



# Financial Results for the 1<sup>st</sup> quarter of FY2020

(FY2020: From April 1, 2020 to March 31, 2021)

Aug. 28, 2020

**MITSUBISHI LOGISNEXT**

## Economic Market Trends

- **The global economic activities were almost suspended due to the impact of the expansion of COVID-19 pandemic. Since then, economic activities have gradually been resumed in many countries as they seek to balance between prevention of COVID-19 infection and recovery of economic activities, but no major fundamental controls of infection have been established and business confidence has been deteriorated. The impact on the logistics equipment industry is also still serious.**
- **Except for China, where economic activities have been resumed, our group companies are still struggling to take orders or to provide maintenance services. Although there was a slight upward trend in the market in June due to resumption of economic activity in many countries, it still did not lead to strong recovery in the market, and we believe it is much harder to forecast those market trends for future for a while.**

## Summary of FY2020 1Q Results

- **Despite the consolidation of Equipment Depot, Inc. (hereinafter “EQD”) in the Americas, net sales were decreased by  $\Delta$ 13.8% YoY, due to the stagnation in economic activities caused by the expansion of COVID-19 pandemic.**
- **Operating profit was declined by  $\Delta$ 77.2% YoY (eliminating goodwill & amortization) as lower sales were not enough to offset lower gross profit, despite the efforts to reduce fixed costs (e.g., personnel expenses) and to improve variable costs.**

# 2. Financial Highlights

Unit: Hundred million JPY

Profit and Loss Statement	FY2019 1Q	FY2020 1Q	YOY Change	
	Net Sales	1,050.4	<b>905.3</b>	$\triangle 145.1$
Operating Profit (Before amortization of goodwill) (Operating profit margin)	45.5 (4.3%)	<b>10.4</b> (1.1%)	$\triangle 35.1$	$\triangle 77.2\%$
Amortization of Goodwill	21.9	<b>21.9</b>	—	—
Operating Profit (Operating profit margin)	23.5 (2.2%)	$\triangle 11.5$ ( $\triangle 1.3\%$ )	—	—
Ordinary Profit (Ordinary profit margin)	23.8 (2.3%)	$\triangle 13.8$ ( $\triangle 1.5\%$ )	—	—
Profit Attributable to Owners of Parent (Net income margin)	6.0 (0.6%)	$\triangle 15.8$ ( $\triangle 1.7\%$ )	—	—
Balance Sheet	FY2019	FY2020 1Q	YOY Change	
Total Assets	3,736	<b>3,583</b>	$\triangle 153$	$\triangle 4.1\%$
Total Liabilities	3,163	<b>3,041</b>	$\triangle 122$	$\triangle 3.9\%$
Net Assets	573	<b>542</b>	$\triangle 31$	$\triangle 5.5\%$

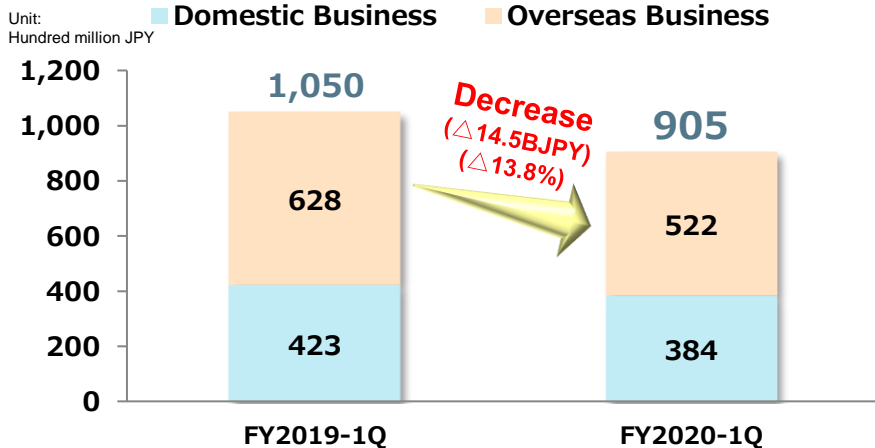
FY2019 1Q actual FX rates: USD = JPY109.90, EUR = JPY123.49, CNY = JPY16.07

FY2020 1Q actual FX rates: USD = JPY107.62, EUR = JPY118.48, CNY = JPY15.17

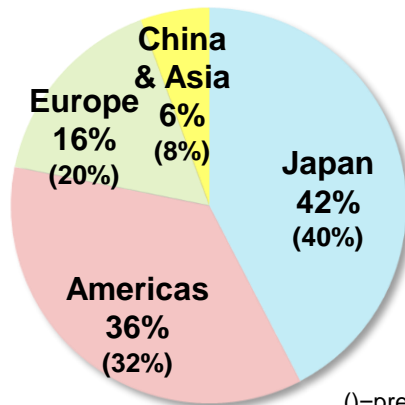
# 3. Business Results by Segment

**Net Sales:** Despite the contribution from the consolidation of EQD, net sales were declined in all regions due to the significant impact of the expansion of COVID-19 pandemic.

