

# Annual Report 2019

For the fiscal year from April 1, 2018 to March 31, 2019

# Logisnext

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## We achieved increases in sales and profit through the implementation of Group-wide growth strategies.

In fiscal 2018, ended March 31, 2019, Mitsubishi Logisnext Co., Ltd. welcomed its second year and achieved year-on-year increases in both sales and profit through Group-wide promotion of its medium-term management plan “Perfect Integration 2020.” In the future, we will continue to aim to become the world’s top class logistics equipment manufacturer by maximizing integrated synergies and further strengthening our business foundations.



Takashi Mikogami  
President and CEO

### Summary of Market Conditions and Performance in Fiscal 2018

**D**uring the consolidated fiscal year ended March 31, 2019, the Group continued to implement its multi-brand/glocal\* strategies worldwide in accordance with its medium-term management plan, “Perfect Integration 2020.” In the domestic business segment, sales for forklifts and logistics systems grew thanks to strong demand, as did sales in the service sector. Our laser-guided unmanned forklift, which was launched in response to rising demand for automation and manpower reduction, was also well-received by the market. Furthermore, we achieved results in terms of integrated synergy expansion, integration of the products and standardizing a wide variety of systems, among other efforts. In the overseas business segment, we secured sales growth in all regions, including the Americas, Europe, Asia and China.

As a result, consolidated net sales for the consolidated fiscal year ended March 31, 2019 were 448.3 billion yen (up 3.5% YoY). All profit lines increased thanks in part to a decrease in amortization of goodwill and increased profit in the domestic business segment, with operating profit finishing at 13.1 billion yen (up 41.8% YoY), ordinary profit at 13.7 billion yen (up 62.8% YoY) and profit attributable to owners of parent at 7.0 billion yen (up 140.6% YoY). Excluding impact from amortization of goodwill, operating profit was 21.9 billion yen (up 14.9% YoY), and the operating profit margin was 4.9% (up 0.5 percentage point YoY).

\* Glocal: Aiming for global development while providing products and services tailored to specific needs in each region.

### Initiatives and Outlook for Fiscal 2019

**R**ecently, the global economy has exhibited notable slowdown in growth. Prospects for the real economy are increasingly murky due to instability caused by political and economic trends and geopolitical risks overseas, including economic friction between the United States and China. In the Japanese economy, a wide variety of economic indicators have stabilized, but signs of decline in the drive to invest at many companies have recently become visible. Additionally, prices for materials, such as steel, remain high and continue to have an impact on our businesses.

In this business environment, fiscal 2019 will mark the third year of our medium-term management plan, “Perfect Integration 2020.” We have set fiscal 2020 targets of 460.0 billion yen in consolidated net sales and a consolidated operating profit margin of 7.0% (excluding impact from amortization of goodwill). To meet these targets, we will work to further expand our business scale by continuing to strengthen our profitability and build firm business foundations.

In accordance with its corporate vision of “moving the world forward as the leading provider of innovative logistics and material handling solutions,” the Company will focus on the following key issues while it aims to achieve sustainable growth and higher corporate value.

**1. Improve profitability through successful post-merger integration (PMI)**

We have achieved new synergies through our business merger with UniCarriers, which primarily involved the combination of procurement and management departments. In fiscal 2019, the third year following this merger, we will work to create further synergy and improve our profitability by integrating model-development and through other methods.

**2. Diversify earnings sources by expanding direct sales in overseas**

Through acquisition of direct sales stores in North America that we announced in April 2019, we will further expand direct sales, service, and other material-handling related business in overseas. We will also use this acquisition as an opportunity to construct a business structure that is highly resistant to economic fluctuations.

**3. Capture the growing needs of logistical automation**

Demand for logistical automation is increasing rapidly in Japan and overseas due to global labor shortages and the shift to small-lot logistics caused by the spread of e-commerce. We will create new sources of earnings by developing the automation technologies we cultivated in Japan and Europe.

