

*We Find the Way*



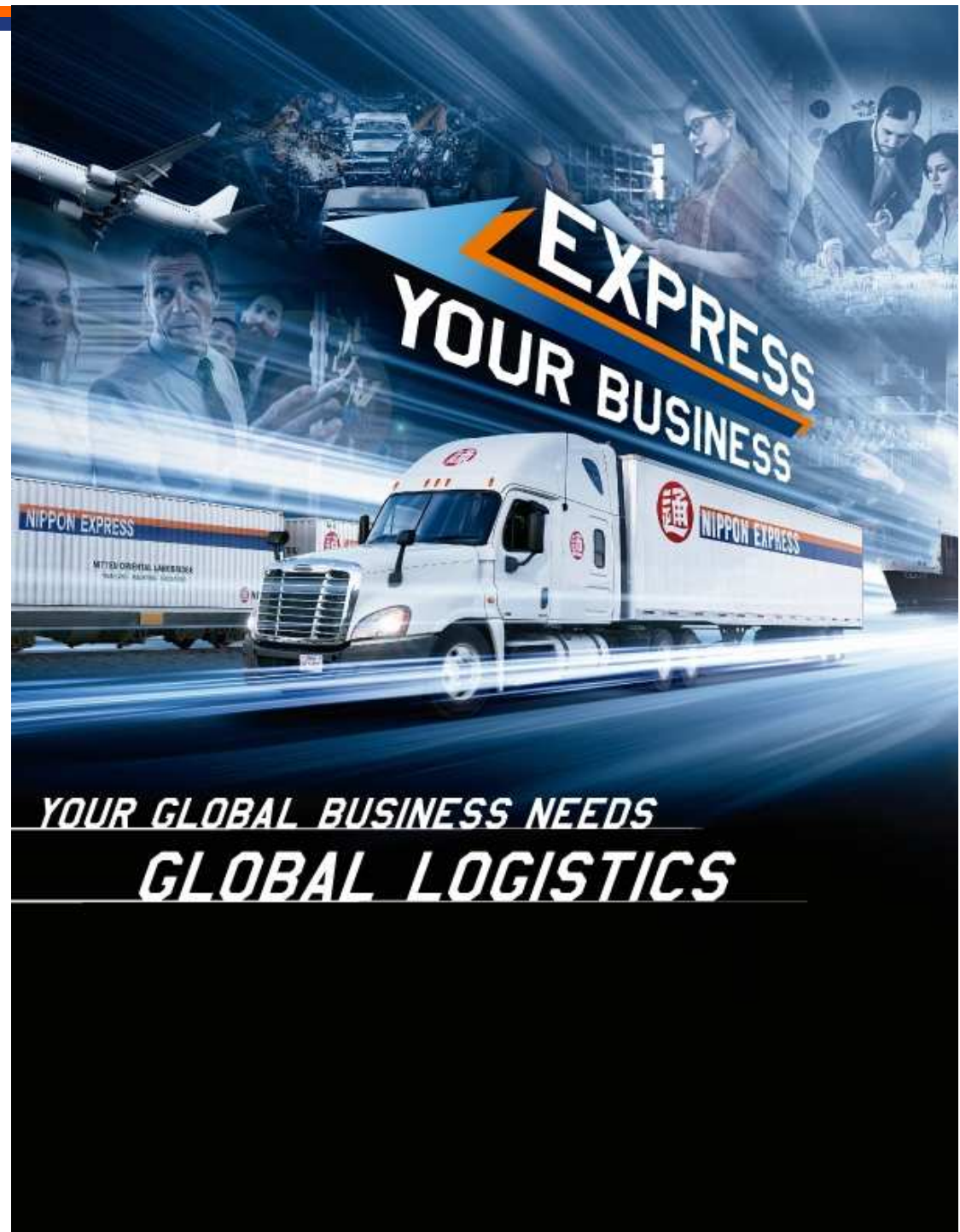
# Briefing Material

for 3Q Results of  
the Fiscal Year Ending March 2019

January 31, 2019

NIPPON EXPRESS CO., LTD.

Corporate Planning Division



## 1. Financial Results for 3Q of FY2018

A. Overview of 3Q of FY2018	P.2
B. Actual results by reportable segment	P.3
C. Changes due to the external environment and other variable factors	P.4-
D. Breakdown of revenues and operating income taking variable factors into account	P.6

## 2. Forecast of Consolidated Financial Results for FY2018

A. Consolidated forecast (revised)	P.7
B. Forecasts by reportable segment (revised)	P.8
C. Changes due to the external environment and other variable factors (forecast)	P.9-
D. Breakdown of revenues and operating income taking variable factors into account (forecast)	P.11
E. Approach to operating income forecast for FY2018	P.12

## 3. Segment Overview of FY2018

A. Japan segment	P.13
B. The Americas segment	P.14
C. Europe segment	P.15
D. East Asia segment	P.16
E. South Asia & Oceania segment	P.17
F. Security Transportation segment	P.18
G. Heavy Haulage & Construction segment	P.19
H. Logistics Support segment	P.20

# 1. Financial Results for 3Q of FY2018

## A Overview of 3Q of FY2018

### 1. Overview (Consolidated)

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

Item	Actual for 3Q cumulative total of FY2018 ①	Actual for 3Q cumulative total of FY2017 ②	Difference YoY ③ = ① - ②	Difference YoY (%) ④ = $\frac{③}{②} \times 100$	Full-year forecast (announced on October 31) ⑤	Difference (compared with forecast) ⑥ = ⑤ - ①	Progress (%) ⑦ = $\frac{①}{⑤} \times 100$
<b>Revenues</b>	16,007	14,707	1,299	8.8	21,100	5,092	75.9
<b>Operating income</b>	594	511	83	16.3	770	175	77.2
<b>Ordinary income</b>	651	546	104	19.1	810	158	80.4
<b>Profit attributable to owners of parent</b>	405	340	64	19.1	450	44	90.0

### 2. Business Indices (Actual for the same period of the previous year)

- Operating Income Margin 3.7% (3.5%)
- Ordinary Income Margin 4.1% (3.7%)
- ROA 3.0% (0.4%)
- ROE 8.0% (1.2%)

\* Profit is forecast for full fiscal year. Equity and total assets are calculated by using the averages of the values as of the end of the previous fiscal year and the values of the quarterly consolidated accounting period under review.

