

Consolidated Financial Results
for the First Quarter Ended June 30, 2018 [Japan GAAP]

August 7, 2018

The Sumitomo Warehouse Co., Ltd.

Securities code: 9303
 Stock exchange listings: Tokyo
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 Quarterly statement filing date (as planned): August 10, 2018
 Dividend payable date (as planned): —
 Supplemental material of quarterly results: None
 Convening briefing of quarterly results: None

1. Consolidated financial results for the first quarter ended June 30, 2018 (April 1, 2018- June 30, 2018)

Figures are rounded down to the nearest million yen, except per share figures.

(1) Consolidated operating results (%: year-on-year change)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
Three months ended June 30, 2018	44,110	3.2	1,903	(26.1)	3,115	(15.3)	2,223	(9.3)
Three months ended June 30, 2017	42,744	3.9	2,575	2.6	3,676	1.4	2,450	3.3

Note: Comprehensive income:

Three months ended June 30, 2018: 1,874 million yen; (76.2%)

Three months ended June 30, 2017: 7,863 million yen; —%

	Net income per share	Diluted net income per share
	Yen	Yen
Three months ended June 30, 2018	12.74	12.71
Three months ended June 30, 2017	13.71	13.68

(2) Consolidated financial positions

	Total assets	Net assets	Capital adequacy ratio
	Millions of yen	Millions of yen	%
As of June 30, 2018	333,300	193,952	55.7
As of March 31, 2018	342,086	193,593	54.2

Note: Owner's equity

As of June 30, 2018: 185,650 million yen

As of March 31, 2018: 185,247 million yen

2. Dividends

	Dividend per share				
	First quarter	Second quarter	Third quarter	Fiscal year end	Total
	Yen	Yen	Yen	Yen	Yen
Year ended March 31, 2018	—	8.00	—	8.50	16.50
Year ending March 31, 2019	—				
Year ending March 31, 2019 (Forecast)		8.50	—	17.00	—

Note: Correction of dividend forecast from the most recent dividend forecast: None

- * The Company plans to conduct a 1-for-2 reverse stock split on its common shares on October 1, 2018. Therefore, Dividend per share for the year ending March 31, 2019 (forecast) reflects such reverse stock split and Total Dividend per share states “—”. Without taking into account such reverse stock split, Dividend per share for the fiscal year end of the year ending March 31, 2019 and Total Dividend per share for the year ending March 31, 2019 (forecast) would be ¥8.50 and ¥17.00, respectively. See “Explanation for the proper use of forecasts and other special instructions” for details.

3. Consolidated forecasts for the year ending March 31, 2019 (April 1, 2018-March 31, 2019)

(%: year-on-year change)

	Operating revenue		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Six months	89,000	3.1	4,100	(17.8)	5,400	(12.1)	3,400	(20.3)	19.48
Full year	181,000	3.0	9,100	(11.7)	11,500	(9.3)	8,500	1.7	97.42

Note: Correction of financial forecast from the most recent financial forecast: Yes

- * Net income per share in the consolidated forecasts for the year ending March 31, 2019 reflects the effect of a reverse stock split. Without taking into account such effect, Net income per share in the consolidated forecasts for the year ending March 31, 2019 would be ¥48.71. See “Explanation for the proper use of forecasts and other special instructions” for details.

4. Other

- (1) Material changes in subsidiaries during this period (Changes in scope of consolidations resulting from change in subsidiaries)
: None

- (2) Applying of specific accounting of the consolidated quarterly financial statements: Yes

- (3) Changes in accounting policies, accounting estimates and retrospective restatement

- 1) Changes in accounting policies based on revisions of accounting standard: None
- 2) Changes in accounting policies other than ones based on revisions of accounting standard: None
- 3) Changes in accounting estimates: None
- 4) Retrospective restatement: None

- (4) Number of issued and outstanding shares (common stock)

Number of issued and outstanding shares (including treasury stock):

As of June 30, 2018 : 176,373,231 shares

As of March 31, 2018 : 176,373,231 shares

Number of treasury stock:

As of June 30, 2018 : 1,866,554 shares

As of March 31, 2018 : 1,865,588 shares

Average number of shares:

First quarter ended June 30, 2018 : 174,506,999 shares

First quarter ended June 30, 2017 : 178,757,372 shares

- * Status of quarterly reviewing processes

This Financial Results is not subject to review based on the Japanese Financial Instruments and Exchange Act.

* Explanation for the proper use of forecasts and other special instructions

1. The forecasts are based on information currently available and certain assumptions judged to be reasonable. The Company's actual results may differ materially from the forecasts as a result of numerous factors outside of Company's control.

