

**Settlement of Accounts Meeting
for the First Three Months of Fiscal Year Ending
March 31, 2017**



July 29, 2016

YAMATO HOLDINGS CO., LTD.

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1. Highlight

Three Months FY2017 Results Main Points

In 1Q FY2017, operating revenue increased by ¥12.9 billion YoY. The increase was partially due to positive results in the Delivery Business where TA-Q-BIN delivery volume increased by taking steps to expand sales of new services amid growth in the mail order market, and also due to firm results from existing services in the non-delivery businesses.

Operating income increased by ¥3.3 billion YoY due to effectiveness of cost controls geared toward keeping costs in line with operating volumes, primarily in the Delivery Business.

Trends of Delivery Business

- TA-Q-BIN delivery volume increased by 10.0% YoY due to progress made in expanding sales centered on mail-order business operators, and also due to initiatives pursued to increase points of access to the “TA-Q-BIN Compact” and “Nekopos” services. Unit price decreased by 4.6% YoY due to a shift in the product mix.
- Kuroneko DM-Bin volume decreased by 1.3% YoY even though adverse effects of discontinuing the Kuroneko Mail service have subsided. The decrease was due to factors that include a shrinking market overall and impact of the competitive environment. Unit price also decreased by 3.4% YoY.

Trends of Non-Delivery Business

- **BIZ-Logistics Business** Revenue increased due to favorable results with respect to use of business-to-business logistics related services that we began handling in the previous fiscal year, but income decreased due to a drop in brisk demand for overseas transport services in the previous fiscal year.
- **Home Convenience Business** Revenue and income increased due to favorable results with respect to use of the “Comfortable Lifestyle Support Service,” along with initiatives to improve profitability that included heightening rates of capacity utilization on weekdays.
- **e-Business** Revenue and income increased due to strong results from setup and logistics services geared toward mobile virtual network operators.
- **Financial Business** Revenue increased amid strong results from the lease business, however, income decreased due to lackluster results from our mainstay TA-Q-BIN Collect business.
- **Autoworks Business** The number of vehicles serviced increased, however, revenue and income decreased due to the negative effect of lower unit prices on fuel sales.

[Results main points]

(1) In the three months ended June 30, 2016, both revenues and income increased YoY

(2) Operating revenue (YoY ↑ ¥12.9 billion)

Delivery Business: TA-Q-BIN delivery volume increased due to continued growth in the mail order market and progress made in expanding sales of the “TA-Q-BIN Compact” and “Nekopos” services, which got off to a slow start immediately after their launch in the previous fiscal year.

Non-delivery businesses: Firm results primarily from existing services

(3) Operating income (YoY ↑ ¥3.3 billion)

Operating revenue has increased and cost controls geared toward keeping costs in line with operating volumes have been effective, primarily in the Delivery Business.

2. Overview of Operating Results

(Billions of yen)	3 Months FY2017 (Actual)	3 Months FY2016 (Actual)	YoY Change	
			Amount	[%]
Operating revenues				
Delivery	265.6	254.9	10.6	4.2
Non-Delivery	76.2	73.9	2.3	3.1
Total	341.8	328.9	12.9	3.9
Operating income	7.4	4.1	3.3	80.0
[Profit margin]	2.2%	1.3%	-	-
Ordinary income	7.6	4.7	2.8	60.7
[Profit margin]	2.2%	1.5%	-	-
Profit attributable to owners of parent	3.6	1.9	1.7	91.8
[Profit margin]	1.1%	0.6%	-	-

[Operating results in the three months ended June 30, 2016]

(1) Delivery Business

- Revenues increased due to growth in the mail order market and expanded sales of new TA-Q-BIN services.
- Adverse effects of discontinuing the Kuroneko Mail service have subsided.
- Cost controls geared toward keeping costs in line with operating volumes have been successful.

(2) Non-delivery businesses

- Operating revenues increased amid strong results primarily from existing services.

(3) Increase in expenses attributable to external factors amounted to ¥1.5 billion.

