

Logisnext

FY2021 – FY2023 Mid-term Plan
「Logisnext SolutionS 2023」

November 27th, 2020

MITSUBISHI LOGISNEXT

President & CEO Takashi Kubo

- I . Recap of the current Mid-term Plan
“Perfect Integration 2020”
(Term : FY17-FY20)**

- II . Outline of the new Mid-term Plan
“Logisnext SolutionS 2023”
(Term : FY21-FY23)**

- III . Financial Target**

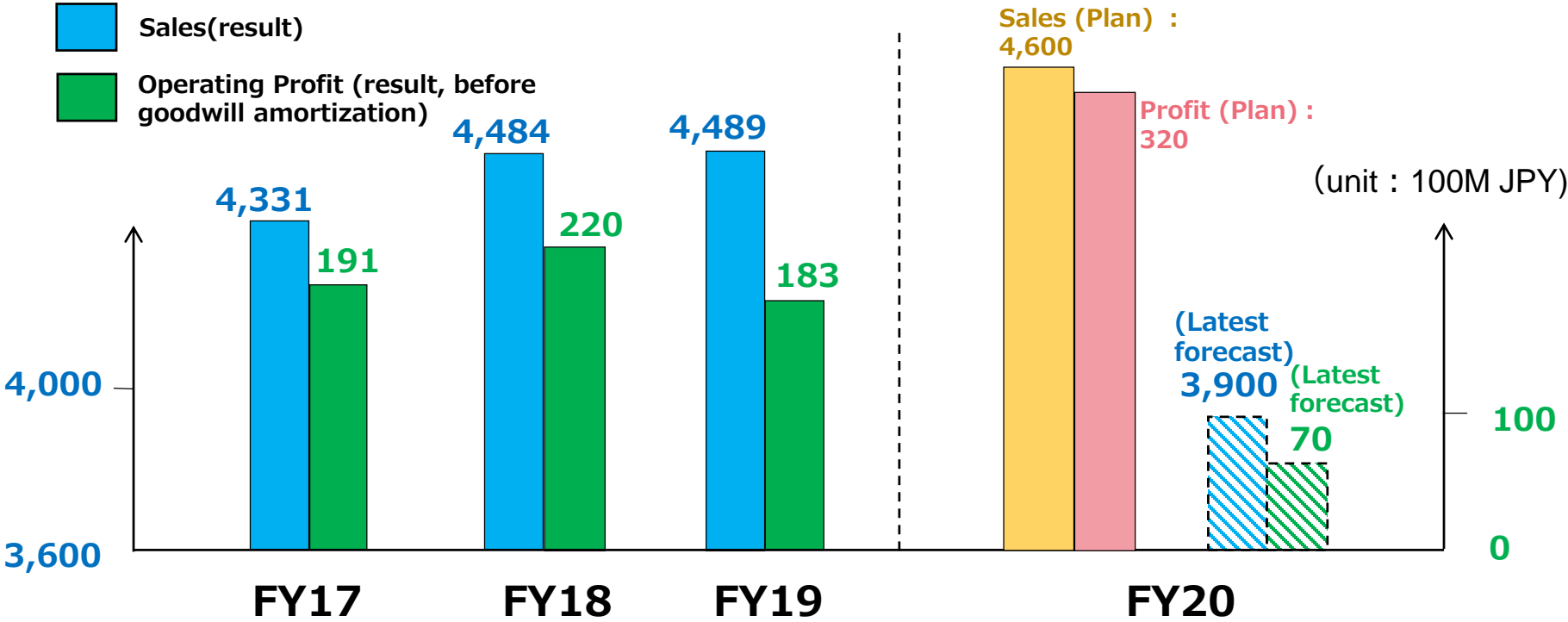
I . Recap of the current Mid-term Plan “Perfect Integration 2020”

I -1 Recap of “Perfect Integration 2020”

Basic Policy

Growing by implementing the multi-brand / “glocal” strategies

Reinforcing the management infrastructure that can support growth



Looking ahead to the integration of Mitsubishi Nichiyu Forklift and UniCarriers Corporation, “Perfect Integration 2020” was established. Among unforeseeable political and economic situations such as U.S.–China trade friction and raw material inflation, we have achieved partial results. However, due to world economic downturn caused by Covid-19, FY20 latest forecast is far lower than the plan.

Growing by implementing multi-brand, “glocal” strategies

Implementing Local Strategy

- ❑ Restructuring of Japanese direct sales network (Oct 20)
- ❑ Establishment of regional head offices in US (Apr 18), Europe (Apr 18) and APAC (Oct 17)



New Electric Forklift Development

- ❑ Model consolidation of electric forklift truck to “ALESIS” (Nov 19)



Solution Business & Advanced Technologies

- ❑ Laser navigation AGF* (Apr 17)
- ❑ Autonomous mobile robot (May 20)



*AGF: Auto Guided Forklift

Reinforcing a management structure that can support growth

Supply Chain Optimization

- ❑ <China> Sell-off of Hecha (Apr 19) and Closure of UCCA* (Dec 20)
- ❑ Product cost reduction as a result of larger scale

Improvement of Corporate Function

- ❑ Consolidation of corporate office function to Kyoto (Oct 17)
- ❑ Organization restructuring and headcount reduction

Reinforce of Sales Network

- ❑ <U.S.> Acquisition of Equipment Depot, Inc (EQD)(Jul 19)
- ❑ <Europe> Sales network enhancement

Ⅱ. Outline of the new Mid-term Plan “Logisnext SolutionS 2023”

《Continued strategies from the current Mid-term Plan》

Sales and Marketing Enhancement	<ul style="list-style-type: none">➤ Review of sales and branding strategies➤ Solution business expansion
Adoption to changing environment	<ul style="list-style-type: none">➤ Accelerate reacting towards electrification➤ New technologies (Li-ion battery, safety technologies, digitalization etc.)
Generating synergy furthermore	<ul style="list-style-type: none">➤ Further integration of businesses➤ Enhance employees' engagement



