

**Financial Report for
the Fiscal Year ended
March 31, 2017**



Value Beyond Logistics
Mitsui-Soko Group

May 16, 2017



Contents of Presentation

- Summary of the Financial Report
for the Fiscal Year ended March 31, 2017
- Detailed Forecast for FY2018
(Year ending March 31, 2018)



Summary of the Financial Report 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	225,503	+ 12,532	+ 5.9%
Operating income	3,287	5,823	+ 2,535	+ 77.1%
Ordinary income	912	3,668	+ 2,756	+ 301.9%
Net income	211	(23,427)	(23,639)	—
Cash flows from operating activities	11,101	12,526	+ 1,425	+ 12.8%
Cash flows from investing activities	(36,019)	(12,872)	+ 23,146	—
Cash flows from financing activities	28,826	6,042	(22,784)	(79.0)%

Consolidated Total	Mar. 31, 2016	Sept. 30, 2017	Amount of Change	Percentage of Change
Shareholders' equity	61,675	37,709	(23,965)	(38.9)%
Total assets	285,939	267,677	(18,261)	(6.4)%
Shareholders' equity ratio	21.6%	14.1%	(7.5)%	—



Summary of the Financial Report for FY2017

(2) Net Revenue (Comparison with FY2016 by segments)

Unit : Millions of yen

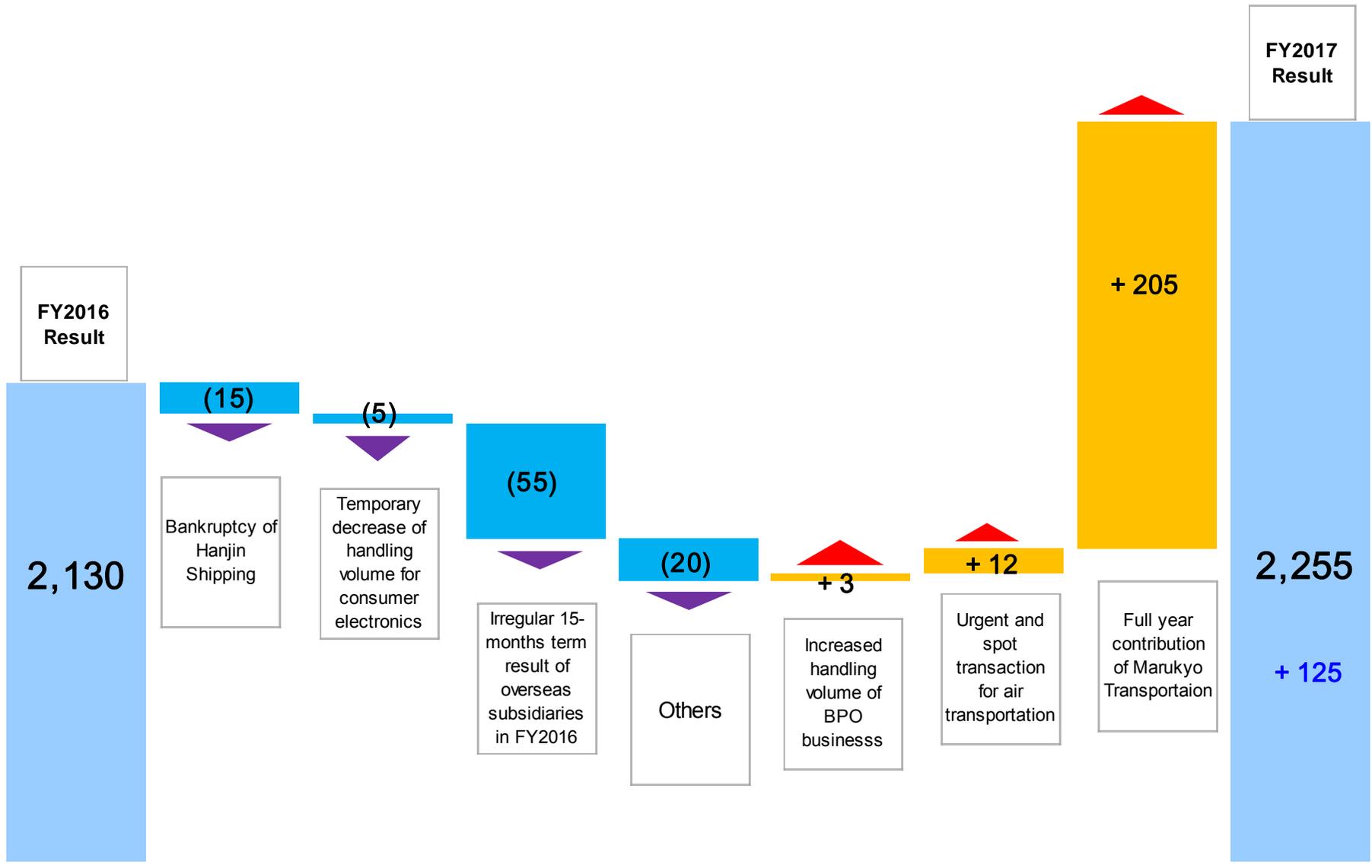
Consolidated Total	FY2016 (Apr.2015- Mar.2016)	FY2017 (Apr.2016- Mar.2017)	Amount of Change	Percentage of Change
Logistics Business	203,872	216,757	+ 12,884	+ 6.3%
Real Estate Business	9,614	9,407	(207)	(2.2)%
Elimination and /or corporate	(515)	(660)	(144)	—
Net Revenue	212,971	225,503	+ 12,532	+ 5.9%



