

# Briefing Material for 3Q Results of the Fiscal Year Ending March 2015

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|   |       |
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# 1. Business Overview

## A. Overview of 3Q of FY2014

### 1) Overview (Consolidated)

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

|             |                     | Actual for<br>3Q of FY2014<br>(a) | Actual for<br>3Q of FY2013<br>(b) | Difference<br>YoY<br>(c) = (a) - (b) | Difference<br>YoY (%)<br>(d) = (c) / (b)<br>× 100 | Forecast for<br>full year<br>(announced on<br>October 31)<br>(e) | Progress (%)<br>(a) / (e) × 100 | Difference<br>(compared to<br>forecast)<br>(e) - (a) |
|-------------|---------------------|-----------------------------------|-----------------------------------|--------------------------------------|---|--|---------------------------------|--|
| 9<br>months | Revenues            | 14,177                            | 12,805                            | 1,372                                | 10.7  | 18,700   | 75.8                            | 4,522  |
|             | Operating<br>Income | 347                               | 298                               | 48                                   | 16.3  | 450  | 77.2                            | 102  |
|             | Ordinary<br>Income  | 417                               | 374                               | 42                                   | 11.4  | 530  | 78.7                            | 112  |
|             | Net<br>Income       | 243                               | 183                               | 60                                   | 33.1  | 300  | 81.2                            | 56   |
| 3<br>Q      | Revenues            | 4,985                             | 4,447                             | 538                                  | 12.1  |  |                                 |  |
|             | Operating<br>Income | 145                               | 123                               | 21                                   | 17.2  |  |                                 |  |
|             | Ordinary<br>Income  | 167                               | 150                               | 16                                   | 11.0  |  |                                 |  |
|             | Net<br>Income       | 83                                | 108                               | (25)                                 | (23.6)  |  |                                 |  |

### 2) Business Indices

3Q Cumulative Total (3Q Cumulative Total of FY2013)

3Q Cumulative Total (3Q Cumulative Total of FY2013)

|                           |      |        |       |      |        |
|---------------------------|------|--------|-------|------|--------|
| • Operating Income Margin | 2.4% | (2.3%) | • ROE | 6.4% | (4.7%) |
| • Ordinary Income Margin  | 2.9% | (2.9%) | • ROA | 2.3% | (1.9%) |

# 1. Business Overview

## B. Overview by reportable segment

### 1) Combined Business

(100 million yen)

|             |                | Actual   | Comparison with FY2013 |        |            | Comparison with forecast for full year<br>(announced on October 31) |          |              |
|-------------|----------------|--|------------------------|--------|------------|---|----------|--------------|
|             |                |  | FY2014                 | FY2013 | Difference | Difference (%)  | Forecast | Progress (%) |
| 9<br>months | Revenues       | 5,548  | 5,363                  | 184    | 3.4        | 7,438   | 74.6     | 1,889        |
|             | Segment Income | 113  | 97                     | 16     | 16.7       | 179   | 63.3     | 65           |
| 3<br>Q      | Revenues       | 1,892  | 1,830                  | 61     | 3.4        | 3Q Operating Income Margin (3Q of FY2013)                           |          |              |
|             | Segment Income | 49   | 45                     | 3      | 8.7        | 2.6 (2.5)   |          |              |
|             | Overview       | <ul style="list-style-type: none"> <li>Railway transportation transactions decreased due to reduced freight train service caused by natural disasters including typhoons and snowstorms.</li> <li>Truck transportation transactions remained solid thanks mainly to business from major accounts.</li> <li>Warehousing saw a surge in food-related business, while logistics services related to mail order business remained robust.</li> </ul> |                        |        |            |   |          |              |

