

January 31, 2018

## Summary of Consolidated Earnings Report for the Third Quarter of FY2017 (Japanese GAAP)

Name of listed company: **Nippon Express Co., Ltd.**

Listed stock exchanges: Tokyo

Code: **9062**(URL: <http://www.nipponexpress.com> (English))(URL: <http://www.nittsu.co.jp> (Japanese))

Representative: President and CEO Mitsuru Saito

Scheduled date for release of Quarterly Financial Report: February 14, 2018

Scheduled date of dividend payment: –

Availability of supplementary briefing material on quarterly financial results: Available

(Millions of yen, rounded down)

### 1. Consolidated Financial Results for the Nine Months Ended December 31, 2017 (from April 1, 2017 to December 31, 2017)

#### (1) Consolidated Business Results

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Nine Months Ended Dec. 31, 2017	1,470,797	6.5	51,110	28.3	54,687	21.3	34,009	18.3
Nine Months Ended Dec. 31, 2016	1,380,451	(3.8)	39,849	3.5	45,068	0.1	28,758	5.0

(Note) Comprehensive income:

Nine Months Ended Dec. 31, 2017: ¥51,085 million [103.9%]

Nine Months Ended Dec. 31, 2016: ¥25,059 million [5.2%]

	Basic earnings per share	Diluted earnings per share
	¥	¥
Nine Months Ended Dec. 31, 2017	354.21	—
Nine Months Ended Dec. 31, 2016	290.97	—

\*The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, basic earnings per share were calculated assuming that the said share consolidation was implemented at the beginning of the previous consolidated fiscal year.

#### (2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of Dec. 31, 2017	1,578,113	592,261	36.4
As of Mar. 31, 2017	1,521,800	552,985	35.2

(Reference) Equity: As of Dec. 31, 2017: ¥574,978 million

As of Mar. 31, 2017: ¥536,378 million

### 2. Dividends Information

	Annual dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Yearly
	¥	¥	¥	¥	¥
Fiscal Year Ended Mar. 31, 2017	—	5.00	—	6.00	11.00
Fiscal Year Ending Mar. 31, 2018	—	6.00	—		
Fiscal Year Ending Mar. 31, 2018 (Forecast)				60.00	—

(Note) Revision of dividend projection from recently announced figures: No

\*The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, the year-end dividends forecast for FY2017 represents the amount reflecting the impact of this share consolidation, and the yearly dividends forecast has been left blank ("—"). For details, please refer to "Explanation for the appropriate use of financial forecasts and other special notes."

### 3. Forecast of Consolidated Financial Results for FY2017 (from April 1, 2017 to March 31, 2018)

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	1,980,000	6.2	70,000	21.9	73,000	14.4	43,000	18.0	447.87

(Note) Revision of consolidated results forecast from recently announced figures: Yes

\* Earnings per share in the Forecast of Consolidated Financial Results (Full Year) for FY2017 reflects the impact of the share consolidation. For details, please refer to "Explanation for the appropriate use of financial forecasts and other special notes."

#### \*Notes

(1) Significant changes of subsidiaries during the period under review (affecting specific subsidiaries due to changes in scope of consolidation): No

(2) Adoption of special accounting treatment for preparing Quarterly Consolidated Financial Statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies due to the revision of accounting standards, etc.: No

2) Any changes in accounting policies other than 1) above: Yes

3) Changes in accounting estimates: Yes

4) Corrections of errors: No

(Note) Please refer to "2. Consolidated Financial Statements and Significant Notes, (3) Notes to Consolidated Financial Statements (Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors)" on page 10 for details.

(4) Total number of issued shares (common stock)

1) Total number of issued shares at end of period (including treasury stock)	As of Dec. 31, 2017	99,800,000 shares	As of Mar. 31, 2017	99,800,000 shares
2) Total number of treasury stocks at end of period	As of Dec. 31, 2017	3,790,715 shares	As of Mar. 31, 2017	3,786,986 shares
3) Average number of shares during period	Nine months ended Dec. 31, 2017	96,013,331 shares	Nine months ended Dec. 31, 2016	98,836,307 shares

(Note) 1. The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, "Total number of issued shares at end of period (including treasury stock)," "Total number of treasury stocks at end of period" and "Average number of shares during period" were calculated assuming that the said share consolidation was implemented at the beginning of the previous consolidated fiscal year.

