

November 9, 2018  
Kintetsu World Express, Inc.

**Q&A Session Summary**  
**the 1<sup>st</sup> 6 Months of FY Ending March 2019**

**Q1: What are the factors behind profit decrease in Southeast Asia (SE) region?**

A1: There were multiple ad-hoc projects/shipments up to the previous quarter with relatively high profitability. During second half of FY2018, handling volume of those spot shipments are less than previous terms, and less profitable as well. These are the main reasons why operating income decreased YoY.

**Q2: What is the progress on strengthening operational system in Japan?**

A2: The sequential work place location optimization almost has come to its end. In the second half, we will work on human resource reinforcement.

**Q3. What was the factor of APLL's profit growth?**

A3: We have worked on various measures to improve operating gross profit margin. We have thoroughly reviewed contracted conditions with our customers and revised condition if necessary. It contributed to improve the profitability.

**Q4: Any impact from the strong typhoon (Typhoon Jebi) that struck Japan's Kansai region?**

A4: Due to the suspension of flight from/to Kansai (Osaka) airport and the damage at the airport storehouse facilities, there were operational impacts. It is difficult to calculate it precisely by the amount and quantity, but in September, our handling volume both from/to Kansai were reduced nearly 10% respectively, compared to September 2017. In October, the situation has greatly recovered.

**Q5: How did you calculate the prospect of performance in the second half in Japan?**

A5: While we are implementing various countermeasures against the recent upward

trend in direct costs including freight costs, we forecasted conservatively when deciding the target numbers revised in our full-year forecast for this time.

**Q6: What further synergies can we expect with APL?**

A6: We will continue to conduct joint sales, particularly in the retail segment. This is where many opportunities exist and we leverage APLL's business strength with their customers, APLL provide logistics solutions and KWE provide mainly air transportation service for freight volume expansion. For sea freight, group procurement center started its operation last October and we see progress on establishing sales support structure and maximizing sea freight procurement.

**Q7: What is the road map for the next Medium-Term Management Plan, starting FY2019?**

A7: The business environment around us changes disruptively, but we will not make a major change in the direction of concentrating management resources on forwarding business which is our core business and origin of our company.