



Financial Highlights

-Brief Report for 2nd Quarter FY2015-



30 Oct 2015

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A. Financial Highlights for 2nd Quarter FY2015



(Unit : billion yen)

	FY2015			Previous Estimate 1H	Comparison	FY2014 1H	Comparison
	1Q	2Q	1H				
Operating Revenues	335.5	332.9	668.3	680.0	▲ 11.7	659.8	8.5
Operating Income	11.2	7.5	18.8	17.0	1.8	24.9	▲ 6.1
Ordinary Income	14.6	1.4	16.0	20.0	▲ 4.0	25.9	▲ 9.9
Net income attributable to owners of parent	10.2	1.5	11.7	14.5	▲ 2.8	21.2	▲ 9.5
Exchange Rate	¥120.97	¥122.56	¥121.76	¥120.90	¥0.86	¥102.52	¥19.24
Bunker Price	\$366	\$338	\$352	\$373	▲ \$21	\$611	▲ \$259

Major Financial Indices

(Unit : billion yen)

(Unit : %)

	FY2015 2Q	FY2014	Comparison
	End Sept 2015	End Mar 2015	
Shareholder's Equity	436.3	441.5	▲ 5.2
Interest-bearing Debt	542.4	536.8	5.6
Cash Flows from Operating Activities	28.3	101.8	-
Cash Flows from Investing Activities	2.5	▲ 11.2	-

	FY2015 2Q	FY2014	Comparison
	End Sept 2015	End Mar 2015	
DER	124%	122%	2%
NET DER	65%	67%	▲2%
Equity Ratio	35.7%	36.1%	▲0.4%

【Effect of exchange rate and bunker price】
 Devalue 19.24yen/ \$ ⇒ +8.2 billion yen (YoY)
 Low bunker price \$259/MT ⇒ +23.3 billion yen (YoY)

(Unit : billion yen)

		FY2015			Previous Estimate 1H	Comparison	FY2014 1H	Comparison
		1Q	2Q	1H				
Containership Business	Operating Revenues	171.7	165.9	337.6	350.0	▲ 12.4	329.5	8.1
	Ordinary Income	4.1	▲ 1.0	3.1	4.5	▲ 1.4	9.5	▲ 6.4
Bulk Shipping Business	Operating Revenues	146.2	150.5	296.7	295.0	1.7	292.5	4.2
	Ordinary Income	10.4	8.4	18.8	17.5	1.3	17.5	1.3
Offshore Energy E&P Support & Heavy Lifter	Operating Revenues	8.1	6.9	15.0	15.0	0	18.6	▲ 3.5
	Ordinary Income	0.5	▲ 4.1	▲ 3.6	0.5	▲ 4.1	▲ 0.6	▲ 3.0
Others	Operating Revenues	9.4	9.6	19.0	20.0	▲ 1.0	19.2	▲ 0.2
	Ordinary Income	0.6	0.3	0.9	1.0	▲ 0.1	1.8	▲ 0.9
Adjustment	Operating Revenues	0	0	0	0	-	-	-
	Ordinary Income	▲ 1.1	▲ 2.2	▲ 3.3	▲ 3.5	0.2	▲ 2.3	▲ 1.0
Total	Operating Revenues	335.5	332.9	668.3	680.0	▲ 11.7	659.8	8.6
	Ordinary Income	14.6	1.4	16.0	20.0	▲ 4.0	25.9	▲ 9.9

<Comparison with FY2014>

Revenue Increase 8.6 bln yen, Income Decrease ▲9.9 bln yen

(Unit : billion yen)

Variation Factor	FY2015 1H Comparison with FY2014 1H	
Exchange rate	8.2	19.24yen/\$ lower than 2014
Bunker price	23.3	\$259/MT lower than 2014
Market volatility	▲ 33.0	Freight decline in Container and Drybulk
Cost increase/decrease	5.8	Cost saving mainly in Container (Presentation Material A-5)
Others	▲ 14.2	Loss from bunker swap settlements, exchange gain and loss and others
Total	▲ 9.9	

<Comparison with Previous Estimate>

Revenue Decrease ▲11.7 bln yen, Income Decrease ▲4.0 bln yen

(Unit : billion yen)