Net Sales



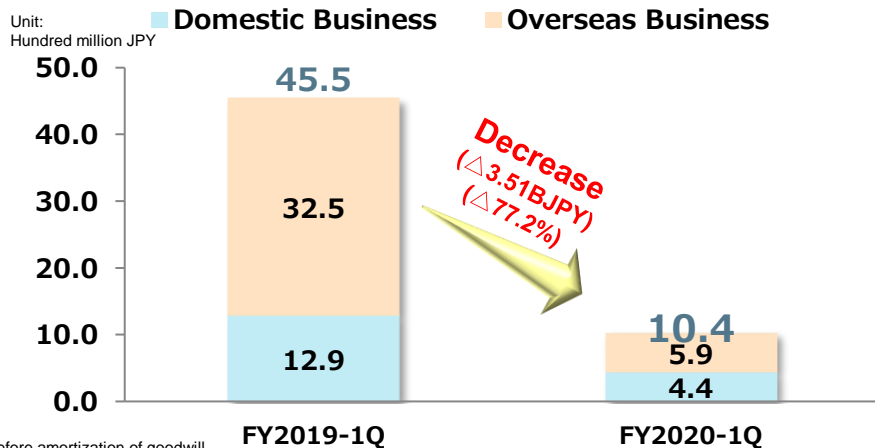
FY2020 1Q Sales by Region



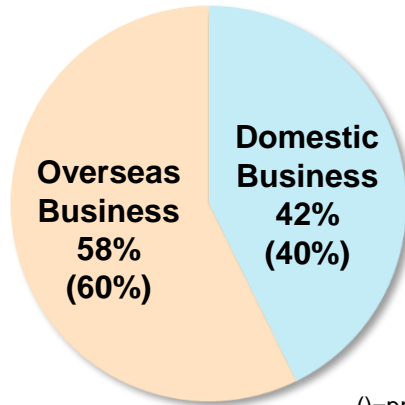
( )=previous year

**Operating profit (\*) :** Despite the efforts for reduction in fixed cost, it was not enough to make up for the decrease in gross profit caused by the significant downturn in sales.

Operating Profit\*



FY2020 1Q Operating Profit by Segment



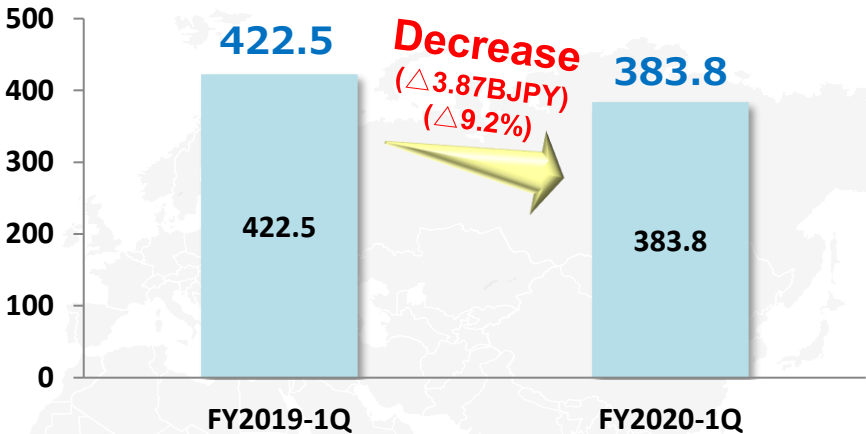
( )=previous year

\* Operating Profit before amortization of goodwill

# 4. Sales by Region

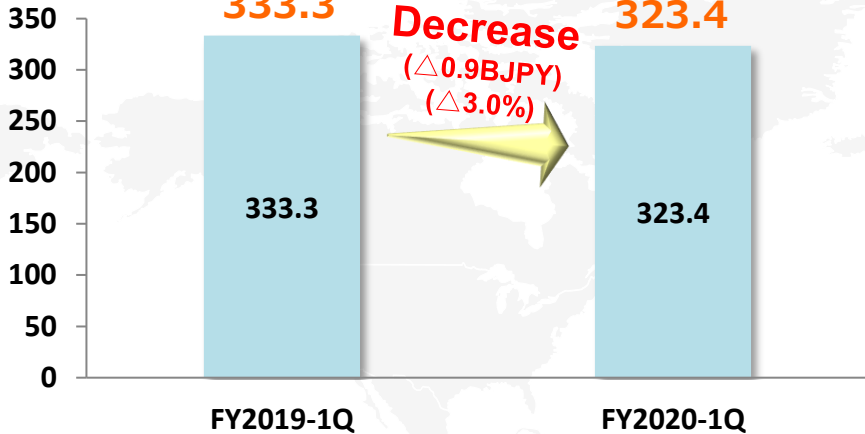
## Japan

(Unit: Hundred million JPY)



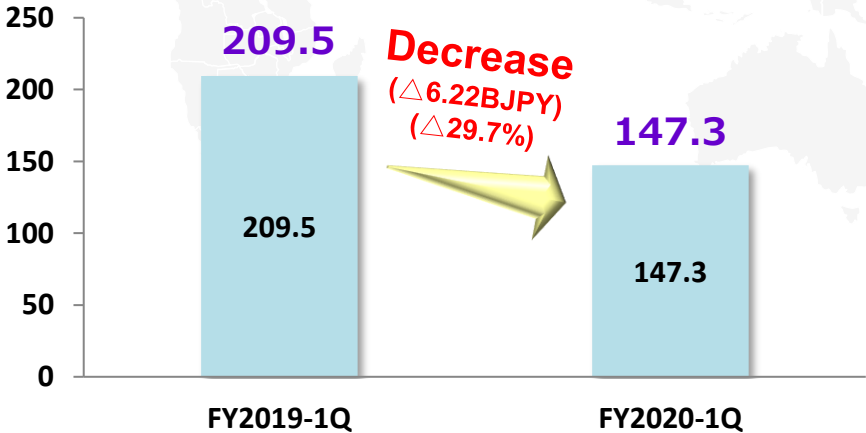
## Americas

(Unit: Hundred million JPY)



