



Financial Results:

FY Ended March 2020

(April 1, 2019 – March 31, 2020)

May 13, 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)

	FY ended March 2019	FY ended March 2020	Differences (YoY)	YoY change (%)
Air freight exports (Weight)	600	556	(44)	(7.3)
Air freight imports (Shipments)	1,340	1,207	(133)	(9.9)
Sea freight exports (Volume)	700	644	(56)	(7.9)
Sea freight imports (Shipments)	287	272	(15)	(5.3)
Net sales	592,009	544,533	(47,476)	(8.0)
Operating gross profit	96,957	93,846	(3,110)	(3.2)
Operating income	20,797	19,714	(1,082)	(5.2)
Ordinary income	19,939	17,432	(2,506)	(12.6)
Income before income taxes	9,857	4,724	(5,132)	(52.1)

Conversion Rate	FY ended March 2019	1st 6 months of FY ended March 2020	FY ended March 2020
US-Dollar	¥110.91	¥108.63	¥108.74
Euro	¥128.41	¥121.42	¥120.82
HK-Dollar	¥14.14	¥13.86	¥13.91
Chinese yuan	¥16.54	¥15.68	¥15.60

Indicators	FY ended March 2019	FY ended March 2020
EPS	¥136.91	¥65.68
BPS	¥1,690.89	¥1,615.38
ROE	8.2%	4.0%

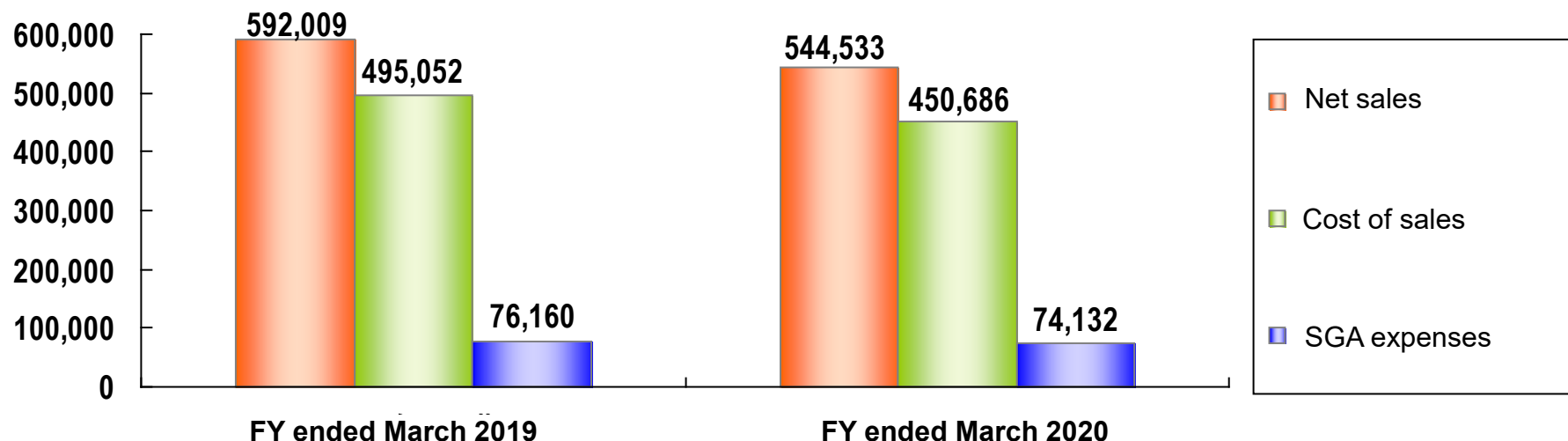
“Medium-Term Management Plan”
Final year target (FY ending March 2022)
Operating gross profit ratio: over 16.4%

FOREX impacts (consolidated)
 Net sales : ¥(12,077) million
 Operating income : ¥(603) million

	FY ended March 2019	FY ended March 2020
Operating gross profit ratio	16.4%	17.2%

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

(Millions of yen)



(Millions of yen)

	FY ended March 2019	Ratio to net sales	FY ended March 2020	Ratio to net sales
Net sales	592,009	100.0%	544,533	100.0%
Cost of sales	495,052	83.6%	450,686	82.8%
SGA expenses	76,160	12.9%	74,132	13.6%
Operating income	20,797	3.5%	19,714	3.6%

Balance Sheets (1)

(Millions of yen)

	March 2019	March 2020	Differences
Assets			
Current assets	202,018	193,964	(8,054)
Non-current assets	186,448	191,449	5,000
Property, plant and equipment	46,137	68,145	22,007
Intangible assets	114,683	102,173	(12,509)
Total investments and other assets	25,627	21,129	(4,498)
Deferred assets	—	56	56
Total assets	388,467	385,470	(2,997)
Liabilities			
Current liabilities	122,729	127,957	5,227
Non-current liabilities	133,913	130,906	(3,007)
Total liabilities	256,643	258,864	2,220
Net assets			
Total net assets	131,823	126,606	(5,217)
Total liabilities and net assets	388,467	385,470	(2,997)

Balance Sheets (2)

■ Interest-bearing debt

(Millions of yen)

FY ended March 2019	FY ended March 2020	Differences
160,933	145,544	(15,389)

■ Capital investments

(Millions of yen)

FY ended March 2019	FY ended March 2020	Differences
8,025	5,962	(2,063)

◆ Main capital investments (FY ended March 2020)

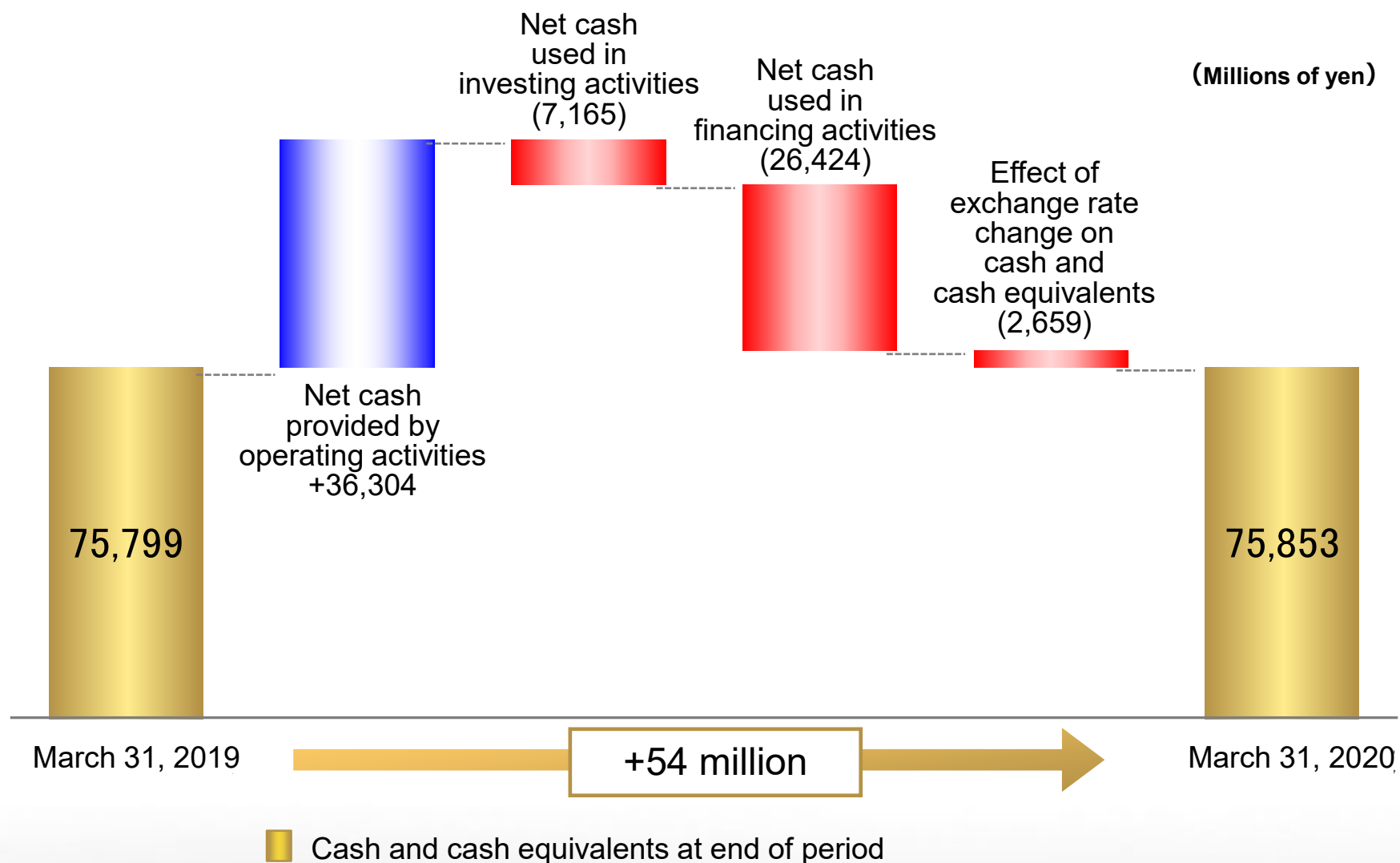
IT/software, logistics facilities, office

