

# Results Meeting for the Fiscal Year Ended March 2017

## NIPPON EXPRESS CO., LTD.

1. Business Overview	P. 1-
2. Changes due to the External Environment	P. 9
3. Performance Outlook of the Fiscal Year Ending March 2018	P.10-
4. Progress of Business Plan	P.16-
5. Dividend	P.19

May 9, 2017

# 1. Business Overview



## A. Overview of FY2016

### 1) Overview (Consolidated)

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

	Actual for FY2016 (a)	Actual for FY2015 (b)	Difference YoY (c) = (a) - (b)	Difference YoY(%) (d) = (c) / (b) × 100	Forecast for full year (announced on January 31) (e)	Difference (compared with forecast) (f)=(a) - (e)	Progress (%) (g)=(a) / (e) × 100
Revenues	18,643	19,091	(448)	(2.3)	18,440	203	101.1
Operating Income	574	547	26	4.8	570	4	100.8
Ordinary Income	638	623	14	2.3	630	8	101.3
Net income attributable to shareholders of Nippon Express	364	356	7	2.2	360	4	101.3

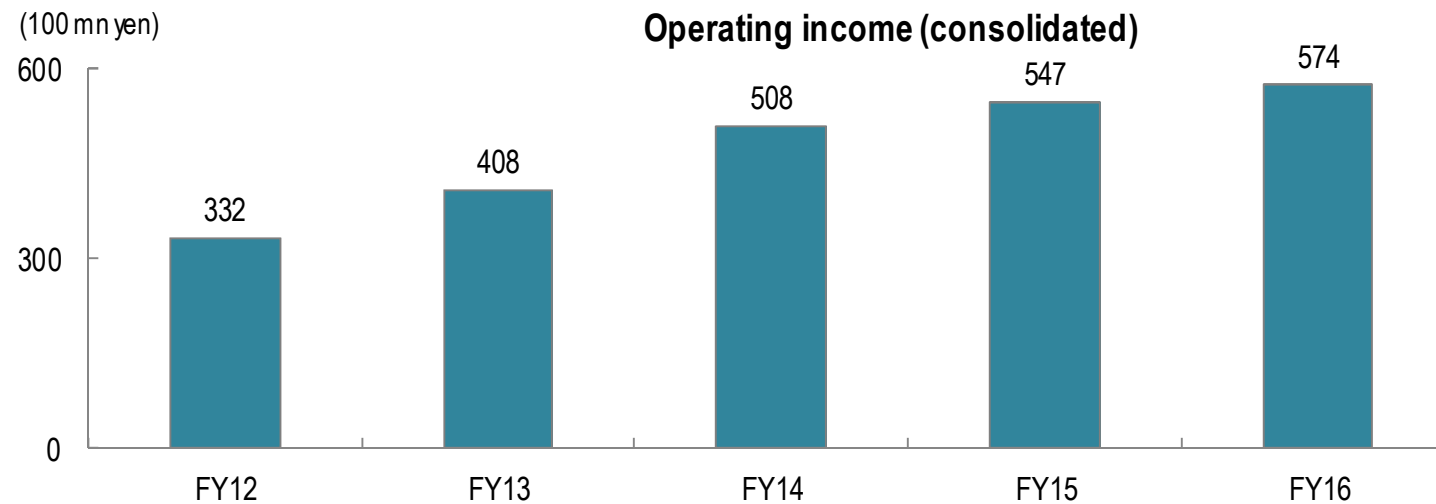
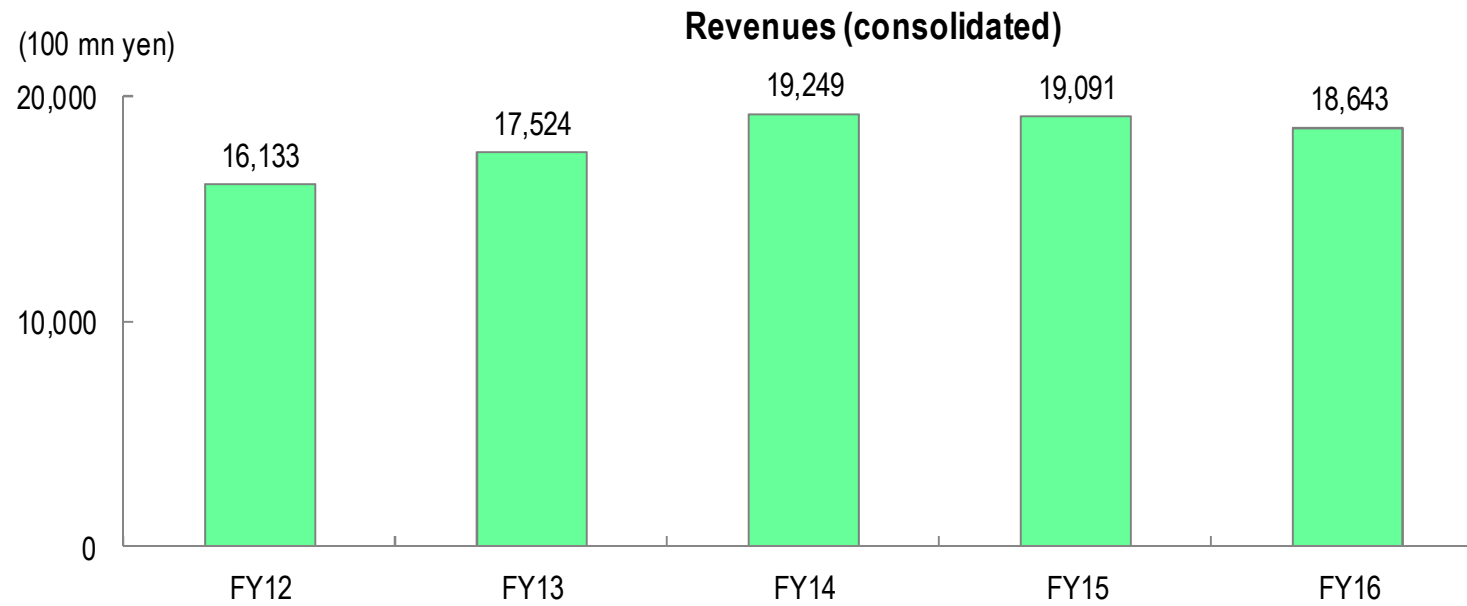
### 2) Business Indices