《Business Environment》

Market
<ul style="list-style-type: none">➤ Economic downturn and unforeseeable future➤ Supply chain shift from China due to US-China trade conflict➤ Severe competition with Chinese and Korean brands
Technology
<ul style="list-style-type: none">➤ Environment-friendly, new energy➤ Utilization of AI, big data, and 5G➤ Practical use of DX (*1), self-driving
Customer
<ul style="list-style-type: none">➤ E-commerce expansion➤ Efficiency, and Automation➤ Safety requirements
Society
<ul style="list-style-type: none">➤ Request to ESG·SDGs (*2)➤ Low carbon society

(*1) DX = Digital Transformation
(*2) ESG = Environment, Society, and Governance
SDGs = Sustainable Development Goals

II -2 “Logisnext SolutionS 2023” Concept **Logisnext**

We have developed a new Mid-term Plan “Logisnext SolutionS 2023”, considering the recent changes in our business environment and strategies from the current Mid-term Plan

Logisnext SolutionS 2023

“SolutionS” The last letter “S” represents ;
not only the “Solution” we offer to customers in the logistics field
but also the “Solution” for our sustainable growth to the future.

**Basic
Policy**

**Build up
Business
Resilience**

**Accelerate
growth
strategy**

**Further develop
our global and
regional
branding
strategies**

**Corporate
Vision**

**Moving the world forward as the leading provider of
innovative logistics and material handling solutions**

「Logisnext SolutionS 2023」

Build up Business Resilience

Strengthen the existing business

Improve variable and fixed cost

Accelerate growth strategy

Expand our solutions portfolio to meet the growing market requirements

Improve our profitability via enhancements to the distribution network

Grow market share with an expanded product and service portfolio

Further develop our global and regional branding strategies

Utilize “Logisnext” brand and improve brand awareness for all of our brands

Create a new corporate culture under “Logisnext”

Strengthen the existing business

Strengthen the organizational resilience to significant environmental change by improving sales and profitability, reducing cost and pursuing organizational efficiency in each region, etc.

Priorities	Japan	US	Europe	APAC	China
Lease, rental, used trucks	○	◎	○	○	
Service business	◎	◎	○	◎	○
Product consolidation		◎	◎	◎	
Factory rationalization			○		○
Enterprise system			○		○

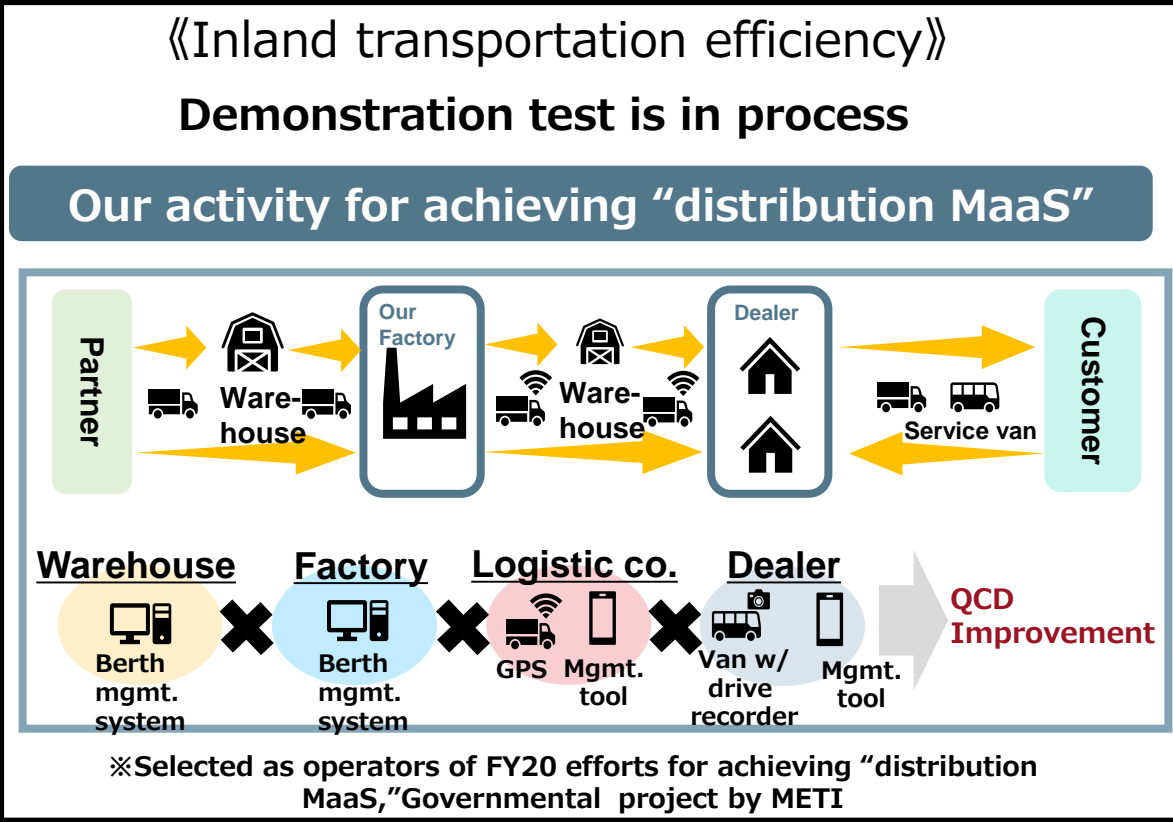
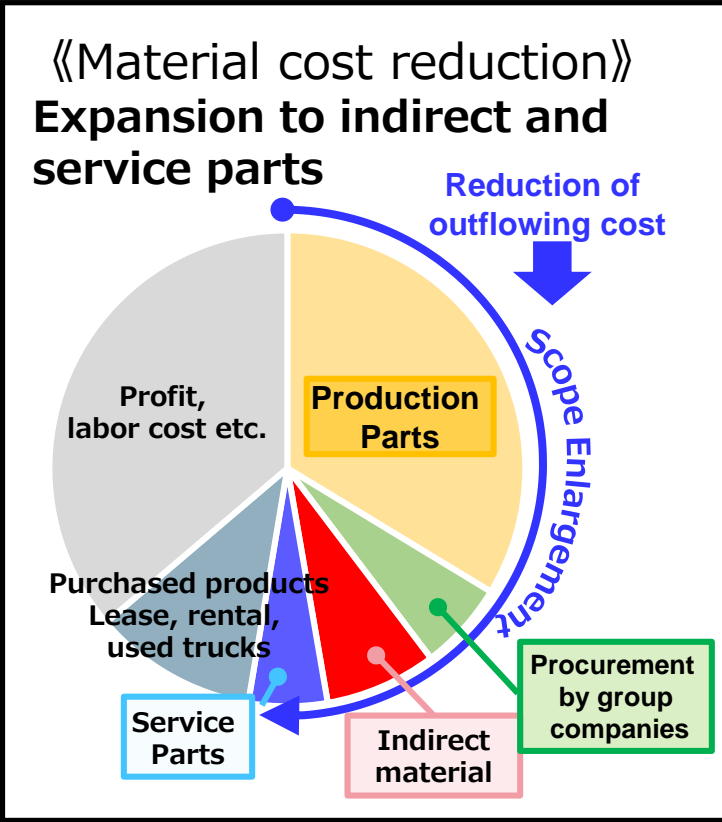
◎ High priority ○ Priority

