



April 28, 2021

FY2020
(Year Ended March 31, 2021)
Financial Results Briefing

 **Hitachi Transport System, Ltd.**



I . Summary of FY2020 Results

Overview, Breakdown by group, Detail of Variations for Revenues/Operating Income, COVID-19 impact, Overseas Results by Region, Trend of New Orders/New Startups, Collaborative Innovation

II . FY2021 Plan

Overview, Detail of Variations for Revenues/Operating Income

III . Progress of the Mid-term Management Plan:

LOGISTEED 2021

Progress, Dividend, Business Strategies (Logistics DX, SSCV, and more), Overseas, Collaborative Innovation Strategies, VC21, ESG, Eco-system, etc.

【About Supplementary Document】

Financial Status, Cash Flow, Key Financial Indicators/Operation Cost, Capital Investment/Employees, and others



I. Summary of FY2020 Results



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

	FY2019		FY2020					
	Results		Plan (as of Jan.29)	Results		Y o Y		Plan (as of Jan.29)
						%	Change	
Revenues	6,723	6,400	6,524	97%	-199	102%		
Operating Income ^{*1}	<5.0> 334.8	340.0	<5.6> 367.1	110%	+32.3	108%		
EBIT (Earnings before interest and taxes)	<5.9> 396.1	420.0	<6.8> 444.3	112%	+48.2	106%		
Net income attributable to stockholders of the parent company	<3.2> 216.1	220.0	<3.5> 228.7	106%	+12.6	104%		
ROE	9.5%	11.4%	11.8%	-	(+2.3%)	(+0.4%)		
Stock Price	¥ 2,349	-	¥ 3,720	158%	(+ ¥ 1,371)	-		
Dividend Per Share	¥ 43	¥ 48	¥ 50^{*2}	116%	(+ ¥ 7)	(+ ¥ 2)		

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

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



FY2020 Results (Breakdown by Group)

(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	<64>	3,687	99%	231.9	98%	
	Global Logistics	Overseas	<28>	1,595	97%	88.7	148%
		Allocated to domestic companies(forwarding and others)	<6>	323	103%	7.4	495%
		Subtotal	<33>	1,918	98%	96.1	156%
	Others(logistics-related businesses, etc.)	<3>	162	89%	12.0	130%	
	Total	<100>	5,767	98%	339.9	111%	
VANTEC group	Domestic logistics	<65>	547	84%	28.0	85%	
	Global logistics(overseas)	<35>	298	97%	5.9	134%	
	Total	<100>	845	89%	33.8	91%	
Consolidated adjustment/amortization of customer-related intangible assets of VANTEC Group, etc.		-	- 88	(+3)	- 6.6	(+2.9)	
Total	Domestic logistics	<65>	4,212	97%	251.8	97%	
	Global Logistics	Overseas	<29>	1,862	97%	96.0	151%
		Allocated to domestic companies(forwarding and others)	<5>	300	105%	7.4	495%
		Total	<33>	2,163	98%	103.4	159%
	Others(logistics-related businesses, etc.)	<2>	149	87%	12.0	130%	
	Total	<100>	6,524	97%	367.1	110%	

FY2020 Revenues(Result)

(100 million yen)

6,723

COVID-19 impact
-256

- Domestic/other: -229
- Overseas/freight forwarding: -8
- Expansion of existing operations: +60

Environmental/volume changes, etc.
-177

FY2019 result → FY2020 result

- USD: ¥ 109 → ¥ 106
- EUR: ¥ 121 → ¥ 124
- CNY: ¥ 15.6 → ¥ 15.7

Effect of exchange fluctuation
-18

Implementation of portfolio strategy
-3

- Domestic: +113
- Global: +110

New orders
+223

New collaborative innovation
+32

+32

6,524

6,400

Plan
(Announced on January 29, 2021)

+255

-199

Item	COVID-19 impact	Environmental/volume changes, etc.			Effect of exchange fluctuation	Implementation of portfolio strategy	New orders	New collaborative innovation	Total
		Other volume changes, etc.	Expansion of existing operations	Subtotal					
Domestic	- 137	- 220	46	- 173		32	113	25	- 141
Global	- 112	- 8	14	5	- 18	- 26	110	6	- 35
Other	- 7	- 9		- 9		- 8		1	- 23
Total	- 256	- 237	60	- 177	- 18	- 3	223	32	- 199

- Deviation from the plan released on January 29, 2021: +124
- Increased in volume (Global business (Freight forwarding, etc.)/ LCM*)

FY2019 (Result)

FY2020 (Result)

Operating Income (Result)

