

Summary of Consolidated Earnings Report for the Third Quarter of FY2018 (Japanese GAAP)

Name of listed company: **Nippon Express Co., Ltd.**

Listed stock exchanges: Tokyo

Code: **9062**(URL: <http://www.nipponexpress.com> (English))(URL: <https://www.nitsso.co.jp> (Japanese))

Representative: President and CEO Mitsuru Saito

Scheduled date for release of Quarterly Financial Report: February 14, 2019

Scheduled date of dividend payment: -

Availability of supplementary briefing material on quarterly financial results: Available

(Millions of yen, rounded down)

1. Consolidated Financial Results for the Nine Months Ended December 31, 2018 (from April 1, 2018 to December 31, 2018)

(1) Consolidated Business Results (%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent	
	¥ million	%	¥ million	%	¥ million	%	¥ million	%
Nine Months Ended Dec. 31, 2018	1,600,724	8.8	59,446	16.3	65,143	19.1	40,505	19.1
Nine Months Ended Dec. 31, 2017	1,470,797	6.5	51,110	28.3	54,687	21.3	34,009	18.3

(Note) Comprehensive income:

Nine Months Ended Dec. 31, 2018: ¥32,044 million [(37.3)%] Nine Months Ended Dec. 31, 2017: ¥51,085 million [103.9 %]

	Basic earnings per share	Diluted earnings per share
Nine Months Ended Dec. 31, 2018	¥ 421.91	—
Nine Months Ended Dec. 31, 2017	354.21	—

* The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, basic earnings per share were calculated assuming that the said share consolidation was implemented at the beginning of the previous consolidated fiscal year.

(2) Consolidated Financial Position

	Total assets	Net assets	Equity ratio
	¥ million	¥ million	%
As of Dec. 31, 2018	1,571,638	563,058	34.8
As of Mar. 31, 2018	1,517,060	547,494	34.9

(Reference) Equity: As of Dec. 31, 2018: ¥546,398 million As of Mar. 31, 2018: ¥529,875 million

* The Company adopted "Partial Amendments to Accounting Standard for Tax Effect Accounting" (Accounting Standards Board of Japan (ASBJ) Statement No. 28, February 16, 2018) and other standards from the beginning of the first quarter ended June 30, 2018. These accounting standards have been applied retrospectively to total assets and the equity ratio as of March 31, 2018.

2. Dividends Information

	Annual dividend per share				
	First Quarter	Second Quarter	Third Quarter	Year End	Yearly
	¥	¥	¥	¥	¥
Fiscal Year Ended Mar. 31, 2018	—	6.00	—	60.00	—
Fiscal Year Ending Mar. 31, 2019	—	70.00	—		
Fiscal Year Ending Mar. 31, 2019 (Forecast)				75.00	145.00

(Note) Revision of dividend projection from recently announced figures: No

* The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, the year-end dividend for the fiscal year ended Mar. 31, 2018 represents the amount reflecting the impact of this share consolidation, and the yearly dividend has been left blank ("—"). If converted on a post-consolidation basis, the total annual dividend per share for the fiscal year ended Mar. 31, 2018 amounts to ¥120.00 per share.

3. Forecast of Consolidated Financial Results for FY2018 (from April 1, 2018 to March 31, 2019)

(%: compared with the previous period)

	Revenues		Operating income		Ordinary income		Profit attributable to owners of parent		Basic earnings per share
	¥ million	%	¥ million	%	¥ million	%	¥ million	%	¥
Full year	2,150,000	7.8	77,000	9.6	81,000	8.9	45,000	588.7	468.74

(Note) Revision of consolidated results forecast from recently announced figures: Yes

*Notes

(1) Significant changes of subsidiaries during the period under review (affecting specific subsidiaries due to changes in scope of consolidation): No

(2) Adoption of special accounting treatment for preparing Quarterly Consolidated Financial Statements: Yes

(3) Changes in accounting policies, changes in accounting estimates and corrections of errors

1) Changes in accounting policies due to the revision of accounting standards, etc.: No

2) Any changes in accounting policies other than 1) above: No

3) Changes in accounting estimates: No

4) Corrections of errors: No

(4) Total number of issued shares (common stock)

