



CONSOLIDATED FINANCIAL SUMMARY

for the Fiscal Year Ended March 31, 2018



YAMATO HOLDINGS CO., LTD.

May 2, 2018

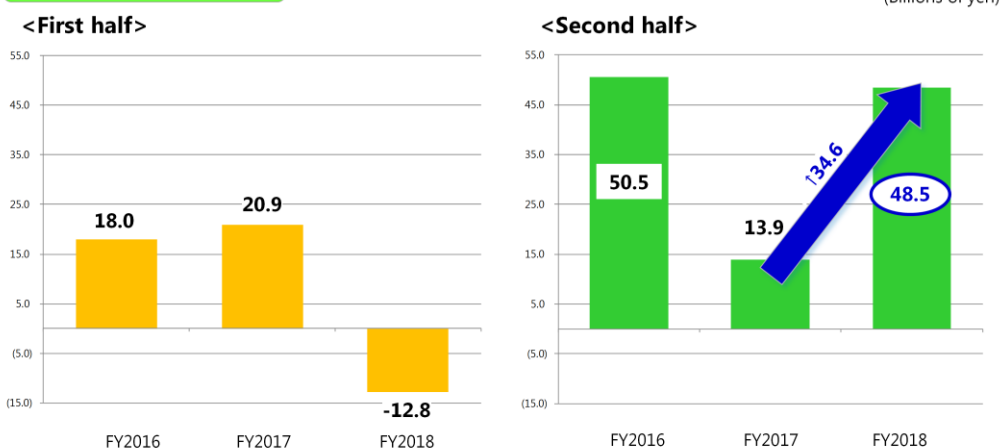
1. Highlight (FY2018)

Operating revenue: ¥1,538.8 billion (Growth ↑4.9%) Revenue increased (YoY ↑171.9 b)
Operating profit: ¥35.6 billion (Growth ↑2.3%) Profit increased (YoY ↑ 0.8 b)

First Half: Revenue increased (YoY 123.1 b), profit decreased (YoY ↓33.8 b)

Second Half: Revenue increased (YoY 148.8 b), profit increased (YoY 134.6 b)

Operating profit



[Highlight (FY2018)]

Operating revenue: ¥1,538.8 billion (Growth ↑ 4.9%)

Operating profit: ¥ 35.6 billion (Growth ↑ 2.3%)

<<Delivery Business>>

- In the first half, we engaged in efforts that included “improving and developing employee working environment” and “revising TA-Q-BIN basic fees and respective service standards” with a managerial focus on “reforming working styles” amid a continuing situation of profits having been pressured by rising labor costs, including those of outsourcing workforce, in conjunction with increases in TA-Q-BIN delivery volume.
- We made progress in negotiating review of our rates with our corporate clients, having initiated such efforts at the start of the fiscal year.
- Entering into the second half, TA-Q-BIN delivery volume took a downward turn and the TA-Q-BIN unit price rose to rise due to our adequate pricing initiatives.
- Our financial performance has remained on a path to recovery despite increasing expenses incurred largely from promoting our focus on “reforming working styles.”

<<Non-delivery Business>>

BIZ-Logistics	Revenue and profit increased mainly due to favorable results from existing services for e-commerce business operators and progress made in offering industry-specific solutions.
Home Convenience	Revenue and profit decreased mainly due to controls placed on workloads during the peak moving and relocation season as we promoted our focus on “reforming working styles,” and despite favorable results from our existing services.
e-Business	Revenue and profit increased mainly due to favorable results from existing services including “Web-based Shipment Control.”
Financial	Revenue increased but profit decreased mainly due to a decline in delivery volume of our mainstay service “TA-Q-BIN Collect” in line with shrinking market for cash-on-delivery, and despite favorable results particularly from the lease services business.
Autoworks	Revenue and profit increased mainly due to an increase in the number of vehicles serviced and progress made with respect to streamlining business processes.