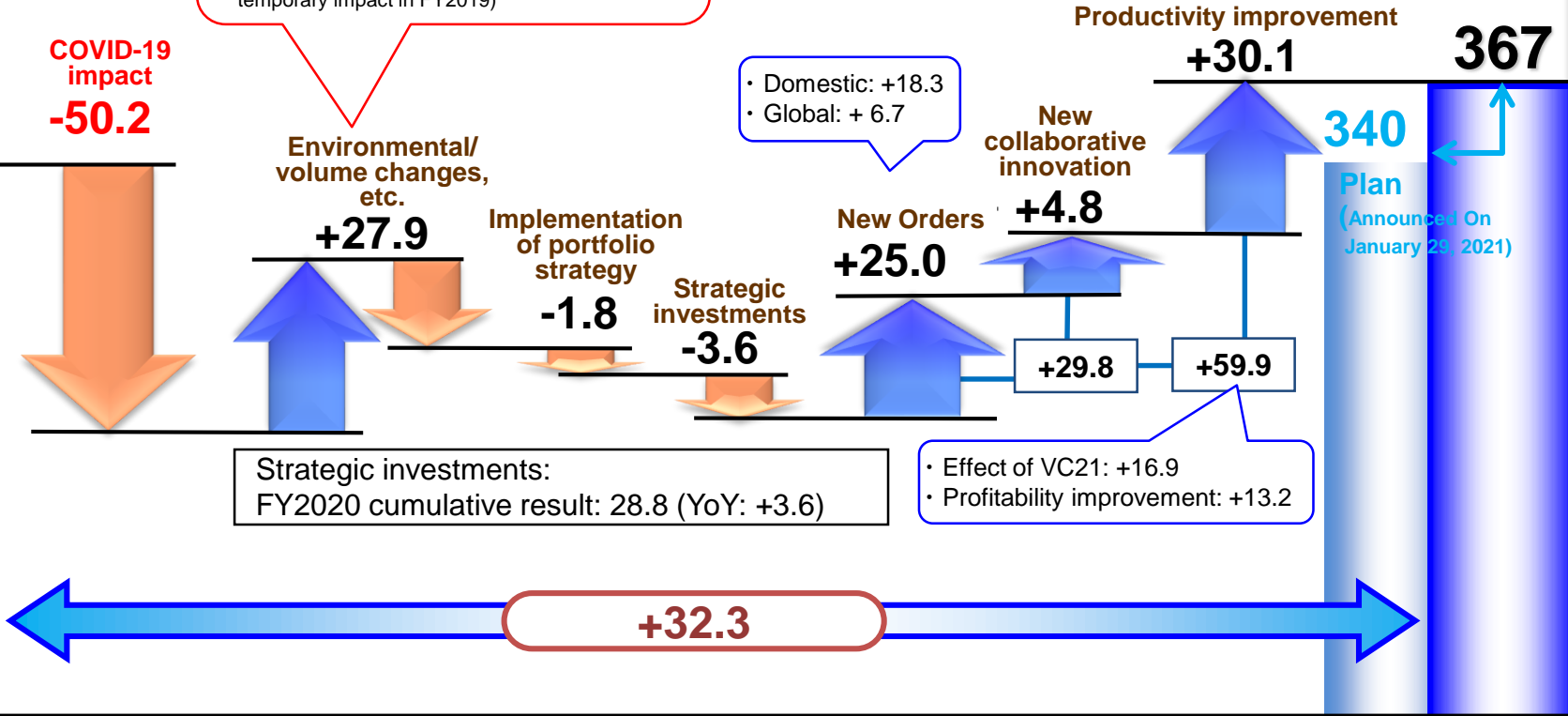
(100 million yen)

335

COVID-19 impact
-50.2

- Expansion of existing operations : +5.0
- Cost control : +32.3
- Other : -9.4
(Impact of "equal pay for equal work" temporary impact in FY2019)

■ Deviation from the plan released on January 29, 2021: +27
• Increased in volume (Global business (Freight forwarding, etc.)/ LCM)



FY2019 (Result)

FY2020 (Result)

(COVID-19 impact : definition)

Direct impact of shutdowns of customers' stores and factories due to lockdowns and indirect impact arising from a drop in volume due to decreases in consumers' demand and spending (Unit: 100 million yen)

Segment	Impact (YoY)		Details of Impact
	Revenues	Operating Income	
Domestic	-137	-34.3	Temporary: Decrease in volume due to closure of customers' stores and production suspension at customers' factories Ongoing : Decrease in volume due to decline in overseas visitors to Japan (inbound demand)
Global	-112	-14.9	Temporary: Suspension/reduction of production at customers' factories due to lockdowns Ongoing : Decrease in handling of import/export cargo
Other	-7	-1.0	
	-256	-50.2	•The above figures are estimates on a business basis (before the impact of IFRS reclassification (including lease) and some company-wide cost allocation).

Approximately 1.5 billion yen was recorded for subsidies (mainly overseas) in "other income" in the consolidated statement of income, and approximately 1.6 billion yen for fixed costs associated with non-operation of distribution centers and vehicles in "other expenses" Accounting.

■ COVID-19 impact and our measures

[Changes] • Measures not to stop logistics and online measures

[Measures] • Non-contact operation management and emergency transportation
• Remote launch of new projects
• Flexible use of human resources, etc.



Introduction of thermal sensors



Online project launch



FY2020 Results (Overseas Results by Region)

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

		FY2019		FY2020			
		Revenues	Operating Income	Revenues	Y o Y	Operating Income	Y o Y
Overseas	North America	423	12.6	417	99%	13.2	105%
	Europe* ¹	660	42.9	628	95%	44.8	104%
	Asia(Excluding China)	402	13.9	390	97%	18.0	130%
	China	416	- 1.2	411	99%	21.6	(+22.8) 100Million yen
	Others	40	2.8	47	117%	4.7	168%
	Elimination of intra-company transactions, etc. * ²	- 32	- 7.3	- 31	(+1.0) 100Million yen	- 6.1	(+1.2) 100Million yen
Total		1,910	<3.3%> 63.5	1,862	97%	<5.2%> 96.0	151%

*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."

FY2020: Trend of New orders/New startups

(Unit: projects)

		FY2019	FY2020	
		Full Year	Full Year	Y o Y
New orders	Domestic	20	16	-4
	Global	6	12	+6
	Total	26	28	+2
New startups	Domestic	23	17	-6
	Global	7	11	+4
	Total	30	28	-2

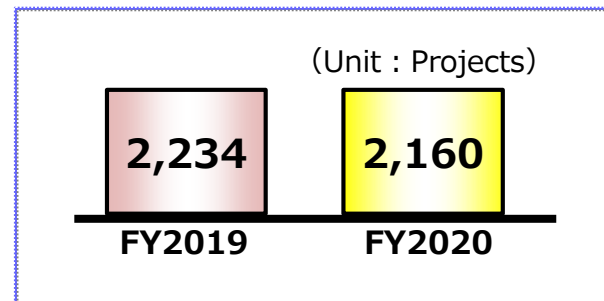
(Reference 1) New startups in FY2020

Domestic : [Footwear] Warehouse operation
[e-Commerce] EC Warehouse operation

Global : [Rubber manufacture] From Thai to North America
(Trilateral transportation)
[Cosmetics] Warehouse operation

(Reference 2) 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>





New Collaborative innovation and Revenue contribution by existing projects' continuation operation

■ FY2020 New Projects (excerption)

From May 2020



From June 2020



From July 2020



From October 2020



From October 2020



From March 2021



■ FY2020/Stacking New Contributions

(Unit:100 Million yen)

	Revenues	Operating income
Domestic	25	3.3
Global	6	1.3
Other	1	0.2
Collaborative Innovation effect	32	4.8

The above table includes the effect of collaborative innovation with AIT.



