



Financial Results Meeting:

The 1st 6 Months of FY Ending March 2015

(April 1, 2014 – September 30, 2014)

November 11, 2014



Global Logistics Partner

kintetsu world express

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Financial Summary



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

Item		Six months ended September 30			
		2014		2015	
			Yr over Yr (%)		Yr over Yr (%)
Air freight exports (Weight)		206	(11.4)	231	12.0
Air freight imports (Shipments)		565	(11.3)	590	4.4
Sea freight exports (Volume)		173	17.1	196	13.6
Sea freight imports (Shipments)		112	(0.1)	117	4.2
Net sales	Consolidated	134,121	5.4	153,297	14.3
	Non-consolidated	40,393	(2.6)	43,735	8.3
Operating gross profit	Consolidated	22,280	3.5	24,184	8.5
	Non-consolidated	9,032	2.5	8,832	(2.2)
Operating income	Consolidated	6,238	(7.5)	6,464	3.6
	Non-consolidated	1,729	11.4	1,288	(25.5)
Ordinary income	Consolidated	6,805	(7.6)	6,994	2.8
	Non-consolidated	4,171	43.8	3,160	(24.2)
Income before income taxes and minority interests	Consolidated	6,564	(9.3)	5,227	(20.4)
	Non-consolidated	4,023	42.1	1,405	(65.1)
Net income	Consolidated	4,064	(15.9)	2,950	(27.4)
	Non-consolidated	3,306	47.9	1,040	(68.5)

Six months ended September 30, 2014 (Forecasts) (Revised on August 8, 2014)	
—	
—	
—	
—	
150,000	
—	
—	
—	
6,600	
—	
7,000	
—	
—	
3,000	
—	

Conversion Rate	1st 6 months of FY ended March 2014	FY ended March 2014	1st 6 months of FY ending March 2015
US-Dollar	¥ 95.59	¥ 97.65	¥ 102.47
EURO	¥ 125.50	¥ 129.68	¥ 140.43

Highlights

Six Months Ended September 30, 2014



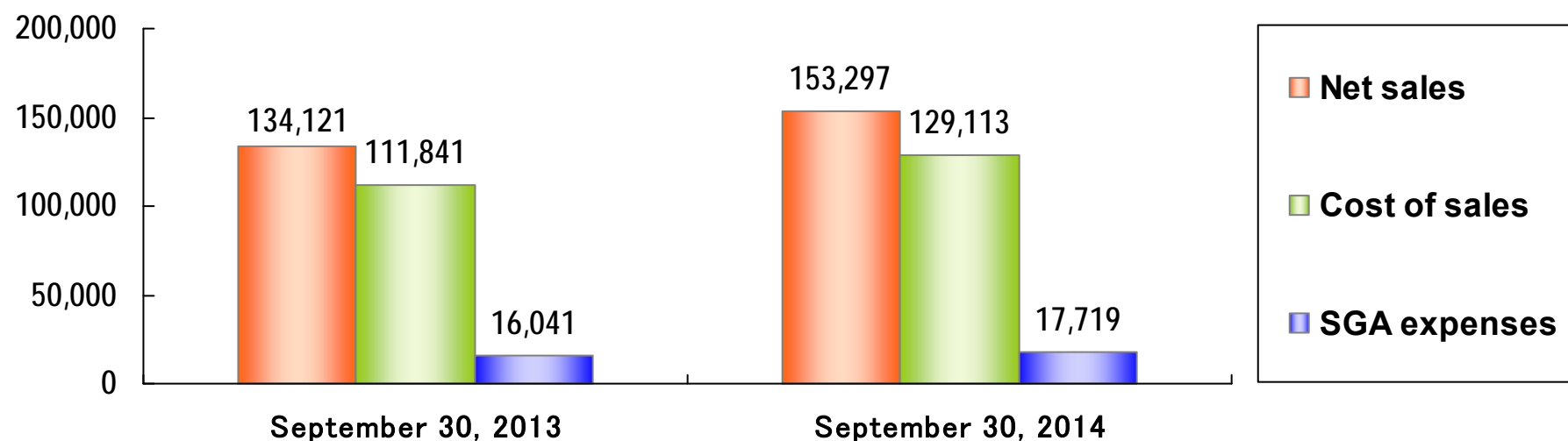
- 1 Air freight export volume steadily recovered, but gross margin declined. Domestic delivery cost increased, resulting in decreased profit.
 - Operating margin of KWE Japan decreased to 2.9% from 4.3% a year earlier.
 - Air freight: Monthly export volume exceeded 10,000 tons since July.
 - Sea freight: Developed new businesses

- 2 Air/sea freight volume increased, but profits were sluggish in Europe, Middle East & Africa, and Southeast Asia.
 - Average operating margin in overseas decreased to 4.0% from 4.3% a year earlier.
 - Europe, Middle East & Africa: Volume increased, but profitability declined.
 - Southeast Asia: Gross margin declined and logistics cost increased.

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



(Millions of yen)



(Millions of yen, %)

	Six months ended September 30			
	2013	Ratio to net sales	2014	Ratio to net sales
Net sales	134,121	100.0%	153,297	100.0%
Cost of sales	111,841	83.4%	129,113	84.2%
SGA expenses	16,041	11.9%	17,719	11.6%
Operating income	6,238	4.7%	6,464	4.2%

Freight Cost Ratio for Air Freight Exports Sales

	Six months ended September 30, 2013	FY ended March 31, 2014	Six months ended September 30, 2014
KWE Japan	58.9%	59.5%	61.7%
The Americas	63.4%	64.1%	63.8%
Europe, Middle East & Africa	62.2%	57.1%	53.3%
East Asia & Oceania	67.4%	64.4%	64.3%
Southeast Asia	71.6%	72.1%	76.0%
Group as a Whole	63.8%	62.7%	63.4%

Japan and Southeast Asia were on upward trend.

Balance Sheets

(Millions of yen)

	March 31, 2014	September 30, 2014	Change
Assets			
Current assets	113,680	110,174	(3,505)
Noncurrent assets	54,286	58,093	3,807
Property, plant and equipment	35,988	36,370	382
Intangible assets	1,408	2,369	961
Investments and other assets	16,889	19,353	2,463
Total assets	167,966	168,268	301
Liabilities			
Current liabilities	47,443	47,024	(419)
Noncurrent liabilities	9,291	9,858	566
Total liabilities	56,735	56,882	146
Net assets			
Total net assets	111,231	111,385	154
Total liabilities and net assets	167,966	168,268	301

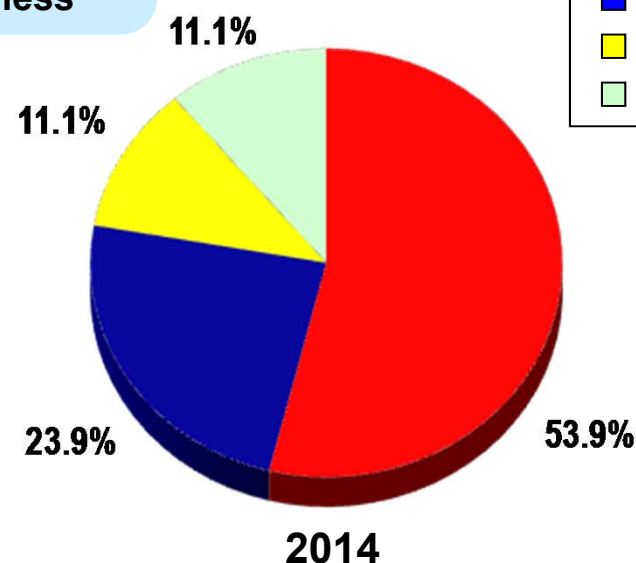
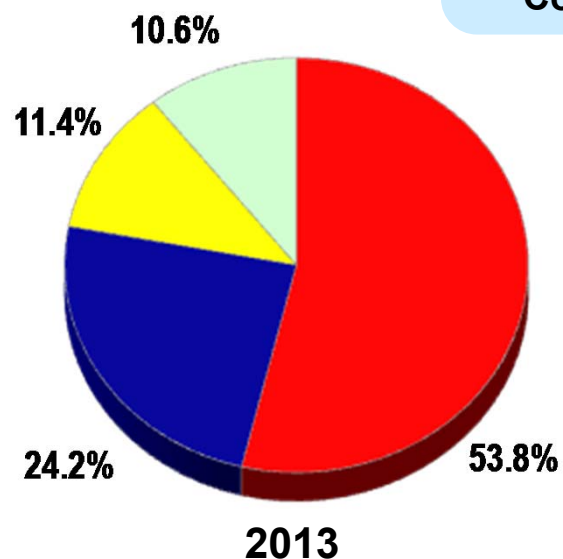
Cash Flow Statements

