



# **Briefing Material on Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2019**

## Part 1

# Summary of Financial Results for the Second Quarter of the Fiscal Year Ending March 31, 2019 (April through September 2018)

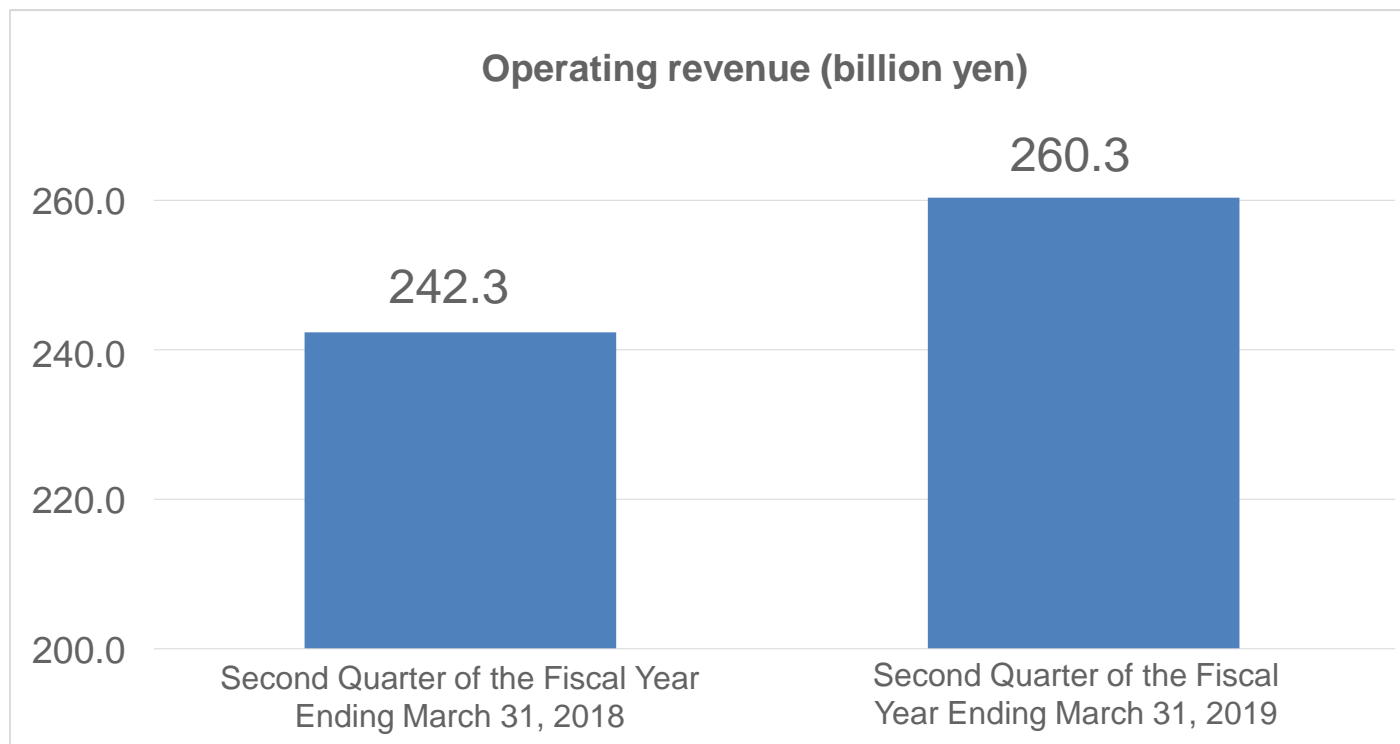
1. Summary of Operating Results for the Second Quarter of the Fiscal Year  
Ending March 31, 2019

**SENKO**

(Million yen, %)

	FY 3/18		FY 3/19		YoY Change	
	1Q	Margin	1Q	Margin	Amount	%
Operating revenues	242,300	—	260,339	—	18,039	7.4
Operating profit	7,991	3.3	9,108	3.5	1,117	14.0
Ordinary profit	8,025	3.3	9,368	3.6	1,343	16.7
Profit attributable to owners of parent	4,351	1.8	5,616	2.2	1,265	29.1

## Operating Revenue Increased by **¥18 billion or 7.4% YoY**



- ◆ Despite the impact of natural disasters, operating revenue increased by ¥18 billion due to the acquisition of new customers, revision of freight charges, YoY change in revenue from M&A (Anzen Yuso and Okumura), and the effect of newly consolidated subsidiaries (three in the Life Support Business\*).

\* Three subsidiaries in the Life Support Business (Keihanna Helper Station, Blue Earth Japan, and Venus)

### 3. Summary of Operating Revenue by Segment for the Second Quarter of the Fiscal Year Ending March 31, 2019

**SENKO**

						(Billion yen, %)	
		FY3/17	FY3/18	YoY Change		YoY Change Breakdown	
				Amount	%	M & A	Others
	Retail Product Logistics	93.4	103.5	10.1	10.8	3.3	6.8
	Housing Logistics	29.7	29.7	0	0.0		0
	Chemicals Logistics	33.0	35.7	2.6	7.9	0	2.6
	Others	14.3	15.2	0.9	6.4		0.9
Distribution Total		170.4	184.0	13.6	8.0	3.3	10.3
Trading & Commerce		68.6	70.4	1.8	2.7	0.8	1.0
Others		3.3	5.9	2.6	78.3		2.6
Total		242.3	260.3	18.0	7.4	6.5	11.5

\* International commerce and trade included in the above

<b>Global logistics</b> (including commerce and trade)	12.5	14.1	1.7	13.3
<b>Composition (%)</b>	5.1	5.4		

\* International commerce and trade including non-consolidated overseas subsidiaries

<b>Global logistics</b> (including commerce and trade)	14.4	17.8	3.4	23.5
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#### Distribution Logistics

- ◆ Operating revenue increased due to the cargo volume from food, apparel, discount stores, and home centers, and YoY change in revenue from M&A.

#### Housing Logistics

- ◆ Despite efforts to acquire new customers, operating revenue remained at the same level as the previous year due to the decrease in cargo volume from existing customers.

#### Chemical Logistics

- ◆ Operating revenue increased due to the increased cargo volume from chemical products, resins, and raw materials.

