



Message to Stakeholders

Stepping up efforts to boost earnings and promote innovation under the direction of a newly appointed leader

In March 2018, we launched our medium-term management plan, *Staying Ahead 2022 with Digitalization and Green*. During the plan's first year, however, we experienced delays during the startup of Ocean Network Express Pte. Ltd. (ONE), which was jointly established through the integration of NYK's liner trade business with those of MOL and "K" Line. Furthermore, Nippon Cargo Airlines Co. Ltd. (NCA), which operates the Air Cargo Transportation segment, decided to temporarily ground its aircraft after errors were discovered in maintenance records, which subsequently resulted in an order by the Japanese government to remedy the situation. As a result of these and other factors, the Group posted a recurring loss and a loss attributable to owners of the parent. On behalf of management, I would like to express my sincerest apologies for failing to meet the expectations of shareholders, investors, and other stakeholders. In response to those setbacks, we have taken all necessary measures to restore the operations of both ONE and NCA, and improved the supervision and monitoring capabilities of the Group's management. Accordingly, we expect ONE to be profitable in fiscal 2019.

Unfortunately, however, conditions in the maritime shipping market continue to be volatile. Over the past decade, we saw huge fluctuations in foreign exchange rates and the bunker oil price, as well as a growing oversupply of total shipping capacity, as continual investment in new vessels was driven by speculative capital amid excess liquidity in financial markets. The

outlook ahead also remains difficult to predict. Under these circumstances, the NYK Group is moving ahead with the main strategies of the medium-term management plan—to develop a well-balanced revenue structure and promote innovation through digitalization and green initiatives. As we strive to achieve the plan's targets, we are aiming to enhance corporate value while creating value for people around the world.

United in pursuing those objectives, our management team of directors was elected at the ordinary general meeting of shareholders held in June 2019, and Hitoshi Nagasawa was subsequently appointed as president, representative director, and president corporate officer by the Board of Directors. We believed that it was the right time to appoint a new leader to firmly steer management going forward now that ONE and NCA are both back on track.

President Nagasawa was formerly in charge of restructuring the dry bulk business and ensuring stable earnings in the offshore and LNG tanker business. Under his leadership, the entire NYK Group will work to establish a new shipping business model ahead of our competitors. As we continue moving forward, we ask the Group's stakeholders for their ongoing support and understanding.

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Tadaaki Naito

Chairman of the Board of Directors