



We Find the Way

## IR Day 2023 Session 2

Global Business Growth Strategy and the PMI System to Expand Synergies

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NIPPON EXPRESS HOLDINGS, INC.

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- **Global Business Growth Strategy**
- **Specific Initiatives for Customers (Industries)**
- **Specific Initiatives in Business Focus  
(Forwarding/Logistics)**
- **The PMI System to Expand and Achieve M&A Synergies**

# Growth Strategy of Global Business

## < Promoting the 3-axis approach >

FY2023  
Headquarter Policy

Deliver Your Dynamic Growth

### Customer(Industry)-Axis

- Strengthen global sales structure by collaboration with each region (Sales promotion to GAM/GTA)
- Reinforce account management mainly about 5 important industries

### Customer + Business-Axis

- Strengthen bid-response capability for global customers (GBS/APCC/OPCC)

### Business-Axis

- Enhance global procurement (Implement of global bid to airlines)
- Sales strengthen of contract logistics (Create strategic opportunities etc.)

### Area-Axis

- New geographic development and aggressive investment

#### GAM...Global Account Management

Group of companies promoting account sales on a global scale. (As of September 2023 : 24 companies)

#### GTA...Global Target Accounts

Group of regionally-driven target companies who are future GAM candidates. (As of September 2023 : 99 companies)

#### GBS...Global Business Solutions

A team to centralize the management of GAM/GTA bids in order to enhance their responsiveness and bid quality.

#### APCC/OPCC

...Air Freight Pricing Competence Center/  
Ocean Freight Pricing Competence Center  
Strategic pricing teams across the globe for GAM/GTA bids

# Growth Strategy of Global Business

## Establishment of the Global Business Headquarters (GBHQ)

Eliminate functional overlap between organizations and consolidate and integrate global business execution functions into NXHD

Day1

NXHD

Nippon Express HQ

Nippon Express FBU

(Kantokoshinetsu Region  
Forwarding Business Unit)

Issues

- Three-tiered organizational structure
- Duplication of global business functions
- Insufficient global functions and management resources
- Increasing the number of non-Japanese customers

Consolidate and  
integrate global business  
functions to NXHD  
Global Business  
Headquarters

Update!

July 1, 2022

Day2

Manage and drive  
NX Group global  
businesses

NXHD  
Global Business  
Headquarters  
Abbreviation: GBHQ

Accelerate global  
business growth by  
maximizing Nippon  
Express strengths

Japan  
(Nippon  
Express)

The  
Americas

Europe

East  
Asia

South  
Asia and  
Oceania

Expanding global business by developing new markets and customers; strengthen regional functions and management resources

# Growth Strategy of Global Business

## Functions and Roles of GBHQ



# Specific Initiatives in Business Focus (Forwarding)

## Forwarding Volume Results

Figures for results, progress, and differences have been rounded

Item	2023 Jan-Aug Results	2022 Jan-Aug Results	Difference YoY (%)	FY2023 Business Plan Targets	Vs. Business Plan Targets Progress
Expand ocean forwarding business	470,000 TEU	500,000 TEU	(6%)	1,100,000 TEU	43%
Expand air forwarding business	450,000 t	590,000 t	(23%)	1,200,000 t	38%

Item	2022 Jan-Dec Results	2021 Jan-Dec Results	2020 Jan-Dec Results	2019 Jan-Dec Results
Expand ocean forwarding business	760,000 TEU	750,000 TEU	660,000 TEU	700,000 TEU
Expand air forwarding business	870,000 t	970,000 t	720,000 t	800,000 t

# Specific Initiatives in Business Focus (Forwarding)

## Market Analysis and Our Responses in Ocean and Air Forwarding

### Volume Forecast

**Air**

We expect some increase in demand during the traditional peak season (Q4) due to the launch of certain consumer goods. However, there are still no signs of recovery in key products such as mobility and semiconductor-related products. In addition, the negative rebound from last year continues for items such as pharmaceuticals and medical equipment. Therefore, we do not expect significant growth.

**Ocean**

As the global economy maintains a moderate recovery trend, we expect volumes of container transportation in the global ocean forwarding market in 2023 to be on par with 2022. Cargo volume is recovering, mainly between European and U.S., after bottoming out in the first quarter of this year.

### Freight Rate Trends

**Air**

Freight rates issued from major airports have continued to decline since last year, but have remained flat from May to June. This indicates that the supply-demand balance has begun to settle (approximately 40% lower year on year and about 30% higher than pre-COVID-19).

