

October 31, 2019

Summary of Consolidated Earnings Report for the Second Quarter of FY2019 (Japanese GAAP)

Name of listed company: **Nippon Express Co., Ltd.**

Listed stock exchanges: Tokyo

Code: **9062**(URL: <https://www.nipponexpress.com> (English))(URL: <https://www.nittsu.co.jp> (Japanese))

Representative: President and CEO Mitsuru Saito

Scheduled date for release of Quarterly Financial Report: November 14, 2019

Scheduled date of dividend payment: December 3, 2019

Availability of supplementary briefing material on quarterly financial results: Available

(Millions of yen, rounded down)

1. Consolidated Financial Results for the Six Months Ended September 30, 2019 (from April 1, 2019 to September 30, 2019)

(1) Consolidated Business Results (%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Six Months Ended Sep. 30, 2019	1,038,952	(0.1)	29,128	(14.4)	32,830	(13.1)	19,010	(18.9)
Six Months Ended Sep. 30, 2018	1,040,335	8.8	34,023	5.6	37,787	9.6	23,448	8.7

(Note) Comprehensive income:

Six Months Ended Sep. 30, 2019: ¥33,724 million [52.1%] Six Months Ended Sep. 30, 2018: ¥22,175 million [(24.5)%]

	Basic earnings per share	Diluted earnings per share
	¥	¥
Six Months Ended Sep. 30, 2019	201.07	—
Six Months Ended Sep. 30, 2018	244.23	—

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of Sep. 30, 2019	1,532,972	585,334	37.1
As of Mar. 31, 2019	1,536,677	560,444	35.4

(Reference) Equity: As of Sep. 30, 2019: ¥568,331 million As of Mar. 31, 2019: ¥543,616 million

2. Dividends Information

	Annual dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Yearly
	¥	¥	¥	¥	¥
Fiscal Year Ended Mar. 31, 2019	—	70.00	—	85.00	155.00
Fiscal Year Ending Mar. 31, 2020	—	75.00			
Fiscal Year Ending Mar. 31, 2020 (Forecast)			—	80.00	155.00

(Note) Revision of dividend projection from recently announced figures: No

3. Forecast of Consolidated Financial Results for FY2019 (from April 1, 2019 to March 31, 2020)

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	2,110,000	(1.3)	68,000	(14.6)	73,000	(14.9)	45,000	(8.8)	476.24

(Note) Revision of consolidated results forecast from recently announced figures: Yes

*Notes

(1) Significant changes of subsidiaries during the period under review (affecting specific subsidiaries due to changes in scope of consolidation): No

(2) Adoption of special accounting treatment for preparing Quarterly Consolidated Financial Statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies due to the revision of accounting standards, etc.: Yes

2) Any changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Corrections of errors: No

(4) Total number of issued shares (common stock)

1) Total number of issued shares at end of period (including treasury stock)	As of Sep. 30, 2019	98,000,000 shares	As of Mar. 31, 2019	98,000,000 shares
2) Total number of treasury stocks at end of period	As of Sep. 30, 2019	3,510,536 shares	As of Mar. 31, 2019	3,451,466 shares
3) Average number of shares during period	Six months ended Sep. 30, 2019	94,545,881 shares	Six months ended Sep. 30, 2018	96,009,648 shares

(Note) The Company has introduced the Executive Compensation BIP (Board Incentive Plan) Trust, and the Company's shares owned by the Trust recorded were included in the treasury stock at the end of the period under review.

Number of shares owned by the Executive Compensation BIP Trust:

As of Sep. 30, 2019: 124,132 shares As of Mar. 31, 2019: 65,815 shares

(These figures are included in "Total number of treasury stocks at end of period" above.)

*This Consolidated Earnings Report is outside the scope of quarterly review by a certified public accountant or accounting auditor.

*Explanation for the appropriate use of financial forecasts and other special notes

The consolidated financial results forecast released on April 26, 2019 has been revised in this report.

The forward-looking statements and other results forecasts stated herein are based on the information available at the time this report was prepared and on certain assumptions considered to be reasonable. Accordingly, actual business performance may differ significantly from forecasts due to a number of factors. Please refer to "1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information" on page 4 for the use of preconditions of the financial forecasts and the use of the forecasts.

Disclaimer:

This English translation has been prepared for general reference purposes only.

The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text.

In any legal matter, readers should refer to and rely upon the original Japanese text released October 31, 2019.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

During the six months ended September 30, 2019, the Japanese economy was sustained by domestic demand driven by solid personal consumption amid continuing improvement in the employment and income situations, but future prospects remained uncertain due to pronounced downward pressure on the economy, including a slowdown in the overseas economic growth against the backdrop of the U.S.-China trade friction and rising geopolitical risks.

