



Financial Results Meeting:

FY Ended March 2018

(April 1, 2017 – March 31, 2018)

May 14, 2018



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	FY ended March 2017		FY ended March 2018		FY ended March 2018 Forecasts (Revised on November 9, 2017)
		YoY change (%)		YoY change (%)	
Air freight exports (Weight)	495	8.4	580	17.0	—
Air freight imports (Shipments)	1,207	0.0	1,328	10.0	—
Sea freight exports (Volume)	556	22.3	663	19.3	—
Sea freight imports (Shipments)	245	2.9	277	13.1	—
Net sales	474,330	12.9	553,197	16.6	525,000
Operating gross profit	85,014	18.5	92,662	9.0	—
Operating income	13,075	(14.9)	17,551	34.2	15,000
Ordinary income	13,036	(27.2)	17,345	33.1	15,000
Income before income taxes	12,486	(30.0)	16,879	35.2	—
Net income attributable to owners of the parent (formerly "Net income")	4,487	(54.1)	7,002	56.1	5,500

Conversion Rate	FY ended March 2017	1st 6 months of FY ended March 2018	FY ended March 2018
US-Dollar	¥108.38	¥111.06	¥110.85
EURO	¥118.79	¥126.29	¥129.70
HK-Dollar	¥13.97	¥14.24	¥14.20
Chinese Yuan	¥16.11	¥16.42	¥16.75

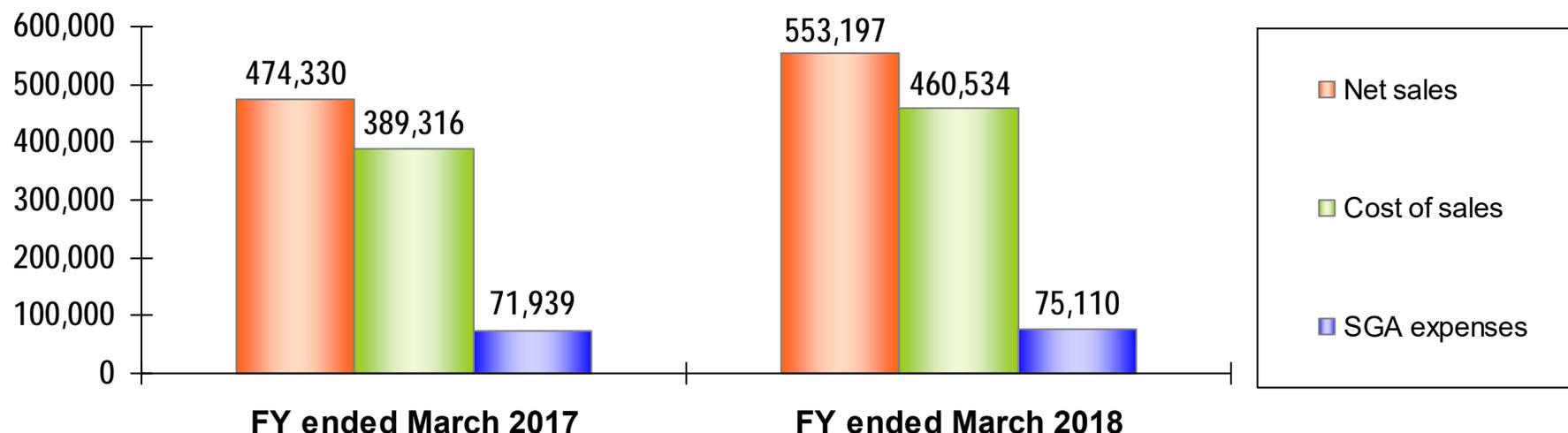
Indicators	FY ended March 2017	FY ended March 2018
EPS	¥62.33	¥97.26
BPS	¥1,627.84	¥1,662.72
ROE	3.7%	5.9%

FOREX impacts (consolidated)
Net sales: +¥14,802 million
Operating income: +¥593 million

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



(Millions of yen)



(Millions of yen)

	FY ended March 2017	Ratio to net sales	FY ended March 2018	Ratio to net sales
Net sales	474,330	100.0%	553,197	100.0%
Cost of sales	389,316	82.1%	460,534	83.2%
SGA expenses	71,939	15.2%	75,110	13.6%
Operating income	13,075	2.8%	17,551	3.2%

Balance Sheets (1)

(Millions of yen)

	March 2017	March 2018	Differences
Assets			
Current assets	178,101	194,440	16,339
Non-current assets	201,142	195,832	(5,310)
Property, plant and equipment	46,109	46,749	639
Intangible assets	128,049	121,328	(6,720)
Total investments and other assets	26,983	27,754	770
Total assets	379,244	390,273	11,028
Liabilities			
Current liabilities	104,450	123,414	18,964
Non-current liabilities	148,777	137,869	(10,907)
Total liabilities	253,228	261,284	8,056
Net assets			
Total net assets	126,016	128,988	2,972
Total liabilities and net assets	379,244	390,273	11,028

Balance Sheets (2)

■ Interest-bearing debt

(Millions of yen)

FY ended March 2017	FY ended March 2018	Differences
165,677	165,676	(0)

■ Capital investments

(Millions of yen)

FY ended March 2017	FY ended March 2018	Differences	FY ending March 2019 (Forecast)
6,319	10,299	+3,980	6,104

◆ Main capital investments (FY ended March 2018)

IT/software, logistics facilities (Thailand, etc.), vehicles, etc.

◆ Main capital investment plan (FY ending March 2019)

IT/software, logistics facilities (Japan, APLL, etc.), office, etc.

■ Depreciation

(Millions of yen)

FY ended March 2017	FY ended March 2018	Differences
7,095	7,932	+837

Cash Flow Statements



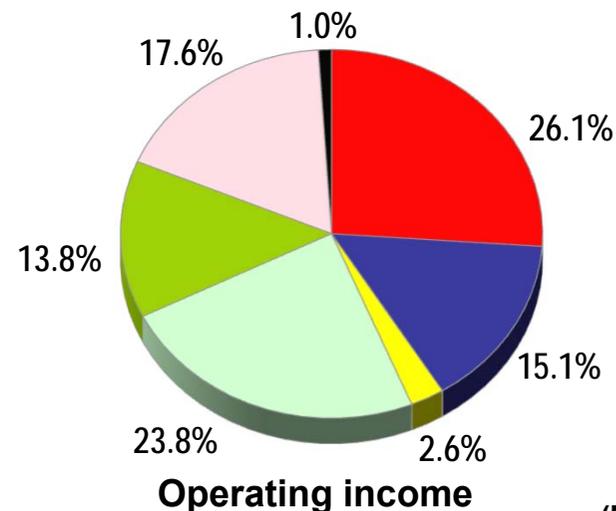
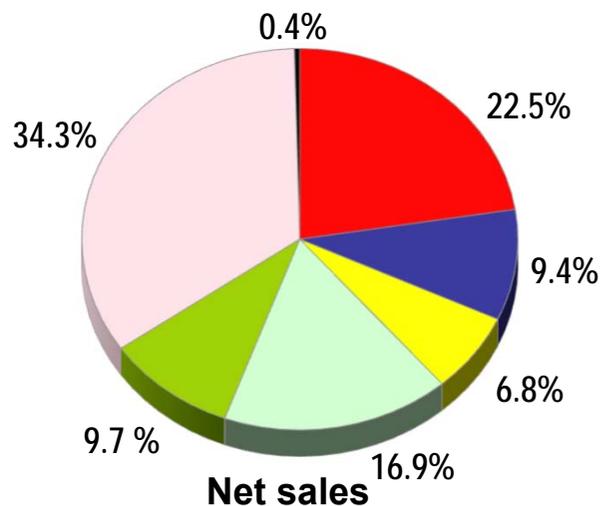
(Millions of yen)

	FY ended March 2017	FY ended March 2018	Differences
Net cash provided by (used in) operating activities	14,589	15,063	473
Net cash provided by (used in) investing activities	(5,342)	(10,030)	(4,687)
Net cash provided by (used in) financing activities	(5,657)	(2,754)	2,902
Effect of exchange rate change on cash and cash equivalents	(1,418)	70	1,488
Net increase (decrease) in cash and cash equivalents	2,172	2,349	177
Cash and cash equivalents at beginning of period	63,903	65,506	1,602
Increase (decrease) in cash and cash equivalents resulting from change in the fiscal period of consolidated subsidiaries	(569)	—	569
Cash and cash equivalents at end of period	65,506	67,856	2,349

Net Sales and Operating Income by Segment



Composition by segment (FY ended March 2018)

