

Logisnext

FY2018 Financial Results Briefing

May 30, 2019

MITSUBISHI LOGISNEXT CO., LTD.

Logisnext

FY2018 Financial Results

MITSUBISHI LOGISNEXT CO., LTD.

President and CEO, Takashi Mikogami

Economic Market Trends

- **Global economic growth slowing due to US-China trade war and Brexit**
- **Persistent uncertainty in Japan's economy, due to continuing high material costs and the expected consumption tax increase**
- **Given the current economic unpredictability overseas and domestic, we need to pay closer attention to future trends**
- **In addition to concerns on market growth slowdown, the forklift and logistics equipment industry continues to face intense competition**
- **Despite unfavorable conditions, we continue to achieve further growth and pursue our objective to become a top-class logistics equipment manufacturer, by responding to customers needs**

Summary of FY2018 Results

- **Net sales increased 3.5% year-on-year, due to strong domestic demand, global sales growth, and sales price improvement activities**
- **Operating profit increased 41.8% year-on-year, despite the impact of soaring material costs, mainly by elimination of prior year one-time expenses, sales price improvements, truck model integration, and decrease in goodwill amortization cost**

2. Financial Highlights

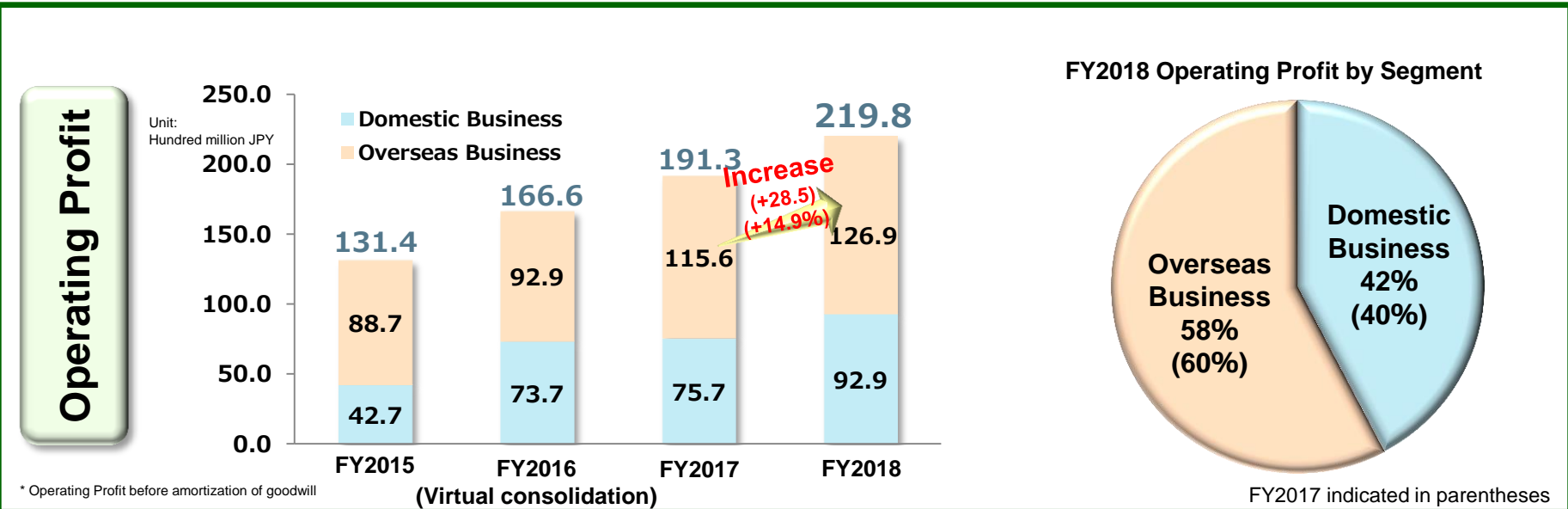
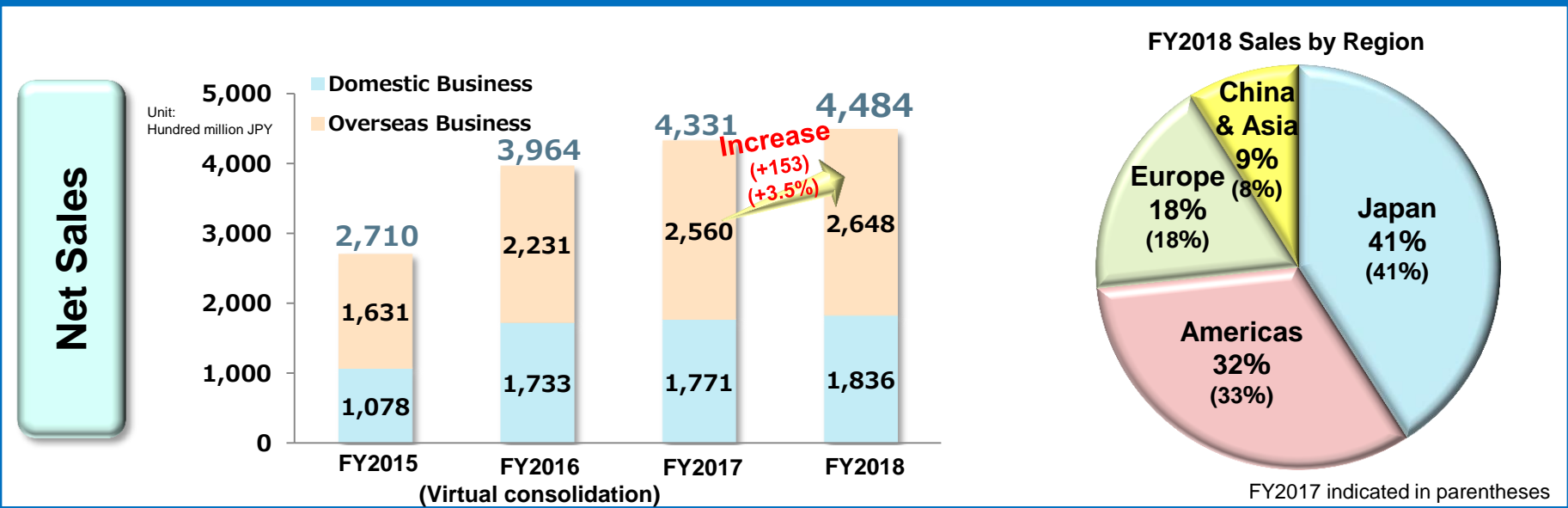
Unit: Hundred million JPY

Profit and Loss Statement	FY2017		FY2018		YOY Change	
Net Sales	4,330.9		4,483.8		+ 152.9	+ 3.5%
Operating Profit (Before amortization of goodwill) (Operating profit margin)	191.3 (4.4%)		219.8 (4.9%)		+ 28.5	+ 14.9%
Amortization of Goodwill	98.5		88.2		▲10.3	▲10.4%
Operating Profit (Operating profit margin)	92.8 (2.1%)		131.6 (2.9%)		+ 38.8	+ 41.8%
Ordinary Profit (Ordinary profit margin)	84.3 (1.9%)		137.1 (3.1%)		+ 52.8	+ 62.8%
Profit Attributable to Owners of Parent (Net income margin)	29.4 (0.7%)		70.8 (1.6%)		+ 41.4	+ 140.6%
Balance Sheet	FY2017		FY2018		YOY Change	
Total Assets	3,749		3,677		▲72	▲1.9%
Total Liabilities	3,126		2,992		▲134	▲4.3%
Net Assets	624		685		+ 61	+ 9.8%

FY2017 actual FX rates: USD = JPY110.85, EUR = JPY129.70, CNY = JPY16.75

FY2018 actual FX rates: USD = JPY110.91, EUR = JPY128.41, CNY = JPY16.54

3. Business Results by Segment

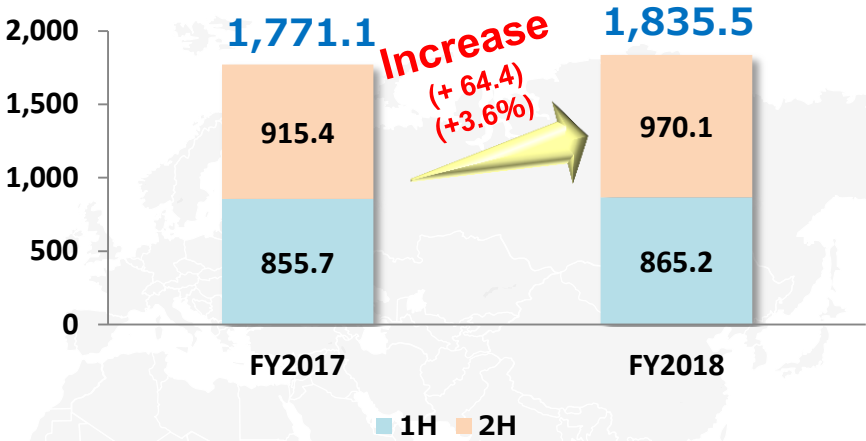


* Operating Profit before amortization of goodwill

4. Sales by Region

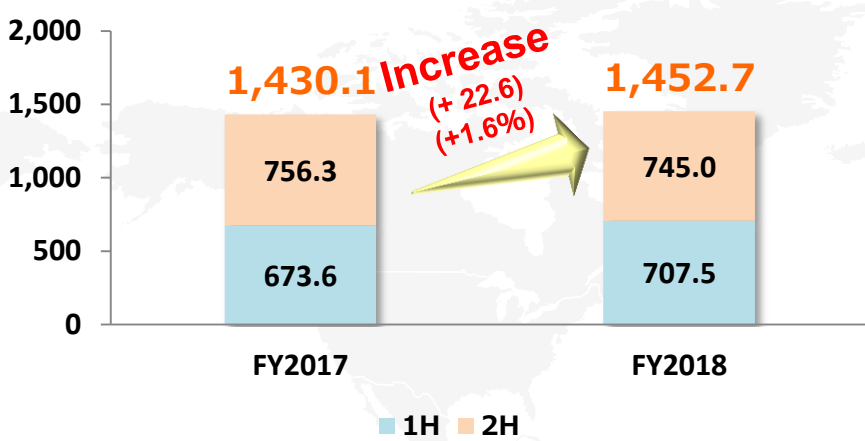
Japan

(Unit: Hundred million JPY)