Net Revenue Variation Factors (Year-on-year)

FY2017 Net Revenue (Year-on-year comparison)

(Unit: Billions of yen)





Summary of the Financial Report for FY2017

(3) Operating Income (Comparison with FY2016 by segments)

Unit : Millions of yen

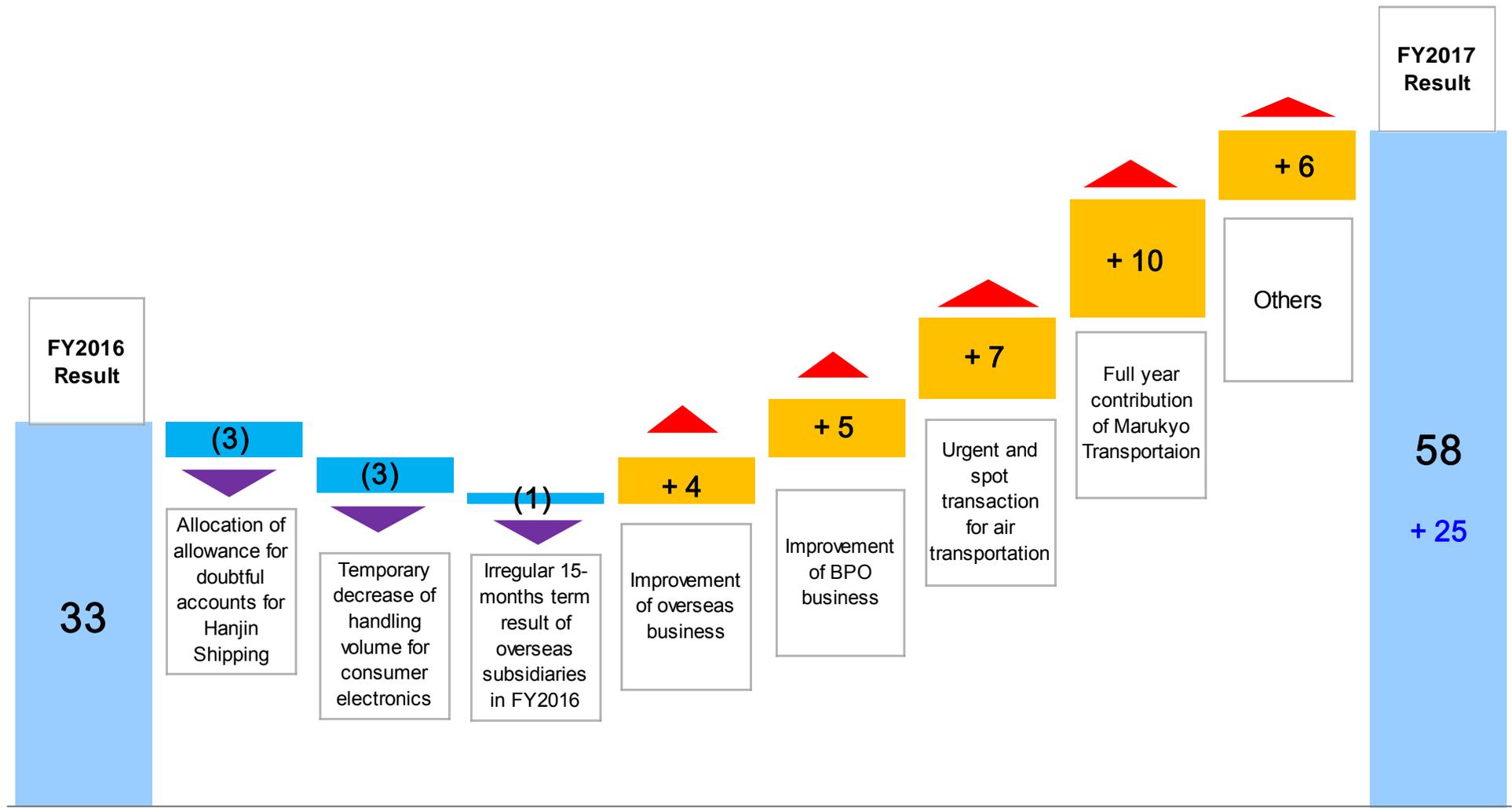
Consolidated Total	FY2016 (Apr.2015- Mar.2016)	FY2017 (Apr.2016- Mar.2017)	Amount of Change	Percentage of Change
Logistics Business	2,130	4,490	+ 2,359	+ 110.7%
Real Estate Business	4,916	5,005	+ 89	+ 1.8%
Joint company expenses	(3,759)	(3,673)	+ 86	—
Operating Income	3,287	5,823	+ 2,535	+ 77.1%



