

# FACTBOOK 2020

**Business Segment and Market Data**

As of August 2020



Corporate Principle

~ **K** trust from all over the world ~

As an integrated logistics company grown from shipping business,  
the “K” LINE Group contributes to society so that people live well and prosperously.

We always recognize this principle in our operations.

Vision

Our aim is to become an important infrastructure for global society, and to be the best partner with customers by providing the high-quality logistics services based on customer first policy.

Values the “K” LINE Group’s prizes

**Providing reliable and excellent services**

⋮  
Contributing to society

**A fair way of business**

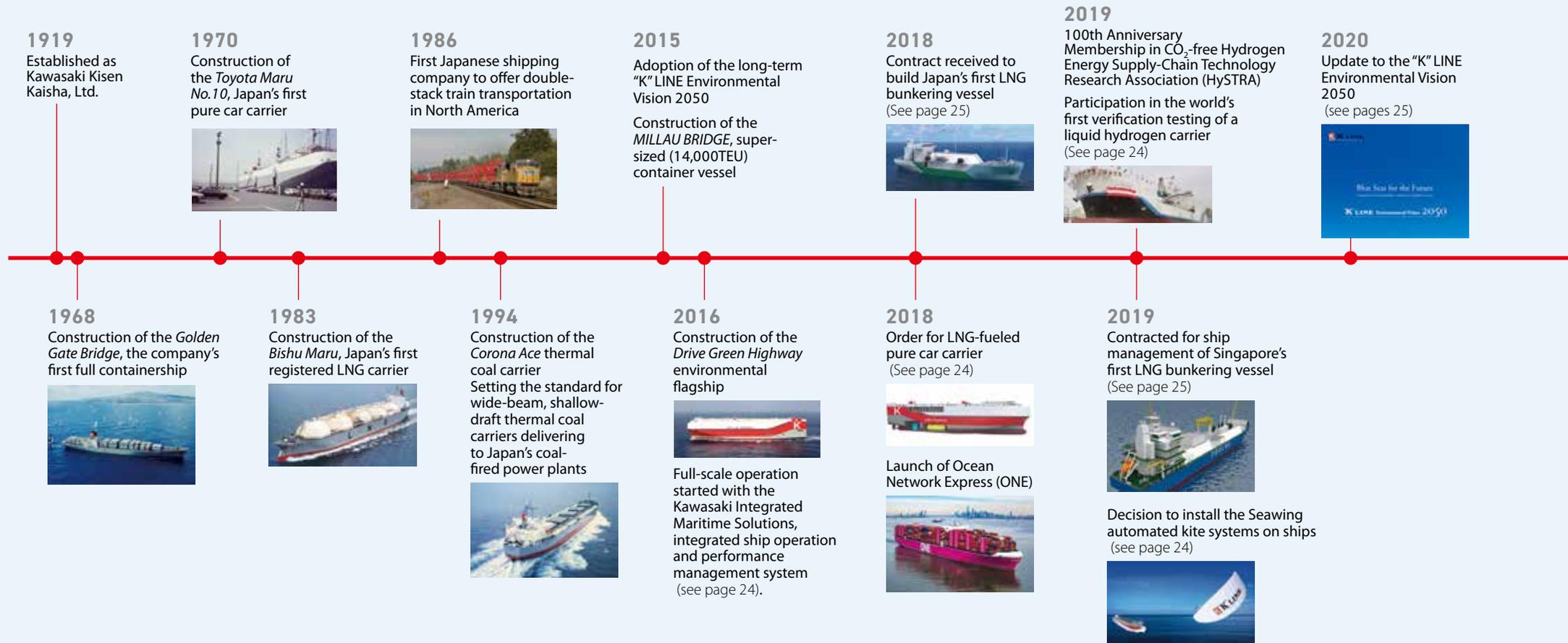
⋮  
Fostering trust from society

**Relentless efforts to achieve innovation**

⋮  
Generating new values

**Respecting humanity**

⋮  
Corporate culture that respects individuality and diversity



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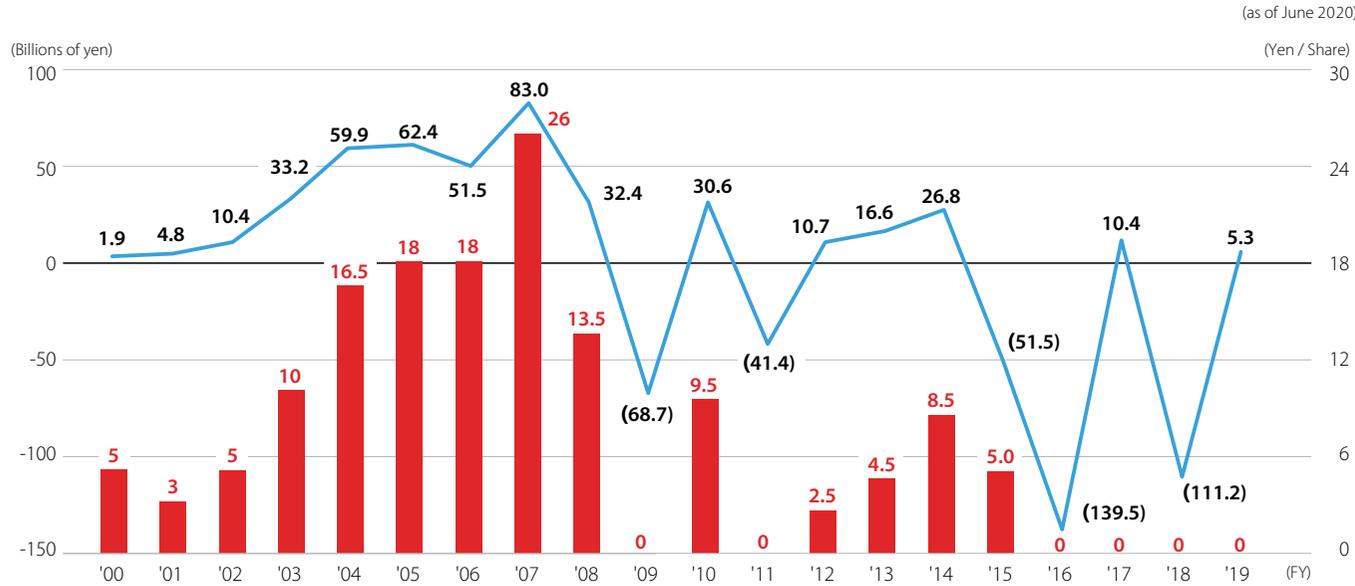
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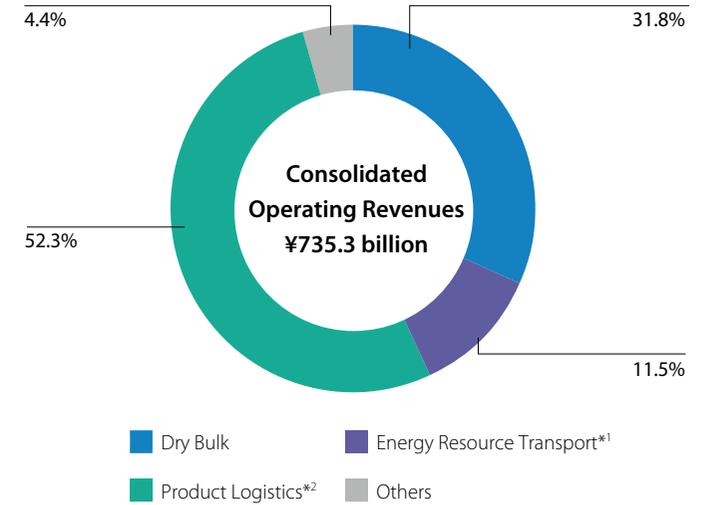
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## Profit Attributable to Owners of the Parent and Dividend



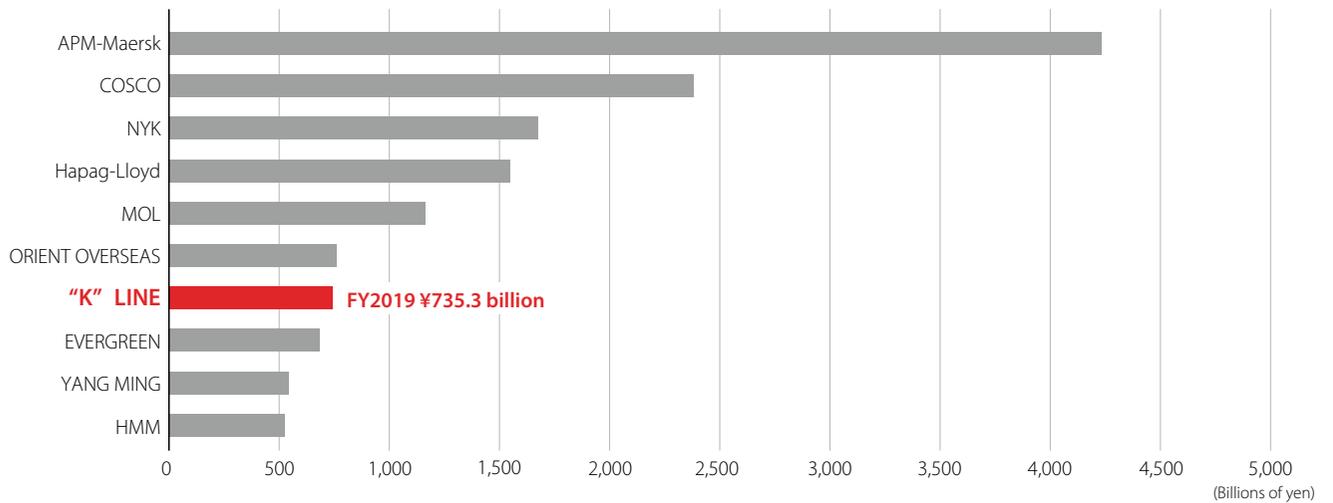
— Profit attributable to owners of the parent (left scale) ■ Dividend (right scale)

## "K" LINE Group Operating Revenues by Segment (FY2019)

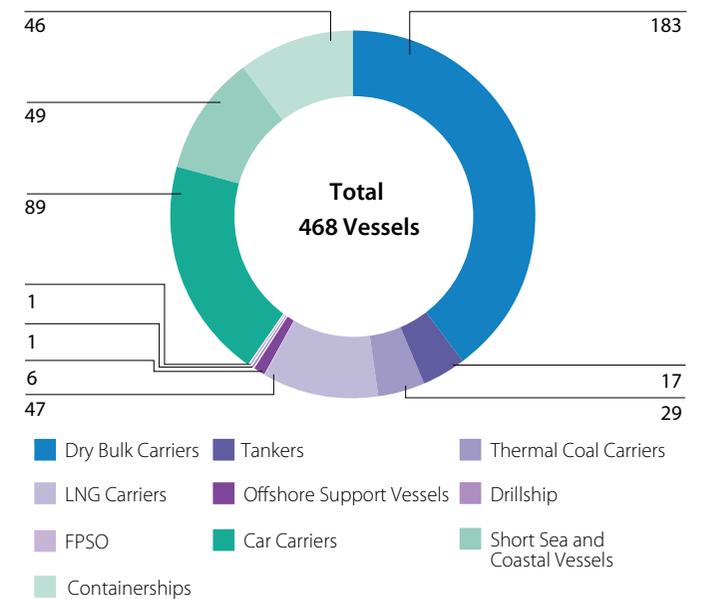


\*1 Energy Resource Transport segment includes LNG Carrier Business, Thermal Coal Carrier Business, Tanker Business, Offshore Support Vessels, Offshore Business and Energy New Business.  
\*2 Product Logistics segment includes Car Carriers Business, Logistics Business, Short Sea and Coastal Business, Containership Business and Terminal Business.

## Annual Revenue Ranking of Listed Shipping Companies (FY2019)



## "K" LINE Group Vessels in Operation (as of March 31, 2020)



		FY2010	FY2011	FY2012	FY2013	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019
		(Millions of yen) <sup>1</sup>									
Operating results (for the year)	Operating revenues	¥985,084	¥972,310	¥1,134,771	¥1,224,126	¥1,352,421	¥1,243,932	¥1,030,191	¥1,162,025	¥836,731	¥735,284
	Operating income	58,609	(40,563)	14,886	28,854	47,988	9,427	(46,037)	7,219	(24,736)	6,840
	Ordinary income	47,350	(48,955)	28,589	32,454	48,980	3,338	(52,388)	1,962	(48,933)	7,407
	Profit attributable to owners of the parent	30,603	(41,351)	10,669	16,642	26,818	(51,499)	(139,478)	10,384	(111,188)	5,269
Financial position (at year-end)	Total assets	1,032,505	1,066,648	1,180,433	1,254,741	1,223,328	1,115,223	1,045,209	1,036,886 <sup>2</sup>	951,261	896,081
	Net assets	314,986	259,934	361,975	410,688	467,440	379,913	245,482	243,094	181,233	200,234
	Equity capital	291,669	242,572	340,571	388,837	441,531	355,375	219,484	217,010	103,576	101,095
	Interest-bearing liabilities	483,362	592,522	629,864	643,794	536,846	525,152	550,512	570,584	550,211	543,451
	Capital expenditures	148,993	239,196	134,554	93,377	89,501	116,592	68,048	101,105	97,911	81,148
	Depreciation and amortization	44,722	50,044	59,667	52,243	53,526	48,302	47,421	43,410	40,789	44,253
	Cash flows from operating activities	84,901	(2,908)	59,756	88,228	101,825	39,635	(43,919)	1,167	(6,808)	(21,797)
	Cash flows from investing activities	(54,116)	(83,233)	(27,212)	(5,113)	(11,177)	(29,569)	(24,881)	(22,813)	(35,493)	(20,286)
	Free cash flows	30,785	(86,142)	32,544	83,115	90,648	10,066	(68,801)	(21,646)	(42,303)	(42,083)
Cash flows from financing activities	(24,796)	86,306	26,364	(26,634)	(119,253)	(14,835)	26,436	22,239	19,290	16,731	
Per share data <sup>3</sup>	Earnings Per Share (EPS) (Yen)	40.08	(54.14)	12.07	17.75	28.60	(54.95)	(1,488.23)	111.13	(1,192.08)	56.50
	Book-value Per Share (BPS) (Yen)	381.87	317.59	363.18	414.66	471.10	379.18	2,341.93	2,326.65	1,110.48	1,083.88
	Cash dividends applicable to the year (¥ or US\$)	9.5	-	2.5	4.5	8.5	5.0	-	-	-	-
	Dividend payout ratio (%)	23.7	-	20.7	25.4	29.7	-	-	-	-	-
Management index	Ordinary income on revenue (%)	4.8	(5.0)	2.5	2.7	3.6	0.3	(5.1)	0.2	(5.8)	1.0
	Profit attribute to owners of the parent on revenue (%)	3.1	(4.3)	0.9	1.4	2.0	(4.1)	(13.5)	0.9	(13.3)	0.7
	Return on equity (ROE)(%)	10.2	(15.5)	3.7	4.6	6.5	(12.9)	(48.5)	4.8	(69.4)	5.1
	Return on assets (ROA)(%)	4.6	(4.7)	2.5	2.7	4.0	0.3	(4.8)	0.2 <sup>2</sup>	(4.9)	0.8
	Debt equity ratio (DER)(Times)	1.66	2.44	1.85	1.66	1.22	1.48	2.51	2.63	5.31	5.38
	Equity ratio (%)	28.2	22.7	28.9	31.0	36.1	31.9	21.0	20.9	10.9	11.3
	Assets Turnover (%)	0.95	0.91	0.96	0.98	1.11	1.12	0.99	1.12	0.88	0.82
	EBITDA (Millions of yen)	103,897	10,168	104,797	90,472	111,978	24,678	(77,180)	67,567	(50,293)	65,746
	EV/EBITDA (Times)	6.00	62.82	6.28	6.97	5.63	21.53	(8.70)	9.57	(10.42)	7.72
	Price Earnings Ratio (PER) (Times)	7.66	-	16.49	12.56	11.29	-	-	22.44	-	14.37
	Price Book-value Ratio (PBR) (Times)	0.81	0.57	0.55	0.54	0.69	0.58	1.27	1.08	1.08	0.75
Total Shareholder's Return (TSR) (%)	-	-	-	-	145.22	98.36	133.34	112.44	53.97	25.29	
TOPIX (%)	-	-	-	-	130.69	116.55	133.67	154.88	147.08	101.85	
Average during the period	Exchange rate (¥ / US\$)	86	79	82	100	109	121	109	111	111	109
	Fuel oil price (US\$ / ton)	489	672	671	626	541	295	265	349	450	467
Human resource data	Consolidated employees	7,895	7,703	7,667	7,703	7,834	8,097	8,018	7,153	6,022	6,164
	Unconsolidated employees	623	664	659	652	676	716	735	724	756	767
	Land	437	486	481	478	504	541	552	531	552	562
	Sea	186	178	178	174	172	175	183	193	204	205
	Women (%)	18.9	22.9	22.8	24.4	25.4	26.3	24.9	25.1	25.8	25.7
Persons with disabilities (%)	1.6	1.6	1.9	1.93	1.87	1.94	2.29	2.4	2.05	1.96	
Management <sup>4</sup>	Directors (Number of Outside directors is shown in parenthesis)	14(2)	13(2)	13(2)	13(2)	10(2)	9(2)	9(3)	9(3)	9(3)	10(4)
	Audit & Supervisory Board Members (Number of Outside auditors is shown in parenthesis)	5(3)	5(3)	5(3)	4(3)	4(3)	4(3)	4(2)	3(2)	3(2)	4(2)

## Notes:

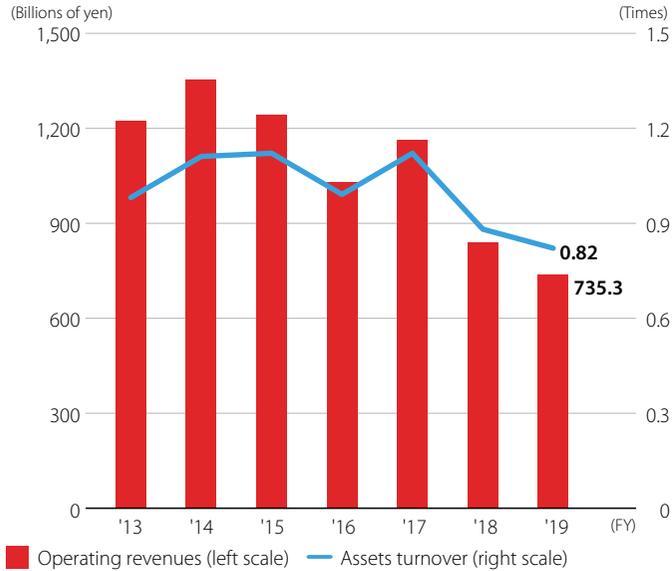
\*1. Rounded down to the nearest millions of yen

\*2. Partial Amendments to the Accounting Standard for Tax Effect Accounting (ASBJ Statement No. 28, issued on February 16, 2018) has been applied from the beginning of fiscal 2018, and applied retroactively to the total assets and return on assets for fiscal 2017 for recalculation.

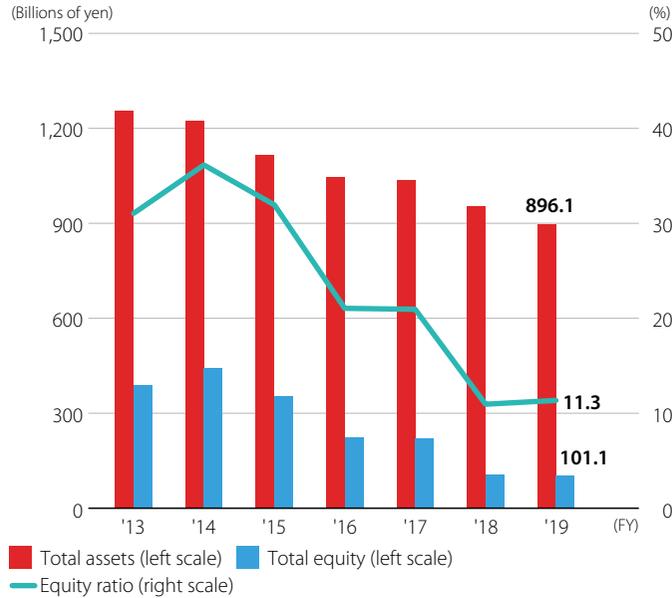
\*3. The Company consolidated its common stock at a ratio of ten shares to one share, effective October 1, 2017. The above figures for profit attributable to owners of the parent per share and net assets per share have been calculated on the assumption that the share consolidation took place at the beginning of the previous fiscal year (April 1, 2016).

\*4. For Kawasaki Kisen Kaisha, Ltd.

