



Financial Results Meeting:

The 1st 6 Months of FY Ending March 2016

(April 1, 2015 – September 30, 2015)

November 10, 2015



Global Logistics Partner

kintetsu world express

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The impact on financial results in the second quarter

◆ Balance Sheets (B/S)

- As the deemed acquisition date was June 30 2015,
B/S as of June 30, 2015 were consolidated.

◆ Income statements (P/L)

- APLL's fiscal year ends December 31 and its performance from January to June 2015 was not consolidated.

➡ APLL's income statement from July is included from the third quarter.
Amortization of goodwill also starts from the third quarter.

- * "APLL" was added in the reportable segments from this fiscal year.
- * Acquisition-related costs of ¥816 million was recorded as operating costs in the first quarter.

Balance Sheets

(Millions of yen)

	March 31, 2015	September 30, 2015	Differences	Note
Assets				
Current assets	131,006	181,517	50,511	Due to consolidation of APLL (increases in cash and deposits, notes and operating accounts receivable)
Non-current assets	63,547	204,392	140,845	
Property, plant and equipment	39,831	46,554	6,722	Due to consolidation of APLL
Intangible assets	2,520	129,755	127,234	Recording of goodwill arising from acquisition of APLL
Investments and other assets	21,194	28,082	6,888	Due to consolidation of APLL
Total assets	194,553	385,910	191,356	
Liabilities				
Current liabilities	53,772	233,631	179,859	Bank loans for acquisition of APLL
Non-current liabilities	11,093	14,065	2,971	Bank loans for capital investment to enhance domestic logistics function
Total liabilities	64,865	247,696	182,830	
Net assets				
Total net assets	129,687	138,213	8,526	Due to consolidation of APLL
Total liabilities and net assets	194,553	385,910	191,356	

Cash Flow Statements

(Millions of yen)

	Six months ended		Differences
	September 30, 2014	September 30, 2015	
Net cash provided by (used in) operating activities	2,101	5,983	3,882
Net cash provided by (used in) investing activities	(4,789)	(142,149)	-137,360
Net cash provided by (used in) financing activities	(1,700)	145,844	147,545
Effect of exchange rate change on cash and cash equivalents	(1,414)	283	1,697
Net increase (decrease) in cash and cash equivalents	(5,802)	9,962	15,764
Cash and cash equivalents at beginning of period	47,963	48,700	737
Cash and cash equivalents at end of period	42,161	58,662	16,501

Financial Summary

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

(Reference)

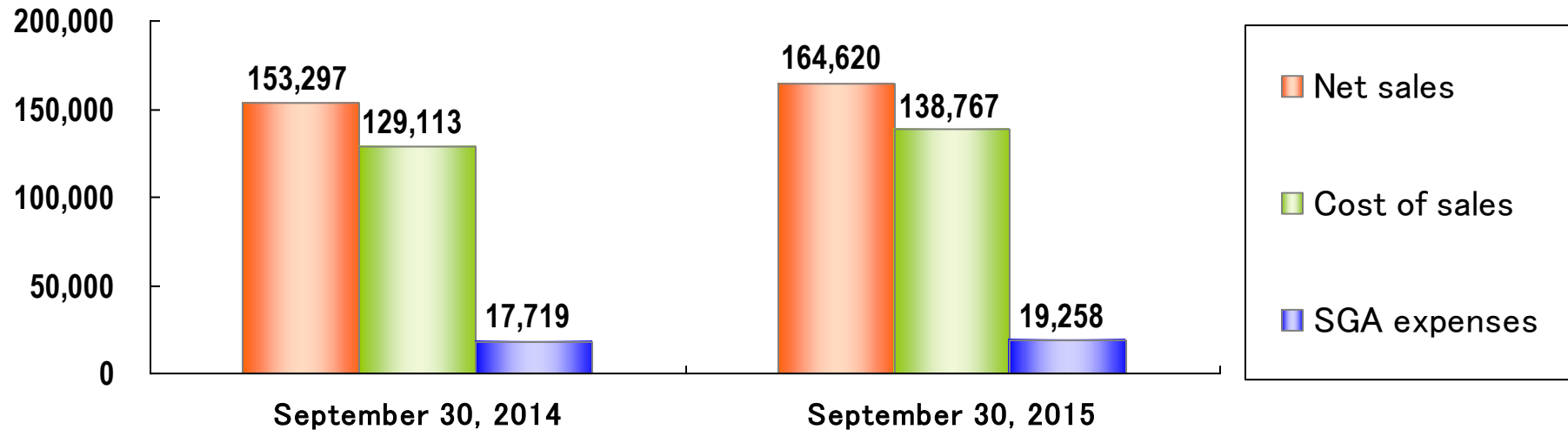
Item		Six months ended September 30			
		2014		2015	
			YoY change(%)		YoY change(%)
Air freight exports (Weight)		231	12.0	229	(0.9)
Air freight imports (Shipments)		590	4.4	606	2.7
Sea freight exports (Volume)		196	13.6	193	(1.6)
Sea freight imports (Shipments)		117	4.2	118	0.7
Net sales	Consolidated	153,297	14.3	164,620	7.4
Operating gross profit	Consolidated	24,184	8.5	25,853	6.9
Operating income	Consolidated	6,464	3.6	6,595	2.0
Ordinary income	Consolidated	6,994	2.8	7,038	0.6
Income before income taxes	Consolidated	5,227	(20.4)	7,034	34.6
Net income attributable to owners of the parents (formerly "Net income")	Consolidated	2,950	(27.4)	4,140	40.4

Six months ended September 30, 2015(Forecasts) (*Released on May 8, 2015)
—
—
—
—
170,000
—
8,000
7,800
—
5,200

Conversion Rate	1st 6 months of FY ended March 2015	FY ended March 2015	1st 6 months of FY ending March 2016
US-Dollar	¥ 102.47	¥ 105.85	¥ 120.23
EURO	¥ 140.43	¥ 140.42	¥ 134.17

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

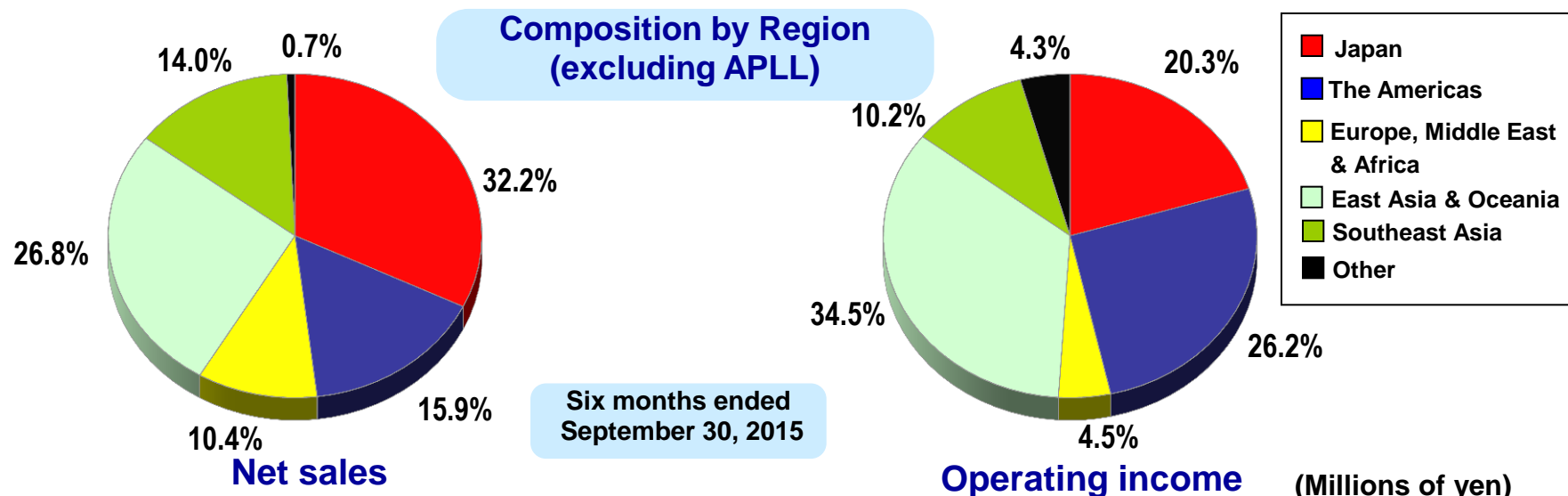
(Millions of yen)



(Millions of yen)

	Six months ended September 30			
	2014	Ratio to net sales	2015	Ratio to net sales
Net sales	153,297	100.0%	164,620	100.0%
Cost of sales	129,113	84.2%	138,767	84.3%
SGA expenses	17,719	11.6%	19,258	11.7%
Operating income	6,464	4.2%	6,595	4.0%

Net Sales and Operating Income by Region



Region	Net Sales	YoY change (%)	Operating income	YoY change (%)
Japan	54,861	(1.8%)	1,500	(28.6%)
The Americas	27,040	32.4%	1,944	52.8%
Europe, Middle East & Africa	17,766	(3.0%)	331	14.6%
East Asia & Oceania	45,690	6.7%	2,558	17.4%
Southeast Asia	23,935	26.4%	756	160.7%
APLL	—	—	(816)	—
Other	1,217	11.3%	321	(2.8%)
Adjustment	(5,890)	—	0	—
Total	164,620	7.4%	6,595	2.0%

* "Other" refers to business not included in reportable segments and mainly consists of supplementary logistics within the Group.

