



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

October 31, 2019

NIPPON EXPRESS CO., LTD.

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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

Organizational Reform (effective April 15, 2019)

Overarching reorganization into 4 Sections and 7 HQs

Business Solutions Section

- Global Sales Strategy HQ
- Overseas Business HQ

Implementation of growth strategy for core businesses and promotion of Group-wide marketing activities and international business

Japan Business Section

- Japan Business HQ
- Network Transport Business Promotion HQ

Implementation of strategy to enhance Japan business and promotion of network transport business

Corporate Solutions Section

- Corporate Support HQ
- CSR HQ

Support of business activities as well as promotion of health and safety and CSR management

Corporate Strategy Section

- Corporate Strategy HQ

Implementation of corporate strategy of the entire Group, restructuring of business portfolios, enhancement of corporate governance, etc.

Achieve “Dynamic Growth”

Structure for swift promotion of measures under Business Plan

Agile decision-making and implementation

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%]

Figures in brackets are the results of FY2018.

[Reference] Figures in brackets are the results of FY2018.

- ROA 2.9% [3.2%]
- ROE 8.4% [9.2%]

* Profit is forecast for full fiscal year.

1. Financial Results for 1H of FY2019

B Actual results by reportable segment

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

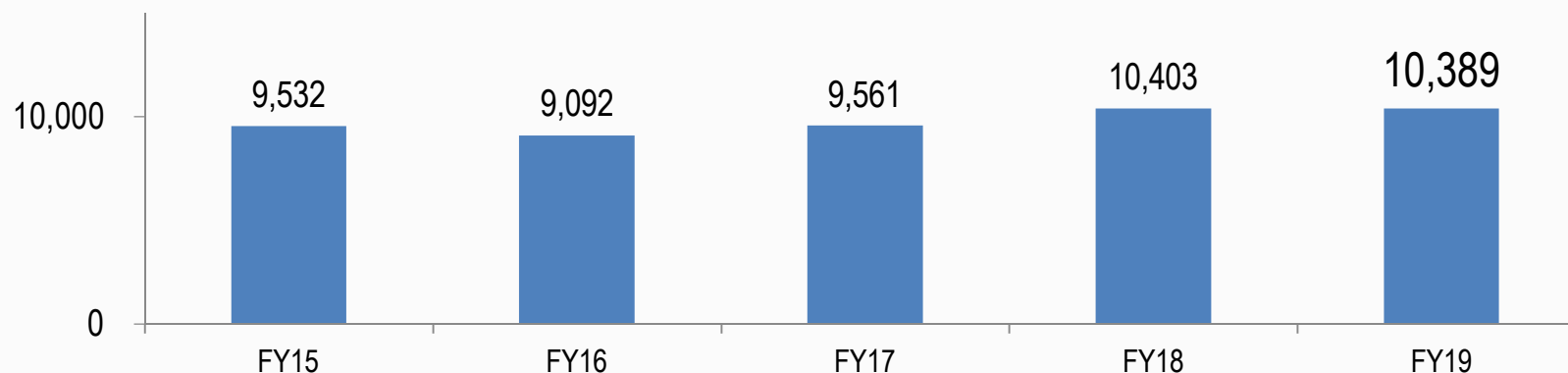
Segment	Item	Actual for 1H of FY2019	Actual for 1H of FY2018	Difference YoY	Difference YoY (%)	Forecast for 1H (announced on July 31)	Difference	Progress (%)
Japan	Revenues	6,103	6,157	(54)	(0.9)	6,196	(92)	98.5
	Segment Income	205	238	(32)	(13.7)	186	19	110.7
The Americas	Revenues	477	472	5	1.1	475	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

1. Financial Results for 1H of FY2019

C Trend for the past 5 years

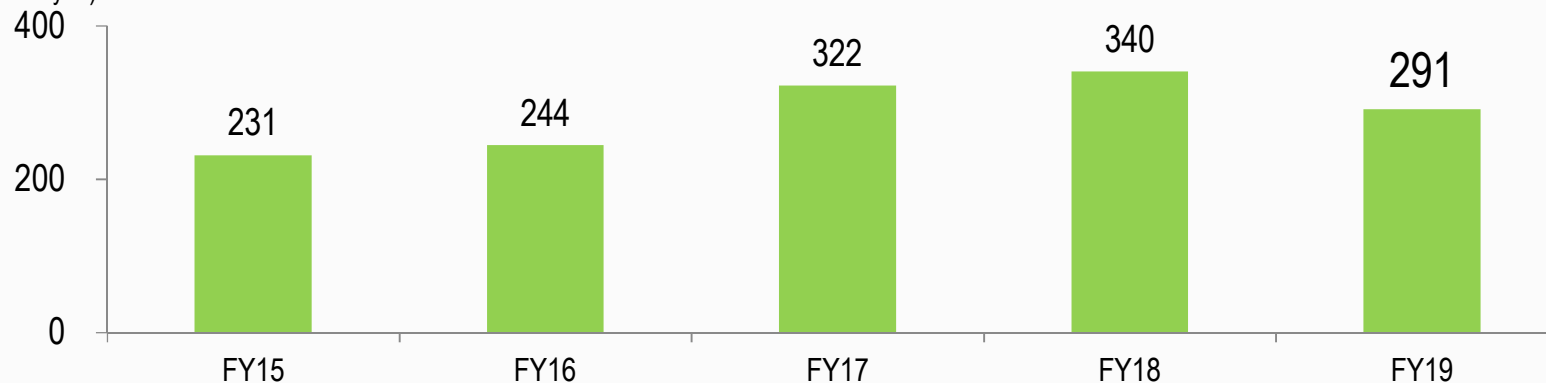
1. Revenues

(100 million yen)



2. Operating income

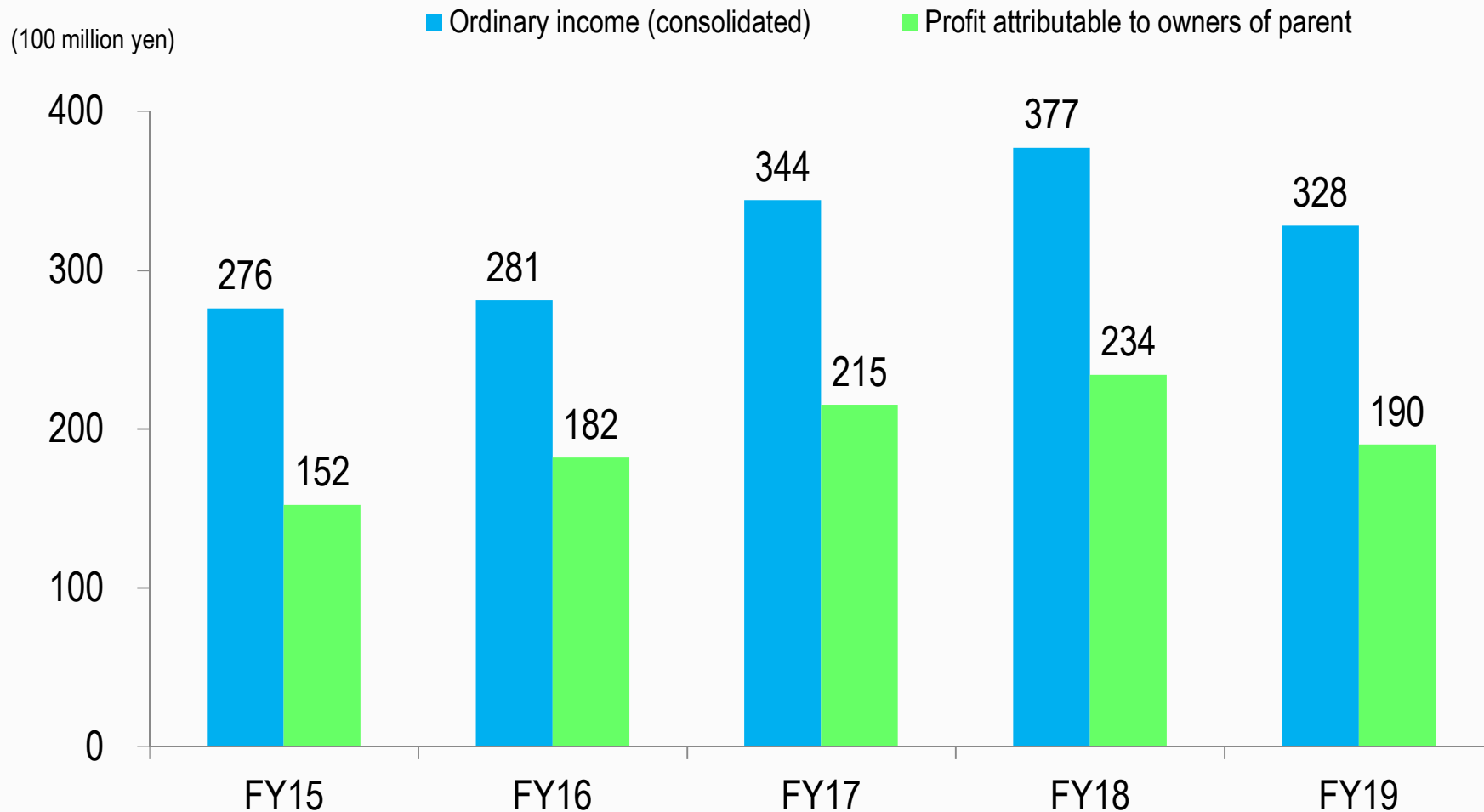
(100 million yen)



