

**Financial Report for
the Fiscal Year ended
March 31, 2016**



Value Beyond Logistics
Mitsui-Soko Group

May 18, 2016



Contents of Presentation

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for the Fiscal Year ended March 31, 2016
- Detailed Forecast for FY2017
(Year ending March 31, 2017)
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Summary of the Financial Report for FY2016

(1) Performance Overview

Unit : Millions of yen

Consolidated Total	FY2015 (Apr.2014- Mar.2015)	FY2016 (Apr.2015- Mar.2016)	Amount of Change	Percentage of Change
Net revenue	170,486	212,971	+42,485	+24.9%
Operating income	6,112	3,287	(2,824)	(46.2)%
Ordinary income	4,308	912	(3,395)	(78.8)%
Net income	1,212	211	(1,000)	(82.5)%

Cash flows from operating activities	8,047	11,101	+3,054	+38.0%
Cash flows from investing activities	(14,809)	(36,019)	(21,210)	—
Cash flows from financing activities	12,835	28,826	+15,990	+124.6%

Shareholders' equity	68,245	61,675	(6,569)	(9.6)%
Total assets	245,213	285,939	+40,725	+16.6%
Shareholders' equity ratio	27.8%	21.6%	(6.2)%	—



Summary of the Financial Report for FY2016

(2) Net Revenue (Comparison with FY2015 by segments)

Unit : Millions of yen

Consolidated Total	FY2015 (Apr.2014- Mar.2015)	FY2016 (Apr.2015- Mar.2016)	Amount of Change	Percentage of Change	Main Factors
Warehouse	47,740	50,204	+2,463	+5.2%	
Port terminal	14,815	14,408	(406)	(2.7)%	Decreased handling of sea route between Japan and China.
Global flow	32,591	50,083	+17,492	+53.7%	Increase of newly consolidated companies.
Global express	29,430	23,125	(6,304)	(21.4)%	High demand due to congestion at west coast port in the U.S. happened in FY2015 ended.
Logistics systems	33,610	34,298	+688	+2.0%	
BPO	6,879	7,804	+924	+13.4%	Increased handling of new customers.
SCS	—	24,399	+24,399	—	Newly consolidated company.
Transport network	—	6,570	+6,570	—	Newly consolidated company.
Emilination etc.	(4,502)	(7,022)	(2,520)	—	
Logistics Business Total	160,564	203,872	+43,307	+27.0%	
Real estate	10,477	9,614	(863)	(8.2)%	Decrease of rent revenue due to major renovation.
Elimination and /or corporate	(556)	(515)	+41	—	
Net Revenue	170,486	212,971	+42,485	+24.9%	



Summary of the Financial Report for FY2016

(3) Operating Income (Comparison with FY2015 by segments)

Unit : Millions of yen

Consolidated Total	FY2015 (Apr.2014- Mar.2015)	FY2016 (Apr.2015- Mar.2016)	Amount of Change	Percentage of Change	Main Factors
Warehouse	1,017	955	(62)	(6.1)%	Costs incurred preceding to new facilities.
Port terminal	457	241	(216)	(47.2)%	Decreased handling of sea route between Japan and China.
Global flow	657	436	(221)	(33.7)%	Economic downturn in China and emerging countries & start-up cost incurrence for overseas warehouses.
Global express	3,339	1,932	(1,406)	(42.1)%	High demand due to congestion at west coast port in the U.S. happened in FY2015 ended.
Logistics systems	364	1,389	+1,024	+280.9%	Improvement of cost structural reform.
BPO	(425)	(307)	+117	—	Increased handling of new customers.
SCS	—	213	+213	—	Newly consolidated company.
Transport network	—	227	+227	—	Newly consolidated company.
Emilination etc.	(1,821)	(2,957)	(1,135)	—	Increase of amortization of goodwill.
Logistics Business Total	3,589	2,130	(1,458)	(40.6)%	
Real estate	5,872	4,916	(955)	(16.3)%	Decrease of rent revenue due to major renovation.
Elimination and /or corporate	(3,349)	(3,759)	(410)	—	
Operating Income	6,112	3,287	(2,824)	(46.2)%	



