



# SBS Business Report (Interim)

For the Six Months Ended June 30, 2015  
(Security Code:2384)

## Special Feature

### Real Estate Business of the SBS Group

## Contents

Business Highlights .....	01
Message from the President .....	02
Special Feature .....	03
Highlights .....	05
Topics .....	06
Consolidated Performance .....	07
Corporate Profile & Stock Information .....	10

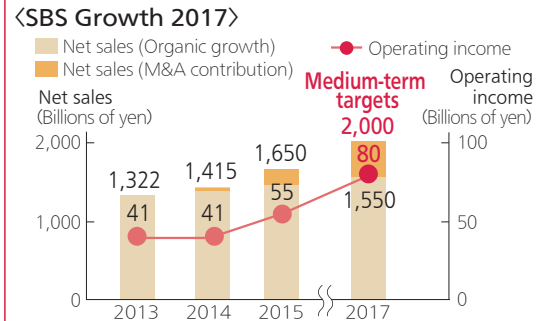
# SBS Group meets the various logistics needs with the utmost quality.

## Results and plans

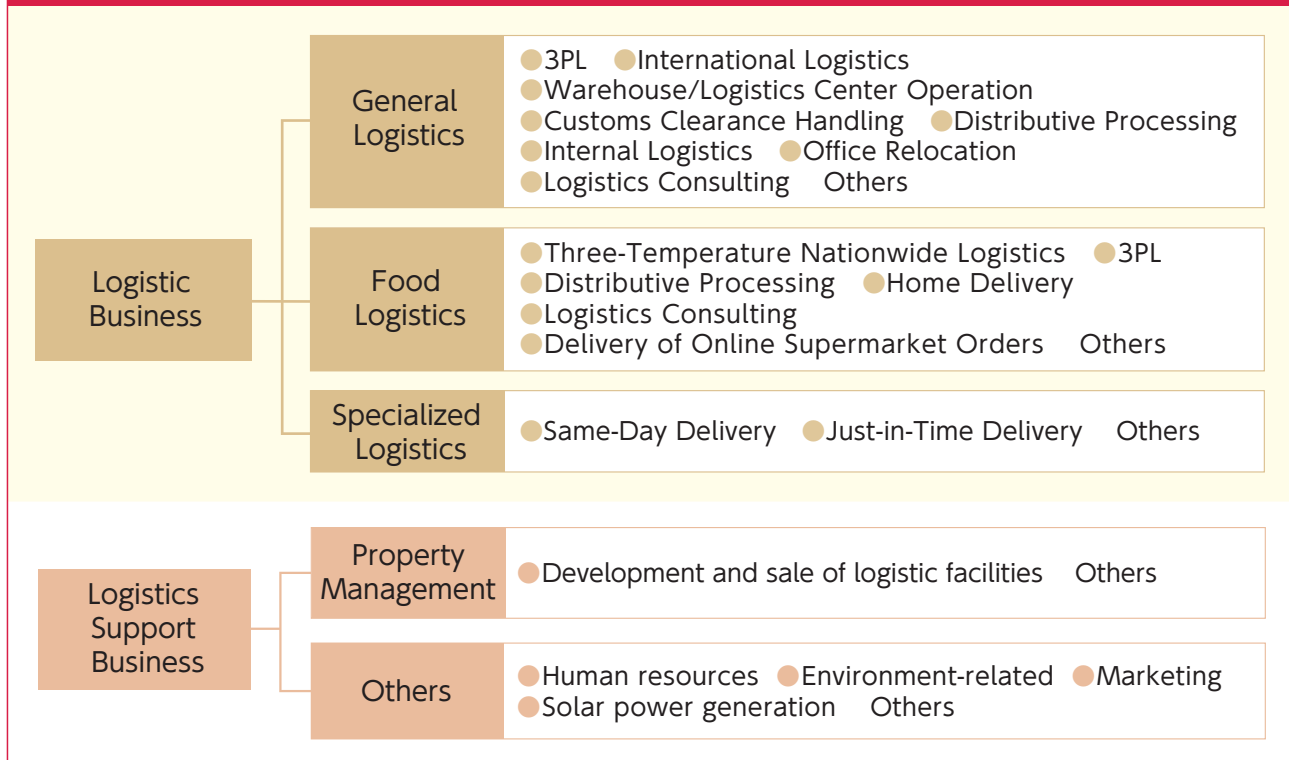
(Millions of yen)

