

Results Meeting for the Fiscal Year Ended March 2018

NIPPON EXPRESS CO., LTD.

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April 27, 2018

1. Business Overview

A. Overview of FY2017

1) Overview (Consolidated)

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

	Actual for FY2017 (a)	Actual for FY2016 (b)	Difference YoY (c) = (a) - (b)	Difference YoY (%) (d) = (c) / (b) × 100	Forecast for full year (announced on March 30) (e)	Difference (compared with forecast) (f)=(a) - (e)	Progress (%) (g)=(a) / (e) × 100
Revenues	19,953	18,643	1,310	7.0	19,800	153	100.8
Operating Income	702	574	128	22.4	700	2	100.4
Ordinary Income	743	638	105	16.6	730	13	101.9
Profit attributable to owners of parent	65	364	(299)	(82.1)	10	55	653.4

2) Extraordinary loss/income

- Extraordinary loss (impairment loss on goodwill and non-current assets)
 - Wanbishi Archives Co., Ltd. (44.5) billion yen
 - Nittsu Logistics (Thailand) Co., Ltd. (7.1) billion yen
- Extraordinary income (sale of strategic shares and gain on contribution of securities to retirement benefit trust) * After deducting tax
14.8 billion yen

3) Business Indices

[Results from previous fiscal year]

- Operating Income Margin 3.5% [3.1%]
- Ordinary Income Margin 3.7% [3.4%]
- ROE 1.2% [6.9%]
- ROA 0.4% [2.4%]

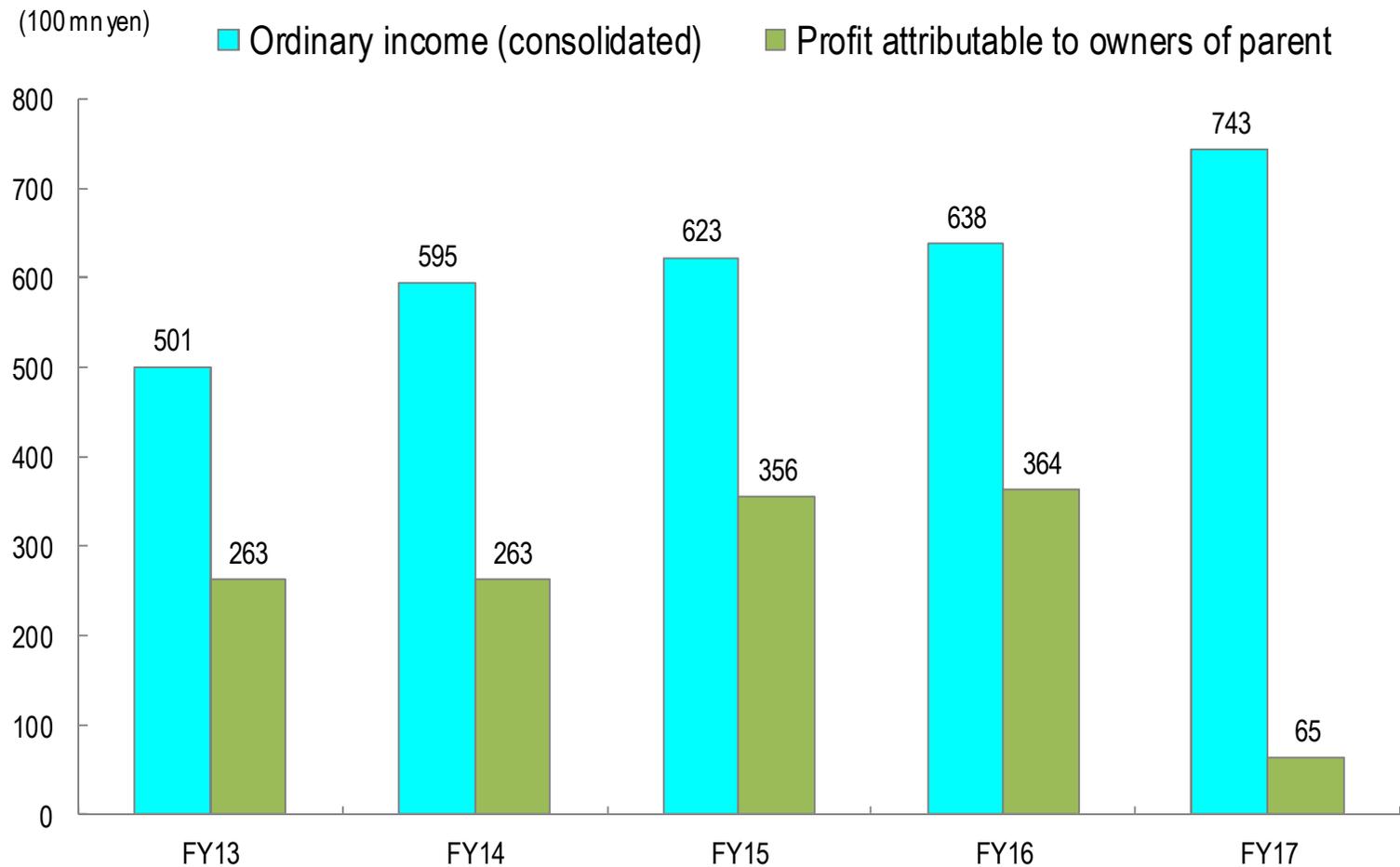
1. Business Overview

B. Trend of revenues and operating income for the past 5 years



1. Business Overview

C. Trend of ordinary income and profit attributable to owners of parent for the past 5 years



1. Business Overview

D. Financial position

(100 million yen)

	End of FY2017	End of FY2016	Difference
Total Assets	15,180	15,218	(37)
Equity	5,298	5,363	(65)
Equity Ratio (%)	34.9	35.2	-

E. Actual for cash flows

(100 million yen)

	FY2017	FY2016	Difference
Cash Flows from Operating Activities (A)	918	1,023	(104)
Cash Flows from Investing Activities (B)	(874)	(709)	(164)
Free Cash Flows (A+B)	44	313	(269)
Cash Flows from Financing Activities	(314)	(118)	(196)
Cash and Cash Equivalents at End of Year	1,378	1,633	(254)

2. Changes due to the external environment and other variable factors

A. Change factors

Change factors	Impact on consolidated results (full year)	Reference	
Impact of change in unit fuel price	¥2.24 billion (cost increase) *4Q: ¥0.46 billion (cost increase)	FY2017 Light oil: ¥ 90.66/ℓ Gasoline: ¥124.38/ℓ Heavy oil: ¥ 44.29/ℓ	[FY2016] [¥ 79.87] [¥113.79] [¥ 36.10]
Impact of foreign exchange	Revenues: ¥12.34 billion Operating income: ¥0.45 billion *4Q: Revenues: ¥6.44 billion Operating income: ¥0.21 billion	Average exchange rate for FY2017 USD: ¥112.19 EUR: ¥126.67 HKD: ¥ 14.40 RMB: ¥ 16.63	[FY2016] [¥108.84] [¥120.33] [¥ 14.02] [¥ 16.37]

The average exchange rates for FY2017 and FY2016 are the reference rates. For the preparation of financial reports, average quarterly rates are applied to the quarterly results on a local currency basis.