Summary of the Financial Report for FY2016

(4) Ordinary Income and Net Income

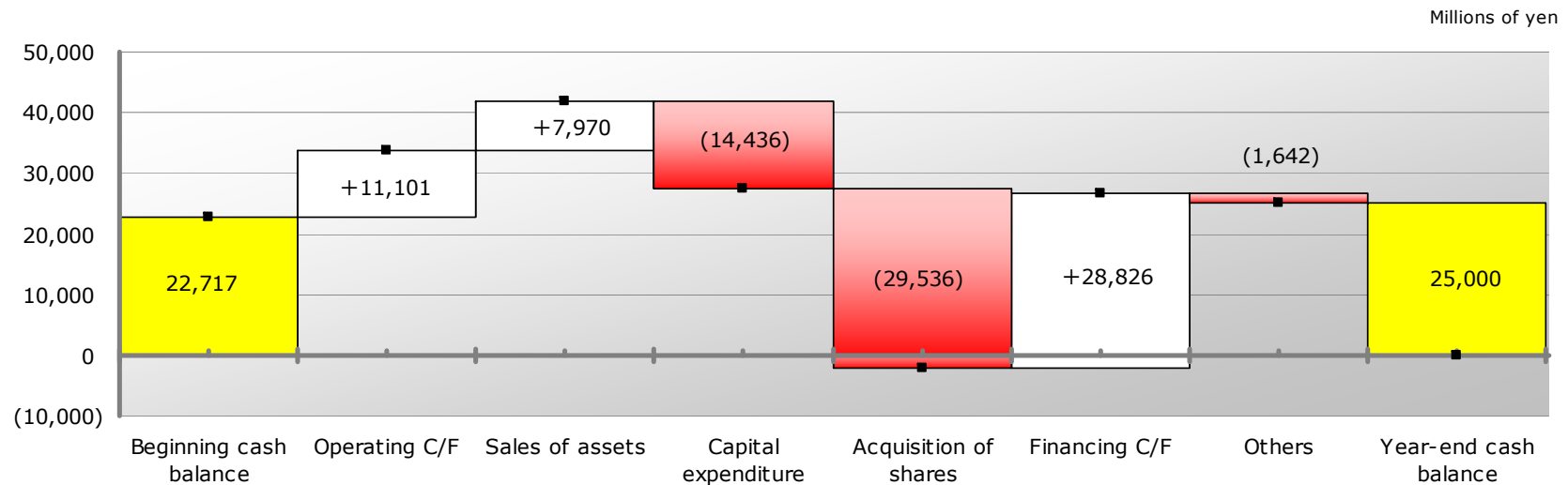
Unit : Millions of yen

Consolidated Total	FY2015 (Apr.2014- Mar.2015)	FY2016 (Apr.2015- Mar.2016)	Amount of Change
Operating income	6,112	3,287	(2,824)
Non-operating income (expenses)	(1,804)	(2,375)	(570)
Financial balance	(712)	(599)	+112
Ordinary income	4,308	912	(3,395)
Extraordinary gains	239	3,832	+3,592
Gain on sales of properties	—	1,177	+1,177
Extraordinary losses	172	1,930	+1,758
Net income	1,212	211	(1,000)



Summary of the Financial Report for FY2016

(5) Cash Flows



Unit : Millions of yen

Consolidated Total	FY2015 (Apr.2014-Mar.2015)	FY2016 (Apr.2015-Mar.2016)	Amount of Change	Percentage of Change
Cash flows from operating activities	8,047	11,101	+3,054	+38.0%
Depreciation expenses	7,074	8,246	+1,171	+16.6%
Amortization of goodwill	1,813	2,969	+1,155	+63.7%
Cash flows from investing activities	(14,809)	(36,019)	(21,210)	—
Capital expenditure	(14,502)	(14,436)	+66	—
Acquisition of shares	(1,073)	(29,536)	(28,463)	—
Sales of assets	384	7,970	+7,586	—
Cash flows from financing activities	12,835	28,826	+15,990	+124.6%
Interest-bearing debt	125,081	160,781	+35,700	+28.5%
Year-end cash balance	22,717	25,000	+2,283	+10.1%
Year-end net debt	101,284	134,379	+33,094	+32.7%

*Net debt= Interest-bearing debt-(Cash&deposit)



Summary of the Financial Report for FY2016

(6) Balance Sheet

Unit : Millions of yen

Consolidated Total	FY2015 (Apr.2014- Mar.2015)	FY2016 (Apr.2015- Mar.2016)	Amount of Change
Assets	245,213	285,939	+ 40,725
Current assets	58,146	69,946	+ 11,800
Cash & deposits	23,796	26,402	+ 2,605
Notes & accounts receivable	25,282	32,324	+ 7,042
Non-current assets	187,067	215,992	+ 28,925
Property, Plant and equipment	127,973	144,393	+ 16,420
Amortization of goodwill	21,100	34,965	+ 13,864
Liabilities	172,232	219,257	+ 47,025
Interest-bearing debt	125,081	160,781	+ 35,700
Bonds	64,000	57,000	(7,000)
Equity	72,980	66,681	(6,299)
Shareholders' equity ratio	27.8%	21.6%	(6.2)%



Future actions following the result of FY2016

1. Freezing investment projects

- ▶ Freezing new investment projects that customers are not fixed at the moment.

2. Starting competitiveness enhancement projects

- ▶ Reviewing profit structure of base work and business portfolio including sales of business.

3. Implementing additional financial strategies

- ▶ Reducing interesting-bearing debt by expanding liquidation of receivables etc.



