October 31, 2018

Notice of Difference between Consolidated Earnings Forecast and Results for the Six Months Ended September 30, 2018, and Revision of Consolidated Financial Results Forecast for Fiscal Year 2018

NYK Line hereby announces that its actual consolidated results for the first six months of the fiscal year ending March 31, 2019 (April 1, 2018, to September 30, 2018), differed from the earnings forecast for the same six-month period. In addition, the company will revise the consolidated financial results forecast for fiscal year 2018.

1. Difference between Consolidated Earnings Forecast and Results for the Six Months Ended September 30, 2018

(Millions of yen)

	Revenues	Operating profit (loss)	Recurring profit (loss)	Profit (loss) attributable to owners of parent	Profit (loss) per share (yen)
Previous forecast (A) (Announced July 31, 2018)	896,000	(7,500)	(5,000)	3,000	17.79
Actual results (B)	915,670	(4,194)	(9,029)	(9,795)	(58.07)
Change (B-A)	19,670	3,306	(4,029)	(12,795)	
Percentage change (%)	2.2%	-	-	-	
(ref.) Interim results for the fiscal year ended March 31, 2018	1,064,279	12,741	22,012	6,291	37.30

- Reason for the difference

The operating profit improved mainly because the company’s cost to terminate its container shipping business was lower than expected. However, as announced on October 16, the new container shipping business joint venture company Ocean Network Express Pte. Ltd., which is an equity method affiliate, is recording a business loss and has made a downward revision to its forecast. Therefore, NYK’s consolidated recurring profit and profit attributable to owners of parent deteriorated. In addition, as also announced on October 16, the consolidated subsidiary company Nippon Air Cargo Co., Ltd. recorded an impairment loss on its aircraft and spare engines as well as related extraordinary losses. The impairment loss and the extraordinary losses were not included in the previous forecast, and thus resulted in a deterioration in profit attributable to owners of parent.

2. Revision of Consolidated Financial Results Forecast for Fiscal Year 2018

(Millions of yen)

	Revenues	Operating profit (loss)	Recurring profit (loss)	Profit (loss) attributable to owners of parent	Profit (loss) per share (yen)
Previous forecast (A) (Announced July 31, 2018)	1,765,000	2,000	10,000	12,000	71.14
Revised forecast (B)	1,810,000	5,500	(13,000)	(6,000)	(35.57)
Change (B-A)	45,000	3,500	(23,000)	(18,000)	
Percentage change (%)	2.5%	175.0%	-	-	
(ref.) Full year results for the fiscal year ended March 31, 2018	2,183,201	27,824	28,016	20,167	119.57

- Assumptions underlying forecasts

Average annual exchange rate of ¥109.74 / $US (revised); ¥105.78 / $US (previous)
Average annual bunker oil price of $459.83 per MT (revised); $443.99 per MT (previous)

- Reason for the revision

In the container shipping division, Ocean Network Express Pte. Ltd.’s handling volume and slot utilization are forecast to decrease, leading to a deterioration in results. NYK Line, therefore, downwardly revised the recurring profit and the profit attributable to owners of parent in the consolidated financial results forecast for fiscal 2018. Meanwhile, a modest recovery is continuing in the bulk shipping segment, specifically the dry bulk market and the tanker market. The Logistics segment is also progressing steadily. And the air cargo segment is expected to progress in line with the forecast as aircraft that are confirmed to be sound return to service.

Note: The forecasts of financial results shown above are based on available information and certain assumptions deemed reasonable by management at the time of preparing this announcement. Accordingly, NYK Line makes no guarantee of these forecasts being realized, as actual results may differ widely owing to various factors.