



Briefing Material for 1Q Results of
the Fiscal Year Ending March 2020

July 31, 2019
NIPPON EXPRESS CO., LTD.
Corporate Planning Division

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1. Financial Results for 1Q of FY2019

A Overview of 1Q of FY2019

1. Overview (Consolidated)

(100 million yen) (rounded down to 100 million yen)

Item	Actual for 1Q of FY2019	Actual for 1Q of FY2018	Difference YoY	Difference YoY (%)	Forecast for 1H (announced on April 26)	Difference	Progress (%)
Revenues	5,197	5,162	34	0.7	10,500	5,302	49.5
Operating income	106	170	(63)	(37.5)	270	163	39.4
Ordinary income	131	183	(51)	(28.2)	300	168	43.9
Profit attributable to owners of parent	72	104	(32)	(30.7)	170	97	42.8

2. Business Indices

● Operating Income Margin 2.0% [3.3%]

● Ordinary Income Margin 2.5% [3.6%]

Figures in brackets are the results of FY2018.

[Reference] Figures in brackets are the results of FY2018.

● ROA 2.9% [3.2%]

● ROE 8.4% [9.2%]

* Profit is forecast for full fiscal year. Equity and total assets are calculated by using the averages of the values as of the end of the previous fiscal year and the values of the quarterly consolidated accounting period under review.

- Regarding the overview of the business environment and cargo movement, domestic demand sustained them amid continuing improvement in the employment and income situations, but there exists pronounced downward pressure on the economy, including a slowdown in the global economy due to the U.S.-China trade friction and rising geopolitical risks.
- In this management environment, consumption-related goods were strong in domestic freight, extending transaction gains primarily in warehousing, truck transportation, and marine & harbor transportation. Cargo movement was generally slow in international freight, owing to a global slowdown mainly in transportation of air freight of general machinery and electronic equipment, and air freight transactions were slow overall at the Company as well.
- As a result, consolidated revenues were same level as the fiscal year ended March 2019, but factors such as higher personnel costs associated with employee system reform caused to lower income in both operating income and ordinary income.
- Non-operating income increased by 1.2 billion yen due to factors including higher dividend income and an increase in gain on foreign exchange.
- In extraordinary income and extraordinary loss, although the Company recorded items such as gain on disposal of non-current assets via sale of land and buildings, etc., and a loss on disposal of non-current assets associated with bulk disposal of idle land, losses increased by 0.4 billion yen during the

fiscal year ending March 2020.

1. Financial Results for 1Q of FY2019

B Actual results by reportable segment

(100 million yen) (rounded down to 100 million yen)

Segment	Item	Actual for 1Q of FY2019	Actual for 1Q of FY2018	Difference YoY	Difference YoY (%)	Forecast for 1H (announced on April 26)	Difference	Progress (%)
Japan	Revenues	3,025	3,073	(48)	(1.6)	6,196	3,170	48.8
	Segment Income	73	119	(46)	(39.0)	186	112	39.3
The Americas	Revenues	240	231	8	3.7	494	253	48.6
	Segment Income	8	8	0	0.6	20	11	43.1
Europe	Revenues	298	285	13	4.8	604	305	49.5
	Segment Income	7	5	1	30.7	13	5	56.2
East Asia	Revenues	275	283	(8)	(2.8)	596	320	46.3
	Segment Income	6	3	2	63.3	14	7	45.1
South Asia & Oceania	Revenues	219	218	1	0.8	456	236	48.2
	Segment Income	7	8	(1)	(14.5)	20	12	37.5
Security Transportation	Revenues	184	180	3	2.0	368	183	50.0
	Segment Income	(11)	3	(15)	-	(19)	(7)	62.9
Heavy Haulage & Construction	Revenues	133	124	9	7.8	270	136	49.6
	Segment Income	10	10	(0)	(0.5)	22	11	48.3
Logistics Support	Revenues	1,145	1,115	29	2.7	2,279	1,133	50.2
	Segment Income	27	26	0	0.8	58	30	46.7

- The first quarter of overseas segment is the January to March period. For the total overseas block, revenues and income were higher on a local currency basis, even when excluding the impact of foreign exchange rates.

1. Financial Results for 1Q of FY2019

C Changes due to the external environment and other variable factors

Variable factors	Impact on consolidated results (1Q)	Reference
Impact of change in unit fuel price	Operating income: ¥(0.06) billion	Unit price per ℓ [1Q of FY2018 / Previous forecast] <ul style="list-style-type: none"> • Light oil: ¥103.46 [¥102.64 / ¥100.00] • Gasoline: ¥136.60 [¥135.35 / ¥132.60] • Heavy oil: ¥55.15 [¥52.88 / ¥49.10]
Impact of foreign exchange	Revenues: ¥(2.37) billion Operating income: ¥(0.07) billion	Average annual exchange rate* [1Q of FY2018 / Previous forecast] <ul style="list-style-type: none"> • USD: ¥110.20 [¥108.30 / ¥111.10] • EUR: ¥125.15 [¥133.22 / ¥125.10] • HKD: ¥14.04 [¥13.84 / ¥14.10] • RMB: ¥16.33 [¥17.05 / ¥16.50] <small>*The average annual exchange rates are reference rates. For the preparation of financial reports, average quarterly rates are applied to the quarterly results on a local currency basis.</small>
Increase in amortization of actuarial differences in retirement benefit accounting	Operating income: ¥(0.43) billion	

1. Financial Results for 1Q of FY2019

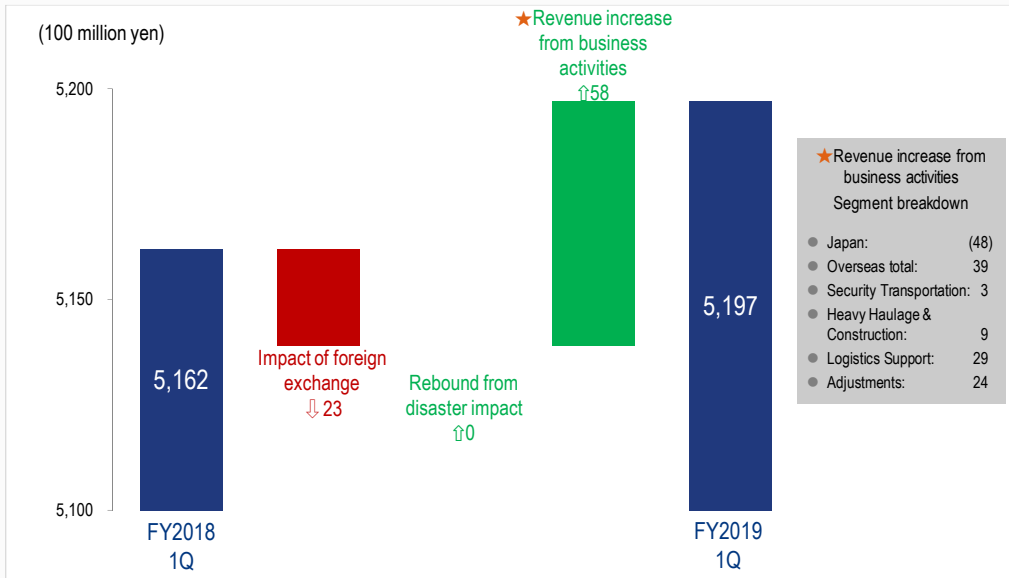
C Changes due to the external environment and other variable factors

