

Second Quarter Financial Results for Fiscal Year Ending March 2021, and Forecast for Entire Fiscal Year

November 5th 2020

Contents

1. Overview of the 2nd Quarter Results for FY Ending March2021	p. 3-6
2. Forecast for FY Ending March 2021	p. 7-12
3. Progress of Medium-term Management Plan	p. 13-17
➤ Appendix	p. 18-26
➤ Segment Overview	
➤ Financial Position	
➤ Fleet in Operation	
(Attachment) Ocean Network Express Financial Results for FY2020 2nd Quarter	

- ▶ Revenues
Revenue decreased mainly as a result of decreased transport volume and a sluggish market in the shipping business due to the effects of COVID-19.
- ▶ Recurring Profit/Loss
Profit increased as significant improvements in the profits of Global Logistics (Air Cargo/Liner/Logistics) exceeded the decrease in the profits of Bulk Shipping (Increase of ¥31.4 billion vs. same period last year)
- ▶ Extraordinary Profit/Loss
Expenses expected to be incurred due to redelivery, etc., as part of the current medium-term management plan measure of reforming the structure of dry bulk, were reported at the end of the 2nd quarter.

Review of 1H (Recurring Profit/Loss vs. the same period last year) under the impact of COVID-19

- Liner : Profits increased
In Containers (ONE), cargo movement resumed as the lockdown was lifted and short-term freight rates trended upward. Especially in the North America routes, liftings recovered to last year's levels, and freight/ utilization rates exceeded that of the same period last year.
- Air cargo : Profits increased
Despite the sluggish demand for air cargo, the decline in the space supply continued, and freight levels remained robust in and after July. NCA's capacity utilization percentage and yield also improved.
- Logistics : Profits increased
Ocean cargo: Despite struggling under procurement costs, a recovery trend prevailed including a recovery in handling volume.
Air cargo: Despite the continuing decline in handling volume (approx. 20% decrease vs. same period last year), margin improved due to strong freight levels.
Logistics: Ongoing cost reductions made progress, handling volume has recovered, and profits improved.
- Bulk Shipping : Profits decreased
Energy transport was robust because contracts were mainly medium- to long-term contracts. Shipping volume of car transport decreased by approx. 40% vs. same period last year (within the expectations of the previous announcement).
Dry bulk was impacted by the slow market of the beginning of the fiscal year.

Summary of 2nd Quarter Results

Q2 Result



(Billions of yen)	FY Ending Mar. 2020							FY Ending Mar. 2021			Year-on-year
	Q1	Q2	H1	Q3	Q4	H2	Full-Year	Q1	Q2	H1	
Revenue	406.4	418.3	824.7	428.5	415.0	843.5	1,668.3	361.1	360.8	722.0	-102.7
Operating Profit	5.4	10.3	15.8	16.6	6.2	22.8	38.6	8.9	7.7	16.6	0.8
Recurring Profit	6.4	9.6	16.0	22.4	6.0	28.4	44.4	16.5	30.8	47.4	31.4
Net Income Attributable to Owners of the Parent Company	9.1	1.9	11.1	7.6	12.3	20.0	31.1	11.6	10.4	22.1	11.0
Exchange Rate	¥110.73	¥107.63	¥109.18	¥108.79	¥109.35	¥109.07	¥109.13	¥107.74	¥105.90	¥106.82	¥-2.36
Bunker Oil Prices	\$438.21	\$435.09	\$436.54	\$427.33	\$520.84	\$474.09	\$454.97	\$452.83	\$308.51	\$379.90	-\$56.64

Q2 Comparison by Industrial SEGs

Q2 Result



	Industrial Segment (Billions of yen)	FY Ending Mar. 2020							FY Ending Mar. 2021			Year-on-year
		Q1	Q2	H1	Q3	Q4	H2	Full-year	Q1	Q2	H1	
Global Logistics	Liner	51.9 1.9	51.6 7.7	103.6 9.7	51.1 3.6	47.4 0.0	98.6 3.7	202.2 13.4	39.1 6.7	42.1 21.7	81.3 28.4	-22.2 18.7
	Air Cargo	17.7 -4.4	18.6 -4.7	36.3 -9.1	20.3 -4.3	18.5 -2.0	38.8 -6.4	75.1 -15.5	28.8 9.3	25.6 3.8	54.4 13.2	18.1 22.4
	Logistics	117.7 -0.0	120.4 2.3	238.2 2.3	121.9 1.9	116.1 0.4	238.1 2.3	476.3 4.7	112.9 2.7	122.1 5.3	235.0 8.1	-3.1 5.8
	(Total)	187.4 -2.5	190.7 5.4	378.1 2.8	193.4 1.3	182.0 -1.6	375.5 -0.2	753.7 2.5	181.0 18.8	189.8 30.9	370.8 49.8	-7.2 46.9
	Bulk Shipping	195.1 9.2	205.1 5.0	400.3 14.2	210.7 20.5	208.7 9.3	419.4 29.9	819.8 44.1	164.8 -1.1	153.1 1.3	317.9 0.1	-82.3 -14.0
Others	Real Estate	1.8 0.7	1.7 0.5	3.6 1.3	1.8 0.6	1.8 0.5	3.7 1.2	7.3 2.5	1.7 0.7	1.7 0.6	3.4 1.3	-0.1 0.0
	Other	39.7 0.7	37.1 0.2	76.8 1.0	44.7 1.4	44.0 -0.7	88.8 0.7	165.6 1.7	27.3 -0.4	31.4 -1.0	58.8 -1.5	-18.0 -2.5
	Elimination/ Unallocation	-17.7 -1.7	-16.5 -1.6	-34.2 -3.4	-22.2 -1.6	-21.6 -1.5	-43.9 -3.1	-78.2 -6.6	-13.8 -1.3	-15.3 -1.0	-29.1 -2.4	5.1 0.9
	Consolidated	406.4 6.4	418.3 9.6	824.7 16.0	428.5 22.4	415.0 6.0	843.6 28.4	1,668.3 44.4	361.1 16.5	360.8 30.8	722.0 47.4	-102.7 31.4

* (Upper) Revenue (Lower) Recurring Profit

Analysis of Change in Recurring Profit between FY Ending Mar. 2020 and FY Ending Mar. 2021