Operating Income Variation Factors (Year-on-year)

FY2017 Operating Income (Year-on-year comparison)

(Unit: Billions of yen)





Summary of the Financial Report 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	5,823	+ 2,535
Non-operating income (expenses)	(2,375)	(2,154)	+ 220
Financial balance	(599)	(944)	(344)
Foreign exchange loss	(691)	(865)	(174)
Ordinary income	912	3,668	+ 2,756
Extraordinary gains	3,832	218	(3,614)
Extraordinary losses	1,930	25,585	+ 23,654
Impairment loss	1,424	25,478	+ 24,053
Net income	211	(23,427)	(23,639)



Summary of the Financial Report for FY2017

(5) Cash Flows

Unit : Millions of yen

Consolidated Total	FY2016 (Apr.2015- Mar.2016)	FY2017 (Apr.2016- Mar.2017)	Amount of Change
Cash flows from operating activities	11,101	12,526	+1,425
Depreciation expenses	8,246	8,778	+532
Amortization of goodwill	2,969	2,753	(215)
Cash flows from investing activities	(36,019)	(12,872)	+23,146
Capital expenditure	(14,436)	(12,978)	+1,457
Acquisition of shares	(29,536)	(355)	+29,181
Sales of assets	7,970	99	(7,871)
Cash flows from financing activities	28,826	6,042	(22,784)
Interest-bearing debt	160,781	168,878	+8,097
Year-end cash balance	25,000	30,891	+5,890
Year-end net debt	134,379	137,056	+2,677

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

■ Increase/Decrease Factors of Cash Flows

■ Cash flows from operating activity:

Increase of operating income

■ Cash flows from investing activity:

Acquisition of shares of Sony Supply Chain Solutions, Prime Cargo and Marukyo Transportation in FY2016



Summary of the Financial Report for FY2017

(6) Balance Sheet

Unit : Millions of yen

Consolidated Total	FY2016 (Apr.2015- Mar.2016)	FY2017 (Apr.2016- Mar.2017)	Amount of Change
Assets	285,939	267,677	(18,261)
Current assets	69,946	73,861	+ 3,914
Cash & deposits	26,402	31,822	+ 5,419
Notes & accounts receivable	32,324	32,407	+ 83
Non-current assets	215,992	193,815	(22,176)
Property, Plant and equipment	144,393	144,911	+ 518
Goodwill	34,965	10,529	(24,435)
Liabilities	219,257	225,856	+ 6,599
Interest-bearing debt	160,781	168,878	+ 8,097
Bonds	57,000	47,000	(10,000)
Equity	66,681	41,820	(24,860)
Shareholders' equity ratio	21.6%	14.1%	(7.5)%
Net-debt	134,379	137,056	+ 2,677

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



Summary of the Financial Report for FY2017

(7) Dividend

FY2017	Interim Dividend	Term-end Dividend	Annual Dividend
Dividend Forecast	¥5	¥5	¥10
Actual Dividend	¥5	¥0	¥5

FY2018	Interim Dividend	Term-end Dividend	Annual Dividend
Dividend Forecast	¥0	¥0	¥0



