

# Financial Results for FY2023, and Forecast for Full-year FY2024

May 8, 2024



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**(Attachment)**  
**Ocean Network Express**  
**Financial Results for FY2023**

### Full-year review (year-on-year comparison)

- While revenues and profits declined over the previous fiscal year, which marked record highs in profits, recurring profit and net income for FY2023 came in at the third highest ever, demonstrating that we are steadily strengthening profitability as special factors such as logistics disruptions during the pandemic faded away.
- Profit levels ended up higher than the previous forecast (announced in February 2024) primarily impacted by rising container shipping market conditions during the fourth quarter.
- The full-year results for FY2023 are assessed to indicate a favorable start for the Medium-term Management Plan.

#### ▶ Revenues: JPY2,387.2 billion (down JPY228.8 billion)

- Logistics – Handling volumes and freight rates declined in both the air and ocean freight forwarding businesses (down JPY160.1 billion)

#### ▶ Recurring profit: JPY261.3 billion (down JPY848.4 billion)

- Liner Trade – Markets fell due to weak cargo demand as well as the increased shipping capacity following the completion of new vessels (down JPY722.7 billion)

#### ▶ Net income: JPY228.6 billion (down JPY783.9 billion)

#### ▶ Shareholder return: Dividend (per share)

Interim: 60 yen (paid) | **Year-end: 80 yen | Annual: 140 yen**

- The amounts have been determined in line with a targeted consolidated payout ratio of 30% as set forth in the basic shareholder return policy.
- The year-end dividend is planned to be set at JPY80 per share, up JPY10 from the previous forecast.

#### Share repurchase

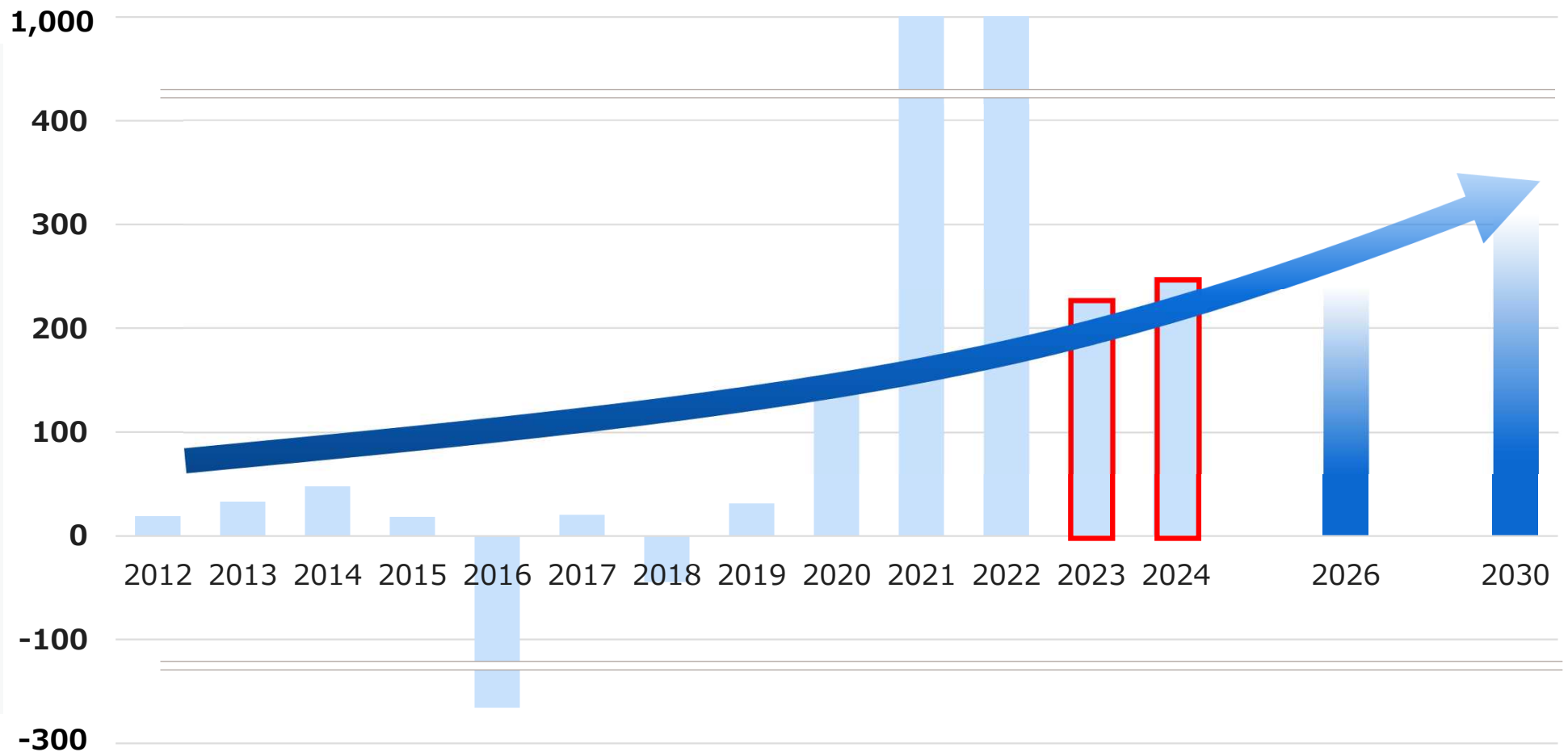
- The share repurchase at the total cost of JPY200 billion was completed on March 7, 2024, and all the shares repurchased were retired on April 30, 2024.

# Sustainable growth of current profit targeted in medium to long term



- Steady progress in line with the sustainable growth targets announced in the Medium-term Management Plan

current profit (billion yen)



### Recurring profit by segment (year-on-year comparison)

#### ► Liner Trade: JPY67.8 billion (down JPY722.7 billion)

##### Container Shipping (Ocean Network Express)

- Markets fell on weak cargo demand affected by higher interest rates and inflation mainly in Europe and North America as well as increased shipping capacity following the completion of new vessels.
- Freight rates rose in the fourth quarter caused by the situation in the Red Sea, but remained low on a full-year basis.

##### Terminals

- At terminals overseas, the handling volume decreased year-on-year due to the sale of shares of an affiliate at a terminal on the west coast of North America at the end of September 2023 as well as weak cargo movement.

#### ► Air Cargo Transportation: JPY5.7 billion (down JPY55.7 billion)

- Despite a temporary recovery of demand from mid-September to mid-December, demand throughout the year remained weak.
- The increased supply of space following the resumption of international passenger flights caused freight rates to decline year-on-year.

### Recurring profit by segment (year-on-year comparison)

#### ► Logistics: JPY25.9 billion (down JPY28.3 billion)

- Air freight & Ocean freight: Markets fell on weak cargo volumes, and both handling volumes and profit significantly declined over the previous fiscal year.
- Contract logistics: Business was steady on support from cargo traffic in the e-commerce and automotive industries within Europe and firm demand for general consumer goods within North America.

#### ► Bulk Shipping: JPY170.2 billion (down JPY40.1 billion)

##### Automotive

- Supply and demand conditions were tight due to the conflict in the Middle East as well as the robust transportation demand combined with port congestion and Panama Canal transit restrictions. Transportation volumes increased year-on-year by increasing vessel utilization.

##### Dry Bulk

- The Capesize market levels ended up higher than those for the previous year, driven by the strong second half conditions.
- In the Panamax and smaller segments, although shipment volumes were firm, but market conditions throughout the year trended below the high levels last year.

##### Energy

- VLCC: Markets recovered because of an increase in exports from the Americas during Q3, a period of typically strong demand.
- VLGC: Markets improved as supply and demand for space tightened due to an increase in long-distance shipments.
- LNG carrier: Business remained steady on support from the long-term contracts.