(Millions of yen)

	Six months ended		Change
	September 30, 2013	September 30, 2014	
Net cash provided by (used in) operating activities	4,854	2,101	-2,753
Net cash provided by (used in) investing activities	(1,144)	(4,789)	-3,644
Net cash provided by (used in) financing activities	(1,229)	(1,700)	-470
Effect of exchange rate change on cash and cash equivalents	3,474	(1,414)	-4,888
Net increase (decrease) in cash and cash equivalents	5,955	(5,802)	-11,757
Cash and cash equivalents at beginning of period	38,271	47,963	9,692
Cash and cash equivalents at end of period	44,226	42,161	-2,065

Net Sales by Business

Six months ended September 30
Composition by Business



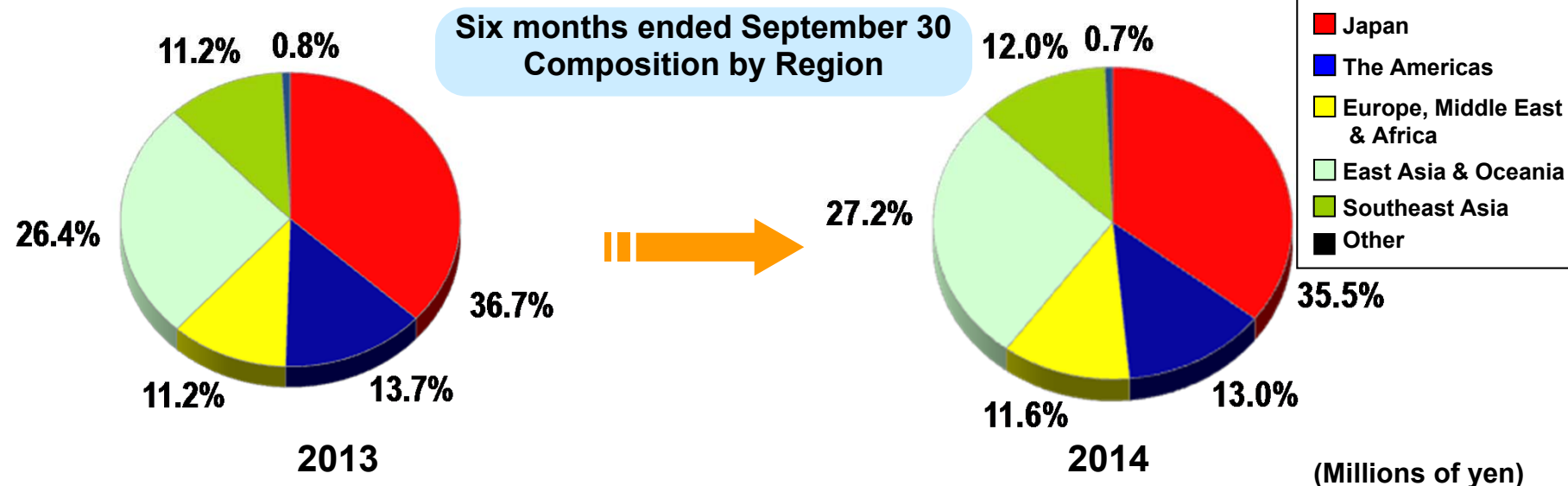
■ Air Freight
■ Sea Freight
■ Logistics
■ Other

(Millions of yen, %)

Business		Six months ended September 30		
		2013	2014	
		Net sales	Net sales	Yr over Yr
Freight transportation	Air Freight	72,136	82,693	14.6%
	Sea Freight	32,468	36,604	12.7%
	Logistics	15,357	17,035	10.9%
	Other	14,158	16,963	19.8%
Total		134,121	153,297	14.3%

Net Sales and Operating Income by Region

Global Logistics Partner

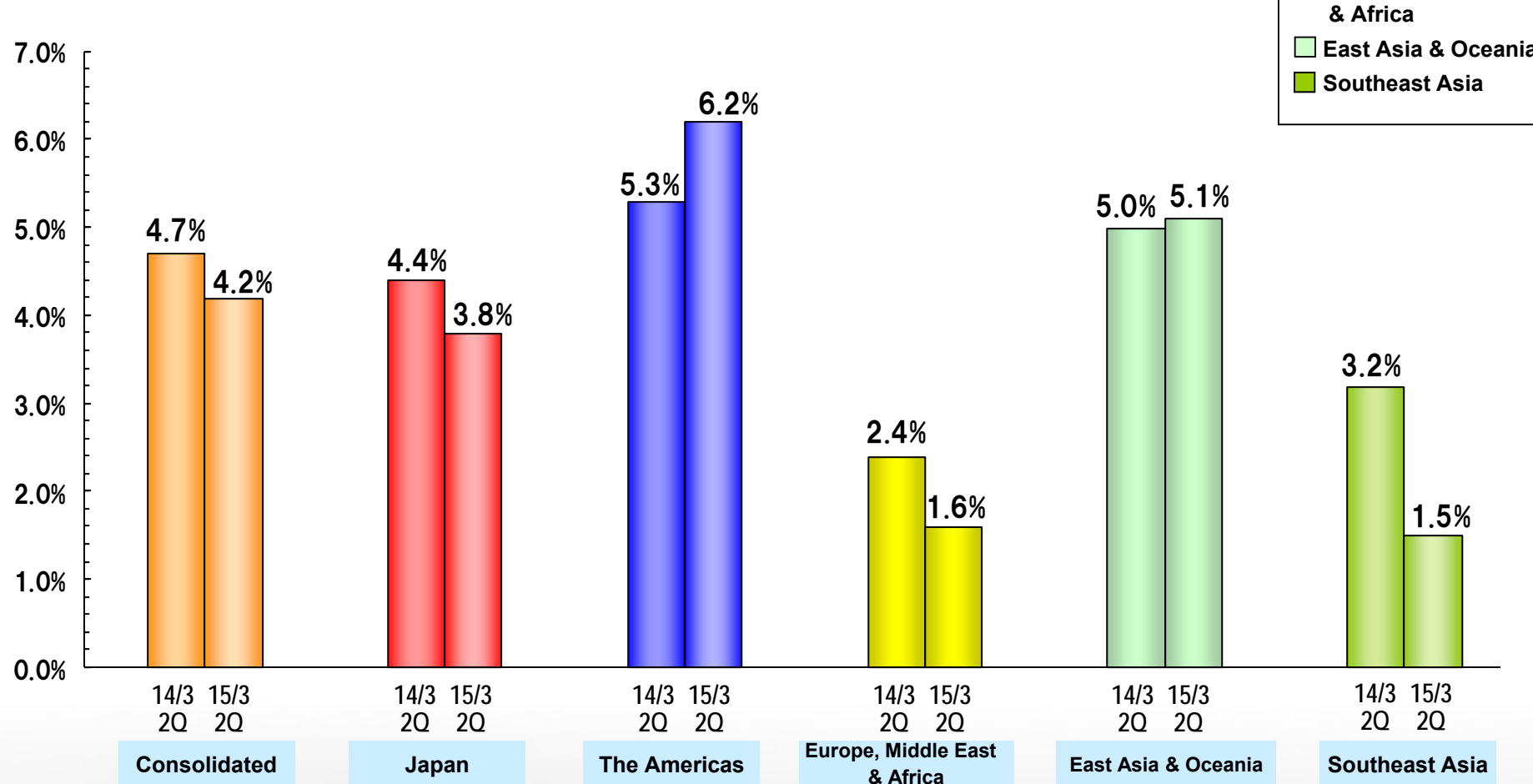


Region	Six months ended September 30			
	2013		2014	
	Net sales	Operating income	Net sales	Operating income
Japan	50,696	2,229	55,862	2,102
The Americas	18,870	1,008	20,427	1,272
Europe, Middle East & Africa	15,417	374	18,306	288
East Asia & Oceania	36,445	1,831	42,810	2,178
Southeast Asia	15,412	497	18,941	290
Other	1,074	296	1,093	330
Adjustment	(3,793)	1	(4,145)	2
Total	134,121	6,238	153,297	6,464

* Four subsidiaries in Philippine were reclassified from East Asia to Southeast Asia from FY ending March 31, 2015.
Figures for the six months ended September 30, 2013, are reclassified accordingly.