Impairment of Goodwill

Unit : Millions of yen

	Goodwill Balance	Amount of impairment loss	Goodwill Balance after impairment loss	Reasons for impairment loss and future prospects
Mitsui-Soko Logistics Co., Ltd.	13,581	13,517	63	Impairment loss is required after reviewing their business plan considering its current business environment.
Mitsui-Soko Express Co., Ltd.	3,364	-	3,364	Impairment loss is not required as it has accomplished its initial business plan.
Mitsui-Soko Supply Chain Solution, Inc.	5,394	4,661	733	Impairment loss is required as the expected synergy effect with Mitsui-Soko Group will fall below its initial business plan. Its business itself is going steady and additional impairment loss is not required.
MS Supply Chain Solution (Thailand) Ltd.	2,139	1,565	493	
MS Supply Chain Solution (Malaysia) Ltd.	4,036	-	4,036	Impairment loss is not required although it is falling a little below its initial business plan, as its business remains steady.
Prime Cargo A/S (Europe)	1,415	-	1,415	
Prime Cargo (H.K.) Ltd. (Hong Kong)	238	231	-	Impairment loss is required as it lost its main customers.
MS North Star Logistics Co., Ltd.	989	941	-	Impairment loss is required as its direct costs (mainly labor cost and transportation cost) goes higher than its initial business plan and there is no prospects for them to go down.
PST CLC, a.s.	385	-	385	Impairment loss is not required as it has accomplished its initial business plan.
Others	38	-	38	
Total	31,581	20,917	10,529	As to the rest of the goodwill, additional impairment loss will not unlikely to occur at the moment.



Impairment of Tangible Fixed Assets

Unit : Millions of yen

	Buildings & Structures	Machinery, Equipment & Vehicles	Land	Furnitures & Leasehold rights etc.	Total amount of impairment
Kobe city, Hyogo Prefecture	1,205	77	442	44	1,769
Koto ward, Tokyo	867	18	—	706	1,591
Other	962	147	26	66	1,201
Total	3,034	242	468	816	4,560

The recognition of impairment loss was determined to be necessary after profitability of logistics facilities with low investment efficiency were examined.

As we examined all of our facilities comprehensively, there will not likely to be any further occurrence of impairment loss at the moment.