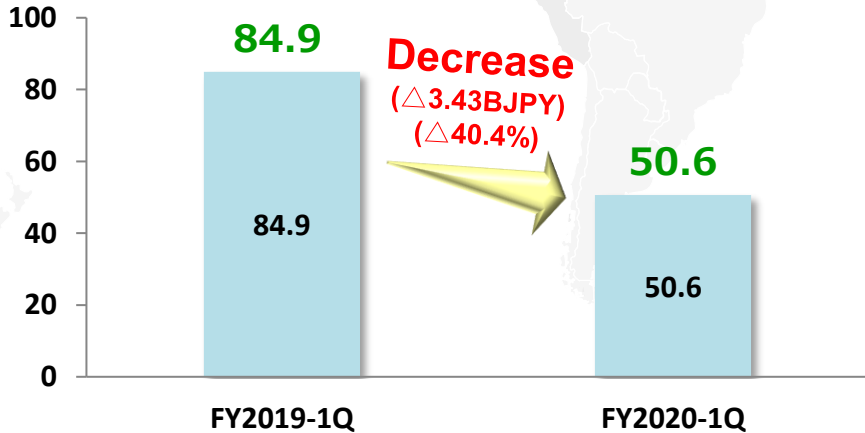
## Europe

(Unit: Hundred million JPY)



## China and Asia

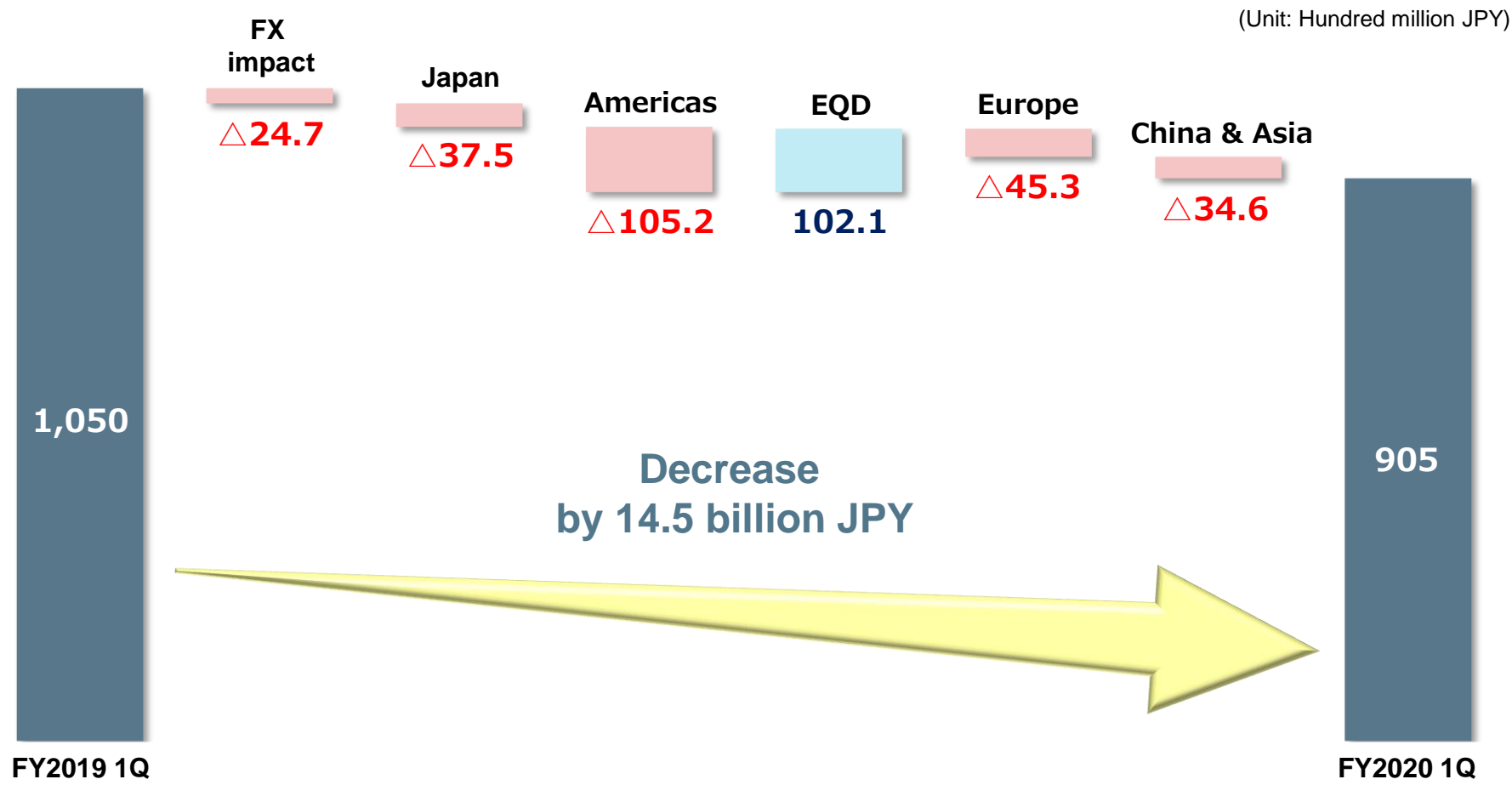
(Unit: Hundred million JPY)



# 5. Net Sales FY2019 1Q vs FY2020 1Q

Net Sales were down by  $\triangle 13.8\%$  YoY basis due to a decline in sales volume in all regions, impacted by stagnation in economic activities caused by the expansion of COVID-19 pandemic.