Variable factors	Impact on consolidated results (1Q)	Reference
Impact from disasters (Special factor in FY2018)	Operating income: ¥0.0 billion	Effects will be seen from 2Q onward
Changes associated with employee system reform	Operating income: ¥(1.16) billion	<ul style="list-style-type: none"> • Japan: ¥(0.91) billion • Security Transportation: ¥(0.24) billion • Heavy Haulage & Construction: ¥(0.00) billion
Environment investments	Operating income: ¥0.0 billion	
Impact from change of the period applicable to bonus payment	Operating income: ¥(4.67) billion	<ul style="list-style-type: none"> • Japan: ¥(3.58) billion • Security Transportation: ¥(0.97) billion • Heavy Haulage & Construction: ¥(0.11) billion

1. Financial Results for 1Q of FY2019

D Breakdown of revenues and operating income

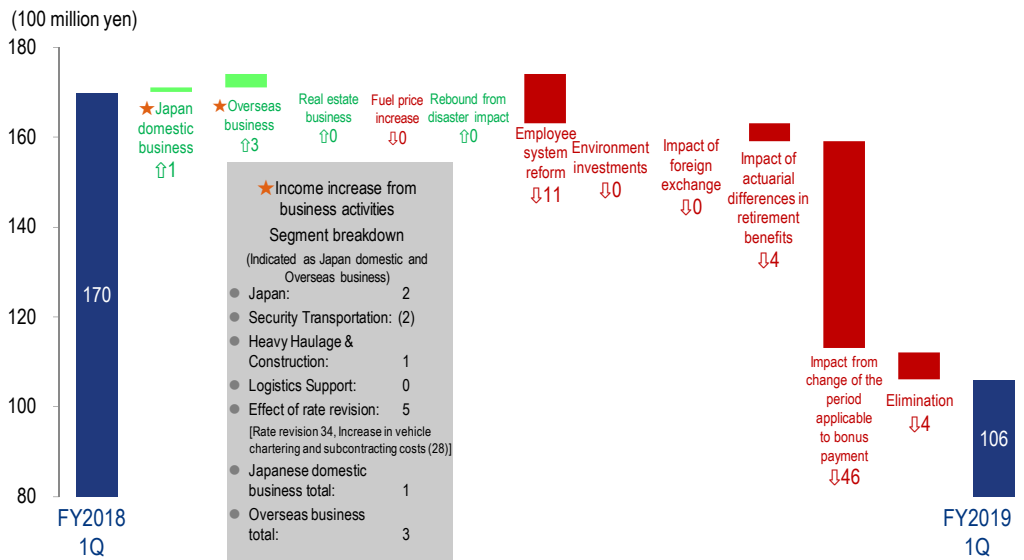
1. Revenues



1. Financial Results for 1Q of FY2019

D Breakdown of revenues and operating income

2. Operating income



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Briefing Material for 1Q Results of the Fiscal Year Ending March 2020

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- Initiatives for rate revisions had the effect of increasing revenues by 3.4 billion yen, while the effect of higher unit prices in vehicle chartering and subcontracting costs was 2.8 billion yen, yielding income increase effects of 0.5 billion yen.

2. Forecast of Consolidated Financial Results for FY2019

A Consolidated results forecast (unchanged)

(100 million yen) (rounded down to 100 million yen)

Item	1H			2H			Full year		
	FY2019 forecast	FY2018 results	Difference [%]	FY2019 forecast	FY2018 results	Difference [%]	FY2019 forecast	FY2018 results	Difference [%]
Revenues	10,500	10,403	96 [0.9]	11,000	10,981	18 [0.2]	21,500	21,385	114 [0.5]
Operating income [Operating income margin]	270 [2.6]	340 [3.3]	(70) [(20.6)]	410 [3.7]	455 [4.2]	(45) [(10.0)]	680 [3.2]	795 [3.7]	(115) [(14.6)]
Ordinary income	300	377	(77) [(20.6)]	430	480	(50) [(10.4)]	730	858	(128) [(14.9)]
Profit attributable to owners of parent	170	234	(64) [(27.5)]	280	258	21 [8.2]	450	493	(43) [(8.8)]

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- Figures announced on April 26 remain unchanged on both the consolidated and non-consolidated revenue and profit.
- Although the first quarter results were almost in line with plans, cargo movement both within and outside Japan was slow overall. Meanwhile, factors such as personnel shortages and uncertainty in the global economy persist, and the management environment surrounding the Company, continues to be in a situation warranting more vigilance
- Utilizing all resource in the Nippon Express Group, we will work to strengthen sales abilities while improving profitability to create income.

2. Forecast of Consolidated Financial Results for FY2019

B Forecasts by reportable segment (revised)

(100 million yen) (rounded down to 100 million yen)

Segment	Item	Full year			1H			2H		
		FY2019	FY2018	Difference	FY2019	FY2018	Difference	FY2019	FY2018	Difference
Japan	Revenues	12,618	12,568	49	6,196	6,157	38	6,422	6,410	11
	Segment Income	472	559	(87)	186	238	(52)	286	321	(35)
The Americas	Revenues	997	986	10	475	472	2	522	514	7
	Segment Income	47	42	4	20	22	(2)	27	20	6
Europe	Revenues	1,229	1,148	80	595	559	35	634	588	45
	Segment Income	30	22	7	13	7	5	17	15	1
East Asia	Revenues	1,210	1,227	(17)	554	588	(34)	656	639	16
	Segment Income	33	30	2	14	11	2	19	18	0
South Asia & Oceania	Revenues	936	918	17	439	444	(5)	497	474	22
	Segment Income	43	37	5	20	19	0	23	17	5
Security Transportation	Revenues	739	726	12	368	359	8	371	366	4
	Segment Income	(18)	12	(30)	(19)	2	(21)	1	9	(8)
Heavy Haulage & Construction	Revenues	480	477	2	270	248	21	210	228	(18)
	Segment Income	43	45	(2)	22	20	1	21	24	(3)
Logistics Support	Revenues	4,888	4,839	48	2,366	2,285	80	2,522	2,553	(31)
	Segment Income	126	127	(1)	58	57	0	68	70	(2)

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- Revenues were down by 13.0 billion yen compared to the forecasts announced on April 26 due to the impact of foreign exchange rates on overseas revenues, and in Logistics Support, revenues are forecast to increase by 13.0 billion yen owing to factors such as an increase in logistics finance at Nippon Express Capital.
- In Japan, air cargo import and export demand will continue to be soft, and conditions are severe with no projections at this time for a recovery between the second quarter and the second half of the fiscal year ending March 2020.
- In view of actual non-consolidated revenues for June, excluding warehousing and storage businesses, revenues are down compared to the same period of the fiscal year ended March 2019 in areas such as automobiles and marine & harbor transportation, with customer cargo movement tending to slow down. Meanwhile, higher trucking and subcontracting costs, international conditions including U.S.-China trade friction will cause high uncertainty to continue, creating difficulty in making forecasts for the second half onward.
- Overseas as well, although revenues and operating income for the first quarter are higher compared to the same period of the fiscal year ended March 2019, immediate conditions are on a declining revenue trend, and indications are becoming stronger that results may fall short of plans. Additionally, higher personnel costs and subcontracting costs are becoming increasingly prominent, creating concerns for profitability.
- Uncertainty is strong, based on logistics trends obtained from hearings with various customers and uncertainty in overseas economic trends, and while full-year forecasts for management indicators such as revenues and operating income remain unchanged at this time, we recognize that results forecasts under our initial assumptions calling for an economic recovery during the second half, are becoming increasingly difficult.