Detailed Forecast for FY2018

(1) Performance Overview

Unit : Millions of yen

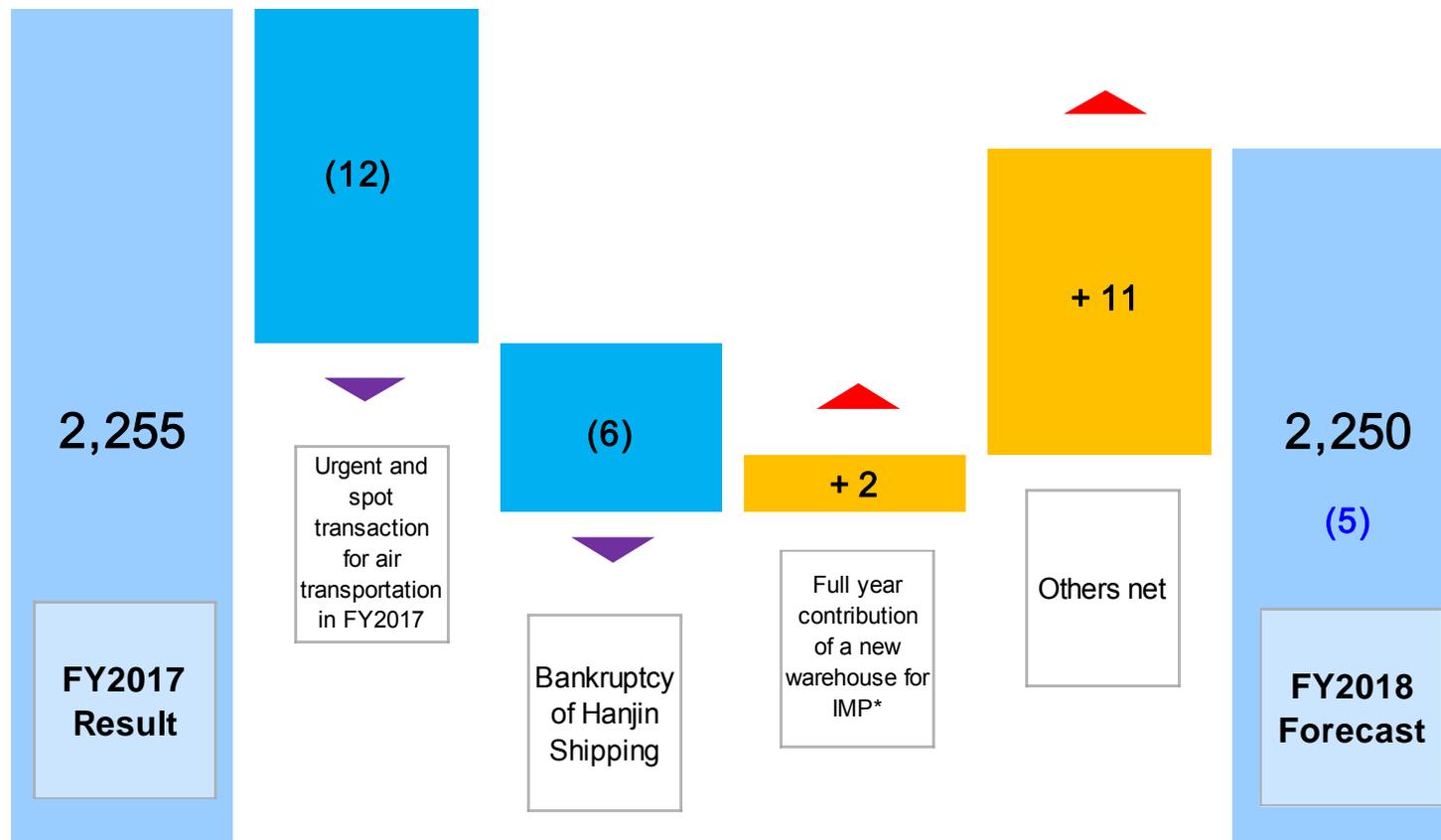
Consolidated Total	FY2017 (Apr.2016- Mar.2017)	FY2018 Forecast (Apr.2017- Mar.2018)	Amount of Change	Percentage of Change
Net revenue	225,503	225,000	(503)	(0.2)%
Operating income	5,823	6,500	+ 676	+ 11.6%
Ordinary income	3,668	5,500	+ 1,831	+ 49.9%
Net income	(23,427)	3,100	+ 26,527	—
Cash flows from operating activities	12,526	13,500	+ 973	+ 7.8%
Cash flows from investing activities	(12,872)	(12,000)	+ 872	—
Cash flows from financing activities	6,042	(2,500)	(8,542)	—
Shareholders' equity	37,709	41,000	+ 3,290	+ 8.7%
Total assets	267,677	268,000	+ 322	+ 0.1%
Shareholders' equity ratio	14.1%	15.3%	+ 1.2%	—



Net Revenue Variation Factors for FY2018

FY2018 Forecast

(Unit: Billions of yen)



