Settlement of Accounts Meeting for the First Three Months of Fiscal Year Ending March 31, 2018

July 31, 2017

YAMATO HOLDINGS CO., LTD.

1. Highlight

YAMATO HOLDINGS CO., LTD.

Three Months FY2018 Results Main Points

On the revenue front, operating revenues increased by ¥13.6 billion YoY. With respect to the Delivery Business, the increase was attributable to ongoing gains in TA-Q-BIN delivery volume partially due to expansion of the mail order market brought about by rapidly changing styles of consumption. With respect to the non-delivery businesses, the increase was attributable to firm results from existing services.

On the profit front, we posted an operating loss of ¥10.0 billion and a YoY decrease in profit amounted to ¥17.4 billion due to factors that include rising labor costs, including those of outsourcing workforce, in conjunction with increases in TA-Q-BIN delivery volume, and recording of payments for specially acknowledged working hours additionally recognized as the result of further confirmation on a fact-finding investigation into working hours of employees, which has been carried out on a Group-wide basis since the previous fiscal year.

Trends of Delivery Business

- TA-Q-BIN delivery volume increased by 5.1% YoY due to factors that include continuous rapid growth in the mail order market. Unit price decreased by 1.6% YoY due to a shift in the product mix.
- With respect to our "structural reforms in the Delivery Business," we have issued requests to our large-lot corporate clients which include asking that they adjust their shipping schedules during busy seasons and cut down on re-deliveries, and at the same time we have reached the phase of rate review that involves successively carrying out negotiations in that regard. However, we continue to face a scenario where profits have been pressured by rising labor costs, including those of outsourcing workforce, in conjunction with increases in TA-Q-BIN delivery volume.

Trends of Non-Delivery Business

BIZ-Logistics Business	Revenue increased mainly due to favorable results from existing services for mail-order business operators, but profit decreased mainly due to lackluster results in overseas transport services.
Home Convenience Business	Revenue and profit increased mainly due to robust performance generated by our existing services constituting our moving-related services and our "Raku Raku Household TA-Q-BIN" service offered through initiatives that include linking up with flea market website applications and providing new delivery services that make it easy for customers to send large packages.
e-Business	Revenue and profit increased due mainly to gaining new customers for "e-On Demand Solutions" business and a greater volume of business in the "Web-based Shipment Control" service.
Financial Business	In addition to promoting customer use of "Kuroneko Web Collect" and "Kuroneko Pay After Delivery" services, due to factors that include steady results of lease services business, revenue and profit increased.
Autoworks Business	Revenue and profit increased due to an increase in the number of vehicles serviced.

[Results main points]

(1) In the three months ended June 30, 2017, revenue increased but profit decreased substantially YoY; operating revenue was ¥355.4 billion and operating loss was ¥10.0 billion.

(2) Operating revenue (YoY ↑ ¥13.6 billion)

- Operating revenues increased by ¥13.6 billion YoY. The increase was attributable to ongoing gains in TA-Q-BIN delivery volume in the Delivery Business and firm results centered on existing services in the non-delivery businesses.

(3) Operating profit (YoY ↓ ¥17.4 billion)

- We continue to face a scenario where profits have been pressured by rising labor costs, including those of outsourcing workforce, in conjunction with increases in TA-Q-BIN delivery volume.
- We recorded payments for specially acknowledged working hours of ¥5.2 billion additionally recognized as the result of further confirmation on a fact-finding investigation into working hours of employees, which has been carried out since the previous fiscal year.

(4) "Structural reforms in the Delivery Business"

- We have reached a phase of successive negotiations with our large-lot corporate clients with respect to matters such as adjusting shipping schedules during busy seasons, cutting down on re-deliveries, and reviewing our rates.
- We expect the structural reforms to show results beginning in the latter half of the fiscal year.

2. Overview of Operating Results

YAMATO HOLDINGS CO., LTD.

