May 9, 2014

FY2013 (Year Ended March 31, 2014) Financial Results Briefing

Contents of Today's Briefing

I. FY2013 financial results
   [Summary of Financial Results] Financial statements, breakdown of increases / decreases in service revenues and income by group, overseas business segments, equipment investment, orders / startup status
   [FY2013 topics (domestic and overseas)]
   [HTS global network]

II. FY2014 plan
   [Service revenues and income plan]
   [Promotion of structural reforms]

III. Mid-term management plan (2015 Vision)
   [Business plan]
   [Domestic and overseas business strategies (by region), forwarding business]
   [Hitachi Smart Transformation Project]
   [Smart Logistics]
## Summary of FY 2013 Financial Results and FY 2014 Plans

<table>
<thead>
<tr>
<th>Area</th>
<th>FY 2013 Sales (¥bn)</th>
<th>FY 2013 Operating Profit (¥bn)</th>
<th>FY 2014 Sales Target (¥bn)</th>
<th>FY 2014 Operating Profit Target (¥bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Company A</td>
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<td>Company B</td>
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<td>Company C</td>
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<td>Company D</td>
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<td>Company E</td>
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<td>Company F</td>
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<td>Company G</td>
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<tr>
<td>Company H</td>
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</tbody>
</table>

### FY2013 Financial Highlights

<table>
<thead>
<tr>
<th>Financial Area</th>
<th>FY 2013 Sales (¥bn)</th>
<th>FY 2013 Operating Profit (¥bn)</th>
<th>FY 2014 Sales Target (¥bn)</th>
<th>FY 2014 Operating Profit Target (¥bn)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Area 1</td>
<td></td>
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<td>Area 2</td>
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<td>Area 3</td>
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<td>Area 4</td>
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<td>Area 5</td>
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<tr>
<td>Area 6</td>
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</tr>
</tbody>
</table>

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FY2013 Summary of Financial Results
(breakdown of increases / decreases in service revenues)

- **Environmental / volume changes**: -19.9
  - ↑ North America and Indonesia performing strongly
  - ↑ Demand in advance of sales tax hike
  - ↓ Decrease in domestic automobile-related business

- **New orders**: +30.5
  - FY2013 new startup contributions (88 projects: 49 inside Japan, 39 overseas)
  - FY2012 new startup full contributions (77 projects: 45 inside Japan, 32 overseas)

- **Impact of weak yen (increase in overseas service revenues)**: +47.4

- **M&A Impact**: +19.0

FY2013 Actual service revenues:
- FY2012: 547.5 billion yen
- FY2013: 624.5 billion yen

FY2013 Summary of Financial Results
(breakdown of increases / decreases in incomes)

- **Operating income**: 19.5 billion yen
  - Includes startup loss costs (-0.6 billion yen)
  - ↓ Decrease in domestic automobile-related business
  - *North America*: Includes impact of poor winter weather (-0.3 billion yen)

- **New orders**: +1.7
  - Environmental / volume changes: -1.0

- **Impact of weak yen (Overseas)**: +0.5

- **Operating income**: 21.0 billion yen
  - Extraordinary losses (1): Expenses for business structural reform
  - Extraordinary losses (2): Goodwill amortization / goodwill impairment loss

- **Elimination or Corporate**: -1.5

- **M&A Impact**: +1.8

FY2013 Actual income:
- FY2012: 15.0 billion yen
- FY2013: 15.5 billion yen

- **Pre-tax income**: 25.0 billion yen

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### FY2013 Summary of Financial Results (by group)

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

<table>
<thead>
<tr>
<th>Service Revenues</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Full-Year Result (Total)</td>
</tr>
<tr>
<td><strong>Organic</strong> *1</td>
<td></td>
</tr>
<tr>
<td>Domestic logistics</td>
<td>&lt;64&gt; 3,093</td>
</tr>
<tr>
<td>Global logistics</td>
<td></td>
</tr>
<tr>
<td>Overseas</td>
<td>&lt;28&gt; 1,341</td>
</tr>
<tr>
<td>Other</td>
<td>&lt;4&gt; 205</td>
</tr>
<tr>
<td>Total</td>
<td>&lt;32&gt; 1,547</td>
</tr>
<tr>
<td>Other</td>
<td></td>
</tr>
<tr>
<td>(Elimination or Corporate)</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>&lt;100&gt; 4,851</td>
</tr>
</tbody>
</table>