Change in retirement benefit expenses

attributable to a shift in the discount rate: ↑ ¥0.8 billion

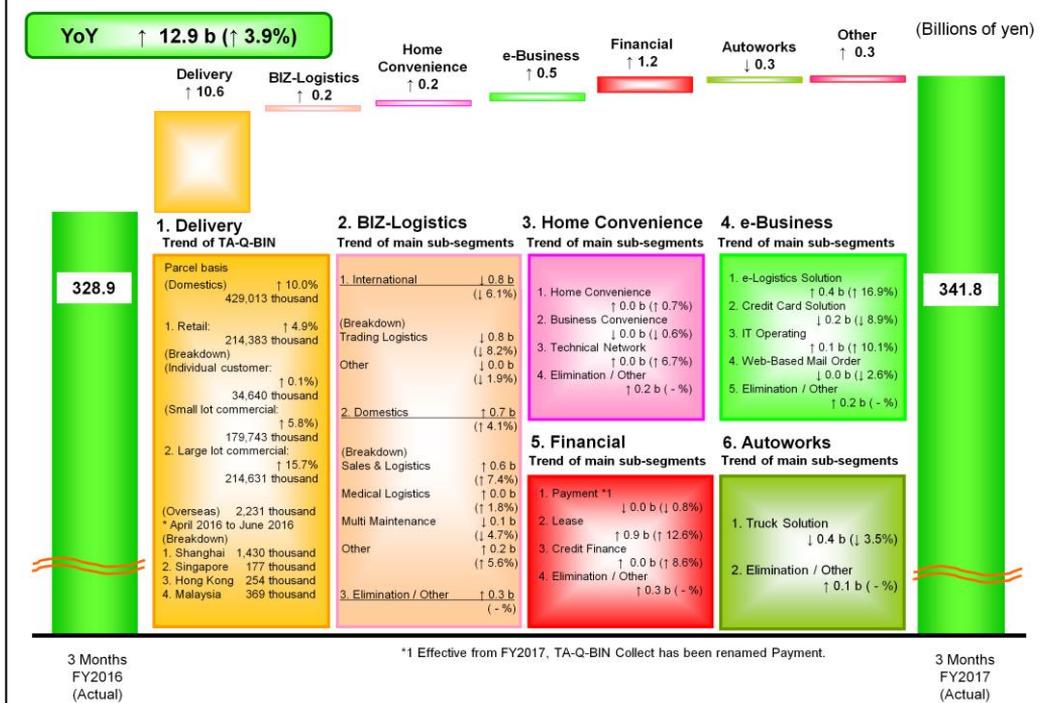
Increase in size-based enterprise tax: ↑ ¥0.7 billion

(4) In relation to the earthquakes in Kumamoto and Oita prefectures, an extraordinary loss of ¥0.8 billion was recorded with respect to donations to disaster-afflicted areas, personnel expenses geared to assisting business operations, and other such outlays.

Nothing noteworthy has emerged in terms of extraordinary income.

3. YoY Analysis of Consolidated Operating Revenues

 YAMATO HOLDINGS CO., LTD.



[Major factors of changes in revenues by segment]

Positive: Factors underpinning revenue gains; Negative: Factors underpinning revenue losses

(1) Delivery Business (Revenue and income increase)

Positive: TA-Q-BIN delivery volume of 429,013 thousand, ↑ 10.0%

(Retail: ↑ 4.9%; Large lot commercial: ↑ 15.7%)

Revenue was in the black in 1Q for the first time since the fiscal year ended March 31, 2014

Negative: Kuroneko DM-Bin volume: ↓ 1.3%; operating revenue: ↓ 4.6%

(2) BIZ-Logistics Business (Revenue increase, income decrease)

Positive: Sales & Logistics (favorable results in use of services by existing customers)

Negative: Overseas business (drop in brisk demand for air cargo in the U.S. in the previous fiscal year)

(3) Home Convenience Business (Revenue and income increase)

Positive: Favorable results with respect to use of the “Comfortable Lifestyle Support Service”

Revenue was in the black in 1Q for the first time since the fiscal year ended March 31, 2012, due to ongoing initiatives to heighten rates of capacity utilization on weekdays

(4) e-Business (Revenue and income increase)

Positive: e-Logistics Solution (gained logistics operations business involving new customers)

Setup and Logistics services (favorable results of services geared toward mobile virtual network operators)