II . FY2021 Plan

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

	FY2020		FY2021		
	Results		Plan	Y o Y	
				%	Change
Revenues	6,524		6,900	106%	+376
Operating Income	<5.6> 367.1		<5.4> 375.0	102%	+7.9
EBIT (Earnings before interest and taxes)	<6.8> 444.3		<5.4> 372.0	84%	-72.3
Net income attributable to stockholders of the parent company	<3.5> 228.7		<3.0> 205.0	90%	-23.7
ROE	11.8%		12.7%	-	(+0.9%)
Dividend Per Share	¥ 50*		¥ 56	112%	(+ ¥ 6)

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

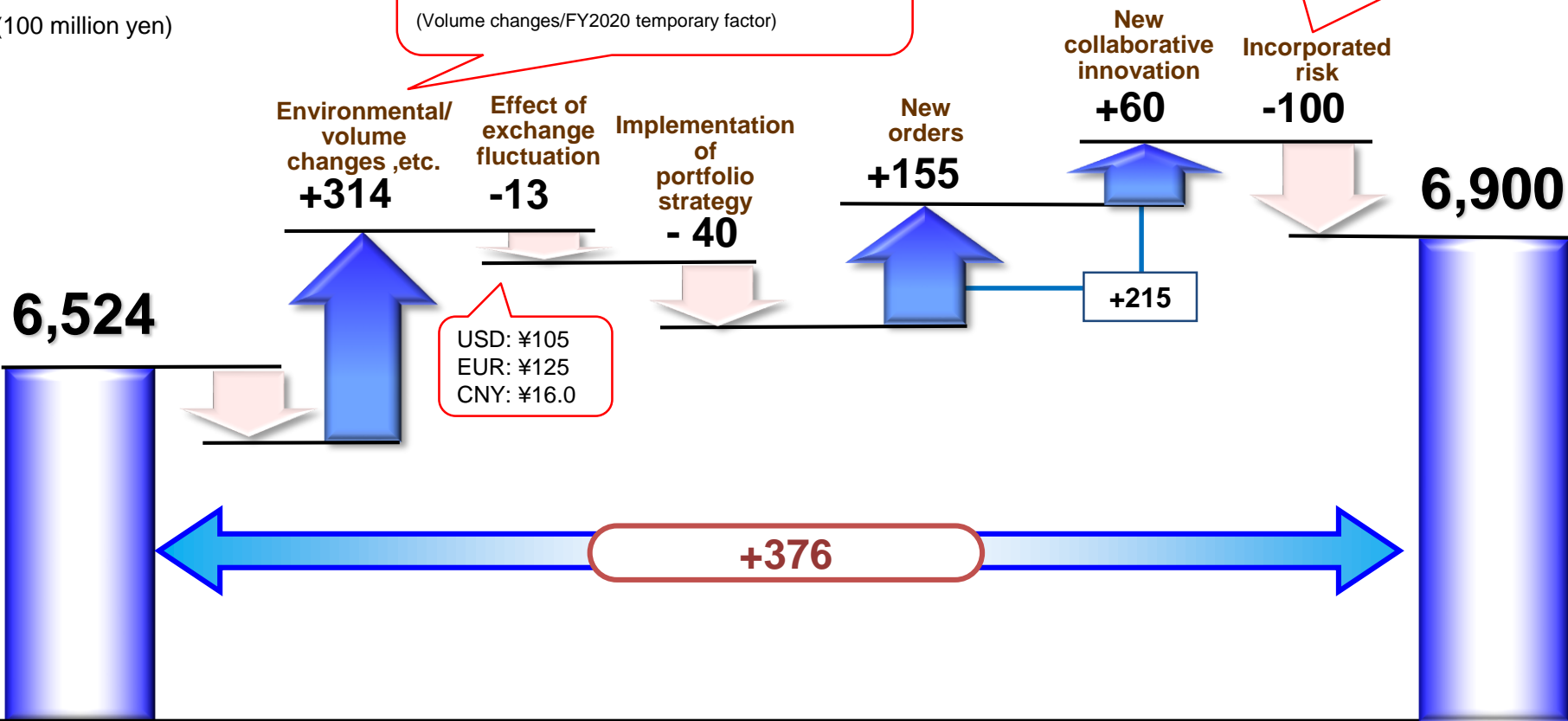
Revenues (Plan)

(100 million yen)

- Expansion of existing operations: +99
- Recovery of COVID-19 impact: +150
- Other: +65

(Volume changes/FY2020 temporary factor)

- Resurgence of COVID-19
- Semiconductor risk
- US-China trade friction, etc.

