

Nippon Express Group Corporate Strategy 2018

— New Sekai-Nittsu —

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1. Basic Policy

2. Numerical Targets

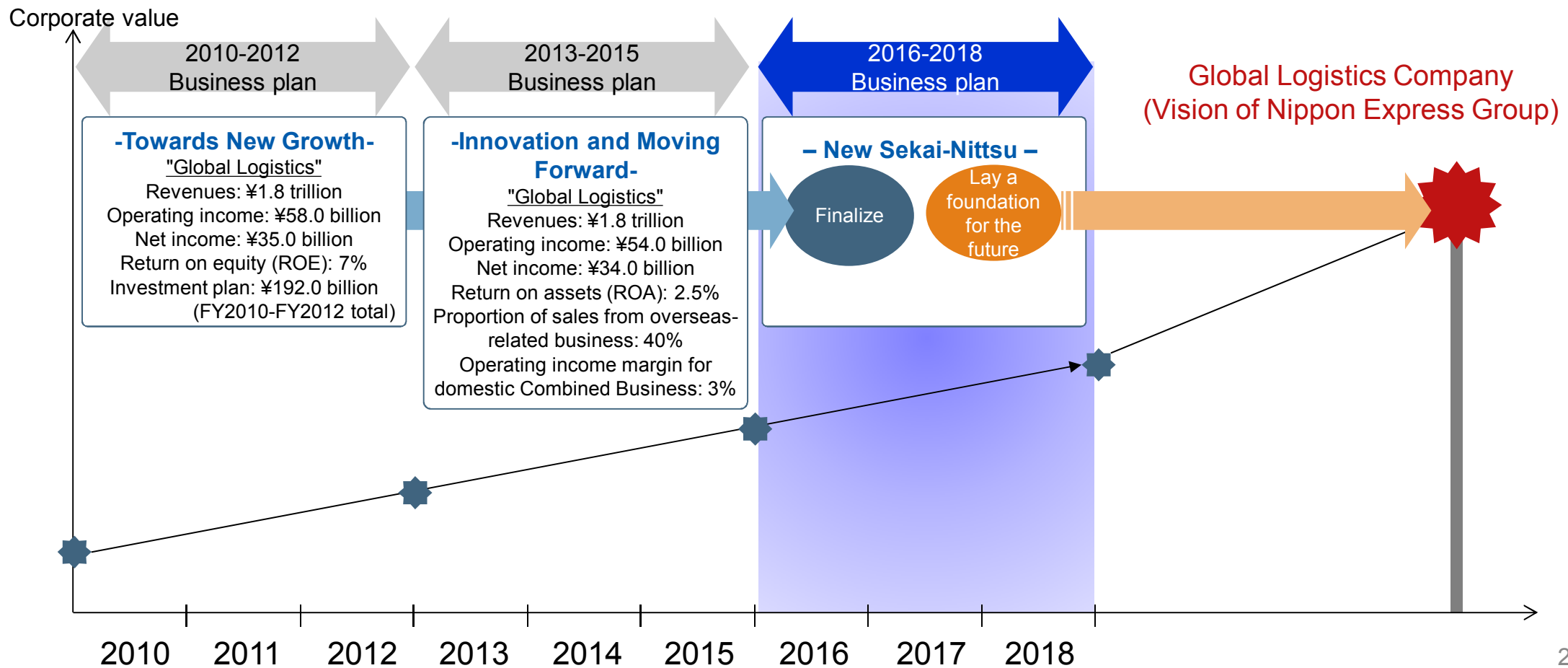
3. Key Strategies—Area Strategies

4. Key Strategies—Functional Strategies

1. Basic Policy [Positioning of the Business Plan]

This business plan is a three-year plan positioned as the final stage of the Nippon Express Group's measures articulated in the two previous business plans, Corporate Strategy 2012 and Corporate Strategy 2015. During the next three years, the Group intends to demonstrate its medium- to long-term orientation, laying a foundation for sustainable development into the future. In view of the organizational reforms implemented during the term of the previous business plan, the Group expects to further enhance profitability of its businesses in Japan, focus investment in B2B* in the priority business fields and the growth region, and promote Group management emphasizing earnings with the aim of becoming a truly global logistics company.