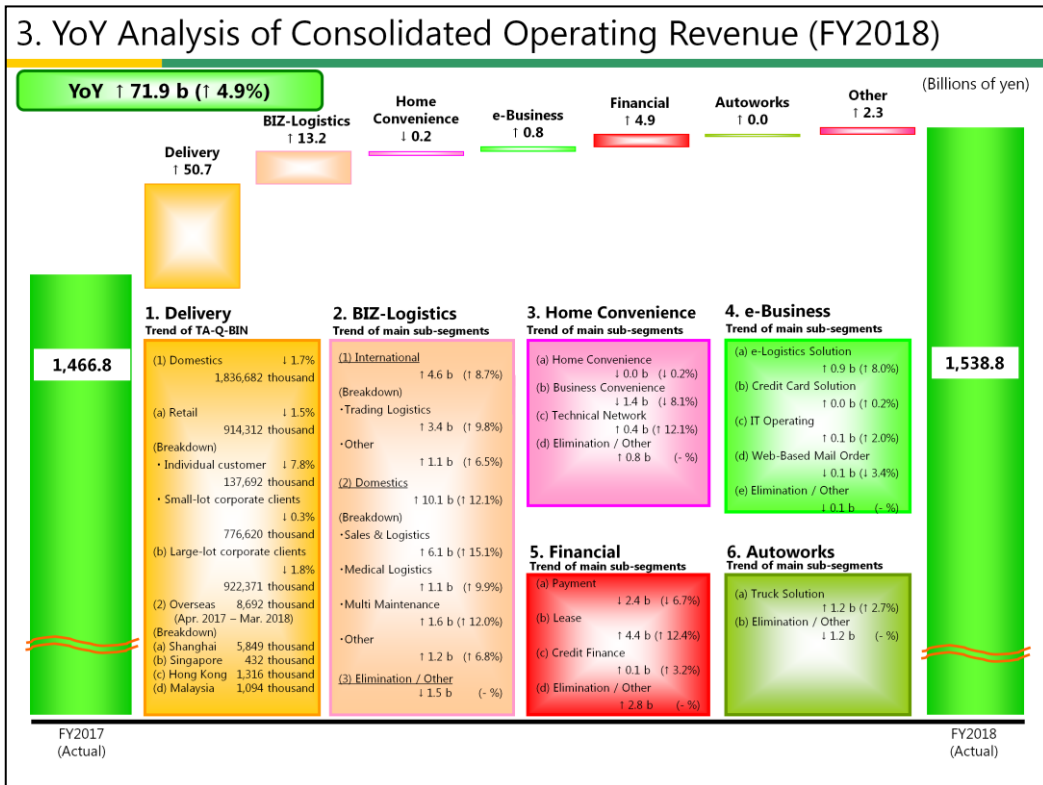
2. Consolidated Financial Results (FY2018)

(Billions of Yen)	FY2017 Actual	FY2018 Actual	YoY Change	
			Amount	[%]
Operating revenue				
Delivery	1,151.0	1,201.7	+50.7	+4.4%
Non-Delivery	315.8	337.0	+21.2	+6.7%
Total	1,466.8	1,538.8	+71.9	+4.9%
Operating profit	34.8	35.6	+0.8	+2.3%
[Profit margin]	2.4%	2.3%	-	-
Ordinary profit	34.8	36.0	+1.2	+3.4%
[Profit margin]	2.4%	2.3%	-	-
Profit attributable to owners	18.0	18.2	+0.1	+1.0%
of parent	1.2%	1.2%	-	-

[Consolidated financial results (FY2018)]

- Revenue increased in Delivery and Non-delivery Businesses.
- Operating profit increased by ¥0.8 billion amid increasing expenses incurred largely from promoting “reforming working styles” initiatives and structural reforms.

3. YoY Analysis of Consolidated Operating Revenue (FY2018)



[YoY analysis of consolidated operating revenue (FY2018)]

(1) Delivery Business (Revenue increase)

Positive: TA-Q-BIN delivery volume: ↓ 1.7%, unit price ↑ 6.8%

Negative: Kuroneko DM-Bin volume: ↓ 5.0%, unit price ↑ 1.8%

(2) BIZ-Logistics Business (Revenue increase)

Positive: Firm results in use of services by existing customers for Sales & Logistics, Medical Logistics

Firm results also in use of services by existing customers for Trading Logistics

(3) Home Convenience Business (Revenue decrease)

Positive: Firm results in use of the "Raku Raku Household TA-Q-BIN" service and the "Comfortable Lifestyle Support Service"

