Highlight for the First Six Months of Fiscal Year Ending March 31, 2018

YAMATO HOLDINGS CO., LTD.

November 1, 2017

1. Highlight (6 Months)

- On the revenue front, operating revenues increased by ¥23.1 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 ¥12.8 billion and a YoY decrease in profit amounted to ¥33.8 billion due to factors that include systemic improvements implemented to avoid the prospect of surges in parcel volume that would cause greater employee workloads, and rising labor costs, including those of outsourcing workforce.

Trends of Delivery Business

- TA-Q-BIN delivery volume increased by 3.6% YoY due to factors that include continuous rapid growth in the mail order market.
- TA-Q-BIN unit price decreased by 1.1% 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	Revenue increased mainly due to favorable results from existing services for mail-order business operators, but profit decreased mainly due to increased costs of outsourcing work in some services such as overseas relocations.
➢ Home Convenience	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.
➢ e-Business	Revenue and profit increased due mainly to a greater volume of business in the "Web-based Shipment Control" service and increase in use of "e-On Demand Solutions" business among customers who has started to utilize such service in this fiscal year.
➢ Financial	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	Revenue decreased largely as a result of sluggish sales of vehicle equipment, but profit increased.

[Highlight (6 months)]

Consolidated operating results: Revenue increased but profit decreased

(1) Operating revenue: ¥729.8 billion YoY ↑ ¥23.1 billion

- Delivery Business: Upward trend with respect to delivery volume of TA-Q-BIN continued
- Non-delivery Business: Results were firm primarily from existing services

(2) Operating loss: ¥12.8 billion YoY ↓ ¥33.8 billion

- We have reached a phase of successive negotiations with our large-lot corporate clients (1,000 corporations) with respect to matters such as adjusting shipping schedules during busy seasons, cutting down on re-deliveries, and reviewing our rates.
- We expect the negotiations to show full results beginning in the second half of the fiscal year.
- Profits have been pressured by an increase in cost due to systemic improvements implemented to avoid the prospect of surges in delivery volume that would cause greater employee workloads and rising labor costs, including those of outsourcing workforce.

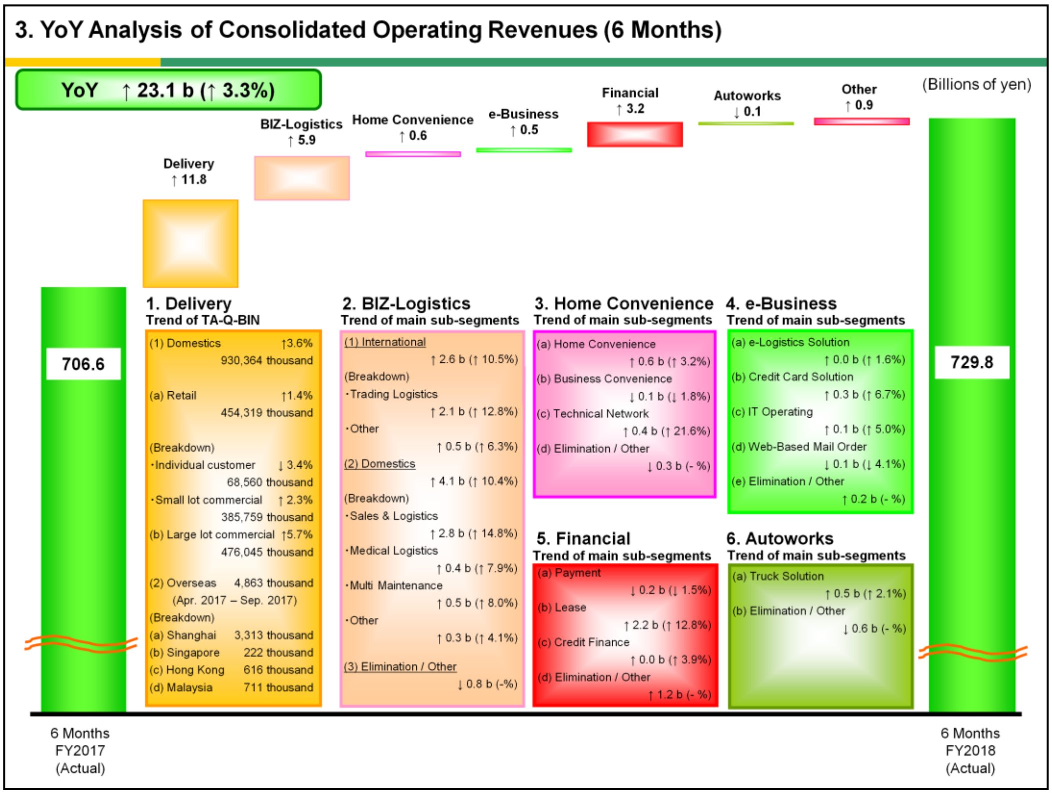
2. Consolidated Financial Results (6 Months)

