

Briefing Material for Business Results

Section 1 Summary of Results First Half of the Fiscal Year Ending March 31, 2018

Section 2 Forecast for Fiscal year ending March 31, 2018

Section 3 Recent Business Developments

November 2017

Section 1

Summary of Results

First Half of the Fiscal Year Ending March 31, 2018

(From April 1, 2017 to September 30, 2017)

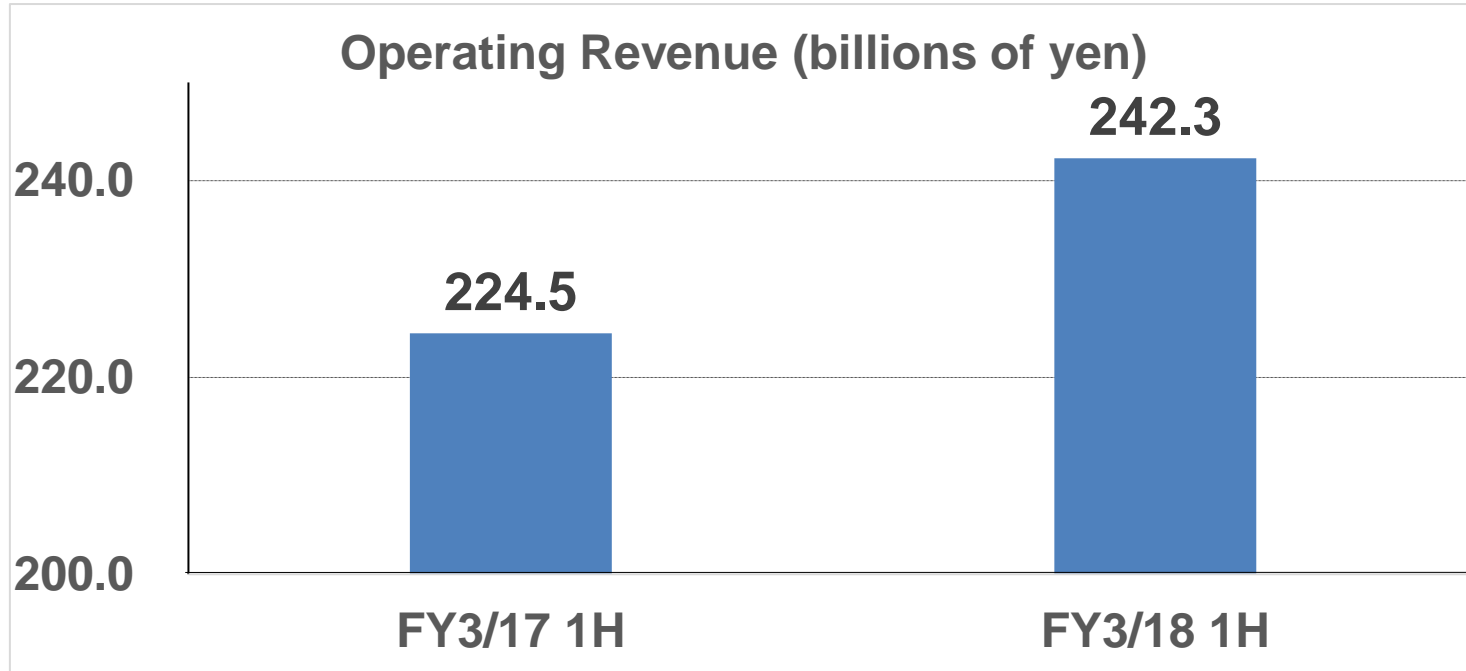
1. Summary of Results (1st half)

(Millions of yen, %)

	FY3/17		FY3/18		YoY Change	
	1H	Margin	1H	Margin	1H	
					Amount	%
Operating revenue	224,521	—	242,300	—	17,779	7.9
Operating income	8,875	4.0	7,991	3.3	△ 884	△ 10.0
Ordinary income	8,741	3.9	8,025	3.3	△ 716	△ 8.2
Profit attributable to owners of parent	4,471	2.0	4,351	1.8	△ 119	△ 2.7

Year on year

up ¥17.8 billion (+7.9%)



(Positive factors)

Sales expansion to new customers, price revisions, and M&As (NIPPON MARINE CO., LTD. and EIKICHI KAIUN CO., LTD.)

(Negative factors)

Decrease in existing cargo volume

3. Summary of Results: Operating Revenue by Segment **SENKO**

(Billions of yen, %)

		FY3/17 1H	FY3/18 1H	YoY Change 1H		Breakdown		
				Amount	%	M&A	New & Existing	
							Amount	%
	Retail Product Logistics	88.7	93.4	4.7	5.3		4.7	5.3
	Housing Logistics	30.1	29.7	(0.4)	(1.3)		(0.4)	(1.3)
	Chemicals Logistics	24.8	33.0	8.2	33.1	7.0	1.2	4.8
	Others	13.9	14.3	0.4	3.1		0.4	3.1
	Logistics Total	157.5	170.4	12.9	8.2	7.0	5.9	3.7
	Trading & Commerce	64.7	68.6	3.9	6.0		3.9	6.0
	Others	2.3	3.3	1.0	40.8		1.0	40.8
	Total	224.5	242.3	17.8	7.9	7.0	10.8	4.8

* International revenue included in the above

International revenue *	11.3	12.5	1.2	10.6
Composition (%)	5.0	5.1		

International revenue **	13.2	14.4	1.1	8.7
---------------------------------	-------------	-------------	------------	------------

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

(Retail Product Logistics)

- Revenue increased due to sales growth in mass merchandise, retail, food and apparel-related areas.

(Housing Logistics)

- Revenue decreased due to a decline in existing cargo volume, despite sales promotions.

(Chemical Logistics)

- Revenue increased due to M&As (NIPPON MARINE CO., LTD., etc.) and sales growth.

(Trading & Commerce)

- Revenue grew in commerce sales and sales of petroleum products.

