

# Logisnext

## FY2020 Financial Results Briefing

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



May 27, 2021  
MITSUBISHI LOGISNEXT CO., LTD.



# **FY2020 Financial Results**

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

**MITSUBISHI LOGISNEXT**

**President and CEO, Takashi Kubo**

## Economic Market Trends

- The global economy is on a gradual recovery trend due to the lifting of lockdowns in Europe and the United States and deregulation in the Asian region, including China, which was among the first to return to normal economic activity.
- However, the situation is expected to remain unpredictable because of the outbreak of new variants of COVID-19 and the implementation of temporary suspension and re-lockdown of economic recovery measures due to the re-spreading of the infection.
- In the material handling equipment market, demand for forklift trucks showed a recovery trend from around September, mainly in Europe and the United States, and recovered to the level of the same period of the previous year in some regions and months. In Japan, demand for forklift trucks recovered to nearly the same level as the same period of the previous year in the fourth quarter, although there was a delay compared to Europe and the United States.

## Summary of FY2020 Results

- Net sales decreased 12.8% YoY. Although the order status of sales recovered from the improvement of the economic environment, it did not contribute to sales due to lead time.
- Operating profit decreased 40.0% YoY (before amortization of goodwill, etc.). Despite continued efforts to reduce fixed costs, it was not enough to offset the decrease in gross profit due to the decline in sales.

# 2. Financial Highlights

Unit: Hundred million JPY

Profit and Loss Statement	FY2019	FY2020	YOY Change	
Net Sales	4,489.2	3,915.0	△574.2	△12.8%
Operating Profit (Before amortization of goodwill, etc.) (Operating profit margin)	183.3 (4.1%)	109.9 (2.8%)	△73.4	△40.0%
Amortization of Goodwill	98.9	93.9	—	—
Operating Profit (Operating profit margin)	84.4 (1.9%)	15.9 (0.4%)	△68.4	△81.1%
Ordinary Profit (Ordinary profit margin)	70.5 (1.6%)	20.1 (0.5%)	△50.3	△71.4%
Profit Attributable to Owners of Parent (Net income margin)	△52.4 (△1.2%)	△26.8 (△0.7%)	—	—

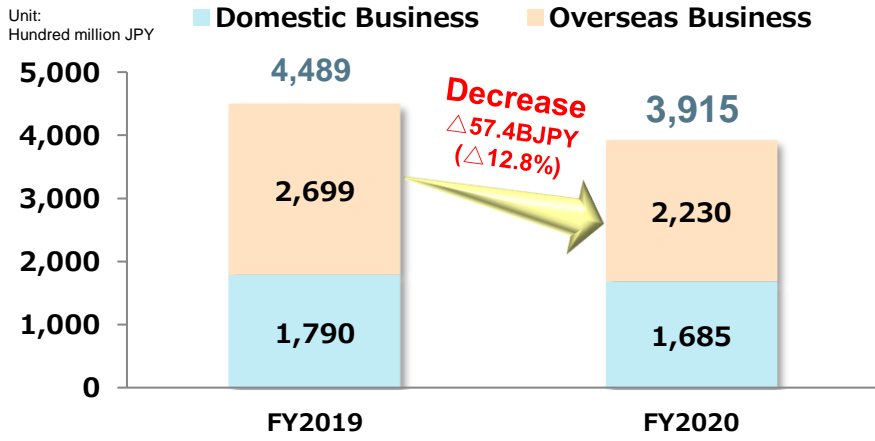
FY2019 actual FX rates: USD = JPY108.74, EUR = JPY120.82, CNY = JPY15.60  
 FY2020 actual FX rates: USD = JPY106.06, EUR = JPY123.70, CNY = JPY15.67

Balance Sheet	FY2019	FY2020	YOY Change	
Total Assets	3,736	3,635	△101	△2.7%
Total Liabilities	3,163	3,080	△84	△2.6%
Net Assets	573	555	△18	△3.1%

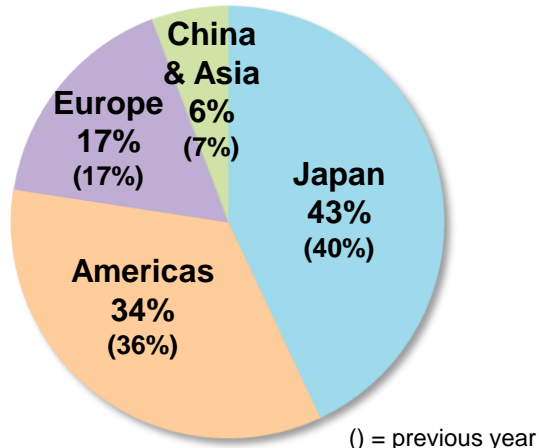
# 3. Business Results by Segment

**Net Sale: Domestic sales and exports are on the road to recovery. Overseas sales declined despite a recovery trend.**

**Net Sales**

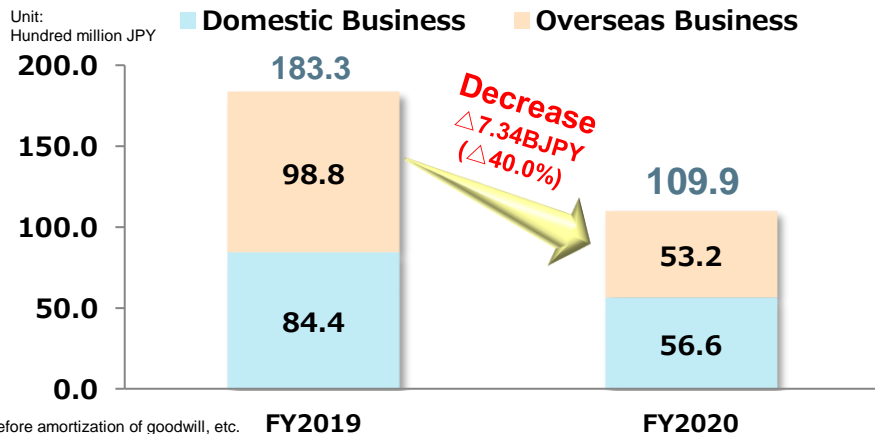


FY2020 Sales by Region

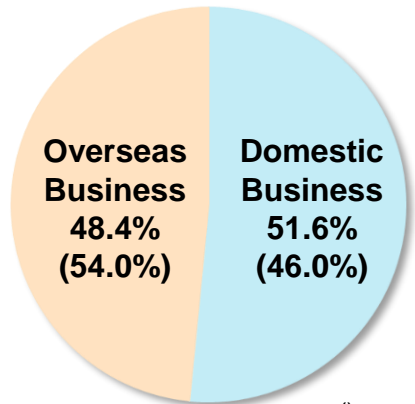


**Operating profit (\*): Despite efforts to reduce fixed costs in all regions, this was not enough to offset the decline in gross profit due to lower sales.**

**Operating Profit\***



FY2020 Operating Profit by Segment

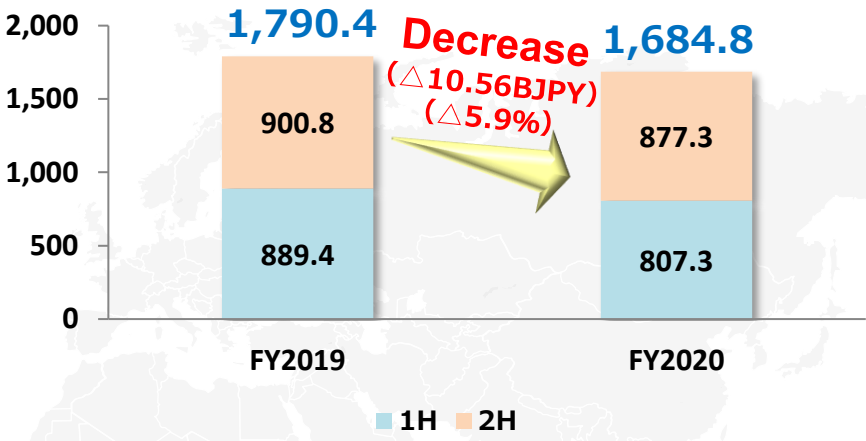


\* Operating Profit before amortization of goodwill, etc.

# 4. Sales by Region

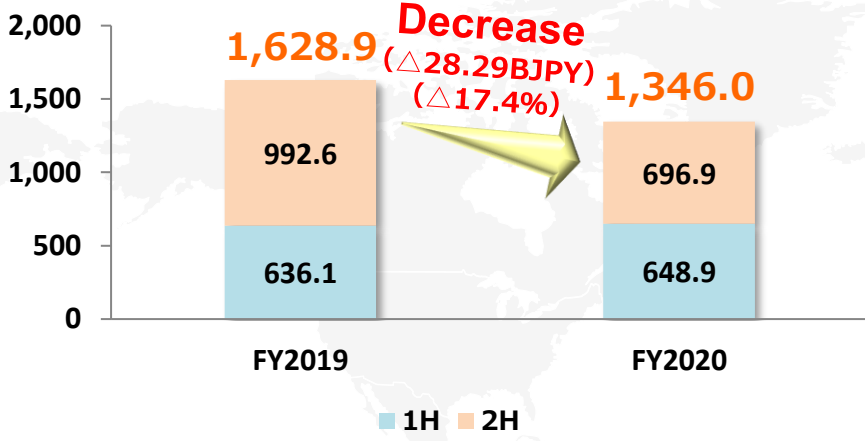
## Japan

(Unit: Hundred million JPY)



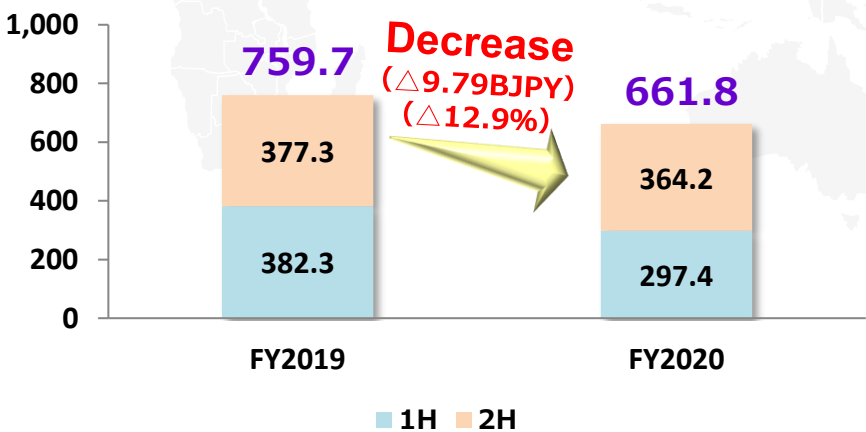
## Americas

(Unit: Hundred million JPY)