2. The Company has introduced the Executive Compensation BIP (Board Incentive Plan) Trust, and the Company's shares owned by the Trust recorded were included in the treasury stock at the end of the period under review.

Number of shares owned by the Executive Compensation BIP Trust:

As of Dec. 31, 2017: 73,253 shares                      As of Mar. 31, 2017: 77,100 shares

(These figures are included in "Total number of treasury stocks at end of period" above.)

\*This Consolidated Earnings Report is outside the scope of quarterly review.

#### \*Explanation for the appropriate use of financial forecasts and other special notes

The consolidated financial results forecast released on October 31, 2017 has been revised in this report.

The forward-looking statements and other results forecasts stated herein are based on the information available at the time this report was prepared and on certain assumptions considered to be reasonable. Accordingly, actual business performance may differ significantly from forecasts due to a number of factors. Please refer to "1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information" on page 4 for the use of preconditions of the financial forecasts and the use of the forecasts.

#### Forecast of dividends and consolidated financial results after the consolidation of shares

The Company consolidated 10 shares of its common stock into 1 share, effective from October 1, 2017 based on the resolution at the 111th Ordinary General Meeting of Shareholders held on June 29, 2017. In addition, the Company changed the number of shares constituting one share unit from 1,000 shares to 100 shares as of the same date. The forecast of dividends and consolidated financial results for FY2017 not reflecting the consolidation of shares are as follows.

1. Dividends forecast for FY2017: Year-end dividend per share: ¥6.00

2. Forecast of consolidated financial results for FY2017: Earnings per share: ¥44.79

#### Disclaimer:

This English translation has been prepared for general reference purposes only.

The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text.

In any legal matter, readers should refer to and rely upon the original Japanese text released January 31, 2018.

## 1. Qualitative Information on Quarterly Financial Results

### (1) Explanation of Business Results

During the nine months ended December 31, 2017, the Japanese economy remained in a moderate recovery trend, with signs of an improvement in corporate earnings, etc. on the back of a pickup in exports and production activities, amid a recovery in the global economy.

Under these economic conditions, in the field of logistics, domestic freight saw an increase in transportation demand, including for automotive parts and steel, and international freight was generally strong due to factors such as the continued steady airfreight of electronic components, etc. mainly to Asia.

In this business environment, during the nine months ended December 31, 2017, the Nippon Express Group recorded a year-on-year increase in revenues across all segments, due to factors such as robust export airfreight transactions and a rise in the unit selling price of oil. Segment income increased for all segments, coupled with positive effects on income resulting from the change in depreciation method.

As a result, revenues increased by ¥90.3 billion, or 6.5% year on year, to ¥1,470.7 billion, operating income increased by ¥11.2 billion, or 28.3% year on year, to ¥51.1 billion, ordinary income increased by ¥9.6 billion, or 21.3% year on year, to ¥54.6 billion, and profit attributable to owners of parent increased by ¥5.2 billion, or 18.3% year on year, to ¥34.0 billion.

The depreciation method for property and equipment at the Company and some domestic consolidated subsidiaries have been changed from the declining-balance method to the straight-line method starting from the first quarter ended June 30, 2017, in order to allocate costs to better reflect actual use of assets. In addition, the useful lives for some vehicles have been changed.

For details, please refer to “2. Consolidated Financial Statements and Significant Notes, (3) Notes to Consolidated Financial Statements (Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors).”

In addition, the Company marked the 80th anniversary of its founding on October 1, 2017. As a project to commemorate our 80th anniversary, we aim to further increase corporate value through social contribution activities, the formulation of a corporate message, and system development projects related to safety and quality.

### (2) Explanation of Financial Position

Total assets as at the end of the third quarter ended December 31, 2017 amounted to ¥1,578.1 billion, an increase of ¥56.3 billion or 3.7% from the end of the previous fiscal year.

Current assets amounted to ¥716.1 billion, an increase of ¥10.1 billion or 1.4% from the end of the previous fiscal year, and non-current assets totaled ¥861.9 billion, an increase of ¥46.1 billion or 5.7% from the end of the previous fiscal year.

The increase in current assets was mainly attributable to the increase in accounts receivable—trade, etc.

The increase in non-current assets was mainly attributable to the increases in property and equipment and investment securities, etc.