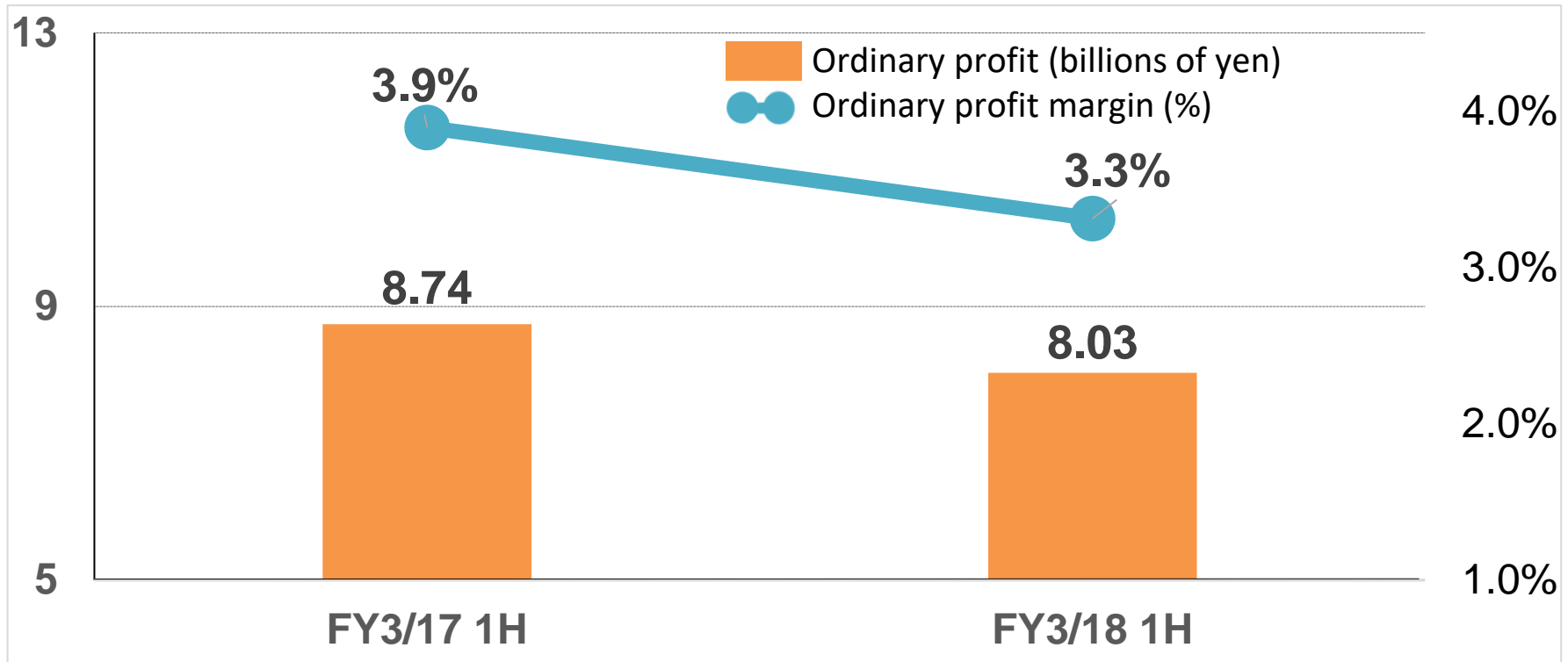
(Others)

- Revenue increased from the call center business, staffing services and solar power sales.

4. Summary of Results: Income

SENKO

Year on year **Ordinary Profit** **down ¥0.72 billion (8.2%)**



(Positive factors)

Sales growth to new customers, price revisions and M&As (NIPPON MARINE CO., LTD., etc.)

(Negative factors)

Decrease in existing cargo volume, processing the net defined benefit liability, a rise in fuel prices and rising expenses for outsourcing

5. Summary of Results (Reportable Segment)

SENKO

(Billion of Yen, %)

Operating revenues	FY ending March 31, 2017		FY ending March 31, 2018		YoY Change	
	2Q		2Q		Amount	%
Logistics	157.5		170.4		12.9	8.2
Trading & Commerce	64.7		68.6		3.9	6.0
Others	2.3		3.3		1.0	40.8
Consolidated F/S	224.5		242.3		17.8	7.9

(Billion of Yen, %)

Operating income	FY ending March 31, 2017		FY ending March 31, 2018		YoY Change	
	2Q	Margin	2Q	Margin	Amount	%
Logistics	7.0	4.5	6.2	3.7	(0.8)	(11.3)
Trading & Commerce	1.6	2.5	1.4	2.1	(0.2)	(11.8)
Others	0.4	17.7	0.5	15.7	0.1	24.4
Adjustment	(0.2)	-	(0.2)	-	-	-
Consolidated F/S	8.9	4.0	8.0	3.3	(0.9)	(10.0)

6. Summary of Results (Comparison with the Plan)

SENKO

(Millions of yen, %)

	FY3/18 1H		FY3/18 1H		VS. Plan	
	Plan	Margin	Results	Margin	Change	%
Operating revenues	237,000	—	242,300	—	5,300	2.2
Operating income	7,700	3.2	7,991	3.3	291	3.8
Ordinary income	7,900	3.3	8,025	3.3	125	1.6
Profit attributable to owners of parent	3,900	1.6	4,351	1.8	451	11.6

7. Balance Sheets

SENKO

(Billions of yen)

ASSETS		
As of September 30 , 2017	Change	Note
Current assets		
116.81	8.11	
Cash and deposits	(0.63)	
Notes and accounts receivable	8.02	
Inventories	0.39	
Others	0.33	
Noncurrent assets		
194.48	17.30	
Property, plant and equipment *	(4.37)	(Major capex)
Buildings and structures	1.03	
Land	13.60	
Others		
Intangible assets	0.87	
Investments and other assets		
Investment securities	4.72	
Guarantee deposits	0.56	
Others	0.90	
Total deferred assets		
0.07	(0.01)	
Total assets		
311.36	25.40	

Note) Decrease in noncurrent assets 10 billion by sales to REIT.

LIABILITIES AND NET ASSETS		
As of September 30 , 2017	Change	Note
Current liabilities		
99.71	5.79	
Notes and operating accounts payable—trade	2.65	
Electronically recorded obligations—operating	0.66	
Provision for bonuses	0.63	
Others	1.86	
Noncurrent liabilities		
91.44	13.49	
Long-term loans payable	12.49	
Others	1.00	
Total liabilities		
191.15	19.28	
Capital stock	26.53	
Capital surplus	25.40	
Retained earnings	51.49	
Treasury stock	(0.43)	
Others	17.21	
Total net assets		
120.21	6.12	
Total liabilities and net assets		
311.36	25.40	

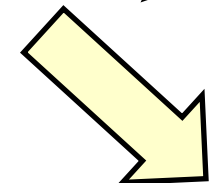
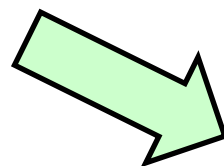
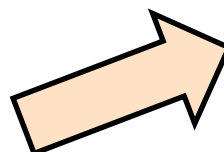
Equity ratio
Mar. 31,2017 **35.1%**
Sep. 30,2017 **33.5%**

Interest-bearing debts		
97.50	12.34	
Debt Equity Ratio		
Mar. 31,2017		29.8%
Sep. 30,2017		31.3%

8. Statements of Cash Flows

(Billions of yen)

	FY 3/16 1H	FY 3/17 1H
Cash flows from operating activities	10.69	10.73
Cash flows from investing activities	7.32	(10.73)
Cash flows from financing activities	(3.80)	(0.92)
Cash and cash equivalents at end of year	31.74	25.31



