

# Results Meeting for 1H of the Fiscal Year Ending March 2015

President and CEO  
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October 31, 2014

# 1. Business Overview

## A. Overview of 1H of FY2014

### 1) Overview (Consolidated)

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

	Actual for 1H of FY2014 (a)	Actual for 1H of FY2013 (b)	Difference YoY (c) = (a) - (b)	Difference YoY (%) (d) = (c) / (b) × 100	Forecast for 1H (announced on May 8) (e)	Difference (compared to forecast) (f) = (a) - (e)	Difference (compared to forecast) (%) (g) = (f) / (e) × 100
Revenues	9,192	8,357	834	10.0	9,000	192	102.1
Operating Income	202	174	27	15.7	200	2	101.0
Ordinary Income	250	223	26	11.7	240	10	104.2
Net Income	160	74	86	115.7	160	0	100.4

### 2) Business Indices

2Q Cumulative Total (Figures in parentheses are the results for the same period of the previous year.)

- Operating Income Margin 2.2% (2.1%)
- Ordinary Income Margin 2.7% (2.7%)
- ROE 6.4% (2.9%)
- ROA 2.3% (1.2%)

# 1. Business Overview

## B. Financial position

(100 million yen)

	1H of FY2014	FY2013	Difference
Total Assets	13,745	13,774	(29)
Equity	5,044	4,958	85

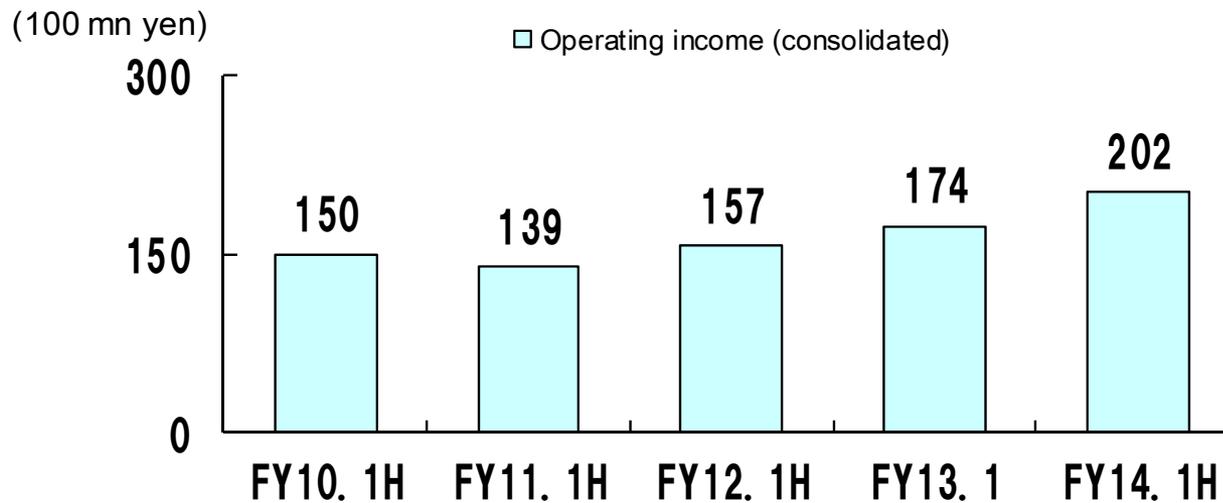
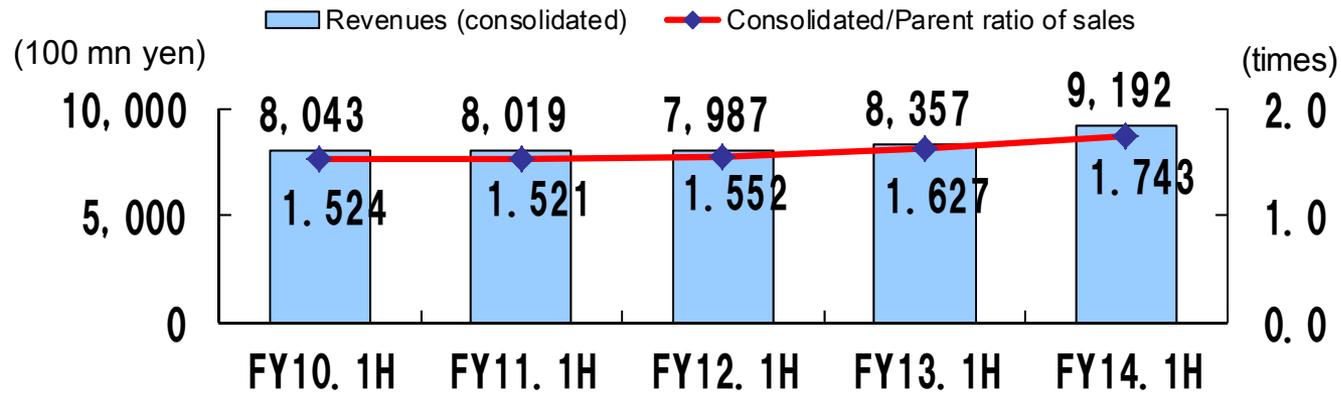
## C. Actual for cash flows