Detailed Forecast for FY2017

(1) Performance Overview

Unit : Millions of yen

Consolidated Total	FY2016 (Apr.2015- Mar.2016)	FY2017 (Apr.2016- Mar.2017)	Amount of Change	Percentage of Change
Net revenue	212,971	240,000	+27,028	+12.7%
Operating income	3,287	6,000	+2,712	+82.5%
Ordinary income	912	4,500	+3,587	+392.9%
Net income	211	1,100	+888	+419.2%

Cash flows from operating activities	11,101	12,000	+899	+8.1%
Cash flows from investing activities	(36,019)	(17,000)	+19,019	—
Cash flows from financing activities	28,826	4,000	(24,826)	(86.1)%

Shareholders' equity	61,675	61,500	(175)	(0.3)%
Total assets	285,939	285,000	(939)	(0.3)%
Shareholders' equity ratio	21.6%	21.6%	+0.0%	—



Detailed Forecast for FY2017

(2) Net Revenue

Unit: Millions of yen

Consolidated Total	FY2016 (Apr.2015- Mar.2016)	FY2017 (Apr.2016- Mar.2017)	Amount of change	Percentage of change
Logistics Business	203,872	231,000	+27,127	+13.3%
Real estate Business	9,614	9,500	(114)	(1.2)%
Elimination/Corporate	(515)	(500)	+15	—
Net Revenue	212,971	240,000	+27,029	+12.7%

【Main factors of changes in Logistics Business】 Plus factors results from mainly domestic business.

Japan	<ul style="list-style-type: none"> + Full contribution of Marukyo group consolidated in FY2016. + Expansion of supply chain management business. (Ex. LLP contract with Toys"R"Us-Japan, Ltd. concluded in February 2016) + Storage revenue increase from expansion of healthcare-related business using a new facility. + Full contribution of Naha International Container Terminal consolidated in FY2016. - Decrease of handling of air cargo due to decrease of automobile related project.
Overseas	<ul style="list-style-type: none"> + Full contribution of Prime Cargo group consolidated in FY2016 (Europe and Asia). + Full contribution of a new warehouse in Indonesia built in FY2016 (Asia). - Not getting benefits from extra 3 months result (FY2016 results were based on irregular 15-months term as year end of our fiscal year changed from Dec.31 to Mar.31). - Decrease of handling of air cargo due to decrease of automobile related project (America, Europe and Asia).



Detailed Forecast for FY2017

(3) Operating Income

Unit: Millions of yen

Consolidated Total	FY2016 (Apr.2015- Mar.2016)	FY2017 (Apr.2016- Mar.2017)	Amount of change	Percentage of change
Logistics Business	2,130	5,000	+ 2,869	+ 134.7%
Real estate Business	4,916	4,700	(216)	(4.4)%
Elimination/Corporate	(3,759)	(3,700)	+ 59	—
Operating Income	3,287	6,000	+ 2,713	+ 82.5%

【Main factors of changes in Logistics Business】 Plus factors results from increased revenue and cost reduction.

Japan	<ul style="list-style-type: none"> + Full contribution of Marukyo group consolidated in FY2016. + Expansion of supply chain management business. (Ex. LLP contract with Toys"R"Us-Japan, Ltd. concluded in February 2016) + Revenue increase from expansion of healthcare-related business and effect from improving operation rate of a new facility. + Full contribution of Naha International Container Terminal consolidated in FY2016. + Conducting cost reduction plan including reviewing business allocation and staff assignment. - Decrease of handling of air cargo due to decrease of automobile related project.
Overseas	<ul style="list-style-type: none"> + Full contribution of Prime Cargo group consolidated in FY2016 (Europe and Asia). + Full contribution of a new warehouse in Indonesia and improving its operation rate (Asia). + Conducting cost reduction plan including reviewing business allocation and staff assignment (All overseas regions). - Decrease of handling of air cargo due to decrease of automobile related project (America, Europe and Asia).



Detailed Forecast for FY2017

(4) Ordinary Income and Net Income

Unit : Millions of yen

Consolidated Total	FY2016 (Apr.2015- Mar.2016)	FY2017 (Apr.2016- Mar.2017)	Amount of Change
Operating income	3,287	6,000	+ 2,713
Non-operating income (expenses)	(2,375)	(1,500)	+ 875
Financial balance	(599)	(1,000)	(401)
Ordinary income	912	4,500	+ 3,588
Extraordinary gains	3,832	300	(3,532)
Extraordinary losses	1,930	300	(1,630)
Net income	211	1,100	+ 889



Detailed Forecast for FY2017

(5) Financial Forecast

Unit : Millions of yen

Consolidated Total	FY2016 (Apr.2015- Mar.2016)	FY2017 (Apr.2016- Mar.2017)	Amount of Change	Percentage of Change
Cash flows from operating activities	11,101	12,000	+ 899	+ 8.1%
Depreciation expenses & Amortization of goodwill	11,216	12,000	+ 784	+ 7.0%
Cash flows from investing activities	(36,019)	(17,000)	+ 19,019	—
Cash flows from financing activities	28,826	4,000	(24,826)	(86.1)%
Interest-bearing debt	160,781	165,000	+ 4,219	+ 2.6%
Year-end cash balance	25,000	24,000	(1,000)	(4.0)%