

Briefing Material for Business Results

Section 1 Summary of Results First Half of the Fiscal Year Ending March 31, 2017

Section 2 Forecast for Fiscal year ending March 31, 2017

Section 3 Recent Business Developments

14 November 2016

SENKO

Section 1

Summary of Results

First Half of the Fiscal Year Ending March 31, 2017

(From April 1, 2016 to September 30, 2016)

1. Summary of Results (1st half)

SENKO

(Millions of yen, %)

	FY3/16 1H		FY3/17 1H		YoY Change 1H	
		Margin		Margin	Amount	%
Operating revenue	215,232	—	224,521	—	9,289	4.3
Operating income	8,266	3.8	8,875	4.0	609	7.4
Ordinary income	7,906	3.7	8,741	3.9	835	10.6
Profit attributable to owners of parent	4,324	2.0	4,471	2.0	146	3.4

Year on year

up ¥9.3 billion (+4.3%)

- Revenue growth ⇒ + ¥ 11.5 bn.
- Price revision ⇒ + ¥ 0.4 bn.
- M&A
(ACROSS TRANSPORT Corp.) ⇒ + ¥ 5.1 bn.
- Existing cargo volume ⇒ (¥ 7.7 bn.)



	FY3/16 1H	FY3/17 1H	(Billions of yen, %)	
			YoY Change 1H	
			Amount	%
Operating revenue	215.2	224.5	9.3	4.3

3. Revenues by Segment

SENKO

(Billions of yen, %)

		FY3/16 1H	FY3/17 1H	YoY Change 1H		Year on year breakdown			
				Amount	%	Revenue growth	Price revision	M & A	Existing cargo volume
	Retail Product Logistics	81.1	88.7	7.6	9.3	5.8	0.3	5.1	(3.6)
	Housing Logistics	30.5	30.1	(0.5)	(1.5)	1.2			(1.7)
	Chemicals Logistics	24.1	24.8	0.7	3.1	1.4	0.1		(0.8)
	Others	14.2	13.9	(0.3)	(2.3)	1.0			(1.3)
Distribution Total		149.9	157.5	7.5	5.0	9.4	0.4	5.1	(7.4)
Trading & Commerce		63.2	64.7	1.5	2.3	1.8			(0.3)
Others		2.1	2.3	0.3	14.5	0.3			
Total		215.2	224.5	9.3	4.3	11.5	0.4	5.1	(7.7)

International revenue*	10.9	11.3	0.4	3.7
Composition (%)	5.1	5.0		

* International revenue included in the above

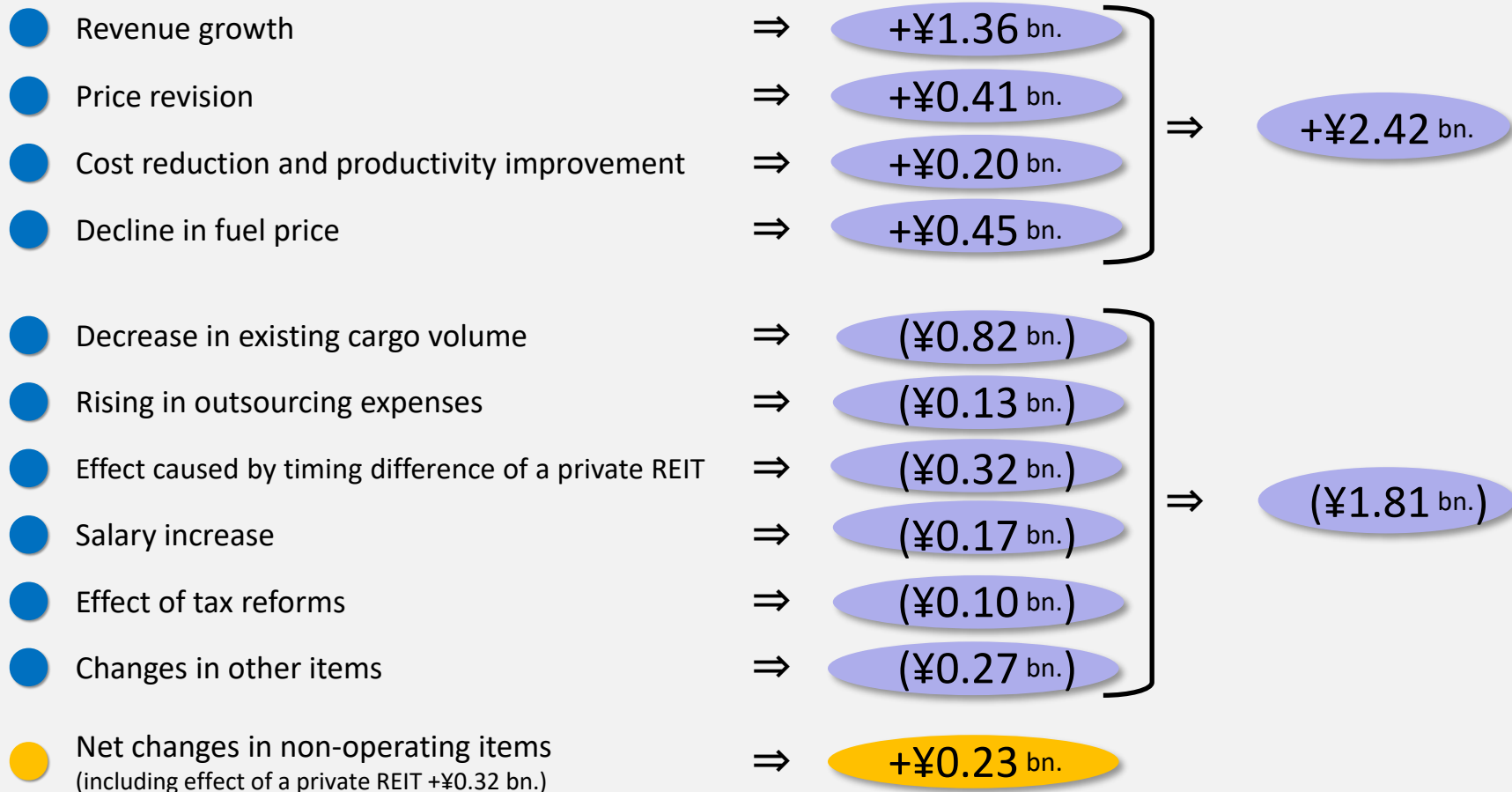
International revenue**	13.1	13.2	0.2	1.2
-------------------------	------	------	-----	-----

