



October 28, 2020

The 2nd Quarter of FY2020 (Ended September 30, 2020) Financial Results Briefing

 **Hitachi Transport System, Ltd.**

HITACHI
Inspire the Next

I . 1H of FY2020 Financial Results

Overview, Breakdown by group, Quarterly change, COVID-19 impact, Revenues/Operating income, Overseas results by region, Trend of New orders/New startups, Collaborative innovation,

Topics (Partial changes on alliance, Treasury stock acquisition, Patent and Awards, Integrated Report)

II . FY2020 Perspective

Overview, Breakdown by group, Dividends plan

III . Business Strategy

The Mid-term Management plan: progress of LOGISTEED 2021

IV . Supplementary Material

Financial position, Cash Flows, Major financial indicators, Operating costs, etc.



I . 1H of FY2020 Financial Results



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

	FY2019		FY2020		
	1H		1H		
	Results	Results	Y o Y		
			%	Changes	
Revenues	3,408	3,064	90%	-343	
Operating Income*	<4.8> 165.2	<5.0> 154.0	93%	-11.2	
EBIT (Earnings before interest and taxes)	<5.7> 195.9	<7.8> 238.4	122%	42.5	
Net income attributable to stockholders of the parent company	<3.2> 108.8	<4.3> 131.7	121%	22.9	

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



1H of FY2020 Results (Breakdown by group)

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

		Revenues			Operating Income		
		1H	Y o Y	1H	Y o Y		
Organic	Domestic logistics	<66>	1,818	98%	114.5	102%	
	Global logistics	Overseas	<26>	711	84%	36.8	109%
		Allocated to domestic companies(forwarding and otehrs)	<5>	130	78%	-0.1	(-1.2)
	Subtotal		<31>	842	83%	36.7	105%
	Others(logistics-related businesses, etc.)		<3>	80	86%	5.3	79%
	Total		<100>	2,740	92%	156.6	102%
Vantec Group	Domestic logistics	<66>	241	73%	-0.2	(-13.9)	
	Global logistics(overseas)		<34>	127	77%	1.6	50%
	Total		<100>	368	75%	1.4	8%
Consolidated adjustment/amortization of customer-related intangible assets of VANTEC Group, etc.		-	-43	(+5)	-4.0	(+1.2)	
Total	Domestic logistics	<67>	2,050	94%	110.3	91%	
	Global logistics	Overseas	<27>	822	83%	38.4	107%
		Allocated to domestic companies(forwarding and otehrs)	<4>	119	78%	-0.1	(-1.2)
	Subtotal		<31>	941	82%	38.4	104%
	Others(logistics-related businesses, etc.)		<2>	74	85%	5.3	79%
	Total		<100>	3,064	90%	154.0	93%



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

			FY2020						
			1Q			2Q			
			Results	Y o Y		Results	Y o Y		
				%	changes		%	changes	
Revenues	Organic	Domestic logistics	902	98%	-14	917	97%	-24	
		Global logistics	Overseas	321	74%	-113	390	94%	-23
			Allocated to domestic companies	66	79%	-18	64	78%	-19
		Subtotal	387	75%	-131	455	92%	-42	
		Others(logistics-related businesses, etc.)	39	89%	-5	41	84%	-8	
	Total	1,327	90%	-149	1,412	95%	-74		
	Vantec Group	Domestic logistics	112	69%	-50	129	77%	-38	
		Global logistics(overseas)	53	64%	-30	73	90%	-8	
		Total	166	68%	-79	202	81%	-46	
	Operating Income	Organic	Domestic logistics	62.9	116%	8.8	51.7	90%	-6.0
Global logistics			Overseas	12.2	73%	-4.5	24.5	144%	7.5
			Allocated to domestic companies	-1.2	-	-1.6	1.1	146%	0.4
Subtotal			11.1	65%	-6.1	25.7	144%	7.9	
Others(logistics-related businesses, etc.)			1.7	40%	-2.6	3.6	145%	1.1	
Total		75.6	100%	0.2	81.0	104%	2.9		
Vantec Group		Domestic logistics	-3.5	-	-8.5	3.4	38%	-5.4	
		Global logistics(overseas)	-0.6	-	-2.2	2.2	137%	0.6	
	Total	-4.1	-	-10.7	5.5	54%	-4.8		

In 2Q (Jul-Sep 2020), both Organic and Vantec recovered in overseas.



(Unit: 100 million yen)

		The amount of financial impact						
		FY2020 1Q		FY2020 2Q		FY2020 1H		
		Revenues	Operating Income	Revenues	Operating Income	Revenues	Operating Income	
Organic	Domestic	-32	-6.8	-24	-5.7	-56	-12.5	
	Global	North America	-33	-3.5	0	0.7	-33	-2.8
		Europe	-25	-6.3	-10	-1.3	-35	-7.6
		Asia	-6	-1.5	-7	-0.6	-14	-2.1
		China	3	1.4	0	0.6	3	2.1
		Other	-61	-9.9	-17	-0.6	-79	-10.5
		VHF*	-9	-2.0	-7	-1.5	-16	-3.5
	Other	-2	-0.4	0	0.0	-2	-0.5	
Total	-104	-19.1	-49	-7.8	-153	-26.9		
Vantec Group	Domestic	-33	-12.1	-19	-5.2	-52	-17.3	
	Global	-18	-2.9	-8	-2.0	-27	-4.9	
	Total	-52	-15.0	-27	-7.2	-78	-22.2	
Total (simple sum)		-156	-34.1	-76	-15.0	-231	-49.1	

• **A trend of the Covid-19 impact: Declining**

• The above figures are estimates on a business basis (before the impact of IFRS reclassification (including lease) and some company-wide cost allocation).

*Abbreviated name of Hitachi Transport System Vantec Forwarding Co., Ltd.

Approximately 1.0 billion yen was recorded for subsidiaries (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.