Going forward, we will promote expansion into market for IoT-related equipment companies

Negative: Credit Card Solution (downturn in revenues following large project related to the amusement industry in the previous fiscal year)

(5) Financial Business (Revenue increase, income decrease)

Positive: Lease business (increase in contracts for truck leases)

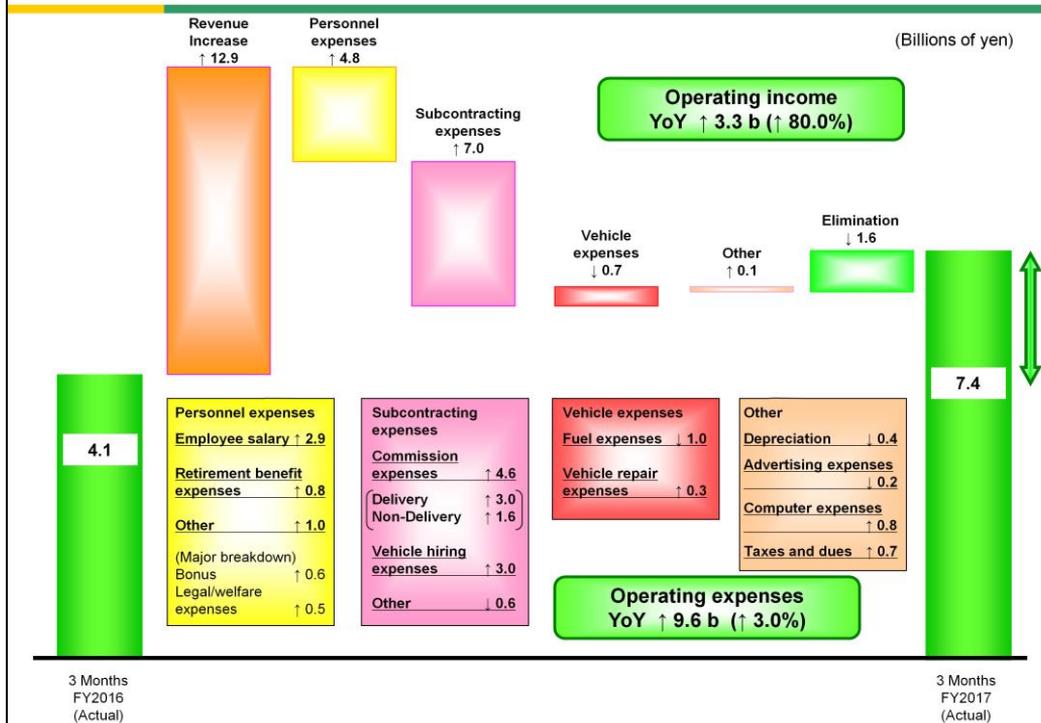
Negative: Lackluster results of the Payment business (formerly referred to as the TA-Q-BIN Collect business) due to a shrinking market for cash-on-delivery settlements.

(6) Autoworks Business (Revenue and income decrease)

Negative: Impact of lower unit prices on fuel sales

4. YoY Analysis of Consolidated Operating Expenses

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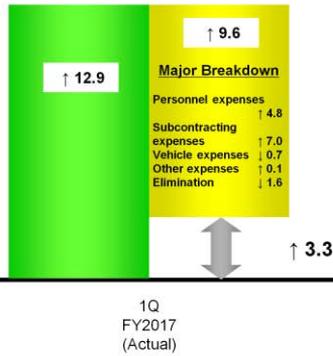
[Analysis of consolidated operating expenses]