* As the second quarter of the income statement of APLL is not consolidated, pie chart above doesn't include the result of APLL.

1 Target not achieved due to decreased air freight volume and increased freight cost.

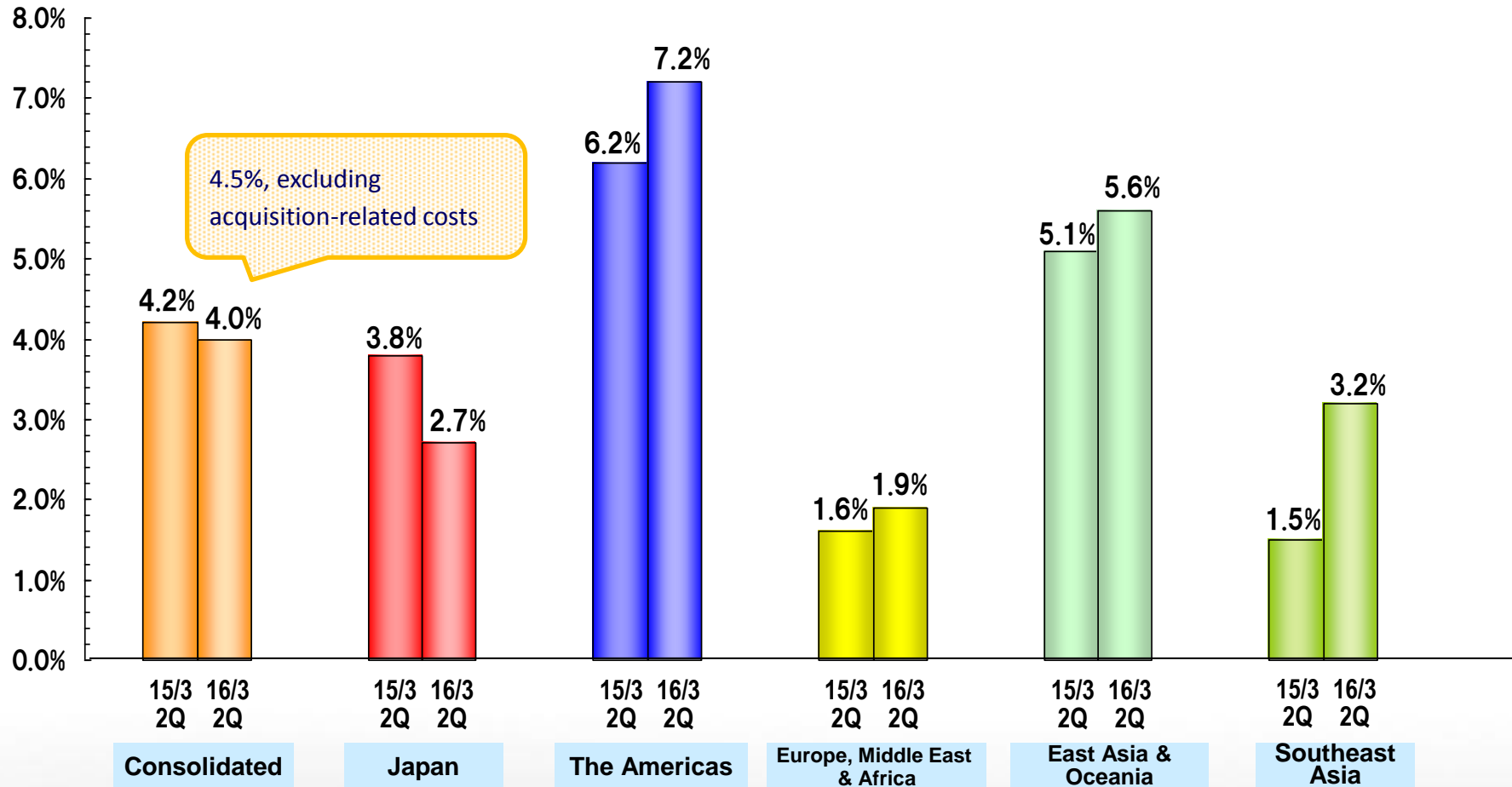
- Operating margin of KWE Japan decreased to 2.2 % from 2.9% a year earlier.
- Subsidiaries in Japan fell due to backlash of rush demand before consumption tax rise and PC replacements a year earlier.

2 Continuously favorable in the Americas and Southeast Asia.

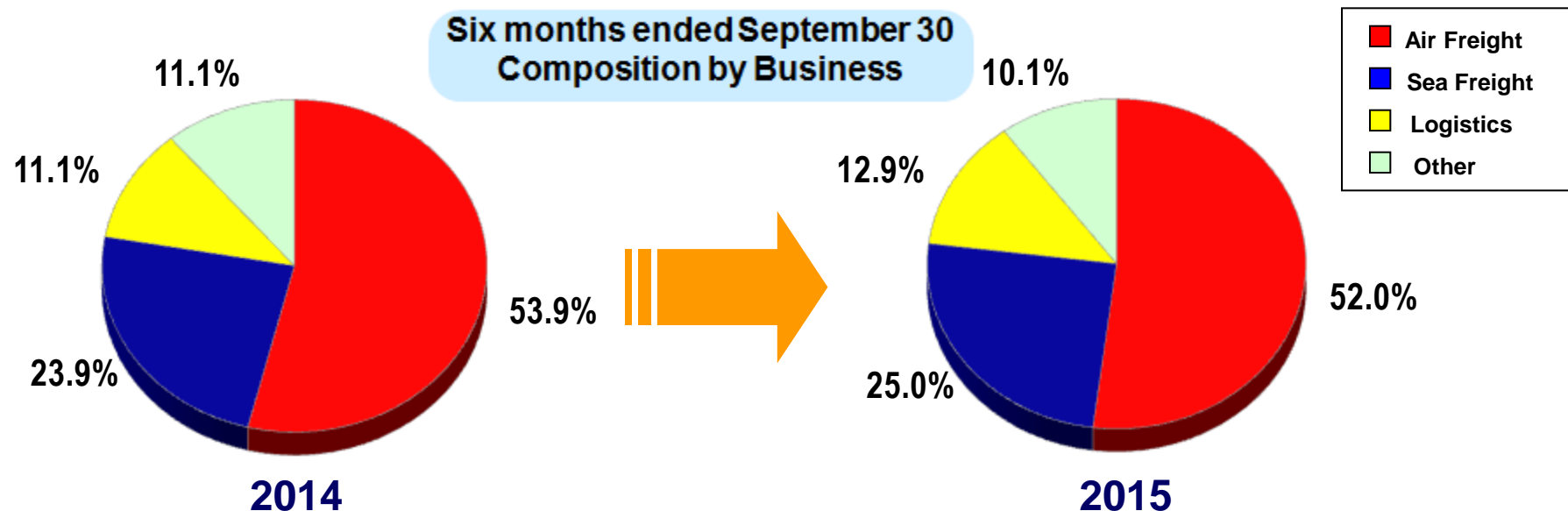
- Average operating margin in overseas increased to 4.9% from 4.0% a year earlier (excluding APLL results.)
- The Americas: A boom due to the U.S. West Coast port congestion.
- Europe, Middle East & Africa: Sluggish in Germany and U.K.
- East Asia: Unachieved target due to decrease in freight volume and rise in operating cost
- Southeast Asia: Profitability recovered.

