



Financial Results for FY 17/3 3rd quarter and Forecast for FY 17/3

January 31, 2017

Contents

- 1. Financial Highlights for FY17/3 3 Q ————— p.3-6**
- 2. Forecast for FY17/3 ————— p.7-10**
- 3. Overview of Each Industrial Segment ————— p.11-16**

Overview of FY 17/3 3rd Quarter Results



- ▶ Secured recurring profit in 3Q. YTD 3Q recurring profit also recovered to profitability.

Market recovery in container/dry bulk and 2Q “restructuring” effects were the positives.

Foreign exchange profits, one-off profit in real estate segment also helped.

- ▶ Liner Trade Cargo movement active in 3Q.
Earlier-than-usual CNY pushed up the rates.
- ▶ Air Cargo Volume and yield high in 3Q “busy season.”
- ▶ Logistics Air freight forwarding struggled with high cost.
Ocean freight forwarding stable.
- ▶ Bulk Shipping
 - Dry Bulk Rates recovering from historic low/increased shipments to China helped.
 - Liquid New builds increased. VLCC stable but oil products, LPG struggling.
 - Car Carrier Shipments to resource-rich/developing countries decreased, which resulted in the inefficiency of vessel arrangements.
- ▶ Non-operating Income Foreign exchange income : 3Q JPY 5.7b. (1-3Q - 2.6b)
From Real Estate Business : 3Q JPY 8.5b.
- ▶ Extra-ordinary Loss Impairment loss & provision for losses : 2Q JPY 200b.
Losses in off-shore business related affiliate investment securities, etc. : 3Q JPY 13b.



- ▶ Market hit the bottom.
- ▶ Returned to profitability at all stages in 3Q as well as YTD recurring profit.

(In billion yen)	FY16/3						FY17/3				Year-on-year
	1Q	2Q	3Q	1-3Q	4Q	Full-Year	1Q	2Q	3Q	1-3Q	
Revenues	588.7	609.5	568.3	1,766.6	505.6	2,272.3	470.7	457.8	485.9	1,414.5	-352.1
Operating Income	17.4	21.1	8.5	47.1	1.7	48.9	-10.9	-11.5	6.9	-15.5	-62.6
Recurring Profit	21.5	21.2	13.3	56.0	4.0	60.0	-9.9	-13.6	25.9	2.2	-53.7
Net Income Attributable of owners of the Parent Company	43.0	11.7	-31.9	22.8	-4.5	18.2	-12.7	-219.0	5.7	-226.0	-248.9
Exchange rate	¥ 120.97	¥ 122.56	¥ 121.23	¥ 121.58	¥ 118.37	¥ 120.78	¥ 111.12	¥ 103.50	¥ 106.13	¥ 106.92	- ¥ 14.66
Bunker Oil Prices	\$ 357.71	\$ 349.69	\$ 276.00	\$ 327.80	\$ 211.22	\$ 298.66	\$ 192.62	\$ 238.71	\$ 270.71	\$ 234.02	- \$ 93.78

3rd quarter comparison by Industrial SEGs

3Q Result



NYK LINE
NIPPON YUSEN KAISHA

This 3Q all segments posted recurring profit for the first time in five quarters.