■ Depreciation

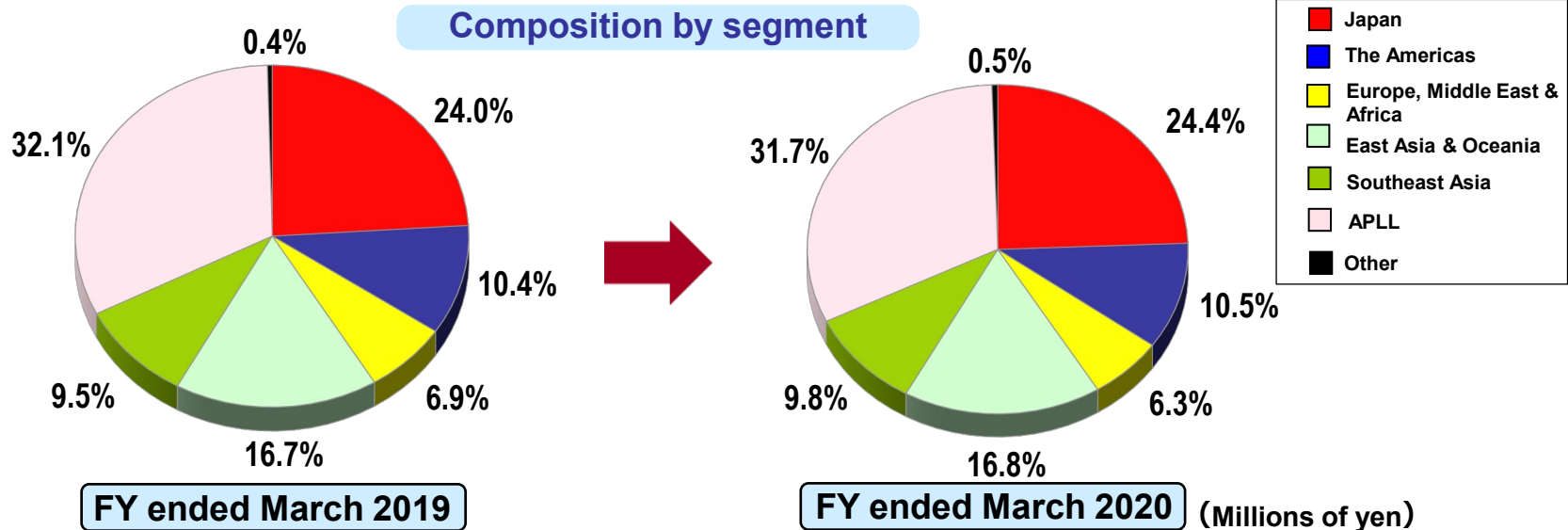
(Millions of yen)

FY ended March 2019	FY ended March 2020	Differences
8,418	17,145	+ 8,727

Cash Flow Statements



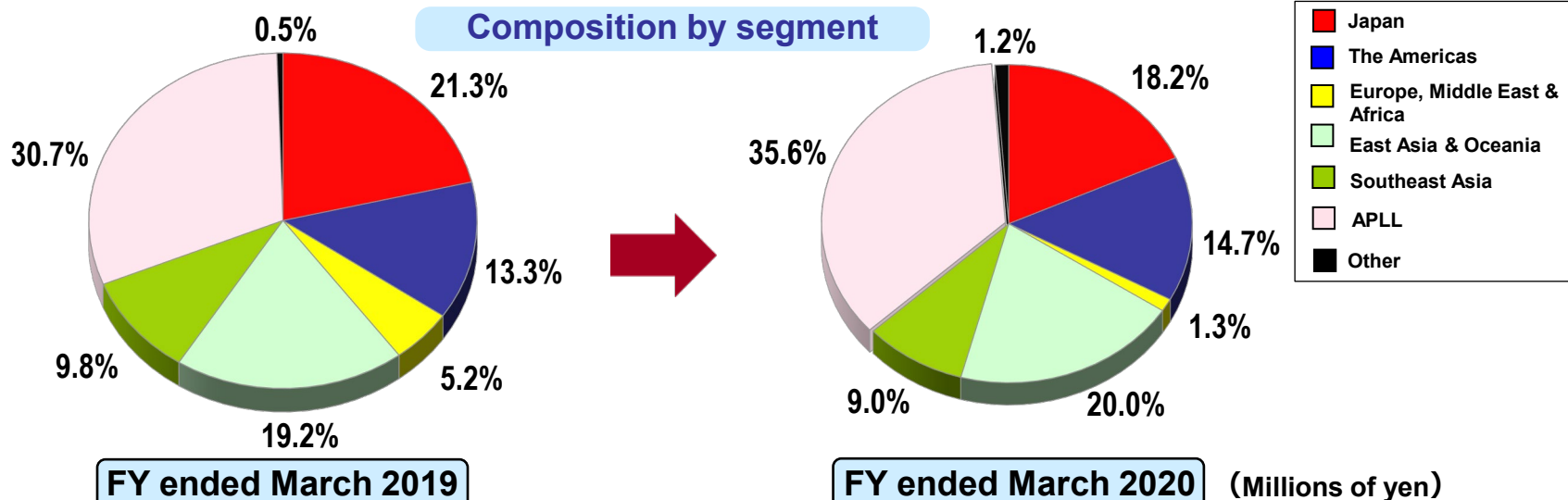
Net Sales by Segment



Net Sales by Segment	FY ended March 2019	FY ended March 2020	YoY change (%)
Japan	145,669	136,808	(6.1)
The Americas	63,476	58,793	(7.4)
Europe, Middle East & Africa	41,934	35,391	(15.6)
East Asia & Oceania	101,531	93,947	(7.5)
Southeast Asia	57,966	54,783	(5.5)
APLL	194,982	177,147	(9.1)
Other	2,685	2,727	1.5
Adjustment	(16,236)	(15,066)	—
Total	592,009	544,533	(8.0)

*Effective 2nd quarter, reportable segment of 1 consolidated subsidiary is changed to "The Americas" from "APLL." Segment results for the fiscal year ended March 2019 are presented under the new segmentation. (Impacts on results for the fiscal year ended March 2019: +¥1,941 million in the Americas, ¥(1,941) million in APLL)

