

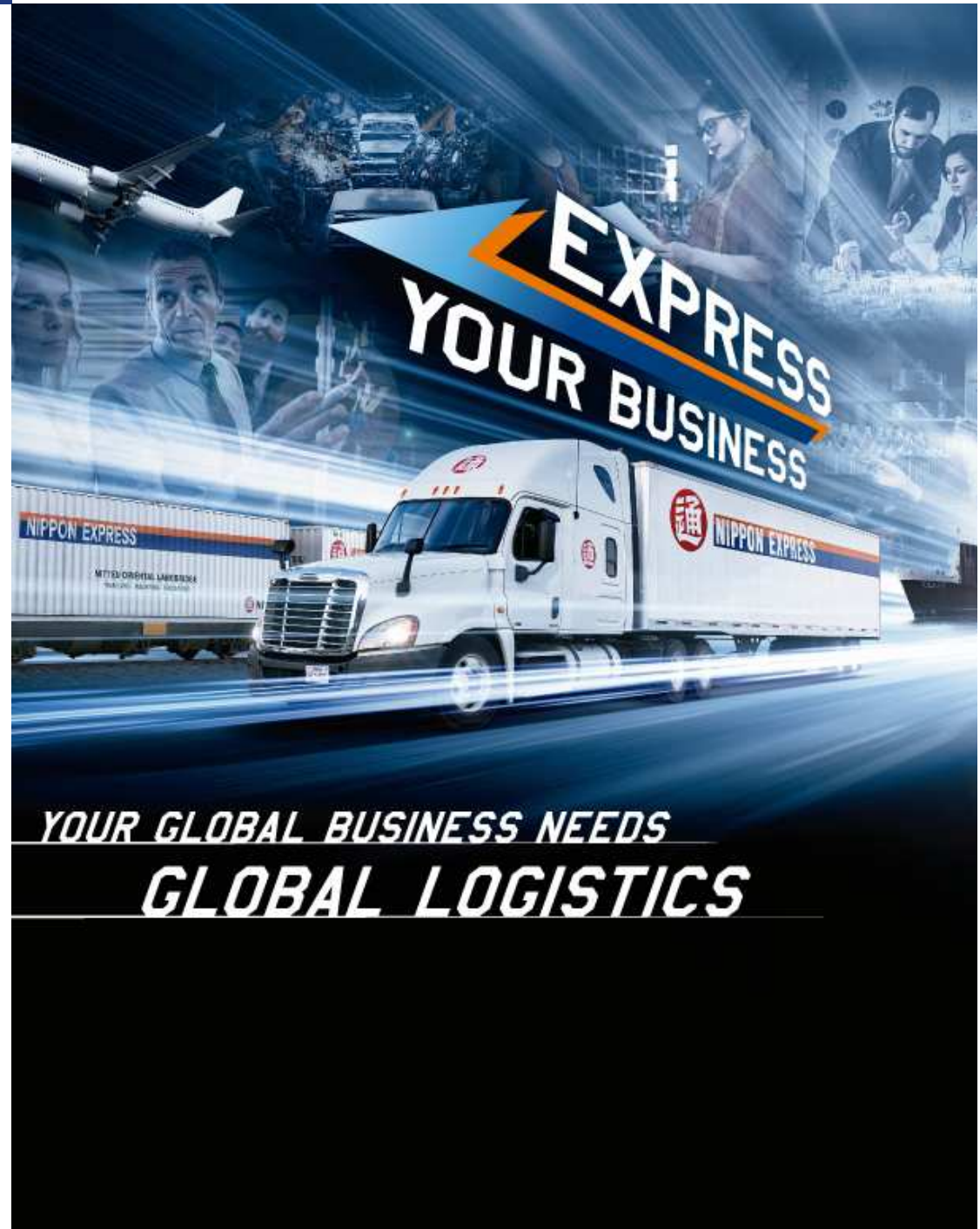
IR Presentation Materials

Session 3
Corporate Strategy
Finance, M&A, and
Governance

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Nippon Express Co., Ltd.



Initiatives Toward Improved Capital Efficiency

(1) Improved asset efficiency

**Greater use of ROIC management throughout the group, etc.
(budgets, employee education)**

(2) Slim down balance sheet

**Reorganize Nippon Express distribution centers for liquidity, etc.
(Mizonokuchi Distribution Center, pharmaceutical centers)**

(3) Restructure business portfolios

Pursue business selection and focus, etc. (Kita-Nihon Kaiun Co., Ltd.)

