



Briefing Material for the Results Meeting for 1H of
the Fiscal Year Ending March 2020

October 31, 2019

NIPPON EXPRESS CO., LTD.

Explanatory details and points of the Meeting



1. Evaluation on Results of 1H of FY2019 and Future Outlook
Progress of the Nippon Express Group Business Plan 2023
President and CEO Mitsuru Saito
2. Results of 2Q of FY2019 and Future Outlook
Director Takashi Masuda
3. Progress of Priority Industries and Outlook for Air Freight Forwarding Business
Executive Vice President
In charge of Business Solutions Section Takaaki Ishii
4. Revision in the Impact of Employee System Reform in FY2019
Executive Vice President
In charge of Corporate Solutions Section Hisao Taketsu
5. Roadmap after Branch Infrastructure Reorganization
Executive Vice President
In charge of Japan Business Section Susumu Akita

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1. Financial Results for 1H of FY2019

A Overview of 1H of FY2019

1. Overview (Consolidated)

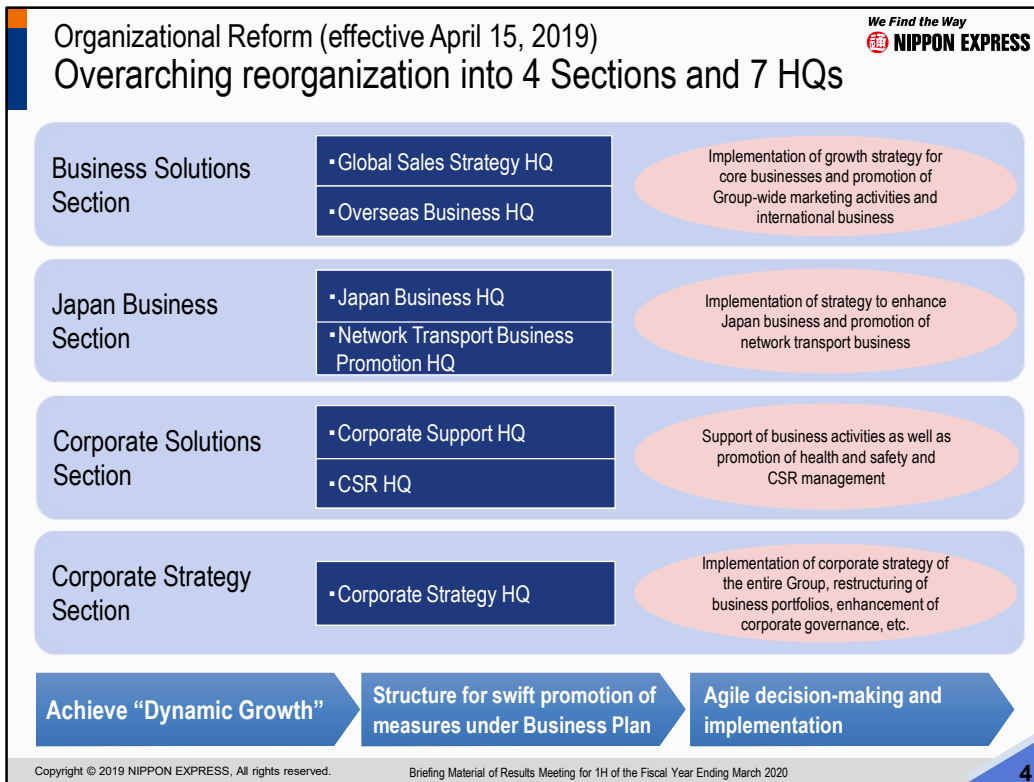
(100 million yen) (rounded down to 100 million yen)

Item	Actual for 1H of FY2019	Actual for 1H of FY2018	Difference YoY	Difference YoY (%)	Forecast for 1H (announced on July 31)	Difference	Progress (%)
Revenues	10,389	10,403	(13)	(0.1)	10,500	(110)	98.9
Operating income	291	340	(48)	(14.4)	270	21	107.9
Ordinary income	328	377	(49)	(13.1)	300	28	109.4
Profit attributable to owners of parent	190	234	(44)	(18.9)	170	20	111.8

2. Business Indices

- Operating Income Margin 2.8% [3.3%]
 - Ordinary Income Margin 3.2% [3.6%]
 - ROA 2.9% [3.2%]
 - ROE 8.4% [9.2%]
- [Reference] Figures in brackets are the results of FY2018.
Figures in brackets are the results of FY2018.
* Profit is forecast for full fiscal year.

- Overseas, uncertainty in the global economy is still evident. A decrease in revenues due to low transportation demand for international freight mainly in the air freight forwarding was covered by warehousing & distribution business, truck transportation, and marine & harbor transportation, etc.
- In Japan, domestic freight was strong mainly in the consumption-related cargo and facility-related cargo.
Handling volume increased primarily in automobile transportation, marine & harbor transportation, warehousing, and moving & relocation business.
Cargo movement was generally slow in international freight, owing to a global slowdown in transportation of the air freight of general machinery and electronic equipment, and automobile-related freight mainly to Asia. Given this market environment, air freight transactions were slow overall at the Company as well.
- Effect of equal pay for equal work as part of employee system reform and higher personnel expenses associated with change of the period applicable to bonus payment caused to lower income, despite income-boosting factors such as a reactive increase following the natural disasters in the fiscal year ended March 2019 and the impact of change in unit fuel price.
- In comparison to the first-half forecast announced in July, revenues were below the target, while operating income, ordinary income, and profit exceeded the forecasts. Contributing factors included the strong domestic business owing to the effect of account sales and one-stop sales, effect of continuous rate revisions, and a decrease in overtime work accompanying higher office work productivity.
- Extraordinary income decreased by 1.3 billion yen, affected by the sales of assets in the fiscal year ended March 2019.
- Extraordinary loss increased by 1.7 billion yen year on year due to a significant impact of demolition costs of existing buildings, etc.



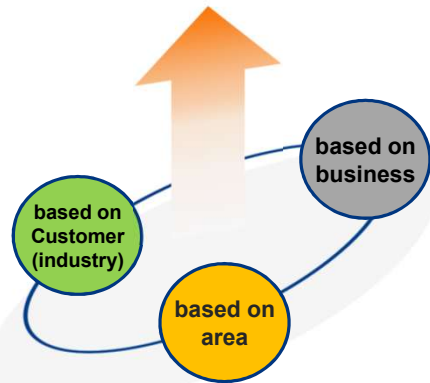
◇ Organizational Reform

- To achieve agile implementation of the measures under the newly started Business Plan, sections and headquarters in charge have been clarified.
- The President and Executive Vice Presidents were assigned to lead the 4 sections to assume responsibility for promoting each measure.

Growth strategy for core businesses

Develop a current customer basis and develop businesses in Japan that we believe to be our strengths into global level

Increase sales



Control function and mechanism to support three-dimensional approaches

Priority measures

Approach based on customer (industry)

- One-stop business promotion/account sales promotion, account management
- Sales approach by industry and business type
- Responding to changes due to the rapidly expanding e-commerce market
- Expanding sales to non-Japanese accounts

Approach based on business

- Forwarding business
- Logistics business
- Network transport business
- Packaging solution business

Approach based on area

- Japan
- Americas
- Europe
- East Asia
- South Asia and Oceania

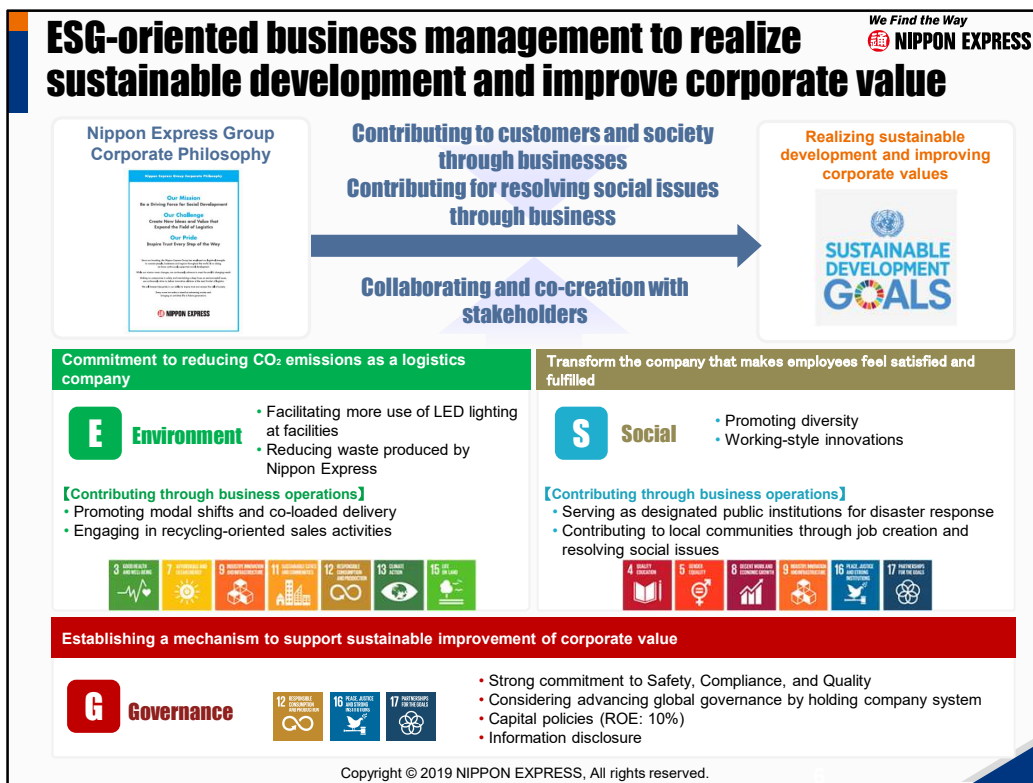
Control functions and mechanisms to support these three sales approaches

