



C&F LOGISTICS

FY2019

Consolidated Financial Results

Chilled & Frozen Logistics Holdings Co., Ltd.

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※ Note

In this document, we express our company name and two main business subsidiaries as follows;

Chilled and Frozen Logistics Co., Ltd.	: CF
MEITO TRANSPORTATION CO., LTD (subsidiary)	: MU
Hutech norin Co., Ltd. (subsidiary)	: HN

■ Operating revenue

110,676 million Yen
(YoY Change +2.8 %)

- ▶ The amount of handling material has been increasing because of growth in demand of chilled and frozen processed foods.
- ▶ As for the impact of COVID-19, the amount of handling material has been decreasing partly. However, as it occurred in the end of fiscal year, total financial impact on FY2019's results was limited.

■ Ordinary profit

5,029 million Yen
(YoY Change +16.9 %)

- Increase in labor cost and outsourcing cost for increase in the amount of handling material
 - Increase in labor cost due to rising unit price of employees
 - Increase in labor cost to promote "work style reforms" in compliance with related laws
 - Increase in labor cost for improvement of treatment for employees and family benefit.
- ▶ Control and curb the increase in cost of sales within the increase in operating revenue, in face of above-mentioned factor of rising cost.

■ ROE

8.9%
(YoY Change +1.2 points)

- ▶ Increase in profit attributable to owners of parent with growth in operating revenue.

Highlights of consolidated financial results

(Unit: Million yen)

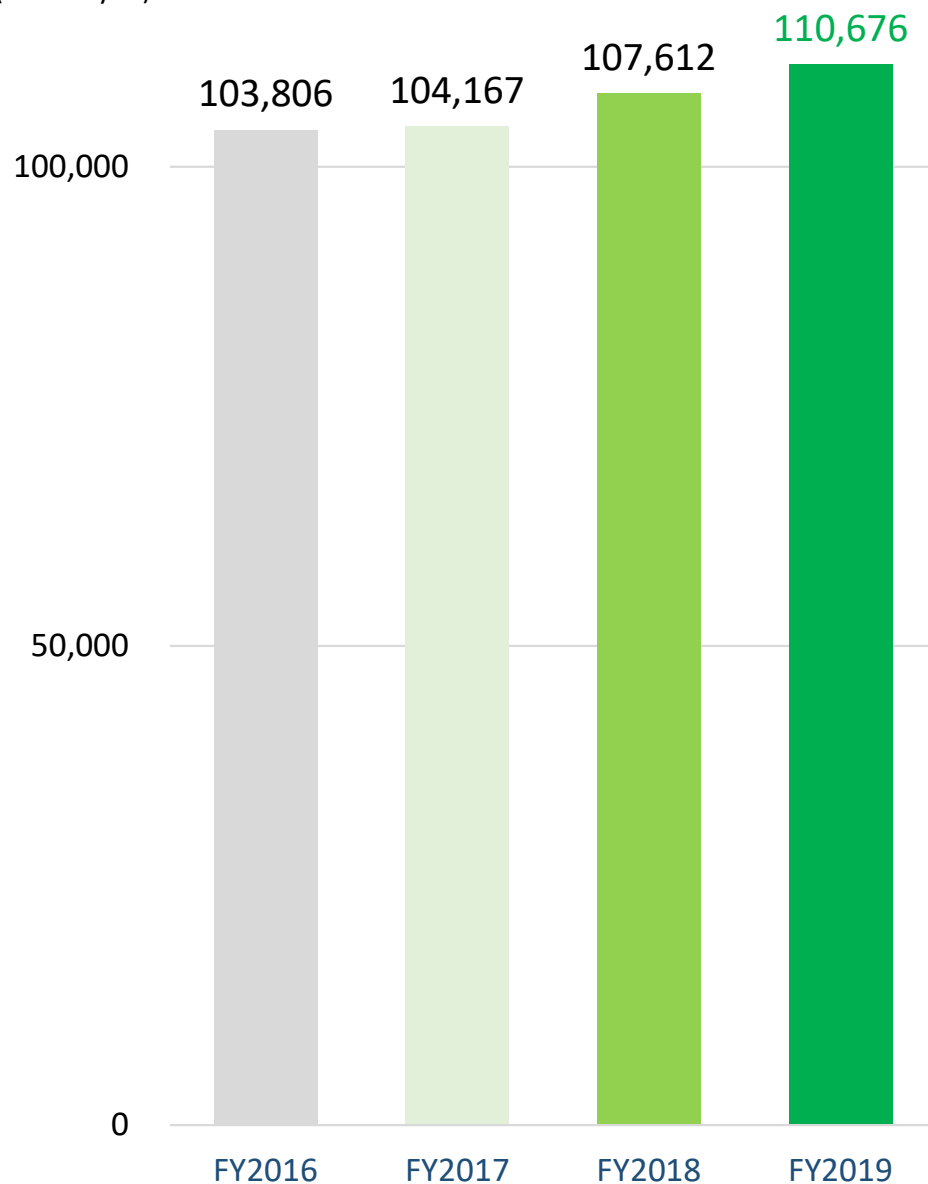
	FY2018 results		FY2019 results				FY2019 forecasts ^(※1)		
		ratio to Operating revenue		Structural ratio	difference	YoY change rate		ratio to Operating revenue	difference
Operating revenue	107,612	100.0%	110,676	100.0%	3,063	2.8%	110,000	100.0%	676
Cost of sales	99,439	92.4%	101,696	91.9%	2,256	2.3%	-	-	-
Selling, general and administrative expenses	4,084	3.8%	4,122	3.7%	38	0.9%	-	-	-
Operating profit	4,088	3.8%	4,856	4.4%	768	18.8%	4,500	4.1%	356
Ordinary profit	4,301	4.0%	5,029	4.5%	727	16.9%	4,500	4.1%	529
Profit attributable to owners of parent	2,782	2.6%	3,432	3.1%	649	23.3%	3,100	2.8%	332

(※1) This forecast was announced on May 8, 2019.

