

Financial Results for FY15/3 2nd Quarter and Forecast for FY15/3

October 2014

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Summary of FY15/3 2nd Quarter Results

Increase in revenues compared to FY14/3 2Q. Operating income and recurring profit have been substantially improved mainly due to Yen depreciation and Lower bunker oil price.

(billion yen)	FY14/3							FY15/3			Year-on-year
							Full-Year				
	1Q	2Q	1H	3Q	4Q	2H		1Q	2Q	1H	
Revenues	528.4	560.6	1,089.1	565.2	582.8	1,148.1	2,237.2	582.3	596.7	1,179.0	89.9
Operating Income	6.7	13.2	19.9	15.7	9.2	25.0	44.9	11.5	16.3	27.8	7.9
Recurring Profit	11.4	14.1	25.6	24.7	8.0	32.7	58.4	12.0	24.7	36.7	11.1
Net Income	8.5	11.9	20.5	7.8	4.6	12.5	33.0	10.2	9.7	20.0	-0.5

Exchange Rate	¥97.72	¥98.34	¥98.03	¥99.56	¥103.39	¥101.47	¥99.75	¥102.40	¥102.65	¥102.52	¥4.49
Bunker Oil Price	\$643.46	\$613.86	\$628.66	\$621.30	\$617.82	\$619.56	\$624.11	\$616.36	\$610.64	\$613.50	-\$15.16

Comparison of Financial Results between FY14/3 1H and FY15/3 1H by Industrial Segments

	Industrial Segments (billion yen)	FY14/3							FY15/3			Year- on-year
								Full-year				
		1Q	2Q	1H	3Q	4Q	2H		1Q	2Q	1H	
Global Logistics	Liner	148.5	155.8	304.3	154.0	159.0	313.1	617.4	166.8	177.2	344.0	39.7
		-0.6	-0.2	-0.8	1.2	-1.1	0.0	-0.7	-0.1	5.1	4.9	5.8
	Air Cargo	20.1	21.8	42.0	24.0	22.7	46.8	88.8	22.3	24.0	46.3	4.2
		-2.4	-2.3	-4.8	-0.3	-2.2	-2.5	-7.3	-2.2	-1.1	-3.3	1.4
	Logistics	104.7	107.0	211.7	111.2	108.5	219.7	431.5	109.8	116.7	226.5	14.7
		0.5	2.4	3.0	2.2	1.1	3.4	6.5	1.4	2.8	4.2	1.2
	Total	273.3	284.7	558.1	289.3	290.3	579.7	1,137.9	299.0	317.9	616.9	58.7
		-2.4	-0.1	-2.6	3.2	-2.2	1.0	-1.6	-1.0	6.8	5.8	8.5
Bulk Shipping	Bulk Shipping	230.4	246.6	477.1	250.8	260.5	511.3	988.4	252.5	245.4	497.9	20.7
		13.2	11.6	24.9	20.2	9.7	29.9	54.8	11.9	15.5	27.4	2.5
Others	Cruises	10.8	13.2	24.0	10.3	10.8	21.2	45.2	12.1	13.9	26.1	2.0
		-0.5	1.7	1.1	0.0	-0.3	-0.4	0.7	0.3	2.2	2.5	1.4
	Real Estate	2.4	2.5	4.9	2.5	2.4	4.9	9.9	2.4	2.4	4.8	-0.1
		0.9	0.9	1.9	0.9	0.9	1.8	3.8	0.9	0.8	1.8	-0.1
	Other	45.9	47.5	93.4	45.1	54.1	99.2	192.7	44.9	44.5	89.4	-4.0
		0.3	0.0	0.2	0.4	0.0	0.3	0.6	0.1	-0.3	-0.1	-0.4
	Elimination/ Unallocation	-34.6	-34.0	-68.6	-32.9	-35.4	-68.4	-137.1	-28.7	-27.4	-56.1	12.5
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	-0.4	-0.8	-0.8
	Consolidated	528.4	560.6	1,089.1	565.2	582.8	1,148.1	2,237.2	582.3	596.7	1,179.0	89.9
		11.4	14.1	25.6	24.7	8.0	32.7	58.4	12.0	24.7	36.7	11.1

* (Upper) Revenues (Lower) Recurring Profit

Analysis of Change in Recurring Profit between FY14/3 1H and FY15/3 1H

Contribution from Cost reduction, Yen depreciation and Lower bunker oil price outweighed deterioration of market condition.

