

INFORMATION

The documents following this cover sheet exist solely to provide English translations of selected information contained in the original Japanese text of the documents provided to shareholders as of September 30, 2019.



The 133rd NYK Group Interim Report Fiscal 2019

From April 1, 2019
to September 30, 2019

● Greetings from the President

I would like to express my sincerest gratitude to all of the company's shareholders for your understanding and support of the NYK Group's activities. I am pleased to have this opportunity to report as follows on NYK Line's financial results for the second quarter of the fiscal year ending March 31, 2020.

The interim consolidated results were revenue of ¥824.7 billion, operating profit of ¥15.8 billion, recurring profit of ¥16.0 billion and profit attributable to owners of parent of ¥11.1 billion. These results are a significant improvement compared to the interim net loss recorded in the same period last year.

In the liner trade business, the business performance greatly improved compared to the same period last year at Ocean Network Express Pte. Ltd. (ONE) as a result of carrying out measures such as stabilizing customer service and optimizing the cargo portfolio. In bulk shipping, along with the earnings from the stable-freight-rate businesses centered on LNG carriers and offshore business, the energy division was supported by market improvements including continued high levels in the LPG carrier market. Furthermore, the car transportation division worked to increase the efficiency of vessel deployments including route rationalization and recorded strong results. On the other hand, in the dry bulk division, markets were weak following the supply disruptions of iron ore in Brazil and Western Australia. They rose from the summer as shipments recovered from the supply disruptions, but these improvements will not be reflected in the results until the second half. As a result, the overall bulk shipping results fell compared to the same period last year. The air cargo transportation and logistics business continued to face difficult market situations caused by sluggish cargo volumes attributable to the trade friction between the US and China.

The consolidated results for the full year are forecast to be: revenue of ¥1,680.0 billion, operating profit of ¥40.5 billion, recurring profit of ¥37.0 billion and profit attributable to owners of parent of ¥26.0 billion. Regarding the dividend, an interim dividend of ¥20 per share will be issued, and it is planned to issue a year-end dividend of ¥20 per share.

At NYK, in accordance with the Medium-Term Management Plan "Staying ahead 2022 with Digitalization and Green", we are working to increase the earnings capability and strengthen our ability to withstand the changing business environment by optimizing the portfolio and securing stable-freight-rate business. In relation to the initiatives for Digitalization and Green, along with the existing initiatives, measures are being taken as a group toward the SOx regulations on bunker oil from January of next year. Also, we will create new value through the advancement of an onboard electronic money platform business, utilization of digital technology aimed at realizing maritime autonomous surface ships and specific actions towards achieving the med-/long-term environmental targets (CO₂ reduction target). At the same time, while liquidating assets and executing various measures to strengthen governance, we will come together as a group to contribute to the achievement of the sustainable development goals (SDGs) and sustainable creation of corporate and social value through the integration of ESG into our business strategy.

I ask all of the shareholders for your continued understanding and support for the NYK Group in the future.

November 2019



Hitoshi Nagasawa
President

Notes:

1. The forecast incorporates certain assumptions the Company regarded as rational expectations at the time this report was announced. Actual results could differ materially from those projected figures.
2. Fractions of amounts and the numbers of shares in this report are rounded down.
3. () indicates minus.

● **Segment results (April 1, 2019 to September 30, 2019)**

(1) Global Logistics

• **Liner Trade**

(In 100 millions of yen)

	Current interim term	The 132nd Interim term	The 131st interim term	The 130th interim term
Revenues	1,036	1,502	3,505	2,805
Recurring profit (loss)	97	(188)	133	(153)

• **Air Cargo Transportation**

(In 100 millions of yen)

	Current interim term	The 132nd interim term	The 131st interim term	The 130th interim term
Revenues	363	291	471	385
Recurring profit (loss)	(91)	(79)	(0)	(34)

• **Logistics**

(In 100 millions of yen)

