

November 13, 2017

MITSUI-SOKO HOLDINGS Co., Ltd.

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Announcement of the Formulation of Medium-term Management Plan 2017

At a meeting of the Board of Directors held today, we formulated “Medium-term Management Plan 2017” with its final fiscal year ending March 31, 2022.

1. Purpose of Formulating Medium-term Management Plan 2017

In May 2015, the Group formulated “MOVE 2015,” the medium-term management plan with its final fiscal year ending March 31, 2018 (fiscal 2018). Since then, we have implemented a range of measures to reach a new stage as a global logistics company, including concentrated investment in the growth areas of the Asia-Pacific region. As a result of expanding a series of projects, such as investments in logistics facilities in Japan and overseas, as well as aggressive M&As, we finished developing a comprehensive lineup of logistics services capable of meeting customers’ diversifying needs. We have consequently made steady progress toward becoming less dependent on the real estate industry, which has been a fundamental issue for the Group.

At the same time, however, we have increasingly struggled to achieve the numerical targets laid out in “MOVE 2015” due to changes in the external environment, a lag in generating Group synergies, and delays in securing new operations. In addition, the Group suffered a significant erosion of equity in fiscal 2017 after posting high impairment losses resulting from reassessments of the business plan of a subsidiary that we acquired and the recoverable amount of assets of the logistics business in view of the medium- to long-term outlook.

In order to reverse this situation, we have already begun taking various measures under the new management structure, and are seeing solid results. By following the new five-year plan, “Medium-term Management Plan 2017,” we will complete this reversal in the first three years, including the current fiscal 2018, and then in the remaining years of the plan, we will shift to sustainable growth by steadily taking specific measures, with business risks fully taken into account. To this end, we will endeavor to “reinforce the fundamental earnings power of our businesses” by cutting costs without exception and strengthening our marketing capabilities. In addition, we will “rebuild our financial base” by curtailing investment in anything that is not necessary or urgent, while recovering equity with a review of inefficient assets. Moreover, we will “develop comprehensive solution services based on clients by strengthening Group

management,” a parallel expansion into new fields across businesses utilizing the Group’s solution proposal capacity that will fuel further growth. With these three initiatives as the basic policies for our business operations, we will work to reform our corporate culture, including institutional reforms.

We aim to become “a first-call company trusted by customers” by utilizing our comprehensive lineup of logistics services as an integrated logistics provider, crossing national, regional, and industry borders to resolve customer issues.

We will reliably implement this plan and strengthen trusting relationships with shareholders and all other stakeholders.

2. Basic Policies for Business Operations

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

- (1) Reinforcement of the fundamental earnings power of our businesses
- (2) Rebuilding of our financial base
- (3) Development of comprehensive solution services based on clients by strengthening Group management

3. Numerical Targets (end of FY 2022)

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



MITSUI-SOKO Group

“Medium-term Management Plan 2017”

(FY 2018 to FY 2022)