Under these economic conditions, in the field of logistics, domestic freight was strong mainly in the consumption-related cargo and facility-related cargo backed by solid personal consumption and labor-saving investments.

Meanwhile, cargo movement was generally slow in international freight, owing to a decrease in transportation demand in the air freight of general machinery and electronic equipment, and automobile-related freight mainly to Asia, affected by the slowdown in the global economy centered on China.

In this management environment, during the six months ended September 30, 2019, the Nippon Express Group recorded a year-on-year decrease in revenues across the segments of Japan, East Asia, South Asia & Oceania, and Logistics Support due to factors such as a decrease in air freight export transactions, despite robust warehouse and motor transportation transactions. Segment income increased for the segments of Europe, East Asia, Heavy Haulage & Construction, and Logistics Support, but segment income decreased for the segments of Japan, The Americas, South Asia & Oceania, and Security Transportation due to factors such as an increase in personnel expenses.

As a result, revenues decreased by ¥1.3 billion, or 0.1% year on year, to ¥1,038.9 billion, while operating income decreased by ¥4.8 billion, or 14.4% year on year, to ¥29.1 billion, ordinary income decreased by ¥4.9 billion, or 13.1% year on year, to ¥32.8 billion, and profit attributable to owners of parent decreased by ¥4.4 billion, or 18.9% year on year, to ¥19.0 billion.

(2) Explanation of Financial Position

1) Assets, Liabilities and Net Assets

Total assets as at the end of the second quarter ended September 30, 2019, amounted to ¥1,532.9 billion, a decrease of ¥3.7 billion or 0.2% from the end of the previous fiscal year.

Current assets amounted to ¥690.1 billion, a decrease of ¥22.0 billion or 3.1% from the end of the previous fiscal year, while non-current assets totaled ¥842.7 billion, an increase of ¥18.3 billion or 2.2% from the end of the previous fiscal year.

The decrease in current assets was mainly attributable to the decrease in accounts receivable—trade.

The increase in non-current assets was mainly attributable to the increase in buildings.

Current liabilities amounted to ¥446.8 billion, a decrease of ¥7.5 billion or 1.7% from the end of the previous fiscal year, while non-current liabilities amounted to ¥500.7 billion, a decrease of ¥21.0 billion or 4.0% from the end of the previous fiscal year.

The decrease in current liabilities was mainly attributable to the decrease in accounts payable—trade.

The decrease in non-current liabilities was mainly attributable to the decrease in net retirement benefit liability.

Net assets amounted to ¥585.3 billion at the end of the second quarter ended September 30, 2019, an increase of ¥24.8 billion or 4.4% from the end of the previous fiscal year.

2) Cash Flows

Cash and cash equivalents at the end of the second quarter ended September 30, 2019 amounted to ¥106.7 billion, an increase of ¥4.6 billion from the end of the previous fiscal year.

Net cash provided by operating activities amounted to ¥40.7 billion, a year-on-year increase of ¥9.5 billion in proceeds.

This was mainly due to the increase in proceeds from collection of trade receivables.

Net cash used in investing activities totaled ¥41.7 billion, a year-on-year decrease of ¥18.2 billion in expenditures. This was mainly due to a decrease in payment for purchase of shares of subsidiaries resulting in change in scope of

consolidation.

Net cash provided by financing activities amounted to ¥7.2 billion, a year-on-year increase of ¥12.9 billion in proceeds. This was mainly due to a decrease in payment for long-term loans payable.

(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information

The consolidated financial results forecasts for FY2019 and the non-consolidated financial results forecasts for FY2019 announced on April 26, 2019 have been revised as follows in light of recent performance trends.

For matters related to the consolidated financial results forecasts, please refer to “3. Reference Materials (1)

Consolidated Reference Materials, Forecast of Financial Results for FY2019 (Full Year).” For matters related to the non-consolidated financial results forecasts, please refer to “3. Reference Materials (2) Non-consolidated Reference Materials, Forecast of Financial Results for FY2019 (Full Year).”

