



**April 27, 2020**

# **FY2019 (Year Ended March 31, 2020) Financial Results Briefing**

 **Hitachi Transport System, Ltd.**

## **I . Summary of FY2019 Results**

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

## **II . FY2020 Plan**

### **[Supplementary Material]**

Impact of Adopting IFRS 16, Financial Position, Cash Flows, Major Financial Indicators/Operating Expenses, Capital Expenditures/Personnel, etc.



# Summary of FY2019 Results



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

	FY2018		FY2019		
	Results	Results	Y o Y		
			%	Change	
Revenues	7,088	<b>6,723</b>	95%	-365	
Operating income* <sup>1</sup>	<4.4> 311.9	<b>&lt;5.0&gt; 334.8</b>	107%	22.9	
EBIT (Earnings before interest and taxes)	<5.1> 361.8	<b>&lt;5.9&gt; 396.1</b>	109%	34.3	
Net income attributable to stockholders of the parent company	<3.2> 227.9	<b>&lt;3.2&gt; 216.1</b>	95%	-11.7	
ROE	10.7%	<b>9.5%</b>	-	(-1.2%)	
Stock price (closing price)	¥3,285	<b>¥2,349</b>	72%	(-¥936)	
Dividend per share	¥40	<sup>*2</sup> <b>¥43</b>	108%	(+¥3)	

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

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



# FY2019 Results (Breakdown by Group)

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

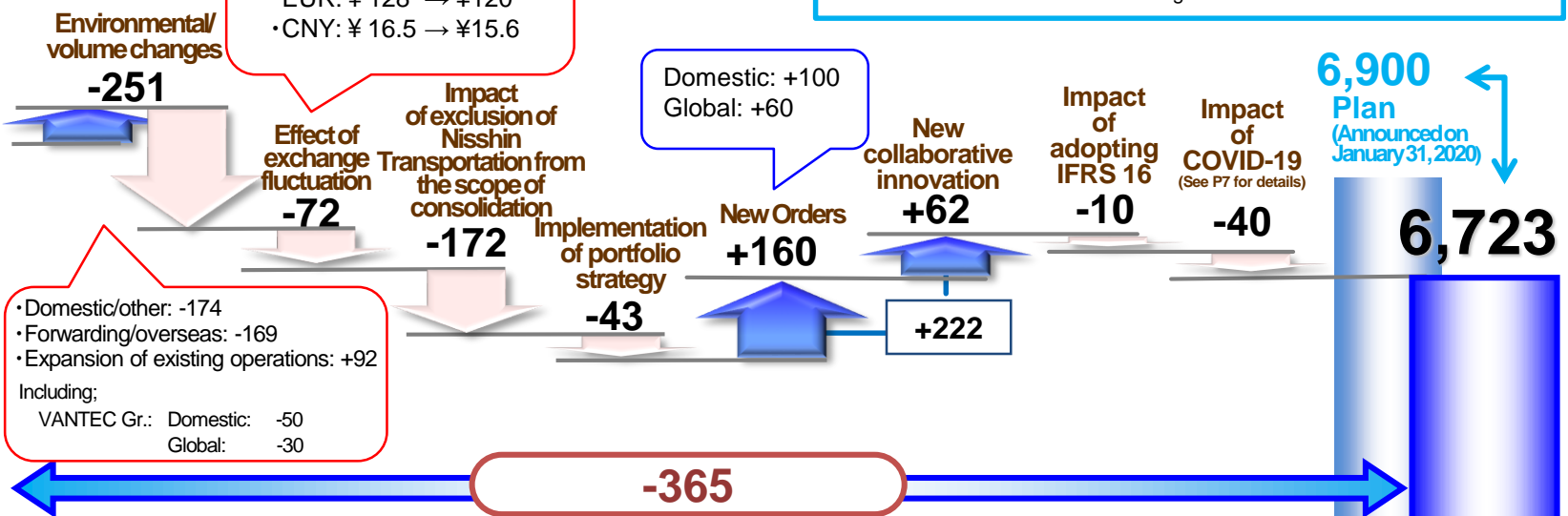
		Revenues			Operating income		
		Full-year	YoY	Full-year	Yoy		
Organic	Domestic logistics		<64>	3,729	103%	236.5	122%
	Global logistics	Overseas	<28>	1,636	92%	59.9	95%
		Allocated to domestic companies(fowarding and others)	<5>	313	63%	1.5	75%
	Total		<33>	1,949	85%	61.4	95%
	Others(logistics-related businesses,etc)		<3>	183	87%	9.2	46%
Total		<100>	5,861	96%	307.1	110%	
Vantec Group	Domestic logistics		<68>	648	90%	32.8	94%
	Global logistics	Overseas	<32>	306	86%	4.4	54%
		Allocated to domestic companies(fowarding and others)	<0>	0	-	0.0	-
	Total		<32>	306	86%	4.4	54%
Total		<100>	954	88%	37.2	86%	
Consoildated Adjustment/Amorization of customer-related intangible assets of VANTEC Group,etc		-	-92	(+27)	-9.5	-	
Total	Domestic logistics		<65>	4,353	101%	260.6	118%
	Global logistics	Overseas	<28>	1,910 <sup>[93%]</sup>	91%	63.5 <sup>[94%]</sup>	92%
		Allocated to domestic companies(fowarding and others)	<4>	287 <sup>[89%]</sup>	61%	1.5 <sup>[+3.0]</sup>	75%
	Total		<33>	2,198 <sup>[92%]</sup>	86%	65.0 <sup>[99%]</sup>	91%
	Others(logistics-related businesses,etc)		<3>	172	85%	9.2	46%
Total		<100>	6,723	95%	334.8	107%	

