

MIRA INFORM REPORT

Report No. :	543587
Report Date :	05.12.2018

IDENTIFICATION DETAILS

Name :	NIPPON CARGO AIRLINES CO LTD
Registered Office :	NCA Maintenance Hanger Narita International Airport, Sanrizuka Narita City Chiba-Pref 282-0011
Country :	Japan
Financials (as on) :	31.03.2018
Date of Incorporation :	September 1978
Com. Reg. No.:	0104-01-051099 (Chiba-Narita)
Legal Form :	Limited Company (Kabushiki Kaisha)
Line of Business :	Air cargo transport service provider, offering scheduled and non-scheduled air cargo transport services, operating 11 air cargo crafts, with warehousing facilities at major international airports worldwide (--100%).
No. of Employees :	783

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :

B

Credit Rating	Explanation	Rating Comments
B	Medium Risk	Business dealings permissible on a regular monitoring basis

Status :	Moderate
Payment Behaviour :	Slow
Litigation :	Clear

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NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

ECGC Country Risk Classification List

Country Name	Previous Rating (30.06.2018)	Current Rating (30.09.2018)
Japan	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

JAPAN - ECONOMIC OVERVIEW

Over the past 70 years, government-industry cooperation, a strong work ethic, mastery of high technology, and a comparatively small defense allocation (slightly less than 1% of GDP) have helped Japan develop an advanced economy. Two notable characteristics of the post-World War II economy were the close interlocking structures of manufacturers, suppliers, and distributors, known as keiretsu, and the guarantee of lifetime employment for a substantial portion of the urban labor force. Both features have significantly eroded under the dual pressures of global competition and domestic demographic change.

Measured on a purchasing power parity basis that adjusts for price differences, Japan in 2017 stood as the fourth-largest economy in the world after first-place China, which surpassed Japan in 2001, and third-place India, which edged out Japan in 2012. For three postwar decades, overall real economic growth was impressive - averaging 10% in the 1960s, 5% in the 1970s, and 4% in the 1980s. Growth slowed markedly in the 1990s, averaging just 1.7%, largely because of the aftereffects of inefficient investment and the collapse of an asset price bubble in the late 1980s, which resulted in several years of economic stagnation as firms sought to reduce excess debt, capital, and labor. Modest economic growth continued after 2000, but the economy has fallen into recession four times since 2008.

Japan enjoyed an uptick in growth since 2013, supported by Prime Minister Shinzo ABE's "Three Arrows" economic revitalization agenda - dubbed "Abenomics" - of monetary easing, "flexible" fiscal policy, and structural reform. Led by the Bank of Japan's aggressive monetary easing, Japan is making modest progress in ending deflation, but demographic decline – a low birthrate and an aging, shrinking population – poses a major long-term challenge for the economy. The government currently faces the quandary of balancing its efforts to stimulate growth and institute economic reforms with the need to address its sizable public debt, which stands at 235% of

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GDP. To help raise government revenue, Japan adopted legislation in 2012 to gradually raise the consumption tax rate. However, the first such increase, in April 2014, led to a sharp contraction, so Prime Minister ABE has twice postponed the next increase, which is now scheduled for October 2019. Structural reforms to unlock productivity are seen as central to strengthening the economy in the long-run.

Scarce in critical natural resources, Japan has long been dependent on imported energy and raw materials. After the complete shutdown of Japan's nuclear reactors following the earthquake and tsunami disaster in 2011, Japan's industrial sector has become even more dependent than before on imported fossil fuels. However, ABE's government is seeking to restart nuclear power plants that meet strict new safety standards and is emphasizing nuclear energy's importance as a base-load electricity source. In August 2015, Japan successfully restarted one nuclear reactor at the Sendai Nuclear Power Plant in Kagoshima prefecture, and several other reactors around the country have since resumed operations; however, opposition from local governments has delayed several more restarts that remain pending. Reforms of the electricity and gas sectors, including full liberalization of Japan's energy market in April 2016 and gas market in April 2017, constitute an important part of Prime Minister Abe's economic program.

Under the Abe Administration, Japan's government sought to open the country's economy to greater foreign competition and create new export opportunities for Japanese businesses, including by joining 11 trading partners in the Trans-Pacific Partnership (TPP). Japan became the first country to ratify the TPP in December 2016, but the United States signaled its withdrawal from the agreement in January 2017. In November 2017 the remaining 11 countries agreed on the core elements of a modified agreement, which they renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Japan also reached agreement with the European Union on an Economic Partnership Agreement in July 2017, and is likely seek to ratify both agreements in the Diet this year.

Source : CIA

NOTE

Due to negative network, we do not recommend any credit limit to the company.