Operating Margins by Region

Six months ended September 30
2013 and 2014



* Four subsidiaries in Philippine were reclassified from East Asia to Southeast Asia from FY ending March 31, 2015. Figures for the six months ended September 30, 2013, are reclassified accordingly.

Highlights by Region

■ Japan

- Air freight: Volume growth of 13.7%. Sea freight: Volume growth of 22.6%.
- Gross margin declined due to intensified competition and increases in air freight cost and delivery cost.
- Subsidiaries in Japan showed steady growth.

■ The Americas

- While sea freight showed steady growth, airfreight exports/imports dropped.
- Mexican subsidiary (established in 2013) contributed to earnings.

■ Europe, Middle East & Africa

- While air/sea freight showed significant volume growth with newly acquired businesses, overall results were held down by declined profitability in German subsidiary.

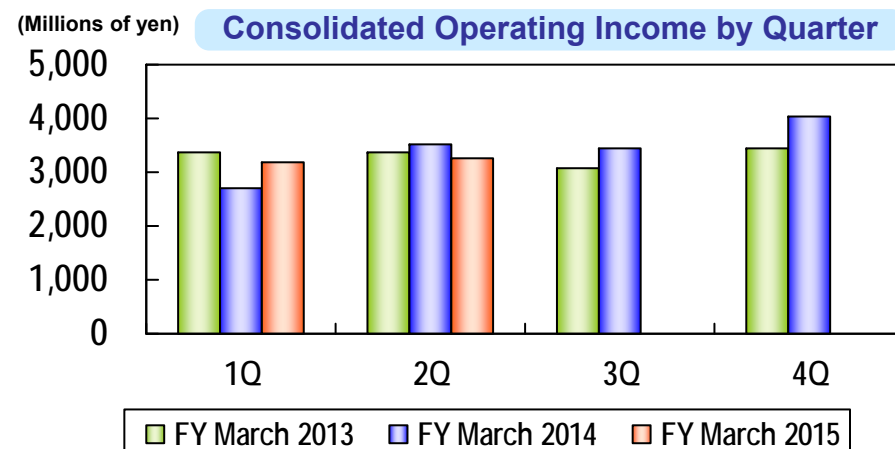
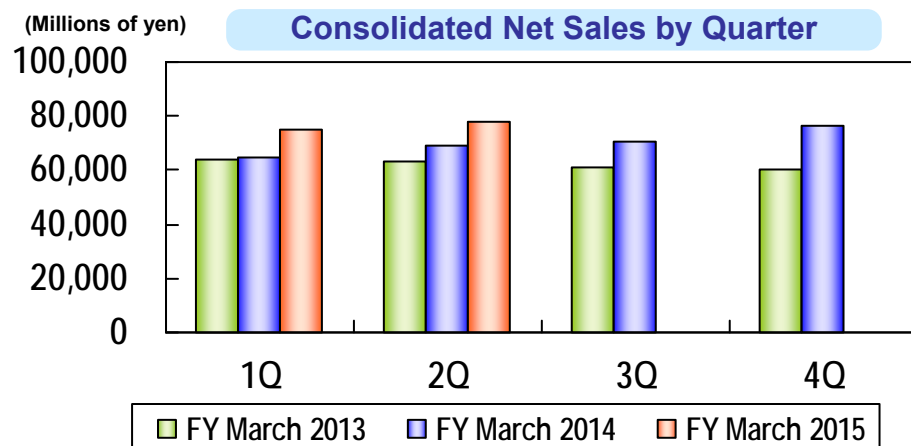
■ East Asia & Oceania

- Air/sea freight showed a recovery trend mainly in electronic products.

■ Southeast Asia

- Subsidiaries in Singapore, Malaysia, Philippines, and Thailand suffered slump.
- Profit decreased due to increased indirect cost of logistics business, etc.

Operating Results by Quarter



(Millions of yen)

Net sales	1Q	2Q	3Q	4Q
FY ended March 2013	64,192	63,011 (127,203)	60,664 (187,867)	60,110 (247,977)
FY ended March 2014	64,644	69,477 (134,121)	70,635 (204,756)	76,749 (281,505)
FY ending March 2015	75,240	78,057 (153,297)	— (—)	— (—)

Operating income	1Q	2Q	3Q	4Q
FY ended March 2013	3,361	3,383 (6,744)	3,090 (9,834)	3,461 (13,295)
FY ended March 2014	2,710	3,528 (6,238)	3,472 (9,710)	4,032 (13,742)
FY ending March 2015	3,193	3,271 (6,464)	— (—)	— (—)

Ordinary income	1Q	2Q	3Q	4Q
FY ended March 2013	3,676	3,685 (7,361)	2,868 (10,229)	3,979 (14,208)
FY ended March 2014	2,925	3,879 (6,805)	3,628 (10,433)	4,834 (15,267)
FY ending March 2015	3,573	3,421 (6,994)	— (—)	— (—)

Numbers inside () are cumulative figures from the first quarter.

Earnings Forecast for FY Ending March 2015

– The Second Year of the Medium-Term Management Plan



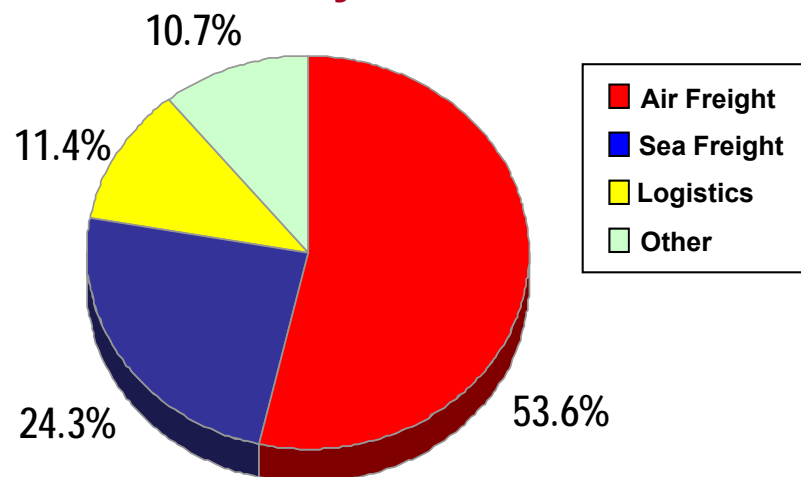
*** Not changed from the figures released on May 8, 2014**

(Millions of yen)

Item	FY ended March 2014 (Results)		FY ending March 2015 (Forecasts)	
		Yr over Yr (%)		Yr over Yr (%)
Net sales	281,505	13.5	310,000	10.1
Operating gross profit	46,303	7.8	50,847	9.8
Operating income	13,742	3.4	16,000	16.4
Ordinary income	15,267	7.4	16,000	4.8
Income before income taxes and minority interests	14,916	5.3	16,000	7.3
Net income	9,417	3.1	10,100	7.2

Net Sales Forecast by Business & Region for FY Ending March 2015

Net Sales by Business

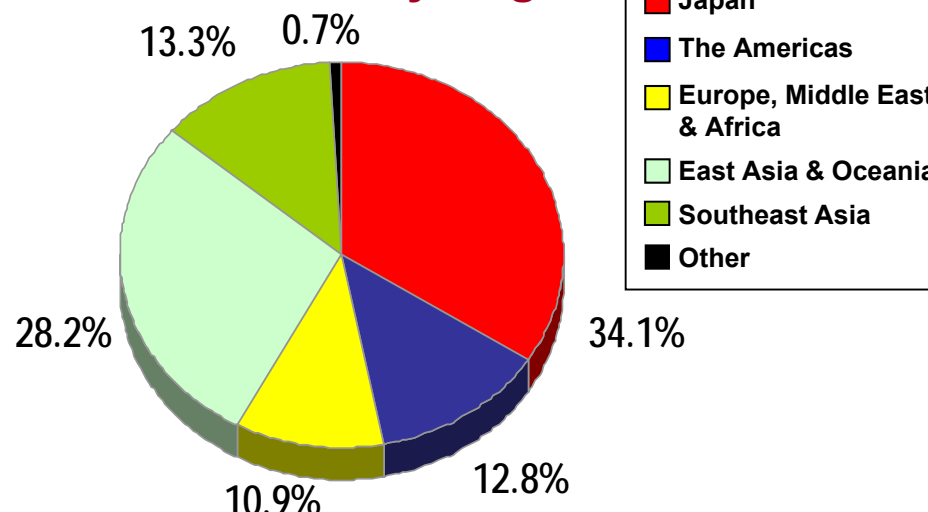


FY ending March 2015 (Forecast)

