



Financial Results:

The 1st 3 Months of FY Ending March 2021
(April 1, 2020 – June 30, 2020)

August 6, 2020



Global Logistics Partner

kintetsu world express

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Financial Summary

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

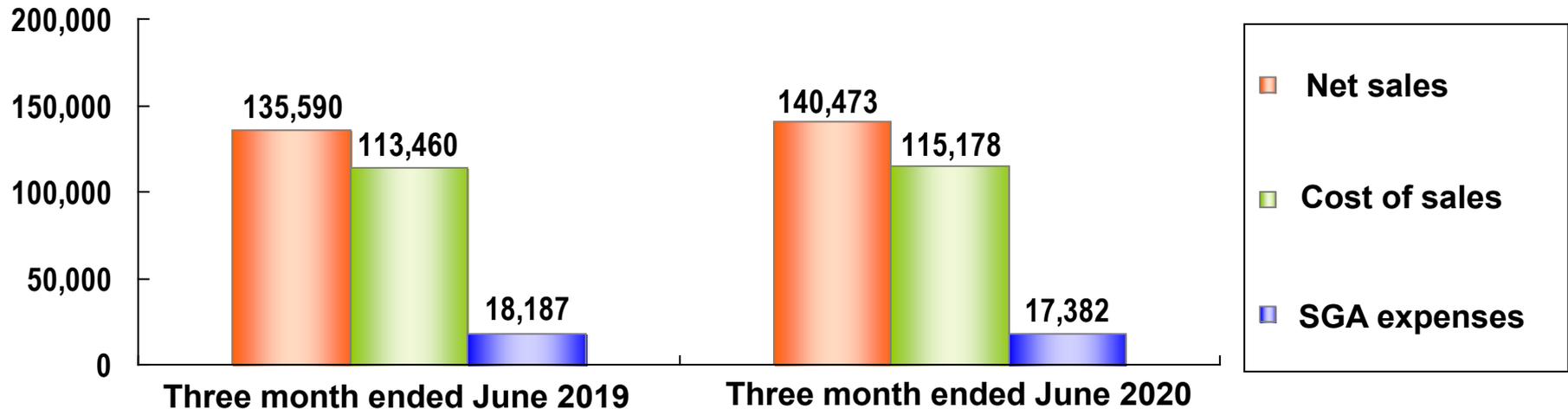
	Three months ended June 2019	Three months ended June 2020	Differences (YoY)	YoY change (%)
Air freight exports (Weight)	135	113	(22)	(16.3%)
Air freight imports (Shipments)	304	256	(48)	(15.8%)
Sea freight exports (Volume)	162	140	(22)	(13.7%)
Sea freight imports (Shipments)	69	66	(3)	(4.8%)
Net sales	135,590	140,473	4,883	3.6%
Operating gross profit	22,129	25,295	3,165	14.3%
Operating gross profit margin	16.3%	18.0%	—	—
Operating income	3,942	7,913	3,970	100.7%
Ordinary income	1,020	8,200	7,180	703.8%
Net income attributable to owners of the parent	(1,469)	4,883	6,353	—

Conversion Rate	Threemonths ended June 2019	FY ended March 2020	Three months ended June 2020
US-Dollar	¥109.90	¥108.74	¥107.62
Euro	¥123.49	¥120.82	¥118.48
HK-Dollar	¥14.02	¥13.91	¥13.89
Chinese yuan	¥16.07	¥15.60	¥15.17

FOREX impacts (consolidated)
Net sales : ¥(3,222) million
Operating income : ¥(133) million

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

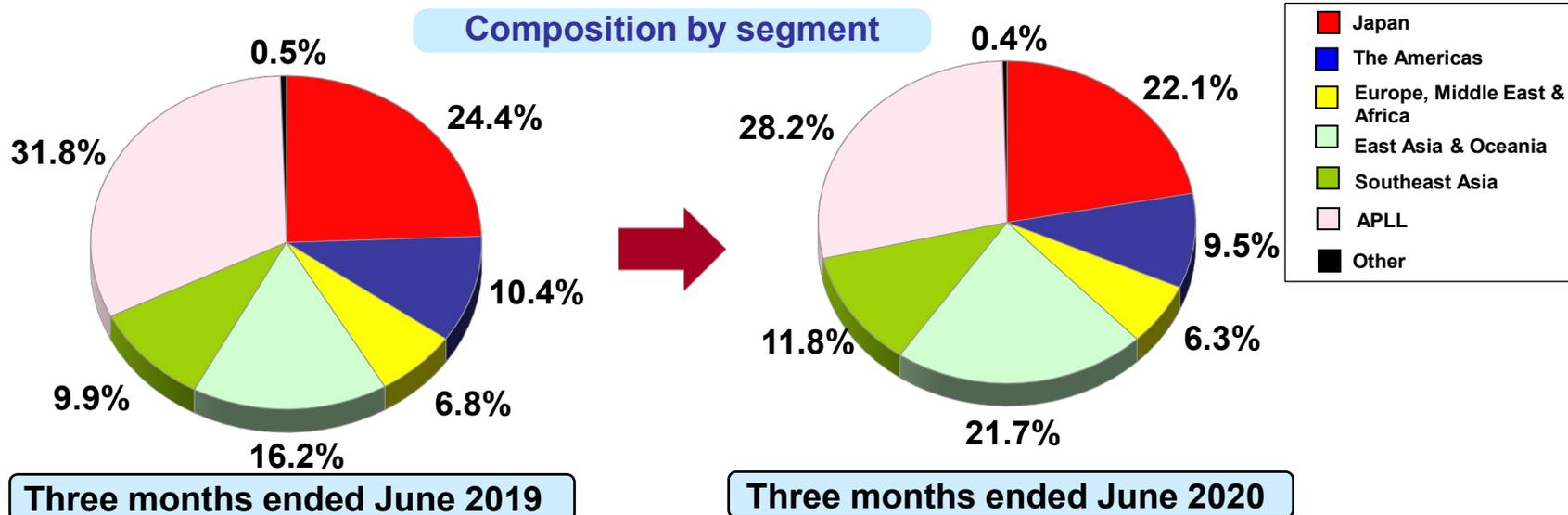
(Millions of yen)



(Millions of yen)

	Three month ended June 2019	Ratio to net sales	Three month ended June 2020	Ratio to net sales
Net sales	135,590	100.0%	140,473	100.0%
Cost of sales	113,460	83.7%	115,178	82.0%
SGA expenses	18,187	13.4%	17,382	12.4%
Operating income	3,942	2.9%	7,913	5.6%