[Results from previous fiscal year]

▪ Operating Income Margin	3.1%	[2.9%]
▪ Ordinary Income Margin	3.4%	[3.3%]
▪ ROE	6.9%	[6.8%]
▪ ROA	2.4%	[2.4%]

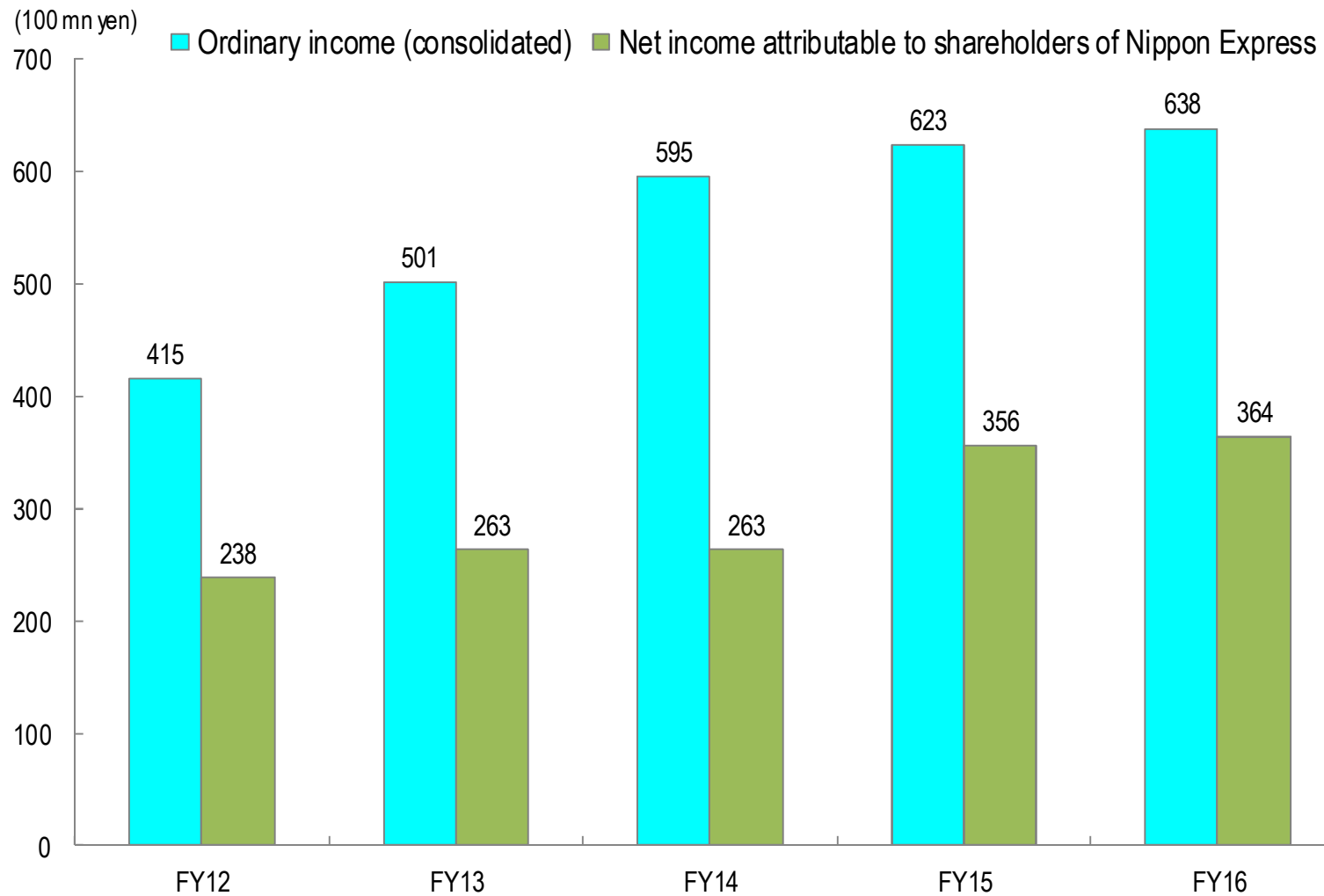
# 1. Business Overview

## B. Trend of revenues and operating income for the past 5 years



# 1. Business Overview

## C. Trend of ordinary income and net income attributable to shareholders of Nippon Express for the past 5 years



# 1. Business Overview

## D. Financial position

(100 million yen)

	End of FY2016	End of FY2015	Difference
Total Assets	15,218	14,849	368
Equity	5,363	5,222	141
Equity Ratio (%)	35.2	35.2	-

## E. Actual for cash flows

(100 million yen)