2. Changes due to the external environment and other variable factors

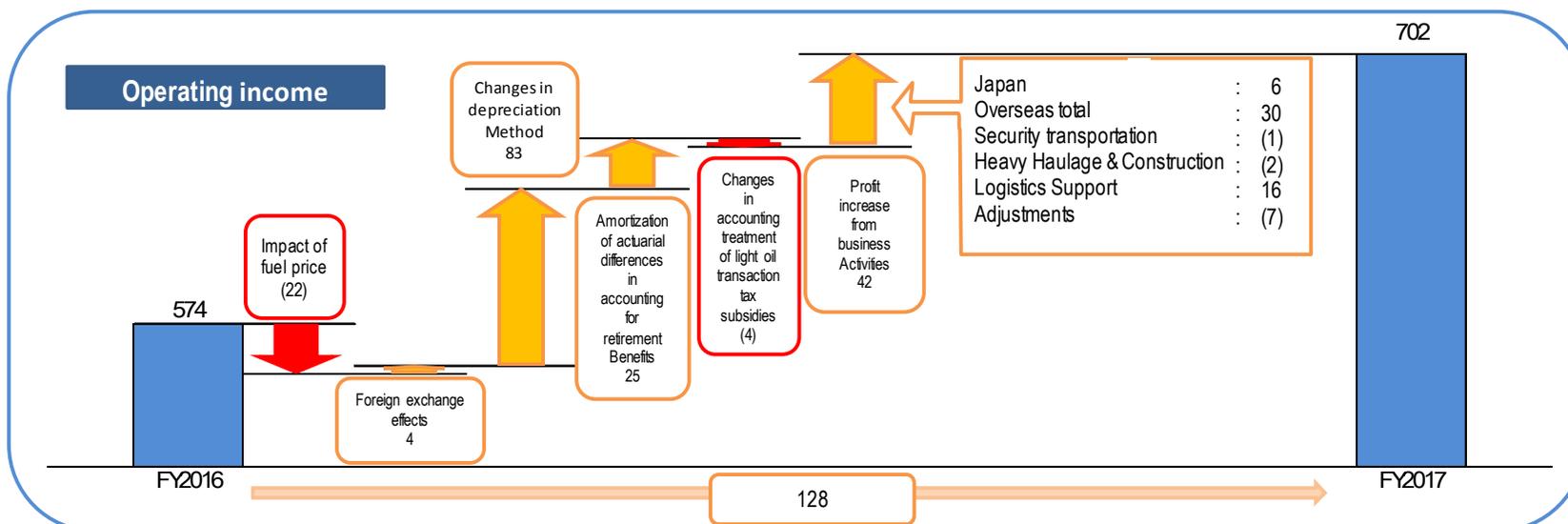
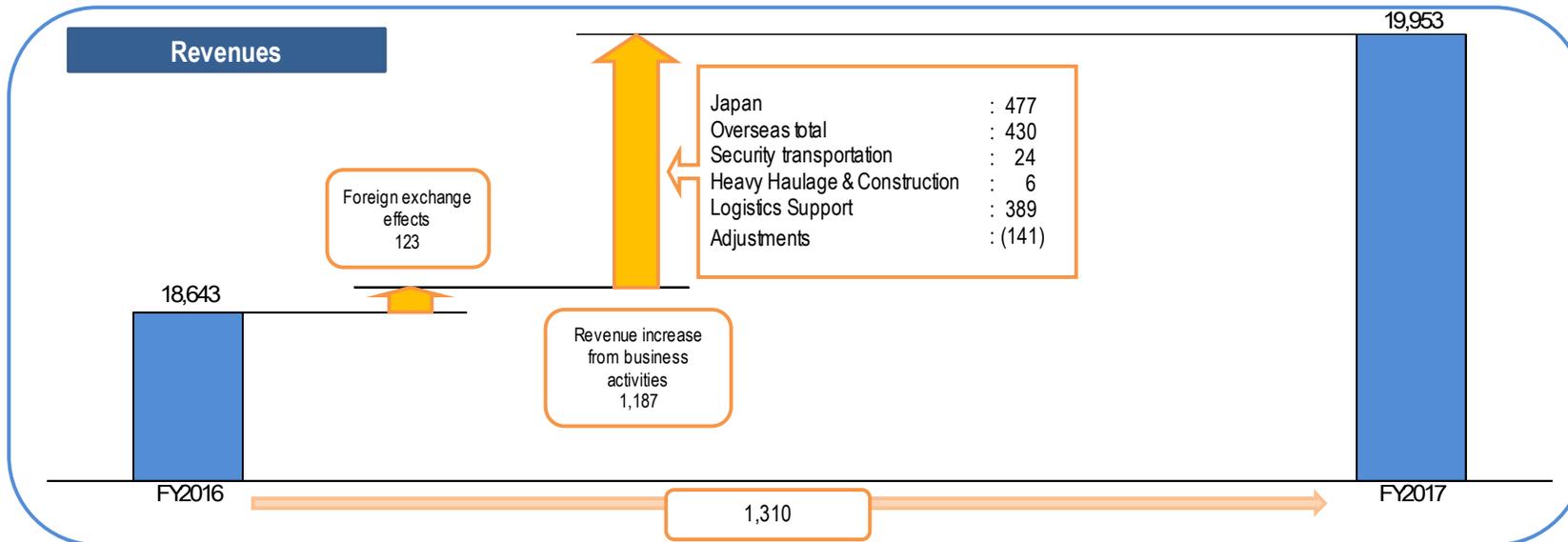
A. Change factors