** International revenue including that of non-consolidated subsidiaries and affiliated companies

4. Breakdown of Results : Income

SENKO

Year on year Ordinary Income up ¥0.84 billion (+10.6%)



	FY3/16 1H		FY3/17 1H		YoY Change 1H	
		Margin		Margin	Amount	%
Operating income	8.27	3.8	8.88	4.0	0.61	7.4
Ordinary income	7.91	3.7	8.74	3.9	0.84	10.6

(Billions of yen, %)

5. Summary of Results (Comparison with the Plan)

SENKO

(Millions of yen, %)

	FY3/17 1H		FY3/17 1H		VS. Plan	
	Plan	Margin	Results	Margin	Change	%
Operating revenues	225,000	—	224,521	—	(479)	(0.2)
Operating income	8,400	3.7	8,875	4.0	475	5.7
Ordinary income	8,100	3.6	8,741	3.9	641	7.9
Profit attributable to owners of parent	4,100	1.8	4,471	2.0	371	9.1

6. Balance Sheets

SENKO

(Billions of yen)

ASSETS		
As of September 30 , 2016	Change	Note
Current assets		
109.56	16.18	
Cash and deposits	13.53	
Notes and accounts receivable	1.93	
Inventories	0.26	
Others	0.46	
Noncurrent assets		
167.91	△ 8.06	
Property, plant and equipment *		*Decrease in property, plant and equipment due to sale to a REIT is ¥16.6 billion.
Buildings and structures	(11.96)	(Major capex)
Land	(4.55)	• Kazo PD Center
Others	3.35	• Hiroshima PD Center
Intangible assets	1.86	
Investments and other assets		
Guarantee deposits	0.61	
Deferred tax assets	0.05	
Others	2.56	
Total deferred assets		
0.10	△ 0.01	
Total assets		
277.57	8.11	

LIABILITIES AND NET ASSETS		
As of September 30 , 2016	Change	Note
Current liabilities		
94.63	8.98	
Notes and operating accounts payable—trade	0.69	
Short-term loans payable	6.04	
Income taxes payable	(0.39)	
Others	2.65	
Noncurrent liabilities		
79.32	△ 4.49	
Long-term loans payable	(5.64)	
Asset retirement obligations	0.24	
Others	0.91	
Total liabilities		
173.95	4.49	
Capital stock	24.01	
Capital surplus	22.86	0.03
Retained earnings	45.74	2.90
Treasury stock	(0.79)	0.16
Others	11.79	0.53
Total net assets		
103.62	3.61	
Total liabilities and net		
277.57	8.11	

Equity ratio
 Mar. 31,2016 **32.6%**
 Sep. 30,2016 **32.6%**

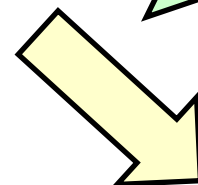
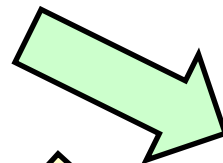
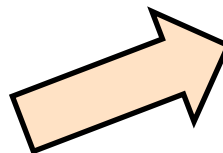
Interest-bearing debts	91.76	0.39	Debt Equity Ratio
			Mar. 31,2016 33.9%
			Sep. 30,2016 33.1%

7. Statements of Cash Flows

SENKO

(Billions of yen)

	FY 3/16 1H	FY 3/17 1H
Cash flows from operating activities	6.15	10.69
Cash flows from investing activities	7.78	7.32
Cash flows from financing activities	(12.78)	(3.80)
Cash and cash equivalents at end of year	26.64	31.74



Selected items

Profit before income taxes	8.65
Depreciation and amortization	5.04
Decrease (increase) in notes and accounts receivable-trade	(0.69)
Increase (decrease) in accrued consumption taxes	0.86
Interest expenses	(0.50)
Income taxes paid	(3.46)

