

# Nissin Corporation

## Results Briefing for the First Half of the Fiscal Year 2019 (April 2019 to March 2020)

November 28, 2019

Profit fell for the first half,  
due to a decrease in international distribution and cargo.

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# Results for the First Half of Fiscal Year Ending March 2019

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\* Fiscal Year (FH) 2019 means April 2019 to March 2020 for all pages

# Results for the First Half of Fiscal Year 2019

(Unit: ¥ million)	1st Half of FY 2018	1st Half of FY 2019			
	Result	Initial plan	Result	vs. plan (%)	Year on year (%)
Net sales	109,464	111,500	103,408	92.7%	94.5%
Operating income	2,824	2,900	1,897	65.4%	67.2%
Ordinary income	3,262	3,300	2,309	70.0%	70.8%
Profit attributable to owners of parent	2,203	2,250	1,455	64.7%	66.1%

## Fiscal Year Ending 2019: Comparison of First Quarter and Second Quarter

	1st Quarter	2nd Quarter	Comparison
(Unit: ¥ million)	Result	Result	Recovery Rate (%)
Net sales	51,231	52,177	101.8%
Operating income	849	1,048	123.4%
Ordinary income	1,120	1,189	106.2%
Profit attributable to owners of parent	681	774	113.7%

# First Half of Fiscal Year 2019: Segment Results

(Unit: ¥ million)

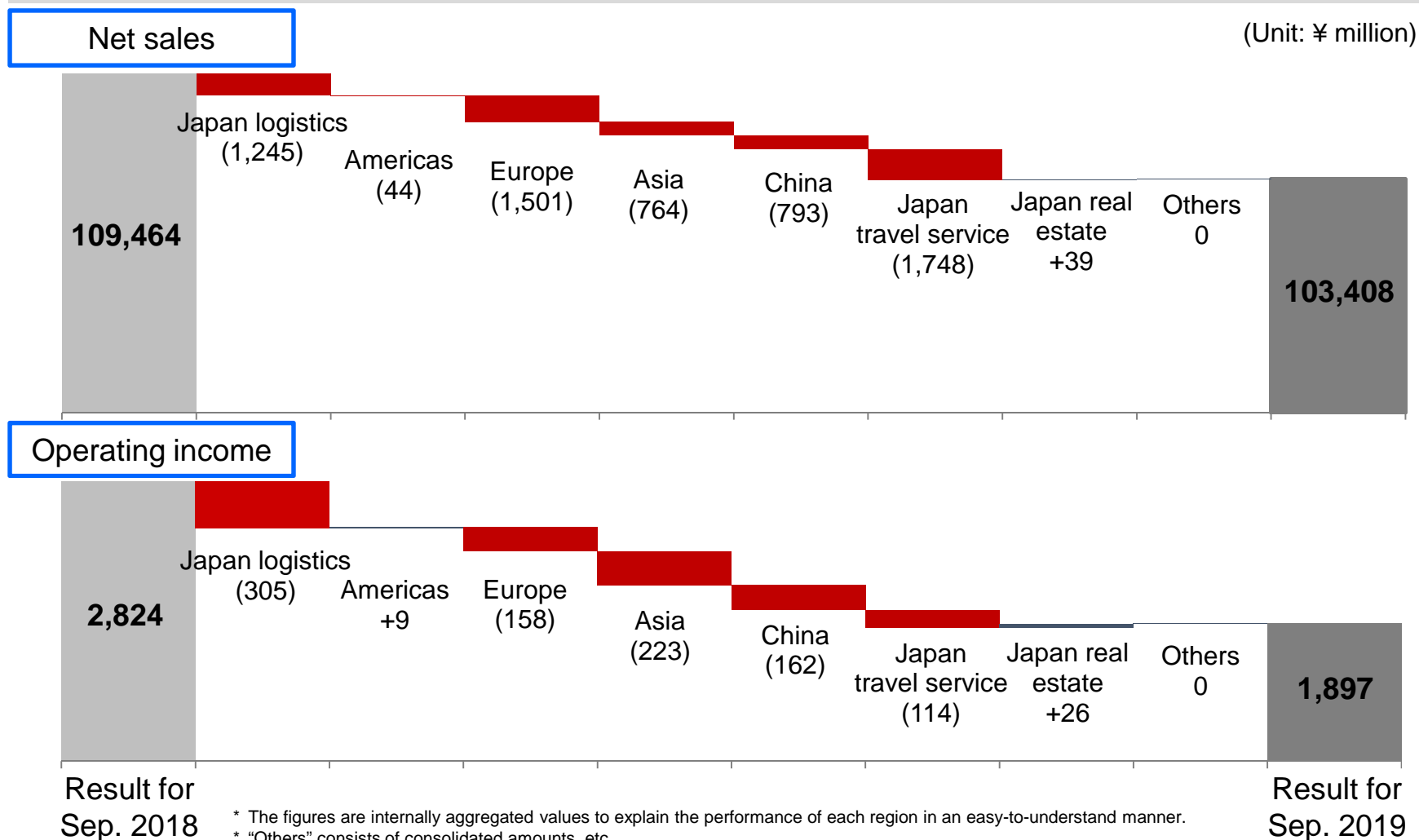
	Businesses		1st Half of FY 2018	1st Half of FY 2019	Year on year	
					Amount of Increase/Decrease	Percent Change (%)
Net sales	Logistics	Domestic	50,959	49,714	(1,245)	97.6%
		Overseas	25,714	22,612	(3,102)	87.9%
	Travel service		32,099	30,351	(1,748)	94.6%
	Real estate		689	728	+39	105.7%
	Others		3	3	0	---
	Total		109,464	103,408	(6,056)	94.5%
Operating income	Logistics	Domestic	1,196	891	(305)	74.5%
		Overseas	815	281	(534)	34.5%
	Travel service		353	239	(114)	67.7%
	Real estate		432	458	+26	106.0%
	Others		28	28	0	---
	Total		2,824	1,897	(927)	67.2%

\* The figures are internally aggregated values to explain the performance of each region in an easy-to-understand manner.