	(1st Half of FY2015)		FY2015
	Planned	Actual	Planned
Net Sales	79,000	79,229	165,000
Operating Income	1,500	1,788	5,500
Ordinary Income	1,200	1,978	4,900
Net Income	1,900	2,033	3,800

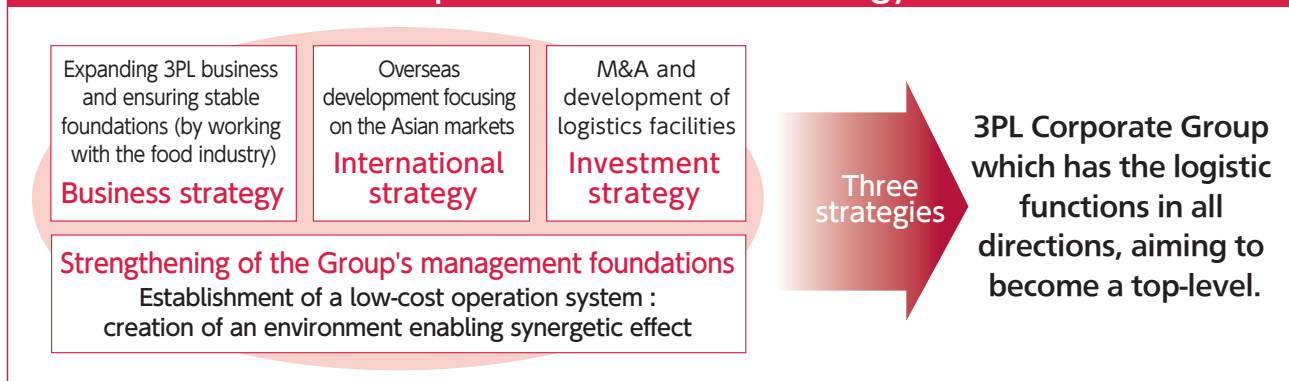
## Medium-term management plan



## An overview of businesses



## Important aims and strategy



\*The statements made in connection with the forecasts present in these materials are based on assumptions, which include information available at the present time and uncertain components, which may affect future business results. The actual business results may differ from the forecasts due to various causes that may affect them in the future.

## In the first half of 2015, we recorded the highest sales and profits since listing.

President : **Masahiko Kamata**



In the first half of 2015, the second year of the medium-term management plan SBS Growth 2017, the SBS Group reinforced its marketing structure in line with its new management policy of strengthening marketing capabilities and brand recognition. From January to April, we reorganized and expanded the marketing organization, putting in place an organization able to precisely address the expectations of our customers, including the establishment of our first marketing bases in western Japan.

Overseas, we began to restructure Atlas Logistics and other subsidiaries around SBS Transpole, which was added to the Group last year. In the near future, SBS Transpole will play a central role in overseas business development for the SBS Group in Asia and other regions. The SBS Group will strongly back SBS Transpole as it evolve into an integrated logistics company that has extensive know-how in logistics, including transportation, delivery and logistic center operations and thereby provides high-quality 3PL solutions.

In the property management business, in January, we completed construction on a 14,000 tsubo (about 3.3 m<sup>2</sup>) logistics center located in Nagatsuta, Midori Ward, Yokohama,

and it has been operating reliably as a distribution base for a major beverage maker since then. In March, we began construction on a logistics facility solely for a major department store in Tokorozawa City, Saitama Prefecture. Combined with the logistics center that has been under construction in Sugita, Yokohama City since December 2014, these two facilities will add 20,000 tsubo of distribution center capacity next spring. We have also taken a balanced approach to investing and making a return on these investments, by advancing our plans to securitize existing facilities.

In the second quarter of the current fiscal year, the SBS Group benefitted from a favorable business environment with lower crude oil prices and a weaker yen, on top of the results of its business activities. As a consequence, the SBS Group posted its highest-ever net sales, operating income and net income since listing. The SBS Group will continue to move unwaveringly forward as an innovator in the logistics industry while refining its overwhelming advantages in marketing, operations, and branding that can withstand changes in the external business environment. We ask for the continued understanding and support of our shareholders.

