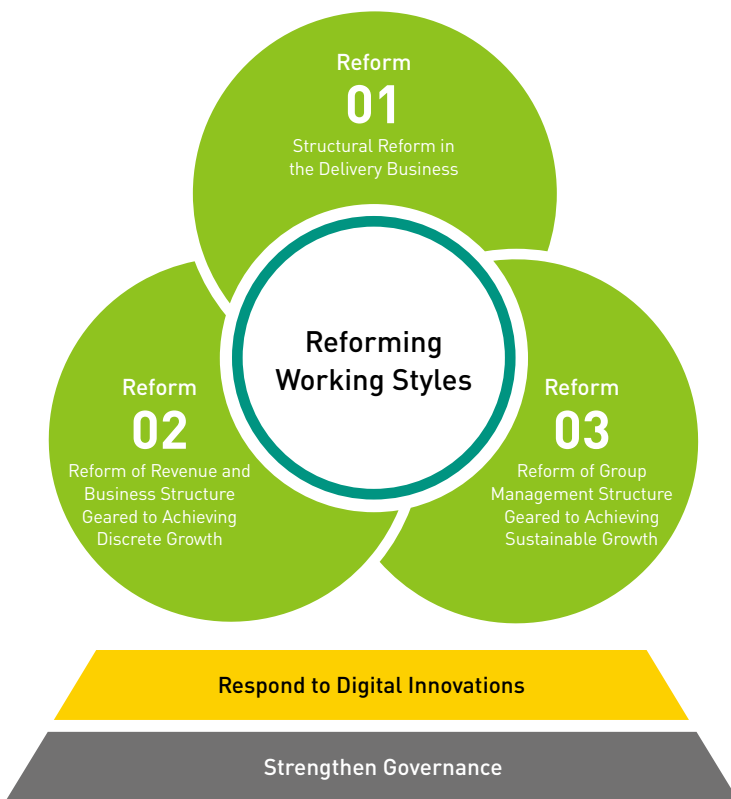


Long-Term Vision and Medium-Term Management Plan

In order to realize its long-term vision for 2025, the Yamato Group is moving forward with its three-year medium-term management plan, “KAIKAKU 2019 for NEXT100.” In November 2019, the Group will celebrate its 100-year anniversary, which it views as a major milestone. Looking beyond this milestone, the Group will strive to realize its aim of “Reforming Working Styles” as well as carrying out three major structural reforms. In doing so, the Group will reinforce a management foundation that will allow it to realize sustainable growth for the next 100 years.

Overview of “KAIKAKU 2019 for NEXT100”



➤ Reforming Working Styles to Implement “Inclusive Management”

(1) Make new working styles a reality

- Drastically reduce total working hours
- Adopt personnel systems that enable working styles tailored to an individual’s stage of life
- Develop programs that enable part-time employees (temporary and permanent) to enhance their abilities
- Promote work-life balance
- Enhance managerial assignments exhibiting greater care toward employees

(2) Maximize “individual capabilities”

- Establish an educational system
- Set up a framework for leveraging the opinions of employees in management
- Encourage the active role of overseas, elderly, and female employees through the further promotion of diversity
- Realize an employment ratio for persons with disabilities of 2.5%

(3) Thoroughly streamline operations

- Expand open-type parcel lockers (PUDO*)
- Enhance efficiency of pickup and delivery operations through the 8th NEKO System
- Fully leverage technologies such as AI and robotics

* Pick Up & Drop Off station

➤ Reform 01: Structural Reform in the Delivery Business

- (1) Rebuild business structure to enable sustainable growth
- (2) Recover profit margins by implementing a pricing strategy and thoroughly streamlining operations
- (3) Develop foundations for businesses that can solve community issues

➤ Reform 02: Reform of Revenue and Business Structure Geared to Achieving Discrete Growth

- (1) Develop an industry-wide platform
- (2) Develop a cross-border platform
- (3) Promote an account management approach
- (4) Develop a platform for e-commerce (EC)

2017/3

Yamato Group's Long-Term Vision

Vision for 2025

At the Yamato Group, with transportation itself as the catalyst, we will create new value by developing open platform solutions through leveraging the strengths of our points of contact with local communities and companies based in Japan and overseas, and the information these provide.

2020/3
(100-year
anniversary)

2025

NEXT100

➤ Reform 03: Reform of Group Management Structure Geared to Achieving Sustainable Growth

- (1) A “function-oriented organizational structure” to a “customer-oriented organizational structure”
- (2) “Individual optimization” to “overall optimization”
- (3) “Income and expenditure controls per vertically segmented organization unit” to “account management”
- (4) “Investment on a per-business function basis” to “forward-looking investment through an ‘R&D + D’ approach”
- (5) “Self-sufficiency” to an “open approach”

➤ Respond to Digital Innovations

(1) Three-pronged “R&D + D” strategy

- Develop and use a Kuroneko big data approach
- Use a corporate venturing approach
- Promptly identify business models that can bring about disruptive innovation, and draw up action plans in that regard

(2) Established Yamato Digital Innovation Center (YDIC) in April 2017

➤ Strengthen Governance

Promote Group governance reform to enhance sound Group management

Key Management Indicators

Proactive Investments

Recurring investment*1	¥200 billion
Growth investment*2	¥150 billion
Total	¥350 billion

*1 Land, buildings, cargo handling equipment, vehicles, etc.

*2 Digital innovation, alliances with outside entities, “Reforming Working Styles,” etc.

Targets

Consolidated operating revenues

2017/3 (actual result)	➤	2020/3 (plan)
¥1,466.8 billion	+¥203.1 billion (+13.8%)	¥1,670.0 billion

Consolidated operating profit

2017/3 (actual result)	➤	2020/3 (plan)
¥34.8 billion	+¥37.1 billion (+106.4%)	¥72.0 billion

Consolidated operating margin

2017/3 (actual result)	➤	2020/3 (plan)
2.4%	+1.9 percentage points	4.3%

ROE

2017/3 (actual result)	➤	2020/3 (plan)
3.4%	+4.3 percentage points	7.7%