



**Earnings results for the year ended  
March 31, 2007**

**May 11, 2007**

# 1. Earnings results for the year ended March 31, 2007

## A. Business results for the year ended March 31, 2007

### 1) Outline (consolidated)

(¥million, %) (Y/Y)

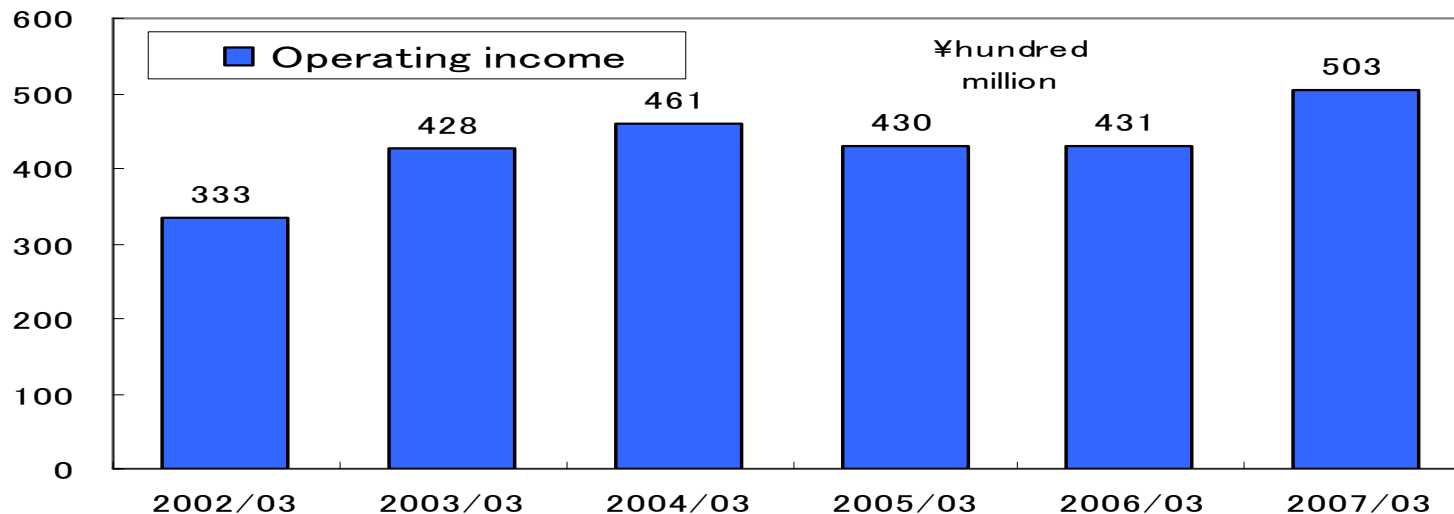
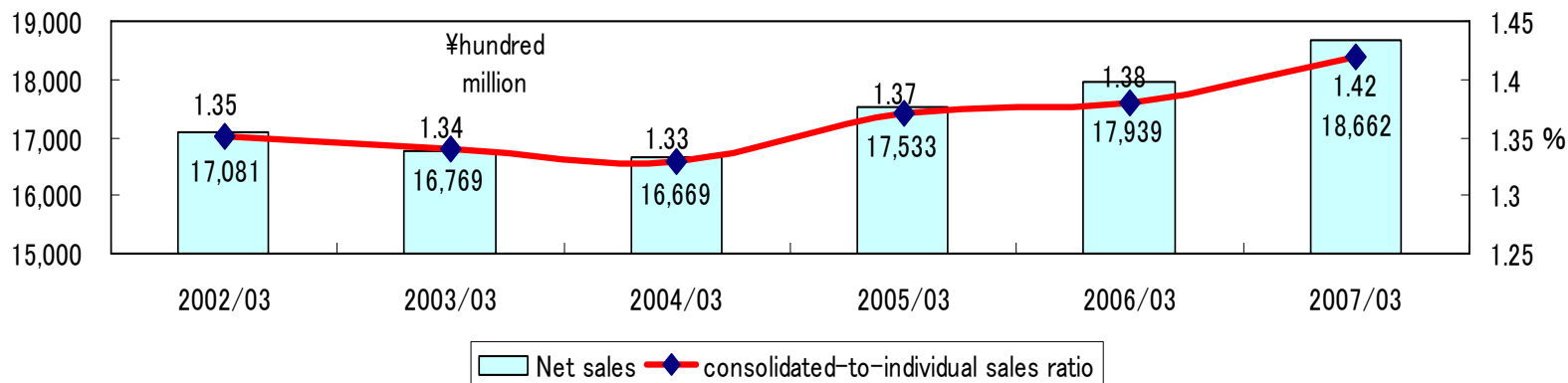
	Business results	Increase (y/y)	Rate of increase (y/y)	Full-term projection	Increase	Rate of increase
Net sales	1,866,267	72,342	+4.0	1,860,000	6,267	+0.3
Operating profit	50,325	7,138	+16.5	45,000	5,325	+11.8
Current profit	57,449	8,431	+17.2	51,000	6,449	+12.6
Net income	33,208	14,545	+77.9	32,500	708	+2.2

### 2) Overall situation

- Net sales and net income hits record highs
- Operating income recovered to levels seen in the year ended March 31, 1997  
Current profit regained levels seen in the year ended March 31, 1993
- The operating income ratio, as 2.7%, was up 0.3% (Y/Y)  
The current profit ratio, as 3.1%, was up 0.4% (Y/Y)  
Both results reached the targets set under the current management plan