Current liabilities increased by ¥39.7 billion or 9.1% from the end of the previous fiscal year to ¥478.2 billion, and non-current liabilities decreased by ¥22.7 billion or 4.3% to ¥507.5 billion from the end of the previous fiscal year.

The increase in current liabilities was mainly attributable to the increases in short-term loans payable and deposits.

The decrease in non-current liabilities was mainly attributable to the decrease in long-term loans payable.

Net assets amounted to ¥592.2 billion at the end of the third quarter ended December 31, 2017, an increase of ¥39.2 billion or 7.1% from the end of the previous fiscal year.

The increase in net assets was mainly attributable to the increases in retained earnings and valuation differences on available-for-sale securities.

### (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information

The consolidated and non-consolidated financial results forecasts for FY2017 announced on October 31, 2017 have been revised as follows in light of recent performance trends.

For matters related to consolidated financial results forecasts, please refer to “3. Reference Materials (1) Consolidated Reference Materials, Forecast of Financial Results for FY2017 (Full Year),” and for matters related to non-consolidated financial results forecasts, please refer to “3. Reference Materials (2) Non-consolidated Reference Materials, Forecast of Financial Results for FY2017 (Full Year).”

#### 1) Revisions to Financial Results Forecast

##### A. Revisions to Forecast of Consolidated Financial Results for FY2017 (Full year) (From April 1, 2017 to March 31, 2018)

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on October 31, 2017)	1,940,000	69,000	72,000	43,000	447.85
Current revised forecast (B)	1,980,000	70,000	73,000	43,000	447.87
Amount of increase/decrease (B) - (A)	40,000	1,000	1,000	—	
Percentage of increase/decrease (%)	2.1	1.4	1.4	—	
(Reference) Actual results for the previous fiscal year (the fiscal year ended March 31, 2017)	1,864,301	57,431	63,806	36,454	371.32

\* The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017.

Accordingly, earnings per share is calculated assuming that the said stock consolidation was implemented at the beginning of the previous fiscal year.

##### B. Revisions to Forecast of Non-consolidated Financial Results for FY2017 (Full year) (From April 1, 2017 to March 31, 2018)

	Revenues	Operating income	Ordinary income	Profit	Earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on October 31, 2017)	1,070,000	37,500	43,000	28,000	291.62
Current revised forecast (B)	1,083,000	37,500	43,000	28,000	291.64
Amount of increase/decrease (B) - (A)	13,000	—	—	—	
Percentage of increase/decrease (%)	1.2	—	—	—	
(Reference) Actual results for the previous fiscal year (the fiscal year ended March 31, 2017)	1,043,756	30,116	37,731	28,629	291.62

\* The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017.

Accordingly, earnings per share is calculated assuming that the said stock consolidation was implemented at the beginning of the previous fiscal year.

## 2) Reasons for Revision of Financial Results Forecasts

Financial results forecast figures have been revised because consolidated revenues, operating income and ordinary income as well as non-consolidated revenues are expected to exceed the previously announced forecasts. This is mainly due to a recovery in domestic freight movements on the back of a pickup in corporate production activities, continued robust transportation demand for international freight in overseas segments centered on air freight forwarding, a rise in the unit selling price of oil, and the effect of exchange rates.

Consolidated profit attributable to owners of parent is expected to remain unchanged from the previously announced forecast. As for non-consolidated operating income, ordinary income and profit, the Company has left the forecast figures unchanged, taking into consideration factors such as trends in the unit purchase price of forwarding costs, vehicle chartering and subcontracting costs, and fuel oil costs.

### \*Note Regarding Financial Results Forecasts

The results forecasts and other forward-looking statements stated herein were prepared according to judgments made by the Company based on information currently available, and contain elements of risk and uncertainty. Actual business performance may differ from forecasts.