- (1) Operating expenses increased by 3.0% YoY against a 3.9% YoY increase in operating revenues.
- (2) Increases in personnel expenses and subcontracting expenses were curtailed through efforts to keep such expenses appropriately under control relative to TA-Q-BIN delivery volume increases.
- (3) Personnel expenses:
 - YoY ↑ ¥4.8 billion (↑ 2.7%)
 - Retirement benefit expenses: YoY ↑ ¥0.8 billion (↑ 26.4%), due to a shift in the discount rate (from 0.9% to 0.1%)
 - Other personnel expenses: YoY ↑ ¥1.0 billion
 - Legal welfare expenses: YoY ↑ ¥0.4 billion
 - Short-span part timer wages: YoY ↓ ¥0.1 billion
- (4) Subcontracting expenses: YoY ↑ ¥7.0 billion (↑ 5.4%)
 - Commission expenses: YoY ↑ ¥4.6 billion (↑ 9.4%)
 - Delivery Business YoY ↑ ¥3.0 billion
TA-Q-BIN delivery volume increased along with increased outsourcing of TA-Q-BIN deliveries as a consequence of a shortage of manpower in certain areas due to tight labor markets.
 - Non-delivery businesses YoY ↑ ¥1.6 billion
Primarily in the e-Business segment, there was increased use of outsourcing, etc. for system development associated with higher revenues due to greater numbers of projects.
 - Vehicle hiring expenses: YoY ↑ ¥3.0 billion (↑ 7.2%)
In line with accounting item reclassification taking effect this fiscal year, expressway tolls incurred by hired vehicles, which were previously recorded under "expressway tolls," are now recorded under "vehicle hiring expenses." Excluding effects of this change, vehicle hiring expenses increased by 4.4%.
 - Other subcontracting expenses: YoY ↓ ¥0.6 billion
Cost of sales increased due to robust results in the lease business
Costs of purchases decreased due to lower crude oil prices
Mixed freightage expenses decreased partially due to a drop in the brisk demand in the previous fiscal year
- (5) Vehicle expenses: YoY ↓ ¥0.7 billion (↓ 7.0%) Impact from lower crude oil prices
- (6) Other operating expenses: YoY ↑ ¥0.1 billion (↑ 0.2%)
 - Advertising expenses: ↓ ¥0.2 billion
 - Size-based enterprise tax ↑ ¥0.7 billion
 - Depreciation ↓ ¥0.4 billion

5. Quarterly YoY Trends of Consolidated Operating Income

In 1Q FY2017, operating income increased by ¥3.3 billion YoY due to higher revenues largely resulting from gains in TA-Q-BIN delivery volume, and also due to effectiveness of cost controls geared toward keeping costs in line with operating volumes, primarily in the Delivery Business.

(Billions of yen)



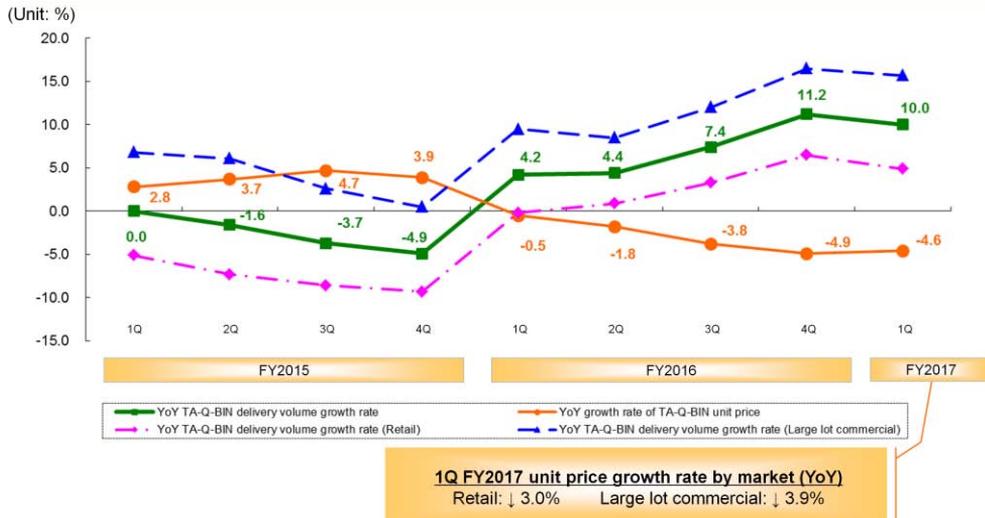
[Quarterly trends of operating income]

(1) Bar chart of a YoY comparison of operating revenues and operating expenses

6. Quarterly YoY Trends of TA-Q-BIN Delivery and Unit Price

In 1Q FY2017, TA-Q-BIN delivery volume increased by 10.0% YoY due to progress made in expanding sales centered on mail-order business operators, and also due to initiatives pursued to increase points of access to the “TA-Q-BIN Compact” and “Nekopos” services.