\* "Others" consists of consolidated amounts, etc.

# First Half of Fiscal Year 2019: Comparison with Previous Fiscal Year

## ■ A decrease in international cargo significantly affected revenue.



**First Half of Fiscal Year 2019:  
Factors of Increase/Decrease in Operating Income  
from Previous Fiscal Year**

Businesses	Region	Year on year (million yen)	Overview
Logistics	Japan	(305)	Shipment of automobile-related cargo decreased. Export air cargo decreased.
	Americas	+9	Result of warehousing for household appliances was strong. New orders received in Canada.
	Europe	(158)	Warehouse business was sluggish. Quantity in the milk run business decreased.
	Asia	(223)	Shipment of automobile-related cargo decreased. Warehouse business was sluggish.
	China	(162)	Air cargo decreased.
Travel service		(114)	Number of business travelers decreased.
Real estate		+26	Real estate business in the Keihin area was strong.

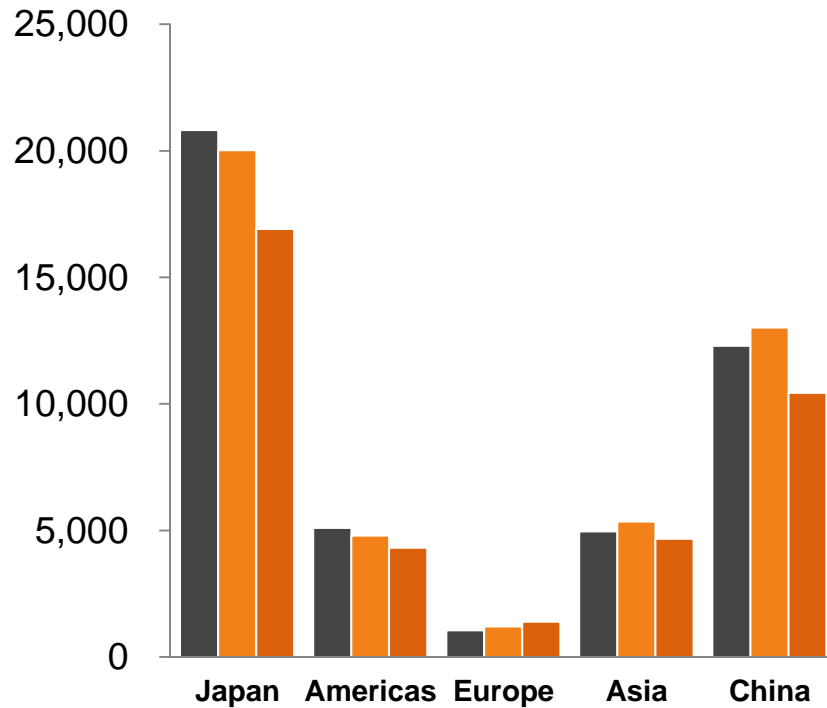


# Transition of Air Cargos Quantities

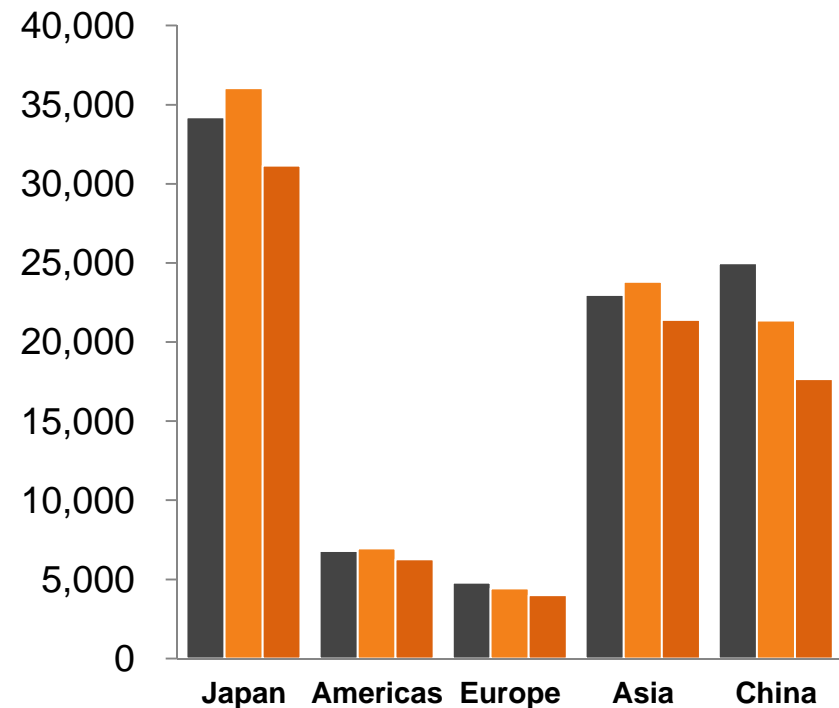
- Air cargo decreased in all areas except export from Europe.

FH/FY2017    
  FH/FY2018    
  FH/FY2019

### Air Exports (Tons)



### Air Imports (Transactions)



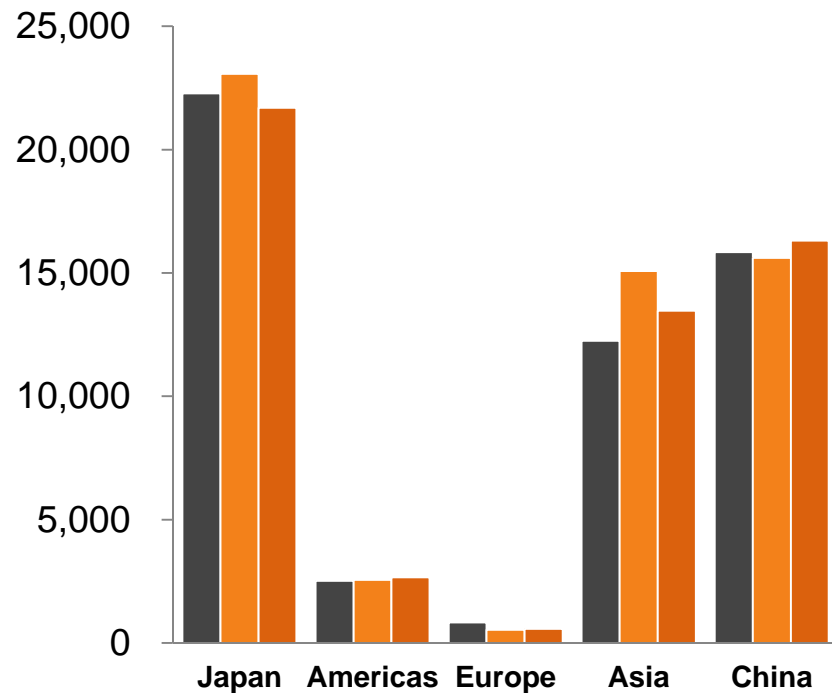
(\* FH = First Half)