(100 million yen)

	Actual for 1H of FY2014 (a)	Actual for 1H of FY2013 (b)	Difference YoY (c) = (a) - (b)
Cash Flows from Operating Activities (A)	211	164	47
Cash Flows from Investment Activities (B)	(185)	(214)	29
Free Cash Flows (A+B)	26	(50)	76
Cash Flows from Financing Activities (C)	(93)	255	(348)
Effect of Exchange Rate Changes on Cash (D)	(16)	33	(49)
Net Increase in Cash and Cash Equivalents (A+B+C+D)	(83)	237	(321)
Cash and Cash Equivalents at Beginning of Period	1,259	1,136	122
Cash and Cash Equivalents at End of Period	1,177	1,374	(197)

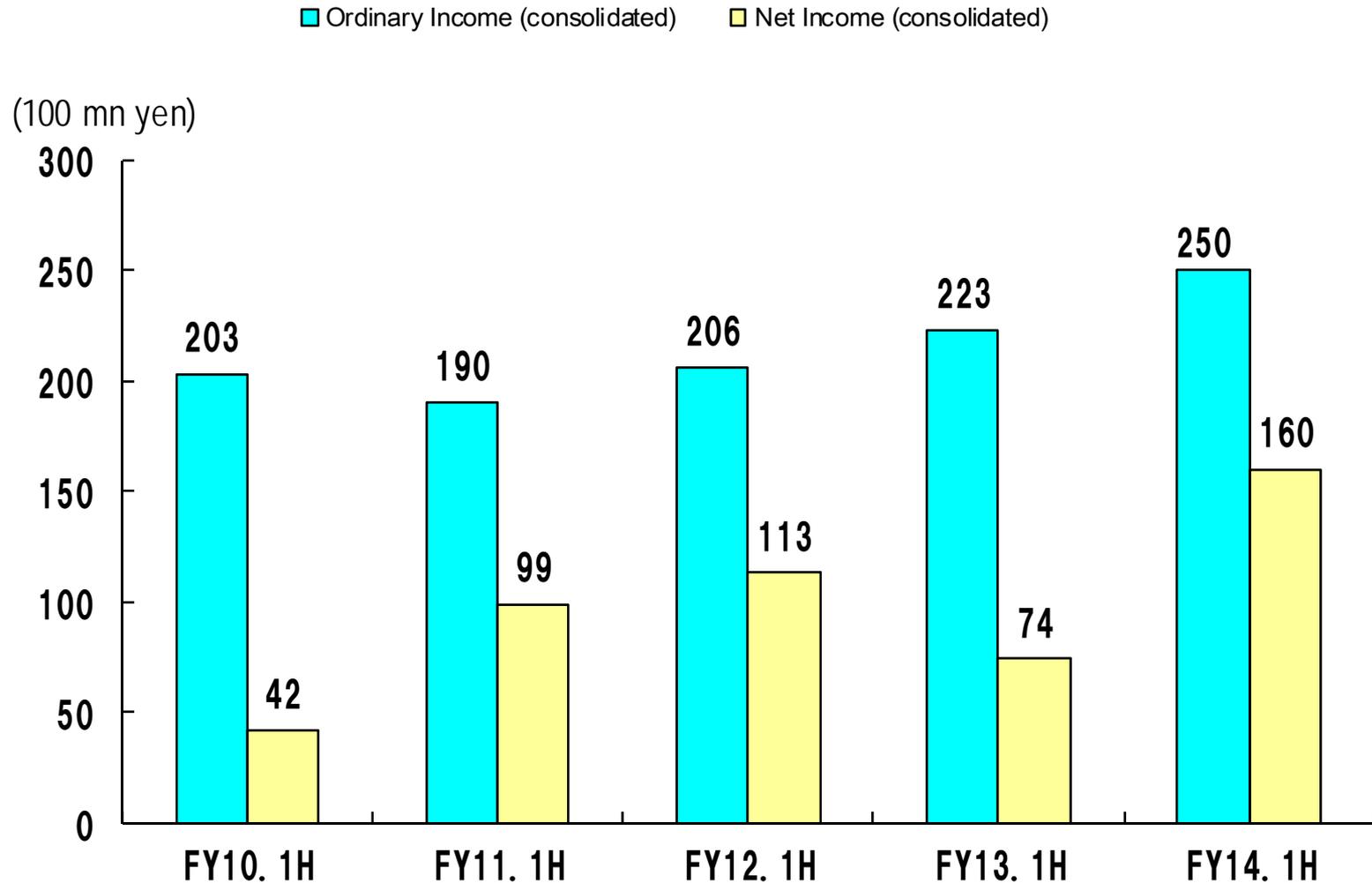
# 1. Business Overview

## D. Trend of Revenues and Operating income for the past 5 years



# 1. Business Overview

## E. Trend of Ordinary income and Net income for the past 5 years



# 1. Business Overview

## F. Overview by reportable segment

### 1) Combined Business

(100 million yen)

		Actual	Comparison with FY2013			Comparison with forecast (announced on May 8)		
		FY2014	FY2013	Difference	Difference (%)	Forecast	Progress (%)	Difference
1 H	Revenues	3,655	3,532	122	3.5	3,639	100.5	16
	Segment Income	64	52	12	23.5	71	90.0	(7)
2 Q	Revenues	1,846	1,784	62	3.5	2Q Operating Income Margin (FY2013)		
	Segment Income	38	29	9	33.5	2.1 (1.6)		