Unit price decreased by 4.6% YoY amid a shift in the product mix.



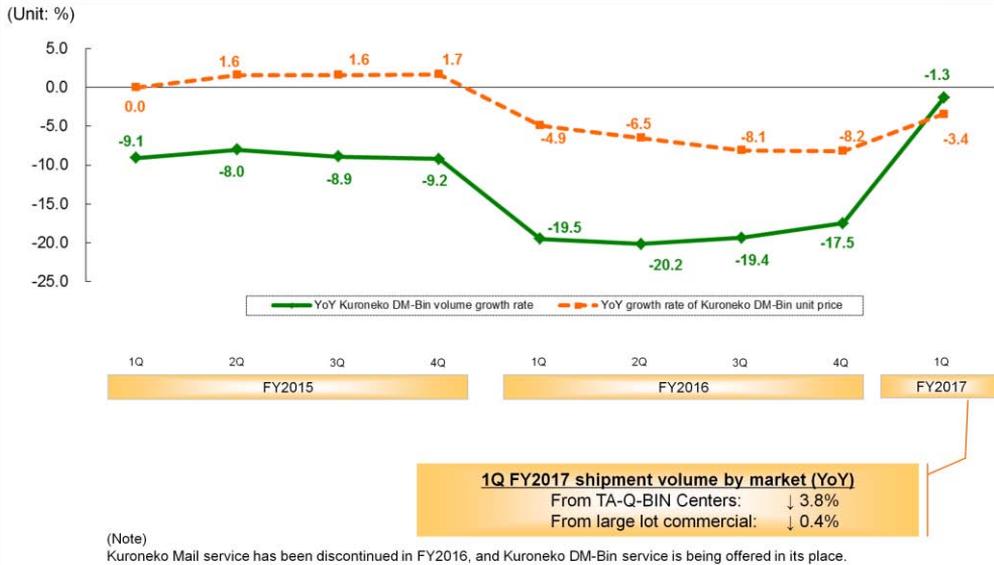
[Trends of TA-Q-BIN]

- (1) Delivery volume and unit price were largely in line with expectations
- (2) TA-Q-BIN delivery volume up 10.0% YoY
 - Business involving large-lot mail-order customers continued to grow substantially
 - Sales of new TA-Q-BIN services were expanded following their delays in achieving sales in 1Q FY2016
 - Shipments for small-lot commercial have been heading higher
- (3) The unit price was down 4.6% YoY
 - The decrease was associated with an increase in shipments primarily for large-lot mail-order customers and increasing sales of new TA-Q-BIN services
- (4) Trends with new TA-Q-BIN services
 - Growth was achieved with respect to flea market website applications that make it possible to dispatch parcels from convenience stores
 - We began offering home-based parcel pickup services involving some flea market website applications

7. Quarterly YoY Trends of Kuroneko DM-Bin Volume and Unit Price

In 1Q FY2017, Kuroneko DM-Bin volume decreased by 1.3% YoY even though adverse effects of discontinuing the Kuroneko Mail service have subsided. The decrease was due to factors that include a shrinking market overall and impact of the competitive environment.

Unit price also decreased by 3.4% YoY.

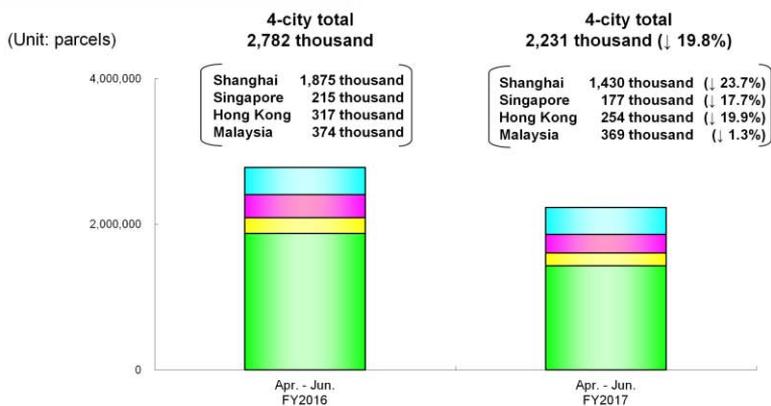


[Trends of Kuroneko DM-Bin]