## 2. Consolidated Financial Statements and Significant Notes

### (1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2016 (as of March 31, 2017)	Third Quarter of FY2017 (as of December 31, 2017)
<b>ASSETS</b>		
Current assets:		
Cash and cash in banks	212,683	194,830
Notes receivable—trade	23,162	27,731
Accounts receivable—trade	298,594	309,606
Inventories	6,128	7,551
Other	166,543	177,686
Less: allowance for doubtful accounts	(1,117)	(1,220)
<b>Total current assets</b>	<b>705,994</b>	<b>716,186</b>
Non-current assets:		
Property and equipment		
Vehicles, net	26,816	32,277
Buildings, net	245,275	259,368
Land	178,991	191,263
Other, net	67,039	72,937
<b>Net property and equipment</b>	<b>518,123</b>	<b>555,847</b>
Intangible assets		
Goodwill	43,047	40,882
Other	76,407	74,252
<b>Total intangible assets</b>	<b>119,455</b>	<b>115,135</b>
Investments and other assets		
Investment securities	125,896	144,089
Other	53,400	47,982
Less: allowance for doubtful accounts	(1,070)	(1,127)
<b>Total investments and other assets</b>	<b>178,226</b>	<b>190,944</b>
<b>Total non-current assets</b>	<b>815,805</b>	<b>861,926</b>
<b>Total assets</b>	<b>1,521,800</b>	<b>1,578,113</b>
<b>LIABILITIES</b>		
Current liabilities:		
Notes payable—trade	5,833	9,803
Accounts payable—trade	156,864	153,118
Short-term loans payable	60,606	66,071
Income taxes payable	16,517	7,779
Provision for bonuses	21,299	9,889
Other provisions	178	256
Other	177,168	231,347
<b>Total current liabilities</b>	<b>438,468</b>	<b>478,266</b>
Non-current liabilities:		
Bonds payable	125,000	125,000
Long-term loans payable	209,724	186,901
Other provisions	2,164	1,623
Net retirement benefit liability	157,371	157,383
Other	36,087	36,677
<b>Total non-current liabilities</b>	<b>530,346</b>	<b>507,585</b>
<b>Total liabilities</b>	<b>968,815</b>	<b>985,851</b>

(Unit: Millions of yen)

	FY2016 (as of March 31, 2017)	Third Quarter of FY2017 (as of December 31, 2017)
<b>NET ASSETS</b>		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	24,707	24,707
Retained earnings	449,713	472,191
Less: treasury stock	(20,145)	(20,180)
Total shareholders' equity	524,450	546,893
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	56,945	68,110
Deferred gains (losses) on hedges	6	(17)
Foreign currency translation adjustments	992	2,286
Remeasurements of retirement benefit plans	(46,015)	(42,293)
Total accumulated other comprehensive income	11,928	28,085
Non-controlling interests	16,606	17,282
Total net assets	552,985	592,261
Total liabilities and net assets	1,521,800	1,578,113

## (2) Consolidated Statements of Income and Comprehensive Income

## Consolidated Statements of Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2016 (from April 1, 2016 to December 31, 2016)	Nine months ended Dec. 31, 2017 (from April 1, 2017 to December 31, 2017)
Revenues	1,380,451	1,470,797
Operating costs	1,261,765	1,338,898
Gross profit	118,686	131,898
Selling, general and administrative expenses	78,836	80,788
Operating income	39,849	51,110
Non-operating income:		
Interest income	328	435
Dividends income	2,543	3,073
Equity in earnings of affiliates	1,090	511
Other	5,517	3,269
Total non-operating income	9,480	7,289
Non-operating expenses:		
Interest expenses	2,593	2,473
Other	1,668	1,239
Total non-operating expenses	4,261	3,712
Ordinary income	45,068	54,687
Extraordinary income:		
Gain on sales of non-current assets	3,615	2,385
Gain on sales of investment securities	65	87
Gain on step acquisitions	2,291	—
Other	338	73
Total extraordinary income	6,309	2,546
Extraordinary loss:		
Loss on disposal of non-current assets	1,835	3,685
Loss on disaster	856	—
Loss on transition to defined-contribution plans	679	—
Other	678	275
Total extraordinary loss	4,050	3,960
Profit (loss) before income taxes	47,327	53,273
Income taxes	17,875	18,348
Profit	29,452	34,924
Profit (loss) attributable to non-controlling interests	694	915
Profit (loss) attributable to owners of parent	28,758	34,009

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2016 (from April 1, 2016 to December 31, 2016)	Nine months ended Dec. 31, 2017 (from April 1, 2017 to December 31, 2017)
Profit	29,452	34,924
Other comprehensive income:		
Valuation differences on available-for-sale securities	10,153	11,162
Deferred gains (losses) on hedges	193	(24)
Foreign currency translation adjustments	(20,846)	1,258
Remeasurements of retirement benefit plans	6,447	3,736
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(341)	27
Total other comprehensive income	(4,393)	16,160
Comprehensive income	25,059	51,085
(Comprehensive income (loss) attributable to)		
Owners of parent	24,707	50,165
Non-controlling interests	352	919

(3) Notes to Consolidated Financial Statements  
(Notes Regarding Going Concern Assumption)  
Not applicable.

