



Financial Results Meeting: **The 1st 6 Months of FY Ending March 2019** **(April 1, 2018 – September 30, 2018)**

November 9, 2018



Global Logistics Partner

kintetsu world express

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Financial Summary

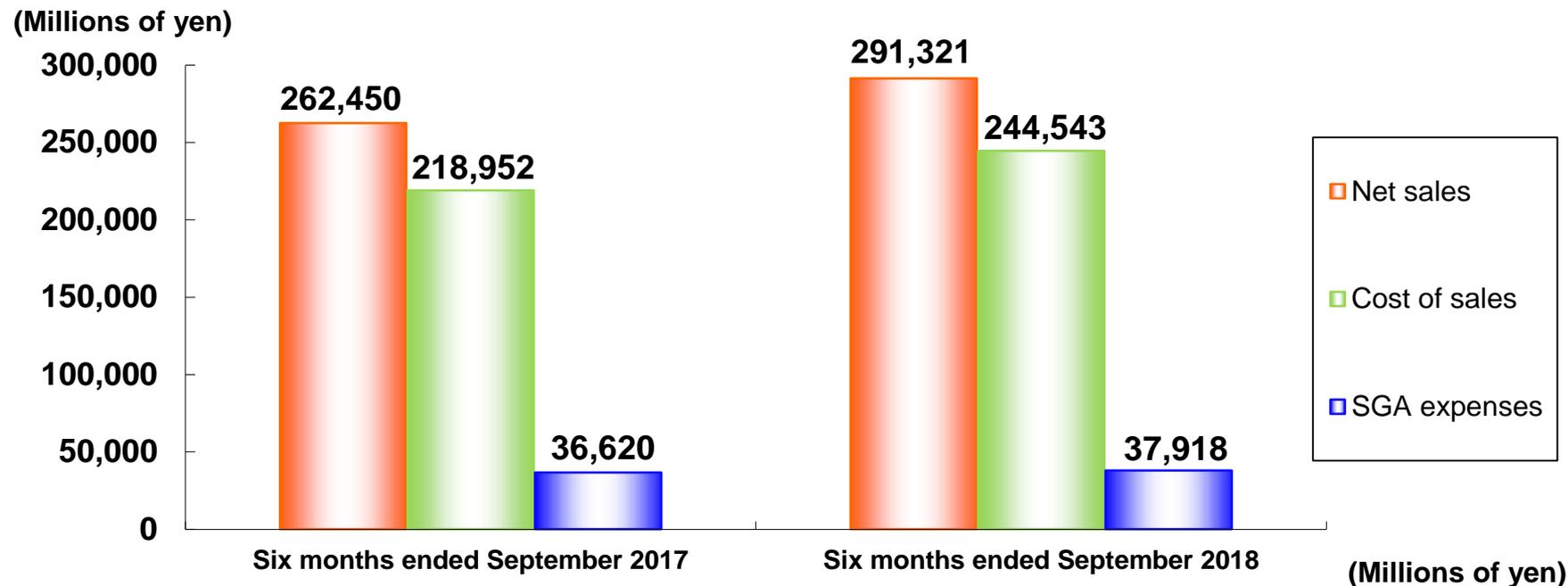
Weight (1,000 tons) Shipments (thousands) Volume (1,000 TEU) Amount (¥million)

Item	Six months ended September				1st 6 months of FY ending March 2019 Forecasts (Announced on May 11, 2018)
	2017		2018		
		YoY change		YoY change	
Air freight exports (Weight)	280	22.6%	302	7.7%	—
Air freight imports (Shipments)	652	11.8%	677	3.7%	—
Sea freight exports (Volume)	320	21.0%	350	9.8%	—
Sea freight imports (Shipments)	137	12.9%	147	7.2%	—
Net sales	262,450	15.4%	291,321	11.0%	285,000
Operating gross profit	43,498	9.8%	46,777	7.5%	—
Operating income	6,877	60.4%	8,859	28.8%	8,000
Ordinary income	6,909	47.3%	10,504	52.0%	7,700
Income before income taxes	7,057	39.0%	10,508	48.9%	—
Net income attributable to owners of the parent	2,471	109.9%	5,014	102.9%	2,700

Conversion Rate	1st 6 months of FY ended March 2018	FY ended March 2018	1st 6 months of FY ending March 2019
US-Dollar	¥111.06	¥110.85	¥110.26
Euro	¥126.29	¥129.70	¥129.85
HK-Dollar	¥14.24	¥14.20	¥14.05
Chinese yuan	¥16.42	¥16.75	¥16.75

FOREX impacts (consolidated)
Net sales: ¥(2,487) million
Operating income: ¥(13) million

Year over Year Comparisons of Net Sales, Cost of Sales, and SGA Expenses



	Six months ended September			
	2017	Ratio to net sales	2018	Ratio to net sales
Net sales	262,450	100.0%	291,321	100.0%
Cost of sales	218,952	83.4%	244,543	84.0%
SGA expenses	36,620	14.0%	37,918	13.0%
Operating income	6,877	2.6%	8,859	3.0%

Balance Sheets

(Millions of yen)

	March 2018	September 2018	Differences
Assets			
Current assets	193,520	199,897	6,376
Non-current assets	196,062	192,062	(4,000)
Property, plant and equipment	46,749	46,861	111
Intangible assets	121,328	117,019	(4,308)
Total investments and other assets	27,984	28,181	196
Total assets	389,582	391,959	2,376
Liabilities			
Current liabilities	123,048	129,265	6,216
Non-current liabilities	137,545	131,549	(5,996)
Total liabilities	260,594	260,814	220
Net assets			
Total net assets	128,988	131,144	2,155
Total liabilities and net assets	389,582	391,959	2,376

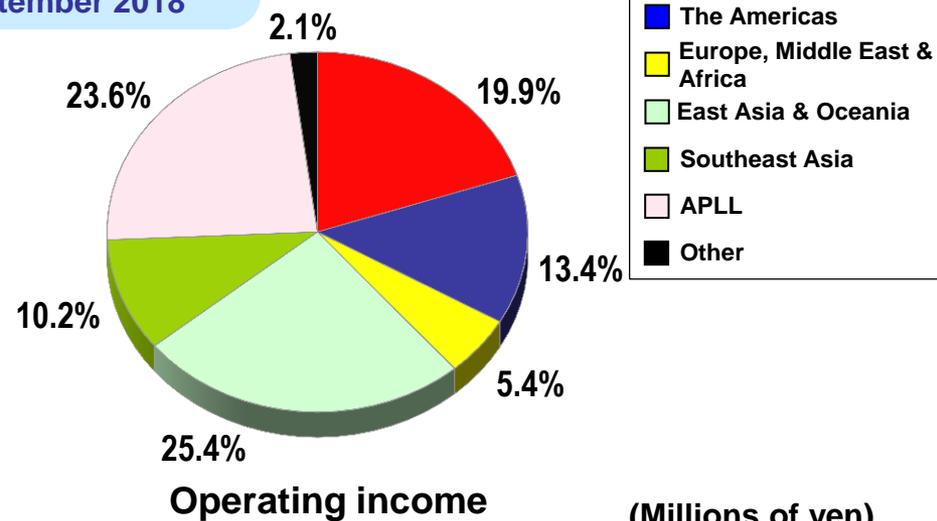
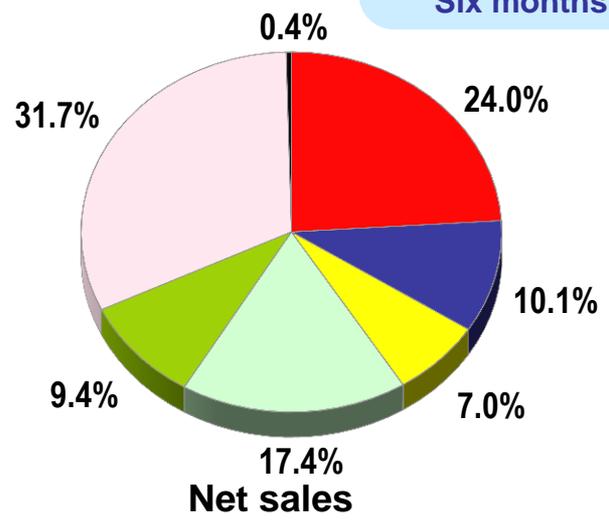
Cash Flow Statements

(Millions of yen)