Selected Items

Profit before income taxes	7.94
Depreciation and amortization	5.82
Decrease (increase) in notes and accounts receivable-trade	(4.10)
Increase (decrease) in accrued consumption taxes	1.26
Proceeds from subsidy income	1.25
Income taxes paid	(3.07)
Purchase of property, plant and equipment	(13.72)
Proceeds from sales of property, plant and equipment	10.49
Purchase of shares of subsidiaries and associates	(5.53)
Payments for investments in capital of subsidiaries and associates	(1.08)
Decreased borrowing	2.77
Repayments of finance lease obligations	(1.60)
Cash dividends paid	(1.68)

Section 2

Forecast for

Fiscal year ending March 31, 2018

(From April 1, 2017 to March 31, 2018)

1. Summary of Forecast

(Millions of yen, %)

	FY3/17		FY3/18		YoY Change	
	Results	Margin	Plan	Margin	Amount	%
Operating revenues	455,435	—	500,000	—	44,565	9.8
Operating income	17,081	3.8	18,000	3.6	919	5.4
Ordinary income	17,301	3.8	18,300	3.7	999	5.8
Profit attributable to owners of parent	8,950	2.0	9,900	2.0	950	10.6

2. Summary of Forecast : Revenue

SENKO

Year on year

up ¥44.6 billion (+9.8%)

- Revenue growth ⇒ + ¥ 32.1 bn.
- Price revision ⇒ + ¥ 0.1 bn.
- Business Partnership & M&A
(NIPPON MARINE CO., LTD.) ⇒ + ¥ 17.1 bn.
- Existing cargo volume ⇒ (¥ 5.6 bn.)



(Billions of yen, %)

	FY3/17	FY3/18	YoY Change	
	Results	Plan	Amount	%
Operating revenues	455.4	500.0	44.6	9.8

3. Summary of Forecast by Segment

SENKO

(Billions of yen, %)

		FY 3/17 Results	FY 3/18 Plan	YoY Change		YoY Breakdown			
				Amount	%	Revenue growth	Price revision	M &A	Existing cargo volume
	Retail Product Logistics	177.6	194.1	16.5	9.3	17.2	0.4	3.1	(4.2)
	Housing Logistics	60.9	61.0	0.1	0.3	2.0	0.2		(2.0)
	Chemicals Logistics	51.1	67.2	16.1	31.5	2.8	0.2	13.2	(0.1)
	Others	28.4	29.2	0.8	2.9	2.9	0.1		(2.2)
Distribution Total		318.0	351.5	33.5	10.6	24.9	0.9	16.3	(8.5)
Trading & Commerce		132.9	141.7	8.8	6.6	6.4		0.8	1.6
Others		4.6	6.8	2.2	48.9	0.8			1.4
Total		455.4	500.0	44.6	9.8	32.1	0.9	17.1	(5.5)

International revenue*	22.7	24.6	1.8	8.1
Composition (%)	5.0	4.9		

* International revenue included in the above

International revenue**	26.6	29.2	2.6	9.8
-------------------------	------	------	-----	-----

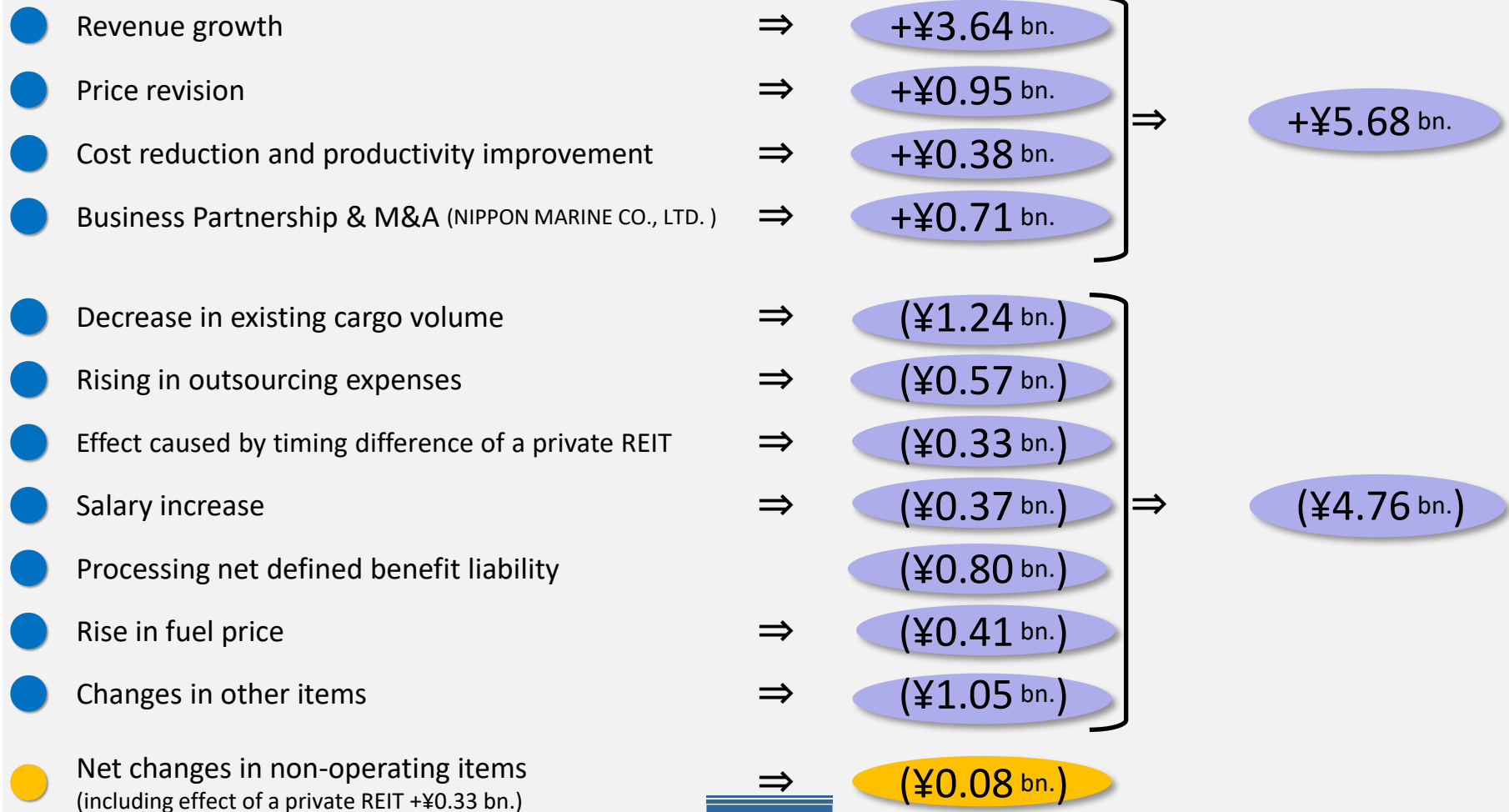
** International revenue including that of non-consolidated subsidiaries and affiliated companies

4. Summary of Forecast : Income

SENKO

Year on year Ordinary Income

up ¥1.0 billion (+5.8%)