(Millions of yen, %)

Business		FY ending March 2015 (Forecast)	
		Net sales	Composition
Freight transportation	Air Freight	166,100	53.6%
	Sea Freight	75,300	24.3%
	Logistics	35,400	11.4%
	Other	33,200	10.7%
Total		310,000	100.0%

Net Sales by Region



FY ending March 2015 (Forecast)

(Millions of yen)

Region	FY ending March 2015 (Forecast)	
	Net sales	Operating income
Japan	108,600	4,900
The Americas	40,600	2,800
Europe, Middle East & Africa	34,700	1,100
East Asia & Oceania	89,800	5,000
Southeast Asia	42,200	2,000
Other	2,100	300
Adjustment	(8,000)	(100)
Total	310,000	16,000

* Not changed from the figures released on May 8, 2014

Corporate Business Strategies

**The Second Year of
Medium-Term Management Plan
(FY Ended March 2014 – FY Ending March 2016)**

Outline of Medium-Term Management Plan (FY Ending March 2014 – FY Ending March 2016)



— Aims to build a solid corporate structure that will enable us to compete successfully against even the strongest players —

Targets by March 2016

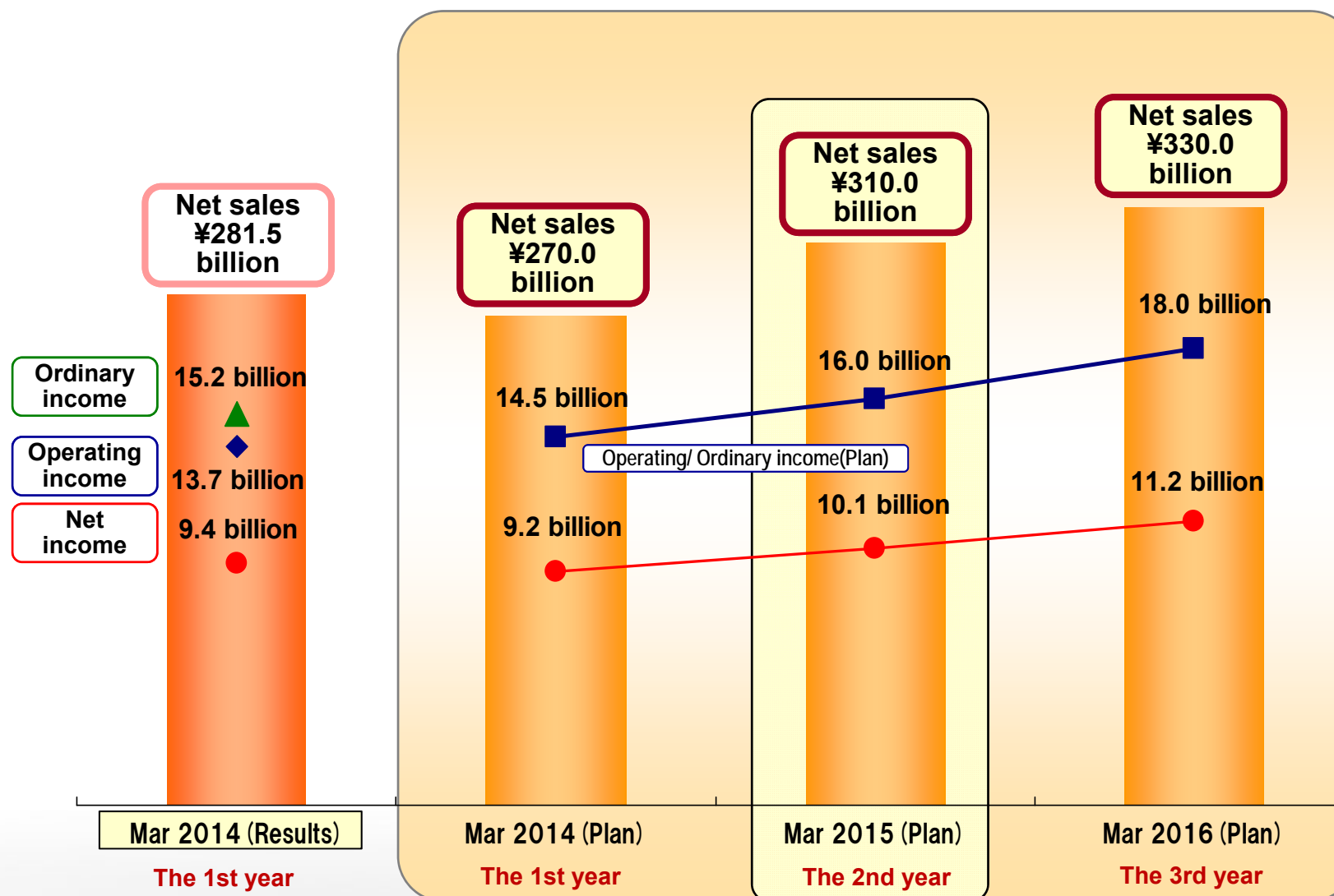
Consolidated net sales: 330 billion yen (+30% from FY ended March 2013)
Consolidated operating income: 18 billion yen (+40% from FY ended March 2013)
Consolidated ordinary income: 18 billion yen (+30% from FY ended March 2013)
Consolidated operating margin: 5.5% (Improved from FY ended March 2013)



Key Strategies

1. Optimize overall revenue portfolio through a more balanced portfolio of business domains and commodities handled
2. Expand KWE's presence in emerging countries
3. Strengthen off-shore sales structure and activities; establish best in class operations to maximize operational effectiveness and high quality services

Medium-Term Management Plan Numerical Targets



1. Priorities for the Second Year

— For Volume Growth —



(1) Maintain and increase business with more “Corporate Accounts”