1. Financial Results for 1H of FY2019

C Trend for the past 5 years

3. Ordinary income and profit attributable to owners of parent



1. Financial Results for 1H of FY2019

D Financial position and cash flows

1. Financial position

(100 million yen)

Item	End of 1H FY2019	End of FY2018	Difference
Total Assets	15,329	15,366	(37)
Equity	5,683	5,436	247
Equity Ratio (%)	37.1	35.4	—

2. Cash flows

(100 million yen)

Item	1H of FY2019	1H of FY2018	Difference
Cash Flows from Operating Activities (A)	407	312	95
Cash Flows from Investing Activities (B)	(417)	(599)	182
Free Cash Flows (A+B)	(10)	(287)	277
Cash Flows from Financing Activities	72	(57)	129

Item	End of 1H FY2019	End of 1H FY2018	Difference
Cash and Cash Equivalents at End of Period	1,067	1,009	58

Item for reference	End of 1H FY2019	End of FY2018	Difference
Cash and Cash Equivalents at End of Quarterly Period/Year-end	1,067	1,020	46

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	<p>Operating income: ¥0.31 billion (cost decrease)</p> <p>* 1Q: ¥(0.06) billion (cost increase) 2Q: ¥0.38 billion (cost decrease)</p> <p>Previous forecast: ¥0.37 billion (cost decrease)</p>	<p>Unit price per ℓ [1H of FY2018 / Previous forecast]</p> <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	<p>Revenues: ¥(5.03) billion</p> <p>Operating income: ¥(0.16) billion</p> <p>* 1Q: Revenues: ¥(2.37) billion Operating income: ¥(0.07) billion</p> <p>2Q: Revenues: ¥(2.65) billion Operating income: ¥(0.08) billion</p>	<p>Average 1H exchange rate* [1H of FY2018 / Previous forecast]</p> <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] <p>*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.</p>
Increase in amortization of actuarial differences in retirement benefit accounting	<p>Operating income: ¥(0.86) billion</p> <p>* 1Q: ¥(0.43) billion 2Q: ¥(0.43) billion</p>	<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

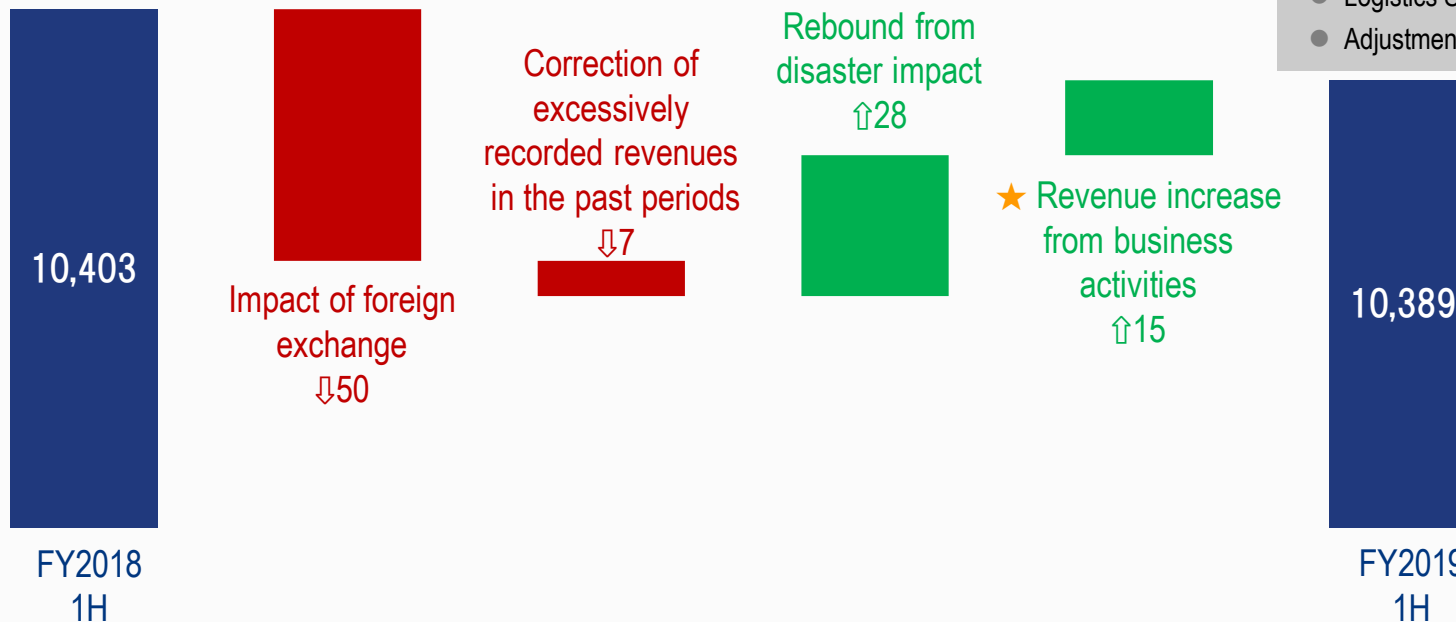
Variable factors	Impact on consolidated results (1H)	Reference
Impact from disasters (Special factor in FY2018)	Operating income: ¥0.90 billion	<ul style="list-style-type: none"> Japan: ¥0.90 billion (2Q)
Changes associated with employee system reform	Operating income: ¥(2.12) billion * 1Q: ¥(0.96) billion 2Q: ¥(1.15) billion	<ul style="list-style-type: none"> Japan: ¥(1.42) billion Security Transportation: ¥(0.68) billion Heavy Haulage & Construction: ¥(0.01) billion
Environment investments	Operating income: ¥(0.24) billion	<ul style="list-style-type: none"> Japan: ¥(0.24) billion (2Q)
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: ¥0.38 billion	<ul style="list-style-type: none"> 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	<ul style="list-style-type: none"> 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

1. Financial Results for 1H of FY2019

F Breakdown of revenues and operating income

2. Operating income

(100 million yen)



2. Segment Overview of FY2019

A Japan 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	3,077	3,084	(6)	(0.2)
Operating income*	132 [4.3]	118 [3.8]	14	11.9

2Q Overview

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.