Negative: Decrease in revenue mainly due to controls placed on workloads during the peak moving and relocation season

(4) e-Business (Revenue increase)

Positive: Increase in use of the "Web-based Shipment Control" by existing customers

Increase in use of the e-On Demand Solutions business by existing customers

(5) Financial Business (Revenue increase)

Positive: Firm results in the lease services business primarily generated from leases and installment sales of trucks

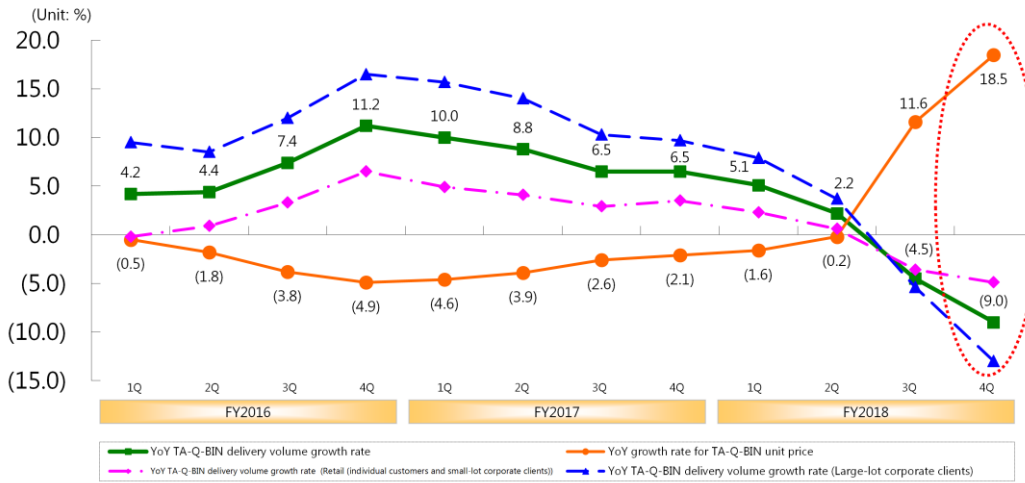
Negative: Decrease in the Payment business mainly due to a shrinking market for cash-on-delivery

(6) Autoworks Business (Revenue increase)

Positive: Increase in the number of vehicles serviced

4. Quarterly YoY Trends of TA-Q-BIN Delivery (4Q (Jan. to Mar.))

Delivery volume decreased but TA-Q-BIN unit price increased.
(Volume: YoY ↓9.0%, unit price: YoY ↑18.5%)



(Note) Figures for TA-Q-BIN delivery volume include delivery volumes of the TA-Q-BIN Compact and Nekopos services.

Unit price growth rate by market (4Q)
 Retail (individual customers and small-lot corporate clients) 113.4%
 Large-lot corporate clients 123.9%

[Quarterly YoY Trends of TA-Q-BIN delivery (4Q (Jan. to Mar.))]

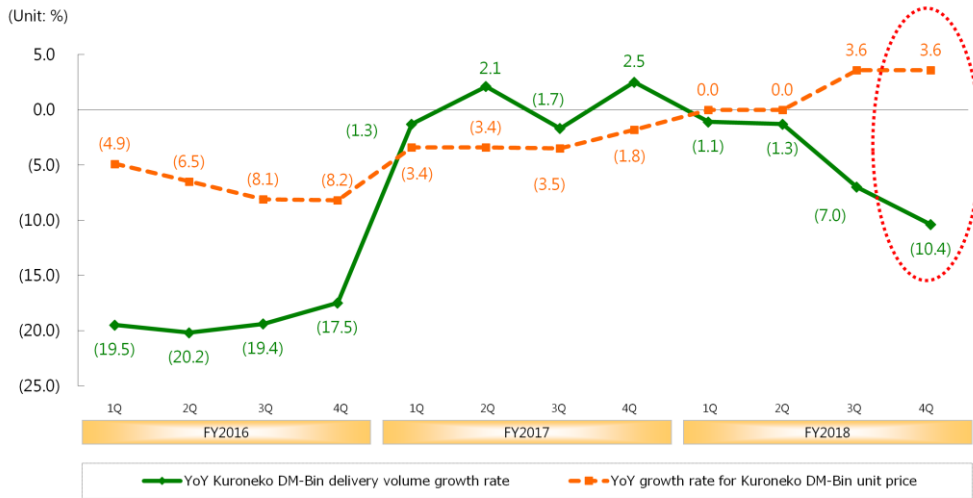
TA-Q-BIN delivery volume: YoY ↓ 9.0%

Unit price: YoY ↑ 18.5%

- We made progress in negotiating review of our rates with our corporate clients (large-lot and small-lot).
- We continuously promoted adequate pricing initiatives.

