



# Financial Results Meeting:

## The 1st 6 Months of FY Ending March 2020 (April 1, 2019 – September 30, 2019)

November 13, 2019



*Global Logistics Partner*

*kintetsu world express*

## ■ Summary of Business Results for Six Months ended September 2019, and Forecast for FY Ending March 2020

- 02 Financial Summary
- 03 Year over Year Comparisons of Net Sales, Cost of Sales, and SGA Expenses
- 04 Balance Sheets
- 05 Cash Flow Statements
- 06 Net Sales by Segment
- 07 Operating Income by Segment
- 08 Operating Margins by Segment
- 09-14 Review of Operations
- 15 Net Sales by Business
- 16 Gross Margin by Transportation Mode
- 17 Performance Forecast for FY Ending March 2020
- 18 Performance Forecast by Business & Segment for FY Ending March 2020

## ■ Business Strategies and Measures

- 20 Long-Term Vision
- 21 “Medium-Term Management Plan”  
(FY Ending March 2020 – FY Ending March 2022)
- 22 Long-Term Vision and Medium-Term Management Plan
- 23 Medium-Term Management Plan Volume Targets
- 24 Medium-Term Management Plan – Sales Strategy –
- 25 Medium-Term Management Plan Progress  
(from April 2019)
- 26 Outlook – 2019 2nd Half
- 27 Dividends

## ■ Supplemental Materials

- 29 Freight Volume by Segment (Air Freight)
- 30 Freight Volume by Segment (Sea Freight)
- 31 Our Global Network

# Financial Summary

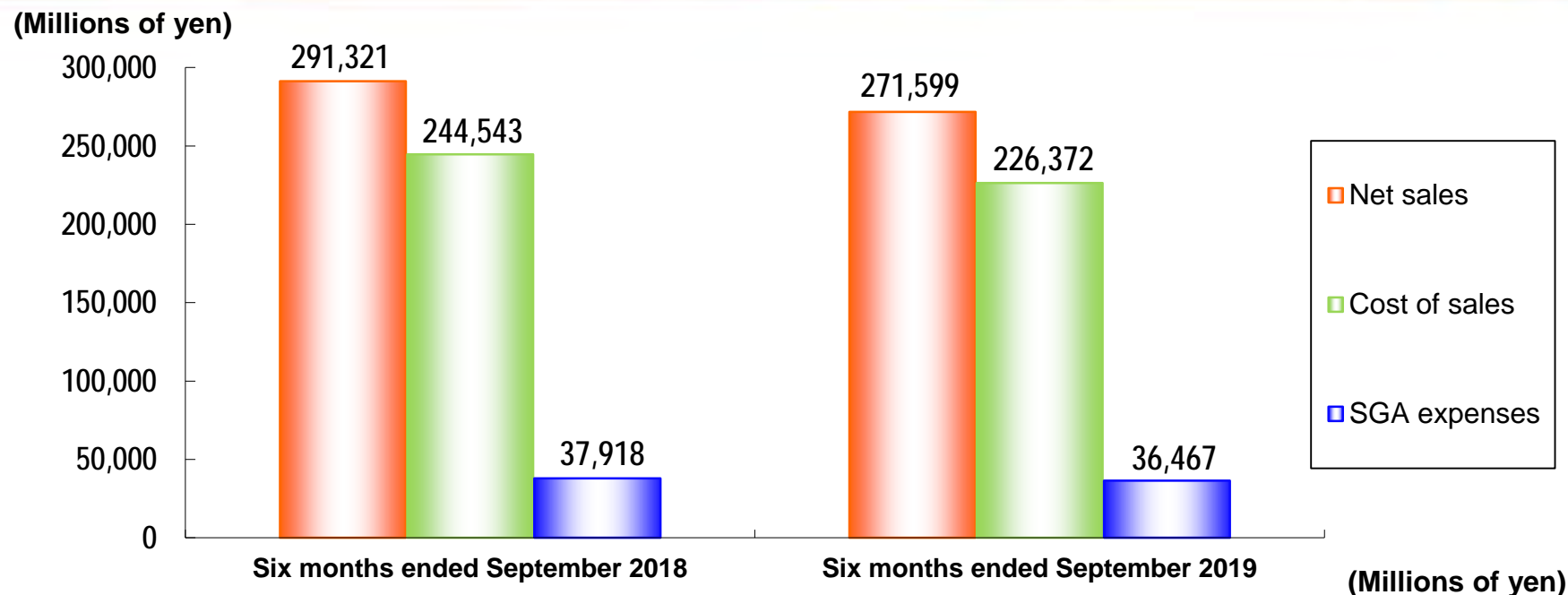
Weight (1,000 tons) Shipments (thousands) Volume (1,000 TEU) Amount (¥ million)

Item	Six months ended September			
	2018		2019	
		YoY change		YoY change
Air freight exports (Weight)	302	7.7%	273	(9.6%)
Air freight imports (Shipments)	677	3.7%	616	(9.0%)
Sea freight exports (Volume)	350	9.8%	329	(5.9%)
Sea freight imports (Shipments)	147	7.2%	140	(4.4%)
Net sales	291,321	11.0%	271,599	(6.8%)
Operating gross profit	46,777	7.5%	45,226	(3.3%)
Operating income	8,859	28.8%	8,759	(1.1%)
Ordinary income	10,504	52.0%	6,581	(37.3%)
Income before income taxes	10,508	48.9%	6,656	(36.7%)
Net income attributable to owners of the parent	5,014	102.9%	2,225	(55.6%)

FOREX impacts (consolidated) Net sales: ¥(4,052) million, Operating income: ¥(262) million

Conversion Rate	1st 6 months of FY ended March 2019	FY ended March 2019	1st 6 months of FY ending March 2020
US-Dollar	¥110.26	¥110.91	¥108.63
Euro	¥129.85	¥128.41	¥121.42
HK-Dollar	¥14.05	¥14.14	¥13.86
Chinese yuan	¥16.75	¥16.54	¥15.68

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



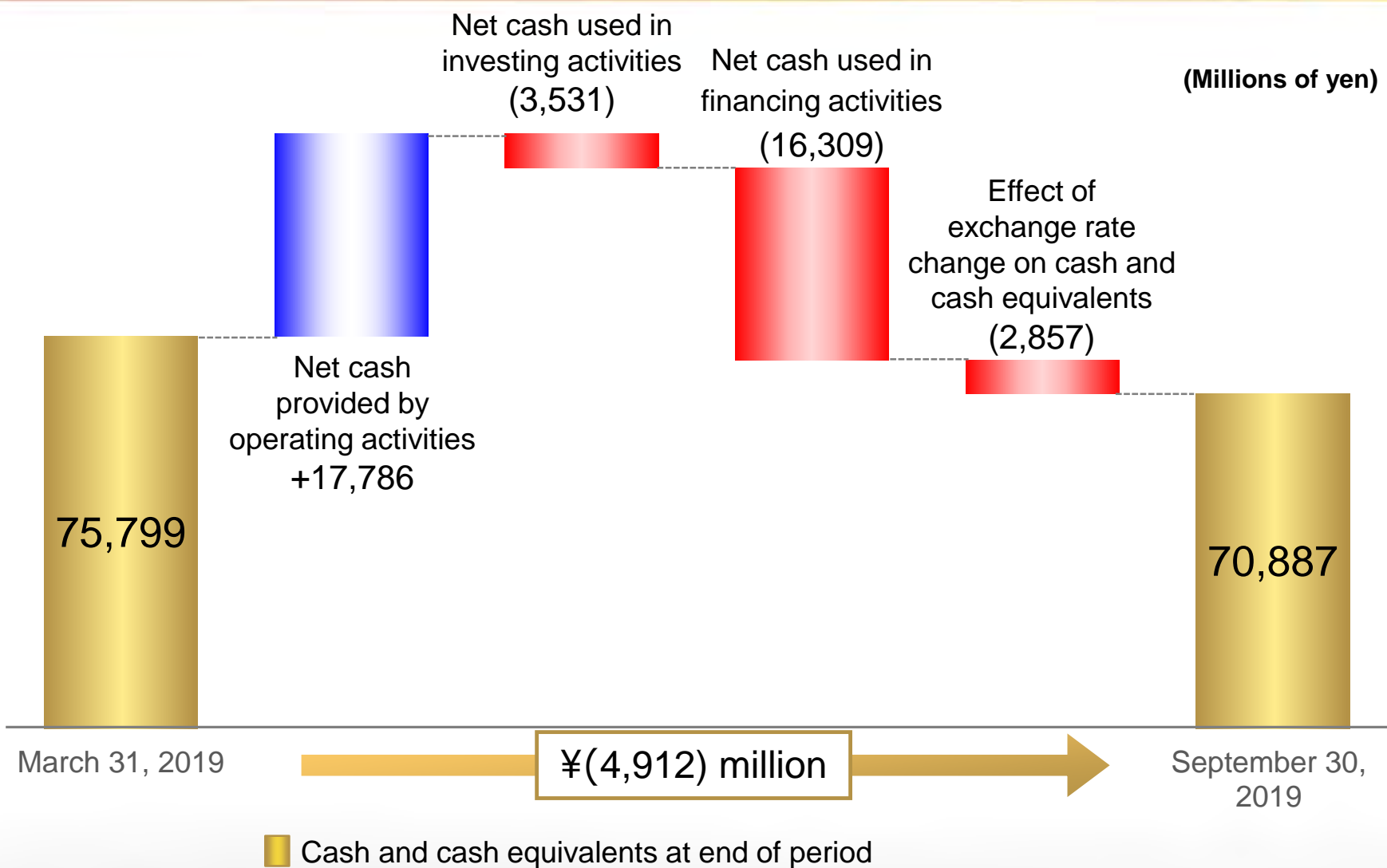
	Six months ended September			
	2018	Ratio to net sales	2019	Ratio to net sales
Net sales	291,321	100.0%	271,599	100.0%
Cost of sales	244,543	83.9%	226,372	83.3%
Operating gross profit	46,777	16.1%	45,226	16.7%
SGA expenses	37,918	13.0%	36,467	13.4%
Operating income	8,859	3.0%	8,759	3.2%