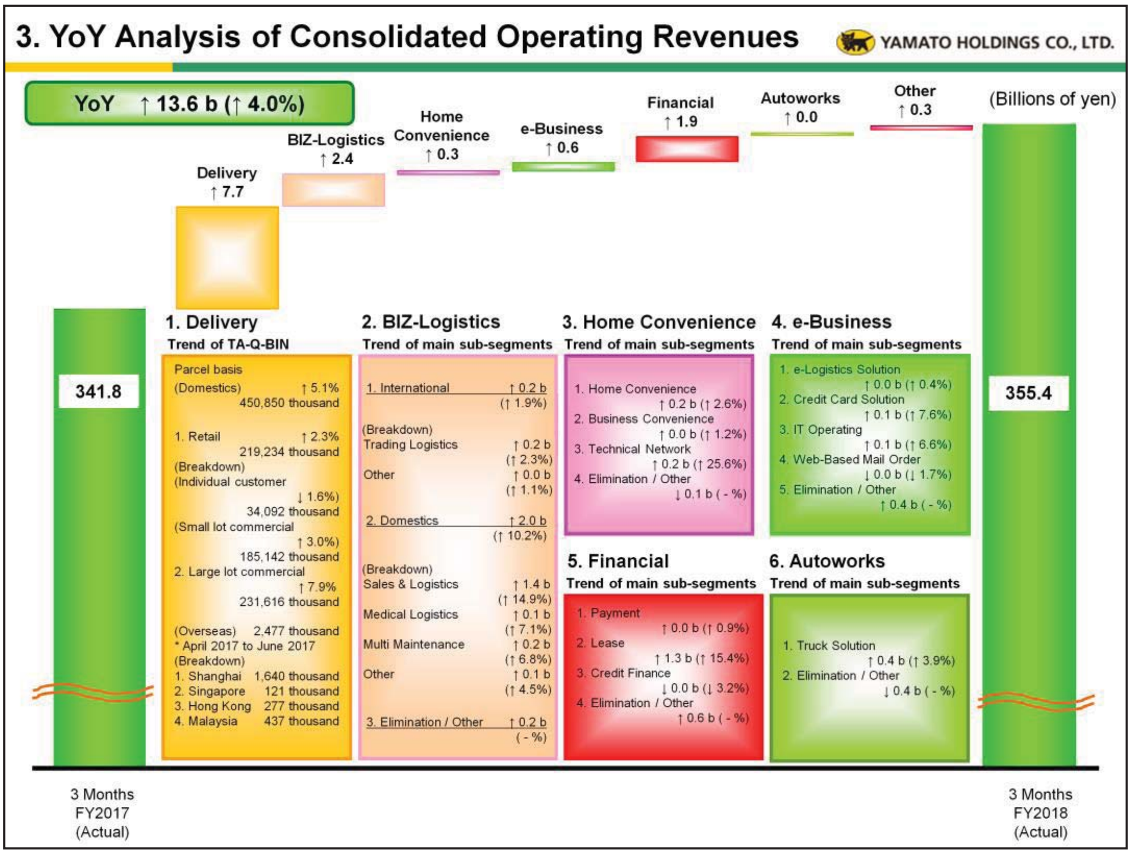
(Billions of Yen)		3 Months FY2018 (Actual)	3 Months FY2017 (Actual)	YoY Change	
				Amount	[%]
Operating revenues					
	Delivery	273.3	265.6	7.7	2.9
	Non-Delivery	82.1	76.2	5.8	7.7
	Total	355.4	341.8	13.6	4.0
Operating profit (loss)		(10.0)	7.4	(17.4)	-
	[Profit margin]	(2.8)%	2.2%	-	-
Ordinary profit (loss)		(9.5)	7.6	(17.2)	-
	[Profit margin]	(2.7)%	2.2%	-	-
Profit (loss) attributable to owners of parent		(7.9)	3.6	(11.5)	-
	[Profit margin]	(2.2)%	1.1%	-	-

[Operating results in the three months ended June 30, 2017]

(Overview of operating revenues and operating profit is as discussed in the previous slide)

(1) Nothing noteworthy has emerged in terms of non-operating income, non-operating loss, extraordinary income and extraordinary loss.

(2) Loss attributable to owners of parent was ¥7.9 billion.



[Major factors of changes in revenues by segment]

(1) Delivery Business (Revenue increase, profit decrease)
Positive: TA-Q-BIN delivery volume: ↑ 5.1% (Retail: ↑ 2.3%; Large lot commercial: ↑ 7.9%); operating revenue: ↑ 3.3%
Negative: Kuroneko DM-Bin volume: ↓ 1.1%; operating revenue: ↓ 1.5%

(2) BIZ-Logistics Business (Revenue increase, profit decrease)
Positive: Favorable results in use of services by existing customers for Sales & Logistics and Medical Logistics
Negative: Overseas transport services (Sluggish freight movement mainly among automotive customers in trading logistics)

(3) Home Convenience Business (Revenue and profit increase)
Positive: Robust performance generated by moving-related services and the “Raku Raku Household TA-Q-BIN” service offered through initiatives that include providing new delivery services linked with flea market website applications

(4) e-Business (Revenue and profit increase)
Positive: Gaining new customers for “e-On Demand Solutions” business and a greater volume of business in the “Web-based Shipment Control” service