*B2B (Business-to-Business)



1. Basic Policy [Structure of Key Strategies]

Further enhance profitability of businesses in Japan and focus investment in B2B in the priority business fields and the growth region with the aim of becoming a truly global logistics company.

Nippon Express Group Corporate Strategy 2018

Key strategies

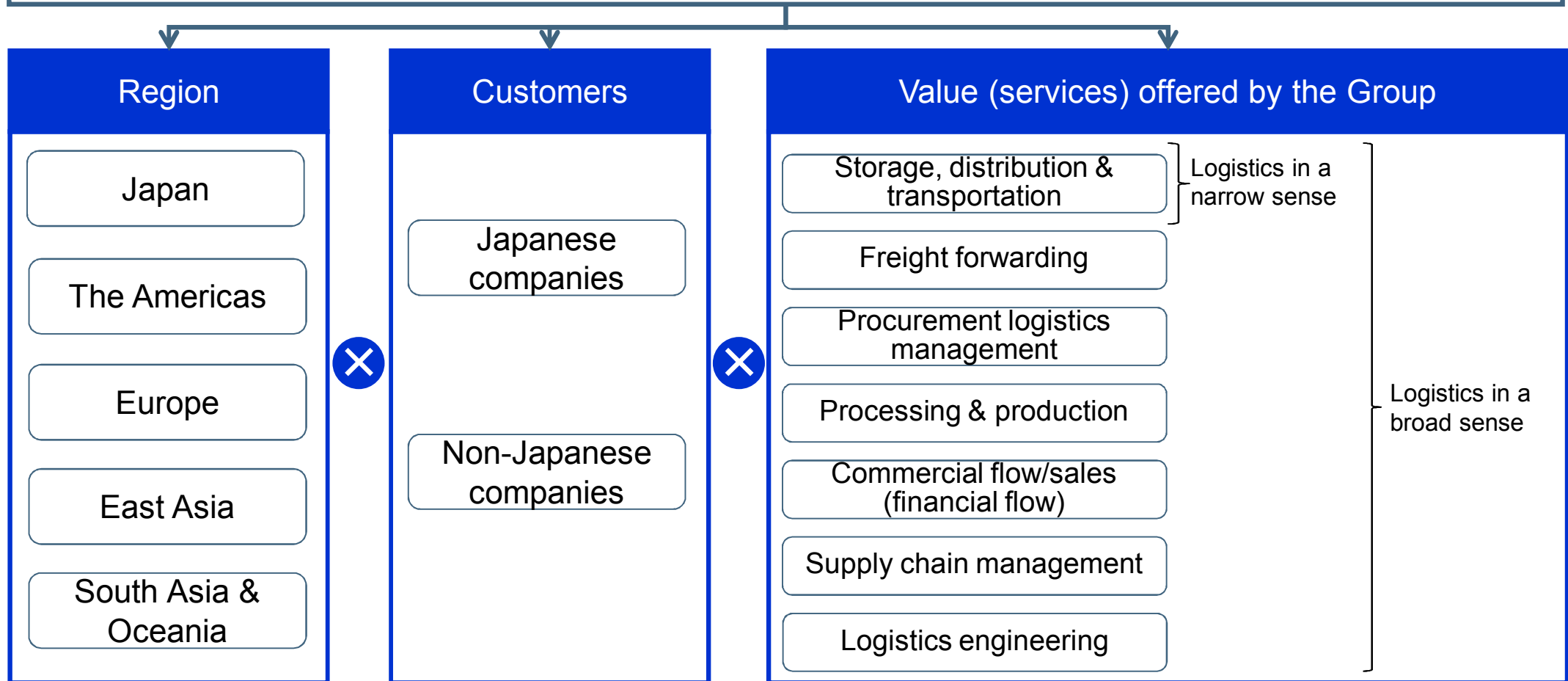
		Area strategies	
		Japan	Overseas
Functional strategies	Thoroughly strengthen sales activities	Achieve both growth and profitability	Drive growth of the Nippon Express Group
	Strengthen and upgrade core businesses		
	Strengthen Group management		
	Reinforce the management infrastructure		
	Further strengthen the Group's CSR management		