Purchase of property, plant and equipment	(6.47)
Proceeds from sales of property, plant and equipment	17.30
Purchase of shares of subsidiaries and associates	(3.06)

Decreased borrowing	(0.85)
Repayments of finance lease obligations	(1.34)
Cash dividends paid	(1.59)

8. Distribution center that operates in FY 3/17

Distribution center that operated in the first half

	Name	Location	Start of operations	Floor area
Japan	Narita Fashion Logistics Center II (rented)	Tomisato City, Chiba Pref.	May 2016	40,900 m ²
	Nishikanto LC (Logistics Center) (rented)	Aikawa town, Kanagawa Pref.	Aug. 2016	43,200 m ²
	Japan total			84,100 m ²
Over seas	Kentucky Logistics Center (Extension)	Kentucky, U. S. A.	Aug. 2016	11,600 m ²
Total				95,700 m ²

Distribution center operating in the second half

	Name	Location	Start of operations	Floor area
Japan	Kazo PD center	Kazo City, Saitama Pref.	Nov. 2016	48,300 m ²
	Hino Logistics Center (tentative name) (rented)	Hino city, Tokyo	Jan. 2017	18,800 m ²
	Japan total			67,100 m ²
Over Seas	Yangon Logistics Center	Yangon, Myanmar	Oct. 2016	2,850 m ²
Total				69,950 m ²

Section 2

Forecast for

Fiscal year ending March 31,

2017

(From April 1, 2016 to March 31, 2017)

1. Summary of Forecast

(Millions of yen, %)

	FY3/16		FY3/17		YoY Change	
	Results	Margin	Plan	Margin	Amount	%
Operating revenues	434,000	—	460,000	—	26,000	6.0
Operating income	17,497	4.0	18,400	4.0	903	5.2
Ordinary income	17,178	4.0	18,000	3.9	822	4.8
Profit attributable to owners of parent	8,542	2.0	9,500	2.1	958	11.2

Year on year

up ¥26.0 billion (+6.0%)

- Revenue growth ⇒ + ¥ 24.7 bn.
- Price revision ⇒ + ¥ 0.6 bn.
- M&A
(ACROSS TRANSPORT Corp.) ⇒ + ¥ 11.3 bn.
- Existing cargo volume ⇒ (¥ 10.6 bn.)



	FY3/16 Results	FY3/17 Plan	(Billions of yen, %)	
			YoY Change Amount	%
Operating revenues	434.0	460.0	26.0	6.0

3. Summary of Forecast by Segment

SENKO

(Billions of yen, %)

		FY 3/16 Results	FY 3/17 Plan	YoY Change		YoY Breakdown			
				Amount	%	Revenue growth	Price revision	M & A	Existing cargo volume
	Retail Product Logistics	160.7	180.6	19.9	12.4	12.4	0.4	11.3	(4.2)
	Housing Logistics	62.1	61.5	(0.6)	(0.9)	2.3	0.1		(3.0)
	Chemicals Logistics	49.5	50.5	0.9	1.9	2.4			(1.5)
	Others	28.1	28.4	0.3	0.9	2.3	0.1		(2.1)
Distribution Total		300.4	321.0	20.5	6.8	19.4	0.6	11.3	(10.8)
Trading & Commerce		129.5	134.5	5.1	3.9	4.7			0.4
Others		4.1	4.5	0.4	10.0	0.6			(0.2)
Total		434.0	460.0	26.0	6.0	24.7	0.6	11.3	(10.6)

International revenue*	21.7	23.7	2.0	9.3
Composition (%)	5.0	5.2		

* International revenue included in the above

International revenue**	26.1	28.3	2.3	8.8
-------------------------	------	------	-----	-----

