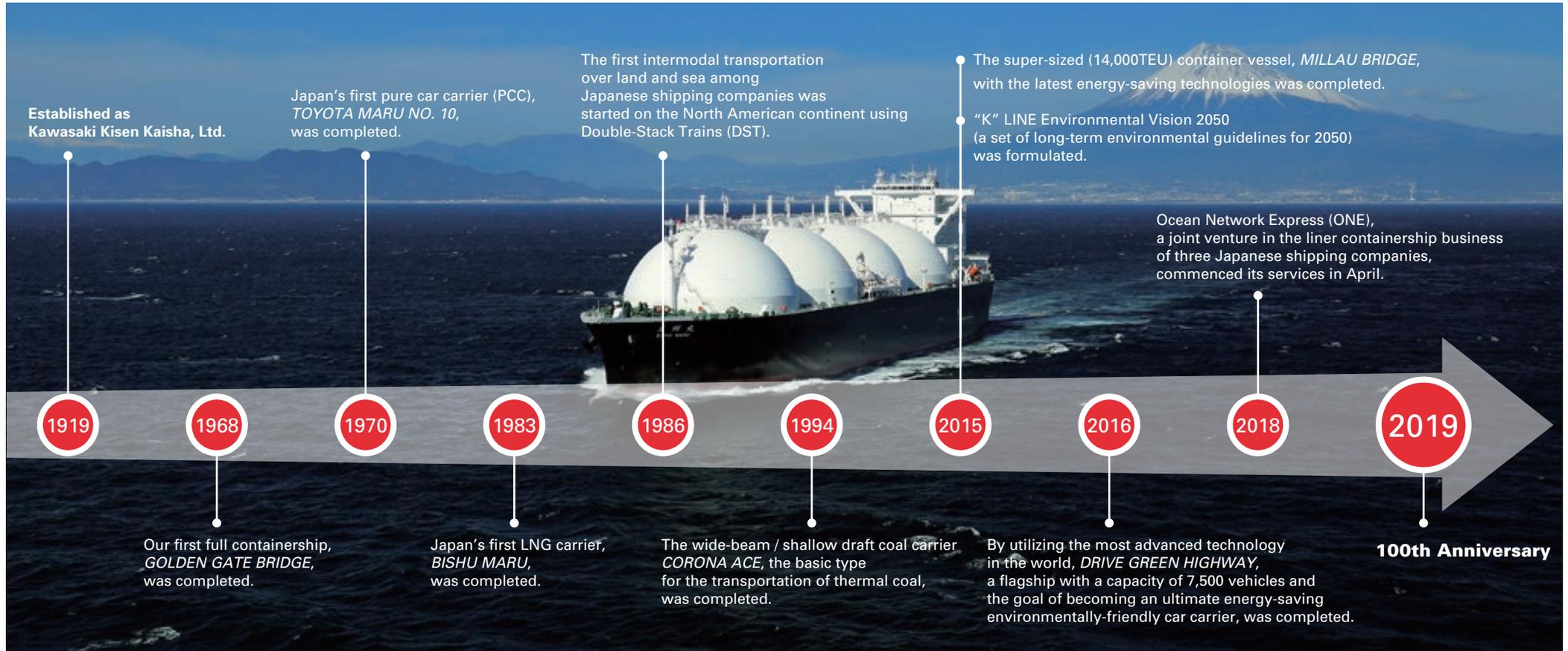


FACTBOOK 2018

Business Segment and Market Data

As of July 2018

 **Value for our Next Century**



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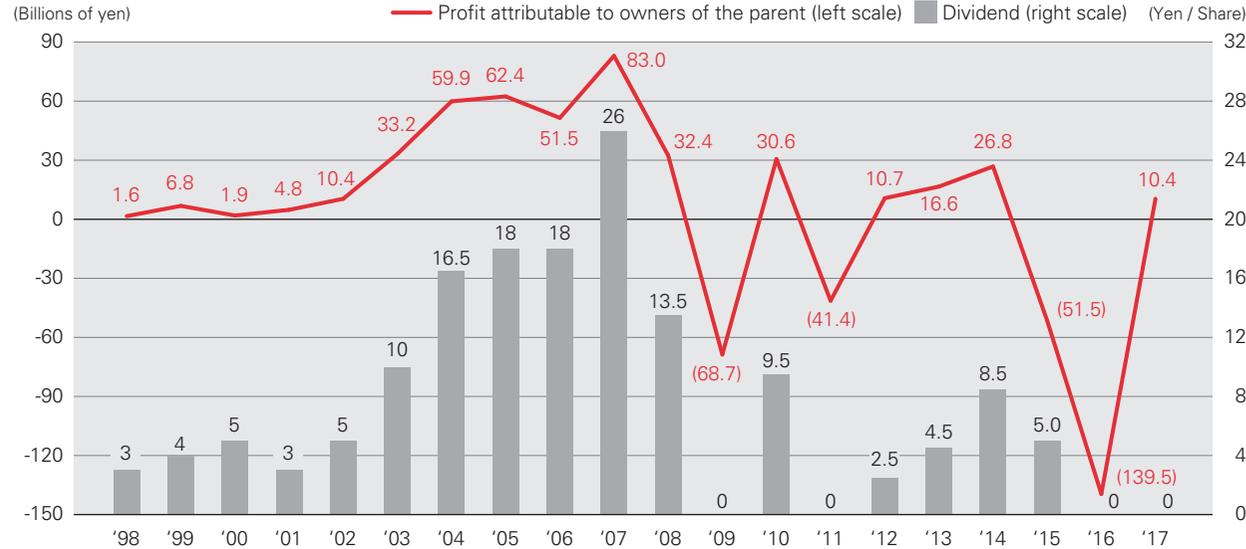
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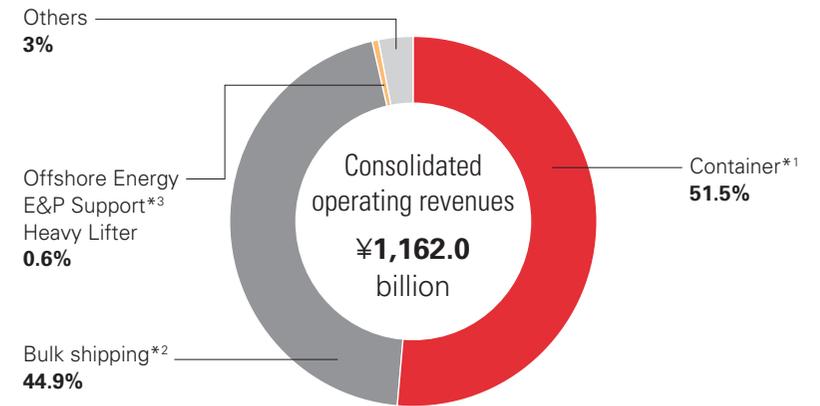