Change factors	Impact on consolidated results (full year)	Reference	
Impact from changes in depreciation method and useful lives for property and equipment * Impact compared to calculation under previous method	Operating income: ¥8.30 billion *4Q: ¥2.64 billion	Full year Japan: Security Transportation: Heavy Haulage & Construction: Logistics Support:	4Q ¥2.13 billion ¥0.25 billion ¥0.09 billion ¥0.15 billion
Impact from amortization of actuarial differences in accounting for retirement benefits	Operating income: ¥2.54 billion *4Q: ¥0.63 billion		
Impact from changes in accounting treatment of light oil transaction tax subsidies	Operating income: ¥(0.49) billion *4Q: ¥(1.13) billion	Logistics Support	

2. Changes due to the external environment and other variable factors

B. Breakdown of revenues and operating income taking variable factors into account

(100 million yen)



3. Performance Analysis of FY2017

A. Overview by reportable segment

1) Japan

(100 million yen)

		Actual	Comparison with FY2016			Forecast for full fiscal year (announced on March 30, 2018)	Progress (%)	Difference
		FY2017	FY2016	Difference	Difference (%)			
F Y	Revenues	12,034	11,557	477	4.1	11,914	101.0	120
	Segment Income	459	386	73	18.9	450	102.2	9
4 Q	Revenues	3,084	2,917	166	5.7	4Q Operating Income Margin [FY2016]		
	Segment Income	130	107	22	20.5	4.2 [3.7]		
	Overview	<ul style="list-style-type: none"> • In railway transportation, automobile-related component transactions increased, but there were more suspended or cancelled routes due to bad weather. • In truck transportation, cargo movement of steel and automobile-related components maintained solid performance. • In marine & harbor transportation, exports of machinery-related components and automobile equipment-related transactions, and imports related to apparel maintained solid performance. • In air freight forwarding, transportation of automobile-related components was strong to all destinations, particularly to Europe, and cargo movement of machinery components to North and Central America, and electronic components to Asia were solid. 						

2) The Americas

(100 million yen)

		Actual	Comparison with FY2016			Forecast for full fiscal year (announced on March 30, 2018)	Progress (%)	Difference
		FY2017	FY2016	Difference	Difference (%)			
F Y	Revenues	913	838	75	9.0	939	97.3	(25)
	Segment Income	44	47	(2)	(6.0)	49	91.6	(4)
4 Q	Revenues	238	222	15	7.2	4Q Operating Income Margin [FY2016]		
	Segment Income	8	12	(3)	(30.6)	3.5 [5.4]		
	Overview	<ul style="list-style-type: none"> • Revenues increased and profit decreased on a local currency basis. • Air export freight forwarding decreased due to a rebound from the increase in air export freight forwarding in the previous year. Marine export/import freight forwarding, warehousing and distribution business, and automobile transportation were all solid. • Air forwarding and truck subtracting costs increased significantly. 						

3. Performance Analysis of FY2017

A. Overview by reportable segment

3) Europe

(100 million yen)

		Actual	Comparison with FY2016			Forecast for full fiscal year (announced on March 30, 2018)	Progress (%)	Difference
		FY2017	FY2016	Difference	Difference (%)			
F Y	Revenues	960	792	167	21.1	1,001	96.0	(40)
	Segment Income	41	20	21	104.6	44	94.4	(2)
4 Q	Revenues	288	217	70	32.6	4Q Operating Income Margin [FY2016]		
	Segment Income	13	6	6	92.1	4.6 [3.1]		
	Overview	<ul style="list-style-type: none"> Revenues and profit increased on a local currency basis. Air export freight forwarding recovered from the slump of the previous year, and air import freight forwarding transactions of automobile-related items and electronic components increased. The warehousing and distribution business in the Netherlands was also solid. For Italy, air export freight forwarding was solid attributable to increased handling of high-end fashion. In France, transactions with non-Japanese customers increased. 						

4) East Asia

(100 million yen)

		Actual	Comparison with FY2016			Forecast for full fiscal year (announced on March 30, 2018)	Progress (%)	Difference
		FY2017	FY2016	Difference	Difference (%)			
F Y	Revenues	1,174	1,017	157	15.5	1,171	100.3	3
	Segment Income	18	11	7	65.2	18	102.5	0
4 Q	Revenues	324	310	13	4.5	4Q Operating Income Margin [FY2016]		
	Segment Income	5	2	2	81.1	1.7 [1.0]		
	Overview	<ul style="list-style-type: none"> Revenues decreased and profit increased on a local currency basis. In Hong Kong, revenue from warehousing and distribution business decreased, but air export/import freight forwarding and marine export/import freight forwarding were solid attributable to increases in automobile-related items, medical devices, electronic components, etc. in all regions. Air forwarding costs continued to soar due to the extension of charter flight regulations in China. 						

3. Performance Analysis of FY2017

A. Overview by reportable segment

5) South Asia & Oceania

(100 million yen)

		Actual	Comparison with FY2016			Forecast for full fiscal year (announced on March 30, 2018)	Progress (%)	Difference
		FY2017	FY2016	Difference	Difference (%)			
F Y	Revenues	853	703	150	21.4	862	99.1	(8)
	Segment Income	33	24	9	36.6	35	97.0	(1)
4 Q	Revenues	231	189	42	22.2	4Q Operating Income Margin [FY2016]		
	Segment Income	7	6	0	12.5	3.0 [3.3]		
	Overview	<ul style="list-style-type: none"> • Revenues and profit increased on a local currency basis. • Transactions of all types were solid in the entire region. • Air export freight forwarding for pharmaceuticals of non-Japanese customers, electronic components, and automobile-related items showed robust performance. • In some countries, forwarding costs and subcontracting costs increased significantly. 						

6) Security Transportation

(100 million yen)

		Actual	Comparison with FY2016			Forecast for full fiscal year (announced on March 30, 2018)	Progress (%)	Difference
		FY2017	FY2016	Difference	Difference (%)			
F Y	Revenues	572	547	24	4.5	573	99.9	(0)
	Segment Income	17	9	7	82.6	18	97.9	(0)
4 Q	Revenues	142	136	5	4.2	4Q Operating Income Margin [FY2016]		
	Segment Income	4	3	1	43.3	3.0 [2.2]		
	Overview	<ul style="list-style-type: none"> • Promotion of acquiring outsourcing from regional financial institutions through expanded sales of the cash logistics platform. 						