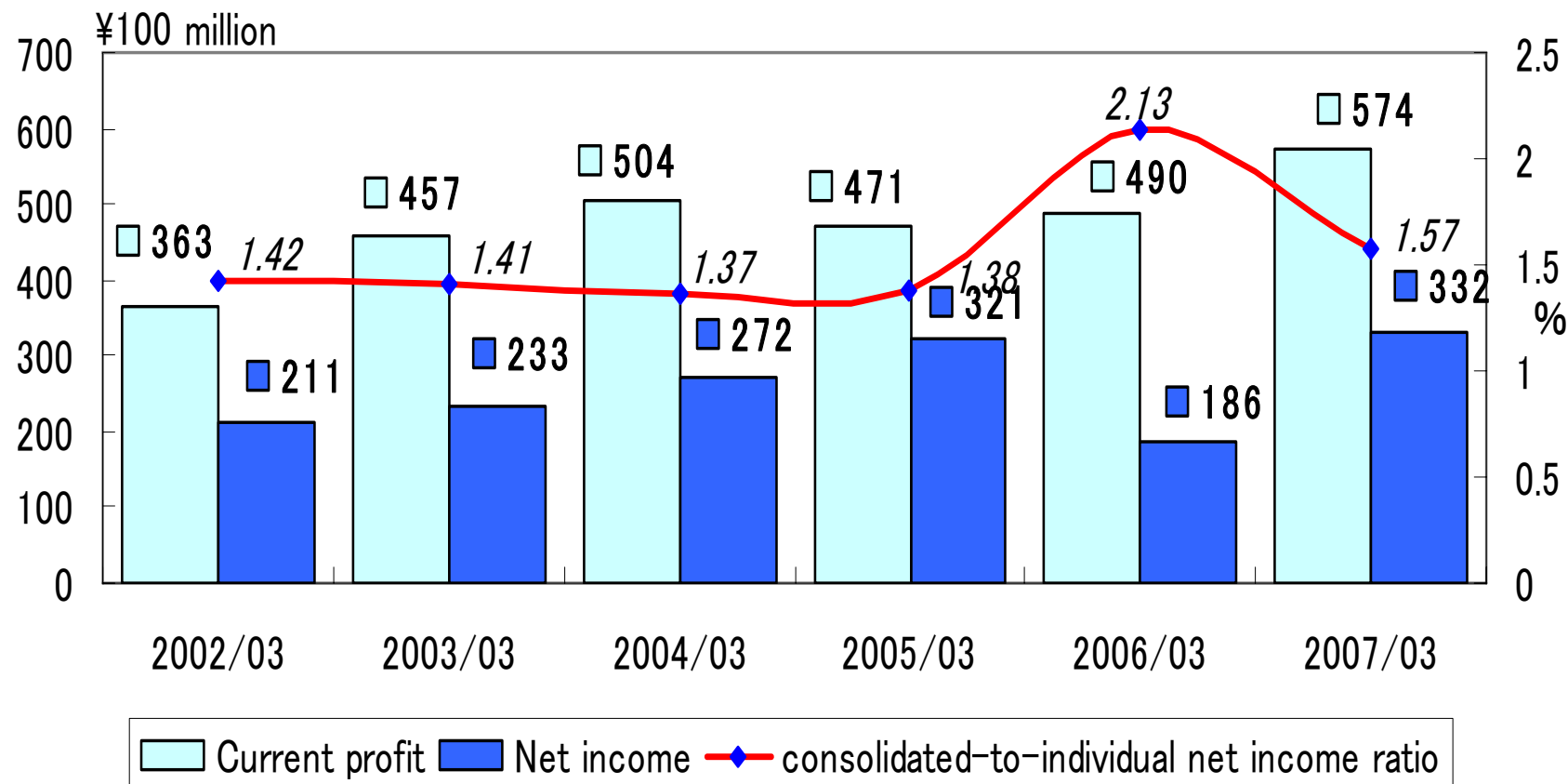
# 1. Earnings results for the year ended March 31, 2007