Operating Margins by Region

Six months ended September 30
2014 and 2015



Net Sales by Business



(Millions of yen)

Business		Six months ended September 30		
		2014	2015	
		Net sales	Net sales	YoY change (%)
Freight transportation	Air Freight	82,693	85,594	3.5%
	Sea Freight	36,604	41,086	12.2%
	Logistics	17,035	21,247	24.7%
	Other	16,963	16,692	(1.6%)
Total		153,297	164,620	7.4%

Gross Margin by Transportation Mode

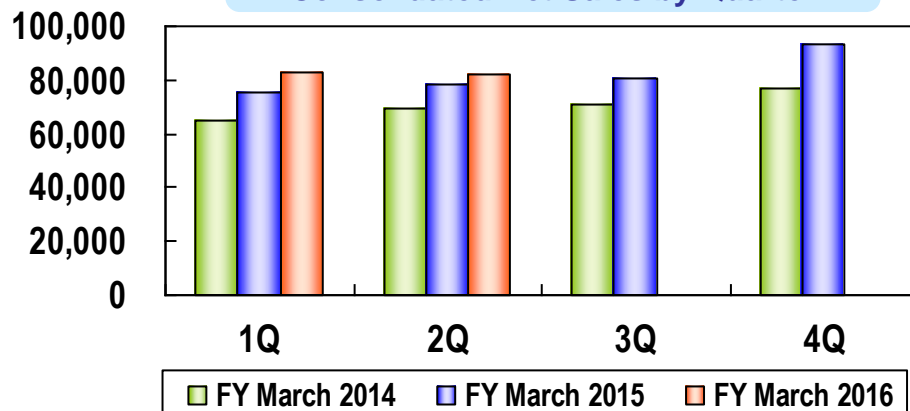
*** Gross profit = Net sales — Direct cost**

	FY ended March 31, 2014	Six months ended September 30, 2014	FY ended March 31, 2015	Six months ended September 30, 2015
Air	28.8%	26.7%	26.9%	28.5%
Sea	23.3%	22.5%	22.4%	22.1%

Operating Results by Quarter

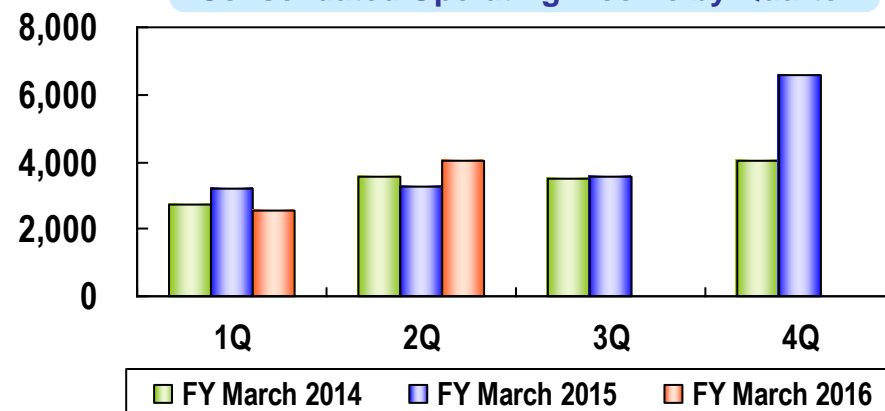
(Millions of yen)

Consolidated Net Sales by Quarter



(Millions of yen)

Consolidated Operating Income by Quarter



(Millions of yen)

Net sales	1Q	2Q	3Q	4Q
FY ended March 2014	64,644	69,477 (134,121)	70,635 (204,756)	76,749 (281,505)
FY ended March 2015	75,240	78,057 (153,297)	80,309 (233,606)	93,586 (327,192)
FY ending March 2016	82,752	81,868 (164,620)	— (—)	— (—)
Operating income	1Q	2Q	3Q	4Q
FY ended March 2014	2,710	3,528 (6,238)	3,472 (9,710)	4,032 (13,742)
FY ended March 2015	3,193	3,271 (6,464)	3,539 (10,003)	6,560 (16,563)
FY ending March 2016	2,564	4,031 (6,595)	— (—)	— (—)
Ordinary income	1Q	2Q	3Q	4Q
FY ended March 2014	2,925	3,879 (6,805)	3,628 (10,433)	4,834 (15,267)
FY ended March 2015	3,573	3,421 (6,994)	4,038 (11,032)	7,397 (18,429)
FY ending March 2016	2,846	4,192 (7,038)	— (—)	— (—)

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

Earnings Forecast for FY Ending March 2016

–The Final Year of the Medium-Term Management Plan

*** Not changed from the figures released on August 6, 2015**

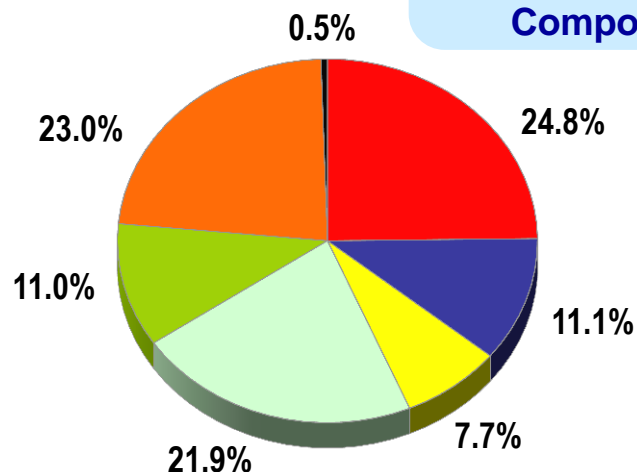
(Millions of yen)

Item	FY ended March 2015 (Results)		FY ending March 2016 (Forecast)	
		YoY change (%)		YoY change (%)
Net sales	327,192	16.2	450,000	37.5
Operating gross profit	52,556	13.5	71,000	35.1
Operating income	16,563	20.5	18,000	8.7
Ordinary income	18,429	20.7	17,500	(5.0)
Income before income taxes	16,372	9.8	17,500	6.9
Net income attributable to owners of the parents (formerly “Net income”)	10,489	11.4	11,700	11.5

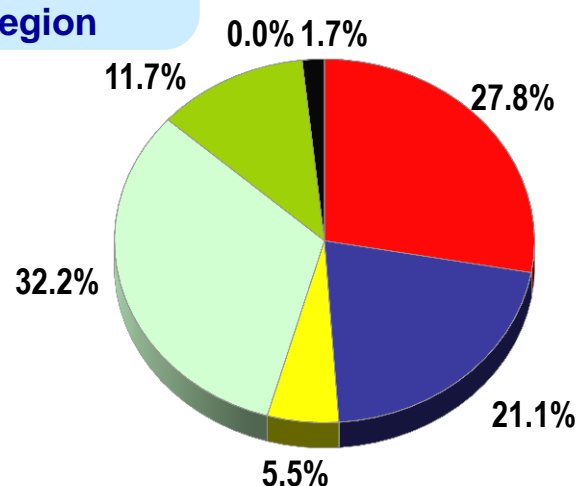
Net Sales & Operating Income Forecast by Region for FY Ending March 2016

(Not changed from the figures released on August 6, 2015)

Net Sales & Operating income
Composition by Region



Net sales



Operating income

(Millions of yen)

Region	Net sales	YoY change (%)	Operating income	YoY change (%)
Japan	113,700	(7.5%)	5,000	(21.3%)
The Americas	51,200	19.0%	3,800	31.8%
Europe, Middle East & Africa	35,400	(5.2%)	1,000	35.9%
East Asia & Oceania	100,400	12.3%	5,800	13.7%
Southeast Asia	50,600	22.1%	2,100	78.7%
APLL	105,800	—	0	—
Other	2,100	12.5%	300	(2.3%)
Adjustment	(9,200)	—	—	—
Total	450,000	37.5%	18,000	8.7%

* "Other" refers to business not included in reportable segments and mainly consists of supplementary logistics within the Group.

Corporate Business Strategies

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

Outline of the Medium-Term Management Plan (FY Ended 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

Net sales: 450.0 billion yen (+80% from FY ended March 2013)
Operating income: 18.0 billion yen (+40% from FY ended March 2013)
Ordinary income : 17.5 billion yen (+30% from FY ended March 2013)

