Financial Results for Fiscal Year Ending March 2020, and Forecast for Fiscal Year 2020

May 25, 2020

NIPPON YUSEN KAISHA

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- Segment Overview
- Financial Position
- Fleet in Operation

(Attachment) Ocean Network Express Financial Results for FY2019 Full-year

1. Overview of Results for FY Ending March 2020 Results

<Full-year Review>

- Revenues
  Decreased due to sales of subsidiary shares as a part of business portfolio revision
- Recurring profit/losss
  Returned to profit and improved significantly (+JPY46.5 billion)
  - Liner
    Profits increased significantly due to the recovery by ONE
  - Air Cargo
    Own aircraft utilized as expected. Limited improvement vs. previous year due to slow cargo demand mainly as a result of the US-China trade friction.
  - Logistics
    Both ocean and air freight forwarding volume decreased and profits decreased.
  - Bulk Shipping
    Profits increased vs. previous year. Car Carrier and Energy performed strongly. Dry Bulk hedged the downward turn of the market through Forward Freight Agreements (FFA).
- Extraordinary income/loss
  Extraordinary losses recorded due to impairment losses on aircraft, etc., early termination of costly Dry Bulk chartered-in vessels (Total of JPY39.4 billion for FY2019).
  On the other hand, extraordinary income was reported due to the disposal of strategic shareholding and real estate (Total of JPY37.4 billion for FY2019).
- Dividend
  Year-end dividend of JPY20/share is planned. (Full-year dividend of JPY40/share including interim dividend of JPY20/share)

Summary of Results for FY Ending March 2020

Results

► Revenues decreased and profits increased vs. the same period last year.

(billions of yen)	FY Ending Mar. 2019					FY Ending Mar. 2020					Year-on-Year	Previous Forecast	Change from Prev. Forecast
	Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	Full-Year			
Revenues	464.8	450.7	468.9	444.6	1,829.3	406.4	418.3	428.5	415.0	1,668.3	-160.9	1,660.0	8.3
Operating Income	-8.1	3.9	8.7	6.5	11.0	5.4	10.3	16.6	6.2	38.6	27.6	37.0	1.6
Recurring Profit	-6.6	-2.4	5.6	1.3	-2.0	6.4	9.6	22.4	6.0	44.4	46.5	40.0	4.4
Net Income Attribute to Owners of the Parent Company	-4.5	-5.2	1.0	-35.7	-44.5	9.1	1.9	7.6	12.3	31.1	75.6	29.0	2.1
Exchange Rate	¥108.10	¥110.87	¥113.43	¥110.28	¥110.67	¥110.73	¥107.63	¥108.79	¥109.35	¥109.13	-¥1.54	¥108.04	
Bunker Oil Prices	$395.94	$443.36	$478.90	$451.74	$442.49	$438.21	$435.09	$427.33	$520.84	$454.97	$12.48	$412.60	
											Q4 Regulatory Compliant Bunker Oil Prices	$600.00	

Comparison by Industrial SEGs

Results

- Profits increased significantly due to the recovery of Liners and the improvement in Bulk Shipping.
- Air Cargo failed to improve significantly. Profits decreased due to the decline in Logistics.

	Industrial Segment (Billions of yen)	FY Ending Mar 2019 Q1	Q2	Q3	Q4	Full-year	FY Ending Mar 2020 Q1	Q2	Q3	Q4	Full-year	Year-on-year	Previous Forecast	Change from Previous forecast
Global Logistics	Liner	80.1	70.0	67.9	68.2	286.3	51.9	51.6	51.1	47.4	202.2	-84.0	203.0	-0.8
		-16.6	-2.2	-5.8	-1.6	-26.4	1.9	7.7	3.6	0.0	13.4	39.8	13.0	0.4
	Air Cargo	21.7	7.4	13.1	14.5	56.7	17.7	18.6	20.3	18.5	75.1	18.4	75.0	0.1
		-1.6	-6.2	-4.2	-3.7	-15.9	-4.4	-4.7	-4.3	-2.0	-15.5	0.3	-17.0	1.5
	Logistics	130.4	135.3	137.3	122.7	525.8	117.7	120.4	121.9	116.1	476.3	-49.5	480.0	-3.7
		1.3	1.9	3.8	0.6	7.7	-0.0	2.3	1.9	0.4	4.7	-3.0	3.5	1.2
	(Total)	232.3	212.7	218.3	205.4	868.9	187.4	190.7	193.4	182.0	753.7	-115.1	758.0	-4.3
		-16.9	-6.5	-6.3	-4.7	-34.6	-2.5	5.4	1.3	-1.6	2.5	37.2	-0.5	3.0
Bulk Shipping	Bulk Shipping	206.5	208.1	218.4	208.2	841.3	195.1	205.1	210.7	208.7	819.8	-21.5	810.0	9.8
		10.4	5.4	10.6	7.2	33.7	9.2	5.0	20.5	9.3	44.1	10.3	43.5	0.6
Others	Real Estate	1.8	1.9	1.8	1.9	7.6	1.8	1.7	1.8	1.8	7.3	-0.2	7.5	-0.2
		0.7	0.7	0.6	0.6	2.7	0.7	0.5	0.6	0.5	2.5	-0.1	2.5	0.0
	Other	43.5	46.6	50.1	47.8	188.1	39.7	37.1	44.7	44.0	165.6	-22.4	160.0	5.6
		0.9	-0.3	1.9	0.5	3.0	0.7	0.2	1.4	-0.7	1.7	-1.3	1.0	0.7
	Elimination/ Unallocation	-19.4	-18.6	-19.9	-18.7	-76.7	-17.7	-16.5	-22.2	-21.6	-78.2	1.4	-75.5	-2.7
		-1.7	-1.6	-1.2	-2.4	-7.0	-1.7	-1.6	-1.6	-1.5	-6.6	0.4	-6.5	-0.1
	Consolidated	464.8	450.7	468.9	444.6	1,829.3	406.4	418.3	428.5	415.0	1,668.3	-160.9	1,660.0	8.3
		-6.6	-2.4	5.6	1.3	-2.0	6.4	9.6	22.4	6.0	44.4	46.5	40.0	4.4

