

Financial Report for
the Fiscal Year ended
March 31, 2018



Mitsui-Soko Group

May 14, 2018



- ▶ Medium-term Management Plan 2017
 - FY2018 Financial Report
 - FY2019 Forecast



◇“Medium-term Management Plan 2017” - From Reversal to Sustainable Growth -

<Basic guidelines for business operations>

- Reinforcement of the fundamental earnings power of our businesses
- Rebuilding of our financial base
- Development of comprehensive solution services based on customers by strengthening Group management

<Medium-term plan numerical targets (end of FY 2022)>

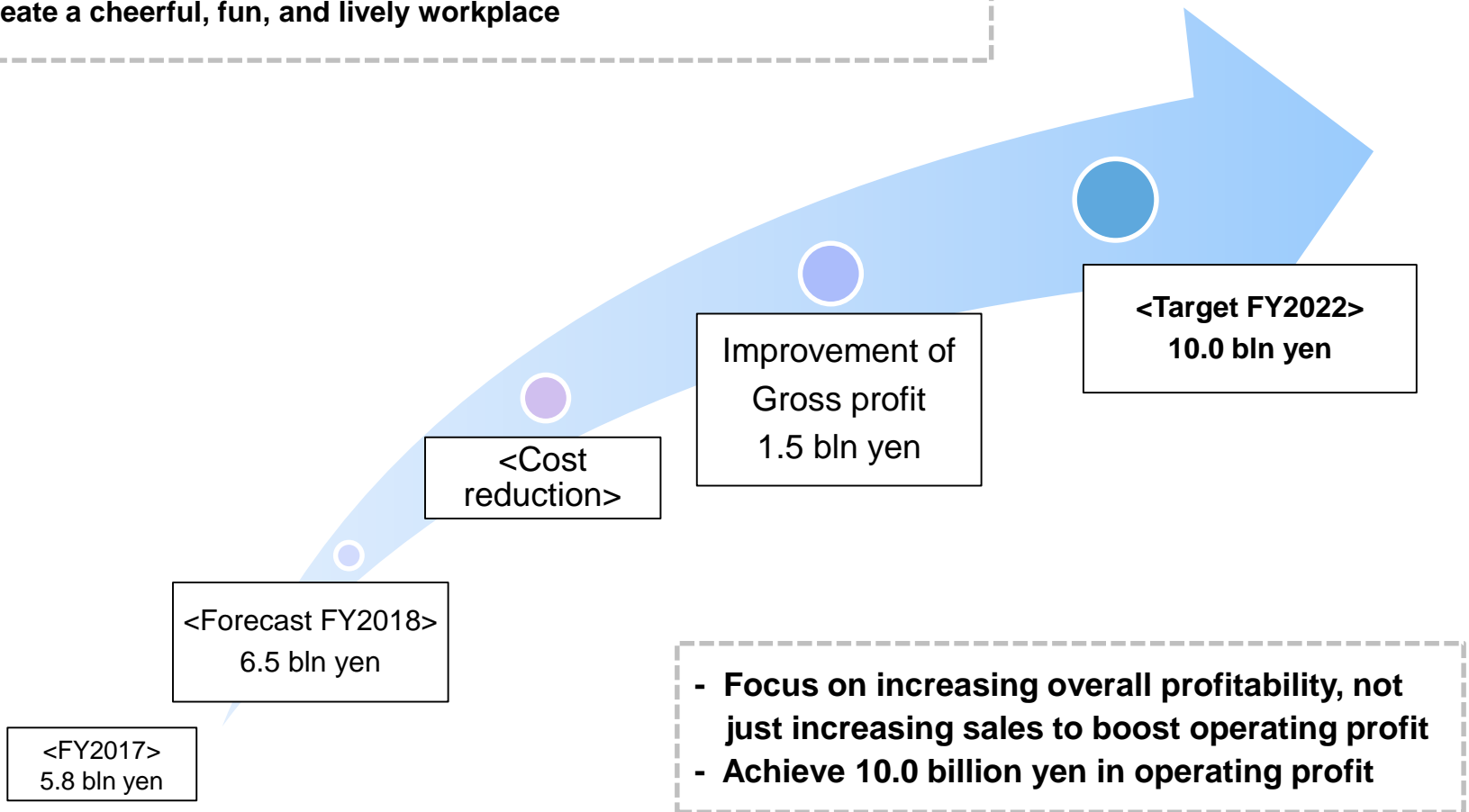
Operating profit	10 billion yen
Balance of interest-bearing debt	130 billion yen
Net D/E ratio	2.0x or less
ROE	Over 9.0%

