Yamato Holdings Co., Ltd.

Questions and Answers (Digest)

The Financial Results Meeting
for the fiscal year ended March 31, 2015
held on May 1, 2015

Q1 Please fill us in on the current scenario regarding TA-Q-BIN services as of April.

- We have cleared previous year figures in terms of TA-Q-BIN delivery volumes.
  Business seems to be proceeding as expected.
  We intend to release specific details in this regard on May 11.

Q2 Please update us on the status of operating trends, your business framework and expenses following on the launch of your new product offerings (TA-Q-BIN Compact, Nekopos and Kuroneko DM-Bin).

- Although it will be some time before our new product offerings fully penetrate the market, they already have a positive reputation among our customers.
  In particular, we are gaining increased numbers of individual customers primarily involved with flea market sites, and going forward we will need to address the challenge of ensuring more points of service.
  Also, given that negotiations are ongoing with large-lot customers, we anticipate a year-on-year increase of 11.0% for the full year with respect to TA-Q-BIN overall.
- Our new product offerings are fine-tuned services with potential to gain a competitive edge. For instance, the services provide high-quality delivery using our “last mile” network, while we also send customers e-mail notification upon completion of posting to customer mailboxes.
- There have been no major operational disruptions as a result of launching the new product offerings.
  One-time expenses in this regard are pretty much limited to costs involving promotion, but outlays for investing in systems for large-lot customers are likely to have a relatively large impact.

Q3 What are your thoughts regarding the potential impact of having discontinued the Kuroneko Mail service while launching the new product offerings (TA-Q-BIN Compact and Nekopos) on earnings forecasts for the fiscal year ending March 31, 2016?

Also, if you were to face hurdles in achieving your operating revenue target, do you think it would still be possible for you to hit your operating income target as a result of implementing cost controls?

- Discontinuing the Kuroneko Mail service that had been offered to individual customers will result in a drop in unit pricing, but this decision was made based on giving priority to eliminating risks of customers delivering parcels containing items legally defined as postal mail “correspondence.”
- Our new Nekopos service should enable us to secure a certain level of revenues given that the service will bring about an increased number of places where deliveries can be performed by our company’s sales drivers.
  Also, we are experiencing fewer issues than had been anticipated regarding the switch-over to TA-Q-BIN Compact from TA-Q-BIN.
- In the latter half of the fiscal year ended March 31, 2015, we secured operating income due to efforts that involved allocating adequate numbers of personnel and vehicles in line with estimated operating volumes, and making adjustments when necessary.
  Likewise, we will continue moving forward with cost control initiatives also during the fiscal year ending March 31, 2016.

Q4 The Medium-Term Management Plan which wraps up in the fiscal year ending March 31, 2017 sets a target for consolidated operating income of 90.0 billion yen. However, it would seem as though your prevailing results, particularly in the non-delivery businesses, are not on track to achieve that goal. What are your thoughts on that?

- In the non-delivery businesses, we expect to achieve higher levels of profitability heading toward the fiscal year ending March 31, 2020.
  In the BIZ-Logistics Business, earnings results are increasing with multiple customers such as those we do business with in the medical devices loaner business where we provide high added value services.
  We are firmly committed to achieving our 5.8% consolidated operating margin and 9.0% ROE targets for the fiscal year ending March 31, 2017, and will continue pushing forward with those targets in mind.