**Vision of the
Nippon Express
Group**

**“Global Logistics
Company”**

1. Basic Policy [Global Logistics]

“Global Logistics” (Vision of Nippon Express Group)



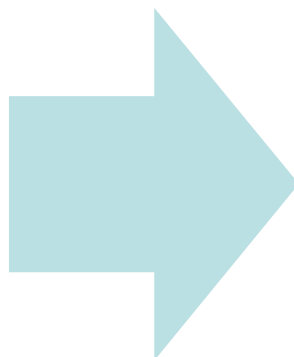
Contribute to customers' global expansion by providing logistics-based supply chain solutions in countries and regions around the world

2. Numerical Targets [New Reportable Segments]

All businesses are classified into the following reportable segments: Logistics (Japan, the Americas, Europe, East Asia, South Asia & Oceania), Security Transportation, Heavy Haulage & Construction, and Logistics Support

Previous reportable segments

Distribution & Transportation	Domestic Companies	Combined Business
		Security Transportation
		Heavy Haulage & Construction
		Air Freight Forwarding
		Marine & Harbor Transportation
		Subtotal
	Overseas companies	The Americas
		Europe
		East Asia
		South Asia & Oceania
		Subtotal
	Total	
	Goods Sales	
	Other	



New reportable segments

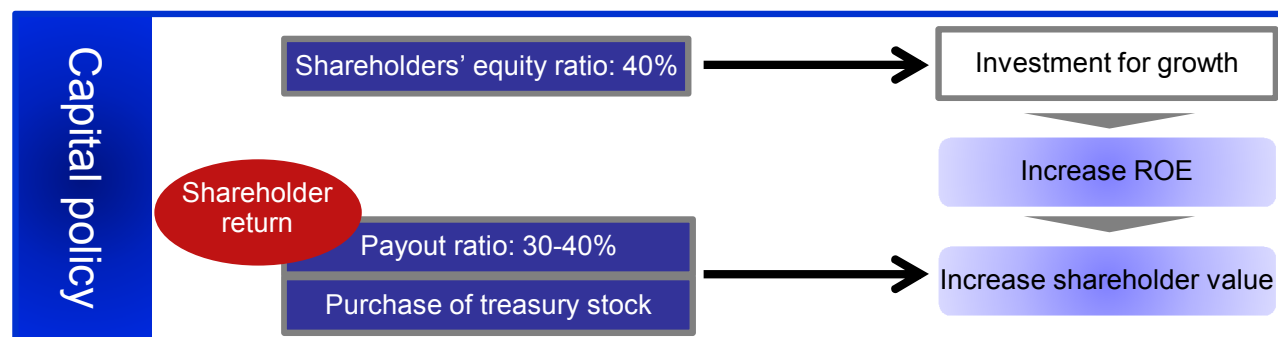
Logistics	Japan
	The Americas
	Europe
	East Asia
	South Asia & Oceania
	Subtotal
Security Transportation	
Heavy Haulage & Construction	
Logistics Support	

* Logistics Support:
Nittsu Shoji, Nittsu Research Institute and Consulting, Nippon Express Capital, Nittsu Real Estate, Careerroad, Nittsu Driving School, etc.

2. Numerical Targets

Numerical targets (FY2018 targets)	
Revenues	¥2,150.0 billion
Operating income	¥75.0 billion
Net income	¥45.0 billion
Sales from overseas-related business	¥860.0 billion
Return on assets (ROA)	2.8%
Investment plan (three-year plan)	¥200.0 billion

Numerical targets by segment (FY2018 targets)			
Segment		Revenues(*)	Operating income(*)
Logistics	Japan	¥1,300.0 billion	¥48.0 billion
	The Americas	¥100.0 billion	¥5.6 billion
	Europe	¥90.0 billion	¥3.8 billion
	East Asia	¥135.0 billion	¥4.2 billion
	South Asia & Oceania	¥105.0 billion	¥3.6 billion
Security Transportation		¥56.0 billion	¥1.7 billion
Heavy Haulage & Construction		¥53.0 billion	¥3.3 billion
Logistics Support		¥472.0 billion	¥10.4 billion