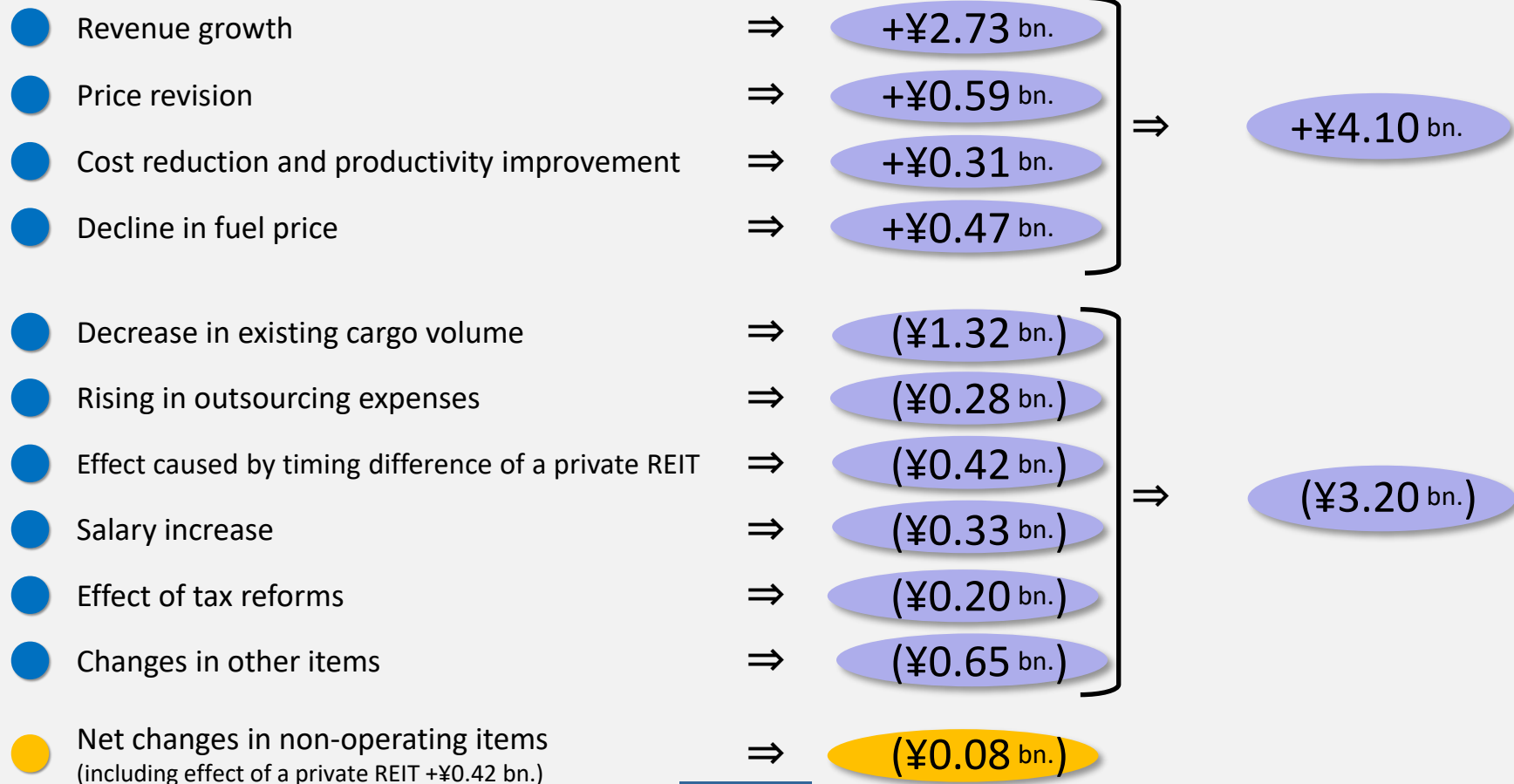
** International revenue including that of non-consolidated subsidiaries and affiliated companies

4. Summary of Forecast : Income

SENKO

Year on year Ordinary Income

up **¥0.82 billion (+4.8%)**



(Billions of yen, %)

	FY3/16		FY3/17		YoY Change	
	Results	Margin	Plan	Margin	Amount	%
Operating income	17.50	4.0	18.40	4.0	0.90	5.2
Ordinary income	17.18	4.0	18.00	3.9	0.82	4.8

5. Summary of Forecast (Original and Revised)

SENKO

(Millions of yen, %)

	FY3/17 (Original forecast) Announced in May		FY3/17 (Revised forecast) Announced in Oct.		Changes	
	Plan	Margin	Plan	Margin	Amount	%
Operating revenues	460,000	—	460,000	—	0	0.0
Operating income	18,100	3.9	18,400	4.0	300	1.7
Ordinary income	17,700	3.8	18,000	3.9	300	1.7
Profit attributable to owners of parent	9,400	2.0	9,500	2.1	100	1.1

6. Summary of Forecast (2nd half)

SENKO

(Millions of yen, %)

	FY3/17 2H (Original forecast) Announced in May		FY3/17 2H (Revised forecast) Announced in Oct.		Change	
	Plan	Margin	Plan	Margin	Amount	%
Operating revenues	235,000	—	235,479	—	479	0.2
Operating income	9,700	4.1	9,525	4.0	(175)	(1.8)
Ordinary income	9,600	4.1	9,259	3.9	(341)	(3.6)
Profit attributable to owners of parent	5,300	2.3	5,029	2.1	(271)	(5.1)

