



FY2018

(Ended March 31, 2019)

Financial Highlights

Translation Only

NS United Kaiun Kaisha, Ltd.

April 26, 2019

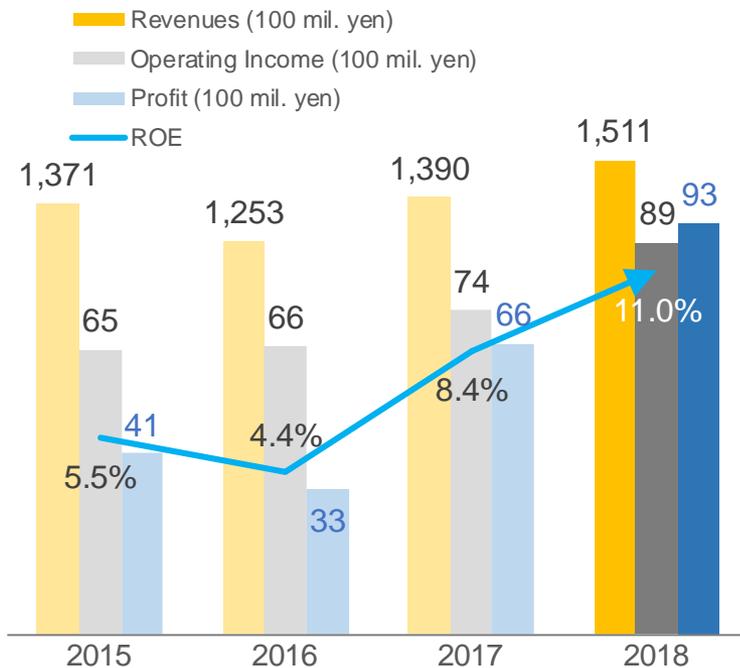
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1. Main Points of Results in FY 2018

Following the collapse of a mine dam in Brazil in early 2019, the drybulk market slowed down mainly for the capesize bulkers. However, the Company displayed strong tolerance to the market slowdown, and revenues and incomes increased year on year.

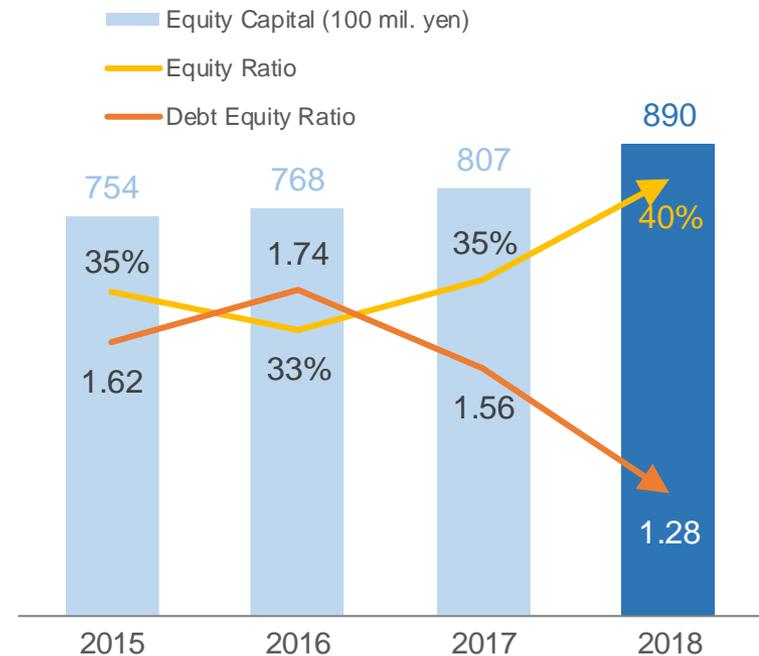
◆ Operating Income and Profit



Taking advantages of its business foundation as an industrial carrier, the company achieved stable income amidst the downturn in the shipping market.