# 1. Financial Results for 3Q of FY2018

## B Actual results by reportable segment

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

Segment	Item	Actual for 3Q cumulative total of FY2018 <b>①</b>	Actual for 3Q cumulative total of FY2017 <b>②</b>	Difference YoY <b>③ = ① - ②</b>	Difference YoY (%) <b>④ = <math>\frac{③}{②} \times 100</math></b>	Full-year forecast (announced on October 31) <b>⑤</b>	Difference (compared with forecast) <b>⑥ = ⑤ - ①</b>	Progress (%) <b>⑦ = <math>\frac{①}{⑤} \times 100</math></b>
Japan	Revenues	9,504	8,839	664	7.5	12,394	2,889	76.7
	Segment Income	426	326	99	30.6	527	100	81.0
The Americas	Revenues	724	675	48	7.2	996	271	72.7
	Segment Income	34	36	(2)	(6.8)	49	14	69.5
Europe	Revenues	834	671	162	24.2	1,122	287	74.4
	Segment Income	11	28	(16)	(58.3)	26	14	45.5
East Asia	Revenues	896	850	46	5.4	1,230	333	72.9
	Segment Income	19	13	6	50.9	29	9	67.9
South Asia & Oceania	Revenues	680	622	58	9.4	916	235	74.3
	Segment Income	29	26	2	9.5	37	7	79.7
Security Transportation	Revenues	540	540	0	0.0	726	185	74.5
	Segment Income	6	16	(9)	(61.2)	11	4	57.0
Heavy Haulage & Construction	Revenues	369	379	(10)	(2.7)	461	91	80.1
	Segment Income	36	35	0	1.8	37	0	98.6
Logistics Support	Revenues	3,567	3,199	367	11.5	4,767	1,199	74.8
	Segment Income	91	82	9	11.1	118	26	77.3

\* In accordance with organizational reform, part of the Japan segment was changed to the Security Transportation segment effective from the fiscal year ending March 31, 2019. Accordingly, figures for the previous year are reclassified to reflect the segment change for the purpose of comparability.

# 1. Financial Results for 3Q of FY2018

## C Changes due to the external environment and other variable factors

Variable factors	Impact on consolidated results (3Q cumulative total)	Reference
Impact of change in unit fuel price	<p>¥2.65 billion (cost increase)</p> <p>*3Q: ¥0.82 billion 1H: ¥1.83 billion</p>	<p>Unit price per ℓ [3Q of FY2017 / Previous forecast]</p> <ul style="list-style-type: none"> <li>• Light oil: ¥105.61 [¥88.60 / ¥109.20]</li> <li>• Gasoline: ¥138.90 [¥122.18 / ¥138.68]</li> <li>• Heavy oil: ¥57.04 [¥42.47 / ¥55.93]</li> </ul>
Impact of foreign exchange	<p>Revenues: ¥1.84 billion</p> <p>Operating income: ¥0.06 billion</p> <p>*3Q: Revenues: ¥(0.78) billion Operating income: ¥(0.03) billion</p> <p>1H: Revenues: ¥2.63 billion Operating income: ¥0.10 billion</p>	<p>Average annual exchange rate* [3Q of FY2017 / Previous forecast]</p> <ul style="list-style-type: none"> <li>• USD: ¥109.61 [¥111.92 / ¥110.60]</li> <li>• EUR: ¥130.97 [¥124.55 / ¥131.00]</li> <li>• HKD: ¥13.98 [¥14.38 / ¥14.10]</li> <li>• RMB: ¥16.85 [¥16.47 / ¥17.10]</li> </ul> <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>