5. Quarterly YoY Trends of Kuroneko DM-Bin (4Q (Jan. to Mar.))

Kuroneko DM-BIN delivery volume decreased but unit price increased.
(Volume: YoY ↓10.4%, unit price: YoY ↑3.6%)



Shipment volume by market (4Q)

From TA-Q-BIN Centers: 16.5% From corporate sales branch offices: 111.6%

[Quarterly YoY trends of Kuroneko DM-Bin (4Q (Jan. to Mar.))]

Kuroneko DM-Bin delivery volume: YoY ↓ 10.4%

Unit price: YoY ↑ 3.6%

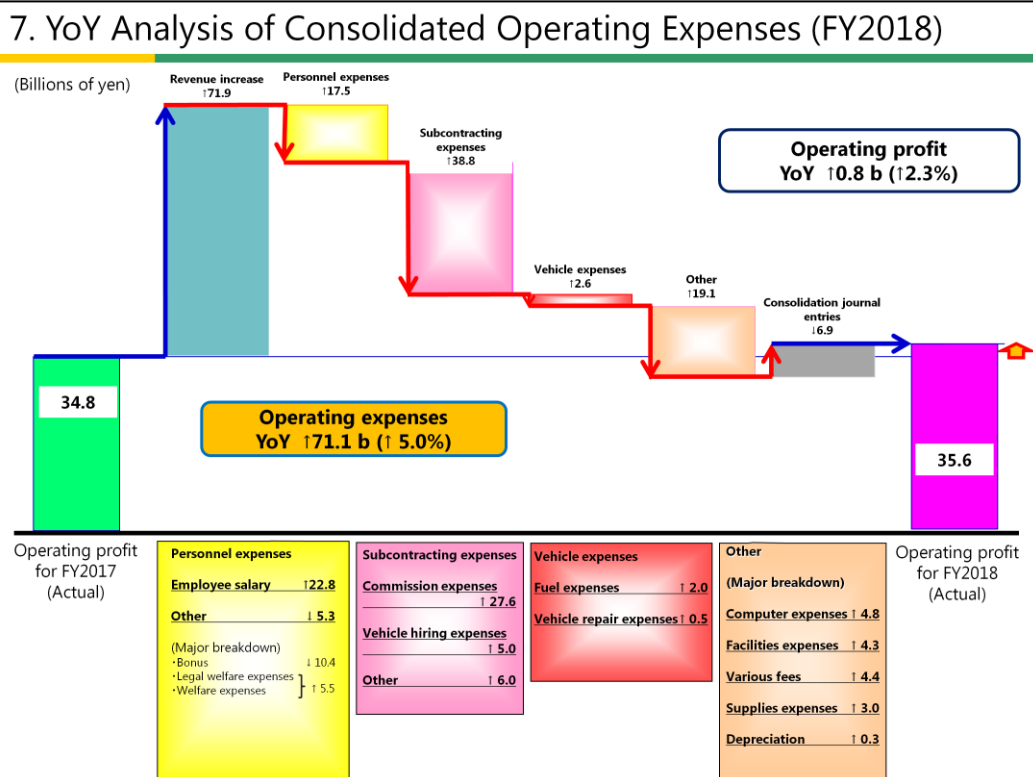
- We reviewed details of some business transactions and promoted adequate pricing initiatives.
- We continued to face a sluggish market.

6. YoY Trends of TA-Q-BIN Business Overseas (FY2018)



[YoY trends of TA-Q-BIN Business overseas (FY2018)]

- Delivery volume decreased due to our review of unprofitable transactions, etc.
- We have been promoting efforts to build a cross-border platform that provides substantial added value, through leveraging cold chain network.



[YoY analysis of consolidated operating expenses (FY2018)]

(1) Operating revenue increased by 4.9% YoY while operating expenses increased by 5.0% YoY.