Q2 Result



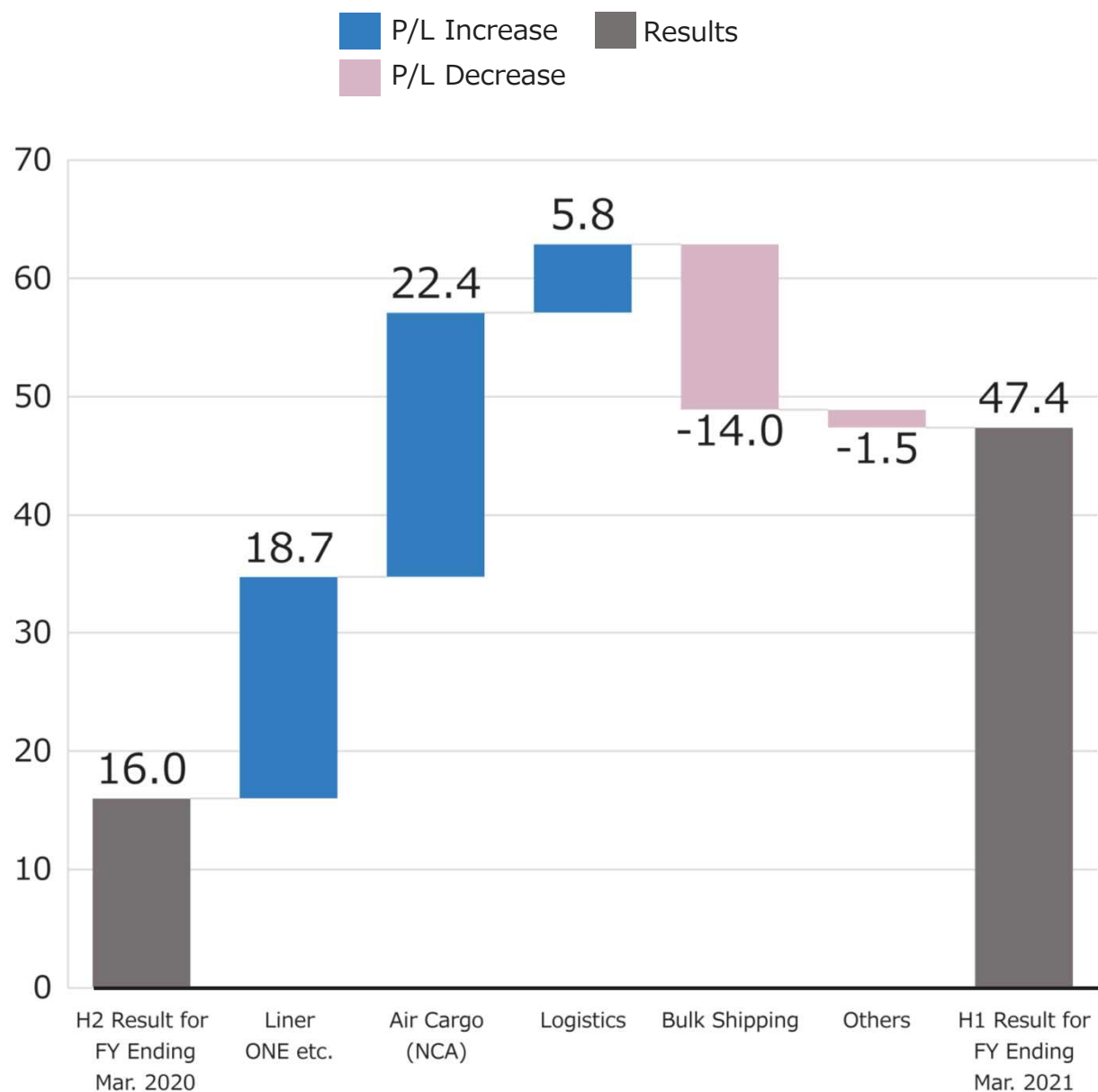
Analysis by factor

(billion yen)

Analysis by business

(billion yen)

Yen Appreciation	-0.3	¥106.82/\$ Appreciated by ¥2.36
Lower Bunker Oil Prices	0.8	\$379.90/MT, Decreased by \$56.64
Market Effects, etc.	3.7	Liner (incl. ONE) +17.7 Bulk Shipping -13.9
Foreign Exchange Profit/Loss	0.6	
Others	26.6	* Air Cargo (NCA) +22.4
Total	31.4	



- ▶ Assumptions of the forecast
 - Based on the 1H results of each segment, the forecast took into account each country's measures to contain the pandemic, economic policy trends and all possible elements in line with the attributes of each business that could currently be considered.
- ▶ Recurring profit/loss: Upward revision / ¥70.0 billion (¥20.0 billion in previous forecast)
- ▶ Extraordinary profit/loss: Continue to consider on redelivery of chartered vessels, etc. for structural reforms
- ▶ Net income/loss: Upward revision / ¥35.0 billion (¥13.5 billion in previous forecast)
- ▶ Dividend forecast: Increase / ¥50 per share for the year
[Interim dividend: ¥20, Year-end dividend: ¥30]

Responses to COVID-19

- Thoroughly ensure the safety of employees
Reinforcing the remote work system and continuing with a work schedule which prioritizes safety
Reinforcing infection prevention measures on all sites including operating vessels
- Executing the borrowing of long-term funds and cost reductions and thoroughly securing free cash flows
- Thoroughly securing safe operations and maintaining operations including measures for crew changes

(*) For the detailed measures, please refer to the next page.

- The costs to be incurred (about ¥2.0 billion in 2Q to 4Q) remain unchanged from the previous forecast (the costs have already been considered in the full-year forecast)
- In 1H, the actual cost is approx. ¥0.6 billion

- Countries have restricted the landing of foreign nationals to prevent the spread of the pandemic resulting in difficulties in crew changes.
- Responses to COVID-19 are continued with giving first priority to the crew's safety and health.
- Maximize NYK Group's unique strengths in human resources
- Measures to prevent the spread of COVID-19 are thorough not only before and after boarding, but also in changing hubs and surrounding areas.
- Although there will be certain additional costs, they will remain within the assumptions made at the time of the previous forecast.

COVID-19

Countermeasures Task Force

(Head: Senior Managing Executive Officer
in charge of maritime affairs)

- ✓ Prompt, cross-sectional sharing of information and maximum utilization of internal resources

NYK Shipmanagement Pte Ltd. NYK-FIL SHIP MANAGEMENT, INC.

Securing crew and onshore staff with abundant experience and NYK Group values

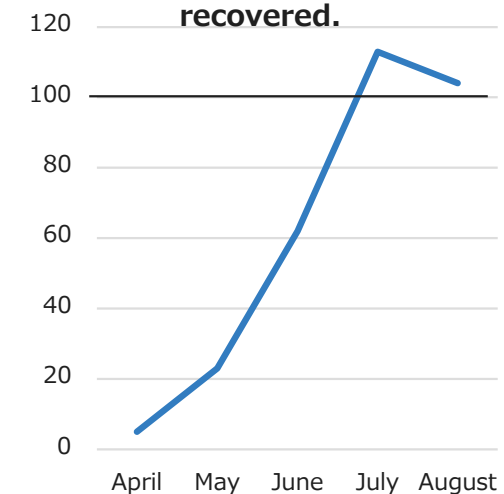
Human resources development centered on
NTMA: NYK-TDG Maritime Academy, the self-owned shipping university in Philippines
(More than 1,100 students graduated in the last 13 years.)

Situations on the H1

- Additional port calls where crew change is possible with the customers' consent
- Ensure laboratories that allow for frequent PCR testing
- Equipping hygiene products/PPE on important domestic and overseas bases
- Approaches to international organizations, governments, and authorities in order to obtain understanding for lifting restrictions on landing

(Reference)

Number of crew changes has recovered.



