Financial Results for FY 18/3 and Forecast for FY 19/3

April 27, 2018

NIPPON YUSEN KAISHA

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Overview of FY 18/3 Results

- Previous fiscal year comparison
  - Significant increase in revenues and recurring profit
  - Market recovery continues with demand increase for container vessels and dry bulkers
  - Net income returned to profitability from previous FY when structural reform costs were recorded
- Previous forecast comparison
  - Recurring profit: Overall according to expectations
  - Net income: Increased due to recording of gain on sales of securities, real estate and etc.
- Dividend
  - Year-end dividend JPY 30/share (JPY 10/share increase vs. previous forecast)

<Review of 4Q>

- Liner: Delivery of large container vessels/supply increase negatively impacting TP/AE spot rates
  ONE integration costs lower than originally expected
- Air Cargo: Cargo from Asia weak due to Lunar New Year, but cargo from Japan strong and yield (rate) is higher than forecast
- Logistics: Still taking time for gross margin to recover as air freight rates remain high
  Contract logistics business struggling in certain regions
- Bulk Shipping
  Dry bulk: Cape market softening, PMX and handy steady
  Liquid: LNG/off-shore business steady, tanker market sluggish despite high demand season
  Car carrier: Shipment to resource-rich countries sluggish, N. America and Europe robust

FY 18/3 Result (Summary)

18/3 Result

NYK LINE
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► Previous fiscal year comparison

Significant increase in revenues and recurring profit

(In billion yen)	FY17/3 1Q	FY17/3 2Q	FY17/3 3Q	FY17/3 4Q	FY17/3 Full-Year	FY18/3 1Q	FY18/3 2Q	FY18/3 3Q	FY18/3 4Q	FY18/3 Full-year	Year-on-year	Previous Forecast 4Q	Change From Previous forecast
Revenues	470.7	457.8	485.9	509.3	1,923.8	521.7	542.5	566.3	552.5	2,183.2	259.3	541.5	11.0
Operating Income	-10.9	-11.5	6.9	-2.5	-18.0	3.5	9.1	12.0	3.0	27.8	45.9	5.2	-2.2
Recurring Profit	-9.9	-13.6	25.9	-1.2	1.0	10.2	11.7	13.5	-7.5	28.0	26.9	-8.5	1.0
Net Income Attributable of owners of the Parent Company	-12.7	-219.0	5.7	-39.6	-265.7	5.3	0.8	10.5	3.3	20.1	285.9	-5.7	9.0
Exchange rate	¥111.12	¥103.50	¥106.13	¥114.29	¥108.76	¥111.48	¥110.92	¥112.65	¥109.72	¥111.19	-¥2.43	¥110.00	
Bunker Oil Prices	$192.62	$238.71	$270.71	$312.94	$253.75	$326.72	$316.32	$339.76	$382.84	$341.41	+$87.66	$390.00	

FY17/3 vs FY18/3 by Industrial SEGs

18/3 Result

NYK LINE NIPPON YUSEN KAISHA

- Demand increase for container vessels and dry bulkers continue to improve market
- Logistics profit decreased due to high procurement cost situation and contract logistics struggling in certain regions

	Industrial Segment (In Billion Yen)	FY 17/3 1Q	FY 17/3 2Q	FY 17/3 3Q	FY 17/3 4Q	FY 17/3 Full-year	FY18/3 1Q	FY18/3 2Q	FY18/3 3Q	FY18/3 4Q	FY18/3 Full-year	Year-on-year	Previous Forecast 4Q	Change From Previous forecast
Global Logistics	Liner	141.4	139.1	149.8	155.4	585.9	171.5	179.0	176.8	164.0	691.4	105.5	168.7	-4.6
		-8.8	-6.4	3.9	-1.3	-12.7	5.7	7.6	3.8	-6.3	10.8	23.5	-8.1	1.8
	Air Cargo	19.0	19.4	22.5	20.9	81.9	23.3	23.7	25.8	24.8	97.8	15.9	24.1	0.8
		-1.9	-1.4	2.2	3.8	2.6	0.7	-0.8	0.8	1.0	1.8	-0.8	-0.4	1.3
	Logistics	113.8	111.9	118.0	117.5	461.3	118.9	127.7	135.6	129.9	512.3	50.9	128.7	1.3
		2.1	2.4	2.0	0.9	7.6	-0.0	1.3	1.0	0.0	2.3	-5.2	0.7	-0.7
	(Total)	274.3	270.6	290.4	293.8	1,129.1	313.9	330.5	338.2	318.8	1,301.5	172.4	321.4	-2.5
		-8.6	-5.4	8.2	3.4	-2.4	6.3	8.1	5.8	-5.2	15.0	17.5	-7.8	2.5
Bulk Shipping	Bulk Shipping	180.1	169.6	176.6	191.2	717.7	188.9	192.2	205.5	208.8	795.6	77.8	202.3	6.6
		-0.8	-8.5	8.0	-2.7	-4.1	2.7	2.2	6.5	-1.9	9.6	13.8	0.0	-1.9
Others	Real Estates	2.4	2.4	2.5	2.0	9.4	1.9	1.9	1.9	2.0	7.9	-1.4	2.2	-0.1
		0.9	0.9	9.4	0.7	12.0	0.6	0.8	0.6	0.5	2.6	-9.4	0.4	0.1
	Other	32.0	34.5	37.0	42.8	146.6	39.0	40.0	46.6	46.5	172.3	25.6	41.3	5.3
		-0.6	0.1	0.6	-1.6	-1.4	1.1	0.9	1.0	0.0	3.1	4.6	-0.5	0.6
	Elimination/ Unallocation	-18.2	-19.3	-20.7	-20.6	-79.0	-22.2	-22.1	-26.1	-23.6	-94.2	-15.1	-25.5	1.8
		-0.7	-0.7	-0.4	-1.0	-2.9	-0.6	-0.4	-0.5	-0.9	-2.5	0.4	-0.5	-0.5
	Consolidated	470.7	457.8	485.9	509.3	1,923.8	521.7	542.5	566.3	552.5	2,183.2	259.3	541.5	11.2
		-9.9	-13.6	25.9	-1.2	1.0	10.2	11.7	13.5	-7.5	28.0	26.9	-8.5	1.0

