



# Financial Highlights Brief Report for FY2020

10<sup>th</sup> May, 2021



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# A. Financial Highlights for FY2020

## A-1 : Financial Results for FY2020

### Financial Results for FY2020

(billion yen)

Operating Revenues and Profit/loss	FY2020							FY2019		as of Mar 31,2021	
	1Q	2Q	1H	3Q	4Q	2H	Total (a)	Total (b)	(a)-(b)	Total (c)	(a)-(c)
Operating Revenues	152.2	147.9	300.1	168.6	156.8	325.4	625.5	735.3	- 109.8	612.0	13.5
Operating Income/Loss	- 6.6	- 3.6	- 10.2	7.0	- 18.1	- 11.1	- 21.3	6.8	- 28.1	- 21.0	- 0.3
Ordinary Income/Loss	- 1.0	11.0	10.0	32.9	46.6	79.5	89.5	7.4	82.1	75.0	14.5
Net Income/Loss Attributable to Owners of Parent	- 1.0	10.6	9.6	53.6	45.4	99.1	108.7	5.3	103.4	90.0	18.7
Exchange Rate (¥/\$)	¥107.74	¥105.90	¥106.82	¥104.76	¥104.74	¥104.75	¥105.79	¥109.13	-¥3.34		
Bunker Price(/MT)	\$377	\$331	\$353	\$335	\$411	\$373	\$363	\$467	-\$104		

### Key Factors

- Operating income/loss were deteriorated, particularly in Dry Bulk and Product Logistics including Car Carrier business due to the impact of COVID-19 infections.
- Containership Business operated by equity-method affiliate OCEAN NETWORK EXPRESS PTE. LTD posted higher ordinary and net income as market conditions were stable amid robust cargo demand.
- Net income attributable to owners of the parent improved as a result of extraordinary income from the sale of Company's shares in INTERNATIONAL TRANSPORTATION SERVICE, INC., which operates the overseas terminal business.

### Key Financial Indicator

(billion yen)

Indicators	FY2020 (d)	FY2019 (e)	(d)-(e)
Equity Capital	218.2	101.1	117.1
Interest-bearing liability	507.0	543.5	- 36.5
Cash and Cash equivalents at the end of period	130.0	111.9	18.1
DER	232%	538%	-305points
NET DER	172%	423%	-252points
Equity Ratio	22%(*)	11%	11points

\*26%, including the subordinated loan with 50% equity credit from a rating agency

### Year-end Dividend

With much regret, we decided not to pay year-end dividends in FY2020.

# A-2 : Financial Results for FY2020 by Segment

## Financial Results for FY2020 by Segment

(billion yen)

Business Segment (Upper row : Operating Revenues) (Lower row : Ordinary Income/Loss)	FY2020							FY2019	
	1Q	2Q	1H	3Q	4Q	2H	Total (f)	Total (g)	(f)-(g)
<b>Dry Bulk</b>	45.2	42.8	88.0	47.5	46.5	93.9	182.0	233.8	- 51.8
	- 4.4	- 4.9	- 9.3	1.6	- 1.5	0.1	- 9.1	4.1	- 13.2
<b>Energy Resource Transport</b>	19.2	18.5	37.8	19.8	20.0	39.9	77.6	84.7	- 7.0
	1.6	1.8	3.4	0.6	- 2.9	- 2.3	1.1	9.9	- 8.8
<b>Product Logistics</b>	81.4	80.3	161.7	92.3	85.7	177.9	339.7	384.5	- 44.8
	3.0	15.7	18.7	33.2	52.6	85.8	104.5	- 2.9	107.5
Containership	10.8	10.5	21.3	10.8	10.1	20.9	42.2	102.0	- 59.8
	5.1	16.5	21.5	30.2	52.1	82.3	103.8	- 10.4	114.2
<b>Other</b>	6.3	6.2	12.5	9.1	4.6	13.6	26.2	32.3	- 6.1
	0.2	0.5	0.6	0.0	0.4	0.4	1.1	1.7	- 0.6
<b>Adjustment</b>	-	-	-	-	-	-	-	-	-
	- 1.4	- 2.1	- 3.5	- 2.4	- 2.1	- 4.5	- 8.1	- 5.4	- 2.7
<b>Total</b>	152.2	147.9	300.1	168.6	156.8	325.4	625.5	735.3	- 109.8
	- 1.0	11.0	10.0	32.9	46.6	79.5	89.5	7.4	82.1

## Key Factors by Segment

### ▶ Dry Bulk

- Market conditions languished in the first half of the year due to poor weather and the spread of the COVID-19 pandemic, which put a damper on business activity. In the second half of the year, however, market conditions were more robust, fueled by a recovery in demand for transportation due to business activity in major nations.