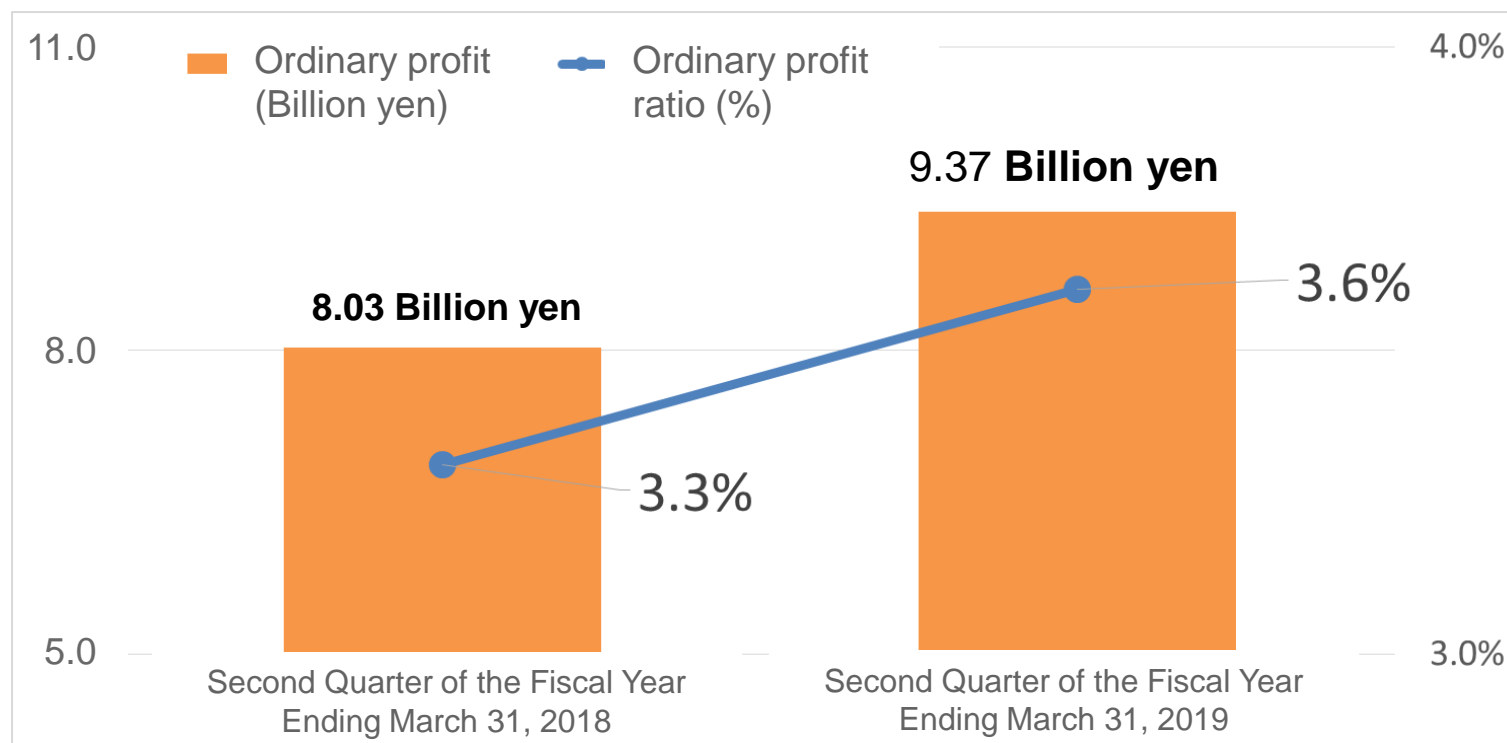
#### Trading and Commerce Business

- ◆ Operating revenue increased due to the acquisition of new customers and YoY change in revenue from "Okumura."

#### Others

- ◆ Operating revenue increased due to the effect of consolidating the Life Support Business subsidiaries.

## Ordinary Profit Increased by ¥1.34 Billion or 16.7% YoY



- ◆ Despite the impact of natural disasters, the rise in truck hiring expenses (including labor), and the impact of fuel prices, ordinary profit increased by ¥1.34 billion due to the acquisition of new customers, revision of freight charges, YoY change in revenue from M&A (Anzen Yuso and Okumura), the effect of increasing sales from the newly consolidated subsidiaries (three in the Life Support Business), and the decreased mathematical treatment amount of retirement benefit obligations.

## 5. Summary of Operating Results by Segment for the Second Quarter of the Fiscal Year Ending March 31, 2019

**SENKO**

( Million yen, % )

Operating revenues	FY3/18 1Q	FY3/19 1Q	YoY Change	
			Amount	%
Logistics	170,424	184,044	13,620	8.0
Trading & Commerce	68,584	70,427	1,843	2.7
Others	3,291	5,868	2,577	78.3
Consolidated F/S	242,300	260,339	18,039	7.4

( Million yen, % )

Operating profit	FY3/18		FY3/19		YoY Change	
	1Q	Margin	1Q	Margin	Amount	%
Logistics	6,227	3.7	7,403	4.0	1,176	18.9
Trading & Commerce	1,422	2.1	1,136	1.6	-286	-20.0
Others	515	15.7	775	13.2	260	50.5
Adjustment	-173	-	-206	-	-33	-
Consolidated F/S	7,991	3.3	9,108	3.5	1,117	14.0

### Logistics Business

Operating revenue increased due to the effect of YoY change in revenue from M&A and the acquisition of new customers in food, apparel, retail, and mass-market businesses.

Despite the impact of natural disasters and the rise in outsourcing costs, operating profit increased due to the acquisition of new customers and the effect of M&A.

### Trading and Commerce Business

Operating revenue increased due to the acquisition of new customers and YoY change in revenue from "Okumura."

Operating profit decreased due to increased logistics and purchase costs.

### Others

Operating revenue increased due to the newly consolidated subsidiaries in the Life Support Business.

Operating profit increased due to the effect of newly consolidated subsidiaries.

6. Summary of Operating Results for the Second Quarter of the Fiscal Year  
Ending March 31, 2019 [Actual vs. Plan]

**SENKO**

(Million yen, % )

	FY ending 3/2019 2Q		FY ending 3/2019 2Q		Actual vs. Plan	
	Plan (Announced in May)	Margin	Actual	Margin	Change (amount)	Change (%)
Operating revenue	260,000	—	260,339	—	339	0.1
Operating profit	9,000	3.5	9,108	3.5	108	1.2
Ordinary profit	9,000	3.5	9,368	3.6	368	4.1
Quarterly net profit attributable to owners of parent	5,400	2.1	5,616	2.2	216	4.0

- ◆ Despite the decreased sales in the Logistics Business and the Trading and Commerce Business, operating revenue increased by ¥0.3 billion due to increased sales in other businesses.
- ◆ Despite the impact of fuel prices and natural disasters, profit increased because the cargo volume from existing customers and the effect of the revision of freight charges exceeded the plans.



# 7. Balance Sheet for the Second Quarter of the Fiscal Year Ending March 31, 2019

**SENKO**

(Billion yen)

Assets		
Item	Change	Summary
<b>Total current assets</b>		
119.77	5.63	
Cash and deposits	1.75	
Trade notes and account receivable	0.70	
Investment securities	2.03	
Inventory assets	0.55	
Others	0.59	
<b>Total non-current assets</b>		
222.91	3.14	
Property, plant and equipment *		
Buildings and structures	9.70	
Land	-0.39	
Others	-7.02	
Intangible non-current assets	0.29	
Investments and other assets		
Investment securities	-0.73	
Security deposit	0.77	
Others	0.53	
<b>Total deferred assets</b>		
0.05	-0.01	
<b>Total assets</b>		
342.73	-8.76	

\* Major capital investment  
 ● Osaka Nanko Center  
 ● Fukuoka Center  
 ● Higashi-Fuji PD Center

Liabilities and net assets		
Item	Change	Summary
<b>Total current liabilities</b>		
110.36	4.31	
Trade notes and account payable	-1.64	
Short-term borrowings	7.53	
Income taxes payable	-1.07	
Provision for bonuses	0.71	
Others	-1.22	
<b>Total non-current liabilities</b>		
108.10	-1.77	
Convertible-bond-type bonds with share acquisition rights	-2.08	
Others	0.31	
<b>Total liabilities</b>		
218.46	2.54	
<b>Total net assets</b>		
124.27	6.21	
Share capital	26.53	
Capital surplus	30.01	
Retained earnings	58.64	
Treasury stock	(0.70)	
Equity of noncontrolling shareholders and others	9.79	
<b>Total liabilities and net assets</b>		
342.73	8.76	

\* Capital adequacy ratio  
 (At the end of the previous fiscal year) **33.7%**  
 (At the end of the current fiscal year) **34.1%**