*If the number of crew changes pre-COVID-19 is set at 100

*Represents ratio of the number of crew changes per single month

*Figures for NYK SHIPMANAGEMENT are shown as an example.

Hereafter

Establish and practice of medium- to long-term sustainable process to prevent infections before boarding

2. Forecast for FY Ending March 2021

Forecast



<Trends of recurring profit/loss Full year: vs. previous forecast>

- **Liner:** Upward revision (Previous Forecast ¥1.5 billion --> Current Forecast ¥40.5 billion)
Major increase in 1H results
The 2H forecast also increased vs. previous forecast. However, while the forecast was based on the current strong cargo movements, the uncertainty of future cargo movements and short-term freight rates as well as traditional seasonal elements and off-seasons were considered.
- **Air Cargo:** Upward revision (Previous Forecast ¥13.5 billion --> Current Forecast ¥19.0 billion)
The changes in supply/demand reflecting the return of international passenger flights are expected to take more time.
Currently, cargo movement originating from Japan is on a recovery trend.
- **Logistics:** Upward revision (Previous Forecast ¥1.0 billion --> Current Forecast ¥12.5 billion)
 - Ocean Freight: While forwarding volume has recovered, procurement costs remain high and profits comparable to the previous forecast are expected.
 - Air Freight: While chargeable weight decreased from the previous forecast, profits are expected to improve through the securing of the margin.
 - Logistics: Profits are expected to improve due to the recovery trends in Europe, US and South Asia.
- **Bulk Shipping:** Downward revision (Previous Forecast ¥8.0 billion --> Current Forecast ¥2.5 billion)
 - Car Carrier: Downward revision. The recovery in cargo movement is expected to be slightly slower.
 - Dry Bulk: Upward revision by effect from structural reforms and others.
Slight downward revision in market assumptions for large vessels.
 - Energy: Despite the steady performance due to being based mainly on medium- and long-term contracts, weaker profits are expected, reflecting the impact of falling crude oil prices in certain contracts of the Offshore business.

Summary of Forecast for FY Ending Mar. 2021

Forecast



	FY Ending Mar. 2020 (Result)					FY Ending Mar. 2021 (Forecast)				Year-on-year	Change from Prev. Forecast (*)
	H1		H2		Full-year	H1 (Result)		H2	Full-year		
	Q1	Q2	Q3	Q4		Q1	Q2				
Revenue	824.7		843.5		1,668.3	722.0		738.0	1,460.0	-208.3	10.0
	406.4	418.3	428.5	415.0		361.1	360.8				
Operating Profit	15.8		22.8		38.6	16.6		13.3	30.0	-8.6	17.0
	5.4	10.3	16.6	6.2		8.9	7.7				
Recurring Profit	16.0		28.4		44.4	47.4		22.6	70.0	25.6	50.0
	6.4	9.6	22.4	6.0		16.5	30.8				
Net Income Attributable to Owners of the Parent Company	11.1		20.0		31.1	22.1		12.9	35.0	3.9	21.5
	9.1	1.9	7.6	12.3		11.6	10.4				
Exchange Rate	¥110.73	¥107.63	¥108.79	¥109.35	¥109.13	¥107.74	¥105.90	¥103.00	¥104.91	¥-4.22	¥-0.78
Bunker Oil Prices (All Grades)	\$438.21	\$435.09	\$427.33	\$520.84	\$454.97	\$452.83	¥308.51	-	\$367.59	-\$87.77	-\$39.37
Bunker Oil Prices (HSFO)	-	-	-	-	-	-	-	\$295.00	-	-	-
Bunker Oil Prices (VLSFO)	-	-	-	-	-	-	-	\$350.00	-	-	-

► Sensitivity to recurring profit (Full Year)

Exchange rate: Approx. JPY0.35 billion increase per ¥1/\$ depreciation

Bunker oil prices: Approx. JPY0.34 billion increase per \$10/MT decrease

Forecast by Industrial SEGs for FY Ending Mar. 2021

Forecast



	Industrial Segment	FY Ending Mar. 2020 (Result)					FY Ending Mar. 2021 (Forecast)					Year-on-year	
	(Billions of yen)	Q1	Q2	H1	H2	Full-year	Q1 (Result)	Q2 (Result)	H1 (Result)	H2	Full-year		
Global Logistics	Liner	51.9	51.6	103.6	98.6	202.2	39.1	42.1	81.3	82.1	163.5	-38.7	
		1.9	7.7	9.7	3.7	13.4	6.7	21.7	28.4	12.0	40.5	27.1	
	Air Cargo	17.7	18.6	36.3	38.8	75.1	28.8	25.6	54.4	53.0	107.5	32.4	
		-4.4	-4.7	-9.1	-6.4	-15.5	9.3	3.8	13.2	5.7	19.0	34.5	
	Logistics	117.7	120.4	238.2	238.1	476.3	112.9	122.1	235.0	241.4	476.5	0.2	
		-0.0	2.3	2.3	2.3	4.7	2.7	5.3	8.1	4.3	12.5	7.8	
	(Total)	187.4	190.7	378.1	375.5	753.7	181.0	189.8	370.8	376.6	747.5	-6.2	
		-2.5	5.4	2.8	-0.2	2.5	18.8	30.9	49.8	22.1	72.0	69.5	
	Bulk Shipping	Bulk Shipping	195.1	205.1	400.3	419.4	819.8	164.8	153.1	317.9	329.5	647.5	-172.3
		9.2	5.0	14.2	29.9	44.1	-1.1	1.3	0.1	2.4	2.5	-41.6	
Others	Real Estate	1.8	1.7	3.6	3.7	7.3	1.7	1.7	3.4	4.0	7.5	0.2	
		0.7	0.5	1.3	1.2	2.5	0.7	0.6	1.3	1.1	2.5	0.0	
	Other	39.7	37.1	76.8	88.8	165.6	27.3	31.4	58.8	63.2	122.0	-43.6	
		0.7	0.2	1.0	0.7	1.7	-0.4	-1.0	-1.5	-1.0	-2.5	-4.2	
	Elimination/Unallocation	-17.7	-16.5	-34.2	-43.9	-78.2	-13.8	-15.3	-29.1	-35.3	-64.5	13.7	
		-1.7	-1.6	-3.4	-3.1	-6.6	-1.3	-1.0	-2.4	-2.0	-4.5	2.1	
	Consolidated	406.4	418.3	824.7	843.6	1,668.3	361.1	360.8	722.0	738.0	1,460.0	-208.3	
		6.4	9.6	16.0	28.4	44.4	16.5	30.8	47.4	22.6	70.0	25.6	

