

Briefing Material for 1Q Results of the Fiscal Year Ending March 2017

NIPPON EXPRESS CO., LTD. **IR Group, Corporate Planning Division**

1. Business Overview	
A. Overview of 1Q of FY2016	P.1
B. New reportable segments	P.2
C. Overview by reportable segment	P.3-
2. Changes due to the External Environment	P.7
3. Performance Outlook of the Fiscal Year Ending March 2017	
A. Consolidated forecast (after revision)	P.8
B. Overview by reportable segment (after revision)	P.9-
C. Assumptions for external factors (2Q to 4Q)	P.13

July 29, 2016

1. Business Overview

A. Overview of 1Q of FY2016

1) Overview (Consolidated)

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

	Actual for 1Q of FY2016 (a)	Actual for 1Q of FY2015 (b)	Difference YoY (c) = (a) - (b)	Difference YoY (%) (d) = (c) / (b) × 100	Forecast for 1H (announced on May 10) (e)	1Q progress against forecast (%) (a) / (e) × 100	Difference (compared with forecast) (e) - (a)	Forecast for full fiscal year (announced on May 10)
Revenues	4,495	4,743	(248)	(5.2)	9,350	48.1	4,854	19,300
Operating Income	107	105	2	2.1	235	45.9	127	570
Ordinary Income	135	132	3	2.4	278	48.9	142	630
Net income attributable to shareholders of Nippon Express	73	81	(8)	(10.1)	165	44.7	91	360

2) Business Indices Figures in brackets are the results of the same period of the previous year.

- Operating Income Margin 2.4% [2.2%]
- Ordinary Income Margin 3.0% [2.8%]

[Reference] Figures in brackets are the results of FY2015.

- ROA 2.4% [2.4%]
- ROE 7.0% [6.8%]

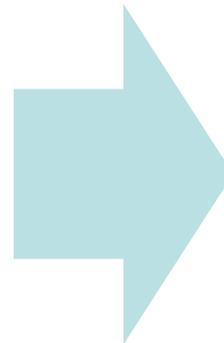
* Net income is forecast for full fiscal year. Equity and total assets are calculated by using the averages of the values as of the end of the previous fiscal year and the values of the quarterly consolidated accounting period under review.

1. Business Overview

B. New reportable segments

Former reportable segments

Logistics	Domestic Companies	Combined Business
		Security Transportation
		Heavy Haulage & Construction
		Air Freight Forwarding
		Marine & Harbor Transportation
		Subtotal
	Overseas Companies	The Americas
		Europe
		East Asia
		South Asia & Oceania
		Subtotal
	Total	
	Goods Sales	
	Other	



New reportable segments

Logistics	Japan
	The Americas
	Europe
	East Asia
	South Asia & Oceania
	Total
Security Transportation	
Heavy Haulage & Construction	
Logistics Support	

(Note) Logistics Support:
Nittsu Shoji, Nittsu Research Institute and Consulting, Nippon Express Capital, Nittsu Real Estate, Careerroad, Nittsu Driving School, etc.

1. Business Overview

C. Overview by reportable segment

1) Japan

(100 million yen)

	Actual	Comparison with FY2015			Comparison with forecast (announced on May 10)		
	1Q of FY2016	1Q of FY2015	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	2,795	2,840	(44)	(1.6)	5,856	47.7	3,060
Segment Income	80	64	15	23.4	161	49.7	81
Overview	<ul style="list-style-type: none"> • Transactions of railway, truck transportation and warehousing were sluggish. • In marine & harbor transportation, the overseas moving services achieved performance growth both in exports and imports, but equipment-related exports decreased. • In air freight forwarding, weight of exports increased, while fuel surcharges fell substantially. • Profit increased due mainly to a reduction in forwarding costs, vehicle chartering and subcontracting costs, and fuel costs. 						