## Transition of Ocean Cargos Quantities

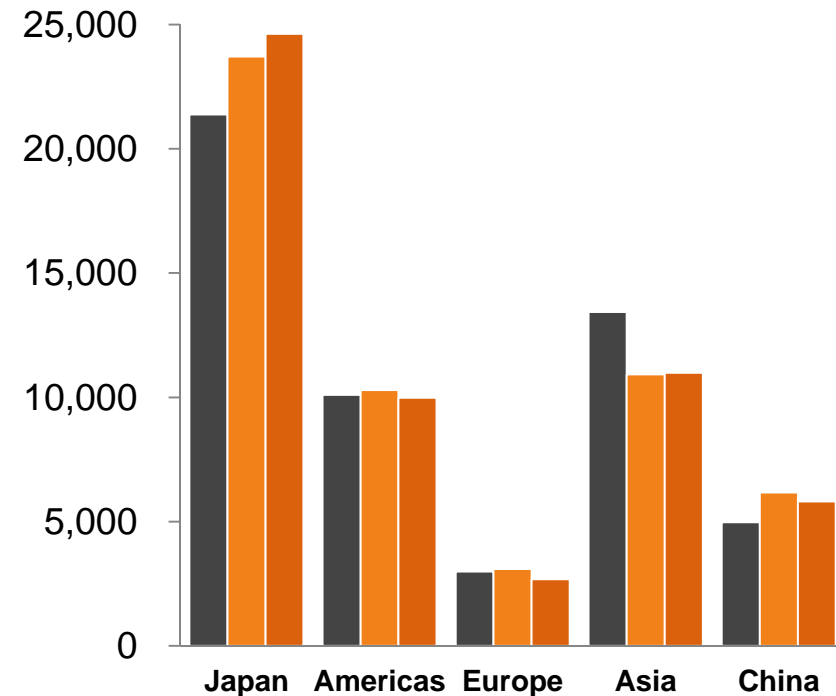
- The decrease in the volume of ocean cargo export was not as high as the decrease in air cargo.

FH/FY2017
  FH/FY2018
  FH/FY2019

### Ocean Exports (TEU)



### Ocean Imports (TEU)



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# **Full-year Plan for the Fiscal Year 2019**

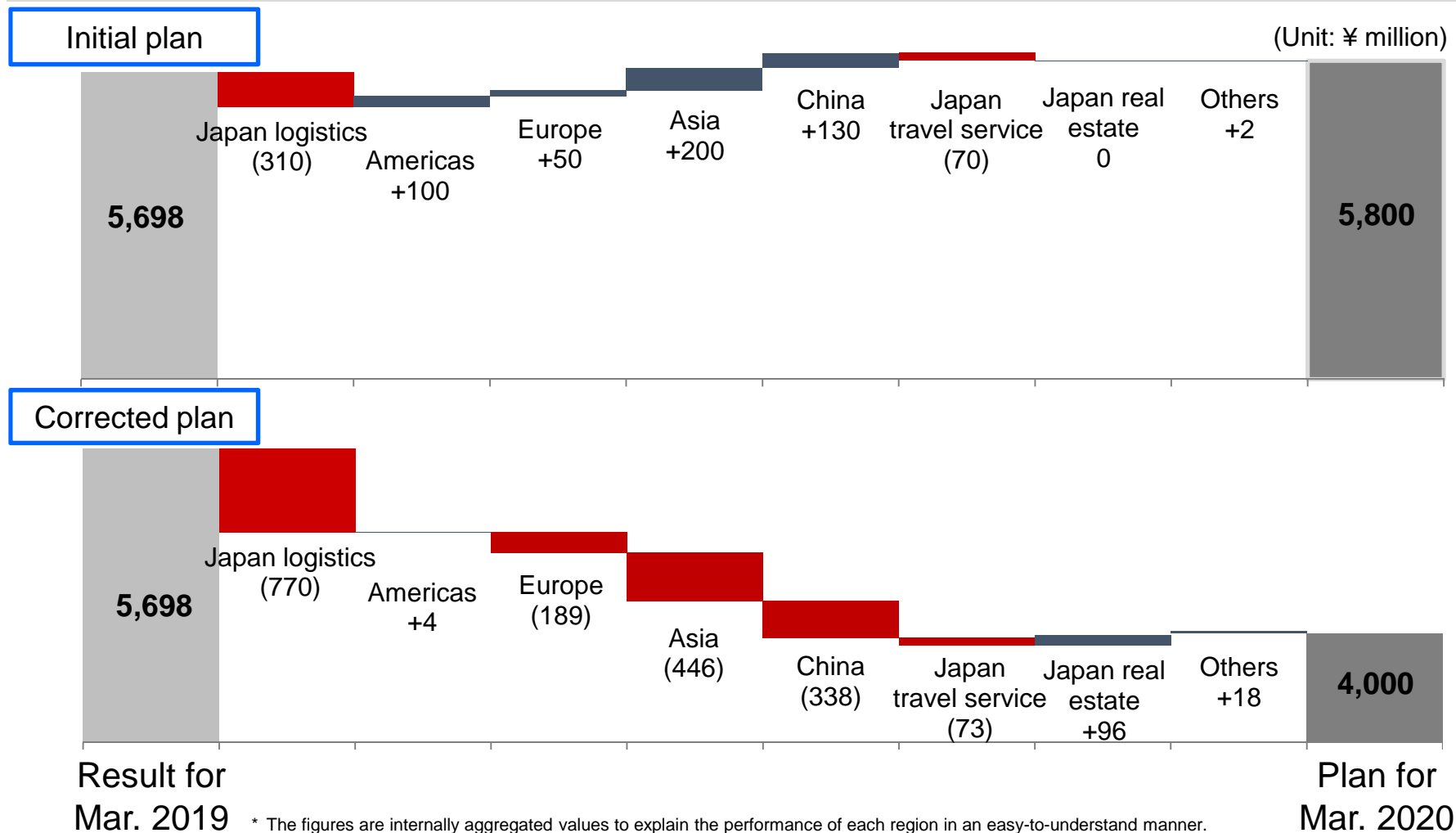
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# Full-year Plan for the Fiscal Year 2019