1) Revisions to Financial Results Forecast

A Revisions to Forecast of Consolidated Financial Results for FY2019 (Full year)

(From April 1, 2019 to March 31, 2020)

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on April 26, 2019)	2,150,000	68,000	73,000	45,000	475.95
Current revised forecast (B)	2,110,000	68,000	73,000	45,000	476.24
Amount of increase/decrease (B) – (A)	(40,000)	—	—	—	
Percentage of increase/decrease (%)	(1.9)	—	—	—	
(Reference) Actual results for the previous fiscal year (the fiscal year ended March 31, 2019)	2,138,501	79,598	85,802	49,330	515.13

B Revisions to Forecast of Non-consolidated Financial Results for FY2019 (Full year)

(From April 1, 2019 to March 31, 2020)

	Revenues	Operating income	Ordinary income	Profit	Basic earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on April 26, 2019)	1,160,000	31,000	41,000	29,000	306.72
Current revised forecast (B)	1,140,000	32,000	42,000	29,000	306.91
Amount of increase/decrease (B) – (A)	(20,000)	1,000	1,000	—	
Percentage of increase/decrease (%)	(1.7)	3.2	2.4	—	
(Reference) Actual results for the previous fiscal year (the fiscal year ended March 31, 2019)	1,154,781	42,366	53,670	36,512	381.28

2) Reasons for Revision of Financial Results Forecasts

Financial results forecast figures have been revised because consolidated and non-consolidated revenues for FY2019 (full year) are expected to fall below the previously announced forecasts, due to pronounced downward pressure on the economy, including a slowdown in the global economy against the backdrop of the U.S.-China trade friction and rising geopolitical risks, resulting in lower-than-expected demand for transportation of international freight centered on air freight forwarding business.

Forecasts for non-consolidated operating income and ordinary income have been revised because they are expected

to exceed the previously announced forecasts as the effect of reduction in various expenses has been greater than expected.

Furthermore, non-consolidated profit is expected to be the same as the previously announced forecast, and forecasts for consolidated operating income, ordinary income, and profit attributable to owners of parent have been left unchanged, taking into consideration factors such as growing uncertainties concerning overseas conditions.

***Note Regarding Financial Results Forecasts**

The results forecasts and other forward-looking statements stated herein were prepared according to judgments made by the Company based on information currently available, and contain elements of risk and uncertainty. Actual business performance may differ from forecasts.

2. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2018 (as of March 31, 2019)	Second Quarter of FY2019 (as of September 30, 2019)
ASSETS		
Current assets:		
Cash and cash in banks	173,338	163,201
Notes receivable—trade	27,927	24,914
Accounts receivable—trade	331,586	306,410
Inventories	8,027	8,818
Other	172,350	187,767
Less: allowance for doubtful accounts	(964)	(916)
Total current assets	712,263	690,196
Non-current assets:		
Property and equipment		
Vehicles, net	43,785	45,699
Buildings, net	254,779	261,523
Land	193,049	195,154
Other, net	85,874	98,072
Net property and equipment	577,488	600,448
Intangible assets		
Goodwill	12,701	11,742
Other	69,318	70,249
Total intangible assets	82,020	81,992
Investments and other assets		
Investment securities	100,718	103,305
Other	65,157	57,988
Less: allowance for doubtful accounts	(973)	(958)
Total investments and other assets	164,903	160,335
Total non-current assets	824,413	842,776
Total assets	1,536,677	1,532,972
LIABILITIES		
Current liabilities:		
Notes payable—trade	8,175	5,962
Accounts payable—trade	173,323	157,793
Short-term loans payable	43,226	68,783
Income taxes payable	15,845	11,103
Provision for bonuses	22,697	28,080
Other provisions	156	29
Other	190,977	175,140
Total current liabilities	454,402	446,893
Non-current liabilities:		
Bonds payable	110,000	110,000
Long-term loans payable	232,082	221,634
Other provisions	1,439	1,283
Net retirement benefit liability	144,624	124,055
Other	33,684	43,769
Total non-current liabilities	521,830	500,744
Total liabilities	976,232	947,638

(Unit: Millions of yen)

	FY2018 (as of March 31, 2019)	Second Quarter of FY2019 (as of September 30, 2019)
NET ASSETS		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	22,832	22,832
Retained earnings	471,176	482,144
Less: treasury stock	(19,854)	(20,181)
Total shareholders' equity	544,329	554,970
Accumulated other comprehensive income (loss):		
Valuation differences on available-for-sale securities	40,704	40,579
Deferred gains (losses) on hedges	(236)	(298)
Foreign currency translation adjustments	(3,110)	(7,146)
Remeasurements of retirement benefit plans	(38,070)	(19,773)
Total accumulated other comprehensive income (loss)	(712)	13,361
Non-controlling interests	16,827	17,003
Total net assets	560,444	585,334
Total liabilities and net assets	1,536,677	1,532,972

