

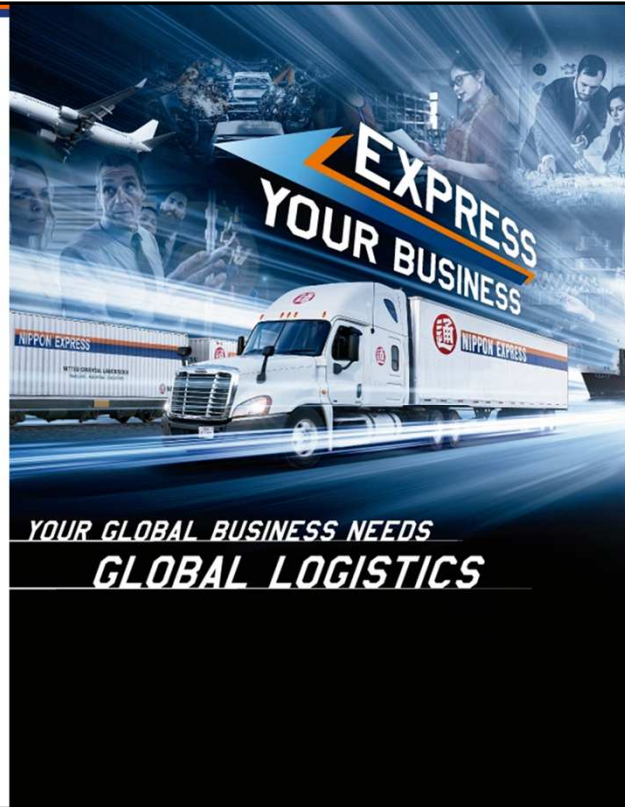
We Find the Way



## Briefing Material

for 3Q Results of  
the Fiscal Year Ending March 2019

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



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# 1. Financial Results for 3Q of FY2018



## A Overview of 3Q of FY2018

### 1. Overview (Consolidated)

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

Item	Actual for 3Q cumulative total of FY2018 ①	Actual for 3Q cumulative total of FY2017 ②	Difference YoY ③ = ① - ②	Difference YoY (%) ④ = $\frac{③}{②} \times 100$	Full-year forecast (announced on October 31) ⑤	Difference (compared with forecast) ⑥ = ⑤ - ①	Progress (%) ⑦ = $\frac{①}{⑤} \times 100$
<b>Revenues</b>	16,007	14,707	1,299	8.8	21,100	5,092	75.9
<b>Operating income</b>	594	511	83	16.3	770	175	77.2
<b>Ordinary income</b>	651	546	104	19.1	810	158	80.4
<b>Profit attributable to owners of parent</b>	405	340	64	19.1	450	44	90.0

### 2. Business Indices (Actual for the same period of the previous year)

- Operating Income Margin 3.7% (3.5%)
- Ordinary Income Margin 4.1% (3.7%)
- ROA 3.0% (0.4%)
- ROE 8.0% (1.2%)

\* 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.

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- Non-operating income increased by 2.1 billion yen partly due to gain on foreign exchange.
- Extraordinary income increased by 0.8 billion yen partly due to gain on sales of non-current assets.
- In both domestic and international freight, cargo movement was generally solid.
- Although some impacts of natural disasters remained even in the third quarter, revenues grew as subsequent recovery demand was properly captured.
- Although forwarding costs, vehicle chartering and subcontracting costs, and other costs increased, the efficiency of administration and other operations improved in parallel with collection of adequate fees.
- Consolidated revenues, operating income, ordinary income, and profit were the highest ever third quarter cumulative total results.
- Regarding initiatives to collect adequate fees, for the third quarter cumulative total, profit increased by 1.4 billion yen due to an increase of 9.1 billion yen in revenues, and a rise in unit price of vehicle chartering and subcontracting costs of 7.6 billion yen.

# 1. Financial Results for 3Q of FY2018



## B Actual results by reportable segment

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

Segment	Item	Actual for	Actual for	Difference	Difference	Full-year forecast (announced on October 31)	Difference	Progress (%)
		3Q cumulative total of FY2018 ①	3Q cumulative total of FY2017 ②	YoY ③ = ① - ②	YoY (%) ④ = $\frac{③}{②} \times 100$		(compared with forecast) ⑥ = ⑤ - ①	⑦ = $\frac{①}{⑤} \times 100$
Japan	Revenues	9,504	8,839	664	7.5	12,394	2,889	76.7
	Segment Income	426	326	99	30.6	527	100	81.0
The Americas	Revenues	724	675	48	7.2	996	271	72.7
	Segment Income	34	36	(2)	(6.8)	49	14	69.5
Europe	Revenues	834	671	162	24.2	1,122	287	74.4
	Segment Income	11	28	(16)	(58.3)	26	14	45.5
East Asia	Revenues	896	850	46	5.4	1,230	333	72.9
	Segment Income	19	13	6	50.9	29	9	67.9
South Asia & Oceania	Revenues	680	622	58	9.4	916	235	74.3
	Segment Income	29	26	2	9.5	37	7	79.7
Security Transportation	Revenues	540	540	0	0.0	726	185	74.5
	Segment Income	6	16	(9)	(61.2)	11	4	57.0
Heavy Haulage & Construction	Revenues	369	379	(10)	(2.7)	461	91	80.1
	Segment Income	36	35	0	1.8	37	0	98.6
Logistics Support	Revenues	3,567	3,199	367	11.5	4,767	1,199	74.8
	Segment Income	91	82	9	11.1	118	26	77.3

\* In accordance with organizational reform, part of the Japan segment was changed to the Security Transportation segment effective from the fiscal year ending March 31, 2019. Accordingly, figures for the previous year are reclassified to reflect the segment change for the purpose of comparability.