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	3,025	3,077	6,103	-	-	6,304	12,408
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) (1.6)	(6) (0.2)	(54) (0.9)	-	-	(105) (1.6)	(160) (1.3)
Operating income	(46) (39.0)	14 11.9	(32) (13.7)	-	-	(33) (10.6)	(66) (11.9)

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)

Forecast overview

Air export cargo will continue to slow down.
 Warehousing & storage business and moving & relocation business are projected to be solid, while other businesses are expected to decline.
 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 to the effect of a decrease in overtime work and change of retirement allowance rules associated with the employee system reform.

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

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 [3.6]	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]

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 3.7	(3) (1.3)	5 1.1	-	-	(55) (10.8)	(49) (5.1)
Operating income	0 0.6	(3) (22.1)	(2) (13.3)	-	-	(0) (3.3)	(3) (8.5)

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)

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)

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)

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)

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 2.0	0 0.4	4 1.2	-	-	(1) (0.5)	2 0.3
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)

2. Segment Overview of FY2019

G Heavy Haulage & Construction 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	138	124	14	11.3
Operating income*	16 [11.6]	10 [8.2]	5	57.1

2Q Overview

Wind power plant-related and shutdown maintenance works increased, in based on strong demand in Japan.

2. Quarterly actual and forecast

Item	Actual and forecast for FY2019						
	1Q	2Q	1H	3Q forecast	4Q forecast	2H forecast	FY forecast
Revenues	133	138	272	-	-	227	500
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 7.8	14 11.3	23 9.6	-	-	(1) (0.6)	22 4.7
Operating income	(0) (0.5)	5 57.1	5 27.7	-	-	0 0.1	5 12.8

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)

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

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 2.7	(32) (2.8)	(2) (0.1)	-	-	(89) (3.5)	(91) (1.9)
Operating income	0 0.8	(0) (0.2)	0 0.3	-	-	1 1.5	1 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

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]	-

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

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	<p>Operating income: ¥0.88 billion (cost decrease) * 1H: ¥0.31 billion (cost decrease) 2H: ¥0.56 billion (cost decrease)</p>	<p>Unit price per ℓ [Yearly average in FY2018 / Previous forecast]</p> <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] <p>* Increase in bunker fuel oil cost required to conform to SOx emission regulations is not included.</p>
Impact of foreign exchange	<p>Revenues: ¥(16.55) billion</p> <p>Operating income: ¥(0.55) billion</p> <p>* 1H: Revenues: ¥(5.03) billion Operating income: ¥(0.16) billion 2H: Revenues: ¥(11.52) billion Operating income: ¥(0.39) billion</p>	<p>Average annual exchange rate* [Yearly average in FY2018 / Previous forecast]</p> <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] <p>* 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.</p>
Increase in amortization of actuarial differences in retirement benefit accounting	<p>Operating income: ¥(1.73) billion</p> <p>* 1H: ¥(0.86) billion 2H: ¥(0.86) billion</p>	<ul style="list-style-type: none"> • Japan: ¥(1.38) billion • Security Transportation: ¥(0.30) billion • Heavy Haulage & Construction: ¥(0.04) billion

3. Forecast of Consolidated Financial Results for FY2019

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

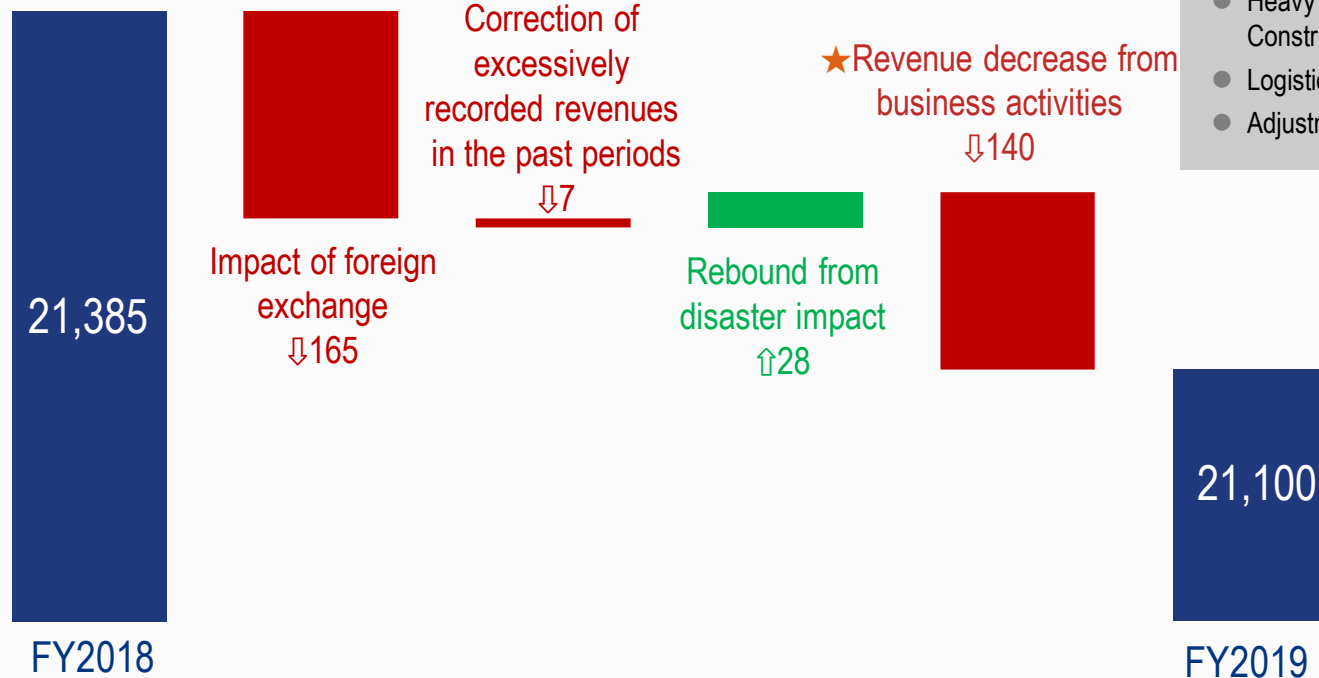
Variable factors	Impact on consolidated results (Full-year forecast)	Reference
Impact from disasters (Special factor in FY2018)	Operating income: ¥1.01 billion * 1H: ¥0.90 billion 2H: ¥0.10 billion	(Reference) Impact in FY2018 <ul style="list-style-type: none"> Transportation opportunity loss due to 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

