

## **Settlement of Accounts Meeting for Fiscal Year Ended March 31, 2013**



**May 1, 2013**

**YAMATO HOLDINGS CO., LTD.**

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I am Makoto Kigawa, Representative Director and President of Yamato Holdings Co., Ltd.

Thank you for attending today's settlement of accounts meeting.

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

## 1. Overview of Operating Results (1)

### FY2013 Results Main Points

Continuing from 3Q (Oct.-Dec.), a record-high income of ¥3.4 billion was achieved in 4Q (Jan.-Mar.) by securing revenues and controlling costs.

Therefore, for the second half, a record-high operating income of ¥48.1 billion was achieved.

### Trends of Delivery Business

- The TA-Q-BIN delivery volume for 4Q (Jan.-Mar.) continued strongly in large lot commercial. Delivery volume in the retail market was firm at roughly the same YoY. The unit price continued to be stable despite it falling due to the changing freight product mix.
- In 4Q (Jan.-Mar.), a YoY decrease continued for the Kuroneko Mail delivery volume on account of stricter parcel acceptance policies and intensification of competition.

### Trends of Non-Delivery Business

- **BIZ-Logistics Business** Domestic Retail Logistics was firm and International Trade Logistics weakened slightly.
- **Home Convenience Business** Despite excellent efforts in 4Q (Jan.-Mar.), it was not possible to cover for the past, and ¥0.5 billion operating loss was recorded for the full year.
- **e-Business** Firm results were achieved from e-money services and mail-order services.
- **Financial Business** Although TA-Q-BIN Collect proceeded firmly, operating income was lower YoY as a reaction to demand for earthquake recovery that occurred last year.
- **Truck Maintenance Business** Performed to plan due to steady rise in the number of vehicles serviced.

I will now give a summary of the fiscal year ended March 31, 2013.

As the detailed figures are on slide 2, please look at the slide.

(1) For the fiscal year ended March 31, 2013, revenue increased ¥21.5 billion YoY but income decreased ¥0.4 billion YoY.

Looking at just the fourth quarter (Jan.-Mar.), revenue increased ¥9.0 billion YoY and income increased ¥1.0 billion YoY. Carrying on from the record high in the third quarter (Oct.-Dec.), income was at a new record high of ¥3.4 billion in the fourth quarter.

(2) Kuroneko Mail delivery volume continued to decline due to difficult conditions in some aspects of the competitive environment, even though more than a year has passed since stricter parcel acceptance policies were introduced. Even so, the income decline in the first half of the fiscal year was offset in the second half by firmness in both parcel volume and unit price in the core business of TA-Q-BIN and other positives such as higher revenues and cost reduction measures. As a result, revenue and income were both at record highs even looking at the second half of the fiscal year as a whole.

(3) Although both revenue and income were slightly below the full-year forecasts we released in the third quarter, the overall picture is that results are generally as expected.

I will now give an explanation of recent trends in the Non-Delivery Businesses.

(4) BIZ-Logistics Business

In the fourth quarter there were no significant changes in trends.

Although Domestic Retail Logistics showed continued stable growth, conditions for cargo movement in International Trade Logistics remained difficult overall, as demonstrated by foreign trade statistics.

Although the environment was difficult, we would like to emphasize that we were able to maintain results at about the same level as the previous fiscal year thanks to a strong contribution from small parcel imports and exports.

(5) Home Convenience Business

Looking at just the fourth quarter, partly due to a strong contribution from home moving, the change to increased revenue and income in the third quarter was maintained, with income maintaining its recovery by posting a record high. However, since the environment remained difficult, revenue and income declined both YoY and against forecasts.

(6) Financial Business

Although TA-Q-BIN Collect proceeded firmly, there were income declines in Lease and Credit & Finance. As a result, for the segment overall, revenue increased but income declined both YoY and against forecasts.

(7) e-Business, Truck Maintenance Business and other Non-Delivery Businesses posted both revenue and income as forecast.

## 2. Overview of Operating Results (2)

(Billions of yen)

	FY2013 (Actual)	FY2012 (Actual)	FY2013 (Jan 2013 Forecast)	YoY Change		Forecast Change	
				Amount	[%]	Amount	[%]
<b>Operating revenues</b>							
Delivery	1,028.2	1,014.5	1,029.0	13.6	1.3	(0.7)	(0.1)
Non-Delivery	254.1	246.2	254.0	7.8	3.2	0.1	0.1
Total	1,282.3	1,260.8	1,283.0	21.5	1.7	(0.6)	(0.0)
<b>Operating income</b>	66.2	66.6	67.0	(0.4)	(0.7)	(0.7)	(1.2)
[Profit margin]	5.2%	5.3%	5.2%	-	-	-	-
<b>Ordinary income</b>	67.9	67.9	68.0	0.0	0.1	0.0	(0.0)
[Profit margin]	5.3%	5.4%	5.3%	-	-	-	-
<b>Net income</b>	35.1	19.7	36.0	15.3	77.6	(0.8)	(2.4)
[Profit margin]	2.7%	1.6%	2.8%	-	-	-	-

Here we see the operating results.

Operating revenue and operating income are as I explained.

(1) Net income increased ¥15.3 billion YoY.

This is the result of the absence of donation for earthquake recovery initiatives, which were recorded in extraordinary loss in FY2012, in line with the discontinuation of the donations at the end of FY2012.

(2) There was no extraordinary income to make special note of since the actual amount was only about ¥0.1 billion.