In the market's recovery phase, the Company have been steadily increasing its income taking advantages of its foundation as a common carrier.

◆ Equity Capital and Debt Equity Ratio



The Company has established a healthy and more stable financial position through the continuous accumulation of income.

2. Overview of Results in FY 2018

Year-on-year increases in revenues and income

- ◆ Interim dividends (50 yen per share) were distributed for the first time in ten years. The year-end dividend per share is planned to be 65 yen (as announced previously)

Consolidated (100 mil. yen)	FY2017							FY2018							Y-O-Y (full year)
	1Q	2Q	1H	3Q	4Q	2H	Full year	1Q	2Q	1H	3Q	4Q	2H	Full year	
Revenues	343	334	677	361	352	713	1,390	375	386	761	397	352	750	1,511	+ 121
Operating Income	20	19	38	27	8	35	74	19	29	48	25	17	42	89	+ 16
Ordinary Income	16	16	31	24	1	24	56	18	26	45	19	14	33	78	+ 22
Profit Attributable to Owners of Parent	20	17	37	26	3	30	66	12	32	44	26	23	50	93	+ 27
Ave. ex. rate	¥111.00	¥111.00	¥111.00	¥112.33	¥110.33	¥111.33	¥111.17	¥108.00	¥111.33	¥109.67	¥112.33	¥111.00	¥111.67	¥110.67	
Ave. heavy fuel oil price	\$344	\$325	\$334	\$351	\$397	\$374	\$354	\$411	\$448	\$429	\$480	\$446	\$463	\$446	

Overview of Consolidated Cash Flows

Operating Cash Flow		89		69	158		98		101	200
(Depreciation)		80		76	156		74		72	146
Investing Cash Flow		(26)		(40)	(65)		(6)		(45)	(50)
Free Cash Flow		64		29	93		93		56	149

2. Overview of Results in FY 2018

Overview by segment

International Shipping Secured stable profit each quarter amidst volatile drybulk market. Although vessel utilization decreased year-on-year due to an increase in the drydocking vessels, both revenues and income increased with efforts for efficient navigation.

Coastal Shipping Cargo volume results were as expected. Despite the adverse effects of typhoons, both revenues and income increased with efforts for efficient navigation.

(Upper row : Revenues, Lower row : Operating Income)

Consolidated (100 mil. yen)	FY2017							FY2018							Y-o-Y Full year
	1Q	2Q	1H	3Q	4Q	2H	Full year	1Q	2Q	1H	3Q	4Q	2H	Full year	
International Shipping	288	276	565	303	294	597	1,162	314	326	640	335	291	626	1,266	+ 104
	19	14	33	22	5	27	60	14	24	39	18	12	30	69	+ 9
Coastal Shipping	54	56	110	56	57	113	223	60	59	119	63	61	124	243	+ 19
	1	5	5	5	3	8	13	5	5	9	6	5	11	20	+ 7
Adjustments Others	1	1	2	1	2	3	5	1	1	2	(0)	(0)	(0)	2	(3)
	(0)	(0)	(0)	(0)	0	0	(0)	(0)	(0)	(0)	0	(0)	(0)	(0)	(0)
Total	343	334	677	361	352	713	1,390	375	386	761	397	352	750	1,511	+ 121
	20	19	38	27	8	35	74	19	29	48	25	17	42	89	+ 16

3. Forecasts for FY2019

Results improved for the 2nd half, reflecting deliveries of newly built ships

First Half Series of drydocking is planned to install scrubbers to our fleet prior to the enforcement of the tightened SOx emission regulations. Vessel utilization will decline as a result, leading to a temporal decrease in earnings.

Second Half Deliveries of newly built ships will gain momentum, which is expected to generate stable revenue under long-term contracts. Profitability will increase consequently and will lead to enhanced tolerance towards downturns in the shipping market.