2. Forecast of Consolidated Financial Results for FY2019

C Changes due to the external environment and other variable factors (forecast)

Variable factors	Impact on consolidated results (Full-year forecast)	Reference
Impact of change in unit fuel price	Operating income: ¥0.96 billion 1H: ¥0.37 billion 2H: ¥0.58 billion *Initial forecast (April 26 forecast) ¥1.00 billion	Unit price per ℓ [Yearly average in FY2018 / Previous forecast] <ul style="list-style-type: none"> • Light oil: ¥97.50 [¥104.09 / ¥100.00] • Gasoline: ¥136.90 [¥137.30 / ¥132.60] • Heavy oil: ¥54.60 [¥55.71 / ¥49.10]
Impact of foreign exchange	Revenues: ¥(13.21) billion Operating income: ¥(0.45) billion *Initial forecast (April 26 forecast) Revenues: ¥(4.27) billion Operating income: ¥(0.11) billion	Average annual exchange rate* [Yearly average in FY2018 / Previous forecast] <ul style="list-style-type: none"> • USD: ¥108.90 [¥110.43 / ¥111.10] • EUR: ¥123.40 [¥130.42 / ¥125.10] • HKD: ¥13.90 [¥14.09 / ¥14.10] • RMB: ¥15.90 [¥16.72 / ¥16.50] * The average annual exchange rates are reference rates. For the preparation of financial reports, average quarterly rates are applied to the quarterly results on a local currency basis.
Increase in amortization of actuarial differences in retirement benefit accounting	Operating income: ¥(1.73) billion	

2. Forecast of Consolidated Financial Results for FY2019

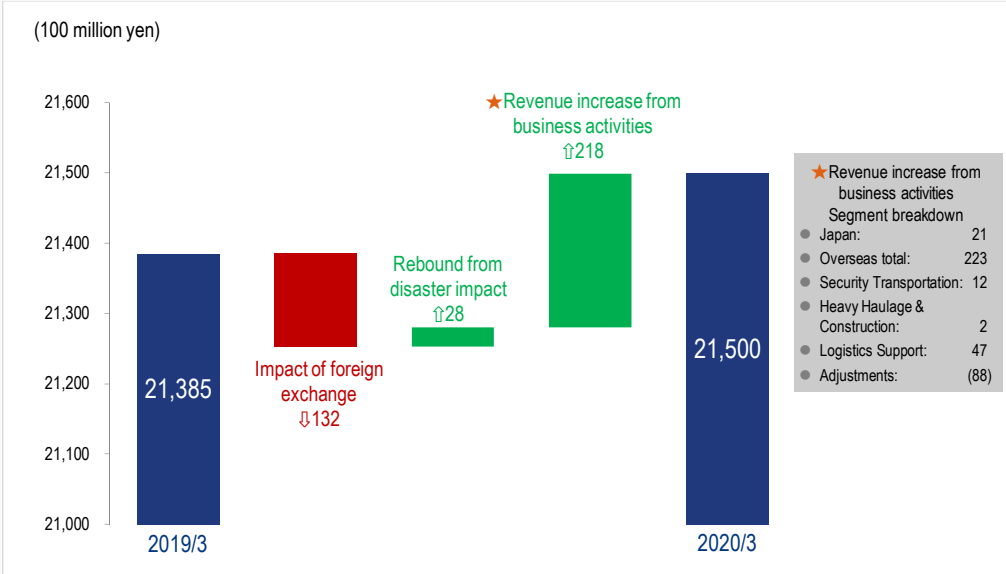
C Changes due to the external environment and other variable factors (forecast)

Variable factors	Impact on consolidated results (Full-year forecast)	Reference
Impact from disasters (Special factor in FY2018)	Operating income: ¥1.01 billion *1H: ¥0.90 billion 2H: ¥0.10 billion	(Reference) Impact in FY2018 • Transportation opportunity loss due to suspension of operation of customers' factories as a result of disasters: ¥(2.43) billion • Response to non-routine transportation needs, such as substitute transportation: ¥1.41 billion
Changes associated with employee system reform	Operating income: ¥(8.0) billion	<ul style="list-style-type: none"> • Japan: ¥(6.26) billion • Security Transportation: ¥(1.68) billion • Heavy Haulage & Construction: ¥(0.05) billion
Environment investments	Operating income: ¥(1.0) billion	<ul style="list-style-type: none"> • Japan: ¥(1.0) billion
Impact from change of the period applicable to bonus payment	Operating income: ¥(4.67) billion	<ul style="list-style-type: none"> • Japan: ¥(3.58) billion • Security Transportation: ¥(0.97) billion • Heavy Haulage & Construction: ¥(0.11) billion

2. Forecast of Consolidated Financial Results for FY2019

D Breakdown of revenues and operating income (forecast)

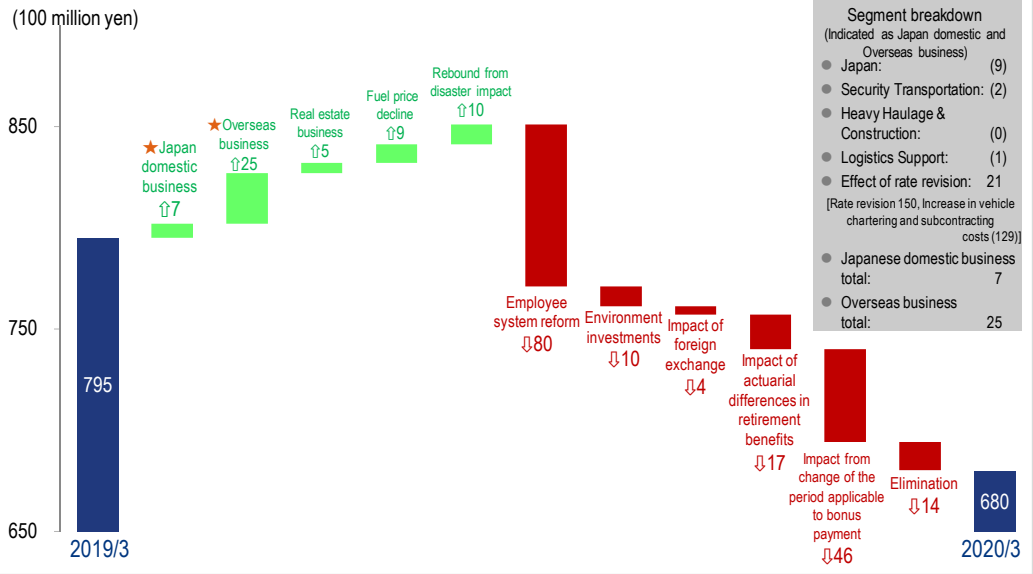
1. Revenues



2. Forecast of Consolidated Financial Results for FY2019

D Breakdown of revenues and operating income

2. Operating income



3. Segment Overview of FY2019

A Japan segment

(100 million yen)
* Figures in brackets indicate operating income margin (%).