## B. Changes in net sales and operating income over the last 6 years



# 1. Earnings results for the year ended March 31, 2007

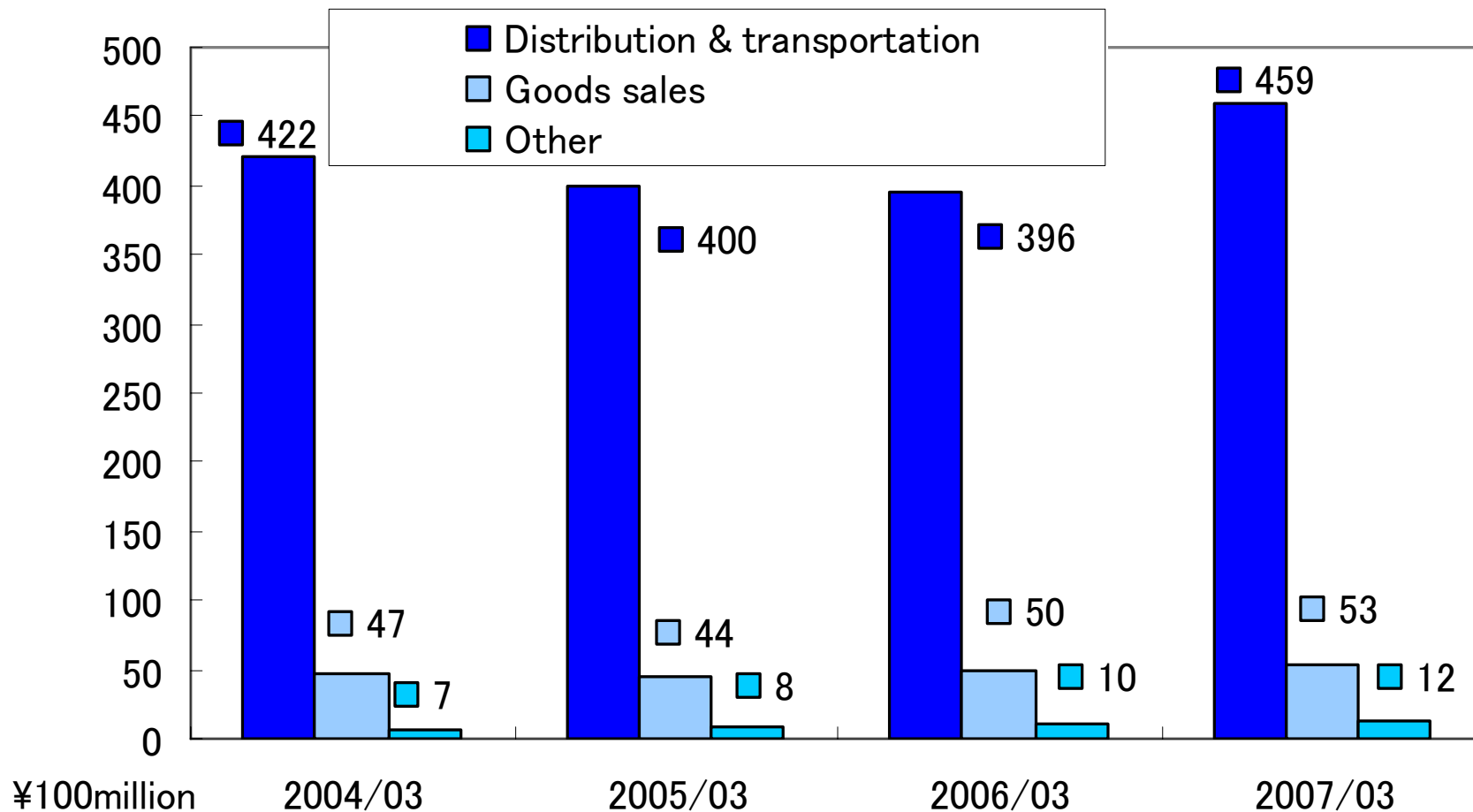
## C. Changes of current profit and net income over the last 6 years



Year ended March 31, 2006: extraordinary losses (¥13.7 billion in impairment losses, ¥12.5 billion for Career change support measure, etc.)

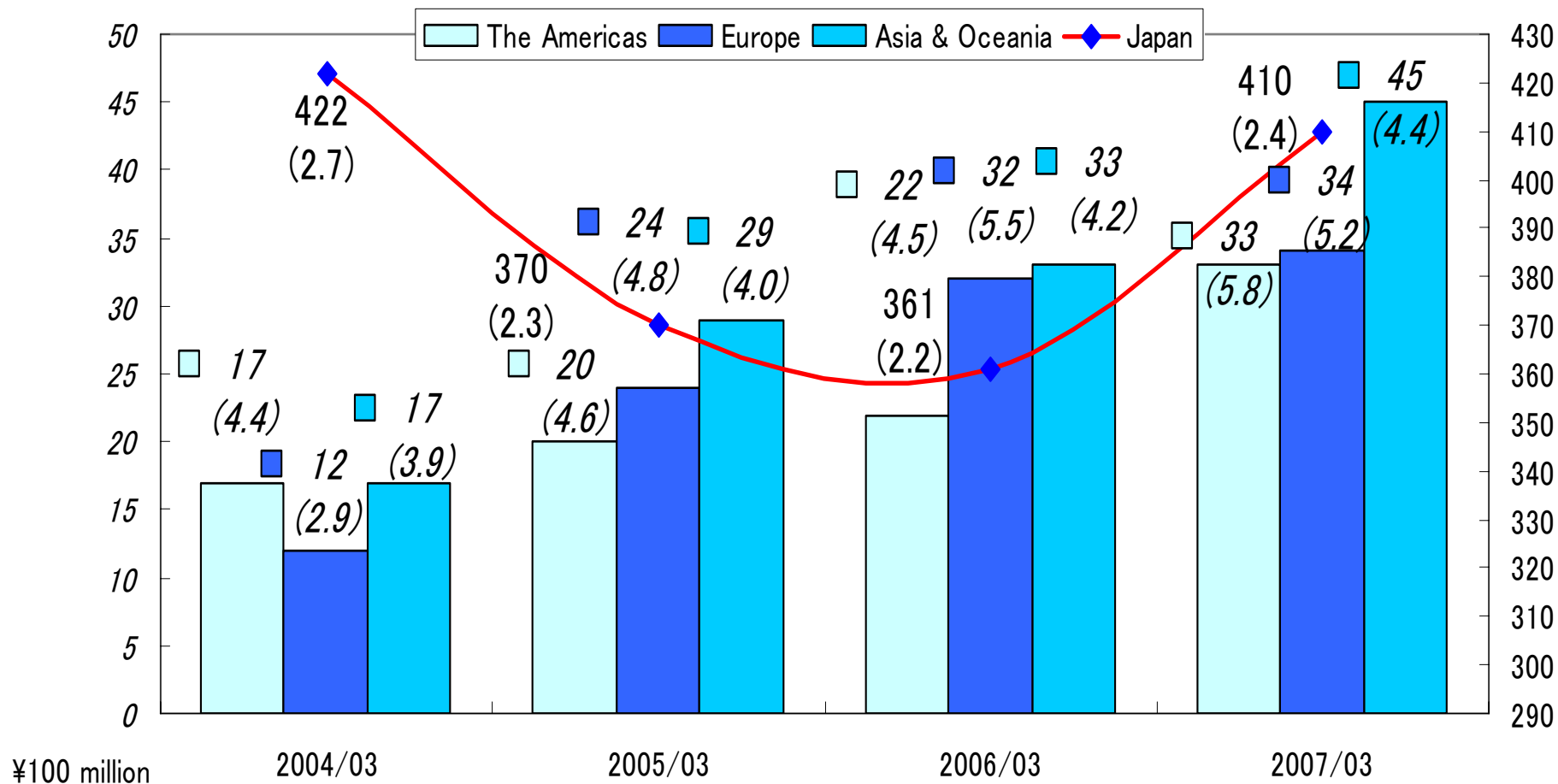
# 1. Earnings results for the year ended March 31, 2007

