

## Nippon Express Group Business Plan 2023: “Dynamic Growth”

# Supplemental Documents

February 22, 2019  
Nippon Express Co., Ltd.

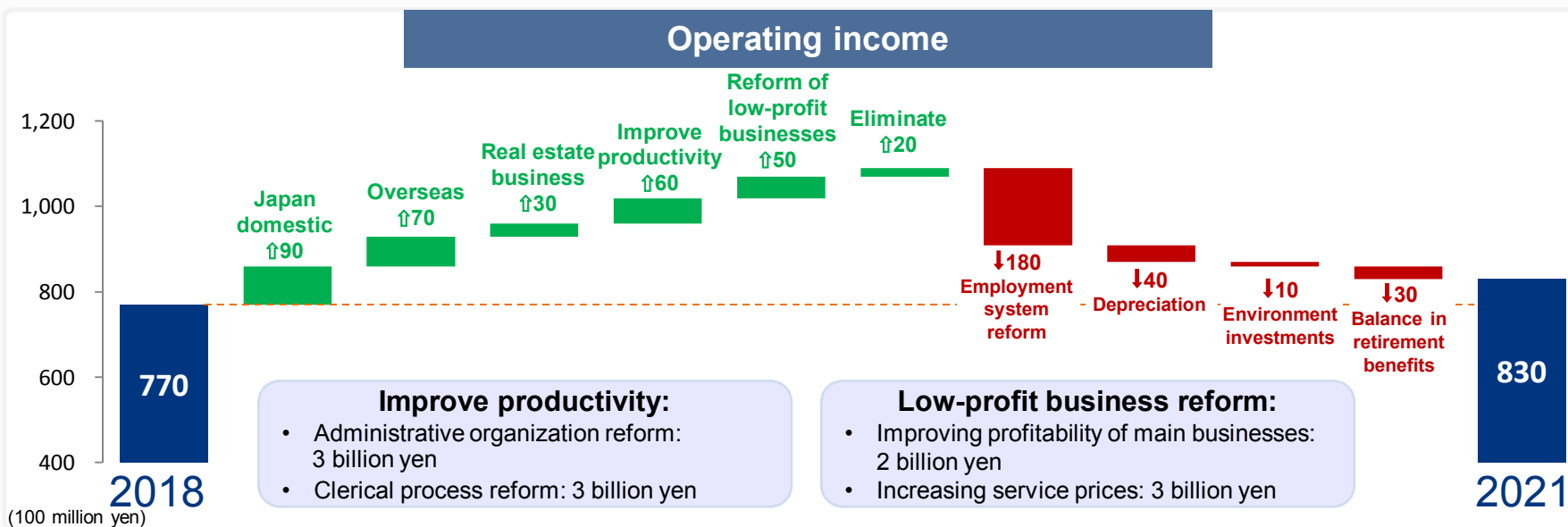
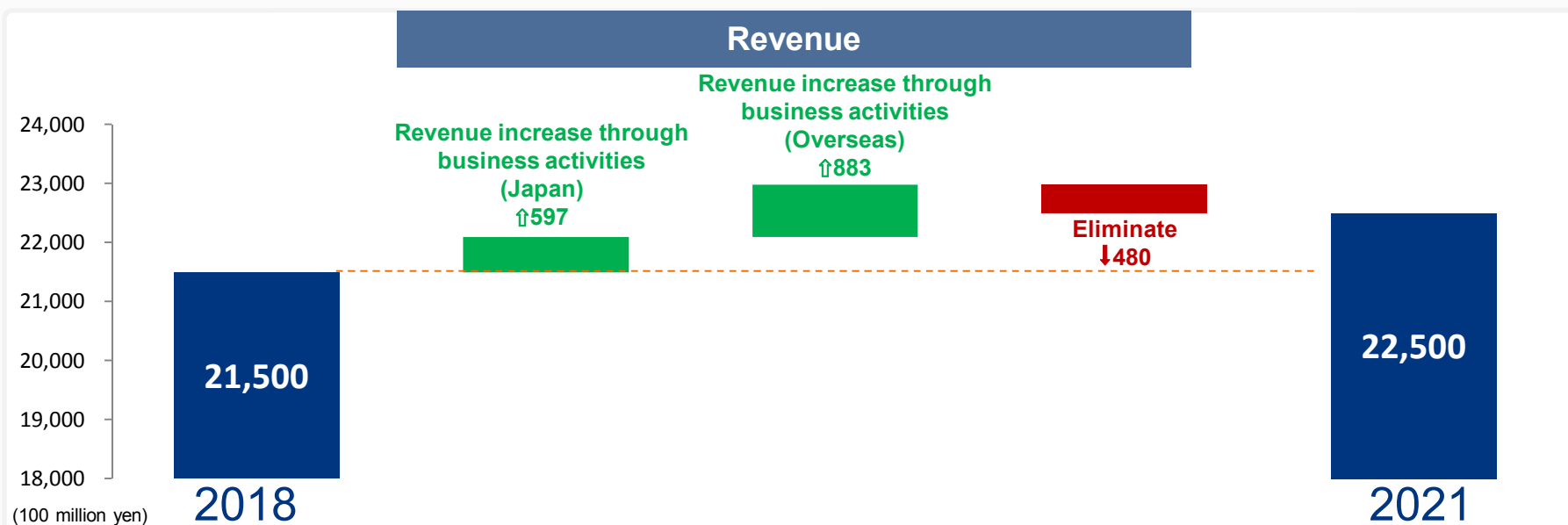
# Ideal operating income growth



