

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

February 3rd, 2021

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*In this material, “infection” denotes the novel coronavirus infection (COVID-19).

**(Attachment) Ocean Network Express
Financial Results for FY2020 3rd Quarter**

Review of YTD (Apr-Dec) results (vs. the same period last year)

- ▶ Revenues
Revenue decreased mainly as a result of decreased transport volume and a sluggish bulk carriers market in the shipping business due to the impact of COVID-19. (Decrease of ¥107.3 billion vs. same period last year)
- ▶ Recurring Profit/Loss
Continuing from 1H, profit increased in Q3 as significant improvements in the profits of Global Logistics (Air Cargo/Liner/Logistics) widely exceeded the decrease in the profits of Bulk Shipping (Increase of ¥83.6 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 again recorded at the end of the 3rd quarter following the 2nd quarter. (Total of ¥53.6 billion reported in FY ending Mar. 2021)

By industrial SEGs (Recurring Profit/Loss vs. the same period last year)

- ▶ Liner : Profits increased (same period last year ¥13.4 billion --> this year ¥68.4 billion)
In Containers (ONE), short-term freight rates trended upward as demand rapidly recovered after urban lockdown was lifted. In the North America routes, liftings, freight, and utilization rates exceeded that of the same period last year.
Sudden improvement in cargo movement in market resulted in 3Q resulted in shortage of transport space and containers. Also, the spread of the infection caused labor shortage, worsening congestion at ports and inland areas.
Handling volumes declined from the same period last year in terminals.
- ▶ Air cargo : Profits increased (same period last year -¥13.4 billion --> this year ¥24.6 billion)
Cargo movement originating from Japan is on a recovery trend, supply of space continued to fall, and freight rate levels rose towards the peak season of 3Q.
Due to the impact of space shortage of container ships, some ocean freights were shifted to air freights, resulting in rising freight rates.

1. Overview of 3rd Quarter Results for FY Ending Mar. 2021

Q3 Result

By industrial SEGs (Recurring Profit/Loss vs. the same period last year)

- Logistics : Profits increased (same period last year ¥4.3 billion --> this year ¥17.4 billion)
 - Ocean cargo: Cargo volumes recovered as a result of higher stay at home demand, 3Q handling volumes recovered to the level of the same period last year. Procurement costs rose but profits improved by flexible marketing.
 - Air cargo: 3Q handling volumes recovered to the level of the same period last year due to steady demand for chartered flights and some shifts from ocean cargo. While supply and demand balance tighten, profits improved by continuing flexible marketing.
 - Logistics: While cargo volumes recover globally as a result of higher stay at home demand, ongoing cost reductions made progress and profits improved.
- Bulk shipping : Profits decreased (same period last year ¥34.8 billion --> this year ¥14.1 billion)
 - Car carrier: Shipping volume declined from the same period last year due to the impact of the spread of the infection but is on a recovery trend. The decline narrowed to 5% in 3Q under completion of voyage standards, a significant improvement from the first half of this year.

1Q: volume decreased by 35% vs. same period last year (under completion of voyage standards), and about 50% under completion of loading standards

2Q: volume decreased by 47% vs. same period last year (under completion of voyage standards), and about 30% under completion of loading standards

3Q: volume decreased by 5% vs. same period last year (under completion of voyage standards), and about 4% under completion of loading standards
 - Dry bulk: The market for medium and large vessels stagnated compared to the same period last year. Following 2Q, extraordinary loss was recorded as the fee for structural reforms. Further locked profit/loss using FFA (Forward Freight Agreements) to respond to market fluctuations.
 - Energy transport: With each business being based mainly on medium- and long-term contracts, the impact of changes in market is limited and profits have been steady.

Summary of 3rd Quarter Results

Q3 Result



(Billions of yen)	FY Ending Mar. 2020						FY Ending Mar. 2021				Year-on-year
	Q1	Q2	Q3	Q1-3	Q4	Full-Year	Q1	Q2	Q3	Q1-3	
Revenue	406.4	418.3	428.5	1,253.2	415.0	1,668.3	361.1	360.8	423.9	1145.9	-107.3
Operating Profit	5.4	10.3	16.6	32.4	6.2	38.6	8.9	7.7	31.2	47.9	15.4
Recurring Profit	6.4	9.6	22.4	38.4	6.0	44.4	16.5	30.8	74.6	122.0	83.6
Net Income Attributable to Owners of the Parent Company	9.1	1.9	7.6	18.7	12.3	31.1	11.6	10.4	30.1	52.3	33.6
Exchange Rate	¥110.73	¥107.63	¥108.79	¥109.05	¥109.35	¥109.13	¥107.74	¥105.90	¥104.76	¥106.14	¥-2.91
Bunker Oil Prices	\$438.21	\$435.09	\$427.33	\$433.29	\$520.84	\$454.97	\$452.83	\$308.51	\$331.04	\$362.57	-\$70.73

