

Logisnext

FY2017 Financial Results Briefing

May 31, 2018

MITSUBISHI LOGISNEXT CO., LTD.



FY2017 Financial Results

MITSUBISHI LOGISNEXT CO., LTD.

President and CEO, Takashi Mikogami

Economic Market Trends

- **Despite concerns of world trade uncertainties due to US-China trade friction caused by protectionist US trade policies, the economic conditions remained strong in the US, Europe, other developed countries and other newly emerging countries such as China.**
- **With Japan's economy also affected by the strong world economy, corporate earnings and hiring continued to improve and the trend of gradual economic expansion continued.**
- **Although the market for material handling equipment, mainly forklifts, continues to expand in market size, the competitive environment is becoming increasingly intense. Therefore, we intend to further increase sales and market share by responding to market changes and satisfying customer needs.**

Summary of FY2017 Results

- **Sales increased 9.3% year-on-year due to increased sales in Japan and the US and a positive impact from yen depreciation.
Operating profit increased 36.5% year-on-year due to expanded sales and cost reductions, despite the impact of higher material costs and expenses.
However, due to differences between financial accounting systems, such as goodwill amortization period, operating profit decreased 11.7% year-on-year.**

Note: The January 2017 buyout of UniCarriers is subject to consolidation in FY2017 results (with the equity method applicable until December 2016). However, to facilitate comparison, this document indicates virtual results calculated assuming 2016 results were consolidated for the full 12 months ending March 31, 2017.

2. Financial Highlights

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* Virtual consolidation: Consolidation assuming FY2016 results of Mitsubishi Nichiyu and UniCarriers are fully consolidated. Unit: Hundred million JPY

Profit and Loss Statement	FY2016	FY2016 (Virtual consolidation*)	FY2017	YOY Change (Comparison with virtual consolidation)	
Sales	2,710	3,964	4,331	+367	+9.3%
Operating Profit (Before amortization of goodwill) (Operating profit margin)	131.4 (4.8%)	166.6 (4.2%)	191.3 (4.4%)	+24.7	+14.9%
Amortization of Goodwill	▲26.3	▲98.6	▲98.5		
Operating Profit (Operating profit margin)	105.1 (3.9%)	68.0 (1.7%)	92.8 (2.1%)	+24.8	+36.5%
Ordinary Profit (Ordinary profit margin)	89.8 (3.3%)	63.7 (1.6%)	84.3 (1.9%)	+20.6	+32.3%
Net Income (Net income margin)	36.4 (1.3%)	15.2 (0.4%)	29.4 (0.7%)	+14.2	+93.5%

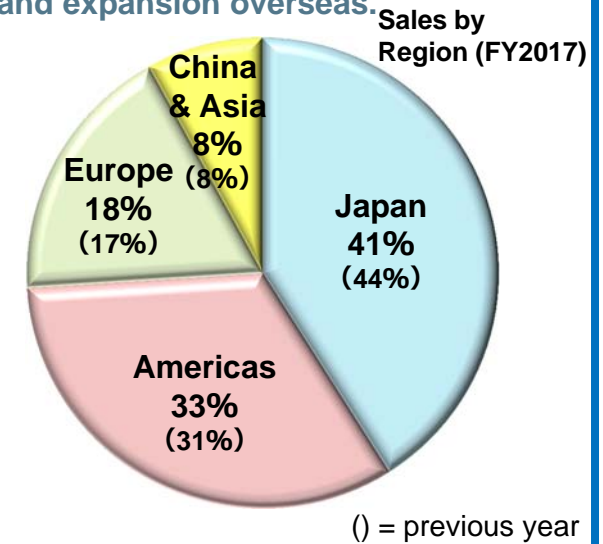
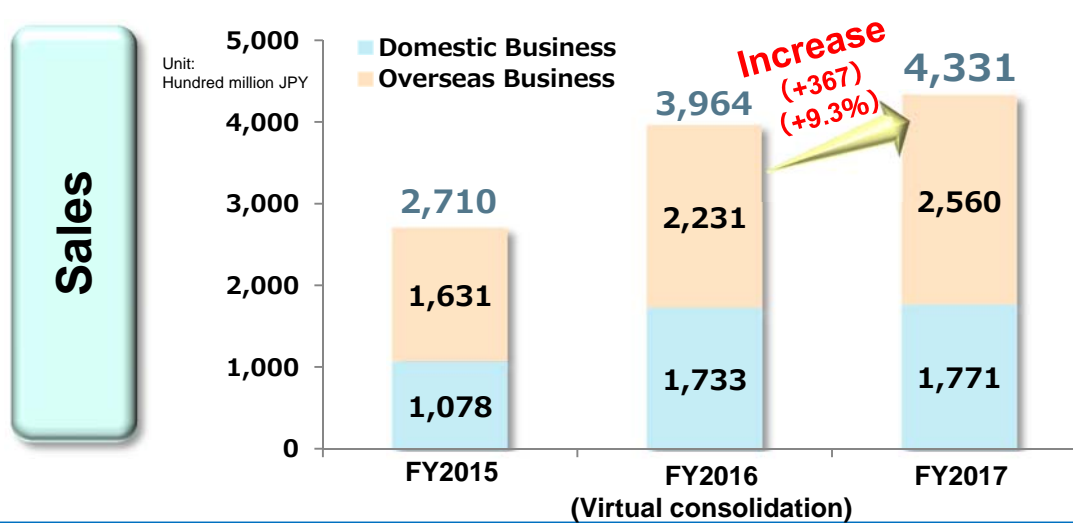
Balance Sheet	FY2016	FY2017	Change from Previous Term	
Total Assets	3,669	3,765	+ 96	+ 2.6%
Total Liabilities	3,069	3,141	+ 72	+ 2.3%
Net Assets	600	624	+ 24	+ 4.0%

FY2016 actual FX rates: USD = JPY108.38 EUR = JPY118.79 CNY = JPY16.11

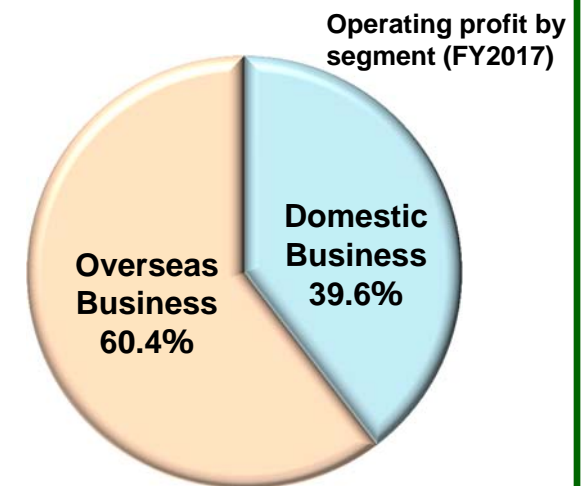
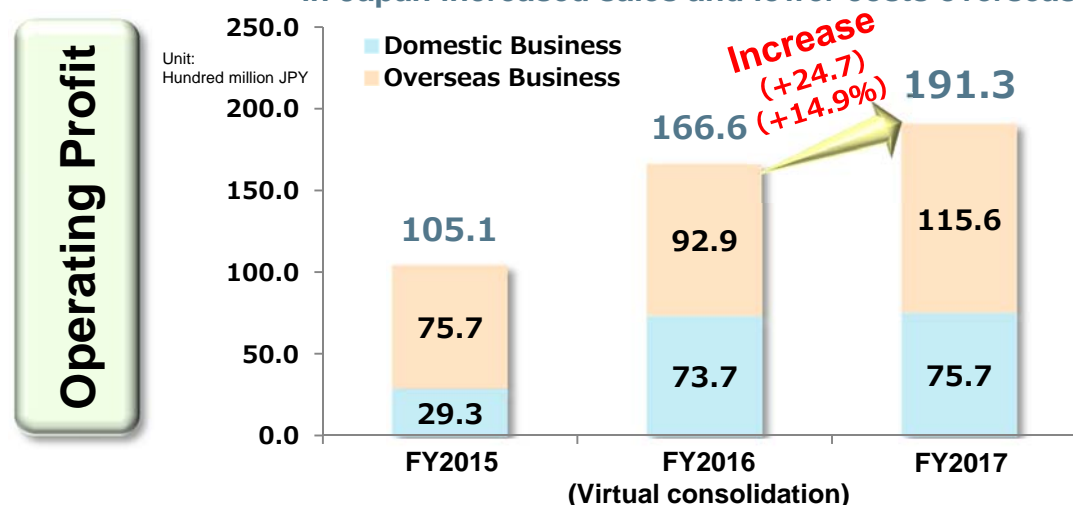
FY2017 actual FX rates: USD = JPY110.85 EUR = JPY129.70 CNY = JPY16.75

3. Business Results by Segment

Sales: Sales increased due to increased electric forklift sales in Japan and demand expansion overseas.



