



**YAMATO GROUP**

## **CONSOLIDATED FINANCIAL SUMMARY**

**for the Third Quarter of the Fiscal Year Ending  
March 31, 2018**



**YAMATO HOLDINGS CO., LTD.**

**January 31, 2018**

## 1. Highlight (9 Months)

<b>First Half</b>	<b>Revenue increased (YoY: ↑ 23.1 b)</b>	<b>Profit decreased (YoY: ↓ 33.8 b)</b>
<b>3Q (Oct. to Dec.)</b>	<b>Revenue increased (YoY: ↑ 30.5 b)</b>	<b>Profit increased (YoY: ↑ 7.8 b)</b>
<b>9 Months</b>	<b>Revenue increased (YoY: ↑ 53.6 b)</b>	<b>Profit decreased (YoY: ↓ 25.9 b)</b>

In 3Q (Oct. to Dec.),

- In Delivery Business, TA-Q-BIN delivery volume changed from increase to decrease and TA-Q-BIN unit price increased as we promoted adequate pricing.

- ☞ Earnings remained on a path to recovery amid increasing expenses incurred from “reforming working styles” initiatives.

- In the non-delivery businesses, results from existing services remained firm.

### Trends of Delivery Business (9 Months: Revenue increased and profit decreased)

We have issued requests to our large-lot corporate clients, asking that they adjust their shipping schedules and cut down on re-deliveries. At the same time we are making progress in negotiating review of our rates with respect to our corporate clients. As a result, in 3Q (Oct. to Dec.), our earnings have remained on path to recovery amid increasing expenses incurred largely from promoting our focus on “reforming working styles” which has been marked particularly by TA-Q-BIN delivery volume taking a downward turn and the TA-Q-BIN unit price beginning to rise due our adequate pricing initiatives.

### Trends of Non-Delivery Businesses (9 Months: Revenue and profit increased)

- **BIZ-Logistics** Revenue increased mainly due to favorable results from existing services for e-commerce business operators, but profit decreased mainly due to increased costs of outsourcing work in some services such as overseas relocations.
- **Home Convenience** Revenue and profit increased mainly due to favorable results with respect to use of our “Raku Raku Household TA-Q-BIN” service and “Comfortable Lifestyle Support Service.”
- **e-Business** Revenue and profit increased mainly due to a greater volume of business in the “Web-based Shipment Control” and an increase in use of “e-On Demand Solutions business” among our customers.
- **Financial** Revenue and profit increased mainly due to favorable results in the lease services business, and despite a decrease in delivery volume of our mainstay service “TA-Q-BIN Collect” mainly due to a shrinking market for cash-on-delivery.
- **Autoworks** Revenue decreased largely as a result of sluggish sales of vehicle equipment, but profit increased.

[Highlight (9 months)]

3Q (Oct. to Dec.) : Revenue and profit increased

9 months : Revenue increased but profit decreased

(1) Operating revenue

3Q (Oct. to Dec.) : ¥441.9 billion YoY ↑ ¥30.5 billion

9 months : ¥1,171.7 billion YoY ↑ ¥53.6 billion

(2) Operating profit

3Q (Oct. to Dec.) : ¥45.0 billion YoY ↑ ¥ 7.8 billion

9 months : ¥32.1 billion YoY ↓ ¥25.9 billion

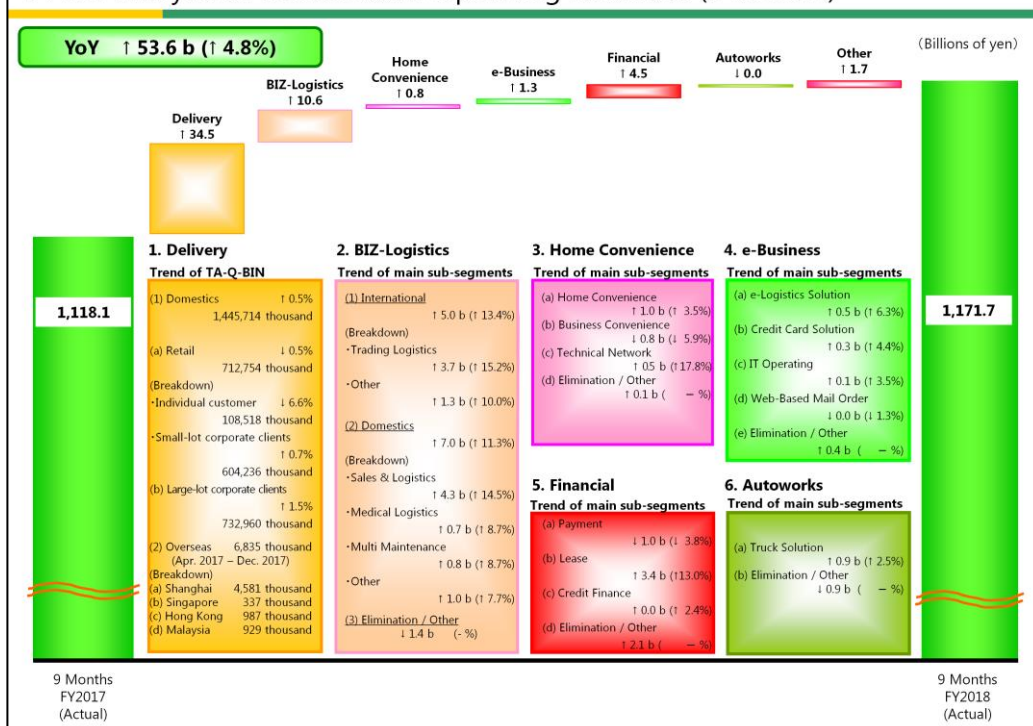
## 2. Consolidated Financial Results (9 Months)