COMPANY NAME & ADDRESS

NIPPON CARGO AIRLINES CO LTD

REGD NAME: Nihon Kamotsu Kouku KK
MAIN OFFICE: NCA Maintenance Hanger Narita International Airport, Sanrizuka Narita City Chiba-Pref
282-0011 Japan
Tel: 0476-30-3001 Fax: 0476-30-3844

URL: http://www.nca.aero/
E-Mail address: info@nca.aero

ACTIVITIES: Scheduled & non-scheduled air cargo transport services
BRANCHES: Narita Airport, Kansai Airport, Central Japan Airport, other (Tot 23)
OVERSEAS: New York, Boston, Chicago, Atlanta, Anchorage, San Francisco, Los Angeles;
Hong Kong, Singapore, Bangkok, Bangkok Airport, Seoul, Seoul Airport, Shanghai,
Shanghai Airport; Amsterdam, Frankfurt, Milan

WAREHOUSE: Narita New Tokyo Int'l Airport, Kansai Int'l Airport, Central Japan Int'l Airport,
New York, San Francisco, Chicago, Boston, Atlanta, Amsterdam, Milan,
Boston, Atlanta; Amsterdam, Milan,
Frankfurt; Hong Kong, Bangkok, Singapore, Shanghai (-- all Airports)

OFFICERS: HITOSHI OOSHIKA, PRES Keita Sataka, s/mgn dir
Taizo Kudo, ch Tatsuya Iida, dir
Hiroyuki Homma, dir Shinji Soeda, dir

Yen Amount: In million Yen, unless otherwise stated

SUMMARY

FINANCES	WEAK	A/SALES	Yen 97,918 M
PAYMENTS	SLOW	CAPITAL	Yen 10,000 M
TREND	SLOW	WORTH	Yen (-) 85,497 M
STARTED	1978	EMPLOYEES	783

COMMENT: AIR CARGO TRANSPORT SERVICE PROVIDER, OWNED BY NIPPON YUSEN KK.
FINANCIAL SITUATION CONSIDERED WEAK BUT SHOULD BE GOOD FOR MODERATE BUSINESS
ENGAGEMENTS.

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MAX CREDIT LIMIT: YEN (-) 8,914.9 MILLION, 30 DAYS NORMAL TERMS.

NEGATIVE NET WORTH AND ANY CREDITS ARE RECOMMENDED ON SECURED TERMS FROM THE PARENT, NIPPON YUSEN KAISHA LTD.

HIGHLIGHTS

The subject company was established by five companies: Kawasaki Kisen KK, Nippon Yusen KK, Yamashita-Shinnihon KK, Mitsui OSK Lines and All Nippon Airways in order to advance into air cargo transport services. In Aug 1983, granted license for scheduled air cargo transportation from the then Ministry of Transport. Offers scheduled and non-scheduled air cargo transport services around the world. Operates 13 Boeing 747-400Fs fleet, servicing to and from these areas. In 2005, became financially consolidated subsidiary of Nippon Yusen KK.

FINANCIAL INFORMATION

The sales volume for Mar/2018 fiscal term amounted to Yen 97,918 million, a 19% up from Yen 82,012 million in the previous term. The recurring profit was posted at Yen 1,522 million and the net profit at Yen 1,198 million, respectively, compared with Yen 1,699 million recurring loss and Yen 15,472 million net losses, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 1,600 million and the net profit at Yen 1.300 million, respectively, on a 5% rise in turnover, to Yen 102,820 million.

The financial situation is considered WEAK but should be good for MODERATE business engagements. Max credit limit is estimated at Yen (-) 8,914.9 million, on 30 days normal terms. Negative net worth and any credits to be recommended on strictly secured terms from the parent, Nippon Yusen KK.

REGISTRATION

Date Registered:	Sept 1978
Regd No.:	0104-01-051099 (Chiba-Narita)
Legal Status:	Limited Company (Kabushiki Kaisha)
Authorized:	159,973,000 shares
Issued:	119,973,000 shares
Sum:	Yen 10,000 million

Major shareholders (%): Nippon Yusen KK (100),

Nothing detrimental is known as to the commercial morality of executives.

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OPERATION

Activities: Air cargo transport service provider, offering scheduled and non-scheduled air cargo transport services, operating 11 air cargo crafts, with warehousing facilities at major international airports worldwide (--100%).

Operating aircrafts: Thirteen Boeing 747-400Fs

Clients: [Air freight forwarders, cargo owners] Nippon Express, Kintetsu World Express, MO Air System, Hankyu Express International, Alitalia, Yusen Logistics, Yusen air & Sea Service, other.

No. of accounts: 350

Domestic areas of activities: Nationwide

Suppliers: [Oil refineries, mfrs, wholesalers] NYK Lines, JX Energy, Dalia Leasing, GE Engine Services, Narita Airport, other

Payment record: Slow

Location: Business area in Narita City, Chiba-Pref. Office premises at the caption address are leased and maintained satisfactorily.

Bank References:

MUFG (H/O)

SMBC (H/O)

Relations: Satisfactory

FINANCES

(In Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	102,820	97,918	82,012	91,198
Recur. Profit	1,600	1,522	-1,699	
Net Profit	1,300	1,198	-15,472	1,408
Total Assets		76,847	52,596	47,276
Current Assets		18,261	17,462	
Current Liabs		109,754	96,500	
Net Worth		-85,497	-86,693	-68,777
Capital, Paid-Up		10,000	10,000	10,000
Div.P.Share(¥)		0.00	0.00	0.00
<Analytical Data>	(%)	(%)	(%)	(%)

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S.Growth Rate	5.01	19.39	-10.07	-8.07
Current Ratio	..	16.64	18.10	..
N.Worth Ratio	..	-111.26	-164.83	-145.48
R.Profit/Sales	1.56	1.55	-2.07	..
N.Profit/Sales	1.26	1.22	-18.87	1.54

Notes: Forecast (or estimated) figures for the 31/03/2019 fiscal term.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 70.35
UK Pound	1	INR 89.65
Euro	1	INR 80.07
YEN	1	INR 0.62

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	VIV
Report Prepared by :	TPT

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)