

May 9, 2014

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

 **Hitachi Transport System, Ltd.**

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## Contents of Today's Briefing



1

### **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]**



( Unit : Billion Yen, Figures are rounded off to the nearest billion yen, Parentheses are operating margin(%))

	FY2012 (Actual)	FY2013 (Actual)	Year on year (FY2013/ FY2012)	FY2014 (Projection)	Year on year (FY2014/ FY2013)
Service Revenues	(3.6) 547.5	(3.4) 624.5	14%	(3.8) 655.0	5%
Operating Income	(3.6) 19.5	(3.2) 21.0	7%	(3.7) 25.0	19%
Ordinary Income	(3.7) 19.6	(2.5) 20.0	2%	(3.7) 24.4	22%
Pretax Income	(2.0) 20.5	(0.9) 15.5	-24%	(2.0) 24.1	56%
Net Income	11.2	5.4	-51%	13.3	145%
Dividend per share	¥25	¥26	¥1	¥28	¥2

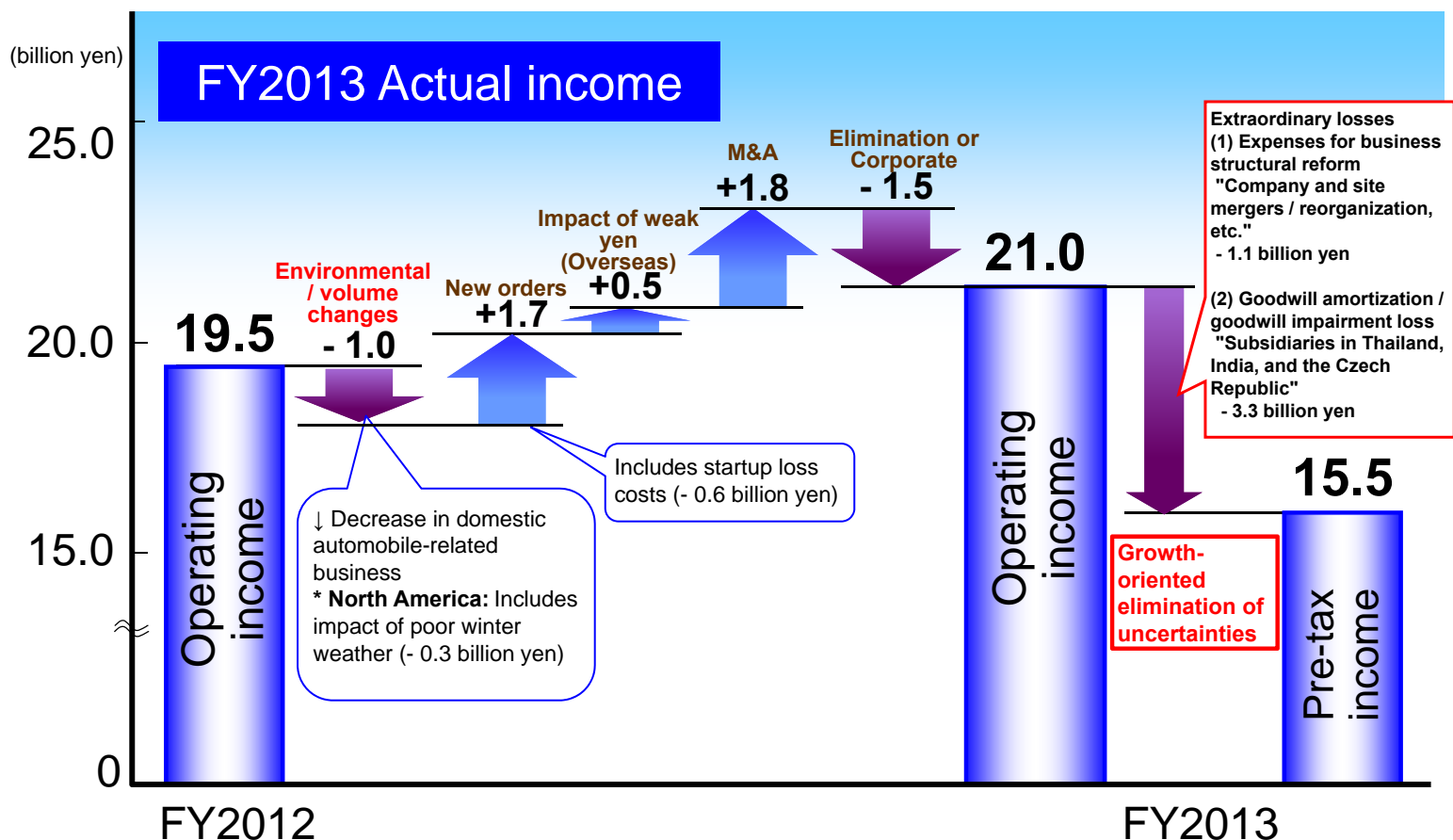
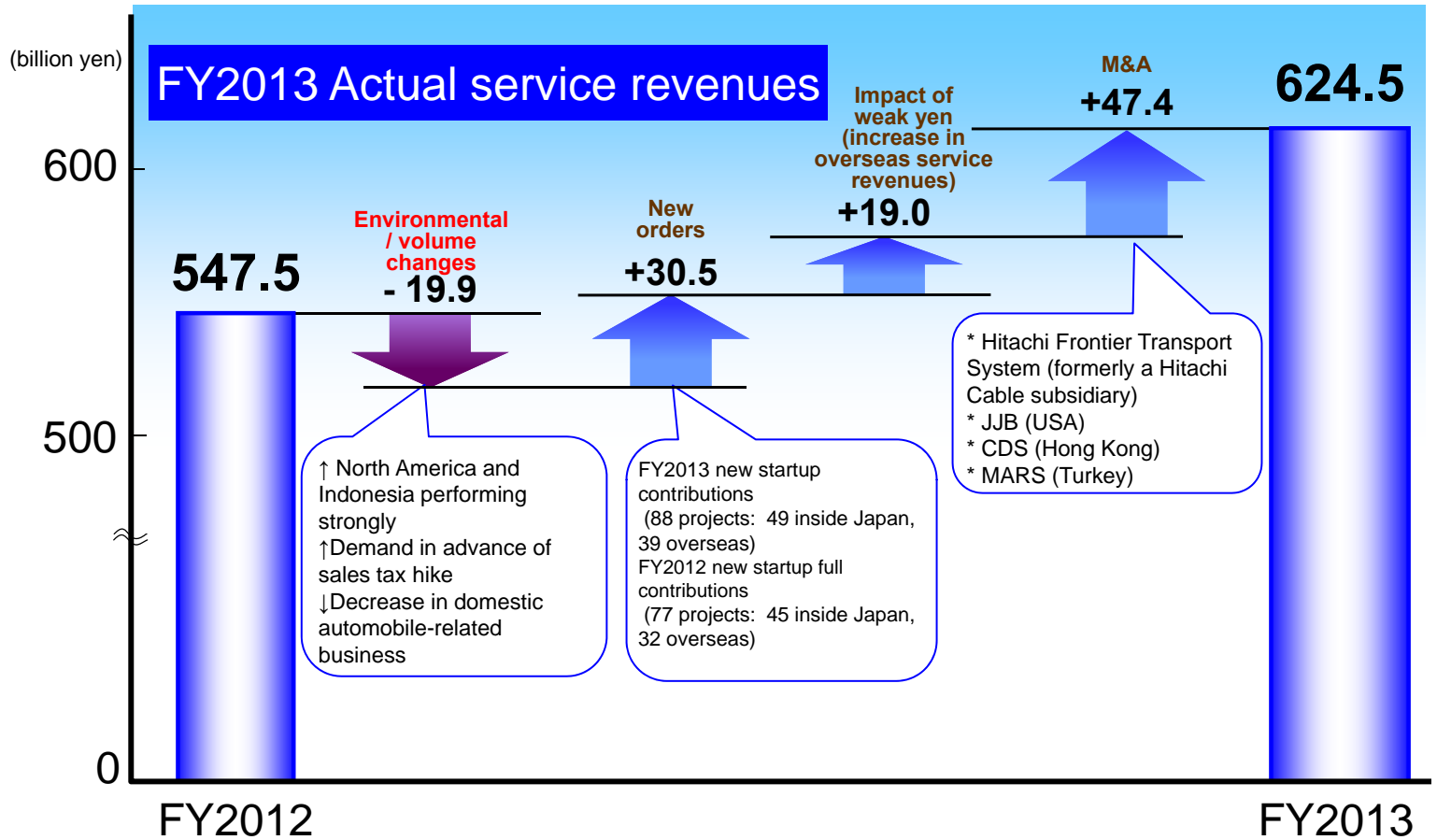
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## FY2013 Summary of Financial Results(financial indicator etc)