(Billions of Yen)	9 Months FY2018 Actual	9 Months FY2017 Actual	YoY Change	
			Amount	[%]
Operating revenues				
Delivery	921.7	887.2	34.5	3.9
Non-Delivery	249.9	230.8	19.1	8.3
Total	1,171.7	1,118.1	53.6	4.8
Operating profit	32.1	58.0	(25.9)	(44.7)
[Profit margin]	2.7%	5.2%	-	-
Ordinary profit	32.3	58.2	(25.8)	(44.4)
[Profit margin]	2.8%	5.2%	-	-
Profit attributable to owners of parent	17.4	35.7	(18.2)	(51.2)
[Profit margin]	1.5%	3.2%	-	-

[Consolidated financial results (9 months)]

- (1) Nothing noteworthy has emerged in terms of non-operating income, non-operating loss, extraordinary income and extraordinary loss.
- (2) Profit attributable to owners of parent in 9 months was ¥17.4 billion.

### 3. YoY Analysis of Consolidated Operating Revenues (9 Months)

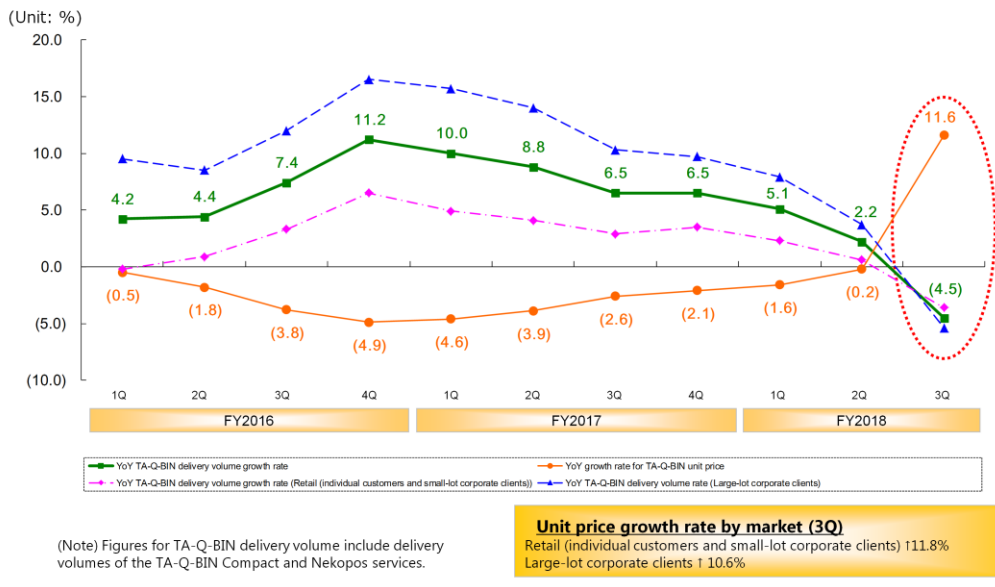


[YoY analysis of consolidated operating revenues (9 months)]

- (1) Delivery Business (Revenue increase)
  - Positive: Delivery volume of TA-Q-BIN ↑ 10.5%
  - Unit price of TA-Q-BIN ↑ 13.6%
  - Negative: Delivery volume of Kuroneko DM-BIN ↓ 3.1%
- (2) BIZ-Logistics Business (Revenue increase)
  - Positive: Favorable results in use of services by existing customers for Sales & Logistics, Medical Logistics
- (3) Home Convenience Business (Revenue increase)
  - Positive: Increase in use of the "Raku Raku Household TA-Q-BIN" service and the "Comfortable Lifestyle Support Service"
- (4) e-Business (Revenue increase)
  - Positive: Greater volume of business in the "Web-based Shipment Control" service and increase in use of the "e-On Demand Solutions" business by existing customers
- (5) Financial Business (Revenue increase)
  - Positive: Lease services business (Favorable results generated from leases primarily involving trucks and installment sales)
  - Negative: Decrease in the Payment business mainly due to a shrinking market for cash-on-delivery
- (6) Autoworks Business (Revenue decrease)
  - Positive: Increase in the number of vehicles serviced
  - Negative: Sluggish sales of vehicle equipment