(Unit: ¥ million)	FY 2018	FY 2019			
	Result	Initial plan	Corrected plan	vs. plan (%)	Year on year (%)
Net sales	218,040	223,000	211,000	94.6%	96.8%
Operating income	5,698	5,800	4,000	69.0%	70.2%
Ordinary income	6,584	6,600	4,700	71.2%	71.4%
Profit attributable to owners of parent	4,426	4,500	3,300	73.3%	74.6%

# Fiscal Year 2019: Initial Plan and Corrected Plan (Operating Income)

■ Overseas business, where profit growth was expected, deteriorated.



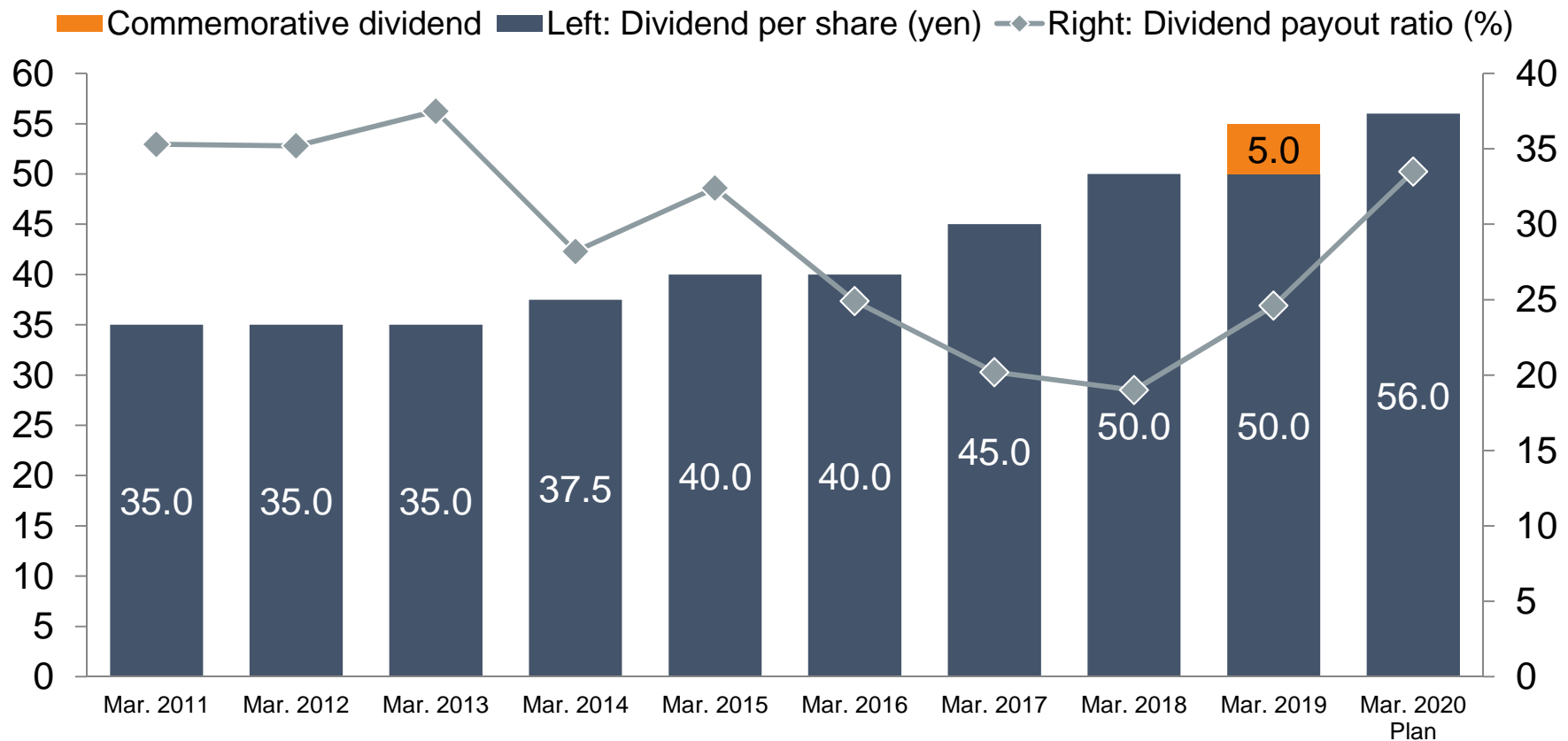
\* The figures are internally aggregated values to explain the performance of each region in an easy-to-understand manner.  
\* "Others" consists of consolidated amounts, etc.