## D. Changes in Business segment operate income over the last 4 years



# 1. Earnings results for the year ended March 31, 2007

## E. Changes in geographical segment operating income over the last 4 years



※(Operating income ratio %)

## 2. Factors behind expansion of overseas business operations

### A. Business expansion at overseas companies

- Expansion of Asian-originated freight services
- Expansion of warehousing and delivery operation in Europe and The Americas
- Expansion of internal transportation in China, Europe and the Americas
- Areas new business operations were launched (Russia, Middle east, Eastern Europe etc)
- Newly consolidated companies due to equity purchases  
(plus effects: Net sales ¥17.8 billion, Operating income ¥500 million)
- Effects of yen's depreciation  
(plus effects: Net sales ¥12.7 billion, Operating income ¥500 million)

### B. Growth of Japan-originated freight services and expansion of profits from consolidated transport

- International air freight exports : +6.3 billion, +5.2% (Y/Y)
- International air forwarding costs : +2.4 billion, +3.3% (Y/Y)
- Marine transportation (exports) : +3.7 billion, +10.4% (Y/Y)
- Marine overseas forwarding costs : +1.9 billion, +10.4% (Y/Y)

## 3. Factors behind expansion of domestic business operations

### A. Expansion of distribution and transportation business

---

- significant growth of heavy haulage and construction business  
: +¥9.5 billion, +20.2% (Y/Y)  
.: mainly due to expanded demand for services related to closure and maintenance of oil-refining facilities
  - Security transport business : +¥1.9 billion, +3.9% (Chartered truck services)  
: +¥2.3 billion, +12.7% (Incidental business) (Y/Y)
  - Railway utilization transportation : +¥2.0 billion, +2.2% (Y/Y)
  - Moving service : +¥2.8 billion, +4.2% (Y/Y)
- These differentiated services expanded overall.

### B. Expansion of goods sales and other business

---

- Goods sales Expansion of petroleum sales, packing service and leasing business by Nittsu Shoji CO.,
- Other Expansion of design and management division and parking division (including bicycle parking) by Nittsu Real Estate co.