	FY2016	FY2015	Difference
Cash Flows from Operating Activities (A)	1,023	788	235
Cash Flows from Investing Activities (B)	(709)	(1,228)	519
Free Cash Flows (A+B)	313	(440)	754
Cash Flows from Financing Activities	(118)	439	(557)
Cash and Cash Equivalents at End of Year	1,633	1,460	173

# 1. Business Overview

## F. Overview by reportable segment

### 1) Japan

(100 million yen)

		Actual	Comparison with FY2015			Comparison with forecast for full year (announced on January 31)		
		FY2016	FY2015	Difference	Difference (%)	Forecast	Progress (%)	Difference
F Y	Revenues	11,557	11,583	(26)	(0.2)	11,374	101.6	183
	Segment Income	386	366	20	5.6	405	95.5	(18)
4 Q	Revenues	2,917	2,915	2	0.1	4Q Operating Income Margin [4Q of FY2015]		
	Segment Income	107	113	(5)	(4.8)	3.7 [3.9]		
	Overview	<ul style="list-style-type: none"> <li>• In air export forwarding, transactions of semiconductor manufacturing equipment, LCD-related, and electronic components for Asia achieved growth performance.</li> <li>• Consolidated companies which have joined the Group by M&amp;A contributed to segment performance.</li> <li>• Profit decreased due mainly to an increase in employment costs, vehicle chartering and subcontracting costs and fuel costs.</li> </ul>						

### 2) The Americas

(100 million yen)

		Actual	Comparison with FY2015			Comparison with forecast for full year (announced on January 31)		
		FY2016	FY2015	Difference	Difference (%)	Forecast	Progress (%)	Difference
F Y	Revenues	838	946	(108)	(11.5)	856	97.9	(17)
	Segment Income	47	50	(3)	(6.2)	44	108.5	3
4 Q	Revenues	222	232	(10)	(4.3)	4Q Operating Income Margin [4Q of FY2015]		
	Segment Income	12	10	1	18.8	5.4 [4.3]		
	Overview	<ul style="list-style-type: none"> <li>• Revenues and profit increased on a local currency basis.</li> <li>• Marine import forwarding transactions decreased due to a reactionary decline against equipment-related transactions in the previous year.</li> <li>• Automobile-related truck transportation between the U.S. and Mexico and warehousing and distribution business in Mexico maintained solid performance.</li> </ul>						

# 1. Business Overview

## F. Overview by reportable segment

### 3) Europe (100 million yen)

		Actual	Comparison with FY2015			Comparison with forecast for full year (announced on January 31)		
		FY2016	FY2015	Difference	Difference (%)	Forecast	Progress (%)	Difference
F Y	Revenues	792	845	(52)	(6.3)	792	100.1	0
	Segment Income	20	15	4	30.2	19	106.9	1
4 Q	Revenues	217	227	(9)	(4.1)	4Q Operating Income Margin [4Q of FY2015]		
	Segment Income	6	5	1	26.2	3.1 [2.4]		
	Overview	<ul style="list-style-type: none"> <li>Revenues and profit increased on a local currency basis.</li> <li>Warehousing and distribution business achieved growth performance due to acquisition of new customers as well as increased transactions with existing customers.</li> <li>Air import forwarding maintained solid performance.</li> </ul>						

### 4) East Asia (100 million yen)

		Actual	Comparison with FY2015			Comparison with forecast for full year (announced on January 31)		
		FY2016	FY2015	Difference	Difference (%)	Forecast	Progress (%)	Difference
F Y	Revenues	1,017	1,150	(133)	(11.6)	1,001	101.6	16
	Segment Income	11	16	(5)	(33.5)	13	86.0	(1)
4 Q	Revenues	310	282	27	9.9	4Q Operating Income Margin [4Q of FY2015]		
	Segment Income	2	4	(1)	(35.0)	1.0 [1.6]		
	Overview	<ul style="list-style-type: none"> <li>Revenues increased but profit decreased on a local currency basis.</li> <li>In China, automobile-related warehousing and distribution business achieved solid performance.</li> <li>Air import forwarding, marine export/import forwarding, and truck transportation recovered.</li> <li>Profit declined due to an increase in air forwarding costs and employment costs.</li> </ul>						

# 1. Business Overview

## F. Overview by reportable segment

### 5) South Asia & Oceania

(100 million yen)

		Actual	Comparison with FY2015			Comparison with forecast for full year (announced on January 31)		
		FY2016	FY2015	Difference	Difference (%)	Forecast	Progress (%)	Difference
F Y	Revenues	703	702	1	0.2	723	97.3	(19)
	Segment Income	24	15	9	58.5	22	113.0	2
4 Q	Revenues	189	164	25	15.3	4Q Operating Income Margin [4Q of FY2015]		
	Segment Income	6	4	1	40.4	3.3 [2.7]		
	Overview	<ul style="list-style-type: none"> <li>• Revenues and profit increased on a local currency basis.</li> <li>• Subsidiaries that were newly consolidated in the first half of the fiscal year pushed up revenues and profit.</li> <li>• Air export forwarding increased.</li> <li>• Profit increased due to control of air and marine forwarding costs.</li> </ul>						

### 6) Security Transportation

(100 million yen)