	Six months ended September		Differences
	2017	2018	
Net cash provided by (used in) operating activities	5,607	11,994	6,386
Net cash provided by (used in) investing activities	(1,412)	(5,742)	(4,330)
Net cash provided by (used in) financing activities	(4,309)	(4,006)	303
Effect of exchange rate change on cash and cash equivalents	1,127	382	(744)
Net increase (decrease) in cash and cash equivalents	1,012	2,626	1,613
Cash and cash equivalents at beginning of period	65,506	67,856	2,349
Cash and cash equivalents at end of period	66,519	70,482	3,963

Net Sales and Operating Income by Segment

Composition by segment
Six months ended September 2018

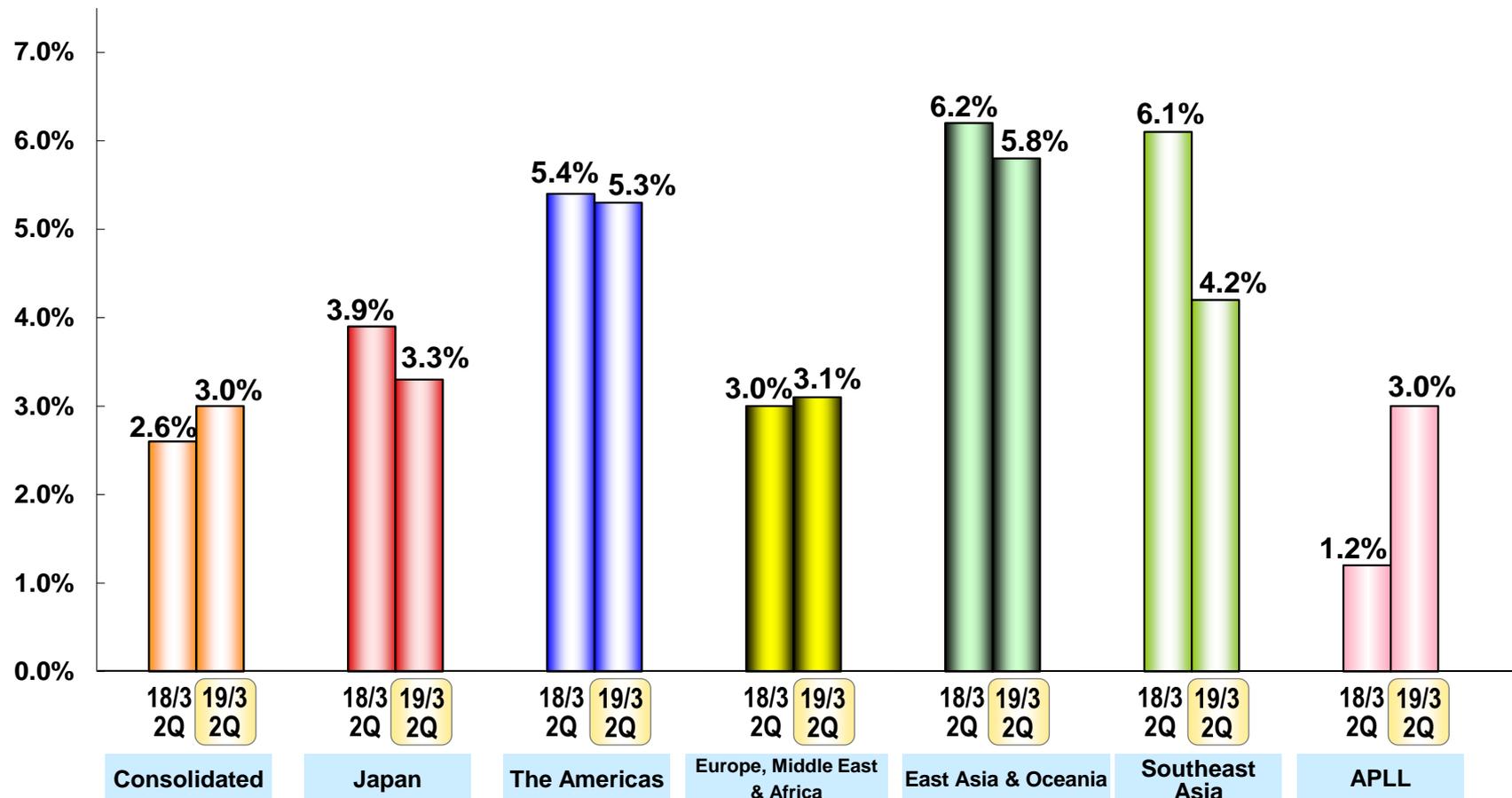


- Japan
- The Americas
- Europe, Middle East & Africa
- East Asia & Oceania
- Southeast Asia
- APLL
- Other

Segment	Net Sales	YoY change	Operating Income	YoY change
Japan	71,673	19.8%	2,357	2.3%
The Americas	30,078	20.6%	1,582	18.2%
Europe, Middle East & Africa	20,810	17.7%	641	22.9%
East Asia & Oceania	52,006	14.2%	3,001	6.1%
Southeast Asia	28,453	7.7%	1,205	(25.0%)
APLL	94,893	1.2%	2,800	147.5%
Amortization of goodwill	2,986	—	(2,986)	—
Other	1,318	16.4%	249	4.4%
Adjustment	(7,912)	—	8	—
Total	291,321	11.0%	8,859	28.8%

* "Other" refers to business not included in reportable segments and provides incidental logistics related services within the Group.

Operating Margins by Segment



* APLL's operating margin is calculated based on the amount before amortization of goodwill.

Review of Operations

Japan

(Millions of yen)

	Six months ended September 2017	Six months ended September 2018	YoY change
Net sales	59,820	71,673	11,853
Operating income	2,305	2,357	52

- Although sales increased with volume growth, profit growth was stagnant due to an increase in direct cost ratio
- Subsidiaries in Japan had good results

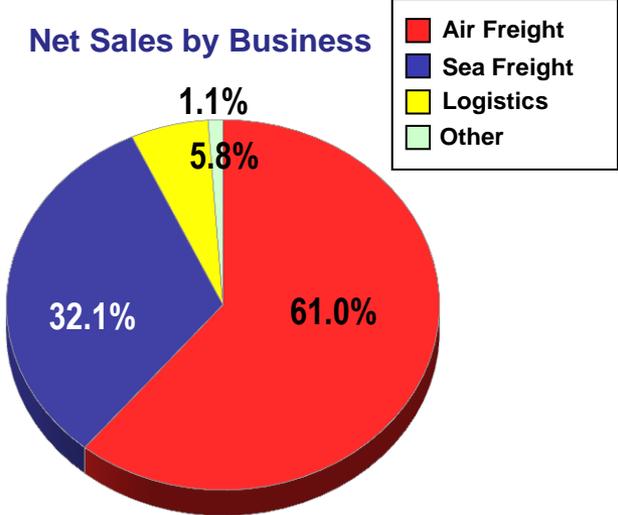
The Americas

(Millions of yen)

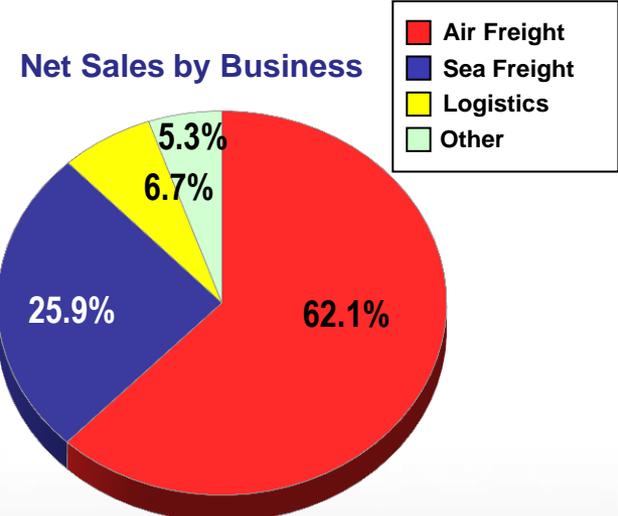
	Six months ended September 2017	Six months ended September 2018	YoY change
Net sales	24,943	30,078	5,134
Operating income	1,338	1,582	244

- Favorable growth with volume increase despite a rise in direct cost ratio
- FOREX impact
Net sales: ¥(233) million Operating income: ¥(16) million