Q3 Comparison by Industrial SEGs

Q3 Result



	Industrial Segment (Billions of yen)	FY Ending Mar. 2020						FY Ending Mar. 2021				Year-on-year
		Q1	Q2	Q3	Q1-3	Q4	Full-year	Q1	Q2	Q3	Q1-3	
Global Logistics	Liner	51.9 1.9	51.6 7.7	51.1 3.6	154.7 13.4	47.4 0.0	202.2 13.4	39.1 6.7	42.1 21.7	45.1 40	126.5 68.4	-28.2 55
	Air Cargo	17.7 -4.4	18.6 -4.7	20.3 -4.3	56.6 -13.4	18.5 -2.0	75.1 -15.5	28.8 9.3	25.6 3.8	33.3 11.4	87.8 24.6	31.2 38.1
	Logistics	117.7 -0.0	120.4 2.3	121.9 1.9	360.2 4.3	116.1 0.4	476.3 4.7	112.9 2.7	122.1 5.3	152.5 9.3	387.6 17.4	27.4 13.1
	(Total)	187.4 -2.5	190.7 5.4	193.4 1.3	571.6 4.2	182.0 -1.6	753.7 2.5	181.0 18.8	189.8 30.9	231.1 60.8	602 110.6	30.3 106.4
	Bulk Shipping	195.1 9.2	205.1 5.0	210.7 20.5	611.0 34.8	208.7 9.3	819.8 44.1	164.8 -1.1	153.1 1.3	175.4 13.9	493.3 14.1	-117.6 -20.6
Others	Real Estate	1.8 0.7	1.7 0.5	1.8 0.6	5.4 1.9	1.8 0.5	7.3 2.5	1.7 0.7	1.7 0.6	1.6 0.6	5.1 2	-0.2 0.0
	Other	39.7 0.7	37.1 0.2	44.7 1.4	121.6 2.5	44.0 -0.7	165.6 1.7	27.3 -0.4	31.4 -1.0	32 0.1	90.9 -1.4	-30.7 -3.9
	Elimination/ Unallocation	-17.7 -1.7	-16.5 -1.6	-22.2 -1.6	-56.5 -5.0	-21.6 -1.5	-78.2 -6.6	-13.8 -1.3	-15.3 -1.0	-16.4 -0.9	-45.5 -3.3	10.9 1.6
	Consolidated	406.4 6.4	418.3 9.6	428.5 22.4	1253.2 38.4	415.0 6.0	1,668.3 44.4	361.1 16.5	360.8 30.8	423.9 74.6	1145.9 122	-107.3 83.6

