



Financial Result Briefing

First Half Results for the Six Months Ended June 30, 2016

August 22, 2016

SBS Holdings, Inc.



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FY2016 First Half Results and Full Year Forecasts

SBS Holdings, Inc.
General Manager, Finance Division

Takashi Endo

Consolidated 1H Performance (YOY Comparison)

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(Millions of yen)

	1st Half of FY2015		1st Half of FY2016			
	Amount	% of Total	Amount	% of Total	YOY Change (amount)	YOY Change (%)
Net Sales	79,229	100%	76,531	100%	-2697	-3.4%
Operating Income	1,788	2.3%	5,347	7.0%	3,559	199.0%
Ordinary Income	1,978	2.5%	5,642	7.4%	3,664	185.2%
Net Income	2,033	2.6%	4,009	5.2%	1,976	97.2%

Consolidated 1H Performance (Actual vs. Planned) 3

(Millions of yen)

	1st Half of FY2016		1st Half of FY2016			
	Planned	% of Total	Amount	% of Total	YOY Change (amount)	YOY Change (%)
Net Sales	76,500	100%	76,531	100%	31	0.0%
Operating Income	5,100	6.7%	5,347	7.0%	247	4.8%
Ordinary Income	5,200	6.8%	5,642	7.4%	442	8.5%
Net Income	3,600	4.7%	4,009	5.2%	409	11.4%

Performance trends by segment

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(Millions of yen)

Segment		1H of FY2015	1st Half of FY2016		
		Amount	Amount	YOY Change (amount)	YOY Change (%)
Logistics	Net Sales	73,810	64,562	-9,248	-12.5%
	Operating Income Ratio	973 1.3%	916 1.4%	-57	-5.9%
Property Management	Net Sales	2,510	8,935	6,425	256.0%
	Operating Income Ratio	805 32.1%	4,390 49.1%	3,585	445.0%
Others	Net Sales	2,908	3,034	126	4.3%
	Operating Income Ratio	125 4.3%	172 5.7%	47	37.6%

* Adjusted sum total of operating incomes of all segments above is listed as operating income in statement of income.

* Adjustment for 2Q of 2015 is -¥115 million and for 2Q of 2016 is -¥131 million.

Ref.: performance by segment before management fee adjustment 5

(Millions of yen)

Segment		1H of FY2015	1st Half of FY2016		
		Amount	Amount	YOY Change (amount)	YOY Change (%)
Logistics	Net Sales	73,810	64,562	-9,248	-12.5%
	Before adjustment Operating Income Ratio	1,680 2.3%	1,684 2.6%	4	0.2%
Property Management	Net Sales	2,510	8,935	6,425	256.0%
	Before adjustment Operating Income Ratio	860 34.3%	4,437 49.7%	3,577	415.9%
Others	Net Sales	2,908	3,034	126	4.3%
	Before adjustment Operating Income Ratio	167 5.7%	211 7.0%	44	26.3%

