

Financial Results for FY15/3 3rd Quarter and Forecast for FY15/3

January 2015

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Summary of FY15/3 3rd Quarter Results

Increase in recurring profit by more than 22% compared to FY14/3 3Q mainly due to Yen depreciation.

(billion yen)	FY14/3						FY15/3				Year-on-year
	1Q	2Q	3Q	1-3Q	4Q	Full-Year	1Q	2Q	3Q	1-3Q	
Revenues	528.4	560.6	565.2	1,654.3	582.8	2,237.2	582.3	596.7	603.7	1,782.8	128.5
Operating Income	6.7	13.2	15.7	35.7	9.2	44.9	11.5	16.3	13.0	40.9	5.1
Recurring Profit	11.4	14.1	24.7	50.3	8.0	58.4	12.0	24.7	24.8	61.5	11.2
Net Income	8.5	11.9	7.8	28.3	4.6	33.0	10.2	9.7	8.4	28.4	0.0

Exchange Rate	¥97.72	¥98.34	¥99.56	¥98.54	¥103.39	¥99.75	¥102.40	¥102.65	¥112.34	¥105.80	¥7.26
Bunker Oil Price	\$643.46	\$613.86	\$621.30	\$626.21	\$617.82	\$624.11	\$616.36	\$610.64	\$574.02	\$600.34	-\$25.87



Comparison of Financial Results between FY14/3 3rd and FY15/3 3rd by Industrial Segments

Industrial Segments (billion yen)	FY14/3						FY15/3				Year-on-year	
	1Q	2Q	3Q	1-3Q	4Q	Full-year	1Q	2Q	3Q	1-3Q		
Global Logistics	Liner	148.5	155.8	154.0	458.4	159.0	617.4	166.8	177.2	171.3	515.4	56.9
		-0.6	-0.2	1.2	0.3	-1.1	-0.7	-0.1	5.1	1.0	6.0	5.6
	Air Cargo	20.1	21.8	24.0	66.0	22.7	88.8	22.3	24.0	26.8	73.1	7.0
		-2.4	-2.3	-0.3	-5.1	-2.2	-7.3	-2.2	-1.1	2.0	-1.2	3.8
	Logistics	104.7	107.0	111.2	322.9	108.5	431.5	109.8	116.7	127.2	353.8	30.8
		0.5	2.4	2.2	5.3	1.1	6.5	1.4	2.8	3.0	7.3	1.9
	Total	273.3	284.7	289.3	847.5	290.3	1,137.9	299.0	317.9	325.4	942.3	94.8
		-2.4	-0.1	3.2	0.5	-2.2	-1.6	-1.0	6.8	6.2	12.0	11.4
Bulk Shipping	Bulk Shipping	230.4	246.6	250.8	727.9	260.5	988.4	252.5	245.4	249.2	747.1	19.1
		13.2	11.6	20.2	45.1	9.7	54.8	11.9	15.5	18.1	45.5	0.4
Others	Cruises	10.8	13.2	10.3	34.4	10.8	45.2	12.1	13.9	11.5	37.6	3.2
		-0.5	1.7	0.0	1.0	-0.3	0.7	0.3	2.2	-0.3	2.2	1.1
	Real Estate	2.4	2.5	2.5	7.5	2.4	9.9	2.4	2.4	2.3	7.1	-0.3
		0.9	0.9	0.9	2.9	0.9	3.8	0.9	0.8	0.8	2.6	-0.2
	Other	45.9	47.5	45.1	138.5	54.1	192.7	44.9	44.5	41.2	130.6	-7.9
		0.3	0.0	0.4	0.6	0.0	0.6	0.1	-0.3	0.5	0.3	-0.3
	Elimination/ Unallocation	-34.6	-34.0	-32.9	-101.6	-35.4	-137.1	-28.7	-27.4	-26.0	-82.1	19.4
		0.0	0.0	0.0	0.0	0.0	0.0	-0.4	-0.4	-0.4	-1.2	-1.2
	Consolidated	528.4	560.6	565.2	1,654.3	582.8	2,237.2	582.3	596.7	603.7	1,782.8	128.5
		11.4	14.1	24.7	50.3	8.0	58.4	12.0	24.7	24.8	61.5	11.2

* (Upper)Revenues (Lower)Recurring Profit



Analysis of Change in Recurring Profit between FY14/3 3rd and FY15/3 3rd

Contribution from Cost reduction, Yen depreciation and Lower bunker oil price, outweighed deterioration of Container and Dry bulker market condition.