# 1. Financial Results for 3Q of FY2018



## C Changes due to the external environment and other variable factors

Variable factors	Impact on consolidated results (3Q cumulative total)	Reference
Impact of change in unit fuel price	<p>¥2.65 billion (cost increase)</p> <p>*3Q: ¥0.82 billion 1H: ¥1.83 billion</p>	<p>Unit price per ℓ [3Q of FY2017 / Previous forecast]</p> <ul style="list-style-type: none"> <li>• Light oil: ¥105.61 [¥88.60 / ¥109.20]</li> <li>• Gasoline: ¥138.90 [¥122.18 / ¥138.68]</li> <li>• Heavy oil: ¥57.04 [¥42.47 / ¥55.93]</li> </ul>
Impact of foreign exchange	<p>Revenues: ¥1.84 billion</p> <p>Operating income: ¥0.06 billion</p> <p>*3Q: Revenues: ¥(0.78) billion Operating income: ¥(0.03) billion</p> <p>1H: Revenues: ¥2.63 billion Operating income: ¥0.10 billion</p>	<p>Average annual exchange rate* [3Q of FY2017 / Previous forecast]</p> <ul style="list-style-type: none"> <li>• USD: ¥109.61 [¥111.92 / ¥110.60]</li> <li>• EUR: ¥130.97 [¥124.55 / ¥131.00]</li> <li>• HKD: ¥13.98 [¥14.38 / ¥14.10]</li> <li>• RMB: ¥16.85 [¥16.47 / ¥17.10]</li> </ul> <p>*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.</p>

# 1. Financial Results for 3Q of FY2018



## C Changes due to the external environment and other variable factors

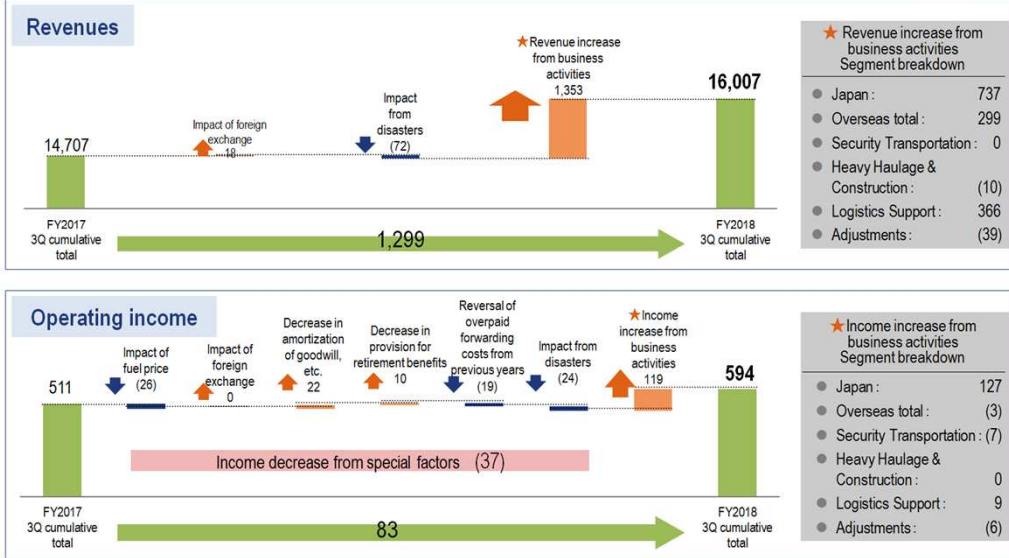
Variable factors	Impact on consolidated results (3Q cumulative total)	Reference
<b>Impact from impairment loss on goodwill and non-current assets</b>	Operating income: ¥2.28 billion *3Q: ¥0.76 billion 1H: ¥1.51 billion	<ul style="list-style-type: none"> <li>• Japan: ¥1.88 billion</li> <li>• South Asia &amp; Oceania: ¥0.39 billion</li> </ul>
<b>Decrease in provision for retirement benefits</b>	Operating income: ¥1.02 billion *3Q: ¥0.34 billion 1H: ¥0.68 billion	<ul style="list-style-type: none"> <li>• Japan: ¥0.81 billion</li> <li>• Security Transportation: ¥0.18 billion</li> <li>• Heavy Haulage &amp; Construction: ¥0.02 billion</li> </ul>
<b>Other impact</b> (special factors from previous year)	Operating income: ¥(1.9) billion (* Reversal of overpaid forwarding costs from previous years)	<ul style="list-style-type: none"> <li>• Japan: ¥(0.8) billion</li> <li>• The Americas: ¥(1.1) billion</li> </ul>
<b>Impact from disasters</b> (Heavy Rain Event in West Japan, Typhoon Jebi (Typhoon No. 21) and Hokkaido Eastern Iburi Earthquake)	Revenues: ¥(7.25) billion Operating income: ¥(2.41) billion	Operating income <ul style="list-style-type: none"> <li>• Japan: ¥(2.36) billion</li> <li>• Security Transportation: ¥(0.01) billion</li> <li>• Logistics Support: ¥(0.04) billion</li> </ul>