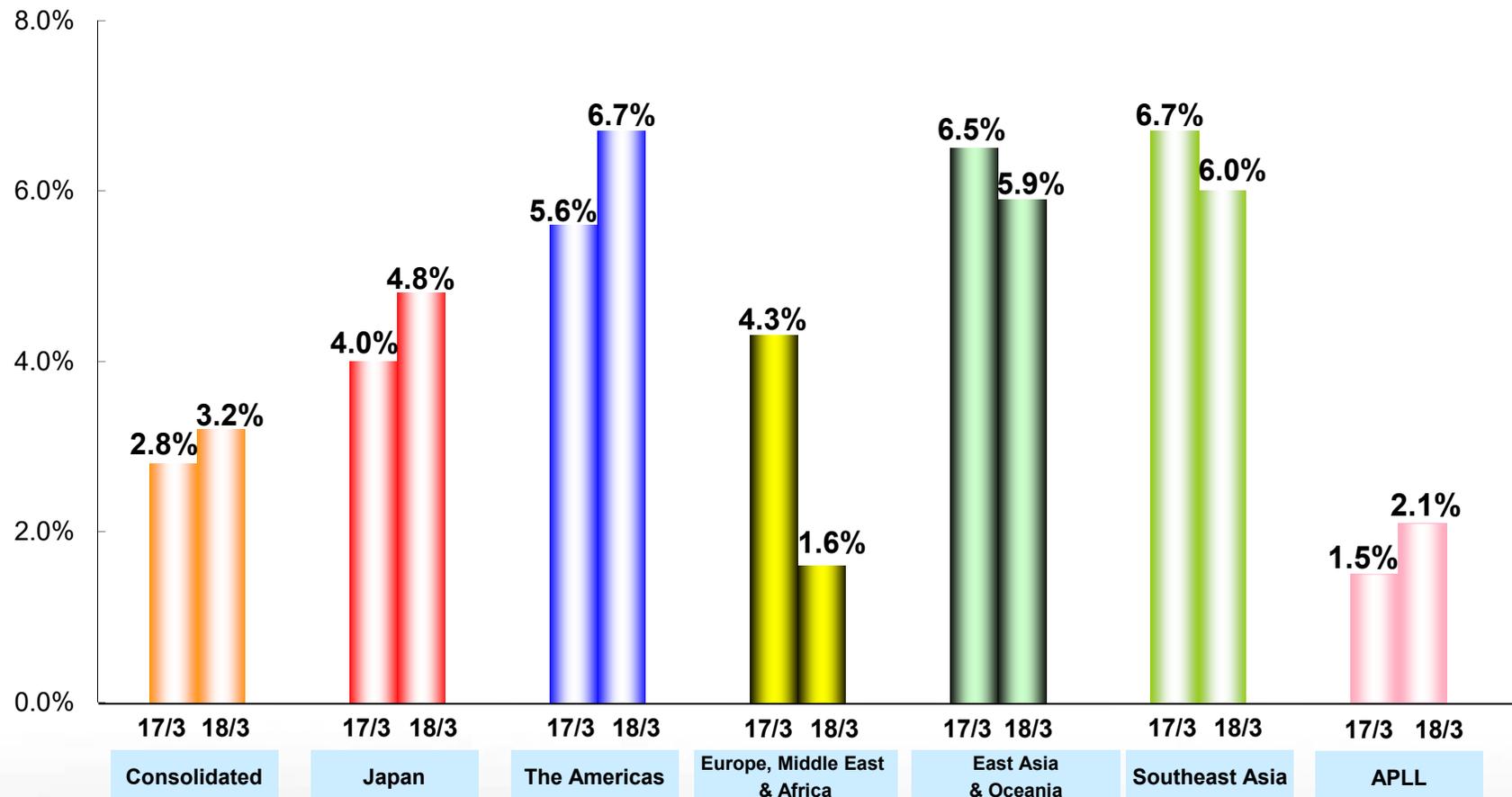


Segment	Net Sales	YoY change	Operating Income	YoY change
Japan	127,807	15.8%	6,189	39.4%
The Americas	53,219	20.3%	3,582	44.1%
Europe, Middle East & Africa	38,636	22.9%	623	(54.0%)
East Asia & Oceania	96,131	24.9%	5,634	13.4%
Southeast Asia	54,716	22.1%	3,257	9.1%
APLL	194,860	10.9%	4,159	55.7%
Amortization of goodwill	—	—	(6,145)	—
Other	2,283	16.4%	244	34.2%
Adjustment	(14,458)	—	4	—
Total	553,197	16.6%	17,551	34.2%

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

Operating Margins by Segment

FY ended March
2017 and 2018



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

Review of Operations

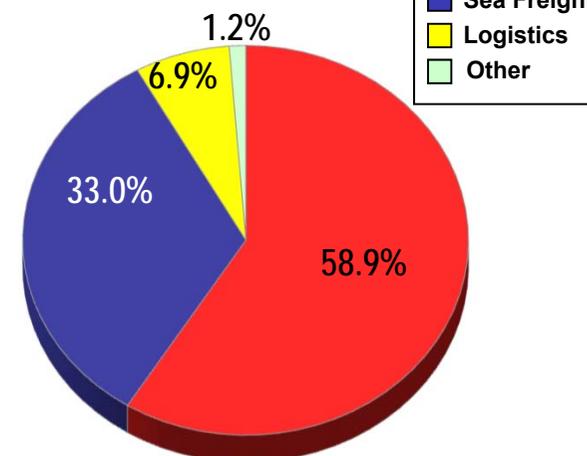
Japan

(Millions of yen)

	FY ended March 2017	FY ended March 2018	YoY change
Net sales	110,344	127,807	17,462
Operating income	4,440	6,189	1,748

- Favorable growth with volume increase and profitability improvement
- Subsidiaries in Japan had good results

Net Sales by Business



The Americas

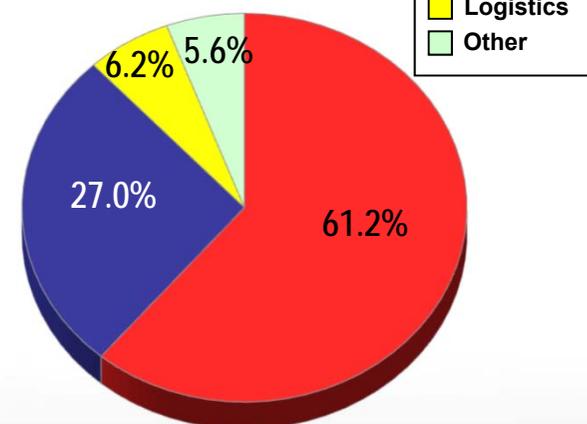
(Millions of yen)

	FY ended March 2017	FY ended March 2018	YoY change
Net sales	44,240	53,219	8,978
Operating income	2,486	3,582	1,096

- Favorable in the U.S., Canada, and Mexico, experiencing air/sea freight increase
- FOREX impact

Net sales: +¥1,281 million Operating income: + ¥73 million

Net Sales by Business



Review of Operations

Europe, Middle East & Africa

(Millions of yen)

	FY ended March 2017	FY ended March 2018	YoY change
Net sales	31,442	38,636	7,194
Operating income	1,357	623	(733)

- Affected by increase in direct cost ratio and gap from profitable ad-hoc shipments (France, Germany) in the previous year. Sluggish in Germany, Russia, and Italy
- FOREX impact
Net sales: +¥2,686 million Operating income: +¥101 million

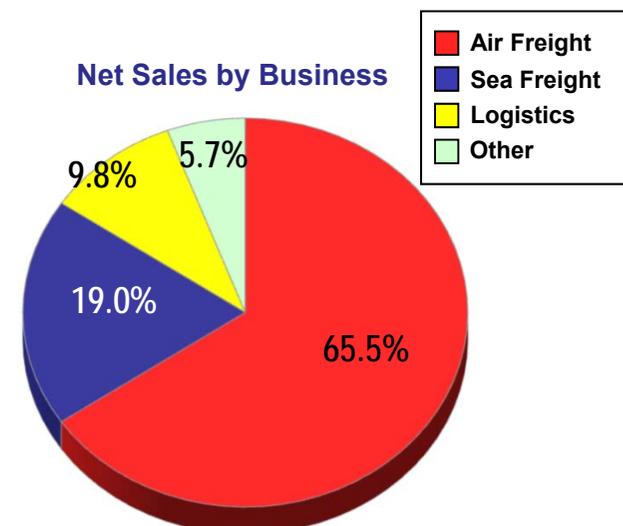
East Asia & Oceania

(Millions of yen)