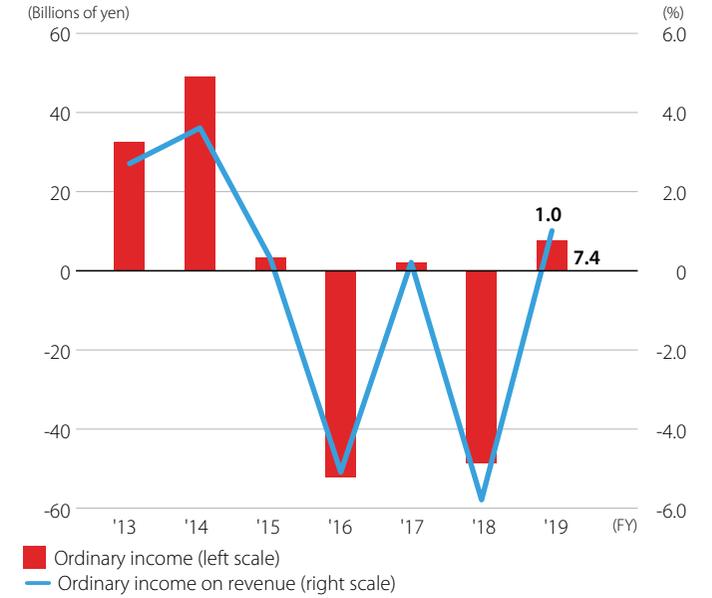
Operating Revenues, Assets Turnover



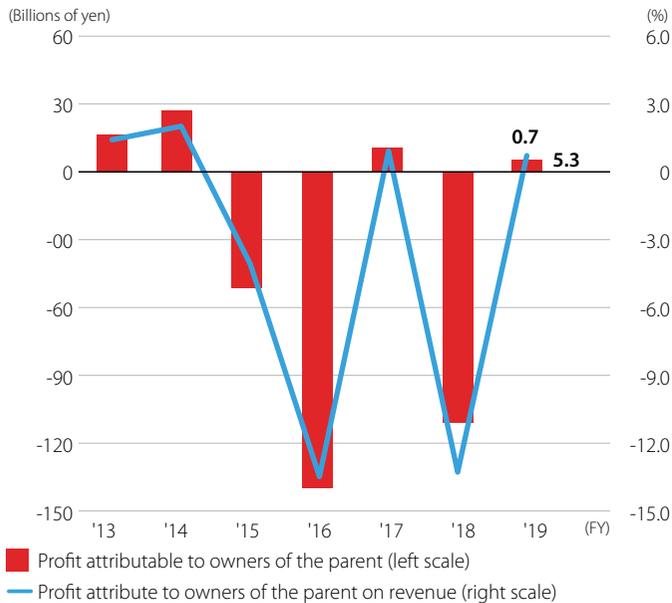
Total Assets, Total Equity, Equity Ratio



Ordinary Income, Ordinary Income on Revenue



Profit Attributable to Owners of the Parent, Profit Attribute to Owners of the Parent on Revenue



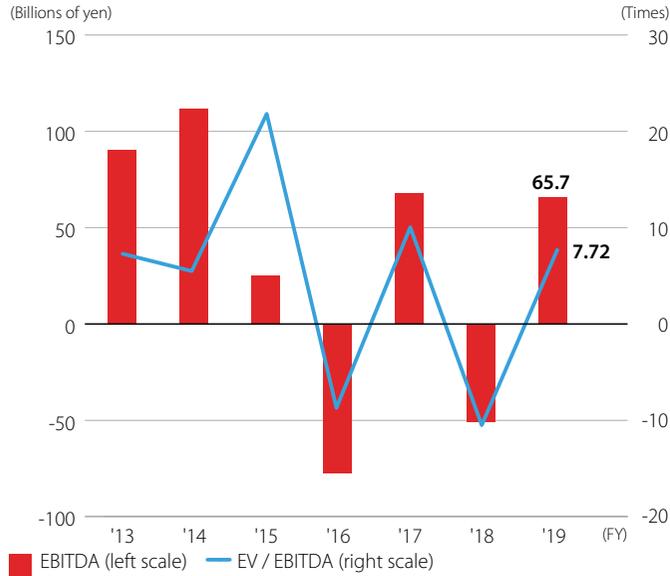
Return on Equity (ROE), Return on Assets (ROA)



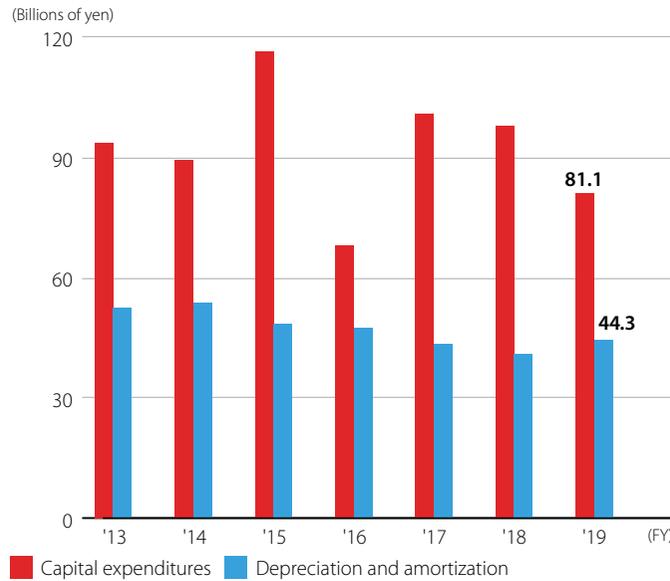
Interest Bearing Liabilities, Debt Equity Ratio (DER)



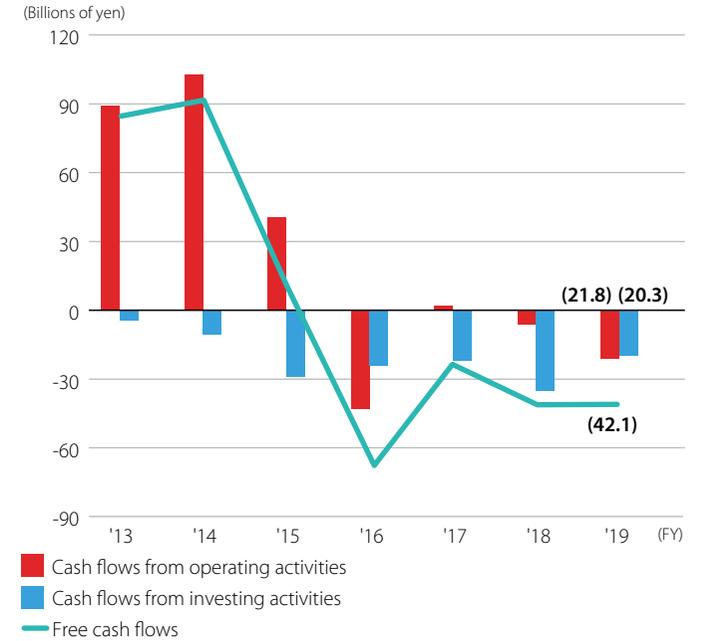
EV / EBITDA



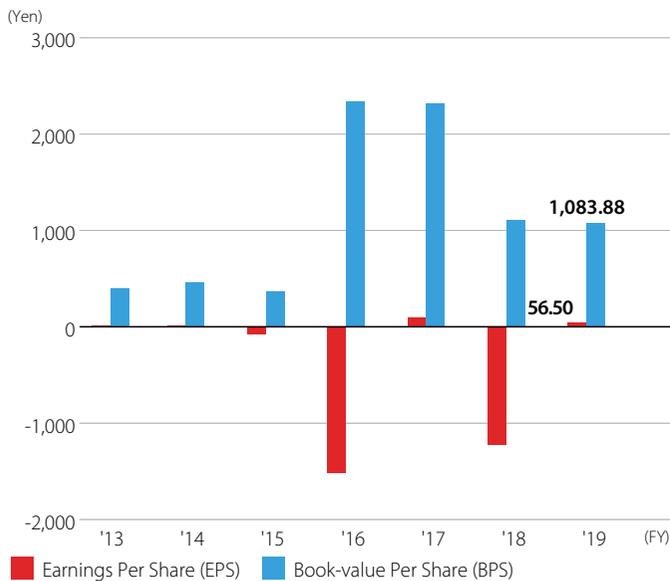
Capital Expenditures / Depreciation and Amortization



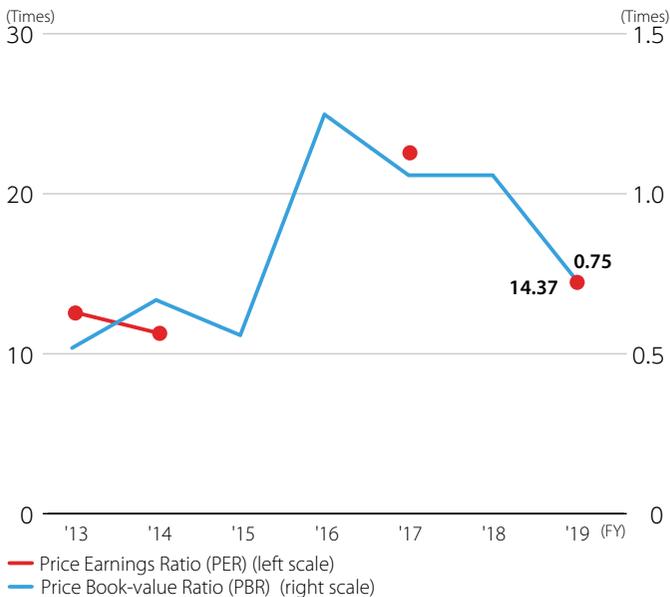
Cash Flows



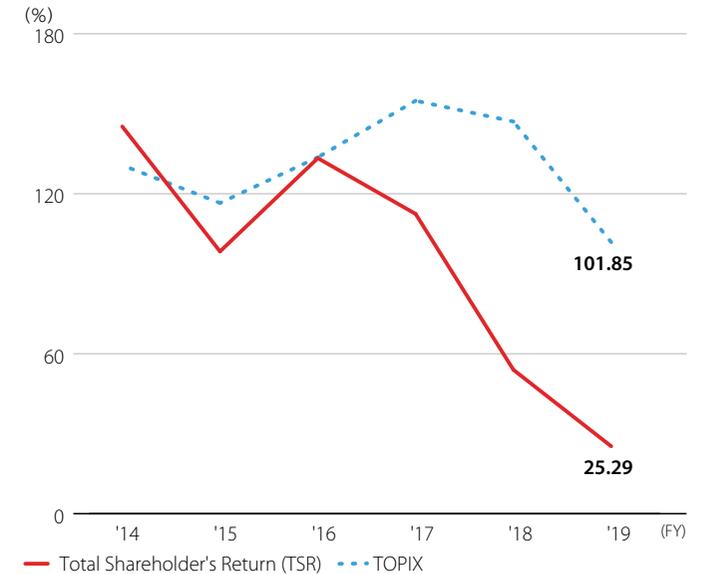
Earnings Per Share (EPS) / Book-value Per Share (BPS)



Price Earnings Ratio (PER) / Price Book-value Ratio (PBR)



Total Shareholder's Return (TSR)

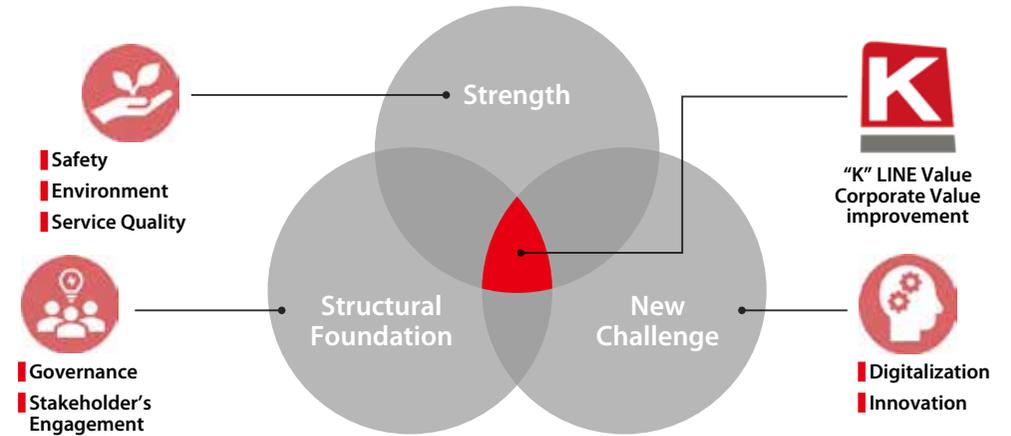


## Review of Previous Medium-term Management plan "Revival for Greater Strides"

- Rebuilding Portfolio Strategy** ..... ○ Achieved  
 Spun off Containership Business, withdrew from Heavy Lifter and Product Tanker Businesses, and reorganized domestic Port Business
- Advancement of Management and Function-specific Strategies** ..... ○ Achieved  
 Established structures for quantifying the risk associated with each business and class of vessel, and for measuring levels of risk as guidelines for investment decisions
- ESG Initiatives** ..... ○ Achieved  
 Conducted environmental activities in accordance with "K" LINE Environmental Vision 2050, implemented Kawasaki Integrated Maritime Solutions combining safety and environmental initiatives, and introduced automated power kites and other cutting-edge technologies
- ROA of 6% in our stable-income businesses** ..... ○ Achieved
- Return to profit in three years from FY2017** ..... ✕ Not achieved
- Shareholder's Equity Ratio : mid-20%** ..... ✕ Not achieved
- Dividend Policy (Early resumption of dividends)** ..... ✕ Not achieved

## Corporate Vision-K:trust from all over the world -

Aiming to be the company of choice among its stakeholders, continually growing as a professional logistics enterprise focused on maritime shipping



## External Environment and What we must do

### Megatrends



- Climate change risk
- Stricter environmental regulations
- Need to enhance safety in navigation



- Increasing world population
- Growing demand for energy
- Advances in Digitalization and other technologies



- Protectionism, geopolitical risk, market volatility
- COVID-19 pandemic triggering accelerated changes in values and behavior globally

### Risks

- Impact on vessel operations and higher costs due to stricter environmental regulations
- Major marine accident at sea
- Global shortage of seafarers with advanced technology skills
- Rapid advances in AI and digital technologies
- Market stagnation caused by an imbalance in capacity supply and transportation demand
- Changes in supply sources and the trade structure

### Opportunities

- Increased value of businesses with good environmental performance
- Greater company trust and reputation among stakeholders and the elimination of serious marine accidents from pursuing safe operations
- Increased competitiveness from training maritime technical personnel
- Creation of new value with AI and digital technologies
- Increased demand for global marine transportation
- Creation of new services to meet changes in customer needs

### What We Must Do

#### Coping with the current COVID-19 situation

- Optimize fleet scale
- Carefully refocus investments
- Secure liquidity on hand and expand capital base

#### Strengthen and accelerate existing measures for key issues

- Apply AI and digital technology to support our safety, environmental, and quality initiatives

## Positioning of Management Plan

- In August 2020, we disclosed the management plan which begins in FY2020 and maps "K" LINE Group's direction through the mid-2020s or even beyond.
- The plan assumes that the business environment surrounding "K" LINE will change dramatically, including factors related to the novel coronavirus (COVID-19) crisis; the plan, therefore, includes specific business policies and initiatives to cope with current challenges, as well as financial forecasts, for the first two years of the plan (FY2020 and FY2021).
- For FY2022 and beyond, financial targets have been set for mid-2020s and the end of the 2020s.
- Future financial targets will be revised annually moving forward with assessing the situation of Post COVID-19.

## FY2020-2021 Business Strategies

### Fleet Scale Optimization

- Fleet scale is adjusted and optimized to meet demand and expand our revenue in order to maintain and expand Stable-Income business and enhance competitiveness of Market-Exposed Business
- Fleet reduction plan of more than 20 vessels in FY2020, including Cape-size, Panamax and smaller-size bulkers, Woodchip carriers, Thermal coal carriers, and Car carriers
- Fleet scale will continue to be optimized in FY2021 and beyond

(Vessels)

Long-term fixed core fleet scale trends	FY2020(a)	FY2025(b)	(a)-(b)
Stable Income Business	166	158	(8)
Market-Exposed Business	186	142	(44)
Total	352	300	(52)

### Secure liquidity on hand and expand capital base

- **Secure liquidity**  
Equal to more than three months' revenues, including commitment line
- **Expand capital base**  
Sell and dispose of vessels and other assets

### Carefully refocus investments

- Restrain total investments to within operating cash flow (¥250 billion over five years in total)

<b>Stable-income business</b>	Invest appropriately to continue development Gradual increase in the stable profit
<b>Market-exposed business</b>	Increase profit further through fleet scale optimization
<b>Strategic growing areas</b>	Invest in key areas, such as the energy, environment-related, AI, and digital technology fields

### Raise Stable-Income Business to 60%\*

\*Invested Capital Basis

### Expand and accelerate safety, environment, and quality initiatives

### Strengthen technical and sales capabilities to drive growth strategies

## Business Strategy

### Corporate

<b>Safe vessel operation</b>	Promote safe vessel operation even further to be continually chosen as customers' choice
<b>Enhanced ship management</b>	Strengthen vessel management system to integrate sea and land services and promote safe transport
<b>Environmental initiatives</b>	Fleet management and offer services to reduce greenhouse gas (GHG) and support achievement of environmental vision
<b>Portfolio-restructure</b>	Portfolio restructure by managing and analyzing accumulated business data to improve profitability
<b>AI and digitalization measures</b>	Enhance business competitiveness through digitalization and other new technologies in vessel operation and management
<b>Enhanced proposal-based sales</b>	Enhance proposal-based sales to offer customers more attractive services
<b>Enhanced overseas network</b>	Enhance functions of offices around the world and improve coordination to share global data and capture business opportunities

### Strategies matching characteristics of each business unit

#### Dry Bulk

- Expand stable-income business, primarily iron ore raw materials transport, using environmental and added-value services
- Reduce exposure and develop market exposed business which is both flexible and competitive
- Develop business from local sites outside Japan and actively pursue new business opportunities

#### Energy Resource Transport

- Thoroughly promote safe vessel operation and management while enhancing global network, which are the bases of differentiation, to remain the shipping company of choice among customers and enable meticulous service offerings
- Enter LNG fuel, LPG fuel and other next-generation fuel markets and launch new businesses
- Enter offshore wind power, solar power, CCS, carbon credit, and other new businesses linked to renewable energies and GHG reduction

#### Car Carriers

- Continue rationalizing routes to form optimal network matching customers' demand trends
- Take initiatives to support safe vessel operation and high-quality transport while optimizing the RORO supply chain
- Develop global organization capable of rapidly adjusting to changes in social and transport demand trends

#### Logistics/Short Sea and Coastal

- Strengthen global group management led by head office
- Generate distinctive logistics services available only from marine transport company
- Develop comprehensive logistics services integrating logistics consulting functions

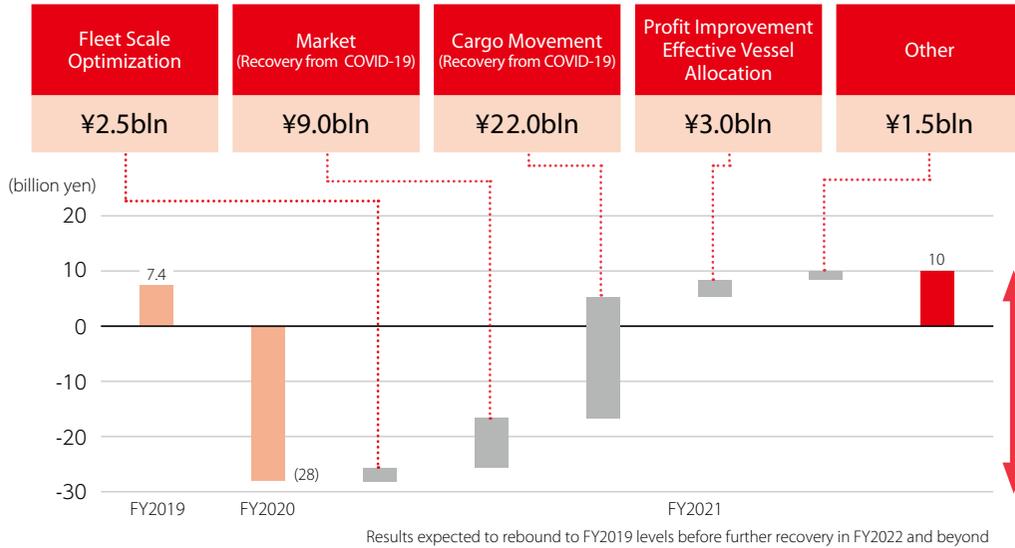
#### Containerships

- Fully support enhancement of ONE's competitiveness by providing superior vessels and personnel
- Support ONE's business operations and medium- and long-term growth as its shareholder
- Enhance ONE's competitiveness by introducing best practices, expanding customer services, and raising vessel allocation efficiency

## Quantitative target and Waterfall charts

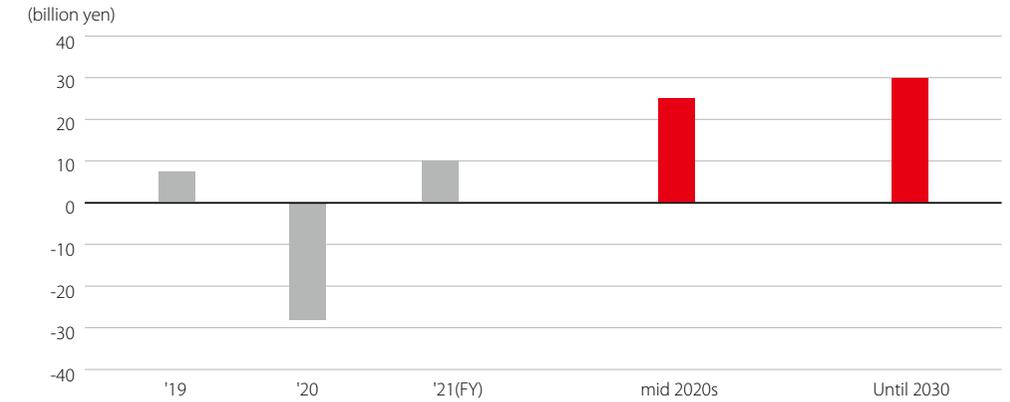
### Profit Improvement Factors toward FY2021 (Versus FY2020)