1H of FY2020 Results (Detail of Variations for Revenue)

1H of FY2020 Revenue (Results)
(100 million yen)

3,408

COVID-19 impact -231

- Domestic/other businesses: -130
- Forwarding/overseas : -107
- Expansion of existing operations: +29 <including> Vantec Gr: Domestic/ -36, Overseas/ -7

Environmental/volume changes, etc. **-208**

- FY2019/1H → FY2020/1H
- USD: ¥ 107 → ¥106
 - EUR: ¥ 119 → ¥124
 - CNY: ¥ 15.3 → ¥15.4

Effect of exchange fluctuation **-19**

Implementation of portfolio strategy **+10**

- Consolidation of PALENET CO.,LTD., and Hitachi Transport System East Japan Distribution Services Co., Ltd.
- Deconsolidation of HTB-BCD Travel Ltd., etc.

- Domestic : +52
- Global : +34

New orders **+86**

New collaborative innovation **+18**

+104

3,064

-343

		COVID-19 impact	Environmental/volume changes, etc.			Effect of exchange fluctuation	Implementatio n of portfolio strategy	New orders	New collaborative innovation	Total
			Other volume changes	Expansion of existing operations	Subtotal					
1H Total	Domestic	-108	-127	22	-105		21	52	14	-126
	Global	-121	-107	7	-100	-19	-2	34	3	-205
	Others	-2	-3		-3		-8		1	-13
	Total	-231	-237	29	-208	-19	10	86	18	-343

1H of FY2019(Results)

1H of FY2020(Results)

1H of FY2020 Results (Detail of Variations for Operating Income) **LOGISTEED**

**1H of FY2020
Operating Income
(Results)**

(100 million yen)

165.2

**COVID-19
impact
-49.1**

- Expansion of existing operations : +2.0
- Cost control : +26.4
- Strategic investments : -0.8
- Withdrawal, etc. : -4.2
- LCM(Windows10-related special demand over) : -5.2
- Other : -4.5

- Domestic: +7.2
- Global: +2.5

Environmental/
volume changes, etc.

13.7

Effect of
exchange
fluctuation
-0.5

Implementation
of portfolio
strategy
-0.5

New
orders
+9.7

New
collaborative
innovation
+2.9

Productivity
improvement
+12.5

154.0

+12.6

+25.1

Strategic investments:
1H: 11.7 (YoY: -0.8)

-11.2

1H of FY2019(Results)

1H of FY2020(Results)



1H of FY2020 Results (Overseas results by region)

(Unit: 100 million yen, rounded off to nearest integer. (): year-on-year change)

	Revenues				Operating Income			
	FY2020				FY2020			
	1Q	2Q	1H		1Q	2Q	1H	
	Results	Results	Results	Y o Y	Results	Results	Results	Y o Y
North America	67	110	177	80%	-2.9	6.5	3.6	43%
Europe* ₁	118	164	282	86%	5.2	12.9	18.1	83%
Asia (excluding China)	78	85	164	81%	2.5	3.9	6.4	94%
China	98	93	191	80%	5.6	5.3	10.9	480%
Oceania and others	13	11	24	116%	0.9	1.5	2.4	213%
Elimination of intra- company transactions, etc. ※ ₂	-6	-9	-15	(+2)	0.6	-3.5	-2.9	(+1.6)
Total	368	455	822	83%	11.8	26.6	38.4	107%

※1. Turkey is treated as an Europe region

※2. Amortization of customer-related intangible assets of Vantec Group is included in "Elimination of intra-company transactions, etc."



1H of FY2020: Trend of New Orders/New startups

(Unit: projects)

		FY2019	FY2020	
		1H	1H	Y o Y
New Orders	Domestic	11	4	-7
	Global	4	4	0
	Total	15	8	-7
New Startups	Domestic	11	7	-4
	Global	3	5	2
	Total	14	12	-2

(Reference 1) New startups in 2Q

Domestic : [Automobile] Cross-docking center operation

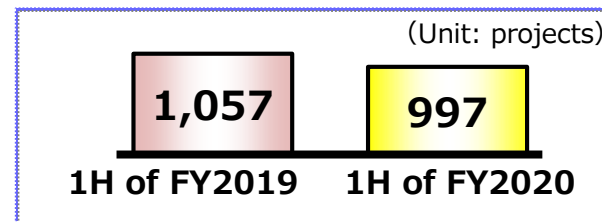
[Electrical equipment] Warehouse operation

[In-vehicle battery] Export warehouse operation

Global : [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 and existing projects in 1H of FY2020

■ New projects in 1H of FY2020



Warehouse operation for sporting goods manufacturer



Warehouse operation for equipment manufacturer

■ Existing projects



DC operation/line-haul trucking for beverage manufacturer



Warehouse operation for apparel manufacturer

Contributions to earnings through steady additions of new projects and continuous operation of existing projects

■ 1H of FY2020 New Contributions

(Unit: 100million yen)

	Revenues	Operating income
Domestic	14	2.0
Global	3	0.8
Other	1	0.1
Collaborative Innovation Effect	18	2.9

Collaborative innovation effect with AIT is included in figures above.

