



– TRANCOM GROUP –
Financial Results for the 2nd Quarter of
the Fiscal Year Ending March 31, 2020

TRANCOM CO., LTD.
October 25, 2019
(Securities Code: 9058)



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Topic **Expansion of Transportation Services**

- 1 Started empty pallet collection logistics
- 2 Expanded in production transportation business of automotive parts

Topic **New Business Development**

- 1 Expanded into Singapore to develop our business in ASEAN countries 
 - » Acquired majority stake in Sergent Services Pte Ltd.
- 2 Participated, as a Member, in the MONET¹ Consortium

¹ "MONET" is a joint venture between Softbank Corp. and Toyota Motor Corporation.

Topic **Reconstruction of 3PL Business**

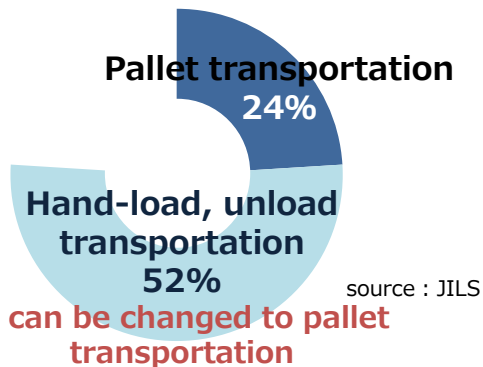
- 1 Absorption-type split in LM business
 - » Divided into 3 enterprises by areas (East, Central, and West Japan)
 - » Changing our management system to achieve clients needs quickly
 - » Aiming to become the number-one Logistics Company in each area

Topic **Expansion of Transportation Services**

1 Started empty pallet collection logistics

Current situation of Pallets Usage

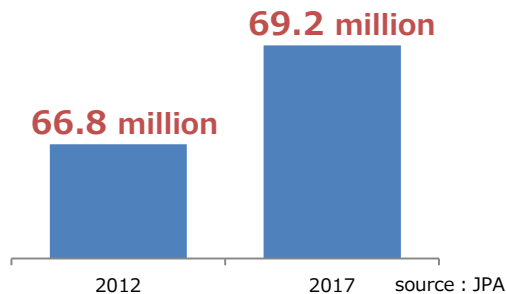
Pallet transportation ratio (total gross traffic)



Why hand-load/unload transportation is needed?

Rank	Reason
1	Problems with managing empty pallet collection
2	Not enough units under pallet transportation
3	Reduced loading efficiency and increased transportation costs
4	Not suitable under pallet transportation
5	When pallets move to other sites, they are damaged and lost

Number of pallets in use



Breakdown number of rental pallets in use

Unit : million pcs

	2009		2018		Differences	
	PCS	RaTIO	PCS	Ratio	PCS	Ratio
Total	16.9		22.9		6.0	
Plastic	8.7	51.5%	15.3	66.8%	6.6	15.3
Wooden	7.5	44.4%	6.7	29.3%	-0.8	15.1
Others	0.7	4.1%	0.9	3.9%	0.2	0.3

source : JPA

switchable ratio : 52%
From "hand-load, unload"
to "Pallet transportation"

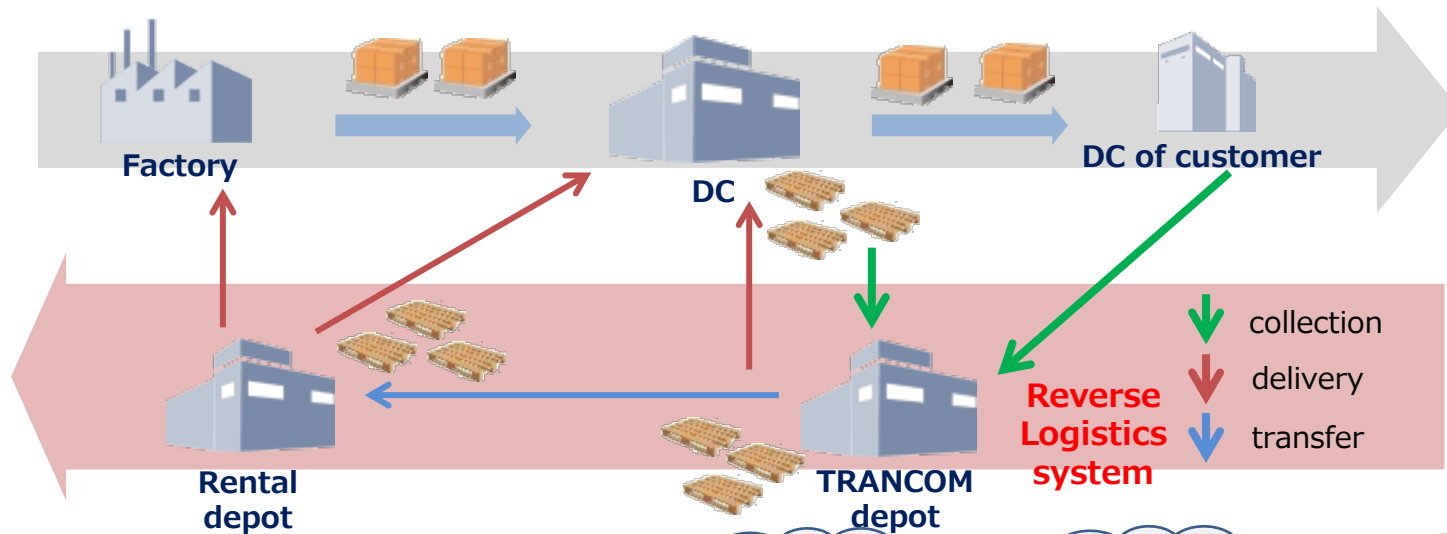
It is said that there
are 5 billion pallets
around the world

Usage of plastic pallets increased

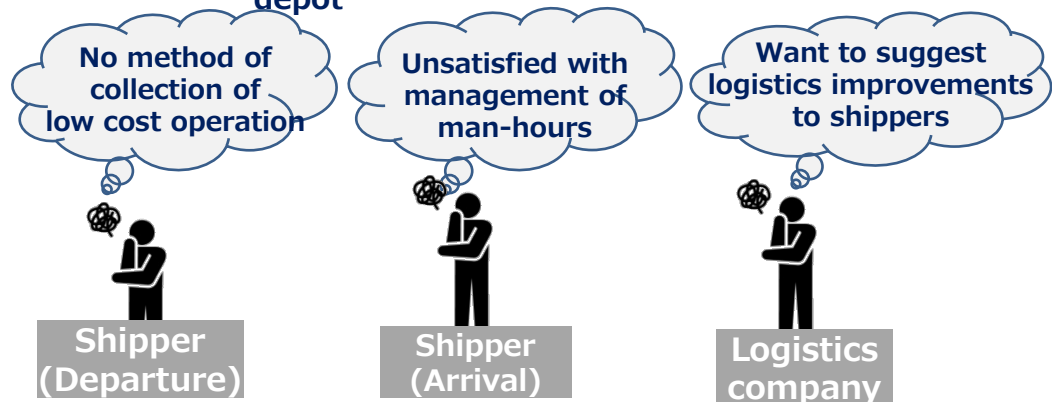
Topic **Expansion of Transportation Services**

1 Started empty pallet collection logistics

What is "empty pallet collection" service ?



