

**Settlement of Accounts Meeting  
for the First Three Months of Fiscal Year Ending  
March 31, 2016**



**July 30, 2015**

**YAMATO HOLDINGS CO., LTD.**

**Disclaimer:**

This material is intended for informational purposes and is not a solicitation or offer to buy or sell securities or related financial instruments. Ultimately it is the responsibility of investors to select and buy securities and the Company assumes no responsibility for investors who act on the basis of this material.

My name is Kenichi Shibasaki, and I am in charge of Finance and Accounting, and Investor Relations of Yamato Holdings Co., Ltd.

Thank you for participating in today's conference call.

I will now provide an explanation in line with the presentation materials.

# 1. Highlight

## Three Months FY2016 Results Main Points

- In 1Q, operating revenue increased by ¥4.9 billion YoY due to higher TA-Q-BIN delivery volume in the Delivery Business along with steady growth in the non-delivery businesses.
- Operating income decreased by ¥0.8 billion YoY due to somewhat of a sense that revenues are inadequate given that revenues of Kuroneko DM-Bin declined more than anticipated, and an increase in one-time costs that included advertising expenses pertaining to our new services.

## Trends of Delivery Business

- Beginning in 1Q FY2016, the service lineup in the Delivery Business has been changed with the aim of better addressing customer needs.
- TA-Q-BIN delivery volume increased by 4.2% YoY due to firm results driven by growth in the mail order market. Unit price decreased by 0.5% YoY amid a shift in the product mix due to growth in the mail order market.
- Kuroneko DM-Bin volume decreased by 19.5% YoY largely due to the adverse effect of no longer handling C2C business. As with TA-Q-BIN, this caused a shift in the product mix which led to a 4.9% decrease YoY in the unit price.

## Trends of Non-Delivery Business

- **BIZ-Logistics Business** Revenue and income increased due to steady growth in the business of logistics for medical service providers, along with strong results from business related to mail order.
- **Home Convenience Business** Revenue decreased but income increased as a result of efforts to improve profitability, despite the negative impact of a large project from the previous fiscal year in the technical network business.
- **e-Business** Revenue and income increased due to development of the amusement industry e-money services in the credit card solution business, along with strong results from setup and logistics services geared toward mobile virtual network operators.
- **Financial Business** Revenue and income increased due to strong results from the lease business.
- **Autoworks Business** Revenue and income decreased due to the negative effect of lower fuel sales unit prices, despite an increase in revenues from vehicle maintenance.

I will start off with a summary for the three months ended June 30, 2015.

- (1) During the first quarter under review, revenues increased but income decreased in comparison with the same period of the prior fiscal year. We achieved profits exceeding forecasts as of the first quarter. Although we previously noted that new services launched this fiscal year could potentially undermine demand for our existing TA-Q-BIN services, thereby acting as a downside factor in full-year revenue, as of the first quarter we are seeing growth in delivery volume of our existing services, indicating only a slight adverse impact from the new services.
- (2) Operating revenue increased by ¥4.9 billion YoY largely due to increased TA-Q-BIN delivery volume in the Delivery Business underpinned by a gradual recovery in consumer spending, along with firm results in the non-delivery businesses. However, there is still a sense that those results are inadequate given a larger-than-anticipated decrease in Kuroneko DM-Bin delivery volume.
- (3) In terms of operating expenses, personnel expenses (employee salaries) increased due to aggressive efforts to convert workers to regular employee status given prospects of a longstanding labor shortage. Meanwhile, other operating expenses also increased due to effects of one-time costs pertaining to advertising of new TA-Q-BIN services, tax increases in the tax system based on business size, and others. With respect to other expense items, we kept costs under control commensurate with business volume.
- (4) However, consolidated operating income decreased ¥0.8 billion YoY to ¥4.1 billion given an adverse impact of the larger-than-expected downturn in Kuroneko DM-Bin delivery volume.
- (5) Trends of respective operating segments are as shown on this slide.