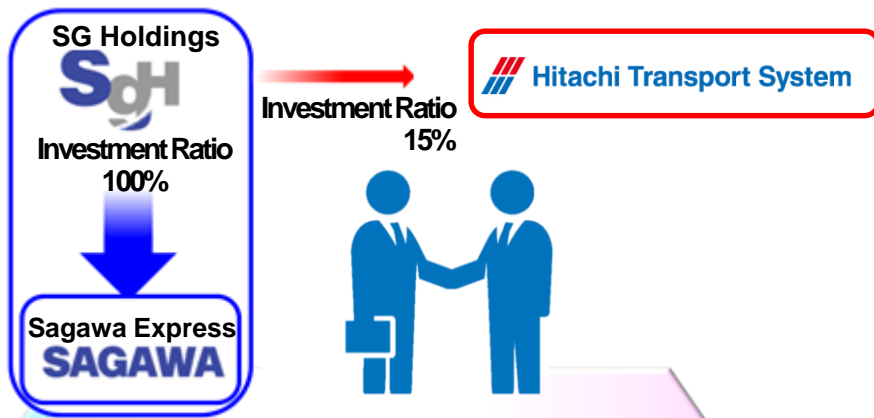


Initiatives for continuous creation of effects and new collaborative creation

【Amendment】

- Partial acquisition of HTS shares held by SGH and transfer of all shares of SAGAWA EXPRESS to SGH
⇒ No change in initiatives for collaborative innovation and collaboration.
Continuous creation/expansion of collaborative innovation effects

1. Investment ratio



Strategic capital and business alliance

- Gain on sale of SAGAWA EXPRESS shares:
Approx. ¥4.9 billion (consolidated basis)
(Recorded in “Other income”)

2. Acquisition and use of treasury stock

- Total acquisition cost: approx. ¥98.8 billion
- Total number of shares: 27,675,000 shares

■ Voting rights/ownership ratio (as of Sept. 30, 2020)

Major shareholders	Voting rights ratio	Ownership ratio
Hitachi, Ltd.	39.9%	29.9%
SGH	15.3%	11.5%
HTS treasury stock	-	25.0%

✓ Use treasury stock for collaborative innovation with new partners

(Overseas/Freight Forwarding Business, etc.)



<Ref.> Partial Amendment to Alliance with SGH/Acquisition of Treasury Stock (Impact on Financial Indicators)

- ✓ **B/S impact:** Decline in total equity attributable to stockholders of the parent company due to acquisition of treasury stock
Decline in associates' shares due to transfer of SAGAWA EXPRESS shares
- ✓ **P/L impact:** Gain on sale of SAGAWA EXPRESS shares (1H of FY2020)
Tax on gain on sale of SAGAWA EXPRESS shares (1H of FY2020)
Decline in share of profits of investments accounted for using the equity method (in and after 3Q of FY2020)

B/S impact

Item	Impact
Total assets	• Decline in cash and deposits and SAGAWA EXPRESS shares
Total liabilities	No impact
Total equity	• Decline in total equity attributable to stockholders of the parent company

P/L impact

Item	Impact
Revenues	No impact
Adjusted operating income	
EBIT	• Gain on sale of SAGAWA EXPRESS shares • Decline in share of profits of investments accounted for using the equity method
Income before income taxes	
Net income attributable to stockholders of the parent company	• Tax on gain on sale of SAGAWA EXPRESS shares

Impact on financial indicators, etc.

	FY2019	FY2020 1H
Total assets	¥ 879.1 billion	Approx. ¥ 790.6 billion ↘
Total equity attributable to stockholders of the parent company ratio	26.5%	18.4% ↘

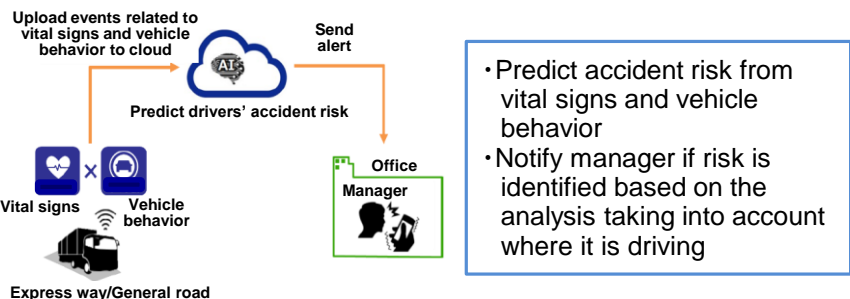
	FY2019	FY2020 1H
ROE	9.5%	13.9% ↗
ROA	2.4%	3.2% ↗
D/E ratio*	1.1 times	2.0 times ↗

*Calculated as net D/E ratio deducting cash and deposits from interest-bearing debt

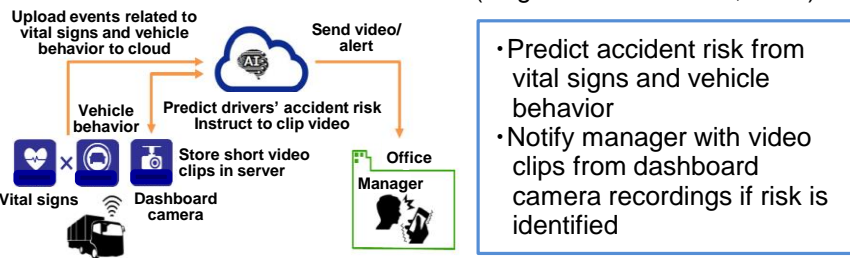
• Impact on numerical targets for Mid-term Management Plan will be assessed based on continuing impacts

Obtained patents for SSCV (Smart & Safety Connected Vehicle)

1. Notification of accident risk (Registered on March 31, 2020)



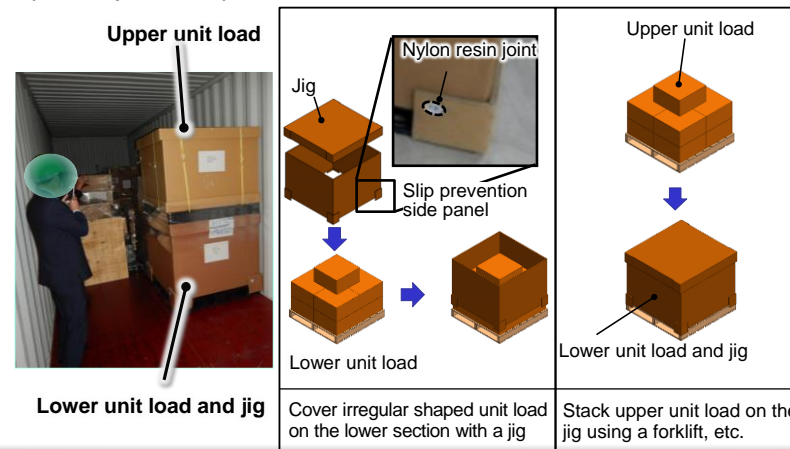
2. Notification with video clips from dashboard camera recordings (Registered on June 8, 2020)