# 1. Financial Results for 3Q of FY2018



## D Breakdown of revenues and operating income taking variable factors into account

(100 million yen)





## 2. Forecast of Consolidated Financial Results for FY2018



### A Consolidated forecast (revised)

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

Item	Full-year forecast (announced on January 31) ①	Actual for FY2017 ②	Difference YoY ③ = ① - ②	Difference YoY (%) ④ = $\frac{③}{②} \times 100$	Full-year forecast (announced on October 31) ⑤	Difference ⑥ = ① - ⑤
Revenues	21,500	19,953	1,546	7.8	21,100	400
Operating income [Operating income margin]	770 [3.6]	702 [3.5]	67	9.6	770	-
Ordinary income	810	743	66	8.9	810	-
Profit attributable to owners of parent	450	65	384	588.7	450	-

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- The full-year forecast is revised upward.
- Specifically, revenues are raised to 2.15 trillion yen, which is the initial target for the business plan, based on results up to the third quarter.
- Operating income, ordinary income, and profits are unchanged from the previous forecast.
- Operating income exceeded the forecast at the beginning of the year by 1.0 billion yen by the second quarter and remained solid in the third quarter. However, some cargo movements were considered temporary due to post-disaster reconstruction demand and recognized as front-loaded demand for the fourth quarter and beyond.
- The volume of air export freight forwarding from Japan to Asia became lower than that of the same period of the previous year in December, partly due to a reactionary decline in spot cargo from the previous year. As a result, in the fourth quarter, most of the surplus accumulated up to the third quarter is expected to be offset mainly in the Japan and Logistics Support segments.
- With the end of the fiscal year approaching, we are considering outflows related to reevaluation of our assets and other reasons, which have been comprehensively taken into consideration for this forecast revision.



## 2. Forecast of Consolidated Financial Results for FY2018



### B Forecasts by reportable segment (revised)

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

Segment	Item	Full-year forecast (announced on January 31) <b>1</b>	Actual for FY2017 <b>2</b>	Difference YoY <b>3 = 1 - 2</b>	Difference YoY (%) <b>4 = <math>\frac{3}{2} \times 100</math></b>	Full-year forecast (announced on October 31) <b>5</b>	Difference <b>6 = 1 - 5</b>
Japan	Revenues	12,624	11,886	737	6.2	12,394	230
	Segment Income	547	455	91	20.0	527	20
The Americas	Revenues	1,000	913	86	9.4	996	4
	Segment Income	45	44	0	0.3	49	(4)
Europe	Revenues	1,167	960	206	21.5	1,122	45
	Segment Income	22	41	(19)	(47.1)	26	(4)
East Asia	Revenues	1,235	1,174	60	5.1	1,230	5
	Segment Income	30	18	11	62.5	29	1
South Asia & Oceania	Revenues	915	853	61	7.2	916	(1)
	Segment Income	37	33	3	8.9	37	-
Security Transportation	Revenues	726	720	5	0.8	726	-
	Segment Income	9	21	(12)	(57.8)	11	(2)
Heavy Haulage & Construction	Revenues	470	476	(6)	(1.3)	461	9
	Segment Income	42	40	1	3.4	37	5
Logistics Support	Revenues	4,883	4,432	450	10.2	4,767	116
	Segment Income	118	117	0	0.7	118	-

\* In accordance with organizational reform, part of the Japan segment was changed to the Security Transportation segment effective from the fiscal year ending March 31, 2019. Accordingly, figures for the previous year are reclassified to reflect the segment change for the purpose of comparability.

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### ○ Revisions from the previous forecast

- Japan: Revenues and operating income are raised.
  - The Americas: Revenues were raised and operating income is lowered.
  - Europe: Revenues were raised and operating income is lowered.
  - East Asia: Revenues and operating income are raised.
  - South Asia & Oceania: Revenues are lowered and operating income is maintained.
  - Security Transportation: Revenues are maintained and operating income is lowered.
  - Heavy Haulage & Construction: Revenues and operating income are raised.
- As a result, lower revenue and lower income forecasts are changed to lower revenue and higher income forecasts.
- Logistics Support: Revenues are raised and operating income is maintained.

