



**ZERO**

FY2019 (2019/7~2020/6)  
Financial Results  
Supplementary  
Explanation

6<sup>th</sup> August 2020  
Zero Co., Ltd.  
President & CEO  
Takeo Kitamura

# ◆ Agenda

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## ① FY19 Look Back

- FY19 Japanese Automobile Market
- FY19 Business Summary and Analysis

## ② FY20 Outlook

- FY20 The COVID-19 Impact
- FY20 Forecast and Positioning

# ◆ Agenda

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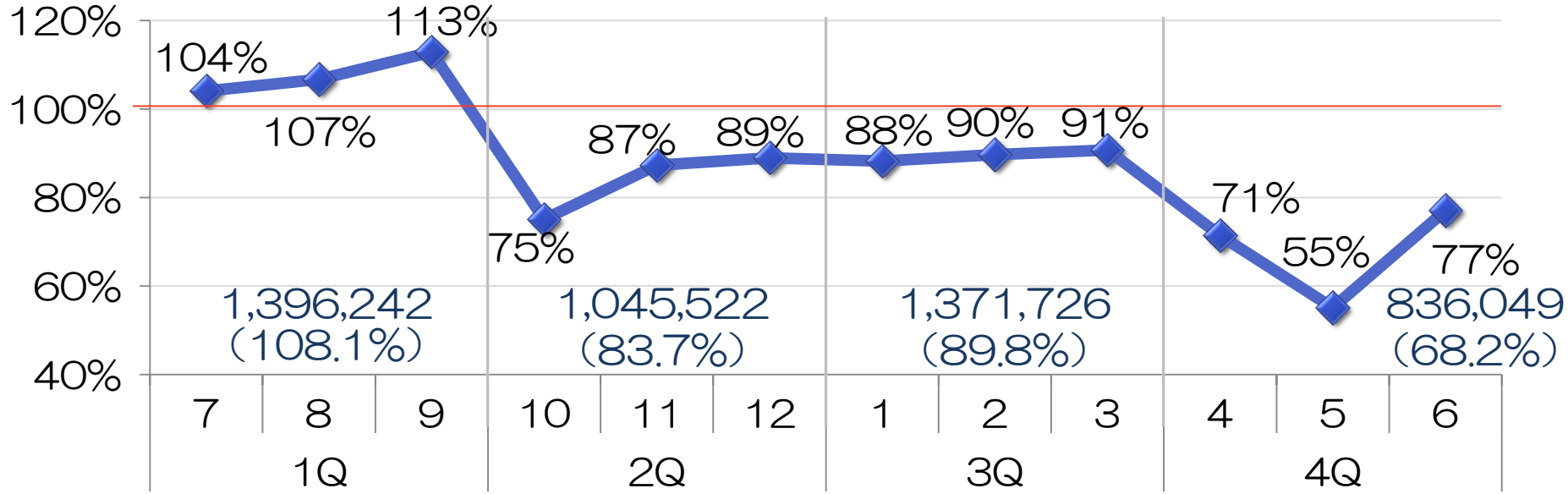
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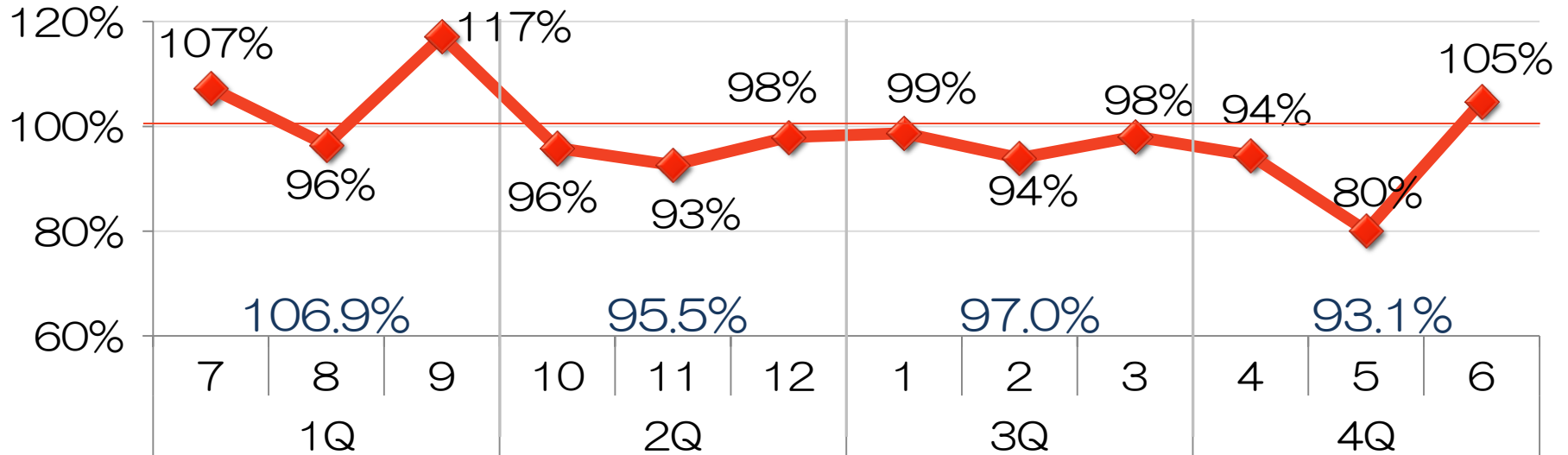
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## YOY New Vehicle Sales