- Establishing a system to support sales activities based on sales and operational data
- Introducing KPIs to the sales process
- Reinforcing Group sales support base

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◇ Implementation of growth strategy for core businesses

- For Customer (Industry) enhancement, as presented by specific KPIs and announced in target figures, the Company is promoting various initiatives to strengthen sales and marketing in Japan and overseas, centering on the five industries which were defined as priority industries.
- For Business enhancement, the Company has set up numerical targets in air and marine freight forwarding volume for the fiscal year ending March 2020. The Company is promoting various reforms especially for the marine & harbor transportation business. The effect will start to show including growth in transaction volume.
- For Area enhancement, the Company took a stake in Future Supply Chain Solution Limited with a view to further expanding in the Indian market, where future growth is expected. The Company aims to strengthen logistics business centered on consumer goods in India, in addition to the international freight forwarding business it has handled to date.



◇ ESG-oriented business management to realize sustainable development and improve corporate value

- The Company has and will continue to engage in thorough “Safety, Compliance, Quality” as one of the top management issues.
- The Company is promoting initiatives including the promotion of diversity to realize diverse and flexible work styles while discarding outmoded work styles that tended to involve long working hours, thereby enhancing operational productivity. Decrease in overtime work has progressed, showing a positive effect of reducing total personnel expenses.
- Based on the new employee system, which the Company has just introduced, it is critically important to achieve working-style innovations so that each employee can demonstrate their full potential. The Company is promoting various initiatives to establish a corporate culture where every employee can experience fulfillment by taking the initiative, proactively working and embracing challenges, without sticking to outmoded customs and approaches, and derive satisfaction through their work.
- As part of employee system reform, the Company is preparing to introduce “equal pay for equal work” principle ahead of enforcement. Although this will involve a significant cost, the Company resolved to introduce the measure, having deemed it necessary for coping with labor shortages and improving the work environment for front-line staff.

Nippon Express Group Business Plan 2023 “Dynamic Growth”

- Defines a Three-Dimensional (Customer (Industry) , Business, and Area) approach as a **growth strategy for our core business**
- Defines a realization of the high profitability to build the base of our growth strategy as a **strategy to enhance domestic businesses in Japan**
- Defines M&A as a **inorganic growth strategy** to reinforce and expand our global management base
- Establishes **ESG-oriented business management to realize sustainable development** (e.g. ,global governance) and improve corporate value



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- Six months have passed since the current Business Plan started. The Company has been implementing measures under the plan with a sense of speed and was able to get off to a smooth start.

3. Forecast of Consolidated Financial Results for FY2019

A Consolidated results forecast

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

Item	1H			2H			Full year		
	FY2019 results	FY2018 results	Difference [%]	FY2019 forecast	FY2018 results	Difference [%]	FY2019 forecast	FY2018 results	Difference [%]
Revenues	10,389	10,403	(13) [[0.1]]	10,710	10,981	(271) [[2.5]]	21,100	21,385	(285) [[1.3]]
Operating income [Operating income margin]	291 [2.8]	340 [3.3]	(48) [[14.4]]	388 [3.6]	455 [4.1]	(67) [[14.7]]	680 [3.2]	795 [3.7]	(115) [[14.6]]
Ordinary income	328	377	(49) [[13.1]]	401	480	(78) [[16.3]]	730	858	(128) [[14.9]]
Profit attributable to owners of parent	190	234	(44) [[18.9]]	259	258	1 [0.4]	450	493	(43) [[8.8]]

Item	1H			2H			Full year		
	FY2019 results	July 31 forecast	Difference [%]	FY2019 forecast	July 31 forecast	Difference [%]	FY2019 forecast	July 31 forecast	Difference [%]
Revenues	10,389	10,500	(110) [[1.1]]	10,710	11,000	(289) [[2.6]]	21,100	21,500	(400) [[1.9]]
Operating income [Operating income margin]	291 [2.8]	270 [2.6]	21 [7.9]	388 [3.6]	410 [3.7]	(21) [[5.2]]	680 [3.2]	680 [3.2]	-

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◇ Comparison with the previous forecast

- In comparison to the full-year forecast announced on July 31, forecast for revenues was revised downward by 40.0 billion yen, while forecasts for operating income, ordinary income and profit were left unchanged.
- As to the overall operating income on a consolidated basis, operating income in the second half is projected to be 2.1 billion yen below the full-year forecast announced in July, which will offset the achievement yielded in the first half. Therefore, full-year forecasts for operating income, ordinary income and profit were left unchanged.

◇ Reasons for revision of financial results forecasts

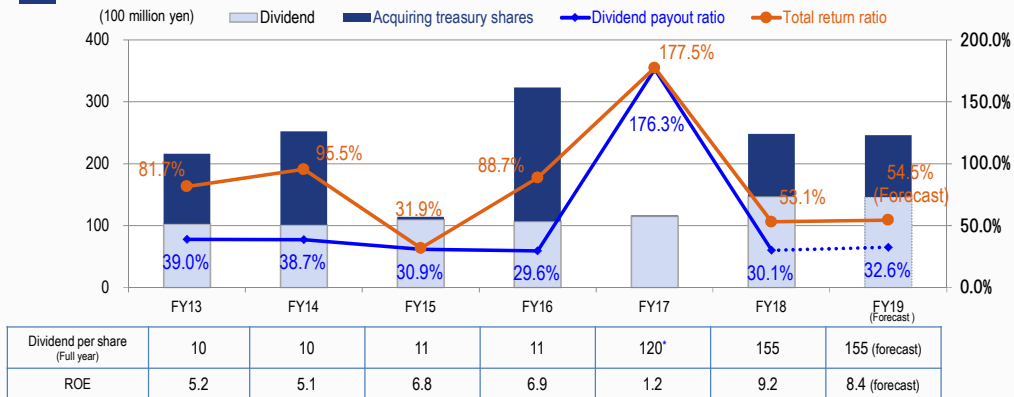
- Reduction in the world trade volume and consequent stagnation in the manufacturing industry are the major reasons.
The effect of the U.S.-China trade friction has spread on a global scale. Pronounced downward pressure on the economy has resulted in lower-than-expected demand for transportation of international freight centered on air freight forwarding business. Forecasts for revenues have been revised as it is projected that more time will be required for a recovery in demand.
- For the Japanese economy as well, future prospects are quite uncertain, affected by deterioration in the global economy that has been gradually expanding throughout domestic economy, causing business sentiment to decline not just in manufacturing industry but in non-manufacturing sectors.
- Considering such circumstances, full-year forecast for the operating income for the overseas block has been revised downward by 2.2 billion yen from the full-year forecast announced in July, assuming underperformance in the second half.
- Meanwhile, in the domestic business, the effect of decrease in overtime work will continue, but cargo movement in the second half is projected to be sluggish compared to the first half. Operating income in the second half is not projected to exceed the full-year forecast announced in July as in the first half.

5. Return to Shareholders

A Capital policy

- ROE: 10%
- Dividend payout ratio: Over 30%
- Total return ratio: Over 50% (cumulative total FY2019-FY2023)
- Equity ratio: Target 35%

B Trend of indices



* The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. The amounts of dividends from FY2017 onwards reflect this consolidation of shares.

◇ Total return ratio

- The Company's target total return ratio is over 50% as the cumulative total for the five years under the Business Plan 2023. To achieve this target, the Company will carry out increases in treasury stock holdings from November 1 with the maximum amount of 10.0 billion yen.

With this acquisition, total return ratio for the fiscal year ending March 2020 is projected to be over 54%.