Improve variable and fixed cost

- **Material cost reduction***Example 1
- **Transportation efficiency***Example 2
- **Parts insourcing**
- **Labor cost saving, etc.**

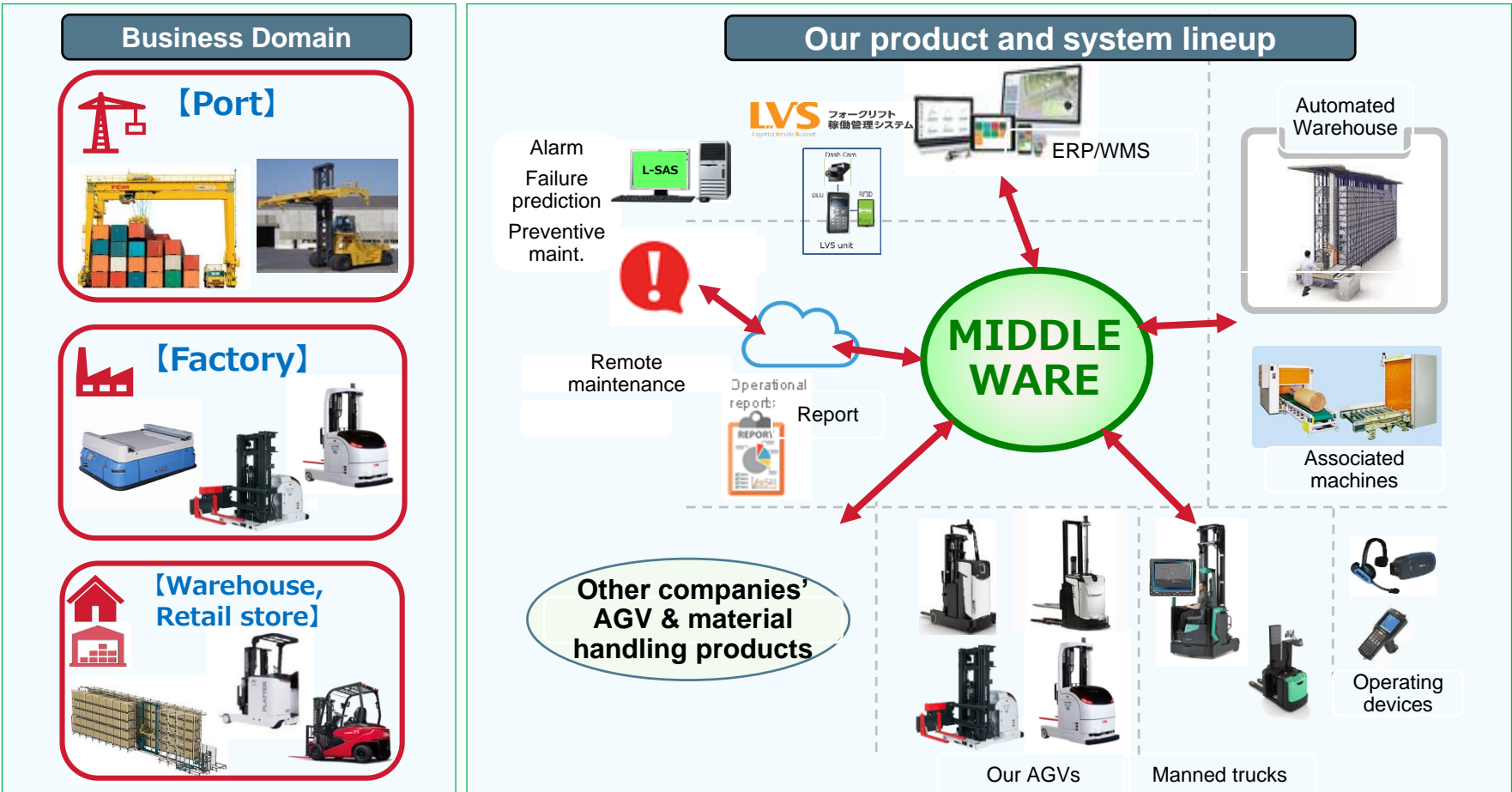
【Example 1】

【Example 2】



Expand our solutions portfolio to meet the growing market requirements

- Offer a complete suite of hardware and software solutions to customers.
- Collaborate with Mitsubishi Heavy Industries and/or other third parties to provide the best optimized solution.

