

## Questions and Answers (Digest)

**The Financial Results Meeting  
for the fiscal year ending March 31, 2012  
held on May 1, 2012**

### Q1

The delivery volume of Kuroneko Mail (full-year results) for the fiscal year ended March 31, 2012 declined by 5.4%. This is a bigger decline than the full-year forecast's 4.9% decline announced at the end of the third quarter. What were the factors behind this bigger-than-anticipated decline?

Reference material: Slide 8 (Quarterly YoY trends of Kuroneko Mail delivery volume and unit price)

### A1

- The most recent delivery-volume-by-channel figures show the decrease is concentrated on the small-lot commercial customer market handled by Takkyubin centers as a result of stricter parcel acceptance policies that were implemented as part of compliance measures. Although efforts to recover the delivery volume, including providing clearer explanation to customers, the full-year forecast was not achieved.
- On the other hand, the major corporate client market, particularly with respect to direct-mail items, continued to perform strongly with 2.0% to 3.0% increases.
- In the full-year forecast for the fiscal year ending March 31, 2013 the delivery volume is forecasted to remain roughly the same as for the fiscal year ended March 31, 2012. On a channel-by-channel basis, the major corporate client market, as mentioned above, is expected to increase by about 2.0% to 3.0%, while the small-lot commercial customer market is expected to decline by 2.0% to 3.0%.

### Q2

When do you expect the deficit arising from the overseas Takkyubin business to peak?

Reference material: Slide 9 (Progress of Takkyubin Business Overseas)

### A2

- This will depend on the future progress of new business expansion, but presently we expect the deficit amount to peak in the fiscal year ending March 31, 2014.

**Q3**

In the full-year forecast for the fiscal year ending March 31, 2013, revenue and profit from the Home Convenience Business is forecast to be higher than in the fiscal year ended March 31, 2012.

I am led to believe that some rationalization measures will be implemented. What are the reasons for making further increases in revenue and profit possible?

**A3**

- Although the Delivery & Installation services for individual consumers is regrettably expected to continue following a declining trend, the delivery business for corporate clients is presently performing strongly, and we plan to put more effort into this business.
- In addition, our business for individual consumers is not just limited to simple moving services. We also provide assistance for daily-life needs such as by providing rental goods, which also is a way to get these consumers to use our company in the locations they move to. Through such measures we aim to expand sales to both corporate clients and individual consumers.
- Meanwhile, with respect to costs, we expect to gain greater efficiency in our business operations through the greater use of IT, and we believe this will led to continued cost reductions.

**Q4**

With respect to the outsourcing costs for the Delivery Business included in the full-year forecast of the fiscal year ending March 31, 2013, what are your outsourcing cost targets related to Kuroneko Mail?

**A4**

- In the fiscal year ending March 31, 2013, we plan to continue to employ part-time employees which we call Field Casts, and promote Sales-Driver-based and team-based pickup and delivery.  
Through implementing these measures, we aim to conduct joint delivery of Takkyubin and Kuroneko Mail and raise the self-delivery ratio of Kuroneko Mail deliveries. Through these measures, we plan to reduce outsourcing costs related to Kuroneko Mail.

**Q5**

In slides 11 to 13 (“Road Map of Medium- to Long-term Management Plan” to “Initiatives in Local Communities”), the charts presented show examples of initiatives. Please explain possible mechanisms for generating fee-based revenues.

**A5**

- As already explained, we are currently in the stage of examining ways to create commercial services in, for example, the examples presented in the slide. In the present Medium-term Management Plan, for which the fiscal year ending March 31, 2014 will be the final year, revenue from such initiatives has generally not been factored into the targets.
- However, these initiatives are not social contributions and revenue from these initiatives can be thought of as being additional bonus revenue.

**Q6**

With respect to Takkyubin unit price, you forecast a 1.3% decline in the fiscal year ending March 31, 2013. What are the factors behind the expected decline?

**A6**

- We believe the Takkyubin unit price will fall due to the impact of change in the product mix caused by an increase in Takkyubin for major corporate clients. We are forecasting the trend of decline to continue for Takkyubin for the C2C market, in which the unit price is high. As a result, the Takkyubin to major corporate clients is expected to occupy a larger share of the entire Takkyubin delivery volume.
- Competition with rival operators is comparably stable for the time being and we do not forecast any significant decline in unit price due to the competitive environment.

**Q7**

In the fiscal year ending March 31, 2013, personnel expenses are expected to rise 4.0% compared with the previous year. How is labor productivity progressing and what is your future outlook?

**A7**

- At the same time that a stable rise in delivery volume is occurring, we are striving to improve labor productivity by using team-based pickup and delivery. In the fiscal year ending March 31, 2013, we plan to double the number of centers that practice team pickup and delivery and we plan to employ Field Cast (part-time) employees, focusing on married women.

**Q8**

In the fiscal year ending March 31, 2013, depreciation and amortization is forecasted to be 41,000 million yen. What portion of that is an increase in depreciation and amortization related to Haneda Chronogate?

**A8**

- There is no depreciation or amortization relating to Haneda Chronogate included in the full-year forecast. The reason that depreciation and amortization has increased by 2,300 million yen compared with the previous year is attributable to vehicles, handling equipment and other items of capital expenditure.