Recovery from tentative demand deterioration but full-scale recovery to be after FY2022 and beyond

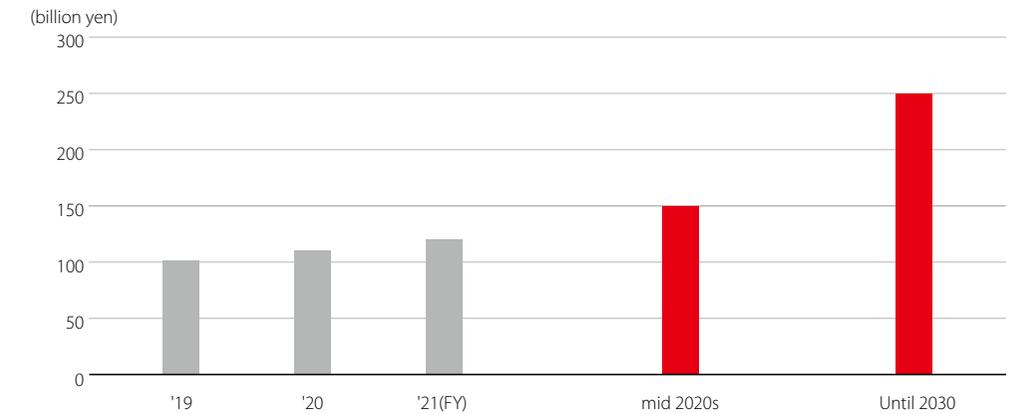


### FY2020 & FY2021 Ordinary Income/Loss and Shareholders' Equity Forecasts; Medium- and Long-term Targets

#### Ordinary Income/Loss



#### Shareholder's Equity

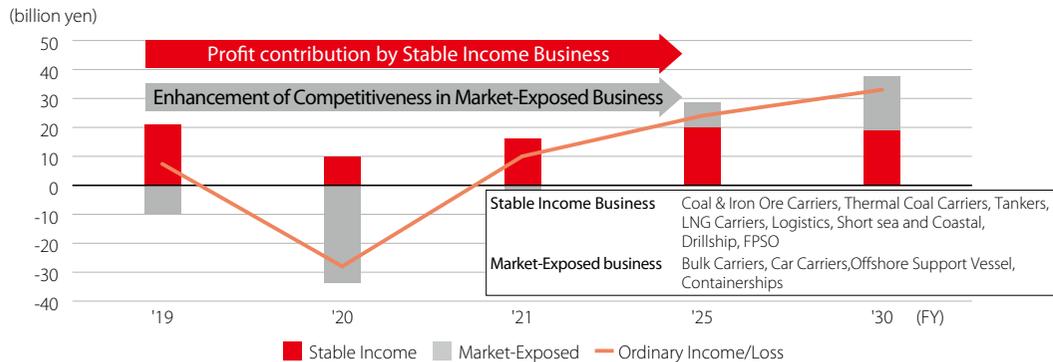


### Budget Plan: Image of Ordinary Income/Loss

**Stable Income Business** Gradual increase in stable profits

**Market-Exposed Business** Increase profit further through fleet scale optimization

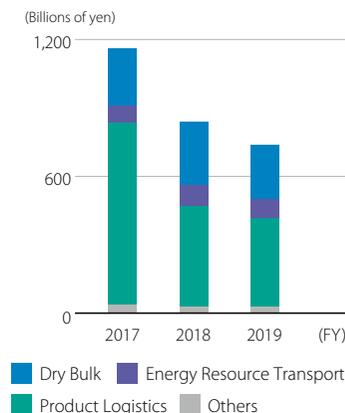
**Containerships Business** Hire income from ONE will decline as chartered vessels are gradually returned, while ONE's business will transition to a market condition model



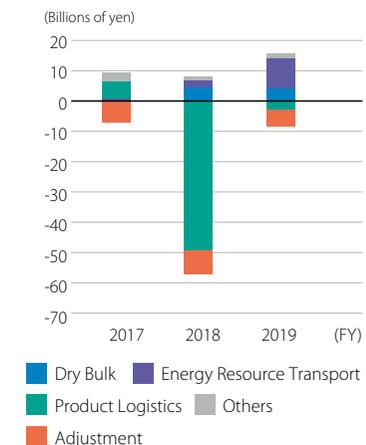
Medium- and Long-term Targets	mid 2020s	Until 2030
Ordinary Income	25.0 billion yen	30 billion yen
Shareholder's Equity	more than 150.0 billion yen	250.0 billion yen
Shareholder's equity ratio	20%	30%

Segment	Business	Business Overview
Dry Bulk	Coal & Iron Ore Carrier Business / Bulk Carrier Business	We transport a large volume of dry bulk cargoes including iron ore, woodchip, grain and coal. We are expanding our business internationally by actively engaging in transportation of cargoes bound for not only Japan but also China, India and other emerging economies, as well as trade between third countries within the Atlantic region.
	Tanker Business / Fuel Business	We transport oil-related cargoes like crude oil and liquefied petroleum gas (LPG). We have developed a global business for customers both in Japan and overseas, accumulating expertise in marine technical and safety operation. In addition to procuring bunker fuel for "K" LINE fleets, the Fuel Business conducts demonstration testing of LNG bunkering and liquefied hydrogen carriers aimed at enhancing fleet environmental performance.
Energy Resource Transport	Thermal Coal Carrier Business	This business involves transportation of thermal coal for fuel for thermal power plants. Our "Corona Series" of wide-beam, shallow-draft coal carriers, developed in-house in accordance with port restrictions of Japan's thermal power plants, provide safe and reliable transportation of coal mainly from Australia and Indonesia to power utility companies in Japan and Taiwan.
	LNG Carrier Business / Offshore Business / Energy New Business	We globally transport liquefied natural gas (LNG), a clean energy drawing increasing demand worldwide. In the Offshore Business, we have an offshore support vessel business in the North Sea and participates in a drillship project of Brazil and an FPSO of Ghana. The Energy New Business services customers needing small-volume transportation in the LNG value chain and develops environmental businesses.
	Car Carrier Business	We have been recognized as a pioneer in safe and prompt transportation of cars, trucks and other vehicles. The business is applying its transportation quality honed over 50 years to further enhance its RORO cargo services (roll-on, roll-off cargo services using specialized handling equipment). Fleet maintenance is also conducted with special care for environmental factors.
Product Logistics	Logistics and Port Business	We provide comprehensive logistics services to meet various customer needs for ocean cargo transportation as well as air cargo transportation, tugboats, land transportation, warehousing, buyers consolidation, and automotive logistics. In addition, it operates container terminals at four ports in Japan—Tokyo, Yokohama, Osaka, and Kobe.
	Short Sea and Coastal Business	Kawasaki Kinkai Kisen Kaisha, Ltd. provides domestic marine transportation and ferry services. It operates passenger ferries, RORO vessels, dedicated limestone carriers for steel mills, dedicated thermal coal carriers for electric power utility and also general cargo carriers. It also operates general cargo and bulk carriers for cargo to and from Asia. Furthermore, it has entered the offshore support vessel operations around Japan to further enhance the business.
	Containership Business	In April 2018, the containership businesses of three Japanese shipping companies integrated to a new company, ONE. Drawing on its enhanced service route network, it provides stable, reliable, high-quality and competitive services and is capable of swiftly adapting to changes in the environment.
	Others	Ship management business, travel agency business and real estate rental and management business

## Operating Revenue by Segment



## Ordinary Income by Segment



\* Effective Fiscal 2018, we reorganized our business segments—previously "Containership", "Bulk Shipping", "Offshore Energy E&P Support and Heavy Lifter" and "Other"—into four current segments: "Dry Bulk," "Energy Resource Transport," "Product Logistics" and "Others." The figures for FY2017 have been recalculated in conformity to the current segment.

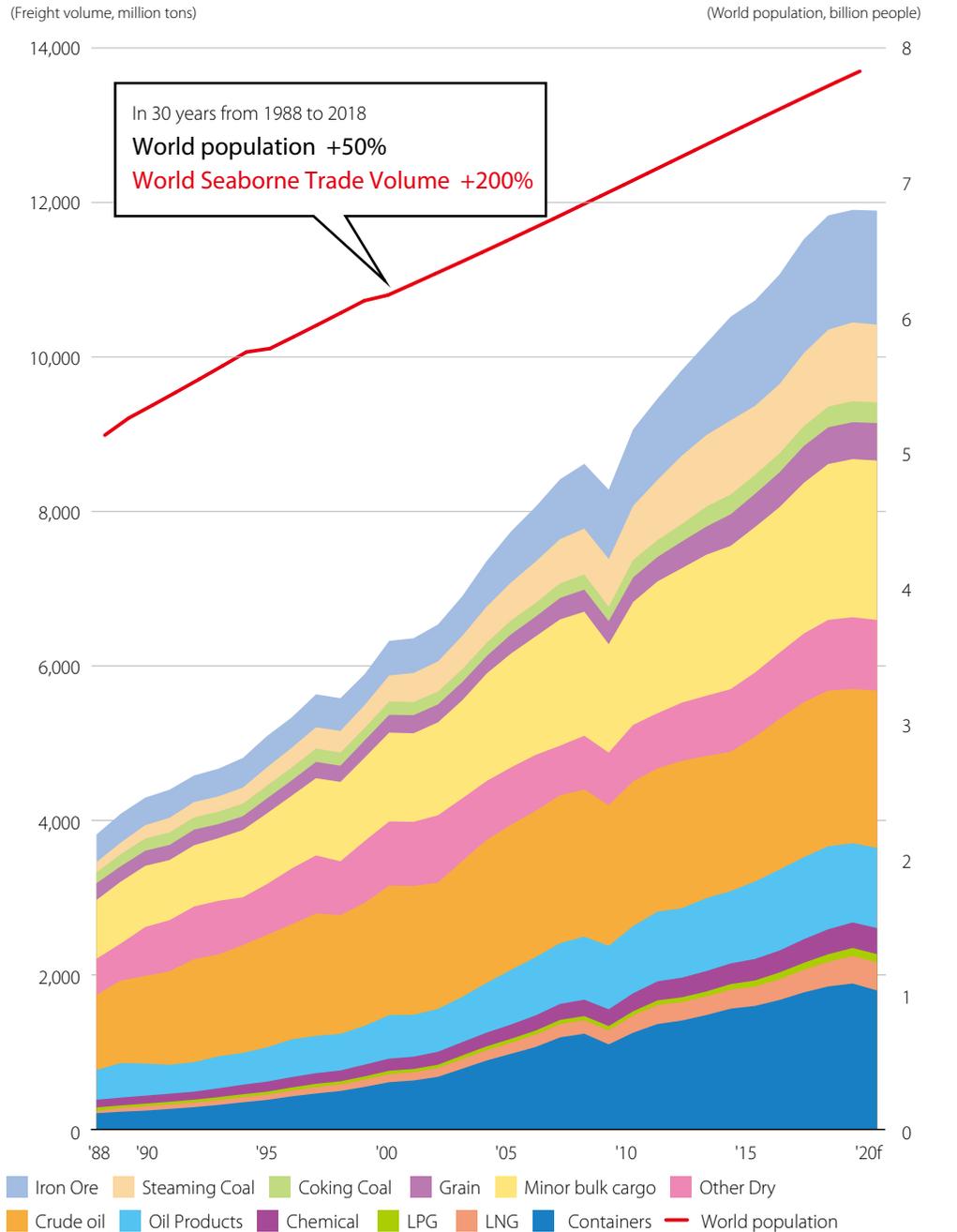
## "K" LINE Group Vessels in Operation

	FY2017		FY2018		FY2019					
	Total		Total		Owned*1		Chartered*2			
Type of Vessel	Vessels	DWT(MT)	Vessels	DWT(MT)	Vessels	DWT(MT)	Vessels	DWT(MT)	Total	
Dry bulk	243	29,888,753	209	26,423,503	58	7,066,538	125	16,863,769	183	23,930,307
Tankers	22	2,919,246	22	3,269,333	12	1,769,681	5	776,868	17	2,546,549
Thermal coal carriers	23	2,036,893	25	2,207,803	8	703,971	21	1,891,421	29	2,595,392
LNG carriers	44	3,703,272	47	3,950,938	45	3,801,242	2	152,272	47	3,953,514
Offshore Support Vessels	7	32,481	7	32,481	6	29,186	0	-	6	29,186
Drillship	1	-	1	-	1	-	0	-	1	-
FPSO	0	-	1	-	1	-	0	-	1	-
Car carriers	96	1,556,300	90	1,479,845	38	529,072	51	935,091	89	1,464,163
Short Sea and Coastal Vessels	53	584,631	54	612,051	25	212,972	24	351,955	49	564,927
Containerships	65	4,395,442	64	4,943,047	7	460,448	39	3,621,895	46	4,082,343
<b>Total</b>	<b>554</b>	<b>45,117,018</b>	<b>520</b>	<b>42,919,001</b>	<b>201</b>	<b>14,573,110</b>	<b>267</b>	<b>24,593,271</b>	<b>468</b>	<b>39,166,381</b>

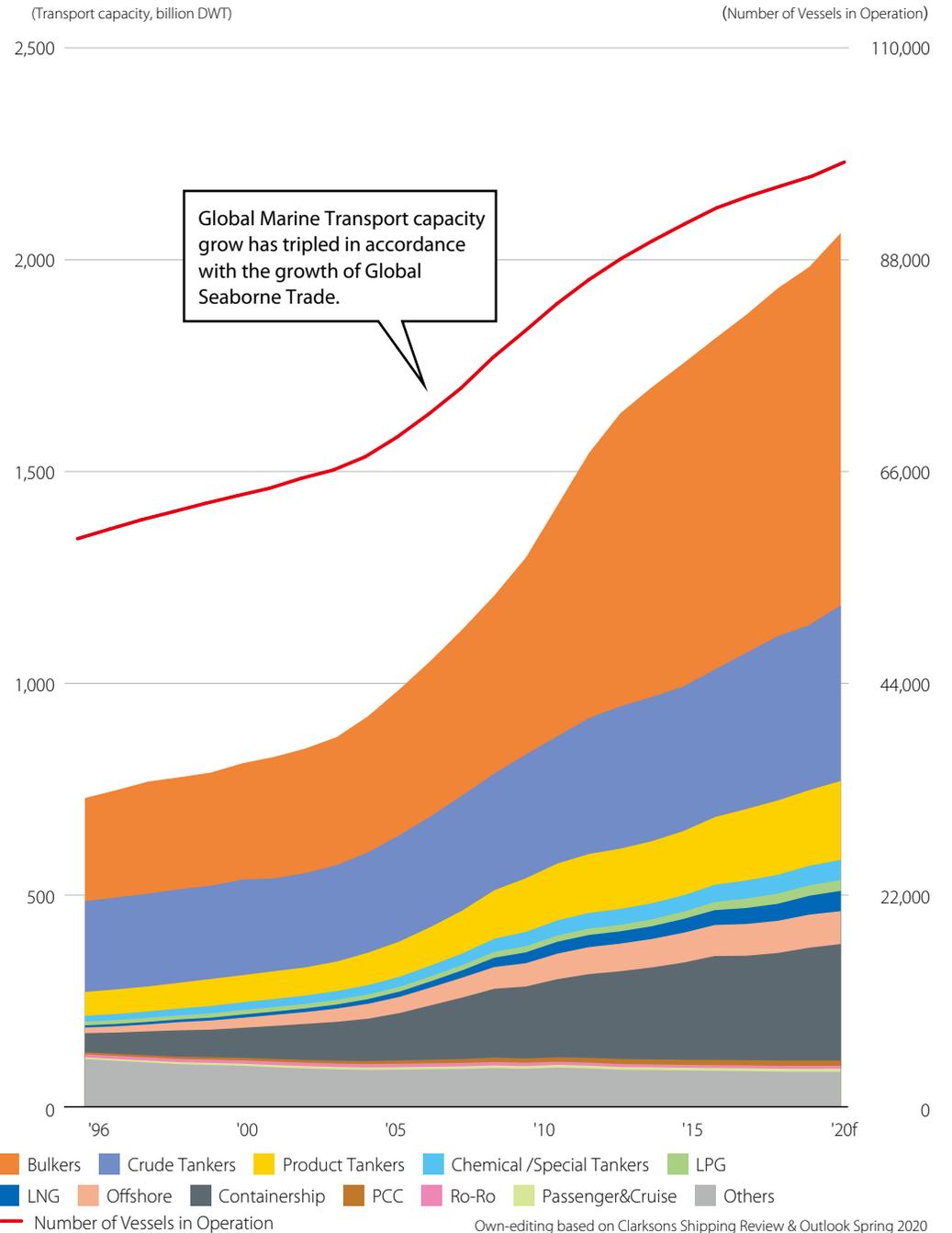
\*1 The number of owned vessels includes co-owned vessels, and deadweight Tonnage includes share of other companies' ownership in co-owned vessels.

\*2 Includes flagships and spot and/or short term activities at the end of term.

## World Seaborne Trade Volume by Major Cargoes and World Population



## Total World Transportation Capacity and Number of Vessels in operation



## Dry Bulk (all types) Fleet Ranking

(as of June 2020)

Ranking	Operator	100,000DWT	Vessels
1	China COSCO Shipping	320.2	294
2	NYK	159.6	172
3	"K" LINE	138.5	115
4	Fredriksen Group	136.6	109
5	China Merchants	131.2	114
6	Star Bulk Carriers	129.2	117
7	MOL	114.5	96
8	Berge Bulk	111.4	57
9	Oldendorff Carriers	94.1	93
10	Pan Ocean	91.8	64

\*Owned vessels and a part of chartered vessels  
Source: Clarksons

## Capesize Fleet Ranking

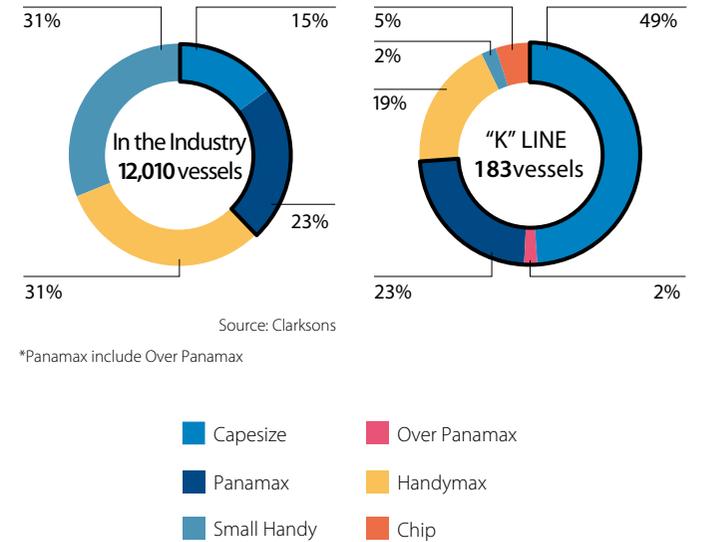
(as of June 2020)

Ranking	Operator	100,000DWT	Vessels
1	China COSCO Shipping	195.0	79
2	Berge Bulk	106.9	46
3	Fredriksen Group	97.3	53
4	"K" LINE	87.1	44
5	Polaris Shipping	84.4	31
6	China Merchants	82.8	29
7	Angelicooussis Group	82.8	48
8	NYK	79.3	41
9	MOL	75.7	36
10	ICBC	74.5	19

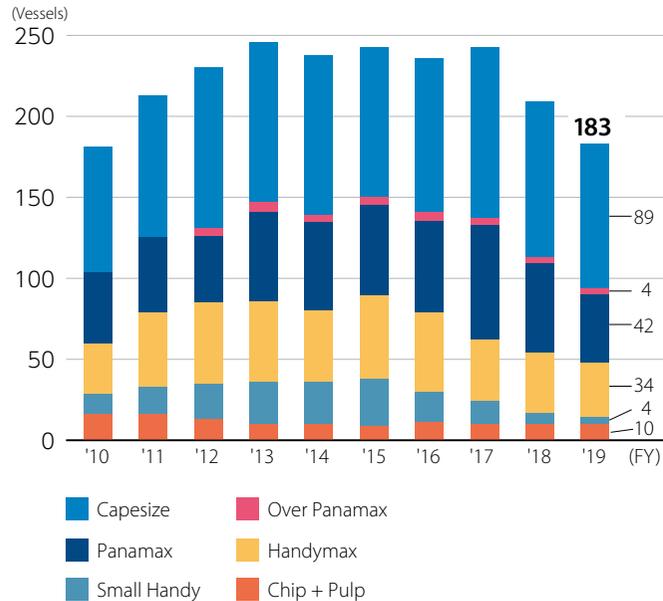
\*Owned vessels and a part of chartered vessels  
Source: Clarksons