- From Reversal to Sustainable Growth -

**MITSUI-SOKO HOLDINGS Co., Ltd.
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1. Assessment of current situation

2. Aspirations

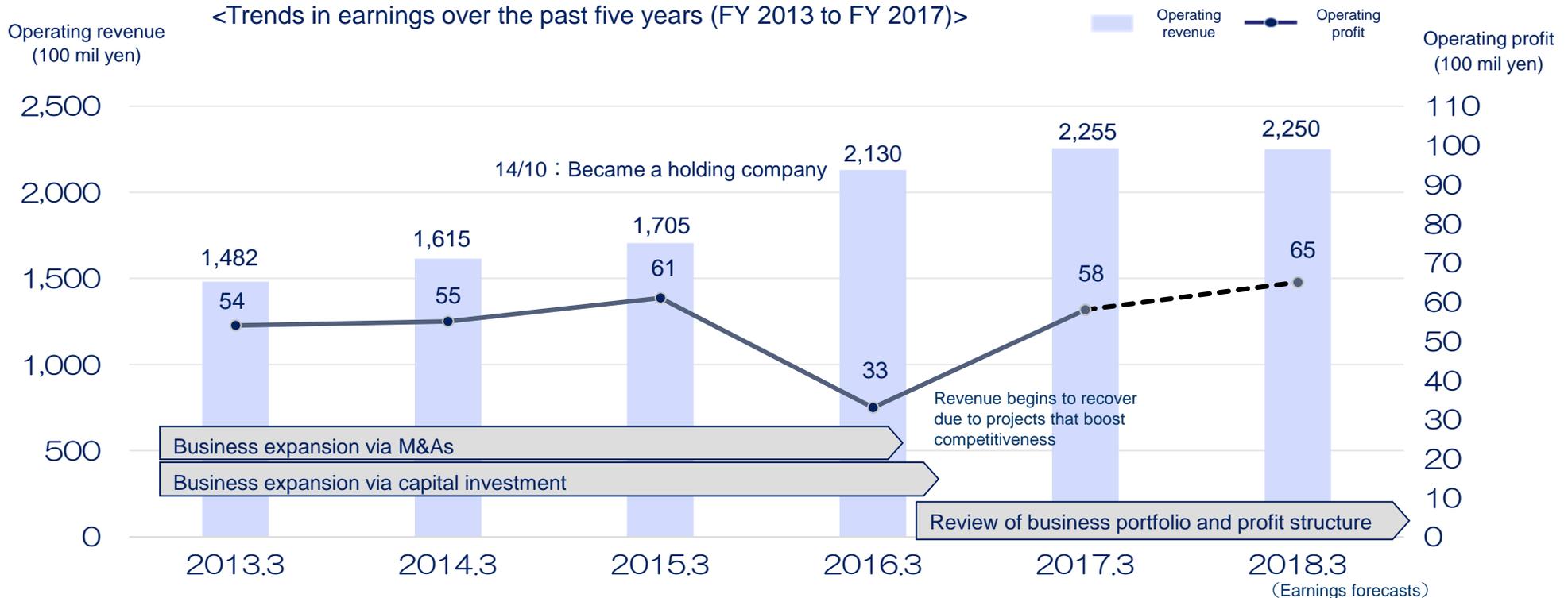
3. Medium-term Management Plan 2017



1. Assessment of current situation

(1) Results to the present

- Expanded businesses through aggressive M&As and capital investment to break away from dependency on the real estate business



Business expansions via M&A

- Apr. 2012: SANYO Electric Logistics
- Jul. 2012: TAS Express
- Apr. 2015: Sony Supply Chain Solutions
- Jul. 2015: Prime Cargo (Denmark and Hong Kong)
- Aug. 2015: North Star Logistics (Thailand)
- Dec. 2015: Marukyo Transportation

Business expansions via capital investment

- Nov. 2012: Dedicated health care facility in Kansai area (West Kobe)
- Mar. 2014: New warehouse in Bangkok (Thailand)
- Jul. 2014: New warehouse in Busan (South Korea)
- Apr. 2015: New warehouse in Jakarta (Indonesia)
- Sep. 2015: Dedicated health care facility in Kanto area (Kisai)
- Oct. 2016: New warehouse in Surabaya (Indonesia), etc.

Cumulative investments (FY 2013 to FY 2017)