### ▶ Energy Resource Transport

- VLCC (Very Large Crude Carrier), LPG Carrier, Thermal Coal Carrier, and LNG Carrier Businesses secured stable profits backed by medium- to long-term charter contracts.
- Drillship Business showed one-time losses due to forecast market conditions after the expiration of current charter contracts.

### ▶ Product Logistics

- In Car Carrier Business, sales slumped globally as the spread of the COVID-19 pandemic caused production to halt at factories in many nations. Demand for transportation declined in the first half of the year, but recovered in the second half of the year.
- Containership market conditions remained stable due to strong cargo demand.

## **B. Forecasts and Initiatives for FY2021**

# B-1 : Forecasts for FY2021 and Key Factors

## ■ Forecasts for FY2021

(billion yen)

	FY2021			FY2020	
	1H Forecast	2H Forecast	Total (h)	Total (i)	(h)-(i)
Operating Revenues	297.5	272.5	570.0	625.5	- 55.5
Operating Income/Loss	7.0	- 7.0	0.0	- 21.3	21.3
Ordinary Income/Loss	44.0	1.0	45.0	89.5	- 44.5
Net Income/Loss Attributable to Owners of Parent	55.0	- 20.0	35.0	108.7	- 73.7
Exchange Rate( ¥/\$)	¥106.62	¥105.00	¥105.81	¥105.79	¥0.02
Bunker Price(/MT)	\$456	\$406	\$431	\$363	\$68

## ■ Key Factors

- ▶ Full-year operating revenues are forecast at 570.0billion yen in proceeds from the sale of the overseas terminal business etc.
- ▶ Full-year operating income/loss are expected to break even level due to shrink the impact by COVID-19.
- ▶ Full-year ordinary income is forecast at +45.0 billion yen as Containership market conditions are expected to remain stable.
- ▶ In Dry Bulk and Product Logistics Segments, there is the possibility to remain the certain impact by COVID-19.
- ▶ Structural reforms for unprofitable vessels and businesses are considered in the second half of the year.

### ■ Key factor assumption

- ▶ Yen-\$ exchange rate ¥105.81
- ▶ Bunker Price \$431/MT
- ▶ Market Assumption  
Please refer to "Appendix"

### ■ Estimates Sensitivity(12months)

- ▶ Yen-US\$ rate : each ¥1 weaker (stronger) adds (subtracts) ±¥0.8bln
- ▶ Bunker price : each \$10/mt down (up) adds (subtracts) ±¥0.01bln

### ■ Dividends

While our priority is also to stabilize our financial strength and keep improving our financial results, we have not decided to pay both interim and year-end dividends.

# B-2 : Forecasts for FY2021 by Segment

## ■ Forecasts for FY2021 by Segment

Business Segment (Upper row : Operating Revenues) (Lower row : Ordinary Income/Loss)	FY2021			FY2020	
	1H Forecast	2H Forecast	Total (j)	Total (k)	(j)-(k)
<b>Dry Bulk</b>	102.0	81.0	183.0	182.0	1.0
	6.5	3.0	9.5	- 9.1	18.6
<b>Energy Resource Transport</b>	37.0	34.5	71.5	77.6	- 6.1
	1.5	2.5	4.0	1.1	3.0
<b>Product Logistics</b>	153.0	151.5	304.5	339.7	- 35.2
	40.5	- 0.5	40.0	104.5	- 64.6
Containerships	20.0	19.0	39.0	42.2	- 3.2
	38.0	- 5.0	33.0	103.8	- 70.8
<b>Other</b>	5.5	5.5	11.0	26.2	- 15.2
	- 0.5	0.0	- 0.5	1.1	- 1.6
<b>Adjustment</b>	-	-	-	-	-
	- 4.0	- 4.0	- 8.0	- 8.1	0.1
<b>Total</b>	297.5	272.5	570.0	625.5	- 55.5
	44.0	1.0	45.0	89.5	- 44.5

(billion yen)

## ■ Key Factors by Segments

### ▶ Dry Bulk

- We expect global economic recovery to continue, thanks to economic support policies in various countries, and measures to suppress spread of the COVID-19 pandemic.
- Given the limited numbers of new vessel delivery, and an increase in the number of demolition vessel due to environmental regulations, we expect the supply-demand balance to tighten, and dry bulk markets to remain firm.