### 2) Security Transportation

(100 million yen)

|             |                | Actual   | Comparison with FY2013 |        |            | Comparison with forecast for full year<br>(announced on October 31) |          |              |
|-------------|----------------|--|------------------------|--------|------------|---|----------|--------------|
|             |                |  | FY2014                 | FY2013 | Difference | Difference (%)  | Forecast | Progress (%) |
| 9<br>months | Revenues       | 415  | 410                    | 5      | 1.4        | 556   | 74.8     | 140          |
|             | Segment Income | 6  | 9                      | (3)    | (36.6)     | 12  | 50.5     | 6            |
| 3<br>Q      | Revenues       | 139  | 137                    | 2      | 1.8        | 3Q Operating Income Margin (3Q of FY2013)                           |          |              |
|             | Segment Income | 2  | 4                      | (2)    | (53.0)     | 1.6 (3.5)   |          |              |
|             | Overview       | <ul style="list-style-type: none"> <li>New routine transportation services that started in 1Q is making favorable progress.</li> <li>Profit decreased due to a rise in employment costs resulting from execution of operations only by the Company's regular workforce, along with expenses caused for vehicle modifications.</li> </ul> |                        |        |            |   |          |              |

# 1. Business Overview

## B. Overview by reportable segment

### 3) Heavy Haulage & Construction

(100 million yen)

|             |                | Actual   | Comparison with FY2013 |            |                | Comparison with forecast for full year<br>(announced on October 31) |              |            |
|-------------|----------------|--|------------------------|------------|----------------|---|--------------|------------|
|             |                | FY2014   | FY2013                 | Difference | Difference (%) | Forecast  | Progress (%) | Difference |
| 9<br>months | Revenues       | 357  | 276                    | 80         | 29.2           | 412   | 86.8         | 54         |
|             | Segment Income | 17   | 14                     | 2          | 20.0           | 21  | 82.6         | 3          |
| 3<br>Q      | Revenues       | 111  | 95                     | 16         | 16.8           | 3Q Operating Income Margin (3Q of FY2013)                           |              |            |
|             | Segment Income | 6  | 4                      | 1          | 43.5           | 5.5 (4.4)   |              |            |
|             | Overview       | <ul style="list-style-type: none"> <li>In Japan, wind power plant-related transactions and heavy-electric-related transactions remained solid.</li> <li>Business remained buoyant thanks partially to the commencement of new large-scale plant constructions overseas.</li> </ul> |                        |            |                |   |              |            |

# 1. Business Overview

## B. Overview by reportable segment

### 4) Air Freight Forwarding

(100 million yen)

|          |                | Actual  | Comparison with FY2013 |        |            | Comparison with forecast for full year<br>(announced on October 31) |          |              |
|----------|----------------|---|------------------------|--------|------------|---|----------|--------------|
|          |                |   | FY2014                 | FY2013 | Difference | Difference (%)  | Forecast | Progress (%) |
| 9 months | Revenues       | 1,422   | 1,354                  | 67     | 5.0        | 1,862   | 76.4     | 439          |
|          | Segment Income | 46  | 45                     | 1      | 3.3        | 60  | 77.1     | 13           |
| 3 Q      | Revenues       | 503   | 473                    | 29     | 6.3        | 3Q Operating Income Margin (3Q of FY2013)                           |          |              |
|          | Segment Income | 21  | 20                     | 0      | 0.9        | 4.2 (4.4)   |          |              |
|          | Overview       | <ul style="list-style-type: none"> <li>Income increased thanks to a surge in spot cargo for the US, while unit buying rate from air freight companies also increased.</li> <li>Cargo imports and domestic cargoes transactions remained strong</li> </ul> |                        |        |            |   |          |              |

### 5) Marine & Harbor Transportation

(100 million yen)

|          |                | Actual  | Comparison with FY2013 |        |            | Comparison with forecast for full year<br>(announced on October 31) |          |              |
|----------|----------------|---|------------------------|--------|------------|---|----------|--------------|
|          |                |   | FY2014                 | FY2013 | Difference | Difference (%)  | Forecast | Progress (%) |
| 9 months | Revenues       | 895   | 1,002                  | (106)  | (10.7)     | 1,200   | 74.6     | 304          |
|          | Segment Income | 39  | 46                     | (6)    | (14.3)     | 45  | 87.5     | 5            |
| 3 Q      | Revenues       | 298   | 329                    | (31)   | (9.4)      | 3Q Operating Income Margin (3Q of FY2013)                           |          |              |
|          | Segment Income | 10  | 12                     | (2)    | (19.1)     | 3.4 (3.9)   |          |              |
|          | Overview       | <ul style="list-style-type: none"> <li>Equipment transportation-related exports continued to underpin revenue.</li> <li>Income decreased due to year-on-year decline in cargo imports and coastal shipping service transactions.</li> </ul> |                        |        |            |   |          |              |