* (Upper) Revenue (Lower) Recurring Profit

Forecast by Industrial SEGs for FY Ending Mar. 2021

Forecast



	Industrial Segment (Billions of yen)	Previous Forecast (*) Full-year	Revised Forecast			Change Full-Year (*) Full-year
			H1 (Result)	H2	Full-year	
Global Logistics	Liner	161.5	81.3	82.1	163.5	2.0
		1.5	28.4	12.0	40.5	39.0
	Air Cargo	107.0	54.4	53.0	107.5	0.5
		13.5	13.2	5.7	19.0	5.5
	Logistics	444.0	235.0	241.4	476.5	32.5
		1.0	8.1	4.3	12.5	11.5
	(Total)	712.5	370.8	376.6	747.5	35.0
		16.0	49.8	22.1	72.0	56.0
Bulk Shipping	Bulk	664.0	317.9	329.5	647.5	-16.5
	Shipping	8.0	0.1	2.4	2.5	-5.5
Others	Real Estate	8.0	3.4	4.0	7.5	-0.5
		2.5	1.3	1.1	2.5	0.0
	Other	127.5	58.8	63.2	122.0	-5.5
		-2.0	-1.5	-1.0	-2.5	-0.5
	Elimination/ Unallocation	-62.0	-29.1	-35.3	-64.5	-2.5
		-4.5	-2.4	-2.0	-4.5	0.0
	Consolidated	1,450.0	722.0	738.0	1,460.0	10.0
		20.0	47.4	22.6	70.0	50.0

* (Upper) Revenue (Lower) Recurring Profit

(*Comparison between the full-year forecast on the revised forecast and the previous forecast Aug 5, 2020)



Progress of Medium-term Management Plan

Medium-term Management Plan Step 1: Build a dry bulk business that is highly resilient to market conditions

➤ Early Redelivery (Results)

The early redelivery of **1 high-cost chartered vessel** was decided in 1H FY2020

Approx. **¥17.6 billion** was also reported as extraordinary loss in 2Q.

➤ Increase/Decrease of Medium- to Long-term Contracts (Results)

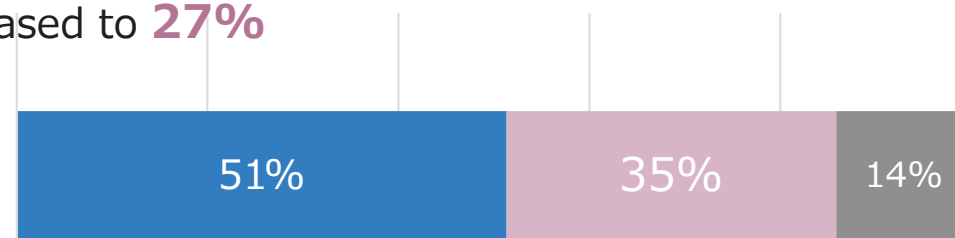
- Contracts **20%** increase
- Vessels **18%** increase
- Volume **19%** increase

- Comparison as of March 31, 2018 vs. as of Sept. 30, 2019
- Net values of completed contracts and new contracts (including vessels not yet in service) in and after March 31, 2018
- Applicable to consecutive service contracts with terms of 2 years or longer and COA contracts
- On a consolidated basis

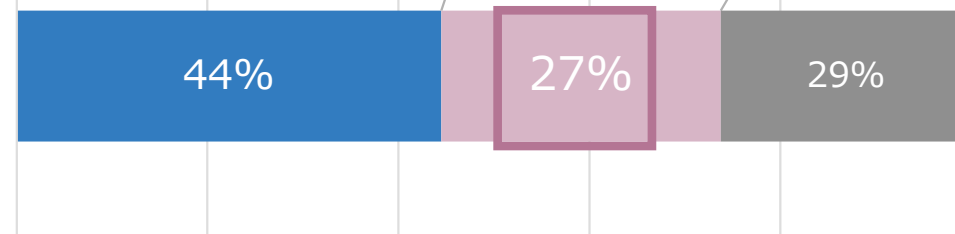
➤ Reforming our Fleet Portfolio to Withstand Volatile Market Conditions

- Through early delivery and securing medium- to long-term contracts, the exposure fleet rate decreased to **27%**

As of
Mar. 31,
2018
(results)



As of
Sept. 30,
2020
(results)



- Vessel (medium- to long-term) Cargo (medium- to long-term)
- Vessel (medium- to long-term) Cargo (short-term)
- Vessel (short-term) Cargo (short-term)

- Definition of terms
 - Medium- to long-term: 2 years or longer
 - Short-term: Less than 2 years
- Vessels which approx. ¥17.6 billion recorded as the fee for structural reforms in 2Q are classified under "Vessel (short-term) Cargo (short-term)".
- Percentages in the graph are approximate figures.
- The percentages may not add up to 100% due to amounts of less than the decimal point.

Medium-term Management Plan Step 2: Expand businesses that secure stable freight rates (priority investment businesses)

► Progress in the LNG Fleet plan (97 vessels planned in FY2022)

As of Sept. 30, 2020: **79** vessels in fleet in operation + **8** vessels on order in and after Apr. 2020

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

► LNG and Offshore projects on order

	Value Chain	Charterer	Oil field/Coastal waters/Scope	FY2020	FY2021	FY2022	FY2023
1	Shuttle tanker	Equinor ASA	Offshore Brazil				
2	Shuttle tanker	Equinor ASA	Offshore Brazil				
3	Shuttle tanker	TOTAL	Offshore Brazil				
4	Shuttle tanker	ENI	North Sea and Barents Sea				
5	Shuttle tanker	ENI	North Sea and Barents Sea				
6	Shuttle tanker	Petro China	Offshore Brazil				
7	FPSO	Petrobras	Offshore Brazil				

➤ **Examples of initiatives in the 1H of FY2020**

A control room with multiple large monitors on the wall displaying various data and maps, and several smaller monitors on desks in the foreground.

A person is seated at a desk, interacting with a large computer monitor. The screen displays a video conference with multiple participants. The person's hands are raised in front of the screen, suggesting they are gesturing or pointing at the content. The person is wearing a blue shirt. The desk also has some papers and a small object, possibly a mouse or a pen holder.

The diagram illustrates the integration of Concur Cloud with the system. A user is shown interacting with a laptop, which connects via an arrow to a cloud labeled "Concur Cloud". Inside this cloud, two main components are listed: "Concur Request (Prior application)" and "Concur Expense (Settlement processing)".

The diagram is divided into two main sections: 'Presently' (left, grey background) and 'After introduction of the actual sea performance guarantee' (right, light blue background).

Presently: A linear process showing 'Shipyard' (Construction) leading to 'Sea trial' (represented by a ship icon) and finally to 'Shipping company' (Actual operation). A large blue arrow points from this section to the next.