Net Sales by Business



Net Sales by Business



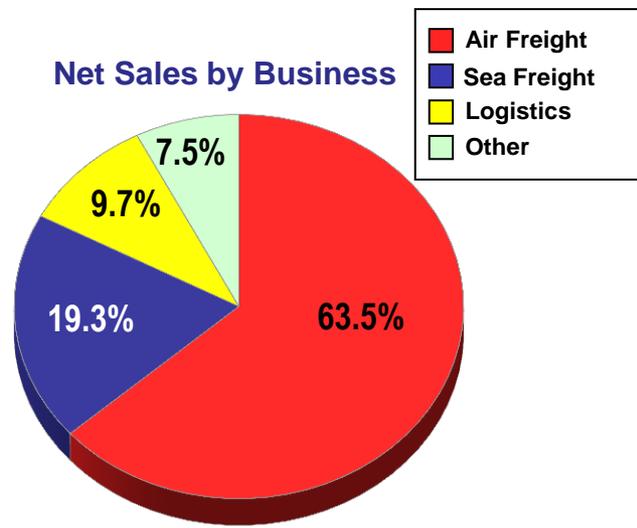
Review of Operations

Europe, Middle East & Africa

(Millions of yen)

	Six months ended September 2017	Six months ended September 2018	YoY change
Net sales	17,677	20,810	3,133
Operating income	521	641	119

- Favorable growth in Ireland, South Africa, and France. Sluggish in Germany and Italy
- FOREX impact
 Net sales: +¥224 million Operating income: +¥7 million

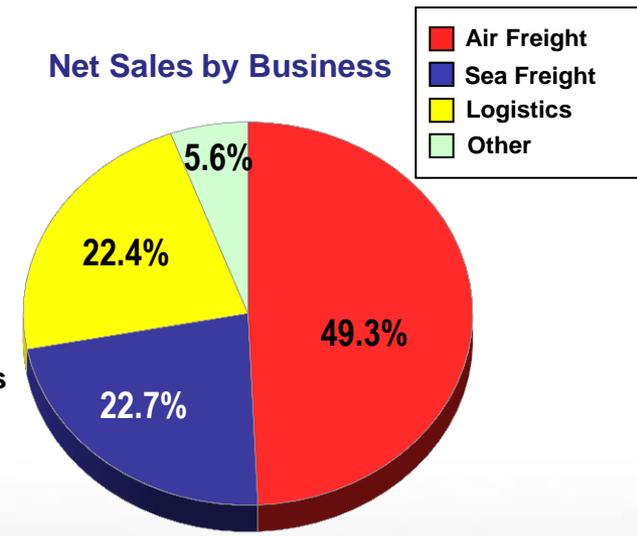


East Asia & Oceania

(Millions of yen)

	Six months ended September 2017	Six months ended September 2018	YoY change
Net sales	45,523	52,006	6,482
Operating income	2,830	3,001	171

- Volume increased steadily, but direct cost ratio also increased. Strong growth in logistics
- FOREX impact
 Net sales: +¥473 million Operating income: +¥40 million



Review of Operations

Southeast Asia

(Millions of yen)

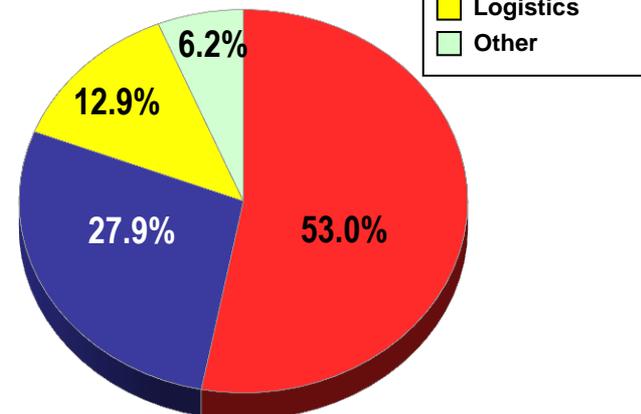
	Six months ended September 2017	Six months ended September 2018	YoY change
Net sales	26,406	28,453	2,046
Operating income	1,607	1,205	(402)

- Air freight export decreased while direct cost ratio rose. Thailand, Vietnam, Malaysia, and the Philippines suppressed operating income

- FOREX impact

Net sales: +¥134 million Operating income: ¥(6) million

Net Sales by Business



APLL

(Millions of yen)

	Six months ended September 2017	Six months ended September 2018	YoY change
Net sales	93,749	94,893	1,143
Operating income	(1,968)	(186)	1,782

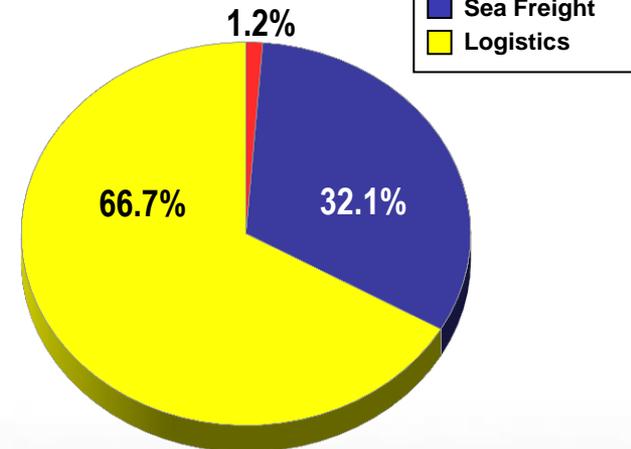
- Favorable growth in all industry verticals. Significant profit growth due to measures to improve operating gross profit margin

- Operating income of ¥2,800 million before amortization of goodwill

- FOREX impact

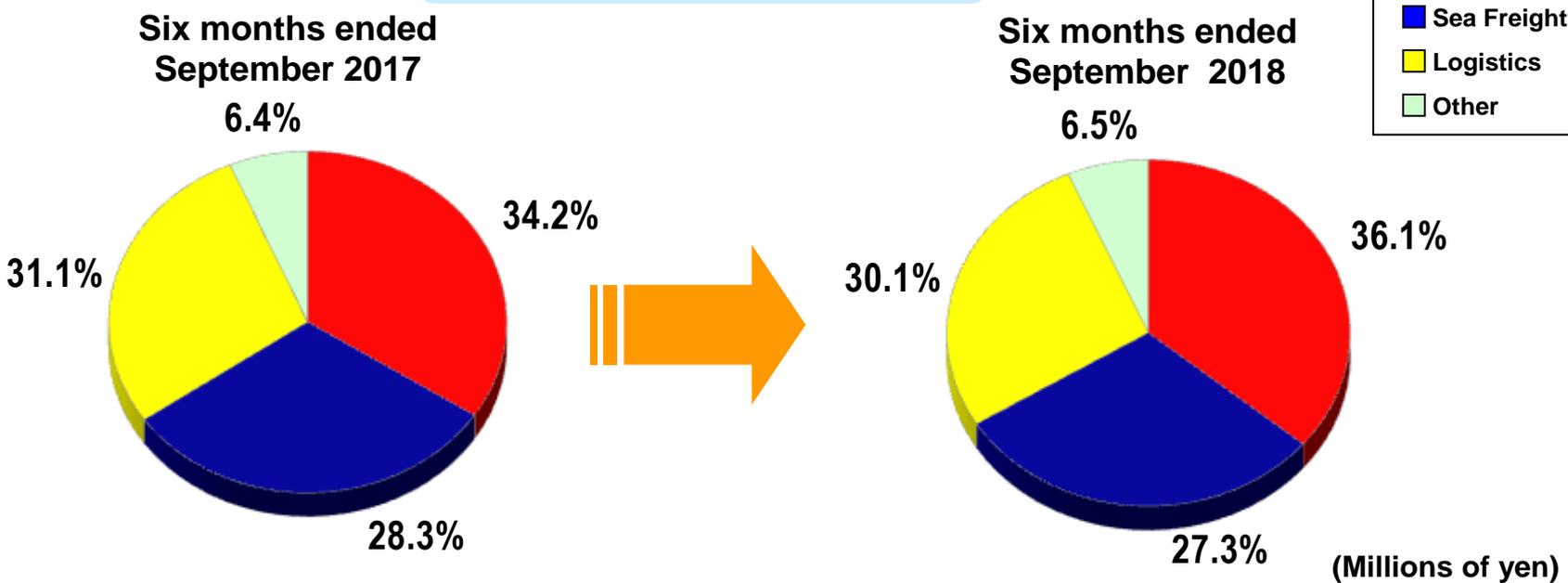
Net sales: ¥(3,078) million Operating income: ¥(37) million

Net Sales by Business



Net Sales by Business

Composition by Business



Business		Six months ended September		
		2017	2018	
		Net sales	Net sales	YoY change
Freight transportation	Air Freight	89,768	105,138	17.1%
	Sea Freight	74,188	79,474	7.1%
	Logistics	81,741	87,642	7.2%
	Other	16,752	19,065	13.8%
Total		262,450	291,321	11.0%

Gross Margin by Transportation Mode

* Gross profit = Net sales – Direct cost

	FY ended March 2017	Six months ended September 2017	FY ended March 2018	Six months ended September 2018
Air Freight	30.0%	27.8%	26.9%	25.0%
Sea Freight	31.0%	28.0%	28.4%	27.3%