(Billions of Yen)		6 Months FY2018 (Actual) A	6 Months FY2017 (Actual)	6 Months FY2018 (Forecast) B	YoY Change		Forecast Change (A-B)	
					Amount	[%]	Amount	[%]
Operating revenues								
	Delivery	566.7	554.8	-	11.8	2.1	-	-
	Non-Delivery	163.0	151.8	-	11.2	7.4	-	-
	Total	729.8	706.6	718.0	23.1	3.3	11.8	1.6
Operating profit (loss)		(12.8)	20.9	(13.0)	(33.8)	-	0.1	-
	[Profit margin]	(1.8)%	3.0%	(1.8)%	-	-	-	-
Ordinary profit (loss)		(12.6)	20.9	(13.0)	(33.5)	-	0.3	-
	[Profit margin]	(1.7)%	3.0%	(1.8)%	-	-	-	-
Profit (loss) attributable to owners of parent		(12.0)	11.5	(13.0)	(23.6)	-	0.9	-
	[Profit margin]	(1.7)%	1.6%	(1.8)%	-	-	-	-

[Consolidated financial results (6 months)]

(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 ¥12.0 billion.



[Major factors of changes in revenues by segment]

(1) Delivery Business (Revenue increase)
Positive: Upward trend with respect to delivery volume of TA-Q-BIN continued: ↑ 3.6% (Retail: ↑ 1.4%; Large lot commercial: ↑5.7%)

(2) BIZ-Logistics Business (Revenue increase)
Positive: Favorable results in use of services by existing customers for Sales & Logistics and Medical Logistics
Progress made in extending sales to various industries in trading logistics

(3) Home Convenience Business (Revenue 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

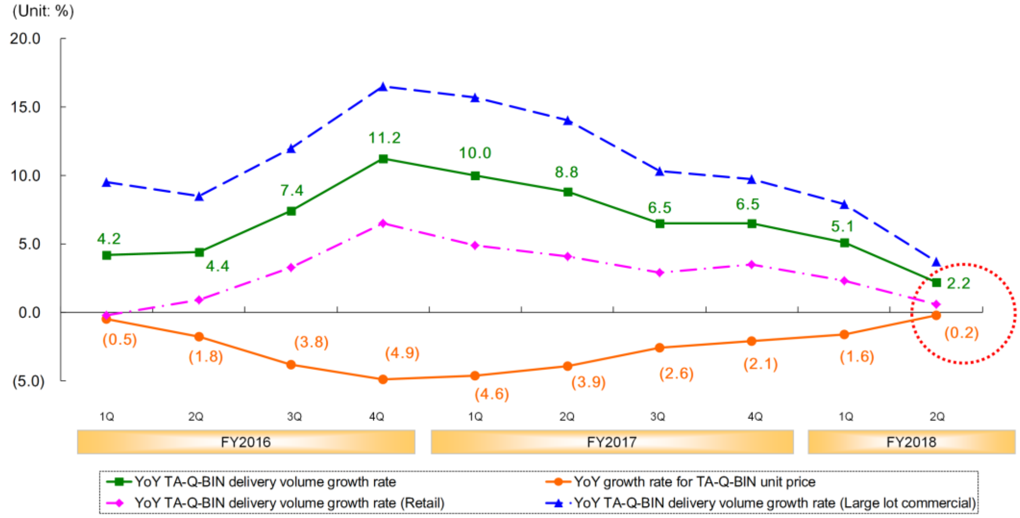
(4) e-Business (Revenue increase)
Positive: Gaining new customers and increase in use of services by existing customers for “e-On Demand Solutions” business
Increase in use of “Web-based Shipment Control” service by existing customers

(5) Financial Business (Revenue increase)
Positive: Favorable results in lease services business

(6) Autoworks Business (Revenue decrease)
Negative: Sluggish sales of vehicle equipment