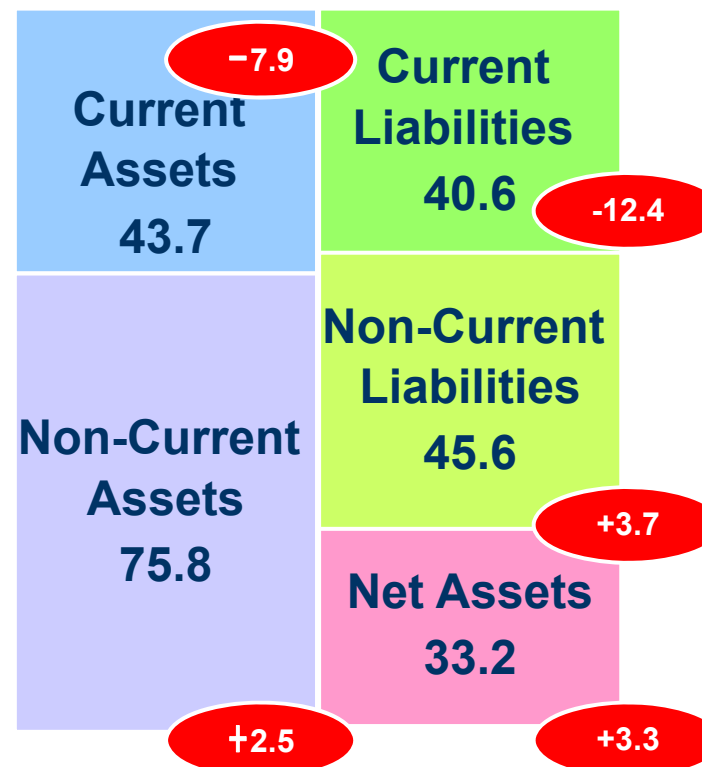
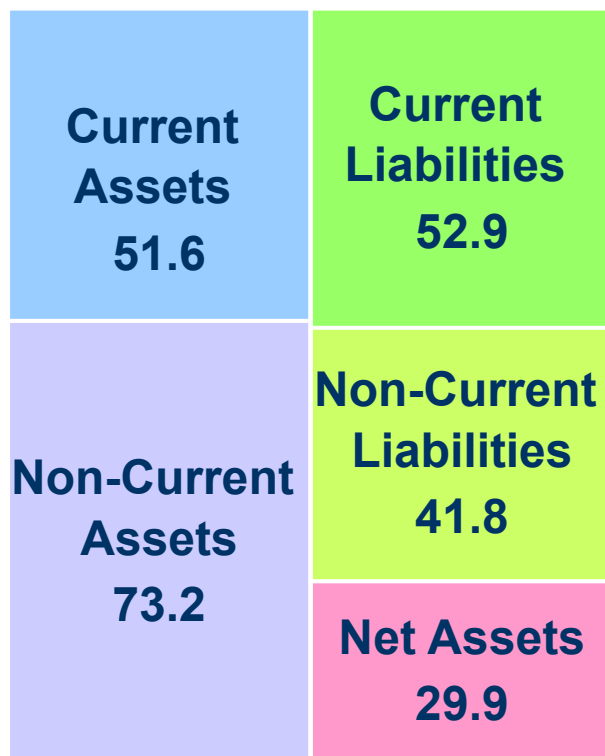
Trends of Consolidated Balance Sheet