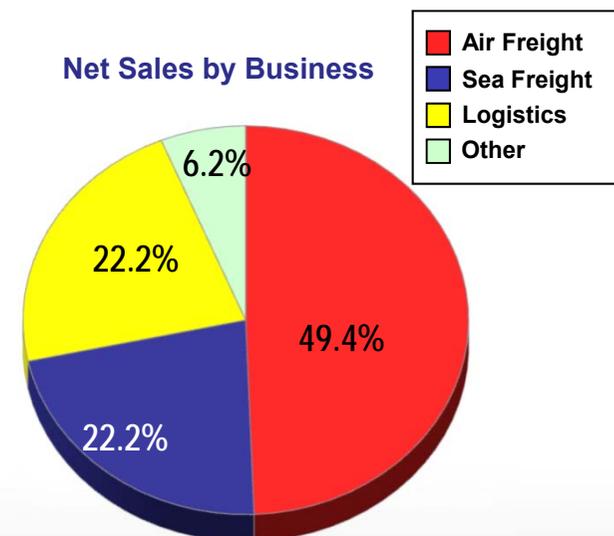
	FY ended March 2017	FY ended March 2018	YoY change
Net sales	76,958	96,131	19,172
Operating income	4,969	5,634	664

- Volume increased in Corporate Account but direct cost ratio also increased. Strong growth in logistics
- FOREX impact
Net sales: +¥3,260 million Operating income: +¥219 million

Net Sales by Business



Net Sales by Business



Review of Operations

Southeast Asia

(Millions of yen)

	FY ended March 2017	FY ended March 2018	YoY change
Net sales	44,830	54,716	9,886
Operating income	2,985	3,257	271

- Volume increased but direct cost ratio also increased. Favorable growth in Philippines and Vietnam
- FOREX impact
Net sales: +¥ 2,122 million Operating income: +¥112 million

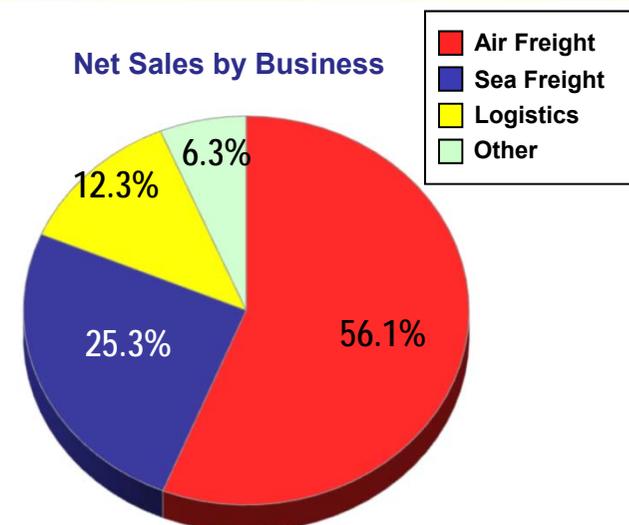
APLL

(Millions of yen)

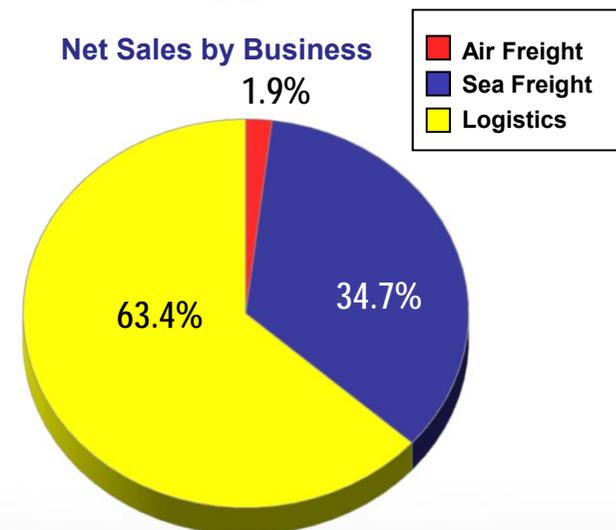
	FY ended March 2017	FY ended March 2018	YoY change
Net sales	175,660	194,860	19,200
Operating income	(3,353)	(1,986)	1,367

- Favorable growth in all industry verticals. Progress with curbing SG&A expenses
- Operating income of ¥4,159 million before amortization of goodwill
- FOREX impact
Net sales: +¥5,406 million Operating income: +¥82 million

Net Sales by Business

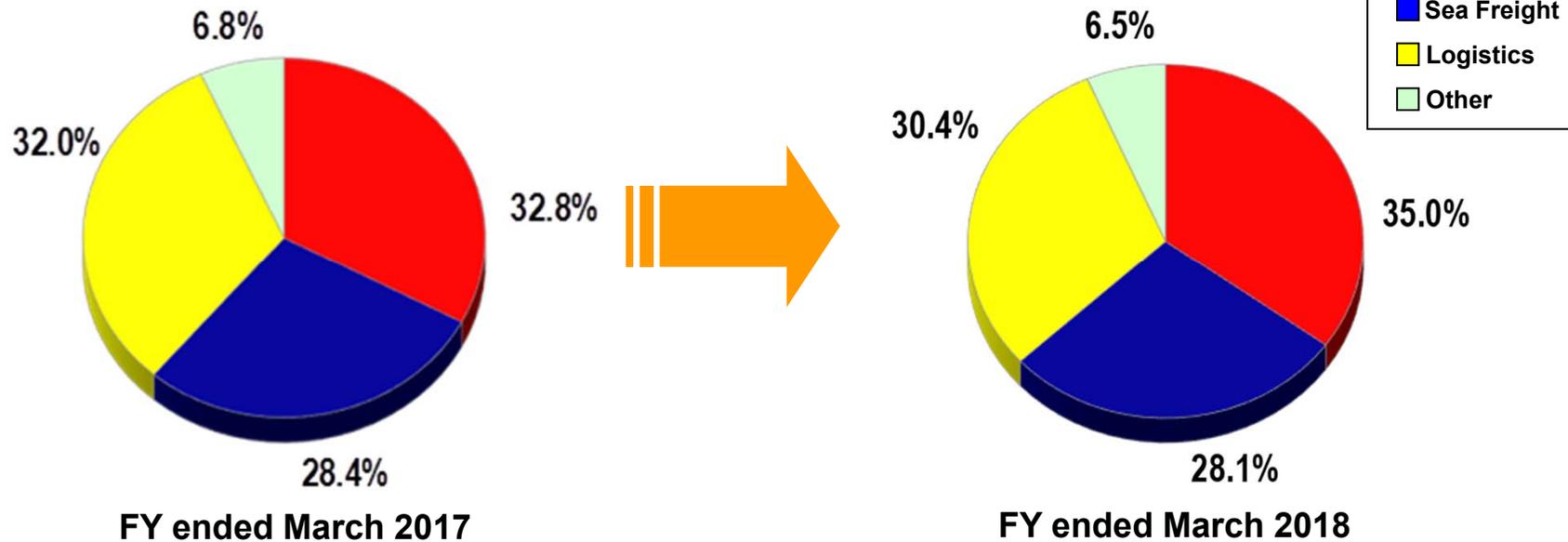


Net Sales by Business



Net Sales by Business

Composition by Business



(Millions of yen)

Business		FY ended March 2017 (Results)		FY ended March 2018 (Results)	
		Net sales		Net sales	
Freight transportation	Air Freight	155,486	193,354	24.4%	
	Sea Freight	134,991	155,803	15.4%	
	Logistics	151,680	168,060	10.8%	
	Other	32,172	35,978	11.8%	
Total		474,330	553,197	16.6%	

Gross Margin by Transportation Mode

* Gross profit = Net sales – Direct cost

	Six months ended September 2016	FY ended March 2017	Six months ended September 2017	FY ended March 2018
Air	30.2%	30.0%	27.8%	26.9%
Sea	30.8%	31.0%	28.0%	28.4%

Performance Forecast for FY Ending March 2019



<Revised on May 11, 2018>

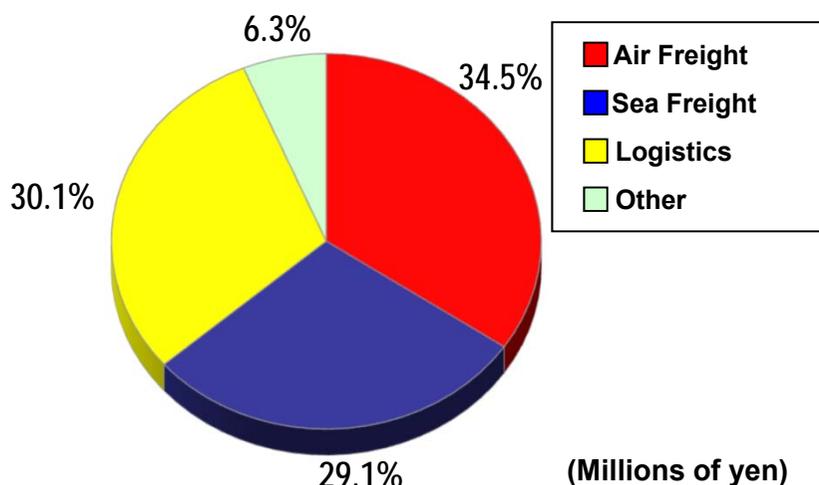
(Millions of yen)