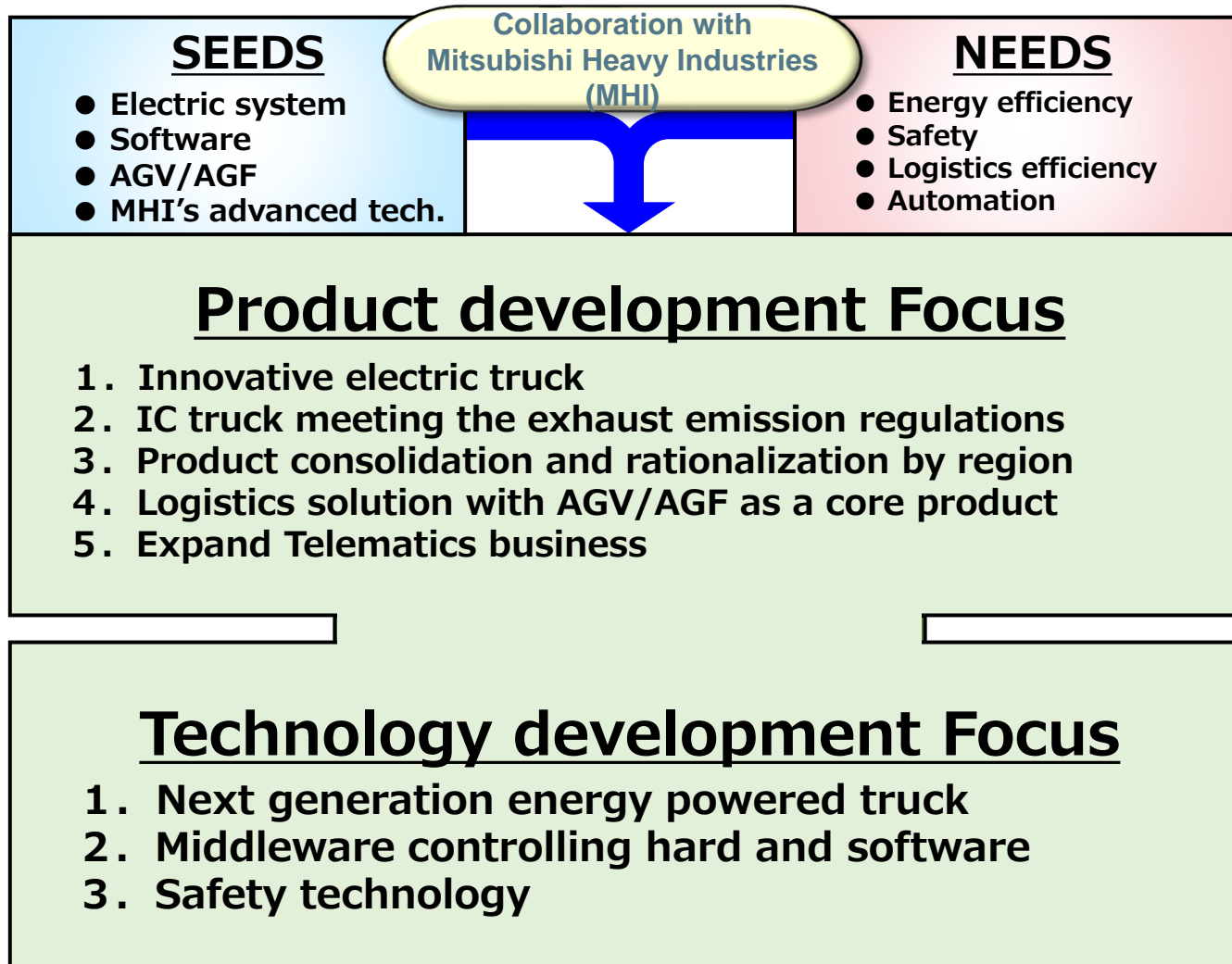


Improve our profitability via enhancements to the distribution network

Our Market Positioning

Japan	Stable and ensuring	<ul style="list-style-type: none">• Optimize operation by restructuring direct sales• Expand special vehicles/material handling equipment business
Americas	Most important	<ul style="list-style-type: none">• Transfer the existing factory stores to EQD (*) and expand/improve the business• Further expansion of direct sales
Europe	Maintain our position	<ul style="list-style-type: none">• Enhance the existing direct sales territory• Implement new branding strategy based on the regional brand awareness
APAC	Expect future expansion	<ul style="list-style-type: none">• Prepare for supply chain shift from China to APAC• Enhance sales network and implement new branding strategy
China	Develop a new strategy	<ul style="list-style-type: none">• Restructure sales network incl. direct sales• Introduce products that satisfy with market needs, enhance product support business