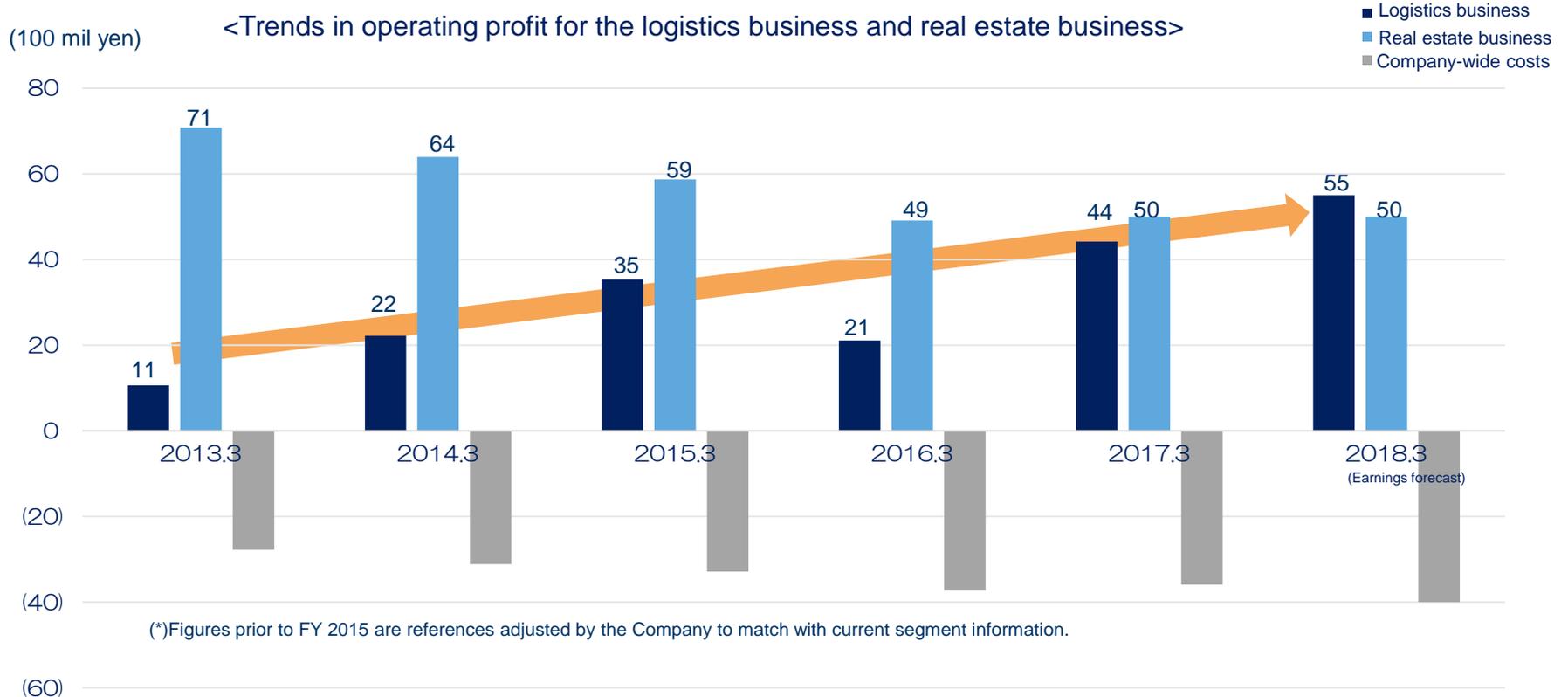
M&A	645
Investments to expand sales	267
Total	912 (100 mil yen)



1. Assessment of current situation

(1) Results to the present

- Promote breaking away from dependence on the real estate business by expanding the logistics business via focusing on M&As



<Operating margin>

Logistics business	0.8%	1.5%	2.2%	1.0%	2.0%	2.5%
Overall	3.6%	3.4%	3.6%	1.5%	2.6%	2.9%



1. Assessment of current situation

(2) Looking back

- The previous medium-term management plan (MOVE 2015) focused on growing existing operations by acquiring new operations and raising productivity, as well as increasing new investments. Based on the 6.1 billion yen in operating profit recorded in FY 2015, the plan targeted 11.0 billion yen in operating profit in FY 2018. However, achieving this target became difficult due to significant changes to the assumptions made of the Group's operating environment, such as slower personal spending and production activity.

	<u>Base</u> FY 2015 (Actual)	<u>MOVE 2015</u> FY 2018 (Numerical targets)	<u>Current forecasts</u> FY 2018 (Earnings forecast)
Operating revenue	170.5 billion yen	280.0 billion yen	225.0 billion yen
Operating profit	6.1 billion yen	11.0 billion yen	6.5 billion yen
Operating cash flow	8.0 billion yen	20.0 billion yen	13.5 billion yen
Balance of interest-bearing debt	125.1 billion yen	160.0 billion yen	158.0 billion yen