<b>Interest-bearing liabilities</b>			<b>* Interest-bearing liability ratio</b>
125.27	5.43		(At the end of the previous fiscal year) <b>35.9%</b>
			(At the end of the current fiscal year) <b>36.5%</b>

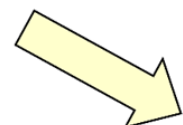
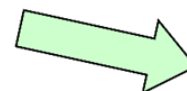
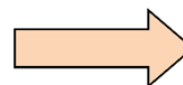
Note) Decrease noncurrent assets ¥7.9 billion by sales to REIT

# 8. Cash Flow Statement for the Second Quarter of the Fiscal Year Ending March 31, 2019

**SENKO**

(Billion yen)

	FY3/18 1Q	FY3/19 1Q
Cash flows from operating activities	10.73	9.34
Cash flows from investing activities	-10.73	-13.13
Cash flows from financing activities	-0.92	2.49
Cash and cash equivalents at the end of the quarter	25.31	23.50



## Selected items

Quarterly net profit before tax and other adjustments	9.17
Depreciation and amortization	7.00
Increase in trade receivables	-0.99
Decrease in trade payables	-1.53
Income taxes paid	-4.63
Others	

Purchase of property, plant and equipment	-16.29
Sale of property, plant and equipment	9.24
Acquisition of shares of affiliated companies	-1.15
Time deposit	-3.04
Acquisition of investment securities	-2.08
Others	

Increase in borrowings	4.27
Repayments of finance lease obligations	-1.98
Proceeds paid by noncontrolling shareholders	2.31
Cash dividends paid	-1.70
Others	

## 9. Main Logistics Centers that Started Operation in the First Half of the Fiscal Year Ending March 31, 2019

**SENKO**

	Name	Location	Start of operation (year/month)	Total floor space	Operating company
Domestic	1 Osaka Branch Nanko Center (frozen/refrigerated)	Osaka-shi	April 2018	20,400 m <sup>2</sup> ( 6,200 tsubo)	Runtec Corporation
	2 Higashi-Fuji PD Center	Shizuoka Pref. Fuji-shi	April 2018	16,400 m <sup>2</sup> ( 5,000 tsubo)	SENKO Co., Ltd.
	3 Increased floor space at Fukuoka Branch Center (frozen/refrigerated)	Fukuoka Pref. Hisayama- machi	April 2018	12,000 m <sup>2</sup> ( 3,600 tsubo)	Runtec Corporation
	4 Nagareyama Logistics Center*	Chiba Pref. Nagareyam a-shi	May 2018	30,600 m <sup>2</sup> ( 9,200 tsubo)	SENKO Co., Ltd.
	5 Koga PD Center*	Ibaraki Pref. Koga-shi	August 2018	31,300 m <sup>2</sup> ( 9,500 tsubo)	SENKO Co., Ltd.
	6 Kazo PD Center (Phase 2) : Three temperature zones (ambient/frozen/refrigerated)	Saitama Pref. Kazo-shi	August 2018	51,500 m <sup>2</sup> ( 15,600 tsubo)	SENKO Co., Ltd. and Runtec Corporation
Domestic total				162,200 m <sup>2</sup> ( 49,100 tsubo)	
Overseas	7 Qingpu Logistics Center*	China Shanghai	May 2018	18,900 m <sup>2</sup> ( 5,700 tsubo)	Shanghai Senko International Freight Forwarding Inc.
Total				181,100 m <sup>2</sup> ( 54,800 tsubo)	

\* Leased property

## Part 2

# Forecast of Full-Year Operating Results for the Fiscal Year Ending March 31, 2019

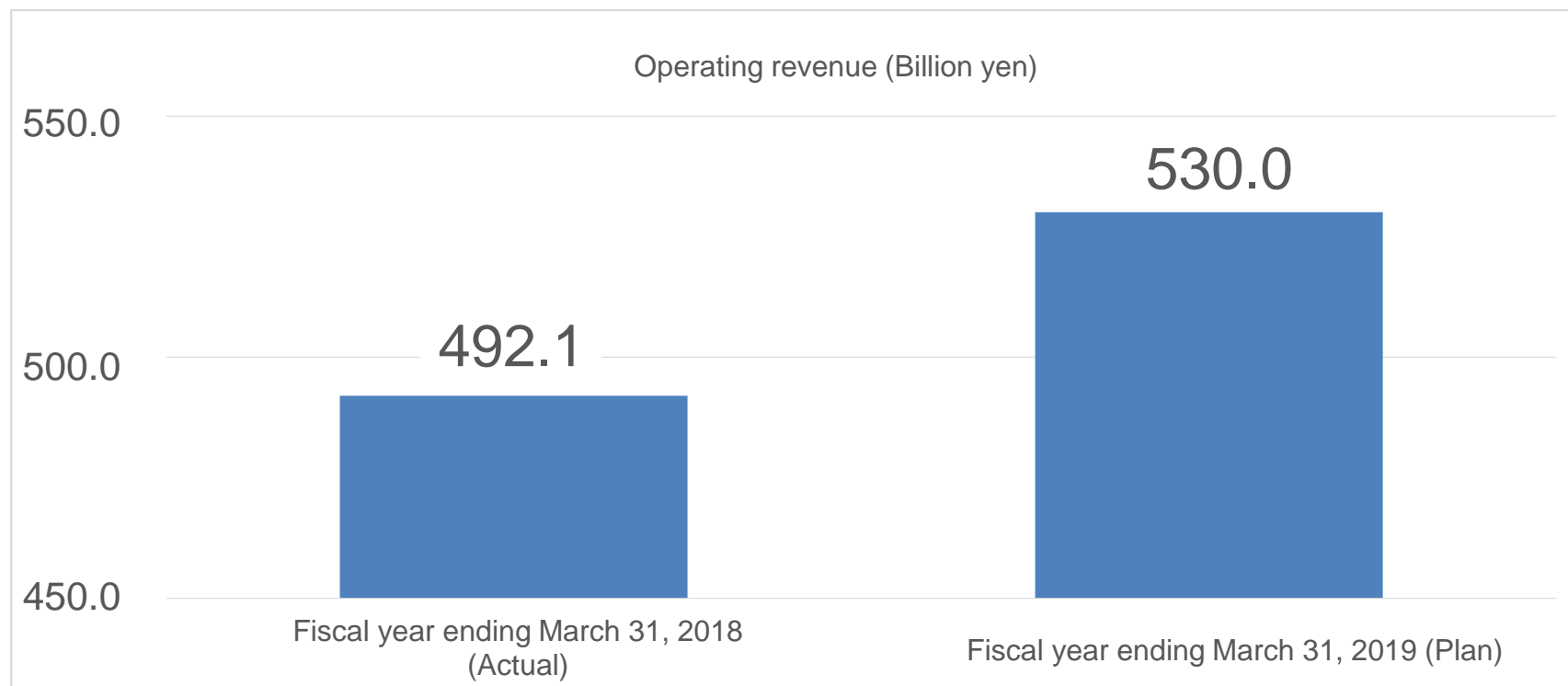
# 1. Forecast of Operating Results for the Fiscal Year Ending March 31, 2019

**SENKO**

(Million yen, %)

	FY 3/18		FY 3/19		VS. FY3/18	
	Actual	Margin	Plan	Margin	Change	%
Operating revenue	492,127	—	530,000	—	37,873	7.7
Operating profit	17,087	3.5	19,300	3.6	2,213	12.9
Ordinary profit	17,316	3.5	19,300	3.6	1,984	11.5
Profit attributable to owners of parent	9,503	1.9	11,500	2.2	1,997	21.0

Operating Revenue Is Forecasted to Increase by **¥ 37.9 Billion** or **7.7% YoY**



- ◆ Operating revenue is forecasted to increase by ¥37.9 billion due to the acquisition of new customers, revision of freight charges, YoY change in revenue from M&A, and the effect of newly consolidated subsidiaries (Life Support Business subsidiaries and "M-SENKO Logistics," which will become a consolidated subsidiary in the second half).