※ (Upper) Revenue (Lower) Recurring Profit

1. Analysis of Change in Recurring Profit between FY Ending Mar. 2019 and FY Ending Mar. 2020

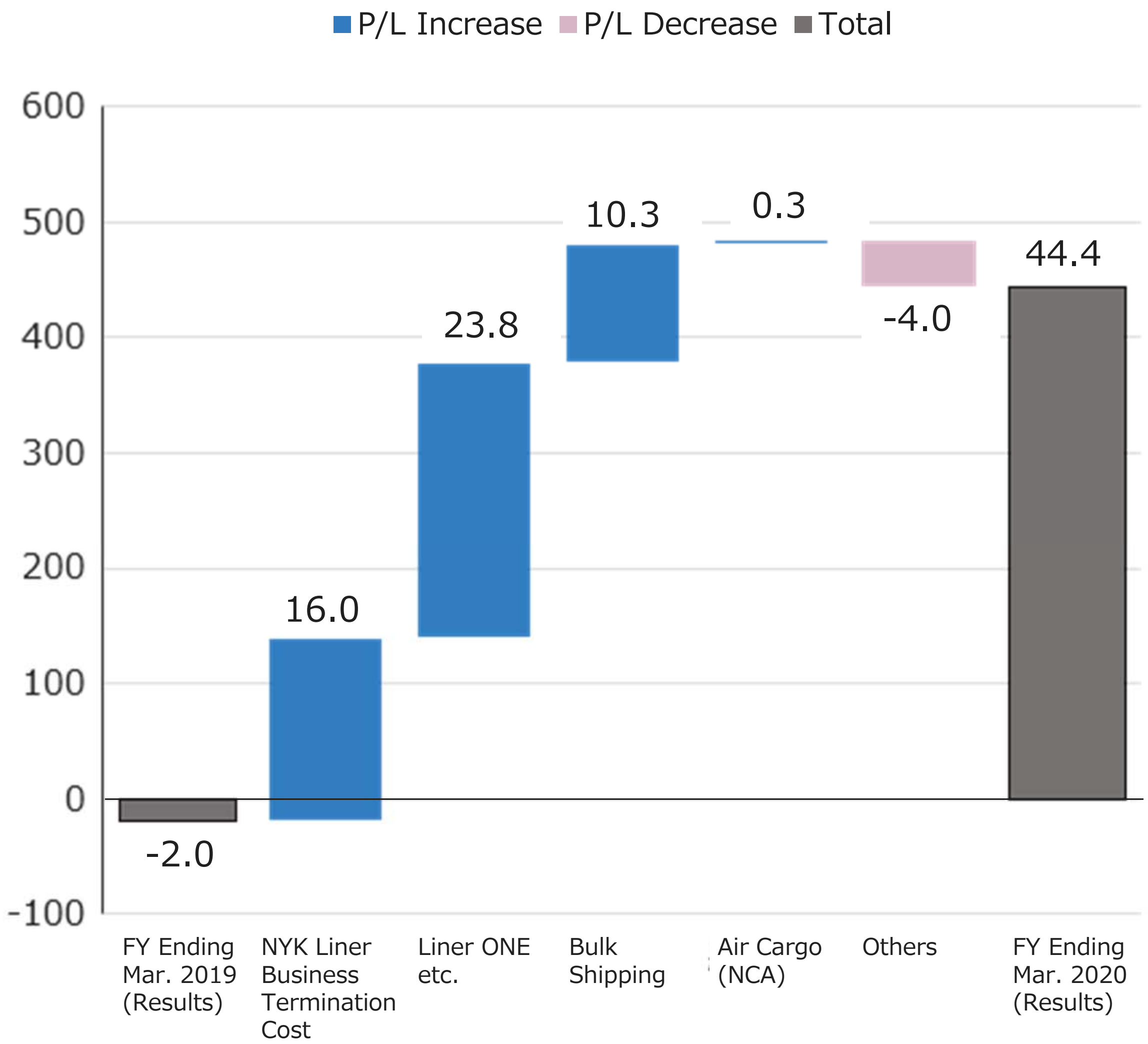
Results

Analysis by factor

Yen Appreciation	**-0.5**	¥109.13/$ Appreciated by ¥1.54
Higher Bunker Oil Prices	**-0.3**	$454.97/MT Increased by $12.48
Market Effects, etc.	**34.9**	Line (incl. One) +23.3 Bulk Shipping +11.6
Foreign Exchange Profit / Loss	**-1.0**	
Others	**13.4**	Liner business termination cost +16.0
Total	**465**	

Analysis by business

(billion yen)



2．Forecast for FY Ending March 2021

Forecast

NYK LINE NIPPON YUSEN KAISHA

Reponses to COVID-19

<Basic Stance>

- We will fulfill our social mission of keeping logistics moving amid the growing effects of COVID-19 around the world.
- To overcome these difficult circumstances together with our customers and business partners, the NYK Group will take measures required to continue stable business operations by prioritizing the safety of all employees engaged in the ocean, land, and air businesses of the NYK Group.

<Emergency Measures>

- Ensuring the safety of the employees
  - Head office and branch offices: Introducing remote work.
  - Onsite: Thorough implementation of measures to prevent the spread of the infection
- Maintaining the business continuity framework including safe operations and measures to maintain operations (Such as ensuring crew changes, etc.)
- Securing long-term funds and a borrowing facility

2． Forecast for FY Ending March 2021

Forecast

<Assumptions: Taking into consideration the impact of COVID-19>

- We are assuming that April to June 2020 will be the worst period and that economic activities will subsequently pick up at a moderate pace.
- However, when the time comes, we believe that the world will not be “post-corona” but “co-existing with corona.”
- Each industrial segment will weigh in the factors that can be considered at the present time.

<Outlook for FY ending March 2021>

- Decrease in revenues and profits vs. the previous year
- Recurring profit/loss is expected to be +0 for the year (-JPY44.4 billion vs. previous year)
  - The impact of COVID-19 will be immense, and it is believed to be around –JPY50.0 billion to –JPY60.0 billion
- Dividend JPY20/share for the year is planned. We expect to forego paying interim dividends.

Summary of Forecast for FY Ending March 2021

Forecast

(In billion yen)	FY Ending Mar. 2020 (Result) H1 Q1	Q2	H2 Q3	Q4	Full-year	FY Ending Mar. 2021 Forecast	Year-on Year
Revenues	824.7		843.5		1,668.3	1,430.0	-238.3
	406.4	418.3	428.5	415.0			
Operating Income	15.8		22.8		38.6	5.0	-33.6
	5.4	10.3	16.6	6.2			
Recurring Profit	16.0		28.4		44.4	0.0	-44.4
	6.4	9.6	22.4	6.0			
Net Income Attributable to Owners of the Parent Company	11.1		20.0		31.1	To Be Determined	-
	9.1	1.9	7.6	12.3			
Exchange Rate	¥110.73	¥107.63	¥108.79	¥109.35	¥109.13	¥105.00	
Bunker Oil Prices	$438.21	$435.09	$427.33	$520.84	$454.97	$240.00	
					Regulatory Compliant Bunker Oil Prices	$345.00	

► Sensitivity to recurring profit

Exchange rate: Approx. JPY0.23 billion increase per ¥1/$ depreciation

Bunker oil prices: Approx. JPY0.17 billion increase per $10/MT decrease

Forecast by Industrial SEGs for FY Ending March 2021

Forecast

	Industrial Segment (Billions of yen)	FY Ending Mar. 2020 Q1	Q2	H1	Q3	Q4	H2	Full-year	FY Ending Mar. 2021 Full-Year Forecast	Year-on-Year
Global Logistics	Liner	1.9	7.7	9.7	3.6	0.0	3.7	13.4	-10.5	-23.9
	Air Cargo	-4.4	-4.7	-9.1	-4.3	-2.0	-6.4	-15.5	12.0	27.5
	Logistics	-0	2.3	2.3	1.9	0.4	2.3	4.7	-2.5	-7.2
	(Total)	-2.5	5.4	2.8	1.3	-1.6	-0.2	2.5	-1.0	-3.5
Bulk Shipping	Bulk Shipping	9.2	5.0	14.2	20.5	9.3	29.9	44.1	7.5	-36.6
Others	Real Estate	0.7	0.5	1.3	0.6	0.5	1.2	2.5	2.5	0.0
	Other	0.7	0.2	1.0	1.4	-0.7	0.7	1.7	-2.0	-3.7
	Elimination/Unallocation	-1.7	-1.6	-3.4	-1.6	-1.5	-3.1	▲6.6	-7.0	-0.4
	Consolidated	6.4	9.6	16.0	22.4	6.0	28.4	44.4	0.0	-44.4

Capital Policies and Financial Plans

► There will be no problems in financing for the time being

- Financing (Cash flows from financing activities)
  - Plans to borrow approx. JPY120.0 billion in long-term funds will be moved up, which will mostly cover the scheduled redemptions for FY2020.
  - A commitment credit lines over several years will be secured (Unused portion as of March 31, 2020: Approx. JPY230.0 billion)
- Investment policy (Cash flows from investing activities)
  - Priority on securing free cash flows
  - Even stricter selectivity in choosing new investment projects
  - Continuation and promotion of liquidation of assets (Strategic shareholding / real estate)

Fixed investments to vessel etc	
During Lehman Crisis (FY ending Mar 2009)	Approx. JPY 1.13 trillion
Currently (FY ending Mar 2020)	Approx. JPY 0.23 trillion

- Dividend policy
  - Returning profits to shareholders will be considered one of the most important management issues, and dividends will be paid based mainly on a consolidated payout ratio of 25%
  - Annual dividends of JPY20/share will be set as the minimum level for the time being

Medium- to Long-term Measures

- The basic policy of the Medium-term Management Plan will remain unchanged. However, a review of the quantitative targets and the progress status is scheduled.
- ESG management will be promoted as a long-term growth strategy. However, measures will be taken to address the effects of the current COVID-19 crisis and the changes in the business environment and trade structure of post-COVID-19.

