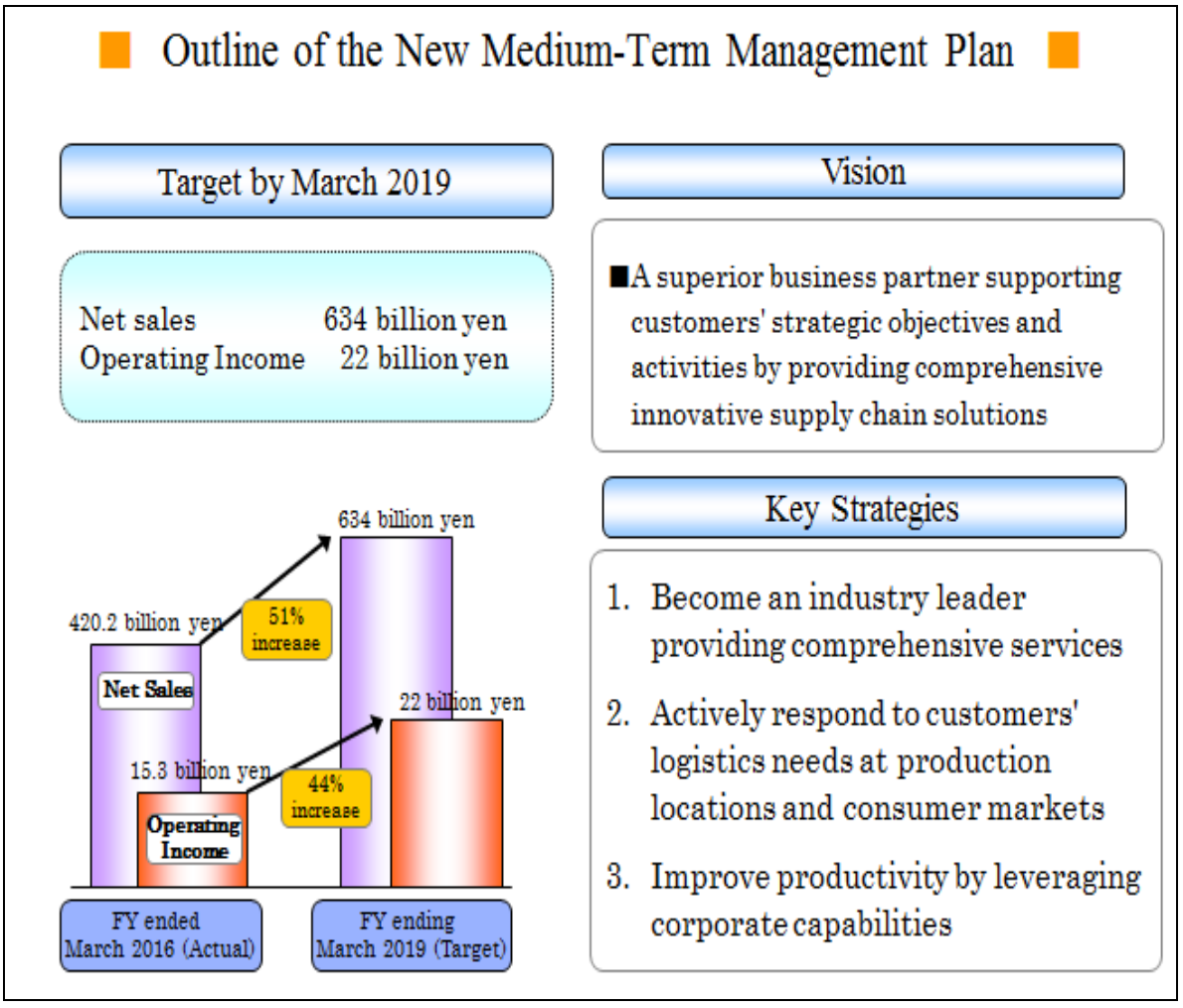
May 11, 2016

Kintetsu World Express, Inc.

New Medium-Term Management Plan: “ Going to the Next Phase ! ” (FY ending March 2017 - FY ending March 2019)

Kintetsu World Express, Inc. (KWE) announces that it has established its New Medium-Term Management Plan —“Going to the Next Phase !”— for the period from the fiscal year ending March 2017 through the fiscal year ending March 2019.



