



Financial Highlights Brief Report for 1st Quarter FY2015



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A. Financial Highlights for FY2015



A-1. Financial Results for 1st Quarter FY2015

(Unit : billion yen)

(Unit : billion yen)

	FY2015 1Q	FY2014 1Q	Comparison with FY2014
Operating Revenues	335.5	319.8	15.7
Operating Income	11.2	9.7	1.6
Ordinary Income	14.6	6.5	8.1
Net income attributable to owners of parent	10.2	4.3	5.9
Exchange Rate	¥120.97	¥102.40	¥18.57
Bunker Price	\$366	\$615	▲ \$250

		FY2015 1Q	FY2014 1Q	Comparison with FY2014
Contenership Bussiness	Operating Revenues	171.7	158.4	13.3
	Ordinary Income	4.1	2.2	1.9
Bulk Shipping Bussiness	Operating Revenues	146.2	143.7	2.6
	Ordinary Income	10.4	6.4	4.0
Offshore Energy E&P Support & Heavy Lifter	Operating Revenues	8.1	8.4	▲ 0.3
	Ordinary Income	0.5	▲ 1.9	2.4
Other	Operating Revenues	9.4	9.3	0.1
	Ordinary Income	0.6	0.4	0.2
Adjustment	Operating Revenues	0.0	0.0	0.0
	Ordinary Income	▲ 1.1	▲ 0.7	▲ 0.4
Total	Operating Revenues	335.5	319.8	15.7
	Ordinary Income	14.6	6.5	8.1

【Effect of exchange rate and bunker price】
 Devalue 18.57 Yen/ US\$ ⇒ +3.9 billion yen (YoY)
 Low bunker price \$250/mt ⇒ +11.3 billion yen(YoY)

Major Financial Indices

(Unit : billion yen, %)

	FY2015 1Q	FY2014	Compariso n with FY2014
	End June 2015	End March 2015	
Shareholder's Equity	451.6	441.5	10.1
Cash and Deposits	240.1	242.4	▲ 2.3
Interest-bearing Debt	539.2	536.8	2.3
Cash flows from Operating activities	19.8	101.8	-
Cash flows from Investing activities	▲ 10.9	▲ 11.2	-
DER	119%	122%	▲ 2%
NET DER	66%	67%	0%
Equity Ratio	36.6%	36.1%	0.5%

A-2. Estimate for 1st Half FY2015

(Unite : billion yen)

	FY2015			FY2014	Comparison with FY2014	Previous Estimate*	Compariosn with Previous Estimate
	1Q	2Q	1H	1H	1H	1 H	Estimate
Operating Revenues	335.5	344.5	680.0	659.8	20.2	735.0	▲ 55.0
Operating Income	11.2	5.8	17.0	24.9	▲ 7.9	21.0	▲ 4.0
Ordinary Income	14.6	5.4	20.0	25.9	▲ 5.9	20.0	0.0
Net income attributable to owners of parent	10.2	4.3	14.5	21.2	▲ 6.7	11.5	3.0
Exchange Rate	¥120.97	¥120.82	¥120.90	¥102.52	¥18.38	¥118.00	¥2.90
Bunker Prince	\$366	\$380	\$373	\$611	▲ \$238	\$350	\$23

(Unit : billion yen)

*Previous Estimate as of Apr 2015

		FY2015		
		1Q	2Q	1H
Contenership Bussiness	Operating Revenues	171.7	178.3	350.0
	Ordinary Income	4.1	0.4	4.5
Bulk Shipping Bussiness	Operating Revenues	146.2	148.8	295.0
	Ordinary Income	10.4	7.1	17.5
Offshore Energy E&P Support & Heavy Lifter	Operating Revenues	8.1	6.9	15.0
	Ordinary Income	0.5	0.0	0.5
Other	Operating Revenues	9.4	10.6	20.0
	Ordinary Income	0.6	0.4	1.0
Adjustment	Operating Revenues	0.0	0.0	0.0
	Ordinary Income	▲ 1.1	▲ 2.4	▲ 3.5
Total	Operating Revenues	335.5	344.5	680.0
	Ordinary Income	14.6	5.4	20.0

【Premises for 2nd Quarter】
 Exchange Rate ¥120.82/\$
 Bunker Price \$380/mt
 【Dividend Plan】
 Interim Dividend 2.5 yen/share

A-3. Estimate for Yearly FY2015

(Unit : billion yen)

	FY2015			FY2014			Comparis on with FY2014
	1H	2H	FY	1H	2H	FY	
Operating Revenues	680.0	670.0	1,350.0	659.8	692.7	1,352.4	▲ 2.4
Operating Income	17.0	22.0	39.0	24.9	23.1	48.0	▲ 9.0
Ordinary Income	20.0	20.0	40.0	25.9	23.1	49.0	▲ 9.0
Net income attributable to owners of parent	14.5	8.5	23.0	21.2	5.6	26.8	▲ 3.8
Exchange Rate	¥120.90	¥118.00	¥119.45	¥102.52	¥101.48	¥109.19	¥10.26
Bunker Prince	\$373	\$350	\$361	\$611	\$471	\$541	▲ \$180