## YOY Used Car Registered



Reference : Automobile Dealers Association  
Japan Light Motor Vehicle and Motorcycle Association

(Unit : Millions of JPY)	FY18 Result	FY19 Forecast	FY19 Result	Difference from forecast	Difference from previous year
Sales revenue	90,228	95,000	89,501	▲5,499	▲727
Operating income (Ratio)	3,305 (3.7%)	4,000 (4.2%)	3,675 (4.1%)	▲325	+370
Profit before tax	3,294	3,980	3,679	▲301	+385
Profit attributable to equity shareholders of the company	1,658	2,300	2,374	+74	+716
Basic earnings of this year per share	99.74 JPY	138.33 JPY	142.30 JPY	+3.97 JPY	+42.56 JPY
Annual dividend per share	24.9 JPY	34.6 JPY	35.6 JPY	+1.0 JPY	+10.7 JPY

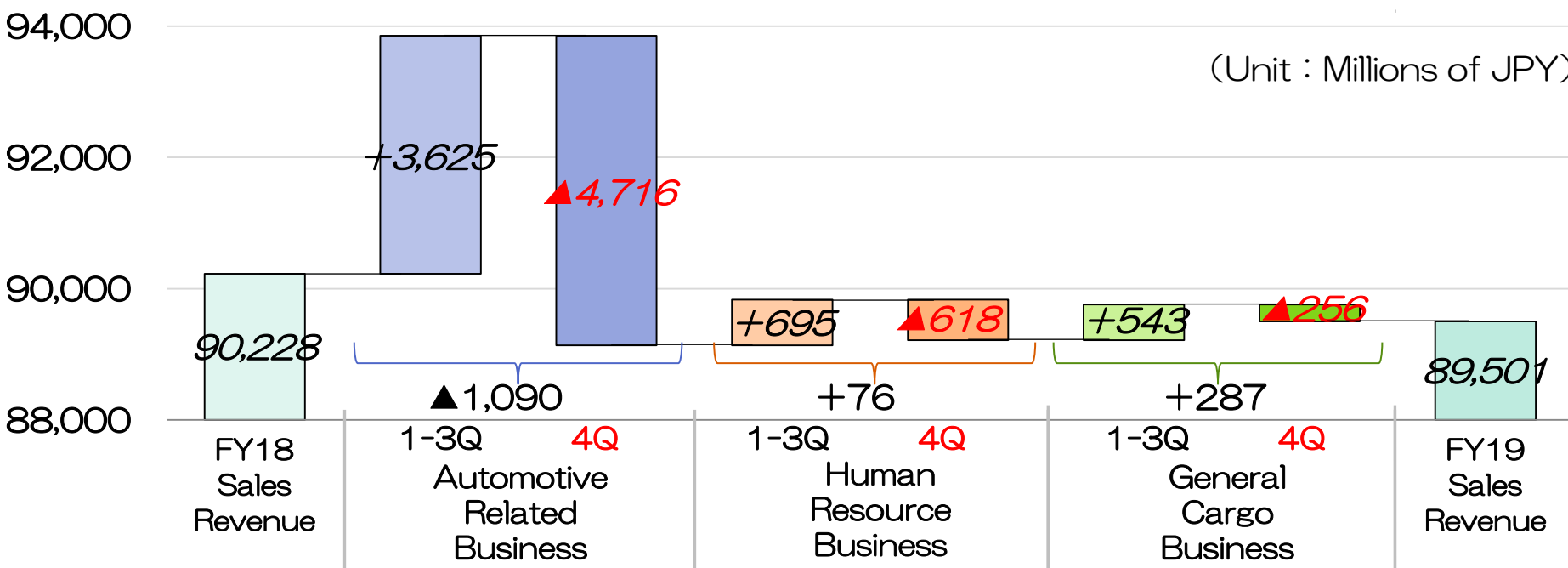
(Unit: Millions of JPY)	1-3Q FY19	1-3Q FY19	Difference	YOY	4Q FY19	4Q FY19	Difference	YOY
Sales revenue	66,944	71,809	+4,865	107.3%	23,284	17,692	▲5,592	76.0%
Operating income (Ratio)	2,175 (3.2%)	3,439 (4.8%)	+1,264	158.1%	1,129 (4.9%)	236 (1.3%)	▲893	20.9%
Profit attributable to equity shareholders of the company	888	2,274	+780	256.1%	770	100	▲670	13.0%