Contribute to more efficient distribution based on logistics information services



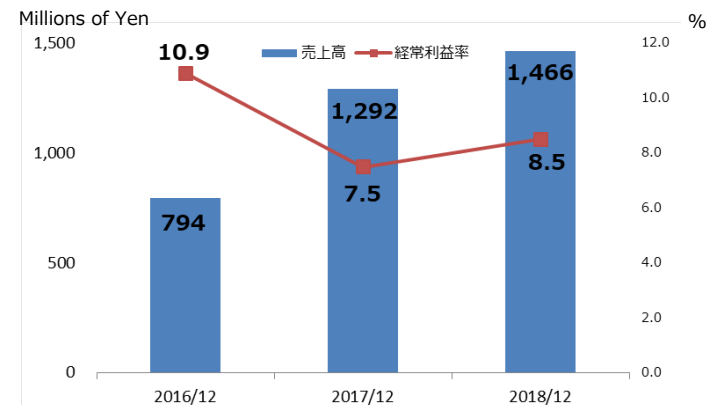
Topic **New Business Development**

② Expanded into Singapore to develop our business in ASEAN countries

About "Sergent Services Pte Ltd"

Name	Sergent Services Pte Ltd
Established	May 14, 1998
Capital	162 million yen
Number of employees	530
Description	Facilities cleaning business

Sales income・Ordinary profit margin



Point Client : Changi international airport, subway etc.

Point Has L6 cleaning business license

- acquisition of BCA license L6 (best in class)
- L6 license acquired companies are 22 out of 412 Companies

Point Industry influencing

Point Representative of the three-company council

Financial Results for the 1st Half of FY2019



YoY

Sales and profits of all segments increased as a result of a strengthened sales force and cost reduction

Compared to the forecast

We achieved our current forecast in sales and profit of all segments

(Millions of Yen)

	FY 2018			FY 2019						Forecast (April 2019)	
	1 Q	2 Q	First Half	1 Q	YoY(%)	2 Q	YoY(%)	First Half	YoY(%)	First Half Forecast	Forecast Change %
Net Sales	36,881	36,463	73,345	39,240	6.4%	40,977	12.4%	80,217	9.4%	76,690	4.6%
Operating Profit (% of Sales)	1,498 (4.1%)	1,485 (4.1%)	2,983 (4.1%)	1,678 (4.3%)	12.0% (+0.2P)	1,994 (4.9%)	34.3% (+0.8P)	3,672 (4.6%)	23.1% (+0.5P)	3,080 (4.0%)	19.2% (+0.6P)
Recurring Profit (% of Sales)	1,494 (4.1%)	1,484 (4.1%)	2,978 (4.1%)	1,671 (4.3%)	11.9% (+0.2P)	1,958 (4.8%)	31.9% (+0.7P)	3,630 (4.5%)	21.9% (+0.4P)	3,050 (4.0%)	19.0% (+0.5P)
Net Profit (% of Sales)	968 (2.6%)	1,033 (2.8%)	2,001 (2.7%)	1,041 (2.7%)	7.5% (+0.1P)	1,321 (3.2%)	27.8% (+0.4P)	2,362 (2.9%)	18.0% (+0.2P)	2,010 (2.6%)	17.5% (+0.3P)

Financial Results for the 1st Half of FY2019



(Breakdown by Business Segment)

		FY 2018			FY 2019						(Millions of Yen)	
		1 Q	2 Q	First Half	1 Q	YoY(%)	2 Q	YoY(%)	First Half	YoY(%)	Forecast (April 2019)	
											First Half Forecast	Forecast Change %
Logistics Management Business	Net Sales	12,336	12,557	24,893	13,213	7.1%	13,775	9.7%	26,989	8.4%	25,740	4.9%
	Operating Profit (% of Sales)	713 (5.8%)	621 (4.9%)	1,334 (5.4%)	754 (5.7%)	5.8% (-0.1P)	919 (6.7%)	48.0% (+1.8P)	1,673 (6.2%)	25.5% (+0.8P)	1,390 (5.4%)	20.4% (+0.8P)
Logistics Information Service Business	Net Sales	20,556	19,936	40,493	22,122	7.6%	23,263	16.7%	45,385	12.1%	43,230	5.0%
	Operating Profit (% of Sales)	698 (3.4%)	832 (4.2%)	1,530 (3.8%)	719 (3.3%)	3.1% (-0.1P)	886 (3.8%)	6.5% (-0.4P)	1,606 (3.5%)	5.0% (-0.3P)	1,500 (3.5%)	7.1% (+0.0P)
Industrial Support Business	Net Sales	1,887	1,880	3,767	1,843	-2.3%	1,891	0.6%	3,735	-0.9%	3,480	7.3%
	Operating Profit (% of Sales)	10 (0.5%)	-13 (-0.7%)	-3 (-0.1%)	78 (4.3%)	686.3% (+3.8P)	100 (5.3%)	- (+6.0P)	178 (4.8%)	- (+4.9P)	70 (2.0%)	155.4% (+2.8P)
Others	Net Sales	2,408	2,373	4,781	2,433	1.0%	2,426	2.2%	4,859	1.6%	4,840	0.4%
	Operating Profit (% of Sales)	89 (3.7%)	89 (3.8%)	179 (3.7%)	144 (5.9%)	62.0% (+2.2P)	117 (4.8%)	31.0% (+1.0P)	262 (5.4%)	46.5% (+1.7P)	140 (2.9%)	87.3% (+2.5P)
Inter-company elimination	Net Sales	-306	-283	-590	-372	-	-379	-	-751	-	-600	-
	Operating Profit (% of Sales)	-12 -	-44 -	-57 -	-19 -	- -	-29 -	- -	-48 -	- -	-20 -	- -
Total	Net Sales	36,881	36,463	73,345	39,240	6.4%	40,977	12.4%	80,217	9.4%	76,690	4.6%
	Operating Profit (% of Sales)	1,498 (4.1%)	1,485 (4.1%)	2,983 (4.1%)	1,678 (4.3%)	12.0% (+0.2P)	1,994 (4.9%)	34.3% (+0.8P)	3,672 (4.6%)	23.1% (+0.5P)	3,080 (4.0%)	19.2% (+0.6P)