Previous Estimate*		
1H	2H	FY
735.0	725.0	1,460.0
21.0	22.0	43.0
20.0	20.0	40.0
11.5	11.5	23.0
¥118.00	¥118.00	¥118.00
\$350	\$350	\$350

*Previous Estimate as of Apr 2015

(Unit : billion yen)

		FY2015		
		1H	2H	FY
Contenership Bussiness	Operating Revenues	350.0	350.0	700.0
	Ordinary Income	4.5	4.0	8.5
Bulk Shipping Bussiness	Operating Revenues	295.0	285.0	580.0
	Ordinary Income	17.5	18.0	35.5
Offshore Energy E&P Support & Heavy Lifter	Operating Revenues	15.0	15.0	30.0
	Ordinary Income	0.5	0.0	0.5
Other	Operating Revenues	20.0	20.0	40.0
	Ordinary Income	1.0	1.0	2.0
Adjustment	Operating Revenues	0.0	0.0	0.0
	Ordinary Income	▲ 3.5	▲ 3.0	▲ 6.5
Total	Operating Revenues	680.0	670.0	1,350.0
	Ordinary Income	20.0	20.0	40.0

【Dividend Plan】

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

【Premises for 2nd Half】

Exchange Rate ¥118.00/\$

Bunker Price \$350/mt

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

Exchange Rate: ± ¥1/\$ => ±0.4 billion yen

Bunker Price :-/+\$10/mt => ±0.9 billion yen

A-4. Key Points

<Comparison with FY2014> Revenue Increase 20.2 bln yen, Income Decrease ▲5.9 bln yen

(Unit : billion yen)

Variation Factor	FY 2015 1H Comparison with FY2014	
Exchange Rate	7.8	Exchange rate 18.38yen/\$ lower than 2014
Bunker oil Price	21.4	Bunker Price \$238/MT lower than 2014
Market Volatility	▲ 30.0	Freight decline in Container and Drybulk
Cost Increase/Decrease	6.9	Cost saving mainly in Container(Presentation Material A-5)
Others	▲ 12.0	Loss from Bunker Swap settlements, cost increase due to West coast port strike and others
Total	▲ 5.9	

<Comparison with Previous Estimate> Revenue Decrease ▲55.0 bln yen, Income No change

(Unit : billion yen)

Variation Factor	FY 2015 1H Comparison with Previous Estimate as of April 2015	
Exchange Rate	1.2	Exchange rate 2.90yen/\$ lower than 2014
Bunker oil Price	▲ 2.1	Bunker Price\$ 23/MT lower than 2014
Market Volatility	▲ 4.5	Freight decline in Container and Drybulk
Cost Increase/Decrease	▲ 0.5	(Presentation Material A-5)
Others	5.9	Exchange gain and loss and others
Total	0.0	

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 13.2 billion yen

	Target through the year			Updated Estimate 1H	Updated estimate through the year	Achievement rate
	Target 1H	Target 2H				
Containership Business: Business Restructualong Operational Coast Saving Earning Improvement	11.4	6.2	5.2	5.9	11.1	97%
Non-Containership Bussiness and Others	2.3	1.2	1.1	1.0	2.1	91%
Total	13.7	7.4	6.3	6.9	13.2	96%

B. Division-wise Trends



B-1. Division-wise Trends

- Containership Business -

<FY2015 1Q Results>

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

- Although freight market was downturn mainly in Asia-Europe and North-South trades due to a lot of deliveries of new large containerships, Operating Revenue and Ordinary Income increased because of cost savings and decline of bunker oil price.

<Focus for the Future>

- Severe over supply situation will continue due to a lot of deliveries of new large containerships in the industry.
- To strengthen cost effectiveness by deliveries of latest eco 14000 TEU ships and maximize efficiency of CKYHE alliance.
- Carrying out capacity adjustment flexibly and thorough rationalization.

		FY2014					FY2015
		1Q	2Q	3Q	4Q	Results	1Q
Operating Revenues (billion yen)		158.4	171.1	174.3	173.6	677.4	171.7
Ordinary Income (billion yen)		2.2	7.3	8.7	2.4	20.6	4.2
Trend of freight Index FY'08 1Q=100	Asia-North America	97	102	104	106	102	97
	Asia-Europe	78	78	65	69	73	49
Lifting (10,000TEU)	Asia-North America	21.3	23.0	21.9	19.6	85.8	24.3
	Asia-Europe	12.7	12.9	12.0	11.0	48.6	10.3
Capacity (10,000TEU)	Asia-North America	21.7	23.1	22.3	21.1	88.2	24.3
	Asia-Europe	13.4	13.9	13.5	12.9	53.8	12.1
Utilization	Asia-North America	98%	100%	98%	93%	97%	100%
	Asia-Europe	95%	92%	89%	85%	90%	85%

B-2. Division-wise Trends

-Dry Bulk Business-

<FY2015 1Q Results>

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

- Prolonged market stagnation due to over supply of Capesize , middle and small vessels.
- Despite efforts for cost savings and efficient vessel deployment, Revenue and Income decreased compared with previous year.

