

# Supplementary Material for 1H of the Fiscal Year Ending March 2019

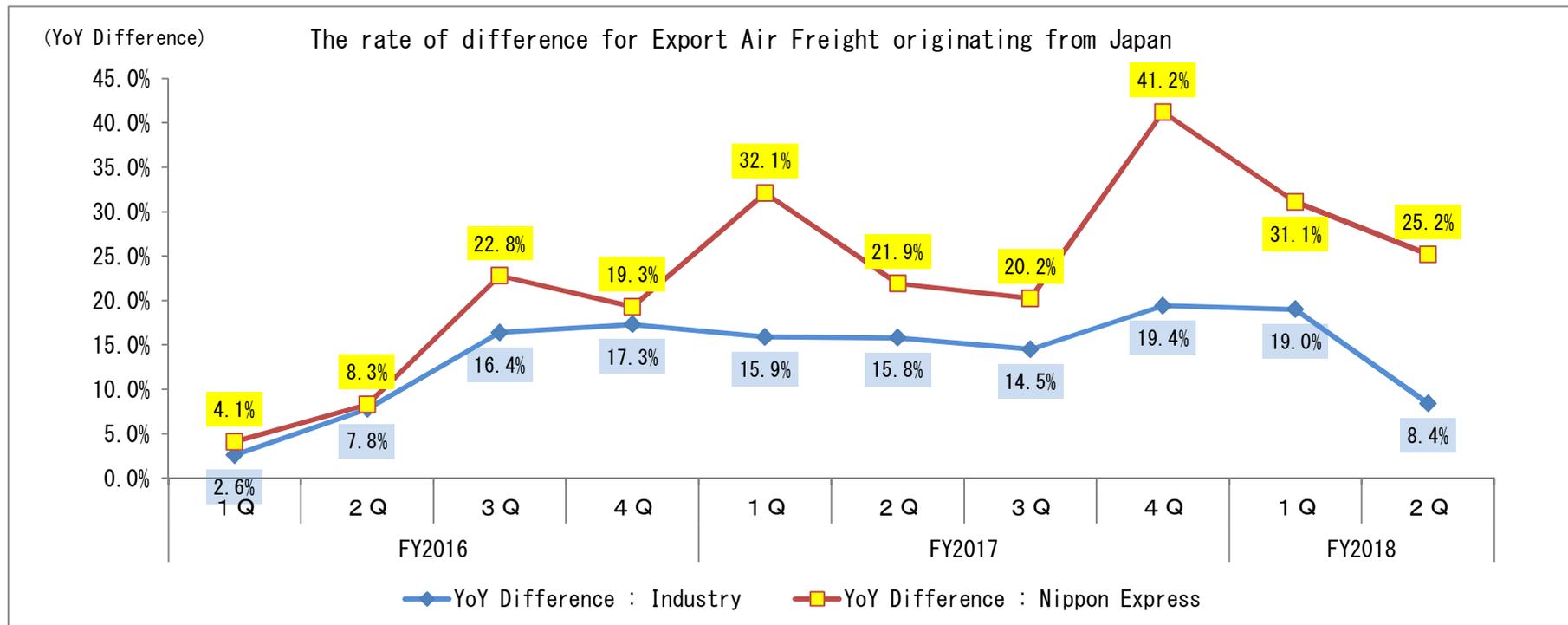
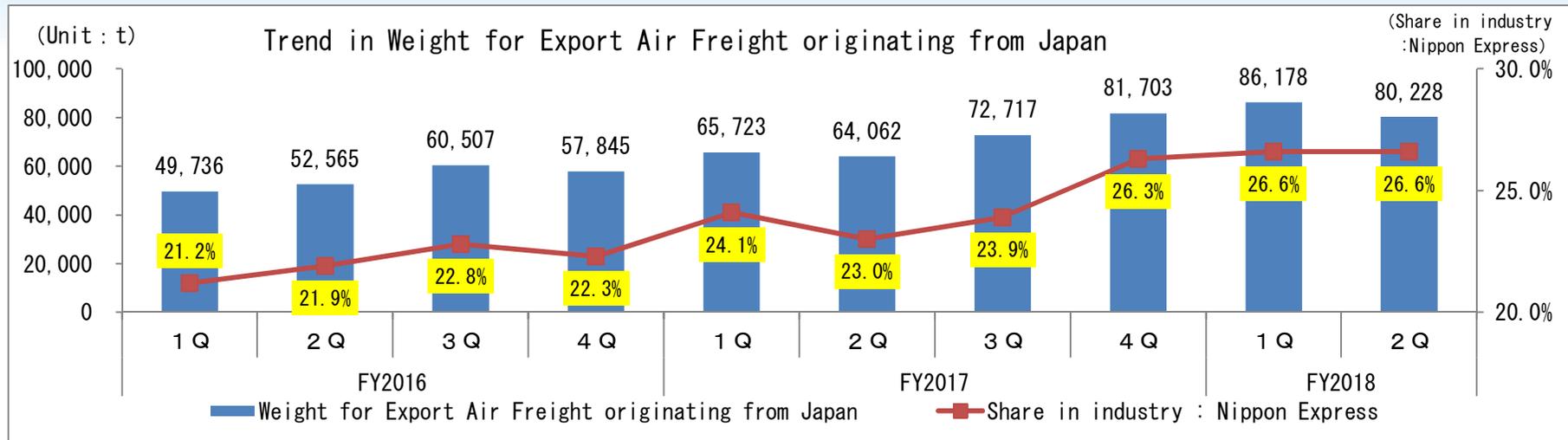
## NIPPON EXPRESS CO., LTD.