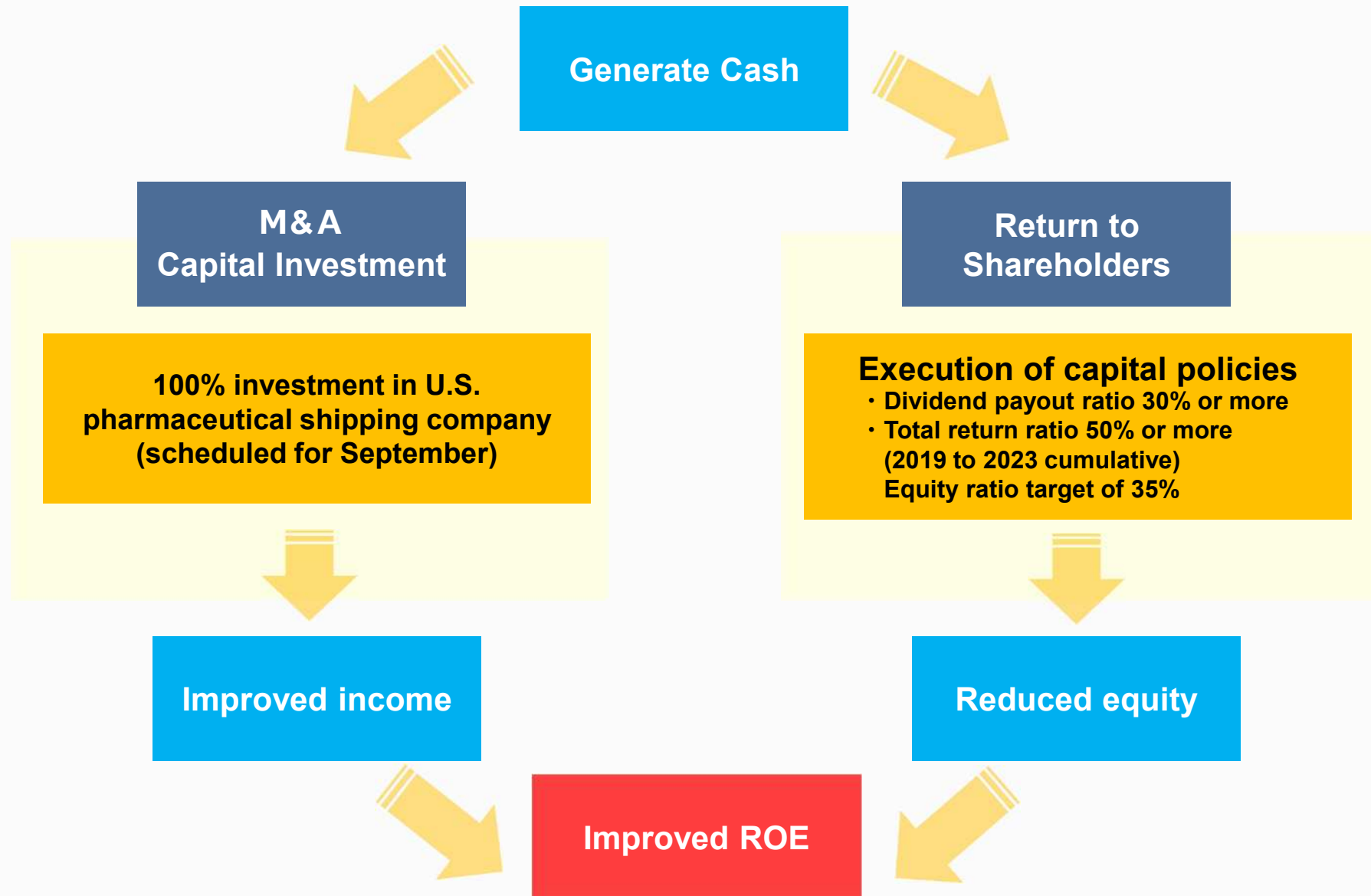
(4) Sale of cross-shareholdings

Between ¥20 billion and ¥30 billion over five years



Generate Cash

Initiatives Toward Improved Capital Efficiency



M&A Strategy (Toward Achieving Our Long-Term Vision)

(1) M&A policy

- M&A for ~ “Dynamic Growth” ~
 ⇒ Growing into a global mega-forwarder
 (secure global network, management foundation, non-Japanese customers, etc.)