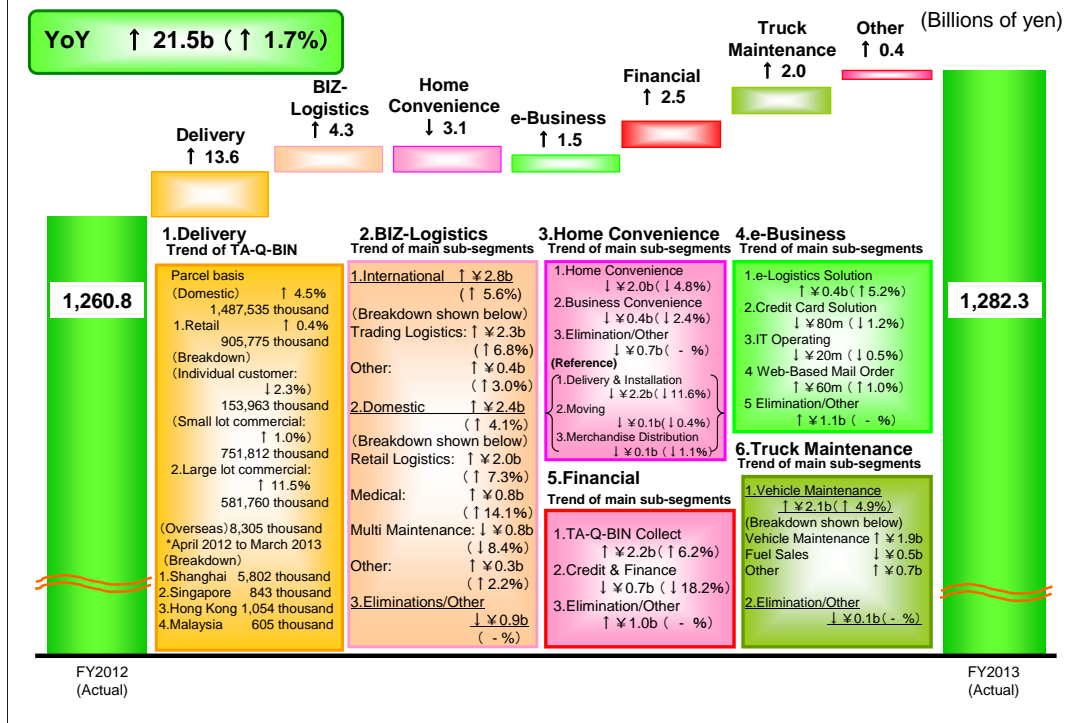
(3) For extraordinary loss, ¥2.1 billion was posted in just the fourth quarter, and ¥3.8 billion was posted for the full fiscal year.

Of the ¥2.1 billion posted in the fourth quarter, ¥1.7 billion was the result of impairment losses primarily in the Home Convenience Business.

The details of this are provided on page 22 of our Consolidated Financial Results.

### 3. YoY Analysis of Consolidated Operating Revenues

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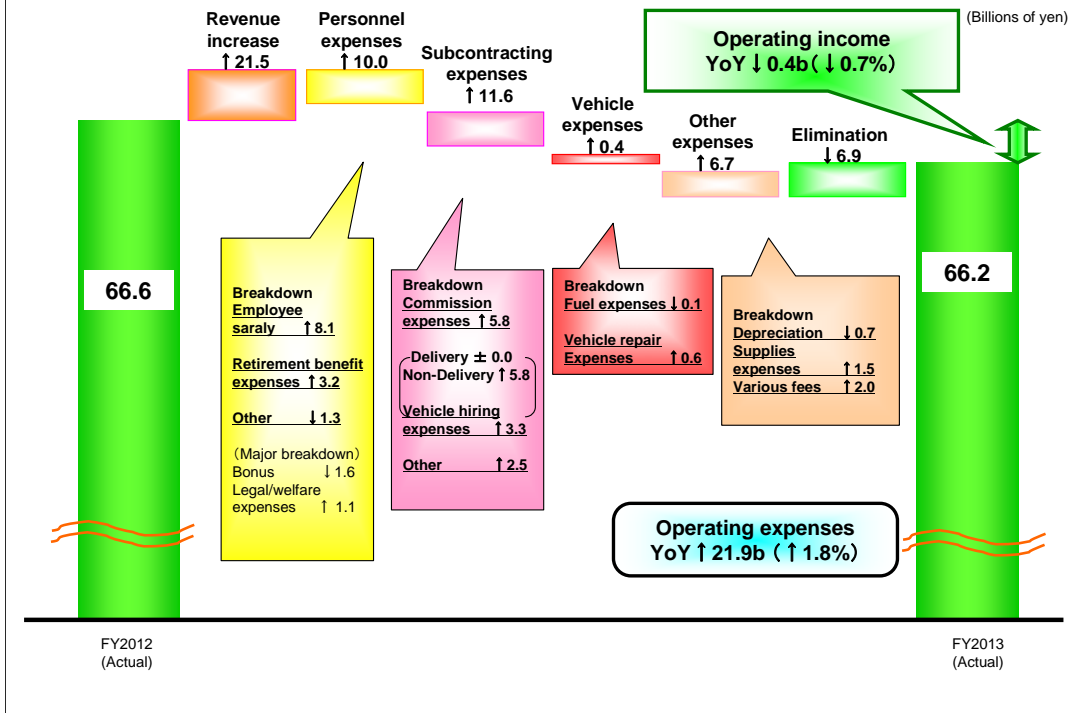
Next is the YoY analysis of changes in consolidated operating revenues.

As these have been mentioned in slide 1, I will limit my explanation to the main points.

- (1) In the Delivery Business, although the decline in Kuroneko Mail revenue persisted, operating revenue was up ¥13.6 billion on the back of firm results in TA-Q-BIN.
- (2) Operating revenue in the Home Convenience Business declined ¥3.1 billion mainly due to a slump in Delivery & Installation service.

#### 4. YoY Analysis of Consolidated Operating Expenses

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Now for the analysis of changes in consolidated operating expenses.