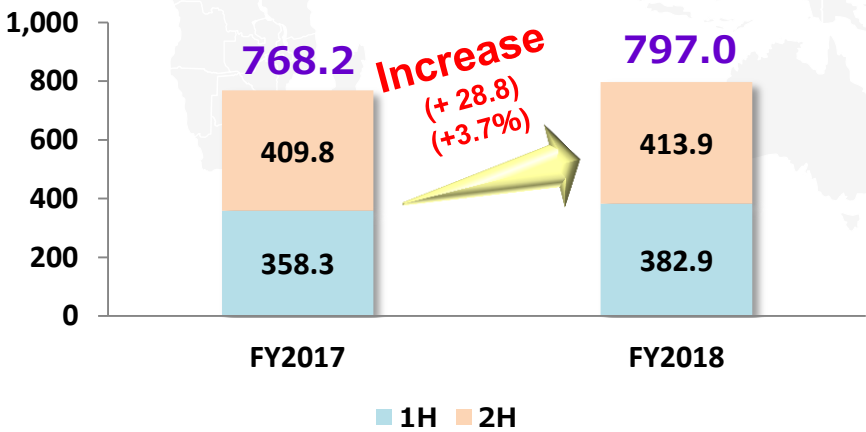
Americas

(Unit: Hundred million JPY)



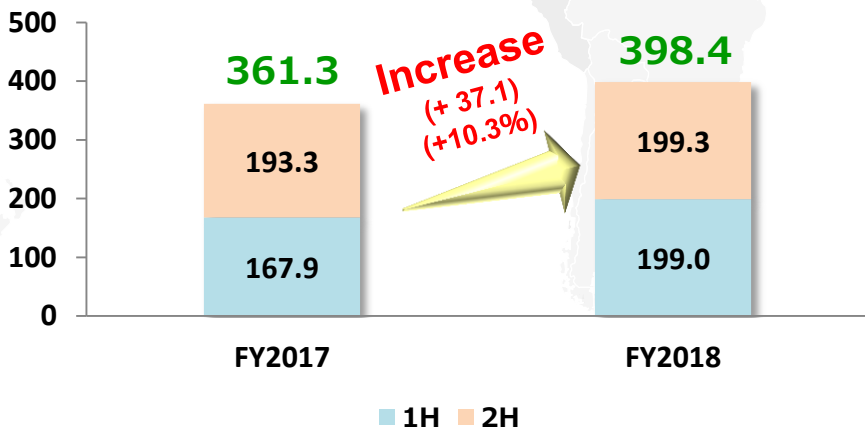
Europe

(Unit: Hundred million JPY)



China and Asia

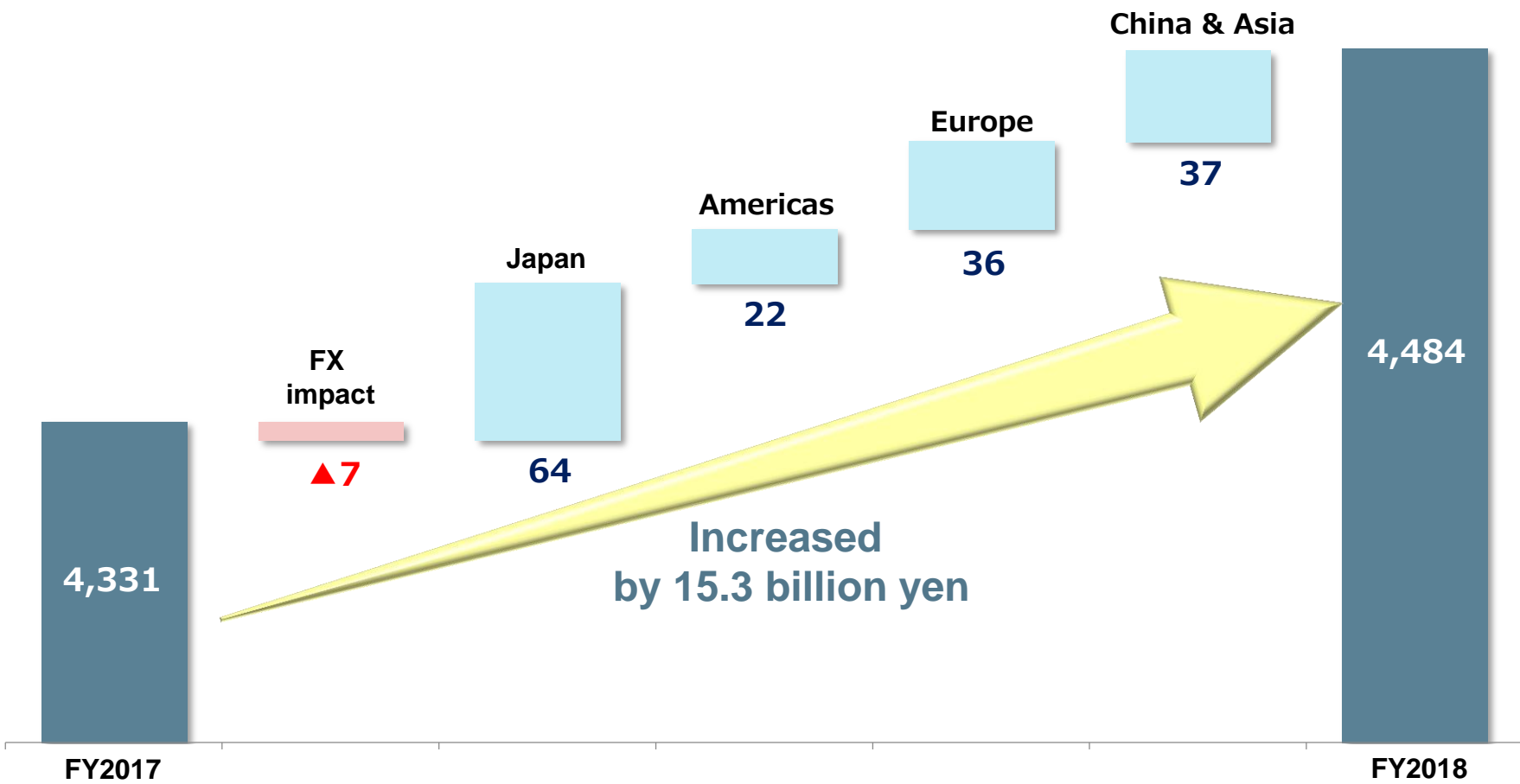
(Unit: Hundred million JPY)



5. Net Sales FY2017 vs FY2018

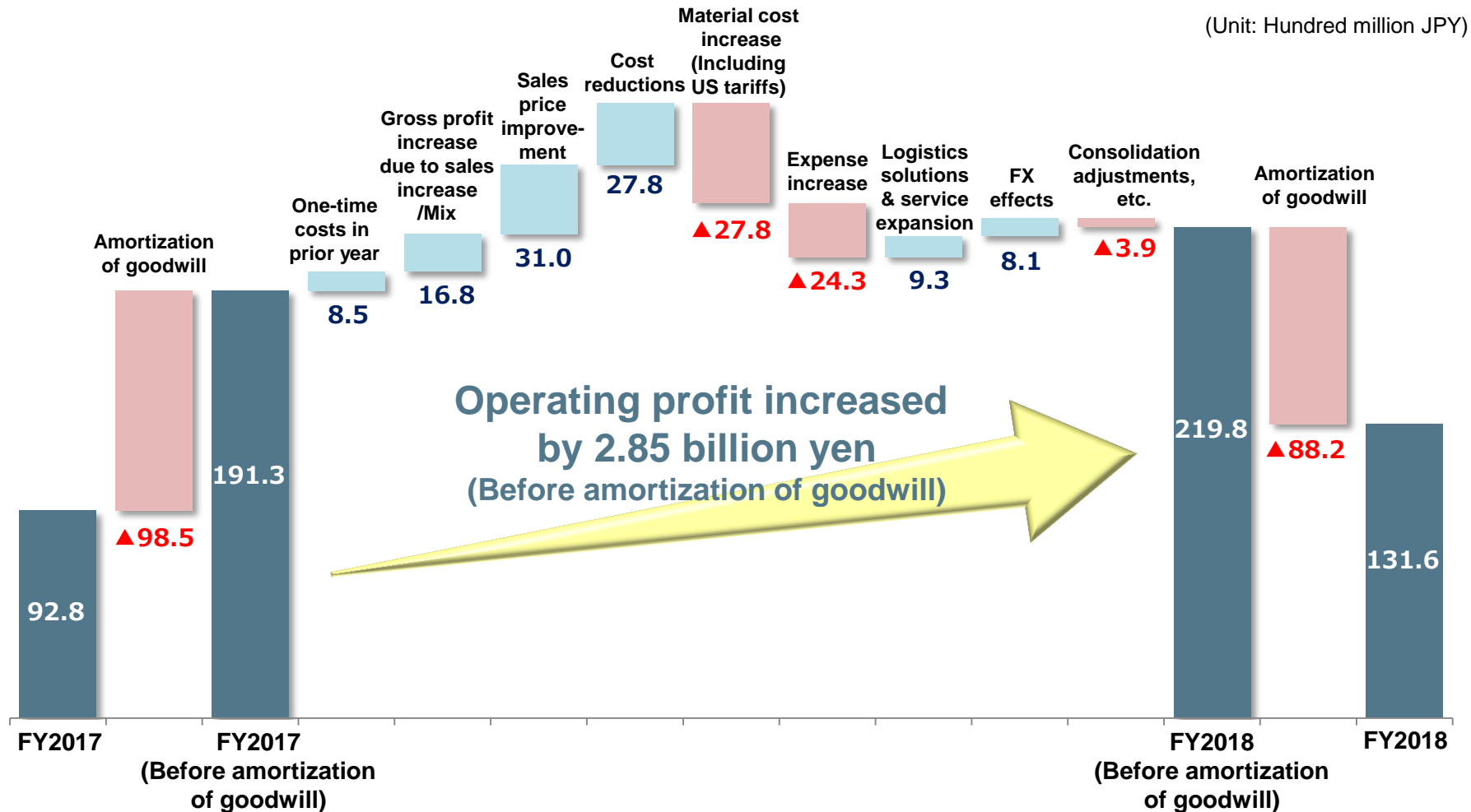
Strong domestic demand and sales increase in all overseas regions contributed to revenue increase

(Unit: Hundred million JPY)