# 1. Financial Results for 3Q of FY2018

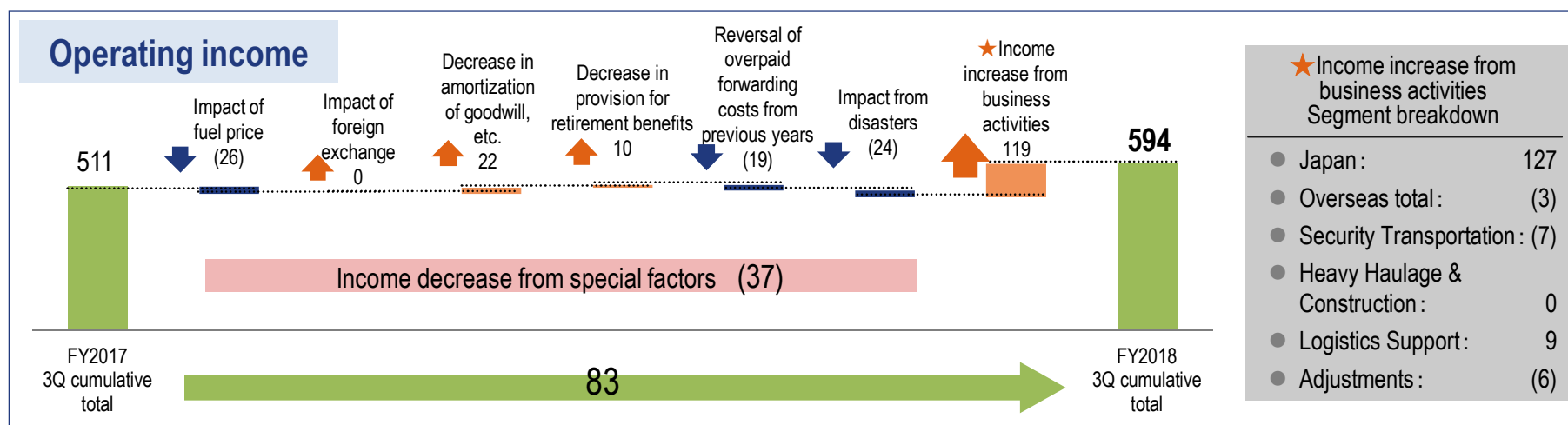
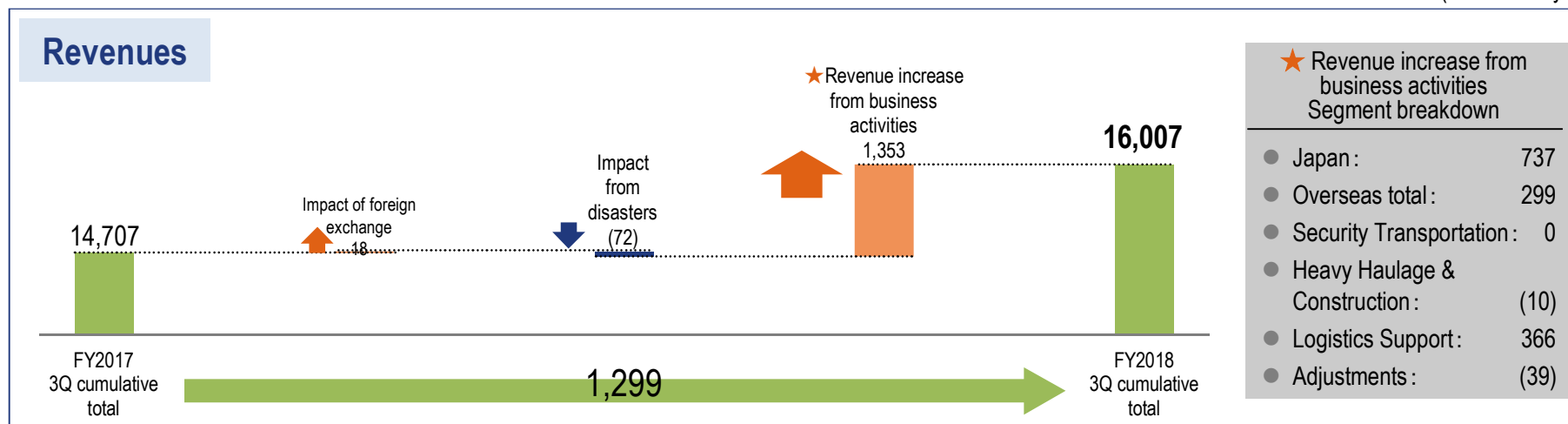
## C Changes due to the external environment and other variable factors

Variable factors	Impact on consolidated results (3Q cumulative total)	Reference
<b>Impact from impairment loss on goodwill and non-current assets</b>	Operating income: ¥2.28 billion *3Q: ¥0.76 billion 1H: ¥1.51 billion	<ul style="list-style-type: none"> <li>• Japan: ¥1.88 billion</li> <li>• South Asia &amp; Oceania: ¥0.39 billion</li> </ul>
<b>Decrease in provision for retirement benefits</b>	Operating income: ¥1.02 billion *3Q: ¥0.34 billion 1H: ¥0.68 billion	<ul style="list-style-type: none"> <li>• Japan: ¥0.81 billion</li> <li>• Security Transportation: ¥0.18 billion</li> <li>• Heavy Haulage &amp; Construction: ¥0.02 billion</li> </ul>
<b>Other impact</b> (special factors from previous year)	Operating income: ¥(1.9) billion (* Reversal of overpaid forwarding costs from previous years)	<ul style="list-style-type: none"> <li>• Japan: ¥(0.8) billion</li> <li>• The Americas: ¥(1.1) billion</li> </ul>
<b>Impact from disasters</b> (Heavy Rain Event in West Japan, Typhoon Jebi (Typhoon No. 21) and Hokkaido Eastern Iburi Earthquake)	Revenues: ¥(7.25) billion Operating income: ¥(2.41) billion	Operating income <ul style="list-style-type: none"> <li>• Japan: ¥(2.36) billion</li> <li>• Security Transportation: ¥(0.01) billion</li> <li>• Logistics Support: ¥(0.04) billion</li> </ul>

# 1. Financial Results for 3Q of FY2018

## D Breakdown of revenues and operating income taking variable factors into account

(100 million yen)





## 2. Forecast of Consolidated Financial Results for FY2018

### A Consolidated forecast (revised)

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

Item	Full-year forecast (announced on January 31) ①	Actual for FY2017 ②	Difference YoY ③ = ① - ②	Difference YoY (%) ④ = $\frac{③}{②} \times 100$	Full-year forecast (announced on October 31) ⑤	Difference ⑥ = ① - ⑤
Revenues	21,500	19,953	1,546	7.8	21,100	400
Operating income [Operating income margin]	770 [3.6]	702 [3.5]	67	9.6	770	-
Ordinary income	810	743	66	8.9	810	-
Profit attributable to owners of parent	450	65	384	588.7	450	-