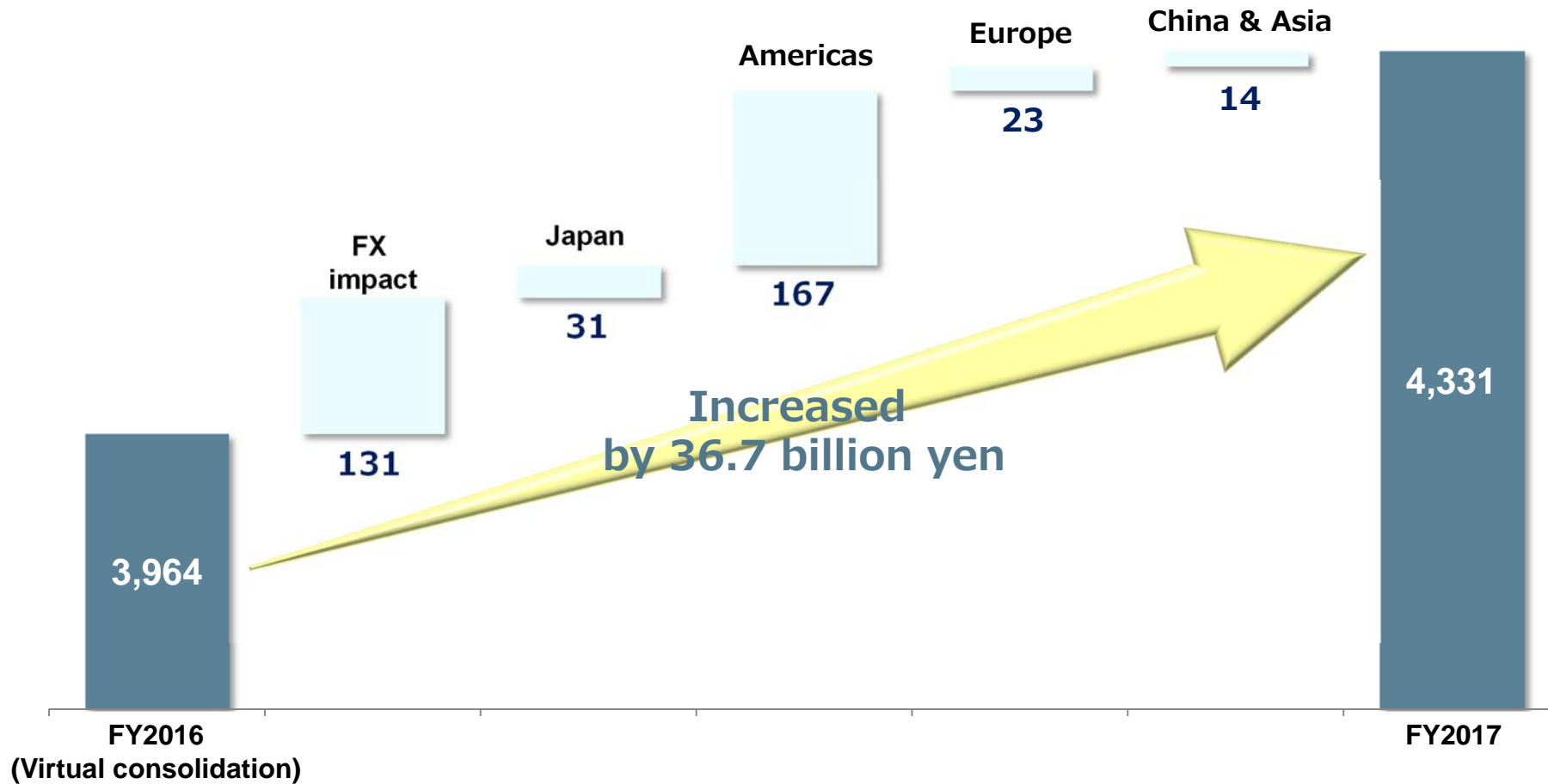
Operating profit: Profit increased due to increased electric forklift sales, a positive impact from yen depreciation in Japan increased sales and lower costs overseas.



4. Factors that Increased/Decreased Consolidated Sales (FY2016 vs FY2017)

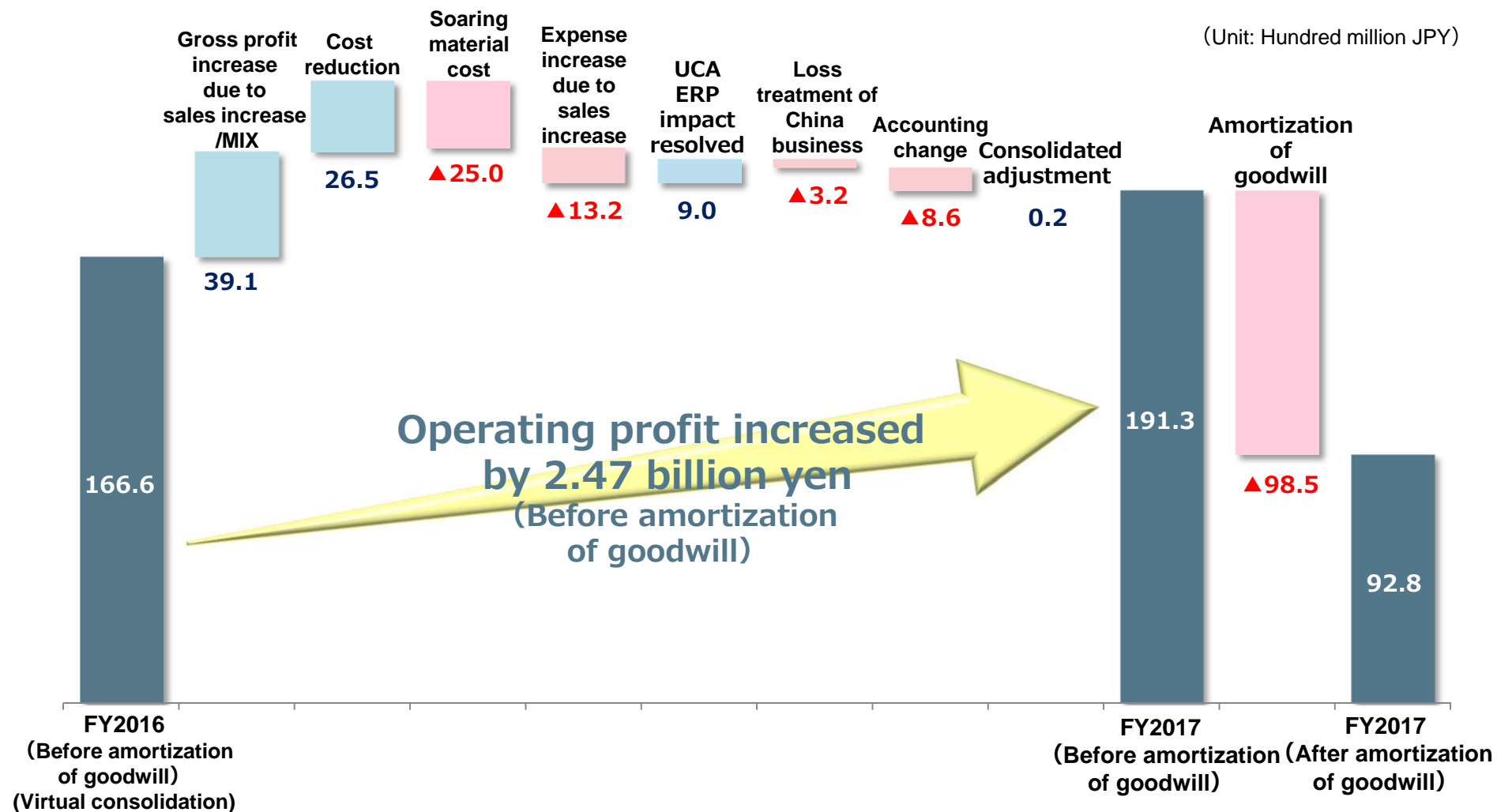
Revenue increased due to a positive impact from yen depreciation and increased sales in Japan and the Americas

(Unit: Hundred million JPY)



