



Financial Results for FY 18/3 3rd Quarter and Forecast for FY 18/3

January 31, 2018

Contents

- 1. Financial Highlights for FY18/3 3Q** ————— **p.3-6**
- 2. Forecast for FY18/3** ————— **p.7-10**
- 3. Overview of Each Industrial Segment** ————— **p.11-16**

(Attachment)

ONE = Ocean Network Express -Progress status report-

Overview of FY 18/3 3rd Quarter Results



▶ Revenues and profit increased vs FY 17/3 3Q.

Market improved thanks to cargo demand increase in Liner and Dry bulk trade.
Net income returned to the black vs FY 17/3 3Q when a large extraordinary loss was recorded.

- Liner Trade Strong cargo demand but spot rates softened caused by excess capacity of new large vessel deliveries. ONE has been included in the scope of consolidation as an equity-affiliated company from 2Q.
- Air Cargo Strong cargo demand and high freight rates maintained.
- Logistics Both ocean-freight forwarding and air-freight forwarding business struggled with high procurement cost. Undertook structural reforms in certain areas of logistics businesses.
- Bulk Shipping Dry bulk trade, especially iron ore, coal and grains as major commodities, was active and the market improved. Tanker market worsen than expected due to widening demand-supply gap caused by oversupply of new builds.
LNG/Off shore business's high rate of engagement resulted in good profit.
While car carrier's shipment volume to oil-producing countries have been weak, demand for automobile shipment to North America, Europe and Asia were robust.



► Revenues and profit increased vs FY 17/3 3Q.

(In billion yen)	FY17/3						FY18/3				Year-on-year
	1Q	2Q	3Q	1-3Q	4Q	Full-Year	1Q	2Q	3Q	1-3Q	
Revenues	470.7	457.8	485.9	1,414.5	509.3	1,923.8	521.7	542.5	566.3	1,630.6	216.0
Operating Income	-10.9	-11.5	6.9	-15.5	-2.5	-18.0	3.5	9.1	12.0	24.8	40.3
Recurring Profit	-9.9	-13.6	25.9	2.2	-1.2	1.0	10.2	11.7	13.5	35.6	33.3
Net Income Attributable of owners of the Parent Company	-12.7	-219.0	5.7	-226.0	-39.6	-265.7	5.3	0.8	10.5	16.8	242.8
Exchange rate	¥ 111.12	¥ 103.50	¥ 106.13	¥ 106.92	¥ 114.29	¥ 108.76	¥ 111.48	¥ 110.92	¥ 112.65	¥ 111.68	+ ¥ 4.76
Bunker Oil Prices	\$ 192.62	\$ 238.71	\$ 270.71	\$ 234.02	\$ 312.94	\$ 253.75	\$ 326.72	\$ 316.32	\$ 339.76	\$ 327.60	+ \$ 93.58

3rd quarter comparison by Industrial SEGs

3Q Result



NYK LINE
NIPPON YUSEN KAISHA

- Market improved thanks to cargo demand increase in Liner and Dry bulk trade.
- In Logistics, profit declined due to high procurement cost.

Industrial Segment (In Billion Yen)	FY17/3						FY18/3				Year-on-year	
	1Q	2Q	3Q	1-3Q	4Q	Full-year	1Q	2Q	3Q	1-3Q		
Global Logistics	Liner	141.4	139.1	149.8	430.4	155.4	585.9	171.5	179.0	176.8	527.3	96.9
		-8.8	-6.4	3.9	-11.3	-1.3	-12.7	5.7	7.6	3.8	17.2	28.6
	Air Cargo	19.0	19.4	22.5	61.0	20.9	81.9	23.3	23.7	25.8	72.9	11.9
		-1.9	-1.4	2.2	-1.2	3.8	2.6	0.7	-0.8	0.8	0.7	2.0
	Logistics	113.8	111.9	118.0	343.8	117.5	461.3	118.9	127.7	135.6	382.3	38.5
		2.1	2.4	2.0	6.7	0.9	7.6	-0.0	1.3	1.0	2.2	-4.4
(Total)	274.3	270.6	290.4	835.3	293.8	1,129.1	313.9	330.5	338.2	982.7	147.4	
	-8.6	-5.4	8.2	-5.8	3.4	-2.4	6.3	8.1	5.8	20.3	26.2	
Bulk Shipping	Bulk Shipping	180.1	169.6	176.6	526.4	191.2	717.7	188.9	192.2	205.5	586.7	60.2
		-0.8	-8.5	8.0	-1.4	-2.7	-4.1	2.7	2.2	6.5	11.5	13.0
Others	Real Estates	2.4	2.4	2.5	7.4	2.0	9.4	1.9	1.9	1.9	5.8	-1.5
		0.9	0.9	9.4	11.3	0.7	12.0	0.6	0.8	0.6	2.1	-9.2
	Other	32.0	34.5	37.0	103.7	42.8	146.6	39.0	40.0	46.6	125.7	22.0
		-0.6	0.1	0.6	0.1	-1.6	-1.4	1.1	0.9	1.0	3.1	2.9
Elimination/Un allocation		-18.2	-19.3	-20.7	-58.4	-20.6	-79.0	-22.2	-22.1	-26.1	-70.5	-12.1
		-0.7	-0.7	-0.4	-1.8	-1.0	-2.9	-0.6	-0.4	-0.5	-1.6	0.2
Consolidated		470.7	457.8	485.9	1,414.5	509.3	1,923.8	521.7	542.5	566.3	1,630.6	216.0
		-9.9	-13.6	25.9	2.2	-1.2	1.0	10.2	11.7	13.5	35.6	33.3