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2018 (from April 1, 2018 to September 30, 2018)	Six months ended Sep. 30, 2019 (from April 1, 2019 to September 30, 2019)
Revenues	1,040,335	1,038,952
Operating costs	952,405	955,400
Gross profit	87,929	83,552
Selling, general and administrative expenses	53,906	54,423
Operating income	34,023	29,128
Non-operating income:		
Interest income	340	407
Dividend income	1,867	1,948
Equity in earnings of unconsolidated subsidiaries and affiliates	383	573
Other	3,743	2,986
Total non-operating income	6,335	5,916
Non-operating expenses:		
Interest expenses	1,444	1,430
Other	1,126	783
Total non-operating expenses	2,570	2,214
Ordinary income	37,787	32,830
Extraordinary income:		
Gain on sales of non-current assets	2,581	1,235
Gain on sales of investment securities	171	266
Other	11	10
Total extraordinary income	2,765	1,512
Extraordinary loss:		
Loss on disposal of non-current assets	1,877	3,718
Other	691	521
Total extraordinary loss	2,569	4,240
Profit before income taxes	37,983	30,103
Income taxes	13,834	10,353
Profit	24,149	19,749
Profit attributable to non-controlling interests	701	738
Profit attributable to owners of parent	23,448	19,010

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Six months ended Sep. 30, 2018 (from April 1, 2018 to September 30, 2018)	Six months ended Sep. 30, 2019 (from April 1, 2019 to September 30, 2019)
Profit	24,149	19,749
Other comprehensive income:		
Valuation differences on available-for-sale securities	2,247	(125)
Deferred gains (losses) on hedges	(2)	(61)
Foreign currency translation adjustments	(6,160)	(4,125)
Remeasurements of retirement benefit plans	2,006	18,327
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	(64)	(40)
Other comprehensive income (loss)	(1,973)	13,975
Comprehensive income	22,175	33,724
(Comprehensive income attributable to)		
Owners of parent	21,568	33,085
Non-controlling interests	607	639

(3) Consolidated Statements of Cash Flows

(Unit: Millions of yen)

	Six months ended Sep. 30, 2018 (from April 1, 2018 to September 30, 2018)	Six months ended Sep. 30, 2019 (from April 1, 2019 to September 30, 2019)
Cash flows from operating activities:		
Profit (loss) before income taxes	37,983	30,103
Depreciation and amortization	25,171	29,145
Interest and dividend income	(2,208)	(2,356)
Interest expense	1,444	1,430
Equity in (earnings) losses of unconsolidated subsidiaries and affiliates	(383)	(573)
(Increase) decrease in trade receivables	5,551	17,588
(Increase) decrease in inventories	(1,408)	(793)
Increase (decrease) in accounts payable	(6,505)	(16,159)
Other	(11,124)	(3,166)
Sub-total	48,519	55,218
Interest and dividends received	2,389	2,568
Interest paid	(1,344)	(1,629)
Income taxes paid	(18,364)	(15,422)
Net cash provided by operating activities	31,200	40,735
Cash flows from investing activities:		
Payment for purchase of property and equipment	(38,821)	(39,452)
Proceeds from sales of property and equipment	2,793	297
Payment for purchase of investment securities	(30)	(2,881)
Proceeds from sales of investment securities	295	498
Payment for purchase of shares of subsidiaries resulting in change in scope of consolidation	(18,015)	(78)
Other	(6,211)	(136)
Net cash used in investing activities	(59,990)	(41,753)
Cash flows from financing activities:		
Net increase (decrease) in short-term loans payable	1,525	6,633
Proceeds from long-term loans payable	18,610	20,713
Payment for long-term loans payable	(19,180)	(12,375)
Cash dividends	(5,760)	(8,036)
Payment for purchase of treasury stock	(74)	(530)
Other	(830)	840
Net cash provided by (used in) financing activities	(5,709)	7,244
Effect of exchange rate changes on cash and cash equivalents	(2,436)	(1,554)
Net increase (decrease) in cash and cash equivalents	(36,936)	4,670
Cash and cash equivalents at beginning of year	137,891	102,092
Cash and cash equivalents at end of period	100,955	106,763

(4) Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

Not applicable.

(Notes in Cases Where There are Significant Changes in Amount of Shareholders' Equity)

Not applicable.

(Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate following application of tax effect accounting to profit before income taxes for the consolidated fiscal year, which includes the second quarter ended September 30, 2019, and multiplying profit before income taxes by said estimated effective tax rate.

(Changes in Accounting Policies)

(Application of IFRS 16 "Leases")

From the beginning of the first quarter of the current fiscal year, some of the consolidated overseas subsidiaries applied IFRS 16 "Leases" and account for all leases in principle as a lessee by recording assets and liabilities on the quarterly consolidated balance sheets.

In applying the accounting standard, a method, which is permitted as a transition, was adopted whereby the cumulative effect of applying the accounting standard is recognized at the date of initial application.

The application of the accounting standard has minimal impact on the quarterly consolidated financial statements.

(Segment Information, etc.)