5. Factors that Increased/Decreased Consolidated Operating Profit (FY2016 vs FY2017)

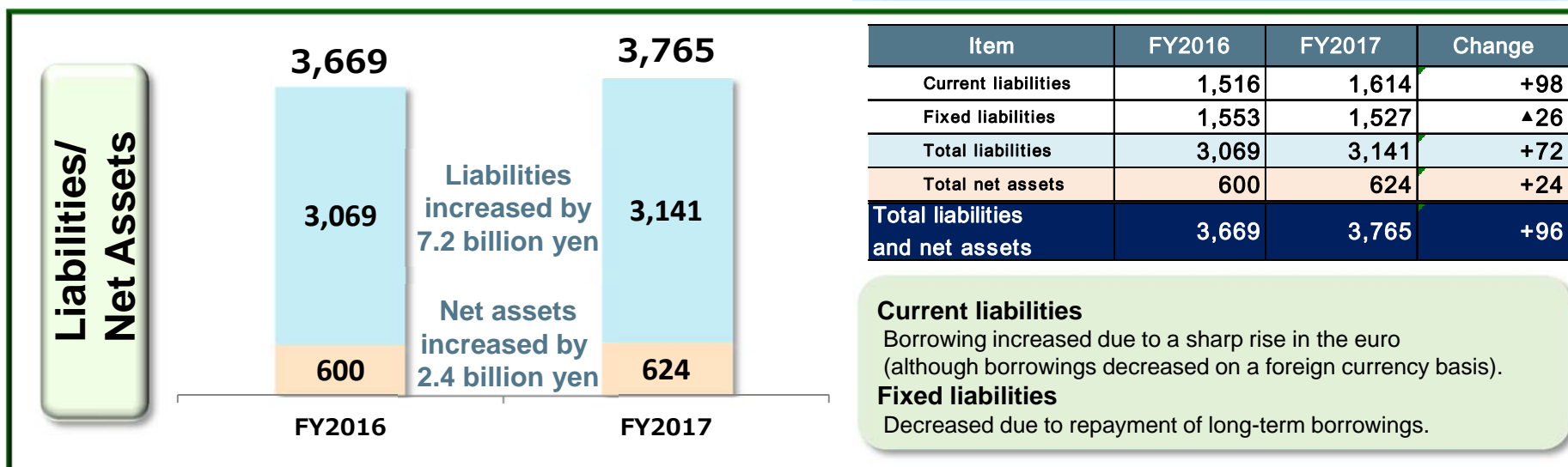
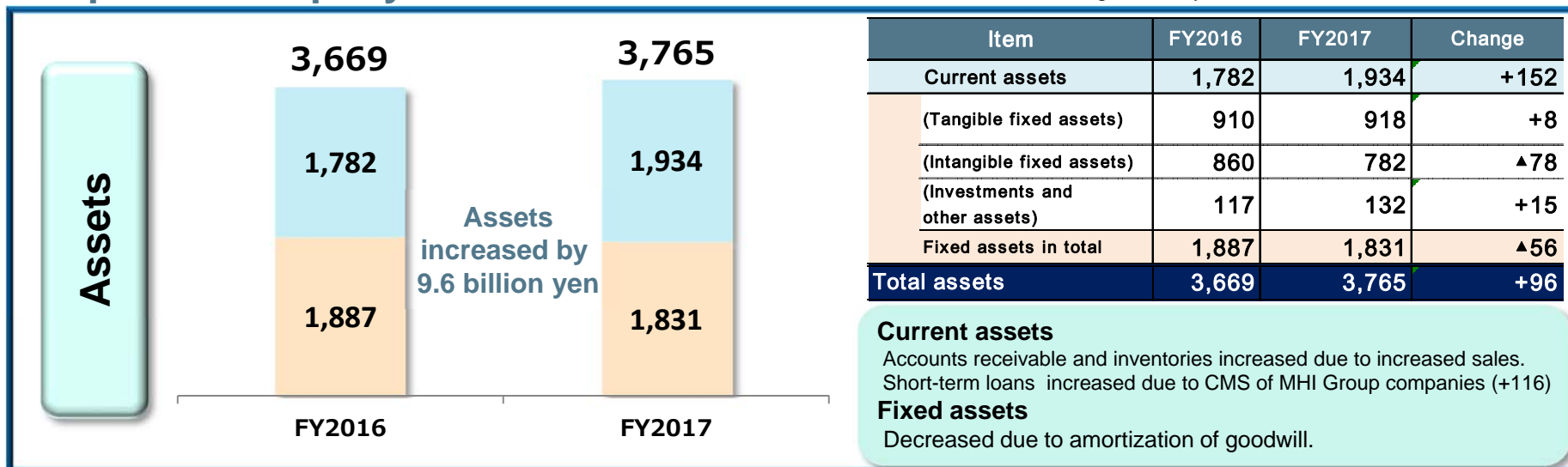
Operating profit increased due to sales expansion and cost reduction despite the impact of higher material costs and expenses



6. Consolidated Balance Sheet

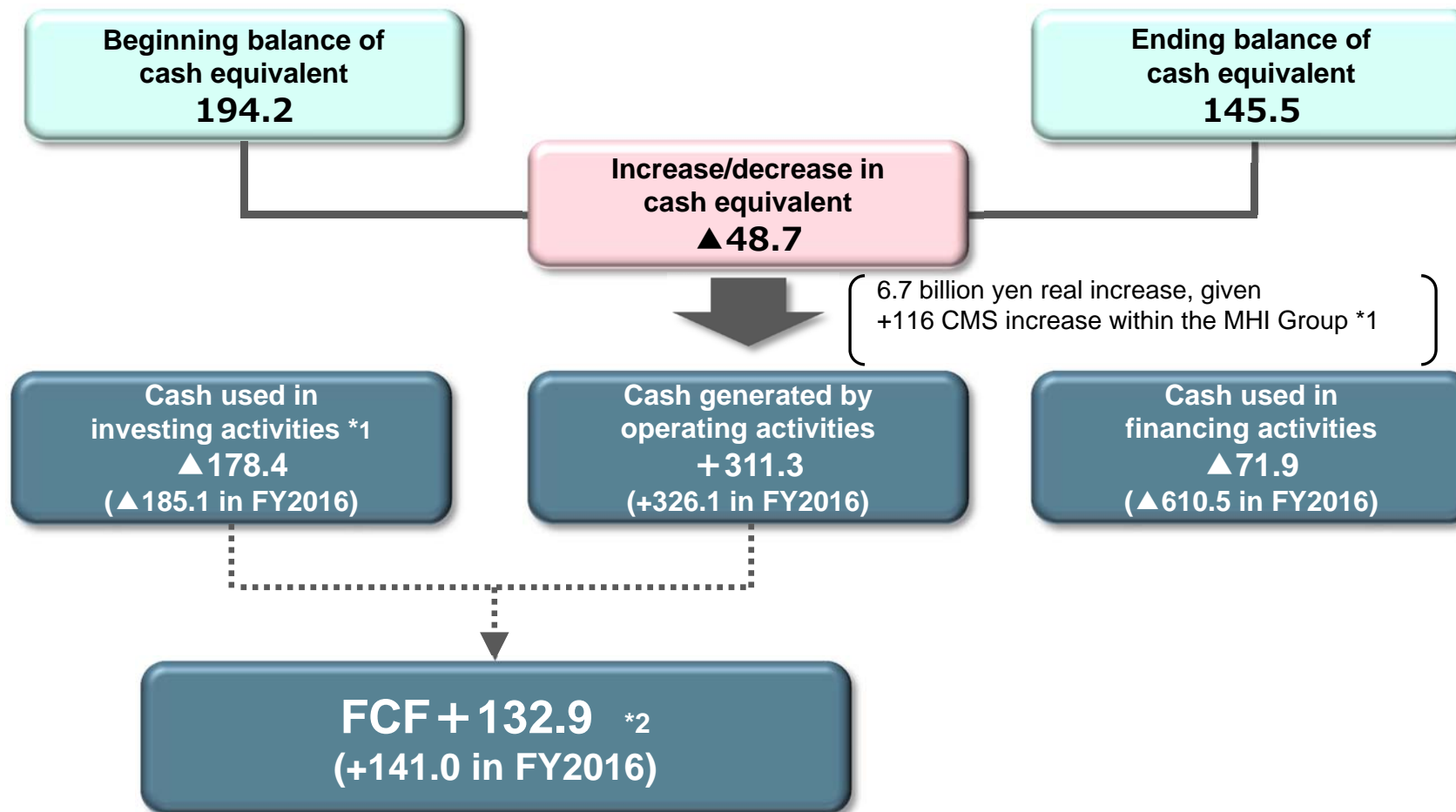
The increase in total assets is mainly due to an increase in short-term loans to the parent company's CMS.

CMS: Cash Management System (Unit: Hundred million JPY)



7. Consolidated Cash Flow Statement **Logisnext**

(Unit: Hundred million JPY)



6.7 billion yen real increase, given +116 CMS increase within the MHI Group *1

*1 Cash flow from investing activities increased due to a CMS 11.6 billion yen increase in short-term loans within the MHI group. Therefore, the impact of cash flow from investing activities for this term is ▲29.4 billion yen. Cash flow from investing activities is ▲84.0 billion yen, including the ▲65.5 billion yen impact from consolidating UC for the same period last year.

*2 The free cash flow is +1.7 billion yen, including the CMS impact to the MHI group. The same period last year free cash flows was ▲51.4 billion yen, including the impact from UC consolidation.