Variation Factor	FY 2015 1H Comparison with Previous Estimate as of July 2015	
Exchange rate	0.4	0.86yen/\$ lower than July 2015
Bunker price	1.9	\$21/MT lower than July 2015
Market volatility	▲ 3	Freight decline in Container and freight increase in Tanker
Cost increase/decrease	▲ 1.1	(Presentation Material A-5)
Others	▲ 2.2	Exchange loss and others
Total	▲ 4.0	

A-3-① Estimates for FY2015 (All Segments)

(Unit : billion yen)

	FY2015			Previous Estimate	Comparison	FY2014			Comparison
	1H	2H	FY	FY		1H	2H	FY	
Operating Revenues	668.3	631.7	1,300.0	1,350.0	▲ 50.0	659.8	692.7	1,352.4	▲ 52.4
Operating Income	18.8	5.2	24.0	39.0	▲ 15.0	24.9	23.1	48.0	▲ 24.0
Ordinary Income	16.0	4.0	20.0	40.0	▲ 20.0	25.9	23.1	49.0	▲ 29.0
Net income attributable to owners of parent	11.7	0.3	12.0	23.0	▲ 11.0	21.2	5.6	26.8	▲ 14.8
Exchange Rate	¥121.76	¥120.00	¥120.88	¥119.45	¥1.43	¥102.52	¥115.85	¥109.19	¥11.69
Bunker Price	\$352	\$275	\$314	\$361	▲ \$47	\$611	\$471	\$541	▲ \$227

【Dividend Plan】

Annual Dividend 5.0 yen/share
(interim 2.5 yen / year end 2.5 yen)

【Premises for 2nd Half】

Exchange Rate ¥120.00/\$
Bunker Price \$275/MT

【Sensitivity against Ordinary Income in 2H (6 month)】

Exchange Rate: ± ¥1/\$ => ±0.3 billion yen
Bunker Price: ± \$10/mt => ±0.8 billion yen

A-3-② Estimates for FY2015 (Each Segment)

(Unit : billion yen)

		FY2015			Previous Estimate			Comparison			FY2014		
		1H	2H	FY	1H	2H	FY	1H	2H	FY	1H	2H	FY
Containership Business	Operating Revenues	337.6	312.4	650.0	350.0	350.0	700.0	▲ 12.4	▲ 37.6	▲ 50.0	329.5	347.9	677.4
	Ordinary Income	3.1	▲ 6.1	▲ 3.0	4.5	4.0	8.5	▲ 1.4	▲ 10.1	▲ 11.5	9.5	11.1	20.6
Bulk Shipping Business	Operating Revenues	296.7	286.3	583.0	295.0	285.0	580.0	1.7	1.3	3.0	292.5	308.2	600.7
	Ordinary Income	18.8	14.7	33.5	17.5	18.0	35.5	1.3	▲ 3.3	▲ 2.0	17.5	19.0	36.5
Offshore Energy E&P Support & Heavy Lifter	Operating Revenues	15.0	14.0	29.0	15.0	15.0	30.0	0	▲ 1.0	▲ 1.0	18.6	16.7	35.3
	Ordinary Income	▲ 3.6	▲ 1.9	▲ 5.5	0.5	0	0.5	▲ 4.1	▲ 1.9	▲ 6.0	▲ 0.6	▲ 5.1	▲ 5.7
Others	Operating Revenues	19.0	19.0	38.0	20.0	20.0	40.0	▲ 1.0	▲ 1.0	▲ 2.0	19.2	19.8	39.0
	Ordinary Income	0.9	1.1	2.0	1.0	1.0	2.0	▲ 0.1	0.1	0.0	1.8	1.2	3.0
Adjustment	Operating Revenues	0	0	0	0	0	0	0	0	0	0	0	0
	Ordinary Income	▲ 3.3	▲ 3.7	▲ 7.0	▲ 3.5	▲ 3.0	▲ 6.5	0.2	▲ 0.7	▲ 0.5	▲ 2.3	▲ 3.2	▲ 5.5
Total	Operating Revenues	668.3	631.7	1,300.0	680.0	670.0	1,350.0	▲ 11.7	▲ 38.3	▲ 50.0	659.8	692.6	1,352.4
	Ordinary Income	16.0	4.0	20.0	20.0	20.0	40.0	▲ 4.0	▲ 16.0	▲ 20.0	25.9	23.1	49.0

