

## Message from the Chief Financial Officer



We will actively carry out the necessary investments to enhance our management foundation and further strengthen business growth while bearing in mind our financial stability. In doing so, we aim to increase our corporate value over the medium to long term.

### Kenichi Shibasaki

Director  
Senior Managing Executive Officer  
Responsible for overseeing  
Financing and Investor Relations

### Review of the Fiscal Year Ended March 31, 2018 and Key Initiatives for the Fiscal Year Ending March 31, 2019

During the fiscal year ended March 31, 2018, our financial performance progressed toward recovery despite the increased expenses incurred from our promotion of “Reforming Working Styles.” Under “Structural Reform in the Delivery Business,” one of our key measures under the medium-term management plan “KAIKAKU 2019 for NEXT100” (hereinafter, “KAIKAKU 2019”), we made progress in negotiations for review of our rates with respect to our corporate clients and adjustments to shipping schedules based on our requests to some large-lot corporate clients. Accordingly, since the third quarter, *TA-Q-BIN* delivery volume has taken a downward turn while *TA-Q-BIN* unit price has risen due to our adequate pricing initiatives.

As a result of the above, operating revenues amounted to ¥1,538.8 billion, up ¥71.9 billion (4.9%) from a year ago, while operating profit amounted to ¥35.6 billion, up ¥0.8 billion from the previous year.

In the fiscal year ending March 31, 2019, the second year of KAIKAKU 2019, we are advancing structural reforms centered on continuing our adequate pricing initiatives and “Reforming Working Styles.” In light of this, we are working to expand our delivery capacity for the Delivery Business by promoting such measures as establishing a diversified “last mile” network through the use of “Anchor Cast” (drivers for early evening and night deliveries).

## Investment and Financial Strategies in Creating Future Cash Flows

### Investment Strategies

Regarding our investment decisions, they will be based on whether or not the investment leads to the maintenance and improvement of our corporate value over the medium to long term. Over the three-year period of KAIKAKU 2019, covering the fiscal year ended March 31, 2018 through the fiscal year ending March 31, 2020, we are anticipating investments of ¥350.0 billion. This amount will likely consist of recurring investments for the maintenance and expansion of networks, including land, buildings, and vehicles, as well as growth investments for “Reforming Working Styles” and alliances with outside entities (overseas expansion, digital innovation, etc.). We will continue to focus on “Reforming Working Styles,” which we place as an utmost priority for implementing “inclusive management,” one of the Yamato Group’s founding principles. In particular, we intend on taking a proactive approach to investments in our efforts to establish working environments where our employees can work with high levels of enthusiasm.

Through these investments, we will accelerate structural reform in the Delivery Business, a Group foundation, and build a management structure that generates stable profits. In addition, we will strive to further expand our profit margin through the growth of our non-delivery businesses, thereby improving our corporate value over the medium to long term.

### Financial Strategies

The Yamato Group will continue to work to bolster its management foundation and corporate value by maintaining and improving financial stability, which represents the basic policy of its financial strategy.

We intend on procuring funds through investments while regarding the importance of improving our financial stability and efficiency. Further, we will strive to maintain our credit rating (AA-, Rating and Investment Information, Inc.) while keeping in mind a shareholders’ equity ratio of around 50% to ensure financial stability.

## Improving Corporate Value over the Medium to Long Term

The Yamato Group considers ROE to be an important indicator for increasing shareholder value and accordingly, will work to enhance ROE by improving its profit margin.

Meanwhile, we will work to achieve honest and fair disclosure of management conditions, including ESG (environmental, social, governance) and other non-financial information, growth strategies going forward, important risk information, etc., and

proactively implement IR and SR activities such as conducting constructive dialogues with all shareholders and investors.

For the fiscal year ending March 31, 2020, the final year of KAIKAKU 2019, we are targeting operating revenues of ¥1,670.0 billion, operating profit of ¥72.0 billion, operating margin of 4.3%, and ROE of 7.7%.

## Basic Policy on Shareholder Returns

Regarding returns to shareholders, we will flexibly review and deliver returns with a targeted consolidated dividend payout ratio of 30% of profit attributable to owners of parent.

In the fiscal year ended March 31, 2018, our cash dividend per share was ¥27.00 and our dividend payout ratio was 58.4%.

### Returns to Shareholders