# Balance Sheets

(Millions of yen)

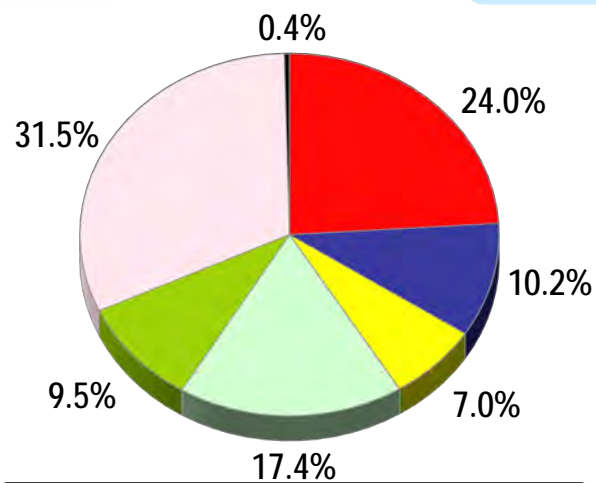
	March 2019	September 2019	Differences
<b>Assets</b>			
Current assets	202,018	186,650	(15,368)
Non-current assets	186,448	201,632	15,183
Property, plant and equipment	46,137	70,584	24,446
Intangible assets	114,683	108,371	(6,311)
Total investments and other assets	25,627	22,676	(2,951)
Deferred assets	—	59	59
<b>Total assets</b>	<b>388,467</b>	<b>388,342</b>	<b>(124)</b>
<b>Liabilities</b>			
Current liabilities	122,729	112,030	(10,698)
Non-current liabilities	133,913	152,050	18,136
<b>Total liabilities</b>	<b>256,643</b>	<b>264,081</b>	<b>7,437</b>
<b>Net assets</b>			
<b>Total net assets</b>	<b>131,823</b>	<b>124,261</b>	<b>(7,562)</b>
<b>Total liabilities and net assets</b>	<b>388,467</b>	<b>388,342</b>	<b>(124)</b>

# Cash Flow Statements

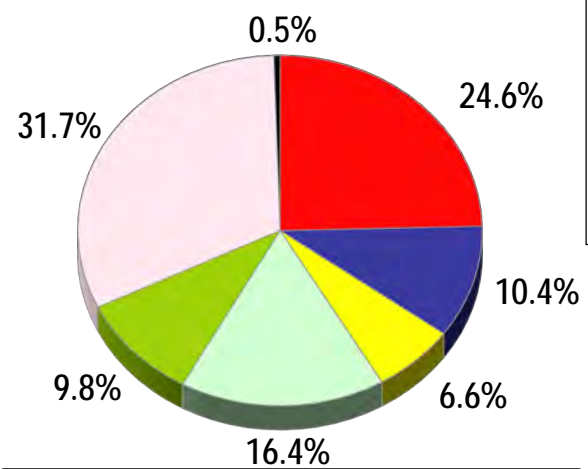


# Net Sales by Segment

Composition by segment



Six months ended September 2018



Six months ended September 2019



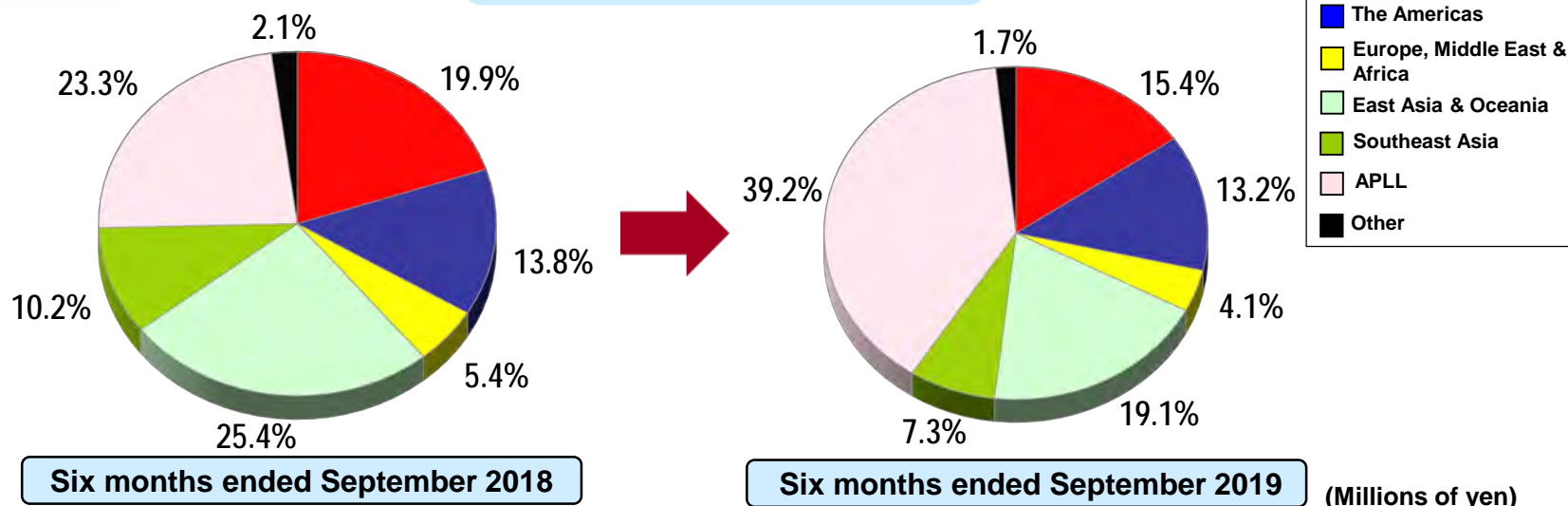
(Millions of yen)

Net Sales by Segment	Six months ended September		YoY change	
	2018	2019	%	Amount
Japan	71,673	68,815	(4.0%)	(2,857)
The Americas	30,653	28,967	(5.5%)	(1,686)
Europe, Middle East & Africa	20,810	18,362	(11.8%)	(2,448)
East Asia & Oceania	52,006	45,828	(11.9%)	(6,178)
Southeast Asia	28,453	27,393	(3.7%)	(1,059)
APLL	94,318	88,647	(6.0%)	(5,670)
Other	1,318	1,488	12.9%	170
Adjustment	(7,912)	(7,903)	—	—
<b>Total</b>	<b>291,321</b>	<b>271,599</b>	<b>(6.8%)</b>	<b>(19,721)</b>

\* Effective 2nd quarter, reportable segment of 1 consolidated subsidiary is changed to "The Americas" from "APLL." Segment results for the six months ended September 2018 are presented under the new segmentation (Impacts on results for the six months ended September 2018: +¥575 million in the Americas, ¥(575) million in APLL).