- Reference 1. Trend in Weight for Export Air Freight Originating from Japan
- Reference 2. Increase / Decrease in Operating Income by Business in Japan Segment (FY2018 1H)
- Reference 3. Trend of Revenues by Business for Overseas Regions (FY2017 – FY2018)
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October 31, 2018

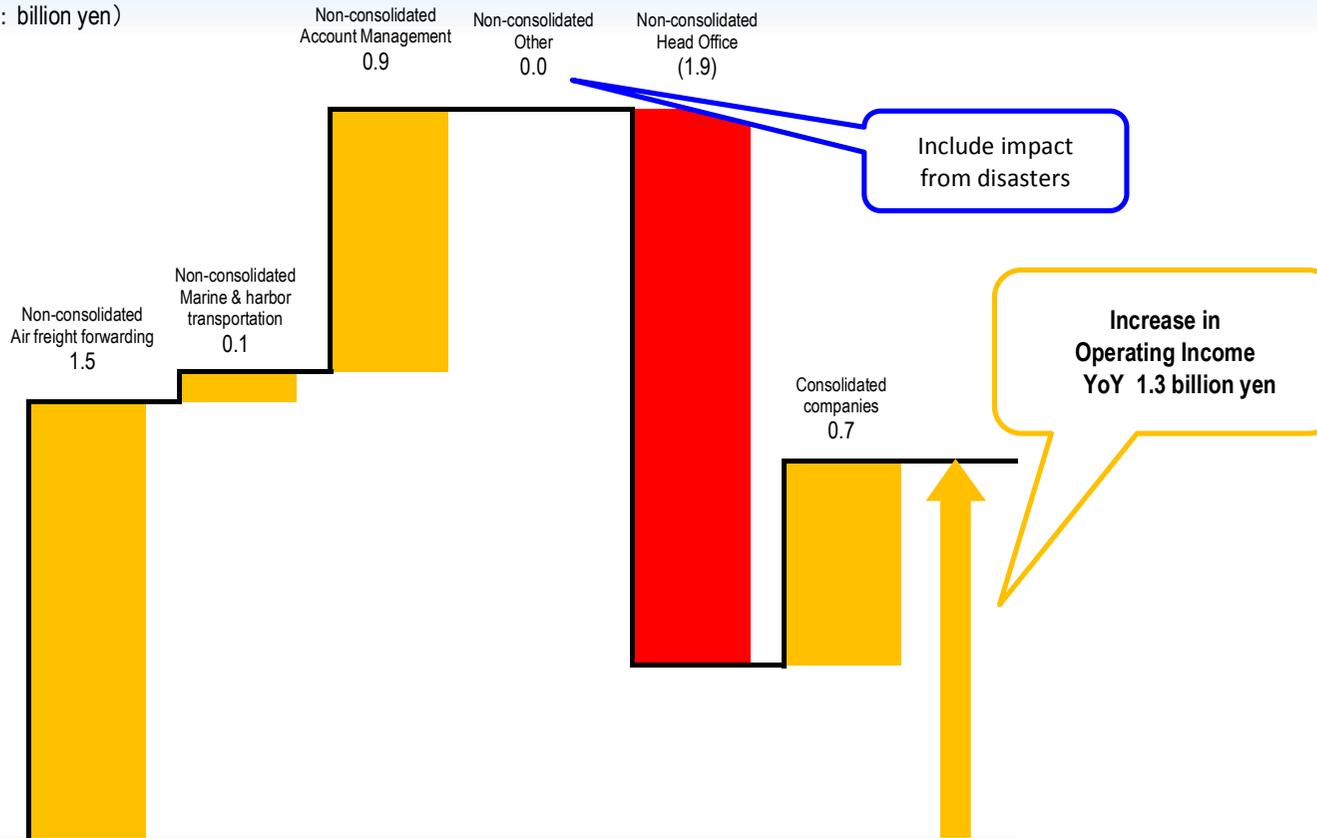
Information presented in this document shows trend for each financial item. However, because the data before conducting financial closing procedures were used for the preparation, total amount for each financial item may differ from actual financial figures. Please note that this document was prepared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

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



(Reference 2) Increase / Decrease in Operating Income by Business in Japan Segment (FY2018 1H)