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1. Financial Results for 1H of FY2019

B Actual results by reportable segment

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

Segment	Item	Actual for 1H of FY2019	Actual for 1H of FY2018	Difference YoY	Difference YoY (%)	Forecast for 1H (announced on July 31)	Difference	Progress (%)
Japan	Revenues	6,103	6,157	(54)	(0.9)	6,196	(92)	98.5
	Segment Income	205	238	(32)	(13.7)	186	19	110.7
The Americas	Revenues	477	472	5	1.1	475	2	100.6
	Segment Income	19	22	(2)	(13.3)	20	(0)	96.4
Europe	Revenues	588	559	28	5.2	595	(6)	99.0
	Segment Income	12	7	5	69.7	13	(0)	94.4
East Asia	Revenues	559	588	(29)	(5.0)	554	5	101.0
	Segment Income	15	11	4	34.5	14	1	111.6
South Asia & Oceania	Revenues	441	444	(3)	(0.8)	439	2	100.5
	Segment Income	15	19	(3)	(18.2)	20	(4)	79.1
Security Transportation	Revenues	364	359	4	1.2	368	(3)	99.0
	Segment Income	(12)	2	(15)	-	(19)	6	-
Heavy Haulage & Construction	Revenues	272	248	23	9.6	270	2	100.9
	Segment Income	26	20	5	27.7	22	4	121.2
Logistics Support	Revenues	2,283	2,285	(2)	(0.1)	2,366	(82)	96.5
	Segment Income	57	57	0	0.3	58	(0)	99.6

2. Segment Overview of FY2019

A Japan segment

1. Actual for 2Q (100 million yen)
* Figures in brackets indicate operating income margin (%).

Item	Actual for FY2019	Comparison with FY2018			2Q Overview
		FY2018	Difference	Difference (%)	
Revenues	3,077	3,084	(6)	(0.2)	Revenues in railway transportation increased due to the rebound from disaster impact in FY2018. In truck transportation, consumer goods and electric and electronics merchandise were solid, while cargo movement in steel and automobile-related components slowed down. In Air Transportation, Export volume were down 38.6% year on year, a significant decrease, having dipped following the record high in FY2018.
Operating income*	132 [4.3]	118 [3.8]	14	11.9	

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019							Special factors
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast	
Revenues	3,025	3,077	6,103	-	-	6,304	12,408	Special factors •Correction of overestimated revenues in the past periods: [Revenues / Operating income] (7) (2Q) •Rebound from disaster impact in FY2018: [Revenues] 28 (2Q) [Operating income] 9 (2Q), 1 (3Q) •Decrease in unit fuel price: [Operating income] 7 (Yearly), 2 (1H) •Impact from change of retirement allowance rules: [Operating income] 9 (Yearly), 3 (1H) •Impact of actuarial differences in retirement benefits: [Operating income] (13) (Yearly), (6) (1H) •Change of the period applicable to bonus payment: [Operating income] (35) (1H) •Cost increase associated with the employee system reform: [Operating income] (32) (Yearly), (14) (1H)
Operating income*	73 [2.4]	132 [4.3]	205 [3.4]	-	-	287 [4.6]	493 [4.0]	
Item	Actual for FY2018							
	1Q	2Q	1H	3Q	4Q	2H	FY	
Revenues	3,073	3,084	6,157	3,346	3,063	6,410	12,568	
Operating income*	119 [3.9]	118 [3.8]	238 [3.9]	188 [5.6]	133 [4.3]	321 [5.0]	559 [4.5]	
Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))							
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast	
Revenues	(48)	(6)	(54)	-	-	(105)	(160)	
Operating income	(1.6)	(0.2)	(0.9)	-	-	(1.6)	(1.3)	
Operating income	(46)	14	(32)	-	-	(33)	(66)	
	(39.0)	11.9	(13.7)	-	-	(10.6)	(11.9)	
Item	Forecast overview							
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast	
Revenues	(48)	(6)	(54)	-	-	(105)	(160)	
Operating income	(1.6)	(0.2)	(0.9)	-	-	(1.6)	(1.3)	
Operating income	(46)	14	(32)	-	-	(33)	(66)	
	(39.0)	11.9	(13.7)	-	-	(10.6)	(11.9)	

3. Forecast change

Item	Comparison of full-year forecasts			Comparison of 1H forecasts			Comparison of 2H forecasts		
	Current forecast	Previous forecast	Difference	Actual	Previous forecast	Difference	Current forecast	Previous forecast	Difference
Revenues	12,408	12,618	(210)	6,103	6,196	(92)	6,304	6,422	(117)
Operating income*	493 [4.0]	472 [3.7]	21	205 [3.4]	186 [3.0]	19	287 [4.6]	286 [4.5]	1

◇ Overview of the second quarter (Lower revenues, higher income)

- Revenues in railway transportation increased due to the rebound from disaster impact in the fiscal year ended March 2019.
- In truck transportation, cargo movement in steel and automobile-related components slowed down, causing lower revenues.
- Revenues in warehousing & storage business increased year on year owing to lively demand from customers for logistics warehouses, in addition to vacancy countermeasures.
- In marine & harbor transportation, lack of spot business and container terminal operations during last year was covered by increased export volume resulting from the response to new bids and an increase in transactions of new import cargo, leading to higher revenues.
- In air freight forwarding, consolidated export cargo weights decreased by 38.6% compared to the fiscal year ended March 2019, exceeding the overall market contraction of 25.2%. Having dipped following the record-high handling in last year, the rate is projected to fall sharply.
- Correction of excessively recorded revenues in the past periods caused revenues to decrease by 0.7 billion yen.

◇ Overview of full-year forecast (Lower revenues, lower income year on year)

- In comparison to the full-year forecast announced in July, revenues were revised downward and operating income was revised upward.

Reasons for Revision

- For revenues, air export freight forwarding cargo movement is slowing down, and this trend is expected to continue.
- Revenues from warehousing & storage business and moving & relocation business are projected to be solid, while those from other businesses will decrease.
- As to income, despite the impact of increase in personnel expenses due to employee system reform and change of the period applicable to bonus payment, the amount of increase will be smaller than the initial forecast thanks to the effect of a decrease in overtime work and change of retirement allowance rules associated with the employee system reform.
- Effect of increasing revenues and income as a result of rate revisions is projected to continue during the second half.

2. Segment Overview of FY2019

B The Americas segment

(100 million yen)
* Figures in brackets indicate operating income margin (%).

1. Actual for 2Q

Item	Actual for FY2019	Comparison with FY2018		
		FY2018	Difference	Difference (%)
Revenues	237	240	(3)	(1.3)
Operating income*	10 [4.5]	13 [5.7]	(3)	(22.1)

2Q Overview

Handling of new projects and transactions from existing customers increased in marine export freight forwarding. Transactions from existing customers also increased in warehousing & distribution business and Truck transportation.
Air export revenue decreased mainly due to a significant decline in automobile-related transactions. Despite efforts in expenses to reduce administrative costs and forwarding cost accompanying a decline in air transaction volume, operating income decreased.

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	240	237	477	-	-	459	937
Operating income*	8 [3.7]	10 [4.5]	19 [4.0]	-	-	19 [4.3]	39 [4.2]

Special factors

* Impact of foreign exchange: [Revenues] (14) (Yearly), 5 (1H)
[Operating income] (0) (Yearly), 0 (1H)

Item	Actual for FY2018						
	1Q	2Q	1H	3Q	4Q	2H	FY
Revenues	231	240	472	251	262	514	986
Operating income*	8 [3.7]	13 [5.7]	22 [4.7]	11 [4.7]	8 [3.3]	20 [4.0]	42 [4.3]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	8	(3)	5	-	-	(55)	(49)
	3.7	(1.3)	1.1	-	-	(10.8)	(5.1)
Operating income	0	(3)	(2)	-	-	(0)	(3)
	0.6	(22.1)	(13.3)	-	-	(3.3)	(8.5)

Forecast overview

Downward pressure on the economy is pronounced, mainly due to a slowdown in the global economy. Transportation demand for international freight like as air cargo will be lower than expected. More time will be required for recovery.

3. Forecast change

Item	Comparison of full-year forecasts			Comparison of 1H forecasts			Comparison of 2H forecasts		
	Current forecast	Previous forecast	Difference	Actual	Previous forecast	Difference	Current forecast	Previous forecast	Difference
Revenues	937	997	(60)	477	475	2	459	522	(62)
Operating income*	39 [4.2]	47 [4.7]	(8)	19 [4.0]	20 [4.2]	(0)	19 [4.3]	27 [5.2]	(7)

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◇ Overview of the second quarter (Lower revenues, lower income)

- Handling of new projects and transactions from existing customers increased in marine export freight forwarding.
- Transactions from existing customers also increased in warehousing & distribution business and automobile transport.
- Air export forwarding revenue decreased significantly mainly due to a decline in automobile-related transactions.
- Despite efforts to reduce administrative costs such as personnel expenses and forwarding cost accompanying a decline in air transaction volume, operating income decreased.

2. Segment Overview of FY2019

C Europe segment

(100 million yen)
* Figures in brackets indicate operating income margin (%)

1. Actual for 2Q

Item	Actual for FY2019	Comparison with FY2018		
		FY2018	Difference	Difference (%)
Revenues	289	274	15	5.6
Operating income*	4 [1.7]	1 [0.6]	3	202.8

2Q Overview

While air export revenue decreased due to automobile related shipment in Germany and decreased volume from existing customers in Belgium, a new transaction commenced in the warehousing & distribution business. Revenues in marine & harbor transportation and automobile transport were also solid. In expenses, operating income was increased although personnel expenses remained high.