# Summary of Results for FY2023

## Results



Billions of yen)	FY2022					FY2023					Year-on-year	Previous Forecast Q4	Change from Prev. Forecast
	Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	Full-Year			
Revenues	673.0	692.8	684.3	565.8	2,616.0	567.5	600.8	620.8	598.0	2,387.2	-228.8	550.8	47.2
Operating Profit	89.1	74.1	86.0	46.9	296.3	47.1	51.6	45.4	30.4	174.6	-121.6	30.8	-0.4
Recurring Profit	377.7	387.6	240.6	103.8	1,109.7	89.4	69.8	40.9	61.0	261.3	-848.4	44.8	16.2
Profit attributable to owners of parent	343.3	362.6	214.3	92.1	1,012.5	73.4	39.8	40.1	75.0	228.6	-783.9	46.5	28.5
Exchange Rate	¥126.49	¥136.64	¥143.98	¥133.17	¥135.07	¥135.81	¥144.05	¥148.72	¥146.68	¥143.82	¥8.75	¥142.00	¥4.68
Crude Oil Prices	\$789.48	\$887.41	\$732.07	\$638.93	\$760.72	\$611.22	\$597.59	\$642.12	\$629.90	\$620.83	-\$139.89	\$633.00	-\$3.10

# Comparison by Segment

## Results



Operating Segment (Billions of yen)	FY2022					FY2023					Year-on-year	Previous Forecast Q4	Change From Previous Forecast	
	Q1	Q2	Q3	Q4	Full-Year	Q1	Q2	Q3	Q4	Full-Year				
Liner & Logistics	Liner Trade	51.8	49.4	52.2	47.1	200.7	56.4	55.2	41.3	39.3	192.3	-8.3	38.9	0.4
		270.2	296.3	161.5	62.3	790.6	31.6	15.0	-1.3	22.5	67.8	-722.7	14.6	7.9
	Air Cargo Transportation	62.5	61.3	54.4	39.7	218.0	37.0	40.8	44.8	38.4	161.1	-56.9	38.3	0.1
		24.5	19.3	12.3	5.2	61.5	0.4	-0.0	4.9	0.4	5.7	-55.7	-1.8	2.2
	Logistics	239.8	234.6	215.4	172.5	862.4	164.7	173.9	181.6	181.9	702.2	-160.1	174.2	7.7
	19.2	17.8	13.0	4.0	54.2	7.0	6.7	7.3	4.8	25.9	-28.3	2.9	1.9	
(Total)	354.1	345.4	322.1	259.4	1,281.2	258.2	270.0	267.7	259.7	1,055.8	-225.4	251.5	8.2	
	314.1	333.6	186.9	71.7	906.4	39.1	21.6	10.8	27.8	99.6	-806.8	15.8	12.0	
Bulk Shipping	Bulk Shipping	292.2	324.2	340.2	284.1	1240.8	288.0	304.7	329.3	309.5	1231.6	-9.1	279.9	29.6
		63.7	54.8	54.6	37.2	210.4	53.7	49.3	34.3	32.8	170.2	-40.1	32.6	0.2
Others	Real Estate	0.8	0.8	0.8	0.8	3.3	0.7	0.7	0.8	0.7	3.1	-0.2	0.6	0.1
		0.4	0.3	0.4	0.0	1.3	0.4	0.3	0.5	0.2	1.5	0.2	0.2	0.0
	Other	63.1	62.0	59.1	50.1	234.5	47.4	59.3	56.5	56.2	219.6	-14.9	63.2	-7.0
	1.0	0.4	1.2	-2.1	0.5	-0.8	0.9	-0.6	2.5	2.0	1.4	-0.5	3.0	
Elimination/Corporate	-37.3	-39.8	-38.0	-28.6	-143.8	-26.9	-34.1	-33.6	-28.2	-122.9	20.8	-44.3	16.1	
	-1.6	-1.6	-2.6	-3.1	-9.0	-3.0	-2.5	-4.0	-2.5	-12.1	-3.1	-3.4	0.9	
Consolidated	673.0	692.8	684.3	565.8	2,616.0	567.5	600.8	620.8	598.0	2,387.2	-228.8	550.8	47.2	
	377.7	387.6	240.6	103.8	1,109.7	89.4	69.8	40.9	61.0	261.3	-848.4	44.8	16.2	

\* (Upper) Revenues (Lower) Recurring Profit

\* The method used to calculate interest affiliated with each segment has been changed from FY2023 Q1, and recurring profit in each segment in FY2022 has also been calculated based on the revised calculation method. This change will have no impact on the quarterly consolidated profit and the revenue of each segment.



# Analysis of Change in Recurring Profit between FY2022 and FY2023

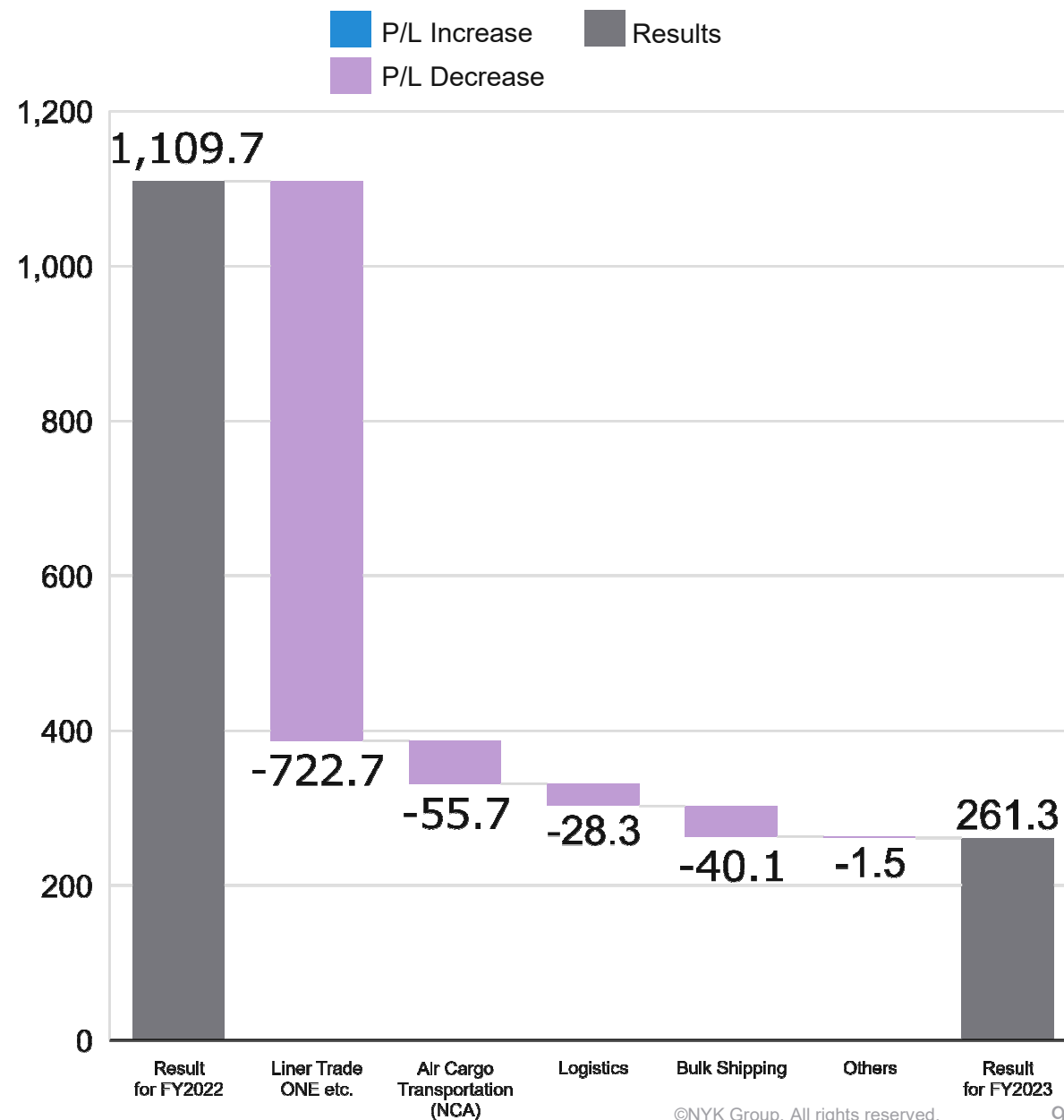
Results



## Analysis by factor

	(billion yen)	
Yen Depreciation	10.9	¥143.82/\$ Depreciated by ¥8.75
Lower Bunker Oil Prices	8.9	\$620.83/MT Decreased by \$139.89/MT
Market Effects, etc.	-780.8	Liner (incl. ONE) -732.5 Bulk Shipping -48.3
Foreign Exchange Gains/Losses	-10.3	
Others	-77.2	Logistics -28.3 Air Cargo(NCA) -55.7
<b>Total</b>	<b>-848.4</b>	

## Analysis by business



## 2. Full-year Forecast for FY2024

Forecast



### Full-year forecast (year-on-year comparison)

▶ **Revenues: JPY2,290.0 billion (down JPY97.2 billion)**

- Air Cargo Transportation: **Down JPY115.6 billion**

▶ **Recurring profit: JPY250.0 billion yen (down JPY11.3 billion)**

- Logistics: **Down JPY10.9 billion**

▶ **Net income: JPY245.0 billion (down JPY16.4 billion)**

▶ **Shareholder return: Dividend (per share)**

Interim: 80 yen | Year-end: 80 yen | Annual: 160 yen

- The amounts will be determined in line with a targeted consolidated payout ratio of 30% as set forth in the basic shareholder return policy.
- The amounts of dividends are based on the number of shares before the share repurchase, which we have newly decided to implement (with details described below).