Operating Income by Segment

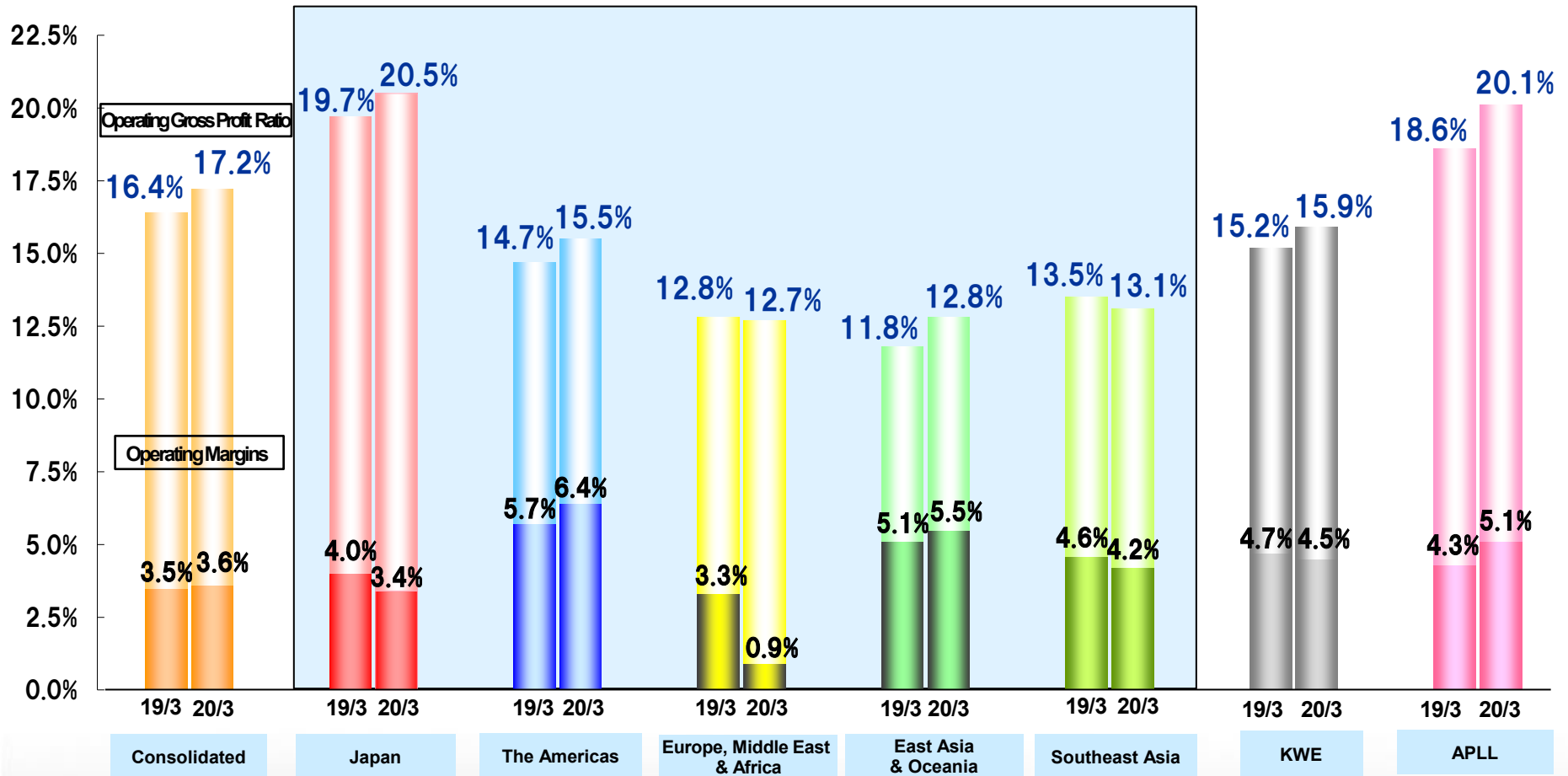


Operating Income by Segment	FY ended March 2019	FY ended March 2020	YoY change (%)
Japan	5,777	4,667	(19.2)
The Americas	3,597	3,755	4.4
Europe, Middle East & Africa	1,402	321	(77.1)
East Asia & Oceania	5,193	5,125	(1.3)
Southeast Asia	2,661	2,302	(13.5)
APLL	8,311	9,118	9.7
Amortization of goodwill	6,314	5,898	—
Other	145	303	108.3
Adjustment	20	18	—
Total	20,797	19,714	(5.2)

*Effective 4th quarter, reportable segment of 1 consolidated subsidiary is changed to “The Americas” from “APLL.” Segment results for the fiscal year ended March 2019 are presented under the new segmentation. (Impacts on results for the fiscal year ended March 2019: +¥206 million in the Americas, ¥(206) million in APLL) *Pie charts are prepared based on the amount before amortization of goodwill in APLL.

Operating Gross Profit Ratio/Operating Margins by Segment

FY ended March 2019 and 2020



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

Review of Operations

Japan

(Millions of yen)

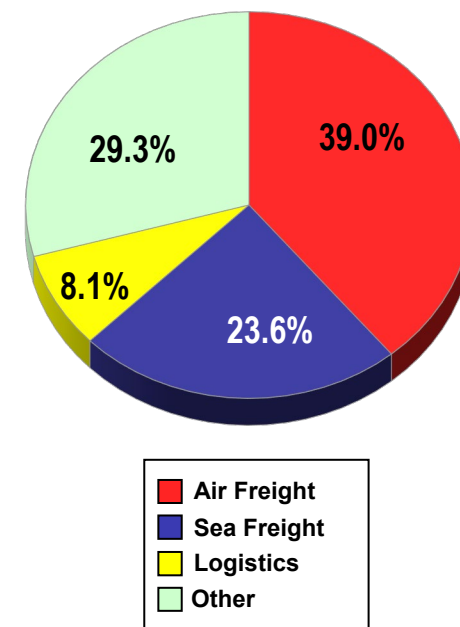
(Lower cells in parentheses show the performance of KWE Japan)

	FY ended March 2019	FY ended March 2020	YoY change	
			Amount	%
Net sales	145,669 (116,197)	136,808 (103,788)	(8,860) ((12,409))	(6.1%) ((10.7%))
Operating income	5,777 (2,949)	4,667 (1,772)	(1,110) ((1,177))	(19.2%) ((39.9%))

Freight volume	FY ended March 2019	FY ended March 2020	YoY change
Air freight exports (tons)	160,733	136,737	(14.9%)
Air freight imports (shipments)	364,092	346,072	(4.9%)
Sea freight exports (TEUs)	149,450	136,095	(8.9%)
Sea freight imports (Shipments)	115,468	108,201	(6.3%)

- Profit declined significantly due to decreases in air/sea freight exports
- Domestic subsidiaries had good results due to a favorable growth of logistics

Net Sales by Business*



*Effective FY ended March 2020, "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 FY ended March 2019

Air freight	43.3%	Sea freight	23.3%
Logistics	6.8%	Other	26.6%

Review of Operations

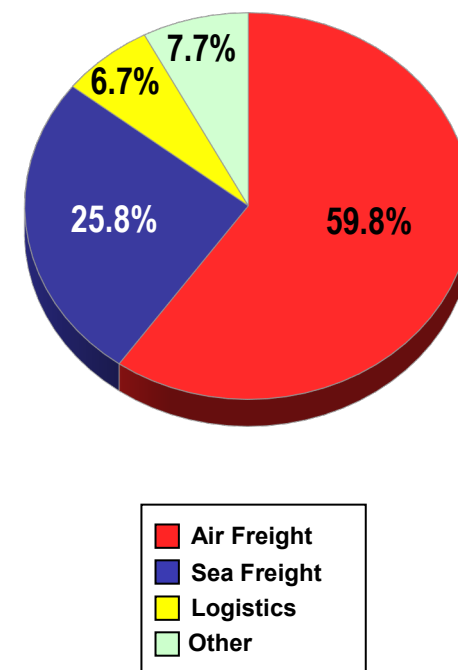
The Americas

(Millions of yen)