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	298	289	588	-	-	610	1,199
Operating income*	7 [2.4]	4 [1.7]	12 [2.1]	-	-	15 [2.6]	28 [2.3]

Special factors

* Impact of foreign exchange: [Revenues] (78) (Yearly), (31) (1H)
[Operating income] (2) (Yearly), (1) (1H)

Item	Actual for FY2018						
	1Q	2Q	1H	3Q	4Q	2H	FY
Revenues	285	274	559	274	313	588	1,148
Operating income*	5 [2.0]	1 [0.6]	7 [1.3]	4 [1.7]	10 [3.5]	15 [2.6]	22 [2.0]

Forecast overview

Downward pressure on the economy is pronounced, mainly due to a slowdown in the global economy. Transportation demand for international freight like as air cargo will be lower than expected. More time will be required for recovery.

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	13 4.8	15 5.6	28 5.2	-	-	21 3.7	50 4.4
Operating income	1 30.7	3 202.8	5 69.7	-	-	0 1.6	5 23.3

3. Forecast change

Item	Comparison of full-year forecasts			Comparison of 1H forecasts			Comparison of 2H forecasts		
	Current forecast	Previous forecast	Difference	Actual	Previous forecast	Difference	Current forecast	Previous forecast	Difference
Revenues	1,199	1,229	(30)	588	595	(6)	610	634	(23)
Operating income*	28 [2.3]	30 [2.4]	(2)	12 [2.1]	13 [2.2]	(0)	15 [2.6]	17 [2.7]	(1)

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◇ Overview of the second quarter (Higher revenues, higher income)

- Air export forwarding revenue decreased due to fewer automobile-related transactions in Germany and decreased transactions from existing customers in Belgium.
- In the warehousing & distribution business, new transactions were commenced with Franco Vago, Traconf and NIPPON EXPRESS (DEUTSCHLAND), etc.
- Revenues in marine & harbor transportation and automobile transport were also solid.
- In expenses, personnel expenses remained high.

2. Segment Overview of FY2019

D East Asia segment

(100 million yen)
* Figures in brackets indicate operating income margin (%).

1. Actual for 2Q

Item	Actual for FY2019	Comparison with FY2018		
		FY2018	Difference	Difference (%)
Revenues	283	304	(21)	(6.9)
Operating income*	9 [3.3]	7 [2.5]	1	20.2

2Q Overview

Air export volume has been decreased due to lower transportation demand for international freight mainly in China.
Revenues increased in marine & harbor transportation and warehousing & distribution businesses, but overall revenues were down.
In air forwarding costs, the reduction of expenses progressed as a result of effective cargo consolidation especially at Nippon Express (H.K.).

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	275	283	559	-	-	580	1,140
Operating income*	6 [2.3]	9 [3.3]	15 [2.8]	-	-	15 [2.6]	31 [2.7]

Special factors

• Impact of foreign exchange: [Revenues] (57) (Yearly), (19) (1H)
[Operating income] (1) (Yearly), (0) (1H)

Item	Actual for FY2018						
	1Q	2Q	1H	3Q	4Q	2H	FY
Revenues	283	304	588	308	331	639	1,227
Operating income*	3 [1.4]	7 [2.5]	11 [2.0]	8 [2.6]	10 [3.1]	18 [2.9]	30 [2.5]

Forecast overview

Downward pressure on the economy is pronounced, mainly due to a slowdown in the global economy.
Transportation demand for international freight like as air cargo will be lower than expected.
More time will be required for recovery.

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	(8) (2.8)	(21) (6.9)	(29) (5.0)	-	-	(58) (9.1)	(87) (7.1)
Operating income	2 63.3	1 20.2	4 34.5	-	-	(3) (16.7)	0 3.1

3. Forecast change

Item	Comparison of full-year forecasts			Comparison of 1H forecasts			Comparison of 2H forecasts		
	Current forecast	Previous forecast	Difference	Actual	Previous forecast	Difference	Current forecast	Previous forecast	Difference
Revenues	1,140	1,210	(70)	559	554	5	580	656	(75)
Operating income*	31 [2.7]	33 [2.7]	(2)	15 [2.8]	14 [2.5]	1	15 [2.6]	19 [2.9]	(3)

◇ Overview of the second quarter (Lower revenues, higher income)

- Revenues decreased significantly owing to lower transportation demand for international freight mainly in China that caused air export freight forwarding to decline.
- Revenues increased in marine & harbor transportation and warehousing & distribution businesses, but overall revenues were down.
- In air forwarding costs, the reduction of expenses progressed as a result of effective cargo consolidation at Nippon Express (H.K.), resulting in a significant improvement in income.

2. Segment Overview of FY2019

E South Asia & Oceania segment

(100 million yen)
* Figures in brackets indicate operating income margin (%).

1. Actual for 2Q

Item	Actual for FY2019	Comparison with FY2018		
		FY2018	Difference	Difference (%)
Revenues	221	226	(5)	(2.2)
Operating income*	8 [3.8]	10 [4.7]	(2)	(21.2)

2Q Overview

Marine & harbor transportation performance remained solid. Warehousing & distribution business performed well mainly on automobile-related and apparel transactions. Revenues were down in air export freight forwarding because of a lack of spot transactions. As for income, fixed expenses such as personnel expenses have been increased.

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	219	221	441	-	-	464	906
Operating income*	7 [3.4]	8 [3.8]	15 [3.6]	-	-	17 [3.7]	33 [3.6]

Special factors

• Impact of foreign exchange: [Revenues] (15) (Yearly), (5) (1H)
[Operating income] (0) (Yearly), (0) (1H)

Item	Actual for FY2018						
	1Q	2Q	1H	3Q	4Q	2H	FY
Revenues	218	226	444	236	237	474	918
Operating income*	8 [4.0]	10 [4.7]	19 [4.3]	10 [4.3]	7 [3.2]	17 [3.7]	37 [4.0]

Forecast overview

Downward pressure on the economy is pronounced, mainly due to a slowdown in the global economy. Transportation demand for international freight like as air cargo will be lower than expected. More time will be required for recovery.

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	1 0.8	(5) (2.2)	(3) (0.8)	-	-	(9) (2.0)	(12) (1.4)
Operating income	(1) (14.5)	(2) (21.2)	(3) (18.2)	-	-	(0) (3.3)	(4) (11.1)

3. Forecast change

Item	Comparison of full-year forecasts			Comparison of 1H forecasts			Comparison of 2H forecasts		
	Current forecast	Previous forecast	Difference	Actual	Previous forecast	Difference	Current forecast	Previous forecast	Difference
Revenues	906	936	(30)	441	439	2	464	497	(32)
Operating income*	33 [3.6]	43 [4.6]	(10)	15 [3.6]	20 [4.6]	(4)	17 [3.7]	23 [4.6]	(5)

◇ Overview of the second quarter (Lower revenues, lower income)

- Marine & harbor transportation and warehousing & distribution businesses performed well centering on automobile- and apparel-related transactions.
- Revenues were down in air export freight forwarding because of a lack of spot transactions, etc.
- As for income, fixed expenses such as personnel expenses have been on the rise.

2. Segment Overview of FY2019

F Security Transportation segment

(100 million yen)
* Figures in brackets indicate operating income margin (%).

1. Actual for 2Q

Item	Actual for FY2019	Comparison with FY2018		
		FY2018	Difference	Difference (%)
Revenues	180	179	0	0.4
Operating income*	(0) [(0.5)]	(0) [(0.2)]	(0)	-

2Q Overview

Revenues increased due to higher sales of Safety Deposit machines. A slight operating loss was recorded due to the impact of increased personnel expenses as a result of employee system reform.

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	184	180	364	-	-	364	729
Operating income*	(11) [(6.5)]	(0) [(0.5)]	(12) [(3.5)]	-	-	0 [0.2]	(12) [(1.6)]

Item	Actual for FY2018						
	1Q	2Q	1H	3Q	4Q	2H	FY
Revenues	180	179	359	181	185	366	726
Operating income*	3 [1.8]	(0) [(0.2)]	2 [0.8]	3 [1.8]	6 [3.3]	9 [2.6]	12 [1.7]

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	3	0	4	-	-	(1)	2
Operating income	(15)	(0)	(15)	-	-	(8)	(24)

Special factors

- Decrease in unit fuel price: [Operating income] 1 (Yearly), 0 (1H)
- Impact from change of retirement allowance rules: [Operating income] 0 (Yearly), 0 (1H)
- Impact of actuarial differences in retirement benefits: [Operating income] (3) (Yearly), (1) (1H)
- Impact of change of the period applicable to bonus payment: [Operating income] (9) (Yearly), (9) (1H)
- Cost increase associated with the employee system reform: [Operating income] (14) (Yearly), (6) (1H)

Forecast overview

Due to employee system reform, etc., costs associated with personnel expenses are projected to rise significantly. Amount of loss will be smaller than in the forecast announced on July 31, as a result of the effort of cost saving including negotiations for rate revisions and streamlining of deliveries against the backdrop of labor shortages.

