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Neighbor Island Cargo Volumes Slip 2.1 Percent in Third Quarter

Agricultural Volume Jumps 10 Percent

HONOLULU (Nov. 25, 2014) – Young Brothers, Limited announced today that intrastate cargo shipments between Honolulu and six neighbor island ports decreased 2.1 percent from July through September of 2014 compared to the same period of 2013, when cargo volumes rose more than 5 percent.

“The bar was set high last year, so we knew going into July of this year that it would be a tough comparison and difficult to maintain the trend of finishing on the plus side,” said Roy Catalani, vice president of Young Brothers. “Nonetheless, a two-point dip in cargo volume indicates some softening in neighbor island economies.”

Indeed, the third quarter of 2014 marks the first decrease of Young Brothers’ cargo volume over the last six quarters. In the first quarter of this year cargo volume increased by 4 percent, followed by a relatively flat second quarter which still inched up by 0.3 percent. In 2013, when the positive trend started, volume climbed 4.4 percent in the second quarter, 5.2 percent in third and 0.6 percent in the fourth.

Cargo volume decreased at four neighbor island ports during the third quarter of 2014: Maui, down 4.2 percent; Kawaihae, 4.6 percent; Kaua’i, 6.0 percent; and Moloka’i, 3.9 percent. Two ports experienced a spike in cargo: Hilo, up 3.4 percent, and Lāna’i, up 20.0 percent, which continued its string of double-digit increases.

Industry segments showing strength during the third quarter include government shipments and utilities. Higher-than-normal cargo volumes moved to the Big Island to help the Puna area recover from Tropical Storm Iselle with repairs to electric, phone, and cable infrastructure. Segments declining during the quarter include food and beverage, and recycling.

Volume Up 0.6 Percent Through Nine Months Ending September

Overall volume for the first nine months of 2014 remained in positive territory, increasing 0.6 percent compared to the same period last year.

Cargo volume declined at four neighbor island ports in the first nine months of the year while two ports experienced an increase. Maui volume dropped 0.8 percent; Kawaihae, down 0.8 percent; Kaua’i, 3.5 percent; and Moloka’i, 4.5 percent. Volume increased at Hilo by 4.3 percent and by 40.6 percent at Lāna’i.

Energy-related segments, including renewable energy and petroleum, are up through the first nine months. Volumes attributable to the construction sector are mixed thus far in 2014, with no clear growth trend for the neighbor islands as a whole. However, the impact of this year's economic activity on Lāna'i is clear. Without this year's volume growth on Lāna'i, Young Brothers' year-to-date volumes would reflect a 0.7 percent decline.

Shipping volumes for the third quarter and the nine-month period ending Sept. 30, 2014 are shown by port in Appendix 1.

Agricultural Cargo Rises by 10 Percent in Third Quarter

Agricultural cargo volume continued to increase quarter over quarter, rising 10.3 percent compared to the third quarter of 2013. This follows a 5.7-percent increase in the second quarter. For the first nine months of 2014, agricultural volume rose 7.3 percent compared to the same period of 2013.

Agricultural exports increased at four ports during the third quarter: Hilo, up 6.3 percent, Kawaihae, up 79.9 percent; Kaua'i, 38.2 percent; and Moloka'i, 19.2 percent. Honolulu and Maui agricultural exports declined 1.5 percent and 8.9 percent, respectively.

"The increase in ag cargo demonstrates that demand for locally grown food remains strong," Catalani said. However, the large increase in cargo from Kawaihae was due in large part to limited period demands for landscaping projects on Lāna'i and livestock movements on other islands, Catalani added.

During the first nine months of the year, four ports experienced an increase in volume: Hilo, up 9.5 percent; Kawaihae, 42.7 percent; Kaua'i, 12.9 percent; and Moloka'i, 7.5 percent. Agricultural volume fell at Maui by 10.6 percent, while volume at Honolulu finished flat, up 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 third quarter and the nine-month period ending Sept. 30, 2014 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 fourth quarter 2014 results in February 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, Kaumalapau, Kaunakakai and Nāwiliwili. For more information, visit www.youngbrothershawaii.com.

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

<i>Container/Platform Equivalents (CPEs) Between Honolulu and Neighbor Island Ports</i>						
	Q3 2014	Q3 2013	Percent Change	Nine months ended Sept. 30, 2014	Nine months ended Sept. 30, 2013	Percent Change
All Ports	33,099	33,806	(2.1%)	99,497	98,885	0.6%
Kahului, Maui	11,744	12,255	(4.2%)	35,824	36,127	(0.8%)
Inbound	8,620	9,075	(5.0%)	26,124	26,186	(0.2%)
Outbound	3,124	3,180	(1.8%)	9,700	9,941	(2.4%)
Hilo, Hawai'i	8,920	8,626	3.4%	25,733	24,667	4.3%
Inbound	6,125	5,858	4.6%	17,461	16,974	2.9%
Outbound	2,795	2,768	1.0%	8,272	7,693	7.5%
Kawaihae, Hawai'i	5,168	5,415	(4.6%)	15,531	15,662	(0.8%)
Inbound	3,778	3,977	(5.0%)	11,254	11,244	0.1%
Outbound	1,390	1,438	(3.3%)	4,277	4,418	(3.2%)
Nāwiliwili, Kaua'i	6,808	7,242	(6.0%)	20,971	21,736	(3.5%)
Inbound	5,218	5,464	(4.5%)	16,477	16,850	(2.2%)
Outbound	1,591	1,777	(10.5%)	4,493	4,886	(8.0%)
Kaunakakai, Moloka'i	1,503	1,565	(3.9%)	4,557	4,770	(4.5%)
Inbound	1,161	1,130	2.8%	3,448	3,439	0.3%
Outbound	343	435	(21.3%)	1,109	1,330	(16.6%)
Kaunapau, Lāna'i	1,426	1,188	20.0%	4,510	3,208	40.6%
Inbound	1,205	967	24.5%	3,710	2,632	41.0%
Outbound	221	221	0.3%	799	576	38.7%

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 – Third Quarter 2014

<i>Outbound Agricultural Cargo (CPEs)</i>						
	Q3 2014	Q3 2013	Percent Change	Nine months ended Sept. 30, 2014	Nine months ended Sept. 30, 2013	Percent Change
All Islands	2,071	1,877	10.3%	5,999	5,591	7.3%
O’ahu (Honolulu)	381	387	(1.5%)	1,163	1,162	0.1%
Maui (Kahului)	292	320	(8.9%)	866	968	(10.6%)
Hawai’i Island	1,218	1,024	18.9%	3,447	2,981	15.6%
Hilo	902	848	6.3%	2,656	2,426	9.5%
Kawaihae	316	176	79.9%	791	555	42.7%
Kaua’i (Nāwiliwili)	50	36	38.2%	150	133	12.9%
Moloka’i (Kaunakakai)	130	109	19.2%	373	347	7.5%
Lāna’i (Kaumalapau)	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.