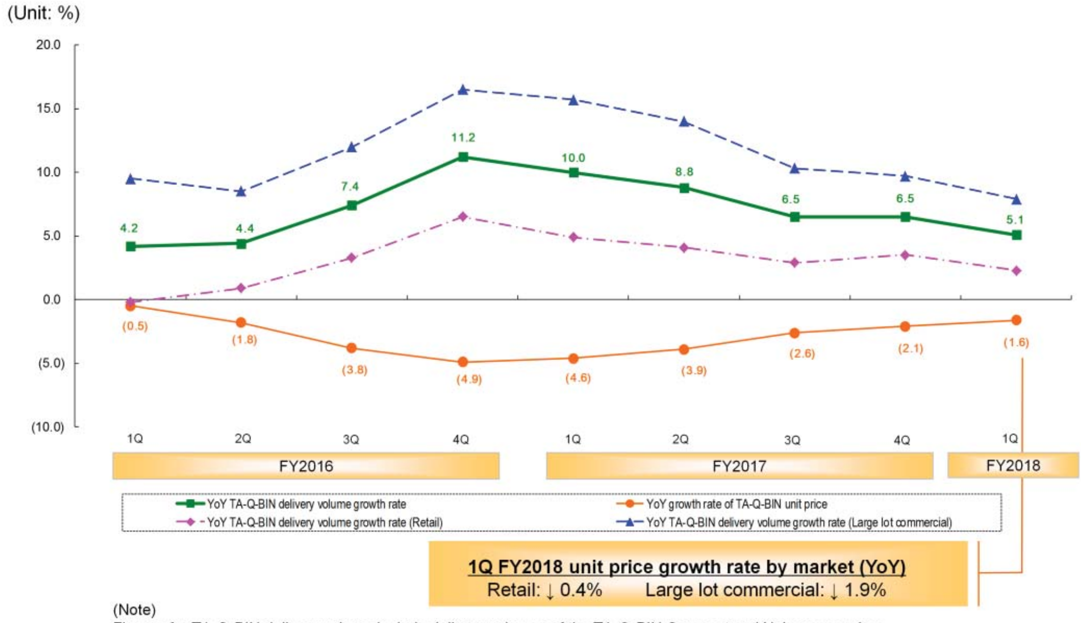
(5) Financial Business (Revenue and profit increase)
Positive: Lease business (Favorable results generated from financial leases primarily involving trucks and installment sales)
Negative: Lackluster results of the Payment business (formerly referred to as the TA-Q-BIN Collect business) due to a shrinking market for cash-on-delivery settlements

(6) Autoworks Business (Revenue and profit increase)
Positive: Number of vehicles serviced increased

4. Quarterly YoY Results of TA-Q-BIN Delivery

YAMATO HOLDINGS CO., LTD.

In 1Q FY2018, TA-Q-BIN delivery volume increased by 5.1% YoY partially due to expansion of the mail order market brought about by rapidly changing styles of consumption.
Unit price decreased by 1.6% YoY due to a shift in the product mix.



(Note)
Figures for TA-Q-BIN delivery volume include delivery volumes of the TA-Q-BIN Compact and Nekopos services.

[Trends of TA-Q-BIN]

(1) TA-Q-BIN delivery volume up 5.1 % YoY
- Growth in delivery volume partially due to expansion of the mail order market brought about by rapidly changing styles of consumption
- Negotiations with large-lot corporate clients are being successively carried out with respect to placing controls on total TA-Q-BIN volume (results expected to materialize in latter half of the fiscal year and beyond)

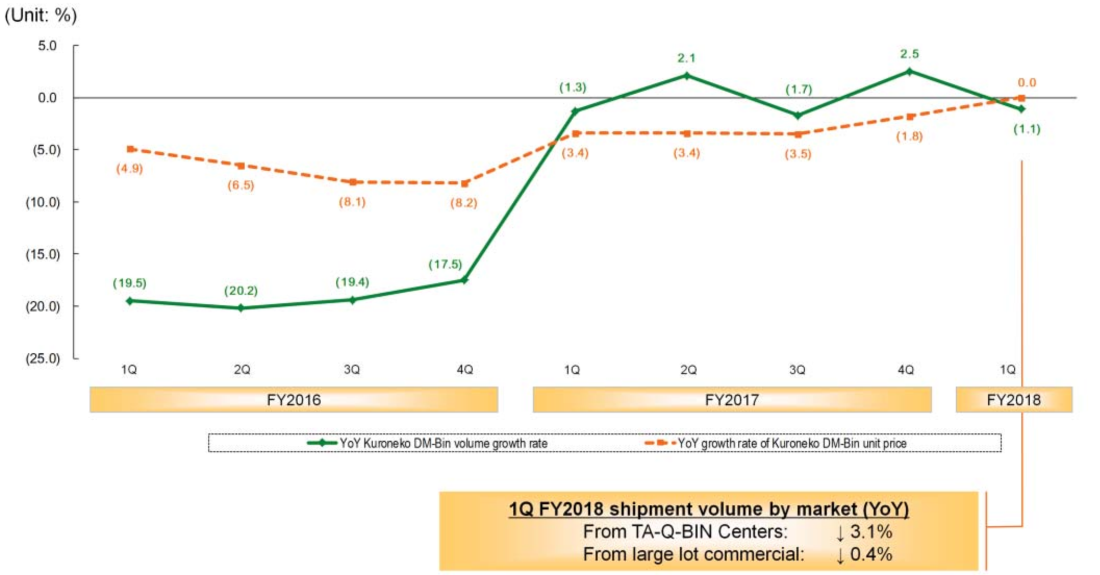
(2) The unit price was down 1.6% YoY
- Ongoing growth in shipments by large-lot corporate clients whose unit prices are low
- Negotiations with large-lot corporate clients are being successively carried out with respect to rate revisions (results expected to materialize in latter half of the fiscal year and beyond)

(3) Trends with “TA-Q-BIN Compact” and “Nekopos” services
- Greater delivery volume against a backdrop of growth in the C2C market
- Promoting more sales also in the B2B market

5. Quarterly YoY Results of Kuroneko DM-Bin

YAMATO HOLDINGS CO., LTD.