3. Performance Analysis of FY2017

A. Overview by reportable segment

7) Heavy Haulage & Construction

(100 million yen)

		Actual	Comparison with FY2016			Forecast for full fiscal year (announced on March 30, 2018)	Progress (%)	Difference
		FY2017	FY2016	Difference	Difference (%)			
F Y	Revenues	476	469	6	1.3	480	99.2	(3)
	Segment Income	40	38	1	4.6	43	94.5	(2)
4 Q	Revenues	96	117	(20)	(17.7)	4Q Operating Income Margin [FY2016]		
	Segment Income	4	11	(7)	(59.6)	4.9 [10.0]		
	Overview	<ul style="list-style-type: none"> Revenue and profit decreased due to a rebound from major overseas plant construction in the previous year. 						

8) Logistics Support

(100 million yen)

		Actual	Comparison with FY2016			Forecast for full fiscal year (announced on March 30, 2018)	Progress (%)	Difference
		FY2017	FY2016	Difference	Difference (%)			
F Y	Revenues	4,432	4,039	392	9.7	4,360	101.7	72
	Segment Income	117	100	17	17.0	117	100.2	0
4 Q	Revenues	1,232	1,113	119	10.7	4Q Operating Income Margin [FY2016]		
	Segment Income	35	45	(10)	(23.0)	2.8 [4.1]		
	Overview	<ul style="list-style-type: none"> Revenue increased for Nittsu Shoji as a result of the increase in the unit selling price of oil. The logistics support business including export packing services maintained solid performance. 						

(Nittsu Shoji, Nittsu Research Institute and Consulting, Nippon Express Capital, Nittsu Real Estate, etc.)

4. Performance Outlook of FY2018

A. Consolidated forecast

(100 million yen)

	FY2018 Forecast			Actual for FY2017			Difference [Ratio of difference (%)]		
	1H	2H	Full FY	1H	2H	Full FY	1H	2H	Full FY
Revenues	10,100	10,700	20,800	9,561	10,391	19,953	538 [5.6]	308 [3.0]	846 [4.2]
Operating Income	330	440	770	322	380	702	7 [2.4]	59 [15.7]	67 [9.6]
Ordinary Income	350	460	810	344	399	743	5 [1.5]	60 [15.3]	66 [8.9]
Profit attributable to owners of parent	220	230	450	215	(150)	65	4 [2.0]	380 [-]	384 [588.7]

4. Performance Outlook of FY2018

B. Overview by reportable segment

(100 million yen)

	Item	Full year			1H			2H		
		FY2018 Forecast	FY2017 Results	Difference [Ratio of difference (%)]	FY2018 Forecast	FY2017 Results	Difference [Ratio of difference (%)]	FY2018 Forecast	FY2017 Results	Difference [Ratio of difference (%)]
Japan	Revenues	12,245	11,888	356 [3.0]	5,990	5,770	219 [3.8]	6,255	6,118	136 [2.2]
	Operating Income	516	456	59 [13.1]	219	199	19 [10.0]	297	257	39 [15.5]
	Income Margin (%)	4.2	3.8	-	3.7	3.4	-	4.7	4.2	-
	Forecast Overview	<ul style="list-style-type: none"> • Air export forwarding remained strong, especially to Asia. • Deploy businesses suited to regional characteristics, and further expand and enhance one-stop sales and account management. 								
The Americas	Revenues	954	913	40 [4.4]	469	448	20 [4.6]	485	465	19 [4.2]
	Operating Income	43	44	(1) [(4.1)]	20	27	(7) [(26.1)]	23	17	5 [29.4]
	Income Margin (%)	4.5	4.9	-	4.3	6.0	-	4.7	3.8	-
	Forecast Overview	<ul style="list-style-type: none"> • Automobile-related truck transportation between the U.S. and Mexico remained strong. Cargo movement of marine export/import freight forwarding and warehousing and distribution continued. 								
Europe	Revenues	1,124	960	163 [17.0]	551	438	112 [25.7]	573	522	50 [9.7]
	Operating Income	46	41	4 [10.7]	20	17	2 [15.7]	26	24	1 [7.1]
	Income Margin (%)	4.1	4.3	-	3.6	3.9	-	4.5	4.6	-
	Forecast Overview	<ul style="list-style-type: none"> • Warehousing and distribution business and air and marine export/import freight forwarding were solid. Enhancement of sales to non-Japanese companies achieved penetration. 								

4. Performance Outlook of FY2018

B. Overview by reportable segment

(100 million yen)

	Item	Full year			1H			2H		
		FY2018 Forecast	FY2017 Results	Difference [Ratio of difference (%)]	FY2018 Forecast	FY2017 Results	Difference [Ratio of difference (%)]	FY2018 Forecast	FY2017 Results	Difference [Ratio of difference (%)]
East Asia	Revenues	1,213	1,174	38 [3.2]	572	547	24 [4.4]	641	627	13 [2.2]
	Operating Income	28	18	9 [51.7]	12	7	4 [56.1]	16	10	5 [48.6]
	Income Margin (%)	2.3	1.6	-	2.1	1.4	-	2.5	1.7	-
	Forecast Overview	<ul style="list-style-type: none"> • Automobile-related transactions in China remained strong. • Air and marine freight forwarding recovered. Aim to improve customer transfer and consolidation efficiency to counter soaring air forwarding costs. 								
South Asia & Oceania	Revenues	900	853	46 [5.4]	423	395	27 [7.0]	477	458	18 [4.0]
	Operating Income	37	33	3 [8.9]	18	16	1 [10.2]	19	17	1 [7.8]
	Income Margin (%)	4.1	4.0	-	4.3	4.1	-	4.0	3.8	-
	Forecast Overview	<ul style="list-style-type: none"> • Warehousing and distribution business was solid, and cargo movement of air export freight forwarding continued. 								
Security Transportation	Revenues	739	718	20 [2.9]	362	359	2 [0.8]	377	359	17 [5.0]
	Operating Income	15	21	(6) [(29.1)]	5	10	(5) [(52.9)]	10	10	(0) [(5.1)]
	Income Margin (%)	2.0	2.9	-	1.4	3.0	-	2.7	2.9	-
	Forecast Overview	<ul style="list-style-type: none"> • Aim to build a cash logistics platform and promote acquisition of outsourcing from regional financial institutions. • Affected by increase in labor costs, etc. 								