6. Operating Profit FY2017 vs FY2018

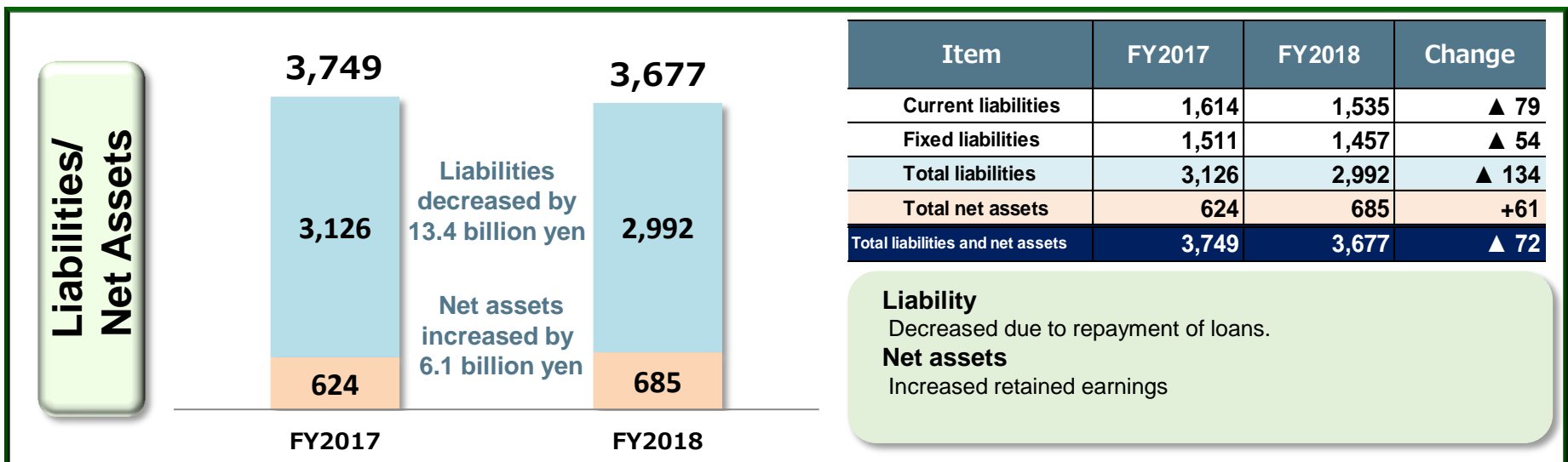
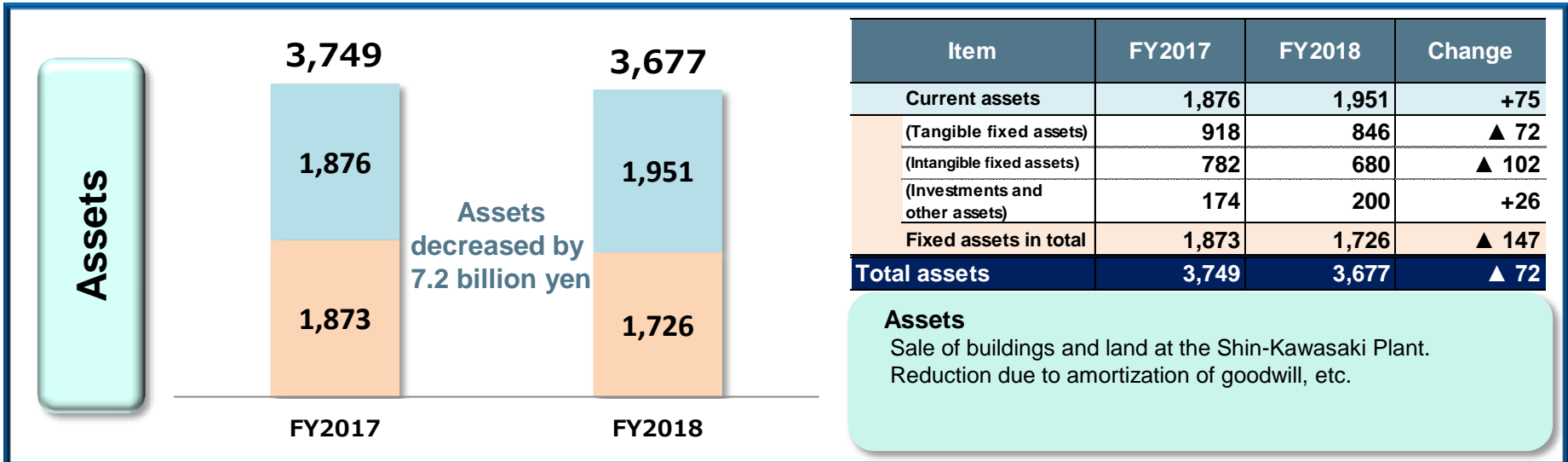
Despite soaring material costs and expenses, profit increased due to increased sales and synergies from sales price improvements, etc.



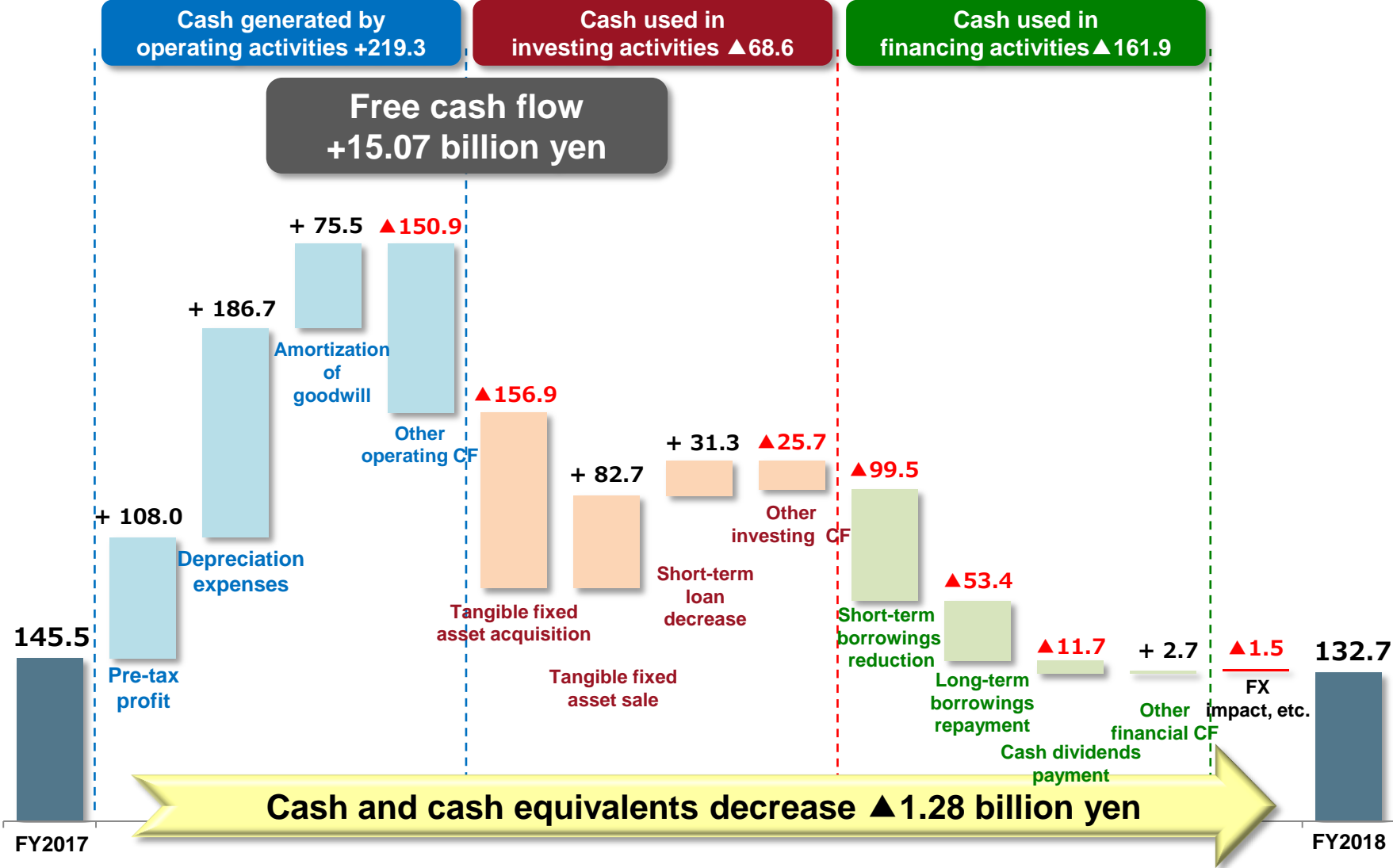
7. Consolidated Balance Sheet

Decreased total assets through asset management aimed to strengthen our management base

(Unit: Hundred million JPY)



(Unit: Hundred million JPY)



9. Financial Forecast for FY2019

(Unit: Hundred million JPY)

	FY2018	FY2019	YOY Change	
Units Sold	116,000 units	119,000 units	+ 3,000 units	+ 2.6%
Net Sales	4,483.8	4,600.0	+ 116.2	+ 2.6%
Operating Profit (Before amortization of goodwill) (Operating profit margin)	219.8 (4.9%)	240.0 (5.2%)	+ 20.2	+ 9.2%
Amortization of Goodwill	88.2	90.0	—	—
Operating Profit (Operating profit margin)	131.6 (2.9%)	150.0 (3.3%)	+ 18.4	+ 14.0%
Ordinary Profit (Ordinary profit margin)	137.1 (3.1%)	150.0 (3.3%)	+ 12.9	+ 9.4%
Profit Attributable to Owners of Parent (Net income margin)	70.8 (1.6%)	90.0 (2.0%)	+ 19.2	+ 27.1%
Dividend per Share	13 yen	13 yen	—	—

FY2019 Plan FX rate: USD=JPY110, EUR=JPY125, CNY=JPY16

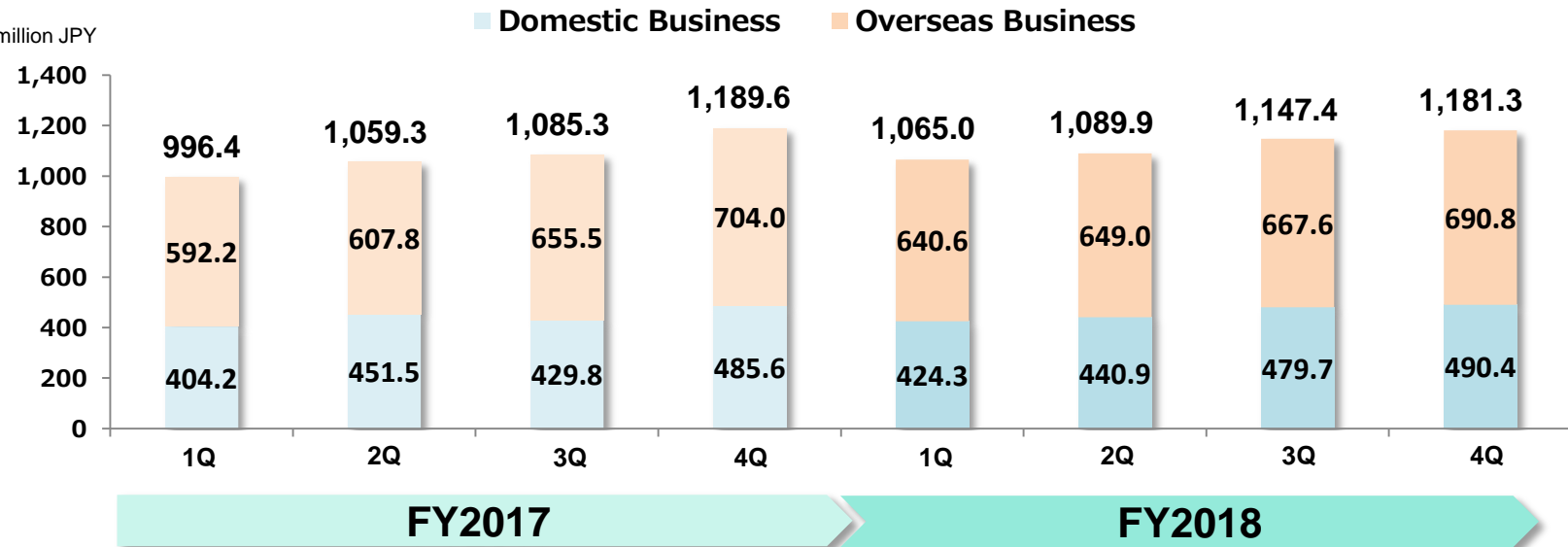
(Reference) Key Performance Indicators **Logisnext**

