

Financial Results for FY15/3 1st Quarter and Forecast for FY15/3

July 2014

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Summary of FY15/3 1st Quarter Results

Increase in revenues and profits, compared to FY14/3 1Q.

Operating income has been substantially improved in particular.

(billion yen)	FY14/3							FY15/3 1Q	Year-on-year
							Full-Year		
	1Q	2Q	1H	3Q	4Q	2H			
Revenues	528.4	560.6	1,089.1	565.2	582.8	1,148.1	2,237.2	582.3	53.9
Operating Income	6.7	13.2	19.9	15.7	9.2	25.0	44.9	11.5	4.8
Recurring Profit	11.4	14.1	25.6	24.7	8.0	32.7	58.4	12.0	0.5
Net Income	8.5	11.9	20.5	7.8	4.6	12.5	33.0	10.2	1.6

Exchange Rate	¥97.72	¥98.34	¥98.03	¥99.56	¥103.39	¥101.47	¥99.75	¥102.40	¥4.68
Bunker Oil Price	\$643.46	\$613.86	\$628.66	\$621.30	\$617.82	\$619.56	\$624.11	\$616.36	-\$27.10

Comparison of Financial Results between FY14/3 1Q and FY15/3 1Q by Industrial Segments

	Industrial Segments (billion yen)	FY14/3							FY15/3 1Q	Year-on-year
		1Q	2Q	1H	3Q	4Q	2H	Full-year		
Global Logistics	Liner	148.5 -0.6	155.8 -0.2	304.3 -0.8	154.0 1.2	159.0 -1.1	313.1 0.0	617.4 -0.7	166.8 -0.1	18.3 0.4
	Air Cargo	20.1 -2.4	21.8 -2.3	42.0 -4.8	24.0 -0.3	22.7 -2.2	46.8 -2.5	88.8 -7.3	22.3 -2.2	2.1 0.1
	Logistics	104.7 0.5	107.0 2.4	211.7 3.0	111.2 2.2	108.5 1.1	219.7 3.4	431.5 6.5	109.8 1.4	5.1 0.8
	Total	273.3 -2.4	284.7 -0.1	558.1 -2.6	289.3 3.2	290.3 -2.2	579.7 1.0	1,137.9 -1.6	299.0 -1.0	25.6 1.4
Bulk Shipping	Bulk Shipping	230.4	246.6	477.1	250.8	260.5	511.3	988.4	252.5	22.0
		13.2	11.6	24.9	20.2	9.7	29.9	54.8	11.9	-1.2
Others	Cruises	10.8 -0.5	13.2 1.7	24.0 1.1	10.3 0.0	10.8 -0.3	21.2 -0.4	45.2 0.7	12.1 0.3	1.2 0.8
	Real Estate	2.4 0.9	2.5 0.9	4.9 1.9	2.5 0.9	2.4 0.9	4.9 1.8	9.9 3.8	2.4 0.9	0.0 0.0
	Other	45.9 0.3	47.5 0.0	93.4 0.2	45.1 0.4	54.1 0.0	99.2 0.3	192.7 0.6	44.9 0.1	-0.9 -0.1
	Elimination/ Unallocation	-34.6 0.0	-34.0 0.0	-68.6 0.0	-32.9 0.0	-35.4 0.0	-68.4 0.0	-137.1 0.0	-28.7 -0.4	5.9 -0.4
	Consolidated	528.4 11.4	560.6 14.1	1,089.1 25.6	565.2 24.7	582.8 8.0	1,148.1 32.7	2,237.2 58.4	582.3 12.0	53.9 0.5

* (Upper) Revenues (Lower) Recurring Profit

- 15/3 1Q: Due to the aggravation of market situation in Panamax, profit for Bulk Shipping business has been decreased compared to FY14/3 1Q. On the other hand, the improvement of Liner, Logistics and Cruises business contributed the improvement of profit as a whole.

Analysis of Change in Recurring Profit between FY14/3 1Q and FY15/3 1Q

Increase in profit derived from Cost reduction, Yen depreciation and Lower bunker oil price, while market condition has been aggravated in certain business segment.