## Dry Bulk Fleet Composition

(as of March 2020)

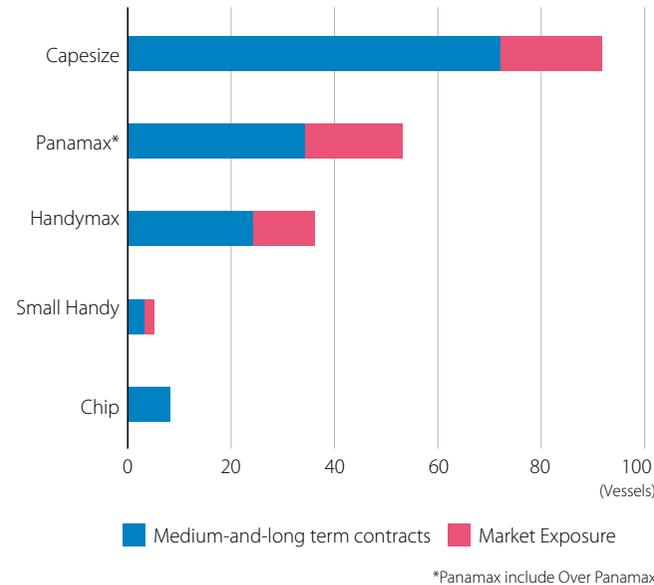


## "K" LINE Dry Bulk Fleet

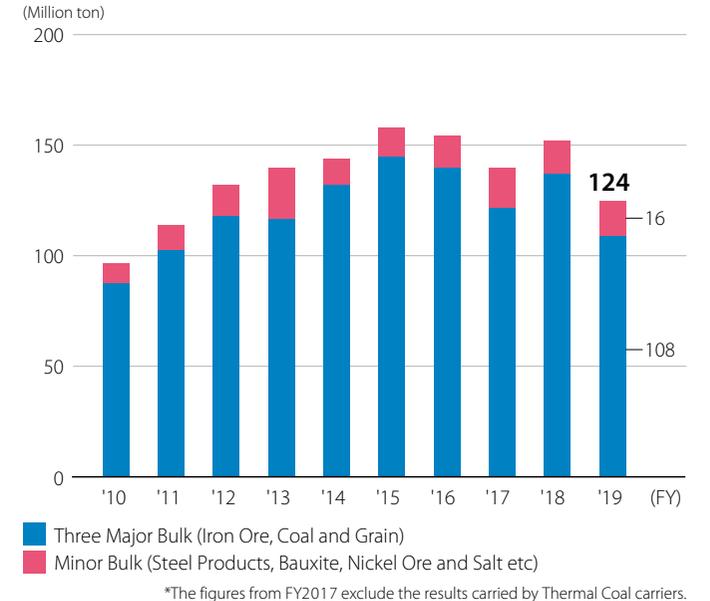


## "K" LINE's Dry Bulk Fleet Medium-and-long term contracts covered ratio FY2020 (forecast)

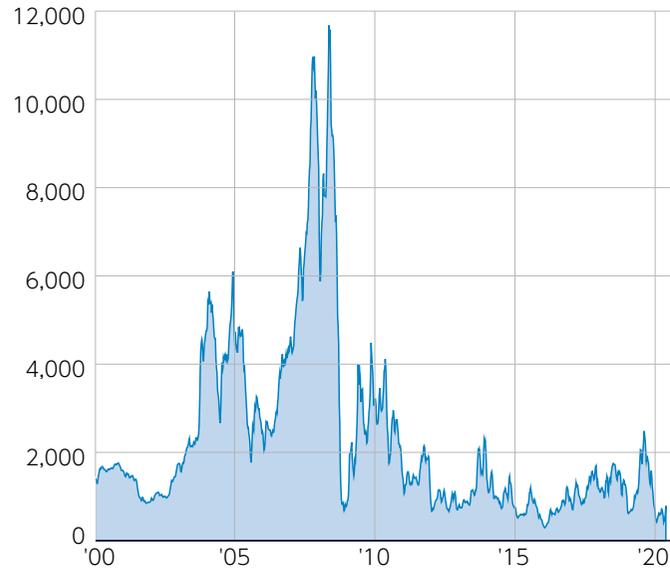
(as of July 2020)



## "K" LINE Cargo Tonnage Carried by Dry Bulk Carriers



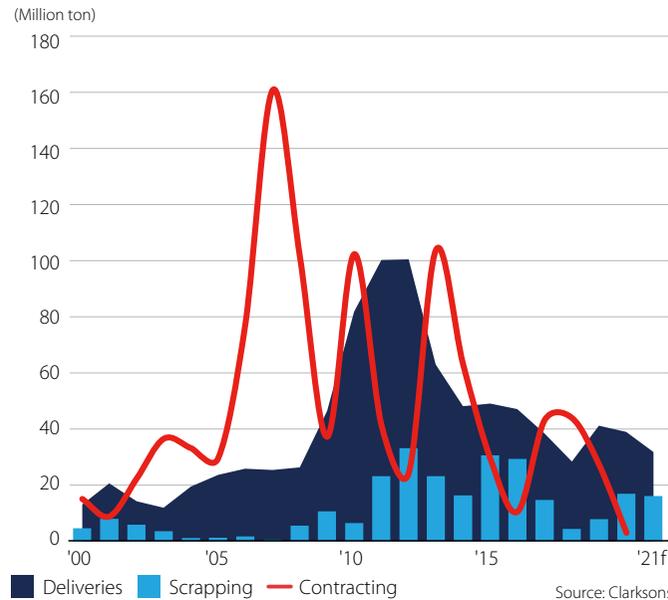
## BDI (Baltic Dry Index)



\*BDI: 4/Jan/1985=1,000 Source: Clarksons

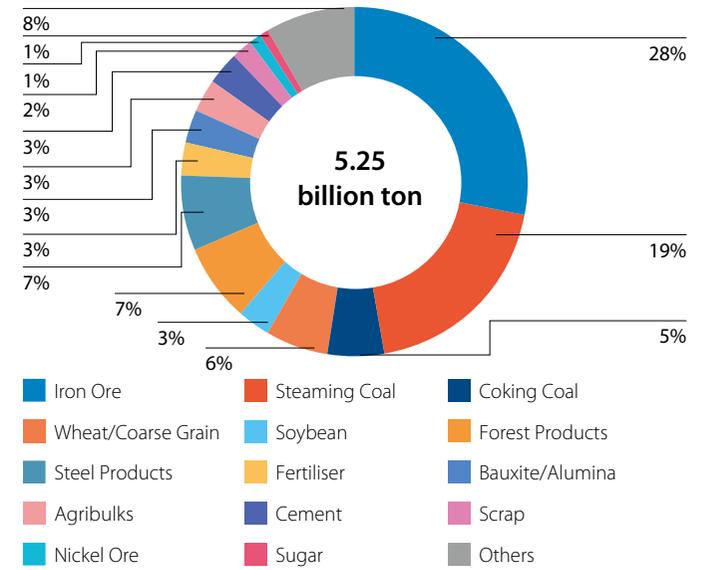
## Dry Bulk Delivery and Removal Progress

(as of June 2020)



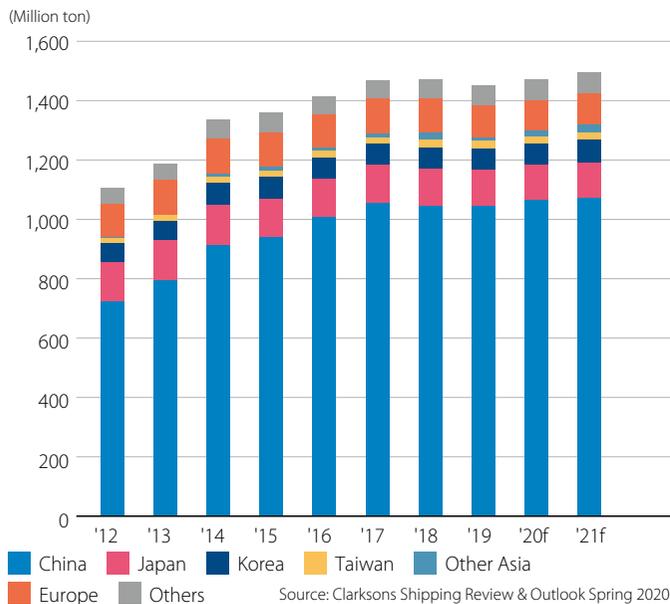
Source: Clarksons

## 2019 Dry Bulk Cargo: Ocean Transport Commodity Breakdown



Source: Clarksons

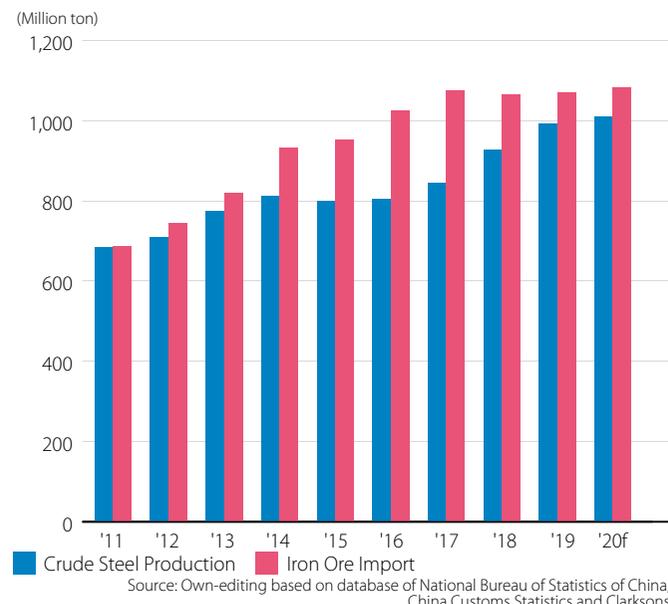
## Seaborne Iron Ore Imports by Major Countries



Source: Clarksons Shipping Review & Outlook Spring 2020

## Crude Steel Production and Iron Ore Import by China

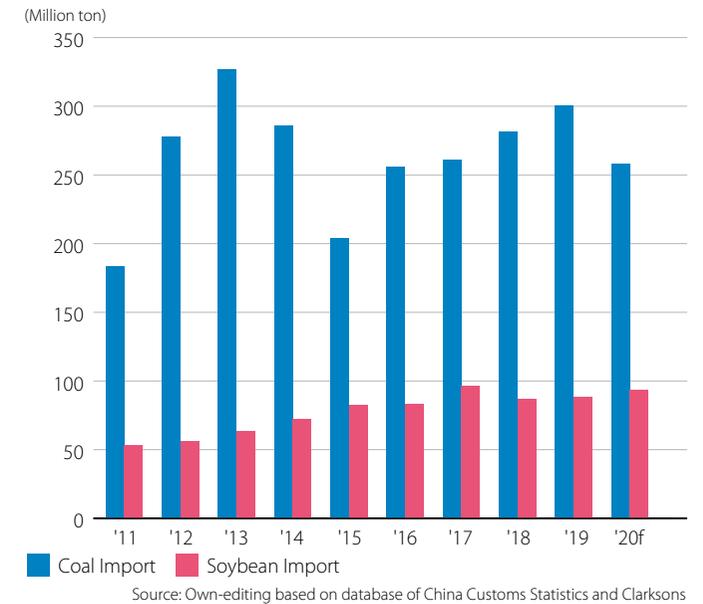
(as of June 2020)



Source: Own-editing based on database of National Bureau of Statistics of China, China Customs Statistics and Clarksons

## Coal and Soybeans Imports by China

(as of June 2020)



Source: Own-editing based on database of China Customs Statistics and Clarksons

## LNG Carrier Fleet Ranking

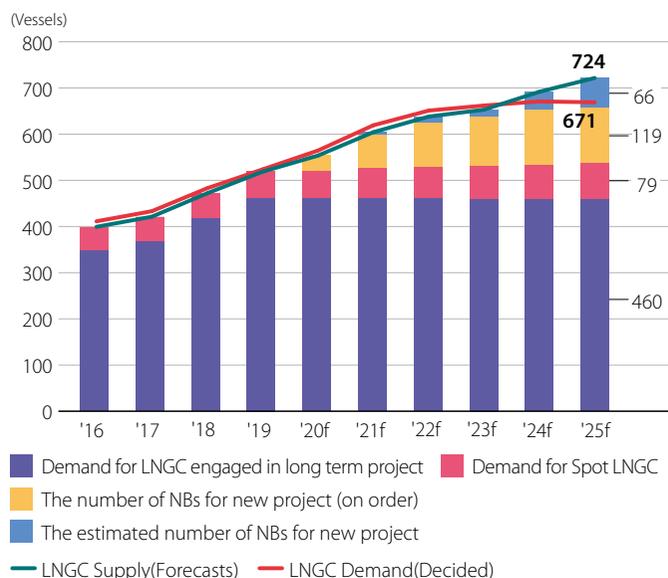
(as of June 2020)

Ranking	Operator	Vessels
1	MOL	89
2	NYK	78
3	Nakilat	65
4	"K" LINE	47
4	Teekay	47
6	Maran Gas	32
7	MISC	29
7	Gaslog	29
9	Iino Lines	25
10	Bergesen Worldwide	20
11	Golar	16

Source: "K" LINE

## LNG Carrier Supply and Demand

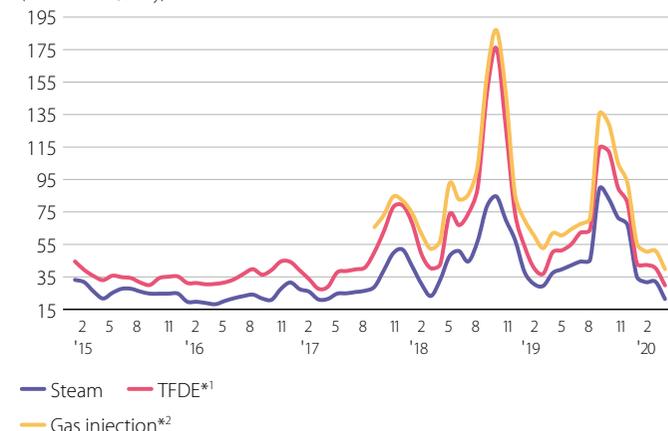
(as of June 2020)



Source: "K" LINE

## LNG Carrier Spot Market

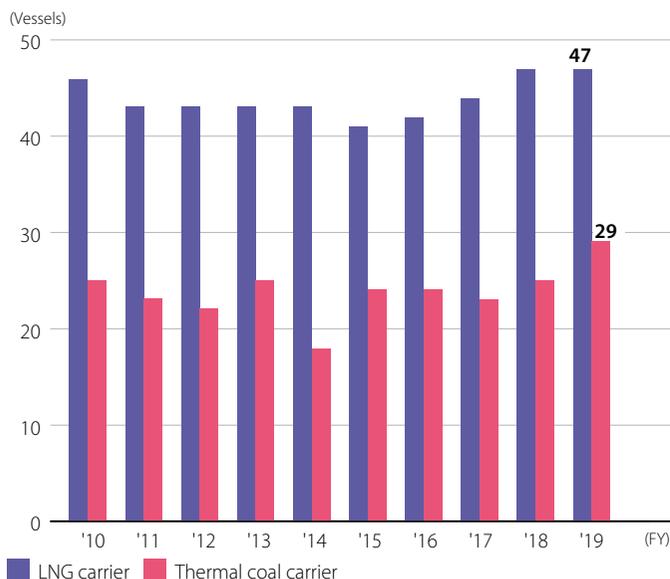
(Thousand US\$ / day)



\*1 TFDE (Tri Fuel Diesel Electric) propulsion plant is propelled by electric motors utilizing power generated by the four-stroke engines being fueled by boil-off gas or marine diesel oil or heavy oil.  
 \*2 Gas injection propulsion plant is propelled by the two-stroke engines being fueled by boil-off gas or marine diesel oil or heavy oil.

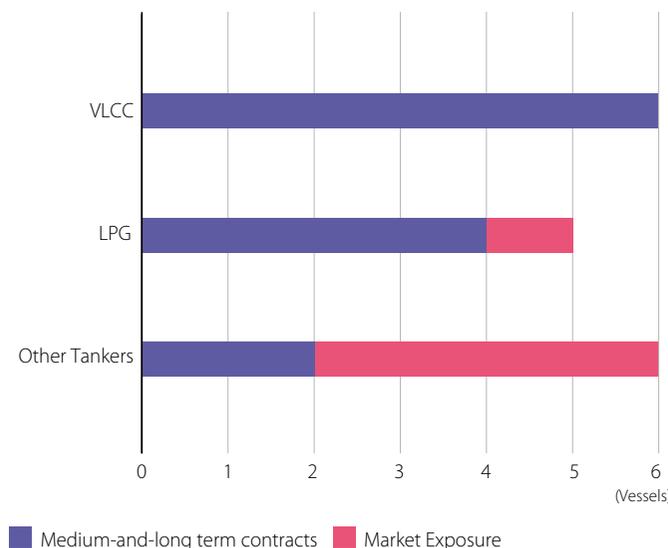
Source: SSY LNG RADAR

## "K" LINE LNG Carrier and Thermal Coal Carrier Fleet (including co-owned)

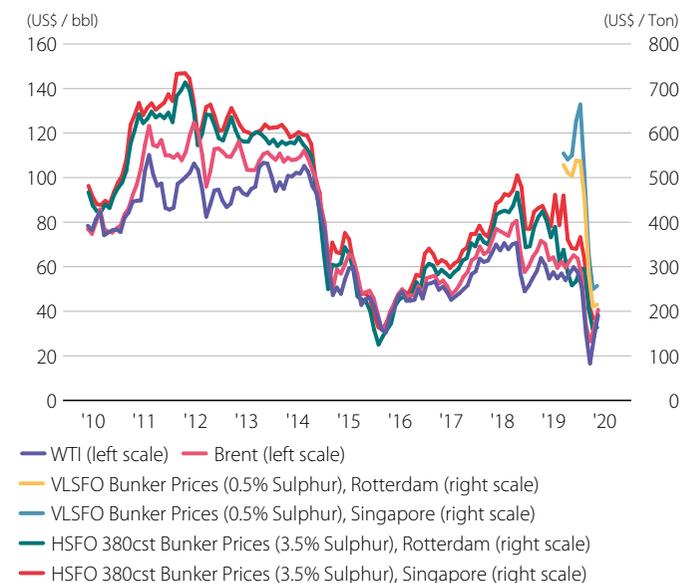


## "K" LINE's Tanker Fleet Medium-and-long term contracts covered ratio FY2020 (forecast)

(as of July 2020)



## Historical Oil and Bunker Price Trends



Source: Own-editing based on Clarksons and Refinitiv

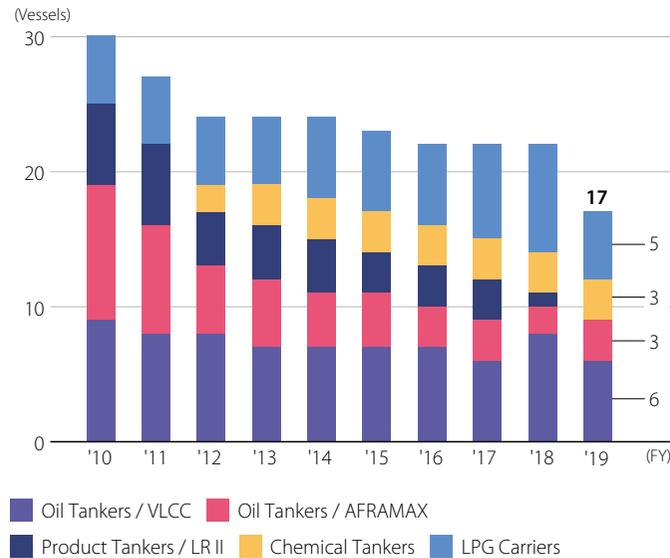
## VLCC Fleet Ranking

(as of June 2020)

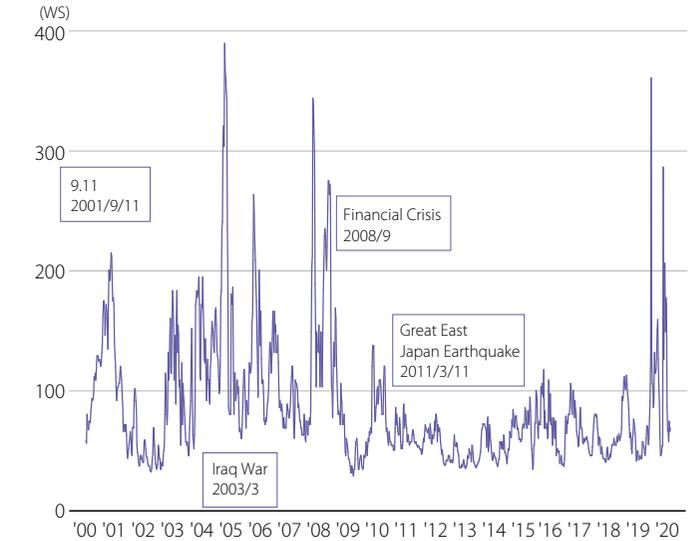
Ranking	Operator	100,000DWT	Vessels
1	China Merchants	157.4	51
2	Euronav NV	137.2	44
3	China COSCO Shipping	131.0	43
4	Bahri	128.0	41
5	Angelicoussis Group	123.4	39
6	Nat Iranian Tanker	117.6	38
7	DHT Holdings	83.7	27
8	MOL	83.1	27
9	SK Shipping	62.8	20
10	NYK	60.9	20
<b>32</b>	<b>"K" LINE</b>	<b>21.5</b>	<b>7</b>

