

Summary of Q&A Session at Briefing on Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2018

- Liner Business

Q1. With regards to “a certain amount of integration cost,” are there any changes from the previous forecast?

A1. A certain amount of integration cost was already factored in the previous forecast. Estimated amount of the integration cost has not changed since.

Q2. Now that the new J/V is established, are you facing with new challenges in the process of business integration?

A2. Rather than saying new challenges, we re-acknowledged the importance of tackling the original challenges one-by-one. We understand it is crucial to swiftly set up the new J/V's global network to be in time for its commencement of operation on April 1st, 2018.

Q3. With regards to the “synergy effect” of business integration, when and how do you plan to reveal it?

A3. In principle, all those explanations should be made by the new JV. We NYK is the one that will be informed of it from the JV as its shareholder. At this moment it is not known when and how, but it is our understanding that synergy effect will be materialized gradually, rather than all amount at once from year one.

Q4. In your forecast for the Liner segment, second quarter recurring profit is revised down by approximately JPY2.0 billion from the first quarter actual results. What is the reason behind?

A4. In the first quarter, strong earning of Asia-Europe trade east-bound leg and Intra-Asia trade contributed most to profit. Unfortunately, we do not expect that to sustain in the second quarter.

Q5. Please explain how do you see the freight index for transpacific trade?

A5. Under our “Eagle Project,” we have implemented yield management strategy to pursue profitability of each container movement on a round-trip basis. In container transportation, there are containers that are delivered to inland destinations as well as containers that are picked up at the discharging ports. It is natural that freight rate for inland delivery container is relatively high which eventually bring index hike. For this fiscal year we are forecasting the portion of containers not to be delivered to inland destinations to increase, and the freight index forecast reflects such assumptions.

- Bulk Shipping Business

Q1. Do you plan to execute additional structural reforms, e.g. early termination of time charter contracts?

A1. We are foreseeing the market to recover around 2018, and at this moment do not consider immediate additional structural reforms are needed. However, upon contemplating the market situation, relationship with the owner and charter party, we may decide whether or not to be done on a ship-by-ship basis.

Q2. For the car carrier business, it is explained that there was a drop in operational efficiency while the volume of automobile shipments increased. Do you see any positive signs from last year?

A2. The volume to resource-rich countries is still sluggish, but that to US and Europe is strong. We find it necessary to secure cargoes for vessels returning from US and Europe, and thus working on increasing cross trade volume. We will continue to aim for the optimization of operational efficiency and enhance automobile logistics business.