



Financial Results for FY 18/3 1st quarter and Forecast for FY 18/3

July 31, 2017

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Overview of FY 18/3 1st Quarter Results



NYKLINE
NIPPON YUSEN KAISHA

▶ Revenues increased vs FY 17/3 1Q. Bottom line turned into the black.

Container/Dry bulk market gradually recovering from previous year's worst-ever levels. FY18/3 1Q significantly improved vs FY17/3 1Q.

- **Liner Trade** Lifting volume stable and high utilization has been maintained.
- **Air Cargo** Active cargo movement was seen in 18/3 1Q more than expected. Yields improved.
- **Logistics** Both Ocean freight forwarding and Air freight forwarding struggled with high procurement cost.
- **Bulk Shipping** Dry bulk trade was active and the market got improved, but the recovery trend is temporarily halted with the slow down of scrapping/excess supply.
Tanker market worse than expected but LNG/Off shore business's high working rate resulted in good profit.
Car carrier's cargo volume to North America and Europe was stable but to resource-rich countries remained low.



- ▶ Revenues increased vs FY 17/3 1Q. Bottom line turned into the black.
- ▶ Overall, stable cargo movement resulted in profit in spite of rising bunker oil prices.

(In billion yen)	FY17/3							FY18/3	Year-on-year
	1Q	2Q	1H	3Q	4Q	2H	Full-Year	1Q	
Revenues	470.7	457.8	928.5	485.9	509.3	995.2	1,923.8	521.7	50.9
Operating Income	-10.9	-11.5	-22.4	6.9	-2.5	4.3	-18.0	3.5	14.5
Recurring Profit	-9.9	-13.6	-23.6	25.9	-1.2	24.6	1.0	10.2	20.2
Net Income Attributable of owners of the Parent Company	-12.7	-219.0	-231.8	5.7	-39.6	-33.9	-265.7	5.3	18.1
Exchange rate	¥ 111.12	¥ 103.50	¥ 107.31	¥ 106.13	¥ 114.29	¥ 110.21	¥ 108.76	¥ 111.48	+ ¥ 0.36
Bunker Oil Prices	\$ 192.62	\$ 238.71	\$ 215.67	\$ 270.71	\$ 312.94	\$ 291.83	\$ 253.75	\$ 326.72	+ \$ 134.10

1st quarter comparison by Industrial SEGs

1Q Result



NYK LINE
NIPPON YUSEN KAISHA

- Cargo lifting volume in liner division increased.
- Air cargo division made a good start. Dry bulk market is making gradual recovery.

Industrial Segment (In Billion Yen)	FY 17/3							FY18/3	Year-on-year
	1Q	2Q	1H	3Q	4Q	2H	Full-year	1Q	
Global Logistics Liner	141.4	139.1	280.5	149.8	155.4	305.3	585.9	171.5	30.1
	-8.8	-6.4	-15.3	3.9	-1.3	2.5	-12.7	5.7	14.5
Air Cargo	19.0	19.4	38.5	22.5	20.9	43.4	81.9	23.3	4.3
	-1.9	-1.4	-3.4	2.2	3.8	6.1	2.6	0.7	2.7
Logistics	113.8	111.9	225.8	118.0	117.5	235.5	461.3	118.9	5.1
	2.1	2.4	4.6	2.0	0.9	3.0	7.6	-0.0	-2.2
(Total)	274.3	270.6	544.9	290.4	293.8	584.2	1,129.1	313.9	39.5
	-8.6	-5.4	-14.1	8.2	3.4	11.6	-2.4	6.3	15.0
Bulk Shipping	180.1	169.6	349.8	176.6	191.2	367.9	717.7	188.9	8.7
	-0.8	-8.5	-9.4	8.0	-2.7	5.2	-4.1	2.7	3.6
Others Real Estates	2.4	2.4	4.8	2.5	2.0	4.5	9.4	1.9	-0.4
	0.9	0.9	1.8	9.4	0.7	10.1	12.0	0.6	-0.3
Other	32.0	34.5	66.6	37.0	42.8	79.9	146.6	39.0	6.9
	-0.6	0.1	-0.5	0.6	-1.6	-0.9	-1.4	1.1	1.7
Elimination/Unallo- cation	-18.2	-19.3	-37.6	-20.7	-20.6	-41.4	-79.0	-22.2	-3.9
	-0.7	-0.7	-1.4	-0.4	-1.0	-1.5	-2.9	-0.6	0.0
Consolidated	470.7	457.8	928.5	485.9	509.3	995.2	1,923.8	521.7	50.9
	-9.9	-13.6	-23.6	25.9	-1.2	24.6	1.0	10.2	20.2

※ (Upper) Revenues (Lower) Recurring Profit
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Analysis of Change in Recurring Profit between FY 17/3 1st and FY 18/3 1st

1Q Result



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(billion yen)

Yen Appreciation	0.1	¥111.48/\$, Depreciated by ¥0.36
Higher Bunker Oli Price	-3.5	\$326.72/MT, Increased by \$134.10
Market Effects etc	12.1	
Cost Reduction	1.2	
Foreign Exchange Profit/Loss	5.5	
Others	4.8	(Structural reforms effect 4.0 included)
Total	20.2	



- ▶ Forecast for FY 18/3 remains unchanged.

