



**July 30, 2021**

# **The 1st Quarter of FY2021 (Ended June 30, 2021) Financial Results Briefing**

 **Hitachi Transport System, Ltd.**

## **I . 1Q of FY2021 Financial Results**

Overview, Breakdown by Group,  
Detail of variations for Revenues/Operating income,  
Overseas results by region

## **II . Progress of the Mid-term Management Plan: LOGISTEED 2021**

Topics (DX, Domestic and overseas business,  
Initiatives for environment),  
Met the TSE's continued listing criteria on the Prime Market



# I . 1Q of FY2021 Financial Results



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

	FY2020		FY2021				
	1Q		1Q			Full year	
	Results		Results	Y o Y		Plan (As of Apr. 28)	Y o Y
				%	Change		
Revenues	1,473	<b>1,781</b>	121%	+308	6,900	106%	
Operating income*	<4.7> 69.8	<b>&lt;5.7&gt; 102.3</b>	147%	+32.5	<5.4> 375.0	102%	
EBIT (Earnings before interest and taxes)	<7.3> 107.1	<b>&lt;5.4&gt; 95.8</b>	89%	-11.3	<5.4> 372.0	84%	
Net income attributable to stockholders of the parent company	<4.3> 63.3	<b>&lt;2.7&gt; 48.2</b>	76%	-15.0	<3.0> 205.0	90%	

\*Operating income in this document represents "Adjusted operating income."



# 1Q of FY2021 Results (Breakdown by Group)

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

		Revenues			Operating Income		
		1Q	YoY	1Q	YoY		
Organic	Domestic logistics	<58>	913	101%	63.8	102%	
	Global Logistics	Overseas	<33>	522	163%	26.6	217%
		Allocated to domestic companies(forwarding and others)	<7>	109	165%	4.5	(+5.7)
	Subtotal		<40>	630	163%	31.1	282%
	Others (logistics-related businesses, etc.)		<2>	34	88%	1.7	101%
Total		<100>	1,578	119%	96.6	128%	
Vantec Group	Domestic logistics	<64>	139	124%	6.6	(+10.1)	
	Overseas	<36>	79	149%	1.9	(+2.5)	
	Total	<100>	218	132%	8.5	(+12.6)	
Consolidated adjustment/Amortization of customer-related intangible assets of VANTEC Group, etc.		-	-15	(+4)	-2.8	(-1.1)	
Total	Domestic logistics	<59>	1,046	104%	68.3	119%	
	Global Logistics	Overseas	<34>	598	163%	27.8	236%
		Allocated to domestic companies(forwarding and others)	<6>	106	175%	4.5	(+5.7)
	Total		<40>	704	165%	32.4	305%
	Others (logistics-related businesses, etc.)		<2>	31	85%	1.7	101%
Total		<100>	1,781	121%	102.3	147%	

# 1Q of FY2021 Results (Revenues)

## 1Q of FY2021 Revenues (results)

(100 million yen)

- Expansion of existing operations : +20
- Increase in customer logistics, others: +213 (includes COVID-19 impacts)

Environmental/volume changes, etc.

**+233**

**1,473**

### FY20/1Q→FY21/1Q

- USD: ¥ 108 → ¥109
- EUR: ¥ 118 → ¥132
- CNY: ¥ 15.2 → ¥17.0

Effect of exchange fluctuation  
**+44**

Implementation of portfolio strategy  
**-14**

- Domestic: +15
- Global: +20

New orders

**+34**

New collaborative innovation

**+11**

**+45**

**1,781**

**+308**

	Enviromental/volume changes, etc.			Effect of exchange fluctuation	Imprementation of portfolio strategy	New orders	New collaborative innovation	Total
	Expansion of exsiting operations	Increase/decrease in customer logistics (includes COVID-19 impacts)	Subtotal					
Domestic	17	-1	17		-2	15	7	37
Global	2	220	222	44	-12	20	3	276
Others		-6	-6				0	-5
<b>Total</b>	<b>20</b>	<b>213</b>	<b>233</b>	<b>44</b>	<b>-14</b>	<b>34</b>	<b>11</b>	<b>308</b>

1Q of FY2020 (results)

