

**Consolidated Financial Results for Three Months Ended June 30, 2019
(Japanese GAAP) (Unaudited)**

July 31, 2019

Nippon Yusen Kabushiki Kaisha (NYK Line)

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Submit scheduled date of Quarterly Financial Report August 8, 2019
 Start scheduled date of paying Dividends -
 Preparation of Supplementary Explanation Material: Yes
 Financial Results Presentation Held: Yes (for Analysts and Institutional Investors)

(Amounts rounded down to the nearest million yen)

1. Consolidated Financial Results for the Three Months Ended June 30, 2019 (April 1, 2019 to June 30, 2019)

(1) Consolidated Operating Results

(Percentage figures show year on year changes)

	Revenues		Operating profit		Recurring profit		Profit attributable to owners of parent	
	million yen	%	million yen	%	million yen	%	million yen	%
Three months ended June 30, 2019	406,402	-12.6	5,470	-	6,415	-	9,141	-
Three months ended June 30, 2018	464,895	-10.9	(8,119)	-	(6,606)	-	(4,594)	-

(Note) Comprehensive income:

Three Months ended June 30, 2019: ¥-1,900 million (-%), Three Months ended June 30, 2018: ¥-12,698 million (-%)

	Profit per share		Profit per share—fully diluted	
	yen		yen	
Three months ended June 30, 2019	54.17		-	
Three months ended June 30, 2018	(27.24)		-	

(2) Consolidated Financial Position

	Total assets	Equity	Shareholders' equity ratio
	million yen	million yen	%
As of June 30, 2019	2,050,150	515,910	23.4
As of March 31, 2019	2,001,704	521,725	24.4

(Reference) Shareholders' equity: As of June 30, 2019: ¥ 479,652 million, As of March 31, 2019: ¥ 487,432 million

2. Dividends

Date of record	Dividend per share				
	1 st Quarter End	2 nd Quarter End	3 rd Quarter End	Year-end	Total
	yen	yen	yen	yen	yen
Year ended March 31, 2019	-	10.00	-	10.00	20.00
Year ending March 31, 2020	-	-	-	-	-
Year ending March 31, 2020 (Forecast)	-	20.00	-	20.00	40.00

(Note) Revision of forecast for dividends in this quarter: None

3. Consolidated Financial Results Forecast for the Year Ending March 31, 2020 (April 1, 2019 to March 31, 2020)

(Percentage figures show year on year changes)

	Revenues		Operating profit		Recurring profit		Profit attributable to owners of parent		Profit per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen
Cumulative second quarter ending September 30, 2019	836,500	-8.6	13,000	-	18,000	-	9,000	-	53.31
Year ending March 31, 2020	1,700,000	-7.1	34,500	211.2	37,000	-	26,000	-	153.97

(Note) Revision of forecast in this quarter: Yes

4. Notes

(1) Changes of important subsidiaries in the period: None

(Changes in specified subsidiaries involving change in consolidation scope)

New: None Exclusion: None

(2) Particular accounting methods used for preparation of quarterly consolidated financial statements: None

(3) Changes in accounting policy, changes in accounting estimates, and restatements

1. Changes in accounting policy in accordance with changes in accounting standard: Yes

2. Changes other than No.1: None

3. Changes in accounting estimates: None

4. Restatements: None

(4) Total issued shares (Ordinary shares)

1. Total issued shares (including treasury stock)	As of June 30, 2019	170,055,098	As of March 31, 2019	170,055,098
2. Number of treasury stock	As of June 30, 2019	1,140,626	As of March 31, 2019	1,349,732
3. Average number of shares (cumulative quarterly period)	Three months ended June 30, 2019	168,757,257	Three months ended June 30, 2018	168,664,839

*This financial report is not subject to the audit procedure.