Kuroneko DM-Bin volume decreased by 1.1% YoY due to a sluggish market and adverse effects of the competitive landscape.
Unit price has been on par with previous year levels.

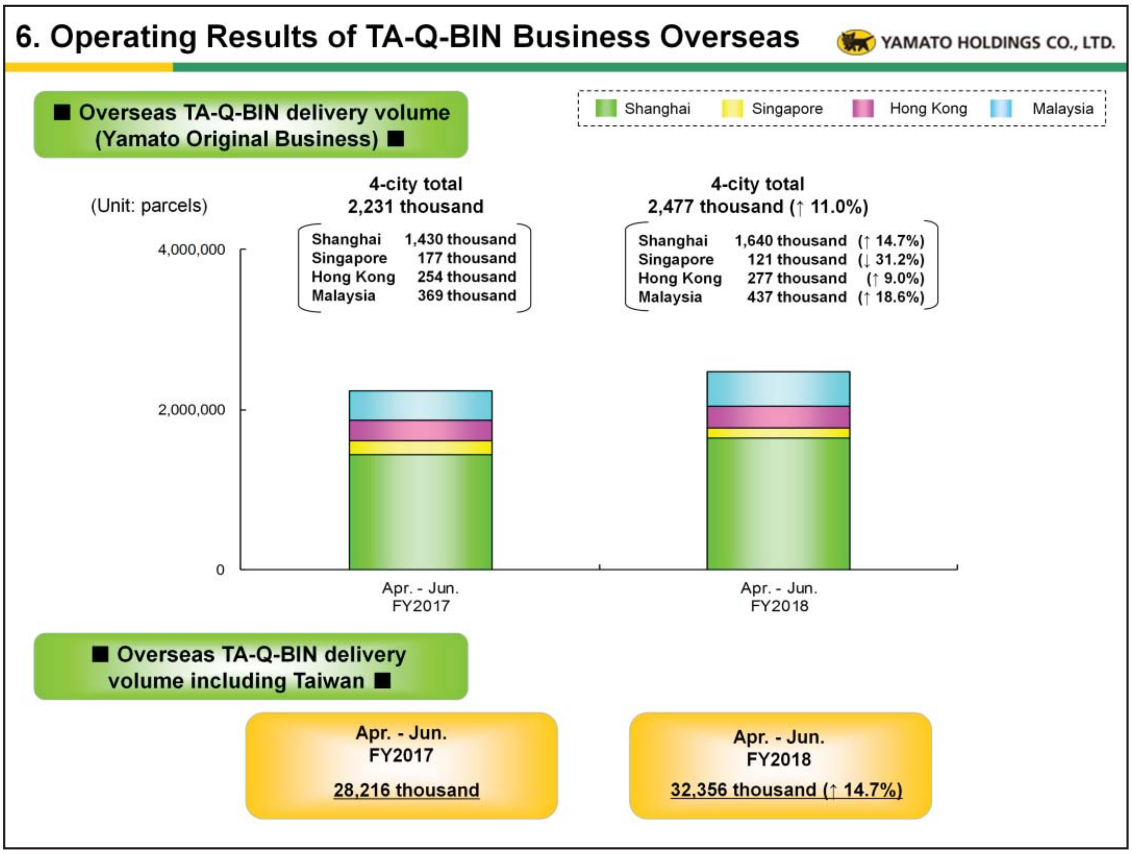


[Trends of Kuroneko DM-Bin]

(1) Kuroneko DM-Bin volume: YoY ↓ 1.1%

- We continue to face a sluggish market and a tough competitive landscape.

