

Nippon Express Group Corporate Strategy 2015

— Innovation and Moving Forward —

March 29, 2013
Kenji Watanabe,
President and CEO
NIPPON EXPRESS CO., LTD.

Contents

1. Key Strategies
2. Global Logistics Business
3. Domestic Business
4. Group Management
5. CSR Management
6. Managerial Targets
7. Conclusion

1. Key Strategies [Numerical Targets for FY2015]



Numerical Targets (Targets for FY2015)

Revenues	¥1.8 trillion
Operating income	¥54.0 billion
Net income	¥34.0 billion
ROA (Return on Assets)	2.5%
Proportion of sales from overseas-related business	40%
Operating income margin for domestic combined business	3%

Environmental Targets (Targets to achieve during the term of the Management Plan)

CO ₂ emissions	Reduce by an average of 1.0% or more per year*
---------------------------	--

*Using FY2009 as the benchmark base unit for the Nippon Express Group

1. Key Strategies [Domestic Freight Transportation Forecast]



□ Freight Transportation Forecast (FY2013)

(According to Nittsu Research Institute and Consulting, Inc.)

● Domestic Freight

Domestic freight transportation in FY2013 will be at roughly the same level as the previous fiscal year with a 0.1% decrease in total transportation volume

- There is a clear economic recovery trend for the first half of the fiscal year; however, production related freight, mainly machines and equipment, is predicted to remain on a negative note.
- Going into the second half of the fiscal year, production related freight is expected to take an upward swing associated with a surge in demand in anticipation of a consumption tax hike in FY2014, along with recovery in capital investment and other factors, while consumer related freight is also expected to remain positive slightly. However, construction related freight is predicted to dip slightly.

● International Freight

Both imports and exports of foreign trade container freight are expected to show positive growth in FY2013

- Positive growth is expected for exports (up 2.8%) for the first time in three years, as the world economy gets back on a moderate recovery track.
- For imports, freight movements are expected to be strong in the machine and equipment category including electronic components amid expanded capital investment. With demand in advance of the consumption tax hike providing a further boost, an increase of 2.5% is expected.

For international air freight in FY2013, negative growth is expected for exports, and positive growth for imports

- For exports, no signs of recovery can be seen at this point; an upward turn is not predicted until the second half of FY2013 (down 1.3%).
- Imports in the machines and equipment category such as electronic components and computers are expected to maintain solid positive growth amid the recovery in capital investment. In addition, a surge in demand for durable consumer goods is expected prior to the tax hike, and thus an increase of 2.2% is expected for the fiscal year as a whole.

1. Key Strategies

Key Strategies

The Nippon Express Group will achieve sustainable growth by further expanding its global logistics business in growth markets and by vigorously strengthening management practices.

Also, by establishing disaster-resilient and environmentally-friendly organizations and promoting the development and provision of new products and services, we will contribute to customers and local communities through our businesses.

- A. Further Expanding Our Global Logistics Business
- B. Strengthening Management Practices for Our Domestic Businesses
- C. Expanding Business by Utilizing the Diversity of Group Companies
- D. Contributing to Society through Our Businesses in Accordance with Corporate Social Responsibility (CSR) Management

1. Key Strategies [Corporate Strategy Structure]

Nippon Express Group Corporate Philosophy and Vision

Nippon Express Group Corporate Strategy 2015

— Innovation and Moving Forward —

April 1, 2013 to March 31, 2016 (three years)

Proportion of sales from
overseas-related business

FY2015 40%

Operating income margin for
domestic combined business

FY2015 3%

Growth
potential

Further Expanding Our Global
Logistics Business

Profitability

Strengthening Management
Practices for Our Domestic
Businesses

Growth
potential

Expanding Business by Utilizing
the Diversity of Group
Companies

Social

Contributing to Society through
Our Businesses in Accordance
with CSR Management

1. Key Strategies [Principal Domains]

Aiming at enhanced growth potential by expanding global logistic business

Striving to increase the proportion of sales from overseas-related business to 40%