(Billions of yen, %)

	FY3/17		FY3/18		YoY Change	
	Results	Margin	Plan	Margin	Amount	%
Operating income	17.08	3.8	18.00	3.6	0.92	5.4
Ordinary income	17.30	3.8	18.30	3.7	1.00	5.8

5. Summary of Forecast (Reportable Segment)

SENKO

(Billion of Yen, %)

Operating revenues	FY 3/17 Results	FY 3/18 Plan	YoY Change	
			Amount	%
Logistics	318.0	351.5	33.6	10.6
Trading & Commerce	132.9	141.7	8.8	6.6
Others	4.6	6.8	2.2	48.9
Consolidated F/S	455.4	500.0	44.6	9.8

(Billion of Yen, %)

Operating income	FY 3/17		FY 3/18		YoY Change	
	Results	Margin	Plan	Margin	Amount	%
Logistics	13.4	4.2	14.2	4.0	0.7	5.5
Trading & Commerce	3.2	2.4	3.1	2.2	(0.1)	(3.4)
Others	0.9	19.0	1.2	17.0	0.3	33.3
Adjustment	(0.4)	-	(0.4)	-	-	-
Consolidated F/S	17.1	3.8	18.0	3.6	0.9	5.4

6. Summary of Forecast (2nd half)

SENKO

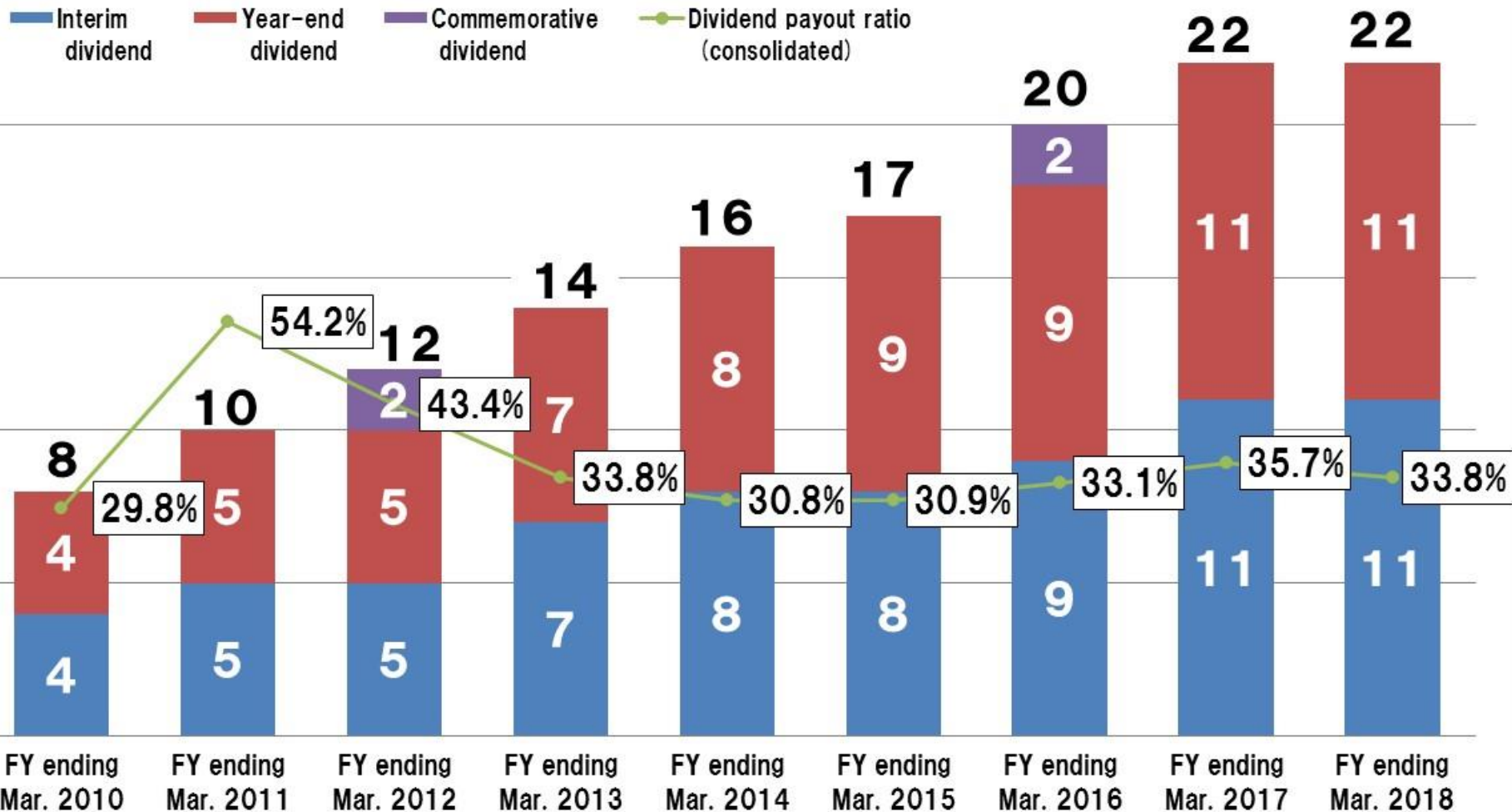
(Millions of yen, %)

	FY3/18 2H Announced in May		FY3/18 2H Announced in Nov.		Change	
	Plan	Margin	Plan	Margin	Amount	%
Operating revenues	263,000	—	257,700	—	(5,300)	(2.0)
Operating income	10,300	3.9	10,009	3.9	(291)	(2.8)
Ordinary income	10,400	4.0	10,275	4.0	(125)	(1.2)
Profit attributable to owners of parent	6,000	2.3	5,549	2.2	(451)	(7.5)

7. Dividends

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

(Forecast)



Section 3

Recent Business Developments

1. Expanding the Logistics Center Business

(1) Logistics Center Business

(i) Logistics centers that started operations during the first half of FY2017

	Name		Location	Start of operations	Floor area	Operating company
Japan	1	Yokkaichi No. 2 PD Center	Yokkaichi City Mie Pref.	May 2017	10,800 m ²	SENKO Co., Ltd.
	2	Ranzan Logistics Center*	Ranzan-machi Saitama Pref.	June 2017	22,300 m ²	Saitama Senko Logiservice Co., Ltd.
	3	Zama Logistics Center*	Zama City Kanagawa Pref.	June 2017	21,200 m ²	SENKO Co., Ltd.
	4	Shin Komaki PD Center	Oguchi-cho Aichi Pref.	July 2017	30,400 m ²	SENKO Co., Ltd.
	5	Aomori Logistics Center*	Goshogawara City Aomori Pref.	Sept. 2017	4,000 m ²	SENKO Co., Ltd.
Japan total					88,700 m ²	

* Rented warehouses



Yokkaichi No. 2 PD Center



Ranzan Logistics Center



Zama Logistics Center



Shin Komaki PD Center



Aomori Logistics Center

1. Expanding the Logistics Center Business

(1) Logistics Center Business

(ii) Logistics centers planned to start operations during the second half of FY2017

