



Long-Term Vision & Medium-Term Management Plan

(FY Ending March 2020 - FY Ending March 2022)

May 10, 2019



Global Logistics Partner

kintetsu world express

Basic Management Policy

For the Company, which celebrates its 50th anniversary on January 2020, the newly drawn-up “Long-Term Vision” and “Medium-Term Management Plan” collectively represent the compass that will direct our course for the next half-century.

In order to sustain growth in a volatile market, the Group will implement business expansion policies, prioritizing the core operations of air freight and sea freight forwarding while maintaining an asset-light logistics business model to preserve service flexibility. As we and APLL—a primarily supply chain solutions provider—integrate our future directions, our combined diversity of logistics services will enable business expansion in the global market, further enhancing corporate value as we progress to become a “Global Top 10 Solution Partner: A Global Brand Born in Japan.”*

For that reason, we must not only empower the diverse individuals who make up the lifeblood of the Group, but also work to create and reinforce a business culture that allows people to demonstrate autonomy, innovation, and adaptability.

In order to promote expedient and dynamic business expansion on a global level, the Company will establish middle governance by delegating authority to each regional headquarters. At the same time, we will also establish a new Corporate branch, which functions as general management support of the Group and maintains necessary checks and balances.

* “Global Top 10” means that we aim to be in the top 10 globally for net sales, and for air freight and sea freight volumes.

“Born in Japan” means that we provide service rooted in our Japanese origins, characterized by minute attention to detail and a flexible approach matched to customer needs.

As we move from a three-year plan with fixed financial targets to a holistic and collaborative approach towards our “Long-Term Vision,” we will annually review and revise our initiatives in accordance with changes in the business.

Shifts in customer trends and market demands, driven by fluctuations in international politics such as the trade friction between the US and China, and geopolitical changes in Europe — exemplified by the UK’s decision to leave the EU—have a considerable impact on the state of international logistics. In such circumstances, which potentially mark a significant turning point in history, we assume that fixed projections will lose their feasibility and will need to be reviewed periodically. However, an excessive focus on profit targets can lead to negative effects such as insufficient investment in our workforce, resulting in a loss of morale and motivation among employees—our most important management resource.

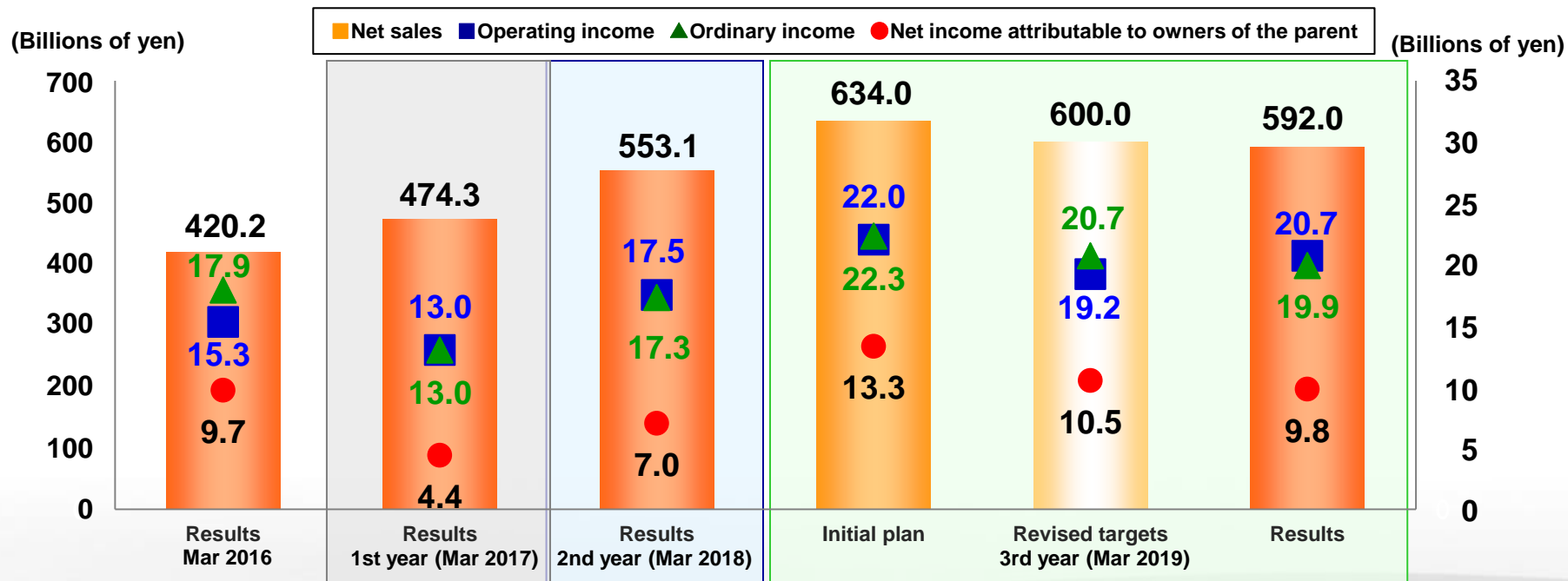
The unwavering approach towards securing profit is an important part of our identity as employees, and achieving sustainable profit growth is our mission as a company. But that does not mean that we should shortsightedly neglect our company’s welfare to maximize profit.