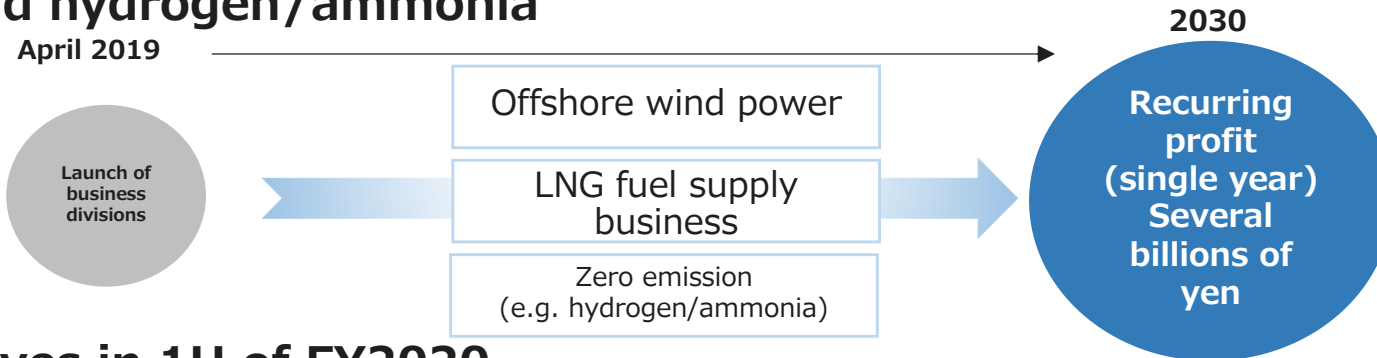
After introduction of the actual sea performance guarantee: A circular PDCA (Plan-Do-Check-Act) cycle is shown. The steps are: 'Shipyard' (Construction) → 'Sea Trial' → 'Actual Voyage' (represented by a ship icon with '+ Guarantee') → 'Repeat PDCA' → 'Shipping company' (Verification) → 'Design' → back to 'Shipyard'. A handshake icon is at the top of this cycle.

Benefits: A large blue arrow points from the PDCA cycle to a list of benefits, each in a blue box: 'Improved safety', 'Improved environmental performance', 'Improved fuel economy performance', and 'Optimization'. Below these is the text 'Providing value-added services to customers'. A ship icon is positioned above the first three benefit boxes.

Additional Text: At the top right, it says 'Procurement of a good-performance ship in actual voyage'. At the bottom left, an orange box contains the text 'Different performance between trial and actual voyage'.

Medium-term Management Plan Step 3: Long-term strategy – Concrete commercialization of green businesses

- Aim to build new business models under the themes of domestic offshore wind power, LNG fuel, and hydrogen/ammonia



➤ Major initiatives in 1H of FY2020

Joint R&D starts for use of ammonia in marine transportation to reduce GHG emission (Announced Aug. 12)

- NYK signed a joint agreement for the commercialization of an ammonia-fueled ammonia gas carrier (AFAGC) and an ammonia floating storage and regasification barge (A-FRSB).

AFAGC



A-FRSB



Union members: Japan Marine United Corporation, Nippon Kaiji Kyokai (Class NK), and NYK Line

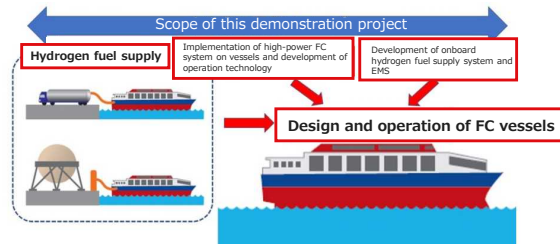
Kaguya conducts ship-to-ship LNG bunkering (Announced Oct. 21)

- The LNG bunkering vessel, Kaguya, supplied LNG fuel to the pure car carrier, SAKURA LEADER, which scheduled to be operated by NYK, via ship-to-ship bunkering as Japan's first attempt.
- NYK will continue to develop the LNG-fuel market in terms of LNG-fuel supply and sale, promote the conversion of marine fuel to LNG, and contribute to reducing shipping's environmental burden.



Demonstration project begins for commercialization of vessels equipped with high-power fuel cells (Announced Sept. 1)

- Japan's first attempt to develop a commercially available Fuel Cell (FC) vessels and carry out a demonstration (scheduled in 2024) involving the supply of hydrogen fuel



Union members: Toshiba Energy Systems & Solutions Corporation, Kawasaki Heavy Industries, Ltd., Nippon Kaiji Kyokai (ClassNK), ENEOS Corporation, and NYK Line

Joint R&D starts for practical application of ammonia-fueled tugboats (Announced Sept. 3)

- World's first effort to achieve zero emissions from ships using ammonia fuel
- We will proceed with the R&D from both the technical and operational aspects for the introduction of ammonia as a marine fuel for tugboats.



Union members: IHI Power Systems Co., Ltd., Nippon Kaiji Kyokai (ClassNK), and NYK Line

Appendix

Liner

- Container : In 1Q, lifting volumes decreased by approximately 20% vs. same period last year but recovered levels comparable to the previous year in 2Q. Current cargo movement exceeds the same period last year due to demand from consumers staying at home, but the effects of the slack season is also considered.
- Terminal : 1H handling volume increased vs. previous forecast and profits also increased. 2H is expected to be comparable to the previous forecast.

(*) As the timing of the transfer of the Overseas Terminal Business to ONE is yet undetermined, the forecast for the current year assumes that the parent will continue to hold the business.

Air Cargo

(p.21)

- There were no noticeable drops in freight rate levels from the 1Q to the 2Q.
- Continued suspensions/reductions of international passenger flights are expected and tight supply/demand is expected to continue.
- Currently, cargo movement originating from Japan is on a recovery trend.

Logistics

(p.22)

- Ocean freight forwarding business: Handling volume comparable to the previous forecast is expected and flexible marketing will be continued.
- Air freight forwarding business: The recovery in space supply is expected to be limited. While handling volume is downwardly revised vs. the previous forecast, a certain level of margin will continue to be secured.
- Logistics business: Upwardly revised, considering the recovery in Europe, US and South Asia.

Bulk Shipping

Dry Bulk (p.23)

- Slight downward revision in market assumptions for large vessels
- The medium-term management plan measure of dry bulk structural reforms will be promoted, and the early redelivery of high-cost chartered vessels will continue.
- Profit/loss will continue to be fixed using FFA (Forward Freight Agreements) and preparations will be made for large market fluctuations.

Energy (p.23)

<Market assumptions: Yearly average (vs. previous forecast)>

Downward revision for the VLCC market and upward revision for the VLGC market

- As the entire segment is mostly based on long-term contracts, robust operations and stable performance are expected. However, in 2H, the impact of a one-time decline in profits will be considered due to contract renewals in certain parts of the Offshore Business.

Car Carrier (p.24)

<Shipping volume>

- In 1H, volume (under completion of loading standards) recovered in line with the previous forecast.
 - In Q1, volume decreased by 35% vs. same period last year (under completion of voyage standards), and about 50% under completion of loading standards
 - In Q2, volume decreased by 47% vs. same period last year (under completion of voyage standards), and about 30% under completion of loading standards
- In 2H, a downward revision vs. the previous forecast and a decrease by 19% vs. the same period last year (under completion of voyage standards) are expected.
- While there has been a moderate recovery from 1Q, as expected, delays in recovery in certain routes were considered.