Highlights of consolidated financial results

Operating revenue

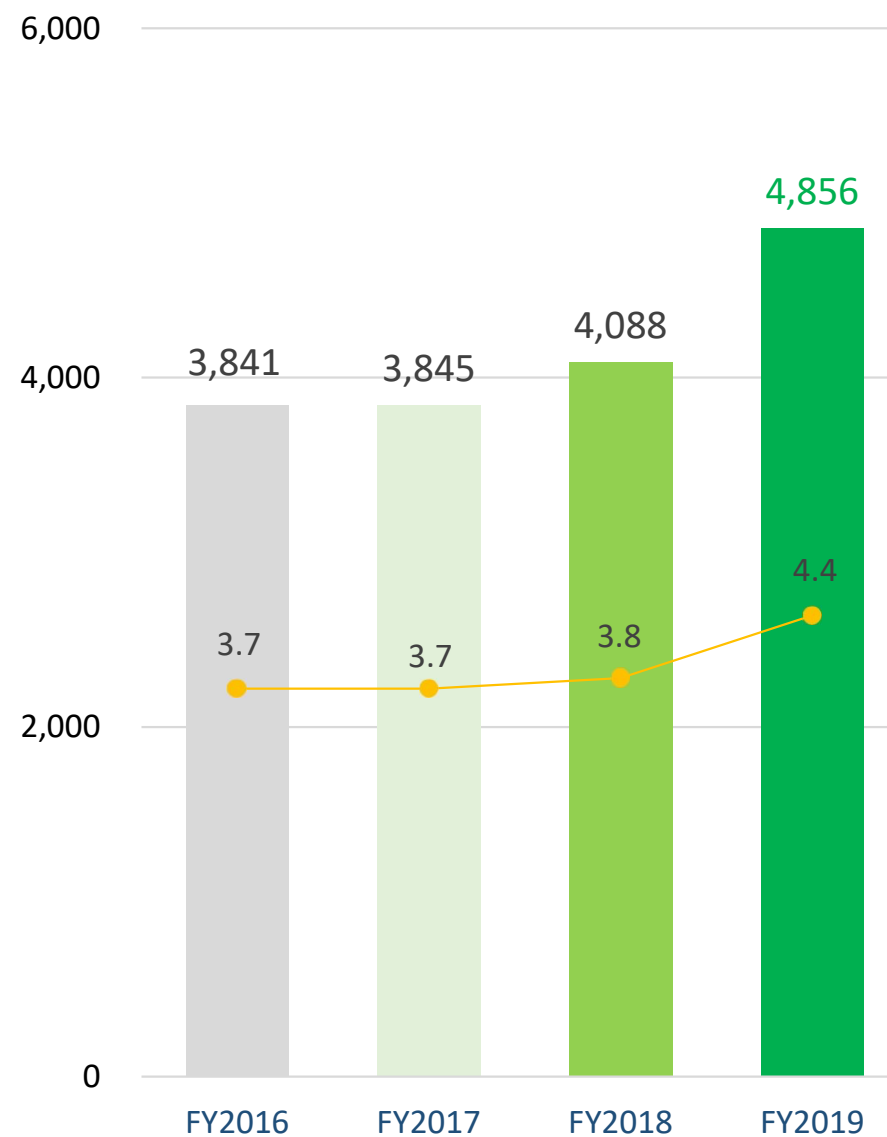
(Million yen)



Operating profit

●—● Margin (%)

(Million yen)

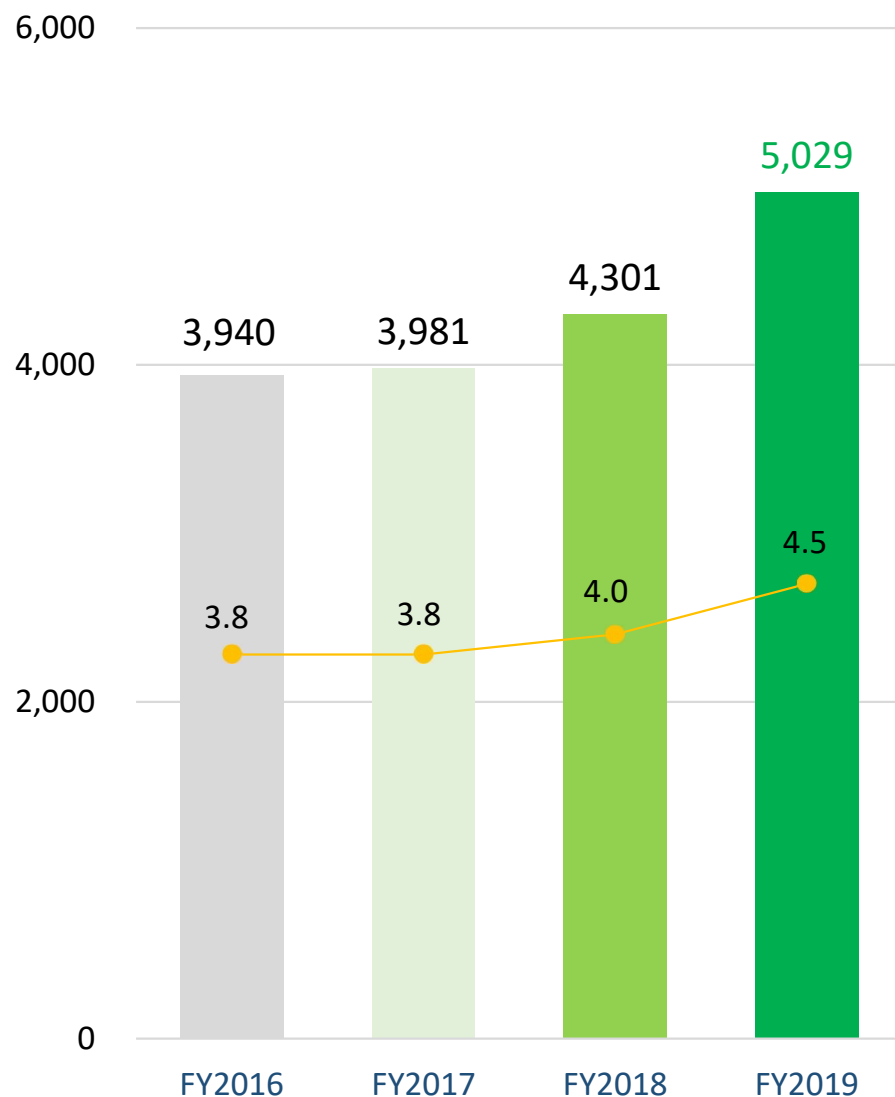


Highlights of consolidated financial results

Ordinary profit

●—● Margin (%)