Consolidated (100 mil. yen)	FY2018 (Result)			FY2019 (Forecast)			Changes Y-o-Y
	1H	2H	Full year	1H	2H	Full year	
Revenues	761	750	1,511	730	810	1,540	+ 29
Operating Income	48	42	89	22	55	77	(12)
Ordinary Income	45	33	78	15	47	62	(16)
Profit Attributable to Owners of Parent	44	50	93	33	42	75	(18)

◆ Assumptions for FY2019 :

Ex. rate ¥110 /\$650/MT,
Heavy Fuel Oil \$435/MT, Low-sulfur Heavy Fuel Oil

◆ Market Assumption
(Pacific)

Vessel Type	FY2018			FY2019(Assumption)		
	1H	2H	Full year	1H	2H	Full year
Capesize	\$17,946	\$12,057	\$15,025	\$13,000	\$18,000	\$15,500
Panamax	\$10,571	\$9,051	\$9,817	\$11,000	\$11,000	\$11,000
Handymax	\$11,078	\$8,788	\$9,942	\$11,000	\$11,000	\$11,000
Small Handy	\$8,299	\$6,670	\$7,491	\$9,500	\$9,500	\$9,500

3. Forecasts for FY 2019

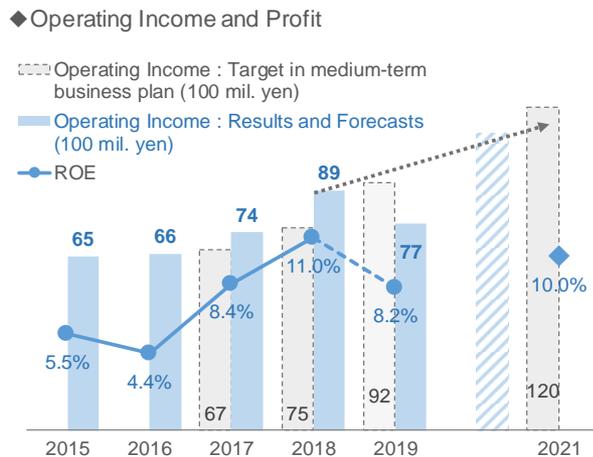
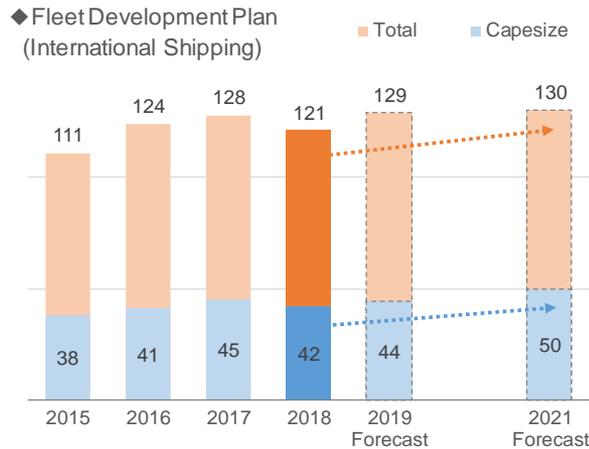
◆ Factors of year-on-year changes (operating income)



* Primarily the expenses related to installation of SOx scrubbers

4. Progress Against Medium-Term Business Plan

Efforts for further growth



◆ Expansion of business that will generate consistent earnings

- Concluded medium-to-long-term contracts with Nippon Steel Corporation and other Japanese / overseas steel manufacturers.
- Acquired dedicated coastal shipping contract with Japanese electric power company.
- Operation of large ore carriers (Valemax) starting in FY 2019

◆ Steady progress toward NSU2021 targets

FY2018

As vessels were replaced as part of strategic fleet development, both revenues and income rose year on year.

FY2019

Deliveries of new energy-saving ships will gain momentum from the second half, and profitability will rise year on year.

FY2020 onwards

New long-term contracts will start their operation in full-capacity, and profitability will exhibit further increase.