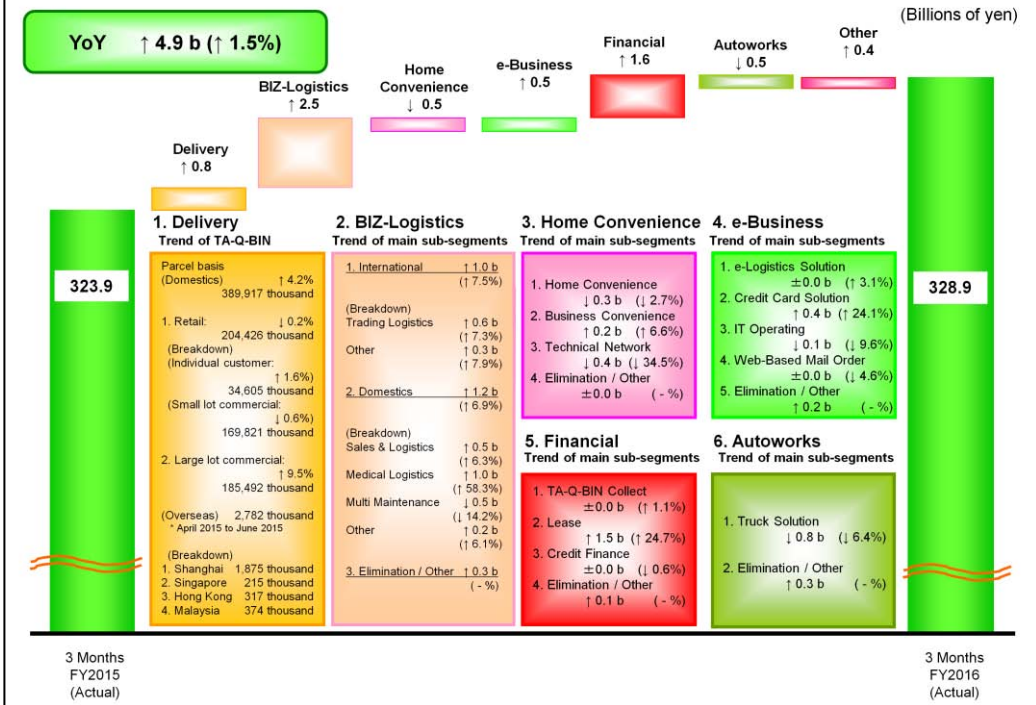
## 2. Overview of Operating Results

(Billions of Yen)	3 Months FY2016 (Actual)	3 Months FY2015 (Actual)	YoY Change	
			Amount	[%]
Operating revenues				
Delivery	254.9	254.1	0.8	0.3
Non-Delivery	73.9	69.8	4.0	5.9
Total	328.9	323.9	4.9	1.5
Operating income	4.1	4.9	(0.8)	(16.3)
[Profit margin]	1.3%	1.5%	-	-
Ordinary income	4.7	5.3	(0.6)	(11.2)
[Profit margin]	1.5%	1.7%	-	-
Profit attributable to owners of parent	1.9	2.2	(0.3)	(14.9)
[Profit margin]	0.6%	0.7%	-	-

Next, let's move on to operating results.

- (1) This table provides a summary of year-on-year results for operating revenue, operating income, and other earnings results.
- (2) Profit attributable to owners of parent decreased by ¥0.3 billion YoY, to ¥1.9 billion.
- (3) Nothing noteworthy has emerged in terms of extraordinary income and extraordinary loss.