1) Total number of issued shares at end of period (including treasury stock)	As of Dec. 31, 2018	99,800,000 shares	As of Mar. 31, 2018	99,800,000 shares
2) Total number of treasury stocks at end of period	As of Dec. 31, 2018	3,798,751 shares	As of Mar. 31, 2018	3,792,200 shares
3) Average number of shares during period	Nine months ended Dec. 31, 2018	96,006,897 shares	Nine months ended Dec. 31, 2017	96,013,331 shares

(Notes) 1. The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. Accordingly, "Average number of shares during period" was calculated assuming that the said share consolidation was implemented at the beginning of the previous consolidated fiscal year.

2. The Company has introduced the Executive Compensation BIP (Board Incentive Plan) Trust, and the Company's shares owned by the Trust recorded were included in the treasury stock at the end of the period under review.

Number of shares owned by the Executive Compensation BIP Trust:

As of Dec. 31, 2018: 67,130 shares As of Mar. 31, 2018: 73,253 shares

(These figures are included in "Total number of treasury stocks at end of period" above.)

*This Consolidated Earnings Report is outside the scope of quarterly review by a certified public accountant or accounting auditor.

*Explanation for the appropriate use of financial forecasts and other special notes

The consolidated financial results forecast released on October 31, 2018 has been revised in this report.

The forward-looking statements and other results forecasts stated herein are based on the information available at the time this report was prepared and on certain assumptions considered to be reasonable. Accordingly, actual business performance may differ significantly from forecasts due to a number of factors. Please refer to "1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information" on page 4 for the use of preconditions of the financial forecasts and the use of the forecasts.

Disclaimer:

This English translation has been prepared for general reference purposes only.

The Company shall not be responsible for any consequence resulting from the use of the English translation in place of the original Japanese text.

In any legal matter, readers should refer to and rely upon the original Japanese text released January 31, 2019.

1. Qualitative Information on Quarterly Financial Results

(1) Explanation of Business Results

During the nine months ended December 31, 2018, the Japanese economy was on a gradual recovery trend owing to the pickup in capital investments and personal consumption, as well as in exports and production activities, amid concerns over the impact of trade friction issues between the U.S. and China on the global economy and other factors.

Under these economic conditions, in the field of logistics, transportation of production-related cargo centered on consumption-related goods and general machinery was solid in domestic freight, and despite a slowdown in its rising momentum, international freight was generally solid due to factors such as steady airfreight related to automobile-related items and electronic equipment, etc. mainly to Asia.

In this management environment, during the nine months ended December 31, 2018, the Nippon Express Group recorded a year-on-year increase in revenues across the segments of Japan, The Americas, Europe, East Asia, South Asia & Oceania, Security Transportation and Logistics Support, due to factors such as solid export airfreight transactions and a rise in the unit selling price of oil. Segment income increased for the segments of Japan, East Asia, South Asia & Oceania, Heavy Haulage & Construction, and Logistics Support, although segment income decreased for the segments of The Americas, Europe, and Security Transportation.

As a result, revenues increased by ¥129.9 billion, or 8.8% year on year, to ¥1,600.7 billion, operating income increased by ¥8.3 billion, or 16.3% year on year, to ¥59.4 billion, ordinary income increased by ¥10.4 billion, or 19.1% year on year, to ¥65.1 billion, and profit attributable to owners of parent increased by ¥6.4 billion, or 19.1% year on year, to ¥40.5 billion.

In accordance with the organizational reform relating to the Security Transportation business made on April 1, 2018, part of the “Japan (Logistics)” segment was changed to the “Security Transportation” segment effective from the first quarter ended June 30, 2018.

Details are described in “2. Consolidated Financial Statements and Significant Notes (3) Notes to Consolidated Financial Statements (Segment Information, etc.).”

(2) Explanation of Financial Position

The Company adopted “Partial Amendments to Accounting Standard for Tax Effect Accounting” (ASBJ Statement No. 28, February 16, 2018) and other standards from the beginning of the first quarter ended June 30, 2018. These accounting standards have been applied retrospectively for comparison and analysis with financial position in the previous fiscal year.