Based on these factors, we forecast consolidated net sales of 460.0 billion yen (up 2.6% YoY), operating profit of 15.0 billion yen (up 14.0% YoY), ordinary profit of 15.0 billion yen (up 9.4% YoY) and net income of 9.0 billion yen (up 27.2% YoY) in fiscal 2019. Excluding impact from amortization of goodwill, we forecast operating profit of 24.0 billion yen (up 8.4% YoY) and an operating profit margin of 5.2% (up 0.3 percentage point YoY).

**Message to Shareholders**

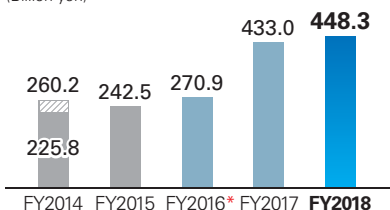
**B**asically, we adopt a profit allocation approach that is commensurate with earnings performance in the current fiscal year and based on considerations of the balance between dividend payout and earning retention for the establishment of corporate infrastructure. In accordance with this policy, we will pay a year-end dividend of 13 yen per share for fiscal 2019.

We humbly request your continued support and warm understanding as we move forward.

**Financial Highlights**

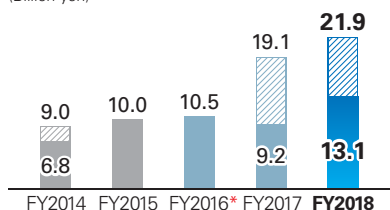
**Sales**

(Billion yen)



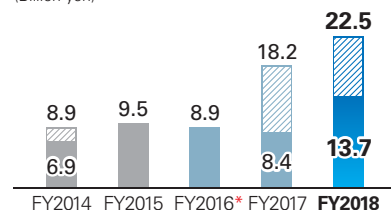
**Operating Profit**

(Billion yen)



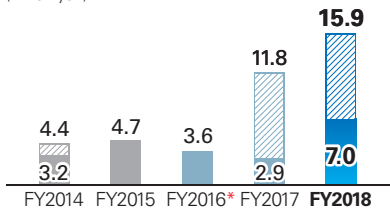
**Ordinary Profit**

(Billion yen)



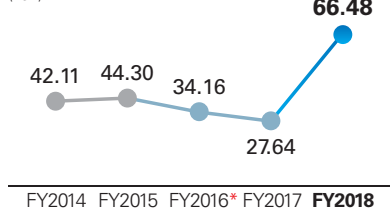
**Profit Attributable to Owners of Parent**

(Billion yen)



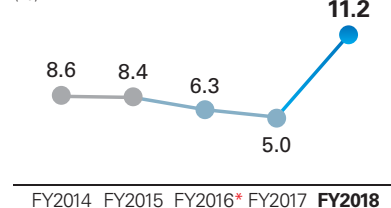
**Earnings per Share**

(Yen)



**Return on Equity**

(%)



■ FY2014–FY2015 figures are Mitsubishi Nichiyu Forklift data. ▨ Additional data (January–March) in accordance with overseas consolidated subsidiary accounting period changes. ▩ Goodwill amortization amount.  
 \* In accordance with UniCarriers becoming a wholly owned subsidiary on January 1, 2017, figures for January–March of the fiscal year ended March 31, 2017 show the consolidated figures for Mitsubishi Nichiyu Forklift and UniCarriers.

## Domestic Business

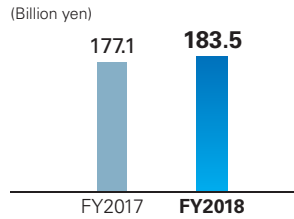
Sales in the domestic business segment were 183.5 billion yen (up 3.6% YoY) due to growth in unit sales of forklifts thanks to strong demand and higher sales in logistics systems and services. Segment profit finished at 4.5 billion yen (up 75.0% YoY), accounting for 4.7 billion yen in relief from the burden caused by amortization of goodwill. This result was due to the positive effects of selling price improvement activities and model integration performed on a portion of products.

Ignoring the effects of amortization of goodwill, segment profit was 9.2 billion yen (up 22.6% YoY).