		Actual	Comparison with FY2015			Comparison with forecast for full year (announced on January 31)		
		FY2016	FY2015	Difference	Difference (%)	Forecast	Progress (%)	Difference
F Y	Revenues	547	538	9	1.8	543	100.9	4
	Segment Income	9	15	(6)	(38.6)	10	96.5	(0)
4 Q	Revenues	136	132	4	3.1	4Q Operating Income Margin [4Q of FY2015]		
	Segment Income	3	4	(1)	(27.5)	2.2 [3.2]		
	Overview	<ul style="list-style-type: none"> <li>• Acquisition of new businesses from regional financial institutions contributed to revenues.</li> <li>• Profit decreased due to an increase in various people-related costs.</li> </ul>						



# 1. Business Overview

## F. Overview by reportable segment

### 7) Heavy Haulage & Construction

(100 million yen)

		Actual	Comparison with FY2015		Comparison with forecast for full year (announced on January 31)			
		FY2016	FY2015	Difference	Difference (%)	Forecast	Progress (%)	Difference
F Y	Revenues	469	513	(44)	(8.6)	439	107.0	30
	Segment Income	38	36	1	5.3	33	117.7	5
4 Q	Revenues	117	110	7	6.4	4Q Operating Income Margin [4Q of FY2015]		
	Segment Income	11	11	(0)	(1.1)	10.0 [10.8]		
	Overview	<ul style="list-style-type: none"> <li>• In Japan, shutdown and maintenance contracts, heavy electric-related construction, and plant constructions achieved growth performance.</li> <li>• Profit decreased due to a reactionary decline against high-margin construction orders in the previous year.</li> </ul>						

### 8) Logistics Support

(100 million yen)

		Actual	Comparison with FY2015		Comparison with forecast for full year (announced on January 31)			
		FY2016	FY2015	Difference	Difference (%)	Forecast	Progress (%)	Difference
F Y	Revenues	4,039	4,109	(69)	(1.7)	3,977	101.6	62
	Segment Income	100	81	18	22.7	83	120.7	17
4 Q	Revenues	1,113	998	114	11.5	4Q Operating Income Margin [4Q of FY2015]		
	Segment Income	45	21	24	115.1	4.1 [2.1]		
	Overview	<ul style="list-style-type: none"> <li>• Revenues and profit increased due to factors including an increase in unit selling price of oil, an increase of sales of the distribution equipment, and a change in accounting treatment in relation to light oil transaction tax subsidies at Nittsu Shoji.</li> </ul>						

(Nittsu Shoji, Nittsu Research Institute and Consulting, Nippon Express Capital, Nittsu Real Estate, etc.)

## 2. Changes due to the External Environment

### Change factors

Change factors	Consolidated (full year)	Reference																												
Impact of change in unit fuel price	Fuel cost: ¥(1.34) billion (cost decrease) * 4Q: +¥0.74 billion (cost increase)	<table> <tr> <td></td> <td>FY2016</td> <td>[FY2015]</td> </tr> <tr> <td>Light oil:</td> <td>¥ 79.87/ℓ</td> <td>[¥ 85.26]</td> </tr> <tr> <td>Gasoline:</td> <td>¥113.79/ℓ</td> <td>[¥120.54]</td> </tr> <tr> <td>Heavy oil:</td> <td>¥ 36.10/ℓ</td> <td>[¥ 42.52]</td> </tr> </table>		FY2016	[FY2015]	Light oil:	¥ 79.87/ℓ	[¥ 85.26]	Gasoline:	¥113.79/ℓ	[¥120.54]	Heavy oil:	¥ 36.10/ℓ	[¥ 42.52]																
	FY2016	[FY2015]																												
Light oil:	¥ 79.87/ℓ	[¥ 85.26]																												
Gasoline:	¥113.79/ℓ	[¥120.54]																												
Heavy oil:	¥ 36.10/ℓ	[¥ 42.52]																												
Impact of foreign exchange	<table> <tr> <td>Revenues:</td> <td>¥(43.45) billion</td> </tr> <tr> <td>Operating income:</td> <td>¥(1.24) billion</td> </tr> <tr> <td>* 4Q:</td> <td></td> </tr> <tr> <td>Revenues:</td> <td>¥(10.65) billion</td> </tr> <tr> <td>Operating income:</td> <td>¥(0.32) billion</td> </tr> </table>	Revenues:	¥(43.45) billion	Operating income:	¥(1.24) billion	* 4Q:		Revenues:	¥(10.65) billion	Operating income:	¥(0.32) billion	<table> <tr> <td colspan="3">Average exchange rate for</td> </tr> <tr> <td></td> <td>FY2016</td> <td>[FY2015]</td> </tr> <tr> <td>USD:</td> <td>¥108.84</td> <td>[¥121.05]</td> </tr> <tr> <td>EUR:</td> <td>¥120.33</td> <td>[¥134.32]</td> </tr> <tr> <td>HKD:</td> <td>¥ 14.02</td> <td>[¥ 15.62]</td> </tr> <tr> <td>RMB:</td> <td>¥ 16.37</td> <td>[¥ 19.22]</td> </tr> </table> <p>The average exchange rates for FY2016 and FY2015 are the reference rates.                      For the preparation of financial reports, average quarterly rates are applied to the quarterly results on a local currency basis.</p>	Average exchange rate for				FY2016	[FY2015]	USD:	¥108.84	[¥121.05]	EUR:	¥120.33	[¥134.32]	HKD:	¥ 14.02	[¥ 15.62]	RMB:	¥ 16.37	[¥ 19.22]
Revenues:	¥(43.45) billion																													
Operating income:	¥(1.24) billion																													
* 4Q:																														
Revenues:	¥(10.65) billion																													
Operating income:	¥(0.32) billion																													
Average exchange rate for																														
	FY2016	[FY2015]																												
USD:	¥108.84	[¥121.05]																												
EUR:	¥120.33	[¥134.32]																												
HKD:	¥ 14.02	[¥ 15.62]																												
RMB:	¥ 16.37	[¥ 19.22]																												
Retirement benefit expenses	+¥1.85 billion (Increase in expenses)	Impact of negative interest rates, etc.																												
Size-based business tax	+¥1.63 billion (Increase in expenses)	Impact of rise in tax rate, etc.																												