Item	FY ended March 2018 (Results)		FY ending March 2019 (Forecasts)	
		YoY change		YoY change
Net sales	553,197	16.6%	585,000	5.7%
Operating gross profit	92,662	9.0%	99,800	7.7%
Operating income	17,551	34.2%	19,200	9.4%
Ordinary income	17,345	33.1%	18,600	7.2%
Income before income taxes	16,879	35.2%	18,600	10.2%
Net income attributable to owners of the parent	7,002	56.1%	8,700	24.2%

Performance Forecast by Business & Segment for FY Ending March 2019

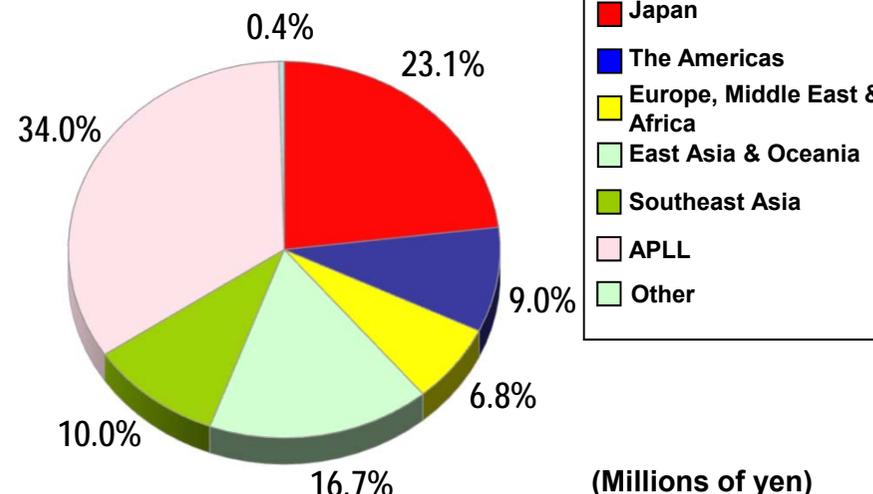


Net Sales by Business



Business		FY ending March 2019 (Forecast)	
		Net sales	Composition
Freight transportation	Air Freight	202,000	34.5%
	Sea Freight	170,000	29.1%
	Logistics	176,000	30.1%
	Other	37,000	6.3%
Total		585,000	100.0%

Net Sales by Segment



Segment	FY ending March 2019 (Forecast)	
	Net sales	Operating income
Japan	138,500	6,100
The Americas	54,000	3,300
Europe, Middle East & Africa	41,000	1,200
East Asia & Oceania	100,000	5,400
Southeast Asia	60,000	3,300
APLL	204,000	5,800
Amortization of goodwill	—	(6,200)
Other	2,500	300
Adjustment	(15,000)	—
Total	585,000	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 May 11, 2018)

Net Sales: 585 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

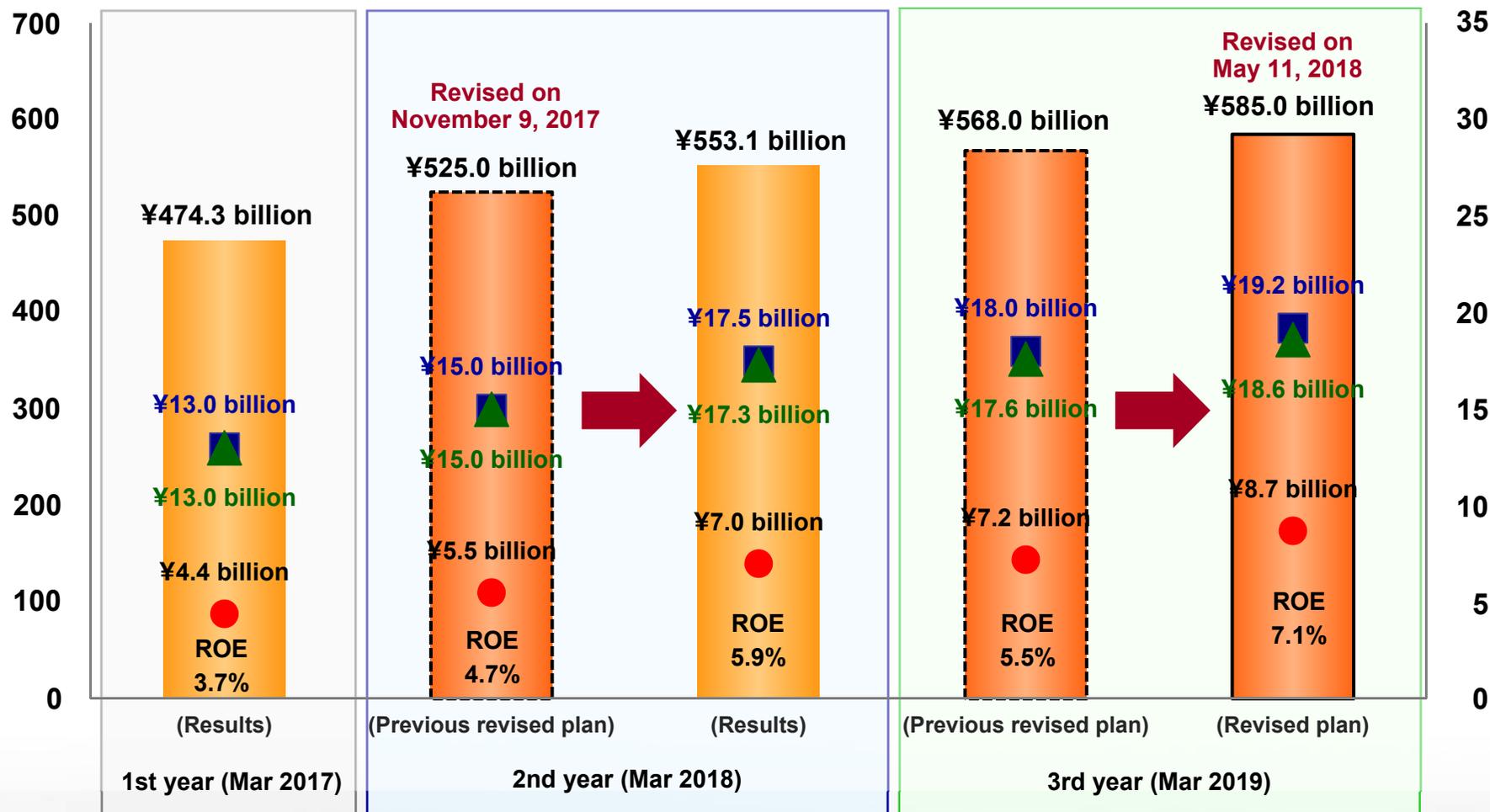
Medium-Term Management Plan Results and Numerical Targets



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

(Billions of yen)