► 1. Air Cargo Transportation (NCA)

	FY Ending Mar. 2020 (Result)					FY Ending Mar. 2021 (Forecast)					Change from Prev. Forecast (Full-year)
	1H		2H		Full- year	1H (Result)		2H	Full- year		
	Q1	Q2	Q3	Q4		Q1	Q2				
Revenue (Billions of yen)	36.3		38.8		75.1	54.4		53.0	107.5	0.5	
	17.7	18.6	20.3	18.5		28.8	25.6				
Recurring Profit (Billions of yen)	-9.1		-6.4		-15.5	13.2		5.7	19.0	5.5	
	-4.4	-4.7	-4.3	-2.1		9.3	3.8				
Chargeable Weight (1,000 tons)	190		197		386	238		227	465	1	
	93	96	99	98		118	120				
Volume (RTK) (mil.ton kilo)	1,062		1,098		2,161	1,324		1,309	2,634	-4	
	529	533	560	538		649	675				
Capacity (ATK) (mil.ton kilo)	1,790		1,714		3,503	2,069		1,949	4,018	-25	
	894	896	894	820		1,017	1,052				
YIELD FY3/09 Q1=100	84		85		85	111		94	103	2	
	88	81	85	85		121	102				
MOPS US\$ per bbl	\$78		\$68		\$73	\$36		\$55	\$46	-2	
	\$80	\$77	\$76	\$59		\$30	\$42				

► 2. Logistics

		FY Ending Mar. 2018 (Result)	FY Ending Mar. 2020 (Result)					FY Ending Mar. 2021 (Forecast)				Change from Prev. Forecast (Full- year)
		Full- year	H1		H2		Full- year	H1 (Result)		H2	Full- year	
			Q1	Q2	Q3	Q4		Q1	Q2			
Ocean Export	TEU	815	395		369		764	336		347	683	11
	(1,000TEUs)		191	203	198	171		154	182			
	Year-on- Year	5%	-6%		-8%		-6%	-15%		-6%	-11%	1%
			-6%	-6%	-4%	-9%		-19%	-10%			
Air Export	Weight	380	169		168		337	132		141	273	-21
	(1,000 tons)		83	86	89	79		64	68			
	Year-on- Year	1%	-11%		-10%		-11%	-22%		-16%	-19%	-6%
			-11%	-11%	-12%	-9%		-23%	-21%			

3. Bulk Shipping – 1) Market trend and forecast

		FY Ending Mar. 2020 (Result)					FY Ending Mar. 2021 (Forecast)				Prev. Forecast
		Q1	Q2	Q3	Q4	Full-year	Q1 (Result)	Q2 (Result)	H2	Full-year	Full-year
Dry Bulk Carriers	BDI	994	2,035	1,542	572	1,286	766	1,520	1,140	1,142	1,159
	Cape (5TC)	11,363	29,423	21,932	4,503	16,805	9,598	20,661	13,500	14,315	15,150
	Panamax (Pac)	8,602	13,296	10,124	5,396	9,354	7,108	12,284	10,875	10,286	10,277
	Handymax (Pac)	7,593	10,481	9,507	4,949	8,133	5,732	8,847	8,500	7,895	7,933
	Handy (Pac)	6,254	7,236	7,299	4,728	6,379	5,131	7,481	7,500	6,903	7,033
Tankers	VLCC	12,565	26,456	91,476	73,190	50,922	90,916	18,108	27,500	41,006	43,354
	VLGC	50,691	53,795	66,010	50,699	55,299	33,007	40,722	40,000	38,432	25,752

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

► 3. Bulk Shipping – 2) Car Carrier

	FY Ending Mar. 2020 (Result)					FY Ending Mar. 2021 (Forecast)				Year-on-year
	H1		H2		Full-year	H1 (Result)		H2	Full-year	
	Q1	Q2	Q3	Q4		Q1	Q2			
All Trade (10,000 Cars)	162		155		317	96		125	221	-13
	79	83	75	79		52	44			
Year-on-year	-3%		-10%		-7%	-41%		-19%	-30%	-4%
	-9%	3%	-12%	-8%		-35%	-47%			

※ Calculated on voyage-completion basis

Financial Position

(Billion Yen)

	FY Ending Mar. 2019 (Results)	FY Ending Mar. 2020 (Results)	FY Ending Sept. 2020 (Results)	FY Ending Mar. 2021 (Forecast)
Interest-bearing Debt (billion yen)	1,046.1	1,049.9	1,010.8	990.0
Shareholders' Equity (billion yen)	487.4	462.7	472.1	478.0
Shareholders' Equity Ratio	24%	24%	25%	26%
DER	2.15	2.27	2.14	2.04
ROE	-	6.6%		7.4%
Cash Flow from Operating Activities (billion yen)	45.2	116.9	67.5	135.0
Cash Flow from Investing Activities (billion yen)	-132.2	-54.9	-22.6	-86.0
(Depreciation and amortization) (billion yen)	(89.7)	(104.1)	(49.3)	(98.7)

Fleet in Operation

Industrial Segment	Type of Vessel	FY Ending Sept. 2019 (Results)			FY Ending Sept. 2020 (Results)					
		Owned (incl. co-owned)	Chartered	Total	Owned (incl. co-owned)		Chartered		Total	
		Vessels	Vessels	Vessels	Vessels	Kt (DWT)	Vessels	Kt (DWT)	Vessels	Kt (DWT)
Liner Trade	Container Ships	31	31	62	28	1,822	29	3,039	57	4,861
Bulk Shipping	Bulk Carriers (Capesize)	25	89	114	24	4,667	97	19,107	121	23,774
	Bulk Carriers (Panamax)	35	56	91	36	3,215	65	5,634	101	8,850
	Bulk Carriers (Handysize)	60	109	169	54	2,633	89	4,238	143	6,871
	Wood Chip Carriers	9	35	44	9	460	31	1,707	40	2,167
	Car Carriers	41	74	115	35	670	70	1,299	105	1,969
	Tankers	35	20	55	34	6,618	21	3,169	55	9,788
	LNG Carriers	75	2	77	75	6,157	2	156	77	6,313
	Multi-Purpose Carriers	22	18	40	22	4,180	20	2,844	42	7,024
	Others	1	0	1	1	7	0	0	1	7
Others	Cruise Ships	1	0	1	1	7	0	0	1	7
Total		336	434	770	319	26,678	424	38,636	743	65,315
Offshore	Shuttle Tankers			28					27	3,263
	FPSO			3					3	-
	FSO			2					2	-
	Drill Ships			1					1	-
Green Business	LNG Bunkering Vessel			1					1	-
Grand Total				804					777	68,578

-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 includes vessels owned by equity method affiliates.



OCEAN NETWORK EXPRESS

Financial Results for FY2020 2nd Quarter and Full Year Forecasts for FY2020

OCT 30, 2020

Index

- ▣ 1. FY2020 2nd Quarter Results -P.3**
- ▣ 2. Liftings, Utilization Rates, Freight Index in Major Trades -P.4**
- ▣ 3. FY2020 Full Year Forecasts -P.5**
- ▣ 4. COVID-19 Impact & Countermeasures,
Updates to FY2020 Action Plan -P.6**
- ▣ 5. [Reference] (Fleet Structure, Service Structure) -P.7**

1. FY2020 2nd Quarter Results

□ Outline

In Q2, ONE's profit significantly increased to US\$515 Million compared to the same period last year (+US\$394Million). This increase is mainly due to the improvements in the short-term freight market following a return to steady cargo demand.