8. Financial Forecast for FY2018

(Unit: Hundred million JPY)

Item	FY2017 (Results)	FY2018 (Forecast)
Units Sold	113,000 units	118,000 units
Sales	4,331	4,350
Operating Profit (Before amortization of goodwill) (Operating profit margin)	191.3 (4.4%)	208.5 (4.8%)
Amortization of Goodwill	▲98.5	▲83.5
Operating Profit (After amortization of goodwill) (Operating profit margin)	92.8 (2.1%)	125.0 (2.9%)
Ordinary Profit (Ordinary profit margin)	84.3 (1.9%)	110.0 (2.5%)
Profit Attributable to Owners of Parent (Net income margin)	29.4 (0.7%)	60.0 (1.4%)
Dividend per Share	JPY11	JPY11

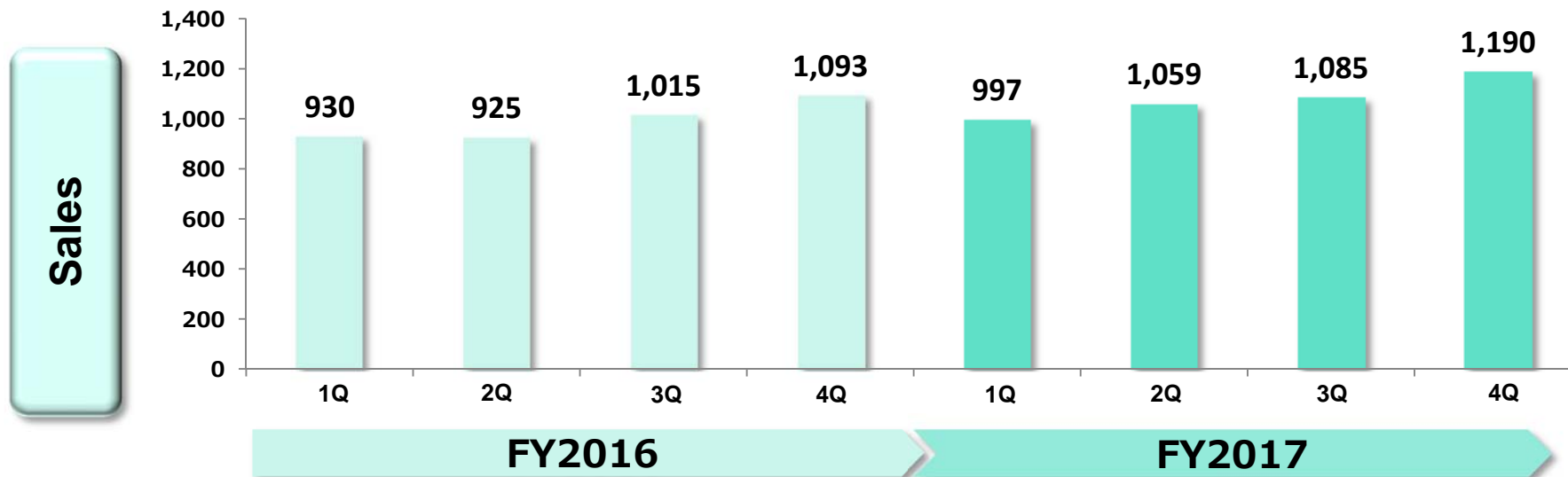
Reference (Key Performance Indicators) **Logisnext**

	Indicator	Formula	FY2016		FY2017		Comments
				(Before amortization of goodwill)		(Before amortization of goodwill)	
Performance	Return-on-assets (ROA)	$\frac{\text{Net income}}{\text{Total assets}}$	1.3%	(2.2%)	0.8%	(3.3%)	Net income declined due to the amortization of goodwill associated with restructuring expenses and the loss on disposition of Chinese and EU subsidiary.
	Return-on-equity (ROE)	$\frac{\text{Net income}}{\text{Shareholders' equity}}$	6.3%	(10.7%)	5.0%	(18.6%)	
Profitability	Operating profit margin	$\frac{\text{Operating profit}}{\text{Sales}}$	3.9%	(4.8%)	2.1%	(4.4%)	Net income declined due to the amortization of goodwill associated with the acquisition of UC and the loss on disposition of Chinese subsidiary.
	Net income margin	$\frac{\text{Net income}}{\text{Sales}}$	1.3%	(2.2%)	0.7%	(2.8%)	
Asset Efficiency	Total asset turnover	$\frac{\text{Sales}}{\text{Total assets}}$	1.0 time		1.2 times		
	Receivables turnover	$\frac{\text{Sales}}{\text{Accounts receivable}}$	4.8 times		6.1 times		
	Inventory turnover	$\frac{\text{Cost of sales}}{\text{Inventories}}$	4.5 times		5.8 times		
Financial Soundness	Capital adequacy ratio	$\frac{\text{Shareholders' equity}}{\text{Total assets}}$	15.8%		16.0%		
	D/E ratio	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity}}$	3.2 times		3.0 times		
Share	Earnings per share	$\frac{\text{Net income}}{\text{Shares outstanding}}$	JPY 34.2		JPY 27.6		
	Price earnings ratio (PER)	$\frac{\text{Share value}}{\text{Earnings per share}}$	20.9 times		32.4 times		Stock prices End of FY2016: JPY714 End of FY2017: JPY895
	Price book value ratio (PBR)	$\frac{\text{Share value}}{\text{Book value per share}}$	1.3 times		1.6 times		

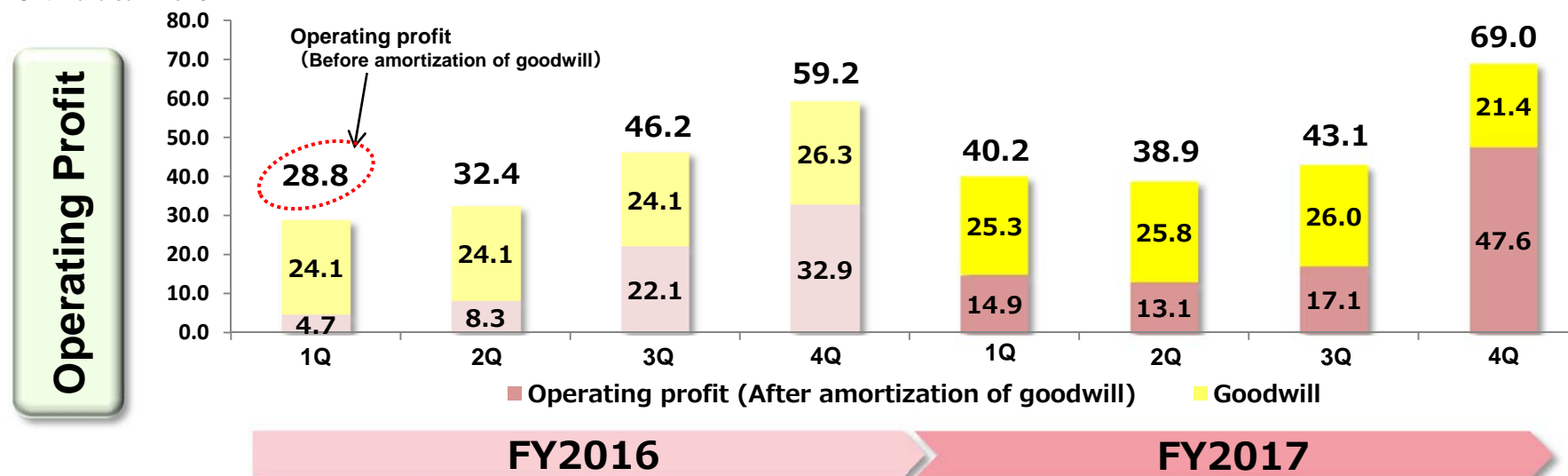
(Reference) Quarterly Financial Results **Logisnext**