	Name	Location	Start of operations	Floor area	Operating company
Japan	1 Shin Fuji PD Center*	Fuji City Shizuoka Pref.	Oct. 2017	21,500 m ²	SENKO Co., Ltd.
	2 Fujiidera Logistics Center*	Fujiidera City Osaka Pref.	Dec. 2017	11,900 m ²	SENKO Co., Ltd.
	3 Hiroshima PD Center	Hiroshima City	Dec. 2017	26,600 m ²	SENKO Co., Ltd.
	4 Hiroshima No. 2 Center (cold and freezer logistics)	Higashihiroshima City Hiroshima Pref.	Mar. 2018	9,900 m ²	RUNTEC Co., Ltd.
	5 Keiji Daimon Dangerous Goods Warehouse (phase 2 of the plan)	Moriyama City Shiga Pref.	Mar. 2018	2,000 m ²	SENKO Co., Ltd.
	6 Higashifuji PD Center	Fuji City Shizuoka Pref.	Mar. 2018	21,900 m ²	SENKO Co., Ltd.
Japan total				93,800 m ²	
Overseas	7 NH-SENKO Logistics Center	Changwon South Korea	Oct. 2017	23,400 m ²	NH-SENKO LOGISTICS CO., LTD.
	8 Hanoi Logistics Center	Hung Yen Vietnam	Jan. 2018	19,900 m ²	SENKO DISTRIBUTION SERVICE (VIETNAM) CO., LTD.
Overseas total				43,300 m ²	
Total				137,100 m ²	

* Rented warehouses

1. Expanding the Logistics Center Business

(1) Logistics Center Business

(iii) Logistics centers planned to start operations during FY2018

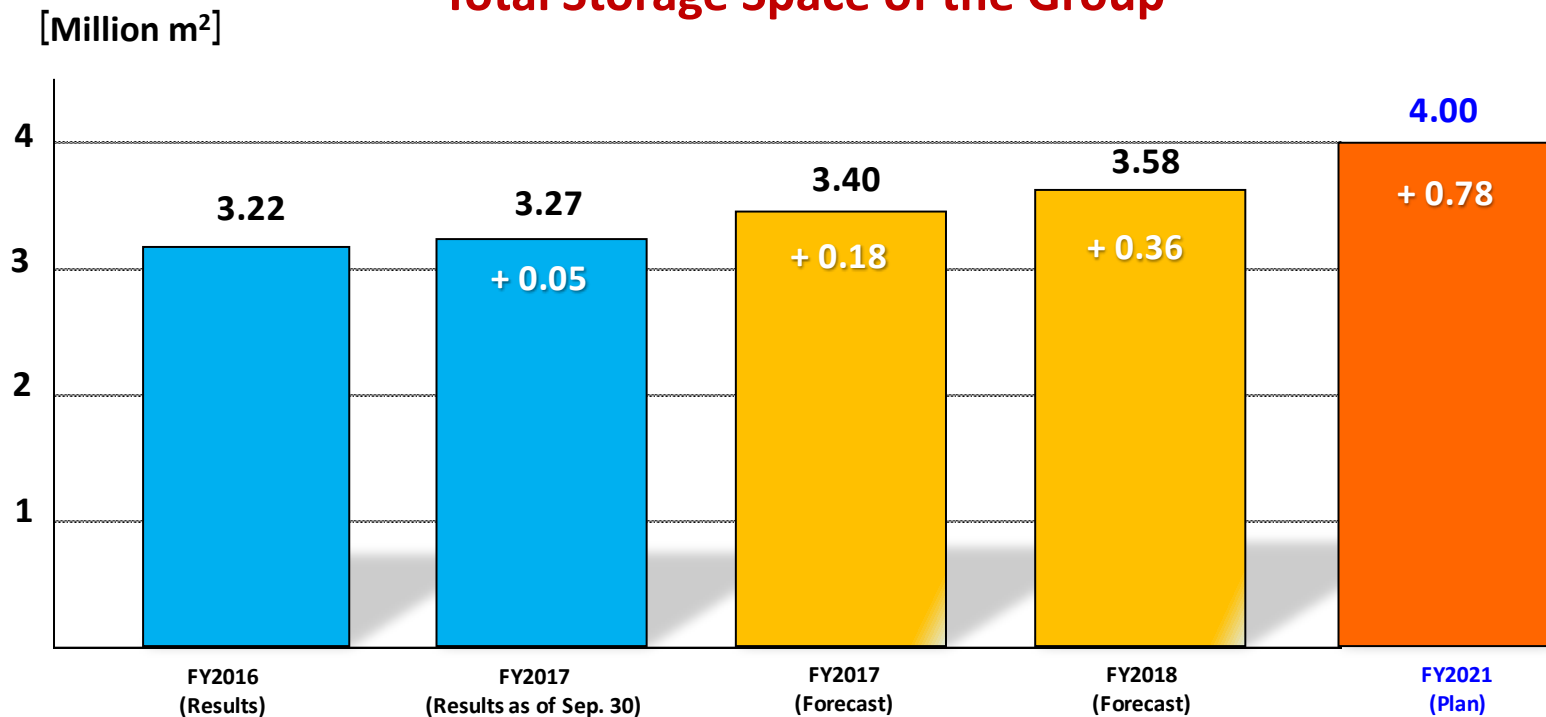
		Name	Location	Start of operations	Floor area	Operating company
Japan	1	Osaka Nanko Center (cold and freezer logistics)	Osaka City	Apr. 2018	20,400 m ²	RUNTEC Co., Ltd.
	2	Fukuoka Center (cold and freezer logistics)	Hisayama-machi Fukuoka Pref.	Apr. 2018	12,000 m ²	RUNTEC Co., Ltd.
	3	Nagareyama Logistics Center*	Nagareyama City Chiba Pref.	May 2018	21,600 m ²	SENKO Co., Ltd.
	4	Koga PD Center*	Koga City Ibaraki Pref.	Aug. 2018	26,000 m ²	SENKO Co., Ltd.
	5	Kazo PD Center* (phase 2 of the plan) Three-temperature zone (cold, freezer, and normal temperature)	Kazo City Saitama Pref.	Aug. 2018	52,000 m ²	SENKO Co., Ltd. and RUNTEC Co., Ltd.
	6	Oita PD Center	Oita City	Mar. 2019	16,200 m ²	SENKO Co., Ltd.
Japan total					148,200 m ²	
Overseas	7	Shanghai Logistics Center*	Shanghai China	Apr. 2018	23,800 m ²	Shanghai Senko International Freight Forwarding Inc.
	8	Beijing Logistics Center (cold and freezer logistics)*	Beijing China	May 2018	9,600 m ²	Sinotrans Senko International Cold Logistics (Shanghai) Co., Ltd.
Overseas total					33,400 m ²	
Total					181,600 m ²	

* Rented warehouses

(1) Logistics Center Business

(iv) Toward structures with a total storage space of four million square meters, a target of the Medium-Term Business Plan

Total Storage Space of the Group



1. Expanding the Logistics Center Business

(2) Expanding the Physical Distribution Business for Drugstores

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

- Receiving orders for physical distribution at five bases: Yokkaichi, Komaki, Moriyama, Nishikobe, and Kadoma, since FY2015

(ii) Expanding physical distribution business for W Corporation in Higashinihon region

- The following two logistics centers started operations in FY2017.
- Logistics centers that have already started operations (up to today) are in six bases: Fuji, Atsugi, Komaki, Hino, Ranzan and Aomori.