# Operating Income by Segment

Composition by segment

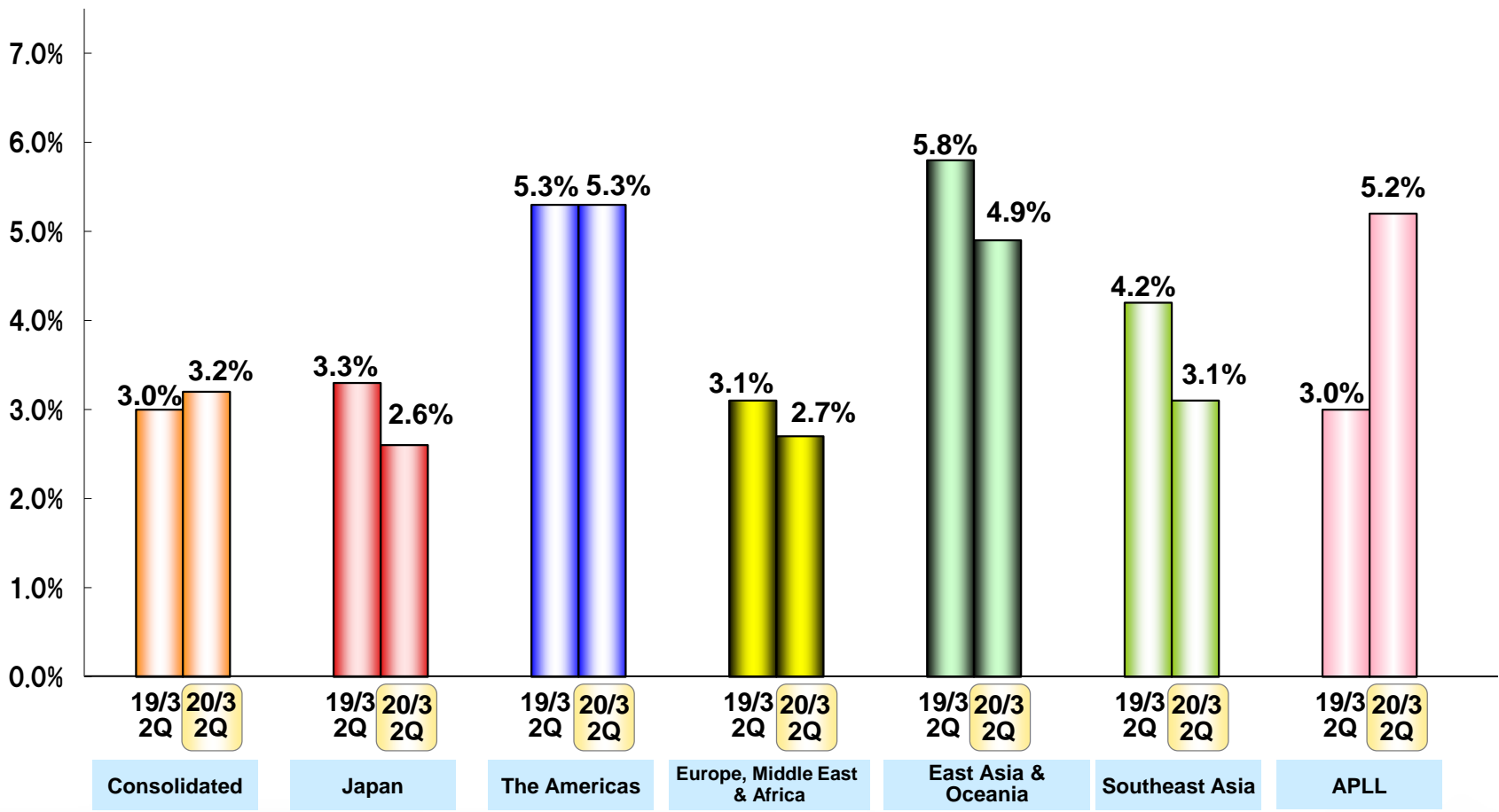


Operating Income by Segment	Six months ended September		YoY change	
	2018	2019	%	Amount
Japan	2,357	1,811	(23.2%)	(546)
The Americas	1,629	1,548	(4.9%)	(80)
Europe, Middle East & Africa	641	486	(24.1%)	(154)
East Asia & Oceania	3,001	2,239	(25.4%)	(761)
Southeast Asia	1,205	853	(29.1%)	(351)
APLL	2,753	4,590	66.7%	1,846
Amortization of goodwill	(2,986)	(2,976)	—	—
Other	249	195	(21.7%)	(54)
Adjustment	8	9	—	1
<b>Total</b>	<b>8,859</b>	<b>8,759</b>	<b>(1.1%)</b>	<b>(100)</b>

\* Effective 2nd quarter, reportable segment of 1 consolidated subsidiary is changed to "The Americas" from "APLL." Segment results for the six months ended September 2018 are presented under the new segmentation (Impacts on results for the six months ended September 2018: +¥47 million in the Americas, ¥(47) million in APLL).



# Operating Margins by Segment



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

# Review of Operations

## Japan

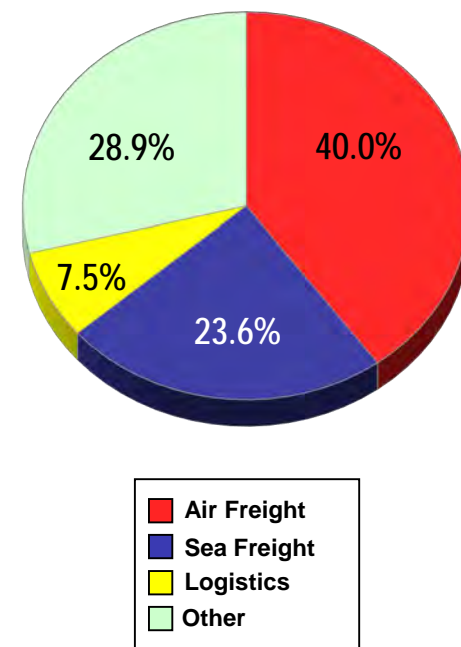
(Millions of yen)

	Six months ended September 2018	Six months ended September 2019	YoY change	
			Amount	%
Net sales	71,673	68,815	(2,857)	(4.0%)
Operating income	2,357	1,811	(546)	(23.2%)

Freight volume	Six months ended September 2018	Six months ended September 2019	YoY change
Air freight exports (tons)	82,486	68,892	(16.5%)
Air freight imports (Shipments)	176,287	173,285	(1.7%)
Sea freight exports (TEUs)	75,921	67,595	(11.0%)
Sea freight imports (Shipments)	58,893	55,719	(5.4%)

- Profit declined due to a continuous decrease in air/sea freight exports
- Key subsidiaries had good results

Net Sales by Business\*



\* From the second quarter ended September 2019, "Net Sales by Business" represents the composition ratio by business for the entire Japan segment including domestic subsidiaries, which was previously shown in non-consolidated basis. (Ref.) Results for the six months ended September 2018

Air freight	44.2%	Sea freight	23.3%
Logistics	6.4%	Other	26.1%

# Review of Operations

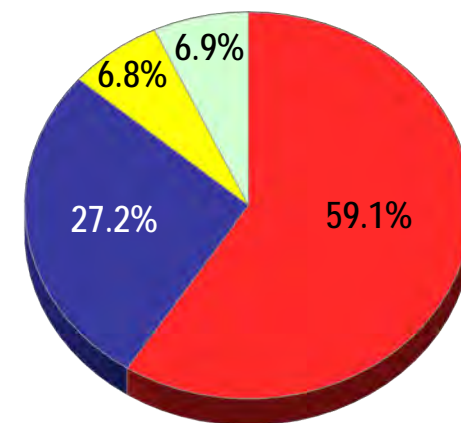
## The Americas

(Millions of yen)

	Six months ended September 2018	Six months ended September 2019	YoY change	
			Amount	%
Net sales	30,653	28,967	(1,686)	(5.5%)
Operating income	1,629	1,548	(80)	(4.9%)

Freight volume	Six months ended September 2018	Six months ended September 2019	YoY change
Air freight exports (tons)	56,577	52,081	(7.9%)
Air freight imports (Shipments)	68,134	60,022	(11.9%)
Sea freight exports (TEUs)	25,768	24,495	(4.9%)
Sea freight imports (Shipments)	17,795	19,595	10.1%

Net Sales by Business



- Profit declined due to decreases in air freight exports and imports
- FOREX impact Net sales: ¥(593) million Operating income: ¥(35) million

\*Effective 2nd quarter, reportable segment of 1 consolidated subsidiary is changed to "The Americas" from "APLL." Segment results for the six months ended September 2018 are presented under the new segmentation (Impacts on results for the six months ended September 2018: +¥575 million in net sales, +¥47 million in operating income).