Achieving higher profitability by strengthening management practices for domestic businesses

Striving to increase operating income margin for domestic combined business to 3%

2. Global Logistics Business

“Aiming to promote growth in global markets and increase the proportion of sales from overseas-related business to 40% by FY2015”

FY2012
(Forecast)

Approximately
30%

1. Growth in Global Markets
2. Expanding Overseas-related Business in Japan
3. Increasing Business with Non-Japanese Companies
4. Accelerating the Pace of Growth through M&As
5. Strengthening Global Human Resources Development
6. Enhancing Global IT Infrastructure

FY2015
(Target)

40%

2. Global Logistics Business

● Growth in Global Markets

Strengthening our logistics business and our logistics-related forwarding business

Expanding forwarding business between Japan and overseas regions (the Americas, Europe, East Asia, South Asia/Oceania)

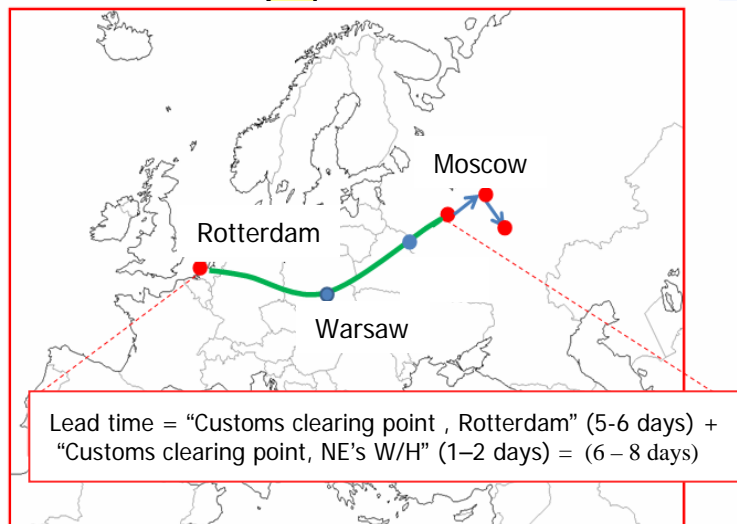
Developing intraregional transport services

Creating domestic distribution businesses in countries overseas

Promoting the development of business locations in emerging economies

2. Global Logistics Business

Europe EB3000 (RM)



Overseas 4 regions

Development of intra-region
transportation service network

The Americas XB3300



Asia SS7000



2. Global Logistics Business

Nippon Express Group's International Multimodal Integrated Transport Services

SAT ! Europe

A multimodal transportation service combining **marine transportation** to Seattle, U.S.A., and **air transportation** to various areas of Europe.

SAT ! North America

A multimodal transportation service combining **marine transportation** to the West Coast of the U.S., and **truck transportation** to the Midwest and Eastern U.S.

RAIL & SEA Integrated transportation service (Shanghai)

A multimodal transportation service combining a **railway transportation network** stretching from approx. 130 railway freight stations on mainland Japan and the **Shanghai Super Express**.

Bengal SAT !

A multimodal transportation service combining **air transportation** from Bangladesh and Dakar to Hong Kong, and **marine transportation** from Hong Kong to various areas of Japan.

[Nippon Express international multimodal integrated transport services]

At Nippon Express, a multimodal combination of different forms of transportation, centered on air and marine transportation, along with truck, rail and others, allows us to realize optimal transportation from every perspective, including speed, cost and the environment (ecology). We will contribute to the enhancement of corporate value for our customers through a plentiful line-up of transportation services that respond swiftly and optimally to global supply chain needs as they continue to advance and diversify.

