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## Financial Report for the Fiscal Year ended March 31, 2012



**MITSUI-SOKO CO., LTD.**

May 10, 2012



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# Summary of the Financial Report for FY2012

## (1) Performance Overview

Unit : Millions of yen

Consolidated Total	FY2011 (Apr.2010- Mar.2011)	FY2012 (Apr.2011- Mar.2012)	Amount of Change	Percentage of Change
Net revenue	96,766	107,344	+10,578	+10.9%
Operating income	6,548	6,731	+183	+2.8%
Ordinary income	4,772	5,251	+479	+10.0%
Net income	2,534	2,151	(382)	(15.1)%
Cash flows from operating activities	8,104	9,682	+1,578	+19.5%
Cash flows from investing activities	(17,910)	15,388	+33,298	—
Cash flows from financing activities	11,154	9,606	(1,547)	(13.9)%
Shareholders' equity	49,255	50,136	+880	+1.8%
Total assets	184,035	197,338	+13,302	+7.2%
Shareholders' equity ratio	26.8%	25.4%	(1.4)%	—



# Summary of the Financial Report for FY2012

## (2) Net Revenue

Unit : Millions of yen

Consolidated Total	FY2011 (Apr.2010- Mar.2011)	FY2012 (Apr.2011- Mar.2012)	Amount of Change	Percentage of Change	Main Factors
Domestic logistics operations	44,259	45,834	+1,574	+3.6%	An increase in freight cargo handling volume and in storage balance
Domestic port terminal operations	13,229	14,218	+989	+7.5%	An increase in container freight handling thanks to the effect of opening new shipping routes
Overseas logistics operations	13,066	11,923	(1,142)	(8.7)%	Decreased heavily in the U.S. and Taiwan although China and Southeast Asia remained solid
Air cargo operations	2,726	12,230	+9,503	+348.6%	The full-year contribution of Mitsui-Soko Air Cargo Inc.
Other logistics operations	10,931	11,439	+507	+4.6%	The contribution of improvement in operating ratio of BPO business
Real estate	12,538	12,077	(461)	(3.7)%	Decreased due to the sold properties
Elimination and /or corporate	14	(377)	(392)	—	
<b>Net Revenue</b>	<b>96,766</b>	<b>107,344</b>	<b>+10,578</b>	<b>+10.9%</b>	

Comparison by segment described above are taken from the financial report. From FY2012, the internal business segments were modified as shown below.

1. Air cargo operations, which was included in the other logistics operations, is now categorized by itself.
2. Documentation storage business was transferred from the domestic logistics to the other logistics (BPO).
3. The method of allocation of logistics elimination and joint logistics expenses was reviewed and consolidated into corporate elimination and joint company expenses.



# Summary of the Financial Report for FY2012

## (3) Operating Income

Unit : Millions of yen

Consolidated Total	FY2011 (Apr.2010- Mar.2011)	FY2012 (Apr.2011- Mar.2012)	Amount of Change	Percentage of Change	Main Factors
Domestic logistics operations	2,812	3,472	+ 659	+ 23.5%	Increased for an age-related decrease in depreciation
Domestic port terminal operations	896	979	+ 82	+ 9.2%	
Overseas logistics operations	118	(149)	(267)	—	
Air cargo operations	(31)	366	+ 397	—	
Other logistics operations	(295)	18	+ 313	—	
Real estate	7,522	7,273	(249)	(3.3)%	Efforts to decrease in building management cost and in depreciation cost prevented further income fall
Joint company expenses	(4,474)	(5,227)	(753)	—	An increase due to amortization of good will of Mitsui-Soko Air Cargo Inc. and to an increase of consultancy fees
<b>Operating Income</b>	<b>6,548</b>	<b>6,731</b>	<b>+ 183</b>	<b>+ 2.8%</b>	

Comparison by segment described above are taken from the financial report. From FY2012, the internal business segments were modified as shown below.

1. Air cargo operations, which was included in the other logistics operations, is now categorized by itself.
2. Documentation storage business was transferred from the domestic logistics to the other logistics (BPO).
3. The method of allocation of logistics elimination and joint logistics expenses was reviewed and consolidated into corporate elimination and joint company expenses.