[Segment Information]

1. Six months ended September 30, 2018 (From April 1, 2018 to September 30, 2018)

Revenues and income (loss) by reportable segment

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	609,540	38,377	52,448	53,478	40,514
Intersegment	6,257	8,851	3,537	5,366	3,957
Total	615,797	47,228	55,985	58,845	44,471
Segment income	23,849	2,224	722	1,161	1,933

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in quarterly consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	35,954	24,809	185,211	1,040,335	–	1,040,335
Intersegment	24	53	43,381	71,430	(71,430)	–
Total	35,979	24,863	228,592	1,111,765	(71,430)	1,040,335
Segment income	292	2,088	5,765	38,038	(4,014)	34,023

(Notes) 1. The segment income adjustment of ¥(4,014) million includes ¥(53) million for the elimination of intersegment income, and ¥(4,024) million of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.

2. Segment income has been reconciled with operating income in the quarterly consolidated statements of income.

2. Six months ended September 30, 2019 (From April 1, 2019 to September 30, 2019)
Revenues and income (loss) by reportable segment

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	604,142	40,248	55,669	51,063	40,429
Intersegment	6,175	7,517	3,214	4,867	3,705
Total	610,317	47,766	58,883	55,930	44,135
Segment income (loss)	20,581	1,927	1,226	1,562	1,581

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in quarterly consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	36,388	27,219	183,792	1,038,952	–	1,038,952
Intersegment	25	28	44,554	70,089	(70,089)	–
Total	36,414	27,247	228,347	1,109,042	(70,089)	1,038,952
Segment income (loss)	(1,277)	2,666	5,779	34,048	(4,920)	29,128

- (Notes) 1. The segment income (loss) adjustment of ¥(4,920) million includes ¥(94) million for the elimination of intersegment income, and ¥(4,855) million of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.
2. Segment income (loss) has been reconciled with operating income in the quarterly consolidated statements of income.

3. Reference Materials

(1) Consolidated Reference Materials

- o Financial Results of Reportable Segment

(Unit: Millions of yen, %)

				Six months ended Sep. 30, 2019		Six months ended Sep. 30, 2018		Change	
								Amount	Ratio
Revenues	Reportable Segment	Logistics	Japan	610,317	615,797	(5,480)	(0.9)		
			The Americas	47,766	47,228	537	1.1		
			Europe	58,883	55,985	2,897	5.2		
			East Asia	55,930	58,845	(2,914)	(5.0)		
			South Asia & Oceania	44,135	44,471	(336)	(0.8)		
			Subtotal	817,033	822,329	(5,296)	(0.6)		
		Security Transportation	36,414	35,979	435	1.2			
		Heavy Haulage & Construction	27,247	24,863	2,383	9.6			
		Logistics Support	228,347	228,592	(245)	(0.1)			
		Subtotal	1,109,042	1,111,765	(2,722)	(0.2)			
		Adjustment	(70,089)	(71,430)	1,340	–			
		Total	1,038,952	1,040,335	(1,382)	(0.1)			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[3.4] 20,581	[3.9] 23,849	(3,268)	(13.7)		
			The Americas	[4.0] 1,927	[4.7] 2,224	(296)	(13.3)		
			Europe	[2.1] 1,226	[1.3] 722	503	69.7		
			East Asia	[2.8] 1,562	[2.0] 1,161	400	34.5		
			South Asia & Oceania	[3.6] 1,581	[4.3] 1,933	(351)	(18.2)		
			Subtotal	[3.3] 26,880	[3.6] 29,891	(3,011)	(10.1)		
		Security Transportation	[(3.5)] (1,277)	[0.8] 292	(1,569)	–			
		Heavy Haulage & Construction	[9.8] 2,666	[8.4] 2,088	577	27.7			
		Logistics Support	[2.5] 5,779	[2.5] 5,765	14	0.3			
		Subtotal	[3.1] 34,048	[3.4] 38,038	(3,989)	(10.5)			
		Adjustment	(4,920)	(4,014)	(905)	–			
		Total	[2.8] 29,128	[3.3] 34,023	(4,894)	(14.4)			

(Note) Figures in brackets indicate Operating Margins.

○ Summary of Consolidated Statements of Income

(Unit: Millions of yen, %)