### 3. Forecast of Operating Revenue by Segment for the Fiscal Year Ending March 31, 2019

**SENKO**

(Billion yen, %)

		FY 3/18 (Actual)	FY 3/19 (Plan)	VS. FY 3/18		Details of changes	
				Change	%	Effect of M&A	New + existing customers
	Retail Product Logistics	190.5	209.3	18.8	9.8	3.6	15.2
	Housing Logistics	60.0	60.0	0.0	0.2		0
	Chemicals Logistics	67.8	73.8	6.0	8.9	0	6.0
	Others	29.5	30.3	0.8	2.6		0.8
Distribution Total		347.8	373.4	25.6	7.4	3.6	22.0
Trading & Commerce		139.3	144.9	5.6	4.0	0.8	4.8
Others		5.1	11.7	6.7	131.3		6.7
Total		492.1	530.0	37.9	7.7	9.4	28.5

\* International commerce and trade included in the above

Global logistics (including commerce and trade)	25.3	29.1	3.7	14.6
Composition (%)	5.2	5.5		

\* International commerce and trade including non-consolidated overseas subsidiaries

Global logistics (including commerce and trade)	30.3	37.1	6.7	22.2
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#### Distribution Logistics

- ◆ Operating revenue is forecasted to increase due to the acquisition of new customers and the effect of M&A.

#### Housing Logistics

- ◆ Operating revenue is forecasted to remain on the same level as the previous year.

#### Chemical Logistics

- ◆ Operating revenue will increase due to the acquisition of new customers and the revision of freight charges.

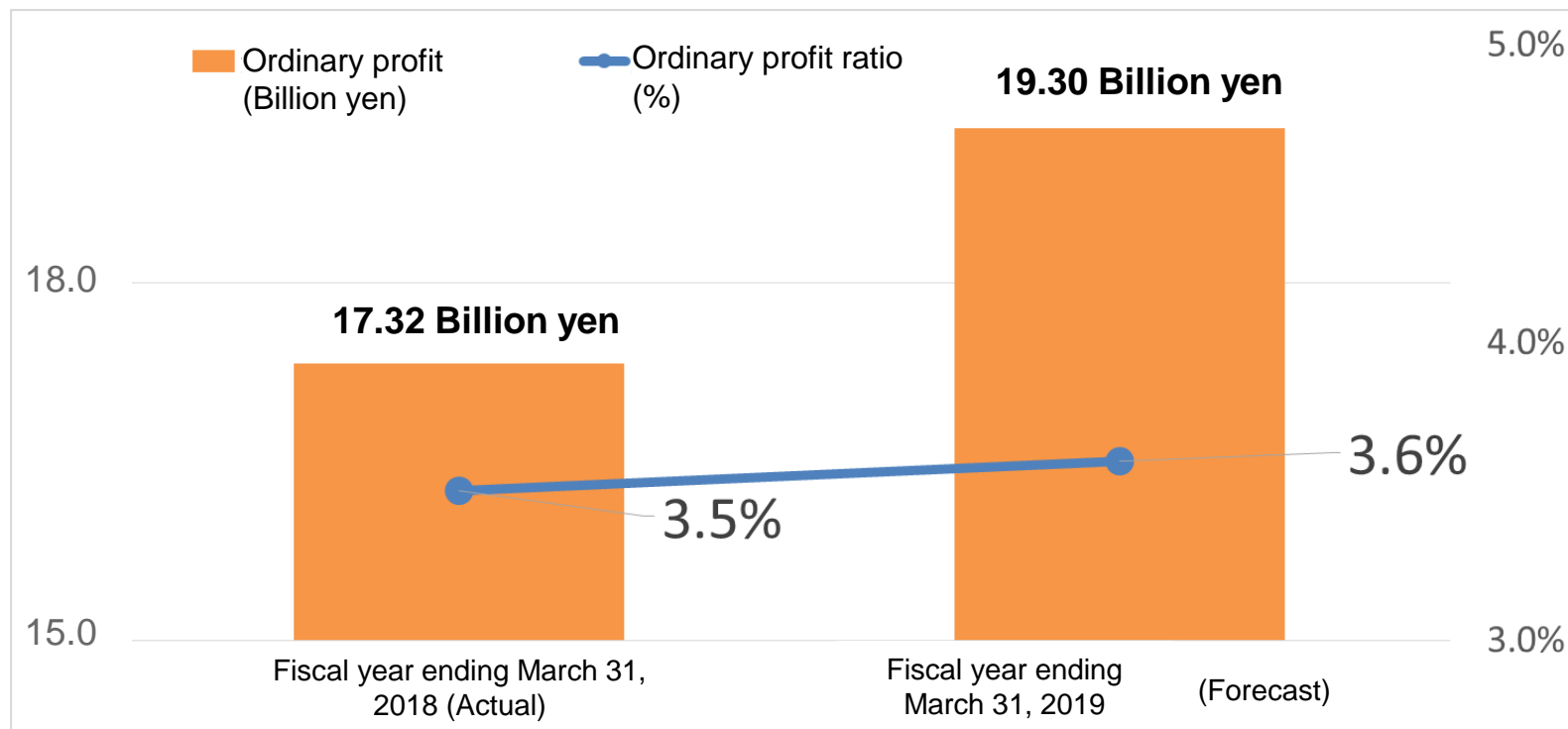
#### Trading and Commerce Business

- ◆ Operating revenue increased due to the acquisition of new customers and YoY change in revenue from "Okumura."

#### Others

- ◆ Operating revenue will increase due to the effect of newly consolidated subsidiaries in the Life Support Business.

## Ordinary Profit Is Forecasted to Increase by **¥1.98 Billion** or **11.5% YoY**



- ◆ Despite the impact of natural disasters, the rise in truck hiring expenses (including labor), and the impact of fuel prices, ordinary profit is forecasted to increase by ¥1.98 billion due to the acquisition of new customers, revision of freight charges, YoY change in revenue from M&A, the effect of newly consolidated subsidiaries, and the decreased mathematical treatment amount of retirement benefit obligations.



5. Forecast of Operating Results by Segment for the Fiscal Year Ending March 31, 2019

**SENKO**

( Million yen, % )

Operating revenues	FY 3/17		FY 3/18		YoY Change	
	Results		Plan		Amount	%
Logistics	347,752		373,400		25,648	7.4
Trading & Commerce	139,317		144,900		5,583	4.0
Others	5,058		11,700		6,642	131.3
Consolidated F/S	492,127		530,000		37,873	7.7

( Million yen, % )

Operating income	FY 3/17		FY 3/18		YoY Change	
	Results	Margin	Plan	Margin	Amount	%
Logistics	13,709	3.9	15,550	4.2	1,841	13.4
Trading & Commerce	2,855	2.0	2,560	1.8	-295	-10.3
Others	896	17.7	1,560	13.3	664	74.1
Adjustment	-373	-	-370	-	-	-
Consolidated F/S	17,087	3.5	19,300	3.6	2,213	13.0

**Logistics Business**

A further increase in profitability is forecasted through cost and productivity improvements.