#### 4. Quarterly YoY Trends of TA-Q-BIN Delivery (3Q (Oct. to Dec.))

Delivery volume changed from increase to decrease and TA-Q-BIN unit price increased remarkably.  
(Volume: YoY ↓ 4.5%, unit price: YoY ↑ 11.6%)



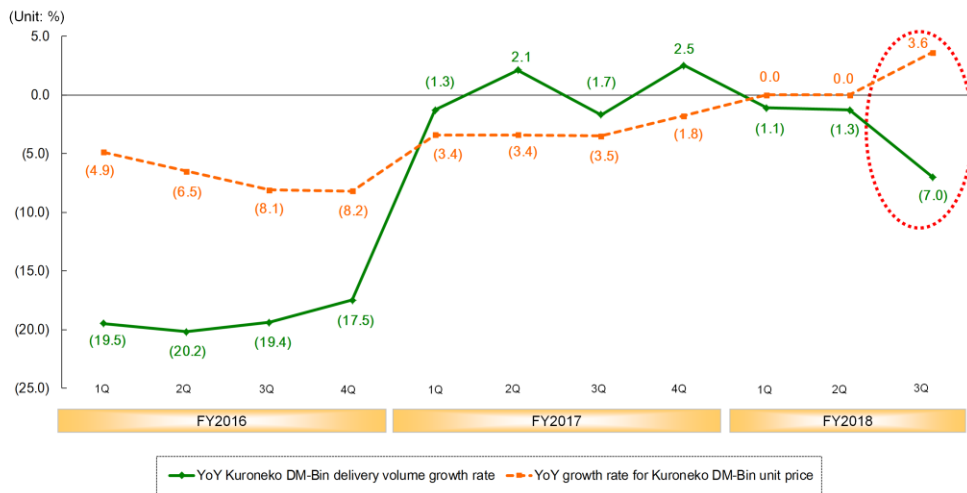
#### [Quarterly YoY trends of TA-Q-BIN delivery (3Q (Oct. to Dec.))]

TA-Q-BIN delivery volume: YoY ↓ 4.5%  
Unit price: YoY ↑ 11.6%

- Issued requests to our large-lot corporate clients which include asking that they adjust their shipping schedules and cut down on re-deliveries
- Progress being made in negotiating review of our rates with our corporate clients (large-lot and small-lot)
  - ⇒ Negotiations have concluded with large-lot corporate clients with whom we had carried out talks on a priority basis (approx. 1,100 companies).
  - ⇒ Currently under negotiation with the rest of large-lot corporate clients
  - ⇒ Our small-lot corporate clients have also shown their understanding and willingness to cooperate with respect to the revision of rates.
- Revised TA-Q-BIN basic fees in October 1

## 5. Quarterly YoY Trends of Kuroneko DM-Bin (3Q (Oct. to Dec.))

Kuroneko DM-BIN delivery volume decreased but unit price increased.  
 (Volume: YoY ↓ 7.0%, unit price: YoY ↑ 3.6%)