*Assumption for the forecast of consolidated financial results and other particular issues

Foreign exchange rate: (for the second, third and fourth quarter) ¥105.00/US\$, (full year) ¥106.43/US\$

Bunker oil price: (for the second quarter) US\$430.00/MT (for the third and fourth quarter) US\$370.00/MT, (full year) US\$402.05/MT

VLSFO price: (for the third and fourth quarters) US\$570.00/MT

The above forecast is based on currently available information and assumptions that NYK Line deems to be reasonable. NYK Line offers no assurance that the forecast will be realized. Actual results may differ from the forecast as a result of various factors. Refer to pages 2-7 of the attachment for assumptions and other matters related to the forecast.

(Methods for obtaining supplementary materials and content of financial results disclosure)

NYK Line is to hold a financial result presentation meeting for analysts and institutional investors. The on-demand audio presentation and presentation material are available on the NYK website

(<https://www.nyk.com/english/ir/library/result>)

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1. Qualitative Information on Quarterly Results

(1) Review of Operating Results

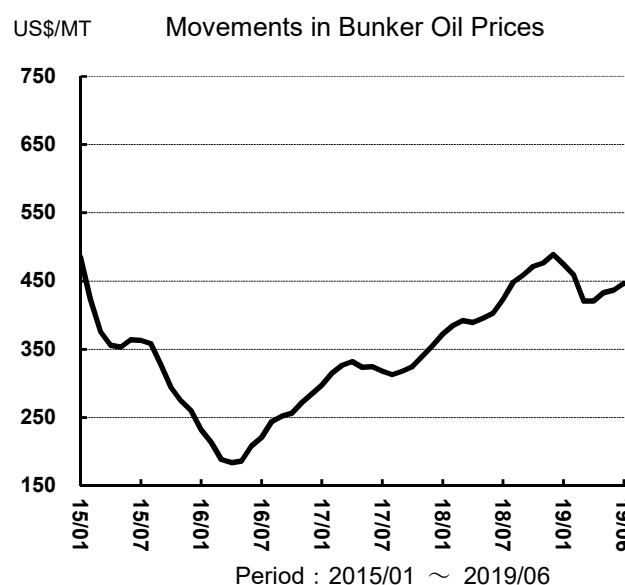
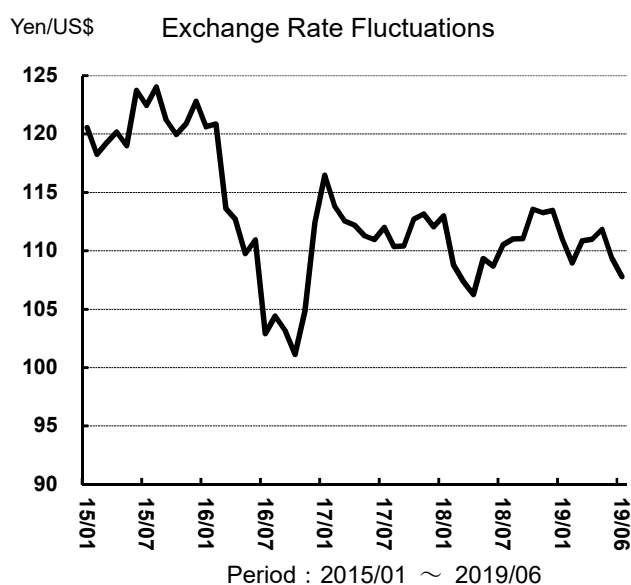
(In billion yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019	Change	Percentage Change
Revenues	464.8	406.4	-58.4	-12.6%
Operating Profit	(8.1)	5.4	13.5	-
Recurring Profit	(6.6)	6.4	13.0	-
Profit attributable to owners of parent	(4.5)	9.1	13.7	-

In the first quarter of the fiscal year ending March 31, 2020 (April 1, 2019, to June 30, 2019), consolidated revenues amounted to ¥406.4 billion (decreased ¥58.4 billion in the first quarter of the previous fiscal year), operating profit amounted to ¥5.4 billion (increased ¥13.5 billion in the first quarter of the previous fiscal year), recurring profit amounted to ¥6.4 billion (increased ¥13.0 billion in the first quarter of the previous fiscal year), profit attributable to owners of parent amounted to ¥9.1 billion (increased ¥13.7 billion in the first quarter of the previous fiscal year), and the result improved significantly.

