

Briefing Material for 1Q Results of the Fiscal Year Ending March 2018

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

1. Business Overview	
A. Overview of 1Q of FY2017	P.1
B. Overview by reportable segment	P.2-
2. Changes due to the External Environment	P.6
3. Performance Outlook of the Fiscal Year Ending March 2018	
A. Consolidated forecast (after revision)	P.7
B. Overview by reportable segment (after revision)	P.8-
C. Assumptions for external factors (2Q to 4Q)	P.12

July 31, 2017

1. Business Overview

A. Overview of 1Q of FY2017

1) Overview (Consolidated)

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

	Actual for 1Q of FY2017 (a)	Actual for 1Q of FY2016 (b)	Difference YoY (c) = (a) - (b)	Difference YoY (%) (d) = (c) / (b) × 100	Forecast for 1H (announced on May 9) (e)	1Q Progress Against Forecast (%) (a) / (e) × 100	Difference (compared with forecast) (e) - (a)	Forecast for full fiscal year (announced on May 9)
Revenues	4,749	4,495	254	5.7	9,450	50.3	4,700	19,300
Operating Income	152	107	44	41.5	290	52.6	137	670
Ordinary Income	169	135	33	24.7	310	54.6	140	700
Profit attributable to owners of parent	110	73	37	50.4	190	58.4	79	420

* 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 addition, the depreciation period for some property and equipment has been changed.

⇒ For 1Q of FY2017 under review, operating income and ordinary income increased by 1.5 billion yen.

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

• Operating Income Margin 3.2% [2.4%] • Ordinary Income Margin 3.6% [3.0%]

[Reference] Figures in brackets are the results of FY2016.

• ROA 2.8% [2.4%] • ROE 7.8% [6.9%]

* 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.

1. Business Overview

B. Overview by reportable segment

1) Japan

(100 million yen)

	Actual	Comparison with FY2016			Comparison with forecast (announced on May 9)		
	1Q of FY2017	1Q of FY2016	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	2,903	2,795	107	3.8	5,751	50.5	2,847
Segment Income	101	80	21	26.5	188	53.8	86
Overview	<ul style="list-style-type: none"> • Transactions of railway and truck transportation achieved growth. • In marine & harbor transportation, imports related to apparel, overseas moving services, and domestic transportation increased. • In air freight forwarding, export cargo weights increased greatly, mainly to the Americas region and to the Asia and Oceania region. • Profit increased by 1.2 billion yen due to changes in depreciation method for property and equipment. 						

2) The Americas

(100 million yen)

	Actual	Comparison with FY2016			Comparison with forecast (announced on May 9)		
	1Q of FY2017	1Q of FY2016	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	220	209	10	5.2	466	47.4	245
Segment Income	7	7	0	2.2	25	29.7	17
Overview	<ul style="list-style-type: none"> • Revenues and profit increased on a local currency basis. • Automobile-related truck transportation between the US and Mexico maintained solid performance. • Air export freight forwarding recovered, and marine export forwarding also achieved growth. 						

1. Business Overview

B. Overview by reportable segment

3) Europe

(100 million yen)

	Actual	Comparison with FY2016			Comparison with forecast (announced on May 9)		
	1Q of FY2017	1Q of FY2016	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	214	193	21	11.2	401	53.6	186
Segment Income	8	3	4	113.7	13	61.9	4
Overview	<ul style="list-style-type: none"> Revenues and profit increased on a local currency basis. Air export freight forwarding recovered, and transactions of new and existing customers in warehousing and distribution business in the Netherlands achieved growth. Marine export forwarding related to apparel in Italy and movement of automotive and electronics related cargo in Germany maintained solid performance. 						

4) East Asia

(100 million yen)

	Actual	Comparison with FY2016			Comparison with forecast (announced on May 9)		
	1Q of FY2017	1Q of FY2016	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	268	240	27	11.4	496	54.1	227
Segment Income	4	0	3	-	10	40.3	5
Overview	<ul style="list-style-type: none"> Revenues and profit increased on a local currency basis. Warehousing and distribution business and truck transportation maintained solid performance. Recovery was slower than planned, affected by continuing high air forwarding costs. 						