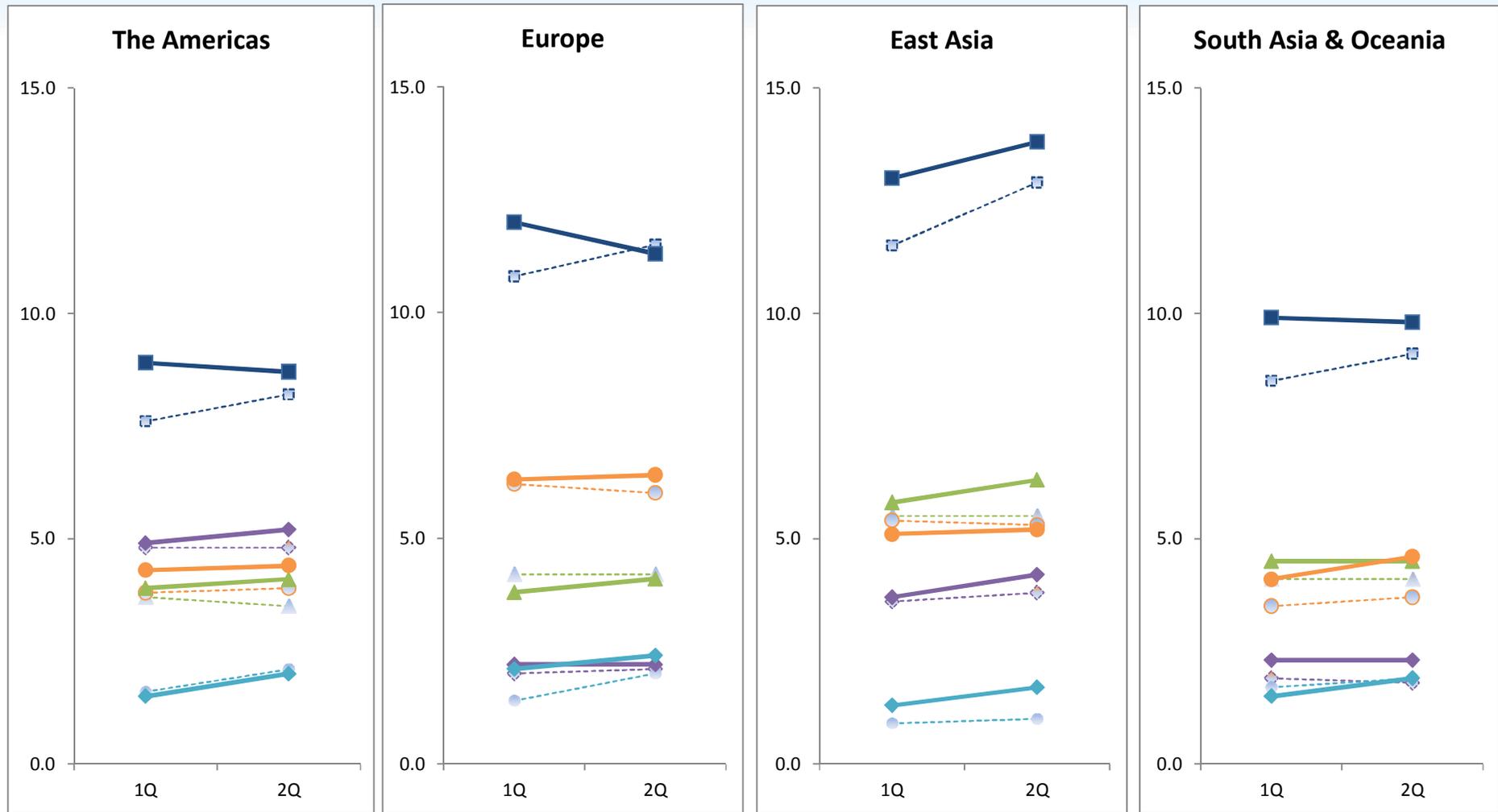
(Unit : billion yen)



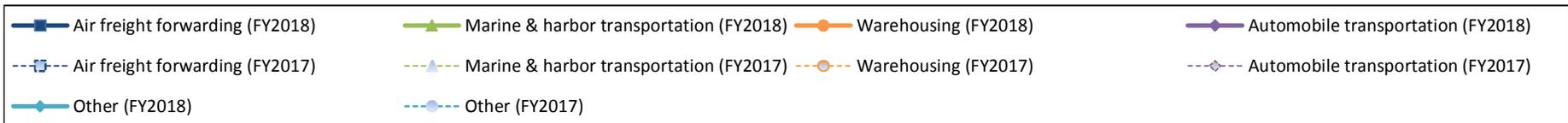
Note)

- 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 each segment through financial closing procedures.
- Increase or decrease in operating income in the presentation doesn't include a decrease in provision for retirement benefits, a decrease in amortization of goodwill etc., but it includes the impact of an increase in unit fuel price and a reversal of overpaid forwarding costs from previous years.