* (Upper) Revenue (Lower) Recurring Profit

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

Q3 Result



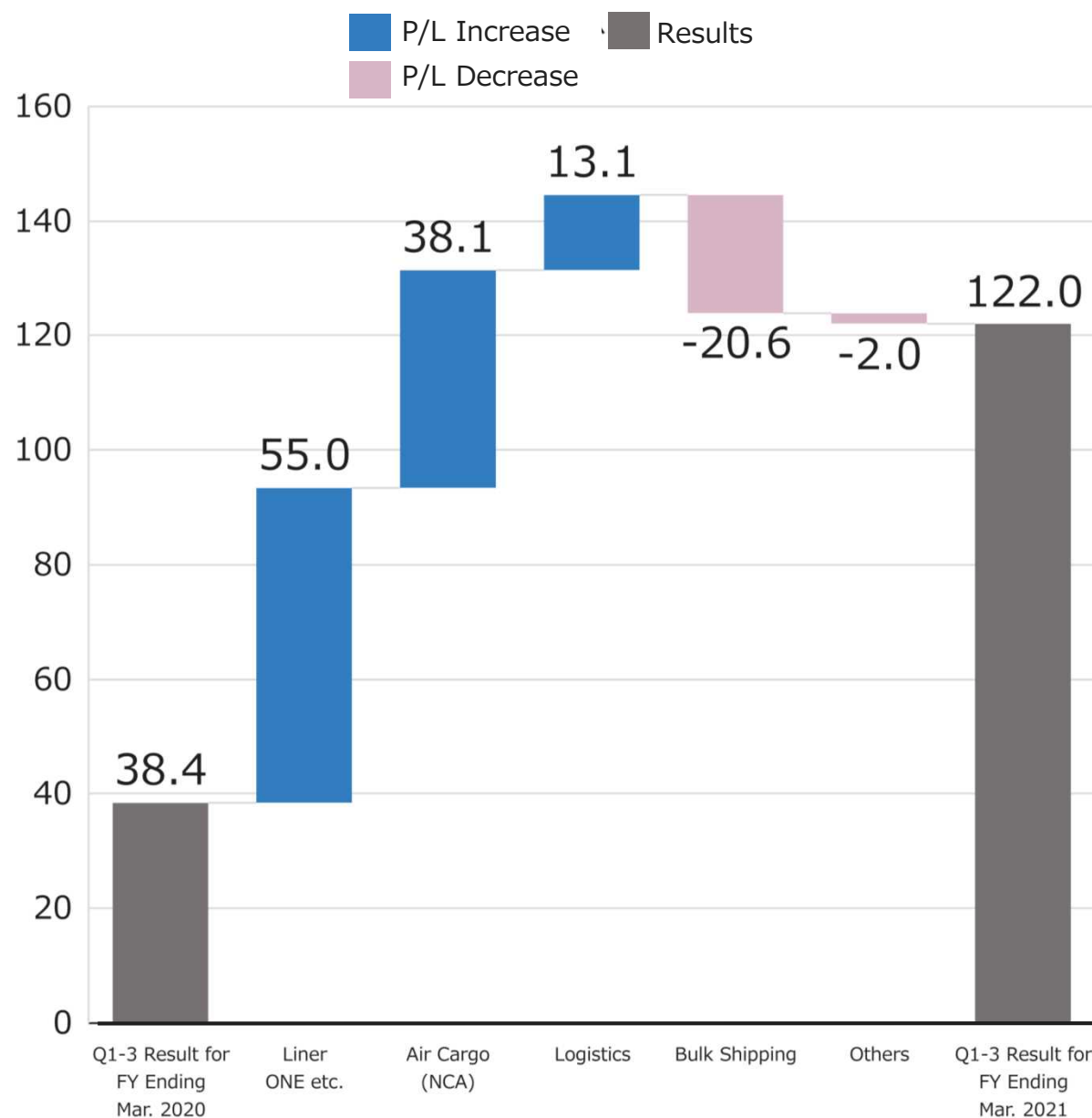
Analysis by factor

(billion yen)

Yen Appreciation	-0.8	¥106.14/\$ Appreciated by ¥2.91
Lower Bunker Oil Prices	1.8	\$362.57/MT, Decreased by \$70.73
Market Effects, etc.	34.6	Liner (incl. ONE) +54.0 Bulk Shipping -19.4
Foreign Exchange Profit/Loss	-1.3	
Others	49.3	Air Cargo (NCA) +38.1
Total	83.6	

Analysis by business

(billion yen)



2. Forecast for FY Ending March 2021

Forecast



Forecast for FY ending March 2021

- ▶ Recurring profit/loss: Upward revision ¥160.0 billion (¥70.0 billion in previous forecast)
- ▶ Extraordinary profit/loss: Expecting profits from transfer of real estate (approx. 25.5 billion), etc.
- ▶ Net income/loss: Upward revision ¥90.0 billion (¥35.0 billion in previous forecast)
- ▶ Dividend forecast: Increase ¥130 per share for the year (¥50 per share in previous forecast)
[Interim dividend: ¥20, year-end dividend ¥110]

By industrial SEGs (Recurring profit/loss vs. previous 2Q forecast)

- ▶ Liner Upward revision (Previous Forecast ¥40.5 billion --> Current Forecast ¥102.0 billion)
Container ships: Major increase in 1Q-3Q results
Expecting strong cargo movements to continue in 4Q, though uncertain factors include the impacts of seasonality such as Lunar New Year and the continuation of the COVID-19 global pandemic as well as continued congestion at ports and inland areas
Terminal: Anticipating recovery in handling volumes led by North America
(*The timing of transfer of the Overseas Terminal Business to ONE has yet to be finalized. The forecast is based on the assumption that the parent company will continue to hold the business.)
- ▶ Air Cargo: Upward revision (Previous Forecast ¥19.0 billion --> Current Forecast ¥29.0 billion)
The returns of international passenger flights are expected to take more time.
Cargo movement is expected to decline in 4Q compared with 3Q due to seasonal factors but expecting strong demand for cargo originating from Japan.

By industrial SEGs (Recurring profit/loss vs. previous 2Q forecast)