### 3. YoY Analysis of Consolidated Operating Revenues



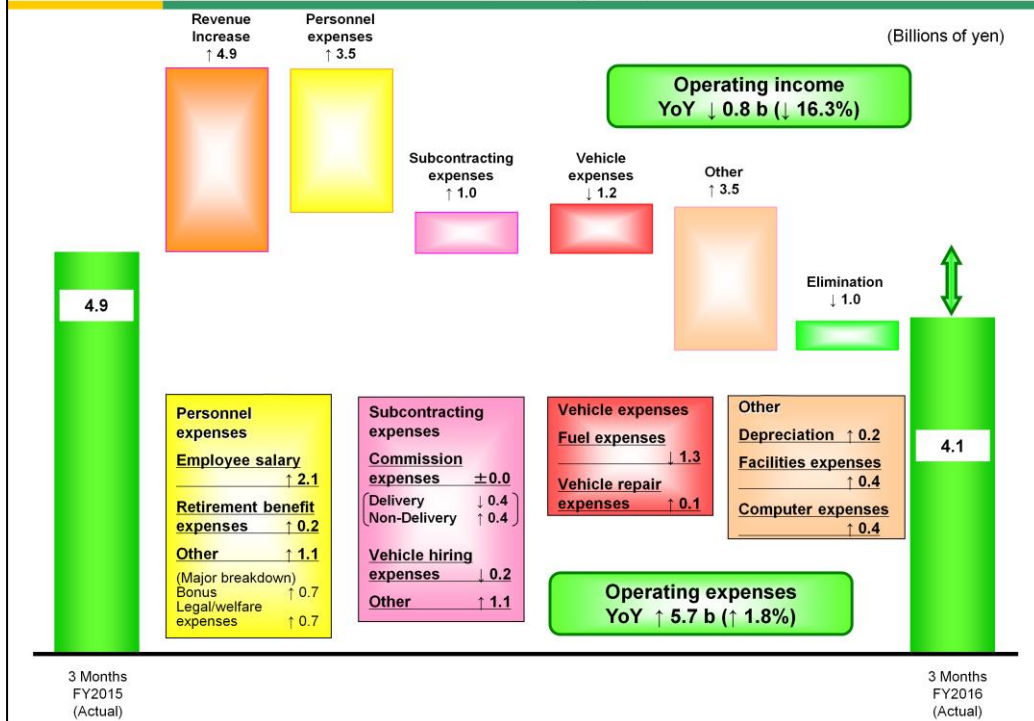
Next is the YoY analysis of changes in consolidated operating revenues.

Revenues by operating segment were as stated in this slide.

As I noted previously, revenues increased in the Delivery Business, BIZ-Logistics Business, e-Business and Financial Business segments.

## 4. YoY Analysis of Consolidated Operating Expenses

 YAMATO HOLDINGS CO., LTD.



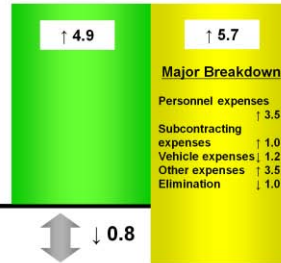
Next for the analysis of changes in consolidated operating expenses.

- Consolidated operating expenses increased 1.8% YoY.
- With TA-Q-BIN delivery volume increasing, we have continued with robust cost control measures which include initiatives to boost productivity, amid a deteriorating cost environment such as a tightening labor market. Accordingly, these results indicate that our controls have been effective.
- I will now provide further explanation regarding individual expense items. Please look at this slide in conjunction with slide 9 showing a breakdown of consolidated operating expenses, and slide 10 showing a breakdown of expenses in the Delivery Business.
- Personnel expenses rose ¥3.5 billion YoY.
  - Employee salaries and the retirement benefit expenses are as stated in this slide.
  - Other personnel expenses increased ¥1.1 billion YoY. Bonus-related expense and legal/welfare-related expenses combined increased ¥1.4 billion.
  - Also, short span part timer expenses decreased by ¥0.3 billion due to moves to optimize operations by boosting productivity.
- Subcontracting expenses rose ¥1.0 billion YoY.
  - Of that amount, commission expenses were largely unchanged YoY.
  - Commission expenses for the Delivery Business and non-delivery businesses are as shown.
  - Vehicle hiring expenses decreased by ¥0.2 billion YoY.
  - During the first quarter under review, we have managed to adequately implement controls with respect to increasing delivery volume. This is in contrast to the previous first quarter during which time we struggled to address a drastic shift in delivery volume brought about by the pull-back from the last-minute demand that had taken hold ahead of the consumption tax hike, along with an increase in vehicle hiring expenses brought about by tightening supply in the vehicle hire market.
  - Other subcontracting expenses rose ¥1.1 billion YoY, primarily due to higher costs of sales.
  - Increasing sales in the lease business, which is part of the Financial Business segment, have been a major factor linked to increased revenue.
- Vehicle expenses declined ¥1.2 billion YoY due to a fall in crude oil prices.
- Other operating expenses increased by ¥3.5 billion YoY, including an increase in depreciation of ¥0.2 billion.
  - Other operating expenses excluding depreciation increased, due to advertising expenses for new services in the Delivery Business and due to higher facilities expenses and other such costs associated with growth in the non-delivery businesses.

