

Year Ended March 2020 Result Briefing



ALPS LOGISTICS CO., LTD.

(TSE Second Section: 9055)

May 11, 2020

President Masaru Usui



Part 1: Financial highlights
for the year ended March 2020

Part 2: Financial forecast
for the year ending March 2021

Part 3: Strategies and Measures
for the year ending March 2021

1. Electronic components related business
2. Consumer products logistics (Distribution services)



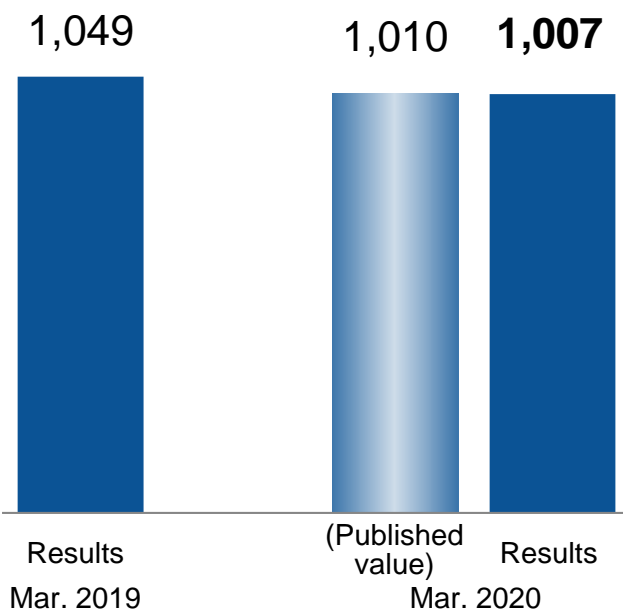
Year Ended
March 2020

Financial Highlights (Consolidated)

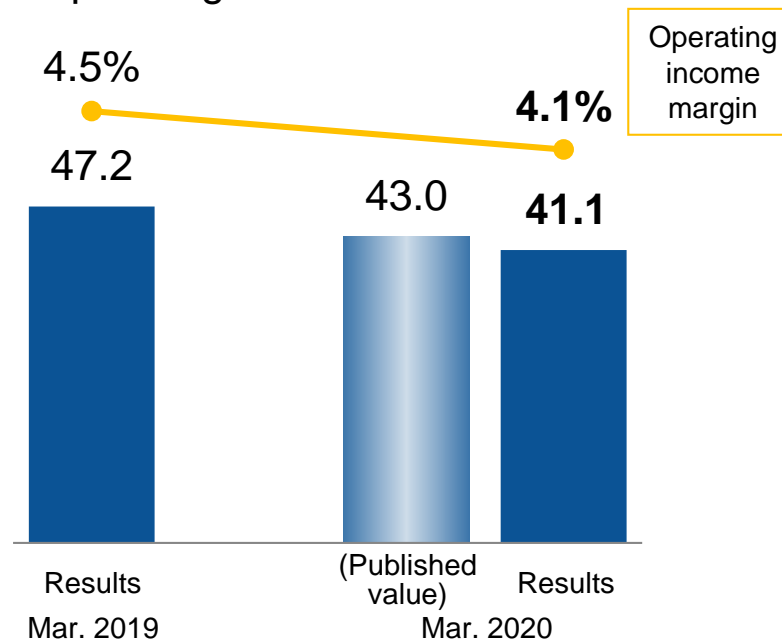
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(Unit: million yen)	Mar. 2019 Results	Mar. 2020		
		Results	Percent change (y/y)	Published value
Net sales	104,919	100,741	- 4.0%	101,000
Operating income	4,722	4,118	-12.8%	4,300
Ordinary income	4,830	3,886	-19.5%	4,300
Profit attributable to owners of parent	2,499	2,389	- 4.4%	2,500

■ Net sales (Unit: 100 million yen)



■ Operating income (Unit: 100 million yen)





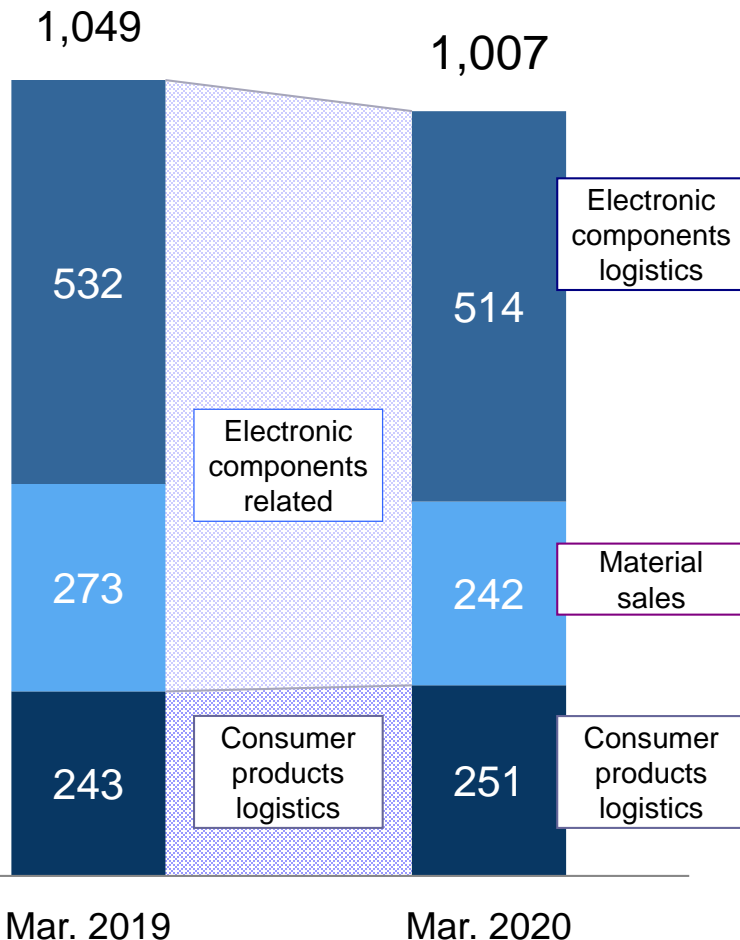
Year Ended
March 2020

Net Sales (Consolidated)

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■ Net sales by segment

(Unit: 100 million yen)



-4.17 billion yen (-4.0%) y/y

■ Electronic components logistics -1.8 billion yen

The volume of freight movement decreased due to the deteriorated electronic components market, in addition to the outbreak of the COVID-19 pandemic.

■ Material sales -3.1 billion yen

The demand for smartphones and in-vehicle equipment decreased in China and North America, in addition to the increased local procurement.

■ Consumer products logistics +0.8 billion yen

Sales increased due to the expansion of the distribution center for cosmetics products and growing demand for co-op home delivery.

* Sales of each segment represents sales after elimination of intra-company transactions.