<Focus for the Future>

- Capesize market expected to recover to some extent due to seasonal reason but weak market of middle and small vessels will continue for the time of being.
- Try to make stable earnings structure which is not affected by spot market by securing long & middle term contracts, efficient vessel deployment and further cost savings.

Dry Bulk Market	FY2014					FY2015		
	1Q	2Q	3Q	4Q	Results	1Q	2Q	1H
Cape(170type)	\$11,900	\$13,000	\$14,100	\$4,600	\$10,900	\$4,600	\$13,500	\$9,050
Panamax (74type)	\$6,300	\$5,900	\$8,300	\$4,800	\$6,325	\$5,200	\$8,000	\$6,600
Handy (53type)	\$9,000	\$8,900	\$9,800	\$6,400	\$8,525	\$6,700	\$8,500	\$7,600
Small (28type)	\$7,800	\$6,500	\$7,100	\$5,200	\$6,650	\$5,300	\$6,000	\$5,650

B-3. Division-wise Trends

-Car Carrier Business-

<FY2015 1Q Results>

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

- Total units carried (inc. intra-Europe) : 807 thousands units (▲2% Y on Y)
- Steady ocean transport volume of completed cars from Europe & US to Asia and Transatlantic.
- Volume of Intra-Europe decreased mainly due to Russian recession.
- Continuous effort for efficient vessel deployment and operation efficiency improvement.

<Focus for the Future>

- Flexible service along with change of trade pattern as increasing car export from South East Asia and expanding cargo demand of Transatlantic.
- Cargo trends of export from Japan is generally downturn.
- Trying to build further strong and stable business structure by increasing “high and heavy cargo” as construction machinery with our next generation 7,500 units RORO vessels to be delivered serially.

Loading Result (1,000 units)	FY2014					FY2015
	1Q	2Q	3Q	4Q	Result	1Q
Outbound	248	280	281	283	1,092	278
Homebound	80	83	80	66	309	63
Others	285	251	285	221	1,042	290
Intra-Europe	208	178	170	172	728	175
Total	821	791	816	743	3,171	806
Number of Operating Vessels	98	96	97	102	-	98

B-4. Division-wise Trends

-LNG Carrier and Oil Tanker Business-

<FY2015 1Q Results>

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

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

[Tankers] Improved profit drastically due to market recovery.

VLCC tankers/LPG carriers: Stable utilization of fleet with long and middle term contracts.

<Focus for the Future>

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

[Tankers] VLCC tankers/LPG carriers: Expect to secure steady earnings with long and middle term contracts.

Aframax/Product tankers: Profit will improve by efficient vessel deployment and market recovery.

Tanker Market		FY2014					FY2015
		1Q	2Q	3Q	4Q	Results	1Q
VLCC(M.East/Japan)	WS	38	45	57	59	50	63
	CB	\$12,200	\$22,700	\$50,000	\$60,833	\$36,433	\$64,500
Aframax(S.Asia/Japan)	WS	91	102	104	106	101	106
	CB	\$14,200	\$18,800	\$23,500	\$28,667	\$21,292	\$27,000
Clean 110,000type (M.East/Japan)	WS	88	106	111	99	101	108
	CB	\$14,600	\$20,000	\$26,500	\$23,800	\$21,225	\$26,000

B-5. Division-wise Trends

- Offshore Energy E&P Support & Heavy Lifter Segment -

[Offshore Energy E&P Support]

<FY2015 1Q Results>

Comparison with FY2014 : Operating Revenue : Decreased / Ordinary Income : Returned to Black

[Offshore Support Vessels] Our fleet worked steadily and made operational income profitable.

Market down trend due to oil price decline.

[Drillship] Contributed to long term stable profit by steady working performance.

<Focus for the Future>

[Offshore Support Vessels] Need more time for market recovery.

Try to improve earnings by efficient vessel deployment.

[Drillship] Expect to contribute profit by steady ship operation.

[Heavy Lifters]

<FY2015 1Q Results>

Comparison with FY2014 : Operating Revenue: Almost Same / Ordinary Income: Decreased deficit

Steady cargo volume is expected by Semi liner service.

<Focus for the Future>

Although project cargo is decreasing, in Semi liner service business try to expand sales aggressively and try further efficient vessel operation.

Thank you.