### C. Environmental changes that led to decline in profits

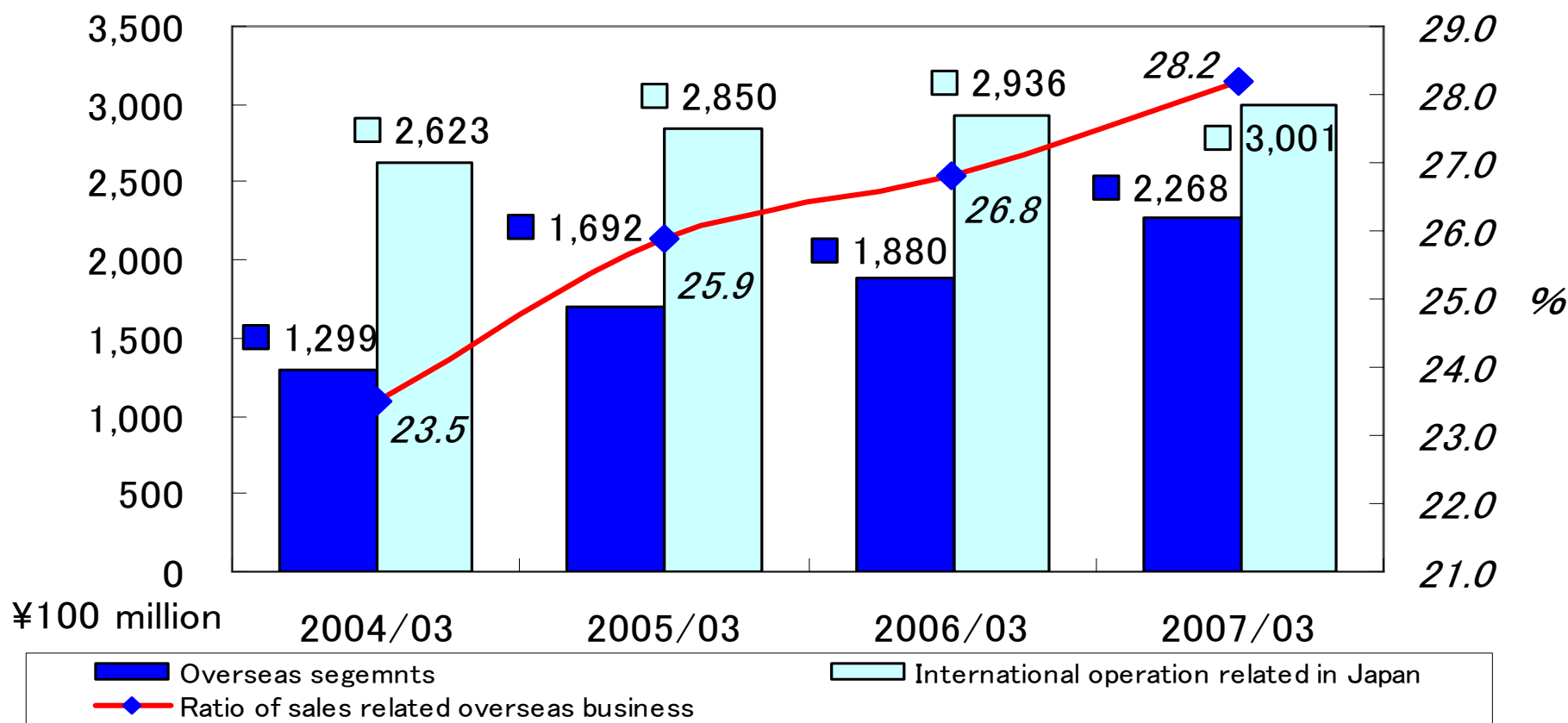
---

- Losses due to soaring fuel costs  
: +¥3.1 billion (consolidated base), ¥1.6 billion (non-consolidated base)
- expenditures associated with the June 2006 revision of the Road Traffic Law  
: +¥400 million (mainly vehicles ridden by two persons )

## 4. Implementation of management plan

### General evaluation of first-year performance under management plan (1) Global business

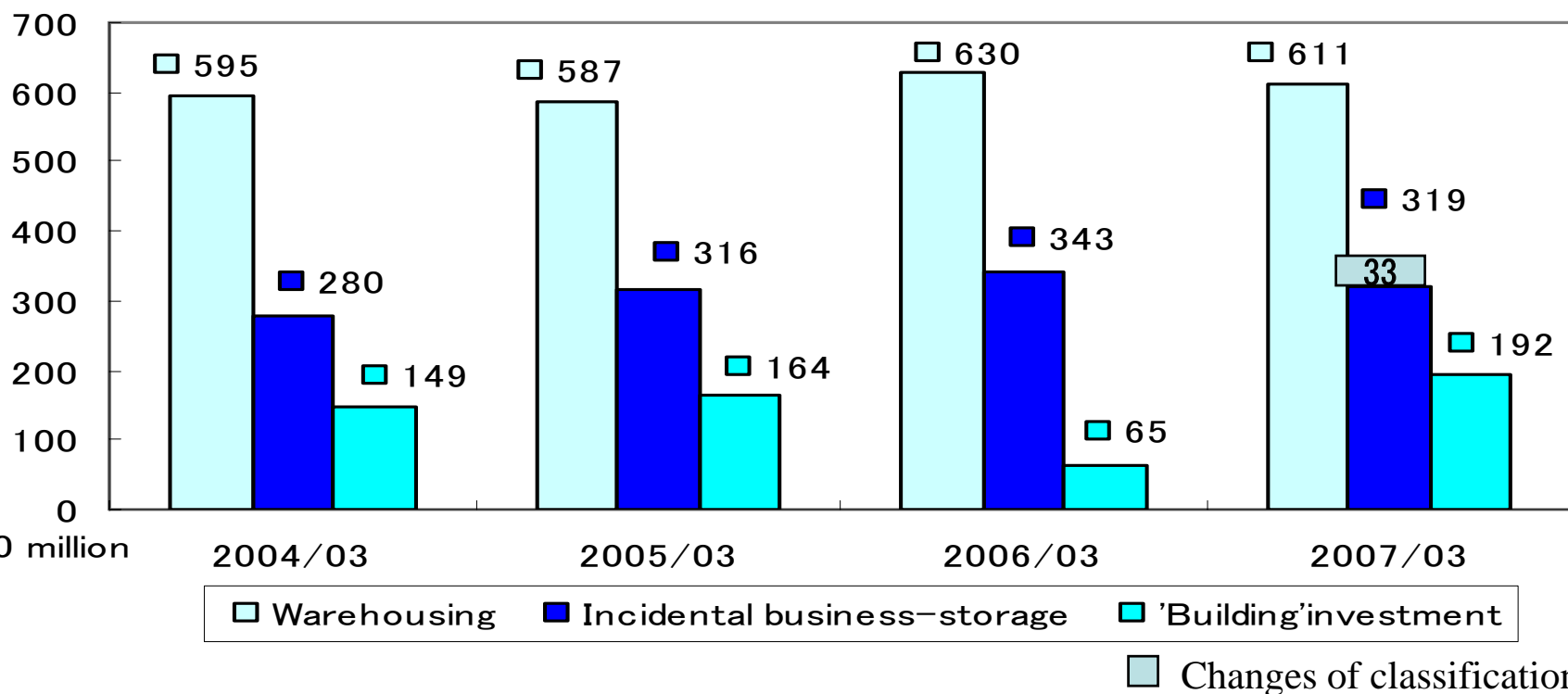
~Changes of sales from International operation-related in Japan, overall sales from overseas business segments, and ratio of sales from overseas segments against total consolidated sales~