4. Quarterly YoY Trends of TA-Q-BIN Delivery (First Half)

- **Growth of TA-Q-BIN delivery volume is slowing, but delivery volume increased by 2.2% YoY.**
- **Unit price decreased by 0.2% YoY, however, showing signs of bottoming out.**



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

Unit price growth rate by market (First Half)

Retail: ↑ 0.4%　　Large lot commercial: ↓ 0.3%

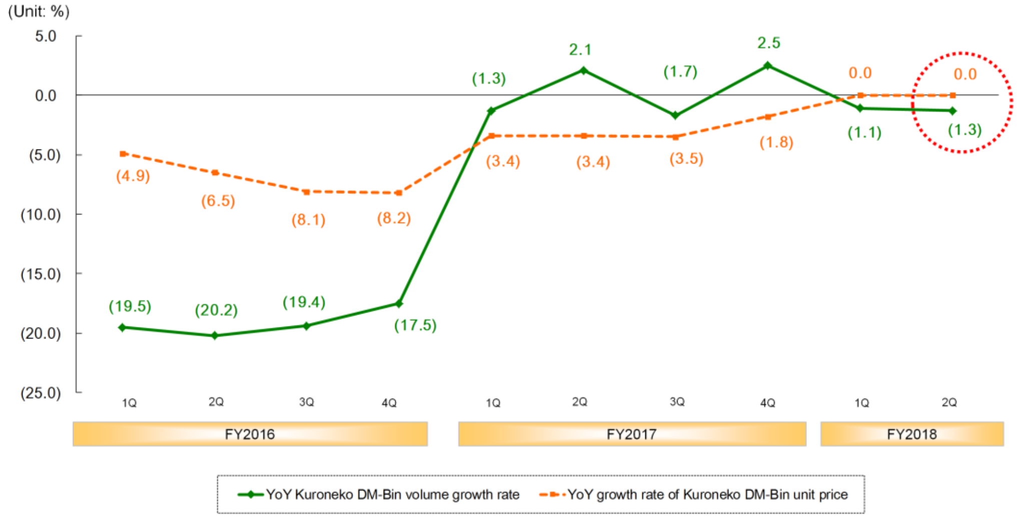
[Quarterly YoY trends of TA-Q-BIN delivery (first half)]

(1) TA-Q-BIN delivery volume up 2.2 % YoY
- Slowing rate of growth of TA-Q-BIN delivery volume in comparison with 1Q.

(2) The unit price was down 0.2% YoY
- Slowing rate of decline of unit price in comparison with 1Q.

5. Quarterly YoY Trends of Kuroneko DM-Bin (First Half)

・Kuroneko DM-Bin volume decreased by 1.3% YoY due to a sluggish market in addition to adverse effects of the competitive landscape.
・Unit price has been on par with previous year levels.



Shipment volume by market (First Half)

From TA-Q-BIN Centers: ↓4.4% From large lot commercial : ↓0.3%

[Quarterly YoY trends of Kuroneko DM-Bin (first half)]

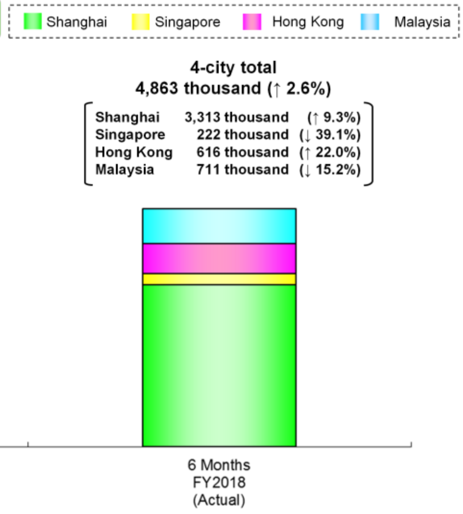
(1) Kuroneko DM-Bin volume: YoY ↓ 1.3%

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

(2) Unit price: YoY ±0 %

6. YoY Trends of TA-Q-BIN Business Overseas (6 Months)

Delivery volume at [4 overseas cities (under direct control of Yamato Group)]



Delivery volume at [4 overseas cities + Taiwan]