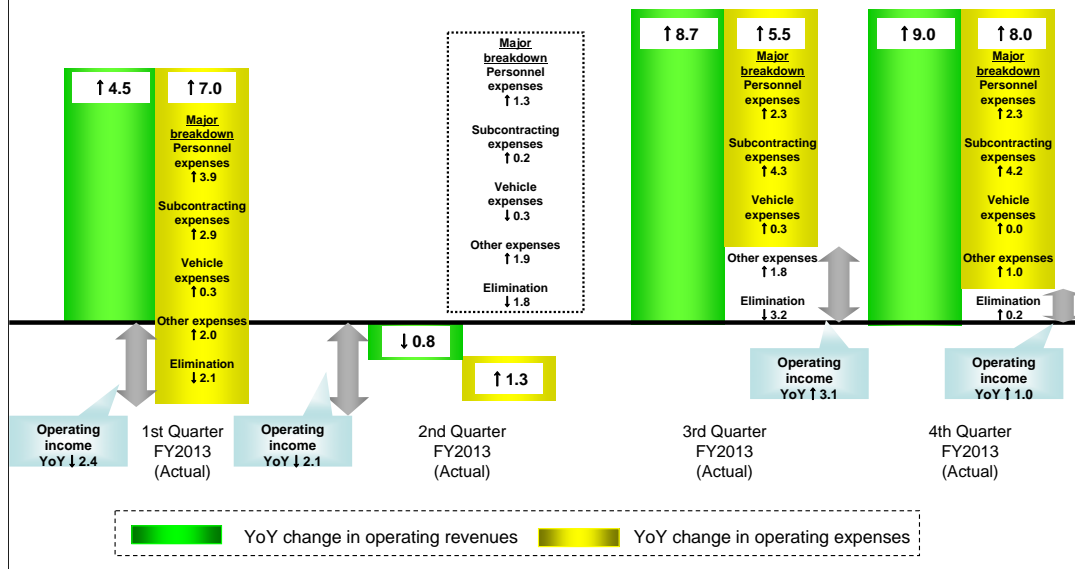
- (1) The general picture is that expenses are under control.
- (2) The breakdowns of consolidated operating expenses and operating expenses in the Delivery Business are as shown in slides 14 and 15.  
This will be explained by Managing Executive Officer Shibasaki later.

## 5. Quarterly YoY Trends of Consolidated Operating Income

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In 4Q (Jan.–Mar.), income was increased ¥1.0 billion YoY by securing revenues and controlling costs. Continuing on from 3Q (Oct.–Dec.), record-high operating income of ¥3.4 billion was achieved in 4Q (Jan.–Mar.).

(Billions of yen)

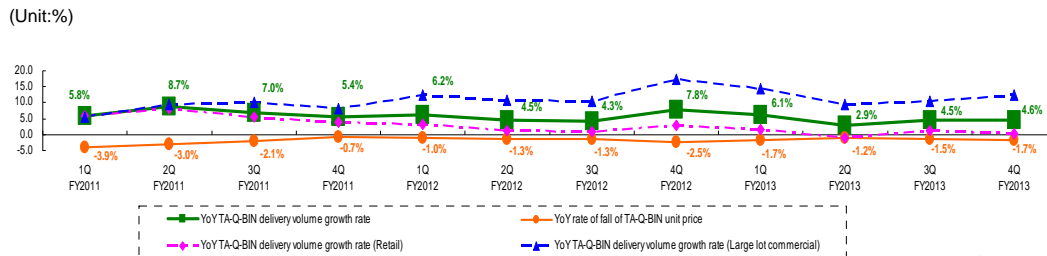


Now we come to quarterly YoY trends of consolidated operating income.

- (1) As shown on the slide, in the first quarter revenue increased but income decreased, in the second quarter both revenue and income declined, and in the third and fourth quarters both revenue and income increased.
- (2) As operating income in both the third and fourth quarters was at a record high, we achieved a record level operating income throughout the second half of the fiscal year, demonstrating how strong our performance was in the second half.

## 6. Quarterly YoY Trends of TA-Q-BIN Delivery Volume and Unit Price YAMATO HOLDINGS CO., LTD.

**TA-Q-BIN delivery volume for mail-order related freight continued strongly in large lot commercial.**  
**Meanwhile, retail market was about the same YoY, and proceeded with a firm bottom.**  
**There was a decreasing trend in the unit price as a result of changes to the freight product mix.**



### 4Q FY2013 unit price fall rate by market (YoY)

Retail:  $\pm 0.0\%$   
 Large lot commercial:  $\downarrow 1.9\%$   
 (excluding major large lot customers  $\pm 0.0\%$ )

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

#### (1) The competitive environment in the TA-Q-BIN market remained stable.

Delivery volume in TA-Q-BIN grew firmly, particularly for large-lot corporate clients, in line with mail-order market growth.

Small-lot commercial delivery volume in the second quarter was a minus figure for the first time in twelve quarters, and we closely monitored this trend. And, in the third quarter, there was an increase of 1.9% partially reflecting the two extra weekdays in the third quarter, while there were also effects from increased shipments due to new business from newly acquired customers.

In the fourth quarter, which had two less weekdays, delivery volume was roughly unchanged YoY with an increase of 0.1%, reflecting steady shipments.

Overall delivery volume in just the fourth quarter grew 4.6% YoY before a weekday adjustment, and we estimate that this is equivalent to actual growth of 7.0% - 8.0%.

For the full fiscal year, delivery volume increased 4.5% YoY, bringing it slightly above forecasts.

#### (2) Unit prices in TA-Q-BIN remained stable.

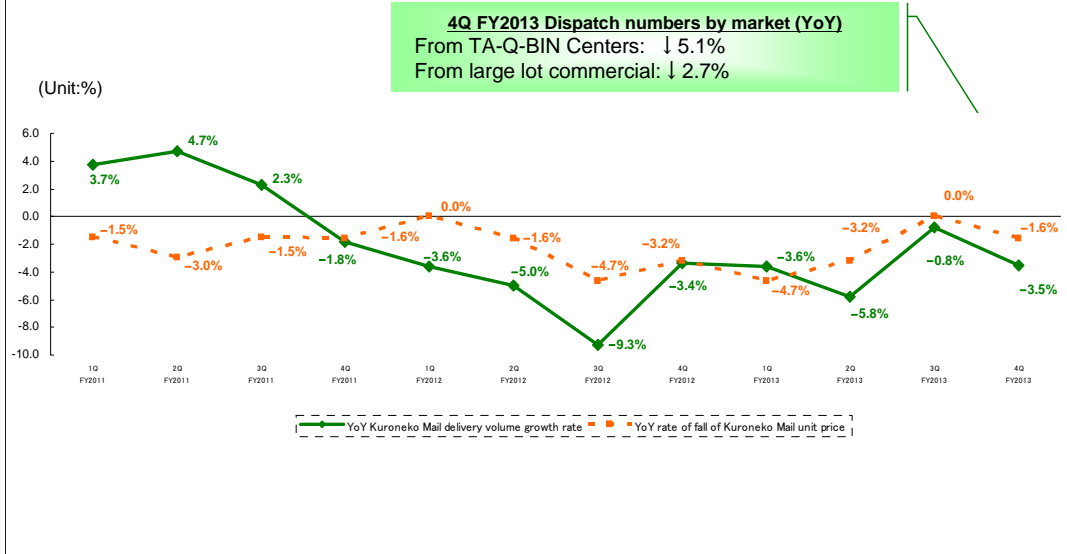
The YoY difference in the rate of fall of unit price in the fourth quarter was minus 1.7% due to a substantial increase in parcels for large-lot corporate clients using volume discounts. Although this was slightly worse than the difference in the third quarter, the difference for the full fiscal year was minus 1.5%, bringing it slightly above the forecast.