(Notes in Cases Where There are Significant Changes in Amount of Shareholders' Equity)  
Not applicable.

(Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements)  
(Calculation of Tax Expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate following application of tax effect accounting to income before income taxes for the consolidated fiscal year, which includes the third quarter ended December 31, 2017, and multiplying income before income taxes by said estimated effective tax rate.

(Changes in Accounting Policies, Changes in Accounting Estimates and Corrections of Errors)

(Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates and Changes in Accounting Estimates)

The depreciation method for property and equipment (excluding leased assets) of the Company and some domestic consolidated subsidiaries was changed to the straight-line method from the first quarter ended June 30, 2017, although previously the straight-line method had been mainly used for buildings and the declining-balance method had been mainly used for those other than buildings.

The Company announced an “organizational reform with the aim of shifting to a one-stop structure that can leverage the Group’s comprehensive capabilities in land, marine and air transport” in April 2015, and has been pushing forward with the establishment of a customer-oriented account sales structure, which consistently covers from sales to operation. As a result of these initiatives, the Company has realized decision-making based on overall optimization of capital investment as a Group as well as the provision of services that effectively utilize management resources in the fiscal year ending March 31, 2018. Specifically, improvement in efficiency and stability has been achieved for asset operations by consolidating the ownership of vehicles, warehouse facilities, etc., which had been separately held by each business division and multiple distribution centers, to major distribution centers. Furthermore, the Company and its group companies have promoted the unified operation of non-current assets, enabling stable operation in the Logistics Support Business, such as in vehicle maintenance. In addition, spurred by multiple large-scale investment projects that started full operation from the fiscal year ending March 31, 2018, including the construction of general-purpose distribution centers, the Group’s has enhanced its capacity to meet diversifying customer needs, and realized further stability in asset operations. Taking this opportunity, the Company verified the status of use of domestic property and equipment. As a result, going forward, the joint use of facilities will be promoted through the strengthening of the “one-stop structure” for land, marine and air transport in the Group as a whole, and facilities are expected to be operated stably over the period of service. Therefore, the Company judged that cost allocation by the straight-line method can reflect the actual economic conditions of the Group more appropriately and that the unification of the depreciation methods of the Group will enhance business management.

At the same time, the Company changed the useful lives of some vehicles to those that better reflect the actual conditions by reviewing the status of operations.

As a result of these changes, operating income, ordinary income and income before income taxes for the nine months ended December 31, 2017 increased by ¥5,656 million, respectively, compared with the figures calculated based on the previous method.

(Segment Information, etc.)

[Segment Information]

1. Nine months ended December 31, 2016 (From April 1, 2016 to December 31, 2016)

Revenues and income (loss) by reportable segment

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	854,483	52,187	53,683	64,456	46,929
Intersegment	9,446	9,378	3,817	6,247	4,486
Total	863,929	61,565	57,500	70,704	51,415
Segment income	27,861	3,572	1,345	818	1,860

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount recorded in quarterly consolidated statement of income (Note 2)
Revenues						
Revenues from external customers	41,111	34,780	232,819	1,380,451	–	1,380,451
Intersegment	32	434	59,834	93,677	(93,677)	–
Total	41,144	35,215	292,653	1,474,129	(93,677)	1,380,451
Segment income	662	2,703	5,458	44,282	(4,432)	39,849

- (Notes) 1. The segment income adjustment of ¥(4,432) million includes ¥241 million for the elimination of intersegment income, and ¥(4,676) million of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.
2. Segment income has been reconciled with operating income in the quarterly consolidated statement of income.

2. Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)

Revenues and income (loss) by reportable segment

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	884,439	56,607	62,715	76,859	55,843
Intersegment	10,571	10,926	4,454	8,190	6,401
Total	895,010	67,533	67,169	85,050	62,244
Segment income	32,963	3,652	2,838	1,304	2,691

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount recorded in quarterly consolidated statement of income (Note 2)
Revenues						
Revenues from external customers	42,995	37,756	253,581	1,470,797	–	1,470,797
Intersegment	30	160	66,386	107,122	(107,122)	–
Total	43,026	37,917	319,967	1,577,920	(107,122)	1,470,797
Segment income	1,327	3,585	8,211	56,575	(5,465)	51,110

- (Notes) 1. The segment income adjustment of ¥(5,465) million includes ¥(91) million for the elimination of intersegment income, and ¥(5,380) million of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.
2. Segment income has been reconciled with operating income in the quarterly consolidated statement of income.