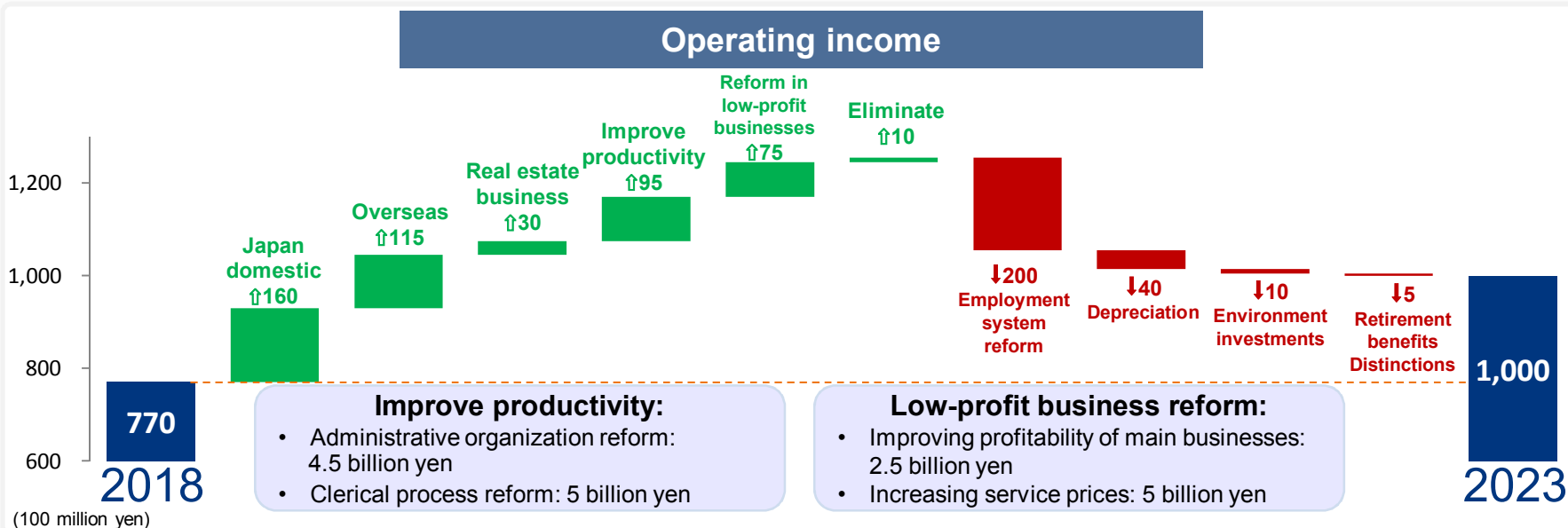
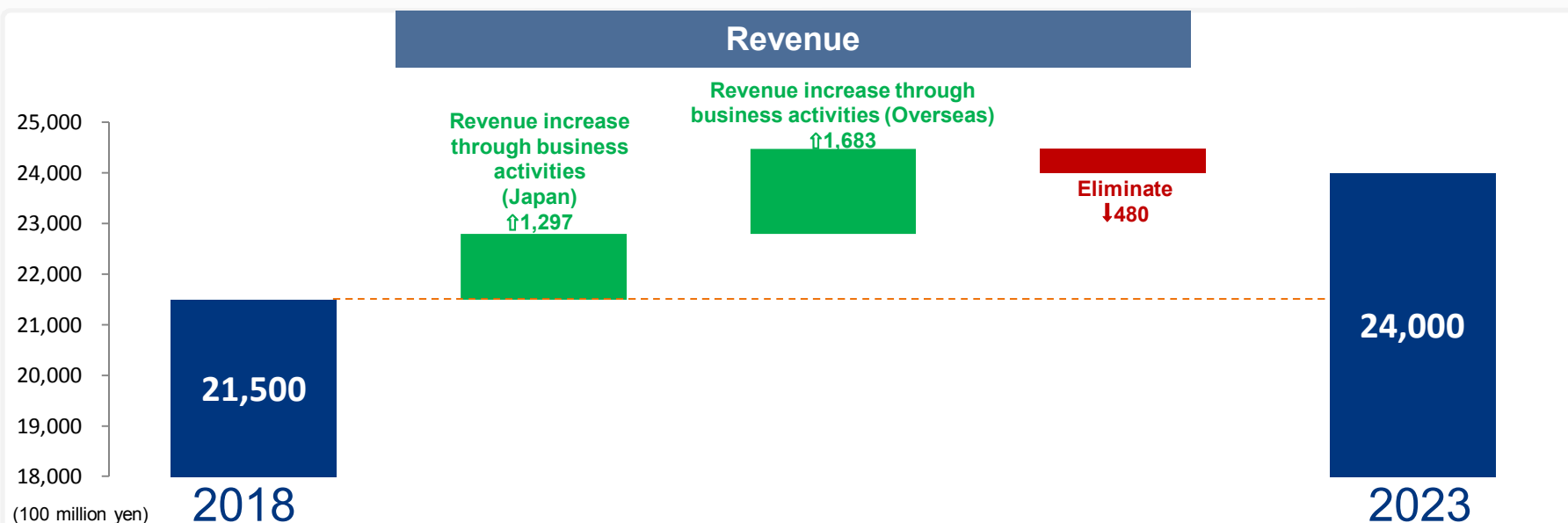
Reforming company ideals can be quite costly at first. Therefore, we have to be prepared for a temporary profit decrease in the course of reviewing our business portfolio to enhance our domestic businesses in Japan. These actions are definitely required for us to achieve major growth, however. The idea is that “to fly high, you have to crouch at once”.