# 1. Business Overview

## B. Overview by reportable segment

### 6) The Americas

(100 million yen)

|             |                | Actual  | Comparison with FY2013 |            |                | Comparison with forecast for full year<br>(announced on October 31) |              |            |
|-------------|----------------|---|------------------------|------------|----------------|---|--------------|------------|
|             |                | FY2014  | FY2013                 | Difference | Difference (%) | Forecast  | Progress (%) | Difference |
| 9<br>months | Revenues       | 572   | 511                    | 60         | 11.9           | 743   | 77.1         | 170        |
|             | Segment Income | 27  | 20                     | 7          | 34.2           | 30  | 89.9         | 3          |
| 3<br>Q      | Revenues       | 198   | 176                    | 21         | 12.3           | 3Q Operating Income Margin (3Q of FY2013)                           |              |            |
|             | Segment Income | 10  | 8                      | 1          | 14.0           | 5.1 (5.0)   |              |            |
|             | Overview       | <ul style="list-style-type: none"> <li>Automobile-related truck transportation and warehousing and delivery transactions in the US remained robust.</li> <li>Automobile-related marine import forwarding as well as air export forwarding transactions were solid in Mexico.</li> </ul> |                        |            |                |   |              |            |

### 7) Europe

(100 million yen)

|             |                | Actual   | Comparison with FY2013 |            |                | Comparison with forecast for full year<br>(announced on October 31) |              |            |
|-------------|----------------|--|------------------------|------------|----------------|---|--------------|------------|
|             |                | FY2014   | FY2013                 | Difference | Difference (%) | Forecast  | Progress (%) | Difference |
| 9<br>months | Revenues       | 599  | 517                    | 82         | 15.9           | 834   | 71.9         | 234        |
|             | Segment Income | 18   | 5                      | 12         | 206.8          | 10  | 169.0        | (7)        |
| 3<br>Q      | Revenues       | 203  | 175                    | 27         | 15.8           | 3Q Operating Income Margin (3Q of FY2013)                           |              |            |
|             | Segment Income | 7  | 2                      | 5          | 270.5          | 3.9 (1.2)   |              |            |
|             | Overview       | <ul style="list-style-type: none"> <li>Automobile-related air export forwarding transactions increased in Germany, UK and Spain.</li> <li>Truck transportation and the other intra-region business remained stagnant.</li> </ul> |                        |            |                |   |              |            |

# 1. Business Overview

## B. Overview by reportable segment

### 8) East Asia

(100 million yen)

|          |                | Actual  | Comparison with FY2013 |        |            | Comparison with forecast for full year<br>(announced on October 31) |          |              |
|----------|----------------|---|------------------------|--------|------------|---|----------|--------------|
|          |                |   | FY2014                 | FY2013 | Difference | Difference (%)  | Forecast | Progress (%) |
| 9 months | Revenues       | 733   | 648                    | 84     | 13.1       | 1,003   | 73.1     | 269          |
|          | Segment Income | 14  | 9                      | 5      | 51.0       | 14  | 103.6    | (0)          |
| 3 Q      | Revenues       | 252   | 228                    | 23     | 10.5       | 3Q Operating Income Margin (3Q of FY2013)                           |          |              |
|          | Segment Income | 7   | 2                      | 4      | 164.5      | 3.0 (1.3)   |          |              |
|          | Overview       | <ul style="list-style-type: none"> <li>Automobile-related truck transportation and warehousing and delivery transactions remained robust in China.</li> <li>In China, automobile, electronics and electric appliances-related air and marine forwarding transactions also increased significantly.</li> </ul> |                        |        |            |   |          |              |