# Review of Operations

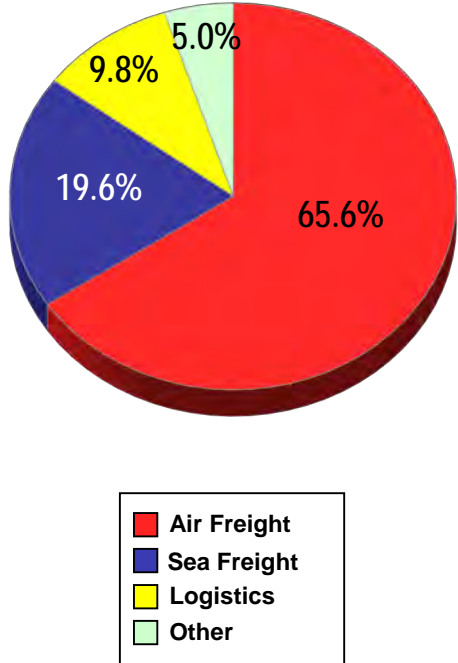
## Europe, Middle East & Africa

(Millions of yen)

	Six months ended September 2018	Six months ended September 2019	YoY change	
			Amount	%
Net sales	20,810	18,362	(2,448)	(11.8%)
Operating income	641	486	(154)	(24.1%)

Freight volume	Six months ended September 2018	Six months ended September 2019	YoY change
Air freight exports (tons)	32,790	31,764	(3.1%)
Air freight imports (Shipments)	67,294	56,172	(16.5%)
Sea freight exports (TEUs)	9,432	9,128	(3.2%)
Sea freight imports (Shipments)	8,521	8,949	5.0%

Net Sales by Business



- Profit decreased due to sluggish growth in South Africa and Benelux, etc.
- FOREX impact    Net sales: ¥(1,405) million    Operating income: ¥(52) million

# Review of Operations

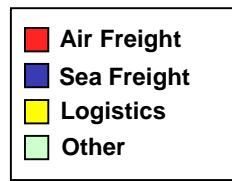
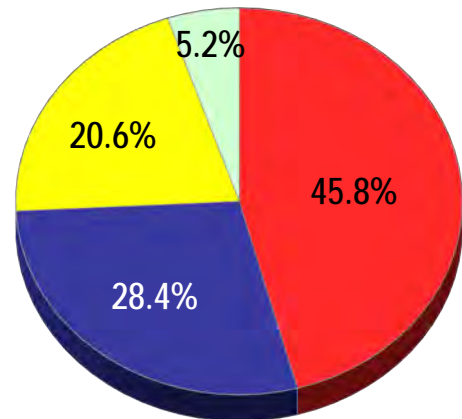
## East Asia & Oceania

(Millions of yen)

	Six months ended September 2018	Six months ended September 2019	YoY change	
			Amount	%
Net sales	52,006	45,828	(6,178)	(11.9%)
Operating income	3,001	2,239	(761)	(25.4%)

Freight volume	Six months ended September 2018	Six months ended September 2019	YoY change
Air freight exports (tons)	74,760	69,530	(7.0%)
Air freight imports (Shipments)	252,297	226,161	(10.4%)
Sea freight exports (TEUs)	115,280	116,617	1.2%
Sea freight imports (Shipments)	32,504	30,131	(7.3%)

Net Sales by Business



- Profit declined due to stagnant demand for logistics in addition to decreases in air freight exports and imports
- FOREX impact      Net sales: ¥(2,972) million    Operating income: ¥(197) million

# Review of Operations

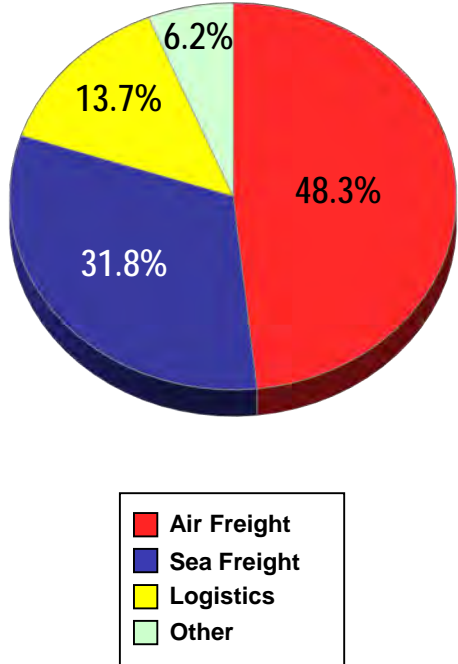
## Southeast Asia

(Millions of yen)

	Six months ended September 2018	Six months ended September 2019	YoY change	
			Amount	%
Net sales	28,453	27,393	(1,059)	(3.7%)
Operating income	1,205	853	(351)	(29.1%)

Freight volume	Six months ended September 2018	Six months ended September 2019	YoY change
Air freight exports (tons)	55,948	51,118	(8.6%)
Air freight imports (Shipments)	113,173	100,717	(11.0%)
Sea freight exports (TEUs)	81,817	80,599	(1.5%)
Sea freight imports (Shipments)	29,293	26,122	(10.8%)

Net Sales by Business



- Profit declined due to a decrease in air freight exports and a rise in direct cost ratio
- FOREX impact      Net sales: ¥(258) million    Operating income: ¥(8) million

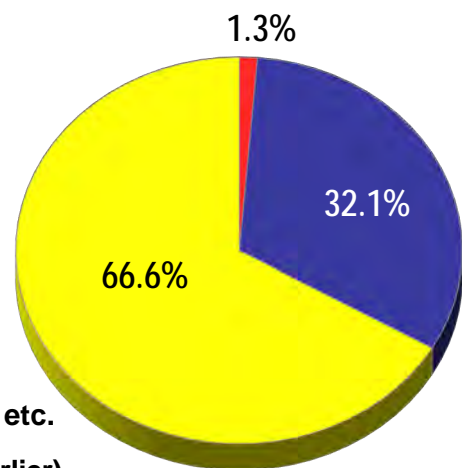
# Review of Operations

## APLL

(Millions of yen)

	Six months ended September 2018	Six months ended September 2019	YoY change	%
Net sales	94,318	88,647	(5,670)	(6.0%)
Operating income	(232)	1,613	1,846	—

Net Sales by Business



- Favorable growth overall despite a decrease in net sales. Profitability improved and profit increased significantly due to curbing SG&A expenses, etc.
- Operating income of ¥4,590 million before amortization of goodwill (¥2,753 million a year earlier)
- FOREX impact Net sales: +¥1,196 million Operating income: +¥35 million

\*Effective 2nd quarter, reportable segment of 1 consolidated subsidiary is changed to "The Americas" from "APLL." Segment results for the six months ended September 2018 are presented under the new segmentation (Impacts on results for the six months ended September 2018: ¥(575) million in net sales, ¥(47) million in operating income).



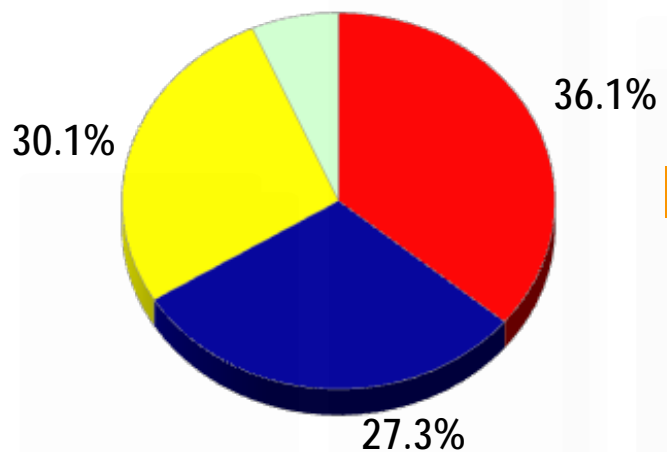
# Net Sales by Business

## Composition by Business

- Air Freight
- Sea Freight
- Logistics
- Other

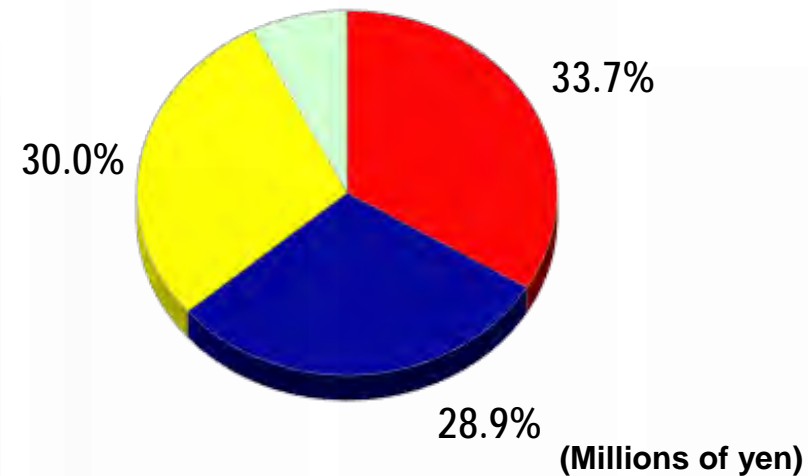
Six months ended  
September 2018

6.5%



Six months ended  
September 2019

7.4%



Business		Six months ended September		
		2018	2019	
		Net sales	Net sales	YoY change
Freight transportation	Air Freight	105,138	91,459	(13.0%)
	Sea Freight	79,474	78,532	(1.2%)
	Logistics	87,642	81,484	(7.0%)
	Other	19,065	20,122	5.5%
Total		291,321	271,599	(6.8%)