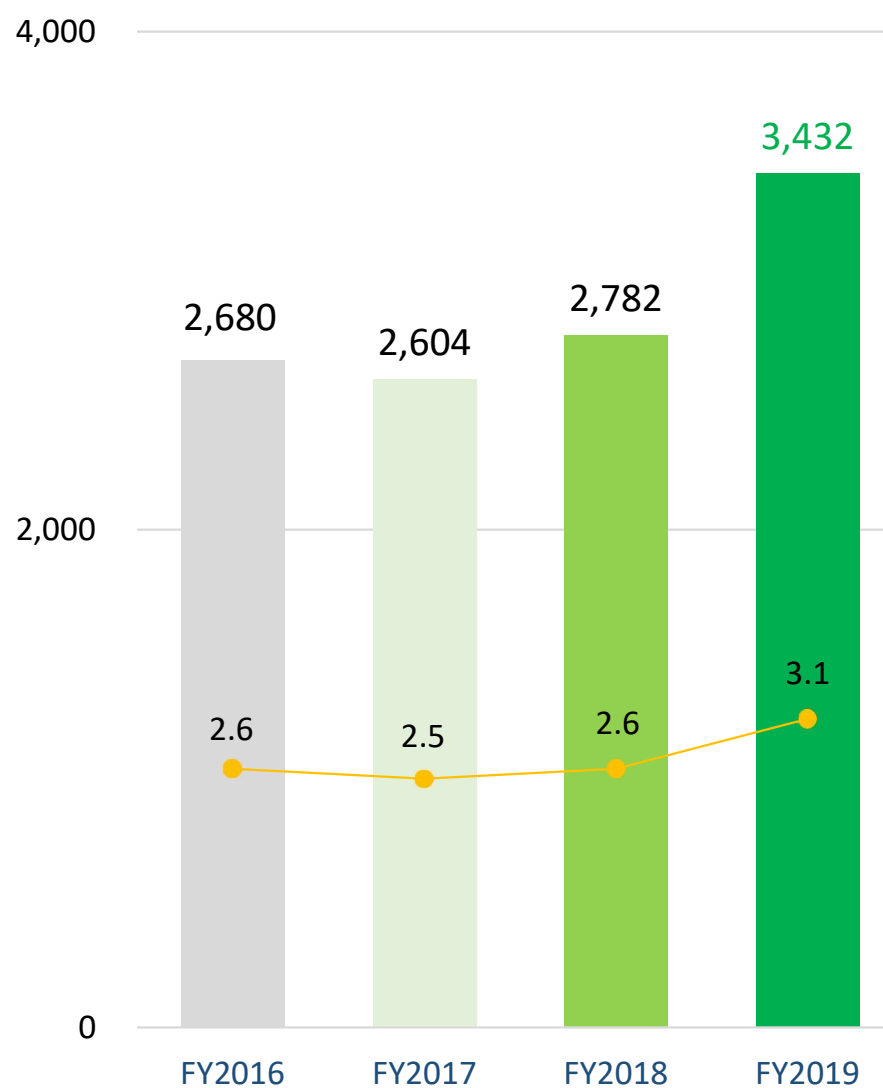
(Million yen)



Profit attributable to owners of parent

●—● Margin (%)

(Million yen)



Operating revenue and profit by reportable segment

(Unit: Million yen)

		FY2018		FY2019			Main factors
			Structural ratio		Structural ratio	Increase/Decrease rate	
Transfer Center	Operating revenue	71,836	66.8%	72,708	65.7%	1.2%	<ul style="list-style-type: none"> increase in the amount of handling chilled products negotiation to customers for collecting reasonable fee closure of the business office and downsizing the operation of some customers
	Segment profit	4,460	53.3%	4,591	50.3%	2.9%	<ul style="list-style-type: none"> closure of the business office and decrease in outsourcing cost by promoting shifts into the operation by ourselves
	(margin)	6.2%		6.3%			
Distribution Center (※1)	Operating revenue	33,898	31.5%	36,118	32.6%	6.5%	<ul style="list-style-type: none"> increase in the amount of handling frozen products negotiation to customers for collecting reasonable fee
	Segment profit	3,619	43.3%	4,269	46.8%	18.0%	<ul style="list-style-type: none"> gaining profit with increase in operating revenue increase in profit of Meito Vietnam by full operation of its second warehouse
	(margin)	10.7%		11.8%			
Others (※2)	Operating revenue	1,876	1.7%	1,849	1.7%	△1.5%	
	Segment profit	286	3.4%	270	3.0%	△5.7%	
	(margin)	15.3%		14.6%			

(※1) "Distribution Center" includes business in Vietnam.

(※2) "Others" include "transportation business for cash, bill and valuables", "logistics operation for hospitals", "temporary staffing business" and "insurance agency business".