# Real Estate Business of the SBS Group

## 1 Logistics Facility Development Business Closely Connected with the 3PL Business

The SBS Group has internalized expertise in real estate securitization through the acquisition and divesture of office buildings from 2005 to 2007. We have built a system that strikes a balance between property development and securitization over the past decade. Our team of specialists consists of members with advanced expert knowledge of real estate and finance, backed by extensive experience. These specialists develop logistics facilities while working closely with the marketing departments and on-site logistics operations, providing our customers with optimal logistics facilities. This system is the wellspring of our considerable competitive strength in the 3PL business.

### History of Property Development



## Facilities under Construction

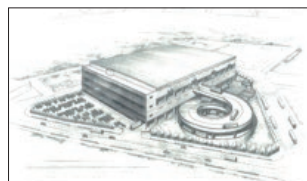
**Yokohama Sugita Logistics Center**  
(tentative name)

Location: Isogo-ku, Yokohama City  
Site area: 17,151m<sup>2</sup>  
Total floor space: 38,252m<sup>2</sup>  
Completion: Jan. 2016

**Tokorozawa New Logistics Center**  
(tentative name)

Location: Tokorozawa City,  
Saitama Prefecture  
Site area: 27,463m<sup>2</sup>  
Total floor space: 38,252m<sup>2</sup>  
Completion: Mar. 2016

## To be Completed in FY2016 (Plan)

**Osaka Nanko Logistics Site**

Location: Suminoe-ku, Osaka  
Site area: 24,859m<sup>2</sup>  
Use districts: Quasi-industrial districts  
(Land coverage ratio: 60%/Floor-Area ratio: 200%)  
Construction start: 2016

## 2 Stable Leasing Business

Approximately half of the profits in the real estate business of the SBS Group is generated by the leasing business. In addition to rental income from logistics facilities that have not been securitized yet, almost all of our leasing contracts are with major blue-chip companies, including car dealerships, operators of convenience stores on roadside locations and office buildings in central urban locations, so there is little risk of non-payments and vacancies. As a result, our properties maintain a high level of capacity utilization and are a reliable source of income.

**Shibuya Shin Minami-guchi Building**

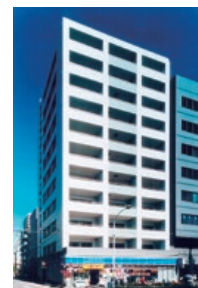
Location: Shibuya-ku, Tokyo  
Site area: 874m<sup>2</sup>  
Total floor space: 8,819m<sup>2</sup>  
Completion: Jan. 2000

**Minami Shinjuku SK Building**

Location: Shibuya-ku, Tokyo  
Site area: 749m<sup>2</sup>  
Total floor space: 7,226m<sup>2</sup>  
Completion: Jul. 1997

**SANTOKOA Kagurazaka**

Location: Shinjuku-ku, Tokyo  
Site area: 534m<sup>2</sup>  
Total floor space: 1,691m<sup>2</sup>  
Completion: Jul. 2003

**Highest Residence**

Location: Koto-ku, Tokyo  
Site area: 496m<sup>2</sup>  
Total floor space: 1,849m<sup>2</sup>  
Completion: Feb. 2003

## Performance of Property Management Business

(Millions of yen)

Property Management Business	FY2012	FY2013	FY2014	FY2015 (Plan)
<b>Sales</b>	<b>2,504</b>	<b>5,554</b>	<b>5,103</b>	<b>8,300</b>
YOY change	4.6%	121.8%	△8.1%	62.6%
Property leasing	2,504	2,672	2,285	2,600
Property development	0	2,881	2,818	5,700
<b>Operating income</b>	<b>1,206</b>	<b>2,550</b>	<b>2,359</b>	<b>3,000</b>
YOY change	9.6%	111.3%	△7.5%	27.2%
Property leasing	1,206	1,358	1,119	1,400
Property development	0	1,191	1,240	1,600

