

# Briefing Material for 1Q Results of the Fiscal Year Ending March 2014

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|---|-------|
| 1. Business Overview  |       |
| A. Overview of 1Q of FY2013                                     | P. 1  |
| B. Overview by reportable segment                               | P. 2- |
| C. Ratio of sales from International operation-related business | P. 7  |
| 2. Changes due to the External Environment                      |       |
| A. Change factors (1Q)  | P. 8  |
| B. Assumptions for external factors (2Q to 4Q)                  | P. 9  |

**July 31, 2013**

# 1. Business Overview



## A. Overview of 1Q of FY2013

### 1) Overview (Consolidated)

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

|                     | Actual for 1Q<br>of FY2013<br>(a) | Actual for 1Q<br>of FY2012<br>(b) | Difference<br>YoY<br>(c) = (a) – (b) | Difference<br>YoY<br>(%)<br>(d) = (c) / (b)<br>× 100 | Forecast<br>for 1H<br>(announced<br>on May 8)<br>(e) | 1Q progress<br>against<br>forecast<br>(%)<br>(a) / (e) ×<br>100 | Difference<br>(compared<br>with<br>forecast)<br>(e) – (a) |
|---------------------|-----------------------------------|-----------------------------------|--------------------------------------|--|--|---|---|
| Revenues            | 4,087                             | 3,990                             | 97                                   | 2.4  | 8,350  | 49.0  | 4,262   |
| Operating<br>Income | 80                                | 83                                | (3)                                  | (3.7)  | 160  | 50.2  | 79  |
| Ordinary<br>Income  | 110                               | 112                               | (2)                                  | (1.9)  | 210  | 52.6  | 99  |
| Net Income          | 68                                | 51                                | 17                                   | 34.4   | 120  | 57.2  | 51  |

### 2) Business Indices

(Figures in parentheses are the previous year's results.)

- Operating Income Margin    2.0%    (2.1%)
- Ordinary Income Margin    2.7%    (2.8%)
- ROE    5.3%    (4.2%)
- ROA    2.1%    (1.7%)

# 1. Business Overview



## B. Overview by reportable segment

### 1) Combined Business

(100 million yen)

|                | Actual for 1Q of FY2013   | Comparison with FY2012 |            |                | Comparison with forecast (announced on May 8) |              |            |
|----------------|---|------------------------|------------|----------------|---|--------------|------------|
|                |   | 1Q of FY2012           | Difference | Difference (%) | Forecast for 1H                               | Progress (%) | Difference |
| Revenues       | 1,748   | 1,722                  | 26.1       | 1.5            | 3,487   | 50.2         | 1,738      |
| Segment Income | 23  | 4                      | 18.3       | 377.8          | 33  | 68.7         | 10         |
| Overview       | <ul style="list-style-type: none"> <li>Growth in income resulted from an increase in warehousing transactions, and an increase in truck transportation at a consolidated subsidiary</li> <li>Holding down costs led to profit growth</li> </ul> |                        |            |                |   |              |            |

### 2) Security Transportation

|                | Actual for 1Q of FY2013  | Comparison with FY2012 |            |                | Comparison with forecast (announced on May 8) |              |            |
|----------------|--|------------------------|------------|----------------|---|--------------|------------|
|                |  | 1Q of FY2012           | Difference | Difference (%) | Forecast for 1H                               | Progress (%) | Difference |
| Revenues       | 136  | 147                    | (10.3)     | (7.1)          | 277   | 49.4         | 140        |
| Segment Income | 3  | 6                      | (3.1)      | (49.6)         | 10  | 31.3         | 6          |
| Overview       | <ul style="list-style-type: none"> <li>Severe competitive environment continued, resulting in poor performances in both revenues and profit</li> </ul> |                        |            |                |   |              |            |

# 1. Business Overview



## B. Overview by reportable segment

### 3) Heavy Haulage & Construction

(100 million yen)

|                | Actual for 1Q of FY2013  | Comparison with FY2012 |            |                | Comparison with forecast (announced on May 8) |              |            |
|----------------|--|------------------------|------------|----------------|---|--------------|------------|
|                |  | 1Q of FY2012           | Difference | Difference (%) | Forecast for 1H                               | Progress (%) | Difference |
| Revenues       | 93   | 104                    | (10.7)     | (10.3)         | 173   | 54.2         | 79         |
| Segment Income | 5  | 9                      | (4.9)      | (49.6)         | 7   | 68.8         | 2          |
| Overview       | <ul style="list-style-type: none"><li>Decline in reaction to the order backlog in the year earlier related to thermal power generation after the Great East Japan Earthquake</li></ul> |                        |            |                |   |              |            |