	Indicator	Formula	FY2017		FY2018		Comments
				(Before amortization of goodwill)		(Before amortization of goodwill)	
Performance	Return-on-assets (ROA)	$\frac{\text{Net income}}{\text{Total assets}}$	0.8%	(3.3%)	1.9%	(4.2%)	Improvements were due to decreased amortization of goodwill and increased net income, due to US tax reforms, etc. Accumulated amortization of goodwill FY2017: 9.85 billion yen FY2018: 8.83 billion yen
	Return-on-equity (ROE)	$\frac{\text{Net income}}{\text{Shareholders' equity}}$	5.0%	(18.6%)	11.2%	(20.4%)	
Profitability	Operating profit margin	$\frac{\text{Operating profit}}{\text{Sales}}$	2.1%	(4.4%)	2.9%	(4.9%)	
	Net income margin	$\frac{\text{Net income}}{\text{Sales}}$	0.7%	(2.8%)	1.6%	(3.5%)	
Asset Efficiency	Total asset turnover	$\frac{\text{Sales}}{\text{Total assets}}$	1.2 times		1.2 times		
	Receivable turnover	$\frac{\text{Sales}}{\text{Accounts receivable}}$	6.1 times		5.8 times		
	Inventory turnover	$\frac{\text{Cost of sales}}{\text{Inventories}}$	5.8 times		5.6 times		
Financial Soundness	Capital adequacy ratio	$\frac{\text{Shareholders' equity}}{\text{Total assets}}$	16.0%		17.9%		
	D/E ratio	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity}}$	3.0 times		2.5 times		
Share	Earnings per share	$\frac{\text{Net income}}{\text{Shares outstanding}}$	JPY 27.6		JPY 66.48		Stock prices: End of FY2017: JPY 895 End of FY2018: JPY 1,205
	Price earnings ratio (PER)	$\frac{\text{Share value}}{\text{Earnings per share}}$	32.4 times		18.1 times		
	Price book value ratio (PBR)	$\frac{\text{Share value}}{\text{Book value per share}}$	1.6 times		1.9 times		