### ▶ Energy Resource Transport

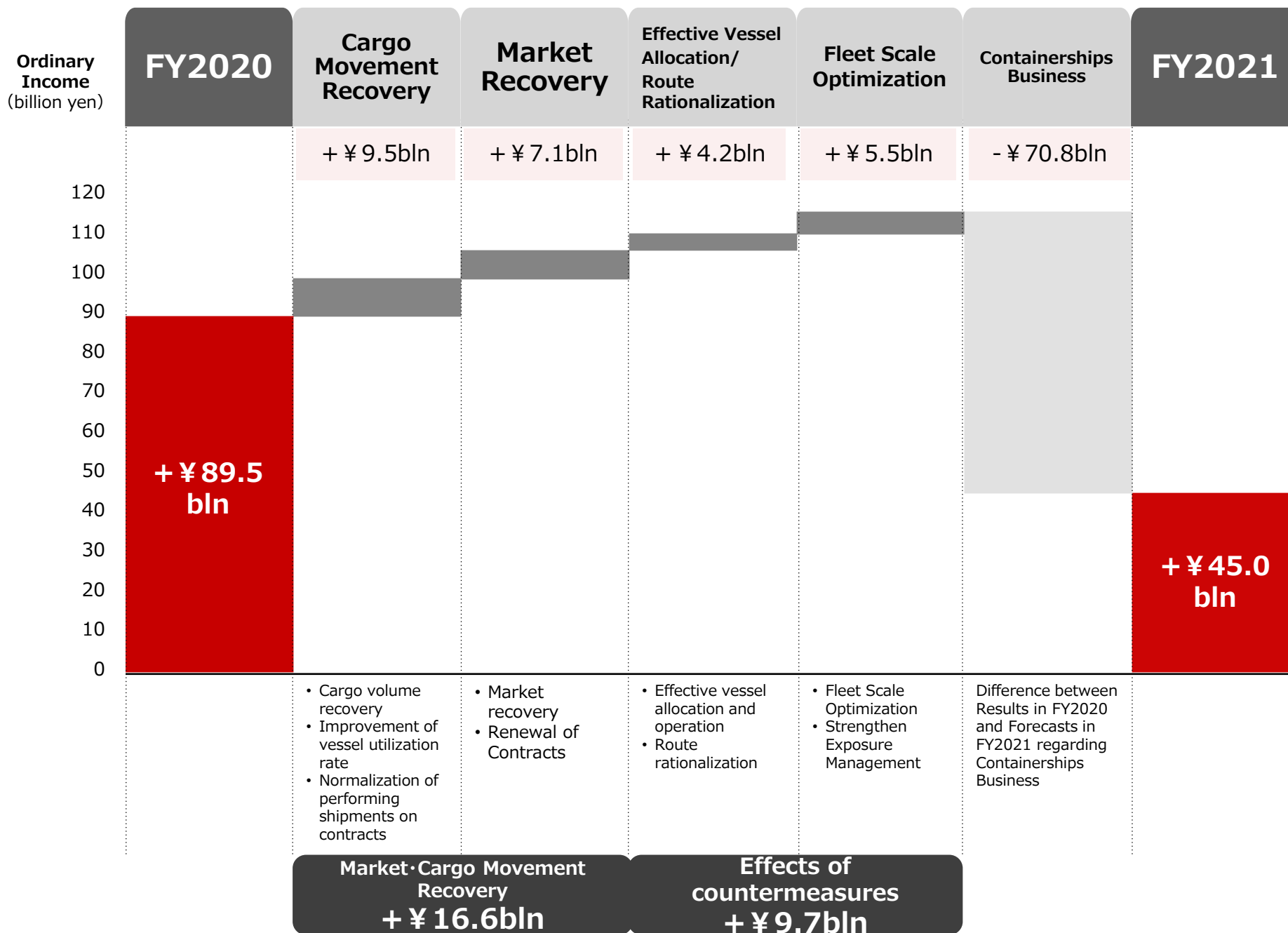
- VLCC (Very Large Crude Carrier), LPG Carrier, Thermal Coal Carrier, and LNG Carrier Businesses are forecast to secure stable income backed by medium- to long-term charter contracts