	FY ended March 2019	FY ended March 2020	YoY change	
			Amount	%
Net sales	63,476	58,793	(4,682)	(7.4%)
Operating income	3,597	3,755	157	4.4%

Freight volume	FY ended March 2019	FY ended March 2020	YoY change
Air freight exports (tons)	111,395	106,407	(4.5%)
Air freight imports (shipments)	134,106	117,321	(12.5%)
Sea freight exports (TEUs)	48,791	45,661	(6.4%)
Sea freight imports (shipments)	37,211	37,553	0.9%

Net Sales by Business



- Increases in healthcare and ad-hoc shipments improved profitability despite weak air/sea freight volume
- FOREX impact Net sales: ¥(1,392) million Operating income: ¥(80) million

*Effective 2nd quarter, reportable segment of 1 consolidated subsidiary is changed to "The Americas" from "APLL." Segment results for the fiscal year ended March 2019 are presented under the new segmentation (Impacts on results for the fiscal year ended March 2019: +1,941 million in net sales, +206 million in operating income).

Review of Operations

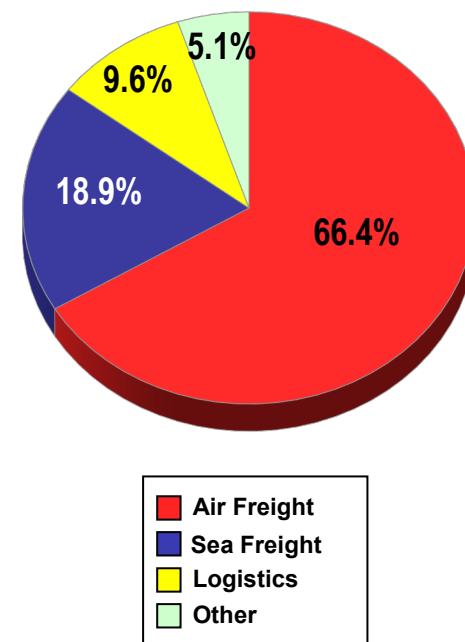
Europe, Middle East & Africa

(Millions of yen)

	FY ended March 2019	FY ended March 2020	YoY change	
			Amount	%
Net sales	41,934	35,391	(6,543)	(15.6%)
Operating income	1,402	321	(1,081)	(77.1%)

Freight volume	FY ended March 2019	FY ended March 2020	YoY change
Air freight exports (tons)	67,769	62,077	(8.4%)
Air freight imports (shipments)	131,875	101,151	(23.3%)
Sea freight exports (TEUs)	18,741	18,203	(2.9%)
Sea freight imports (shipments)	16,416	17,126	4.3%

Net Sales by Business



- Profit decreased significantly due to sluggish growth in South Africa and weak performance in the U.K. and Benelux
- FOREX impact Net sales: ¥(2,463) million Operating income: ¥(94) million

Review of Operations

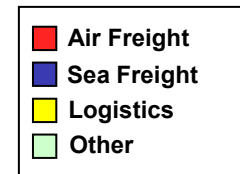
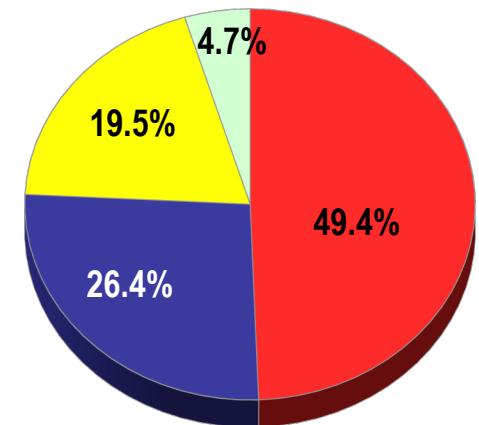
East Asia & Oceania

(Millions of yen)

	FY ended March 2019	FY ended March 2020	YoY change	
			Amount	%
Net sales	101,531	93,947	(7,584)	(7.5%)
Operating income	5,193	5,125	(67)	(1.3%)

Freight volume	FY ended March 2019	FY ended March 2020	YoY change
Air freight exports (tons)	150,477	149,328	(0.8%)
Air freight imports (shipments)	488,605	447,217	(8.5%)
Sea freight exports (TEUs)	227,689	220,479	(3.2%)
Sea freight imports (shipments)	62,492	58,859	(5.8%)

Net Sales by Business



- Air/sea freight volume decreased mainly in electronics, and logistics in China was also stagnant
- FOREX impact Net sales: ¥(5,205) million Operating income: ¥(306) million

Review of Operations

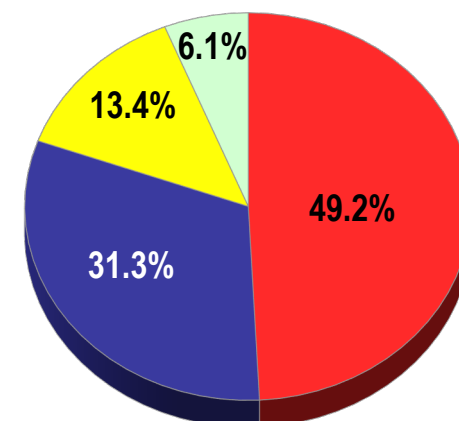
Southeast Asia

(Millions of yen)

	FY ended March 2019	FY ended March 2020	YoY change	
			Amount	%
Net sales	57,966	54,783	(3,184)	(5.5%)
Operating income	2,661	2,302	(359)	(13.5%)

Freight volume	FY ended March 2019	FY ended March 2020	YoY change
Air freight exports (tons)	110,474	102,266	(7.4%)
Air freight imports (shipments)	221,677	195,449	(11.8%)
Sea freight exports (TEUs)	166,697	162,518	(2.5%)
Sea freight imports (shipments)	55,891	50,575	(9.5%)

Net Sales by Business



- Profit declined due to a rise in direct cost ratio in addition to decreases in air/sea freight volume
- FOREX impact Net sales: ¥(501) million Operating income: ¥(12) million

Review of Operations

APLL

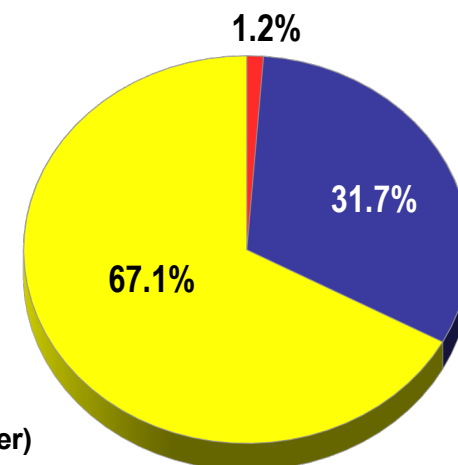
(Millions of yen)

	FY ended March 2019	FY ended March 2020	YoY change	%
Net sales	194,982	177,147	(17,834)	(9.1%)
Operating income	1,997	3,220	1,222	61.2%

- Significant profit growth mainly due to improvement in operating gross profit margin and reduction in SG&A, etc., despite a volume decrease in major automotive and retail customers
- Operating income of ¥9,118 million before amortization of goodwill (¥8,311 million a year earlier)
- FOREX impact Net sales: ¥(2,460) million Operating income: ¥(106) million

*Effective 2nd quarter, reportable segment of 1 consolidated subsidiary is changed to “The Americas” from “APLL.” Segment results for the fiscal year ended March 2019 are presented under the new segmentation (Impacts on results for the fiscal year ended March 2019 : ¥(1,941) million in net sales, ¥(206) million in operating income).