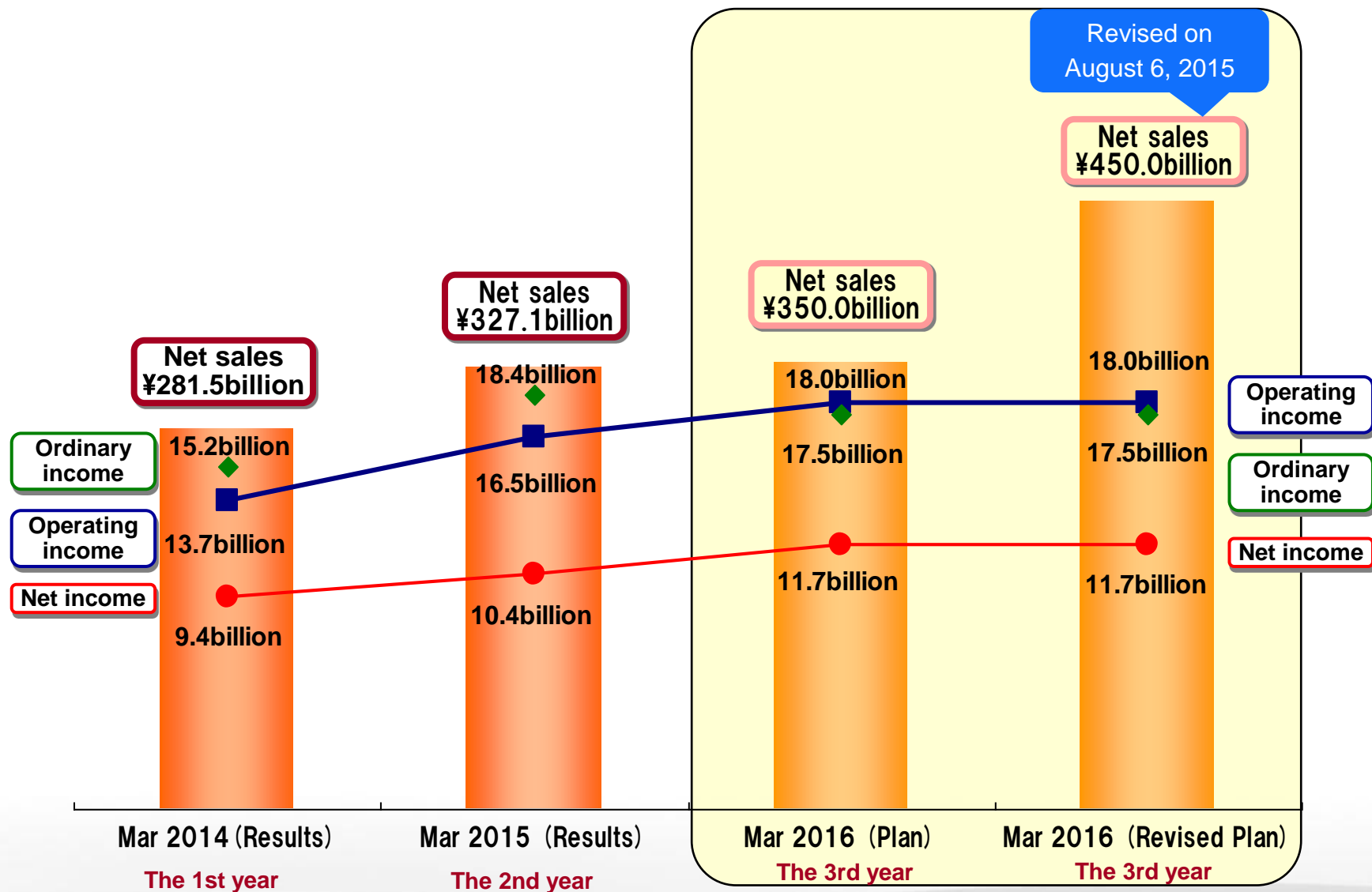
On August 6, 2015, Upward revised net sales targets due to consolidation of APLL.

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

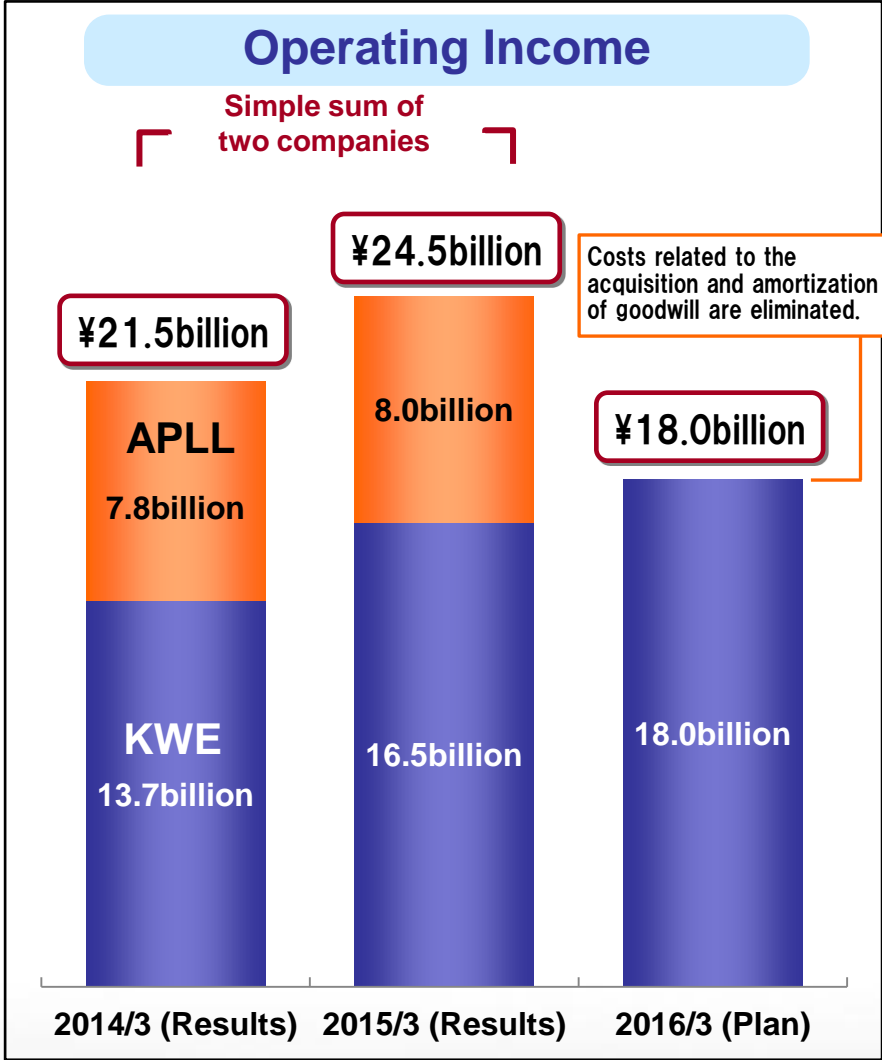
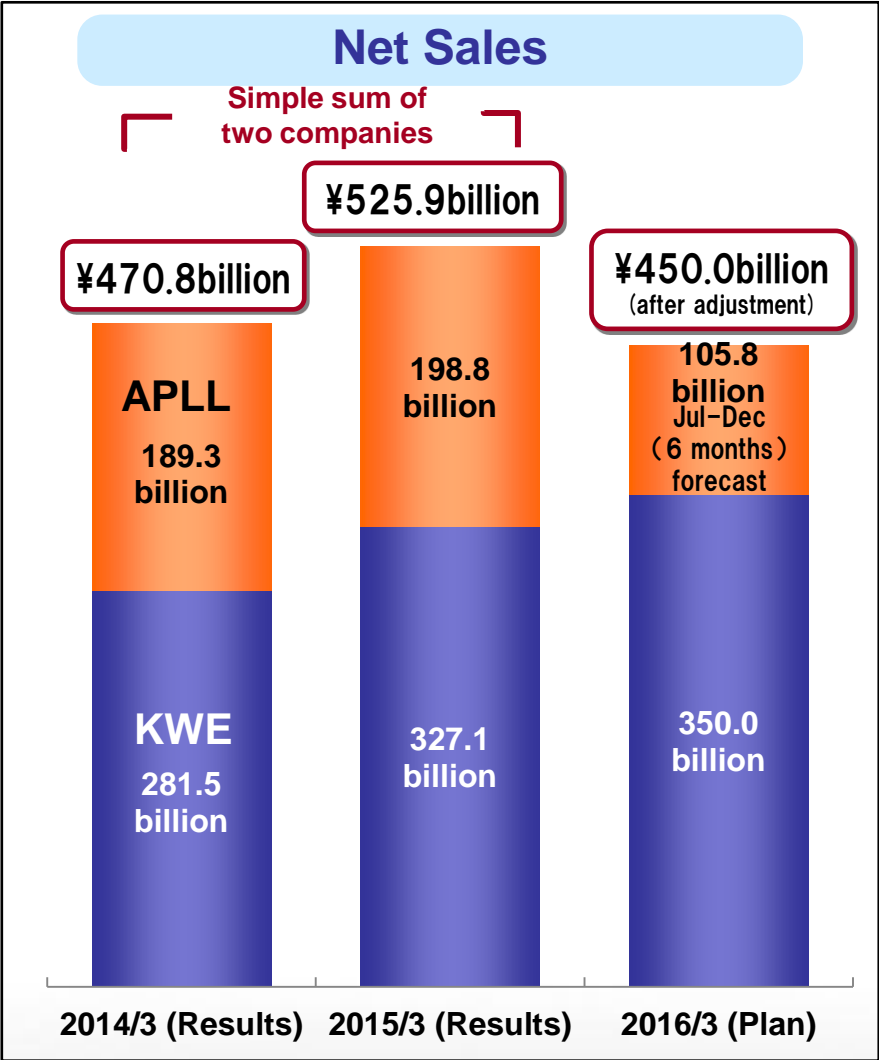
Medium-Term Management Plan