# 1. Business Overview



## B. Overview by reportable segment

### 4) Air Freight Forwarding

(100 million yen)

|                | Actual for 1Q of FY2013  | Comparison with FY2012 |            |                | Comparison with forecast (announced on May 8) |              |            |
|----------------|--|------------------------|------------|----------------|---|--------------|------------|
|                |  | 1Q of FY2012           | Difference | Difference (%) | Forecast for 1H                               | Progress (%) | Difference |
| Revenues       | 435  | 476                    | (41.0)     | (8.6)          | 961   | 45.3         | 525        |
| Segment Income | 10   | 10                     | 0.0        | 0.6            | 20  | 52.4         | 9          |
| Overview       | <ul style="list-style-type: none"> <li>Decrease in income due to a considerable decline (10.8% over three months) in the amount (weight) of export cargo</li> <li>Achieved profits in line with the level of the year earlier due to efforts to reduce costs in the air freight forwarding business and an improved balance of income and expenditures in the travel business</li> </ul> |                        |            |                |   |              |            |

### 5) Marine & Harbor Transportation

|                | Actual for 1Q of FY2013   | Comparison with FY2012 |            |                | Comparison with forecast (announced on May 8) |              |            |
|----------------|---|------------------------|------------|----------------|---|--------------|------------|
|                |   | 1Q of FY2012           | Difference | Difference (%) | Forecast for 1H                               | Progress (%) | Difference |
| Revenues       | 338   | 320                    | 18.4       | 5.7            | 649   | 52.2         | 310        |
| Segment Income | 21  | 17                     | 4.0        | 23.7           | 31  | 67.6         | 10         |
| Overview       | <ul style="list-style-type: none"> <li>Increase in income and profit due to strong performance in equipment transportation (exports), overseas moving (import/export), and coastal shipping services</li> </ul> |                        |            |                |   |              |            |

# 1. Business Overview



## B. Overview by reportable segment

### 6) The Americas

(100 million yen)

|                | Actual for 1Q of FY2013  | Comparison with FY2012 |            |                | Comparison with forecast (announced on May 8) |              |            |
|----------------|--|------------------------|------------|----------------|---|--------------|------------|
|                |  | 1Q of FY2012           | Difference | Difference (%) | Forecast for 1H                               | Progress (%) | Difference |
| Revenues       | 158  | 118                    | 40.6       | 34.4           | 346   | 45.9         | 187        |
| Segment Income | 2  | 4                      | (1.3)      | (33.4)         | 10  | 26.8         | 7          |
| Overview       | <ul style="list-style-type: none"> <li>• Performance was strong in warehousing and truck transportation business in the US, and equipment transportation transactions in Mexico</li> <li>• Profits were down as a result of weak performance in air freight forwarding</li> <li>• Income and profit decreased on a local currency basis (impact of exchange rate on revenue: ¥1.9 billion), excluding the impact of M&amp;A</li> </ul> |                        |            |                |   |              |            |

### 7) Europe

|                | Actual for 1Q of FY2013  | Comparison with FY2012 |            |                | Comparison with forecast (announced on May 8) |              |            |
|----------------|--|------------------------|------------|----------------|---|--------------|------------|
|                |  | 1Q of FY2012           | Difference | Difference (%) | Forecast for 1H                               | Progress (%) | Difference |
| Revenues       | 163  | 109                    | 53.9       | 49.1           | 341   | 48.0         | 177        |
| Segment Income | 1  | 2                      | (0.9)      | (47.0)         | 8   | 13.4         | 7          |
| Overview       | <ul style="list-style-type: none"> <li>• Cargo movements remained weak for air freight and marine transportation</li> <li>• Intra-region warehousing and truck transportation transactions were sluggish</li> <li>• Income and profit decreased on a local currency basis (impact of exchange rate on revenue: ¥1.8 billion), excluding the impact of M&amp;A</li> </ul> |                        |            |                |   |              |            |

# 1. Business Overview



## B. Overview by reportable segment

### 8) East Asia

(100 million yen)

|                | Actual for 1Q of FY2013   | Comparison with FY2012 |            |                | Comparison with forecast (announced on May 8) |              |            |
|----------------|---|------------------------|------------|----------------|---|--------------|------------|
|                |   | 1Q of FY2012           | Difference | Difference (%) | Forecast for 1H                               | Progress (%) | Difference |
| Revenues       | 196   | 172                    | 24.1       | 14.0           | 414   | 47.4         | 217        |
| Segment Income | 2   | 3                      | (1.7)      | (46.2)         | 12  | 16.1         | 10         |
| Overview       | <ul style="list-style-type: none"> <li>• Air and marine forwarding transactions were weak, particularly to Europe</li> <li>• Cargo movements were sluggish for truck transportation business within China</li> <li>• Income and profit decreased on a local currency basis (impact of exchange rate on revenue: ¥3.1 billion), excluding the impact of M&amp;A</li> </ul> |                        |            |                |   |              |            |

### 9) South Asia & Oceania

|                | Actual for 1Q of FY2013   | Comparison with FY2012 |            |                | Comparison with forecast (announced on May 8) |              |            |
|----------------|---|------------------------|------------|----------------|---|--------------|------------|
|                |   | 1Q of FY2012           | Difference | Difference (%) | Forecast for 1H                               | Progress (%) | Difference |
| Revenues       | 115   | 114                    | 0.2        | 0.2            | 244   | 47.2         | 128        |
| Segment Income | 1   | 5                      | (3.6)      | (65.6)         | 10  | 18.2         | 8          |
| Overview       | <ul style="list-style-type: none"> <li>• Warehousing and truck transportation businesses were solid</li> <li>• Air freight export cargo transactions fell significantly in reaction to the surge in demand for shipment following the flood in Thailand the year before last</li> <li>• Income and profit decreased on a local currency basis (impact of exchange rate on revenue: ¥2.1 billion)</li> </ul> |                        |            |                |   |              |            |