(billion yen)

Yen Depreciation	2.0	¥ 102.4/\$, Depreciated by ¥ 4.68
Lower Bunker Oil Price	1.1	\$616.36/MT, Decreased by \$27.1
Market Effects etc	-6.8	
Cost Reduction	6.0	Liner 4.1
Foreign Exchange Loss	-5.1	
Others	3.3	Extention of depreciation period 1.3
Total	0.5	

Revised Forecast for FY15/3

Increase in revenues and profit from FY14/3. Downward adjustment from previous forecast due to the revision of dry bulk market assumption.

(billion yen)	FY14/3(Result)					FY15/3 (Forecast)				Year-on-year	Change from previous forecast (Full year)
	1H		2H		Full-year	1H		2H	Full-year		
	1Q	2Q	3Q	4Q		1Q (Result)	2Q				
Revenues	1,089.1		1,148.1		2,237.2	1,171.0		1,155.0	2,326.0	88.8	10.0
	528.4	560.6	565.2	582.8		582.3	588.7			4%	0%
Operating Income	19.9		25.0		44.9	28.0		36.0	64.0	19.1	-6.0
	6.7	13.2	15.7	9.2		11.5	16.5			42%	-9%
Recurring Profit	25.6		32.7		58.4	30.0		35.0	65.0	6.6	-5.0
	11.4	14.1	24.7	8.0		12.0	18.0			11%	-7%
Net Income	20.5		12.5		33.0	12.0		23.0	35.0	2.0	0.0
	8.5	11.9	7.8	4.6		10.2	1.8			6%	0%

Exchange Rate	¥97.72	¥98.34	¥99.56	¥103.39	¥99.75	¥102.40	¥100.00	¥100.00	¥100.60
Bunker Oil Price	\$643.46	\$613.86	\$621.30	\$617.82	\$624.11	\$616.36	\$620.00	\$620.00	\$619.09

- Sensitivity against recurring profit (Full-year)

Exchange rate : ¥100.60/\$ ¥1.7 billion increase per ¥1/\$ depreciation

Bunker oil price : \$619.09/MT ¥160 million increase per \$1/MT decrease

- FY15/3 Cash dividend forecast :

Annual dividend of ¥5/share (¥2/share for interim and ¥3/share for year-end)

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	2H	Full-year	1Q (Result)	2Q	1H	2H	Full-year	Full-year
Global Logistics	Liner	148.5 -0.6	155.8 -0.2	304.3 -0.8	313.1 0.0	617.4 -0.7	166.8 -0.1	176.2 1.6	343.0 1.5	336.0 2.0	679.0 3.5	61.6 4.2
	Air Cargo	20.1 -2.4	21.8 -2.3	42.0 -4.8	46.8 -2.5	88.8 -7.3	22.3 -2.2	22.7 -2.3	45.0 -4.5	45.5 -3.5	90.5 -8.0	1.7 -0.7
	Logistics	104.7 0.5	107.0 2.4	211.7 3.0	219.7 3.4	431.5 6.5	109.8 1.4	114.7 2.1	224.5 3.5	231.5 4.0	456.0 7.5	24.5 1.0
	Total	273.3 -2.4	284.7 -0.1	558.1 -2.6	579.7 1.0	1,137.9 -1.6	299.0 -1.0	313.5 1.5	612.5 0.5	613.0 2.5	1,225.5 3.0	87.5 4.6
Bulk Shipping	Bulk Shipping	230.4 13.2	246.6 11.6	477.1 24.9	511.3 29.9	988.4 54.8	252.5 11.9	252.0 14.1	504.5 26.0	499.0 33.0	1,003.5 59.0	15.1 4.2
Others	Cruises	10.8 -0.5	13.2 1.7	24.0 1.1	21.2 -0.4	45.2 0.7	12.1 0.3	13.9 2.2	26.0 2.5	21.5 -0.5	47.5 2.0	2.3 1.3
	Real Estate	2.4 0.9	2.5 0.9	4.9 1.9	4.9 1.8	9.9 3.8	2.4 0.9	2.6 1.1	5.0 2.0	4.5 1.5	9.5 3.5	-0.4 -0.3
	Other	45.9 0.3	47.5 0.0	93.4 0.2	99.2 0.3	192.7 0.6	44.9 0.1	52.1 -0.1	97.0 0.0	105.0 0.0	202.0 0.0	9.3 -0.6
	Elimination/ Unallocation	-34.6 0.0	-34.0 0.0	-68.6 0.0	-68.4 0.0	-137.1 0.0	-28.7 -0.4	-45.3 -0.6	-74.0 -1.0	-88.0 -1.5	-162.0 -2.5	-24.9 -2.5
	Consolidated	528.4 11.4	560.6 14.1	1,089.1 25.6	1,148.1 32.7	2,237.2 58.4	582.3 12.0	588.7 18.0	1,171.0 30.0	1,155.0 35.0	2,326.0 65.0	88.8 6.6