		Six months ended Sep. 30, 2019	% in Sales	Six months ended Sep. 30, 2018	% in Sales	Change		
						Amount	Ratio	
Revenues by business	Distribution & transportation business	Motor transportation	189,403	18.2	187,144	18.0	2,258	1.2
		Marine and harbor transportation	120,458	11.6	118,002	11.3	2,455	2.1
		Air transportation	161,989	15.6	188,274	18.1	(26,284)	(14.0)
		Warehousing & storage	148,306	14.3	140,649	13.5	7,656	5.4
		Security transportation	35,352	3.4	35,856	3.4	(503)	(1.4)
		Heavy haulage & construction	37,751	3.6	34,970	3.4	2,781	8.0
		Other	150,235	14.5	138,734	13.3	11,501	8.3
	Subtotal	843,496	81.2	843,631	81.1	(134)	(0.0)	
	Goods sales business	164,266	15.8	170,182	16.4	(5,915)	(3.5)	
	Other	31,189	3.0	26,521	2.5	4,667	17.6	
Total	1,038,952	100.0	1,040,335	100.0	(1,382)	(0.1)		
Operating costs	Personnel expenses	214,269	20.6	206,193	19.8	8,075	3.9	
	Forwarding costs	124,369	12.0	141,110	13.6	(16,741)	(11.9)	
	Vehicle chartering and subcontracting costs	237,993	22.9	227,145	21.8	10,848	4.8	
	Other	378,767	36.5	377,955	36.3	812	0.2	
Total	955,400	92.0	952,405	91.5	2,995	0.3		
Gross profit		83,552	8.0	87,929	8.5	(4,377)	(5.0)	
Selling, general and administrative expenses	Personnel expenses	31,467	3.0	31,556	3.0	(88)	(0.3)	
	Other	22,955	2.2	22,349	2.1	605	2.7	
	Total	54,423	5.2	53,906	5.2	517	1.0	
Operating income		29,128	2.8	34,023	3.3	(4,894)	(14.4)	
Non-operating income	Interest income	407	0.0	340	0.0	66	19.6	
	Dividend income	1,948	0.2	1,867	0.2	81	4.3	
	Equity in earnings of unconsolidated subsidiaries and affiliates	573	0.1	383	0.0	190	49.6	
	Other	2,986	0.3	3,743	0.4	(756)	(20.2)	
Total	5,916	0.6	6,335	0.6	(418)	(6.6)		
Non-operating expenses	Interest expenses	1,430	0.1	1,444	0.1	(13)	(1.0)	
	Other	783	0.1	1,126	0.1	(342)	(30.4)	
	Total	2,214	0.2	2,570	0.2	(356)	(13.9)	
Ordinary income		32,830	3.2	37,787	3.6	(4,957)	(13.1)	
Extraordinary income	Gain on sales of non-current assets	1,235	0.1	2,581	0.2	(1,346)	(52.1)	
	Gain on sales of investment securities	266	0.0	171	0.0	94	54.9	
	Other	10	0.0	11	0.0	(1)	(9.9)	
Total	1,512	0.1	2,765	0.3	(1,252)	(45.3)		
Extraordinary loss	Loss on disposal of non-current assets	3,718	0.4	1,877	0.2	1,841	98.1	
	Other	521	0.1	691	0.1	(170)	(24.6)	
Total	4,240	0.4	2,569	0.2	1,670	65.0		
Profit before income taxes		30,103	2.9	37,983	3.7	(7,880)	(20.7)	
Income taxes		10,353	1.0	13,834	1.3	(3,480)	(25.2)	
Profit		19,749	1.9	24,149	2.3	(4,400)	(18.2)	
Profit attributable to non-controlling interests		738	0.1	701	0.1	36	5.2	
Profit attributable to owners of parent		19,010	1.8	23,448	2.3	(4,437)	(18.9)	
Total personnel expenses	Operating costs	214,269	20.6	206,193	19.8	8,075	3.9	
	Selling, general and administrative expenses	31,467	3.0	31,556	3.0	(88)	(0.3)	
	Total	245,737	23.7	237,750	22.9	7,987	3.4	

○ Forecast of Financial Results for FY2019 (Full Year)

(Unit: Millions of yen, %)

		FY2019	FY2018	Change			
				Amount	Ratio		
Revenues	Reportable Segment	Logistics	Japan	1,240,800	1,256,802	(16,002)	(1.3)
			The Americas	93,700	98,699	(4,999)	(5.1)
			Europe	119,900	114,812	5,087	4.4
			East Asia	114,000	122,754	(8,754)	(7.1)
			South Asia & Oceania	90,600	91,874	(1,274)	(1.4)
		Subtotal	1,659,000	1,684,943	(25,943)	(1.5)	
		Security Transportation	72,900	72,647	252	0.3	
		Heavy Haulage & Construction	50,000	47,751	2,248	4.7	
		Logistics Support	474,800	483,965	(9,165)	(1.9)	
		Subtotal	2,256,700	2,289,308	(32,608)	(1.4)	
	Adjustment	(146,700)	(150,806)	4,106	–		
Total	2,110,000	2,138,501	(28,501)	(1.3)			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[4.0] 49,300	[4.5] 55,966	(6,666)	(11.9)
			The Americas	[4.2] 3,900	[4.3] 4,264	(364)	(8.5)
			Europe	[2.3] 2,800	[2.0] 2,271	528	23.3
			East Asia	[2.7] 3,100	[2.5] 3,007	92	3.1
			South Asia & Oceania	[3.6] 3,300	[4.0] 3,710	(410)	(11.1)
		Subtotal	[3.8] 62,400	[4.1] 69,220	(6,820)	(9.9)	
		Security Transportation	[(1.6)] (1,200)	[1.7] 1,240	(2,440)	–	
		Heavy Haulage & Construction	[10.2] 5,100	[9.5] 4,520	579	12.8	
		Logistics Support	[2.7] 12,900	[2.6] 12,778	121	1.0	
		Subtotal	[3.5] 79,200	[3.8] 87,759	(8,559)	(9.8)	
	Adjustment	(11,200)	(8,161)	(3,038)	–		
Total	[3.2] 68,000	[3.7] 79,598	(11,598)	(14.6)			