	FY2012	FY2013
Total assets (Billion Yen)	374.2	427.7
Equity (Billion Yen) (○ indicates equity ratio(%))	(45.2) 169.3	(39.4) 168.7
Net assets per share (Yen)	1,517.93	1,512.16
Net income per share (Yen)	100.01	48.70
Dividend per share (Yen)	25	26
Return on equity (%)	6.8	3.2
Return on assets (%)	3.0	1.4
Price book-value ratio (Ratio)	0.99	1.11
Stock price (Yen)	(Mar. 31, 2013) 1,500	(Mar. 31, 2014) 1,676

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(Unit: 100 million yen, rounded to nearest integer. &lt; &gt;: composition ratio (%). ( ): year-on-year change)

		Service Revenues		Operating Income			
		Full-Year Result (Total)	Year on year	Full-Year Result (Total)	Year on year		
Organic *1	Domestic logistics	<64>	3,093	+6%	276.0	+7%	
	Global logistics	Overseas	<28>	1,341	+77%	28.9	+385%
		Other	<4>	205	-17%	-4.6	(-7.1)
	Total		<32>	1,547	+54%	24.3	+188%
	Other		<4>	211	+7%	27.4	+5%
	(Elimination or Corporate)		-	-	-	-131.8	(-15.3)
Total		<100>	4,851	+18%	195.9	+12%	
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.

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

		Service Revenues		Operating Income (Excluding Local Expenses)		
		Result (Total)	Year on year	Result (Total)	Year on year	
Overseas	North America	309	+84	6.0	+1.8	
	Europe	451	+192	19.9	+15.1	
	China	533	+305	6.8	-1.0	
	Asia (excluding China)	350	+61	4.1	+3.7	
	Other	19	+7	0.4	+0.7	
	Elimination of intra-company transactions, etc.		-49	-14	0.3	+0.3
	Total		1,612	+635	37.6	+20.5
	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.

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**Capital Expenditures**

(Unit: Billion yen)

	FY2012	FY2013
Purchased Assets	15.2	21.6
(Reference) Leased Assets	16.0	31.1
Depreciation Expenses	15.0	16.6

**Warehouse Area**

 (Unit: 10,000 m<sup>2</sup>)

	FY2012	FY2013
Domestic	426	461
Overseas	138	176
Total	564	637

**Number of Employees (End of the Term)**

(Unit: people)

	FY2012	FY2013
Total number of employees	46,524	48,843
Consolidated number of employees	22,793	24,425

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## FY2013 Summary of Financial Results (orders / startup status)