Net Sales by Business*



Due to the pandemic of COVID-19, the outlook for business environment is uncertain at this moment.

Thus, reasonable forecasts of our consolidated earnings for the period are not possible and are not to be disclosed at the moment.

We will announce them once reasonable forecasts become possible.

Business Environment and Future Prospect

Response to the Impact of COVID-19

COVID-19 Task Force has been formed. Health and safety of all the staffs and their family members are always at the top priority. Thus the task force has given instructions to prevent infection, change working system as well as to support our valuable customers based on BCP. At the same time, we are always updating situations in overseas timely, and are sharing it internally and externally.

Even in the cities and countries under “lockdown”, logistics is positioned as one of the “essential businesses” to maintain social infrastructure. KWE is to make its maximum effort to continue its operations to fulfill the needs of the global society.

Stagnant global demand for transportation

The production shutdown started in China in February 2020 has spread all over the world in and after March. Widespread consumption decline is raising concerns over further stagnation in transportation demand for coming months ahead.

Decreased space, increased freight cost

Significant reduction of passenger flights resulted in a decrease in air freight space. We strive to secure stable capacity through ad-hoc transactions. Freight cost is still to remain high.

Medium-Term Management Plan

Major Progress in the First Year (1)

◆ Strengthening Our Business Platform

Group Governance

- Establishing a new Corporate branch to provide global support
Planning & Administration/Finance & Accounting/IT/HR/Sales & Marketing/
Audit/Internal Control
- Established Japan Regional Headquarters

Next Generation IT Systems

Started introducing “TED,” a business system that complements the current system, in major offices to improve business efficiency

Financial Stability

- Interest-bearing debt decreased with increased free cash flows.
Net interest-bearing debt decreased 15.5 billion yen from March 31, 2019 to 65 billion yen
- New corporate bond issuance of 10,000 million yen with the aim of diversifying financing methods

Medium-Term Management Plan

Major Progress in the First Year (2)

◆ Sales Strategies

Key Customers Development

Corporate Accounts (CA): Air freight volume increased 4% YoY and sea freight volume decreased 3% YoY

Industry Verticals

Electronics and automotive: Decreased due to U.S.-China trade friction and the slowdown of the global economy

Healthcare: Expanded the customer base with a steady volume growth

Retail: Promoted the group-wide strategy including collaboration with APLL

Further Volume Growth in Asia

- Started operation in Sri Lanka (Oct. 2019)

- Business expansion in focus areas

(FY2019 YoY handling volume)

Indonesia: Air freight (14%)	Sea freight	+5%
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Vietnam : Air freight +90%	Sea freight	+9%
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Medium-Term Management Plan

Major Progress in the First Year (3)

◆ Operations Strategies

Cost Reductions

Air: Established Forwarding Strategies Group (FSG) to secure space, to prepare for the increase of freight volume, and to build a procurement system aiming at cost management

Sea: Group Procurement Center (GPC) in Hong Kong is promoting centralized procurement

◆ APLL

Business Promotion in Major Industry Verticals (Automotive, Retail, Consumer and Industrial)

Automotive : Increased railroad trains to enhance vehicle logistics in India

Retail : Enhanced services corresponding to digitalization

Consumer and Industrial: Provided order management services developed in Retail to major customers

Business Environment

- ◆ Further slowdown in the global economy (prolonged impact of COVID-19)
 - Contraction of production, disruption of supply chains, stagnant consumption market, reduction in trade
- ◆ Continued imbalance of supply and demand for transportation space, fluctuations in freight cost, and intermittent need for urgent transportation
- ◆ Changes in customers' supply chains

Our Countermeasures

- Timely response to changing market and customers' needs
- Stable capacity for both air freight and sea freight
- 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 ratio: 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 ～

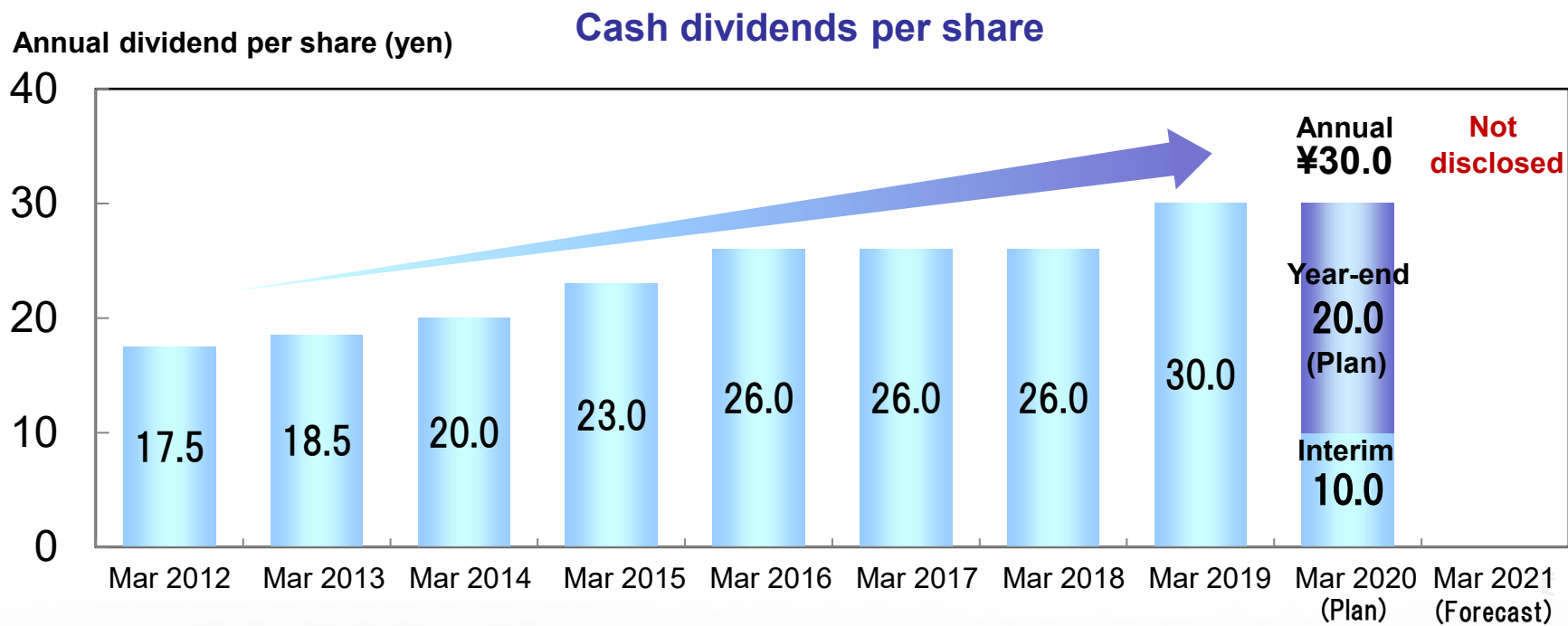
- ◆ Establish our Brand by enhancing Quality, Competitiveness, and Solutions with all our strength.
- ◆ Aim to be a preferred partner and grow a strong position in the market despite overwhelming global competition.
- ◆ Be a company where all group members take pride in their work.

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.