(Notes) 1. The above Forecast of Financial Results for FY2019 (Full Year) is a revision of the Forecast of Consolidated Financial Results for FY2019 announced on April 26, 2019.

2. Figures in brackets indicate Operating Margins.

(2) Non-consolidated Reference Materials

○ Summary of Non-consolidated Statements of Income

(Unit: Millions of yen, %)

		Six months ended Sep. 30, 2019		Six months ended Sep. 30, 2018		Change		
			% in Sales		% in Sales	Amount	Ratio	
Revenues	Railway utilization business	38,733	6.9	33,843	6.0	4,889	14.4	
	Motor transportation	Small-lot shipment business	22,270	4.0	22,345	3.9	(75)	(0.3)
		Chartered truck business	95,367	16.9	96,381	17.0	(1,014)	(1.1)
		Subtotal	117,637	20.9	118,727	20.9	(1,089)	(0.9)
	Marine and harbor transportation	Marine transportation business	48,841	8.7	48,947	8.7	(105)	(0.2)
		Harbor transportation business	35,075	6.2	34,750	6.1	325	0.9
		Subtotal	83,917	14.9	83,697	14.8	219	0.3
		(Exports)	[31,801]	–	[32,677]	–	[(875)]	(2.7)
		(Imports)	[25,752]	–	[24,515]	–	[1,236]	5.0
		(Domestic & other)	[26,363]	–	[26,504]	–	[(140)]	(0.5)
	Air transportation	Subtotal	89,396	15.9	108,181	19.1	(18,784)	(17.4)
		(Exports)	[40,832]	–	[59,953]	–	[(19,120)]	(31.9)
		(Imports)	[12,597]	–	[12,908]	–	[(311)]	(2.4)
		(Domestic & other)	[35,966]	–	[35,319]	–	[647]	1.8
	Warehousing & storage business	69,325	12.3	64,297	11.3	5,027	7.8	
	In-factory business	24,364	4.4	25,462	4.5	(1,097)	(4.3)	
	Moving & relocation business	31,616	5.6	29,217	5.2	2,398	8.2	
	Security transportation business	35,363	6.3	35,865	6.3	(502)	(1.4)	
	Heavy haulage & construction business	35,377	6.3	33,150	5.8	2,227	6.7	
Other businesses	36,556	6.5	34,769	6.1	1,787	5.1		
Total	562,288	100.0	567,212	100.0	(4,923)	(0.9)		
Operating expenses	Total personnel expenses	133,288	23.7	128,289	22.6	4,998	3.9	
	Forwarding costs	Railway	21,322	3.8	17,661	3.1	3,660	20.7
		Marine	16,471	2.9	15,983	2.8	487	3.1
		Air	23,880	4.3	38,206	6.8	(14,326)	(37.5)
		Subtotal	61,673	11.0	71,850	12.7	(10,177)	(14.2)
	Vehicle chartering and subcontracting costs	238,064	42.3	236,238	41.6	1,825	0.8	
	Depreciation and amortization	13,993	2.5	13,477	2.4	516	3.8	
	Facility usage charges	38,936	6.9	36,918	6.5	2,018	5.5	
	Other	65,222	11.6	63,271	11.2	1,951	3.1	
	Total	551,179	98.0	550,046	97.0	1,132	0.2	
Operating income	11,109	2.0	17,165	3.0	(6,055)	(35.3)		
Non-operating income	8,668	1.5	8,279	1.4	389	4.7		
Non-operating expenses	1,522	0.3	1,908	0.3	(385)	(20.2)		
Ordinary income	18,255	3.2	23,536	4.1	(5,280)	(22.4)		
Extraordinary income	1,338	0.3	1,789	0.4	(450)	(25.2)		
Extraordinary loss	4,032	0.7	1,640	0.3	2,391	145.7		
Profit before income taxes	15,562	2.8	23,684	4.2	(8,122)	(34.3)		
Income taxes	4,315	0.8	7,346	1.3	(3,030)	(41.3)		
Profit	11,246	2.0	16,338	2.9	(5,091)	(31.2)		

(Note) Since FY2019, as revenues are managed per business instead of mode of transportation, overseas sales are used as a target in the business plan instead of overseas-related revenues, and employees are no longer categorized into drivers/workers and office personnel, the presentation of revenues and personnel expenses have been changed.