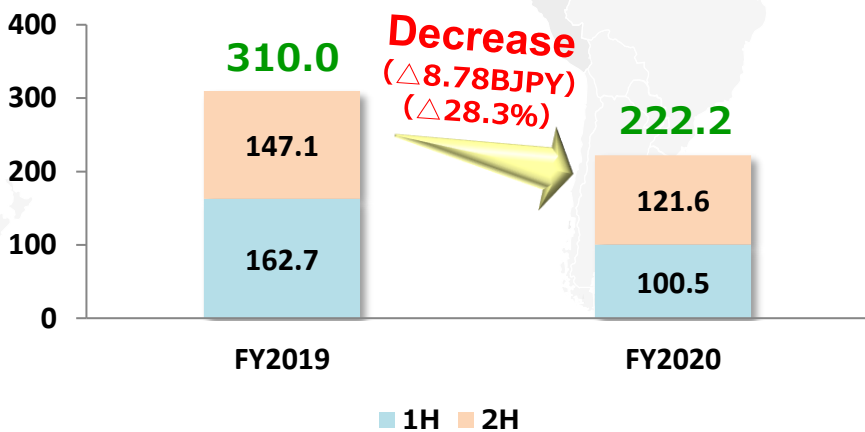
## Europe

(Unit: Hundred million JPY)



## China and Asia

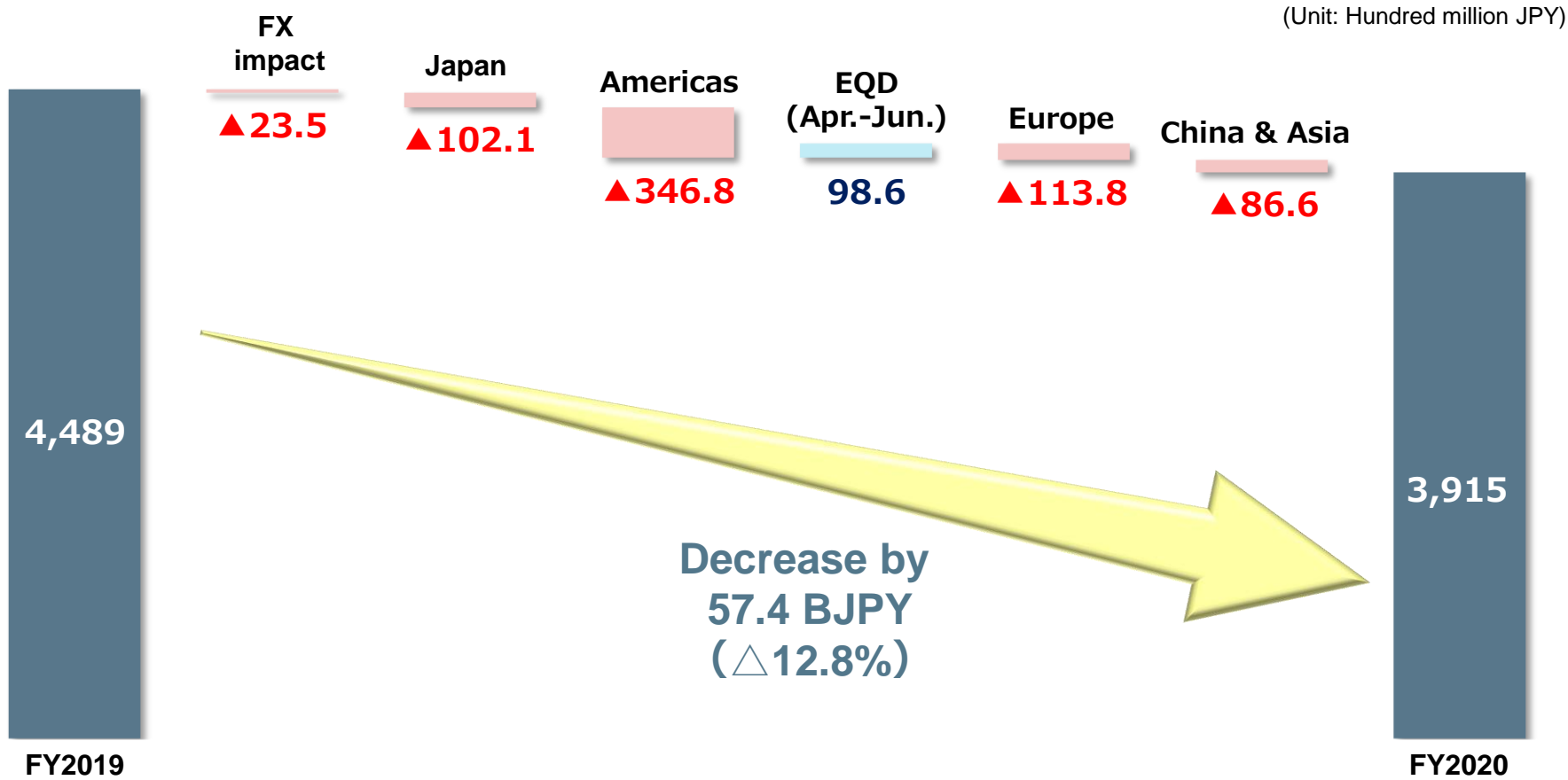
(Unit: Hundred million JPY)



# 5. Net Sales FY2019 vs FY2020

Although the resumption of economic activity in the 2nd half of the fiscal year led to a recovery in the orders, it was not enough to contribute to sales due to the lead time, and net sales declined by 12.8% YoY.

※Excluding the impact of EQD consolidation, net sales decreased by 15.0% YoY.

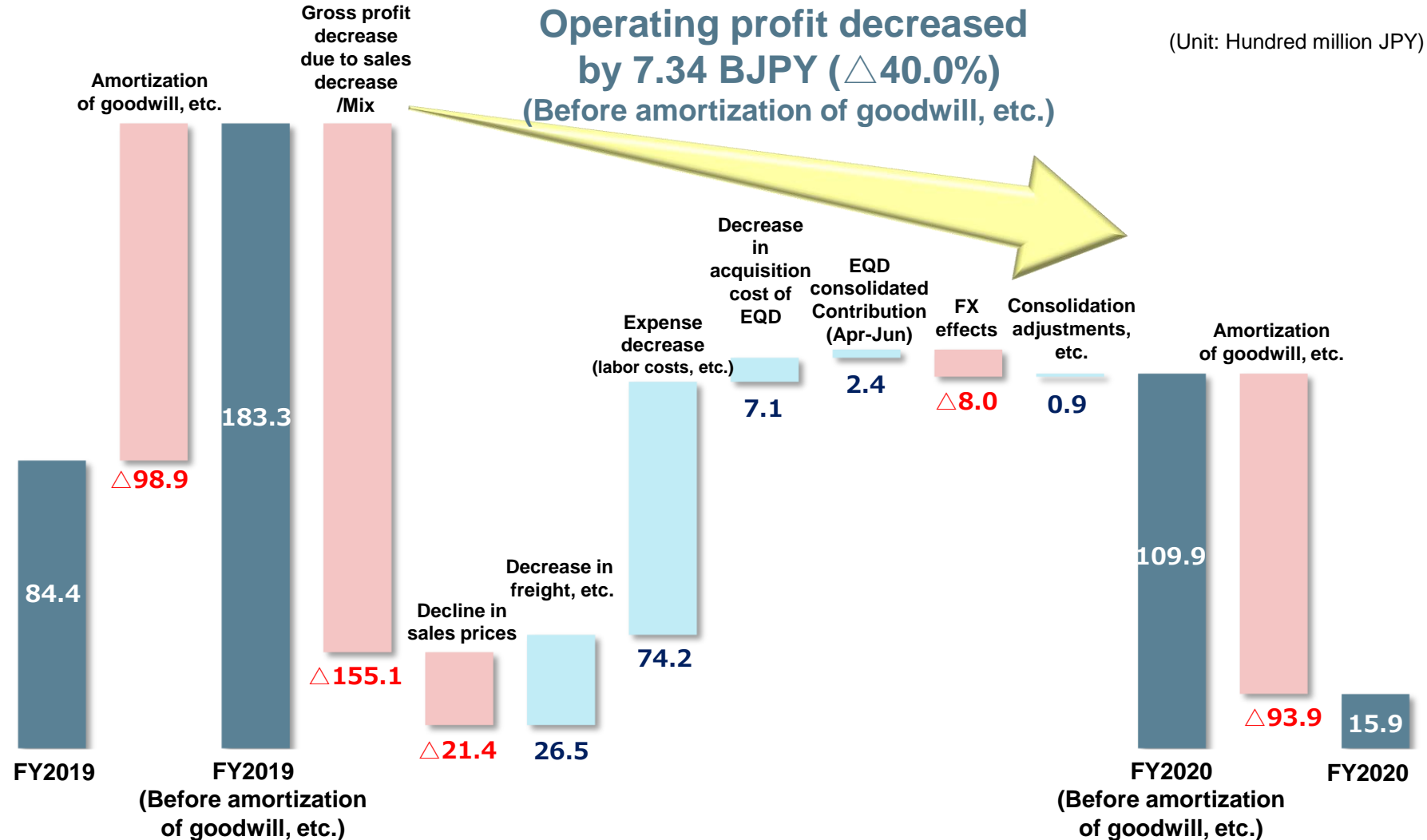


# 6. Operating Profit FY2019 vs FY2020

Operating profit declined by 40.0% YoY as the decrease in gross profit from lower sales was not fully offset by countermeasures such as reducing fixed costs.