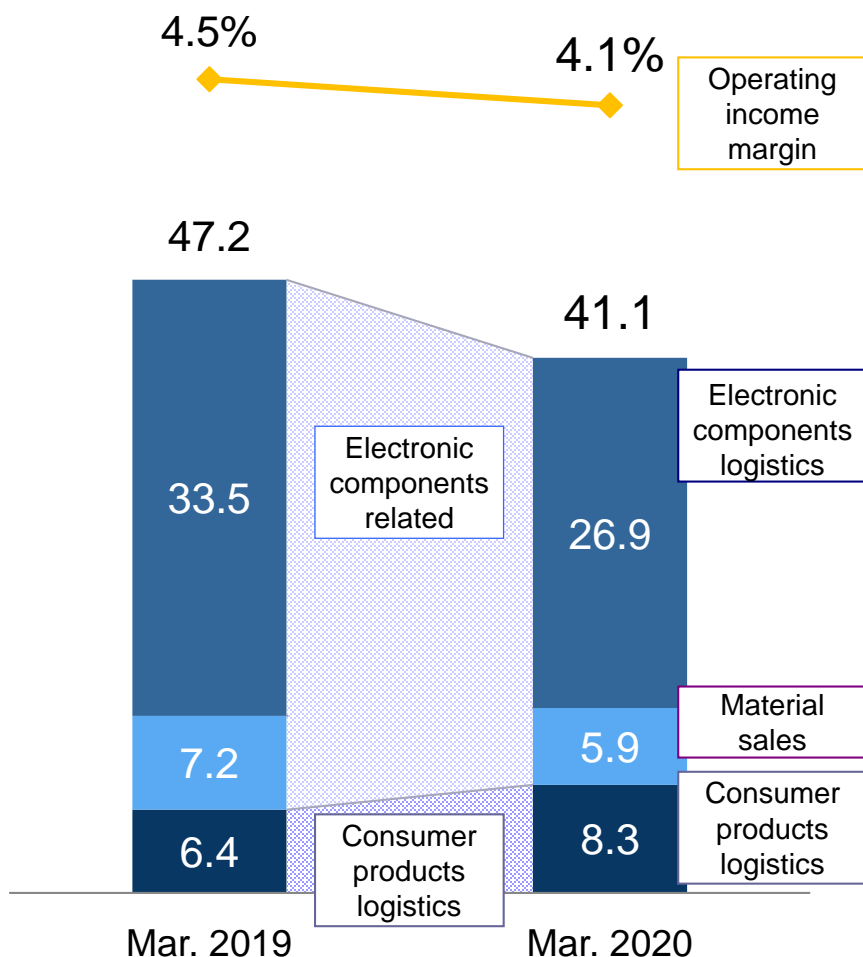
Year Ended
March 2020

Operating income (Consolidated)

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■ Operating income by segment

(Unit: 100 million yen)



-0.6 billion yen (-12.8%) y/y

■ Electronic components logistics -0.65 billion yen

Despite efforts to improve productivity through automation, profit decreased due to declined sales and increased fixed cost in Japan.

■ Material sales -0.13 billion yen

Profit decreased due to declined sales and increased purchasing cost with deteriorated exchange rate.

■ Consumer products logistics +0.18 billion yen

Despite increased labor cost due to labor shortage, profit increased due to expanded sales.

* Sales of each segment represents sales after elimination of intra-company transactions.

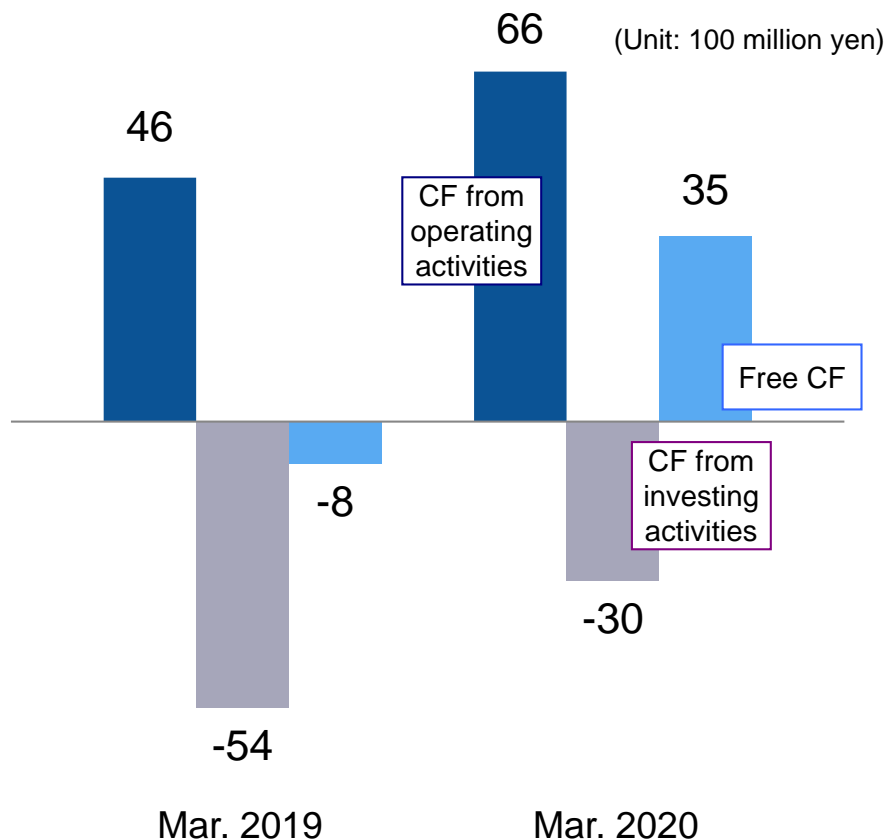


Year Ended
March 2020

Financial Status (Consolidated)

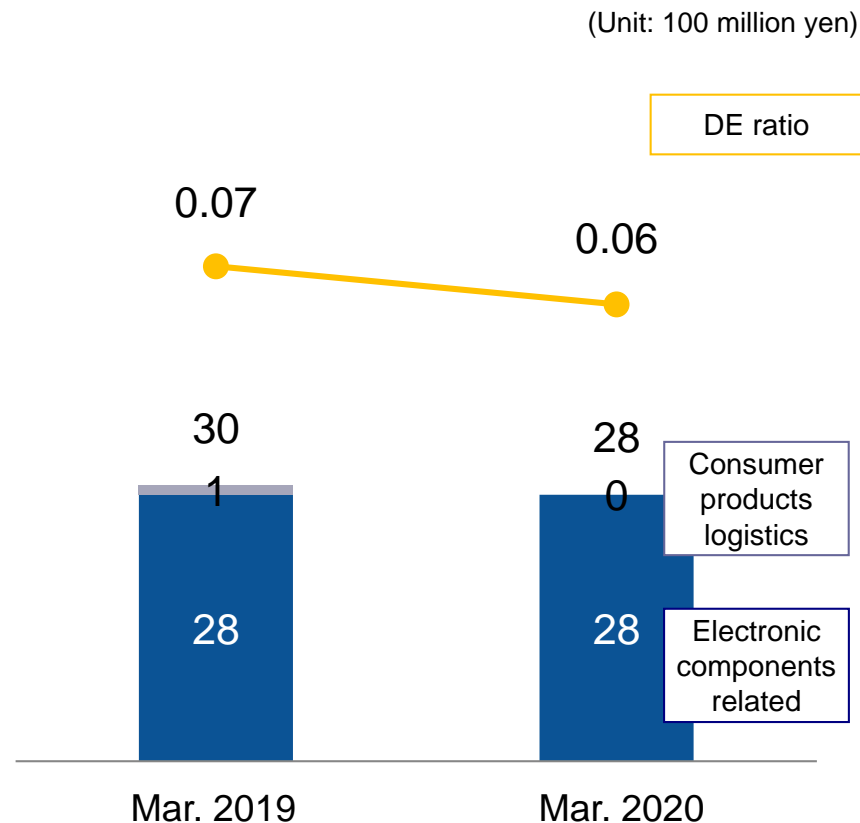
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■ Cash flow (CF)



CF from operating activities: Increased due to increased depreciation and decreased payments for purchasing.
CF from investment activities: Payment for acquired second-hand warehouses in China.

■ Outstanding interest-bearing liabilities



Borrowing: Reduced due to increased profits from consumer products logistics.
DE ratio: Slightly improved due to increased equity capital.

