

# Results meeting of the year ended March 2011

President and CEO  
Masanori Kawai,  
May 20, 2011

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# 1. Business overview

## A. Overview of FY 2010

### 1) Overview (Consolidated)

(100 mn yen)

	Actual for FY2010	Difference (YoY)	Difference (YoY) (%)	Forecast for Full fiscal year (announced Oct. 29)	Difference (Compare to prior forecast)	Difference (Compare to prior forecast) (%)
Sales	16,171	475	3.0	16,160	11	0.1
Operating income	316	(59)	(15.7)	385	(68)	(17.8)
Ordinary income	406	29	7.8	450	(43)	(9.6)
Net income	85	(40)	(32.0)	170	(84)	(49.8)

### 2) Business indices

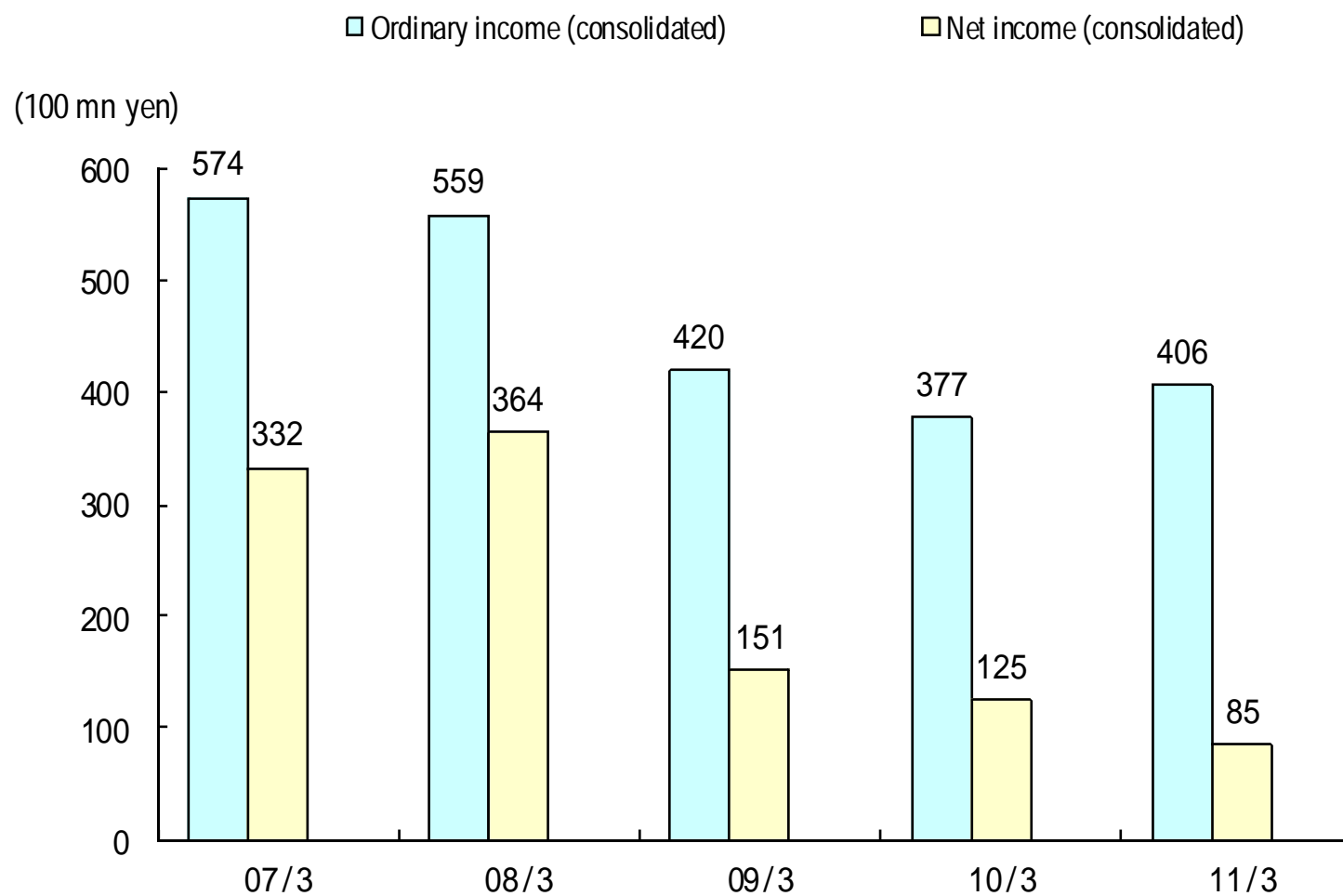
- Operating income Margin            2.0%
- Ordinary income Margin            2.5%
- ROE                                      1.8%
- ROA                                      0.7%