**Operating profit decreased by 7.34 BJPY ( $\Delta 40.0\%$ ) (Before amortization of goodwill, etc.)**

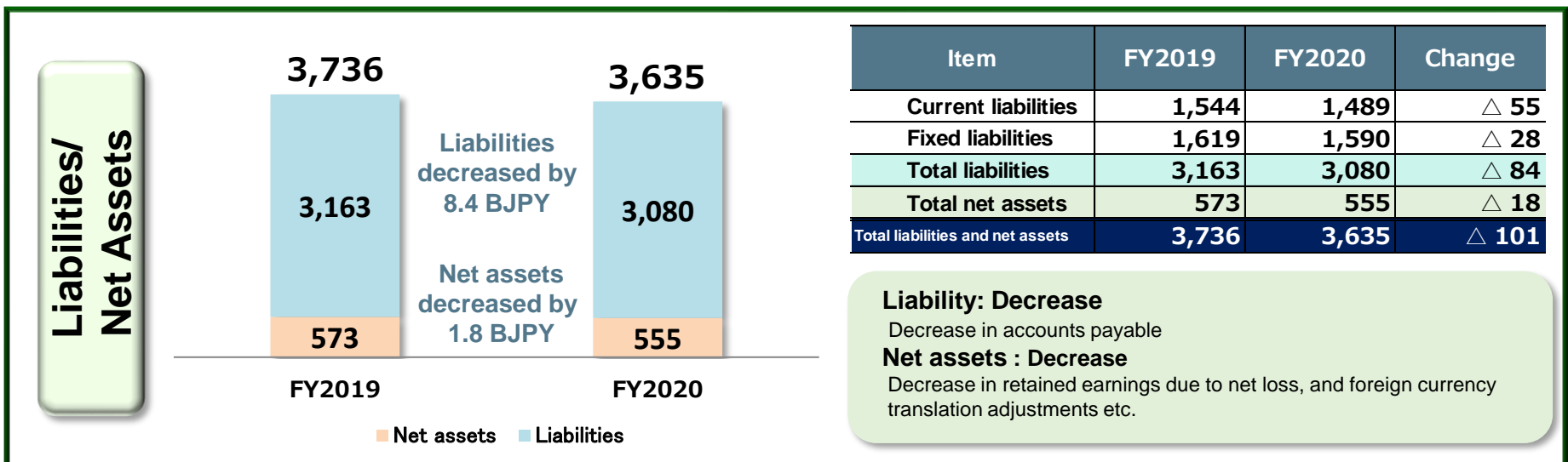
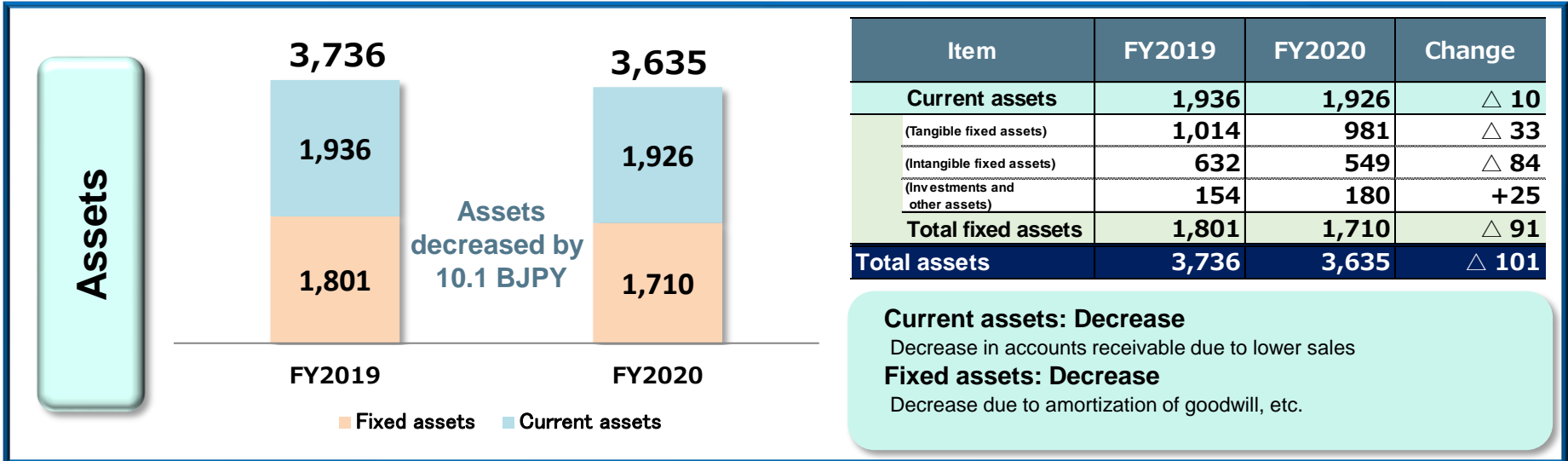
(Unit: Hundred million JPY)





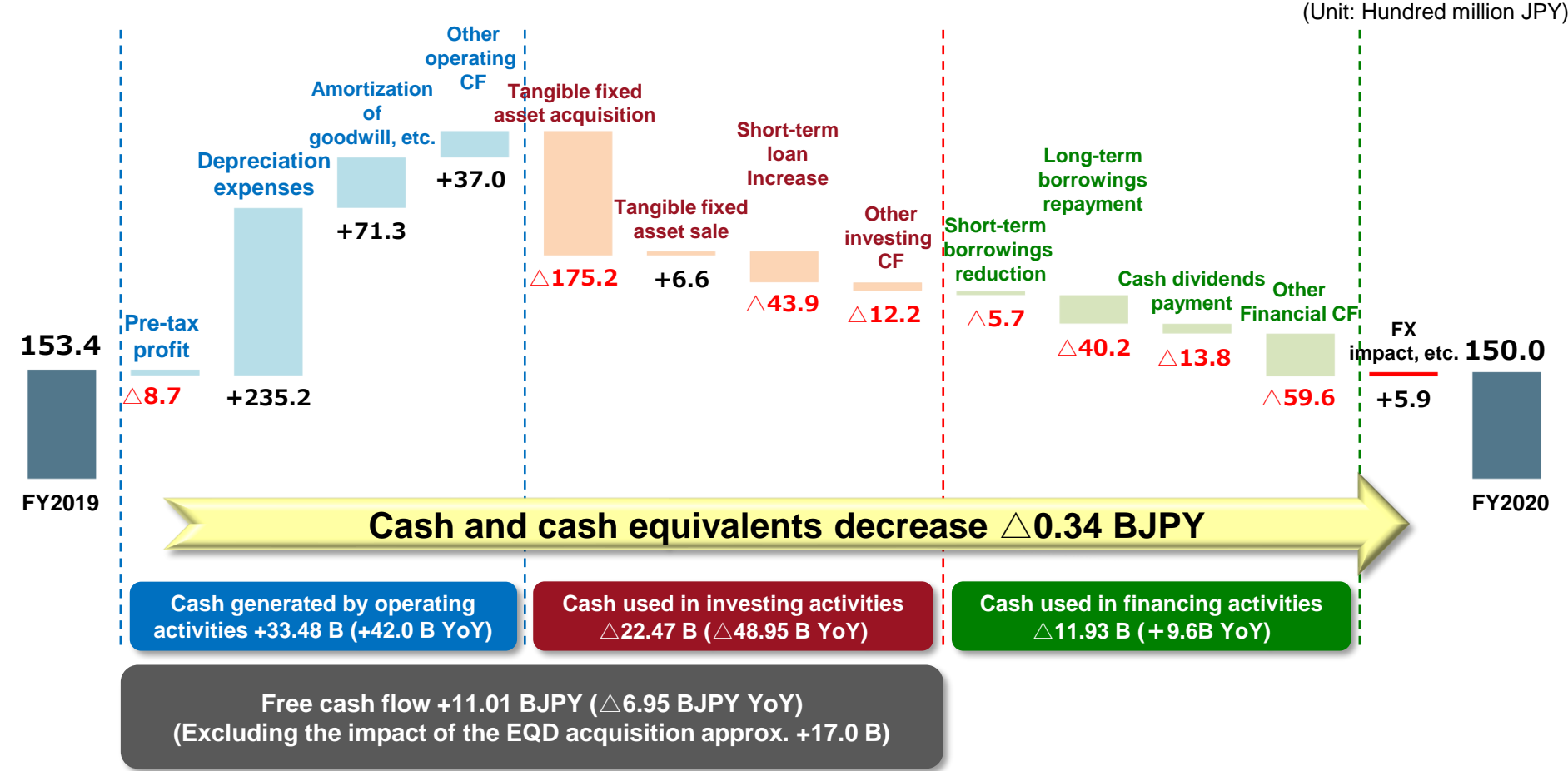
# 7. Consolidated Balance Sheet

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



# 8. Cash Flow

Operating C/F decreased by 8.52 BJPY (42.0 BJPY in the same period last year). Affected by the decline operating profit as a result of the COVID-19 pandemic. Free cash flow returned to achieve profitability thanks to the contribution of reduced and deferred capital expenditures.(+11.01 BJPY).



# 9. Financial Forecast for FY2021

(Unit: Hundred million JPY)

	FY2020	FY2021	YOY Change	
Units Sold	85,000 units	<b>102,000 units</b>	+ 17,000 units	+ 20.0%
Net Sales	3,915.0	<b>4,300.0</b>	<b>+385.0</b>	<b>+9.8%</b>
Operating Profit <small>(Before amortization of goodwill, etc.) (Operating profit margin)</small>	109.9 (2.8%)	<b>140.0 (3.3%)</b>	<b>+30.1</b>	<b>+27.4%</b>
Amortization of Goodwill, etc.	93.9	<b>90.0</b>	—	—
Operating Profit <small>(Operating profit margin)</small>	15.9 (0.4%)	<b>50.0 (1.2%)</b>	<b>+34.1</b>	<b>+214.5%</b>
Ordinary Profit <small>(Ordinary profit margin)</small>	20.1 (0.5%)	<b>40.0 (0.9%)</b>	<b>+19.9</b>	<b>+99.0%</b>
Profit Attributable to Owners of Parent <small>(Net income margin)</small>	△26.8 (△0.7%)	<b>10.0 (0.2%)</b>	—	—
Dividend per Share	8 yen	<b>8 yen</b>	—	—

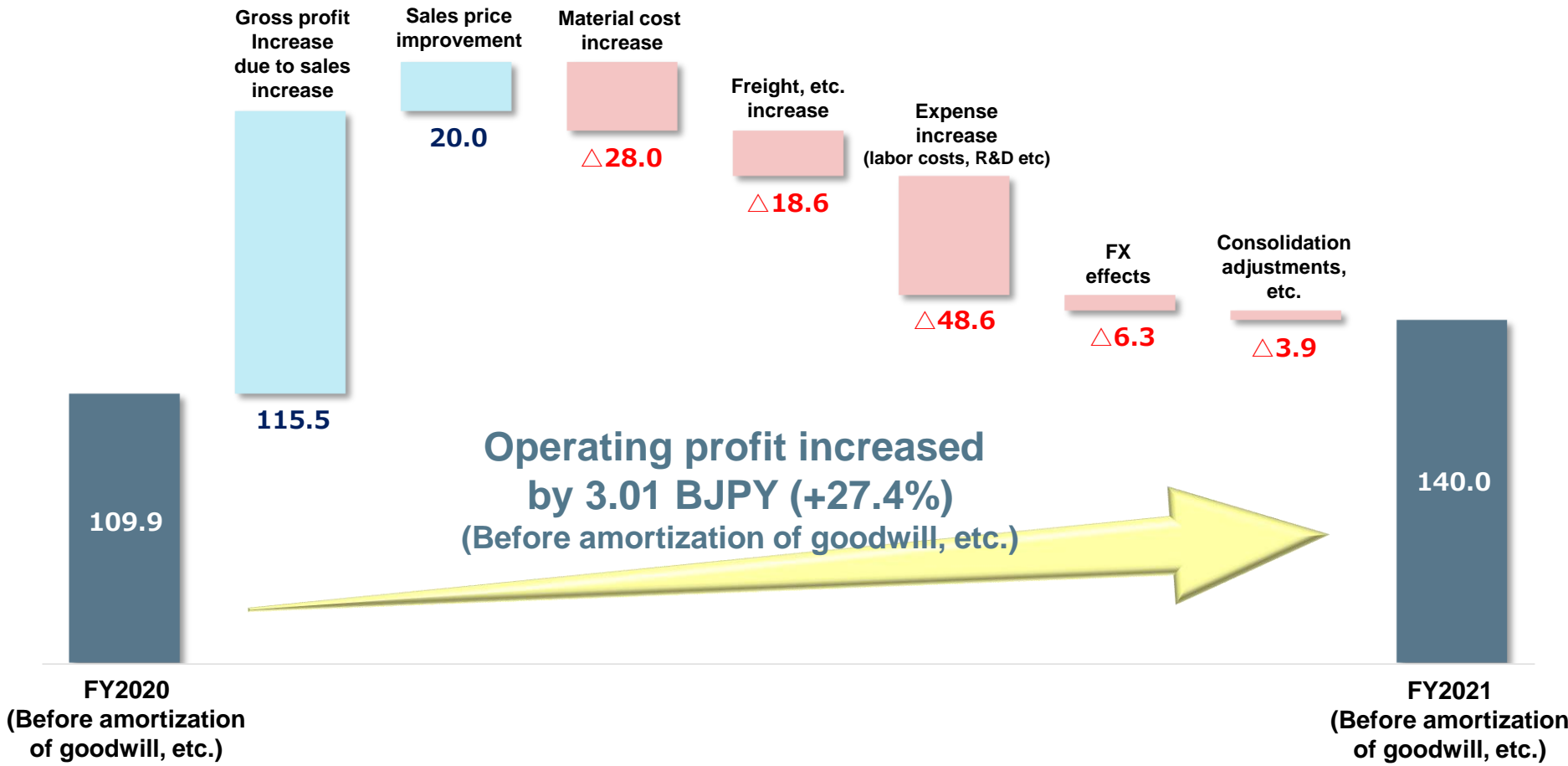
(※)As the "Accounting Standard for Revenue Recognition" (ASBJ Statement No. 29), etc. will be applied from the beginning of the fiscal year ending March 31, 2022, the above consolidated financial forecast is the amount after the application of the said accounting standard, etc. Changes from the same period of the previous year are for reference only.