※ (Upper) Revenues (Lower) Recurring Profit

Analysis of Change in Recurring Profit between FY 17/3 and FY 18/3

(billion yen)

Yen Depreciation	**1.1**	¥111.19/$, Depreciated by ¥2.43
Higher Bunker Oli Price	**-11.3**	$341.41/MT, Increased by $87.66
Market Effects etc	**47.1**	
Cost Reduction	**1.9**	
Foreign Exchange Profit/Loss	**-4.5**	
Others	**-7.4**	(Incl. ONE's equity method loss, effect of structural reforms, real estate's one-off gain in FY17 and etc.)
Total	**26.9**	

Forecast for FY 19/3

Forecast

- Revenues decrease as the new container business J/V (ONE) begins operations as an equity-method affiliate and revenues are not recorded.
  Overall recurring profit increases vs. previous FY
  (*Transfer timing of overseas terminals not yet decided, their figures included in parent company's FY18 forecast)

  Forecast a certain amount of extraordinary profit from asset liquidation

➢ Liner	Decrease in profit
	Conservatively forecasting ONE's volume and bunker price as it is its first year in operations, NYK budget one-time "exit expenses"
➢ Air Cargo	Decrease in profit
	Forecast strong volume, but fuel price increase and carried-over maintenance costs from previous FY are expected
➢ Logistics	Increase in profit
	Aim to increase handling volume for both air/ocean freight forwarding business, and plan to carry out structural reform of contract logistics business
➢ Bulk Shipping	Increase in profit
	Recovery in dry bulk market and stable profit from LNG/Off-shore business remain unchanged
	Expect to take time for the automobile outbound/inbound handling volume imbalances to improve
	(Recurring profit improvement from early termination and returning of chartered-in vessels not included in the forecast)

- Dividends — Forecast JPY 10/share increase to JPY 40/share for the year (mid-term JPY 20/share, year-end JPY 20/share)

Forecast for FY19/3 (Summary)

Forecast

NYK LINE NIPPON YUSEN KAISHA

(In billion yen)	FY 18/3 (Result) 1H 1Q	2Q	2H 3Q	4Q	Full-year	FY 19/3 (Forecast) 1H	2H	Full-year	Year-on year
Revenues	1,064.2		1,118.9		2,183.2	905.0	900.0	1,805.0	-378.2
	521.7	542.5	566.3	552.5					
Operating Income	12.7		15.0		27.8	13.5	23.5	37.0	9.2
	3.5	9.1	12.0	3.0					
Recurring Profit	22.0		6.0		28.0	14.5	25.5	40.0	12.0
	10.2	11.7	13.5	-7.5					
Net Income Attributable to Owners of the parent company	6.2		13.8		20.1	8.0	21.0	29.0	8.9
	5.3	0.8	10.5	3.3					
Exchange Rate	¥111.48	¥110.92	¥112.65	¥109.72	¥111.19	¥105.00	¥105.00	¥105.00	¥6.19
Bunker Oil Prices	$326.72	$316.32	$339.76	$382.84	$341.41	$380.00	$380.00	$380.00	$38.59

► Sensitivity on Recurring Profit

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

Bunker Oil Prices : 1.9 billion increase per $10/MT decrease

FY 19/3 Forecast by Industrial SEGs.