(round down to 100 mn yen)



# 1. Business overview

## C. Trend of Ordinary income and Net Income for the past 5 years



# 1. Business overview

## D. Overview by business segment

### 1) Combined Business

(100 mn yen)

	FY2010	FY2009	Difference	Difference (%)	Overview
Sales	7,174	7,510	(335)	(4.5)	Handling volume declined due to weakened demand for domestic transportation and the earthquake
Segment income	83	147	(63)	(43.1)	

### 2) Security Transportation

(100 mn yen)

	FY2010	FY2009	Difference	Difference (%)	Overview
Sales	595	608	(13)	(2.2)	Lower contract unit prices by banks. Higher employment costs owing to the increase in staff to cope with the revised Labor Standards Act
Segment income	18	36	(18)	(50.6)	

### 3) Heavy Haulage & Construction

(100 mn yen)

	FY2010	FY2009	Difference	Difference (%)	Overview
Sales	343	392	(49)	(12.6)	Decrease in wind energy and shutdown maintenance constructions
Segment income	26	42	(15)	(36.7)	

# 1. Business overview

## D. Overview by business segment

### 4) Air Transportation & Travel

(100 mn yen)

	FY2010	FY2009	Difference	Difference (%)	Overview
Sales	2,034	1,838	195	10.6	Higher sales due to an increase in export and import cargoes Profit fell as air forwarding costs rise
Segment income	9	26	(16)	(63.9)	

### 5) Marine & Harbor Transportation

(100 mn yen)

	FY2010	FY2009	Difference	Difference (%)	Overview
Sales	1,242	1,107	134	12.2	Strong handling volume of export and import cargoes and Shanghai Super Express
Segment income	54	33	20	62.6	

# 1. Business overview

## D. Overview by business segment

### 6) The Americas

(100 mn yen)

	FY2010	FY2009	Difference	Difference (%)	Overview
Sales	428	377	50	13.5	Large growth in air freight exports of automotive-related and electronics
Segment income	15	2	13	636.2	

### 7) Europe

(100 mn yen)

	FY2010	FY2009	Difference	Difference (%)	Overview
Sales	450	447	3	0.8	Solid handling volume of automobile-related air and marine export cargoes and electrical product imports from Asian countries
Segment income	17	4	13	306.1	

### 8) Asia & Oceania

(100 mn yen)

		FY2010	FY2009	Difference	Difference (%)	Overviews
Sales	East Asia	769	938	286	30.6	Higher volume of air and marine export cargoes Profit under pressure from a rise in air forwarding costs
	South Asia & Oceania	455				
Segment income	East Asia	20	30	4	13.8	
	South Asia & Oceania	13				

# 1. Business overview

## D. Overview by business segment

### 9) Goods Sales

(100 mn yen)

	FY2010	FY2009	Difference	Difference (%)	Overview
Sales	3,525	3,226	298	9.2	Increase in export package handling for automotive-related and increase in the unit price of petroleum
Segment income	70	58	12	20.8	

### 10) Other

(100 mn yen)

	FY2010	FY2009	Difference	Difference (%)	Overview
Sales	359	323	36	11.2	Expansion of logistics financing
Segment income	15	14	0.6	4.3	