Japan Packaging Contest 2020 —Received three awards—

1. One-way stacking jig: Director of General, Manufacturing Industries Bureau, Ministry of Economy, Trade and Industry Award (Japan Star Award)

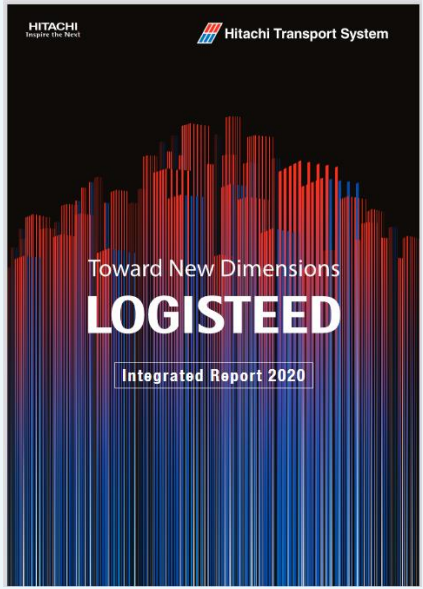
(After improvement)



2. Appropriate packaging for new cyclone vacuum cleaner: Appropriate Packaging Award

3. Adjuster removable cushioning: Large-Sized Equipment Packaging Award

Newly issued “Integrated Report 2020” (Japanese/English versions) in September 2020



LOGISTEED
As the society and industry go through drastic changes, we will expand the ecosystem together with our stakeholders and pave the way for future value under the business concept of “LOGISTEED.”

↓ Message from the President

Our Future
To Our Stakeholders
Message from the President

Toward New Dimensions LOGISTEED

HB Way
HB Way to realize the corporate philosophy and corporate vision

Business Strategy
Reasons for focusing on the business concept “LOGISTEED”

Value Creation Process of the HTS Group

↓ 3PL Business (Breakdown by customers' industry)

3PL Business (Domestic)

Freight Forwarding Business

3PL Business (Domestic) FY2019 Result

Operating income	376.6 billion	↑22.5%
Operating profit	174.6 billion	↑14.4%

Freight Forwarding Business FY2019 Result

Operating income	93.8 billion	↑10.0%
Operating profit	46.2 billion	↑21.1%

↑ Value Creation Process

Available on the Company's website



↑ Freight Forwarding Business (Volume by region)



II . FY2020 Perspective



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

	FY2019	FY2020	
	Full Year	Full year plan (announced on Jul.30)	Y o Y
Revenues	6,723	6,510	97%
Operating Income	<5.0> 334.8	<4.8> 315.0	94%
EBIT (Earnings before interest and taxes)	<5.9> 396.1	<5.9> 385.5	97%
Net income attributable to stockholders of the parent company	<3.2> 216.1	<3.3> 215.0	99%
ROE	9.5%	* 11.1%	(+1.6%)
Dividend per share	43円	* 48円	(+5円)

* Changed from announcement on July 30.

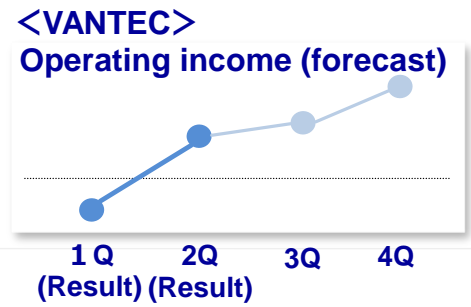


Organic: Revenues 583.1 billion yen (YoY: -1%) Operating income 30.9 billion yen (YoY: ±0%)

- ☑ **Domestic:** Volume of daily necessities (daily commodities/medical/EC, etc.) is leveling out
- ☑ **North America:** The automobile industry gradually resumed operations from July
- ☑ **Europe:** Intermodal business is on a recovery trend
- ☑ **Asia/China:** Production/consumption within the region recovered, but export/import is affected by overseas markets
- ☑ **VHF:** Structural reform continues while volume is expected to recover to a certain level

VANTEC: Revenues 76.1 billion yen (YoY: -20%) Operating income 1.5 billion yen (YoY: -61%)

- ☑ Profitability is gradually recovering
- ⇒ **Enhance transport network as a “core transport company”**
(Launched “Transport business enhancement project team” in October 2020)



【Full-year plan】

Revenues*: 651.0 billion yen (YoY: -3%) Operating income*: 31.5 billion yen (YoY: -6%)

* Revenues include elimination of intra-company transactions, and operating income includes amortization of customer-related intangible assets of VANTEC Group.