4. Performance Outlook of FY2018

B. Overview by reportable segment

(100 million yen)

		Full year			1H			2H		
		FY2018 Forecast	FY2017 Results	Difference [Ratio of difference (%)]	FY2018 Forecast	FY2017 Results	Difference [Ratio of difference (%)]	FY2018 Forecast	FY2017 Results	Difference [Ratio of difference (%)]
Heavy Haulage & Construction	Revenues	458	476	(18) [(3.8)]	243	248	(5) [(2.3)]	215	227	(12) [(5.4)]
	Operating Income	36	40	(4) [(11.4)]	20	23	(3) [(14.7)]	16	17	(1) [(6.8)]
	Income Margin (%)	7.9	8.5	-	8.2	9.4	-	7.4	7.6	-
	Forecast Overview	- Shutdown and maintenance contracts concentrated in the first half of the previous year decreased, and major overseas projects are not expected.								
Logistics Support	Revenues	4,654	4,432	221 [5.0]	2,224	2,042	181 [8.9]	2,430	2,389	40 [1.7]
	Operating Income	118	117	0 [0.7]	56	53	2 [5.1]	62	63	(1) [(3.1)]
	Income Margin (%)	2.5	2.6	-	2.5	2.6	-	2.6	2.7	-
	Forecast Overview	- Solid cargo movement continued in the logistics support business of Nittsu Shoji.								

- In accordance with the organizational changes relating to the Security Transportation business, part of the Japan segment will be changed to the Security Transportation segment effective from the fiscal year ending March 31, 2019. Accordingly, this forecast applies these segment changes to the previous year figures for comparison.
 (Changed segments: Japan and Security Transportation)

4. Performance Outlook of FY2018

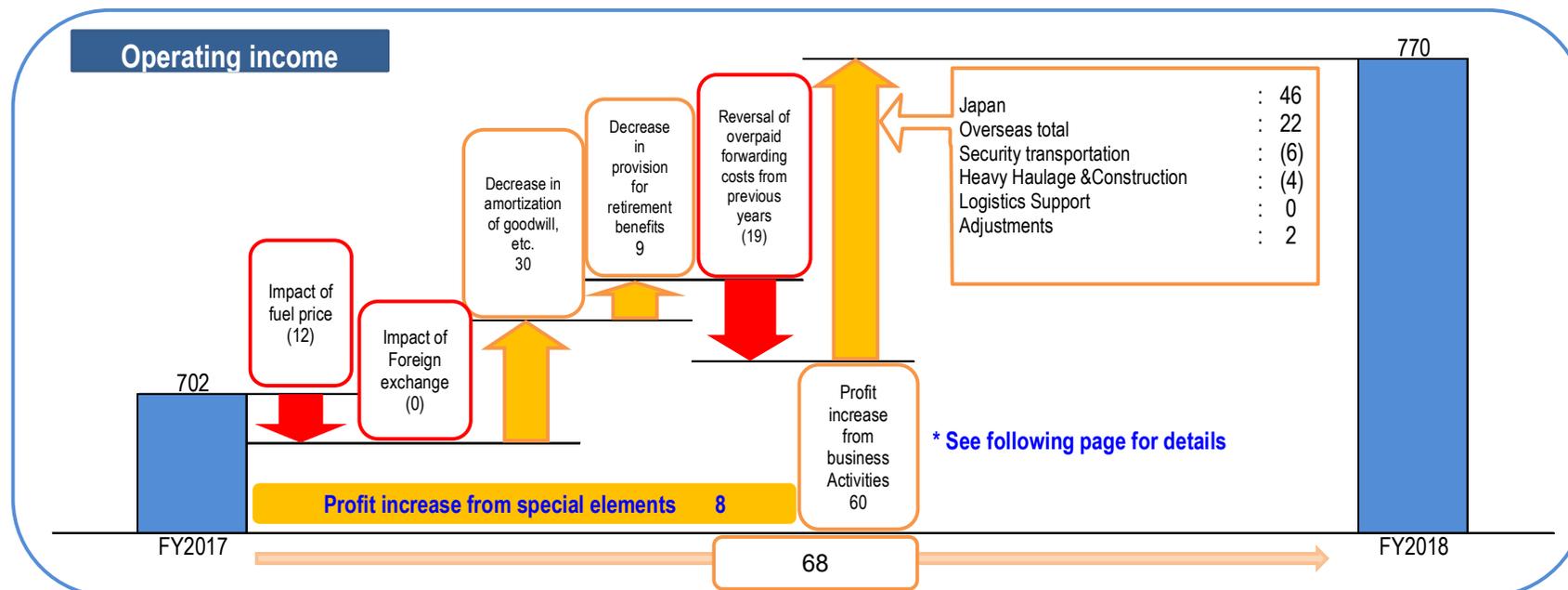
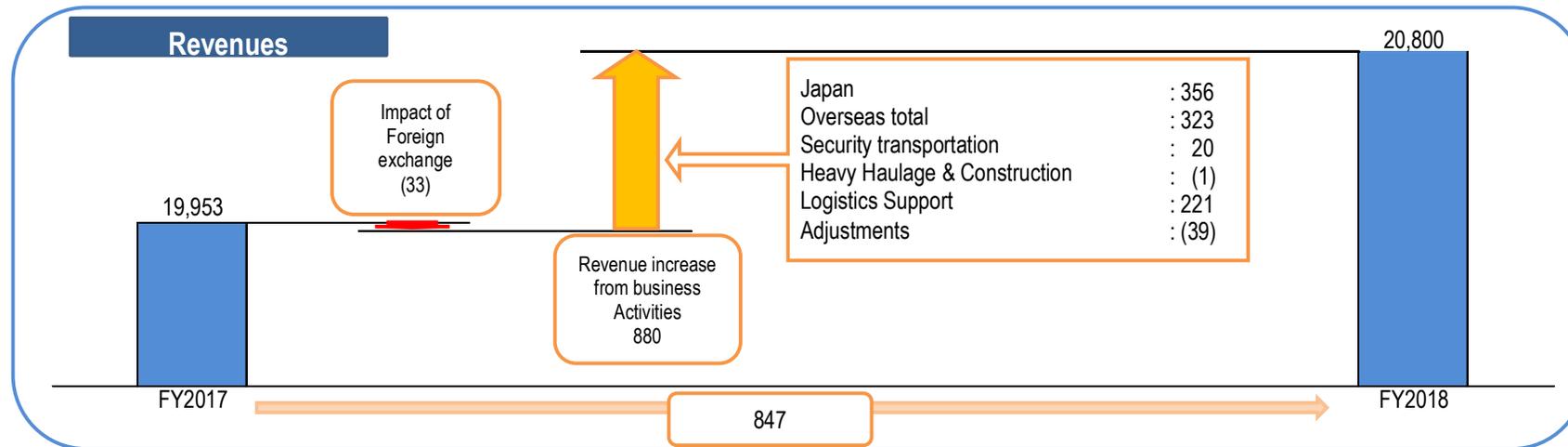
C. Assumptions of external factors and other variable factors (forecast)

