

**Settlement of Accounts Meeting
for the First Three Months of Fiscal Year
Ending March 31, 2015**



August 1, 2014

YAMATO HOLDINGS CO., LTD.

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I am Kenichi Shibasaki, and I am in charge of Finance and Accounting and Investor Relations at 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 FY 2015 Results Main Points

- In 1Q FY2015, operating revenue was up YoY due to progress in ensuring receipt of adequate fees in the delivery market combined with firm results in the non-delivery business.
- With regard to operating expenses, whereas costs associated with systemic improvement for quality enhancement increased, operating income came largely in line with expectations.
- We will continue to aim for steady income growth by pursuing our pricing strategy and redoubling efforts to revamp cost structures.

Trends of Delivery Business

- TA-Q-BIN delivery volume for 1Q FY2015 ended on par YoY, primarily due to a pull-back in the last-minute demand that emerged ahead of the consumption tax hike. Unit price increased by 2.8% YoY given progress made in negotiations to ensure receipt of adequate fees.
- Kuroneko Mail delivery volume for 1Q FY2015 decreased by 9.1% YoY due to an increasingly competitive environment and contracting of the target direct mail market.

Trends of Non-Delivery Business

- **BIZ-Logistics Business** Revenue and income increased due to healthy results from areas such as mail order services and service for product repair and the like.
- **Home Convenience Business** Revenue and income increased due to strong results from household equipment delivery and installation services.
- **e-Business** Revenue and income increased due to firm performance in the mail order market and services related to telecommunications equipment.
- **Financial Business** Revenue increased but income decreased due to decreased revenues in the TA-Q-BIN Collect business, despite solid results from the vehicle leasing business.
- **Autoworks Business** Revenue and income increased due to steady growth in vehicle maintenance volume.

I will start off with a summary for the three months ended June 30, 2014.

- (1) In the first quarter of the fiscal year ending March 31, 2015, revenues increased but income decreased in comparison with the same period of the prior fiscal year.
- (2) With respect to consolidated operating revenue, both TA-Q-BIN and Kuroneko Mail delivery volumes fell below prior-year levels, due to factors such as significant impact of a pull-back from the previous surge in demand that emerged ahead of the consumption tax hike.

Nevertheless, operating revenue increased ¥9.4 billion YoY, as a result of the Delivery business collecting adequate fees along with healthy performance in the non-delivery businesses.

- (3) Consolidated operating expenses increased ¥13.6 billion YoY, due to increased costs incurred for improving pickup and delivery mechanisms and transportation systems to achieve better service quality, amid changes in the external environment in the form of high crude oil prices and a tightening labor market, along with sharp volatility in work volumes.
- (4) As a result, consolidated operating income decreased ¥4.2 billion YoY to ¥4.9 billion.

In the first quarter of the previous fiscal year, income held ground in part given greater-than-expected volumes handled, and also given that expenses for systemic improvements had not been incurred because the company was still in the process of setting up pickup and delivery mechanisms.

Therefore, a straightforward year-on-year comparison shows a significant decrease in income for the current first quarter, given increased costs for systemic improvements geared toward ensuring better quality, amid a scenario whereby delivery volumes were lower than in the previous fiscal year due to factors such as the pull-back from the previous surge in demand that emerged ahead of the consumption tax hike.

Nevertheless, actual first quarter results were as expected, with no significant disparities regarding full-year operating forecasts.

2. Overview of Operating Results

(Billions of Yen)	3 Months FY2015 (Actual)	3 Months FY2014 (Actual)	YoY Change	
			Amount	[%]
Operating revenues				
Delivery	253.8	249.9	3.8	1.5
Non-Delivery	70.1	64.6	5.5	8.6
Total	323.9	314.5	9.4	3.0
Operating income	4.9	9.1	(4.2)	(46.0)
[Profit Margin]	1.5%	2.9%	-	-
Ordinary income	5.3	9.4	(4.0)	(42.9)
[Profit Margin]	1.7%	3.0%	-	-
Net income	2.2	4.7	(2.5)	(53.0)
[Profit Margin]	0.7%	1.5%	-	-