Forecast

NYK LINE
NIPPON YUSEN KAISHA

	Industrial Segment (In billion yen)	FY18/3 (Result) 1Q	2Q	1H	3Q	4Q	2H	Full-year	FY 19/3 (Forecast) 1H	2H	Full-year	Year-on Year
Global Logistics	Liner	171.5 5.7	179.0 7.6	350.5 13.3	176.8 3.8	164.0 -6.3	340.8 -2.4	691.4 10.8	138.0 -3.5	126.0 5.0	264.0 1.5	-427.4 -9.3
Global Logistics	Air Cargo	23.3 0.7	23.7 -0.8	47.1 -0.0	25.8 0.8	24.8 1.0	50.6 1.8	97.8 1.8	51.0 0.0	50.0 1.5	101.0 1.5	3.2 -0.3
Global Logistics	Logistics	118.9 -0.0	127.7 1.3	246.7 1.2	135.6 1.0	129.9 0.0	265.5 1.1	512.3 2.3	279.0 3.5	279.0 3.0	558.0 6.5	45.7 4.2
Global Logistics	(Total)	313.9 6.3	330.5 8.1	644.4 14.5	338.2 5.8	318.8 -5.2	657.1 0.5	1,301.5 15.0	468.0 0.0	455.0 9.5	923.0 9.5	-378.5 -5.5
Bulk Shipping	Bulk Shipping	188.9 2.7	192.2 2.2	381.2 5.0	205.5 6.5	208.8 -1.9	414.4 4.5	795.6 9.6	387.0 15.0	395.0 18.0	782.0 33.0	-13.6 23.4
Others	Real Estate	1.9 0.6	1.9 0.8	3.9 1.4	1.9 0.6	2.0 0.5	4.0 1.2	7.9 2.6	4.0 1.5	4.0 1.0	8.0 2.5	0.1 -0.1
Others	Other	39.0 1.1	40.0 0.9	79.1 2.0	46.6 1.0	46.5 0.0	93.1 1.1	172.3 3.1	84.0 1.0	86.0 0.0	170.0 1.0	-2.3 -2.1
	Elimination/ Unallocation	-22.2 -0.6	-22.1 -0.4	-44.4 -1.0	-26.1 -0.5	-23.6 -0.9	-49.8 -1.4	-94.2 -2.5	-38.0 -3.0	-40.0 -3.0	-78.0 -6.0	16.2 -3.5
	Consolidated	521.7 10.2	542.5 11.7	1,064.2 22.0	566.3 13.5	552.5 -7.5	1,118.9 6.0	2,183.2 28.0	905.0 14.5	900.0 25.5	1,805.0 40.0	-378.2 12.0

※ (Upper) Revenues (Lower) Recurring Profit

3. Segment-wise Overviews

Segment

- **Liner** Substantial one-time costs and expenses deriving from accounting standards differences to be incurred in the first year of ONE's operations, but those are expected to be mitigated from the second year

- **Air Cargo**

  Maintain freight rates at current levels, expand operational capacity to cover for the various cost increases

- **Logistics**

  Increase handling volume for both air/ocean freight forwarding business, and plan to carry out structural reform of contract logistics business

- **Bulk Shipping**

Dry Bulk	Market continues moderate recovery
Liquid	Sluggish VLCC market leads to scrapping of older vessels, and expect market to recover in the 2H high demand season
Car Carrier	Secure cargo volume and optimize vessel allocation/operation

Segment-wise ：Global Logistics

Segment

NYK LINE NIPPON YUSEN KAISHA

1． Liner Trade (Container Transportation)

Lifting・Utilization (1,000TEU)		17/3 (Result)	18/3(Result) 1H 1Q	2Q	2H 3Q	4Q	Full-Year	Change From Previous 4Q F/Cast	Year-on Year
Asia → North America	Lifting (Prev. F/Cast)	840	239	257	238	228	963	-8	123
	Utilization (Prev. F/Cast)	89%	91%	96%	92%	90%	92%	-3%	3%
Asia → Europe	Lifting (Prev. F/Cast)	498	166	176	157	163	662	3	164
	Utilization (Prev. F/Cast)	96%	96%	95%	89%	98%	94%	4%	-2%

Freight Index (09/3 1Q = 100)	17/3 (Result)	18/3(Result) 1H 1Q	2Q	2H 3Q	4Q	Full-Year	Change From Previous 4Q F/Cast	Year-on Year
Asia→North America (Previous Forecast)	71	70	69	68	69	69	-1	-2
Asia→Europe (Previous Forecast)	46	50	55	51	52	52	3	6