2) The Americas

	Actual	Comparison with FY2015			Comparison with forecast (announced on May 10)		
	1Q of FY2016	1Q of FY2015	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	209	237	(27)	(11.6)	415	50.6	205
Segment Income	7	13	(6)	(45.7)	20	36.3	12
Overview	<ul style="list-style-type: none"> • In Mexico, truck transportation and marine export forwarding transactions achieved strong performance. • In the U.S. and Canada, air export/import forwarding transactions decreased substantially, due to a reactionary decline against special demands arising from congestions at ports and harbors in the U.S. West Coast in the previous year. 						

1. Business Overview

C. Overview by reportable segment

3) Europe

(100 million yen)

	Actual	Comparison with FY2015			Comparison with forecast (announced on May 10)		
	1Q of FY2016	1Q of FY2015	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	193	202	(9)	(4.8)	379	51.0	185
Segment Income	3	4	(0)	(6.4)	8	47.1	4
Overview	<ul style="list-style-type: none"> Income increased but profit decreased on a local currency basis. Automobile-related freight movements and healthcare and pharmaceuticals-related freight movements maintained solid performance. Profit decreased, due to factors including a reactionary decline against the previous year's robust automobile-related air export forwarding transactions in Spain. 						

4) East Asia

	Actual	Comparison with FY2015			Comparison with forecast (announced on May 10)		
	1Q of FY2016	1Q of FY2015	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	240	283	(42)	(15.1)	509	47.3	268
Segment Income	0	2	(2)	(88.2)	6	4.7	5
Overview	<ul style="list-style-type: none"> Air export forwarding transactions decreased, due to a reactionary decline against special demands arising from congestions at ports and harbors in the U.S. West Coast in the previous year. Warehousing transactions in Hong Kong decreased. 						

1. Business Overview

C. Overview by reportable segment

5) South Asia & Oceania

(100 million yen)

	Actual	Comparison with FY2015			Comparison with forecast (announced on May 10)		
	1Q of FY2016	1Q of FY2015	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	164	190	(25)	(13.3)	367	44.9	202
Segment Income	4	4	0	12.9	9	54.2	4
Overview	<ul style="list-style-type: none"> Air export forwarding transactions decreased, due to a reactionary decline against special demands arising from congestions at ports and harbors in the U.S. West Coast in the previous year. Profit increased due mainly to the inclusion of a new company to the scope of consolidation and reduced air forwarding costs. 						

6) Security Transportation

	Actual	Comparison with FY2015			Comparison with forecast (announced on May 10)		
	1Q of FY2016	1Q of FY2015	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	137	136	1	0.8	278	49.5	140
Segment Income	4	5	(1)	(23.1)	4	100.8	(0)
Overview	<ul style="list-style-type: none"> Revenues stayed flat year on year despite the effects of withdrawal from part of unprofitable businesses. Profit decreased due to an increase in various people-related costs. 						

1. Business Overview

C. Overview by reportable segment

7) Heavy Haulage & Construction

(100 million yen)

	Actual	Comparison with FY2015			Comparison with forecast (announced on May 10)		
	1Q of FY2016	1Q of FY2015	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	105	136	(30)	(22.4)	259	40.9	153
Segment Income	7	8	(1)	(19.5)	13	55.3	5
Overview	<ul style="list-style-type: none"> In Japan, shutdown and maintenance contracts increased. Overseas, income decreased as a result of peaking out in large-scale plant constructions. 						

8) Logistics Support

	Actual	Comparison with FY2015			Comparison with forecast (announced on May 10)		
	1Q of FY2016	1Q of FY2015	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	940	1,037	(96)	(9.3)	1,922	49.0	981
Segment Income	13	16	(3)	(20.7)	41	31.9	27
Overview	<ul style="list-style-type: none"> Income decreased due to a drop in unit sales price of oil. The logistics support business including export packing services performed weakly. 						