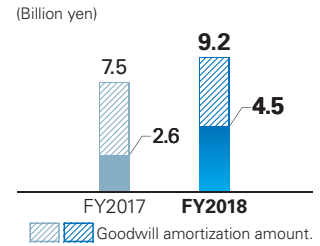
Sales Composition by Business Segment



Sales



Operating Profit



## Overseas Business

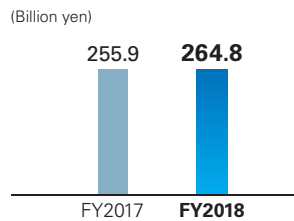
Segment sales were 264.8 billion yen (3.5% YoY) thanks to sales growth in all regions, including the Americas, Europe, Asia and China. The elimination of temporary expenses in the China business that occurred during the previous fiscal year and a lightened burden in terms of amortization of goodwill (by 4.1 billion yen) helped segment profit reach 8.5 billion yen (up 28.7% YoY).

Ignoring the impact of amortization of goodwill, segment profit was 12.6 billion yen (up 9.8% YoY).

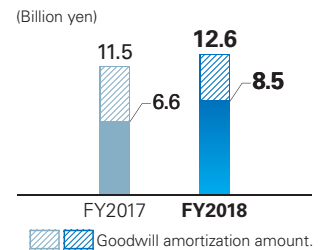
Sales Composition by Business Segment



Sales

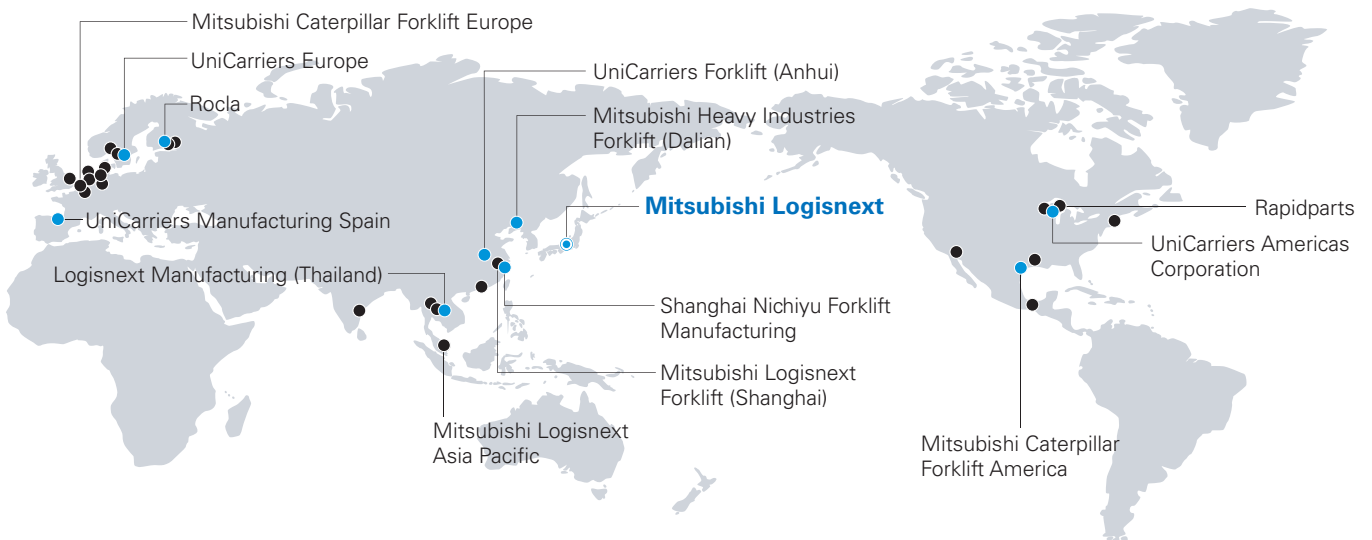


Operating Profit



## Major Overseas Network

● Head Office ● Production base ● Main sales base



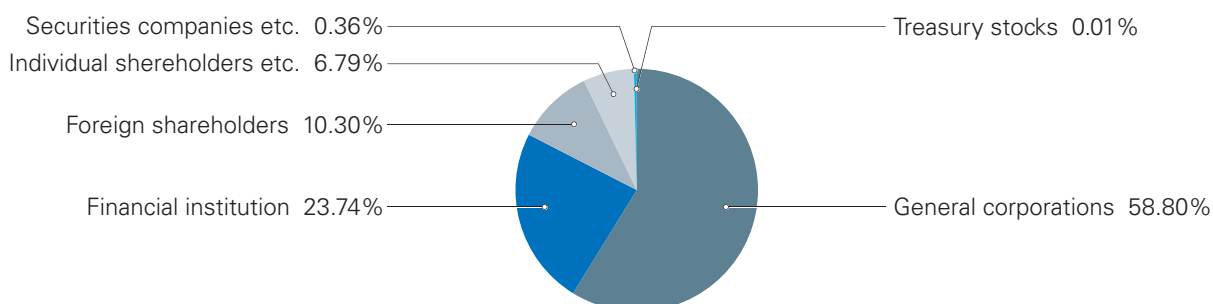
## Stock Information As of March 31, 2019

<b>Total number of authorized shares</b>	Common stock	392,725,256 shares
	Class A stock	32,274,744 shares
<b>Shares issued</b>	Common stock	76,636,269 shares
	Class A stock	32,274,744 shares
<b>Number of shareholders</b>	Common stock	6,918
	Class A stock	2

## Major Shareholders (Common Stock)

Name of shareholder	No. of shares <small>(Unit: 1,000 shares)</small>	Equity position <small>(%)</small>
<b>Mitsubishi Heavy Industries Forklift, Engine &amp; Turbocharger Holdings, Ltd.</b>	39,033	50.94
<b>GS Yuasa Corporation</b>	4,701	6.13
<b>The Master Trust Bank of Japan, Ltd.</b>	4,478	5.84
<b>Japan Trustee Services Bank, Ltd.</b>	3,546	4.63
<b>Meiji Yasuda Life Insurance Company</b>	2,765	3.61