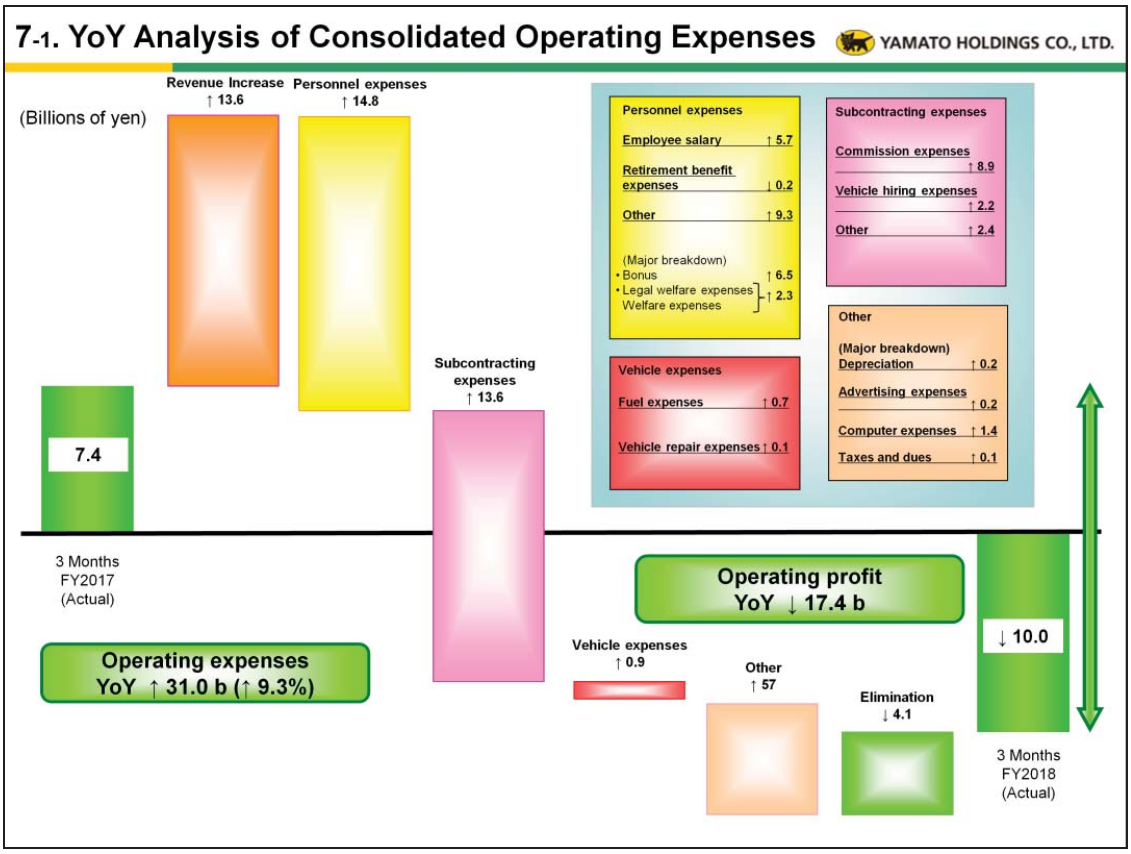
(2) Unit price: YoY ±0 %



[Progress achieved by the TA-Q-BIN business overseas]

(1) Our review of unprofitable transactions is reaching completion and TA-Q-BIN delivery volume is trending higher.

(2) Operating profit has been improving as a whole.



[Major changes in consolidated operating expenses (overall)]

(1) Operating revenue increased by 4.0% YoY while operating expenses increased by 9.3% YoY.

(2) The cost environment in the three months ended June 30, 2017

- Rise in labor costs such as those involving outsourcing workforce → Trends of the previous fiscal year are persisting
  → Employee salaries and commission expenses increased by ¥5.7 billion and ¥8.9 billion, respectively, in conjunction with increases in TA-Q-BIN delivery volume, amid a situation in which we are currently placing controls on total TA-Q-BIN volume and engaging in negotiations concerning review of our rates.

- Payments for specially acknowledged working hours additionally recognized in the three months ended June 30, 2017 (¥5.2 billion)

- Our “reforming working styles” initiatives are progressing according to plan.

7-2. YoY Analysis of Consolidated Operating Expenses

YAMATO HOLDINGS CO., LTD.

(Millions of Yen)		3 Months FY2018 Actual	3 Months FY2017 Actual	YoY Change	
				Amount	[%]
Operating revenues		355,478	341,876	13,601	4.0
Operating expenses		365,479	334,443	31,035	9.3
Personnel expenses		195,634	180,777	14,856	8.2
	Employee salary	130,414	124,683	5,731	4.6
	Retirement benefit expenses	3,963	4,206	(242)	(5.8)
	Other personnel expenses	61,256	51,888	9,368	18.1
Subcontracting expenses		150,359	136,735	13,624	10.0
	Commission expenses	63,535	54,586	8,948	16.4
	Vehicle hiring expenses	47,226	44,977	2,249	5.0
	Other subcontracting expenses	39,597	37,171	2,426	6.5
Vehicle expenses		10,701	9,769	931	9.5
	Fuel expenses	5,126	4,364	761	17.5
Other operating expenses		77,954	72,158	5,796	8.0
	Depreciation	10,256	9,975	280	2.8
Elimination		(69,171)	(64,997)	(4,173)	6.4

[Major changes in consolidated operating expenses (in detail)]

(1) Personnel expenses: YoY ↑ ¥14.8 billion (↑8.2%)

Employee salary: YoY ↑ ¥5.7 billion (↑ 4.6%)

- Number of employees YoY ↑4.0% (Full-time ↑2.8%, part-time ↑5.0%)
- Including expenses associated with the "reforming working styles" initiatives (increase in supervisors, etc.)