# 1. Business Overview



## B. Overview by reportable segment

### 10) Goods Sales

(100 million yen)

|                | Actual for 1Q of FY2013   | Comparison with FY2012 |            |                | Comparison with forecast (announced on May 8) |              |            |
|----------------|---|------------------------|------------|----------------|---|--------------|------------|
|                |   | 1Q of FY2012           | Difference | Difference (%) | Forecast for 1H                               | Progress (%) | Difference |
| Revenues       | 914   | 920                    | (5.7)      | (0.6)          | 1,890   | 48.4         | 975        |
| Segment Income | 10  | 20                     | (10.3)     | (50.4)         | 26  | 39.0         | 15         |
| Overview       | <ul style="list-style-type: none"> <li>Unit sales price of oil rose, but sales volume declined, resulting in a drop in income</li> <li>In addition to a decrease in the income margin for oil sales, export package handling failed to recover, leading to a decline in profit</li> </ul> |                        |            |                |   |              |            |

### 11) Other

|                | Actual for 1Q of FY2013  | Comparison with FY2012 |            |                | Comparison with forecast (announced on May 8) |              |            |
|----------------|--|------------------------|------------|----------------|---|--------------|------------|
|                |  | 1Q of FY2012           | Difference | Difference (%) | Forecast for 1H                               | Progress (%) | Difference |
| Revenues       | 91   | 85                     | 6.2        | 7.3            | 209   | 43.8         | 117        |
| Segment Income | 1  | 1                      | (0.0)      | (4.9)          | 6   | 21.6         | 5          |
| Overview       | <ul style="list-style-type: none"> <li>Income grew due to an increase in transactions in the logistic finance service</li> </ul> |                        |            |                |   |              |            |

## C. Ratio of sales from International operation-related business

| Target   | Progress  |
|--|---|
| 40% of sales from International operation-related business in FY2015 | Actual for 1Q of FY2013: 32.2%<br>(FY2012: 29.7%, FY2011: 30.8%, FY2010: 30.9%) |



## 2. Changes due to the External Environment

### A. Change factors (1Q)

| Change factors                        | Impact on consolidated results (1Q)                                    | Reference             |                |
|---------------------------------------|--|-----------------------|----------------|
| Impact of change in unit fuel price   | Fuel cost: +¥0.16 billion<br>(cost increase)                           | Average               |                |
|                                       |  | 1Q of FY2013          | (1Q of FY2012) |
|                                       |  | Light oil: ¥111.35/ℓ  | (¥109.72)      |
|                                       |  | Gasoline: ¥143.65/ℓ   | (¥141.13)      |
| Impact of foreign exchange (weak yen) | Revenues:<br>+¥9.07 billion<br><br>Operating income:<br>+¥0.30 billion | Average exchange rate |                |
|                                       |  | 1Q of FY2013          | (1Q of FY2012) |
|                                       |  | USD: ¥ 92.42          | (¥ 79.28)      |
|                                       |  | EUR: ¥122.04          | (¥103.99)      |
|                                       |  | HKD: ¥ 11.92          | (¥ 10.22)      |
|                                       |  | RMB: ¥ 14.88          | (¥ 12.57)      |

## 2. Changes due to the External Environment

### B. Assumptions for external factors (2Q to 4Q)

| Change factors                           | Impact on consolidated results<br>(9 months—2Q to 4Q)                   | Assumptions            |           |           |
|--|---|------------------------|-----------|-----------|
|  |   | Average                | FY2013    | (FY2012)  |
| Impact of change in unit fuel price      | Fuel cost: +¥0.80 billion<br>(cost increase)                            | Light oil:             | ¥108.88/ℓ | (¥106.93) |
|  |   | Gasoline:              | ¥143.48/ℓ | (¥139.06) |
|  |   | Heavy oil:             | ¥ 69.16/ℓ | (¥ 62.07) |
|  |   |                        |           |           |
| Impact of foreign exchange<br>(weak yen) | Revenues:<br>+¥31.13 billion<br><br>Operating income:<br>+¥1.72 billion | Average exchange rate* |           |           |
|  |   |                        | FY2013    | (FY2012)  |
|  |   | USD:                   | ¥ 96.00   | (¥ 79.82) |
|  |   | EUR:                   | ¥128.00   | (¥102.63) |
|  |   | HKD:                   | ¥ 12.40   | (¥ 10.29) |
|  | RMB:  | ¥ 15.54                | (¥ 12.67) |           |

\*The annual exchange rate is the reference rate. For the preparation of financial reports, average quarterly rates are applied to the quarterly results on a local currency basis.



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