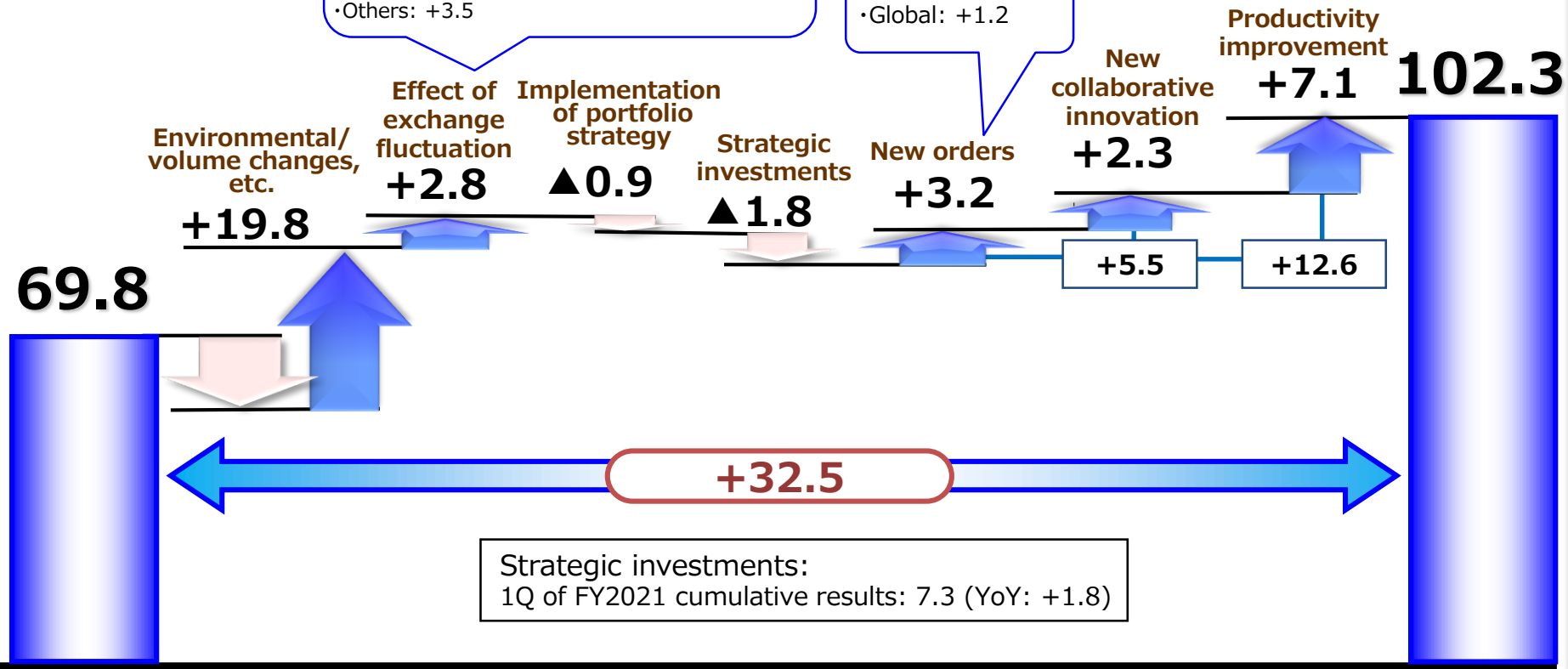
1Q of FY2021 (results)

## 1Q of FY2021 Operating income (results)

(100 million yen)

- Expansion of existing operations: +2.2
- Increase in customer logistics, others: +24.7 (includes COVID-19 impacts)
- Cost increase due to logistics recovery: -7.4
- Impact of "equal pay for equal work": -3.1
- Others: +3.5

- Domestic: +2.0
- Global: +1.2



Strategic investments:  
1Q of FY2021 cumulative results: 7.3 (YoY: +1.8)

1Q of FY2020 (results)

1Q of FY2021 (results)