<b>GOVERNMENT OF NORWAY</b>	2,078	2.71
<b>MUFG Bank, Ltd.</b>	1,363	1.78
<b>The Bank of Kyoto, Ltd.</b>	1,301	1.70
<b>Tokyo Marine &amp; Nichido Fire Insurance Co., Ltd.</b>	1,273	1.66
<b>THE SHIGA BANK, LTD.</b>	941	1.23

## Major Shareholders (Common Stock)



## Consolidated Balance Sheets (Summary)

(Million yen)

Item	FY2017 As of March 31, 2018	FY2018 As of March 31, 2019
<b>Assets</b>		
Current assets	187,617	<b>195,059</b>
Fixed assets	187,323	<b>172,602</b>
Tangible fixed assets	91,777	<b>84,581</b>
Intangible fixed assets	78,157	<b>68,022</b>
Investments and other assets	17,388	<b>19,999</b>
<b>Total Assets</b>	<b>374,940</b>	<b>367,662</b>
<b>Liabilities</b>		
Current liabilities	161,424	<b>153,495</b>
Fixed liabilities	151,126	<b>145,663</b>
<b>Total Liabilities</b>	<b>312,550</b>	<b>299,158</b>
<b>Net worth equity</b>		
Stockholders' equity	56,378	<b>62,191</b>
Capital	4,890	<b>4,894</b>
Capital surplus	35,838	<b>35,842</b>
Earned surplus	15,659	<b>21,456</b>
Treasury stock	(9)	<b>(2)</b>
Other accumulated comprehensive income	3,938	<b>3,812</b>
Equity warrant	159	<b>168</b>
Non-controlling interests	1,914	<b>2,330</b>
<b>Total Net Worth Equity</b>	<b>62,390</b>	<b>68,503</b>
<b>Total Liabilities and Net Worth Equity</b>	<b>374,940</b>	<b>367,662</b>

**Overview of Consolidated Balance Sheets**

Total assets fell from 7,278 million yen of previous year to 367,662 million yen, mainly due to the sale of tangible fixed assets and amortization of goodwill.

Total liabilities dropped from 13,391 million yen of previous year to 299,158 million yen, mainly due to the repayment of short- and long-term loans.

