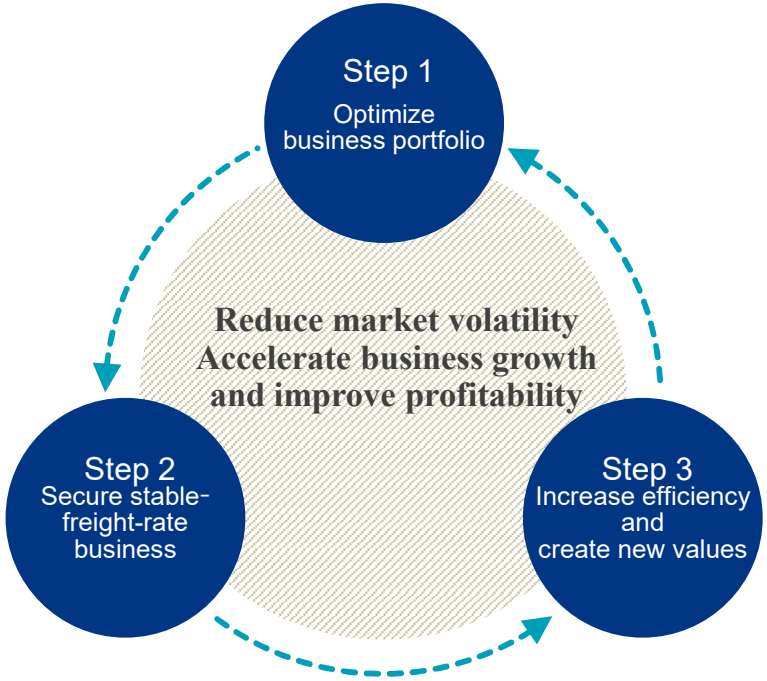
Basic strategies of "Staying Ahead 2022 with Digitalization and Green"



Step 1

Reconfigure business portfolio to withstand volatile market conditions

- ◆Decisively reform the dry-bulk business
- ◆Lead the new container JV (ONE) to success

Step 2

Develop well-balanced revenue structure

- ◆Leverage logistics capabilities with YLK
- ◆Strengthen car carrier and auto-logistics businesses
- ◆Reinforce LNG and offshore businesses

Step 3

Accelerate growth by constantly improving our technological, informational and network capabilities

- ◆Implement Digitalization and Green initiatives

Dividend policy

- Basic policy for the return of profits to shareholders is to pay stable dividends aiming for a payout ratio of 25% on a consolidated basis

Earnings and financial targets

	FY2017 Results	Medium-Term Target (by FY2022)
Recurring Profit	¥28 billion	¥70～100 billion
ROE	3.8%	min 8.0%
Equity Ratio	26.6%	min 30%
DER	1.78	1.5 or lower
Exchange rate (1US$)	¥111.19	¥105
Bunker oil prices (1MT):	$341.41	HSFO $320 LSGO $620*

*HSFO = High Sulphur Fuel Oil / LSGO = Low Sulphur Gas Oil

To achieve ROE target

ROE target → min 8.0%

Profitability
Accelerate business growth and improve profitability
Reduce cost

×

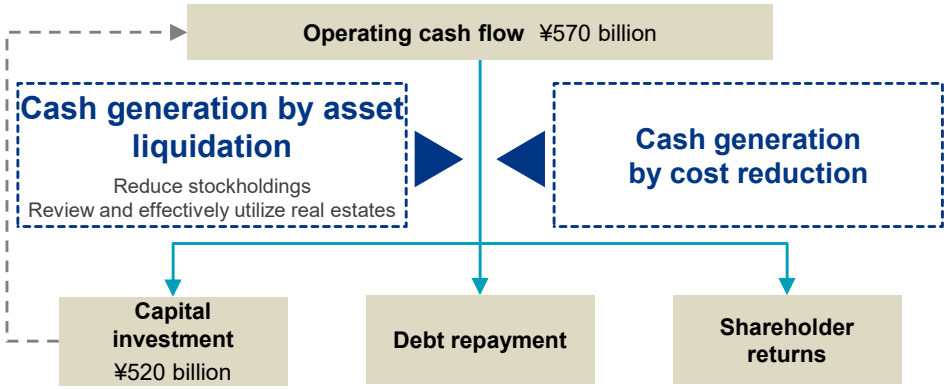
Liquidity
Reduce stockholdings
Review and effectively utilize real estates