3. Matters related to changes in reportable segments, etc.

As described in "Changes in Accounting Policies that are Difficult to Distinguish from Changes in Accounting Estimates and Changes in Accounting Estimates," the Company and some of its consolidated domestic subsidiaries changed the depreciation method of property and equipment from the declining-balance method, which had previously been the main method of use other than for buildings, to the straight-line method from the first quarter ended June 30, 2017, and also changed the useful lives of some vehicles.

As a result of these changes, segment income of the nine months ended December 31, 2017 increased by ¥4,504 million in "Japan (Logistics)," ¥572 million in "Security Transportation," ¥243 million in "Heavy Haulage & Construction" and ¥336 million in "Logistics Support" compared with figures calculated based on the previous method.

### 3. Reference Materials

(1) Consolidated Reference Materials

○ Financial Results of Reportable Segment

(Unit: Millions of yen, %)

			Nine months ended Dec. 31, 2017	Nine months ended Dec. 31, 2016	Change		
					Amount	Ratio	
Revenues	Reportable Segment	Logistics	Japan	895,010	863,929	31,080	3.6
			The Americas	67,533	61,565	5,968	9.7
			Europe	67,169	57,500	9,668	16.8
			East Asia	85,050	70,704	14,346	20.3
			South Asia & Oceania	62,244	51,415	10,828	21.1
		Subtotal	1,177,008	1,105,116	71,892	6.5	
		Security Transportation	43,026	41,144	1,881	4.6	
		Heavy Haulage & Construction	37,917	35,215	2,702	7.7	
		Logistics Support	319,967	292,653	27,314	9.3	
		Subtotal	1,577,920	1,474,129	103,790	7.0	
	Adjustment	(107,122)	(93,677)	(13,444)	–		
Total	1,470,797	1,380,451	90,346	6.5			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.7] 32,963	[3.2] 27,861	5,101	18.3
			The Americas	[5.4] 3,652	[5.8] 3,572	80	2.2
			Europe	[4.2] 2,838	[2.3] 1,345	1,493	111.0
			East Asia	[1.5] 1,304	[1.2] 818	485	59.4
			South Asia & Oceania	[4.3] 2,691	[3.6] 1,860	831	44.7
		Subtotal	[3.7] 43,450	[3.2] 35,458	7,992	22.5	
		Security Transportation	[3.1] 1,327	[1.6] 662	665	100.5	
		Heavy Haulage & Construction	[9.5] 3,585	[7.7] 2,703	881	32.6	
		Logistics Support	[2.6] 8,211	[1.9] 5,458	2,753	50.5	
		Subtotal	[3.6] 56,575	[3.0] 44,282	12,293	27.8	
	Adjustment	(5,465)	(4,432)	(1,032)	–		
Total	[3.5] 51,110	[2.9] 39,849	11,260	28.3			

(Note) Figures in brackets indicate Operating Margins.

○ Forecast of Financial Results for FY2017 (Full Year)

(Unit: Millions of yen, %)

		FY2017	FY2016	Change			
				Amount	Ratio		
Revenues	Reportable Segment	Logistics	Japan	1,191,400	1,155,713	35,686	3.1
			The Americas	93,900	83,831	10,068	12.0
			Europe	100,100	79,286	20,813	26.3
			East Asia	117,100	101,746	15,353	15.1
			South Asia & Oceania	86,200	70,343	15,856	22.5
		Subtotal	1,588,700	1,490,923	97,776	6.6	
		Security Transportation	57,300	54,781	2,518	4.6	
		Heavy Haulage & Construction	48,000	46,985	1,014	2.2	
		Logistics Support	436,000	403,994	32,005	7.9	
		Subtotal	2,130,000	1,996,683	133,316	6.7	
		Adjustment	(150,000)	(132,381)	(17,618)	—	
Total	1,980,000	1,864,301	115,698	6.2			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.8] 45,000	[3.3] 38,658	6,341	16.4
			The Americas	[5.2] 4,900	[5.7] 4,772	127	2.7
			Europe	[4.4] 4,400	[2.6] 2,030	2,369	116.7
			East Asia	[1.5] 1,800	[1.1] 1,117	682	61.1
			South Asia & Oceania	[4.1] 3,500	[3.5] 2,486	1,013	40.8
		Subtotal	[3.8] 59,600	[3.3] 49,065	10,534	21.5	
		Security Transportation	[3.1] 1,800	[1.8] 964	835	86.6	
		Heavy Haulage & Construction	[9.0] 4,300	[8.3] 3,883	416	10.7	
		Logistics Support	[2.7] 11,700	[2.5] 10,015	1,684	16.8	
		Subtotal	[3.6] 77,400	[3.2] 63,930	13,469	21.1	
		Adjustment	(7,400)	(6,498)	(901)	—	
Total	[3.5] 70,000	[3.1] 57,431	12,568	21.9			