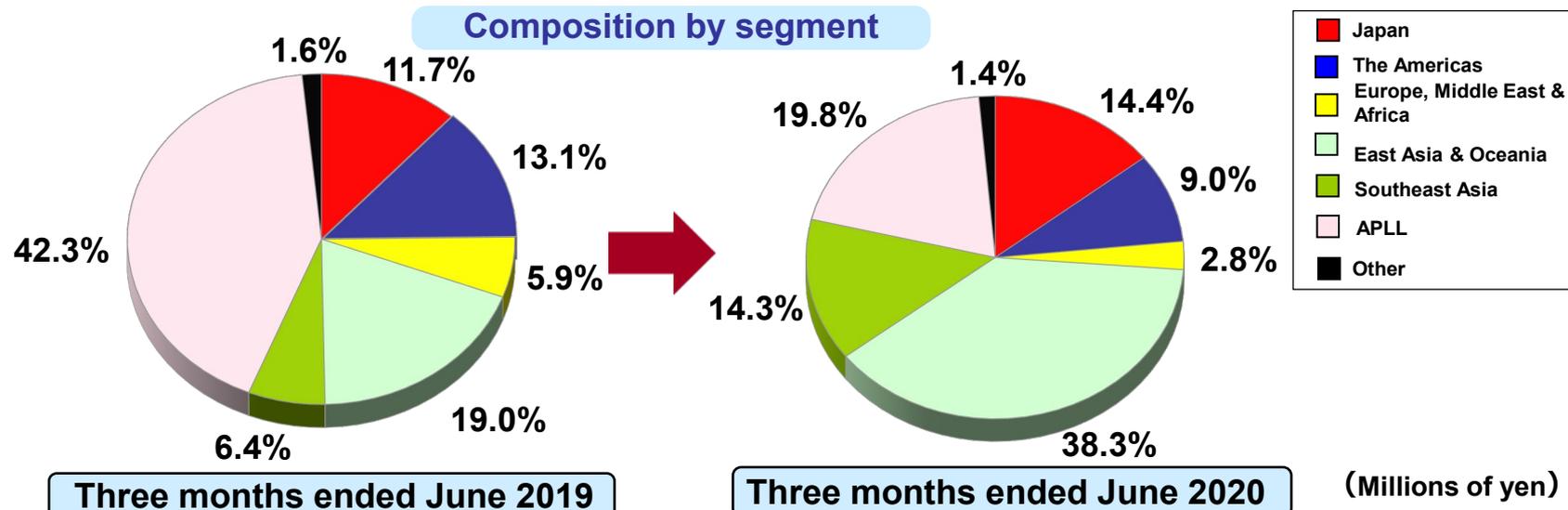
Net Sales by Segment



(Millions of yen)

Net Sales by Segment	Three months ended June 2019	Three months ended June 2020	YoY change (%)
Japan	34,104	31,873	(6.5)
The Americas	14,543	13,735	(5.6)
Europe, Middle East & Africa	9,560	9,003	(5.8)
East Asia & Oceania	22,593	31,217	38.2
Southeast Asia	13,773	17,035	23.7
APLL	44,365	40,550	(8.6)
Other	734	620	(15.5)
Adjustment	(4,085)	(3,562)	—
Total	135,590	140,471	3.6

Operating Income by Segment

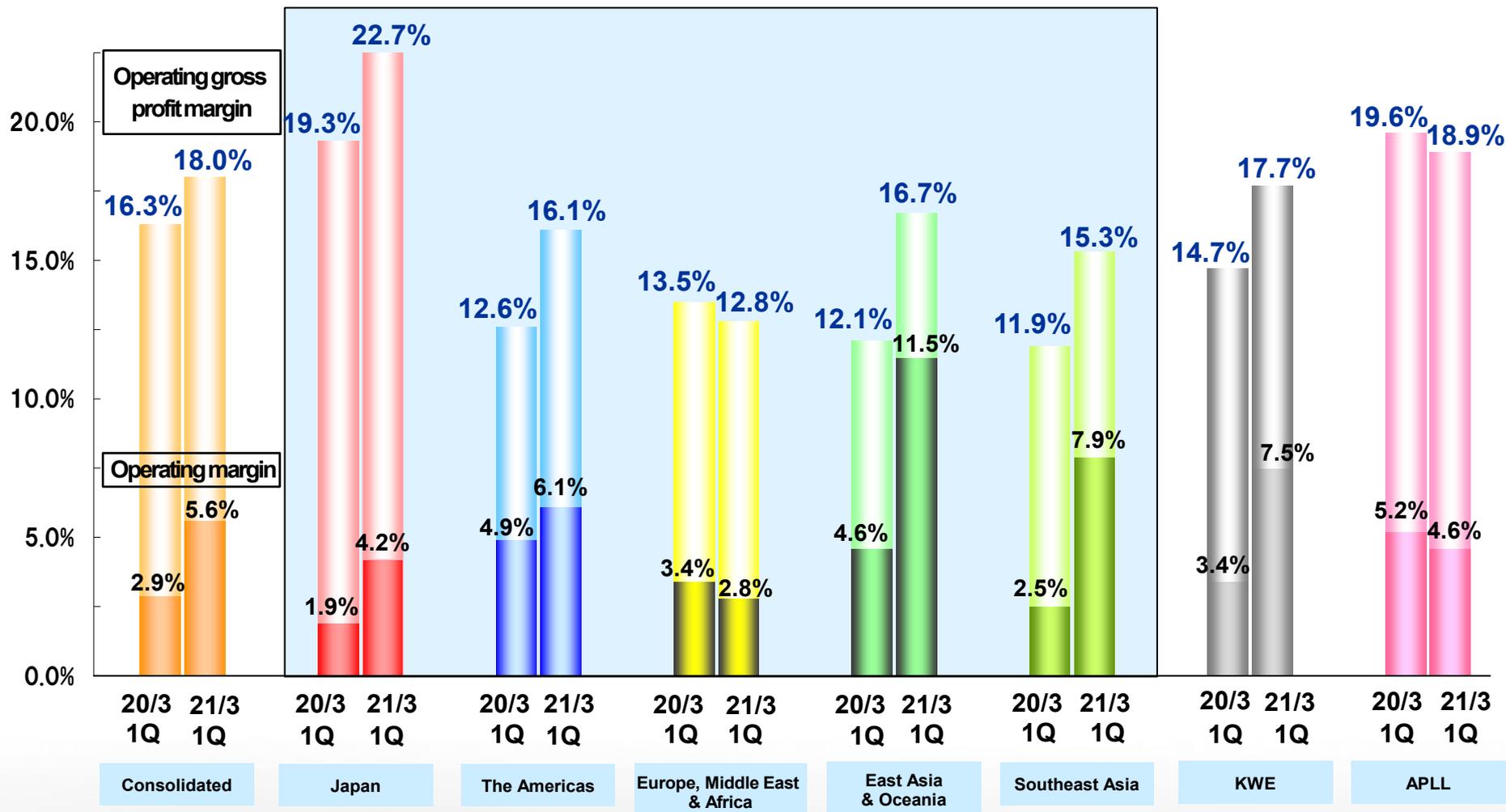


Operating Income by Segment	Three months ended June 2019	Three months ended June 2020	YoY change (%)
Japan	634	1,349	112.7
The Americas	715	842	17.6
Europe, Middle East & Africa	320	256	(20.0)
East Asia & Oceania	1,031	3,582	247.4
Southeast Asia	348	1,340	285.3
APLL	2,298	1,856	(19.2)
Amortization of goodwill	(1,510)	(1,452)	—
Other	93	133	42.0
Adjustment	10	4	—
Total	3,942	7,913	100.7

*Pie charts are prepared based on the amount before amortization of goodwill in APLL.