**Ocean**

Freight rates on major routes had continued to decline since their peak in 2021. Currently, these rates are trending upward between Asia and North America, but are flat on other routes (down about 80% from the peak and up about 20% from pre-COVID-19).

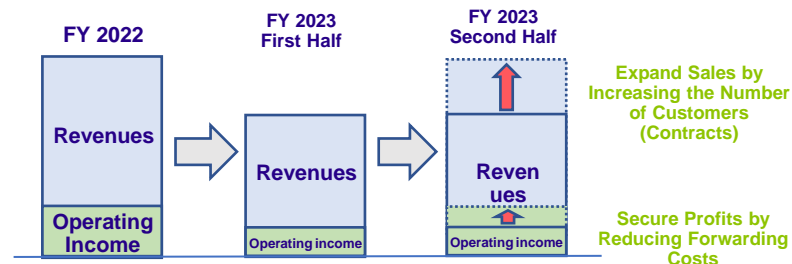
### Our Measures

**Air**

- (1) Acquire new contracts by strengthening our ability to respond to global bidding
- (2) Expand handling of business determined by region or country
- (3) Implement Global Airline RFQ

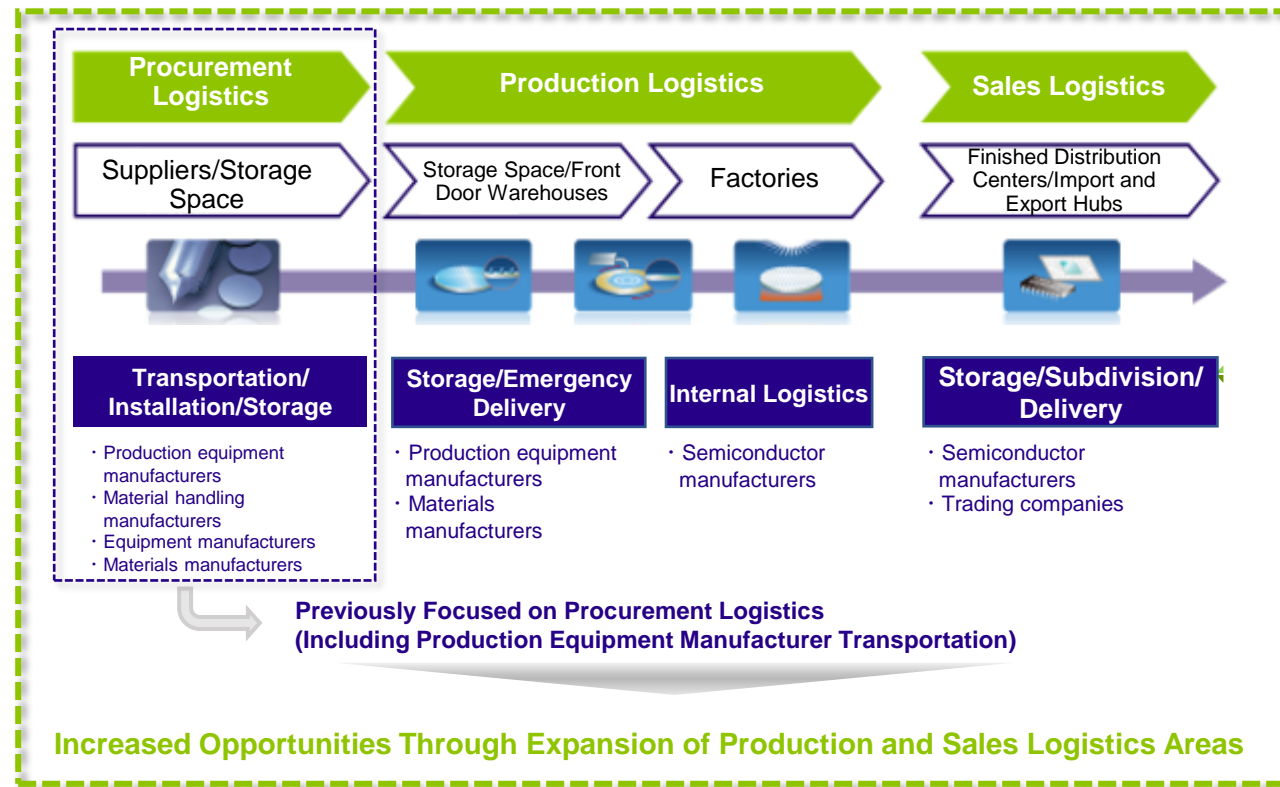
**Ocean**

- (1) Expand furniture, miscellaneous daily goods, and non-durable consumer goods (FMCG)
- (2) Expand sales to small and medium-sized accounts (SMEs)
- (3) Strengthen collaboration with partner carriers