Changes in the average exchange rate between the U.S. dollar and yen as well as the average bunker oil price during the first quarter of the current and previous fiscal years are shown in the following tables.

	Three months ended June 30, 2018	Three months ended June 30, 2019	Change
Average exchange rate	¥108.10/US\$	¥110.73/US\$	Yen down ¥2.63/US\$
Average bunker oil prices	US\$395.94/MT	US\$438.21/MT	Price up US\$42.27MT



Note: Exchange rates and bunker oil prices are our internal figures.

(3) Explanation of the Consolidated Earnings Forecast and Future Outlook

① Forecast of the Consolidated Financial Results

Concerning the future outlook, in the Liner Trade segment, the results at ONE are expected to recover generally in line with the initial forecast, and the cargo handling volumes at the terminals in Japan and overseas are expected to remain strong. In the Air Cargo Transportation segment, transportation demand has greatly declined against the backdrop of the trade friction between the US and China, and the situation is expected to remain challenging. Similarly, in the Logistics segment, the cargo handling volumes in both the air freight forwarding business and ocean freight forwarding business are expected to fall. In the car transportation division, steady progress is being made in increasing ship deployment efficiency mainly in the trilateral transport. In the energy division, the VLCC and petrochemical tanker markets have been weak recently, but they are expected to recover as demand picks up in the second half and due to the impact of the response to the environmental regulations. In the dry bulk division, although the market deterioration in the first quarter affected the business, the supply and demand balance is currently improving, and for the full-year, market levels are expected to be generally in line with initial forecast.

Based on the above, the forecast of the second quarter and full-year consolidated financial results have been revised as follows.

(In billion yen)

		Previous Forecast on April 26, 2019	Revisions	Change	Percentage Change
Cumulative second quarter ending September 30, 2019	Revenues	856.5	836.5	-20.0	-2.3 %
	Operating Profit	14.5	13.0	-1.5	-10.3%
	Recurring Profit	17.5	18.0	0.5	2.9%
	Profit attributable to owners of parent	9.0	9.0	-	-

Fiscal Year ending March 31, 2020	Revenues	1,730.0	1,700.0	-30.0	-1.7 %
	Operating Profit	38.0	34.5	-3.5	-9.2 %
	Recurring Profit	37.0	37.0	-	-
	Profit attributable to owners of parent	26.0	26.0	-	-

Assumptions for the forecast:

Exchange Rate

(for the second, third and fourth quarters) ¥105.00/US\$

(for the full year) ¥106.43/US\$

Bunker Oil Prices

(for the second quarter) US\$430.00/MT

(for the third and fourth quarters) US\$370.00/MT

(for the full year) US\$402.5/MT

VLSFO price

(for the third and fourth quarters) US\$570.00/MT

② Dividends for the Fiscal Year ending March 31, 2020

NYK Line has designated the stable return of profits to shareholders as one of the most important management priorities, and generally targeting a consolidated dividend payout ratio of 25%, the distribution of profits is decided after comprehensively taking into account the business forecast and other factors. At the same time, based on an ongoing minimum dividend that is not affected by the business results, an annual dividend of ¥20 per share has been set as the minimum dividend. In accordance with this policy, for the current fiscal year, there is no change in the plan to issue an interim dividend of ¥20 per share and a year-end dividend of ¥20 for a full-year dividend of ¥40 per share.