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I. "K" LINE at a Glance | Business Performance

Profit Attributable to Owners of the Parent and Dividend

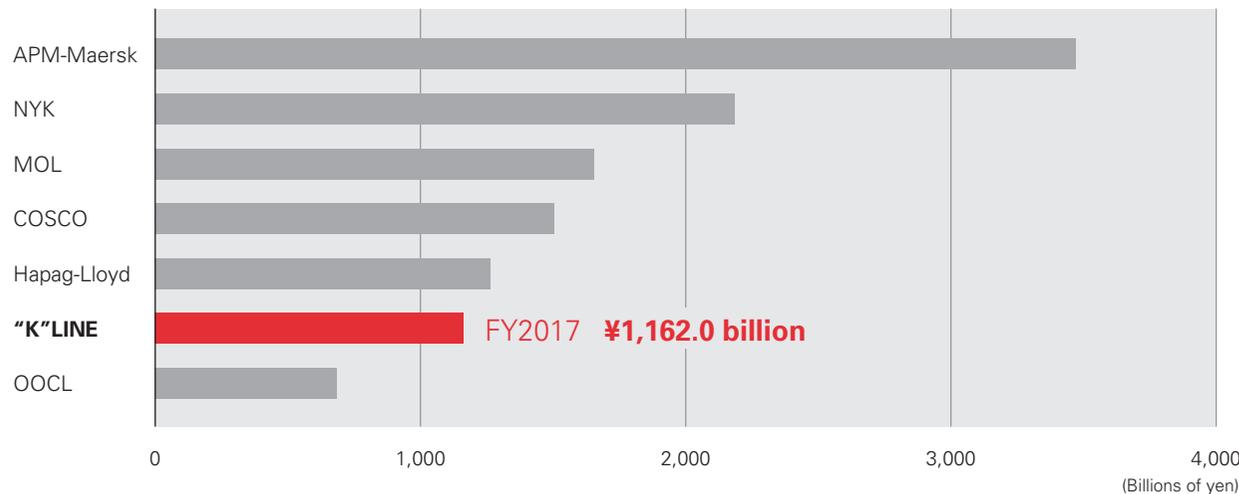


"K" LINE Group Operating Revenues by Segment (FY2017)