# Specific Initiatives for Customers (Industries)

## Expansion of Sales Areas in the Semiconductor Industry



Heavy Haulage & Construction



Overseas Moving & Relocation



Air Transportation



Ocean Transportation



Land Transportation



Warehousing



Comprehensive Business Proposals  
Utilizing Our Service Lineup



# Specific Initiatives for Customers (Industries)

## (Reference) Expanding Bases in the Semiconductor Industry

- Develop dedicated warehousing facilities (front door warehouses) in close proximity to semiconductor manufacturer plants
- Equip with facilities that meet the needs of customers or regional characteristics and widely respond to the needs of semiconductor manufacturers and other suppliers

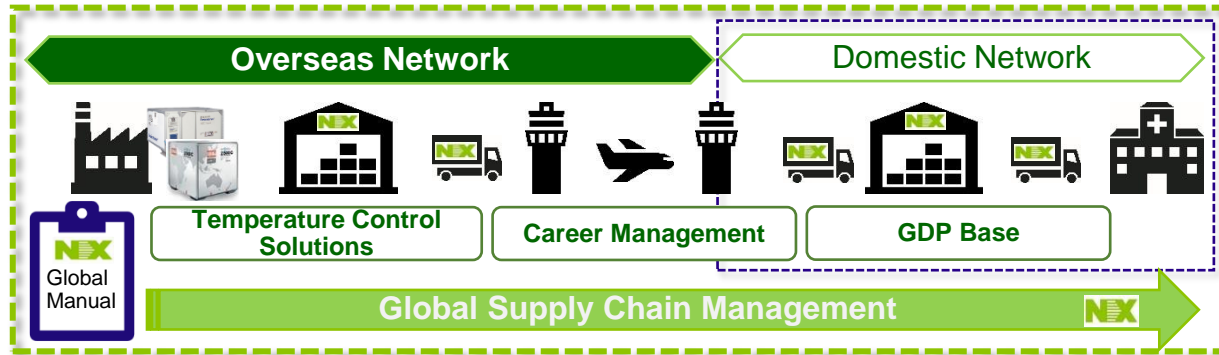
### (Products Handled)

- Manufacturing and measuring equipment
- Materials handling and tools
- Device maintenance parts
- Wafers
- Chemical solutions
- Semi-finished and finished products (IC)



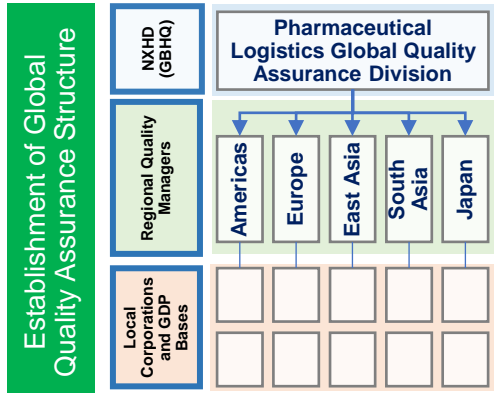
# Specific Initiatives for Customers (Industries)

Making Efforts to Cultivate Non-Japanese Pharmaceutical Companies in the Pharmaceutical/Medical Industry  
(Strengthening Global Structures)

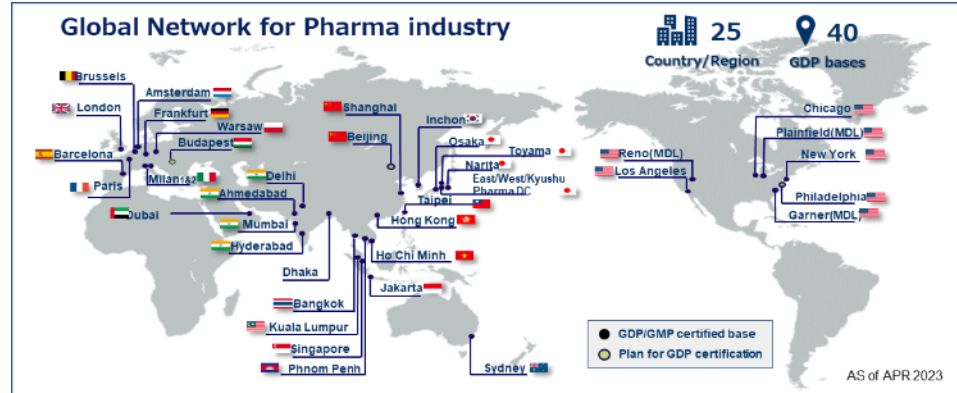


Propelling the Expansion of Overseas Contract Areas With Domestically-Acquired Contracts