- ▶ Logistics: Upward revision (Previous Forecast ¥12.5 billion --> Current Forecast ¥21.0 billion)
 - Ocean freight: Upward revision of handling volume taking the active North America and intra-Asia routes into account
Continuing flexible marketing
 - Air freight: Upward revision of handling volume given the strong cargo movement
Assuming that the recovery in space supply will be limited, continue on flexible marketing based on demand
 - Logistics: Expecting to maintain strength in the European business and recovery in South Asia
- ▶ Bulk Shipping: Upward revision (Previous Forecast ¥2.5 billion --> Current Forecast ¥14.5 billion)
 - Car Carrier: Upward revision – Expecting recovery in handling volume compared with the previous forecast, even affect from semiconductor shortage on automobile manufacture is added
 - Dry bulk: Upward revision – Added the impact of the structural reform
Profit improvement on next fiscal year : Approx ¥10.0 billion/year
(Forward basis forecast amount as of now/vary according to market level)
 - Energy: Upward revision – Based mainly on medium- and long-term contracts, stable performance is expected
Upward revision compared with the previous forecast, given the impact of some sharp rise in the LPG market and as a result of reviewing the profit impact from renewal of drillship contract in 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	Q3 (Result)	Q4			
Revenue	824.7		843.5		1,668.3	722.0		817.9		1,540.0	-128.3	80.0
	406.4	418.3	428.5	415.0		361.1	360.8	423.9	394.0			
Operating Profit	15.8		22.8		38.6	16.6		40.3		57.0	18.4	27.0
	5.4	10.3	16.6	6.2		8.9	7.7	31.2	9.1			
Recurring Profit	16.0		28.4		44.4	47.4		112.6		160.0	115.6	90.0
	6.4	9.6	22.4	6.0		16.5	30.8	74.6	37.9			
Net Income Attributable to Owners of the Parent Company	11.1		20.0		31.1	22.1		67.8		90.0	58.9	55
	9.1	1.9	7.6	12.3		11.6	10.4	30.1	37.6			
Exchange Rate	¥110.73	¥107.63	¥108.79	¥109.35	¥109.13	¥107.74	¥105.90	¥104.76	¥103.00	¥105.35	¥-3.78	¥0.44
Bunker Oil Prices (All Grades)	\$438.21	\$435.09	\$427.33	\$520.84	\$454.97	\$452.83	¥308.51	\$331.04	\$393.00	\$371.35	-\$83.62	\$3.76
Bunker Oil Prices (HSFO)	-	-	-	-	-	-	-	-	\$320.00	-	-	-
Bunker Oil Prices (VLSFO)	-	-	-	-	-	-	-	-	\$390.00	-	-	-

► Sensitivity to recurring profit (Full Year)

Exchange rate: Approx. JPY1.60 billion increase per ¥1/\$ depreciation

Bunker oil prices: Approx. JPY0.35 billion increase per \$10/MT decrease

(*Comparison with the full-year previous forecast as of Nov. 5, 2020)

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	Q3	Q4	H2	Full-year	Q1 (Result)	Q2 (Result)	H1 (Result)	Q3 (Result)	Q4	H2		Full-year
Global Logistics	Liner	51.9	51.6	103.6	51.1	47.4	98.6	202.2	39.1	42.1	81.3	45.1	42.5	87.7	169.0	-33.2	
		1.9	7.7	9.7	3.6	0.0	3.7	13.4	6.7	21.7	28.4	40.0	33.5	73.5	102.0	88.6	
	Air Cargo	17.7	18.6	36.3	20.3	18.5	38.8	75.1	28.8	25.6	54.4	33.3	28.1	61.5	116.0	40.9	
		-4.4	-4.7	-9.1	-4.3	-2.0	-6.4	-15.5	9.3	3.8	13.2	11.4	4.3	15.7	29.0	44.5	
	Logistics	117.7	120.4	238.2	121.9	116.1	238.1	476.3	112.9	122.1	235.0	152.5	134.4	286.9	522.0	45.7	
		-0.0	2.3	2.3	1.9	0.4	2.3	4.7	2.7	5.3	8.1	9.3	3.6	12.9	21.0	16.3	
	(Total)	187.4	190.7	378.1	193.4	182	375.5	753.7	181.0	189.8	370.8	231.1	204.9	436.1	807.0	53.3	
		-2.5	5.4	2.8	1.3	-1.6	-0.2	2.5	18.8	30.9	49.8	60.8	41.3	102.1	152.0	149.5	
	Bulk Shipping	Bulk Shipping	195.1	205.1	400.3	210.7	208.7	419.4	819.8	164.8	153.1	317.9	175.4	174.6	350.0	668.0	-151.8
			9.2	5.0	14.2	20.5	9.3	29.9	44.1	-1.1	1.3	0.1	13.9	0.3	14.3	14.5	-29.6
Others	Real Estate	1.8	1.7	3.6	1.8	1.8	3.7	7.3	1.7	1.7	3.4	1.6	1.8	3.5	7.0	-0.3	
		0.7	0.5	1.3	0.6	0.5	1.2	2.5	0.7	0.6	1.3	0.6	0.5	1.1	2.5	0.0	
	Other	39.7	37.1	76.8	44.7	44	88.8	165.6	27.3	31.4	58.8	32.0	32.1	64.2	123.0	-42.6	
		0.7	0.2	1.0	1.4	-0.7	0.7	1.7	-0.4	-1.0	-1.5	0.1	-2.0	-1.9	-3.5	-5.2	
	Elimination/Unallocation	-17.7	-16.5	-34.2	-22.2	-21.6	-43.9	-78.2	-13.8	-15.3	-29.1	-16.4	-19.5	-35.9	-65.0	13.2	
		-1.7	-1.6	-3.4	-1.6	-1.5	-3.1	-6.6	-1.3	-1.0	-2.4	-0.9	-2.1	-3.0	-5.5	1.1	
	Consolidated	406.4	418.3	824.7	428.5	415	843.6	1,668.3	361.1	360.8	722.0	423.9	394.0	817.9	1,540.0	-128.3	
		6.4	9.6	16.0	22.4	6.0	28.4	44.4	16.5	30.8	47.4	74.6	37.9	112.6	160.0	115.6	