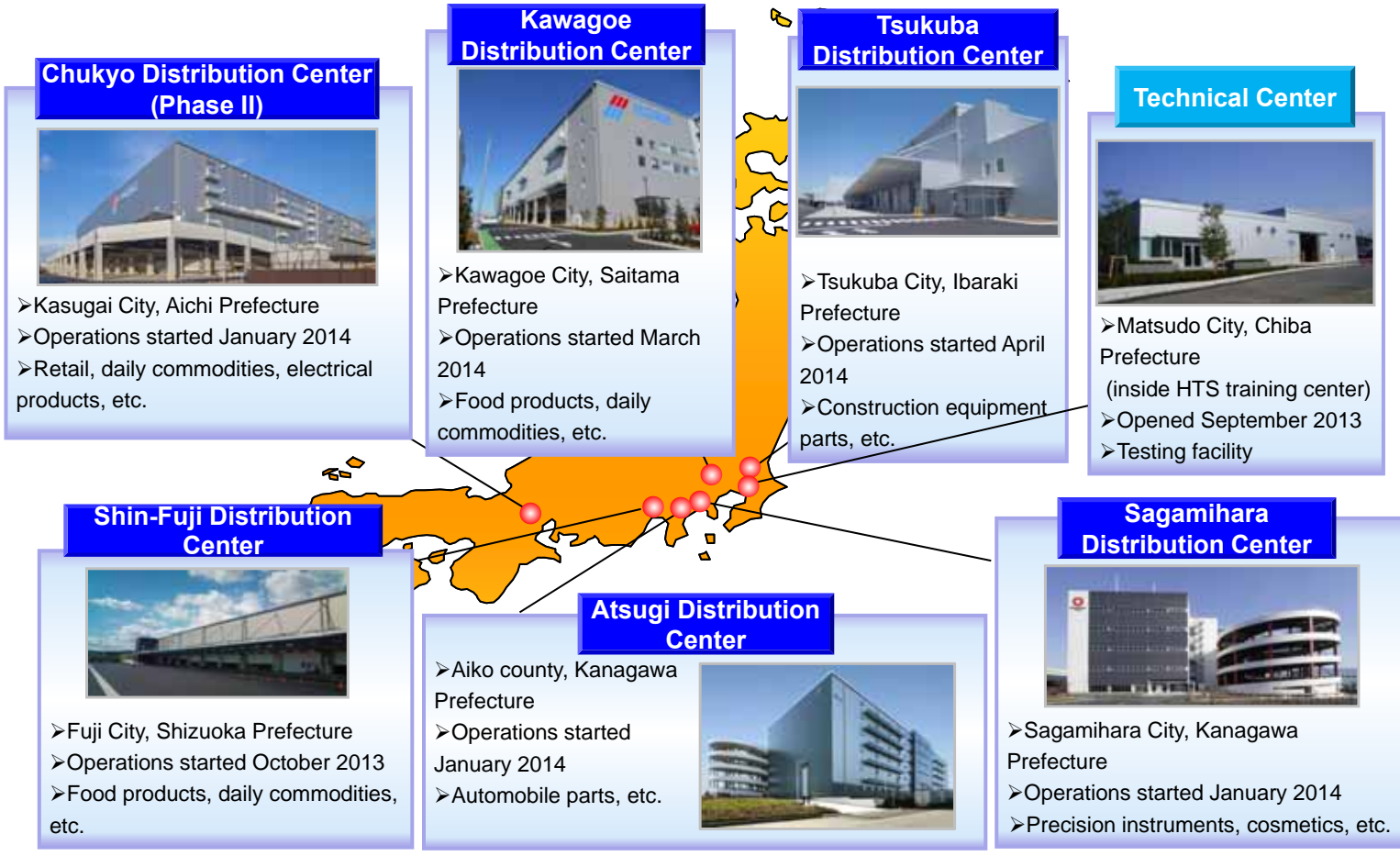

**Major Orders / Startup Status Trends**

		FY2012		FY2013	
Startup	Prev. Year Orders Current Year Startup	77 projects	22 projects	88 projects	24 projects
	Current Year Orders Current Year Startup		55 projects		64 projects
Orders	Current Year Orders Next Year Startup (Remaining Orders)	81 projects	26 projects	91 projects	27 projects


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

 FY2014 startups: 33 projects  
(including past orders)

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### Chukyo Distribution Center (Phase II)




- Kasugai City, Aichi Prefecture
- Operations started January 2014
- Retail, daily commodities, electrical products, etc.

### Kawagoe Distribution Center




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

### Tsukuba Distribution Center




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

### Technical Center




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

### Shin-Fuji Distribution Center




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

### Atsugi Distribution Center

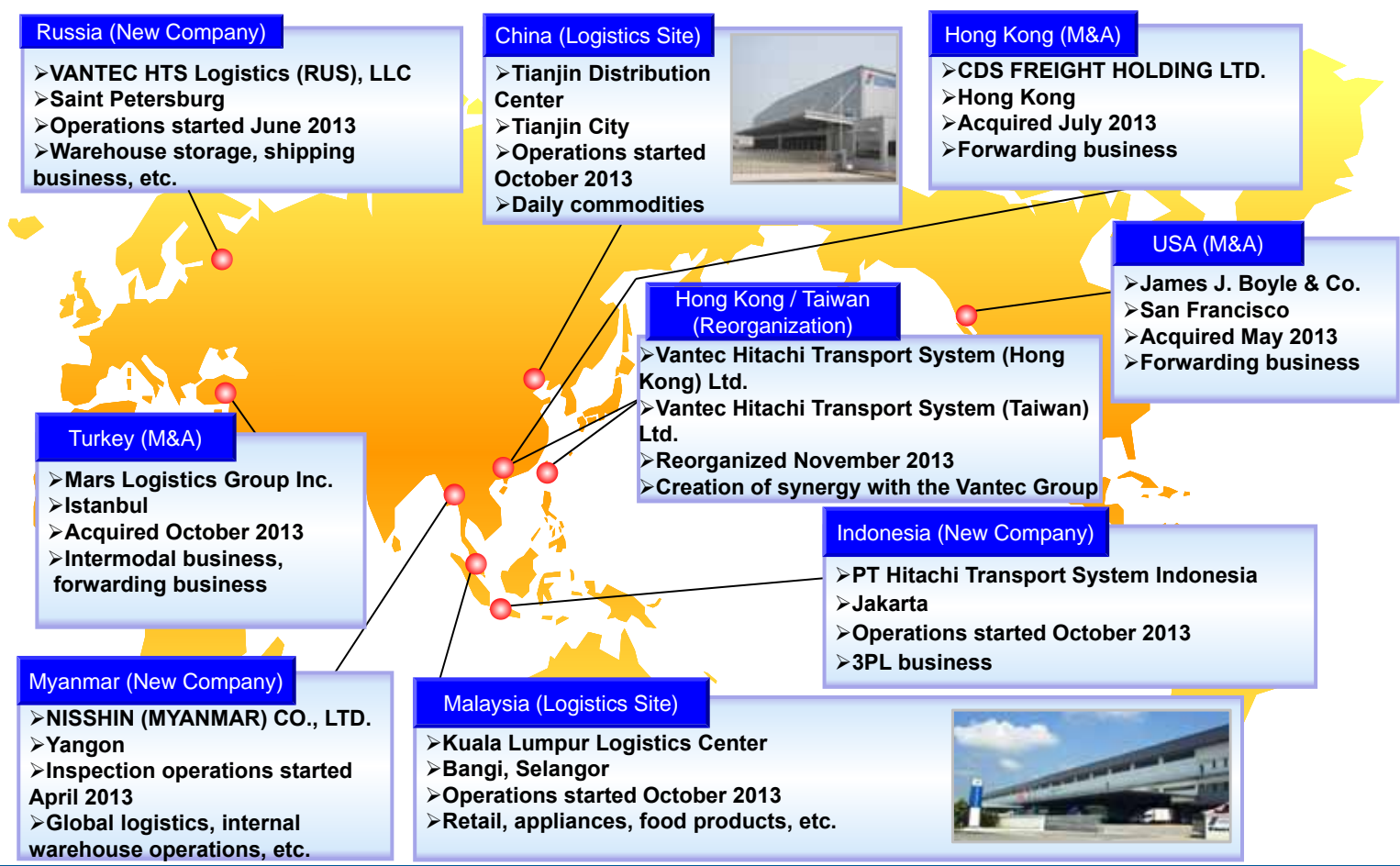


- Aiko county, Kanagawa Prefecture
- Operations started January 2014
- Automobile parts, etc.