## Establish GDP Structure



Expansion of Global Network



# Specific Initiatives for Customers (Industries)

## Lifestyle Industry Initiatives

### Luxury Market Changes

Luxury brands transition to provide a general lifestyle world view



### Our Presence in the Expanding Fashion Industry

#### NIPPON EXPRESS HOLDINGS Existing Logistics Services



##### ① **Advanced logistics solutions provision**

- ✓ Global expansion of fashion WMS\*.
- ✓ Labor saving and efficiency improvement proposals through automated warehouses
- ✓ Warehouse proposals with centralized management of products for stores and e-commerce

\*Warehouse Management System



##### ② **High quality and extensive expertise**

- ✓ Group-wide development of NX Italy expertise and experience



##### ③ **Sustainability and digital transformation**

- ✓ CO<sub>2</sub> emissions



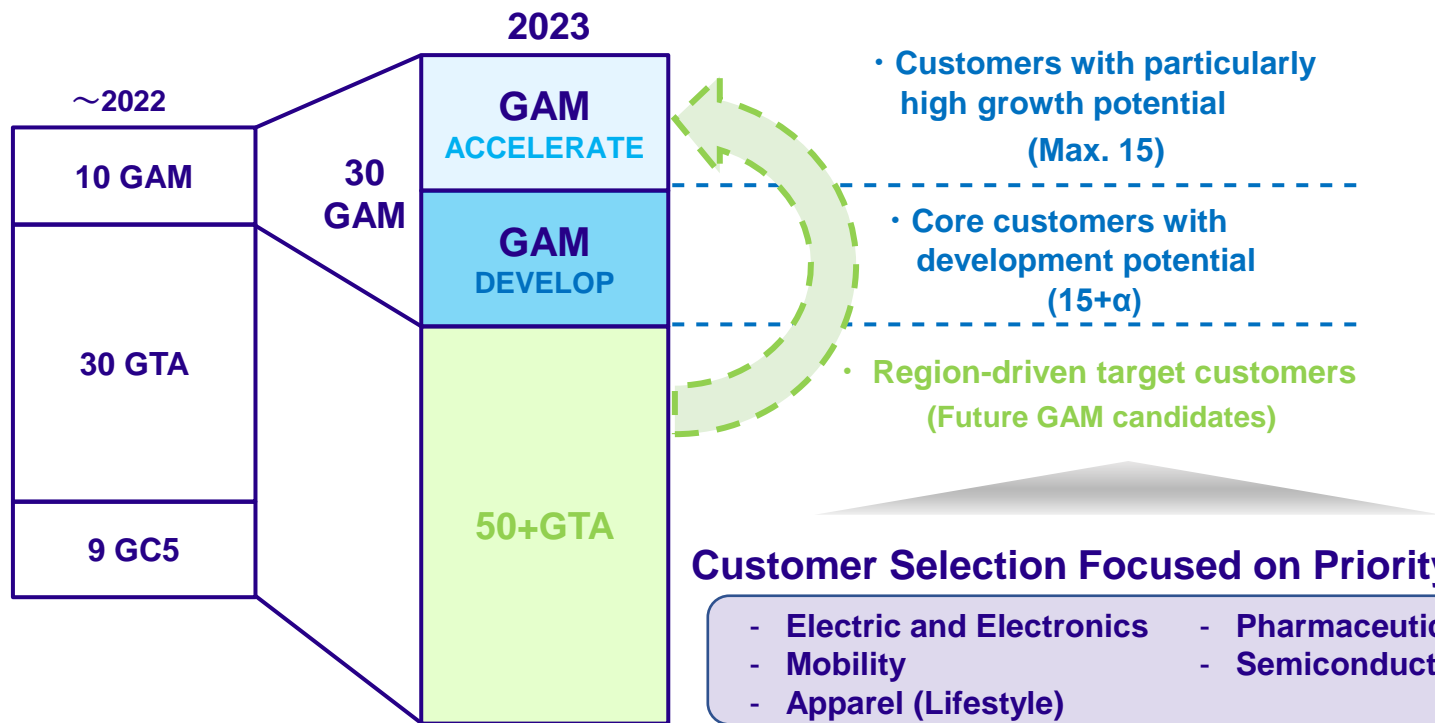
##### ④ **M&A**

- ✓ Knowledge acquisition of sales and operational aspects of companies specializing in lifestyle logistics