Numerical Targets



Performance after Integration

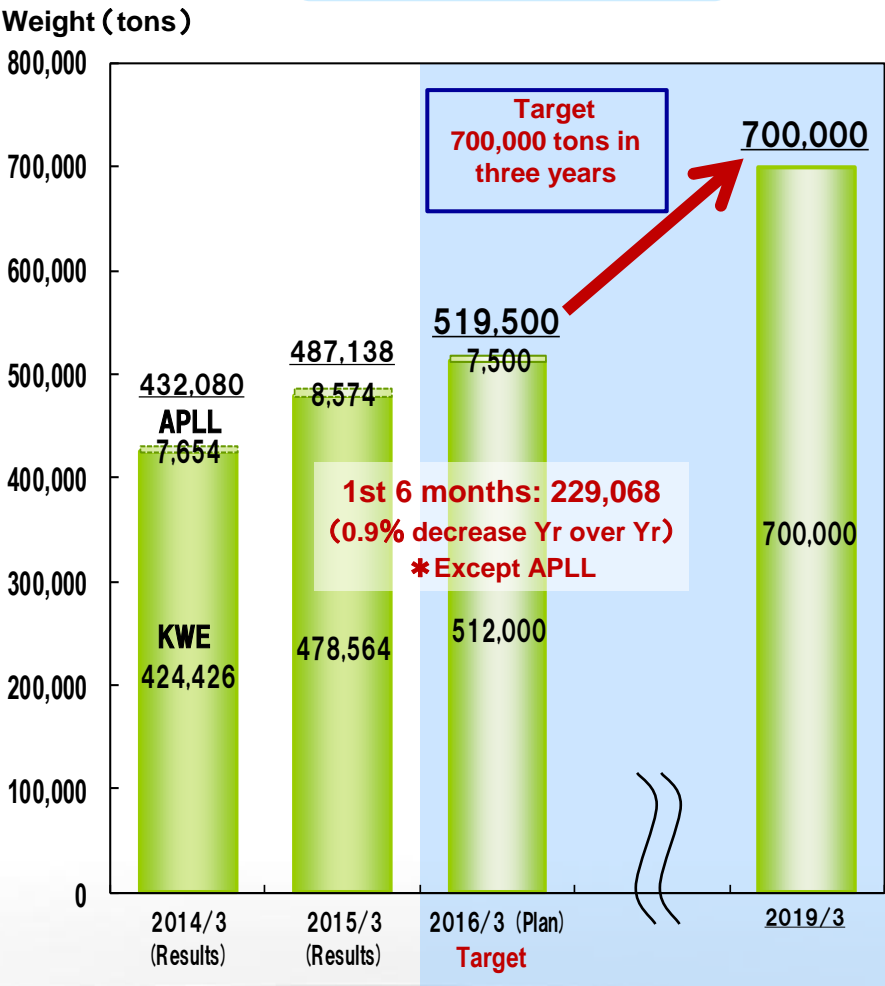
(Not changed from the figures released on August 6, 2015)



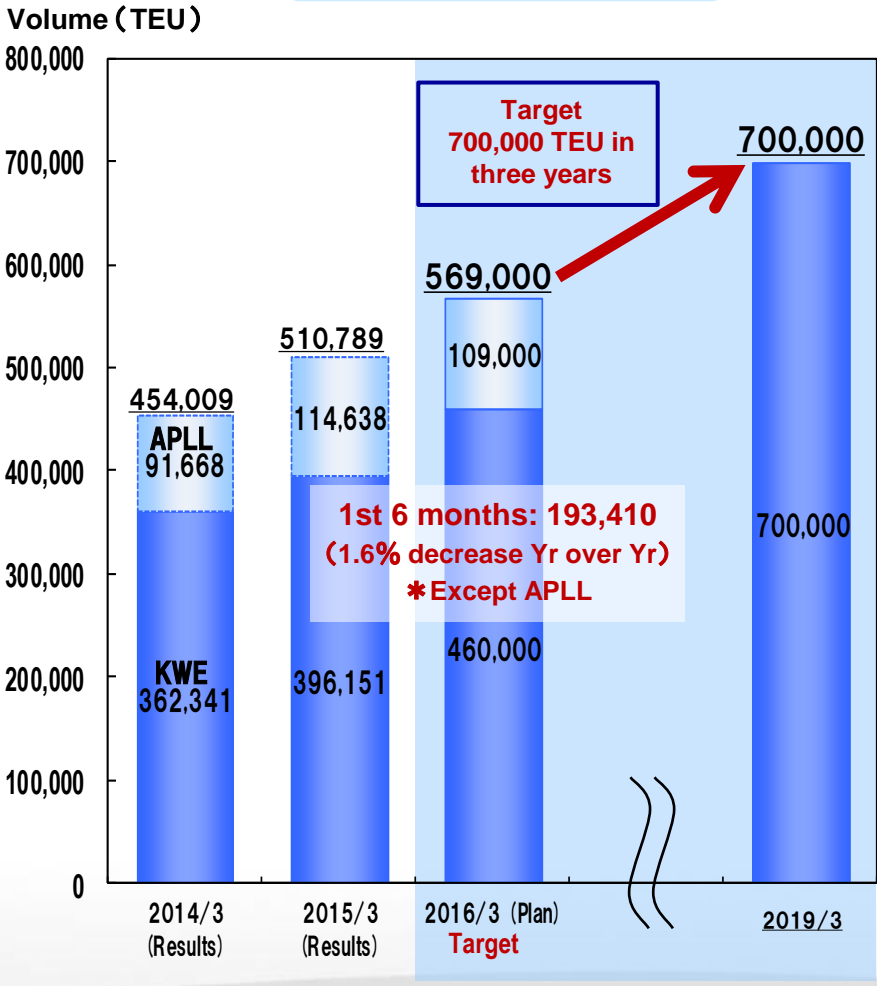
Note) APLL results in each year are calculated at 1 USD = 120 JPY.

Air and Sea / Volume Targets

Air Freight (Export)



Sea Freight (Export)



Priorities for the Final Year

(1) Develop business with more Corporate Accounts

(2) Volume growth in “Power Lanes” (Intra - Asia, Asia - Americas and Asia - Europe lanes) and expand import sales in key consumer markets

(3) Off-shore (trilateral) business traffics

(4) Further expanding of our network in growing markets (Cambodia, Myanmar, Latin America, India, and China, etc.)

(5) Tighter partnerships with preferred air/sea carriers

(6) Maximize synergies of M&As

Further Expansion

● Business expansion in India



◆ KWE India, Gati-Kintetsu(GKE) steadily expanded business

- Import agency service, e-Commerce delivery service
 - New organization in Tokyo to develop business in India (Feb. 2015)
- Expect synergy effects among KWE, GKE, APLL



GKE Pataudi Terminal

● Continuously favorable performance in Mexico

- Contributed to group-wide development of Automotive-related business



KWE Mexico
Irapuato Office

● New network in Mekong Area

- Cambodian subsidiary (Jan. 2015), Myanmar subsidiary planned

Actions to Generate Commercial Synergies

Action plans :

(1) Air Freight

- Absorb the businesses outsourced by APLL to other forwarders
- Joint sales to APLL's customers

(2) Sea Freight

- Synergy effects on cost reduction with economies of scale
- Integrate KWE's and APLL's Asia—North America LCL services

(3) Logistics Business (Overseas)

- Utilization of KWE's facilities for APLL's business
- Provide APLL's service to our customers

Actions to Generate Commercial Synergies

(4) Logistics Business (Japan)

- Integration of KWE's operation with APLL's know-how

(5) Organization for synergy promotion / Personnel exchange program

- "Corporate Sales Planning Dept." (from Nov. 2015)
- Exchange human resources between KWE & APLL (from Jan. 2016)

(6) Administration

- Cost reduction by integration of KWE's and APLL's operations

⇒ The target figures of the next mid-term management plan are to be discussed.