2. At the 141th General shareholders' meeting held on June 27, 2018, the 1-for-2 reverse stock split on its common shares on October 1, 2018 was approved. The Company also plans to change the share trading unit from 1,000 shares to 100 shares on the same date. Without taking into account such reverse stock split, Dividends forecast and consolidated forecasts for the year ending March 31, 2019 would be as follows:

(1) Dividends forecast for the year ending March 31, 2019

Dividend per share for the second quarter	¥8.50
Dividend per share for the fiscal year end	¥8.50

(2) Consolidated forecasts for the year ending March 31, 2019

Net income per share for the six months ending September 30, 2018	¥19.48
Net income per share for the year ending March 31, 2019	¥48.71

Consolidated Financial Results
(1) Consolidated quarterly balance sheets

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Assets		
Current assets		
Cash and deposits	45,905	34,689
Notes and accounts receivable-trade	20,824	20,560
Real estate for sale	35	35
Work in process	77	26
Other	4,844	5,311
Allowance for doubtful accounts	(129)	(113)
Total current assets	71,558	60,508
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	71,777	71,856
Machinery, equipment and vehicles, net	3,673	3,483
Vessels, net	6,401	6,282
Tools, furniture and fixtures, net	765	779
Land	57,517	58,128
Construction in progress	390	1,788
Other, net	692	686
Total property, plant and equipment	141,219	143,005
Intangible assets		
Goodwill	2,145	1,933
Leasehold right	7,102	7,085
Software	1,399	1,617
Other	1,470	1,303
Total intangible assets	12,118	11,939
Investments and other assets		
Investment securities	108,463	109,062
Long-term loans receivable	506	500
Net defined benefit asset	190	162
Deferred tax assets	1,409	1,439
Other	6,893	6,955
Allowance for doubtful accounts	(273)	(273)
Total investments and other assets	117,190	117,846
Total non-current assets	270,527	272,791
Total assets	342,086	333,300

(Millions of yen)

	As of March 31, 2018	As of June 30, 2018
Liabilities		
Current liabilities		
Notes and accounts payable-trade	12,966	12,634
Current portion of bonds	7,000	7,000
Short-term loans payable	17,948	16,980
Income taxes payable	1,953	801
Provision for bonuses	1,644	1,212
Other	6,875	6,386
Total current liabilities	48,387	45,015
Non-current liabilities		
Bonds payable	33,000	33,000
Long-term loans payable	28,800	22,619
Deferred tax liabilities	26,642	27,097
Provision for directors' retirement benefits	38	41
Net defined benefit liability	2,755	2,783
Long-term deposits received	7,924	7,943
Other	943	847
Total non-current liabilities	100,105	94,332
Total liabilities	148,492	139,347
Net assets		
Shareholders' equity		
Capital stock	14,922	14,922
Capital surplus	15,491	15,491
Retained earnings	99,353	100,094
Treasury stock	(1,231)	(1,231)
Total shareholders' equity	128,537	129,276
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	52,132	52,730
Foreign currency translation adjustment	3,571	2,657
Remeasurements of defined benefit plans	1,006	985
Total accumulated other comprehensive income	56,710	56,373
Share acquisition rights	248	248
Non-controlling interests	8,097	8,053
Total net assets	193,593	193,952
Total liabilities and net assets	342,086	333,300

(2) Consolidated quarterly statements of income and consolidated quarterly statements of comprehensive income
(Consolidated quarterly statements of income)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Operating revenue		
Warehouse income	5,846	6,373
Harbor transportation income	8,919	9,054
International transportation income	8,905	9,433
Land transportation income	7,418	8,056
Shipping income	6,242	5,624
Rent income of warehouse and logistics facilities	1,348	1,378
Rent income of real estate	2,441	2,462
Other	1,621	1,726
Total operating revenue	42,744	44,110
Operating cost		
Cost of sales	26,096	27,258
Personal expenses	5,115	5,423
Rent expenses	2,432	2,630
Taxes and dues	502	538
Depreciation	1,731	1,721
Other	1,851	2,038
Total operating cost	37,730	39,611
Operating gross profit	5,013	4,499
Selling, general and administrative expenses		
Salaries and allowances and welfare expenses	1,195	1,283
Provision for bonuses	200	193
Retirement benefit expenses	67	60
Amortization of goodwill	88	88
Other	886	969
Total selling, general and administrative expenses	2,438	2,595
Operating income	2,575	1,903
Non-operating income		
Interest and dividend income	1,077	1,255
Share of profit of entities accounted for using equity method	78	70
Other	119	84
Total non-operating income	1,275	1,410
Non-operating expenses		
Interest expenses	97	108
Foreign exchange losses	—	64
Other	77	25
Total non-operating expenses	174	198
Ordinary income	3,676	3,115

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Extraordinary income		
Penalty income	—	165
Total extraordinary income	—	165
Extraordinary losses		
Loss on retirement of non-current assets	10	23
Total extraordinary losses	10	23
Profit before income taxes	3,665	3,257
Income taxes-current	891	881
Income taxes-deferred	207	105
Total income taxes	1,099	986
Profit	2,565	2,270
Profit attributable to non-controlling interests	115	46
Profit attributable to owners of parent	2,450	2,223