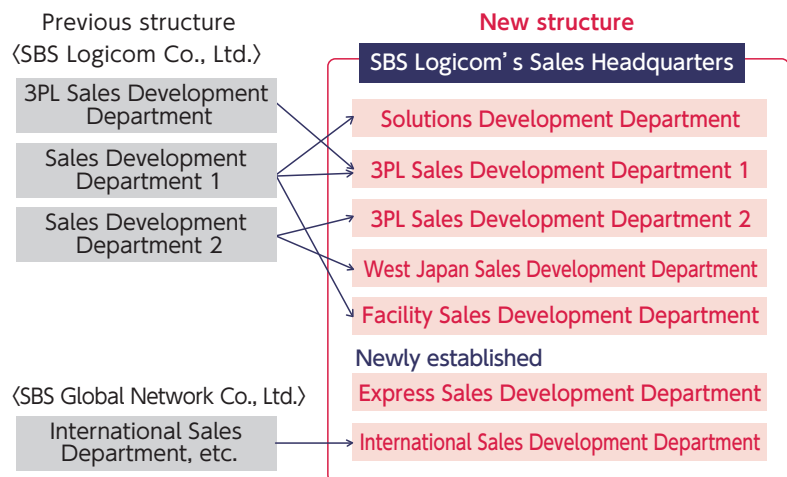
## Measures to Strengthen Marketing and Brand Recognition

The SBS Group has added to its Group policies the objective of strengthening its marketing and brand capabilities from this fiscal year. We aim to provide our customers with optimal solutions, and to do so, we are striving to be a company where people work with enthusiasm and is chosen by customers. Based on this policy, in the first half, we proactively worked to bolster marketing initiatives and share our operational know-how and expertise with industry and society.

### ■ Renewal of Marketing Organization

~ Marketing organization renewed, seven departments now with addition of international sales ~

SBS Logicom embarked on a renewal of its marketing organization in January with the objective of spurring further growth in the 3PL business. We established the International Sales Department in March and began operations at the West Japan Sales Development Department in April, bringing the total number of departments to seven from three previously and finishing the reorganization of the sales structure. With 100 salespeople, we are able to form marketing teams that specialize in providing services to specific customer industries.



### ■ Publication of LOGILINK brochure

~ First issue of LOGILINK brochure ~

SBS Logicom published the LOGILINK brochure as a way to connect and expand contact points with customers while enhancing the activities of the marketing organization. The brochure is targeted at managers and key employees in the logistics departments of major corporations, groups and government agencies. The brochure is published four times a year with the latest information and case studies about logistics solutions.



### ■ Exhibitions at forums

The SBS Group has started to participate in various forums from this fiscal year in a bid to broaden awareness of its business offerings. We exhibited at Interpets 2015 in April and at Asia Seamless Logistics Forum 2015, which was co-sponsored by SBS Logicom and SBS Holdings. Both of these exhibitions were well attended by customers, and we received many new inquiries from potential customers.



Interpets 2015



Asia Seamless Logistics Forum 2015

### ■ Lectures at seminars and research conferences

Our executives and employees, who have advanced expert knowledge and know-how garnered from their many years of practical experience in logistics operations, have proactively registered to give presentations about logistics concepts and discuss case studies at forum seminars, industry research associations, and university seminars. By widely sharing their expertise, we aim to shed light on unknown aspects of the logistics business and increase knowledge.



SBS Zentsu Director Masaru Yuasa presents a case study about a collection of near-miss incidents



SBS Logicom Sales Department Assistant Manager Naoto Sanmi discusses the introduction of in-house logistics and key operational points



SBS Flec Sales Management Department Manager Hiroaki Morita provides examples of low-temperature logistics quality management and improvement measures



## G-Mark Certification Acquisition Reaches 80%

(SBS Group)

### January

In December 2014, the Japan Trucking Association implemented the G-Mark certification system. In fiscal 2014, the SBS Group received new certifications for 12 business sites for excellent safety performance evaluations, bringing the total number of business sites with G-Mark certification to 107 sites. Currently, 80% of all our business sites have obtained this certification, an improvement of 2 percentage points from the previous year. This is far higher than the national average of 25%.



## New subsidiaries start operations aimed at boosting hiring of drivers

(SBS Logicom Co., Ltd.)

### May

In accordance with business expansion, SBS Logicom established SBS Logicom Minamikanto and SBS Logicom Kitakanto in order to boost truck transportation capacity. We are working to secure personnel by updating our personnel system and hiring truck drivers as full-time employees.