Industrial Segment (In Billion Yen)		FY 16/3						FY17/3				Year-on-year	
		1Q	2Q	3Q	1-3Q	4Q	Full-Year	1Q	2Q	3Q	1-3Q		
Global Logistics	Liner	184.1	194.0	168.6	546.9	159.4	706.3	141.4	139.1	149.8	430.4	-116.4	
		3.9	3.8	-6.9	0.8	-1.1	-0.3	-8.8	-6.4	3.9	-11.3	-12.1	
	Air Cargo	24.6	24.2	23.8	72.7	18.3	91.1	19.0	19.4	22.5	61.0	-11.7	
		0.8	0.1	1.2	2.2	-0.6	1.5	-1.9	-1.4	2.2	-1.2	-3.5	
	Logistics	123.4	126.0	129.9	379.5	117.0	496.5	113.8	111.9	118.0	343.8	-35.6	
		2.3	3.7	4.1	10.2	1.6	11.8	2.1	2.4	2.0	6.7	-3.5	
	(Total)	332.3	344.3	322.4	999.1	294.7	1,293.9	274.3	270.6	290.4	835.3	-163.8	
		7.1	7.7	-1.5	13.3	-0.1	13.1	-8.6	-5.4	8.2	-5.8	-19.1	
	Bulk Shipping	Bulk Shipping	237.5	245.6	226.9	710.1	192.1	902.2	180.1	169.6	176.6	526.4	-183.6
			14.4	12.8	13.7	40.9	5.6	46.5	-0.8	-8.5	8.0	-1.4	-42.4
Others	Real Estates	2.3	2.5	2.4	7.3	2.4	9.7	2.4	2.4	2.5	7.4	0.1	
		0.7	0.9	0.8	2.5	0.7	3.3	0.9	0.9	9.4	11.3	8.7	
	Other	37.8	38.6	36.5	113.0	33.9	147.0	32.0	34.5	37.0	103.7	-9.3	
		-0.1	0.2	0.8	0.8	-0.9	0	-0.6	0.1	0.6	0.1	-0.7	
	Elimination/ Unallocation	-21.3	-21.6	-20.0	-63.0	-17.7	-80.7	-18.2	-19.3	-20.7	-58.4	4.5	
		-0.5	-0.6	-0.5	-1.7	-1.2	-2.9	-0.7	-0.7	-0.4	-1.8	-0.1	
	Consolidated	588.7	609.5	568.3	1,766.6	505.6	2,272.3	470.7	457.8	485.9	1,414.5	-352.1	
21.5		21.2	13.3	56.0	4.0	60.0	-9.9	-13.6	25.9	2.2	-53.7		

※ (Upper) Revenues (Lower) Recurring Profit



(billion yen)

Yen Appreciation	-3.8	¥106.92/\$, Appreciated by ¥ 14.66
Lower Bunker Oli Price	8.7	\$234.02/MT, Decreased by \$93.78
Market Effects etc	-62.5	
Cost Reduction	7.0	VS. FY target of 6.0
Foreign Exchange Profit/Loss	-2.6	
Others	-0.8	
Total	-53.7	



▶ Recurring profit recovered to break-even point vs. pre. F/cast. Net income kept the same.

- Liner Post-CNY slack season, but expect rates to remain even, or to slightly increase.
- Air Cargo 4Q a slack season, but aim to stay profitable by collecting air freight-specific cargoes.
- Logistics Ocean freight forwarding stable.
Air freight forwarding to continue to struggle.
- Bulk Shipping
 - Dry Bulk 4Q a slack season, but market hit the bottom, and is on recovery.
 - Liquid Oil product and LPG markets expected to take time for recovery.
 - Car Carrier Demands in resource-rich countries to remain low.

▶ Year-end : Plan Zero

▶ Sensitivities on recurring Profit (4Q)

Exchange Rate : ¥ 110.00/\$ ¥90 million(4Q) increase per ¥1/\$ depreciation

Bunker oil Prices : \$320.00/MT ¥0.3 billion(4Q) increase per \$ 10/MT

Revised Forecast for FY17/3 (Summary)

Forecast



NYK LINE
NIPPON YUSEN KAISHA

► Operating Income, Recurring Profit : Upward revision Net Income : Kept the same as previous forecast

(In billion yen)	FY 16/3 (Result)					FY 17/3 (Forecast)					Year-on year	Change from previous forecast (full-year)
	1H		2H		Full-year	1H (Result)		2H		Full-year		
	1Q	2Q	3Q	4Q		1Q	2Q	3Q (Result)	4Q			
Revenues	1,198.2		1,074.0		2,272.3	928.5		976.5		1,905.0	-367.3	40.0
	588.7	609.5	568.3	505.6		470.7	457.8	485.9	490.5			
Operating Income	38.6		10.3		48.9	-22.4		5.0		-17.5	-66.4	8.0
	17.4	21.1	8.5	1.7		-10.9	-11.5	6.9	-1.9			
Recurring Profit	42.7		17.3		60.0	-23.6		23.7		0	-60.0	26.0
	21.5	21.2	13.3	4.0		-9.9	-13.6	25.9	-2.1			
Net Income Attributable to Owners of the parent company	54.7		-36.5		18.2	-231.8		-13.2		-245.0	-263.2	0
	43.0	11.7	-31.9	-4.5		-12.7	-219.0	5.7	-19.0			
Exchange Rate	¥ 120.97	¥ 122.56	¥ 121.23	¥ 118.37	¥ 120.78	¥ 111.12	¥ 103.50	¥ 106.13	¥ 110.00	¥ 107.69	- ¥ 13.09	
Bunker Oil Prices	\$ 357.71	\$ 349.69	\$ 276.00	\$ 211.22	\$ 298.66	\$ 192.62	\$ 238.71	\$ 270.71	\$ 320.00	\$ 255.51	- \$ 43.15	