* (Upper) Revenue (Lower) Recurring Profit

Forecast by Industrial SEGs for FY Ending Mar. 2021

Forecast



	Industrial Segment	Previous Forecast			Revised Forecast					Change Full-Year
	(Billions of yen)	H1	H2	Full-year	H1 (Result)	Q3 (Result)	Q4	H2	Full-year	Full-year
Global Logistics	Liner	81.3	82.1	163.5	81.3	45.1	42.5	87.7	169.0	5.5
		28.4	12.0	40.5	28.4	40.0	33.5	73.5	102.0	61.5
	Air Cargo	54.4	53.0	107.5	54.4	33.3	28.1	61.5	116.0	8.5
		13.2	5.7	19.0	13.2	11.4	4.3	15.7	29.0	10.0
	Logistics	235.0	241.4	476.5	235.0	152.5	134.4	286.9	522.0	45.5
		8.1	4.3	12.5	8.1	9.3	3.6	12.9	21.0	8.5
	(Total)	370.8	376.6	747.5	370.8	231.1	204.9	436.1	807.0	59.5
		49.8	22.1	72.0	49.8	60.8	41.3	102.1	152.0	80.0
	Bulk Shipping	317.9	329.5	647.5	317.9	175.4	174.6	350.0	668.0	20.5
		0.1	2.4	2.5	0.1	13.9	0.3	14.3	14.5	12.0
Others	Real Estate	3.4	4.0	7.5	3.4	1.6	1.8	3.5	7.0	-0.5
		1.3	1.1	2.5	1.3	0.6	0.5	1.1	2.5	0.0
	Other	58.8	63.2	122.0	58.8	32.0	32.1	64.2	123.0	1.0
		-1.5	-1.0	-2.5	-1.5	0.1	-2.0	-1.9	-3.5	-1.0
	Elimination/ Unallocation	-29.1	-35.3	-64.5	-29.1	-16.4	-19.5	-35.9	-65.0	-0.5
		-2.4	-2.0	-4.5	-2.4	-0.9	-2.1	-3.0	-5.5	-1.0
	Consolidated	722.0	738.0	1,460.0	722.0	423.9	394.0	817.9	1,540.0	80.0
		47.4	22.6	70.0	47.4	74.6	37.9	112.6	160.0	90.0

* (Upper) Revenue (Lower) Recurring Profit

(*Comparison with the full-year previous forecast as of Nov. 5, 2020)

Appendix

► 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	Q3 (Result)	Q4		
Revenue (Billions of yen)	36.3		38.8		75.1	54.4		61.5		116.0	8.5
	17.7	18.6	20.3	18.5		28.8	25.6	33.3	28.1		
Recurring Profit (Billions of yen)	-9.1		-6.4		-15.5	13.2		15.7		29.0	10.0
	-4.4	-4.7	-4.3	-2.1		9.3	3.8	11.4	4.3		
Chargeable Weight	190		197		386	238		247		485	20
(1,000 tons)	93	96	99	98		118	120	133	113		
Volume (RTK) (mil.ton kilo)	1,062		1,098		2,161	1,324		1,365		2,689	55
	529	533	560	538		649	675	737	627		
Capacity (ATK) (mil.ton kilo)	1,790		1,714		3,503	2,069		1,921		3,989	-29
	894	896	894	820		1,017	1,052	1,030	890		
YIELD	84		85		85	111		107		109	6
FY3/09 Q1=100	88	81	85	85		121	102	111	103		
MOPS	\$78		\$68		\$73	\$36		\$51		\$44	-\$2
US\$ per bbl	\$80	\$77	\$76	\$59		\$30	\$42	\$47	\$55		

► 2. Logistics

		FY Ending Mar. 2019 (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	Q3	Q4		
Ocean Export	TEU	815	395		369		764	336		385		721	38
	(1,000TEUs)		191	203	198	171		154	182	197	188		
	Year-on-Year	5%	-6%		-8%		-6%	-15%		4%		-6%	5%
			-6%	-6%	-4%	-9%		-19%	-10%	-1%	10%		
Air Export	Weight	380	169		168		337	132		170		302	29
	(1,000 tons)		83	86	89	79		64	68	91	80		
	Year-on-Year	1%	-11%		-10%		-11%	-22%		1%		-10%	9%
			-11%	-11%	-12%	-9%		-23%	-21%	2%	1%		