Unit: Hundred million JPY

Note: FY2016 1Q-3Q values based on virtual consolidation

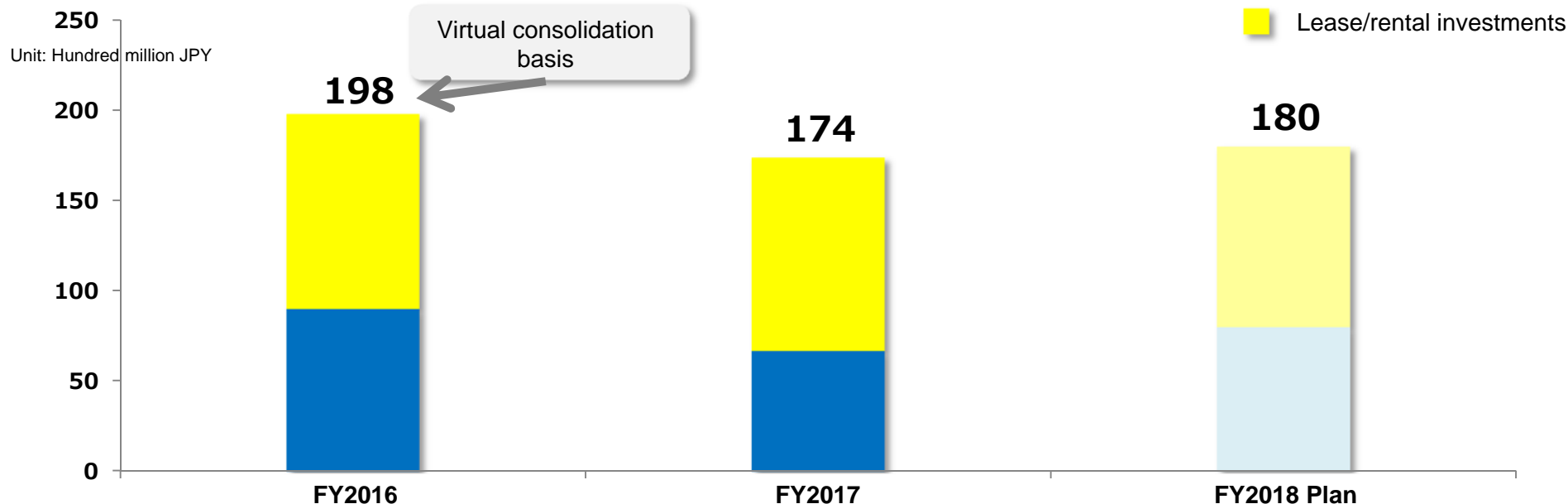


Unit: Hundred million JPY

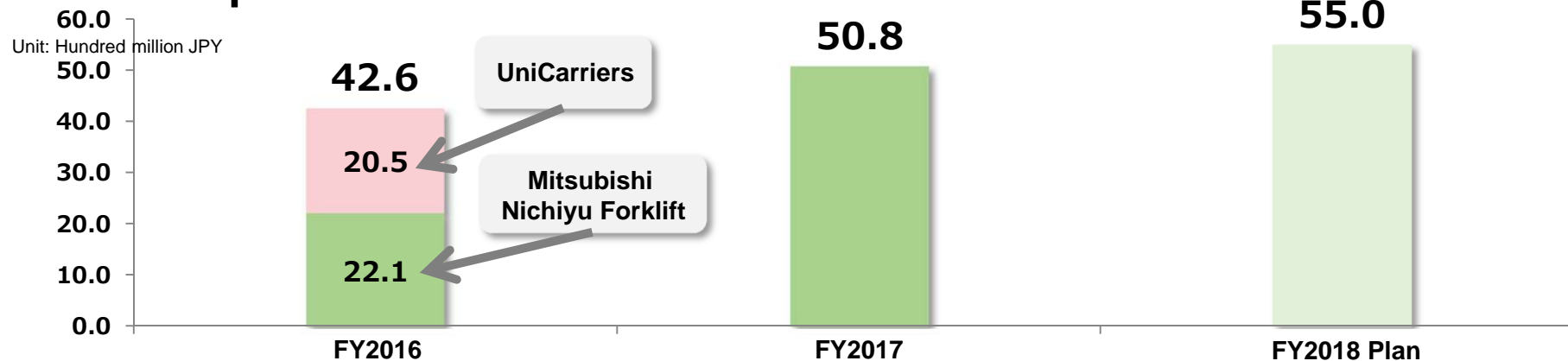


(Reference) Capital Expenditure and R&D Expenses

■ Capital Expenditure

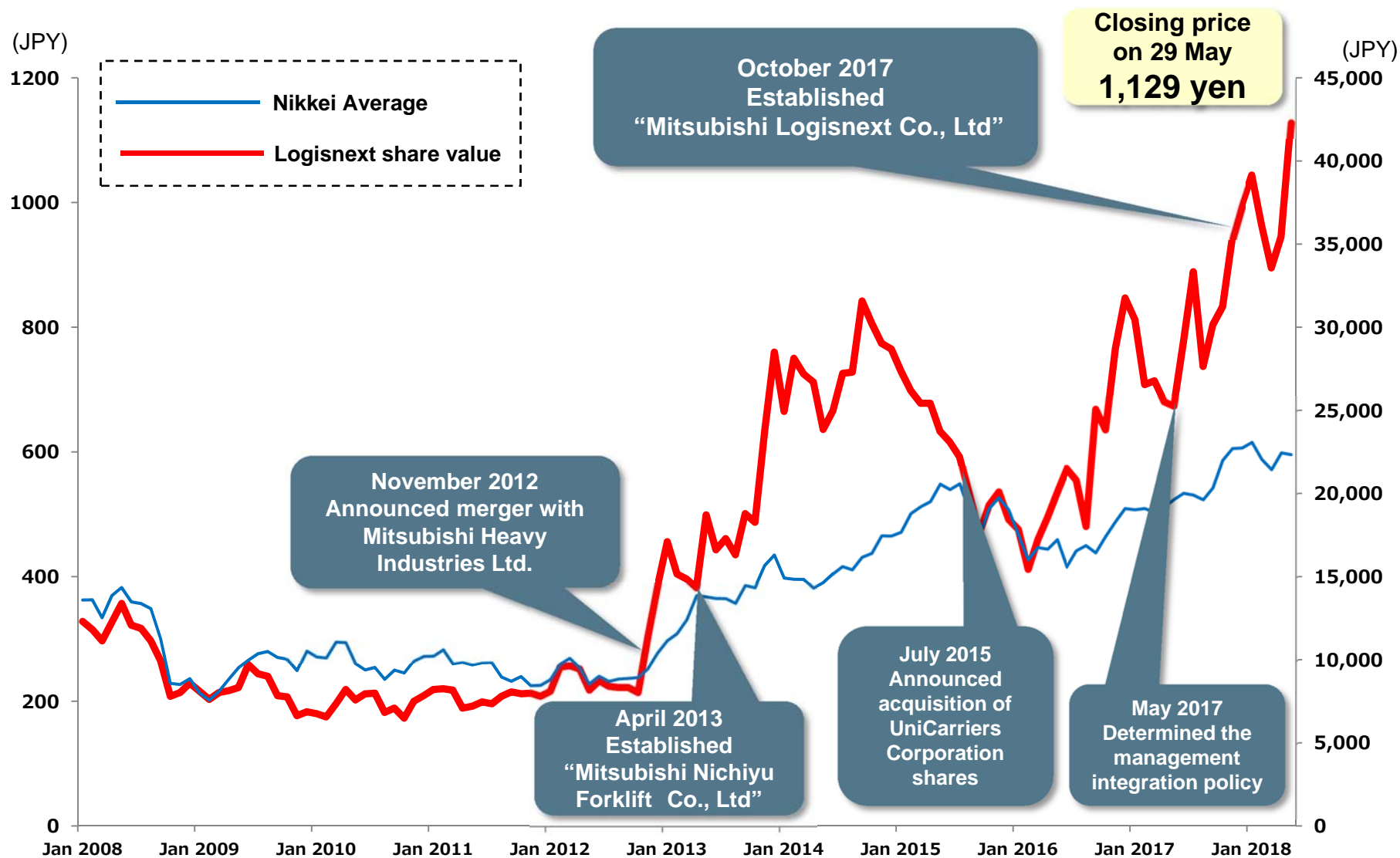


■ R&D Expenses



(Reference) Stock Price Trend

Logisnext



(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	4,890 million yen (as of April 1, 2018)
Business Lines	Design, development, production, and sales of battery forklifts, engine forklifts, conveyor robots, automated warehouse equipment, warehouse management systems, construction machinery, industrial engines, transmissions, etc.
Operation Centers	Japan: Kyoto, Shiga, Kanagawa and others 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



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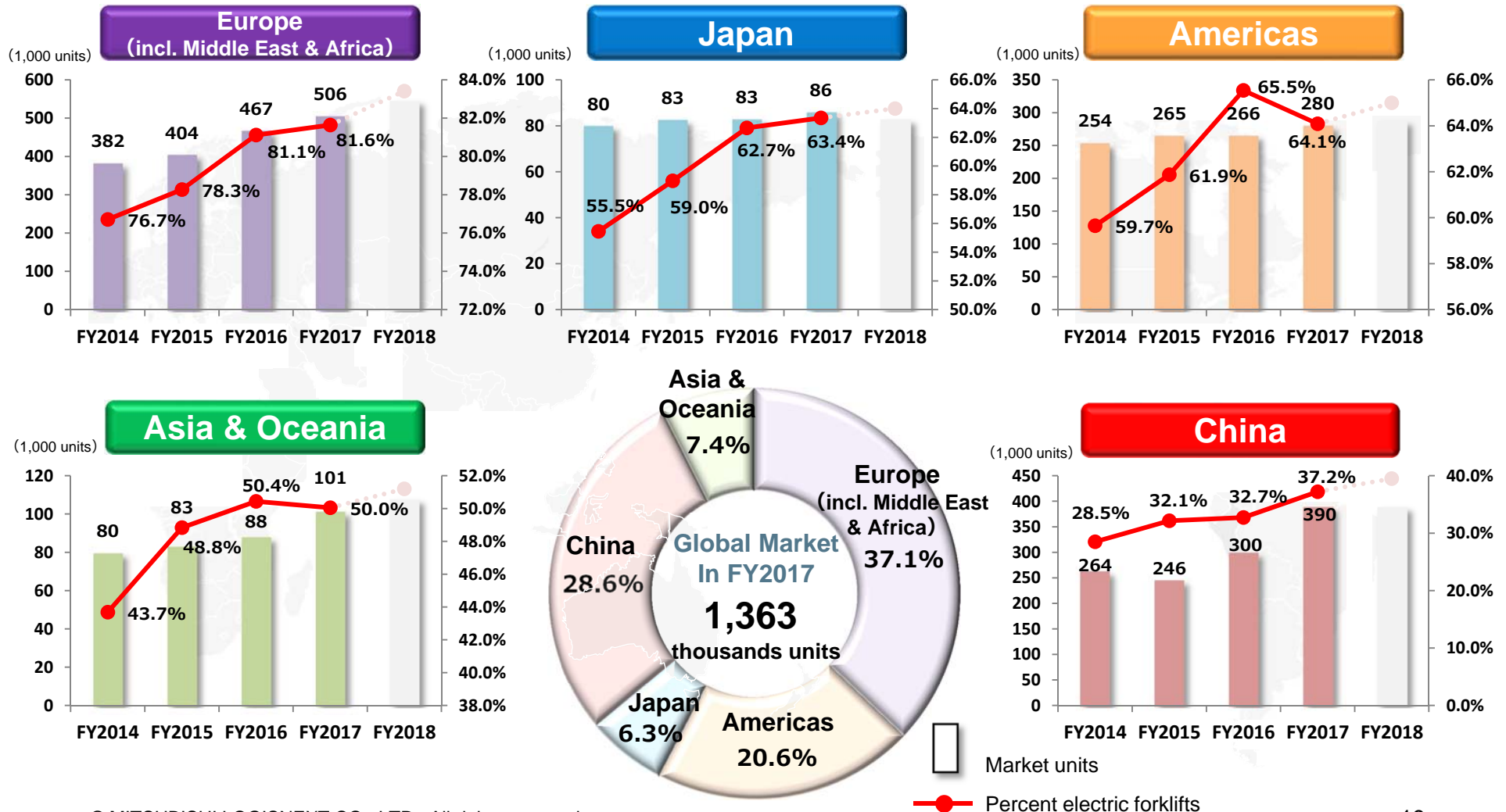
Business Plan in FY2018

MITSUBISHI LOGISNEXT CO., LTD.