Performance Forecast for FY Ending March 2019

Global Logistics Partner

(Millions of yen)

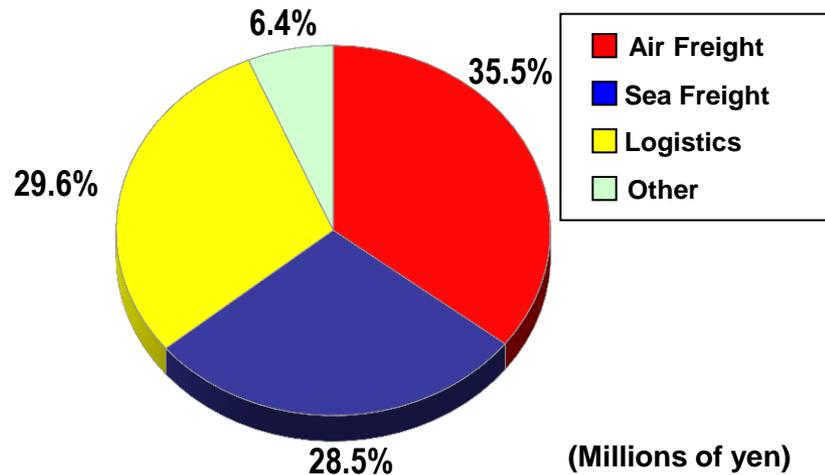
Item	FY ended March 2018 (Results)		FY ending March 2019 (Forecasts) (Revised on November 8, 2018)	
		YoY change		YoY change
Net sales	553,197	16.6%	600,000	8.5%
Operating gross profit	92,662	9.0%	95,700	3.3%
Operating income	17,551	34.2%	19,200	9.4%
Ordinary income	17,345	33.1%	20,700	19.3%
Income before income taxes	16,879	35.2%	20,740	22.9%
Net income attributable to owners of the parent	7,002	56.1%	10,500	49.9%

Performance Forecast by Business & Segment for FY Ending March 2019

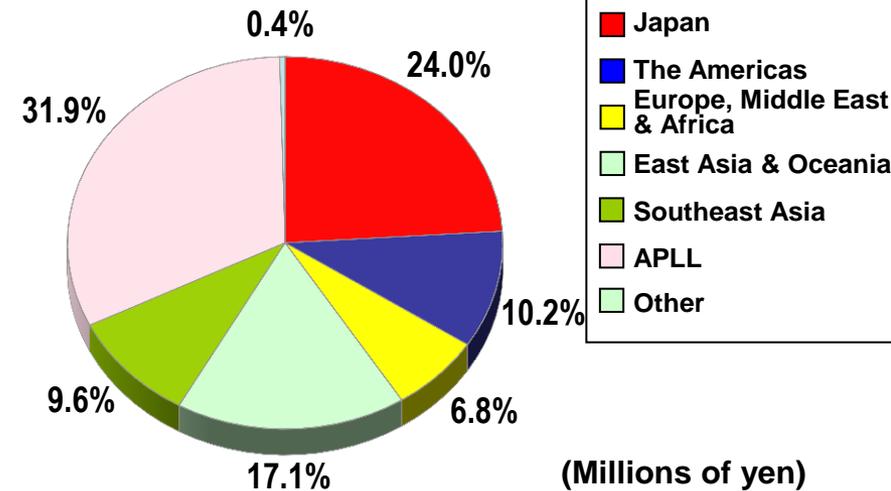
Revised on November 8, 2018



Net Sales by Business



Net Sales by Segment



Business		FY ending March 2019 (Forecast)	
		Net sales	Composition
Freight transportation	Air Freight	213,000	35.5%
	Sea Freight	171,000	28.5%
	Logistics	177,800	29.6%
	Other	38,200	6.4%
Total		600,000	100.0%

Segment	FY ending March 2019 (Forecast)	
	Net sales	Operating income
Japan	147,600	5,600
The Americas	62,700	3,300
Europe, Middle East & Africa	42,200	1,300
East Asia & Oceania	105,000	6,000
Southeast Asia	59,000	2,500
APLL	196,000	6,400
Amortization of goodwill	—	(6,200)
Other	2,500	300
Adjustment	(15,000)	—
Total	600,000	19,200

Business Strategies and Measures

Outline of Medium-Term Management Plan (FY Ended March 2017 - FY Ending March 2019)

Vision

A superior business partner supporting customers' strategic objectives and activities by providing comprehensive innovative supply chain solutions

Slogan

“Going to the Next Phase !”

— Toward Air Freight export 700,000 tons/Sea Freight export 700,000 TEUs —

Target by March 2019 (Revised on Nov. 8, 2018)

Net Sales: 600 billion yen

Operating Income: 19.2 billion yen

<Key Strategies>

Become an industry leader providing comprehensive services

Actively respond to customers' logistics needs at production locations and consumer markets

Improve productivity by leveraging corporate capabilities

<Core Competences>

Maximize efficient utilization
of corporate resources

Strengthen corporate risk
management capabilities

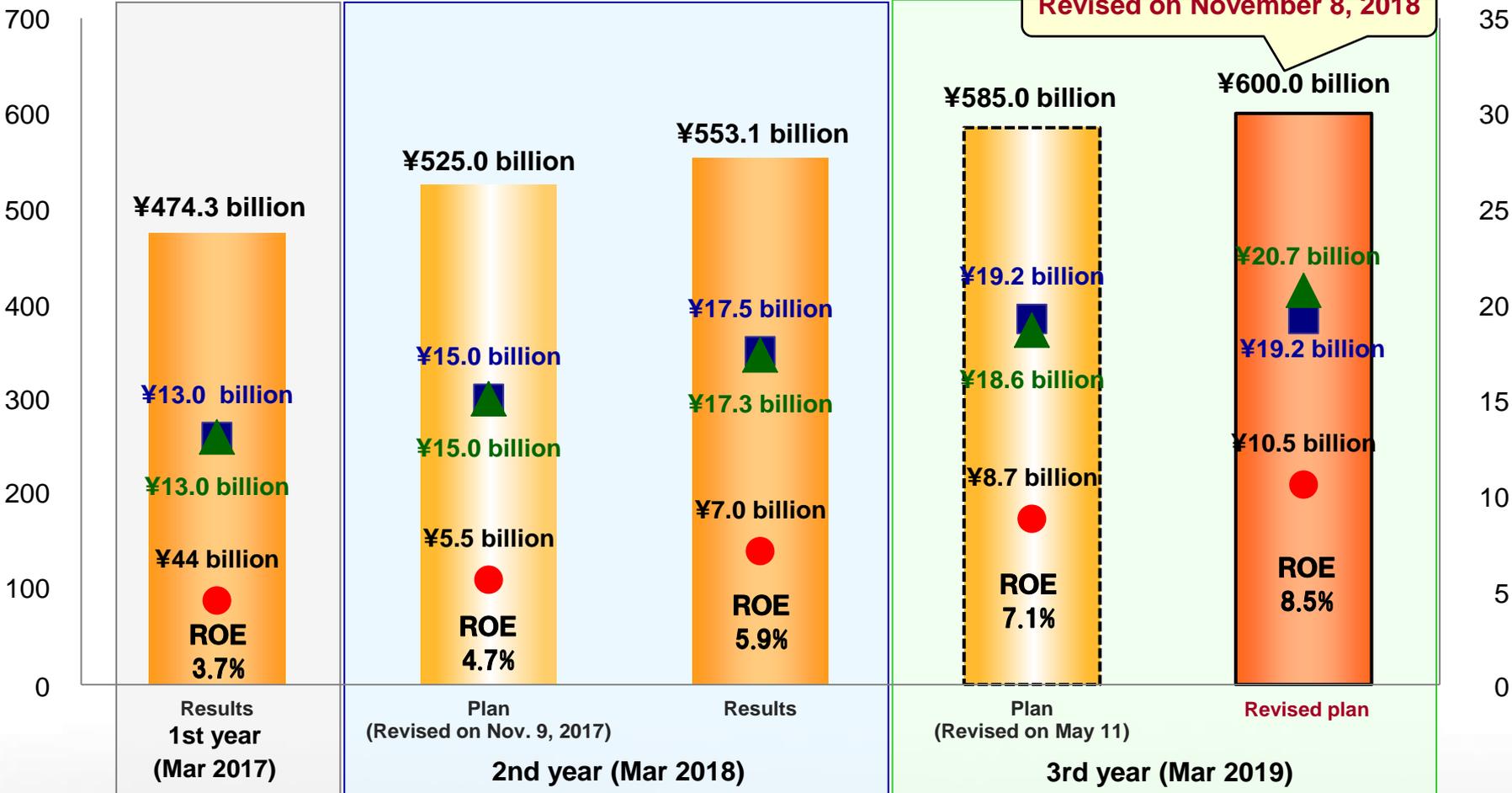
Heighten quality of
operational performance