Enhance transport network with VANTEC as a “core transport company”

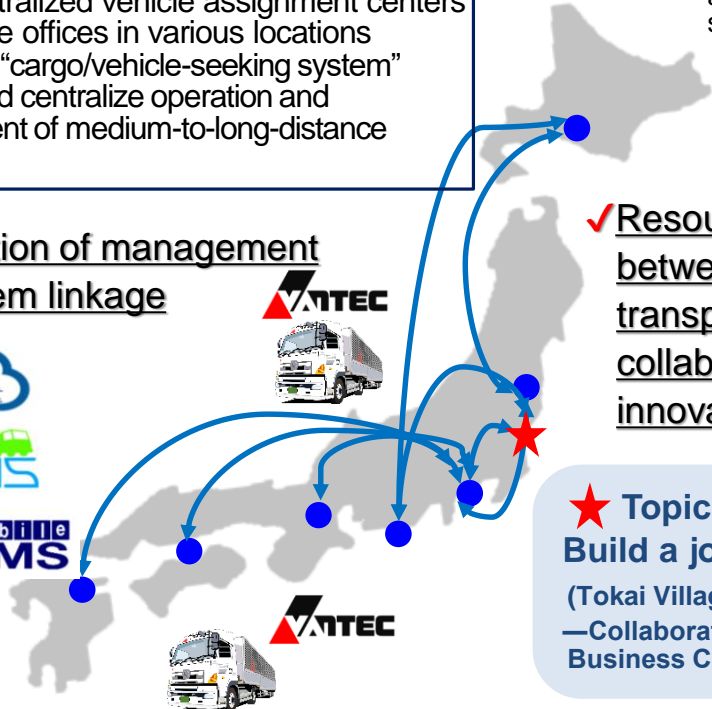
■ Centralized vehicle assignment center plan

- Set up centralized vehicle assignment centers and satellite offices in various locations
- Establish a “cargo/vehicle-seeking system” network and centralize operation and management of medium-to-long-distance transport

● Centralized vehicle assignment center/ satellite office

✓ Unification of management by system linkage

✓ Resource cooperation between Group transport division and collaborative innovation partners



★ **Topics: Feb. 2021**
Build a joint terminal
 (Tokai Village, Ibaraki)
 —Collaboration with Nichiun Ibaraki Business Cooperative—

Efficient and maximum use of fleet resource of HTS Group, mainly VANTEC, and partner transport companies



Provide high-quality, sustainable transport service

Accelerate building a transport digital platform by enhancing physical platform

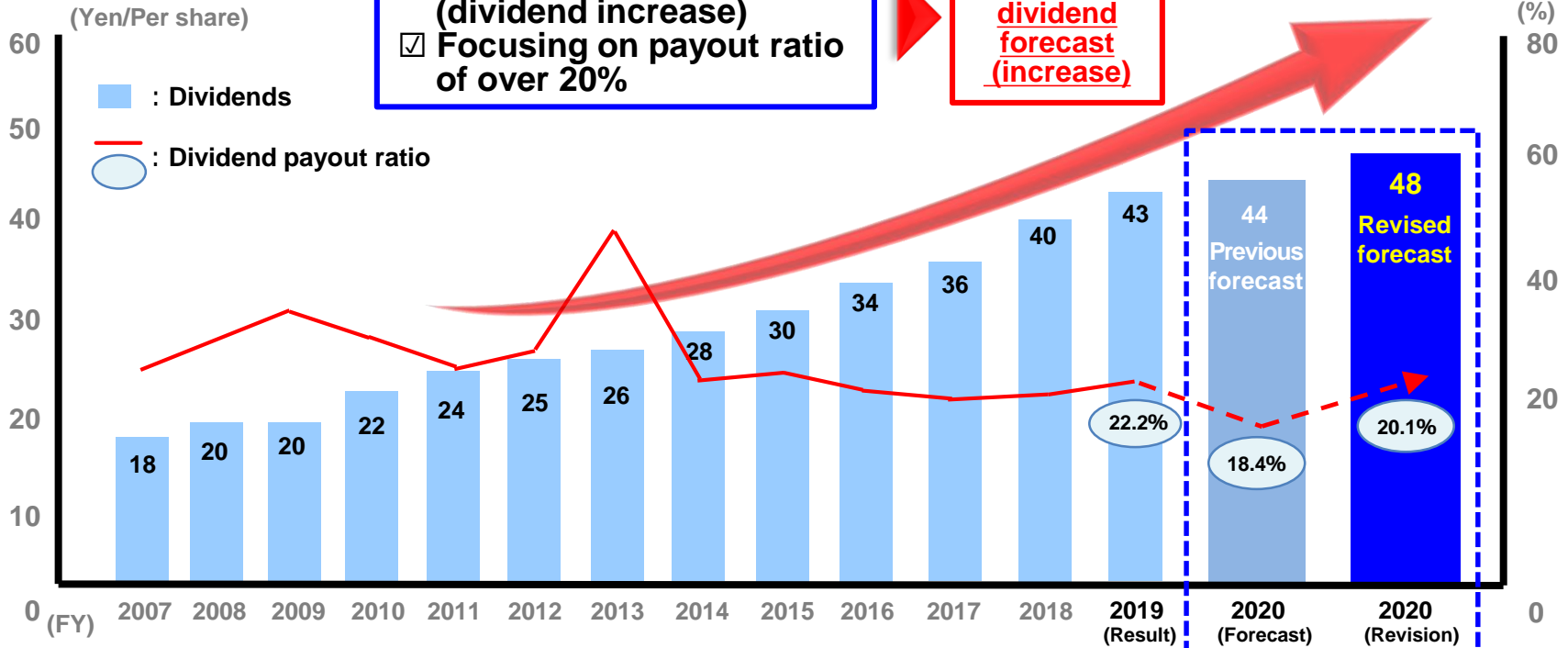


FY2020 Plan (Dividends)

Dividends paid and plans

- Maintain stable dividend (dividend increase)
- Focusing on payout ratio of over 20%

Revision of dividend forecast (increase)



J-GAAP

IFRS

TSR (Total Shareholder Return) outperformed TOPIX

* Index being the stock price as of March 31, 2015 as 100

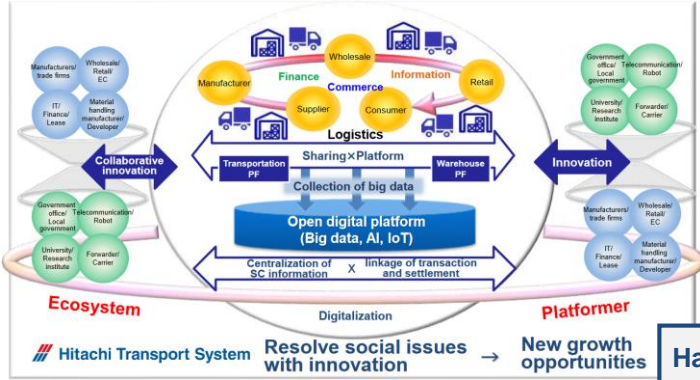
FY		2015	2016	2017	2018	2019
TSR of HTS	(%)	105	131	170	189	139
TOPIX incl. dividend	(%)	89	102	119	113	102