FY2020 Plan FX rate: USD=JPY105, EUR=JPY120, CNY=JPY16

# 10. Operating Profit FY2021 (Forecast) vs FY2020

Operating profit is expected to increase by 27.4% YoY, in line with the recovery trend in economic activity.

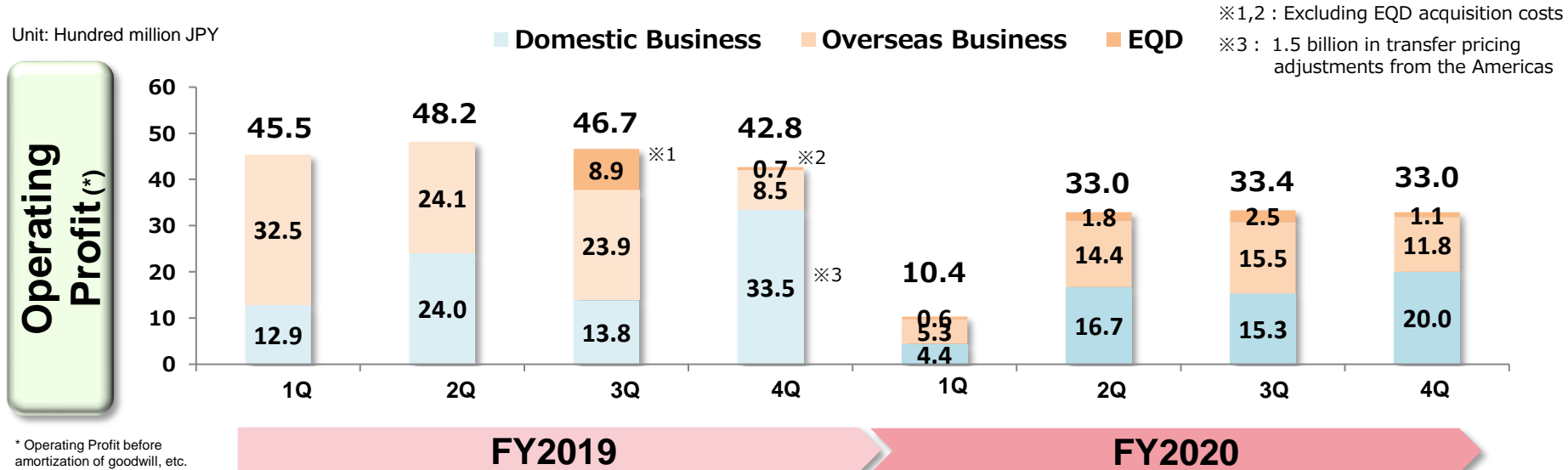
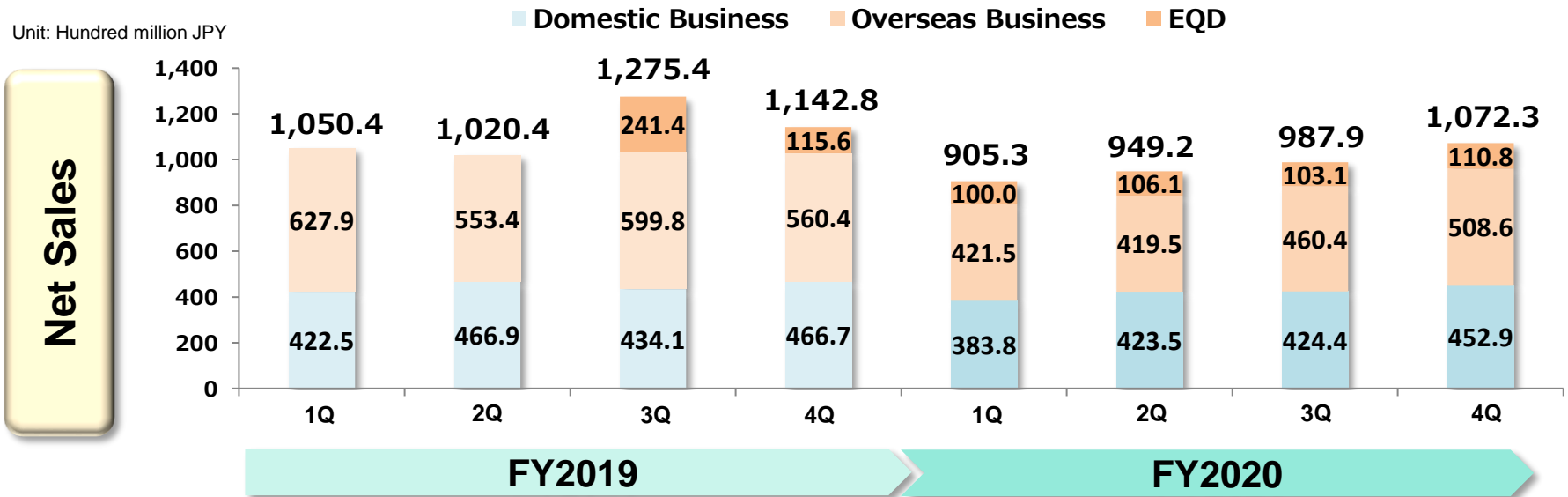
(Unit: Hundred million JPY)



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

	Indicator	Formula	FY2019		FY2020		Comments
				(Before amortization of goodwill, etc.)		(Before amortization of goodwill, etc.)	
Performance	Return-on-assets (ROA)	$\frac{\text{Net income}}{\text{Total assets}}$	△ 1.4%	(2.8%)	△ <b>0.7%</b>	<b>(1.5%)</b>	This index worsened due to a net loss as a result of deteriorating business performance caused by the expansion of the COVID-19 pandemic.
	Return-on-equity (ROE)	$\frac{\text{Net income}}{\text{Shareholders' equity}}$	△ 8.7%	(12.2%)	△ <b>4.9%</b>	<b>(6.4%)</b>	
Profitability	Operating profit margin	$\frac{\text{Operating profit}}{\text{Sales}}$	1.9%	(4.1%)	<b>0.4%</b>	<b>(2.8%)</b>	This index worsened due to a net loss as a result of deteriorating business performance caused by the expansion of the COVID-19 pandemic.
	Net income margin	$\frac{\text{Net income}}{\text{Sales}}$	△ 1.2%	(2.5%)	△ <b>0.7%</b>	<b>(1.6%)</b>	
Asset Efficiency	Total asset turnover	$\frac{\text{Sales}}{\text{Total assets}}$	1.2 times		<b>1.1 times</b>		
	Receivable turnover	$\frac{\text{Sales}}{\text{Accounts receivable}}$	5.8 times		<b>5.4 times</b>		
	Inventory turnover	$\frac{\text{Cost of sales}}{\text{Inventories}}$	5.5 times		<b>4.9 times</b>		
Financial Soundness	Capital adequacy ratio	$\frac{\text{Shareholders' equity}}{\text{Total assets}}$	14.7%		<b>15.1%</b>		Capital adequacy ratio improved due to an increase in cumulative other comprehensive income including foreign currency translation adjustments.
	D/E ratio	$\frac{\text{Interest-bearing debt}}{\text{Shareholders' equity}}$	3.3 times		<b>3.3 times</b>		
Share	Earnings per share	$\frac{\text{Net income}}{\text{Shares outstanding}}$	JPY △49.24		<b>JPY △25.19</b>		
	Price earnings ratio (PER)	$\frac{\text{Share value}}{\text{Earnings per share}}$	△17.7 times		△ <b>51.4 times</b>		Stock prices : End of FY2019 : JPY 874 End of FY2020 : JPY 1,296
	Price book value ratio (PBR)	$\frac{\text{Share value}}{\text{Book value per share}}$	1.7 times		<b>2.5 times</b>		

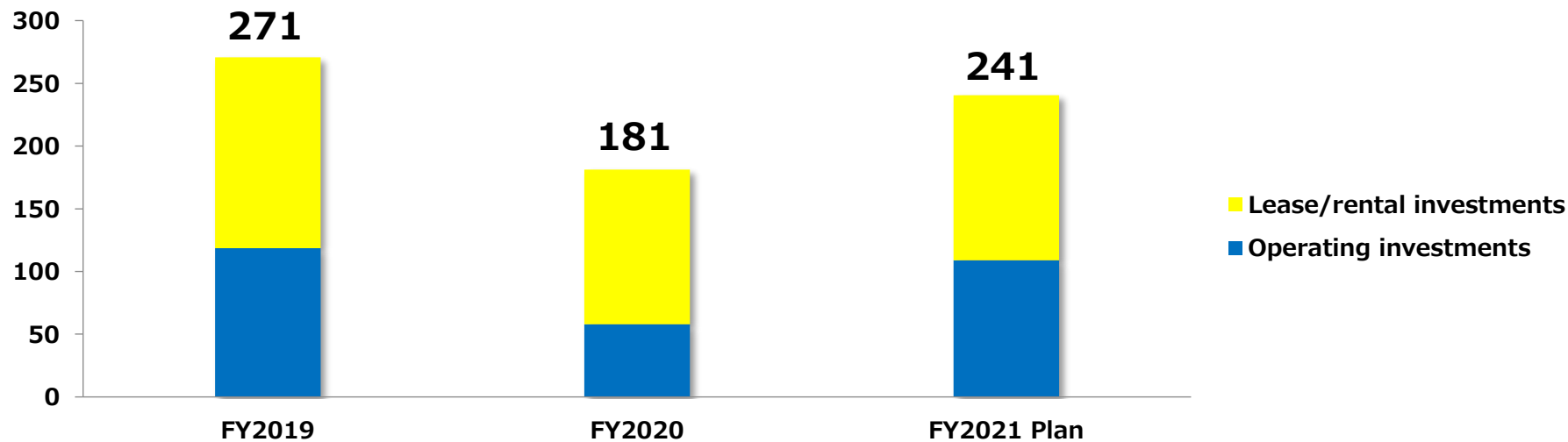
# 【Reference】 Quarterly Financial Results **Logisnext**



\* Operating Profit before amortization of goodwill, etc.