Breaking it down by market, the YoY difference in the fourth quarter was minus 0.0% for the retail market and minus 1.9% for the large-lot corporate client market.

The retail market can be grouped into the small-lot commercial market and the individual customer (C2C) market. Looking at unit prices in the small-lot commercial market only, they were roughly unchanged YoY.

7. Quarterly YoY Trends of Kuroneko Mail Delivery Volume and Unit Price  YAMATO HOLDINGS CO., LTD.

The Kuroneko Mail delivery volume decreased YoY on account of stricter parcel acceptance policies and intensification of competition.



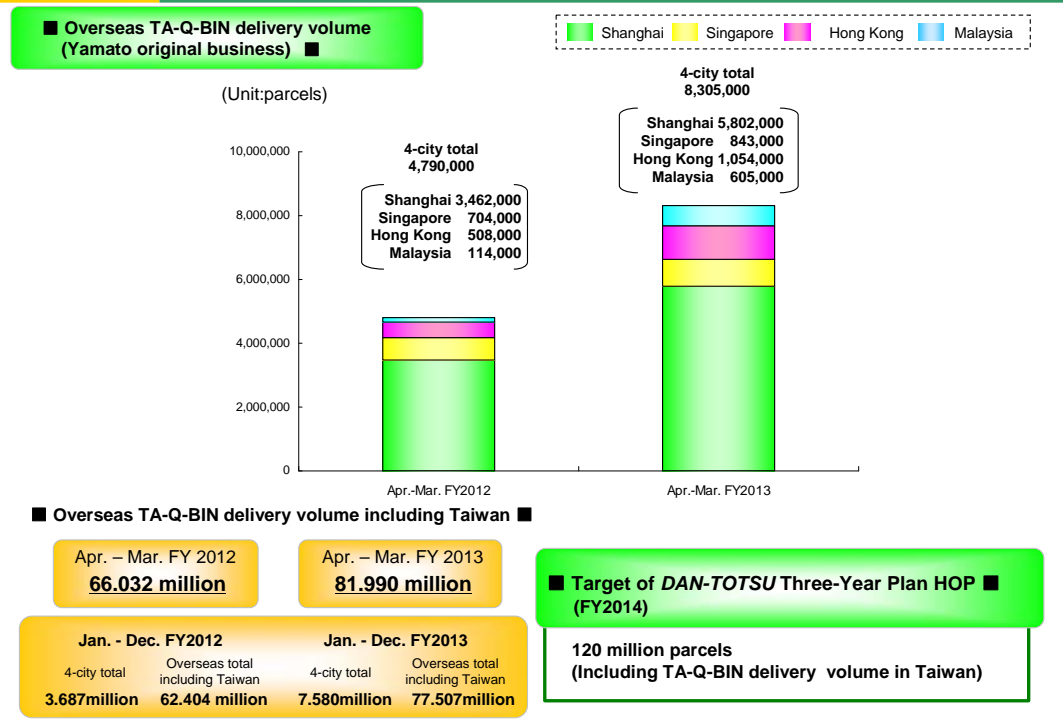
This shows the quarterly YoY trends of Kuroneko Mail delivery volume and unit price.

- (1) Overall, Kuroneko Mail delivery volume for the full fiscal year decreased 3.4% YoY, falling below the forecast.  
 Delivery volume for the fourth quarter was roughly the same as the result for the full fiscal year at a 3.5% decline, as shown in the material.  
 In the large-lot corporate client market, which mostly consisted of direct mail, delivery volume decreased 2.7%, while in the small-lot commercial market, for which deliveries are dispatched from the comparatively high-unit-price TA-Q-BIN centers, it decreased 5.1%.  
 In the small-lot commercial market, which has been affected by stricter parcel acceptance policies, the size of the decline has been reduced steadily in each of the first, second and third quarters. However, the continuing decline despite more than a year having passed since the introduction of stricter parcel acceptance policies appears to reflect the increasingly difficult competitive environment.
- (2) On April 19 2013, we expressed our opinion on the “Review of the Correspondence Delivery Act to Fully Open up Handling Correspondence to the Private Sector,” a legislation reform meeting of the Cabinet Office. We will closely follow the government’s actions on this matter and take action as necessary.
- (3) Although Kuroneko Mail unit prices for the fourth quarter and the full fiscal year fell 1.6% YoY due to changes in the freight product mix, they were as forecast at ¥61.



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

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There now follows an explanation of the TA-Q-BIN business overseas.

- (1) Delivery volume is growing steadily, as shown in the material. Although the TA-Q-BIN business overseas is not contributing to income at present, the amount of loss in the business is steadily falling.

## 9. Forecasts of FY 2014 Operating Results (1)

(Billions of yen)

	FY2014 Forecast	FY2013 Actual	YoY Change	
			Amount	[%]
Operating revenues	1,337.0	1,282.3	54.6	4.3
Operating income	70.0	66.2	3.7	5.7
[Profit margin]	5.2%	5.2%	-	-
Ordinary income	71.0	67.9	3.0	4.4
[Profit margin]	5.3%	5.3%	-	-
Net income	40.0	35.1	4.8	13.8
[Profit margin]	3.0%	2.7%	-	-

Considering the extreme changes in the external environment and the current operating position, Yamato has downwardly revised the three-year plan target set in January 2011. Having laid the groundwork for the key strategies, Yamato is committed toward achieving ¥70.0 billion operating income in FY2014.