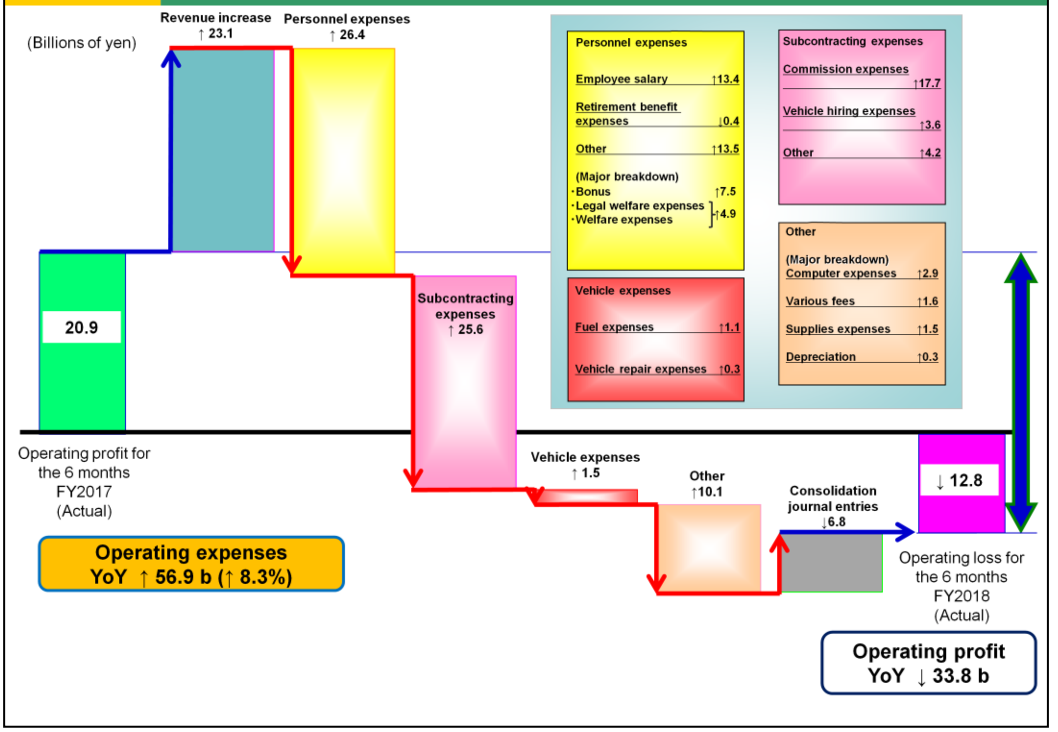
6 months of FY2017	6 months of FY2018
58,347 thousand	63,986 thousand (↑ 9.7%)

[YoY trends of TA-Q-BIN Business overseas (6 months)]

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

(2) We have been promoting development of a cross-border platform leveraging cold chain network.

7. YoY Analysis of Consolidated Operating Expenses (6 Months)



[Major changes in consolidated operating expenses (6 Months)]

(1) Operating revenue increased by 3.3% YoY while operating expenses increased by 8.3% YoY.

(2) The cost environment in the six months ended September 30, 2017

- Rise in labor costs such as those involving outsourcing workforce
  → Employee salaries and commission expenses increased by ¥13.4 billion or 5.3%, and ¥17.7 billion or 15.7%, respectively, in conjunction with increases in TA-Q-BIN delivery volume backed by expansion of the mail order market.