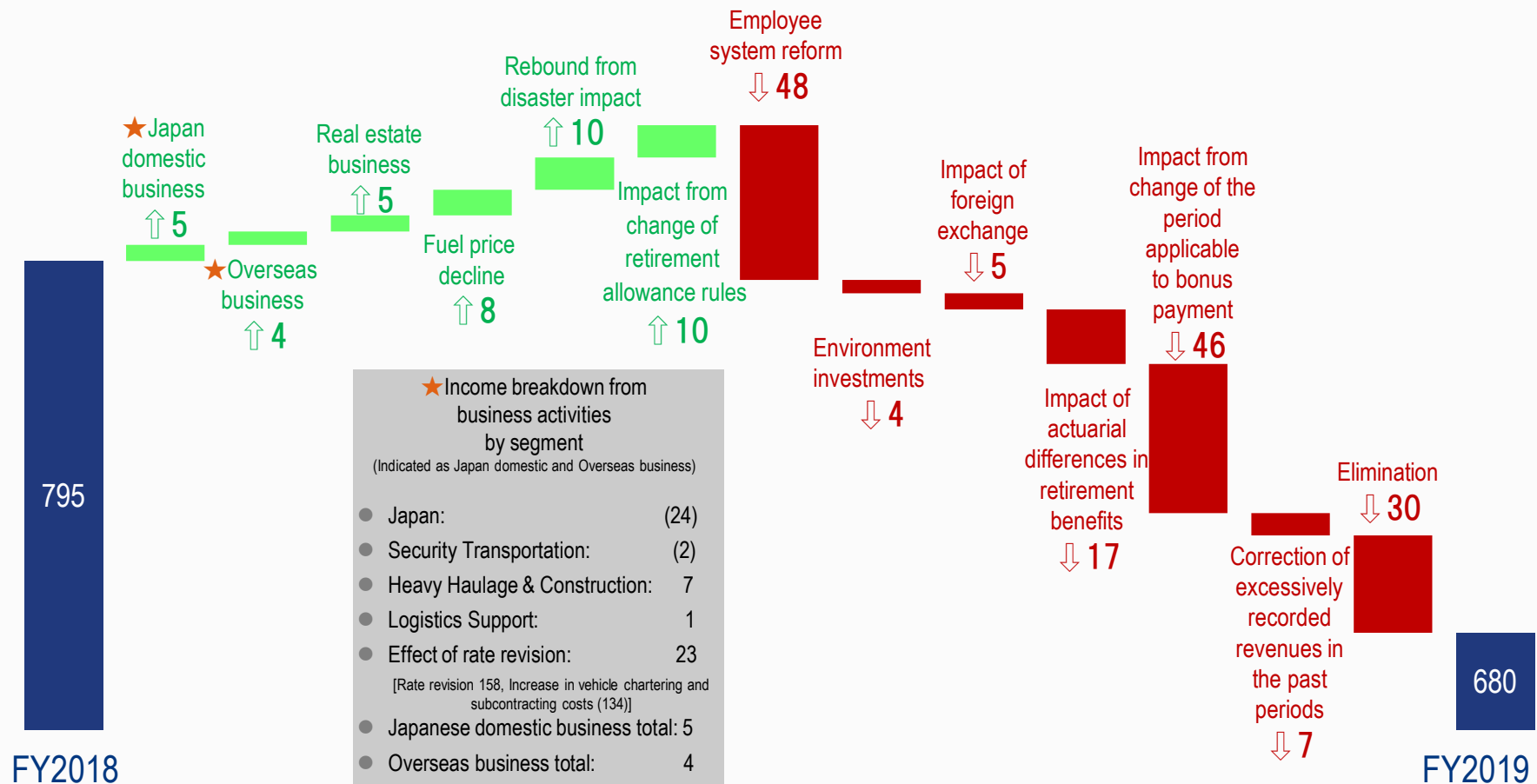
● Japan:	(180)
● Overseas total:	67
● Security Transportation:	2
● Heavy Haulage & Construction:	22
● Logistics Support:	(92)
● Adjustments:	41

3. Forecast of Consolidated Financial Results for FY2019

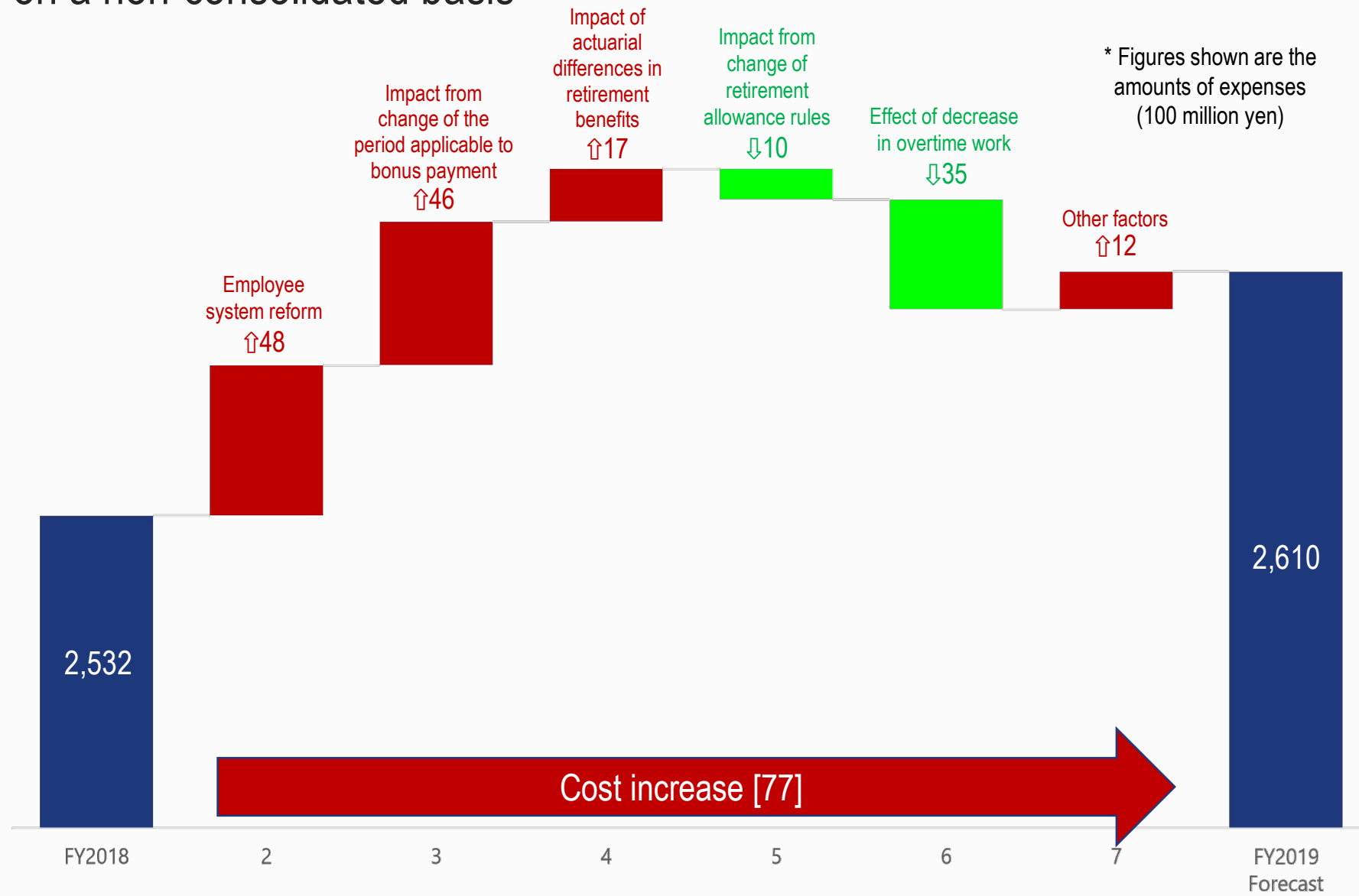
D Breakdown of revenues and operating income

2. Operating income

(100 million yen)



(Reference) Increase / decrease in total personnel expenses on a non-consolidated basis



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.

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.