## 4. Implementation of management plan

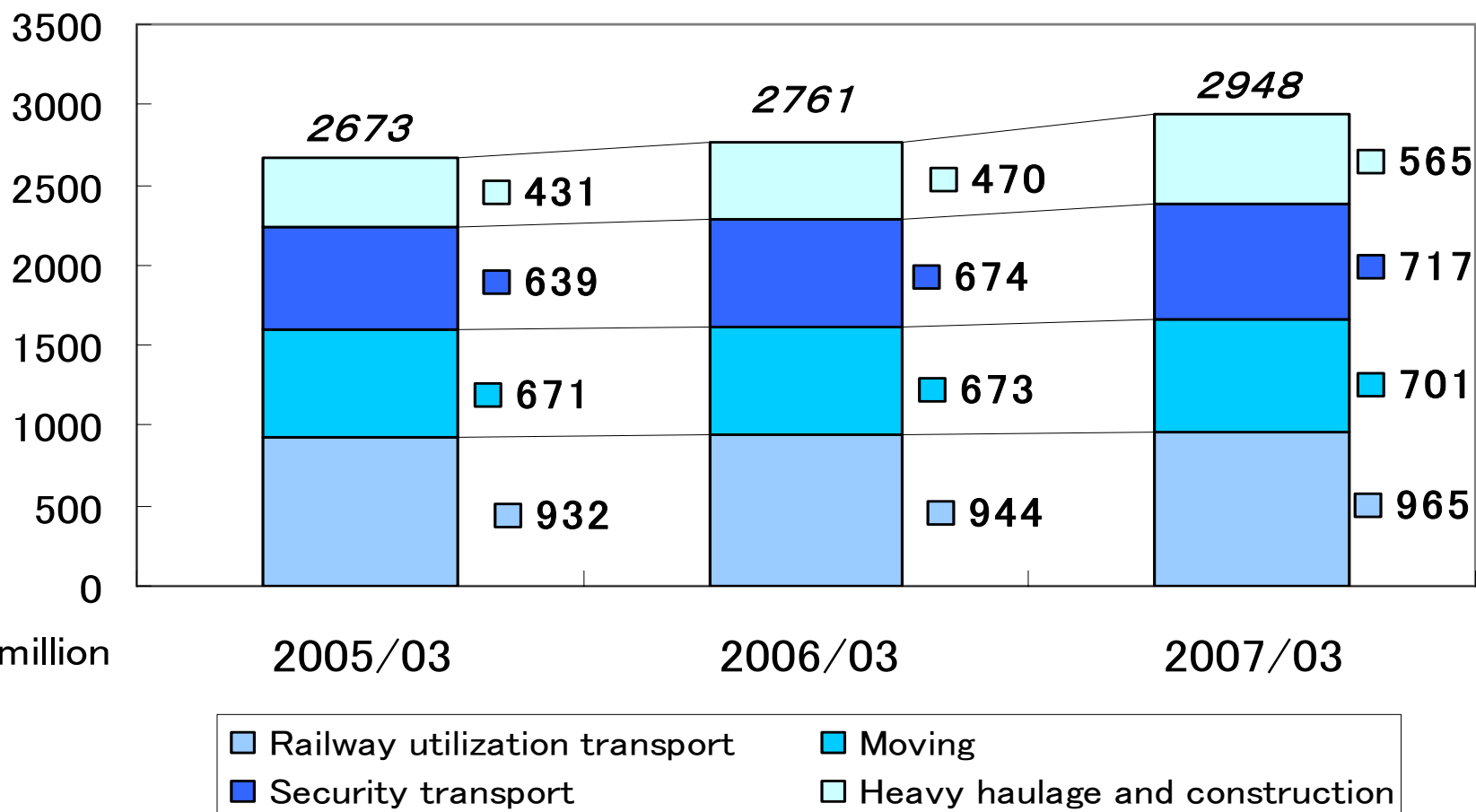
### General evaluation of first-year performance under management plan (2)

~Sales from warehousing and incidental business-storage, and results of 'building' investment~  
 (paving the way for expansion of 3PL business)



## 4. Implementation of management plan

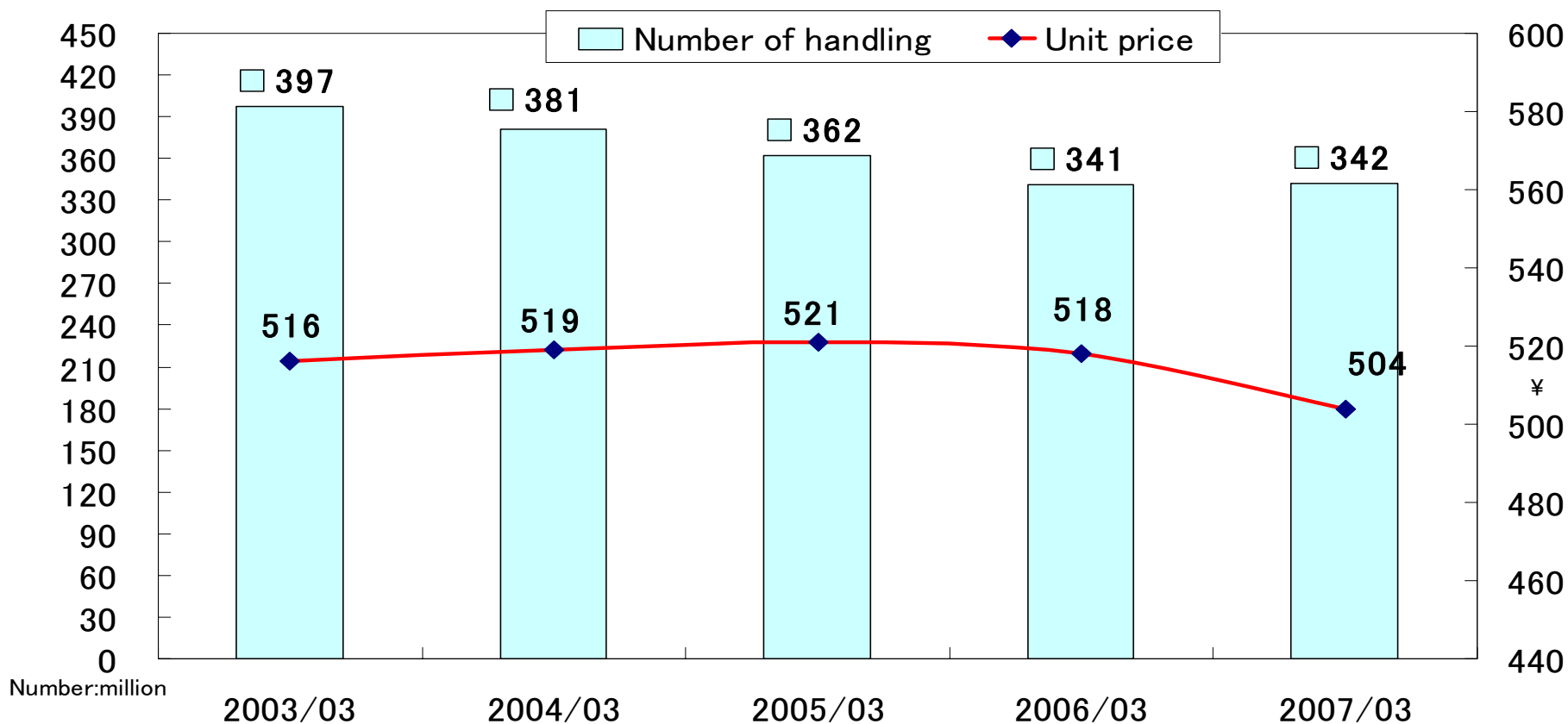
General evaluation of first-year performance under management plan (3) differentiated services