(Reference) Quarterly Financial Results

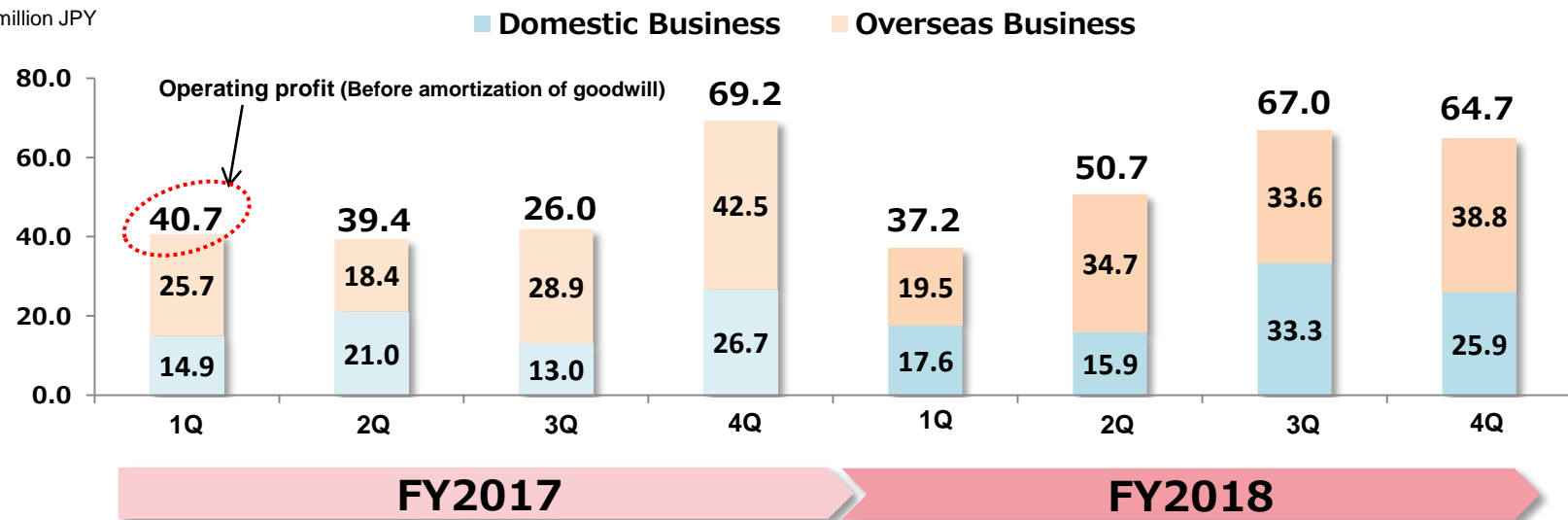
Unit: Hundred million JPY

Net Sales



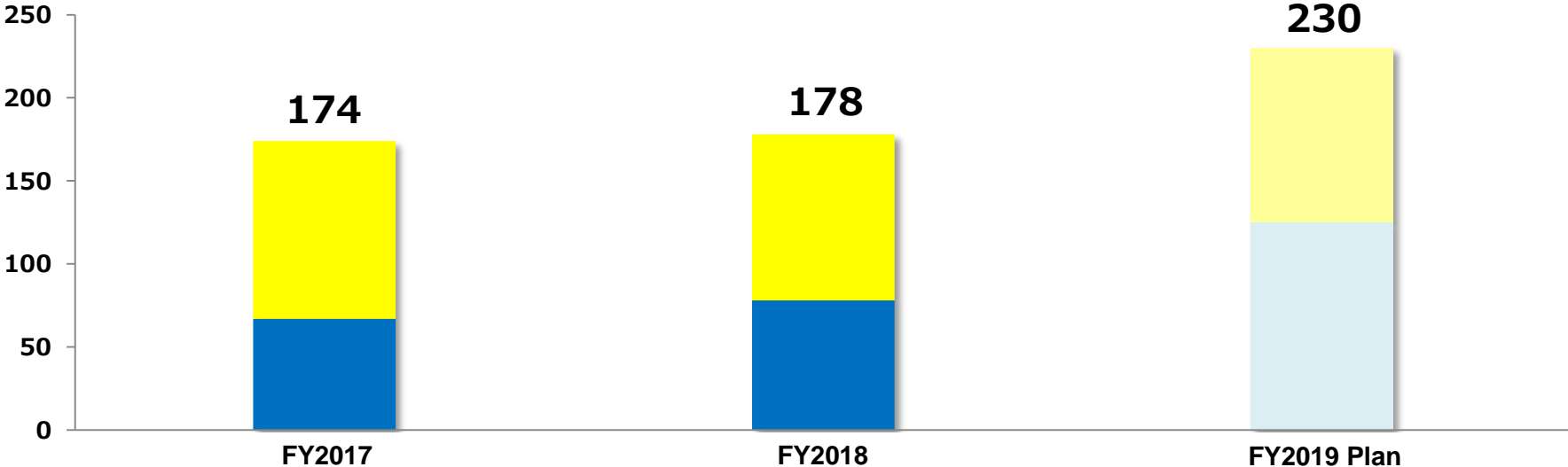
Unit: Hundred million JPY

Operating Profit



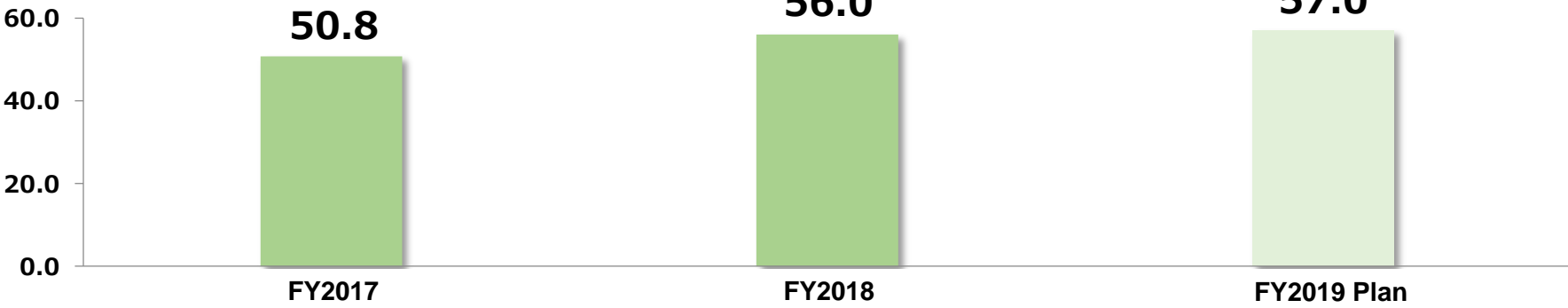
■ Capital Expenditure

Unit: Hundred million JPY

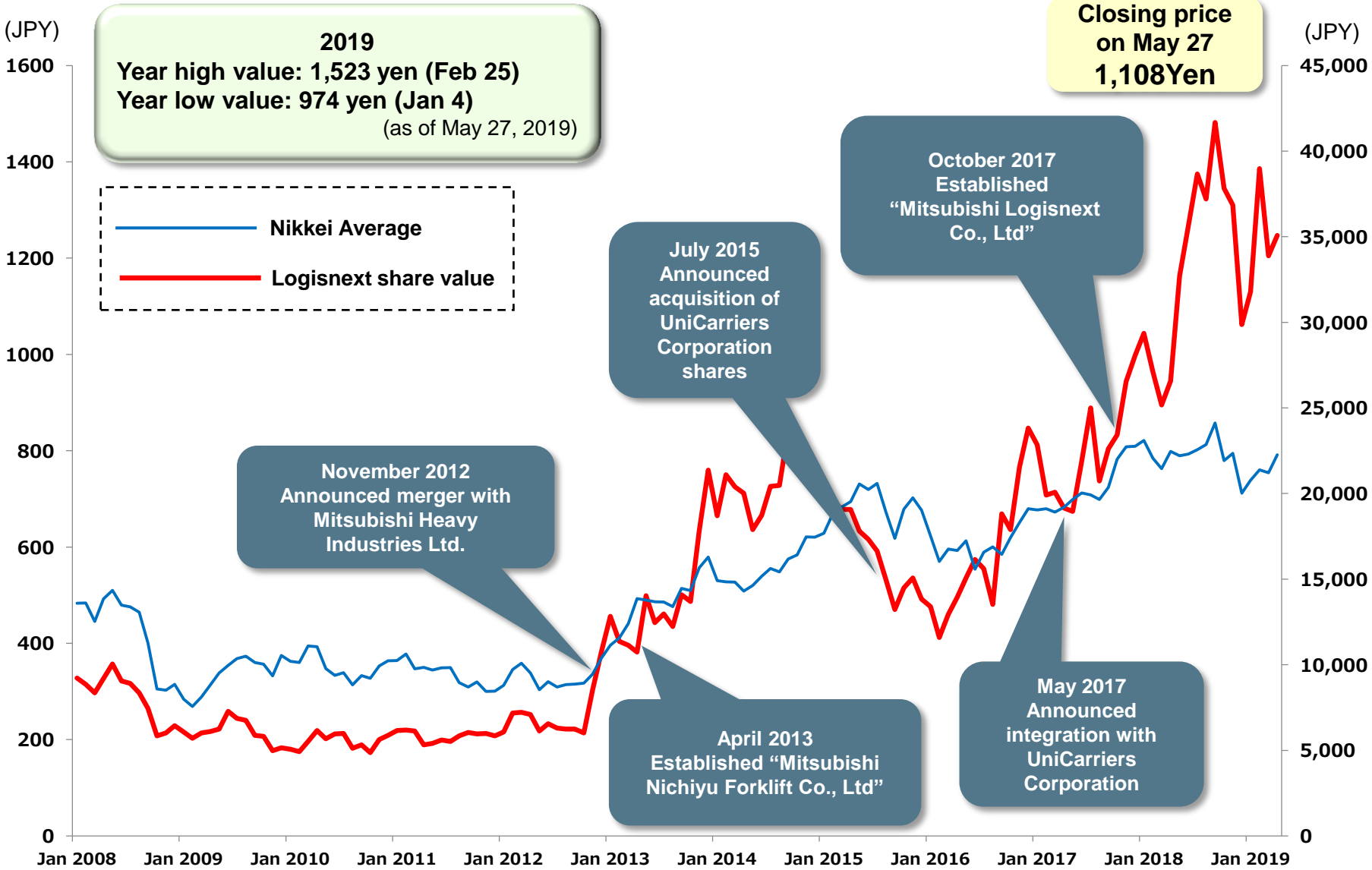


■ R&D Expenses

Unit: Hundred million JPY



(Reference) Stock Price Trend

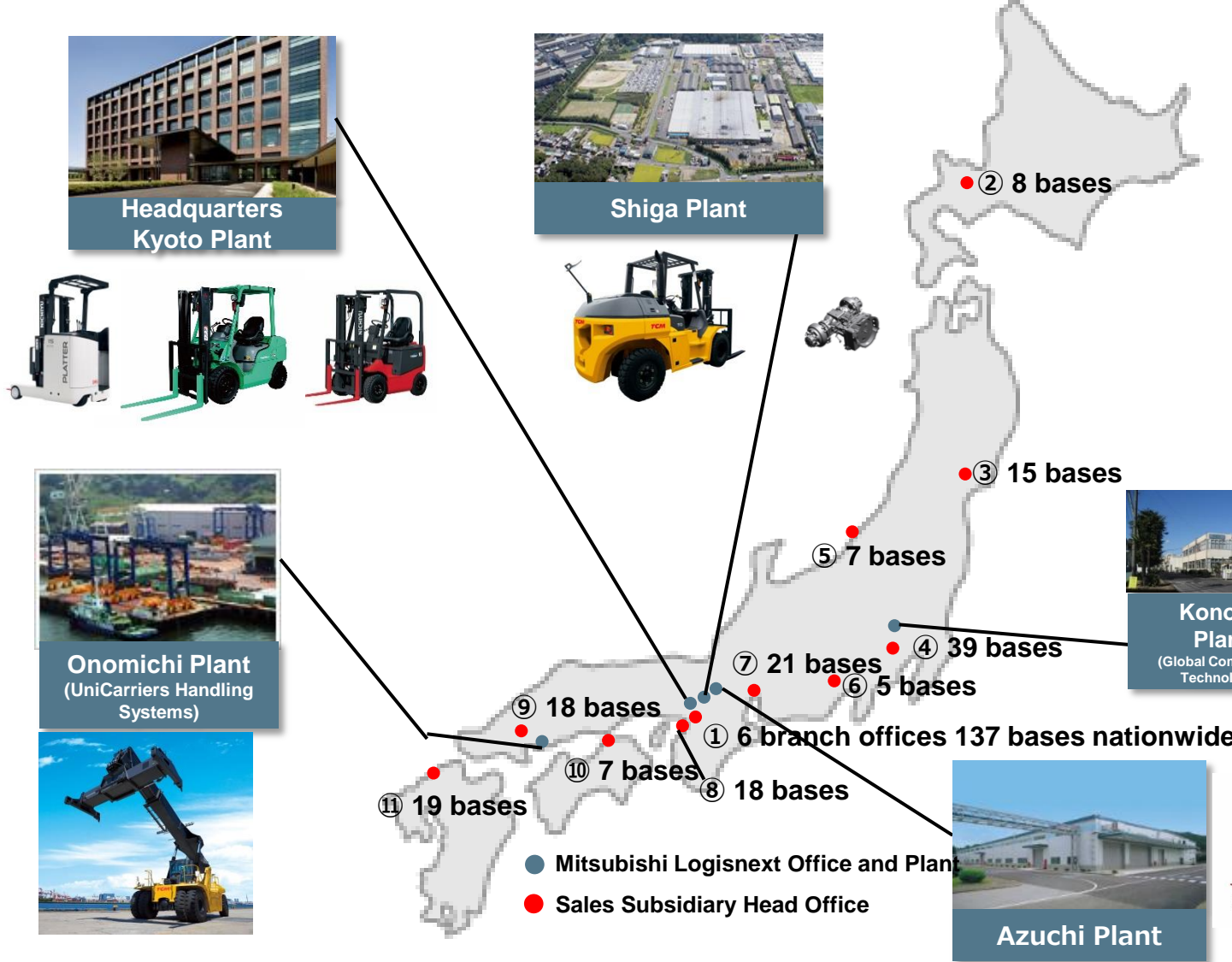


(Reference) Company Profile

Company Name	Mitsubishi Logisnext Co., Ltd.
Head Office	1-1, 2-Chome, Higashikotari, Nagaokakyo-shi, Kyoto
Established	August 1937
President and CEO	Takashi Mikogami
Paid-in Capital	4,894 million yen
Business Lines	Design, development, production, and sales of electric and engine forklifts, conveyor robots, automated warehouse equipment, warehouse management systems, construction machinery, industrial engines, transmissions, etc.
Operation Centers	Japan: Kyoto, Shiga, etc. Overseas: United States, Europe, China, Asia, and others
Number of Employees	Approx. 11,000 employees
Production Capacity per Year	Approx. 121,000 units

(Reference) Japan Domestic Network

5 Production Bases and 11 Direct Sales Subsidiaries



(Reference) Overseas Network



Logisnext

FY2019 Business Plan

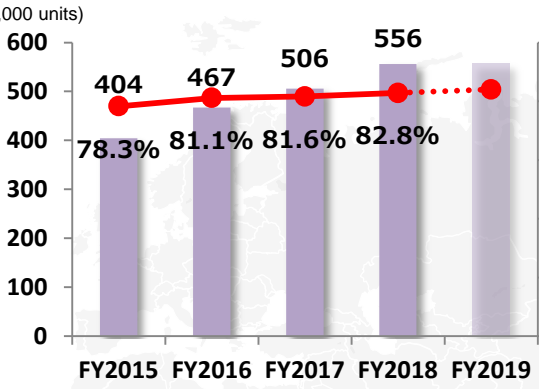
MITSUBISHI LOGISNEXT CO., LTD.

President and CEO, Takashi Mikogami

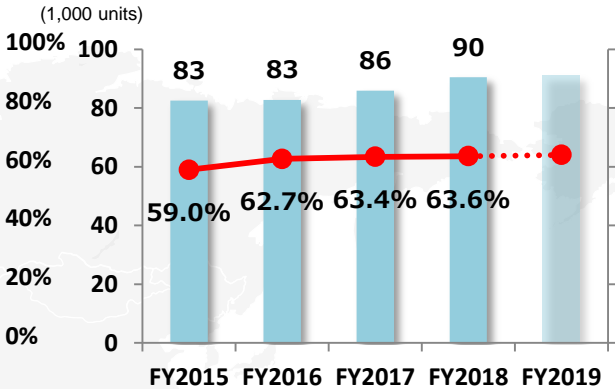
1. Market Trend in Forklift Trucks

The world market in 2018 was driven by the Chinese, Asian, and European markets, with unit sales increasing by 11.5% (YoY) to 1,520,000 units. However, there is concern of an economic downturn in FY2019, due to US-China trade war.