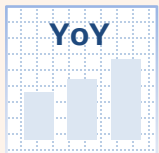


	FY 2018			FY 2019				Forecast (April 2019)			
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Operating Profit	713	621	1,334	754	5.8%	919	48.0%	1,673	25.5%	1,390	20.4%
(% of Sales)	(5.8%)	(4.9%)	(5.4%)	(5.7%)	(-0.1P)	(6.7%)	(+1.8P)	(6.2%)	(+0.8P)	(5.4%)	(+0.8P)

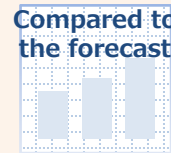
Approach

- ✓ Concentrated on 3 business categories, started operation at 4 distribution centers
 - ex. daily use items, sales-promotion goods, automotive production parts logistics
- ✓ Improved profitability by addressing productivity efficiency, and price adjustments
- ✓ Built a warehouse for a pharmaceutical client in Toyama Pref.

Results



- costs-improved in where started last year
- increased volume of cargo
- improvement of profits due to adjusted fees



- early stabilization of new base
- increased volume of cargo



	FY 2018			FY 2019				Forecast (April 2019)			
	1 Q	2 Q	First Half	1 Q	YoY(%)	2 Q	YoY(%)	First Half	YoY(%)		
								Forecast	Forecast Change %		
Net Sales	20,556	19,936	40,493	22,122	7.6%	23,263	16.7%	45,385	12.1%	43,230	5.0%
Operating Profit	698	832	1,530	719	3.1%	886	6.5%	1,606	5.0%	1,500	7.1%
(% of Sales)	(3.4%)	(4.2%)	(3.8%)	(3.3%)	(-0.1P)	(3.8%)	(-0.4P)	(3.5%)	(-0.3P)	(3.5%)	(+0.0P)

Approach

- ✓ Opened 4 centers to expand our network to 38 sites nationwide
 〈New sites〉 **Hokkaido, North Osaka** (March 2019)
South Nagoya, North Saitama (September 2019)
- ✓ Increased sales of medium lots loading transportation business
 - Utilized ICT and implemented into our operation
- ✓ Expanded automotive parts production transportation

Results



• increased number of arranged cargo/empty truck

As of Sept 2018 As of Sept 2019 change YoY
 0.66 million trucks → 0.71 million trucks (YoY 7.3% increased)

• decreased actual yield due to tight supply-demand balance

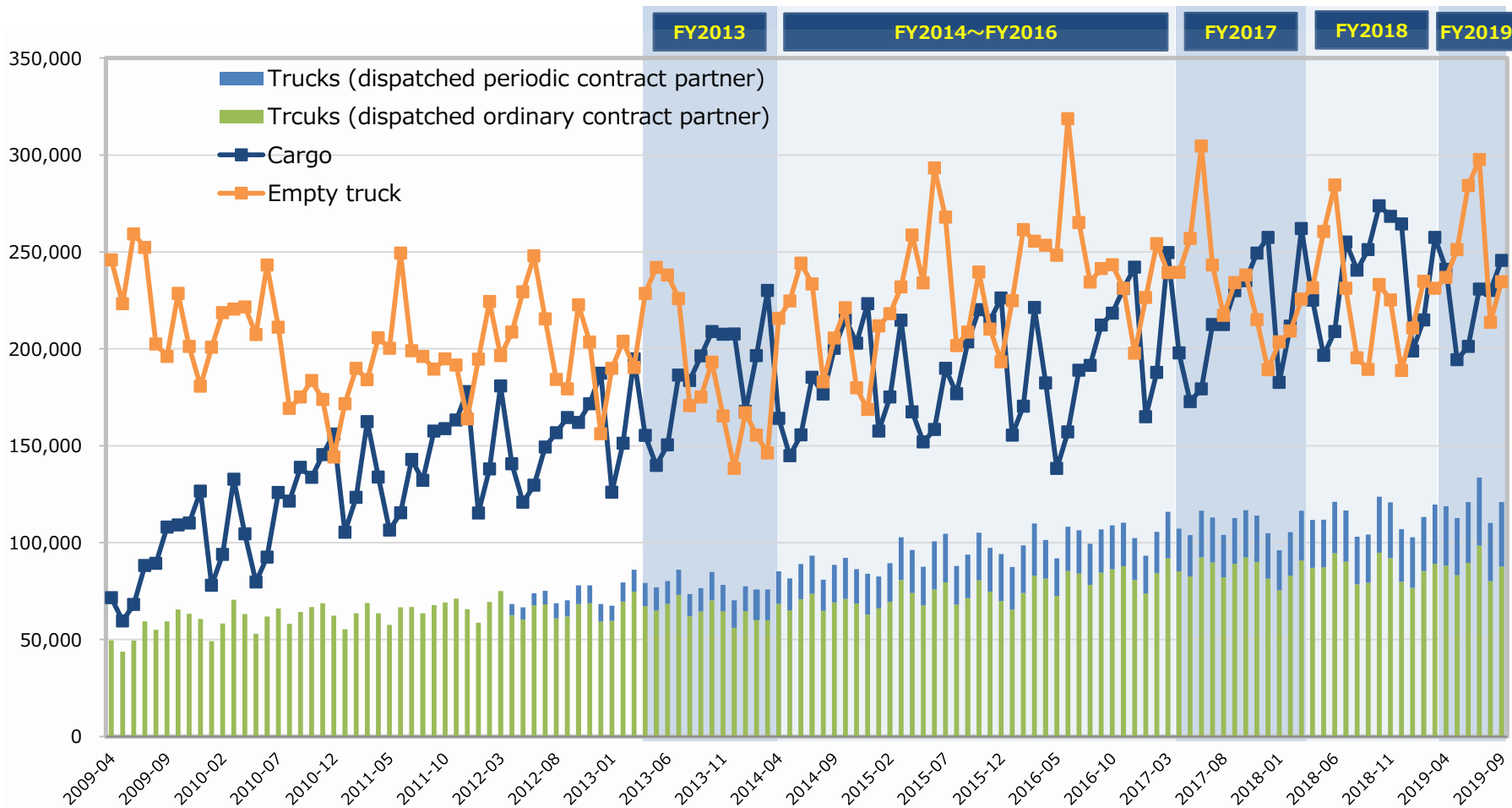
	As of Sept 2018	As of Sept 2019	Change YoY
■ Number of sales staff	572	→ 641	+69
■ Number of Exclusive Partners	1,372 vehicles/day	→ 1,662 vehicles/day	+290 vehicles/day