# 1Q of FY2021 Results (Overseas Results by region)

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

	Revenues			Operating Income		
	FY2020	FY2021		FY2020	FY2021	
	1Q	1Q	Y o Y	1Q	1Q	Y o Y
North America	67	<b>135</b>	202%	-2.9	<b>5.7</b>	(+8.7) 100Million yen
Europe*	118	<b>195</b>	166%	5.2	<b>11.1</b>	214%
Asia (excluding China)	78	<b>120</b>	154%	2.5	<b>7.3</b>	290%
China	98	<b>136</b>	138%	5.6	<b>5.9</b>	106%
Others	13	<b>15</b>	119%	0.9	<b>1.3</b>	150%
Elimination of intra-company transactions, etc.	-6	<b>-3</b>	(+4) 100Million yen	0.6	<b>-3.4</b>	(-4.0) 100Million yen
Total	368	<b>598</b>	163%	<3.2%> 11.8	<4.7%> <b>27.8</b>	236%

\* Turkey is treated as an European country.



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

(Unit: 100 million yen)

		1Q of FY2020 (Results)				1Q of FY2021 (Results)			
		Revenues	Operating income	Operating margin		Revenues	Operating income	Operating margin	
	Domestic	906	63.1	7.0%	(7.0%)	916	64.0	7.0%	(7.0%)
	Global	160	7.8	4.8%	(5.4%)	222	12.8	5.8%	(6.2%)
	<b>3PL</b>	1,066	70.9	6.6%	(6.8%)	1,138	76.7	6.7%	(6.9%)
	Domestic	62	-1.4	-	-	106	4.5	4.2%	(5.2%)
	Global	139	4.9	3.5%	(4.0%)	256	12.1	4.7%	(4.9%)
	<b>Forwarding</b>	201	3.5	1.8%	(2.6%)	363	16.5	4.6%	(5.0%)
	Domestic	105	-5.9	-	-	130	3.2	2.4%	(4.1%)
	Global	65	-0.4	-	-	120	3.3	2.7%	(2.8%)
	<b>Automobile</b>	170	-6.4	-	-	251	6.5	2.6%	(3.5%)
<b>Other services</b>		36	1.8	5.0%	(5.0%)	30	2.6	8.7%	(8.7%)
<b>Total</b>		1,473	69.8	4.7%		1,781	102.3	5.7%	

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



# **Ⅱ . Progress of the Mid-term Management Plan: LOGISTEED 2021**

## Toward “LOGISTEED 2021” goals and the next Mid-term Management Plan

### Create/expand ecosystem across regions and businesses

#### To become a leading 3PL company in Asia

- Establish a strong position in Japan
- Establish and enhance a solid management base
- Evolve into a regional leader in Asia (Hub for Japan and Asia)

#### Flexible use of cash and treasury stock

- Favor cash  Cancel treasury shares (from time to time)
- Use for alliance and M&A

#### (1) Strategic investments

- DX (Smart Warehouse/SSCV/SCDOS, etc.)
- Overseas business (North America: Truck business, India: 3PL business)
- Environmental investment (Europe: Intermodal/Circular Economy/EV)

#### (2) M&A strategy

- Enhance freight forwarding business
- Enhance business within Asia (3PL business (Warehouse/Transport and Delivery))
- Enhance domestic transport business

#### (3) Collaborative innovation strategy to realize the above: PE funds/business companies (Industry peers/DX)

#### 【1QTopics】

Canceled treasury stock ⇒ Met the TSE's continued listing criteria for the Prime market

#### DX

- Started service of SSCV-Safety
- Selected as a “DX Certified Operator”

#### Domestic

- Introduced new technology in East Japan II Medical DC

#### Overseas

- North America: Started operation of factory logistics for automobile-related customers
- China: Accelerated the introduction of automated/labor-saving facilities

#### Initiatives for environment

- Updated “the HTS Group Medium-to-Long-term Environmental Targets 2030/2050”