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

8. Forecast of FY2018 (Full-Year) Operating Results

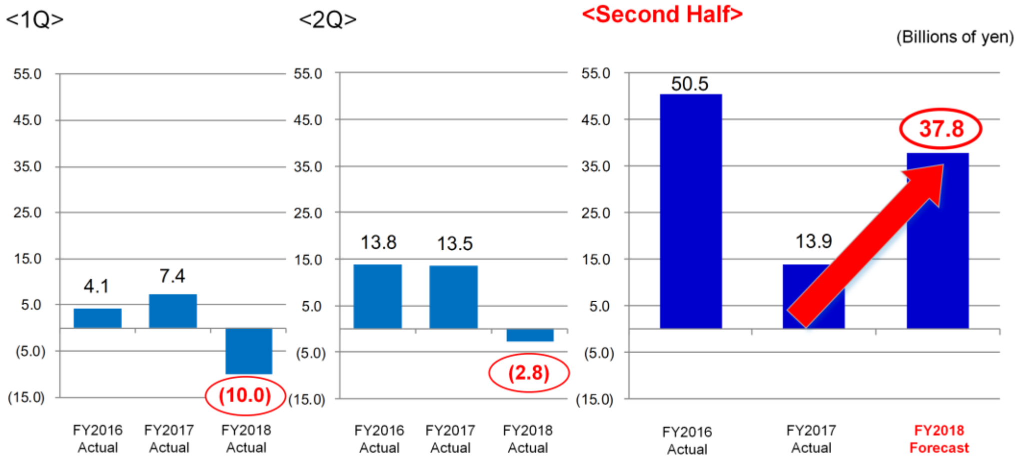
(Billions of Yen)		FY2018 (New Forecast) A	FY2017 (Actual)	FY2018 (July 2017 Forecast) B	YoY Change		Forecast Change (A-B)	
					Amount	[%]	Amount	[%]
Operating revenues		1,502.0	1,466.8	1,490.0	35.1	2.4	12.0	0.8
Operating profit		25.0	34.8	25.0	(9.8)	(28.3)	0.0	0.0
	[Profit margin]	1.7%	2.4%	1.7%	-	-	-	-
Ordinary profit		25.0	34.8	25.0	(9.8)	(28.3)	0.0	0.0
	[Profit margin]	1.7%	2.4%	1.7%	-	-	-	-
Profit attributable to owners of parent		12.0	18.0	12.0	(6.0)	(33.5)	0.0	0.0
	[Profit margin]	0.8%	1.2%	0.8%	-	-	-	-

[Forecast of FY2018 (full-year) operating results]

(1) Consolidated operating revenues: ¥12.0 billion higher than previous forecast; YoY ↑¥35.1 billion, ↑2.4%

(2) Consolidated operating profit: Remain unchanged from the previous forecast; YoY ↓¥9.8 billion, ↓28.3%

9. Forecast of FY2018 (Second Half) Consolidated Operating Profit



[1Q]
・Rising labor costs, including those of outsourcing workforce, in conjunction with increases in TA-Q-BIN delivery volume.
・Recording of payments for specially acknowledged working hours additionally recognized as the result of further confirmation on a fact-finding investigation into working hours.

[2Q]
・ Signs of improving profit despite continuing trends of 1Q, amid a slowing pace of delivery volume increases and a bottoming out in the trends of declining unit prices.

[Second Half]
・We expect there to be an improvement of earnings amid a scenario where initiatives involving controls on total volume and adequate pricing begin taking effect.
・Although an absence of one-off payments recorded in the previous year will buoy profits, we are likely to incur rising expenses associated with structural reforms centered on our "reforming working styles" initiatives

10. Summary of Consolidated Operating Expenses (6 Months)

(Millions of Yen)	6 Months FY2018 Actual	6 Months FY2017 Actual	YoY Change	
			Amount	[%]
Operating revenues	729,802	706,689	23,112	3.3
Operating expenses	742,690	685,745	56,944	8.3
Personnel expenses	394,917	368,456	26,460	7.2
Employee salary	266,521	253,115	13,406	5.3
Retirement benefit expenses	7,941	8,429	(487)	(5.8)
Other personnel expenses	120,453	106,911	13,542	12.7
Subcontracting expenses	306,711	281,087	25,624	9.1
Commission expenses	130,823	113,113	17,710	15.7
Vehicle hiring expenses	95,353	91,702	3,650	4.0
Other subcontracting expenses	80,535	76,271	4,264	5.6
Vehicle expenses	21,890	20,382	1,507	7.4
Fuel expenses	10,741	9,551	1,189	12.5
Other operating expenses	159,528	149,349	10,178	6.8
Depreciation	21,164	20,829	334	1.6
Elimination	(140,357)	(133,529)	(6,827)	5.1

[Summary of consolidated operating expenses (6 months)]

(1) Personnel expenses: YoY ↑ ¥26.4 billion (↑7.2%)
Employee salary: YoY ↑ ¥13.4 billion (↑ 5.3%)
- Number of employees YoY ↑4.8% (full-time ↑3.2%, part-time ↑6.1%)

Other personnel expenses: YoY ↑ ¥13.5 billion
- Bonus …YoY ↑ ¥7.5 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 ↑ ¥25.6 billion (↑9.1%)

Commission expenses: YoY ↑ ¥17.7 billion (↑15.7%)
→ Outsourcing of TA-Q-BIN deliveries continued to increase as a consequence of the tightening labor market and the proceedings of “reforming working styles” initiatives, while there has been no change in the trend of increasing TA-Q-BIN delivery volume