(billion yen)

Yen Depreciation	4.0	¥ 102.52/\$, Depreciated by ¥ 4.49
Lower Bunker Oil Price	1.1	\$613.5/MT, Decreased by \$15.16
Market Effects etc	-13.7	
Cost Reduction	11.8	Liner 8.3
Foreign Exchange Profit/Loss	1.2	
Others	6.7	Extention of depreciation period 2.9
Total	11.1	

Revised Forecast for FY15/3

Increase in revenues and profit from FY14/3. Maintain Recurring profit and Net income from previous forecast based on our assumption of Cost reduction, Yen depreciation and Lower bunker oil price, outweighing deterioration of Dry bulk market.

(billion yen)	FY14/3(Result)				Full-year	FY15/3 (Forecast)				Year-on-year	Change from previous forecast (Full year)
	1H		2H			1H (Result)		2H	Full-year		
	1Q	2Q	3Q	4Q		1Q	2Q				
Revenues	1,089.1		1,148.1		2,237.2	1,179.0		1,151.0	2,330.0	92.8	4.0
	528.4	560.6	565.2	582.8		582.3	596.7			4%	0%
Operating Income	19.9		25.0		44.9	27.8		31.0	58.8	13.9	-5.2
	6.7	13.2	15.7	9.2		11.5	16.3			31%	-8%
Recurring Profit	25.6		32.7		58.4	36.7		29.0	65.7	7.3	0.7
	11.4	14.1	24.7	8.0		12.0	24.7			13%	1%
Net Income	20.5		12.5		33.0	20.0		15.0	35.0	2.0	0.0
	8.5	11.9	7.8	4.6		10.2	9.7			6%	0%

Exchange Rate	¥97.72	¥98.34	¥99.56	¥103.39	¥99.75	¥102.40	¥102.65	¥105.00	¥103.76
Bunker Oil Price	\$643.46	\$613.86	\$621.30	\$617.82	\$624.11	\$616.36	\$610.64	\$550.00	\$581.75

- Sensitivity against recurring profit (Full-year)

Exchange rate	: ¥103.76/\$	¥1.8 billion increase per ¥1/\$ depreciation
Bunker oil price	: \$581.75/MT	¥150 million increase per \$1/MT decrease

- FY15/3 Cash dividend forecast :

Annual dividend of ¥5/share (¥2/share for interim and ¥3/share for year-end)

Comparison between FY14/3 Results and FY15/3 Revised Forecast by Industrial Segments

	Industrial Segment (billion yen)	FY14/3(Result)					FY15/3(Forecast)					Change
		1Q	2Q	1H	2H	Full-year	1Q	2Q	1H (Result)	2H	Full-year	Full-year
Global Logistics	Liner	148.5	155.8	304.3	313.1	617.4	166.8	177.2	344.0	351.0	695.0	77.6
		-0.6	-0.2	-0.8	0.0	-0.7	-0.1	5.1	4.9	3.0	7.9	8.6
	Air Cargo	20.1	21.8	42.0	46.8	88.8	22.3	24.0	46.3	45.0	91.3	2.5
		-2.4	-2.3	-4.8	-2.5	-7.3	-2.2	-1.1	-3.3	-4.0	-7.3	0.0
	Logistics	104.7	107.0	211.7	219.7	431.5	109.8	116.7	226.5	236.0	462.5	31.0
		0.5	2.4	3.0	3.4	6.5	1.4	2.8	4.2	4.0	8.2	1.7
	Total	273.3	284.7	558.1	579.7	1,137.9	299.0	317.9	616.9	632.0	1,248.8	110.9
		-2.4	-0.1	-2.6	1.0	-1.6	-1.0	6.8	5.8	3.0	8.8	10.4
Bulk Shipping	Bulk Shipping	230.4	246.6	477.1	511.3	988.4	252.5	245.4	497.9	475.0	972.9	-15.5
		13.2	11.6	24.9	29.9	54.8	11.9	15.5	27.4	27.5	54.9	0.1
Others	Cruises	10.8	13.2	24.0	21.2	45.2	12.1	13.9	26.1	22.0	48.1	2.9
		-0.5	1.7	1.1	-0.4	0.7	0.3	2.2	2.5	-1.0	1.5	0.8
	Real Estate	2.4	2.5	4.9	4.9	9.9	2.4	2.4	4.8	5.0	9.8	-0.1
		0.9	0.9	1.9	1.8	3.8	0.9	0.8	1.8	1.5	3.3	-0.5
	Other	45.9	47.5	93.4	99.2	192.7	44.9	44.5	89.4	97.0	186.4	-6.3
		0.3	0.0	0.2	0.3	0.6	0.1	-0.3	-0.1	-0.5	-0.6	-1.2
	Elimination/ Unallocation	-34.6	-34.0	-68.6	-68.4	-137.1	-28.7	-27.4	-56.1	-80.0	-136.1	1.0
		0.0	0.0	0.0	0.0	0.0	-0.4	-0.4	-0.8	-1.5	-2.3	-2.3
	Consolidated	528.4	560.6	1,089.1	1,148.1	2,237.2	582.3	596.7	1,179.0	1,151.0	2,330.0	92.8
		11.4	14.1	25.6	32.7	58.4	12.0	24.7	36.7	29.0	65.7	7.3