I will now move on to the forecasts of FY2014 operating results.

- (1) As previously announced, although the year ending March 31, 2014 will be the last year of the current medium-term management plan, we have downwardly revised our forecasts for both operating revenues and operating income in light of operating results up to the previous fiscal year. Since time is unfortunately limited today, I would like to give an explanation of the general picture of the medium-term management plan, analysis by segment and other related aspects at the new medium-term management plan explanatory meeting.
- (2) It is unclear whether our original targets set in the current medium-term management plan were ambitious, but a simple summation of the factors that have changed operating results is as follows.
- ① Changes in the external environment, primarily the Great East Japan Earthquake, the financial uncertainty due to the fiscal crisis in Europe, and a deterioration in relations between Japan and China.
  - ② Delivery Business  
A revenue decline in Kuroneko Mail, which was expected to be a stable source of revenue, due to stricter parcel acceptance policies resulting from an emphasis on compliance, as well as the simultaneous impact of increasingly severe competition from other companies.
  - ③ Non-Delivery Businesses  
Lateness in developing and launching new products appears to have had an impact.
- (4) As shown in the material, we have downwardly revised the operating income by ¥18.0 billion. I would like to take this opportunity to emphasize that there has been no significant change in scenario that would force us to alter our long-term business strategy for our long-term vision, which is to be “Asia’s No. 1 solution provider in distribution and lifestyle support.” Regarding initiatives to enhance corporate value, while it is true that there is still quite a gap between the initial plan and its reflection in operating results, we have already made a start on solving each individual issue and handling issues we need to address from now.

From slide 10, I will provide a review with a particular focus on our new network consisting of Haneda Chronogate, Okinawa Hub and Atsugi Gateway. This network is close to coming into operation and will finally pave the way for faster growth in FY2014.

In FY2014, we will resume our efforts to achieve operating income of ¥70.0 billion, and we intend to achieve a new record high for income.

## 10. Main strategies in FY2014

### Six Measures

- ✓ **Accelerate growth capability of Non-Delivery businesses by utilizing potential of Haneda Chronogate and Atsugi Gateway.**
  - Create high added-value model by utilizing the Group's management resources (IT, LT, FT)
  - Promote evolution of the network
  - Boost solution sales capabilities
  
- ✓ **Accelerate growth of global business by utilizing the Okinawa Hub**
  - Boost our business operations in existing overseas markets
  - Establish borderless distribution support models utilizing the Okinawa Hub
  
- ✓ **Reconstruct Kuroneko Mail service**
  
- ✓ **Establish challenging goals for lifetime lifestyle support business**
  
- ✓ **Construct business strategies to support Japan's international competitiveness**
  
- ✓ **Boost cost competitiveness**

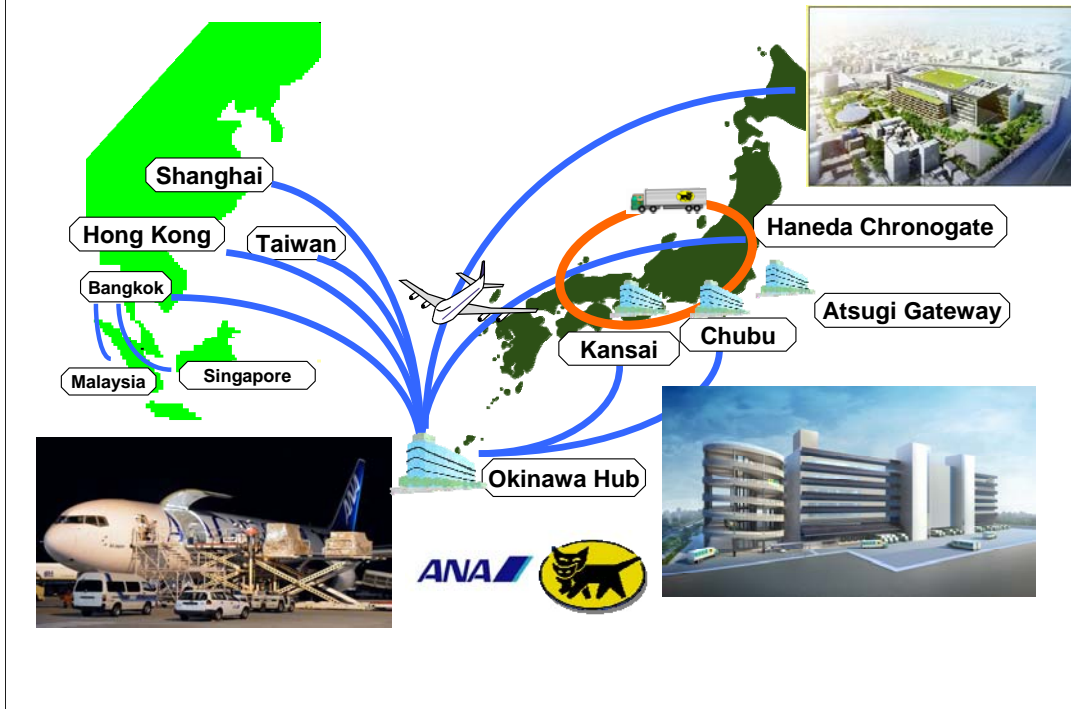
These are the six core measures for FY 2014, which is the last fiscal year of the current medium-term management plan:

- (1) Accelerate growth capability of Non-Delivery businesses by utilizing potential of Haneda Chronogate and Atsugi Gateway
- (2) Accelerate growth of global business by utilizing the Okinawa Hub
- (3) Reconstruct Kuroneko Mail service
- (4) Establish challenging goals for lifetime lifestyle support business
- (5) Construct business strategies to support Japan's international competitiveness
- (6) Boost cost competitiveness

Since these core measures will be the pillars of our next medium-term management plan, we intend to promptly get on track to achieve them.