- Medium-term Management Plan (Staying Ahead 2022 with Digitalization and Green)
  - Basic policy remains unchanged. We will continue to address management issues and the following measures of the plan.
    - Step 1: Optimize business portfolio
      - Decisively reform the dry bulk business (Page.17)
      - Lead the new container business JV (ONE) to success (Page.29~37)
    - Step 2: Secure stable freight-rate business
      - Reinforce LNG and offshore businesses (Page.18)
    - Step 3: Increase efficiency and create new values
      - Implement Digitalization and Green initiatives (Page.19~20)
    - Continue to promote asset liquidation
      - Reduce strategic shareholdings and review real estate holdings
- Long-term growth strategy
  - Promotion of ESG management

Situation for FY Ending Mar. 2021 by Industrial Segments (Global Logistics)

[Liner]

- Effects of reduced demand due to shrinking economic activities mainly in the European/US trades (more than 20%). The worst will be in the Q1, and subsequently will gradually improve but the reduction in global container demand is expected to exceed 10% compared to the previous year.
- In addition to ongoing tonnage adjustments and the reduction of fixed costs, deep-dive cost controls will be implemented. Reduction of facilities will also be carried out, as necessary.
- Amid the effects of reduced demand in the container transportation, the terminal business both in Japan and overseas will continue its ongoing initiatives of improving productivity and operational efficiency.

[Logistics]

- While both the Ocean Freight Forwarding and the Logistics businesses will be largely impacted by reduced demand due to shrinking economic activities, the Air Freight Forwarding business will operate under a different supply and demand environment due to major reductions in international passenger flights.
- We will evolve into a strategic partner, closely aligned with our customers and providing new value, while promoting the enhancement of business efficiency and proactively improving the regional business portfolio and organization.

[Air Cargo]

- As sluggish demand continues from the previous year, due to the gradual reduction of international passenger flights as a result of the impact of the COVID-19 pandemic, drastic changes in supply and demand will occur.
- Responses to emergency demand including cargos containing medical supplies using charter flights, among others, will be implemented.
- Also in response to the effects of COVID-19, large cargo flights, which have large social missions to fulfill, will be leveraged to provide safe operations and stable services.

Situation for FY Ending Mar. 2021 by Industrial Segments (Bulk Shipping)

[Car Carrier]

- Demand plummeted from the beginning of the fiscal year due to the spread of COVID-19. The Q1 is thought to be the worst and the volume of vehicles will decline around 50% vs. the same period last year. Although it will vary by region, gradual recovery is expected, but on full-year basis, we expect a fall in profit. The auto logistics business will also be impacted by the decline in demand.
- Operations that gives due consideration to voiding sailings and cost reductions will be carried out by carefully gauging the trends of the automobile industry and the resumption of economic activities. Selling and scrapping vessels are also possible. Flexible business operations will be promoted anticipating the changes in society and lifestyles post-COVID-19.

[Dry Bulk]

- Market conditions for the time being will be at historic lows, which will put major pressure on the P/L of dry bulkers, which are exposed to the market. Shipments have not necessarily declined compared to the previous year, and the impact of COVID-19 on market sentiment can clearly be seen.
- As economic activity around the world gradually resumes, the market is expected to recover in and after the Q2, in conjunction with the recovery in major cargo movement. However, it will not be enough to compensate for the current deterioration of P/L and a major decrease in profits is expected for the year.
- Streamlining of the fleet and efficient fleet allocation will continue to be promoted, while efforts will be made to improve the profitability by fixing it through timely Forward Freight Agreements.

[Energy]

- The impact of COVID-19 will be limited as most contracts are long-term, stable contracts. We expect continuous and stable profitability.
- Efforts will be made to consistently provide safe operations and transport infrastructure.
- Amid the volatile market conditions due to the sharp drop in crude oil prices, ongoing efforts will continue to increase long-term, stable contracts and to mitigate the effects of fluctuating market conditions.

Situation for FY Ending Mar. 2021 by Industrial Segments (Real Estate and Other Businesses)

[Real Estate and Other Businesses]

- (Real estate): There have been no adverse effects of COVID-19 for the time being, and no major changes are expected going forward.
- (Cruise Ships): Currently, all cruises with return dates up to the late August have been canceled. If the effects of COVID-19 continue, its impact on business performance could became greater.

Progress of Medium-term Management Plan

Progress of Medium-term Management Plan
Step 1: Decisively reform dry-bulk business to withstand volatile market conditions

Early redelivery (Result)

2 vessels in FY2019.

Plan for further execution. To continue with the effort.

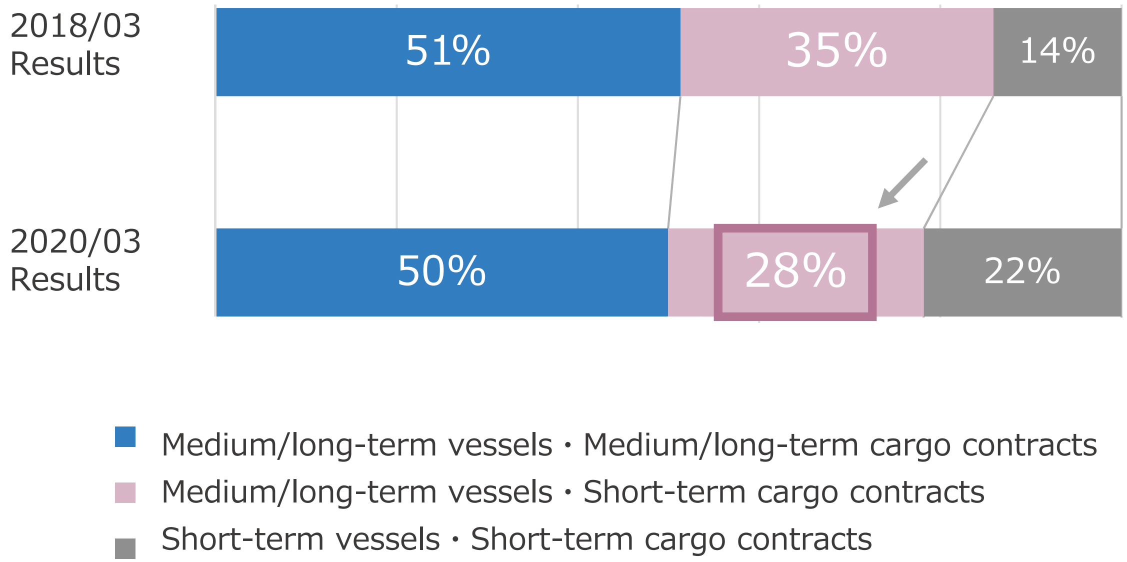
Securing medium- to long-term contracts (Result)

- Contract **15%** increase
- Vessel **22%** increase
- Volume **10%** increase

> Comparisons between the numbers as of 2018/03 and 2020/03 on a consolidated basis
> The net number of expired and newly contracted projects after the end of the March in 2018(incl. non-delivered vessels)
> Figures refer to CVC and COA contracts with more than two years
> Consolidated basis

Reforming our fleet portfolio to withstand volatile market conditions

- **Early redelivery and medium- to long-term contracts** contribute to the decrease in exposure fleet rate to **28%**



> Medium/long-term: More than 2 years
> Short-term: Less than 2 years
> Percentage on the graph indicates approximate figure.
> Figure in total may not be 100% due to the effect of figures after the decimal point.

Progress of Medium-term Management Plan
Step 2: Secure stable-freight-rate business (enhance investment)

LNG Fleet (97 vessels for FY2022)

Fleet in Operation 78 vessels (as of March 2020) plus **On order 9 vessels** **97 vessels (FY2022)**

	Charterer	Vessel Name / Shipyard	Project	FY2020	FY2021	FY2022	FY2023
1	EDF	ELISA LARUS	US				
2	Mitsubishi Corporation	HHI	US				
3	TOTAL	SHI	Worldwide				
4	Mitsubishi Corporation	HHI	Canada				
5	Mitsubishi Corporation	HHI	Canada				
6	TOTAL	SHI	Worldwide				
7	TOTAL	SHI	Worldwide				
8	EDISON	HHI	Worldwide				
9	TOTAL	SHI	Worldwide				

Offshore Business

	Value Chain	Charterer	Area / Oil Field	FY2020	FY2021	FY2022	FY2023
1	Shuttle Tanker	Equinor ASA	Brazil / Roncador				
2	Shuttle Tanker	Equinor ASA	Brazil / Roncador				
3	Shuttle Tanker	TOTAL	Brazil / Roncador				
4	Shuttle Tanker	ENI	North Sea and Barents Sea				
5	Shuttle Tanker	ENI	North Sea and Barents Sea				
6	FPSO	Petrobras	Brazil / Roncador				

Progress of Medium-Term Management Plan
Step 3: Increase efficiency and create new values with digitalization

- Promote initiatives to increase efficiency and create new values with digitalization in accordance with the Medium-term Management Plan.
- Even after the new coronavirus pandemic subsides, there's going to be a certain level of impact on society, people's lifestyle, and global structure.
- Under a situation where the coronavirus continues to exist, further accelerate digital transformation to realize agile and resilient service and organization.