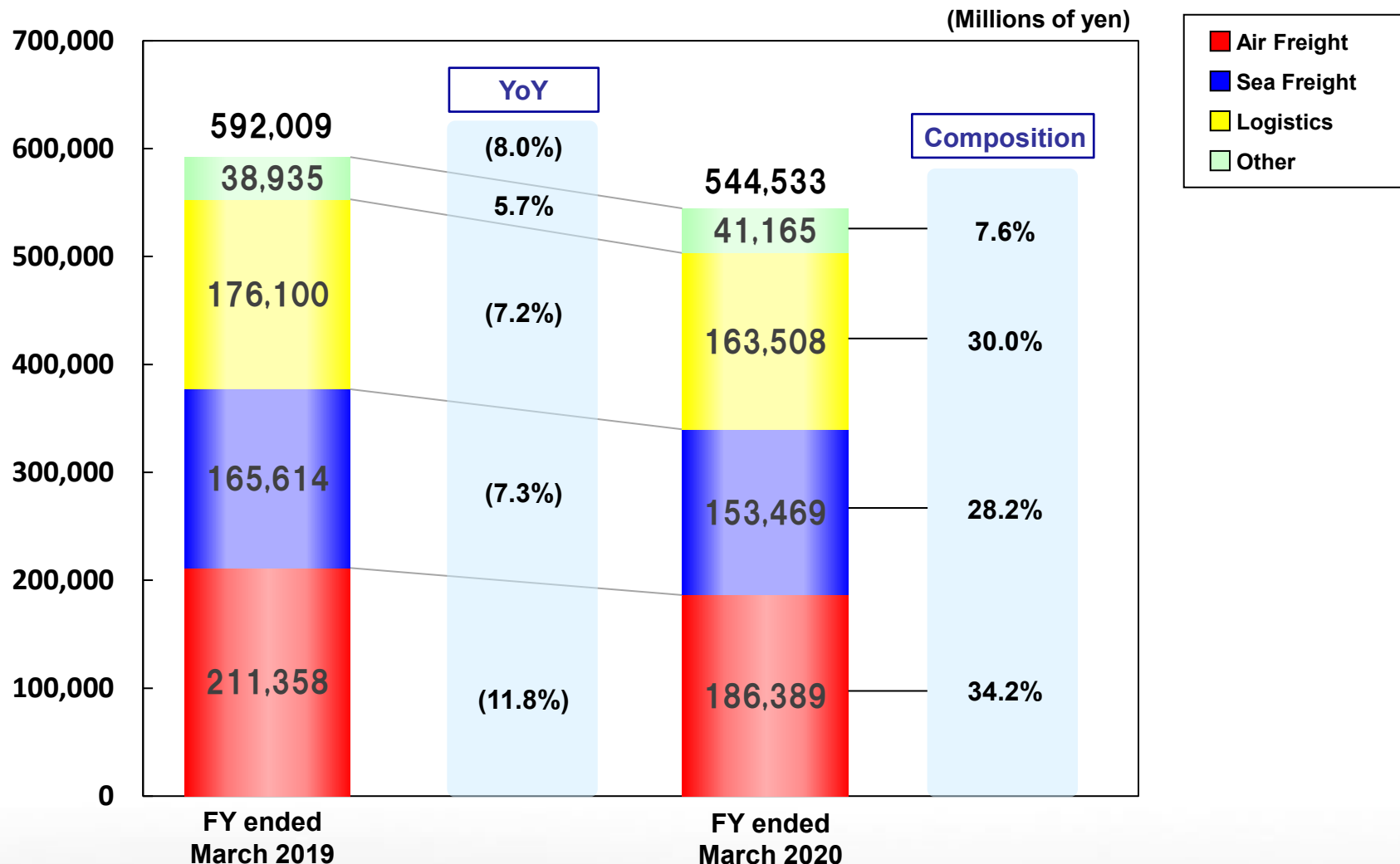
KWE has not disclosed earnings forecasts for FY ending March 2021 and therefore also not disclosed dividend forecasts. We will disclose them as soon as they become available.



*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

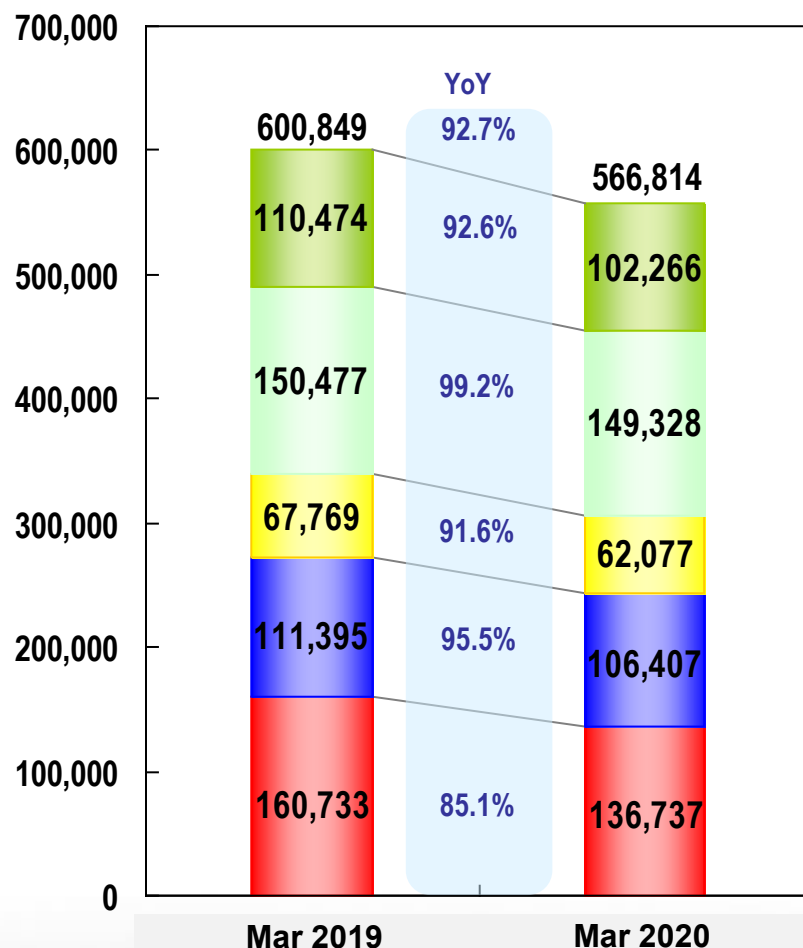
* Gross profit=Net sales—Direct cost

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

Freight Volume by Segment (Air Freight)