## 4. Implementation of management plan

General evaluation of first-year performance under management plan (4) Reform of small-lot business

~Changes of number of Pelican-Bin services handled and of unit price ~



## 5. During second year of the management plan

### Plans for the year ending March 31, 2008 (1) Measures to be promoted

- Global business
  - Further expansion of international forwarding service
  - Investment in new warehouse
  - Expansion of distribution service in China, Europe and the Americas
  - Expansion of business in areas where new business operations were launched (India, Russia, and others)
  
- 3PL business
  - Continuous active investment in warehousing business
  - Utilization of financing function of Nippon Express Capital Co
  
- Differentiated Products
  - Increased sales of railway container service
  - Increased sales of 'Ecology Konpo' home removal products
  - Expansion of Security transport services
  
- Small-lot cargo business
  - Preparation for overall restructuring

## 5. During second year of the management plan

### Plans for the year ending March 31, 2008 (2) Measures to be promoted in mid-term basis

- Promotion of real estate development

Use of owned real estate in city areas for purposes other than distribution, when profitable

- Expanded employment of workers

~Response to large number of retiring baby boomer~

Maintenance and enhancement of quality of personnel

Response to rise in per-capita outsourcing labor costs amid manpower shortage

Consequent curbing of hike in outstanding labor costs

- Expansion of temporary staffing service

~Led by Career road Inc.~

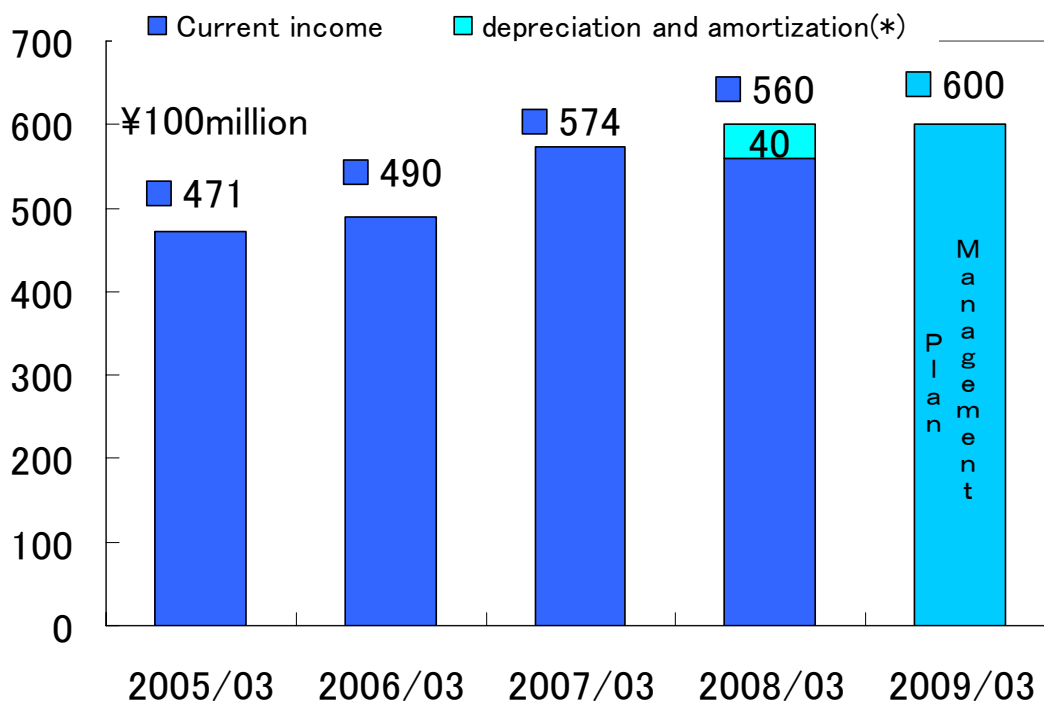
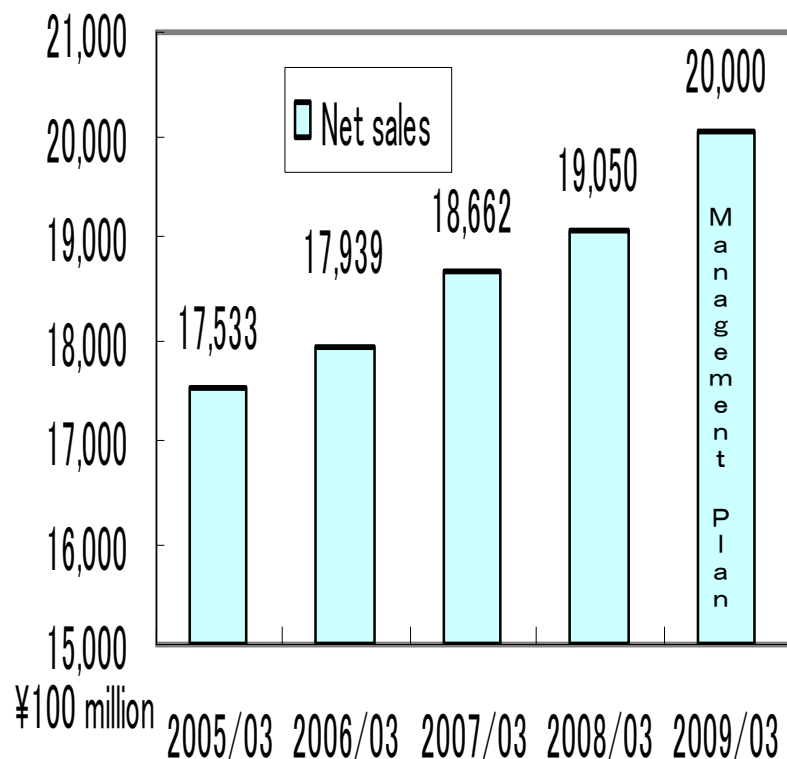
Stable securing of human resources used for non-outsourcing work

