

Results Meeting for  
the First Quarter of the Fiscal Year Ending March 2019 (Telephone Conference)  
Main Questions and Answers (Summary)

- Q1: With regard to the current results, please tell us your evaluation of operating income compared to the plan, and what contributed to profit growth in each business.
- A1: Although we do not disclose the amounts for our quarterly plans, performance has exceeded our assumptions.  
Breaking down Japan segment by business, the former combined business significantly contributed to profit through growth in major metropolitan areas centered on Tokyo, Nagoya and Osaka. Account management branches also grew steadily according to the plan. In addition, air transportation also exceeded the plan. Profit increased in marine & harbor transportation, but was slightly below the plan. Head office and consolidated companies are considered to be progressing as expected.
- Q2: In the telephone conference, you detailed that the effect of rate revision was ¥0.3 billion. Is it largely included in the profit increase of the former combined business?
- A2: It does not comprise entirely of the former combined business, although most of it is included there.
- Q3: There is information that demand in air freight for electric- and electronic-related freight will decrease. Do you sense any changes in shippers?
- A3: We habitually collect information from our customers on trends in air freight, but have not heard of any major changes. We expect that the current cargo movements will continue within the year.
- Q4: Please tell us whether the suspension of flights by Nippon Cargo Airlines (NCA) has had any impact.
- A4: Freight costs are not entirely unaffected as the suspension is being extended, but costs have not increased significantly in either our results or forecasts because we have been able to transfer most of the freight to other carriers.
- Q5: Is the collection of adequate fees proceeding as planned?
- A5: The first quarter results were mostly as expected. We are dedicating our efforts to achieving the initial forecast of ¥8.0 billion for the year.

- Q6: The torrential rains in West Japan must have had a devastating impact on railways. How many routes were suspended or cancelled due to the torrential rain, compared to the total number of transport routes? Also, I think that there is demand for trucks as an alternate means of transportation. Please explain how you are handling the situation, including the impact of the rise in vehicle chartering and subcontracting costs.
- A6: We are currently compiling the actual number of route suspensions or cancellation in July, so specific figures are not available. The main impact comes from the cut off in the Sanyo Main Line, which is the passage for about one-third of our handling in Japan, so we anticipate some kind of impact. Furthermore, if we are to satisfy the demand for trucks as alternate transportation, it will imply some use of subcontractors, and it may lead to an increase in vehicle chartering and subcontracting costs.  
Details are yet to be disclosed, as we are currently analyzing the overall scale of demand for alternate transportation and the status of damages by the torrential rain.
- Q7: You changed the predicted impact from some of the external environment factors stated in your Briefing Material for 1Q Results of the Fiscal Year Ending March 2019. Rising fuel costs will especially increase negative factors. Could you tell us why you haven't changed the full year forecast?
- A7: As current unit prices are available for fuel costs, we updated the information. We have left the results forecast for the full year and first half unchanged, because although the first quarter results were strong, much remains unpredictable, such as the impact of the torrential rains in West Japan. Specific factors such as rising fuel costs are not reflected.
- Q8: You previously mentioned your plans to work on selling assets and improving capital efficiency by cancelling cross shareholdings and selling real estate. Please tell us about the progress of those efforts.
- A8: We established a Group CRE Management Division at the head office this year, and are working on the efficient management of assets. Our first quarter results recorded a loss on disposal of non-current assets under extraordinary loss. This includes the disposal of idle buildings on the land in question to enable efficient asset usage.

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