<Comparison with FY2014>

Revenue Decrease ▲52.4 bln yen, Income Decrease ▲29.0 bln yen

(Unit : billion yen)

Variation Factor	FY2015 1H Comparison with FY2014	
Exchange rate	9.3	11.69yen/\$ lower than 2014
Bunker price	39.0	\$227/MT lower than 2014
Market volatility	▲ 76.0	Loading volume and Freight decline in Container, freight decline in Drybulk
Cost increase/decrease	10.6	Cost saving mainly in Container (Presentation Material A-5)
Others	▲ 11.9	Exchange gain and loss and others
Total	▲ 29.0	

<Comparison with Previous Estimate>

Revenue Decrease ▲50.0 bln yen, Income Decrease ▲20.0 bln yen

(Unit : billion yen)

Variation Factor	FY2015 1H Comparison with Previous Estimate as of July 2015	
Exchange rate	1.0	1.43yen/\$ lower than July 2015
Bunker price	7.9	\$47/MT lower than July 2015
Market volatility	▲ 25.0	Loading volume and Freight decline in Container, freight decline in Drybulk
Cost increase/decrease	▲ 2.6	(Presentation Material A-5)
Others	▲ 1.3	Exchange loss and others
Total	▲ 20.0	

A-5 Progress of Cost Saving Plan

- Target for Cost Saving in FY2015 as of April 13.7 billion yen
- Updated estimate in FY 2015 10.6 billion yen

(Unit:billion yen)

	Target through the year			Results 1H	Updated Estimate through the year	Achievement Rate
		Target 1H	Target 2H			
Containership Business: Business Restructuring Operational Cost Saving Earning Improvement	11.4	6.2	5.2	4.8	8.4	74%
Bulk Carriers and Others	2.3	1.2	1.1	1.0	2.2	96%
Total	13.7	7.4	6.3	5.8	10.6	77%

B. Division-wise Trends



<FY2015 1H Results>

Comparison with FY2014 **Operating Revenue : Increased / Ordinary Income : Decreased**

Comparison with previous estimate **Ordinary Income : Worsen**

- Firm demand for Asia-North America trade due to steady US economy whereas weak demand for other trades especially Asia-Europe
- Freight plunge due to too much supply offset the merit of low bunker price

<Focus for the Future>

- Demand and market situation of Asia-North America and Asia-Europe trade
- To strengthen cost effectiveness by 5 eco 14000 TEU ships and maximize efficiency of CKYHE alliance
- Carrying out capacity adjustment flexibly and thorough rationalization
- Further cost reduction and revenue management by utilizing IT

		FY2014					FY2015	
		1Q	2Q	3Q	4Q	FY	1Q	2Q
Operating Revenues(billion yen)		158.4	171.1	174.3	173.6	677.4	171.7	165.9
Ordinary Income(billion yen)		2.2	7.3	8.7	2.4	20.6	4.1	▲ 1.0
Trend of Freight IndexFY'08 1Q=100	Asia-North America	97	102	104	106	102	97	93
	Asia-Europe	78	78	65	69	73	49	51
Lifting(10,000TEU)	Asia-North America	21.3	23.0	21.9	19.6	85.8	24.3	24.8
	Asia-Europe	12.7	12.9	12.0	11.0	48.6	10.3	10.3
Capacity(10,000TEU)	Asia-North America	21.7	23.1	22.3	21.1	88.2	24.3	26.2
	Asia-Europe	13.4	13.9	13.5	12.9	53.8	12.1	12.4
Utilization	Asia-North America	98%	100%	98%	93%	97%	100%	95%
	Asia-Europe	95%	92%	89%	85%	90%	85%	83%

<FY2015 1H Results>

Comparison with FY2014 **Operating Revenue : Decreased / Ordinary Income : Decreased**

Comparison with previous estimate **Ordinary Income : Slightly recovered**

- Cape market doldrums due to Chinese slower iron ore demand
- Panamax and Handymax market doldrums due to huge drop of Chinese coal import
- Despite efforts for cost savings and efficient vessel deployment, Revenue and Income decreased compared with previous year

<Focus for the Future>

- Weak dry bulk market will continue for the time being considering Chinese depressed economy and slow scrap pace
- Try to make stable earnings structure which is not affected by spot market by securing long and middle term contracts, efficient vessel deployment and further cost savings

