NYK Line

May 2017

Summary of Q&A Session at Briefing on Financial Results for the Fiscal Year Ending March 31, 2017

- Financial Results

Q1. How much of the positive effect from the FY16 structural reforms are factored into the FY17 forecast?

A1. JPY8.0 billion was realized in the second half of FY16, and the FY17 results are expected to improve by JPY8.0 over the results for FY16. (The structural reforms mitigate depreciation cost by approximately JPY16.0 billion per year.)

Q2. Can you explain when you plan to accelerate new investments and how you maintain a sound balance sheet?

A2. We plan to keep interest-bearing debit around JPY1.0 trillion. We are slightly reducing our total amount of investment, maintaining a proper hurdle rate and focusing on investing in only areas where we can expect continued growth.

- Liner Business

Q1. Are you expecting additional costs to set up the new JV?

A1. Although much depends on when approval from various countries is awarded, we are foreseeing additional office expenses, personnel expenses, and the like. This is because the new JV company will start preparation from July 2017 for the JV's April 2018 commencement of operations.

Q2. What is the forecast on rates and supply and demand in the liner market?

A2. The transpacific rates have not recovered to the levels we had originally anticipated, but at the moment no negative impact to the balance of supply and demand is expected. Therefore, we are hoping the spot rates will gradually increase. For the Asia-Europe rates, both spot rates and long-term contract rates are at the levels we had forecast. However, since the Asia-Europe rates have been very low, we do not expect them to fully recover in just one year. For both routes, unless there is a major deterioration in the balance of supply and demand, we expect the rates to gradually recover.

- Bulk Shipping Business

Q1. Do you have a plan/criteria for structural reforms, e.g., early termination of chartered vessels?

A1. We do not have set criteria in making decisions on early terminations of chartered vessels, but may decide on a case-by-case basis, considering the market situation, relationship with owners, charter party, etc.

Q2. Which department within the bulk shipping business is the P/L recovery driver in the FY17 forecast?

A2. The dry bulk department.

Q3. The car carrier department profit dropped due to a decrease in cargo volume to resource-rich countries. Are there measures to improve the P/L?

A3. We are trying to improve efficiency by adjusting and reducing the number of vessels, vessel assignments, etc.