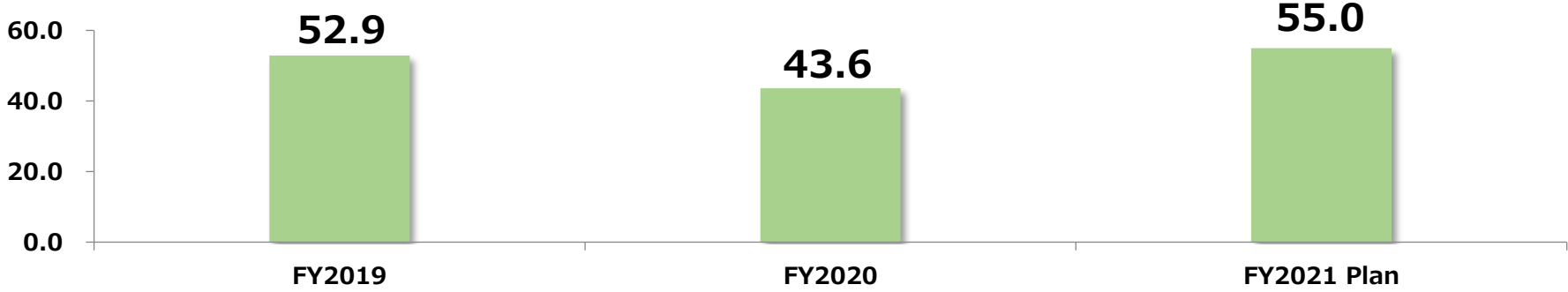
## ■ Capital Expenditure

Unit: Hundred million JPY

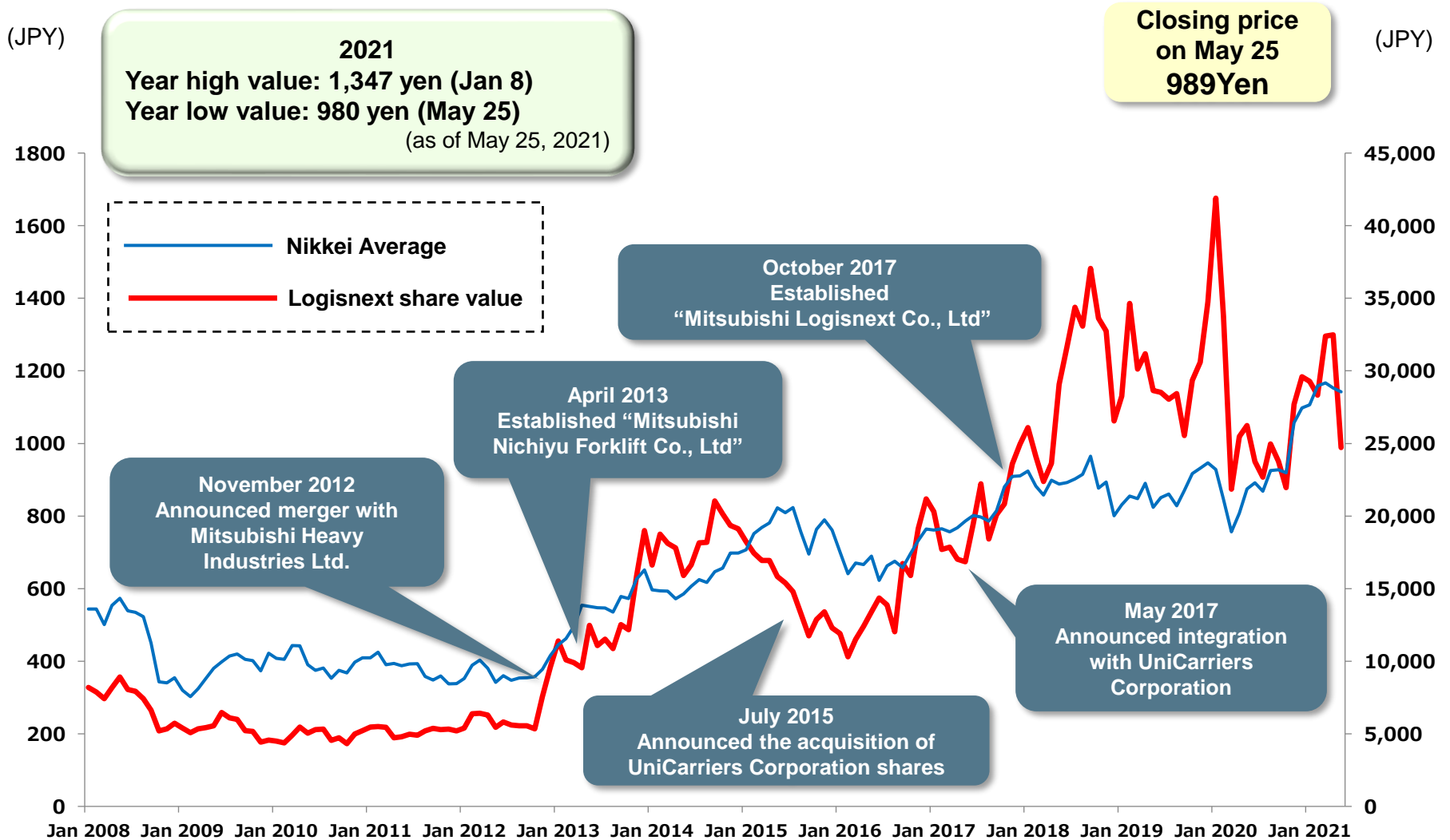


## ■ R&D Expenses

Unit: Hundred million JPY



# 【Reference】 Stock Price Trend





**Logisnext**

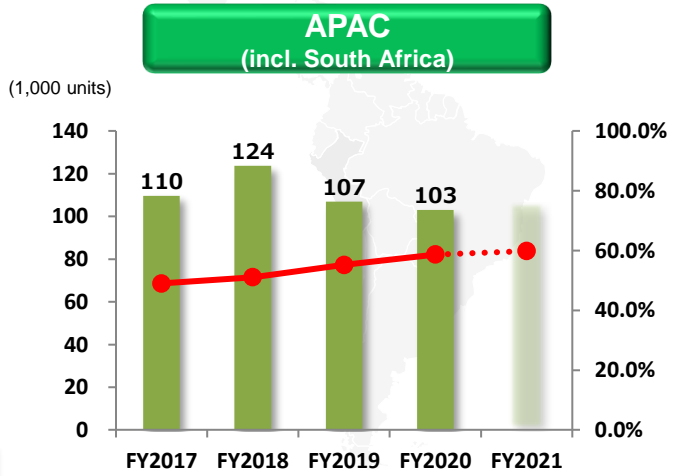
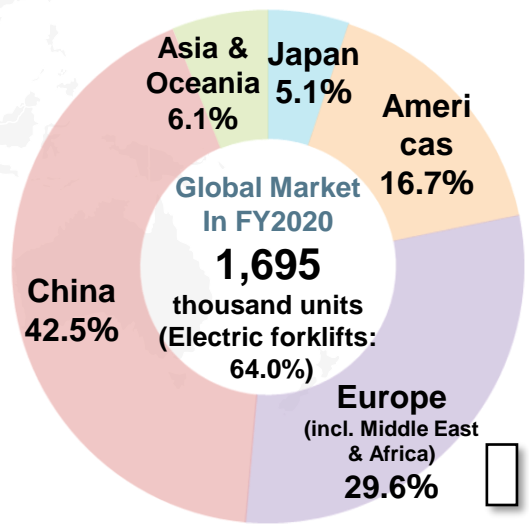
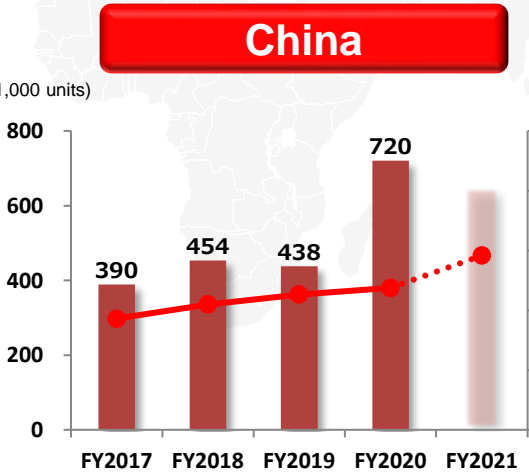
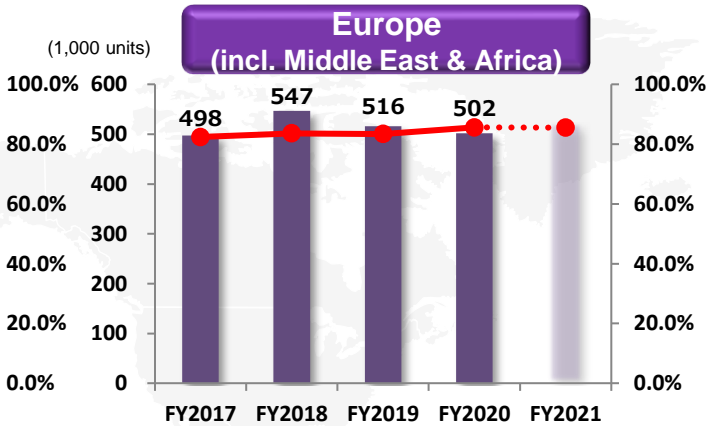
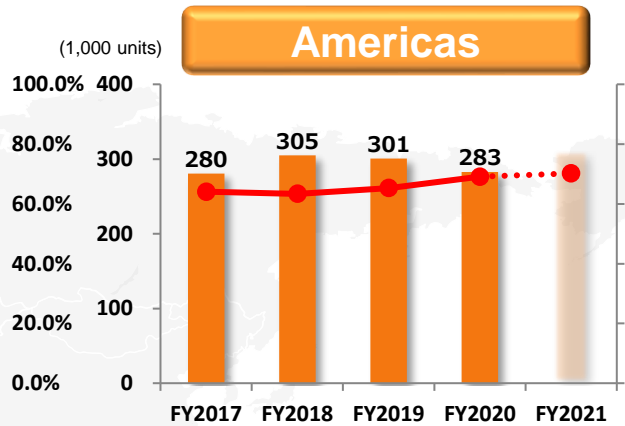
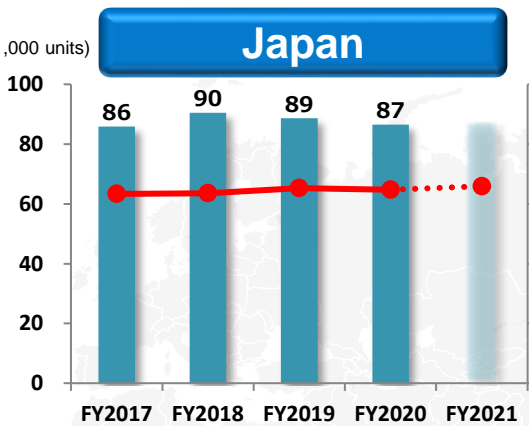
# **FY2021 Business Plan**

**MITSUBISHI LOGISNEXT**

**President and CEO, Takashi Kubo**

# 1. Forklift Market Trends [Shipping]

The forklift market in 2020 was up 16.8% YoY to 1,695,000 units, driven by the still strong Chinese market. Excluding China, shipments were down 3.8% YoY to 975,000 units.