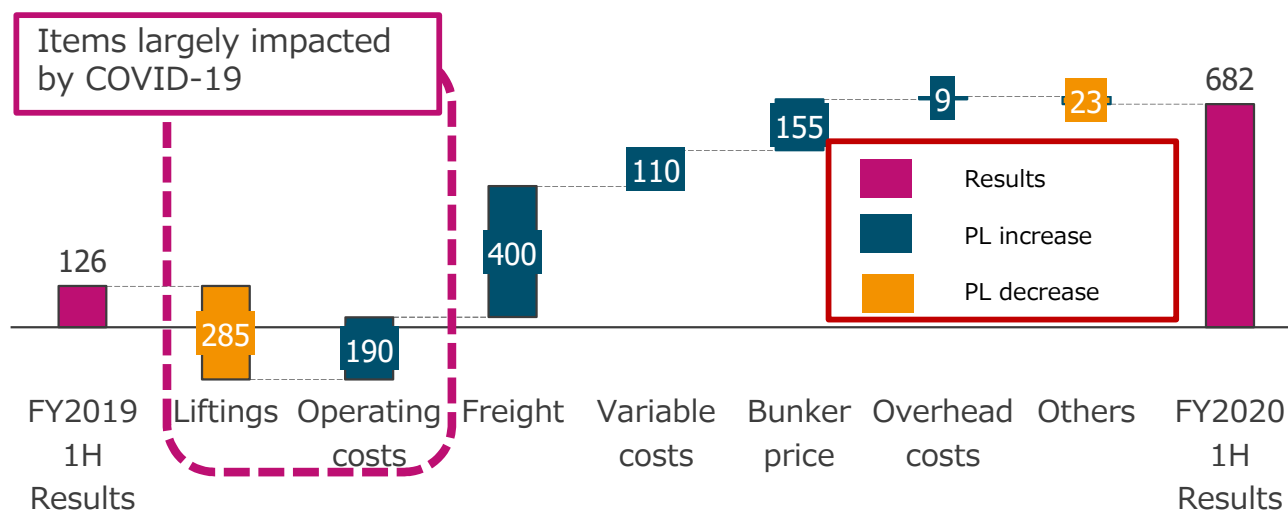
- From Q1 and through Q2, the supply and demand balance improved for all trades, most notably Asia-North America trade liftings recovering to the level of the previous year and other trades also performing steadily.
- The competitiveness of THEA ALLIANCE has further strengthened ONE's financial results, as well as the various "Operation Excellency" initiatives (see p.6).

□ FY2020 1H Results

(Unit: Million US\$)

	FY2019 Results			FY2020 Results			2Q Results to FY2019		1H Results to FY2019	
	1Q	2Q	1H	1Q	2Q	1H	Change	Change (%)	Change	Change (%)
Revenue	2,875	3,109	5,984	2,736	3,181	5,917	72	2%	-67	-1%
Profit /Loss after TAX	5	121	126	167	515	682	394	326%	556	441%
Bunker Price (US\$/MT)	\$432	\$419	\$427	\$348	\$309	\$328	-\$110	-26%	-\$99	-23%

□ FY2020 1H PL Analysis



Q2/FY2020 other results

- EBITDA : US\$854million
- EBIT : US\$603million
- Bunker Consumption : 887K MT
- Liftings : 3,061K TEU

- Liftings : Lower in Q1 mainly due to COVID-19.
- Operating costs: Reduced due to improvements in the THEA product and the rationalization of services, and void sailings in Q1 by lower cargo demand.
- Freight: Improved due to steady short-term market.
- Variable costs: Repositioning costs of empty container reduced by improved imbalance situation, and progress in cost saving initiatives
- Bunker Price: Further decreased.
- Overhead costs: Decrease in agency costs.
- Others: Less interest revenue due to lower interest rate and so on.

2. Liftings, Utilization Rates, Freight Index in Major Trades

(Unit: 1,000TEU)

Liftings / Utilization by Trades		FY2019							FY2020		
		1Q Results	2Q Results	3Q Results	4Q Results	1H Results	2H Results	Full Year Results	1Q Results	2Q Results	1H Results
Asia - North America Eastbound	Lifting	669	773	665	585	1,442	1,250	2,692	610	765	1,375
	Utilization	86%	94%	93%	92%	90%	93%	91%	96%	100%	98%
Asia - Europe Westbound	Lifting	460	488	440	443	947	882	1,830	347	419	766
	Utilization	87%	95%	92%	100%	91%	96%	93%	96%	98%	97%
Asia - North America Westbound	Lifting	350	310	320	331	660	650	1,310	327	328	654
	Utilization	47%	37%	42%	49%	42%	45%	44%	51%	43%	47%
Asia - Europe Eastbound	Lifting	323	328	362	325	651	687	1,339	290	289	579
	Utilization	64%	64%	72%	67%	64%	69%	67%	75%	70%	73%

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

Freight Index by Trades		FY2019							FY2020		
		1Q Results	2Q Results	3Q Results	4Q Results	1H Results	2H Results	Full Year Results	1Q Results	2Q Results	1H Results
Asia - North America Eastbound		103	105	104	110	104	107	105	110	119	115
Asia - Europe Westbound		100	101	98	111	100	105	102	106	103	104

- Liftings, Utilization Rates: Asia-North America trade liftings recovered to the level of the previous year. Liftings also improved in Asia-Europe trade and high utilization rates in Asia-Europe Trade were maintained.
- Freight Index: Increases in Asia-North America trade due to a recovery in cargo demand coinciding with the usual peak season. The Freight index trend in Asia-Europe trade was steady.

3. FY2020 Full Year Forecasts

□ Outline

Following the 1H results of US\$682 million achieved due to the steady recovery in cargo demand, the situation for the 2H is uncertain. The continuation of the COVID -19 global pandemic and the concerns for demand downturn it brings coupled with the traditionally slack Q4 season, a profit of US\$ 245 million is forecast for the 2H.

- As for 2H, the cargo demand is currently steady but with COVID-19 still spreading globally including the largest consuming areas such as US and Europe the cargo demand and short-term freight market continues to remain uncertain. Additionally Q4 (following lunar new year) is usually a slack season. Considering these factors the 2H forecast is US\$ 245 Million in profit.
- On a year-to-year basis, the profit forecast for 2H is expected to increase by US\$267Million from 2H 2019 due to the current steady demand and short-term freight market.

□ FY2020 Full Year Forecasts

(Unit: Million US\$)

	FY2019 Results			FY2020			Year to Year	
	1H	2H	Full Year	1H Results	2H Forecasts	Full Year Forecasts	Change	Change (%)
Revenue	5,984	5,881	11,865	5,917	5,994	11,911	46	0%
EBITDA	-	-	1,368	1,342	872	2,214	846	62%
EBIT	-	-	422	846	371	1,217	795	288%
Profit/Loss after TAX	126	-22	105	682	245	928	823	884%
Bunker Price (US\$/MT)	\$427	\$456	\$441	\$328	\$367	\$352	-\$89	-20%

4. COVID-19 Impact & Countermeasures, Updates to FY2020 Action Plans

COVID-19 impact & countermeasures

Impact on cargo demand

Due to the reduction of global trade, the cargo volume in Q1 decreased by approximately 20% but quickly recovered in Q2 and has now returned to similar levels experienced in the previous year (2019). However, we continue to closely monitor the situation as the COVID-19 pandemic is still ongoing and the future cargo demand is very uncertain.