The Group is committed to growing our corporate value by focusing on the sound operations of the business over the medium-to-long term. Ultimately, we aim to solidify the Company as “A Global Brand Born in Japan,” to be a Company that is not only trusted and respected by customers and investors alike, but also instills our employees with a sense of pride and solidarity as contributors and stakeholders of the Group.

Review of the Previous Medium-Term Management Plan (FY Ended March 2017 – FY Ended March 2019) (1)

Achievement rate of performance targets

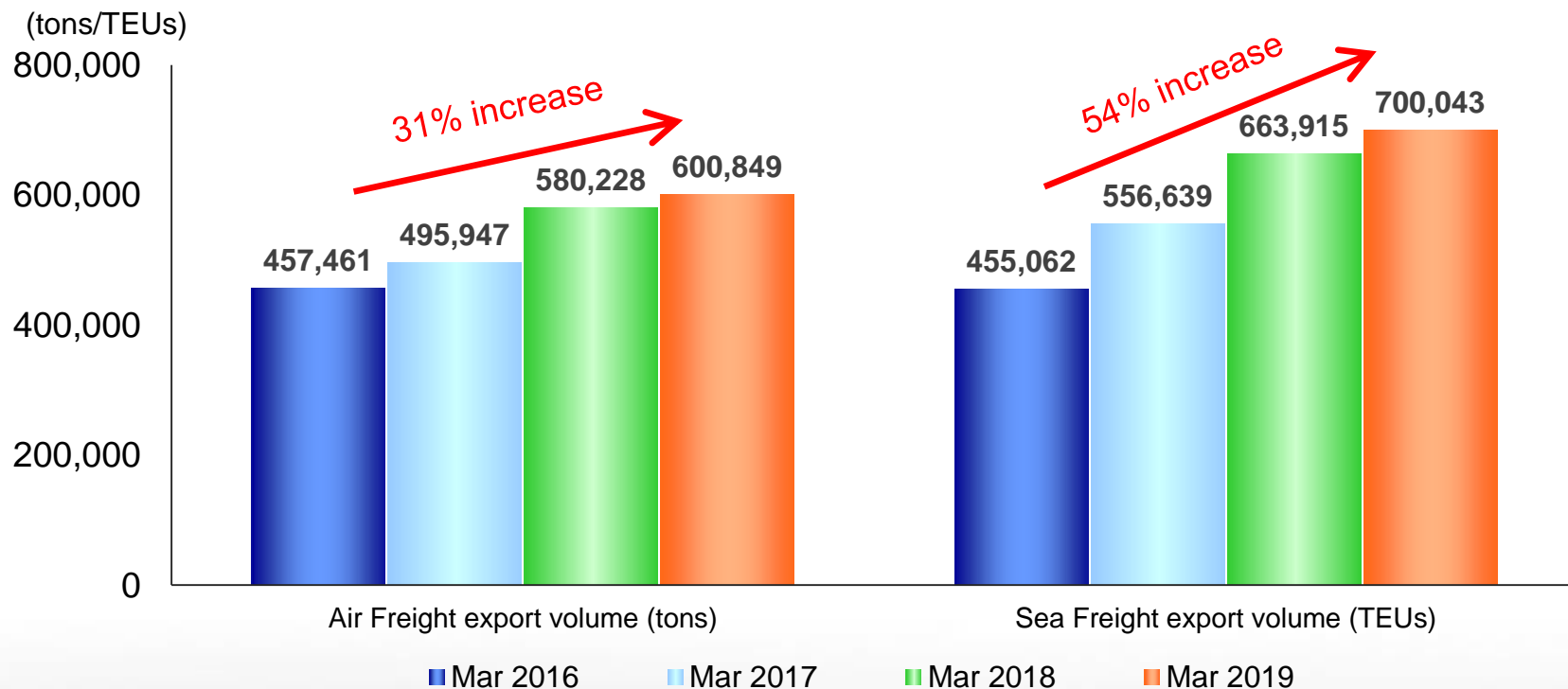
	Mar 2016 (Results)	Initial plan (Mar 2019)	Revised targets (November 2018)	Mar 2019 (Final results)	Achievement rate of initial targets	Achievement rate of revised targets
Net sales	¥420.2 billion	¥634.0 billion	¥600.0 billion	¥592.0 billion	93%	99%
Operating income	¥15.3 billion	¥22.0 billion	¥19.2 billion	¥20.7 billion	94%	108%
Ordinary income	¥17.9 billion	¥22.3 billion	¥20.7 billion	¥19.9 billion	89%	96%
Net income attributable to owners of the parent	¥9.7 billion	¥13.3 billion	¥10.5 billion	¥9.8 billion	74%	94%