Major initiatives to realize agile and resilient service and organization

[**Provide Digital on-board Support**]

Better abnormality detection, status diagnosis, remote monitoring through vessel IoT data!

Start trial of MarCoPay (on-board electronic currency). Contribute to reducing risk of currency delivery.

Develop, start own e-learning platform for crew training. Remote learning prior to getting on-board!

[**Establish Better Quality Telework Environment**]

- Accelerate introduction of cloud-based applications
- Promote introduction of business process automation tools

[**Nurture Problem-solving Leaders**]

Establish in-house digital academy for nurturing digital native leaders

[**Continue R&D activities together with partner companies**]

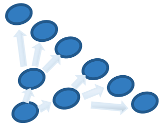
- Conduct successful automatic navigation trials, formulate autonomous ships development framework, speed up development further.
- Develop, with Dualog, a vessel cyber risk management system required for IoT, automation, autonomous ship
- Continue, accelerate ongoing initiatives with NTT, Toyoko, etc. even under coronavirus crisis

Progress of Medium-Term Management Plan
Step 3: Long-term Growth Strategy – Concrete Commercialization of Green Business

Accelerated expansion of business opportunities

- Gather information employing intelligence
- Build structure enabling prompt actions

(An image)



Sale of LNG Fuel

Offshore Wind Power System

Zero Emission

- Nurture business from a long-term perspective
- Make it into one of the core businesses of NYK
- Embody ESG management

March 2018
Medium-term plan announced

April 2019
Dedicated dept. established

May 2020

2030

2050

Recognition of current situation and future prospects

✓13 months since the establishment of the dedicated dept. the number of projects under consideration, both large and small, ***increased to double digits***
✓Consider flexible investment in the next 10 years (approx. several tens of billions of yen)
✓ ***Several billions of yen*** in recurring profit (single year) by around 2030

"There has been no formidable player in the green business industry"

Leverage the unique strength of NYK Group, become a partner chosen for joint research and exploration of business opportunities, improve level of analysis for commercialization from the perspective of what and how.

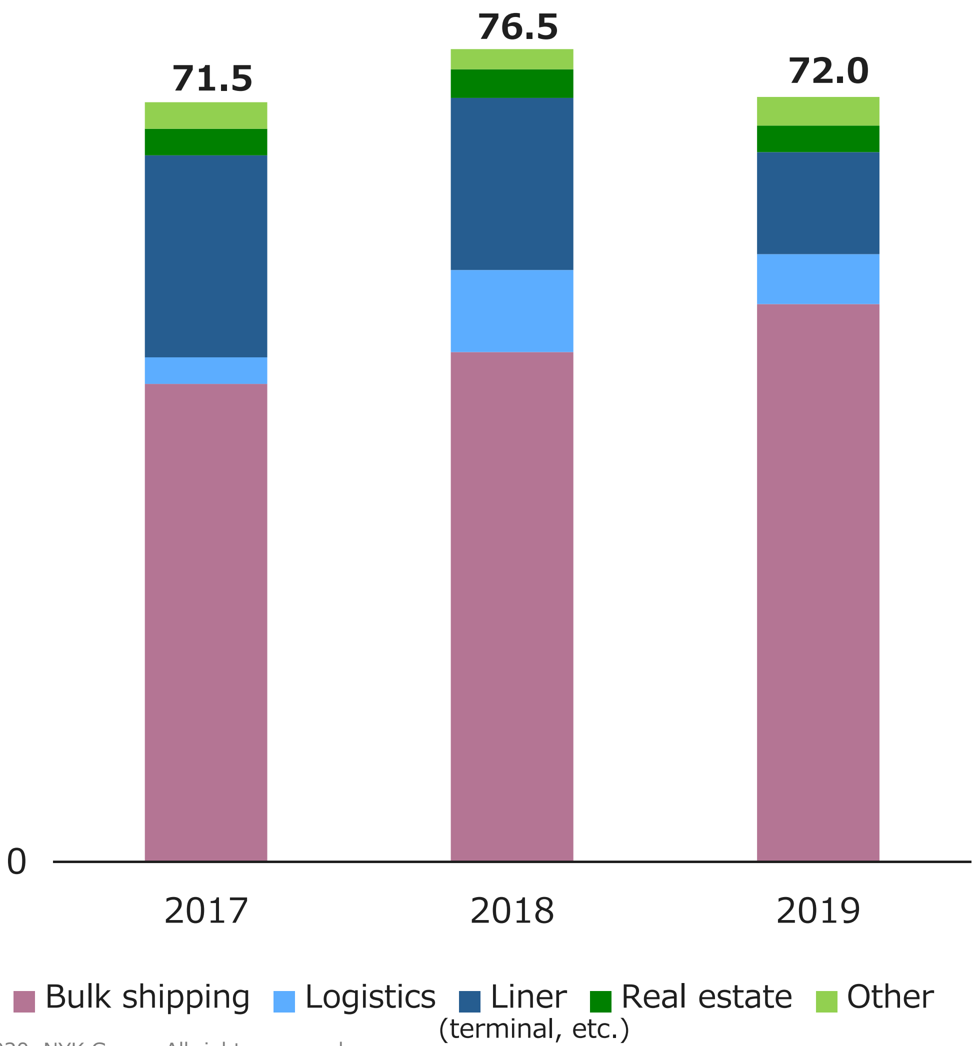
	Business environment recognition	NYK's current status	Strengths, features of NYK, future approaches
Sale of LNG Fuel	–Switch to LNG fuel gathering pace (Orders for newly built LNG fuel tankers increased)	–Already marketing in Europe; favorable for NYK given its track record –Plan to start business in Japan this year (Chubu area, from 2020)	–Strengths in usage and transport of LNG, which NYK nurtured through ship management and operating LNG carriers on its own, and many years of marketing activities –A number of dedicated employees in Japan and abroad (experience in Europe applied in Japan)
Offshore Wind Power System	–The first project in Japan to take shape in a few years; multiple projects to start every year after that –Blessed with the right spot in the ocean, laws have been developed in Japan with active government support	–MOU for jointly owning and operating offshore wind installation vessels signed with Van Oord of the Netherlands (2019) –MOU for crew transfer vessel business signed with NOG of Sweden (2019)	–NYK's long established track record in safe marine transportation, trust, and confidence form the platform for discussions of new businesses with partners –Compatibility of high technological prowess with existing offshore business –Leverage the strong connections with Japanese power companies established through existing businesses across various scenarios
Zero Emission (hydrogen, ammonia, etc.)	–Unprecedented strong trend of zero emission and decarbonizing –Technology for global commercialization is in the development phase (more to come before commercialization)	–International R&D competition for gaining the hegemony in zero emission. NYK has been active by participating in the Advanced Hydrogen Energy Chain Association for Technology Development and Green Ammonia Consortium	–Accumulation of marine transportation knowhow enables to visualize the factors essential in realizing engine development and zero emission fuel supply –The 4 labs of the Group possess technological prowess essential for start-up-type business development –Collaborate with involved government agencies and prominent partners in Japan and abroad

Stable-Freight-Rate Business, Non-Stable-Freight-Rate Business (recurring profit/loss basis)

Stable-freight-rate business

(billion yen)