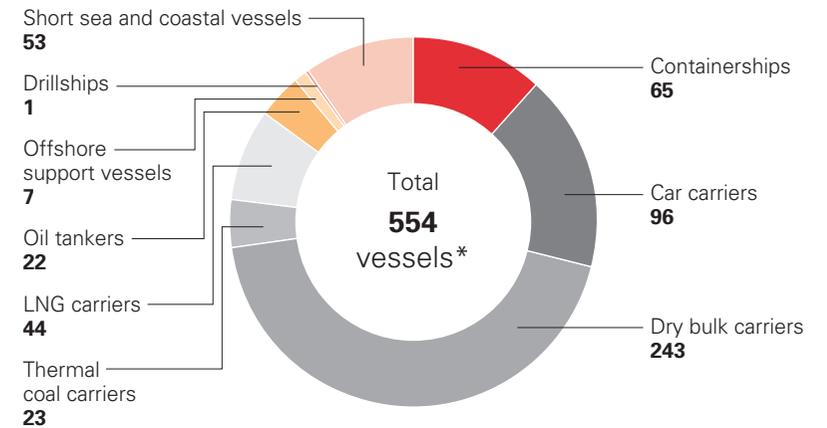
*1 Container includes Logistics
 *2 Bulk Shipping includes Dry Bulker, Car Carrier, Tanker, LNG Carrier, Short Sea and Coastal Vessels, etc.
 *3 Offshore Energy E&P Support includes Offshore Support Vessels and Drillship.

Annual Revenue Ranking of Listed Shipping Companies



Source: Bloomberg

"K" LINE Group Vessels in Operation (as of March 31, 2018)



*Includes project-use vessels owned by special purpose companies (SPCs) and short-term chartered vessels.