※ (Upper) Revenues (Lower) Recurring Profit

Analysis of Change in Recurring Profit between FY 17/3 3rd and FY 18/3 3rd

3Q Result



NYK LINE
NIPPON YUSEN KAISHA

(billion yen)

Yen Depreciation	1.6	¥111.68/\$, Depreciated by ¥4.76
Higher Bunker Oil Price	-9.0	\$327.60/MT, Increased by \$93.58
Market Effects, etc.	38.8	
Cost Reduction	1.7	
Foreign Exchange Profit/Loss	3.5	
Others	-3.3	Structural reforms effect 8.0 included One-off profit recorded in last year approx. -8.5
Total	33.3	



- ▶ Full-year revenues increase vs FY 17/3. Results expected to improve.
- ▶ One-off cost(approx. 7.0) expected in FY18/3 4Q.
- ▶ Recurring profit: Make downward adjustment to the previous forecast but still expected to improve vs FY17/3.
- ▶ Net profit: Maintain the previous forecast.
Certain amount of extraordinary income considered in the forecast.
- ▶ Dividends Plan year-end dividend of JPY20 per share, determining the company has sufficient prospect for regaining profitability based on the results from various structural reforms and recovery of the shipping market.

- Liner Stable volume and bottom-line return to the black, but profit expected to decrease due to one-off cost increase related to the liner integration(ONE).
- Air Cargo Recurring profit expected to increase with stable cargo volume.
One-off forex profit gained in last year led to differences YoY.
- Logistics It will take some time to return boost profitability due to high procurement cost in ocean-freight forwarding and air-freight forwarding business.
Yusen Logistics made into a wholly-owned subsidiary, to be reflected from 4Q
- Bulk Shipping Make downward adjustment to the previous forecast.
Recovery in dry bulk market and consistent profit by LNG/offshore business expected to maintain.
Tanker market sluggish
A certain amount of one-off loss in LNG/offshore business(an equity-affiliated company) expected in 4Q.
Car carrier's cargo imbalances in round voyages remain.
- Real estate Revenue and profit decreasing YoY due to one-off profit recorded last year.

Revised Forecast for FY 18/3 (Summary)

Forecast



NYK LINE
NIPPON YUSEN KAISHA

(In billion yen)	FY 17/3 (Result)					Full-year	FY 18/3 (Forecast)					Year-on year	Change from previous forecast (full-year)
	1H		2H		Full-year		1H (Result)		2H		Full-year		
	1Q	2Q	3Q	4Q			1Q	2Q	3Q (Result)	4Q			
Revenues	928.5		995.2		1,923.8	1,064.2		1,107.8		2,172.0	248.2	19.0	
	470.7	457.8	485.9	509.3		521.7	542.5	566.3	541.5				
Operating Income	-22.4		4.3		-18.0	12.7		17.3		30.0	48.0	-3.0	
	-10.9	-11.5	6.9	-2.5		3.5	9.1	12.0	5.2				
Recurring Profit	-23.6		24.6		1.0	22.0		5.0		27.0	26.0	-8.0	
	-9.9	-13.6	25.9	-1.2		10.2	11.7	13.5	-8.5				
Net Income Attributable to Owners of the parent company	-231.8		-33.9		-265.7	6.2		4.8		11.0	276.7	0.0	
	-12.7	-	5.7	-39.6		5.3	0.8	10.5	-5.7				