1. Business Overview

B. Overview by reportable segment

5) South Asia & Oceania

(100 million yen)

	Actual	Comparison with FY2016			Comparison with forecast (announced on May 9)		
	1Q of FY2017	1Q of FY2016	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	194	164	29	18.0	404	48.1	209
Segment Income	7	4	2	61.4	15	52.5	7
Overview	<ul style="list-style-type: none"> Revenues and profit increased on a local currency basis. Transactions of warehousing and distribution business maintained solid performance in the entire region. Air export freight forwarding also recovered, mainly for pharmaceuticals-related and electronic components-related shipments by non-Japanese customers. 						

6) Security Transportation

(100 million yen)

	Actual	Comparison with FY2016			Comparison with forecast (announced on May 9)		
	1Q of FY2017	1Q of FY2016	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	143	137	6	4.5	288	49.9	144
Segment Income	5	4	1	30.5	9	58.4	3
Overview	<ul style="list-style-type: none"> Acquisition of outsourcing from regional financial institutions increased due to expanded sales by cash logistics. Profit increased by 0.15 billion yen due to changes in depreciation method for property and equipment. 						

1. Business Overview

B. Overview by reportable segment

7) Heavy Haulage & Construction

(100 million yen)

	Actual	Comparison with FY2016			Comparison with forecast (announced on May 9)		
	1Q of FY2017	1Q of FY2016	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	123	105	17	16.2	246	50.1	122
Segment Income	9	7	2	35.3	21	46.3	11
Overview	<ul style="list-style-type: none"> In Japan, shutdown and maintenance contracts and heavy electric-related construction maintained solid performance, and revenues increased. Profit increased by 70 million yen due to changes in depreciation method for property and equipment. 						

8) Logistics Support

(100 million yen)

	Actual	Comparison with FY2016			Comparison with forecast (announced on May 9)		
	1Q of FY2017	1Q of FY2016	Difference	Difference (%)	Forecast for 1H	Progress (%)	Difference
Revenues	1,007	940	66	7.1	2,074	48.6	1,066
Segment Income	24	13	11	89.8	44	56.5	19
Overview	<ul style="list-style-type: none"> Revenues increased due to the higher unit selling price of oil. The Logistics support business including export packing services also maintained solid performance. Profit increased by 0.2 billion yen due to a change in accounting treatment of the previous fiscal year related to light oil transaction tax. Profit increased by 80 million yen due to changes in depreciation method for property and equipment. 						

2. Changes due to the External Environment

Change factors (1Q)

Change factors	Impact on consolidated results (1Q)	Reference	
Impact of change in unit fuel price	Fuel cost: ¥0.64 billion (cost increase)	1Q of FY2017 Light oil: ¥ 86.75/ℓ Gasoline: ¥120.53/ℓ Heavy oil: ¥ 42.45/ℓ	[1Q of FY2016] [¥ 74.68] [¥108.82] [¥ 31.89]
Impact of foreign exchange	Revenues: ¥(2.56) billion Operating income: ¥(0.05) billion	1Q of FY2017 USD: ¥113.64 EUR: ¥121.08 HKD: ¥ 14.65 RMB: ¥ 16.57	[1Q of FY2016] [¥115.48] [¥127.23] [¥ 14.85] [¥ 17.61]

3. Performance Outlook of the Fiscal Year Ending March 2018

A. Consolidated forecast (after revision)

(100 million yen)

		Forecast for FY2017 (a)	Comparison with FY2016			Initial forecast (announced on May 9) (e)	Difference from initial forecast	
			Actual for FY2016 (b)	Difference YoY (c) = (a) - (b)	Difference YoY (%) (d) = (c) / (b) × 100		Difference (f) = (a) - (e)	Difference (%) (g) = (f) / (e) × 100
Full year	Revenues	19,400	18,643	756	4.1	19,300	100	0.5
	Operating Income	670	574	95	16.7	670	-	-
	Ordinary Income	700	638	61	9.7	700	-	-
	Profit attributable to owners of parent	420	364	55	15.2	420	-	-
1H	Revenues	9,610	9,092	517	5.7	9,450	160	1.7
	Operating Income	310	244	65	26.8	290	20	6.9
	Ordinary Income	330	281	48	17.2	310	20	6.5
	Profit attributable to owners of parent	200	182	17	9.3	190	10	5.3