## 5. Quarterly YoY Trends of Consolidated Operating Income

Operating income for 1Q FY2016 decreased by ¥0.8 billion YoY due to somewhat of a sense that revenues are inadequate given that revenues of Kuroneko DM-Bin declined more than anticipated, and an increase in one-time costs that included advertising expenses pertaining to our new services.

(Billions of yen)



1Q  
FY2016  
(Actual)

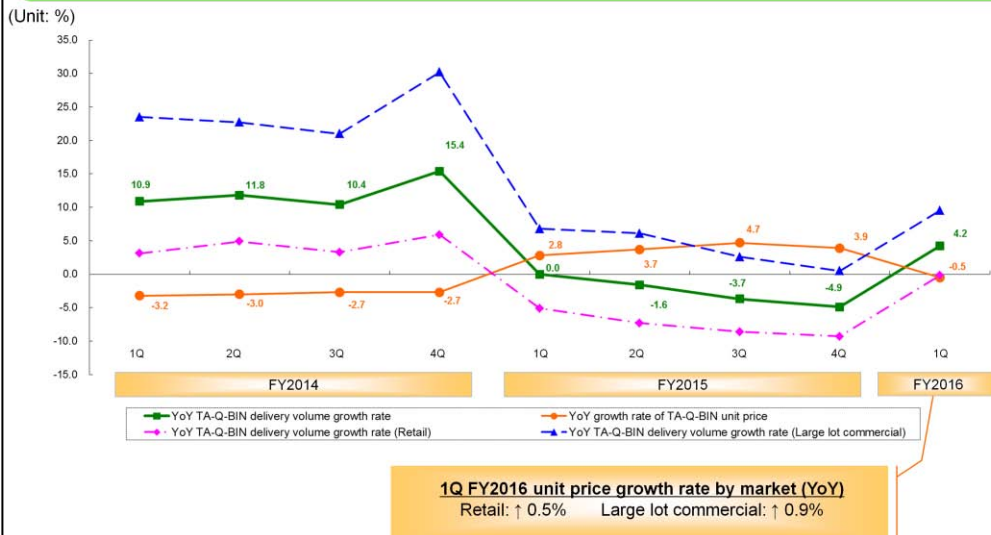
 YoY change in operating revenues  YoY change in operating expenses

Now we come to quarterly YoY trends for consolidated operating income.

This bar chart gives a YoY comparison of operating revenues and operating expenses.

## 6. Quarterly YoY Trends of TA-Q-BIN Delivery and Unit Price

- TA-Q-BIN delivery volume increased by 4.2% YoY due to firm results mainly driven by growth in the mail order market.
- Unit price decreased by 0.5% YoY amid a shift in the product mix due to growth in the mail order market.



(Note)  
Starting with FY2016, figures for TA-Q-BIN delivery volume include delivery volumes of the TA-Q-BIN Compact and Nekopos services.

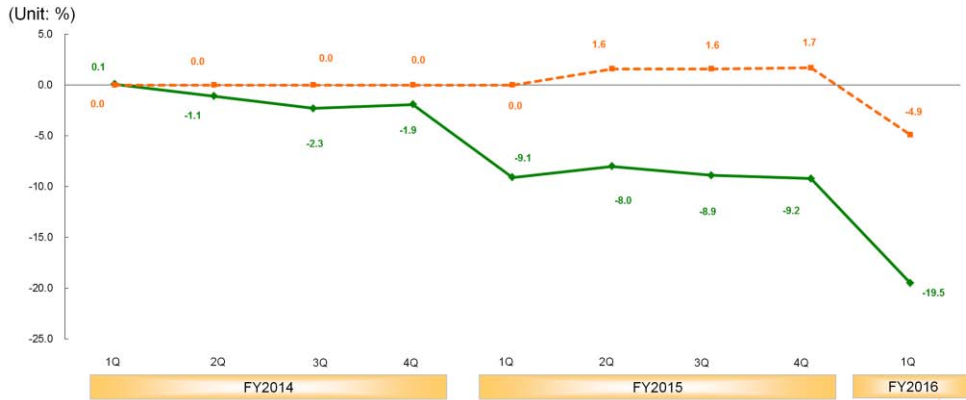
Next, we will move on to quarterly YoY trends of TA-Q-BIN delivery volume and unit price.