	Current interim term	The 132nd interim term	The 131st interim term	The 130th interim term
Revenues	2,382	2,657	2,467	2,258
Recurring profit	23	32	12	46

(2) Bulk Shipping

(In 100 millions of yen)

	Current interim term	The 132nd interim term	The 131st interim term	The 130th interim term
Revenues	4,003	4,146	3,812	3,498
Recurring profit (loss)	142	158	50	(94)

(3) Others

• **Real Estate**

(In 100 millions of yen)

	Current interim term	The 132nd interim term	The 131st interim term	The 130th interim term
Revenues	36	38	39	48
Recurring profit	13	14	14	18

• **Other**

(In 100 millions of yen)

	Current interim term	The 132nd interim term	The 131st interim term	The 130th interim term
Revenues	768	901	791	666
Recurring profit (loss)	10	5	20	(5)

Notes:

1. Business segment results show figures before elimination of internal transactions between segments.
2. General and administrative expenses and non-operating expenses not attributable to specific segments are recorded as corporate expenses and not included in the above figures.

● **Consolidated Results in Interim Period Ended on September 30, 2019**

Business overview of the consolidated group business

The NYK Group recorded profits in its consolidated interim financial results for the fiscal year ending March 31, 2020, with revenues of ¥824.7 billion, operating profit of ¥15.8 billion, recurring profit of ¥16.0 billion, resulting in profit attributable to owners of parent of ¥11.1 billion. The full-year consolidated results are forecasted to be revenues of ¥1,680.0 billion, operating profit of ¥40.5 billion, recurring profit of ¥37.0 billion and profit attributable to owners of parent of ¥26.0 billion.

Summary of Consolidated Statements of Income

(In millions of yen)

	Current interim term From April 1, 2019 to September 30, 2019	Previous interim term From April 1, 2018 to September 30, 2018
Revenues	824,737	915,670
Cost and expenses	724,561	824,862
Gross profit	100,175	90,808
Selling, general and administrative expenses	84,339	95,003
Operating profit (loss)	15,836	(4,194)
Non-operating income	22,366	11,546
Non-operating expenses	22,183	16,382
Recurring profit (loss)	16,019	(9,029)
Extraordinary income	11,108	26,348
Extraordinary losses	7,480	18,544
Profit (loss) before income taxes	19,648	(1,225)
Total income taxes	6,392	6,511
Profit (loss)	13,255	(7,737)
Profit attributable to non-controlling interests	2,131	2,058
Profit (loss) attributable to owners of parent	11,123	(9,795)

Summary of Consolidated Statements of Cash Flows

(In millions of yen)

	Current interim term From April 1, 2019 to September 30, 2019	Previous interim term From April 1, 2018 to September 30, 2018
Net cash provided by (used in) operating activities	47,591	(13,509)
Net cash provided by (used in) investing activities	(47,623)	(130,128)
Net cash provided by (used in) financing activities	(1,325)	117,338
Effect of exchange rate change on cash and cash equivalents	(3,991)	2,401
Net increase (decrease) in cash and cash equivalents	(5,348)	(23,897)
Cash and cash equivalents at beginning of period	78,280	103,278
Increase (decrease) in cash and cash equivalents resulting from change of scope of consolidation	26	475
Increase (decrease) in beginning balance of cash and cash equivalents resulting from change in fiscal period of consolidated subsidiaries	(26)	28
Cash and cash equivalents at end of period	72,932	79,885

For detailed financial information, please see the Investor Relations page on the Company's website: <https://www.nyk.com/english/ir/>

Consolidated Balance Sheets

(In millions of yen)