3. Forecast change

Item	Comparison of full-year forecasts			Comparison of 1H forecasts			Comparison of 2H forecasts		
	Current forecast	Previous forecast	Difference	Actual	Previous forecast	Difference	Current forecast	Previous forecast	Difference
Revenues	729	739	(10)	364	368	(3)	364	371	(6)
Operating income*	(12) [(1.6)]	(18) [(2.4)]	6	(12) [(3.5)]	(19) [(5.2)]	6	0 [0.2]	1 [0.3]	(0)

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Briefing Material of Results Meeting for 1H of the Fiscal Year Ending March 2020

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◇ Overview of the second quarter (revenues and income unchanged year on year)

- Higher sales of cash safety delivery machines served to increase revenues.
- A slight operating loss was recorded partly due to the increased personnel expenses as a result of employee system reform.

◇ Overview of full-year forecast (Higher revenues, lower income year on year)

- In comparison to the full-year forecast announced in July, revenues were revised downward and operating income was revised upward.

Reasons for Revision

- A loss of 1.8 billion yen was initially expected because of a substantial cost increase related to personnel expenses due to employee system reform, etc. The amount of loss will be, however, reduced by 0.6 billion yen compared to the forecast announced in July, as a result of tenacious negotiations for rate revisions against the backdrop of labor shortages and the effect of cost cutting efforts including the streamlining of deliveries in coordination with customers.

2. Segment Overview of FY2019

G Heavy Haulage & Construction segment (100 million yen)

1. Actual for 2Q * Figures in brackets indicate operating income margin (%).

Item	Actual for FY2019	Comparison with FY2018			2Q Overview
		FY2018	Difference	Difference (%)	
Revenues	138	124	14	11.3	Wind power plant-related and shutdown maintenance works increased, in based on strong demand in Japan.
Operating income*	16 [11.6]	10 [8.2]	5	57.1	

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019							Special factors
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast	
Revenues	133	138	272	-	-	227	500	Special factors • Decrease in unit fuel price: [Operating income] 0 (Yearly), 0 (1H) • Impact from change of retirement allowance rules: [Operating income] 0 (Yearly), 0 (1H) • Impact of actuarial differences in retirement benefits: [Operating income] (0) (Yearly), (0) (1H) • Cost increase associated with change of the period applicable to bonus payment: [Operating income] (1) (Yearly), (1) (1H) • Cost increase associated with the employee system reform: [Operating income] (0) (Yearly), (0) (1H)
Operating income*	10 [7.9]	16 [11.6]	26 [9.8]	-	-	24 [10.7]	51 [10.2]	
Item	Actual for FY2018							
	1Q	2Q	1H	3Q	4Q	2H	FY	
Revenues	124	124	248	120	108	228	477	
Operating income*	10 [8.6]	10 [8.2]	20 [8.4]	15 [13.0]	8 [8.0]	24 [10.6]	45 [9.5]	
Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))							
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast	
Revenues	9	14	23	-	-	(1)	22	
Operating income	(0)	5	5	-	-	0	5	
	(0.5)	57.1	27.7			0.1	12.8	

Forecast overview	
Transport and installation works of wind power plants and shutdown maintenance are projected to remain firm in 2H.	
Although works related to thermal power plants are expected, project sizes will be smaller than those in 1H.	

3. Forecast change

Item	Comparison of full-year forecasts			Comparison of 1H forecasts			Comparison of 2H forecasts		
	Current forecast	Previous forecast	Difference	Actual	Previous forecast	Difference	Current forecast	Previous forecast	Difference
Revenues	500	480	20	272	270	2	227	210	17
Operating income*	51 [10.2]	43 [9.0]	8	26 [9.8]	22 [8.1]	4	24 [10.7]	21 [10.0]	3

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◇ Overview of the second quarter (Higher revenues, higher income)

- Wind power plant-related and shutdown maintenance works grew, backed by strong demand in Japan.

◇ Overview of full-year forecast (Higher revenues, higher income year on year)

- In comparison to the full-year forecast announced in July, both revenues and operating income were revised upward.

Reasons for Revision

- Transport and installation works of wind power plants and shutdown maintenance were solid during the first half. Although similar projects and works related to thermal power plants are expected during the second half, project sizes will be smaller than those in the first half. Growth in the second half will be therefore sluggish compared to the previous year.

2. Segment Overview of FY2019

H Logistics Support segment

(100 million yen)
* Figures in brackets indicate operating income margin (%).

1. Actual for 2Q

Item	Actual for FY2019	Comparison with FY2018		
		FY2018	Difference	Difference (%)
Revenues	1,138	1,170	(32)	(2.8)
Operating income*	30 [2.7]	30 [2.6]	(0)	(0.2)

2Q Overview

Performance in logistics finance business in Nippon Express Capital remained favorable. Nittsu Shoji suffered from a decrease in the unit selling prices of Oil. The logistics support business decreased due to decline in packing services for export.

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	1,145	1,138	2,283	-	-	2,464	4,748
Operating income*	27 [2.4]	30 [2.7]	57 [2.5]	-	-	71 [2.9]	129 [2.7]

Special factors

• Impact of foreign exchange: [Revenues] 1 (Yearly), 0 (1H)
[Operating income] 0 (Yearly), 0 (1H)

Item	Actual for FY2018						
	1Q	2Q	1H	3Q	4Q	2H	FY
Revenues	1,115	1,170	2,285	1,281	1,272	2,553	4,839
Operating income*	26 [2.4]	30 [2.6]	57 [2.5]	33 [2.6]	36 [2.9]	70 [2.7]	127 [2.6]

Forecast overview

Revenues from logistics finance business at Nippon Express Capital will increase continuously. Revenues are forecast to decrease mainly due to a decline in packing services for export to China and a decrease in the unit selling prices of Oil at Nittsu Shoji. On the other hand, liquefied petroleum (LP) gas business and leasing business are projected to serve to increase income.

Item	Comparison with FY2018 (Upper: Difference / Lower: Difference (%))						
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	29	(32)	(2)	-	-	(89)	(91)
	2.7	(2.8)	(0.1)	-	-	(3.5)	(1.9)
Operating income	0	(0)	0	-	-	1	1
	0.8	(0.2)	0.3	-	-	1.5	1.0

3. Forecast change

Item	Comparison of full-year forecasts			Comparison of 1H forecasts			Comparison of 2H forecasts		
	Current forecast	Previous forecast	Difference	Actual	Previous forecast	Difference	Current forecast	Previous forecast	Difference
Revenues	4,748	4,888	(140)	2,283	2,366	(82)	2,464	2,522	(57)
Operating income*	129 [2.7]	126 [2.6]	3	57 [2.5]	58 [2.5]	(0)	71 [2.9]	68 [2.7]	3

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Briefing Material of Results Meeting for 1H of the Fiscal Year Ending March 2020

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◇ Overview of the second quarter (Lower revenues, unchanged income)

- Performance in logistics finance business in Nippon Express Capital remained favorable.
- Revenues declined due to a decrease in the unit selling prices of oil at Nittsu Shoji and a decline in packing services for export in the logistics support business.

◇ Overview of full-year forecast (Lower revenues, higher income year on year)

- In comparison to the full-year forecast announced in July, revenues were revised downward and operating income was revised upward.

Reasons for Revision

- Despite an increase in revenues from logistics finance business at Nippon Express Capital, the logistics support business is projected to struggle mainly due to a decline in packing services for export to China at Nittsu Shoji.
- Revenues will decline due to a decrease in the unit selling prices of oil, etc.
- Higher revenues are projected in liquefied petroleum (LP) gas business and leasing business.