## 11. Main strategies in FY2014 (reference 1)

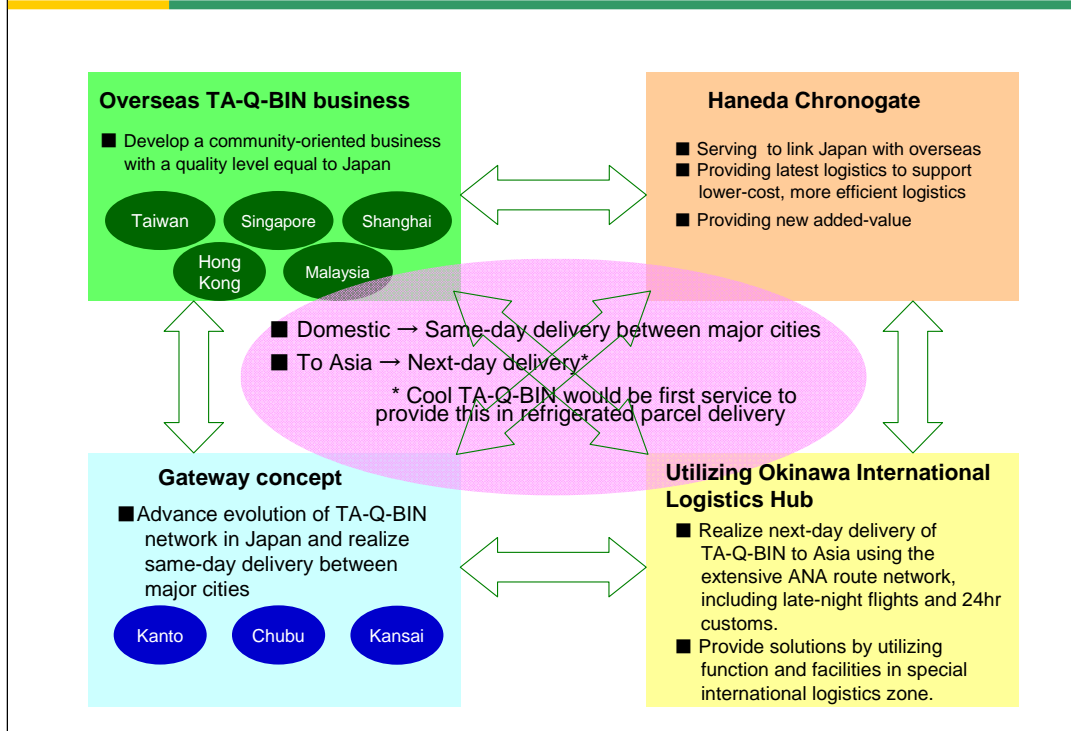
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Next, I will explain the advancement of our network.

- (1) Our new network consisting of Haneda Chronogate, Okinawa Hub and Atsugi Gateway, which have been planned for a number of years, will finally come into operation in FY2014.
- (2) We will operate this new network to be a catalyst for growth.

## 12. Main strategies in FY2014 (reference 2)



The chart above shows a summary of the core measures described on the previous slide.

- (1) We will advance our network consisting of Haneda Chronogate, Okinawa Hub and Atsugi Gateway. In Japan, we will realize same-day delivery, while for delivery to Asia, we will realize next-day delivery through Okinawa Hub.

### 13. View of return to shareholders in FY2014

**Seeking to provide return to shareholders through a combination of both dividends and purchases of treasury stock,  
Yamato consistently maintains its fundamental view on capital strategy**

#### Dividends

➤ Yamato plans to provide a gradual but consistent increase in dividends

	Annual dividends			Total annual dividends
	2nd Quarter	Fiscal year-end	Total	
	Yen	Yen	Yen	Millions of yen
FY2012	11.00	11.00	22.00	9,463
FY2013	11.00	12.00	23.00	9,816
FY2014 (Forecast)	12.00	12.00	24.00	-

#### Purchases of treasury stock

- Yamato purchased ¥11.8 billion of treasury stock in FY2012  
(A resolution was passed to purchase ¥30.0 billion of treasury stock in FY2011)
- Yamato purchased ¥10.0 billion of treasury stock in FY2013 (Acquisition ended March 8, 2013)
- Yamato will continue to purchase treasury stock with agility and flexibility.

Our policy for shareholder return in FY 2014 is as follows.

(1) In February 2013, we purchased ¥10.0 billion of treasury stock and disposed of 670 million shares of treasury stock after making resolutions to do so.

Unfortunately, operating results in both the previous fiscal year and the current fiscal year are below our initial plans. However, there is no change in our capital strategy, and we intend to provide returns to shareholders through a combination of dividends and purchases of treasury stock.

(2) As announced in a release on the same date as the announcement of our Consolidated Financial Results, we plan to pay a year-end dividend of ¥12, up ¥1 from the previous fiscal year. Combined with the interim dividend, this makes a planned annual dividend of ¥23.

We will make a concerted effort to pool our various resources into enhancing corporate value. We greatly appreciate your continued support.

That concludes my explanation.

## **Overview of FY 2013 Operating Results**

I am Kenichi Shibasaki, and I am in charge of Financing and Accounting and Investor Relations.

Thank you for participating in today's Settlement of Accounts Meeting.

I shall provide an explanation of the details of the settlement of accounts.

## 14. YoY Analysis of Consolidated Operating Expenses

(Millions of yen)

	FY2013 (Actual)	FY2012 (Actual)	FY2013 (Jan. 2013 Forecast)	YoY Change		Forecast Change	
				Amount	[%]	Amount	[%]
Operating revenues	1,282,373	1,260,832	1,283,000	21,540	1.7	(626)	(0.0)
Operating expenses	1,216,170	1,194,181	1,216,000	21,988	1.8	170	0.0
Personnel expenses	666,637	656,604	668,000	10,032	1.5	(1,362)	(0.2)
Employee salary	458,451	450,313	458,000	8,138	1.8	451	0.1
Retirement benefit expenses	14,501	11,280	14,000	3,221	28.6	501	3.6
Other personnel expenses	193,684	195,011	196,000	(1,327)	(0.7)	(2,315)	(1.2)
Subcontracting expenses	483,326	471,636	482,500	11,690	2.5	826	0.2
Commission expenses	189,555	183,712	189,000	5,842	3.2	555	0.3
Vehicle hiring expenses	148,213	144,892	147,000	3,321	2.3	1,213	0.8
Other subcontracting expenses	145,556	143,030	146,500	2,526	1.8	(943)	(0.6)
Vehicle expenses	43,741	43,315	43,500	425	1.0	241	0.6
Fuel expenses	25,779	25,967	25,500	(187)	(0.7)	279	1.1
Other operating expenses	255,436	248,649	256,000	6,787	2.7	(563)	(0.2)
Depreciation	37,935	38,682	38,000	(746)	(1.9)	(64)	(0.2)
Elimination	(232,970)	(226,023)	(234,000)	(6,946)	3.1	1,029	(0.4)

This slide shows the statement of consolidated operating expenses.  
Slide 15 shows the statement of operating expenses for the Delivery Business.  
Please view this slide and slide 15 together.

