

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

- Extraordinary Losses, etc.

Q1. Please explain the background and the reason for recording a provision for losses related to contracts for containerships and dry bulkers as an extraordinary loss at the year-end.

A1. We have recorded the provision for containerships because the chartering market had remained lower than we had previously anticipated. We have reviewed the market conservatively, and end up recording the provision for the losses that are expected to occur in the future.

As for the dry bulkers, the loss results from the early re-deliveries, which we have been carrying out in accordance with our medium-term management plan. The plan (approx. 20 vessels in three years) remains unchanged.

Q2. Is there any possibility of recording an additional provision for containerships in this current fiscal year?

A2. It depends on the market condition, but it is unlikely because the market is not expected to significantly decline further, and the chartering period is getting shorter with time.

- IMO 2020 SOx Regulation

Q3. Has the impact of the IMO 2020 SOx regulation (commencing from January 2020) been factored into the forecast, including some of the costs for transition in this fiscal year?

A3. We have currently estimated as much as possible, and that estimate is reflected in the forecast. The actual impact on the result may be positive or negative. We are closely monitoring the difference between the price of current fuel oil and that of low-sulfur oil.

- Liner Business

Q4. According to some media, a freight rate hike (about US\$300 per 40-foot container) has been reported in the annual renewal of contracts on trans-Pacific routes. How is the situation at ONE? Please tell us whether this hike is included in the forecast for this fiscal year.

A4. The amount of the freight rate hike seems to be average for the industry as a whole. ONE has been able to acquire this, and it is included in our forecast for this financial year.

Q5. Please let us know the timing of the transfer of the overseas terminal business, the possibility of extraordinary profits associated with it, and the impact on NYK's forecast.

A5. As explained earlier, the delay of the transfer comes from disagreement with the valuation of the prices. One of the reasons behind this is the fluctuating handling charges and volumes. Since we are not sure when to agree on this matter, the profit of the business fully belongs to NYK.

Q6. Please tell us about the structure of the ONE Bunker Surcharge (OBS) and the current prospect.

A6. The OBS is calculated using the average value of the rule-complied bunker that is predetermined for a three-month period. After its actual application, OBS will cover the amount regardless of the difference between the rule-complied bunker price and the non-complied bunker price. In concluding the service contracts, the shippers generally understand OBS. In fact, some of our customers choose to have the contract include OBS for the period after January 2020; others have chosen to continue until December 2019 and will extend just before January 2020. As reported in some newspapers, understanding costs shared for SOx regulations is becoming more prevalent in the market, and we are proceeding accordingly.

- Air Cargo Business

Q7. Regarding the forecast for this fiscal year, please tell us the background of the ¥10 billion decrease in deficit compared to the previous fiscal year.

A7. In June 2018, the operation of all eight Boeing 747-8Fs was suspended, and all returned to service by January 2019 after the airworthiness of each was confirmed. During the period, there was no revenue from the aircraft that were not in service. However, the revenue will return this fiscal year.