# Specific Initiatives for Customers (Industries)

## Expanding Global Target Customers

Concentrate sales resources on a global level by re-selecting customers with growth potential



**GAM...**Global Account Management  
Group of companies promoting account sales on a global scale. (As of April 2023 : 24 companies)

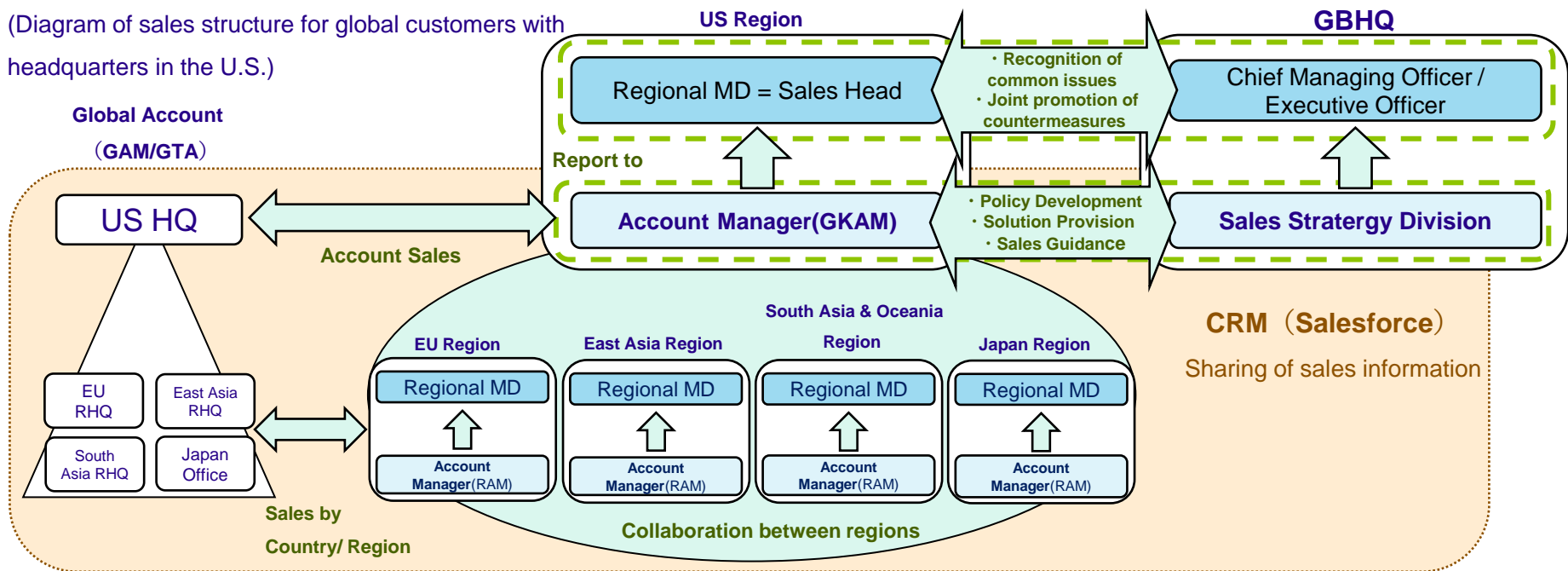
**GTA...**Global Target Accounts  
Group of regionally-driven target companies who are future GAM candidates. (As of April 2023 : 99 companies)

**(GC5...**Global Challenge 5)

# Specific Initiatives for Customers (Industries)

## Strengthening Our Global Sales Structure Through Cooperation With Each Region

(Diagram of sales structure for global customers with headquarters in the U.S.)