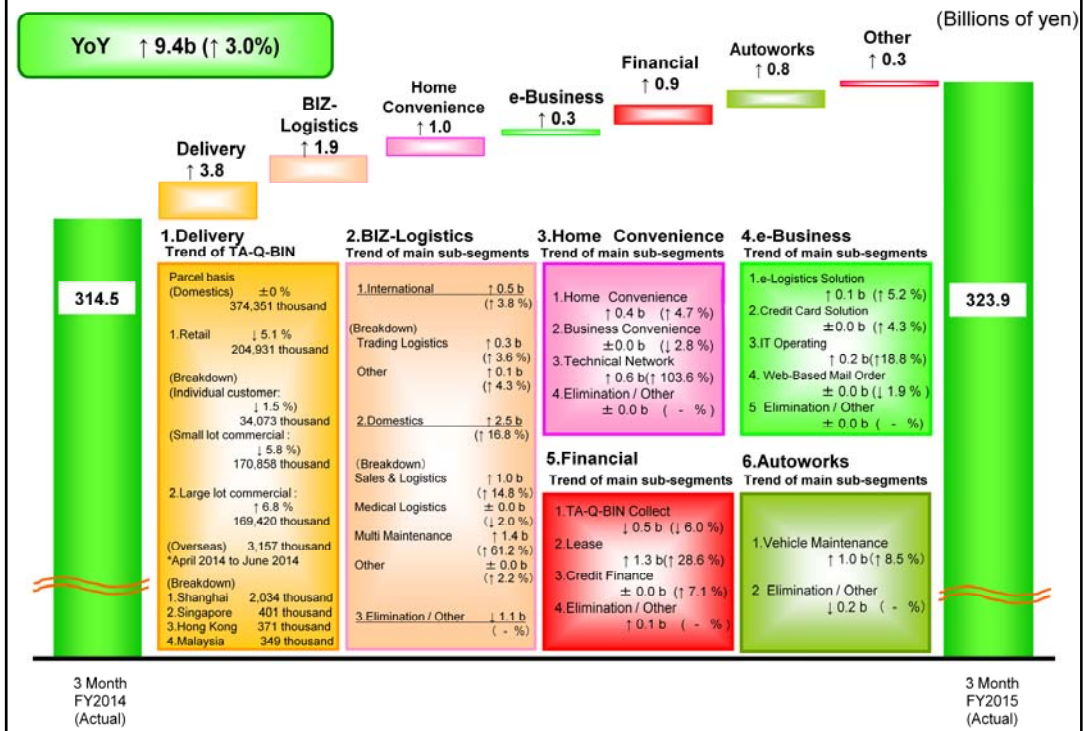
Next, let's move on to the operating results.

Operating revenue and operating income are as just explained.

Net income for the current first quarter decreased ¥2.5 billion YoY to ¥2.2 billion.