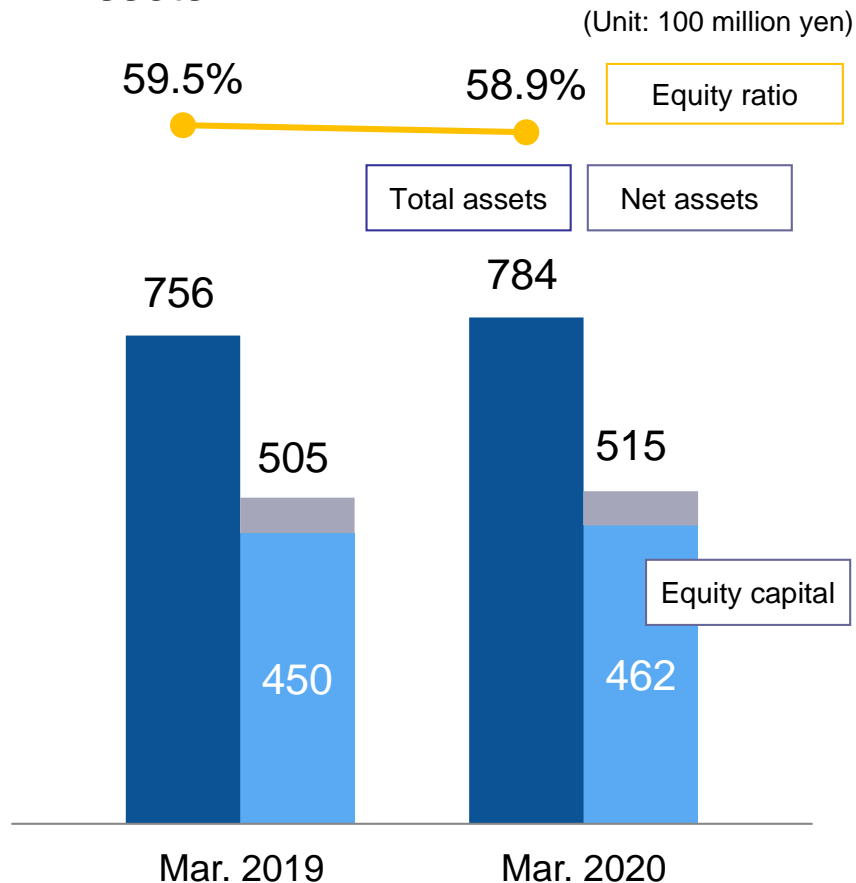


Year Ended
March 2020

Financial Index (Consolidated)

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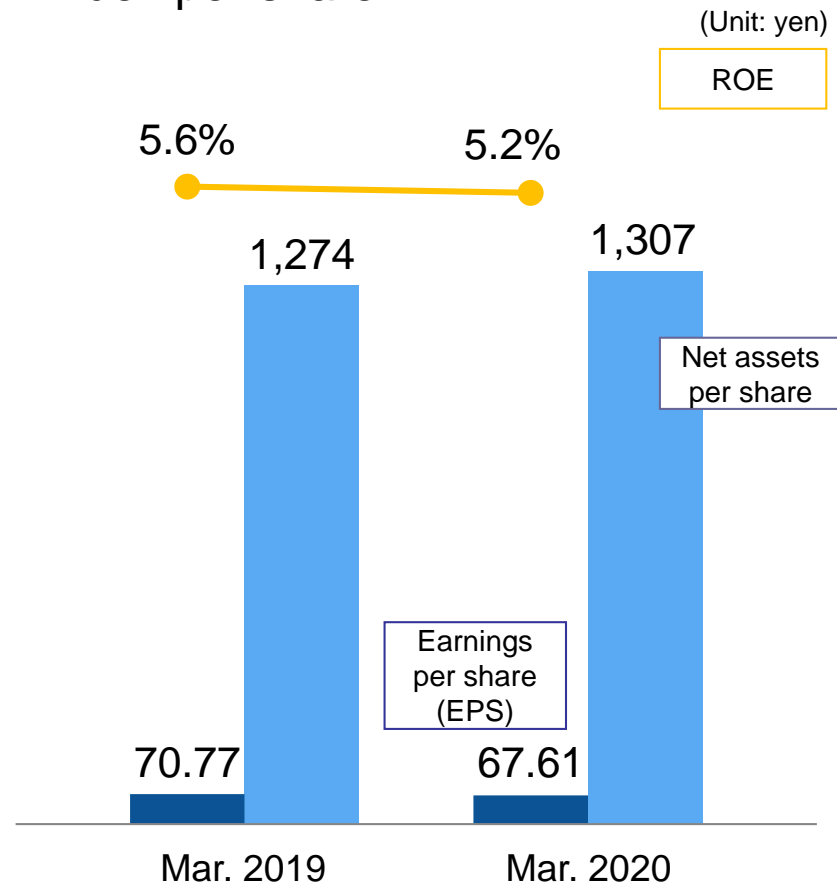
■ Assets



Total assets: Increased due to acquired fixed assets and newly added lease assets.

Net assets: Increased due to secured net profit attributable to owners of parent.

■ Index per share



EPS -3.16 yen: Due to decrease in net profit attributable to owners of parent.

ROE -0.4p: Decreased due to decrease in profit and increase in equity capital.

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for the year ended March 2020

**Part 2: Financial forecast
for the year ending March 2021**

Part 3: Strategies and Measures
for the year ending March 2021

1. Electronic components related business
2. Consumer products logistics (Distribution services)



(Unit: million yen)	Mar. 2020		Mar. 2021		
	Results	Income ratio	Forecast	Income ratio	Percent change (y/y)
Net sales	100,741	-	<p>The current COVID-19 pandemic prevents us from making any reasonable forecast at this moment. We will disclose it when it becomes possible.</p>		
Operating income	4,118	4.1%			
Ordinary income	3,886	3.9%			
Profit attributable to owners of parent	2,389	2.4%			

Electronic components logistics

■ Due to the global COVID-19 pandemic, we are carefully assessing the potential impacts it could make on the operations of our customers and their factories, and the resulting cargo volume handled by our company. Amid the environment that hampers our sales activities towards the second half of the year, it is difficult for us to make any reasonable forecast at this moment. We will disclose it when it becomes possible.

■ In the long term, we expect growing demand for electronic components logistics with the progress of computerization of automobiles, 5G and IoT.

Consumer products logistics

■ In the short term, we expect increasing demand for home delivery. However, the post-COVID-19 forecast is difficult to make at this moment.

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**Part 3: Strategies and Measures
for the year ending March 2021**

1. Electronic components related business
2. Consumer products logistics (Distribution services)

1. Electronic components related business



We provide our ever-evolving “optimal logistics” to more customers.

We will make growth by focusing on two aspects: region and market/customer.
We will enhance our corporate quality.

GTB (Business)

Expansion of markets and products

- (1) We will enhance our hub functions and network.
- (2) We will accelerate our business for in-vehicle components and industrial equipment.
- (3) We will enhance our service menu and proposal capabilities.

GTP (Profit)

Improvement of productivities in both direct and indirect departments

- (1) We will upgrade our IT/automation system and expand the adoption.
- (2) We will focus on capital efficiency and steadily harvest the benefits.
- (3) We will upgrade our improvement activities.