## Launched a new service of “SSCV-Safety” (Released on July 12, 2021)

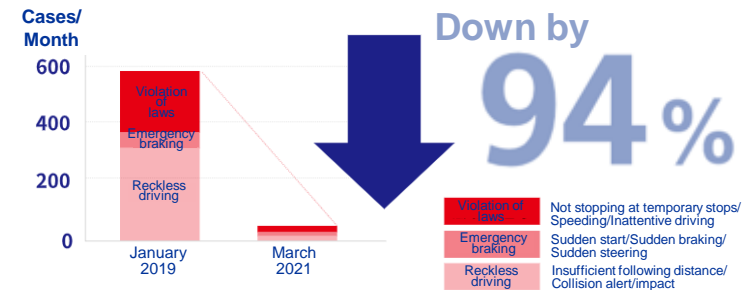


### ■ Main features



### ■ Effects of introduction in our offices

[Total number of incidents (near-miss)]



■ Use AI to analyze drivers' vital signs before, after and while driving as well as driving data obtained from vehicle behavior

■ Visualize drivers' “fatigue” and “stress” to prevent accidents attributable to absent-minded driving

✓ **Contribute to solving social issues faced by transporters including enhancement of “safety management of drivers” and establishment of better working environment**

### Selected as a "DX Certified Operator" by METI (Released on May 12, 2021)



\*Digital Transformation (DX) Certification Program:  
A national certification program under the Act on Facilitation of Information Processing which certifies business operators that meet basic requirements of the "Digital Governance Code" which defines responses required of companies in promoting DX

#### [DX strategy in the Mid-term Management Plan (LOGISTEED 2021)]

##### 1. Basic Policy

✓ Value Creation through Cyber Physical Systems (CPS) and Collaborative Innovation

##### 2. Priority measures

- (1) External DX that changes data to value through collaborative innovation
- (2) Internal DX that improves operational efficiency and collects data
- (3) Development of an organization and human resources to realize DX
- (4) Enhancement of IT governance
- (5) Continuation of DX investments
- (6) Establishment of a PDCA cycle for DX by setting and managing KPIs

### CPS (Cyber Physical System)

#### Virtual space (Cyber)



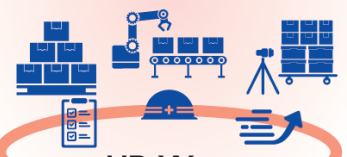
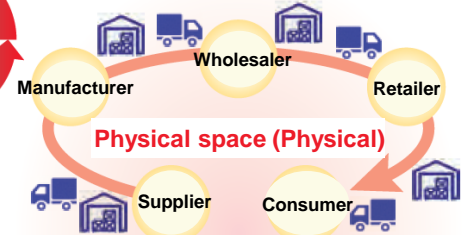
Visualization through DX

Big data/AI analysis

Digital answers alone are not enough for physical space



Optimization with analog insights



**HB Way**  
Sites that think by themselves

**Deep analog insights to move sites**

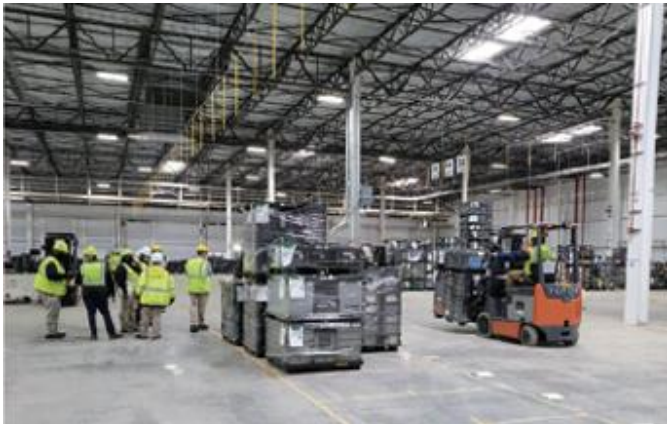
Experience and know-how as a market leader in the BtoB logistics (domestic 3PL) market



## Initiatives in North America and China

### [North America: Started operation of customers' factory logistics]

- Undertake upstream processes of automobile production



**Launched in October 2020**

### [China: Accelerated introduction of automated/labor-saving facilities]

- Continuously provide safety/quality/productivity through labor-saving operation
- Reduce accident risk
- Build a work model integrating production with logistics (Pursue mass processing and accuracy)
- Reduce floor areas of external warehouse by high-density storage
- Visualize work location
- Build a model integrating high-density storage of pallets with quality assurance