	Overview	<ul style="list-style-type: none"> <li>Beverage and electric appliances-related movement of goods slowed down, and automobile-related was affected by the decline from backlash of last-minute demand before the increase in the consumption tax</li> <li>Robust shipment of agricultural produce of Hokkaido contributed to increase in railway transportation transactions</li> <li>Revenues from truck transportation, and logistics services mainly warehousing and incidental operations, increased at the end of period due to growing transport demand</li> </ul>						

### 2) Security Transportation

(100 million yen)

		Actual	Comparison with FY2013			Comparison with forecast (announced on May 8)		
		FY2014	FY2013	Difference	Difference (%)	Forecast	Progress (%)	Difference
1 H	Revenues	276	273	3	1.1	277	99.8	(0)
	Segment Income	3	4	(0)	(20.3)	5	77.5	(1)
2 Q	Revenues	138	136	1	1.2	2Q Operating Income Margin (FY2013)		
	Segment Income	0	1	(1)	(63.8)	0.4 (1.2)		
	Overview	<ul style="list-style-type: none"> <li>Sales of new routine transportation services progressing smoothly</li> <li>Profit decreased due to a rise in employment costs resulting from execution of operations only by the Company's regular workforce</li> </ul>						

# 1. Business Overview

## F. Overview by reportable segment

### 3) Heavy Haulage & Construction

(100 million yen)