Other personnel expenses: YoY ↑ ¥9.3 billion

- Bonus …YoY ↑ ¥6.5 billion
  → Including payments for specially acknowledged working hours additionally recognized in the three months ended June 30, 2017 (¥5.2 billion).
- Legal welfare expenses
  → Including expenses regarding the above-mentioned payments for specially acknowledged working hours, in addition to increases in personnel and expanded scope of social insurance eligibility

(2) Subcontracting expenses: YoY ↑ ¥13.6 billion (↑10.0%)

Commission expenses: YoY ↑ ¥8.9 billion (↑16.4%)

- Delivery Business .... YoY ↑ ¥7.4 billion (↑25.3%)
  → Outsourcing of TA-Q-BIN deliveries continued to increase as a consequence of the tightening labor market, while there has been no change in the trend of increasing TA-Q-BIN delivery volume
- Non-delivery businesses.........YoY ↑ ¥1.5 billion
  → Primarily in the BIZ-Logistics Business, there has been increased use of subcontracting and other such services associated with higher revenues due to greater numbers of projects

Vehicle hiring expenses: YoY ↑ ¥2.2 billion (↑5.0%)

→ Expenses were appropriately kept under control relative to delivery volume increases

Other subcontracting expenses: YoY ↑ ¥2.4 billion (↑6.5%)

→ Cost of sales increased due to robust results in the lease business

(3) Vehicle expenses: YoY ↑ ¥0.9 billion (↑ 9.5%)

→ Fuel expenses increased by ¥0.7 billion YoY (↑17.5%) mainly due to a higher unit price of fuel

(4) Other operating expenses: YoY ↑ ¥5.7 billion (↑8.0%)

- Depreciation......... ↑ ¥0.2 billion

8. YoY Analysis of Operating Expenses in Delivery Business

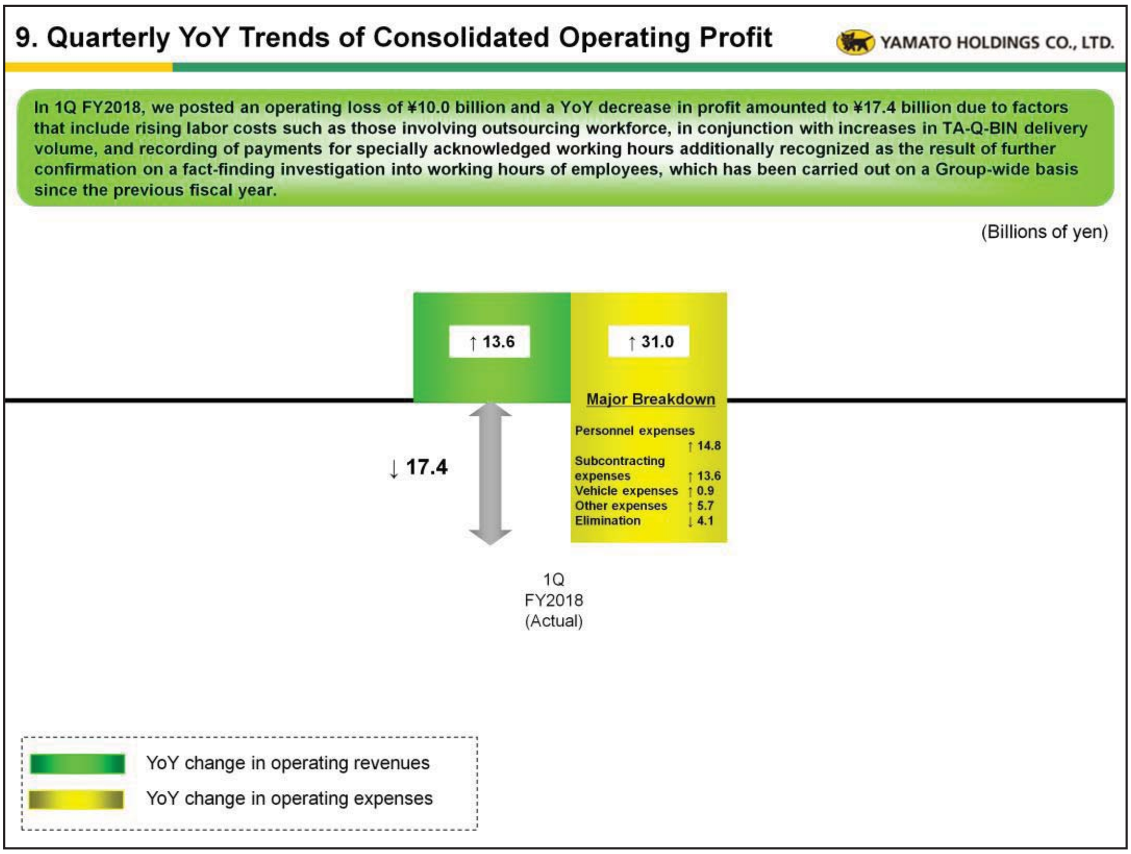
YAMATO HOLDINGS CO., LTD.