## Meeting peak moving demand in spring with Moving Safety Mark

(SBS Transport Co., Ltd.)

### January

SBS Transport has been certified under the Excellent Moving Company Certification System created in 2014 by the Japan Trucking Association. We meet demand for residential and office moving while bearing the Moving Safety Mark, which stands testament to our continued provision of safe and worry-free moving services.



## Futako-Tamagawa Rise and second-stage business in-house logistics consignment

(SBS Logicom Co., Ltd.)

### May

Since starting operations in 2011, SBS Logicom has taken on the consigned operations of in-house logistics operations for the Futako-Tamagawa Rise, a major shopping and residential complex. SBS Logicom was consigned to handle the in-house logistics for the second-stage business area that opened this spring, expanding the size of the area it manages from 120,000 m<sup>2</sup> to 270,000 m<sup>2</sup>.



## Third Consumer Logistics Driver Contest Held

(SBS Zentsu Co., Ltd.)

### April

SBS Zentsu held the Third Consumer Logistics Driver Contest. On this occasion, a total of 147 people attended, including 42 contestants, 105 executives and employees, as well as guests from consumer cooperatives. The contestants showed off their driving skills in front of their coworkers and customers.



## Launch of delivery services for online supermarket direct from logistics centers

(SBS Flec Co., Ltd.)

### June

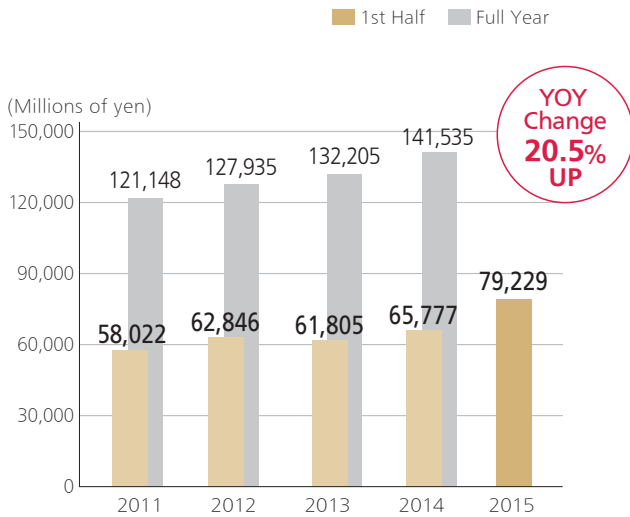
Food distributor SBS Flec was hired to handle delivery operations for an online supermarket that ships directly from the Chofu Logistics Center of major supermarket operator Aeon Co., Ltd. Operations started on May 1 with the delivery of goods to the 23 wards of Tokyo and some neighboring cities.



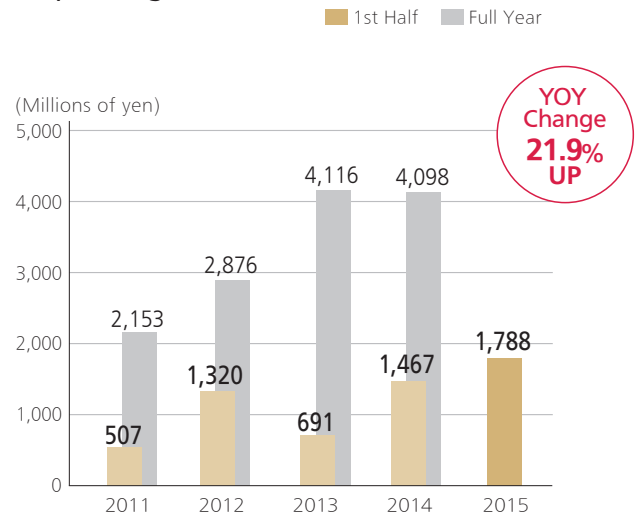
## CONSOLIDATED FINANCIAL PERFORMANCE

Under the medium-term management plan SBS Growth 2017, the SBS Group has rallied behind a unified business strategy and investment strategy. In our business strategy, we have begun to restructure overseas bases while advancing on schedule with the updating of our sales organization and the launch of new logistics centers. In our investment strategy, we have started construction on new logistics facilities and finished building a major logistics center. As a result of these cumulative efforts, we have successfully increased sales and profits.