(Reference 3) Trend of Revenues by Business for Overseas Regions (FY2017 – FY2018)



(Unit : billion yen)



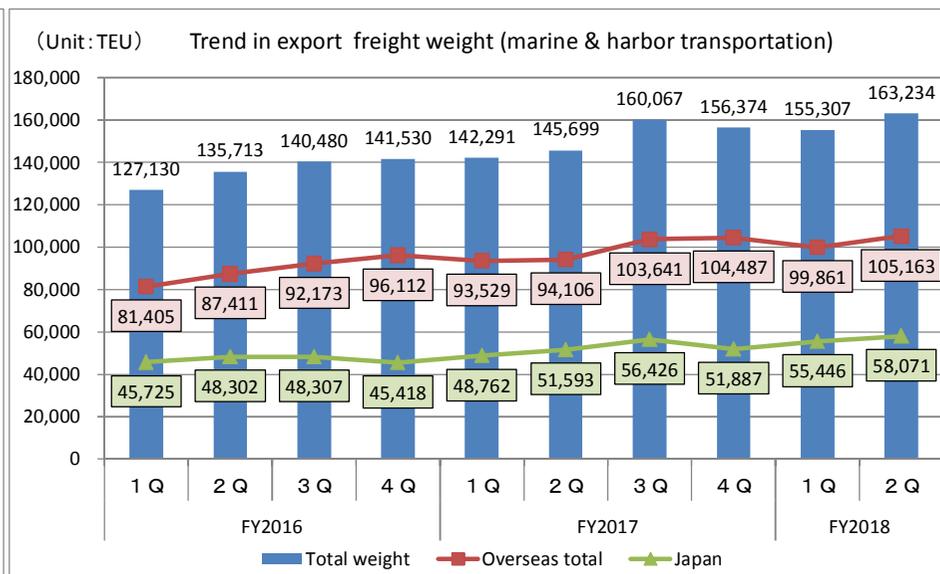
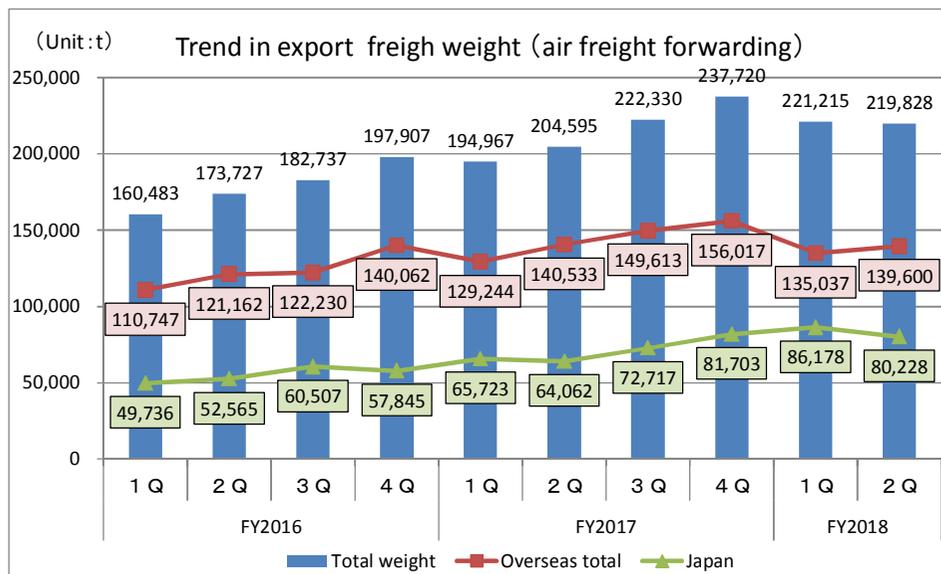
# (Reference 4) Trend in Export Freight (Air Freight Forwarding and Marine & Harbor Transportation)

Export freight weight (Air freight forwarding)