**Trading and Commerce Business**

Although the margin declined in the first half, a recovery in profitability is forecasted in the second half by reducing purchasing costs and improving logistics costs.

**Others**

Increases in operating revenue and operating profit are forecasted by consolidating new Life Support businesses.

## 7. Main Logistics Centers Planned to Start Operation in the Second Half of the Fiscal Year Ending March 31, 2019

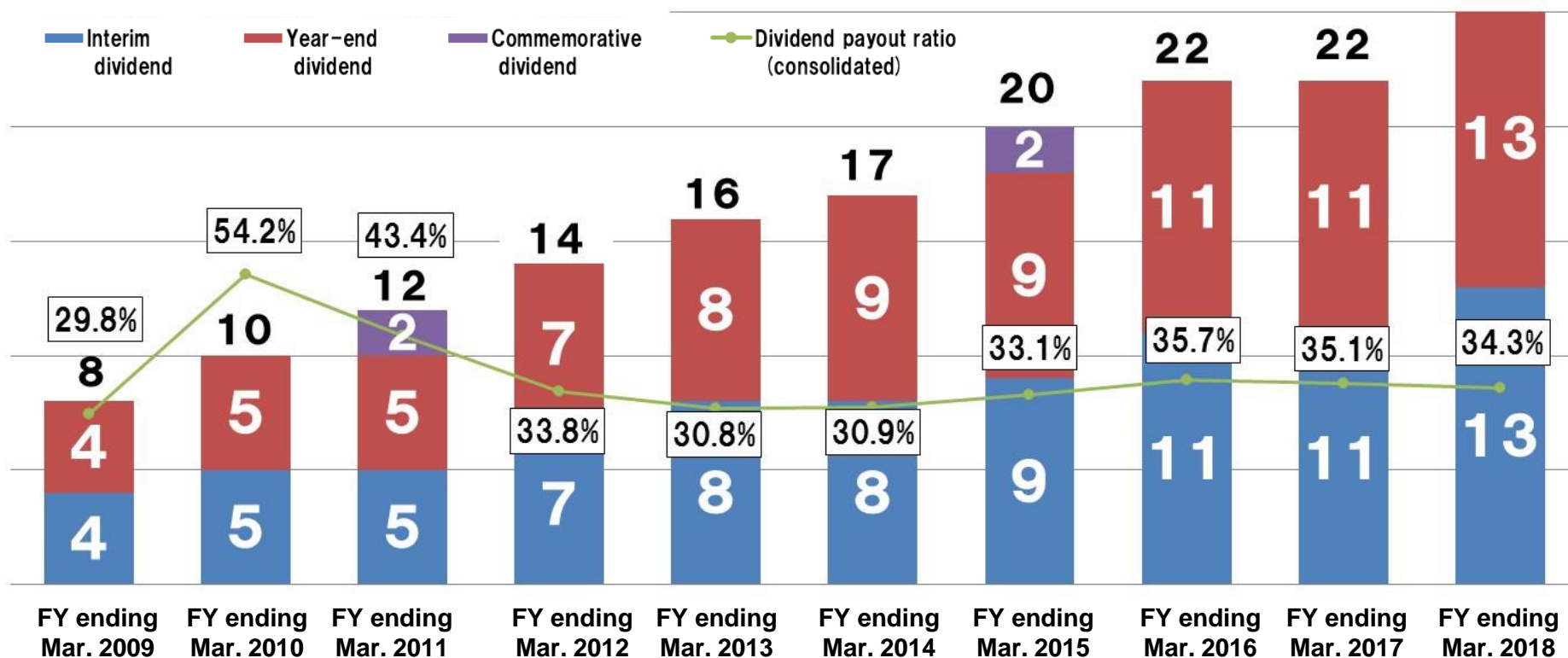
**SENKO**

	Name		Location	Start of operation (year/month)	Total floor space	Operating company
Domestic	1	Koto Warehouse	Shiga Pref. Higashiomi-shi	November 2018	3, 500 m <sup>2</sup> ( 1,080 tsubo)	SENKO Co., Ltd.
	2	Keihin Branch Kawasaki FAZ Center* (frozen/refrigerated)	Kawasaki-shi	December 2018	17, 500 m <sup>2</sup> ( 5,300 tsubo)	Runtec Corporation
	Domestic total				21, 000 m <sup>2</sup> ( 6,380 tsubo)	
Overseas	3	Beijing Logistics Center (frozen/refrigerated)*	China Beijing	November 2018	9, 400 m <sup>2</sup> ( 2,800 tsubo)	Sinotrans Senko International Cold Logistics (Shanghai) Co., Ltd.
	4	Skylift New Warehouse*	Jalan Buroh, Singapore	December 2018	7, 100 m <sup>2</sup> ( 2,200 tsubo)	Skylift Districenter Pte. Ltd.
	Overseas total				16, 500 m <sup>2</sup> ( 5,000 tsubo)	
Total					37, 500 m <sup>2</sup> ( 11,380 tsubo)	

\* Leased property

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

( Forecast )

Interim  
dividendYear-end  
dividendCommemorative  
dividendDividend payout ratio  
(consolidated)

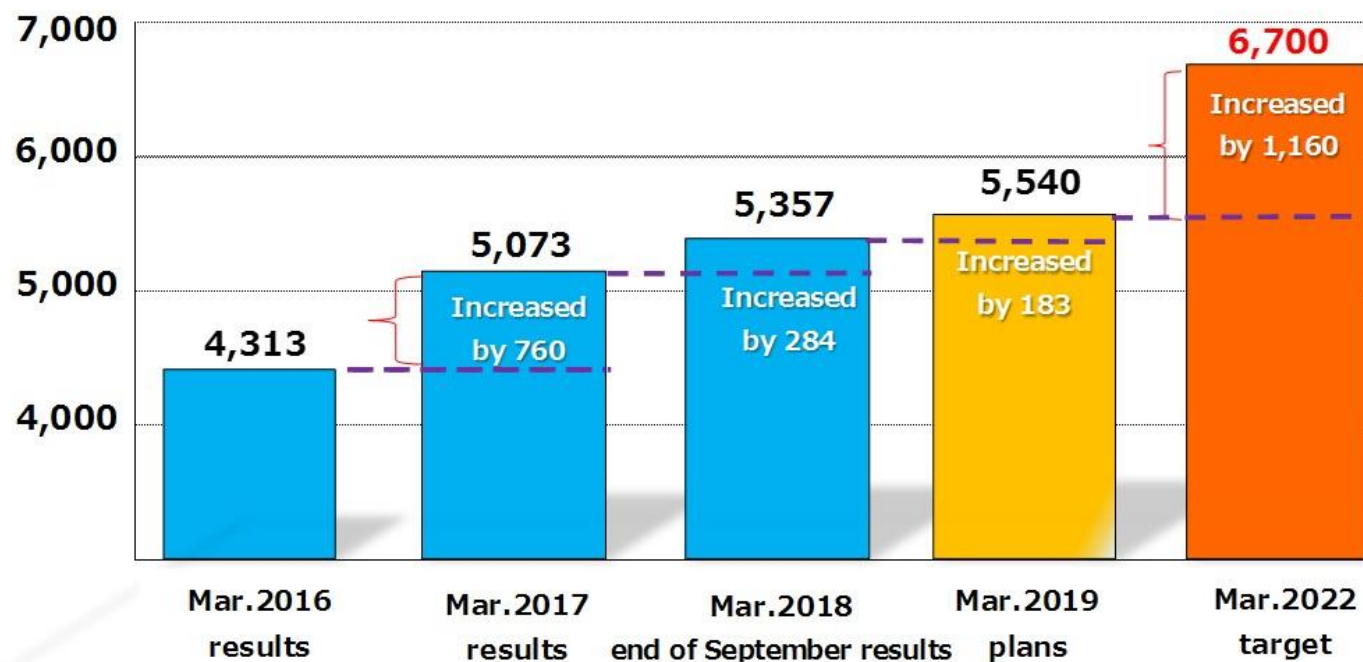
## Part 3

# About Recent Business Activities

Operating system involving 6,700 vehicles directly managed within the Group

## ● Number of vehicles directly managed within the Group

(Vehicles)