4. KPIs of the Nippon Express Group Business Plan 2023

B Progress

Item concerning Environment (E)	Indicator	FY2018 Actual	KPI	
			FY2021	FY2023
Reduction of CO ₂ emissions (non-consolidated)	vs. FY2017 FY2017 Actual: 468,069 tons	28,525 ton reduction (439,544 tons)	16,000 ton reduction	24,000 ton reduction

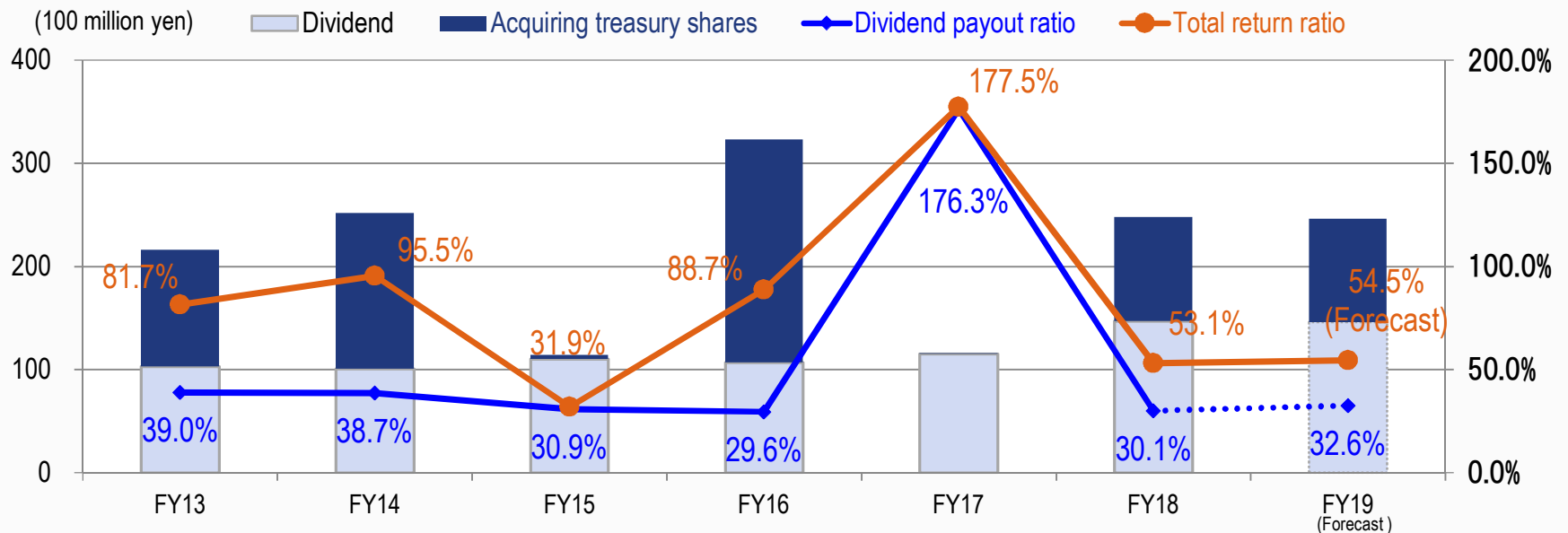
Item concerning Society (S)	Indicator	FY2018 Actual	KPI	
			FY2021	FY2023
Work style reform	Utilization rate of annual paid leave FY2017 Actual: 24.3%	28.4%	—	Double FY2017 results

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%

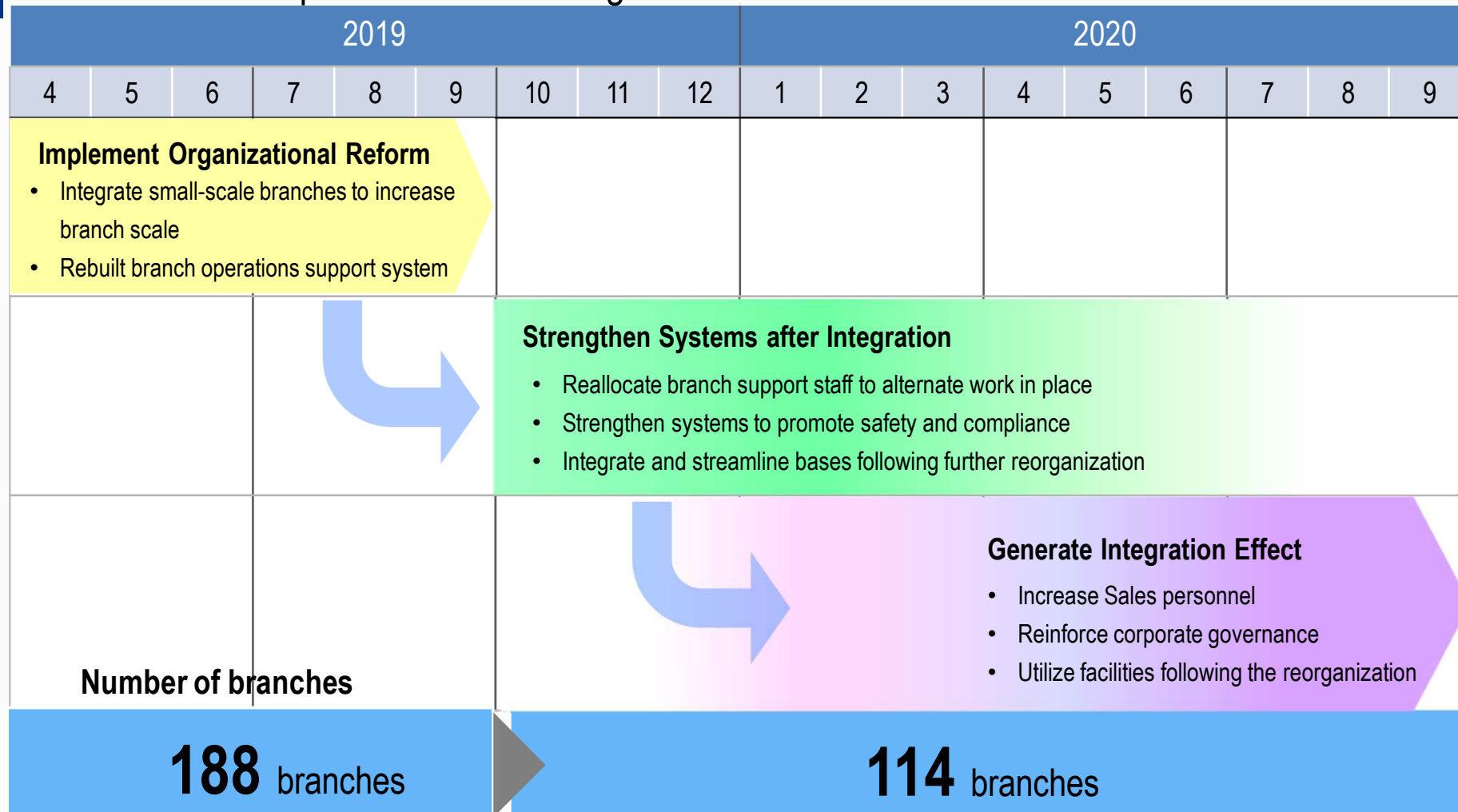
B Trend of indices



Dividend per share (Full year)	10	10	11	11	120*	155	155 (forecast)
ROE	5.2	5.1	6.8	6.9	1.2	9.2	8.4 (forecast)

* 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.