The figures shown on this slide include delivery volumes for the TA-Q-BIN Compact and Nekopos services which were launched in April 2015.

- (1) TA-Q-BIN delivery volume increased 4.2% YoY primarily due to gains in the existing TA-Q-BIN service, largely underpinned by growth in the mail order market.
- (2) The TA-Q-BIN unit price decreased 0.5% because the impact of initiatives for ensuring collection of adequate fees has subsided and due to an adverse effect of the shift in the product mix largely due to a higher number of mail order-related parcels.
- (3) As shown in this slide, a breakdown showing the rate of unit price increase by market reveals a 0.5% increase in the retail market and a 0.9% increase in the large lot commercial market.
- (4) The new TA-Q-BIN Compact and Nekopos services have not driven growth in overall TA-Q-BIN delivery volume, but we will work to increase sales with the aim of further increasing use of those services going forward.

## 7. Quarterly YoY Trends of Kuroneko DM-Bin Volume and Unit Price

**Kuroneko DM-Bin volume decreased by 19.5% YoY due to an adverse effect of factors such as the increasingly competitive environment and the fact we stopped handling C2C business upon discontinuance of the Kuroneko Mail service.**



### 1Q FY2016 shipment volume by market (YoY)

From TA-Q-BIN Centers: ↓ 38.5%  
From large lot commercial: ↓ 9.8%

(Note)

As of the end of FY2015, Kuroneko Mail service has been discontinued, and Kuroneko DM-Bin service is being offered in its place.

Next we move on to quarterly YoY trends of Kuroneko DM-Bin volume and unit price.

The Kuroneko Mail service was discontinued in March 2015, and the new Kuroneko DM-Bin mailbox posting service was launched in April.

For periods prior to FY2015, this slide shows results of the Kuroneko Mail service.

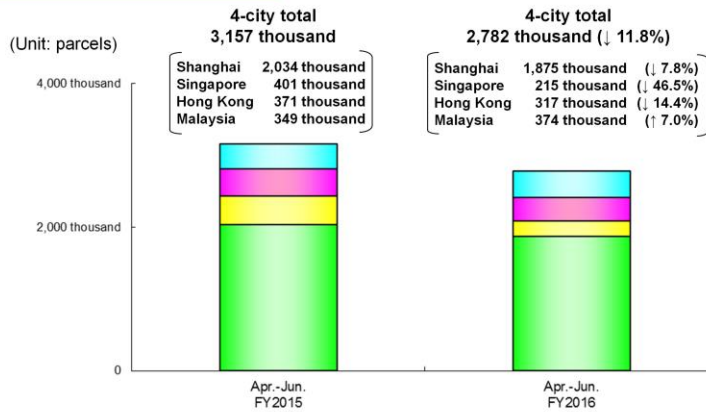
- (1) Overall delivery volume decreased 19.5% YoY due to factors that included a shrinking market for direct marketing using print media, an increasingly competitive environment, and the fact we stopped handling C2C business upon discontinuance of the Kuroneko Mail service.
- (2) Handling volumes by market are as shown on this slide.
- (3) The unit price was ¥58, for a decrease of ¥3 in comparison with the previous year due to a significant drop in volume for the small-lot commercial market and a higher proportion of business involving large-lot customers relative to overall volume.



## 8. Progress of TA-Q-BIN Business Overseas

### Overseas TA-Q-BIN delivery volume (Yamato Original Business)

Shanghai Singapore Hong Kong Malaysia



### Overseas TA-Q-BIN delivery volume including Taiwan



Next we look at progress achieved by the TA-Q-BIN business overseas.