Total assets as at the end of the third quarter ended December 31, 2018 amounted to ¥1,571.6 billion, an increase of ¥54.5 billion or 3.6% from the end of the previous fiscal year.

Current assets amounted to ¥761.5 billion, an increase of ¥42.5 billion or 5.9% from the end of the previous fiscal year, while non-current assets totaled ¥810.0 billion, an increase of ¥12.0 billion or 1.5% from the end of the previous fiscal year.

The increase in current assets was mainly attributable to the increase in accounts receivable—trade.

The increase in non-current assets was mainly attributable to the increase in goodwill.

Current liabilities amounted to ¥491.8 billion, an increase of ¥46.6 billion or 10.5% from the end of the previous fiscal year, while non-current liabilities amounted to ¥516.7 billion, a decrease of ¥7.6 billion or 1.5% from the end of the previous fiscal year.

The increase in current liabilities was mainly attributable to the increase in deposits.

The decrease in non-current liabilities was mainly attributable to the decrease in bonds payable due to transfer to short-term bonds.

Net assets amounted to ¥563.0 billion at the end of the third quarter ended December 31, 2018, an increase of ¥15.5 billion or 2.8% from the end of the previous fiscal year.

The increase in net assets was mainly attributable to the increase in retained earnings.

(3) Explanation of Consolidated Financial Results Forecasts and Other Forward-looking Information

The consolidated financial results forecasts for FY2018 and the non-consolidated financial results forecasts for FY2018 announced on October 31, 2018 have been revised as follows in light of recent performance trends.

For matters related to the consolidated financial results forecasts, please refer to “3. Reference Materials (1) Consolidated Reference Materials, Forecast of Financial Results for FY2018 (Full Year).” For matters related to the non-consolidated financial results forecasts, please refer to “3. Reference Materials (2) Non-consolidated Reference Materials, Forecast of Financial Results for FY2018 (Full Year).”

1) Revisions to Financial Results Forecast

A Revisions to Forecast of Consolidated Financial Results for FY2018 (Full year)

(From April 1, 2018 to March 31, 2019)

	Revenues	Operating income	Ordinary income	Profit attributable to owners of parent	Basic earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on October 31, 2018)	2,110,000	77,000	81,000	45,000	468.74
Current revised forecast (B)	2,150,000	77,000	81,000	45,000	468.74
Amount of increase/decrease (B) – (A)	40,000	—	—	—	
Percentage of increase/decrease (%)	1.9	—	—	—	
(Reference) Actual results for the previous fiscal year (the fiscal year ended March 31, 2018)	1,995,317	70,269	74,395	6,534	68.06

B Revisions to Forecast of Non-consolidated Financial Results for FY2018 (Full year)
(From April 1, 2018 to March 31, 2019)

	Revenues	Operating income	Ordinary income	Profit	Basic earnings per share
	¥ million	¥ million	¥ million	¥ million	¥
Previously announced forecast (A) (Announced on October 31, 2018)	1,140,000	40,000	50,000	33,000	343.74
Current revised forecast (B)	1,160,000	40,000	50,000	33,000	343.75
Amount of increase/decrease (B) – (A)	20,000	—	—	—	
Percentage of increase/decrease (%)	1.8	—	—	—	
(Reference) Actual results for the previous fiscal year (the fiscal year ended March 31, 2018)	1,094,549	37,672	46,795	1,988	20.72

2) Reasons for Revision of Financial Results Forecasts

Financial results forecast figures have been revised because consolidated and non-consolidated revenues for FY2018 (full year) are expected to exceed the previously announced forecasts due to steady cargo movements in domestic freight despite the effects of natural disasters, in addition to continued steady transportation demand for international freight centered on air freight forwarding, although there are concerns over deceleration of the global economy in the future.

Furthermore, forecasts for consolidated and non-consolidated operating income and ordinary income, in addition to consolidated profit attributable to owners of parent and non-consolidated profit have been left unchanged, taking into consideration trends in procurement prices associated with forwarding costs, vehicle chartering and subcontracting costs, and growing uncertainties concerning overseas conditions.

*Note Regarding Financial Results Forecasts

The results forecasts and other forward-looking statements stated herein were prepared according to judgments made by the Company based on information currently available, and contain elements of risk and uncertainty. Actual business performance may differ from forecasts.

