NYK Line

August 2014

Summary of Q&A Session at Briefing on Financial Results
for the First Three Months of the Fiscal Year ending March 31, 2015

Liner Trade

Q1 In regard to Transpacific routes, considering the strong cargo shipping demand, please explain why freight rates in market are relatively weak compared with last year.

A1 While demand is certainly strong, freight rates have been unstable due to the cascading-down effect of large vessels shifted to other routes when new vessels are deployed. The slot space on routes to the east and west coasts of North America is tightening, and we believe Transpacific freight rates will rise.

Q2 Please explain the first-quarter progress towards the annual cost-cutting program.

A2 In the first quarter, the progress rate towards the annual target was 27%, so we are making steady progress.

Bulk Shipping

Q1 In the dry bulk shipping business, it seems that iron ore shipping demand has been robust over the past few months. Please explain why, despite these market conditions, NYK has revised downward the bulk shipping forecast for the second half.

A1 It's true that iron ore shipping demand isn't bad. China imports of iron ore for January-June 2014 increased by 19% over the same period of FY 2013, which was higher growth than the forecast. The Cape size market has been negatively impacted by the current slump in the Panamax market. In the second half, we forecast a rebound in the Cape size market as the supply-demand balance tightens from this autumn.

Q2 Please explain your forecast for the Panamax market.

A2 Although grain shipments are expected to increase in the second half due to seasonal factors, overall market sentiment is weak and there was no choice but to lower our freight rate forecast for the Panamax market. Despite the revision, we believe the market will rebound in the second half compared with the second quarter.

Q3 Please explain your forecast for the tanker market and the medium- to long-term outlook for the market.

A3 Overall, tanker supply is expected to remain flat, and demand is expected to increase about 2% year on year. Freight rates in market, therefore, are expected to remain on par with last year. In terms of our future outlook, we will consider new investments in situations where we can acquire long-term contracts and the tanker project meets our investment standards.