<FY2019>

Medium-term business plan : ¥9.2 billion → current forecast : ¥7.7 billion

- Investments related to environment regulations (installation of SOx scrubbers) which are now underway, were not determined when the medium-term business plan was announced. In comparative terms, causing declines in vessel utilization and leading to opportunity losses.
- These investments are expected to help reduce fuel costs from FY2020, and we expect to achieve the FY2021 target in the medium-term business plan for operating income of 12 billion yen.

4. Progress Against Medium-Term Business Plan

Efforts for environmental protection

International Shipping

Response to the SOx regulations (FY2019)

What are the SOx regulations?

- They are the regulations for reducing sulfur oxides(SOx) included in the exhaust gases from vessels, and is stipulated in MARPOL Convention(International Convention for the Prevention of Pollution from Ships). From January 2020, it will be mandatory to use fuel oil whose sulfur contents does not exceed 0.50%. Use of equipment to reduce the sulfur content below regulation levels is also accepted as an alternative.

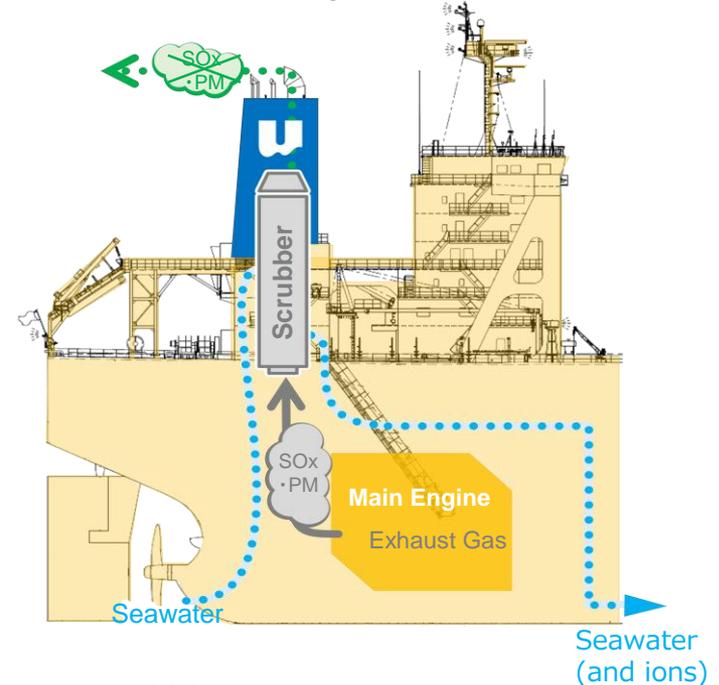
What are the SOx scrubbers?

- SOx scrubbers are equipment that suppress emissions of SOx and particulate matter(PM) to the atmosphere by absorbing them into washing water(seawater). The absorbed gases are discharged as non-hazardous ions that already exist in seawater.

What are the advantages of SOx scrubbers?

- The SOx scrubbers are environmentally friendly and enables the use of low-priced high-sulfur heavy oil and thus expected to decrease fuel costs and increase earnings.

Mechanism for cleaning SOx with scrubbers



Photos of SOx scrubber being installed in one of the Company's newly built ship.



4. Progress Against Medium-Term Business Plan

Efforts for environmental protection

Coastal Shipping

Operation of the Hybrid Vessel (FY2018)