1. Financial Results for 1H of FY2019

E Changes due to the external environment and other variable factors

Variable factors	Impact on consolidated results (1H)	Reference
Impact of change in unit fuel price	Operating income: ¥0.31 billion (cost decrease) * 1Q: ¥(0.06) billion (cost increase) 2Q: ¥0.38 billion (cost decrease) Previous forecast: ¥0.37 billion (cost decrease)	Unit price per ℓ [1H of FY2018 / Previous forecast] <ul style="list-style-type: none"> • Light oil: ¥100.89 [¥104.71 / ¥97.50] • Gasoline: ¥134.99 [¥137.50 / ¥136.90] • Heavy oil: ¥53.52 [¥55.28 / ¥54.60]
Impact of foreign exchange	Revenues: ¥(5.03) billion Operating income: ¥(0.16) billion * 1Q: Revenues: ¥(2.37) billion Operating income: ¥(0.07) billion 2Q: Revenues: ¥(2.65) billion Operating income: ¥(0.08) billion	Average 1H exchange rate* [1H of FY2018 / Previous forecast] <ul style="list-style-type: none"> • USD: ¥110.05 [¥108.69 / ¥108.90] • EUR: ¥124.32 [¥131.64 / ¥123.40] • HKD: ¥14.03 [¥13.87 / ¥13.90] • RMB: ¥16.20 [¥17.09 / ¥15.90] *The average 1H 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.
Increase in amortization of actuarial differences in retirement benefit accounting	Operating income: ¥(0.86) billion * 1Q: ¥(0.43) billion 2Q: ¥(0.43) billion	<ul style="list-style-type: none"> • Japan: ¥(0.69) billion • Security Transportation: ¥(0.15) billion • Heavy Haulage & Construction: ¥(0.02) billion

1. Financial Results for 1H of FY2019

E Changes due to the external environment and other variable factors

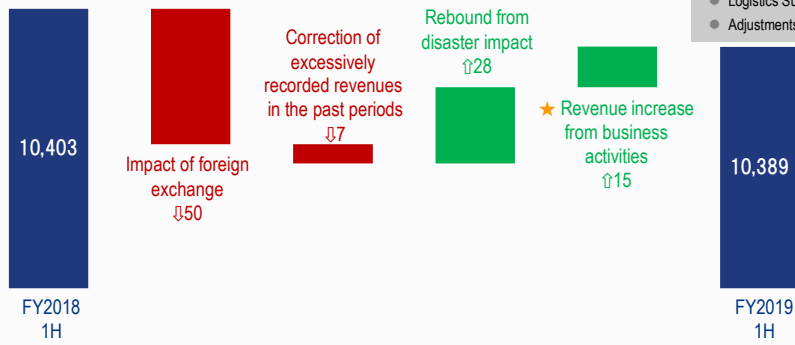
Variable factors	Impact on consolidated results (1H)	Reference
Impact from disasters (Special factor in FY2018)	Operating income: ¥0.90 billion	• Japan: ¥0.90 billion (2Q)
Changes associated with employee system reform	Operating income: ¥(2.12) billion * 1Q: ¥(0.96) billion 2Q: ¥(1.15) billion	• Japan: ¥(1.42) billion • Security Transportation: ¥(0.68) billion • Heavy Haulage & Construction: ¥(0.01) billion
Environment investments	Operating income: ¥(0.24) billion	• Japan: ¥(0.24) billion (2Q)
Impact from change of the period applicable to bonus payment	Operating income: ¥(4.63) billion	• Japan: ¥(3.54) billion (1Q) • Security Transportation: ¥(0.97) billion (1Q) • Heavy Haulage & Construction: ¥(0.11) billion (1Q)
Impact from change of retirement allowance rules	Operating income: ¥0.38 billion	• Japan: ¥0.35 billion (2Q) • Security Transportation: ¥0.02 billion (2Q) • Heavy Haulage & Construction: ¥0.01 billion (2Q)
Correction of excessively recorded revenues in the past periods	Revenues and Operating income: ¥(0.78) billion	• Japan: ¥(0.78) billion (2Q)

1. Financial Results for 1H of FY2019

F Breakdown of revenues and operating income

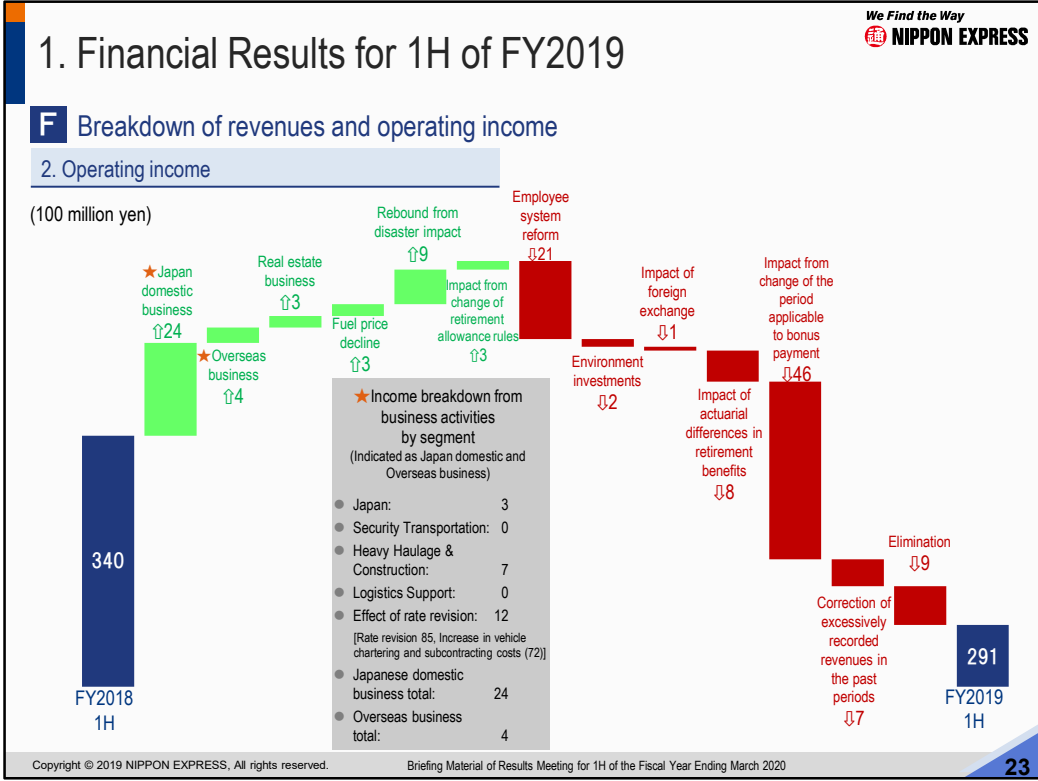
1. Revenues

(100 million yen)



★ Revenue breakdown from business activities by segment

● Japan:	(75)
● Overseas total:	52
● Security Transportation:	4
● Heavy Haulage & Construction:	23
● Logistics Support:	(2)
● Adjustments:	13



- ◇ Initiatives for receipt of appropriate fees
 - Initiatives had the effect of increasing revenues by 8.5 billion yen during the first half, while the effect of higher unit prices in vehicle chartering and subcontracting costs was 7.2 billion yen, yielding projected income increase effects of 1.2 billion yen.

3. Forecast of Consolidated Financial Results for FY2019

B Forecasts by reportable segment

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

Segment	Item	1H results	2H forecast					Full-year forecast				
			FY2019 forecast	FY2018 results	Difference	July 31 forecast	Difference	FY2019 forecast	FY2018 results	Difference	July 31 forecast	Difference
Japan	Revenues	6,103	6,304	6,410	(105)	6,422	(117)	12,408	12,568	(160)	12,618	(210)
	Segment Income	205	287	321	(33)	286	1	493	559	(66)	472	21
The Americas	Revenues	477	459	514	(55)	522	(62)	937	986	(49)	997	(60)
	Segment Income	19	19	20	(0)	27	(7)	39	42	(3)	47	(8)
Europe	Revenues	588	610	588	21	634	(23)	1,199	1,148	50	1,229	(30)
	Segment Income	12	15	15	0	17	(1)	28	22	5	30	(2)
East Asia	Revenues	559	580	639	(58)	656	(75)	1,140	1,227	(87)	1,210	(70)
	Segment Income	15	15	18	(3)	19	(3)	31	30	0	33	(2)
South Asia & Oceania	Revenues	441	464	474	(9)	497	(32)	906	918	(12)	936	(30)
	Segment Income	15	17	17	(0)	23	(5)	33	37	(4)	43	(10)
Security Transportation	Revenues	364	364	366	(1)	371	(6)	729	726	2	739	(10)
	Segment Income	(12)	0	9	(8)	1	(0)	(12)	12	(24)	(18)	6
Heavy Haulage & Construction	Revenues	272	227	228	(1)	210	17	500	477	22	480	20
	Segment Income	26	24	24	0	21	3	51	45	5	43	8
Logistics Support	Revenues	2,283	2,464	2,553	(89)	2,522	(57)	4,748	4,839	(91)	4,888	(140)
	Segment Income	57	71	70	1	68	3	129	127	1	126	3

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Briefing Material of Results Meeting for 1H of the Fiscal Year Ending March 2020

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◇ Overview of full-year forecast

- Both revenues and operating income in the overseas logistics service have been revised downward from the full-year forecast announced in July.

Reasons for Revision

- Pronounced downward pressure on the economy including a slowdown in the global economy has resulted in lower-than-expected demand for transportation of international freight centered on air freight forwarding business. It is projected that more time will be required for a recovery in demand.