## 2. Forecast of Consolidated Financial Results for FY2018

### B Forecasts by reportable segment (revised)

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

Segment	Item	Full-year forecast (announced on January 31)	Actual for FY2017	Difference YoY	Difference YoY (%)	Full-year forecast (announced on October 31)	Difference
		①	②	③ = ① - ②	④ = $\frac{③}{②} \times 100$	⑤	⑥ = ① - ⑤
Japan	Revenues	12,624	11,886	737	6.2	12,394	230
	Segment Income	547	455	91	20.0	527	20
The Americas	Revenues	1,000	913	86	9.4	996	4
	Segment Income	45	44	0	0.3	49	(4)
Europe	Revenues	1,167	960	206	21.5	1,122	45
	Segment Income	22	41	(19)	(47.1)	26	(4)
East Asia	Revenues	1,235	1,174	60	5.1	1,230	5
	Segment Income	30	18	11	62.5	29	1
South Asia & Oceania	Revenues	915	853	61	7.2	916	(1)
	Segment Income	37	33	3	8.9	37	-
Security Transportation	Revenues	726	720	5	0.8	726	-
	Segment Income	9	21	(12)	(57.8)	11	(2)
Heavy Haulage & Construction	Revenues	470	476	(6)	(1.3)	461	9
	Segment Income	42	40	1	3.4	37	5
Logistics Support	Revenues	4,883	4,432	450	10.2	4,767	116
	Segment Income	118	117	0	0.7	118	-

\* In accordance with organizational reform, part of the Japan segment was changed to the Security Transportation segment effective from the fiscal year ending March 31, 2019. Accordingly, figures for the previous year are reclassified to reflect the segment change for the purpose of comparability.

## 2. Forecast of Consolidated Financial Results for FY2018

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

Variable factors	Impact on consolidated results (Forecast for full year)	Reference
<b>Impact of change in unit fuel price</b>	<p>¥2.78 billion (cost increase)</p> <p>*4Q: ¥0.12 billion 3Q cumulative total: ¥2.65 billion</p>	<p>Unit price per ℓ [Yearly average in FY2017 / Previous forecast]</p> <ul style="list-style-type: none"> <li>• Light oil: ¥103.09 [¥90.66 / ¥109.20]</li> <li>• Gasoline: ¥139.65 [¥124.38 / ¥138.68]</li> <li>• Heavy oil: ¥57.51 [¥44.29 / ¥55.93]</li> </ul> <p>* Forecast at the beginning of the year (April 27, 2018): ¥1.27 billion</p>
<b>Impact of foreign exchange</b>	<p>Revenues: ¥(0.68) billion</p> <p>Operating income: ¥(0.00) billion</p> <p>*4Q</p> <p>Revenues: ¥(2.53) billion Operating income: ¥(0.07) billion</p> <p>3Q cumulative total:</p> <p>Revenues: ¥1.84 billion Operating income: ¥0.06 billion</p>	<p>Average annual exchange rate* [Yearly average in FY2017 / Previous forecast]</p> <ul style="list-style-type: none"> <li>• USD: ¥110.40 [¥112.19 / ¥110.60]</li> <li>• EUR: ¥130.40 [¥126.67 / ¥131.00]</li> <li>• HKD: ¥14.00 [¥14.40 / ¥14.10]</li> <li>• RMB: ¥16.70 [¥16.63 / ¥17.10]</li> </ul> <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> <p>* Forecasts at the beginning of the year (April 27, 2018) Revenues: ¥(3.34) billion Operating income: ¥(0.09) billion</p>

## 2. Forecast of Consolidated Financial Results for FY2018

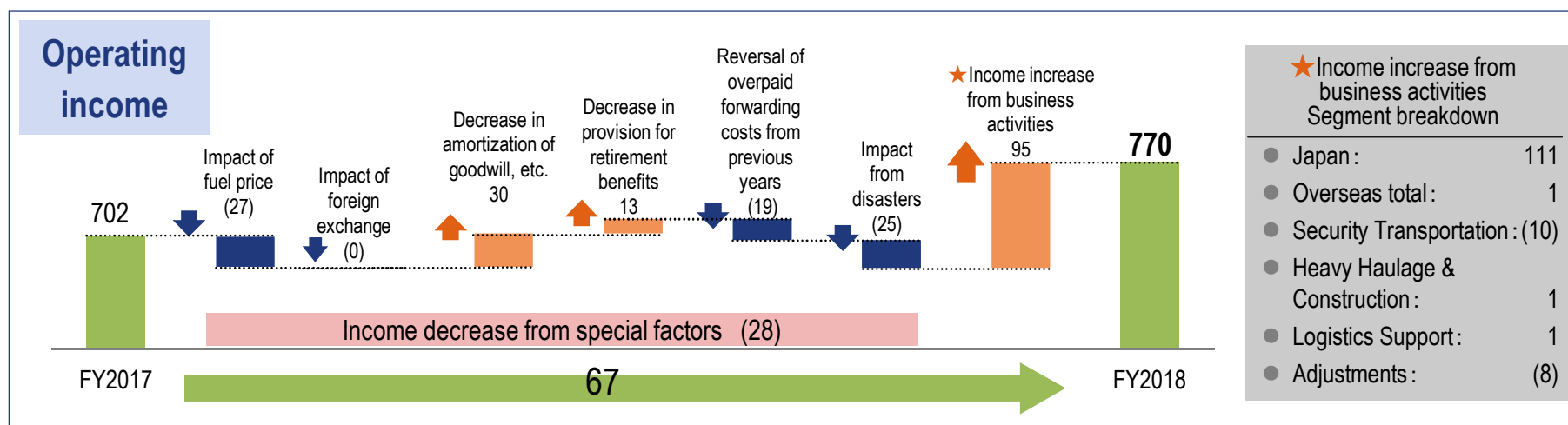
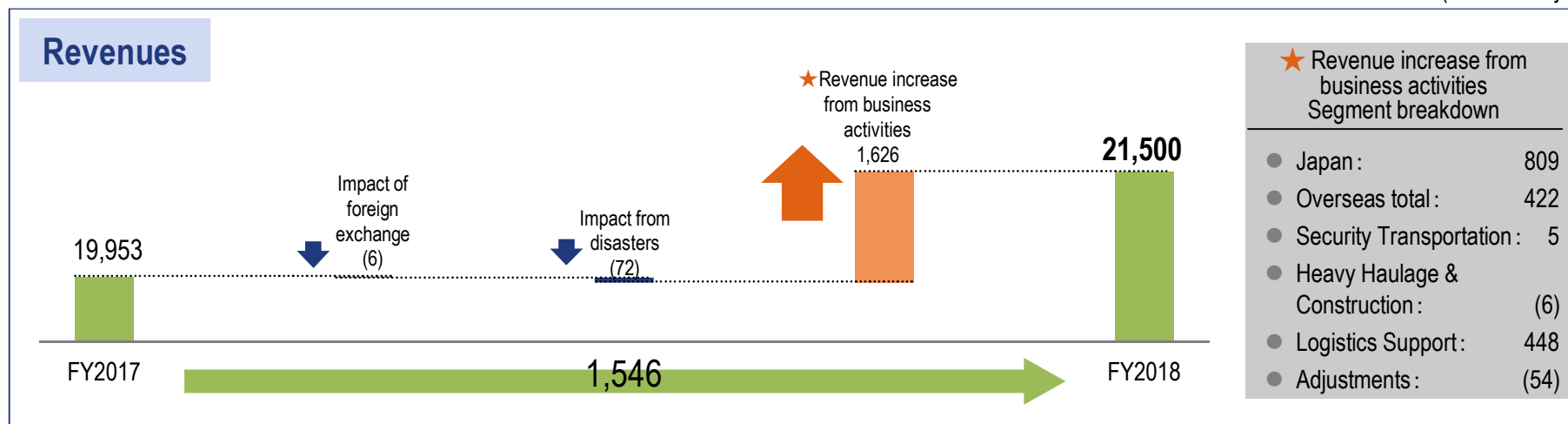
### C Changes due to the external environment and other variable factors (forecast)