- (1) In the previous fiscal year, there were changes in reported items. However, there is nothing to mention for the current fiscal year.
- (2) We are achieving overall control of costs.  
As stated, the actual costs were close to the amounts forecasted at the end of the nine months.
- (3) Personnel expenses rose ¥10.0 billion YoY.  
Employee salary and Retirement benefit expenses were as stated.  
In Other personnel expenses, there was a YoY decline of ¥1.3 billion.  
Breakdown: ① Welfare/Legal expenses +¥1.1 billion  
② Day laborer wages -¥0.8 billion
- (4) Subcontracting expenses rose ¥11.6 billion YoY.  
Looking at the breakdown of this, although Commission expenses rose ¥5.8 billion YoY, the Delivery Business was not the reason for the increase. It was additional expense corresponding to an increase in revenues in the Non-Delivery Businesses such as BIZ Logistics and the Truck Maintenance Business.  
Vehicle hiring expenses rose ¥3.3 billion YoY.  
Looking at the main breakdown by business, in the Delivery Business, it rose ¥4.7 billion YoY while the Non-Delivery businesses, mostly the Home Convenience Business, it fell ¥1.4 billion.  
In Other subcontracting expenses there was an increase of ¥2.5 billion YoY.  
Breakdown: ① Mixed freightage expenses -¥0.1 billion  
② Purchase costs +¥2.6 billion  
The reason for the increase in purchase costs was increased fuel purchases and increased vehicles in the Truck Maintenance Business.
- (5) Vehicle expenses rose ¥0.4 billion YoY.  
Breakdown: ① Fuel expenses -¥0.2 billion  
② Vehicle repair expenses +¥0.6 billion
- (6) Other expenses increased ¥6.7 billion YoY.  
Looking at the breakdown of this, although Depreciation decreased by ¥0.7 billion, various other items included in Other expenses, such as allowance for doubtful accounts and supplies expenses are tending to increase.



## 15.YoY Analysis of Delivery Business Expenses

(Millions of yen)

	FY2013 (Actual)	FY2012 (Actual)	YoY Change	
			Amount	[%]
Operating revenues	1,028,219	1,014,564	13,654	1.3
Operating expenses	986,310	973,599	12,711	1.3
Personnel expenses	564,359	556,716	7,642	1.4
Employee salary	383,738	377,065	6,672	1.8
Retirement benefit expenses	11,620	8,900	2,720	30.6
Other personnel expenses	169,000	170,751	(1,751)	(1.0)
Subcontracting expenses	287,634	283,121	4,512	1.6
Commission expenses	102,832	102,832	0	0.0
Vehicle hiring expenses	142,109	137,345	4,763	3.5
Other subcontracting expenses	42,691	42,943	(251)	(0.6)
Vehicle expenses	37,165	36,755	410	1.1
Fuel expenses	20,773	21,027	(254)	(1.2)
Other operating expenses	185,204	182,362	2,841	1.6
Depreciation	27,928	29,505	(1,577)	(5.3)
Elimination	(88,052)	(85,357)	(2,695)	3.2

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

This slide shows the statement of operating expenses for the Delivery Business.  
The explanation of this slide is omitted as the points have been mentioned in Slide 14.

## 16.Forecast of FY2014 Operating Results (2)

 YAMATO HOLDINGS CO., LTD.

(Millions of yen)

	FY2014 (Forecast)	FY2013 (Actual)	YoY Change	
			Amount	[%]
<b>Operating revenues</b>				
Delivery	1,063,000	1,028,219	34,780	3.4
BIZ-Logistics	94,000	86,806	7,193	8.3
Home Convenience	48,500	44,601	3,898	8.7
e-Business	41,000	37,060	3,939	10.6
Financial	59,000	56,710	2,289	4.0
Autoworks	25,500	23,228	2,271	9.8
Other	6,000	5,746	253	4.4
Total	1,337,000	1,282,373	54,626	4.3
<b>Operating income</b>				
Delivery	43,500	41,908	1,591	3.8
BIZ-Logistics	4,100	4,094	5	0.1
Home Convenience	300	(527)	827	-
e-Business	7,000	6,986	13	0.2
Financial	9,100	8,516	583	6.9
Autoworks	3,100	2,666	433	16.3
Other	26,600	18,762	7,837	41.8
Subtotal	93,700	82,407	11,292	13.7
Elimination	(23,700)	(16,204)	(7,495)	-
Total	70,000	66,202	3,797	5.7
[Profit margin]	5.2%	5.2%	-	-
<b>Ordinary income</b>	71,000	67,991	3,008	4.4
[Profit margin]	5.3%	5.3%	-	-
<b>Net income</b>	40,000	35,144	4,855	13.8
[Profit margin]	3.0%	2.7%	-	-

The full-year operating forecasts by business segment are as follows. For FY2014, we have again set the challenge of achieving operating income of ¥70.0 billion. We are aiming to achieve our highest operating income ever. As for the revenues and operating income by segment, we aim to achieve increased revenue and increased operating income in each segment as shown in the slide.

### (1) Delivery Business

We aim to increase revenues by ¥34.7 billion and increase operating income by ¥1.5 billion.