I. "K" LINE at a Glance | Financial and ESG Highlights

| | | FY2008 | FY2009 | FY2010 | FY2011 | FY2012 | FY2013 | FY2014 | FY2015 | FY2016 | FY2017 |
|--------------------------------------|---|---------------------|-----------|-----------|-----------|------------|------------|------------|------------|--------------|------------|
| | | (Millions of yen)*1 | | | | | | | | | |
| Operating results (for the year) | Operating revenues | ¥1,244,317 | ¥838,033 | ¥985,085 | ¥972,311 | ¥1,134,772 | ¥1,224,126 | ¥1,352,421 | ¥1,243,932 | ¥1,030,191 | ¥1,162,025 |
| | Operating income | 71,604 | (52,075) | 58,610 | (40,563) | 14,887 | 28,854 | 47,988 | 9,428 | (46,037) | 7,220 |
| | Ordinary income*3 | 60,011 | (66,272) | 47,350 | (48,956) | 28,589 | 32,455 | 48,981 | 3,339 | (52,389) | 1,963 |
| | Profit attributable to owners of the parent | 32,421 | (68,721) | 30,603 | (41,351) | 10,669 | 16,642 | 26,818 | (51,499) | (139,479) | 10,384 |
| Financial position (at year-end) | Total assets | 971,603 | 1,043,885 | 1,032,505 | 1,066,649 | 1,180,434 | 1,254,742 | 1,223,328 | 1,115,224 | 1,045,210 | 1,041,766 |
| | Net assets | 356,153 | 331,865 | 314,986 | 259,935 | 361,975 | 410,690 | 467,440 | 379,914 | 245,482 | 243,094 |
| | Equity capital*4 | 334,773 | 308,122 | 291,669 | 242,573 | 340,571 | 388,837 | 441,532 | 355,376 | 219,485 | 217,011 |
| | Interest-bearing liabilities | 439,622 | 516,001 | 483,363 | 592,523 | 629,864 | 643,795 | 536,847 | 525,152 | 550,512 | 570,585 |
| | Capital expenditures | 168,446 | 181,489 | 148,993 | 239,197 | 134,555 | 93,378 | 89,502 | 116,593 | 68,048 | 101,105 |
| | Depreciation and amortization | 39,427 | 45,281 | 44,722 | 50,044 | 59,668 | 52,244 | 53,527 | 48,303 | 47,421 | 43,411 |
| | Cash flows from operating activities | 77,614 | (23,941) | 84,902 | (2,909) | 59,756 | 88,228 | 101,826 | 39,636 | (43,919) | 1,167 |
| | Cash flows from investing activities | (148,304) | (63,737) | (54,117) | (83,233) | (27,212) | (5,113) | (11,177) | (29,569) | (24,882) | (22,813) |
| | Free cash flows | (70,690) | (87,678) | 30,785 | (86,142) | 32,544 | 83,115 | 90,648 | 10,066 | (68,801) | (21,646) |
| Cash flows from financing activities | 99,844 | 109,411 | (24,797) | 86,307 | 26,364 | (26,634) | (119,254) | (14,836) | 26,436 | 22,240 | |
| Per share data | Profit attributable to owners of the parent (¥) | 50.89 | (106.24) | 40.08 | (54.14) | 12.07 | 17.75 | 28.60 | (54.95) | (1,488.23)*2 | 111.13*2 |
| | Net assets (¥) | 525.43 | 403.53 | 381.87 | 317.59 | 363.18 | 414.66 | 471.10 | 379.18 | 2,341.93*2 | 2,326.65*2 |
| | Cash dividends applicable to the year (¥) | 13.50 | — | 9.50 | — | 2.50 | 4.50 | 8.50 | 5.00 | — | — |
| | Dividend payout ratio (%) | 26.5 | — | 23.7 | — | 20.7 | 25.4 | 29.7 | — | — | — |
| Management index | Return on equity (ROE)*5(%) | 9.4 | (21.4) | 10.2 | (15.5) | 3.7 | 4.6 | 6.5 | (12.9) | (48.5) | 4.8 |
| | Return on assets (ROA)*6(%) | 6.2 | (6.6) | 4.6 | (4.7) | 2.5 | 2.7 | 4.0 | 0.3 | (4.8) | 0.2 |
| | Debt equity ratio (DER)*7(Times) | 1.31 | 1.67 | 1.66 | 2.44 | 1.85 | 1.66 | 1.22 | 1.48 | 2.51 | 2.63 |
| | Equity ratio (%) | 34.5 | 29.5 | 28.2 | 22.7 | 28.9 | 31.0 | 36.1 | 31.9 | 21.0 | 20.8 |
| Average during the period | Exchange rate (¥ / US\$) | 101 | 93 | 86 | 79 | 82 | 100 | 109 | 121 | 109 | 111 |
| | Fuel oil price (US\$ / ton) | 504 | 407 | 489 | 672 | 671 | 626 | 541 | 295 | 265 | 349 |
| Consolidated business data | Vessels in operation**8 | 504 | 499 | 522 | 559 | 566 | 583 | 584 | 575 | 560 | 554 |
| Human resource data | Consolidated employees | 7,706 | 7,740 | 7,895 | 7,703 | 7,667 | 7,703 | 7,834 | 8,097 | 8,018 | 7,153 |
| | Non-consolidated employees | 602 | 623 | 623 | 664 | 659 | 652 | 676 | 716 | 735 | 724 |
| | Land | 417 | 433 | 437 | 486 | 481 | 478 | 504 | 541 | 552 | 531 |
| | Sea | 185 | 190 | 186 | 178 | 178 | 174 | 172 | 175 | 183 | 193 |
| | Women (%) | 18.6 | 18.5 | 18.9 | 22.9 | 22.8 | 24.4 | 25.4 | 26.3 | 24.9 | 25.1 |
| | Persons with disabilities (%) | 2.05 | 2.12 | 1.60 | 1.60 | 1.90 | 1.93 | 1.87 | 1.94 | 2.29 | 2.40 |
| | Industrial accidents | Land | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 1 |
| Sea | 2 | 1 | 0 | 0 | 1 | 3 | 1 | 0 | 1 | 1 | |
| Management*9 | Directors | 12 | 15 | 14 | 13 | 13 | 13 | 10 | 9 | 9 | 9 |
| | Include Outside Directors | 0 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 | 3 |
| | Audit & Supervisory Board Members | 4 | 5 | 5 | 5 | 5 | 4 | 4 | 4 | 4 | 3 |
| | Include Outside Audit & Supervisory Board Members | 2 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 |
| Environmental data*9, 10 | Fuel oil consumption (thousands of tons) | 4,392 | 3,563 | 3,802 | 3,949 | 3,966 | 3,651 | 3,646 | 3,942 | 3,872 | 4,102 |
| | CO ₂ emissions (thousands of tons) | 13,677 | 11,096 | 11,838 | 12,298 | 12,352 | 11,377 | 11,360 | 12,300 | 12,079 | 12,797 |
| | SO _x emissions (thousands of tons) | 240 | 197 | 208 | 214 | 209 | 190 | 182 | 190 | 183 | 195 |
| | NO _x emissions (thousands of tons) | 410 | 303 | 308 | 323 | 319 | 292 | 283 | 290 | 274 | 284 |

Notes: *1. Rounded to millions of yen

*2. 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).

*3. Ordinary income consists of operating income and non-operating income / expenses.