Operating revenue by business category

(Unit: Million yen)

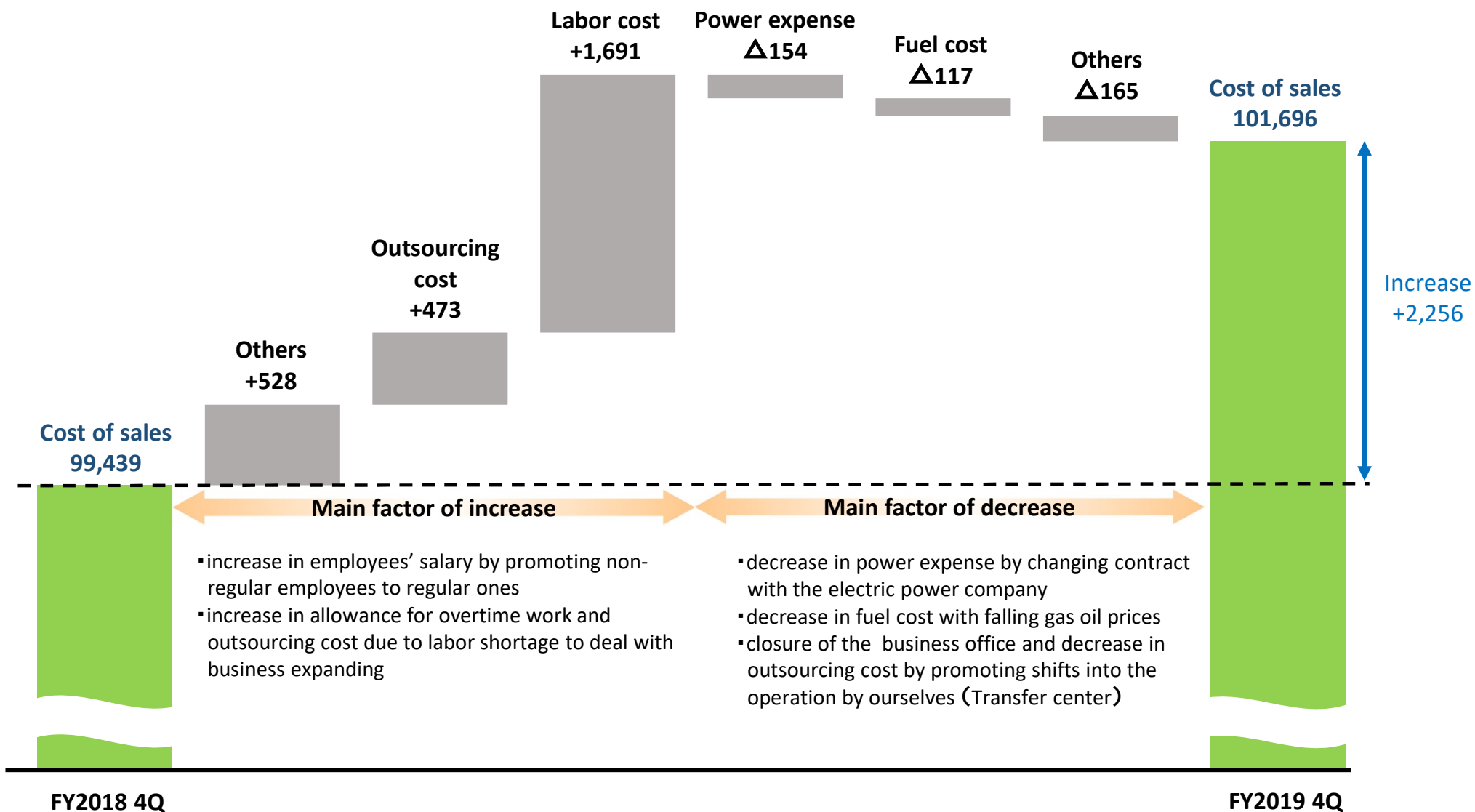
	FY2018		FY2019				Main factors
		Structural ratio		Structural ratio	difference	YoY change rate	
Joint delivery <small>(※1)</small>	61,167	56.8%	63,458	57.3%	2,291	3.7%	<ul style="list-style-type: none"> increase in the amount of (1) handling frozen products, and (2) chilled products for mass retailer and CVS negotiation to customers for collecting reasonable fee
Convenience store logistics	16,002	14.9%	15,645	14.1%	△ 356	△2.2%	<ul style="list-style-type: none"> closure of the business office start operation of new business office
Chain store logistics	13,749	12.8%	13,879	12.5%	130	1.0%	<ul style="list-style-type: none"> downsizing of the operation of some customers in HN
Wholesaler logistics	9,548	8.9%	10,143	9.2%	594	6.2%	<ul style="list-style-type: none"> increase in the amount of products related to feeding service
Bonded goods / food processing <small>(※2)</small>	2,740	2.5%	2,869	2.6%	128	4.7%	<ul style="list-style-type: none"> increase in the amount of handling bonded cargo
Others	4,404	4.1%	4,679	4.2%	274	6.2%	<ul style="list-style-type: none"> increase in profit of Meito Vietnam by full operation of its second warehouse
【Total】	107,612	100.0%	110,676	100.0%	3,063	2.8%	

(※1) Consolidated transport service. loading cargo from a number of customers onto one truck and transporting them. The amount of "Joint delivery" is sum of operating revenue for handling frozen products in HN (Distribution Center segment) and that for handling chilled products in MU (Transfer Center segment).