(2) M&A history (since 2011)

Company Name	Region	Acquisition Date
AGS	The Americas	March 2012
APC	East Asia	October 2012
Franco Vago	Europe	February 2013
Nittsu NEC Logistics	Japan	December 2013
Nittsu NP Logistics	Japan	January 2014
Wanbishi	Japan	December 2015
Traconf	Europe	March 2018

Total of seven companies

◎ Investment ¥153.2 billion

(FY19)

◎ Revenues ¥218.3 billion

◎ Operating income ¥10.4 billion
 (4.8% operating income ratio)

M&A Strategy (Toward Achieving Our Long-Term Vision)

(3) Initiatives to create synergies through M&A

- Global rollout of comprehensive logistics service in the luxury apparel industry
 - ☑ Merged three companies in Italy in January 2020 (Nippon Express Italia, FrancoVago, Traconf)
⇒ cost reductions
- Build a global pharmaceuticals/medical business network
 - ☑ Acquire U.S. pharmaceuticals shipping company in September 2020

(4) Strengthen Post-merger integration (PMI) system

- Strengthen sales activities
[Past] General oversight of acquired company and each overseas region
[Ongoing] In addition to local, HQ sales department collects and relays sales information; provides support
- Initiatives to create synergies quickly
 - ☑ Conduct feasibility studies beginning in due diligence and negotiation stages
 - ☑ Instill a Day 0 (contract) and Day 1 (closing) concept

(5) Initiatives to grow into a global mega-forwarder

- Ongoing activities to build business alliances and other cooperative relationships, focused on air and ocean forwarding business.
- Dramatic leap ahead, aiming to become the No.1-ranked forwarding group.

M&A Strategy (Toward Achieving Our Long-Term Vision)

Global Forwarder Rankings Top 10








FY18 No.7

Rank	Head office	Corporate	Total revenues (¥100 million)*	Ocean transportation (TEU)	Air transportation (metric tons)
1		DHL Supply Chain & Global Forwarding	3,040,334	3,225,000	2,150,000
1		Kühne + Nagel	2,737,598	4,690,000	1,743,000
2		DB Schenker	2,158,940	2,203,000	1,304,000
3		DSV Panalpina	1,342,877	1,442,348	689,045
4		Sinotrans	1,140,557	3,740,000	530,100
5		Expeditors	879,880	1,167,820	1,011,563
6		Panalpina	665,586	1,484,100	1,038,700
7		Nippon Express	2,030,493	686,206	899,116
8		UPS Supply Chain Solutions	1,061,089	600,000	935,300
8		Bolloré Logistics	585,469	873,000	690,000
9		C.H. Robinson	1,798,143	1,000,000	225,000
10		CEVA Logistics	795,330	786,600	476,600

*The Bank of Tokyo-Mitsubishi UFJ October 9, 2019 (TTS) US\$1=¥108.12
 Source: Armstrong & Associates, Inc. A&A's Top 25 Global Freight Forwarders List Vol.2018 (updated October 9, 2019)



FY19 No.6

Rank	Head office	Corporate	Total revenues (¥100 million)*	Ocean transportation (TEU)	Air transportation (metric tons)
1		DHL Supply Chain & Global Forwarding	3,021,785	3,207,000	2,051,000
1		Kühne + Nagel	2,863,845	4,861,000	1,643,000
2		DB Schenker	2,141,547	2,294,000	1,186,000
3		DSV Panalpina	1,588,811	1,907,126	1,071,266
4		Sinotrans	1,239,616	3,770,000	502,000
5		Expeditors	904,809	1,125,137	955,391
6		Nippon Express	2,208,398	703,061	752,942
7		CEVA Logistics	788,484	1,050,000	416,000
8		UPS Supply Chain Solutions	1,029,545	620,000	965,700
9		C.H. Robinson	1,619,248	1,000,000	210,000
10		Kerry Logistics	583,726	1,250,038	409,408

*Converted as of December 31, 2019 (US\$1=¥110.68)
 Source: Armstrong & Associates, Inc. A&A's Top 25 Global Freight Forwarders List Vol.2019 Rank reflects overall consideration of total revenues, ocean transportation, and air transportation

Evolution in Global Governance

- Investigate organization restructuring to strengthen group management

Investigation objectives

Future defined in our
Long-Term Vision

A logistics company with a strong
presence in the global market

A. and B., below, are essential for
achieving this vision

A. Reinforce group management

- Build a management system that maximized corporate group value
- Implement comprehensive group management and optimize the business of each company

B. Strengthen global governance structure for greater overseas business growth

- Make further investments in our overseas businesses (growth area)
- Build and strengthen control functions to support overseas business growth

Establish group HQ functions and clarify roles of each business,
group company to achieve our vision

We Find the Way



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