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Neighbor Island Cargo Volumes Up Marginally in Second Quarter, Slightly Down for First Half of Year

Construction activity and rental car volumes increased

HONOLULU (August 28, 2015) – Young Brothers, Limited announced today that intrastate cargo shipments between Honolulu and six neighbor island ports were up marginally in the second quarter of 2015, increasing by just 0.8 percent.

“With respect to overall cargo volumes, it was another relatively uneventful quarter,” said Roy Catalani, vice president of Young Brothers. “However, a strong finish in June pushed the quarterly comparison into positive territory. We’re hopeful the June numbers will be at the leading edge of a trend that will carry into the summer and through the remainder of 2015.”

Four neighbor island ports experienced gains in cargo volume during the second quarter: Maui, the largest neighbor island port in terms of volume, up 1.1 percent; Kawaihae, up 11.9 percent; Kaua’i, 3.5 percent; and Moloka’i, 1.9 percent. Cargo volume decreased at two ports: Hilo, down 2.8 percent, and Lāna’i, down 26.1 percent.

Strong second quarter gains in Roll-on/Roll-off (Ro/Ro) cargo, which includes any cargo type that can be driven onto a barge (not including most passenger vehicles), were attributable to a combination of construction activity and customers changing out fleet equipment. Shipments by the auto rental sector also showed solid gains during the second quarter. A few auto rental companies adjusted their fleet to meet seasonal rental demand in the second quarter. In addition, preceding events such as the Lions convention on Oahu and the Merrie Monarch festival on the Big Island, rental cars were repositioned to meet increased demand. Cargo from recycling activity also increased, likely related to construction activity on the neighbor islands, particularly from the ports of Kaua’i, Kawaihae and Kahului. Cargo volume dipped among several sectors, including new automobiles and energy.

First-Half Volume Slips 0.5 Percent

Overall volume for the first six months was down very slightly, slipping by 0.5 percent, compared to the first six months of 2014.

Most neighbor island ports experienced a decrease in volume for the first half of the year. Maui volume dropped 1.5 percent; Hilo, down 2.9 percent; Kaua’i, 0.5 percent; and Lāna’i, 22.1 percent. Cargo volume increased at Kawaihae by 11.2 percent and at Moloka’i, barely rising by 0.2 percent.

Shipping volumes for the second quarter and the six-month period ending June 30, 2015 are shown by port in Appendix 1.

Agricultural Cargo Volume Flat in Second Quarter and First Six Months

In the second quarter, agricultural cargo volume statewide was relatively even, dipping slightly by 0.4 percent compared to the year-ago quarter. During the first six months of the year, agricultural volume finished with a minimal increase, rising just 0.7 percent compared to the same period of 2014.

Hilo's agricultural volumes dropped in the first six months compared to last year, largely due to the continuing drought. Nevertheless, the overall amount of agricultural cargo statewide is virtually unchanged year over year. In addition, according to Catalani, Young Brothers is seeing more island produce shipping out of Oahu, largely from food distributors, while experiencing volume growth at Kawaihae due to a spike in cattle shipments.

Three ports experienced an increase in exports of agricultural cargo during the second quarter: Honolulu, up 32.1 percent; Kawaihae, 21.3 percent; and Kaua'i, 37.7 percent. Agricultural cargo exports declined from Maui and Hilo 0.6 percent and 21.9 percent, respectively, while such cargo from Moloka'i was unchanged.

During the first half of the year, agricultural exports rose from Honolulu, up 30.0 percent; Kawaihae, up 28.2 percent; and Kaua'i, 10.9 percent. Agricultural cargo declined from two ports during the same period, including Maui, down 3.6 percent, and Hilo, down 18.9 percent. Moloka'i's agricultural exports were virtually unchanged, barely slipping 0.1 percent.

Agricultural volume includes only cargo that qualifies for the company's island product discount of 30 to 35 percent, which applies to locally grown agricultural products. Agricultural cargo volumes for the second quarter and the six-month period ending June 30, 2015 are shown by port of origin in Appendix 2.

About the Young Brothers Quarterly Shipping Report

Young Brothers' quarterly intrastate shipping volumes reflect only cargo shipments that originate and terminate within the State of Hawai'i. The Young Brothers Quarterly Shipping Report was initiated in 2012. The company will release its third quarter 2015 results in November 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, Kaunapali, Kaunakakai and Nāwiliwili. For more information, visit www.youngbrothershawaii.com.

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Appendix 1
Young Brothers, Limited
Neighbor Island Intrastate Cargo Volume – Second Quarter 2015

<i>Container/Platform Equivalents (CPEs) Between Honolulu and Neighbor Island Ports</i>						
	Q2 2015	Q2 2014	Percent Change	Six months ended June 30, 2015	Six months ended June 30, 2014	Percent Change
All Ports	32,994	32,746	0.8%	63,813	64,147	(0.5%)
Kahului, Maui	11,966	11,836	1.1%	23,102	23,464	(1.5%)
Inbound	8,609	8,417	2.3%	17,118	16,895	1.3%
Outbound	3,358	3,419	(1.8%)	5,984	6,570	(8.9%)
Hilo, Hawai'i	8,188	8,425	(2.8%)	15,919	16,401	(2.9%)
Inbound	5,550	5,516	0.6%	10,892	10,948	(0.5%)
Outbound	2,639	2,909	(9.3%)	5,026	5,453	(7.8%)
Kawaihae, Hawai'i	5,929	5,297	11.9%	11,467	10,312	11.2%
Inbound	4,058	3,697	9.8%	8,209	7,424	10.6%
Outbound	1,871	1,600	16.9%	3,259	2,888	12.8%
Nāwiliwili, Kaua'i	6,891	6,659	3.5%	12,934	13,004	(0.5%)
Inbound	5,312	5,185	2.5%	9,929	10,162	(2.3%)
Outbound	1,579	1,475	7.0%	3,005	2,842	5.7%
Kaunakakai, Moloka'i	1,616	1,586	1.9%	3,051	3,047	0.2%
Inbound	1,176	1,190	(1.2%)	2,299	2,285	0.6%
Outbound	440	397	11.1%	753	761	(1.1%)
Kaunapau, Lāna'i	1,218	1,650	(26.1%)	2,379	3,053	(22.1%)
Inbound	990	1,323	(25.2%)	1,874	2,476	(24.3%)
Outbound	228	327	(30.1%)	505	577	(12.5%)

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 – Second Quarter 2015

<i>Outbound Agricultural Cargo (CPEs)</i>						
	Q2 2015	Q2 2014	Percent Change	Six months ended June 30, 2015	Six months ended June 30, 2014	Percent Change
All Islands	2,043	2,051	(0.4%)	3,954	3,927	0.7%
O’ahu (Honolulu)	531	402	32.1%	1,016	781	30.0%
Maui (Kahului)	276	278	(0.6%)	554	574	(3.6%)
Hawai’i Island	1,058	1208	(12.4%)	2,031	2,230	(8.9%)
Hilo	737	943	(21.9%)	1,421	1,754	(18.9%)
Kawaihae	321	265	21.3%	610	476	28.2%
Kaua’i (Nāwiliwili)	52	38	37.7%	111	100	10.9%
Moloka’i (Kaunakakai)	126	126	0.0%	242	243	(0.1%)
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.