### Share repurchase

- Considering investment opportunities and the business environment, to further improve capital efficiency, we have decided to additionally repurchase shares (and retire all the shares repurchased) as follows:

Repurchase period: May 9, 2024–April 30, 2025

Total value of share repurchase: JPY100 billion (maximum)

## 2. Full-year Forecast for FY2024

Forecast



### Recurring profit by segment (year-on-year comparison)

#### ► Liner Trade: JPY76.5 billion (up JPY8.7 billion)

##### Container Shipping (Ocean Network Express)

- Expected to take more time for transportation demand to fully recover
- The supply-demand balance is expected to soften as completion of new vessels reach its peak during FY2024.
- Despite uncertainties over the development of the Red Sea situation, services via the Cape of Good Hope is expected to continue during the first half and the supply-and-demand conditions will be tighter to some extent.

##### Terminals

- Plan to successively transfer the overseas terminals to ONE.

#### ► Air Cargo Transportation: JPY(0.5) billion (down JPY6.2 billion)

- Following the change in the timing of the transfer of shares of Nippon Cargo Airlines (NCA), the forecast only reflects earnings for Q1.  
(Effective date of the share transfer: July 1, 2024 (planned))
- Although cargo demand from Asia to North America is expected to be firm, costs are expected to increase mainly due to the postponement of some maintenance work planned for FY2023 to FY2024.

## 2. Full-year Forecast for FY2024

Forecast



### Recurring profit by segment (year-on-year comparison)

#### ► Logistics: JPY15.0 billion (down JPY10.9 billion)

- Air freight & Ocean freight: Although handling volumes are expected to increase year on year, market conditions are expected to cause freight rates to decline.
- Contract logistics: Business performance is expected to be steady by capturing logistics needs within North America.

#### ► Bulk Shipping: JPY163.0 billion (down JPY7.2 billion)

##### Automotive

- As supply and demand conditions remain tight, the segment will capture the strong transportation demand by continuing the efforts to improve vessel utilization.

##### Dry Bulk

- Market levels for all vessel segments including Capesize are expected to be largely at the same levels as FY2023 despite a decline in freight rates and volume being expected in the multi-purpose carrier business.

##### Energy

- VLCC: The market conditions are expected to increase compared with FY2023, as the delivery of new vessels is limited and the supply and demand for shipping capacity will be tightened by the scrapping of obsolete vessels.
- VLGC: The market conditions are expected to remain at a high level mainly due to continued robust shipments from the United States.
- LNG carrier: Business is expected to remain steady on support from the long-term contracts.

# Summary of Forecast for FY2024

Forecast



(Billions of yen)	FY2023(Result)					FY2024(Forecast)			Year-on-Year
	1H		2H		Full-year	1H	2H	Full-Year	
	Q1	Q2	Q3	Q4					
Revenues	1,168.3		1,218.9		2,387.2	1,165.0	1,125.0	2,290.0	-97.2
	567.5	600.8	620.8	598.0					
Operating Profit	98.7		75.8		174.6	80.0	85.0	165.0	-9.6
	47.1	51.6	45.4	30.4					
Recurring Profit	159.2		102.0		261.3	140.0	110.0	250.0	-11.3
	89.4	69.8	40.9	61.0					
Profit attributable to owners of parent	113.3		115.2		228.6	135.0	110.0	245.0	16.4
	73.4	39.8	40.1	75.0					
Exchange Rate	¥135.81	¥144.05	¥148.72	¥146.68	¥143.82	¥145.00	¥145.00	¥145.00	¥1.19
Bunker Prices (All Grades)	\$611.22	\$597.59	\$642.12	\$629.90	\$620.83	\$626.63	\$616.17	\$621.40	\$0.57
Bunker Prices (HSFO)	-	-	-	-	-	\$470.00	\$460.00	\$465.00	-
Bunker Prices (VLSFO)	-	-	-	-	-	\$640.00	\$630.00	\$635.00	-

## ► Sensitivity to recurring profit (Full Year)

Exchange rate:           Approx. JPY2.14 billion increase per ¥1/\$ depreciation\*

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

(\*) Equity in earnings/losses of affiliates denominated in foreign currency is translated at the average exchange rate for the period

# Forecast by Segment for FY2024

## Forecast



Operating Segment (Billions of yen)	FY2023 (Result)							FY2024 (Forecast)			Year-on-year	
	Q1	Q2	1H	Q3	Q4	2H	Full-year	1H	2H	Full-year		
Liner & Logistics	Liner Trade	56.4	55.2	111.7	41.3	39.3	80.6	192.3	85.5	82.0	167.5	-24.8
		31.6	15.0	46.7	-1.3	22.5	21.1	67.8	55.0	21.5	76.5	8.7
	Air Cargo Transportation	37.0	40.8	77.8	44.8	38.4	83.3	161.1	45.5	0.0	45.5	-115.6
		0.4	-0.0	0.3	4.9	0.4	5.4	5.7	-0.5	0.0	-0.5	-6.2
	Logistics	164.7	173.9	338.6	181.6	181.9	363.6	702.2	357.0	363.5	720.5	18.3
		7.0	6.7	13.7	7.3	4.8	12.2	25.9	7.0	8.0	15.0	-10.9
(Total)	258.2	270.0	528.2	267.7	259.7	527.5	1,055.8	488.0	445.5	933.5	-122.3	
	39.1	21.6	60.8	10.8	27.8	38.7	99.6	61.5	29.5	91.0	-8.6	
Bulk Shipping	288.0	304.7	592.8	329.3	309.5	638.8	1231.6	625.5	626.5	1,252.0	20.4	
	53.7	49.3	103.1	34.3	32.8	67.1	170.2	80.0	83.0	163.0	-7.2	
Others	Real Estate	0.7	0.7	1.5	0.8	0.7	1.5	3.1	1.5	1.5	3.0	-0.1
		0.4	0.3	0.7	0.5	0.2	0.8	1.5	0.5	0.5	1.0	-0.5
	Other	47.4	59.3	106.7	56.5	56.2	112.8	219.6	113.5	117.0	230.5	10.9
		-0.8	0.9	0.1	-0.6	2.5	1.8	2.0	2.0	3.0	5.0	3.0
Elimination/Corporate	-26.9	-34.1	-61.1	-33.6	-28.2	-61.8	-122.9	-63.5	-65.5	-129.0	-6.1	
	-3.0	-2.5	-5.5	-4.0	-2.5	-6.6	-12.1	-4.0	-6.0	-10.0	2.1	
Consolidated	567.5	600.8	1,168.3	620.8	598.0	1,218.9	2,387.2	1,165.0	1,125.0	2,290.0	-97.2	
	89.4	69.8	159.2	40.9	61.0	102.0	261.3	140.0	110.0	250.0	-11.3	

\* (Upper) Revenues (Lower) Recurring Profit

\* Air Cargo Transportation : Based on the assumption that the transfer of shares of NCA will be completed with an effective date of July 1, 2024