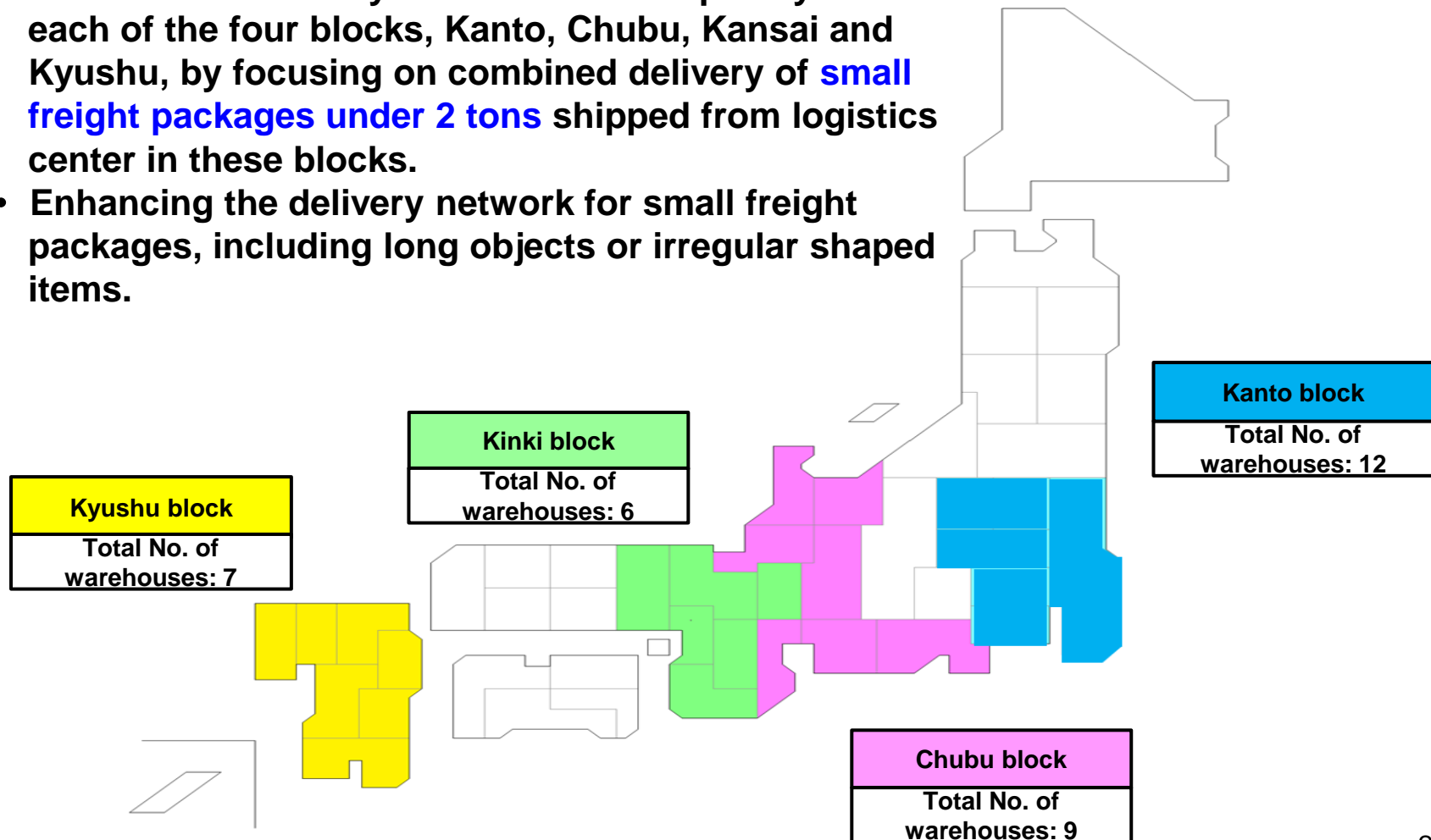


- ◆ The Senko Group is focusing on a system of directly managed vehicles, and aiming to reach 6,700 vehicles by FY2021. The number of vehicles increased by 284 in the first half of this fiscal year, with a system planned for 5,540 vehicles by the end of March next year.

## Intra-regional delivery network

### ● What is the an intra-regional delivery network...

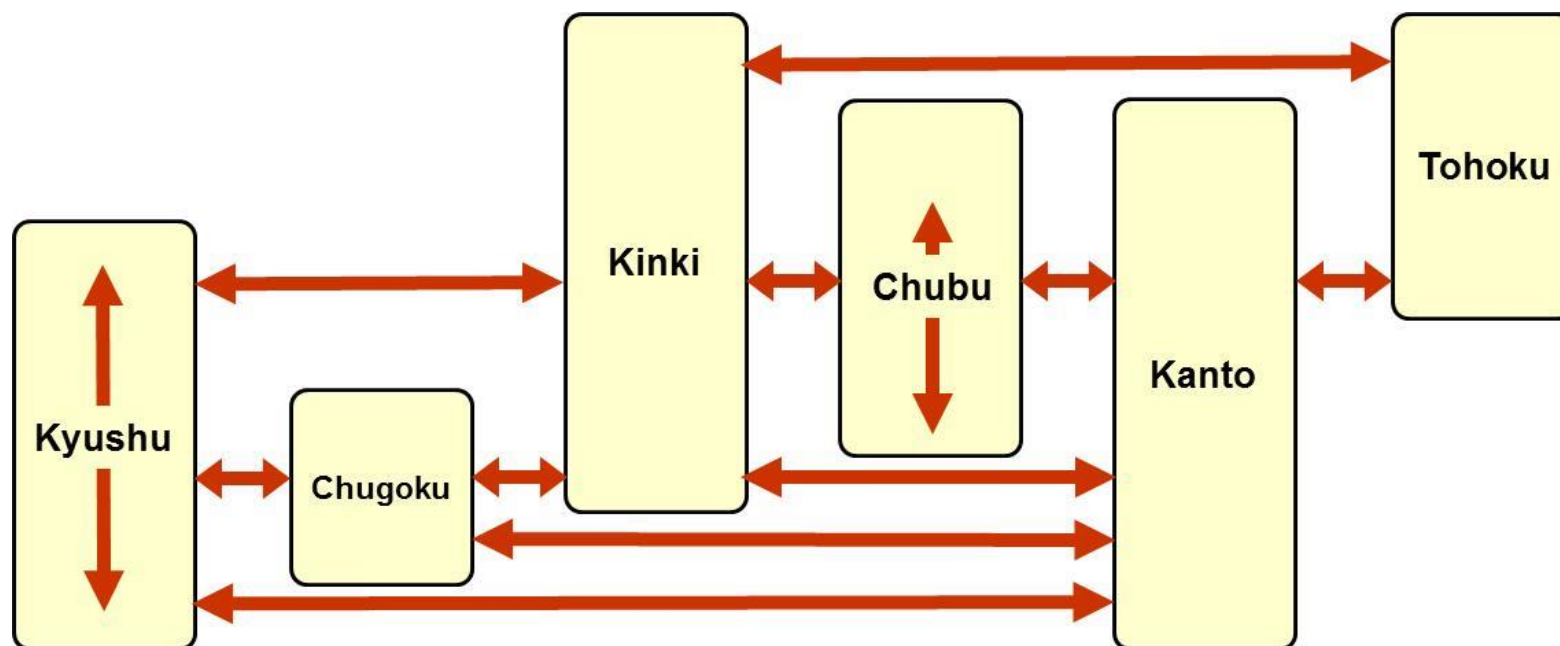
- Senko's own delivery network that completely covers each of the four blocks, Kanto, Chubu, Kansai and Kyushu, by focusing on combined delivery of **small freight packages under 2 tons** shipped from logistics center in these blocks.
- Enhancing the delivery network for small freight packages, including long objects or irregular shaped items.