### Sagamihara Distribution Center




- Sagami City, Kanagawa Prefecture
- Operations started January 2014
- Precision instruments, cosmetics, etc.



### 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

### Hong Kong (M&A)

- CDS FREIGHT HOLDING LTD.
- Hong Kong
- Acquired July 2013
- Forwarding business

### USA (M&A)

- James J. Boyle & Co.
- San Francisco
- Acquired May 2013
- Forwarding business

### Turkey (M&A)

- Mars Logistics Group Inc.
- Istanbul
- Acquired October 2013
- Intermodal business, 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

### Myanmar (New Company)

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

### Malaysia (Logistics Site)



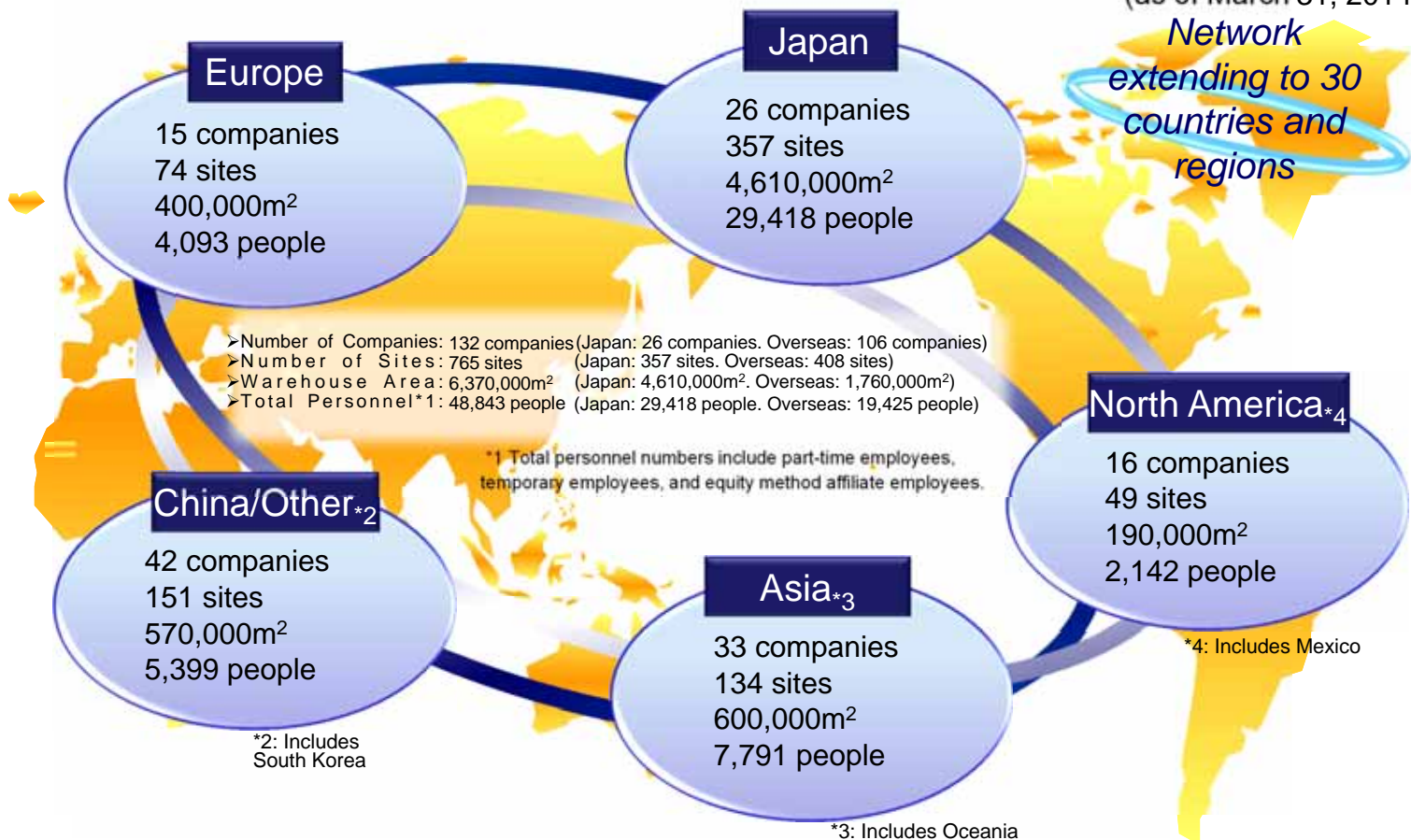
- Kuala Lumpur Logistics Center
- Bangi, Selangor
- Operations started October 2013
- Retail, appliances, food products, etc.