* (Upper) Revenues (Lower) Recurring Profit

- FY15/3: Increase in revenues and profit derived from cost reduction activities, and prolonged depreciation of dry bulk carriers, etc.

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

	Industrial Segment (billion yen)	Previous Forecast			Revised Forecast			Change		
		1H	2H	Full-year	1H	2H	Full-year	1H	2H	Full-year
Global Logistics	Liner	342.0 2.5	334.5 0.0	676.5 2.5	343.0 1.5	336.0 2.0	679.0 3.5	1.0 -1.0	1.5 2.0	2.5 1.0
	Air Cargo	47.0 -3.0	46.0 -4.0	93.0 -7.0	45.0 -4.5	45.5 -3.5	90.5 -8.0	-2.0 -1.5	-0.5 0.5	-2.5 -1.0
	Logistics	236.0 2.5	242.5 4.5	478.5 7.0	224.5 3.5	231.5 4.0	456.0 7.5	-11.5 1.0	-11.0 -0.5	-22.5 0.5
	Total	625.0 2.0	623.0 0.5	1248.0 2.5	612.5 0.5	613.0 2.5	1,225.5 3.0	-12.5 -1.5	-10.0 2.0	-22.5 0.5
Bulk Shipping	Bulk Shipping	488.5 30.0	498.0 34.5	986.5 64.5	504.5 26.0	499.0 33.0	1,003.5 59.0	16.0 -4.0	1.0 -1.5	17.0 -5.5
Others	Cruises	25.0 2.0	23.0 0.0	48.0 2.0	26.0 2.5	21.5 -0.5	47.5 2.0	1.0 0.5	-1.5 -0.5	-0.5 0.0
	Real Estate	5.0 1.5	4.5 1.5	9.5 3.0	5.0 2.0	4.5 1.5	9.5 3.5	0.0 0.5	0.0 0.0	0.0 0.5
	Other	103.5 0.0	107.0 0.5	210.5 0.5	97.0 0.0	105.0 0.0	202.0 0.0	-6.5 0.0	-2.0 -0.5	-8.5 -0.5
	Elimination/ Unallocation	-93.0 -1.0	-93.5 -1.5	-186.5 -2.5	-74.0 -1.0	-88.0 -1.5	-162.0 -2.5	19.0 0.0	5.5 0.0	24.5 0.0
	Consolidated	1,154.0 34.5	1,162.0 35.5	2,316.0 70.0	1,171.0 30.0	1,155.0 35.0	2,326.0 65.0	17.0 -4.5	-7.0 -0.5	10.0 -5.0

* (Upper) Revenues (Lower) Recurring Profit

- FY15/3: Downward adjustment mainly for 1st half year forecast, due to the revision of dry bulk assumption.