3. Performance Outlook of the Fiscal Year Ending March 2018

B. Overview by reportable segment (after revision)

1) Japan

(100 million yen)

		Forecast for FY2017	Comparison with FY2016			Initial forecast (announced on May 9)	Difference from initial forecast	
			FY2016	Difference	Difference (%)		Difference	Difference (%)
Full year	Revenues	11,814	11,557	256	2.2	11,705	109	0.9
	Segment Income	454	386	67	17.4	449	5	1.1
	Segment Income Margin (%)	3.8	3.3			3.8		
1 H	Revenues	5,831	5,662	168	3.0	5,751	80	1.4
	Segment Income	201	164	36	21.9	188	13	6.9
	Segment Income Margin (%)	3.4	2.9			3.3		

2) The Americas

(100 million yen)

		Forecast for FY2017	Comparison with FY2016			Initial forecast (announced on May 9)	Difference from initial forecast	
			FY2016	Difference	Difference (%)		Difference	Difference (%)
Full year	Revenues	946	838	107	12.8	936	10	1.1
	Segment Income	51	47	3	6.9	49	2	4.1
	Segment Income Margin (%)	5.4	5.7			5.2		
1 H	Revenues	470	419	50	12.1	466	4	0.9
	Segment Income	25	24	0	2.8	25	-	-
	Segment Income Margin (%)	5.3	5.8			5.4		

3. Performance Outlook of the Fiscal Year Ending March 2018



B. Overview by reportable segment (after revision)

3) Europe

(100 million yen)

		Forecast for FY2017	Comparison with FY2016			Initial forecast (announced on May 9)	Difference from initial forecast	
			FY2016	Difference	Difference (%)		Difference	Difference (%)
Full year	Revenues	885	792	92	11.6	811	74	9.1
	Segment Income	35	20	14	72.4	28	7	25.0
	Segment Income Margin (%)	4.0	2.6			3.5		
1 H	Revenues	443	391	51	13.2	401	42	10.5
	Segment Income	17	8	8	98.7	13	4	30.8
	Segment Income Margin (%)	3.8	2.2			3.2		

4) East Asia

(100 million yen)

		Forecast for FY2017	Comparison with FY2016			Initial forecast (announced on May 9)	Difference from initial forecast	
			FY2016	Difference	Difference (%)		Difference	Difference (%)
Full year	Revenues	1,084	1,017	66	6.5	1,038	46	4.4
	Segment Income	19	11	7	70.0	29	(10)	(34.5)
	Segment Income Margin (%)	1.8	1.1			2.8		
1 H	Revenues	541	476	64	13.5	496	45	9.1
	Segment Income	8	5	2	33.9	10	(2)	(20.0)
	Segment Income Margin (%)	1.5	1.3			2.0		

3. Performance Outlook of the Fiscal Year Ending March 2018

B. Overview by reportable segment (after revision)

5) South Asia & Oceania

(100 million yen)

		Forecast for FY2017	Comparison with FY2016			Initial forecast (announced on May 9)	Difference from initial forecast	
			FY2016	Difference	Difference (%)		Difference	Difference (%)
Full year	Revenues	805	703	101	14.4	856	(51)	(6.0)
	Segment Income	31	24	6	24.7	31	-	-
	Segment Income Margin (%)	3.9	3.5			3.6		
1 H	Revenues	396	341	54	16.0	404	(8)	(2.0)
	Segment Income	15	11	3	34.2	15	-	-
	Segment Income Margin (%)	3.8	3.3			3.7		

6) Security Transportation

(100 million yen)

		Forecast for FY2017	Comparison with FY2016			Initial forecast (announced on May 9)	Difference from initial forecast	
			FY2016	Difference	Difference (%)		Difference	Difference (%)
Full year	Revenues	568	547	20	3.7	579	(11)	(1.9)
	Segment Income	16	9	6	65.8	18	(2)	(11.1)
	Segment Income Margin (%)	2.8	1.8			3.1		
1 H	Revenues	287	274	12	4.6	288	(1)	(0.3)
	Segment Income	8	4	3	78.7	9	(1)	(11.1)
	Segment Income Margin (%)	2.8	1.6			3.1		

3. Performance Outlook of the Fiscal Year Ending March 2018

B. Overview by reportable segment (after revision)

7) Heavy Haulage & Construction

(100 million yen)