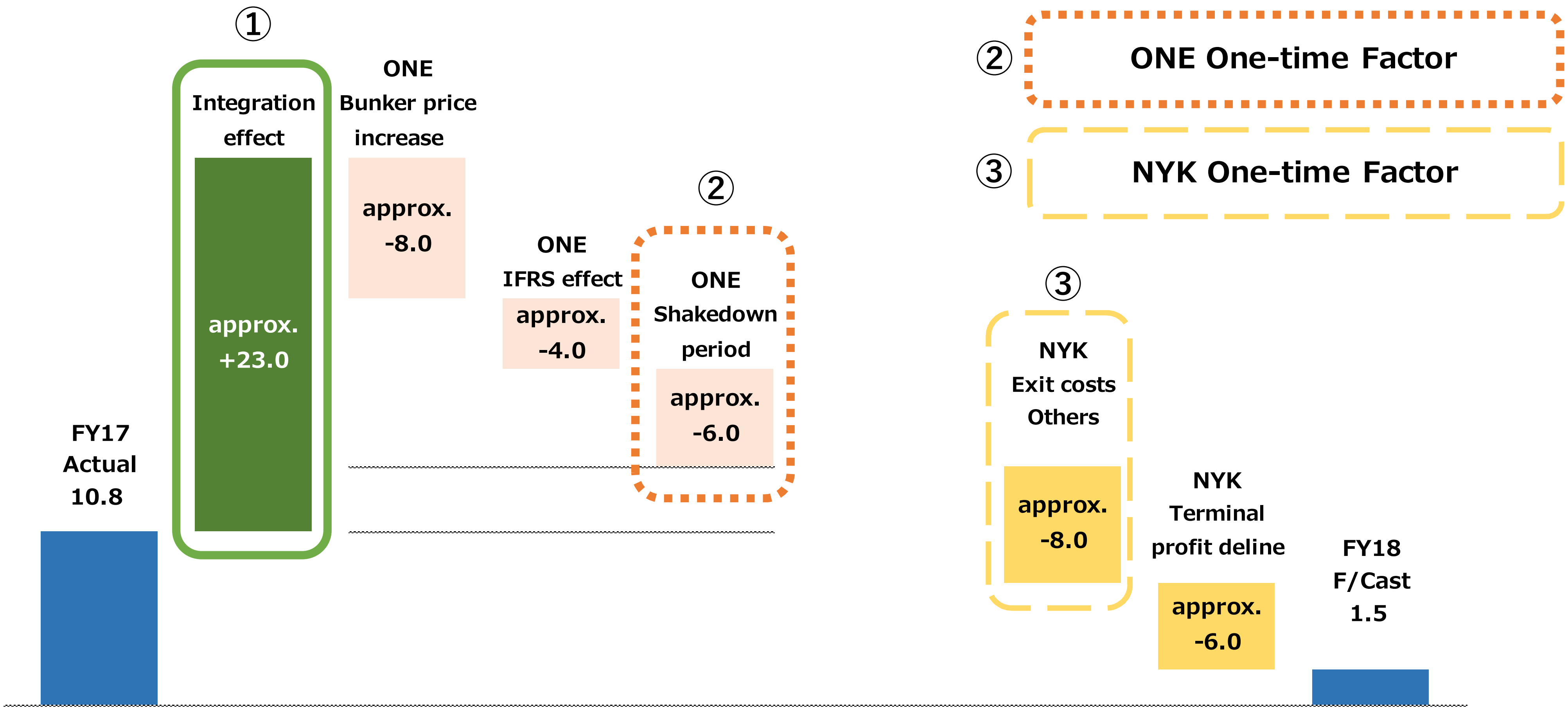
Segment-wise : Global Logistics

1. Liner Trade Outlook Overview for FY18 Onwards

- In FY18 the positive impact of ① and negative impacts of ② and ③ are expected
- FY19 onwards ① is expected to increase and ② and ③ to disappear, resulting in significant increase in profit

※All NYK assumption (In billion yen)

① JPY 110 bil × 60% × 38%



2．Air Cargo Transportation（NCA）

	FY17/3 (Result)	FY18/3 (Result)							FY19/3 (Forecast)		
		1H			2H			Full-year	1H	2H	Full-year
		1H total	1Q	2Q	2H total	3Q	4Q				
Revenues (billion yen)	81.9	47.1	23.3	23.7	50.6	25.8	24.8	97.8	51.0	50.0	101.0
Recurring Profit (billion yen)	2.6	-0.0	0.7	-0.8	1.8	0.8	1.0	1.8	0.0	1.5	1.5
Chargeable Weight (1,000 ton)	510	286	142	145	270	138	132	556	293	279	572
Volume (RTK) (mil.ton Kilo)	3,075	1,703	844	858	1,607	819	787	3,310	1,730	1,654	3,384
Capacity (ATK) (mil.ton Kilo)	4,382	2,401	1,180	1,221	2,199	1,111	1,087	4,601	2,461	2,323	4,784
YIELD FY09/3 1Q=100	75	82	81	82	90	91	89	86	86	88	87
MOPS US$ per bbl	$58	$62	$61	$64	$76	$73	$80	$69	$75	$75	$75

- Maintain freight rates at current levels, expand operational capacity to cover for the various cost increases