June 2017	Ranzan Logistics Center	Ranzan-machi, Saitama Pref.
Sep. 2017	Aomori Logistics Center	Goshogawara City, Aomori Pref.

- Current Fuji base is planned to be relocated to the following new center.

Mar. 2018 (planned)	Higashifuji PD Center	Fuji City, Shizuoka Pref.
------------------------	-----------------------	---------------------------



Higashifuji PD Center

(iii) Receiving orders for physical distribution business for C Corporation

- Receiving orders for physical distribution at two bases: Senko Komaki and Runtec Nagoya, since FY2015
- Receiving orders for physical distribution for stores in Shizuoka Prefecture, and Shin Fuji PD Center started operations in October 2017

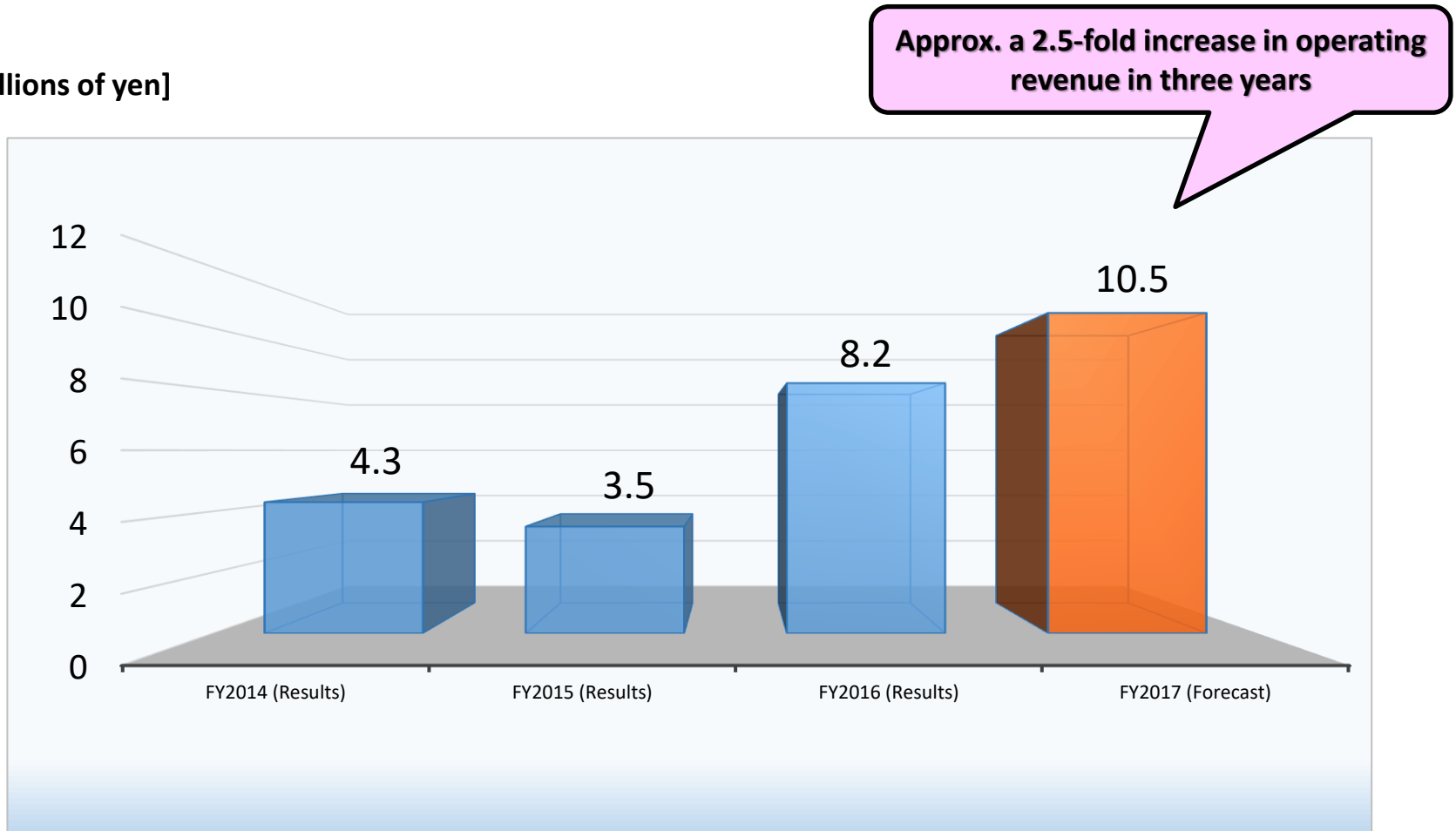
Oct. 2017	Shin Fuji PD Center	Fuji City, Shizuoka Pref.
-----------	---------------------	---------------------------

1. Expanding the Logistics Center Business

(2) Expanding the Physical Distribution Business for Drugstores

(iv) Operating revenue: physical distribution for drugstores

[Billions of yen]