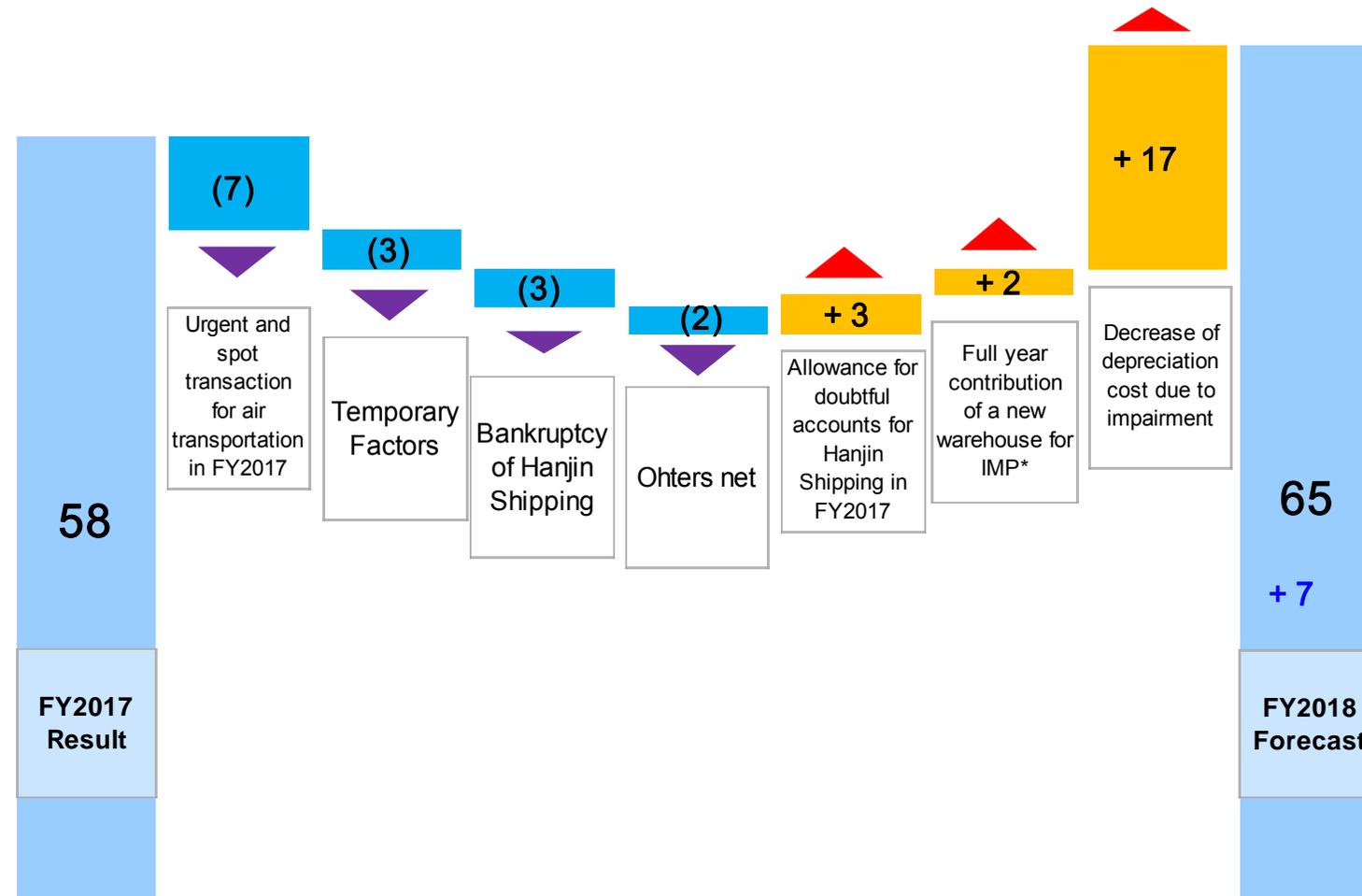
*IMP=Investigational Medical Products



Operating Income Variation Factors for FY2018

FY2018 Forecast

(Unit: Billions of yen)



*IMP=Investigational Medical Products



Detailed Forecast for FY2018

(2) Net Revenue and Operating Income

Unit : Millions of yen

Consolidated Total	FY2017 (Apr.2016- Mar.2017)	FY2018 Forecast (Apr.2017- Mar.2018)	Amount of Change	Percentage of Change
Logistics Business	216,757	216,500	(257)	(0.1)%
Real Estate Business	9,407	9,000	(407)	(4.3)%
Elimination and /or corporate	(660)	(500)	+ 160	—
Net Revenue	225,503	225,000	(503)	(0.2)%
Logistics Business	4,490	5,500	+ 1,009	+22.5%
Real Estate Business	5,005	5,000	(5)	(0.1)%
Joint company expenses	(3,673)	(4,000)	(326)	—
Operating Income	5,823	6,500	+ 676	+ 11.6%



Detailed Forecast for FY2018

(3) Ordinary Income and Net Income

Unit : Millions of yen

Consolidated Total	FY2017 (Apr.2016- Mar.2017)	FY2018 Forecast (Apr.2017- Mar.2018)	Amount of Change
Operating income	5,823	6,500	+ 676
Non-operating income (expenses)	(2,154)	(1,000)	+ 1,154
Financial balance	(944)	(1,000)	(55)
Ordinary income	3,668	5,500	+ 1,831
Extraordinary gains	218	—	(218)
Extraordinary losses	25,585	—	(25,585)
Net income	(23,427)	3,100	+ 26,527



Detailed Forecast for FY2018

(4) Cash Flows Forecast

Unit : Millions of yen

Consolidated Total	FY2017 (Apr.2016- Mar.2017)	FY2018 Forecast (Apr.2017- Mar.2018)	Amount of Change
Cash flows from operating activities	12,526	13,500	+973
Depreciation expenses	8,778	9,000	+221
Amortization of goodwill	2,753	1,200	(1,553)
Cash flows from investing activities	(12,872)	(12,000)	+872
Cash flows from financing activities	6,042	(2,500)	(8,542)
Interest-bearing debt	168,878	166,500	(2,378)
Year-end cash balance	30,891	30,000	(891)
Year-end net debt	137,056	135,500	(1,556)

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