Operating Gross Profit Margins/Operating Margins by Segment

Three months ended June 2019/Three months ended June 2020



* APLL's operating margin is calculated based on the amount

Review of Operations

Japan

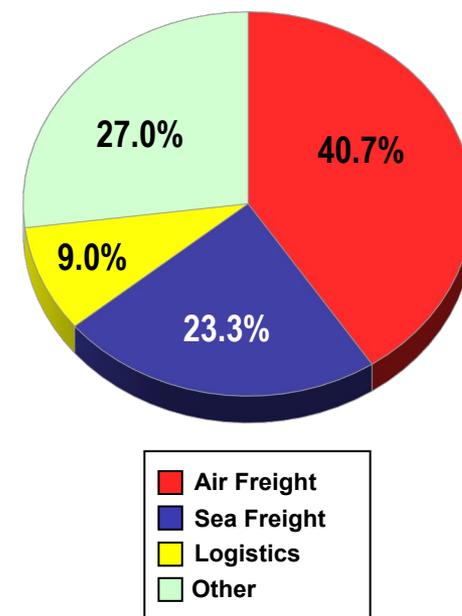
(Millions of yen)

	Three months ended June 2019	Three months ended June 2020	YoY change	
			Amount	%
Net sales	34,104	31,873	(2,230)	(6.5%)
Operating income	634	1,349	714	112.7%

Freight volume	Three months ended June 2019	Three months ended June 2020	YoY change
Air freight exports (tons)	34,225	26,264	(23.3%)
Air freight imports (shipments)	83,828	75,407	(10.0%)
Sea freight exports (TEUs)	34,095	32,160	(5.7%)
Sea freight imports (Shipments)	27,514	27,645	0.5%

- Profit increased due to an improvement in operating gross profit margin, etc. amid a drastic decline in air freight volume
- Domestic subsidiaries struggled due to a shift to truck transportation triggered by the reduction in domestic flights

Net Sales by Business*



*Effective six months 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 as the performance of KWE Japan only. (Ref.) Results for the three months ended June 2019

Air freight	41.3%	Sea freight	23.6%
Logistics	7.3%	Other	27.8%

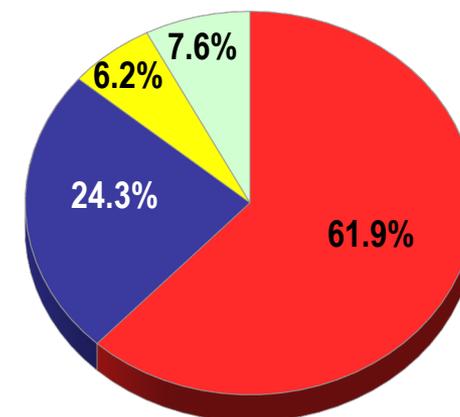
The Americas

(Millions of yen)

	Three months ended June 2019	Three months ended June 2020	YoY change	
			Amount	%
Net sales	14,543	13,735	(807)	(5.6%)
Operating income	715	842	126	17.6%

Freight volume	Three months ended June 2019	Three months ended June 2020	YoY change
Air freight exports (tons)	26,031	22,885	(12.1%)
Air freight imports (shipments)	30,342	20,869	(31.2%)
Sea freight exports (TEUs)	12,752	10,692	(16.2%)
Sea freight imports (shipments)	9,667	8,049	(16.7%)

Net Sales by Business



- Profit growth due to an improvement in operating gross profit margin amid a drastic decline in freight volume
- FOREX impact Net sales: ¥(496) million Operating income: ¥(26) million

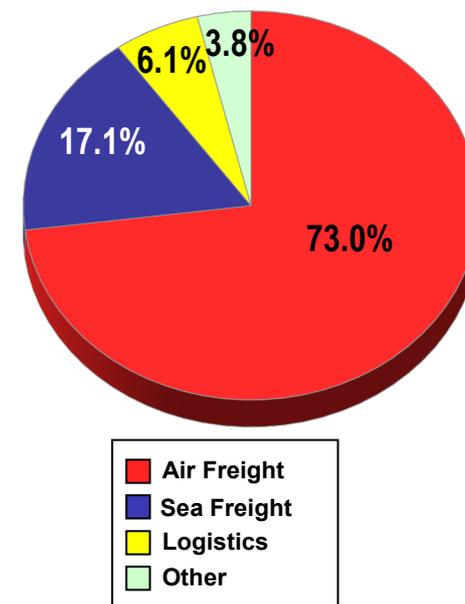
Europe, Middle East & Africa

(Millions of yen)

	Three months ended June 2019	Three months ended June 2020	YoY change	
			Amount	%
Net sales	9,560	9,003	(557)	(5.8%)
Operating income	320	256	(64)	(20.0%)

Freight volume	Three months ended June 2019	Three months ended June 2020	YoY change
Air freight exports (tons)	15,869	9,469	(40.3%)
Air freight imports (shipments)	29,364	16,107	(45.1%)
Sea freight exports (TEUs)	4,624	3,774	(18.4%)
Sea freight imports (shipments)	4,467	3,717	(16.8%)

Net Sales by Business



- Profit decreased due to a weak performance in South African subsidiary amid a drastic decline in freight volume
- FOREX impact Net sales: ¥(647) million Operating income: ¥(23) million

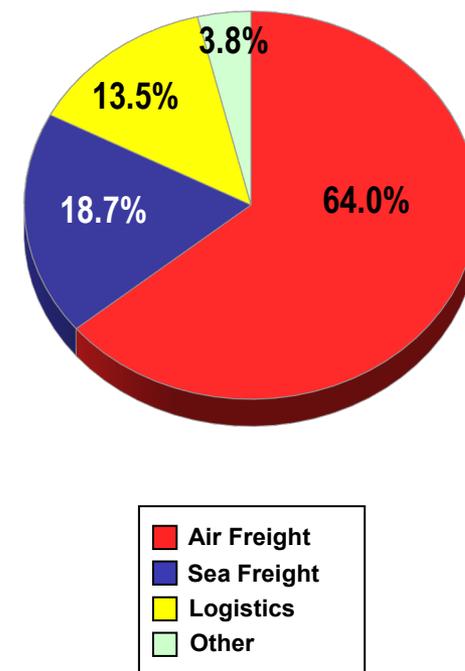
East Asia & Oceania

(Millions of yen)

	Three months ended June 2019	Three months ended June 2020	YoY change	
			Amount	%
Net sales	22,593	31,217	8,623	38.2%
Operating income	1,031	3,582	2,551	247.4%

Freight volume	Three months ended June 2019	Three months ended June 2020	YoY change
Air freight exports (tons)	33,178	34,619	4.3%
Air freight imports (shipments)	110,690	106,699	(3.6%)
Sea freight exports (TEUs)	56,088	52,624	(6.2%)
Sea freight imports (shipments)	14,973	15,246	1.8%

Net Sales by Business



- Profit increased significantly due to an improvement in operating gross profit margin, etc. while air freight exports increased mainly in electronics
- FOREX impact Net sales: ¥(968) million Operating income: ¥(48) million