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)	Q3 (Result)	Q4	Full-year	Full-year
Dry Bulk Carriers	BDI	994	2,035	1,542	572	1,286	766	1,520	1,352	923	1,140	1,142
	Cape (5TC)	11,363	29,423	21,932	4,503	16,805	9,598	20,661	16,657	9,000	13,979	14,315
	Panamax (Pac)	8,602	13,296	10,124	5,396	9,354	7,108	12,284	11,613	9,500	10,126	10,286
	Handymax (Pac)	7,593	10,481	9,507	4,949	8,133	5,732	8,847	9,113	8,500	8,048	7,895
	Handy (Pac)	6,254	7,236	7,299	4,728	6,379	5,131	7,481	8,563	7,000	7,044	6,903
Tankers	VLCC	12,565	26,456	91,476	73,190	50,922	90,916	18,108	10,516	22,500	35,510	41,006
	VLGC	50,691	53,795	66,010	50,699	55,299	33,007	40,722	68,362	65,000	51,773	38,432

※ 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	Q3 (Result)	Q4		
All Trade (10,000 Cars)	162		155		317	96		145		241	20
	79	83	75	79		52	44	72	73		
Year-on-year	-3%		-10%		-7%	-41%		-6%		-24%	9%
	-9%	3%	-12%	-8%		-35%	-47%	-4%	-8%		

※ Calculated on voyage-completion basis



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Financial Results for FY2020 3rd Quarter and Full Year Forecasts for FY2020

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1. FY2020 3rd Quarter Results

□ Outline

In Q3, ONE's profit significantly increased to US\$944 Million compared to the same period last year (+US\$939Million) due to the sharp recovery in cargo demand and increases in the short-term freight market

- A steady recovery trend was observed in the global cargo volume. In Asia-North America trade, the cargo volume increased by approximately 25% and Asia-Europe trade also increased on a year to year basis.
- Severe shoreside and inland congestion became problematic due to a sharp increase in cargo volume and the resurgence of the COVID-19 epidemic caused turmoil within the entire global supply chain.
- As the cargo demand sharply recovered, the short-term freight market significantly increased.

□ FY2020 3Q Results

	FY2019		
	1H Results	3Q Results	1Q-3Q Results
Revenue	5,984	2,914	8,898
Profit/Loss after Tax	126	5	131

FY2020		
1H Results	3Q Results	1Q-3Q Results
5,917	3,757	9,673
682	944	1,626

3Q	
Change (Mil US\$)	Change (%)
842	28.9%
939	20639%

(Million US\$)

1Q-3Q	
Change (Mil US\$)	Change (%)
775	8.7%
1,496	1146.2%

- Q3/FY2020 other results
- EBITDA : US\$1,293million
 - EBIT : US\$1,036million
 - Bunker Consumption : 933K MT
 - Liftings : 3,204K TEU

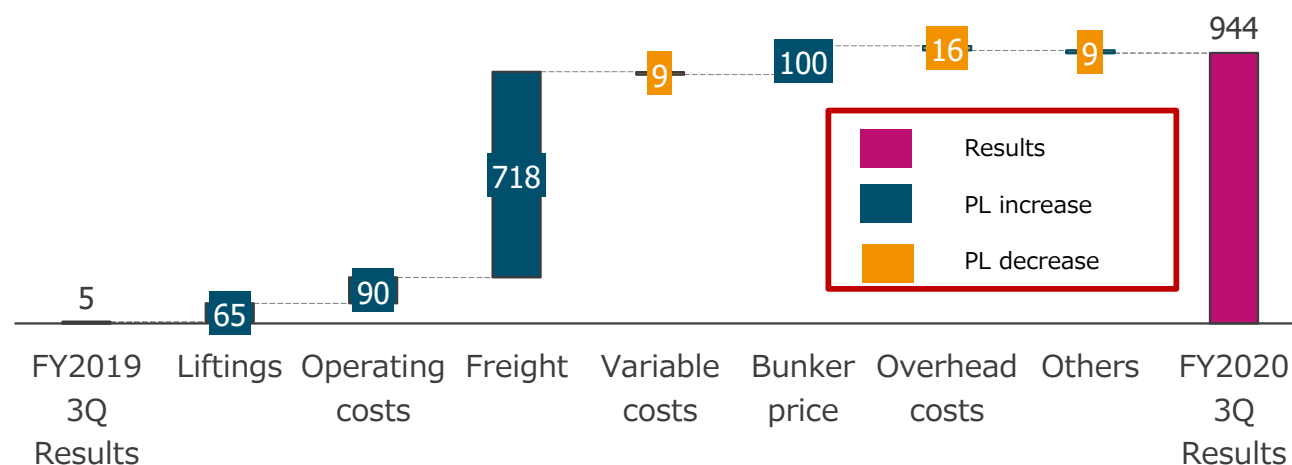
Bunker Price (US\$/MT)	\$427	\$417	\$424
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\$328	\$314	\$323
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-\$103

-\$101

□ FY2020 3Q PL Analysis



- Liftings: Increased in Q3 on a Y to Y basis.
- Operating costs: Reduced due to improvements in the product. Vessels idled at many ports due to increased congestion and vessel turnover rate worsened.
- Freight: Largely improved due to short-term market.
- Variable costs: Cost saving initiatives are ongoing. However, additional costs increased due to shoreside and inland congestion.
- Bunker Price: Further decreased.
- Overhead costs: Agency fees increased
- Others: FX impact and reduced interest revenue due to lower interest rate, etc.