### Shipment volume by market (3Q)

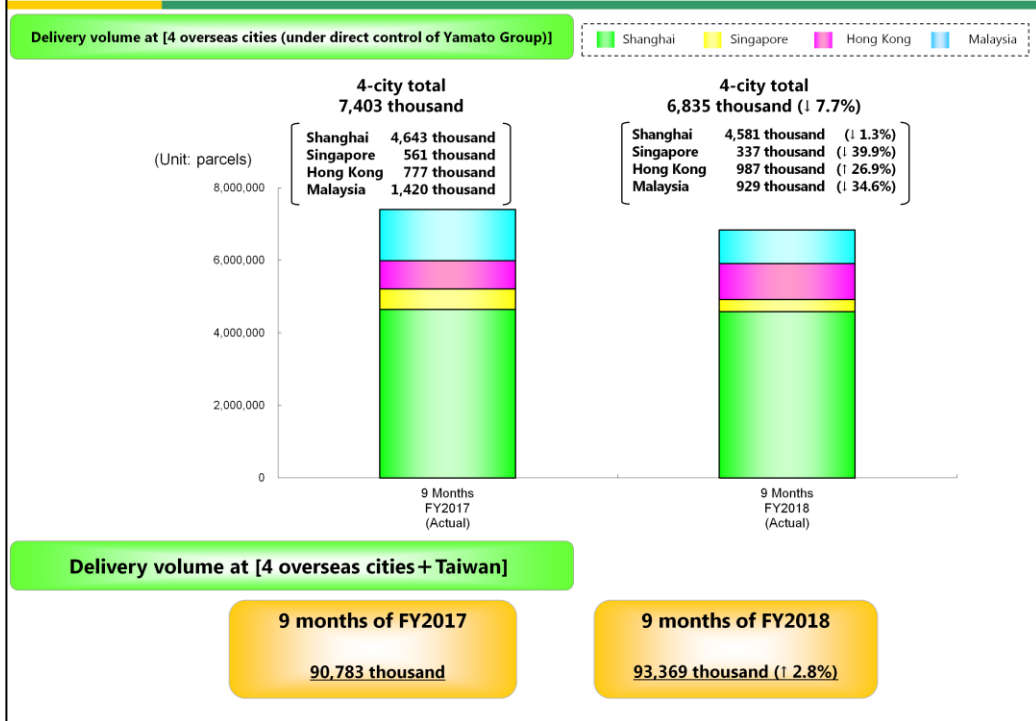
From TA-Q-BIN Centers: ↓ 4.5% From corporate sales branch offices: ↓ 7.8%

[Quarterly YoY trends of Kuroneko DM-Bin (3Q (Oct. to Dec.))]

Kuroneko DM-Bin delivery volume: YoY ↓ 7.0%  
 Unit price: YoY ↑ 3.6%

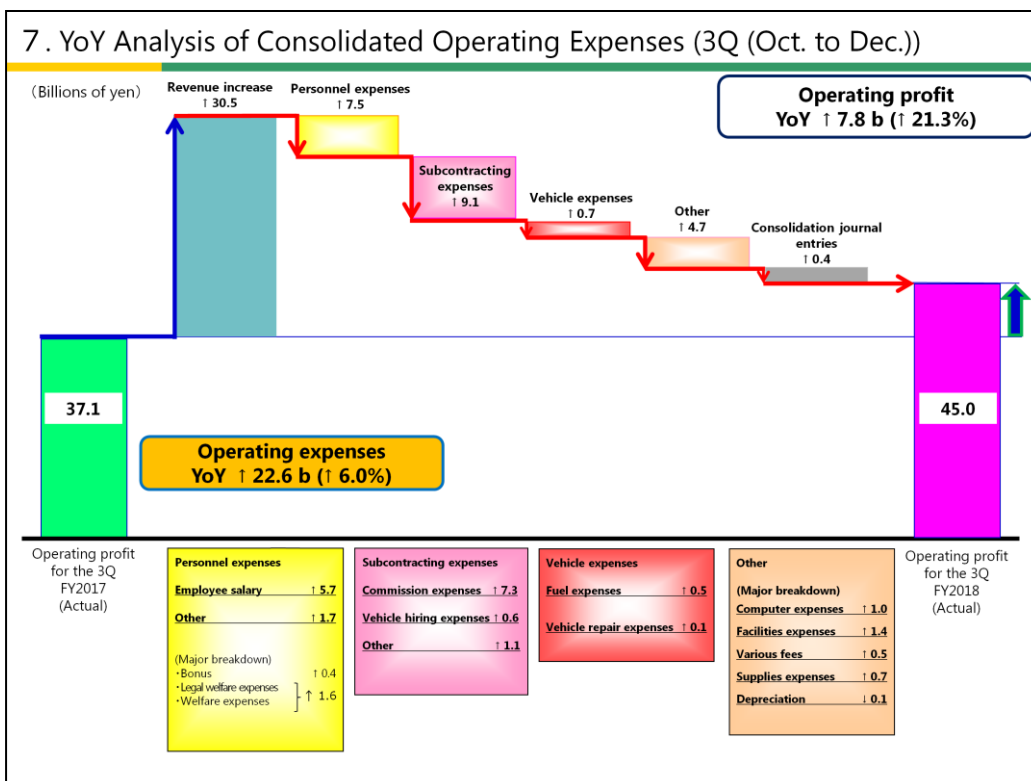
- We continue to face a sluggish market.
- We are reviewing details of some business transactions and promoting adequate pricing.