*4. Equity capital: Net assets - (Non-controlling interests + Stock acquisition rights)

*5. Return on equity: Profit attributable to owners of the parent / Equity capital

*6. Return on assets: Ordinary income / Total assets

*7. Debt equity ratio: Interest-bearing liabilities / Equity capital

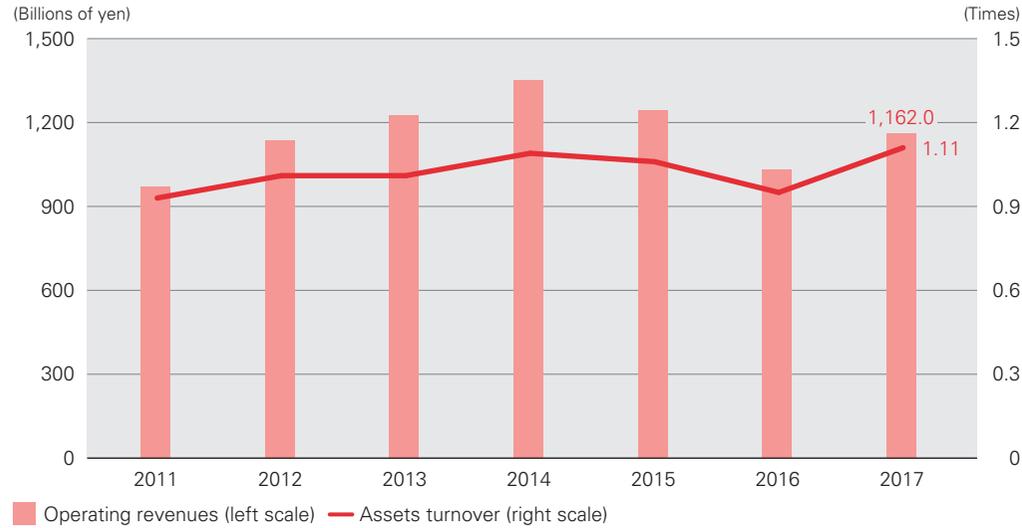
*8. Includes project-use vessels owned by special purpose companies (SPCs)

*9. For Kawasaki Kisen Kaisha, Ltd.

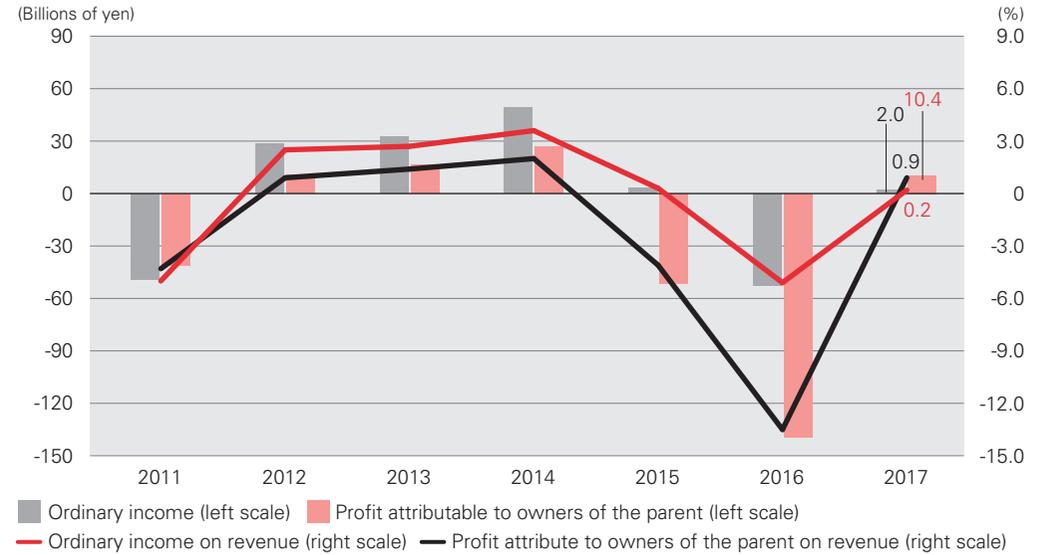
*10. The figures are calculated on a calendar year basis. Total amount calculated based on fuels supplied to vessels for which "K" LINE arranged refueling.