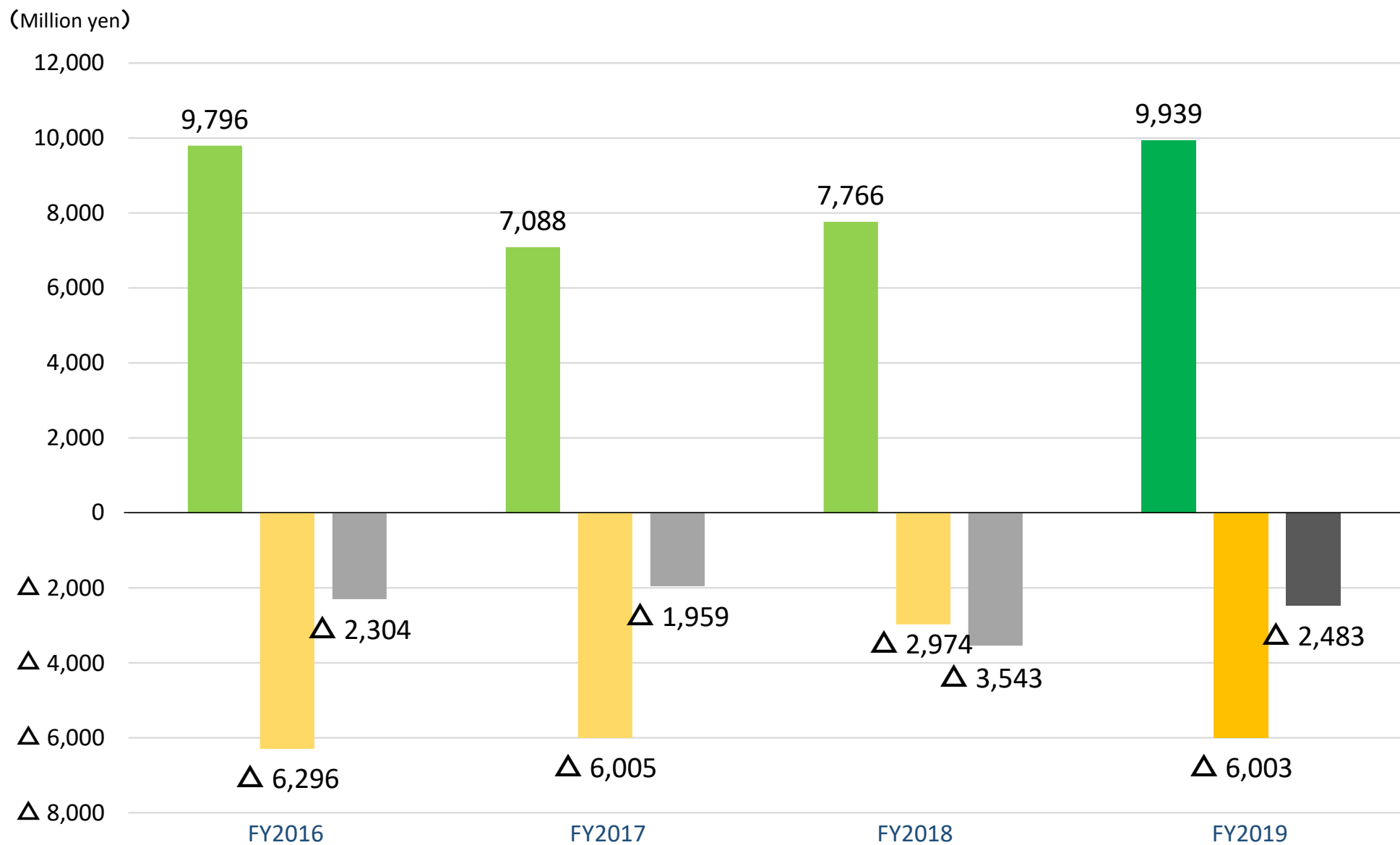
(※2) The amount of "bonded good / food processing" is sum of operating revenue for handling foreign cargo and that for repacking such food as vegetables in Distribution Center

Analysis of cost of sales

(Unit: Million yen)

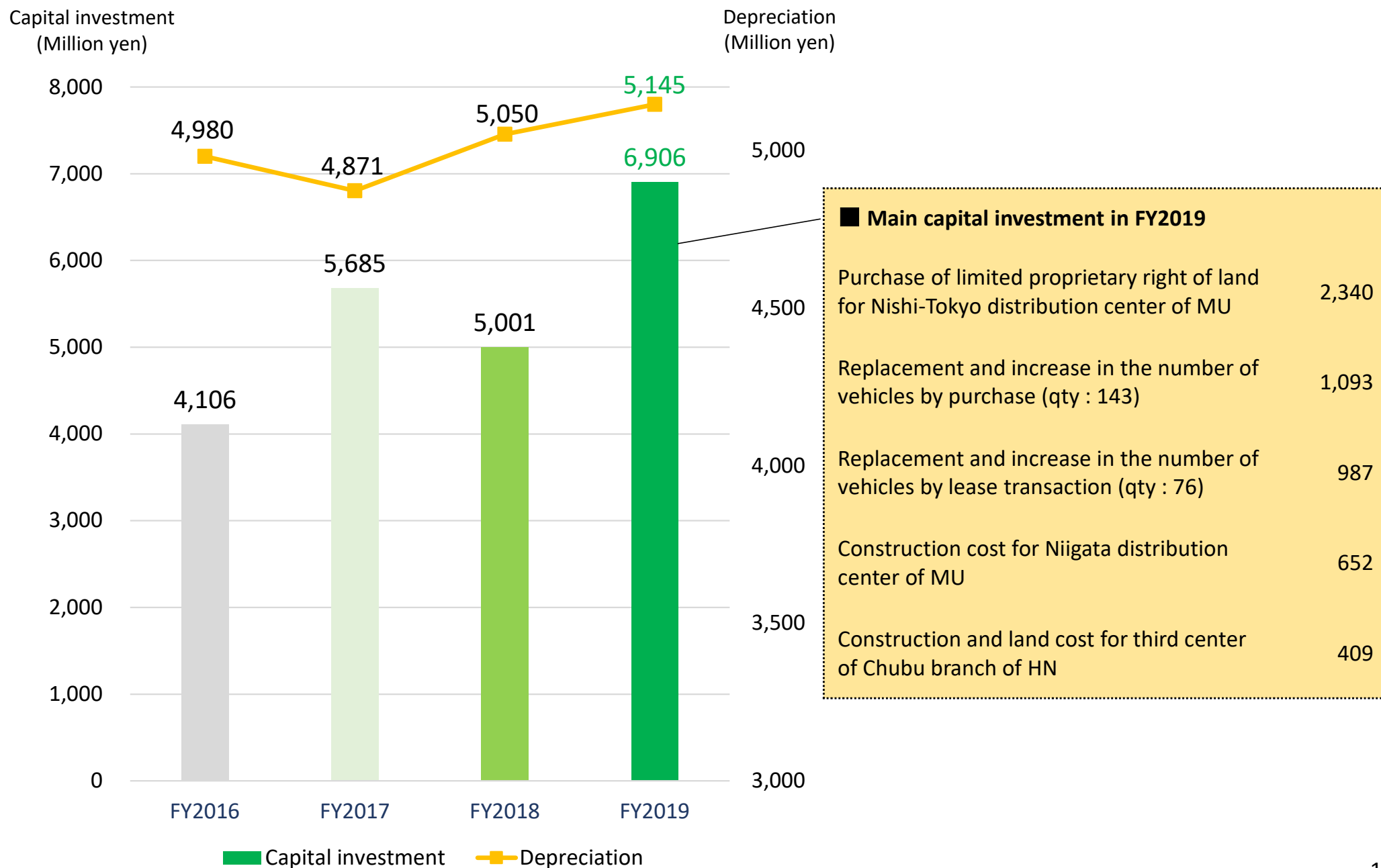


Consolidated statement of cash flows



■ Cash flows from operating activities ■ Cash flows from investing activities ■ Cash flows from financing activities