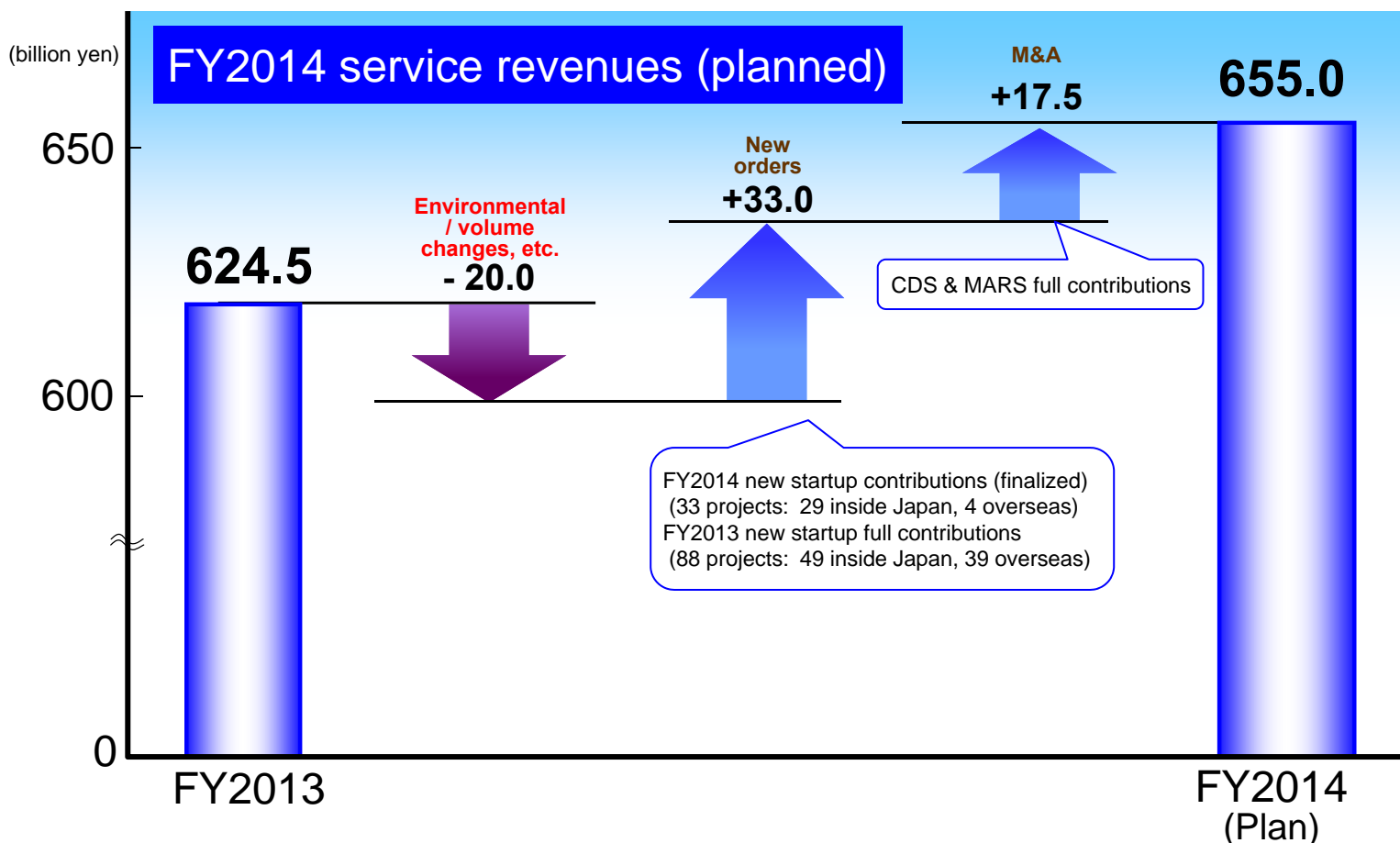


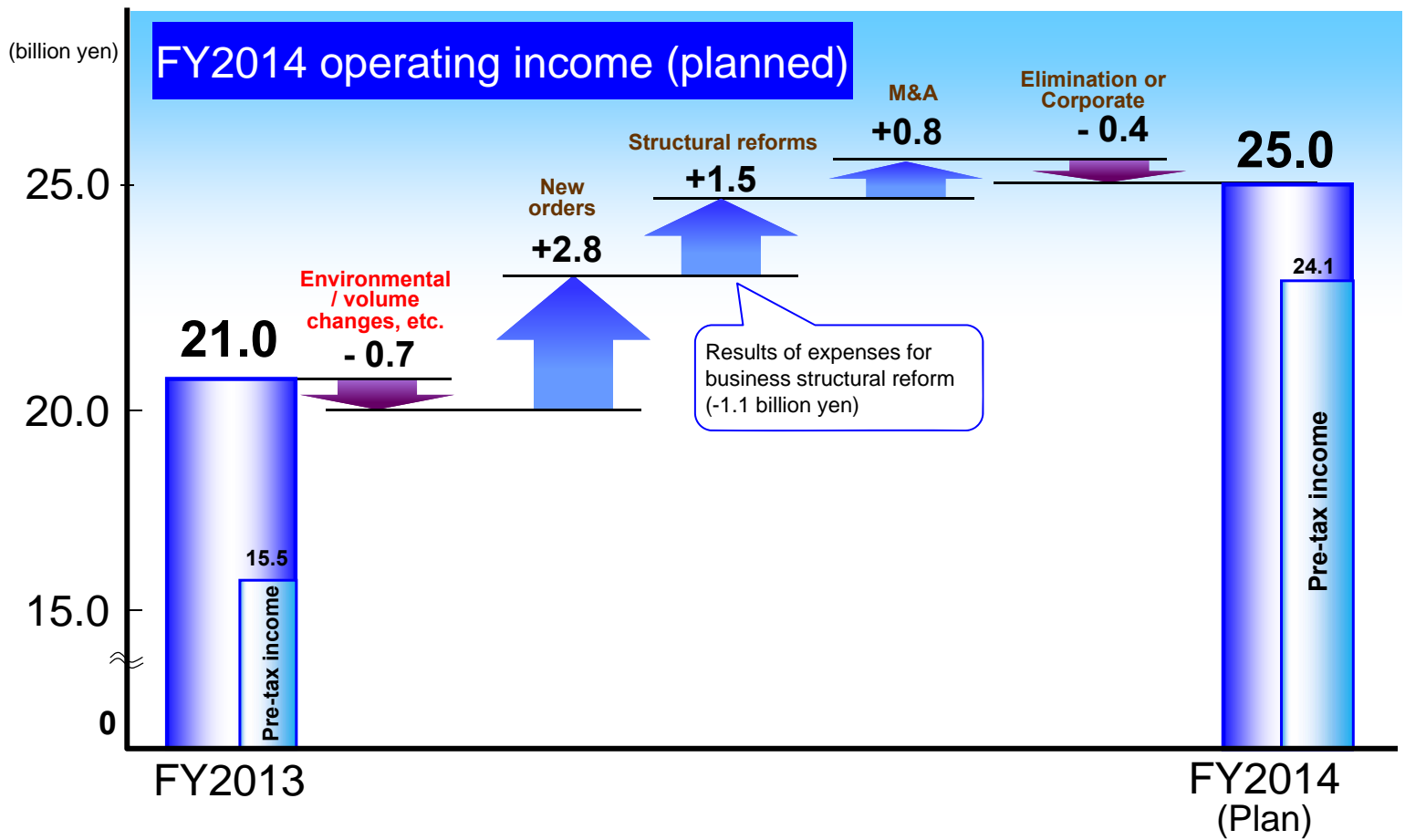
(as of March 31, 2014)