### 9) South Asia & Oceania

(100 million yen)

|          |                | Actual  | Comparison with FY2013 |        |            | Comparison with forecast for full year<br>(announced on October 31) |          |              |
|----------|----------------|---|------------------------|--------|------------|---|----------|--------------|
|          |                |   | FY2014                 | FY2013 | Difference | Difference (%)  | Forecast | Progress (%) |
| 9 months | Revenues       | 454   | 376                    | 77     | 20.7       | 580   | 78.3     | 125          |
|          | Segment Income | 10  | 9                      | 0      | 7.4        | 15  | 66.9     | 5            |
| 3 Q      | Revenues       | 162   | 132                    | 29     | 22.4       | 3Q Operating Income Margin (3Q of FY2013)                           |          |              |
|          | Segment Income | 3   | 4                      | (0)    | (12.3)     | 2.3 (3.2)   |          |              |
|          | Overview       | <ul style="list-style-type: none"> <li>Apparel- and automobile-related warehousing and delivery transactions increased significantly in Malaysia and Indonesia.</li> <li>Profit decreased due to increases in business costs such as Forwarding costs and Vehicle chartering and subcontracting costs, along with initial expenses associated with business expansion.</li> </ul> |                        |        |            |   |          |              |

# 1. Business Overview

## B. Overview by reportable segment

### 10) Goods Sales

(100 million yen)

|             |                | Actual   | Comparison with FY2013 |            |                | Comparison with forecast for full year<br>(announced on October 31) |              |            |
|-------------|----------------|--|------------------------|------------|----------------|---|--------------|------------|
|             |                | FY2014   | FY2013                 | Difference | Difference (%) | Forecast  | Progress (%) | Difference |
| 9<br>months | Revenues       | 3,212  | 2,994                  | 218        | 7.3            | 4,225   | 76.0         | 1,012      |
|             | Segment Income | 46   | 34                     | 12         | 35.3           | 54  | 84.3         | 8          |
| 3<br>Q      | Revenues       | 1,128  | 1,090                  | 38         | 3.5            | 3Q Operating Income Margin (3Q of FY2013)                           |              |            |
|             | Segment Income | 18   | 13                     | 4          | 36.6           | 1.6 (1.2)   |              |            |
|             | Overview       | <ul style="list-style-type: none"> <li>Logistics support business transactions including export package handling remained robust.</li> </ul> |                        |            |                |   |              |            |

### 11) Other

(100 million yen)

|             |                | Actual   | Comparison with FY2013 |            |                | Comparison with forecast for full year<br>(announced on October 31) |              |            |
|-------------|----------------|--|------------------------|------------|----------------|---|--------------|------------|
|             |                | FY2014   | FY2013                 | Difference | Difference (%) | Forecast  | Progress (%) | Difference |
| 9<br>months | Revenues       | 983  | 307                    | 675        | 219.3          | 1,394   | 70.5         | 410        |
|             | Segment Income | 18   | 9                      | 8          | 91.7           | 23  | 77.0         | 5          |
| 3<br>Q      | Revenues       | 445  | 106                    | 339        | 319.6          | 3Q Operating Income Margin (3Q of FY2013)                           |              |            |
|             | Segment Income | 11   | 3                      | 7          | 243.1          | 2.5 (3.0)   |              |            |
|             | Overview       | <ul style="list-style-type: none"> <li>Nittsu NEC Logistics, Ltd. has been converted to a consolidated subsidiary from the current quarter (3Q).</li> <li>Contributing greatly to an increase in revenues along with Nittsu Panasonic Logistics Co., Ltd.</li> </ul> |                        |            |                |   |              |            |