I. "K" LINE at a Glance | Financial Data

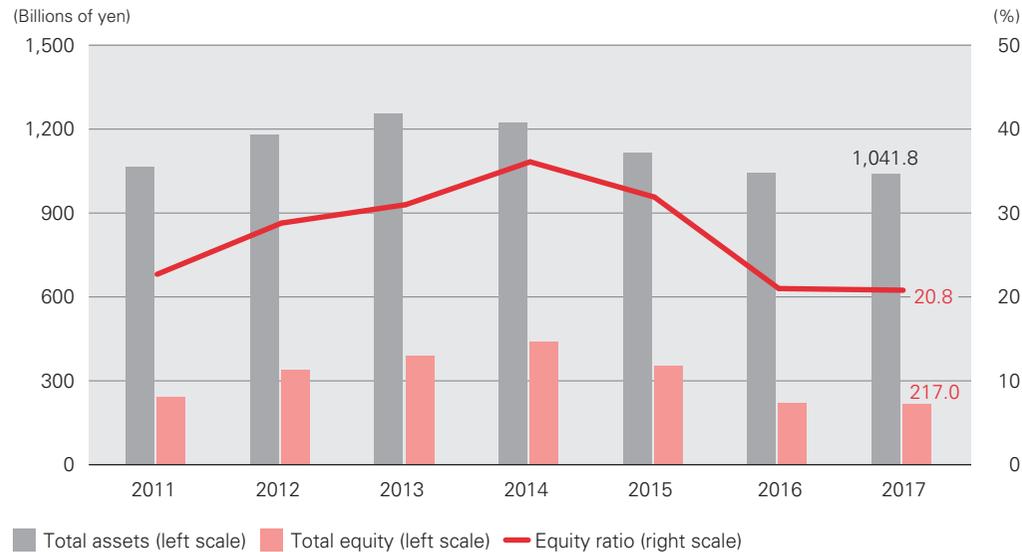
Operating Revenues, Assets Turnover



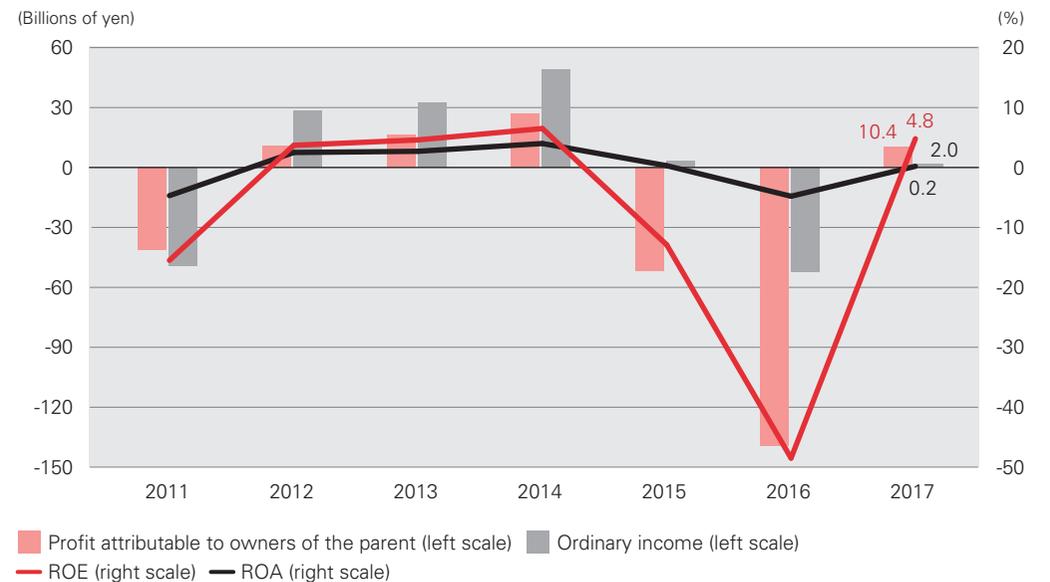
Ordinary Income, Profit Attributable to Owners of the Parent, Ordinary Income on Revenue, Profit Attributable to Owners of the Parent on Revenue