6. “Strategy to Enhance domestic businesses in Japan” ~ Roadmap after Further Reorganization of Branch Infrastructure ~



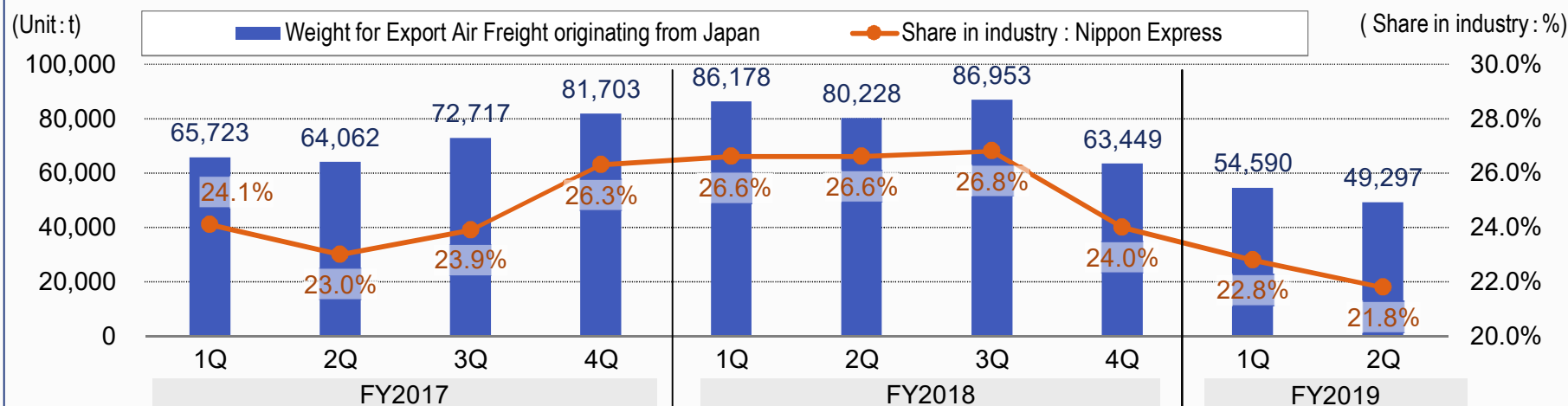
Reorganize branch operations support system after further reorganization of branch infrastructure, aiming to strengthen sales capability and corporate governance, and to increase profitability.

Appendix

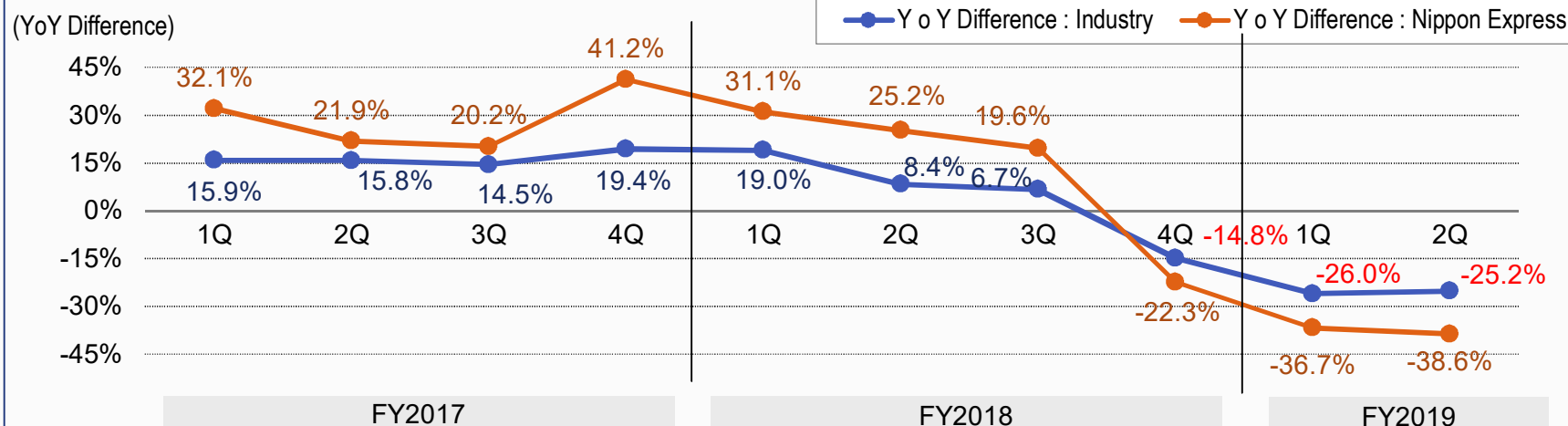
Information presented in this document shows trend for each financial item. However, because the data before conducting financial closing procedures were used for the preparation, total amount for each financial item may differ from actual financial figures. Please note that this document was prepared as a reference to facilitate the understanding of the current status of the Company's business.

(Appendix 1) Trend in Weight for Export Air Freight Originating from Japan

Trend in Weight for Export Air Freight Originating from Japan



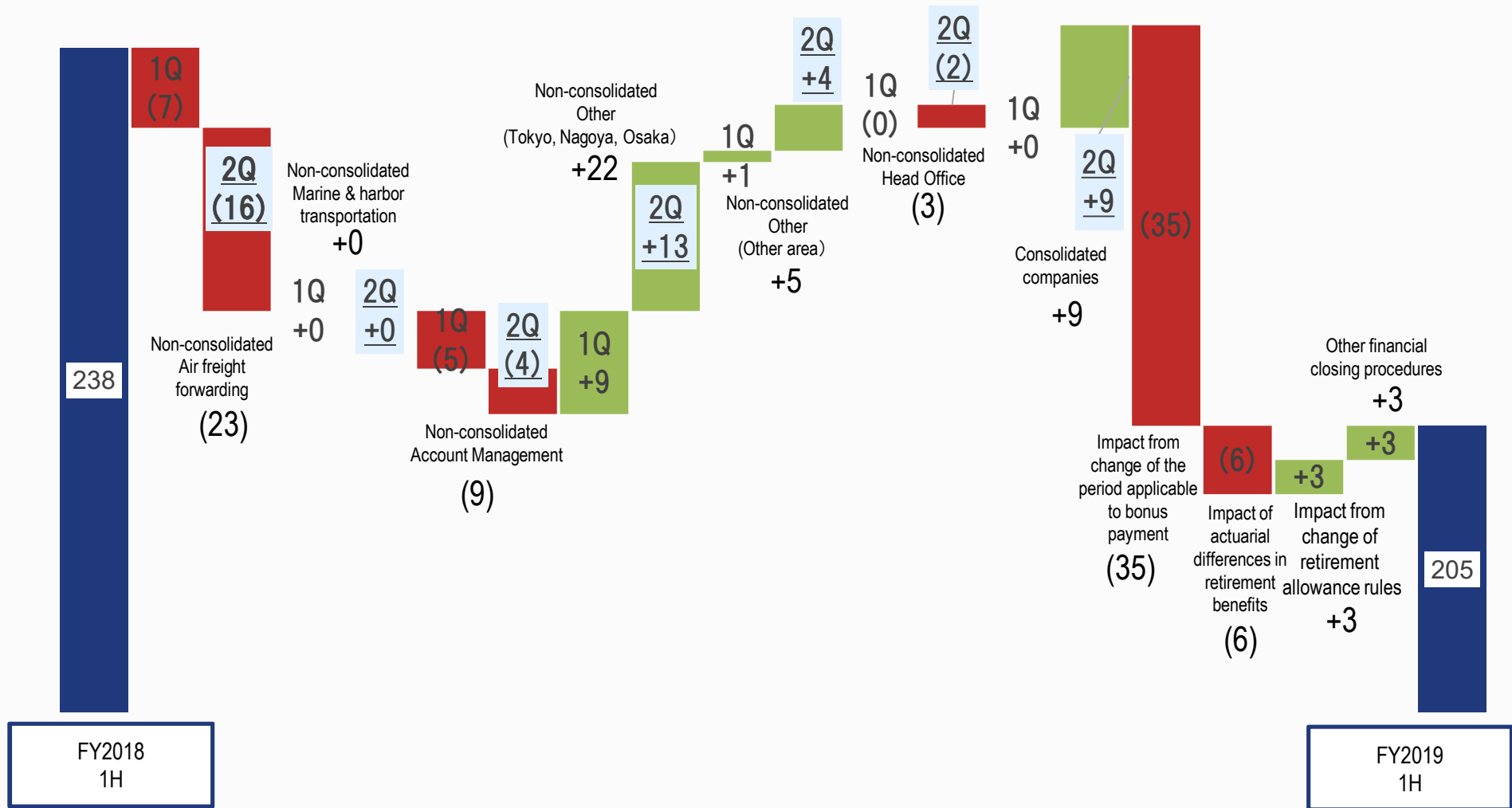
The rate of difference for Export Air Freight Originating from Japan