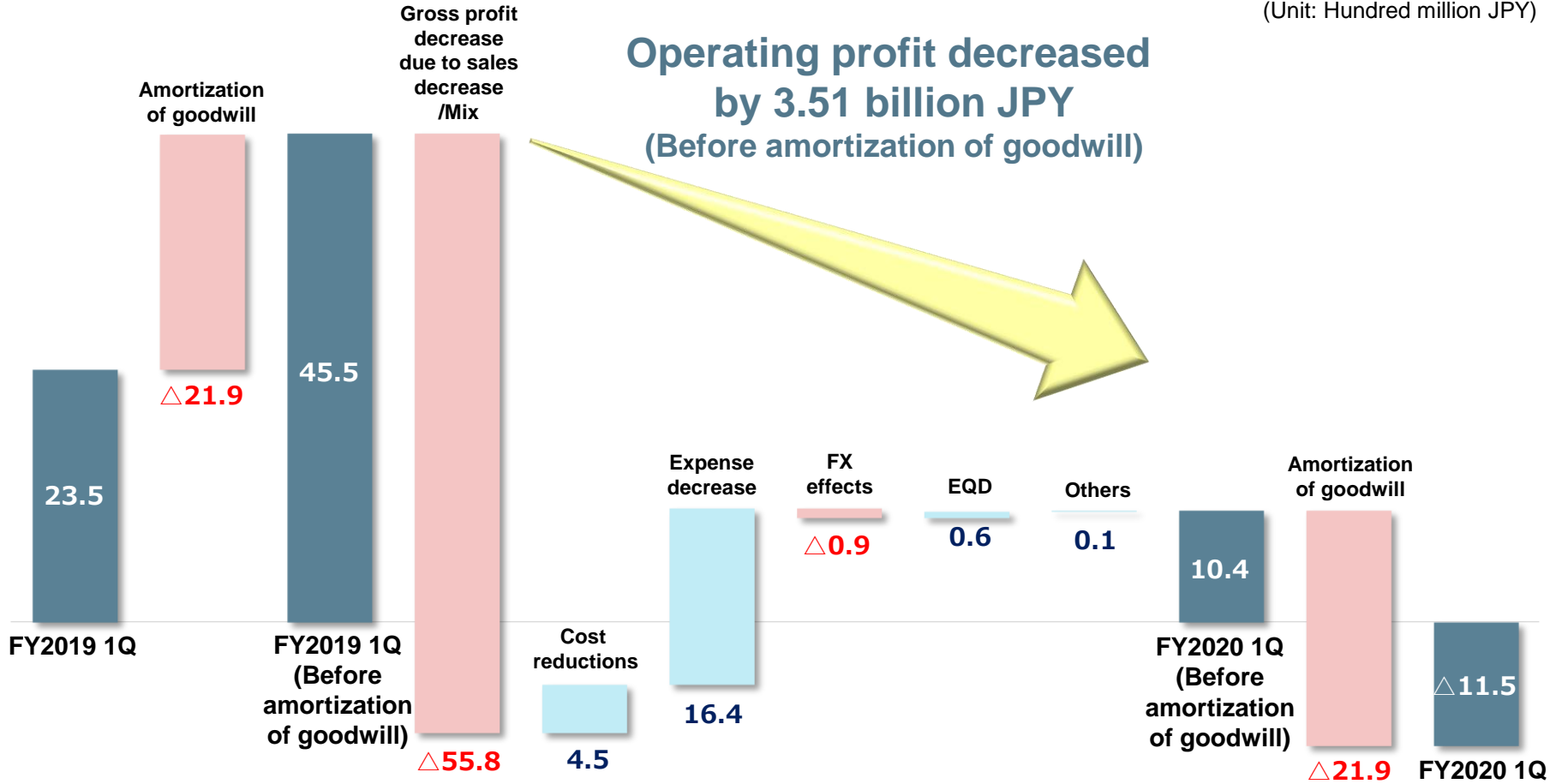
※Excluding the impact of EQD consolidation, net sales were decreased by  $\triangle 23.5\%$  YoY.