* (Upper) Revenues (Lower) Recurring Profit

- FY15/3: Increase in revenues and profit compared to FY14/3 derived from cost reduction and etc. under Liner business, while Bulk Shipping business will be aggravated due to slow recovery of Dry bulk market.

Comparison between FY15/3 Previous forecast and Revised Forecast by Industrial Segments

	Industrial Segment (billion yen)	Previous Forecast			Revised Forecast			Change		
		1H	2H	Full-year	1H (Result)	2H	Full-year	1H	2H	Full-year
Global Logistics	Liner	343.0 1.5	336.0 2.0	679.0 3.5	344.0 4.9	351.0 3.0	695.0 7.9	1.0 3.4	15.0 1.0	16.0 4.4
	Air Cargo	45.0 -4.5	45.5 -3.5	90.5 -8.0	46.3 -3.3	45.0 -4.0	91.3 -7.3	1.3 1.1	-0.5 -0.5	0.8 0.7
	Logistics	224.5 3.5	231.5 4.0	456.0 7.5	226.5 4.2	236.0 4.0	462.5 8.2	2.0 0.7	4.5 0.0	6.5 0.7
	Total	612.5 0.5	613.0 2.5	1,225.5 3.0	616.9 5.8	632.0 3.0	1,248.8 8.8	4.4 5.3	19.0 0.5	23.3 5.8
Bulk Shipping	Bulk Shipping	504.5 26.0	499.0 33.0	1,003.5 59.0	497.9 27.4	475.0 27.5	972.9 54.9	-6.5 1.4	-24.0 -5.5	-30.6 -4.1
Others	Cruises	26.0 2.5	21.5 -0.5	47.5 2.0	26.1 2.5	22.0 -1.0	48.1 1.5	0.1 0.0	0.5 -0.5	0.6 -0.5
	Real Estate	5.0 2.0	4.5 1.5	9.5 3.5	4.8 1.8	5.0 1.5	9.8 3.3	-0.1 -0.1	0.5 0.0	0.3 -0.2
	Other	97.0 0.0	105.0 0.0	202.0 0.0	89.4 -0.1	97.0 -0.5	186.4 -0.6	-7.5 -0.1	-8.0 -0.5	-15.6 -0.6
	Elimination/ Unallocation	-74.0 -1.0	-88.0 -1.5	-162.0 -2.5	-56.1 -0.8	-80.0 -1.5	-136.1 -2.3	17.8 0.1	8.0 0.0	25.9 0.2
	Consolidated	1,171.0 30.0	1,155.0 35.0	2,326.0 65.0	1,179.0 36.7	1,151.0 29.0	2,330.0 65.7	8.0 6.7	-4.0 -6.0	4.0 0.7

* (Upper) Revenues (Lower) Recurring Profit

- FY15/3 2H: Downward revision mainly as a result of lowering Dry bulk market assumption (mainly Cape size market and Panamax size market).