Grow market share with an expanded product and service portfolio

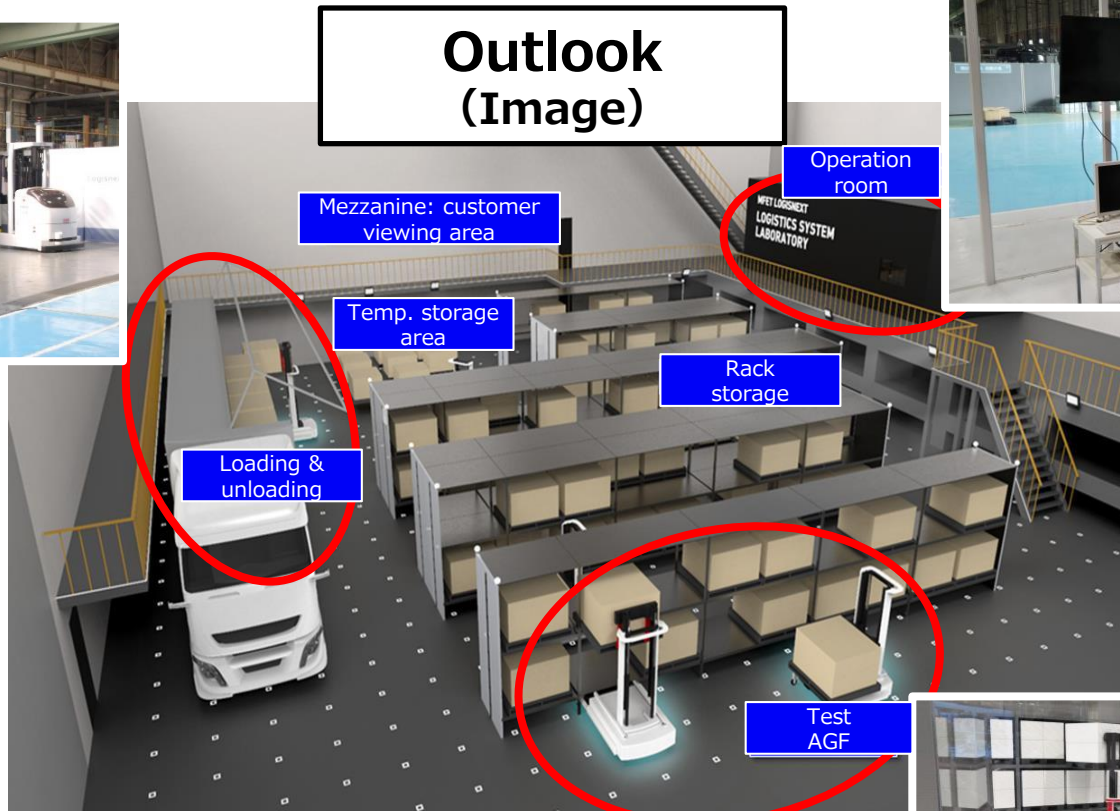


(Reference) Logistics Technology Center (R&D with MHI)

Established a logistics technology center in Japan with MHI to demonstrate and validate various logistics technologies. The facility can provide simulations meeting customer specific requirements and operations.



Truck loading and unloading



Operation Room

Rack loading and unloading



II-9 Basic Policy

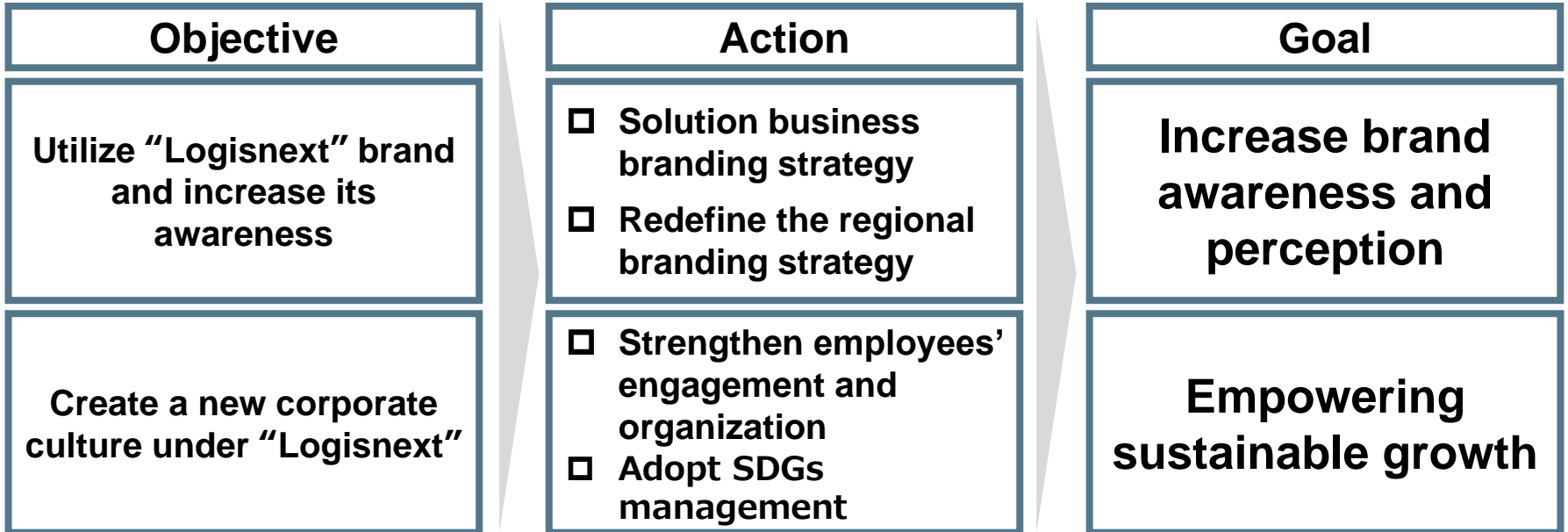
– Further develop our global and regional branding strategies – **Logisnext**

Utilize “Logisnext” brand and improve brand awareness for all of our brands

Create a new corporate culture under “Logisnext”

Current issue

- ◆ Necessity of redefining regional branding strategy
- ◆ “Logisnext” corporate culture has not fully developed and shared among the group companies

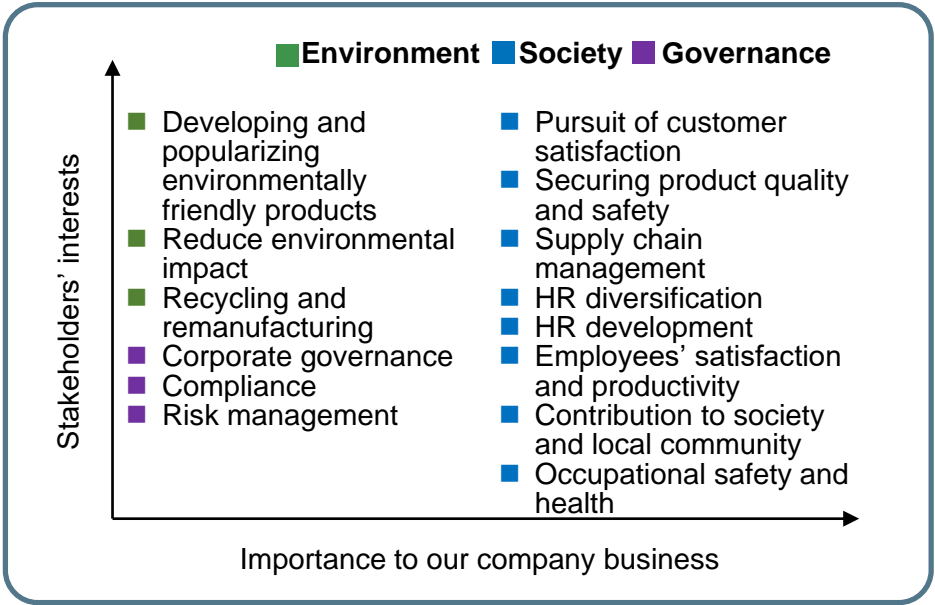


II-10 Basic Policy

– Further develop our global and regional branding strategies – **Logisnext**

《Contribution to SGDs》
Through the corporate activities, we contribute to sustainable development of society, world and future.