(Millions of Yen)	3 Months FY2018 Actual	3 Months FY2017 Actual	YoY Change	
			Amount	[%]
Operating revenues	273,349	265,628	7,721	2.9
Operating expenses	290,634	265,414	25,219	9.5
Personnel expenses	169,727	155,878	13,848	8.9
Employee salary	112,537	107,336	5,201	4.8
Retirement benefit expenses	3,297	3,498	(201)	(5.7)
Other personnel expenses	53,891	45,043	8,848	19.6
Subcontracting expenses	89,748	80,474	9,273	11.5
Commission expenses	36,652	29,251	7,400	25.3
Vehicle hiring expenses	44,818	42,718	2,100	4.9
Other subcontracting expenses	8,276	8,504	(227)	(2.7)
Vehicle expenses	9,441	8,656	785	9.1
Fuel expenses	4,211	3,587	623	17.4
Other operating expenses	53,022	49,665	3,357	6.8
Depreciation	6,718	6,483	235	3.6
Elimination	(31,305)	(29,259)	(2,045)	7.0

(Note)
The figures above include operating expenses related to overseas TA-Q-BIN services.

[YoY analysis of operating expenses in Delivery Business]

For this slide, refer to explanation given in relation to Slide 7-2.



[Quarterly trends of operating profit]

Bar chart of a YoY comparison of operating revenues and operating expenses

10-1. Forecast of FY2018 Operating Results

YAMATO HOLDINGS CO., LTD.

(Billions of Yen)		FY2018 (New Forecast) A	FY2017 (Actual)	FY2018 (April 2017 Forecast) B	YoY Change		Forecast Change (A-B)	
					Amount	[%]	Amount	[%]
Operating revenues		1,490.0	1,466.8	1,470.0	23.1	1.6	20.0	1.4
Operating profit		25.0	34.8	30.0	(9.8)	(28.3)	(5.0)	(16.7)
	[Profit margin]	1.7%	2.4%	2.0%	-	-	-	-
Ordinary profit		25.0	34.8	30.0	(9.8)	(28.3)	(5.0)	(16.7)
	[Profit margin]	1.7%	2.4%	2.0%	-	-	-	-
Profit attributable to owners of parent		12.0	18.0	17.0	(6.0)	(33.5)	(5.0)	(29.4)
	[Profit margin]	0.8%	1.2%	1.2%	-	-	-	-

[Forecast of FY2018 operating results (overall)]

(1) Consolidated operating revenues: ¥20.0 billion higher than previously forecast; YoY ↑¥23.1 billion, ↑1.6%

→ We increased the forecast for operating revenue in comparison with the previous forecast to reflect prevailing circumstances.

(2) Consolidated operating profit: ¥5.0 billion lower than previously forecast; YoY ↓¥9.8 billion, ↓28.3%

→ We decreased the forecast for operating profit in comparison with the previous forecast to reflect the recording of payments for specially acknowledged working hours additionally recognized in the three months ended June 30, 2017, and the increase in commission expenses linked to the increase in the forecast for TA-Q-BIN delivery volume from the previous forecast and other factors.

10-2. Forecast of FY2018 Operating Results

YAMATO HOLDINGS CO., LTD.

(Millions of Yen)	FY2018 (New Forecast) A	FY2017 (Actual)	FY2018 (April 2017 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues							
Delivery	1,174,000	1,151,028	1,160,000	22,971	2.0	14,000	1.2
BIZ-Logistics	114,000	108,643	112,000	5,356	4.9	2,000	1.8
Home Convenience	51,000	49,163	51,000	1,836	3.7	0	0.0
e-Business	44,000	45,639	42,000	(1,639)	(3.6)	2,000	4.8
Financial	74,000	77,985	72,000	(3,985)	(5.1)	2,000	2.8
Autoworks	26,000	24,613	26,000	1,386	5.6	0	0.0
Other	7,000	9,777	7,000	(2,777)	(28.4)	0	0.0
Total	1,490,000	1,466,852	1,470,000	23,147	1.6	20,000	1.4
Operating profit							
Delivery	3,000	5,638	5,000	(2,638)	(46.8)	(2,000)	(40.0)
BIZ-Logistics	4,100	4,072	4,200	27	0.7	(100)	(2.4)
Home Convenience	1,400	1,076	1,500	323	30.1	(100)	(6.7)
e-Business	8,500	9,368	8,300	(868)	(9.3)	200	2.4
Financial	6,800	8,243	6,500	(1,443)	(17.5)	300	4.6
Autoworks	3,900	3,273	4,000	626	19.1	(100)	(2.5)
Other	15,900	35,477	28,500	(19,577)	(55.2)	(12,600)	(44.2)
Subtotal	43,600	67,149	58,000	(23,549)	(35.1)	(14,400)	(24.8)
Elimination	(18,600)	(32,264)	(28,000)	13,664	(42.4)	9,400	(33.6)
Total	25,000	34,885	30,000	(9,885)	(28.3)	(5,000)	(16.7)
[Profit margin]	1.7%	2.4%	2.0%	-	-	-	-
Ordinary profit	25,000	34,884	30,000	(9,884)	(28.3)	(5,000)	(16.7)
[Profit margin]	1.7%	2.4%	2.0%	-	-	-	-
Profit attributable to owners of parent	12,000	18,053	17,000	(6,053)	(33.5)	(5,000)	(29.4)
[Profit margin]	0.8%	1.2%	1.2%	-	-	-	-