Issues for the Second Half

Positives

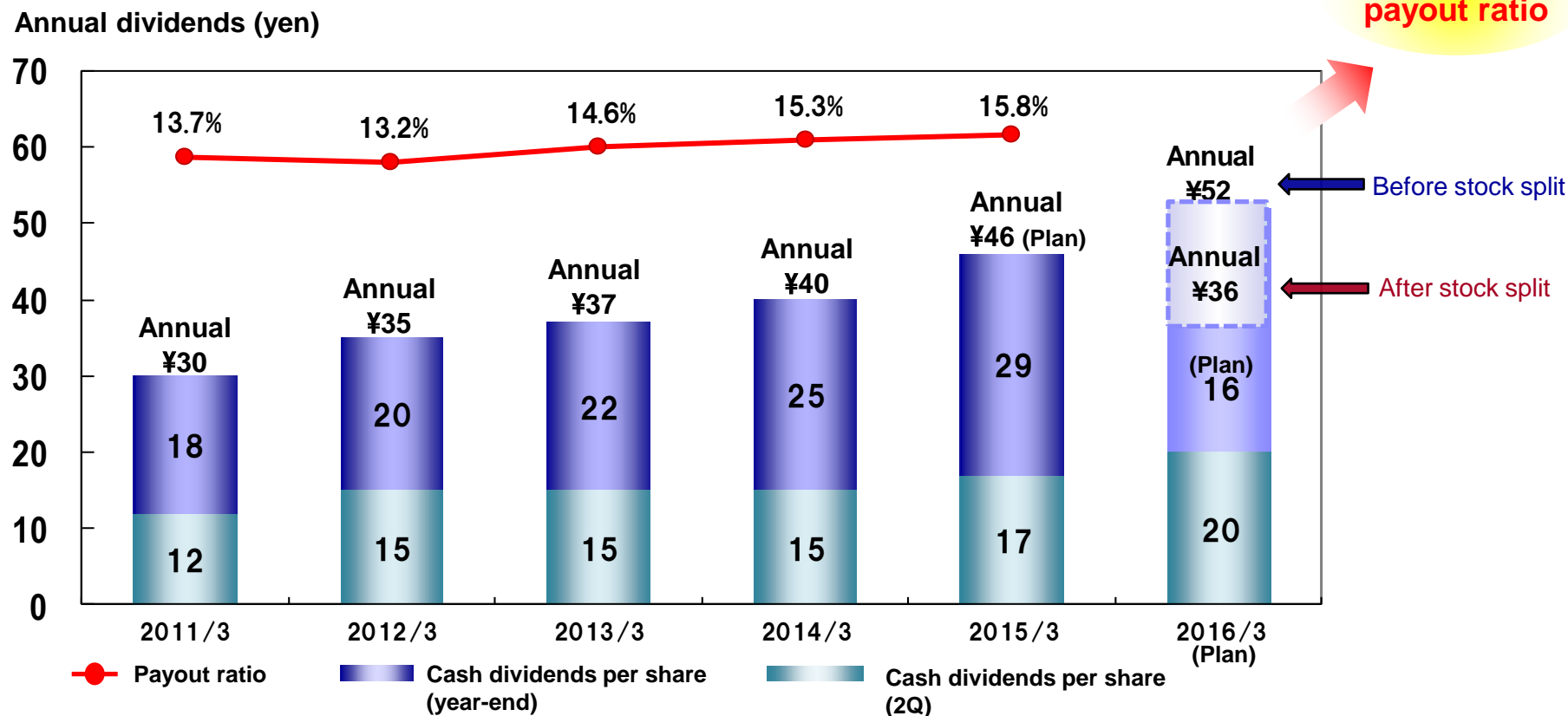
- Favorable performance in overseas
- Recovery of Southeast Asia Region / EMEA Region
- Excellent performance in Mexico, Thailand, Philippines, and Vietnam
- Extended business with automotive-related customers
- Recovery of subsidiaries in Japan

Negatives

- Downturn in KWE/Japan
- Sluggish volume growth
- Deceleration in China and major Asian countries

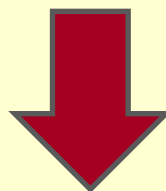
Dividends

Cash dividends per share, payout ratio



*Dividends plan was revised to reflect the stock split, but there has been no substantive change in the dividend plan (Year-end dividend plan per share ¥32 and annual dividend plan ¥52) announced on May, 8 2015.

Next Medium-Term Management Plan (FY Ending March 2017 – FY Ending March 2019)

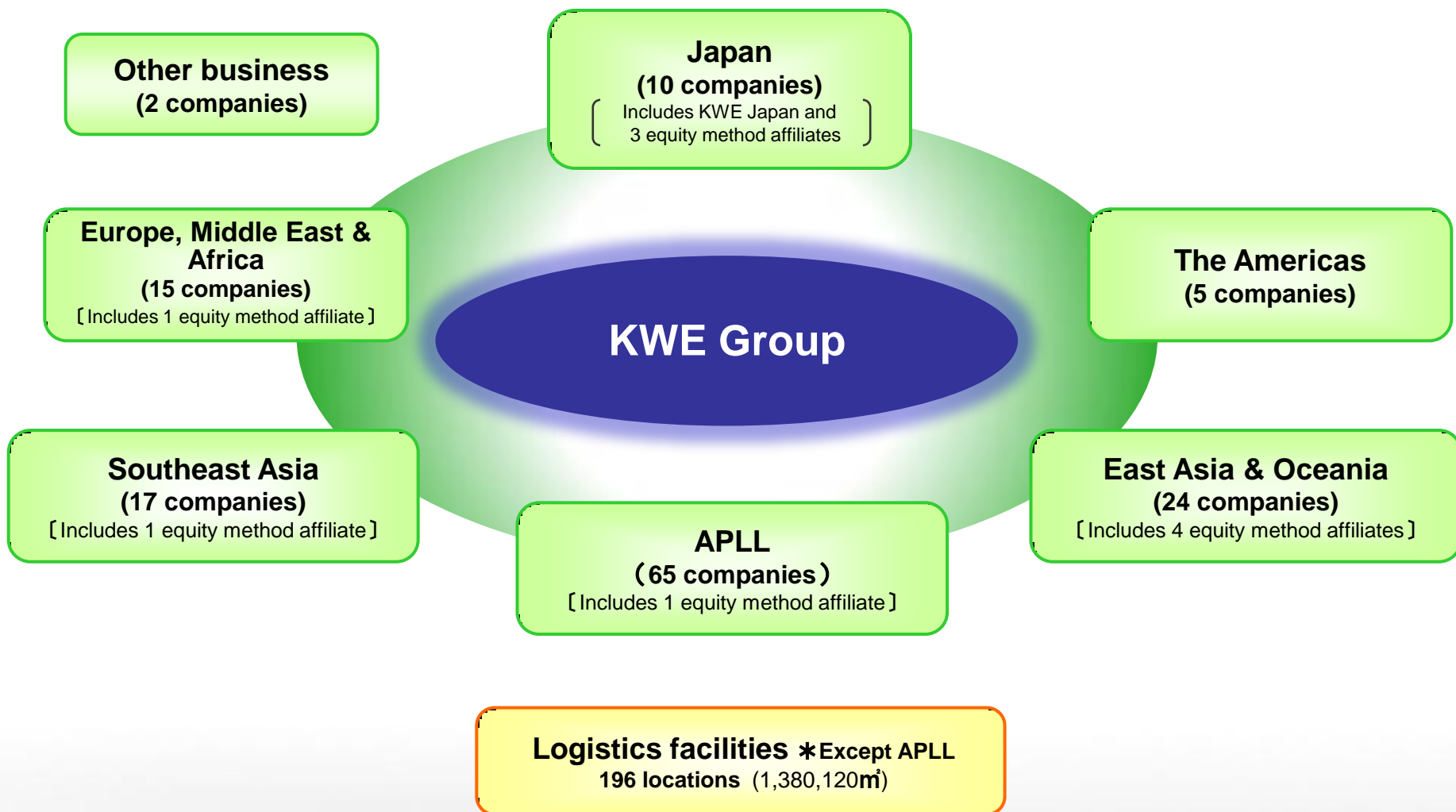


Scheduled for announcement in May 2016

Supplemental Materials

KWE Group's Global Network

44 countries, 323 cities, 752 locations (as of September 30, 2015)

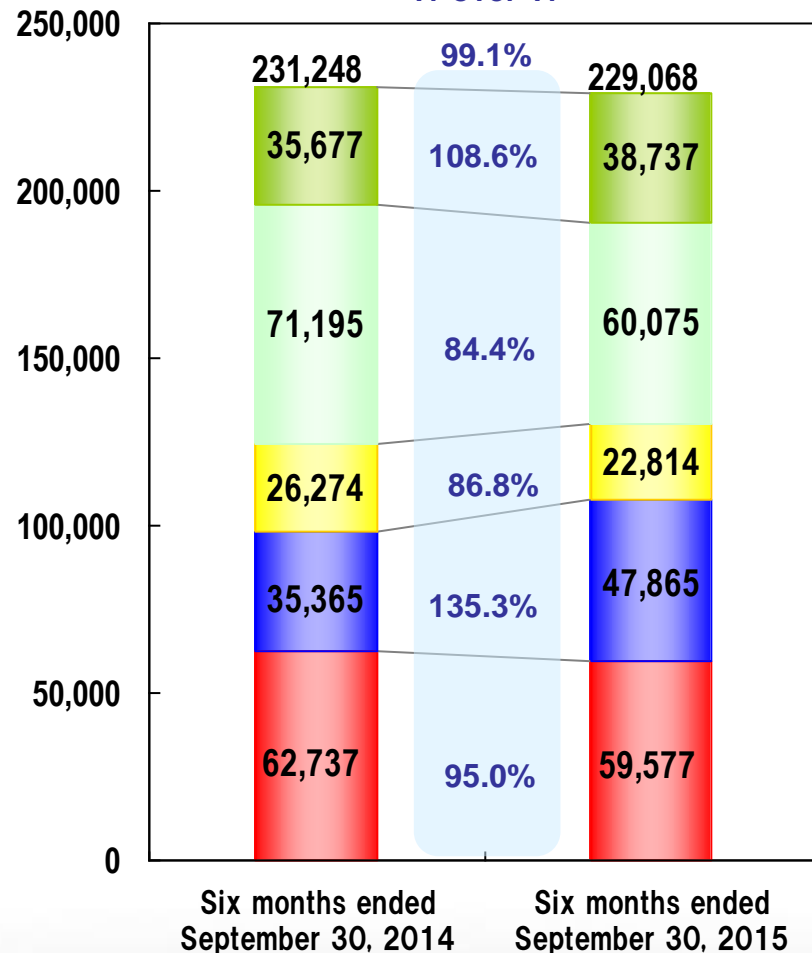


Freight Volume by Region (Air Freight)