Variable factors	Impact on consolidated results (Forecast for full year)	Reference
<b>Impact from impairment loss on goodwill and non-current assets</b>	Operating income: ¥3.04 billion *4Q: ¥0.76 billion 3Q cumulative total: ¥2.28 billion	<ul style="list-style-type: none"> <li>Japan: ¥2.51 billion</li> <li>South Asia &amp; Oceania: ¥0.53 billion</li> </ul>
<b>Decrease in provision for retirement benefits</b>	Operating income: ¥1.36 billion *4Q: ¥0.34 billion 3Q cumulative total: ¥1.02 billion	<ul style="list-style-type: none"> <li>Japan: ¥1.09 billion</li> <li>Security Transportation: ¥0.24 billion</li> <li>Heavy Haulage &amp; Construction: ¥0.03 billion</li> </ul>
<b>Other impact</b> (special factors from previous year)	Operating income: ¥(1.9) billion (* Reversal of overpaid forwarding costs from previous years)	<ul style="list-style-type: none"> <li>Japan: ¥(0.8) billion</li> <li>The Americas: ¥(1.1) billion</li> </ul>
<b>Impact from disasters</b> (Heavy Rain Event in West Japan, Typhoon Jebi (Typhoon No. 21) and Hokkaido Eastern Iburi Earthquake)	Revenues: ¥(7.25) billion Operating income: ¥(2.51) billion	Operating income <ul style="list-style-type: none"> <li>Japan: ¥(2.46) billion</li> <li>Security Transportation: ¥(0.01) billion</li> <li>Logistics Support: ¥(0.04) billion</li> </ul>

## 2. Forecast of Consolidated Financial Results for FY2018

### D Breakdown of revenues and operating income taking variable factors into account (forecast)

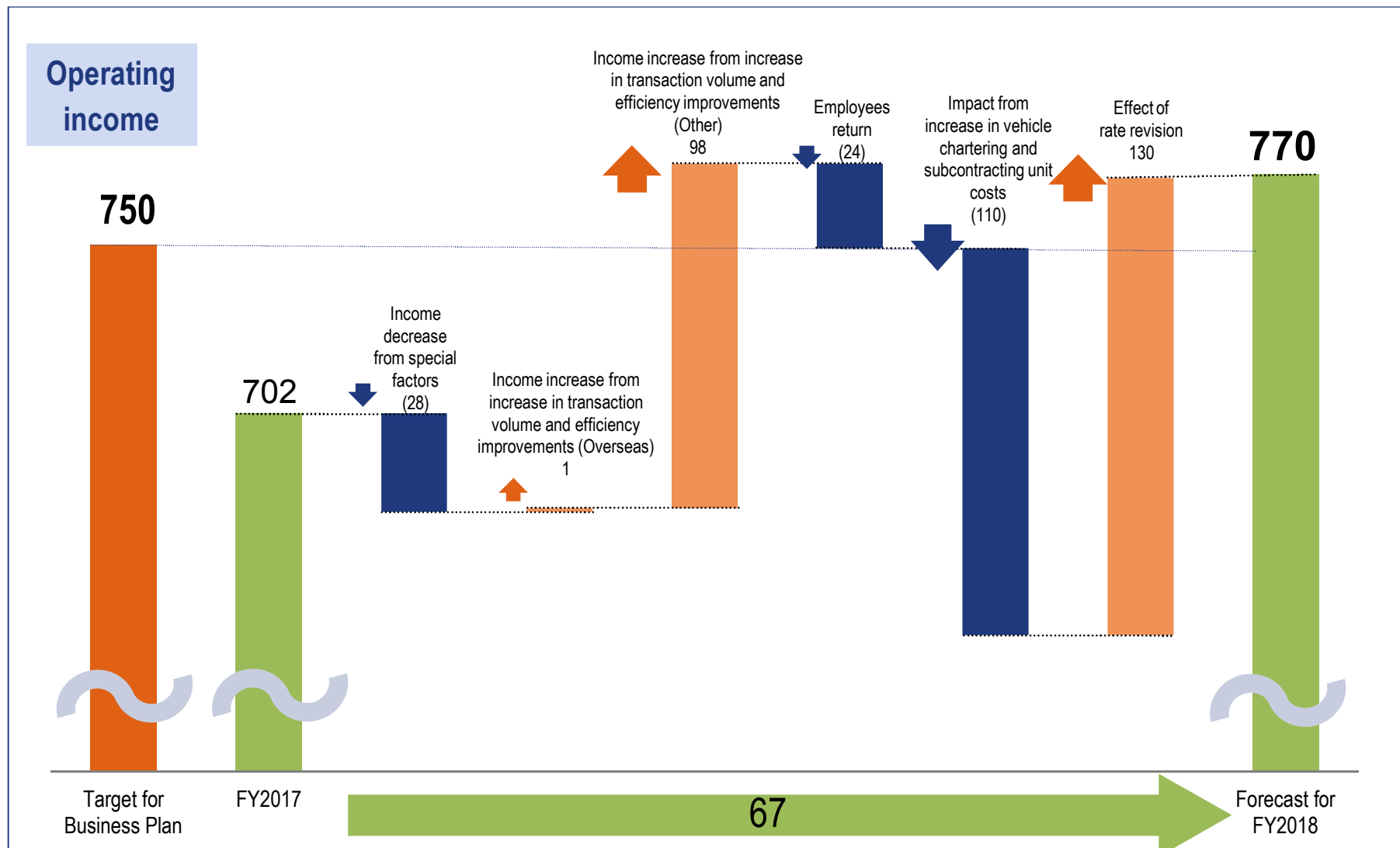
(100 million yen)