Network  
extending to 30  
countries and  
regions



## FY2014 Plans (service revenues)



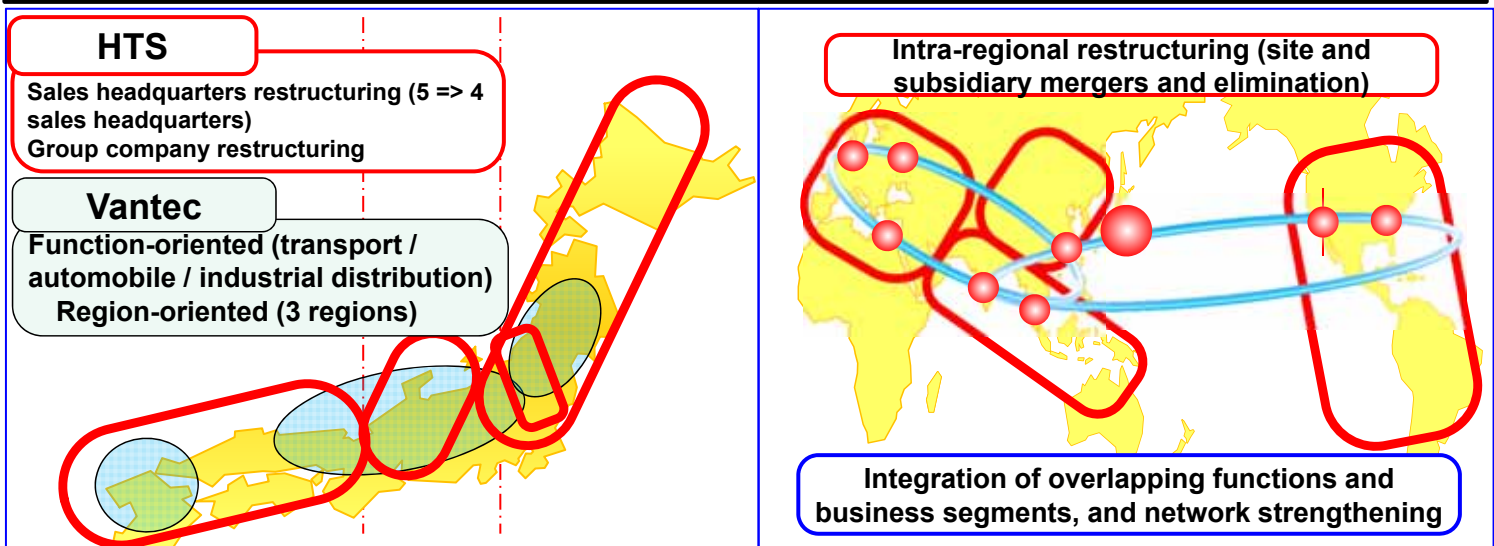


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## Promotion of Structural Reforms

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

Regional and global operation system optimization



Assured results of FY2013 measures: 1.5 billion yen/year

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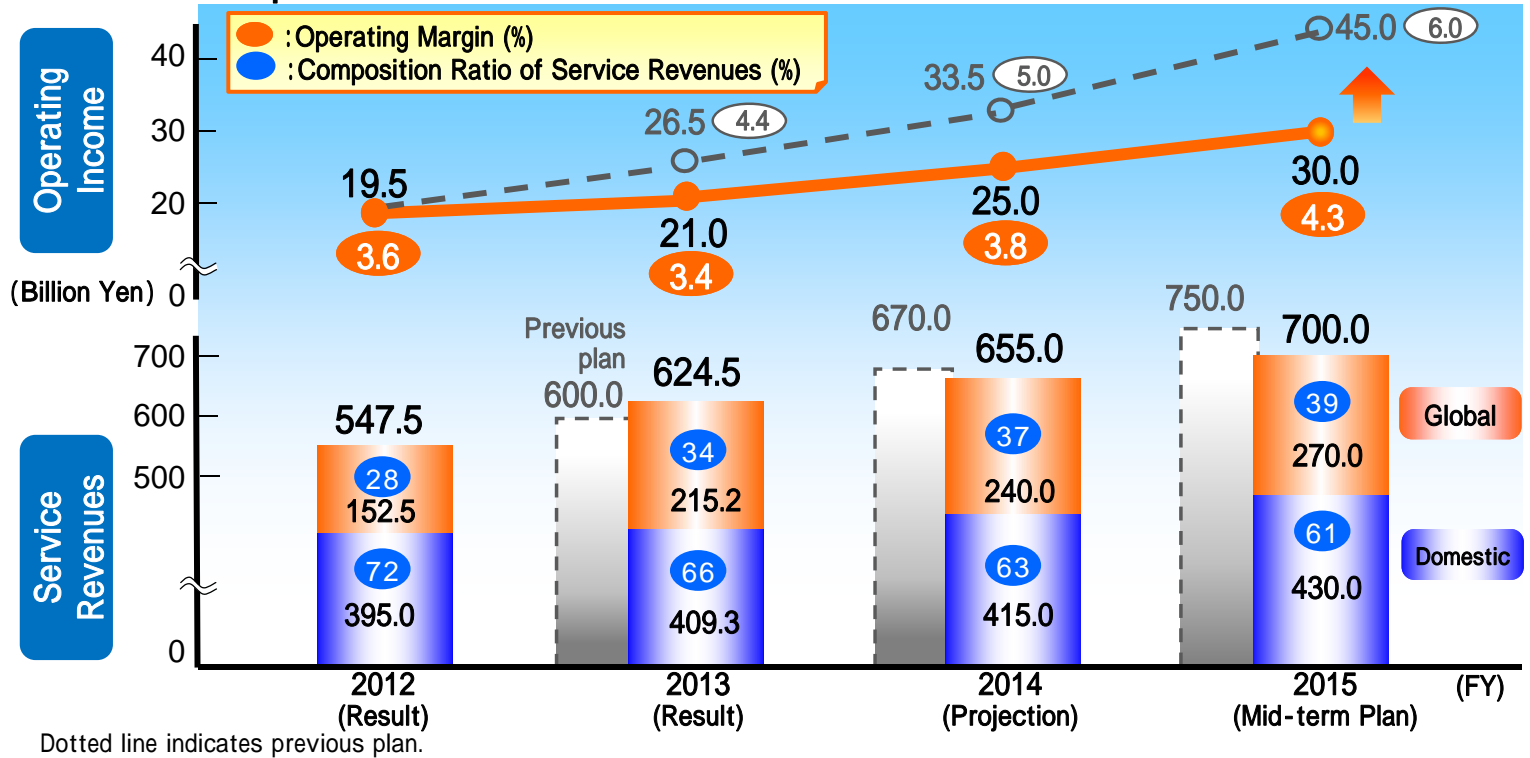
## Vision