Segment-wise : Global Logistics

3. Logistics

		FY17/3 (Result)	FY 18/3(Result) 1H 1Q	1H 2Q	2H 3Q	2H 4Q	FY 18/3 Full-year	FY 19/3 (Forecast) 1H	FY 19/3 (Forecast) 2H	FY 19/3 (Forecast) Full-year
Ocean Export	TEU (1,000TEU)	775	395		385		780	471	466	937
			195	200	200	186				
	Year-on year	22%	4%		-3%		1%	19%	21%	20%
			5%	3%	-2%	-4%				
Air Export	Weight (1,000ton)	369	184		191		375	204	210	414
			88	96	98	93				
	Year-on year	11%	4%		-1%		2%	11%	10%	10%
			2%	6%	-4%	2%				

- Ocean freight forwarding: Control gross profit margin and also aim to increase handling volume
- Air freight forwarding: Improve gross margin through negotiations with the customers amidst the market with air freight rate remaining high
- Contract logistics: Improve profitability through structural reforms of unprofitable businesses/offices

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

		FY17/3 (Result)	FY18/3 (Result)					FY19/3 (Forecast)		
			1Q	2Q	3Q	4Q	Full-Year	1H	2H	Full-Year
Dry Bulk Carrier	BDI	820	1,018	1,137	1,519	1,174	1,212	1,235	1,504	1,369
	Cape (5TC)	9,429	12,231	14,632	23,331	12,919	15,778	14,000	19,500	16,750
	Panamax (Pac)	6,277	8,304	9,811	11,271	10,945	10,083	11,500	11,750	11,625
	Handymax (Pac)	5,789	7,832	8,657	9,239	9,180	8,727	10,500	11,500	11,000
	Handy (Pac)	5,353	6,778	7,112	8,640	7,671	7,551	9,500	9,750	9,625
Tanker	VLCC	35,982	22,582	13,541	23,099	8,083	16,827	20,500	38,000	29,250

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

- Dry Bulk: Cape market to go through ups and downs, but overall on a moderate recovery
- Tanker: Sluggish VLCC market leads to scrapping of older vessels, and expect market to recover in the 2H high demand season

Segment-wise (Bulk Shipping Business)

4. Bulk Shipping – 2) Car Carrier :

	FY17/3 (Result)	FY18/3 (Result) 1H 1Q	FY18/3 (Result) 1H 2Q	FY18/3 (Result) 2H 3Q	FY18/3 (Result) 2H 4Q	FY18/3 (Result) Full-year	FY19/3 (Forecast) 1H	FY19/3 (Forecast) 2H	FY19/3 (Forecast) Full-year
All Trade (10,000cars)	336	179		184		363	178	177	356
		88	91	94	90				
Year-on year	-9%	7%		9%		8%	0%	-4%	-2%
		5%	10%	9%	9%				

- Secure cargo volume and optimize vessel allocations/operations
- Further focus on operational efficiency and review some of unprofitable trilateral transport business

4. Financial Position

NYK LINE NIPPON YUSEN KAISHA

	FY16/3 (Result)	FY17/3 (Result)	FY18/3 (Previous Forecast)	FY18/3 (Result)	FY19/3 (Forecast)
Interest-bearing Debt	**940.5**	**945.3**	**1,000.0**	**983.4**	**980.0**
Shareholders‘ equity	**773.6**	**522.4**	**530.0**	**551.9**	**570.0**
Shareholders' equity ratio	**34%**	**26%**	**25%**	**27%**	**28%**
DER	**1.22**	**1.81**	**1.90**	**1.78**	**1.72**
ROE	**2.3%**	**-**	**2.1%**	**3.8%**	**5.2%**
Cash flow from Operating Activities	**142.8**	**27.9**	**80.0**	**89.0**	**90.0**
Cash flow from investing Activities	**-46.8**	**-144.6**	**-180.0**	**-137.9**	**-90.0**
(Depreciation and amortization)	**(103.3)**	**(92.0)**	**(84.0)**	**(87.8)**	**(83.4)**

- Maintain financial discipline and at the same time make investments into growing areas

5. Fleet in Operation

Industrial Segment	Type of Vessel	FY17/3(Result) Owned (incl.co-owned) Vessels	FY17/3(Result) Chartered Vessels	FY17/3(Result) Total Vessels	FY18/3 (Result) Owned (incl.co-owned) Vessels	FY18/3 (Result) Owned (incl.co-owned) Kt(DWT)	FY18/3 (Result) Chartered Vessels	FY18/3 (Result) Chartered Kt(DWT)	FY18/3 (Result) Total Vessels	FY18/3 (Result) Total Kt(DWT)
Liner Trade	Container Ships	27	70	97	32	2,091	63	4,609	95	6,700
Bulk Shipping	Bulk Carriers (Capesize)	27	72	99	27	5,252	83	16,363	110	21,615
	Bulk Carriers (Panamax)	39	57	96	38	3,392	50	4,248	88	7,640
	Bulk Carriers (Handysize)	56	121	177	58	2,715	105	5,044	163	7,759
	Wood Chip Carriers	9	34	43	9	460	33	1,806	42	2,267
	Car carriers	31	80	111	37	669	82	1,513	119	2,183
	Tankers	42	21	63	41	7,381	24	2,825	65	10,207
	LNG carriers	67	3	70	68	5,491	3	228	71	5,719
	Multi-Purpose carriers	21	20	41	23	427	19	273	42	701
	Others	1	0	1	1	7	0	-	1	7
Others	Cruise Ships	1	0	1	1	7	0	-	1	7
Total		321	478	799	335	27,897	462	36,912	797	64,810
Offshore	Shuttle Tankers			28					29	3,437
	FPSO			4					3	-
	Drill Ships			1					1	-
Grand Total				832					830	68,247