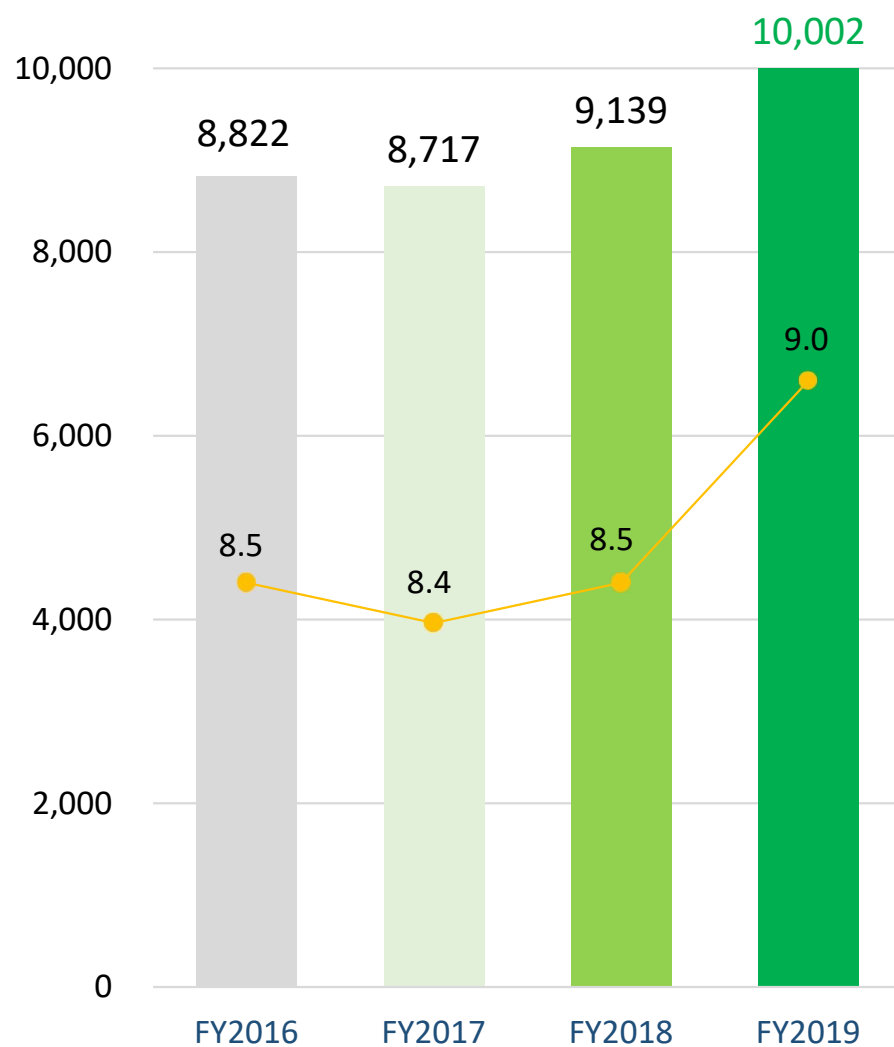
Capital investment and depreciation (results)



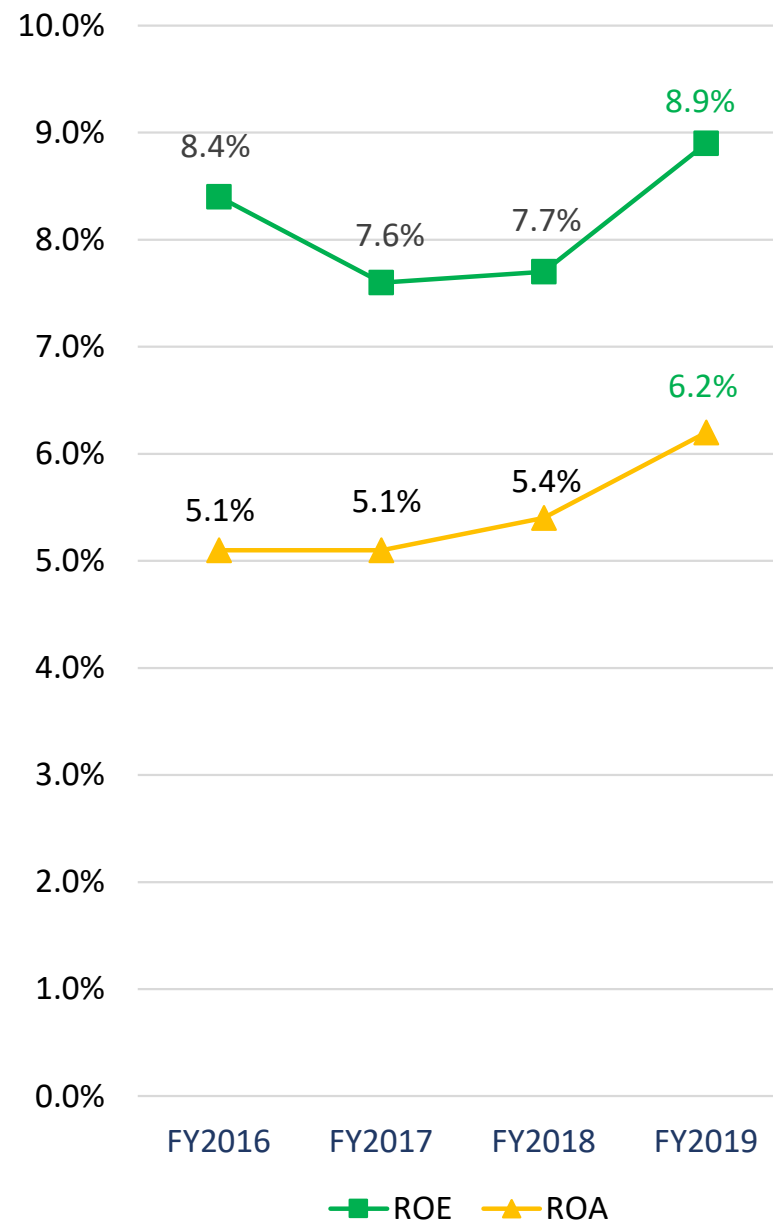
EBITDA

EBITDA margin

(Million yen)