(billion yen)

Yen Depreciation	8.7	¥ 105.8/\$, Depreciated by ¥ 7.26
Lower Bunker Oil Price	2.7	\$600.34/MT, Decreased by \$25.87
Market Effects etc	-36.8	
Cost Reduction	18.8	Liner 13.8
Foreign Exchange Profit/Loss	7.4	
Others	10.3	Extention of depreciation period 4.6
Total	11.2	



Revised Forecast for FY15/3

Increase in revenues and profit from FY14/3. Upward revision in revenues and all the profits from previous forecast based on our assumption of Cost reduction, Yen depreciation and Lower bunker oil price.

(billion yen)	FY14/3(Result)					FY15/3 (Forecast)					Year-on-year	Change from previous forecast (Full year)
	1H		2H		Full-year	1H(Result)		2H		Full-year		
	1Q	2Q	3Q	4Q		1Q	2Q	3Q (Result)	4Q			
Revenues	1,089.1		1,148.1		2,237.2	1,179.0		1,201.0		2,380.0	142.8	50.0
	528.4	560.6	565.2	582.8		582.3	596.7	603.7	597.3		6%	2%
Operating Income	19.9		25.0		44.9	27.8		31.2		59.0	14.1	0.2
	6.7	13.2	15.7	9.2		11.5	16.3	13.0	18.2		31%	0%
Recurring Profit	25.6		32.7		58.4	36.7		35.3		72.0	13.6	6.3
	11.4	14.1	24.7	8.0		12.0	24.7	24.8	10.5		23%	10%
Net Income	20.5		12.5		33.0	20.0		20.0		40.0	7.0	5.0
	8.5	11.9	7.8	4.6		10.2	9.7	8.4	11.6		21%	14%

Exchange Rate ¥97.72 ¥98.34 ¥99.56 ¥103.39 ¥99.75 ¥102.40 ¥102.65 ¥112.34 ¥115.00 ¥108.10

Bunker Oil Price \$643.46 \$613.86 \$621.30 \$617.82 \$624.11 \$616.36 \$610.64 \$574.02 \$400.00 \$550.26

- **Sensitivity against recurring profit**

Exchange rate : ¥ 1.6 billion (Full-year) increase per ¥1/\$ depreciation

Bunker oil price : ¥ 1.4 billion(Full-year) increase per \$10/MT decrease

(Sensitivity against 4Q RP is ¥240 million per ¥1/\$ and ¥140 million per \$10/MT)

- **FY15/3 Cash dividend forecast : Increase dividend by ¥1/share for year-end based on the upward revision of Net Income(Full-year). Annual dividend of ¥6/share (¥2/share for interim and ¥4/share for year-end). (¥1/share increased compared to FY14/3)**

Comparison between FY14/3 Results and FY15/3 Revised Forecast by Industrial Segments