- Co-owned ship's dwt is including not only NYK Group companies' ownership but also other companies' ownership.
- The total number of LNG carriers owned includes vessels owned by equity method affiliates.

ONE

OCEAN NETWORK EXPRESS

3-Year Business Plan (FY2018-2020)
and FY2018 Business Summary

2018/4/27

1. Business Plan (3 Years)

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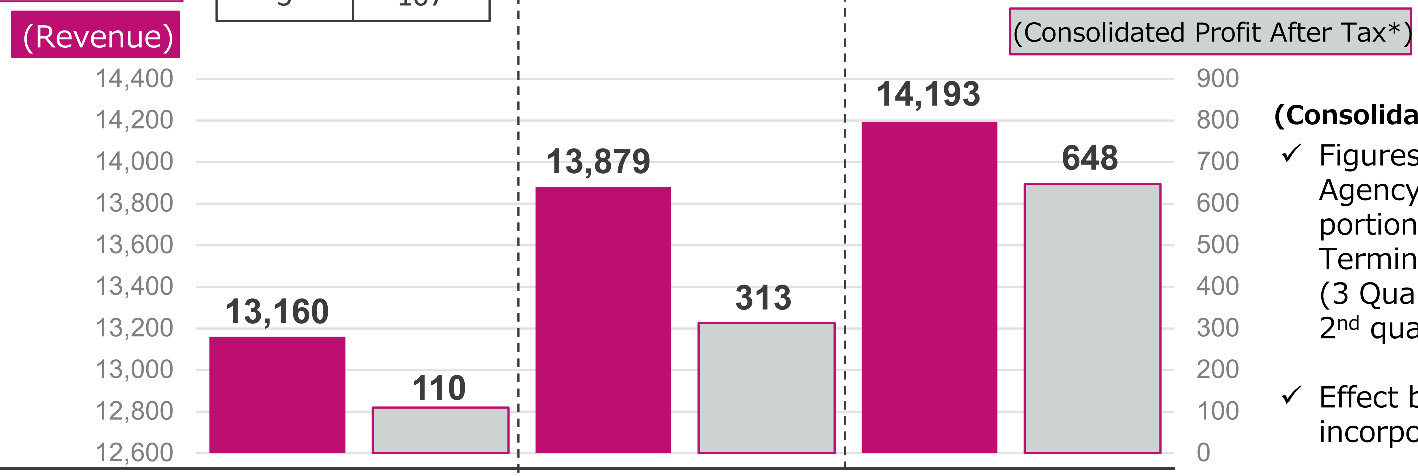
Steady demand growth is expected against a background of relatively favorable global economic situation, so the demand/supply will be stabilized on a mid-term basis. Regrouping of the consortia has settled down and it will contribute to provide stable services.
In the business plan, the freight rate is set at a similar level to FY2017, and lifting increase at organic growth rate (yearly around 3-4%) is incorporated. On top, steady bottom-line improvement will be sought by executing cost-savings by the synergy effect.

(Unit : US$ Million)	FY2018	FY2019	FY2020
Revenue	13,160 1st Half: 6,269 / 2nd Half: 6,891	13,879	14,193
Consolidated Profit After Tax	110 1st Half: 3 / 2nd Half: 107	313	648
Bunker price (US$/M.Ton)	383	383	383
Sensitivity (US$ MIL) – Bunker price $10/MT effect	37	39	39



(Consolidated Profit After Tax*)

- ✓ Figures are inclusive of Agency profit (whole year's portion) and overseas Terminal company's profit (3 Quarters' portion from 2nd quarter onwards).
- ✓ Effect by adopting IFRS is incorporated.