7. Dividends

Cash dividend per share (¥/share) and dividend payout ratio

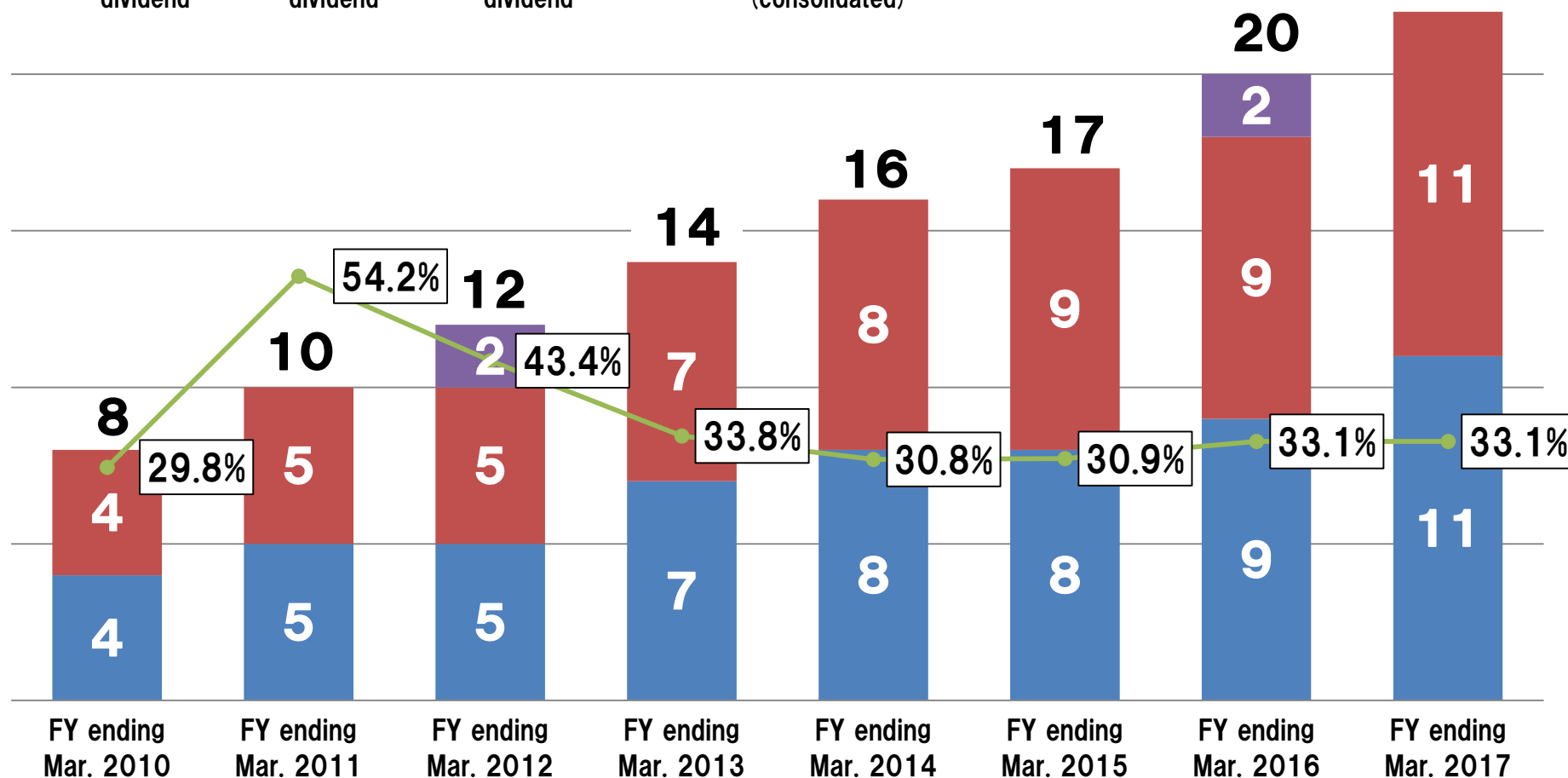
(Forecast)

Interim dividend

Year-end dividend

Commemorative dividend

Dividend payout ratio (consolidated)



Section 3

Recent Business Developments

1. Expanding Retail Product Logistics Business

(1) Expanding Physical Distribution Business for Drugstores

(i) Expanding physical distribution business for Company S in Chubu and Kansai regions

March 2015	Yokkaichi PD Center	Yokkaichi City, Mie Pref.
June 2015	Komaki PD Center	Komaki City, Mie Pref.
January 2016	Moriyama No. 3 PD Center	Moriyama City, Shiga Pref.
February 2016	Nishi Kobe PD Center	Kobe City, Hyogo Pref.
March 2016	Kadoma Logistics Center	Kadoma City, Osaka Pref.



Kadoma Logistics Center

(ii) Receiving orders for physical distribution business in Kanto region for Company W

January 2017	Hino Logistics Center (Tentative)	Hino City, Tokyo
June 2017	Arashiyama Logistics Center (Tentative)	Arashiyama City, Saitama Pref.