# Gross Margin by Transportation Mode

\* Gross profit = Net sales – Direct cost

	FY ended March 2018	Six months ended September 2018	FY ended March 2019	Six months ended September 2019
<b>Air</b>	<b>26.9%</b>	<b>25.0%</b>	<b>25.1%</b>	<b>26.5%</b>
<b>Sea</b>	<b>28.4%</b>	<b>27.3%</b>	<b>27.6%</b>	<b>27.9%</b>

# Performance Forecast for FY Ending March 2020

Global Logistics Partner

(Millions of yen)

Item	FY ended March 2019 (Results)		FY ending March 31, 2020 (Forecasts) <i>(Revised on July 24, 2019)</i>	
		YoY change		YoY change
Net sales	592,009	7.0%	560,000	(5.4%)
Operating gross profit	96,957	4.6%	93,919	(3.1%)
Operating income	20,797	18.5%	17,000	(18.3%)
Ordinary income	19,939	15.0%	13,500	(32.3%)
Income before income taxes	19,978	18.4%	13,609	(31.9%)
Net income attributable to owners of the parent	9,857	40.8%	5,000	(49.3%)

# Performance Forecast by Business & Segment for FY Ending March 2020

(Revised on July 24, 2019)

## Net Sales by Business (Millions of yen)

Business	FY ending March 2020 (Forecasts)		
	Net sales	YoY change	Composition
Air Freight	191,100	(9.6%)	34.1%
Sea Freight	163,300	(1.4%)	29.2%
Logistics	167,000	(5.2%)	29.8%
Other	38,600	(0.9%)	6.9%
<b>Total</b>	<b>560,000</b>	<b>(5.4%)</b>	<b>100.0%</b>

## Net Sales and Operating Income by Segment (Millions of yen)

Segment	FY ending March 2020 (Forecasts)					
	Net sales	YoY change	Composition	Operating income	YoY change	Composition
Japan	137,000	(6.0%)	23.8%	3,550	(38.6%)	20.9%
The Americas	58,400	(5.1%)	10.2%	3,200	(5.7%)	18.8%
Europe, Middle East & Africa	38,600	(8.0%)	6.7%	1,200	(14.4%)	7.0%
East Asia & Oceania	91,900	(9.5%)	16.0%	3,600	(30.7%)	21.2%
Southeast Asia	55,400	(4.4%)	9.6%	1,800	(32.4%)	10.6%
APLL	191,500	(2.8%)	33.3%	3,450	56.6%	20.3%
Other	2,200	(18.1%)	0.4%	200	37.4%	1.2%
Adjustment	(15,000)	—	—	—	—	—
<b>Total</b>	<b>560,000</b>	<b>(5.4%)</b>	<b>100.0%</b>	<b>17,000</b>	<b>(18.3%)</b>	<b>100.0%</b>

# Business Strategies and Measures

## “Global Top 10 Solution Partner” ~ A Global Brand Born in Japan ~

- ◆ Establish our brand by enhancing quality, competitiveness, and solutions with all our strength.
- ◆ Aim to be a preferred partner and grow a strong position in the market despite overwhelming global competition
- ◆ Be a company where all group members take pride in their work.

Numerical Targets	
Net sales	1 trillion yen
Operating income	50 billion yen
Air freight (Tons)	Over 1 million
Sea freight (TEUs)	Over 1 million
Financial soundness	Net interest-bearing debt: Zero

# “Medium-Term Management Plan” (FY Ending March 2020 – FY Ending March 2022)

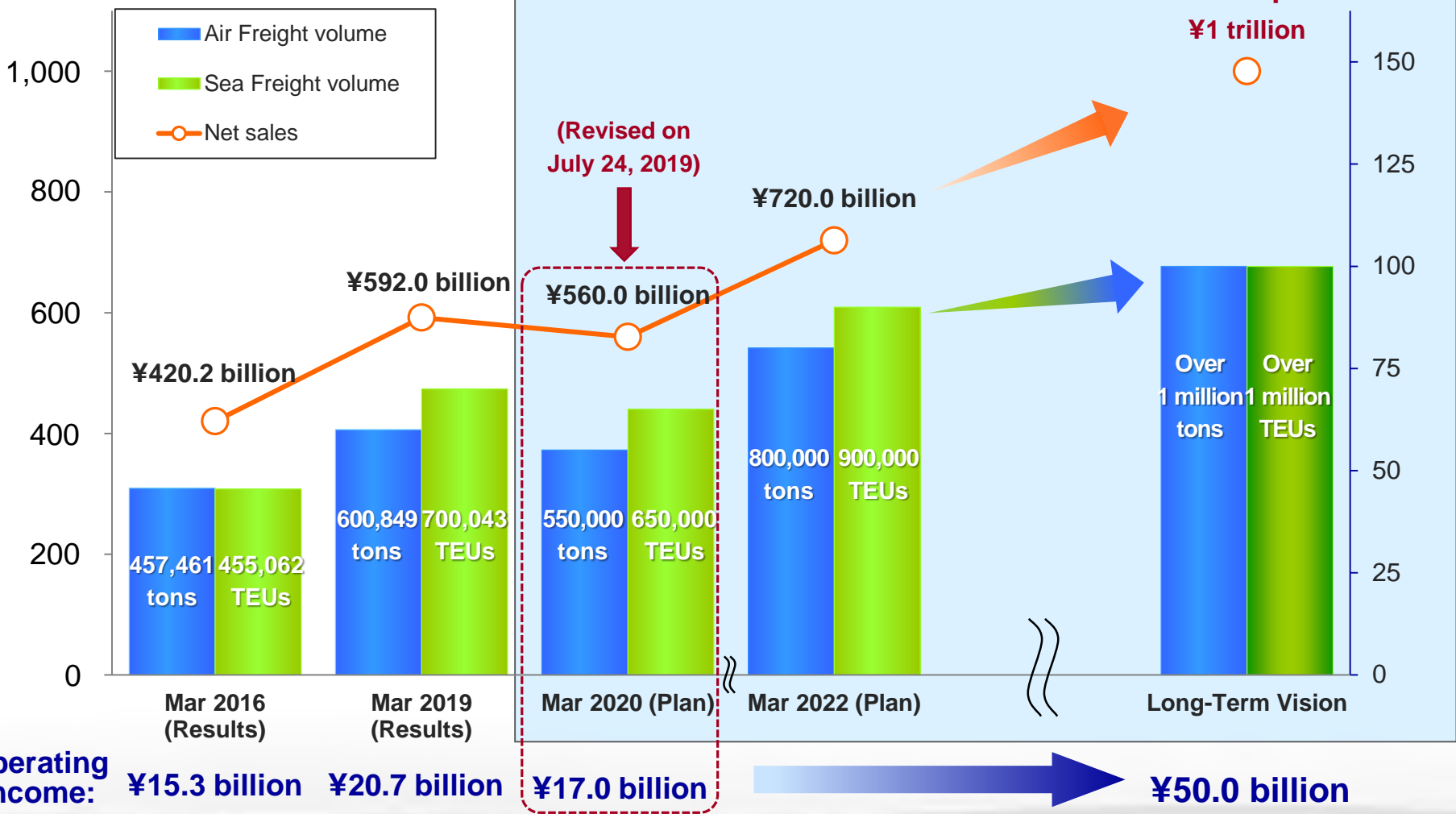
**Expand business scale by concentrating on core business**

Numerical Targets (FY2021)	
KWE	APLL
Net sales: 720 billion yen	
Operating gross profit ratio: over 16.4%	
Forwarding	Supply chain solution
<ul style="list-style-type: none"><li>● Net sales: 500 billion yen</li><li>● Air freight : 800,000 ton</li><li>● Sea freight : 900,000 TEU</li></ul>	<ul style="list-style-type: none"><li>● Net sales: 220 billion yen</li></ul>