We picked up 14 essential areas to grow sustainably together with the society. We support for SDGs by continuously focusing on promoting them and aim to enhance our corporate value .



Focus through the business



Contribute to SDGs

Realization of sustainable society and enhancement of our corporate value

Ⅲ. Financial Target

Build Up Business Resilience

Accelerate Growth Strategy

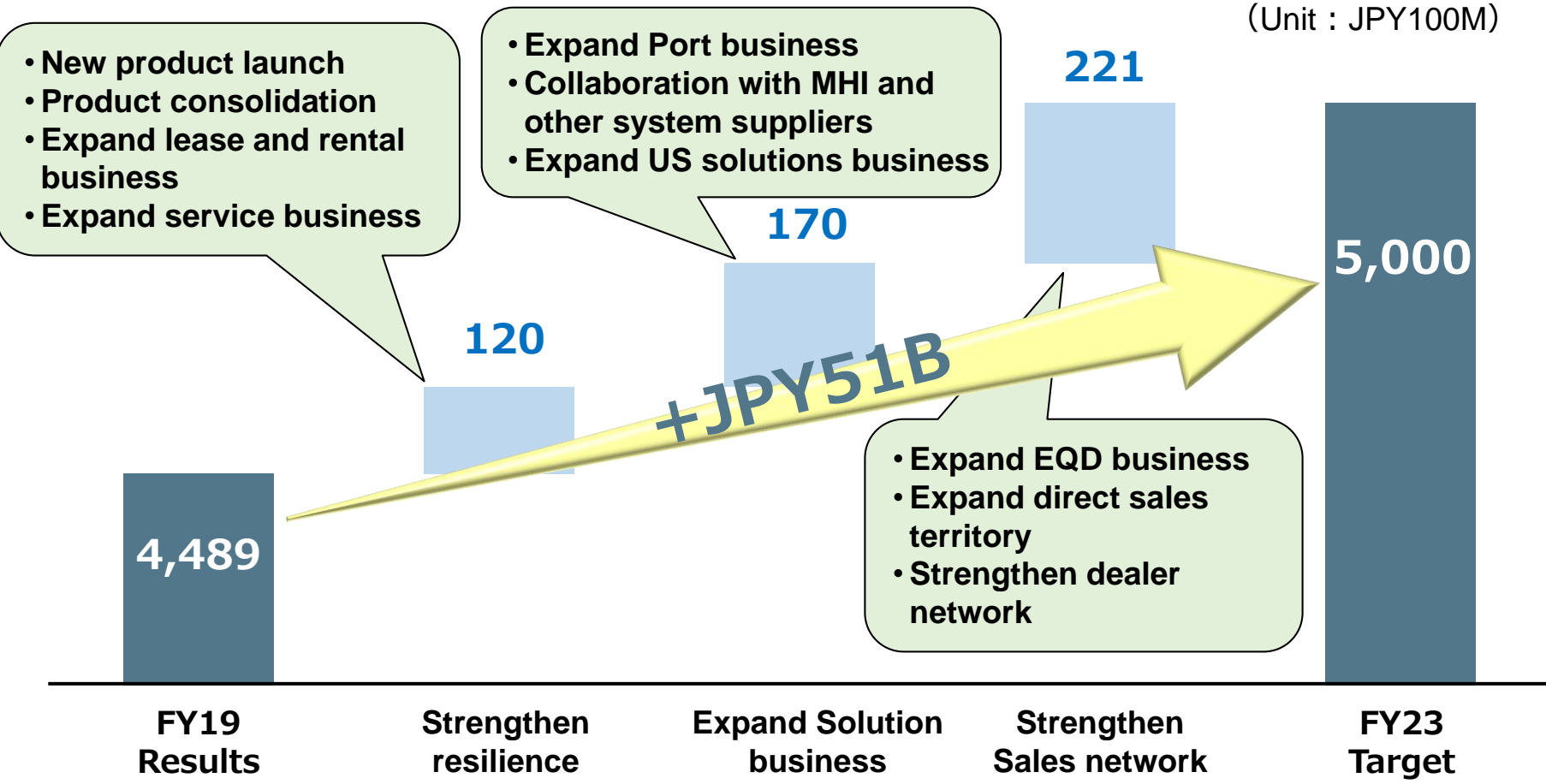
Branding Strategy

- 1) Sales 500B JPY**
- 2) Operating Profit 30B JPY(Before goodwill amortization)
Profit ratio 6%**
- 3) Capital adequacy ratio >20%**

(Unit : B JPY)

	FY23	FY19 results	Variance <%>
Sales	500	449	+51 <+11.4%>
Operating Profit(※) (%)	30 (6%)	18 (4.1%)	+12 <+63.9%> (+1.9 point)
Capital adequacy ratio	>20%	14.7%	>+5.3 point