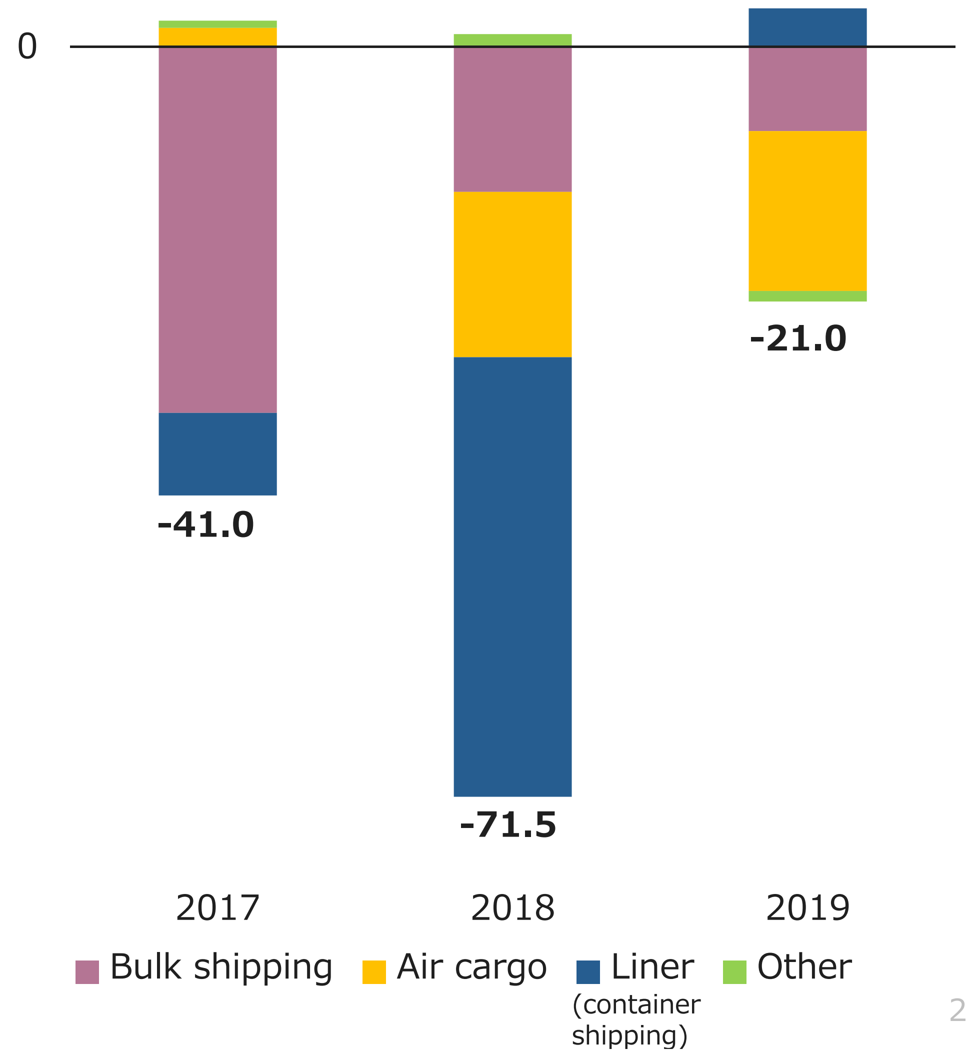
*Bulk shipping consists of car carriers, dry bulk (medium- to long-term contracts alone), and liquid (medium- to long-term contracts alone).



Non-stable-freight-rate business

(billion yen)

*Bulk shipping consists primarily of dry bulk and liquid that are not medium- to long-term contracts.



Appendix

Segment Overview : Global Logistics

Segment

► 1. Air Cargo Transportation（NCA）

	FY Ending Mar 2019 (Result)	FY Ending Mar 2020 (Result)					Year-on-Year
		H2		H2		Full-year	
		Q1	Q2	Q3	Q4		
Revenue (Billions of yen)	56.7	36.3		38.8		75.1	18.4
		17.7	18.6	20.3	18.5		
Recurring Profit (Billions of yen)	-15.9	-9.1		-6.4		-15.5	0.4
		-4.4	-4.7	-4.3	-2.1		
Chargeable Weight (1,000 tons)	276	190		197		386	110
		93	96	99	98		
Volume (RTK) (mil.ton Kilo)	1,576	1,062		1,098		2,161	585
		529	533	560	538		
Capacity (ATK) (mil.ton Kilo)	2,370	1,790		1,714		3,503	1,133
		894	896	894	820		
YIELD FY09/3 Q1=100	90	84		85		85	-5
		88	81	85	85		
MOPS US$ per bbl	$84	$78		$68		$73	-11
		$80	$77	$76	$59		

- Transport volume improved vs. the previous year due to the utilization of own aircraft. Operating costs also decreased due to the drop in fuel prices.
- On the other hand, freight rate dropped due to less demand.

Segment Overview : Global Logistics

Segment

► 2. Logistics

		FY Ending Mar 2019	FY Ending Mar 2020 (Result)					Year-on-Year
			H1		H2		Full-year	
		Result	Q1	Q2	Q3	Q4		
Ocean Export	TEU (1,000 TEUs)	815	395		369		764	-51
			191	203	198	171		
	Year-on year	5%	-6%		-8%		-6%	-11%
			-6%	-6%	-4%	-9%		
Air Export	Weight (1,000 tons)	380	169		168		337	-43
			83	86	89	79		
	Year-on year	1%	-11%		-10%		-11%	-12%
			-11%	-11%	-12%	-9%		

- Air Freight Business: Handling volume dropped, since Cargo from Asia and Japan decreased significantly
- Ocean Freight Business: In spite of the restructuring the cargo portfolio by agile marketing was done, the handling volume decreased due to the US-China trade friction.
- Logistics Business: Despite strong performances in US and Europe, it is taking time for P/L to improve in South Asia.

Segment Overview : Bulk Shipping

Segment

► 3. Bulk Shipping – 1） Market trend and forecast :

		FY Ending Mar. 2019 (Result)	FY Ending Mar. 2020 (Result)					FY Ending Mar. 2021 (Forecast)
			Q1	Q2	Q3	Q4	Full-Year	Full-Year
Dry Bulk Carrier	**BDI**	**1,252**	**994**	**2,035**	**1,542**	**572**	**1,286**	**1,103**
	Cape (5TC)	**15,358**	**11,363**	**29,423**	**21,932**	**4,503**	**16,805**	**13,500**
	Panamax (Pac)	**9,795**	**8,602**	**13,296**	**10,124**	**5,396**	**9,354**	**9,375**
	Handymax (Pac)	**9,912**	**7,593**	**10,481**	**9,507**	**4,949**	**8,133**	**8,875**
	Handy (Pac)	**7,486**	**6,254**	**7,236**	**7,299**	**4,728**	**6,379**	**7,750**
Tanker	**VLCC**	**24,058**	**12,565**	**26,456**	**91,476**	**73,109**	**50,922**	**40,000**
	VLGC	**17,963**	**50,691**	**53,795**	**66,010**	**50,699**	**55,299**	**26,250**

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

Segment Overview : Bulk Shipping Business

3. Bulk Shipping – 2）Car Carrier :

	FY Ending Mar. 2019 (Result)	FY Ending Mar. 2020 (Result)				Full-Year	Year-on-Year
		1H		2H			
		Q1	Q2	Q3	Q4		
All Trade (10,000 cars)	**340**	**162**		**155**		**317**	**-23**
		79	**83**	**75**	**79**		
Year-on year	**-6%**	**-3%**		**-10%**		**-7%**	**-**
		-9%	**3%**	**-12%**	**-8%**		

- Focusing on improving P/L by promoting improved efficiency in fleet allocation and a selective cargo portfolio.

Financial Position

	FY Ending Mar 2018 (Result)	FY Ending Mar 2019 (Result)	FY Ending Mar 2020 (Previous Forecast)	FY Ending Mar 2020 (Forecast)
Interest-bearing Debt(billion yen)	**983.4**	**1,046.1**	**1,099.1**	**1,049.8 (※)**
Shareholders' equity (billion yen)	**551.9**	**487.4**	**477.3**	**462.6**
Shareholders' equity ratio	**27%**	**24%**	**23%**	**24%**
DER	**1.78**	**2.15**	**2.30**	**2.27**
ROE	**3.8%**	**-**	**5.4%**	**6.6%**
Cash flow from Operating Activities (billion yen)	**89.0**	**45.3**	**105.0**	**116.9**
Cash flow from investing Activities (billion yen)	**-137.9**	**-132.2**	**-103.0**	**-54.8**
(Depreciation and amortization) (billion yen)	**(87.8)**	**(89.7)**	**(99.5)**	**(104.0)**

*Includes the impact of adopting the new IFRS for leases by the overseas subsidiaries: JPY90.1 billion of interest-bearing debt as of Starting FY2019.