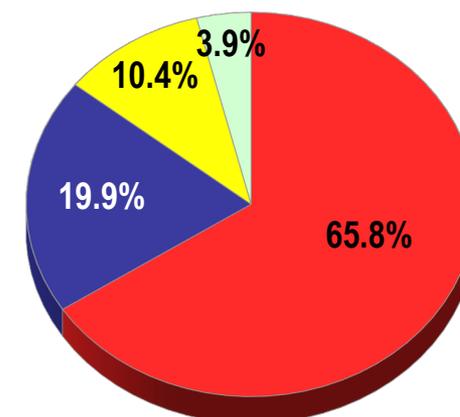
Southeast Asia

(Millions of yen)

	Three months ended June 2019	Three months ended June 2020	YoY change	
			Amount	%
Net sales	13,773	17,035	3,261	23.7%
Operating income	348	1,340	992	285.3%

Freight volume	Three months ended June 2019	Three months ended June 2019	YoY change
Air freight exports (tons)	26,414	20,315	(23.1%)
Air freight imports (shipments)	50,469	37,439	(25.8%)
Sea freight exports (TEUs)	38,042	30,327	(20.3%)
Sea freight imports (shipments)	12,780	11,430	(10.6%)

Net Sales by Business



- Profit increased significantly due to an improvement in operating gross profit margin, etc. amid a drastic decline in freight volume
- FOREX impact Net sales: ¥(579) million Operating income: ¥(6) million

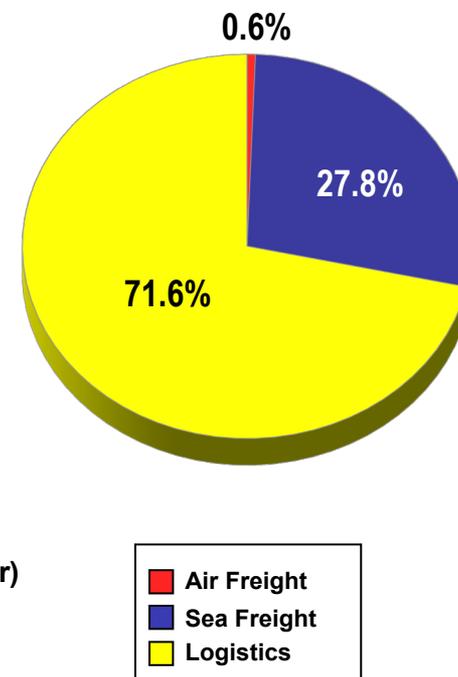
APLL

(Millions of yen)

	Three months ended June 2019	Three months ended June 2020	YoY change	%
Net sales	44,365	40,550	(3,815)	(8.6%)
Operating income	788	404	(384)	(48.7%)

- Both net sales and operating income decreased although logistics services for automotive increased the handling volume of major customers and showed steady performance. For retail-related logistics service, the handling volume declined mainly in major customers because of shutdowns of stores due to lockdowns in Europe and the U.S. Consumer and other industrial fields also lost momentum.
- Operating income of ¥1,856 million before amortization of goodwill (¥2,298 million a year earlier)
- FOREX impact Net sales: ¥(515) million Operating income: ¥(26)million

Net Sales by Business



Earnings Forecasts for FY Ending March 2021

(Millions of yen)

Item	FY ended March 2020 (Results)		FY ending March 31, 2021 (Forecasts)	
		YoY change		YoY change
Net sales	544,533	(8.0%)	516,000	(5.2%)
Operating gross profit	93,846	(3.2%)	91,000	(3.0%)
Operating gross profit margin	17.2%	—	17.6%	—
Operating income	19,714	(5.2%)	19,000	(3.6%)
Ordinary income	17,432	(12.6%)	19,000	9.0%
Net income attributable to owners of the parent	4,724	(52.1%)	10,000	111.7%

Earnings Forecasts by Business & Segment for FY Ending March 2021

Net Sales by Business (Millions of yen)

Business	FY ending March 2021 (Forecasts)		
	Net sales	YoY change	Composition ratio
Air Freight	197,000	5.7%	38.2%
Sea Freight	133,000	(13.3%)	25.8%
Logistics	147,000	(10.1%)	28.5%
Other	39,000	(5.3%)	7.5%
Total	516,000	(5.2%)	100.0%

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

Segment	FY ending March 2020 (Forecasts)			
	Net sales	YoY change	Operating income	YoY change
Japan	129,000	(5.7%)	5,000	7.1%
The Americas	55,000	(6.5%)	3,200	(14.8%)
Europe, Middle East & Africa	36,000	1.7%	800	149.2%
East Asia & Oceania	100,000	6.4%	7,700	50.2%
Southeast Asia	62,000	13.2%	3,500	52.0%
APLL	145,000	(18.1%)	*(1,500)	—
Other	2,000	(26.7%)	300	(1.0%)
Adjustment	(13,000)	—	0	—
Total	516,000	(5.2%)	19,000	(3.6%)

Business Environment and Future Prospect

Assumptions for Earnings Forecasts for FY Ending March 2021

Sluggish transportation demand due to the global downturn of economy under COVID-19 during the period

Premises

Air

Strong in electronics-related but stagnant in consumer-related items

Personal Protective Equipment (PPE) will start to slow down as well as automotive-related products

Air freight cost will peak out, but still stay at a higher level

	April 2020	May 2020	June 2020
Transportation	(29.5%)	(21.5%)	(19.9%)
Supply	(40.9%)	(32.2%)	(33.9%)

Source: IATA (YoY comparison)