2. Consolidated Financial Statements

(1) Consolidated Balance Sheets

(In million yen)

	As of March 31, 2019	As of June 30, 2019
Assets		
Current assets		
Cash and deposits	79,915	79,604
Notes and operating accounts receivable-trade	219,937	198,647
Short-term investment securities	140	135
Inventories	39,308	36,702
Deferred and prepaid expenses	63,211	67,369
Other	71,909	76,382
Allowance for doubtful accounts	(2,299)	(2,229)
Total current assets	472,123	456,611
Non-current assets		
Vessels, property, plant and equipment		
Vessels, net	620,212	639,545
Buildings and structures, net	84,827	119,750
Aircraft, net	39,692	39,393
Machinery, equipment, and vehicles, net	29,310	31,408
Equipment, net	5,729	5,530
Land	68,543	89,461
Construction in progress	44,172	42,554
Other, net	5,372	5,060
Total vessels, property, plant and equipment	897,861	972,704
Intangible assets		
Leasehold right	4,553	4,401
Software	6,562	7,021
Goodwill	16,404	15,321
Other	3,815	4,001
Total intangible assets	31,335	30,745
Investments and other assets		
Investment securities	478,996	470,528
Long-term loans receivable	21,445	20,208
Net defined benefit asset	55,997	55,560
Deferred tax assets	6,361	6,324
Other	44,146	43,077
Allowance for doubtful accounts	(6,847)	(5,875)
Total investments and other assets	600,099	589,825
Total non-current assets	1,529,295	1,593,275
Deferred assets	285	263
Total assets	2,001,704	2,050,150

(In million yen)

	As of March 31, 2019	As of June 30, 2019
Liabilities		
Current liabilities		
Notes and operating accounts payable - trade	160,258	142,960
Current portion of bonds	30,000	30,000
Short-term loans payable	196,849	138,425
Commercial papers	11,000	42,000
Leases liabilities	4,151	19,366
Income taxes payable	7,536	4,534
Advances received	39,879	40,809
Provision for bonuses	9,264	9,162
Provision for directors' bonuses	333	214
Provision for stock payment	734	671
Provision for losses related to contracts	4,731	5,263
Provision for related to business restructuring	351	234
Other	62,461	63,141
Total current liabilities	527,553	496,784
Non-current liabilities		
Bonds payable	125,000	125,000
Long-term loans payable	663,305	679,630
Leases liabilities	15,875	87,632
Deferred tax liabilities	49,540	48,570
Net defined benefit liability	16,837	16,946
Provision for directors' retirement benefits	1,375	1,060
Provision for stock payment	-	39
Provision for periodic dry docking of vessels	20,136	20,426
Provision for losses related to contracts	30,734	29,212
Provision for related to business restructuring	1,220	1,120
Other	28,400	27,815
Total non-current liabilities	952,424	1,037,455
Total liabilities	1,479,978	1,534,240
Equity		
Shareholders' capital		
Common stock	144,319	144,319
Capital surplus	42,894	45,502
Retained earnings	293,719	294,559
Treasury stock	(3,715)	(3,332)
Total shareholders' capital	477,218	481,048
Accumulated other comprehensive income (loss)		
Unrealized gain (loss) on available-for-sale securities	23,156	19,201
Deferred gain (loss) on hedges	(15,685)	(20,231)
Foreign currency translation adjustments	(9,988)	(12,540)
Remeasurements of defined benefit plans	12,731	12,174
Total accumulated other comprehensive income (loss)	10,214	(1,396)
Non-controlling interests	34,293	36,257
Total equity	521,725	515,910
Total liabilities and equity	2,001,704	2,050,150

**(2) Consolidated Statements of Income and Consolidated Statements of
Comprehensive Income
(Consolidated Statements of Income)**

(In million yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Revenues	464,895	406,402
Cost and expenses	425,701	358,433
Gross profit	39,193	47,968
Selling, general and administrative expenses	47,312	42,498
Operating profit (loss)	(8,119)	5,470
Non-operating income		
Interest income	784	885
Dividend income	3,135	2,849
Equity in earnings of unconsolidated subsidiaries and affiliates	2,130	6,092
Foreign exchange gains	1,033	—
Other	1,177	841
Total non-operating income	8,262	10,669
Non-operating expenses		
Interest expenses	5,421	7,197
Foreign exchange losses	—	1,124
Other	1,327	1,401
Total non-operating expenses	6,749	9,723
Recurring profit (loss)	(6,606)	6,415
Extraordinary income		
Gain on sales of non-current assets	3,794	7,387
Other	5,725	185
Total extraordinary income	9,519	7,572
Extraordinary losses		
Loss on sales of non-current assets	16	31
Impairment loss	1	879
Provision for losses related to contracts	—	1,140
Loss on cancellation of chartered vessels	2,127	—
Other	1,189	550
Total extraordinary losses	3,333	2,602
Profit (loss) before income taxes	(421)	11,385
Total income taxes	3,279	1,788
Profit (loss)	(3,701)	9,597
Profit attributable to non-controlling interests	893	455
Profit (loss) attributable to owners of parent	(4,594)	9,141