III. Business Strategy



Excerpt from Mid-term Management Plan "LOGISTEED 2021" announced on May 24, 2019



(Mid-term Management Plan (accumulated))

1,530 (100 million yen)



Strategic investments 860

- ☑ Promotion of DX, establishment of IT platform
(Implementation of big data management, Transport digitalization, etc.)
- ☑ Development of new technology (R&D, verification of commercialization)
- ☑ Development of new business (Smart warehouse/SSCV, etc.)
- ☑ Human resources, safety, etc.
- ☑ M&As, capital policy, etc.

Halfway point

☑ Commercialize various platforms

• Warehouse PF: SWH (ECPF center)

Verification is completed (monetization) → increase locations

• Transport PF: SSCV family (Safety/Smart/Vehicle)

Smart (Started service in October 2020)

Safety (Expand beyond truck industry + Industry-government-academia collaboration → Shared infrastructure for safety and security in society)

• Digital business platform: SCDOS

Start consultation for visualization/optimization of SC → Expand use case

☑ Cumulative investment total* (cash basis)

• Business investments: ¥36 billion

• Strategic investments: ¥30 billion (including M&As, capital policy, etc.: ¥22 billion)

“PALENET,” “Hitachi Transport System East Japan Distribution Services,” “Acquisition of treasury stock,” etc.

*Forecasts for FY2020 except dividends

Remaining funds: Over ¥70 billion

Toward LOGISTEED 2021 goals Create/expand ecosystem across regions and businesses

☑ Continue strategic investment: DX (SWH/SSCV/SCDOS, etc.)

: Overseas business (enhance regional comprehensive model, freight forwarding)

Flexible use of treasury stock and cash

Solve issues and support business growth of transporters through SSCV solution (Safety/Smart/Vehicle)

Started service of “SSCV-Smart” (October 2020)

- Digitalize and improve efficiency of operations related to receiving/making orders, vehicle assignment/driving management, and billing management
- Collaborate with “SSCV-Safety” and “SSCV-Vehicle” and enhance functions through collaborative innovation with partners ⇒ Improve convenience