We cannot reach our operating income goal, unless we go after major growth while dipping underwater.

# Breakdown of revenues and operating income FY2021 forecast

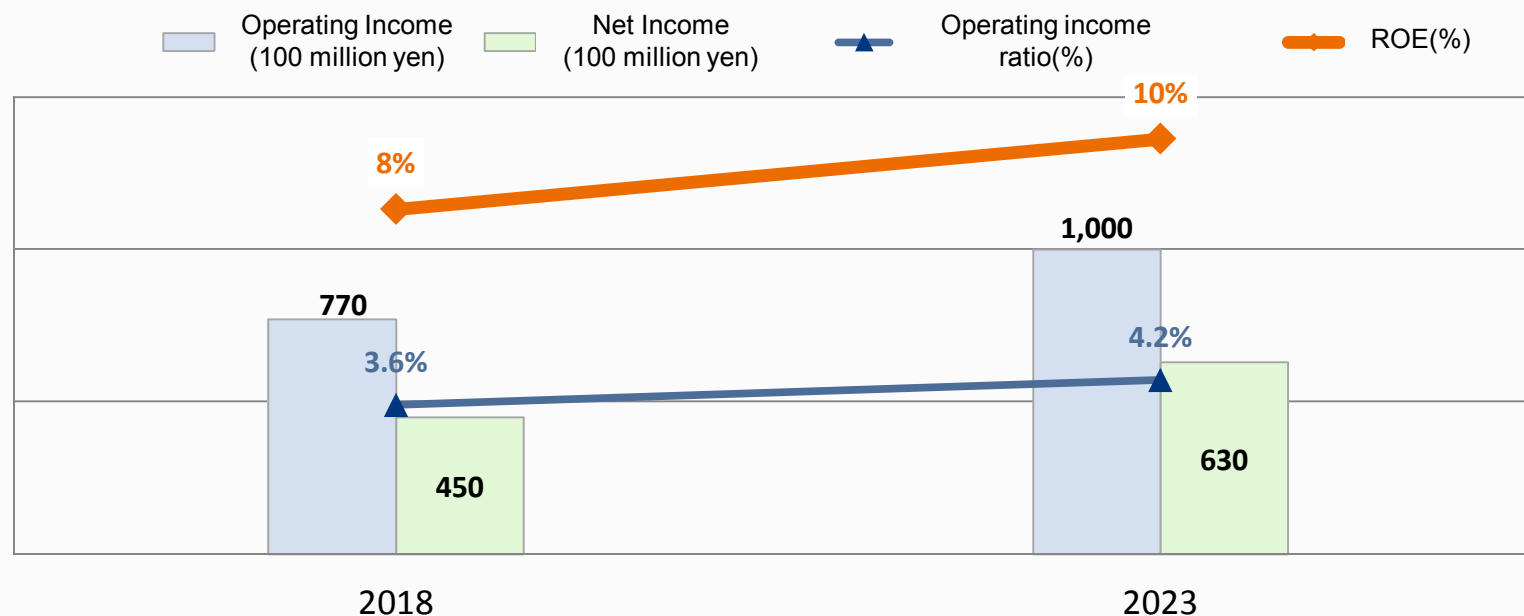


# Breakdown of revenues and operating income FY2023 forecast



# Roadmap to achieve capital policy & ROE 10%

## Roadmap to achieve ROE 10%



Item	FY18	By FY2023 5-year cumulative totals
Operating cash flow	100 billion yen	520 billion yen
Investment cash flow	-94 billion yen	-360 billion yen
Free cash flow	60 billion yen	160 billion yen
Financial cash flow	-60 billion yen	-140 billion yen
(Dividend)	(-12.5 billion yen)	Total return ratio 50% or more
(Acquiring treasury shares)	(-10 billion yen)	

Investment target	Planned amount (5-year cumulative total)
Equipment (Warehouse & others)	360 billion yen
IT	40 billion yen
Vehicle and delivery equipment	50 billion yen
Group total	450 billion yen

Note: Including planned asset securitization (e.g. Building new HQ: 70 billion yen)

# KPI (Business growth strategy)

Growth strategy of core businesses	Indicator	Actual (FY2018 estimate)	KPI (FY2023)
Electric and Electronics industry *1	Revenue	103 billion yen	120 billion yen
Automotive industry *1	Revenue	53 billion yen	90 billion yen
Apparel industry *1	Revenue	15.5 billion yen	24.5 billion yen
Pharmaceutical/medical industry *1	Revenue	16 billion yen	36 billion yen
Non-Japanese accounts (GAM, GTA)	Revenue	26 billion yen	43 billion yen
Ocean forwarding business	Volume (TEU)	670,000 TEU	1,300,000 TEU *2
Air forwarding business	Volume (t)	9,100,000 t	1,400,000 t *2

**\*1 Priority industries:** Both actual and KPI figures are for Japan domestic market only  
 (figures for overseas markets will be determined in the future)

**\*2 Forwarding volume:** Key Goal Indicator (KGI)

Enhancing Japanese domestic businesses	Indicator	KPI (FY2021)	KPI (FY2023)
Further reorganization of Japanese domestic organizations to avoid marginalization/Streamlining administrative departments	Cost reduction effect	3 billion yen	4.5 billion yen
Reform in business processes	Cost reduction effect	3 billion yen	5 billion yen
Improving profitability of main businesses	Cost reduction effect	2 billion yen	2.5 billion yen
Increasing service prices	Profit increase effect	3 billion yen	5 billion yen

# KPI

(Efforts to implement the long-term vision)