(Consolidated Statements of Comprehensive Income)

(In million yen)

	Three months ended June 30, 2018	Three months ended June 30, 2019
Profit (loss)	(3,701)	9,597
Other comprehensive income		
Unrealized gain (loss) on available-for-sale securities	(2,763)	(3,892)
Deferred gain (loss) on hedges	(1,997)	(1,714)
Foreign currency translation adjustments	(3,219)	(1,133)
Remeasurements of defined benefit plans	(115)	(534)
Share of other comprehensive income of associates accounted for using equity method	(900)	(4,222)
Total other comprehensive income	(8,997)	(11,498)
Comprehensive income	(12,698)	(1,900)
(Breakdown)		
Comprehensive income attributable to owners of parent	(13,700)	(2,284)
Comprehensive income attributable to non-controlling interests	1,001	383

(3) Notes Regarding Consolidated Financial Statements

(Notes Regarding Going Concern Assumption)

The first quarter of this fiscal year (April 1, 2019 – June 30, 2019)

Not applicable

(Notes in the Event of Significant Changes in Shareholders' Capital)

The first quarter of this fiscal year (April 1, 2019 – June 30, 2019)

Not applicable

(Changes in Accounting Policies Due to Revisions of Accounting Standards)

(Adoption of IFRS 16 Leases)

Our affiliate companies, which prepare their financial statements in conformity with the International Financial Reporting Standards (IFRS), have adopted IFRS 16 Leases effective from the first quarter of the current consolidated accounting period. Accordingly, in principle, all leases, where we are the lessee, have been recognized as assets and liabilities on the quarterly consolidated balance sheets. Furthermore, in adopting the standards, we follow the approach for recognizing the cumulative effect of retroactive adjustments on the adoption date.

Due to the adoption of the above-mentioned accounting standards, at the beginning of the first quarter of the consolidated cumulative period, we saw increases mainly in the following assets and liabilities: vessels by 19,346 million yen, buildings and structures by 35,821 million yen, land by 20,600 million yen, and leases liabilities by 87,369 million yen. The effect on retained earnings is minor.

The results of the first quarter of the consolidated cumulative period is as follows: operating profit increased by 681 million yen; and recurring profit and profit before income taxes decreased by 1,041 million yen.

(Segment Information)I. Three months ended June 30, 2018 (April 1, 2018 – June 30, 2018)
Revenues and income or loss by reportable segment

(In million yen)

	Global Logistics			Bulk Shipping	Others		Total	Adjustment (*1)	Consolidated Total (*2)
	Liner Trade	Air Cargo Transportation	Logistics		Real Estate	Other			
Revenues									
(1) Revenues from customer	77,893	20,463	129,521	205,554	1,703	29,759	464,895	-	464,895
(2) Inter-segment revenues	2,302	1,244	886	981	192	13,806	19,414	(19,414)	-
Total	80,195	21,707	130,408	206,535	1,896	43,566	484,309	(19,414)	464,895
Segment income (loss)	(16,609)	(1,689)	1,302	10,406	718	964	(4,906)	(1,700)	(6,606)

(Notes)

- Adjustments of segment income (loss) are internal exchanges or transfer to other amount among segments 16 million yen and other corporate expenses -1,716 million yen. The general and administrative expenses and non-operating expenses which do not belong to any single segment are treated as other corporate expenses.

