

Notice of Recording
Share of Loss of Entities Accounted for Using Equity Method
and Revision of Earnings Forecasts

Kintetsu World Express, Inc. (“KWE”) today announced that it expects to record share of loss of entities accounted for using equity method as follows for the first three months of the fiscal year ending March 31, 2020 (from April 1, 2019 to June 30, 2019). Additionally, we made the following revisions to our consolidated earnings forecasts for the fiscal year ending March 31, 2020, announced on May 10, 2019.

1. Details of Share of Loss of Entities Accounted for Using Equity Method

Changan Minsheng APLL Logistics Co., Ltd. (“CMAL”), an affiliate accounted for using equity method of APL Logistics Ltd, a consolidated subsidiary of KWE, is engaged mainly in finished cars transportation in China. As CMAL is not expected to generate forecasted earnings due to a decline in automobile production and sales in the Chinese market which began in late 2018 has accelerated, KWE expects to record impairment loss of approx. ¥3,000 million as share of loss of entities accounted for using equity method for the first three months of the fiscal year ending March 31, 2020.

2. Revision of Consolidated Earnings Forecasts

(1) Consolidated Earnings Forecasts for the First Six Months of the Fiscal Year Ending March 31, 2020
(April 1, 2019 - September 30, 2019)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecasts (A) (Announced on May 10, 2019)	300,000	9,300	8,900	3,600	¥50.00
Revised forecasts (B)	272,000	7,700	4,700	800	¥11.11
Differences (B) - (A)	(28,000)	(1,600)	(4,200)	(2,800)	—
Change (%)	(9.3)	(17.2)	(47.2)	(77.8)	—
(Ref.) Year ended March 31, 2019	291,321	8,859	10,504	5,014	¥69.65
(Ref.) YoY change (%)	(6.6)	(13.1)	(55.3)	(84.0)	—

(2) Consolidated Earnings Forecasts for the Fiscal Year Ending March 31, 2020

(April 1, 2019 - March 31, 2020)

(Millions of yen)

	Net sales	Operating income	Ordinary income	Net income attributable to owners of the parent	Net income per share
Previous forecasts (A) (Announced on May 10, 2019)	620,000	22,000	21,300	10,500	¥145.84
Revised forecasts (B)	560,000	17,000	13,500	5,000	¥69.45
Differences (B) - (A)	(60,000)	(5,000)	(7,800)	(5,500)	—
Change (%)	(9.7)	(22.7)	(36.6)	(52.4)	—
(Ref.) Year ended March 31, 2019	592,009	20,797	19,939	9,857	¥136.91
(Ref.) YoY change (%)	(5.4)	(18.3)	(32.3)	(49.3)	—

[Reason of Revision]

In addition to the loss to be recorded as described in 1 above, KWE is also facing severe business conditions in Japan and overseas due to impacts of the U.S.-China trade friction, China's economic slowdown, and halt of a booming demand for the transportation of electronic components until the previous year, and therefore the outlook after the first six months of the fiscal year ending March 31, 2020 remains uncertain. Accordingly, we decided to revise our consolidated earnings forecasts for the fiscal year ending March 31, 2020 as shown in 2 above.

(Reference)

(1) Revised Forecasts of Net Sales and Operating Income by Segment for the Fiscal Year Ending March 31, 2020

(Millions of yen)

Segment	Net sales	YoY change (%)	Change from the initial forecasts (%)	Initial forecasts	Operating income	YoY change (%)	Change from the initial forecasts (%)	Initial forecasts
Japan	137,000	(6.0)	(8.7)	150,000	3,550	(38.6)	(38.8)	5,800
The Americas	58,400	(5.1)	(10.2)	65,000	3,200	(5.7)	(15.8)	3,800
Europe, Middle East & Africa	38,600	(8.0)	(17.9)	47,000	1,200	(14.4)	(20.0)	1,500
East Asia & Oceania	91,900	(9.5)	(11.6)	104,000	3,600	(30.7)	(34.5)	5,500
Southeast Asia	55,400	(4.4)	(14.8)	65,000	1,800	(32.4)	(40.0)	3,000
APLL	191,500	(2.8)	(4.7)	201,000	3,450	56.6	56.8	2,200
Other	2,200	(18.1)	(26.7)	3,000	200	37.4	—	200
Adjustment	(15,000)	—	—	(15,000)	—	—	—	—
Total	560,000	(5.4)	(9.7)	620,000	17,000	(18.3)	(22.7)	22,000

(2) Revised Forecasts of Net Sales by Business for the Fiscal Year Ending March 31, 2020

(Millions of yen)

Business	Net sales	YoY change (%)	Change from the initial forecast (%)	Before revision
Air Freight	191,100	(9.6)	(15.1)	225,000
Sea Freight	163,300	(1.4)	(5.6)	173,000
Logistics	167,000	(5.2)	(8.2)	182,000
Other	38,600	(0.9)	(3.5)	40,000
Total	560,000	(5.4)	(9.7)	620,000

(3) Revised Forecasts of Freight Volume by Segment for the Fiscal Year Ending March 31, 2020

Segment	Air Freight Exports: Weight (tons)	YoY change (%)	Change from the initial forecasts (%)	Initial forecasts	Sea Freight Exports: Volume (TEUs)	YoY change (%)	Change from the initial forecasts (%)	Initial forecasts
Japan	136,000	(15.4)	(20.0)	170,000	130,000	(13.0)	(22.6)	168,000
The Americas	109,000	(2.2)	(11.4)	123,000	48,000	(1.6)	(11.1)	54,000
Europe, Middle East & Africa	66,000	(2.6)	(17.5)	80,000	18,000	(4.0)	(18.2)	22,000
East Asia & Oceania	136,000	(9.6)	(17.1)	164,000	221,000	(2.9)	(7.9)	240,000
Southeast Asia	103,000	(6.8)	(22.6)	133,000	160,000	(4.0)	(9.1)	176,000
APLL	—	—	—	—	73,000	(17.7)	(27.0)	100,000
Total	550,000	(8.5)	(17.9)	670,000	650,000	(7.1)	(14.5)	760,000

(Note) Cautionary Statement concerning Earnings Forecast

The forecasts above are based on information currently available. Actual performance may differ from the above forecast due to various factors.

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