Total Assets, Total Equity, Equity Ratio

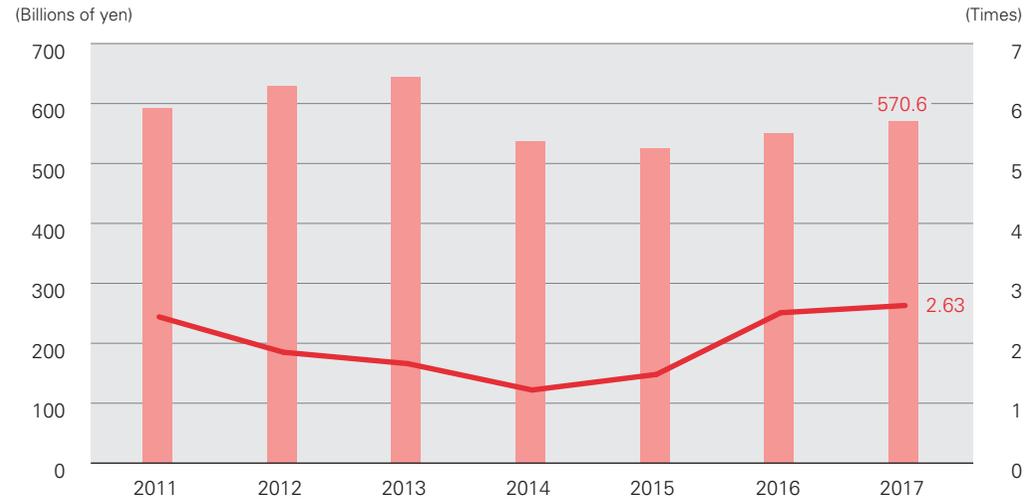


Profit Attributable to Owners of the Parent, Ordinary Income, Return on Equity (ROE), Return on Assets (ROA)



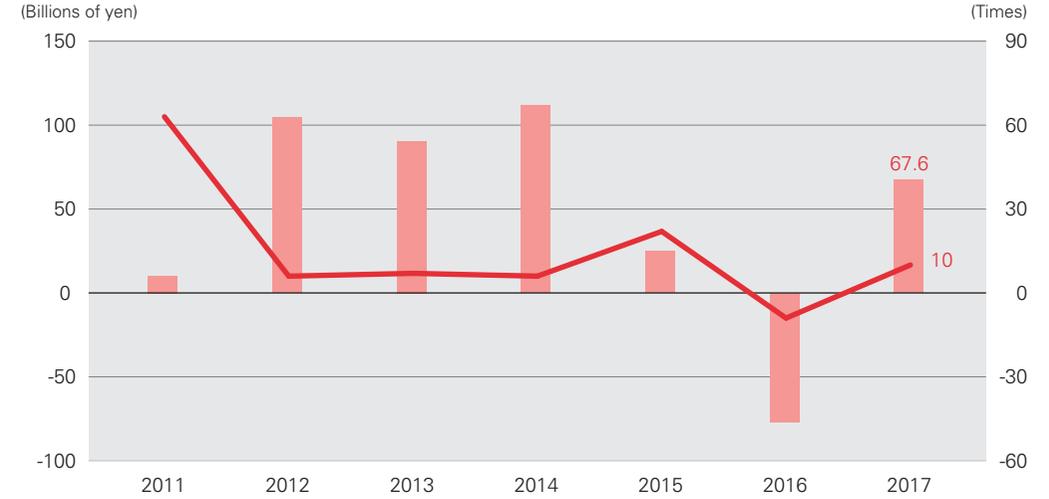
I. "K" LINE at a Glance | Financial Data

Interest Bearing Liabilities, Debt Equity Ratio (DER)



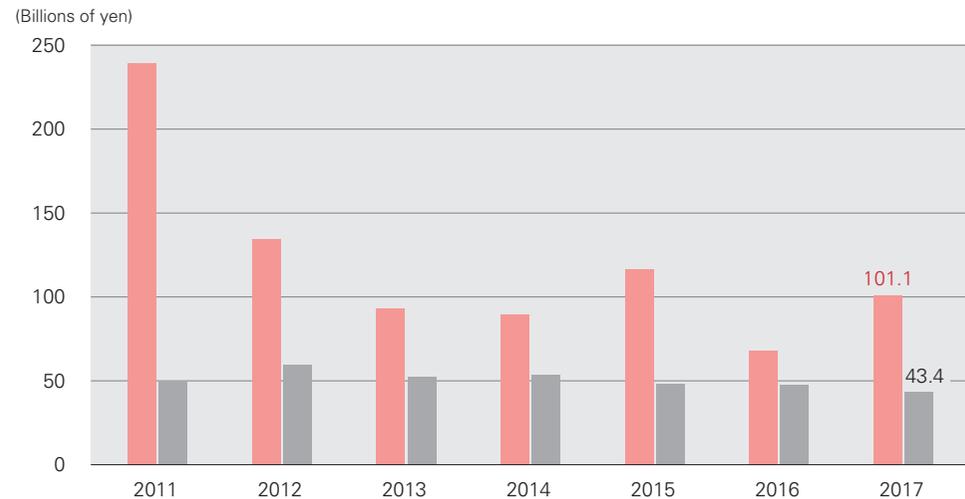
■ Interest bearing liabilities (left scale) — DER (right scale)