2. FY2020 Full Year Forecasts

□ Outline

- In Q3, improvements in cargo volume and short-term freight rates resulted in US\$944 Million Net profit after tax. In Q4, seasonal factors such as lunar new year holidays or the resurgence of COVID-19 could affect demand. However, at present steady cargo volume is expected and a net profit of US\$ 900 mil after tax is forecasted.
- From the later half of 2020, the entire global supply chain experienced serious disruption due to a surge in cargo volume and operational restrictions caused by COVID-19. Actions to stabilize schedule integrity and to solve space and container shortage have been undertaken and reinforced. (Please refer page. 5)

□ FY2020 Full Year Forecasts

(Unit: Million US\$)

*As of end Oct 2020

	FY2020(Previous Forecasts*)		
	1H Results	2H Forecasts	Full Year Forecasts
Revenue	5,917	5,994	11,911
EBITDA	1,342	872	2,214
EBIT	846	371	1,217
Profit/Loss after Tax	682	245	928

Bunker Price (US\$/MT)	\$328	\$367	\$352
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	FY2019(Previous Year)		
	1H Results	2H Results	Full Year Results
Revenue	5,984	5,881	11,865
EBITDA	-	-	1,368
EBIT	-	-	422
Profit/Loss after TAX	126	-22	105

Bunker Price (US\$/MT)	\$427	\$456	\$441
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FY2020(Latest)					
1H Results	3Q Results	1Q-3Q Results	4Q Forecasts	2H Forecasts	Full Year Forecasts
5,917	3,757	9,674	4,000	7,757	13,674
1,342	1,293	2,635	1,235	2,528	3,870
846	1,036	1,882	990	2,026	2,872
682	944	1,626	900	1,844	2,526

\$328	\$314	\$323	\$376	\$346	\$337
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Full Year	
Change	Change (%)
1,763	14.8%
1,656	74.8%
1,655	136.0%
1,598	172.2%

- \$16

Full Year	
Change	Change (%)
1,809	15.2%
2,502	182.9%
2,450	580.6%
2,421	2305.7%

- \$104

3. COVID-19 Impact & Countermeasures

COVID-19 impact & countermeasures

Outbreaking situation

- During Q3, global container volumes surged due to customers' inventory restock with a strong demand for consumer goods and medical products. Asia-North America trade volume increased in Q3 by 25% Y to Y. The Global cargo volume grew by 8% in Q3 Y to Y indicating a steady recovery trend, which is contrary to FY2020 1H when the cargo volume was seriously impacted by COVID-19.
- The resurgence of COVID-19 has led to labour shortages and operational restrictions in many locations, which has resulted in port congestion, longer port stays due to lower productivity and heavy rail and truck traffic.
- Increased container dwell times due to truck & chassis shortage and warehouse capacity shortages etc.
- Flexible crew changes became difficult due to international travel restrictions.



Excessive strain on the entire global supply chain has caused turmoil throughout the world. Shipping lines have suffered vessel delays, a deterioration of schedule reliability, shortage of space and a lack of container availability have been observed.



ONE's Countermeasures

Customer service oriented

- Enhanced "Self-service" platform or live chat functions to cope with significantly increasing customer inquiries.
- Close communications with customers on container/space situation to maximize resources.

Operation excellency

- Chartered additional ships to recover schedule integrity and to rescue rolled-over cargo. Executed extra sailings.
- Maximized container procurement. Ordered a large number of containers in 2H which are phasing in upon delivery.
- Full utilization of ONE's own space as well as the execution of empty sweeper sailings to bring containers back to locations with strong demand.
- Enhanced collaboration with terminal operators since 1H for more efficient cargo operation.
- Vessel diversions and extra calls added where possible for crew changes along with closer cooperation with owners

Quality of employee

- The utmost priority has been given to employees' safety by enabling remote working globally.
- Initiatives to keep employees connected. CSR activities have been undertaken in many countries contributing to local societies.