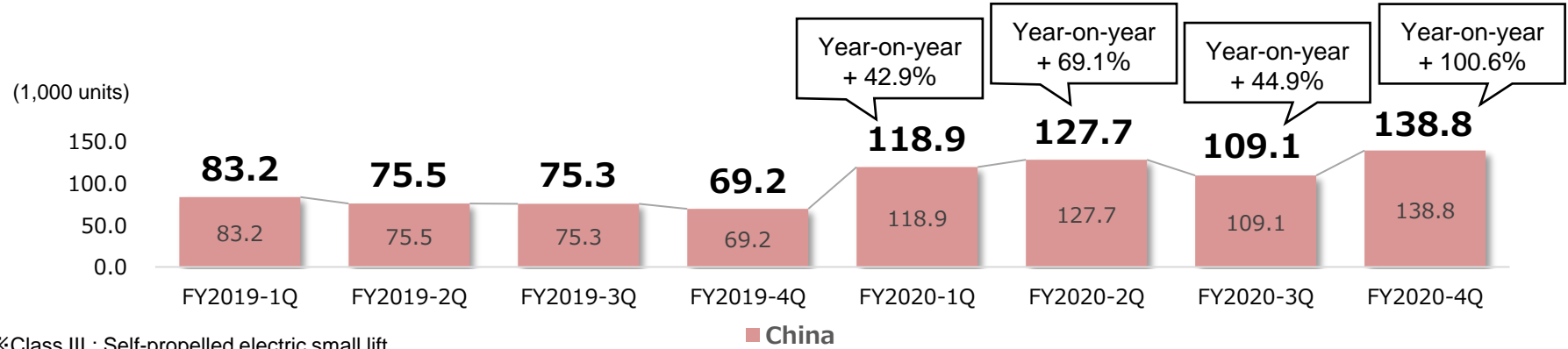
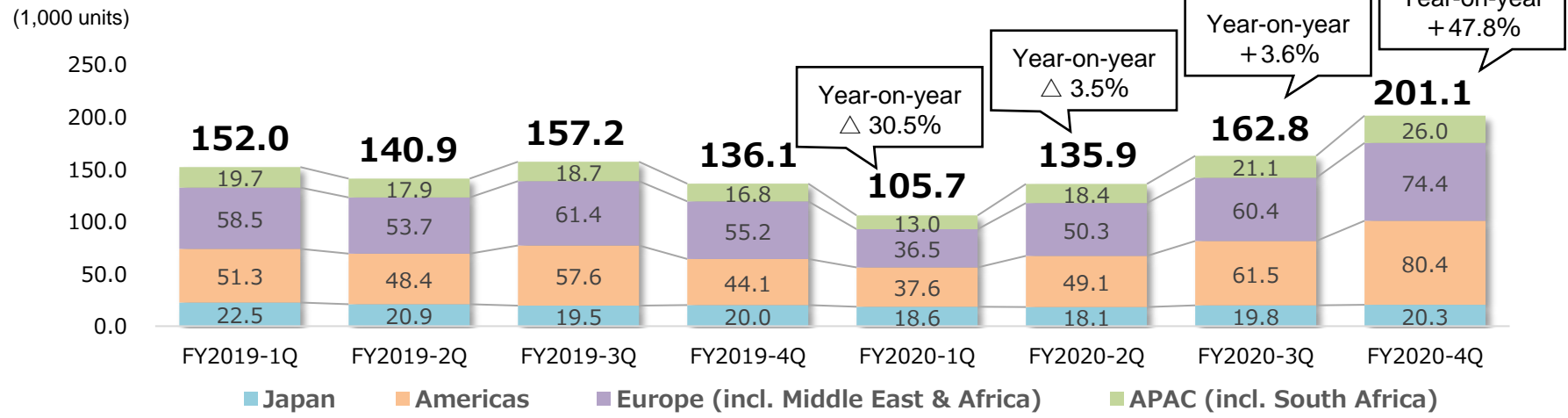


Markets units  
 Percent electric forklifts

# 2. Forklift Market Trends [Orders]

- Orders have been showing a recovery trend, due to global economic activity resumed (+65.6% YoY to 340,000 units, Excluding the Chinese market: +47.8% YoY to 201,000 units).
- Demand in the Chinese market has continued to grow. (+100.6% YoY to 139,000 units).

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



\*Class III : Self-propelled electric small lift

# 3. Forklift Market Forecast

※In FY20, there was a special factor due to the spread of COVID-19 infection, so the FY21 forecasts are compared to FY19.

<h2>Japan</h2>	<ul style="list-style-type: none"> <li>• The market is expected to shrink slightly compared to FY19.</li> <li>• Distortion in shipment volume in FY19 and FY20 due to typhoon damage to some suppliers. Maintain market share excluding temporary effects.</li> </ul>
<h2>Americas</h2>	<ul style="list-style-type: none"> <li>• The market is expected to expand over FY19 on the back of normalization of economic activity.</li> <li>• We aim to increase sales by strengthening business negotiation management, revising pricing strategy, enhancing product lineup, and strengthening solution sales in EQD.</li> </ul>
<h2>Europe (Inc. Middle East &amp; Africa)</h2>	<ul style="list-style-type: none"> <li>• The market is expected to expand slightly over FY19 due to the increase in Class III on the back of e-commerce growth.</li> <li>• We aim to increase sales by strengthening sales measures focusing on battery-powered vehicles, including the launching of new models.</li> </ul>
<h2>China</h2>	<ul style="list-style-type: none"> <li>• The market is expected to expand significantly compared to FY19, due to the increase in Class III on the back of expansion of the e-commerce market.</li> <li>• Maintain market share by increasing sales with the introduction of new battery-powered vehicles and promoting model change.</li> </ul>
<h2>APAC (incl. South Africa)</h2>	<ul style="list-style-type: none"> <li>• The market is expected to increase or decrease in each country, but it is expected to recover to the FY19 market.</li> <li>• We aim to increase sales by expanding sales of the new battery-powered vehicles launched in FY20.</li> </ul>

# 4. Mid-term Plan “Logisnext SolutionS 2023” **Logisnext**

We have developed a new Mid-term Plan “Logisnext SolutionS 2023”, considering the recent changes in our business environment and strategies from the current Mid-term Plan

## Logisnext SolutionS 2023

“SolutionS” The last letter “S” represents ;  
not only the “Solution” we offer to customers in the logistics field  
but also the “Solution” for our sustainable growth to the future.

**Basic  
Policy**

**Build up  
Business  
Resilience**

**Accelerate  
growth  
strategy**

**Further develop  
our global and  
regional  
branding  
strategies**

**Corporate  
Vision**

**Moving the world forward as the leading provider of  
innovative logistics and material handling solutions**

## 「Logisnext SolutionS 2023」

### Build up Business Resilience

Strengthen the existing business

Improve variable and fixed cost

### Accelerate growth strategy

Expand our solutions portfolio to meet the growing market requirements

Improve our profitability via enhancements to the distribution network

Grow market share with an expanded product and service portfolio

### Further develop our global and regional branding strategies

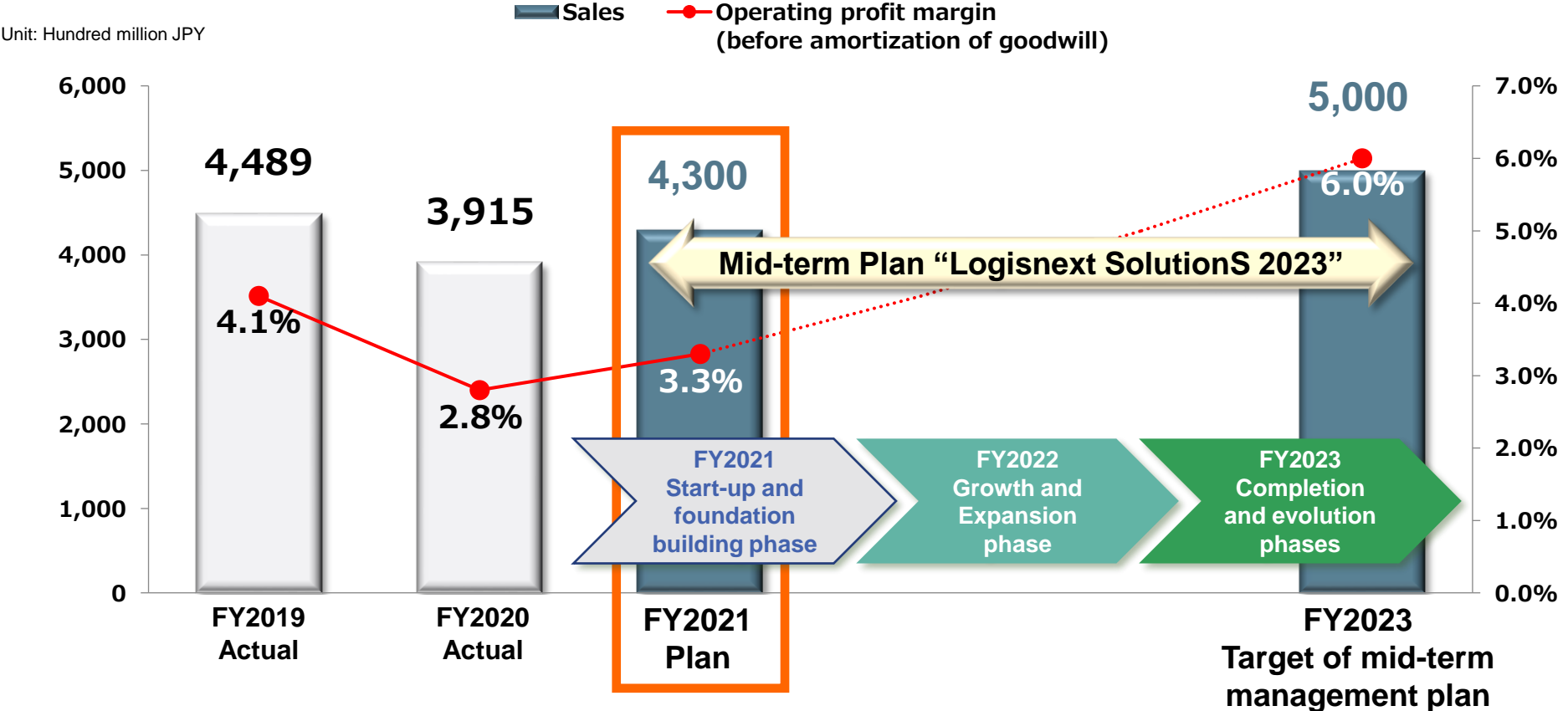
Utilize “Logisnext” brand and improve brand awareness for all of our brands

Create a new corporate culture under “Logisnext”

# 6. FY2021 Management Policy

## Position of FY2021

- The first year of “Logisnext SolutionS 2023”, the “start-up and foundation building phase”.
- Continue our initiatives and clarify the path of implementing the three basic strategies.
- To build a stable financial base for the future by giving top priority to “Build up Business Resilience”.
- Establish a system that can respond quickly and accurately to changes in the environment.