### ▶ Product Logistics

- In our Car Carrier Business, following the effects of the COVID-19 pandemic, we expect to see ongoing sharp recovery in cargo volume.
- While the shortage of semiconductors is a concern, last year's efforts of fleet scale optimization and route rationalization etc. are showing results.
- Containership markets are expected to be firm trends due to firm cargo demand in the first half despite facing downturn in the second half of the year.



# B-3 : Key Factors of Improvement in FY2021 (Compared to FY2020)



# | Appendix

# Market Results and Assumptions / Market Exposure

## ■ Dry Bulk Market Results and Assumption

Dry Bulk Market	FY2020					FY2021				
	1Q	2Q	3Q	4Q	Total	1Q Forecast	2Q Forecast	3Q Forecast	4Q Forecast	Forecast
Capesize	\$9,950	\$20,750	\$16,950	\$17,150	\$16,300	\$24,000	\$24,000	\$20,000	\$12,000	\$20,000
Panamax	\$6,050	\$11,750	\$10,700	\$17,150	\$11,500	\$20,000	\$18,000	\$13,500	\$11,500	\$15,750
Handymax	\$5,500	\$9,950	\$10,750	\$16,650	\$10,750	\$17,000	\$16,000	\$13,000	\$11,000	\$14,250
Small Handy	\$3,250	\$7,150	\$9,200	\$14,650	\$8,600	\$17,000	\$14,000	\$10,000	\$8,000	\$12,250

## ■ Tanker Market Results and Assumption

World Scale (WS)	FY2020					FY2021				
	1Q	2Q	3Q	4Q	Total	1Q Forecast	2Q Forecast	3Q Forecast	4Q Forecast	Forecast
VLCC	94	35	29	33	47	41	38	50	50	45
(Middle East/Japan)	\$107,850	\$19,750	\$10,900	\$5,750	\$36,050	\$10,750	\$15,500	\$30,000	\$30,000	\$21,550
AFRAMAX	119	69	54	73	79	83	110	126	126	111
(South Asia/Japan)	\$26,350	\$9,650	\$4,650	\$2,650	\$10,850	\$8,000	\$16,500	\$21,000	\$21,000	\$16,650

## ■ Transition of Fleet Scale

Vessel Type	FY2018	FY2019	FY2020
Capesize	96	93	86
Panamax and Smaller size	103	92	88
WoodChip Carriers	10	10	7
<b>Total</b>	<b>209</b>	<b>195</b>	<b>181</b>

Vessel Type	FY2018	FY2019	FY2020
VLCC	8	6	6
LPG Carriers	8	5	4
Other Tankers	6	6	6
Thermal Coal Carriers	25	29	26
LNG Carriers	48	47	44
<b>Total</b>	<b>95</b>	<b>93</b>	<b>86</b>