## 2. Damages from the Great East Japan Earthquake

### [Major Damages]

#### # Facilities (Overall Group)

- Destroyed 17 bases
- Flooded 4 bases

#### # Vehicles (Overall Group)

- Beyond repair 206 units
- In need of repair 13 units
- Missing 15 units

\* As of May 13, 2011

### [Loss on disaster (Extraordinary loss) ]

- Consolidated 4.8 billion yen
- Parent 2.9 billion yen

### 3. Changes due to external environment

#### Change factors

Change factors	Consolidated	Reference
Impact of change in unit fuel price	Fuel cost: +2.4 billion yen (Cost increase)	Difference in unit price (YoY) Light oil: +10.61 yen/ Gasoline: +9.87 yen/ Heavy oil: +5.31 yen/
Impact of foreign exchange (strong yen)	Sales: -10.1 billion yen Operating income: -0.2 billion yen	Average exchange rate for the year (*) FY 2010 (FY 2009) USD: 87.68 yen (93.48 yen) EUR: 116.16 yen (130.38 yen) HKD: 11.27 yen (12.03 yen)

(\*) The average exchange rate for FY 2010 is the reference rate. For the preparation of financial reports, average quarterly rates are applied to the quarterly results of local businesses.

## 4. Progress of business plan

### Nippon Express Group Corporate Strategy 2012 - Towards New Growth

#### - Progress of basic strategy

Basic Strategy	Item	Progress
Growth as a Global Logistics Company	33% of sales from International operation-related business in FY 2012	30.9% (FY2009: 27%)
	Business development in the global market	Started milk run operations in the component procurement in India
		Establishment of Dhaka Representative Office in Bangladesh
		Establishment of Neemrana Logistics Center in India
	Enhancement of the logistics business	Established NEXDG
		Created NEX @ China DMF business model
Promotion of Strategic Environmental Management	Growth through the promotion of environmentally-friendly business	Launch of paper collecting boxes for recycling with carbon offset
	Implementation of consistent CO <sub>2</sub> reduction measures, etc.	Gained U.N. approval for the Group's method of reducing CO <sub>2</sub> emissions using the digital tachograph (digitacho)
Enhancement of Management Infrastructure	Global IT infrastructure development	Revamped international air freight forwarding information system
Promotion of Corporate Social Responsibility (CSR) Management	Fulfil social responsibilities	Took action to conserve environment The Nittsu Forest Project (two locations) activities

## 5. Current status of the Arrow Express restructuring program

### Change in the number of bases offering the combined delivery service

	As of July, 2010	As of April, 2011	As of September, 2011	Later than October, 2011
Nippon Express Co., Ltd.	127	To continue 102	To continue 78	To continue 48
		To discontinue 15	To discontinue 12	To discontinue 28
		To consolidate 10	To consolidate 12	To consolidate 2
Nippon Truck Co., Ltd. (Nittsu Transport)	32	42	54	56
<b>Total</b>	<b>159</b>	<b>144</b>	<b>132</b>	<b>104</b>

\*The number of bases represents the combined numbers of terminals and distribution centers.

## 6. Performance outlook of the year ending March 2012

### A. Consolidated forecast

(100 mn yen)

	FY 11 Forecast			FY 10 Actual			Difference [Difference (%)]		
	1H	2H	Full FY	1H	2H	Full FY	1H	2H	Full FY
Sales	7,950	8,250	16,200	8,043	8,128	16,171	(93) [(1.2)]	121 [1.5]	28 [0.2]
Operating Income	125	225	350	150	165	316	(25) [(16.8)]	59 [35.5]	33 [10.7]
Ordinary Income	160	260	420	203	203	406	(43) [(21.5)]	56 [28.0]	13 [3.2]
Net Income	80	130	210	42	42	85	37 [87.5]	87 [204.2]	124 [145.9]

## 6. Performance outlook of the year ending March 2012

### B. Overview by business segment

#### 1) Combined Business

(100 mn yen)