<Issues to be addressed>

Stagnant profit ratio

Wait-and-see stance

Weak cost awareness

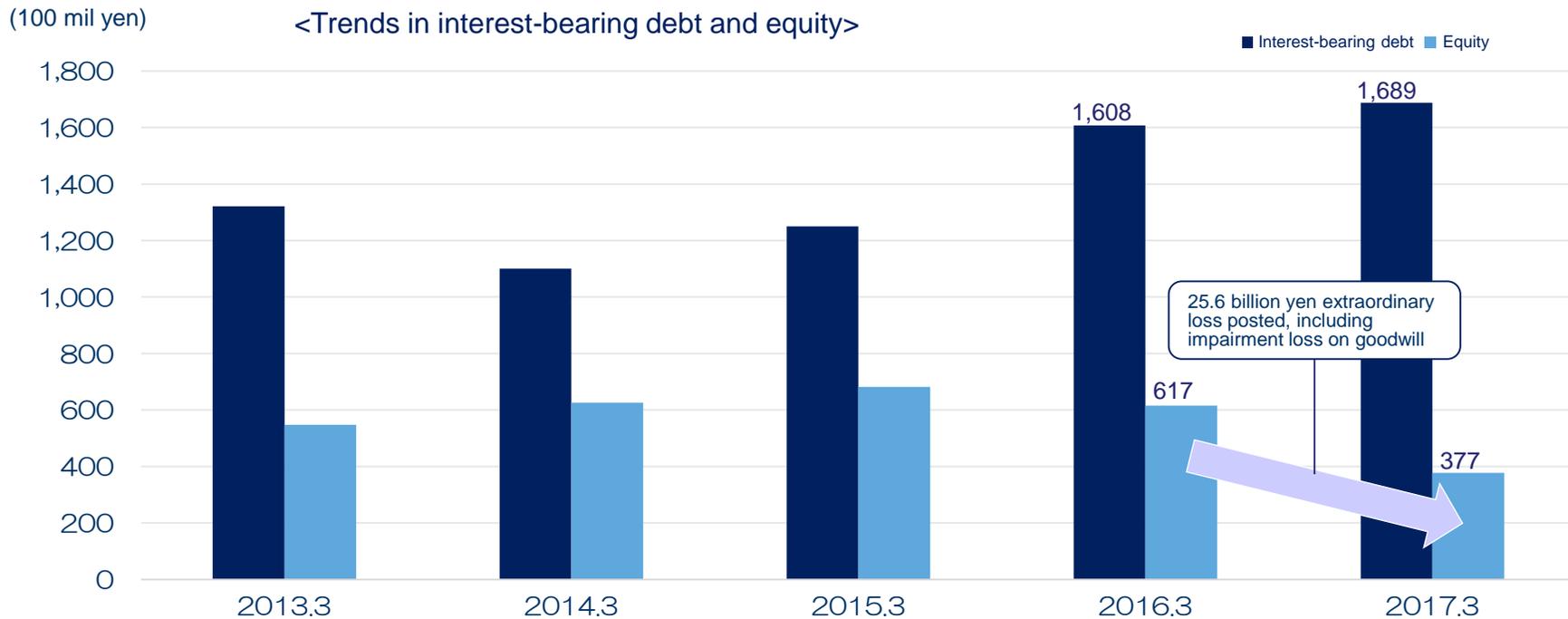
Lack of initiatives carried out as a Group



1. Assessment of current situation

(2) Looking back

- Interest-bearing debt has increased due to aggressive M&As and capital investments
- Business plans for some companies acquired in M&As have been prudently reassessed, and impairment losses on goodwill were posted in FY 2017



<Issues to be addressed>

Recover eroded equity

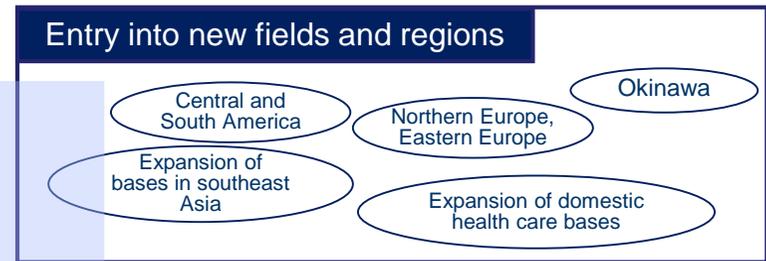
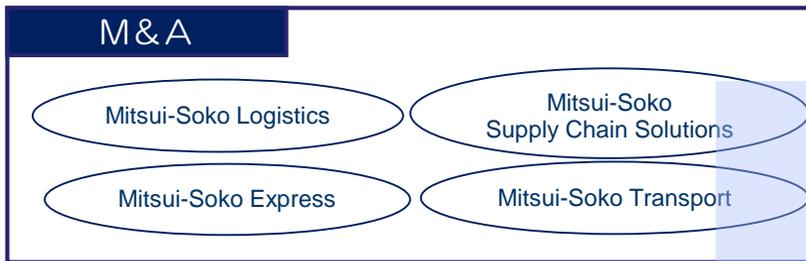
Reduce interest-bearing debt