5. Fleet in Operation

Industrial Segment	Type of Vessel	FY Ending Mar 2019 Owned (incl.co-owned) Vessels	FY Ending Mar 2019 Chartered Vessels	FY Ending Mar 2019 Total Vessels	FY Ending Mar 2020 Owned (incl.co-owned) Vessels	FY Ending Mar 2020 Owned (incl.co-owned) Kt (DWT)	FY Ending Mar 2020 Chartered Vessels	FY Ending Mar 2020 Chartered Kt (DWT)	FY Ending Mar 2020 Total Vessels	FY Ending Mar 2020 Total Kt (DWT)
Liner Trade	Container Ships	31	32	63	28	1,822	30	3,144	58	4,967
Bulk Shipping	Bulk Carriers (Capesize)	24	81	105	24	4,667	90	17,662	114	22,329
	Bulk Carriers (Panamax)	38	51	89	35	3,123	57	4,804	92	7,927
	Bulk Carriers (Handysize)	60	103	163	56	2,718	99	4,793	155	7,512
	Wood Chip Carriers	9	35	44	9	460	34	1,870	43	2,330
	Car carriers	40	78	118	38	722	73	1,340	111	2,063
	Tankers	35	21	56	35	6,655	21	3,223	56	9,879
	LNG carriers	72	3	75	75	6,107	3	246	78	6,353
	Multi-Purpose carriers	23	19	42	22	418	19	277	41	696
	Others	1	0	1	1	7	0	0	1	7
Others	Cruise Ships	1	0	1	1	7	0	0	1	7
Total		334	423	757	324	26,711	426	37,363	750	64,142
Offshore	Shuttle Tankers			29					28	3,392
	FPSO			3					3	-
	FSO			2					2	-
	Drill Ships			1					1	-
Grand Total				792					784	67,468

- Co-owned ship's dwt is including not only NYK Group companies' ownership but also other companies' ownership.
- The total number of LNG carriers and cruise ships owned includes vessels owned by equity method affiliates.

ONE

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Financial Results for FY2019 Full-Year

AS OF APRIL. 30. 2020

1. FY2019 Full –Year Financial Results

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FY2019 Full-year Results and Comparison with Previous Year and Previous Forecasts

(Unit: Million US$) *As of Jan 2020

	FY2019							FY2018	Year on Year		FY2019 (Previous Forecasts*)	Results to Previous Forecasts	
	1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results	Full Year Results	Change	Change (%)	Full Year Forecasts	Change	Change (%)
Revenue	2,875	3,109	5,984	2,914	2,966	5,881	11,865	10,880	985	9.1%	11,879	-14	-0.1%
Profit/loss for the year	5	121	126	5	-27	-22	105	-586	691	-	81	24	29.8%
Bunker Price (US$/MT)	$432	$419	$427	$417	$528	$456	$441	$444	-$3		$457	-$15	

Full-year results EBIT/EBITDA/Annual Lifting/Annual bunker consumption

- EBIT US$ 422 million
- EBITDA US$ 1,368 million
- Annual Lifting 12,399K TEU
- Annual bunker consumption 4.2 million MT

Outline

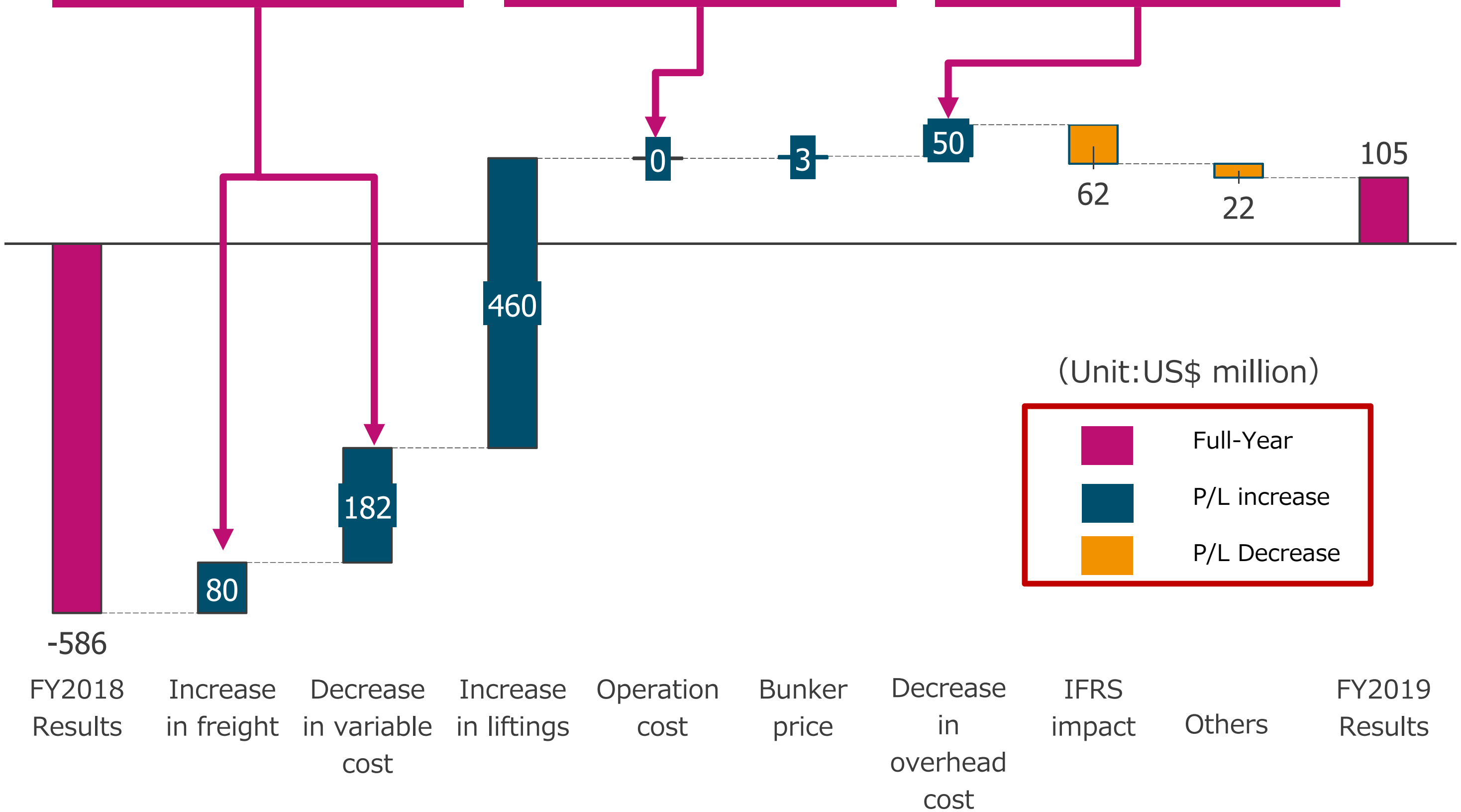
- FY2019 Full-Year: Recorded US$105 million profit. FY2019 action plans achieved targets (Details:Slide2)
- Synergy Effect: (US$1,050 million against FY2015) Achieved one-year in advance (Details:Slide3)
- COVID-19 Impact: Liftings stagnated and extra variable cost incurred, however suppressed fixed cost, and achieved results that are not worse than previously forecasted. (Details: Slide4)
- Liftings, Utilization rate, Imbalance improved, spot market rate was stable, and adoption to MARPOL2020 regulations was smooth. (Details: Slide5)

2.FY2019 Full-Year Results Analysis (vs. Previous Year Results)

Full-year results vs. Previous year results

Action Plans in FY2019

Cargo Portfolio Optimization, Reinforcement of Yield Management	Products (Service routes, Allocated vessels) Rationalization	Organization Optimization
US$190 million per annum	US$260 million per annum	US$50 million per annum