Crisis Management

The Crisis Management Committee headed by ONE's CEO is acting as a core decision-making body, safeguarding ONE's employees and ships crew as well as endeavoring to provide a stable liner containership service, which is essential for the world's social infrastructure. ONE's BCP successfully continues and allows the flexibility for all offices to respond promptly to local infection rates, local legislation and social situations.

FY2020 Action Plans

Further enhancement of competitiveness and differentiation

Customer service oriented

- Hyundai Merchant Marine joined THE ALLIANCE, enabling more competitive and various products. The major changes are upsizing FE4(Asia-Europe service) to 23K TEU and launching of FP2 by 14K TEU (pendulum service Europe-Asia-USWC).
- Enhanced customer experience, through improved customer touchpoints. Launched live-chat service in Vietnam, Taiwan, Mexico in addition to the ongoing areas such as China, Europe and USA. The E-booking ratio increased from approx. 70% in FY2018 to almost 90% in FY2020 1H.
- Providing online Contents about our new digital service, hosting and participating in online events.

Operation excellency

- Collaboration with terminal operators to improve operational efficiency. Projects are progressing globally in China, Hong Kong, the Netherlands, US, India, etc.
- Operational efficiency improvement such as stowage planning utilizing technology initiated by Kumamoto Engineering lab resulted in a new record of 19,458 TEU loaded on a in 20K vessel MOL Tribute during 1H.
- Introducing AI-based empty container stock and repositioning optimization. Currently operated in 650 locations world-wide.

Quality of employee

- Through ONE's Core Values, ONE inspires and promotes the company's vision to its employees.
- Providing more digitalized educational programs.
- Increasing the use of social media for further information sharing among employees and management.
- Global CSR activities for local communities. (COVID-19 related: Donation to "The Missions of Seafarers", Donation of containers to Italian red-cross, Support to medical and health care workers in France, Support to vulnerable people in Poland, Brazil, Uruguay etc.)

- Setting the sustainability goal "To be sustainable and resilient, and a trusted partner for our customers in delivering a global shipping solution" and the strategy with the 4 pillars of "Environment", "Social", "Governance" and "Operation Excellence". [Issued Sustainability Report 2020.](#)

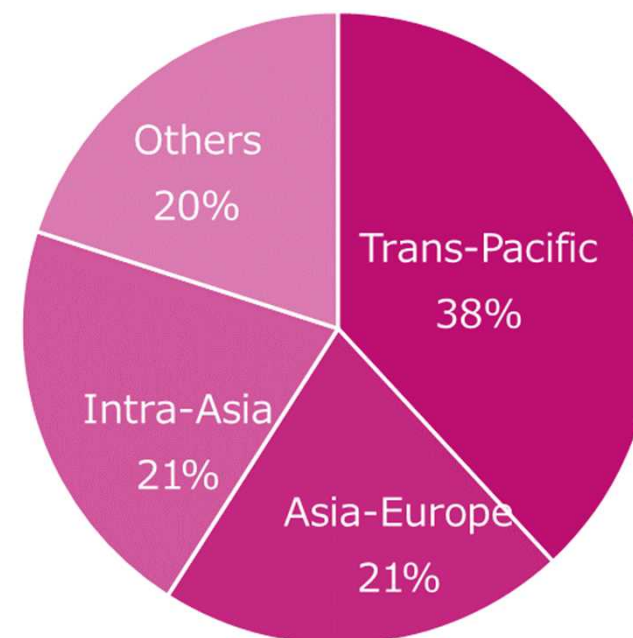
5. [Reference] Fleet Structure & Service Structure

▣ Fleet Structure

as of end of 2Q	Size		1)As of end June. 2020	2)As of end Sep. 2020	2)-1)
	>= 20,000 TEU	Capacity (TEU)	120,600	120,600	0
		Vessels	6	6	0
	10,500 - 20,000 TEU	Capacity (TEU)	396,600	411,600	15,000
		Vessels	29	30	1
	9,800 - 10,500 TEU	Capacity (TEU)	100,100	100,100	0
		Vessels	10	10	0
	7,800 - 9,800 TEU	Capacity (TEU)	374,326	383,326	9,000
		Vessels	42	43	1
	6,000 - 7,800 TEU	Capacity (TEU)	202,080	197,287	▲ 4,793
		Vessels	31	30	▲ 1
	5,200 - 6,000 TEU	Capacity (TEU)	83,992	83,992	0
		Vessels	15	15	0
	4,600 - 5,200 TEU	Capacity (TEU)	113,580	103,731	▲ 9,849
		Vessels	23	21	▲ 2
	4,300 - 4,600 TEU	Capacity (TEU)	62,952	62,952	0
		Vessels	14	14	0
	3,500 - 4,300 TEU	Capacity (TEU)	25,408	21,162	▲ 4,246
		Vessels	6	5	▲ 1
	2,400 - 3,500 TEU	Capacity (TEU)	60,704	63,151	2,447
		Vessels	23	24	1
	1,300 - 2,400 TEU	Capacity (TEU)	10,296	12,009	1,713
		Vessels	6	7	1
	1,000 - 1,300 TEU	Capacity (TEU)	7,452	10,626	3,174
		Vessels	7	10	3
	< 1,000 TEU	Capacity (TEU)	0	0	0
	Vessels	0	0	0	
Total	Capacity (TEU)	1,558,090	1,570,536	12,446	
	Vessels	212	215	3	

▣ Service Structure

(FY2020 Q2 Structure of dominant and non-dominant space)





Legal Disclaimer

The above statements and any others in this document that refer to future plans, earning forecasts, strategy, policy and expectations are “forward-looking statements”, which are made based on the information currently available and certain assumptions. Words such as, without limitation, “anticipates,” “estimates,” “expects,” “intends,” “goals,” “plans,” “believes,” “seeks,” “continues,” “may,” “will,” “should,” and variations of such words and similar expressions are intended to identify such forward-looking statements. Our actual results, performance or achievements may differ materially from those indicated by these forward-looking statements as a result of various uncertainties and variable factors.

Factors which could cause inconsistency between such forward-looking statements in this document and our actual results include, but not limited to, material changes in the shipping markets, fluctuation of currency exchange rates, interest rates, and bunker oil prices. You can refer the detail to security reports, which is available on EDINET (<http://info.edinet-fsa.go.jp/>).

Any forward-looking statement in this document speaks only as of the date on which it is made, and NYK assumes no obligation to update or revise any forward-looking statements in light of new information or future events.

While NYK have made every attempt to ensure that the information contained in this document has been obtained from reliable sources, but no representations or warranty, express or implied, are made that such information is accurate or complete, and no responsibility or liability can be accepted by NYK Line for errors or omissions or for any losses arising from the use of this information.

No part of this document shall be reproduced, stored in a retrieval system or transmitted in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of NYK Line.