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As of December 31, 2015

Billions of yen

As of June 30, 2016



Total Assets 124.8

Equity Ratio 22.5%

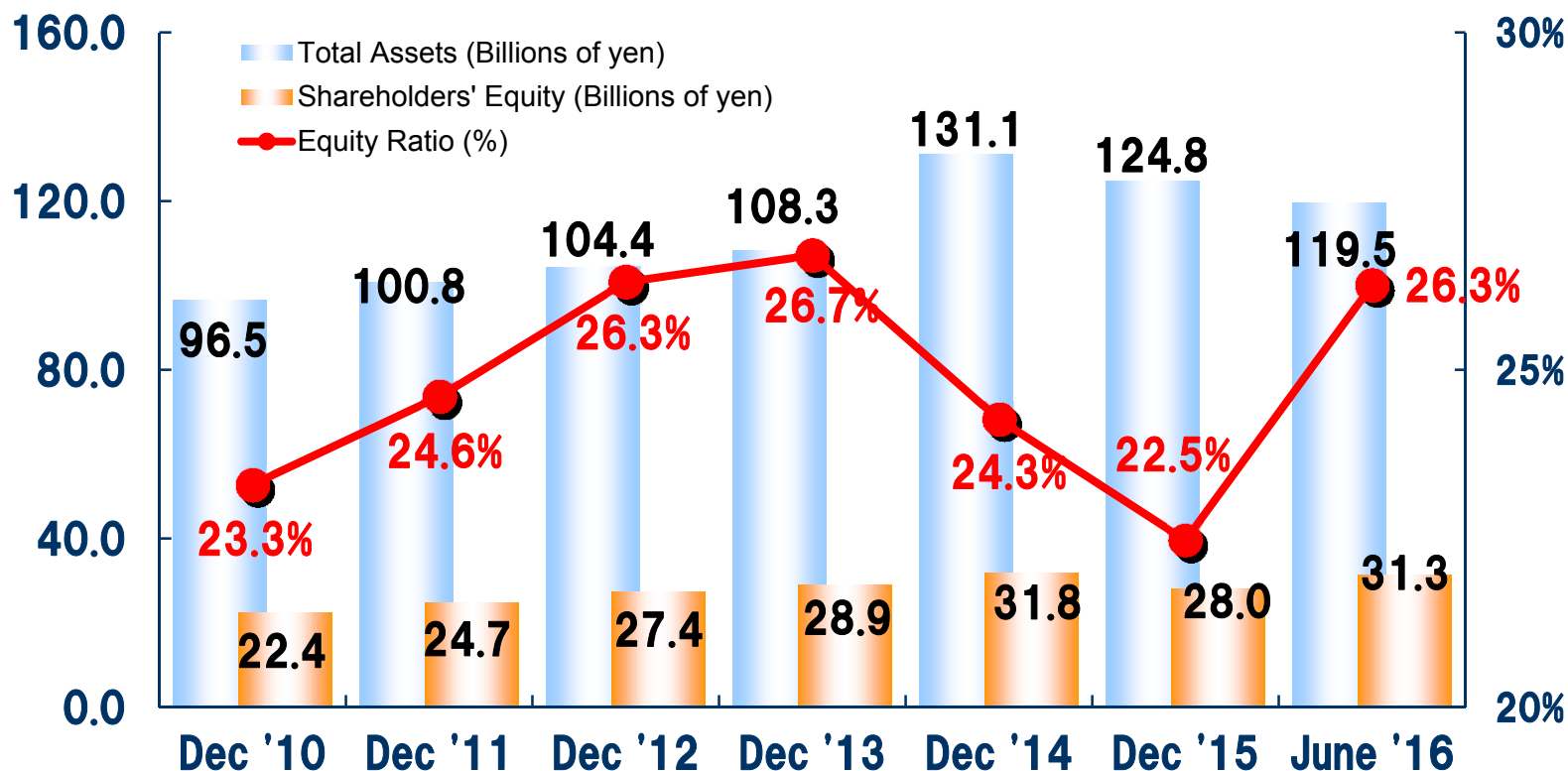
-5.3

Equity ratio increase
by 3.8 percentage
points

Total Assets 119.5

Equity Ratio 26.3%

Equity Ratio



Net Debt/Equity Ratio[※]

1.95 (as of December 31, 2015) ⇒ 1.50 (as of June 30, 2016)

※(Liabilities with interest - Cash equivalent) / Shareholders' equity

(Millions of yen)

	FY2015		FY2016			
	Amount	% of Total	Forecast	% of Total	YOY Change (amount)	YOY Change (%)
Net Sales	157,996	100%	146,500	100%	-11,496	-7.3%
Operating Income	5,347	2.9%	6,600	4.5%	1,253	23.4%
Ordinary Income	5,772	2.6%	6,600	4.5%	828	14.3%
Net Income	-3,815	1.9%	4,300	2.9%	8,115	-

FY2016 Forecast by Segment

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(Millions of yen)

Segment		FY2015 Amount	FY2016		
			Planned	YOY Change (amount)	YOY Change (%)
Logistics	Net Sales	143,391	129,950	-13,441	-9.4%
	Operating Income Ratio	2,072 1.4%	1,530 1.2%	-542	-26.2%
Property Management	Net Sales	8,641	10,350	1,709	19.8%
	Operating Income Ratio	3,292 38.1%	5,070 49.0%	1,778	54.0%
Others	Net Sales	5,963	6,200	237	4.0%
	Operating Income Ratio	238 4.0%	300 4.8%	62	26.1%

* Adjusted sum total of operating incomes of all segments above is listed as operating income in statement of income.

* Adjustment for FY2015 was -¥256 million and estimate for FY2016 is -¥300 million.