# Long-Term Vision and Medium-Term Management Plan



Net sales: Billions of yen

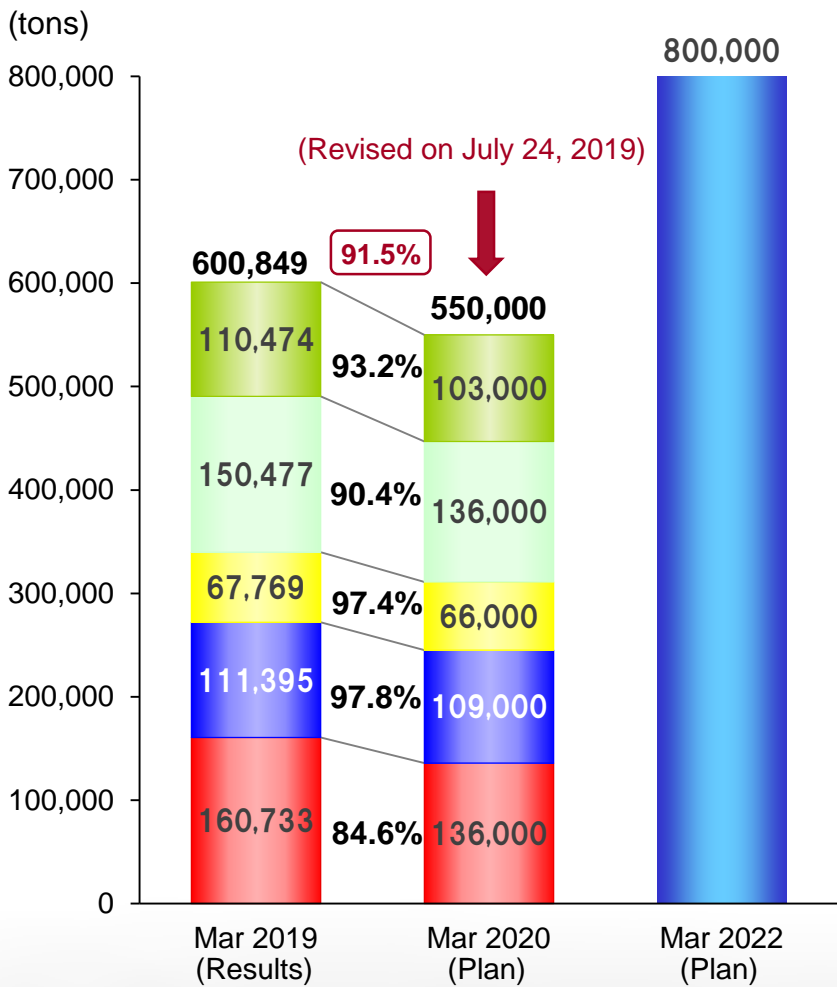


Operating income: ¥15.3 billion    ¥20.7 billion    ¥17.0 billion    →    ¥50.0 billion

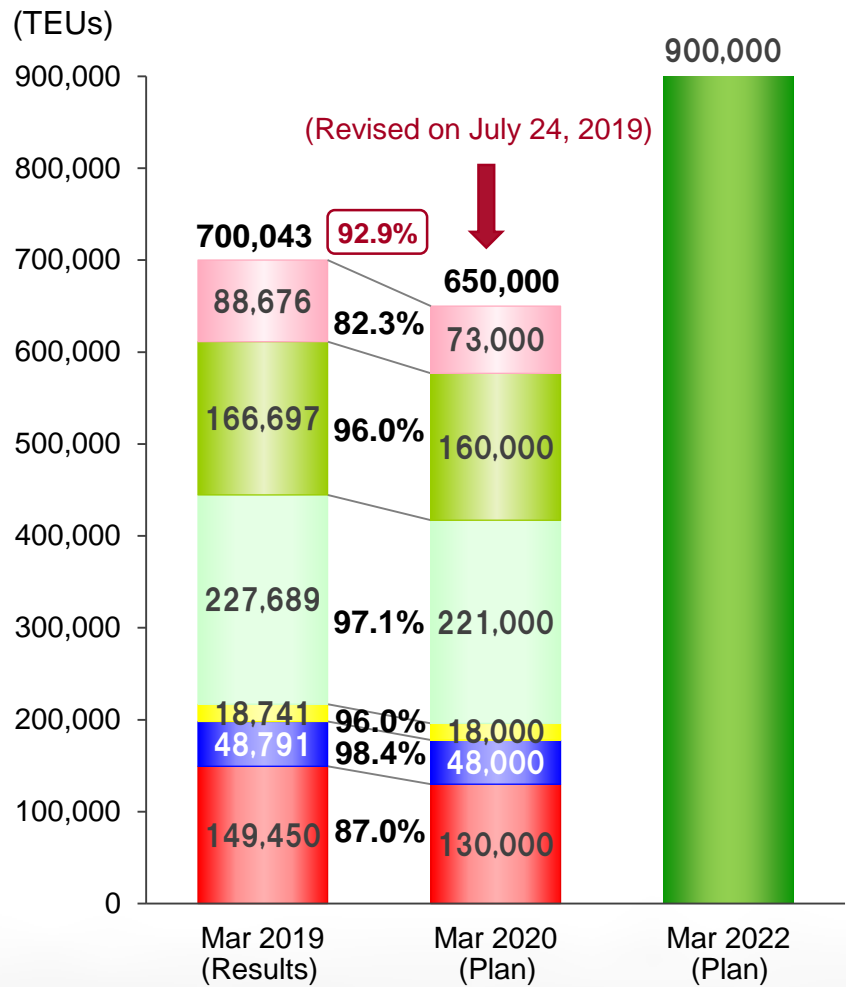
# Medium-Term Management Plan Volume Targets



**Air Freight Exports**



**Sea Freight Exports**



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



## — Sales Strategy —

### ◆ Expansion of our customer base

- Cultivation and expansion of corporate accounts which have been longtime assets of the company

### ◆ Promotion of sales strategies by Vertical

- Core- Industry Group: Electronics, Automotive, Healthcare
  - Sub- Industry Group: Industrial\*, Aircraft, Energy
  - New Industry Group: Retail, Perishables
- \* Machinery related

### ◆ Expansion of handling volumes intra-Asia and from/to Asia

- Expansion of networks: Bangladesh, Sri Lanka
- Focus Areas: Indonesia, Vietnam

### ◆ Expansion into emerging markets

- New Industry Group: Retail, Perishables
- Emerging Areas: North Africa, Turkey, Central and Eastern Europe

# Medium-Term Management Plan

## Progress (from April 2019)

### ◆ Cross-organizational corporate branch (from October 2019)

- Planning & Administration/Finance & Accounting/IT/HR/  
Sales & Marketing/Audit/Internal Control
- Japan Regional Headquarters

### ◆ Operation in Sri Lanka (from October 2019)

Air/Sea freight volume growth with retail customers

### ◆ APLL VASCOR Automotive expands finished vehicle logistics by rail in India (from July 2019)

Invest new/additional freight wagons  
Strong potentiality of Indian car market

### ◆ Performance-based stock compensation plan for directors (from August 2019)

Incentivizing directors to focus more on the medium- to long-term enhancement of corporate value, aiming to share common interest with our shareholders

### ◆ Measures to maintain financial soundness (September 2019)

New corporate bond issuance of 10,000 million yen with the aim of diversifying financing methods



# Outlook—2019 2nd Half

## Business Environment

- ◆ Uncertainties (U.S.- China, China's economic slowdown)
- ◆ Sluggish demand of major shippers in Japan

## Our Countermeasures

### Further Volume Growth

- IoT, AI, 5G, EV – Innovative items
- Prompt response to customer's supply chain shift
- Continuous approaches to non-Japanese Companies