# Fiscal Year 2019: Factors of Revision from Initial Plan (Operating Income)

Businesses	Region	Difference from Initial Plan (million yen)	Plan for FY 2019	Current Condition
Logistics	Japan	(460)	Increase profit in non-consolidated logistics segment.	Decreased overall export of automobile-related cargo and air cargo.
	Americas	(96)	<ol style="list-style-type: none"> <li>1. Mexico: Recover momentum in automobile-related cargo.</li> <li>2. US: Promote activities to meet strong demand for warehouses.</li> <li>3. US: Increase shipment of automobile-related cargo.</li> </ol>	<ol style="list-style-type: none"> <li>1. Delay in recovery.</li> <li>2. Sluggish movement of goods at automobile-related warehouses.</li> <li>3. Sluggish movement of automobile-related cargo.</li> </ol>
	Europe	(239)	Develop organizations corresponding to the business size.	Stagnated demand for warehouses.
	Asia	(646)	<ol style="list-style-type: none"> <li>1. Take on new cargo from China due to reorganization of production base.</li> <li>2. Increase capacity for utilization of new warehouses.</li> </ol>	<ol style="list-style-type: none"> <li>1. No progress in relocation of production bases.</li> <li>2. No improvement made due to a decrease in automobile-related cargo.</li> </ol>
	China	(468)	Increase import and export to and from Hong Kong.	Decreased export of air cargos of electrical machinery and electronics in China overall.
Travel service		(3)	Expect slight decrease of business travelers.	Generally in line with forecast.
Real estate		+96	Secure revenue from commercial facilities at the same level as the previous year.	Revenue from commercial facilities remained strong.

# Dividend Policies

■ Continuing a dividend increase and maintaining a plan for an annual dividend of 56 yen.



(Note) A reverse split of 5 common stocks into 1 stock was performed with October 2017 as the effective date. The amounts stated take the reverse split into consideration.

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# **Progress of the Sixth Medium-Term Business Plan and Further Activities**

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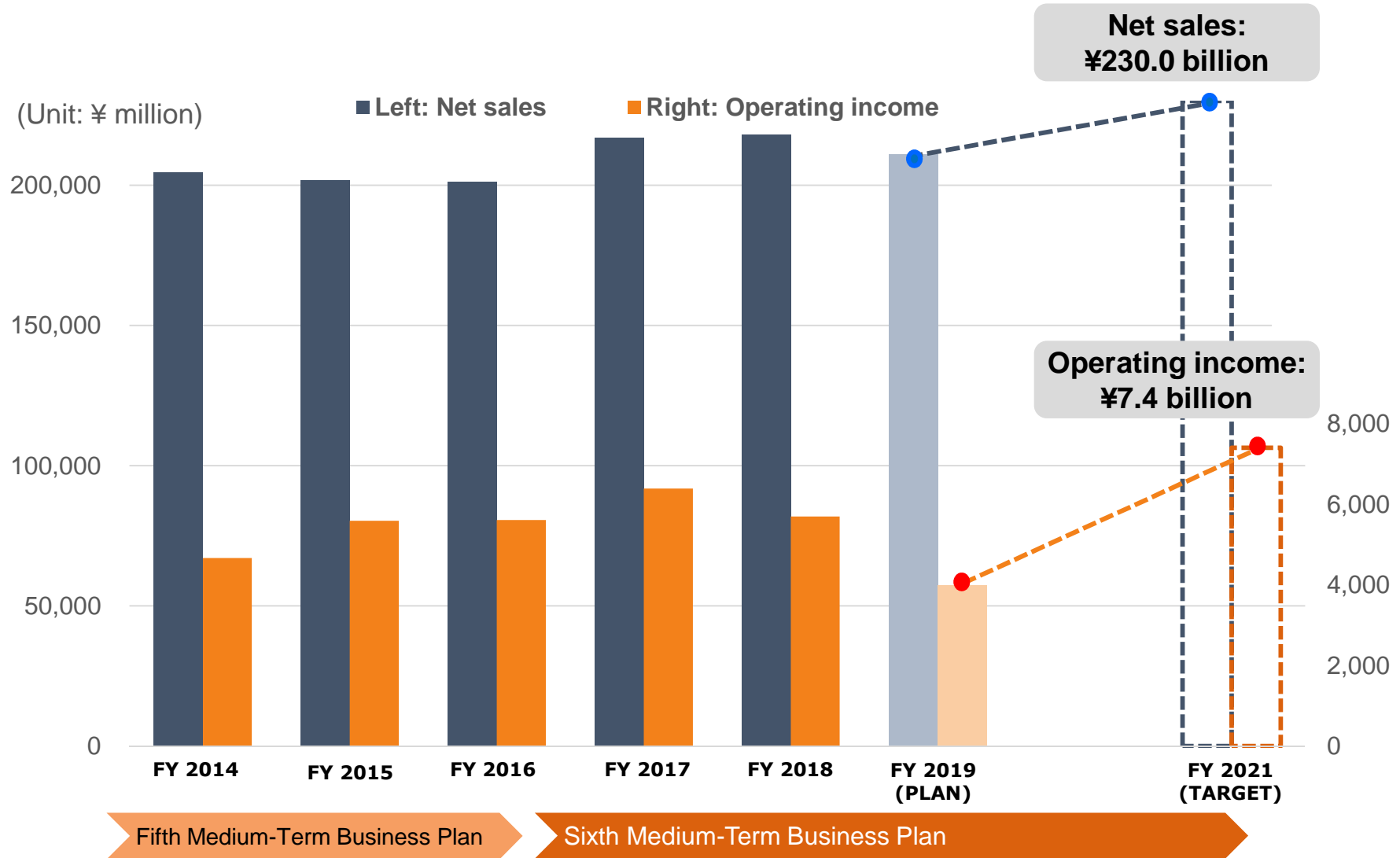


# Sixth Medium-Term Business Plan: Basic Policies and Priority Measures

Basic policy	<p>“Global logistics service provider” - Further innovation to be the top quality logistics company in the world -</p>
Period	<p>April 2017 to March 2022 (5 years)</p>
Priority measures	<ol style="list-style-type: none"> <li><b>1. Priority segments (automobile-related, chemicals and hazardous items, and food distribution)</b></li> <li><b>2. Improve the profitability of domestic businesses</b> <ul style="list-style-type: none"> <li>• Restructure the logistics facilities</li> <li>• Pursue improvement in operational efficiency</li> <li>• Strengthen cooperation between the logistics business and the travel service</li> <li>• Promote logistics consulting using AI</li> </ul> </li> <li><b>3. Strengthen the fundamentals of group management</b> <ul style="list-style-type: none"> <li>• Strengthen governance and ensure thorough compliance</li> <li>• Secure and cultivate human resources</li> <li>• Strengthen financial health through the streamlining of funding, etc.</li> </ul> </li> </ol>