In our mainstay TA-Q-BIN business, we expect expansion of the mail-order retail market to provide firm growth, particularly for the large-lot corporate client market. We expect this trend will continue in FY2014. As the competitive environment is stabilizing, we expect the delivery volume to increase by 5.7% to 1,572 million parcels and the unit price to drop 1.4% to ¥538.

As for Kuroneko Mail Delivery, although revenues and operating income has been decreasing partially due to the effect of the stricter parcel acceptance policies, we have made a forecast that assumes a mild recovery in FY2014. We expect the delivery volume to increase 2.1% to 2,158 million parcels and the unit price to drop 1.6% to ¥60.

### (2) BIZ-Logistics Business

While we expect a revenue increase of ¥7.1 billion, we are only forecasting operating income to increase by ¥5 million.

In the breakdown of increased revenue, we forecast about an increase of ¥3.0 billion for Domestic Retail Logistics, an increase of ¥2.0 billion for International Trade Logistics, and an increase of about ¥2.0 billion for Multi Maintenance and Export Factory.

As for the forecasted operating income, we are factoring in an increase in variable costs accompanying the increased revenue and an increase in facility usage fees due to the start of operations of Haneda Chronogate and Atsugi Gateway in the second half of the FY2014. As a forecast assumption, we used the exchange rate of \$1 = ¥94

### (3) Home Convenience Business

We expect a revenue increase of ¥3.8 billion and an operating income increase of 0.8 billion.

Since the second half of FY2013, the mainstay household effects delivery business began to recover and in the sub-segments we expect revenue increases of ¥2.6 billion in Home Convenience and ¥1.2 billion in Business Convenience.

### (4) e-Business

We expect a revenue increase of ¥3.9 billion and a slight operating income increase of ¥1.3 million. While we are forecasting increased revenues in all the sub-segments. Credit Card Solutions is expected to particularly perform strongly. With respect to the operating income forecast, an increase in variable costs accompanying the revenue increase is being factored in.

### (5) Financial Business

We expect a revenue increase of ¥2.2 billion and an operating income increase of ¥0.5 billion.

As in FY2013, we expect the mail-order market to expand, which we expect will help raise revenue and income from TA-Q-BIN Collect.

### (6) Autoworks Business

The segment previously called "Truck Maintenance" will be called "Autoworks" from FY2014 onwards.

As the number of maintenance jobs is steadily increasing, we expect a revenue increase of ¥2.2 billion and an operating income increase of ¥0.4 billion.

## 17. Forecasts of FY 2014 Operating Results (3)

 YAMATO HOLDINGS CO., LTD.

### Assumptions of forecasts

#### Operating revenues

##### Delivery Business

- TA-Q-BIN parcels (thousands; forecast) 1,572,000 (YoY ↑ 5.7%)
- TA-Q-BIN unit price (forecast) ¥583 (YoY ↑ 1.4%)
- Kuroneko Mail units (thousands; forecast) 2,158,000 (YoY ↑ 2.1%)
- Kuroneko Mail unit price (forecast) ¥60 (YoY ↓ 1.6%)

#### Personnel expenses

- Employee salary, Employees (consolidated; forecast) Total 194,800 (YoY ↑ 17,692 / ↑ 10.0%)
- Full-time 86,700 (YoY ↑ 2,278 / ↑ 2.7%)
- Part-time 108,100 (YoY ↑ 15,414 / ↑ 16.6%)
- Other personnel expenses Increase due to revision to the rate of social insurance

#### Capital Expenditure

Capital Expenditure (millions; forecast) 90,000

(Millions of yen)

	FY2014 (Forecast)	FY2013 (Actual)	YoY Change	
			Amount	[%]
Operating revenues	1,337,000	1,282,373	54,626	4.3
Operating expenses	1,267,000	1,216,170	50,829	4.2
Personnel expenses	691,000	666,637	24,362	3.7
Employee salary	478,000	458,451	19,548	4.3
Retirement benefit expenses	15,000	14,501	498	3.4
Other personnel expenses	198,000	193,684	4,315	2.2
Subcontracting expenses	503,000	483,326	19,673	4.1
Commission expenses	197,000	189,555	7,444	3.9
Vehicle hiring expenses	154,000	148,213	5,786	3.9
Other subcontracting expenses	152,000	145,556	6,443	4.4
Vehicle expenses	44,500	43,741	758	1.7
Fuel expenses	27,000	25,779	1,220	4.7
Other operating expenses	272,500	255,436	17,063	6.7
Depreciation	44,500	37,935	6,564	17.3
Elimination	(244,000)	(232,970)	(11,029)	-

This slide shows our forecasts of consolidated operating expenses.

(1) The FY2014 forecasts of each operating expense item are as shown in the slide.

In FY2014,

- ① The scheduled start of operations at Haneda Chronogate and Atsugi Gateway in the second half of the fiscal year.
- ② Change to part-time employee contracts for base operations and pickup/delivery will be promoted.
- ③ In the Non-Delivery business, as increased variable costs that may accompany increased revenues have been factored into the forecast, the overall sales costs have been conservatively estimated.

(2) An explanation of the two main expense items is provided below.

#### ① Personnel expenses

Targeting the pickup/delivery frontline and the operation staff at the base terminals, we plan to increase the number of part-timers. As a result we expect Employee salary to increase ¥19.5 billion YoY.

While an increase in Employee salary is expected to accompany an increase in the number of employees, we also expect to recover the same amount in decreases in day laborer wages and commission expenses in Other personnel expenses.

However, our plan to increase employees will be implemented while paying close attention to the latest operating results. It is therefore possible that the amount of increase could vary.

#### ② Depreciation

As Haneda Chronogate and Atsugi Gateway are scheduled to open in the second half of FY2014, we forecast an increase in depreciation of ¥6.5 billion. About half of this increase amount of ¥6.5 billion is associated with Haneda Chronogate and Atsugi Gateway.

(3) Lastly, capital investment for FY2014 is forecasted to be ¥90.0 billion in total.

An itemized breakdown is presented on page 16 of the Supplementary materials. Please refer to that page for details.

Of the total amount of ¥90.0 billion, about half of these funds are to be allocated to the network strategy, particularly Haneda Chronogate.

That concludes my explanation.

This presentation material is posted on the Company's website in the Investor Relations section in PDF format.

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