# Summary of the Financial Report for FY2012

## (4) Ordinary Income and Net Income

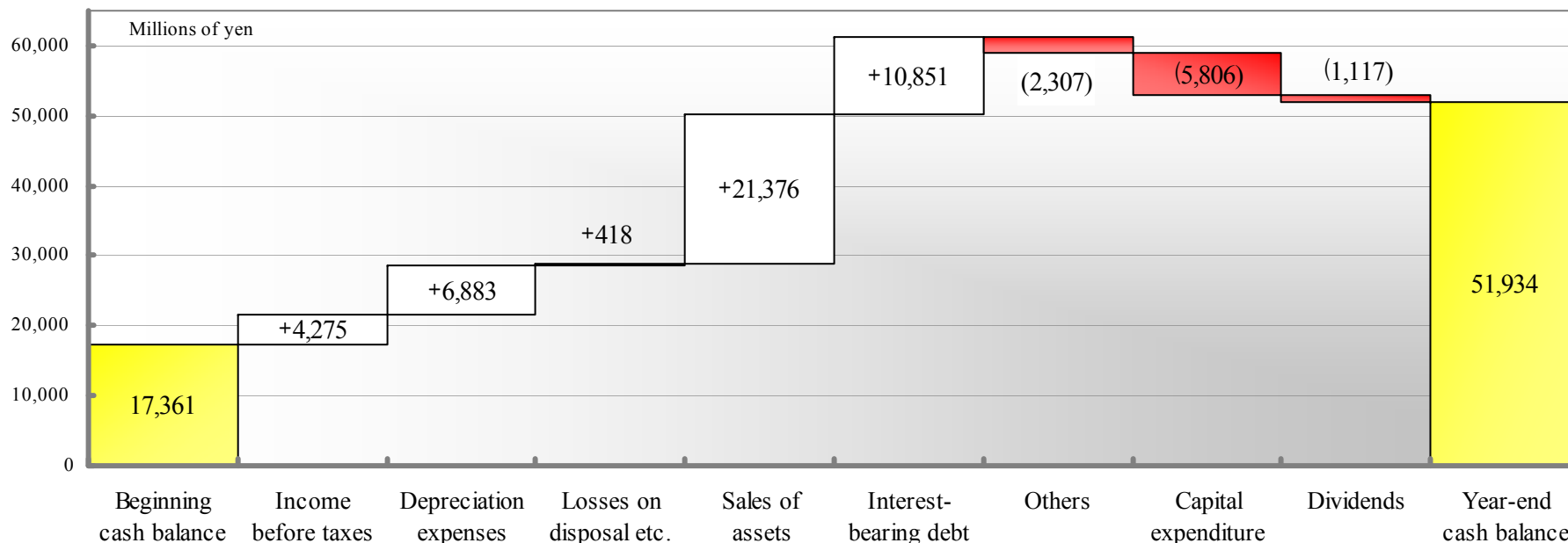
Unit : Millions of yen

Consolidated Total	FY2011 (Apr.2010- Mar.2011)	FY2012 (Apr.2011- Mar.2012)	Amount of Change
Non-operating income (expenses)	(1,776)	(1,480)	+296
Financial balance	(1,308)	(1,201)	+106
Ordinary income	4,772	5,251	+479
Extraordinary gains	1,366	2,566	+1,199
Gain on sales of properties	893	2,560	+1,666
Extraordinary losses	2,280	3,542	+1,261
Loss on disposal (demolition) of fixed assets	1,248	2,806	+1,558
Net income	2,534	2,151	(382)



# Summary of the Financial Report for FY2012

## (5) Cash Flows



Unit : Millions of yen

Consolidated Total	FY2011	FY2012	Amount of Change	Percentage of Change
Cash flows from operating activities	8,104	9,682	+ 1,578	+ 19.5%
Depreciation expenses	6,908	6,883	(24)	(0.4)%
Cash flows from investing activities	(17,910)	15,388	+ 33,298	—
Capital expenditure	20,495	5,806	(14,688)	(71.7)%
Cash flows from financing activities	11,154	9,606	(1,547)	(13.9)%
Interest-bearing debt	108,505	119,356	+ 10,851	+ 10.0%
Year-end cash balance	17,361	51,934	+ 34,573	+ 199.1%



- Acquired all the shares of SANYO Electric Logistics Co., Ltd. (April 2, 2012)
  - Turned it into Mitsui-Soko Logistics Co., Ltd. (MSL) as a consolidated subsidiary
  - Establishing a solid position in 3PL business mainly with the consumer electrics filed
  - Practicing logistics business that covers the consumer logistics area
- Expected synergy with Mitsui-Soko Co., Ltd.
  - Entering fully into a distribution center-type business
  - Integrating international combined transport services with domestic logistics services (where MSL has a competitive advantage) in the 3PL business
  - Expanding the services to be provided through consumer logistics, such as delivery including setup

Network of Mitsui-Soko Logistics Co., Ltd. (Size: m2, approx.)