(Notes) 1. The above Forecast of Financial Results for FY2017 (Full Year) is a revision of the Forecast of Consolidated Financial Results for FY2017 announced on October 31, 2017.

2. Figures in brackets indicate Operating Margins.

## (2) Non-consolidated Reference Materials

## ○Summary of Non-consolidated Statements of Income

(Unit: Millions of yen, %)

		Nine months ended Dec. 31, 2017		Nine months ended Dec. 31, 2016		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization transportation	63,724	7.8	61,531	7.9	2,193	3.6	
	Motor transportation	Combined delivery services	61,473	7.5	59,476	7.6	1,996	3.4
		Chartered truck services	203,359	25.0	199,962	25.7	3,397	1.7
		Subtotal	264,833	32.5	259,439	33.3	5,393	2.1
	Marine and harbor transportation	Marine transportation	54,387	6.7	51,623	6.6	2,764	5.4
		Harbor transportation	41,417	5.1	39,464	5.1	1,952	4.9
		Subtotal	95,805	11.8	91,088	11.7	4,717	5.2
		(Exports)	[ 45,768 ]	—	[ 42,884 ]	—	[ 2,884 ]	[ 6.7 ]
		(Imports)	[ 29,450 ]	—	[ 27,965 ]	—	[ 1,485 ]	[ 5.3 ]
		(Domestic)	[ 20,586 ]	—	[ 20,239 ]	—	[ 347 ]	[ 1.7 ]
	Warehousing	84,262	10.3	83,804	10.7	458	0.5	
	Air transportation	International air freight	89,391	11.0	71,523	9.2	17,868	25.0
		(Exports)	[ 69,620 ]	—	[ 53,633 ]	—	[ 15,987 ]	[ 29.8 ]
		(Imports)	[ 19,771 ]	—	[ 17,890 ]	—	[ 1,880 ]	[ 10.5 ]
		Domestic air freight	29,836	3.6	29,627	3.8	209	0.7
	Subtotal	119,228	14.6	101,150	13.0	18,077	17.9	
	Heavy haulage & construction	47,844	5.9	43,587	5.6	4,256	9.8	
Incidental operations and others	139,298	17.1	138,745	17.8	552	0.4		
Total	814,996	100.0	779,347	100.0	35,649	4.6		
	(Domestic operation-related revenues)	[ 627,794 ]	77.0	[ 615,986 ]	79.0	[ 11,808 ]	[ 1.9 ]	
	(Overseas-related revenues)	[ 187,201 ]	23.0	[ 163,361 ]	21.0	[ 23,840 ]	[ 14.6 ]	
Operating expenses	Personnel expenses	Drivers/workers	89,590	11.0	90,311	11.6	(721)	(0.8)
		Office personnel	101,297	12.4	102,291	13.1	(994)	(1.0)
		Subtotal	190,887	23.4	192,603	24.7	(1,715)	(0.9)
	Forwarding costs	Railway	33,189	4.1	31,906	4.1	1,282	4.0
		Marine	21,231	2.6	17,775	2.3	3,455	19.4
		Air	37,101	4.5	26,893	3.5	10,207	38.0
		Subtotal	91,521	11.2	76,575	9.9	14,946	19.5
	Vehicle chartering and subcontracting costs	340,716	41.8	325,608	41.8	15,107	4.6	
	Depreciation and amortization	18,783	2.3	21,112	2.7	(2,328)	(11.0)	
	Facility usage charges	54,358	6.7	53,848	6.9	510	0.9	
Other	91,305	11.2	88,238	11.3	3,066	3.5		
Total	787,574	96.6	757,987	97.3	29,586	3.9		
Operating income	27,422	3.4	21,359	2.7	6,062	28.4		
Non-operating income	8,025	1.0	7,323	1.0	701	9.6		
Non-operating expenses	2,772	0.4	3,221	0.4	(448)	(13.9)		
Ordinary income	32,674	4.0	25,461	3.3	7,212	28.3		
Extraordinary income	1,892	0.2	6,894	0.9	(5,001)	(72.6)		
Extraordinary loss	2,831	0.3	2,593	0.4	238	9.2		
Profit before income taxes	31,735	3.9	29,763	3.8	1,972	6.6		
Income taxes	9,657	1.2	10,476	1.3	(819)	(7.8)		
Profit	22,077	2.7	19,286	2.5	2,791	14.5		