◇ Dividend policy

Aiming to quickly return to stable dividend payments by consistently generating business revenue



- **Become a first-call company trusted by customers**
- **Exploring along with a global and influential customer base in various industries who are tied together by their strong trust in the Group**
- **Create a cheerful, fun, and lively workplace**





- Medium-term Management Plan 2017
- ▶ FY2018 Financial Report
- FY2019 Forecast



(1) Overview

(Unit: Millions of yen)

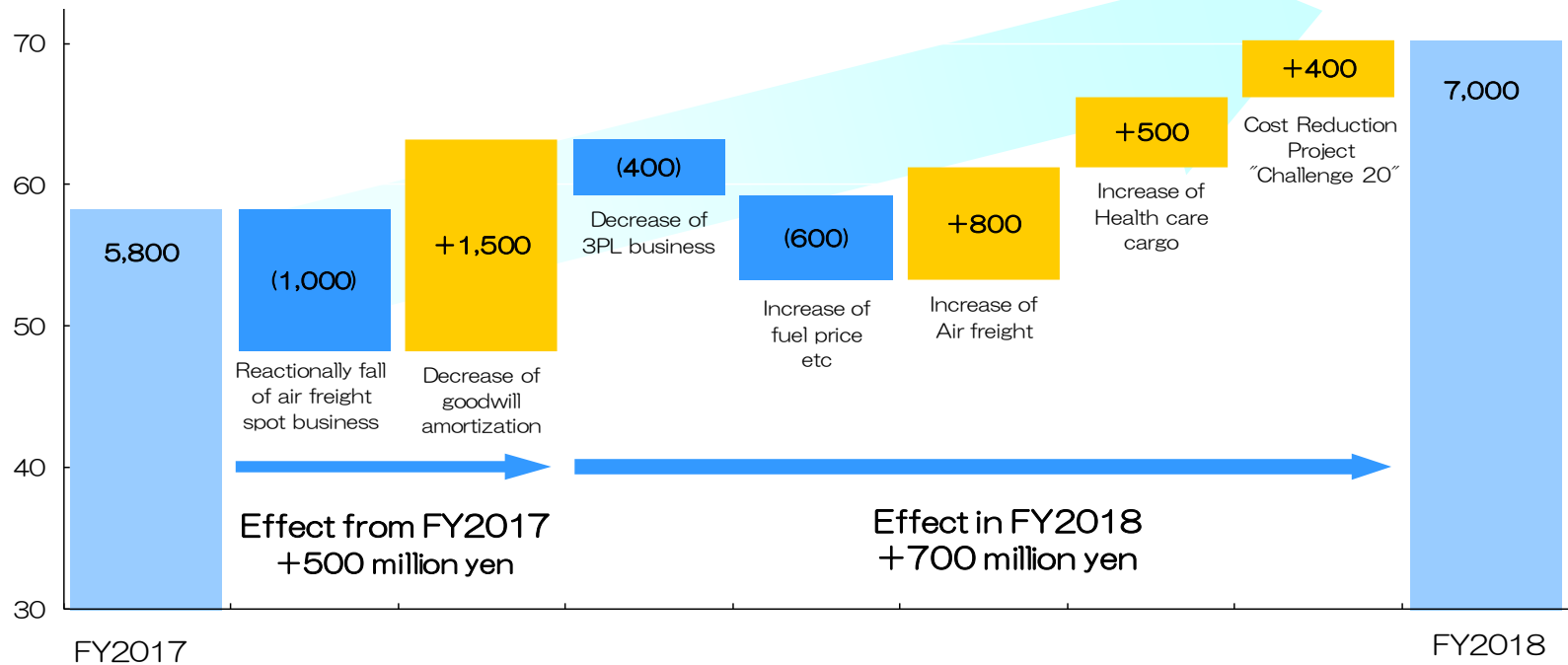
	FY2017 (Apr.1, 2016 - March 31, 2017)	FY 2018 (Apr.1, 2017 - March 31, 2018)	Changes	(Reference) Forecast for FY2018 (Apr.1, 2017 - March 31, 2018)
Sales	225,503	233,243	+7,739	225,000
Operating profit	5,823	6,996	+1,173	6,500
Ordinary profit	3,668	6,521	+2,852	6,000
Profit attributable to owners of parent	(23,427)	4,406	+27,834	3,900
Cash Flows from operating activities	12,526	12,207	(319)	13,500
Cash Flows from investing activities	(12,872)	(5,806)	+7,066	(8,400)
Cash Flows from financing activities	6,042	(12,180)	(18,223)	(10,000)
Shareholders' equity	37,709	44,017	+6,307	44,000
Total Assets	267,677	263,155	(4,522)	261,000
Shareholders' equity ratio	14.1%	16.7%	+ 2.6pt	16.9%