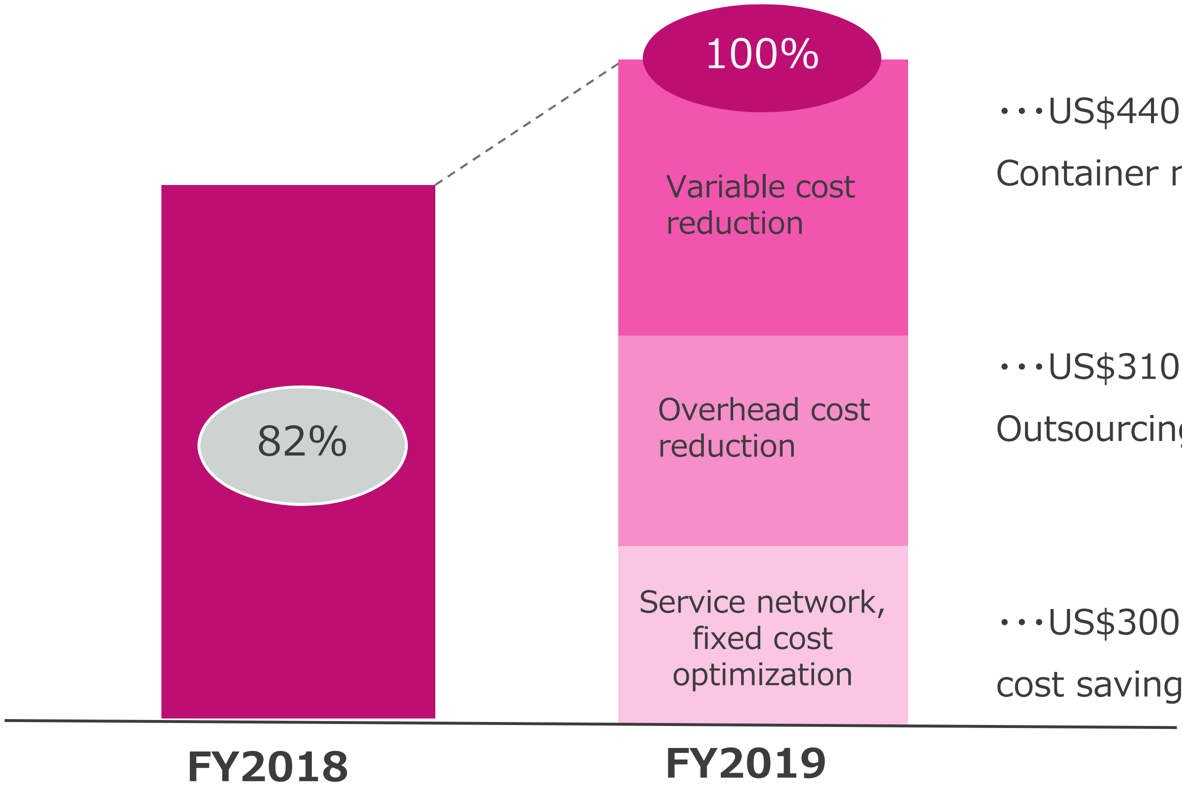
Total target of US$500 million per annum improvement action plans are achieved as planned.

- **Freight**: Freight increase including effect of cargo portfolio improvement
- **Variable Cost**: Yield Management reinforcement, cost saving effect etc.
- **Liftings**: Mainly effects from utilization rate improvement, reinforcement of non-dominant leg.
- **Operation cost**: Per unit cost decreased as a result of FY2019 product effect, bunker consumption saving initiatives and so on. On the other hand, cost increased because of service expansion (such as West Asian service and Africa service). Net total fixed cost almost as same amount as last year.
- **Bunker Price**: Increase due to MARPOL 2020 adoption and bunker market fall offset each other, resulting in almost same unit price as last year.
- **Overhead cost**: Decreased as a result of organization optimization.
- **IFRS impact**: IFRS accounting adoption from FY2019.
- **Others:** Increase in Freight Tax due to revenue increase, and so on

3.Summary of Synergy Effects

- Against the three-year target of synergy effects amounting US$1,050 million per annum against FY2015 level of the three parent companies before the integration, 82% was realized in the first operating year in FY2018.
- At the beginning of FY2019, further 14% achievement to reach 96% was forecasted, however as a result of expedited decision-making speed and strengthened bargaining power, 100% actualized a year ahead in FY2019.
- From FY2020 onward, ONE will continue to explore further competitiveness beyond the frame of synergy effects.

Achievement against target



・・・US$440 million: Inland cost, terminal procurement, Container maintenance, repair cost and so on.

・・・US$310 million: IT Synergy, Organization optimization, Outsourcing and so on.

・・・US$300 million: Service network optimization, bunker cost saving

4.FY2019 Full-Year Results Analysis (vs. Previous forecasts)

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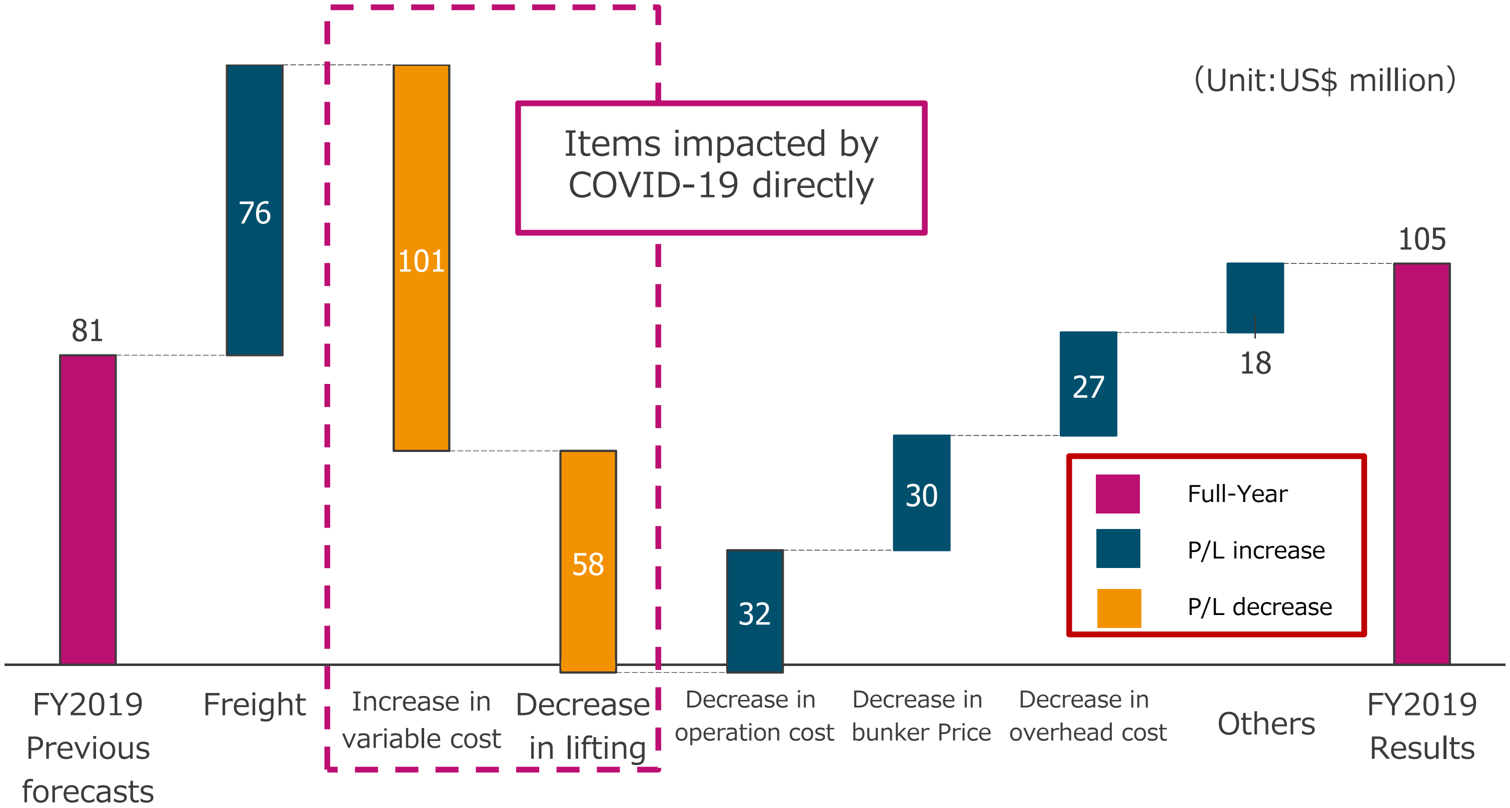

- **Freight** : Short term market level after lunar new year was higher than previously forecasted.
- **Variable Cost**: Effects of COVID-19 such as tighter container storage places and so on (Transitory factor)
- **Liftings**: Due to COVID-19 impact, result was lower than previously forecasted.
- **Operation cost**: Executed additional void sailings to cope with lower demand after lunar new year.
- **Bunker Price**: Lower than previously forecasted.
- **Overhead cost**: Agency cost and IT system cost were less than forecasted.
- **Others**:Impact from exchange rates, IFRS, Freight Tax and so on.