2. Synergy Effect

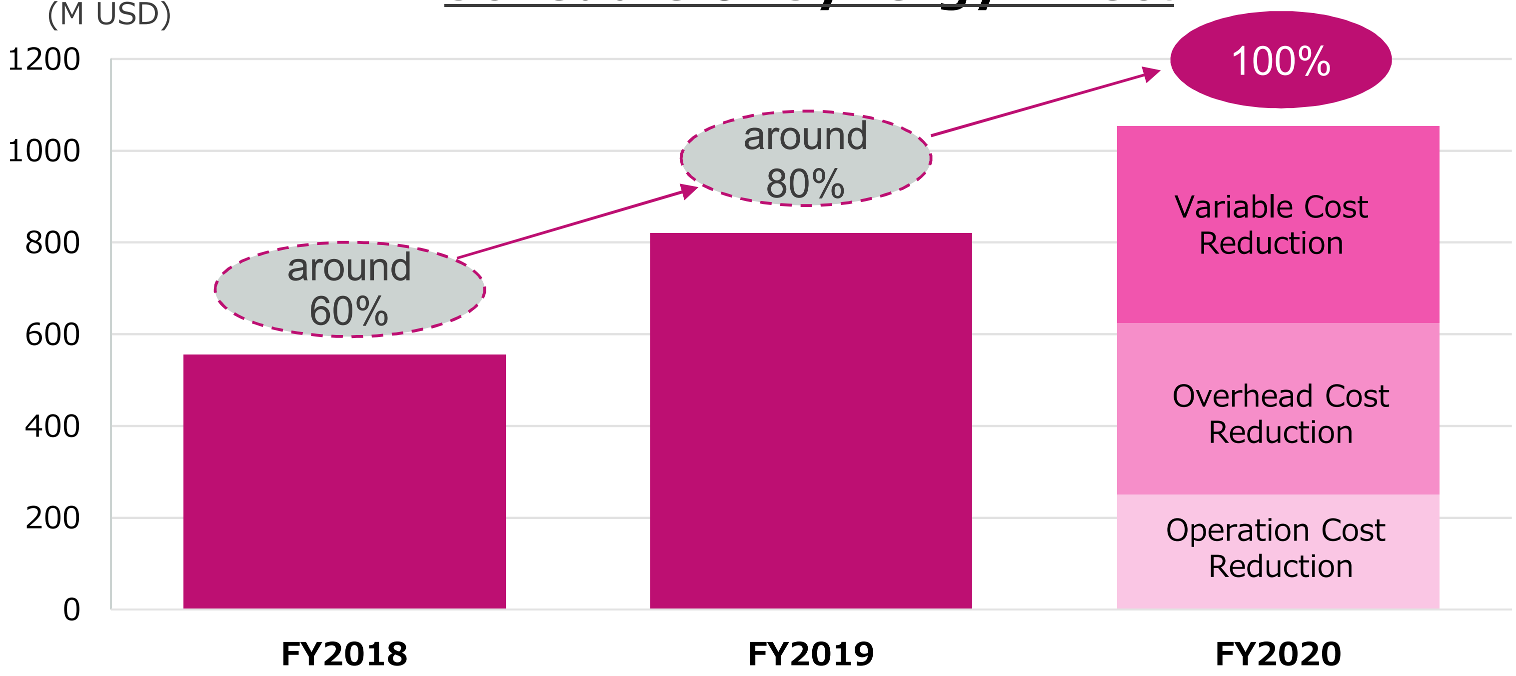
OCEAN NETWORK EXPRESS

Synergy Effect of yearly US$1,050 million (Yen 112.4 Billion), which exceeds the original amount US$1,028 Million (Yen 110.0 Billion), is expected. Around 60% of the effect will emerge in the 1st year, 80% in the 2nd year and 100% in the 3rd year.

❑ **Break-down of the synergy effect US$1,050 Million is as follows.** (Exchange rate : 1 US$=JPY107)

- Variable Cost Reduction ・・・US$430Mil : Rail, Truck, Feeder, Terminal, Equipment etc..
- Overhead Cost Reduction ・・・US$370Mil : IT cost, Rationalization of organization, Outsourcing etc..
- Operation Cost Reduction ・・・US$250Mil : Bunker consumption, product rationalization etc..