*Before elimination of intersegment transactions

Higher profitability

3. Key Strategies –Area Strategy (Japan)

Achieve both growth and profitability

Further promote business reforms

★Develop business adapted to regional characteristics

Expand transactions with global companies in metropolitan areas, namely Tokyo, Nagoya, and Osaka

Provide logistics services attuned to regional customer needs

★Strengthen domestic businesses and establish new core businesses

Reinforce the network of the truck transportation business

Reform the moving business

Organize the marine & harbor transportation business based on a cross-organizational framework

Strengthen cash logistics of the security transportation business

Remodel the real estate business

Establish new industry platforms

3. Key Strategies – Area Strategy (Japan)

Develop business adapted to **regional characteristics**

[Expand transactions with global companies in **metropolitan areas**]

- Strengthen customer-oriented sales & marketing
- Promote selection & concentration of resources and streamlining

[Provide logistics services attuned to **regional** customer needs]

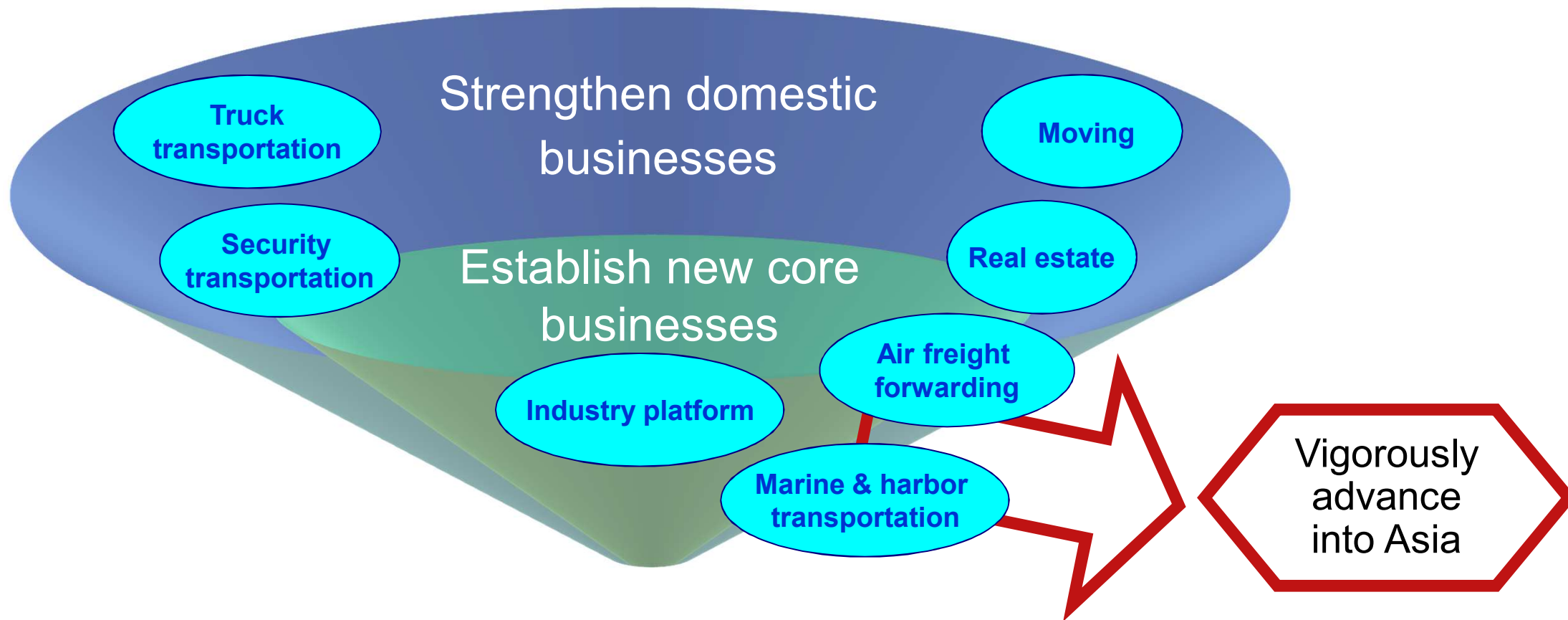
- Provide the Nippon Express Group's logistics functions to the maximum extent
- Push forward with community-based sales & marketing