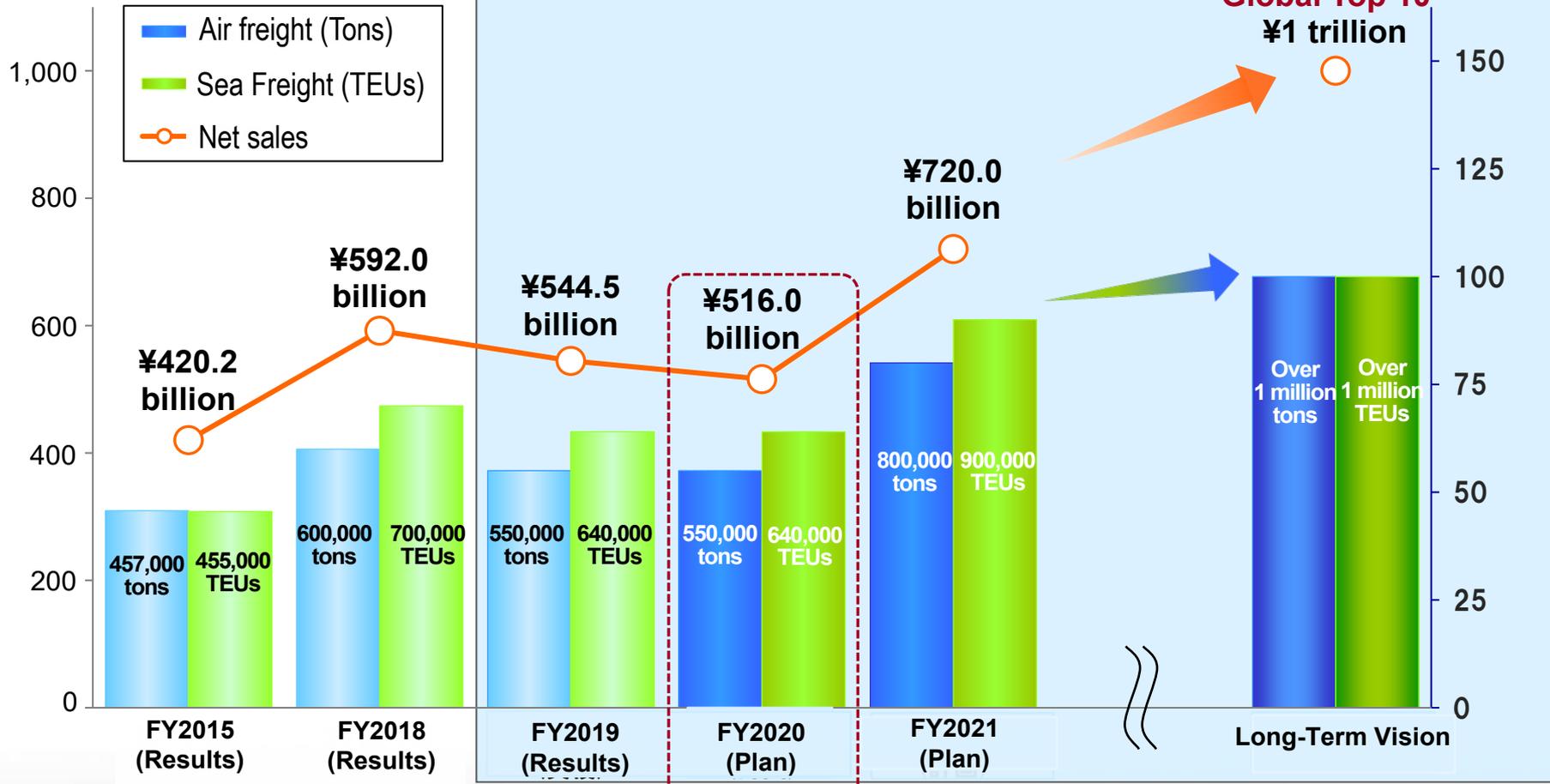
Sea

Sea freight cost will be on the rise while carriers intentionally reduce and control their capacity/space

Long-Term Vision and Medium-Term Management Plan

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Net sales: Billions of yen

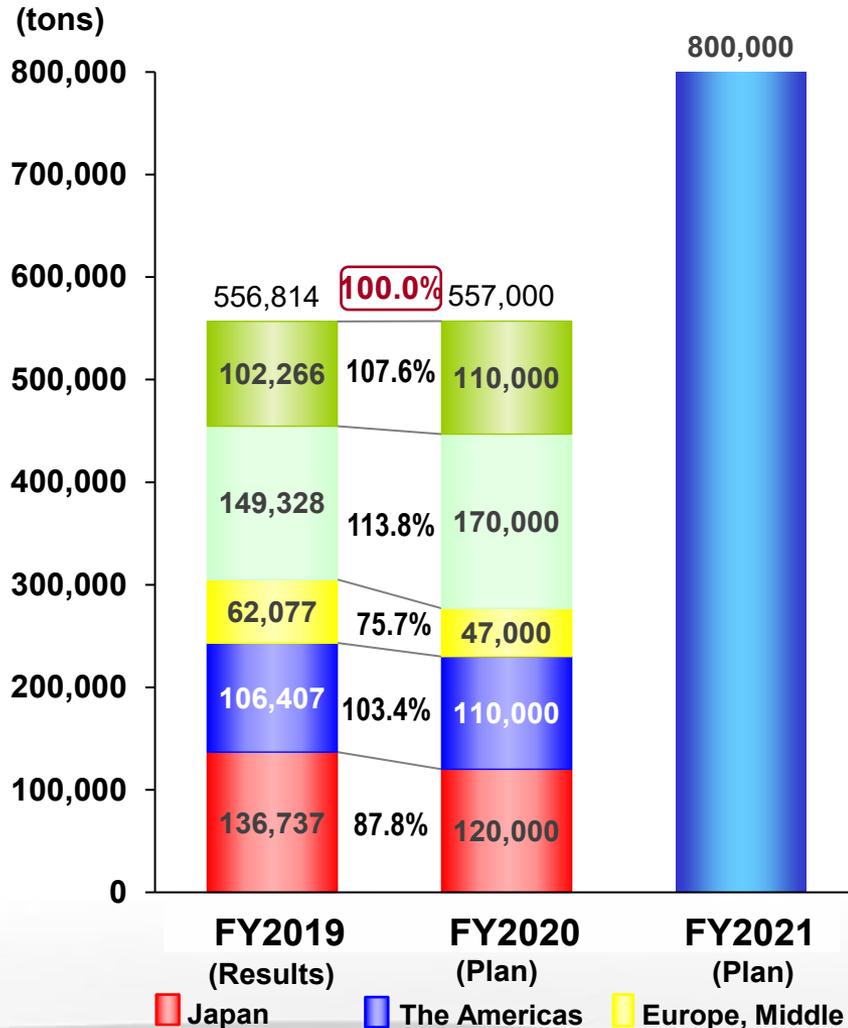


Operating income: **¥15.3 billion** **¥20.7 billion** **¥19.7 billion** **¥19.0 billion** **¥50.0 billion**

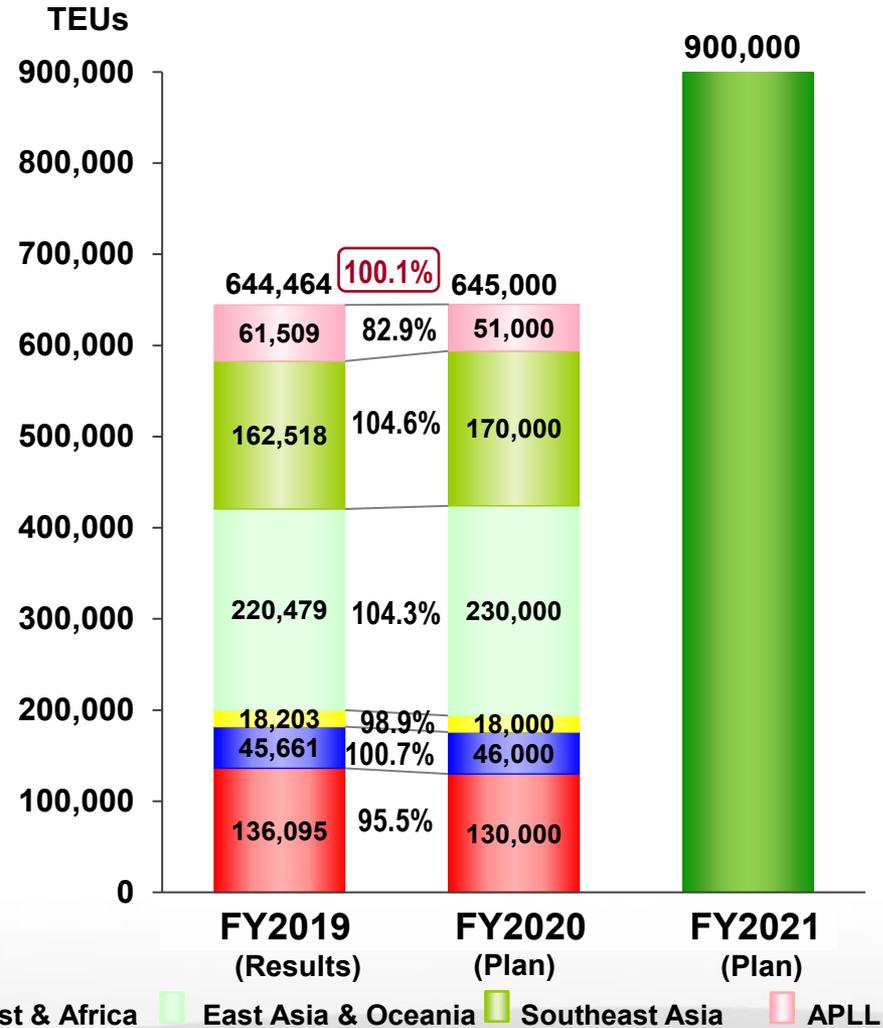
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Medium-Term Management Plan Volume Targets