		Actual	Comparison with FY2013			Comparison with forecast (announced on May 8)		
		FY2014	FY2013	Difference	Difference (%)	Forecast	Progress (%)	Difference
1 H	Revenues	246	181	64	35.7	207	118.9	39
	Segment Income	11	10	1	10.2	11	100.4	0
2 Q	Revenues	118	87	30	34.9	2Q Operating Income Margin (FY2013)		
	Segment Income	5	5	0	5.4	4.6 (5.9)		
	Overview	<ul style="list-style-type: none"> <li>Revenue from overseas plant constructions continued to grow steadily</li> <li>In Japan, shut-down maintenance services and wind power plant-related transactions remained strong</li> </ul>						

# 1. Business Overview

## F. Overview by reportable segment

### 4) Air Freight Forwarding

(100 million yen)

		Actual	Comparison with FY2013			Comparison with forecast (announced on May 8)		
		FY2014	FY2013	Difference	Difference (%)	Forecast	Progress (%)	Difference
1 H	Revenues	918	881	37	4.3	916	100.3	2
	Segment Income	25	24	1	5.5	27	93.3	(1)
2 Q	Revenues	475	445	30	6.8	2Q Operating Income Margin (FY2013)		
	Segment Income	19	13	5	41.7	4.0 (3.0)		
	Overview	<ul style="list-style-type: none"> <li>Weight of cargo exports from Japan showed double-digit growth year on year, and income from exports turned up</li> <li>Cargo imports and domestic cargoes transactions remained strong</li> </ul>						

### 5) Marine & Harbor Transportation

(100 million yen)

		Actual	Comparison with FY2013			Comparison with forecast (announced on May 8)		
		FY2014	FY2013	Difference	Difference (%)	Forecast	Progress (%)	Difference
1 H	Revenues	596	672	(75)	(11.3)	611	97.7	(14)
	Segment Income	29	33	(4)	(12.4)	30	95.7	(1)
2 Q	Revenues	303	333	(29)	(8.9)	2Q Operating Income Margin (FY2013)		
	Segment Income	13	12	1	14.8	4.6 (3.6)		
	Overview	<ul style="list-style-type: none"> <li>Equipment transportation-related exports continued to underpin this segment, while solar panel-related imports slowed down</li> <li>Overseas moving services during peak season grew steadily in both exports and imports, increasing profit</li> </ul>						

# 1. Business Overview

## F. Overview by reportable segment

### 6) The Americas

(100 million yen)

		Actual	Comparison with FY2013			Comparison with forecast (announced on May 8)		
		FY2014	FY2013	Difference	Difference (%)	Forecast	Progress (%)	Difference
1 H	Revenues	374	335	38	11.6	368	101.7	6
	Segment Income	17	11	5	49.5	12	134.9	4
2 Q	Revenues	191	176	14	8.3	2Q Operating Income Margin (FY2013)		
	Segment Income	8	8	(0)	(9.2)	4.2 (5.1)		
	Overview	<ul style="list-style-type: none"> <li>• Automobile-related marine import forwarding transactions remained strong in Mexico</li> <li>• Automobile-related warehousing and delivery, truck transportation and air export forwarding transactions were favorable in the US</li> <li>• Profit decreased due to reduction in volume of air transfer services from US to Mexico</li> </ul>						

### 7) Europe

(100 million yen)

		Actual	Comparison with FY2013			Comparison with forecast (announced on May 8)		
		FY2014	FY2013	Difference	Difference (%)	Forecast	Progress (%)	Difference
1 H	Revenues	395	341	54	15.9	397	99.7	(1)
	Segment Income	10	3	6	171.5	6	170.5	4
2 Q	Revenues	198	177	20	11.5	2Q Operating Income Margin (FY2013)		
	Segment Income	5	2	2	104.7	2.8 (1.5)		
	Overview	<ul style="list-style-type: none"> <li>• Warehousing and delivery, and intra-regional truck transportation performed poorly</li> <li>• Air export forwarding transactions increased year on year mainly in Germany, France and the Netherlands</li> </ul>						

# 1. Business Overview

## F. Overview by reportable segment

### 8) East Asia

(100 million yen)