2. Global Logistics Business

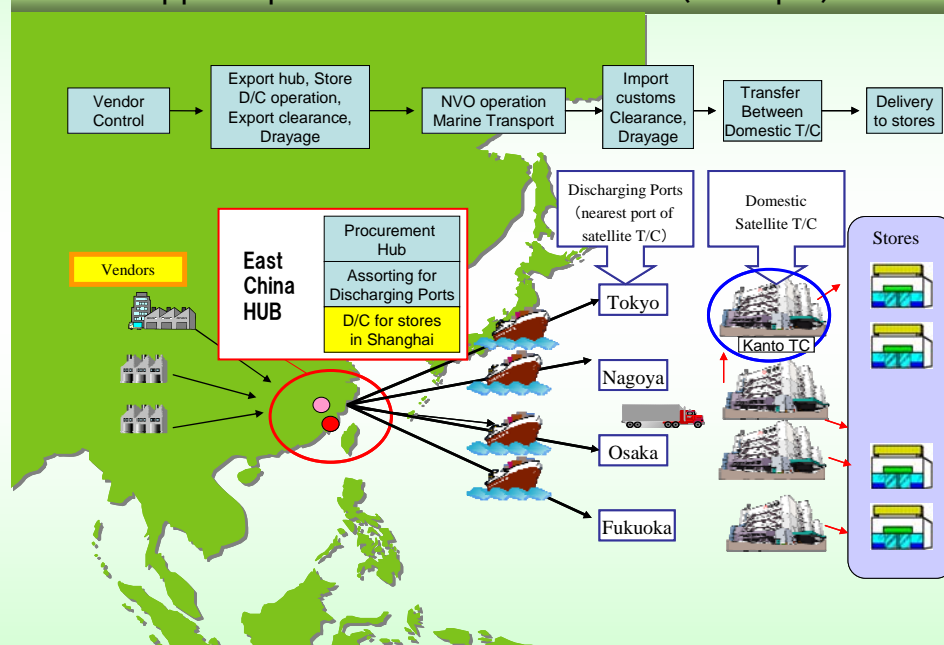
● Expanding Domestic Businesses

(1) Expanding handling of imported cargo

-Commercializing multimodal door-to-door transport services by utilizing our domestic and international networks and increasing sales

-Expanding handling of imported consumer goods (food, apparel, etc.)

Apparel procurement hub in China (example)



(2) Strengthening support for the global expansion of medium-sized companies

● Comprehensive logistics service

From major companies to businesses of all sizes, more and more of our customers are expanding overseas. At Nippon Express Group, we are strengthening our uniquely comprehensive logistics services by providing not only logistical services such as transportation of parts, raw materials, and manufacturing equipment, etc., but also by supporting our customers through BSP programs to assist with overseas expansion, and help with overseas assignments centered on our moving services.

- Support for overseas expansion
- Equipment transportation
- Overseas moving
- Forwarding
- Local domestic transportation, etc.

● Extension of import/export services

For our regional customers, we will enhance our import/export services in Nippon Express offices in Japan, and strengthen our sales structure in order to respond even better to the globalized needs of our customers.

- Utilization of base ports on the Sea of Japan side
- Strengthening regional ports and inland bases
- Strengthening exports of foodstuffs, agricultural and fisheries products