### 3. Performance Outlook of the Fiscal Year Ending March 2018



#### A. Consolidated forecast

(100 million yen)

	FY2017 Forecast			Actual for FY2016			Difference [Ratio of difference (%)]		
	1H	2H	Full FY	1H	2H	Full FY	1H	2H	Full FY
Revenues	9,450	9,850	19,300	9,092	9,550	18,643	357 [3.9]	299 [3.1]	656 [3.5]
Operating Income	290	380	670	244	329	574	45 [18.6]	50 [15.2]	95 [16.7]
Ordinary Income	310	390	700	281	356	638	28 [10.1]	33 [9.4]	61 [9.7]
Net income attributable to shareholders of Nippon Express	190	230	420	182	181	364	7 [3.9]	48 [26.6]	55 [15.2]

\* The depreciation method for property and equipment at the Company and some domestic consolidated subsidiaries has been changed from the declining-balance method to the straight-line method from FY2017, in order to allocate costs to better reflect actual use of assets. In addition, the depreciation period for some property and equipment has been changed.

⇒ Operating income and ordinary income are expected to increase by approximately 6.0 billion yen.

### 3. Performance Outlook of the Fiscal Year Ending March 2018

#### B. Overview by reportable segment

##### 1) Japan

(100 million yen)

Full year	Forecast	Comparison with FY2016 results			Overview			
	FY2017	FY2016	Difference	Difference (%)				
Revenues	11,705	11,557	147	1.3	▪ Air export forwarding is expected to maintain a solid performance, mainly in forwarding for Asia.			
Segment Income	449	386	62	16.1				
Income Margin (%)	3.8	3.3						
1H and 2H	1H				2H			
	FY2017	FY2016	Difference	Difference (%)	FY2017	FY2016	Difference	Difference (%)
Revenues	5,751	5,662	88	1.6	5,954	5,894	59	1.0
Segment Income	188	164	23	14.0	261	221	39	17.7
Income Margin (%)	3.3	2.9			4.4	3.8		

##### 2) The Americas

(100 million yen)

Full year	Forecast	Comparison with FY2016 results			Overview			
	FY2017	FY2016	Difference	Difference (%)				
Revenues	936	838	97	11.7	▪ Automobile-related truck transportation transactions in the U.S. and Mexico are expected to continue their solid performance.			
Segment Income	49	47	1	2.7				
Income Margin (%)	5.2	5.7						
1H and 2H	1H				2H			
	FY2017	FY2016	Difference	Difference (%)	FY2017	FY2016	Difference	Difference (%)
Revenues	466	419	46	11.2	470	419	50	12.1
Segment Income	25	24	0	2.8	24	23	0	2.5
Income Margin (%)	5.4	5.8			5.1	5.6		

### 3. Performance Outlook of the Fiscal Year Ending March 2018

#### B. Overview by reportable segment

##### 3) Europe

(100 million yen)

Full year	Forecast	Comparison with FY2016 results			Overview			
	FY2017	FY2016	Difference	Difference (%)				
Revenues	811	792	18	2.3	▪ Warehousing and distribution business , air and marine export/import forwarding are expected to remain solid.			
Segment Income	28	20	7	37.9				
Income Margin (%)	3.5	2.6						
1H and 2H	1H				2H			
	FY2017	FY2016	Difference	Difference (%)	FY2017	FY2016	Difference	Difference (%)
Revenues	401	391	9	2.5	410	401	8	2.1
Segment Income	13	8	4	52.0	15	11	3	27.7
Income Margin (%)	3.2	2.2			3.7	2.9		

##### 4) East Asia

(100 million yen)

Full year	Forecast	Comparison with FY2016 results			Overview			
	FY2017	FY2016	Difference	Difference (%)				
Revenues	1,038	1,017	20	2.0	▪ Automobile-related warehousing and distribution business in China is expected to continue a solid performance.			
Segment Income	29	11	17	159.5				
Income Margin (%)	2.8	1.1						
1H and 2H	1H				2H			
	FY2017	FY2016	Difference	Difference (%)	FY2017	FY2016	Difference	Difference (%)
Revenues	496	476	19	4.1	542	540	1	0.2
Segment Income	10	5	4	67.4	19	5	13	265.5
Income Margin (%)	2.0	1.3			3.5	1.0		

### 3. Performance Outlook of the Fiscal Year Ending March 2018

#### B. Overview by reportable segment

##### 5) South Asia & Oceania

(100 million yen)

Full year	Forecast	Comparison with FY2016 results			Overview			
	FY2017	FY2016	Difference	Difference (%)				
Revenues	856	703	152	21.7	<ul style="list-style-type: none"> <li>• Warehousing and distribution business is expected to remain solid.</li> <li>• Air export forwarding is expected to recover.</li> </ul>			
Segment Income	31	24	6	24.7				
Income Margin (%)	3.6	3.5						
1H and 2H	1H				2H			
	FY2017	FY2016	Difference	Difference (%)	FY2017	FY2016	Difference	Difference (%)
Revenues	404	341	62	18.3	452	362	89	24.8
Segment Income	15	11	3	34.2	16	13	2	16.9
Income Margin (%)	3.7	3.3			3.5	3.8		