1. Actual for 1Q

Item	Actual for FY2019	Comparison with FY2018		
		FY2018	Difference	Difference (%)
Revenues	3,025	3,073	(48)	(1.6)
Operating income*	73 [2.4]	119 [3.9]	(46)	(39.0)

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	3,025	3,170	6,196	-	-	6,422	12,618
Operating income*	73 [2.4]	112 [3.6]	186 [3.0]	-	-	286 [4.5]	472 [3.7]

Item	Actual for FY2018						
	1Q	2Q	1H	3Q	4Q	2H	FY
Revenues	3,073	3,084	6,157	3,346	3,063	6,410	12,568
Operating income*	119 [3.9]	118 [3.8]	238 [3.9]	188 [5.6]	133 [4.3]	321 [5.0]	559 [4.5]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	(48)	86	38	-	-	11	49
	(1.6)	2.8	0.6	-	-	0.2	0.4
Operating income	(46)	(5)	(52)	-	-	(35)	(87)
	(39.0)	(4.8)	(22.0)	-	-	(10.9)	(15.7)

1Q overview	
• Significant impact from higher personnel expenses owing to employee system reform, etc., on the non-consolidated level caused income to decline.	
• Income decreased despite rate revisions in railway transportation and truck transportation.	
• Revenues in marine & harbor transportation increased through aggressive bidding in export projects.	
• Air revenues were down due to lower freight volume from lack of spot freight that existed in FY2018.	

Forecast overview	
• Air cargo import and export demand will continue to be soft, and it is difficult to forecast a recovery at this time.	
• In view of actual non-consolidated revenues for June, customer cargo movement, etc., is tending to slow down, but it is difficult to forecast based on the June results.	
• Higher vehicle chartering and subcontracting costs, and unstable international conditions including U.S.-China trade friction will cause high uncertainty to continue.	

3. Forecast change

Item	Comparison of full-year forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	12,618	12,618	0
Operating income*	472 [3.7]	472 [3.7]	0

Item	Comparison of 1H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	6,196	6,196	0
Operating income*	186 [3.0]	186 [3.0]	0

Item	Comparison of 2H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	6,422	6,422	0
Operating income*	286 [4.5]	286 [4.5]	0

Special factors	
[Rebound from disaster impact in FY2018] Yearly: 10 (from 2Q onward)	
[Cost increase associated with the employee system reform] Yearly (62)	
[Change of the period applicable to bonus payment] 1H(10); (35)	
[Increase in amortization of actuarial differences in retirement benefit accounting] Yearly (13)	

◇ Overview of the first quarter (Lower revenues, lower income)

- On the non-consolidated level, the effect of personnel cost increase associated with the employee system reform was significant, causing lower income.
- In railway transportation, although transactions of automobile-related components increased, a recovery from customer reluctance to utilize railways after disasters during the last year has yet to materialize, and coupled with stagnant cargo movement, revenues were down despite progress in rate revisions.
- In truck transportation, although cargo movement for items such as steel was solid, revenue was down owing to significant declines at some customers for automobile-related components.
- In marine & harbor transportation, despite a pullback from spot export projects during last year and losses from container terminal operations associated with ocean alliance changes, increased import operations and aggressive bidding to capture marine & harbor exports led to higher revenues.
- In air freight forwarding, consolidated export cargo weights originating in Japan decreased significantly by 36.7% compared to the fiscal year ended March 2019, far exceeding the overall market contraction of 26.0%.
- Revenues decreased as sport cargo suffered a significant decline in areas that were strong during last year, such as exports of automobile-related components to Europe and electronic components and semiconductor-related components to Asia.

3. Segment Overview of FY2019

B The Americas segment

(100 million yen)
* Figures in brackets indicate operating income margin (%).

1. Actual for 1Q

Item	Actual for FY2019	Comparison with FY2018		
		FY2018	Difference	Difference (%)
Revenues	240	231	8	3.7
Operating income*	8 [3.6]	8 [3.7]	0	0.6

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	240	234	475	-	-	522	997
Operating income*	8 [3.6]	11 [4.8]	20 [4.2]	-	-	27 [5.2]	47 [4.7]

Item	Actual for FY2018						
	1Q	2Q	1H	3Q	4Q	2H	FY
Revenues	231	240	472	251	262	514	986
Operating income*	8 [3.7]	13 [5.7]	22 [4.7]	11 [4.7]	8 [3.3]	20 [4.0]	42 [4.3]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	8 3.7	(5) (2.4)	2 0.6	-	-	7 1.4	10 1.0
Operating income	0 0.6	(2) (16.8)	(2) (10.1)	-	-	6 32.4	4 10.2

1Q overview	
• Revenues were up and income was down on a local currency basis excluding the impact of foreign exchange.	
• Although air export forwarding Revenue was decreased, the difference was covered by marine export freight forwarding, warehousing, and automobile transport, etc., leading to higher revenues.	
• Despite efforts in expenses to reduce administrative costs and forwarding cost accompanying a decline in air transaction volume, operating income increased slightly.	

Forecast overview	
• In consideration of the impact of foreign exchange, revenues are forecast to decrease by ¥4.0 billion for the full year compared with the forecasts announced on April 26.	

3. Forecast change

Item	Comparison of full-year forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	997	1,037	(40)
Operating income*	47 [4.7]	47 [4.5]	0

Item	Comparison of 1H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	475	494	(19)
Operating income*	20 [4.2]	20 [4.0]	0

Item	Comparison of 2H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	522	543	(21)
Operating income*	27 [5.2]	27 [5.0]	0

◇ Overview of the first quarter (Higher revenues, unchanged income)

- Revenues increased and income decreased on a local currency basis excluding the impact of foreign exchange rates.
- Affected by global economic conditions, although air export forwarding Revenue was decreased, the difference was covered by marine export freight forwarding, warehousing, and automobile transport, etc., leading to higher revenues.
- Despite efforts in expenses to reduce administrative costs and forwarding cost accompanying a decline in air transaction volume, operating income increased slightly.

3. Segment Overview of FY2019

C Europe segment

(100 million yen)
* Figures in brackets indicate operating income margin (%).

1. Actual for 1Q

Item	Actual for FY2019	Comparison with FY2018		
		FY2018	Difference	Difference (%)
Revenues	298	285	13	4.8
Operating income*	7 [2.4]	5 [2.0]	1	30.7

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	298	296	595	-	-	634	1,229
Operating income*	7 [2.4]	5 [1.9]	13 [2.2]	-	-	17 [2.7]	30 [2.4]

Item	Actual for FY2018						
	1Q	2Q	1H	3Q	4Q	2H	FY
Revenues	285	274	559	274	313	588	1,148
Operating income*	5 [2.0]	1 [0.6]	7 [1.3]	4 [1.7]	10 [3.5]	15 [2.6]	22 [2.0]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	13 4.8	21 7.9	35 6.3	-	-	45 7.8	80 7.0
Operating income	1 30.7	4 249.1	5 79.8	-	-	1 9.8	7 32.1

1Q overview	
<ul style="list-style-type: none"> In air export freight forwarding, while apparel-related transactions decreased and a lack of spot business that existed in FY2018 caused revenues to decrease, performance was solid in the warehousing & distribution business, stemming from transactions from existing customers, Franco Vago and Traconf. In expenses, although personnel expenses continue to remain high, operating income was increased because temporary expenses was no longer factors which associated with the consolidation of Traconf in last year. 	

