

# Summary of Business Results for the First Quarter Ended March 31, 2019 [Japan GAAP] (Consolidated)

May 10, 2019

Company	SBS Holdings, Inc.	Listed on the TSE
Stock Code	2384 URL: <a href="http://www.sbs-group.co.jp/">http://www.sbs-group.co.jp/</a>	
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Expected date of filing of quarterly report		: May 10, 2019
Expected starting date of dividend payment		: -
Preparation of quarterly supplementary financial document		: None
Quarterly results briefing		: None

(Rounded down to million yen)

## 1. Consolidated business results for the three months ended March 2019 (January 1, 2019 through March 31, 2019)

### (1) Consolidated results of operations

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent	
	Million yen	%	Million yen	%	Million yen	%	Million yen	%
Three months ended Mar. 2019	64,628	73.7	3,837	320.3	3,729	339.7	2,256	345.1
Three months ended Mar. 2018	37,201	6.9	912	12.5	848	-8.9	506	-20.8

(Note) Comprehensive income

Three months ended March 2019: 2,529 million yen (359.3%)

Three months ended March 2018: 550 million yen (-18.2%)

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended Mar. 2019	56.80	—
Three months ended Mar. 2018	12.76	—

### (2) Consolidated financial position

	Total assets	Net assets	Shareholders' equity ratio
	Million yen	Million yen	%
As of Mar. 2019	175,163	49,683	23.5
As of Dec. 2018	171,796	48,173	23.1

(Reference) Shareholders' equity

As of Mar. 2019: 41,230 million yen

As of Dec. 2018: 39,759 million yen

(Note) The Company has applied "Partial Revision of Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) from the beginning of the first quarter of the current fiscal year, and the figures for the fiscal year ended December 2018 have been retroactively applied

## 2. Dividends

	Annual dividend				
	End of 1Q	End of 2Q	End of 3Q	Year-end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended Dec. 2018	-	0.00	-	22.00	22.00
Year ending Dec. 2019	-				
Year ending Dec. 2019 (forecast)		0.00	-	23.00	23.00

(Note) Revisions to dividend forecast for the current quarter: None

## 3. Forecast of consolidated business results for the fiscal year ending December 2019 (January 1, 2019 through December 31, 2019)

(% change from the previous corresponding period)

	Net sales		Operating income		Ordinary income		Net income attributable to owners of parent		Net income per share
	Million yen	%	Million yen	%	Million yen	%	Million yen	%	Yen
For the six months ending Jun. 2019	124,000	60.7	4,800	105.3	4,500	101.5	2,600	112.8	65.46
Year ending Dec. 2019	250,000	22.8	9,000	9.2	8,400	10.4	4,800	8.9	120.85

(Note) Revisions to business forecast for the current quarter: None

**\* Notes**

(1) Changes in significant subsidiaries during the period (changes in specified subsidiaries accompanying changes in the scope of consolidation): None

(2) Application of accounting procedures specific to preparation of the consolidated quarterly financial statements: None

(3) Changes in accounting policies, accounting estimates and restatement

- |  |        |
|--|--------|
| ① Changes in accounting policies associated with revision of accounting standards: | : None |
| ② Changes in accounting policies other than ①                                      | : None |
| ③ Changes in accounting estimates  | : None |
| ④ Restatement  | : None |

(4) Shares outstanding (common stock)

① Number of shares outstanding at the end of period (treasury stock included)

As of March 2019	39,718,200 shares
As of December 2018	39,718,200 shares

② Treasury stock at the end of period

As of March 2019	534 shares
As of December 2018	512 shares

③ Average number of stock during period (quarterly cumulative period)

Three months ended March 2019	39,717,679 shares
Three months ended March 2018	39,717,728 shares

**\*This quarterly consolidated financial result announcement is not subject to audit procedures.**

**\*Explanation regarding appropriate use of financial forecasts and other special instructions**

Forecasts regarding future performance in this material are based on information currently available to the Company and certain assumptions that the Company deems to be reasonable at the time this report was prepared. The Company does not make promises about the achievements. Actual results may differ significantly from the forecasts due to various factors.