×

Financial Leverage
Maintain investment grade or equivalent rating

Cash Flow Management

Outlook for cash flow allocation
(5 years cumulative FY2018-22)



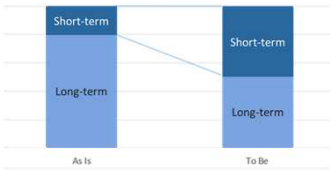
Dry-bulk

Decisively reform dry-bulk business and improve its profitability

Strengthen business structure to withstand volatile market conditions

- Strictly control market risk exposure
- Separate owner/operator functions in aim to gain cost competitiveness and market adaptability
- Optimize fleet composition based on cargo contracts
- Secure stable earnings with efficient operation and fleet allocation

Short- term chartered vessels ratio among total fleet in operation



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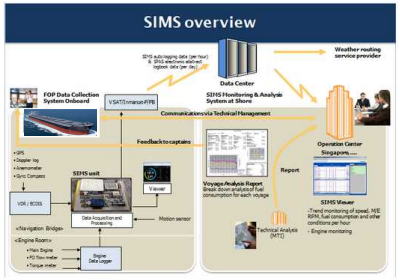
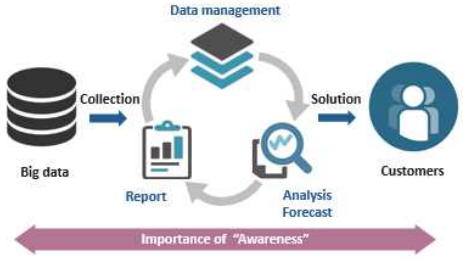
Reduce fleet and operating costs by effective application of ICT expertise

- Differentiate through expertise in IT and vessel operation
- Enhance practical application skills with usage of onboard IoT data management system (SIMS)



Enrich customer engagement with proposal-based marketing and sales activities

- Accurately identify customer needs and provide best solutions
- Further strengthen long-term and stable win-win partnership with the customers



Container shipping

Made a major strategic shift pursuing operational efficiency and economy of scale through the integration of container shipping business

Initiatives to date

Reformed service structure

- Expanding container shipping service network through THE Alliance

Reduced market volatility

- Switching to newly built large vessels with high cargo-loading rates and fuel efficiency
- Reducing fuel consumption by upgrading existing vessels
- Saving fleet and operating costs by efficiently deploying vessels
- Efficiently utilizing containers for higher profit margin

Improved technological capabilities

- Working to ensure safe, fuel efficient operations by utilizing big data

ONE OCEAN NETWORK EXPRESS

Operational Efficiency × Economy of Scale

Best practice

Creation of more synergy and enhancement of operational efficiency by integration of each company's best practice

Larger business size

Achievement of economy of scale by bringing three companies' business

Synergy of approx. 110 billion yen/year

Profit stabilization by accomplishment of synergy of approx. 110 billion yen/year

Economy of scale

Source of competitiveness

- Plan to develop services across over 90 countries
- Sustainable safety vessel operation leveraging cutting edge technology
- Carry out the IBIS project continuously to achieve optimal economic ship operations
- Forecast future worldwide container transportation plans by an optimization system incorporating mathematics and statistics model in EAGLE project.

Promote growth (Logistics Car carriers Auto logistics)

Initiatives to date

Logistics

Fully acquired Yusen Logistics

- Repositioning logistics business as the Group's core business
- Deepening collaboration of each business and strengthening sales capabilities
- Seeking synergetic effect by mutually utilizing its global network and management resources

NYK LINE (NIPPON YUSEN KAISHA) × Yusen Logistics

Car carriers Auto logistics

- Globally expanding roll-on/roll-off (RORO) terminal facilities and onshore value-added services in addition to maritime automobile transport
- Focusing on technological innovation and human resource development to maintain the highest level of quality control