## 4Q FY19 Overview

- Vehicle Transport & Automotive Periphery : The number of vehicles transported and pre-delivery inspected fell sharply in response to the drop in new vehicles sales.
- Used Car Export : The number of vehicle exported fell sharply as a result of the lockdown in Malaysia.
- Human Resource : Sales declined due to the suspension of the pick-up service contractor' s business and the termination of the temporary staffing contracts.
- General Cargo : The number of packing in CKD business declined as a result of the lockdown in Thailand.

# FY19 Look back ④ Performance Analysis (Sales Revenue) 7

(Unit : Millions of JPY)



<b>Automotive Related</b>	65,766 → 64,675
<b>Human Resource</b>	18,527 → 18,603
<b>General Cargo</b>	5,935 → 6,222

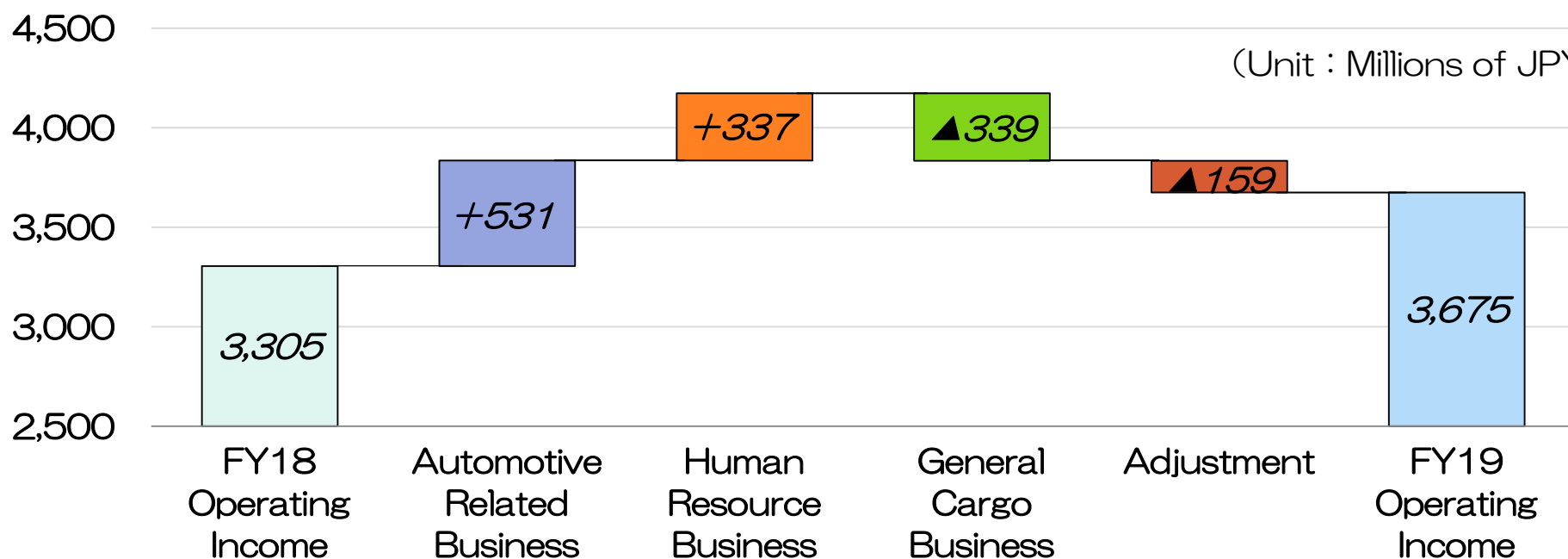
Human Resource	1-3Q	4Q	FY19
Pick-up	+380	▲290	+90
Dispatch	+120	▲210	▲90
Airport Related	+200	▲120	+80
<b>Total</b>	<b>+700</b>	<b>▲620</b>	<b>+80</b>