Air Freight Exports

(Weight: tons)

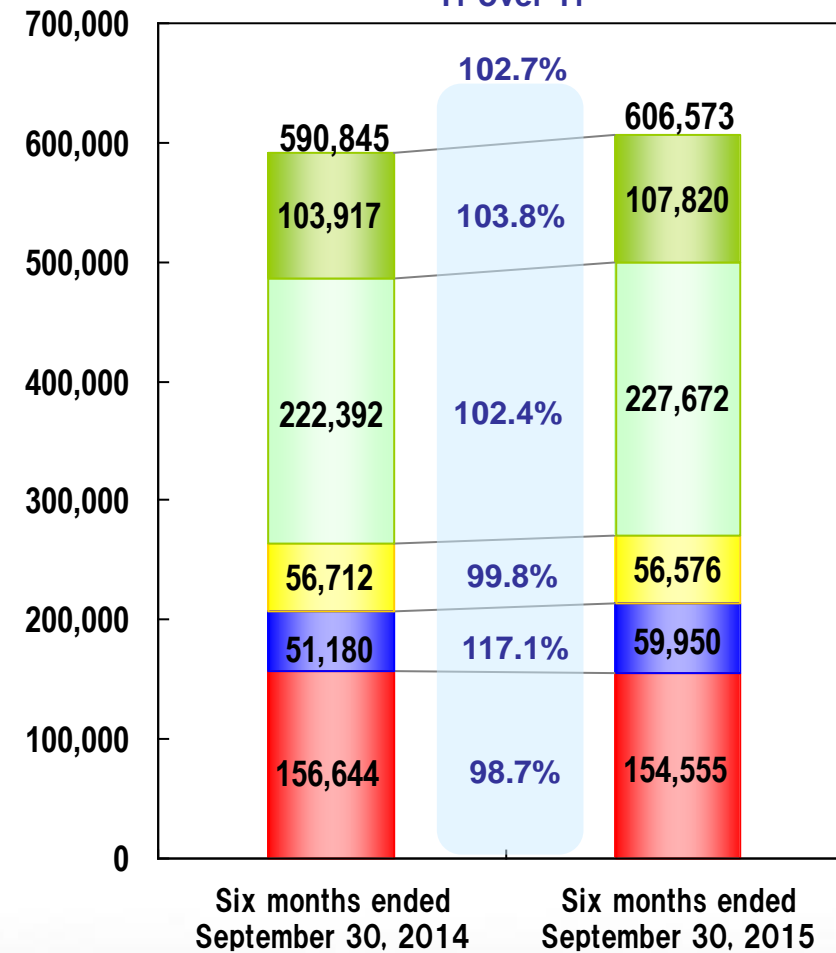
Yr over Yr



Air Freight Imports

(Shipments)

Yr over Yr



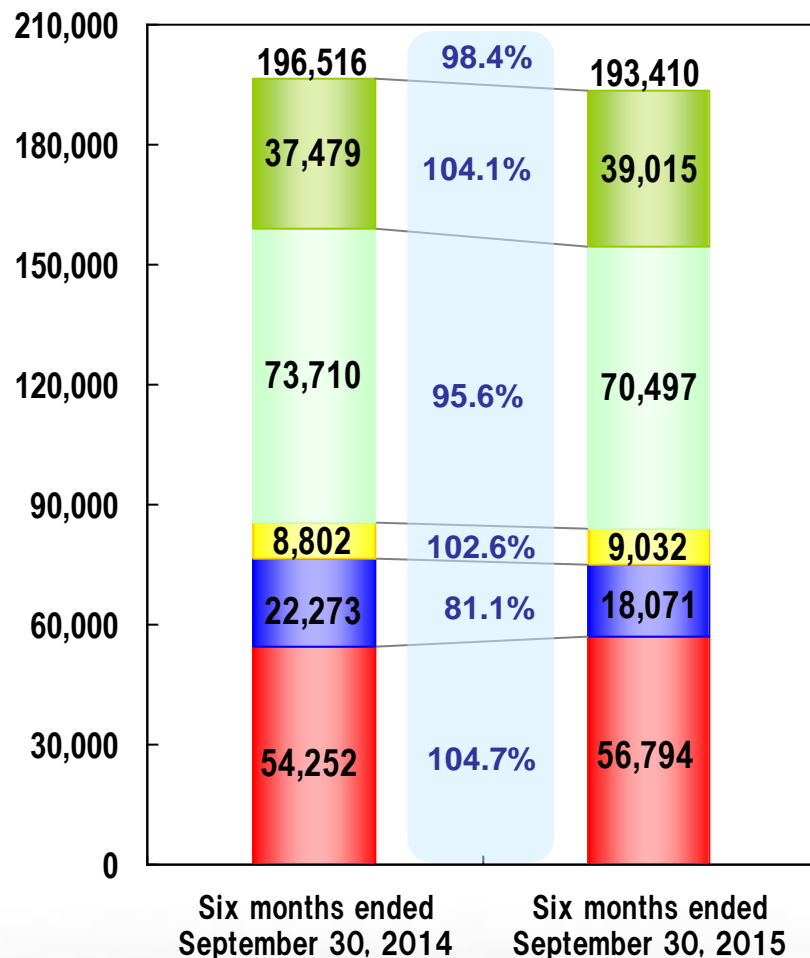
■ Japan
 ■ The Americas
 ■ Europe, Middle East & Africa
 ■ East Asia & Oceania
 ■ Southeast Asia

Freight Volume by Region (Sea Freight)

Sea Freight Exports

Yr over Yr

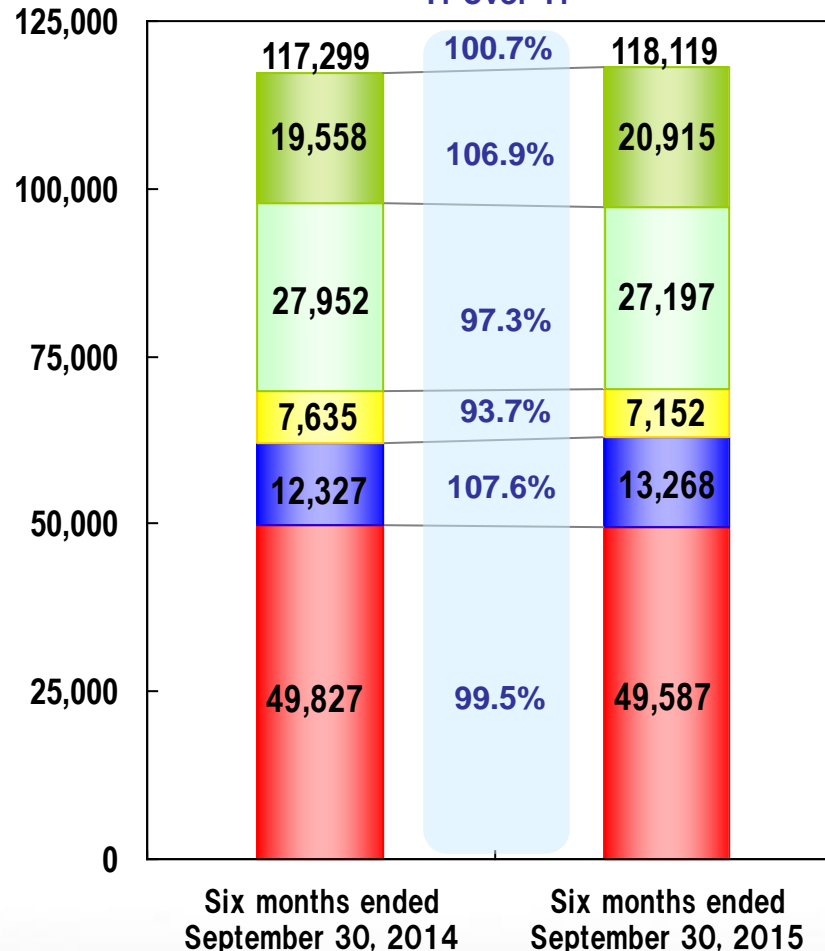
(Volume: TEU)



Sea Freight Imports

Yr over Yr

(Shipments)