3. Performance Outlook of the Fiscal Year Ending March 2017

A. Consolidated forecast (after revision)

(100 million yen)

		Forecast for FY2016 (a)	Comparison with FY2015			Difference from forecast (announced on May 10)		
			Actual for FY2015 (b)	Difference YoY (c) = (a) - (b)	Difference YoY (%) (d) = (c) / (b) × 100	Initial forecast (e)	Difference (compared with forecast) (f) = (a) - (e)	Difference (compared with forecast) (%) (g) = (f) / (e) × 100
Full Year	Revenues	18,440	19,091	(651)	(3.4)	19,300	(860)	(4.5)
	Operating Income	570	547	22	4.1	570	-	-
	Ordinary Income	630	623	6	1.0	630	-	-
	Net income attributable to shareholders of Nippon Express	360	356	3	1.0	360	-	-
1 H	Revenues	9,060	9,532	(472)	(5.0)	9,350	(290)	(3.1)
	Operating Income	235	231	3	1.6	235	-	-
	Ordinary Income	278	276	1	0.5	278	-	-
	Net income attributable to shareholders of Nippon Express	165	152	12	8.5	165	-	-

3. Performance Outlook of the Fiscal Year Ending March 2017

B. Overview by reportable segment (after revision)

1) Japan

(100 million yen)

		Forecast for FY2016	Comparison with FY2015			Difference from initial forecast (announced on May 10)		
			FY2015	Difference	Difference (%)	Initial forecast	Difference	Difference (%)
Full year	Revenues	11,374	11,583	(209)	(1.8)	11,885	(511)	(4.3)
	Segment Income	405	366	38	10.7	405	-	-
	Segment Income Margin	3.6	3.2			3.4		
1 H	Revenues	5,617	5,731	(114)	(2.0)	5,856	(239)	(4.1)
	Segment Income	161	143	17	12.4	161	-	-
	Segment Income Margin	2.9	2.5			2.7		

2) The Americas

		Forecast for FY2016	Comparison with FY2015			Difference from initial forecast (announced on May 10)		
			FY2015	Difference	Difference (%)	Initial forecast	Difference	Difference (%)
Full year	Revenues	856	946	(90)	(9.6)	846	10	1.2
	Segment Income	44	50	(6)	(13.5)	42	2	4.8
	Segment Income Margin	5.1	5.4			5.0		
1 H	Revenues	431	482	(51)	(10.8)	415	16	3.9
	Segment Income	22	27	(5)	(19.5)	20	2	10.0
	Segment Income Margin	5.1	5.7			4.8		

3. Performance Outlook of the Fiscal Year Ending March 2017

B. Overview by reportable segment (after revision)

3) Europe

(100 million yen)

		Forecast for FY2016	Comparison with FY2015			Difference from initial forecast (announced on May 10)		
			FY2015	Difference	Difference (%)	Initial forecast	Difference	Difference (%)
Full year	Revenues	792	845	(53)	(6.4)	804	(12)	(1.5)
	Segment Income	19	15	3	21.8	20	(1)	(5.0)
	Segment Income Margin	2.4	1.8			2.5		
1 H	Revenues	385	410	(25)	(6.2)	379	6	1.6
	Segment Income	8	6	1	14.4	8	-	-
	Segment Income Margin	2.1	1.7			2.1		

4) East Asia

		Forecast for FY2016	Comparison with FY2015			Difference from initial forecast (announced on May 10)		
			FY2015	Difference	Difference (%)	Initial forecast	Difference	Difference (%)
Full year	Revenues	1,001	1,150	(149)	(13.0)	1,115	(114)	(10.2)
	Segment Income	16	16	(0)	(4.7)	17	(1)	(5.9)
	Segment Income Margin	1.6	1.5			1.5		
1 H	Revenues	492	574	(82)	(14.4)	509	(17)	(3.3)
	Segment Income	6	5	0	3.2	6	-	-
	Segment Income Margin	1.2	1.0			1.2		

3. Performance Outlook of the Fiscal Year Ending March 2017

B. Overview by reportable segment (after revision)

5) South Asia & Oceania

(100 million yen)