##### 6) Security Transportation

(100 million yen)

Full year	Forecast	Comparison with FY2016 results			Overview			
	FY2017	FY2016	Difference	Difference (%)				
Revenues	579	547	31	5.7	<ul style="list-style-type: none"> <li>• Aim to obtain outsourcing from regional financial institutions by creating a cash logistics platform.</li> </ul>			
Segment Income	18	9	8	86.6				
Income Margin (%)	3.1	1.8						
1H and 2H	1H				2H			
	FY2017	FY2016	Difference	Difference (%)	FY2017	FY2016	Difference	Difference (%)
Revenues	288	274	13	5.0	291	273	17	6.4
Segment Income	9	4	4	101.1	9	5	3	74.0
Income Margin (%)	3.1	1.6			3.1	1.9		

### 3. Performance Outlook of the Fiscal Year Ending March 2018

#### B. Overview by reportable segment

##### 7) Heavy Haulage & Construction

(100 million yen)

Full year	Forecast	Comparison with FY2016 results			Overview			
	FY2017	FY2016	Difference	Difference (%)				
Revenues	486	469	16	3.4	<ul style="list-style-type: none"> <li>Focus on obtaining heavy electric-related work for domestic power stations and substations, and plant constructions.</li> </ul>			
Segment Income	40	38	1	3.0				
Income Margin (%)	8.2	8.3						
1H and 2H	1H				2H			
	FY2017	FY2016	Difference	Difference (%)	FY2017	FY2016	Difference	Difference (%)
Revenues	246	222	23	10.5	240	247	(7)	(3.0)
Segment Income	21	17	3	18.4	19	21	(2)	(9.9)
Income Margin (%)	8.5	8.0			7.9	8.5		

##### 8) Logistics Support

(100 million yen)

Full year	Forecast	Comparison with FY2016 results			Overview			
	FY2017	FY2016	Difference	Difference (%)				
Revenues	4,333	4,039	293	7.3	<ul style="list-style-type: none"> <li>Logistics support business at Nittsu Shoji is expected to recover and international-related business is expected to achieve growth.</li> </ul>			
Segment Income	101	100	0	0.8				
Income Margin (%)	2.3	2.5						
1H and 2H	1H				2H			
	FY2017	FY2016	Difference	Difference (%)	FY2017	FY2016	Difference	Difference (%)
Revenues	2,074	1,920	153	8.0	2,259	2,119	139	6.6
Segment Income	44	33	10	30.6	57	66	(9)	(14.2)
Income Margin (%)	2.1	1.8			2.5	3.1		

### 3. Performance Outlook of the Fiscal Year Ending March 2018

#### C. Assumptions of external factors

Change factors	Impact on consolidated results	Assumptions	
Impact of change in unit fuel price	Fuel cost:       +¥1.49 billion (cost increase)	FY2017 Light oil:   ¥ 86.40/ℓ Gasoline:   ¥120.01/ℓ Heavy oil:   ¥ 42.31/ℓ	[Yearly average in FY2016] [¥ 79.87] [¥113.79] [¥ 36.10] Assumes the same amount of fuel will be used as that of the previous year.
Impact of foreign exchange	Revenues:                               ¥3.97 billion Operating income:                       ¥0.23 billion	FY2017 USD:       ¥111.50 EUR:       ¥118.90 HKD:       ¥ 14.30 RMB:       ¥ 16.20	[Yearly average in FY2016] [¥108.84] [¥120.33] [¥ 14.02] [¥ 16.37]