2. Global Logistics Business

● Accelerating the Pace of Growth through M&As

Developing new channels in the forwarding business

Establishing industry-specific distribution platforms

Expanding the non-Japanese customer base




Accelerating business development in growth markets

+

Creating new business domains

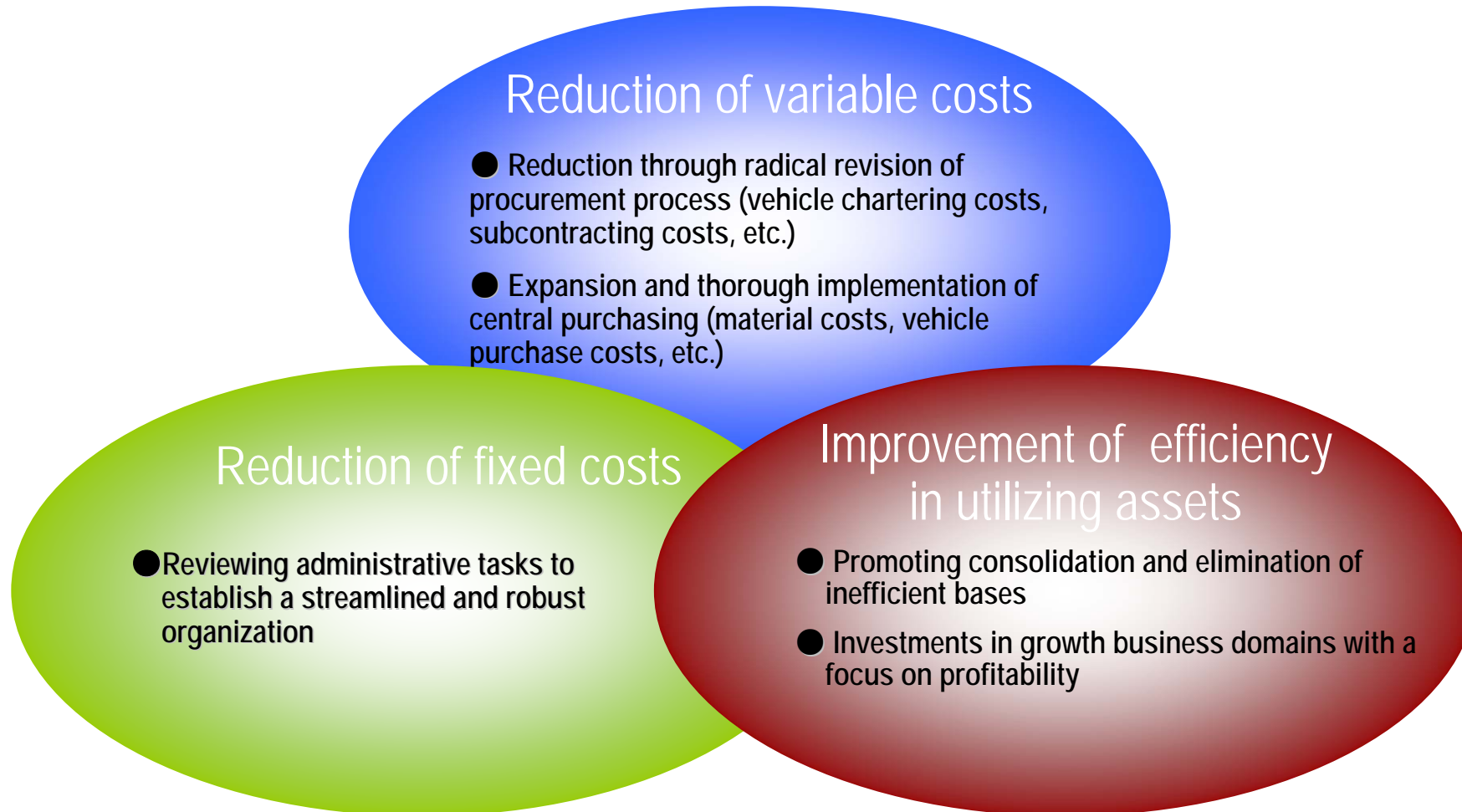
2. Global Logistics Business

● Accelerating the Pace of Growth through M&As

	1. The company acquired	Associated Global Systems, Inc. (Established in 1958)	
	2. Scope of business	Domestic transportation, warehousing, air cargo and ocean cargo forwarding	
	3. Major customers	In the U.S., it has established reputation for providing detailed services such as designated time delivery, and has an outstanding know-how in specialized transportation such as for precision equipment and long cargo.	
	4. Financial position	Net sales for the fiscal year ended July 2011	USD134.138 million (approx. ¥10,731 million)
		Employees	282
	1. The company acquired	APC Asia Pacific Cargo (H.K.) Ltd. (Established in 1980)	
	2. Scope of business	Forwarding (air cargo, ocean cargo) and logistics operations	
	3. Major customers	Competitiveness lies in Asia-Europe transportation. It has established wide ranging customer bases, especially in apparel and cosmetics industries.	
	4. Financial position	Consolidated net sales for the fiscal year ended December 2011	HKD938 million (approx. ¥9,667 million)
		Employees	Approx. 380
	1. The company acquired	Franco Vago S.p.A (Established in 1981)	
	2. Scope of business	Freight forwarding (air cargo, ocean cargo and truck cargo) and logistics operations	
	3. Major customers	Competitiveness lies in apparel-related forwarding and logistics operations for high-end fashion brands and other companies.	
	4. Financial position	Consolidated net sales for the fiscal year ended December 2011	EUR176 million (approx. ¥20,240 million)
		Employees	487

