



**FY2023**

(Ending March 31, 2024)

**Financial Highlights  
For First Quarter**

**NS United Kaiun Kaisha, Ltd.**

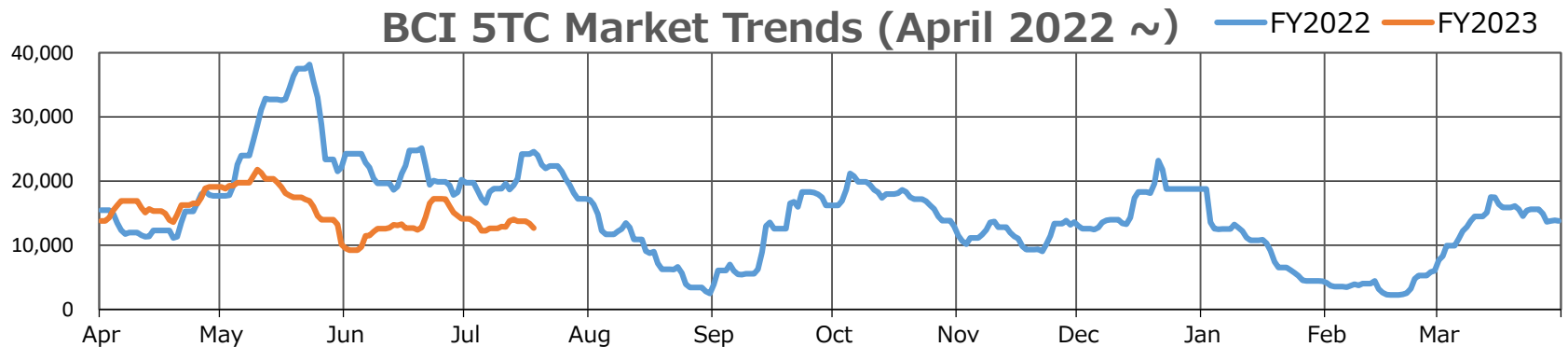
July 31, 2023

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# 1. Overview of First Quarter Financial Results

【Consolidated】 [100 mil. yen]	FY2022							FY2023	Changes Y-o-Y
	1Q	2Q	1H	3Q	4Q	2H	Full year	1Q	
Revenues	623	685	1,308	660	540	1,200	2,508	<b>554</b>	▲ 69
Operating Income	112	95	207	93	25	118	325	<b>58</b>	▲ 54
International Shipping	113	91	204	83	14	97	301	<b>55</b>	▲ 57
Coastal Shipping	▲ 1	4	3	10	11	22	24	<b>3</b>	+ 4
Ordinary Income	131	110	241	73	21	93	334	<b>79</b>	▲ 53
Profit Attributable to Owners of Parent	105	89	194	59	22	82	276	<b>62</b>	▲ 43



# 1. Overview of First Quarter Financial Results

## International Shipping

Amid concerns of a global economic slowdown due to rising inflation and interest rates, expectations for the Chinese economy, which had ended its zero-corona policy, supported the market at the beginning of the period, but the market softened from May onward due to a slow recovery. Although the yen's depreciation against the U.S. dollar accelerated against the backdrop of the widening interest rate gap between Japan and the U.S., pushing up operating income, income decreased by approximately 5.7 billion yen year-on-year.

**Dry Bulk** : The normalization of port regulations concerning the coronavirus infection caused a decrease in the number of vessels staying at ports, which has been a substantial factor in increasing the supply of shipping capacity. In addition, uncertainty about the Chinese economy, including a sluggish real estate market and slow growth in crude steel production, put downward pressure on marine transportation demand, and market conditions remained on a downward trend. Although market conditions were lower than expected, the Company secured stable earnings by promoting medium- to long-term transportation contracts.

**Tanker** : The supply-demand balance for large LPG tankers remained relatively tight, as a certain number of cargo movements were seen for both Middle East and U.S. loading, and prices remained at high levels throughout the period.

## Coastal Shipping

While the transportation of steel raw materials was firm, the transportation of steel products for automobile production and electric power-related cargoes decreased, and marine transportation demand remained almost flat, but operating income increased about 400 million yen due to a decrease in expenses caused by lower fuel prices.

**Dry Bulk** : Although the transportation of steel products and electric power-related cargoes showed a downward trend, the transportation of steel raw materials, mainly coke, remained strong, and we were able to capture spot transportation demand by focusing on communication with shippers.

**Tanker** : Despite efforts to operate more efficiently, transport volume declined year-on-year due to a drop in domestic demand for LPG.