Source: Clarksons

## "K" LINE Tanker Fleet Scale

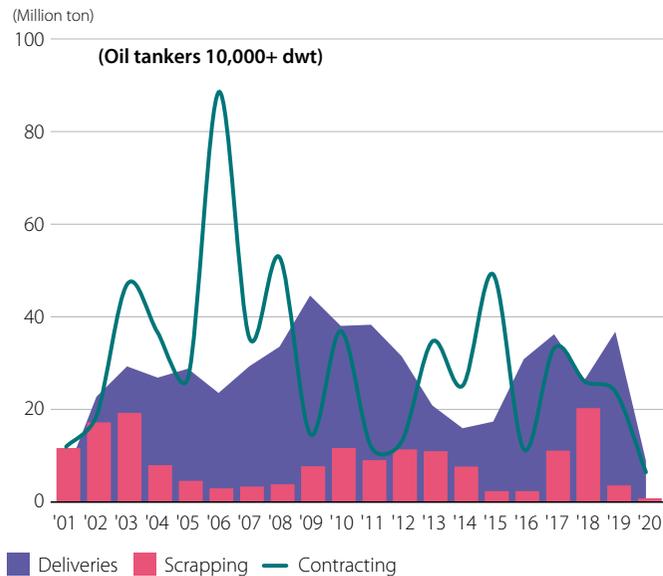


## Tanker Freight Index (WS: World Scale)



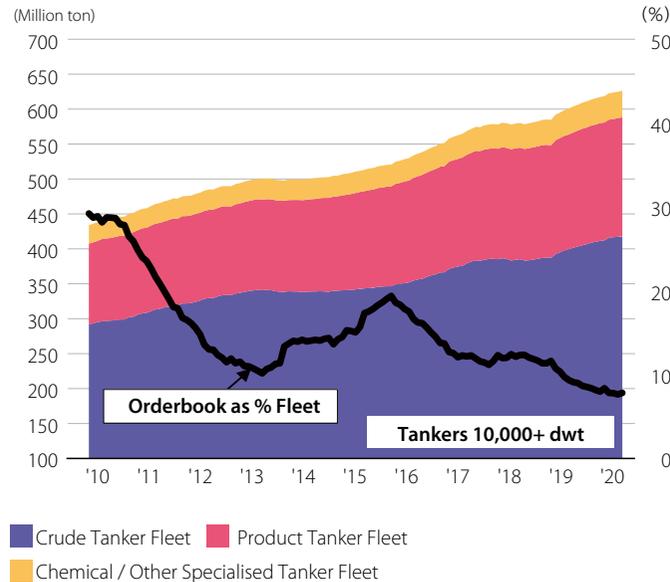
Source: Clarksons

## Tanker Delivery and Removal Progress



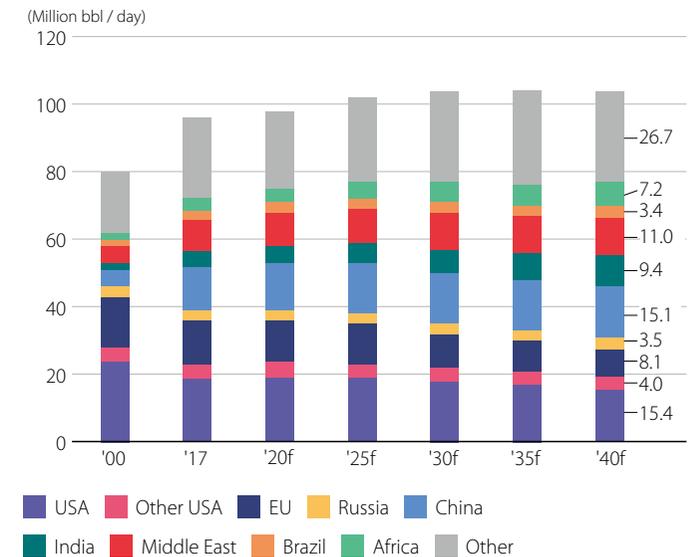
Source: Clarksons Oil & Tanker Outlook

## Tanker Fleet and Order Book



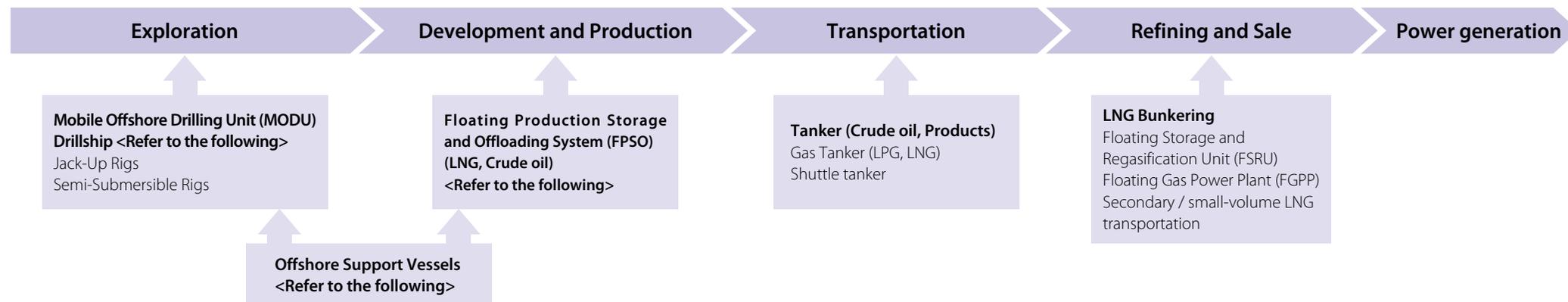
Source: Clarksons Oil & Tanker Outlook

## Forecast of Oil Demand by Country



Source: World Energy Outlook 2019

## Initiatives in Energy Value Chain —from Upstream to Downstream—



## Offshore Support Vessels

"K" LINE Group expands Offshore Energy Development Services through its subsidiary company called "K" LINE Offshore AS (KOAS) in Norway. (as of June 2020)



### 4 high transport efficiency largest size PSVs (Platform Supply Vessel)

PSVs are used to transport materials, equipment and fuel to offshore rig. KOAS's 5 PSVs have its deadweight capacity of 5,100 tons and deck area of 1,100 square meters.



### 2 AHTSs (Anchor Handling Tug Supply vessel) with the world's largest horsepower

AHTSs are engaged in supporting for offshore drilling rigs when they are moving locations, such as raising anchors with a motor power. KOAS's 2 AHTSs have their length 95 meters, width 24 meters and 34,000BHP at the same level as VLCCs.

## MODU (Mobile Offshore Drilling Unit)



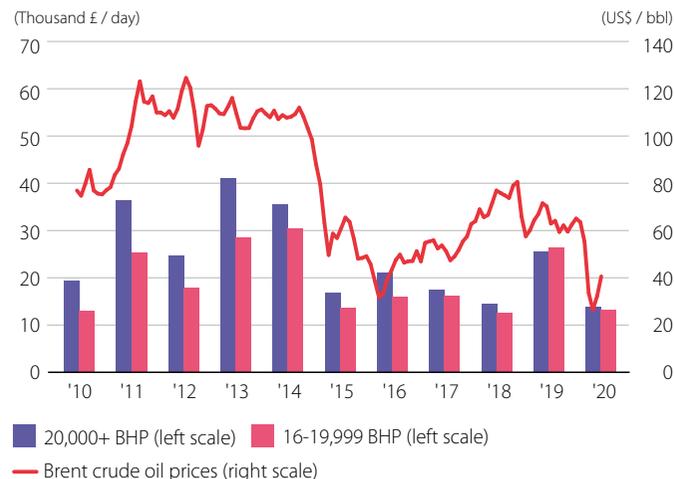
- In 2009 "K" LINE participates in ETESCO project for ultra-deepwater drillship.
- This ship has been under charter to Petrobras since April 2012. The first well will be drilled in the Franco SW block in water approximately 2,000 meters deep about 200 kilometers off Rio de Janeiro. The area is located in pre-salt fields in which Petrobras holds an interest.
- It is capable of drilling in water depths of 10,000 feet (3,000 meters) and down to 30,000 feet (9,000 meters).

## PSV Spot Rates Annual Avg and Brent Crude Oil Prices



Source: PSV Spot Rates: Clarksons Platou  
Brent crude oil prices: Refinitiv

## AHTS Spot Rates Annual Avg and Brent Crude Oil Prices



Source: AHTS Spot Rates: Clarksons Platou  
Brent crude oil prices: Refinitiv

## FPSO (Floating Production Storage and Offloading System)



- In 2017, agreement made on FPSO owning and chartering business for Oil and Gas Field, offshore Ghana.
- From 2017, Chartering for Eni Ghana Exploration and Production Ltd. (15-year long-term)
- Producing oil at Offshore Cape Three Point Block ("OCTP"), approximately 60 kilometers south west of Ghana.
- In July 2020, announcement of participation in FPSO Owning and Chartering Business for Marlim II Project, Offshore Brazil

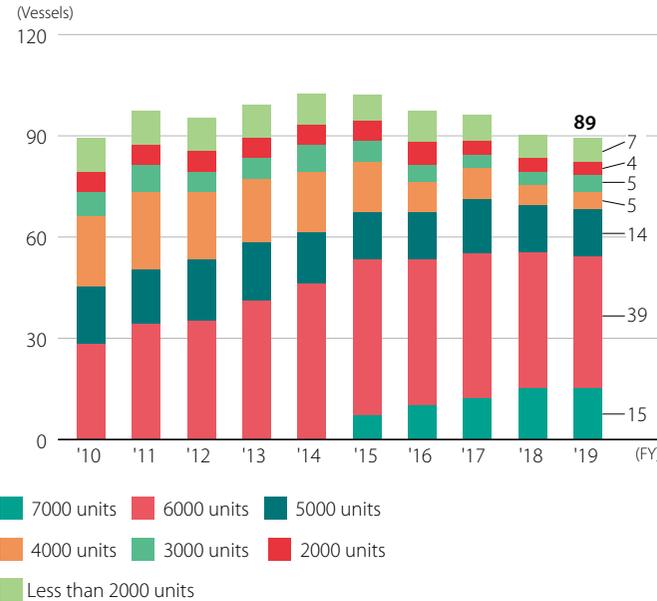
## Car Carrier Fleet Ranking

(as of May 2020)

Ranking	Operator	Vessels	Share	Capacity (unit)	Share
1	WWL ASA	109	15.2%	747,423	18.9%
2	MOL	104	14.5%	571,835	14.5%
3	NYK	102	14.3%	593,635	15.0%
4	"K" LINE	84	11.7%	455,829	11.5%
5	GLOVIS	76	10.6%	504,025	12.8%
6	HOEGH	46	6.4%	297,100	7.5%
7	TOYOFUJI	19	2.7%	59,959	1.5%
8	Grimaldi	15	2.1%	82,702	2.1%
9	UECC (NYK+WWL)	14	2.0%	43,060	1.1%
	Others	146	20.4%	592,808	15.0%
	<b>Total</b>	<b>715</b>		<b>3,948,376</b>	

Source: Own-editing based on Clarkson's PCTC Market Update 2019, Fearnley's PCTC Market Outlook 1Q2020

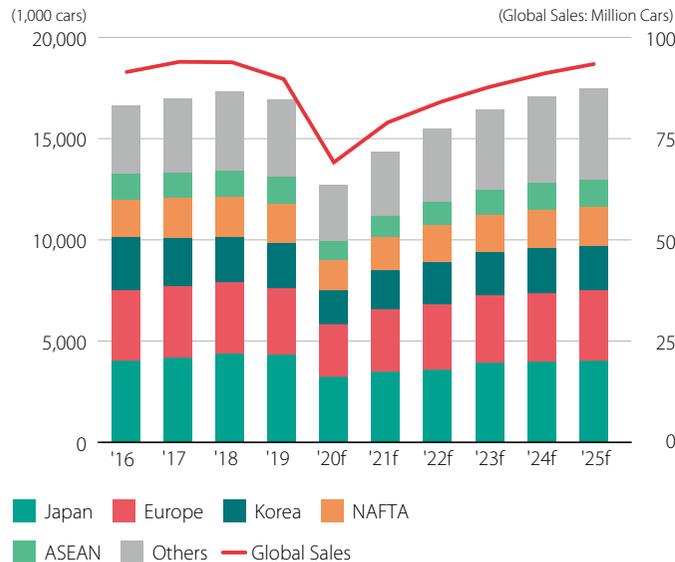
## "K" LINE Car Carrier Fleet



## Cars and Trucks Transported by "K" LINE

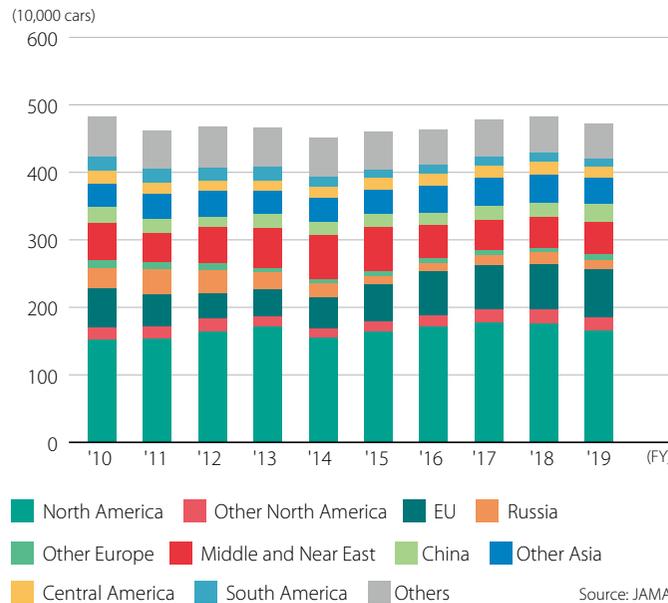


## Worldwide Car Ocean Transportation Volume



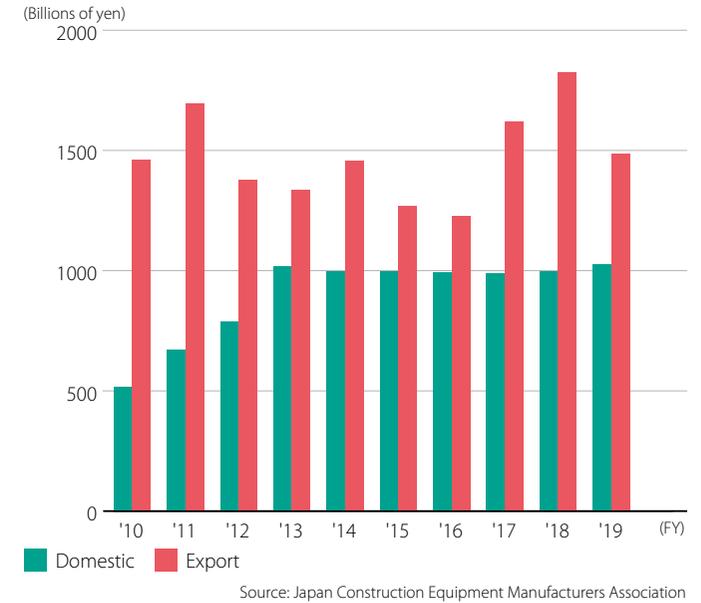
Source: Own-editing based on IHS Automotive (May, 2020)

## Total Cars and Trucks Exported from Japan



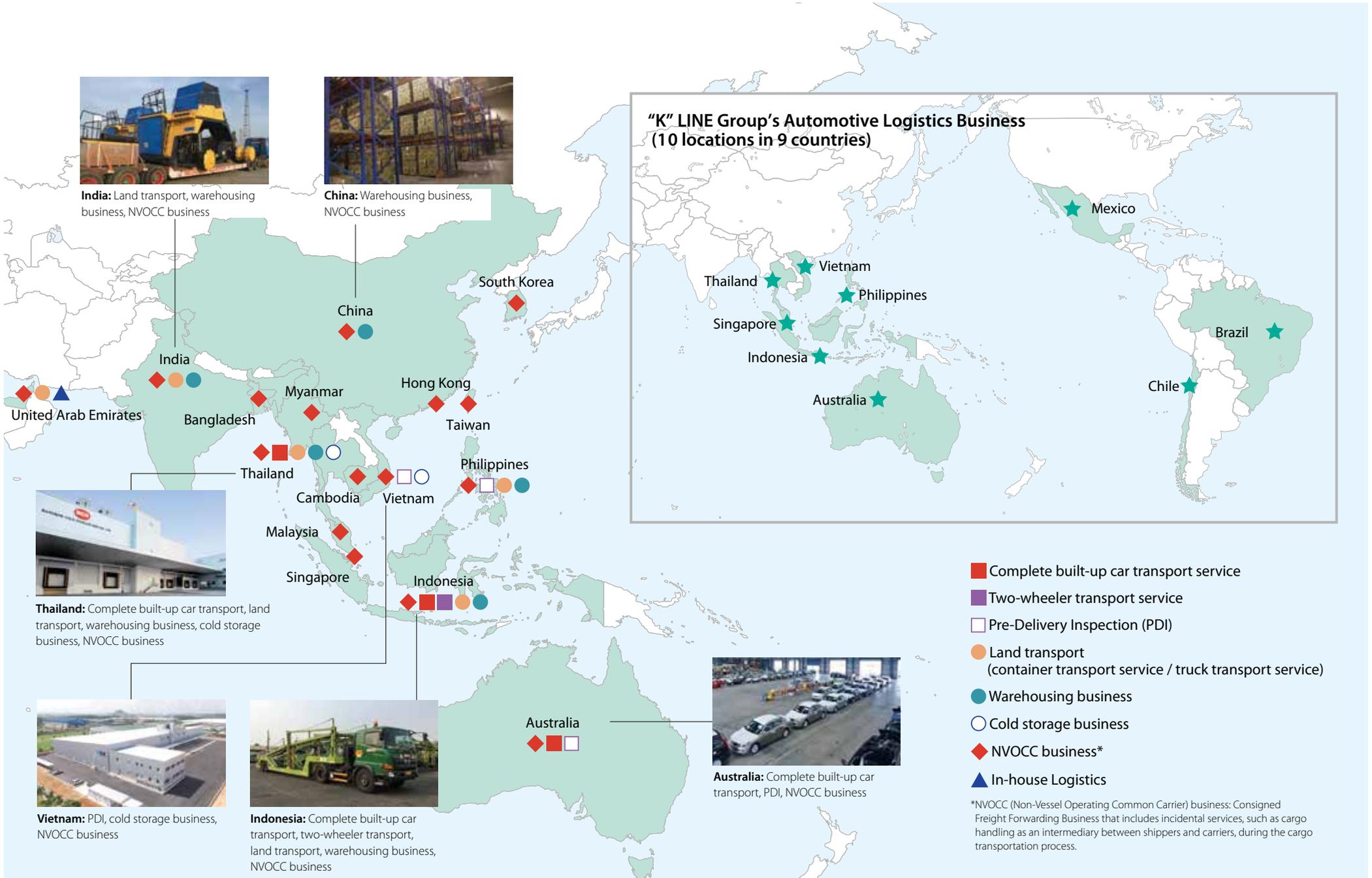
Source: JAMA

## Japanese Construction Machine Sales Results



Source: Japan Construction Equipment Manufacturers Association

## The Group's Locally-Oriented Comprehensive Logistics Services in Asia



## Fleet Size of Container Operators

(as of June 2020)