Also, as a result of revising the business management method for the reportable segments from the start of the first quarter consolidated accounting term, there was a change to the interest burden of each segment. This revision has a minimal impact on segment profit, and it has no impact on the revenues of each segment, consolidated revenue and consolidated recurring loss.

- Segment income (loss) is adjusted on recurring loss on the quarterly consolidated statements of income.

II. Three months ended June 30, 2019 (April 1, 2019 – June 30, 2019)
Revenues and income or loss by reportable segment

(In million yen)

	Global Logistics			Bulk Shipping	Others		Total	Adjustment (*1)	Consolidated Total (*2)
	Liner Trade	Air Cargo Transportation	Logistics		Real Estate	Other			
Revenues									
(1) Revenues from customer	50,519	16,384	117,239	195,079	1,682	25,497	406,402	-	406,402
(2) Inter-segment revenues	1,417	1,354	556	59	188	14,203	17,779	(17,779)	-
Total	51,936	17,738	117,795	195,139	1,870	39,701	424,181	(17,779)	406,402
Segment income (loss)	1,916	(4,463)	(13)	9,203	758	775	8,177	(1,761)	6,415

(Notes)

- Adjustments of segment income (loss) are internal exchanges or transfer to other amount among segments 15 million yen and other corporate expenses -1,777 million yen. The general and administrative expenses and non-operating expenses which do not belong to any single segment are treated as other corporate expenses.

- Segment income (loss) is adjusted on recurring profit on the quarterly consolidated statements of income.

3. Other Information

(1) Quarterly Operating Results

Year ending March 31, 2020

(In million yen)

	Apr 1, 2019 – Jun 30, 2019 1Q	Jul 1, 2019 – Sep 30, 2019 2Q	Oct 1, 2019 – Dec 31, 2019 3Q	Jan 1, 2020 – Mar 31, 2020 4Q
Revenues	406,402			
Operating profit (loss)	5,470			
Recurring profit (loss)	6,415			
Profit (loss) attributable to owners of parent for the quarter	9,141			
Total assets	2,050,150			
Equity	515,910			

Year ended March 31, 2019

(In million yen)

	Apr 1, 2018 – Jun 30, 2018 1Q	Jul 1, 2018 – Sep 30, 2018 2Q	Oct 1, 2018 – Dec 31, 2018 3Q	Jan 1, 2019 – Mar 31, 2019 4Q
Revenues	464,895	450,775	468,949	444,679
Operating profit (loss)	(8,119)	3,925	8,758	6,520
Recurring profit (loss)	(6,606)	(2,423)	5,640	1,337
Profit (loss) attributable to owners of parent for the quarter	(4,594)	(5,200)	1,079	(35,786)
Total assets	2,122,246	2,096,483	2,029,609	2,001,704
Equity	568,362	564,828	564,868	521,725

(Note) The above operating results (revenues, operating profit (loss), recurring profit (loss) and profit (loss) attributable to owners of parent) are based on the results for the first quarter and the cumulative results for the first six, nine and twelve months, and are computed by taking the difference between the two adjacent periods.

(2) Foreign Exchange Rate Information

	Three months ended June 30, 2018	Three months ended June 30, 2019	Change	Year ended March 31, 2019
Average exchange rate during the period	¥108.10/US\$	¥110.73/US\$	Yen down ¥2.63/US\$	¥110.67/US\$
Exchange rate at the end of the period	¥110.54/US\$	¥107.79/US\$	Yen up ¥2.75/US\$	¥110.99/US\$

(3) Balance of Interest-Bearing Debt

(In million yen)

	Year ended March 31, 2019	Three months ended June 30, 2019	Change
Loans	860,154	818,055	(42,098)
Corporate bonds	155,000	155,000	–
Commercial papers	11,000	42,000	31,000
Leases liabilities	20,027	106,999	86,971
Total	1,046,182	1,122,055	75,872

(Note) Due to the adoption of IFRS16 Leases by our consolidated subsidiaries, which have applied the International Financial Reporting Standards (IFRS), leases liabilities at the beginning of the current period increased by 87.3 billion yen.