## 2. Forecast of Consolidated Financial Results for FY2018



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

Variable factors	Impact on consolidated results (Forecast for full year)	Reference
<b>Impact of change in unit fuel price</b>	<p>¥2.78 billion (cost increase)</p> <p>*4Q: ¥0.12 billion 3Q cumulative total: ¥2.65 billion</p>	<p>Unit price per ℓ [Yearly average in FY2017 / Previous forecast]</p> <ul style="list-style-type: none"> <li>• Light oil: ¥103.09 [¥90.66 / ¥109.20]</li> <li>• Gasoline: ¥139.65 [¥124.38 / ¥138.68]</li> <li>• Heavy oil: ¥57.51 [¥44.29 / ¥55.93]</li> </ul> <p>* Forecast at the beginning of the year (April 27, 2018): ¥1.27 billion</p>
<b>Impact of foreign exchange</b>	<p>Revenues: ¥(0.68) billion Operating income: ¥(0.00) billion</p> <p>*4Q Revenues: ¥(2.53) billion Operating income: ¥(0.07) billion 3Q cumulative total: Revenues: ¥1.84 billion Operating income: ¥0.06 billion</p>	<p>Average annual exchange rate* [Yearly average in FY2017 / Previous forecast]</p> <ul style="list-style-type: none"> <li>• USD: ¥110.40 [¥112.19 / ¥110.60]</li> <li>• EUR: ¥130.40 [¥126.67 / ¥131.00]</li> <li>• HKD: ¥14.00 [¥14.40 / ¥14.10]</li> <li>• RMB: ¥16.70 [¥16.63 / ¥17.10]</li> </ul> <p>* 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.</p> <p>* Forecasts at the beginning of the year (April 27, 2018) Revenues: ¥(3.34) billion Operating income: ¥(0.09) billion</p>

• Annual negative impacts of 0.6 billion yen on revenues and 9 million yen on operating income are expected from foreign exchange rates.

## 2. Forecast of Consolidated Financial Results for FY2018



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

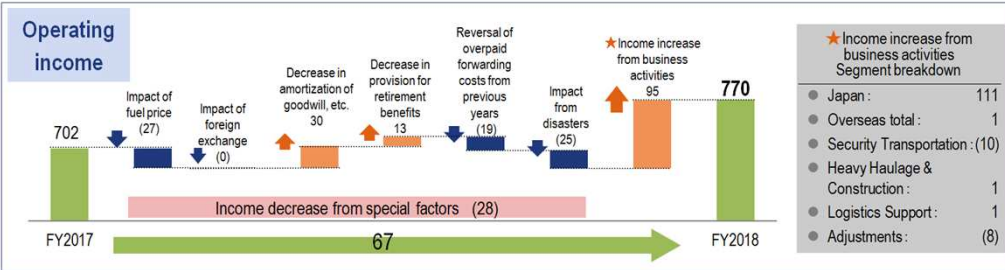
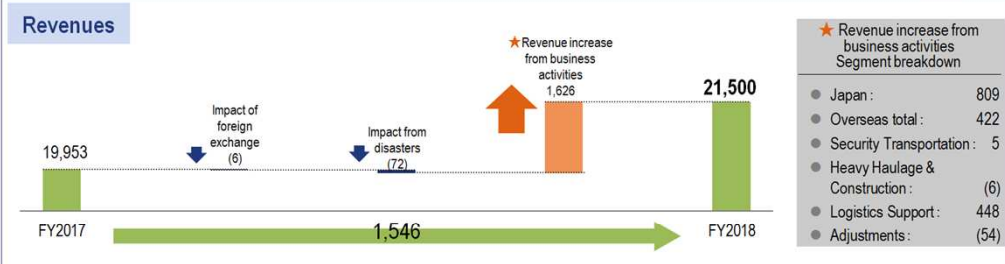
Variable factors	Impact on consolidated results (Forecast for full year)	Reference
<b>Impact from impairment loss on goodwill and non-current assets</b>	Operating income: ¥3.04 billion *4Q: ¥0.76 billion 3Q cumulative total: ¥2.28 billion	<ul style="list-style-type: none"> <li>Japan: ¥2.51 billion</li> <li>South Asia &amp; Oceania: ¥0.53 billion</li> </ul>
<b>Decrease in provision for retirement benefits</b>	Operating income: ¥1.36 billion *4Q: ¥0.34 billion 3Q cumulative total: ¥1.02 billion	<ul style="list-style-type: none"> <li>Japan: ¥1.09 billion</li> <li>Security Transportation: ¥0.24 billion</li> <li>Heavy Haulage &amp; Construction: ¥0.03 billion</li> </ul>
<b>Other impact</b> (special factors from previous year)	Operating income: ¥(1.9) billion (* Reversal of overpaid forwarding costs from previous years)	<ul style="list-style-type: none"> <li>Japan: ¥(0.8) billion</li> <li>The Americas: ¥(1.1) billion</li> </ul>
<b>Impact from disasters</b> (Heavy Rain Event in West Japan, Typhoon Jebi (Typhoon No. 21) and Hokkaido Eastern Iburi Earthquake)	Revenues: ¥(7.25) billion Operating income: ¥(2.51) billion	Operating income <ul style="list-style-type: none"> <li>Japan: ¥(2.46) billion</li> <li>Security Transportation: ¥(0.01) billion</li> <li>Logistics Support: ¥(0.04) billion</li> </ul>

## 2. Forecast of Consolidated Financial Results for FY2018



### D Breakdown of revenues and operating income taking variable factors into account (forecast)

(100 million yen)