(2) Cost environment

i) "Reforming working styles" (expenses of ¥9.0 billion) has moved along as projected.

ii) Rise in labor costs such as those involving outsourcing

→ Increases in delivery volume through the first half and initiatives to reduce employee workloads

- Employee salary: YoY ↑ 22.8 billion (↑ 4.4%)
- Commission expenses: YoY ↑ 27.6 billion (↑ 11.4%)

iii) Major factors of changes other than labor costs

- Vehicle hiring expenses: YoY ↑ 5.0 billion (↑ 2.7%)
→ Increased partially due to higher per-vehicle hiring rates
- Vehicle expenses: YoY ↑ 2.6 billion (↑ 6.5%)
→ Fuel expenses increased YoY by 2.0 billion (↑ 10.7%)
- Other operating expenses: YoY ↑ 19.1 billion (↑ 6.2%)
→ Computer expenses: YoY ↑ 4.8 billion (expenses related to Eighth NEKO System)
Depreciation: YoY ↑ 0.3 billion

8. Promoting the "KAIKAKU 2019 for NEXT100" Medium-term Management Plan

Objective	Major initiatives in FY2018
Reforming working styles	<ul style="list-style-type: none"> • Improving and implementing thorough labor management <ul style="list-style-type: none"> ☞ Unified standards for managing working hours by recording facility entrance/exit times • Modifying service level <ul style="list-style-type: none"> ☞ Modified delivery time slot designations and set earlier deadlines for accepting redelivery requests • Encouraging a work-life balance <ul style="list-style-type: none"> ☞ Adopted a system of scheduling intervals of time-off between shifts
Business structural reforms	<ul style="list-style-type: none"> • Initiating efforts to build a framework of delivery-specific driver networks (drivers for early evening and night deliveries) • Promoting expansion of contact points <ul style="list-style-type: none"> ☞ Accelerated pace of setting up PUDOs and released Yamato Business Members APIs to the public • Promoting frequent trunk-route transportation that uses Gateway facilities • Implementing pricing initiatives <ul style="list-style-type: none"> ☞ Revised TA-Q-BIN basic fees ☞ Negotiated review of rates with corporate clients ☞ Developed and adopted the Corporate Client Pricing System • Deploying the collection and delivery support system (Eighth NEKO System) nationwide • Eliminating business redundancies and streamlining operations

[Reforming working styles]

"Reforming working styles" (expenses of ¥9.0 billion) has moved along as projected.

(1) Improving and implementing thorough labor management

- Changes made to rules for administration of employee attendance

(2) Modifying service level

- Set earlier deadlines for accepting same-day redelivery requests (from April 24)
- Reviewed delivery time slots (from June 19)
- Implemented controls placed on workloads during the peak moving and relocation season → Implemented without any substantial confusion

(3) Encouraging a work-life balance

- Scheduling intervals of time-off between shifts
- Telecommuting, days with reduced working hours, etc.

Other

- Adopted new working styles (drivers for early evening and night deliveries, etc.)
- Mechanisms for applying employee opinions to management (panel discussions, New Value challenges, etc.)

[Business structural reforms]

Eliminating business redundancies and streamlining operations

- Organizational restructuring in order to more swiftly and precisely meet increasingly sophisticated distribution needs of our clients

Some operations will be transferred between business segments beginning in FY2019.

9. Forecast of Operating Results (FY2019)

(Billions of Yen)	FY2018 Actual	FY2019 Forecast	YoY Change	
			Amount	[%]
Operating revenue				
Delivery	1,201.7	1,262.0	+60.2	+5.0%
Non-Delivery	337.0	338.0	+0.9	+0.3%
Total	1,538.8	1,600.0	+61.1	+4.0%
Operating profit	35.6	58.0	+22.3	+62.5%
[Profit margin]	2.3%	3.6%	+1.3%	-
Ordinary profit	36.0	58.0	+21.9	+60.7%
[Profit margin]	2.3%	3.6%	+1.3%	-
Profit attributable to owners of parent	18.2	36.0	+17.7	+97.5%
[Profit margin]	1.2%	2.3%	+1.1%	-

[Forecast of operating results (FY2019)]

- Promote structural reforms mainly involving the “reforming working styles” initiatives
- We expect to incur additional expenses necessary for such reforms going forward
- We will make investment geared to expanding delivery capacity, largely involving drivers for early evening and night deliveries

→ Going forward, the Yamato Group aims to keep fulfilling the mission in acting as a company that forms an important part of social infrastructure, while continuing to generate growth into the future.