COVID-19 impacted liftings more than previously forecasted after lunar new year. As epidemic spread globally, berth waiting by quarantine reinforcement or operation delay due to shortage of container yard were seen occasionally. Crisis Management Committee was set up in later January headed by CEO, and Business Continuity Plan (BCP) was activated country by country to maintain essential customer service, ship operation, container flow and so on. Extra void sailings were executed to meet decelerating cargo demand. MARPOL2020 regulation came into effect from beginning of this year and ONE Bunker Surcharge (OBS) implementation progressed steadily as planned. Bunker price decrease preceded OBS decrease, on the other hand short term freight rate market was relatively steady, and results ended with an upturn from previous forecasts.

5. Liftings, Utilization Rate, Freight Index of Major trades

(Unit: 1,000TEU)

Liftings / Utilization by Trades		FY2018 Full Year Results	FY2019 1Q Results	FY2019 2Q Results	FY2019 1H Results	FY2019 3Q Results	FY2019 4Q Results	FY2019 2H Results	FY2019 Full Year Results
Asia - North America Eastbound	Lifting	2,664	669	773	1,442	665	585	1,250	2,692
	Utilization	87%	86%	94%	90%	93%	92%	93%	91%
Asia - Europe Westbound	Lifting	1,687	460	488	947	440	443	882	1,830
	Utilization	88%	87%	95%	91%	92%	100%	96%	93%

Asia - North America Westbound	Lifting	1,141	350	310	660	320	331	650	1,310
	Utilization	37%	47%	37%	42%	42%	49%	45%	44%
Asia - Europe Eastbound	Lifting	1,091	323	328	651	362	325	687	1,339
	Utilization	55%	64%	64%	64%	72%	67%	69%	67%

(Unit: 100 = average freight rates as of FY2018 1Q)

Freight Index by Trades	FY2018 Full Year Results	FY2019 1Q Results	FY2019 2Q Results	FY2019 1H Results	FY2019 3Q Results	FY2019 4Q Results	FY2019 2H Results	FY2019 Full Year Results
Asia - North America Eastbound	104	103	105	104	104	110	107	105
Asia - Europe Westbound	104	100	101	100	98	111	105	102

(Vs. FY2018) Action plans for P/L improvement emerged. Utilization rates improved, non-dominant leg liftings increased, and trade imbalance became less.
(4th Quarter) Freight index increased as a result of MARPOL2020 adoption. COVID-19 impacted is till limited.

6.FY2020 Full-year forecasts

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Impact of COVID-19

Global economy is rapidly deteriorating due to epidemic expansion, which is seriously impacting global supply chain. Demand is declining in large consumption regions such as Europe, North America, and many other locations, and we have executed considerable scale of void sailings in April. Uncertainties are still increasing for the situation after May.

Disclosure of FY2020 Full-year forecasts

Situation is changing dynamically and rapidly, and forecasting FY2020 performance reasonably is difficult under current external circumstances and therefore FY2020 full-year forecasts are not yet fixed.

Reference

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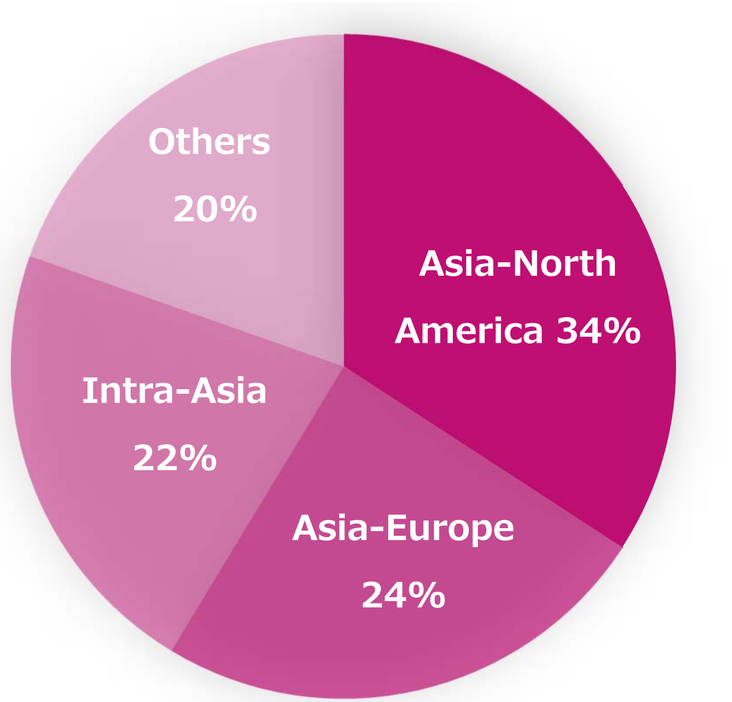
Fleet Structure

as of end of 4Q

Size		1)As of end Dec 2019	2)As of end Mar 2020	2)-1)
>= 20,000 TEU	Capacity (TEU)	120,600	120,600	0
	Vessels	6	6	0
10,500 - 20,000 TEU	Capacity (TEU)	363,220	349,000	▲ 14,220
	Vessels	26	25	▲ 1
9,800 - 10,500 TEU	Capacity (TEU)	100,100	100,100	0
	Vessels	10	10	0
7,800 - 9,800 TEU	Capacity (TEU)	374,655	356,811	▲ 17,844
	Vessels	42	40	▲ 2
6,000 - 7,800 TEU	Capacity (TEU)	227,260	234,706	7,446
	Vessels	35	36	1
5,200 - 6,000 TEU	Capacity (TEU)	100,910	100,910	0
	Vessels	18	18	0
4,600 - 5,200 TEU	Capacity (TEU)	118,480	123,372	4,892
	Vessels	24	25	1
4,300 - 4,600 TEU	Capacity (TEU)	71,816	71,816	0
	Vessels	16	16	0
3,500 - 4,300 TEU	Capacity (TEU)	34,003	29,750	▲ 4,253
	Vessels	8	7	▲ 1
2,400 - 3,500 TEU	Capacity (TEU)	61,125	63,671	2,546
	Vessels	23	24	1
1,300 - 2,400 TEU	Capacity (TEU)	11,993	12,070	77
	Vessels	7	7	0
1,000 - 1,300 TEU	Capacity (TEU)	9,631	8,488	▲ 1,143
	Vessels	9	8	▲ 1
< 1,000 TEU	Capacity (TEU)	0	0	0
	Vessels	0	0	0
Total	**Capacity (TEU)**	**1,593,793**	**1,571,294**	**▲ 22,499**
	Vessels	**224**	**222**	**▲ 2**

Service Structure

(4Q FY2019 Structure of dominant and non-dominant space)



Reference

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FY2019 Action Plans		Target as of beginning of the fisical year (Achieved)
Cargo Portfolio Optimization, Reinforcement of Yield Management	Cargo portfolio optimization such as inland cargo match back ratio improvement, reinforcement of yield management through improvement of cargo operation efficiency or business process optimization.	US$190 million per annum
Products（Service routes, Allocated vessels）Rationalization	Based on operating results of FY2018 as first year of ONE, service network optimization was progressed such as capacity upsize and allocation optimization by pendulum service connecting Europe and US via Asia, launch of in-house feeder services which reduced unit price of fixed cost. Cost saving from bunker cost reduction initiatives are also included here.	US$260 million per annum
Organization Optimization	Reduction of overhead cost such as agency cost or IT system usage cost. Initiatives of E-Commerce enhancement, expansion of live chat, introduction of robotics, targeting improvement of customer experience and internal efficiency, have progressed.	US$50 million per annum

KEY TOPICS	
MARPOL2020	Effective January 2020, regulation was implemented to limit sulphur content in bunker oil to be 0.5% or less (MARPOL2020). Switching to compliant bunker was smoothly completed. Attention of customers towards environmental issues are high and cost recovery by implementation of bunker surcharge such as OBS was achieved as planned. Retro-fitting of scrubbers is scheduled mainly for core large ships and in future we continue studying best mix of procurement of compliant oil and scrubber retro-fitting.
Actualizing Synergy Effects	US$1,050 million of synergy effects were targeted from integration of container business by 3 parent companies. FY2018 was first year after integration and 82% was achieved. At beginning of FY2019, it was forecasted 96% to be achieved in FY2019 and 100% in FY2020, however full 100% ended up to be realized in FY2019.
Transfer of Overseas Terminal	Examination for transferring overseas terminal business from each of 3 parent companies to ONE is on going targeting execution in FY2020.

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