# Analysis of Change in Recurring Profit between FY2023 and FY2024

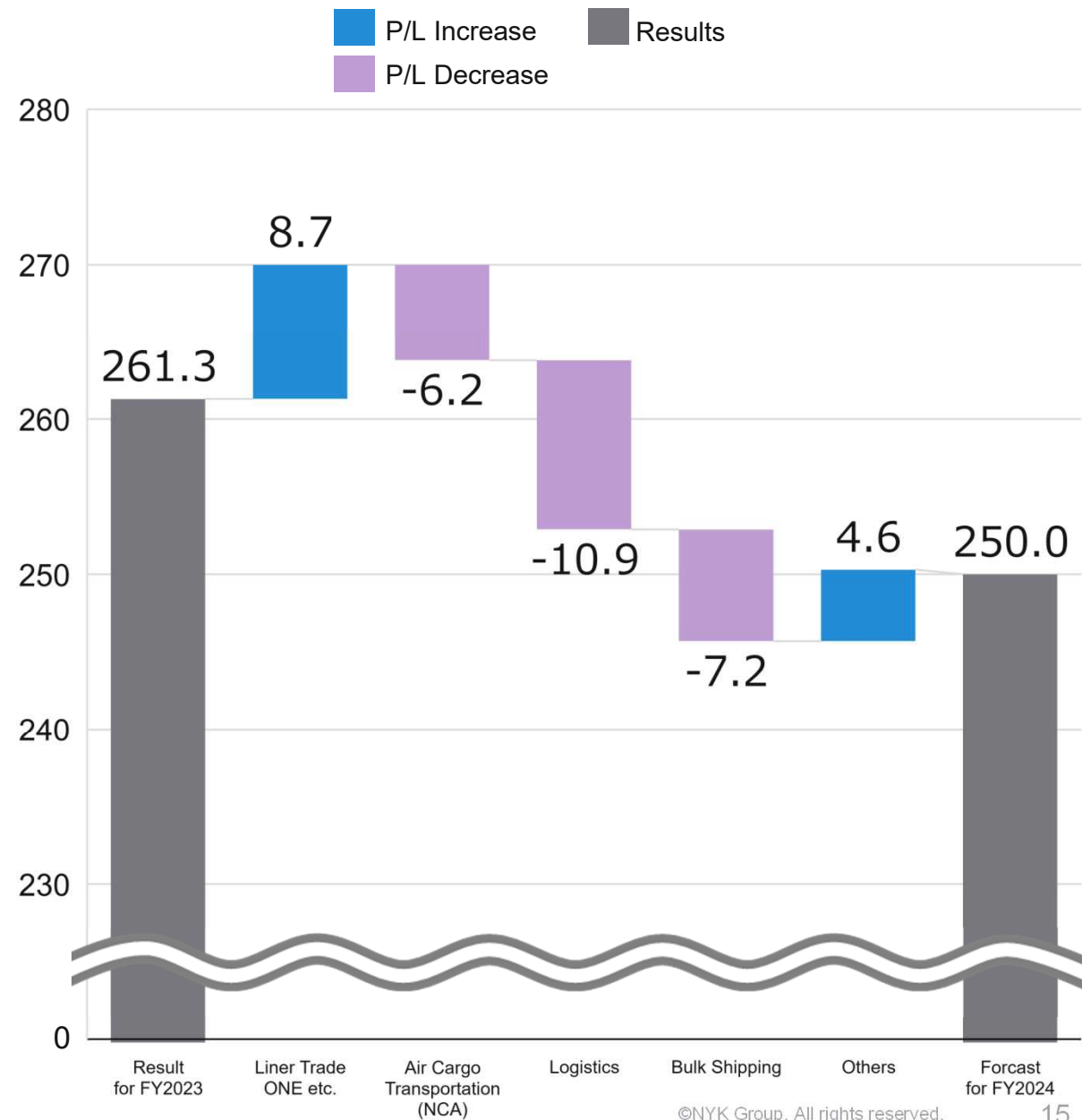
Forecast



## Analysis by factor

(billion yen)		
Yen Depreciation	2.5	¥145.00/\$ Depreciated by ¥1.19
Higher Bunker Oil Prices	-0.0	\$621.40/MT Increased by \$0.57/MT
Market Effects, etc.	-1.0	Liner (incl. ONE) +8.1 Bulk Shipping -9.1
Others	-12.9	Logistics -10.9 Air Cargo(NCA) -6.2
<b>Total</b>	<b>-11.3</b>	

## Analysis by business



# Progress of the Medium-Term Management Plan (FY2023-2026)





# Key Financial Indicators

	FY2022 (Result)	FY2023 (Previous Forecast) *1	FY2023 (Result)	FY2024 (Forecast)	FY2026 (Forecast) *2
Recurring Profit (billion yen)	1,109.7	235.0	261.3	250.0	270.0
Interest-bearing Debt (billion yen)	694.0	846.0	913.8	866.5	-
Shareholders' Equity (billion yen)	2,478.6	2,527.5	2,650.3	2,644.0	-
Shareholders' Equity Ratio (incl. Charter fee liabilities *3)	66% (55%)	65% (55%)	62% (53%)	65% (56%)	57% (49%)
ROIC *4	35.7%	7.9%	8.3%	6.9%	6.5% Target : ≥6.5%
ROE	48.3%	8.8%	8.9%	9.3%	10.2% Target : 8~10%
DER (incl. Charter fee liabilities *3)	0.28 (0.56)	0.33 (0.61)	0.34 (0.61)	0.33 (0.59)	-
Cash Flow from Operating Activities (billion yen)	824.8	403.0	401.4	388.0	-
Cash Flow from Investing Activities (billion yen)	-252.9	-292.0	-285.6	-222.0	-
(Depreciation and amortization) (billion yen)	(121.6)	(135.5)	(141.6)	(129.5)	-

\*1 Forecast as of FY2023 Q2 (November 6<sup>th</sup>, 2023). Forecast for Recurring Profit as of FY2023 Q3 (February 5<sup>th</sup>, 2024) is JPY 245Bn

\*2 Based on the forecast in the Medium-term management plan announced on March 10<sup>th</sup>, 2023

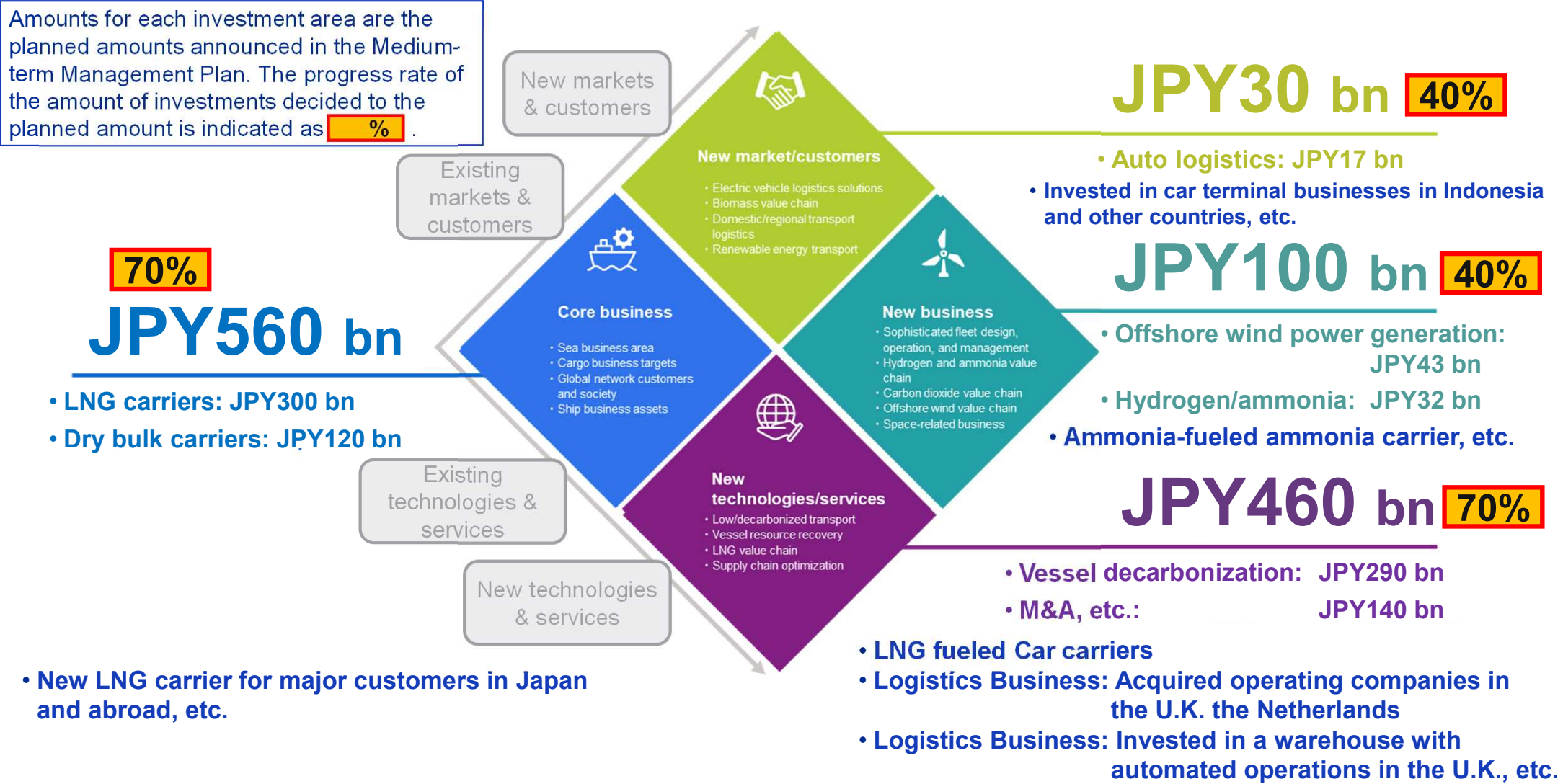
\*3 Our estimated Charter fee liabilities : Approx. JPY 700Bn are added to each fiscal year

\*4 ROIC=(Operating income after tax+Extraordinary profit & loss after tax+Equity in earnings of affiliates+Dividend income)÷(Invested capital)

# Business Investment Policy

- Increase the total amount of investments to be made until FY2026 to JPY1.3 trillion for investment targets, leading to stable shareholder return in the future.
- As of March 31, 2024, approx. JPY750 billion worth of investment projects were authorized for launch during the period of the Medium-term Management Plan.