Change factors	Impact on consolidated results (Forecast for full year)	Assumptions / Reference
Impact from impairment loss on goodwill and non-current assets	Operating income: ¥3.0 billion	(Full year) Japan: ¥2.5 billion South Asia & Oceania: ¥0.5 billion
Decrease in provision for retirement benefits	Operating income: ¥0.98 billion	(Full year) Japan: ¥0.78 billion Security Transportation: ¥0.17 billion Heavy Haulage & Construction: ¥0.02 billion
Other impact (special factors from previous year)	Operating income: ¥(1.9) billion (* Reversal of overpaid forwarding costs from previous years)	Japan: ¥(0.8) billion (1Q) The Americas: ¥(1.1) billion (2Q)

4. Performance Outlook of FY2018

D. Breakdown of revenues and operating income taking variable factors into account (forecast)

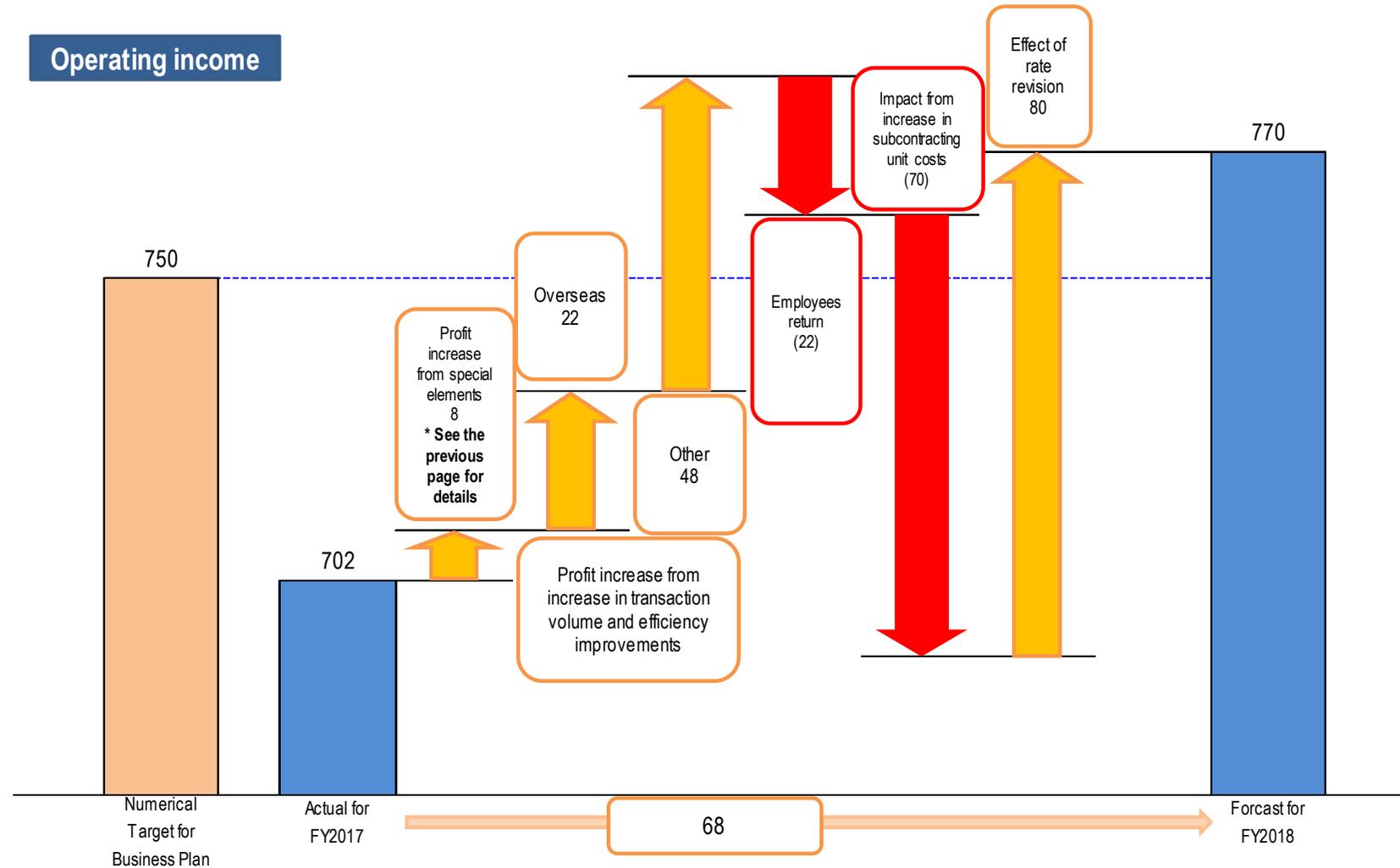
(100 million yen)