※Figures in [ ] exclude the impact of deconsolidation of Nissin Gr (partial difference)

### FY2019 Revenues (Result)

(100million yen)

7,088



	Environmental/volume changes, etc.			Effect of exchange fluctuation	Impact of exclusion of Nisshin Transportation from the scope of consolidation	Implementation of portfolio strategy	New orders	New collaborative innovation	Impact of adopting IFRS 16	Impact of COVID-19	Total
	Other volume changes	Expansion of existing operations	Subtotal								
Domestic	-168	75	-93			-17	100	52	-10	-7	25
Global	-169	17	-152	-72	-172	-1	60	8		-32	-361
Others	-6		-6			-25		2		-1	-30
<b>Total</b>	<b>-343</b>	<b>92</b>	<b>-251</b>	<b>-72</b>	<b>-172</b>	<b>-43</b>	<b>160</b>	<b>62</b>	<b>-10</b>	<b>-40</b>	<b>-365</b>

FY2018 (Result)

FY2019 (Result)

## FY2019 Operating income (Result)

(100million yen)

- Domestic: +12.1
- Global: +4.2

**312**

New orders  
**+16.3**

New collaborative innovation  
**+9.5**

**+25.8**

Productivity improvement  
**+24.0**

Environmental/  
volume changes, etc.  
**-28.1**

**+49.8**

Effect of exchange fluctuation  
**-3.6**

Impact of exclusion of Nisshin Transportation from the scope of consolidation  
**-5.3**

Implementation of portfolio strategy  
**-4.4**

Strategic investments  
**-5.2**

Impact of adopting IFRS 16  
**+29.8**

Impact of COVID-19  
(See P7 for details)  
**-10.1**

**340**  
Plan  
(Announced on January 31, 2020)

**335**

- Expansion of existing operations : +5.9
- Pricing : +15.1
- FY2018 recovery from backlash of strategic investments : +4.0
- Withdrawal, etc. : -12.4
- Work cost increase (temporary/part-time employees, DD\*, etc.) : -17.5
- Other : -23.2 (VANTEC Gr., volume decrease of forwarding etc.)

### ■ Deviation from the plan announced on January 31, 2020: -5

- Variance in incorporated risks: -3
- 3Q estimates: -11 → Result: -14
  - Impact of COVID-19 : -10
  - Allowance for doubtful accounts : -4 (4Q in China)
- Impact of IFRS 16: -2 (+32→ +30)

Strategic investments  
FY18: 20  
FY19: 25.2  
(YoY: +5.2)

**+22.9**

FY2018(Results)

FY2019 (Result)

\*Impact of "equal pay for equal work"

(Unit: 100 million yen)