3. YoY Analysis of Consolidated Operating Revenues

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

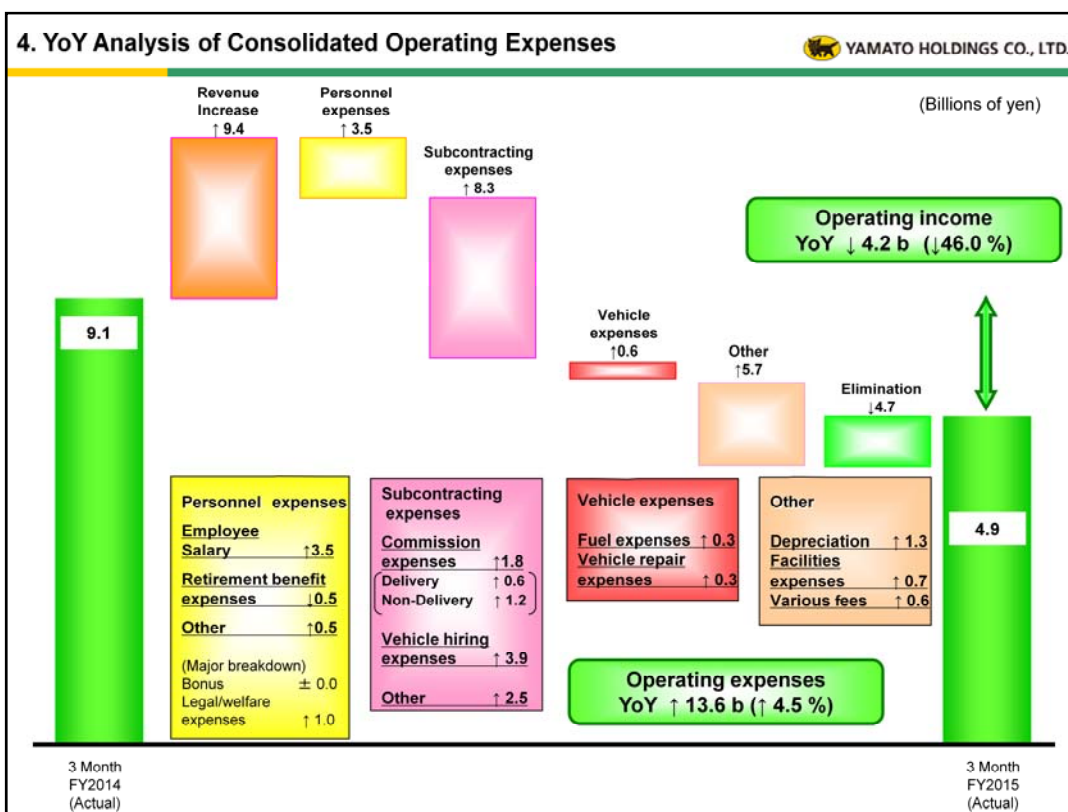
- (1) Revenues by operating segment were as stated in this slide.

In the three months ended June 30, 2014, all of the business segments achieved increases in revenues, despite a negative impact from factors such as the pull-back from the previous surge in demand that emerged ahead of the consumption tax hike.

- (2) Touching on a key point here, operating revenue in the BIZ-Logistics business increased significantly, in line with new orders, particularly in Sales and Logistics and Multi Maintenance.
- (3) Revenue increased significantly in the Home Convenience business, due to firm results from the household effects delivery business, along with strong performance also with business related to household and commercial facility which began operations this fiscal year.

In terms of expenses, we initiated thorough controls with respect to personnel-related expenses, while also working to boost productivity. These efforts enabled us to curb operating loss and achieve increases in both revenue and income.


- (4) Revenue increased in the Financial business partially as a result of more new contracts in the lease services business, despite lower revenue from TA-Q-BIN Collect due to the pull-back from the previous surge in demand that emerged ahead of the consumption tax hike. However, income in the segment decreased given that the increased revenue was not large enough to cover the full extent of the downturn in the TA-Q-BIN Collect business.
- (5) Both revenues and income increased in the e-Business and Autoworks business, given strong results in those segments.



Next for the analysis of changes in consolidated operating expense.