Hino Logistics Center (Tentative)
Hino City, Tokyo

Note: Plan to move into MFLP Hino 19

1. Expanding Retail Product Logistics Business

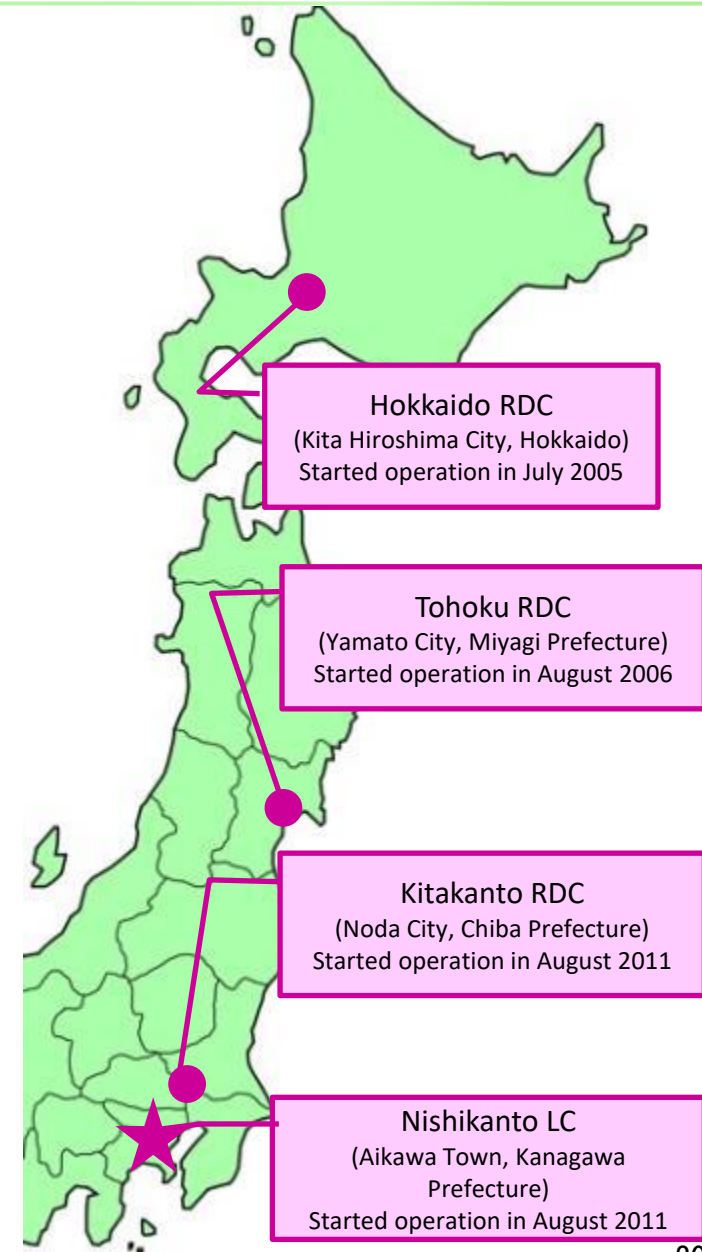
(2) Expanding Physical Distribution for AEON



Nishikanto LC (Logistics Center)

- Location: Aikawa Town, Kanagawa Prefecture
- Total Floor Area: 43,200 m²
- Start of Operation: August 2016

- ◎ Receiving orders for storage/distribution business for the AEON Group Nishi Kanto Area
- ◎ The fourth entrusted distribution/logistics center business following Hokkaido, Tohoku, and Kitakanto



1. Expanding Retail Product Logistics Business

(3) Expanding Physical Distribution Business for Metropolitan Area



Kazo PD Center

- Location: Kazo City, Saitama Prefecture
- Total Floor Area: 48,200 m²
- Start of Operation: November 2016

- ◎ Easy access to the metropolitan area due to location near the Metropolitan Inter-City Expressway
- ◎ Expanding logistics centers along the Metropolitan Inter-City Expressway since last year



(4) Enhancing Fashion Logistics

Create synergy effects with ACROSS TRANSPORT

- ◎ Established project team with the Group companies handling fashion logistics
- ◎ Promoting joint distribution and mutual use of business bases and human resources



2. Expanding Housing Logistics Business

(1) Expanding New Target Customers

- ◎ Expanding logistics business for regional detached house sellers and precut housing components manufacturers

(2) Starting New Logistics Service

- ◎ Metal fitting for wood
- ◎ Installment of prefabricated bathtub units for housing complexes (planning to start in the second half of fiscal 2016)



Metal fitting at the distribution center



Installment of prefabricated bathtub units

3. Expanding Chemical Logistics Business

(1) Expanding Bulk Container Transportation Business

- ◎ Planning to increase the number of bulk containers in the second half of fiscal 2016
- ◎ Proposing to use bulk containers for products other than chemicals, such as foods



Bulk container

(2) Expanding Business Overseas

- ◎ Receiving orders for the logistics business of a Japanese chemical manufacturer's plant in Changshu, China, in June 2016
- ◎ Planning to start a new logistics business in the other areas, in China, Thailand and the United States

4. Expanding International Distribution Business

(1) Enhancing Business Foundation in the Middle Eastern Region of the United States



Kentucky Logistics Center (Extension)

- Location: U.S. State of Kentucky
- Total Floor Area: 18,000 m² (After Extension)
- Start of Operation: August 2016

© Tripling of the total warehousing storage area

In addition to expanding cold warehousing, establishing new freezer warehousing

	Normal temperature warehouse	Low temperature warehouse	Total
Existing	5,100 m ²	1,300 m ²	6,400 m ²
Extension	9,000 m ²	2,600 m ²	11,600 m ²
Total	14,100 m ²	3,900 m ²	18,000 m ²

4. Expanding International Distribution Business

(2) Planning to Build Logistics Center in Central Mexico

Leon Logistics Center (Tentative)

- Location: Guanajuato, Mexico
- Total Floor Area: 15,500 m² (Plan)
- Start of Operation: January 2018

- ◎ Plan to capture logistics demand in the automobile industry, which is continuing to integrate, and carry out logistics for general consumer goods



(3) Establishing Three-Temperature Zone Logistics Center in Myanmar



Yangon Logistics Center

- Location: Yangon City, Myanmar
- Total Floor Area: 2,850 m²
- Start of Operation: October 2016