## 6 . YoY Trends of TA-Q-BIN Business Overseas (9 Months)



[YoY trends of TA-Q-BIN Business overseas (9 months)]

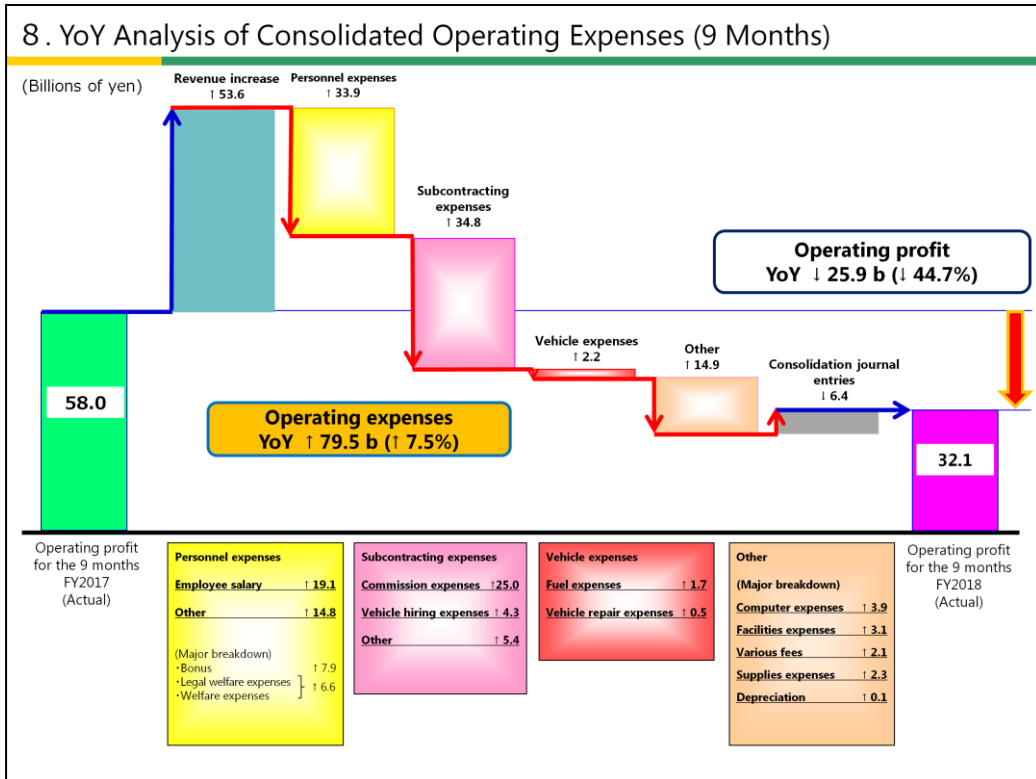
- Delivery volume decreased due to our review of unprofitable transactions and intense competitive environment.



[YoY analysis of consolidated operating expenses (3Q (Oct. to Dec.))]

- (1) Operating revenue increased by 7.4% YoY while operating expenses increased by 6.0% YoY.
- (2) "Reforming working styles" has moved along as projected.
  - There have been ongoing increases in costs associated with systematic improvements implemented to avoid the prospect of greater employee workloads, particularly in December, which is a busy month.
- (3) Rise in labor costs such as those involving outsourcing
  - Employee salary and commission expenses increased by ¥5.7 billion or 4.3%, and ¥7.3 billion or 11.0%, respectively, in conjunction with initiatives to reduce employee workloads.





[YoY analysis of consolidated operating expenses (9 months)]

- (1) Operating revenue increased by 4.8% YoY while operating expenses increased by 7.5% YoY.
- (2) "Reforming working styles" has moved along as projected.  
→ Expenses of ¥9.0 billion slated for the full year
- (3) Rise in labor costs such as those involving outsourcing workforce  
→ Employee salary and commission expenses increased by ¥19.1 billion or 5.0%, and ¥25.0 billion or 13.9%, respectively, in conjunction with increases in delivery volume through the first half and initiatives to reduce employee workloads.
- (4) Payments for specially acknowledged working hours additionally recognized in the three months ended June 30, 2017.  
→ ¥5.2 billion (Bonus)

## 9. Forecast of Operating Results (Full-Year)

(Billions of Yen)	FY2018 (New Forecast) A	FY2017 (Actual)	FY2018 (October 2017 Forecast) B	YoY Change		Forecast Change (A-B)
				Amount	[%]	Amount
Operating revenues	1,530.0	1,466.8	1,502.0	63.1	4.3	28.0
Operating profit	31.0	34.8	25.0	(3.8)	(11.1)	6.0
[Profit margin]	2.0%	2.4%	1.7%	-	-	-
Ordinary profit	31.0	34.8	25.0	(3.8)	(11.1)	6.0
[Profit margin]	2.0%	2.4%	1.7%	-	-	-
Profit attributable to owners of parent	14.5	18.0	12.0	(3.5)	(19.7)	2.5
[Profit margin]	0.9%	1.2%	0.8%	-	-	-

[Forecast of operating results (full-year)]

- (1) The forecasts reflect trend of recovering earnings amid increasing expenses incurred largely from promoting “reforming working styles” initiatives.
- (2) Delivery volume of TA-Q-BIN changed from increase to decrease due to negotiation for review of our rates with corporate clients, and unit price of TA-Q-BIN increased due to adequate pricing initiatives.
- (3) Structural reforms mainly involving the “reforming working styles” initiatives are underway, and we expect to incur additional expenses necessary for such reforms going forward.
  - Going forward, we aim to keep fulfilling our mission in acting as a company that forms an important part of social infrastructure, while continuing to generate growth into the future.