Tokyo	15,260
Sapporo	16,850
Natori (Miyagi)	14,990
Hirakata (Osaka)	75,650
Hiroshima	13,650
Fukuoka	47,330
Others 21 bases	328,700
Total 27 bases	512,400

Mitsui-Soko Logistics Co., Ltd. As of March 31, 2012

Net assets	11,025 million yen
Total assets	29,557 million yen
No. of employees	369





## Detailed Forecast for FY2013

### (2) Air Cargo Business (International Transportation Business)

- Acquired all the shares of JTB Air Cargo Inc. (Mitsui-Soko Air Cargo Inc.) (March 1, 2011)
- Acquired TAS Express Co., Ltd. as a consolidated subsidiary

Signed the Letter of Intent (March 26, 2012)

- Step1: Acquired 45.5% of the shares of TAS Express Co., Ltd.
- Step2: Merging it with Mitsui-Soko Air Cargo Inc. (scheduled on July 1, 2012)  
(Ratio of shareholding: MSC 64.2%, Toyota Motor Corporation 35.8%)
- Pursuing a cost advantage from the doubled sales volume
- Creating synergy by combining sea and air business

TAS Express Co., Ltd.

As of March 31, 2012

Net assets	4,000 million yen
Total assets	7,000 million yen
No. of employees	450
Global network (local bases)	U.S.A.(9), Europe(5), China(4), Thailand, India, Indonesia, South Africa etc. 8 local subsidiaries and 22 bases in 10 countries

Mitsui-Soko Air Cargo Inc.

As of March 31, 2012

Net assets	1,970 million yen
Total assets	4,139 million yen
No. of employees	175

\* Net assets and Total assets are the predicted values and described only for reference.



# Detailed Forecast for FY2013

## (3) Outline of New Business Segment (from April 2012)

<u>&lt;Previous Segment&gt;</u>	<u>&lt;New Segment&gt;</u>	[ Net Revenue ]	[ Operating Income ]
Domestic Logistics	Domestic Logistics	45,755	3,476
Domestic Port Terminal	Domestic Port Terminal	14,218	979
Oversea Logistics	Oversea Logistics	11,923	(149)
Air Cargo	International Transportation	17,110	495
Other Logistics	Air Cargo	12,230	366
	NVO	4,880	129
	3PL		
L/S	Logistics Systems	1,489	(108)
BPO	BPO	5,147	(46)
Real Estate	Real Estate	12,077	7,273
Joint Company	Joint Company	(377)	(5,189)

\* Previous segment was used in FY2012

\* The amount of net revenue and operating income is from the results of FY2012 (Unit: Millions of yen)



Unit : Millions of yen

Consolidated Total	FY2012 (Apr.2011- Mar.2012)	FY2013 (Apr.2012- Mar.2013)	Amount of Change	Percentage of Change
Net revenue	107,344	158,000	+ 50,655	+ 47.2%
Operating income	6,731	7,400	+ 668	+ 9.9%
Ordinary income	5,251	5,600	+ 348	+ 6.6%
Net income	2,151	3,200	+ 1,048	+ 48.7%
Cash flows from operating activities	9,682	11,000	+ 1,317	+ 13.6%
Cash flows from investing activities	15,388	(39,000)	(54,388)	—
Cash flows from financing activities	9,606	(9,000)	(18,606)	—
Shareholders' equity	50,136	52,000	+ 1,863	+ 3.7%
Total assets	197,338	215,000	+ 17,661	+ 8.9%
Shareholders' equity ratio	25.4%	24.2%	(1.2)%	—



# Detailed Forecast for FY2013

## (5) Net Revenue

Unit : Millions of yen

Consolidated Total	FY2012 (Apr.2011- Mar.2012)	FY2013 (Apr.2012- Mar.2013)	Amount of Change	Percentage of Change	Expected Factors
Domestic logistics operations	45,755	46,000	+244	+0.5%	The handling volume and the unit price will remain almost the same as last year
Domestic port terminal operations	14,218	14,000	(218)	(1.5)%	The handling volume will remain almost the same as last year
Overseas logistics operations	11,923	13,600	+1,676	+14.1%	Recovery from the effect from the U.S. economic downturn and 2011 Thailand floods
International transportation operations	17,110	28,000	+10,889	+63.6%	An effect of the merger with TAS Express Co., Ltd.
Logistics systems operations	1,489	40,000	+38,510	—	A full-year contribution from Mitsui-Soko Logistics Co., Ltd.
BPO operations	5,147	5,600	+452	+8.8%	Recovery of sending out service
Real estate	12,077	11,200	(877)	(7.3)%	A decrease in net revenue due to the sale of leasing properties
Elimination and /or corporate	(377)	(400)	(22)	—	
<b>Net Revenue</b>	<b>107,344</b>	<b>158,000</b>	<b>+50,655</b>	<b>+47.2%</b>	

Comparison by segment described above are taken from the financial report. From FY2012, the internal business segments were modified as explained on page 8.