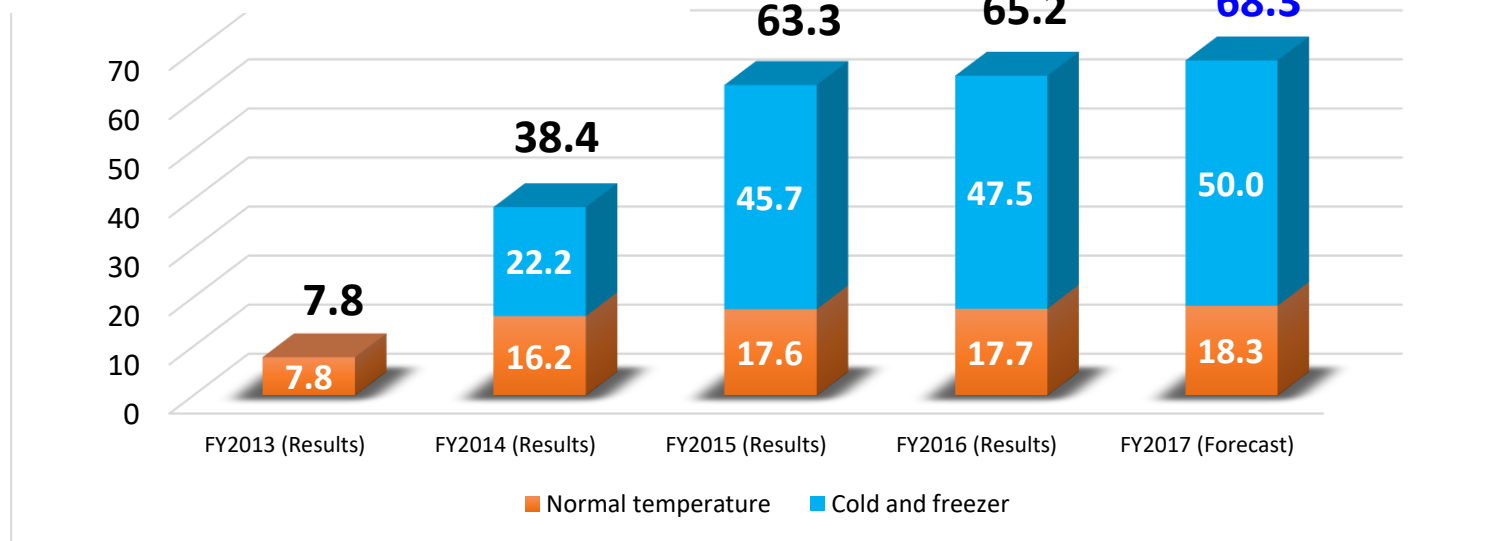


1. Expanding the Logistics Center Business

(3) Expanding Food-Related Three-Temperature Zone Logistics

< Operating revenue for food distribution >

[Billions of yen]



◎ Cold and freezer logistics centers to be opened in the future

Mar. 2018	Hiroshima No. 2 Center	Higashihiroshima City, Hiroshima Pref.	9,900 m ²
Apr. 2018	Osaka Nanko Center	Osaka City	20,400 m ²
Apr. 2018	Fukuoka Center	Hisayama-machi, Fukuoka Pref.	12,000 m ²
Aug. 2018	Kazo PD Center (phase 2 of the Plan)	Kazo City, Saitama Pref.	Normal temperature: 24,000 m ² Cold and freezer: 28,000 m ²
Apr. 2019	Kansai Center	Nishinomiya City, Hyogo Pref.	30,000 m ²
Apr. 2019	Moji Center	Kitakyusyu City, Fukuoka Pref.	13,600 m ²

© **Acquired Anzen Yuso CO., LTD. as a subsidiary in Oct. 2017 to increase the Group's directly managed fleet**

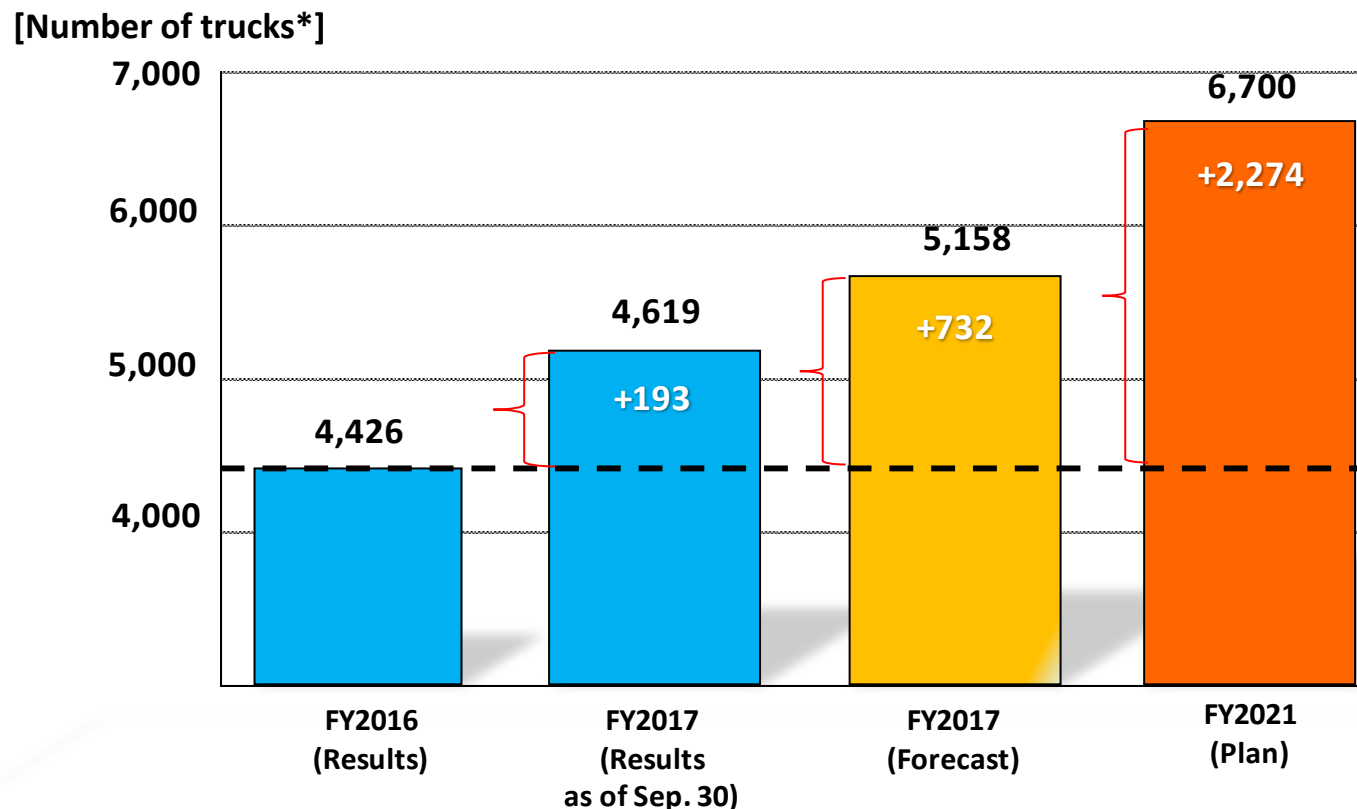
Company Name	Anzen Yuso CO., LTD.
Headquarters	Totsuka-ku, Yokohama City, Kanagawa Pref.
Established	Dec. 1972
Capital	¥90 million
Operating revenue	¥6.4 billion (FY ended May 31, 2017)
Services	<ul style="list-style-type: none"> - Shipping by truck (transporting) - Home delivery - Moving - Warehousing
Number of Employees	720

Fleet of Trucks	
Type	Number of trucks
Normal temperature	279
Cold & freezer	118
Total	397