Automotive Related	1-3Q	4Q	FY19
Vehicle Transport	+2,380	▲2,690	▲310
Automotive Periphery	▲450	▲500	▲950
Used Car Export	+1,700	▲1,530	+170
<b>Total</b>	<b>+3,630</b>	<b>▲4,720</b>	<b>▲1,090</b>

General Cargo	1-3Q	4Q	FY19
Transport/Warehouse	+90	▲60	+30
Port handling	▲130	+50	▲80
CKD	+580	▲250	+330
<b>Total</b>	<b>+540</b>	<b>▲260</b>	<b>+290</b>

# FY19 Look back ⑤ Performance Analysis (Operating Income) <sup>8</sup>

(Unit : Millions of JPY)



## Automotive Related 4,894 → 5,426

- Profit improvement in block companies +400
- Extension of car carriers' depreciation period +320
- Drop in unit price of fuel expenses +240
- Profit decrease in automotive periphery business ▲300
- Allowance for bad debts in used car export business ▲130

## Human Resource 313 → 650

- Recovery from transient job advertisement expenses +290
- Cost reduction +50

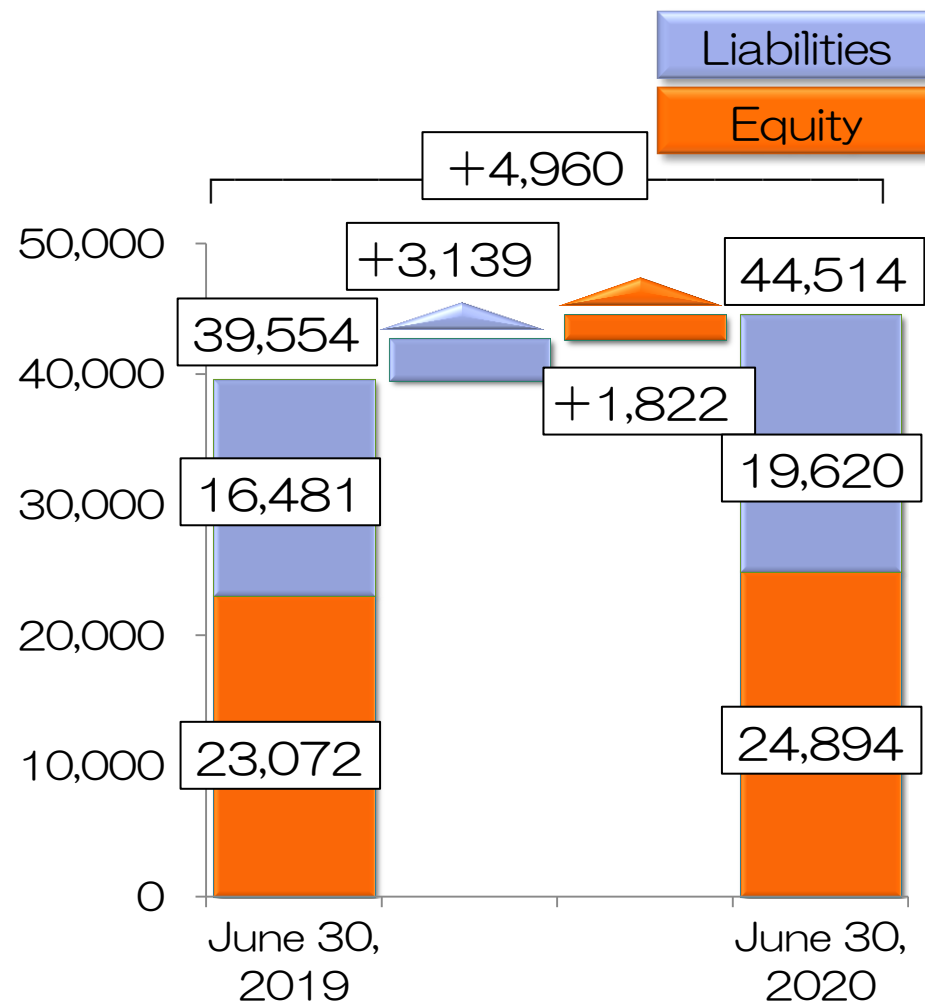
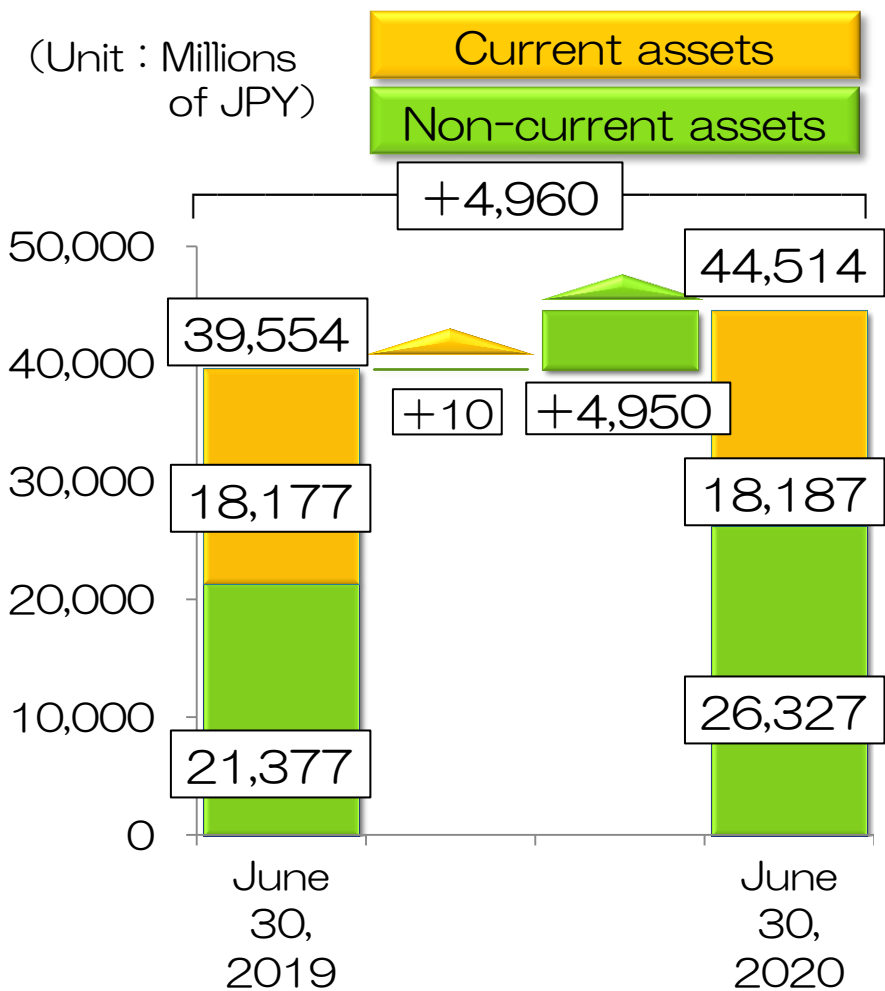
## General Cargo 150 → ▲188