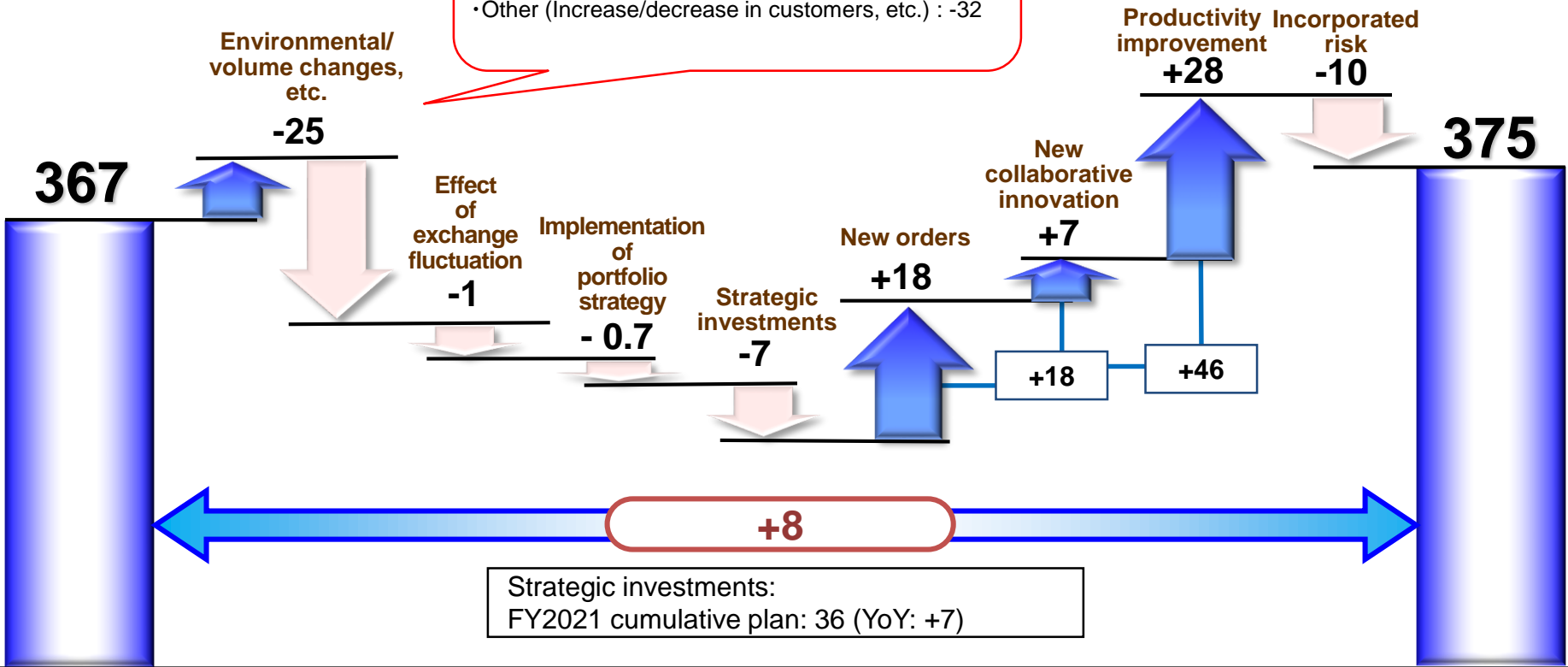


FY2020 (Result)

FY2021 (Plan)

Operating income (Plan)

(100 million yen)



- Expansion of existing operations: +12
- Decrease in COVID-19 impact : +30
- Cost increase (due to volume recovery): -25
- Impact of “equal pay for equal work”: -10
- Other (Increase/decrease in customers, etc.) : -32

- Resurgence of COVID-19
- Semiconductor risk
- US-China trade friction, etc.

FY2020 (Result)

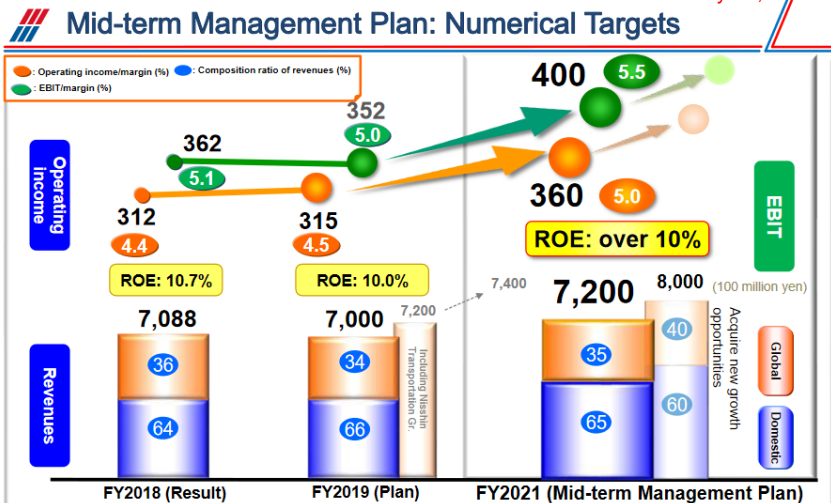
FY2021 (Plan)

Strategic investments:
FY2021 cumulative plan: 36 (YoY: +7)



Ⅲ. Progress of the Mid-term Management Plan: LOGISTEED 2021

From materials released on May 24, 2019



■ FY2021 Plan (100million yen)

Revenues	6,900
Adjusted operating income	375
EBIT	372
ROE	12.7%

(Unit:100 Million yen)

【Our recognition】

By reflecting an impact of adopting IFRS16 “Leases,” “Numerical targets in the Mid-term Management Plan (after the adoption)”

- Adjusted operating income: 385
- EBIT: 425

Catch-up in FY2022

【Toward the next Mid-term Management Plan】 To become a leading 3PL company in Asia

- Establish a strong position in Japan and evolve into a regional leader in Asia
- Establish and enhance a solid management base (enhance funding capability and ecosystem)
- Next-generation logistics supporting Society 5.0

■ Top line expansion

■ Improve profitability

■ Efficiency improvement (Asset/Equity)

● Expansion of business domains (Service/Region/Sales channel, etc.)

● Resource management (Assets/Human resources, etc.)

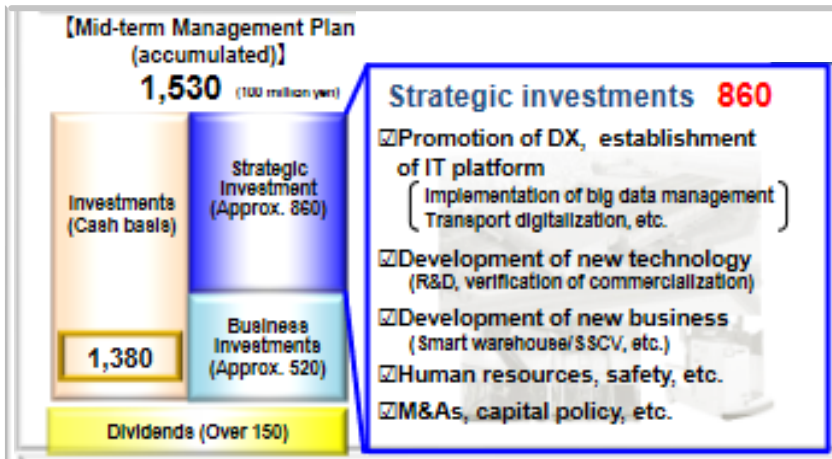
● Cash generation (Asset securitization, etc.)

◆ Collaborative innovation strategy

- Partners (Industry peers/DX)
- Real estate/Developer
- PE funds, etc.

Investment plan (Cash basis)

(Unit:100 Million yen)



Cumulative investment total

(Cash basis)

Excluding tax deduction

• **Business investments : 345**

• **Strategic investments : 284**

(Including M&As, capital policy, etc.: 22)

**Remaining funds:
Over 700**

“PALENET,” “Hitachi Transport System East Japan Distribution Services,” “Acquisition of treasury stock,” and “SSCV-Safety external sales,” etc.