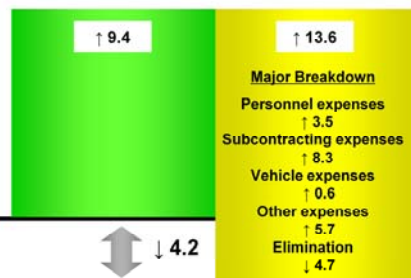
- (1) In the first quarter, any changes to accounting items, accounting standards or other such changes did not materially impact the consolidated operating expenses.
- (2) As I mentioned at the beginning of this presentation, consolidated operating expenses increased 4.5% YoY, due to increased costs incurred for improving pickup and delivery mechanisms and transportation systems to achieve better service quality, amid changes in the external environment in the form of high crude oil prices and a tightening labor market, along with sharp volatility in work volumes.
- (3) 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.
- (4) Personnel expenses rose ¥3.5 billion YoY. Employee salaries and the retirement benefit expenses are as stated in this slide.
Other personnel expenses increased ¥0.5 billion YoY. The breakdown of this is as follows:
 1. Legal/welfare-related expenses increased due to a rate hike regarding legal welfare expenses: ↑ ¥1.0 billion
 2. Short span part timer expenses decreased due to lower delivery volumes and conversion of some of the outsourcing workforce to employee status: ↓ ¥0.4 billion
- (5) Subcontracting expenses rose ¥8.3 billion YoY.
That amount includes a ¥1.8 billion YoY increase in commission expenses, ¥1.2 billion of which corresponds to an increase from higher revenues in non-delivery businesses.
Vehicle hiring expenses increased by ¥3.9 billion YoY, attributable to the Delivery business prioritizing moves to secure access to transportation systems, amid a scenario of sharp volatility in operating volumes and increasingly tightening supply in the vehicle hire market from the end of last fiscal year into the first quarter.
“Other subcontracting expenses” rose ¥2.5 billion YoY, primarily due to higher costs of purchases and sales.
The increase reflects a greater number of lease transactions in the Financial business and higher fuel purchasing costs in the Autoworks business, and is in line with higher revenues in the non-delivery businesses.
- (6) Vehicle expenses rose ¥0.6 billion YoY. Of that amount, fuel expenses increased by ¥0.3 billion.
- (7) “Other operating expenses” increased ¥5.7 billion YoY. Of that amount, depreciation increased by ¥1.3 billion.
Besides depreciation, “other operating expenses” also increased due to higher facilities expenses and other such costs incurred in line with the revenue gains from non-delivery businesses.

5. Quarterly YoY Trends of Consolidated Operating Income

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In 1Q FY2015, operating income came largely in line with expectations, despite increased costs incurred for improvements to transport and delivery systems to enhance service quality.

(Billions of yen)



1Q
FY2015
(Actual)



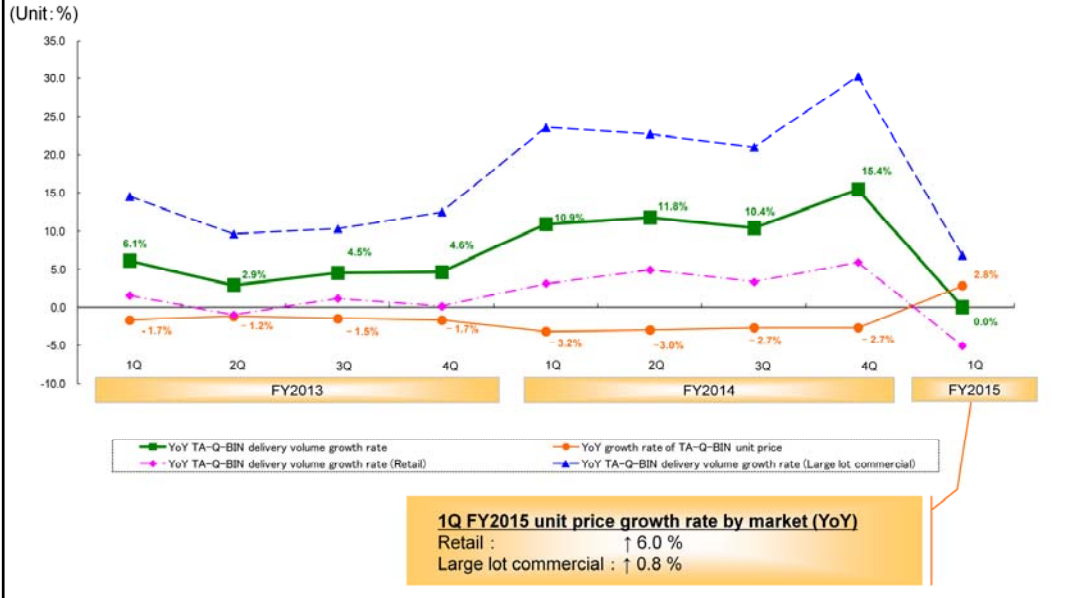
Now we come to quarterly YoY trends for consolidated operating income.