Vehicle hiring expenses: YoY ↑ ¥3.6 billion (↑4.0%)
→ Expenses were appropriately kept under control in general relative to delivery volume increases

Other subcontracting expenses: YoY ↑ ¥4.2 billion (↑5.6%)
→ Cost of sales increased due to robust results in the lease (installment sales/lease) business

(3) Vehicle expenses: YoY ↑ ¥1.5 billion (↑ 7.4%)
→ Fuel expenses increased by ¥1.1 billion YoY (↑12.5%) mainly due to a higher unit price of fuel

(4) Other operating expenses: YoY ↑ ¥10.1 billion (↑6.8%)
- Computer expenses......... ↑ ¥2.9 billion (expenses related to Eighth NEKO System)
- Depreciation......... ↑ ¥0.3 billion

11. Summary of Operating Expenses in Delivery Business (6 Months)

(Millions of Yen)	6 Months FY2018 Actual	6 Months FY2017 Actual	YoY Change	
			Amount	[%]
Operating revenues	566,749	554,849	11,899	2.1
Operating expenses	594,093	547,844	46,249	8.4
Personnel expenses	342,847	318,755	24,092	7.6
Employee salary	231,012	218,783	12,228	5.6
Retirement benefit expenses	6,613	7,023	(409)	(5.8)
Other personnel expenses	105,220	92,947	12,273	13.2
Subcontracting expenses	184,819	167,900	16,918	10.1
Commission expenses	76,973	62,727	14,246	22.7
Vehicle hiring expenses	90,766	87,508	3,258	3.7
Other subcontracting expenses	17,078	17,664	(586)	(3.3)
Vehicle expenses	19,388	18,103	1,285	7.1
Fuel expenses	8,914	7,937	976	12.3
Other operating expenses	110,351	102,639	7,711	7.5
Depreciation	14,097	13,755	342	2.5
Elimination	(63,312)	(59,553)	(3,758)	6.3

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

12. FY 2018 (Full-Year) Operating Results Forecast (by Business Segment)

(Millions of Yen)		FY2018 (New Forecast) A	FY2017 (Actual)	FY2018 (July 2017 Forecast) B	YoY Change		Forecast Change (A-B)	
					Amount	[%]	Amount	[%]
Operating revenues								
	Delivery	1,181,000	1,151,028	1,174,000	29,971	2.6	7,000	0.6
	BIZ-Logistics	117,000	108,643	114,000	8,356	7.7	3,000	2.6
	Home Convenience	48,000	49,163	51,000	(1,163)	(2.4)	(3,000)	(5.9)
	e-Business	45,500	45,639	44,000	(139)	(0.3)	1,500	3.4
	Financial	77,500	77,985	74,000	(485)	(0.6)	3,500	4.7
	Autoworks	25,000	24,613	26,000	386	1.6	(1,000)	(3.8)
	Other	8,000	9,777	7,000	(1,777)	(18.2)	1,000	14.3
	Total	1,502,000	1,466,852	1,490,000	35,147	2.4	12,000	0.8
Operating profit								
	Delivery	3,000	5,638	3,000	(2,638)	(46.8)	0	0.0
	BIZ-Logistics	4,100	4,072	4,100	27	0.7	0	0.0
	Home Convenience	800	1,076	1,400	(276)	(25.7)	(600)	(42.9)
	e-Business	9,100	9,368	8,500	(268)	(2.9)	600	7.1
	Financial	6,800	8,243	6,800	(1,443)	(17.5)	0	0.0
	Autoworks	3,900	3,273	3,900	626	19.1	0	0.0
	Other	15,900	35,477	15,900	(19,577)	(55.2)	0	0.0
	Subtotal	43,600	67,149	43,600	(23,549)	(35.1)	0	0.0
	Elimination	(18,600)	(32,264)	(18,600)	13,664	(42.4)	0	0.0
	Total	25,000	34,885	25,000	(9,885)	(28.3)	0	0.0
	[Profit margin]	1.7%	2.4%	1.7%	-	-	-	-
Ordinary profit		25,000	34,884	25,000	(9,884)	(28.3)	0	0.0
	[Profit margin]	1.7%	2.4%	1.7%	-	-	-	-
Profit attributable to owners of parent		12,000	18,053	12,000	(6,053)	(33.5)	0	0.0
	[Profit margin]	0.8%	1.2%	0.8%	-	-	-	-