		Forecast for FY2017	Comparison with FY2016			Initial forecast (announced on May 9)	Difference from initial forecast	
			FY2016	Difference	Difference (%)		Difference	Difference (%)
Full year	Revenues	461	469	(8)	(1.9)	486	(25)	(5.1)
	Segment Income	36	38	(2)	(7.3)	40	(4)	(10.0)
	Segment Income Margin (%)	7.8	8.3			8.2		
1 H	Revenues	241	222	18	8.3	246	(5)	(2.0)
	Segment Income	21	17	3	18.4	21	-	-
	Segment Income Margin (%)	8.7	8.0			8.5		

8) Logistics Support

(100 million yen)

		Forecast for FY2017	Comparison with FY2016			Initial forecast (announced on May 9)	Difference from initial forecast	
			FY2016	Difference	Difference (%)		Difference	Difference (%)
Full year	Revenues	4,263	4,039	223	5.5	4,333	(70)	(1.6)
	Segment Income	106	100	5	5.8	101	5	5.0
	Segment Income Margin (%)	2.5	2.5			2.3		
1 H	Revenues	2,056	1,920	135	7.1	2,074	(18)	(0.9)
	Segment Income	52	33	18	54.3	44	8	18.2
	Segment Income Margin (%)	2.5	1.8			2.1		

3. Performance Outlook of the Fiscal Year Ending March 2018

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: ¥0.55 billion (cost increase)	<table> <tr> <td></td> <td>FY2017</td> <td>[Yearly average in FY2016]</td> </tr> <tr> <td>Light oil:</td> <td>¥ 84.73/ℓ</td> <td>[¥ 79.87]</td> </tr> <tr> <td>Gasoline:</td> <td>¥120.81/ℓ</td> <td>[¥113.79]</td> </tr> <tr> <td>Heavy oil:</td> <td>¥ 41.64/ℓ</td> <td>[¥ 36.10]</td> </tr> </table> <p>* Assumes the same amount of fuel will be used as that of the previous year.</p>		FY2017	[Yearly average in FY2016]	Light oil:	¥ 84.73/ℓ	[¥ 79.87]	Gasoline:	¥120.81/ℓ	[¥113.79]	Heavy oil:	¥ 41.64/ℓ	[¥ 36.10]										
	FY2017	[Yearly average in FY2016]																						
Light oil:	¥ 84.73/ℓ	[¥ 79.87]																						
Gasoline:	¥120.81/ℓ	[¥113.79]																						
Heavy oil:	¥ 41.64/ℓ	[¥ 36.10]																						
Impact of foreign exchange	<table> <tr> <td>Revenues:</td> <td>¥13.63 billion</td> </tr> <tr> <td>Operating income:</td> <td>¥0.53 billion</td> </tr> </table>	Revenues:	¥13.63 billion	Operating income:	¥0.53 billion	<table> <tr> <td colspan="3">Annual exchange rate</td> </tr> <tr> <td></td> <td>FY2017</td> <td>[Yearly average in FY2016]</td> </tr> <tr> <td>USD:</td> <td>¥112.60</td> <td>[¥108.84]</td> </tr> <tr> <td>EUR:</td> <td>¥125.00</td> <td>[¥120.33]</td> </tr> <tr> <td>HKD:</td> <td>¥ 14.40</td> <td>[¥ 14.02]</td> </tr> <tr> <td>RMB:</td> <td>¥ 16.50</td> <td>[¥ 16.37]</td> </tr> </table>	Annual exchange rate				FY2017	[Yearly average in FY2016]	USD:	¥112.60	[¥108.84]	EUR:	¥125.00	[¥120.33]	HKD:	¥ 14.40	[¥ 14.02]	RMB:	¥ 16.50	[¥ 16.37]
Revenues:	¥13.63 billion																							
Operating income:	¥0.53 billion																							
Annual exchange rate																								
	FY2017	[Yearly average in FY2016]																						
USD:	¥112.60	[¥108.84]																						
EUR:	¥125.00	[¥120.33]																						
HKD:	¥ 14.40	[¥ 14.02]																						
RMB:	¥ 16.50	[¥ 16.37]																						
		<div style="border: 1px dashed black; padding: 5px;"> 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. </div>																						



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.