3. Domestic Business

● Improving Profitability



3. Domestic Business

● Strengthening Sales Activities

Enhancing one-stop sales systems

Remodeling the motor truck
transportation business

Strengthening sales in metropolitan areas

- Bolstering sales of comprehensive logistics services, ranging from procurement and storage to delivery, to the distribution and mail order industries
- Providing urban delivery services in cooperation with customers
- Strengthening sales functions in the greater national capital area

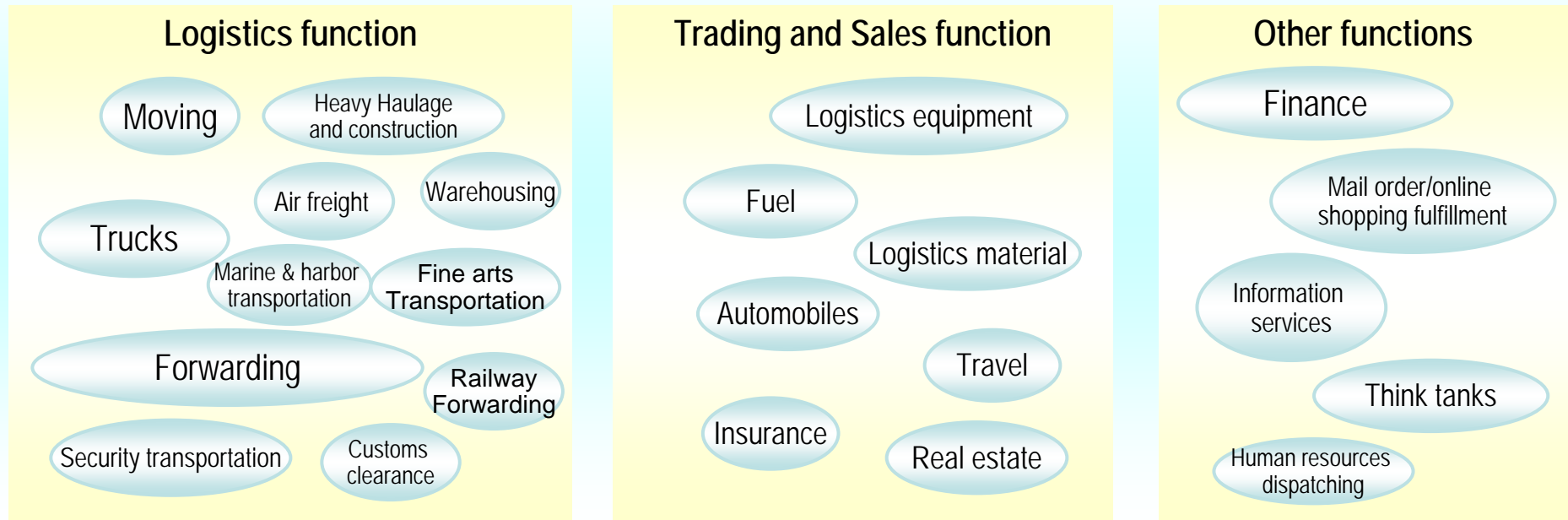
Strengthening regional-based sales

Strengthening the competitiveness of our moving business

Strengthening specialized businesses

4. Group Management

Nippon Express Group



Strengthening logistics engineering functions
(Planning, development and sales of material handling equipment)

Creating new business domains
(combining functions possessed by Group companies)

Promoting the global expansion of Group companies

5. CSR Management

Contributing to Society through Our Businesses in Accordance with CSR Management

● Ensuring Safety

It is our mission to ensure safety for the sake of our employees, partners and society, and streamlining and cost cutting measures should be pursued on the basis of safety.