Medium-Term Management Plan Results and Numerical Targets

■ Net sales
 ■ Operating income
 ▲ Ordinary income
 ● Net income attributable to owners of the parent

(Billions of yen)

(Billions of yen)



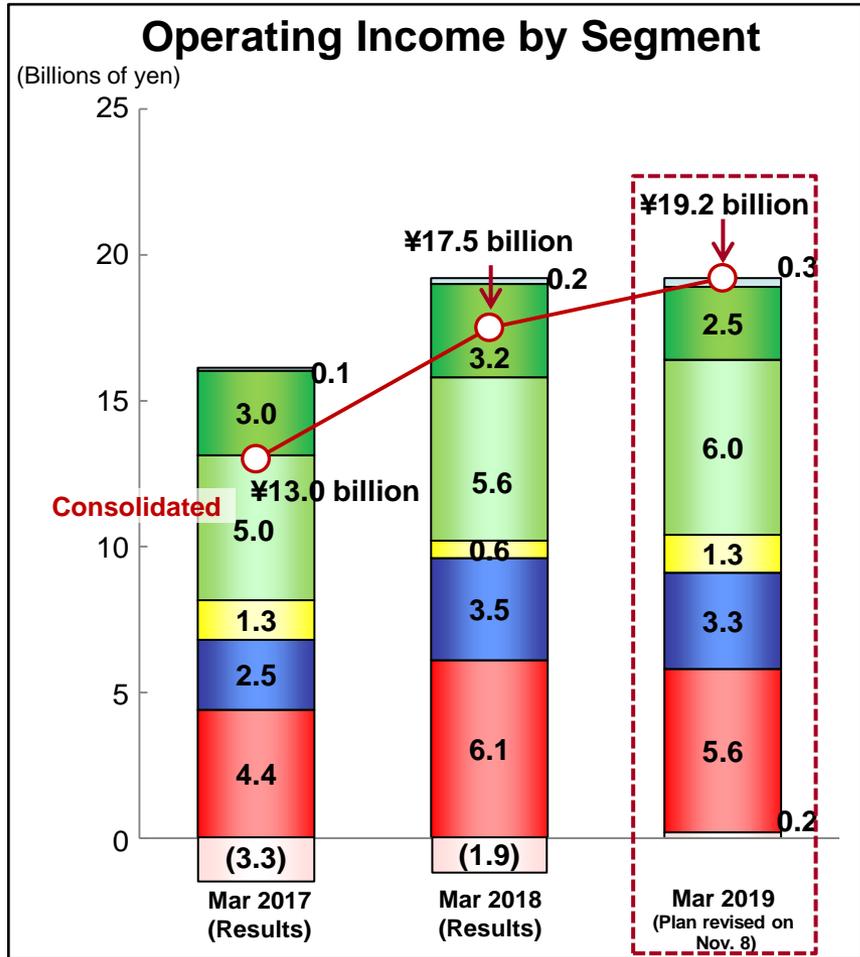
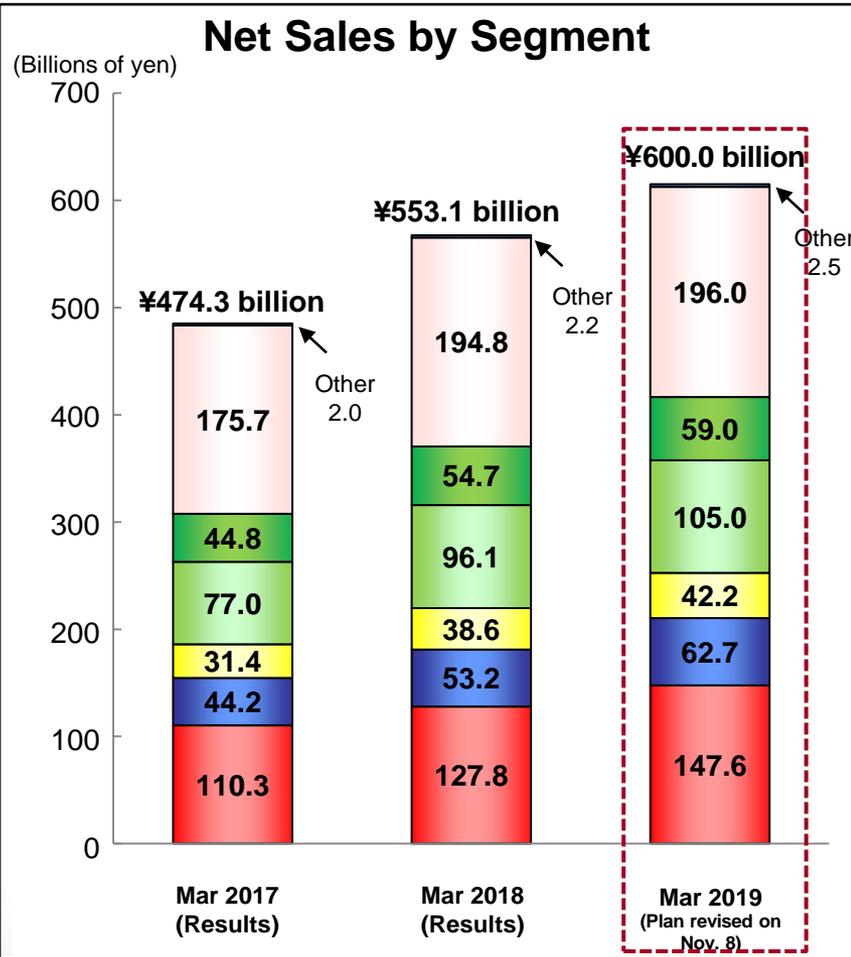
Revised on November 8, 2018

Net Sales and Operating Income Targets by Segment (FY Ending March 2019)

Revised on November 8, 2018



■ Japan
 ■ The Americas
 ■ Europe, Middle East & Africa
 ■ East Asia & Oceania
 ■ Southeast Asia
 ■ APLL
 ■ Others

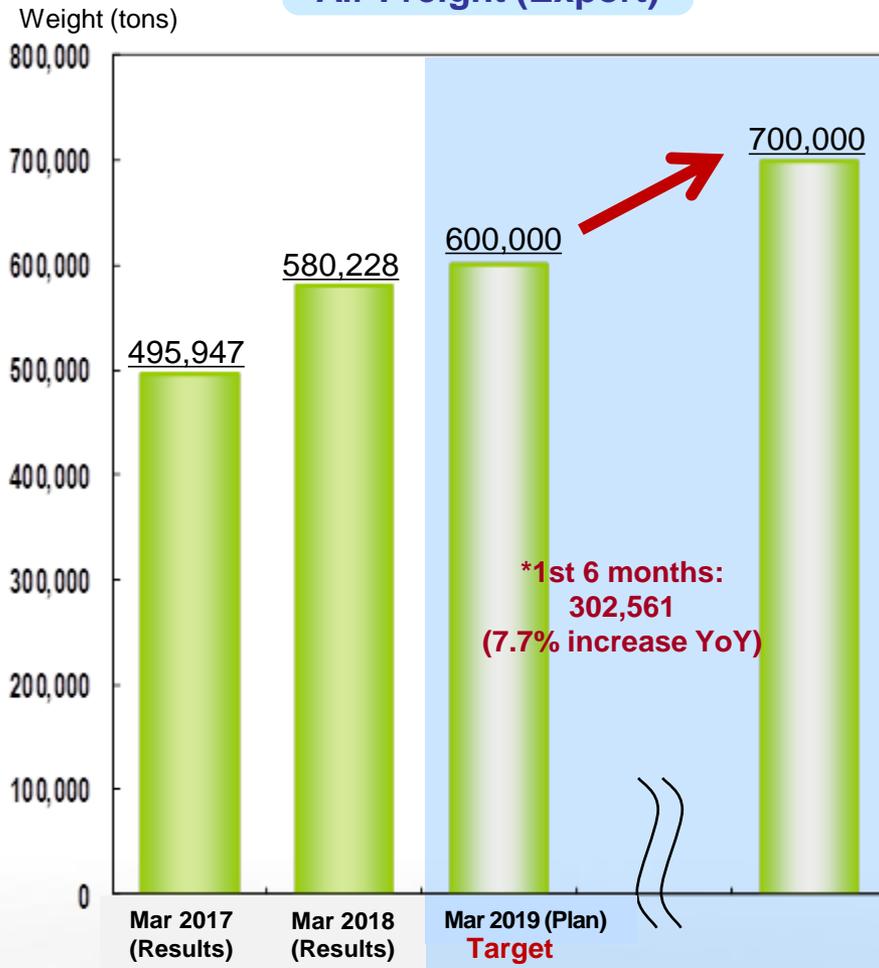


* Total amount of net sales includes inter-segment elimination. (¥11.1 billion in Mar 2017, ¥14.4 billion in Mar 2018, ¥15.0 billion in Mar 2019 Plan)
 * For operating income for Mar 2019 Plan, goodwill amortization of ¥6.2 billion is deducted from APLL's operating income plan of ¥6.4 billion.