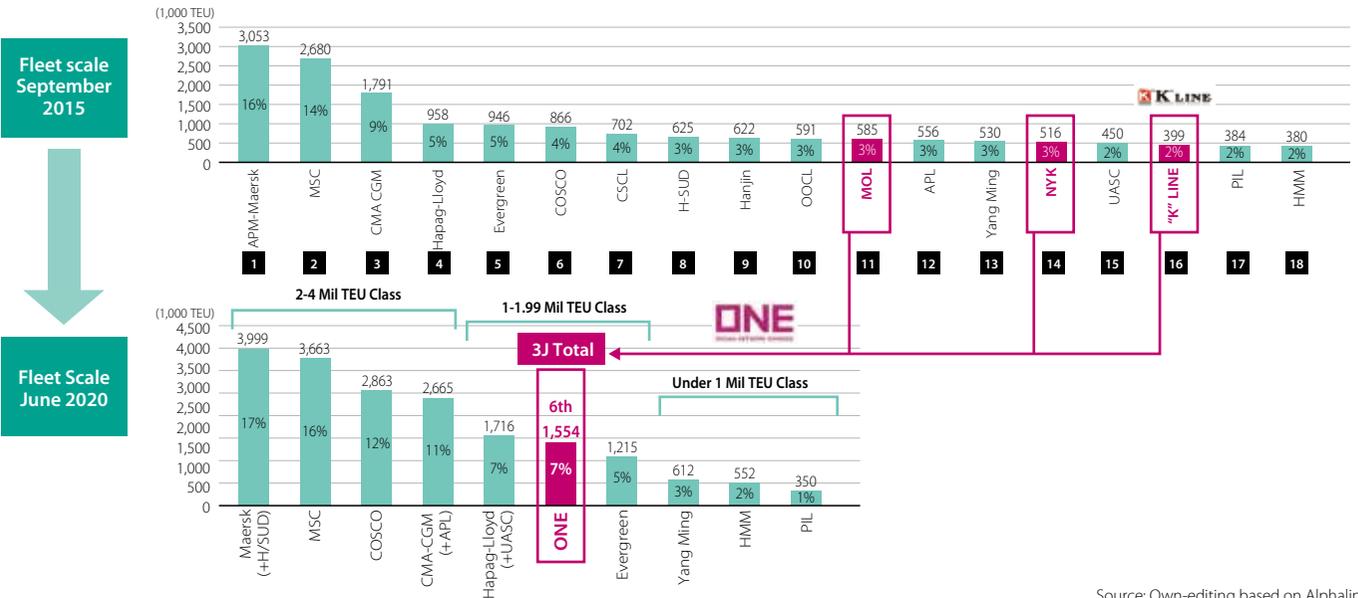
Ranking	Operator	TEU	Vessels	Share
1	APM-Maersk	3,998,687	657	17.1%
2	MSC	3,663,454	549	15.7%
3	COSCO Group	2,863,044	468	12.2%
4	CMA CGM Group	2,664,728	482	11.4%
5	Hapag-Lloyd	1,716,022	238	7.3%
6	ONE	1,553,929	210	6.6%
7	Evergreen	1,215,280	189	5.2%
8	Yang Ming	611,995	93	2.6%
9	HMM	551,732	67	2.4%
10	PIL	350,390	111	1.5%
11	Zim	279,025	58	1.2%
12	Wan Hai	236,379	91	1.0%
	Others	3,700,899	2,133	15.8%
	<b>Total</b>	<b>23,405,564</b>	<b>5,346</b>	<b>100%</b>

Members of each alliance

- THE Alliance: ONE, Hapag-Lloyd, Yang Ming, HMM
- OCEAN Alliance: COSCO Group, CMA CGM Group, Evergreen
- 2M: APM-Maersk, MSC

Source: Own-editing based on Alphaliner

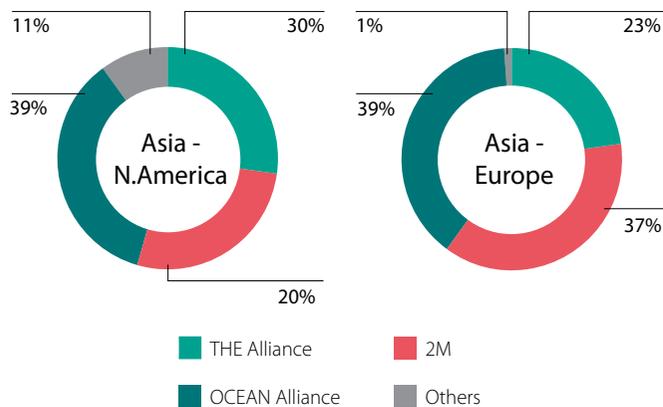
## Containerships Changes for number of the company and capacity scale



Source: Own-editing based on Alphaliner

## Trade Capacity Share by Alliance

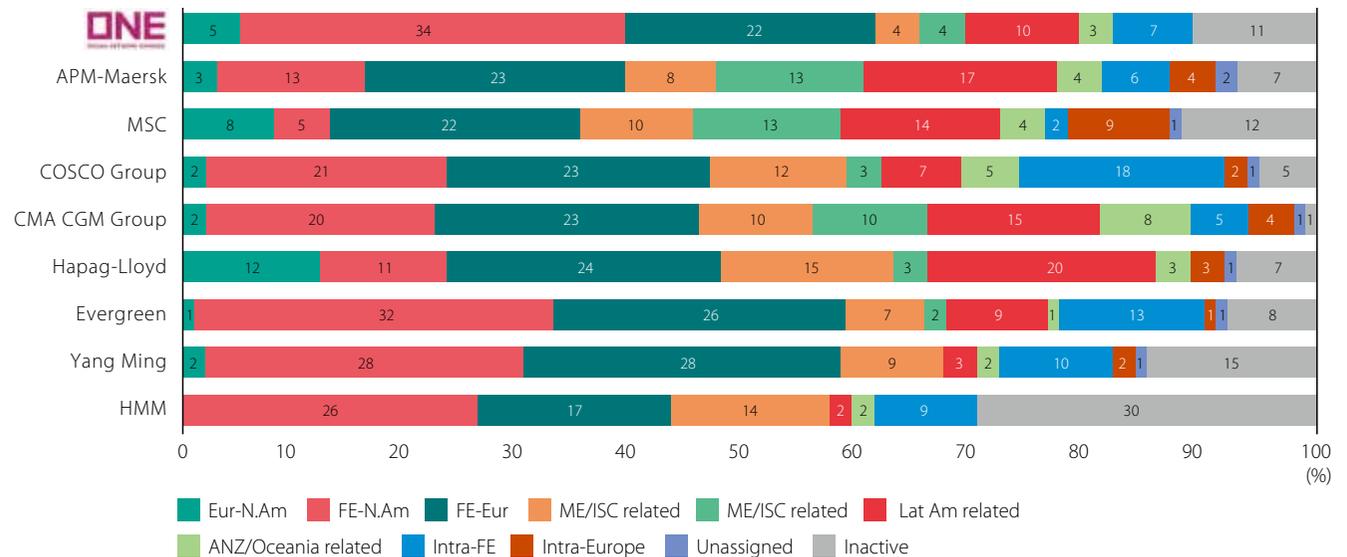
(as of June 2020)



Source: Alphaliner

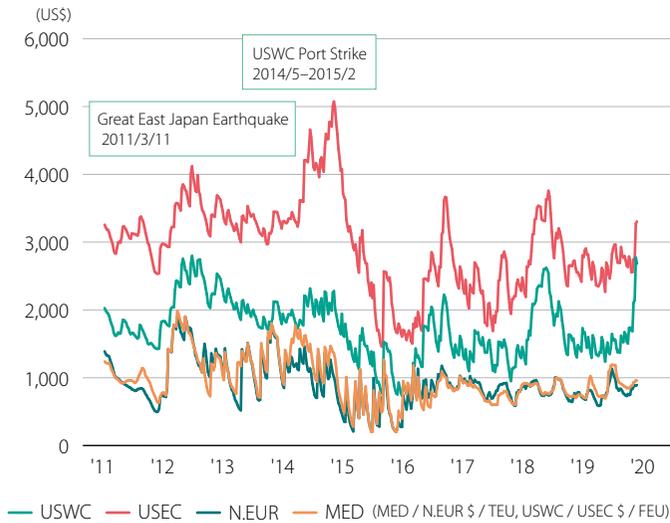
## Main Carriers Breakdown of Capacity Operated by Trade

(as of June 2020)



Source: Alphaliner

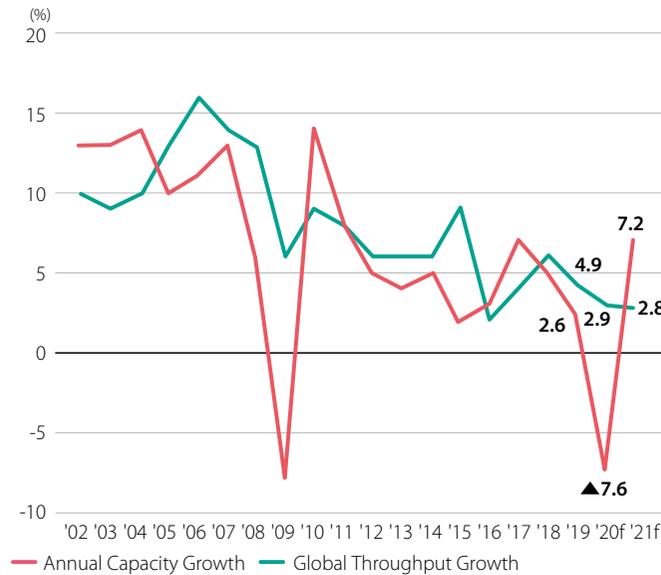
## Transition of SCFI (Shanghai Containerized Freight Index)



Source: Shanghai Shipping Exchange

## Container Fleet Capacity, Supply and Demand

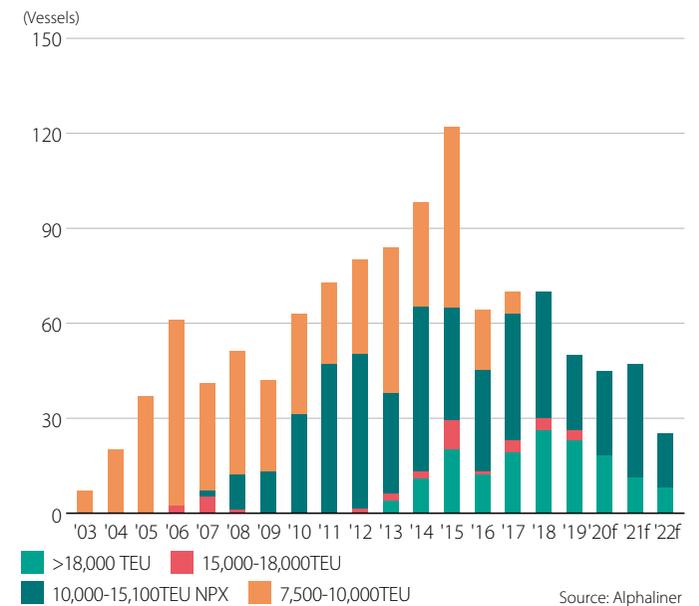
(as of June 2020)



Source: Alphaliner

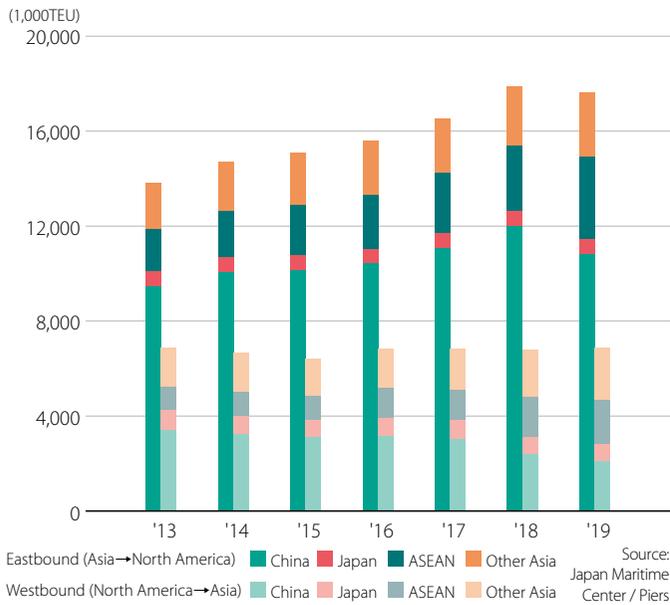
## Delivery of Very Large Container Ships

(as of June 2020)



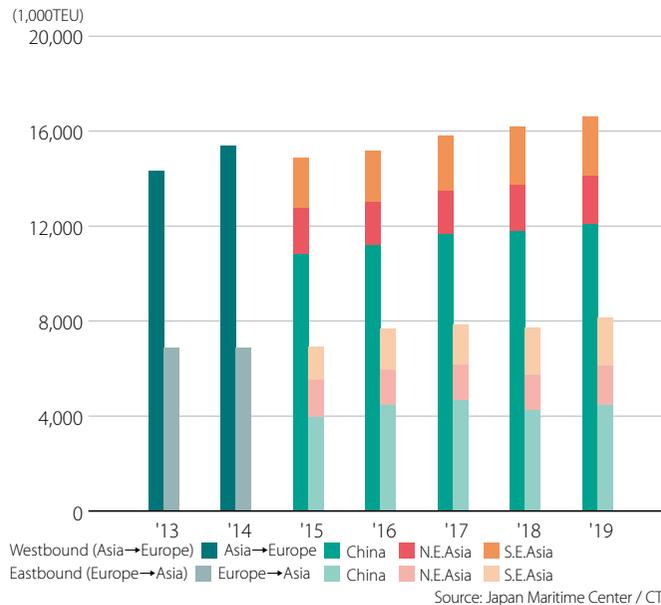
Source: Alphaliner

## Asia-North America Cargo Volume



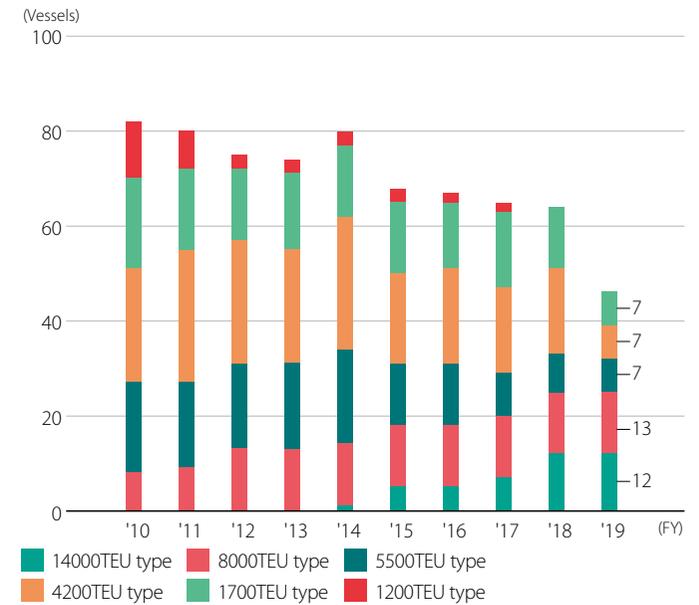
Source: Japan Maritime Center / Piers

## Asia-Europe Cargo Volume



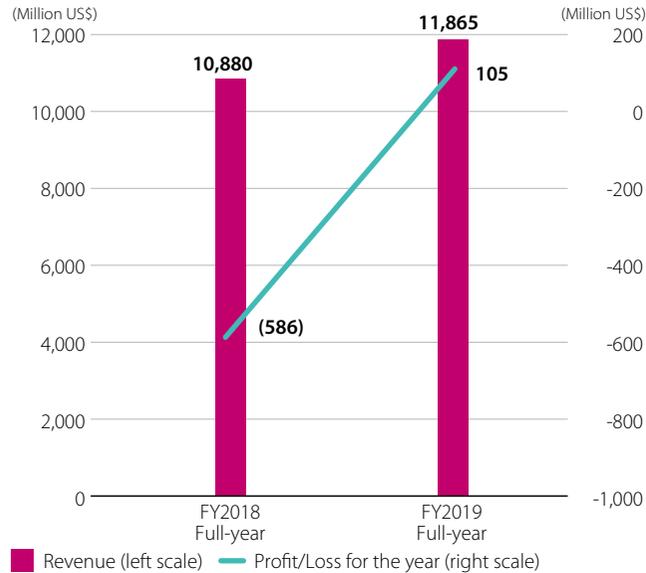
Source: Japan Maritime Center / CTS

## "K" LINE Containership Fleet

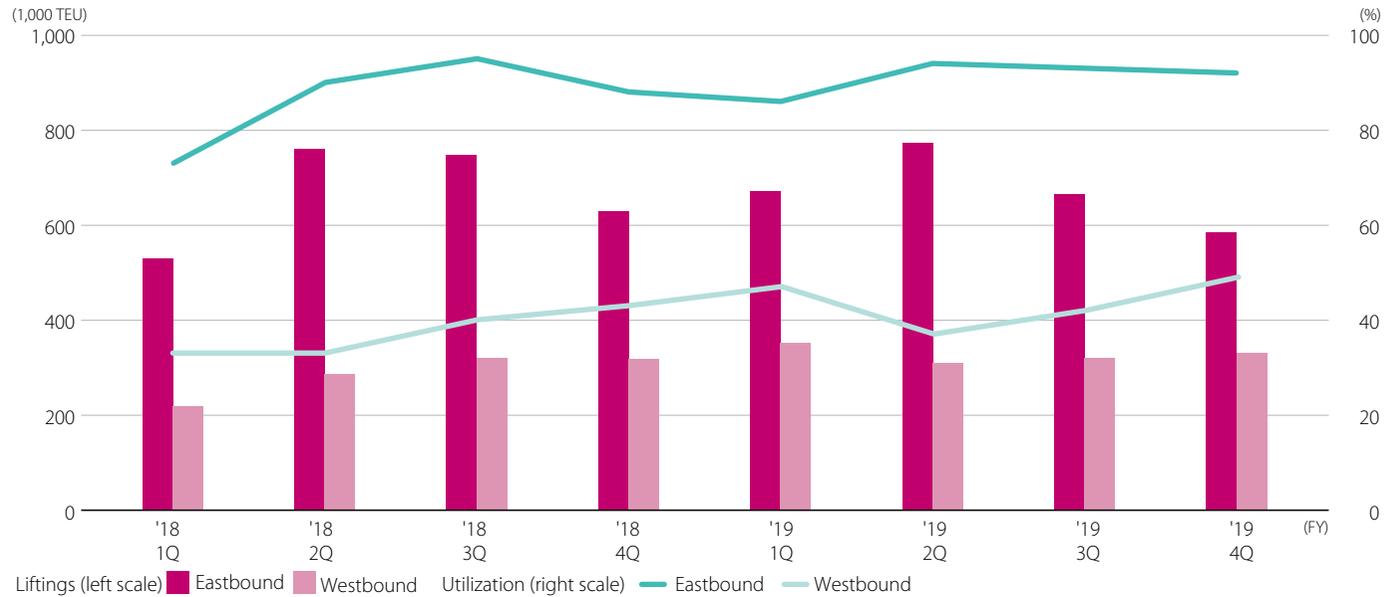


Source: Alphaliner

## Financial Results for OCEAN NETWORK EXPRESS (ONE)



## Transition of ONE Liftings / Utilization (Asia-North America)



### FY2018 Full-Year Financial Result

Unit: Million US\$	1Q	2Q	3Q	4Q	Total
Revenue	2,066	2,963	3,025	2,826	10,880
Profit/Loss for the year	(120)	(192)	(179)	(96)	(586)

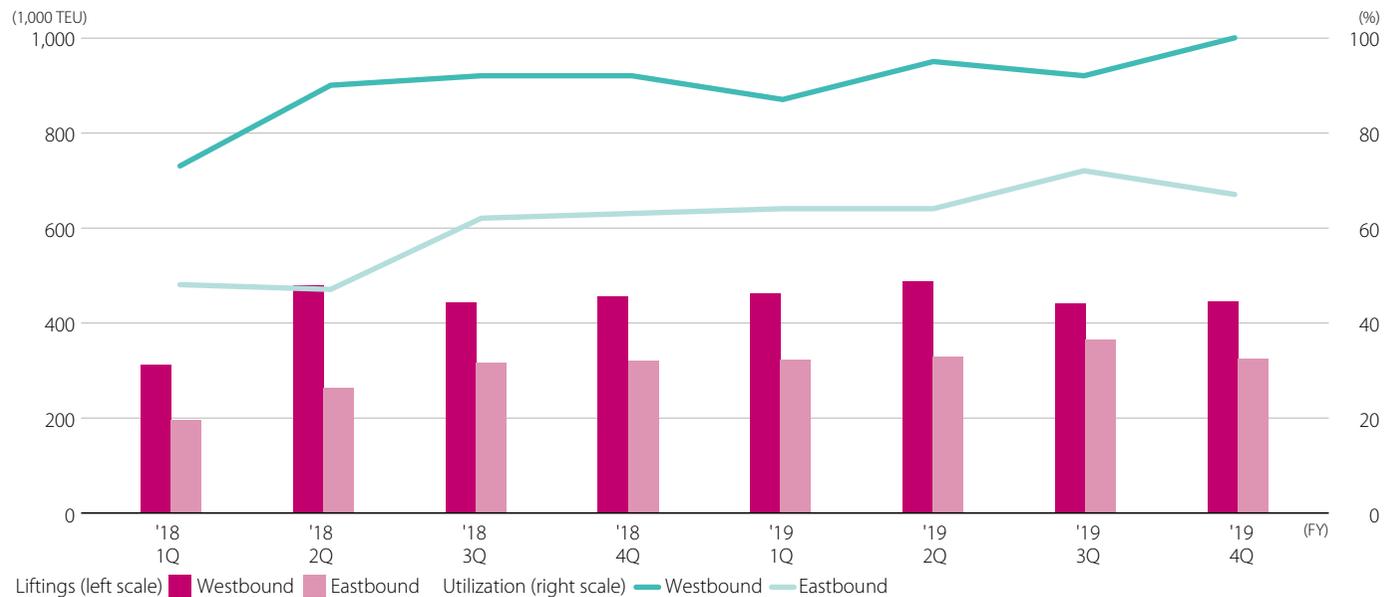
### FY2019 Full-Year Financial Results

Unit: Million US\$	1Q	2Q	3Q	4Q	Total
Revenue	2,875	3,109	2,914	2,966	11,865
Profit/Loss for the year	5	121	5	(27)	105

### FY2019 Other Results

EBIT	422	Unit: Million US\$
EBITDA	1,368	Unit: Million US\$
Annual Lifting	12,399	1,000 TEU
Annual Bunker Consumption	4.2	Million MT

## Transition of ONE Liftings / Utilization (Asia-Europe)



The "K" LINE Group seeks to "build a management structure centered on social responsibility" and built on a dual framework of "considering the impact of our business activities" and "creating new values."