Future actions

Logistics

- Enhance total logistics business and run a selective and concentrated investment policy focusing on growing industries and emerging markets
- Fully utilize the Group's management resources supported by the pillars of people, assets, IT, and capital to strengthen sales capabilities

Car carriers Auto logistics

- Focus on improvement of transportation/cargo handling efficiency using digital techniques and make proactive efforts on environmental issues
- Develop and provide a sophisticated, high-quality finished-car logistics looking ahead to the structural changes in the automotive industry

Enhance investment (LNG Offshore business)

Initiatives to date

LNG

- Winning orders for the transportation of LNG, sourced from shale gas fields in North America
- Expanding its business scope to feature offerings for transporting LNG, operating LNG-fueled vessels, and supplying and marketing LNG as marine fuel

Offshore business

- Developing business at every stage of the energy value chain, from upstream to downstream

Offshore Business and LNG Value Chain

Exploration	Prospecting , drilling	Production, storage	Inter-regional transport	Refining, liquefaction, storage	Transport	Customers	
Research vessel, Seismic vessel	Deep-sea drillship	FSO, FPSO Wheatstone Project	Shuttle Tanker	Cameron LNG Project	LNG Carriers, Tankers	FSRU	LNG-fueled vessels

Workflow | Services provided by NYK Group | Participated | Considering participation

Future actions

LNG

- Further expand and develop business in newly emerging countries.
- Strongly promote LNG marine fuel sales business in response to the increasing interest in LNG-fueled vessels

Offshore business

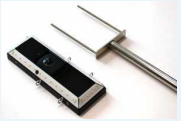
- Make selective investments in areas of strength and technological expertise
- Enter into new businesses in regards to the broad transformations in the global energy landscape and to effectively meet customers needs

Initiatives to date

Working on various technological developments and increasing operational efficiency

R&D of proprietary technologies

- Preventing engine accidents and reducing maintenance cost



Kirari NINJA

Unmanned Machinery Space (UMS) check system

Solutions through mobile apps

- Enhancing operational efficiency and service improvement through information sharing mobile apps

Onboard IoT data management system

- Enabling safe, efficient operations through data gathering, monitoring, sharing system between ship and shore

Digitalization

Increase operational efficiency

Green

Planned improvement: **10 billion yen/year**

Energy efficient vessel design

- Improving vessel energy efficiency and complying with environmental regulations

Vessels powered by next-generation fuels

- Developing LNG-fueled vessels to reduce CO2, NOX, and SOX emission

LEFT : LNG-fueled tugboat
CENTER : LNG-fueled car-carriers
RIGHT : LNG bunkering vessel

Expansion of optimum vessel operation

- Intensifying fuel-saving efforts by expanding the IBIS project to various vessel types

IBIS Project

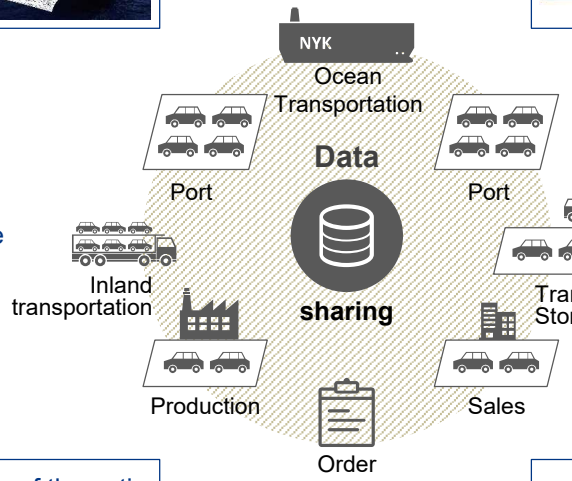
Transform the entire supply chain

Transform the entire supply chain more environmentally sustainable with the application of the latest digital technology