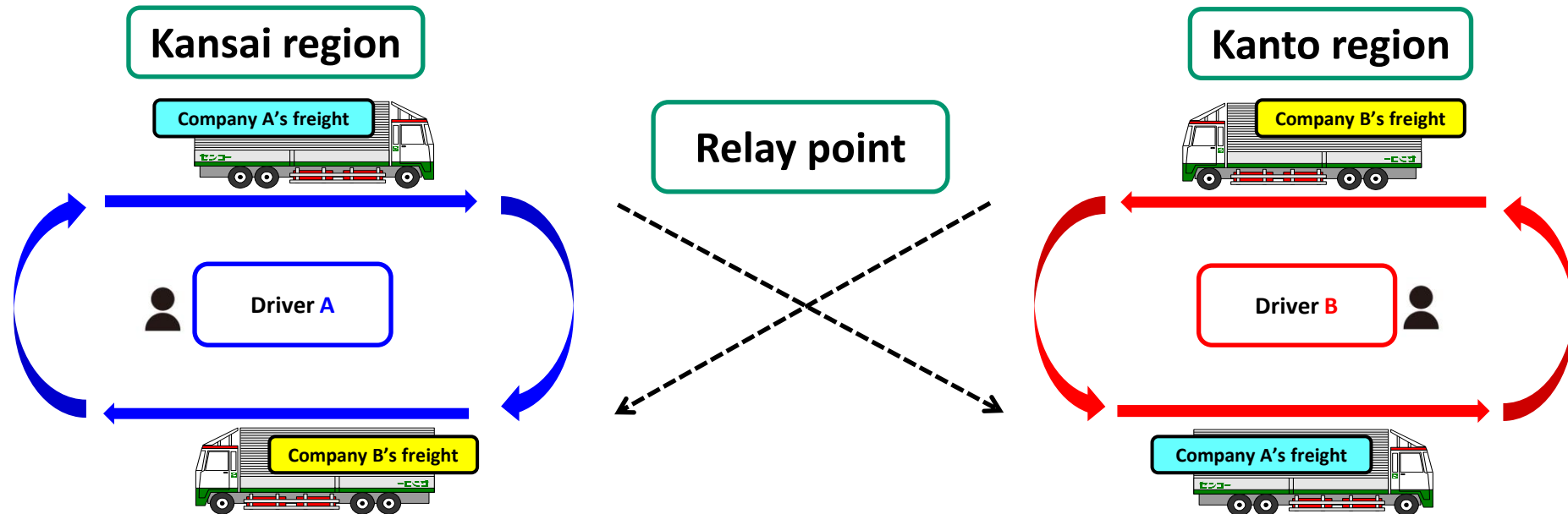
◎ Toward a structure with 6,700 trucks directly managed by the Group

Trucks Directly Managed by the Group



*The number is based on the number of head

◎ Expanding long-distance docking routes



73 docking routes are currently in operation

4. Promoting Modal Shifts

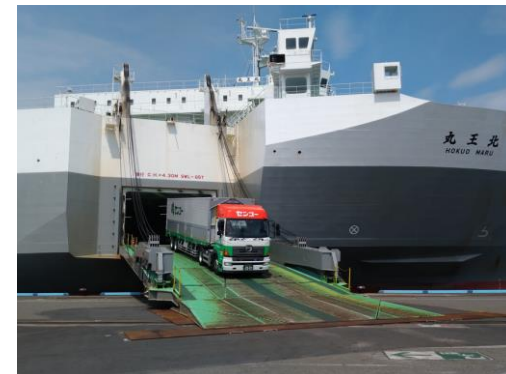
(i) Comprehensive Efficiency Plan by the Ministry of Land, Infrastructure, Transport and Tourism: certified for 4 modal shifts

Freight	Conventional transport mode	New transport mode	Reduction effects (Annual rate)	
			CO ₂	Driving time
Cold and frozen food	Long-distance trucking	Railroad forwarding (31 ft. privately-owned refrigerated container)	66%	72%
Beverages	Long-distance trucking	Railroad forwarding (container)	64%	82%
Processed oil	Long-distance trucking	Marine transport (ferry)	35%	88%
Housing materials	Long-distance trucking	Marine transport (RORO ship)	10%	82%



(ii) The 18th Logistics Environment Special Award: received for 3 modal shifts

Freight	Conventional transport mode	New transport mode	Reduction effects (Annual rate)	
			CO ₂	Driving time
Apparel products	Long-distance trucking	Railroad forwarding (31 ft. container)	71%	81%
Cold and frozen food	Long-distance trucking	Railroad forwarding (31 ft. privately-owned refrigerated container)	57%	67%
Housing materials	Long-distance trucking	Marine transport (RORO ship)	28%	84%



(iii) Modal shift rate at SENKO Co., Ltd.: 65% (for transportation distances over 500 km)

[Trading & Commerce]

- © **Securing manufacturing capability to improve product development strengths and price competitiveness**



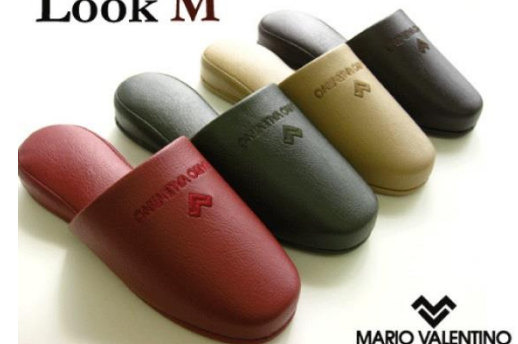
[Trading & Commerce]

© Welcoming a manufacturer, Okumura Co., Ltd., into the Group to enhance Trading & Commerce (September 2017)

Company Name	Okumura Co., Ltd.
Headquarters	Nipponbashi Higashi, Naniwa-ku, Osaka City
Established	Apr. 1949 (founded in 1895)
Capital	¥16 million
Sales	¥1.5 billion (FY ended Dec. 31, 2016)
Services	- Manufacture and sales of slippers and living interior goods - Sales of sandal products
Number of employees	64



Look M



[Living Support]

◎ **Acquired a preventive long-term care service company, Venus corporation, as a subsidiary (October 2017)**

Company Name	Venus corporation
Headquarters	Sakai-ku, Sakai City, Osaka Pref.
Established	Mar. 2004
Capital	¥30 million
Sales	¥2.3 billion (FY ended Mar. 31, 2017)
Services	- Rehabilitation-focused and fitness-focused half day elderly service - Home visit nursing service
Number of employees	715



5. Expanding the Business Domains

[Living Support]

◎ Acquired a fitness club management company,
BLUE EARTH Co., Ltd., as a subsidiary (September 2017)

Company Name	BLUE EARTH Co., Ltd.
Headquarters	Osatocho, Kofu City, Yamanashi Pref.
Established	Feb. 1989
Capital	¥35 million
Sales	¥1 billion (FY ended Mar. 31, 2017)
Services	- Fitness club management - Fee-based elder care at home, etc.
Number of employees	193



Moving Global

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

Contact:

Public Relations and Investor
Relations Group, President Office

SENKO Group Holdings Co., Ltd.

Tower West 15F, Umeda Sky Bldg.

1-1-30 Oyodonaka, Kita-ku, Osaka 531-6115

TEL: 06-6440-5156

FAX: 06-6440-5148

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