Segment		Impact		Details of Impact	
		Revenues	Operating Income		
Domestic	Organic	-1	-0.9	<ul style="list-style-type: none"> <li>Decrease in volume due to close of customers' stores</li> <li>Decrease in volume due to a decline in visitors to Japan (inbound demand)</li> </ul>	
	VANTEC Gr.	-6	✓ -2.7	<ul style="list-style-type: none"> <li>Decrease in volume due to shut-down of customers' plants</li> <li>Decrease in volume due to delayed delivery from Chinese suppliers</li> </ul>	
	Subtotal	-7	-3.6		
Global	Organic	North America	-4	-0.7	<ul style="list-style-type: none"> <li>Shut-down/operation cut in customers' plants</li> <li>Decrease in volume due to transportation restrictions</li> <li>Decrease in handling of import/export freights, etc.</li> </ul>
		Europe	-6	-1.4	
		Asia	-2	-0.4	
		China	✓ -10	-0.3	
		VHF*	-4	-0.9	
	VANTEC Gr.	-7	✓ -2.6	<ul style="list-style-type: none"> <li>Decrease in volume due to shut-down of customers' plants and transportation restrictions, etc.</li> <li>Decrease in handling of import/export freights, etc.</li> </ul>	
Subtotal	-32	-6.3			
Other	Organic	-1	-0.3	<ul style="list-style-type: none"> <li>Postponement of projects in information system development business</li> </ul>	
Total (simple sum)		-40	-10.1	<ul style="list-style-type: none"> <li>The above figures are estimates by business (excluding the impact of IFRS reclassification (including lease) and allocation of certain company-wide expenses)</li> <li>*VANTEC HTS FORWARDING, LTD.</li> </ul>	

In addition to the above, approx. ¥100 million was recorded in “Other expenses” and **approx. ¥1,500 million was recorded as exchange loss in “Financial expenses”**





# FY2019 Results (Overseas Results by Region)

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

		FY2018		FY2019					
		Revenues	Operating income	Revenues	YoY	Planned ratio	Operating income	YoY	Planned ratio
Overseas	North America	452	9.9	423	94%	93%	12.6	127%	88%
	Europe*1	694	38.0	660	95%	101%	42.9	113%	110%
	Asia (excluding China)	445	19.2	402	90%	93%	13.9	72%	71%
	China	513	9.1	416	81%	83%	-1.2	(-10.3)	(-12.3)
	Others	38	3.0	40	106%	-	2.8	92%	-
	Elimination of intra-company transactions, etc.*2	-53	-10.2	-32	-	-	-7.3	-	-
Total		2,089	<3.3%> 69.1	1,910	91%	93%	63.5	92%	84%

\*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."

•Plan ratio is a comparison based on business-based estimates

Allowance for loan losses :  
Accounting about▲ 700 million yen (3Q▲300+4Q▲400)

**FY2019: Trend of New Orders/New Startups**

(Unit: projects)

		FY2018	FY2019	
		Full Year	Full Year	YoY Change
New Orders	Domestic	15	20	5
	Global	9	6	-3
	Total	24	26	2
New Startups	Domestic	19	23	4
	Global	9	7	-2
	Total	28	30	2

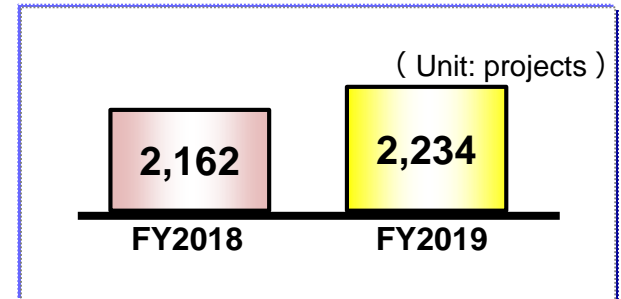
**(Reference 1) New startups in FY2019**

**Domestic:** [Semiconductor manufacturing equipment]  
 Outsourcing of factory logistics  
 [Apparel] EC Operations at customer's warehouse

**Global:** [Foods] Chilled/dry warehouse operation  
 [Automobile parts] XD center 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>



## Create further collaborative innovation effects

### — FY2019 New Projects (excerption) —

From April 2019



Operation of construction machinery parts center

From September 2019



PC kitting operation

From July 2019



DC operation for a cosmetic manufacturer

From November 2019



DC operation for electric appliances manufacturer

From March 2020



Equipment installment (Japan → the Philippines)

Transportation of the fuel cell bus



### ■ FY2019/Stacking New Contributions

(Unit: 100million yen)

	Revenues	Operating Income
Domestic	52	7.6
Global	8	1.5
Other	2	0.4
<b>Collaborative Innovation Effect</b>	<b>62</b>	<b>9.5</b>

Collaborative innovation effect with AIT is included in figures above.