- (1) Kuroneko DM-Bin volume and unit price have been decreasing at a slower pace than anticipated, but the trend of decreasing volume is likely to continue going forward.
- (2) Kuroneko DM-Bin volume: YoY ↓ 1.3%
 - Adverse effects of discontinuing the Kuroneko Mail service have subsided
 - The market is shrinking and competitors continue to lower prices
- (3) Unit price: YoY ↓ 3.4%
 - Shift in the product mix

8. Progress of TA-Q-BIN Business Overseas

Overseas TA-Q-BIN delivery volume (Yamato Original Business)



Overseas TA-Q-BIN delivery volume including Taiwan



[Progress achieved by the TA-Q-BIN business overseas]

- (1) With the exception of Malaysia, delivery volume continued to decrease as a result of efforts to review unprofitable transactions, and operating losses are getting smaller.
- (2) In Malaysia, delivery volume remained unchanged in 1Q, but is likely to increase further given the many business opportunities at hand.

9. YoY Analysis of Consolidated Operating Expenses

(Millions of Yen)	3 Months FY2017 Actual	3 Months FY2016 Actual	YoY Change	
			Amount	[%]
Operating revenues	341,876	328,932	12,944	3.9
Operating expenses	334,443	324,802	9,641	3.0
Personnel expenses	180,777	175,949	4,828	2.7
Employee salary	124,683	121,747	2,935	2.4
Retirement benefit expenses	4,206	3,328	877	26.4
Other personnel expenses	51,888	50,873	1,015	2.0
Subcontracting expenses	136,735	129,715	7,019	5.4
Commission expenses	54,586	49,916	4,670	9.4
Vehicle hiring expenses	44,977	41,964	3,012	7.2
Other subcontracting expenses	37,171	37,835	(663)	(1.8)
Vehicle expenses	9,769	10,508	(738)	(7.0)
Fuel expenses	4,364	5,425	(1,060)	(19.5)
Other operating expenses	72,158	71,999	158	0.2
Depreciation	9,975	10,405	(429)	(4.1)
Elimination	(64,997)	(63,371)	(1,626)	2.6

[Analysis of consolidated operating expenses]

10. YoY Analysis of Operating Expenses in Delivery Business YAMATO HOLDINGS CO., LTD.

(Millions of Yen)	3 Months FY2017 Actual	3 Months FY2016 Actual	YoY Change	
			Amount	[%]
Operating revenues	265,628	254,989	10,638	4.2
Operating expenses	265,414	257,679	7,735	3.0
Personnel expenses	155,878	151,738	4,140	2.7
Employee salary	107,336	104,662	2,674	2.6
Retirement benefit expenses	3,498	2,765	733	26.5
Other personnel expenses	45,043	44,310	732	1.7
Subcontracting expenses	80,474	74,618	5,856	7.8
Commission expenses	29,251	26,221	3,030	11.6
Vehicle hiring expenses	42,718	39,841	2,876	7.2
Other subcontracting expenses	8,504	8,554	(49)	(0.6)
Vehicle expenses	8,656	9,175	(519)	(5.7)
Fuel expenses	3,587	4,433	(845)	(19.1)
Other operating expenses	49,665	50,892	(1,227)	(2.4)
Depreciation	6,483	7,095	(611)	(8.6)
Elimination	(29,259)	(28,745)	(514)	1.8

(Notes)

- Starting with FY2017, Yamato Payment Service (HK) Ltd., which was previously included in Financial segment, has been shifted to Delivery Business segment. With this change between the segments, FY2016 results for Delivery Business segment and Financial segment have been modified to meet the current structure.
- The figures above include operating expenses related to overseas TA-Q-BIN services.