Air Freight Exports



Sea Freight Exports



- **Timely response to changing market and customers' needs**
- **Reinforce relation with carriers and optimize centralized procurement**
- **Continuous initiatives for items related to technological innovation (IoT, AI, 5G, EV, etc.)**
- **Continuous approaches to non-Japanese customers mainly to Corporate Accounts (CA)**
- **Prepare the medium- to long-term working environment by promoting teleworking and flexible working schedule**

“Medium-Term Management Plan” (FY Ended 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 Margin: over 16.4%	
Forwarding	Supply Chain Solutions
<ul style="list-style-type: none">● Net sales: 500 billion yen● Air Freight : 800,000 ton● Sea Freight : 900,000 TEU	<ul style="list-style-type: none">● Net sales: 220 billion yen

“ 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

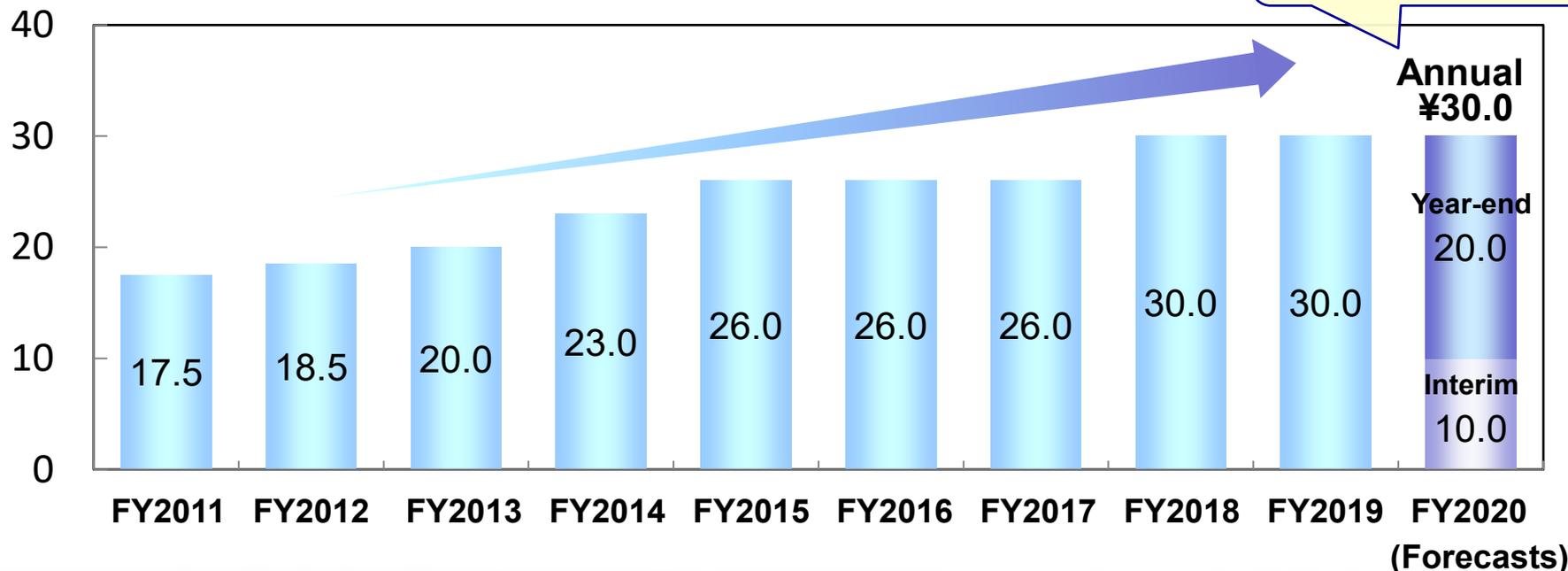
Dividends

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.

Annual dividend
per share (yen)

Annual dividend per share (yen)