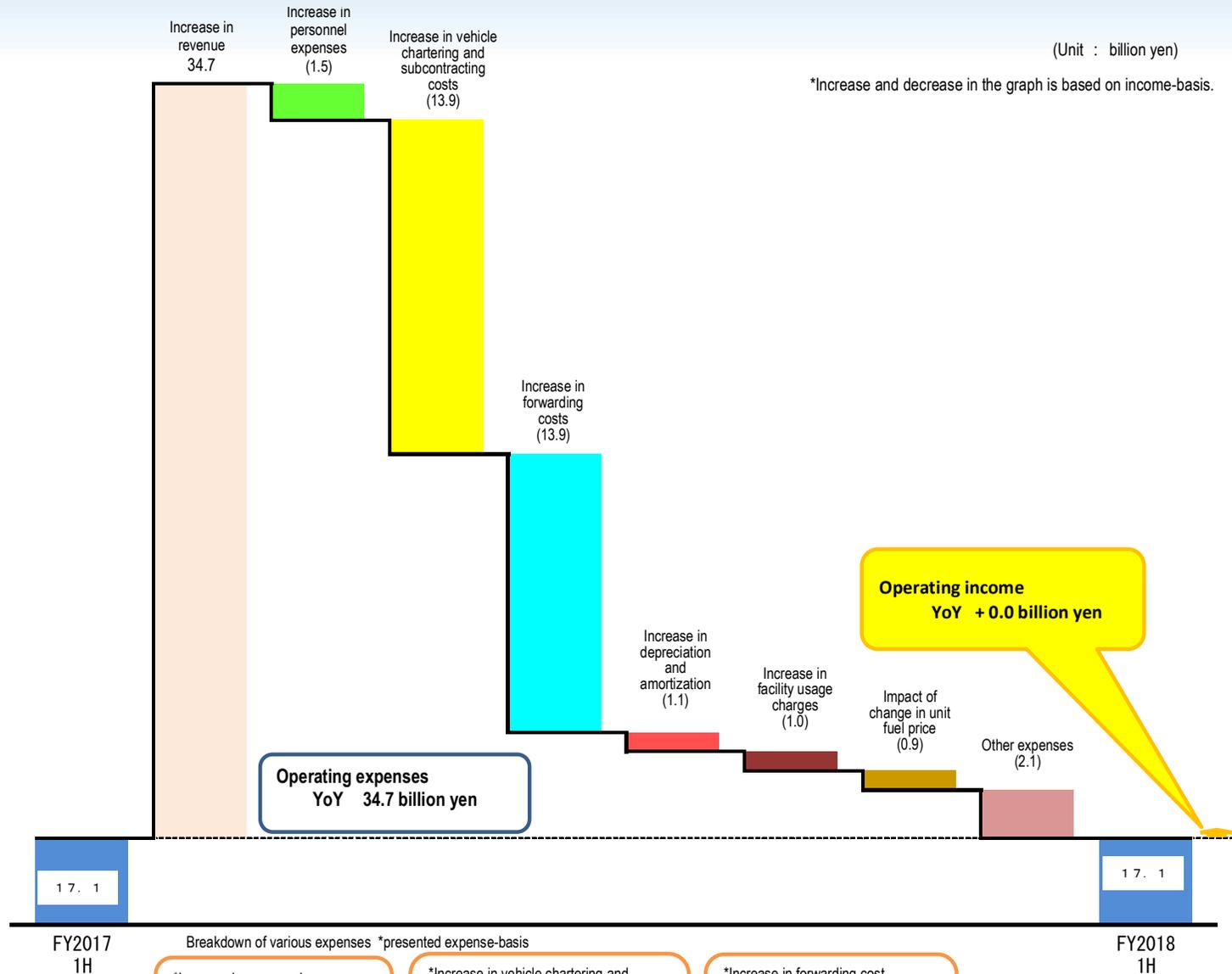
Results in weight (t)	Originating Region	FY2016					FY2017					FY2018	
		1Q	2Q	3Q	4Q	Full FY	1Q	2Q	3Q	4Q	Full FY	1Q	2Q
		Japan	49,736	52,565	60,507	57,845	220,653	65,723	64,062	72,717	81,703	284,205	86,178
The Americas	18,056	20,851	19,968	22,037	80,912	18,610	21,729	20,304	20,496	81,139	21,149	22,915	
Europe	26,094	27,001	26,043	32,345	111,483	28,592	30,992	32,292	38,935	130,811	29,479	30,638	
East Asia	35,453	40,560	40,213	45,722	161,948	40,917	45,648	46,197	48,532	181,294	40,761	42,084	
South Asia & Oceania	31,144	32,750	36,006	39,958	139,858	41,124	42,164	50,819	48,053	182,160	43,648	43,963	
Overseas total	110,747	121,162	122,230	140,062	494,201	129,244	140,533	149,613	156,017	575,404	135,037	139,600	
<b>Total weight</b>	<b>160,483</b>	<b>173,727</b>	<b>182,737</b>	<b>197,907</b>	<b>714,854</b>	<b>194,967</b>	<b>204,595</b>	<b>222,330</b>	<b>237,720</b>	<b>859,609</b>	<b>221,215</b>	<b>219,828</b>	

Export freight weight (Marine & harbor transportation)

Results in weight (TEU)	Originating Region	FY2016					FY2017					FY2018	
		1Q	2Q	3Q	4Q	Full FY	1Q	2Q	3Q	4Q	Full FY	1Q	2Q
		Japan	45,725	48,302	48,307	45,418	187,752	48,762	51,593	56,426	51,887	208,668	55,446
The Americas	7,767	8,445	8,378	8,669	33,259	8,581	8,333	8,285	9,615	34,814	8,957	9,761	
Europe	11,507	11,004	10,150	10,168	42,829	12,320	10,441	11,330	12,063	46,154	10,862	11,292	
East Asia	41,918	45,437	48,918	51,435	187,708	47,411	49,142	53,948	52,030	202,531	50,551	54,801	
South Asia & Oceania	20,213	22,524	24,727	25,840	93,304	25,218	26,189	30,079	30,779	112,265	29,491	29,309	
Overseas total	81,405	87,411	92,173	96,112	357,100	93,529	94,106	103,641	104,487	395,764	99,861	105,163	
<b>Total weight</b>	<b>127,130</b>	<b>135,713</b>	<b>140,480</b>	<b>141,530</b>	<b>544,852</b>	<b>142,291</b>	<b>145,699</b>	<b>160,067</b>	<b>156,374</b>	<b>604,432</b>	<b>155,307</b>	<b>163,234</b>	



