

## To Our Shareholders

The Yamato Group is striving concertedly to materialize its management philosophy, which is to help enrich our society by enhancing the social infrastructure of *TA-Q-BIN* networks, creating more convenient services for comfortable lifestyles and developing an innovative logistics system.

It was to this end that our long-term DAN-TOTSU Management Plan 2019 was formulated in January 2011.

We are endeavoring to become Asia's No. 1 solution provider in distribution and lifestyle support by fiscal 2020, when we will celebrate our 100th anniversary.

This long-term plan consists of three successive medium-term management plans. The first is the DAN-TOTSU Three-Year Plan HOP (covering fiscal 2012 through fiscal 2014). The second is DAN-TOTSU Three-Year Plan STEP (fiscal 2015 through fiscal 2017). The third is DAN-TOTSU Three-Year Plan JUMP (fiscal 2018 through fiscal 2020).

The past fiscal year (fiscal 2013) was the second year of DAN-TOTSU Three-Year Plan HOP, meaning fiscal 2014 will bring the curtain down on the first of our three successive medium-term management plans.

In fiscal 2013, the business environment in Japan saw positive factors such as a reversal of the strong yen trend and rise in stock prices from December 2012 on the back of anticipation of the new administration of Prime Minister Shinzō Abe and its growth strategies for reviving the economy. On the other hand, the economic outlook continued to be clouded with uncertainty due to factors such as concerns about a resurgence of the debt crisis in Europe.

Under this operating climate, the Yamato Group responded to ever-evolving customer needs by further enhancing the *TA-Q-BIN* and other existing businesses, while developing new business lines by comprehensively leveraging



left

*Kaoru Seto*

Kaoru Seto  
Representative Director and  
Chairman

right

*M. Kigawa*

Makoto Kigawa  
Representative Director,  
President and Executive Officer

Group management resources.

In the existing Delivery Business, *Kuroneko Mail* handling volume declined owing to stricter policies on parcel acceptance that emphasize compliance, and stiffer competition.

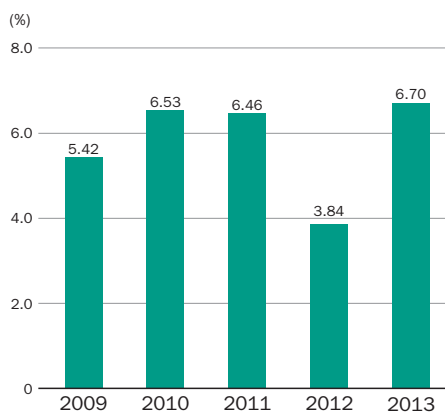
In our mainstay *TA-Q-BIN* service, we organically integrated a pioneering consumer-centric strategy of differentiation with non-delivery businesses to successfully expand our solution business. This enabled us to capture package delivery demand in the growing mail-order market.

In terms of new businesses, one business we launched in an increasingly borderless world was next-day document delivery to locations covered by our overseas *TA-Q-BIN* business. This service draws on our logistics hub capabilities in Okinawa. This is the first step toward building an integrated transportation service in Asia.

As a result of these factors, operating revenues rose 1.7% year on year in fiscal 2013, to ¥1,282,374 million. However, operating income was down 0.7%, to ¥66,203 million.

	Millions of Yen					Change	
	FY09/3	FY10/3	FY11/3	FY12/3	FY13/3	Increase/ Decrease	YoY(%)
Operating revenues							
Delivery	¥ 997,898	¥ 966,480	¥ 995,651	¥1,014,564	<b>¥1,028,219</b>	<b>¥13,655</b>	<b>1.3</b>
Non-Delivery	254,024	234,354	240,869	246,269	<b>254,155</b>	<b>7,886</b>	<b>3.2</b>
Total	1,251,922	1,200,834	1,236,520	1,260,833	<b>1,282,374</b>	<b>21,541</b>	<b>1.7</b>
Operating income	55,721	61,389	64,314	66,651	<b>66,203</b>	<b>(448)</b>	<b>(0.7)</b>
(Operating margin)	4.5%	5.1%	5.2%	5.3%	<b>5.2%</b>	–	–
Net income	25,523	32,282	33,208	19,787	<b>35,144</b>	<b>15,357</b>	<b>77.6</b>
(Net margin)	2.0%	2.7%	2.7%	1.6%	<b>2.7%</b>	–	–

## Return on Equity



ROE improved steadily to 6.7%, one factor being a share buyback of approximately ¥10.0 billion in February 2013.

We intend to continue managing the Company with an eye on growth in order to continue to be the logistics partner chosen and trusted by customers.

We ask our shareholders for your ongoing encouragement and support.

August 2013