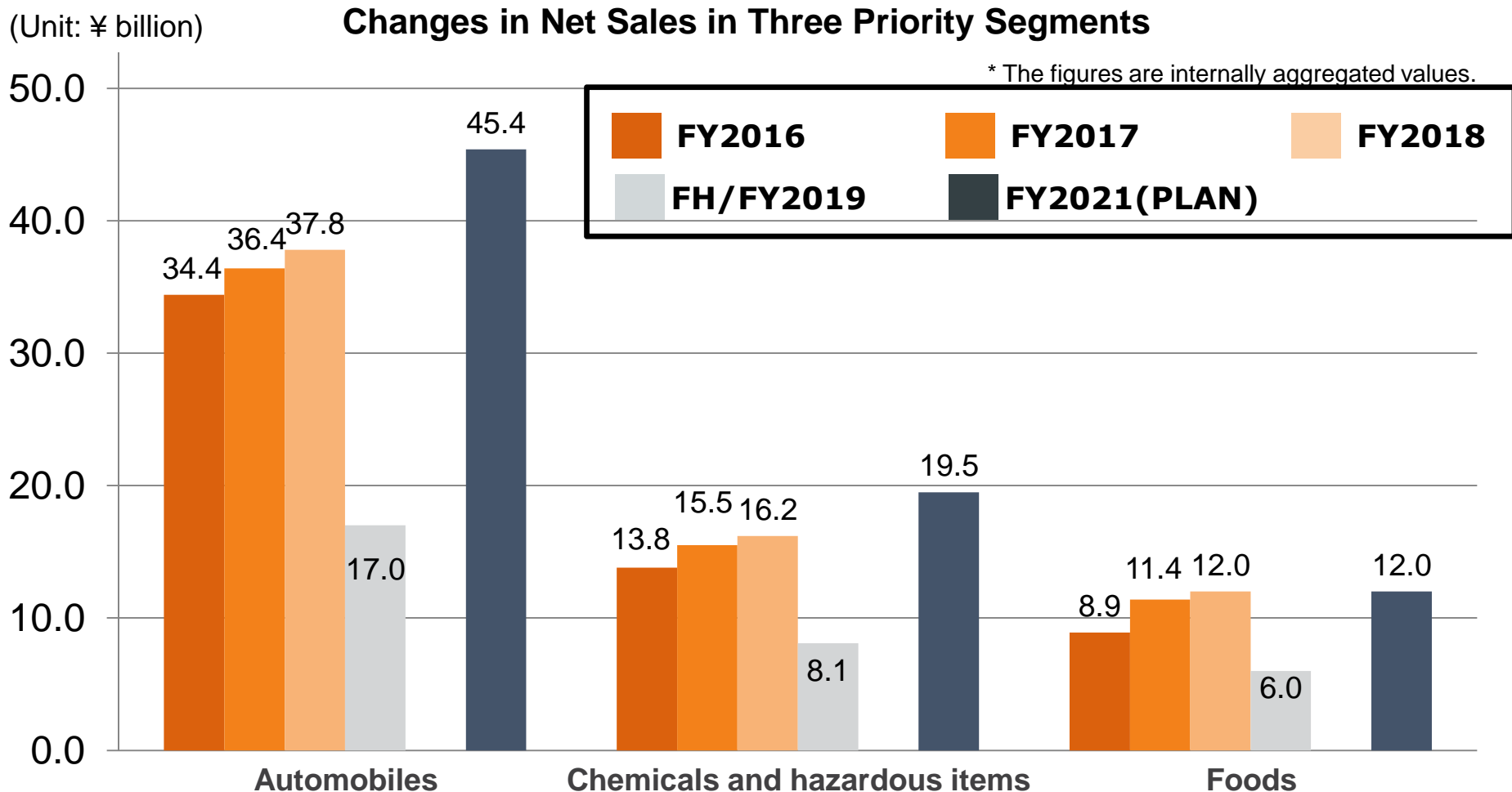


# Sixth Medium-Term Business Plan: Numerical Targets



# 1. Focus on Three Priority Segments

- Net sales in the foods segment is stable, and net sales in the chemicals and hazardous items segment and the automobile segment are not expected to reach the targets for FY2019.



# 1. Focus on Three Priority Segments (Area Strategy)

			Already implemented	Ongoing
	<b>Automobile</b>	<b>Chemicals and hazardous items</b>		
Japan	Develop new customers	Expand domestic facilities	Expand refrigerated storage warehouse facilities	
Americas	Establish a new company-owned warehouse in Ohio	Enter the hazardous items business	Consider opening refrigerated storage warehouses	
Europe	Explore links with new non-Japanese parts manufacturers	Enter the hazardous items business	Expand imports/exports of food	
Asia	Expand warehouses in Thailand Construct a new warehouse in Malaysia	Expand warehouses Expand transportation of chemicals	Establish a logistics network for food	
China	Focus sales activities on each Global Account company	Enter the hazardous items business	Establish a logistics network for food	

## 1. Focus on Three Priority Segments (Automobile)

### Progress

- Set up new warehouses in the US, Thailand, Malaysia, and India.
- Business with multiple automakers in Japan and abroad increased.
- Received orders for regular transportation of motorcycles and auto parts between Japan and Russia using the Trans-Siberian Railway.

### Activities under the latter half of the plan

- Expand new automobile businesses in Japan and abroad.
- Expand the regional transportation business.