# 7. Growth Initiative①

## ■ Create integration synergies

### ➤ ALESIS Wins Design Award

- The first new post-integration model ALESIS, which went on sale in November 2019, won the 2020 Good Design Award and the 50<sup>th</sup> IDEA Machine Industrial Design Award.
- The stylish exterior design, visibility from the driver's seat, and ease of operation were highly evaluated.





# 8. Growth Initiative②

## ■ Development of advanced technologies

### ➤ Product autonomy and intelligence

- At the Logistics Test Center in Takasago district of Mitsubishi Heavy Industries Research & Innovation Center, we jointly developed “SynX-Vehicle” AGF based on Mitsubishi Heavy Industries' ΣSynX concept (\*1).
- Automatic Human Detection system of Forklift, which constantly monitors the surroundings of the vehicle with multiple cameras and uses AI functions to alert the operator of approaching people to ensure safety on the job site, is scheduled to go on sale soon as an option for large forklifts.

SynX-Vehicle (Concept vehicle)<sup>\*2</sup>



Automatic Human Detection system of Forklift



Powered by **ΣSynX**

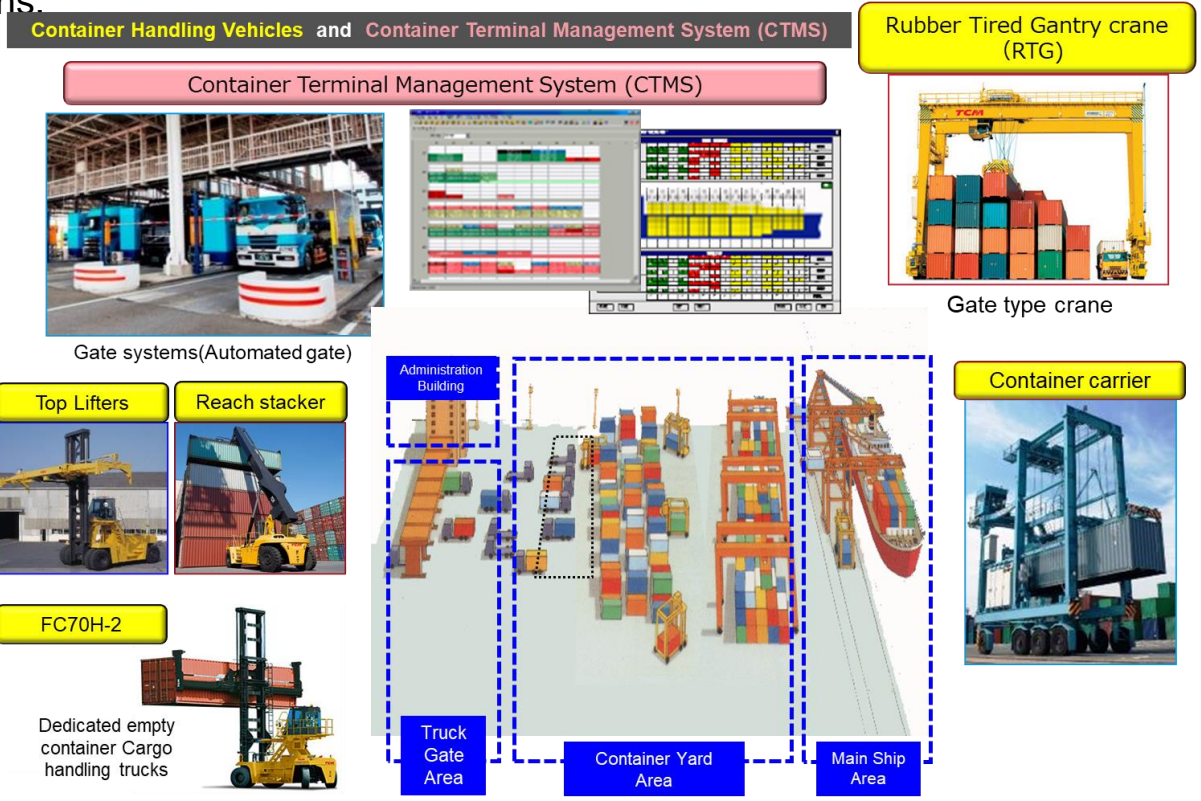
\*1 Mitsubishi Heavy Industries' concept for automation and intelligence in logistics equipment, “ΣSynX” (Sigma Synx) .  
 \*2 AGF (Automated Guided Forklift) utilizing ΣSynX.

# 9. Growth Initiative③

## Automation technology

### Expansion of solutions business for ports

- Our products that support container cargo handling are divided into handling vehicles and terminal management systems, and we provide both hardware and software solutions.
- We are currently working on smart port initiatives adopting remote monitoring RTG, AI for vessel planning, etc. Based on the analysis of accumulated data, we aim to further improve the efficiency of port operations.




# 10. Growth Initiative④

## ■ Profit generation through reorganization and enhancement

### ➤ Implemented and the future plans for each region

Japan (Stable and ensuring)	Americas (Most Important)	Europe (Maintain our position)	APAC (Expect future expansion)	China (Develop a new strategy)
Completed restructuring of direct sales companies (October 1, 2020)	50 EQD service locations due to reorganization of direct sales network	Reorganized group subsidiaries	Reorganizing the sales network of the control company and direct trade	Production stoppage and closure of Chinese production plants



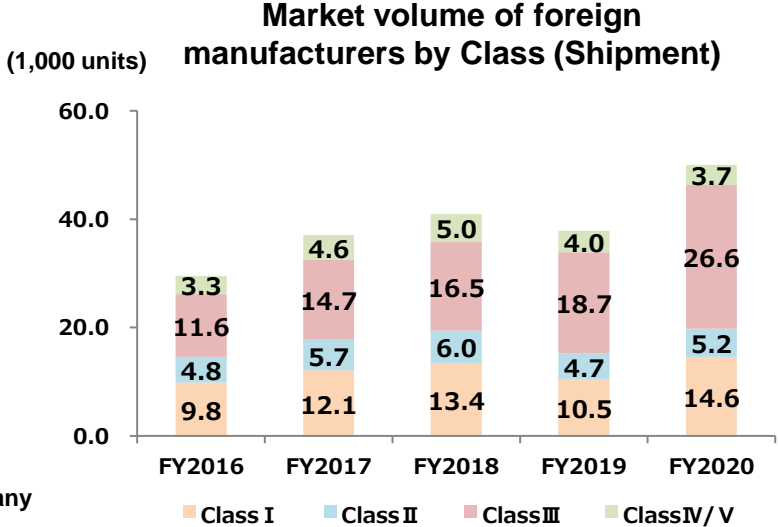
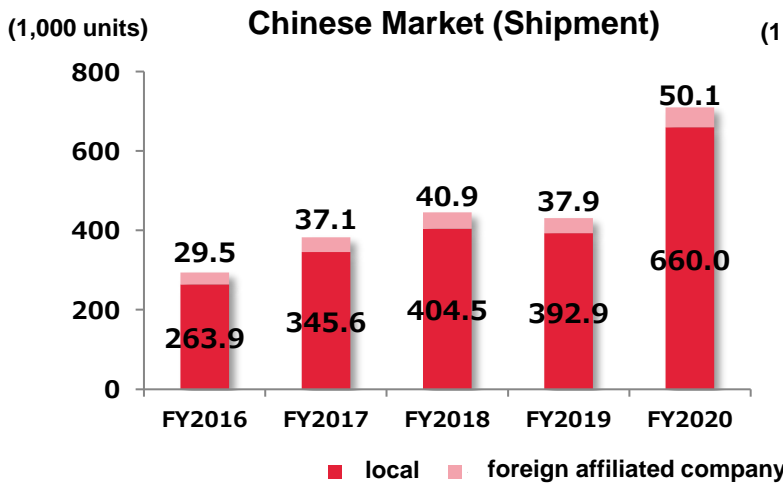
<ul style="list-style-type: none"> <li>Improving operational efficiency</li> <li>Strengthen material handling products</li> </ul> <p>Robotic floor cleaner equipped with cutting-edge AI functions</p> 	<ul style="list-style-type: none"> <li>Develop sales strategies that utilize customer management data</li> <li>Promote rental business</li> </ul>	<ul style="list-style-type: none"> <li>Began reorganization of sales network based on brand strategy</li> <li>Strengthen direct sales channels</li> </ul>	<ul style="list-style-type: none"> <li>Pursuit of cost reduction of products and parts</li> <li>Introduction and enhancement of IT utilization products</li> </ul>	<ul style="list-style-type: none"> <li>Restructuring of sales network</li> <li>Market re-development</li> <li>Strengthening Services</li> </ul>
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# 11. Growth Initiative⑤

## ■ China Market Strategy

### ➤ Closure of production plants and business environment

- In order to respond to changes in the external environment and to optimize the production system in the mid- to long-term plan, production at UniCarriers Forklift Co., Ltd. (UCCA), a Chinese production subsidiary, was suspended.
- The expansion of the Chinese market is largely due to local manufacturers, and foreign manufacturers are in a difficult situation. By product, Class III products are growing, and our company, which focuses on high-end products, needs to restructure its strategy.
- The company will promote selection and concentration by strategically reallocating resources through plant closures and working to optimize its portfolio and strengthen sales capabilities in response to changes in the business environment.



Class III Example (Low lift)

Source : China Industrial Truck Association (CITA)

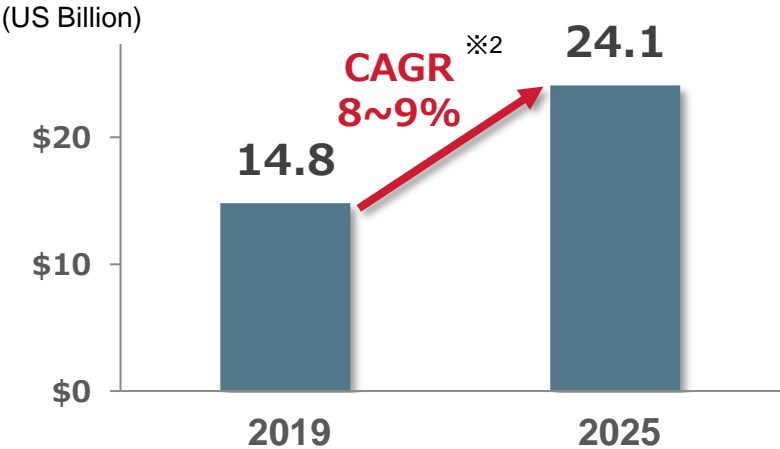
# 12. Growth Initiative⑥

## ■ Americas Logistics Solutions Market

### ➤ Expand and increase sales of warehouse models and AGVs in the Americas (EQ Solution)

- The logistics solutions market in the Americas (\*1) is expected to grow to \$24.1 billion by 2025, driven by the shift to small-lot production of a wide variety of products, the expansion of the e-commerce market, the increase in the number of small warehouses, and the increase in the number of 3PL operators. 2019 will still be a large market at \$14.8 billion (about 22% of the global market).
- In response to the expansion of the logistics solution market, EQD has enhanced its lineup of warehouse models such as MLFI (Finland) design and AGVs. The company aims to capture the demand with high value-added products.