TA-Q-BIN forecasts

・Parcels (forecast)
1,826,000 thousand (YoY ↓ 2.2%)
・Unit price (forecast)
¥590 (YoY ↑ 5.5%)

Kuroneko DM-Bin forecasts

・Units (forecast)
1,490,000 thousand (YoY ↓ 3.4%)
・Unit price (forecast)
¥56 (YoY ↑ 1.8%)

[(Full-year) Operating results forecast (by business segment)]

(1) The full-year forecast for operating revenues is ¥12.0 billion higher year on year, which reflects higher than expected first-half results

→ The forecast for the second half remains unchanged at this point in time

(2) The full-year forecast for operating profit remains unchanged from the previous forecast, in view of factors that include higher commission expenses associated with an increase in TA-Q-BIN delivery volume in the first half, and higher personnel expenses of newly-hired employees

→ In the second half, we anticipate a recovery in profits due to factors that include increases in unit pricing as a result of negotiations with our large-lot customers, as we explained as of 1Q, as well as lower commission expenses associated with decreases in TA-Q-BIN delivery volume and moves to fortify the workforce with newly hired employees

(3) Delivery Business (In comparison with the previous forecast, operating revenues were ¥7.0 billion higher and operating profit was unchanged)

<TA-Q-BIN (Full-year)>

・Parcels (1,826,000 thousand): In comparison with the previous forecast (1,831,000 thousand), volume was 5,000 thousand lower

・Unit price (¥590): In comparison with the previous forecast (¥585), unit price was ¥5 higher.

<Kuroneko DM-Bin>: Remain unchanged from the previous forecast

(4) Non-delivery businesses

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

13. FY 2018 (Full-Year) Operating Results Forecast (Breakdown of Operating expenses)

(Millions of Yen)	FY2018 (New Forecast) A	FY2017 (Actual)	FY2018 (July 2017 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues	1,502,000	1,466,852	1,490,000	35,147	2.4	12,000	0.8
Operating expenses	1,477,000	1,431,966	1,465,000	45,033	3.1	12,000	0.8
Personnel expenses	790,500	769,260	785,500	21,239	2.8	5,000	0.6
Employee salary	536,500	513,656	535,000	22,843	4.4	1,500	0.3
Retirement benefit expenses	18,000	17,024	18,000	975	5.7	0	0.0
Other personnel expenses	236,000	238,580	232,500	(2,580)	(1.1)	3,500	1.5
Subcontracting expenses	601,000	588,388	592,000	12,611	2.1	9,000	1.5
Commission expenses	251,000	241,888	245,000	9,111	3.8	6,000	2.4
Vehicle hiring expenses	189,000	189,272	188,000	(272)	(0.1)	1,000	0.5
Other subcontracting expenses	161,000	157,227	159,000	3,772	2.4	2,000	1.3
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	331,500	308,385	326,500	23,114	7.5	5,000	1.5
Depreciation	48,500	46,114	48,500	2,385	5.2	0	0.0
Elimination	(287,000)	(274,702)	(280,000)	(12,297)	4.5	(7,000)	2.5

Assumptions of forecasts

・Number of employees (forecast)
Total 212,000 〔YoY ↑ 10,216 (YoY ↑ 5.1%) 〕
Full-time 94,950 〔YoY ↑ 4,213 (YoY ↑ 4.6%) 〕
Part-time 117,050 〔YoY ↑ 6,003 (YoY ↑ 5.4%) 〕
・Other Cost Increased due to promotion of "reforming working styles" and expanded scope of social insurance eligibility, etc.

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

[(Full-year) Operating results forecast (breakdown of operating expenses)]

(1) With respect to overall operating expenses, we project increase of ¥12.0 billion (YoY ↑¥45.0 billion, ↑3.1%).

(2) Major changes from the previous forecast
- Personnel expenses: ↑ ¥5.0 billion
  Employee salary......... Increased due to increases in personnel
- Subcontracting expenses: ↑ ¥9.0 billion
  Increased due to increases in delivery volume of TA-Q-BIN in the first half
- Other operating expenses: ↑ ¥5.0 billion
  Increased due to increase in expenses associated with a higher-than-expected upturn in TA-Q-BIN delivery volume in the first half (printing expenses, computer expenses, etc.)
- Elimination in consolidation: ↓ ¥7.0 billion

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.