ROE ■ ROA



Comparing of number of employees and vehicles

(1) Comparing number of employees

	End of the preceding term (March 31, 2019)	End of the current term (March 31, 2020)	difference	Main Factors
Regular employee (included number of drivers)	4,872 (2,288)	5,150 (2,447)	278 (159)	<ul style="list-style-type: none"> ▪ periodic recruitment of new graduates ▪ promoting non-regular employees to regular ones
Non-regular employee (included number of drivers)	6,786 (1,713)	6,526 (1,596)	△ 260 (△ 117)	<ul style="list-style-type: none"> ▪ promoting non-regular employees to regular ones ▪ closure of business office (partly, relocated)
Total (included number of drivers)	11,658 (4,001)	11,676 (4,043)	18 (42)	

(2) Comparing number of vehicles

	End of the preceding term (March 31, 2019)	End of the current term (March 31, 2020)	difference
Large-sized vehicle	641	657	16
Mid-sized vehicle	1,514	1,521	7
Small-sized vehicle	457	468	11
Cash transport vehicle	128	130	2
Total	2,740	2,776	36

Economic future of our country remains highly uncertain because of the impact of COVID-19 pandemic and declaration of a state of emergency.

In these circumstances, it is difficult to get enough data to calculate amount reasonably. Therefore, we decided to leave the consolidated financial forecasts in abeyance.

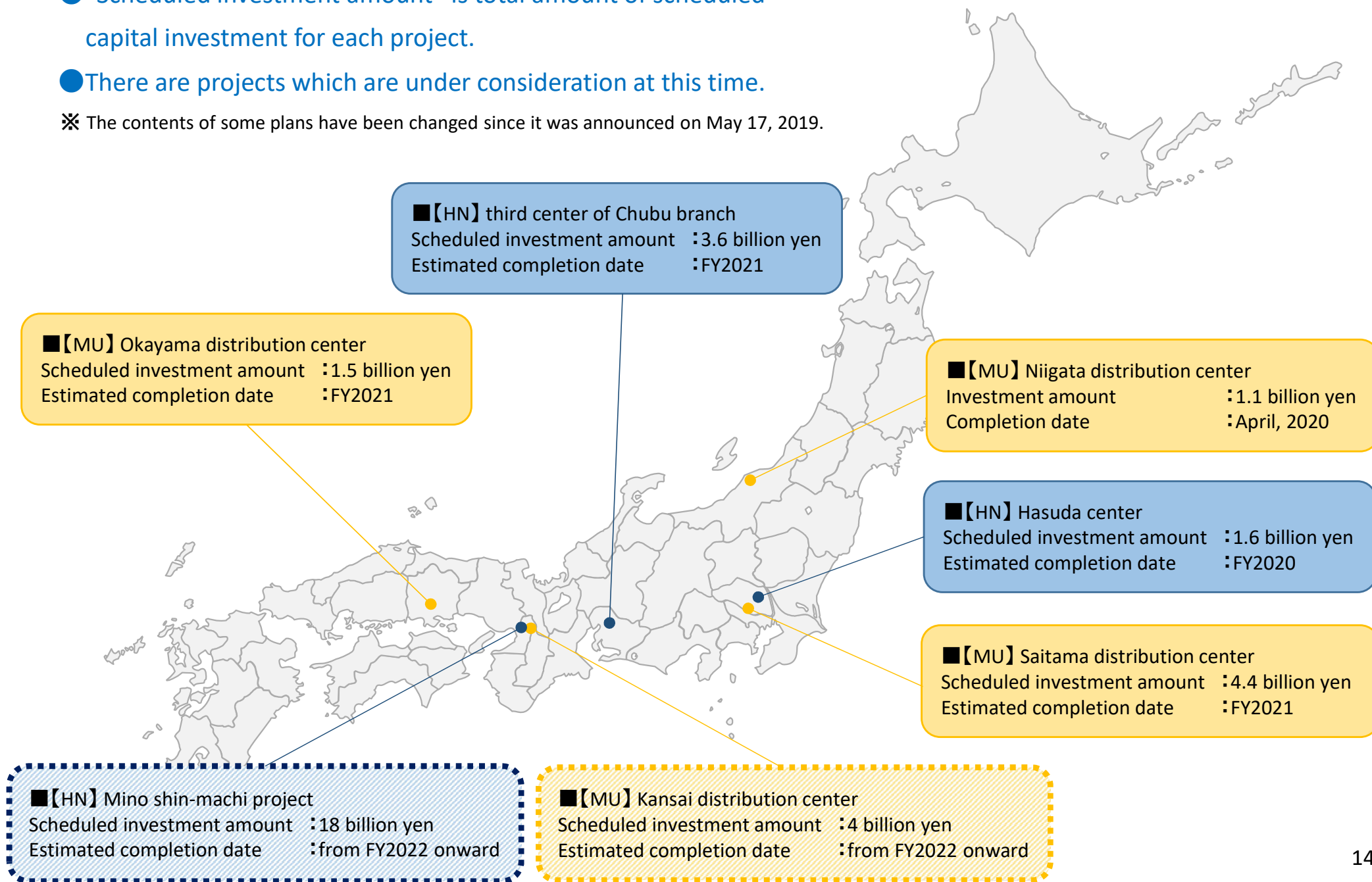
We will announce it promptly when the consolidated financial forecasts are available.

Topics - investment project by region -

● "Scheduled investment amount" is total amount of scheduled capital investment for each project.