2. Consolidated Financial Statements and Significant Notes

(1) Consolidated Balance Sheets

(Unit: Millions of yen)

	FY2017 (as of March 31, 2018)	Third Quarter of FY2018 (as of December 31, 2018)
ASSETS		
Current assets:		
Cash and cash in banks	198,044	208,982
Notes receivable—trade	26,648	31,205
Accounts receivable—trade	322,390	336,058
Inventories	6,979	7,587
Other	166,121	178,738
Less: allowance for doubtful accounts	(1,183)	(1,028)
Total current assets	719,001	761,543
Non-current assets:		
Property and equipment		
Vehicles, net	35,217	40,554
Buildings, net	258,479	257,690
Land	192,541	193,461
Other, net	74,002	80,374
Net property and equipment	560,240	572,080
Intangible assets		
Goodwill	4,180	17,586
Other	62,410	61,220
Total intangible assets	66,591	78,806
Investments and other assets		
Investment securities	109,835	95,990
Other	62,421	64,195
Less: allowance for doubtful accounts	(1,030)	(978)
Total investments and other assets	171,227	159,207
Total non-current assets	798,059	810,094
Total assets	1,517,060	1,571,638
LIABILITIES		
Current liabilities:		
Notes payable—trade	9,868	9,253
Accounts payable—trade	163,743	168,146
Short-term loans payable	45,213	51,859
Income taxes payable	18,666	9,373
Provision for bonuses	22,531	10,475
Other provisions	147	30
Other	185,026	242,737
Total current liabilities	445,197	491,876
Non-current liabilities:		
Bonds payable	125,000	110,000
Long-term loans payable	227,013	230,375
Other provisions	1,283	1,420
Net retirement benefit liability	140,039	143,210
Other	31,031	31,697
Total non-current liabilities	524,368	516,703
Total liabilities	969,565	1,008,580

(Unit: Millions of yen)

	FY2017 (as of March 31, 2018)	Third Quarter of FY2018 (as of December 31, 2018)
NET ASSETS		
Shareholders' equity:		
Common stock	70,175	70,175
Additional paid-in capital	24,707	22,816
Retained earnings	444,717	472,733
Less: treasury stock	(20,191)	(20,239)
Total shareholders' equity	519,407	545,486
Accumulated other comprehensive income:		
Valuation differences on available-for-sale securities	47,068	37,578
Deferred gains (losses) on hedges	(27)	(160)
Foreign currency translation adjustments	3,941	973
Remeasurements of retirement benefit plans	(40,515)	(37,479)
Total accumulated other comprehensive income	10,467	912
Non-controlling interests	17,618	16,660
Total net assets	547,494	563,058
Total liabilities and net assets	1,517,060	1,571,638

(2) Consolidated Statements of Income and Comprehensive Income

Consolidated Statements of Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2017 (from April 1, 2017 to December 31, 2017)	Nine months ended Dec. 31, 2018 (from April 1, 2018 to December 31, 2018)
Revenues	1,470,797	1,600,724
Operating costs	1,338,898	1,460,523
Gross profit	131,898	140,200
Selling, general and administrative expenses:	80,788	80,753
Operating income	51,110	59,446
Non-operating income:		
Interest income	435	548
Dividend income	3,073	2,763
Equity in earnings of unconsolidated subsidiaries and affiliates	511	731
Other	3,269	5,546
Total non-operating income	7,289	9,590
Non-operating expenses:		
Interest expenses	2,473	2,176
Other	1,239	1,717
Total non-operating expenses	3,712	3,893
Ordinary income	54,687	65,143
Extraordinary income:		
Gain on sales of non-current assets	2,385	2,895
Gain on sales of investment securities	87	173
Other	73	35
Total extraordinary income	2,546	3,104
Extraordinary loss:		
Loss on disposal of non-current assets	3,685	2,734
Other	275	963
Total extraordinary loss	3,960	3,698
Profit before income taxes	53,273	64,549
Income taxes	18,348	22,856
Profit	34,924	41,693
Profit attributable to non-controlling interests	915	1,187
Profit attributable to owners of parent	34,009	40,505

Consolidated Statements of Comprehensive Income

(Unit: Millions of yen)