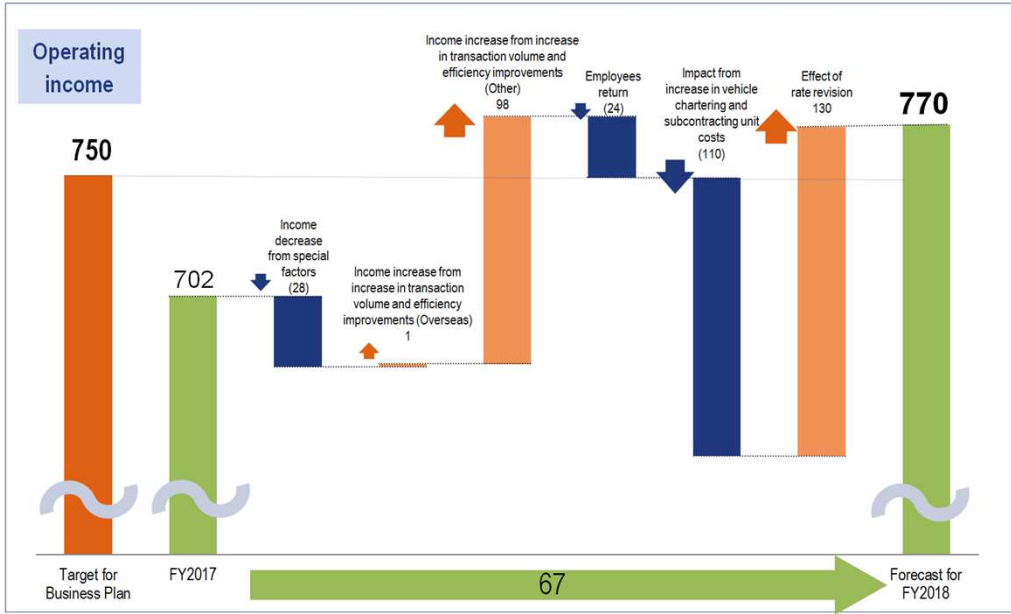


## 2. Forecast of Consolidated Financial Results for FY2018



### E Approach to operating income forecast for FY2018

(100 million yen)



### 3. Segment Overview of FY2018



#### A Japan segment

1. Actual for 3Q (100 million yen) \* Figures in brackets indicate operating income margin (%).

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	3,346	3,070	275	9.0
Operating income*	188 [5.6]	127 [4.2]	60	47.2

#### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	3,073	3,084	6,157	3,346	3,119	6,466
Operating income*	119 [3.9]	118 [3.8]	238 [3.9]	188 [5.6]	120 [3.9]	308 [4.8]

**Overview**

- In railway transportation, transactions for automobile-related components and others were solid. However, suspension or cancellation of train operation due to the Heavy Rain Event in West Japan continued until October, after which reductions in the number of train runs continued for some routes.
- In truck transportation, cargo movement of automobile-related components, steel and others maintained solid performance.
- In marine & harbor transportation, machinery-related exports and container terminal operations grew.
- In air freight forwarding, consolidated export cargo weights increased by 19.6% from the previous year, significantly exceeding the market growth rate.
- Exports of automobile-related components to Europe, and electronic components and semiconductor-related items to Asia remained strong.
- For the trend of each business, please refer to Page 3 of the supplementary material.

Item	Actual for FY2017						Comparison with FY2017 (Upper: Difference / Lower: Difference %)					
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	2,866	2,902	5,769	3,070	3,047	6,117	207	181	388	275	72	348
Operating income*	99 [3.5]	98 [3.4]	198 [3.4]	127 [4.2]	129 [4.2]	257 [4.2]	19	19	39	60	(8)	51

**Special factor 1** Decrease in amortization of goodwill, etc.: Quarterly: 6, Yearly: 25  
Decrease in provision for retirement benefits: Quarterly: 2, Yearly: 10

**Special factor 2** Reversal of overpaid forwarding costs from previous years in FY2017: (8)

**Special factor 3** Impact from disasters: 2Q: (20), 3Q: (3), Yearly: (24)

Item	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	7.2	6.3	6.7	9.0	2.4	5.7
Operating income	19.9	19.9	19.9	47.2	(6.9)	20.0

**Overview of full-year forecast**

- Revenues and operating income forecasts are raised from previous forecasts in view of the 3Q cumulative total.
- 4Q forecasts include a slowdown in air and marine freight forwarding and a decline owing to a rebound in spot cargo from the previous year.

#### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	6,157	5,990	167	Revenues	6,466	6,255	211	6,236	230
Operating income*	238 [3.9]	219 [3.7]	19	Operating income*	308 [4.8]	297 [4.7]	11	288 [4.6]	20

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#### ○ Overview of the third quarter (Higher revenues, higher income)

- Both international and domestic freight was generally solid, reflecting cargo movement in Japan and overseas.
  - In railway transportation, transactions for automobile-related components and others were solid. However, suspension or cancellation of train operation due to the Heavy Rain Event in West Japan continued until October, after which reductions in the number of train runs continued for some routes, resulting in lower revenues.
  - In truck transportation, cargo movement of automobile-related components, steel, and others maintained solid performance.
  - In marine & harbor transportation, machinery-related exports and container terminal operations grew.
  - In air freight forwarding, consolidated export cargo weights increased by 19.6% from the previous year, significantly exceeding the market growth rate of 6.7%.
  - Exports of automobile-related components to Europe and electronic components and semiconductor-related items to Asia remained strong.
  - For trends in weight for export air freight originating from Japan and the Company's share for export air freight originating from Japan, please refer to Page 2 of the supplementary material.