Forecast overview	
<ul style="list-style-type: none"> In consideration of the impact of foreign exchange, revenues are forecast to decrease by ¥2.3 billion for the full year compared with the forecasts announced on April 26. 	

3. Forecast change

Item	Comparison of full-year forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	1,229	1,252	(23)
Operating income*	30 [2.4]	30 [2.4]	0

Item	Comparison of 1H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	595	604	(9)
Operating income*	13 [2.2]	13 [2.2]	0

Item	Comparison of 2H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	634	648	(14)
Operating income*	17 [2.7]	17 [2.6]	0

◇ Overview of the first quarter (Higher revenues, higher income)

- In air export freight forwarding, while apparel-related transactions decreased and a lack of spot business that existed in FY2018 caused revenues to decrease, performance was solid in the warehousing & distribution business, stemming from transactions from existing customers, Franco Vago and Traconf, leading to higher revenues.
- In expenses, although personnel expenses continue to remain high, operating income was increased because temporary expenses was no longer factors which associated with the consolidation of Traconf in last year.

3. Segment Overview of FY2019

D East Asia segment

(100 million yen)
* Figures in brackets indicate operating income margin (%).

1. Actual for 1Q

Item	Actual for FY2019	Comparison with FY2018		
		FY2018	Difference	Difference (%)
Revenues	275	283	(8)	(2.8)
Operating income*	6 [2.3]	3 [1.4]	2	63.3

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	275	278	554	-	-	656	1,210
Operating income*	6 [2.3]	7 [2.8]	14 [2.5]	-	-	19 [2.9]	33 [2.7]

Item	Actual for FY2018						
	1Q	2Q	1H	3Q	4Q	2H	FY
Revenues	283	304	588	308	331	639	1,227
Operating income*	3 [1.4]	7 [2.5]	11 [2.0]	8 [2.6]	10 [3.1]	18 [2.9]	30 [2.5]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	(8) (2.8)	(26) (8.7)	(34) (5.9)	-	-	16 2.6	(17) (1.4)
Operating income	2 63.3	(0) (0.8)	2 20.5	-	-	0 2.9	2 9.7

1Q overview	
<ul style="list-style-type: none"> While marine export freight forwarding for Europe and Asia and warehousing & distribution were strong, a partial loss of orders and lower transactions for North America in air export freight forwarding caused revenues to decline. Air forwarding costs declined significantly owing to lower transaction volume and a decline in unit costs, and combined with efforts to reduce fixed expenses, income increased. The operating income margin also improved by 0.9 points. 	

Forecast overview	
<ul style="list-style-type: none"> In consideration of the impact of foreign exchange, revenues are forecast to decrease by ¥5.3 billion for the full year compared with the forecasts announced on April 26. 	

3. Forecast change

Item	Comparison of full-year forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	1,210	1,263	(53)
Operating income*	33 [2.7]	33 [2.6]	0

Item	Comparison of 1H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	554	596	(42)
Operating income*	14 [2.5]	14 [2.3]	0

Item	Comparison of 2H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	656	667	(11)
Operating income*	19 [2.9]	19 [2.8]	0

◇ Overview of the first quarter (Lower revenues, higher income)

- While marine export freight forwarding for Europe and Asia and warehousing & distribution were strong and revenues were up, a partial loss of orders and lower transactions for North America in air export freight forwarding caused overall revenues to decline.
- In operating income, air forwarding costs declined significantly owing to lower transaction volume and a decline in unit costs, and combined with efforts to reduce fixed expenses, income increased. The operating income margin also improved by 0.9 points.

3. Segment Overview of FY2019

E South Asia & Oceania segment

(100 million yen)
* Figures in brackets indicate operating income margin (%).

1. Actual for 1Q

Item	Actual for FY2019	Comparison with FY2018		
		FY2018	Difference	Difference (%)
Revenues	219	218	1	0.8
Operating income*	7 [3.4]	8 [4.0]	(1)	(14.5)

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	219	219	439	-	-	497	936
Operating income*	7 [3.4]	12 [5.7]	20 [4.6]	-	-	23 [4.6]	43 [4.6]

Item	Actual for FY2018						
	1Q	2Q	1H	3Q	4Q	2H	FY
Revenues	218	226	444	236	237	474	918
Operating income*	8 [4.0]	10 [4.7]	19 [4.3]	10 [4.3]	7 [3.2]	17 [3.7]	37 [4.0]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	1 0.8	(7) (3.3)	(5) (1.3)	-	-	22 4.8	17 1.9
Operating income	(1) (14.5)	1 18.4	0 3.4	-	-	5 29.4	5 15.9

1Q overview	
<ul style="list-style-type: none"> Revenues were down in air export freight forwarding due the effects of losing customers and lower spot transactions, but revenues increased overall owing to increased automobile-related and apparel transactions in marine & harbor transportation and warehousing & distribution. The effects of higher forwarding costs and subcontracting costs weighed on operating income, limiting profits. 	

Forecast overview	
<ul style="list-style-type: none"> In consideration of the impact of foreign exchange, revenues are forecast to decrease by ¥1.4 billion for the full year compared with the forecasts announced on April 26. 	

3. Forecast change

Item	Comparison of full-year forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	936	950	(14)
Operating income*	43 [4.6]	43 [4.5]	0

Item	Comparison of 1H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	439	456	(17)
Operating income*	20 [4.6]	20 [4.4]	0

Item	Comparison of 2H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	497	494	3
Operating income*	23 [4.6]	23 [4.7]	0

◇ Overview of the first quarter (Higher revenues, lower income)

- Revenues were down in air export freight forwarding due the effects of losing customers and lower spot transactions, but revenues increased overall owing to increased automobile-related and apparel transactions in marine & harbor transportation and warehousing & distribution.
- The effects of higher forwarding costs and subcontracting costs weighed on operating income, limiting profits and causing income to decline.

3. Segment Overview of FY2019

F Security Transportation segment

(100 million yen)
* Figures in brackets indicate operating income margin (%).

1. Actual for 1Q

Item	Actual for FY2019	Comparison with FY2018		
		FY2018	Difference	Difference (%)
Revenues	184	180	3	2.0
Operating income*	(11) [-]	3 [1.8]	(15)	-

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	184	183	368	-	-	371	739
Operating income*	(11) [-]	(7) [-]	(19) [-]	-	-	1 [0.3]	(18) [-]

Item	Actual for FY2018							
	1Q	2Q	1H	3Q	4Q	2H	FY	
Revenues	180	179	359	181	185	366	726	
Operating income*	3 [1.8]	(0) [-]	2 [0.8]	3 [1.8]	6 [3.3]	9 [2.6]	12 [1.7]	

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	3	4	8	-	-	4	12
Operating income	(15)	(6)	(19)	-	-	(8)	(30)

1Q overview	
• Despite an increase in revenues owing to external sales of cash safety delivery machines, operating income was down significantly due to factors including decreased in number of deliveries due to branch consolidation and cost reductions of our customers. And also higher personnel costs was effected to reduce operating income as a result of employee system reform and change of the period applicable to bonus payment.	