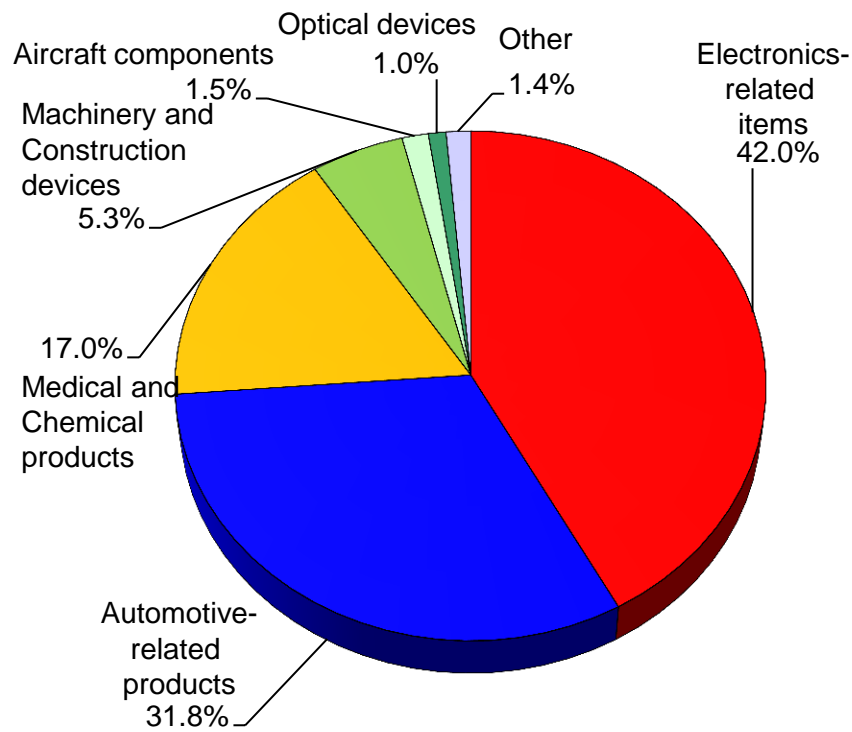
■ Japan
 ■ The Americas
 ■ Europe, Middle East & Africa
 ■ East Asia & Oceania
 ■ Southeast Asia

Industry Verticals (1)

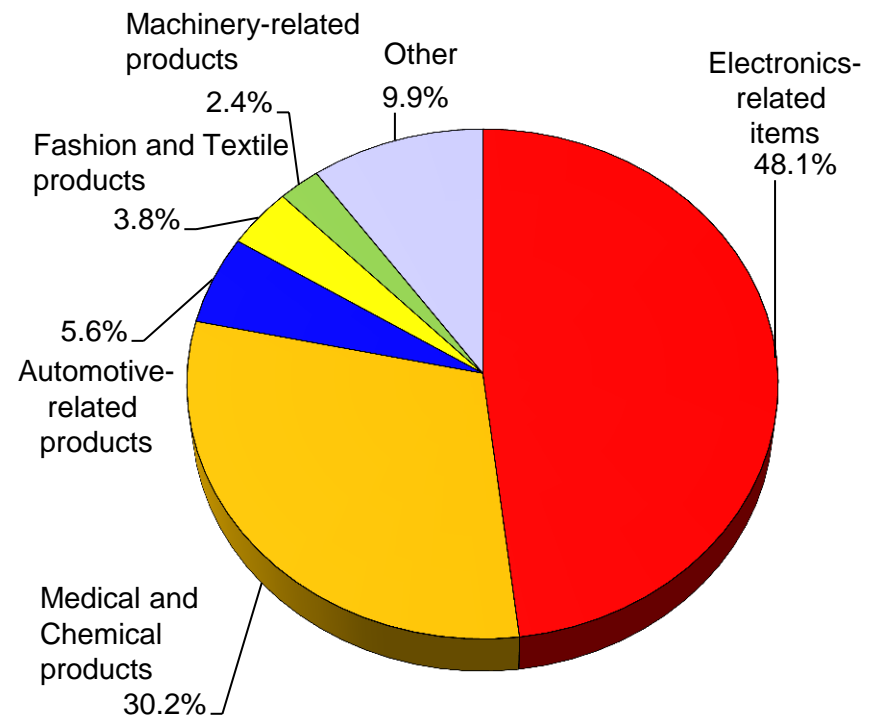
KWE Japan: Air Freight

— Based on net sales of top 100-ranked customers —

**KWE Japan's Air Freight Export Composition,
Six months ended September 30, 2015**



**KWE Japan's Air Freight Import Composition,
Six months ended September 30, 2015**

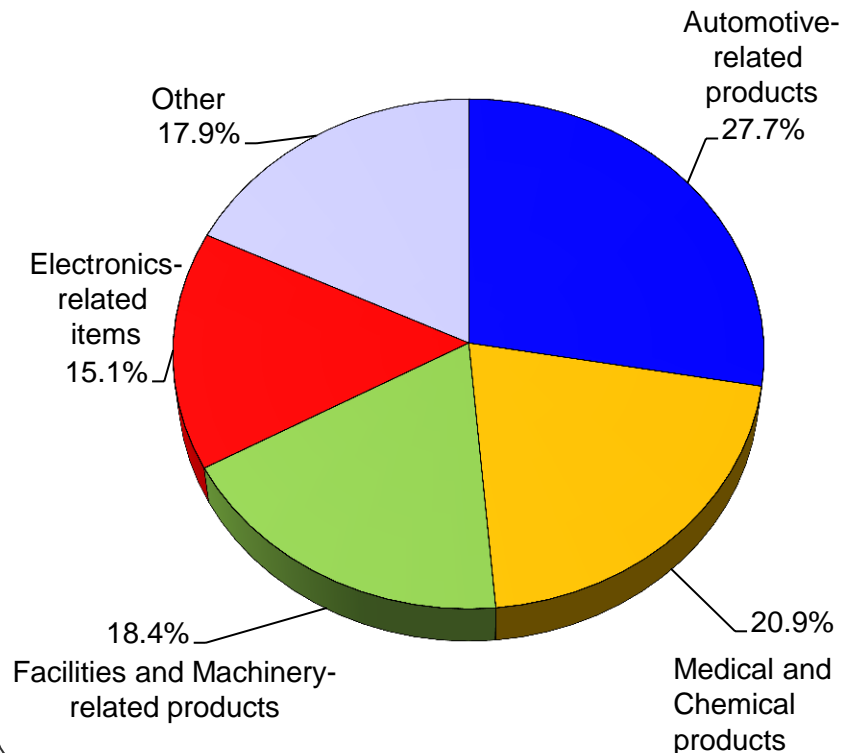


Industry Verticals (2)

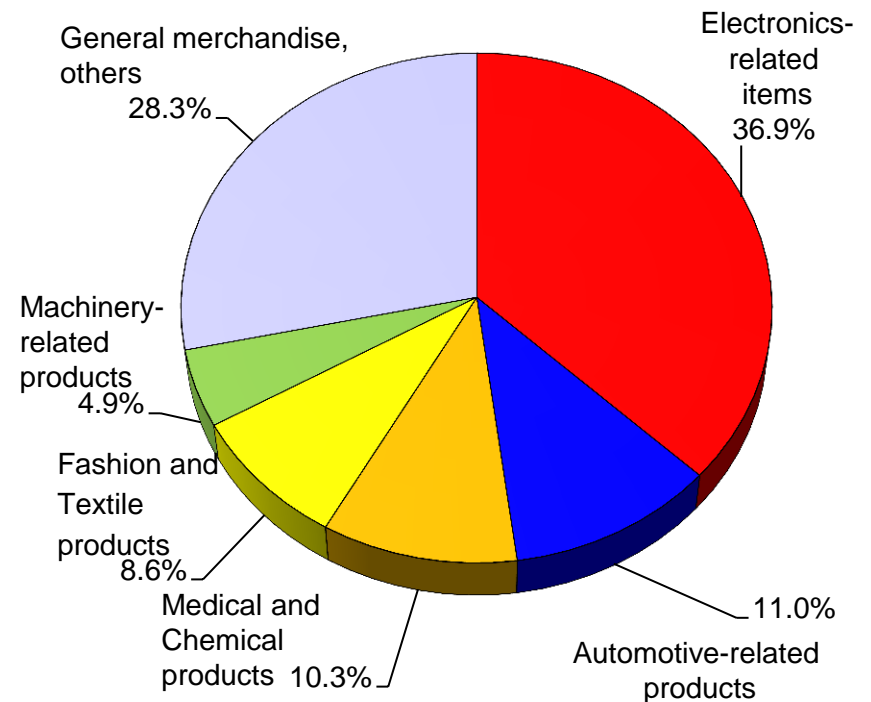
KWE Japan: Sea Freight

— Based on net sales of top 100-ranked customers —

**KWE Japan's Sea Freight Export Composition,
Six months ended September 30, 2015**



**KWE Japan's Sea Freight Import Composition,
Six months ended September 30, 2015**





Global Logistics Partner

Kintetsu World Express, Inc.

Website: <http://www.kwe.com/>

* 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.