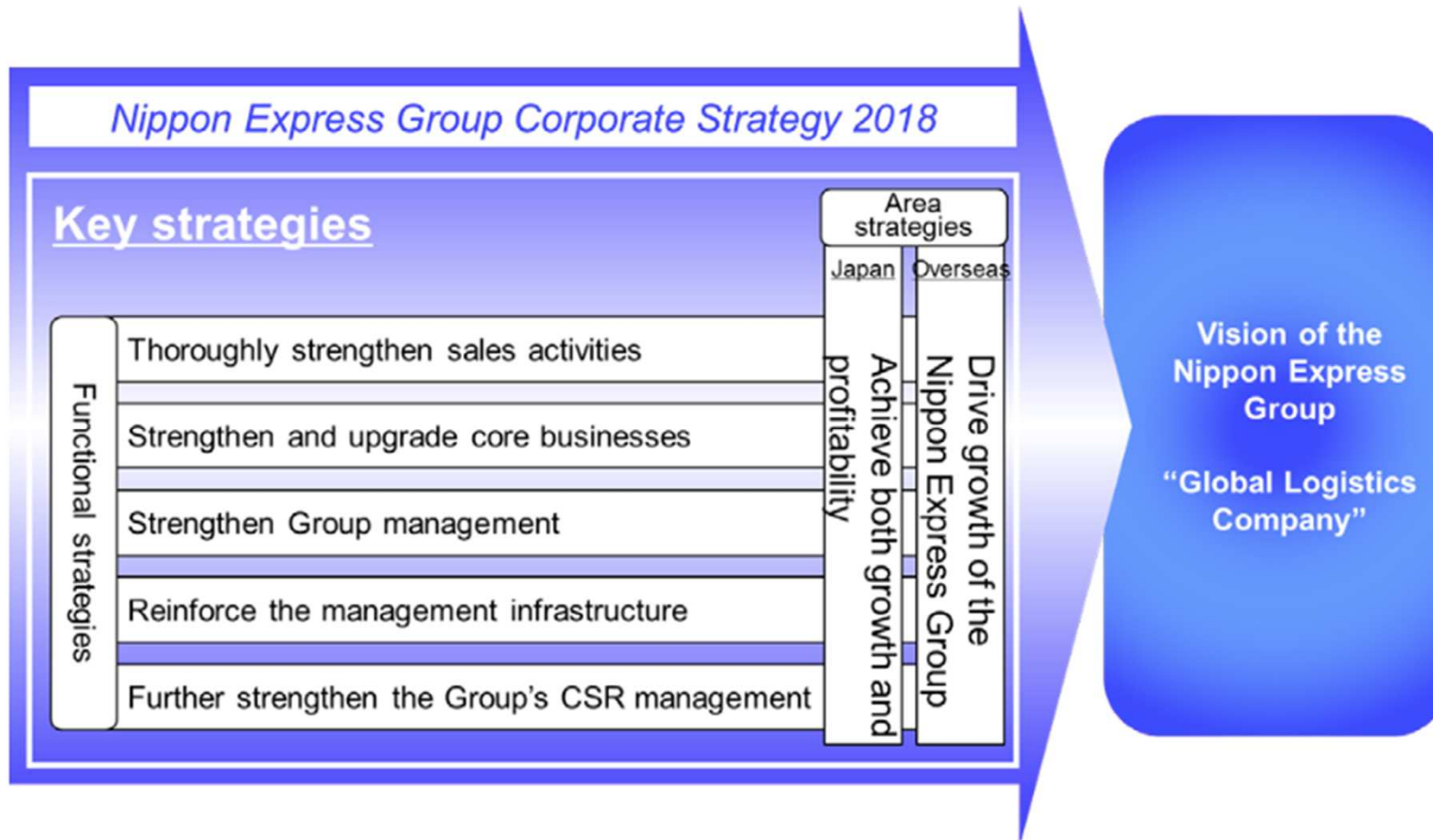
The average exchange rates for FY2017 and FY2016 used in the assumptions are the reference rates. For the preparation of financial reports, average quarterly rates are applied to the quarterly results on a local currency basis.



## 4. Progress of Business Plan

### A. Nippon Express Group Corporate Strategy 2018 — New Sekai-Nittsu —

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



## 4. Progress of Business Plan

### B. Nippon Express Group Corporate Strategy 2018 — New Sekai-Nittsu — Progress of Key Strategies

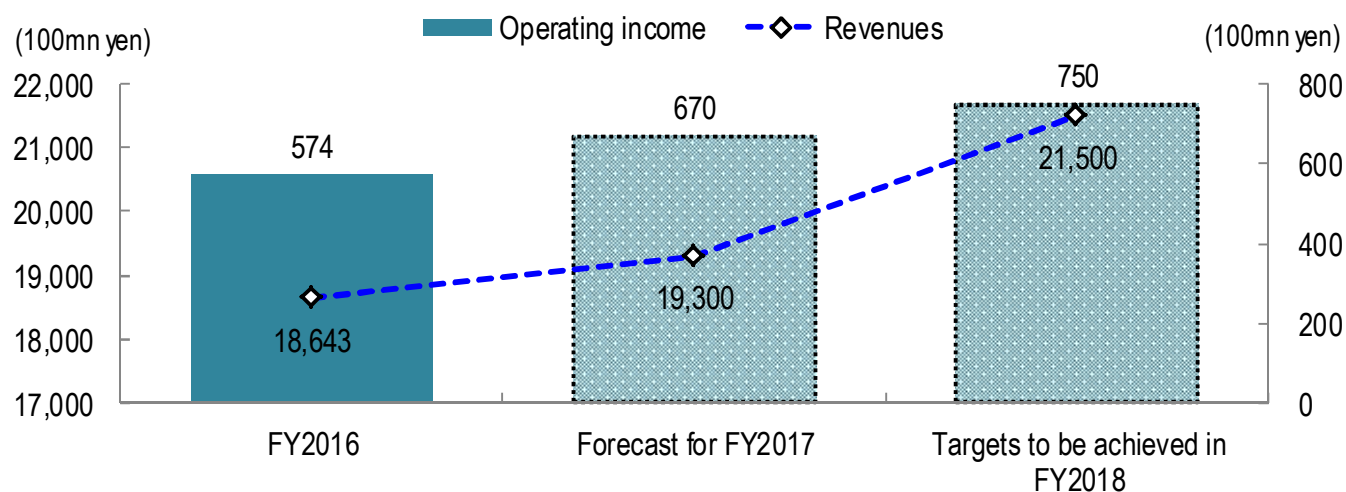
	Key strategies	Steps	Progress status
Area strategies	<u>Japan</u> Achieve both growth and profitability	Expand transactions with global companies in metropolitan areas, namely Tokyo, Nagoya, and Osaka	Opening of Tokyo C-NEX
		Strengthen domestic businesses, and establish new core businesses	Cooperation with Meitetsu Transport Co., Ltd. Establishment of Network Transport Business Promotion Headquarters
	<u>Overseas</u> Drive growth of the Nippon Express Group	Growth in South Asia & Oceania	Opening of new warehouse in India Opening of branch in Sri Lanka
		Global development of Heavy Haulage & Construction Business	Establishment of NEX Global Engineering Pte. Ltd.
Functional strategies	Thoroughly strengthen sales activities	Expand sales & marketing targeting non-Japanese companies	Establishment of Global Logistics Innovation Centre
	Strengthen and upgrade core businesses	Strengthen the purchasing power of global freight forwarding	Efforts to strengthen purchasing power focused on Global Forwarding Planning & Development Division
		Strengthen R&D of logistics engineering and its practical application	Establishment of Logistics Engineering Strategy Division
	Reinforce the management infrastructure	Promote diversity management	Establishment of Diversity Promotion Division