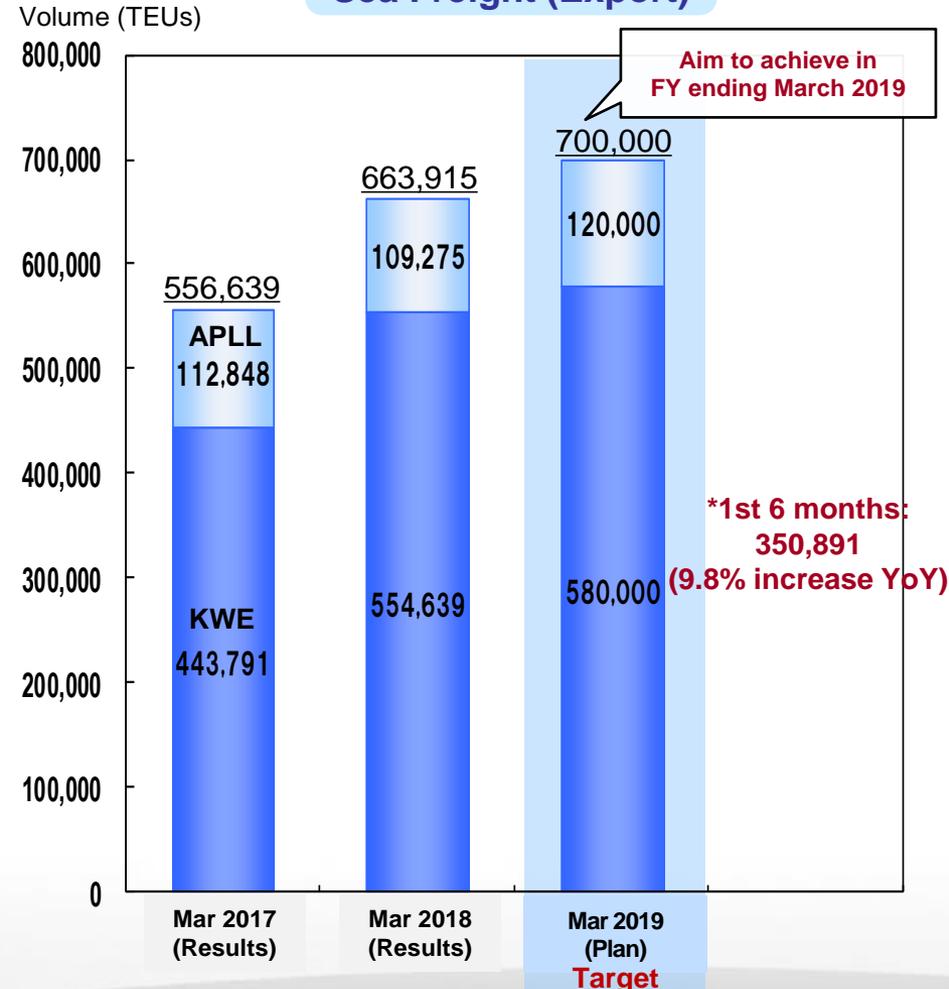
Air and Sea/Volume Targets

Definite targets: 700,000 tons Air Freight/700,000 TEUs Sea Freight

Air Freight (Export)



Sea Freight (Export)



Priority Measures 2018

- 1. Volume expansion of TPEB (Trans-Pacific East Bound) business**
- 2. Business expansion among Non-Japanese “Corporate Accounts”**
- 3. Promotion of sales strategy by commodity**
(Electronics, Automotive, Healthcare, Retail/Consumer)
- 4. Corporate system optimization to achieve 700,000 tons/700,000 TEU**
(Personnel enhancement, Operations optimization)
- 5. Continued efforts to improve earnings**
- 6. Strengthen group governance for optimal group management**
- 7. Development of human resources and their optimal placement**

KWE/APLL Function Integration in Sea Freight



November 2017: Group Procurement Center (Hong Kong) started its operation

→ Establish sales support structure by sharing KWE and APLL's know-how on sea freight forwarding

October 2018: Unified bill of lading under APLL brand

→ Group under one brand for operational optimization and volume growth

The image shows a sample Multimodal Transport Bill of Lading form. The header includes the APL Logistics logo and the text "KINTETSU WORLD EXPRESS, INC. D/B/A APL LOGISTICS". The form is titled "MULTIMODAL TRANSPORT BILL OF LADING" and contains several fields: "CONSOLIDATION NO.", "B/L NO.", "EXPORT REFERENCE", "CONSIGNEE", "PARTY-TO CONTACT FOR CARGO RELEASE", and "NOTIFY". A red box highlights the APL Logistics logo and the company name in the header.

Outlook - 2018 2nd Half

Business Environment

- ◆ Stable and favorable demand for air/sea freight
- ◆ Continuously increasing direct cost (freight cost)
- ◆ Uncertain world economy (US-China trade friction, foreign currency fluctuation, fuel price)

Our Countermeasures

Further Volume Growth

- Innovative items: semiconductor, automotive-related, etc.
- Flexible response to customers' supply chain shift

Profitability

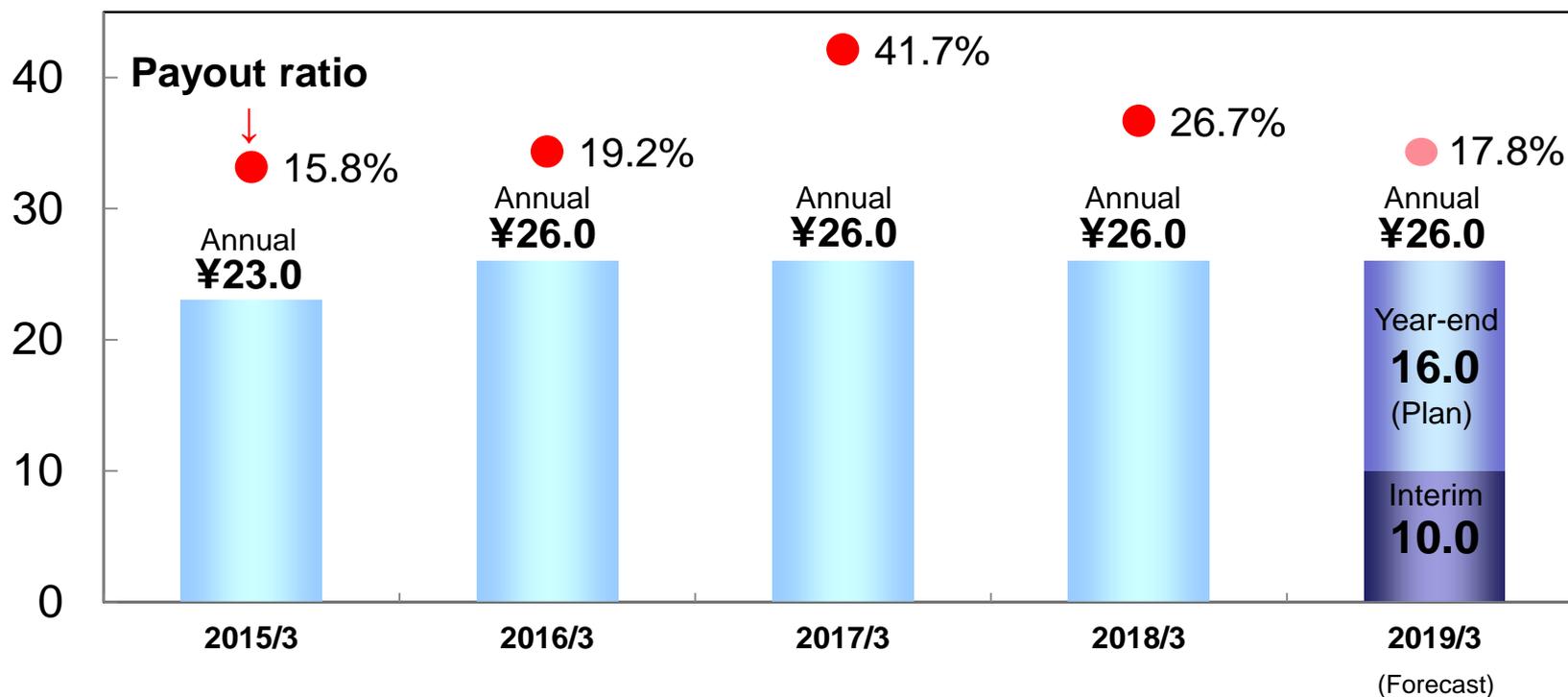
- Minimize negative factors transferring increased cost to customers, tightening partnerships with carriers, improving consolidation efficiency