	Industrial Segment (billion yen)	FY14/3(Result)							FY15/3(Forecast)							Change
		1Q	2Q	1H	3Q	4Q	2H	Full-year	1Q	2Q	1H (Result)	3Q (Result)	4Q	2H	Full-year	
Global Logistics	Liner	148.5	155.8	304.3	154.0	159.0	313.1	617.4	166.8	177.2	344.0	171.3	178.7	350.0	694.0	76.6
		-0.6	-0.2	-0.8	1.2	-1.1	0.0	-0.7	-0.1	5.1	4.9	1.0	0.6	1.6	6.5	7.2
	Air Cargo	20.1	21.8	42.0	24.0	22.7	46.8	88.8	22.3	24.0	46.3	26.8	22.4	49.2	95.5	6.7
		-2.4	-2.3	-4.8	-0.3	-2.2	-2.5	-7.3	-2.2	-1.1	-3.3	2.0	-1.2	0.8	-2.5	4.8
	Logistics	104.7	107.0	211.7	111.2	108.5	219.7	431.5	109.8	116.7	226.5	127.2	120.3	247.5	474.0	42.5
	0.5	2.4	3.0	2.2	1.1	3.4	6.5	1.4	2.8	4.2	3.0	2.3	5.3	9.5	3.0	
Total	273.3	284.7	558.1	289.3	290.3	579.7	1,137.9	299.0	317.9	616.9	325.4	321.2	646.6	1,263.5	125.5	
	-2.4	-0.1	-2.6	3.2	-2.2	1.0	-1.6	-1.0	6.8	5.8	6.2	1.5	7.7	13.5	15.1	
Bulk Shipping	Bulk Shipping	230.4	246.6	477.1	250.8	260.5	511.3	988.4	252.5	245.4	497.9	249.2	261.4	510.6	1,008.5	20.1
		13.2	11.6	24.9	20.2	9.7	29.9	54.8	11.9	15.5	27.4	18.1	11.0	29.1	56.5	1.7
Others	Cruises	10.8	13.2	24.0	10.3	10.8	21.2	45.2	12.1	13.9	26.1	11.5	11.4	22.9	49.0	3.8
		-0.5	1.7	1.1	0.0	-0.3	-0.4	0.7	0.3	2.2	2.5	-0.3	-0.7	-1.0	1.5	0.8
	Real Estate	2.4	2.5	4.9	2.5	2.4	4.9	9.9	2.4	2.4	4.8	2.3	2.4	4.7	9.5	-0.4
		0.9	0.9	1.9	0.9	0.9	1.8	3.8	0.9	0.8	1.8	0.8	0.4	1.2	3.0	-0.8
	Other	45.9	47.5	93.4	45.1	54.1	99.2	192.7	44.9	44.5	89.4	41.2	43.9	85.1	174.5	-18.2
	0.3	0.0	0.2	0.4	0.0	0.3	0.6	0.1	-0.3	-0.1	0.5	-0.9	-0.4	-0.5	-1.1	
Elimination/ Unallocation	Elimination/ Unallocation	-34.6	-34.0	-68.6	-32.9	-35.4	-68.4	-137.1	-28.7	-27.4	-56.1	-26.0	-42.9	-68.9	-125.0	12.1
		0.0	0.0	0.0	0.0	0.0	0.0	0.0	-0.4	-0.4	-0.8	-0.4	-0.8	-1.2	-2.0	-2.0
Consolidated	Consolidated	528.4	560.6	1,089.1	565.2	582.8	1,148.1	2,237.2	582.3	596.7	1,179.0	603.7	597.3	1,201.0	2,380.0	142.8
		11.4	14.1	25.6	24.7	8.0	32.7	58.4	12.0	24.7	36.7	24.8	10.5	35.3	72.0	13.6

* (Upper) Revenues (Lower) Recurring Profit

- FY15/3 4Q: Increase in revenues and profit compared to FY14/3 mainly due to cost reduction in Liner business. While Dry Bulk market will be aggravated, Bulk Shipping business as a whole will be improved due to profit under Stable-Freight-Rate business.



Comparison between FY15/3 Previous forecast and Revised Forecast by Industrial Segments