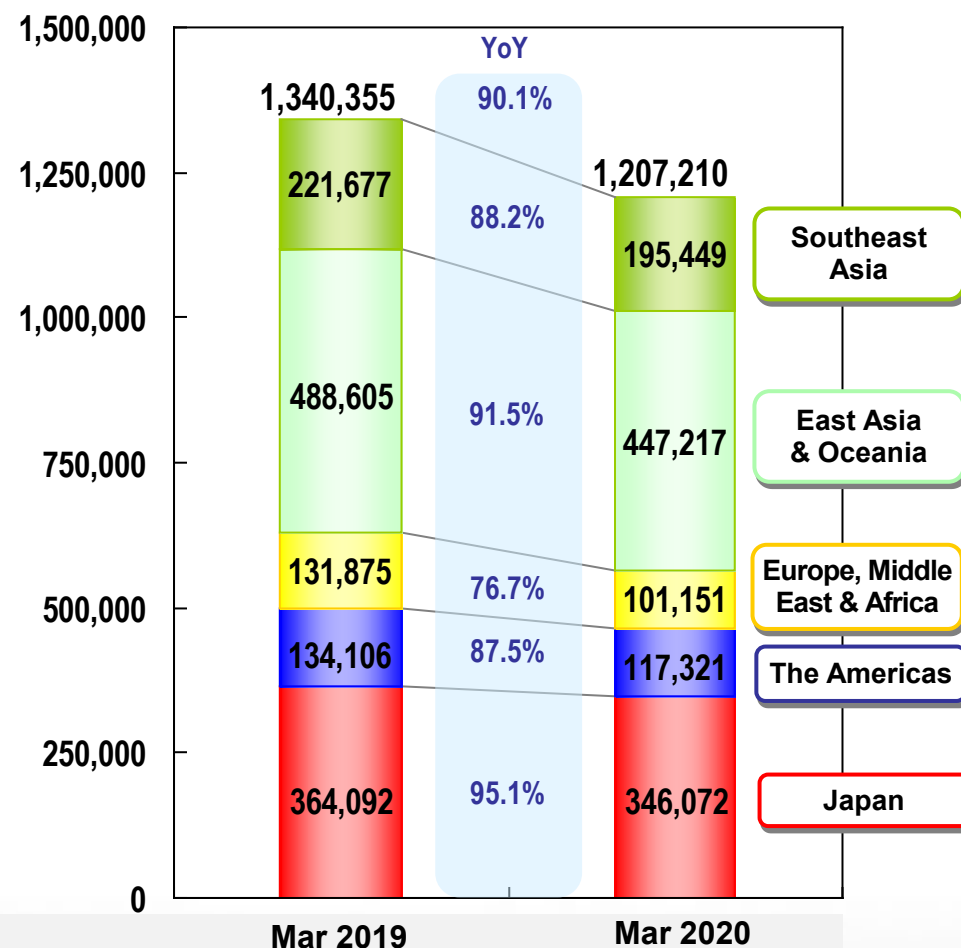
Air Freight Exports

(Weight: tons)



Air Freight Imports

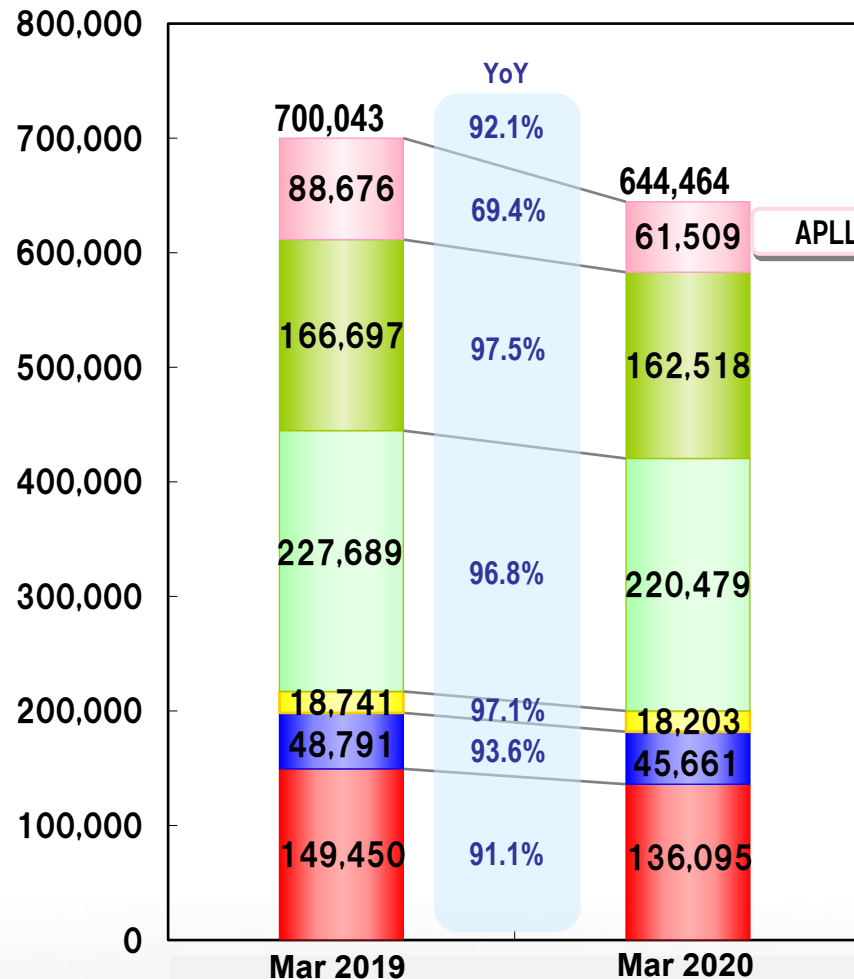
(Shipments)



Freight Volume by Segment (Sea Freight)

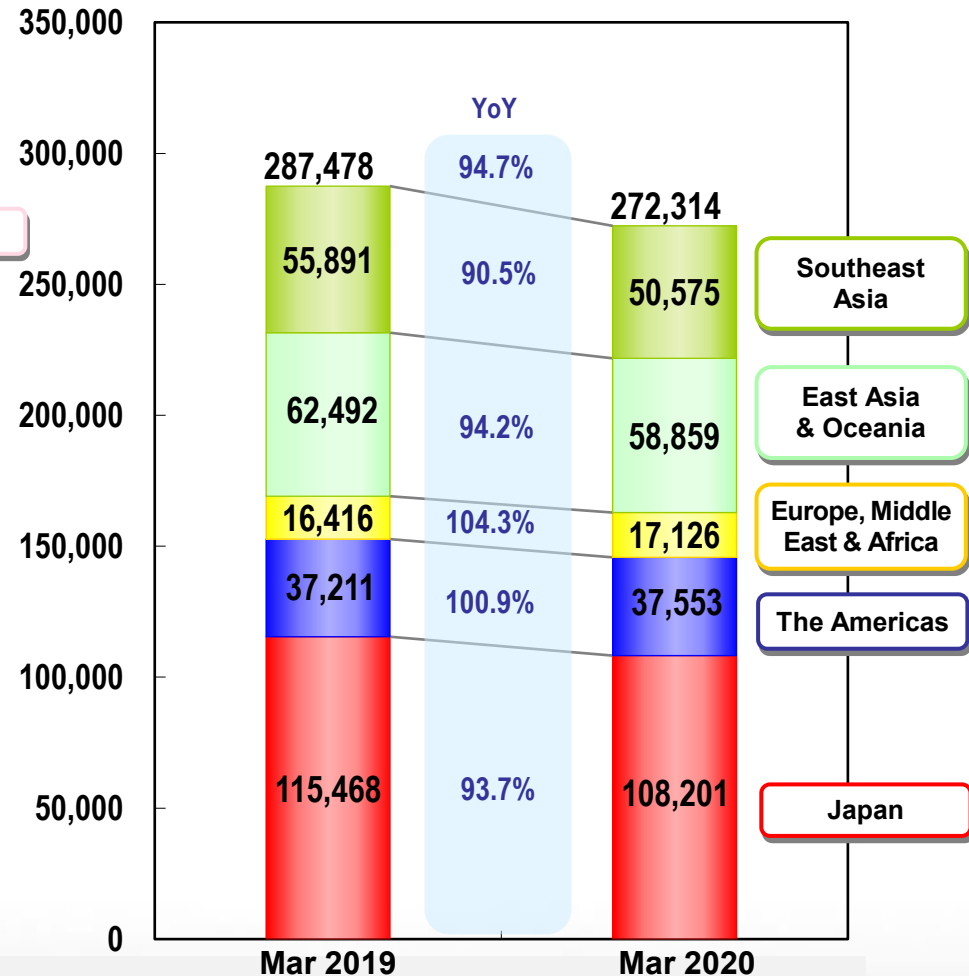
Sea Freight Exports

(Volume: TEUs)