# 6. Operating Profit FY2019 1Q vs FY2020 1Q **Logisnext**

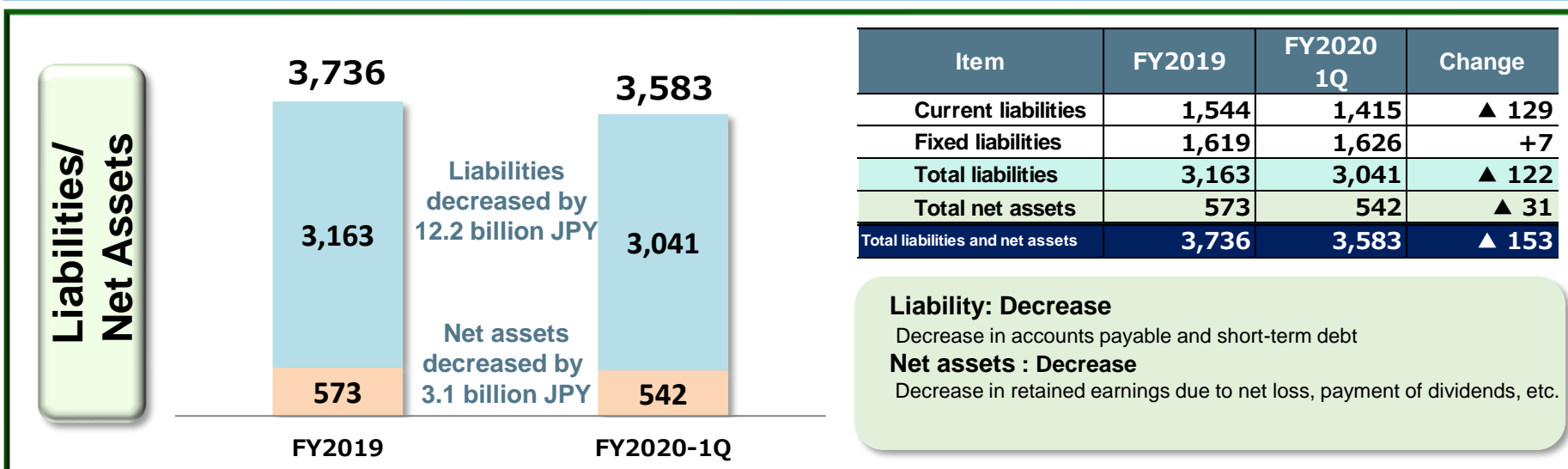
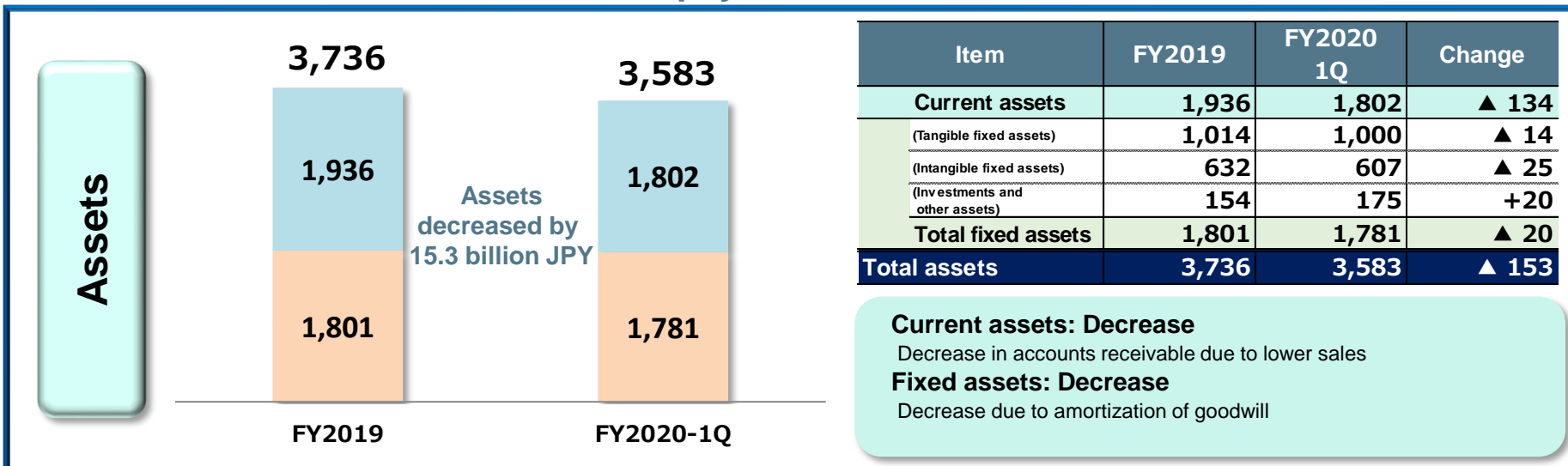
Operating profit was declined by  $\Delta 77.2\%$  YoY as the decrease in gross profit due to lower sales was not fully offset by countermeasures such as reducing headcount, other fixed costs, controlling travel and other expenses.

(Unit: Hundred million JPY)



# 7. Consolidated Balance Sheet

Total assets and liabilities were decreased due to lowering in working capital such as accounts receivable and accounts payable as a result of lower sales. (Unit: Hundred million JPY)