Review of the Previous Medium-Term Management Plan (FY Ended March 2017 – FY Ended March 2019) (2)

Achievement rate of freight volume targets

	Mar 2016 (Results)	Initial plan (Mar 2019)	Revised targets (November 2018)	Mar 2019 (Final results)	Achievement rate of initial targets	Achievement rate of revised targets
Air Freight export volume (tons)	457,461	700,000	600,000	600,849	86%	100%
Sea Freight export volume (TEUs)	455,062	700,000	700,000	700,043	100%	100%



“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 (Ton)	Over 1 million
Sea Freight (TEU)	Over 1 million
Financial Soundness	Net interest-bearing debt: Zero

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

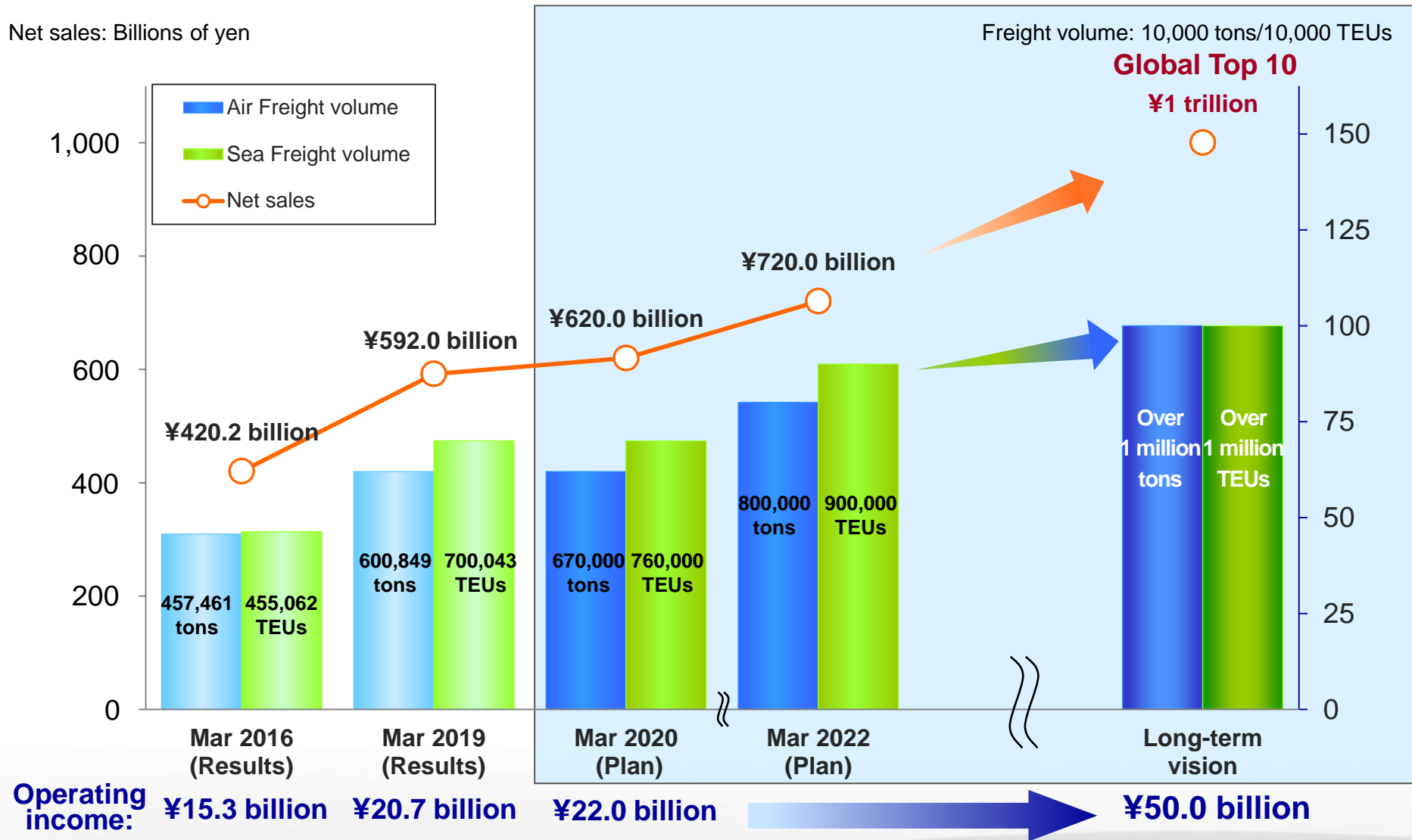
Expand business scale by concentrating on core business