(Reference 5) Increase / Decrease in Expenses on Non-consolidated Basis (FY2018 1H)



\*Increase in personnel expenses

Drivers / workers	0.0
Office personnel	1.5

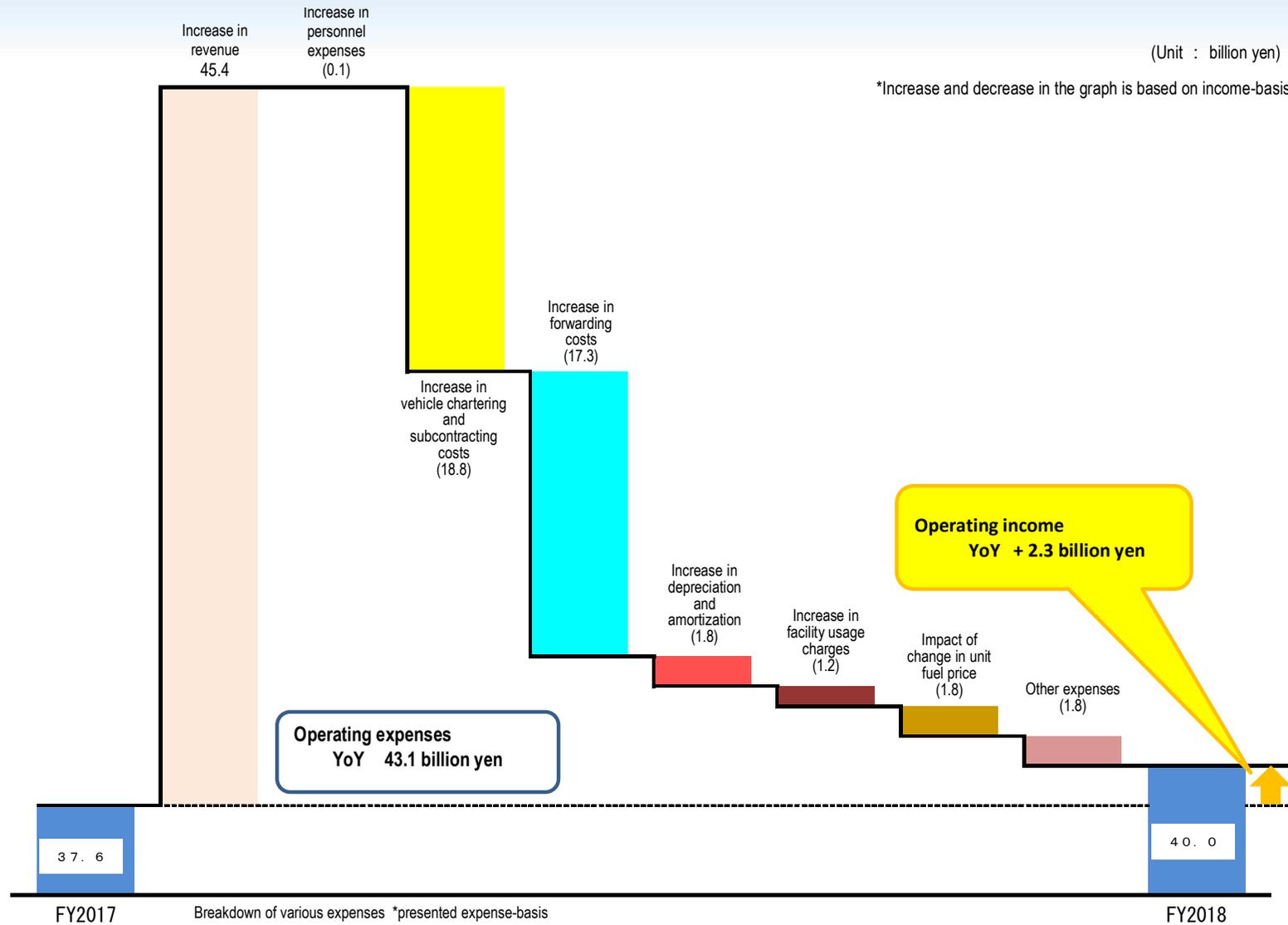
\*Increase in vehicle chartering and subcontracting costs

Vehicle chartering cost	5.9
Subcontracting cost	6.9
Personnel dispatching cost	0.9

\*Increase in forwarding cost

Railway forwarding costs	(3.8)
Marine forwarding costs	2.1
Air forwarding costs	15.6

(Reference 6) Increase / Decrease in Expenses on Non-consolidated Basis (FY2018 forecast)