Operation system optimization

- Strong and flexible organization for further volume growth

Cash dividends per share, payout ratio

Annual dividend per share (yen)



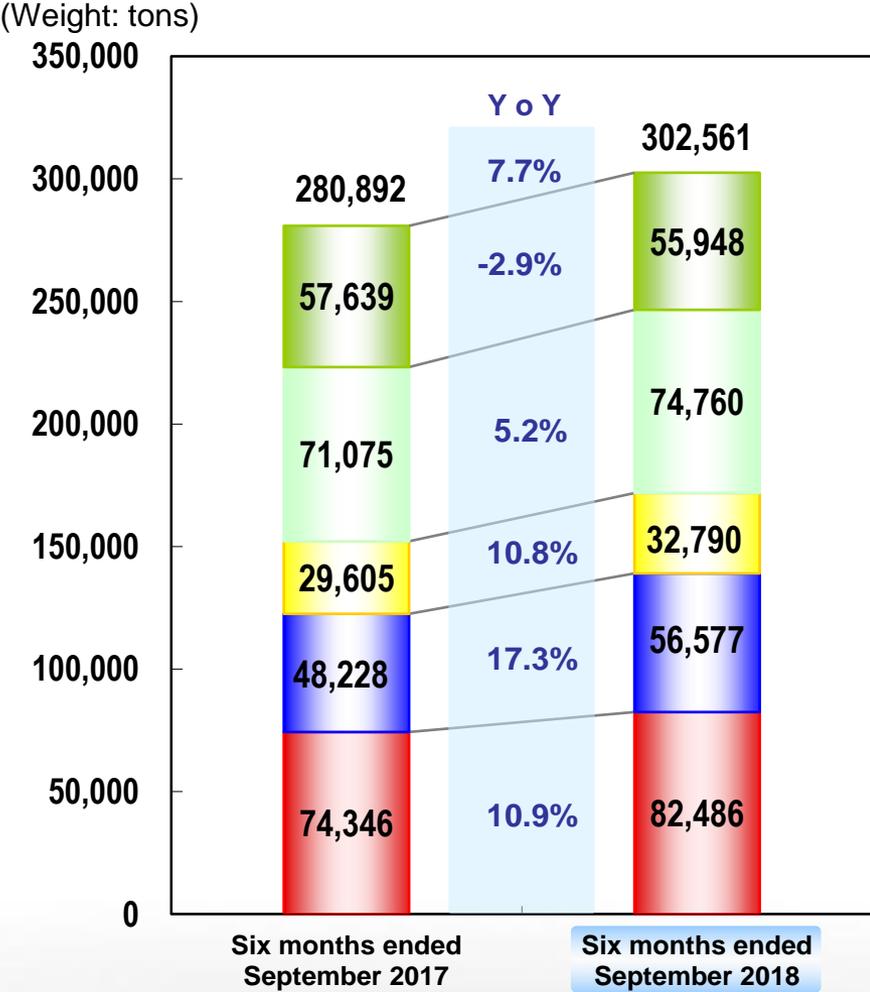
*The company conducted a stock split at a ratio of 1:2 of common stock on October 1, 2015.

Cash dividends per share is calculated based on the assumption that the stock split was conducted on April 1, 2014.

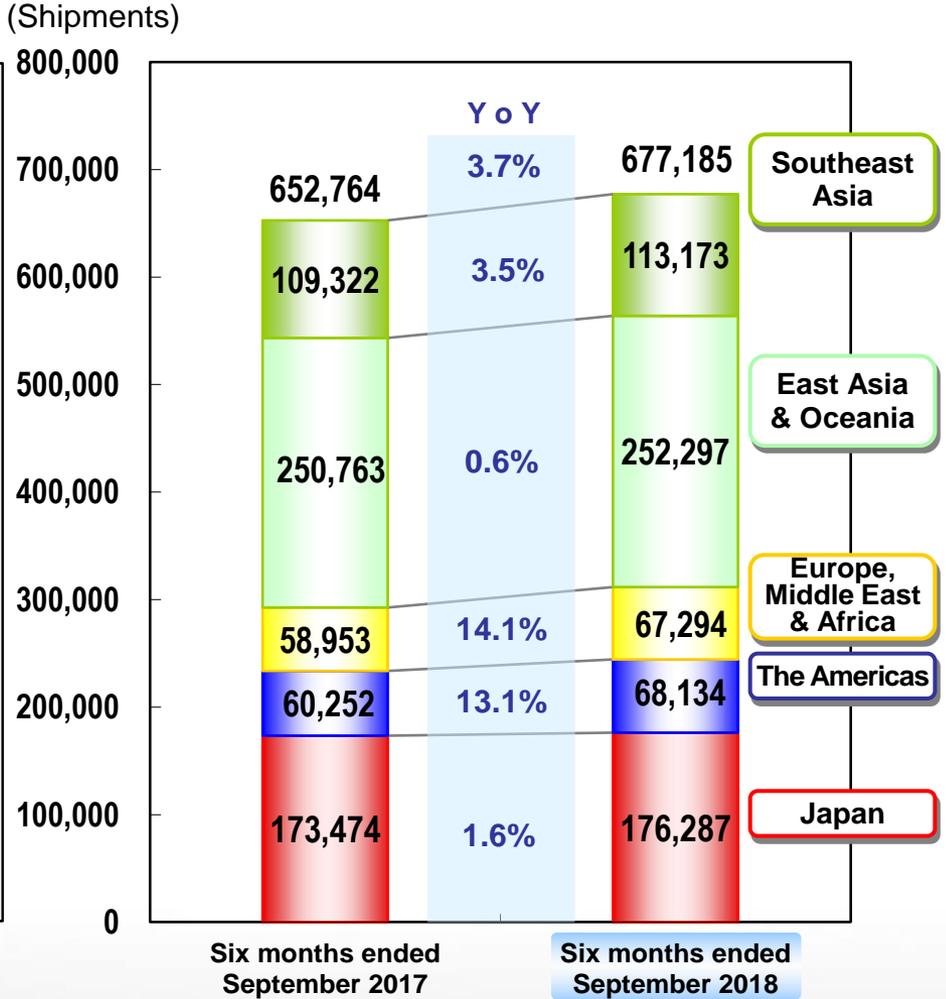
Supplemental Materials

Freight Volume by Segment (Air Freight)

Air Freight Exports



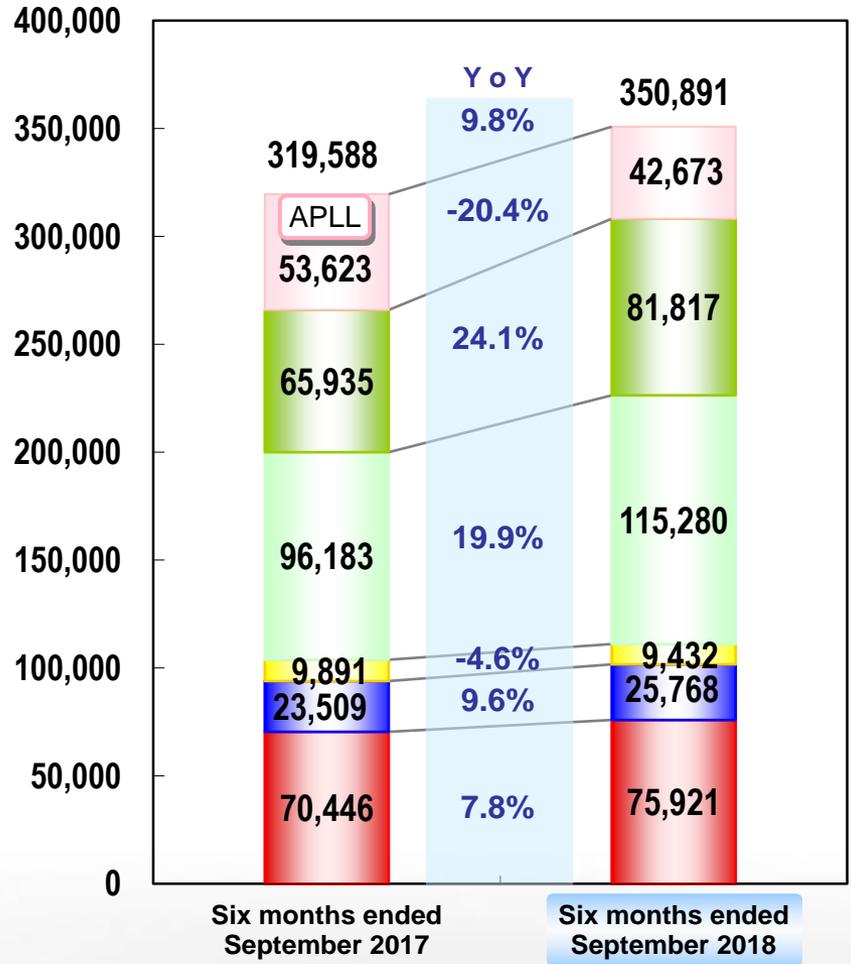
Air Freight Imports



Freight Volume by Segment (Sea Freight)