	Industrial Segment (billion yen)	Previous Forecast			Revised Forecast					Change Full-year
		1H	2H	Full-year	1H (Result)	3Q (Result)	4Q	2H	Full-year	
Global Logistics	Liner	344.0 4.9	351.0 3.0	695.0 7.9	344.0 4.9	171.3 1.0	178.7 0.6	350.0 1.6	694.0 6.5	-1.0 -1.4
	Air Cargo	46.3 -3.3	45.0 -4.0	91.3 -7.3	46.3 -3.3	26.8 2.0	22.4 -1.2	49.2 0.8	95.5 -2.5	4.2 4.8
	Logistics	226.5 4.2	236.0 4.0	462.5 8.2	226.5 4.2	127.2 3.0	120.3 2.3	247.5 5.3	474.0 9.5	11.5 1.3
	Total	616.9 5.8	632.0 3.0	1,248.8 8.8	616.9 5.8	325.4 6.2	321.2 1.5	646.6 7.7	1,263.5 13.5	14.7 4.7
Bulk Shipping	Bulk Shipping	497.9 27.4	475.0 27.5	972.9 54.9	497.9 27.4	249.2 18.1	261.4 11.0	510.6 29.1	1,008.5 56.5	35.6 1.6
	Cruises	26.1 2.5	22.0 -1.0	48.1 1.5	26.1 2.5	11.5 -0.3	11.4 -0.7	22.9 -1.0	49.0 1.5	0.9 0.0
Others	Real Estate	4.8 1.8	5.0 1.5	9.8 3.3	4.8 1.8	2.3 0.8	2.4 0.4	4.7 1.2	9.5 3.0	-0.3 -0.3
	Other	89.4 -0.1	97.0 -0.5	186.4 -0.6	89.4 -0.1	41.2 0.5	43.9 -0.9	85.1 -0.4	174.5 -0.5	-11.9 0.1
	Elimination/ Unallocation	-56.1 -0.8	-80.0 -1.5	-136.1 -2.3	-56.1 -0.8	-26.0 -0.4	-42.9 -0.8	-68.9 -1.2	-125.0 -2.0	11.1 0.3
	Consolidated	1,179.0 36.7	1,151.0 29.0	2,330.0 65.7	1,179.0 36.7	603.7 24.8	597.3 10.5	1,201.0 35.3	2,380.0 72.0	50.0 6.3

* (Upper) Revenues (Lower) Recurring Profit

- FY15/3 2H: Upward revision particularly due to good result of Air Cargo business supported by strong cargo movement ex-Japan, in addition to Yen depreciation and Lower fuel cost.

Overview of Each Industrial Segment 1)

1. Liner – Container:

Container Lifting, Slot (1,000TEU)

		FY14/3(Result)					FY15/3(Forecast)					Change from previous forecast (Full-year)
		1Q	2Q	3Q	4Q	Full-year	1Q (Result)	2Q (Result)	3Q (Result)	4Q	Full-year	
Asia→ North America	Lifting	154	179	169	161	663	180	198	179	178	735	▲ 18
	Slot	199	204	198	186	787	202	213	193	188	796	▲ 22
	Utilizaion	77%	88%	85%	86%	84%	89%	93%	93%	94%	92%	0%
Asia→Europe	Lifting	124	135	125	128	512	148	150	141	136	574	▲ 12
	Slot	143	144	135	137	560	153	158	150	143	604	▲ 8
	Utilizaion	87%	93%	93%	93%	91%	97%	95%	94%	95%	95%	-1%

Trend of Container Freight Rate (Index, FY09/3 1Q=100)

		FY14/3(Result)					FY15/3(Forecast)					Change from previous forecast (Full-year)
		1Q	2Q	3Q	4Q	Full-year	1Q (Result)	2Q (Result)	3Q (Result)	4Q	Full-year	
Asia→North America		100	96	93	94	96	91	91	89	91	90	▲ 1
Asia→Europe		69	73	70	77	72	72	74	66	68	70	▲ 3

- Lifting: Decrease in cargo volume on North America route on FY15/3 3Q-4Q compared to previous forecast due to US west coast port congestion.
- Freight Rates: Depression of market condition compared to previous forecast due to over supply.

Overview of Each Industrial Segment 2)

2. Air Cargo Transportation (NCA)

	FY14/3 (Result)					FY15/3 (Forecast)					Change from previous forecast (Full-year)
	1H		2H		Full-Year	1H (Result)		2H		Full-year	
	1Q	2Q	3Q	4Q		1Q	2Q	3Q (Result)	4Q		
Revenues billion yen	42.0		46.8		88.8	46.3		49.2		95.5	4.2
	20.1	21.8	24.0	22.7		22.3	24.0	26.8	22.4		
Recurring Profit billion yen	-4.8		-2.5		-7.3	-3.3		0.8		-2.5	4.8
	-2.4	-2.3	-0.3	-2.2		-2.2	-1.1	2.0	-1.2		
Capable Weight 1,000 ton	201		206		407	233		227		460	2
	98	103	105	101		115	118	119	108		
Volume (RTK) Mil.ton kilo	1,216		1,254		2,470	1,410		1,381		2,791	48
	596	620	642	612		690	720	736	645		
Capacity (ATK) Mil.ton kilo	1,761		1,737		3,498	1,984		1,970		3,954	84
	868	893	892	845		975	1,009	1,017	953		
YIELD FY09/3 1Q=100	90		95		93	94		100		97	5
	90	89	97	94		93	94	105	94		
MOPS US\$ per bbl	\$120		\$123		\$121	\$118		\$85		\$102	-\$15
	\$116	\$124	\$124	\$122		\$120	\$116	\$90	\$80		