TA-Q-BIN and Kuroneko DM-Bin forecasts

- TA-Q-BIN parcels (forecast)
  1,831,000 thousand (YoY ↓ 2.0%)
- TA-Q-BIN unit price (forecast)
  ¥585 (YoY ↑ 4.7%)

- Kuroneko DM-Bin units (forecast)
  1,490,000 thousand (YoY ↓ 3.4%)
- Kuroneko DM-Bin unit price (forecast)
  ¥56 (YoY ↑ 1.8%)

[Operating results forecast by business segment]

(1) Delivery Business (In comparison with the previous forecast, operating revenues were ¥14.0 billion higher and operating profit was ¥2.0 billion lower)

- TA-Q-BIN: Increase of 46 million parcels from the previous forecast (YoY ↓ 2.0%)
  (* Previous forecast: YoY ↓ 4.4%)
  Decrease of ¥7 in unit price from the previous forecast (YoY ↑ 4.7%)
  (* Previous forecast: YoY ↑ 5.9%)
- Kuroneko DM-Bin: Remain unchanged from the previous forecast
- Operating profit was ¥2.0 billion lower than the previous forecast due to factors that include effects of payments for specially acknowledged working hours additionally recognized in the three months ended June 30, 2017, along with commission expense increases associated with higher anticipated TA-Q-BIN volume
- We are successively negotiating with our large-lot corporate clients with respect to placing controls on total TA-Q-BIN volume and reviewing our rates

(2) Non-delivery businesses

- We revised the forecasts for operating revenue and operating profit in comparison with the previous forecasts to reflect prevailing circumstances.

(3) In the “Other” business segment, the new operating profit forecast is ¥12.6 billion lower than the previous forecast due to a decrease in dividend income received from Yamato Group companies

10-3. Forecast of FY2018 Operating Results

YAMATO HOLDINGS CO., LTD.

(Millions of Yen)	FY2018 (New Forecast) A	FY2017 (Actual)	FY2018 (April 2017 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues	1,490,000	1,466,852	1,470,000	23,147	1.6	20,000	1.4
Operating expenses	1,465,000	1,431,966	1,440,000	33,033	2.3	25,000	1.7
Personnel expenses	785,500	769,260	773,500	16,239	2.1	12,000	1.6
Employee salary	535,000	513,656	530,000	21,343	4.2	5,000	0.9
Retirement benefit expenses	18,000	17,024	18,000	975	5.7	0	0.0
Other personnel expenses	232,500	238,580	225,500	(6,080)	(2.5)	7,000	3.1
Subcontracting expenses	592,000	588,388	579,000	3,611	0.6	13,000	2.2
Commission expenses	245,000	241,888	237,000	3,111	1.3	8,000	3.4
Vehicle hiring expenses	188,000	189,272	183,000	(1,272)	(0.7)	5,000	2.7
Other subcontracting expenses	159,000	157,227	159,000	1,772	1.1	0	0.0
Vehicle expenses	41,000	40,634	41,000	365	0.9	0	0.0
Fuel expenses	21,000	19,333	21,000	1,666	8.6	0	0.0
Other operating expenses	326,500	308,385	326,500	18,114	5.9	0	0.0
Depreciation	48,500	46,114	48,500	2,385	5.2	0	0.0
Elimination	(280,000)	(274,702)	(280,000)	(5,297)	1.9	0	0.0

Assumptions of forecasts

Personnel expenses

・Employee salary
(consolidated; forecast)
Total 210,950 persons
(YoY ↑ 9,166 / ↑ 4.5%)
Full-time 94,950 persons
(YoY ↑ 4,213 / ↑ 4.6%)
Part-time 116,000 persons
(YoY ↑ 4,953 / ↑ 4.5%)

・Other personnel expenses
Increase due to promotion of "reforming working styles" and expanded scope of social insurance eligibility, etc.

Capital expenditure

Capital expenditure (Millions of Yen, forecast) ¥ 65,000

[Forecast of consolidated operating expenses]

(1) With respect to overall operating expenses, we project increase of ¥25.0 billion (YoY ↑2.3%).

(2) Changes from the previous forecast

- Personnel expenses: Our new forecast for personnel expenses is ¥12.0 billion higher than the previous forecast mainly as a result of having factored in both the prospect of higher employee salaries due to an increase in anticipated TA-Q-BIN delivery volume in comparison with that previously forecast, and also potential effects of payments for specially acknowledged working hours additionally recognized in the three months ended June 30, 2017.

- Subcontracting expenses: Our new forecast for subcontracting expenses is ¥13.0 billion higher than the previous forecast due to changes relative to previous forecasts for commission expenses and vehicle hiring expenses due to an increase in anticipated TA-Q-BIN delivery volume in comparison with that previously forecast.

(3) These operating results forecasts factor in prospects that have become clearly evident of "decreases in delivery volume" and "increases in unit pricing" amid a situation where negotiations with our large-lot corporate clients are currently underway with respect to "placing controls on total TA-Q-BIN volume" and "reviewing our rates."

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.