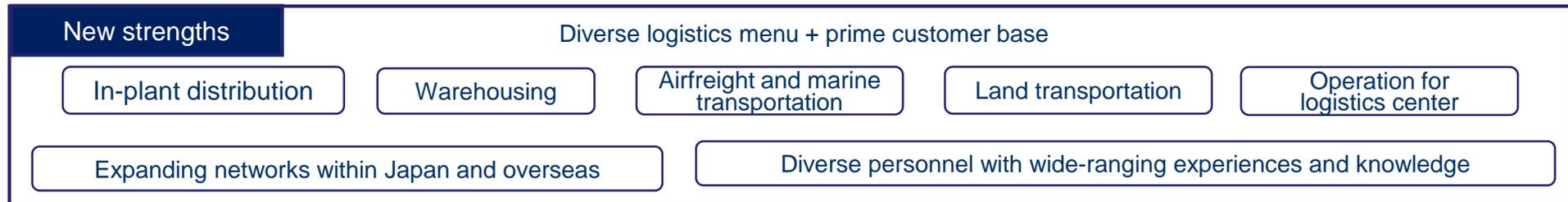
1. Assessment of current situation

(3) Our strengths

- Acquiring new logistics functions and diverse personnel through aggressive M&As
- Expanding business into new fields and regions through aggressive capital investment
- In conjunction with previous strengths, establishing a comprehensive lineup of logistics services and expanding the foundation of prime customers



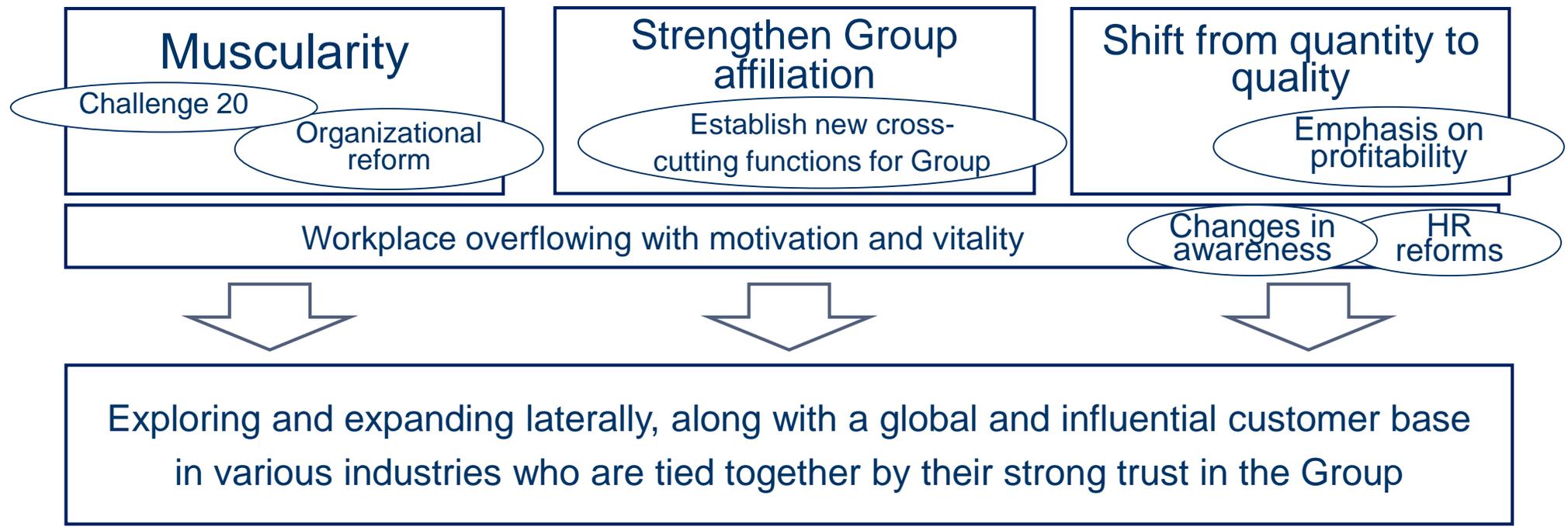
Changes to the system (October 2014) Shift to holding company structure and strengthening the impetus of each business





2. Aspirations

- Become a corporate group that customers seek out first for help by utilizing our comprehensive lineup of logistics services as an “integrated logistics provider” and going beyond national, regional, and industrial borders to resolve customers issues