| **Vantec Group** |
| Domestic logistics | <53> 800 | -4% | 20.5 | -28% |
| Global logistics |
| Overseas | <21> 320 | +25% | 8.6 | -22% |
| Forwarding (Japan) *2 | <26> 403 | +14% | 10.1 | +96% |
| Total | <47> 723 | +19% | 18.7 | +15% |
| **Total** | <100> 1,523 | +5% | 39.2 | -13% |

**Consolidated adjustment**

|                  | - | -129 | (-34) | - | - |

**Goodwill amortization, etc.**

|                  | - | - | -25.2 | (0) |

**Total** | <100> 6,245 | +14% | 209.9 | +7% |

*1: Hitachi Transport System Group, not including Vantec Corporation Group
*2: Main organic forwarding business (Japan) was transferred to the Vantec Corporation Group in July 2012.

### FY2013 Summary of Financial Results (overseas business)

(Unit: 100 million yen, rounded to nearest integer)

<table>
<thead>
<tr>
<th>Service Revenues (Excluding Local Expenses)</th>
<th>Operating Income</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Result (Total)</td>
</tr>
<tr>
<td><strong>Overseas</strong></td>
<td></td>
</tr>
<tr>
<td>North America</td>
<td>309</td>
</tr>
<tr>
<td>Europe</td>
<td>451</td>
</tr>
<tr>
<td>China</td>
<td>533</td>
</tr>
<tr>
<td>Asia (excluding China)</td>
<td>350</td>
</tr>
<tr>
<td>Other</td>
<td>19</td>
</tr>
<tr>
<td>Elimination of intra-company transactions, etc.</td>
<td>-49</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>1,612</td>
</tr>
</tbody>
</table>

| **Organic** |
| Organic | 1,341 | +584 | 28.9 | +23.0 |
| Vantec Group | 320 | +65 | 8.6 | -2.4 |
| Elimination of intra-company transactions | -49 | -14 | - | - |

*Figures above indicate service revenues and operating income of overseas subsidiaries.
*Vantec amortization of intangible assets has not been excluded from the operating income figures above.
*CDS is included in China even for non-China regions.
## FY 2013 Summary of Financial Results (Capital Expenditures etc)

<table>
<thead>
<tr>
<th>Category</th>
<th>FY 2012</th>
<th>FY 2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Previous Year Orders</td>
<td>15 16</td>
<td>21 31</td>
</tr>
<tr>
<td>Current Year Orders</td>
<td>16 15</td>
<td>31 16</td>
</tr>
<tr>
<td>Total</td>
<td>31 31</td>
<td>52 47</td>
</tr>
</tbody>
</table>

## Major Orders / Startup Status Trends

<table>
<thead>
<tr>
<th>Category</th>
<th>FY2012</th>
<th>FY2013</th>
</tr>
</thead>
<tbody>
<tr>
<td>Orders</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Previous Year Orders</td>
<td>77</td>
<td>22</td>
</tr>
<tr>
<td>Current Year Orders</td>
<td>55</td>
<td>64</td>
</tr>
<tr>
<td>Current Year Orders</td>
<td>81</td>
<td>91</td>
</tr>
<tr>
<td>Next Year Orders</td>
<td>26</td>
<td>27</td>
</tr>
</tbody>
</table>

*Figures above indicate 10 million yen/month or larger projects.

FY2013 startups: 33 projects (including past orders)
**FY2013 Topics (Japan)**

- **Chukyo Distribution Center (Phase II)**
  - Kasugai City, Aichi Prefecture
  - Operations started January 2014
  - Retail, daily commodities, electrical products, etc.

- **Shin-Fuji Distribution Center**
  - Fuji City, Shizuoka Prefecture
  - Operations started October 2013
  - Food products, daily commodities, etc.

- **Kawagoe Distribution Center**
  - Kawagoe City, Saitama Prefecture
  - Operations started March 2014
  - Food products, daily commodities, etc.