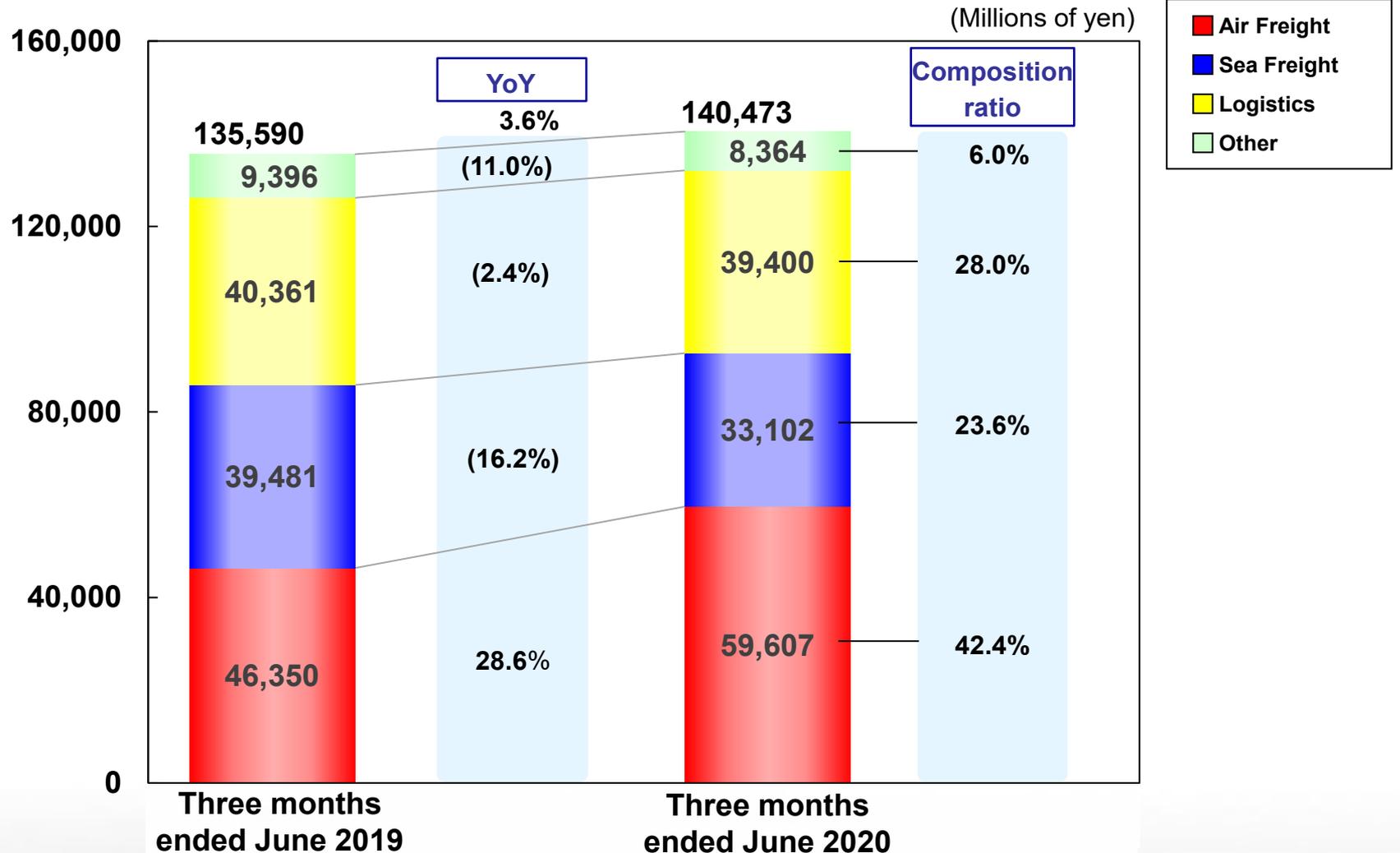
Forecasts released on
August 6, 2020



*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

Net Sales by Business



Gross Margin by Transportation Mode

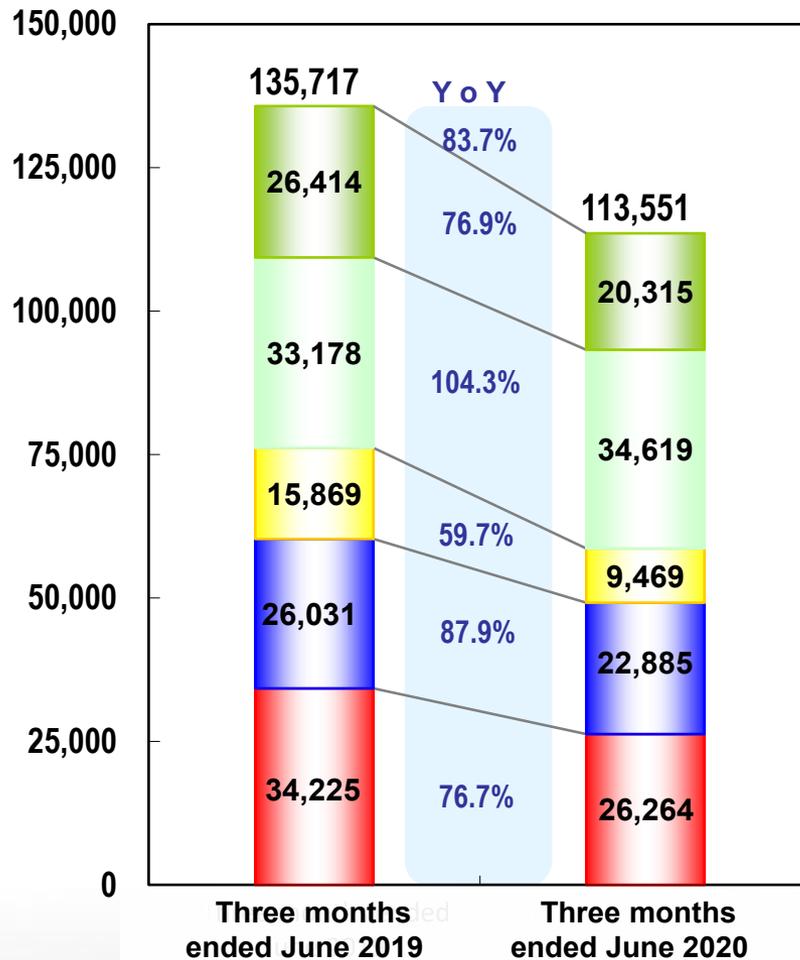
* Gross profit=Net sales—Direct cost

	FY ended March 2019				FY ended March 2020				FY ending March 2021
	First 3 months	First 6 months	First 9 months	Full year	First 3 months	First 6 months	First 9 months	Full year	First 3 months
Air	25.1	25.0	24.7	25.1	26.0	26.5	26.6	27.3	28.1
Sea	27.4	27.3	27.7	27.6	27.9	27.9	28.0	27.9	27.2

Freight Volume by Segment (Air Freight)

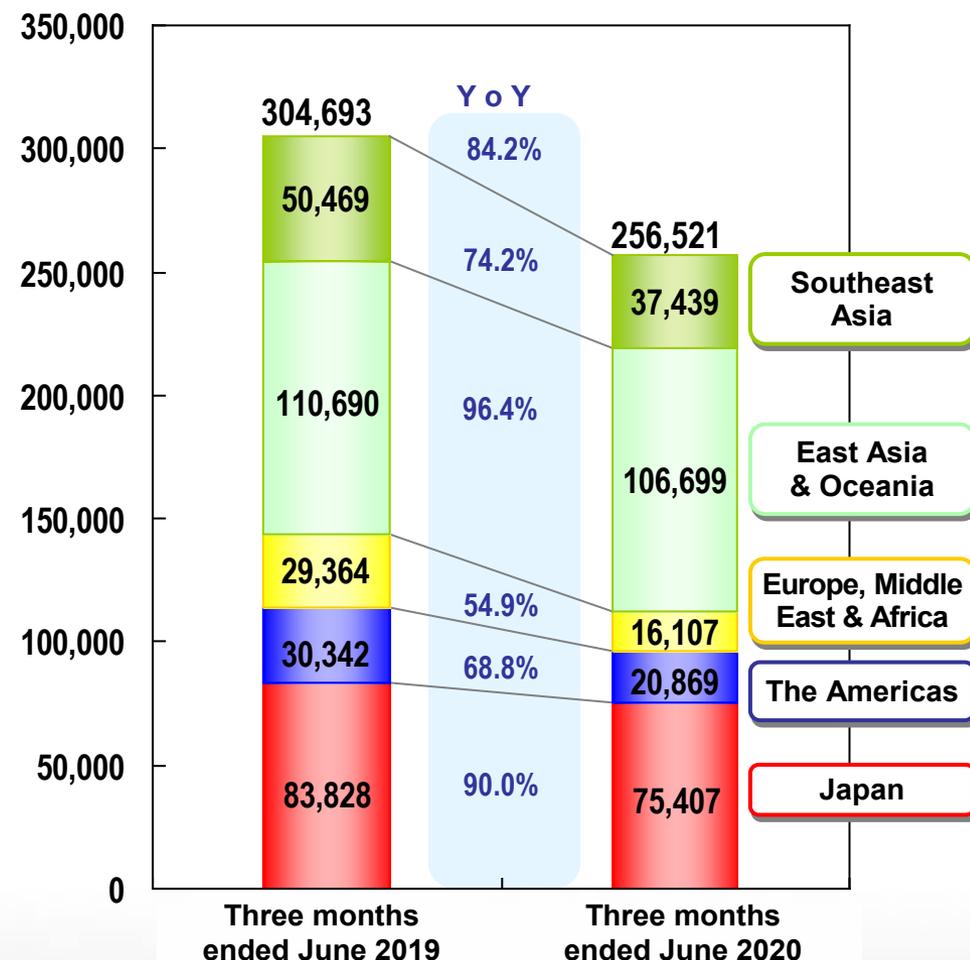
Air Freight Exports

(Weight: tons)