○ Table of Contents of the Appendix

1. Qualitative Information on Quarterly Financial Results.....	2
(1) Results of Operations .....	2
(2) Financial Position .....	2
(3) Consolidated Earnings Forecasts .....	3
2. Quarterly Consolidated Financial Statements and Major Notes .....	4
(1) Quarterly Consolidated Balance Sheets.....	4
(2) Quarterly Consolidated Statements of Income and Statements of Comprehensive Income .....	6
Quarterly Consolidated Statement of Income	
First Quarter.....	6
Quarterly Consolidated Statements of Comprehensive Income	
First Quarter.....	7
(3) Notes to Quarterly Consolidated Financial Statements .....	8
(Notes on Going Concern Assumption).....	8
(Notes on Substantial Changes in the Amount of Shareholders' Equity) .....	8
(Segment information) .....	8

## 1. Qualitative Information on Quarterly Financial Results

### (1) Results of Operations

Our business is centered on 3PL (third-party logistics) which provides integrated logistics services, such as warehousing operations, transportation, and logistics real estate developments.

During the three months ended March 31, 2019 (January 1, 2019 to March 31, 2019), despite the continued severe driver shortage, the business environment in the logistics industry remained firm on the whole, driven by the prevalence of trends in setting appropriate prices initiated by major home delivery companies and the steady trend in unit fuel prices compared to the previous year. Against this backdrop, our logistics business performed well, particularly in 3PL. The consolidation of SBS RICOH LOGISTICS SYSTEM Co., Ltd., which joined the Group in August 2018, and the liquidation of logistics real estate scheduled for the current fiscal year, which resulted in the recording of revenue in the first quarter of the fiscal year under review, showing a significant year-on-year increase in performance.

As a result, net sales were 64,628 million yen (up 73.7% year on year). Operating income increased to 3,837 million yen (up 320.3%), ordinary income increased to 3,729 million yen (up 339.7%), and net income attributable to owners of parent increased to 2,256 million yen (up 345.1%).

The results of operations by segment are as follows:

#### (Logistics business)

In the Logistics business, while working to set appropriate price rates in existing businesses, we attracted new customers seeking high logistics functions, and steadily improve and stabilize logistics operations. Furthermore, in addition to aggressively responding to robust demand from BtoB and BtoC shippers in the same-day delivery business, earnings were firm as a result of increased volumes in response to the dramatic expansion of e-commerce.

With the addition of SBS RICOH LOGISTICS SYSTEM Co., Ltd., net sales increased 63.7% year on year to 57,017 million yen and operating income increased 127.5% to 1,142 million yen. Both sales and profits increased significantly year on year. The Company will actively promote the mutual use of warehouses and vehicles, the use of leasing and other Group company resources, and the consolidation and closure of domestic and overseas bases, as well as personnel exchanges. The Company's results for the first quarter under review are net sales of 18,612 million yen and operating income of ¥567 million yen. The amount of amortization of goodwill and other items per quarter is 153 million yen.

#### (Property Management business)

The Property Management business consists of the Development and Leasing businesses.

In the development business, to promote the Group's 3PL businesses, we are implementing a comprehensive large-scale warehouses that meet customers' logistics requirement, from land acquisitions to construction. The leasing business earns rental income from income-generating properties (warehouses, office buildings, residential properties, etc.) owned by the Group. We have liquidated our real estate properties and recovered funds for future investments; however, the revenues recorded as a result of the liquidation are included in the Real Estate segment.

In the first quarter of the fiscal year under review, a multi-tenant Nanko Distribution Center (total floor space of 18,540 tsubo), which had been under construction in Suminoe-ku, Osaka, was completed in March. In the current of logistics real estate, we sold a 30% interest in the Nagatsuta Distribution Center in the form of a trust beneficiary right, resulting in a significant increase in earnings. Net sales were 5,966 million yen (up 732.8% year on year) and operating income was 2,768 million yen (up 592.6%).

#### (Other business)

The main businesses of the Other business segment are the Temporary Staffing business, the Marketing business, and the Solar Power Generation business.

Net sales decreased to 1,644 million yen (down 1.2%) and operating income decreased to 51 million yen (down 29.0%) mainly due to the impact of the slump in the Temporary staffing business.