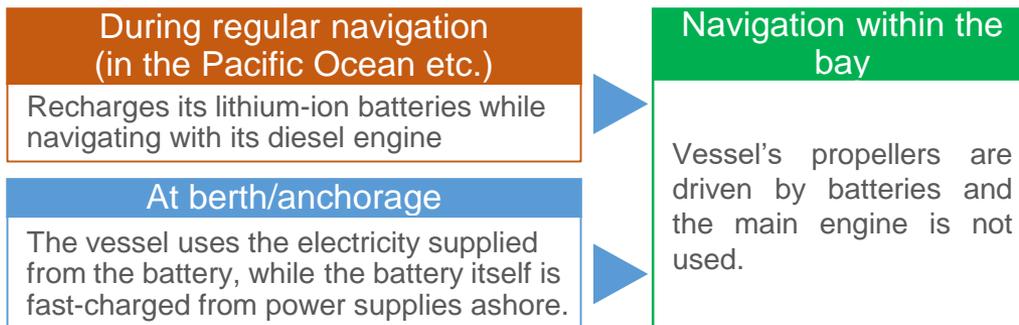
- Utashima is a vessel equipped with a lithium-ion battery system to carry steel products for coastal shipping (Gross tonnage : 499 tons, launched February 27, 2019)
- The vessel is the first coastal cargo carrier equipped with a hybrid propulsion system (battery capacity onboard is equivalent to those for 2,700 average hybrid vehicles)
Achieved zero CO₂ emission while at berth/anchorage or while navigating within the bay.
The first step towards a “zero carbon ship”
- The vessel does not use an internal-combustion engine (diesel engine) and will only produce limited vibration and noise. The system also helps reduce the workload of the crew.
An initiative to reform workstyle for the crews engaged in coastal shipping



The *Utashima* navigating in the Seto Inland Sea



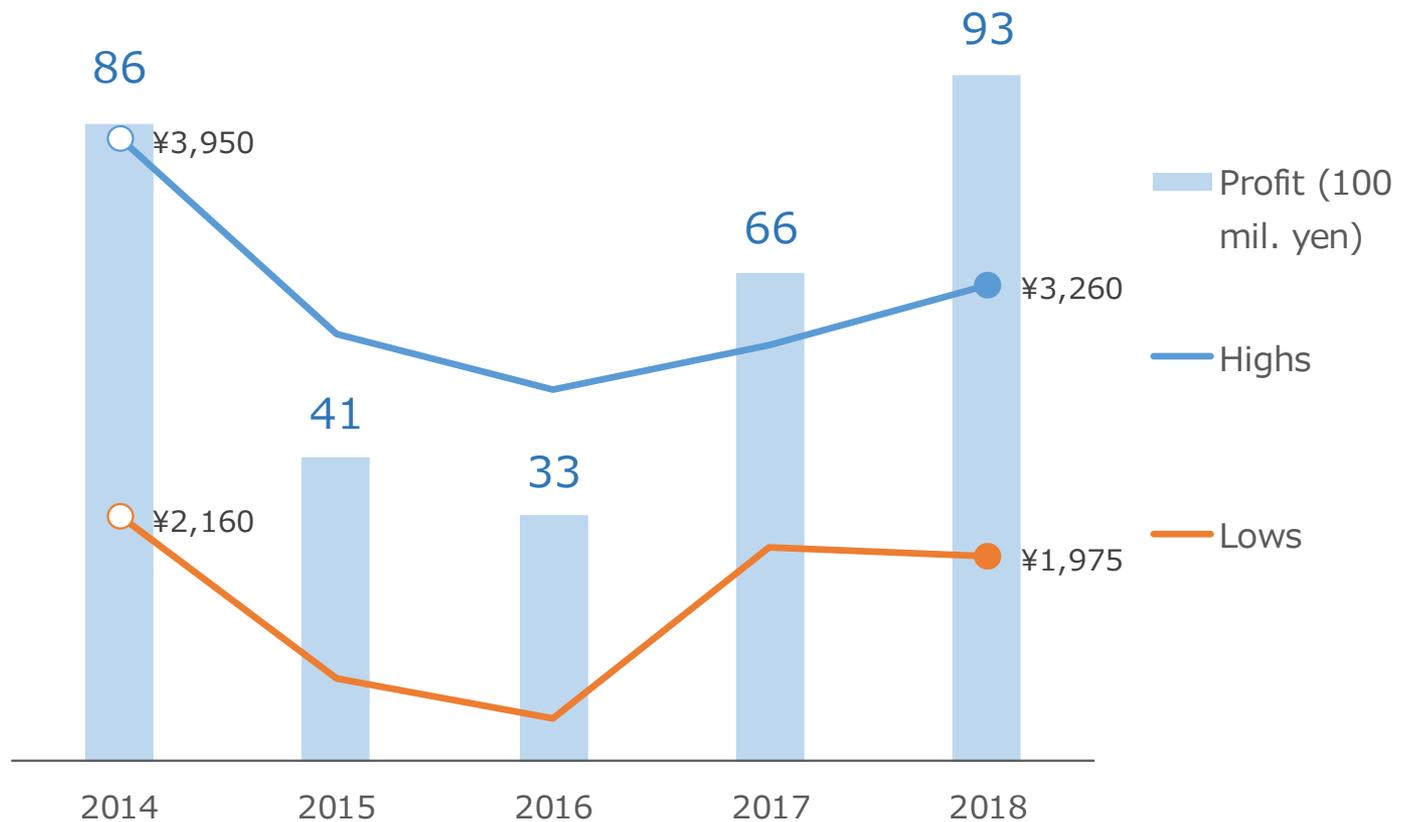
The launch ceremony at the Koike Shipyard