	FY2011	FY2010	Difference	Difference (%)	Overview
Sales	7,062	7,174	(112)	(1.6)	Weak overall demand for domestic freight transportation Cutting costs through relocation of domestic bases
Segment income	85	83	1	1.8	

#### 2) Security Transportation

(100 mn yen)

	FY2011	FY2010	Difference	Difference (%)	Overview
Sales	591	595	(4)	(0.7)	Contract unit price negotiations with customers have been completed Reduction in fixed costs
Segment income	28	18	10	55.9	

#### 3) Heavy Haulage & Construction

(100 mn yen)

	FY2011	FY2010	Difference	Difference (%)	Overview
Sales	320	343	(23)	(6.9)	Overseas construction orders SDM and large-scale plant projects slumped
Segment income	18	26	(8)	(32.7)	

## 6. Performance outlook of the year ending March 2012

### B. Overview by business segment

#### 4) Air Transportation & Travel

(100 mn yen)

	FY2011	FY2010	Difference	Difference (%)	Overview
Sales	2,090	2,034	56	2.8	Little change in air forwarding unit costs Revision of freight charges
Segment income	36	9	27	288.3	

#### 5) Marine & Harbor Transportation

(100 mn yen)

	FY2011	FY2010	Difference	Difference (%)	Overview
Sales	1,326	1,242	84	6.8	Solid machine and automobile-related exports and coastal marine & harbor transportation
Segment income	70	54	16	30.0	

## 6. Performance outlook of the year ending March 2012

### B. Overview by business segment

#### 6) The Americas

(100 mn yen)

	FY2011	FY2010	Difference	Difference(%)	Overview
Sales	445	428	17	4.2	Strong sales in the air and marine freight forwarding business
Segment income	15	15	0	0.3	

#### 7) Europe

(100 mn yen)

	FY2011	FY2010	Difference	Difference(%)	Overview
Sales	469	450	19	4.3	Robust demand for export and import cargoes and distribution & warehousing business
Segment income	18	17	0.5	2.9	

#### 8) East Asia

(100 mn yen)

	FY2011	FY2010	Difference	Difference(%)	Overview
Sales	799	769	30	3.9	Solid performance in air and marine freight forwarding & warehousing business, automotive-related freight
Segment income	21	20	0.4	2.3	

#### 9) South Asia & Oceania

(100 mn yen)

	FY2011	FY2010	Difference	Difference(%)	Overview
Sales	495	455	39	8.7	Steady shipments of automobile and electronic-related components within the ASEAN block and to China and India
Segment income	14	13	0.5	4.1	

## 6. Performance outlook of the year ending March 2012

### B. Overview by business segment

#### 10) Goods Sales

(100 mn yen)

	FY2011	FY2010	Difference	Difference (%)	Overview
Sales	3,431	3,525	(93)	(2.6)	Weak export package handling for automotive-related
Segment income	61	70	(8)	(12.5)	

#### 11) Other

(100 mn yen)

	FY2011	FY2010	Difference	Difference (%)	Overview
Sales	389	359	29	8.2	Strong performance in logistics financing
Segment income	18	15	3	23.2	