## 10. Summary of Consolidated Operating Expenses (3Q (Oct. to Dec.))

(Millions of Yen)	3Q FY2018 Actual	3Q FY2017 Actual	YoY Change	
			Amount	[%]
Operating revenues	441,973	411,453	30,520	7.4
Operating expenses	396,954	374,333	22,620	6.0
Personnel expenses	202,714	195,196	7,518	3.9
Employee salary	138,126	132,408	5,718	4.3
Other personnel expenses	64,588	62,788	1,799	2.9
Subcontracting expenses	170,449	161,251	9,197	5.7
Commission expenses	74,373	67,029	7,343	11.0
Vehicle hiring expenses	51,744	51,082	662	1.3
Other subcontracting expenses	44,331	43,139	1,191	2.8
Vehicle expenses	11,748	11,030	717	6.5
Fuel expenses	5,468	4,943	524	10.6
Other operating expenses	87,371	82,610	4,761	5.8
Depreciation	12,107	12,299	(192)	(1.6)
Elimination	(75,330)	(75,755)	425	(0.6)
Operating profit	45,019	37,119	7,899	21.3

[Summary of consolidated operating expenses (3Q (Oct. to Dec.))]

(1) In 3Q, expenses in the Delivery Business continued to increase despite a downturn in TA-Q-BIN delivery volume (14.5%), partially due to a tightening labor market and efforts to promote "reforming working styles" initiatives (personnel expenses ↑3.9%, commission expenses ↑11.0%).

(2) Personnel expenses

Employee salary

→ Number of employees YoY ↑ 4.9% as of December 31

(3) Subcontracting expenses

Commission expenses

• Delivery Business: YoY ↑ ¥4.6 billion (↑ 11.5%)

• Non-delivery businesses: YoY ↑ ¥2.7 billion (↑ 10.2%)

→ Primarily in the BIZ-Logistics Business, there has been increased use of subcontracting and other such services associated with higher revenues due to greater numbers of projects.

Vehicle hiring expenses

→ Increased slightly partially due to higher per-vehicle hiring rates, and despite a downward trend with respect to TA-Q-BIN delivery volume beginning in 3Q

(4) Vehicle expenses

→ Fuel expenses increased mainly due to a higher unit price of fuel.

(5) Other operating expenses

• Computer expenses: ↑ ¥1.0 billion (expenses related to Eighth NEKO System)

## 11. Summary of Operating Expenses in Delivery Business (3Q (Oct. to Dec.))

(Millions of Yen)	3Q FY2018 Actual	3Q FY2017 Actual	YoY Change	
			Amount	[%]
Operating revenues	355,043	332,420	22,623	6.8
Operating expenses	318,003	303,189	14,814	4.9
Personnel expenses	176,731	170,466	6,264	3.7
Employee salary	120,338	115,426	4,911	4.3
Other personnel expenses	56,393	55,040	1,353	2.5
Subcontracting expenses	103,312	99,113	4,198	4.2
Commission expenses	44,847	40,230	4,617	11.5
Vehicle hiring expenses	49,531	49,179	352	0.7
Other subcontracting expenses	8,934	9,704	(770)	(7.9)
Vehicle expenses	10,345	9,782	563	5.8
Fuel expenses	4,461	4,057	403	9.9
Other operating expenses	61,138	58,474	2,664	4.6
Depreciation	8,518	8,612	(94)	(1.1)
Elimination	(33,525)	(34,648)	1,122	(3.2)
Operating profit	37,040	29,231	7,808	26.7

(Note) The figures above include operating expenses related to overseas TA-Q-BIN services.

## 12. Summary of Consolidated Operating Expenses (9 Months)

(Millions of Yen)	9 Months FY2018 Actual	9 Months FY2017 Actual	YoY Change	
			Amount	[%]
Operating revenues	1,171,775	1,118,143	53,632	4.8
Operating expenses	1,139,644	1,060,079	79,564	7.5
Personnel expenses	597,632	563,653	33,978	6.0
Employee salary	404,648	385,524	19,124	5.0
Other personnel expenses	192,984	178,129	14,854	8.3
Subcontracting expenses	477,161	442,338	34,822	7.9
Commission expenses	205,197	180,142	25,054	13.9
Vehicle hiring expenses	147,097	142,785	4,312	3.0
Other subcontracting expenses	124,866	119,410	5,455	4.6
Vehicle expenses	33,638	31,413	2,224	7.1
Fuel expenses	16,209	14,494	1,714	11.8
Other operating expenses	246,900	231,959	14,940	6.4
Depreciation	33,272	33,129	142	0.4
Elimination	(215,688)	(209,285)	(6,402)	3.1
Operating profit	32,131	58,063	(25,931)	(44.7)