10. Capital Management Policy

Growth investment geared to achieving earnings growth over the medium- to long-term
Consistent dividends and flexible shareholder returns

Capital Management Policy

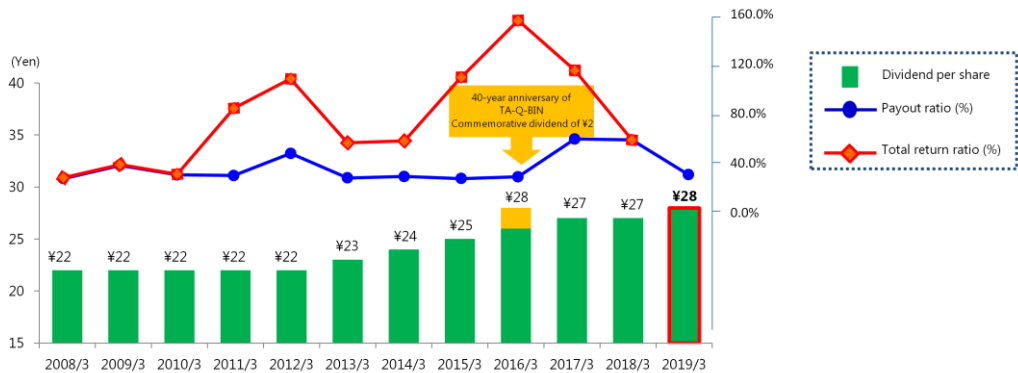
Growth potential: Operating revenue
Fortify the revenue base by **expanding into other areas of business and augmenting functional capabilities**

Profitability: Operating profit margin
Increase profit margin by reforming Delivery Business structures and fortifying the non-delivery businesses

Financial health: Cash and cash equivalents, equity ratio
Equity ratio of approximately 50%

Capital efficiency: ROE, cost of capital
Investment recovery effect, ROE improvements

Shareholder returns: Payout ratio, total return ratio
Targeting payout ratio of 30% while focusing on total return ratio of 50%



[Capital management policy]

- We undertake ongoing growth investment geared to achieving earnings growth over the medium- to long-term, as well as aim to provide consistent dividends and flexible shareholder returns
- ROE
 - FY2018: 3.3%
 - FY2019: 6.5% (Forecast)
- Payout ratio
 - FY2018: 58.4%
 - FY2019: 30.7% (Forecast)

11. Summary of Consolidated Operating Expenses (FY2018)

(Millions of Yen)	FY2017 Actual	FY2018 Actual	YoY Change	
			Amount	%
Operating revenue	1,466,852	1,538,813	+71,961	+4.9%
Operating expenses	1,431,966	1,503,127	+71,161	+5.0%
Personnel expenses	769,260	786,787	+17,526	+2.3%
Employee salary	513,656	536,488	+22,832	+4.4%
Other personnel expenses	255,604	250,298	(5,306)	(2.1)%
Subcontracting expenses	588,388	627,207	+38,819	+6.6%
Commission expenses	241,888	269,563	+27,674	+11.4%
Vehicle hiring expenses	189,272	194,338	+5,065	+2.7%
Other subcontracting expenses	157,227	163,305	+6,078	+3.9%
Vehicle expenses	40,634	43,275	+2,641	+6.5%
Fuel expenses	19,333	21,408	+2,075	+10.7%
Other operating expenses	308,385	327,488	+19,102	+6.2%
Depreciation	46,114	46,423	+309	+0.7%
Elimination	(274,702)	(281,630)	(6,928)	+2.5%
Operating profit	34,885	35,685	+800	+2.3%

[Summary of consolidated operating expenses (FY2018)]

In FY2018, expenses continued to increase partially due to efforts to promote “reforming working styles” initiatives and “structural reforms in the Delivery Business”

(1) Personnel expenses

Employee salary

- Number of employees YoY ↑ 5.6% as of March 31, 2018 (full-time ↑ 3.1%, part-time ↑ 7.7%)