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	2H	Full-year	
Asia→North America	Lifting	154	179	169	161	663	180	210	375	764	68
	Slot	199	204	198	186	787	202	221	403	826	0
	Utilizaion	77%	88%	85%	86%	84%	89%	95%	93%	93%	8%
Asia→Europe	Lifting	124	135	125	128	512	148	150	273	571	12
	Slot	143	144	135	137	560	153	159	291	603	8
	Utilizaion	87%	93%	93%	93%	91%	97%	95%	94%	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	2H	Full-year	
Asia→North America		100	96	93	94	96	91	93	93	92	-2
Asia→Europe		69	73	70	77	72	72	75	72	73	2

- Lifting: Increase in cargo volume on both Transpacific route and Europe route, compared to previous forecast.
- Freight Rates: Lower rate assumption for Transpacific route, and higher rate assumption for Asia-Europe route than previous forecast.

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		1H		2H	Full-Year	
		1Q	2Q	3Q	4Q	1Q (Result)	2Q			
Revenues	billion yen	42.0		46.8		45.0		45.5	90.5	-2.5
		20.1	21.8	24.0	22.7	22.3	22.7			
Recurring Profit	billion yen	-4.8		-2.5		-4.5		-3.5	-8.0	-1.0
		-2.4	-2.3	-0.3	-2.2	-2.2	-2.3			
Capable Weight	1,000 ton	201		206		224		221	445	-20
		98	103	105	101	115	109			
Volume (RTK)	Mil.ton kilo	1,216		1,254		1,338		1,365	2,703	-69
		596	620	642	612	690	648			
Capacity (ATK)	Mil.ton kilo	1,761		1,737		1,961		1,893	3,854	-24
		868	893	892	845	975	986			
YIELD	FY09/3 1Q=100	90		95		94		94	94	1
		90	89	97	94	93	95			
MOPS	US\$ per bbl	\$120		\$123		\$120		\$120	\$120	-\$5
		\$116	\$124	\$124	\$122	\$120	\$120			

- FY15/3: Cargo movement(ex-Japan) is showing recovery. However, adjusted Recurring profit downward due to lower volume than previous forecast.

Overview of Each Industrial Segment 3)

3. Logistics Segment

(billion yen)	FY13/3 (Result)	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	2Q			
Revenues	366.8	211.7		219.7		431.5	224.5		231.5	456.0	-22.5
		104.7	107.0	111.2	108.5		109.8	114.7			
Recurring Profit	4.7	3.0		3.4		6.5	3.5		4.0	7.5	0.5
		0.5	2.4	2.2	1.1		1.4	2.1			

- Air freight forwarding is showing some recovery in handling volume particularly out of Japan. Ocean freight forwarding handling volume is showing steady growth. Logistics business is in good shape in South Asia.

Overview of Each Industrial Segment 4)

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	2H	Full- Year	
Dry Bulk Carrier	B D I	888	1,292	1,854	1,371	1,348	983	1,184	1,506	1,295	1,560
	Cape (4TC)	6,255	19,148	27,441	16,180	17,256	11,884	18,000	23,000	18,971	20,000
	Panamax (Pac)	7,264	8,612	13,125	10,654	9,914	6,834	6,500	9,500	8,084	11,000
	Handymax (Pac)	7,709	8,146	11,960	8,988	9,201	9,022	10,000	11,250	10,381	12,000
	Handy (Pac)	6,620	6,884	8,739	8,267	7,628	8,083	7,750	9,000	8,458	9,500
Tanker	VLCC	12,542	12,571	37,817	28,724	22,913	14,050	17,500	36,250	26,013	25,000

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

- FY15/3 1Q : Due to continuous fleet surplus, market trend is entirely in stagnation, however, still better than FY14/3 1Q.
- FY15/3 2Q-4Q : Expect market improvement, but generally weaker than previous forecast, except VLCC.

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			
All Trade (1,000cars)	1,820		1,770		3,600	1,850		1,790	3,640	40
	880	940	940	830		930	920			
Change	6%		2%		4%	2%		1%	1%	1%
	3%	9%	5%	0%		6%	-2%			

- FY15/3 1Q : Export volume has increased by 6% compared to FY14/3 1Q and both ex-Japan and outside Japan loading volume were strong.
- FY15/3 : Expect slightly higher level of car transportation volume compared to FY14/3.