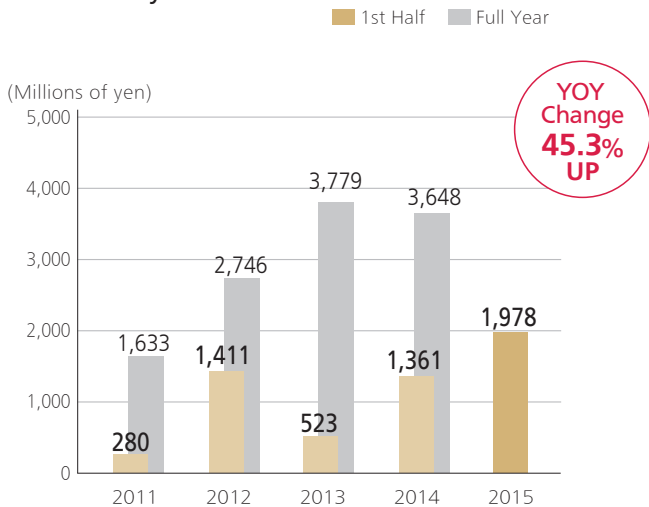
### Net Sales



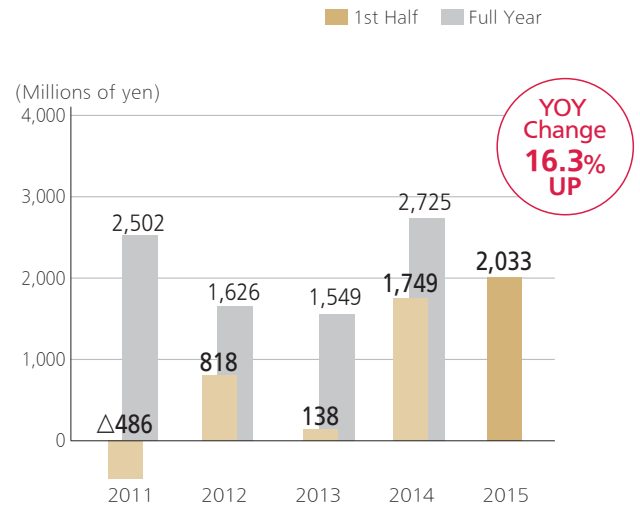
### Operating Income



### Ordinary Income



### Net Income





■ Sales by Segment

(Millions of yen)

	1st Half of FY2015		1st Half of FY2014	
	Net Sales	Operating Income	Net Sales	Operating Income
Logistics	73,810	973	61,237	605
Property Management	2,510	805	1,195	612
Other	2,908	125	3,344	171
Adjusted Total	79,229	1,788	65,777	1,467

● Logistics Business :

Net sales increased as a result of growth in products handled for some retailers and department stores that benefitted from an influx of foreign tourists, as well as the addition of overseas subsidiaries to the scope of consolidation. Despite higher subcontracting costs and personnel expenses, profits also rose on account of a decline in fuel prices and a hike in service prices.

● Property Management Business :

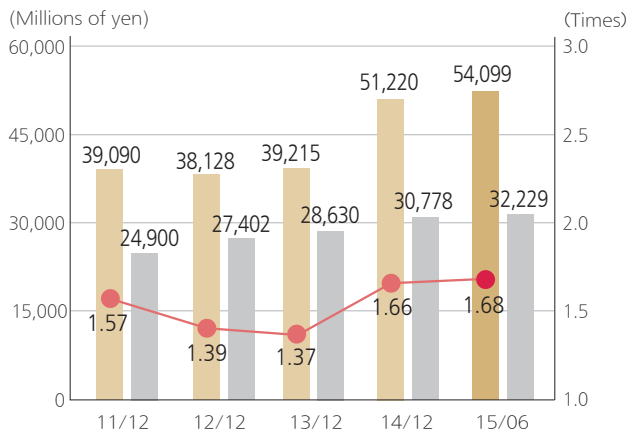
The Nagatsuta Logistics Center (Midori Ward, Yokohama City) began operations in January, leading to an increase in rental income. Moreover, a gain was realized on the sale of a logistics facility in Tokorozawa City, which had been held as real estate for sale, leading to growth in both sales and profits.