Forecast overview	
• Although higher personnel expenses owing to employee system reform have an significant impact improvements are projected due to sales expansion.	

3. Forecast change

Item	Comparison of full-year forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	739	739	0
Operating income*	(18) [-]	(18) [-]	0

Item	Comparison of 1H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	368	368	0
Operating income*	(19) [-]	(19) [-]	0

Item	Comparison of 2H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	371	371	0
Operating income*	1 [0.3]	1 [0.3]	0

Special factors	
[Cost increase associated with the employee system reform] Yearly (16)	
[Change of the period applicable to bonus payment] 1H(1Q): (10)	
[Increase in amortization of actuarial differences in retirement benefit accounting] Yearly (3)	

◇ Overview of the first quarter (Higher revenues, lower income)

- Despite an increase in revenues owing to external sales of cash safety delivery machines, operating income was down significantly to a 1.1 billion yen loss due to factors including decreased in number of deliveries due to branch consolidation and cost reductions of our customers.
- And also higher personnel costs was effected to reduce operating income as a result of employee system reform and change of the period applicable to bonus payment.

3. Segment Overview of FY2019

G Heavy Haulage & Construction segment (100 million yen)

1. Actual for 1Q

* Figures in brackets indicate operating income margin (%).

Item	Actual for FY2019	Comparison with FY2018		
		FY2018	Difference	Difference (%)
Revenues	133	124	9	7.8
Operating income*	10 [7.9]	10 [8.6]	(0)	(0.5)

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	133	136	270	-	-	210	480
Operating income*	10 [7.9]	11 [8.4]	22 [8.1]	-	-	21 [10.0]	43 [9.0]

Item	Actual for FY2018						
	1Q	2Q	1H	3Q	4Q	2H	FY
Revenues	124	124	248	120	108	228	477
Operating income*	10 [8.6]	10 [8.2]	20 [8.4]	15 [13.0]	8 [8.0]	24 [10.6]	45 [9.5]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	9 7.8	11 9.4	21 8.6	-	-	(18) (8.2)	2 0.5
Operating income	(0) (0.5)	1 11.5	1 5.3	-	-	(3) (13.6)	(2) (4.9)

3. Forecast change

Item	Comparison of full-year forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	480	480	0
Operating income*	43 [9.0]	43 [9.0]	0

Item	Comparison of 1H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	270	270	0
Operating income*	22 [8.1]	22 [8.1]	0

Item	Comparison of 2H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	210	210	0
Operating income*	21 [10.0]	21 [10.0]	0

Special factors

[Cost increase associated with the employee system reform] Yearly (0.5)
 [Change of the period applicable to bonus payment] 1H(1Q): (1)
 [Increase in amortization of actuarial differences in retirement benefit accounting] Yearly (0.4)

1Q overview

- Transport and installation related to wind power plants both in Japan and overseas in addition to shutdown maintenance in Japanese plants progressed as planned.
- Operating income declined slightly, partially impacted by higher personnel costs.

Forecast overview

- Continued wind power plant-related and shutdown maintenance projects are projected to remain strong during 1H.
- 2H will see efforts to expand sales via capturing additional projects.

◇ Overview of the first quarter (Higher revenues, lower income)

- Transport and installation related to wind power plants both in Japan and overseas in addition to shutdown maintenance in Japanese plants progressed as planned, leading to higher revenues.
- Operating income declined slightly, partially impacted by higher personnel costs.

3. Segment Overview of FY2019

H Logistics Support segment

(100 million yen)
* Figures in brackets indicate operating income margin (%).

1. Actual for 1Q

Item	Actual for FY2019	Comparison with FY2018		
		FY2018	Difference	Difference (%)
Revenues	1,145	1,115	29	2.7
Operating income*	27 [2.4]	26 [2.4]	0	0.8

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	1,145	1,220	2,366	-	-	2,522	4,888
Operating income*	27 [2.4]	30 [2.5]	58 [2.5]	-	-	68 [2.7]	126 [2.6]

Item	Actual for FY2018						
	1Q	2Q	1H	3Q	4Q	2H	FY
Revenues	1,115	1,170	2,285	1,281	1,272	2,553	4,839
Operating income*	26 [2.4]	30 [2.6]	57 [2.5]	33 [2.6]	36 [2.9]	70 [2.7]	127 [2.6]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q forecast	1H forecast	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	29 2.7	50 4.3	80 3.5	-	-	(31) (1.2)	48 1.0
Operating income	0 0.8	0 0.4	0 0.6	-	-	(2) (3.0)	(1) (1.4)

1Q overview	
<ul style="list-style-type: none"> Performance in logistics finance was favorable due to replacement demand for Windows 10 in Nippon Express Capital. Revenues declined in oil sales at Nittsu Shoji due to lower unit prices, the logistics support business struggled due to a decline in packing services for export, and despite contributions from sales of distribution equipment such as steel products, revenues decreased. 	

Forecast overview	
<ul style="list-style-type: none"> Considering higher revenues for logistics finance at Nippon Express Capital, revenues are forecast to increase by ¥13.0 billion for the full year compared with the forecasts announced on April 26. 	

3. Forecast change

Item	Comparison of full-year forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	4,888	4,758	130
Operating income*	126 [2.6]	126 [2.6]	0

Item	Comparison of 1H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	2,366	2,279	87
Operating income*	58 [2.5]	58 [2.5]	0

Item	Comparison of 2H forecasts		
	July 31 forecast	April 26 forecast	Difference
Revenues	2,522	2,479	43
Operating income*	68 [2.7]	68 [2.7]	0

◇ Overview of the first quarter (Higher revenues, higher income)

- Performance in logistics finance was favorable due to replacement demand for Windows 10 in Nippon Express Capital, causing higher revenues.
- Revenues declined in oil sales at Nittsu Shoji due to lower unit prices, the logistics support business struggled due to a decline in packing services for export, and despite contributions from sales of distribution equipment such as steel products, revenues decreased.

4. KPIs of the Nippon Express Group Business Plan 2023

A KPIs of the Nippon Express Group Business Plan 2023 <Growth strategy for core businesses>

Item (Revenues)	Domestic*		Overseas	
	Actual for FY2018	KPI(FY 2023)	Actual for FY2018	KPI(FY 2023)
Further business development in the electric and electronics industry	¥115.4 billion	¥120.0 billion	¥105.4 billion	¥145.0 billion
Further business development in the automotive industry	¥51.2 billion	¥90.0 billion	¥59.1 billion	¥110.0 billion
Further business development in the apparel industry	¥16.3 billion	¥24.5 billion	¥48.2 billion	¥80.0 billion
Further business development in the pharmaceutical/medical industry	¥16.7 billion	¥36.0 billion	¥9.5 billion	¥40.0 billion
Increase of non-Japanese accounts (GAM, GTA*)	¥26.0 billion	¥43.0 billion	-	-
Total	¥225.6 billion	¥313.5 billion	¥222.2 billion	¥375.0 billion
Increase		¥ 87.9 billion		¥ 152.8 billion
Item (Forwarding volume)	Actual for FY2018		KPI (FY 2023)	
Expansion of marine freight forwarding	680,000 TEU		1,300,000 TEU	
Expansion of air freight forwarding	900,000 tons		1,400,000 tons	

*Domestic actual and KPI figures are for non-consolidated Nippon Express.