## 4. Progress of Business Plan

### C. Nippon Express Group Corporate Strategy 2018 — New Sekai-Nittsu — Progress of Numerical Targets

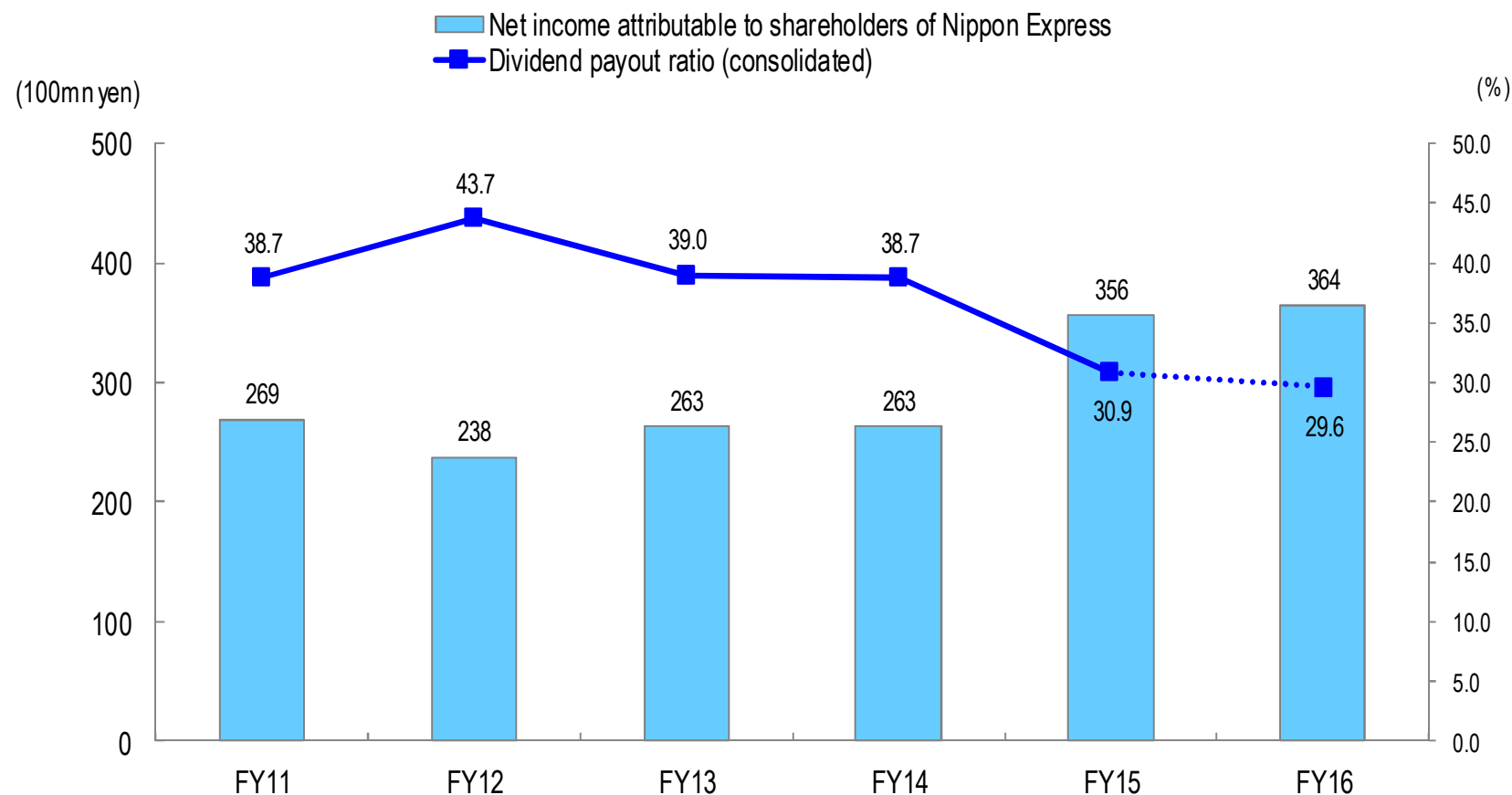
(100 million yen)

Item	Actual results in FY2016	Forecast for FY2017	Targets to be achieved in FY2018
Revenues	18,643	19,300	21,500
Operating income	574	670	750
Net income attributable to shareholders of Nippon Express	364	420	450
Sales from overseas-related business	6,459	-	8,600
ROA (Return on Assets)	2.4	-	2.8
Investment plan	803	900	2,000 (3-year total)



## 5. Dividend

### Changes in dividend payout ratio and forecast



#### [Capital Policy]

1. Aim for equity ratio of 40%.
2. Aim for dividend payout ratio of 30-40%.



This document is not aimed to solicit or gain investments in any of our securities that are to be issued.

The opinions and forecasts in this document are based on information available at the time of creation of this document. We do not guarantee or commit to the accuracy of this information, and it may be altered without notice.

We do not bear any responsibility for any damages caused by information contained in this document.