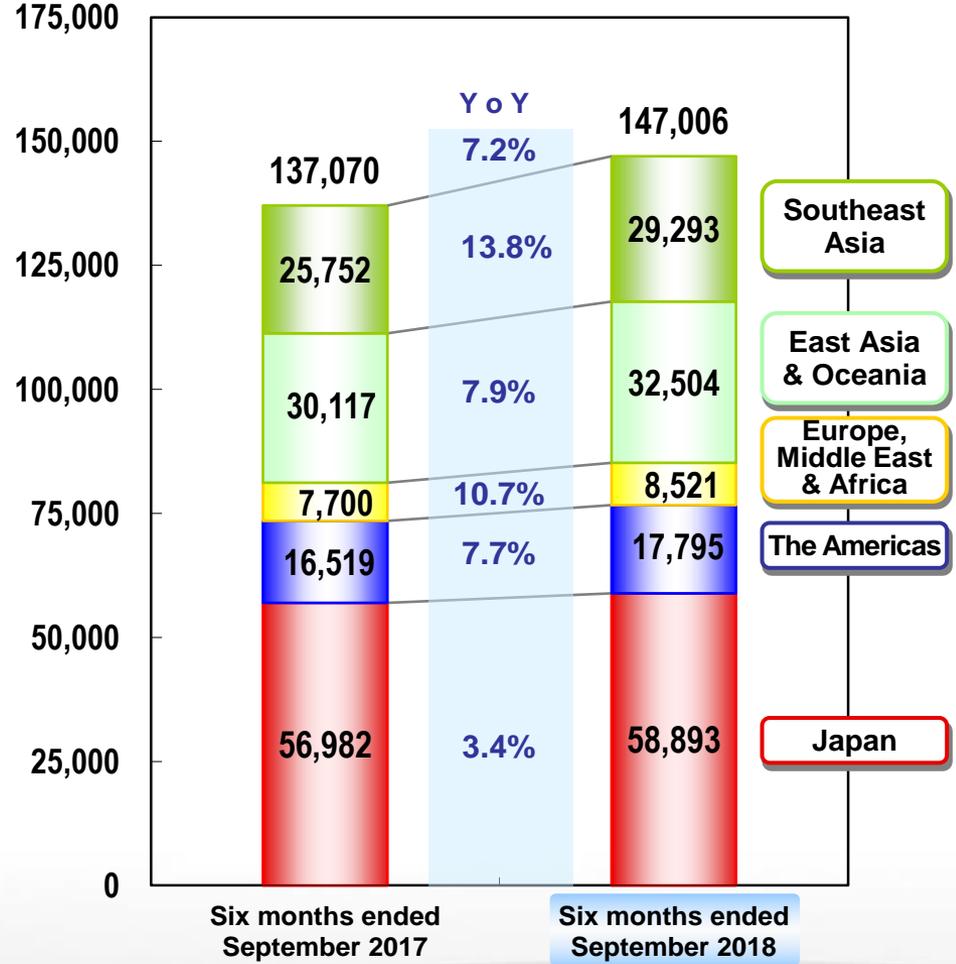
Sea Freight Exports

(Volume: TEUs)



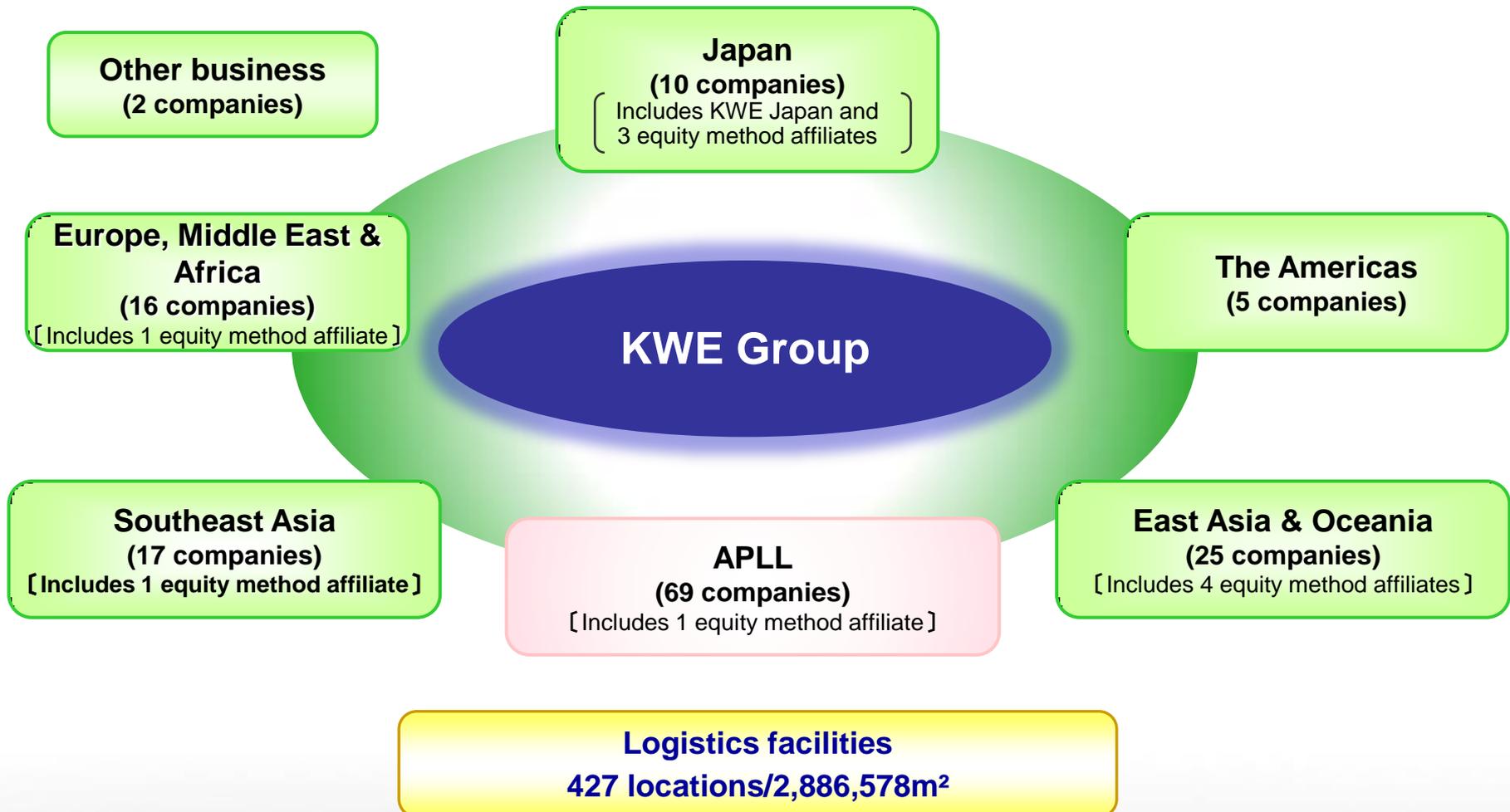
Sea Freight Imports

(Shipments)



Our Global Network

45 countries, 326 cities, 858 locations (as of September 30, 2018)





Global Logistics Partner

Kintetsu World Express, Inc.
Website: <https://www.kwe.co.jp/en/ir>

* The information contained herein does not constitute an offer to solicit investment which can only be made by formal prospectus. The forward-looking statements contained herein are not intended to assure or guarantee future performance. Actual results may vary from that projected herein.