### Profitability

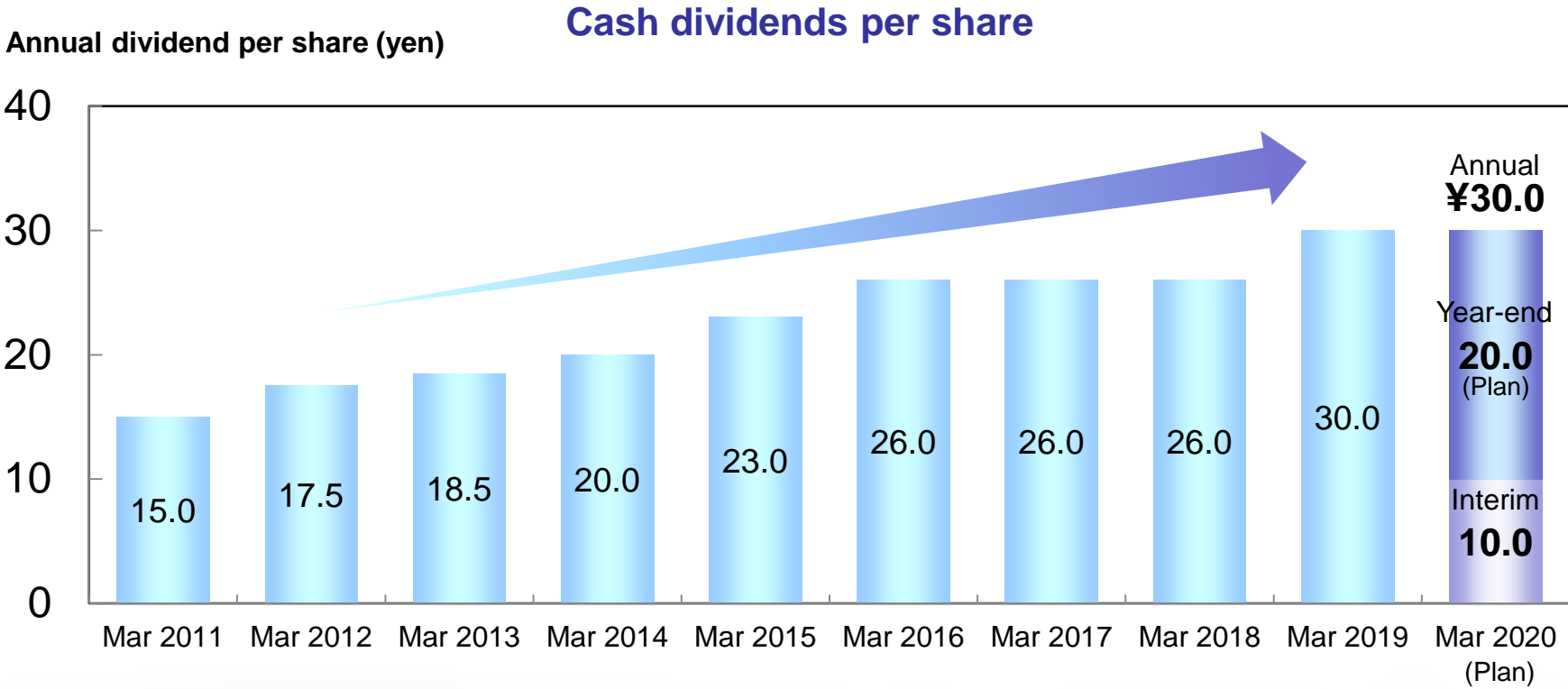
- Improve consolidation efficiency

### Structure Reinforcement

- Operations
- HR

# Dividends

While enriching its internal reserves in view of strengthening its financial standing (reduction of interest-bearing debt, etc.) and future business expansion, the Company holds as a basic policy to aim to **maintain stable dividends** with comprehensive consideration of factors such as strengthening its business platform.

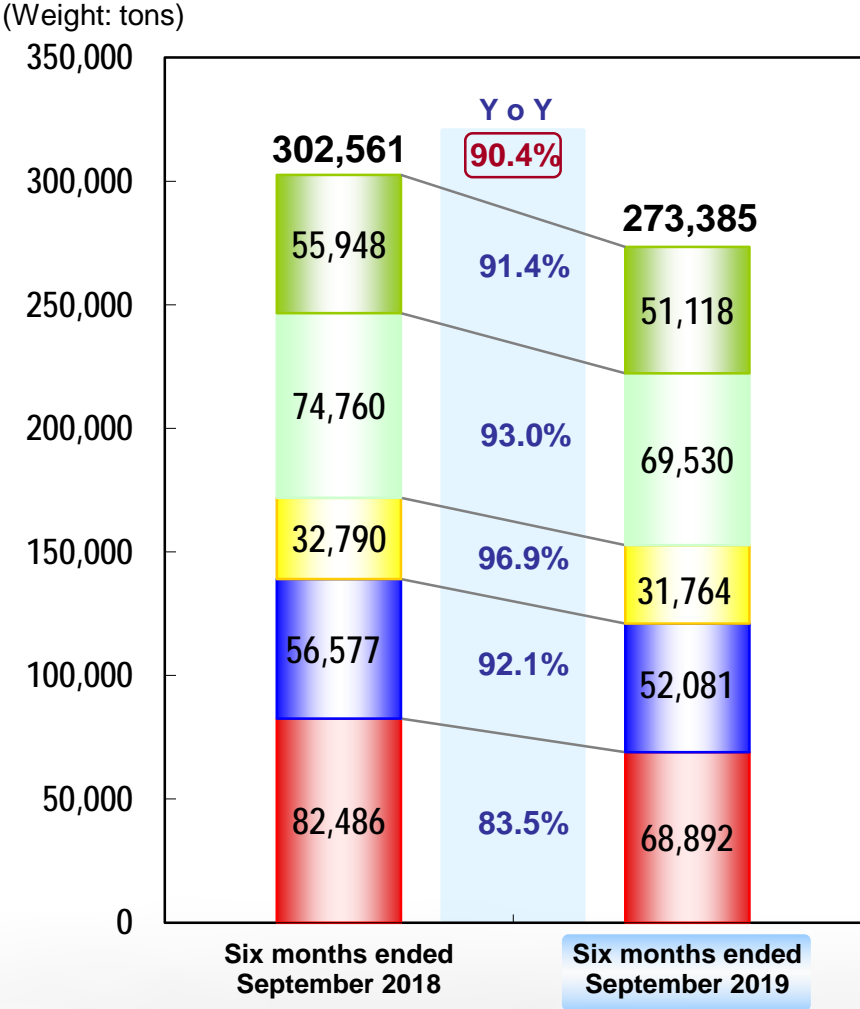


\*The company conducted a stock split at a ratio of 1:2 of common stock on October 1, 2015. Cash dividends per share is calculated based on the assumption that the stock split was conducted on April 1, 2010.