- (1) 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 for 1Q FY2015 ended on par YoY, primarily due to a pull-back in the last-minute demand that emerged ahead of the consumption tax hike.

Unit price increased by 2.8% YoY given progress made in negotiations to ensure receipt of adequate fees.

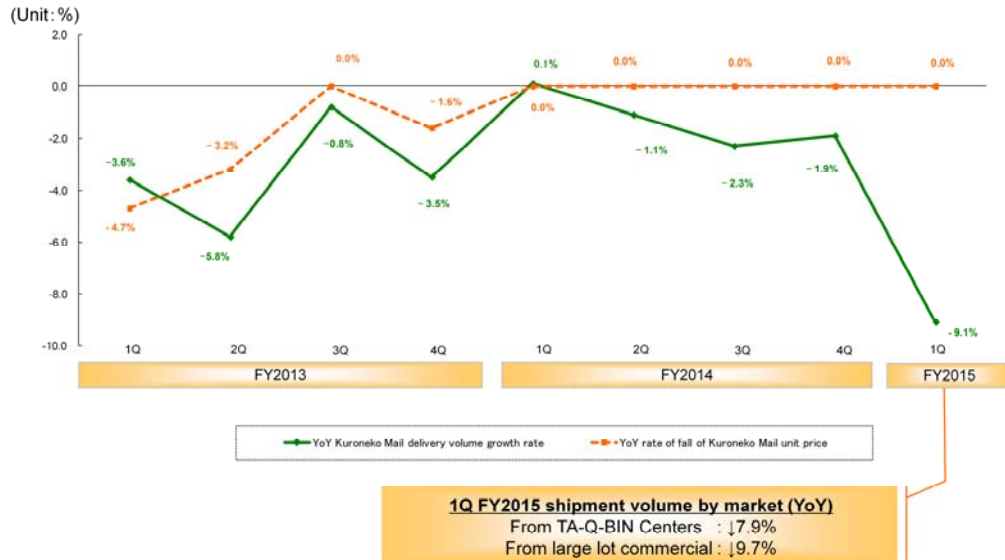


Next, we will move on to quarterly YoY trends of TA-Q-BIN delivery volume and unit price.

- (1) The most significant change that emerged in terms of trends thus far is that of rise in average TA-Q-BIN unit prices stemming from our efforts to collect appropriate fees. The average unit price overall has increased by 2.8% as of the first quarter.
- (2) As shown in this slide, a breakdown showing the rate of unit price increase by market reveals a 6.0% increase in the retail market and a 0.8% increase in the large lot commercial market.
- (3) In the retail market, which consists of the small-lot commercial market and the individual customer (C2C) market, unit prices in the small-lot commercial market increased by 7.7% while unit prices in the C2C market ended the quarter largely unchanged YoY.
- (4) Delivery volumes were slightly lower than in the previous year, and ended the quarter largely unchanged YoY. Our analysis indicates that this is largely due to the economic backlash following on the last-minute demand that emerged ahead of the consumption tax hike.

7. Quarterly YoY Trends of Kuroneko Mail Delivery Volume and Unit Price 

Kuroneko Mail delivery volume for 1Q FY2015 decreased by 9.1% YoY due to an increasingly competitive environment and contracting of the target direct mail market.



Next we move on to quarterly YoY trends of Kuroneko Mail delivery volume and unit price.