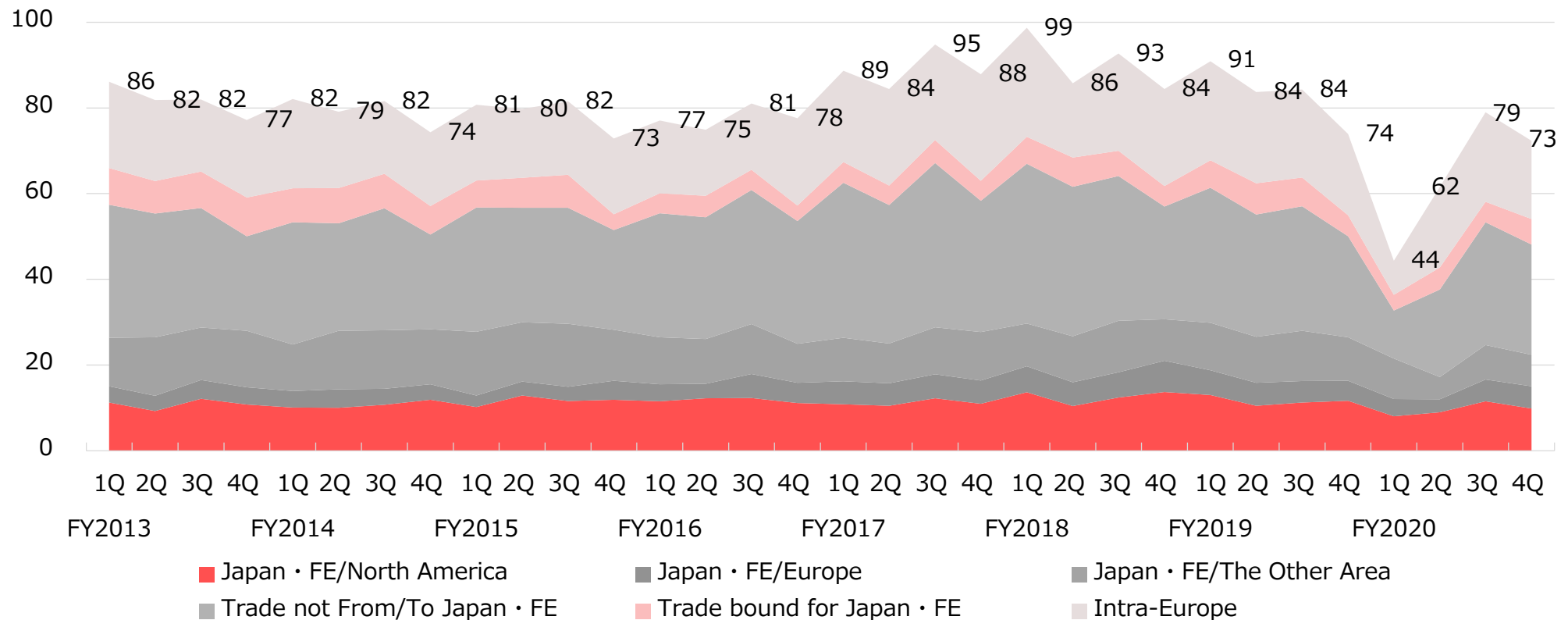
## ■ FY2021 : Market Exposure

Vessel Type	Market Exposure
Capesize	14%
Panamax and Smaller size	25%
WoodChip Carriers	0%
VLCC	0%
LPG Carriers	0%
Other Tankers	67%
Thermal Coal Carriers	10%

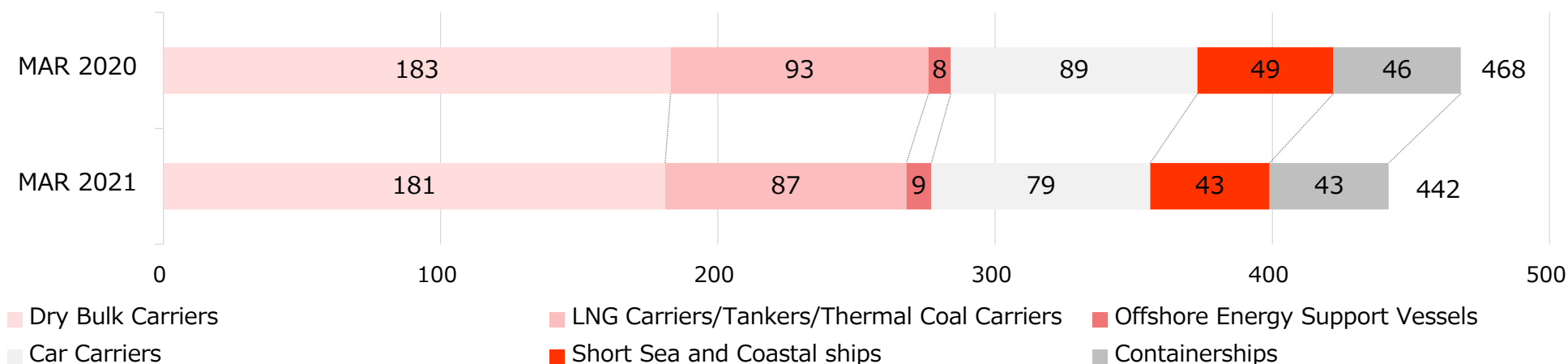
# Car Carriers Total Units Carried by Service Routes

