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Young Brothers' Neighbor Island Cargo Volumes Flat in 2014

Agricultural Cargo Volume Up 5.2 Percent for the Year

HONOLULU (Feb. 17, 2015) – Young Brothers, Limited announced today that its 2014 intra-state cargo volumes between Honolulu and six neighbor island ports were basically flat, increasing by just 0.5 percent when compared to 2013 shipments. Similarly, cargo volume was flat during the fourth quarter of 2014, decreasing by 0.2 percent compared to the fourth quarter of 2013.

“Neighbor island cargo volumes in 2014, for the most part, moved sideways,” said Roy Catalani, vice president of Young Brothers. “The first quarter started off with a solid positive year-over-year comparison but, since then, cargo volumes have bounced around with some incremental gains and losses and ended up in flat territory for the year. Although cargo volumes are only one indicator of economic activity, our numbers appear to indicate that neighbor island economies lacked a strong economic driver last year and are still looking for a clear direction.”

Moreover, Catalani added that 2014 cargo volumes are only about 2 percent higher than they were in 2011 and still down approximately 20 percent from the volumes of the peak-cargo years experienced in 2006 and 2007.

In the first quarter of 2014, Young Brothers had an overall increase in cargo volumes of 4 percent, followed by a marginal increase of 0.3 percent in the second quarter. The third quarter slipped into negative territory with a 2.1-percent drop in volume, and volume remained on the minus side in the fourth quarter.

For the 12-month period ending December 31, 2014, three neighbor island ports experienced an increase in cargo shipments: Hilo, up 3.3 percent; Kawaihae, up 0.5 percent; and Lānaʻi, up 28.6 percent. Three ports experienced a decline in cargo volume for the year: Maui, down 1.8 percent; Kauaʻi, also down 1.8 percent; and Molokaʻi, down 5.3 percent.

During the fourth quarter of 2014, volume increased at just two of the ports: Kawaihae, 4.0 percent, and Kauaʻi, 3.7 percent. Cargo shipments fell at the remaining ports: Maui, down 4.6 percent; Hilo, 0.7 percent; Molokaʻi, 7.6 percent; and Lānaʻi, 1.4 percent.

“As far as individual ports go, Lānaʻi is the story of 2014,” Catalani added. Lānaʻi has been experiencing strong double-digit increases for the last couple of years, but slowed in the fourth quarter of 2014, likely due to less cargo demand for operations of its major hotels which are undergoing renovations.

During 2014, cargo volume by industry groups varied. Autos and renewable energy experienced solid gains, while construction industry cargo was relatively flat for the year. Food and beverage, and recycling cargo volumes declined.

Shipping volumes for the fourth quarter and 12-month period are shown by port in Appendix 1.

Agricultural Shipments Increase 5.2 Percent in 2014

While agricultural cargo volume was flat in the fourth quarter, down 0.8 percent, for the year it rose by 5.2 percent.

“All but one of the ports that export agricultural products had cargo volume gains in 2014,” Catalani said. “There was a slowdown in the fourth quarter, likely driven by the severe weather activity – particularly on the Big Island – during those months. Nevertheless, overall, agriculture remains a strong category.”

For the 12-month period ending December 31, 2014, five ports increased agricultural exports: Honolulu, up 2.4 percent; Hilo, up 4.0 percent; Kawaihae, 40.9 percent; Kaua'i, 19.8 percent; and Moloka'i, 6.5 percent. Only Maui experienced a decline in agricultural exports, dropping by 11.1 percent.

During the fourth quarter of 2014, agricultural cargo exports increased at four of the six ports: Honolulu, up 9.9 percent; Kawaihae, 35.4 percent; Kaua'i, 43.3 percent; and Moloka'i, 3.5 percent. Agricultural exports declined at Maui and Hilo, 12.5 percent and 11.0 percent, respectively.

Agricultural volume includes only cargo that qualifies for the company's island product discount of 30 to 35 percent. The discount applies only to locally grown agricultural products. Agricultural cargo volumes for the fourth quarter and 12-month period are shown by port of origin in Appendix 2.

About the Young Brothers Quarterly Shipping Report

Young Brothers' quarterly intra-state shipping volumes reflect only cargo shipments that originate and terminate within Hawaii. The Young Brothers Quarterly Shipping Report was initiated in 2012. The company will release its first quarter 2015 results in May 2015.