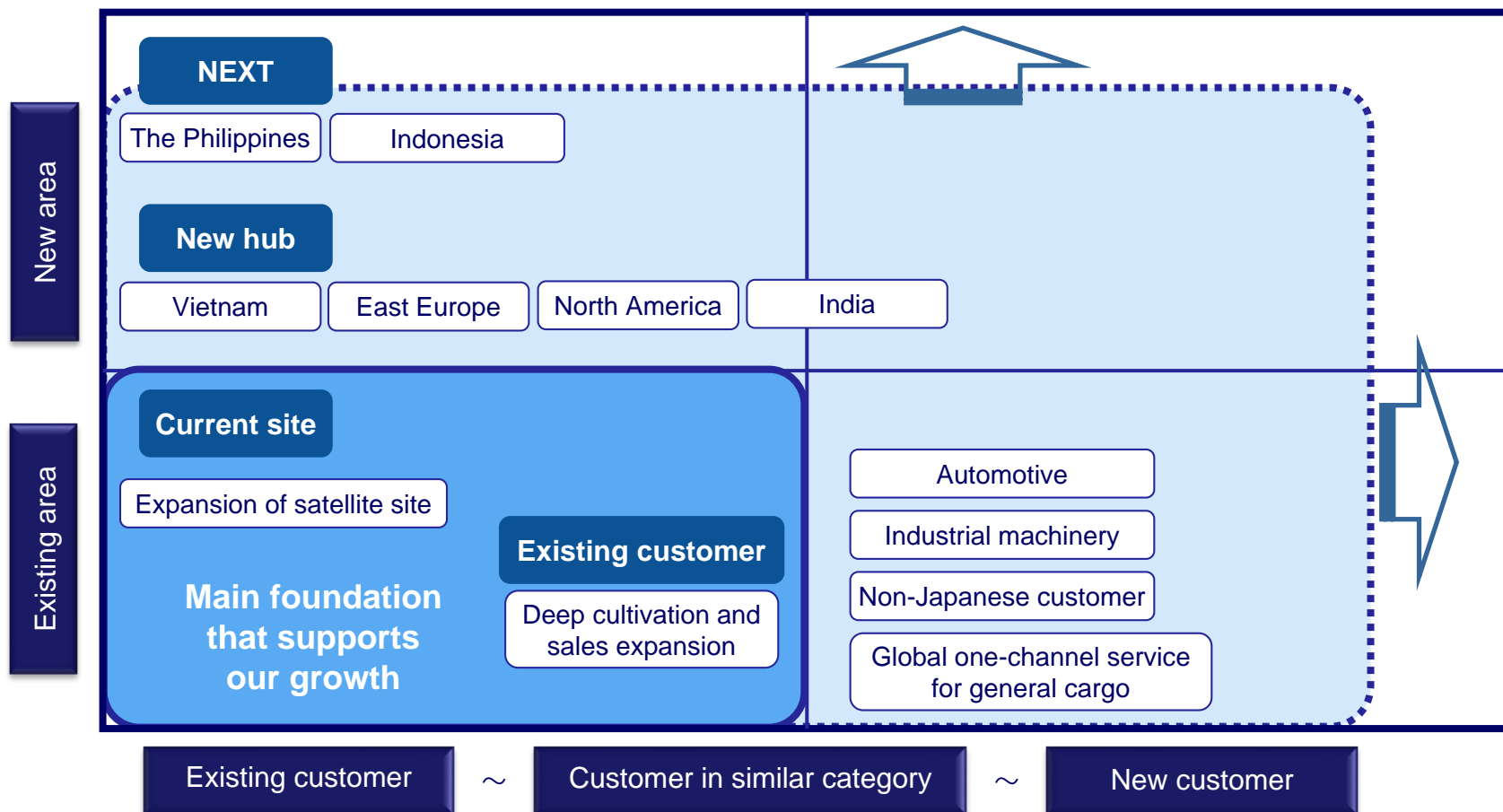
GTC (Confidence)

A company of choice

- (1) We will strengthen our human resources and reduce work load.
- (2) We will realize customer satisfaction through our quality first policy.
- (3) We will build our system and improve our efforts with the ESG perspective.

GTB growth by focusing on two aspects: region and market/customer

- We will enhance our hub functions and network.
- In addition to automobiles and industrial machinery, we will try to develop new customers in general cargo by focusing on forwarding business.



[Japan]

(1)

Startup and stabilization of new automated warehouse and equipment
- Introduction of large automation equipment and promotion of internal development -

(2)

Progress of expansion plan for major sites in the Higashi-meihan area
- Recovery and acceleration of plans including land acquisition -

(3)

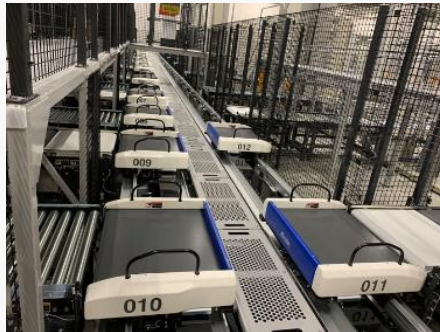
Strengthening of systems including warehouse management systems (WMS) and import/export systems
- Enhancement of functions and significant improvement in efficiency -

Launch of the first automatic warehouse for carton box in Alps Logistics (Nishinomiya warehouse)

Automatic
warehouse shelf



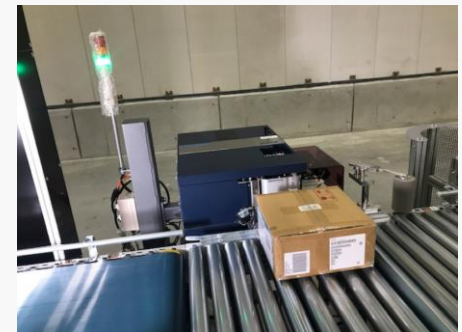
Sorter (Automatic sorting)



Auto-scanner



Auto-labeler



Operation started from March 2020 to improve productivity.

[Europe and North America]

(1)

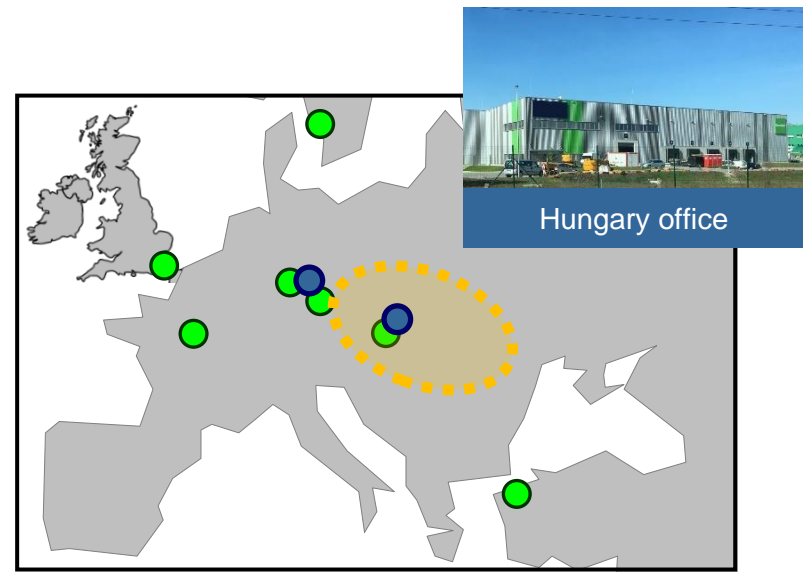
Strengthening of the network of automotive components to the southeastern United States
- Flexible expansion into Atlanta, Huntsville, etc. -

(2)

Strengthening of transportation capacity between the US and Mexico
- Study of new expansion to the Central Highlands area and Monterey -

(3)

Expansion of network to East Europe
- Promotion of expansion to Czech Republic, Romania, etc. after Hungary -



[Greater China]

(1)

Strengthening of domestic transportation network in China
- Enhancement of the integrated domestic delivery system
directly after import -

(2)

Expansion of services for the automotive industry
- Provision of value-added services including high quality +
Just-In-Time (JIT)/Vendor Managed Inventory (VMI) -

(3)

Strengthening of custom clearance and service systems
- Launch of a specialized company and
acquisition of high-class certification -