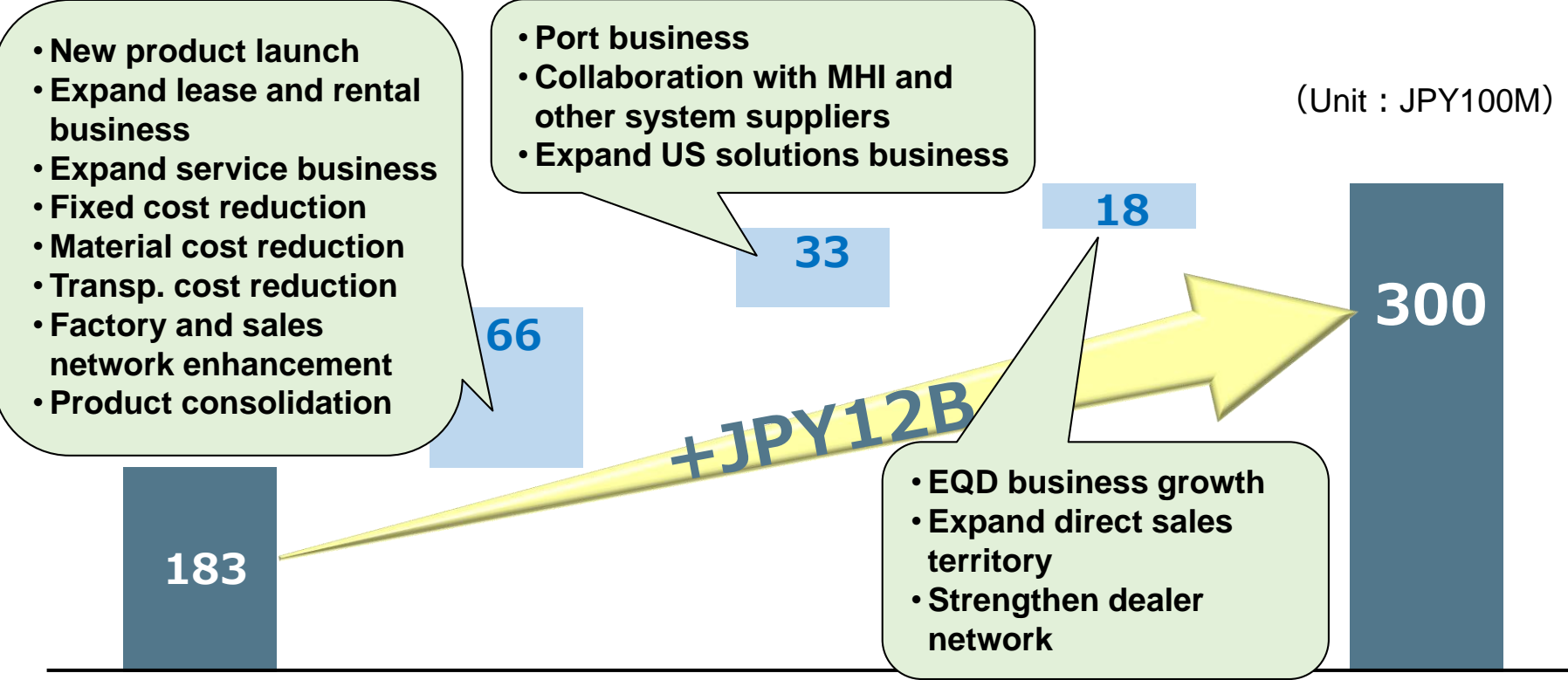
Achieve JPY500B by ensuring each growth plan and creating an organization resilience to environment change



“Achieve Operating Profit JPY30B* (Profit ratio 6%)” through the 3 Basic Policy

* Before goodwill amortization (JPY21B After good will amortization)

(Unit : JPY100M)



FY19 Results

Strengthen resilience

Expand Solution business

Strengthen Sales network

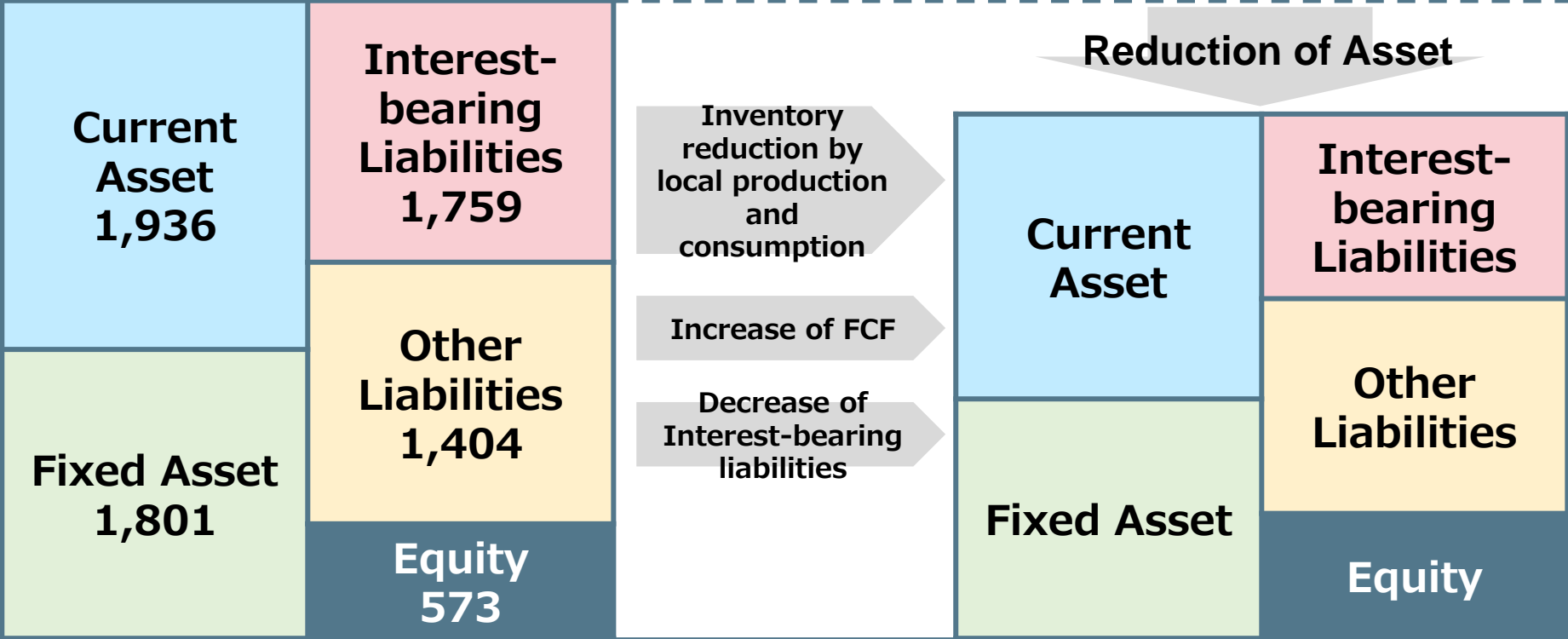
FY23 Target

“Achieve 20% of Capital Ratio” by lead time (=inventory) reduction and improvement of asset efficiency