		Actual	Comparison with FY2013			Comparison with forecast (announced on May 8)		
		FY2014	FY2013	Difference	Difference (%)	Forecast	Progress (%)	Difference
1 H	Revenues	480	420	60	14.5	471	102.1	9
	Segment Income	7	6	0	4.4	8	89.7	(0)
2 Q	Revenues	250	223	26	11.8	2Q Operating Income Margin (FY2013)		
	Segment Income	3	4	(1)	(20.5)	1.6 (2.2)		
	Overview	<ul style="list-style-type: none"> <li>• Automobile-related truck transportation transactions substantially increased year on year in China</li> <li>• Profit decreased due to declining air export forwarding transactions in Hong Kong and rising local employment cost in China and other factors</li> </ul>						

### 9) South Asia & Oceania

(100 million yen)

		Actual	Comparison with FY2013			Comparison with forecast (announced on May 8)		
		FY2014	FY2013	Difference	Difference (%)	Forecast	Progress (%)	Difference
1 H	Revenues	291	243	48	19.8	285	102.4	6
	Segment Income	6	5	1	22.4	6	101.9	0
2 Q	Revenues	152	128	24	18.9	2Q Operating Income Margin (FY2013)		
	Segment Income	3	3	0	6.8	2.5 (2.8)		
	Overview	<ul style="list-style-type: none"> <li>• Warehousing and delivery, and air export forwarding transactions increased across the region</li> <li>• The heavy haulage and construction operations and others remained robust in Singapore and Thailand, contributing to increase in revenues</li> </ul>						

# 1. Business Overview

## F. Overview by reportable segment

### 10) Goods Sales

(100 million yen)

		Actual	Comparison with FY2013			Comparison with forecast (announced on May 8)		
		FY2014	FY2013	Difference	Difference (%)	Forecast	Progress (%)	Difference
1 H	Revenues	2,084	1,903	180	9.5	2,031	102.6	53
	Segment Income	27	20	7	34.4	23	117.6	4
2 Q	Revenues	1,062	989	72	7.4	2Q Operating Income Margin (FY2013)		
	Segment Income	12	10	1	15.8	1.1 (1.0)		
	Overview	<ul style="list-style-type: none"> <li>Income increased due to rising unit sale prices of oil</li> <li>Profit increased due to strong performance by the logistics support business transactions including export package handling</li> </ul>						

### 11) Other

(100 million yen)

		Actual	Comparison with FY2013			Comparison with forecast (announced on May 8)		
		FY2014	FY2013	Difference	Difference (%)	Forecast	Progress (%)	Difference
1 H	Revenues	538	201	336	166.6	510	105.5	28
	Segment Income	7	6	0	15.0	6	112.7	0
2 Q	Revenues	271	110	161	146.1	2Q Operating Income Margin (FY2013)		
	Segment Income	4	4	(0)	(1.4)	1.8 (4.5)		
	Overview	<ul style="list-style-type: none"> <li>Income increased as Nittsu Panasonic Logistics Co., Ltd. became the Company's consolidated subsidiary from 4Q of the previous fiscal year</li> </ul>						

## 2. Changes due to the External Environment

### Change factors

Change factors	Consolidated (2Q Cumulative Total)	Reference	
Impact of change in unit fuel price	Fuel cost: +¥0.82 billion (cost increase)	Average	
			1H of FY2014 (1H of FY2013)
		Light oil:	¥121.10/ℓ (¥112.72)
		Gasoline:	¥152.98/ℓ (¥145.92)
		Heavy oil:	¥ 73.22/ℓ (¥ 69.37)
Impact of foreign exchange (weak yen)	Revenues: +¥9.85 billion	Average exchange rate for	
			1H of FY2014 (*) (1H of FY2013)
	Operating income: +¥0.20 billion	USD:	¥102.47 (¥ 95.59)
		EUR:	¥140.43 (¥125.50)
		HKD:	¥ 13.22 (¥ 12.32)
	RMB:	¥ 16.65 (¥ 15.47)	

(\*) The average exchange rates for 1H of FY2014 and FY2013 are the reference rates. For the preparation of financial reports, average quarterly rates are applied to the quarterly results of businesses on a local currency basis.