## ■ Expand new automobile businesses in Japan and abroad.

Japan

- Develop new business for EVs and hybrid cars

Americas

- Increase operation at new assembly plant for automotive

Europe

- Improve sales activities targeting European manufacturers and component manufacturers

Asia

- Raise profitability of the warehouse business
- Expand the regional transportation business

China

- Receive orders for new automobile operations

# 1. Focus on Three Priority Segments (Chemicals and hazardous items)

## Progress

- Developed a plan to construct a new warehouse in Japan
- Started delivery across Indonesia
- Started the operation of a logistics IP system for chemicals and hazardous items in Asia

## Activities under the latter half of the plan

- Build new warehouses in view of domestic demand
- Expand business using delivery networks across Indonesia
- Develop and receive orders for logistics IP systems in other countries and regions

## ■ Efforts to increase storage capacity in eastern Japan to meet strong demand for hazardous item warehouses



Current Overview of Tsurumi Warehouse

Period	As of November 2019
Number of buildings	7
Area of warehouse	Approx. 6,930 sq. meters
Storage capacity	9,270 KL



Start construction of new warehouses for the Seventh Medium-Term Business Plan

## ■ Build nationwide delivery networks in the largest automotive market among ASEAN countries

### Nationwide lubricant delivery project in Indonesia



Period	August 2019	From September 2019
Delivery area	Urban areas around Jakarta	Across Indonesia (excluding some remote islands)
Distribution center	1	13
Use of lubricant	For automobiles	For automobiles, motorcycles, ships, and industrial use



Expand delivery areas and items under the latter half of the Sixth Medium-Term Business Plan



## 1. Focus on Three Priority Segments (Foods)

### Progress

- Completed a new warehouse capable of food refrigeration in Fukuoka (September 2019)
- Launched a service of maritime transportation to Asia that maintains food freshness (October 2019)

### Activities under the latter half of the plan

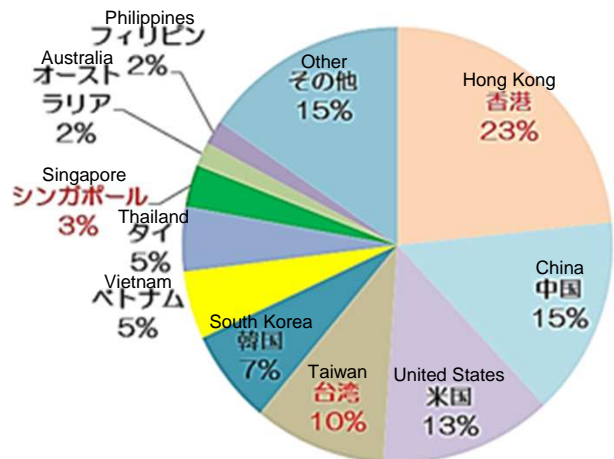
- Build new business using the new refrigerated warehouse
- Improve activities to expand export of Japanese food

# Activities under the Latter Half of the Medium-Term Business Plan (Foods)

## ■ New warehouses to meet demand for frozen and refrigerated food delivery start operation

New warehouses	Location	Start of operation
1. Island City Logistics Center	Higashi-ku, Fukuoka	September 2019
2. Maya West Refrigerated Warehouse	Nada-ku, Kobe	February 2020
3. Heiwajima Refrigerated Logistics Center (tentative)	Ota-ku, Tokyo	March 2021

## ■ Activities to expand export of Japanese food



Export value of agricultural and marine products and food products in 2018 was 906.8 billion yen.

- ◆ Mixed cargo of frozen food from Yokohama to Singapore: Service started in September 2013  
Confectionery (Japanese and Western), food ingredients, frozen food products, and marine products
- ◆ Mixed cargo of frozen food from Kansai to Taiwan: Service started in February 2017
- ◆ Mixed cargo of frozen food from Kansai to Hong Kong: Service started in November 2018  
Confectionery (Japanese and western), food ingredients, frozen food products, and marine products
- ◆ Mixed cargo of refrigerated food from Yokohama to Hong Kong: HACO Lab Fresh Service started in October 2019  
Vegetables and fruits (freshness packs), Japanese liquors, eggs, and chilled processed food

## 2. Improve the Profitability of Domestic Businesses

Priority Measures	Progress under First Half of Plan	Activities under Latter Half of Plan
Restructure the logistics facilities	<p>Operation or construction of warehouses in Japan started.</p> <ul style="list-style-type: none"> <li>- Fukuoka: Operation started in Sep. 2019</li> <li>- Kobe: Scheduled for completion in Feb. 2020</li> <li>- Tokyo: Scheduled for completion in Mar. 2021</li> </ul>	Currently planning construction of multiple other logistics facilities in Kanto
Pursue the improvement of operational efficiency	<ul style="list-style-type: none"> <li>- Promoted a reorganization project (implemented in Apr. 2020)</li> <li>- Implemented RPA of administration and operation departments</li> <li>- Developed and installed commercial photo-sharing app (IAFONE)</li> </ul>	<ul style="list-style-type: none"> <li>- Firmly establish the new organization</li> <li>- Promote more RPA</li> <li>- Promote widespread use of IAFONE in the company</li> </ul>
Cooperation between the logistics business and the travel service	In progress	Continue the cooperation
Promote logistics consulting using AI	<ul style="list-style-type: none"> <li>- SCM solutions</li> <li>- Warehouse Management System (WMS)</li> <li>- HACO Lab</li> </ul>	<ul style="list-style-type: none"> <li>- Develop overseas business</li> <li>- Develop systems for warehouse customers</li> <li>- Develop HACO Lab. equipped with new functions</li> </ul>