	Current interim term As of September 30, 2019	Previous fiscal year As of March 31, 2019
Assets		
Current assets	451,565	472,123
Cash and deposits	76,714	79,915
Notes and operating accounts receivable-trade	198,754	219,937
Short-term investment securities	135	140
Inventories	32,510	39,308
Deferred and prepaid expenses	70,371	63,211
Other	75,331	71,909
Allowance for doubtful accounts	(2,252)	(2,299)
Non-current assets	1,584,705	1,529,295
Vessels, property, plant and equipment	967,401	897,861
Vessels	635,097	620,212
Buildings and structures	116,664	84,827
Aircraft	38,824	39,692
Machinery, equipment and vehicles	30,183	29,310
Equipment	5,677	5,729
Land	87,055	68,543
Construction in progress	48,423	44,172
Other	5,475	5,372
Intangible assets	30,129	31,335
Leasehold right	4,351	4,553
Software	7,020	6,562
Goodwill	13,610	16,404
Other	5,147	3,815
Investments and other assets	587,174	600,099
Investment securities	467,668	478,996
Long-term loans receivable	19,416	21,445
Net defined benefit asset	55,374	55,997
Deferred tax assets	6,586	6,361
Other	43,947	44,146
Allowance for doubtful accounts	(5,818)	(6,847)
Deferred assets	382	285
Total Assets	2,036,653	2,001,704

(In millions of yen)

	Current interim term As of September 30, 2019	Previous fiscal year As of March 31, 2019
Liabilities		
Current liabilities	492,721	527,553
Notes and operating accounts payable-trade	138,899	160,258
Current portion of bonds	20,000	30,000
Short-term loans payable	165,667	196,849
Commercial papers	25,000	11,000
Leases liabilities	18,419	4,151
Income taxes payable	5,772	7,536
Advances received	38,962	39,879
Provision for bonuses	8,919	9,264
Provision for directors' bonuses	276	333
Provision for stock payment	—	734
Provision for losses related to contracts	3,086	4,731
Provision for losses related to business restructuring	233	351
Other	67,483	62,461
Non-current liabilities	1,038,903	952,424
Bonds payable	132,000	125,000
Long-term loans payable	678,719	663,305
Leases liabilities	84,480	15,875
Deferred tax liabilities	51,020	49,540
Net defined benefit liability	16,973	16,837
Provision for directors' retirement benefits	1,058	1,375
Provision for stock payment	123	—
Provision for periodic dry docking of vessels	18,689	20,136
Provision for losses related to contracts	27,153	30,734
Provision for losses related to business restructuring	1,053	1,220
Other	27,631	28,400
Total Liabilities	1,531,624	1,479,978
Equity		
Shareholders' capital	482,102	477,218
Common stock	144,319	144,319
Capital surplus	45,737	42,894
Retained earnings	295,468	293,719
Treasury stock	(3,424)	(3,715)
Accumulated other comprehensive income (loss)	(14,085)	10,214
Unrealized gain (loss) on available-for-sale securities	20,394	23,156
Deferred gain (loss) on hedges	(27,288)	(15,685)
Foreign currency translation adjustments	(18,954)	(9,988)
Remeasurements of defined benefit plans	11,763	12,731
Non-controlling interests	37,011	34,293
Total Equity	505,028	521,725
Total Liabilities and Equity	2,036,653	2,001,704

- Current State (As of September 30, 2019)

◆ **Current State of the Company**

(1) Trade Name	Nippon Yusen Kabushiki Kaisha
(2) Head Office	3-2, Marunouchi 2-chome, Chiyoda-ku, Tokyo 100-0005
(3) Establishment	September 29, 1885 (Date of commencement: October 1, 1885)
(4) Paid-in Capital	144,319,833,730 yen
(5) Stock Listings	Tokyo (1st section) and Nagoya (1st section)
(6) Number of employees of NYK Group	36,137 (Note: NYK and consolidated subsidiaries only)
Number of employees of NYK	1,242 (land: 968, sea: 274) (including 67 temporary seconded employees to the Company and excluding those to other companies and dispatched workers)
(7) Number of vessels operated by NYK Group	721 (60,704,189 dwt)
(8) Independent Auditor	Deloitte Touche Tohmatsu LLC