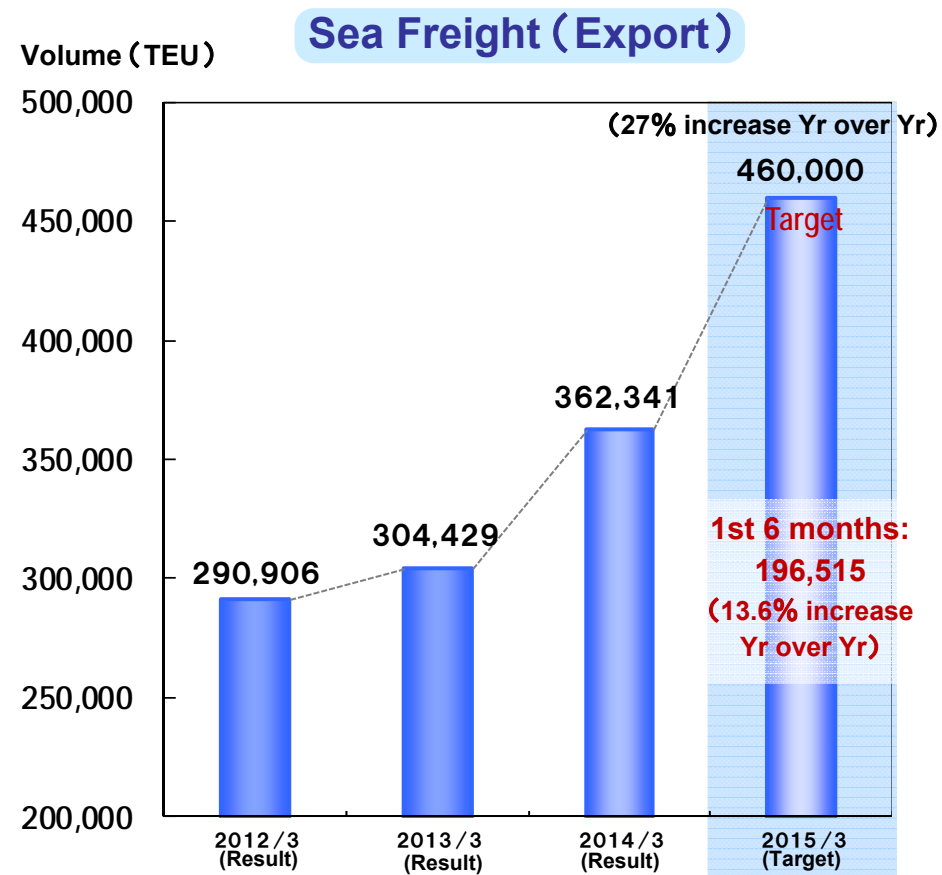
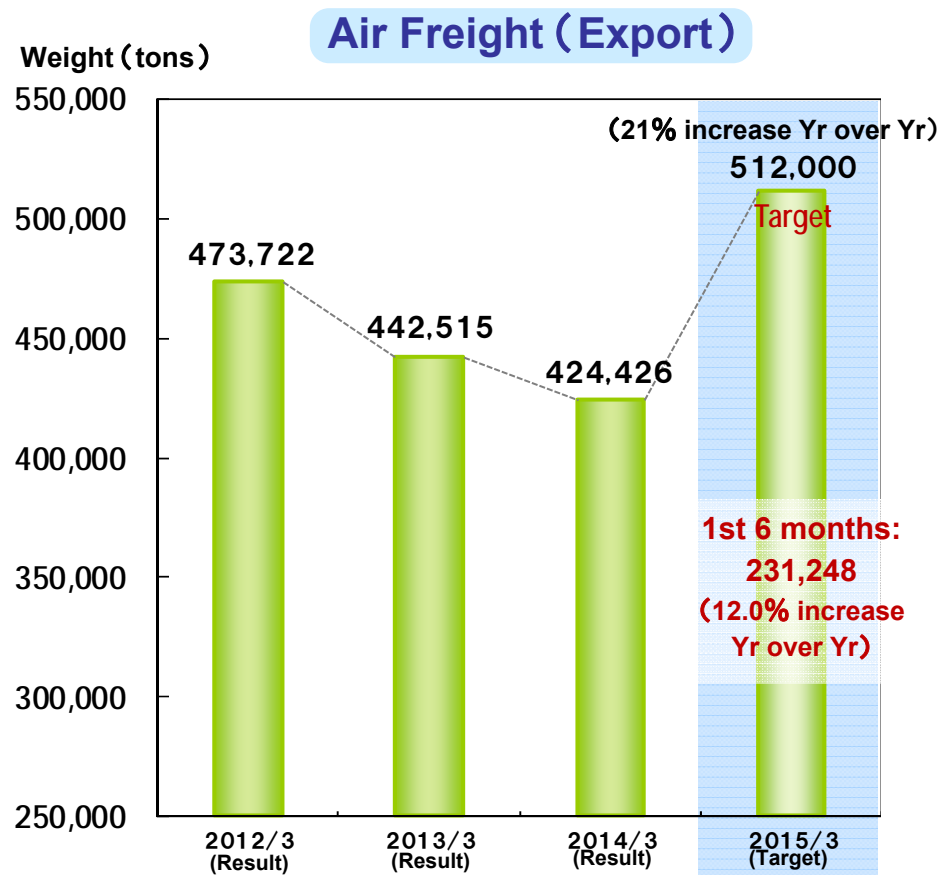
(2) Further focus on “Power Lanes” (Intra - Asia, Asia - the Americas and Asia - Europe lanes)

(3) Off-shore (trilateral) traffics

(4) Further growth in sea freight

(5) Tighter relationships with preferred air & sea carriers

2. Group-wide Volume Targets (air/sea freight)



(Ref.)

- ◆ Volume from corporate accounts: air freight exports up by 11.0%, sea freight exports up by 19.0%
(Nine months period from Jan. to Sep. 2014)

3. Issues for the Second Half

Japan

Profit margin declined despite volume growth. Freight cost to North America and domestic delivery cost also increased.

⇒ Reduce direct cost ratio by improving consolidation efficiency, etc.

Europe, Middle East & Africa

Operating margin declined, especially German subsidiary suffered a slump.

⇒ Optimize procurement, reallocate human resources

Southeast Asia

Subsidiaries in Singapore, Malaysia, Philippines, and Thailand suffered slump.

⇒ More focus on profitability, improve operating rate of logistics facilities, and expand customer base

4. Focus on Industry Verticals

Automotive

- Develop off-shore logistics with Japanese automakers
- Group-wide business expansion leveraging Latin American network (Mexican and Brazilian subsidiaries)

Retail

- Collaboration with Trans Global Logistics Group (TGLG) in Hong Kong

Construction machinery

- Focus on East Asia, Southeast Asia and North America

5. Further Expansion (1)

1) New network in Mekong Area

- Myanmar Representative Office (June)
- Laos Representative Office
/Savannakhet Satellite Office (June)
- Phnom Penh Representative Office (July)



Phnom Penh Representative Office

5. Further Expansion (2)

2) New Facilities around the World



Singapore Logistics Center (65,800m²)
January 2014



Russia
Saint-Petersburg Warehouse (2,750m²)
June 2014



Taiwan
Taoyuan FTZ Terminal (39,000m²)
July 2014



Indonesia
Marunda Logistics Center (10,000m²)
September 2014



China
Wuhan Domestic Warehouse
(15,500m²⇒31,500m²)
Expanded in October 2014



Thailand
Prachinburi Logistics Center
Phase 1 (Opening in January 2015)
Phase 2 (Opening in January 2016)

5. Further Expansion (3)

3) China

● Expand logistics business involving bonded logistics

◆ Started medical products logistics service in the Shanghai Waigaoqiao Free Trade Zone with CFDA (China Food and Drug Administration) license.
KWE is the only license holder among Japanese forwarders.

◆ Meet the increasing demand for domestic transportation
⇒ Reorganize and enhance structure for domestic transportation



CFDA License

KWE's network in China (As of September 30, 2014)

■ 17 subsidiaries ■ 57 warehouses
■ 48 cities (Total area: 581,221 m²)
■ 134 locations

5. Further Expansion (4)

4) India

● Gati-Kintetsu Express developed business steadily



◆ Providing delivery services covering whole India, logistics services, and import agency services
⇒ Expand business with European, US, and Japanese customers (electronics, automobiles and aircraft, etc.)

Gati-KWE new headquarter (Hyderabad)



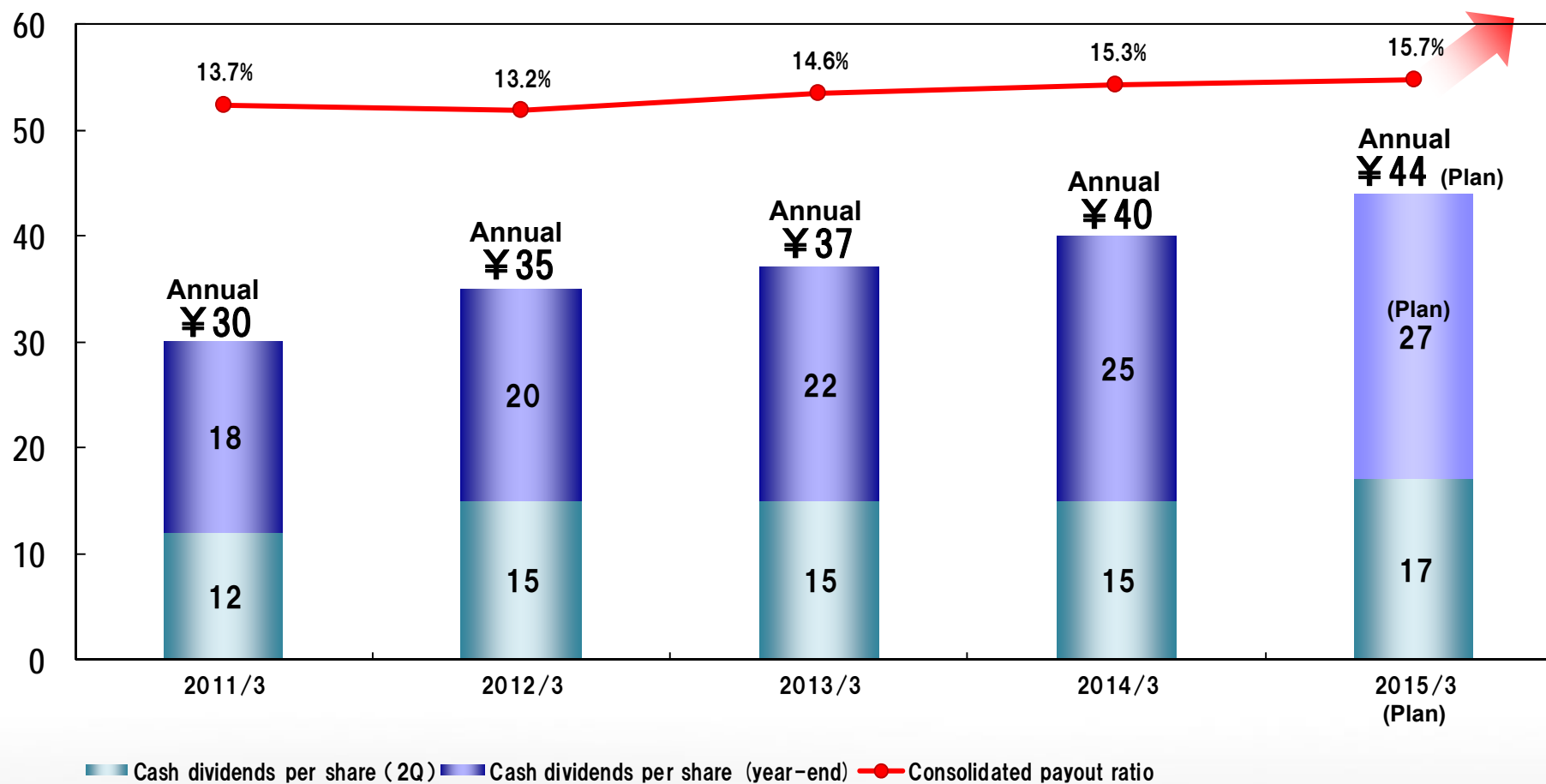
Warehouse and vehicle monitoring center operating 24 hours a day