#### ○ Overview of full-year forecast

- Revenues and operating income forecasts are raised from previous forecasts.
  - 4Q forecasts include a slowdown in air and marine freight forwarding and a decline owing to a rebound in spot cargo from the previous year.



### 3. Segment Overview of FY2018



#### B The Americas segment

##### 1. Actual for 3Q

(100 million yen)

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

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	251	227	24	11.0
Operating income*	11 [4.7]	9 [4.2]	2	24.9

Overview
* Air export and import freight forwarding and warehousing and distribution were solid, mainly for automobile-related items.

##### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	231	240	472	251	275	527
Operating income*	8 [3.7]	13 [5.7]	22 [4.7]	11 [4.7]	10 [4.0]	22 [4.3]

Item	Actual for FY2017						Comparison with FY2017 (Upper: Difference / Lower: Difference (%))					
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	220	227	448	227	238	465	11	12	23	24	37	62
Operating income*	7 [3.4]	19 [8.6]	27 [6.0]	9 [4.2]	8 [3.5]	17 [3.8]	1	(5)	(4)	2	2	4
Revenues	5.0	5.7	5.3	11.0	15.6	13.3						
Operating income	15.5	(30.5)	(17.9)	24.9	31.5	28.0						

**Special factor 1** Reversal of overpaid forwarding costs from previous years in FY2017: (11)

**Overview of full-year forecast**  
 \* While higher revenues and higher income are expected as 3Q trends continue and negative effects from special factors in the previous year are absorbed, the revenue forecast is raised and the income forecast is lowered from the previous forecasts based on past actual results.

##### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	472	469	3	Revenues	527	485	42	523	4
Operating income*	22 [4.7]	20 [4.3]	2	Operating income*	22 [4.3]	23 [4.7]	(0)	26 [5.1]	(4)

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#### ○ Overview of the third quarter (Higher revenues, higher income)

- Revenues and income increased on a local currency basis excluding the impact of foreign exchange rates as well.
- Air export and import freight forwarding and warehousing and distribution were solid, mainly for automobile-related items.

#### ○ Overview of full-year forecast

- The revenue forecast is raised and the income forecast is lowered from previous forecasts.
- Higher revenues and higher income are expected as past trends continue and the negative effects of 1.1 billion yen owing to special factors in the previous year are absorbed.



### 3. Segment Overview of FY2018



#### C Europe segment

##### 1. Actual for 3Q (100 million yen)

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

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	274	233	41	17.7
Operating income*	4 [1.7]	11 [4.8]	(6)	(58.6)

Overview
<ul style="list-style-type: none"> <li>While the warehousing and distribution business was solid, results were affected by business lost in Italy and the lack of spot business in FY2017.</li> <li>Higher revenues and lower income partly due to increases in forwarding costs and personnel expenses.</li> </ul>

##### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	285	274	559	274	332	607
Operating income*	5 [2.0]	1 [0.6]	7 [1.3]	4 [1.7]	10 [3.1]	14 [2.4]

Item	Actual for FY2017						Comparison with FY2017 (Upper: Difference / Lower: Difference (%))					
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	214	223	438	233	288	522	70	51	121	41	43	84
Operating income*	8 [3.7]	9 [4.1]	17 [3.9]	11 [4.8]	13 [4.6]	24 [4.6]	(2)	(7)	(10)	(6)	(2)	(9)
Revenues	32.9	22.8	27.7	17.7	15.1	16.3						
Operating income	(30.5)	(82.3)	(58.2)	(58.6)	(22.7)	(39.1)						

Overview of full-year forecast
<ul style="list-style-type: none"> <li>Trends until 3Q are expected to continue for the remainder of the fiscal year.</li> <li>The revenue forecast is raised and the income forecast is lowered from the previous forecasts based on past actual results.</li> </ul>

##### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	559	551	8	Revenues	607	573	34	562	45
Operating income*	7 [1.3]	20 [3.6]	(12)	Operating income*	14 [2.4]	26 [4.5]	(11)	18 [3.3]	(4)

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Briefing Material for 3Q Results of the Fiscal Year Ending March 2019

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#### ○ Overview of the third quarter (Higher revenues, lower income)

- Revenues increased but income decreased on a local currency basis excluding the impact of foreign exchange rates as well.

- While the warehousing and distribution business was solid, forwarding costs and personnel expenses increased in addition to business lost in Italy and the lack of spot business in FY2017.

#### ○ Overview of full-year forecast

- The revenue forecast is raised and the operating income forecast is lowered from previous forecasts.