**As a result, operating income decreased by approximately 5.4 billion yen, ordinary income decreased by 5.3 billion yen, and net income decreased by 4.3 billion yen in the first quarter of this fiscal year.**

## 2. Forecasts for FY2023

(Consolidated) [100 mil. yen]	FY2022 Full year (Result)	FY2023 (Forecast)			Changes Y-o-Y Full Year	Compared to Previous Forecast Full Year
		1H	2H	Full year		
Revenues	2,508	1,047	894	<b>1,941</b>	▲ 567	+151
Operating Income	325	99	57	<b>156</b>	▲ 169	+9
Ordinary Income	334	102	44	<b>146</b>	▲ 188	+14
Profit Attributable to Owners of Parent	276	82	41	<b>123</b>	▲ 153	+13

	FY2022 Full year	FY2023			Previous Forecast Full year of FY 2023
		1H Forecast	2H Forecast	Full Year	
Exchange Rate	¥134.67	¥136.33	¥130.00	¥133.17	¥130.00
Bunker Price (Average of all oil types)	\$655	\$543	\$549	\$546	\$587
Marke Capesize	\$14,726	\$15,000	\$13,000	\$14,000	\$18,000
Panamax	\$17,677	\$11,000	\$10,500	\$10,750	\$14,625
Small Handy	\$17,637	\$9,500	\$9,500	\$9,500	\$12,500

※ Exchange rate depreciation of 1 yen will result in recurring profit of approx. 300 million yen(2Q-4Q)

Fuel oil prices are the average price of all types of oil, including high-sulfur C-fuel oil consumed by vessels equipped with desulfurization equipment (Scrubber).

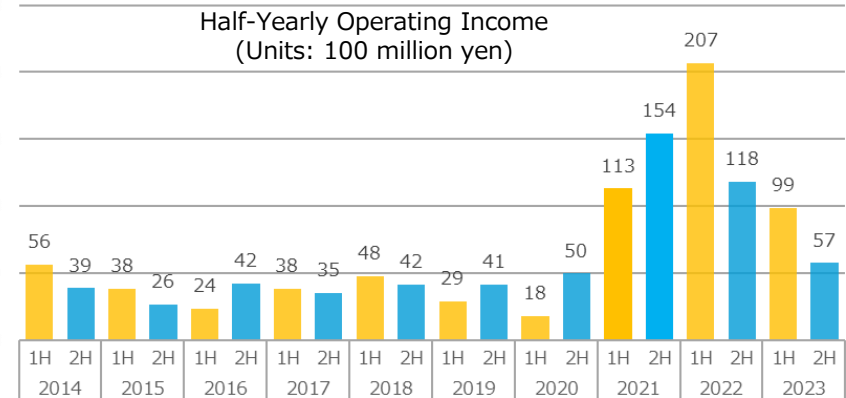
# 2. Forecasts for FY2023

## Forecast for the first half of the year :Prospects for upward revision due to the weakening yen

- Demand for maritime transport in the first half is expected to remain weak in the first quarter due to the slow recovery of the Chinese economy. Although fluctuations in the large-vessel (cape-size) market are expected to increase in response to macroeconomic policy trends in China and the accompanying economic conditions, we will continue to strive to secure stable earnings based on long-term contracts. There are concerns about the impact of the intensifying situation in Russia and Ukraine on grain transport in the small- and medium-sized vessel market. In addition, we will focus on the optimal allocation and operation of ships based on changes in trade patterns associated with geopolitical risks, including the U.S.-China trade friction.
- As for the impact on foreign exchange, the yen's depreciation, which is higher than expected due to the difference in interest rates between Japan and the United States, is expected to boost earnings. The consolidated net income forecast for the first half of the fiscal year has been revised upward to 8.2 billion yen from 4.9 billion yen previously announced on April 28, 2023.

## Full-year earnings forecast: Prospects for Securing Stable Revenue Based on Long-Term Freight Contracts

- Although the low level of new shipbuilding delivery and decarbonization-driven navigation are expected to limit the supply-side pressure, market conditions are expected to temporarily soften in the new year due to seasonal factors.
- Consolidated operating income for fiscal 2023 is expected to be ¥5.7 billion for the second half and ¥15.6 billion for the full year by accumulating stable earnings centered on long-term freight transportation contracts. In addition, consolidated net income is expected to be ¥12.3 billion for the full year, and on a full-year basis, we expect to secure the earnings we initially assumed for each stage of earnings.