(For Reference) Fleet Tonnage at End of Fiscal Year

Vessel Type	End of FY2017 Total	End of FY2018		Total	Y-o-Y Change
		Owned	Chartered		
Vessels for Steel Materials	45	25	17	42	(3)
Panamax	24	4	13	17	(7)
Handymax	13	1	11	12	(1)
Small Handy	18	2	21	23	+ 5
Near Sea Vessels	24	0	23	23	(1)
LPG/Crude Oil Tanker	4	4	0	4	-
International Shipping Subtotal	128	36	85	121	(7)
Coastal Shipping	78	22	58	80	+ 2
Total	206	58	143	201	(5)

(For Reference) Trends in Profit and Share Price

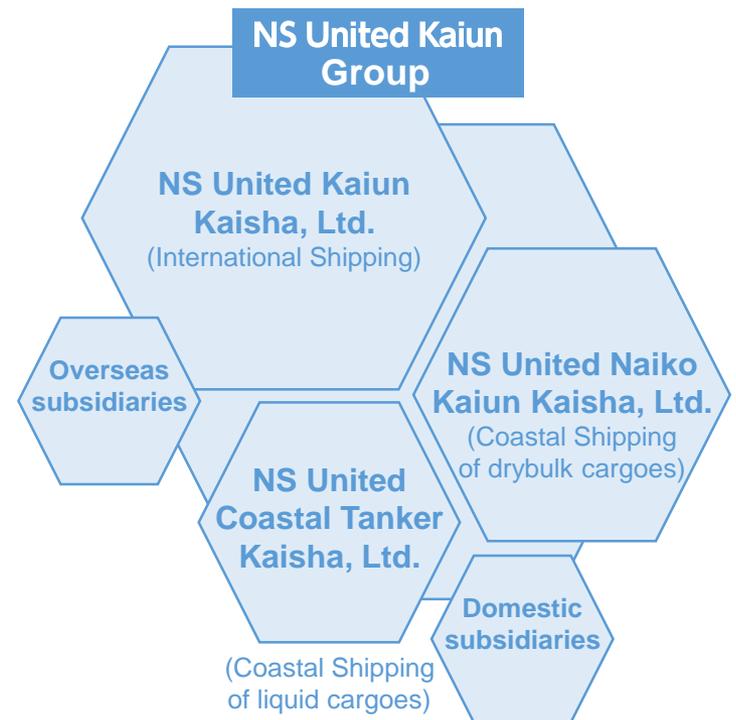


NS United Kaiun Kaisha, Ltd.

The NS United Kaiun Group will contribute to the development of society by providing trusted and high-quality marine transportation service.

(Note)

The forward-looking statements, including results forecasts, in this material are based on information available on the date of publication of this material. The actual results may differ depending on a variety of factors.



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