Dry Bulk Market	FY2014					FY2015			
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q / 4Q	FY
Cape (172type)	\$11,900	\$13,000	\$14,100	\$4,600	\$10,900	\$4,600	\$11,500	\$15,000	\$11,525
Panamax (74type)	\$6,300	\$5,900	\$8,300	\$4,800	\$6,325	\$5,200	\$7,600	\$8,250	\$7,325
Handy (52type)	\$9,000	\$8,900	\$9,800	\$6,400	\$8,525	\$6,700	\$8,800	\$6,750	\$7,250
Small (28type)	\$7,800	\$6,500	\$7,100	\$5,200	\$6,650	\$5,300	\$6,600	\$6,250	\$6,100

<FY2015 1H Results>

Comparison with FY2014 **Operating Revenue : Increased / Ordinary Income : Increased**

Comparison with previous estimate **Ordinary Income : Flat**

- Total units carried (inc. intra-Europe) : 1,605 thousands units (flat from FY2014)
- Decreasing volume from Europe and North America to Far East due to Chinese economic slowdown
- Decreasing volume of Intra-Europe trade mainly due to Russian recession
- Better volume in Trans-Atlantic and Japan-North America/Middle East trade

<Focus for the Future>

- Continuous focus on the cargo ex South East Asia and Trans-Atlantic trade
- Delivery of next generation car carriers with high fuel efficiency and suitable structure for High & Heavy cargo and rail cars
- Trying to build further strong and stable business structure

Loading Result (1,000 units)	FY2014					FY2015	
	1Q	2Q	3Q	4Q	FY	1Q	2Q
Outbound	248	280	281	283	1,092	278	300
Homebound	80	83	80	66	309	63	70
Others	285	251	285	221	1,042	290	267
Intra-Europe	208	178	170	172	728	176	161
Total	821	791	816	743	3,171	807	797
Number of Operating Vessels	98	96	97	102	-	98	102

<FY2015 1H Results>

Comparison with FY2014 **Operating Revenue : Increased / Ordinary Income : Increased**

Comparison with previous estimate **Ordinary Income : Improved**

[LNG] Stable utilization of fleet with long and middle term contracts

[Tankers] VLCC tankers/LPG carriers: Stable utilization of fleet with long and middle term contracts
Aframax/Product tankers: Steady market

<Focus for the Future>

[LNG] Current situation is expected to continue with long and middle term contracts

[Tankers] VLCC tankers/LPG: Expect to secure steady earnings with long and middle term contracts
Aframax: Expect continuous steady market
Product tankers: Low expectation for market recovery due to supply pressure

Tanker Market	FY2014					FY2015				
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY
VLCC(M.East/Japan)	38	45	57	59	50	63	54	70	57	61
	\$12,200	\$22,700	\$50,000	\$60,800	\$36,425	\$64,500	\$55,300	\$81,000	\$52,000	\$63,200
Aframax(S.Asia/Japan)	91	102	104	106	101	106	107	105	100	105
	\$14,200	\$18,800	\$23,500	\$28,700	\$21,300	\$27,000	\$31,700	\$27,000	\$25,000	\$27,675
Clean 110,000type (M.East/Japan)	88	106	111	99	101	108	133	85	105	108
	\$14,600	\$20,000	\$26,500	\$23,800	\$21,225	\$26,000	\$41,000	\$22,000	\$26,000	\$28,750

【Offshore Energy E&P Support】

<FY2015 1H Results>

Comparison with FY2014	Operating Revenue : <u>Decreased</u> / Ordinary Income : <u>Decreased</u>
Comparison with previous estimate	Ordinary Income : <u>Worsen</u>
【Offshore Support Vessels】	Market doldrums due to oil price drop
【Drillship】	Contributed to long term stable profit by steady working performance

<Focus for the Future>

【Offshore Support Vessels】	Need more time for market recovery due to oil price drop
【Drillship】	Expect to contribute profit by steady operation

【Heavy Lifters】

<FY2015 1Q Results>

Comparison with FY2014	Operating Revenue : <u>Decreased</u> / Ordinary Income : <u>Flat</u>
Comparison with previous estimate	Ordinary Income : <u>Worsen</u>
• Cost reduction offset deterioration of the market	

<Focus for the Future>

- Down trend market will continue
- Focus on the high earnings projects

Thank you.