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">● 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

Long-Term Vision and Medium-Term Management Plan



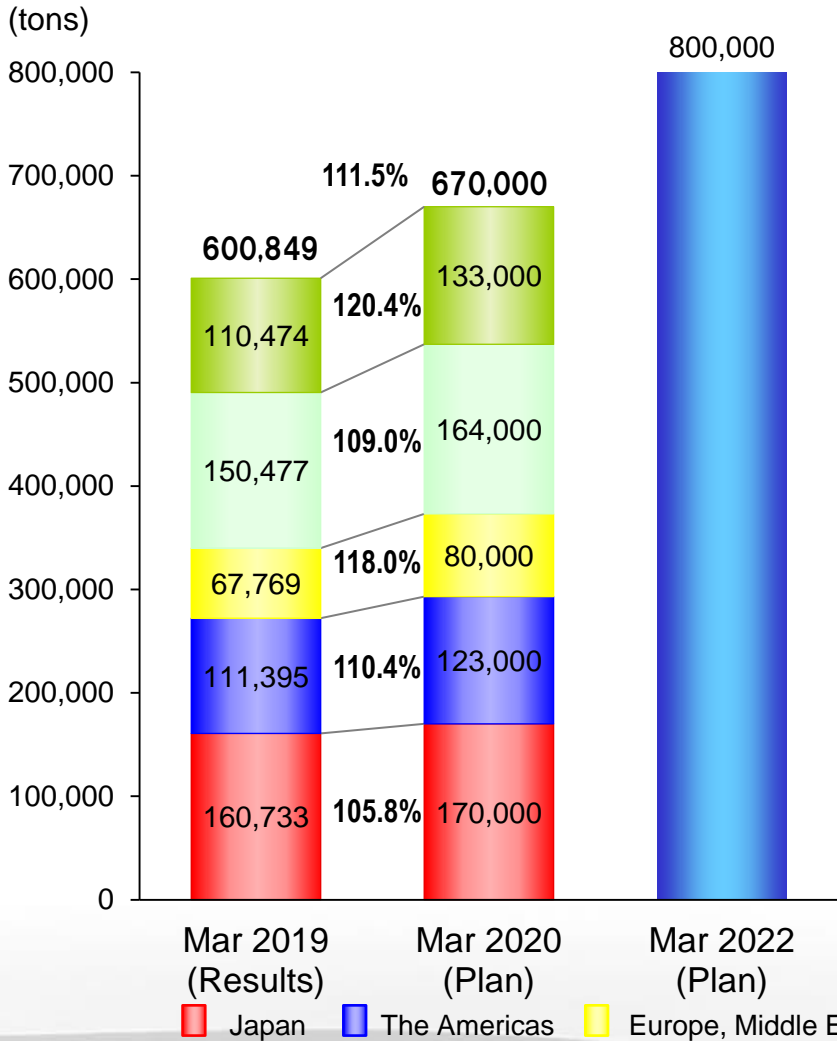
Net sales: Billions of yen



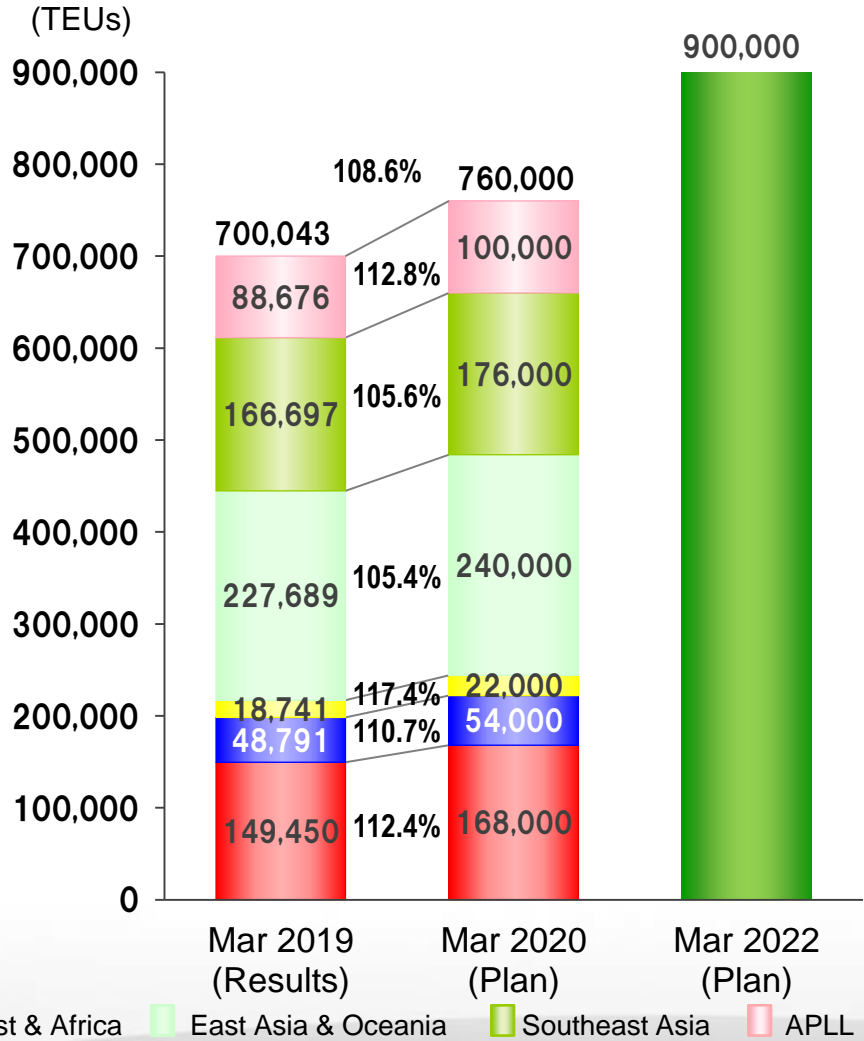
Medium-Term Management Plan Volume Targets



Air Freight Exports



Sea Freight Exports



◆ Enhancing Group Governance

- Establishing a new Corporate branch to provide global support
- Establishing a Japan Regional Headquarters and strengthening each region's self-sufficiency
- Ensuring compliance with statutory requirements and internal regulations
- Strengthening the group risk management system

◆ Developing a global Human Resources

- Building a global HR platform
- Developing global talent management systems to drive sustainable performance for multinational organizations.

