New Medium-Term Business Plan
"GO FORWARD, Yusen Logistics -Next Challenges-"

When formulating the new Medium-Term Business Plan starting FY2014, we reiterated the MISSION, VISION and VALUES set forth in the previous Medium-Term Business Plan and articulated the Group’s mission, “Contribute to enriching society and to enhance the value of our Group through logistics services that meet clients’ needs”.

Overview

Under our new Medium-Term Business Plan "GO FORWARD, Yusen Logistics -Next Challenges-", we have established performance targets for the year ending March 31, 2017 of ¥500.0 billion in consolidated net sales and ¥12.0 billion in consolidated operating income with handling targets of 850,000 TEU for ocean freight forwarding and 370,000 tons for air freight forwarding.

In order to achieve these numerical targets, we will reinforce our business foundation of promoting sustainable growth for the future through our three key strategies: “Growth Strategy”, “Operational Strategy” and “Investment Strategy”.

We recognize our new Medium-Term Business Plan as being important in positioning Yusen Logistics to achieve the long term objective of combining our strengths to be the No. 1 logistics company in Asia, and one of the top five companies globally.
Numerical Targets for FY2016: Ocean Freight Forwarding: 850 thousand TEU (Group total)  
Air Freight Forwarding: 370 thousand tons

Ocean Freight (unit: TEU)
- FY2013: 570,000
- FY2014: 650,000
- FY2015: 740,000
- FY2016: 850,000

Air Freight (unit: TON)
- FY2013: 310,000
- FY2014: 330,000
- FY2015: 350,000
- FY2016: 370,000

Medium-Term Business Plan and Long-Term Targets

FY2013
Ocean Freight: 570,000 TEU  
Air Freight: 310,000 Tons  
Net Sales: JPY406.0 bn.  
Operating Income: JPY4.5 bn.

FY2016 (plan)
Ocean Freight: 850,000 TEU  
Air Freight: 370,000 tons  
Net Sales: JPY500.0 bn.  
Operating Income: JPY12.0 bn.

Global Top 5
No.1 in Asia

Long-Term Targets
Ocean Freight: 2 million TEU  
Air Freight: 700,000 tons  
Net Sales: JPY1.0 tn.  
Operating Income: JPY35.0 bn.
Basic Strategy

As our basic strategy, we will reinforce our business foundations in order to minimize any adverse economic impact to the Company. Following this, we will implement our "Growth Strategy", "Operational Strategy" and "Investment Strategy" in order to achieve sustainable growth.

"Growth Strategy"

We aim to increase our handling of ocean and air freight cargo and to expand our logistics business. To achieve this, we will enhance our service menu to enable us to serve the diversifying needs of our customers. While strengthening Ready-Made Products(*1) in the freight forwarding service for ocean and air freight businesses and continuing to expand investment in South Asia in the logistics businesses, we aim to make effective use of the warehouses, trucks and other resources we currently have around the world to improve our earnings and to continuously streamline our operations. We will leverage our know-how in ocean freight, air freight and logistics with a focus on growth industries and emerging markets to deliver value-added total logistics services (Tailor-made Services(*2)).

(*1) Ready-Made Products:
Ready-Made Products are the standard services we offer to customers at competitive rate with high quality operations and freight tracking information, primarily in the area of freight forwarding services.

(*2) Tailor-made Services:
Tailor-made Services are the services we propose and offer to customers by combining logistics technology, information technology and Ready-Made Products with the aim of optimizing logistics on a global scale in the areas of contract logistics and freight forwarding services that require high added value.

"Operational Strategy"

In the fiscal year ended March 31, 2014, we set up Project Re-engineering Yusen Logistics, with the aim of streamlining operations in our administration, sales and business divisions and enhancing cost competitiveness.

Under the new Medium-Term Business Plan, we will further improve our operations by developing our Global BPM capabilities, coordinating our IT on a global level to increase operational efficiency, as we aim to improve competitiveness. We will pursue operation excellence through Global BPM as one of the centerpieces of the new Medium-Term Business Plan.
"Investment Strategy"
We will make strategic investments in three main areas which are "investment in employees", "investment in systems" and "investment in regions".
We will promote "investment in employees" with the goal of training our global human resources to handle ocean and air freight businesses as well as our total logistics services, "investment in systems" to improve our backbone systems and establish infrastructure for BPM and total logistics solutions, and "investment in regions" that includes expansion of our facilities and transportation networks with the aim of increasing our business in the Asian market.

Sales Composition by Segment
We aim to increase sales in each business segment to support our overall growth, with a particular focus on expanding the ocean freight forwarding business.
For our regional growth, we will continue our aggressive investment in Asia to further expand sales, while maintaining a balanced geographical portfolio.
3D Management Strategy

We will promote our Business Strategy, Sales Strategy, and Area Strategy founded on our Basic Management Strategy.

Basic Management Strategy

1. HR Strategy / Organization Strategy
We will continue to develop our overall international capabilities by encouraging employee networking and communication between regions, and promoting global transfer programs across the business.
We are also promoting a HR Strategy that includes providing management and sales programs aimed at fostering professional managers and salespersons, as well as initiatives to promote women to managerial positions.

2. Strategy to Enhance Compliance
In addition to assigning compliance officers to each of the five global regions under the Chief Compliance Officer (CCO), we established the Compliance Committee at each Group company as we seek to enhance and disseminate our global compliance system.