Overview of Each Industrial Segment 1)

1. Liner – Container:

Container Lifting, Slot (1,000TEU)

		FY14/3(Result)					FY15/3(Forecast)					Change from previous forecast (Full-year)
		1Q	2Q	3Q	4Q	Full-year	1Q (Result)	2Q (Result)	3Q	4Q	Full-year	
Asia→North America	Lifting	154	179	169	161	663	180	198	192	183	753	-11
	Slot	199	204	198	186	787	202	213	206	197	818	-8
	Utilizaion	77%	88%	85%	86%	84%	89%	93%	93%	93%	92%	-1%
Asia→Europe	Lifting	124	135	125	128	512	148	150	146	142	586	15
	Slot	143	144	135	137	560	153	158	153	148	612	9
	Utilizaion	87%	93%	93%	93%	91%	97%	95%	96%	95%	96%	1%

Trend of Container Freight Rate (Index, FY09/3 1Q=100)

		FY14/3(Result)					FY15/3(Forecast)					Change from previous forecast (Full-year)
		1Q	2Q	3Q	4Q	Full-year	1Q (Result)	2Q (Result)	3Q	4Q	Full-year	
Asia→North America		100	96	93	94	96	91	91	91	90	91	-1
Asia→Europe		69	73	70	77	72	72	74	71	74	73	0

- Lifting: Increase in cargo volume on Europe route on FY15/3 2H, while that on Transpacific route will be maintained compared to previous forecast.

- Freight Rates: Lower rate assumption for Transpacific route than previous forecast on FY15/3 2H, whereas the same level of rate assumption for Asia-Europe route.

Overview of Each Industrial Segment 2)

2. Air Cargo Transportation (NCA)

		FY14/3 (Result)				FY15/3 (Forecast)				Change from previous forecast (Full-year)	
		1H		2H		Full-Year	1H		2H		Full-Year
		1Q	2Q	3Q	4Q		1Q (Result)	2Q			
Revenues	billion yen	42.0		46.8		88.8	46.3		45.0	91.3	0.8
		20.1	21.8	24.0	22.7		22.3	24.0			
Recurring Profit	billion yen	-4.8		-2.5		-7.3	-3.3		-4.0	-7.3	0.7
		-2.4	-2.3	-0.3	-2.2		-2.2	-1.1			
Capable Weight	1,000 ton	201		206		407	233		225	458	13
		98	103	105	101		115	118			
Volume (RTK)	Mil.ton kilo	1,216		1,254		2,470	1,410		1,333	2,743	40
		596	620	642	612		690	720			
Capacity (ATK)	Mil.ton kilo	1,761		1,737		3,498	1,984		1,886	3,870	16
		868	893	892	845		975	1,009			
YIELD	FY09/3 1Q=100	90		95		93	94		90	92	-2
		90	89	97	94		93	94			
MOPS	US\$ per bbl	\$120		\$123		\$121	\$118		\$115	\$117	-\$3
		\$116	\$124	\$124	\$122		\$120	\$116			

FY15/3 1H: Cargo movement (ex-Japan) is continuously showing recovery, and Recurring profit is improved compared to FY14/3 1H.

FY15/3 2H: Due to downward adjustment of freight rates assumption, Recurring profit will be aggravated, however that of FY15/3 will be improved

Overview of Each Industrial Segment 3)

3. Logistics Segment

(billion yen)	FY14/3 (Result)					FY15/3 (Forecast)				Change from previous forecast (Full-year)
	1H		2H		Full-Year	1H		2H	Full-Year	
	1Q	2Q	3Q	4Q		1Q	2Q			
Revenues	211.7		219.7		431.5	226.5		236.0	462.5	6.5
	104.7	107.0	111.2	108.5		109.8	116.7			
Recurring Profit	3.0		3.4		6.5	4.2		4.0	8.2	0.7
	0.5	2.4	2.2	1.1		1.4	2.8			

- Air freight forwarding is showing steady growth particularly ex-Japan. Ocean freight forwarding is showing the improvement of profitability. Logistics business is growing, mainly in South Asia.

Overview of Each Industrial Segment 4)

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

		FY14/3(Result)					FY15/3(Forecast)					Previous Forecast (Full-year)
		1Q	2Q	3Q	4Q	Full-Year	1Q (Result)	2Q (Result)	3Q	4Q	Full-Year	
Dry Bulk Carrier	B D I	888	1,292	1,854	1,371	1,348	983	950	1,589	1,168	1,173	1,295
	Cape (4TC)	6,255	19,148	27,441	16,180	17,256	11,884	12,665	23,000	14,000	15,387	18,971
	Panamax (Pac)	7,264	8,612	13,125	10,654	9,914	6,834	5,218	10,500	8,500	7,763	8,084
	Handymax (Pac)	7,709	8,146	11,960	8,988	9,201	9,022	8,639	11,000	10,000	9,665	10,381
	Handy (Pac)	6,620	6,884	8,739	8,267	7,628	8,083	6,405	8,500	8,000	7,747	8,458
Tanker	VLCC	12,542	12,571	37,817	28,724	22,913	14,050	21,497	37,000	30,000	25,637	26,013

* Spot charterage by vessel type 4TC = average of 4 routes, Pac = Pacific-round, Currency Unit = US\$ / day

- FY15/3 2Q : Due to continuous fleet surplus, market trend is entirely in stagnation, and in particular Cape size market and Panamax size market are on aggravation compared to FY14/3 2Q.
- FY15/3 2H : Expect market improvement, however it will not be in line as previous forecast.