# FY2020 Plan

As it is difficult to reasonably assess the potential impact of COVID-19 at this point, the full-year plan for FY2020 is yet to be disclosed. But we recognize that the following matters will have significant impacts on our business plan.

We expect the full-year plan to be developed in 1Q as we closely examine assumptions and understand the trend for the remainder of the year

## **[Domestic]**

- ☑ **Trend of customers' production and sales reflecting the lifting/extension of the state of emergency (Production/sales (cut) plan of automobile-related customers, etc.)**

## **[Global]**

- ☑ **Trend of production/sales/consumption reflecting each country's policy (lockdown, etc.)**
- ☑ **Trend of automobile-related customers in the U.S. and Europe (Currently: Shut-down → Gradually resume operation in May → Full-scale operation in 2Q?)**
- ☑ **Trend of transportation restrictions in forwarding business and demand and supply for space (Forwarding from and to Japan will remain in a severe condition for a while)**

## **[Promotion measures]**

- **Share human resources/vehicles/facilities (Maximum use of resources (VANTEC, etc.) within the ecosystem including the Group, partners, and industry peers)**
- **Reorganize domestic/overseas locations toward the world with/after COVID-19 (Location arrangement including consolidation and closure)**



物流は新領域へ

**LOGISTEED**



# **Supplementary Material**

## **<Financial Position, Cash Flows, etc.>**



(Unit : 100 million yen)

		[Before adoption of IFRS16] Full Year of FY2019	influent amount	[After adoption of IFRS16] Full year of FY2019
Total assets	(100 million yen)	6,212	2,580	8,791
Total equity attributable to stockholders parent company	(100 million yen)	2,338	-10	2,329
Revenues	(100 million yen)	6,733	-10	6,723
Adjusted Operating Income	(100 million yen)	305	30	335
Net income attributable to stockholders of the parent company	(100 million yen)	226	-10	216
Return on equity (ROE)	(%)	9.9	-0.4	9.5
Return on assets (ROA)	(%)	3.7	-1.3	2.4





(Unit : 100 million yen)

	FY2018	FY2019	
	As of Mar.31,2019	As of Mar.31,2020	YoY
(Assets)			
Current assets	<b>2,587</b>	<b>2,674</b>	87
Non-current assets	<b>3,539</b>	<b>6,117</b>	2,579
Total	<b>6,125</b>	<b>8,791</b>	2,666
(Liabilities)			
Current liabilities	<b>1,225</b>	<b>1,678</b>	453
Non-current liabilities	<b>2,611</b>	<b>4,721</b>	2,110
Total	<b>3,836</b>	<b>6,399</b>	2,563
(Equity)			
Equity attributable to stockholders of the parent company	<b>2,223</b>	<b>2,329</b>	105
Non-controlling interests	<b>66</b>	<b>64</b>	-2
Total	<b>2,289</b>	<b>2,393</b>	103
Total liabilities and equity	<b>6,125</b>	<b>8,791</b>	2,666



(Unit : 100 million yen)

	FY2018	FY2019	
	Full Year	Full Year	YoY
Net cash provided by operating activities	378	<b>782</b>	404
Net cash used in investing activities	-139	<b>-12</b>	127
Net cash provided by (used in) financing activities	211	<b>-457</b>	-668
Effect of exchange rate changes on cash and cash equivalents	-1	<b>-7</b>	-6
Net increase in cash and cash equivalents	449	<b>306</b>	-143
Cash and Cash equivalents at beginning of year	635	<b>1,084</b>	449
Cash and Cash equivalents at end of year	1,084	<b>1,390</b>	306