### (2) Financial Position

Total assets at the end of the first quarter amounted to 175,163 million yen, an increase of 3,366 million yen from the end of the previous fiscal year. Despite a decrease in inventories due to the sale of the Nagatsuta Logistic Center and a decrease in construction in progress due to the completion of the Nanko Distribution Center, fixed assets such as buildings related to the center and cash and deposits increased.

Liabilities were 125,480 million yen, an increase of 1,856 million yen from the end of the previous fiscal year. This was mainly due to an increase in short-term loans payable for working capital needs and a provision for bonuses.

Net assets increased 1,509 million yen to 49,683 million yen. This was mainly due to the payment of dividends of 22 yen per share totaling 873 million yen despite the recording of 2,256 million yen in net income attributable to owners of parent.

### (3) Consolidated Earnings Forecasts and Other Forward-Looking Information

As the financial results as of the end of the first quarter of the fiscal year ending December 31, 2019 were generally in line with the plan, including the liquidated above-mentioned logistics real estate, we have not revised the consolidated financial forecasts for the first half and full year announced on February 13, 2019.

## 2. Quarterly Consolidated Financial Statements and Major Notes

### (1) Quarterly consolidated balance sheets

(Unit: Million yen)

	Previous fiscal year (As of Dec. 31, 2018)	Current First Quarter (As of March 31, 2019)
<b>Assets</b>		
Current assets		
Cash and deposits	16,310	19,428
Notes and accounts receivable	31,807	31,671
Inventories	8,221	5,730
Other	5,672	6,166
Allowance for doubtful accounts	-36	-34
Total current assets	61,975	62,962
Fixed assets		
Property, plant and equipment		
Buildings and structures	47,250	55,246
Accumulated depreciation and impairment loss	-25,782	-26,147
Buildings and structures, net	21,468	29,099
Machinery, equipment and vehicles	24,699	25,188
Accumulated depreciation and impairment loss	-13,253	-13,544
Machinery, equipment and vehicles, net	11,445	11,643
Land	41,634	41,665
Leased asset	5,971	5,973
Accumulated depreciation and impairment loss	-3,458	-3,480
Leased assets, net	2,512	2,493
Construction in progress	6,633	1,031
Other	5,799	5,900
Accumulated depreciation and impairment loss	-4,119	-4,199
Other, net	1,680	1,701
Total property, plant and equipment	85,373	87,633
Intangible assets		
Goodwill	5,739	5,657
Other	5,078	4,938
Total intangible assets	10,818	10,595
Investments and other assets		
Investments and other assets	14,188	14,537
Allowance for doubtful accounts	-559	-566
Total investments and other assets	13,629	13,971
Total noncurrent assets	109,821	112,201
Total assets	171,796	175,163

(Unit: Million yen)

	Previous fiscal year (As of Dec. 31, 2018)	Current First Quarter (As of March 31, 2019)
<b>Liabilities</b>		
Current liabilities		
Notes and accounts payable-trade	13,555	13,721
Current portion of bonds	80	-
Short-term borrowings	15,500	17,600
Current portion of long-term loans payable	9,887	10,395
Income taxes payable	1,939	1,561
Provision for bonuses	1,390	2,817
Other	16,140	15,769
Total current liabilities	58,493	61,865
Long-term liabilities		
Long-term loan payable	47,371	46,030
Obligations for retirement plan	6,073	6,110
Other	11,685	11,473
Total long-term liabilities	65,130	63,615
Total liabilities	123,623	125,480
<b>Net assets</b>		
Shareholders' equity		
Capital stock	3,920	3,920
Capital surplus	2,651	2,651
Retained earnings	32,750	34,133
Treasury stock	-0	-0
Total shareholders' equity	39,322	40,704
Other accumulated comprehensive income		
Valuation difference on securities	744	793
Foreign currency translation adjustment	-114	-103
Remeasurements of defined benefit plans	-193	-164
Total other accumulated comprehensive income	436	525
Non-controlling shareholders' equity	8,414	8,453
Total net assets	48,173	49,683
Total liabilities and net assets	171,796	175,163