President and CEO, Takashi Mikogami

1. Market Trend in Forklift Trucks

Global market demand of forklifts in FY2017 increased by 13.3%, compared to the previous fiscal year, driven by China, Asia, and Europe markets. Additionally, global demand will continue to increase in FY2018.



2. Topics in FY2017

Established Mitsubishi Logisnext Co., Ltd.

- Mitsubishi Nichiyu Forklift Co., Ltd. merged businesses with UniCarriers Corporation and established itself as a global leader of material handling equipment and solutions “Mitsubishi Logisnext Co., Ltd.”

[Corporate Logo]

Logisnext

Overview of Business Fundamentals

- Consolidated headquarters and unified human resources functions in Nagaokakyo City, Kyoto. Brands are organized based on multi-brand strategy.
- Global R&D organization with locations in Japan, US, and Europe.

New Business Expansion and Productivity Improvements

- Expanded/improved product line offerings of electric forklifts and AGV/AGF products.
- Complied with exhaust gas regulations for engine forklifts and improved safety, comfort, and features.
- Created synergies by consolidating select production models and communizing engines.



Laser guided AGF
“Platter Auto”

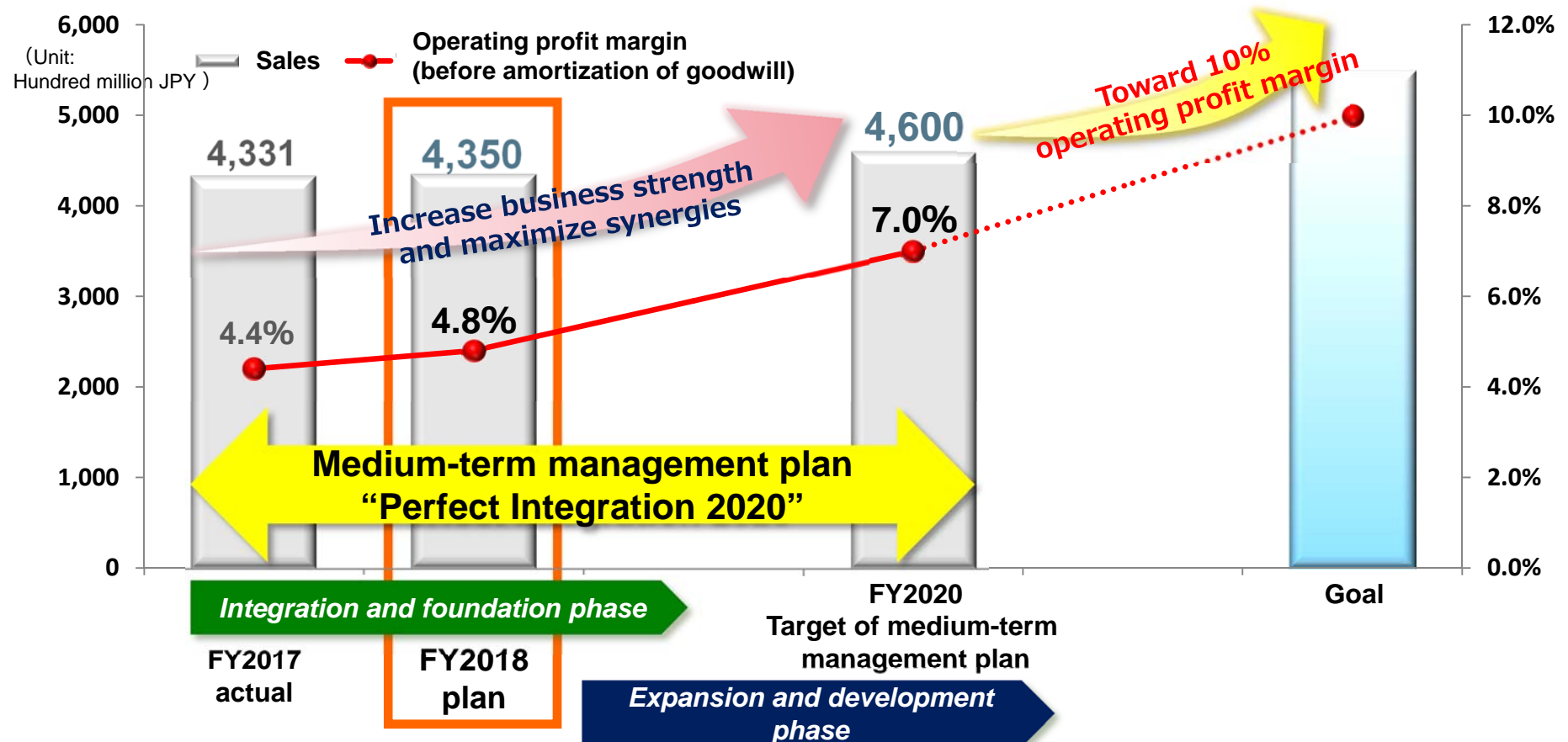


New Reach Stacker “MR4531”

3. Business Plan for FY2018

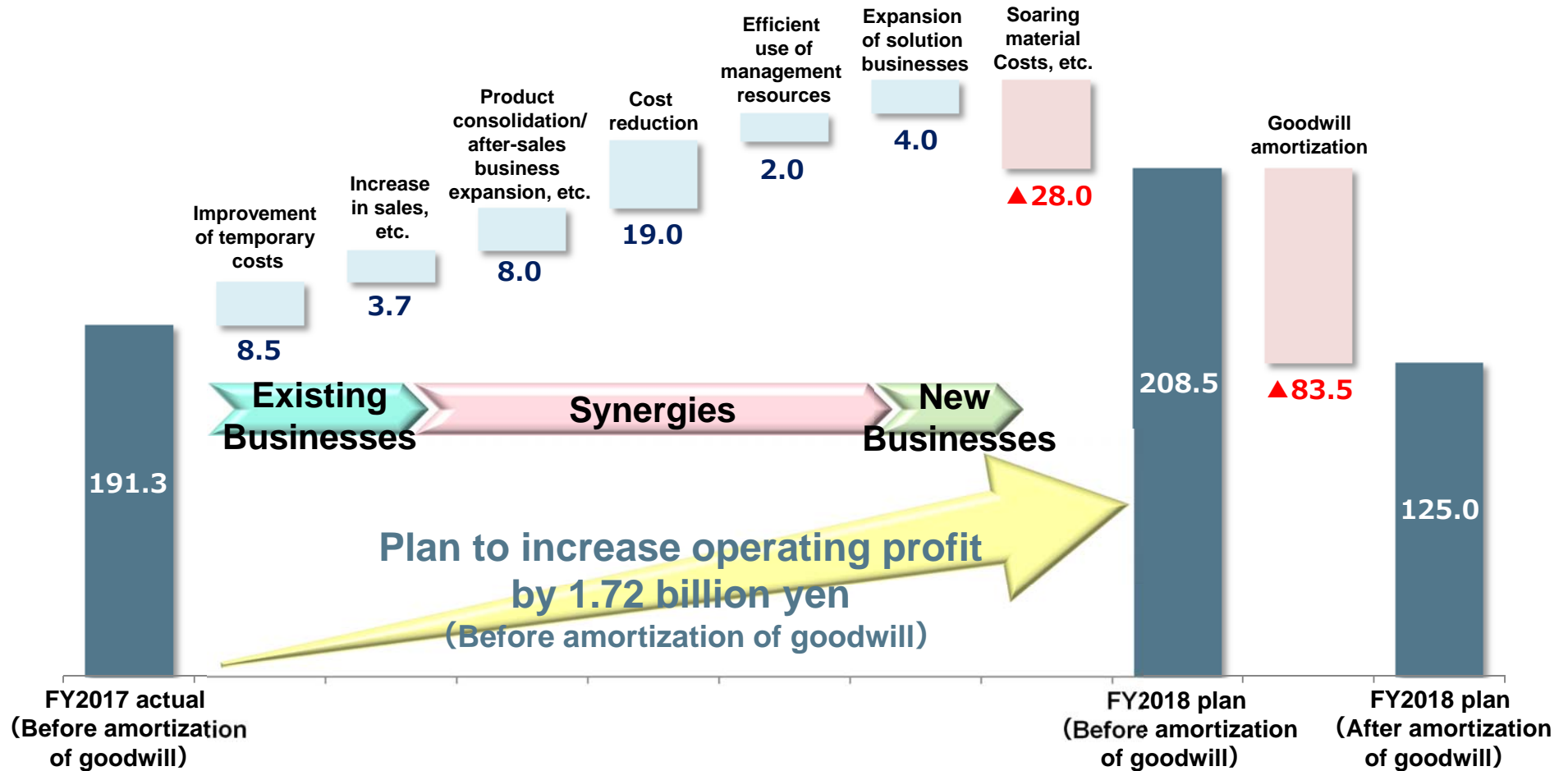
Position in FY2018

- Second year of medium-term management plan “Perfect Integration 2020”
- Fully finish “Integration and Foundation phase” and smoothly transition to “Expansion and Development phase”.
- Improve profitability based on existing businesses, synergies, and new businesses.