Social
Responsibility

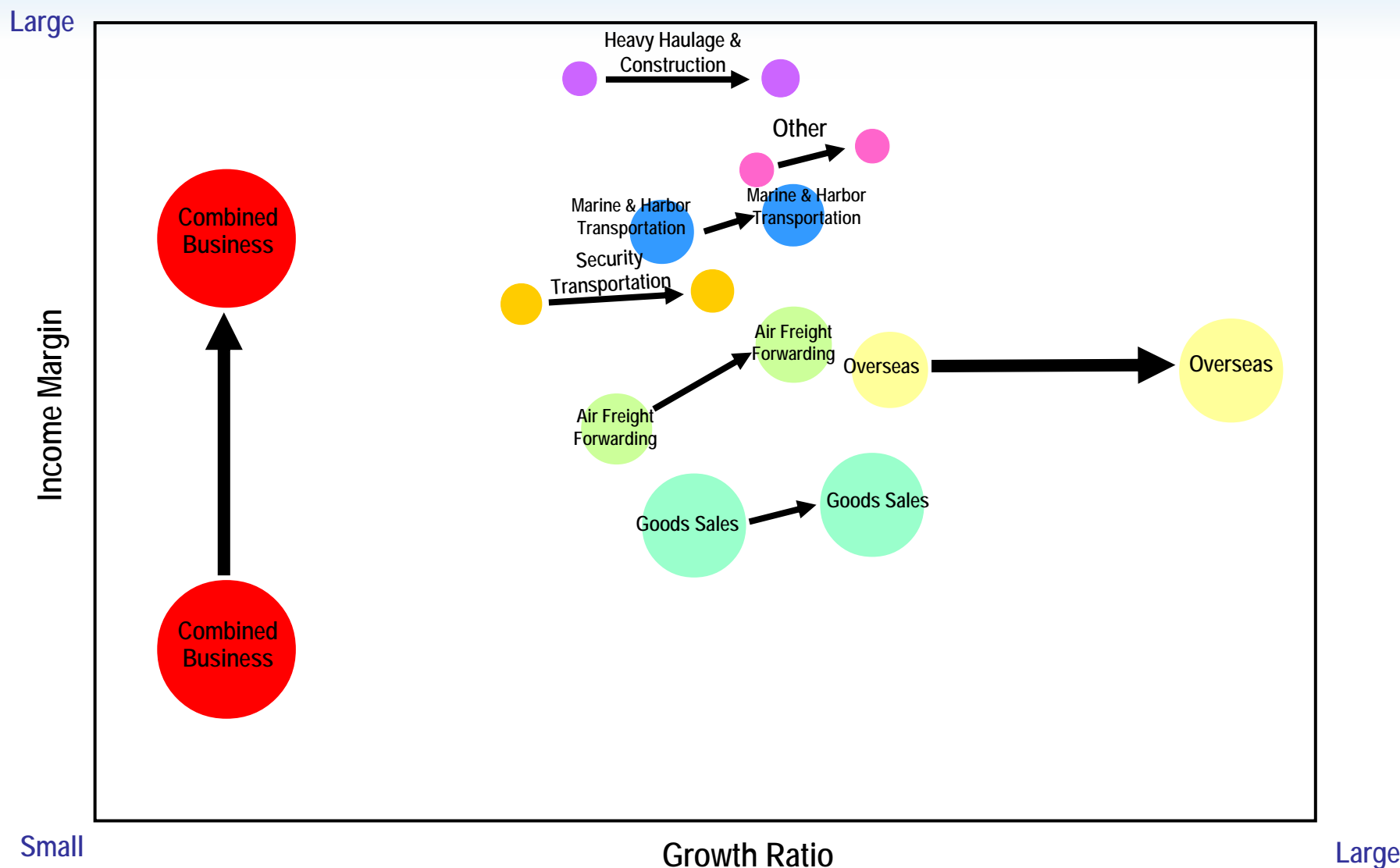
● Establishing a Disaster-resilient Business Framework