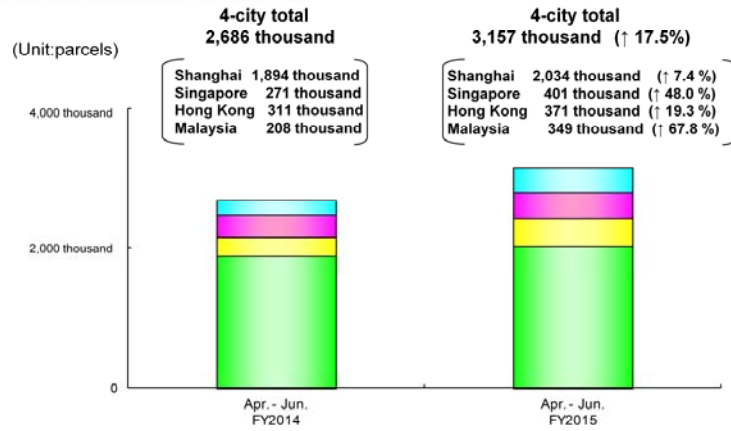
- (1) Overall, Kuroneko Mail delivery volume decreased by 9.1% YoY due to a downturn in direct mail shipping given expectations of consumer reluctance to make purchases after the consumption tax hike, and also due to intensifying competition.
- (2) As for handling volumes by market, as shown in this slide, deliveries from large-lot commercial primarily of direct mail decreased by 9.7%, and deliveries in the small-lot commercial market which are dispatched from TA-Q-BIN centers decreased by 7.9%
- (3) The Kuroneko Mail delivery unit price has remained steady and unchanged YoY at ¥61.

8. Progress of TA-Q-BIN Business Overseas

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

Shanghai Singapore Hong Kong Malaysia



Overseas TA-Q-BIN delivery volume including Taiwan



Next is a progress report of the TA-Q-BIN business overseas.

- (1) As shown in this slide, delivery volume has been growing steadily. The total delivery volume including that of Taiwan is as listed in the lower part of this slide.

9. YoY Analysis of Consolidated Operating Expenses

(Millions of Yen)	3 Months FY2015 Actual	3 Months FY2014 Actual	YoY Change	
			Amount	[%]
Operating revenues	323,968	314,551	9,417	3.0
Operating expenses	319,035	305,414	13,621	4.5
Personnel expenses	172,443	168,850	3,592	2.1
Employee salary	119,552	116,019	3,533	3.0
Retirement benefit expenses	3,123	3,661	(538)	(14.7)
Other personnel expenses	49,767	49,169	597	1.2
Subcontracting expenses	128,715	120,373	8,341	6.9
Commission expenses	49,857	47,981	1,876	3.9
Vehicle hiring expenses	42,193	38,240	3,952	10.3
Other subcontracting expenses	36,663	34,151	2,512	7.4
Vehicle expenses	11,758	11,076	681	6.2
Fuel expenses	6,820	6,485	335	5.2
Other operating expenses	68,482	62,708	5,773	9.2
Depreciation	10,146	8,794	1,351	15.4
Elimination	(62,363)	(57,595)	(4,767)	8.3

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 FY2015 Actual	3 Months FY2014 Actual	YoY Change	
			Amount	[%]
Operating revenues	253,804	249,937	3,867	1.5
Operating expenses	255,969	246,742	9,226	3.7
Personnel expenses	145,778	143,130	2,647	1.8
Employee salary	99,994	97,225	2,768	2.8
Retirement benefit expenses	2,573	2,985	(412)	(13.8)
Other personnel expenses	43,209	42,918	290	0.7
Subcontracting expenses	74,831	71,403	3,427	4.8
Commission expenses	26,314	25,669	644	2.5
Vehicle hiring expenses	39,910	36,447	3,462	9.5
Other subcontracting expenses	8,606	9,286	(679)	(7.3)
Vehicle expenses	10,123	9,446	676	7.2
Fuel expenses	5,517	5,204	312	6.0
Other operating expenses	49,091	45,484	3,606	7.9
Depreciation	7,164	6,326	837	13.2
Elimination	(23,854)	(22,722)	(1,131)	5.0

(Note)

1. Starting with FY2015, Yamato Contact service, which was previously included in e-Business segment, has been shifted to Delivery Business segment.

With this change between the segments, FY2014 results for e-Business segment and Delivery Business segment have been modified to meet the current structure.

2. 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. Forecasts of FY 2015 Operating Results (1)

(Billions of Yen)	FY2015 Forecast	FY2014 Actual	YoY Change	
			Amount	[%]
Operating revenues	1437.0	1374.6	62.3	4.5
Operating income	70.0	63.0	6.9	10.9
[Profit margin]	4.9%	4.6%	-	-
Ordinary income	71.0	64.6	6.3	9.8
[Profit margin]	4.9%	4.7%	-	-
Net income	41.0	34.7	6.2	17.9
[Profit margin]	2.9%	2.5%	-	-

Here are our full-year operating forecasts for FY2015.