Exchange Rate	¥ 111.12	¥ 103.50	¥ 106.13	¥ 114.29	¥ 108.76	¥ 111.48	¥ 110.92	¥ 112.65	¥ 110.00	¥ 111.26	+ ¥ 2.50
Bunker Oil Prices	\$ 192.62	\$ 238.71	\$ 270.71	\$ 312.94	\$ 253.75	\$ 326.72	\$ 316.32	\$ 339.76	\$ 390.00	\$ 343.20	+\$ 89.45

► Sensitivity on Recurring Profit (4Q)

Exchange Rate : 0.4 billion(4Q) increase per ¥1/\$ depreciation

Bunker Oil Prices : 2.6 billion(4Q) increase per \$10/MT decrease

► Dividends Year-end: JPY20 per share (plan)

FY 18/3 Forecast by Industrial SEGs

Forecast



Industrial Segment	FY17/3 (Result)							FY 18/3 (Forecast)							Year-on Year	
	(In billion yen)	1Q	2Q	1H	3Q	4Q	2H	Full-year	1Q	2Q	1H (Result)	3Q (Result)	4Q	2H		Full-year
Global Logistics	Liner	141.4	139.1	280.5	149.8	155.4	305.3	585.9	171.5	179.0	350.5	176.8	168.7	345.5	696.0	110.1
		-8.8	-6.4	-15.3	3.9	-1.3	2.5	-12.7	5.7	7.6	13.3	3.8	-8.1	-4.3	9.0	21.7
	Air Cargo	19.0	19.4	38.5	22.5	20.9	43.4	81.9	23.3	23.7	47.1	25.8	24.1	49.9	97.0	15.1
		-1.9	-1.4	-3.4	2.2	3.8	6.1	2.6	0.7	-0.8	-0.0	0.8	-0.4	0.5	0.5	-2.1
	Logistics	113.8	111.9	225.8	118.0	117.5	235.5	461.3	118.9	127.7	246.7	135.6	128.7	264.3	511.0	49.7
	2.1	2.4	4.6	2.0	0.9	3.0	7.6	-0.0	1.3	1.2	1.0	0.7	1.7	3.0	-4.6	
(Total)	274.3	270.6	544.9	290.4	293.8	584.2	1,129.1	313.9	330.5	644.4	338.2	321.4	659.6	1,304.0	174.9	
	-8.6	-5.4	-14.1	8.2	3.4	11.6	-2.4	6.3	8.1	14.5	5.8	-7.8	-2.0	12.5	14.9	
Bulk Shipping	Bulk Shipping	180.1	169.6	349.8	176.6	191.2	367.9	717.7	188.9	192.2	381.2	205.5	202.3	407.8	789.0	71.3
		-0.8	-8.5	-9.4	8.0	-2.7	5.2	-4.1	2.7	2.2	5.0	6.5	0.0	6.5	11.5	15.6
Others	Real Estate	2.4	2.4	4.8	2.5	2.0	4.5	9.4	1.9	1.9	3.9	1.9	2.2	4.1	8.0	-1.4
		0.9	0.9	1.8	9.4	0.7	10.1	12.0	0.6	0.8	1.4	0.6	0.4	1.1	2.5	-9.5
	Other	32.0	34.5	66.6	37.0	42.8	79.9	146.6	39.0	40.0	79.1	46.6	41.3	87.9	167.0	20.4
		-0.6	0.1	-0.5	0.6	-1.6	-0.9	-1.4	1.1	0.9	2.0	1.0	-0.5	0.5	2.5	3.9
Elimination/Unallocation	-18.2	-19.3	-37.6	-20.7	-20.6	-41.4	-79.0	-22.2	-22.1	-44.4	-26.1	-25.5	-51.6	-96.0	-17.0	
	-0.7	-0.7	-1.4	-0.4	-1.0	-1.5	-2.9	-0.6	-0.4	-1.0	-0.5	-0.5	-1.0	-2.0	0.9	
Consolidated	470.7	457.8	928.5	485.9	509.3	995.2	1,923.8	521.7	542.5	1,064.2	566.3	541.5	1,107.8	2,172.0	248.2	
	-9.9	-13.6	-23.6	25.9	-1.2	24.6	1.0	10.2	11.7	22.0	13.5	-8.5	5.0	27.0	26.0	

※ (Upper) Revenues (Lower) Recurring Profit

- Although 4Q is a slack season, cargo demand in Liner and Dry bulk is firm, and the market is expected to continue to recover.