Overview of Each Industrial Segment 5)

4. Bulk Shipping –2) Car Carrier:

Car Transportation Result/Forecast(1,000Cars)

	FY14/3(Result)					Full-year	FY15/3 (Forecast)					Change from previous forecast (Full-year)
	1H		2H		Full-year		1H		2H			
	1Q	2Q	3Q	4Q			1Q (Result)	2Q (Result)	3Q	4Q		
All Trade (1,000cars)	1,820		1,770		3,600	1,840		1,790		3,630	-10	
	880	940	940	830		930	900	910	880			
Change	6%		2%		4%	1%		1%		1%	0%	
	3%	9%	5%	0%		6%	-4%	-3%	6%			

- FY15/3 1H: Loading volume is the same level compared to FY14/3 1H, and both ex-Japan and outside Japan loading volume is showing steady growth .

- FY15/3 2H: Expect to maintain the steady growth level as FY15/3 1H, and total loading volume on FY15/3 will be same level as FY14/3.

Financial Position

		FY13/3 (Result)	FY14/3 (Result)	FY14/9 (Result)	FY15/3 (Forecast)	FY15/3 (Previous Forecast)
Interest-bearing debt	billion yen	1,292.1	1,241.9	1,193.3	1,110.0	1,110.0
Shareholders' equity	billion yen	650.4	720.2	746.4	750.0	740.0
Shareholders' equity ratio		27%	28%	30%	30%	30%
DER		1.99	1.72	1.60	1.48	1.50
ROE		3%	4%	-	5%	5%
Cash flow from operating activities	billion yen	93.9	136.5	46.4	110.0	120.0
Cash flow from investing activities	billion yen	-135.5	6.4	-34.4	-70.0	-120.0
(Depreciation and amortization)	billion yen	(97.5)	(105.9)	(49.3)	(95.0)	(100.0)

Fleet in Operation

Industrial Segment	Type of vessel	FY14/3 (Result)						FY14/9 (Result)					
		Owned (incl. co-owned)		Chartered		Total		Owned (incl. co-owned)		Chartered		Total	
		Vessels	DWT (1000Kt)	Vessels	DWT (1000Kt)	Vessels	DWT (1000Kt)	Vessels	DWT (1000Kt)	Vessels	DWT (1000Kt)	Vessels	DWT (1000Kt)
Liner	Container ships (incl. semi-container ships)	25	1,333	76	4,239	101	5,572	21	1,236	85	4,822	106	6,058
Bulk Shipping	Bulk carriers (capesize)	36	6,806	93	17,769	129	24,576	37	7,012	88	17,098	125	24,110
	Bulk carriers (panamax)	41	3,583	73	6,133	114	9,716	41	3,599	69	5,674	110	9,274
	Bulk carriers (handysize)	67	2,936	105	4,943	172	7,880	68	3,035	110	5,036	178	8,071
	Wood chip carriers	9	438	40	2,141	49	2,580	9	438	40	2,141	49	2,580
	Car carriers	30	498	95	1,730	125	2,230	28	477	91	1,662	119	2,139
	Tankers	52	8,581	25	3,475	77	12,056	50	8,205	22	3,256	72	11,462
	LNG carriers	26	1,944	3	228	29	2,172	26	1,944	3	228	29	2,172
	Multi-purpose carriers	15	302	37	606	52	909	15	302	35	528	50	831
	Others	11	109	15	208	26	318	9	89	18	248	27	337
Cruises	Cruise ships	1	7	2	14	3	21	1	7	2	15	3	22
Total		313	26,538	564	41,486	877	68,036	305	26,344	563	40,708	868	67,062

-Co-owned ships's dwt is including not only NYK Group companies' ownership but also other non-affiliated

-The number of owned LNG Carriers including equity method affiliates are 67 as of FY14/3, 68 as of FY14/9.

-Capesize: Over 120,000DWT
 -Panamax: 60,000-119,999DWT
 -Handysize: Under 60,000DWT