Medium Term Business Plan Objectives (FY 2020 – FY 2023)	
Operating Income	10 billion yen or more
ROE	Over 10.0%
Net DER	1.0 times or less

## Dividend forecast: The dividend payout ratio is expected to be approximately 30% for the year.

Interim dividend: Dividend forecast increased from 65 yen per share to 80 yen per share.

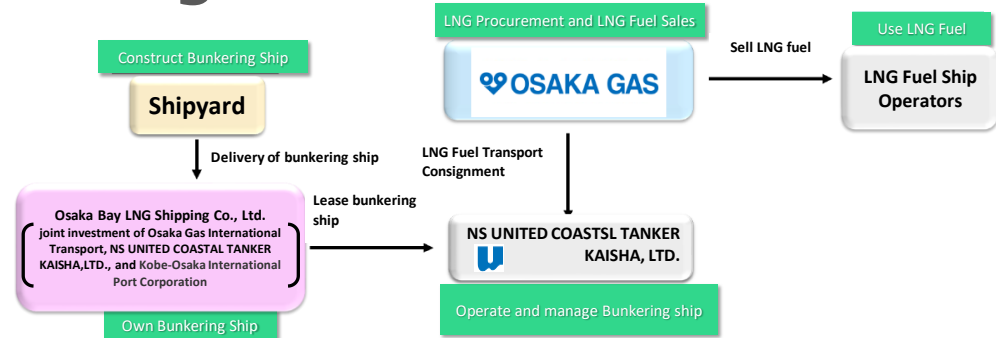
Year-end dividend: 80 yen per share, annual dividend combined with interim dividend forecast is 160 yen per share.

# 3. Activities ~ ESG Management ~

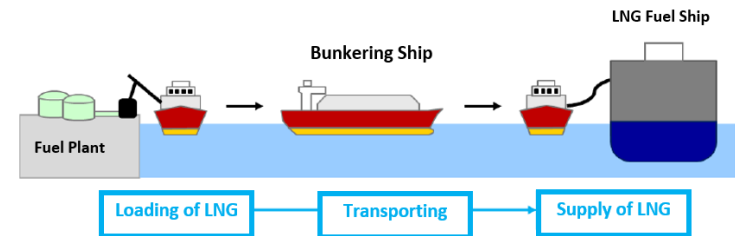
## Participation in ship-to-ship LNG fuel supply business for ships in Osaka Bay and Setouchi area

NS United Coastal Taker Kaisha, Ltd., a 100% subsidiary of the Company, will participate in the ship-to-ship LNG fuel supply business conducted by Osaka Gas Co., Ltd., in the Osaka Bay and Setouchi area, in recognition of its extensive record of LNG coastal shipping operations.

This project was selected as part of the Ministry of Land, Infrastructure, Transport and Tourism's 2023 Port Facility Improvement Project. In the future, Osaka Bay LNG Shipping Co., Ltd., which was jointly established by three companies under the scheme shown on the right, will apply for subsidies to construct a bunkering ship. The NS United Kaiun Group will continue to contribute to the realization of low and decarbonization in the shipping industry.



(scheme diagram)



(ship to ship method)

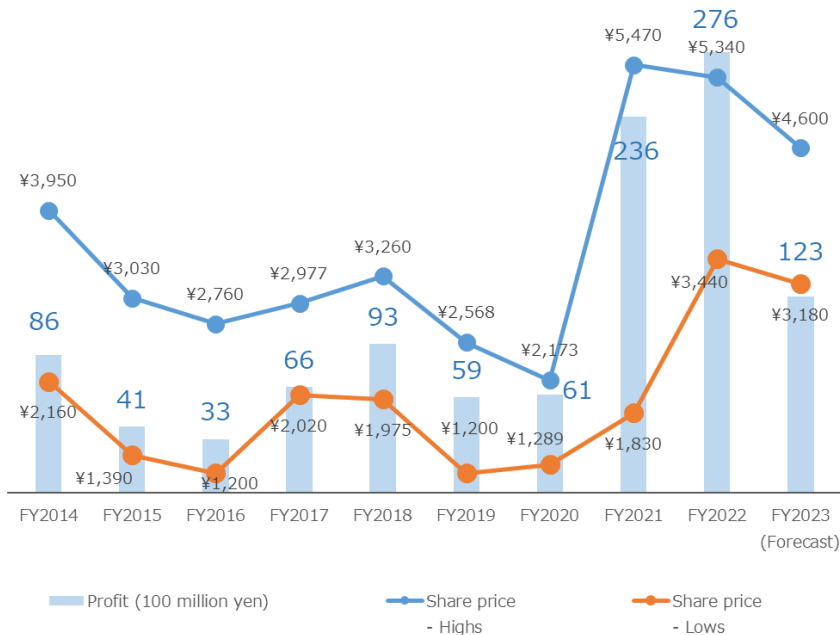
## Selected for “FTSE Blossom Japan Index”

The Index was created by FTSE Russell, a global index provider, and is rated in the areas of corporate governance, health and safety, anti-corruption, and climate change. The Index is designed to measure the performance of Japanese companies with excellent ESG (Environment, society and governance) responses. It is also widely used to create and evaluate sustainable investment funds and other financial products, and its constituent companies are considered to meet various environmental, social, and governance standards.