## 2. Forecast of Consolidated Financial Results for FY2018

### E Approach to operating income forecast for FY2018

(100 million yen)



# 3. Segment Overview of FY2018

## A Japan segment

### 1. Actual for 3Q

(100 million yen)

\* Figures in brackets indicate operating income margin (%).

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	3,346	3,070	275	9.0
Operating income*	188 [5.6]	127 [4.2]	60	47.2

### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	3,073	3,084	6,157	3,346	3,119	6,466
Operating income*	119 [3.9]	118 [3.8]	238 [3.9]	188 [5.6]	120 [3.9]	308 [4.8]

Overview	
• In railway transportation, transactions for automobile-related components and others were solid. However, suspension or cancellation of train operation due to the Heavy Rain Event in West Japan continued until October, after which reductions in the number of train runs continued for some routes.	
• In truck transportation, cargo movement of automobile-related components, steel and others maintained solid performance.	
• In marine & harbor transportation, machinery-related exports and container terminal operations grew.	
• In air freight forwarding, consolidated export cargo weights increased by 19.6% from the previous year, significantly exceeding the market growth rate.	
• Exports of automobile-related components to Europe, and electronic components and semiconductor-related items to Asia remained strong.	
• For the trend of each business, please refer to Page 3 of the supplementary material.	

Item	Actual for FY2017						Comparison with FY2017 (Upper : Difference / Lower : Difference (%))						
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast	
Revenues	2,866	2,902	5,769	3,070	3,047	6,117	207	181	388	275	72	348	
Operating income*	99 [3.5]	98 [3.4]	198 [3.4]	127 [4.2]	129 [4.2]	257 [4.2]	19	19	39	60	(8)	51	
Special factor ①	Decrease in amortization of goodwill, etc.: Quarterly: 6, Yearly: 25 Decrease in provision for retirement benefits: Quarterly: 2, Yearly: 10						Revenues	7.2	6.3	6.7	9.0	2.4	5.7
Special factor ②	Reversal of overpaid forwarding costs from previous years in FY2017: (8)						Operating income	19.9	19.9	19.9	47.2	(6.9)	20.0

Special factor ①	Decrease in amortization of goodwill, etc.: Quarterly: 6, Yearly: 25 Decrease in provision for retirement benefits: Quarterly: 2, Yearly: 10					
Special factor ②	Reversal of overpaid forwarding costs from previous years in FY2017: (8)					
Special factor ③	Impact from disasters: 2Q: (20), 3Q: (3), Yearly: (24)					

### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	6,157	5,990	167	Revenues	6,466	6,255	211	6,236	230
Operating income*	238 [3.9]	219 [3.7]	19	Operating income*	308 [4.8]	297 [4.7]	11	288 [4.6]	20

Overview of full-year forecast	
• Revenues and operating income forecasts are raised from previous forecasts in view of the 3Q cumulative total.	
• 4Q forecasts include a slowdown in air and marine freight forwarding and a decline owing to a rebound in spot cargo from the previous year.	

# 3. Segment Overview of FY2018

## B The Americas segment

### 1. Actual for 3Q

(100 million yen)

\* Figures in brackets indicate operating income margin (%).

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	251	227	24	11.0
Operating income*	11 [4.7]	9 [4.2]	2	24.9

Overview
• Air export and import freight forwarding and warehousing and distribution were solid, mainly for automobile-related items.

### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	231	240	472	251	275	527
Operating income*	8 [3.7]	13 [5.7]	22 [4.7]	11 [4.7]	10 [4.0]	22 [4.3]

Item	Actual for FY2017						Comparison with FY2017 (Upper : Difference / Lower : Difference (%))						
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast	
Revenues	220	227	448	227	238	465	11	12	23	24	37	62	
Operating income*	7 [3.4]	19 [8.6]	27 [6.0]	9 [4.2]	8 [3.5]	17 [3.8]	1	(5)	(4)	2	2	4	
							Revenues	5.0	5.7	5.3	11.0	15.6	13.3
							Operating income	15.5	(30.5)	(17.9)	24.9	31.5	28.0

Special factor ①

Reversal of overpaid forwarding costs from previous years in FY2017: (11)

Overview of full-year forecast
• While higher revenues and higher income are expected as 3Q trends continue and negative effects from special factors in the previous year are absorbed, the revenue forecast is raised and the income forecast is lowered from the previous forecasts based on past actual results.

### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	472	469	3	Revenues	527	485	42	523	4
Operating income*	22 [4.7]	20 [4.3]	2	Operating income*	22 [4.3]	23 [4.7]	(0)	26 [5.1]	(4)



# 3. Segment Overview of FY2018

## C Europe segment

### 1. Actual for 3Q

(100 million yen)

\* Figures in brackets indicate operating income margin (%).

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	274	233	41	17.7
Operating income*	4 [1.7]	11 [4.8]	(6)	(58.6)

Overview
<ul style="list-style-type: none"> <li>While the warehousing and distribution business was solid, results were affected by business lost in Italy and the lack of spot business in FY2017.</li> <li>Higher revenues and lower income partly due to increases in forwarding costs and personnel expenses.</li> </ul>

### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	285	274	559	274	332	607
Operating income*	5 [2.0]	1 [0.6]	7 [1.3]	4 [1.7]	10 [3.1]	14 [2.4]

Item	Actual for FY2017						Comparison with FY2017 (Upper : Difference / Lower : Difference (%))						
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast	
Revenues	214	223	438	233	288	522	70	51	121	41	43	84	
Operating income*	8 [3.7]	9 [4.1]	17 [3.9]	11 [4.8]	13 [4.6]	24 [4.6]	(2)	(7)	(10)	(6)	(2)	(9)	
							Revenues	32.9	22.8	27.7	17.7	15.1	16.3
							Operating income	(30.5)	(82.3)	(58.2)	(58.6)	(22.7)	(39.1)

#### Overview of full-year forecast

- Trends until 3Q are expected to continue for the remainder of the fiscal year.
- The revenue forecast is raised and the income forecast is lowered from the previous forecasts based on past actual results.

### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	559	551	8	Revenues	607	573	34	562	45
Operating income*	7 [1.3]	20 [3.6]	(12)	Operating income*	14 [2.4]	26 [4.5]	(11)	18 [3.3]	(4)

# 3. Segment Overview of FY2018

## D East Asia segment

### 1. Actual for 3Q

(100 million yen)

\* Figures in brackets indicate operating income margin (%).

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	308	302	5	1.8
Operating income*	8 [2.6]	5 [1.8]	2	50.6

Overview
<ul style="list-style-type: none"> <li>Air export freight forwarding and marine export freight forwarding remained solid.</li> <li>Although air forwarding costs remained high, the reduction of expenses progressed by transferring them to customers and streamlining.</li> </ul>

### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	283	304	588	308	338	646
Operating income*	3 [1.4]	7 [2.5]	11 [2.0]	8 [2.6]	10 [3.0]	18 [2.8]

Item	Actual for FY2017						Comparison with FY2017 (Upper : Difference / Lower : Difference (%))						
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast	
Revenues	268	279	547	302	324	627	15	25	40	5	14	19	
Operating income*	4 [1.5]	3 [1.3]	7 [1.4]	5 [1.8]	5 [1.7]	10 [1.7]	(0)	4	3	2	4	7	
							Revenues	5.8	9.0	7.4	1.8	4.3	3.1
							Operating income	(4.0)	111.7	51.1	50.6	90.6	70.7

Overview of full-year forecast
<ul style="list-style-type: none"> <li>Trends until 3Q are expected to continue for the remainder of the fiscal year.</li> <li>The revenue and operating income forecasts are raised from the previous forecasts based on past actual results.</li> </ul>

### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	588	572	16	Revenues	646	641	5	641	5
Operating income*	11 [2.0]	12 [2.1]	(0)	Operating income*	18 [2.8]	16 [2.5]	2	17 [2.7]	1

# 3. Segment Overview of FY2018

## E South Asia & Oceania segment

### 1. Actual for 3Q

(100 million yen)

\* Figures in brackets indicate operating income margin (%).

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	236	227	9	4.0
Operating income*	10 [4.3]	10 [4.7]	(0)	(4.1)

Overview
<ul style="list-style-type: none"> <li>Air export freight forwarding and warehousing and distribution remained solid.</li> <li>Meanwhile, higher forwarding costs and vehicle chartering and subcontracting costs put pressure on income.</li> </ul>

### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	218	226	444	236	234	470
Operating income*	8 [4.0]	10 [4.7]	19 [4.3]	10 [4.3]	7 [3.2]	17 [3.8]

Item	Actual for FY2017						Comparison with FY2017 (Upper : Difference / Lower : Difference (%))						
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast	
Revenues	194	201	395	227	231	458	23	25	49	9	2	11	
Operating income*	7 [4.0]	8 [4.2]	16 [4.1]	10 [4.7]	7 [3.0]	17 [3.8]	0	2	2	(0)	0	0	
Special factor 1	Decrease in amortization of goodwill, etc.: Quarterly: 1, Yearly: 5						Revenues	12.3	12.6	12.5	4.0	1.2	2.6
							Operating income	11.5	24.7	18.4	(4.1)	6.7	0.2

Overview of full-year forecast
<ul style="list-style-type: none"> <li>The revenue forecast is lowered and the operating income forecast is maintained from the previous forecasts based on past actual results.</li> </ul>

### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	444	423	21	Revenues	470	477	(6)	471	(1)
Operating income*	19 [4.3]	18 [4.3]	1	Operating income*	17 [3.8]	19 [4.0]	(1)	17 [3.7]	-

# 3. Segment Overview of FY2018

## F Security Transportation segment

### 1. Actual for 3Q

(100 million yen)

\* Figures in brackets indicate operating income margin (%).