US Logistics Solutions Market



AGV with MLFI design



EQD Service Locations

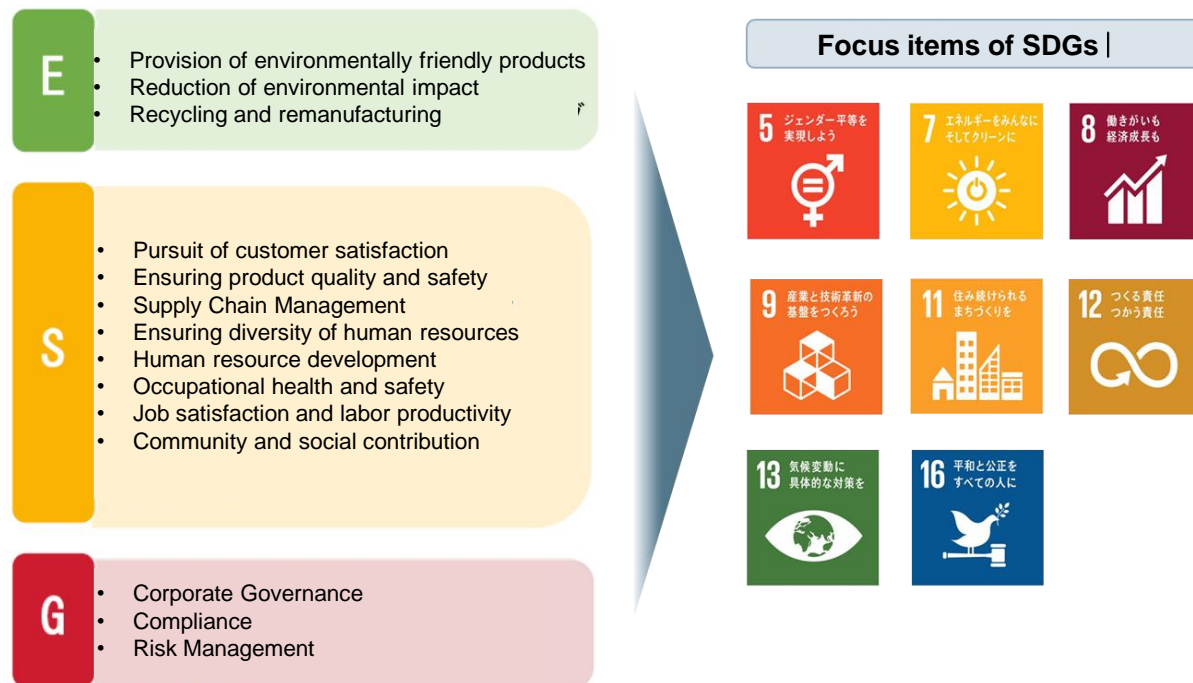
※1 A market that includes indoor logistics equipment, AGVs, related systems, racks and conveyors.  
 ※2 CAGR : compound average growth rate

# 13. Growth Initiative⑦

## ■ SDGs

### ➤ Publication of the “Mitsubishi Logisnext SDGs Report”

- We have identified 14 key issues in light of ESG activities and have set 8 SDGs linked to these issues as items to focus on.
- The "Mitsubishi Logisnext SDGs Report," which summarizes our business activities, environmental activities, social contribution activities and other activities that contribute to solving social issues, will be posted on our website in December 2020.





# 14. Growth Initiative⑧

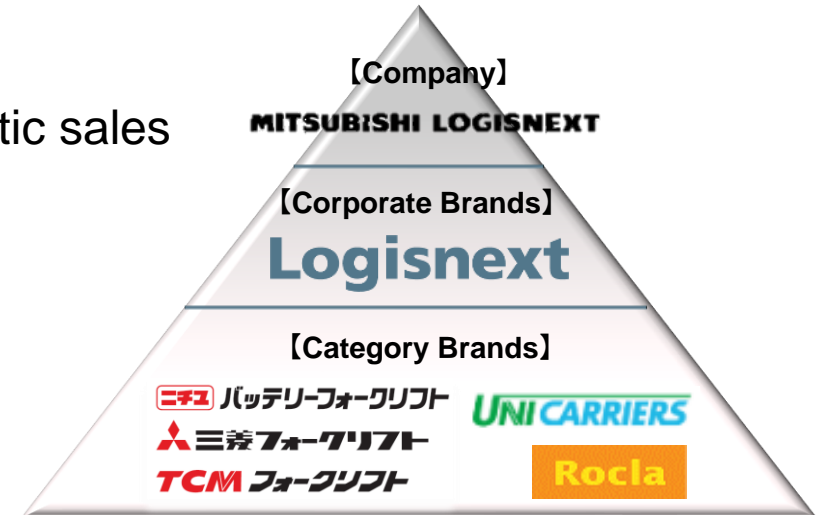
## ■ Improve brand power

### ➤ Corporate Brands

- Gradually changed the names of domestic sales companies and overseas subsidiaries to Logisnext-named companies.

### ➤ Category Brands

- The company's name is derived from a traditional material handling equipment manufacturer that has long supported the global logistics industry.
- Promote brand segregation along with the integration of bases in each country and reorganization of the sales network.



## Brand Strategy

Fully utilize brands with high name recognition in each region and product line up.  
Promote an inner/outer branding strategy (\*1) to increase awareness.

※ 1 inner branding : Activities to promote penetration and empathy among the company's employees based on the corporate philosophy and management policies.  
outer branding : External branding activities.

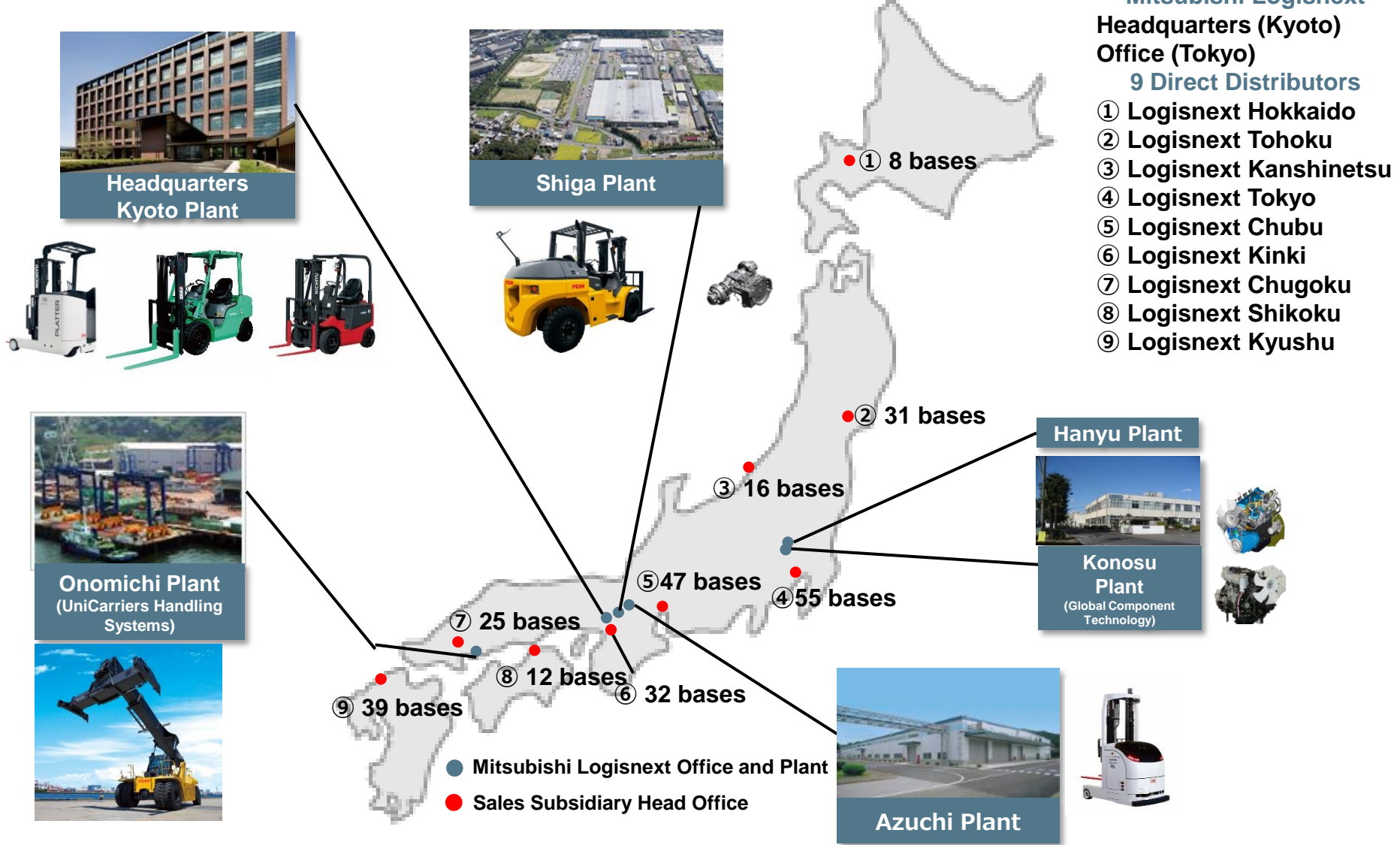
# 【Reference】 Company Profile

<b>Company Name</b>	<b>Mitsubishi Logisnext Co., Ltd.</b>
<b>Head Office</b>	<b>1-1, 2-Chome, Higashikotari, Nagaokakyo-shi, Kyoto</b>
<b>Established</b>	<b>August 1937</b>
<b>President and CEO</b>	<b>Takashi Kubo</b>
<b>Paid-in Capital</b>	<b>4,913 million yen</b>
<b>Business Lines</b>	<b>Design, development, production, and sales of electric and engine forklifts, conveyor robots, automated warehouse equipment, warehouse management systems, construction machinery, industrial engines, transmissions, etc.</b>
<b>Operation Centers</b>	<b>Japan: Kyoto, Shiga, etc. Overseas: United States, Europe, China, Asia, and others</b>
<b>Number of Employees</b>	<b>Approx. 11,000 employees</b>
<b>Production Capacity per Year</b>	<b>Approx. 97,000 units</b>



# 【Reference】 Japan Domestic Network

## 6 Production Bases and 9 Direct Sales Subsidiaries



# 【Reference】 Overseas Network



- Production Bases
- Main sales Bases

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- Statements concerning the business results are based on various data that we believe to be reliable, but we do not guarantee the correctness or completeness of such data.
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