Toward LOGISTEED 2021 goals

Create/expand ecosystem across regions and businesses

Strategic investments

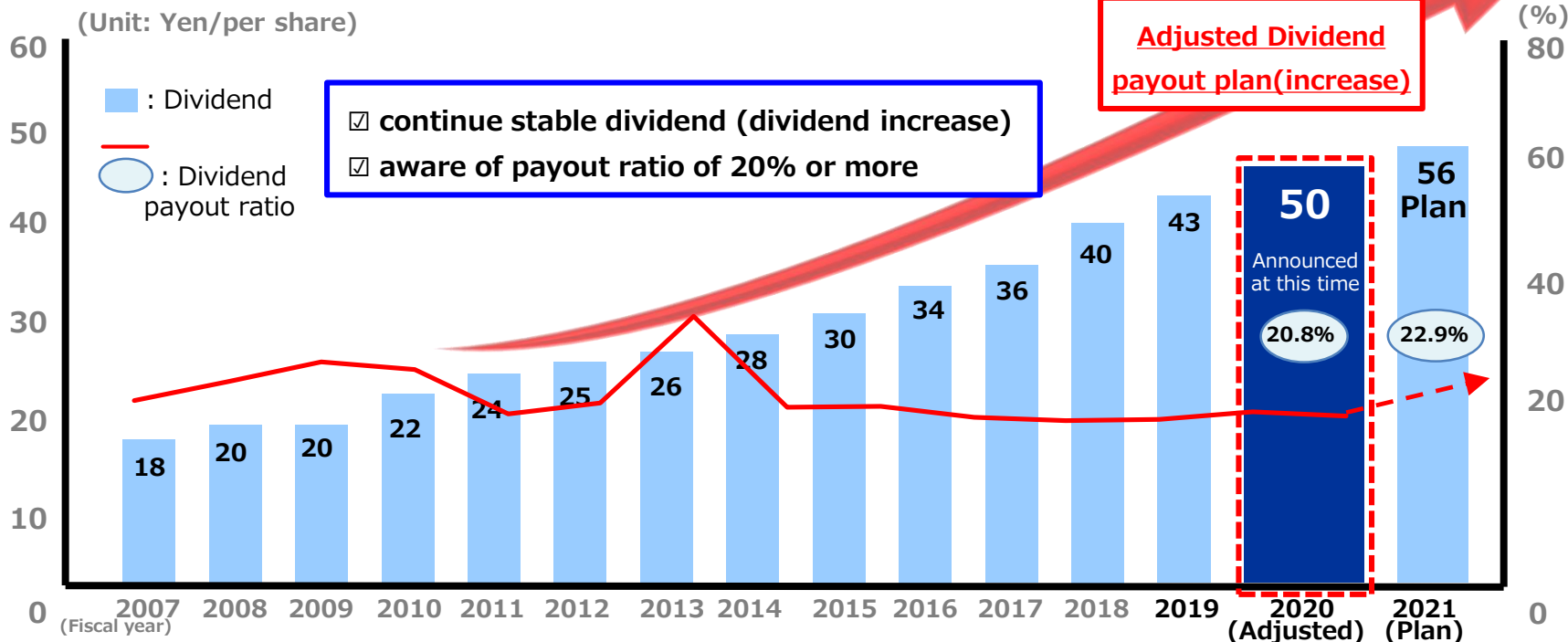
- **DX (SWH/SSCV/SCDOS, etc.)**
- **Overseas business (North America: Truck business, India: 3PL business)**
- **Environmental investment (Medium-to-long term environmental targets)**
 - Heavy Machinery and Plant Logistics business
 - Freight Forwarding business

Flexible use of treasury stock and cash

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



■ Trends and plans on dividend payout



Applied Japanese standard

TSR outperforms TOPIX

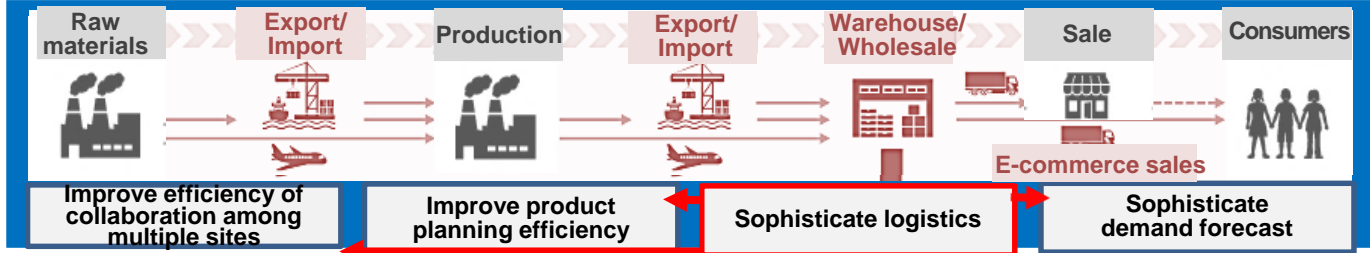
* Index with the stock price as of the end of March 2016 as 100.

*Dividend payout ratio: [Dividend per share] / ([Net income attributable to stockholders of the parent company] / [Average number of shares during the term])

Applied IFRS

	2016	2017	2018	2019	2020
HTS TSR (%)	125	163	180	133	208
Dividend includes TOPIX (%)	115	133	126	114	162

“Link warehouse and transport operations,” “Standardize and classify work/operating process” and “Bring together wisdom” through digitalization



Toward New Dimensions

LOGISTEED

『Digital platform』

IoT x DX

5G x AI

Sharing/Pay per use

- Pay per use

Sharing

Safe and secure work environment

- Environment watching over workers

Visualization of supply chains

- Optimize inventory allocation in each region

SCDOS

Contactless operational management

- Stress-free temperature check

Protect drivers/transporters

- Accident prevention

SSCV

Virtual reality education

- Education through realistic experience of hazards

Robotics/ Group Control

- Backcast operation to eliminate idle time at post process

SSCV

VR Hologram

SC optimization **BIG DATA** **BCP**

Detect problems

Control center

Robotics

HITACHI Inspire the Next

SSCV

**Promote expansion into the entire transportation business (land, passenger, etc.)
Use big data obtained to create new services/businesses**

Phase 1

Phase 2

Phase 3

Expand into group and partner companies

Expand into other transporters and commercial vehicles

Use SSCV data to create new services/businesses

HTS Group



Cargo transport business



Commercial vehicles/for sales



Passenger transport business



Smart city Urban development business



Data driven business for workers health



New compensation plan for non-life/life insurance companies



Fleet service business



Installed to all vehicles of the Group

1,269 cars at 84 sites



[Future development] Transportation partners

3,600 cars

Food delivery
Quantitative assessment of drivers' safe driving



Passenger service (Route/chartered bus)
Contribution to enhanced safe operation and city development