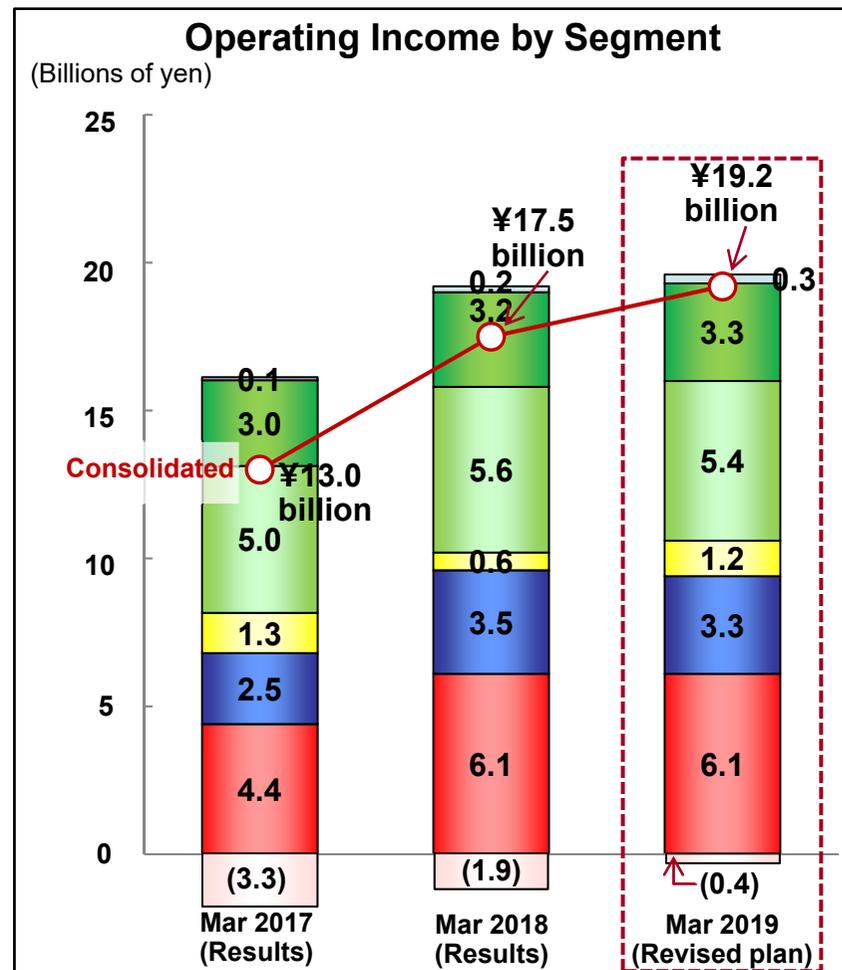
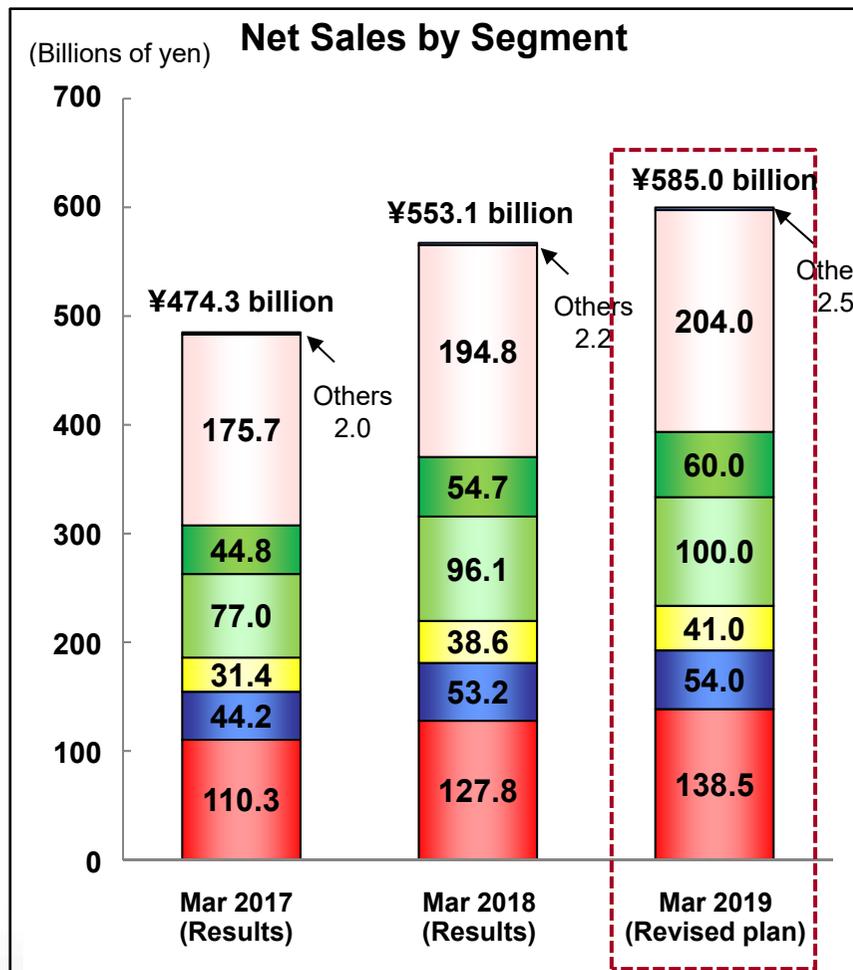
(Billions of yen)



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



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

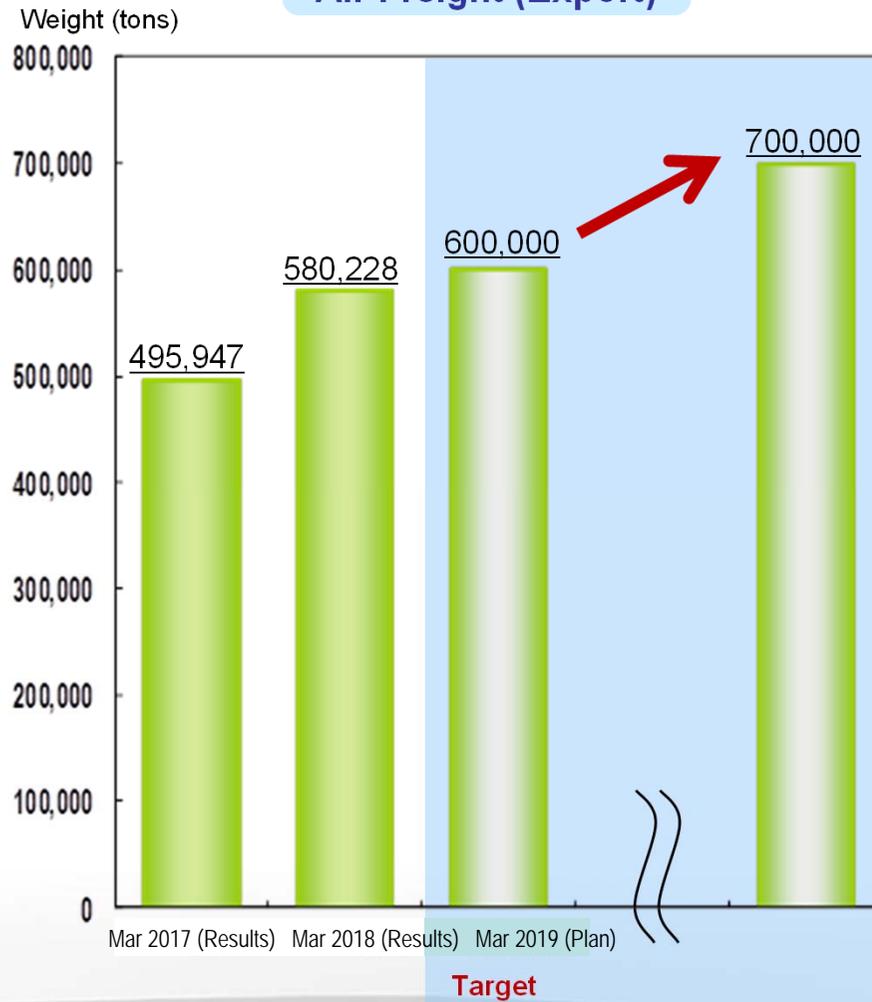


* Total amount of net sales includes inter-segment elimination. (¥11.1 billion in Mar 2017, ¥14.4 billion in Mar 2018, ¥15.0 billion in Mar 2019 Plan)