【SSCV Solution】



Operational efficiency improvement

Legal compliance



Safety driving management

Zero-accident society

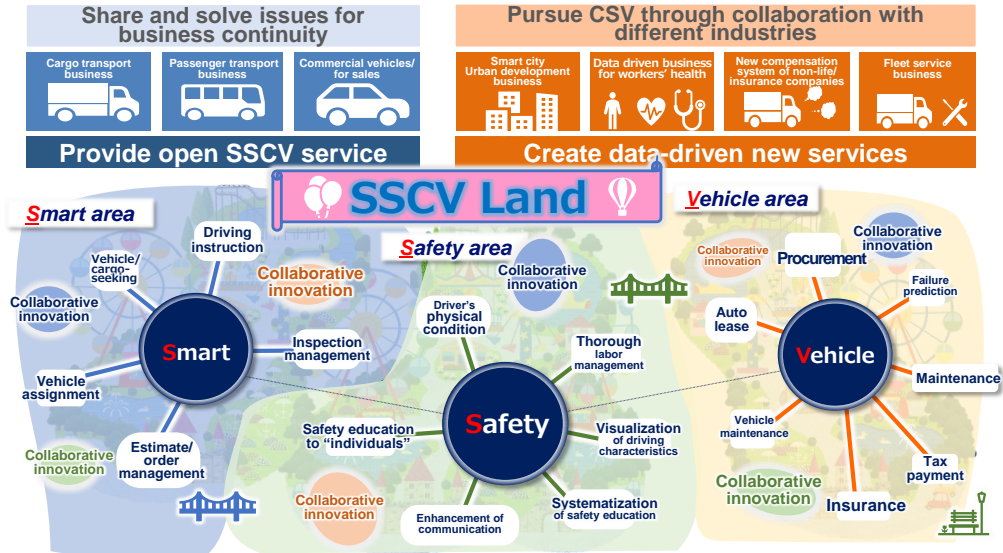


Optimization of vehicle maintenance

Failure prediction/ Preventive maintenance

Sustainable and strong transportation business

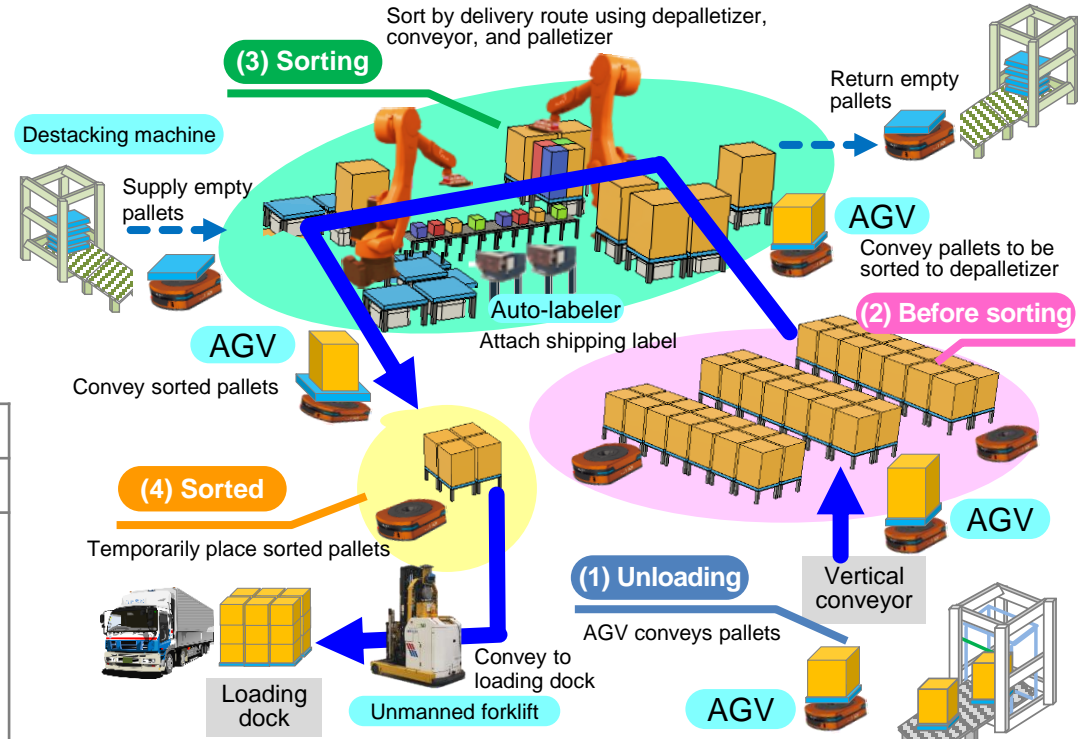
【Image】



East Japan II Medical DC (scheduled to start operation in February 2021)



【Image of operation in the new technology area】



Location	Kazo City, Saitama Prefecture
Floor space	Approx. 32,000㎡ (total floor space)
Major equipment	<ul style="list-style-type: none"> • Air conditioner • Warehouse for hazardous goods • Air conditioning monitoring system • Security camera, etc. <p><u>Logistics center conforming to GDP and using HTS's operation know-how</u></p>

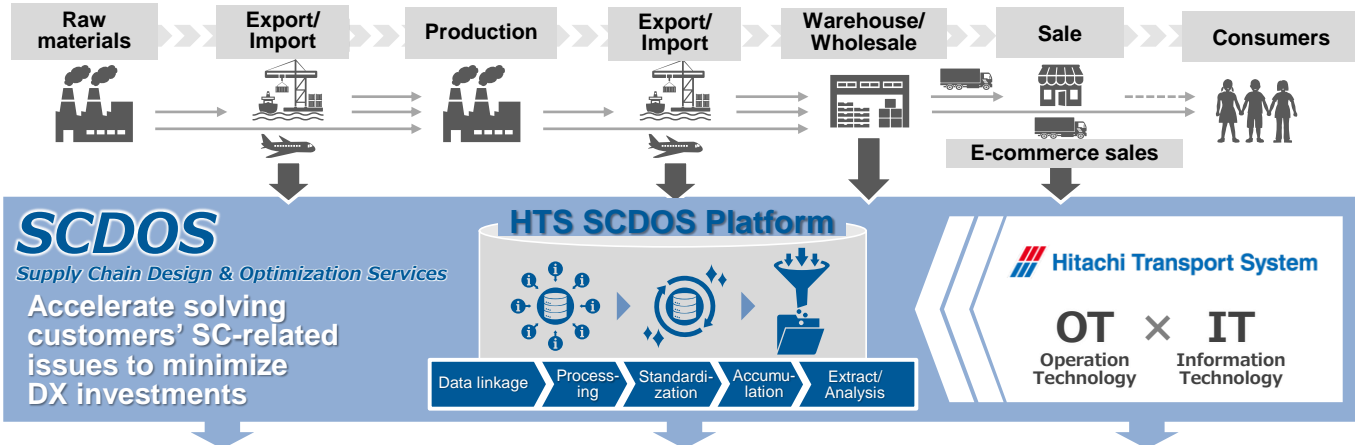
Achieve low-cost and space-saving with AGV
 ⇒ Eliminating traditional case sorters and sorting machines allows flexible layout and operation

■ Site tours are scheduled in 2021



Establish platform for “visualization,” “simulation”, and “optimization”

Digitalize customers’ supply chain



Visualization DX Solution

- 1 Visualization of logistics
- 2 Centralized management of logistics operators' data

Analysis DX Solution

- 3 Sophisticated inventory management
- 4 Cargo tracking
- 5 Total optimization of logistics cost

Simulation DX Solution

- 6 Network design
- 7 Risk management

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Establishment of a French subsidiary by MARS (Turkey)

Turkey  Europe  Intraregional transportation



■ Overview of new company

MARS LOGISTICS FRANCE SAS

Start of operation: By the end of FY2020

Business description: Transportation (FTL/ LTL) /Cross-docking operation

Expansion plan in Europe

- Step 0** FY2012: Established a subsidiary in Luxembourg
- Step 1** FY2019: Established a subsidiary in Spain
- Step 2** FY2020: **Establish a subsidiary in France**
- Step 3** — In and after FY2021: Expand to the U.K. and other countries

“Intermodal business between Turkey and Europe” + “Transportation to Spain/France (FTL/LTL)/Cross-docking function”

⇒ Realize transport network covering the intra-Europe (build regional comprehensive model)