3. Financial Strategy
We will strengthen our financial standing by improving the efficiency of financial flows within the Group.
In particular, we will promote reduction of external interest-bearing liabilities and aim to streamline settlements for intra-Group transactions.

4. IT Strategy
We will promote innovation in our IT infrastructure by reviewing our groupware and global network and shifting them to an environment that is suited to the times. At the same time, we aim to strengthen our IT governance.

5. Contribution to Stakeholders
In addition to strengthening the fair and impartial disclose of information inside and outside the Company, we will promote our branding strategy as we work to increase corporate value.
Business Strategy

Forwarding Business
Ocean freight handling target for FY2016 : 850,000 TEU
Air freight handling target for FY2016 : 370,000 tons

We will deliver high quality and competitive services in our forwarding business by combining our growth strategy with operational reform. Aiming for the same direction in the ocean and air forwarding businesses, on the sales front we will promote expansion in handling our Ready-Made Products and global accounts, chiefly in freight cargo to and from Asia. In terms of purchasing, we will further boost our purchasing power through strategic partnerships with core carriers.

We aim to be a leading world-class forwarder based on these strategies.

Contract Logistics Business
Aim to be No. 1 Kaizen (Improvement) Company

We deliver high quality services that are selected and continue to be selected by customers across the globe, utilizing our warehousing network of our 2 million square meters.

We continue to promote the building of a strong “Gemba” or frontline as the nucleus of our total logistics business by combining product enhancement and profitability. At the core of our strategy, we will pursue the development of global human resources and the strengthening of logistics technology and IT, aiming to be the No. 1 Kaizen (improvement) company.

Sales Strategy

We aim to be a world-class Global Logistics Service Provider that is capable of supporting our customers by combining Ready-Made Product sales with global logistics sales.

Ready-Made Products sales are sales activities that offer competitive rates, high quality operations and freight tracking information, primarily in the area of freight forwarding services. Global logistics sales, or Tailor-made Services, are proposed and delivered by combining logistics technology, information technology and ready-made products with the aim of delivering logistics solutions on a global scale.
*Global Logistics Sales Approach*

We intend to take a sales approach by identifying seven industries where we will strengthen our operations, and five countries and regions, chiefly emerging countries, to be strengthened.

In terms of industry sectors, we will seek to further increase sales for industries where we have already established a track record. Moreover, we established a new Project Cargo Team to handle specialized transportation like project cargo, thereby establishing a track record while building up know-how.

**Area Strategy**

We expand business based on five regions of the world and establish strategies for each region considering their characteristics and challenges.
### Japan

<table>
<thead>
<tr>
<th>Number of locations</th>
<th>73</th>
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<tbody>
<tr>
<td>Warehouse space</td>
<td>70,000m²</td>
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**Targets for FY 2016**
- **Net sales**: ¥89 billion
- **Operating income**: ¥1.9 billion
- **Investment over 3 years**: ¥2.0 billion

**Priority Measures**
- Reinforcement of forwarding business of off-shore trades
- Expansion of import business and project cargo handling
- Expansion of Total Logistics Service

**Area Strategy**
- Increase of import and export handling volume by expanding customer base
- Service development of import, off-shore business and Ocean LCL
- Sales reorganization and development of human resources focused on growing industry verticals
- Further expansion of business locations

### Americas

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<th>Number of locations</th>
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<td>Warehouse space</td>
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**Targets for FY 2016**
- **Net sales**: ¥110 billion
- **Operating income**: ¥1.4 billion
- **Investment over 3 years**: ¥1.5 billion

**Priority Measures**
- Expansion of businesses with global customers

**Area Strategy**
- Expand intra-region, trans-Atlantic, and further develop trans-Pacific forwarding business
- Expand and deepen relationships with customers who have a global reach (sourcing or operations) e.g. retailers
- Expand logistics business in each domestic market, Grow revenue of domestic transportation in the United States
- Develop supply chain solution products
- Improve operational efficiency
- Specific focus to business development in/Mexico
### Europe

<table>
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<tr>
<td>Warehouse space</td>
<td>680,000m²</td>
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**Targets for FY 2016**
- **Net sales**: ¥109 billion
- **Operating income**: ¥0.6 billion
- **Investment over 3 years**: ¥2.0 billion

**Priority Measures**
- Expand forwarding business through approach to global customers
- Re-engineer contract logistics and transport business in the region

**Area Strategy**
- Facilitate and enhance transportation network within the region
- Optimize gateway function of forwarding business
- Promote sales activities in priority industries (automobile, healthcare, retail and high technology)
- Expand businesses in Turkey and Black Sea area
- Explore markets in Eastern Russia and North Africa

### East Asia

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<tr>
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<td>240,000m²</td>
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**Targets for FY 2016**
- **Net sales**: ¥100 billion
- **Operating income**: ¥1.4 billion
- **Investment over 3 years**: ¥2.5 billion

**Priority Measures**
- Expand forwarding business through "Selection and Focus" strategies
- Reform Contract Logistics and Transport business

**Area Strategy**
- Expand businesses to Europe and to the Americas
- Promote LCL products sales
- Induce various logistics business models in China as consuming market
- Reinforce inland logistics capabilities in China (Automobile industry, Yangtze River transportation)
<table>
<thead>
<tr>
<th>South Asia &amp; Oceania</th>
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<tr>
<td><strong>Number of locations</strong></td>
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<td><strong>Warehouse space</strong></td>
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<td><strong>Targets for FY 2016</strong></td>
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