Other personnel expenses

- Bonus

Factors of increase: Increased payments due to increases in personnel, in addition to the payments for specially acknowledged working hours additionally recognized in FY2018 (¥5.2 billion)

Factors of decrease: Payments for specially acknowledged working hours additionally recognized in FY2017 (↓ ¥19.0 billion)

- Legal welfare expenses

Factors of increase: Increases in personnel and expanded scope of social insurance eligibility, in addition to expenses regarding the above-mentioned payments for specially acknowledged working hours

Factors of decrease: Expenses regarding the payments for specially acknowledged working hours recognized in FY2017

(2) Subcontracting expenses

Commission expenses:

- Delivery Business: YoY ↑ ¥20.6 billion (↑ 15.2%)

- Non-delivery businesses: YoY ↑ ¥6.9 billion (↑ 6.6%)

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

Vehicle hiring expenses:

→ Increased partially due to higher per-vehicle hiring rates

Other subcontracting expenses:

→ Utilized transportation expenses increased due to higher use of services in BIZ-Logistics Business.
Cost of sales increased due to growth in the lease services business.

(3) Vehicle expenses

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

(4) Other operating expenses

→ Computer expenses: ↑ ¥4.8 billion (expenses related to Eighth NEKO System, etc.)

→ Depreciation: ↑ ¥0.3 billion

12. Summary of Operating Expenses in Delivery Business (FY2018)

(Millions of Yen)	FY2017 Actual	FY2018 Actual	YoY Change	
			Amount	[%]
Operating revenue	1,151,028	1,201,745	+ 50,716	+4.4%
Operating expenses	1,145,390	1,194,986	+49,596	+4.3%
Personnel expenses	669,019	682,547	+13,527	+2.0%
Employee salary	444,790	465,444	+20,653	+4.6%
Other personnel expenses	224,229	217,102	(7,126)	(3.2)%
Subcontracting expenses	352,741	375,159	+22,417	+6.4%
Commission expenses	136,530	157,215	+20,685	+15.2%
Vehicle hiring expenses	180,647	184,568	+3,920	+2.2%
Other subcontracting expenses	35,563	33,375	(2,187)	(6.2)%
Vehicle expenses	35,783	38,002	+2,218	+6.2%
Fuel expenses	15,886	17,553	+1,667	+10.5%
Other operating expenses	212,169	225,277	+13,107	+6.2%
Depreciation	31,273	31,821	+547	+1.8%
Elimination	(124,324)	(125,999)	(1,675)	+1.3%
Operating profit	5,638	6,758	+1,120	+19.9%

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

13. Operating Results Forecast (FY2019: Breakdown by Business Segment)

(Millions of Yen)	FY2018 Actual	FY2019 Forecast	YoY Change		
			Amount	[%]	
Operating revenue					TA-Q-BIN forecasts
Delivery	1,201,745	1,262,000	+60,254	+5.0%	Delivery volume (forecast) 1,770,000 thousand (YoY ↓ 3.6%) Unit price (forecast) ¥659 (YoY ↑ 10.4%)
BIZ-Logistics	145,888	147,000	+1,111	+0.8%	
Home Convenience	44,623	45,000	+376	+0.8%	
e-Business	26,808	27,500	+691	+2.6%	
Financial	82,981	80,500	(2,481)	(3.0)%	
Autoworks	24,641	26,000	+1,358	+5.5%	
Other	12,125	12,000	(125)	(1.0)%	
Total	1,538,813	1,600,000	+61,186	+4.0%	
Operating profit					Kuroneko DM-Bin forecasts
Delivery	6,758	34,000	+27,241	+403.1%	Delivery volume (forecast) 1,239,000 thousand (YoY ↓ 15.4%) Unit price (forecast) ¥57 (YoY ↑ 1.8%)
BIZ-Logistics	5,938	6,000	+61	+1.0%	
Home Convenience	280	900	+619	+220.4%	
e-Business	8,987	9,000	+12	+0.1%	
Financial	7,912	7,000	(912)	(11.5)%	
Autoworks	4,141	4,500	+358	+8.7%	
Other	17,217	14,000	(3,217)	(18.7)%	
Subtotal	51,235	75,400	+24,164	+47.2%	
Elimination	(15,549)	(17,400)	(1,850)	+11.9%	
Total	35,685	58,000	+22,314	+62.5%	