► Sensitivity on Recurring Profit

Exchange Rate : 90 million (4Q) increase per ¥1/\$ depreciation

Bunker Oil Prices : 0.3 billion (4Q) increase per \$10/MT decrease

► Year-end dividend : Plan zero dividends

FY 17/3 Forecast by Industrial SEGs.

Forecast



NYK LINE
NIPPON YUSEN KAISHA

Industrial Segment		FY16/3 (Result)							FY 17/3 (Forecast)							Year-on Year	
(In billion yen)		1Q	2Q	1H	3Q	4Q	2H	Full-year	1Q	2Q	1H (Result)	3Q (Result)	4Q	2H	Full-year		
Global Logistics	Liner	184.1	194.0	378.2	168.6	159.4	328.0	706.3	141.4	139.1	280.5	149.8	155.7	305.5	586.0	-120.3	
		3.9	3.8	7.8	-6.9	-1.1	-8.1	-0.3	-8.8	-6.4	-15.3	3.9	0	3.9	-11.5	-11.2	
	Air Cargo	24.6	24.2	48.9	23.8	18.3	42.1	91.1	19.0	19.4	38.5	22.5	21.0	43.5	82.0	-9.1	
		0.8	0.1	0.9	1.2	-0.6	0.5	1.5	-1.9	-1.4	-3.4	2.2	-0.8	1.4	-2.0	-3.5	
	Logistics	123.4	126.0	249.5	129.9	117.0	246.9	496.5	113.8	111.9	225.8	118.0	110.1	228.1	454.0	-42.5	
		2.3	3.7	6.0	4.1	1.6	5.8	11.8	2.1	2.4	4.6	2.0	1.4	3.4	8.0	-3.8	
	(Total)	332.3	344.3	676.7	322.4	294.7	617.2	1,293.9	274.3	270.6	544.9	290.4	286.7	577.1	1,122.0	-171.9	
		7.1	7.7	14.8	-1.5	-0.1	-1.7	13.1	-8.6	-5.4	-14.1	8.2	0.6	8.8	-5.5	-18.6	
	Bulk Shipping	Bulk	237.5	245.6	483.1	226.9	192.1	419.1	902.2	180.1	169.6	349.8	176.6	184.6	361.2	711.0	-191.2
		Shipping	14.4	12.8	27.2	13.7	5.6	19.3	46.5	-0.8	-8.5	-9.4	8.0	0	8.0	-1.5	-48.0
Others	Real Estate	2.3	2.5	4.8	2.4	2.4	4.9	9.7	2.4	2.4	4.8	2.5	2.2	4.7	9.5	-0.2	
		0.7	0.9	1.7	0.8	0.7	1.6	3.3	0.9	0.9	1.8	9.4	0.8	10.2	12.0	8.7	
	Other	37.8	38.6	76.5	36.5	33.9	70.5	147.0	32.0	34.5	66.6	37.0	36.3	73.4	140.0	-7.0	
		-0.1	0.2	0	0.8	-0.9	-0.1	0	-0.6	0.1	-0.5	0.6	-2.1	-1.5	-2.0	-2.0	
	Elimination/ Unallocation	-21.3	-21.6	-42.9	-20.0	-17.7	-37.7	-80.7	-18.2	-19.3	-37.6	-20.7	-19.2	-39.9	-77.5	3.2	
		-0.5	-0.6	-1.1	-0.5	-1.2	-1.8	-2.9	-0.7	-0.7	-1.4	-0.4	-1.2	-1.6	-3.0	-0.1	
	Consolidated	588.7	609.5	1,198.2	568.3	505.6	1,074.0	2,272.3	470.7	457.8	928.5	485.9	490.5	976.5	1,905.0	-367.3	
		21.5	21.2	42.7	13.3	4.0	17.3	60.0	-9.9	-13.6	-23.6	25.9	-2.1	23.7	0	-60.0	

※ (Upper) Revenues (Lower) Recurring Profit

- Full year recurring profit adjusted upwardly to break even level.
- Container and dry bulk markets hit the bottom and are on recovery.