● There are projects which are under consideration at this time.

※ The contents of some plans have been changed since it was announced on May 17, 2019.



Topics - 【MU】 Niigata distribution center -

As the lease contract of existing distribution center in Niigata area was expired in 2020, MEITO TRANSPORTATION CO., LTD built new logistics center, given the possibility of the future expanding operation of convenience store logistics in that area. Its operation will start since June, 2020.

- | | |
|----------------------|---|
| (1) Address | : Urushiyama, Nishigama-ku, Niigata-shi, Niigata (Urushiyama Industrial Park) |
| (2) Site area | : 12,329 sq.m. |
| (3) Building area | : 2,960 sq.m. |
| (4) Total floor area | : 2,596 sq.m. |
| (5) Temperature zone | : Chilled and Dry |

◎Access from main area and spot

- | | |
|---|-----------|
| Niigata City (around Niigata Station) | ... 30min |
| Hokuriku Expressway Maki-Katahigashi IC | ... 1min |
| Trans mate Niigata center (※1) | ... 20min |



【Appearance after the construction】



【Map】

(※1) Trans mate Co., Ltd., subsidiary of MEITO TRANSPORTATION CO., LTD

Hutech norin Co., Ltd. entered into fixed-term building lease contract of the following building as the operation has been expanding. It is now under construction and will be handed over and start operating in FY2020.

- | | |
|----------------------|---|
| (1) Address | : 531-1, Inuma Shimizu, Hasuda-Shi, Saitama |
| (2) Site area | : 16,379.12 sq.m. |
| (3) Building area | : 7,526.73 sq.m. |
| (4) Total floor area | : 12,682.59 sq.m. |
| (5) Temperature zone | : Frozen and Chilled |

◎Access from main area and spot

Tohoku Expressway Kuki IC	...15min
KEN-O EXPRESSWAY Shiraoka-Shobu IC	...10min
HN Kanto-Chuo branch	... 6min



【Appearance under construction】



【Map】

Topics - 【HN】 Third center of Chubu branch-

Hutech norin Co., Ltd. builds the third center of Chubu branch next to the existing center to deal with less space as the operation has been expanding. It is now under construction and will be handed over and start operating in FY2021.

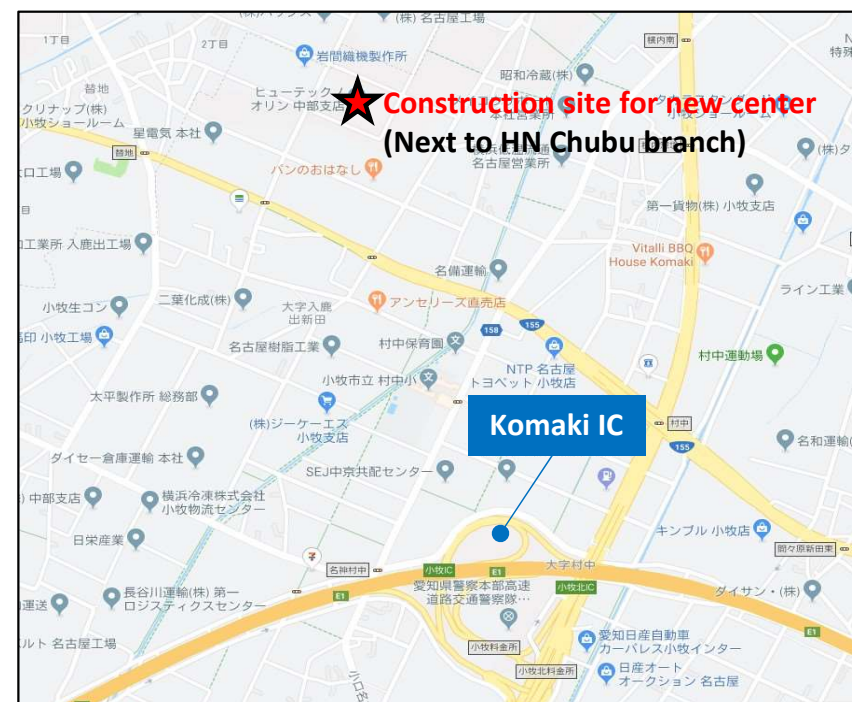
- | | |
|----------------------|---|
| (1) Address | : 69-1, Murakita, Irukadeshinden, Komaki-Shi, Aichi |
| (2) Site area | : 8,232.36 sq.m. |
| (3) Building area | : 5,343.49 sq.m. |
| (4) Total floor area | : 10,165.23 sq.m. |
| (5) Temperature zone | : Frozen and Chilled |

◎Access from main area and spot

Tomei Expressway Komaki IC ...7min



【Appearance under construction】



【Map】

Topics - 【MU】 Saitama distribution center -

MEITO TRANSPORTATION CO., LTD has been constructing large logistics center for replacement to deal with less space of the existing core center as its operation has been expanding. It is now under construction and will be handed over and start operating in FY2021.

- | | |
|----------------------|--|
| (1) Address | : Tsukinohara, Nakatomi, Tokorozawa-Shi, Saitama |
| (2) Site area | : 14,738.99 sq.m. |
| (3) Building area | : 4,778.4 sq.m. |
| (4) Total floor area | : 12,072.8 sq.m. |
| (5) Temperature zone | : Frozen and Chilled |

◎ Access from main area and spot

Kanetsu Expressway Tokorozawa IC	...15min
MU Saitama distribution center	...12min
MU Tokorozawa distribution center	...15min



【Appearance under construction】



【Map】

We create new value of cold temperature logistics.



※This presentation material was drawn up based on information available as of creation date (May 22, 2020).
Please note that future performance may differ due to a variety of factors.
※This presentation material is intended for understanding financial highlights of our group and it is not for soliciting to buy or sell marketing stock of Chilled & Frozen Logistics Holdings Co., Ltd.

Any inquiries concerning this presentation and IR matters to be directed to :
Chilled & Frozen Logistics Holdings Co., Ltd.
TEL:03-5291-8100 FAX:03-5291-6150
Public Relations & Investor Relations Dept. / Toshiki Dan