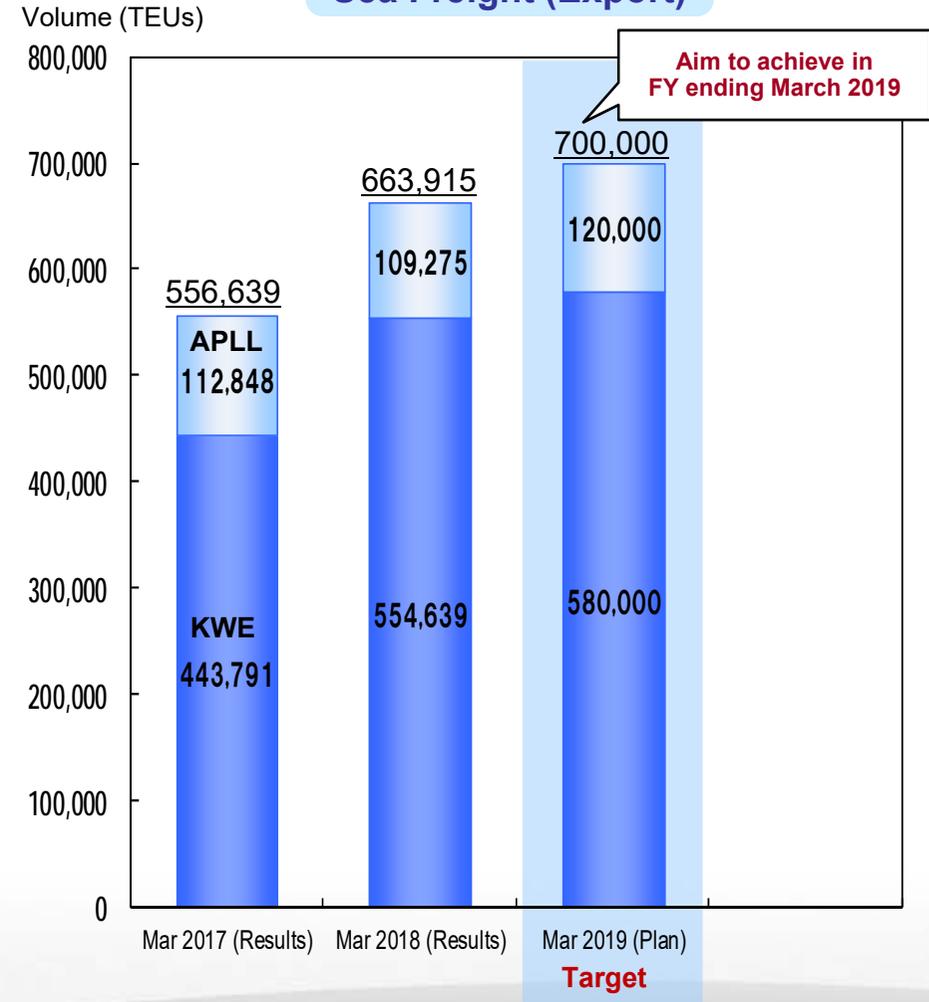
Air and Sea/Volume Targets

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 - Collaboration & Integration



Collaboration

◆ Cooperative marketing

- KWE
 - Retail customers base expanded
(Air freight from Asia, customs brokerage and delivery in Japan)
 - Mutual use of existing facilities (Canada, Singapore)
- APLL
 - 4PL in China for KWE's Corporate Accounts

Integration

- ◆ Group Procurement Center (GPC) started its operation
(Nov. 2017, Hong Kong)
- ◆ Integration of data center (the U.S.) (Go live from June 2018)

*** System separation: To be completed by the end of May 2018**

Business Environment

Positive Factors

Active Demand

- Brisk electronics/semiconductor/automotive-related markets with technological innovation



Negative Factors

- Freight cost increase
- Geopolitical risks
- Fluctuations in foreign currency

Our Countermeasures

To freight cost increase:

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

For volume growth:

Keep on promoting every possible strategies for volume growth to be a real "global player" in the market

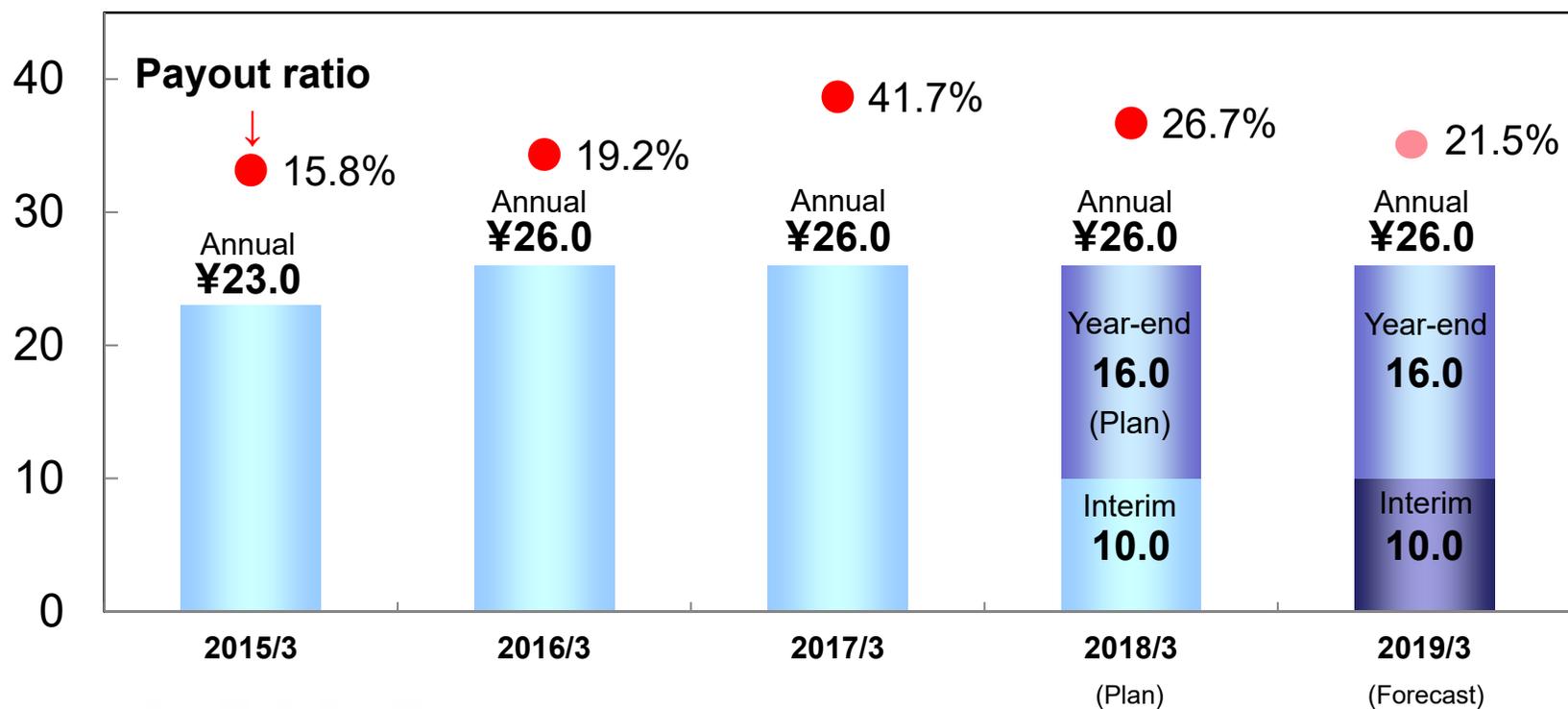
Operation system optimization

Strong and flexible organization for further volume growth

Dividends

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.

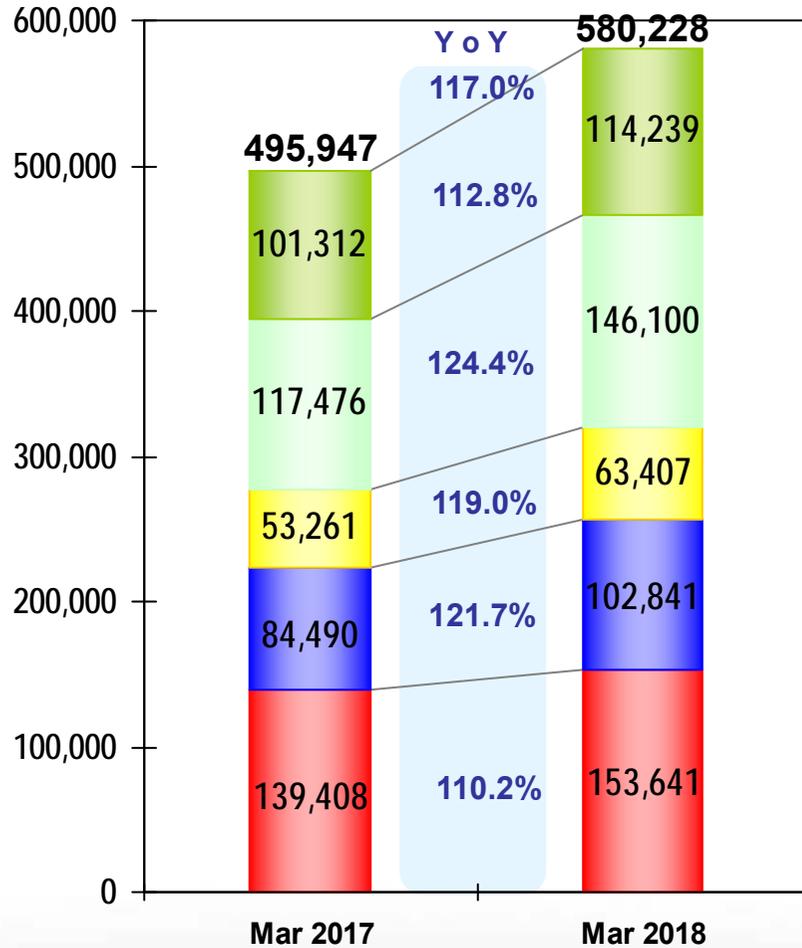
Cash dividends per share is calculated based on the assumption that the stock split was conducted on April 1, 2014.