Basic Policy on Corporate Social Responsibility	Material Issues and Important Issues	Key Initiatives	Related SDGs	Basic Policy on Corporate Social Responsibility	Material Issues and Important Issues	Key Initiatives	Related SDGs	
Building a Management Structure Centered on Social Responsibility	<b>Corporate governance</b> ▶ P.27 Establishment of a management structure that responds to the demands of society	<ul style="list-style-type: none"> <li>Introduce a Unit Supervisory System</li> <li>Introduce a Nominating Advisory Committee and Remuneration Advisory Committee</li> <li>Appoint outside directors (40% of directors)</li> </ul>		Creating New Values	<b>Compliance</b>	<ul style="list-style-type: none"> <li>Create a system to prevent Competition Law violation recurrence</li> <li>Create a bribery prevention system</li> <li>Create a system for compliance to economic sanctions</li> <li>Enhance the internal reporting system (register as a Whistleblowing Compliance Management System (WCMS))</li> <li>Expand our educational programs</li> </ul>		
	<b>Stakeholder engagement</b>	<ul style="list-style-type: none"> <li>Engage in investor relations with shareholders and investors in Japan and overseas</li> <li>Provide full disclosure</li> <li>Share feedback from shareholders and investors with managers and throughout the company</li> <li>Open dialogue and collaborate with NPOs and NGOs</li> <li>Be a signatory of the United Nations Global Compact</li> </ul>			Prevention of corruption Prevention of anti-competitive behavior			
	Promotion of dialogue with stakeholders				<b>Risk management</b>	<ul style="list-style-type: none"> <li>Launch a BCP for the coronavirus pandemic</li> <li>Conduct response drills for a large-scale accident</li> <li>Have the Crisis Management Committee and the Management Risk Committee apply the PDCA cycle to risk management</li> </ul>		
	<b>Environmental preservation</b> ▶ P.24-25 Reinforcement of environmental management Environment-friendly business activities	<ul style="list-style-type: none"> <li>Reduce CO<sub>2</sub> emissions and emission efficiency (aiming for decarbonization in 2050)</li> <li>Promote the transport and supply of new energy for a low-carbon society</li> <li>Reduce the shipping operation's impact on the sea and air, including zero oil spills</li> <li>Step up our activities and support for public environmental improvement efforts</li> </ul>				<b>Human resource development</b> ▶ P.26 Improvement of corporate culture Development of global leaders Promotion of diversity	<ul style="list-style-type: none"> <li>Expand and strengthen position-based training</li> <li>Create new training systems, including for on-ship training for all employees and accounting and finance training</li> <li>Introduce a headquarters work program for non-Japanese seafarers</li> </ul>	
	<b>Safety in navigation and cargo operations</b> ▶ P.26 Prevention of major accidents	<ul style="list-style-type: none"> <li>Enhance the Safety Management System</li> <li>Strengthen the Ship Management System</li> <li>Secure and train maritime technical personnel</li> </ul>				<b>Innovation</b> ▶ P.24 New value proposals through reduction of environmental burden and improvement of service quality	<ul style="list-style-type: none"> <li>Use Kawasaki Integrated Maritime Solutions integrated ship operation and performance management system to enhance our safety and environmental performance</li> <li>Install the Seawing automated kite system on ships to harness natural energy</li> <li>Introduce LNG-fueled car carriers</li> </ul>	
Considering the Impact of our Business Activities	<b>Human rights</b> Prevention of discrimination Respect of basic labor rights Prevention of forced labor and child labor	<ul style="list-style-type: none"> <li>Understand human rights issues by attending international conferences and engage with NGOs and international organizations</li> </ul>			<b>Community involvement and development</b> Assistance in recovery / reconstruction from natural disasters Promotion of social contribution activities utilizing corporate resources	<ul style="list-style-type: none"> <li>Donate to areas affected by natural disasters</li> <li>Collaborate with free cargo transport operations to emerging countries</li> </ul>		
	<b>Labor practices</b> ▶ P.26 Prevention of over-long working hours Promotion of diverse work styles Improvement of occupational health and safety	<ul style="list-style-type: none"> <li>Become a certified Health &amp; Productivity Management Outstanding Organization (Large Enterprise Category) in 2020</li> <li>Receive a Kurumin "next-generation" mark in 2020 as a company supporting childcare</li> <li>Renew our certification as a leading company for prevention of seafarer labor accidents</li> </ul>			<b>Employment creation and skills development</b> Support for education and employment creation	<ul style="list-style-type: none"> <li>Host ship and training center tours for children and teachers</li> <li>Send lecturers to maritime education institutions to assist in the cultivation of future maritime technical personnel</li> </ul>		

## Process to Identify Materiality



### Specify Themes Related to "K" LINE Group's Business Activities

The "K" LINE Group, through dialogue with internal and external stakeholders and by referring to OECD Guidelines for Multinational Enterprises, ISO26000, GRI Guidelines, and other frameworks, has specified environmental and social themes that the Group's operations around the world may affect or contribute to.

### Select "Material Issues"

The Group has selected 10 of the themes identified in STEP 1 to prioritize in terms of the significance of their economic, environmental, and social impacts and the effects on stakeholder evaluations and management decision-making. These themes and 2 additional themes deemed essential to establish the relevant management structure to address them have been designated "material issues" requiring action by the Group.

### Formulate CSR Action Plans

The Group has set medium- and long-term targets for the 12 material issues designated in STEP 2 and formulates annual CSR Action Plans geared to each target.

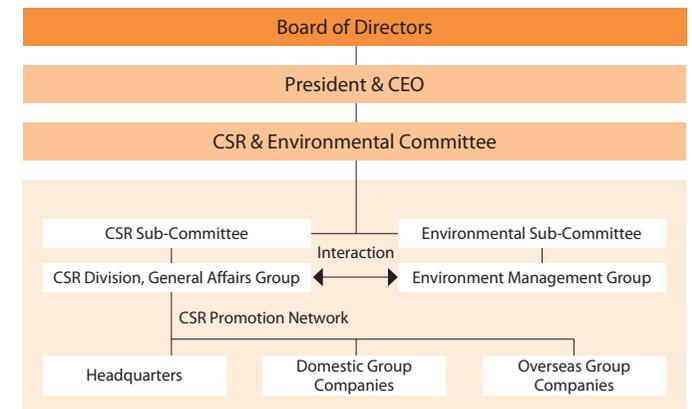
### Match with SDGs

The Group has aligned the CSR Action Plans outlined in Step 3 with the 17 SDGs adopted by the United Nations in 2015 to ensure the objectives are compatible.

### Review

The Group semiannually reviews the progress of the CSR Action Plans, and revises or modifies them as necessary. At the end of each fiscal year, the Group evaluates the progress and results of the CSR Action Plans and, based on the progress toward the medium- and long-term goals and the social changes relevant to its businesses, formulates new plans for the next fiscal year.

## ESG and CSR Promotion Structure



## Improvement of operating safety and environmental performance by using Kawasaki Integrated Maritime Solutions

Kawasaki Integrated Maritime Solutions is an integrated vessel operation and performance management with data collection device from each vessel. The system can be used for real time monitoring and analysis for ship propulsion performance and engine plant condition based on actual ship operational data. The optimum weather routing system then integrates this information with the latest meteorological data and ship performance model that has been created from actual operational data to calculate the recommended

navigation route for each vessel. This system enables us to visualize ship's condition from various perspectives through the big data analysis. For example, the system helps earlier and accurate detection of an increase in fuel consumption due to a ship's performance deterioration, giving us the ability to take preventive improvement measures. The optimum weather routing system also improves the environmental performance making it possible to reduce CO<sub>2</sub> emissions while maintaining our ship and cargo safety standards.



Conceptual framework



Display screen

## Introduction of Seawing, automated kite system utilizing natural energy

The Seawing automated kite system is mounted on the forecastle of the vessel and is unfolded by simple operation from the bridge under certain conditions of natural wind power and wind direction, and assists propulsion power of the vessel with utilize wind force effectively... A controlled flying kite can provide greater power than a fixed-sail device with the same surface area. The combination of air and sea technologies by bringing the aircraft flight control technology to ships and augmenting it using performance analysis by Kawasaki Integrated Maritime Solutions is leading to breakthrough innovations for ship performance. "K" LINE is also a member of the International Windship Association actively promoting the use of wind energy in the shipping industry.



Seawing installation image

## Government-supported launch of an LNG fueled car carrier

"K" LINE placed an order for an LNG-fueled car carrier with Imabari Shipbuilding Co. Ltd. The order was made possible with support of the "Model Project for Maximize Reduction of CO<sub>2</sub> Emissions from LNG fueled Vessels", a joint project between the Ministry of the Environment and the Ministry of Land, Infrastructure, Transport and Tourism. The volume per calorific value of LNG is 1.7 times greater than that of heavy fuel oil and it begins to vaporize at about -161°C. LNG-fueled ships must therefore be specially designed to secure the storage space and control the pressure and temperature of LNG fueled tank. However, LNG's benefits are substantial, as LNG fuel emits 25-30% less CO<sub>2</sub> than heavy oil.



Conceptual drawing of LNG fueled Car Carriers

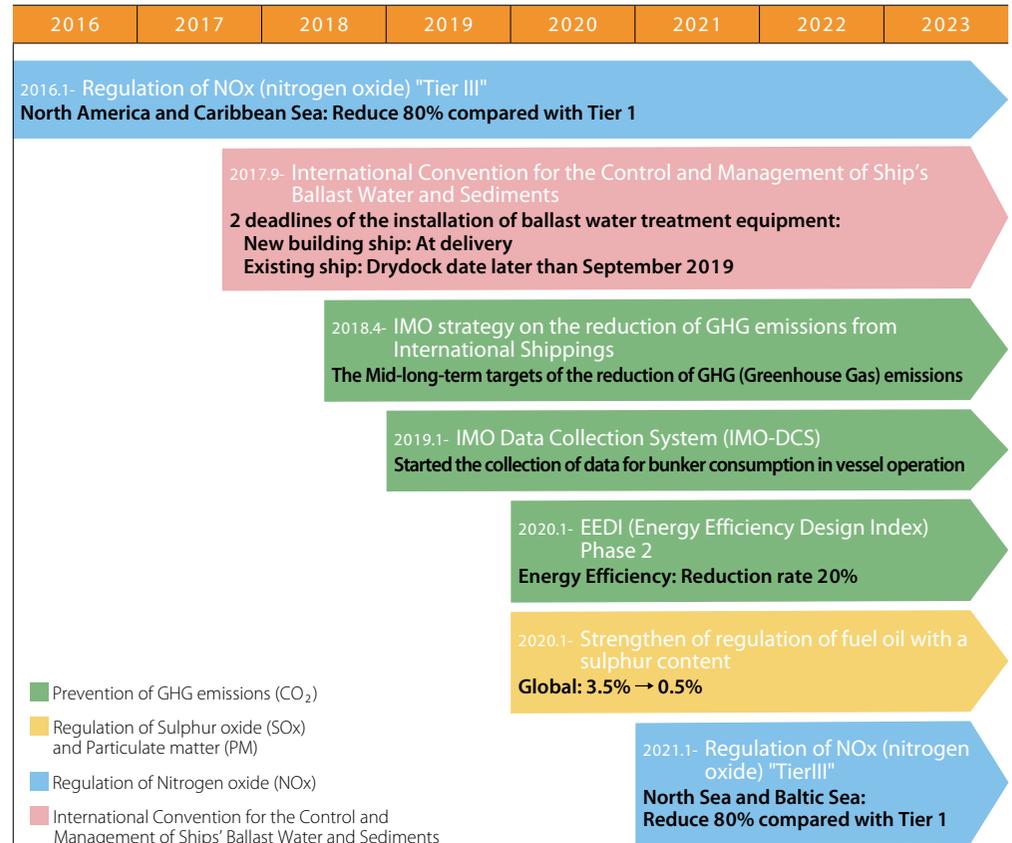
## Participation in "CO<sub>2</sub>-free Hydrogen Energy Supply-chain Technology Research Association (HySTRA)"

"K" LINE are participating with "CO<sub>2</sub>-free Hydrogen Energy Supply-Chain Technology Research Association" (HySTRA), an association working towards creating an international CO<sub>2</sub> free energy supply chain comprised of hydrogen production effectively utilizing brown coal, its liquefaction, transportation, storage and utilization as a member company who will provide assistance for the safe transportation of liquefied hydrogen. HySTRA is working on the pilot phase of the project, along with studies for these technologies to become widely used in society and commercially viable around 2030.



Liquefied Hydrogen Carrier "SUISO FRONTIER" (Photo by Kawasaki Heavy Industries, Ltd.)

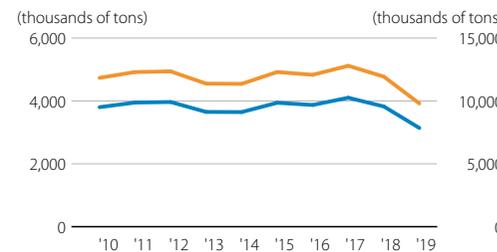
## Environmental regulatory trends of International Shipping



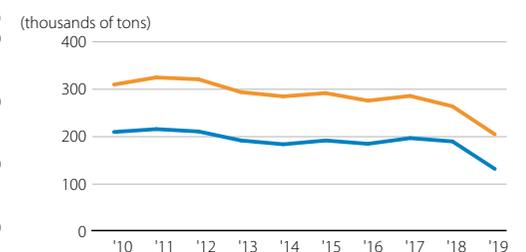
Source: Japan Maritime Public Relations Center "Shipping Now 2020-2021"

## "K" LINE Environmental data

### Fuel Oil Consumption and CO<sub>2</sub> emissions



### SO<sub>x</sub> emissions and NO<sub>x</sub> emissions



— Fuel Oil Consumption (left scale)

— CO<sub>2</sub> emissions (right scale)

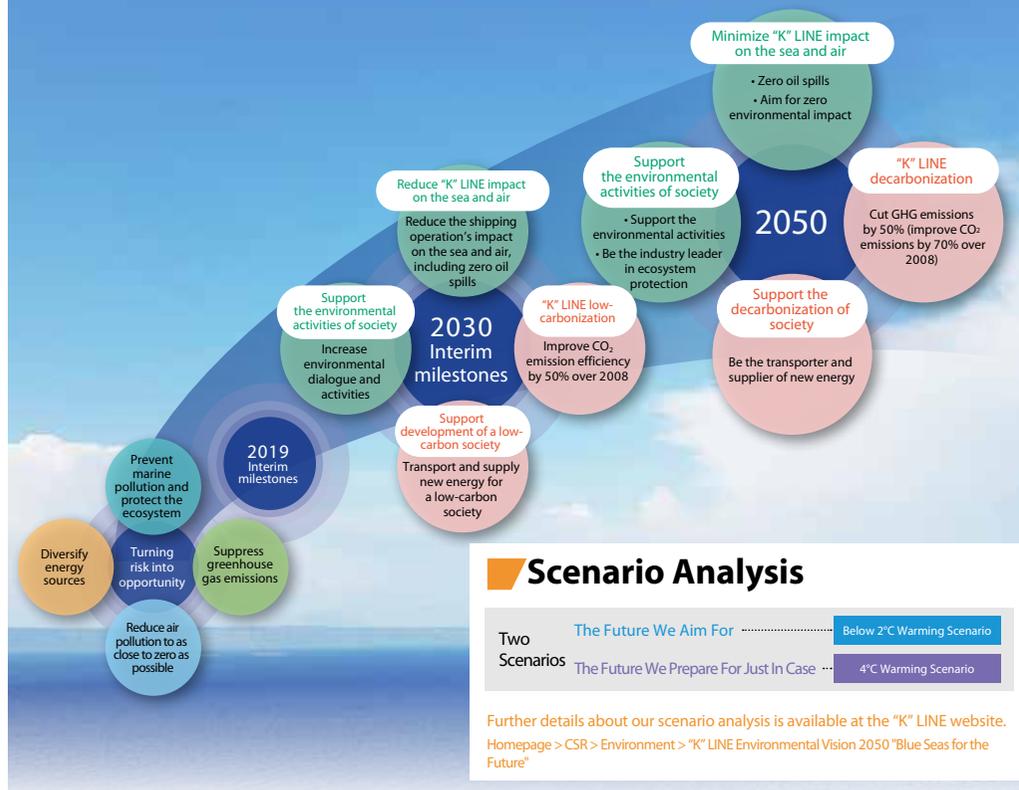
— SO<sub>x</sub> emissions

— NO<sub>x</sub> emissions

\* Total amounts calculated based on fuels supplied to vessels (the number of the vessels do not agree with that of vessels in operation), for which "K" LINE arranged fueling (including the portion purchased by ONE, to which all "K" LINE containerships have been chartered out). The figures are calculated on a calendar year basis.

### "K" LINE Environmental Vision 2050

The "K" LINE Environmental Vision 2050 announced in March 2015 set specific milestones to reach by 2019, the 100th anniversary of our founding. We have achieved many of the milestones, however, the dramatic changes in the environment around the world have made it necessary to reassess some of our goals for 2050 and set new milestone markers for 2030.



### Scenario Analysis

Two Scenarios	The Future We Aim For	Below 2°C Warming Scenario
	The Future We Prepare For Just In Case	4°C Warming Scenario

Further details about our scenario analysis is available at the "K" LINE website.  
 Homepage > CSR > Environment > "K" LINE Environmental Vision 2050 "Blue Seas for the Future"

### New Technology and Flagships

Contributions to Decarbonization

<p>"K" LINE will actively seek new fuels and technologies that will enable operations with zero GHG emissions.</p>	<b>New fuels</b>	Hydrogen / ammonia / methane
	<b>Energy-efficiency technology</b>	Bioenergy / electricity
<p>"K" LINE will apply existing, leading, and state-of-the-art technologies to achieve the highest level of efficiency with the aim of achieving International Maritime Organization (IMO) energy efficiency requirement of 70%.</p>	<b>New fuels</b>	LNG
	<b>Engineering improvements</b>	Seawing
		Energy Efficiency Design Index (EEDI)
	<b>Better operating efficiency</b>	Kawasaki Integrated Maritime Solutions
		Energy-efficient equipment
		Efficient shipping operations

### 2030 Interim Milestones and Action Plan

Priority issues	Action plan to 2030
"K" LINE low-carbonization	<ul style="list-style-type: none"> <li>Improve CO<sub>2</sub> emission efficiency by 50% over 2008 ⇒ <b>Surpassing the IMO target of a 40% improvement</b></li> <li>Strengthen ties with shipbuilding sites, customers, governments, investors, and all stakeholders to realize and launch zero-emission vessels</li> </ul>
Support development of a low-carbon society	<ul style="list-style-type: none"> <li>Develop and expand new businesses that contribute to a low-carbon society</li> <li>Explore and develop new businesses that contribute to achieving a low-carbon society</li> </ul>
Reduce "K" LINE impact on the sea and air	<ul style="list-style-type: none"> <li>Initiatives to maintain zero oil spills</li> <li>Reduce the environmental impact of ship operations</li> </ul>
Support the environmental activities of society	<ul style="list-style-type: none"> <li>Increase environmental dialogue and activities</li> </ul>

### Establish the LNG Bunkering Business — Business start scheduled for 2020 —

"K" LINE will establish a business to provide a stable supply of LNG for bunker fuel. LNG has strong potential as an alternative to heavy fuel oil, and is an attractive bunker fuel source with the increasingly stringent international regulations on ship emissions. We promote the LNG Bunkering Business in the Chubu (central) region of Japan through the joint venture companies, Central LNG Shipping Japan Corporation and Central LNG Marine Fuel Japan Corporation, established by JERA Co., Inc., Toyota Tsusho Corporation, Nippon Yusen Kaisha and us. And the first LNG Bunkering Vessel operated in Japan to be delivered in the end of September, 2020. Furthermore, we have concluded a ship management agreement with FuelLNG Pte Ltd. (Head office in Singapore) for the 7,500CBM LNG-Bunkering Vessel that they will own, operate and carry out all commercial operations. The vessel is expected to commence the service in Singapore, one of world's largest

bunkering ports, in 2H2020 as the first LNG Bunker Vessel providing ship-to-ship bunkering there.