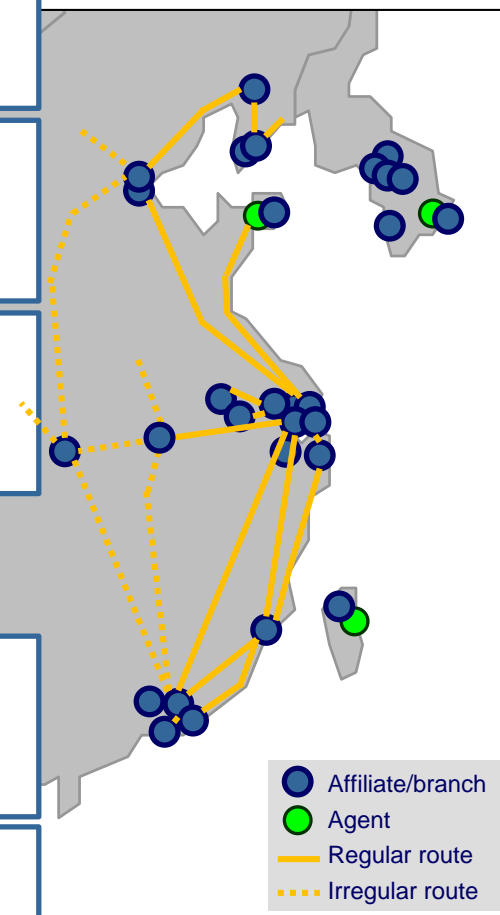
[Korea]

(1)

Expansion of semiconductor-related business
- Responding to customer needs in a detailed manner
toward the launch of 5G-related business -

(2)

Efforts to develop non-Japanese businesses
- Providing support for global SCM system of
electronic components manufacturers and trading companies -



[ASEAN and India]

(1)

Strengthening of functions of each site (full functioning)
- Autonomous operation of import/export business and system development -

(2)

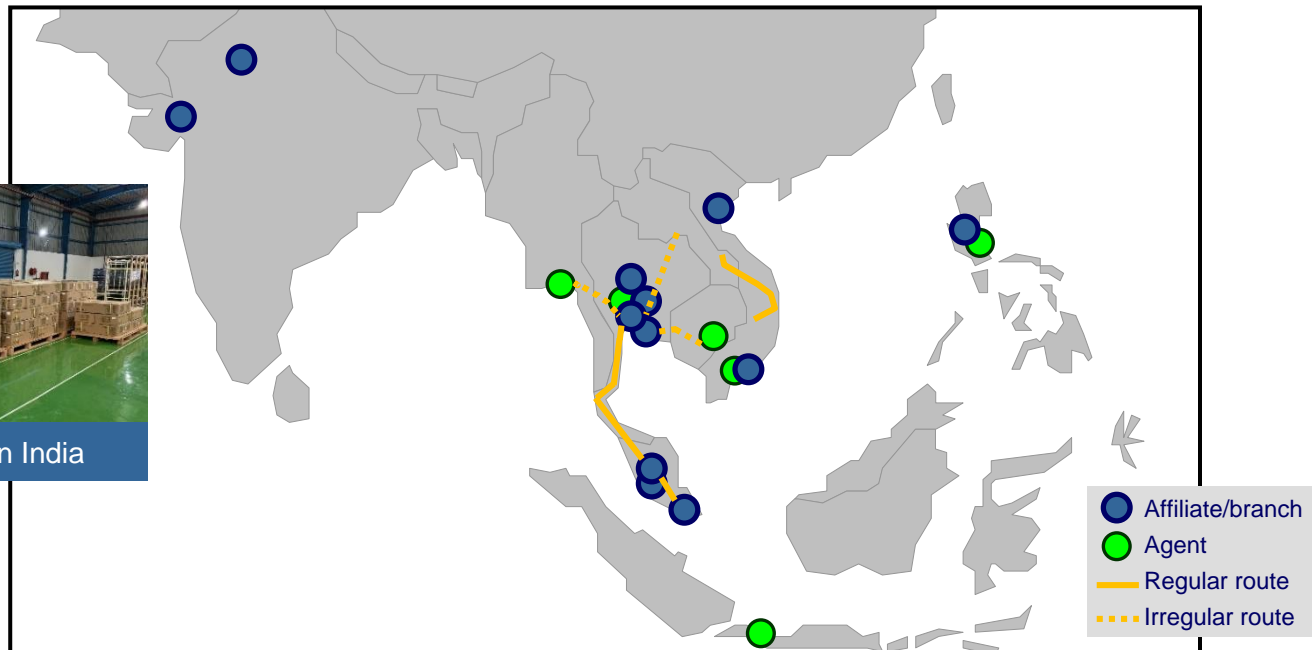
Expansion of cross-boarder transportation within ASEAN region
- Development of networks between Singapore and Thailand/Vietnam -

(3)

Stabilization of business and network in India
- Stabilization of two local subsidiaries in India and study of establishment of new sites -