- **Atsugi Distribution Center**
  - Aiko county, Kanagawa Prefecture
  - Operations started January 2014
  - Automobile parts, etc.

- **Tsukuba Distribution Center**
  - Tsukuba City, Ibaraki Prefecture
  - Operations started April 2014
  - Construction equipment parts, etc.

- **Sagamihara Distribution Center**
  - Sagamihara City, Kanagawa Prefecture
  - Operations started January 2014
  - Precision instruments, cosmetics, etc.

- **Kawagoe Distribution Center**
  - Kawagoe City, Saitama Prefecture
  - Operations started March 2014
  - Food products, daily commodities, etc.

- **Technical Center**
  - Matsudo City, Chiba Prefecture
  - (inside HTS training center)
  - Opened September 2013
  - Testing facility

**FY2013 Topics (Overseas)**

- **Russia (New Company)**
  - VANTEC HTS Logistics (RUS), LLC
  - Saint Petersburg
  - Operations started June 2013
  - Warehouse storage, shipping business, etc.

- **China (Logistics Site)**
  - Tianjin Distribution Center
  - Tianjin City
  - Operations started October 2013
  - Daily commodities

- **Turkey (M&A)**
  - Mars Logistics Group Inc.
  - Istanbul
  - Acquired October 2013
  - Intermodal business, forwarding business

- **Hong Kong (M&A)**
  - CDS FREIGHT HOLDING LTD.
  - Hong Kong
  - Acquired July 2013
  - Forwarding business

- **Hong Kong / Taiwan (Reorganization)**
  - Vantec Hitachi Transport System (Hong Kong) Ltd.
  - Vantec Hitachi Transport System (Taiwan) Ltd.
  - Reorganized November 2013
  - Creation of synergy with the Vantec Group

- **Indonesia (New Company)**
  - PT Hitachi Transport System Indonesia
  - Jakarta
  - Operations started October 2013
  - 3PL business

- **Malaysia (Logistics Site)**
  - Kuala Lumpur Logistics Center
  - Bangi, Selangor
  - Operations started October 2013
  - Retail, appliances, food products, etc.

- **Myanmar (New Company)**
  - NISSHIN (MYANMAR) CO., LTD.
  - Yangon
  - Inspection operations started April 2013
  - Global logistics, internal warehouse operations, etc.
Global Network

(as of March 31, 2014)

Network extending to 30 countries and regions

Europe
- 15 companies
- 74 sites
- 400,000m²
- 4,093 people

Japan
- 26 companies
- 357 sites
- 4,610,000m²
- 29,418 people

China/Other
- 42 companies
- 151 sites
- 570,000m²
- 5,399 people

Asia
- 33 companies
- 134 sites
- 600,000m²
- 7,791 people

North America
- 16 companies
- 49 sites
- 190,000m²
- 2,142 people

*1 Total personnel numbers include part-time employees, temporary employees, and equity method affiliate employees.

*2: Includes South Korea

*3: Includes Oceania

*4: Includes Mexico

FY2014 Plans (service revenues)

FY2014 service revenues (planned)

655.0

M&A
+17.5

New orders
+33.0

Environmental / volume changes, etc.
-20.0

FY2014 new startup contributions (finalized)
(33 projects: 29 inside Japan, 4 overseas)
FY2013 new startup full contributions
(88 projects: 49 inside Japan, 39 overseas)
**Promotion of Structural Reforms**

Promotion of dynamic structural reforms to create a [logistics company capable of local and global competition and success]

Regional and global operation system optimization

- **HTS**
  - Sales headquarters restructuring (5 => 4 sales headquarters)
  - Group company restructuring

- **Vantec**
  - Function-oriented (transport / automobile / industrial distribution)
  - Region-oriented (3 regions)

Intra-regional restructuring (site and subsidiary mergers and elimination)

Integration of overlapping functions and business segments, and network strengthening

Assured results of FY2013 measures: 1.5 billion yen/year
Create services and business models which increase customer satisfaction, producing sustained growth

Total Personnel: 29,418 people
Number of Sites: 357
Vehicles: Approx. 3,000*
Distribution Center Area: 4,610,000 m²