## (2) Quarterly Consolidated Statements of Income and Statements of Comprehensive Income

## Quarterly Consolidated Statement of Income

(First Quarter)

(Unit: Million yen)

	Previous First Quarter (January 1, 2018 - March 31, 2018)	Current First Quarter (January 1, 2019 - March 31, 2019)
Net sales	37,201	64,628
Cost of sales	33,821	56,857
Gross profit	3,379	7,771
Selling, general and administrative expenses	2,466	3,933
Operating income	912	3,837
Non-operating income		
Interest income	4	8
Dividends income	1	15
Equity in income of affiliates	43	-
Penalty income	-	50
Gain on donation of fixed assets	-	61
Other	36	34
Total non-operating income	86	169
Non-operating expenses		
Interest expenses	110	171
Other	40	105
Total non-operating expenses	151	276
Ordinary income	848	3,729
Extraordinary income		
Income on sales of noncurrent assets	29	38
Total extraordinary income	29	38
Extraordinary loss		
Loss on sales of noncurrent assets	9	2
Loss on retirement of noncurrent assets	6	9
Total extraordinary loss	15	12
Income before income taxes	861	3,755
Income taxes	601	1,777
Income taxes-deferred	-276	-412
Total income tax	325	1,365
Net income	536	2,389
Net income attributable to owners of non-controlling	29	133
Net income attributable to owners of parent	506	2,256



(Quarterly Consolidated Statements of Comprehensive Income)  
(First Quarter)

(Unit: Million yen)

	Previous First Quarter (January 1, 2018 - March 31, 2018)	Current First Quarter (January 1, 2019 - March 31, 2019)
Net income	536	2,389
Other comprehensive income		
Valuation difference on securities	-3	116
Foreign currency translation adjustment	-26	9
Adjustments for retirement benefits	15	36
Share of other comprehensive income of companies accounted for by the equity-method	29	-21
Total other comprehensive income	14	140
Comprehensive income	550	2,529
Breakdown		
Comprehensive income attributable to owners of parent	521	2,344
Comprehensive income attributable to owners of non- controlling interests	28	184

### (3) Notes to Quarterly Consolidated Financial Statements

(Notes on Going Concern Assumption)

Not applicable.

(Notes on Substantial Changes in the Amount of Shareholders' Equity)

Not applicable.

Segment information

[Segment information]

#### I. First quarter of the previous fiscal year (January 1, 2018 to March 31, 2018)

Information on net sales and profits or losses by reported segment

(Millions of yen)

	Reportable Segments				Adjusted amount (NOTE) 1	Amounts posted in quarterly consolidated income statement (NOTE) 2
	Logistics business	Property management business	Other businesses	Total		
Net sales						
Sales to unaffiliated customers	34,821	716	1,663	37,201	-	37,201
Intersegment sales or transfers between segments	136	-	31	167	-167	-
Total	34,957	716	1,695	37,368	-167	37,201
Segment income	502	399	72	974	-61	912

(NOTE) 1. Adjustments to segment income are 10 million yen for elimination of intersegment transactions and -72 million yen for profit and loss relating to the Company not allocated to each reportable segment.

2. Segment income is adjusted with operating income in the quarterly consolidated statements of income.

#### II First quarter of the current fiscal year (January 1, 2019 to March 31, 2019)

Information on net sales and profits or losses by reported segment

(Millions of yen)

	Reportable Segments				Adjusted amount (NOTE) 1	Amounts posted in quarterly consolidated income statement (NOTE) 2
	Logistics business	Property management business	Other businesses	Total		
Net sales						
Sales to unaffiliated customers	57,017	5,966	1,644	64,628	-	64,628
Intersegment sales or transfers between segments	87	24	81	192	-192	-
Total	57,105	5,990	1,725	64,821	-192	64,628
Segment income	1,142	2,768	51	3,962	-125	3,837

(NOTE) 1. Adjustments to segment profit are 11 million yen for elimination of intersegment transactions and 136 million yen for profit and loss relating to the Company not allocated to each reportable segment.

2. Segment income is adjusted with operating income in the quarterly consolidated statements of income.