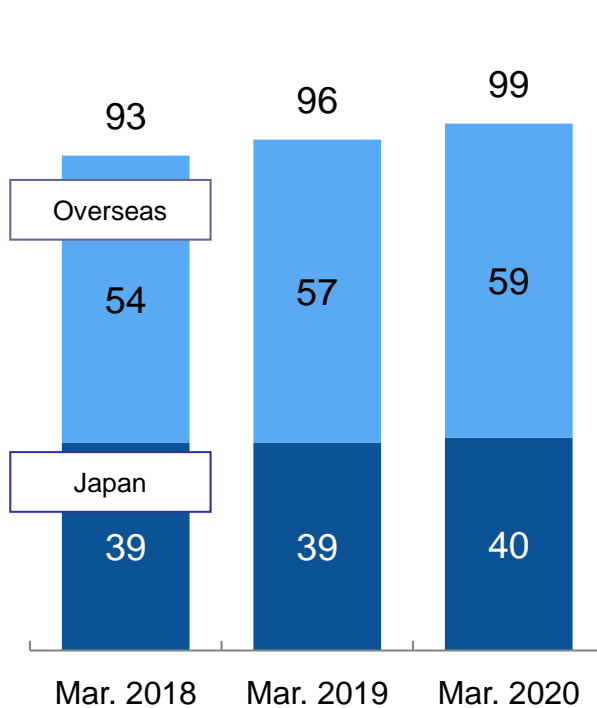
Warehouse in India



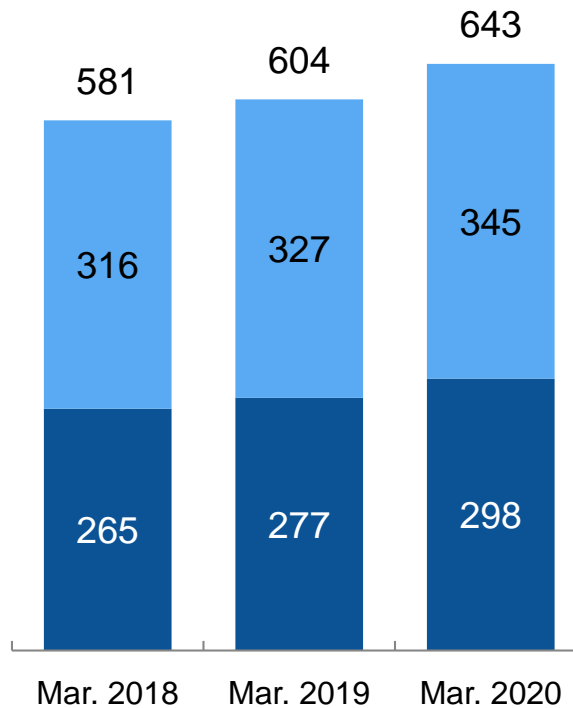


Expansion of logistics infrastructure

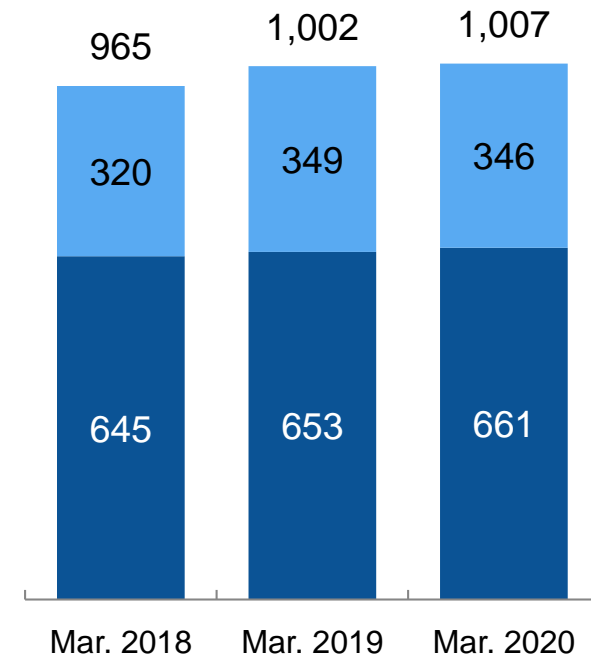
■ Number of sites (Unit: site)



■ Warehouse area (Unit: 1,000 m²)

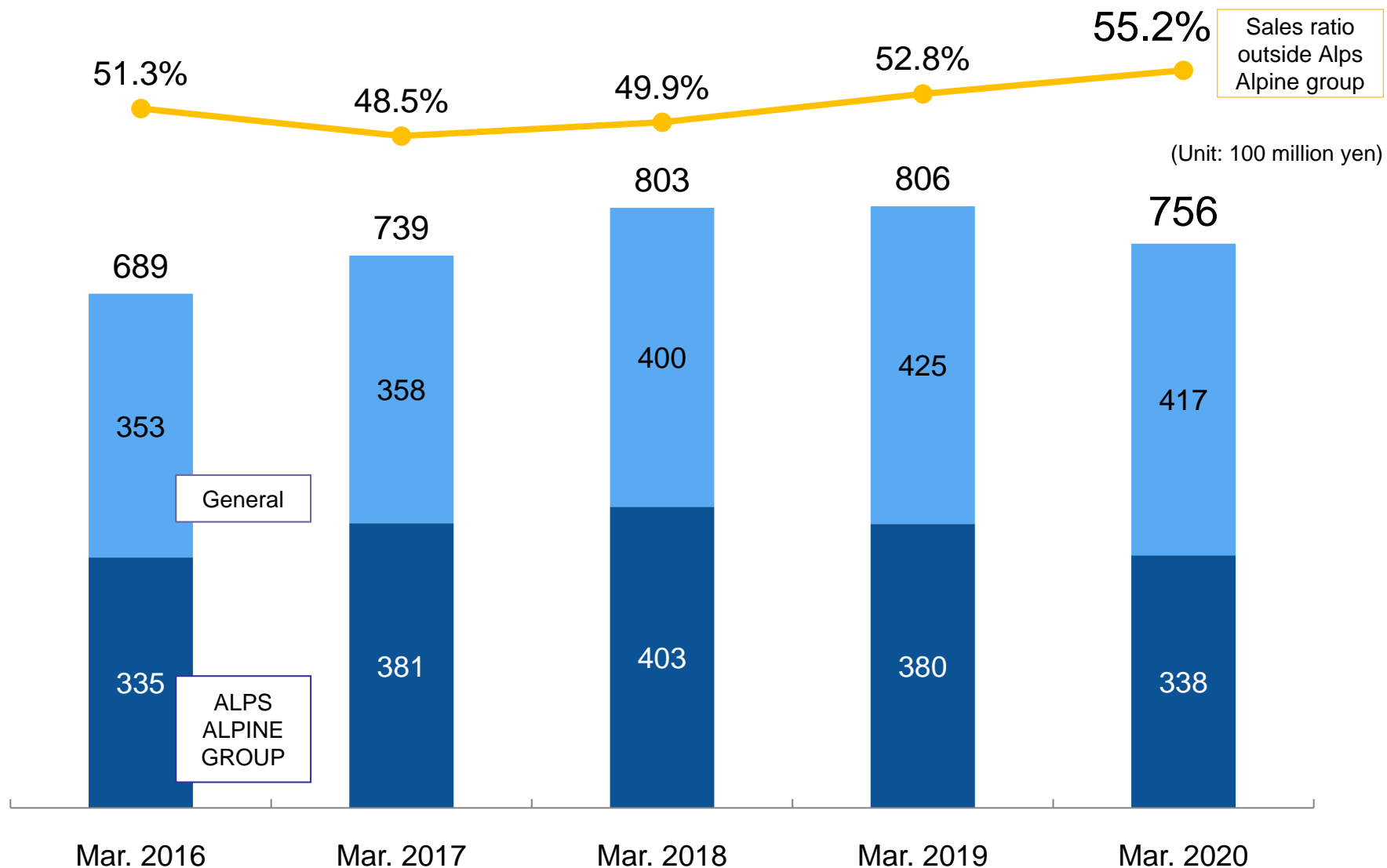


■ Number of trucks in regular operation (Unit: vehicle)