### 3. Segment Overview of FY2018



#### D East Asia segment

##### 1. Actual for 3Q

(100 million yen)

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

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	308	302	5	1.8
Operating income*	8 [2.6]	5 [1.8]	2	50.6

Overview
<ul style="list-style-type: none"> <li>Air export freight forwarding and marine export freight forwarding remained solid.</li> <li>Although air forwarding costs remained high, the reduction of expenses progressed by transferring them to customers and streamlining.</li> </ul>

##### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	283	304	588	308	338	646
Operating income*	3 [1.4]	7 [2.5]	11 [2.0]	8 [2.6]	10 [3.0]	18 [2.8]

Item	Actual for FY2017						Comparison with FY2017 (Upper: Difference / Lower: Difference (%))					
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	268	279	547	302	324	627	15	25	40	5	14	19
Operating income*	4 [1.5]	3 [1.3]	7 [1.4]	5 [1.8]	5 [1.7]	10 [1.7]	(0)	4	3	2	4	7
Revenues	5.8	9.0	7.4	1.8	4.3	3.1						
Operating income	(4.0)	111.7	51.1	50.6	90.6	70.7						

##### Overview of full-year forecast

- Trends until 3Q are expected to continue for the remainder of the fiscal year.
- The revenue and operating income forecasts are raised from the previous forecasts based on past actual results.

##### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	588	572	16	Revenues	646	641	5	641	5
Operating income*	11 [2.0]	12 [2.1]	(0)	Operating income*	18 [2.8]	16 [2.5]	2	17 [2.7]	1

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Briefing Material for 3Q Results of the Fiscal Year Ending March 2019

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#### ○ Overview of the third quarter (Higher revenues, higher income)

- Revenues and income increased on a local currency basis excluding the impact of foreign exchange rates as well.
- Air export freight forwarding and marine export freight forwarding remained solid.
- Although air forwarding costs remained high, the reduction of expenses progressed by transferring them to customers and streamlining.

#### ○ Overview of full-year forecast

- Revenue and operating income forecasts are raised from previous forecasts.

### 3. Segment Overview of FY2018



#### E South Asia & Oceania segment

##### 1. Actual for 3Q

(100 million yen)

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

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	236	227	9	4.0
Operating income*	10 [4.3]	10 [4.7]	(0)	(4.1)

Overview
- Air export freight forwarding and warehousing and distribution remained solid.
- Meanwhile, higher forwarding costs and vehicle chartering and subcontracting costs put pressure on income.

##### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	218	226	444	236	234	470
Operating income*	8 [4.0]	10 [4.7]	19 [4.3]	10 [4.3]	7 [3.2]	17 [3.8]

Item	Actual for FY2017						Comparison with FY2017 (Upper: Difference / Lower: Difference (%))					
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	194	201	395	227	231	458	23	25	49	9	2	11
Operating income*	7 [4.0]	8 [4.2]	16 [4.1]	10 [4.7]	7 [3.0]	17 [3.8]	0	2	2	(0)	0	0

**Special factor** 1 Decrease in amortization of goodwill, etc.: Quarterly: 1, Yearly: 5

Revenues	12.3	12.6	12.5	4.0	1.2	2.6
Operating income	11.5	24.7	18.4	(4.1)	6.7	0.2

##### Overview of full-year forecast

- The revenue forecast is lowered and the operating income forecast is maintained from the previous forecasts based on past actual results.

##### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	444	423	21	Revenues	470	477	(6)	471	(1)
Operating income*	19 [4.3]	18 [4.3]	1	Operating income*	17 [3.8]	19 [4.0]	(1)	17 [3.7]	-

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Briefing Material for 3Q Results of the Fiscal Year Ending March 2019

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#### ○ Overview of the third quarter (Higher revenues, lower income)

- Revenues increased but income decreased on a local currency basis excluding the impact of foreign exchange rates as well.

- Air export freight forwarding and warehousing and distribution were solid. However, higher forwarding costs and vehicle chartering and subcontracting costs put pressure on income.

#### ○ Overview of full-year forecast

- The revenue forecast is lowered and the operating income forecast is maintained from previous forecasts.

### 3. Segment Overview of FY2018



#### F Security Transportation segment

##### 1. Actual for 3Q

(100 million yen)

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

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	181	180	0	0.3
Operating income*	3 [1.8]	5 [3.0]	(2)	(38.6)

Overview
<ul style="list-style-type: none"> <li>Acquisition of outsourcing from regional financial institutions increased.</li> <li>Income declined due to rising personnel expenses and fuel costs.</li> </ul>

##### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	180	179	359	181	185	366
Operating income*	3 [1.8]	(0) [(0.2)]	2 [0.8]	3 [1.8]	2 [1.5]	6 [1.7]

Item	Actual for FY2017						Comparison with FY2017 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast	
Revenues	180	179	360	180	179	359	0	(0)	(0)	0	5	6	
Operating income*	6 [3.6]	4 [2.3]	10 [3.0]	5 [3.0]	5 [2.9]	10 [3.0]	(3)	(4)	(7)	(2)	(2)	(4)	
Special factor 1	Decrease in provision for retirement benefits: Quarterly: 0, Yearly: 2						Revenues	0.1	(0.3)	(0.1)	0.3	3.1	1.7
Special factor 2	Impact from disasters: 2Q: (0), Yearly: (0)						Operating income	(50.2)	(107.6)	(72.7)	(38.6)	(47.4)	(42.9)