4. Factors that Increased/Decreased Operating Profit (FY2017 actual vs FY2018 plan)

(Unit: Hundred million JPY)



5. Existing Businesses

Product development for local specifications

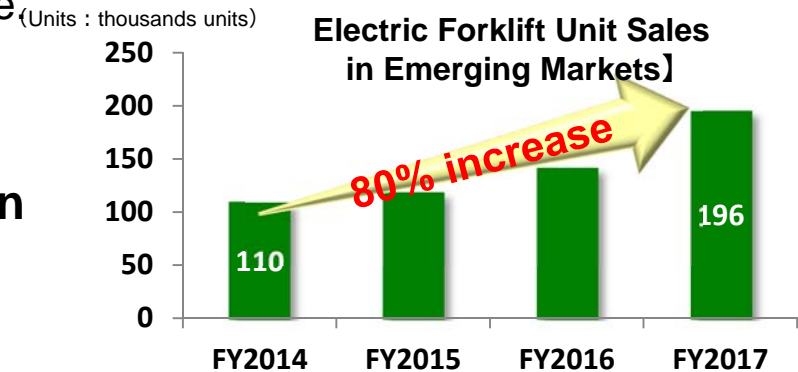
Introduction of new forklift trucks

- Released new “TX series” electric forklift featuring the latest European design. The TX3 received the Red Dot award (European Design Award) in 2018.
- Released new low-level order-picker model to meet warehouse market requirements in Europe.
- Plan to deploy additional integrated models after 2018 as well.



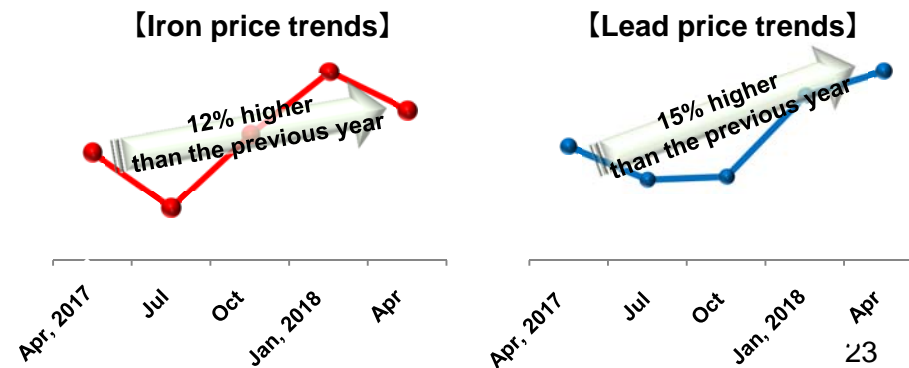
Respond to shift toward electric forklifts in emerging markets

- Deploy European model to other regions.



Respond to global Material Costs increase

Price changes for Forklift



6. Synergies

■ Product consolidation

➤ Consolidate products with competitive advantages

- Selling strong products with multiple brands.
- Improve productivity by consolidating products.



FD160 forklift with large engine for Japanese market



FD70 forklift with mid-size engine for Japan market



Platter reach forklift for Japan market (TCM brand Specifications)

	Product Name	Sales Region
Consolidated Products	Platter reach forklift	Japan and Asia
	FD70 and other forklifts with mid-size engine	Japan
	FD160 and other forklifts with large engine	Japan

■ Expansion of after-sales service and used forklift truck business

➤ Unification of parts supply system

- Consolidate parts centers scattered in various region for respective factories by 2020.
- Create synergies from “improving parts management efficiency,” “simplifying operations,” and reducing delivery costs.”

➤ Expansion of used forklift trucks business

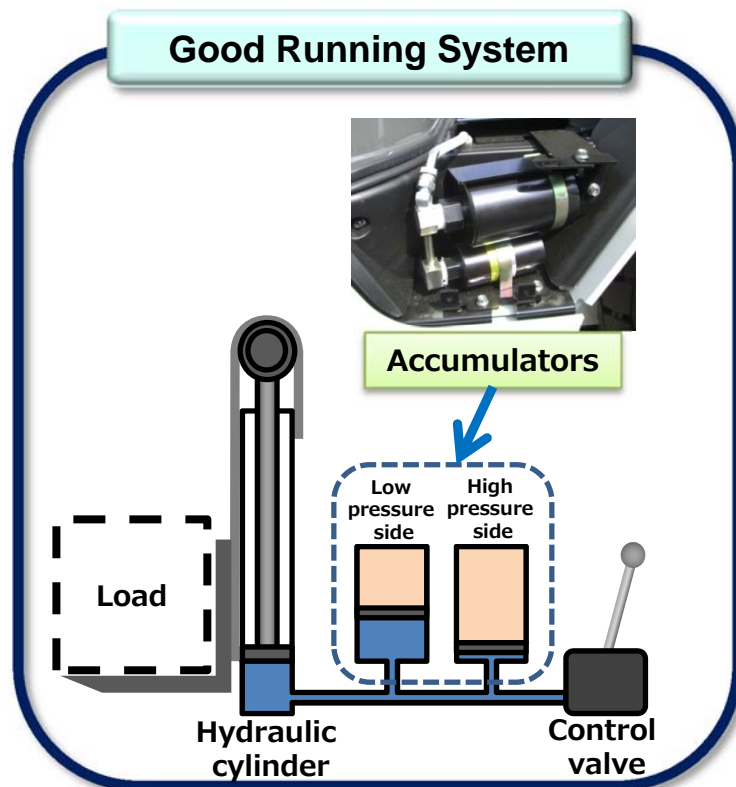
- Develop sales channels based on strengths of both companies.
- Expand/improve product value chain in Japan and overseas.

6. Synergies

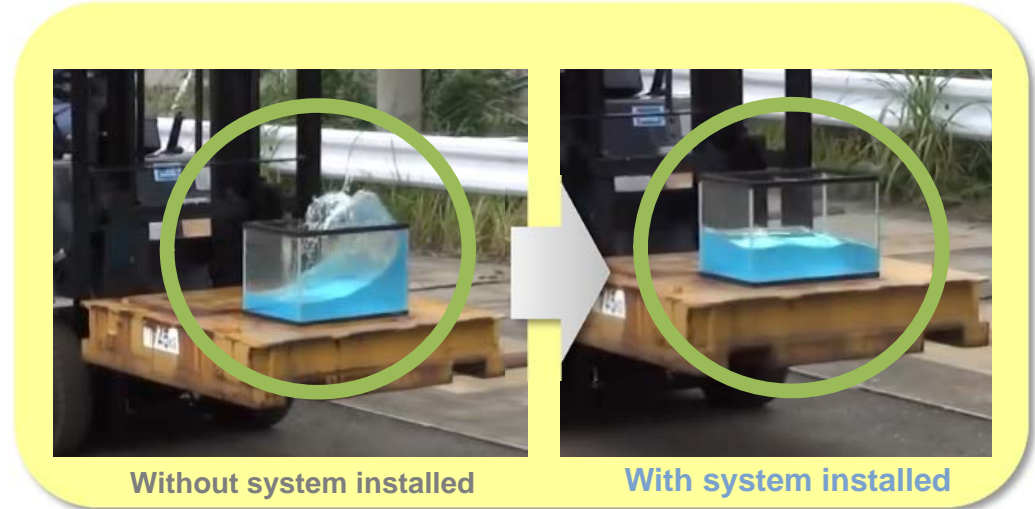
Measures for Safety and Peace of Mind

Deployment of operational safety technology to various models.