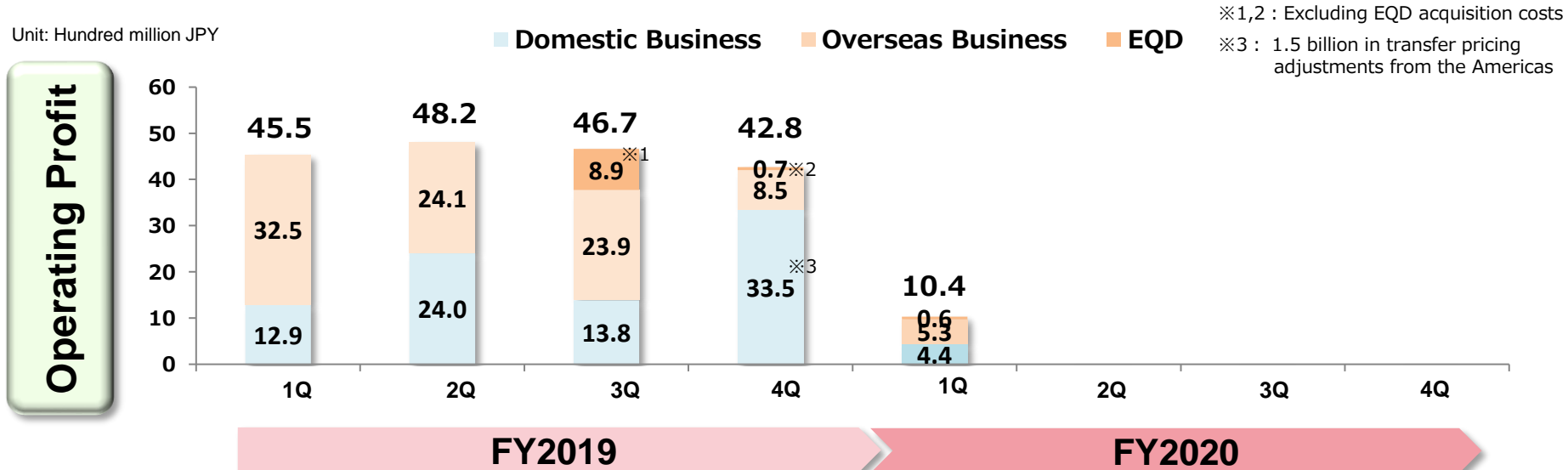
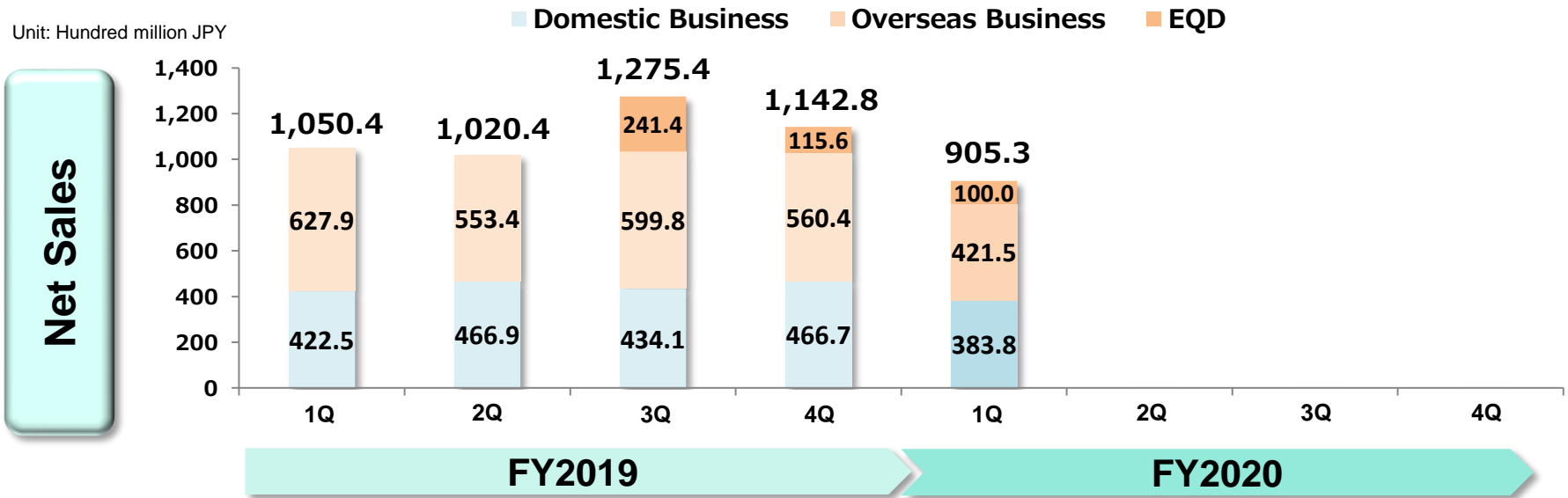