＜Goals and Background of the New Medium-Term Management Plan＞

In recent years, uncertainty about the developed nations is increasing, and the economy of ASEAN countries, which used to be good, is also slowing down under the influence of the decelerated Chinese economy. Even under such environment, it is imperative for us to expand its business scale by increasing the freight volume in order to realize sustainable growth.

Looking at the logistics industry, our competitors especially in Europe and the U.S. have repeated M&As, and the leading companies have continued to grow in a big scale. We consolidated APL Logistics Ltd. and its group companies ("APLL") in May 2015. As the KWE Group and APLL can complement each other to a high degree in terms of service range, global network and customer base, which enables us to provide wider range of services and items as a group, we are now ready to compete with major players in the global market.

Under the new Medium-Term Management Plan "Going to the Next Phase!" (FY Ending March 2017 – FY Ending March 2019), the KWE Group sets the following key strategies with the aim to strengthen the management base established under the two previous Medium -Term Management Plans and become "A superior business partner supporting customer's strategic objectives and activities by providing comprehensive innovative supply chain solutions."

1. Become an industry leader providing comprehensive services

Optimizing customers' logistics with freight forwarding by KWE combined with buyers' consolidation, P/O management, rail transport by APLL

2. Actively respond to customers' logistics needs at production locations and consumer markets.

Delivering state-of-the-art solutions to customers' logistics for production, procurement, e-commerce, and products distribution

3. Improve productivity by leveraging corporate capabilities

Maximizing KWE/APLL team strength derived from synergy effects as higher efficiency of operations, cost management, optimal procurement

We are determined to exert all efforts by the entire group to secure our position as a " Global Logistics Provider ".

Numerical Targets

1. Plan Period

Three years from April 2016 to March 2019

2. Targets of Final Year (Fiscal year ending March 31, 2019)

Net Sales: 634 billion yen

Operating Income: 22 billion yen

(Billions of yen, except for the growth rate)

	2016/3	2017/3	2018/3	2019/3	Average annual growth rate over three years
Net Sales	420.2	534.0	569.0	634.0	14.7%
Operating Income	15.3	16.4	19.0	22.0	12.9%
Ordinary Income	17.9	17.0	19.5	22.3	7.6%
Net Income attributable to owners of the parent	9.7	9.8	10.9	13.3	11.1%

3. Volume Target of Final year (Fiscal year ending March, 2019)

Air freight export： 700,000 tons (+53% from FY ended March 31, 2016)

Sea freight export： 700,000 TEUs (+51% from FY ended March 31, 2016)

＜Key Strategies and Policies＞

Corporate Key Strategies

1. Become an industry leader providing comprehensive services
2. Actively respond to customers' logistics needs at production locations and consumer markets
3. Improve productivity by leveraging corporate capabilities

KWE Group Strategies

1. Focus on selected industry verticals
   - Automotive, Industrial, Consumer, Healthcare, Retail
2. Further volume growth in Trans-Pacific traffics and stable service with sufficient space capability
   - Promote from Asia to America / Europe businesses
3. Off shore (trilateral) business traffics
4. Rapidly expand presence in emerging countries
   - Asean countries, India, Latin America and Eastern Europe
5. Maximize Synergy Effect
   - Cross-selling, Joint procurement for Sea Freight

APLL Strategies

1. Vertical Centric Approach

   Automotive：Focus on finished vehicle logistics and after markets

   Consumer　：Focus on high-growth markets and Value- Added-Services

   Industrials：Leverage proven solutions in Retail / Auto to drive growth

   Retail：Innovate PO management and expand sales coverage outside of US

2. Specialized Solutions Provider
   - ・Enhance tool box (service menus) to provide end-to-end solutions
   - ・Commercialize IT solutions and supply chain solutions

3. Synergies with KWE
   - ・Cross-selling, Joint procurement for Sea Freight

＜Strengthen Core Competences＞

1. Maximize efficient utilization of corporate resources
   - ・Rationalization of corporate IT infrastructure
   - ・Establish programs for global recrutment and human resource development

2. Strengthen corporate risk management capabilities
   - ・Promote group risk management system

3. Heighten quality of operational performance
   - ・Promote operational standardization