

Summary of Q&A Session at Briefing on Financial Results
for the First Quarter of the Fiscal Year Ending March 31, 2019

- Liner Business

Q1. It is mentioned on page 12 of the briefing material that NYK's business exit cost is JPY 12.0 billion. Is this on top of the JPY 8.0 billion in the previous forecast? If so, please inform us of the details.

A1. The JPY 12.0 billion is in addition to the previous JPY 8.0 billion. It consists of mainly the following three items:

a) The lease of operating assets (e.g., containers) from the parent companies to ONE was delayed. As a result, some expenses were additionally recorded at the parent companies instead of ONE.

b) Some of the business exit costs estimated in the previous forecast were too low. For example, container loading and unloading expenses and terminal storage expenses were recorded even after the parent companies stopped recording the shipping revenue. This was our first experience exiting from the liner business, and making an accurate cost estimate was difficult.

c) The majority of business exit costs were recorded in the first quarter. Since there was a substantial variance between the forecast and the actual cost, we conservatively revised the forecast and have reflected a certain amount of exit cost in the second quarter onward.

Q2. ONE is reflecting the integration synergies that were pushed forward and the lease accounting policy revision in its revised forecast. Does it mean ONE now has less upside profit margin for the next fiscal year onward?

A2. The positive effect of revising the lease accounting policy relating to time charter contract is an upside revision from the previous forecast. As announced in April 2018, IFRS is scheduled to be applied from fiscal 2019 onward.

With regard to the integration synergies, realizing more in the first year does not mean that the cost reduction amount will be less in following years. As in ONE's briefing material, they currently forecast approximately 80 percent of the total JPY 110 billion synergy effect to be realized in the first year. Also, ONE is now working to realize synergy effect to exceed JPY 110 billion.

- Air Cargo Business

Q3. With NCA receiving a business improvement order from Japan's Ministry of Land, Infrastructure, Transport and Tourism, there are reports of concerns on NCA's midterm results, caused by the possible loss of customers or by the prolonged inspection period of aircraft, necessary for the yearly

renewal of airworthiness certificate. Please inform us of the known impact on NCA's midterm results.

A3. Yes, there are concerns of NCA losing customers and additional maintenance costs negatively impacting the results. We believe one of the causes of the problems is that NCA is operating more aircraft than it can comfortably handle, and we are considering reducing the number of operating aircraft. Reducing the number of aircraft does not only mean selling them, but includes other various options. It may take some time for that to happen.

Q4. No other Japanese airlines operate Boeing 747s, and we believe it is difficult for NCA to seek assistance in its maintenance from them. Is NCA seeking assistance from overseas airlines that operate Boeing 747s to implement countermeasures, e.g., reduction of inspection time?

A4. As announced in February 2018, ANA (All Nippon Airways) and NCA agreed on a strategic partnership in which the companies cooperate in maintenance. Also, we are in talks with overseas aircraft maintenance companies. We acknowledge the importance of maintenance and are focused on putting a proper maintenance structure in place.

Q5. Are NCA's results not expected to fully recover in fiscal 2019?

A5. NCA is now preparing preventive measures to be submitted to the Ministry of Land, Infrastructure, Transport and Tourism, and is not in a position to explain the fiscal 2019 forecast. At this moment, we believe it is unlikely for all 11 aircraft to return to operations within this fiscal year. The forecast for next fiscal year may change depending on how the situation progresses this fiscal year.

- Bulk Shipping Business

Q6. The company is forecasting a steep decline in the second quarter forecast compared to the first quarter results. What is the reason behind the decline in second quarter recurring profit?

A6. Within the bulk shipping business, the dry bulk division will make a substantial year-on-year recovery. The liquid division, which includes the LNG and offshore businesses, is also progressing steadily. Meanwhile, the second quarter performance of the car carrier division will be affected by the heavy rain in the Western parts of Japan occurred in June, but we forecast it to recover in the second half of the fiscal year.

Q7. NYK was mentioned in some media reports as a possible sponsor for the bankrupt Japan Drilling Company (JDC). Please inform us of the plan.

A7. That media report is not from what we announced. We acknowledge JDC as our business partner for the deep earth exploration vessel "Chikyu". Our No. 1 priority is to safely operate "Chikyu," which has been entrusted by the Japan Agency for Marine-Earth Science and Technology

(JAMSTEC) through our J/V company, Mantle Quest Japan.