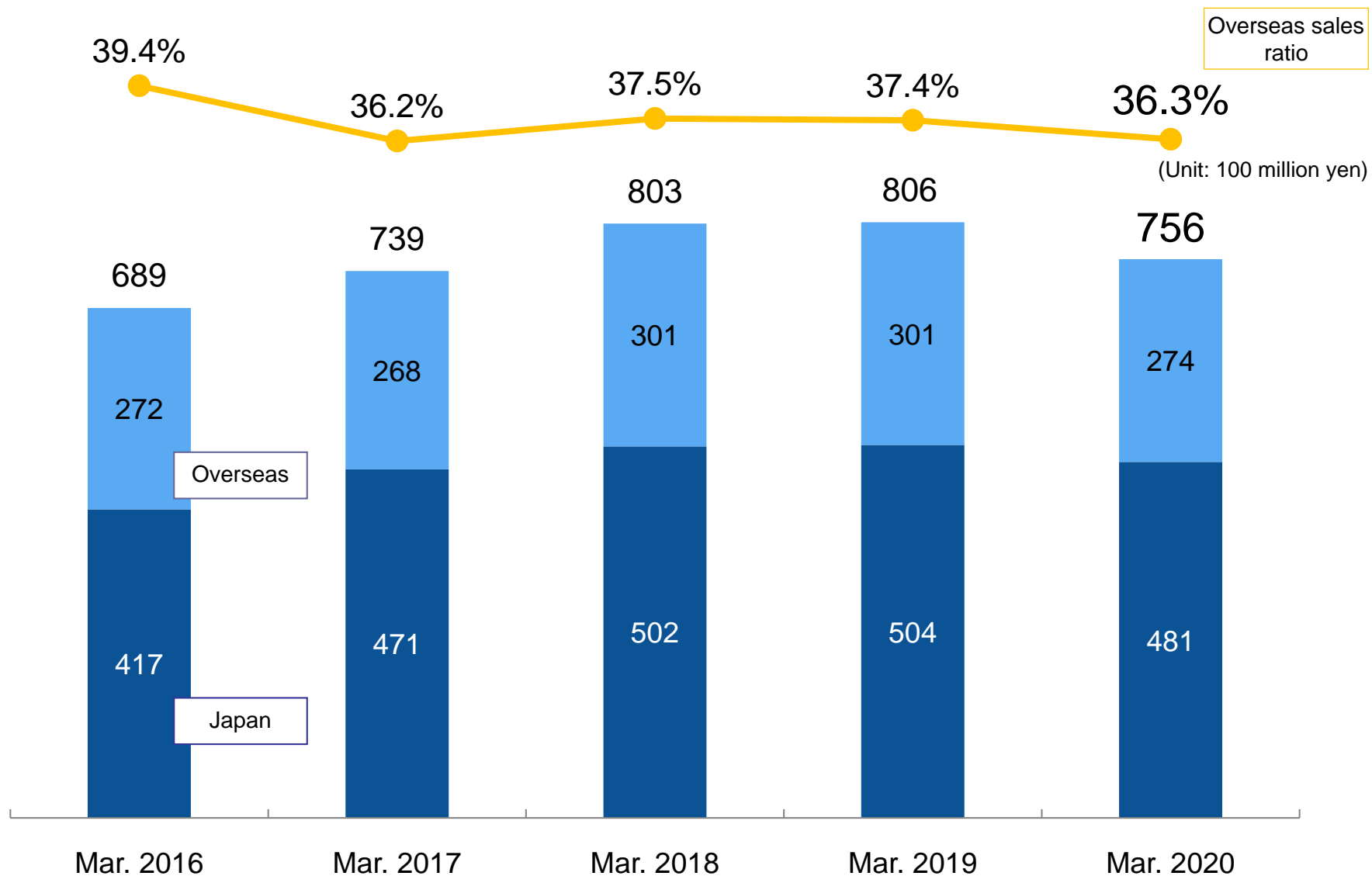


Non-Group sales ratio





Overseas sales ratio



2. Consumer products logistics

(Distribution services)





GTB (Business)

Sustainable growth

- (1) We will expand B2B upstream logistics.
- (2) We will venture into pharmaceutical distribution.
- (3) We will develop co-op logistics.
- (4) We will create new businesses.

GTP (Profit)

Improvement of profitability

- (1) We will improve profitability by increasing logistics value.
- (2) Direct departments will improve their revenue with PDCA+.
- (3) Indirect departments will contribute to profit through operational reform.
- (4) We will implement and verify strategic investment.

GTC (Confidence)

Strengthening of workplace ability

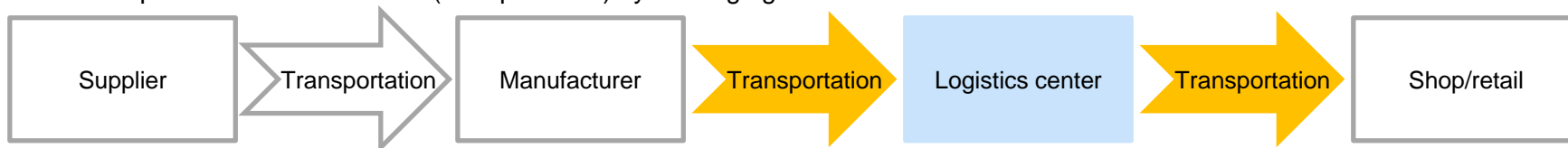
- (1) We will boost employee's motivation to value work in distribution services.
- (2) We will acquire customer trust by improving our quality.
- (3) Managers and employees will mutually grow by trusting and entrusting each other.
- (4) We will improve our "corporate value" by earning social confidence.

Further growth by expanding business areas

Existing
business areaNewly
expanding area

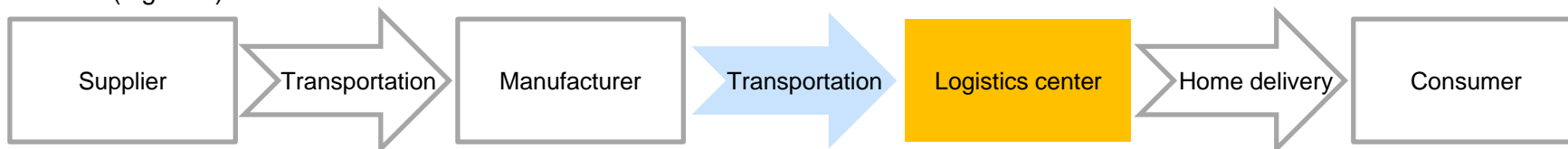
■ B2B logistics

We will expand new B2B business (transportation) by leveraging distribution centers and trunk networks.



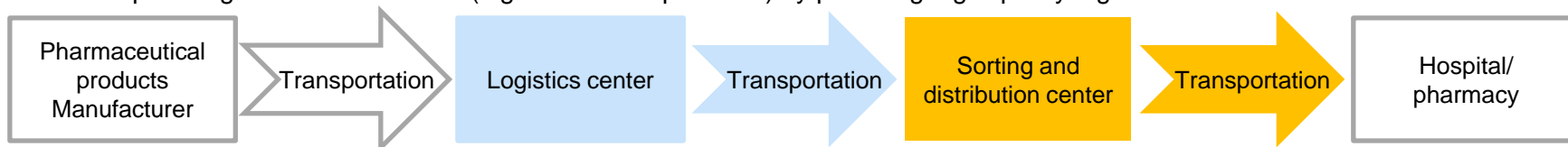
■ B2C logistics

We will build the next-generation logistics by introducing labor-saving material handling systems and strengthen the acquisition of the B2C (logistics) business.



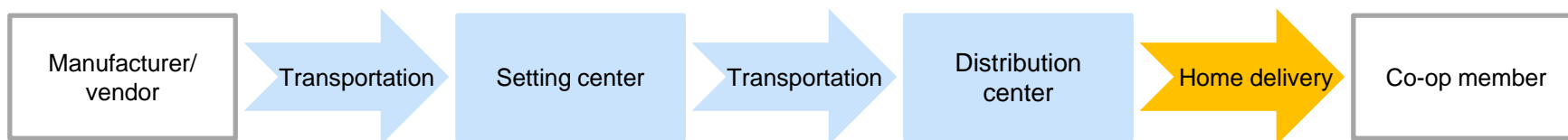
■ Medical logistics

We will expand high value-added area (logistics + transportation) by providing high-quality logistics services.



■ Co-op logistics

We will venture into new services (such as light freight delivery by cooperating with partner companies) while retaining existing business areas.





Improvement of profitability

- Improvement of man-hour productivity
- Improvement of on-site skills through personalized education
- Provision of logistics value through labor-saving material handling