Amounts for each investment area are the planned amounts announced in the Medium-term Management Plan. The progress rate of the amount of investments decided to the planned amount is indicated as **%**.

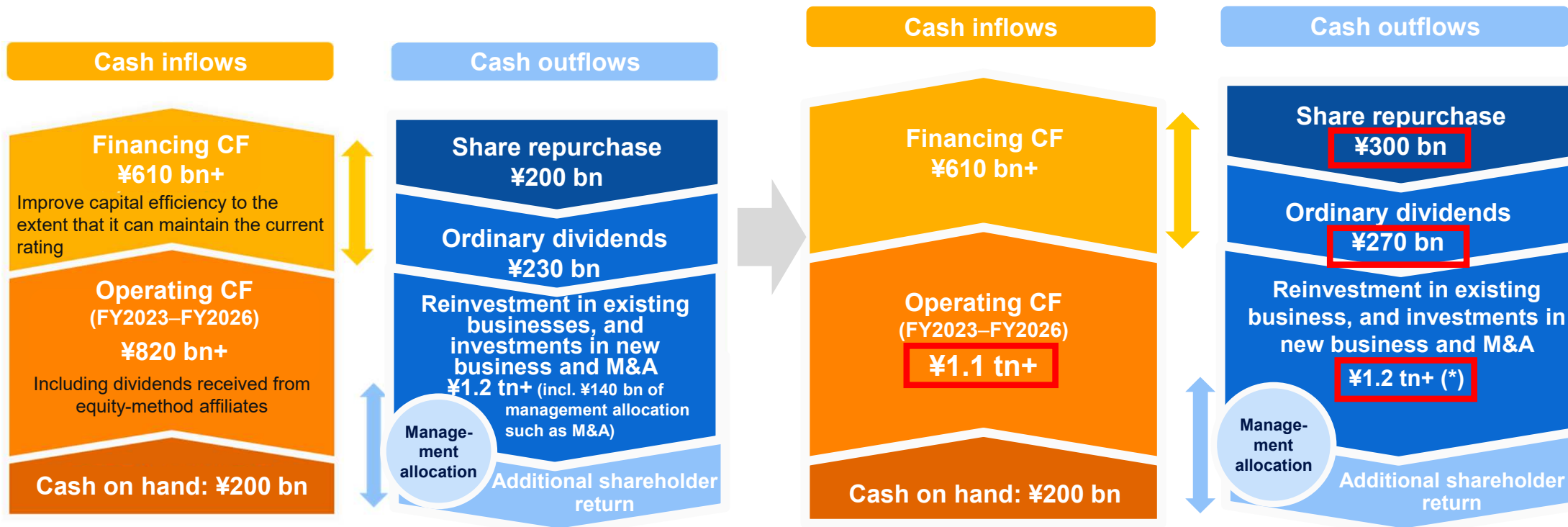


# Cash Allocation

- The strategic cash allocation plan has been developed to concurrently achieve improvement in capital efficiency and sustainable growth.
- The plan reflects the additional share repurchase program (JPY100 billion) and the latest CF situations.

## Medium-term Management Plan

## Latest Plan



\* JPY1.2 trillion of investment includes the repayment of loans to Nippon Cargo Airlines (NCA).

# Shareholder Return Policy

- Implement shareholder return mindful of improving capital efficiency over the period of the Medium-term Management Plan (MTMP)
- Strive to expand TSR (Total Shareholder Return) and PBR while balancing with growth investments

## Policies announced in MTMP

### Share repurchase

Improve capital efficiency mainly through share repurchase of **JPY200 bn** during FY2023–FY2024<sup>(\*1)</sup>

### Dividend payout ratio

Raise the targeted dividend payout ratio from the current 25% to **30%**.

### Minimum dividend per share

Raise the lower limit of the dividend to **100 yen**, commensurate with enhanced downward resilience of business volatility.

### Additional shareholder return

Flexibly implement additional shareholder return <sup>(\*1)</sup> by considering investment opportunities and the business environment

<sup>(\*1)</sup> Specific details of shareholder return are disclosed at the time of each year's earnings announcement.

## FY2023 (Actual)

Implemented share repurchase of **JPY200 bn** during FY2023 alone

The targeted dividend payout ratio remains at **30%**.  
Annual dividend of **140 yen/share** (forecast)

Maintain a lower limit on dividends commensurate with enhanced downward resistance.

Continue to flexibly implement shareholder return, while being mindful of the optimal equity level.

## FY2024 (Plan)

Decided to spend **another JPY100 bn** to repurchase shares by the end of April 2025

Annual dividend of **160 yen per share** (plan)

# Action to implement management with an awareness of capital cost and stock price

## Policy

- Promote the measures set forth in the Medium-term Management Plan
- Aim to sustainably increase ROE exceeding the shareholders' equity cost by increasing capital efficiency, and strive for improvement with an awareness of PBR of 1

$$\text{PBR} = 1 + \frac{\text{Equity spread (ROE - Cost of equity)}}{\text{Cost of equity - growth rate}}$$

## Measures

### Increase ROE

- By utilizing ROIC, increase business efficiency and improve returns by acquiring profitable businesses
- Further increase returns by steadily progressing with the investment plans set out in the Medium-term Management Plan and properly capturing new investment opportunities.
- In FY2023, as a capital policy, the share repurchase of JPY200 billion was implemented to optimize equity
- Have decided to additionally repurchase shares of JPY100 billion and will continue to control equity

### Decrease Cost of Equity (Reduce business volatility)

- Obtained new long-term stable contracts in the LNG carrier business and expanded the number of vessels involved to more than 120 by FY2027
- In the automobile business, newly built LNG-fueled car carriers have been introduced to strengthen relationships with customers and will build up even more stable profits.
- In the logistics business, the contact logistics business will be expanded through M&A, etc. and be strengthen our earnings base, which is less affected by market conditions.

# Appendix



### ► 1. Air Cargo Transportation (NCA)

	FY2022 Full-year (Result)	FY2023(Result)				Full- year	FY2024(Forecast)
		1H		2H			Q1
		Q1	Q2	Q3	Q4		
<b>Revenue</b> (Billions of yen)	<b>218.0</b>	<b>77.8</b>		<b>83.3</b>		<b>161.1</b>	<b>45.5</b>
		<b>37</b>	<b>40.8</b>	<b>44.8</b>	<b>38.4</b>		
<b>Recurring Profit</b> (Billions of yen)	<b>61.5</b>	<b>0.3</b>		<b>5.4</b>		<b>5.7</b>	<b>-0.5</b>
		<b>0.4</b>	<b>-0.0</b>	<b>4.9</b>	<b>0.4</b>		
<b>Chargeable Weight</b> (1,000 tons)	<b>385</b>	<b>196</b>		<b>207</b>		<b>403</b>	<b>114</b>
		<b>95</b>	<b>101</b>	<b>104</b>	<b>103</b>		
<b>Volume (RTK)</b> (mil.ton kilo)	<b>2,267</b>	<b>1,149</b>		<b>1,162</b>		<b>2,311</b>	<b>648</b>
		<b>568</b>	<b>581</b>	<b>584</b>	<b>578</b>		
<b>Capacity (ATK)</b> (mil.ton kilo)	<b>3,489</b>	<b>1,797</b>		<b>1,868</b>		<b>3,665</b>	<b>1,014</b>
		<b>885</b>	<b>912</b>	<b>943</b>	<b>925</b>		
<b>YIELD</b> FY3/09 Q1=100	<b>217</b>	<b>142</b>		<b>164</b>		<b>153</b>	<b>165</b>
		<b>141</b>	<b>143</b>	<b>174</b>	<b>154</b>		
<b>MOPS</b> US\$ per bbl	<b>\$126</b>	<b>\$102</b>		<b>\$105</b>		<b>\$103</b>	<b>\$115</b>
		<b>\$92</b>	<b>\$113</b>	<b>\$107</b>	<b>\$102</b>		
<b>Utilization of the Air Crafts</b> FY2020 Q1=100	<b>101</b>	<b>108</b>		<b>104</b>		<b>106</b>	<b>-</b>
		<b>106</b>	<b>110</b>	<b>108</b>	<b>100</b>		

\* Chargeable Weight, Volume (RTK), Capacity (ATK) and YIELD do not include sales business for our subsidiaries and partner airlines.