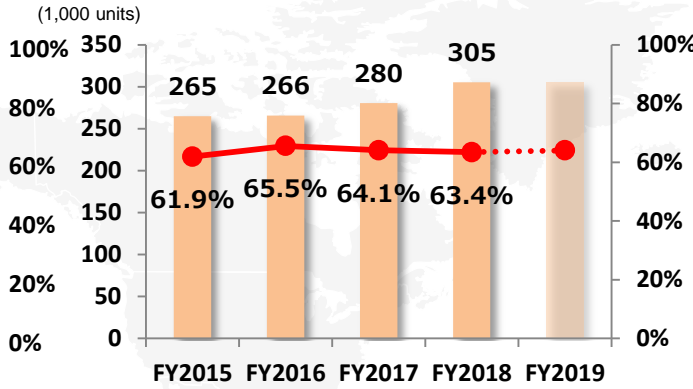
Europe
(incl. Middle East & Africa)



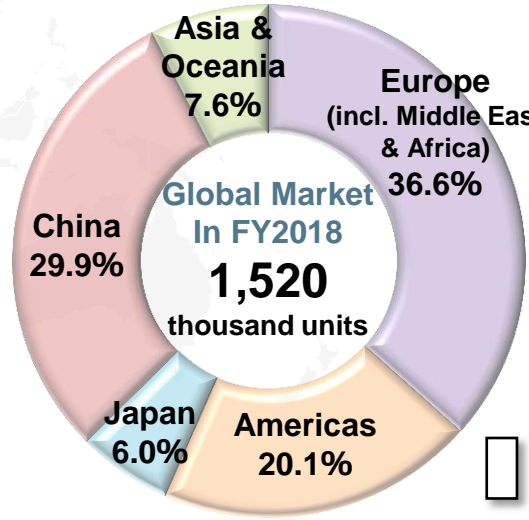
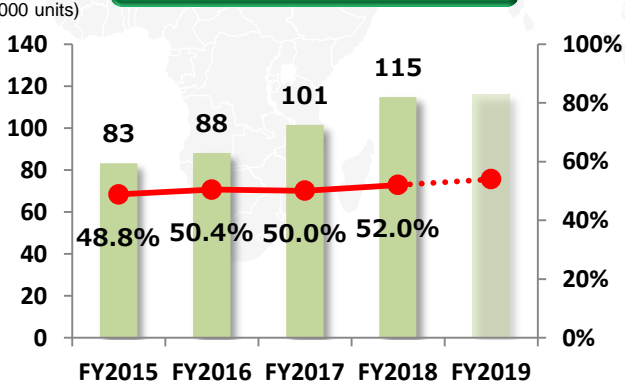
Japan



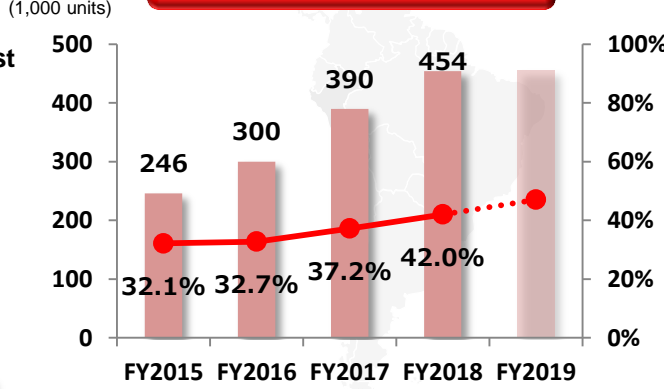
Americas



Asia & Oceania



China



Markets units

Percent electric forklifts

Adapting to a changing market environment

- Revised forklift pricing due to high material costs, etc.
- Deployed products that fit regional or customer needs, e.g. new model of electric forklift for European market and forklifts with Li-ion batteries



EDiA electric forklift
for European market



AGRES Bx Li-ion forklift

Improving efficiency of managerial resources

- Established regional headquarters in North America and Europe
- Reorganized sales subsidiaries in China and transferred business in China and Malaysia

Enhanced productivity by new business expansion and model integrations

- Expanded product selections with potential growth, such as electric forklifts, AGVs, and AGFs
- Released “RACK FORK Auto” a new laser-guided AGF
- Productivity enhancement, market presence expansion, and synergy creation through product integrations



Laser-guide AGF
RACK FORK Auto

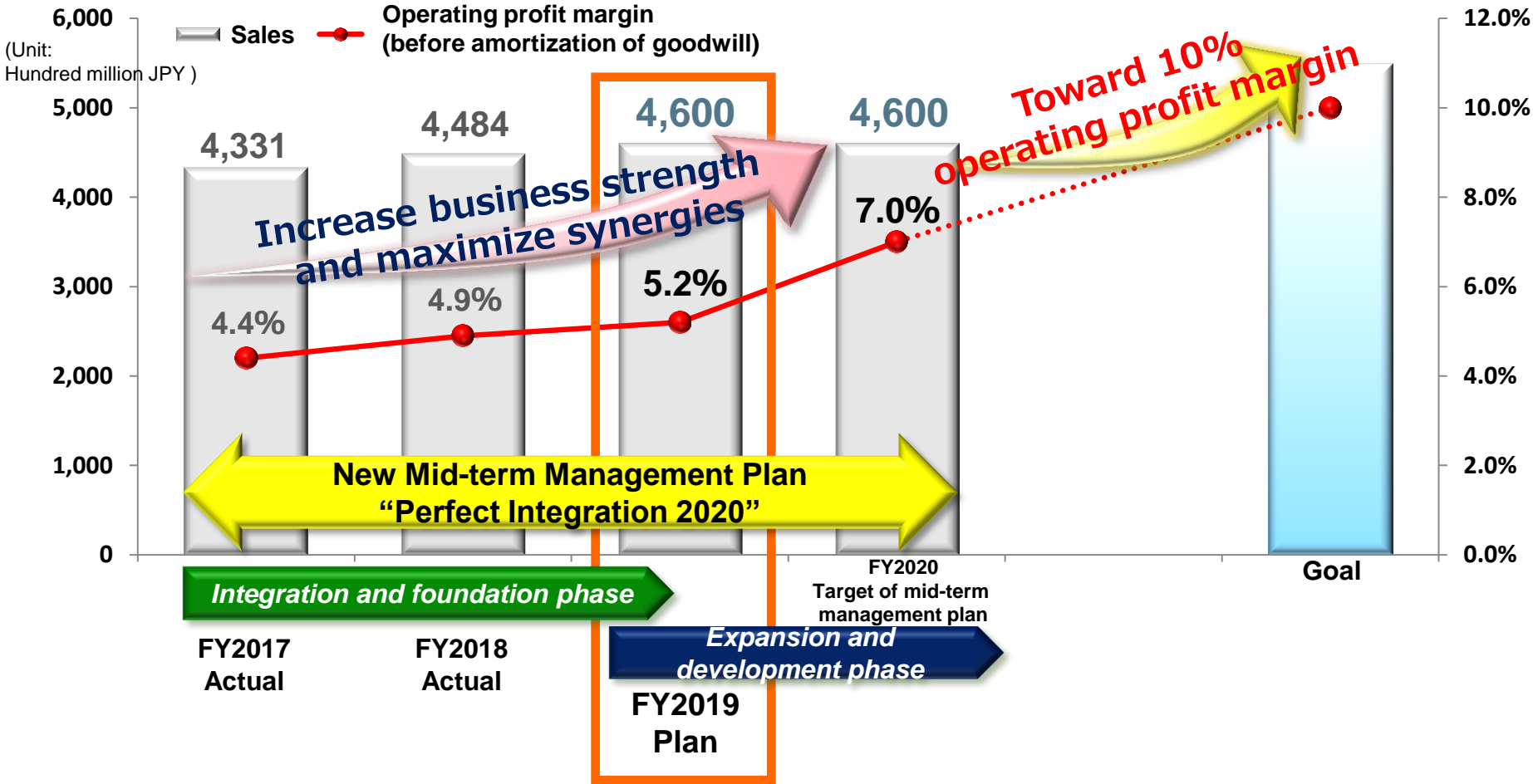


"Platter"
Multi-brand deployment

3. FY2019 Business Plan

Position of FY2019

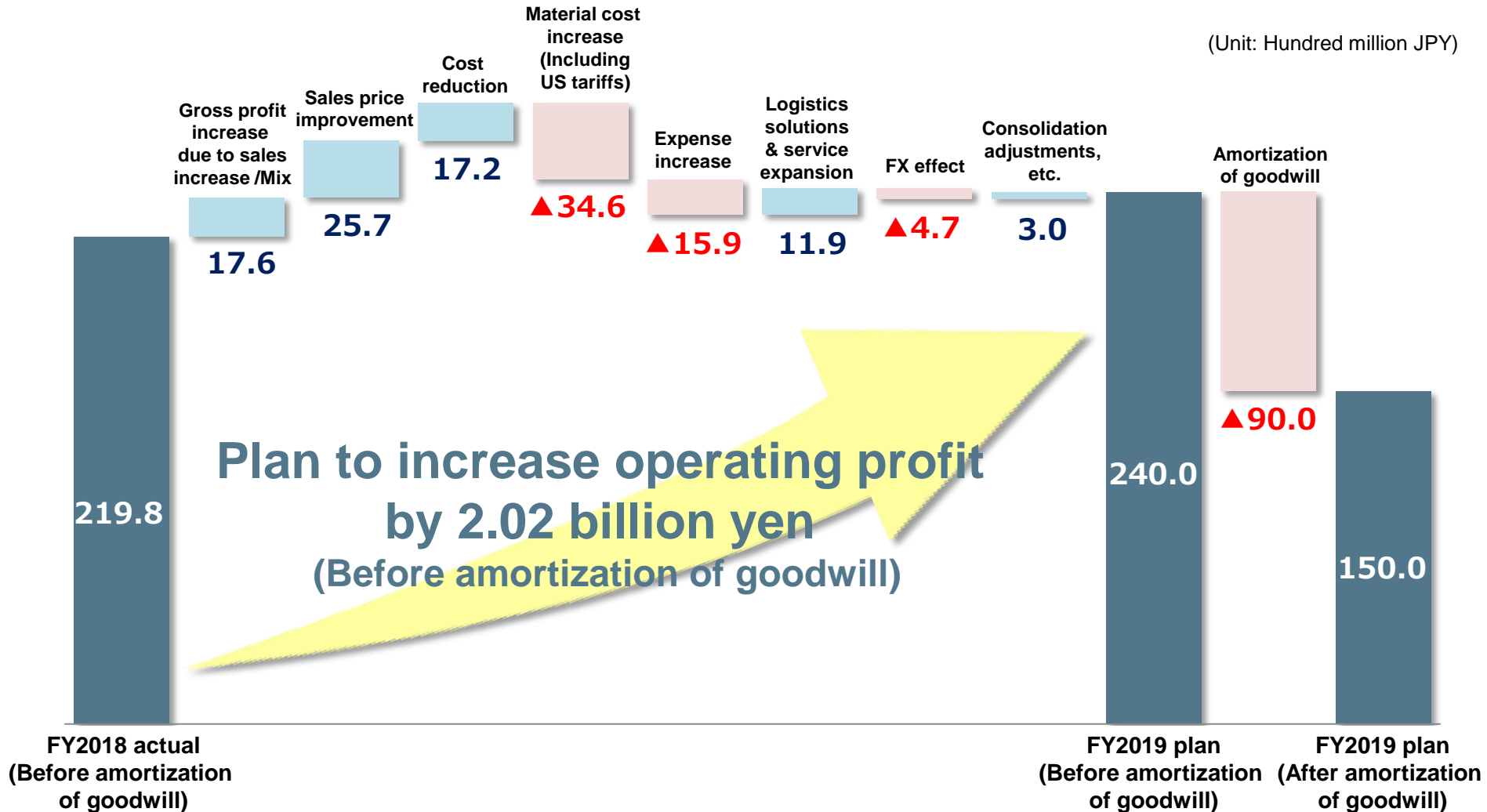
- Third year of our new mid-term management plan "Perfect Integration 2020"
- "Expansion and Development phase"
- Strengthen profitability from "Existing business", "Synergies", and "New business".