This slide shows results in terms of delivery volume.

Delivery volume has decreased partially as a result of current efforts to boost profitability through means such as collecting adequate fees in respective regions.

The total delivery volume including that of Taiwan is listed in the lower part of this slide.

## 9. YoY Analysis of Consolidated Operating Expenses

(Millions of Yen)	3 Months FY2016 Actual	3 Months FY2015 Actual	YoY Change	
			Amount	[%]
Operating revenues	328,932	323,968	4,963	1.5
Operating expenses	324,802	319,035	5,766	1.8
Personnel expenses	175,949	172,443	3,505	2.0
Employee salary	121,747	119,552	2,194	1.8
Retirement benefit expenses	3,328	3,123	205	6.6
Other personnel expenses	50,873	49,767	1,105	2.2
Subcontracting expenses	129,715	128,715	1,000	0.8
Commission expenses	49,916	49,857	58	0.1
Vehicle hiring expenses	41,964	42,193	(228)	(0.5)
Other subcontracting expenses	37,835	36,663	1,171	3.2
Vehicle expenses	10,508	11,758	(1,249)	(10.6)
Fuel expenses	5,425	6,820	(1,395)	(20.5)
Other operating expenses	71,999	68,482	3,517	5.1
Depreciation	10,405	10,146	259	2.6
Elimination	(63,371)	(62,363)	(1,008)	1.6

Operating expenses is as I explained in Slide 4.

Please refer to slide 9 for details on statements of expenses.

## 10. YoY Analysis of Delivery Business Expenses

(Millions of Yen)	3 Months FY2016 Actual	3 Months FY2015 Actual	YoY Change	
			Amount	[%]
Operating revenues	254,987	254,123	864	0.3
Operating expenses	257,670	256,184	1,486	0.6
Personnel expenses	151,733	148,900	2,833	1.9
Employee salary	104,659	102,850	1,809	1.8
Retirement benefit expenses	2,765	2,591	174	6.7
Other personnel expenses	44,308	43,458	849	2.0
Subcontracting expenses	74,614	75,161	(546)	(0.7)
Commission expenses	26,218	26,644	(425)	(1.6)
Vehicle hiring expenses	39,841	39,910	(68)	(0.2)
Other subcontracting expenses	8,554	8,606	(52)	(0.6)
Vehicle expenses	9,175	10,128	(952)	(9.4)
Fuel expenses	4,433	5,521	(1,088)	(19.7)
Other operating expenses	50,888	49,268	1,620	3.3
Depreciation	7,094	7,167	(72)	(1.0)
Elimination	(28,741)	(27,273)	(1,468)	5.4

(Notes)

- Starting with FY2016, Yamato Staff Supply, which was previously included in Other segment, has been shifted to Delivery Business segment. With this change between the segments, FY2015 results for Delivery Business segment and Other segment have been modified to meet the current structure.
- The figures above include operating expenses related to overseas TA-Q-BIN services.

Operating expenses is as I explained in Slide 4.

Please refer to slide 10 for details on statements of expenses.

## 11. Forecast of FY2016 Operating Results (1)

(Billions of Yen)	FY2016 New Forecast	FY2015 Actual	YoY Change	
			Amount	[%]
Operating revenues	1,430.0	1,396.7	33.2	2.4
Operating income	72.0	68.9	3.0	4.4
[Profit margin]	5.0%	4.9%	-	-
Ordinary income	73.0	70.8	2.1	3.0
[Profit margin]	5.1%	5.1%	-	-
Profit	43.0	37.5	5.4	14.6
[Profit margin]	3.0%	2.7%	-	-

Here are our full-year operating results forecasts for FY2016.

The first half and full year FY2016 forecast remains unchanged from the previous forecast, with projections for operating revenues of ¥1,430.0 billion and operating income of ¥72.0 billion.