(Unit: JPY100M)

【FY19】

【FY23】



Capital Ratio : 15%

Capital Ratio : **>20%**

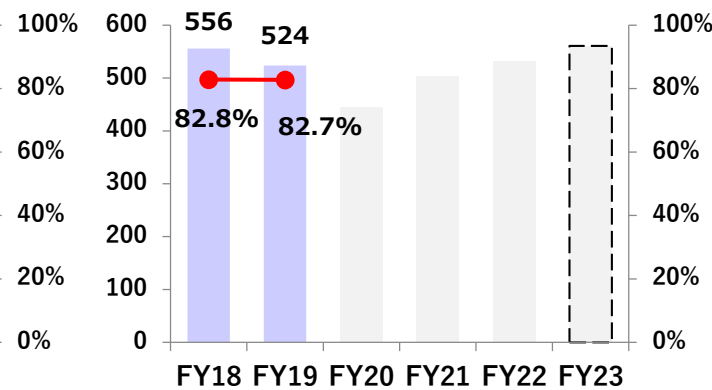
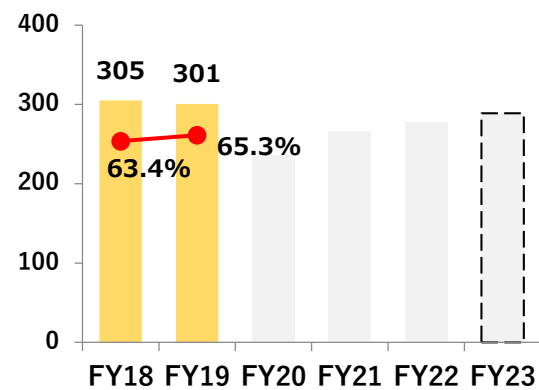
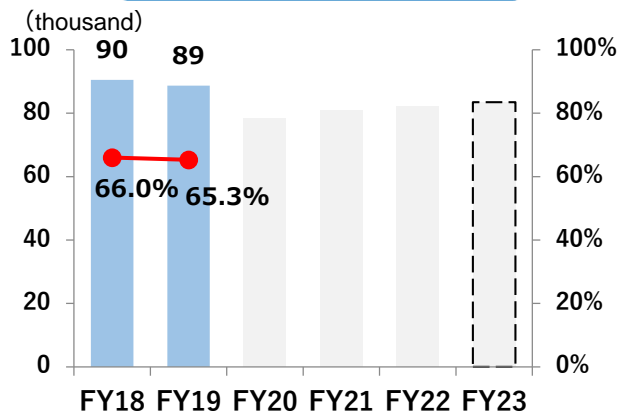
BS improvement

Due to expansion of E-Commerce business all over the world as well as automated/autonomous logistic market, FY23 world market volume is expected to exceed that of FY19

Japan

Americas

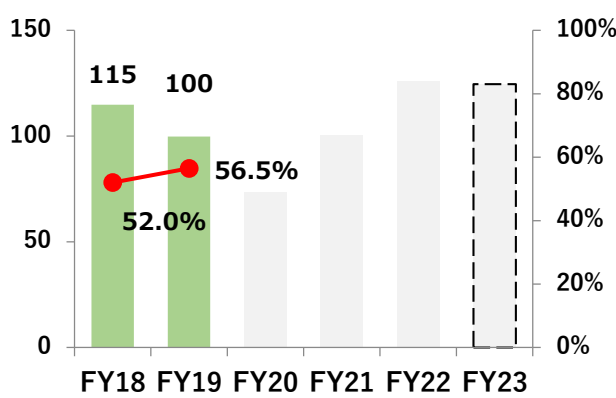
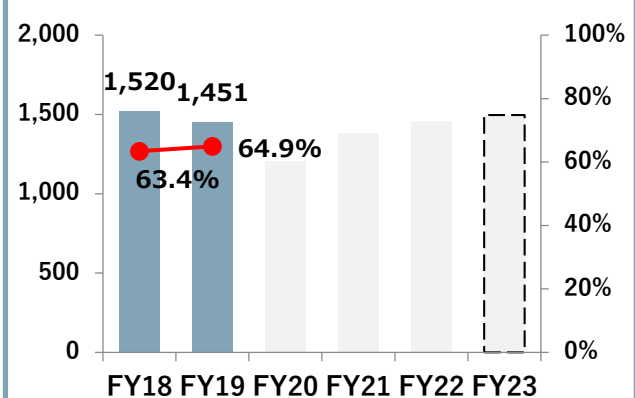
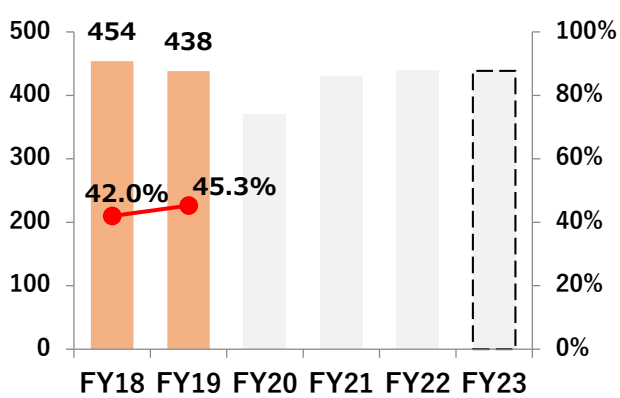
Europe



China

Global Total

APAC



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