● Other Business :

In the mainstay personnel business, opportunity losses arose as the number of registered temporary staff came in below projections. In addition, a marketing subsidiary was sold off during the previous fiscal year, leading to year-on-year declines in both sales and profits.

■ Net Debt, Total Shareholders' Equity (left), Net Debt-to-Equity Ratio (right)

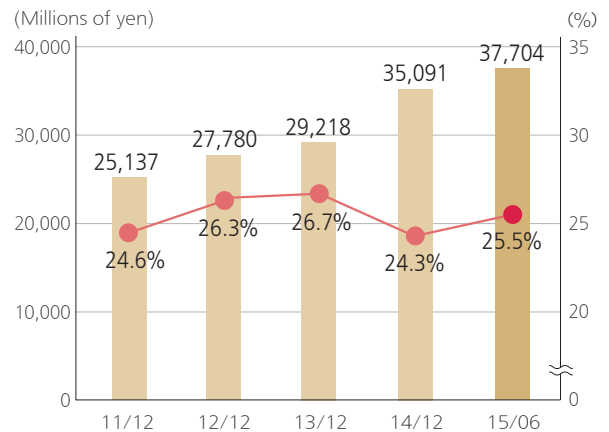
■ Net Debt ■ Total Shareholders' Equity ● Net Debt-to-Equity Ratio



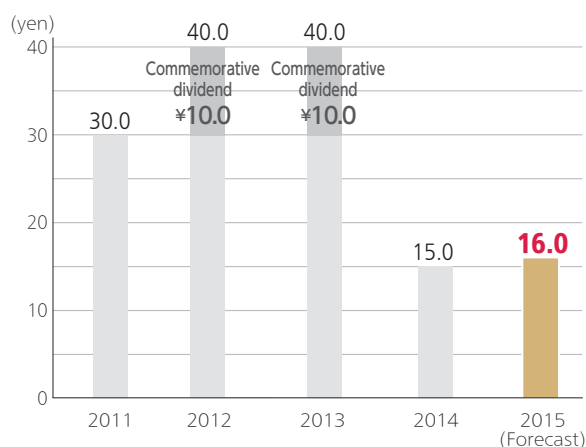
\*Net Debt=Long-term loans + Short-term loans + Bond-Cash and deposits  
 \*Net Debt-to-Equity Ratio=Net debt/Total shareholders' equity

■ Net Assets, Equity Ratio

■ Net Assets ● Equity Ratio



■ Dividends per Share

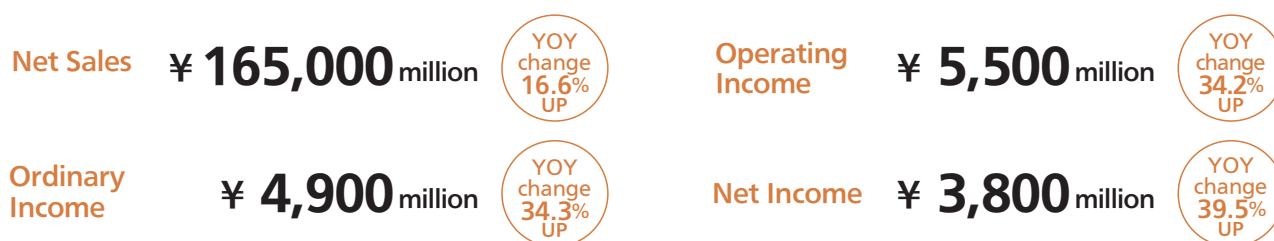


Basic Policy regarding the Profit Distribution

The SBS Group considers the return of profits to shareholders an important management objective. Accordingly, our basic policy on profit distribution calls for the maintenance of stable dividends and efforts to increase dividend levels in line with operating performance, balanced against augmenting internal reserves to ensure a stronger management base. We forecast a dividend of ¥16 per share for the fiscal year ending December 31, 2015.

Notes: The Group conducted a three-for-one split of common shares on June 1, 2014.  
 The commemorative dividend distributed in 2012 commemorates the Group's listing on the Second Section of the Tokyo Stock Exchange.  
 The commemorative dividend distributed in 2013 commemorates the Group's listing on the First Section of the Tokyo Stock Exchange.