6. Dividends

Cash dividends per share, payout ratio

Targeting 20%
Payout ratio

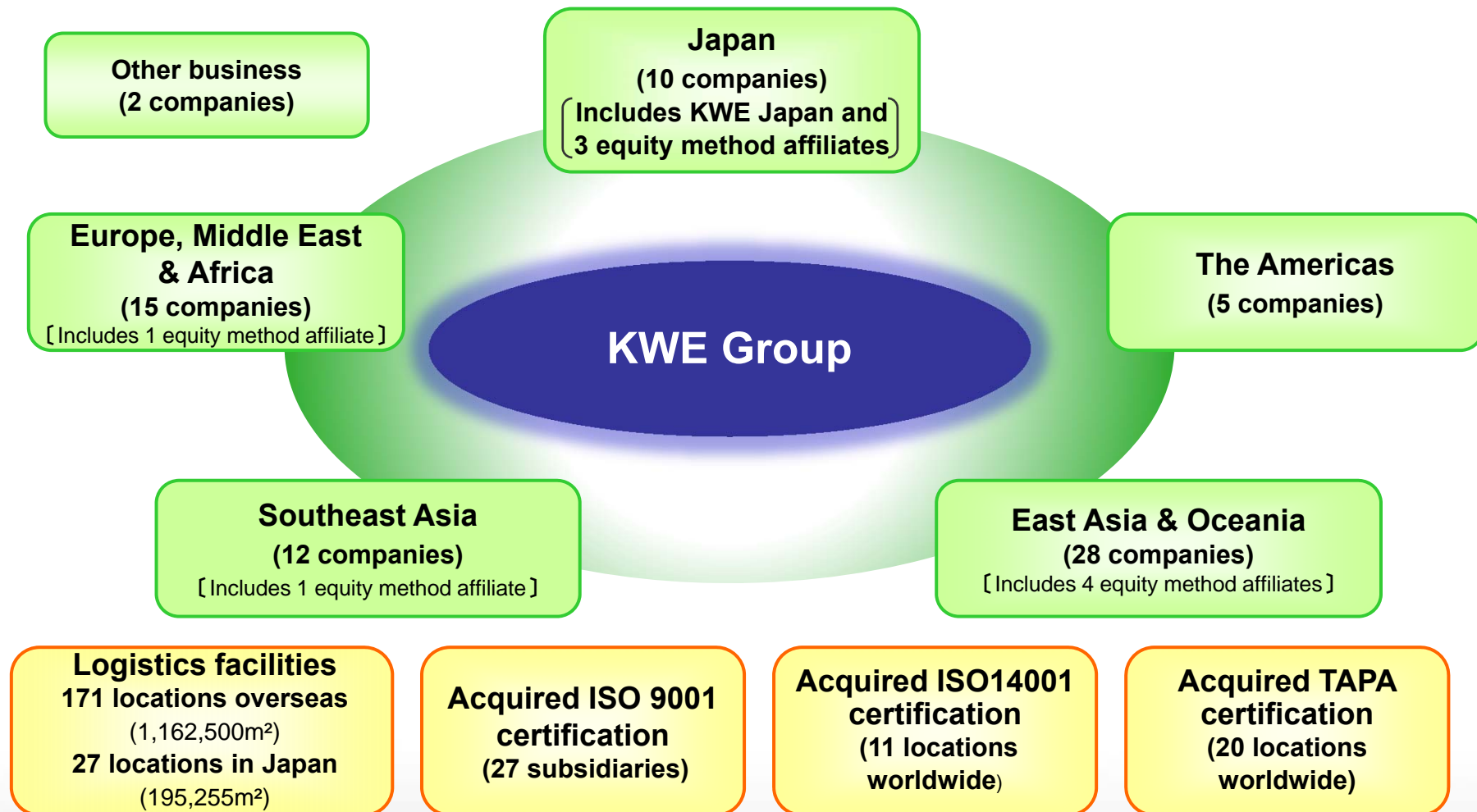
Annual dividends (yen)



Supplemental Materials

KWE Group's Global Network

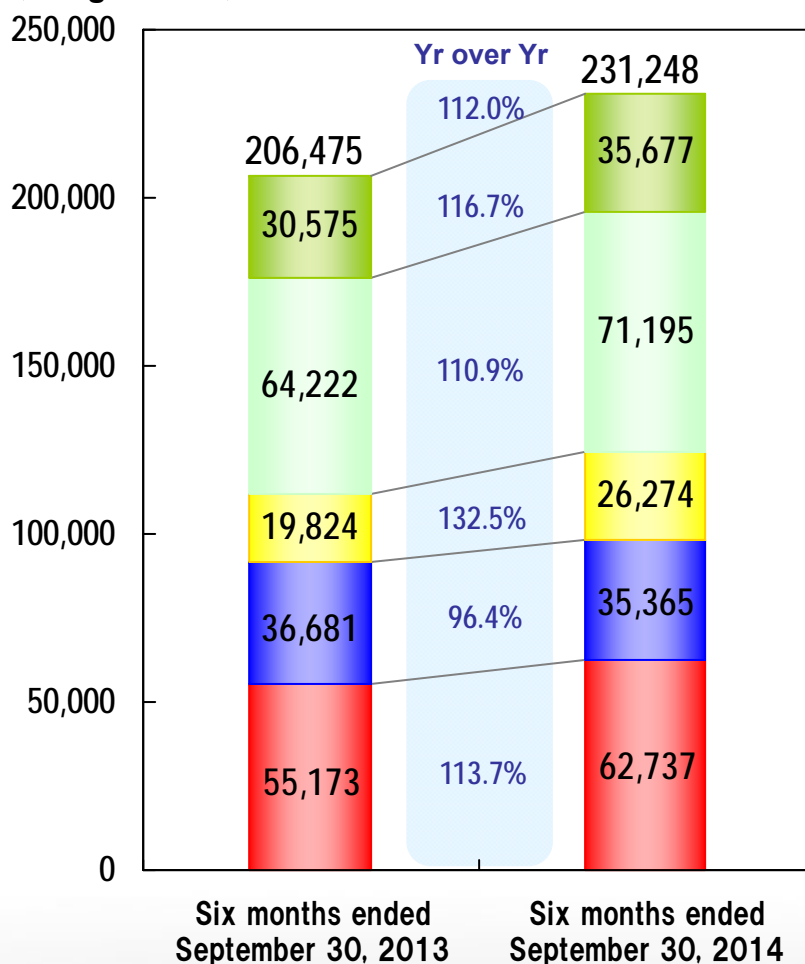
34 overseas countries, 219 cities, 381 locations (as of September 30, 2014)



Freight Volume by Region (Air Freight)