# 【Reference】 Key Performance Indicators **Logisnext**

	Indicator	Formula	FY2019		FY2020-1Q		Comments
				(Before amortization of goodwill)		(Before amortization of goodwill)	
Performance	Return-on-assets (ROA)	$\frac{\text{Net income}}{\text{Total assets}}$	△ 1.4%	(2.8%)	△ 1.7%	<b>(0.5%)</b>	This index worsened due to the deterioration of financial performance caused by the expansion of the new COVID-19 pandemic. *In the previous year, the company posted a loss due to goodwill impairment.
	Return-on-equity (ROE)	$\frac{\text{Net income}}{\text{Shareholders' equity}}$	△ 8.7%	(12.2%)	△ 11.8%	<b>(2.0%)</b>	
Profitability	Operating profit margin	$\frac{\text{Operating profit}}{\text{Sales}}$	1.9%	(4.1%)	△ 1.3%	<b>(1.1%)</b>	This index worsened due to the deterioration of financial performance caused by the expansion of the new COVID-19 pandemic.
	Net income margin	$\frac{\text{Net income}}{\text{Sales}}$	△ 1.2%	(2.5%)	△ 1.7%	<b>(0.5%)</b>	
Asset Efficiency	Total asset turnover	$\frac{\text{Sales}}{\text{Total assets}}$	1.2 times		1.0 times		
	Receivable turnover	$\frac{\text{Sales}}{\text{Accounts receivable}}$	5.8 times		5.3 times		
	Inventory turnover	$\frac{\text{Cost of sales}}{\text{Inventories}}$	5.5 times		4.4 times		
Financial Soundness	Capital adequacy ratio	$\frac{\text{Shareholders' equity}}{\text{Total assets}}$	14.7%		14.5%		The net loss and dividend payment reduced retained earnings and worsened the equity ratio.
	D/E ratio	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity}}$	3.3 times		3.5 times		
Share	Earnings per share	$\frac{\text{Net income}}{\text{Shares outstanding}}$	JPY △49.24		JPY △59.24		
	Price earnings ratio (PER)	$\frac{\text{Share value}}{\text{Earnings per share}}$	△17.7 times		△16.0 times		Stock prices : End of FY2019 : JPY 874 End of FY2020 1Q : JPY 950
	Price book value ratio (PBR)	$\frac{\text{Share value}}{\text{Book value per share}}$	1.7 times		2.0 times		

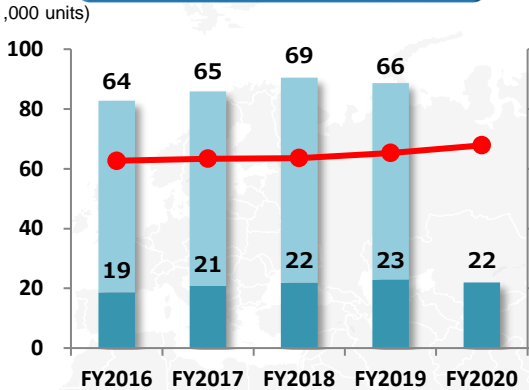
# 【Reference】 Quarterly Financial Results **Logisnext**



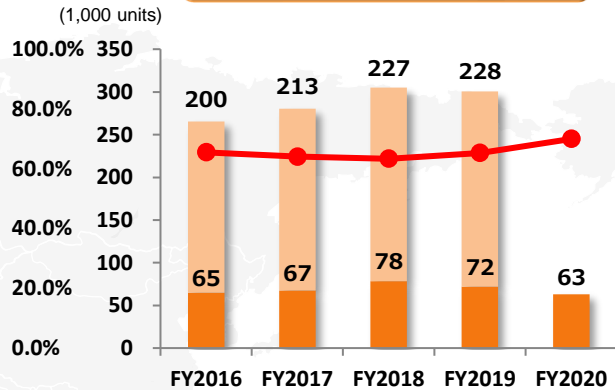
# 【Reference】 Forklift Market Trends [Shipping](Apr.-Jun.) **Logisnext**

The forklift market in the 1st quarter of FY2020 was affected by sluggish economic activity because of the spread of COVID-19 pandemic, but shipments were 387,000 units (0.0% YoY), by rapid recovery of Chinese market despite this economy downturn in other countries.

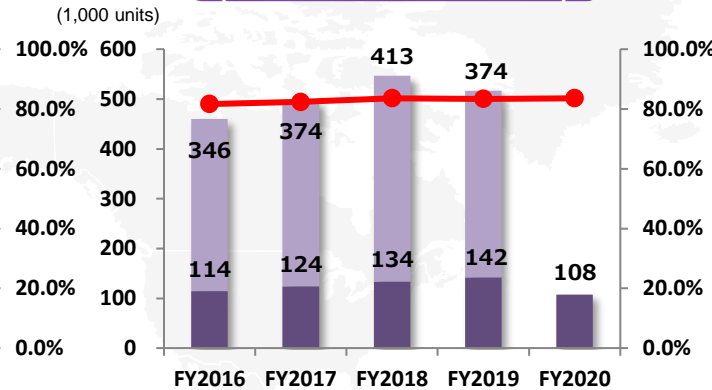
## Japan



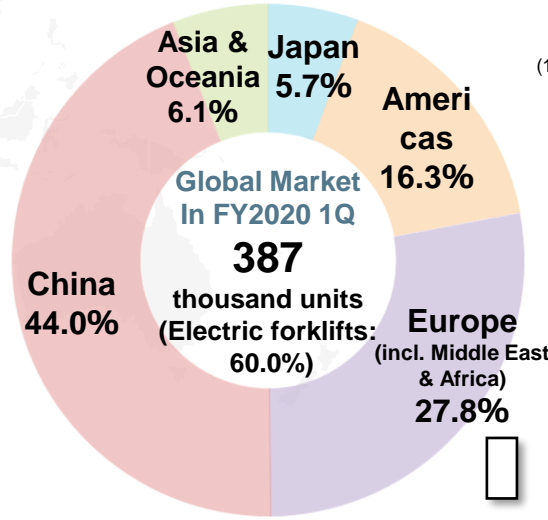
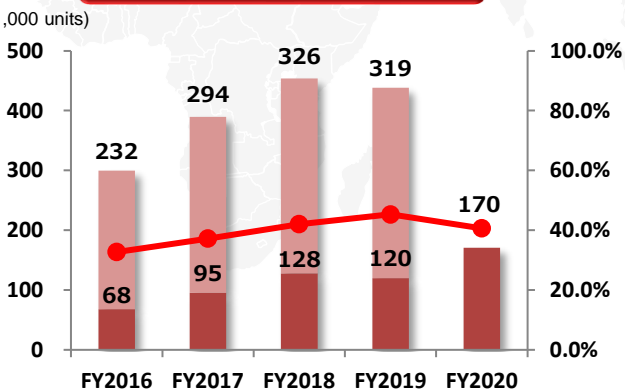
## Americas