Logistics Information Service Business



■ Transition Number of Information (April 2009 – September 2019)

(Unit : Number)



Cargo information	1 Q : YoY	0.9%	▲
	2 Q : YoY	5.4%	▼

Empty truck information	1 Q : YoY	0.5%	▼
	2 Q : YoY	21.1%	▲

Truck dispatched	1 Q : YoY	2.2%	▲
	2 Q : YoY	12.6%	▲



	FY 2018			FY 2019					Forecast (April 2019)		
	1 Q	2 Q	First Half	1 Q	YoY(%)	2 Q	YoY(%)	First Half	YoY(%)	First Half Forecast	Forecast Change %
	Net Sales	1,887	1,880	3,767	1,843	-2.3%	1,891	0.6%	3,735	-0.9%	3,480
Operating Profit	10	-13	-3	78	686.3%	100	-	178	-	70	155.4%
(% of Sales)	(0.5%)	(-0.7%)	(-0.1%)	(4.3%)	(+3.8P)	(5.3%)	(+6.0P)	(4.8%)	(+4.9P)	(2.0%)	(+2.8P)

Approach

- ✓ Improvement of gross profit margin through cost reduction, price negotiation, and rebuilding our operation
- ✓ Strengthen sales operation for existing customers (expanded into other factories and processes)

Results

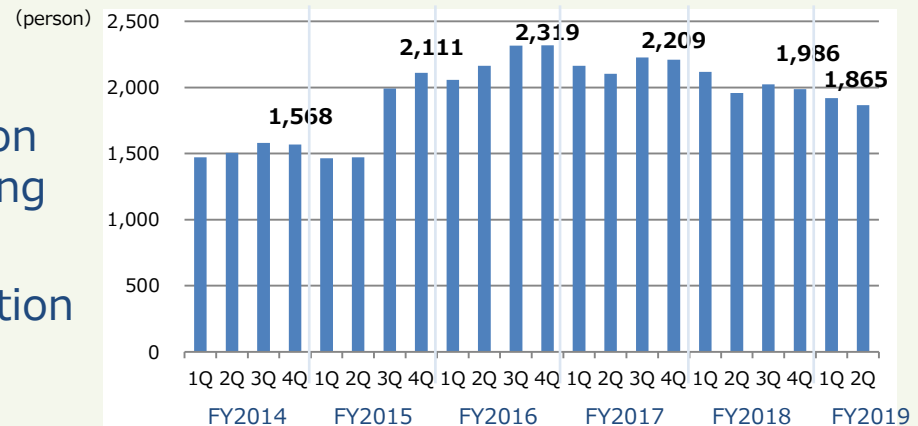


- decrease customers' production
- retreated from underperforming businesses



- cost management, cost reduction
- efficient recruitment

■ Personnel number by quarter



	FY 2018			FY 2019						(Millions of Yen)	
	1 Q	2 Q	First Half	1 Q	YoY(%)	2 Q	YoY(%)	First Half	YoY(%)	Forecast (April 2019)	
										First Half Forecast	Forecast Change %
Net Sales	2,408	2,373	4,781	2,433	1.0%	2,426	2.2%	4,859	1.6%	4,840	0.4%
Operating Profit	89	89	179	144	62.0%	117	31.0%	262	46.5%	140	87.3%
(% of Sales)	(3.7%)	(3.8%)	(3.7%)	(5.9%)	(+2.2P)	(4.8%)	(+1.0P)	(5.4%)	(+1.7P)	(2.9%)	(+2.5P)

Approach

- ✓ (Overseas) Stable operations managed by cost saving measures
Started a new transportation system in China
- ✓ (ICT) Enhanced ICT technology and implemented it into our operation (i.e., Distribution Information Business).

Results

Sales
Operating profit



- Operated smoothly within this period, fewer initial costs.



- Currency exchange rate declined (**16.66**YEN/RMB→**15.69**YEN/RMB)



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Forecast of Consolidated Financial Results of FY2019

<Forecast> YoY increase in sales and profit will increase by 10% this year

(Millions of yen)

	FY2018	FY2019 (New Forecast)	YoY(%)	Forecast (April 2019 Forecast)	Forecast Change %
Net Sales	151,111	162,600	7.6%	158,850	2.4%
Operating Profit	6,733	7,700	14.4%	7,270	5.9%
(% of Sales)	(4.5%)	(4.7%)	(+0.2P)	(4.6%)	(+0.1P)
Recurring Profit	6,651	7,610	14.4%	7,200	5.7%
(% of Sales)	(4.4%)	(4.7%)	(+0.3P)	(4.5%)	(+0.2P)
Net Income	4,328	5,000	15.5%	4,750	5.3%
(% of Sales)	(2.9%)	(3.1%)	(+0.2P)	(3.0%)	(+0.1P)

Forecast of FY2019

(Breakdown by Business Segment)



(Millions of Yen)

