

July 9, 2020

Kawasaki Kisen Kaisha, Ltd.

Participation in FPSO Owning and Chartering Business for Marlim II Project,
Offshore Brazil

Kawasaki Kisen Kaisha, Ltd. (head office: Chiyoda-ku, Tokyo; President & CEO: Yukikazu Myochin; hereinafter "K' Line") has concluded agreements with Yinson Acacia Ltd, a wholly-owned subsidiary of Yinson Holdings Berhad, a Malaysian energy services provider and Sumitomo Corporation (hereinafter "Sumitomo"), to participate in the floating production, storage and offloading (FPSO*) owning and chartering business for the Marlim II Project, offshore Rio de Janeiro, Brazil. The Marlim field is operated by Brazilian national oil company, Petróleo Brasileiro S.A. ("Petrobras"). Upon stable operations of the FPSO being achieved in 2023, "K" Line will have around a 10% stake in the FPSO venture.

The FPSO is planned to serve the Marlim oil and gas field revitalization project, which is operated by Petrobras and situated 150 kilometers off the Brazilian coast in the Campos Basin. Both entities which have entered into the time charter agreement and service agreement with Petrobras for the owning/chartering and operation/maintenance of the FPSO are currently co-owned by Yinson and Sumitomo. Operations is expected to commence by first quarter of 2023, with a 25-year charter period thereafter, with no options for extension.

This project represents "K" Line's second FPSO business following the offshore Ghana oil and gas field development project based on the partnership with Yinson and Sumitomo, in which the company participated in 2018, and "K" Line will efficiently accumulate the knowledge and expertise of operation and maintenance of FPSO by dispatching its technical personnel to Yinson's project team in Singapore from this year onwards.

"K" Line intends to expand FPSO business with Yinson and Sumitomo as a core business which generates long term and stable profits, and utilize the accumulated know-how in the succeeding FPSO projects and new energy related businesses.

*FPSO facilities are used in the offshore crude oil and gas production industry. They are designed to extract/process hydrocarbons, store crude oil, and offload it directly onto a tanker. Despite the recent decrease in demand of crude oil caused by COVID-19, the demand for FPSO units (as a preferred deep-water oil and gas production platform) is expected to remain strong for years to come, especially in Brazil.

Reference

■ **Outline of Yinson Holdings Berhad**

Established in 1983. One of the world's leading FPSO service providers, listed on the main market of Bursa Malaysia.

Head Office : KL Eco City, 59200 Kuala Lumpur, Malaysia

Business : Provision of modern, purpose-built assets for the energy industry

FPSO fleet : Six (including one unit under construction, as of April 2020)

■ Outline of the Marlim II FPSO

Crude oil processing capacity : 70,000 barrels per day

Gas processing capacity : 4 million cubic meter per day

Estimated charter period : 2023–2048 (25 years)

■ FPSO John Agyekum Kufuor, offshore Ghana (Copyright Yinson Holdings Berhad)