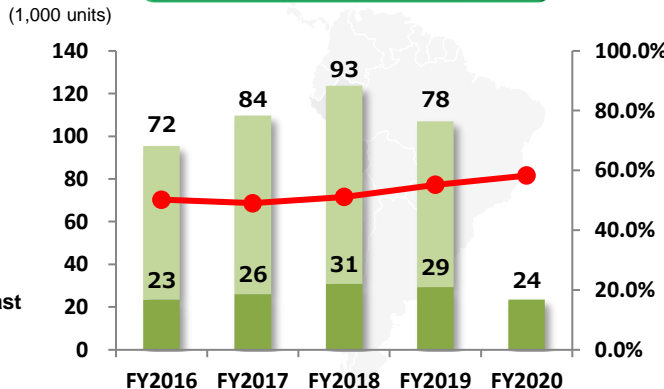
## Europe (incl. Middle East & Africa)



## China



## Asia & Oceania



Markets units

Percent electric forklifts

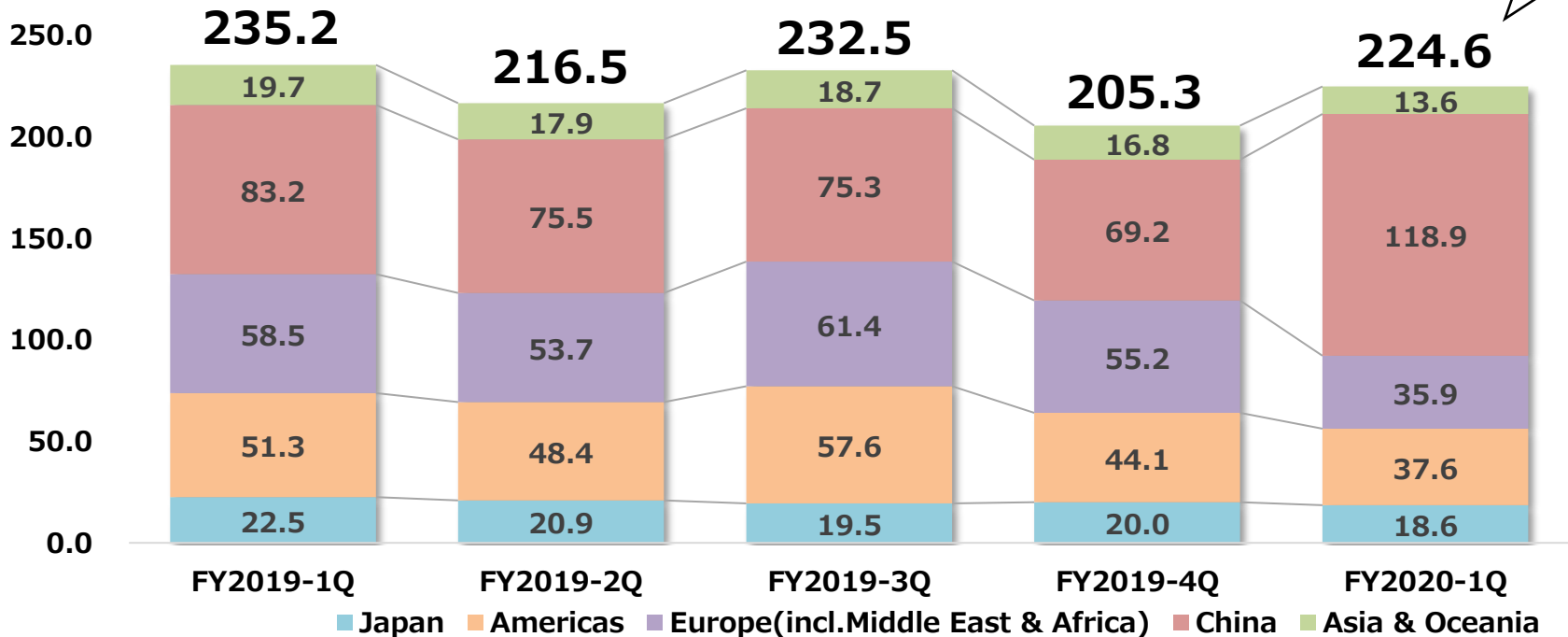
# 【Reference】 Forklift Market Trends [Orders](Apr.-Jun.)

- Economic activities were slowed down due to the result of measures to prevent the spread of COVID-19 pandemic, and order intake except China was declined significantly in 1Q ( $\Delta 4.5\%$  YoY,  $\Delta 30.4\%$  YoY excluding China).
- In April and May, when strict lockdown and other measures were implemented, order intake fell sharply, but in June some extent of order intake showed a slight recovery trend. In China, order received in April-June were increased significantly in reaction to the lockdown in February-March.

(Unit: Thousand units)

## Order intake (excl. Class III\*)

Year-on-year  
 $\Delta 4.5\%$



\*Class III : Self-propelled electric small lift

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