Strengthening of workplace ability

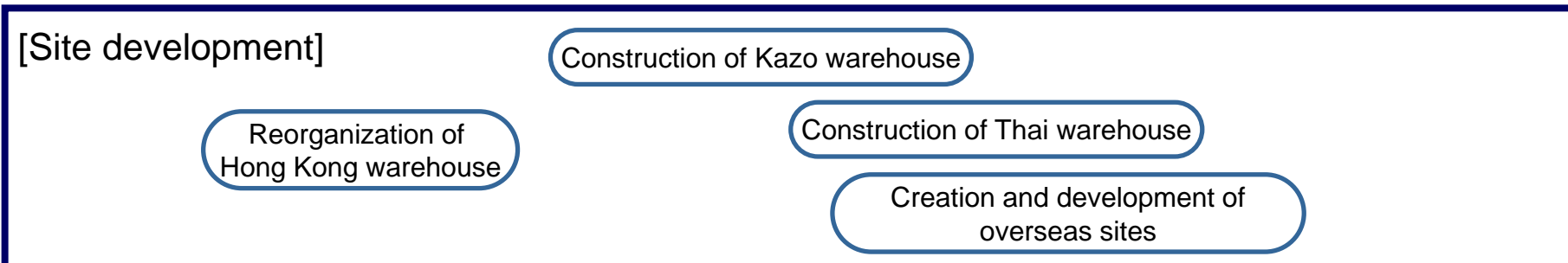
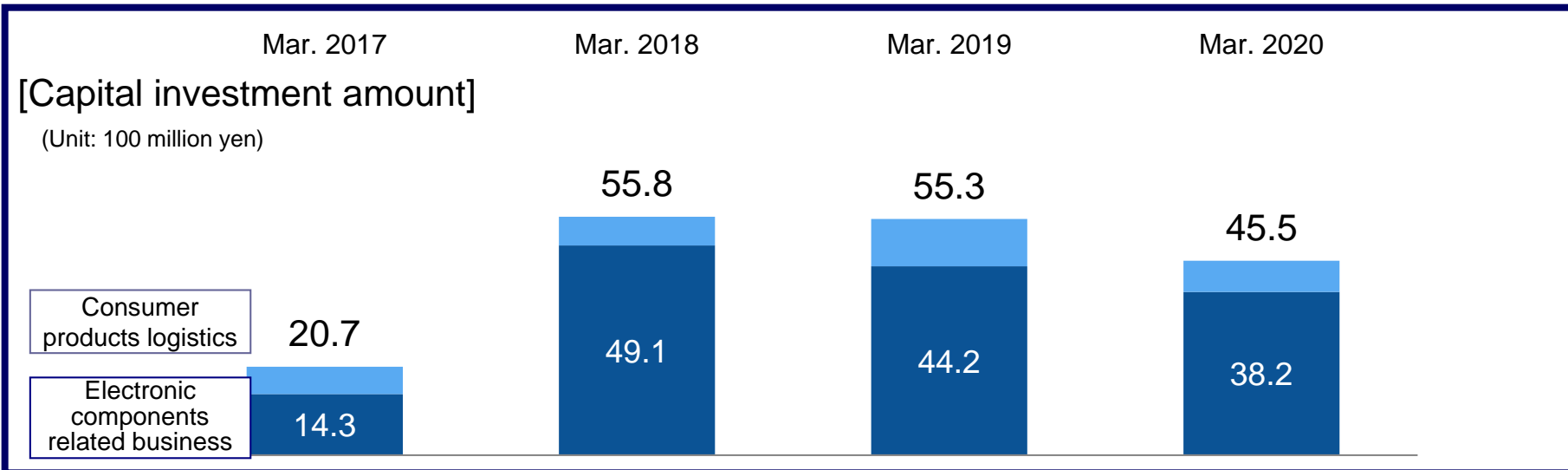
- Restructuring of work and treatment according to workers
- Improvement of hiring efficiency by reviewing personnel plans and measures
- Improvement of corporate value by strengthening CR activities

* CR: Corporate Relations, good relations with inside and outside the company

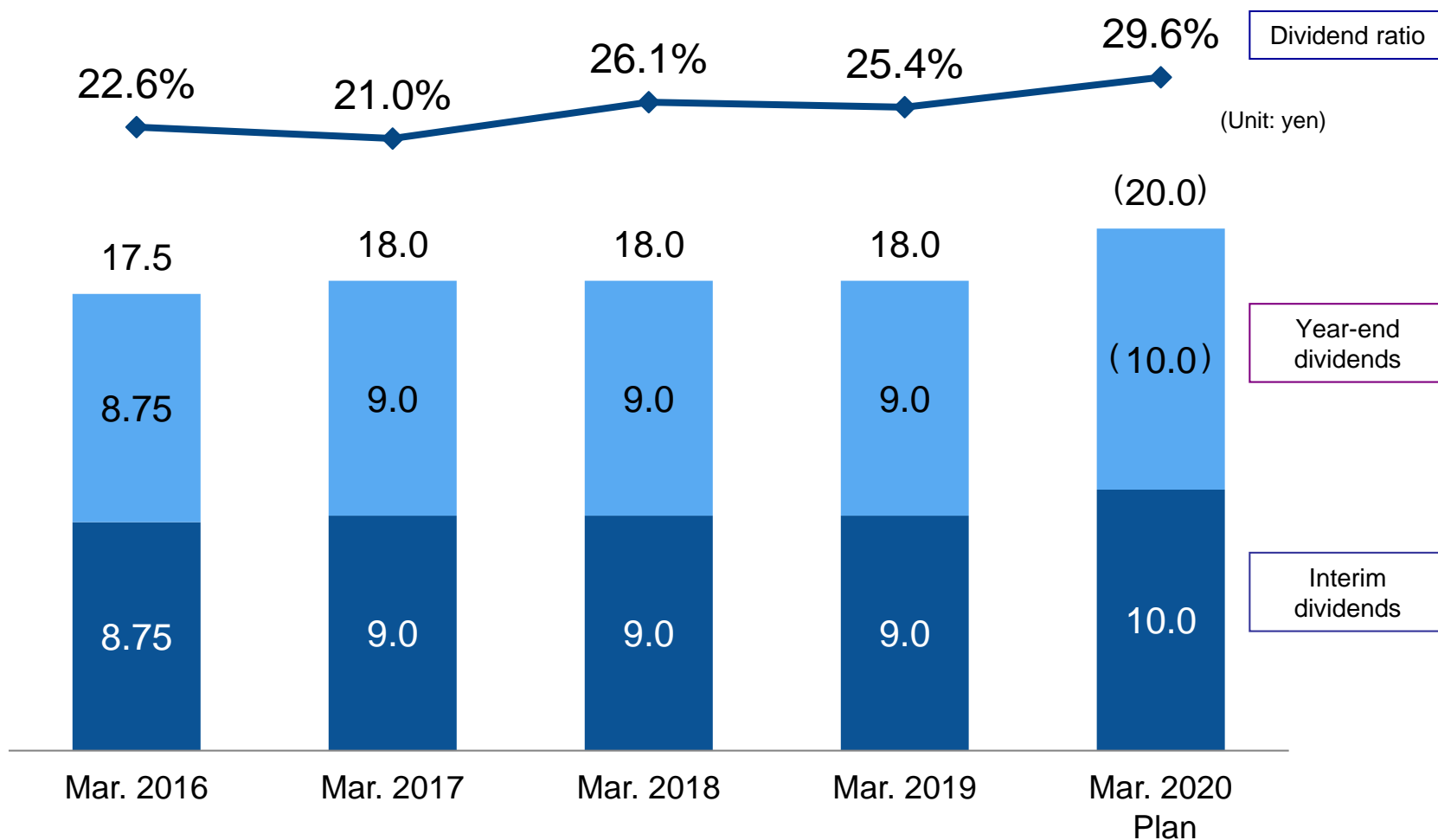
Strategic investment

- Introduction of labor-saving next-generation material handling
- Reorganization of warehouses in western Japan
- Well-planned vehicle deployment
- Introduction of low-emission and fuel-efficient vehicles (study of EV vehicles)

	Mar. 2019		Mar. 2020
■ Number of sites	115	➡	116 sites
■ Warehouse area	218	➡	222 ,000 m ²
■ Number of trucks	2,387	➡	2,408 vehicles

Expansion of strategic investment**⇒ Site development + Productivity improvement**

- We aim for stable increase of dividends (dividend ratio: 25-30%). Retained earnings in the 4th mid-term will be invested.
- Currently, dividend for March 2021 is undecided.



* As of April 1, 2016, we adopted a 2-for-1 split on the common stock.

The dividend per share in the graph above is adjusted to the number of shares after the split, including the one for March 2016, before the split.

Thank you for your attention.

**We kindly ask for your continued
support in the future.**

ALPS LOGISTICS CO., LTD.

Disclaimer:

The business and future forecasts contained in this document are based on the information available at this moment and may include uncertain factors.

Actual performance may be affected by changes in business conditions and may differ from the forecast stated in this document.

This document is not subject to accounting audit.