F17/3 Previous F/Cast vs Latest F/Cast by Industrial SEGs

Forecast



NYK LINE
NIPPON YUSEN KAISHA

	Industrial Segment (In billion yen)	Previous Forecast			Forecast					Change Full-year
		1H	2H	Full-year	1H (Result)	3Q (Result)	4Q	2H	Full-year	Full Year
Global Logistics	Liner	280.5 -15.3	287.5 -1.7	568.0 -17.0	280.5 -15.3	149.8 3.9	155.7 0	305.5 3.9	586.0 -11.5	18.0 5.5
	Air Cargo	38.5 -3.4	40.5 -1.5	79.0 -5.0	38.5 -3.4	22.5 2.2	21.0 -0.8	43.5 1.4	82.0 -2.0	3.0 3.0
	Logistics	225.8 4.6	231.2 6.4	457.0 11.0	225.8 4.6	118.0 2.0	110.1 1.4	228.1 3.4	454.0 8.0	-3.0 -3.0
	(Total)	544.9 -14.1	559.2 3.2	1,104.0 -11.0	544.9 -14.1	290.4 8.2	286.7 0.6	577.1 8.8	1,122.0 -5.5	18.0 5.5
	Bulk Shipping	349.8 -9.4	341.2 -6.1	691.0 -15.5	349.8 -9.4	176.6 8.0	184.6 0	361.2 8.0	711.0 -1.5	20.0 14.0
Others	Real Estate	4.8 1.8	5.2 1.7	10.0 3.5	4.8 1.8	2.5 9.4	2.2 0.8	4.7 10.2	9.5 12.0	-0.5 8.5
	Other	66.6 -0.5	68.4 0.5	135.0 0	66.6 -0.5	37.0 0.6	36.3 -2.1	73.4 -1.5	140.0 -2.0	5.0 -2.0
	Elimination/ Allocation	-37.6 -1.4	-37.4 -1.6	-75.0 -3.0	-37.6 -1.4	-20.7 -0.4	-19.2 -1.2	-39.9 -1.6	-77.5 -3.0	-2.5 0
	Consolidated	928.5 -23.6	936.5 -2.4	1,865.0 -26.0	928.5 -23.6	485.9 25.9	490.5 -2.1	976.5 23.7	1,905.0 0	40.0 26.0

※ (Upper) Revenues (Lower) Recurring Profit

Recovery in container/dry bulk markets as well as the 3Q one-off profit in real estate segment resulted in a big upward adjustment.



- Liner
 - TP Post-summer recovery continues. Utilization and rates to remain high in 4Q.
 - EU Aim for stable rates for the next FY.
 - EU Keep utilization high -> aim for rate increase.

- Air Cargo
 - Minimize the losses in 4Q by collecting air freight-specific cargoes.

- Bulk Shipping
 - Dry Bulk Markets on moderate recovery.
 - Liquid VLCC stable, although slowing down vs. 3Q.
 - Car Carrier Demands in resource-rich countries to remain low.



► 1. Liner Trade (Container Transportation)

Lifting · Utilization (1,000TEU)

		16/3(Result)					17/3(Forecast)				
		1H		2H		Full-Year	1H(Result)		2H		Full-Year
		1Q	2Q	3Q	4Q		1Q	2Q	3Q(Result)	4Q	
Asia → North America	Lifting (Prev. F/Cast)	189	213	191	175	769	175	220	227	226	849
	Utilization (Prev. F/Cast)	93%	94%	91%	87%	91%	80%	92%	(452)	(848)	(848)
Asia → Europe	Lifting (Prev. F/Cast)	124	140	123	121	508	117	128	92%	94%	90%
	Utilization (Prev. F/Cast)	85%	98%	97%	92%	93%	91%	95%	(92%)	(89%)	(89%)
									124	122	491
									(242)	(487)	(487)
									97%	97%	95%
									(95%)	(94%)	(94%)

Freight Index (09/3 1Q = 100)

		16/3(Result)					17/3(Forecast)				
		1H		2H		Full-Year	1H(Result)		2H		Full-Year
		1Q	2Q	3Q	4Q		1Q	2Q	3Q(Result)	4Q	
Asia→North America (Previous Forecast)		89	87	83	81	85	74	69	71	71	71
									(71)	(71)	(71)
Asia→Europe (Previous Forecast)		58	54	48	49	52	42	46	47	51	46
									(48)	(46)	(46)