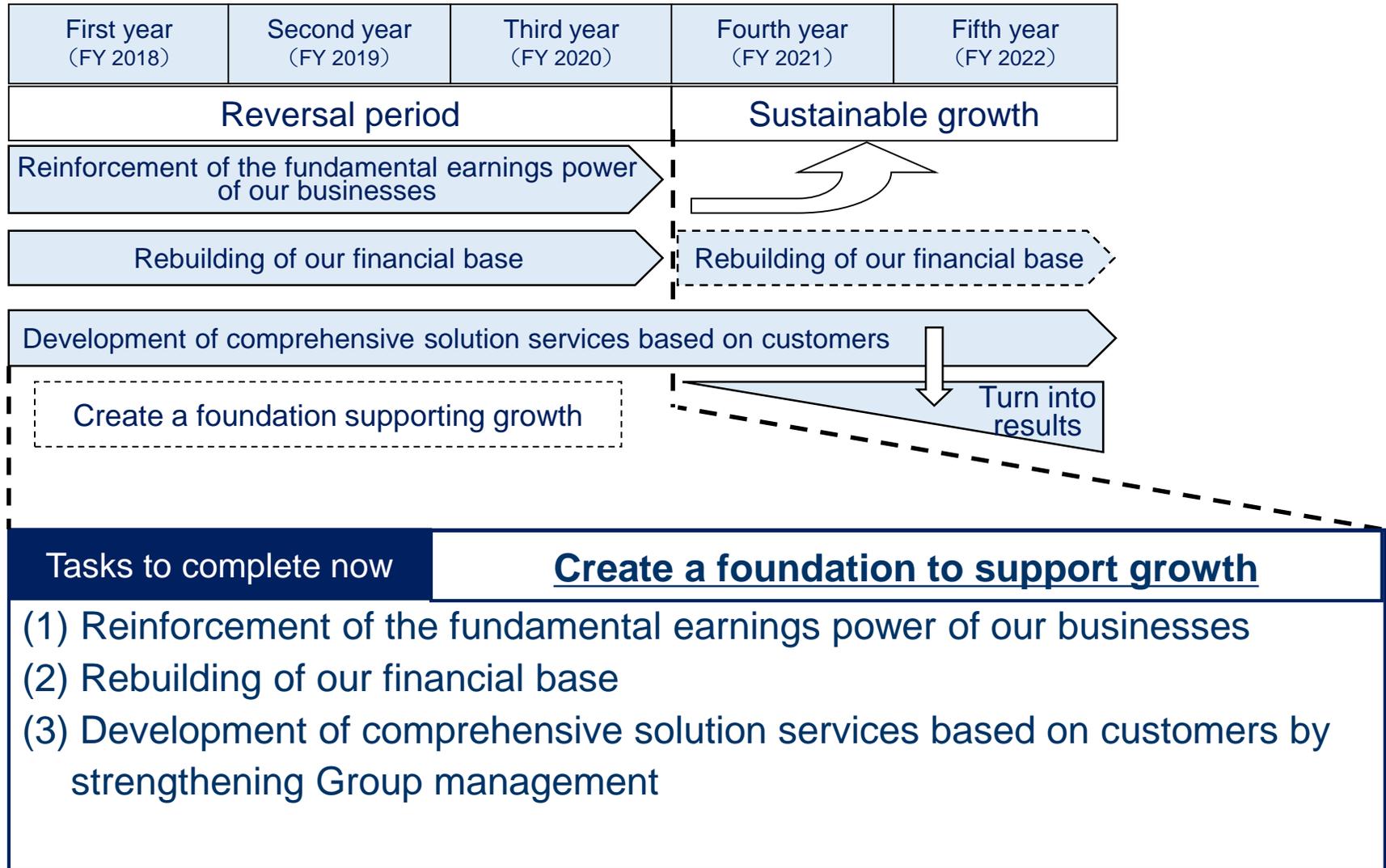
Aspirations

Become a first-call company trusted by customers



2. Aspirations

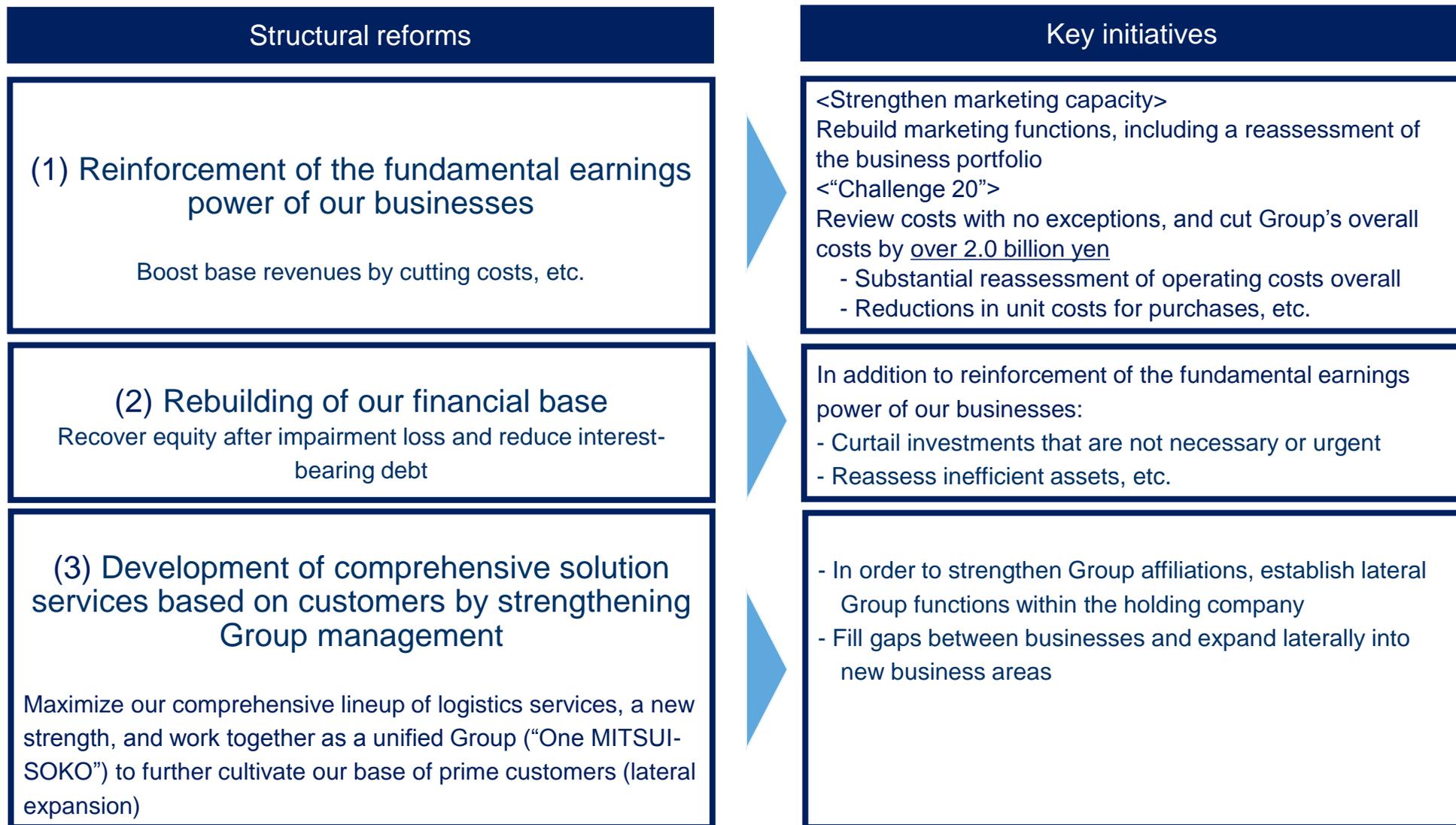
- The new medium-term plan spans at five years, with the first three years designated for a reversal and the last two for sustainable growth





2. Aspirations

- Carry out a wide range of structural reforms to build a foundation that supports growth





2. Aspirations

- The awareness of every individual employee must be increased to ensure that various structural reforms are carried out
- Carry out HR reforms that support increased in awareness, and create a cheerful, fun, and lively workplace