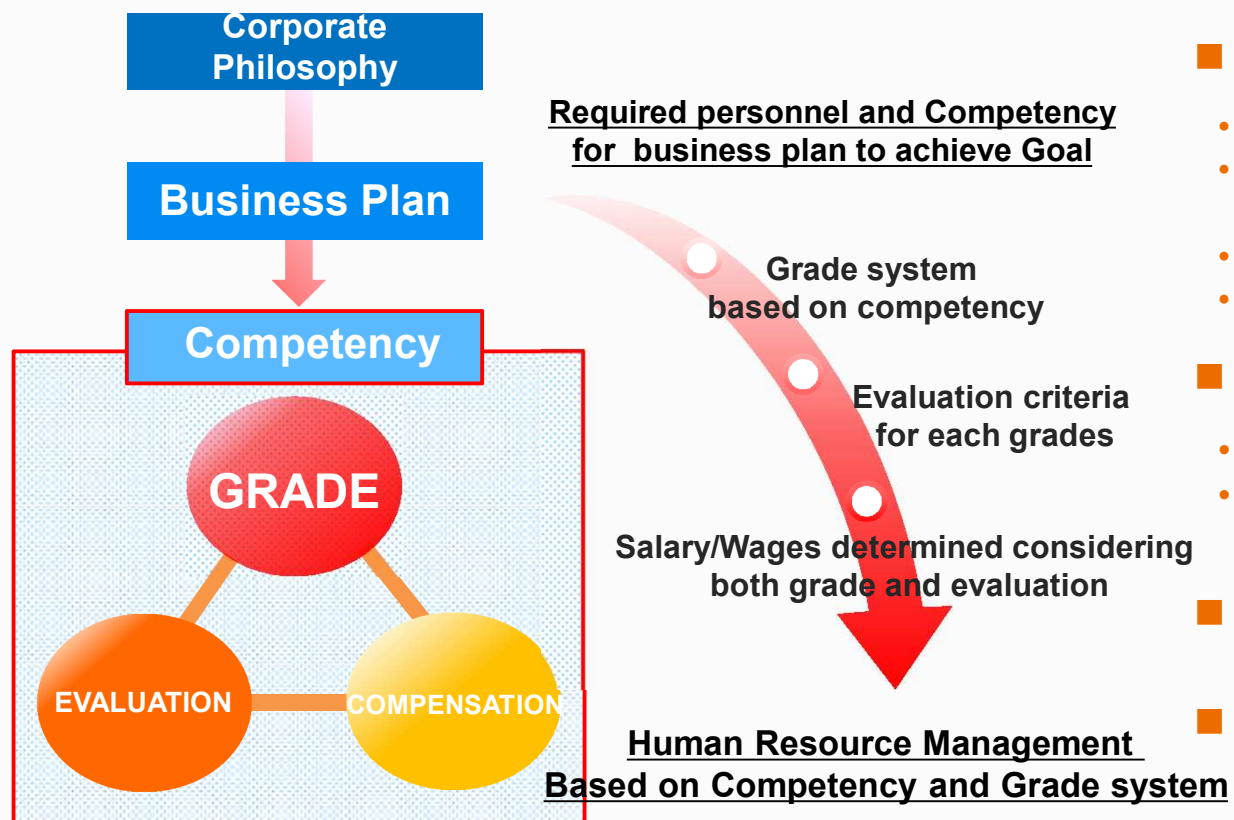
Environment (E)	Indicator	KPI (FY2021)	KPI (FY2023)
Reducing CO <sub>2</sub> emission (non-consolidated)	Figures compared to FY2017	Reduced by 16,000 t	Reduced by 24,000 t

Society (S)	Indicator	KPI (FY2021)	KPI (FY2023)
Promoting diversity	Rate of women to continue working *	-----	Same level as men
Working-style innovations	Rate of taking annual paid leave	-----	Doubled compared to FY2017

\* Percentage of females employed about eight years after being hired

# Employee System Reform

Efforts to motivate employees and resolve labor shortages, and adapt to change of Labor laws in Japan



## Reorganize Each systems

### Human Resource System

- Changing employees categories
- Introducing Competency and grade system
- Extending retirement age in stages
- Changing Vacation system

### Salary/Wage System

- Fair treatment “equal labor, equal pay”
- Expanding for retirement allowance system and company benefits system

### Evaluation System

### Reinforcing “Workplace Capabilities”

- Increasing Team Leaders



***We Find the Way***



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