4. FY2020 Actions

Actions to achieve further competitiveness and differentiation towards FY2021 onwards

- Signed Letter of Intent with Shoei Shipping for 6 x 24,000TEU Ultra Large Container Ship under a 15 years long term charter hire contract. Vessels are equipped with the most advanced energy efficiency technology, with the aim for this series to be the most competitive in the industry.
- Announcement of the new THE ALLIANCE product for FY2021, offering greater capacity on trade lanes with greater cargo demand. Realizing more frequency, improved transit time and a wider coverage of port pairs.
- Announcement of new services in Intra-Asia trade, Europe and India/Middle East trade, where increased growth is expected.
- Targeting CO2 emission reductions by the continuation of the replacement of screw propellers or the upgrading of bulbous-bow etc. according to operating conditions.
- The enhancement of E-Commerce functions (Additional functions added related to rate quotation, booking and freight payment and, improvements to transportation status notices, documentation functions, Live Chat, etc.).

5. Reference

(Liftings, Utilization Rates, Freight Index in Major Trades)

(Unit: 1,000TEU)

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

FY2020			
1Q	2Q	1H	3Q
610	765	1,375	730
96%	100%	98%	103%
347	419	766	402
96%	98%	97%	102%

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

327	328	654	368
51%	43%	47%	54%
290	289	579	331
75%	70%	73%	80%

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

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

FY2020			
1Q	2Q	1H	3Q
110	119	115	140
106	103	104	125

- Liftings, Utilization Rates: Due to the sudden increase in demand coupled with shore side and inland congestion, equipment is in serious short supply. The utilization rate was maintained at 100% or more on both Asia-North America and Asia-Europe trades.
- Freight Index : Both Asia-North America trade and Asia-Europe trade increased by a rise in the short-term freight market.

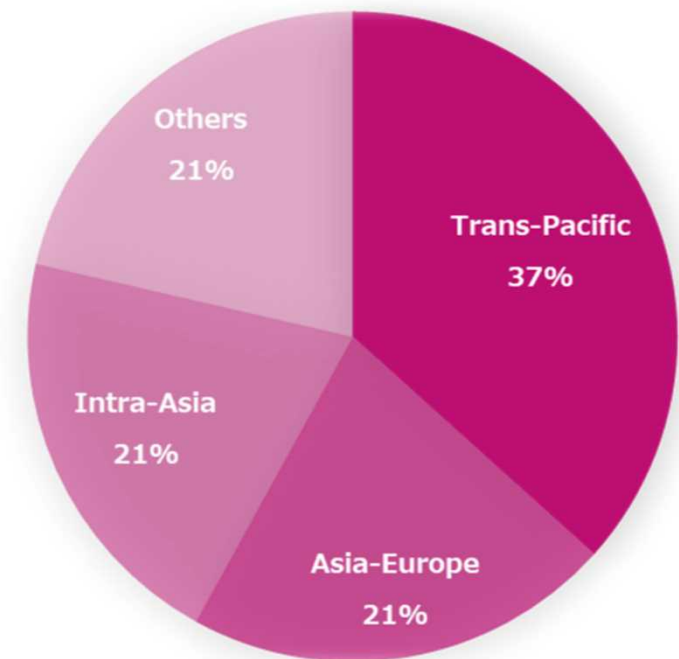
6. Reference (Fleet Structure & Service Structure)

▣ Fleet Structure

as of end of 3Q	Size		1)As of end Sep. 2020	2)As of end Dec. 2020	2)-1)
	>= 20,000 TEU	Capacity (TEU)	120,600	120,600	0
		Vessels	6	6	0
	10,500 - 20,000 TEU	Capacity (TEU)	411,600	411,600	0
		Vessels	30	30	0
	9,800 - 10,500 TEU	Capacity (TEU)	100,100	100,100	0
		Vessels	10	10	0
	7,800 - 9,800 TEU	Capacity (TEU)	383,326	383,326	0
		Vessels	43	43	0
	6,000 - 7,800 TEU	Capacity (TEU)	197,287	177,216	▲ 20,071
		Vessels	30	27	▲ 3
	5,200 - 6,000 TEU	Capacity (TEU)	83,992	89,458	5,466
		Vessels	15	16	1
	4,600 - 5,200 TEU	Capacity (TEU)	103,731	103,731	0
		Vessels	21	21	0
	4,300 - 4,600 TEU	Capacity (TEU)	62,952	67,271	4,319
		Vessels	14	15	1
	3,500 - 4,300 TEU	Capacity (TEU)	21,162	33,193	12,031
		Vessels	5	8	3
	2,400 - 3,500 TEU	Capacity (TEU)	63,151	71,143	7,992
		Vessels	24	27	3
	1,300 - 2,400 TEU	Capacity (TEU)	12,009	13,951	1,942
		Vessels	7	8	1
	1,000 - 1,300 TEU	Capacity (TEU)	10,626	9,584	▲ 1,042
		Vessels	10	9	▲ 1
	< 1,000 TEU	Capacity (TEU)	0	0	0
	Vessels	0	0	0	
Total	Capacity (TEU)	1,570,536	1,581,173	10,637	
	Vessels	215	220	5	

▣ Service Structure

(FY2020 Q3 Structure of dominant and non-dominant space)





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