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	181	180	0	0.3
Operating income*	3 [1.8]	5 [3.0]	(2)	(38.6)

Overview
<ul style="list-style-type: none"> <li>Acquisition of outsourcing from regional financial institutions increased.</li> <li>Income declined due to rising personnel expenses and fuel costs.</li> </ul>

### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	180	179	359	181	185	366
Operating income*	3 [1.8]	(0) [(0.2)]	2 [0.8]	3 [1.8]	2 [1.5]	6 [1.7]

Item	Actual for FY2017						Comparison with FY2017 (Upper : Difference / Lower : Difference (%))						
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast	
Revenues	180	179	360	180	179	359	0	(0)	(0)	0	5	6	
Operating income*	6 [3.6]	4 [2.3]	10 [3.0]	5 [3.0]	5 [2.9]	10 [3.0]	(3)	(4)	(7)	(2)	(2)	(4)	
Special factor 1	Decrease in provision for retirement benefits: Quarterly: 0, Yearly: 2						Revenues	0.1	(0.3)	(0.1)	0.3	3.1	1.7
Special factor 2	Impact from disasters: 2Q: (0), Yearly: (0)						Operating income	(50.2)	(107.6)	(72.7)	(38.6)	(47.4)	(42.9)

Overview of full-year forecast
<ul style="list-style-type: none"> <li>Trends until 3Q are expected to continue for the remainder of the fiscal year.</li> <li>The revenue forecast is maintained from the previous forecast. The amount of decrease in income is revised.</li> </ul>

### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	359	362	(2)	Revenues	366	377	(10)	366	-
Operating income*	2 [0.8]	5 [1.4]	(2)	Operating income*	6 [1.7]	10 [2.7]	(3)	8 [2.2]	(2)

# 3. Segment Overview of FY2018

## G Heavy Haulage & Construction segment

### 1. Actual for 3Q

(100 million yen)

\* Figures in brackets indicate operating income margin (%).

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	120	130	(10)	(7.7)
Operating income*	15 [13.0]	12 [9.5]	3	25.9

Overview
<ul style="list-style-type: none"> <li>• Wind power plant-related transportation and installation and others progressed as planned in Japan and overseas.</li> <li>• Additional and scheduled projects such as heavy electric-related projects in Japan progressed ahead of schedule.</li> </ul>

### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	124	124	248	120	100	221
Operating income*	10 [8.6]	10 [8.2]	20 [8.4]	15 [13.0]	5 [5.5]	21 [9.5]

Item	Actual for FY2017						Comparison with FY2017 (Upper : Difference / Lower : Difference (%))					
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	123	125	248	130	96	227	1	(1)	(0)	(10)	4	(5)
Operating income*	9 [7.9]	13 [10.9]	23 [9.4]	12 [9.5]	4 [4.9]	17 [7.6]	0	(3)	(2)	3	0	3
Revenues							0.9	(0.9)	(0.0)	(7.7)	4.2	(2.6)
Operating income							9.8	(25.6)	(10.9)	25.9	15.5	23.0

Special factor

1

Decrease in provision for retirement benefits: Quarterly: 0, Yearly: 0

Revenues  
Operating income

#### Overview of full-year forecast

- Revenue and operating income forecasts are revised from the previous forecasts.
- Changed to lower revenue and higher income forecasts from lower revenue and lower income forecasts at the beginning of the year.

### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	248	243	5	Revenues	221	215	6	212	9
Operating income*	20 [8.4]	20 [8.2]	0	Operating income*	21 [9.5]	16 [7.4]	5	16 [7.6]	5

# 3. Segment Overview of FY2018

## H Logistics Support segment

### 1. Actual for 3Q

(100 million yen)

\* Figures in brackets indicate operating income margin (%).

Item	Actual for FY2018	Comparison with FY2017		
		FY2017	Difference	Difference (%)
Revenues	1,281	1,156	124	10.8
Operating income*	33 [2.6]	28 [2.5]	4	16.3

Overview
<ul style="list-style-type: none"> <li>Revenues increased as a result of the increase in the unit selling price of oil.</li> <li>The logistics support business including export packing services maintained solid performance.</li> </ul>

### 2. Quarterly change

Item	Actual and forecast for FY2018 (announced on January 31)					
	1Q	2Q	1H total	3Q	4Q forecast	2H forecast
Revenues	1,115	1,170	2,285	1,281	1,315	2,597
Operating income*	26 [2.4]	30 [2.6]	57 [2.5]	33 [2.6]	26 [2.0]	60 [2.3]

Item	Actual for FY2017						Comparison with FY2017 (Upper : Difference / Lower : Difference (%))						
	1Q	2Q	1H total	3Q	4Q	2H total	1Q	2Q	1H total	3Q	4Q forecast	2H forecast	
Revenues	1,007	1,035	2,042	1,156	1,232	2,389	107	135	242	124	82	207	
Operating income*	24 [2.5]	28 [2.7]	53 [2.6]	28 [2.5]	35 [2.8]	63 [2.7]	2	2	4	4	(8)	(3)	
Special factor 1	Impact from disasters: 2Q: (0), Yearly: (0)						Revenues	10.7	13.1	11.9	10.8	6.7	8.7
							Operating income	8.1	8.4	8.2	16.3	(23.7)	(5.6)

Overview of full-year forecast
<ul style="list-style-type: none"> <li>While higher revenues and higher income are expected, the revenue growth forecast is attributable to the increase in the unit selling price of oil.</li> </ul>

### 3. Forecast change

Item	Comparison of 1H forecast			Item	Comparison of 2H forecasts				
	Actual	April 27 forecast	Difference		January 31 forecast	April 27 forecast	Difference	October 31 forecast	Difference
Revenues	2,285	2,224	61	Revenues	2,597	2,430	167	2,481	116
Operating income*	57 [2.5]	56 [2.5]	1	Operating income*	60 [2.3]	62 [2.6]	(1)	60 [2.4]	-

***We Find the Way***



This document is not aimed to solicit or gain investments in any of our securities that are to be issued.

The opinions and forecasts in this document are based on information available at the time of creation of this document. We do not guarantee or commit to the accuracy of this information, and it may be altered without notice.

We do not bear any responsibility for any damages caused by information contained in this document.