- Liner
 - Make upward adjustment to previous forecast.
 - Europe destined cargo volume stable, but freight rates for North America trade not as high as originally expected due to excess vessel capacity.
 - A certain amount of integration cost included in the forecast.
 - Terminal business bring good profit.

- Air Cargo
 - Forecast remains almost the same level as previous forecast.
 - Expect stable cargo movement.

- Logistics
 - Forecast remains almost the same level as previous forecast.
 - Showing sign of recovery.

- Bulk Shipping
 - Make downward adjustment to previous forecast.
 - Dry bulker and Tanker market in 1st Half will be weaker than previously expected but in 2nd Half will be the same level as previous forecast.

- Dividends
 - Interim: no payment Year-end: TBD

Revised Forecast for FY18/3 (Summary)

Forecast



NYK LINE
NIPPON YUSEN KAISHA

(In billion yen)	FY 17/3 (Result)					FY 18/3 (Forecast)				Year-on year	Change from previous forecast (full-year)
	1H		2H		Full-year	1H		2H	Full-year		
	1Q	2Q	3Q	4Q		1Q (Result)	2Q				
Revenues	928.5		995.2		1,923.8	1,053.0		1,059.0	2,112.0	188.2	104.0
	470.7	457.8	485.9	509.3		521.7	531.3				
Operating Income	-22.4		4.3		-18.0	8.5		13.0	21.5	39.5	-3.0
	-10.9	-11.5	6.9	-2.5		3.5	5.0				
Recurring Profit	-23.6		24.6		1.0	14.5		8.5	23.0	22.0	0.0
	-9.9	-13.6	25.9	-1.2		10.2	4.3				
Net Income Attributable to Owners of the parent company	-231.8		-33.9		-265.7	1.0		4.0	5.0	270.7	0.0
	-12.7	-219.0	5.7	-39.6		5.3	-4.3				
Exchange Rate	¥ 111.12	¥ 103.50	¥ 106.13	¥ 114.29	¥ 108.76	¥ 111.48	¥ 110.00	¥ 110.00	¥ 110.37	¥ 1.61	
Bunker Oil Prices	\$ 192.62	\$ 238.71	\$ 270.71	\$ 312.94	\$ 253.75	\$ 326.72	\$ 340.00	\$ 340.00	\$ 336.68	\$ 82.93	

► Sensitivity on Recurring Profit

Exchange Rate : 0.5 billion increase per ¥1/\$ depreciation

Bunker Oil Prices : 1.2 billion increase per \$10/MT decrease

► Dividends Interim: no payment Year-end: TBD

FY 18/3 Forecast by Industrial SEGs.

Forecast



NYK LINE
NIPPON YUSEN KAISHA

Industrial Segment (In billion yen)	FY17/3 (Result)					FY 18/3 (Forecast)					Year-on Year	
	1Q	2Q	1H	2H	Full-year	1Q (Result)	2Q	1H	2H	Full-year		
Global Logistics	Liner	141.4	139.1	280.5	305.3	585.9	171.5	174.5	346.0	339.0	685.0	99.1
		-8.8	-6.4	-15.3	2.5	-12.7	5.7	3.4	9.0	-4.0	5.0	17.7
	Air Cargo	19.0	19.4	38.5	43.4	81.9	23.3	24.7	48.0	47.0	95.0	13.1
		-1.9	-1.4	-3.4	6.1	2.6	0.7	-0.2	-0.5	1.0	1.5	-1.1
Logistics		113.8	111.9	225.8	235.5	461.3	118.9	133.1	252.0	258.0	510.0	48.7
		2.1	2.4	4.6	3.0	7.6	-0.0	3.5	3.5	5.0	8.5	0.9
(Total)		274.3	270.6	544.9	584.2	1,129.1	313.9	332.2	646.0	644.0	1,290.0	160.9
		-8.6	-5.4	-14.1	11.6	-2.4	6.3	6.7	13.0	2.0	15.0	17.4
Bulk Shipping	Bulk Shipping	180.1	169.6	349.8	367.9	717.7	188.9	180.1	369.0	374.0	743.0	25.3
		-0.8	-8.5	-9.4	5.2	-4.1	2.7	-2.2	0.5	6.0	6.5	10.6
Others	Real Estate	2.4	2.4	4.8	4.5	9.4	1.9	2.1	4.0	4.0	8.0	-1.4
		0.9	0.9	1.8	10.1	12.0	0.6	0.4	1.0	1.5	2.5	-9.5
	Other	32.0	34.5	66.6	79.9	146.6	39.0	40.0	79.0	82.0	161.0	14.4
		-0.6	0.1	-0.5	-0.9	-1.4	1.1	0.4	1.5	0.5	2.0	3.4
Elimination/Unallocation		-18.2	-19.3	-37.6	-41.4	-79.0	-22.2	-22.8	-45.0	-45.0	-90.0	-11.0
		-0.7	-0.7	-1.4	-1.5	-2.9	-0.6	-0.9	-1.5	-1.5	-3.0	-0.1
Consolidated		470.7	457.8	928.5	995.2	1,923.8	521.7	531.3	1,053.0	1,059.0	2,112.0	188.2
		-9.9	-13.6	-23.6	24.6	1.0	10.2	4.3	14.5	8.5	23.0	22.0