◎ Introduction of Runtec's know-how and updated freezer and cold logistics technology in facilities and vehicles

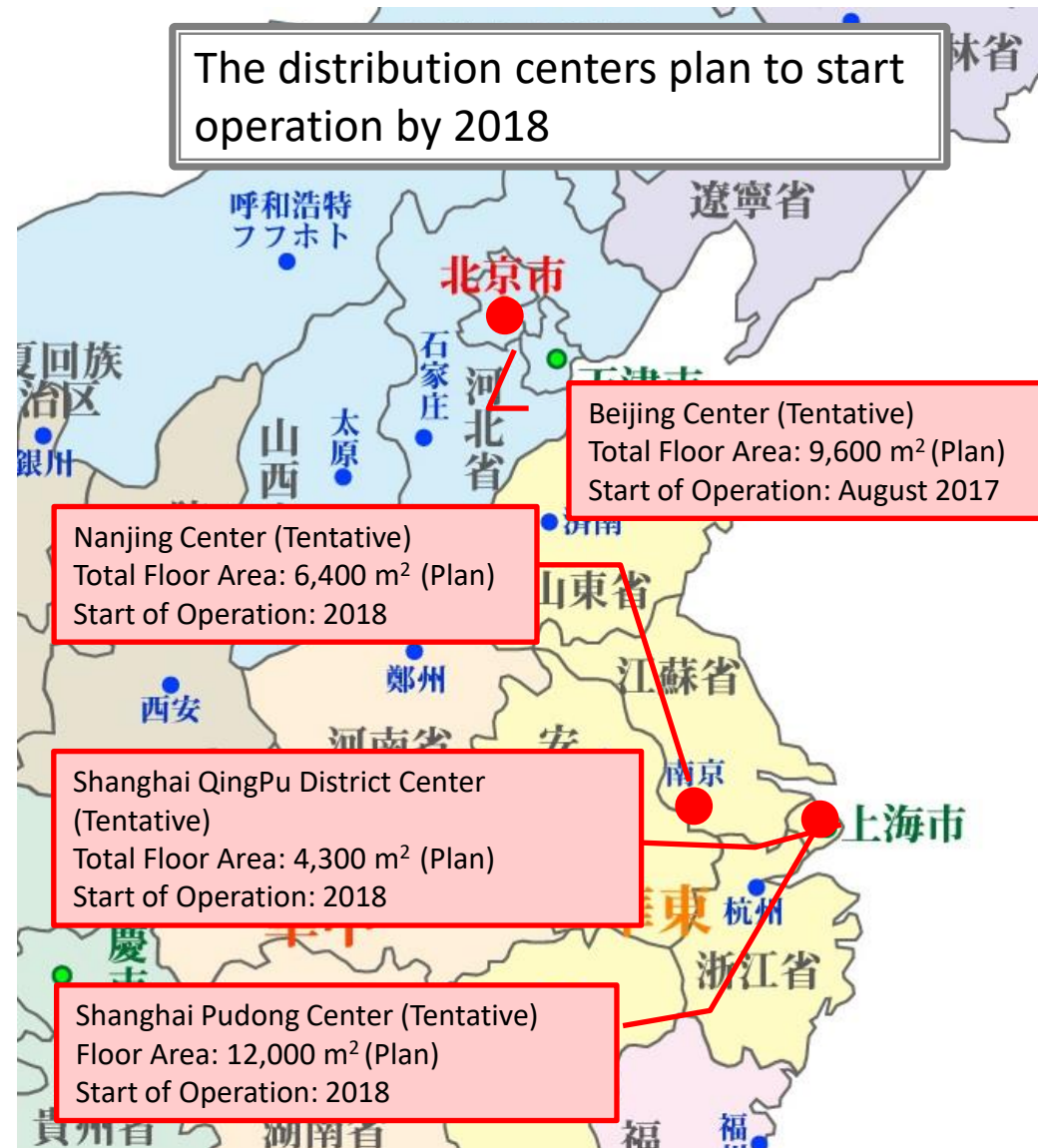


4. Expanding International Distribution Business

SENKO

(4) Building Frozen and Cold Logistics Network in China

- ◎ Build a freezer and cold logistics network in eight cities in China, primarily in Beijing, Nanjing, Shanghai, Hangzhou, Wuhan, Chongqing, Chengdu, and Guangzhou
- ◎ Plan to start operation of the first logistics center in Beijing in August 2017



4. Expanding International Distribution Business

(5) Building New Logistics Center in Busan New Port, South Korea



NH-SENKO Logistics Center (Tentative)

- Location: Changwon City, South Korea
- Total Floor Area: 23,000 m² (Plan)
- Plan to Start Operation: October 2017

- ◎ Established a joint venture with Niigata Unyu and a South Korean company
- ◎ NH-SENKO Logistics Center is the second logistics center following the KO-SENKO Logistics Center (which started operation in March 2014)

Company Name	NH-SENKO Logistics
Headquarters	Changwon City, South Gyeongsang Province, South Korea
Representative	Akiyoshi Fujiwara
Established	July 2015
Capital	4 billion KRW (¥360 million)
Investment Ratio	Senko 55% Niigata Unyu 10% Hwasung Express 35%