## 12. Forecast of FY2016 Operating Results (2)

(Millions of Yen)	FY2016 (New Forecast) A	FY2015 (Actual)	FY2016 (April 2015 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
<b>Operating revenues</b>							
Delivery	1,125,000	1,103,188	1,125,000	21,811	2.0	0	0.0
BIZ-Logistics	105,000	103,821	105,000	1,178	1.1	0	0.0
Home Convenience	50,000	48,475	50,000	1,524	3.1	0	0.0
e-Business	43,000	40,486	43,000	2,513	6.2	0	0.0
Financial	72,000	66,649	72,000	5,350	8.0	0	0.0
Autoworks	28,000	27,153	28,000	846	3.1	0	0.0
Other	7,000	6,933	7,000	66	1.0	0	0.0
Total	1,430,000	1,396,708	1,430,000	33,291	2.4	0	0.0
<b>Operating income</b>							
Delivery	42,500	39,604	42,500	2,895	7.3	0	0.0
BIZ-Logistics	5,700	4,682	5,700	1,017	21.7	0	0.0
Home Convenience	1,000	613	1,000	386	63.1	0	0.0
e-Business	8,300	7,756	8,300	543	7.0	0	0.0
Financial	9,500	8,942	9,500	557	6.2	0	0.0
Autoworks	4,000	3,733	4,000	266	7.1	0	0.0
Other	26,000	23,939	26,000	2,060	8.6	0	0.0
Subtotal	97,000	89,272	97,000	7,727	8.7	0	0.0
Elimination	(25,000)	(20,325)	(25,000)	(4,674)	23.0	0	0.0
Total	72,000	68,947	72,000	3,052	4.4	0	0.0
[Profit margin]	5.0%	4.9%	5.0%	-	-	-	-
<b>Ordinary income</b>	73,000	70,889	73,000	2,110	3.0	0	0.0
[Profit margin]	5.1%	5.1%	5.1%	-	-	-	-
<b>Profit</b>	43,000	37,533	43,000	5,466	14.6	0	0.0
[Profit margin]	3.0%	2.7%	3.0%	-	-	-	-

(Note)

Starting with FY2016, Yamato Staff Supply, which was previously included in Other segment, has been shifted to Delivery Business segment. With this change between the segments, FY2015 results for Delivery Business segment and Other segment have been modified to meet the current structure.

The full-year forecasts for operating revenues and operating income by business segment are as follows.

- (1) Starting with FY2016, Yamato Staff Supply, which was previously included in Other segment, has been shifted to Delivery Business segment. With this change between the segments, FY2015 results for Delivery Business segment and Other segment have been modified to meet the current structure.
- (2) The operating results forecast by business segment is as shown on slide 13, with the forecasts for revenues and income unchanged.
- (3) The previous TA-Q-BIN forecast has been updated in consideration of prevailing trends. We now anticipate delivery volume of 1,750 million parcels for a 7.9% increase YoY (50 million fewer parcels than the previous forecast). Meanwhile, we anticipate average unit pricing of ¥582, a decrease of 2.2% YoY (¥17 higher than the previous forecast).
- (4) We are targeting higher revenues with respect to our new TA-Q-BIN services (TA-Q-BIN Compact and Nekopos), which we intend to achieve by increasing the number convenience stores and other locations that act as sending channels, and by aggressively expanding sales of new services through initiatives that include linking information systems through the use of billing software.
- (5) With respect to Kuroneko DM-Bin, in consideration of prevailing circumstances, we estimate volume of 1,615 million units, 15.0% fewer units YoY (5,000 fewer units than the previous forecast). Our forecast for unit pricing of ¥58 remains unchanged from the previous forecast.