Total net assets, which exclude equity warrant and non-controlling interests, rose from 5,687 million yen of previous year to 66,003 million yen due to increases in retained earnings and foreign currency translation adjustment.

## Consolidated Income Statements (Summary)

(Million yen)

Item	FY2017 From April 1, 2017 through March 31, 2018	FY2018 From April 1, 2018 through March 31, 2019
Sales	433,092	<b>448,381</b>
Cost of sales	333,070	<b>343,842</b>
Gross profit on sales	100,022	<b>104,538</b>
Selling, general and administrative expenses	90,741	<b>91,382</b>
<b>Operating profit</b>	9,280	<b>13,156</b>
Non-operating income	1,484	<b>1,906</b>
Non-operating expenses	2,339	<b>1,348</b>
<b>Ordinary profit</b>	8,425	<b>13,714</b>
Special profit	179	<b>419</b>
Special loss	1,060	<b>3,332</b>
<b>Current net profit unadjusted for tax</b>	7,544	<b>10,801</b>
Corporation tax, residents tax and enterprise tax	6,071	<b>4,788</b>
Adjusted amount of corporation tax etc.	(1,756)	<b>(1,534)</b>
Net income	3,229	<b>7,546</b>
Profit attributable to non-controlling interests	288	<b>469</b>
Profit attributable to owners of parent	2,941	<b>7,077</b>

**Overview of Consolidated Income Statements**

Net sales increased to 448,381 million yen.

Operating profit was 13,156 million yen, ordinary profit was 13,714 million yen and profit attributable to owners of parent was 7,077 million yen. All profit lines saw increases thanks to a lightened amortization of goodwill burden and higher profit in the domestic business segment.

Excluding the impact of amortization of goodwill, operating profit was 21,981 million yen and the operating profit margin was 4.9%.

## Company Outline As of March 31, 2019

<b>Company Name</b>	Mitsubishi Logisnext Co., Ltd.
<b>Established</b>	August 4, 1937
<b>Capital Stock</b>	4,894 million yen

## Operation Centers

<b>Head Office and Kyoto Plant</b>	2-1-1, Higashi-kotari, Nagaokakyo-shi, Kyoto 617-8585	Tel: +81-(0)75-951-7171
<b>Shiga Plant</b>	578 Chokoji-cho, Omihachiman-shi, Shiga 523-0013	Tel: +81-(0)748-37-6700
<b>Azuchi Plant</b>	8-1 Nishioiso, Azuchi-cho, Omihachiman-shi, Shiga 521-1334	Tel: +81-(0)748-46-5511
<b>Shin Kawasaki Business Site</b>	1-2 Shin-Ogura, Saiwai-ku, Kawasaki-shi, Kanagawa 212-0031	Tel: +81-(0)44-330-9000
<b>On-Site Training Center</b>	576 Hongo, Ohaza, Sugito-cho, Kitakatsushika-gun, Saitama 345-0023	Tel: +81-(0)480-37-2108

## Directors and Audit and Supervisory Board Members As of June 27, 2019

<b>Hideaki Ninomiya</b>	Chairman of the Board (Director, Mitsubishi Heavy Industries Forklift, Engine & Turbocharger Holdings, Ltd.)
<b>Takashi Mikogami</b>	President and CEO
<b>Masanori Kagami</b>	Director
<b>Shinji Fujita</b>	Director
<b>Masayuki Suematsu</b>	Director (Senior Vice President, Mitsubishi Heavy Industries, Ltd. Head of Business Strategy Office and Senior General Manager of Corporate Planning Department, Mitsubishi Heavy Industries, Ltd.)
<b>Takayuki Kato</b>	Director
<b>Ken Okochi</b>	Director
<b>Hiroshi Maeshima</b>	Audit and Supervisory Board Member
<b>Koji Baba</b>	Audit and Supervisory Board Member
<b>Masahide Kuragaki</b>	Audit and Supervisory Board Member (Managing Director, GS Yuasa Corporation)
<b>Yasuyuki Fukuoka</b>	Audit and Supervisory Board Member (Full-time Corporate Auditor, Dai Nippon Toryo Co., Ltd.)
<b>Takumi Saito</b>	Audit and Supervisory Board Member