(as of March 31, 2014)
*Estimated total for trucks, tractors, and trailers

Service Revenues
(Unit: billion yen)

<table>
<thead>
<tr>
<th></th>
<th>2013</th>
<th>2014 (Plan)</th>
<th>2015 (Mid-term Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>409.3</td>
<td>415.0</td>
<td>430.0</td>
</tr>
</tbody>
</table>

Priority measures

- Respond to diversifying customer needs
  - Provide platforms to industry and corporate groups
  - Provide business operations and “value” through new technologies and high-spec logistics
  - Comprehensive, regionally-focused business operations tailored to regional characteristics

Platform business expansion-oriented logistics site reinforcement

Open dedicated food product distribution center in northern Kanto area

- Dedicated food product warehouse with dry and chilled functions
- Operation: Early 2015
- Total area: Over 15,000 m²

Completed image
Global Business Expansion (Regional Strategy: Asia)

Respond to market growth and accelerated deployment of global accounts within regions

- **India**: Expanded smart logistics sales and further coordination with automobile related logistics
- **Myanmar**: Expansion into Thilawa industrial park
- **Vietnam**: Heavy machinery construction business sales expansion and business development
- **Thailand / Malaysia**: Cross-border 3PL and cold chain expansion
- **Indonesia**: Expansion of orders from Japanese companies and local conglomerates

### Number of Sites: 127

### Distribution Center Area: 590,000m²

### Vehicles: Approx. 1,000*

*(as of March 31, 2014)  
*Estimated total for trucks, tractors, and trailers

### Service Revenues

(Unit: billion yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>35.0</td>
<td>37.0</td>
<td>50.0</td>
</tr>
</tbody>
</table>

Priority measures

1. India: Expanded smart logistics sales and further coordination with automobile related logistics
2. Myanmar: Expansion into Thilawa industrial park
3. Vietnam: Heavy machinery construction business sales expansion and business development
4. Thailand / Malaysia: Cross-border 3PL and cold chain expansion
5. Indonesia: Expansion of orders from Japanese companies and local conglomerates

### Handling of Japanese global accounts

**Build 3PL distribution center in Indonesia**

- **Surabaya Distribution Center** (tentative name)
- **Provide Japanese level of service to daily commodities customers**
  - Location: Surabaya City
  - Operation: 2014

### Global Business Expansion (Regional Strategy: China)

**Japanese-style 3PL development and forwarding business enhancement**

- **Total Personnel**: 5,385 people
- **Number of Sites**: 149
- **Vehicles**: Approx. 100*
- **Distribution Center Area**: 570,000m²

*(as of March 31, 2014)  
*Estimated total for trucks, tractors, and trailers

### Service Revenues

(Unit: billion yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014</th>
<th>2015</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>53.3</td>
<td>58.0</td>
<td>70.0</td>
</tr>
</tbody>
</table>

### Priority measures

1. Expansion of orders from global accounts (retail, manufacturers, automobile parts, etc.)
2. Expansion of orders from the Hitachi Group (coordination with Smart Transformation PJ)
3. Business deployment into inland areas

### Steadily open new sites to handle new projects

**Build parts distribution center in Shanghai**

- **Dedicated parts distribution center for major Japanese manufacturers**
  - Location: Waigaoqiao Zone
  - Operation: May 2015 (planned)
**Global Business Expansion (Regional Strategy: North America)**

**Business expansion through M&A partner growth and group company fusion**

- **Total Personnel:** 2,142 people
- **Number of Sites:** 49
- **Vehicles:** Approx. 3,000
- **Distribution Center Area:** 190,000m²

(as of March 31, 2014)

*Estimated total for trucks, tractors, and trailers

**Service Revenues**

(Unit: billion yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>North America - Overall</th>
<th>Mexico business segment (included)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>30.9</td>
<td>6.1</td>
</tr>
<tr>
<td>2014 (Plan)</td>
<td>33.0</td>
<td>6.7</td>
</tr>
<tr>
<td>2015 (Mid-term Plan)</td>
<td>39.0</td>
<td>8.5</td>
</tr>
</tbody>
</table>