*GAM: Global Account Management

*GTA: Global Target Accounts

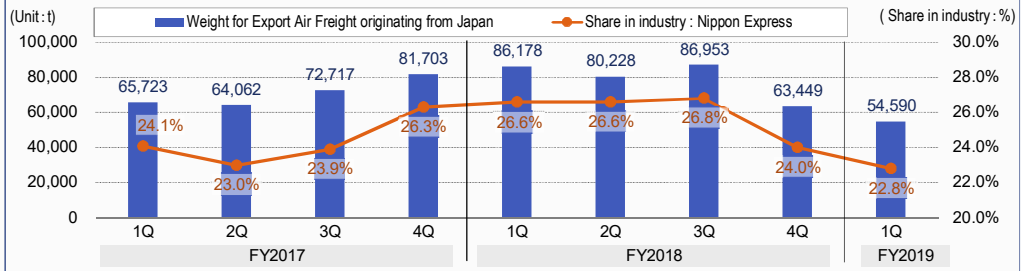
*Forwarding volume: Annual volume for the calendar year from January to December.

Appendix

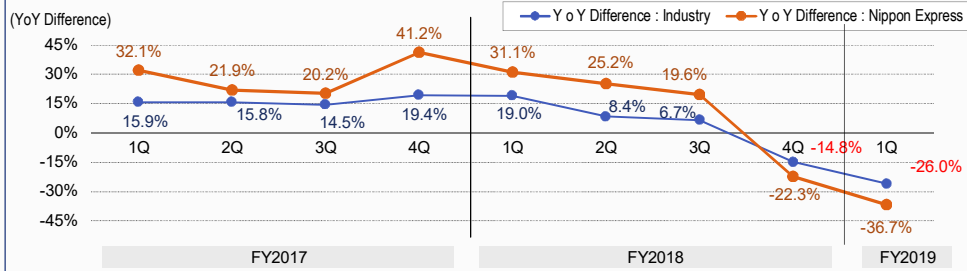
Information presented in this document shows trend for each financial item. However, because the data before conducting financial closing procedures were used for the preparation, total amount for each financial item may differ from actual financial figures. Please note that this document was prepared as a reference to facilitate the understanding of the current status of the Company's business.

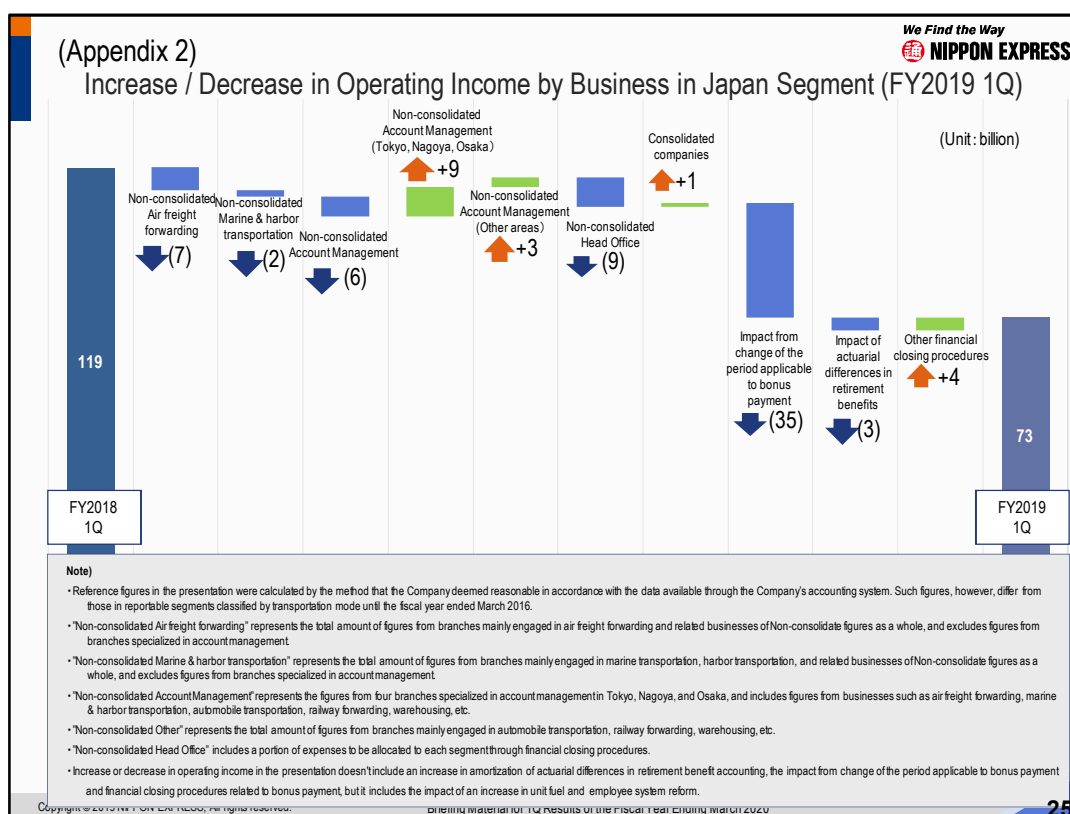
(Appendix 1) Trend in Weight for Export Air Freight Originating from Japan

Trend in Weight for Export Air Freight Originating from Japan



The rate of difference for Export Air Freight Originating from Japan





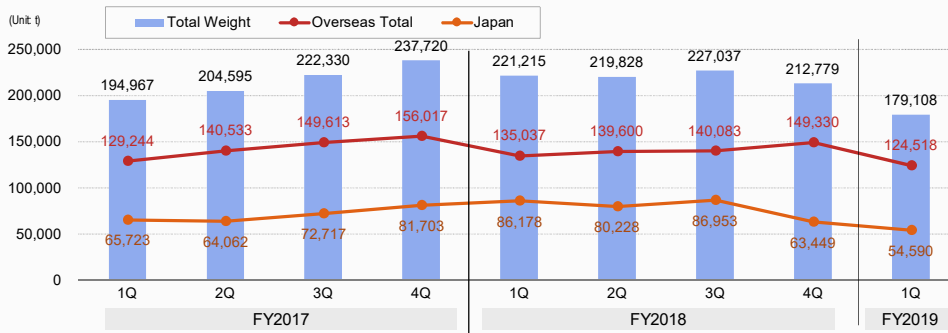
- Income declined significantly in air freight forwarding on the non-consolidated level.
- Income was also down at branches responsible for account sales, owing to weakness in air export freight forwarding that was a contributor to profits during the fiscal year ended March 2019.
- Marine & harbor transportation on the non-consolidated level also showed lower income.
- The domestic block that handles automobiles, railways, and warehousing, etc., on the non-consolidated level and domestic consolidated subsidiaries extended gains through response to lively demand for warehousing, vacancy countermeasures, and receipt of appropriate fees.