Supplemental Materials

Freight Volume by Segment (Air Freight)

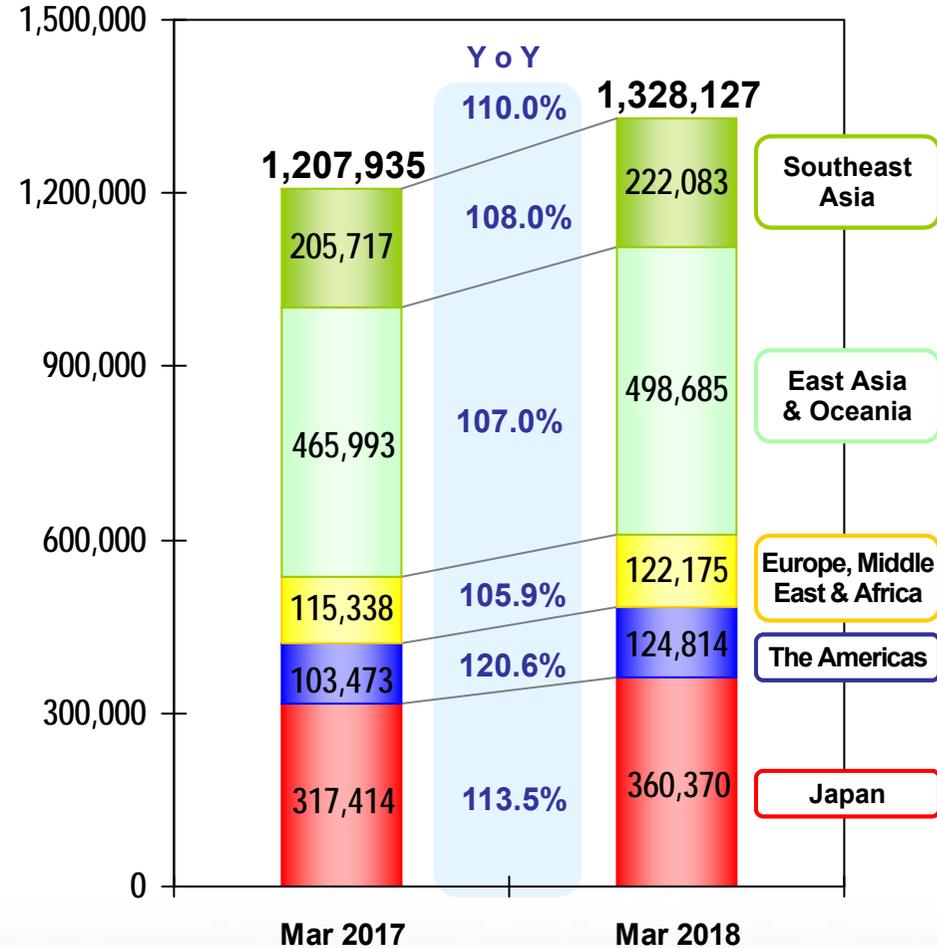
Air Freight Exports

(Weight: tons)



Air Freight Imports

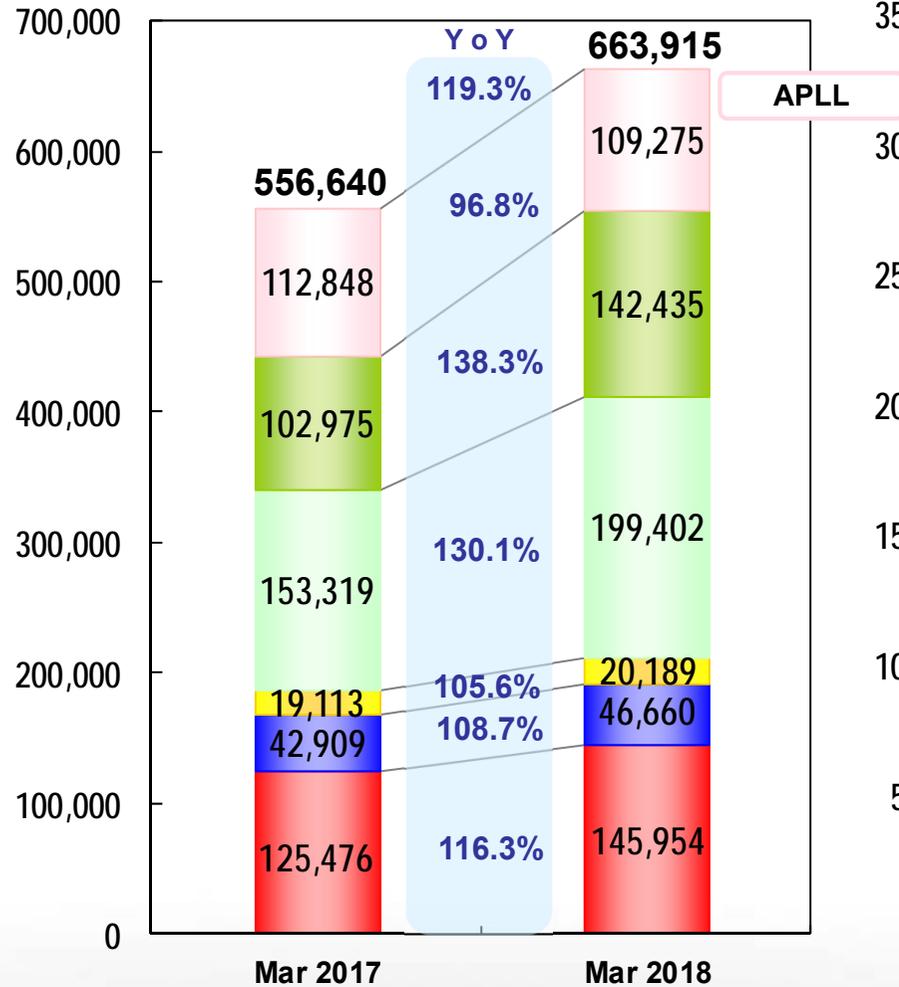
(Shipments)



Freight Volume by Segment (Sea Freight)

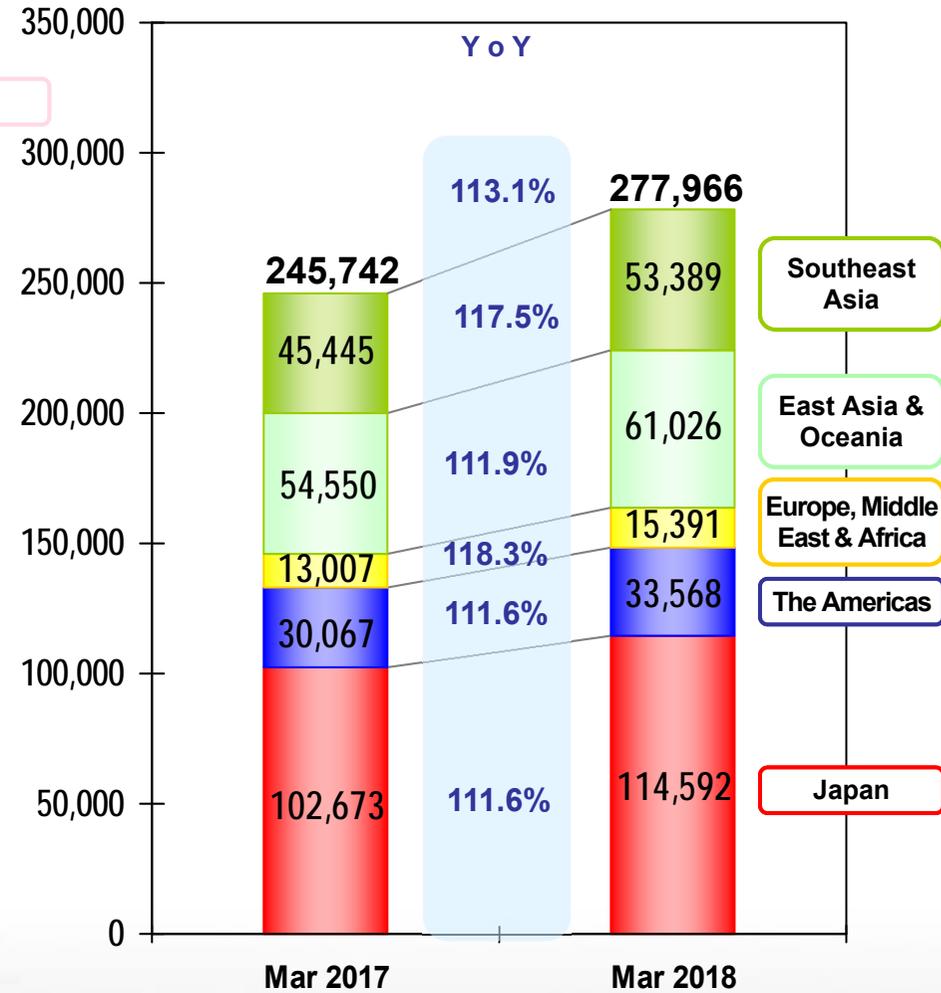
Sea Freight Exports

(Volume: TEUs)