3. Forecast of Consolidated Financial Results for FY2019

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

Variable factors	Impact on consolidated results (Full-year forecast)	Reference
Impact of change in unit fuel price	Operating income: ¥0.88 billion (cost decrease) * 1H: ¥0.31 billion (cost decrease) 2H: ¥0.56 billion (cost decrease)	Unit price per ℓ [Yearly average in FY2018 / Previous forecast] <ul style="list-style-type: none"> • Light oil: ¥99.70 [¥104.09 / ¥100.00] • Gasoline: ¥134.30 [¥137.30 / ¥132.60] • Heavy oil: ¥51.60 [¥55.71 / ¥49.10] * Increase in bunker fuel oil cost required to conform to SOx emission regulations is not included.
Impact of foreign exchange	Revenues: ¥(16.55) billion Operating income: ¥(0.55) billion * 1H: Revenues: ¥(5.03) billion Operating income: ¥(0.16) billion 2H: Revenues: ¥(11.52) billion Operating income: ¥(0.39) billion	Average annual exchange rate* [Yearly average in FY2018 / Previous forecast] <ul style="list-style-type: none"> • USD: ¥108.80 [¥110.43 / ¥111.10] • EUR: ¥121.50 [¥130.42 / ¥125.10] • HKD: ¥13.80 [¥14.09 / ¥14.10] • RMB: ¥15.70 [¥16.72 / ¥16.50] * 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.
Increase in amortization of actuarial differences in retirement benefit accounting	Operating income: ¥(1.73) billion * 1H: ¥(0.86) billion 2H: ¥(0.86) billion	<ul style="list-style-type: none"> • Japan: ¥(1.38) billion • Security Transportation: ¥(0.30) billion • Heavy Haulage & Construction: ¥(0.04) billion

◇ Impact of foreign exchange

- On a full year basis, foreign exchange rates are expected to decrease revenues and operating income by 16.5 billion yen and 0.5 billion yen, respectively.
- In the second half, the yen will be even stronger than in the first half compared to the previous year, and the amount of impact is expected to be significant.

3. Forecast of Consolidated Financial Results for FY2019

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

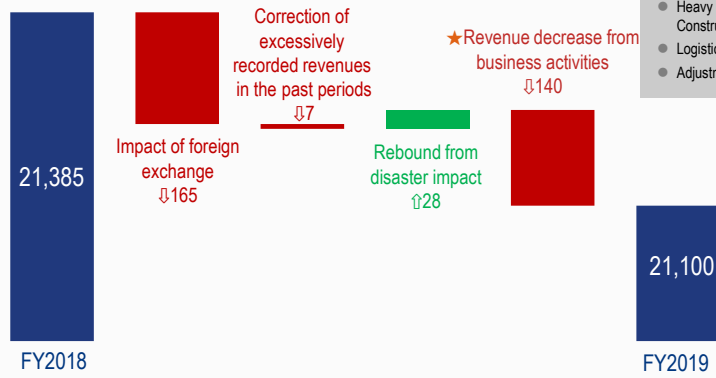
Variable factors	Impact on consolidated results (Full-year forecast)	Reference
Impact from disasters (Special factor in FY2018)	Operating income: ¥1.01 billion * 1H: ¥0.90 billion 2H: ¥0.10 billion	(Reference) Impact in FY2018 <ul style="list-style-type: none"> Transportation opportunity loss due to suspension of operation of customers' factories as a result of disasters: ¥(2.43) billion Response to non-routine transportation needs, such as substitute transportation: ¥1.41 billion
Changes associated with employee system reform	Operating income: ¥(4.8) billion *1H: ¥(2.12) billion 2H: ¥(2.68) billion	<ul style="list-style-type: none"> Japan: ¥(3.25) billion Security Transportation: ¥(1.49) billion Heavy Haulage & Construction: ¥(0.05) billion
Environment investments	Operating income: ¥(0.47) billion *1H: ¥(0.24) billion 2H: ¥(0.23) billion	<ul style="list-style-type: none"> Japan: ¥(0.47) billion
Impact from change of the period applicable to bonus payment	Operating income: ¥(4.63) billion	<ul style="list-style-type: none"> Japan: ¥(3.54) billion (1Q) Security Transportation: ¥(0.97) billion (1Q) Heavy Haulage & Construction: ¥(0.11) billion (1Q)
Impact from change of retirement allowance rules	Operating income: ¥1.05 billion *1H: ¥0.38 billion 2H: ¥0.66 billion	<ul style="list-style-type: none"> Japan: ¥0.96 billion Security Transportation: ¥0.06 billion Heavy Haulage & Construction: ¥0.03 billion
Correction of excessively recorded revenues in the past periods	Revenues, operating income: ¥(0.78) billion	<ul style="list-style-type: none"> Japan: ¥(0.78) billion (2Q)

3. Forecast of Consolidated Financial Results for FY2019

D Breakdown of revenues and operating income

1. Revenues

(100 million yen)



★ Revenue breakdown from business activities by segment

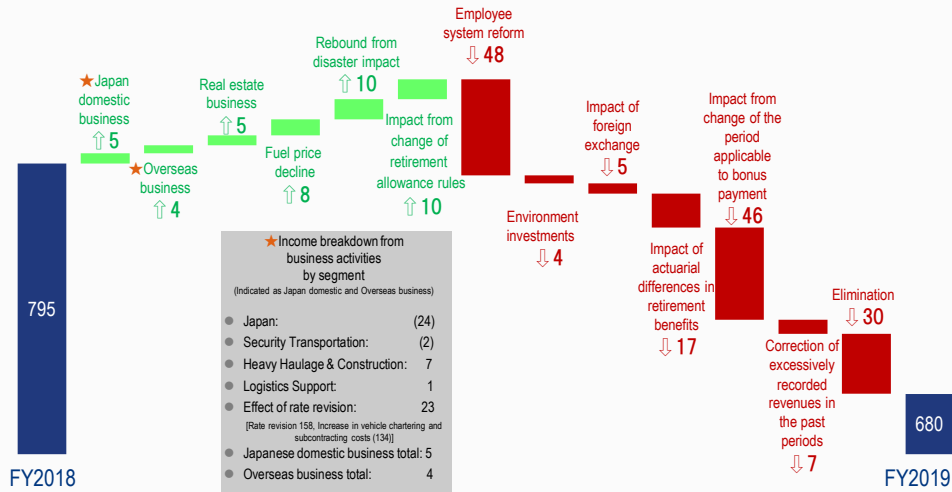
● Japan:	(180)
● Overseas total:	67
● Security Transportation:	2
● Heavy Haulage & Construction:	22
● Logistics Support:	(92)
● Adjustments:	41

3. Forecast of Consolidated Financial Results for FY2019

D Breakdown of revenues and operating income

2. Operating income

(100 million yen)



★ Income breakdown from business activities by segment
 (Indicated as Japan domestic and Overseas business)

- Japan: (24)
- Security Transportation: (2)
- Heavy Haulage & Construction: 7
- Logistics Support: 1
- Effect of rate revision: 23

[Rate revision 158, Increase in vehicle chartering and subcontracting costs (134)]

- Japanese domestic business total: 5
- Overseas business total: 4

Explanatory details and points of the Meeting

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Director Takashi Masuda
3. Progress of Priority Industries and Outlook for Air Freight Forwarding Business
Executive Vice President
In charge of Business Solutions Section Takaaki Ishii
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Executive Vice President
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4. KPIs of the Nippon Express Group Business Plan 2023

A KPIs of the Nippon Express Group Business Plan 2023 <Growth strategy for core businesses> (Revised version as of October 31)

Item (Revenues)	Domestic*		Overseas	
	Actual for FY2018	KPI (FY 2023)	Actual for FY2018	KPI (FY 2023)
Further business development in the electric and electronics industry	¥115.0 billion	¥120.0 billion	¥105.0 billion	¥145.0 billion
Further business development in the automotive industry	¥80.0 billion	¥110.0 billion	¥59.0 billion	¥110.0 billion
Further business development in the apparel industry	¥16.0 billion	¥24.5 billion	¥48.0 billion	¥80.0 billion
Further business development in the pharmaceutical/medical industry	¥16.0 billion	¥36.0 billion	¥10.0 billion	¥40.0 billion
Increase of non-Japanese accounts (GAM, GTA*)	¥26.0 billion	¥43.0 billion	-	-
Item (Forwarding volume)	Actual for FY2018		KPI (FY 2023)	
Expansion of marine freight forwarding	680,000 TEU		1,300,000 TEU	
Expansion of air freight forwarding	900,000 tons		1,400,000 tons	

*Domestic actual and KPI figures are for non-consolidated Nippon Express.

*GAM: Global Account Management

*GTA: Global Target Accounts

*Forwarding volume: Annual volume for the calendar year from January to December.

◇ Revisions to target figures for the automotive industry

- In the initial target setting for the automotive industry, KPIs were calculated by targeting solely assembly manufacturers.
- Component manufacturers have been newly included as a target in the category of the automotive industry.
- Due to this change, as shown in the red frame, actual for the fiscal year ended March 2019 was revised from 51.2 billion yen to 80.0 billion yen. Likewise, the KPI for the fiscal year ending March 2024 was revised from 90.0 billion yen to 110.0 billion yen.