- (1) The first half and full year FY2015 forecast remains unchanged from the previous forecast, with projections for operating revenues of ¥1,437.0 billion and operating income of ¥70.0 billion.

12.Forecast of FY2015 Operating Results (2)

(Millions of Yen)	FY2015 (New Forecast) A	FY2014 (Actual)	FY2015 (April 2014 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues							
Delivery	1,137,500	1,099,399	1,140,000	38,100	3.5	(2,500)	(0.2)
BIZ-Logistics	98,000	90,254	97,000	7,745	8.6	1,000	1.0
Home Convenience	51,000	48,723	50,000	2,276	4.7	1,000	2.0
e-Business	46,000	40,831	46,000	5,168	12.7	0	0.0
Financial	69,000	62,727	68,500	6,272	10.0	500	0.7
Autoworks	28,000	25,650	28,000	2,349	9.2	0	0.0
Other	7,500	7,022	7,500	477	6.8	0	0.0
Total	1,437,000	1,374,610	1,437,000	62,389	4.5	0	0.0
Operating income							
Delivery	41,000	35,784	41,000	5,215	14.6	0	0.0
BIZ-Logistics	4,700	3,403	4,700	1,296	38.1	0	0.0
Home Convenience	500	217	500	282	129.9	0	0.0
e-Business	8,400	8,057	8,400	342	4.3	0	0.0
Financial	9,600	9,405	9,600	194	2.1	0	0.0
Autoworks	3,600	3,272	3,600	327	10.0	0	0.0
Other	22,700	24,956	21,700	(2,256)	(9.0)	1,000	4.6
Subtotal	90,500	85,097	89,500	5,402	6.3	1,000	1.1
Elimination	(20,500)	(22,000)	(19,500)	1,500	(6.8)	(1,000)	5.1
Total	70,000	63,096	70,000	6,903	10.9	0	0.0
[Profit margin]	4.9%	4.6%	4.9%	-	-	-	-
Ordinary income	71,000	64,664	71,000	6,335	9.8	0	0.0
[Profit margin]	4.9%	4.7%	4.9%	-	-	-	-
Net income	41,000	34,776	41,000	6,223	17.9	0	0.0
[Profit margin]	2.9%	2.5%	2.9%	-	-	-	-

(Note)

Starting with FY2015, Yamato Contact service, which was previously included in e-Business segment, has been shifted to Delivery Business segment.

With this change between the segments, FY2014 results for e-Business segment and Delivery Business segment have been modified to meet the current structure.

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

- (1) From this fiscal year, the contact service which had been included in the e-Business segment will now be included in the Delivery business segment.
Prior fiscal year figures for the Delivery business segment and e-Business segment have been restated in accordance with this change.
- (2) As detailed in the meeting materials, the overall earnings forecast by business segment has been revised factoring in actual first quarter results.
- (3) Please look at this slide in conjunction with slide 13 and the supplementary materials you have been given beginning with page 10, as I provide you with a brief explanation of our forecast assumptions.
- (4) With respect to TA-Q-BIN services, the mainstream product in our Delivery business, we anticipate delivery volume of 1,700 million parcels for a 2.0% increase YoY, which is 24 million fewer parcels than in the previous forecast. This projection accounts for factors such as the pull-back in demand following the consumption tax hike, and the possibility of some business lost to competitors stemming from our initiatives to ensure that we take in adequate fees. We anticipate average unit pricing of ¥587, an increase of 2.3% YoY, on the basis of prevailing circumstances.
- (5) With respect to Kuroneko Mail, in consideration of the prevailing circumstances, we estimate volume of 1,945 million units, 6.7% fewer YoY, or 25 million fewer units than in the previous forecast. Our forecast for unit pricing of ¥61 remains unchanged from the previous year.