## 2. Progress of Business Plan

### Nippon Express Group Corporate Strategy 2015 - Innovation and Moving Forward - Progress of basic strategy

| Basic Strategy   | Item   | Progress  |                        |
|--|--|---|------------------------|
| Strengthening Management Practices for Our Domestic Businesses | 3% of operating income margin for Domestic combined business in FY2015   | Actual for 9 months of FY2014<br>(Actual for 9 months of FY2013<br>(Actual for 3Q of FY2014 | 2.1%<br>1.8%)<br>2.6%) |
|  | [Organizational change as of January 1]<br>Nagoya Air Service Branch within Air Cargo Business Division<br>Nagoya International Transport Branch within Marine Transport Business Division | Transferred to the control of the Regional General Manager, Chubu Region                    |                        |
| Further Expanding Our Global Logistics Business                | 40% of sales from overseas-related business in FY2015  | Actual for 9 months of FY2014<br>(Actual for 9 months of FY2013                             | 33.5%<br>32.2%)        |

### 3. Changes due to the External Environment

#### A. Change factors (3Q Cumulative Total)

| Change factors                              | Impact on consolidated results<br>(3Q Cumulative Total) | Reference                 |   |
|---|---|---------------------------|---|
| Impact of change in<br>unit fuel price      | Fuel cost: + ¥0.49 billion<br>(cost increase)           | Average                   | 9 months of FY2014 (9 months of FY2013) |
|   | * 3Q  | Light oil: ¥117.47/ℓ      | (¥114.08)                               |
|   | ¥ (0.33) billion<br>(cost decrease)                     | Gasoline: ¥150.47/ℓ       | (¥146.80)                               |
|   |   | Heavy oil: ¥ 71.38/ℓ      | (¥ 70.19)                               |
| Impact of foreign<br>exchange<br>(weak yen) | Revenues: + ¥13.47 billion                              | Average exchange rate for |   |
|   | Operating income: + ¥0.24 billion                       | 9 months of FY2014 (*)    | (9 months of FY2013)                    |
|   | * 3Q  | USD: ¥102.95              | (¥ 96.71)                               |
|   | Revenues + ¥3.73billion                                 | EUR: ¥139.54              | (¥127.35)                               |
|   | Operating income + ¥0.09 billion                        | HKD: ¥ 13.28              | (¥ 12.47)                               |
|   | RMB: ¥ 16.72  | (¥ 15.70)                 |   |

(\*) The average exchange rates for 9 months of FY2014 and FY2013 above are the reference rates. For the preparation of financial reports, average quarterly rates are applied to the quarterly results of businesses on a local currency basis.

### 3. Changes due to the External Environment

#### B. Assumptions for external factors (Full year)

| Change factors                      | Impact on consolidated results<br>(Full year)   | Assumptions  |  |
|-------------------------------------|---|--|--|
| Impact of change in unit fuel price | Fuel cost:                    ¥ (0.69) billion<br>(cost decrease)   | Average  | FY2014      (Yearly average in FY2013)     |
|                                     | * Amount of 3Q cumulative total deducted from forecast for full year<br>¥ (1.18) billion<br>(cost decrease)   | Light oil:      ¥111.17/ℓ      (¥114.92)<br>Gasoline:      ¥149.24/ℓ      (¥147.21)<br>Heavy oil:      ¥ 69.69/ℓ      (¥ 71.24)  |  |
| Impact of foreign exchange          | Revenues:                    + ¥15.30 billion<br>Operating Income:          + ¥0.24 billion   |  | FY2014      (Yearly average in FY2013 (*)) |
|                                     | * Amount of 3Q cumulative total deducted from forecast for full year<br>Revenues                    + ¥1.82 billion<br>Operating income            + ¥4 million | USD:              ¥102.50      (¥ 97.65)<br>EUR:              ¥141.00      (¥129.68)<br>HKD:              ¥ 13.20      (¥ 12.59)<br>RMB:              ¥ 16.80      (¥ 15.91) |  |

(\*) The yearly average exchange rates for FY2013 used in the assumptions are the reference rates. For the preparation of financial reports, average quarterly rates are applied to the quarterly results of businesses on a local currency basis.



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