	Nine months ended Dec. 31, 2017 (from April 1, 2017 to December 31, 2017)	Nine months ended Dec. 31, 2018 (from April 1, 2018 to December 31, 2018)
Profit	34,924	41,693
Other comprehensive income:		
Valuation differences on available-for-sale securities	11,162	(9,493)
Deferred gains (losses) on hedges	(24)	(132)
Foreign currency translation adjustments	1,258	(3,008)
Remeasurements of retirement benefit plans	3,736	3,058
Share of other comprehensive income (loss) of affiliates accounted for using the equity method	27	(72)
Other comprehensive income (loss)	16,160	(9,648)
Comprehensive income	51,085	32,044
(Comprehensive income attributable to)		
Owners of parent	50,165	30,950
Non-controlling interests	919	1,094

(3) Notes to Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

Not applicable.

(Notes in Cases Where There are Significant Changes in Amount of Shareholders' Equity)

Not applicable.

(Adoption of Special Accounting Treatment for Preparing Quarterly Consolidated Financial Statements)

(Calculation of Tax Expenses)

Tax expenses are calculated by reasonably estimating the effective tax rate following application of tax effect accounting to profit before income taxes for the consolidated fiscal year, which includes the third quarter ended December 31, 2018, and multiplying profit before income taxes by said estimated effective tax rate.

(Segment Information, etc.)

[Segment Information]

1. Nine months ended December 31, 2017 (From April 1, 2017 to December 31, 2017)
Revenues and income (loss) by reportable segment

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	873,380	56,607	62,715	76,859	55,843
Intersegment	10,571	10,926	4,454	8,190	6,401
Total	883,951	67,533	67,169	85,050	62,244
Segment income	32,675	3,652	2,838	1,304	2,691

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in quarterly consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	54,054	37,756	253,581	1,470,797	–	1,470,797
Intersegment	30	160	66,386	107,122	(107,122)	–
Total	54,085	37,917	319,967	1,577,920	(107,122)	1,470,797
Segment income	1,615	3,585	8,211	56,575	(5,465)	51,110

- (Notes) 1. The segment income adjustment of ¥(5,465) million includes ¥(91) million for the elimination of intersegment income, and ¥(5,380) million of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.
2. Segment income has been reconciled with operating income in the quarterly consolidated statements of income.

2. Nine months ended December 31, 2018 (From April 1, 2018 to December 31, 2018)
Revenues and income (loss) by reportable segment

(Unit: Millions of yen)

	Logistics				
	Japan	The Americas	Europe	East Asia	South Asia & Oceania
Revenues					
Revenues from external customers	941,089	59,090	78,126	80,071	62,225
Intersegment	9,338	13,335	5,322	9,580	5,866
Total	950,427	72,425	83,449	89,652	68,091
Segment income	42,665	3,404	1,182	1,967	2,948

	Security Transportation	Heavy Haulage & Construction	Logistics Support	Total	Adjustment (Note 1)	Amount in quarterly consolidated statements of income (Note 2)
Revenues						
Revenues from external customers	54,061	36,831	289,228	1,600,724	–	1,600,724
Intersegment	37	78	67,517	111,077	(111,077)	–
Total	54,099	36,909	356,746	1,711,802	(111,077)	1,600,724
Segment income	626	3,649	9,120	65,564	(6,117)	59,446

- (Notes) 1. The segment income adjustment of ¥(6,117) million includes ¥(80) million for the elimination of intersegment income, and ¥(6,076) million of corporate expenses not allocated to each reportable segment. The most significant portion of corporate expenses relates to corporate image advertising and the Company's administration of group companies.
2. Segment income has been reconciled with operating income in the quarterly consolidated statements of income.

3. Matters related to changes in reportable segments, etc.

As the operating environment surrounding the financial industry undergoes significant change, in order to respond to customers' needs and further expand its business in the future, the Company conducted an organizational reform relating to the Security Transportation business on April 1, 2018. Along with this, effective from the first quarter ended June 30, 2018, part of the organizations included in "Japan (Logistics)" has been changed to "Security Transportation." The segment information for the nine months ended December 31, 2017 was prepared based on the classification method after the change.