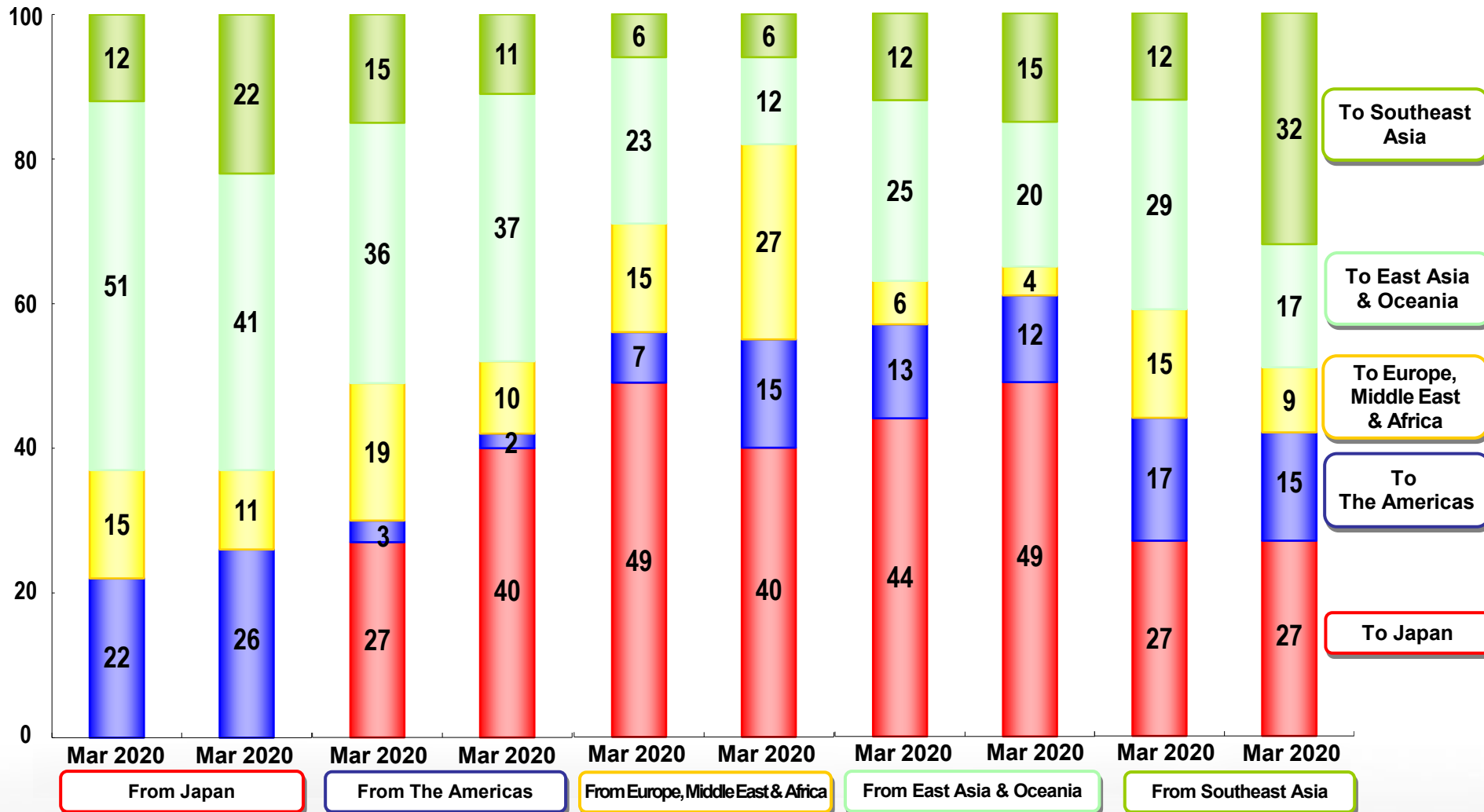
(Shipments)

Sea Freight Imports



Air/Sea Freight Export Volume by Destination

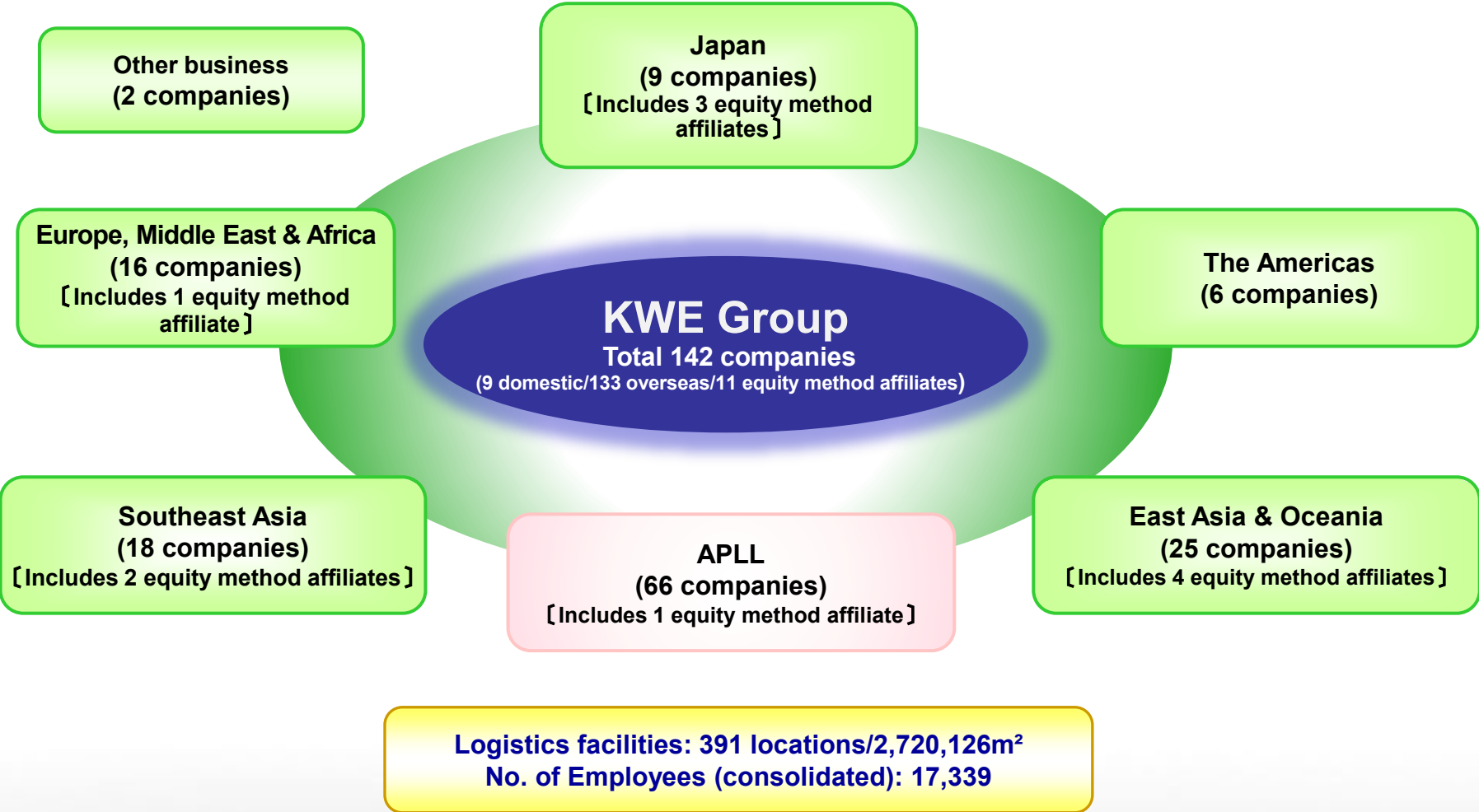
Left bar shows air freight exports and right bar shows sea freight exports (Composition ratio: %)



*The figures shown above excludes freight volume of APLL.

Our Global Network

46 countries, 311 cities, 834 locations (as of March 31, 2020)





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.