### System Establishment to Encourage Strong Global Sales

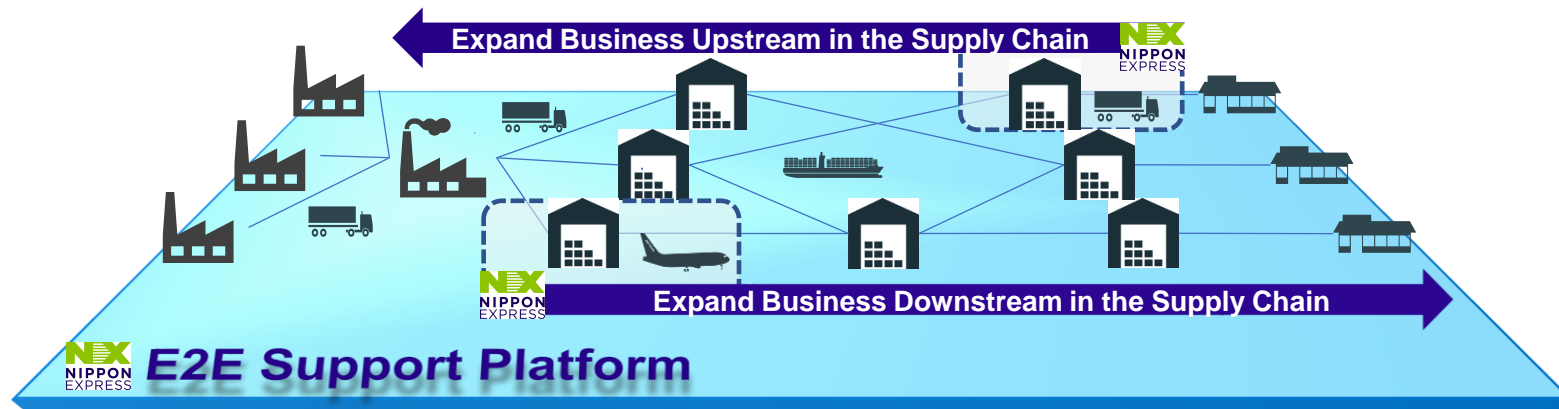
Encourage the establishment and implementation of an account management structure in collaboration with each region

# Specific Initiatives in Business Focus (Logistics)

## Progress of End-to-End (E2E) Solution Initiatives

### E2E Logistics Solution Development ⇒ Lead Logistics Provider (LLP)

- **Behind Our Initiatives**
  - (1) Building E2E solutions and providing new customer value are essential to expand business
  - (2) Our European and U.S. competitors have already widely deployed LLP services