\* Operating Time does not include dry-lease aircraft.

\* Forecasts for FY2023 are based on the assumption that the transfer of shares of NCA will be completed with an effective date of July 1, 2024

# Segment-Overview: Liner & Logistics

Segment



## ► 2. Logistics

		FY2022 (Result)	FY20223(Result)				Full-year	FY2024 (Forecast)		
			1H		2H			1H	2H	Full-year
		Full-year	Q1	Q2	Q3	Q4				
Ocean Export	TEU	651	308		301		609	337	339	676
	(1,000TEUs)		151	157	155	146				
	Year-on-Year	-10%	-8%		-5%		-6%			
Air Export	Weight	295	126		150		275	156	159	315
	(1,000 tons)		59	67	76	73				
	Year-on-Year	-26%	-20%		9%		-7%			
			-28%	-12%	3%	17%				



### 3. Bulk Shipping – 1) Market trend and forecast

	FY2022 Full-year (Result)	FY2023 (Result)							FY2024(Forecast)			
		Q1	Q2	1H	Q3	Q4	2H	Full-Year	1H	2H	Full-Year	
Dry Bulk Carriers	BDI	1,673	1,326	1,194	1,260	2,079	1,833	1,956	1,608	1,845	1,485	1,665
	Cape	14,760	15,650	13,414	14,532	28,965	24,456	26,710	20,621	24,000	16,500	20,250
	Panamax	17,735	12,424	11,885	12,154	16,349	15,508	15,928	14,041	15,500	14,500	15,000
	Handymax	18,339	10,910	10,047	10,479	14,330	13,000	13,665	12,072	14,000	13,000	13,500
	Handy	17,692	10,515	8,877	9,696	13,110	12,037	12,574	11,135	13,000	12,000	12,500
Tankers	VLCC	30,078	39,049	20,469	29,759	38,128	44,424	41,276	35,517	37,000	47,000	42,000
	VLGC	63,660	75,981	103,704	89,842	113,794	46,937	80,365	85,104	58,500	61,500	60,000

\* Dry Bulk Charter Market (Sport Time Charter) (Unit : \$/day)

Cape = 5 Trade Average, Panamax = 5 Trade Average, Handymax = 10 Trade Average, Handy = 7 Trade Average

\* Tanker Market (Sport Time Charter) (Unit : \$/day)

VLCC and VLGC = Middle East Gulf - Far East trade

### ▶ 3. Bulk Shipping – 2) Automotive Business

	FY2022 (Result)	FY2023 (Result)				Full-year	FY2024 (Forecast)		
		1H		2H			1H	2H	Full-Year
		Q1	Q2	Q3	Q4				
<b>All Trade</b> (10,000 Cars)	<b>450</b>	<b>227</b>		<b>224</b>		<b>451</b>	<b>222</b>	<b>233</b>	<b>454</b>
		<b>112</b>	<b>115</b>	<b>121</b>	<b>103</b>				
<b>Year-on-year</b>	<b>8%</b>	<b>4%</b>		<b>-3%</b>		<b>0%</b>	<b>-2%</b>	<b>4%</b>	<b>1%</b>
		<b>5%</b>	<b>3%</b>	<b>-3%</b>	<b>-4%</b>				

\* Including Intra-European Trade (incl. space-chartered trade)

# Fleet in Operation



Operating Segment		Type of Vessel	Mar, 2023	Sep, 2023	Mar, 2024 (Result)					
			(Results)	(Results)	Owned (incl. co-owned)		Chartered		Total	
			Total Vessels	Total Vessels	Vessels	Kt (DWT)	Vessels	Kt (DWT)	Vessels	Kt (DWT)
Liner & Logistics	Liner Trade	Container Ships	54	53	26	1,665	24	2,752	50	4,418
	Logistics	Coastal Ships, Ferries	12	12	5	29	7	41	12	70
Bulk Shipping	Automotive	Car Carriers	122	120	62	1,114	62	1,136	124	2,251
	Dry Bulk	Capesize Bulklers	118	121	20	3,956	100	19,577	120	23,534
		Panamax Bulklers	94	99	41	3,634	60	5,169	101	8,804
		Handysize Bulklers	131	136	55	2,742	82	4,238	137	6,980
		Wood Chip Carriers	36	33	12	597	21	1,152	33	1,750
		Multi-Purpose Carriers	47	47	22	408	25	353	47	762
		Others	4	4	3	18	0	0	3	18
	Subtotal of Dry Bulk		430	440	153	11,357	288	30,491	441	41,849
	Energy	Tankers	70	69	52	6,366	14	2,277	66	8,643
		LNG Carriers	86	86	78	6,605	13	948	91	7,554
		Shuttle Tankers	27	27	27	3,465	0	0	27	3,465
		FPSO	3	3	4	1,182	0	0	4	1,182
		FSO	2	2	2	248	0	0	2	248
Drill Ships		1	1	1	58	0	0	1	58	
LNG Bunkering Vessel		2	2	3	10	0	0	3	10	
CTV	1	2	2	0	0	0	2	0		
Subtotal of Energy		192	192	169	17,937	27	3,225	196	21,163	
Others	Other	Cruise Ships	1	1	1	7	0	0	1	7
Total			811	818	416	32,112	408	37,647	824	69,760

<The number of Environment-Friendly Vessels> \*In parentheses: Alternative fuels

Bulk Shipping	Automotive	Car Carriers (LNG)	8	11	13	219	0	0	13	219
	Dry Bulk	Capesize Bulklers (LNG)	0	0	0	0	1	210	1	210
		Panamax Bulklers (LNG)	0	0	1	95	0	0	1	95
	Energy	Tankers (LPG, methanol)	5	5	6	316	0	0	6	316
		Shuttle Tankers (LNG)	2	2	2	247	0	0	2	247
		LNG Bunkering Vessel (LNG)	1	1	2	7	0	0	2	7
Total			16	19	24	886	1	210	25	1,096

\* The number of vessels and DWT of co-owned or operated by J/V is including other companies' ownership

# ONE

## OCEAN NETWORK EXPRESS

### Financial Results for FY2023

April 30, 2024

- 1. FY2023 Full Year Results P.3**
- 2. Liftings, Utilization Rates,  
and Freight Index in Major Trades P.4**
- 3. FY2024 Full Year Forecast P.5**
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Business Environment P.6**
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New Order) P.8**
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index before/after COVID-19 P.9**

# 1. FY2023 Results

## □ Outline

**The short-term freight rate market continued to decline due to sluggish cargo movements and pressures from the supply side as new vessel deliveries continued. However, freight rates rose due to geopolitical uncertainty surrounding the situation in the Middle East in 4Q. For the full year, net profit is US\$ 974 million (YoY -US\$ 14,024 million).**

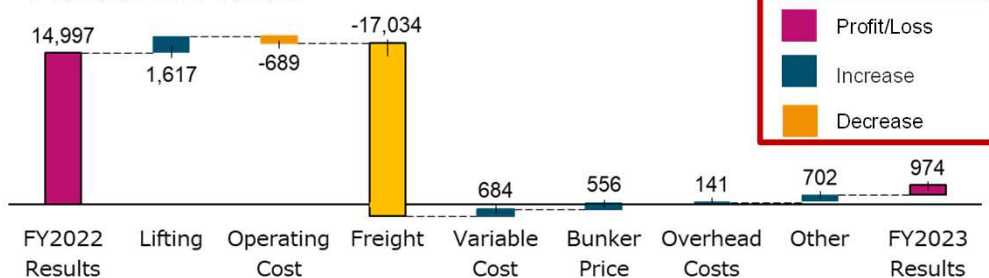
- While consumer spending remained strong in North America, lingering inflation was a drag in Europe, and cargo movements generally did not recover in earnest.
- High tonnage supply continued due to the influx of new vessels. However, rerouting via the Cape of Good Hope (CoGH) as uncertainty surrounding the situation in the Middle East continued, resulted in a reversal of the oversupply situation.
- As a result, market conditions continued to decline until the end of calendar year 2023, but short-term freight rates rose significantly in FY2023 4Q.