PERFORMANCE FORECASTS (For the year ending December 31, 2015)



■ By Segment

(Millions of yen)

	Logistics	Property Management	Other	Adjusted Total
Net Sales	150,000	8,300	6,700	165,000
YOY Change	+15.5%	+62.6%	+2.3%	16.6%
Operating Income	2,100	3,000	400	5,500
YOY Change	+29.3%	+27.2%	+16.1%	34.2%
Operating Margin	1.4%	36.1%	6.0%	3.3%

※Figures of the earnings forecast exclude the proceeds of internal sales between segments.

## ■ Corporate Profile

Company name	SBS Holdings, Inc.
President	Masahiko Kamata
Founded	December 16, 1987
Paid-in Capital	¥3,918.21 million
Net sales	¥141.5 billion (consolidated) *For the year ended December 31, 2014
Head office	4-1-3 Taihei, Sumida-ku, Tokyo 130-0012, Japan Tel: +81-3-3829-2222(main) Fax: +81-3-3829-2822

Lines of Business Logistics, property management, marketing, human resources, etc.

### Consolidated Subsidiaries

#### ■ Domestic

SBS Logicom Co., Ltd.	SBS Freight Service Co., Ltd.
	Nippon Record Center Co., Ltd.
	SBS Transport Co., Ltd.
	SBS Global Network Co, Ltd.
	SBS Logicom Kitakanto Co., Ltd. SBS Logicom Minamikanto Co., Ltd.
SBS Flec Co., Ltd.	SBS Flecnet Co., Ltd.
SBS Zentsu Co., Ltd.	
SBS Sokuhai Support Co., Ltd.	*Launched on July 1, 2015
SBS Staff Co., Ltd.	
SBS Finance Co., Ltd.	
A-MAX Co., Ltd.	L-MAX Co., Ltd.
Marketing Partner Co., Ltd.	

#### ■ Overseas

SBS Logistics Holdings Singapore Pte. Ltd. (Regional Headquarter of Asia)
SBS Transpole Logistics Pvt. Ltd.(India)
SBS Transpole Logistics Holdings Co., Ltd.(Hong Kong)
SBS Transpole Logistics Pvt. Ltd.(Hong Kong)
SBS Transpole Logistics Pte. Ltd.(Singapore)
Atlas Logistics Pvt. Ltd.(India)

## ■ Board of Directors and Auditors

President	Masahiko Kamata
Senior Director	Kenichi Iriyama
Directors	Taiji Sugino
	Makoto Watanabe
	Jiro Iwasaki
	Tetsuya Sekimoto
Audit & Supervisory Board Member (full-time)	Yasuhiro Yamashita
Audit & Supervisory Board Member (outside)	Shigetaka Shomatsumoto Masahito Takeda

Notes: Jiro Iwasaki and Tetsuya Sekimoto are outside directors.  
Shigetaka Shomatsumoto and Masahito Takeda are outside auditors.

## ■ Stock Information

Number of shares authorized	154,705,200 shares
Number of shares issued	39,703,200 shares
Unit Stock System	Yes (100 shares)
Number of shareholders	3,863

## ■ Major Shareholders

Shareholder	Shares Held	Ratio of Shares Held (%)
Masahiko Kamata	17,888,400	45.05
SBS Holdings Employee Share Ownership Association	1,666,700	4.19
Japan Trustee Services Bank, Ltd. (trust account)	1,462,100	3.68
SMBC TRUST BANK Designated Securities Trust	1,200,000	3.02
Junichi Ouchi	928,200	2.33
The Master Trust Bank of Japan, Ltd. (Trust Account)	893,000	2.24
TOBU Properties Co., Ltd.	826,800	2.08
STATE STREET BANK AND TRUST COMPANY 505224	750,000	1.88
CBNY-GOVERNMENT OF NORWAY	686,400	1.72
BNY GCM CLIENT ACCOUNT JPRD AC ISG (FE-AC)	537,995	1.35

Note: Japan Trustee Services Bank, Ltd. (trust account) is a re-trusted employee share ownership association, and the number of shares its trust account holds includes 404,200 of our shares.

The ratio of shares held against number of shares issued is truncated after the third decimal place.

## ■ Distribution of Shares by Shareholder Type

Number of share issued: 39,703,200 shares