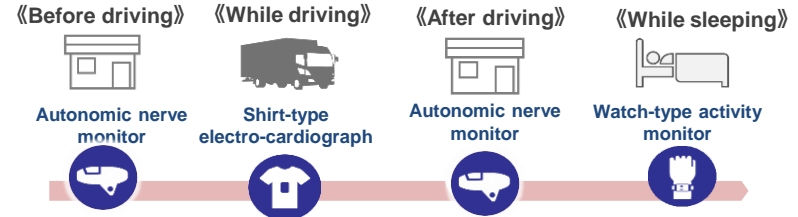
Garbage collection
Enhancement of safe operation, citizens' complaint handling, efficiency improvement of collection service



Use SSCV vital data for the objective and medical survey of drivers' actual fatigue conditions for the review of MHLW Notification on improvement criteria for drivers' working conditions



Use SSCV to measure data used as a reference for full discussion on **the review of MHLW Notification on improvement criteria** to be conducted by medically comparing drivers' working hours and the level of fatigue accumulation due to continuous driving



✓ Contribute to solving social issues such as drivers' health/labor management and reduction of CO₂ emissions through efficient transportation

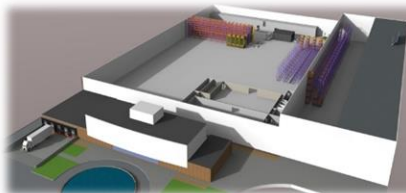
United States

**Automobile related XD Center
(Order expansion)**
(Start of operation: July 2021)



The Netherlands

**Enhancement of center
(Order expansion)**
(Start of operation: January 2022)



China

**Introduction of automated/
labor-saving facilities**



Total investments: ¥12 billion* (Cumulative total of key plans)

✓ **Acceleration of global growth strategy**
(including joint investment with collaborative innovation partners)

India

**Multipurpose logistics center
(Start of operation: July 2022)**



Chennai/ Mumbai
(Scheduled to be launched in Delhi and Bangalore)

Malaysia

**Chilled warehouse (cold chain)
(Start of operation: April 2023)**



Indonesia

**Enhancement of center
(bonded + FWD)**
(Start of operation: April 2023)



Maersk basic strategy: Enhancement of L&S Service

Offer global, seamless Logistics through overseas import/export and **building of domestic logistics**

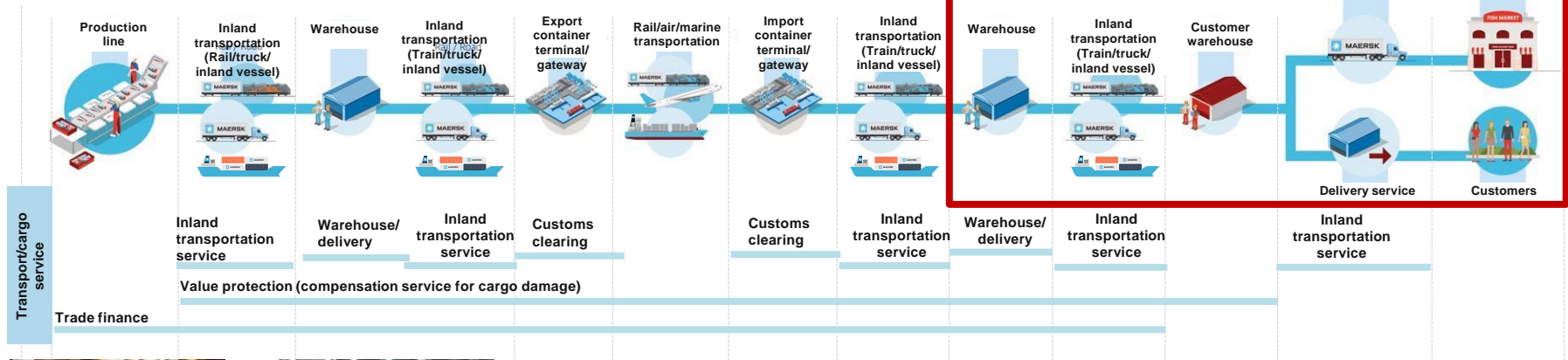


Hitachi Transport System

L&S Service partner
<Offer 3PL solutions>

OT × **IT**
Operational Technology × Information Technology

Maersk service menu



L&S Service x LOGISTEED

(Toward expansion of collaborative innovation areas)

Blockchain technology base SCM optimization proposal base

TRADE+LENS X **SCDOS**

Supply Chain Design & Optimization Services

VC21* activities: Daily activities that cultivate improvement culture and achieve environmental targets (Decarbonization)

VC21 activity cycle



Share environmental know-how

- E-learning
- Find good examples
- Establish environmental prize in VC Award

Convincing caravan

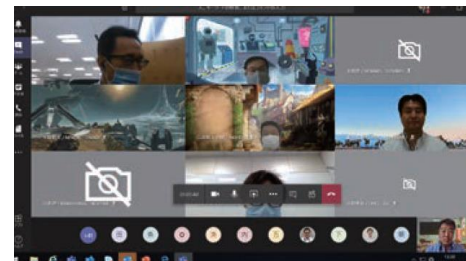
Offer workshops aimed at improving employees' understanding of decarbonization

Implement improvement = Environmental activities

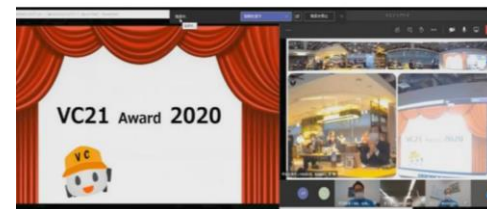
- Support implementation of improvement for decarbonization
- Register our initiatives (VCJUMP)

Company-wide productivity reform by making full use of digital tools

Implement online improvement activities



Online event "VC Award"



- ✓ Implement VC21 activity cycle to cultivate improvement culture
- ✓ Realize LOGISTEED through repeated VC21 activities

*VC21: Value Change & Creation 2021

Activities to improve productivity through daily improvement with the aim of ensuring "the Company continues to grow, and employees find their work rewarding."

