

Results Meeting for the Fiscal Year Ended March 2019
Main Questions and Answers (Summary)

[Forecasts for the fiscal year ending March 2020]

Q1: Regarding results for the current fiscal year, there was mention of a decrease in air freight forwarding from Japan. What is the volume of the decline, and what is the forecast effect on profit?

A1: We expect weight of export air freight from Japan to decrease by 15% year on year across the market, and the Company's transaction volume to decrease by 25% year on year. This trend is forecast to continue at least for the first half of the fiscal year. We only expect a 10% decline in profit for exports, however.

One of the reasons why the decline in profit is less pronounced than the decrease in volume is that purchase costs are expected to decrease in response to the decrease in volume across the market.

We are also working on consolidating airlines and airport-to-airport allocation in order to improve consolidation efficiency in response to the Company's expected decrease in transaction volume.

[Nippon Express Group Business Plan 2023]

Q2: Regarding the explanation that you have brought forward the implementation of employee system reform for 'equal labor, equal pay' by one year, please tell us about the significance of this in comparison with peer companies.

A2: We don't consider that the Company is inferior to peer companies regarding employees' level of pay or working conditions. It's a difficult industry for hiring, but we recognize that giving six thousand of our thirteen thousand fixed-term employees treatment equal to that of permanent employees will give us an advantage in recruitment.

Q3: Regarding the enhancement of Japanese domestic businesses, please describe your vision for improving income and expenditure going forward.

A3: Suppose that the “further reorganization of branches” explained during the presentation were implemented. We anticipate that this would lead to the elimination of duplication of work in the area with those branches, freeing-up personnel and allowing them to take on new tasks and strengthen sales activities.

Furthermore, we aim to realize the benefits on profit from measures such as RPA for enhancing productivity by improving the efficiency of clerical work, as well as from automation equipment already deployed, at an early stage.

Q4: Please tell us your thoughts on the market reaction and movements in the share price after the release of the Company’s Business Plan.

Also, please tell us the areas where you want to concentrate your efforts going forward, and the areas where you would like more attention from capital markets.

A4: We interpret the movements in the Company’s share price after the announcement of the Business Plan as public opinion.

Our Business Plan, titled “Dynamic Growth,” has a strong focus on inorganic growth.

The most important aspect of this new Business Plan is to grow inorganically—in other words, making a clean break and rebuilding—from the Company’s past way of working and organizational structure.

Rather than using classifications like ‘domestic’ or ‘overseas,’ unity of the whole group is important. The present organizational reform is a part of that. We would like the term of this Business Plan to be about bringing about a change in employees’ perceptions and transforming the corporate culture. In this context, our decision to bring forward the implementation of ‘equal labor, equal pay’ was aimed at providing an environment where employees can feel secure in their work.

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