Schedule of Synergy Effect

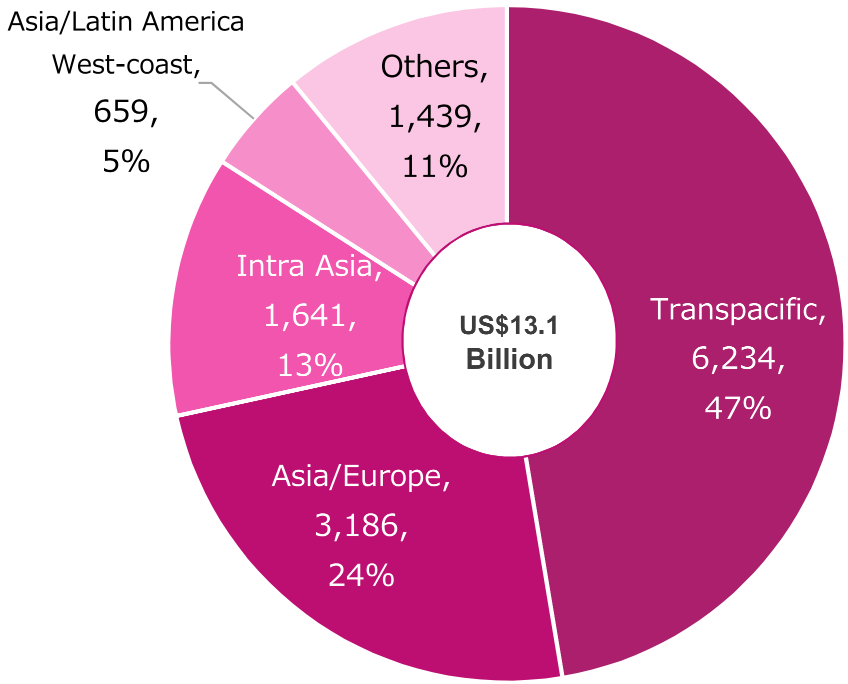


3. Portfolio (Revenue・Space)

OCEAN NETWORK EXPRESS

ONE Portfolio (FY2018)

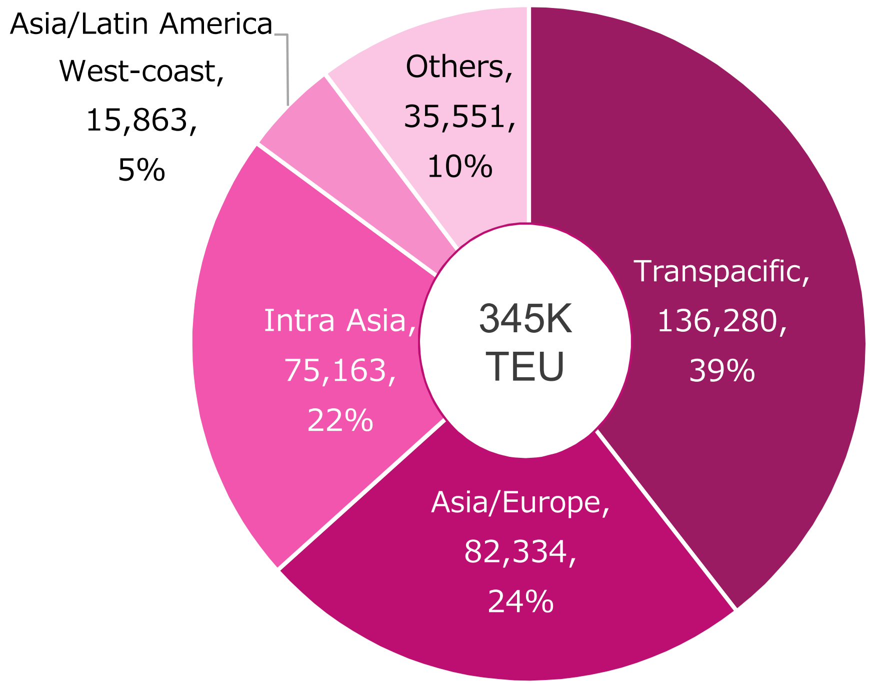
Revenue



(Trade, USD M, %)

✓ Transpacific, Europe and Intra Asia will account for 84% of the total revenue.

Space (TEU/week)



(Trade, TEU/week, %)

✓ Transpacific, Europe and Intra Asia will account for 85% of the total weekly space.

4. Fleet

Vessel charter commenced in stages from April 2018 and the total fleet will gradually increase.
As for new-building delivery, 7 vessels of 14000TEU type is planned for the year 2018.

Vessel Size(TEU)		As of end of FY2018 (March 2019)
>=20000	Vessels	6
	TEU	120,600
10500-20000	Vessels	23
	TEU	321,000
9800-10500	Vessels	10
	TEU	100,100
7800-9800	Vessels	39
	TEU	347,598
6000-7800	Vessels	39
	TEU	252,168
5200-6000	Vessels	16
	TEU	89,670
4600-5200	Vessels	24
	TEU	118,260
4300-4600	Vessels	16
	TEU	71,816
3500-4300	Vessels	11
	TEU	46,562
2400-3500	Vessels	20
	TEU	52,992
1300-2400	Vessels	11
	TEU	18,711
1000-1300	Vessels	1
	TEU	1,200
<1000	Vessels	8
	TEU	6,000
Total	Vessels	224
	TEU	1,546,677

5. FY2018 Business Summary

Demand/Supply, Market Situation

- For the year 2018, increase of global fleet supply at around 5% is planned while cargo demand growth at around 4% is expected. So, the situation is expected that the supply shall slightly outweigh the demand for the coming year.

- In the East-West services, the regrouping of consortia has settled down in 2017, and appropriate space by each consortia shall be provided, so it is expected to contribute for stabilization.

Cost-saving, Improvement of Cost Competitiveness

- As synergy effect by the business integration, the cost-saving of US$1,050Mil is expected through the cost-saving of variable cost, overhead cost and operation cost. Around 60% of the effect will emerge in the 1st year, and the full effect is expected in 2020.