Environment (E)

[Realize decarbonization in business processes]

- Establish a model location to measure the effects and examine how to assess (accumulating know-how)

- Set electricity measurement device to collect data
- Obtain and analyze data by week, month, and on seasonality and peak/off-peak

- Visualize CO₂ emissions using SCDOS and promote a sense of personal ownership for environmental activities through VC21 activities

- Add a function to visualize CO₂ emissions in SCDOS to promote decarbonization at both customers and HTS
- Workshops to improve understanding of decarbonization
- Build a framework to visualize and share decarbonizing initiatives

- Adequate disclosure of our initiatives
(Preparation to comply with TCFD requirements, Integrated Report)

Social (S)

[Accelerate diversity & inclusion and working-style reform]

- Increase the ratio of female managers in the entire Group (FY2023 target: Ratio of female managers of 10%*)

*HTS only

- Systematic promotion (job rotation and education support)
- Enhance the hiring of experienced female workers (improve the system, use online interview)

[Promote investment in human capital]

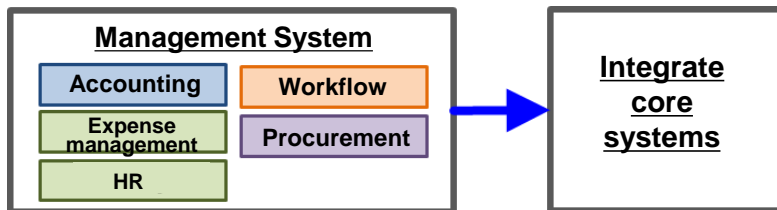
- Observe and visualize employee engagement, and develop and secure DX human resources

- Conduct employee survey continuously
 - improve organizational operation
- Consider direct recruiting and a compensation system for DX human resources

Governance (G)

[Ensure to keep in mind “Basics and Ethics”]

- Improve operational efficiency and enhance governance through core system renewal (Develop digital audit environment, etc.)



- Appoint risk owners and risk response managers

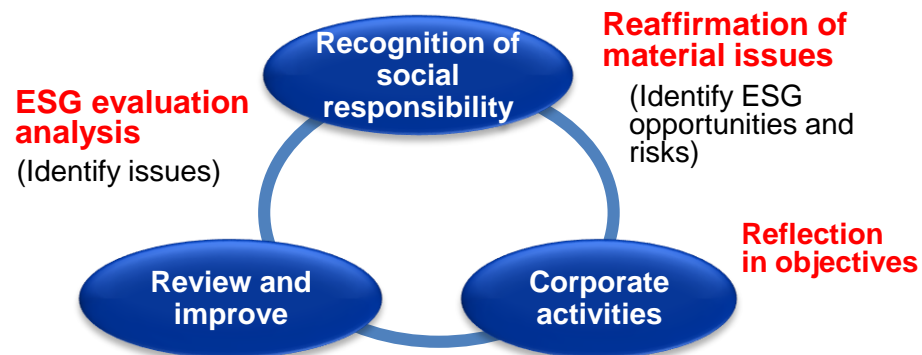
• Build a management system to manage and minimize various risks (growth, environmental changes, and operation)

- Conduct in-depth discussion on the essence of management at the Board of Directors (sustainability, DX, etc.)

-Toward promotion of sustainability in future vision-

<FY2021>

Reaffirm material issues and objectives



- ✓ Value creation story based on “integrated thinking”
- ✓ Business strategy originating from SDGs



Environment (E)

Promote eco-driving and reduce fuel consumption by improving delivery efficiency and visualizing driving behavior

(Energy)



(Climate change)



Reduce greenhouse gas emission by improving transportation/delivery efficiency (by sharing or increasing loading ratio)

(Cities)



Contribute to realization of accident-free cities and society by popularizing safety support system using comprehensive digital data

(Innovation)



Enhance infrastructure with IoT technologies of transport business and aim at industrialization using accumulated data

(Gender)



Create a female driver-friendly environment by promoting DX of transport operation

(Healthcare)



Implement health and labor management to keep aging drivers safe and healthy



(Education)



Provide coaching and education based on individual driving data to improve safe driving skill

(Means of implementation)



Create new social and economic values by creating an ecosystem through collaborative innovation with various business partners using open digital platform

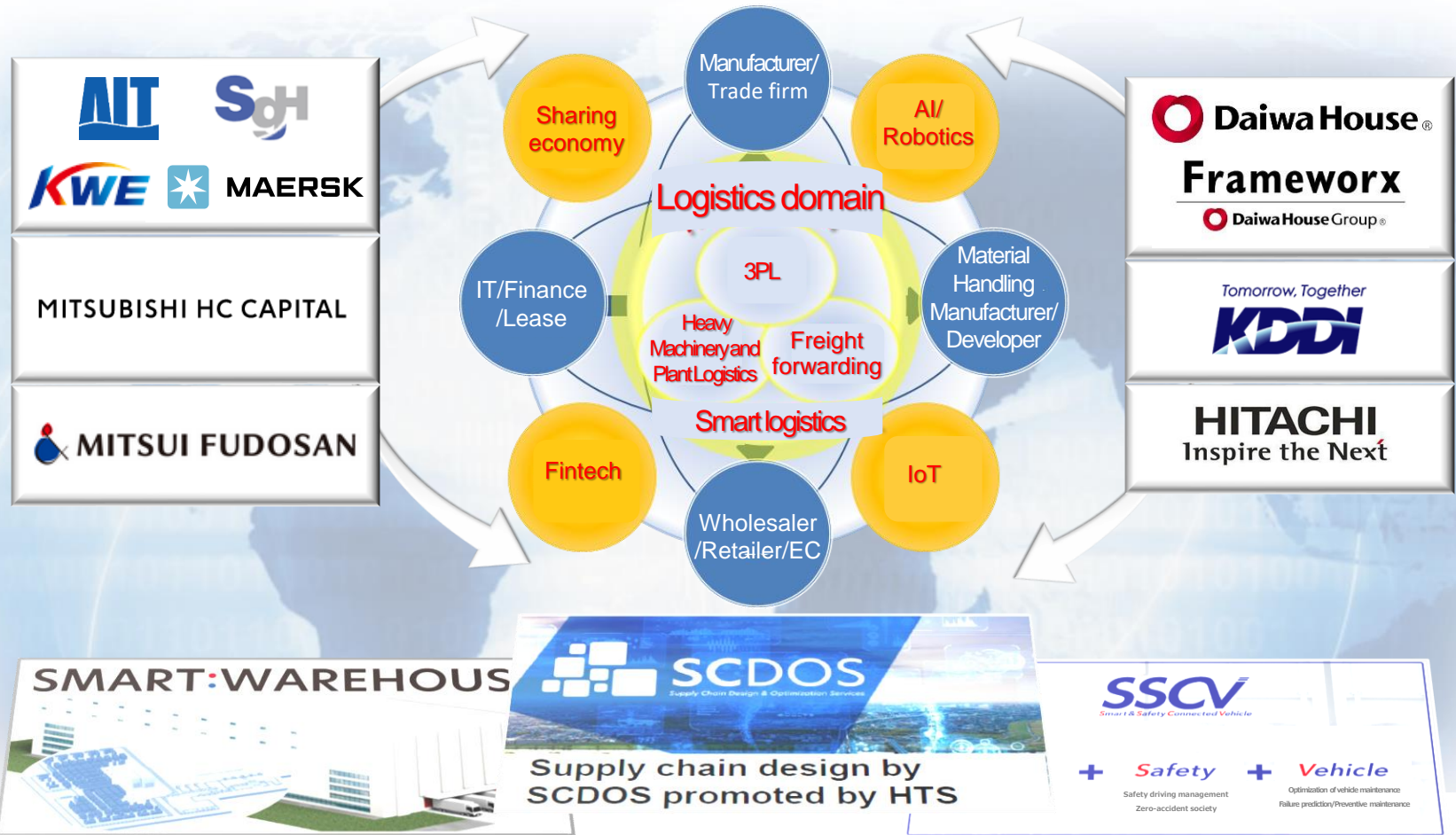
(Growth/Employment)