\*Increase in personnel expenses

Drivers / workers	(0.4)
Office personnel	0.5

\*Increase in vehicle chartering and subcontracting costs

Vehicle chartering cost	8.7
Subcontracting cost	9.0
Personnel dispatching cost	0.9

\*Increase in forwarding cost

Railway forwarding costs	(5.3)
Marine forwarding costs	3.4
Air forwarding costs	19.1

(Reference 7) Details of Revenues (Non-consolidated)

1) Railway container

(Number of containers)

Item	FY2018 1H	FY2017 1H	Difference	Difference (%)
Number of containers	789,379	953,226	(163,847)	(17.2)
Unit price (Yen per container)	43,924	42,292	1,632	3.9

2) Marine & harbor and air transportation for export originating from Japan: breakdown by destination

(million yen)

Item	Marine & harbor transportation				Air transportation			
	FY2018 1H	FY2017 1H	Difference	Difference (%)	FY2018 1H	FY2017 1H	Difference	Difference (%)
North America	8,436	7,942	493	6.2	16,344	12,059	4,284	35.5
Europe	4,543	4,000	542	13.6	16,237	8,133	8,104	99.6
Asia / Oceania	18,244	15,965	2,279	14.3	26,099	20,775	5,324	25.6
Other	2,159	2,151	8	0.4	4,060	2,836	1,223	43.2
Total	33,385	30,061	3,324	11.1	62,741	43,804	18,936	43.2

3) Breakdown for Heavy haulage & construction

(million yen)

Item	FY2018 1H	FY2017 1H	Difference	Difference (%)
Work in Japan	30,758	28,935	1,823	6.3
Work overseas	2,391	2,218	172	7.8

4) Various related revenues

(million yen)

Item	FY2018 1H	FY2017 1H	Difference	Difference (%)
Revenue related to security transportation	35,865	35,937	(71)	(0.2)
Revenue related to warehousing	59,382	58,188	1,194	2.1

\*Revenue related to security transportation is recorded respectively in "Chartered truck services" and "Incidental operations and others."

## (Reference 8) Details of Operating Expenses (Non-consolidated)

### 1) Employment Costs

(million yen)

Item		FY2018 1H	FY2017 1H	Difference	Difference(%)
Drivers / Workers	Nationwide employees	2,848	3,149	(301)	(9.6)
	Other employees	56,828	56,479	348	0.6
	Subtotal	59,676	59,628	47	0.1
Office personnel	Nationwide employees	55,363	54,589	773	1.4
	Other employees	13,250	12,515	735	5.9
	Subtotal	68,613	67,105	1,508	2.2
Total		128,289	126,733	1,555	1.2

### (Reference) Changes in number of employees at the end of the period

(Persons)

Item		September 30, 2018	September 30, 2017	Difference	Difference(%)
Drivers / Workers	Nationwide employees	566	631	(65)	(10.3)
	Other employees	16,504	16,495	9	0.1
	Subtotal	17,070	17,126	(56)	(0.3)
Office personnel	Nationwide employees	10,932	10,983	(51)	(0.5)
	Other employees	4,614	4,446	168	3.8
	Subtotal	15,546	15,429	117	0.8
Total		32,616	32,555	61	0.2

### 2) Various forwarding costs (compared to revenues)

(million yen)

Item	FY2018			FY2017			Comparison with FY2017 [upper:Difference lower:Difference (%)]		
	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H
Railway forwarding costs	10,646	7,014	17,661	10,569	10,912	21,481	77 0.7	(3,897) (35.7)	(3,820) (17.8)
(Reference) Railway utilization transportation revenue	20,632	15,178	35,811	20,683	20,920	41,603	(50) (0.2)	(5,741) (27.4)	(5,792) (13.9)
Marine forwarding costs	7,887	8,095	15,983	6,729	7,124	13,853	1,158 17.2	971 13.6	2,129 15.4
(Reference) Marine transportation revenue	20,059	19,813	39,873	18,220	18,122	36,342	1,839 10.1	1,690 9.3	3,530 9.7
Air forwarding costs	19,639	18,566	38,206	11,473	11,105	22,579	8,165 71.2	7,461 67.2	15,626 69.2
(Reference) Air transportation revenue	48,446	47,946	96,392	38,176	37,930	76,106	10,269 26.9	10,016 26.4	20,285 26.7

## (Reference 8) Details of Operating Expenses (Non-consolidated)

## 3) Breakdown of vehicle chartering and subcontracting costs

(million yen)

Item	FY2018			FY2017			Comparison with FY2017 [upper:Difference lower:Difference (%)]		
	1Q	2Q	1H	1Q	2Q	1H	1Q	2Q	1H
Vehicle chartering costs	49,466	52,630	102,097	47,243	48,910	96,154	2,222 4.7	3,720 7.6	5,942 6.2
Subcontracting costs	64,420	64,203	128,624	60,605	61,038	121,643	3,815 6.3	3,165 5.2	6,980 5.7
Worker dispatching costs	2,679	2,838	5,517	2,302	2,224	4,527	376 16.4	613 27.6	990 21.9

## 4) Depreciation and amortization

(million yen)