○ Forecast of Financial Results for FY2017 (Full Year)

(Unit: Millions of yen, %)

		FY2017 forecast	% in Sales	FY2016 actual results	% in Sales	Change		
						Amount	Ratio	
Revenues	Railway utilization transportation	86,600	8.0	84,016	8.0	2,583	3.1	
	Motor transportation	Combined delivery services	83,100	7.7	80,530	7.7	2,569	3.2
		Chartered truck services	272,200	25.1	267,893	25.7	4,306	1.6
		Subtotal	355,300	32.8	348,424	33.4	6,875	2.0
	Marine and harbor transportation	Marine transportation	71,300	6.6	67,769	6.5	3,530	5.2
		Harbor transportation	54,600	5.0	52,227	5.0	2,372	4.5
		Subtotal	125,900	11.6	119,996	11.5	5,903	4.9
	Warehousing	111,800	10.3	110,812	10.6	987	0.9	
	Air transportation	International air freight	119,200	11.0	96,783	9.2	22,416	23.2
		Domestic air freight	39,800	3.7	39,425	3.8	374	0.9
		Subtotal	159,000	14.7	136,208	13.0	22,791	16.7
	Heavy haulage & construction	58,600	5.4	57,932	5.6	667	1.2	
	Incidental operations and others	185,800	17.2	186,365	17.9	(565)	(0.3)	
Total	1,083,000	100.0	1,043,756	100.0	39,243	3.8		
Operating expenses	Personnel expenses	Drivers/workers	119,200	11.0	119,911	11.5	(711)	(0.6)
		Office personnel	135,000	12.5	136,590	13.1	(1,590)	(1.2)
		Subtotal	254,200	23.5	256,502	24.6	(2,302)	(0.9)
	Forwarding costs	Railway	44,600	4.1	42,993	4.1	1,606	3.7
		Marine	27,800	2.6	23,728	2.3	4,071	17.2
		Air	49,200	4.5	36,831	3.5	12,368	33.6
		Subtotal	121,600	11.2	103,553	9.9	18,046	17.4
	Vehicle chartering and subcontracting costs	450,400	41.6	434,910	41.7	15,489	3.6	
	Depreciation and amortization	25,600	2.3	28,932	2.8	(3,332)	(11.5)	
	Facility usage charges	72,400	6.7	71,597	6.8	802	1.1	
Other	121,300	11.2	118,143	11.3	3,156	2.7		
Total	1,045,500	96.5	1,013,640	97.1	31,859	3.1		
Operating income	37,500	3.5	30,116	2.9	7,383	24.5		
Non-operating income	10,200	0.9	12,446	1.2	(2,246)	(18.0)		
Non-operating expenses	4,700	0.4	4,831	0.5	(131)	(2.7)		
Ordinary income	43,000	4.0	37,731	3.6	5,268	14.0		
Extraordinary income	3,100	0.3	8,515	0.8	(5,415)	(63.6)		
Extraordinary loss	5,000	0.5	5,231	0.5	(231)	(4.4)		
Profit before income taxes	41,100	3.8	41,015	3.9	84	0.2		
Income taxes	13,100	1.2	12,385	1.2	714	5.8		
Profit	28,000	2.6	28,629	2.7	(629)	(2.2)		

(Note) The above Forecast of Financial Results for FY2017 (Full Year) is a revision of the Forecast of Non-consolidated Financial Results for FY2017 announced on October 31, 2017.