(Appendix 3) Trend in Export Freight (Air Freight Forwarding)

(Unit: t)

Originating Region	FY2017					FY2018					FY2019				
	1Q	2Q	3Q	4Q	Full FY	1Q	2Q	3Q	4Q	Full FY	1Q	2Q	3Q	4Q	Full FY
Japan	65,723	64,062	72,717	81,703	284,205	86,178	80,228	86,953	63,449	316,808	54,590				
The Americas	18,610	21,729	20,304	20,496	81,139	21,149	22,915	22,532	21,193	87,789	19,868				
Europe	28,592	30,992	32,292	38,935	130,811	29,479	30,638	31,618	37,874	129,609	29,856				
East Asia	40,917	45,648	46,197	48,532	181,294	40,761	42,084	41,122	45,847	169,814	35,258				
South Asia & Oceania	41,124	42,164	50,819	48,053	182,160	43,648	43,963	44,810	44,416	176,837	39,535				
Overseas total	129,244	140,533	149,613	156,017	575,404	135,037	139,600	140,083	149,330	564,050	124,518				
Total weight	194,967	204,595	222,330	237,720	859,609	221,215	219,828	227,037	212,779	880,859	179,108				

Note) Overseas Area is 1Q: Jan-Mar / 2Q: Apr-Jun / 3Q: Jul-Sep / 4Q: Oct-Dec

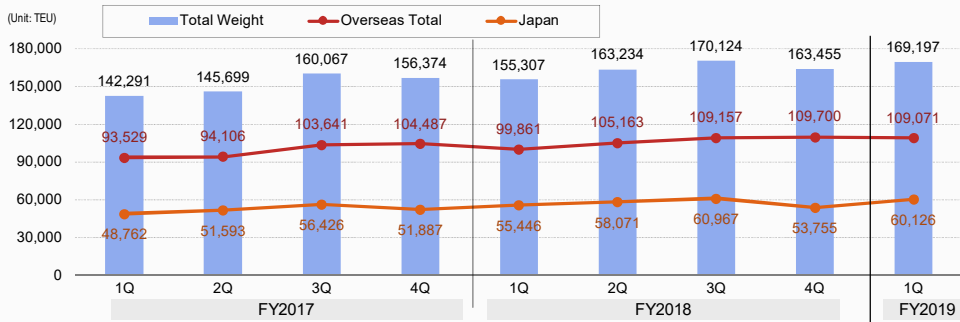


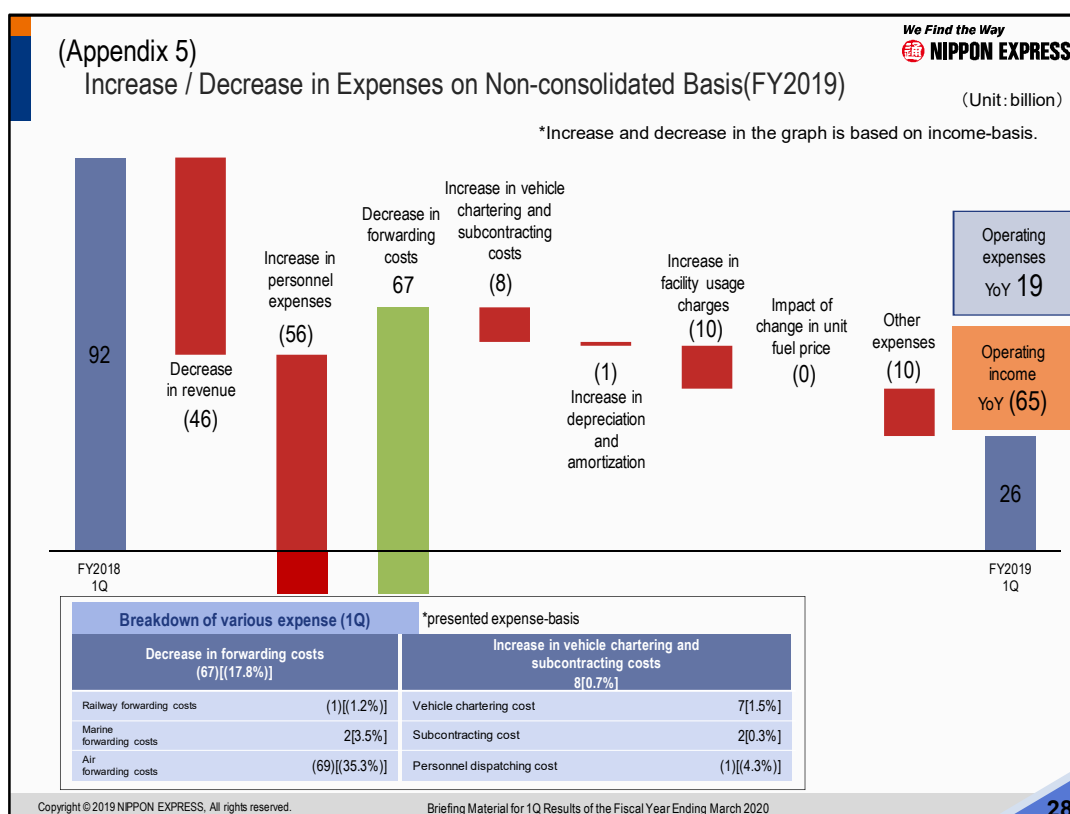
(Appendix 4) Trend in Export Freight (Marine & Harbor Transportation)

(Unit: TEU)

Originating Region	FY2017					FY2018					FY2019				
	1Q	2Q	3Q	4Q	Full FY	1Q	2Q	3Q	4Q	Full FY	1Q	2Q	3Q	4Q	Full FY
Japan	48,762	51,593	56,426	51,887	208,668	55,446	58,071	60,967	53,755	228,239	60,126				
The Americas	8,581	8,333	8,285	9,615	34,815	8,957	9,761	8,998	9,603	37,319	9,157				
Europe	12,320	10,441	11,330	12,063	46,153	10,862	11,292	10,897	11,107	44,158	10,943				
East Asia	47,411	49,142	53,948	52,030	202,531	50,551	54,801	57,456	57,046	219,854	59,122				
South Asia & Oceania	25,218	26,189	30,079	30,779	112,264	29,491	29,309	31,806	31,944	122,550	29,847				
Overseas total	93,529	94,106	103,641	104,487	395,763	99,861	105,163	109,157	109,700	423,881	109,071				
Total weight	142,291	145,699	160,067	156,374	604,431	155,307	163,234	170,124	163,455	652,120	169,197				

Note) Overseas Area is 1Q: Jan-Mar / 2Q: Apr-Jun / 3Q: Jul-Sep / 4Q: Oct-Dec





- In personnel costs, despite the effects of employee system reform and change of the period applicable to bonus payment, these were offset by factors such as reductions in overtime and personnel to cause a 5.6 billion yen increase in expenses.
- In forwarding costs, air forwarding costs declined significantly compared to the fiscal year ended March 2019 due to a large decline in export volume.
- In marine forwarding costs, although there was a lack of sport cargo seen during the fiscal year ended March 2019, costs were higher due to increased volume resulting from the acquisition of new bids, and were largely in line with expectations.
- In vehicle chartering and subcontracting costs, although there were effects of higher unit prices, the increase was within estimates as some fees were passed on to customers.

We Find the Way



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