[Analysis of operating expenses in Delivery Business]

11. Forecast of FY2017 Operating Results (1)

(Billions of Yen)	FY2017 New Forecast	FY2016 Actual	YoY Change	
			Amount	[%]
Operating revenues	1,460.0	1,416.4	43.5	3.1
Operating income	65.0	68.5	(3.5)	(5.2)
[Profit margin]	4.5%	4.8%	-	-
Ordinary income	65.5	69.4	(3.9)	(5.7)
[Profit margin]	4.5%	4.9%	-	-
Profit attributable to owners of parent	39.0	39.4	(0.4)	(1.1)
[Profit margin]	2.7%	2.8%	-	-

[Forecast of FY2017 operating results]

(1) Consolidated operating revenues: Projections for operating revenues remain unchanged from the previous forecast.

We continue our efforts to achieve results in line with the revenue forecast.

YoY ↑ 43.5 billion, ↑ 3.1%

(2) Consolidated operating income: We have increased the operating income forecast by ¥1.0 billion in comparison with the previous forecast, to reflect prevailing circumstances.

YoY ↓ 3.5 billion, ↓ 5.2%

We have increased the forecast for the first half of the fiscal year by ¥1.0 billion.

We hold to our cautious outlook for the second half of the fiscal year, and the forecast remains unchanged.

12. Forecast of FY2017 Operating Results (2)

(Millions of Yen)	FY2017 (New Forecast) A	FY2016 (Actual)	FY2017 (April 2016 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues							
Delivery	1,148,000	1,111,875	1,146,000	36,124	3.2	2,000	0.2
BIZ-Logistics	107,000	106,822	109,000	177	0.2	(2,000)	(1.8)
Home Convenience	49,500	48,981	49,500	518	1.1	0	0.0
e-Business	46,500	43,357	46,500	3,142	7.2	0	0.0
Financial	75,000	72,446	75,000	2,553	3.5	0	0.0
Autoworks	25,000	24,458	25,000	541	2.2	0	0.0
Other	9,000	8,470	9,000	529	6.3	0	0.0
Total	1,460,000	1,416,413	1,460,000	43,586	3.1	0	0.0
Operating income							
Delivery	36,000	38,176	35,000	(2,176)	(5.7)	1,000	2.9
BIZ-Logistics	5,800	4,905	5,800	894	18.2	0	0.0
Home Convenience	1,500	1,146	1,500	353	30.8	0	0.0
e-Business	8,800	9,009	8,800	(209)	(2.3)	0	0.0
Financial	8,800	8,702	8,800	97	1.1	0	0.0
Autoworks	3,600	3,372	3,600	227	6.7	0	0.0
Other	34,500	26,515	34,500	7,984	30.1	0	0.0
Subtotal	99,000	91,829	98,000	7,170	7.8	1,000	1.0
Elimination	(34,000)	(23,288)	(34,000)	(10,711)	46.0	0	0.0
Total	65,000	68,540	64,000	(3,540)	(5.2)	1,000	1.6
[Profit margin]	4.5%	4.8%	4.4%	-	-	-	-
Ordinary income	65,500	69,426	64,500	(3,926)	(5.7)	1,000	1.6
[Profit margin]	4.5%	4.9%	4.4%	-	-	-	-
Profit attributable to owners of parent	39,000	39,424	38,500	(424)	(1.1)	500	1.3
[Profit margin]	2.7%	2.8%	2.6%	-	-	-	-

(Note)

Starting with FY2017, Yamato Payment Service (HK) Ltd., which was previously included in Financial segment, has been shifted to Delivery Business segment. With this change between the segments, FY2016 results for Delivery Business segment and Financial segment have been modified to meet the current structure.

[Operating results forecast by business segment]

(1) Consolidated operating revenues

Despite some inter-segment adjustment in line with prevailing circumstances, projections for operating revenues overall remain unchanged from the previous forecast.

(2) Consolidated operating income

- We have increased the operating income forecast for the Delivery Business by ¥1.0 billion in comparison with the previous forecast, to reflect prevailing circumstances.
- The increase in expenses due to external factors (¥8.0 billion, full-year) remains unchanged from previous forecasts.

(3) Delivery Business

- With respect to TA-Q-BIN services on a parcel basis, we now anticipate 5 million more parcels than projected in the previous forecast.
- Despite the slow rate of decrease in Kuroneko DM-Bin volume in 1Q, our forecast remains unchanged because we expect the decrease in volume to persist largely as a result of the shrinking DM market.
- We have increased our forecasts for operating revenues and operating income by ¥2.0 billion and ¥1.0 billion, respectively, in comparison with the previous forecast, due to the increase in TA-Q-BIN delivery volume.