Awareness reforms

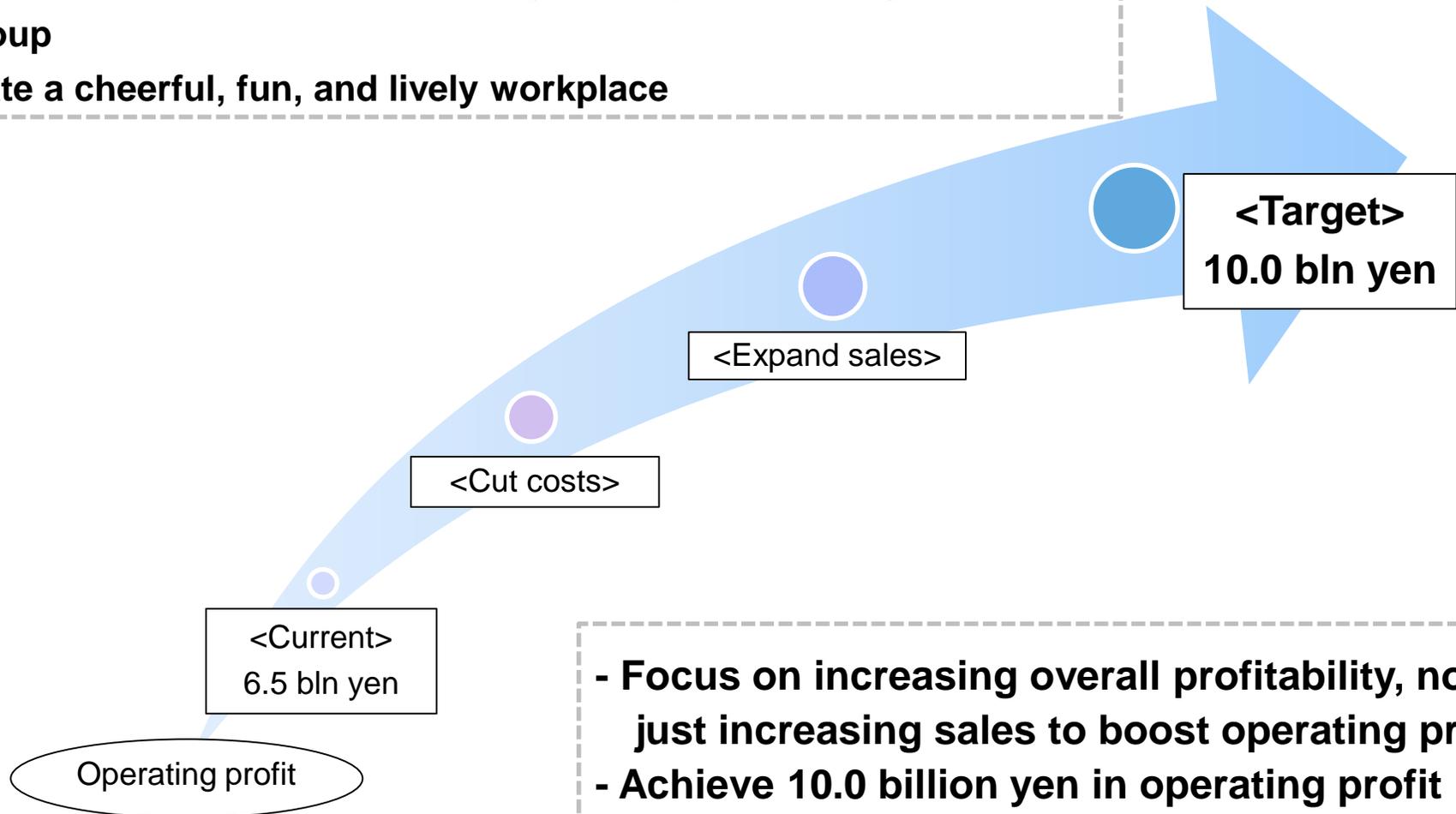
- Without being afraid of change, always ask whether the status quo is acceptable
- Have a deeper, more nuanced understanding of customers' businesses and operations.
- Regardless of the company to which the employee belongs, the Group works together to resolve customer issues
- Raise competitiveness with proactive proposals (objective proposals providing projections and added value)

HR reforms

- Provide opportunities for growth equitably and ensure that employees are motivated to perform in a vibrant environment
- Pursue work style reforms with the aim of creating a vibrant workplace



- **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” - 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	10.0 billion yen
Balance of interest-bearing debt	130.0 billion yen
D/E ratio	2.0x or less
ROE	Over 9.0%

◇ Dividend policy

Quickly return to stable dividend payments by consistently generating business revenue