Young Brothers, Limited, with approximately 340 employees across the state, has served Hawai'i since 1900. Young Brothers is a publicly regulated water carrier providing 12 weekly port calls from Honolulu to the state's neighbor island ports, including Hilo, Kawaihae, Kahului, Kaunapau, Kaunakakai and Nāwiliwili. For more information, visit www.youngbrothershawaii.com.

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Appendix 1
Young Brothers, Limited
Neighbor Island Intrastate Cargo Volume – Fourth Quarter 2014

<i>Container/Platform Equivalents (CPEs) Between Honolulu and Neighbor Island Ports</i>						
	Q4 2014	Q4 2013	Percent Change	12 months ended Dec. 31, 2014	12 months ended Dec. 31, 2013	Percent Change
All Ports	32,013	32,084	(0.2%)	131,565	130,969	0.5%
Kahului, Maui	11,438	11,991	(4.6%)	47,257	48,118	(1.8%)
Inbound	8,971	9,272	(3.2%)	35,115	35,457	(1.0%)
Outbound	2,467	2,720	(9.3%)	12,142	12,660	(4.1%)
Hilo, Hawai'i	8,024	8,079	(0.7%)	33,820	32,746	3.3%
Inbound	5,603	5,634	(0.6%)	23,122	22,608	2.3%
Outbound	2,421	2,445	(0.9%)	10,698	10,138	5.5%
Kawaihae, Hawai'i	5,192	4,990	4.0%	20,761	20,652	0.5%
Inbound	3,894	3,542	10.0%	15,161	14,786	2.5%
Outbound	1,298	1,449	(10.4%)	5,601	5,866	(4.5%)
Nāwiliwili, Kaua'i	6,742	6,503	3.7%	27,722	28,239	(1.8%)
Inbound	5,482	5,084	7.8%	21,975	21,934	0.2%
Outbound	1,260	1,418	(11.1%)	5,747	6,305	(8.9%)
Kaunakakai, Moloka'i	1,567	1,696	(7.6%)	6,124	6,465	(5.3%)
Inbound	1,198	1,208	(0.9%)	4,646	4,647	0.0%
Outbound	369	488	(24.3%)	1,478	1,818	(18.7%)
Kaunapau, Lāna'i	1,271	1,290	(1.4%)	5,783	4,498	28.6%
Inbound	986	1,112	(11.3%)	4,696	3,744	25.4%
Outbound	285	178	60.4%	1,087	754	44.2%

NOTE: The "All Ports" category reflects every unique cargo item transported by Young Brothers. In contrast, the sum of individual ports is greater than the amount of unique shipments in the "All Ports" total. This is because transshipment cargo volumes (i.e., cargo that originates on a neighbor island, is transshipped at YB's Honolulu hub and terminates at another neighbor island port) are attributed to the neighbor island origin port as "outbound" cargo and the neighbor island destination port as "inbound" cargo. Transshipped cargo makes up a relatively small percentage of total cargo volume.

Appendix 2
Young Brothers, Limited
Agricultural Cargo Volume by Island and Port – Fourth Quarter 2014

<i>Outbound Agricultural Cargo (CPEs)</i>						
	Q4 2014	Q4 2013	Percent Change	12 months ended Dec. 31, 2014	12 months ended Dec. 31, 2013	Percent Change
All Islands	1,888	1,904	(0.8%)	7,886	7,495	5.2%
O'ahu (Honolulu)	400	364	9.9%	1,563	1,526	2.4%
Maui (Kahului)	285	326	(12.5%)	1,151	1,294	(11.1%)
Hawai'i Island	1,023	1,055	(3.0%)	4,470	4,036	10.8%
Hilo	777	873	(11.0%)	3,433	3,300	4.0%
Kawaihae	246	182	35.4%	1,038	737	40.9%
Kaua'i (Nāwiliwili)	56	39	43.3%	205	171	19.8%
Moloka'i (Kaunakakai)	124	120	3.5%	497	467	6.5 %
Lāna'i (Kaunalapau)	0	0	N/A	0	0	N/A

NOTE: Agricultural cargo volumes represent all regulated Young Brothers cargo which qualified for the 30% to 35% "Island Product" discount. In contrast to total cargo volumes in Appendix 1, agricultural cargo volumes are categorized only by the port from which they originated, meaning the island on which the agricultural product was grown.

Note regarding CPE unit of measurement: Young Brothers measures its cargo in units called "container/platform equivalents" (CPE), which allow a comparison of cargo volumes across different sizes of containers and other non-standardized cargo types. Due to rounding, CPE numbers presented throughout this document may not precisely reflect the absolute figures.