Strengthen logistics infrastructure that is vital to society and improve status of transporters and drivers through DX of transportation and delivery

Social (S)

Governance (G)





Supplementary Material

<Financial Position, Cash Flows, etc.>



(Unit: 100 million yen)

	FY2019	FY2020	
	As of Mar.31 2020	As of Mar.31 2021	Y o Y
(Assets)			
Current assets	2,674	2,474	-201
Non-current assets	6,117	5,406	-711
Total	8,791	7,879	-912
(Liabilities)			
Current liabilities	1,678	1,567	-111
Non-current liabilities	4,721	4,692	-30
Total	6,399	6,258	-141
(Equity)			
Equity attributable to stockholders of the parent company	2,329	1,552	-777
Non-controlling interests	64	69	+6
Total	2,393	1,621	-772
Total liabilities and equity	8,791	7,879	-912

(Unit: 100 million yen)

	FY2019	FY2020	
	Full Year	Full Year	YoY
Net cash provided by operating activities	782	553	-229
Net cash used in investing activities	-12	698	+709
Net cash provided by (used in) financing activities	-457	-1,611	-1,153
Effect of exchange rate changes on cash and cash equivalents	-7	18	+25
Net increase in cash and cash equivalents	306	-342	-648
Cash and Cash equivalents at beginning of year	1,084	1,390	+306
Cash and Cash equivalents at end of year	1,390	1,048	-342



Financial Indicator etc.

		FY2019		FY2020	
Total equity attributable to stockholders of the parent company *1	(100 million yen)	26.5	2,329	19.7	1,552
Total equity per share attributable to stockholders of the parent company	(Yen)		2,087.52		1,854.01
Basic earnings per share attributable to stockholders of the parent company	(EPS) (Yen)		193.76		240.02
Return on equity (ROE)	(%)		9.5		11.8
Return on assets (ROA)	(%)		2.4		2.7
Return on invested capital (ROIC *2)	(%)		4.3		4.4
Price book-value ratio (PBR)	(Ratio)		1.13		2.01

Major Operating Expenses

(Unit: 100 million yen, (): composition ratio (%))

	FY2019		FY2020			
	Full Year		Full Year		Y o Y	
					%	Change
Subcontract Expenses	(48.4)	3,251.8	(48.5)	3,165.2	97%	-86.6
Personal Expenses	(24.1)	1,619.5	(24.1)	1,575.1	97%	-44.3
Rent Expenses	(3.1)	206.7	(2.8)	181.9	88%	-24.7
Depreciation Expenses	(7.9)	528.2	(8.0)	521.6	99%	-6.6

Capital Expenditure

(Unit: 100 million yen)

	FY2019	FY2020	FY2021
	Full Year	Full Year	Full Year (Plan)
Purchased Assets ^{*1}	182.5	240.8	285.6

*1. Based on fixed assets recorded in the balance sheet.

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

(Unit : Person)

	FY2019	FY2020	FY2021
	As of Mar.31 2020	As of Mar.31 2021	As of Mar.31 2022(Plan)
Regular Employees	23,837	22,682	23,870
Employees and others ^{*2}	21,491	21,047	23,311
Total	45,328	43,729	47,181

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

*2. Includes 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)

	FY2019 (Results)			FY2020 (Results)		
	Revenues	Operating income	Operating margin	Revenues	Operating income	Operating margin
Domestic	3,766	226.1	6.0% (6.0%)	3,682	231.3	6.3% (6.3%)
Overseas	790	51.2	6.5% (7.0%)	753	51.8	6.9% (7.4%)
3PL	4,556	277.4	6.1% (6.0%)	4,435	283.1	6.4% (6.3%)
Domestic	285	2.3	0.8% (2.3%)	287	6.6	2.3% (3.8%)
Overseas	653	-0.2	- (0.5%)	725	27.0	3.7% (4.1%)
Forwarding	938	2.1	0.2% (1.0%)	1,011	33.6	3.3% (2.7%)
Domestic	611	22.4	3.7% (5.1%)	533	18.2	3.4% (5.0%)
Overseas	443	11.9	2.7% (2.9%)	392	17.5	4.5% (4.5%)
Automobile	1,054	34.3	3.3% (4.2%)	925	35.7	3.9% (4.8%)
Other services	175	21.0	12.0% (12.0%)	152	14.7	9.7% (9.7%)
Total	6,723	334.8	5.0%	6,524	367.1	5.6%



April 28, 2021

FY2020
(Year Ended March 31, 2021)
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Toward New Dimensions

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