4. Operating Profit (FY2019 plan vs FY2018 actual) **Logisnext**

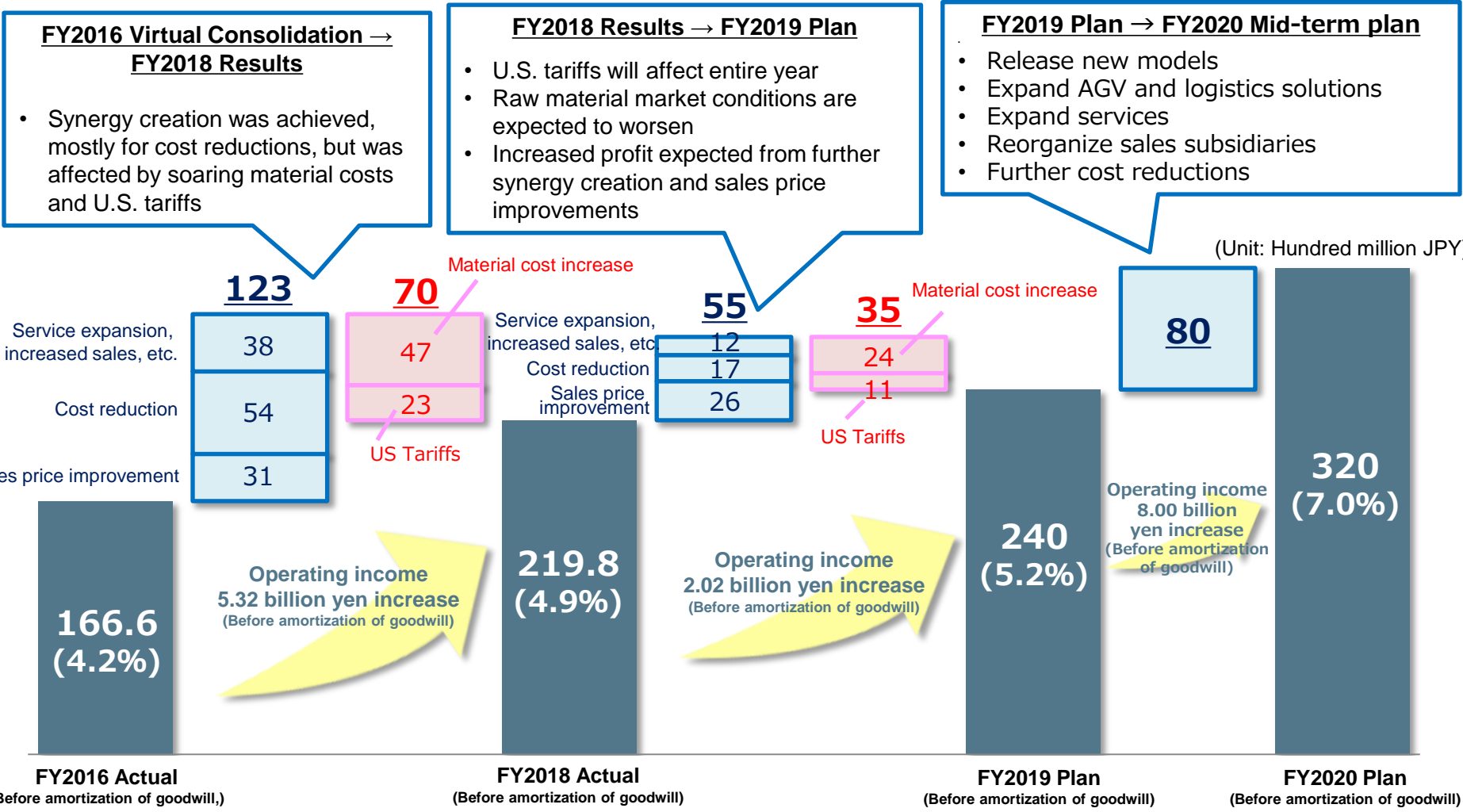
In FY2019, despite negative impacts of high material costs and U.S. tariffs, we expect operating profit improvement from sales increase, sales price improvements and synergies.

(Unit: Hundred million JPY)



5. Progress of Mid-term Management Plan **Logisnext**

Implementing growth strategies and generating synergy benefits in order to achieve the mid-term management plan, but more risks have materialized than originally assumed.



6. Existing Business

Deploy products meeting local needs

New forklift wins design award

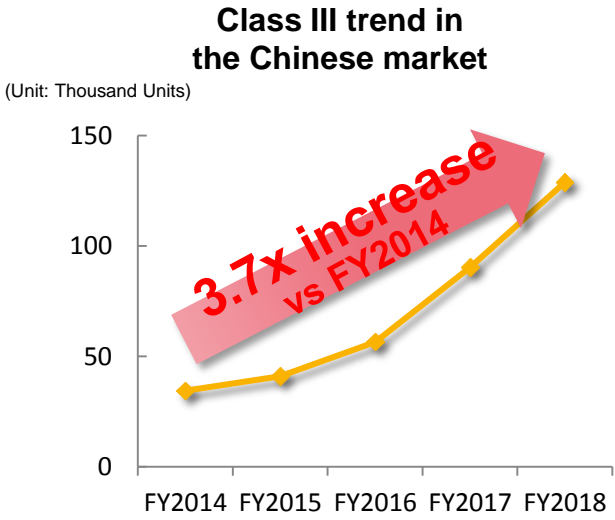
- Latest Caterpillar brand electric counter-balanced forklift developed and produced in Finland received the 2019 Red Dot Award (European design award)
- The “User Experience Design”, such as the efficiency enhancing **360-degree steering**, was especially praised



CAT brand electric counter-balanced 3-wheel forklift for Europe

Release new products in growing markets

- Demand for warehouse equipment expanding in China
- To satisfy customer needs, expanded product line by starting production and sales in China for Class III models designed in Europe



Low-lift for China (Stand-on)

7. Synergies

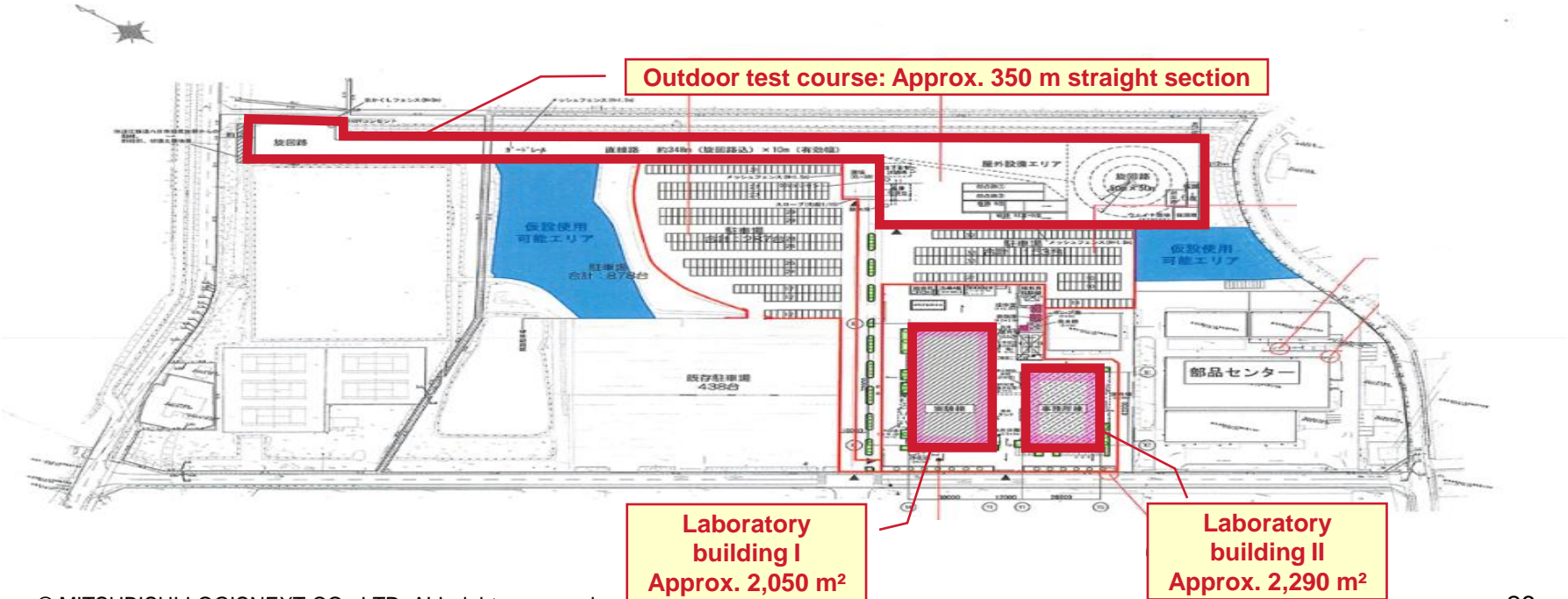
Strengthen the value chain

New laboratory construction (in Shiga Plant)

- Integrates laboratories from Kyoto Plant, Shin-Kawasaki Office, and Shiga Plant
- Achieves higher product quality, higher operating efficiency, shorter development lead times, and stronger development capabilities in growth fields



Image of new Shiga laboratory



8. Synergies

■ Strengthen sales operations

- **Acquisition of logistics equipment distributor in the U.S.**
 - Acquired all shares of Pon Material Handling NA, a U.S. logistics equipment distributor
 - Strengthen direct sales and service operations in the U.S. aimed to achieve future growth and establish a solid position in the industry

Outline of Pon Material Handling NA	
Company name	Pon Material Handling NA, Inc.
Location	16630 Air Center Blvd. Houston, Texas, US
Business description	Distributor of logistics equipment
Investments	149 million US dollars
Date of establishment	Jan. 18, 2006
Consolidated net sales	486.4 million US dollars (2018)
Consolidated operating profit	17.1 million US dollars (2018)