(Appendix 2)

Increase / Decrease in Operating Income by Business in Japan Segment
(1H of FY2019)

(Unit : billion)



(Appendix 2)

Increase / Decrease in Operating Income by Business in Japan Segment (1H of FY2019)

(100 million yen)

	1H		
	Actual for 2Q of FY2018	Actual for 2Q of FY2019	Difference YoY
Non-consolidated Air freight forwarding	41	65	(23)
Non-consolidated Marine & harbor transportation	46	46	0
Non-consolidated Account Management	19	29	(9)
Non-consolidated Other (Tokyo, Nagoya, Osaka)	97	75	22
Non-consolidated Other (Other area)	45	40	5
Non-consolidated Head Office	(74)	(71)	(3)
Consolidated companies	74	64	9
Special factors, Other financial closing procedures, etc.	(46)	(11)	(34)
Segment Income	205	238	(32)

Note)

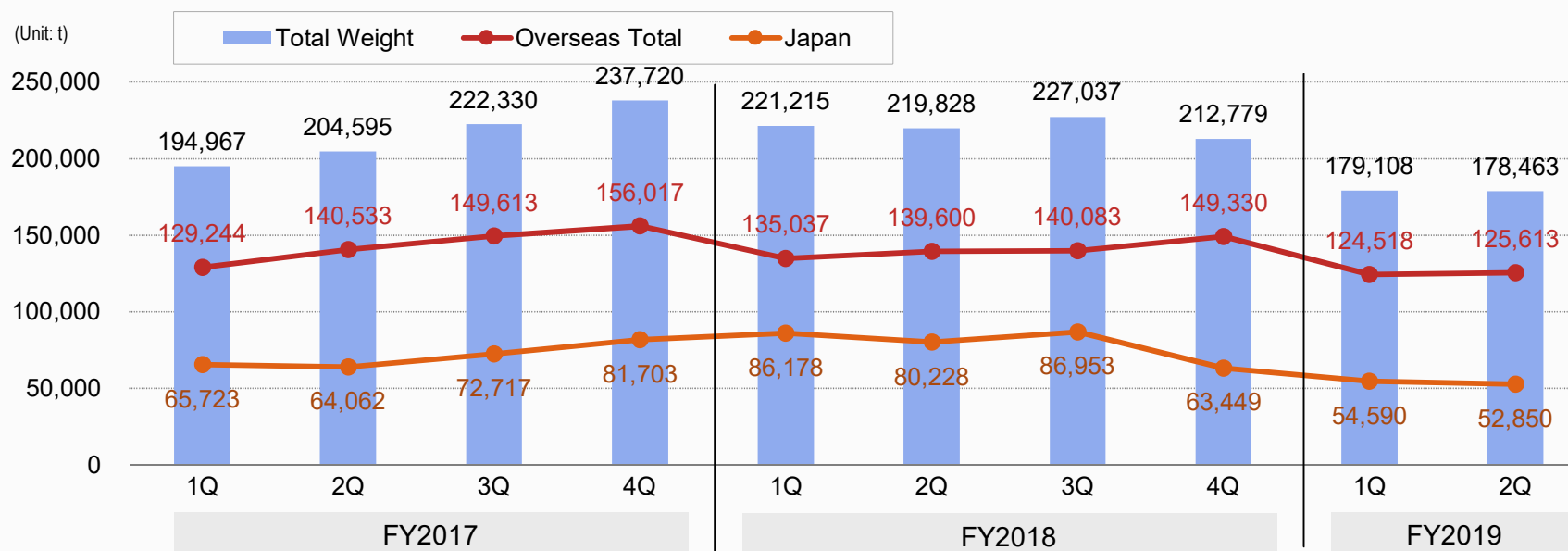
- Reference figures in the presentation were calculated by the method that the Company deemed reasonable in accordance with the data available through the Company's accounting system. Such figures, however, differ from those in reportable segments classified by transportation mode until the fiscal year ended March 2016.
- "Non-consolidated Air freight forwarding" represents the total amount of figures from branches mainly engaged in air freight forwarding and related businesses of Non-consolidate figures as a whole, and excludes figures from branches specialized in account management.
- "Non-consolidated Marine & harbor transportation" represents the total amount of figures from branches mainly engaged in marine transportation, harbor transportation, and related businesses of Non-consolidate figures as a whole, and excludes figures from branches specialized in account management.
- "Non-consolidated Account Management" represents the figures from four branches specialized in account management in Tokyo, Nagoya, and Osaka, and includes figures from businesses such as air freight forwarding, marine & harbor transportation, automobile transportation, railway forwarding, warehousing, etc.
- "Non-consolidated Other" represents the total amount of figures from branches mainly engaged in automobile transportation, railway forwarding, warehousing, etc.
- "Non-consolidated Head Office" includes a portion of expenses to be allocated to Japan segment.

(Appendix 3) Trend in Export Freight (Air Freight Forwarding)

(Unit: t)

Originating Region	FY2017					FY2018					FY2019				
	1Q	2Q	3Q	4Q	Full FY	1Q	2Q	3Q	4Q	Full FY	1Q	2Q	3Q	4Q	Full FY
Japan	65,723	64,062	72,717	81,703	284,205	86,178	80,228	86,953	63,449	316,808	54,590	52,850			
The Americas	18,610	21,729	20,304	20,496	81,139	21,149	22,915	22,532	21,193	87,789	19,868	19,718			
Europe	28,592	30,992	32,292	38,935	130,811	29,479	30,638	31,618	37,874	129,609	29,856	29,131			
East Asia	40,917	45,648	46,197	48,532	181,294	40,761	42,084	41,122	45,847	169,814	35,258	36,883			
South Asia & Oceania	41,124	42,164	50,819	48,053	182,160	43,648	43,963	44,810	44,416	176,837	39,535	39,881			
Overseas total	129,244	140,533	149,613	156,017	575,404	135,037	139,600	140,083	149,330	564,050	124,518	125,613			
Total weight	194,967	204,595	222,330	237,720	859,609	221,215	219,828	227,037	212,779	880,859	179,108	178,463			