FY18/3 Forecast vs latest Guidance by Industrial SEGs

Forecast



NYK LINE
NIPPON YUSEN KAISHA

Industrial Segment (In billion yen)	Guidance			Forecast					Change Full-year	
	1H	2H	Full-year	1H (Result)	3Q (Result)	4Q	2H	Full-year	Full Year	
Global Logistics	Liner	350.5	344.5	695.0	350.5	176.8	168.7	345.5	696.0	1.0
		13.3	0.2	13.5	13.3	3.8	-8.1	-4.3	9.0	-4.5
	Air Cargo	47.1	47.9	95.0	47.1	25.8	24.1	49.9	97.0	2.0
		-0.0	0.5	0.5	-0.0	0.8	-0.4	0.5	0.5	0.0
	Logistics	246.7	265.3	512.0	246.7	135.6	128.7	264.3	511.0	-1.0
	1.2	3.7	5.0	1.2	1.0	0.7	1.7	3.0	-2.0	
(Total)	644.4	657.7	1,302.0	644.4	338.2	321.4	659.6	1,304.0	2.0	
	14.5	4.4	19.0	14.5	5.8	-7.8	-2.0	12.5	-6.5	
Bulk Shipping	Bulk Shipping	381.2	389.8	771.0	381.2	205.5	202.3	407.8	789.0	18.0
		5.0	7.9	13.0	5.0	6.5	0.0	6.5	11.5	-1.5
Others	Real Estate	3.9	4.1	8.0	3.9	1.9	2.2	4.1	8.0	0.0
		1.4	1.1	2.5	1.4	0.6	0.4	1.1	2.5	0.0
	Other	79.1	81.9	161.0	79.1	46.6	41.3	87.9	167.0	6.0
	2.0	0.5	2.5	2.0	1.0	-0.5	0.5	2.5	0.0	
Elimination/ Allocation	-44.4	-44.6	-89.0	-44.4	-26.1	-25.5	-51.6	-96.0	-7.0	
	-1.0	-1.0	-2.0	-1.0	-0.5	-0.5	-1.0	-2.0	0.0	
Consolidated	1,064.2	1,088.8	2,153.0	1,064.2	566.3	541.5	1,107.8	2,172.0	19.0	
	22.0	13.0	35.0	22.0	13.5	-8.5	5.0	27.0	-8.0	

※ (Upper) Revenues (Lower) Recurring Profit

- Expect cost increases relating to "ONE" (equity-method affiliate), Logistics slow in recovery.
- Expect one-time loss at LNG/Offshore business equity-method affiliate.



- Liner 4Q slack season. Downwardly revised volume forecast in an aim to improve rates.

- Air Cargo Improvement in yields on the back of strong demand, e.g. auto and semiconductor related cargoes, unfortunately off-set by increased fuel prices.

- Logistics Slow in recovery of gross margin levels due to high procurement situation
Undertaking structural reforms in certain areas of logistics businesses

- Bulk Shipping
 - Dry Bulk Cargo volume stable, and expect profitability to continue to recover in line with seasonal trends.

 - Liquid Tanker market sluggish despite demand season. LNG tanker and offshore operations forecast to remain busy.

 - Car Carrier Shipment from Japan to Europe/America robust, but to oil-producing countries remain weak. Imbalance in round-trip voyages to remain.



► 1. Liner Trade (Container Transportation)

Lifting · Utilization (1,000TEU)

		FY 17/3(Result)					FY 18/3(Forecast)				
		1H		2H		Full-year	1H(Result)		2H		Full-year
		1Q	2Q	3Q	4Q		1Q	2Q	3Q (Result)	4Q	
Asia→ North America	Lifting (Guidance)	175	220	227	217	840	239	257	238	236	971
	Utilization (Guidance)	80%	92%	92%	90%	89%	91%	96%	(492)	(988)	93%
Asia→ Europe	Lifting (Guidance)	117	128	124	129	498	166	176	157	160	659
	Utilization (Guidance)	91%	95%	97%	102%	96%	96%	95%	(343)	(685)	94%
									89%	94%	94%
									(95%)	(95%)	(95%)