## Financial Indicator etc.

		FY2018	FY2019
Total equity attributable to stockholders of the parent company*1 (100 million yen)		<b>36.3</b> 2,223	<b>26.5</b> 2,329
Total equity per share attributable to stockholders of the parent company (Yen)		1,993.25	<b>2,087.52</b>
Basic earnings per share attributable to stockholders of the parent company (Yen)		204.27	<b>193.76</b>
Return on equity (ROE) (%)		10.7	<b>9.5</b>
Return on assets (ROA) (%)		3.9	<b>2.4</b>
Return on invested capital (ROIC*2) (%)		5.7	<b>5.3</b>
		-	<b>5.4</b>
Price book-value ratio (PBR) (Ratio)		1.65	<b>1.13</b>

\*1.○ indicates total equity attributable to stockholders of the parent company ratio(%)

\*2.The figures in the upper row exclude the impact of applying IFRS 16 "Lease", and the figures in the lower row after impact of applying IFRS 16 "Lease" and calculated using the new standard (NOPATROIC)

## Major Operating Expenses

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

	FY2018		FY2019			
	Full Year		Full Year		YoY	
					% change	change
Subcontract Expenses	(50.3)	3,568.7	<b>(45.9)</b>	<b>3,251.8</b>	91%	-316.9
Personnel Expenses	(23.6)	1,672.8	<b>(22.8)</b>	<b>1,619.5</b>	97%	-53.4
Rent Expenses	(7.7)	546.9	<b>(2.9)</b>	<b>206.7</b>	38%	-340.3
Depreciation Expenses	(2.7)	190.6	<b>(7.5)</b>	<b>528.2</b>	277%	337.6

## Capital Expenditures

(Unit: 100 million yen)

	FY2018	FY2019
	Full Year	Full Year
Purchased Assets* <sup>1</sup>	177.6	<b>182.5</b>
(Reference)Leased Assets* <sup>2</sup>	393.1	<b>63.8</b>

\*1. Based on fixed assets recorded in the balance sheet. \*2. Allocated over the period of the lease.

## Number of Consolidated Employees\*1

(Unit: person)

	FY2018	FY2019
	As of Mar,31,2019	As of Mar,31,2020
Regular Employees	24,139	<b>23,837</b>
Emproyees and others* <sup>2</sup>	22,156	<b>21,491</b>
Consolidated	46,295	<b>45,328</b>

\*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)

		FY2018 (Result)			FY2019 (Result)		
		Revenues	Operating income	Operating margin	Revenues	Operating income	Operating margin
	Domestic	3,662	191.8	5.2% (5.3%)	3,766	228.2	6.1% (6.1%)
	Global	812	38.8	4.8% (5.3%)	790	51.2	6.5% (7.0%)
	<b>3PL</b>	<b>4,474</b>	<b>230.7</b>	<b>5.2% (5.3%)</b>	<b>4,556</b>	<b>279.5</b>	<b>6.1% (6.2%)</b>
	Domestic	465	3.0	0.7% (1.6%)	285	2.3	0.8% (2.3%)
	Global	781	17.6	2.3% (2.8%)	653	-0.2	- (0.5%)
	<b>Forwarding</b>	<b>1,246</b>	<b>20.6</b>	<b>1.7% (2.3%)</b>	<b>938</b>	<b>2.1</b>	<b>0.2% (1.0%)</b>
	Domestic	674	24.1	3.6% (4.9%)	611	22.4	3.7% (5.1%)
	Global	481	11.8	2.5% (2.8%)	443	11.9	2.7% (2.9%)
	<b>Automobile</b>	<b>1,156</b>	<b>36.0</b>	<b>3.1% (4.0%)</b>	<b>1,054</b>	<b>34.3</b>	<b>3.3% (4.2%)</b>
	<b>Other services</b>	<b>212</b>	<b>24.6</b>	<b>11.6% (11.6%)</b>	<b>175</b>	<b>18.9</b>	<b>10.8% (10.8%)</b>
	<b>Total</b>	<b>7,088</b>	<b>311.9</b>	<b>4.4%</b>	<b>6,723</b>	<b>334.8</b>	<b>5.0%</b>

※Partially changed the company-wide cost allocation method. In addition, the above actual value is a numerical value reflecting the change.



**April 27, 2020**

**FY2019**  
**(Year Ended March 31, 2020)**  
**Financial Results Briefing**

 **Hitachi Transport System, Ltd.**