		FY 2018			FY 2019 (New Forecast)					
		First Half	Second Half	Full Year	First Half (Actual)	YoY(%)	Second Half (Forecast)	YoY(%)	Full Year (Forecast)	YoY(%)
Logistics Management Business	Net Sales	24,893	26,224	51,118	26,989	8.4%	27,000	3.0%	54,000	5.6%
	Operating Profit (% of Sales)	1,334 (5.4%)	1,699 (6.5%)	3,033 (5.9%)	1,673 (6.2%)	25.5% (+0.8P)	1,850 (6.9%)	8.9% (+0.4P)	3,500 (6.5%)	15.4% (+0.6P)
Logistics Information Service Business	Net Sales	40,493	43,257	83,750	45,385	12.1%	47,200	9.1%	92,600	10.6%
	Operating Profit (% of Sales)	1,530 (3.8%)	1,781 (4.1%)	3,312 (4.0%)	1,606 (3.5%)	5.0% (-0.3P)	1,900 (4.0%)	6.7% (-0.1P)	3,500 (3.8%)	5.7% (-0.2P)
Industrial Support Business	Net Sales	3,767	3,920	7,687	3,735	-0.9%	3,900	-0.5%	7,600	-1.1%
	Operating Profit (% of Sales)	-3 (-0.1%)	145 (3.7%)	141 (1.8%)	178 (4.8%)	- (+4.9P)	150 (3.8%)	3.4% (+0.1P)	330 (4.3%)	133.1% (+2.5P)
Others	Net Sales	4,781	5,124	9,906	4,859	1.6%	5,000	-2.4%	9,900	-0.1%
	Operating Profit (% of Sales)	179 (3.7%)	209 (4.1%)	388 (3.9%)	262 (5.4%)	46.5% (+1.7P)	170 (3.4%)	-18.8% (-0.7P)	430 (4.3%)	10.7% (+0.4P)
Inter-company elimination	Net Sales	-590	-759	-1,350	-751	-	-700	-	-1,500	-
	Operating Profit (% of Sales)	-57 -	-84 -	-141 -	-48 -	- -	-20 -	- -	-60 -	- -
Total	Net Sales	73,345	77,766	151,111	80,217	9.4%	82,400	6.0%	162,600	7.6%
	Operating Profit (% of Sales)	2,983 (4.1%)	3,750 (4.8%)	6,733 (4.5%)	3,672 (4.6%)	23.1% (+0.5P)	4,050 (4.9%)	8.0% (+0.1P)	7,700 (4.7%)	14.4% (+0.2P)

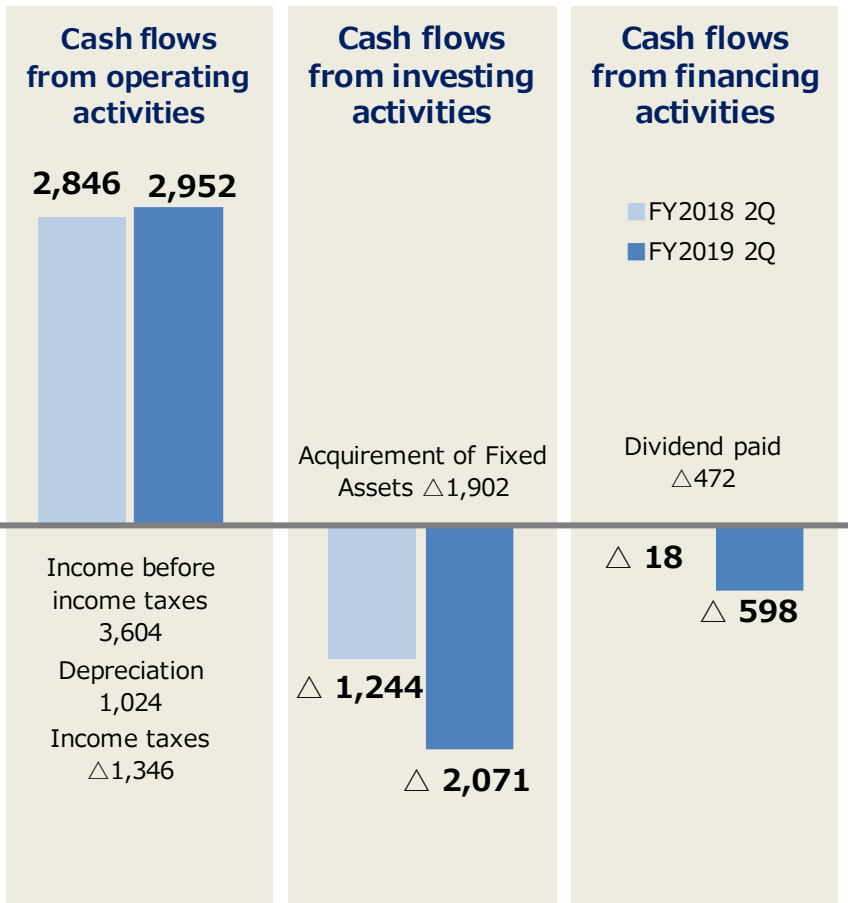


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Consolidated Statements of Cash Flows / Balance Sheets

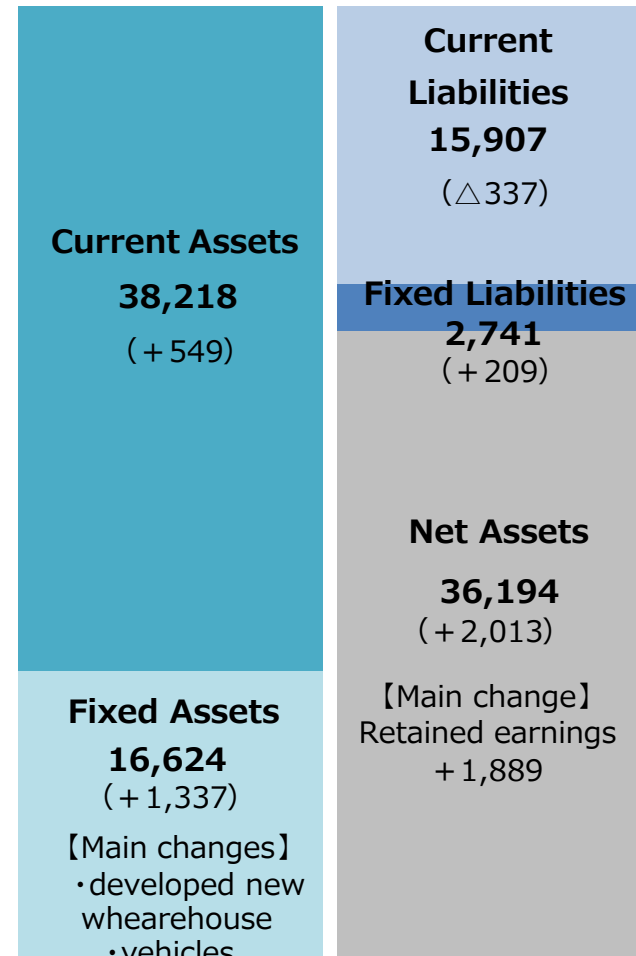
Consolidated Statements of Cash Flows

(Millions of Yen)



Consolidated Balance Sheets

(Million of Yen)