◆ **Directors, Audit & Supervisory Board Members and Corporate Officers**

Chairman, Director, Chairman Corporate Officer	Tadaaki Naito
President, Representative Director, President Corporate Officer	Hitoshi Nagasawa
Representative Director, Senior Managing Corporate Officer	Eiichi Takahashi
Director, Senior Managing Corporate Officer	Yoshiyuki Yoshida
Director, Senior Managing Corporate Officer	Hiroki Harada
Chief Outside Director (Part-time, Independent Director)	Yoshihiro Katayama
Outside Director (Part-time, Independent Director)	Hiroko Kuniya
Outside Director (Part-time, Independent Director)	Eiichi Tanabe
Audit & Supervisory Board Member (Full-time)	Hiroshi Hiramatsu
Audit & Supervisory Board Member (Full-time)	Noriko Miyamoto
Outside Audit & Supervisory Board Member (Part-time, Independent Auditor)	Hirohide Yamaguchi
Outside Audit & Supervisory Board Member (Part-time, Independent Auditor)	Toshinori Kanemoto
Senior Managing Corporate Officer	Hidetoshi Maruyama
Managing Corporate Officer	Hitoshi Oshika
Managing Corporate Officer	Tomoyuki Koyama
Managing Corporate Officer	Akira Kono
Managing Corporate Officer	Takaya Soga
Managing Corporate Officer	Koichi Urugami
Managing Corporate Officer	Shohei Yamamoto
Corporate Officer	Svein Steimler
Corporate Officer	Yutaka Higurashi
Corporate Officer	Nobuhiro Kashima
Corporate Officer	Toru Kamiyama
Corporate Officer	Hemant Pathania
Corporate Officer	Masashi Suda
Corporate Officer	Shinya Hitomi
Corporate Officer	Taizo Yoshida
Corporate Officer	Akihiro Yoshida
Corporate Officer	Kotaro Seki
Corporate Officer	Lee Check Poh
Corporate Officer	Muneaki Saitoh
Corporate Officer	Kazumasa Okazaki
Corporate Officer	Hideki Suzuki
Corporate Officer	Hiroshi Kubota
Corporate Officer	Shinji Umehara

◆ **Current State of Shares**

(1) Total number of shares authorized to be issued	298,355,000 shares
(2) Number of shares issued	169,567,240 shares (excluding treasury stock 487,858 shares)
(3) Number of shareholders	113,255 persons (decreased by 4,287 from the previous year)

(4) Major shareholders (Top 10)

Name	Number of shares held (in thousands)
THE MASTER TRUST BANK OF JAPAN, LTD. (Trust account)	12,107
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account)	10,950
MINAMI AOYAMA REAL ESTATE INC.	7,713
MITSUBISHI HEAVY INDUSTRIES, LTD.	4,103
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 9)	3,661
MEIJI YASUDA LIFE INSURANCE CO.	3,447
JAPAN TRUSTEE SERVICES BANK, LTD. (Trust account 5)	3,171
TOKIO MARINE & NICHIDO FIRE INSURANCE CO., LTD.	2,894
JP MORGAN CHASE BANK 385151	2,559
STATE STREET BANK WEST CLIENT - TREATY 505234	2,206

(5) Shareholder composition (Breakdown of issued shares by type of shareholders)

Financial Institution	32.6%
Foreign Investors	26.3%
Individuals and Others	24.6%
Other Japanese Corporations	13.2%
Securities Firms	3.0%
Treasury Stock	0.3%

(6) Treasury stock

Shares held as of the end of the preceding term	Common Stock	484,639 shares
Shares purchased in the current interim term		
Less-than-One-Unit Share Purchased	Common Stock	3,316 shares
	Total price of acquisition	5,714,763 yen
Shares disposed in the current interim term		
Less-than-One-Unit Share Sold	Common Stock	97 shares
	Total price of disposition	169,166 yen
Shares lapsed in the current interim term		None
Shares held as of the end of the interim term	Common Stock	487,858 shares