Total units carried (1,000 units)	FY2019 Total	FY2020					Total	FY2021				
		1Q	2Q	3Q	4Q	1Q Forecast		2Q Forecast	3Q Forecast	4Q Forecast	Forecast	
Outbound	1,109	215	172	247	228	862	261	261	273	263	1,058	
Homebound	254	37	51	48	57	193	56	54	49	49	208	
Others	1,126	112	204	286	258	860	245	245	243	230	963	
Intra-Europe	839	79	187	209	183	659	203	196	204	202	805	
Total units carried	3,328	443	615	790	726	2,575	764	756	771	744	3,034	
Number of Fleet	85	84	76	75	79	79	80	78	79	78	78	

(10,000 Units)



# "K" Line Group Fleet Composition



Type of Vessel	Owned		Chartered		Total		MAR 2020 Total	
	No.	DWT(MT)	No.	DWT(MT)	No.	DWT(MT)	No.	DWT(MT)
Dry Bulk	52	6,290,705	129	16,796,331	181	23,087,036	183	23,930,307
Thermal Coal Carriers	6	527,434	21	1,891,180	27	2,418,614	29	2,595,392
LNG Carriers	42	3,579,351	2	152,272	44	3,731,623	47	3,953,514
Tankers	11	1,719,494	5	776,868	16	2,496,362	17	2,546,549
Offshore Support Vessels	6	29,186	0	-	6	29,186	6	29,186
Drillship	1	-	0	-	1	-	1	-
FPSO	1	-	0	-	1	-	1	-
LNG Bunkering Vessel	1	2,431	0	-	1	2,431	-	-
Car Carriers	33	442,571	46	854,046	79	1,296,617	89	1,464,163
Short Sea and Coastal ships	25	235,937	18	235,986	43	471,923	49	564,927
Containerships	7	460,448	36	3,503,346	43	3,963,794	46	4,082,343
<b>Total</b>	<b>185</b>	<b>13,287,557</b>	<b>257</b>	<b>24,210,029</b>	<b>442</b>	<b>37,497,586</b>	<b>468</b>	<b>39,166,381</b>

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

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

# "K" Line Group Vessels in Operation/New Building Delivery Schedule

## ■ "K" Line Group Vessels in Operation

Segment	Business/Vessel Types	Mar-20	Mar-21	
Dry Bulk	Capesize	89	82	
	Over Panamax	4	4	
	Panamax	42	50	
	Handymax	34	31	
	Small Handy	4	7	
	Woodchip Carriers	10	7	
	<b>Total</b>		<b>183</b>	<b>181</b>
Energy Resource Transport	VLCC	6	6	
	Aframax	3	3	
	Chemical Tankers	3	3	
	LPG Carriers	5	4	
	<b>Total</b>	<b>17</b>	<b>16</b>	
	LNG Carriers	47	44	
	Thermal Coal Carriers	29	27	
	Offshore Support Vessels	6	6	
	Drillships	1	1	
	FPSO	1	1	
	LNG Bunkering Vessel	0	1	
<b>Total</b>		<b>101</b>	<b>96</b>	
Product Logistics	7,000Units	15	15	
	6,000Units	39	37	
	5,000Units	14	10	
	4,000Units	5	1	
	3,000Units	5	5	
	2,000Units	4	4	
	~2,000Units	7	7	
	<b>Total</b>	<b>89</b>	<b>79</b>	
	Containerships	14,000TEU	12	12
		8,000TEU	13	13
		5,500TEU	7	6
		4,200TEU	7	7
		1,700TEU	7	5
		1,200TEU	0	0
		<b>Total</b>	<b>46</b>	<b>43</b>
Short Sea and Coastal Ships	49	43		
<b>Total</b>		<b>184</b>	<b>165</b>	
<b>Grand Total</b>		<b>468</b>	<b>442</b>	

## ■ New Building Delivery Schedule

Number of Vessel	2021	2022	2023
Capesize	1		2
Over Panamax	2		1
Handymax		1	
Woodchip Carriers		1	
LNG Carriers		2	
FPSO			1
Short Sea and Coastal Ships	1		
<b>Total</b>	<b>4</b>	<b>4</b>	<b>4</b>

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

**[Forward-looking statements]**

This material 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.