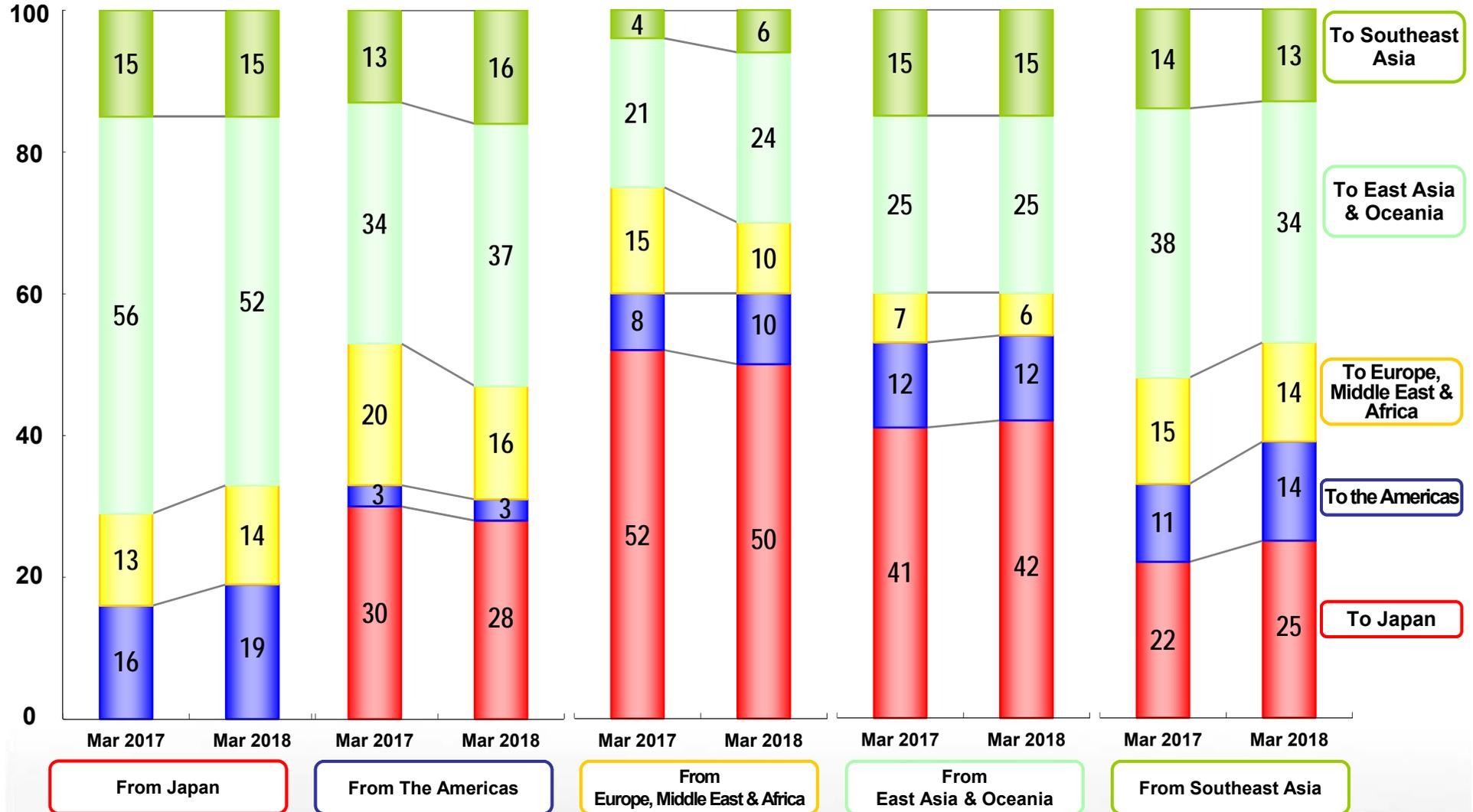
Sea Freight Imports

(Shipments)



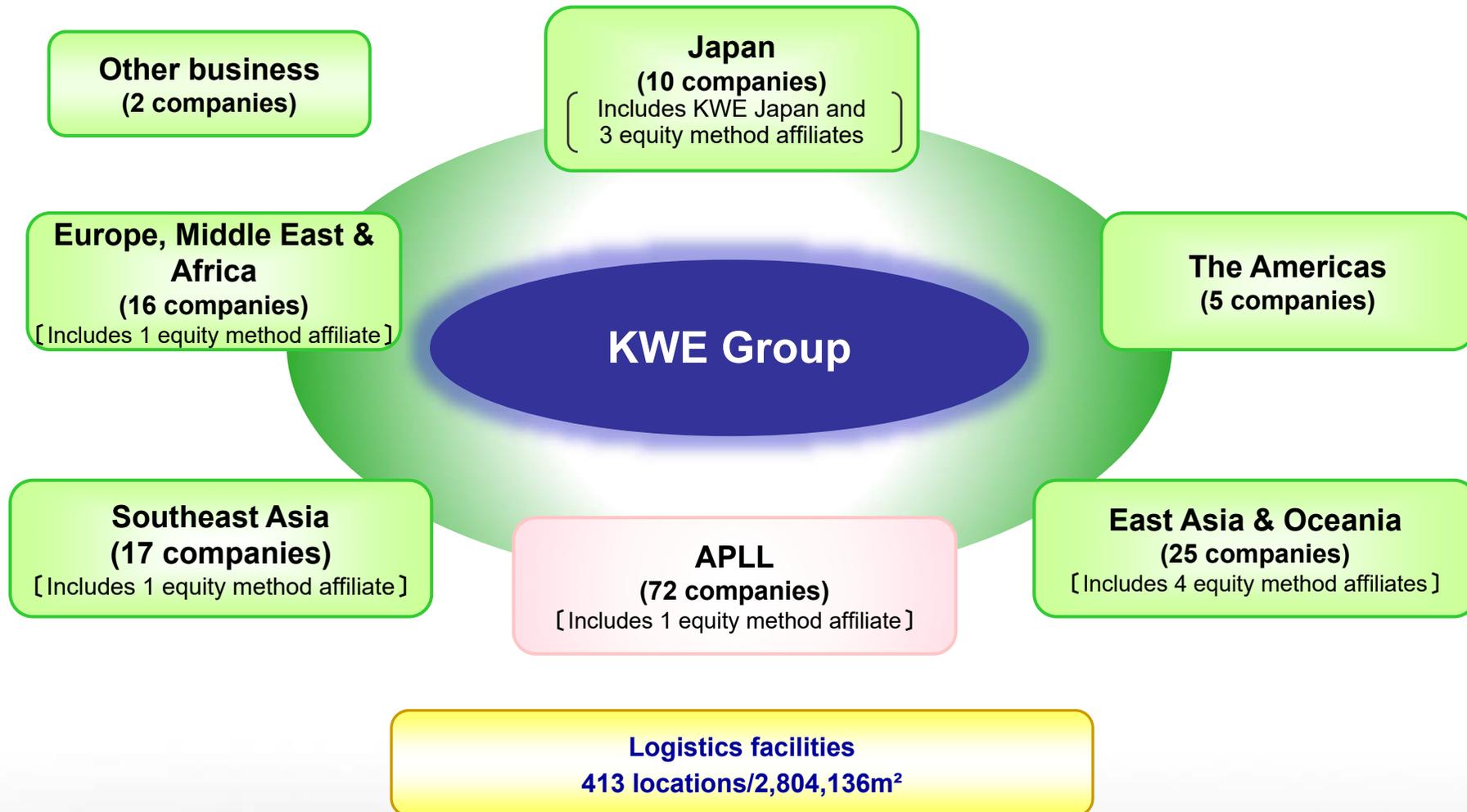
Air Freight Export Volume by Destination

(Composition ratio: %)



Our Global Network

46 countries, 337 cities, 846 locations (as of March 31, 2018)





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.