Freight Index (09/3 1Q = 100)

		FY 17/3(Result)					FY 18/3(Forecast)				
		1H		2H		Full-year	1H(Result)		2H		Full-year
		1Q	2Q	3Q	4Q		1Q	2Q	3Q (Result)	4Q	
Asia→ North America (Guidance)		74	69	71	71	71	70	69	68	70	69
									(70)	(69)	(69)
Asia→Europe (Guidance)		42	46	47	51	46	50	55	51	49	52
									(52)	(52)	(52)



► 2. Air Cargo Transportation (NCA)

	FY17/3 (Result)				Full-year	FY17/3 (Forecast)				Change from previous forecast (full-year)	
	1H		2H			1H(Result)		2H			Full-year
	1Q	2Q	3Q	4Q		1Q	2Q	3Q (Result)	4Q		
Revenues (billion yen)	38.5		43.4		81.9	47.1		49.9		97.0	2.0
	19.0	19.4	22.5	20.9		23.3	23.7	25.8	24.1		
Recurring Profit (billion yen)	-3.4		6.1		2.6	-0.0		0.5		0.5	0.0
	-1.9	-1.4	2.2	3.8		0.7	-0.8	0.8	-0.4		
Chargeable Weight (1,000 ton)	246		263		510	286		273		560	-5
	118	129	136	128		142	145	138	136		
Volume (RTK) (mil.ton Kilo)	1,493		1,582		3,075	1,703		1,658		3,362	-5
	719	773	825	756		844	858	819	839		
Capacity (ATK) (mil.ton Kilo)	2,210		2,172		4,382	2,401		2,244		4,646	-69
	1,080	1,130	1,121	1,050		1,180	1,221	1,111	1,132		
YIELD FY09/3 1Q=100	72		78		75	82		88		85	3
	74	71	79	77		81	82	91	85		
MOPS US\$ per bbl	\$54		\$62		\$58	\$62		\$74		\$68	4
	\$54	\$54	\$60	\$64		\$61	\$64	\$73	\$75		



▶ 3. Logistics

		FY 17/3(Result)				Full-year	FY 18/3 (Forecast)					Change from previous forecast (full-year)	
		1H		2H			1H(Result)		2H		Full-year		
		1Q	2Q	3Q	4Q		1Q	2Q	3Q (Result)	4Q			
Ocean Export	TEU (1,000TEU)	379		396		775	395		386		781	-19	
		186	193	203	193		195	200	200	187			
	Year-on year	28%		17%		22%	4%		-2%		1%		-2%
		35%	22%	21%	14%		5%	3%	-2%	-3%			
Air Export	Weight (1,000ton)	177		193		369	184		189		373	-1	
		86	91	101	91		88	96	98	91			
	Year-on year	7%		15%		11%	4%		-2%		1%		0%
		4%	9%	16%	15%		2%	6%	-4%	0%			

- Ocean Freight Forwarding Expect increase in cargo volume vs. previous year. Continue to work to improve gross margin.
- Air Freight Forwarding Expect increase in cargo volume vs. previous year, but Japan and Europe volume to decrease.
- Logistics Inland transport volume in America weak. Improve services, promote M&A



▶ 4. Bulk Shipping – 1) Market trend and forecast

	FY17/3 (Result)					FY18/3 (Forecast)					Previous forecast (Full-Year)	
	1Q	2Q	3Q	4Q	Full-Year	1Q (Result)	2Q (Result)	3Q (Result)	4Q	Full-Year		
D R Y												
B	BDI	610	736	997	936	820	1,018	1,137	1,519	1,118	1,198	1,127
B	Cape (5TC)	6,684	8,080	11,983	10,970	9,429	12,231	14,632	23,331	14,000	16,048	14,091
C	Panamax (Pac)	4,546	5,743	7,338	7,481	6,277	8,304	9,811	11,271	9,500	9,721	9,654
C	Handymax (Pac)	4,836	6,509	5,841	5,972	5,789	7,832	8,657	9,239	9,000	8,682	9,123
A	Handy (Pac)	3,951	5,755	5,895	5,812	5,353	6,778	7,112	8,640	7,500	7,508	7,723
T	VLCC	43,686	19,549	49,208	31,483	35,982	22,582	13,541	23,099	25,000	21,056	29,031