### 3. Progress of Business Plan

#### Nippon Express Group Corporate Strategy 2015 - Innovation and Moving Forward - Progress of basic strategy

Basic Strategy	Item	Progress
Strengthening Management Practices for Our Domestic Businesses	<p>3% of operating income margin for Domestic combined business in FY2015</p> <p>[Organizational change as of October 1]</p> <ul style="list-style-type: none"> <li>Osaka Air Service Branch within Air Cargo Business Division</li> <li>Osaka International Transport Branch within Marine Transport Business Division</li> <li>Global Logistics Branch is newly created in the Kansai Region</li> </ul>	<p>Actual for 1H of FY2014 1.8%</p> <p>(Actual for FY2013 2.1%)</p> <p>(Actual for 1H of FY2013 1.5%)</p> <p>Transferred to the control of the Regional General Manager, Kansai Region</p>
Further Expanding Our Global Logistics Business	40% of sales from overseas-related business in FY2015	<p>Actual for 1H of FY2014 33.5%</p> <p>(Actual for FY2013 32.5%)</p> <p>(Actual for 1H of FY2013 32.4%)</p>

## 4. Performance Outlook of the Fiscal Year Ending March 2015

### A. Consolidated forecast (No change)

(100 million yen)

	FY2014			Actual for 2H of FY2013
	1H	2H	Forecast for full fiscal year	
Revenues	9,192	9,507	18,700	9,167
Operating Income	202	247	450	234
Ordinary Income	250	279	530	277
Net Income	160	139	300	189

# 4. Performance Outlook of the Fiscal Year Ending March 2015

## B. Overview by reportable segment (No change)

### 1) Combined Business

(100 million yen)

	FY2014			Actual for 2H of FY2013
	1H	2H	Forecast for full fiscal year	
Revenues	3,655	3,782	7,438	3,684
Segment Income	64	114	179	99
Overview	<ul style="list-style-type: none"> <li>Promote sales activities that suits characteristics of local economies and markets including strengthening of sales capabilities in three major metropolitan areas and consolidation of business bases in rural areas</li> <li>Work to enhance profitability by revising charges, utilizing operation support systems and others.</li> </ul>			

### 2) Security Transportation

(100 million yen)

	FY2014			Actual for 2H of FY2013
	1H	2H	Forecast for full fiscal year	
Revenues	276	279	556	273
Segment Income	3	8	12	6
Overview	<ul style="list-style-type: none"> <li>Revenues expected to remain strong</li> <li>Increase expected in temporary expenses due to vehicle modifications to enhance security</li> </ul>			

# 4. Performance Outlook of the Fiscal Year Ending March 2015

## B. Overview by reportable segment (No change)

### 3) Heavy Haulage & Construction

(100 million yen)

	FY2014			Actual for 2H of FY2013
	1H	2H	Forecast for full fiscal year	
Revenues	246	165	412	185
Segment Income	11	9	21	8
Overview	<ul style="list-style-type: none"> <li>Expect revenues and profits to remain robust on the full fiscal year basis</li> </ul>			

# 4. Performance Outlook of the Fiscal Year Ending March 2015

## B. Overview by reportable segment (No change)

### 4) Air Freight Forwarding

(100 million yen)

	FY2014			Actual for 2H of FY2013
	1H	2H	Forecast for full fiscal year	
Revenues	918	943	1,862	936
Segment Income	25	34	60	31
Overview	<ul style="list-style-type: none"> <li>Weight of cargo exports from Japan expected to be on the recovery track</li> <li>Work to expand logistics services and improve operational efficiency based on "BILT-2"</li> </ul>			

### 5) Marine & Harbor Transportation

(100 million yen)

	FY2014			Actual for 2H of FY2013
	1H	2H	Forecast for full fiscal year	
Revenues	596	603	1,200	644
Segment Income	29	15	45	17
Overview	<ul style="list-style-type: none"> <li>Equipment transportation expected to continue to support exports to some degree</li> <li>Exert efforts to obtain parts transport orders after completion of plant construction and to seek for potential customers through connection of existing midsize clients, and to explore new customers</li> </ul>			