(2) Operating Profit

<Increase and Decrease details of Operating profit sorted by factor>

(Unit: Millions of yen)



<Increase and Decrease details of Operating profit sorted by business>

(Unit: Millions of yen)

	FY2017 (Apr.1, 2016 - March 31, 2017)	FY2018 (Apr.1, 2017 - March 31, 2018)	Changes in Profit	Changes in profit (%)
Logistics Business	4,490	5,855	+1,365	+30.4%
Real Estate Business	5,005	5,045	+39	+0.8%
Elimination/corporate	(3,673)	(3,904)	(231)	-
Total of Operating profit	5,823	6,996	+1,173	+20.2%



(3) Ordinary and Net profit

(Unit: Millions of yen)

	FY2017 (Apr.1, 2016 - March 31, 2017)	FY2018 (Apr.1, 2017 - March 31, 2018)	Changes	Reason for changes
Operating profit	5,823	6,996	+1,173	
Non-operating income(loss)	(2,154)	(475)	+1,678	Foreign currency gains: 490 million yen (FY2017: Foreign currency losses 865 million yen)
Financial profit/loss	(944)	(858)	+86	
Ordinary profit	3,668	6,521	+2,852	Increase of Operating profit and Improvement of extraordinary gains/losses (mainly foreign currency exchange gains/losses)
Extraordinary gains	218	1,844	+1,626	Profit from sales of investment securities: 722 million yen and profit from sales of property: 651 million yen (FY2017: Decrease of loan for retirement benefit plan 218 million yen)
Extraordinary losses	25,585	223	(25,361)	Occurrence of loan retirement of property, 223 million yen (FY2017: Impairment losses, 25.5 billion yen)
Profit attributable to owners of parent	(23,427)	4,406	+27,834	Increase of Ordinary profit and improvement of extraordinary gains



(4) Cash Flows and Balance Sheet

8

(Unit : Millions of yen)

Cash Flows	For the year ended March 31, 2017	For the year ended March 31, 2018	Changes
Cash Flows from Operating activities	12,526	12,207	(319)
Depreciation expenses	8,778	8,685	(93)
Amortization of goodwill	2,753	1,246	(1,507)
Cash Flows from Investing activities	(12,872)	(5,806)	7,066
Payment for PPE	(12,978)	(8,383)	4,595
Proceeds from disposal of assets	99	2,685	2,586
Cash Flows from Financing activities	6,042	(12,180)	(18,223)

Balance Sheet	Balance at March 31, 2017	Balance at March 31, 2018	Changes
Cash and Cash equivalents	31,822	25,798	(6,023)
Bonds and Borrowings	168,878	157,604	(11,273)
Net-debt	137,056	131,806	(5,250)

Shareholders' equity	37,709	44,017	6,307
Total assets	267,677	263,155	(4,522)
Shareholders' equity ratio	14.1%	16.7%	+2.6pt



For the Improvement of profit

- Cost reduction project “Challenge 20” has started. It covers risk of increasing buying cost.
 - We have been re-examing our cost and reduced about 400million yen in FY2018.
- Expanding and deepening our existing business give us more profit
 - We firmly caught our customers needs, and it led the expansion of air freight business.
 - Health care business has been expanding by utilizing our specialized warehouses.