Item	FY2018 1H	FY2017 1H	Difference	Difference (%)
Vehicles	1,776	1,247	529	42.4
Buildings/structures	6,819	6,682	136	2.0
Software	1,877	1,696	181	10.7
Other	3,004	2,740	263	9.6

## (Reference) Capital expenditures

(million yen)

Item	FY2018 1H	FY2017 1H	Difference	Difference (%)
Vehicles	4,030	3,532	498	14.1
Buildings	7,038	4,299	2,739	63.7
Land	460	1,238	(777)	(62.8)
Software	3,719	2,027	1,691	83.4
Other	2,200	3,777	(1,577)	(41.8)

(Reference 8) Details of Operating Expenses (Non-consolidated)

5) Breakdown of facility usage charges

(million yen)

Item	FY2018 1H	FY2017 1H	Difference	Difference (%)
Vehicles	2,044	2,094	(49)	(2.4)
Buildings/land	26,289	25,972	316	1.2
Other work-related	6,596	5,902	694	11.8
Other operation-related	1,988	1,871	116	6.2

6) Breakdown of other expenses

(million yen)

Item	FY2018 1H	FY2017 1H	Difference	Difference (%)
Other work expenses	33,380	31,837	1,542	4.8
[Fuel cost]	[ 5,057 ]	[ 4,277 ]	[ 780 ]	[ 18.2 ]
Other operating expenses	24,053	22,600	1,452	6.4
[Fuel cost]	[ 195 ]	[ 206 ]	[ (10) ]	[ (5.1) ]
Taxes	5,837	5,655	181	3.2
Bad debts written off	0	67	(67)	(100.0)

(Reference 9) Other Reference Materials

1) Breakdown of fuel costs

(million yen, kilo liter, yen/kiloliter)

(Impact on unit price)

Item		FY2018 1H	FY2017 1H	Difference	Difference (%)		
Non-consolidated	Light oil	Amount	3,563	2,982	581	19.5	634
		Usage	33,796	34,408	(611)	(1.8)	
		Unit price	105.44	86.68	18.76	21.6	
	Gasoline	Amount	321	316	4	1.6	40
		Usage	2,334	2,633	(299)	(11.4)	
		Unit price	137.82	120.28	17.54	14.6	
	Heavy oil for vessels	Amount	1,204	1,027	176	17.1	314
		Usage	22,146	25,586	(3,440)	(13.4)	
		Unit price	54.37	40.17	14.20	35.3	
	Other	Amount	164	156	7	4.7	Total 989
	Item		FY2018 1H	FY2017 1H	Difference	Difference (%)	
	Consolidated	Light oil	Amount	7,328	6,013	1,224	20.4
Usage			69,127	69,829	(702)	(1.0)	
Unit price			104.71	86.12	18.59	21.6	
Gasoline		Amount	516	497	19	3.8	65
		Usage	3,754	4,136	(382)	(9.2)	
		Unit price	137.50	120.18	17.32	14.4	
Heavy oil for vessels		Amount	1,925	1,591	333	20.9	489
		Usage	34,823	38,597	(3,774)	(9.8)	
		Unit price	55.28	41.24	14.04	34.0	
Other		Amount	361	366	(5)	(1.4)	
Total		10,040	8,469	1,571	18.6	Total 1,839	

(Reference 9) Other Reference Materials

2) Balance of interest-bearing liabilities

Non-consolidated

(million yen)

Consolidated

(million yen)

Item	September 30, 2018	March 31, 2018	September 30, 2017	Item	September 30, 2018	March 31, 2018	September 30, 2017
Bonds payable	125,000	125,000	145,000	Bonds payable	125,000	125,000	145,000
Loans payable	177,708	177,858	159,670	Loans payable	273,404	272,226	255,548
Employees' housing savings deposits	28,730	28,461	28,672	Deposits from employees	29,006	28,726	28,938
Lease obligations	7,563	7,937	8,578	Lease obligations	4,127	4,231	4,253
Total	339,002	339,256	341,921	Total	431,537	430,185	433,740

3) Changes in number of employees at the end of the period

(Person)

Item	September 30, 2018	March 31, 2018	September 30, 2017	Difference (Compared to September 30, 2017)		
				Difference	Difference (%)	
Logistics	Japan	40,967	40,128	40,883	84	0.2
	The Americas	2,868	2,849	2,802	66	2.4
	Europe	3,232	2,966	2,773	459	16.6
	East Asia	4,960	4,937	4,827	133	2.8
	South Asia / Oceania	7,712	7,401	7,145	567	7.9
Security Transportation	6,577	6,516	6,690	(113)	(1.7)	
Heavy Haulage & Construction	874	825	831	43	5.2	
Logistics Support	3,990	3,925	3,996	(6)	(0.2)	
Adjustment	140	125	101	39	38.6	
Total	71,320	69,672	70,048	1,272	1.8	

\* 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, and figures for the previous year are reclassified to reflect the segment change for the purpose of comparability.

***We Find the Way***



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