Overview of full-year forecast
<ul style="list-style-type: none"> <li>Trends until 3Q are expected to continue for the remainder of the fiscal year.</li> <li>The revenue forecast is maintained from the previous forecast. The amount of decrease in income is revised.</li> </ul>

##### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	359	362	(2)	Revenues	366	377	(10)	366	-
Operating income*	2 [0.8]	5 [1.4]	(2)	Operating income*	6 [1.7]	10 [2.7]	(3)	8 [2.2]	(2)

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Briefing Material for 3Q Results of the Fiscal Year Ending March 2019

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#### ○ Overview of the third quarter (Higher revenues, lower income)

- Acquisition of outsourcing from regional financial institutions increased.
- Income declined due to rising personnel expenses and fuel costs.

#### ○ Overview of full-year forecast

- The revenue forecast is maintained and the operating income forecast is lowered from previous forecasts.

### 3. Segment Overview of FY2018



#### G Heavy Haulage & Construction segment

##### 1. Actual for 3Q (100 million yen)

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

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	120	130	(10)	(7.7)
Operating income*	15 [13.0]	12 [9.5]	3	25.9

Overview
<ul style="list-style-type: none"> <li>Wind power plant-related transportation and installation and others progressed as planned in Japan and overseas.</li> <li>Additional and scheduled projects such as heavy electric-related projects in Japan progressed ahead of schedule.</li> </ul>

##### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	124	124	248	120	100	221
Operating income*	10 [8.6]	10 [8.2]	20 [8.4]	15 [13.0]	5 [5.5]	21 [9.5]

Item	Actual for FY2017						Comparison with FY2017 (Upper: Difference / Lower: Difference (%))					
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	123	125	248	130	96	227	1	(1)	(0)	(10)	4	(5)
Operating income*	9 [7.9]	13 [10.9]	23 [9.4]	12 [9.5]	4 [4.9]	17 [7.6]	0	(3)	(2)	3	0	3

Special factor ① Decrease in provision for retirement benefits: Quarterly: 0, Yearly: 0

Revenues	Operating income
0.9	9.8
(0.9)	(25.6)
(0.0)	(10.9)
(7.7)	25.9
4.2	15.5
(2.6)	23.0

##### Overview of full-year forecast

\* Revenue and operating income forecasts are revised from the previous forecasts.  
 \* Changed to lower revenue and higher income forecasts from lower revenue and lower income forecasts at the beginning of the year.

##### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	248	243	5	Revenues	221	215	6	212	9
Operating income*	20 [8.4]	20 [8.2]	0	Operating income*	21 [9.5]	16 [7.4]	5	16 [7.6]	5

#### ○ Overview of the third quarter (Lower revenues, higher income)

- Wind power plant-related transportation and installation and others progressed as planned in Japan and overseas.
- Additional and scheduled projects such as heavy electric-related projects in Japan progressed ahead of schedule.

#### ○ Overview of full-year forecast

- Revenue and operating income forecasts are revised from previous forecasts.
- Lower revenue and lower income forecasts at the beginning of the year are changed to lower revenue and higher income forecasts.



### 3. Segment Overview of FY2018



#### H Logistics Support segment

##### 1. Actual for 3Q

(100 million yen)

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

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	1,281	1,156	124	10.8
Operating income*	33 [2.6]	28 [2.5]	4	16.3

Overview
<ul style="list-style-type: none"> <li>Revenues increased as a result of the increase in the unit selling price of oil.</li> <li>The logistics support business including export packing services maintained solid performance.</li> </ul>

##### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	1,115	1,170	2,285	1,281	1,315	2,597
Operating income*	26 [2.4]	30 [2.6]	57 [2.5]	33 [2.6]	26 [2.0]	60 [2.3]

Item	Actual for FY2017						Comparison with FY2017 (Upper: Difference / Lower: Difference (%))					
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	1,007	1,035	2,042	1,156	1,232	2,389	107	135	242	124	82	207
Operating income*	24 [2.5]	28 [2.7]	53 [2.6]	28 [2.5]	35 [2.8]	63 [2.7]	2	2	4	4	(8)	(3)

Special factor	1	Impact from disasters: 2Q: (0), Yearly: (0)	Revenues		Operating income	
			2Q	Yearly	2Q	Yearly
			10.7	13.1	11.9	10.8
			8.1	8.4	8.2	16.3

Overview of full-year forecast
While higher revenues and higher income are expected, the revenue growth forecast is attributable to the increase in the unit selling price of oil.

##### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	2,285	2,224	61	Revenues	2,597	2,430	167	2,481	116
Operating income*	57 [2.5]	56 [2.5]	1	Operating income*	60 [2.3]	62 [2.6]	(1)	60 [2.4]	-

#### ○ Overview of the third quarter (Higher revenues, higher income)

- Revenues increased as a result of the increase in the unit selling price of oil.
- The logistics support business, including export packing services, also maintained solid performance.

#### ○ Overview of full-year forecast

- Only the revenue forecast is raised from the previous forecasts due to the increase in the unit selling price of oil.

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