### 13. Forecast of FY2016 Operating Results (3)

(Millions of Yen)	FY2016 (New Forecast) A	FY2015 (Actual)	FY2016 (April 2015 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues	1,430,000	1,396,708	1,430,000	33,291	2.4	0	0.0
Operating expenses	1,358,000	1,327,761	1,358,000	30,238	2.3	0	0.0
Personnel expenses	731,000	707,163	731,000	23,836	3.4	0	0.0
Employee salary	507,000	489,752	508,000	17,247	3.5	(1,000)	(0.2)
Retirement benefit expenses	14,000	12,629	14,000	1,370	10.8	0	0.0
Other personnel expenses	210,000	204,780	209,000	5,219	2.5	1,000	0.5
Subcontracting expenses	554,000	541,439	554,000	12,560	2.3	0	0.0
Commission expenses	217,000	211,116	218,000	5,883	2.8	(1,000)	(0.5)
Vehicle hiring expenses	176,000	173,167	177,000	2,832	1.6	(1,000)	(0.6)
Other subcontracting expenses	161,000	157,155	159,000	3,844	2.4	2,000	1.3
Vehicle expenses	44,000	46,265	44,000	(2,265)	(4.9)	0	0.0
Fuel expenses	24,000	26,699	24,000	(2,699)	(10.1)	0	0.0
Other operating expenses	302,000	289,005	302,000	12,994	4.5	0	0.0
Depreciation	47,000	46,058	47,000	941	2.0	0	0.0
Elimination	(273,000)	(256,112)	(273,000)	(16,887)	6.6	0	0.0

Assumptions of forecasts

**Operating revenues**

**Delivery Business**

- TA-Q-BIN parcels (forecast)  
1,750,000 thousand (YoY ↑ 7.9%)
- TA-Q-BIN unit price (forecast)  
¥582 (YoY ↓ 2.2%)
- Kuroneko DM-Bin units (forecast)  
1,615,000 thousand (YoY ↓ 15.0%)
- Kuroneko DM-Bin unit price (forecast)  
¥58 (YoY ↓ 4.9%)

**Personnel expenses**

- Employee salary  
(consolidated; forecast)  
Total 202,800 persons  
(YoY ↑ 5,744 / ↑ 2.9%)
- Full-time 90,000 persons  
(YoY ↑ 1,753 / ↑ 2.0%)
- Part-time 112,800 persons  
(YoY ↑ 3,991 / ↑ 3.7%)
- Other personnel expenses  
Increase due to revision to the rate of  
social insurance

**Capital Expenditure**

Capital Expenditure  
(Millions of Yen, forecast) ¥69,000

This last slide of the presentation shows our full-year forecasts for consolidated operating expenses.

(1) With respect to our full-year forecasts, we anticipate a 2.4% increase in revenues YoY and a 2.3% increase in overall operating expenses. These overall figures remain unchanged from our previous forecasts, but we have revised forecasts for certain expense items.

(2) I will now go over the points that have been updated.

- The ¥23.8 billion YoY increase in personnel expenses reflects factors such as a greater number of employees and hikes in base pay. Changes from the previous forecast include ¥1.0 billion less in employee salaries compared with the previous forecast, due to having lowered the previous forecast for TA-Q-BIN and Kuroneko DM-Bin delivery volume.

On the other hand, we anticipate ¥1.0 billion more in short span part timer expenses incurred so that we can more flexibly handle fluctuations in work volume.

- We anticipate a ¥12.5 billion YoY increase in subcontracting expenses, due to higher delivery volume in the Delivery Business and growth in the non-delivery businesses. Changes from the previous forecast include ¥1.0 billion lower forecasts each for commission expenses and vehicle hiring expenses in line with changes in delivery volume forecast, but a ¥2.0 billion increase in the previous “other subcontracting expenses” forecast due to factors such as hikes in rates for air freight which remain at high levels.

(3) Forecasts for expense items other than those shown above remain unchanged.

(4) We estimate capital expenditure of ¥69.0 billion, an increase of ¥4.4 billion YoY, unchanged from the previous forecast.

Of the ¥4.4 billion increase, we expect approximately ¥3.0 billion to be spent on buildings. That outlay for the Delivery Business was postponed in the previous fiscal year.

Finally, on July 31 we will begin purchasing treasury shares, up to a maximum value of ¥20.0 billion. We released details in that regard at 3:00 p.m. today, at the same time as the earnings announcement.

We will retire just over 10 million shares, equivalent in value to those purchased, in order to allay concerns regarding dilution of equity and to improve value per share.

That concludes my explanation.

These presentation materials (with explanatory notes) and the minutes of the financial results meeting Q&A are posted in PDF format on the Company's website in the Investor Relations section.

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