**Priority measures**

- **NAFTA pipeline and Mexico business segment expansion**
- **Mexico business segment expansion (automobile parts logistics)**
- **Number of Sites:** 10
  - **Distribution Center Area:** Approx. 43,000m²

**Global Business Expansion (Regional Strategy: Europe)**

**Network operation system expansion through strengthening of coordination with M&A partners**

- **Total Personnel:** 4,093 people
- **Number of Sites:** 74
- **Vehicles:** Approx. 2,000
- **Distribution Center Area:** 400,000m²

(as of March 31, 2014)

*Estimated total for trucks, tractors, and trailers

**Service Revenues**

(Unit: billion yen)

<table>
<thead>
<tr>
<th>Year</th>
<th>2013</th>
<th>2014 (Plan)</th>
<th>2015 (Mid-term Plan)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sea</td>
<td>45.1</td>
<td>61.0</td>
<td>64.0</td>
</tr>
<tr>
<td>Rail</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Land</td>
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<td></td>
</tr>
</tbody>
</table>

**Priority measures**

- **Business promotion and expansion of orders through group coordination**
- **Intermodal expansion and European network logistics sales expansion through enrichment of Luxembourg XD functions**
- **Eastern Europe: Regional 3PL business expansion and heavy machinery construction business promotion**
- **Turkey: Domestic business expansion (3PL, intraregional transport, etc.)**

**Intermodal business expansion and group network enhancement**
**Global Business Expansion (Forwarding Business)**

Enhancement and expansion of One Hitachi Transport System offshore business

**Service Revenues**

(Unit: billion yen)

- 2013: 104.0
- 2014 (Plan): 130.0
- 2015 (Mid-term Plan): 140.0

*Before consolidated adjustment

**Cargo volume trends and important routes**

- **Cargo volume trends**
  - Air: 170,000 tons in 2013, 210,000 tons in 2014, 250,000 tons in 2015
  - Sea: 240,000 TEU in 2013, 300,000 TEU in 2014, 350,000 TEU in 2015

- **Important routes**
  - Intra Asia
  - Asia to US (North, Central, and South America)

**Hitachi Smart Transformation Project**

- **Acquisition of a former Hitachi Cable logistics subsidiary**
  - March 2013: Stock acquisition
  - July 2014: Planned merger with existing subsidiary (Higashinippon Hitachi Transport Service)

- **Domestic warehouse integration**
  - Hitachi Group company external warehouse integration (from 4Q 2013)
  - Coordinated with Hitachi, Ltd. (Logistics Integration Center)
  - Integration into existing Hitachi Transport System sites
  - Joint delivery and storage with existing Hitachi Group companies

- **Establishment Tsukuba Distribution Center**
  - Hitachi Construction Machinery
  - Construction machinery maintenance parts support for global supply system reorganization (maintenance parts mother center)
  - Full-fledged operations from May 2014
  - Total area: Approx. 52,700m²
  - 26,400m² per floor

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Smart Logistics (New Model Development / Realization Plan (1))

Smart Warehouse: Model system concept [full-fledged development from FY2014]

- Development realization at selected sites
- Operation efficiency improvements and hands-free operations through use of wearable systems

**Support for progress management and rapid operation policy decision-making**

- Field
- Office

- Conventional warehouse area
- New system area
- Model development area

Work productivity and layout flexibility improvement through use of conveyor robots

- FY2013
- FY2014
- FY2015

<table>
<thead>
<tr>
<th>Development / realization plan [coordinated with Hitachi, Ltd.] &lt;research and development expenses: 0.3 million yen&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td>Smart Warehouse development</td>
</tr>
<tr>
<td>Smart Logistics Cockpit development</td>
</tr>
<tr>
<td>Model system construction (practical realization / commercialization)</td>
</tr>
<tr>
<td>“Smart Logistics Configurator” development</td>
</tr>
</tbody>
</table>

**Smart Logistics (New Model Development / Realization Plan (2))**

- Cosmetics PF center / sports DC (Tokyo area)
- Deployment to domestic and global sales offices
- Deployment to existing / new distribution centers, major domestic and global sales offices
- Deployment to new distribution centers, domestic and global sales offices

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We Challenge the Global Competition by Collaborative Innovation