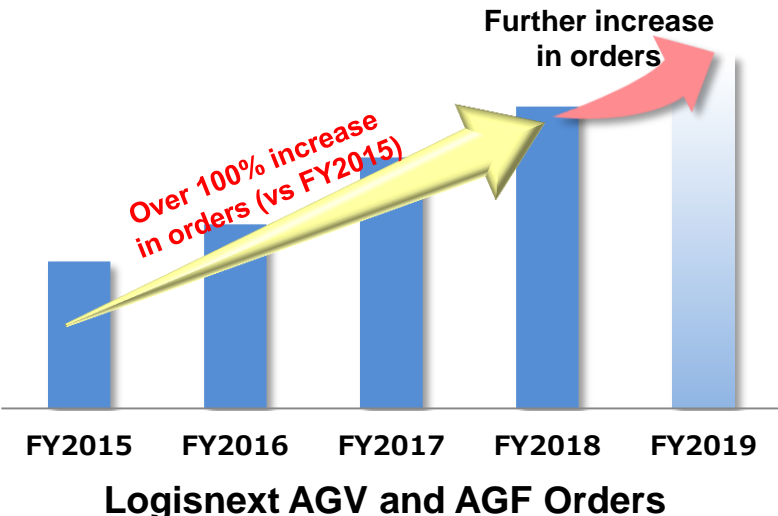
Pon Material Handling NA Head Office

9. New Business

■ Expansion of solution business

➤ Expand AGV and AGF (*1) sales

- The world market for AGVs and AGFs is expected to grow to about 150 billion yen in 2023*2 (CAGR Approx. 8% from 2017 to 2023)
- Due to increasing needs for unmanned automation and labor savings, our order intakes for AGV and AGF products have been growing. To further expand the business, we are actively exhibiting products and demonstrating solutions at international logistics exhibitions and solutions fairs



Laser-guided AGV

* 1 AGV: Automated Guided Vehicle
 AGF: Automated Guided Forklift

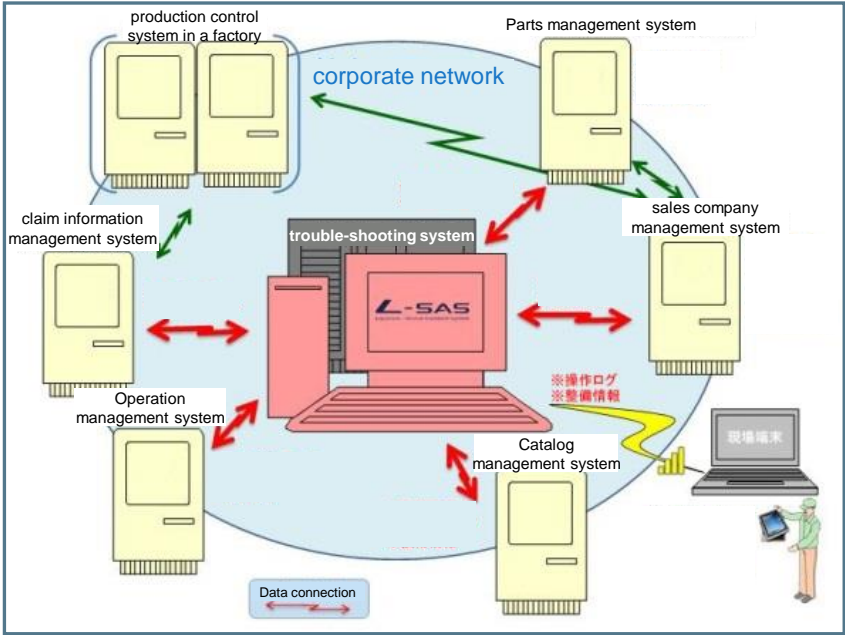
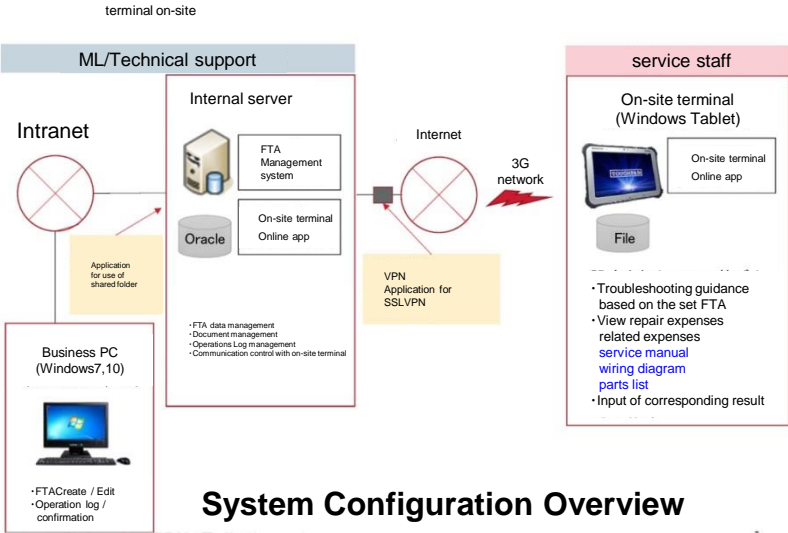
* 2 Based on Logisnext group estimate.

10. New Business

IT technologies to improve service quality

L-SAS forklift troubleshooting system

- Developing L-SAS (Logisnext - Service Assistant System) a troubleshooting system using IT technology to equalize service levels and accumulate know-hows
- Aiming to improve service efficiency by establishing a system that equalizes service skills and qualities, and by shortening downtimes



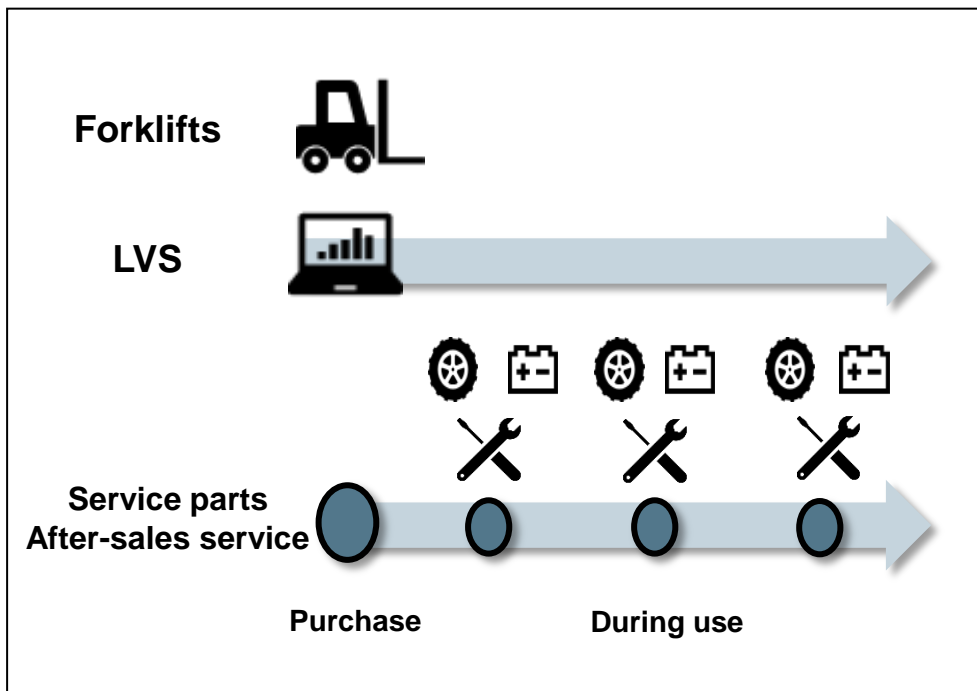
Links between L-SAS and Respective Systems

11. New Business

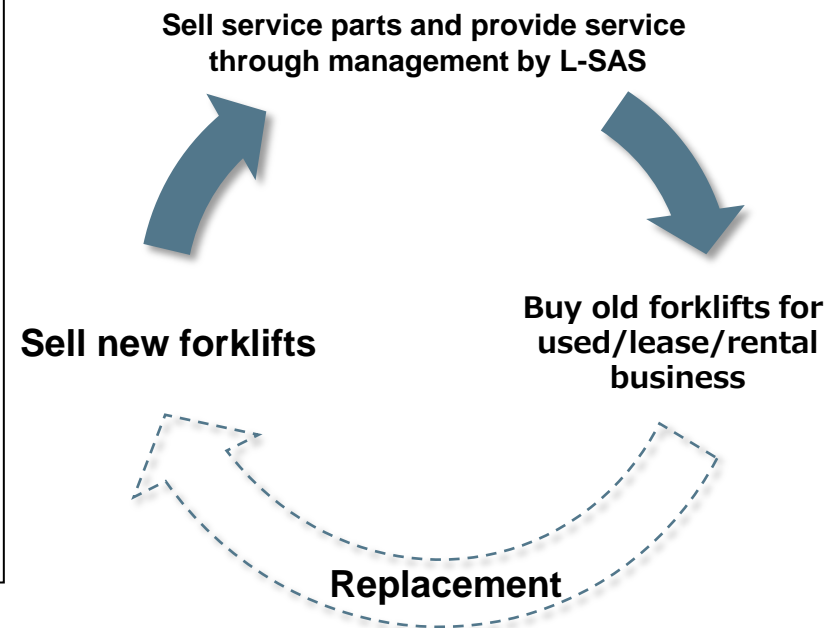
■ IT technologies to strengthen the value chain

➤ Building stronger customer relationships

- Building strong and long-term relationships with customers, by using the Logistics Vehicle Support (LVS) system which visualizes and monitors forklift operation status, and by using L-SAS to improve parts and service operations, and used truck business



Product life-cycle



■ Sports

- **Signed a sponsorship contract with professional golf player Serena Aoki**
 - Aoki will wear caps and visors with Logisnext logo during tournaments
- **Sponsor of Sanga F.C, Kyoto**
(Sponsoring parent & child soccer classes, etc.)
- **Sponsor of CAT Ladies 2018 charity**
- **Sponsor of Shimadzu All Japan Indoor Tennis Championships**
- **Sponsor of GS YUASA Open**



Serena Aoki

■ Culture

- **Sponsor of Kyoto Philharmonic Chamber Orchestra**

■ Education

- **Super-GT (GT300 Classes)**
 - Logisnext logo displayed as a sponsor on the Nissan Automobile Technical College racing car
 - Continuous engagement in industry-academia collaboration activities



Concert held at Kyoto headquarters

Disclaimer:

- This material is prepared for the sole purpose of providing investors with information and not intended for solicitation of any buying or selling.
- Forward-looking statements in this material are intended as targets or forecasts, with no commitment or guarantee as to their accuracy.
- Note that actual future business results of Mitsubishi Logisnext may differ from our current forecast.
- Statements concerning the business results are based on various data that we believe to be reliable, but we do not guarantee the correctness or completeness of such data.
- This material is provided based on the premise that each investor should use it relying on his or her own judgment and responsibility, whatever the purpose of its use may be. Mitsubishi Logisnext shall not be liable whatsoever, regardless of the results from using this material.

Please direct inquires regarding this material to the following:

Mr. Kariya or Ms. Kashiwagi
Planning Division
Mitsubishi Logisnext Co., Ltd.

1-1, 2-chome, Higashikotari, Nagaokakyo-shi, Kyoto 617-8585
TEL: 075-956-8610 FAX: 075-951-4038
URL: www.logisnext.com

Logisnext

MITSUBISHI LOGISNEXT CO., LTD.