- **Good Running System:** Two accumulators attached to the hydraulic system absorb vibration and impact generated during travel.
(commercialized by former UniCarriers)



- ✓ Absorbs shocks to load
- ✓ Prevents loads from falling over
- ✓ Reduces noise
- ✓ Reduces operator fatigue



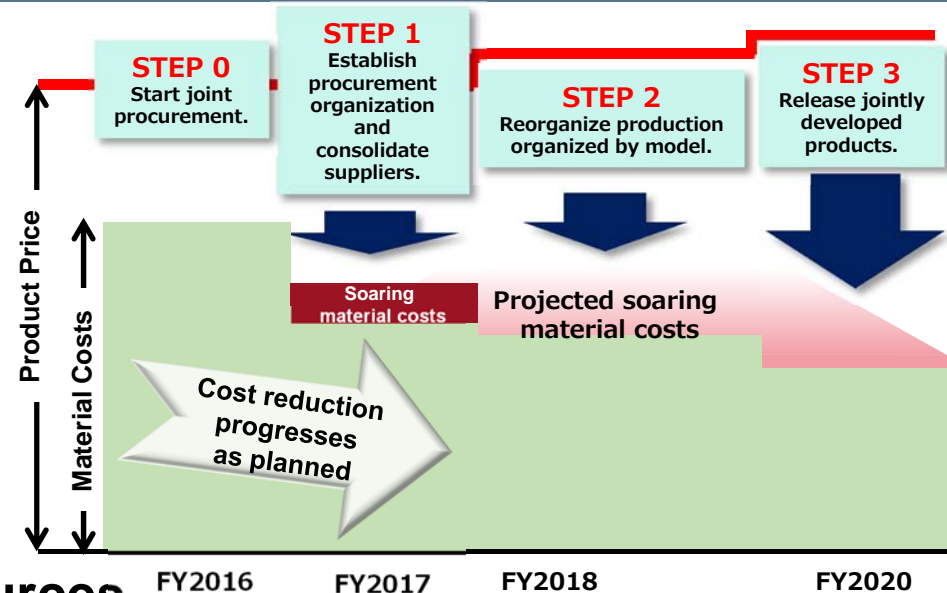
Expand forklift models equipped with system to offer advanced safety technology to customers.

6. Synergies

■ Cost reduction

➤ Achieving cost reforms

- In spite of soaring material costs in FY2017, cost reduction measures were implemented ahead of schedule to minimize the impact.
- In the future, we will communize parts, consolidate models, and release jointly developed products.



■ Efficient use of management resources

➤ Lease back real estate owned by subsidiary in Europe

➤ Transfer Shin-Kawasaki office

- Transferred MCFE (Netherlands) property/building in February, 2018 and the Shin-Kawasaki office property/building in April, 2018 as part of asset management used to improve management infrastructure.

MCFE : Mitsubishi Caterpillar Forklift Europe B.V.

➤ Invest in resource optimization

- Improve service efficiency by building troubleshooting system.
- Enhance customer response capabilities by increasing resources for service and sales personnel.



Shin-Kawasaki Office

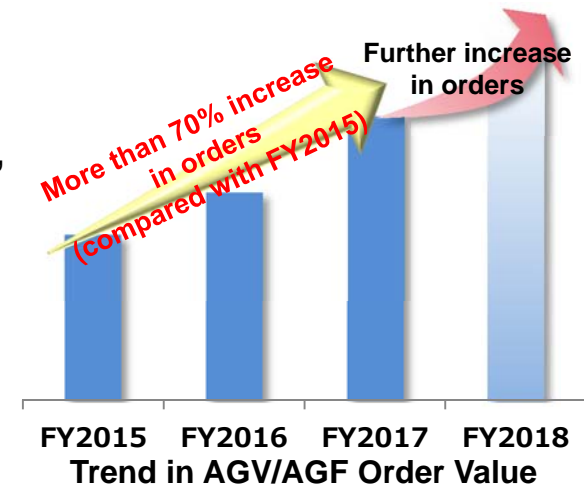
7. New Businesses

Expansion of solution businesses

Expand AGV and AGF* sales

*AGV: Automated Guided Vehicle
AGF: Automated Guided Forklift

- Together with the increased demand of AGV/AGF models, automation and mechanization needs are also growing.
- Introduced Platter Auto laser-guided AGF at the Onsite Training Center and Shin-Kawasaki office.
- Plan to expand AGV and AGF sales in areas outside Japan and Europe.

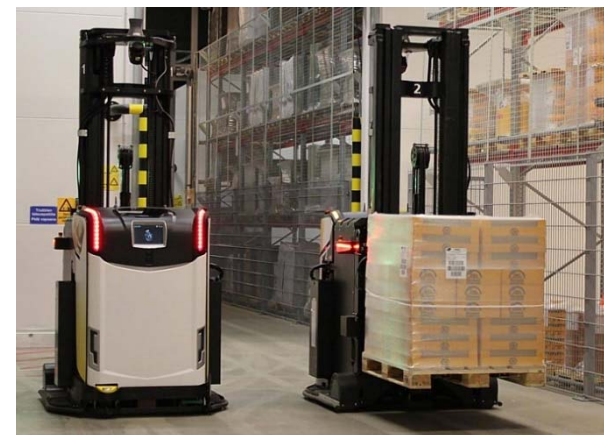


Application of automation and mechanization technology

- Started research with Mitsubishi Heavy Industries on warehouse mechanization logistics.



Demonstration of Platter Auto laser-guided AGF model (Onsite Training Center)

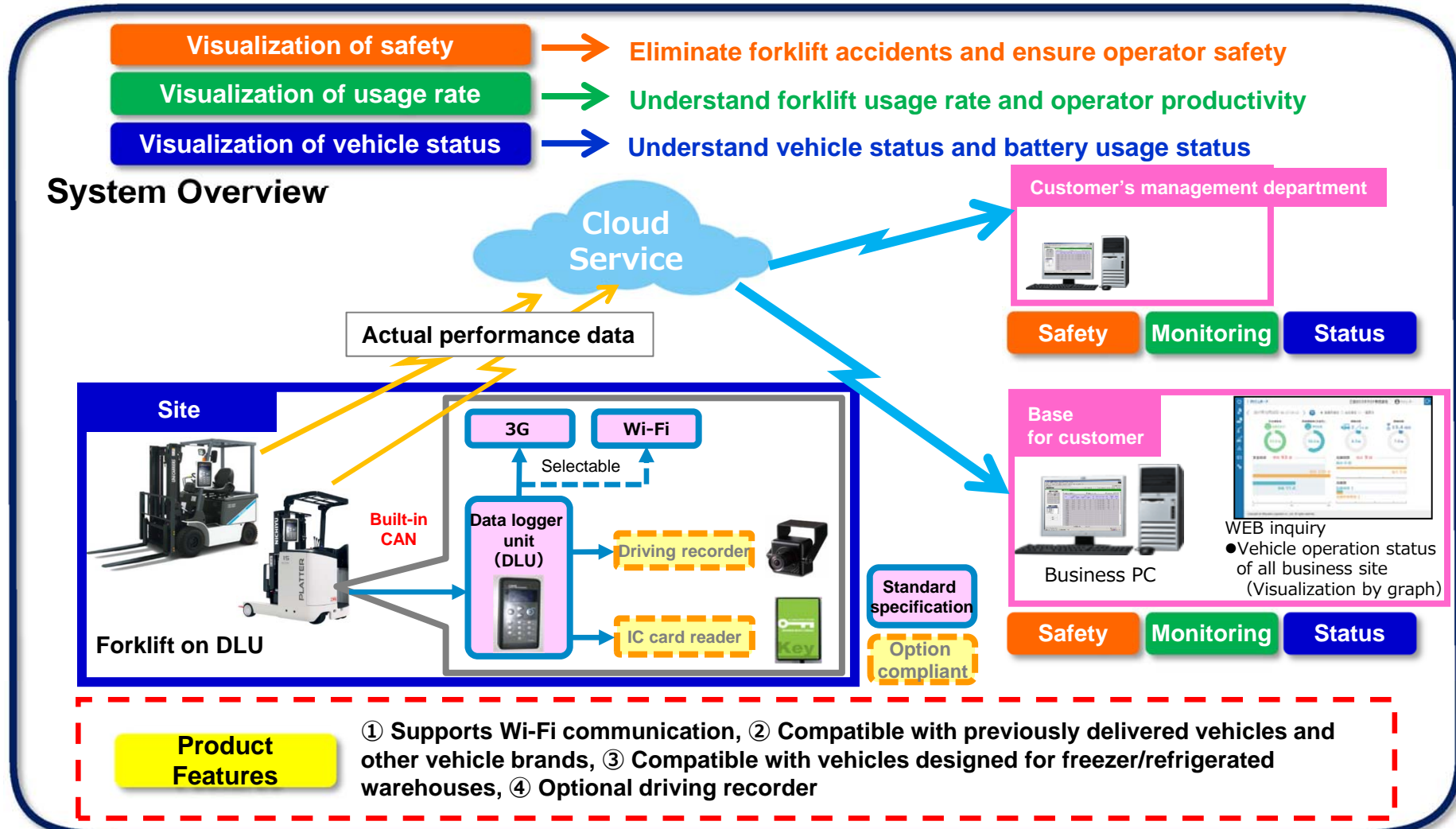


Laser-guided AGV models manufactured by Rocla

7. New Businesses

■ Visualization of work by AI and IoT technologies

➤ Logistics Vehicle Support (scheduled for June 2018 release)



8. Strengthen Management Base

■ Integration of business systems

- Aim to maximize benefits of integration by expanding scope of integration.
- Integration of accounting and design systems in Japan was completed in FY2017.
- Next, aim to complete integration of business systems in Japan by FY2020, followed by global integration.

Business Tool Integration Status (Japan)

Items	Progress
Administration / Accounting	Done
Sales	In progress
Production	In progress
Design	Done
Procurement	In progress

■ Strengthening corporate governance

➤ Responding to business integration

- Expand/improve various rules/regulations and enhance education in response to the expanded scale of our corporate group. In addition to ensuring thorough corporate compliance, building solid governance.

➤ Establishment of regional headquarters

- Establish regional headquarters in Europe and US. In addition to delegating authority, as necessary, respond quickly and flexibly.

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- 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.
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