※ (Upper) Revenues (Lower) Recurring Profit

- A certain amount of integration cost included in the forecast.
- Dry bulk market is currently at adjustment phase but expected to recover gradually.

F18/3 Forecast vs latest Guidance by Industrial SEGs

Forecast



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Industrial Segment (In billion yen)	Guidance			Forecast			Change Full-year			
	1H	2H	Full-year	1H	2H	Full-year	1H	2H	Full Year	
Global Logistics	Liner	308.0	303.0	611.0	346.0	339.0	685.0	38.0	36.0	74.0
		3.0	-3.0	0.0	9.0	-4.0	5.0	6.0	-1.0	5.0
	Air Cargo	47.0	46.0	93.0	48.0	47.0	95.0	1.0	1.0	2.0
		0.0	1.0	1.0	0.5	1.0	1.5	0.5	0.0	0.5
	Logistics	252.0	258.0	510.0	252.0	258.0	510.0	0.0	0.0	0.0
	3.5	5.0	8.5	3.5	5.0	8.5	0.0	0.0	0.0	
(Total)	607.0	607.0	1,214.0	646.0	644.0	1,290.0	39.0	37.0	76.0	
	6.5	3.0	9.5	13.0	2.0	15.0	6.5	-1.0	5.5	
Bulk Shipping	Bulk Shipping	362.0	361.0	723.0	369.0	374.0	743.0	7.0	13.0	20.0
		7.0	5.5	12.5	0.5	6.0	6.5	-6.5	0.5	-6.0
Others	Real Estate	3.5	4.5	8.0	4.0	4.0	8.0	0.5	-0.5	0.0
		1.0	1.5	2.5	1.0	1.5	2.5	0.0	0.0	0.0
	Other	67.0	76.0	143.0	79.0	82.0	161.0	12.0	6.0	18.0
	1.0	0.5	1.5	1.5	0.5	2.0	0.5	0.0	0.5	
Elimination/Allocation	-39.5	-40.5	-80.0	-45.0	-45.0	-90.0	-5.5	-4.5	-10.0	
	-1.5	-1.5	-3.0	-1.5	-1.5	-3.0	0.0	0.0	0.0	
Consolidated	1,000.0	1,008.0	2,008.0	1,053.0	1,059.0	2,112.0	53.0	51.0	104.0	
	14.0	9.0	23.0	14.5	8.5	23.0	0.5	-0.5	0.0	

※ (Upper) Revenues (Lower) Recurring Profit

- 1H : Dry bulker/Tanker market weaker than expected. Container better than original forecast.
- 2H : FY 18/3 forecast remains at same level as the original forecast.



- Liner Europe destined cargo volume stable, but freight rates for North America trade not as high as originally expected due to excess vessel capacity.

- Air Cargo Target to increase handling volume and improve freight rates on the back of strong cargo demand.

- Logistics Expect high procurement situation is eased and profitability to recover.

- Bulk Shipping
 - Dry Bulk Market currently at adjustment phase, and expected to recover to the original forecast levels in the 2nd Half.

 - Liquid Market expected to be at original forecast levels in the high demand season of 2nd Half.

 - Car Carrier Recovery of shipments to developing countries and resource-rich countries is delayed, but secure comfortable cargo and optimize vessel allocation/operation.