(Additional Information)

(Adoption of "Partial Amendments to Accounting Standard for Tax Effect Accounting" and other standards)

"Partial Amendments to Accounting Standard for Tax Effect Accounting" (ASBJ Statement No. 28, February 16, 2018) and other standards have been adopted from the beginning of the first quarter ended June 30, 2018, thereby deferred tax assets are presented under investments and other assets, and deferred tax liabilities are presented under non-current liabilities.

3. Reference Materials

(1) Consolidated Reference Materials

○ Financial Results of Reportable Segment

(Unit: Millions of yen, %)

			Nine months ended Dec. 31, 2018	Nine months ended Dec. 31, 2017	Change		
					Amount	Ratio	
Revenues	Reportable Segment	Logistics	Japan	950,427	883,951	66,476	7.5
			The Americas	72,425	67,533	4,891	7.2
			Europe	83,449	67,169	16,279	24.2
			East Asia	89,652	85,050	4,601	5.4
			South Asia & Oceania	68,091	62,244	5,847	9.4
		Subtotal	1,264,046	1,165,949	98,096	8.4	
		Security Transportation	54,099	54,085	14	0.0	
		Heavy Haulage & Construction	36,909	37,917	(1,007)	(2.7)	
		Logistics Support	356,746	319,967	36,778	11.5	
		Subtotal	1,711,802	1,577,920	133,882	8.5	
	Adjustment	(111,077)	(107,122)	(3,955)	–		
Total	1,600,724	1,470,797	129,926	8.8			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[4.5] 42,665	[3.7] 32,675	9,989	30.6
			The Americas	[4.7] 3,404	[5.4] 3,652	(248)	(6.8)
			Europe	[1.4] 1,182	[4.2] 2,838	(1,656)	(58.3)
			East Asia	[2.2] 1,967	[1.5] 1,304	663	50.9
			South Asia & Oceania	[4.3] 2,948	[4.3] 2,691	256	9.5
		Subtotal	[4.1] 52,168	[3.7] 43,162	9,005	20.9	
		Security Transportation	[1.2] 626	[3.0] 1,615	(988)	(61.2)	
		Heavy Haulage & Construction	[9.9] 3,649	[9.5] 3,585	63	1.8	
		Logistics Support	[2.6] 9,120	[2.6] 8,211	908	11.1	
		Subtotal	[3.8] 65,564	[3.6] 56,575	8,988	15.9	
	Adjustment	(6,117)	(5,465)	(652)	–		
Total	[3.7] 59,446	[3.5] 51,110	8,336	16.3			

(Notes) 1. In accordance with the organizational reform relating to the Security Transportation business made on April 1, 2018, part of the “Japan (Logistics)” 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. Figures in brackets indicate Operating Margins.

○Forecast of Financial Results for FY2018 (Full Year)

(Unit: Millions of yen, %)

		FY2018	FY2017	Change			
				Amount	Ratio		
Revenues	Reportable Segment	Logistics	Japan	1,262,400	1,188,695	73,704	6.2
			The Americas	100,000	91,396	8,603	9.4
			Europe	116,700	96,048	20,651	21.5
			East Asia	123,500	117,487	6,012	5.1
			South Asia & Oceania	91,500	85,382	6,117	7.2
		Subtotal	1,694,100	1,579,009	115,090	7.3	
		Security Transportation	72,600	72,022	577	0.8	
		Heavy Haulage & Construction	47,000	47,602	(602)	(1.3)	
		Logistics Support	488,300	443,264	45,035	10.2	
		Subtotal	2,302,000	2,141,899	160,100	7.5	
	Adjustment	(152,000)	(146,582)	(5,417)	–		
Total	2,150,000	1,995,317	154,682	7.8			
Segment Income (Operating Income)	Reportable Segment	Logistics	Japan	[4.3] 54,700	[3.8] 45,596	9,103	20.0
			The Americas	[4.5] 4,500	[4.9] 4,486	13	0.3
			Europe	[1.9] 2,200	[4.3] 4,155	(1,955)	(47.1)
			East Asia	[2.4] 3,000	[1.6] 1,845	1,154	62.5
			South Asia & Oceania	[4.0] 3,700	[4.0] 3,396	303	8.9
		Subtotal	[4.0] 68,100	[3.8] 59,479	8,620	14.5	
		Security Transportation	[1.2] 900	[3.0] 2,135	(1,235)	(57.8)	
		Heavy Haulage & Construction	[8.9] 4,200	[8.5] 4,062	137	3.4	
		Logistics Support	[2.4] 11,800	[2.6] 11,722	77	0.7	
		Subtotal	[3.7] 85,000	[3.6] 77,399	7,600	9.8	
	Adjustment	(8,000)	(7,129)	(870)	–		
Total	[3.6] 77,000	[3.5] 70,269	6,730	9.6			