4. Performance Outlook of FY2018

E. Approach to forecast figures for FY2018

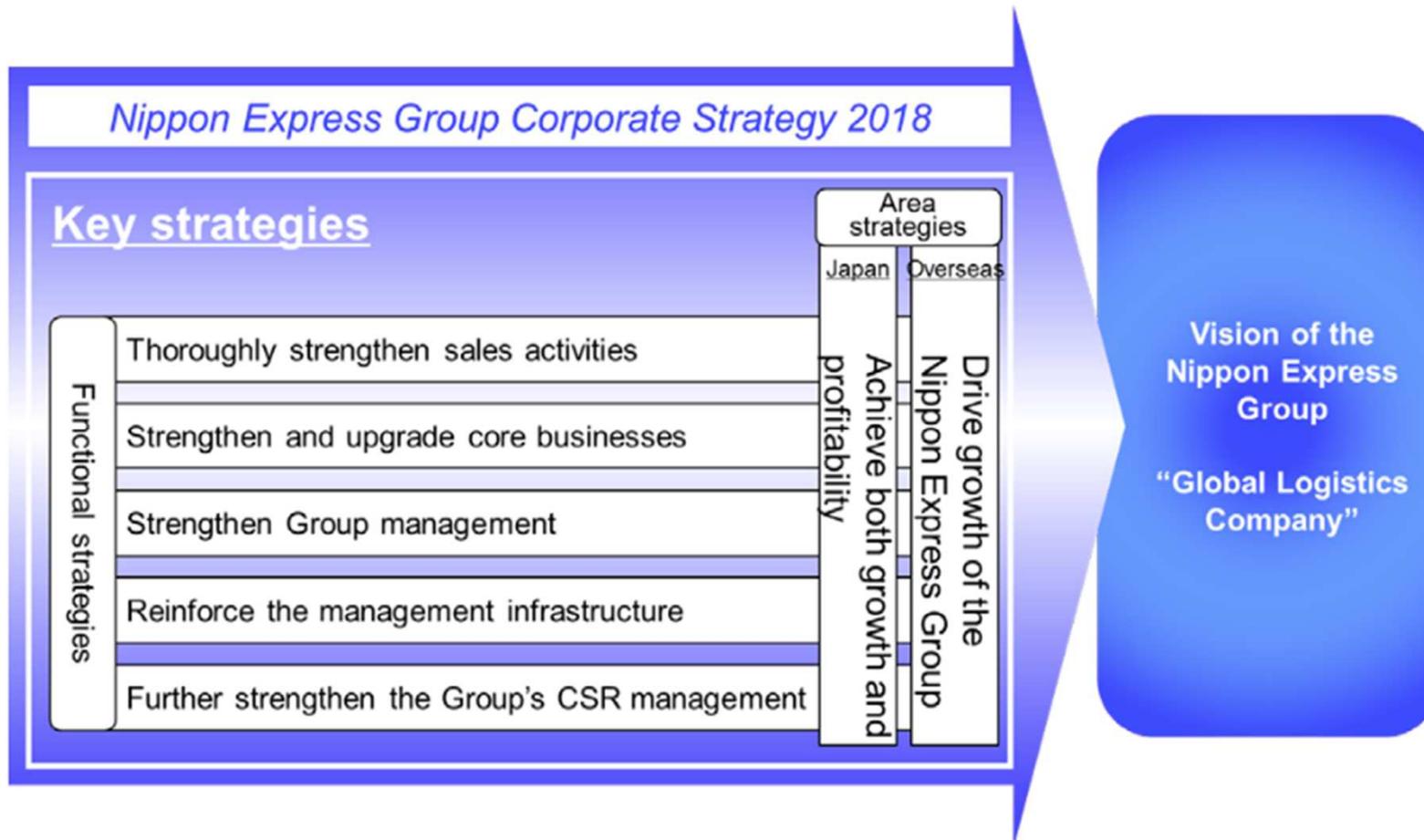
(100 million yen)



5. Progress of Business Plan

A. Nippon Express Group Corporate Strategy 2018 — New Sekai-Nittsu —

Further enhance profitability of businesses in Japan and focus investment in B2B in the priority business fields and the growth region with the aim of becoming a truly global logistics company.



5. Progress of Business Plan

B. Progress of Key Strategies

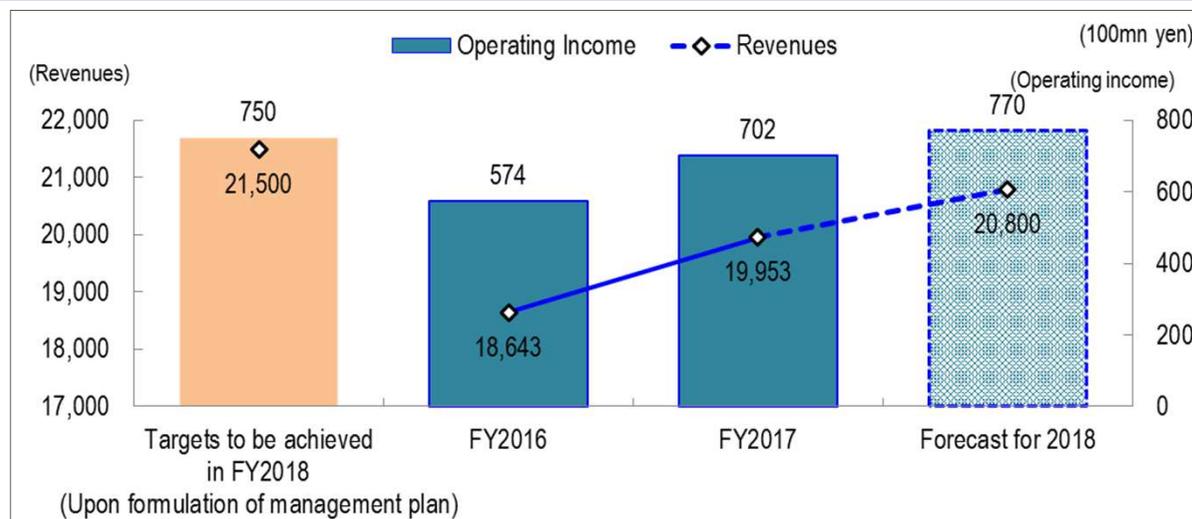
Key strategies		Steps	Progress status
Area strategies	Japan Achieve both growth and profitability	Develop business adapted to regional characteristics	<ul style="list-style-type: none"> • Establishment of Automotive Business Branch • Establishment of Kyushu Automotive Logistics Branch • Establishment of Nomi Distribution Center • Support joint modal shift between Kansai/Chugoku and Kyushu by four major beer manufacturers
		Strengthen domestic businesses, and establish new core businesses	<ul style="list-style-type: none"> • Establishment of Network Transport Business Promotion Headquarters • Launch of NEX-NET: Sea & Rail Tokyo Land Bridge WB/EB • Establishment of Narita Temperature Controlled HUB (a large-scale freezer & refrigeration facility) • Establishment of services in new temperature range (2°C - 8°C) in TempSure Thermo ULD (making it possible to handle transportation of medical supplies and pharmaceuticals) • Begin operation of Kaigai Tenkai Highway
	Overseas Drive growth of the Nippon Express Group	Enhance profitability in the Americas, Europe, and East Asia	<ul style="list-style-type: none"> • Establishment Kenya Branch and Morocco Branch • Relocation and expansion of Laredo office in Texas, an important area for logistics between the U.S. and Mexico
		Growth in South Asia & Oceania	<ul style="list-style-type: none"> • Establishment of Thilawa Logistics Center and Myawaddy Office in Myanmar • Establishment of Semarang Logistics Center in Indonesia • Acquisition of bonded logistics center license for food-related products and electrical and electronic-related goods, halal certification, and AEO certification in Indonesia
Functional strategies	Thoroughly strengthen sales activities	Expand sales & marketing targeting non-Japanese companies	<ul style="list-style-type: none"> • Establishment of Global Logistics Innovation Center
	Strengthen Group management	Promote M&A that will contribute to enhancement of the corporate value of the Nippon Express Group	<ul style="list-style-type: none"> • Acquisition of Traconf S.r.l. as subsidiary
	Strengthen and upgrade core businesses	Expand the network in the intra-Asian region	<ul style="list-style-type: none"> • Establishment of Nippon Express (South Asia & Oceania) Mekong Development Center
		Increase the deals for traffic to and from Asia	<ul style="list-style-type: none"> • Business tie-up with Kazakhstan Railways • Establishment of Chongqing Sea & Rail Service • Business tie-up with SIPG Logistics Co., Ltd.

