of deconsolidation of Nisshin Transportation Gr. (One of them shows a Y on Y difference.)

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

*2.Forwarding and others.

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

2. Detail of Variations for Revenues

(1) Revenues

[Unit: 100 million yen]

2Q (Jul.-Sep. 2019)								1H (Apr.-Sep. 2019)							
Environmental /volume changes	Effect of exchange fluctuation	Impact of exclusion of Nisshin from the scope of consolidation	Implmnt of portfolio strategy	New orders	New collaborative innovation	Impact of adopting IFRS 16, etc.	Total	Environmental /volume changes	Effect of exchange fluctuation	Impact of exclusion of Nisshin from the scope of consolidation	Implmnt of portfolio strategy	New orders	New collaborative innovation	Impact of adopting IFRS 16, etc.	Total
-36	-27	-50	-15	49	16	-3	-66	-79	-40	-94	-24	94	32	-5	-116

(2) Adjusted Operating Income

2Q (Jul.-Sep. 2019)									
Environmental /volume changes	Effect of exchange fluctuation	Impact of exclusion of Nisshin from the scope of consolidation	Implmnt of portfolio strategy	New orders	New collaborative innovation	Impact of adopting IFRS 16, etc.	Productivity improvement	Strategic investments	Total
-5.3	-1.2	-2.1	-0.8	4.0	2.3	5.3	9.7	-0.4	11.5
1H (Apr.-Sep. 2019)									
Environmental /volume changes	Effect of exchange fluctuation	Impact of exclusion of Nisshin from the scope of consolidation	Implmnt of portfolio strategy	New orders	New collaborative innovation	Impact of adopting IFRS 16, etc.	Productivity improvement	Strategic investments	Total
-11.7	-2.1	-3.2	-1.2	8.0	4.4	13.3	15.1	-5.9	16.7

3. Overseas Business

[Unit: 100 million yen]

	Revenues						Adjusted Operating Income					
	2Q (Jul.-Sep. 2019)			1H (Apr.-Sep. 2019)			2Q (Jul.-Sep. 2019)			1H (Apr.-Sep. 2019)		
	Result	Year on year		Result	Year on year		Result	Year on year		Result	Year on year	
		% change	change		% change	change		% change	change		% change	change
North America	110	96%	-4	220	98%	-5	6.1	216%	3.3	8.3	139%	2.3
Europe ^{*1}	162	94%	-10	330	93%	-23	10.6	138%	2.9	21.9	126%	4.5
Asia (excluding China)	101	90%	-11	202	90%	-23	3.2	60%	-2.2	6.8	66%	-3.4
China	112	84%	-22	239	93%	-18	1.3	43%	-1.7	2.3	42%	-3.1
Others	10	103%	0	20	106%	1	0.7	78%	-0.2	1.1	74%	-0.4
Elimination of intra-company transactions, etc. ^{*2}	-9	-	6	-17	-	12	-3.7	-	-2.0	-4.5	-	-0.2
Total	486	92%	-41	993	95%	-56	18.2	101%	0.1	35.9	99%	-0.3

*1. Turkey is treated as an European country.

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

4. Financial indicators, etc.

		FY2018		FY2019	
		As of Mar. 31, 2019		As of Sep. 30, 2019	
Total assets	(100 Million yen)	6,125		8,780	
Total equity attributable to stockholders of the parent company ^{*1}	(100 Million yen)	36.3	2,223	25.9	2,275
Total equity per share attributable to stockholders of the parent company	(Yen)	1,993.25		2,039.34	
Basic earnings per share attributable to stockholders of the parent company	(Yen)	204.27		97.56	
Dividend per share	(Yen)	40		21	
Return on equity (ROE)	(%)	10.7		9.7 ^{*2}	
Return on assets (ROA)	(%)	3.9		2.5 ^{*2}	
Price book-value ratio (PBR)	(Ratio)	1.65		1.55	
Stock price	(Yen)	3,285		3,160	

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

*2. Annualized rate.

5. Major Operating Expenses*

[Unit: 100 million yen]

	FY2018		FY2019	
	1H (Apr.-Sep. 2018)	1H (Apr.-Sep. 2019)	Year on year	
			% change	change
Subcontract Expenses	1,795.7	1,679.6	94%	-116.1
Personnel Expenses	838.9	813.1	97%	-25.8
Rent Expenses	270.1	113.0	42%	-157.1
Depreciation Expenses	94.8	258.3	272%	163.5

* Include Selling, general and administrative expenses.

• By adopting IFRS 16 "Leases", some expenses that were treated as Lease Expenses (Rent Expenses) last year are divided into Depreciation and Interest expenses (Outside Operating Expenses) from this fiscal year.

6. Capital Expenditures

[Unit: 100 million yen]

	FY2018		FY2019	
	1H (Apr.-Sep. 2018)	Full year	1H (Apr.-Sep. 2019)	Year on year
Purchased Assets ^{*1}	89.6	177.6	90.7	1.2
(Reference) Leased Assets ^{*2}	113.1	393.1	35.6	-77.5

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

7. Trend of New Order / New Startup

[Unit: project]

		FY2018		FY2019	
		1H (Apr.-Sep. 2018)	1H (Apr.-Sep. 2019)	Year on year	
New orders	Domestic	8	11	3	
	Global	5	4	-1	
	Total	13	15	2	
New startups	Domestic	13	11	-2	
	Global	5	3	-2	
	Total	18	14	-4	

• Figures indicate the number of large projects of 10 million yen/month.

(Reference ①) Number of Consolidated Employees^{*1}

[Unit: person]

		FY2018		FY2019	
		As of Sep. 30, 2018	As of Mar. 31, 2019	As of Sep. 30, 2019	Year on year
Regular Employees		25,396	24,139	24,248	-1,148
Part time/temporary/ other employees ^{*2}		23,138	22,156	21,827	-1,311
Total		48,534	46,295	46,075	-2,459

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

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

(Reference ②) Volume of Freight Forwarding

[Unit: million tons (air), million TEU (sea)]

	FY2018		FY2019	
	1H (Apr.-Sep. 2018)	Full year	1H (Apr.-Sep. 2019)	Year on year
Air	0.133	0.260	0.124	-0.009
Sea	0.267	0.538	0.242	-0.025

• Figures are simple sum before consolidated adjustment.