- FY15/3 3Q: Became profitable due to recovery of cargo volume ex-Japan, cargo shift from ocean transportable due to US west coast port congestion, and lower fuel cost.
- FY15/3 4Q: While we expect temporary drop in cargo volume during the Lunar New year, on full-year basis, profitability should improve.

3. Logistics Segment

(billion yen)	FY14/3 (Result)					FY15/3 (Forecast)					Change from previous forecast (Full-year)
	1H		2H		Full-Year	1H (Result)		2H		Full-year	
	1Q	2Q	3Q	4Q		1Q	2Q	3Q (Result)	4Q		
Revenues	211.7		219.7		431.5	226.5		247.5		474.0	11.5
	104.7	107.0	111.2	108.5		109.8	116.7	127.2	120.3		
Recurring Profit	3.0		3.4		6.5	4.2		5.3		9.5	1.3
	0.5	2.4	2.2	1.1		1.4	2.8	3.0	2.3		

- Air freight forwarding is showing steady growth in volume particularly ex-Japan. 3Q profitability in Ocean freight forwarding has improved, even with lower volume compared to same period previous year. Logistics business is continuously growing, mainly in Asian countries, such as Vietnam.

4. Bulk Shipping – 1) Market trend and forecast:

		FY14/3(Result)					FY15/3(Forecast)					Previous Forecast (Full-year)
		1Q	2Q	3Q	4Q	Full-Year	1Q (Result)	2Q (Result)	3Q (Result)	4Q	Full-Year	
Dry Bulk Carrier	B D I	888	1,292	1,854	1,371	1,348	983	950	1,120	965	1,005	1,173
	Cape (4TC)	6,255	19,148	27,441	16,180	17,256	11,884	12,665	14,148	10,000	12,174	15,387
	Panamax (Pac)	7,264	8,612	13,125	10,654	9,914	6,834	5,218	8,752	6,500	6,826	7,763
	Handymax (Pac)	7,709	8,146	11,960	8,988	9,201	9,022	8,639	8,928	9,000	8,897	9,665
	Handy (Pac)	6,620	6,884	8,739	8,267	7,628	8,083	6,405	7,003	7,000	7,123	7,747
Tanker	VLCC	12,542	12,571	37,817	28,724	22,913	14,050	21,497	48,792	50,000	33,585	25,637

* Spot charterage by vessel type 4TC = average of 4 routes, Pac = Pacific-round, Currency Unit = US\$ / day

- **Dry Bulk Carrier** : 3Q market condition was aggravated seriously compared to same period previous year, particularly for large size ships. Revised down our previous forecast for 4Q due to continuous depression in market.
- **Tanker** : 3Q market condition improved due to strong oil demand from lower price and winter season. Strong market to be maintained for 4Q.

Overview of Each Industrial Segment 5)

4. Bulk Shipping –2) Car Carrier:

Car Transportation Result/Forecast(1,000Cars)

	FY14/3(Result)					FY15/3 (Forecast)					Change from previous forecast (Full-year)
	1H		2H		Full-year	1H		2H		Full-year	
	1Q	2Q	3Q	4Q		1Q (Result)	2Q (Result)	3Q (Result)	4Q		
All Trade (1,000cars)	1,820		1,770		3,600	1,840		1,790		3,630	0
	880	940	940	830		930	900	930	860		
Change	6%		2%		4%	1%		1%		1%	0%
	3%	9%	5%	0%		6%	-4%	-1%	4%		

- FY15/3 3Q: Both ex-Japan and outside Japan loading volume has shown steady growth, surpassing previous forecast.
- FY15/3 4Q: Expect steady growth, and total loading volume on FY15/3 will be slightly better than FY14/3.