## □ FY2023 results and PL analysis

(Unit: Million US\$)

	FY2022 (Results)							FY2023 (Results)							Year on Year	
	1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results	1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results	Change	Change (%)
Revenue	9,019	9,367	18,386	6,254	4,642	10,896	29,282	3,765	3,549	7,314	3,357	3,864	7,221	14,536	-14,746	-50%
EBITDA	5,859	5,843	11,702	3,060	1,558	4,618	16,320	770	436	1,206	170	668	838	2,044	-14,276	-87%
EBIT	5,561	5,528	11,089	2,732	1,184	3,916	15,005	385	31	416	-248	223	-24	392	-14,614	-97%
Profit/Loss	5,499	5,521	11,019	2,768	1,210	3,978	14,997	513	187	700	-83	356	274	974	-14,024	-94%
Bunker Price (US\$/MT)	750	875	812	747	643	696	756	590	565	577	625	587	605	592	-164	-22%
Bunker consumption (K MT)	773	771	1,543	732	712	1,443	2,987	799	862	1,661	859	934	1,793	3,454	467	16%
Lifting (K TEU)	2,939	2,898	5,837	2,648	2,596	5,244	11,081	2,825	3,087	5,911	3,105	3,002	6,107	12,019	938	8%

### FY2022 vs FY2023



- Lifting : Increased as cargo demand improved.
- Operating Costs : Increased in ship costs due to recovery of the charter market, which had been sluggish since COVID-19, and increase in fuel and port costs due to more voyages and port calls as result of resolved congestion.
- Freight : Significantly decreased year on year
- Variable Costs : Improved, mainly due to lower container storage costs and container rehandling costs resulting from resolved port congestion
- Bunker Price : Slightly decreased due to lower oil prices
- Overhead Costs : At the same level year on year

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

(Unit: 1,000TEU)

Liftings / Utilization by Trades		FY2022							FY2023						
		1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results	1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results
Asia - North America Eastbound	Lifting	577	578	1,155	449	468	916	2,072	578	706	1,284	653	616	1,269	2,553
	Utilization	100%	91%	95%	80%	90%	85%	90%	82%	95%	89%	94%	97%	96%	92%
Asia - Europe Westbound	Lifting	402	395	796	368	346	713	1,510	385	434	819	382	382	764	1,584
	Utilization	95%	95%	95%	90%	95%	92%	94%	94%	92%	93%	90%	93%	91%	92%
Asia-North America Westbound	Lifting	278	276	554	297	294	591	1,145	291	295	586	327	295	621	1,208
	Utilization	48%	51%	49%	49%	55%	52%	51%	44%	40%	42%	46%	49%	48%	45%
Asia-Europe Eastbound	Lifting	282	267	549	243	235	477	1,026	240	221	461	232	238	470	931
	Utilization	58%	56%	57%	54%	54%	54%	55%	54%	45%	49%	50%	55%	52%	51%

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

Freight Index by Trades		FY2022							FY2023						
		1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results	1Q Results	2Q Results	1H Results	3Q Results	4Q Results	2H Results	Full Year Results
Asia - North America Eastbound		354	389	372	264	176	219	304	126	109	117	108	135	121	119
Asia - Europe Westbound		530	508	519	303	189	248	391	139	116	127	106	183	144	135

- Liftings, Utilization rates: The North America Eastbound liftings decreased as the cargo movement slowed down during Chinese New Year and as some east coast services rerouted via the CoGH and turn time extended. On the other hand, the utilization rates increased compared to 3Q due to continuous blank sailings. Both liftings and utilization rates improved significantly compared to the same period last year. Europe Westbound cargo volume was weak in 3Q due to a decline in cargo movements during the low season and blank sailings, while cargo volume remained steady in 4Q except for a drop due to Chinese New Year, resulting in a flat lifting level Q on Q. Coupled with the service disruption caused by the rerouting via the CoGH, the utilization rates have increased. Compared to the same period last year, where a noticeable drop in cargo volume after the pandemic was seen, cargo volume has recovered in 4Q. Despite the increase in cargo volume, the utilization rates remained at a slight decline due to service disruptions via the CoGH reroute.
- Freight Index : Rerouting via the CoGH has created a tighter supply and demand for ships, therefore short-term freight rates have risen sharply in Europe and North America in January. However, there has been a gradual downward trend since the Chinese New Year due to a slowdown in cargo movement and the practise of rerouting via the CoGH becoming more established.

# 3. FY2024 Full Year Forecast

## □ Outline

**As the current economic and geopolitical environment is expected to persist for the foreseeable future, full-year results for FY2024 are expected to show a profit after tax of around US\$1,000million, a slight increase from the previous year.**

- While some recovery in cargo volume is expected mainly in the US, it is unlikely to be a full-fledged recovery due to geopolitical instability and ongoing inflation.
- With the increase in supply caused by the influx of the large number of new vessel deliveries, supply will continue to exceed cargo demand. Meanwhile, the routing via the Cape of Good Hope due to the uncertain situation in the Middle East is expected to have a significant impact on the supply-demand balance during the first half of the fiscal year, leading to high demand for vessel capacity.
- Given these circumstances, the current supply-demand balance is expected to continue. ONE will continue to monitor the situation carefully, focusing on maximizing profit by flexible tonnage deployment and efficient equipment control based on demand.

## □ FY2024 Full Year Forecast

(Unit: Million US\$)

	FY2024 Forecasts			FY2023 Results			Full Year	
	1H	2H	Full Year	1H	2H	Full Year	Change	Change%
Revenue	8,500	8,500	17,000	7,314	7,221	14,536	2,464	14.5%
EBITDA	1,600	1,100	2,700	1,206	838	2,044	656	24.3%
EBIT	600	200	800	416	- 24	392	408	51.0%
Profit/Loss	800	200	1,000	700	274	974	26	2.6%



# 4. ONE's Response to Recent Changes in the Business Environment

## Events

- Cargo movements from Asia to North America during January to March increased by 20.5% year-on-year thanks to the continued domestic consumption levels in the United States. However, the large double-digit increase is mainly due to a backlash from the same period of the previous year. Additionally, cargo movements from Asia to Europe increased by 11.5% in January and February. Prolonged inflation has caused a stagnation in consumer spending, and a tightening of monetary policy led to downward pressure to the economy. As a result, it is expected that a full recovery in cargo movements will take more time.
- The increase in supply caused by the influx of the large number of new vessel deliveries will continue. However, the uncertainty around the Middle East and the rerouting through the CoGH from the end of calendar year 2023 has resulted in the tight supply-demand balance especially in January and February.
- The temporarily tight supply-demand balance for shipping tonnage has softened moderately due to a slowdown in cargo movement after the Chinese New Year and a lull in the switch to the Cape of Good Hope route.
- Although traffic restrictions remain in place through the Panama Canal, congestion and waiting times are improving as the rainy season approaches.



## ONE's response

- Implemented flexible counter measures to minimize supply chain disruptions caused by the situation in the Red Sea.
- Continued to take flexible measures for the North America East Coast route, including the CoGH route, while monitoring congestion at the Panama canal and the availability of its passage slot.
- Implemented flexible service adjustments in line with supply and demand.
- Optimization of ONE's container distribution by efficient container repositioning.
- Increased special cargo shipments through the strengthening of special cargo sales.
- Established West Asia Regional Headquarters in Dubai, to enhance the presence of ONE within Indian Subcontinent, Middle East, and East Africa market



**Maximizing operational efficiencies through flexible deployment and the management of vessels and equipment.**

# 5 . Initiatives for FY2023 4<sup>th</sup> Quarter

Initiative		<ol style="list-style-type: none"> <li>1. <b>As a container shipping company that supports the supply chain, ONE will make investments to continuously provide high-quality, safe global transportation services.</b></li> <li>2. <b>ONE has positioned green strategy as a top management priority and will continue to address industry challenges, including decarbonization.</b></li> <li>3. <b>ONE will continue to enhance digitalization, operational efficiency, and risk management to further increase industry-leading profitability and safety, to achieve sustainable growth.</b></li> </ol>
Progress	Investment	<ul style="list-style-type: none"> <li>➤ Obtained Approval in Principle (AiP) for the 3,500TEU ammonia dual-fueled vessel, jointly developed by ONE, Nihon Shipyard Co., Ltd and classification society DNV (Jan).</li> <li>➤ Launched Indian Ocean Mediterranean (IOM) service that connects India with the Mediterranean region (Jan).</li> <li>➤ Revamped Adriatic Feeder Service(AIB)(Jan)</li> <li>➤ Announced the launch of Asia Pacific 1 (AP1) service, a new route connecting Asia and the U.S. West Coast (Feb).</li> <li>➤ Established West Asia Regional Headquarters to expand the presence of ONE within Indian Subcontinent, Middle East, and East Africa market (Mar).</li> <li>➤ Announced the restructuring and establishment of feeder service in the Nordic and Baltic Sea (Mar).</li> </ul>
	Environment	<ul style="list-style-type: none"> <li>➤ Inauguration of European Union Allowance (EUA) trading with BNP, following the launch of the emissions trading scheme in the EU (Feb).</li> </ul>
	Digital	<ul style="list-style-type: none"> <li>➤ Added Quick Booking function to eCommerce(Mar).</li> </ul>
	Others	<ul style="list-style-type: none"> <li>➤ Hosted the third Container Shipping Summit in Nagasaki (Mar).</li> </ul>