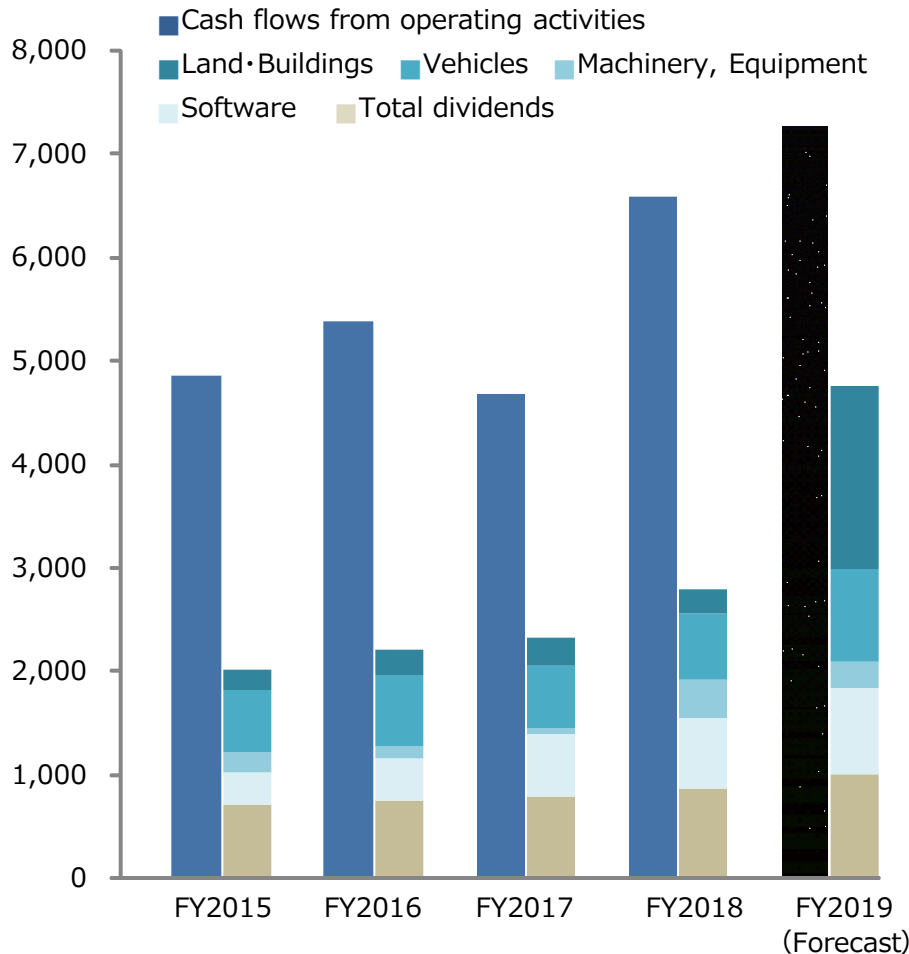


Consolidated Statement of Cash Flows · Shareholder Return of FY2019

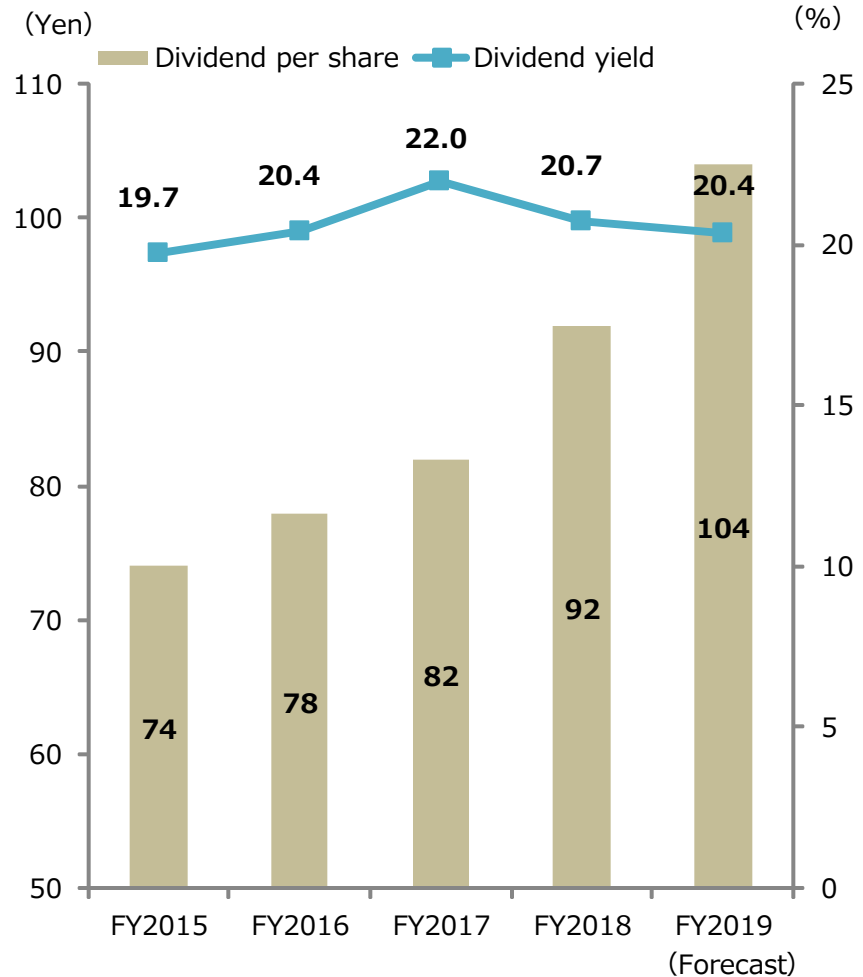


Cash Flows from Operating Activities and Capital Investment · Dividends

(Millions of Yen)