(Note) The figures for FY2018 have been partially revised (preliminary estimates) to reflect transfers of operations between business segments as follows:

- Technical Network (Home Convenience → BIZ-Logistics)
- e-Logistics Solution, e-On Demand Solutions, Setup and Logistics Solutions (e-Business → BIZ-Logistics)

[Operating results forecast (FY2019: breakdown by business segment)]

We will promote business structural reform geared to achieving sustainable growth in both the Delivery Business and the non-delivery businesses.

(1) Delivery Business

<TA-Q-BIN>

- Volume: 1,770,000 thousand (YoY ↓ 66,680 thousand, ↓ 3.6%)
- Unit price: ¥659 (YoY ↑ ¥62, ↑ 10.4%)
 - We will promote adequate pricing initiatives drawing on the Corporate Client Pricing System.

<Kuroneko DM-Bin>

- Volume: 1,239,000 thousand (YoY ↓ 225,950 thousand, ↓ 15.4%)
 - We anticipate volume decrease due to ongoing trend of market contraction, in addition to effects of negotiations with low-profit clients carried out in FY2018.
- Unit price: ¥57 (YoY ↑ ¥1, ↑ 1.8%)
 - We anticipate unit price increase due to adequate pricing initiatives involving low-profit clients.

(2) Non-delivery businesses

- We will restructure the organization in order to more swiftly and precisely meet increasingly sophisticated distribution needs of our clients. Meanwhile, some operations will be transferred between business segments beginning in FY2019 with the aims of eliminating business redundancies and streamlining operations.
 - We will promote account management and enhance solution sales across the Group.
- We will further evolve our "Value Networking" Design.
 - We will accelerate investment in logistics and information networks with the aim of building an industry-wide platform.
- In the Financial Business, we forecast revenue and profit decreases largely as a result of a decline in delivery volume of our mainstay service "TA-Q-BIN Collect" (amid decreasing TA-Q-BIN delivery volume and a shrinking market for cash-on-delivery).

14. Operating Results Forecast (FY2019: Breakdown of Operating Expenses)

(Millions of Yen)	FY2018 Actual	FY2019 Forecast	YoY Change	
			Amount	[%]
Operating revenue	1,538,813	1,600,000	+61,186	+4.0%
Operating expenses	1,503,127	1,542,000	+38,872	+2.6%
Personnel expenses	786,787	840,000	+53,212	+6.8%
Employee salary	536,488	570,000	+33,511	+6.2%
Other personnel expenses	250,298	270,000	+19,701	+7.9%
Subcontracting expenses	627,207	600,000	(27,207)	(4.3)%
Commission expenses	269,563	239,000	(30,563)	(11.3)%
Vehicle hiring expenses	194,338	184,000	(10,338)	(5.3)%
Other subcontracting expenses	163,305	177,000	+13,694	+8.4%
Vehicle expenses	43,275	45,000	+1,724	+4.0%
Fuel expenses	21,408	23,000	+1,591	+7.4%
Other operating expenses	327,488	350,000	+22,511	+6.9%
Depreciation	46,423	55,000	+8,576	+18.5%
Elimination	(281,630)	(293,000)	(11,369)	+4.0%
Operating profit	35,685	58,000	+22,314	+62.5%

Assumptions of forecasts

• Number of employees (forecast)

Total	229,500	{ YoY ↑ 16,404 (YoY ↑ 7.7%) }
Full-time	96,500	{ YoY ↑ 2,966 (YoY ↑ 3.2%) }
Part-time	133,000	{ YoY ↑ 13,438 (YoY ↑ 11.2%) }


• Other Cost Increased due to promotion of "reforming working styles," etc.

Capital expenditure (Millions of Yen, forecast)

¥80,000

[Operating results forecast (FY2019: breakdown of operating expenses)]

- Expenses will increase in association with promoting "reforming working styles" and "business structural reform" initiatives.
- We will enhance business frameworks, particularly with respect to our drivers for early evening and night deliveries.
- We will undertake growth investment geared to achieving earnings growth over the medium- to long-term.



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