◆ Planning and installing IT systems of the next generation

- Expanding functions of the core system
- Promoting an asset-light model in IT
- Reinforcing IT governance

◆ Improving Financial stability

- Improving the Equity Ratio
- Reducing net interest-bearing debt

—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 (*1), Aircraft, Energy
 - New Industry Group: Retail, Perishables
- (*1) 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

—Operations Strategy—

◆ Cost reductions by economies of scale

- AIR: Secure critical space capability to aim for 800k tons by developing a procurement system
- SEA: Centralized Procurement by Global Procurement Center

◆ Improvements in operational efficiency

- Establish an optimum gateway service
- Pursue consolidation efficiency
- Promote shared service

Medium-Term Management Plan

— APLL's Business Strategy —

◆ Automotive

- Continue to grow and expand North/South rail-based solutions and Yard Management in North America
- Build and expand “AutoLinx” (*2) in India
- Promote “AutoDirect” (*3) in EMEA

(*2) Rail-based finished vehicle transportation service

(*3) Container-based finished vehicle transportation service

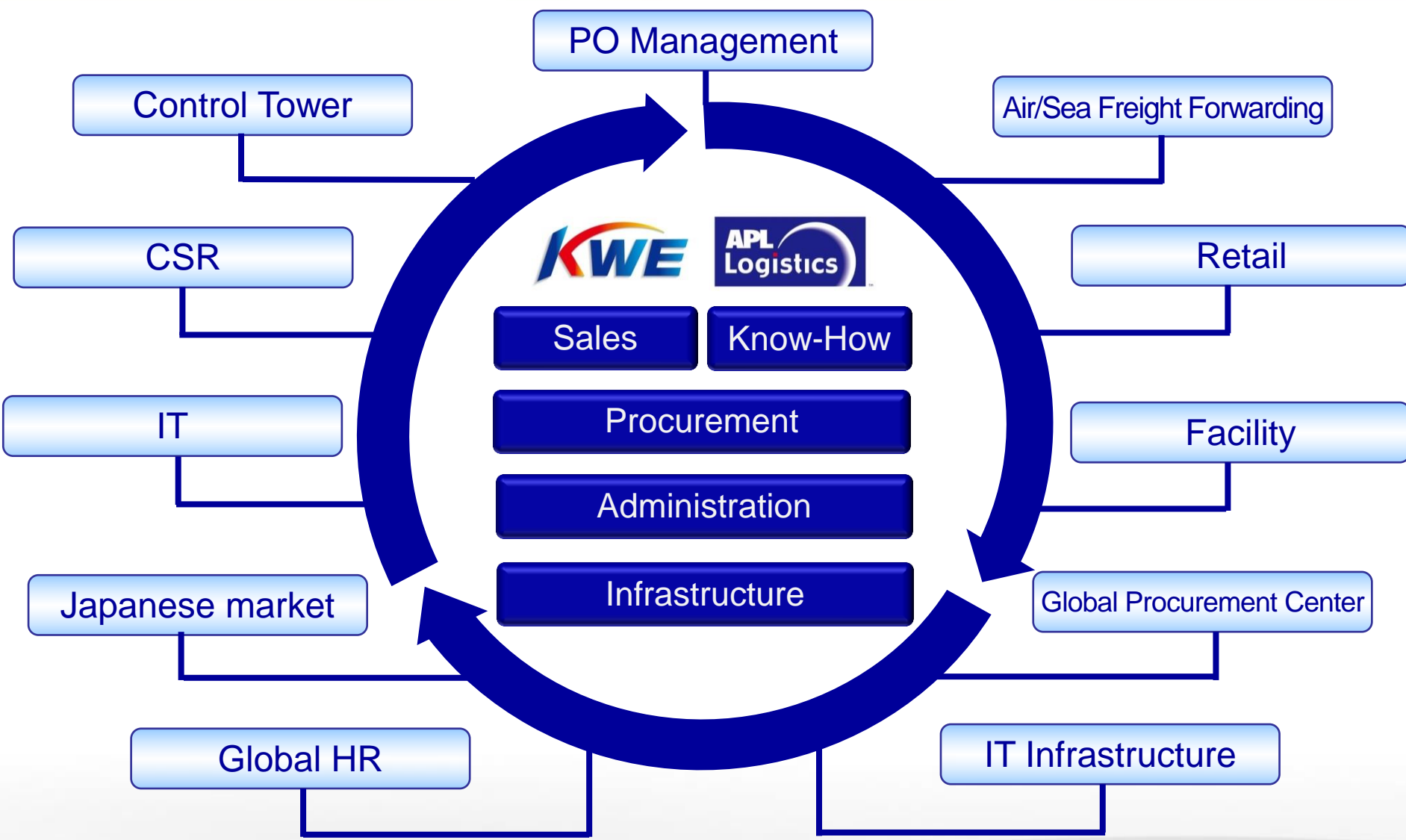
◆ Retail

- Provide a variety of solutions that meet the needs of major customers
(Control Tower, PO Management, Data Management, Consolidation/Deconsolidation etc.)
- Build and provide solutions adapting to the Digitalization