13. Forecasts of FY 2015 Operating Results (3)

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(Millions of Yen)	FY2015 (New Forecast) A	FY2014 (Actual)	FY2015 (April 2014 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues	1,437,000	1,374,610	1,437,000	62,389	4.5	0	0.0
Operating expenses	1,367,000	1,311,513	1,367,000	55,486	4.2	0	0.0
Personnel expenses	729,000	704,338	744,000	24,661	3.5	(15,000)	(2.0)
Employee salary	500,000	484,094	512,500	15,905	3.3	(12,500)	(2.4)
Retirement benefit expenses	14,000	14,834	14,500	(834)	(5.6)	(500)	(3.4)
Other personnel expenses	215,000	205,408	217,000	9,591	4.7	(2,000)	(0.9)
Subcontracting expenses	557,000	528,105	544,000	28,894	5.5	13,000	2.4
Commission expenses	214,000	211,837	212,000	2,162	1.0	2,000	0.9
Vehicle hiring expenses	182,000	168,104	174,000	13,895	8.3	8,000	4.6
Other subcontracting expenses	161,000	148,163	158,000	12,836	8.7	3,000	1.9
Vehicle expenses	48,500	46,288	47,500	2,211	4.8	1,000	2.1
Fuel expenses	29,500	27,622	29,500	1,877	6.8	0	0.0
Other expenses	296,500	277,920	295,500	18,579	6.7	1,000	0.3
Depreciation	48,000	42,265	48,000	5,734	13.6	0	0.0
Elimination	(264,000)	(245,140)	(264,000)	(18,859)	7.7	0	0.0

Assumptions of forecasts

Operating revenues

Delivery Business

- TA-Q-BIN parcels (forecast)
1,700,000 (thousand) (YoY ↑ 2.0 %)
- TA-Q-BIN unit price (forecast)
¥587 (YoY ↑ 2.3 %)
- Kuroneko Mail units (forecast)
1,945,000 (thousand) (YoY ↓ 6.7 %)
- Kuroneko Mail unit price (forecast)
¥61 (YoY ± 0.0 %)

Personnel expenses

Employee salary

- Employees (consolidated; forecast)
Total 204,000
(YoY ↑ 10,854 / ↑ 5.6 %)
- Full-time 89,850
(YoY ↑ 2,571 / ↑ 2.9 %)
- Part-time 114,150
(YoY ↑ 8,283 / ↑ 7.8 %)
- Other personnel expenses
Increase due to revision to the rate of social insurance.

Capital Expenditure

Capital Expenditure
(millions of Yen, forecast)
¥80,000

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

- (1) We have made revisions with respect to our full-year forecasts for individual expense items, as shown in this slide, in light of first quarter results and our future outlook as of this point in time.
- (2) I will go over matters with respect to items that have been revised since release of our previous forecast:
 1. Personnel expenses
The personnel expenses forecast was decreased by ¥15.0 billion overall as compared with the previous forecast. The employee salary expense forecast was decreased by ¥12.5 billion based on our review of employee numbers. The forecast for short span part timer wages, a component of "other personnel expenses," was decreased based on our review of anticipated delivery volumes.
 2. Subcontracting expenses
The subcontracting expenses forecast was increased by ¥13.0 billion overall as compared with the previous forecast. As shown in this slide, our forecasts for both commission expenses and vehicle hiring expenses were increased, given expectations of surging unit prices. The "other subcontracting expenses" forecast was increased, in line with higher revenues from our non-delivery businesses such as BIZ-logistics and Financial businesses.
 3. Vehicle expenses
The vehicle expenses forecast was increased by ¥1.0 billion compared with the previous forecast, in light of higher repair expenses.
 4. With respect to other operating expenses, although our forecast for depreciation remains unchanged given that those figures are in line with estimates, the overall forecast for other operating expenses was increased due to reasons such as higher expressway tolls incurred by hired vehicles.
- (3) Although our overall forecast for capital expenditures remains at ¥80.0 billion, unchanged from the previous forecast, individual components of that amount have been revised. Please look at this slide in conjunction with page 16 of the supplementary materials for an itemized breakdown of the capital expenditures forecast.

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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