# Detailed Forecast for FY2013

## (6) Operating Income

Unit : Millions of yen

Consolidated Total	FY2012 (Apr.2011- Mar.2012)	FY2013 (Apr.2012- Mar.2013)	Amount of Change	Percentage of Change	Expected Factors
Domestic logistics operations	3,476	3,600	+123	+3.5%	A reduction of indirect material costs etc.
Domestic port terminal operations	979	600	(379)	(38.7)%	Profit margin squeeze
Overseas logistics operations	(149)	100	+249	—	
International transportation operations	495	1,400	+904	+182.6%	
Logistics systems operations	(108)	2,200	+2,308	—	
BPO operations	(46)	200	+246	—	
Real estate	7,273	6,600	(673)	(9.3)%	An increase of depreciation expenses due to the large-scale repairing and re-equipping plan
Joint company expenses	(5,189)	(7,300)	(2,110)	—	An increase of amortization of goodwill
<b>Operating Income</b>	<b>6,731</b>	<b>7,400</b>	<b>+668</b>	<b>+9.9%</b>	

Comparison by segment described above are taken from the financial report. From FY2012, the internal business segments were modified as explained on page 8.



## Detailed Forecast for FY2013

### (7) Ordinary Income and Net Income

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Unit : Millions of yen

Consolidated Total	FY2012 (Apr.2011- Mar.2012)	FY2013 (Apr.2012-Mar.2013)			Amount of Change
		1st Half	2nd Half	Total	
Non-operating income (expenses)	(1,480)	(800)	(1,000)	(1,800)	(319)
Financial balance	(1,201)	(600)	(600)	(1,200)	+ 1
Ordinary income	5,251	2,700	2,900	5,600	+ 348
Extraordinary gains	2,566	—	—	—	(2,566)
Gain on sales of properties	2,560	—	—	—	(2,560)
Extraordinary losses	3,542	100	200	300	(3,242)
Loss on disposal (demolition) of fixed assets	2,806	100	200	300	(2,506)
Net income	2,151	1,300	1,900	3,200	+ 1,048



# Detailed Forecast for FY2013

## (8) Financial Forecast

Unit : Millions of yen

Consolidated Total	FY2012 (Apr.2011-	FY2013 (Apr.2012-Mar.2013)			Amount of Change	Percentage of
		1st Half	2nd Half	Total		
Cash flows from operating activities	9,682	4,600	6,400	11,000	+1,317	+13.6%
Depreciation expenses	6,883	3,400	3,900	7,300	+416	+6.0%
Amortization of goodwill	295	800	900	1,700	+1,404	+474.9%
Cash flows from investing activities	15,388	(34,900)	(4,100)	(39,000)	(54,388)	—
Capital expenditure	5,806	5,000	4,000	9,000	+3,193	+55.0%
Acquisition of shares	—	29,700	—	29,700	+29,700	—
Cash flows from financing activities	9,606	(8,900)	(100)	(9,000)	(18,606)	—
Interest-bearing debt	119,356	119,200	119,700	119,700	+343	+0.3%
Increased amount for newly consolidated subsidiaries	—	4,000	—	4,000	+4,000	—
Year-end cash balance	51,934	16,700	19,000	19,000	(32,934)	(63.4)%

Note

The cash balance that the acquired companies are expected to possess when they became consolidated is shown in "Increased amount for newly consolidated subsidiaries" in the chart above, and not excluded from cash flows from investing activities.

■ Cash flows from operating activities:

Special one-time increase in the consumption tax to be paid in the amount of 1,800 million yen.



- Construction of facility specializing in pharmaceutical products (Suma Ward, Kobe City)



- Lot: Approx. 8,926m<sup>2</sup>
- Facilities: Four-story building, approx. 17,850m<sup>2</sup> of total floor space
- Scheduled for completion: November 2012
- Total investment: Approx. 3,500 million yen (approx.1,900 million yen is going to be paid in FY2013)

- Purchase of a warehouse and an office building of Kobe Port International Cargo Distribution Center (Chuo Ward, Kobe City)

- Total floor space: approx. 13,000m<sup>2</sup>, Acquisition cost: approx. 1,600 million yen

- Repairing and re-equipping construction of Hakozaiki building

- FY2013 is the last year of the large-scale repairing and re-equipping plan; expecting 2,800 million yen of expenditure

- Others

- Approx. 2,700 million yen (Information system: 500 million yen, Others 2,200 million yen)

Total expected capital expenditure is 9,000 million yen





#### ■ Financial Strategy

##### ■ Cash income

Planning to earn 40 billion yen of cash flows from operating activities within 3 years after FY2013

##### ■ Capital expenditure

Expecting 20 billion yen for 3 years if investing the same amount as depreciation expenses

##### ■ Interest-bearing debt

- Expecting 120 billion yen at the end of FY2013
- Aiming at 7 times of debt/ operating cash flows ratio over the medium-term

#### ■ Dividend Policy

- 4.50 yen for the interim, 4.50 yen for the year-end, and 9.00 yen for the annual dividends based on 30% of the net income in real terms calculated on the basis of the consolidated operating profit