Pallet conveyor AGV

**From June 2020**



High-density automated horizontal conveyor rack

**From April 2021**

## Updated “the HTS Group Medium-to-Long-term Environmental Targets 2030/2050” (July 2021)

**CO<sub>2</sub> total emissions**  
(Domestic scope 1+2<sup>2</sup>)

■ **FY2030 target**  
Compared to base year\*<sup>1</sup>  
**Down by 50%**






■ **FY2050 stretch target**  
**Aim at net-zero carbon**

- **Scope of emission:** CO<sub>2</sub> emitted from energy consumption by the Group through its business operation
- **Type of energy:** Electricity, fuel for vehicle, etc.

\*1: Base year: FY2013

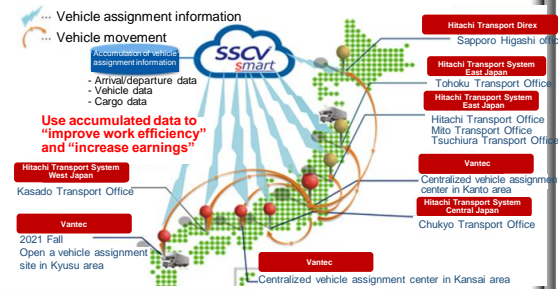


### ■ 5 means to reduce CO<sub>2</sub> emissions

<p><b>Energy saving</b> </p> <ul style="list-style-type: none"> <li>· Modal shift</li> <li>· SSCV, VC activities</li> <li>· LED, eco-friendly vehicles, etc.</li> </ul>	<p><b>Electrification</b> </p> <ul style="list-style-type: none"> <li>· Electric vehicles, fuel cell vehicles, etc.</li> </ul>
<p><b>Energy creation</b> </p> <ul style="list-style-type: none"> <li>· Solar panel</li> <li>· Storage battery, etc.</li> </ul>	<p><b>Emissions trading</b> </p> <ul style="list-style-type: none"> <li>· Payment of carbon tax</li> <li>· Emissions trading, etc.</li> </ul>
<p><b>Renewable energy</b> </p> <ul style="list-style-type: none"> <li>· Purchase from energy-saving business operators, etc.</li> </ul>	

✓Example of “energy saving”:  
“SSCV-Smart”

- **Improve efficiency through nationwide centralized vehicle assignment system**
- **Enhance initiatives toward carbon neutrality**



## <Reference> Received “Advanced Technology Award” at the 22nd Logistics Environment Award (Released on July 5, 2021)

- Operate logistics works of multiple EC operators with one platform
- Share automated/labor-saving facilities, information system, storage/work space and supervisors/managers
- Provide packaged services for EC logistics including data linkage, inventory storage, packaging and shipping

Outline of HTS’s shared automated warehouse for EC logistics

### SMART:WAREHOUSE

✓ CO<sub>2</sub> emissions:  
Down 30% compared with the conventional model (74 tons/year)

<sup>2</sup>: Definition of scope  
Scope 1: Direct emissions from in-house energy use  
Scope 2: Indirect emissions from the use of energy supplied by other companies  
Scope 3: Indirect emissions by supply chains other than Scope 1 and 2





## Cancellation of treasury shares (Released on May 20, 2021)

### [Outline of the cancellation of treasury shares]

- **Number of shares cancelled: 6,975,786 shares**  
(6.2% of the total number of issued shares before the cancellation)
- **Date of cancellation: June 4, 2021**
- ✓ **HTS's tradable share ratio: 37.2% (as of June 30, 2021\*)**

⇒ As a result of the cancellation, HTS met one of the TSE's continued listing criteria on the Prime Market, "Tradable share ratio of at least 35%"

(Received the notice of the assessment result from TSE on July 30, 2021)

\* Base date for transition to new market segments of TSE

### <Reference>

- **Total number of issued shares after the cancellation: 104,800,928 shares**
- **Number of its treasury shares after the cancellation: 20,927,359 shares**  
(20.0% of the total number of issued shares after the cancellation)



**July 30, 2021**

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 **Hitachi Transport System, Ltd.**



Toward New Dimensions

**LOGISTEED**