Trend of Actual Dividends





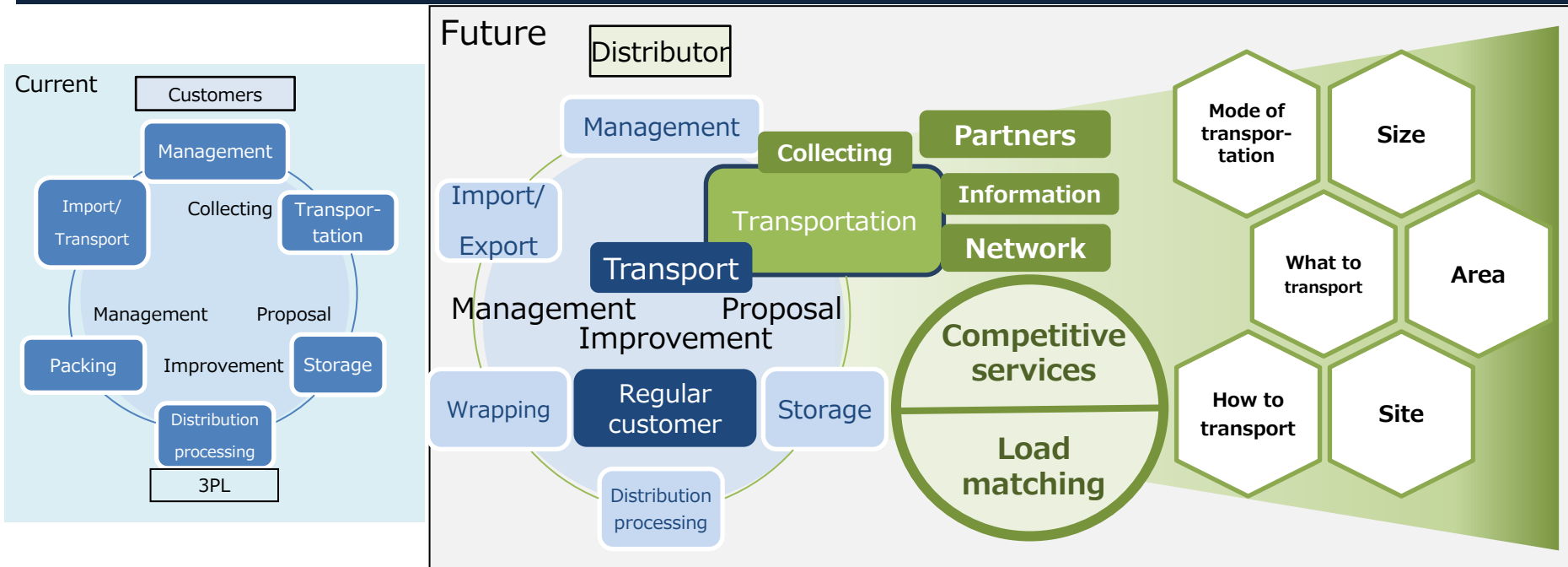
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Our Direction for Next Mid-term Corporate Business Plan

〈Trancom's goal〉

**We build and provide unique transportation mechanisms.
And we provide solutions to logistics issues.**

~Our motto is "we can overcome challenges by embracing them".~



Many issues in the transportation industry

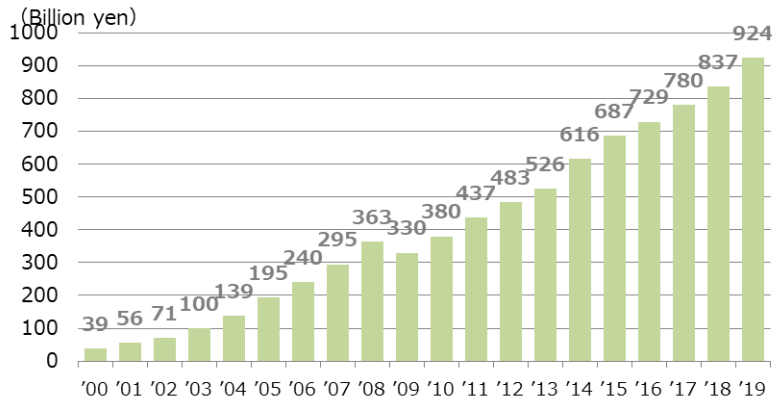
- Fewer workforce** → Difficulties in arranging trucks
- Transportation costs raising** → Necessity of logistics methods
- Strengthened compliance** → Necessity to hire more employees

We would like to improve these problems for senders, customers and partner companies.

About logistics Information Business



Sales Trend



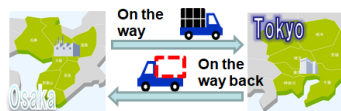
Superiority

We try to handle matters through our sales staff called "adjuster".



Approx. **650**

Extensive truck information



Truck information / per day
 • Spot trucks 8,900
 • Exclusive partners 1,600

In-house system for improving convenience



Staff

Transportation

System

Network

We can provide our services all over Japan

Sales sites **38**

- Charter Center : 30
- Medium lot center : 3
- Drayage center : 2
- Warehouse center : 3



Information and network

※ Data: FY2018

Empty truck information

Approx. **10,500** /per day

Cargo information

Approx. **9,800** /per day

Truck dispatched

Approx. **6,000** /per day

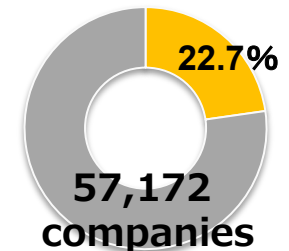
Approx. **1,350,000** /per year

Partner companies

Approx. **13,000**

<number of transportation companies>

Type	Number of transaction
Licensed	291
Region	56,881
Coffin	4,673
Others	431
total	62,276



Number of exclusive partners

Approx. **1,600** /per day

Sales staff

Approx. **650**

Sales sites

38





Building Relay Transportation Network

Background

The number of long haul truck drivers has been decreasing...

Purpose

We will make relay points nationwide in Japan and increase the carrying capacity over more than 600km