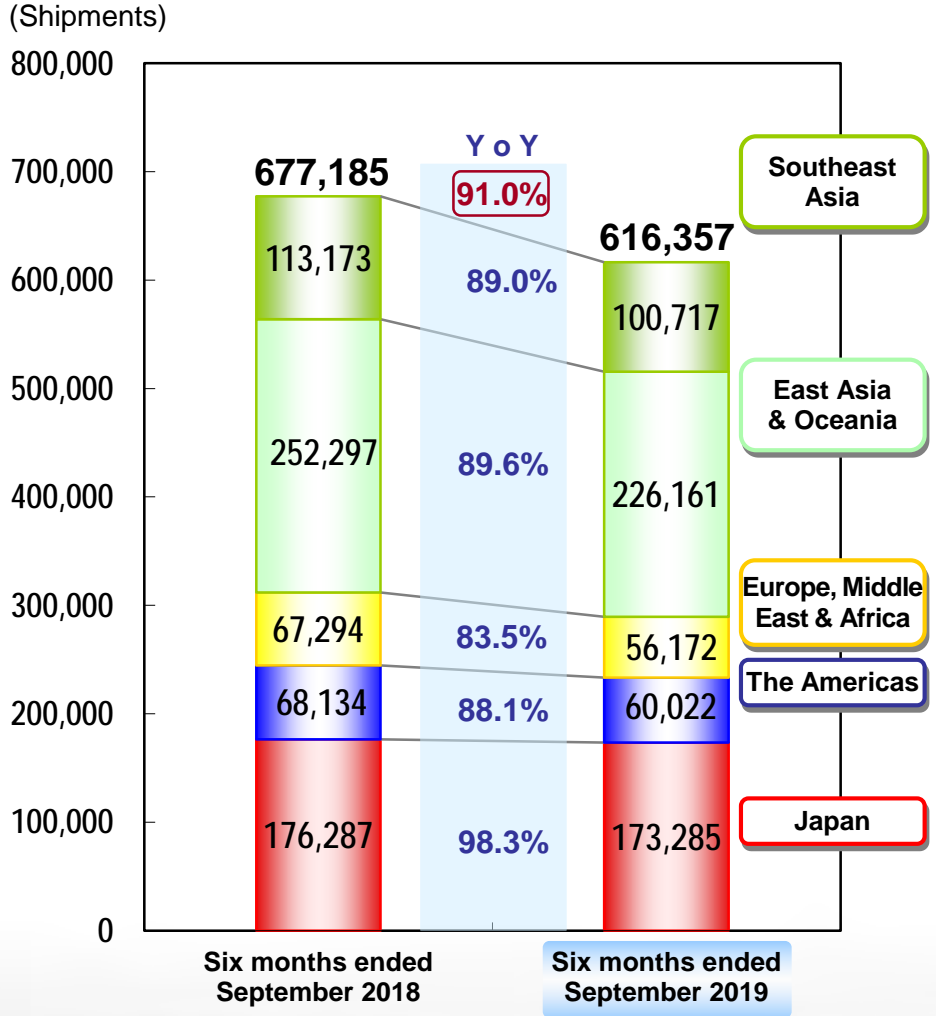
# Supplemental Materials

# Freight Volume by Segment (Air Freight)

## Air Freight Exports



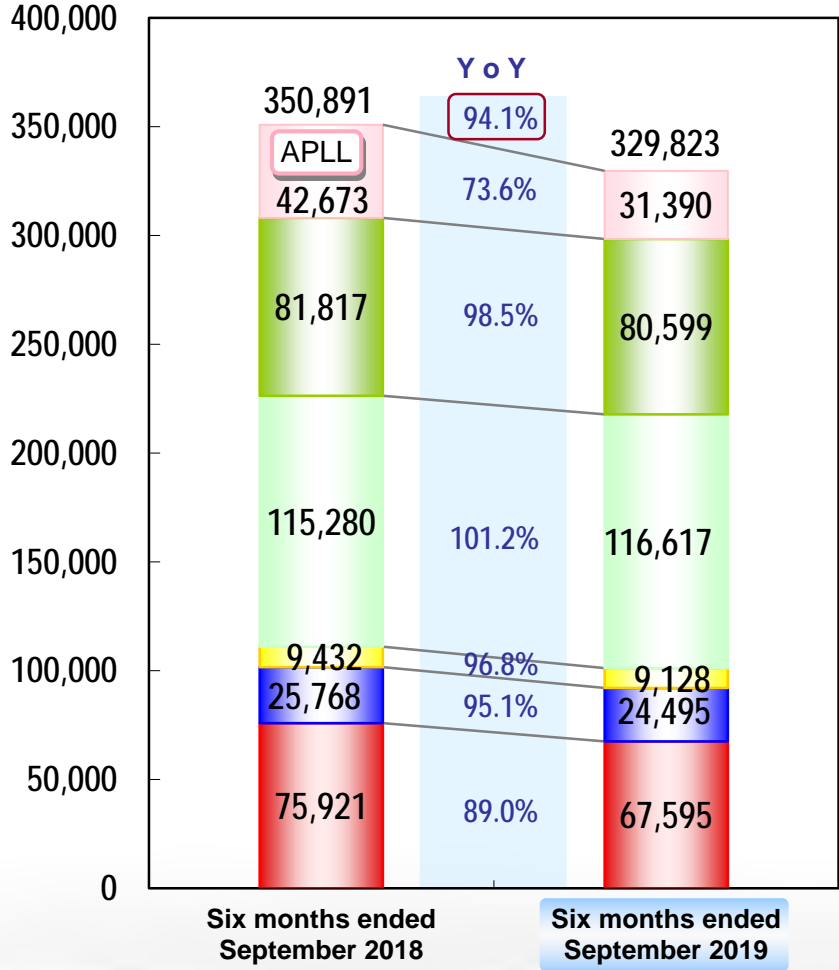
## Air Freight Imports



# Freight Volume by Segment (Sea Freight)

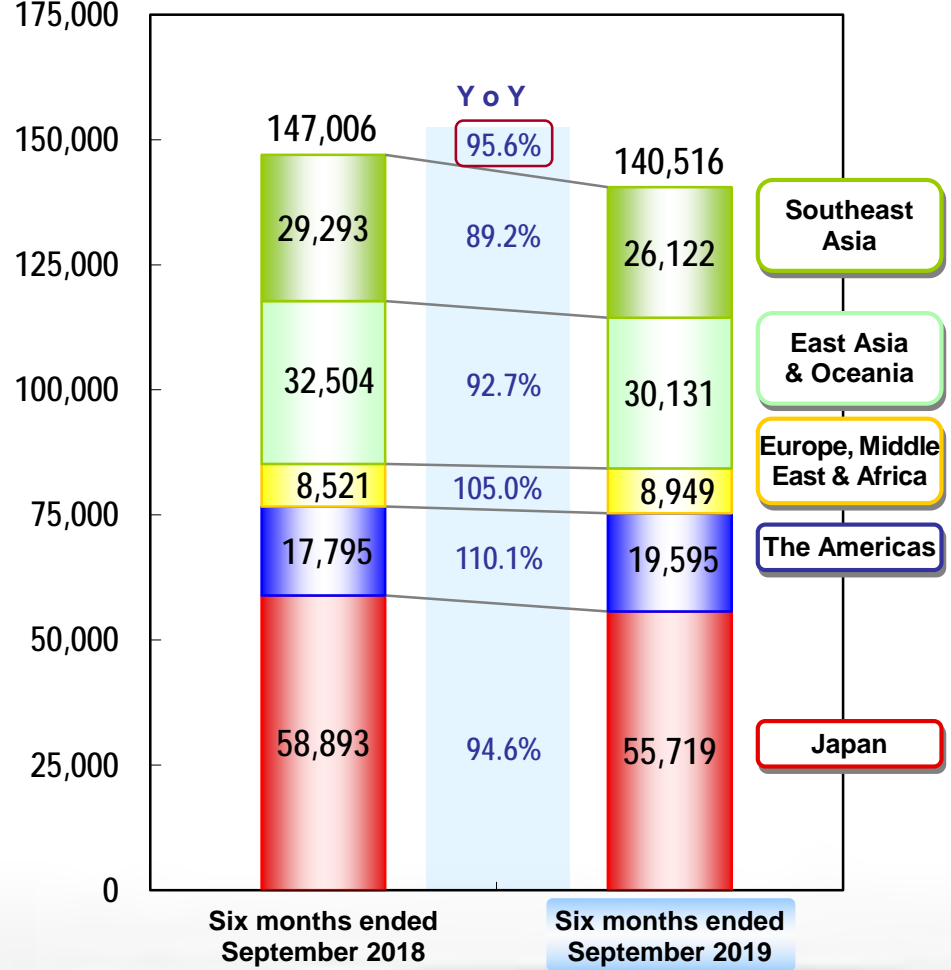
## Sea Freight Exports

(Volume: TEUs)



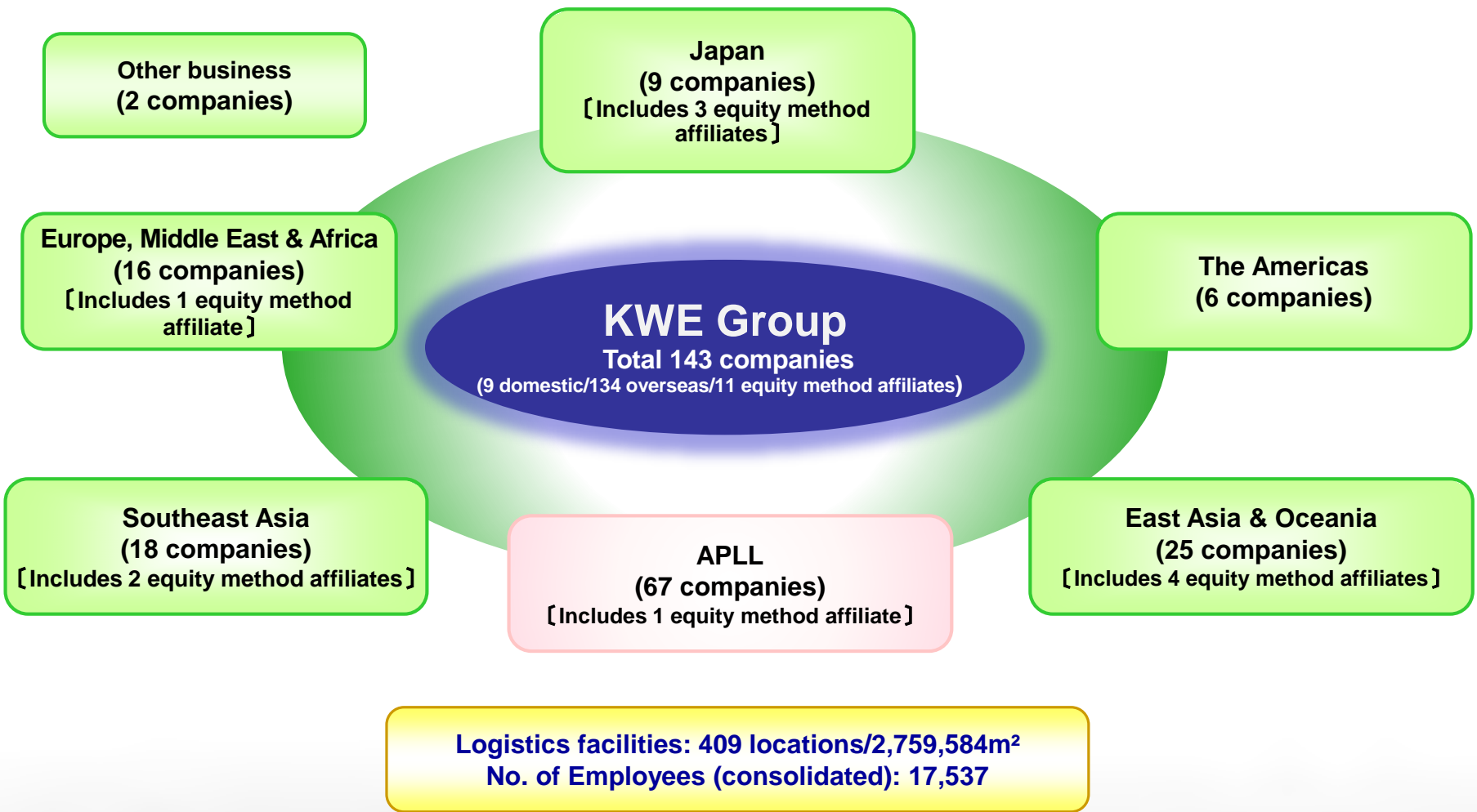
## Sea Freight Imports

(Shipments)



# Our Global Network

46 countries, 317 cities, 854 locations (as of September 30, 2019)







***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.