Competitive logistics company that wins the global competition

## Management policy

Growth through collaboration and structural reform

## Business plan



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# Domestic Business Expansion (Basic Strategy)

Create services and business models which increase customer satisfaction, producing sustained growth

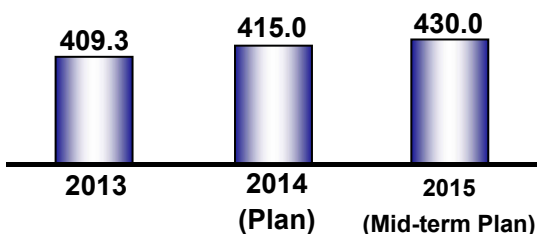
Total Personnel: 29,418 people  
 Number of Sites: 357  
 Vehicles: Approx. 3,000\*  
 Distribution Center Area: 4,610,000m<sup>2</sup>

(as of March 31, 2014)

\*Estimated total for trucks, tractors, and trailers

## Service Revenues

(Unit: billion yen)



## 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



Completed image

Dedicated food product warehouse with dry and chilled functions  
 ➤ Operation: Early 2015  
 ➤ Total area: Over 15,000m<sup>2</sup>

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

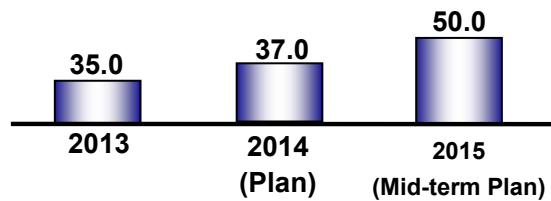
**Total Personnel: 7,743 people** Excluding Oceania  
**Number of Sites: 127**  
**Vehicles: Approx. 1,000\***  
**Distribution Center Area: 590,000m<sup>2</sup>**

(as of March 31, 2014)

\*Estimated total for trucks, tractors, and trailers

## Service Revenues

(Unit: billion yen)



## Priority measures

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  
 : Expansion of orders from global accounts  
 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

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

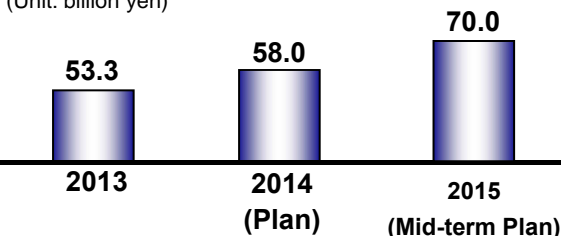
**Total Personnel: 5,385 people** Excluding South Korea  
**Number of Sites: 149**  
**Vehicles: Approx. 100\***  
**Distribution Center Area: 570,000m<sup>2</sup>**

(as of March 31, 2014)

\*Estimated total for trucks, tractors, and trailers

## Service Revenues

(Unit: billion yen)



## Priority measures

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

## Steadily open new sites to handle new projects

### Build parts distribution center in Shanghai



Completed image

Dedicated parts distribution center for major Japanese manufacturers  
 > Location: Waigaoqiao Zone  
 > Operation: May 2015 (planned)

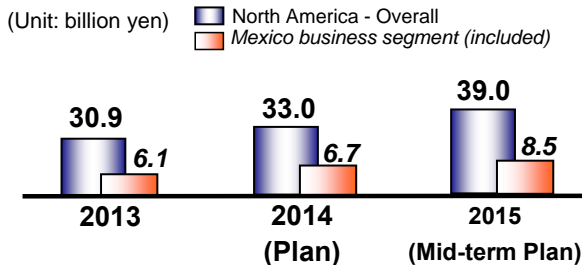


## Business expansion through M&A partner growth and group company fusion

**Total Personnel: 2,142 people**  
**Number of Sites: 49**  
**Vehicles: Approx. 3,000\***  
**Distribution Center Area: 190,000m<sup>2</sup>**



## Service Revenues



## Priority measures

### NAFTA pipeline and Mexico business segment expansion



### Mexico business segment expansion (automobile parts logistics)



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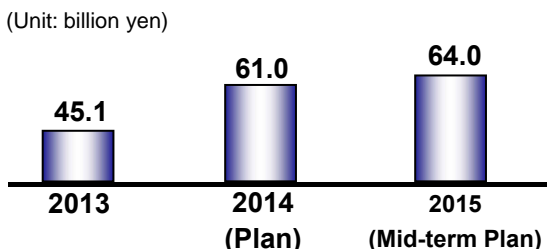


## Network operation system expansion through strengthening of coordination with M&A partners

**Total Personnel: 4,093 people**  
**Number of Sites: 74**  
**Vehicles: Approx. 2,000\***  
**Distribution Center Area: 400,000m<sup>2</sup>**



## Service Revenues



## 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



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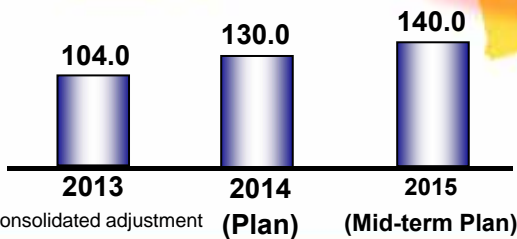


## Enhancement and expansion of One Hitachi Transport System offshore business



### Service Revenues

(Unit: billion yen)



\*Before consolidated adjustment

### Cargo volume trends and important routes

#### Cargo volume trends

	2013	2014	2015
<b>Air</b>	170,000 tons	210,000 tons	250,000 tons
<b>Sea</b>	240,000 TEU	300,000 TEU	350,000 TEU

#### Important routes

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

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# 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)

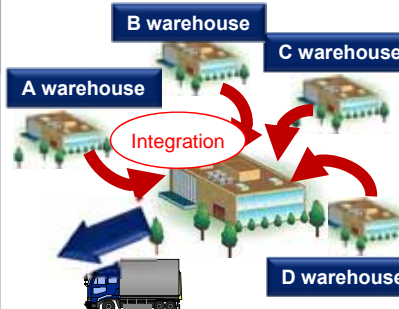
**Merge**  
 Higashinippon Hitachi Transport Service Co., Ltd.  
 Hitachi Frontier Transport System Co., Ltd.