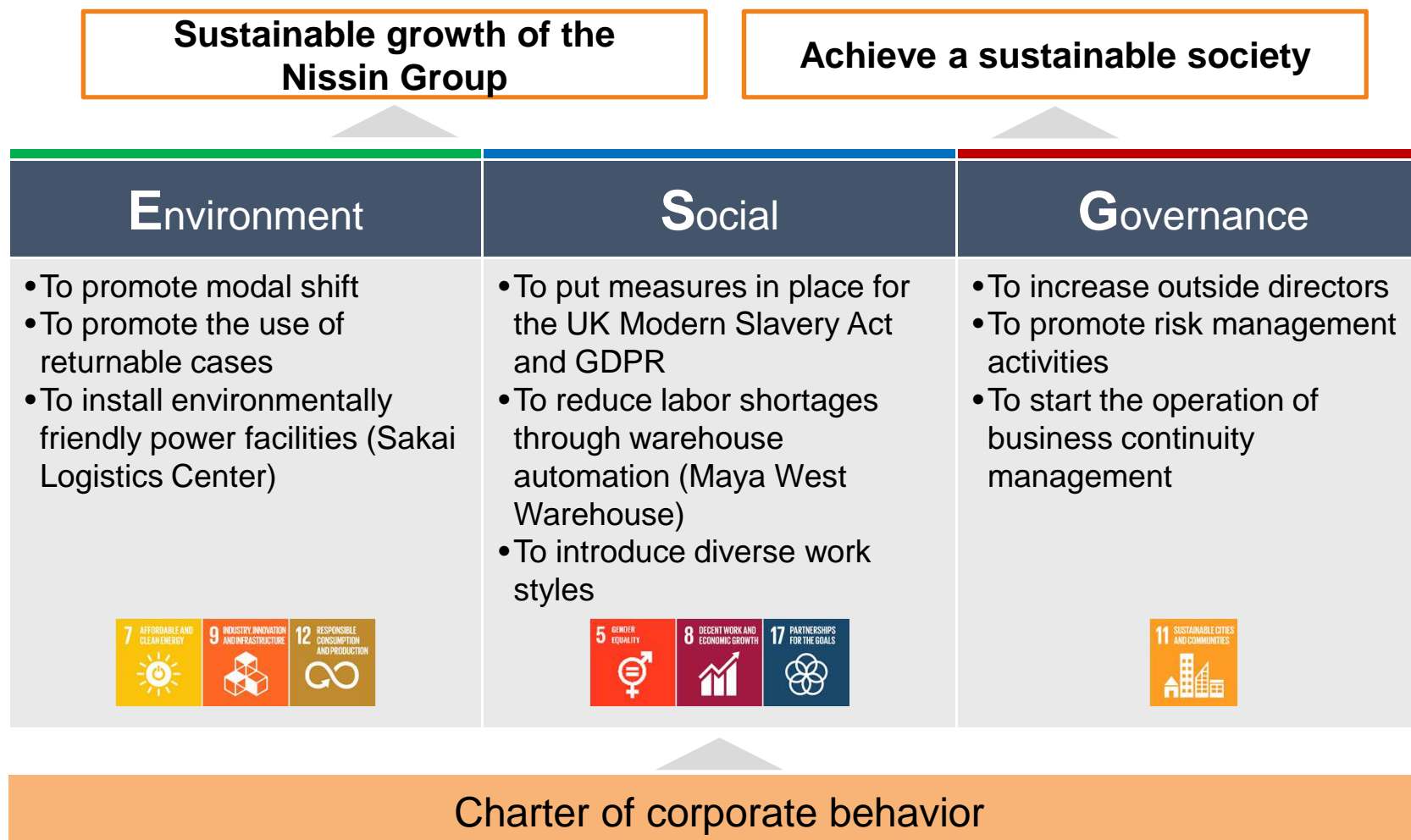
## Progress under Capital Investment Plan

Investment Project	Investment Amount (billion yen)		Start of Use
	Plan	Results	
Warehouse Overseas	6.1	1.8	---
Ohio, US			Mar. 2018
Malacca, Malaysia			Mar. 2018
Shanghai, China			Apr. 2018
Prachin Buri, Thailand			Jan. 2019
Warehouse in Japan	16.9	17.3	---
Fukuoka			Sep. 2019
Kobe			Feb. 2020
Heiwajima			Mar. 2021
Yokohama (2 locations)			Planning
IT Investment	3.0	1.2	Apr. 2017 to Mar. 2020
<b>Total</b>	<b>26.0</b>	<b>20.3</b>	---

### 3. Strengthen the Fundamentals of Group Management

Priority Measures	Progress under First Half of Plan	Activities under Latter Half of Plan
Strengthen governance and ensure thorough compliance	<ul style="list-style-type: none"> <li>- Increased outside directors</li> <li>- Promoted group risk management</li> <li>- Started operation of business continuity management</li> <li>- Started use of global safety standard guidelines</li> </ul>	<ul style="list-style-type: none"> <li>- Continue and expand measures in progress from the first half of the plan</li> </ul>
Secure and cultivate human resources	<ul style="list-style-type: none"> <li>- Sent female expatriates to Thailand, China, India, and the US</li> <li>- Provided local employees from overseas subsidiaries with training in Japan</li> </ul>	<ul style="list-style-type: none"> <li>- Continue and expand measures in progress from the first half of the plan</li> </ul>
Strengthen financial health	<ul style="list-style-type: none"> <li>- Changed accounting periods of overseas consolidated subsidiaries</li> <li>- Started efficient use of funds through domestic group cash management</li> <li>- Standardized accounting systems (already introduced in some overseas subsidiaries)</li> </ul>	<ul style="list-style-type: none"> <li>- Continue and expand measures in progress from the first half of the plan</li> </ul>

## Reinforcing the Group Management Foundation as One of the Priority Measures in the Sixth Medium-Term Business Plan



**I. Results for the First Half of Fiscal Year 2019:**  
**Profit fell due to a decrease in international distribution and cargo**

**II. Full-year Plan for the Fiscal Year 2019:**  
**Revised the full-year plan due to a decrease in overseas sales**

**III. Progress under the Sixth Medium-Term Business Plan and Planned Activities:**  
**No change has been made to the final targets in the Sixth Medium-Term Business Plan**

**All companies in the Nissin Group will work together  
and strive to achieve the full-year plan for FY2019  
and achieve the final targets  
in the Sixth Medium-Term Business Plan.**

- This material contains plans and forecasts regarding the future performance of our group, such as net sales and profits.
- The forecasts are based on judgements and assumptions using the information that our group is able to understand and obtain at the present time, and may differ significantly from actual performance.



For inquiries about information materials and our investor relations,  
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