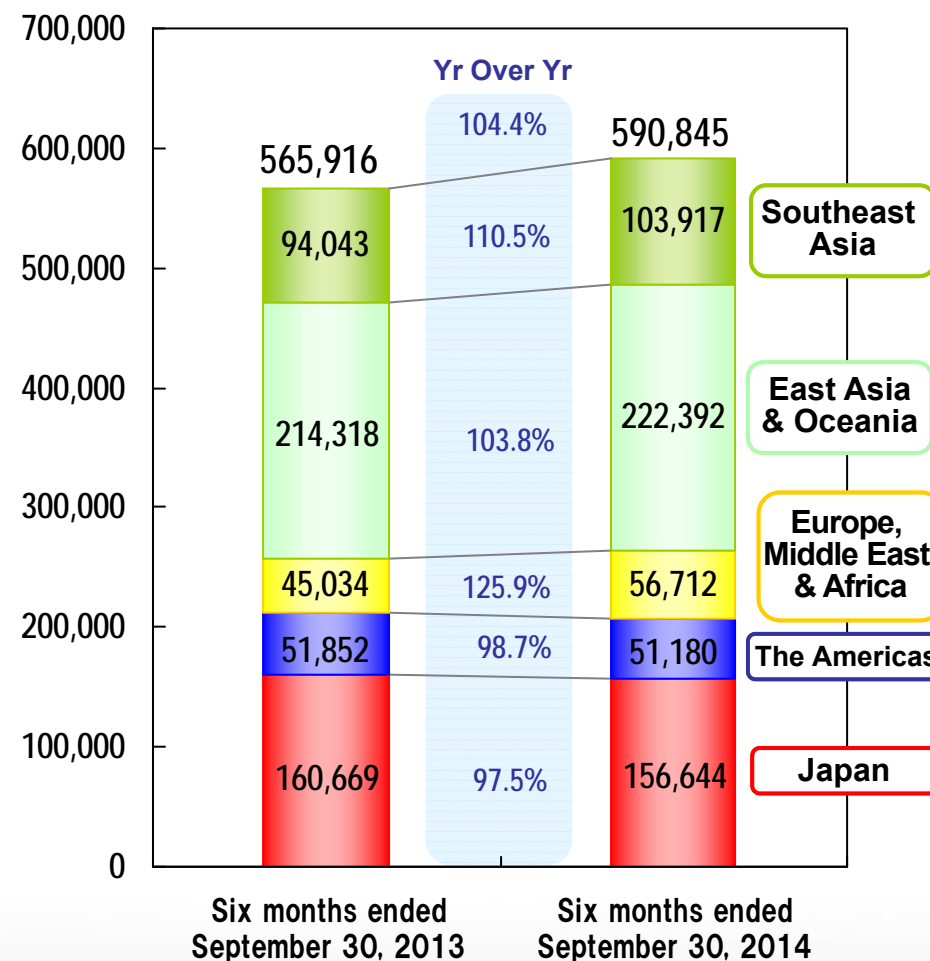
Air Freight Exports

(Weight:tons)



Air Freight Imports

(Shipments)

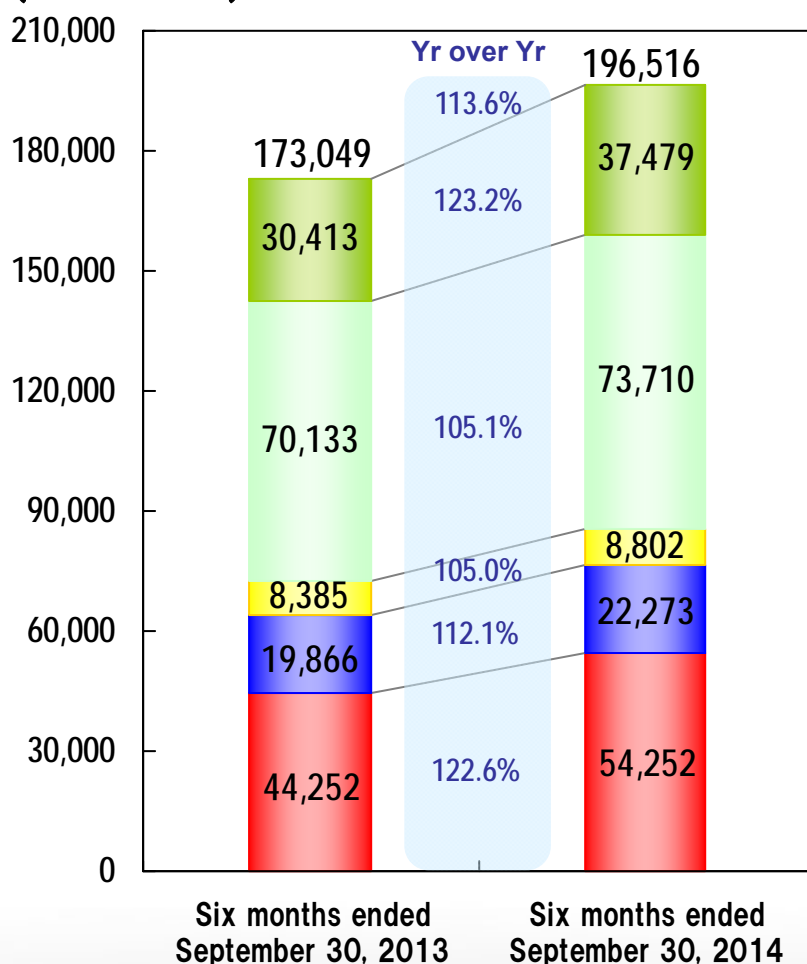


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Freight Volume by Region (Sea Freight)

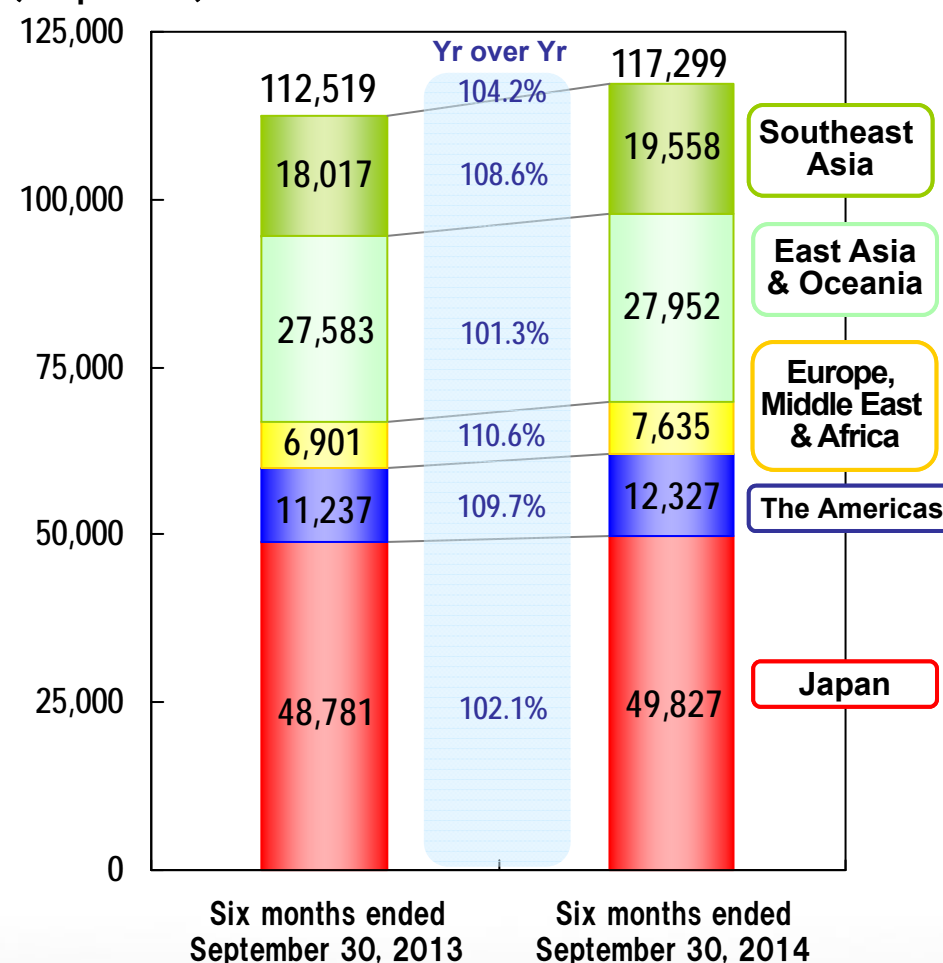
Sea Freight Exports

(Volume:TEU)



Sea Freight Imports

(Shipments)