- Profit increased in the transport/warehousing business +10
- Profit decreased in the port handling business ▲180
- Launching cost in CKD business ▲170

## Adjustment ▲2,053 → ▲2,212

- General administrative expenses increase ▲160





- Current : Cash increase and trade receivables decrease
- Non-current : Tangible fixed assets increase

- Liabilities : Lease debts increase\*
- Equity : Retained earnings increase

\*Due to the application of IFRS 16 (New Lease Standard), mainly for real estate lease contracts, equivalent value of the total amount of rentals for a certain period (Total of 4,624 million yen) is recorded on the balance sheet as right-of-use assets (non-current assets) / lease debts (liabilities)

(Unit : Millions of JPY)

	FY18	FY19	Difference	Comments
<b>Cash flow from operating activities</b>	1,033	6,538	+5,505	
Profit of the year	1,663	2,387	+724	
Depreciation and amortization costs	1,708	4,188	+2,480	Due to application of IFRS16
Increase / decrease of trade receivables	▲1,992	345	+2,337	Decrease of used car export receivables
Other	▲346	▲382	▲36	
<b>Cash flow from investing activities</b>	▲2,402	▲2,067	+335	
Expenditures due to the acquisition of tangible fixed asset	▲2,195	▲1,889	+306	
Other	▲207	▲178	+29	
<b>Cash flow from financing activities</b>	▲438	▲3,157	▲2,719	
Repayment of finance lease debts	▲563	▲3,209	▲2,646	Due to application of IFRS16
Other	125	52	▲73	

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Segment	Business	Weather Forecast	Comments
Automotive Related	Vehicle Transport/ Automotive Periphery	1 Q 	The automobile market is recovering from the COVID-19 impact, but it is expected to fall sharply compared to the previous year when there was a rush of demand before the tax increase.
		2Q 	It is expected to remain at the same level as in the previous year, when the market was recovering from the COVID-19 effects and the impact of the tax increase and natural disasters.
		3Q 	It is expected to remain at the same level as the previous year, when the effect of the launch of new models vehicles and COVID-19 was simultaneously felt.
		4Q 	It is expected to recover significantly from the previous year when COVID-19 hit directly, to the same level as the year before last.
	Used Car Export		Due to the aftermath of the lockdown in Malaysia, it is not expected to recover during the first half of FY20.
Human Resource	Pick-up		Due to COVID-19, some customers terminate pick-up service contracts.
	Dispatch		Some customers terminate temporary staffing contracts in FY19 4Q. As for airport business, It is not expected to recover during FY20.
General Cargo	Transport/ Warehouse		Due to COVID-19, some customers' cargo volume decreases.
	Port Handling		Sales declines mainly in the vehicle and chassis handling business at Kanda Port.
	CKD		Packing volume decreases due to the suspension of the factory in Thailand.

(Unit : Millions of JPY)	FY19 Result	FY20 Forecast	Difference from FY19	YOY
Sales Revenue	89,501	81,000	▲8,501	90.5%
Operating Income (Ratio)	3,675	3,600	▲75	98.0%
Profit before Tax	3,679	3,580	▲99	97.3%
Profit attributable to equity shareholders of the company	2,374	2,300	▲74	96.9%
Basic earnings of this year per share	142.30JPY	137.84JPY	▲4.46JPY	96.9%
Dividend per share	35.6JPY (Interim 15.0JPY)	34.5JPY (Interim 15.0JPY)	▲1.1JPY	96.9%

## FY20 Positioning

- To break free from the sense of blockage and stagnation caused by the spread of the COVID-19 infection, then return to a growth trajectory.
- Toward “Coexistence” with coronavirus, to mobilize the power of the Zero Group to promote initiatives for FY21 and beyond, including consideration of new work styles.
- To build a sustainable growth scenario and business portfolio that responds to changes in social conditions and market trends.



60<sup>th</sup> anniversary in October 2021