(Consolidated quarterly statements of comprehensive income)

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Profit	2,565	2,270
Other comprehensive income		
Valuation difference on available-for-sale securities	5,836	614
Deferred gains or losses on hedges	0	—
Foreign currency translation adjustment	(461)	(873)
Remeasurements of defined benefit plans, net of tax	25	(20)
Share of other comprehensive income of entities accounted for using equity method	(102)	(115)
Total other comprehensive income	5,298	(395)
Comprehensive income	7,863	1,874
(Comprehensive income attributable to)		
Owners of parent	7,772	1,886
Non-controlling interests	91	(12)

(3) Consolidated quarterly statements of cash flows

(Millions of yen)

	Three months ended June 30, 2017	Three months ended June 30, 2018
Cash flows from operating activities		
Profit before income taxes	3,665	3,257
Depreciation	1,822	1,824
Amortization of goodwill	88	88
Increase (decrease) in provision	(445)	(443)
Interest and dividend income	(1,077)	(1,255)
Interest expenses	97	108
Share of loss (profit) of entities accounted for using equity method	(78)	(70)
Loss on retirement of non-current assets	10	23
Decrease (increase) in notes and accounts receivable-trade	(217)	56
Increase (decrease) in notes and accounts payable-trade	(131)	(107)
Other, net	(150)	(58)
Subtotal	3,583	3,424
Interest and dividend income received	1,116	1,495
Interest expenses paid	(126)	(106)
Income taxes paid	(1,612)	(1,951)
Net cash provided by (used in) operating activities	2,961	2,861
Cash flows from investing activities		
Payments into time deposits	(5,965)	(773)
Proceeds from withdrawal of time deposits	2,893	2,620
Purchase of property, plant and equipment	(777)	(4,719)
Proceeds from sales of property, plant and equipment	3	6
Purchase of intangible assets	(167)	(319)
Purchase of investment securities	(6)	(6)
Collection of loans receivable	10	11
Other, net	128	(178)
Net cash provided by (used in) investing activities	(3,881)	(3,359)
Cash flows from financing activities		
Increase in short-term loans payable	1,020	860
Decrease in short-term loans payable	(1,853)	(786)
Proceeds from long-term loans payable	—	1,000
Repayments of long-term loans payable	(5,280)	(8,223)
Cash dividends paid	(1,395)	(1,368)
Other, net	1	(76)
Net cash provided by (used in) financing activities	(7,507)	(8,593)
Effect of exchange rate change on cash and cash equivalents	(125)	(172)
Net increase (decrease) in cash and cash equivalents	(8,553)	(9,263)
Cash and cash equivalents at beginning of period	24,559	31,299
Cash and cash equivalents at end of period	16,005	22,035

(4) Segment information

Information related to operating revenue and income (loss) by reportable segment

Three months ended June 30, 2017

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Amount in consolidated quarterly statements of income (Note 2)
	Logistics	Shipping	Real estate	Total		
Operating revenue						
Operating revenue to outside customers	34,023	6,242	2,478	42,744	—	42,744
Intersegment transfers	165	42	98	306	(306)	—
Total	34,189	6,285	2,576	43,051	(306)	42,744
Segment income (loss)	2,611	(90)	1,262	3,783	(1,208)	2,575

Notes: 1. Adjustment in segment income (loss) of ¥ -1,208 million includes company-wide expenses of ¥ -1,229 million, which are not allocated to the respective reportable segments. Company-wide expenses consist mainly of the expenses not assignable to neither of the reportable segments for administrative departments of the Company and some of its consolidated subsidiaries.

2. Segment income (loss) is adjusted to coincide with operating income as recorded on the consolidated quarterly statements of income.

Three months ended June 30, 2018

(Millions of yen)

	Reportable segment				Adjustment (Note 1)	Amount in consolidated quarterly statements of income (Note 2)
	Logistics	Shipping	Real estate	Total		
Operating revenue						
Operating revenue to outside customers	35,997	5,624	2,488	44,110	—	44,110
Intersegment transfers	125	103	101	330	(330)	—
Total	36,122	5,728	2,590	44,441	(330)	44,110
Segment income (loss)	2,460	(479)	1,171	3,152	(1,248)	1,903

Notes: 1. Adjustment in segment income (loss) of ¥ -1,248 million includes company-wide expenses of ¥ -1,225 million, which are not allocated to the respective reportable segments. Company-wide expenses consist mainly of the expenses not assignable to neither of the reportable segments for administrative departments of the Company and some of its consolidated subsidiaries.

2. Segment income (loss) is adjusted to coincide with operating income as recorded on the consolidated quarterly statements of income.

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