- (Notes) 1. The above Forecast of Financial Results for FY2018 (Full Year) is a revision of the Forecast of Consolidated Financial Results for FY2018 announced on October 31, 2018.
2. In accordance with the organizational reform relating to the Security Transportation business made on April 1, 2018, part of the “Japan (Logistics)” 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.
3. Figures in brackets indicate Operating Margins.

(2) Non-consolidated Reference Materials

○ Summary of Non-consolidated Statements of Income

(Unit: Millions of yen, %)

		Nine months ended		Nine months ended		Change		
		Dec. 31, 2018	% in Sales	Dec. 31, 2017	% in Sales	Amount	Ratio	
Revenues	Railway utilization transportation	57,216	6.6	63,724	7.8	(6,508)	(10.2)	
	Motor transportation	Combined delivery services	66,055	7.6	61,473	7.5	4,581	7.5
		Chartered truck services	208,909	23.9	203,359	25.0	5,550	2.7
		Subtotal	274,965	31.5	264,833	32.5	10,131	3.8
	Marine and harbor transportation	Marine transportation	59,863	6.8	54,387	6.7	5,475	10.1
		Harbor transportation	44,355	5.1	41,417	5.1	2,937	7.1
		Subtotal	104,218	11.9	95,805	11.8	8,413	8.8
		(Exports)	[50,121]	-	[45,768]	-	[4,352]	[9.5]
		(Imports)	[31,250]	-	[29,450]	-	[1,799]	[6.1]
		(Domestic)	[22,847]	-	[20,586]	-	[2,261]	[11.0]
	Warehousing	86,986	10.0	84,262	10.3	2,723	3.2	
	Air transportation	International air freight	121,205	13.9	89,391	11.0	31,813	35.6
		(Exports)	[98,928]	-	[69,620]	-	[29,307]	[42.1]
		(Imports)	[22,277]	-	[19,771]	-	[2,505]	[12.7]
		Domestic air freight	31,051	3.5	29,836	3.6	1,214	4.1
		Subtotal	152,256	17.4	119,228	14.6	33,027	27.7
Heavy haulage & construction	50,161	5.7	47,844	5.9	2,317	4.8		
Incidental operations and others	148,043	16.9	139,298	17.1	8,744	6.3		
Total	873,846	100.0	814,996	100.0	58,850	7.2		
(Domestic operation-related revenues)	[647,549]	74.1	[627,794]	77.0	[19,754]	[3.1]		
(Overseas-related revenues)	[226,297]	25.9	[187,201]	23.0	[39,096]	[20.9]		
Operating expenses	Personnel expenses	Drivers/workers	89,342	10.2	89,590	11.0	(247)	(0.3)
		Office personnel	101,789	11.7	101,297	12.4	491	0.5
		Subtotal	191,132	21.9	190,887	23.4	244	0.1
	Forwarding costs	Railway	28,879	3.3	33,189	4.1	(4,309)	(13.0)
		Marine	24,605	2.8	21,231	2.6	3,374	15.9
		Air	61,560	7.1	37,101	4.5	24,459	65.9
		Subtotal	115,046	13.2	91,521	11.2	23,524	25.7
	Vehicle chartering and subcontracting costs	362,981	41.5	340,716	41.8	22,264	6.5	
	Depreciation and amortization	20,345	2.3	18,783	2.3	1,561	8.3	
	Facility usage charges	55,838	6.4	54,358	6.7	1,479	2.7	
	Other	96,411	11.0	91,305	11.2	5,105	5.6	
Total	841,754	96.3	787,574	96.6	54,180	6.9		
Operating income	32,092	3.7	27,422	3.4	4,670	17.0		
Non-operating income	11,277	1.3	8,025	1.0	3,252	40.5		
Non-operating expenses	2,992	0.4	2,772	0.4	219	7.9		
Ordinary income	40,378	4.6	32,674	4.0	7,703	23.6		
Extraordinary income	1,982	0.3	1,892	0.2	90	4.8		
Extraordinary loss	2,434	0.3	2,831	0.3	(397)	(14.0)		
Profit before income taxes	39,926	4.6	31,735	3.9	8,191	25.8		
Income taxes	12,648	1.5	9,657	1.2	2,991	31.0		
Profit	27,277	3.1	22,077	2.7	5,199	23.6		