○ Forecast of Financial Results for FY2019 (Full Year)

(Unit: Millions of yen, %)

		FY2019 Forecast	% in Sales	FY2018 Actual	% in Sales	Change			
						Amount	Ratio		
Revenues	Railway utilization business		79,500	7.0	74,251	6.4	5,248	7.1	
	Motor transportation	Small-lot shipment business	45,500	4.0	45,715	4.0	(215)	(0.5)	
		Chartered truck business	193,000	16.9	195,329	16.9	(2,329)	(1.2)	
		Subtotal	238,500	20.9	241,044	20.9	(2,544)	(1.1)	
	Marine and harbor transportation	Marine transportation business		100,000	8.7	99,150	8.6	849	0.9
		Harbor transportation business		71,500	6.3	70,378	6.1	1,121	1.6
		Subtotal		171,500	15.0	169,529	14.7	1,970	1.2
		(Exports)		[66,000]	-	[65,285]	-	[714]	1.1
		(Imports)		[52,500]	-	[50,512]	-	[1,987]	3.9
		(Domestic & other)		[53,000]	-	[53,731]	-	[(731)]	(1.4)
	Air transportation	Subtotal		184,500	16.2	219,858	19.0	(35,358)	(16.1)
		(Exports)		[86,000]	-	[120,128]	-	[(34,128)]	(28.4)
		(Imports)		[25,500]	-	[27,958]	-	[(2,458)]	(8.8)
		(Domestic & other)		[73,000]	-	[71,771]	-	[1,228]	1.7
	Warehousing & storage business		141,000	12.4	130,719	11.3	10,280	7.9	
	In-factory business		50,000	4.4	51,444	4.5	(1,444)	(2.8)	
	Moving & relocation business		61,000	5.3	59,514	5.2	1,485	2.5	
	Security transportation business		71,000	6.2	71,664	6.2	(664)	(0.9)	
	Heavy haulage & construction business		68,000	6.0	64,666	5.6	3,333	5.2	
	Other businesses		75,000	6.6	72,089	6.2	2,910	4.0	
Total		1,140,000	100.0	1,154,781	100.0	(14,781)	(1.3)		
Operating expenses	Total personnel expenses		261,000	22.9	253,202	21.9	7,797	3.1	
	Forwarding costs	Railway	43,500	3.8	39,760	3.5	3,739	9.4	
		Marine	33,500	2.9	32,264	2.8	1,235	3.8	
		Air	48,500	4.3	76,597	6.6	(28,097)	(36.7)	
		Subtotal	125,500	11.0	148,623	12.9	(23,123)	(15.6)	
	Vehicle chartering and subcontracting costs		481,000	42.2	478,247	41.4	2,752	0.6	
	Depreciation and amortization		28,500	2.5	27,361	2.4	1,138	4.2	
	Facility usage charges		78,000	6.8	74,524	6.4	3,475	4.7	
	Other		134,000	11.8	130,456	11.3	3,543	2.7	
	Total		1,108,000	97.2	1,112,415	96.3	(4,415)	(0.4)	
Operating income		32,000	2.8	42,366	3.7	(10,366)	(24.5)		
Non-operating income		14,000	1.2	16,267	1.4	(2,267)	(13.9)		
Non-operating expenses		4,000	0.3	4,964	0.5	(964)	(19.4)		
Ordinary income		42,000	3.7	53,670	4.6	(11,670)	(21.7)		
Extraordinary income		5,000	0.4	2,327	0.2	2,672	114.8		
Extraordinary loss		7,000	0.6	6,025	0.5	974	16.2		
Profit before income taxes		40,000	3.5	49,972	4.3	(9,972)	(20.0)		
Income taxes		11,000	1.0	13,459	1.1	(2,459)	(18.3)		
Profit		29,000	2.5	36,512	3.2	(7,512)	(20.6)		

(Notes) 1. The above Forecast of Financial Results for FY2019 (Full Year) is a revision of the Forecast of Non-consolidated Financial Results for FY2019 announced on April 26, 2019.

2. Since FY2019, as revenues are managed per business instead of mode of transportation and employees are no longer categorized into drivers/workers and office personnel, the presentation of revenues and personnel expenses have been changed.