◆ Consumer and Industrial

- Enhance productivity by improving operational quality and introducing new technologies in the logistics business
- Provide solutions highly rated in Retail vertical

KWE/APLL Integration & Collaboration



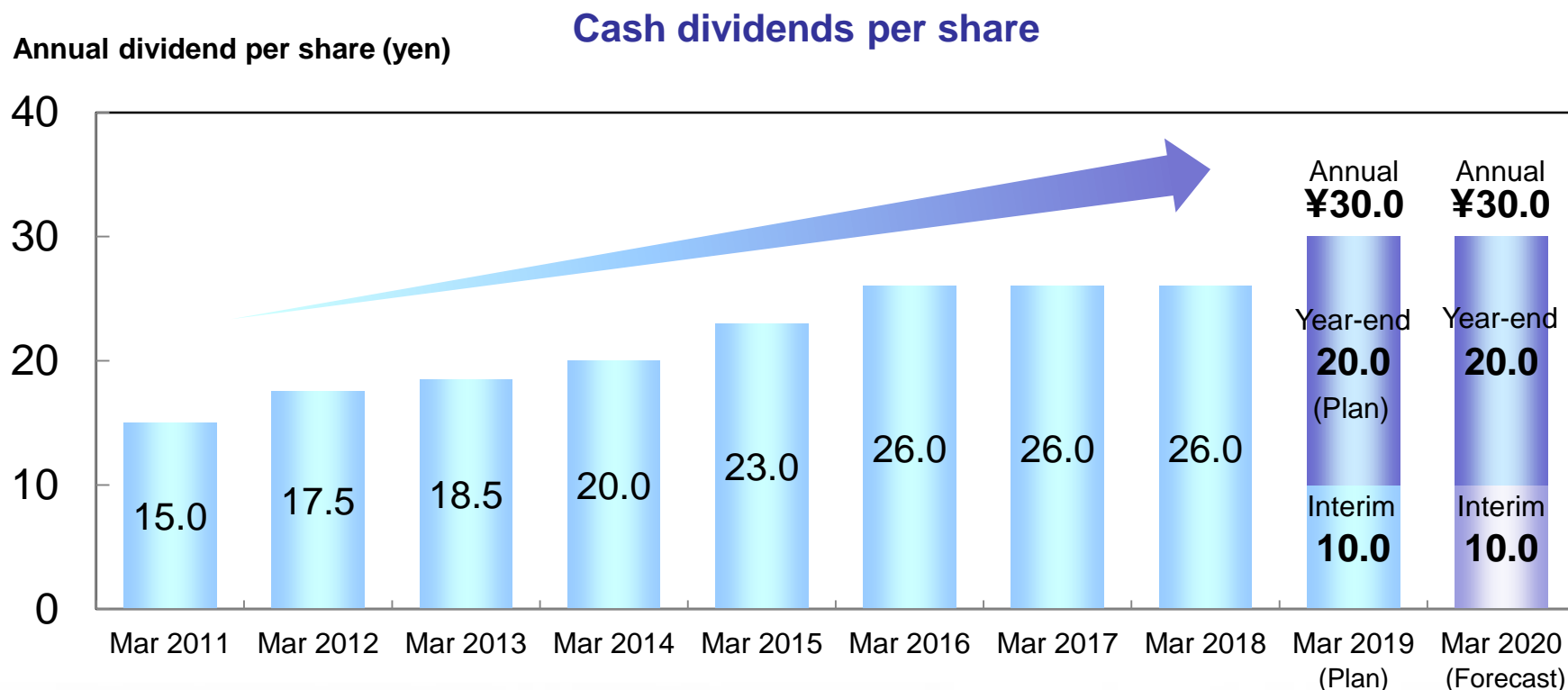
Main capital investment

- ◆ IT (hardware, software, system development)
- ◆ Logistics facilities (warehouse, warehouse equipment), office
- ◆ Vehicles, etc.
- ◆ M&A

Capital investment plan (3 years): Approx. ¥25 billion

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.



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.