Operating profit has achieved an increase of 1.2 billion yen

+ α Improvement of business infrastructure for the upcoming fiscal year

- Restructuring organization for small headquarters
(Business Research Division and Consolidated Companies Support Division were abolished)
- Implementation of new personal system for changing mind-set of employees.
- Managing profit / loss thoroughly by customer
- Strengthening the group management
 - Implementation of reorganization: BPO business and Warehouse business were integrated.
 - NVO and Air freight business were integrated for fulfilness of international transportation services.
 - Aggregation of MSC and MJJP improved business efficiency.
 - “Strategic Sales Division” was newly established for development of new business.



✓ We are focusing on improving profitability mainly through cost reduction project. It covers risk of increasing buying cost.

FY2018

FY2019

Promoting cost reduction project "Challenge 20"

- Reviewing size and arrangement of each branch and improving space utilization.
- Managing business trip fee, entertainment expenses more thoroughly.
- We also have been severely checking other managing cost.

Managing profitability by customer thoroughly

Improving gross profit

- Providing high value added services etc.

Strengthening group management

- Domestic and international sales function integrated
- Strategic Sales Division established

Expanding businesses

- Through integrated each group company's function etc.



- Medium-term Management Plan 2017
- FY2018 Financial Report
- ▶ FY2019 Forecast



(1) Overview of forecast for FY2019

12

(Unit: Millions of yen)

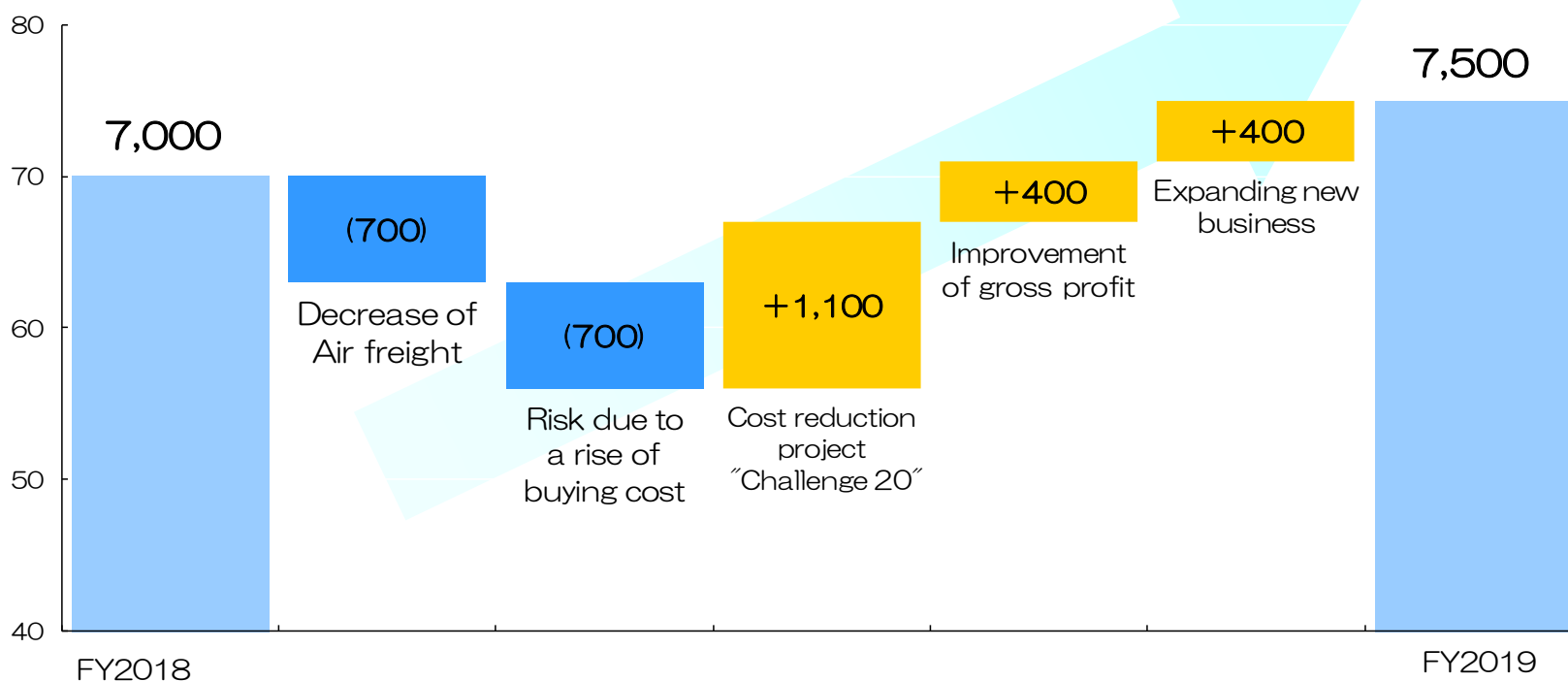
	FY2018 (Apr.1, 2017 - March 31, 2018)	FY2019 (Apr.1, 2018 - March 31, 2019)	Changes	Changes(%)
Sales	233,243	230,000	(3,243)	(1.4%)
Operating Profit	6,996	7,500	+504	+7.2%
Ordinary Profit	6,521	6,400	(121)	(1.9%)
Profit attributable to owners of parent	4,406	3,800	(606)	(13.8%)
Cash Flows from operating activities	12,207	14,000	+1,793	+14.7%
Cash Flows from investing activities	(5,806)	(6,500)	(694)	-
Cash Flows from financing activities	(12,180)	(9,000)	+3,180	-
Shareholders' equity	44,017	47,500	+3,483	+7.9%
Total Assets	263,155	257,000	(6,155)	(2.3%)
Shareholders' equity ratio	16.7%	18.5%	+ 1.8pt	-