Achieve both growth and profitability by capturing logistics demand in Japan

3. Key Strategies –Area Strategy (Japan)

Strengthen domestic businesses, and establish new core businesses



Strengthen domestic businesses and establish new core businesses to lay a foundation capable of achieving both growth and profitability

3. Key Strategies –Area Strategy (Overseas)

Drive growth of the Nippon Express Group

Concentrated investment of management resources in Asia
[Establish an overwhelming position in Asia]



Realize growth on a global level

★Develop business adapted to regional characteristics

Enhance profitability in the Americas, Europe, and East Asia

Growth in South Asia & Oceania

★Strengthen overseas development of competitive businesses

Global development of the heavy haulage & construction business

Expand the field of the overseas moving & relocation business and cultivate non-Japanese customers

3. Key Strategies –Area Strategy (Overseas)

Further strengthen commitment to key industries (automotive, apparel, electric and precision equipment, medical and pharmaceutical). At the same time, expand business scale in new industrial fields (aircraft, railway, fresh produce, food products, etc.) for which profitability can be secured.

Europe

25 companies
 1 representative office
 85 business bases
 2,406 employees

East Asia

32 companies
 1 representative office
 229 business bases
 6,598 employees

The Americas

21 companies
 130 business bases
 2,754 employees

Profitability

South Asia & Oceania

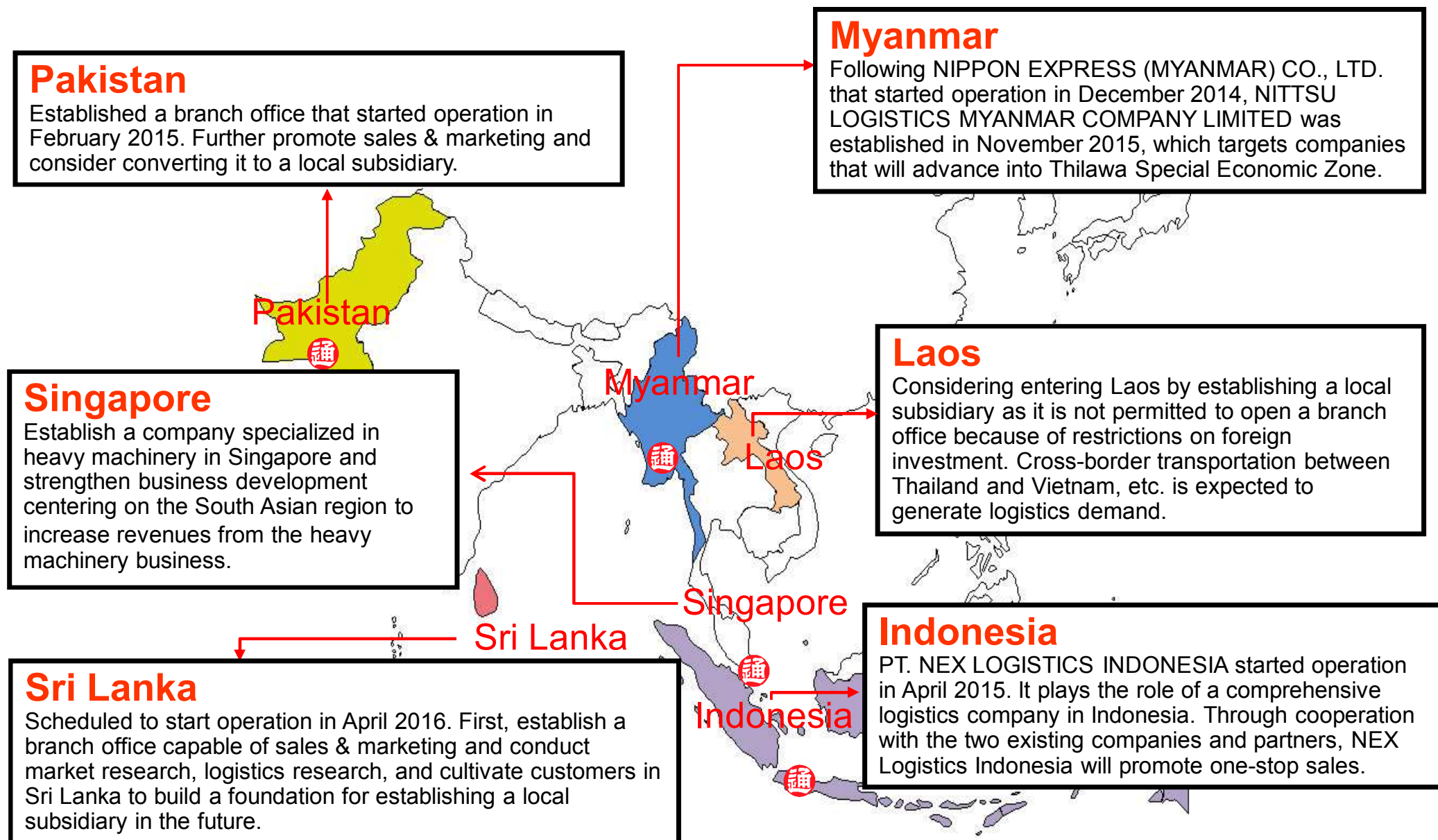
35 companies
 2 representative offices
 167 business bases
 8,663 employees