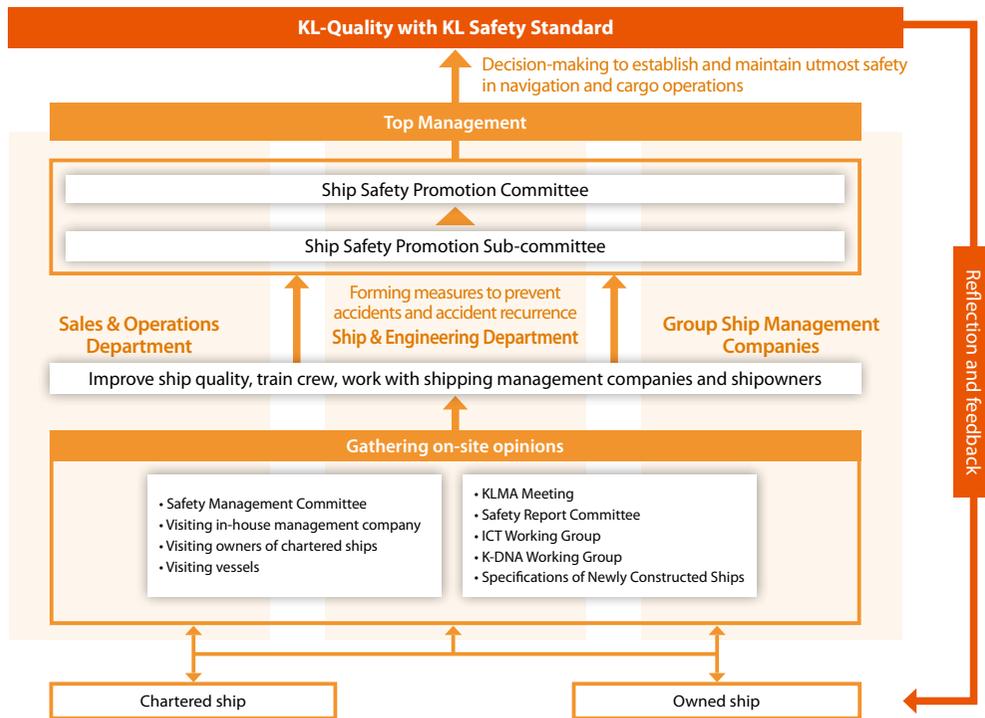
LNG Bunkering Vessel (illustration courtesy of Kawasaki Heavy Industries)

### Projects to execute Action Plan 2030

"K" LINE's sustainability management system is a cross-departmental organization administered directly by the president & CEO. The system is the backbone of our high-quality logistics services, which includes our strength areas of safety in navigation and environmental response, and is key to continuing to enhance our competitiveness. The Safety and Environmental Technology Project Team is devoted to accelerating the incorporation of equipment and management technologies throughout the Group to enhance the safety of our services and further improve our service quality to meet customer needs. The Alternative Fuel Project Team considers measures to prepare for wider use LNG-fueled vessels and the global development of LNG bunkering business.



## Enhancing Safety Management System



## Initiatives

Pre-embarkation Briefing	Sharing our basic safety policy and the latest specific information
KL-QUALITY	Our own quality guidelines and standards for our ship supervisions
<b>Safety Report System</b>	Reporting system of near-miss on ship
Accident Information Management System (AIMS)	System analyzing accident information and trends
<b>"K" LINE-Drive to No Accident (K-DNA)</b>	Our unique safety equipment installation guidelines
Safety Campaign	Annual Company-wide safety awareness-raising activities under the theme of "safety in navigation and cargo operations" and "environmental preservation"
Trouble News	Newsletters for all operating vessels, such as on preventing the recurrence of accidents
<b>Emergency Response Drill</b>	Establish accident response headquarters and conduct accident readiness drills

## Onshore Employees

### Labor Practice

- "K" LINE takes a "health management" approach and the following measures.
- Prevention of employees'overwork by monitoring overtime work closely
- Encouraging employees to take time off from work and achieved that all employees take at least the minimum of five days of annual paid leave required by Japan's revised Labor Standards Act.
- Penetrating and Disseminating work-at-home system on a company-wide basis through a variety of communication tools (Introduced from January 2019)

### Human Resource Development

- Setting the goal as cultivating personnel capable of taking charge of business management from a global perspective and applying sophisticated practical skills and abundant creativity to propel business transformation.
- Revamped the training programs to gear courses to specific job positions and levels of experience and introduced training sessions on logical thinking, problem solving, and presentation skills to boost practical skills.

### Initiative Certified as a 2020 Kurumin childcare support company

The Ministry of Health, Labor and Welfare and the Tokyo Labor Bureau certified "K" LINE as a 2020 Kurumin Childcare Support Company in recognition of our efforts to support balanced work and childcare, encourage male employees to take leave to participate in childcare, and persuade employees to use their annual paid holidays. We will continue providing a stable foundation accommodating diverse and flexible work styles so our employees can make the full use of their abilities, including supporting employees with children, and promoting a healthy work-life balance.



## Maritime Employees

Securing and nurturing outstanding Japanese maritime employees to be leaders for crews of many nationalities is essential to international ocean shipping. We develop world-class maritime technicians through the following measures.

- Established a comprehensive in-house training program in 2013 to foster outstanding maritime technical personnel and began recruiting students from non-maritime universities as well as seafarer training institutions.

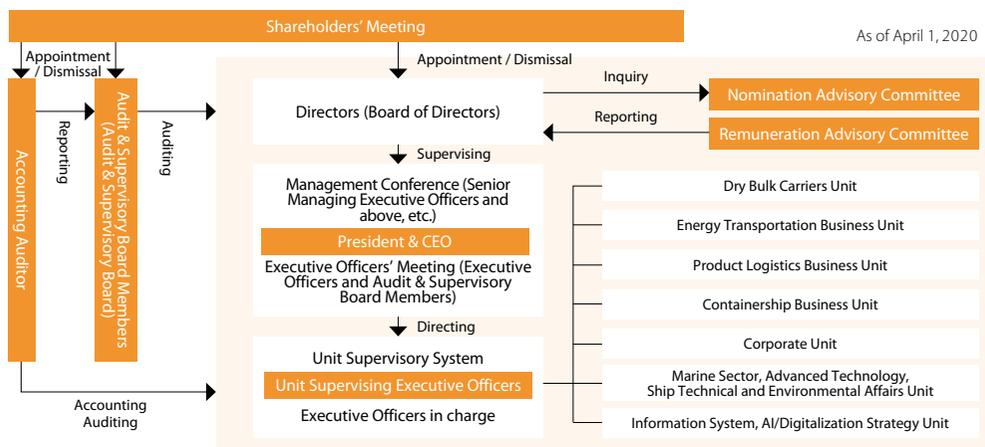
- Career development of Maritime Technical Personnel by both onshore and offshore duty, including both onshore training at the "K" LINE Maritime Academy in Machida, Japan, and on-ship training programs.
- Career development of Maritime Technical Personnel by both onshore and offshore duty, including both onshore training at the "K" LINE Maritime Academy in Machida, Japan, and on-ship training programs.

### Initiative Renewed certification as a Business Operator Providing Superior Occupational Accident Prevention for Seafarers

In fiscal 2019, the Ministry of Land, Infrastructure, Transport and Tourism once again recognized "K" LINE as a Company Providing Superior Occupational Accident Prevention for Seafarers (General Class 1) which they created to recognize individual shipping fleet operators and provide official certification of companies that take voluntary measures to prevent occupational accidents for seafarers. "K" LINE was the only international shipping company in Japan to receive the highest Class 1 ranking when it was created in 2008, and we have been certified at the highest level every year since. Class 1 distinction includes requiring a company to have no violations of the Mariners Law for the past five years.



## Corporate Governance Structure



## Officer Remuneration System

Classification	Type of remuneration	Nature of remuneration	Method of determination	Maximum limit of remuneration
Director	Monthly remuneration	Fixed remuneration	Remuneration is determined in accordance with position and performance rating.	Within 600 million yen / year
	Bonuses based on consolidated performance*	Variable remuneration	Linked to the degree of achievement of consolidated performance targets in single fiscal years	
	Performance-based share remuneration (BBT = Board Benefit Trust)*			Linked to the Company's medium- to long-term total shareholders return (TSR) TSR = The rate of increase of the Company's shares over a fixed period + The dividend rate over the fixed period (Total dividend ÷ Initial share price)
Audit & Supervisory Board Member	Monthly remuneration only	Fixed remuneration	Determined following deliberation among Audit & Supervisory Board Members	Within 12 million yen / month

\* Limited to Executive Directors

## Training for Officers

Attending Officers	Timing of implementation	Content
Newly appointed Officers	Within 3 months of taking office	Providing opportunities to attend seminars on legal responsibilities pertaining to the Companies Act and the Financial Instruments and Exchange Act, etc.
All Officers	Yearly	Training related to compliance in such areas as competition law, insider trading regulations, and anti-bribery
Outside Directors/Outside Audit & Supervisory Board Members	Upon appointment	Explanations about the Group's business, financial, and organizational status, as well as the management status, operating environment, and business issues from heads of relevant divisions or Executive Officers in charge

## Corporate Governance Reform



## Unit Supervisory System

- Clarified system for business execution responsibility
- Delegated authority to Unit Supervising Executive Officers
- Strengthened the supervisory function of the Board of Directors

Improved business execution efficiency

## Nomination Advisory Committee, Remuneration Advisory Committee

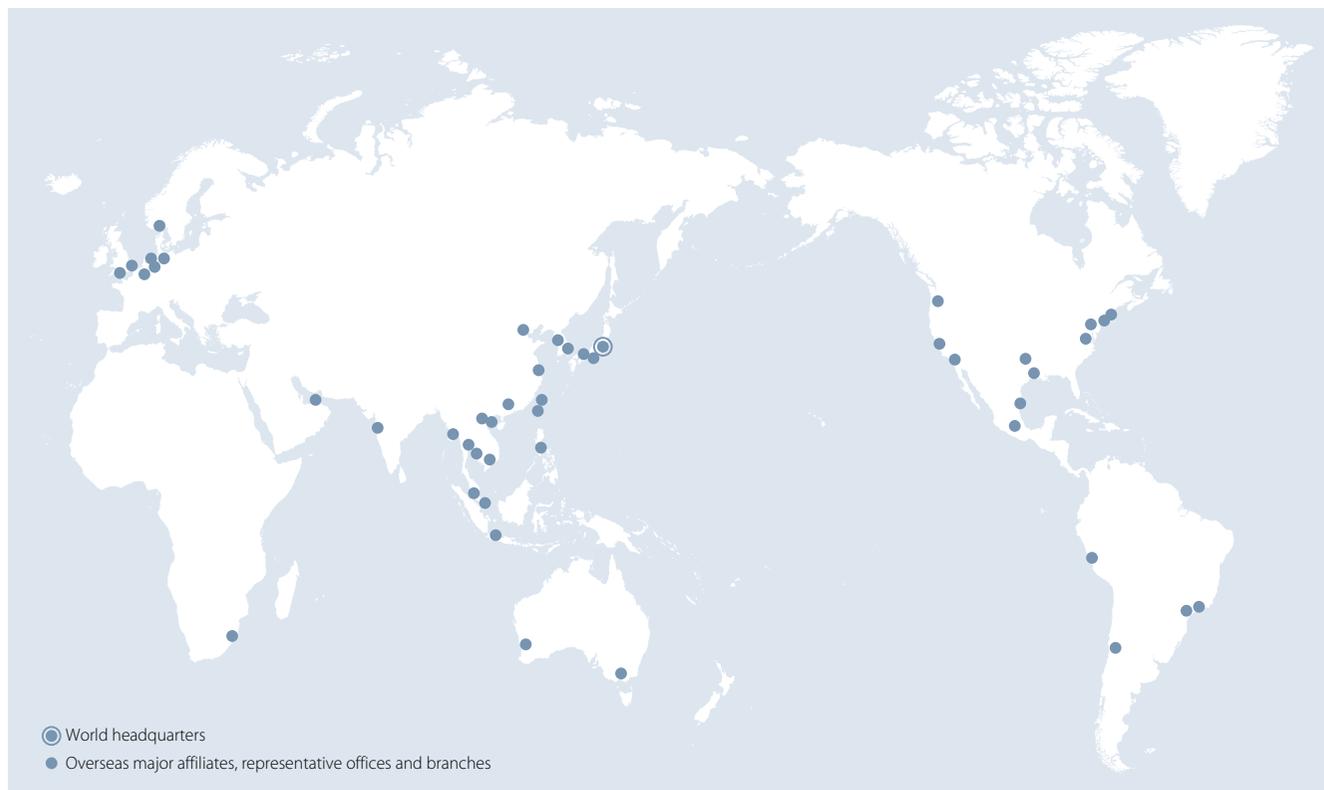
As a company structured with an Audit & Supervisory Board, "K" LINE voluntarily established a Nomination Advisory Committee and Remuneration Advisory Committee to enhance the function of the Board of Directors. The committees are composed of Independent Outside Directors, the Chairman, and the President & CEO. The Independent Outside Directors on each committee nominate and select an Independent Outside Director to serve as their committee chairperson.

## Appointment of Outside Directors

"K" LINE actively appoints Outside Directors to take advantage of external perspectives that can enhance corporate value over the medium and long term.

Number of directors (fiscal 2020)	10 people
Of which: Outside directors	4 people
Number of Audit & Supervisory Board members (fiscal 2020)	4 people
Of which: Outside Audit & Supervisory Board members	2 people
Board of Directors meetings held in fiscal 2019	14 times
Attendance rate for outside directors at Board of Directors meetings in fiscal 2019	96%

## Global Network



<b>Japan</b> Tokyo (Head office) Kobe (Registered head office) Nagoya Kansai	<b>Africa</b> <b>South Africa</b> Durban  <b>Middle East</b> <b>United Arab Emirates</b> Dubai  <b>Asia</b> <b>China</b> Guangzhou Shanghai Tianjin <b>India</b> Mumbai <b>Indonesia</b> Jakarta	<b>Korea</b> Busan Seoul <b>Malaysia</b> Shah Alam <b>Myanmar</b> Yangon <b>the Philippines</b> Manila <b>Singapore</b> Singapore <b>Taiwan</b> Kaohsiung Taipei <b>Thailand</b> Bangkok Laem Chabang	<b>Vietnam</b> Haiphong Hanoi Ho Chi Minh City  <b>Oceania</b> <b>Australia</b> Fremantle Melbourne	<b>North America</b> <b>U.S.A.</b> Baltimore Dallas Houston Los Angeles New York Portland Preston Richmond San Francisco	<b>Central &amp; South America</b> <b>Brazil</b> Rio de Janeiro Sao Paulo <b>Chile</b> Santiago <b>Mexico</b> Altamira Mexico City <b>Peru</b> Lima
<b>Europe</b> <b>Belgium</b> Antwerp <b>Germany</b> Bremen Bremerhaven Hamburg <b>Norway</b> Arendal <b>U.K.</b> London Southampton					

## External Recognition (as of June 2020)

In recognition of our CSR initiatives, "K" LINE has been selected as a component in Socially Responsible Investment (SRI) and ESG indices used all over the world.

- FTSE4Good Index Series
- FTSE Blossom Japan Index
- ETHIBEL EXCELLENCE Investment Register
- Dow Jones Sustainability Asia/Pacific Index
- S&P/JPX Carbon Efficient Index



In recognition of our disclosure of climate change information and efforts to reduce greenhouse gases, we have been selected for the CDP Climate Change A List for four consecutive years and for the Supplier Engagement Leaderboard in 2019.



As a result of our initiatives like an emphasis on active disclosure of information on the IR section and providing various information about marine transportation and the company, we have been selected for "Commendation Award" in the Internet IR Award 2019 for two consecutive years by Daiwa Investor Relations Co. Ltd.



## Outline of the Company (as of March 31, 2020)

<b>Name</b>	Kawasaki Kisen Kaisha, Ltd. ("K" LINE)
<b>Established</b>	April 5, 1919
<b>Paid-in capital</b>	¥75,457.64 million
<b>President</b>	Yukikazu Myochin (Effective from April 1, 2019)
<b>Employees</b>	On-land Duty 562 At-sea Duty 205 Unconsolidated total 767 Consolidated total 6,164
<b>Business lines</b>	Marine transportation, Land transportation, Air transportation, Through transportation involving marine, land and air transportation, Harbor transportation, etc.
<b>Offices</b>	
<b>Head office</b>	Iino Building, 1-1, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100-8540, Japan Phone: (+81) 3-3595-5000 Fax: (+81) 3-3595-5001
<b>Registered head office</b>	Shinko Building, 8 Kaigandori, Chuo-ku, Kobe 650-0024, Japan Phone: (+81) 78-332-8020 Fax: (+81) 78-393-2676
<b>Branches</b>	Nagoya: Nagoya International Center Building, 47-1, Nagono 1-chome, Nakamura-ku, Nagoya 450-0001, Japan Phone: (+81) 52-589-4510 Fax: (+81) 52-589-4585 Kansai: Shinko Building, 8 Kaigandori, Chuo-ku, Kobe 650-0024, Japan Phone: (+81) 78-325-8727 Fax: (+81) 78-393-2676
<b>Overseas representative offices</b>	Taipei, Manila, Yangon, Dubai
<b>Overseas agents</b>	Korea, China, Taiwan, Thailand, Singapore, Malaysia, Indonesia, Vietnam, India, Australia, U.K., Germany, Belgium, Denmark, Turkey, U.S.A., Mexico, Chile, Peru, Brazil, South Africa, etc.
<b>Affiliated companies (to be consolidated)</b>	27 (domestic), 292 (overseas)

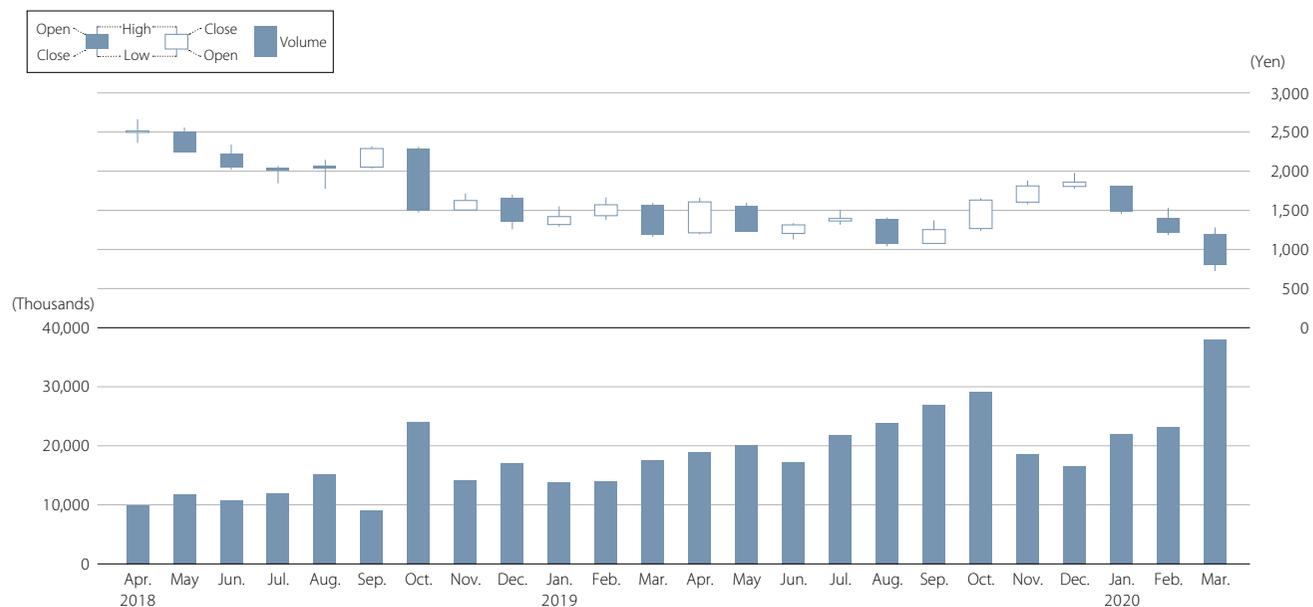
## Stock Information (as of March 31, 2020)

<b>Authorized Issued</b>	200,000,000 shares of common stock 93,938,229 shares of common stock
<b>Number of shareholders</b>	27,533
<b>Shareholder registry administrator</b>	Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo, Japan
<b>Listing of shares</b>	Tokyo (1st section), Nagoya (1st section) and Fukuoka

## Credit Rating (as of March 31, 2020)

<b>JCR</b>
BBB- (Stable)

## Stock Price Range & Trading Volume (Tokyo Stock Exchange)



## Principal Shareholders (as of March 31, 2020)

Shareholders	Number of shares held (thousands)	Percentage of shares held (%)
ECM MF	12,716	13.56
GOLDMAN SACHS INTERNATIONAL	10,516	11.21
MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB	5,651	6.02
J.P. MORGAN SECURITIES PLC FOR AND ON BEHALF OF ITS CLIENTS JPMSP RE CLIENT ASSETS-SEGR ACCT	4,330	4.61
CGML PB CLIENT ACCOUNT/COLLATERAL	3,708	3.95
Trust & Custody Services Bank, Ltd. (Kawasaki Heavy Industries, Ltd. retirement benefit trust account re-entrusted by Mizuho Trust & Banking Co., Ltd.)	3,392	3.61
IMABARI SHIPBUILDING CO., LTD.	3,283	3.50
The Master Trust Bank of Japan, Ltd. (trust account)	2,811	2.99
Japan Trustee Services Bank, Ltd. (trust account)	2,417	2.57
Sompo Japan Insurance Inc.	1,910	2.03

\* Percentage of shares held is calculated excluding treasury stock (195,683 shares).



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**KAWASAKI KISEN KAISHA, LTD.**

INVESTOR RELATIONS DIVISION, IR & PR GROUP

TEL: (+81)-(0)3-3595-5000

URL: <http://www.kline.co.jp/en/>

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You are requested to make investment decisions using your own judgment.

[Forward-looking statements]

This FACTBOOK contains forward-looking statements concerning future plans and forecast, these statements are based on information currently available.

Furthermore, "K" LINE therefore cautions readers that actual results may differ materially from economic conditions, supply and demand in the shipping industry, price of bunker, foreign currency exchange rates.