FY2016 Group Management

SBS Holdings, Inc.
President

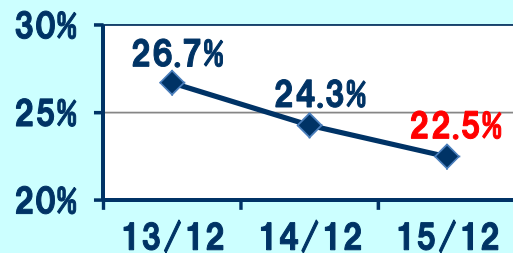
Masahiko Kamata

FY2016 to become a year of sharp reversal to profitability 1 1

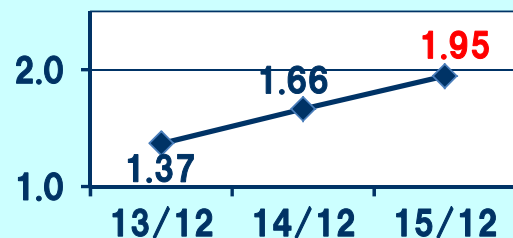
Withdrawal from management of Indian companies

■ Aggravation of financial indicators

- Decline in Equity Ratio



- Upswing in Net Debt/Equity Ratio



■ Loss of market trust

- Current term net loss
+ ¥3,800 million ⇒ (¥3,800 million)
- Cancelling of year-end dividend
16 yen ⇒ 0 yen

FY
20
15

Year of sharp reversal to profitability

■ Recovery of financial indicators (end of 2Q)

- Improvement in Equity Ratio

Shareholder's equity 31.3 billion yen
Equity ratio 26.3%

- Normalization of Net Debt/Equity Ratio

Net liabilities with interest 46.4 billion yen
Net Debt/Equity Ratio 1.50

■ Restoration of market trust

- Ensuring achievement of targets set in profit planning

Operating income 6.6 billion yen Up 23%
Ordinary income 6.6 billion yen Up 14%
Net income 4.3 billion yen

- Payment of dividend in 1Q

Payment of 16 yen at the end of March
(Planned year-end dividend (end of December): 16 yen)

FY
20
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■ Logistics: a decrease in income and profits as planned

- Launched a number of logistics centers totaling over 160 thousand square meters
- Launched ecommerce fulfillment services for apparel
- Solid performance with joint logistics (wine, lenses for glasses)
- Commenced overall revision of foreign operations



Curtain to stop cold air from getting out

Wine delivery car with constant temperature and humidity

■ Property Management: accelerated sales of facilities

- Completed Sugita Logistics center in Yokohama
- Completed Tokorozawa Logistics Center in Saitama
- Sold Kawagoe Logistics center in Saitama

■ Other: showed a solid performance

- Satisfactory results by solar power generation and marketing



Tokorozawa Logistics Center recently completed in Saitama

- Opening of new centers finished for the most part as planned
- In 2H, will work on stabilization of operations and increase in efficiency to create a good revenue structure

Open at our own facilities

Sugita (Yokohama)
Wine, apparel,
etc.

Tokorozawa (Saitama)
Department stores,
etc.

Open at rented facilities

Inzai (Chiba)
Net-order sales,
etc.

Ichikawa (Chiba)
Supplies for
PCs, etc.

Ariake (Tokyo)
Return of
goods to
department
stores

Hazawa (Yokohama)
Variety
stores, etc.

Open at facilities of our clients

Sakura (Chiba)
Supermarkets, food
wholesale

Ginza (Tokyo)
Business
complexes,
on-site
logistics

Sanda (Hyogo)
Drugstores

■ Performance of main 3PL operations

- Drugstore chain (management of a core center)
- Major supermarket chain/food wholesale (management of a newly created logistics center)
- PC supply manufacturers (operation of a logistics center)
- Wine logistics (newly established a logistics facility in Yokohama to be exclusively used for handling wine)
- Apparel ecommerce logistics (providing fulfillment services)

■ 3PL sales trends

(Billions of yen)

	FY2013	FY2014	FY2015	FY2016 Plan
Sales (domestic logistics)	117.5	122.8	125.4	129.1
3PL sales	46.1	48.5	51.2	54.5
Year-on-year percentage change	-89.6%	5.2%	5.6%	6.4%
Sales percentage	39.2%	39.5%	40.8%	42.2%

Trying a new start in foreign operations

- Launched revision of ASEAN operations based on what we have learned in FY2015
- Restructuring organization to enhance management efficiency



Property Management /Completion and Sale of Logistics Facilities 16

Two giant logistics facilities completed



Sugita Logistics Center
(Yokohama)
Completed in January, 2016

Efficiently employing its location in Port of Yokohama, this facility is used as an export and import base for such products as machine parts, cosmetics, miscellaneous goods, food, wine, and other drinks



Tokorozawa Logistics Center (Saitama)
Completed in March, 2016


Built to serve as a facility for exclusive use by major department stores, the facility will make it possible to group together warehouses and logistics centers, which have been scattered across several areas before.