5. Expanding Trading and Commerce Business

(1) Shifted Each Corporation Product of the Group to In-House Logistics

Storage the Smile's Products at Senko's Warehouse

Senko		Smile		Floor Area
Branch	Sales Office	Department	Goods	
Saitama Minami Branch	Sayama PD Center	Consumer Goods Industries, Package	Furniture, Package Materials	11,600 m ²
	Toda PD Center	Package	Package Materials	2,600 m ²
Kashiwa Branch	Kashiwa PD Center	Package	Disposable Shopping Bags	500 m ²
Shizuoka Branch	Hamamatsu PD Center	Consumer Goods Industries	Furniture	300 m ²
Sapporo Main Responsible Branch	Sapporo PD Center	Package	Package Materials	50 m ²
Kita Kyushu Branch	Nakatsu Sales Office	Package	Package Materials	150 m ²
Osaka Main Responsible Branch	Higashi Osaka No. 1 PD Center	Package	Package Materials	1,000 m ²
Kyushu Main Responsible Branch	Tosu Sales Office	Consumer Goods Industries	Furniture	300 m ²
			Total	16,500 m ²

◎ Added one business base since last year, and the floor space used increased by 5,000 m²

5. Expanding Trading and Commerce Business

SENKO

(2) New Product Development and Expansion of the Sales Channel for Existing Products

◎ Developed new products



Kitchen paper (AST)



Cyclone Cleaner (Smile)

◎ Expanding sales channel of existing products



Bread entering the cans (Ast)



Steam iron (Smile)

6. Measures for New Business Areas

(1) Established a subsidiary Company, Entered the Real Estate Business

© Establish SENKO REAL ESTATE Co., Ltd. and started business in August

(2) Made a Company Specializing in Nursing Care a Subsidiary and Entered the Nursing Care Business

Company Name	Keihanna Helper Station Co., Ltd.
Headquarters	Nara City, Nara Prefecture
Representative	Yoshinobu Kubo
Established	April 1999
Business	Visiting care, day care, in-home care service, private nursing homes for the elderly, elder care taxi service
Number of Employees	191



(3) Converting a Company Dormitory for Single Employees in Nara City into a Private-Home-Type Nursing Home for the Elderly

Location	Nara City, Nara Prefecture
Building Structure	RC, 3F
Facility Overview	40 rooms with common dining room, bath-room and parlor
Plan to Open	October 2017



7. Upgrading Operation System

(1) Increasing Our Own Fleet

		(Number of trucks)			
		FY ended March 31, 2016	FY ending March 31, 2017	2Q ending March 31, 2017	
		(Results)	(Plan)	(Results)	(Progress)
Change during period	Increase	190	400	167	42%
	ACROSS TRANSPORT	—	191	192	—
	Total increase	190	591	359	61%
Number at end of period		4,000	4,591	4,359	—

Note: Numbers exclude trailers.

(2) Promoting Modal Shifts

- ◎ Received the Award from the Japan Association for Logistics and Transport in June, for our initiatives to switch the means of transportation of alcohol beverages from the Kyushu region to a nation-wide in Japan from trucks to railways forwarding
- ◎ Changing the long-distance transportation for beverage and housing components from trucks to railway forwarding and maritime transport



8. Improving Our Financial Position

Transferred Seven Logistics Centers to a Private REIT, Senko Private REIT Inc.

- ◎ Also this year, we transferred the seven logistics centers to a private REIT in September.
The transfer price was ¥17.2 billion.



Kita Hiroshima PD Center
(Kita Hiroshima City, Hokkaido)



Hokkaido RDC
(Kita Hiroshima City, Hokkaido)



Tohoku RDC
(Taiwa Town, Miyagi Prefecture)



Noda No. 2 PD Center
(Noda City, Chiba Prefecture)



Sayama PD Center
(Sayama City, Saitama Prefecture)



Nagoya No. 2 PD Center
(Nagoya City, Aichi Prefecture)



Fukuoka PD Center
(Fukuoka City, Fukuoka Prefecture)

(1) Establishing SENKO UNIVERSITY

- ◎ Targeting strategic training to further develop personnel, making them more highly skilled and more specialized



(2) Establishing Development Support System for In-House Entrepreneurs

- ◎ New businesses under detailed consideration

Concept café (opening October 27)

Music distribution service

Sales of *bento* (lunchbox) goods

Support service for foreigners who start working in Japan

Foreign exchange service for foreign tourists

Deforestation business

New logistics service for hospitals

10. 100th Anniversary Party

SENKO



Moving Global

Go beyond logistics, make the world go round, revolutionize business



A logistics information company
that can be trusted upon both in Japan and overseas

Senko is preparing to celebrate
the 100th anniversary of its foundation in 2016.

Contact

Public Relations Investor Relations Group,
President Office

Senko Co., Ltd.

531-6115

1-1-30 Oyodonaka, Kita-ku, Osaka

TEL : 06-6440-5156

FAX : 06-6440-5148

URL : <http://www.senko.co.jp/en/>