4. KPIs of the Nippon Express Group Business Plan 2023

B Progress

Item (Revenues)	Domestic*			Overseas		
	Actual for 1H FY2019	FY2019 Forecast	Progress (%)	Actual for 1H FY2019	FY2019 Forecast	Progress (%)
Further business development in the electric and electronics industry	¥52.5 billion	¥116.0 billion	45.3%	¥52.0 billion	¥111.0 billion	46.8%
Further business development in the automotive industry	¥33.5 billion	¥85.0 billion	39.4%	¥29.5 billion	¥67.0 billion	44.0%
Further business development in the apparel industry	¥8.0 billion	¥17.5 billion	45.7%	¥28.0 billion	¥53.0 billion	52.8%
Further business development in the pharmaceutical/medical industry	¥7.0 billion	¥18.0 billion	38.9%	¥6.0 billion	¥12.0 billion	50.0%

Item (Revenues)	Actual for 1H FY2019	FY2019 Forecast	Progress (%)
Increase of non-Japanese accounts (GAM, GTA*)	¥13.5 billion	¥29.8 billion	45.3%

Item (Forwarding volume)	Actual for 1H FY2019	FY2019 Forecast	Progress (%)
Expansion of marine freight forwarding	340,000 TEU	760,000 TEU	47.7%
Expansion of air freight forwarding	360,000 tons	760,000 tons	47.4%

*Domestic actual and KPI figures are for non-consolidated Nippon Express.
*GAM: Global Account Management
*GTA: Global Target Accounts
*Forwarding volume: Annual volume for the calendar year from January to December.

◇ Results of business development

- Actual for the first half for the electric and electronics industry was down 5.3% year on year, with the progress rate of 45.3%.

Market production output has been declining, owing to a significant drop in transactions of automotive electronics components and LCDs for TV for China, and stagnant semiconductors.

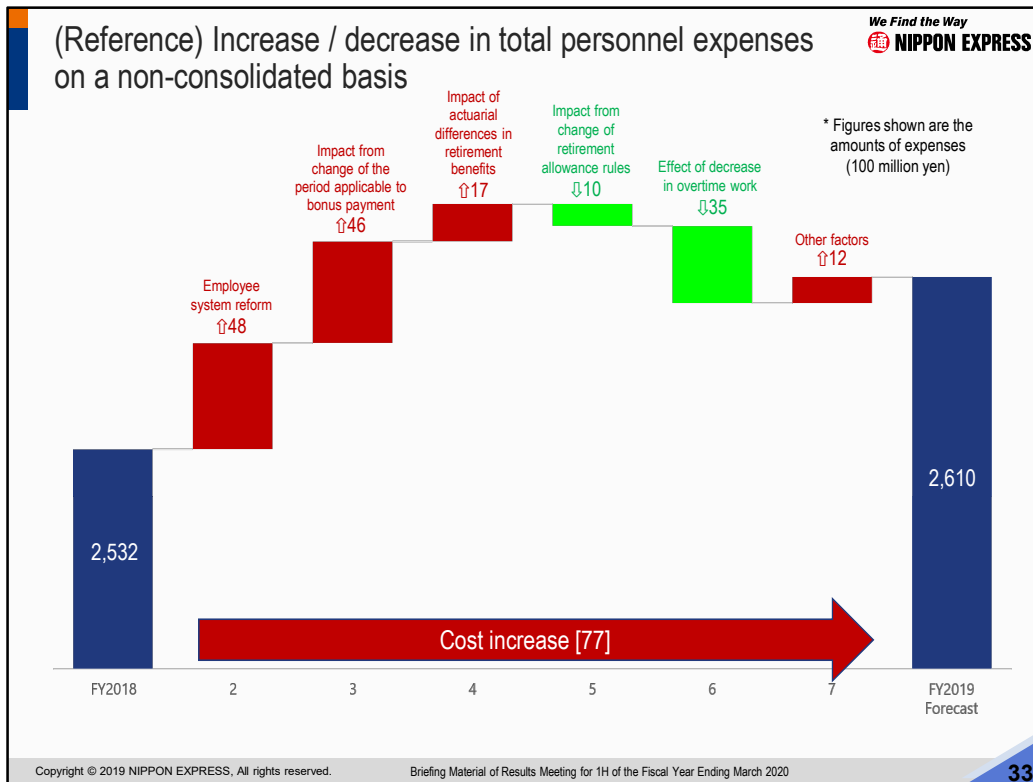
- Actual for the first half for the automotive industry was down 14.2% year on year, with the progress rate of 39.4%.
New vehicles sold in Japan increased partly due to a last-minute demand before consumption tax hike. Meanwhile, global automotive market has decelerated sharply, reporting contraction for four consecutive quarters.
Affected greatly by this decrease, revenues decreased in the air freight forwarding business.
- Actual for the first half for the apparel industry was up 5.4% year on year, with the progress rate of 45.7%.
Domestic market has slightly expanded.
- Actual for the first half for the pharmaceutical/medical industry was up 1.4% year on year, with the progress rate of 38.9%.
Slight increase in revenues will continue until the vertical startup in 2021.

◇ Forecast for the air freight forwarding business

- IATA has drastically changed its forecast from the one announced in December 2018. The market significantly contracted in the past six months.
Contributing factors are the U.S.-China trade friction, stagnant European economy and production stagnation in Asia.
- Looking back, the tide of forecast in Japan turned after the consecutive holidays in May.
- According to the forecasts for October onward, air cargo volume is projected to be the same level as in the period immediately after the 2008 financial crisis, or a year-on-year decrease of 15 - 20%.

Explanatory details and points of the Meeting

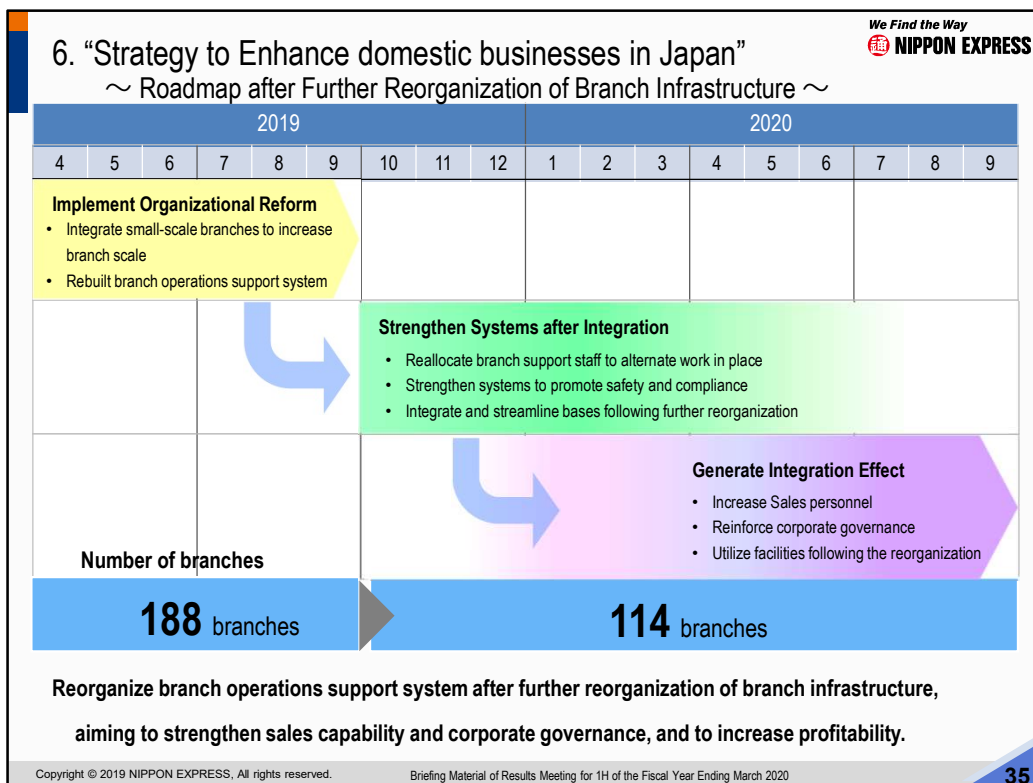
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- In the forecast at the beginning of the year, an increase of 8.0 billion yen was projected as an impact on personnel expenses associated with the employee system reform.
- According to the re-examination of actual figures on a non-consolidated basis upon closing of the second quarter, the impact in the first half amounted to 2.1 billion yen. The full-year impact is expected to amount to 4.8 billion yen.
- The reason for a significant change in the amount is that the forecast amount at the beginning of the year broadly regarded an increase in total personnel expenses as the impact of the system reform. In light of the non-consolidated actual figures that have been settled recently, increase in bonus levels are now interpreted as a normal increase in personnel expenses. In addition to the above, the impact of the extension of mandatory retirement age was conservatively estimated.

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◇ Strategy to Enhance domestic businesses in Japan

- The Company will strive to enhance sales and office work productivity, aiming to increase profitability of domestic businesses.
- The Company implemented an organizational reform on October 1. A total of 188 branches were reduced by 74 branches to 114 branches through branch integrations. The integrations were intended to reorganize operational support division and generate sales & marketing personnel.
- At this time, reallocation of personnel has yet to be implemented because smooth transition of operations is prioritized. The Company intends to reallocate personnel tailored to the new system with a sense of speed as soon as possible in and after October. The Company is earnestly promoting other initiatives as well to yield results in the second half.

We Find the Way



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