[Summary of consolidated operating expenses (9 months)]

- (1) In the nine months ended December 31, 2017, expenses in the Delivery Business increased despite a slowing upward trend in TA-Q-BIN delivery volume (↑ 0.5%), partially due to a tightening labor market and efforts to promote “reforming working styles” initiatives (personnel expenses ↑ 6.0%, commission expenses ↑ 13.9%).
- (2) Personnel expenses
  - Employee salary
    - Number of employees YoY ↑ 4.9% as of December 31
  - Other personnel expense
    - This includes ¥5.2 billion in payments for specially acknowledged working hours additionally recognized during the three months ended June 30, 2017.
- (3) Subcontracting expenses
  - Commission expenses
    - Delivery Business: YoY ↑ ¥18.8 billion (↑ 18.3%)
    - Non-delivery businesses: YoY ↑ ¥6.1 billion (↑ 8.0%)
    - Primarily in the BIZ-Logistics Business, there has been increased use of subcontracting and other such services associated with higher revenues due to greater numbers of projects.
  - Vehicle hiring expenses
    - Increased partially due to higher per-vehicle hiring rates
- (4) Vehicle expenses
  - Fuel expenses increased mainly due to a higher unit price of fuel.
- (5) Other operating expenses
  - Computer expenses: ↑ ¥3.9 billion (expenses related to Eighth NEKO System)

### 13. Summary of Operating Expenses in Delivery Business (9 Months)

(Millions of Yen)	9 Months FY2018 Actual	9 Months FY2017 Actual	YoY Change	
			Amount	[%]
Operating revenues	921,792	887,270	34,522	3.9
Operating expenses	912,096	851,033	61,063	7.2
Personnel expenses	519,579	489,222	30,357	6.2
Employee salary	351,351	334,210	17,140	5.1
Other personnel expenses	168,228	155,011	13,216	8.5
Subcontracting expenses	288,132	267,014	21,117	7.9
Commission expenses	121,821	102,957	18,863	18.3
Vehicle hiring expenses	140,298	136,687	3,610	2.6
Other subcontracting expenses	26,012	27,369	(1,356)	(5.0)
Vehicle expenses	29,734	27,885	1,848	6.6
Fuel expenses	13,375	11,995	1,380	11.5
Other operating expenses	171,489	161,113	10,376	6.4
Depreciation	22,615	22,368	247	1.1
Elimination	(96,838)	(94,201)	(2,636)	2.8
Operating profit	9,696	36,237	(26,540)	(73.2)

(Note) The figures above include operating expenses related to overseas TA-Q-BIN services.

## 14. Operating Results Forecast (Full-Year: Breakdown by Business Segment)

(Millions of Yen)	FY2018 (New Forecast) A	FY2017 (Actual)	FY2018 (October 2017 Forecast) B	YoY Change		Forecast Change (A-B) Amount
				Amount	[%]	
<b>Operating revenues</b>						
Delivery	1,203,000	1,151,028	1,181,000	51,971	4.5	22,000
BIZ-Logistics	118,000	108,643	117,000	9,356	8.6	1,000
Home Convenience	48,000	49,163	48,000	(1,163)	(2.4)	0
e-Business	46,000	45,639	45,500	360	0.8	500
Financial	80,000	77,985	77,500	2,014	2.6	2,500
Autoworks	24,500	24,613	25,000	(113)	(0.5)	(500)
Other	10,500	9,777	8,000	722	7.4	2,500
Total	1,530,000	1,466,852	1,502,000	63,147	4.3	28,000
<b>Operating profit</b>						
Delivery	6,400	5,638	3,000	761	13.5	3,400
BIZ-Logistics	3,600	4,072	4,100	(472)	(11.6)	(500)
Home Convenience	800	1,076	800	(276)	(25.7)	0
e-Business	10,000	9,368	9,100	631	6.7	900
Financial	7,400	8,243	6,800	(843)	(10.2)	600
Autoworks	4,000	3,273	3,900	726	22.2	100
Other	16,400	35,477	15,900	(19,077)	(53.8)	500
Subtotal	48,600	67,149	43,600	(18,549)	(27.6)	5,000
Elimination	(17,600)	(32,264)	(18,600)	14,664	(45.5)	1,000
Total	31,000	34,885	25,000	(3,885)	(11.1)	6,000
[Profit margin]	2.0%	2.4%	1.7%	-	-	-
<b>Ordinary profit</b>	31,000	34,884	25,000	(3,884)	(11.1)	6,000
[Profit margin]	2.0%	2.4%	1.7%	-	-	-
<b>Profit attributable to owners of parent</b>	14,500	18,053	12,000	(3,553)	(19.7)	2,500
[Profit margin]	0.9%	1.2%	0.8%	-	-	-