Growth potential

To establish business infrastructure in South Asia & Oceania, accelerate strategic development of business bases and establishment of business

3. Key Strategies –Area Strategy (Overseas)

Business development in South Asia & Oceania



3. Key Strategies –Area Strategy (Overseas)

Global development of the heavy haulage & construction business

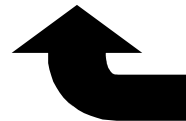
**Strong investment needs in the infrastructure field,
such as electricity and transportation, in Asia**



**Numerous growth opportunities for the heavy
haulage & construction business**



**Vigorously develop business through
cooperation between Japan and overseas**



**Consider the possibility of business/capital
tie-ups with partners centering on South Asia**



4. Key Strategies

— Functional Strategy
(Thoroughly strengthen sales activities)

Thoroughly implement one-stop sales; Strengthen account management

Strengthen customer-oriented sales activities

★Thoroughly implement one-stop sales

Broaden the area of contribution to customers' supply chains

Win contracts for new projects of existing customers

Expand the business domain as an LLP

Promote horizontal deployment of existing businesses

★Strengthen account management

Strengthen proposal capabilities of logistics services to key customers

Promote sales & marketing by industry

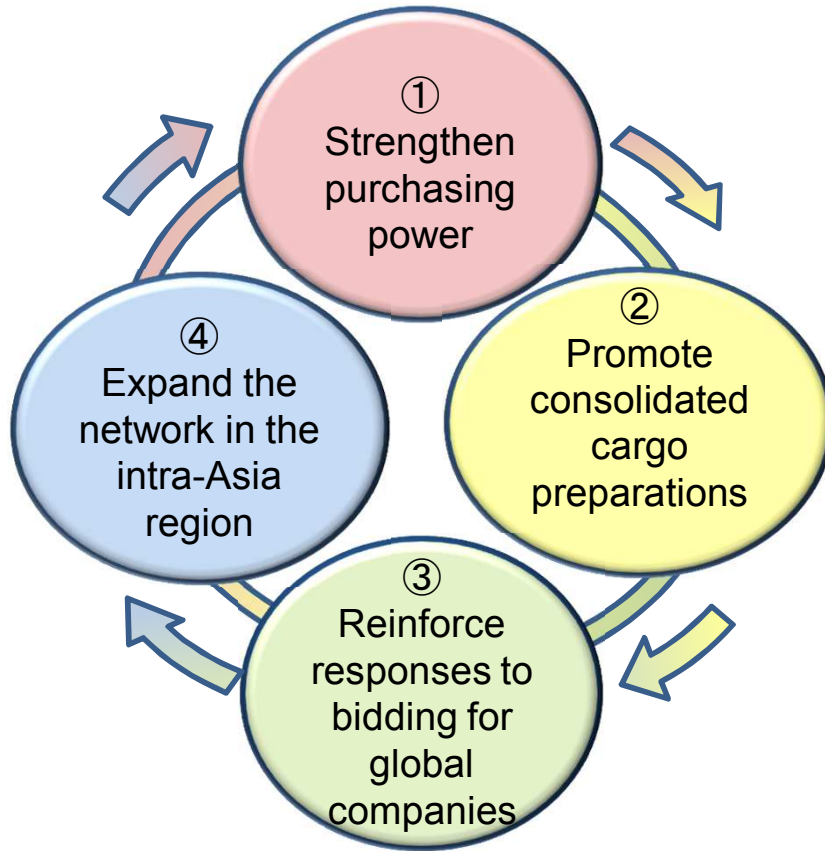
Expand sales & marketing targeting non-Japanese companies

Strengthen management of revenues and profit by customer

4. Key Strategies

– Functional Strategy
(Strengthen and upgrade core businesses)

Enhance competitiveness of the global freight forwarding business



① Strengthen purchasing power

Shift to purchase negotiation based on the total quantities on a global level and achieve reduction of fees.

② Promote consolidated cargo preparations

Provide competitive sales prices through efficient consolidated cargo preparations.

③ Reinforce responses to bidding for global companies

Reinforce responses to bidding for global companies (Japanese and non-Japanese companies) and expand the volume (share).

④ Expand the network in the intra-Asia region

Establish solid infrastructure for freight forwarding by expanding the network in the intra-Asia region.

Increase the deals for traffic to and from Asia

4. Key Strategies

— Functional Strategy
(Strengthen Group management)

Promote M&A that will contribute to enhancement of the corporate value of the Nippon Express Group

① Air freight and ocean freight forwarding network and regional/domestic transportation companies in emerging economies

Companies that have strengths in countries where the Nippon Express Group has no presence or in areas where the Group does little business

② New business fields

Companies with customers, functions, technologies, products and services necessary for creation of new businesses

③ Complementarity and expansion of regional coverage and customer base

Companies that can complement the Nippon Express Group in regions where the Group is weak and in terms of the customer base