Curbing of expenses paid to outside companies

Growth of new revenue-generating business through business expansion

## 5. During second year of the management plan

Projected earnings for the year ending March 31, 2008



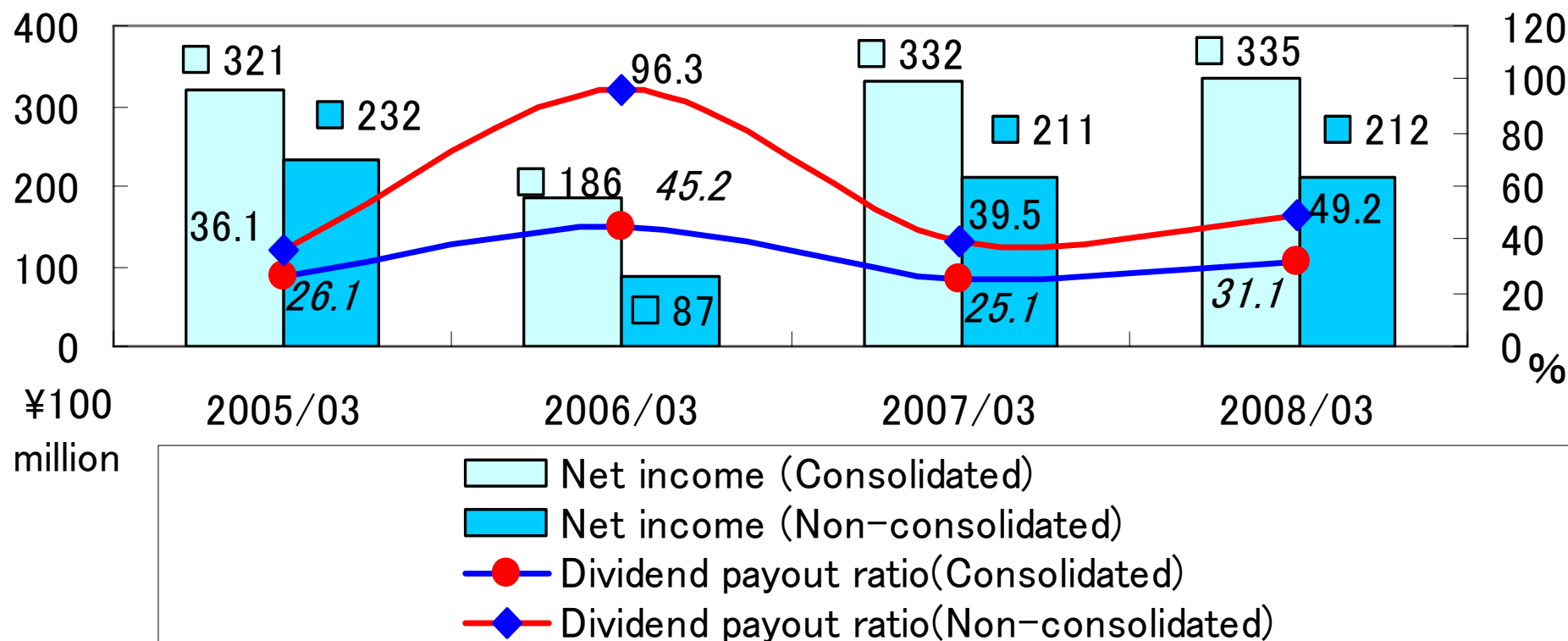
※Increase of tax-related write-off due to tax system reform : ¥4 billion

Profit targets for the year ending March 31, 2009, are to be effectively achieved one year earlier than planned

## 6. Dividend policy

### Dividend policy

In view of prospects that the Company is steadily moving toward achieving ¥60 billion in current income set under the management plan, we plan to pay a dividend of ¥10 per share for the year ending March, 2008 up ¥2 from the preceding year.





Information in this material is not intended to solicit sales or purchase of Nippon Express stock shares.

The comments and estimates in this document are based on the company's judgment at the time of publication and their accuracy is not guaranteed. They are subject to change without notice in the future.

The company and its officers and representatives hold no responsibility for any damage or inconvenience that may be caused by any part of this material.