### 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. 52,700m<sup>2</sup>
- 26,400m<sup>2</sup> per floor

One of largest in Group



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Smart Warehouse

Warehouse operation efficiency improvement (creation of model systems utilizing conveyor robots, etc.)

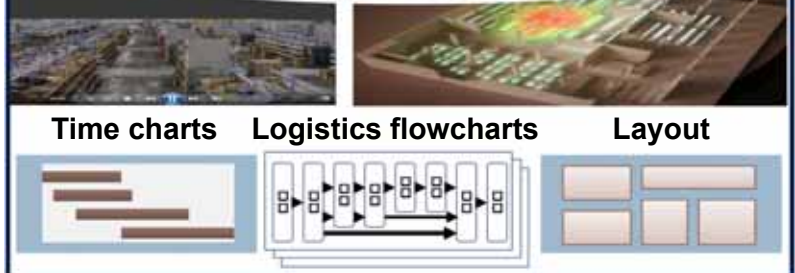
Smart Logistics Cockpit

Management screen examples



Smart Logistics Configurator

3D view examples

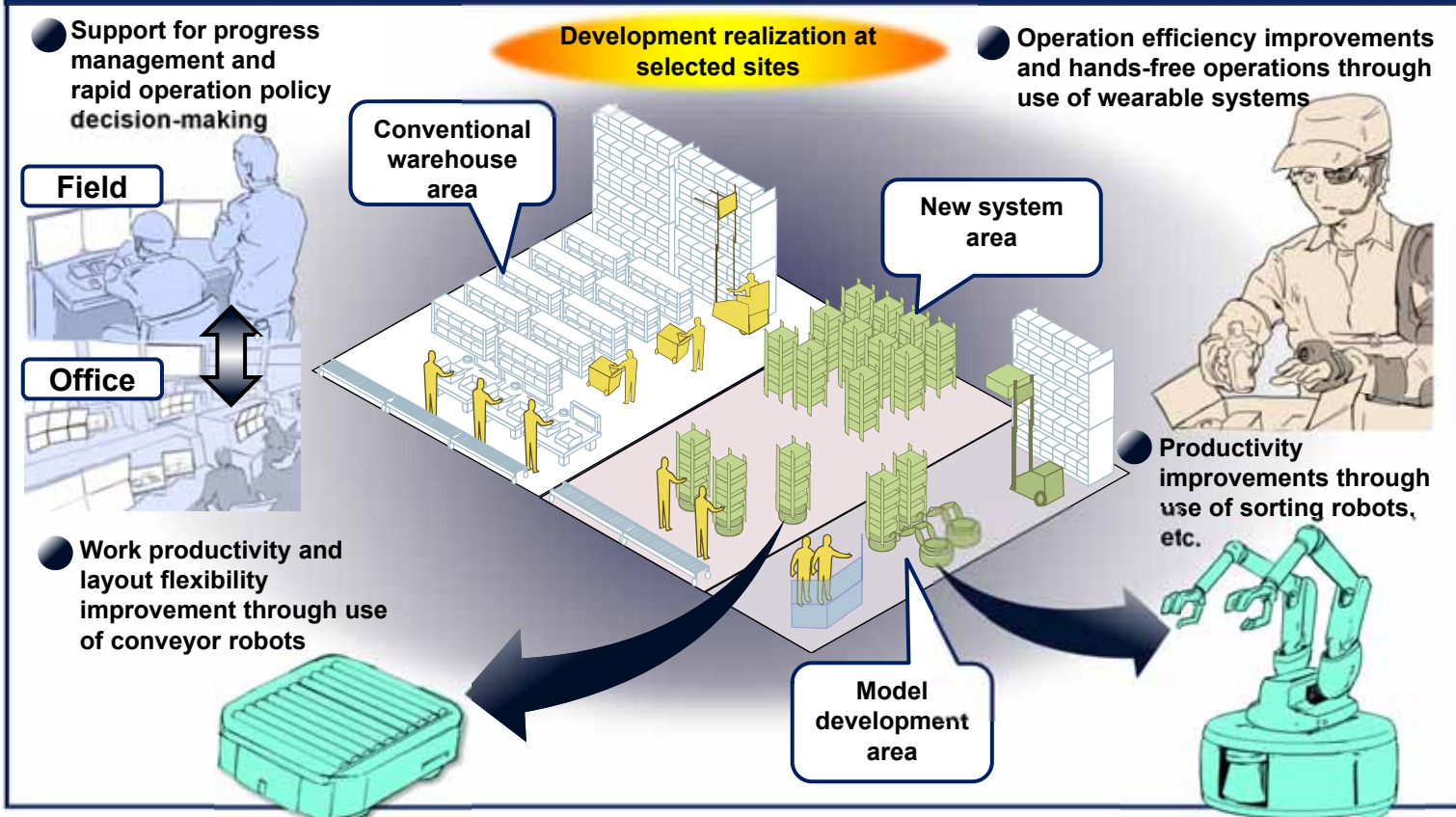


Development / realization plan [coordinated with Hitachi, Ltd.] <research and development expenses: 0.3 million yen>

	FY2013	FY2014	FY2015
Smart Warehouse development	Cosmetics PF center / sports DC (Tokyo area)		Deployment to domestic and global sales offices
Smart Logistics Cockpit development	Cosmetics PF center / sports DC (Tokyo area)		Deployment to domestic and global sales offices
Model system construction (practical realization / commercialization)	Deployment to existing / new distribution centers, major domestic and global sales offices		
"Smart Logistics Configurator" development	Deployment to new distribution centers, domestic and global sales offices		

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



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# We Challenge the Global Competition by Collaborative Innovation