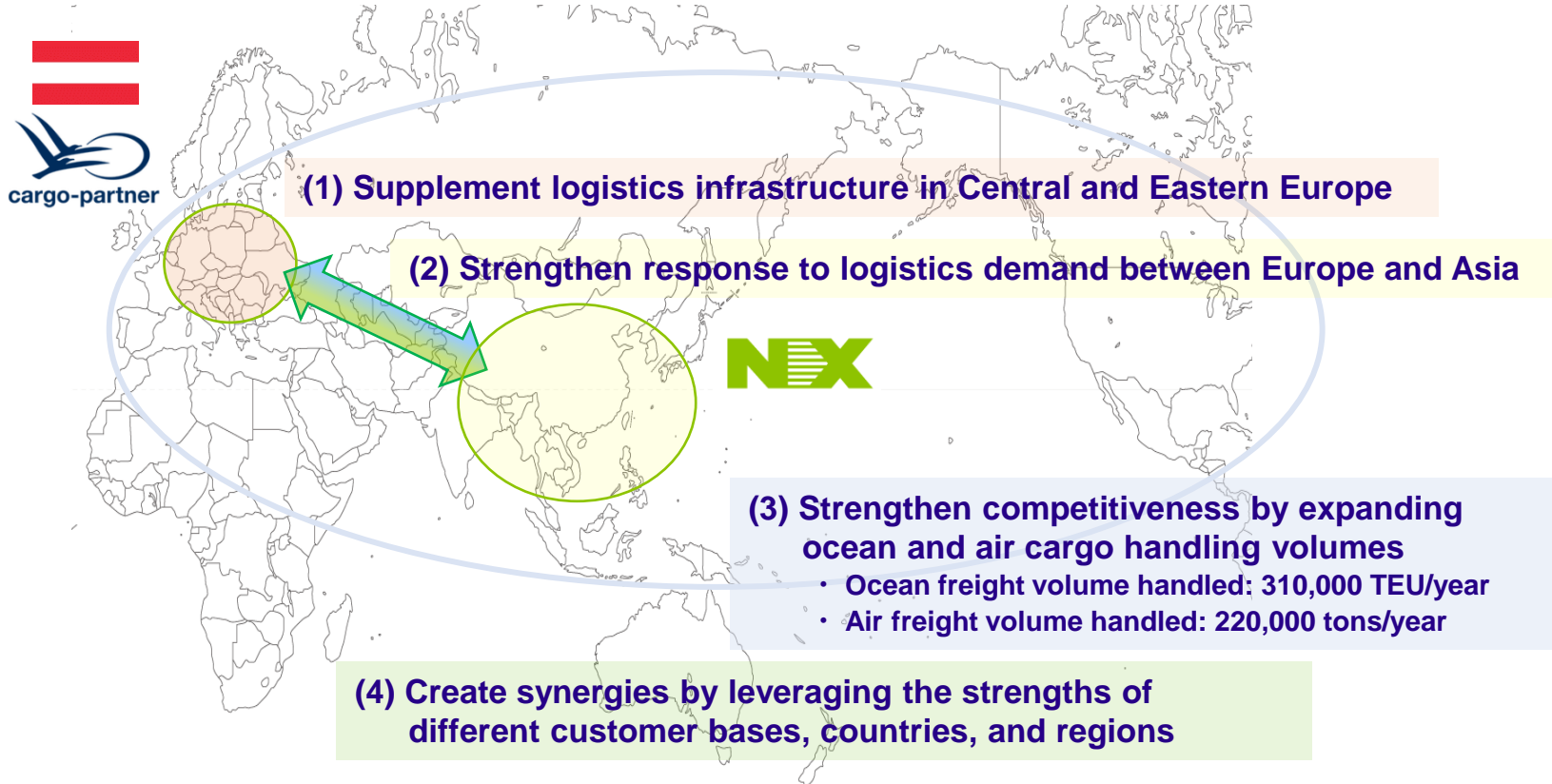


### ➤ Initiatives In-Progress

- (1) Expand solution areas from the existing contract logistics business to include forwarding and other services
- (2) Create a digital visualization platform covering the entire supply chain
- (3) Hire LLP service experts (overseas) and accelerate infrastructure development and practical application

# The PMI System to Expand and Achieve M&A Synergies

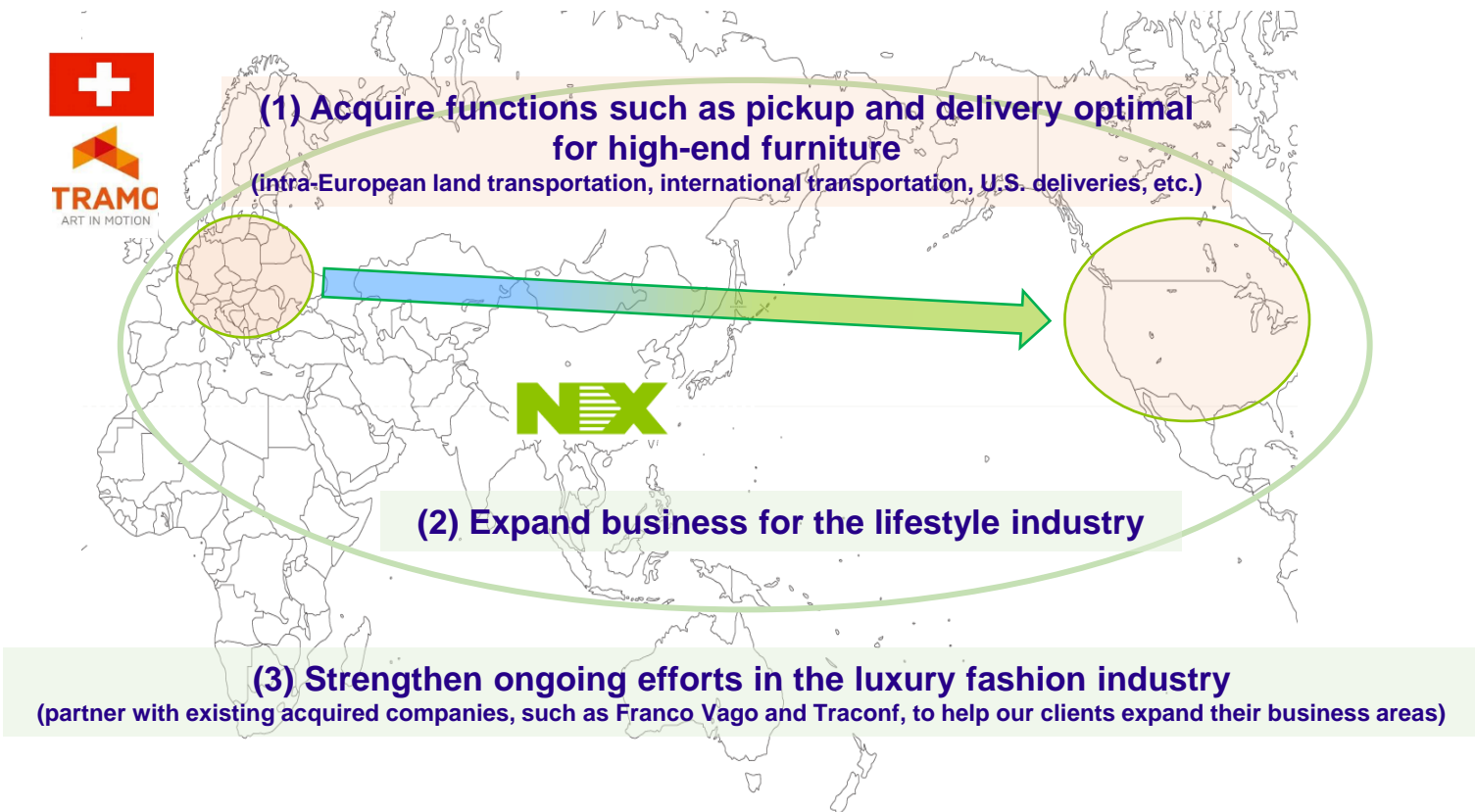
## Business Synergies with cargo-partner: New Growth Areas From Joining the NX Group