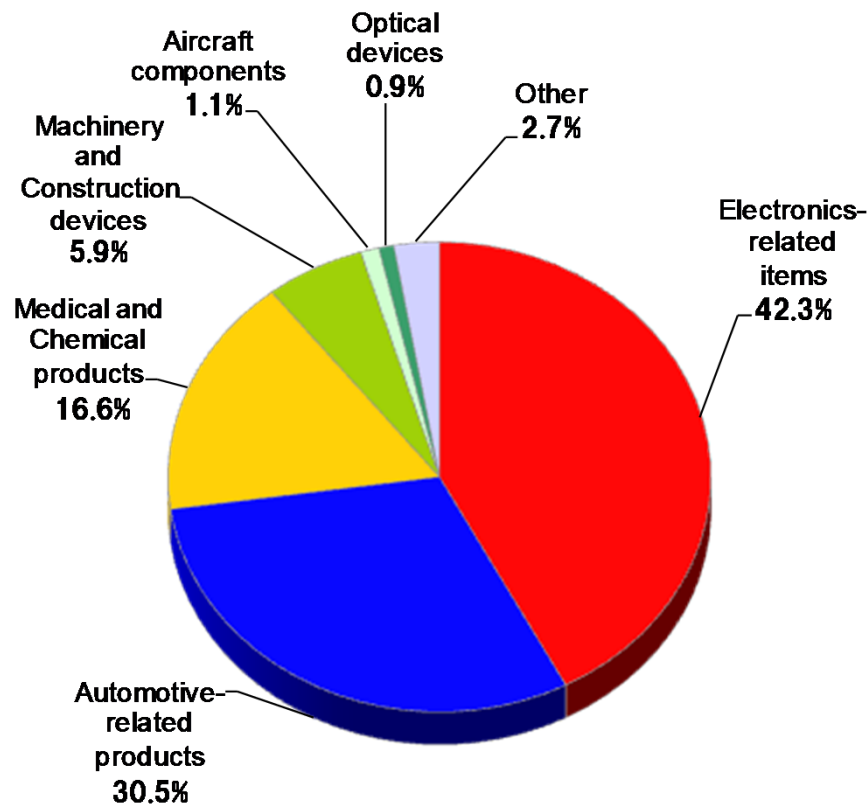
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Industry Verticals (1)

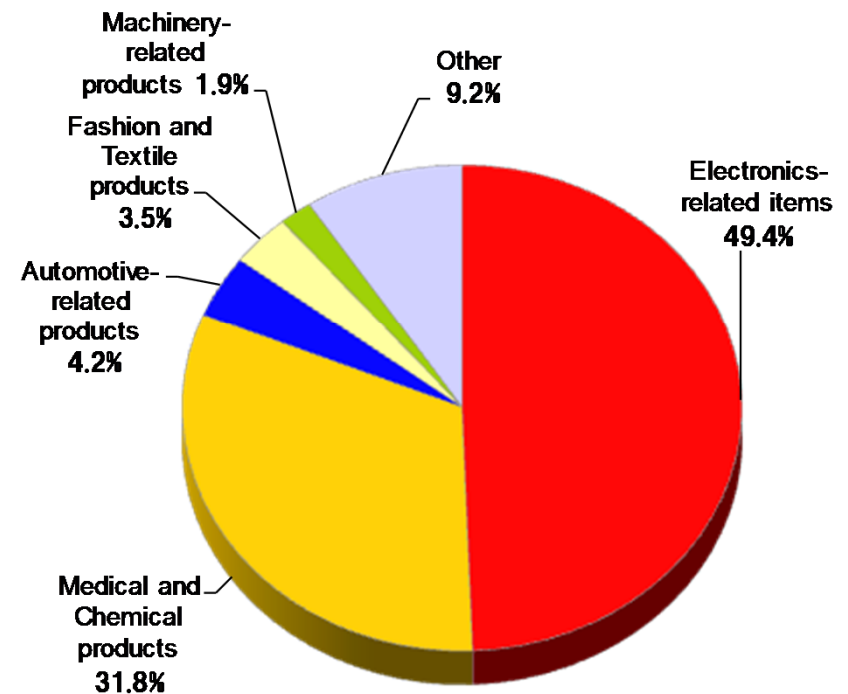
KWE Japan: Air Freight

— Based on net sales of top 100-ranked companies —
Air freight composition

KWE Japan's Air Freight Export Composition,
Six months ended September 30, 2014



KWE Japan's Air Freight Import Composition,
Six months ended September 30, 2014

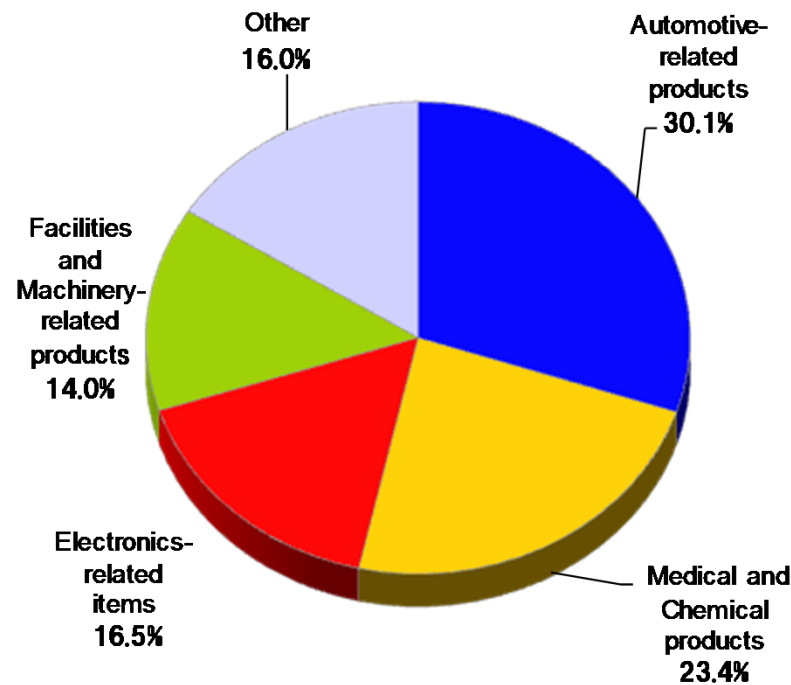


Industry Verticals (2)

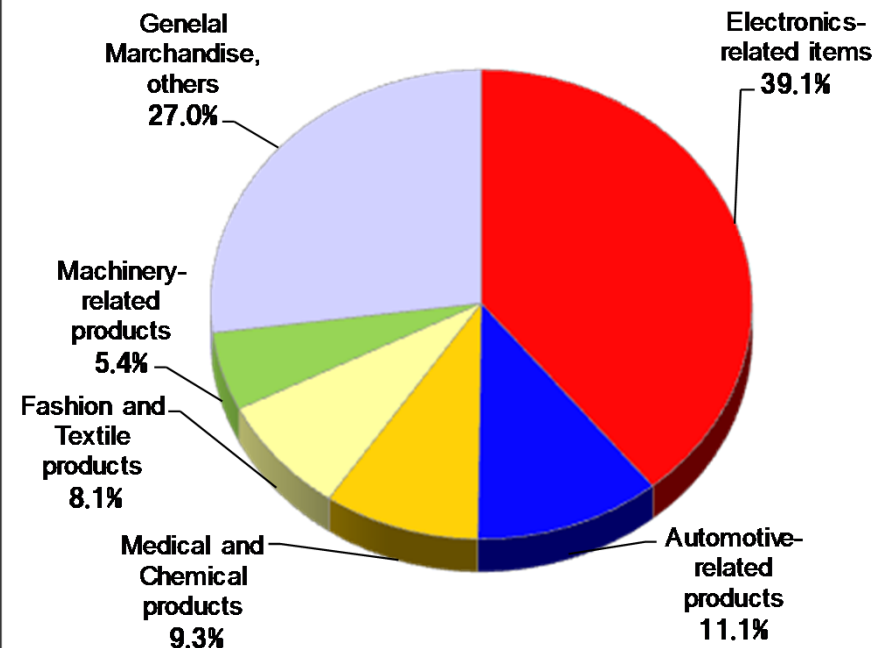
KWE Japan: Sea Freight

— Based on net sales of top 100-ranked companies —
Sea freight composition

KWE Japan's Sea Freight Export Composition,
Six months ended September 30, 2014



KWE Japan's Sea Freight Import Composition,
Six months ended September 30, 2014





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Kintetsu World Express, Inc.
Website: <http://www.kwe.co.jp/en/index.html>

- * 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.