Note) Overseas Area is 1Q: Jan-Mar / 2Q: Apr-Jun / 3Q: Jul-Sep / 4Q: Oct-Dec

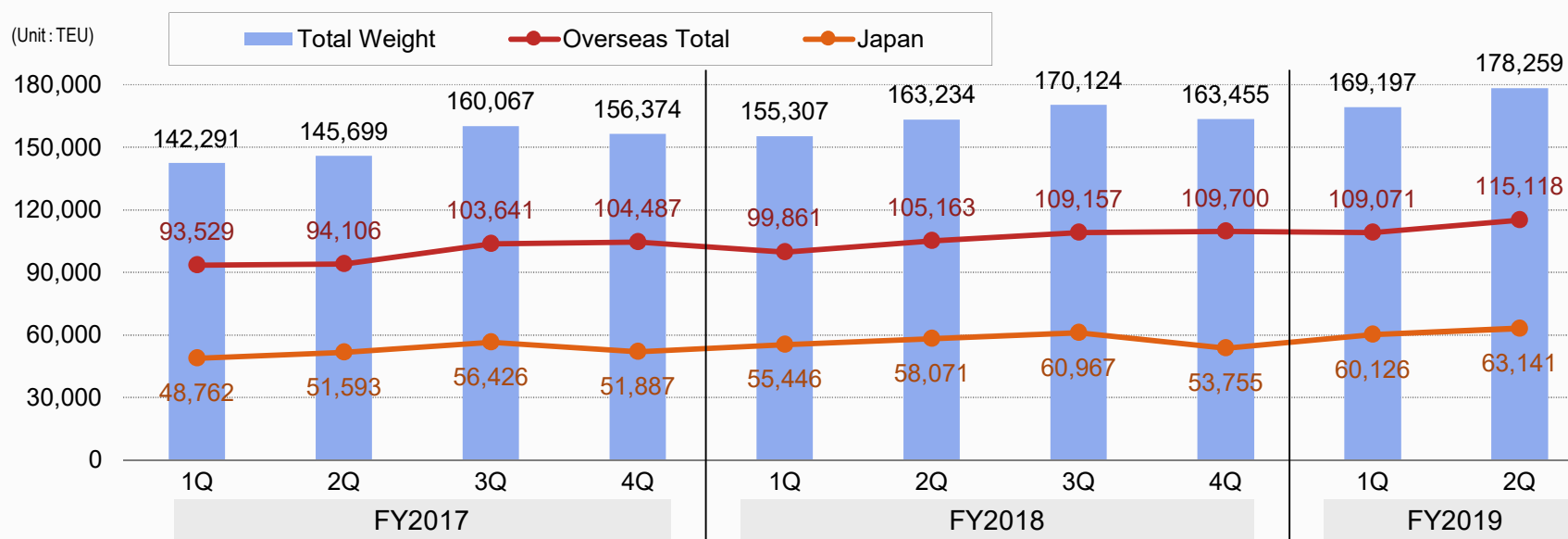


(Appendix 4) Trend in Export Freight (Marine & Harbor Transportation)

(Unit: TEU)

Originating Region	FY2017					FY2018					FY2019				
	1Q	2Q	3Q	4Q	Full FY	1Q	2Q	3Q	4Q	Full FY	1Q	2Q	3Q	4Q	Full FY
Japan	48,762	51,593	56,426	51,887	208,668	55,446	58,071	60,967	53,755	228,239	60,126	63,141			
The Americas	8,581	8,333	8,285	9,615	34,815	8,957	9,761	8,998	9,603	37,319	9,157	9,539			
Europe	12,320	10,441	11,330	12,063	46,153	10,862	11,292	10,897	11,107	44,158	10,943	12,330			
East Asia	47,411	49,142	53,948	52,030	202,531	50,551	54,801	57,456	57,046	219,854	59,122	62,103			
South Asia& Oceania	25,218	26,189	30,079	30,779	112,264	29,491	29,309	31,806	31,944	122,550	29,847	31,145			
Overseas total	93,529	94,106	103,641	104,487	395,763	99,861	105,163	109,157	109,700	423,881	109,071	115,118			
Total weight	142,291	145,699	160,067	156,374	604,431	155,307	163,234	170,124	163,455	652,120	169,197	178,259			

Note) Overseas Area is 1Q: Jan-Mar / 2Q: Apr-Jun / 3Q: Jul-Sep / 4Q: Oct-Dec

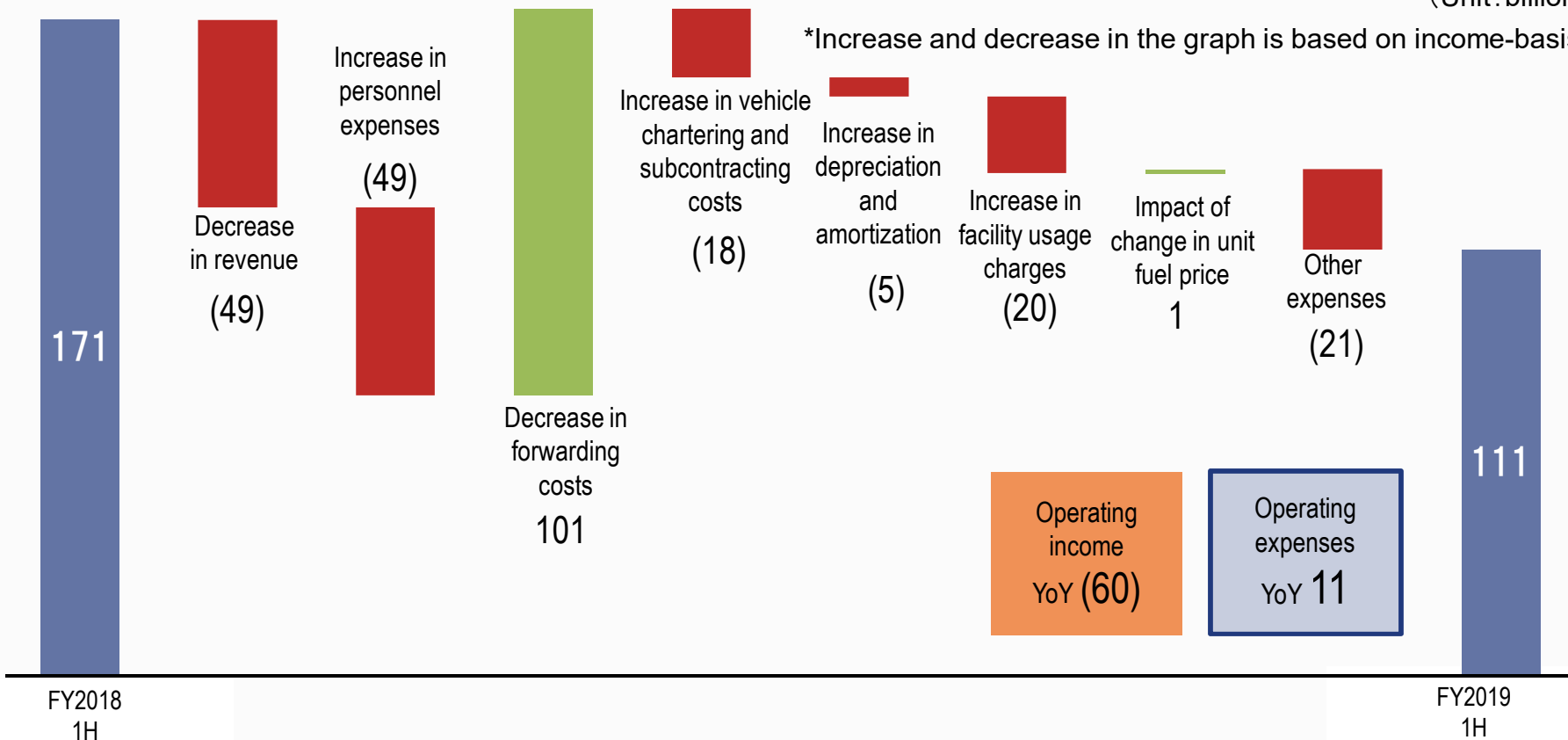


(Appendix 5)

Increase / Decrease in Expenses on Non-consolidated Basis(1H of FY2019)

(Unit: billion)

*Increase and decrease in the graph is based on income-basis.



Breakdown of various expense (1H)			
Decrease in forwarding costs (101)[(14.2%)]		Increase in vehicle chartering and subcontracting costs 18[0.8%]	
Railway forwarding costs	36[20.7%]	Vehicle chartering cost	6[0.6%]
Marine forwarding costs	4[3.1%]	Subcontracting cost	12[1.0%]
Air forwarding costs	(143)[(37.5%)]	Personnel dispatching cost	(0)[(1.0%)]

*presented expense-basis

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