▶ 1. Liner Trade (Container Transportation)

Lifting · Utilization (1,000TEU)

		16/3(Result)				Full-Year	17/3(Forecast)			
		1H		2H			1H		2H	Full-Year
		1Q(RSL)	2Q	3Q	4Q		1Q(RSL)	2Q		
Asia → North America	Lifting (Guidance)	175	220	227	217	840	239	250	480	968
	Utilization (Guidance)	80%	92%	92%	90%	89%	(487)	(482)	(968)	92%
Asia → Europe	Lifting (Guidance)	117	128	124	129	498	166	178	322	666
	Utilization (Guidance)	91%	95%	97%	102%	96%	(333)	(306)	(639)	95%
							(94%)	(90%)	(92%)	

Freight Index (09/3 1Q = 100)

		16/3(Result)				Full-Year	17/3(Forecast)			
		1H		2H			1H		2H	Full-Year
		1Q(RSL)	2Q	3Q	4Q		1Q(RSL)	2Q		
Asia→North America (Guidance)		74	69	71	71	71	70	74	71	71
							(74)	(75)	(74)	
Asia→Europe (Guidance)		42	46	47	51	46	50	53	53	52
							(53)	(52)	(53)	



▶ 2. Air Cargo Transportation (NCA)

	FY17/3 (Result)				Full-year	FY18/3 (Forecast)				Change from Previous forecast (Full-Year)
	1H		2H			1H		2H	Full-year	
	1Q	2Q	3Q	4Q		1Q(RSL)	2Q			
Revenues (billion yen)	38.5		43.4		81.9	48.0		47.0	95.0	2.0
	19.0	19.4	22.5	20.9		23.3	24.7			
Recurring Profit (billion yen)	-3.4		6.1		2.6	0.5		1.0	1.5	0.5
	-1.9	-1.4	2.2	3.8		0.7	-0.2			
Chargeable Weight (1,000 ton)	246		263		510	285		268	553	3
	118	129	136	128		142	143			
Volume (RTK) (mil.ton Kilo)	1,493		1,582		3,075	1,736		1,677	3,413	55
	719	773	825	756		844	892			
Capacity (ATK) (mil.ton Kilo)	2,210		2,172		4,382	2,414		2,333	4,747	-56
	1,080	1,130	1,121	1,050		1,180	1,233			
YIELD FY09/3 1Q=100	72		78		75	81		83	82	2
	74	71	79	77		81	82			
MOPS US\$ per bbl	\$54		\$62		\$58	\$63		\$65	\$64	-\$1
	\$54	\$54	\$60	\$64		\$61	\$65			



▶ 3. Logistics

(billion yen)	FY17/3 (Result)					Full-year	FY18/3 (Forecast)				Change from Previous forecast (Full-year)
	1H		2H		1Q (RSL)		2Q	2H	Full-year		
	1Q	2Q	3Q	4Q							
Revenues	225.8		235.5		461.3	252.0		258.0	510.0	0.0	
	113.8	111.9	118.0	117.5		118.9	133.1				
Recurring Profit	4.6		3.0		7.6	3.5		5.0	8.5	0.0	
	2.1	2.4	2.0	0.9		-0.0	3.5				



▶ 4. Bulk Shipping – 1) Market trend and forecast

		FY17/3 (Result)					FY18/3 (Forecast)				Previous forecast (Full-Year)
		1Q	2Q	3Q	4Q	Full-Year	1Q (RSL)	2Q	2H	Full-Year	
D R Y B u l k C a r r i e r	BDI	610	736	997	936	820	1,018	989	1,098	1,051	1,111
	Cape (5TC)	6,684	8,080	11,983	10,970	9,429	12,231	13,000	14,000	13,308	14,750
	Panamax (Pac)	4,546	5,743	7,338	7,481	6,277	8,304	7,500	9,000	8,451	9,000
	Handymax (Pac)	4,836	6,509	5,841	5,972	5,789	7,832	8,000	8,500	8,208	8,500
	Handy (Pac)	3,951	5,755	5,895	5,812	5,353	6,778	6,500	7,000	6,820	7,000
T a n k e r	VLCC	43,686	19,549	49,208	31,483	35,982	22,582	25,000	40,000	31,896	35,000

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



► 4. Bulk Shipping – 2) Car Carrier

	FY17/3 (Result)					FY18/3 (Forecast)				Change from previous forecast (Full-year)
	1H		2H		Full-year	1H		2H	Full-year	
	1Q	2Q	3Q	4Q		1Q (Result)	2Q			
All Trade (10,000cars)	167		169		336	175		180	354	14
	84	83	86	83		88	87			
Year-on year	-11%		-7%		-9%	5%		6%	5%	4%
	-11%	-11%	-12%	-1%		5%	4%			