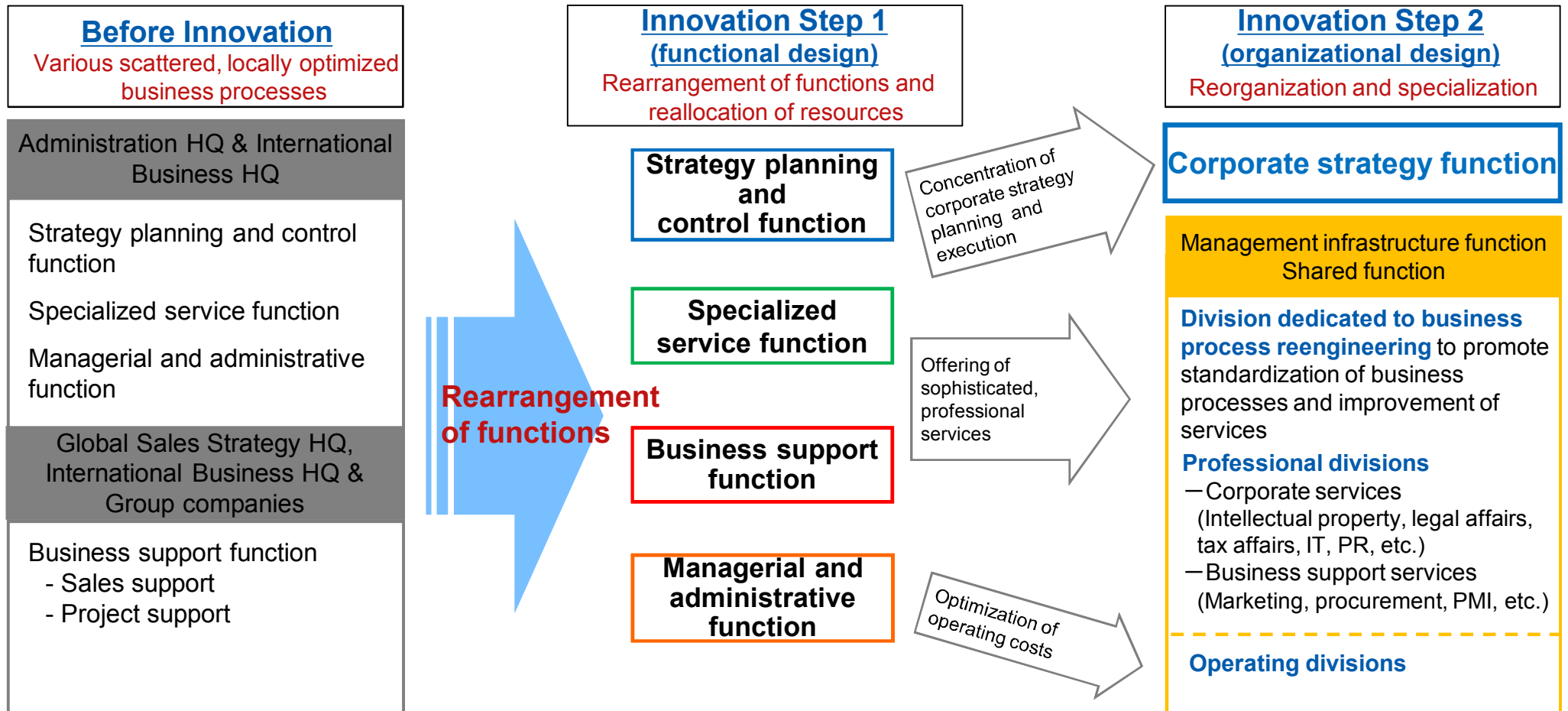
Expand the global logistics business

Enhance corporate value

4. Key Strategies

– Functional Strategy (Reinforce the management infrastructure)

Improve and reinforce the headquarter's managerial and planning functions to enhance management flexibility and speed



4. Key Strategies

— Functional Strategy

(Further strengthen the Group's CSR management)

Reducing CO₂ emissions by improving fuel efficiency through systems that guide drivers in Eco-Driving techniques (envisaging global application)

On June 20, 2014, the Group's Eco-drive initiatives in Vietnam were adopted into the JCM by the Ministry of the Environment, Japan.

Place: Ho Chi Minh and Hanoi, Vietnam

Subject: 130 trucks of NIPPON EXPRESS (VIETNAM)

Description: Trucks are equipped with systems utilizing digital tachographs that guide drivers in Eco-Driving techniques to collect and analyze data including the amount of fuel used, the distance driven and driving behavior, etc. via a cloud network. Based on the data, instructions for improving driving behavior are provided to drivers. Drivers are evaluated based on their performance, and thus improvement of driving behavior is facilitated.

*JCM: The Joint Crediting Mechanism (JCM) quantitatively evaluates Japan's contribution to the reduction and absorption of greenhouse gas emissions by means of the diusion of greenhouse gas-reducing technologies, products, systems, services, infrastructure, etc. to developing nations, and uses this quantitative contribution towards the satisfaction of Japan's reduction targets.

Status of promotion of safe Eco-Driving in Asia (as of April 2015)



 Under review  Under implementation

We are working to introduce safe Eco-Driving to each section of our land transportation route SS7000, spanning 7,000 km from Shanghai to Singapore, using the results in the Joint Crediting Mechanism and other programs.

Number of vehicles in which system will be introduced

130

Estimated CO₂ reduction impact of JCM in Vietnam (per year)

310t



Hanoi 56
Ho Chi Minh City 74



Digital tachograph



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