► 2. Air Cargo Transportation (NCA)

	FY16/3 (Result)				Full-year	FY17/3 (Forecast)					Change from previous forecast (full-year)
	1H		2H			1H(Result)		2H		Full-year	
	1Q	2Q	3Q	4Q		1Q	2Q	3Q (Result)	4Q		
Revenues (billion yen)	48.9		42.1		91.1	38.5		43.5		82.0	3.0
	24.6	24.2	23.8	18.3		19.0	19.4	22.5	21.0		
Recurring Profit (billion yen)	0.9		0.5		1.5	-3.4		1.4		-2.0	3.0
	0.8	0.1	1.2	-0.6		-1.9	-1.4	2.2	-0.8		
Chargeable Weight (1,000 ton)	244		217		461	246		255		501	6
	122	122	115	101		118	129	136	119		
Volume (RTK) (mil.ton Kilo)	1,513		1,353		2,866	1,493		1,562		3,055	45
	761	752	721	632		719	773	825	737		
Capacity (ATK) (mil.ton Kilo)	2,135		2,035		4,170	2,210		2,174		4,384	-64
	1,048	1,087	1,052	982		1,080	1,130	1,121	1,052		
YIELD FY09/3 1Q=100	92		88		90	72		79		76	2
	94	91	95	79		74	71	79	78		
MOPS US\$ per bbl	\$68		\$48		\$58	\$54		\$61		\$58	1
	\$75	\$61	\$55	\$42		\$54	\$54	\$60	\$63		

- Volume increase and high yield in 3Q contributed in the unexpected profit margin
 -> upwardly revised the forecast to collect air freight-specific cargoes in 4Q to minimize losses.



► 3. Logistics

(billion yen)	FY16/3 (Result)					Full-year	FY17/3 (Forecast)					Change from previous forecast (full-year)
	1H		2H		1H(Result)		2H		Full-year			
	1Q	2Q	3Q	4Q	1Q		2Q	3Q (Result)		4Q		
Revenues	249.5		246.9		496.5	225.8		228.1		454.0	-3.0	
	123.4	126.0	129.9	117.0		113.8	111.9	118.0	110.1			
Recurring Profit	6.0		5.8		11.8	4.6		3.4		8.0	-3.0	
	2.3	3.7	4.1	1.6		2.1	2.4	2.0	1.4			

- Ocean freight forwarding volume stable.
- Air freight forwarding profit margin decreasing.



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

		FY16/3 (Result)					FY17/3 (Forecast)					Previous forecast (full-year)
		1Q	2Q	3Q	4Q	Full- Year	1Q (Result)	2Q (Result)	3Q (Result)	4Q	Full- Year	
D r y B u l k C a r r i e r	BDI	632	974	640	359	649	610	736	997	814	790	708
	Cape (5TC)	5,784	12,647	8,076	2,728	7,309	6,684	8,080	11,983	10,000	9,186	8,191
	Panamax (Pac)	4,650	6,601	4,258	3,116	4,656	4,546	5,743	7,338	7,000	6,156	5,572
	Handymax (Pac)	6,058	6,700	5,204	3,523	5,371	4,836	6,509	5,841	6,000	5,796	6,086
	Handy (Pac)	4,618	4,838	4,302	3,317	4,269	3,951	5,755	5,895	5,000	5,150	5,052
Tanker	VLCC	62,411	54,951	87,296	57,956	65,653	43,686	19,549	49,208	37,500	37,485	34,559

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

- Dry Bulk Market recovery to remain moderate.
- Tanker VLCC market stable, although slowing down vs. 3Q.



► 4. Bulk Shipping – 2) Car Carrier :

	FY16/3 (Result)					Full-year	FY17/3 (Forecast)					Change from previous forecast (Full-year)
	1H		2H		1H(Result)		2H		Full-year			
	1Q	2Q	3Q	4Q	1Q		2Q	3Q (Result)		4Q		
All Trade (10,000cars)	188		182		370	167		167		334	-2	
	94	94	98	84		84	83	86	80			
Year-on year	2%		0%		1%	-11%		-9%		-10%	-1%	
	1%	4%	5%	-6%		-11%	-11%	-12%	-5%			

➤ Demands in resource-rich countries to remain low.