SSCV
Smart & Safety Connected Vehicle

Smart Operational efficiency improvement Legal compliance	Safety Safety driving management Zero-accident society	Vehicle Optimization of vehicle maintenance Failure prediction/ Preventive maintenance
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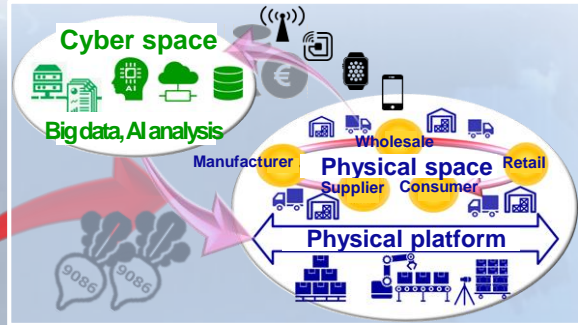
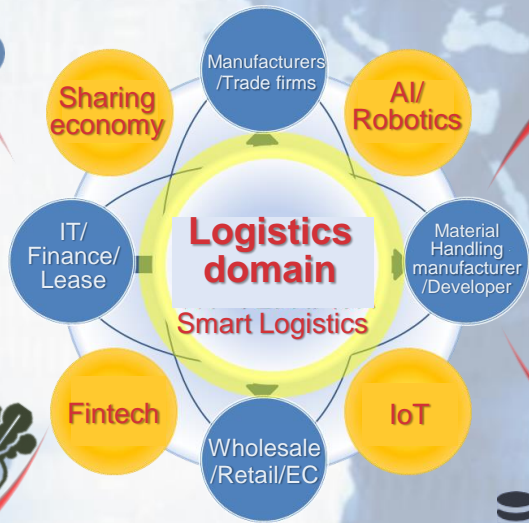
Use treasury stock

Use cash

Enhance freight forwarding business

SCDOS
Supply Chain Design & Optimization Services

Supply chain design by SCDOS promoted by HTS



SMART:WAREHOUSE

Next-generation logistics centers (large sites)

Create and expand ecosystem across regions and businesses



IV. Supplementary Material

(Financial position, Cash Flows,
Major financial indicators, Operating costs, etc.)



(Unit: 100 million yen)

	FY2019	FY2020	
	As of Mar. 31, 2020	As of Sep. 30, 2020	Y o Y
(Assets)			
Current Assets	2,674	2,361	-314
Non-Current Assets	6,117	5,546	-571
Total	8,791	7,906	-885
(Liabilities)			
Current Liabilities	1,678	1,522	-156
Non-Current Liabilities	4,721	4,868	147
Total	6,399	6,390	-9
(Equity)			
Equity attributable to stockholders of the parent company	2,329	1,453	-875
Non-Controlling Interests	64	64	0
Total	2,393	1,517	-876
Total Liabilities and Equity	8,791	7,906	-885



(Unit: 100 million yen)

	FY2019	FY2020	
	1H	1H	Y o Y
Net cash provided by operating activities	392	294	-98
Net cash used in investing activities	-30	780	809
Net cash provided by (used in) financing activities	-224	-1,394	-1,170
Effect of exchange rate changes on cash and cash equivalents	-7	4	11
Net increase in cash and cash equivalents	131	-317	-448
Cash and cash equivalents at beginning of year	1,084	1,390	306
Cash and cash equivalents at end of year	1,215	1,074	-142



Financial Indicators etc.

		FY2019		1H of FY2020	
Total equity attributable to stockholders of the parent company	(100 Million yen)	26.5	2,329	18.4	1,453
Total equity per share attributable to stockholders of the parent company	(Yen)		2,087.52		1,736.46
Basic earnings per share attributable to stockholders of the parent company (EPS)	(Yen)		193.76		123.20
Return on equity (ROE)	(%)		9.5		*13.9
Return on assets (ROA)	(%)		2.4		*3.2
Price book-value ratio (PBR)	(Ratio)		1.13		1.91

* Annualized rate.

Major Operating Expenses

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

	FY2019		FY2020			
	1H		1H		Y o Y	
					%	Changes
Subcontract Expenses	(49.3)	1,679.6	(48.2)	1,478.4	88%	-201.2
Personnel Expenses	(23.9)	813.1	(25.1)	770.0	95%	-43.1
Rent Expenses	(3.3)	113.0	(2.8)	85.6	76%	-27.4
Depreciation Expenses	(7.6)	258.3	(8.5)	259.4	100%	1.1



Capital Expenditures

(Unit: 100 million yen)

	FY2019		FY2020
	1H	Full Year	1H
Purchased assets ^{※1}	90.7	182.5	118.4

※1. Based on fixed assets recorded in the balance sheets.

(Ref.) Number of Employees^{※1}

(Unit: person)

	FY2019		FY2020
	1H	Full Year	1H
Regular employees	24,248	23,837	23,069
Part-time/Temporary/ other contractors ^{※2}	21,827	21,491	21,187
Total	46,075	45,328	44,256

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

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

* (): Excluding amortization of customer-related intangible assets. (Unit: 100 million yen)

		1H of FY2019 (Results)			1H of FY2020 (Results)		
		Revenues	Operating Income	Operating Margin	Revenues	Operating Income	Operating Margin
	Domestic	1,872	110.8	5.9% (5.9%)	1,826	115.0	6.3% (6.3%)
	Overseas	394	25.3	6.4% (6.9%)	356	22.4	6.3% (6.8%)
3PL		2,266	136.1	6.0% (6.2%)	2,182	137.4	6.3% (6.4%)
	Domestic	152	1.2	0.8% (2.2%)	120	-0.4	- (1.5%)
	Overseas	356	2.9	0.8% (1.3%)	291	10.6	3.7% (4.1%)
Forwarding		508	4.1	0.8% (1.6%)	411	10.2	2.5% (3.3%)
	Domestic	311	8.3	2.7% (4.0%)	227	-4.9	-
	Overseas	230	7.1	3.1% (3.4%)	169	5.2	3.1% (3.1%)
Automobile		541	15.4	2.8% (3.8%)	397	0.3	0.1% (1.2%)
Other services		92	9.7	9.7% (9.7%)	75	6.1	8.1% (8.1%)
Total		3,408	165.2	4.8%	3,064	154.0	5.0%



October 28, 2020

The 2nd Quarter of FY2020 (Ended September 30, 2020) Financial Results Briefing

 **Hitachi Transport System, Ltd.**

HITACHI
Inspire the Next



Toward New Dimensions

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