# 1. Boosting the Transportation Business

## Increased docking routes for mainline long-distance truck transportation

\* As efforts are focusing on the use of trailers for long-distance transportation and increased transportation relay points, trailers are being switched and drivers changing shifts at relay locations.



- The entire Group is currently operating **84 routes**.
- Increase of 9 routes by end of March next year, for a system consisting of **93 routes**

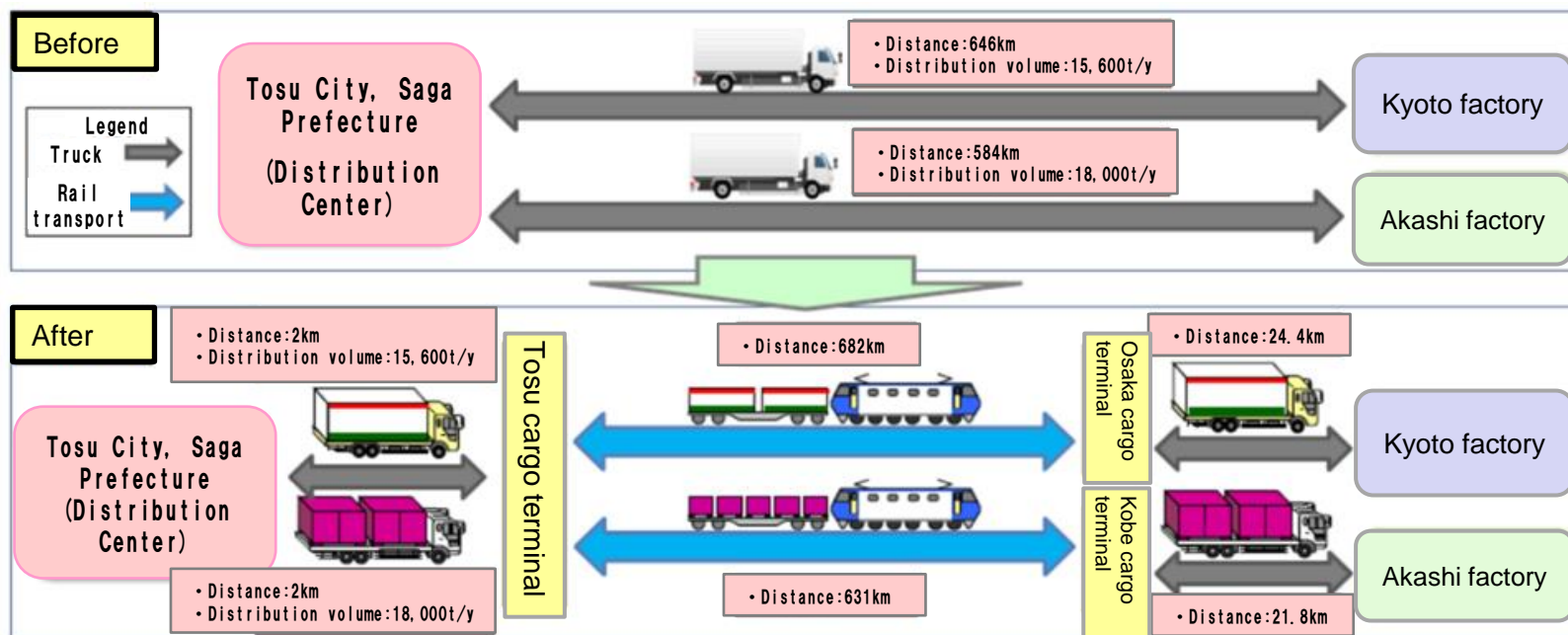
# 1. Boosting the Transportation Business

## Implementing modal shifts

**Received Logistics Environment Award from the Japan Association for Logistics and Transport (June 2018)**

➤ Shifted from mainline truck transportation to rail transportation between Kyushu and Kansai for major beverage companies

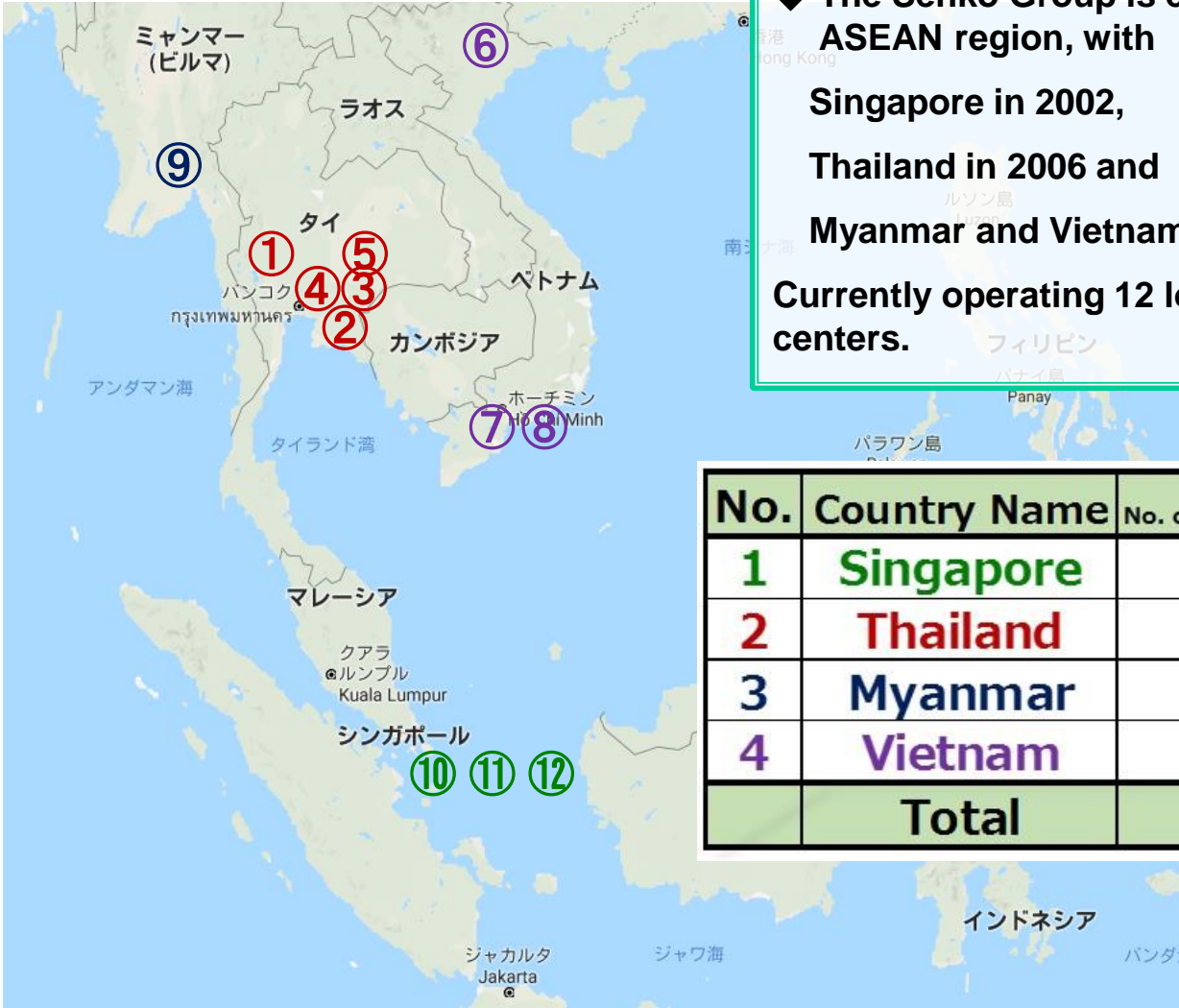
Applicable Freight	Previous transportation mode	New transportation mode	Achieved Reductions (annual)	
			CO2	Running time
Beverages	Long-distance truck routes	Rail (12 ft/31 ft containers)	64%	82%