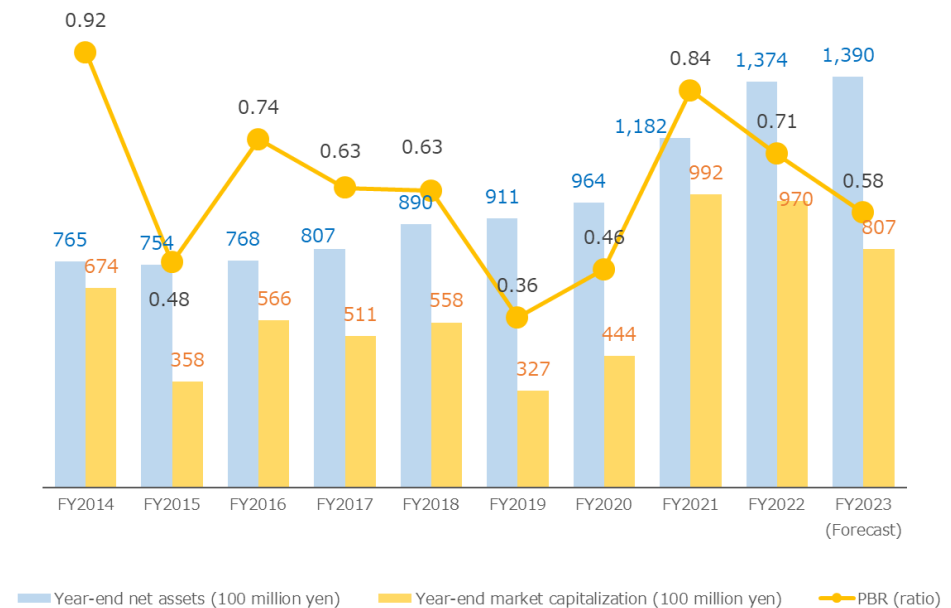
The Index is one of the benchmarks adopted by the Pension Investment Fund Management Incorporated Administrative Agency (GPIF), which manages public pensions, for the management of ESG investments.

# (Reference) Financial Outlook

## Changes in net income and stock prices during the period



## Net assets and market capitalization



FY 2023  
 \*Net income is estimated  
 \*Stock prices are April to June



# NS United Kaiun Kaisha, Ltd.

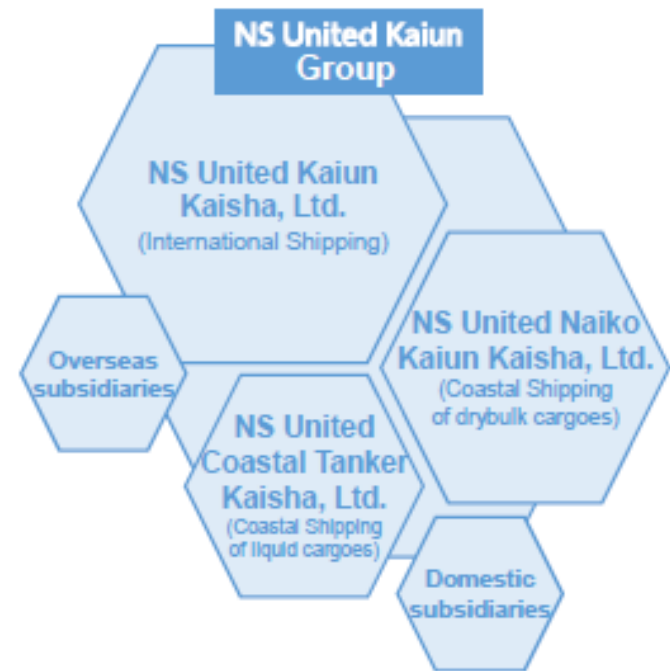
The NS United Kaiun Group will contribute to the development of society by providing trusted and high-quality marine transportation service.

(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.

(Note)

This document has been translated from the Japanese original for reference purposes only. In the event of any discrepancy between this translated document and the Japanese original, the original shall prevail.



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