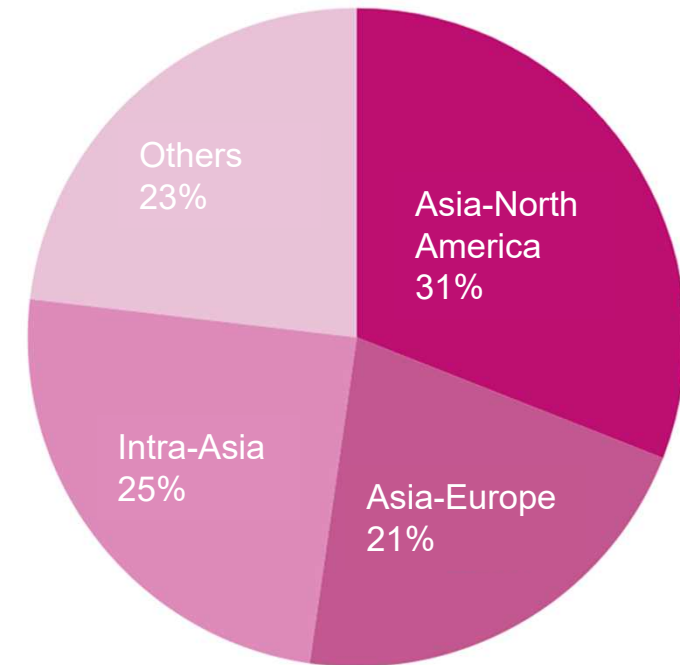
# 6. Reference (Fleet Structure, Service Structure & New Order)

## □ Fleet Structure

Size			1) As of end of Dec 2023	2) As of end of Mar 2024	2)-1)
20,000 TEU >=		Capacity (TEU)	264,600	264,600	0
		Vessels	12	12	0
10,500 TEU -	20,000 TEU	Capacity (TEU)	581,060	611,804	30,744
		Vessels	42	44	2
9,800 TEU -	10,500 TEU	Capacity (TEU)	110,200	110,200	0
		Vessels	11	11	0
7,800 TEU -	9,800 TEU	Capacity (TEU)	346,389	346,389	0
		Vessels	39	39	0
6,000 TEU -	7,800 TEU	Capacity (TEU)	158,618	172,618	14,000
		Vessels	24	26	2
5,200 TEU -	6,000 TEU	Capacity (TEU)	33,112	33,112	0
		Vessels	6	6	0
4,600 TEU -	5,200 TEU	Capacity (TEU)	78,068	78,068	0
		Vessels	16	16	0
4300 TEU -	4,600 TEU	Capacity (TEU)	62,602	58,294	-4,308
		Vessels	14	13	-1
3,500 TEU -	4,300 TEU	Capacity (TEU)	46,051	50,304	4,253
		Vessels	11	12	1
2,400 TEU -	3,500 TEU	Capacity (TEU)	84,370	84,370	0
		Vessels	31	31	0
1,300 TEU -	2,400 TEU	Capacity (TEU)	18,544	20,494	1,950
		Vessels	11	12	1
1,000 TEU -	1,300 TEU	Capacity (TEU)	16,088	13,962	-2,126
		Vessels	15	13	-2
0 TEU -	1,000 TEU	Capacity (TEU)	0	0	0
		Vessels	0	0	0
<b>Total</b>		Capacity (TEU)	<b>1,799,702</b>	<b>1,844,215</b>	<b>44,513</b>
		Vessels	<b>232</b>	<b>235</b>	<b>3</b>

## □ Service Structure

(FY2023 4Q Structure of dominant and non-dominant space allocation)



## □ Current Orders of New Vessels(Including Long-Term Chartered Vessels)

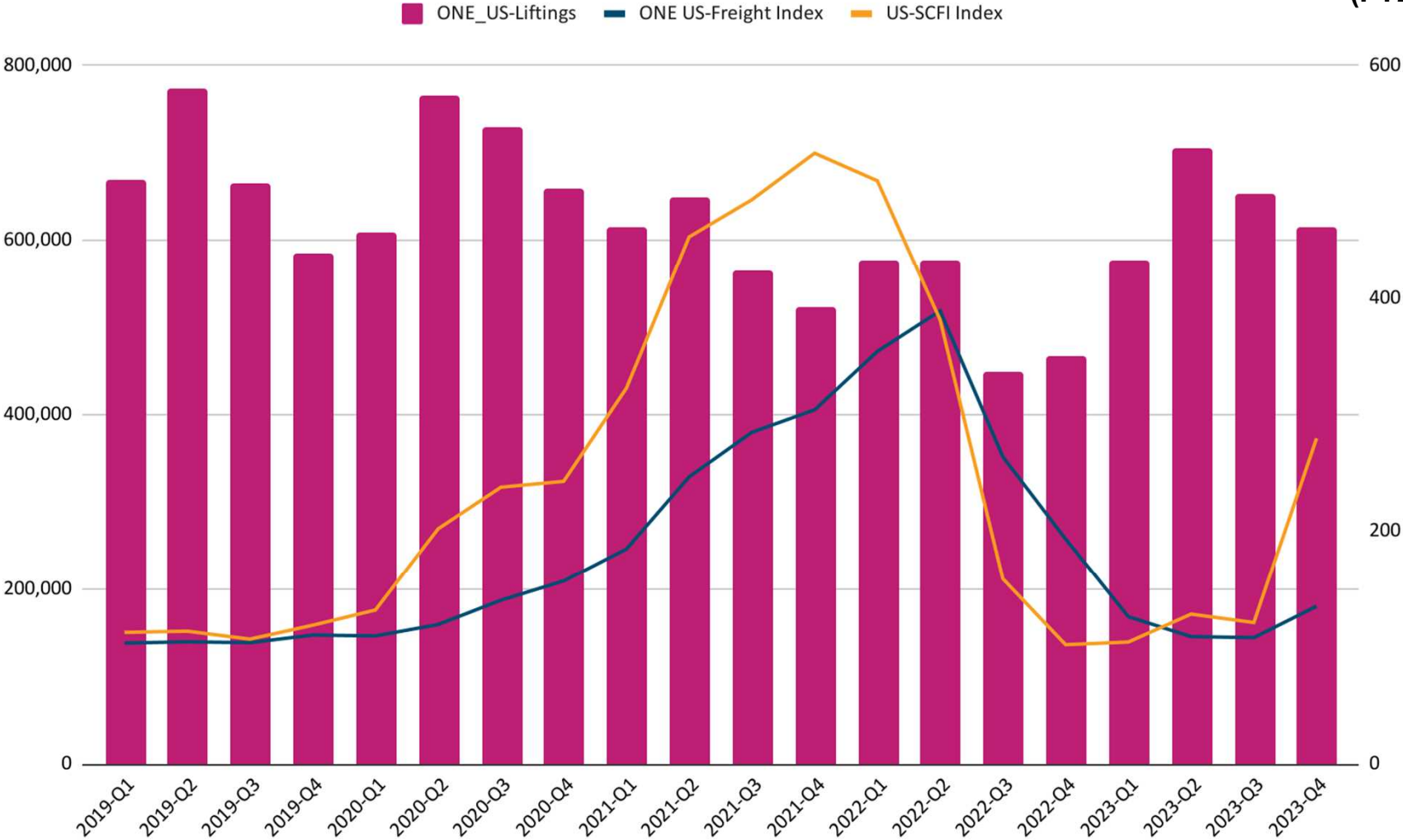
	As of end of Dec 2023	Delivered in 4Q FY2023	New Order in 4Q FY2023	As of end of Mar 2024
No. of Order Book (Vessels)	45	4	5	46

# 7. Appendix Change of Demand and Freight index before/after COVID-19



## Liftings

## Freight Index (FY2018 1Q=100)





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