Simulation technology by Digital Twin concept

Optimization of route, operation, and cargo space planning

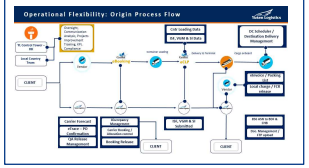
R&D for advanced automation ship



Lead-time reduction

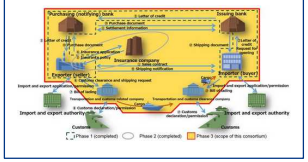
Operational Process efficiency

Visualization of the entire supply chain with centralized information



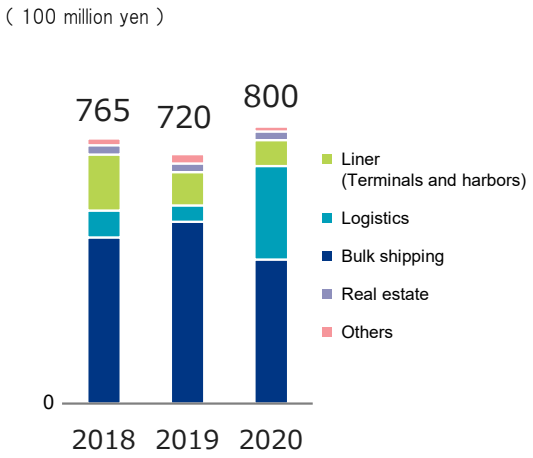
Digital forwarding

Trade platform development using block chain technology



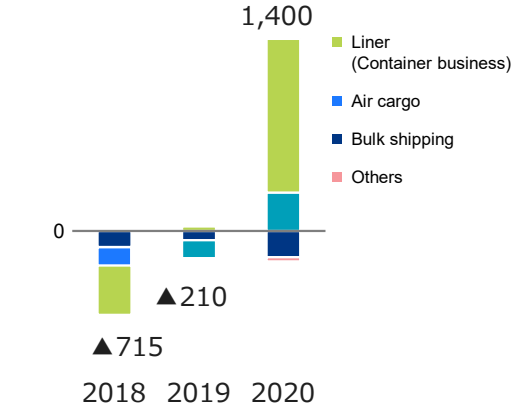
		Plan	Progress/Initiatives
Step 1 Optimize business portfolio	Dry-bulk	Strictly control market risk exposure. Revise long-term chartered vessels ratio. Strengthen medium-/long-term relationships with customers.	- Reduced market exposure to withstand volatile market conditions - Implemented structural reforms primarily of medium/large vessels • Early redelivery of 10 high-cost chartered vessels since FY2018 • Extraordinary loss of approx. JPY54.7billion was also recorded in FY2020
	Container	Merge our liner business together with those of two other Japanese companies. Pursue efficiencies and economies of scale. Generate JPY110 billion synergy.	- Achieve integration effect through synergy by adopting best practice - Working to resolve and stabilize issues such as schedule delays and a shortage of containers due to congestion at ports and inland areas for the time being - Continue medium- to long-term fleet development assessment to further raise competitiveness
Step 2 Secure stable-freight-rate business	Logistics (YLK)	Leverage group business infrastructure for sales.	Pursue synergy by effective mutual utilization of global network and management resources
	Car carrier		- Drive forward marine transport by LNG-fueled vessels and utilize renewable energy in RORO terminal for finished cars - Contribute to GHG reduction in customer supply chains
	LNG/Offshore Business	LNG fleet plan: 97 ships (end of FY2022) Developing business at every stage of the energy value chain, from upstream to downstream.	Secure stable-freight-rate business by acquiring medium- to long-term contracts (Number of LNG Vessels : March 2022 forecast - 89 vessels)
Step 3 Increase efficiency and create new values	Digitalization	Transform the entire supply chain more sustainable with the application of the latest digital technology.	- Established NYK Digital Academy to nurture human resources who promote innovation - Support business activities of front line with digital transformation
	Green	Implement Green Business initiatives to take new challenges on renewable energy business for driving future growth and value creation.	- Accelerating initiatives such as LNG fuel supply, offshore wind power, and zero emission (hydrogen, ammonia), etc. - Aim for ordinary income to reach billions of yen per year by 2030

Stable-freight-rate business



*Bulk shipping consists of car carriers, dry-bulk (med-/long-term contracts), and liquid (med-/long-term contracts).

Other businesses



* Bulk shipping consists mainly of dry-bulk and liquid other than med-/long-term contracts.