# The PMI System to Expand and Achieve M&A Synergies

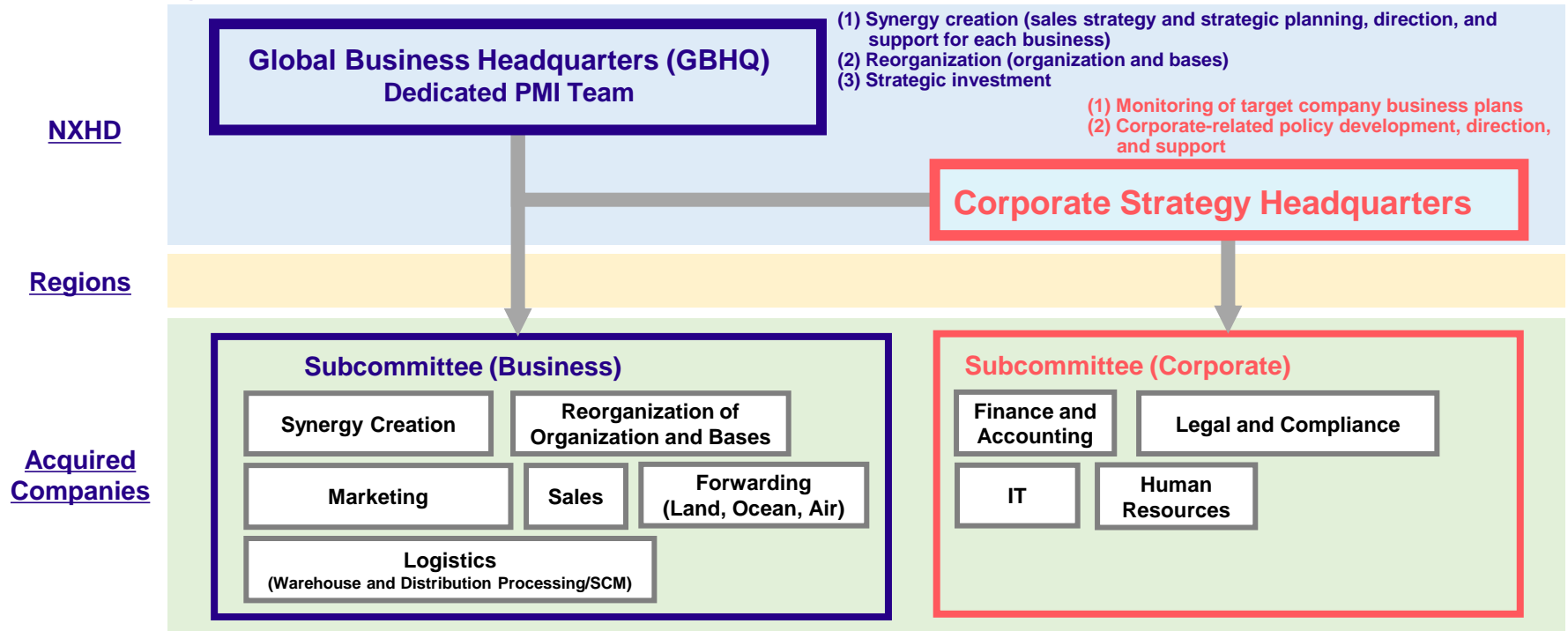
## Business Synergies with Tramo: New Growth Areas From Joining the NX Group





# The PMI System to Expand and Achieve M&A Synergies

## Schematic Diagram of PMI Promotion System



Conduct subcommittees for acquired companies by leading the dedicated PMI team within GBHQ to achieve sales and business synergies in early stages



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