5. Progress of Business Plan

C. Progress of Numerical Targets

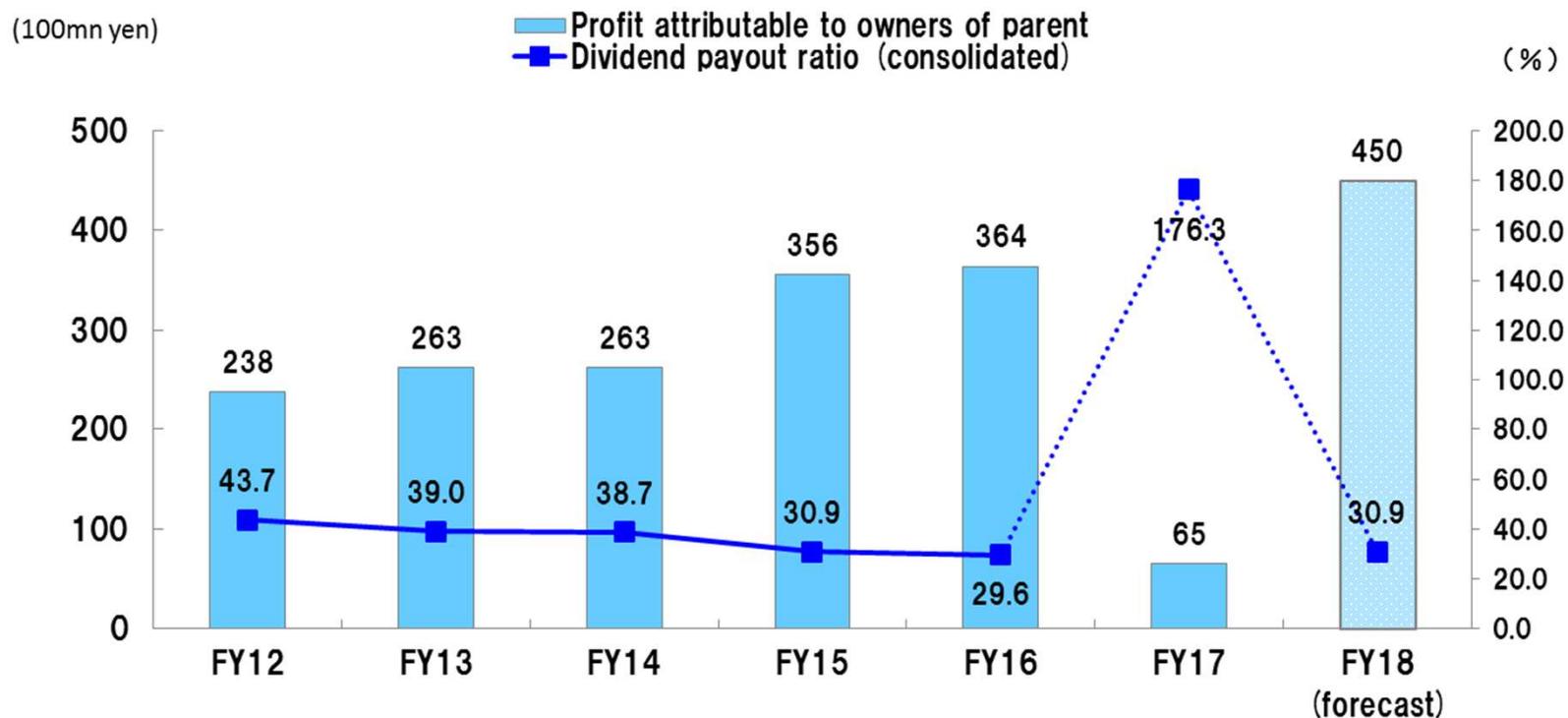
(100 million yen)

Item	Targets to be achieved in FY2018	Actual results in FY2016	Actual results in FY2017	Forecast for FY2018
Revenues	21,500	18,643	19,953	20,800
Operating income	750	574	702	770
Profit attributable to owners of parent	450	364	65	450
Sales from overseas-related business	8,600	6,459	7,506	8,000
ROA (Return on Assets)	2.8	2.4	0.4	3.0
Investment plan	2,000 (3-year total)	803	965	900



6. Dividend

Changes in dividend payout ratio and forecast



* The Company consolidated 10 shares of its common stock into 1 share, effective October 1, 2017. The amounts of dividends from FY2017 onwards reflect this consolidation of shares.

[Approach to Capital Policy]

1. Aim for equity ratio of 40%.
2. Aim for dividend payout ratio of 30-40%.
3. Continue investment to achieve sustainable growth and consider a flexible policy on return to shareholders.

We Find the Way



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