Kawagoe Logistics Center sold off



Kawagoe Logistics Center (Saitama)
Completed in November, 2007

Date of completion	November, 2007	Comment	<ul style="list-style-type: none"> Decided to make the sale in 2Q instead of the scheduled 3Q Decided to sell everything in bulk in one year instead of the scheduled sale by portions over a two year period. Purpose: to improve balance sheet.
Land	Approx. 33,000 square meters		
Building	Approx. 48,000 square meters		
Date of sale	June, 2016	Purchaser	 United Urban Investment Corporation (J-REIT)
Book value	¥3,880 million		
Sale price	¥7,570 million		
Operating income	¥3,660 million		

Investment

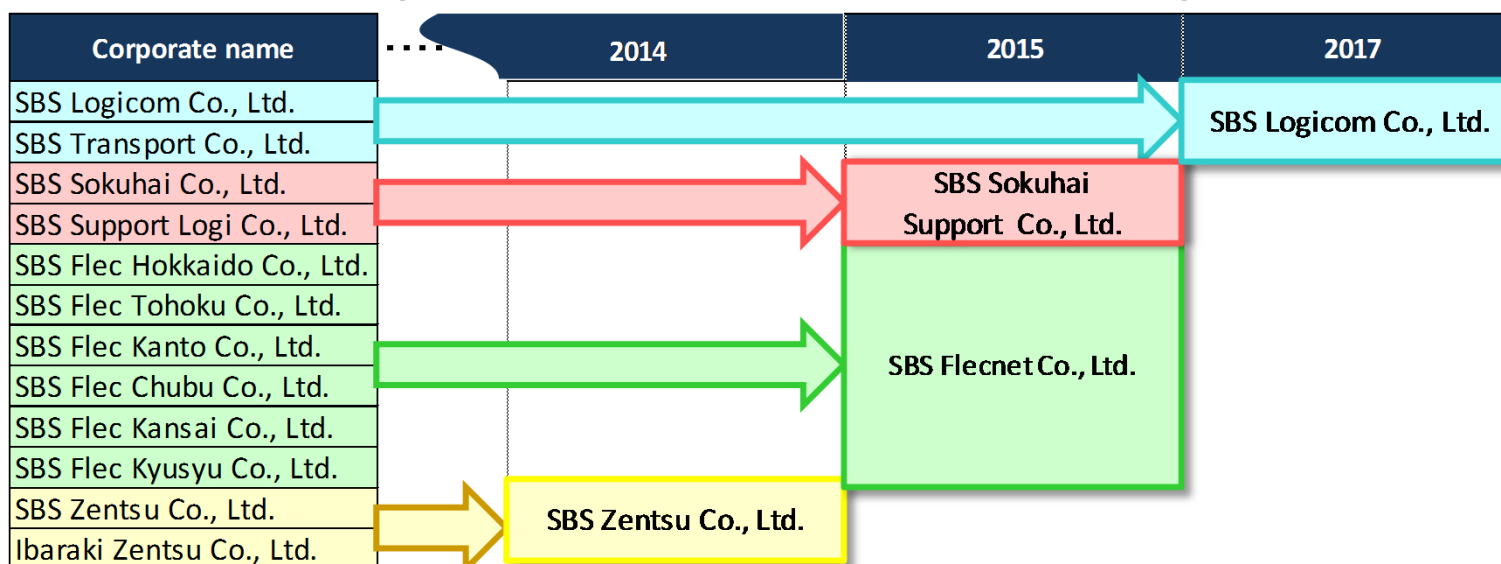


..2014.....2015.....2016.....2017.....2018..

Return



- SBS Logicom and SBS Transport will merge in Jan. 2017.
- Purpose of merger: to strengthen competitive power and enhance management efficiency
- From 2014, merged 12 companies; 4 are surviving companies



Medium-Term Management Plan

- For now, no changes to goals set for December, 2017
- The contribution from M&A activity is removed but the contribution from organic growth is unchanged