○ Forecast of Financial Results for FY2018 (Full Year)

(Unit: Millions of yen, %)

		FY2018 Forecast	% in Sales	FY2017 Actual results	% in Sales	Change		
						Amount	Ratio	
Revenues	Railway utilization transportation	78,700	6.8	85,867	7.8	(7,167)	(8.3)	
	Motor transportation	Combined delivery services	88,200	7.6	82,987	7.6	5,212	6.3
		Chartered truck services	279,600	24.1	271,761	24.8	7,838	2.9
		Subtotal	367,800	31.7	354,748	32.4	13,051	3.7
	Marine and harbor transportation	Marine transportation	79,300	6.9	71,959	6.6	7,340	10.2
		Harbor transportation	59,500	5.1	55,510	5.1	3,989	7.2
		Subtotal	138,800	12.0	127,469	11.7	11,330	8.9
	Warehousing	115,900	10.0	111,898	10.2	4,001	3.6	
	Air transportation	International air freight	157,000	13.5	127,270	11.6	29,729	23.4
		Domestic air freight	40,800	3.5	39,554	3.6	1,245	3.1
		Subtotal	197,800	17.0	166,825	15.2	30,974	18.6
	Heavy haulage & construction	62,300	5.4	60,703	5.6	1,596	2.6	
	Incidental operations and others	198,700	17.1	187,037	17.1	11,662	6.2	
	Total	1,160,000	100.0	1,094,549	100.0	65,450	6.0	
Operating expenses	Personnel expenses	Drivers/workers	118,600	10.2	119,329	10.9	(729)	(0.6)
		Office personnel	135,600	11.7	135,458	12.4	141	0.1
		Subtotal	254,200	21.9	254,787	23.3	(587)	(0.2)
	Forwarding costs	Railway	39,600	3.4	44,155	4.0	(4,555)	(10.3)
		Marine	32,700	2.8	28,100	2.6	4,599	16.4
		Air	80,700	7.0	56,103	5.1	24,596	43.8
		Subtotal	153,000	13.2	128,359	11.7	24,640	19.2
	Vehicle chartering and subcontracting costs	482,800	41.6	452,613	41.4	30,186	6.7	
	Depreciation and amortization	27,100	2.4	25,370	2.3	1,729	6.8	
	Facility usage charges	74,400	6.4	72,532	6.6	1,867	2.6	
	Other	128,500	11.1	123,214	11.3	5,285	4.3	
Total	1,120,000	96.6	1,056,877	96.6	63,122	6.0		
Operating income	40,000	3.4	37,672	3.4	2,327	6.2		
Non-operating income	15,000	1.3	13,565	1.3	1,434	10.6		
Non-operating expenses	5,000	0.4	4,441	0.4	558	12.6		
Ordinary income	50,000	4.3	46,795	4.3	3,204	6.8		
Extraordinary income	2,200	0.2	23,479	2.1	(21,279)	(90.6)		
Extraordinary loss	4,200	0.4	50,138	4.6	(45,938)	(91.6)		
Profit before income taxes	48,000	4.1	20,137	1.8	27,862	138.4		
Income taxes	15,000	1.3	18,148	1.6	(3,148)	(17.3)		
Profit	33,000	2.8	1,988	0.2	31,011	—		

(Note) The above Forecast of Financial Results for FY2018 (Full Year) is a revision of the Forecast of Non-consolidated Financial Results for FY2018 announced on October 31, 2018.