● Promoting Green Logistics

Commercialization

To contribute to customers and regional society through our business, by establishing a structure that can withstand disasters and is environmentally friendly, and by promoting the development and provision of new products and services.

6. Managerial Targets [Positioning Chart by Business Segment]



* The above graph illustrates the relative scale of the changes in growth rate and income margin for individual business segments from FY2012 to FY2015.

* The size of each segment's circle represents the relative amount of its sales to others.

6. Managerial Targets [Numerical Targets for FY2015]



Targets for FY2015

Comparison with projections for FY2012

Revenues	¥1.8 trillion	up 11.8%
Operating Income	¥54.0 billion	up 63.6%
Net Income	¥34.0 billion	up 70.0%
ROA (Return on Assets)	2.5%	up 0.8 pts.
Proportion of sales from overseas-related business	40%	up 10.0 pts.
Operating income margin for domestic combined business	3%	up 2.2 pts.

7. Conclusion



Nippon Express Group Corporate Strategy 2015

— Innovation and Moving Forward —

The Nippon Express Group, innovating in the present
and moving forward toward the future

About M&As

Strategic business alliance with NEC Corporation, with a view to reinforcing global logistics service

- NEC Logistics to be transformed to a joint venture company* of Nippon Express and NEC -

** Nippon Express is set to acquire 49% of outstanding shares in NEC Logistics from NEC Corporation in October 2013 and a further 2% in October 2014, eventually taking a 51% stake in the company.*



日本通運
 NIPPON EXPRESS

1. The company acquired	NEC Logistics, Ltd.	
2. Representative	Naoki Yoshimura (President)	
3. Capital	¥0.38 billion	
4. Scope of business	Third party logistics services, logistics consulting services, transportation and delivery services, international transportation services (by air and sea), customs clearance services, air cargo sales agent, warehousing services, and other related services	
5. Major customers	NEC Group companies	
6. Financial position	Consolidated net sales for the fiscal year 2011	¥62.7 billion
	Employees	2,115 (As of December 31, 2012)

About M&As

Conclusion of a basic agreement with regard to the partial transfer of shares* in Panasonic Logistics, Co., Ltd.

** Nippon Express plans to acquire two-thirds of outstanding shares in the company from Panasonic Corporation.*



1. The company acquired	Panasonic Logistics Co., Ltd.
2. Representative	Kouei Fujii (President and Representative Director)
3. Capital	¥1.8 billion
4. Scope of business	Logistics services, warehousing, motor truck transportation, forwarding business, IATA freight agencies, maintenance and repair of transportation equipment, logistics consulting and other services related to each of the preceding items
5. Major customers	Panasonic Group companies
6. Financial position	Net sales for the fiscal year 2011 Employees
	¥73.0 billion 1,276 (As of June 28, 2012)

Forward-looking Statements

Forward-looking statements including the forecast of future financial results in this document were prepared based on currently available information and certain preconditions which we believe to be reasonable at this time. Actual results may be substantially different from those discussed in the statements due to various factors. Major factors are set out below.

- Economic and business conditions in both Japan and abroad and the direction of corporate clients' transport needs
- Industry's competitive environment and increasing price competition
- Exchange rate and interest rate fluctuations
- Developments in the international situation, regulatory changes among countries and other factors such as potential unforeseen situations
- Occurrences of abnormal weather conditions, disasters, etc.
- Sharp rise in fuel costs
- Possible regulatory restrictions on business operations (for example, environmental control, regulations that may have negative influence on business operations, etc.)



日本通運
NIPPON EXPRESS