(2) Forecast for Operating Profit

<Increase and Decrease details of Operating profit sorted by factor>

(Unit: Millions of yen)



<Increase and Decrease details of Operating profit sorted by business>

(Unit : Millions of yen)

	FY2018 (Apr.1, 2017 - March 31, 2018)	FY2019 (Apr.1, 2018 - March 31, 2019)	Changes	Changes(%)
Logistics Bussiness	5,855	6,000	144	+2.5%
Real Estate Business	5,045	4,900	(145)	(2.9%)
Elimination/corporate	(3,904)	(3,400)	504	-
Total of Operating profit	6,996	7,500	+503	+7.2%



(3) Forecast of Ordinary profit and Net profit

14

(Unit: Millions of yen)

	FY2018 (Apr.1, 2017 - March 31, 2018)	FY2019 (Apr.1, 2018 - March 31, 2019)	Changes
Operating profit	6,996	7,500	+504
Non-operating profit or loss	(475)	(1,100)	(625)
Financial profit/loss	(858)	(800)	+58
Ordinary profit	6,521	6,400	(121)
Extraordinary gains	1,844	-	(1,844)
Extraordinary losses	223	-	(223)
Profit attributable to owners of parent	4,406	3,800	(606)



(4) Forecast for Cash Flows and Balance Sheet

15

(Unit: Millions of yen)

Cash Flows	For the year ended March 31, 2018	For the year ending March 31, 2019	Changes
Cash Flows from Operating activities	12,207	14,000	+1,792
Depreciation expenses and Amortization of goodwill	9,932	10,500	+567
Cash Flows from investing activities	(5,806)	(6,500)	(693)
Cash Flows from financing activities	(12,180)	(9,000)	3,180

Balance Sheet	Balance at March 31, 2018	Balance at March 31, 2019	Changes
Cash and Cash equivalents	25,798	24,500	(1,298)
Bonds and Borrowings	157,604	149,000	(8,604)
Net-debt	131,806	124,500	(7,306)

Shareholders' equity	44,017	47,500	3,482
Total assets	263,155	257,000	(6,155)
Shareholders' equity ratio	16.7%	18.5%	+1.8pt