Air Freight Imports

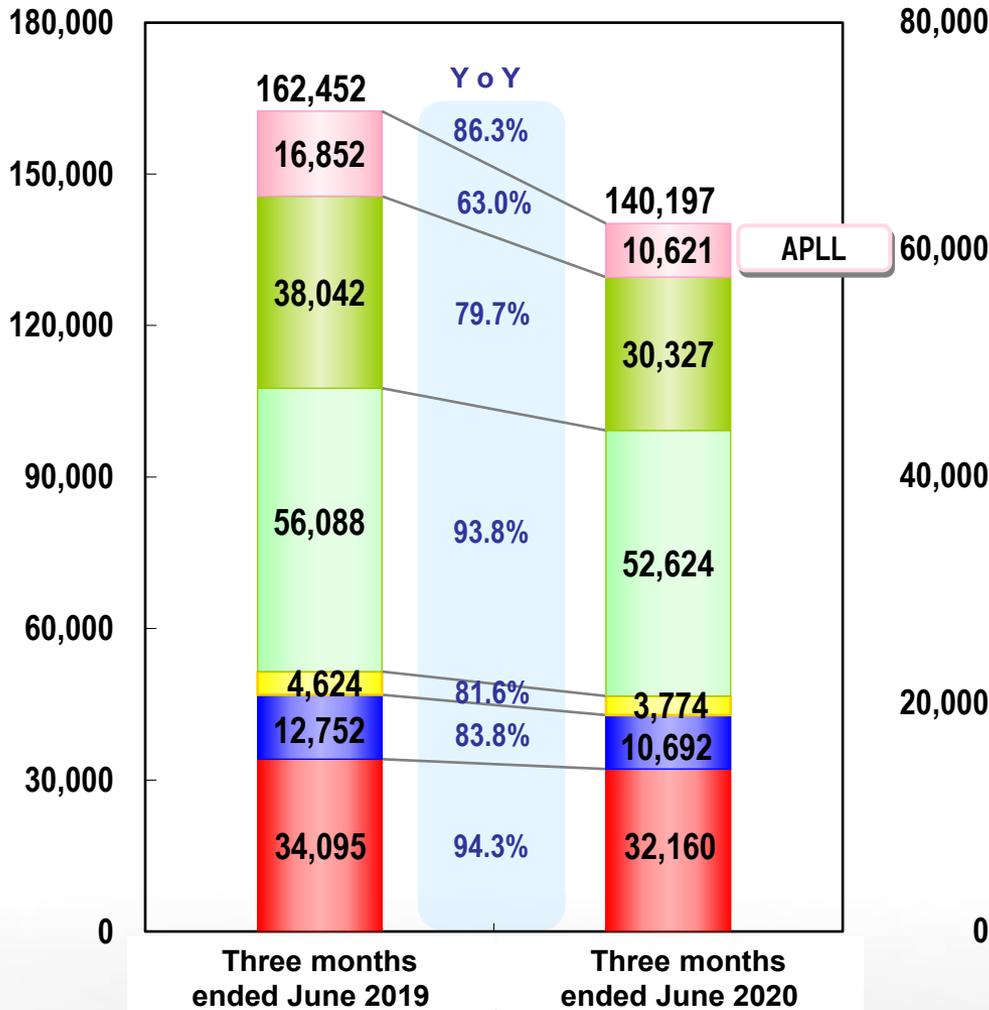
(Shipments)



Freight Volume by Segment (Sea Freight)

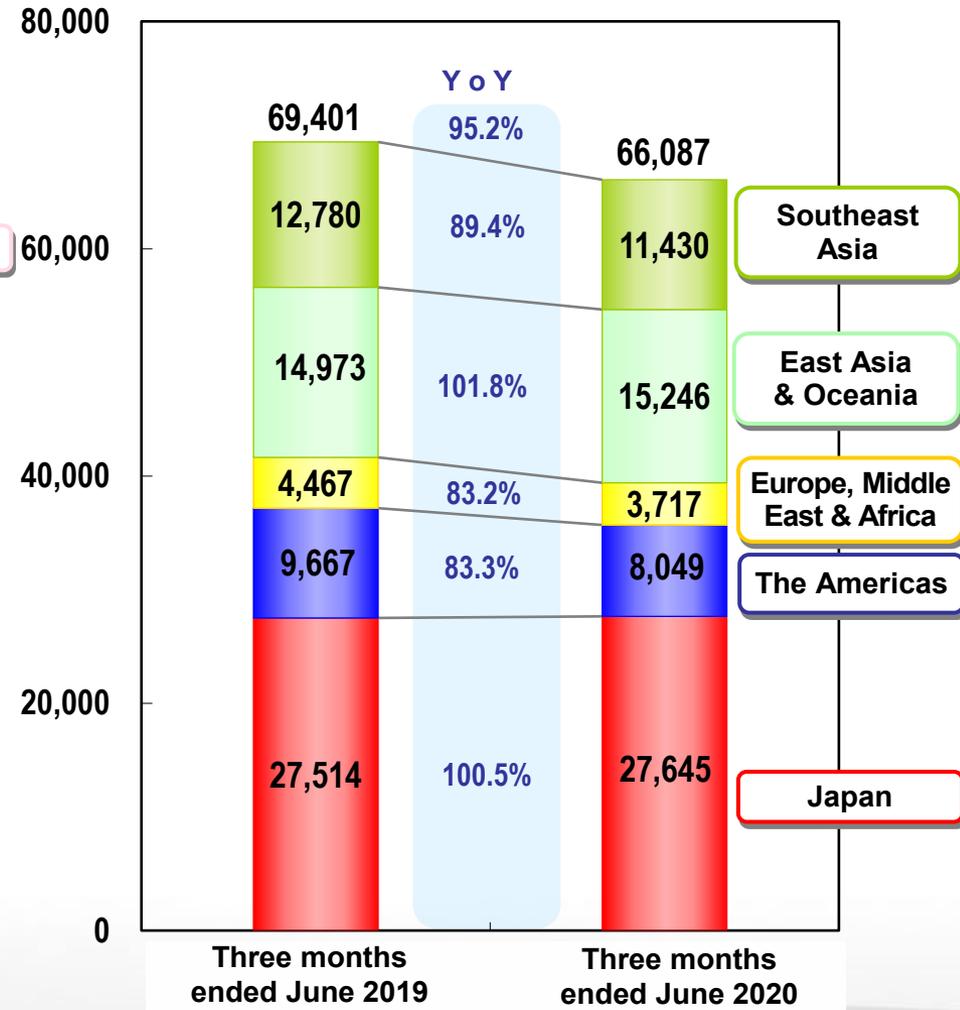
Sea Freight Exports

(Volume: TEUs)



Sea Freight Imports

(Shipments)





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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.