### TA-Q-BIN forecasts

- Delivery volume (forecast)  
1,846,000 thousand (YoY ↑ 1.2%)
- Unit price (forecast)  
¥595 (YoY ↑ 6.4%)

### Kuroneko DM-Bin forecasts

- Delivery volume (forecast)  
1,490,000 thousand (YoY ↑ 3.4%)
- Unit price (forecast)  
¥56 (YoY ↑ 1.8%)

[Operating results forecast (full-year: breakdown by business segment)]

<Major changes from the previous forecast>

### (1) Delivery Business

#### TA-Q-BIN

- Volume: In comparison with the previous forecast (1,826,000 thousand), volume was 20,000 thousand higher.  
(YoY ↓ 21,560 thousand ↓ 1.2%)  
☞ Previous forecast: YoY ↓ 41,560 thousand ↓ 2.2%)  
→ Forecast reflects upward trend in TA-Q-BIN Compact and Nekopos business, despite downward trend in overall delivery volume.
- Unit price: In comparison with the previous forecast (¥590), unit price was ¥5 higher.  
(YoY ↑ ¥36 ↑ 6.4%)  
☞ Previous forecast: YoY ↑ ¥31 ↑ 5.5%)  
→ Forecast factors in situation regarding rate review negotiations with corporate clients.

Kuroneko DM-Bin: Remain unchanged from the previous forecast

### (2) Non-delivery businesses

- The forecasts for operating revenue and operating profit have been revised in comparison with the previous forecasts to reflect operating results achieved up through 3Q.

## 15. Operating Results Forecast (Full-Year: Breakdown of Operating Expenses)

(Millions of Yen)	FY2018 (New Forecast) A	FY2017 (Actual)	FY2018 (October 2017 Forecast) B	YoY Change		Forecast Change (A - B)
				Amount	[%]	Amount
Operating revenues	1,530,000	1,466,852	1,502,000	63,147	4.3	28,000
Operating expenses	1,499,000	1,431,966	1,477,000	67,033	4.7	22,000
Personnel expenses	790,500	769,260	790,500	21,239	2.8	0
Employee salary	538,500	513,656	536,500	24,843	4.8	2,000
Other personnel expenses	252,000	255,604	254,000	(3,604)	(1.4)	(2,000)
Subcontracting expenses	626,000	588,388	601,000	37,611	6.4	25,000
Commission expenses	269,000	241,888	251,000	27,111	11.2	18,000
Vehicle hiring expenses	194,000	189,272	189,000	4,727	2.5	5,000
Other subcontracting expenses	163,000	157,227	161,000	5,772	3.7	2,000
Vehicle expenses	41,000	40,634	41,000	365	0.9	0
Fuel expenses	21,000	19,333	21,000	1,666	8.6	0
Other operating expenses	328,500	308,385	331,500	20,114	6.5	(3,000)
Depreciation	47,000	46,114	48,500	885	1.9	(1,500)
Elimination	(287,000)	(274,702)	(287,000)	(12,297)	4.5	0
Operating profit	31,000	34,885	25,000	(3,885)	(11.1)	6,000

### Assumptions of forecasts

#### • Number of employees (forecast)

Total	212,600	{YoY ↑ 10,816 (YoY ↑ 5.4%)}
Full-time	94,650	{YoY ↑ 3,913 (YoY ↑ 4.3%)}
Part-time	117,950	{YoY ↑ 6,903 (YoY ↑ 6.2%)}

- Other Cost Increased due to promotion of "reforming working styles" and expanded scope of social insurance eligibility, etc.

Capital expenditure (Millions of Yen, forecast)  
¥63,000

[(Full-year) Operating results forecast (breakdown of operating expenses)]

<Major changes from the previous forecast>

### Personnel expenses

- Forecast revised to reflect prevailing circumstances

### Subcontracting expense


- Commission expenses:

Forecast revised in part to reflect circumstances in 3Q, and also to incorporate increases in TA-Q-BIN delivery volume and in revenue of the non-delivery businesses in comparison with the previous forecast (↑¥18.0 billion)

- Vehicle hiring expenses:

Forecast revised to reflect prevailing circumstances that include higher per-vehicle hiring rates (↑¥5.0 billion)





These presentation materials (with explanatory notes) and the minutes of the financial results meeting Q&A are posted in PDF format on the Company's website in the Investor Relations section.

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