		Forecast for FY2016	Comparison with FY2015			Difference from initial forecast (announced on May 10)		
			FY2015	Difference	Difference (%)	Initial forecast	Difference	Difference (%)
Full year	Revenues	723	702	20	3.0	790	(67)	(8.5)
	Segment Income	22	15	6	40.2	21	1	4.8
	Segment Income Margin	3.0	2.2			2.7		
1 H	Revenues	353	367	(14)	(4.1)	367	(14)	(3.8)
	Segment Income	10	8	1	16.1	9	1	11.1
	Segment Income Margin	2.8	2.3			2.5		

6) Security Transportation

		Forecast for FY2016	Comparison with FY2015			Difference from initial forecast (announced on May 10)		
			FY2015	Difference	Difference (%)	Initial forecast	Difference	Difference (%)
Full year	Revenues	543	538	4	0.9	557	(14)	(2.5)
	Segment Income	12	15	(3)	(23.6)	11	1	9.1
	Segment Income Margin	2.2	2.9			2.0		
1 H	Revenues	274	272	1	0.7	278	(4)	(1.4)
	Segment Income	5	7	(2)	(31.9)	4	1	25.0
	Segment Income Margin	1.8	2.7			1.4		

3. Performance Outlook of the Fiscal Year Ending March 2017

B. Overview by reportable segment (after revision)

7) Heavy Haulage & Construction

(100 million yen)

		Forecast for FY2016	Comparison with FY2015			Difference from initial forecast (announced on May 10)		
			FY2015	Difference	Difference (%)	Initial forecast	Difference	Difference (%)
Full year	Revenues	439	513	(74)	(14.6)	486	(47)	(9.7)
	Segment Income	27	36	(9)	(26.8)	29	(2)	(6.9)
	Segment Income Margin	6.2	7.2			6.0		
1 H	Revenues	216	275	(59)	(21.5)	259	(43)	(16.6)
	Segment Income	13	16	(3)	(19.9)	13	-	-
	Segment Income Margin	6.0	5.9			5.0		

8) Logistics Support

		Forecast for FY2016	Comparison with FY2015			Difference from initial forecast (announced on May 10)		
			FY2015	Difference	Difference (%)	Initial forecast	Difference	Difference (%)
Full year	Revenues	3,977	4,109	(132)	(3.2)	4,066	(89)	(2.2)
	Segment Income	83	81	1	1.7	83	-	-
	Segment Income Margin	2.1	2.0			2.0		
1 H	Revenues	1,921	2,072	(151)	(7.3)	1,922	(1)	(0.1)
	Segment Income	37	40	(3)	(8.4)	41	(4)	(9.8)
	Segment Income Margin	1.9	1.9			2.1		

3. Performance Outlook of the Fiscal Year Ending March 2017

C. Assumptions for external factors (2Q to 4Q)

Change factors	Impact on consolidated results (9 months—2Q to 4Q)	Assumptions	
Impact of change in unit fuel price	Fuel cost: ¥(1.16) billion (cost decrease)	FY2016	[Yearly average in FY2015]
		Light oil: ¥ 76.60/ℓ	[¥ 85.26]
Impact of foreign exchange	Revenues: ¥(31.61) billion Operating income: ¥(1.04) billion	Gasoline: ¥108.77/ℓ	[¥120.54]
		Heavy oil: ¥ 32.37/ℓ	[¥ 42.52]
		Assumes the same amount of fuel will be used as that of the previous year.	
		FY2016	[Yearly average in FY2015]
Impact of foreign exchange	Revenues: ¥(31.61) billion Operating income: ¥(1.04) billion	USD: ¥110.00	[¥121.05]
		EUR: ¥123.40	[¥134.32]
		HKD: ¥ 14.20	[¥ 15.62]
		RMB: ¥ 16.80	[¥ 19.22]

(*) The annual exchange rate is the reference rate. For the preparation of financial reports, average quarterly rates are applied to the quarterly results on a local currency basis.



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.