# 4. Performance Outlook of the Fiscal Year Ending March 2015

## B. Overview by reportable segment (No change)

### 6) The Americas

(100 million yen)

	FY2014			Actual for 2H of FY2013
	1H	2H	Forecast for full fiscal year	
Revenues	374	368	743	355
Segment Income	17	13	30	16
Overview	<ul style="list-style-type: none"> <li>• Increase in transactions at warehousing that was opened in January 2014 and run by the Company in Brazil</li> <li>• Focus on acquiring marine forwarding orders from Mexico to Brazil</li> <li>• Air transfer services expected to decline whereas warehousing and delivery to maintain strong performance in the US</li> </ul>			

### 7) Europe

(100 million yen)

	FY2014			Actual for 2H of FY2013
	1H	2H	Forecast for full fiscal year	
Revenues	395	438	834	386
Segment Income	10	0	10	3
Overview	<ul style="list-style-type: none"> <li>• Air export forwarding transactions continue to be on the increase primarily in Germany, the Netherlands and Spain</li> <li>• Struggling warehousing and delivery also expected to improve</li> </ul>			

# 4. Performance Outlook of the Fiscal Year Ending March 2015

## B. Overview by reportable segment (No change)

### 8) East Asia

(100 million yen)

	FY2014			Actual for 2H of FY2013
	1H	2H	Forecast for full fiscal year	
Revenues	480	522	1,003	501
Segment Income	7	7	14	5
Overview	<ul style="list-style-type: none"> <li>Demand for automobile, electronics and electric appliances-related air marine export/import forwarding expected to recover in China</li> <li>Continue to strengthen measures in response to domestic logistics demand in China, including an increase in automobile-related truck transportation</li> </ul>			

### 9) South Asia & Oceania

(100 million yen)

	FY2014			Actual for 2H of FY2013
	1H	2H	Forecast for full fiscal year	
Revenues	291	288	580	270
Segment Income	6	8	15	8
Overview	<ul style="list-style-type: none"> <li>Air export forwarding transactions maintain strong performance in Thailand and the Philippines</li> <li>Warehousing and delivery also remain robust in Malaysia and Indonesia</li> </ul>			

# 4. Performance Outlook of the Fiscal Year Ending March 2015

## B. Overview by reportable segment (No change)

### 10) Goods Sales

(100 million yen)

	FY2014			Actual for 2H of FY2013
	1H	2H	Forecast for full fiscal year	
Revenues	2,084	2,140	4,225	2,224
Segment Income	27	27	54	27
Overview	<ul style="list-style-type: none"> <li>Logistics support business expected to show strong growth</li> </ul>			

### 11) Other

(100 million yen)

	FY2014			Actual for 2H of FY2013
	1H	2H	Forecast for full fiscal year	
Revenues	538	855	1,394	412
Segment Income	7	16	23	13
Overview	<ul style="list-style-type: none"> <li>Substantial increase expected in income due to inclusion of Nittsu NEC Logistics, Ltd. in the scope of consolidation scheduled from 3Q</li> </ul>			

## 4. Performance Outlook of the Fiscal Year Ending March 2015

### C. Assumptions for external factors

	Impact on 2H consolidated results	Assumptions	
Impact of change in unit fuel price	Fuel cost: +¥(0.25) billion (cost decrease)	Average FY2014 (Yearly average in FY2013) Light oil: ¥118.55/ℓ (¥114.92) Gasoline: ¥153.37/ℓ (¥147.21) Heavy oil: ¥ 70.63/ℓ (¥ 71.24) Assumes the same amount of fuel will be used as that of the previous year.	
Impact of foreign exchange	Revenues: +¥5.45 billion Operating income: +¥0.04 billion	FY2014 (Yearly average in FY2013(*)) USD: ¥102.50 (¥ 97.65) EUR: ¥141.00 (¥129.68) HKD: ¥ 13.20 (¥ 12.59) RMB: ¥ 16.80 (¥ 15.91)	

\*The annual exchange rate is the reference rate. For the preparation of financial reports, average quarterly rates are applied to the quarterly results on a local currency basis.



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