Ex Tokai ⇔ Kyushu

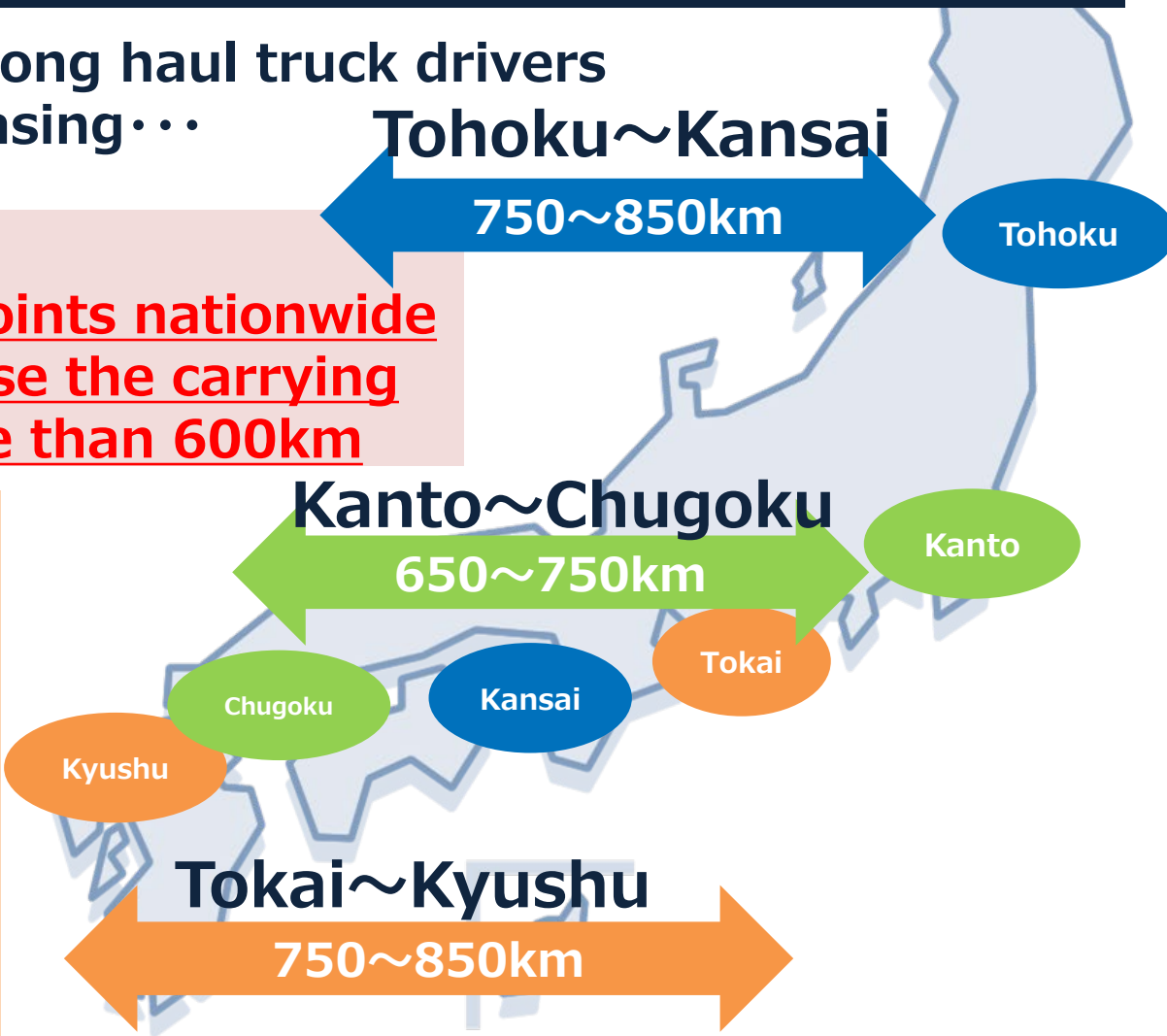
Aichi

▼ 380km (6h)

Hiroshima

▼ 380km (6h)

Fukuoka

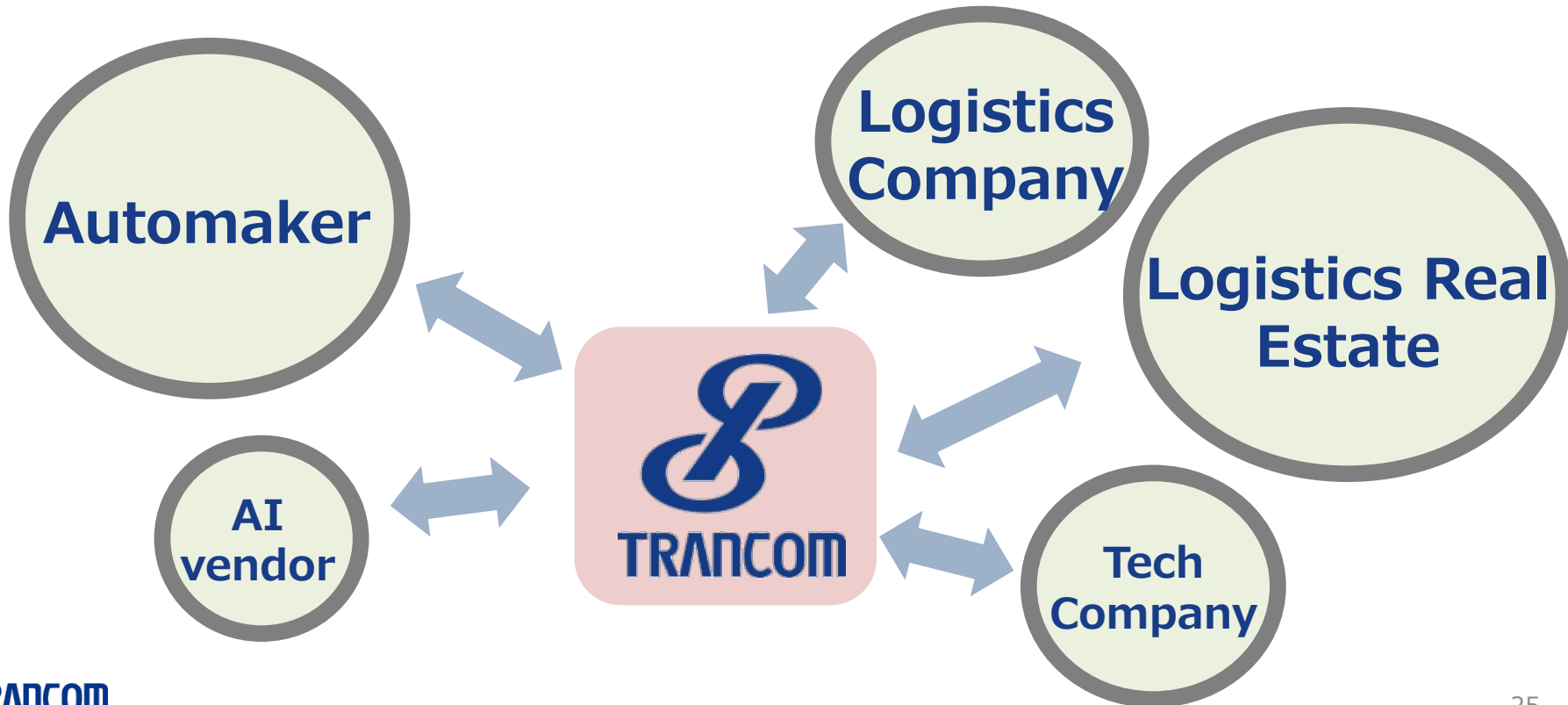


To Foster Advanced Transportations



We are now enhancing our business as a platform for the transportation industry

- We've been starting and continuing to make good collaborations with "other companies from other industries," too, such as the transportation industry, to fulfill customers' needs in the transportation industry.



Any inquiries concerning this presentation and investor relations matters to be directed to the following.

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どしんぶ
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Corporate Planning Group

T E L : 052-939-2023 F A X : 052-939-2015

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