(4) Non-delivery businesses

- We have reduced our forecast for operating revenues in the BIZ-Logistics Business by ¥2.0 billion in comparison with the previous forecast.

The forecast for operating income remains unchanged from the previous forecast, given that growth in domestic business is likely to cover any shortfalls.

- We continue our efforts to promote business models that generate high added value while pursuing reforms on the cost front.

13. Forecast of FY2017 Operating Results (3)

(Millions of Yen)	FY2017 (New Forecast) A	FY2016 (Actual)	FY2017 (April 2016 Forecast) B	YoY Change		Forecast Change (A-B)	
				Amount	[%]	Amount	[%]
Operating revenues	1,460,000	1,416,413	1,460,000	43,586	3.1	0	0.0
Operating expenses	1,395,000	1,347,872	1,396,000	47,127	3.5	(1,000)	(0.1)
Personnel expenses	748,000	718,980	748,000	29,019	4.0	0	0.0
Employee salary	515,000	499,660	515,000	15,339	3.1	0	0.0
Retirement benefit expenses	17,500	13,404	17,500	4,095	30.6	0	0.0
Other personnel expenses	215,500	205,915	215,500	9,584	4.7	0	0.0
Subcontracting expenses	569,000	550,188	566,000	18,811	3.4	3,000	0.5
Commission expenses	221,000	217,524	222,000	3,475	1.6	(1,000)	(0.5)
Vehicle hiring expenses	186,000	176,885	182,000	9,114	5.2	4,000	2.2
Other subcontracting expenses	162,000	155,778	162,000	6,221	4.0	0	0.0
Vehicle expenses	42,000	40,924	42,000	1,075	2.6	0	0.0
Fuel expenses	22,000	20,987	22,000	1,012	4.8	0	0.0
Other operating expenses	311,000	299,296	315,000	11,703	3.9	(4,000)	(1.3)
Depreciation	47,000	46,739	47,000	260	0.6	0	0.0
Elimination	(275,000)	(261,517)	(275,000)	(13,482)	5.2	0	0.0

Assumptions of forecasts

Operating revenues

Delivery Business

- TA-Q-BIN parcels (forecast)
1,855,000 thousand (YoY ↑ 7.1%)
- TA-Q-BIN unit price (forecast)
¥558 (YoY ↓ 3.5%)
- Kuroneko DM-Bin units (forecast)
1,450,000 thousand (YoY ↓ 5.6%)
- Kuroneko DM-Bin unit price (forecast)
¥55 (YoY ↓ 3.5%)

Personnel expenses

- Employee salary (consolidated; forecast)
Total 202,000 persons (YoY ↑ 5,418 / ↑ 2.8%)
Full-time 90,800 persons (YoY ↑ 1,688 / ↑ 1.9%)
Part-time 111,200 persons (YoY ↑ 3,730 / ↑ 3.5%)
- Other personnel expenses
Increase due to revision to the rate of social insurance

Capital expenditure

Capital expenditure (Millions of Yen, forecast) ¥ 65,000

[Forecast of operating expenses]

- (1) We have reduced our full-year forecast for overall operating expenses by ¥1.0 billion in comparison with the previous forecast.

We project increases in operating revenues and operating expenses of 3.1% YoY and 3.5% YoY, respectively.

(However, the increase in operating expenses excluding external factors of ¥8.0 billion will hold at 2.9% YoY.)

- (2) Changes from the previous forecast

- We decreased the forecast for commission expenses by ¥1.0 billion in comparison with the previous forecast to reflect prevailing circumstances in the BIZ-Logistics Business.
- The increase of ¥4.0 billion in vehicle hiring expenses and the corresponding ¥4.0 billion decrease in other operating expenses in comparison with the previous forecast are attributable to a transfer of that amount between accounts due to the accounting item reclassification taking effect this fiscal year.

- (3) Forecasts for expense items other than those shown above remain unchanged.

These presentation materials (with explanatory notes) and the minutes of the financial results meeting Q&A are posted in PDF format on the Company's website in the Investor Relations section.

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