※ Dry Bulk Charter Market (Sport Time Charter) 5TC = 5 Trade Average Pac = Pacific Round Voyage Unit : \$/day



► 4. Bulk Shipping – 2) Car Carrier

	FY17/3 (Result)					Full-year	FY18/3 (Forecast)					Change from previous forecast (Full-year)
	1H		2H		Full-year		1H(Result)		2H		Full-year	
	1Q	2Q	3Q	4Q			1Q	2Q	3Q (Result)	4Q		
All Trade (10,000cars)	167		169		336	179		183		363	4	
	84	83	86	83		88	91	94	89			
Year-on year	-11%		-7%		-9%	7%		8%		8%	1%	
	-11%	-11%	-12%	-1%		5%	10%	9%	7%			

ONE

OCEAN NETWORK EXPRESS

Operating Company for New Integrated Container Shipping
Business –Progress status report for business launch–

JANUARY 31ST 2018

Progress of Integration(1/3)

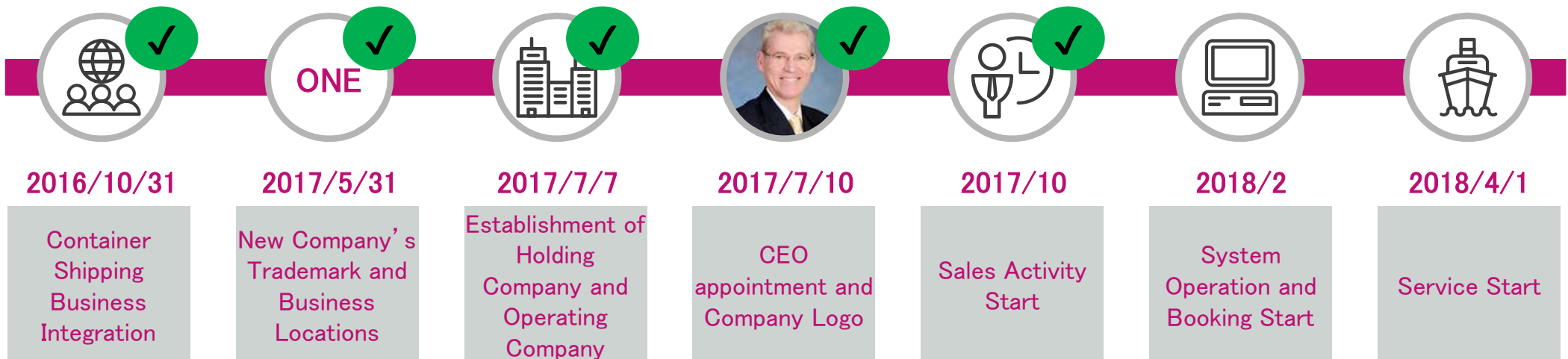
- ▣ Overall progress : No change from the original schedule
- ▣ Booking Acceptance in stages from February 1st, 2018



New Container box with ONE' s Logo, November 2017



Singapore Headquarters, Marina One office, Grand opening on January 19th



Progress of Integration(2/3)

Regional Head Quarter and Local Entity Establishment

- All Regional Head Quarters (Singapore, Hong Kong, UK, USA, Brazil) and Japan Local Office started business. (2017 October)
- Global Headquarters, Marina One Office in Singapore, opened on January 19th.
- Subsidiary Agent Offices established in 49 countries and in operation.

Antitrust license approval

- All necessary approvals from local competition authorities in regions and countries including the Republic of South Africa have been obtained.

Contract with customers (Bid)

- Bidding process for various customers is progressing for the contracts effective from Apr 2018.
- Announcement of ONE's service schedule. (January 26th)

Contract with vendors

- Dialogue with various vendors is on-going for the contracts effective from Apr 2018.

Progress of Integration(3/3)

IT Infrastructure

- Core operation system will go live in time with Booking acceptance. (February 2018)
- E-commerce : Launching multi functional Home Page for customer convenience. (February 2018)

Customer Service

- Announcement of 1st ONE's operating vessel. Issued Customer Newsletter for smooth transition from 3J companies.
- ONE's brand website has been renewed.
- Issuance of Customer Newsletter regularly.
- ONE's service map is ready. (THE Alliance service)

New Building Container Boxes

- Ordering new-building container boxes in time with service commencement from April 2018.
(10,000 units of 40" Hi-cube DRY containers)

We will make final preparations for service start from Apr 2018