## 6. Performance outlook of the year ending March 2012

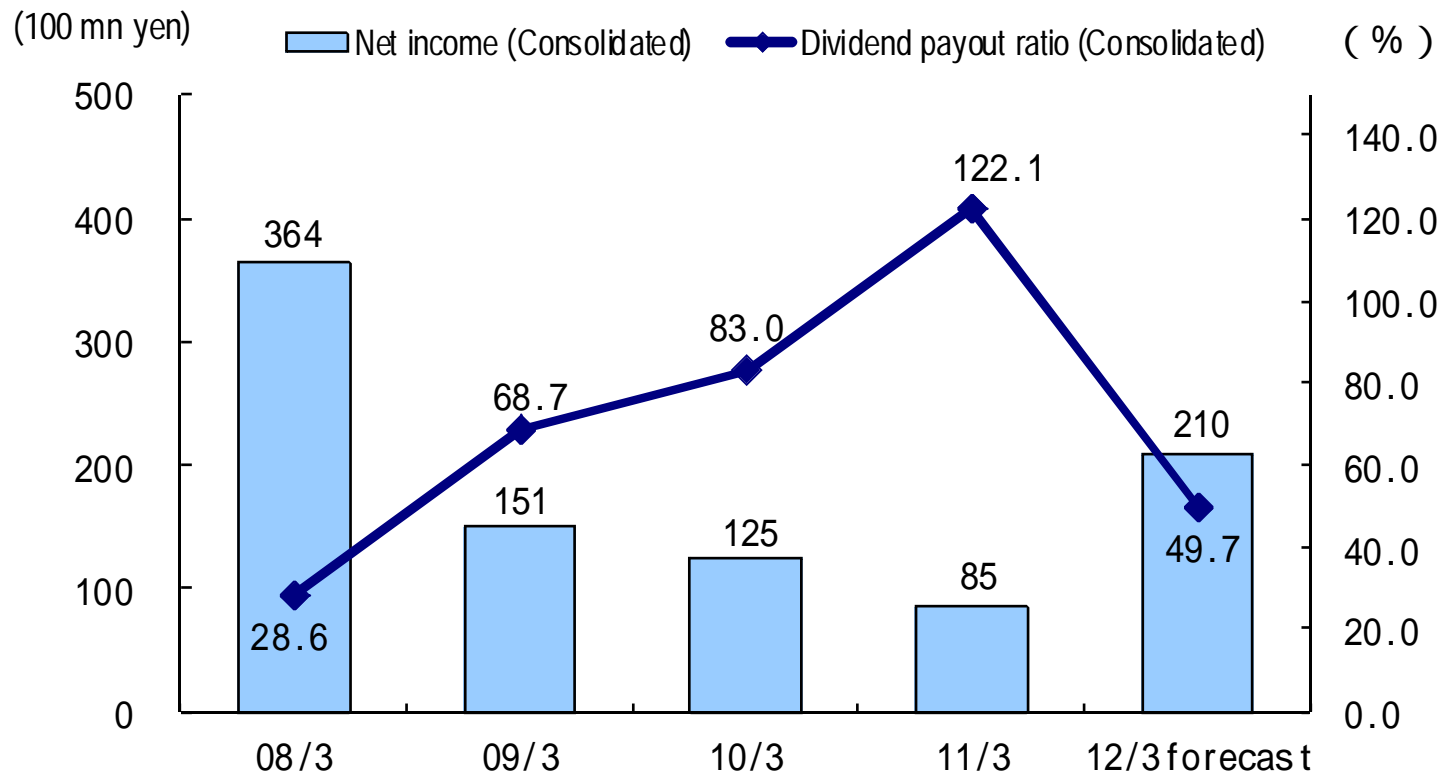
### C. Assumptions for external factors

	Impact on consolidated results	Assumptions (figures in parentheses are those for the same period in FY 2010)
Impact of change in unit fuel price	Fuel cost: 3.0 billion yen (Increase in cost)	Light oil: 109.90 yen/ (95.41 yen) Gasoline: 130.83 yen/ (126.82 yen) Heavy oil: 53.13 yen/ (48.31 yen) Assumes the same amount of fuel will be used as that of the previous year.
Impact of foreign exchange (strong yen)	Sales: -7.9 billion yen Operating income: -0.2 billion yen	Exchange Rate Forecasts for the year (*) USD: 82.34 yen (87.68 yen) EUR: 112.57 yen (116.16 yen) HKD: 10.57 yen (11.27 yen)

(\*) The annual exchange rate for FY 2011 is the reference rate. For the preparation of financial reports, average quarterly rates are applied to the quarterly results of local businesses.

# 7. Dividend

## Changes in dividend payout ratio and forecast





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