# 2. Expanding ASEAN Business

## State of Expansion into ASEAN



◆ The Senko Group is expanding business in the ASEAN region, with

Singapore in 2002,

Thailand in 2006 and

Myanmar and Vietnam in 2016.

Currently operating 12 local subsidiaries and 4 logistics centers.

No.	Country Name	No. of Local Subsidiaries	No. of Warehouses
1	Singapore	3	1
2	Thailand	5	1
3	Myanmar	1	1
4	Vietnam	3	1
Total		12	4

➤ The following four key initiatives are being implemented to enhance "International forwarding business," "Transportation business" and "Logistics center business" functionality to further expand business domains.

- (1) Enhancing frozen and cold logistics business
- (2) Enhancing cross-border transportation
- (3) Enhancing international forwarding business
- (4) Expanding business in new country markets

## 2. Expanding ASEAN Business

### (1) Enhancing frozen and cold logistics business

#### Established M-Senko Logistics, joint venture with MK Restaurant

- M-SENKO Logistics, a joint venture with major Thai restaurant chain MK Restaurant, was established in March 2018, with control of MK Restaurant's logistics operations transferred.
- Transportation operations began in July 2018, with around 150 refrigerated trucks.
- A new three-temperature zone logistics center is scheduled to open in Bangkok city until March 2020.



## 2. Expanding ASEAN Business

### (2) Enhancing cross-border transportation

#### Expanding cross-border transportation routes and increasing services



#### Transportation route

- Thailand – Cambodia
- Thailand – Myanmar
- Thailand – Malaysia
- Thailand – Laos

#### Route being developed

- Thailand – Vietnam



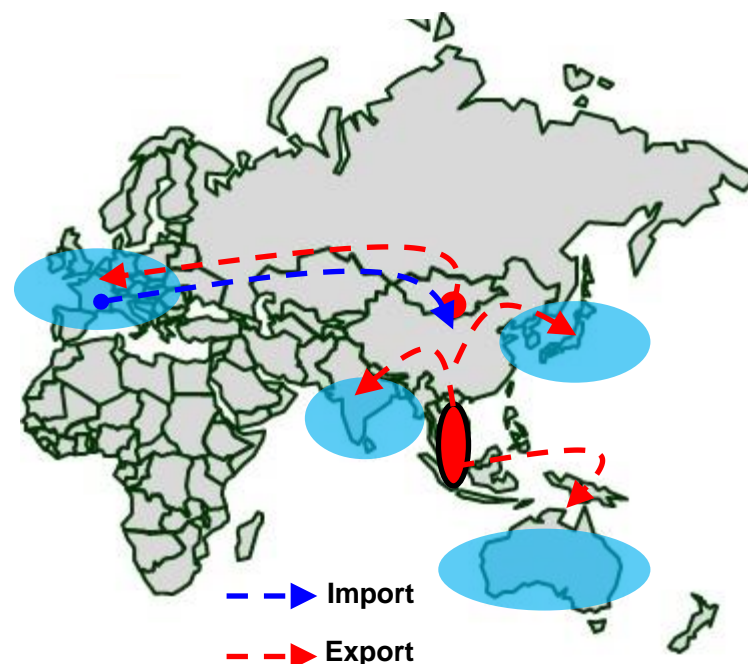


### (3) Enhancing international forwarding business

#### Best Global Logistics Co., Ltd. joins the Senko Group (September 2018)

- Provides international forwarding services, focusing mainly on imported freight from Europe and other countries, and exported freight from Thailand to other countries in the Asian Pacific region (India, Australia, Japan, Korea).

 BEST GLOBAL LOGISTICS	
Company Name	Best Global Logistics Co., Ltd.
Headquarters	Bangkok, Thailand
Established	May 2015
Capital	50 million Thai Baht (approx. 170 million yen)
Sales	380 million Thai Baht (1,300 million yen) *FY2017 results
Line of business	International air transportation, international marine transportation



Onboard disaster-prevention kit developed and sold  
with 4-company collaboration  
(Senko Shoji, Smile, AST and Marufuji)

Emergency kit for vehicle





Products developed with Trading Group 4-company collaboration

- 10-piece disaster prevention kit including carefully selected water, foods and other long-life items

Exhibited at BOSAI FESTA 2018 in Osaka



Main products exhibited

Senko Shoji	AST	Marufuji
Gas power generator	Canned bread	Cardboard portable toilets
		

# 4. New Facilities Opened with Living Support Business



## (1) Expanding the residential-type nursing home business (KEIHANNA helper station)

### Management of new facilities through collaboration with residential housing construction companies



Perspective illustration (Ikoma)



Plans currently in progress for opening homes in Ikoma City, Nara Prefecture and Otsu City, Shiga Prefecture. This will bring the total number to 5, including the 3 below.

### Residential-type nursing homes currently operating (in Nara Prefecture)

Twinkle Nakayamacho



Twinkle Ayameike



Twinkle Oshikuma





### (2) Expanding the in-home nursing business (Venus)

**Increasing half-day rehabilitation service business with baths to 6 locations in FY March 2019**



**The 6 Venus Plus locations that opened in FY March 2019**

- May Tsuruhashi (Osaka City)
- Jun Onoshiba (Sakai City)
- Jul Suminoe/expansion (Osaka City)
- Sep Josai (Takatsuki City)
- Nov Shijonawate (Shijonawate City)
- Feb Venus Plus Fujiidera (Fujiidera City)





### (3) Expanding the fitness business (Blue Earth Japan)

#### Opened 2 "MY-BODY" 24-hour fitness gyms

**MY-BODY Showa  
(Yamanashi Prefecture)  
opened in June**



Exterior appearance

**MY-BODY Minamihashimoto  
(Kanagawa Prefecture)  
opened in August**



Exterior appearance

2 facilities were opened in FY March 2019.

- Showa branch opened in June (Showa, Yamanashi prefecture)
- Showa branch opened in August (Sagamihara city, Kanagawa prefecture)



Cable Motion



Gravity Personal

#### [Features]

- (1) Small-scale gym suited to compact studio layouts
- (2) Open 24 hours
- (3) Available "whenever" and "easily" for "quick sessions" at a "low price"