EV / EBITDA



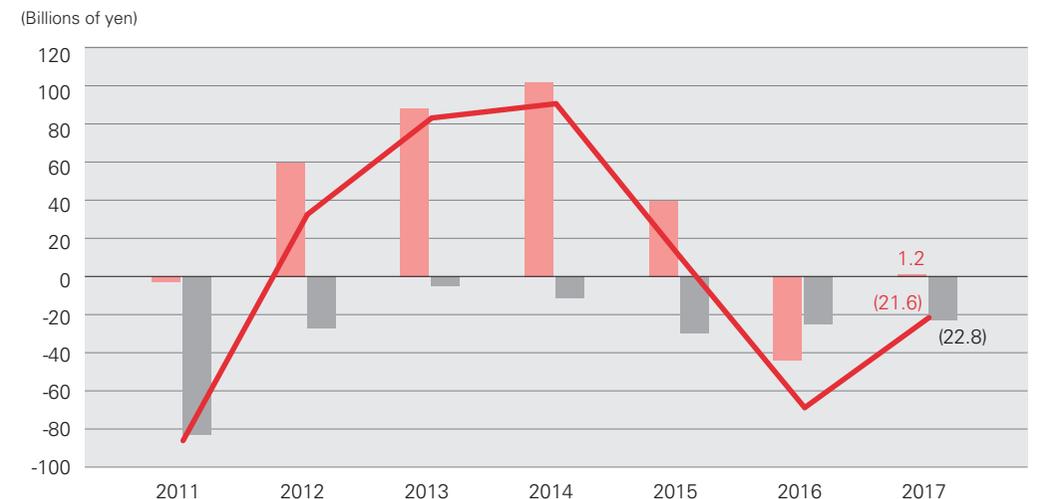
■ EBITDA (left scale) — EV / EBITDA (right scale)

Capital Expenditures / Depreciation and Amortization



■ Capital expenditures ■ Depreciation and amortization

Cash Flows



■ Cash flows from operating activities ■ Cash flows from investing activities — Free cash flows

II. Management Policy and Medium-term Management Plan "Revival for Greater Strides"

Kawasaki Kisen Kaisha, Ltd. ("K" LINE) is pleased to introduce "K" LINE Group's new management policy and medium-term management plan: "Revival for Greater Strides" – "K" Value for our Next Century – which runs for three years, toward our 100th anniversary in 2019 in response to the big business environment change in marine transportation industry and aiming the rebuilding of management base to allowing us to grow consistently.

Management Policy Corporate Principle and Vision, Important management theme

◆ With the formulation of this management plan, we reconfirmed our approach to customers and society in our Corporate Vision.

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

◆ We recognize the following three themes as important management issues for "K" LINE Group in responding to the changing business environment.

- **Maximize our strengths to ensure competitiveness**
- **Transform business portfolio to reduce influence from market volatility**
- **Achieve growth via technological and business model innovation**

II. Management Policy and Medium-term Management Plan "Revival for Greater Strides"

Medium-term Management Plan "Revival for Greater Strides"

The three years to FY2019 (100th anniversary of our foundation) is the period we make "Revival for Greater Strides." Our priority initiatives are **(1) Rebuilding Portfolio Strategy**, **(2) Emphasizing Advancement of Management and Function-specific Strategies**, and **(3) Pursuing ESG Initiatives**.

Target for Key Performance Indicators

Medium-term Management Plan (FY2017-FY2019)

- ▶ Return to profit in three years from FY2017
- ▶ Achieve 6% ROA (ordinary income) in stable business, and expand business scale
→ Increase ordinary income from stable business to over ¥30 billion in FY2019 from ¥25 billion in FY2016
- ▶ Ratio of Shareholders' equity – Targeting mid 20%'s
- ▶ Dividend policy – Our priority is to stabilize our business base and financial strength.
We are aiming to resume paying dividends soon.

Fleet Planning and Investment Plans – Number of key fleet vessels (trend)

| | FY2015 results | FY2017 results | FY2019 target | Difference (FY2019 vs. FY2015) |
|------------------------------|----------------|----------------|---------------|--------------------------------|
| Containerships | 63 | 59 | — | — |
| Dry bulk carriers | 201 | 171 | 162 | (39) |
| Capesize | 88 | 80 | 81 | (7) |
| Panamax | 104 | 81 | 71 | (33) |
| Wood chip carriers | 9 | 10 | 10 | 1 |
| Car carriers | 102 | 90 | 87 | (15) |
| Tankers | 23 | 22 | 23 | 0 |
| Thermal coal carriers | 24 | 22 | 30 | 6 |
| LNG carriers | 41 | 44 | 47 | 6 |
| Liquefied Gas New Business | — | — | 1 | 1 |
| Offshore E&P Support | 8 | 8 | 9 | 1 |
| Heavy lifter vessels | 15 | — | — | (15) |
| Short sea, coastal and other | 51 | 51 | 50 | (1) |
| Total | 465 | 408 | 409 | (56) |

* Total and difference vs. FY2015 does not include containerships.

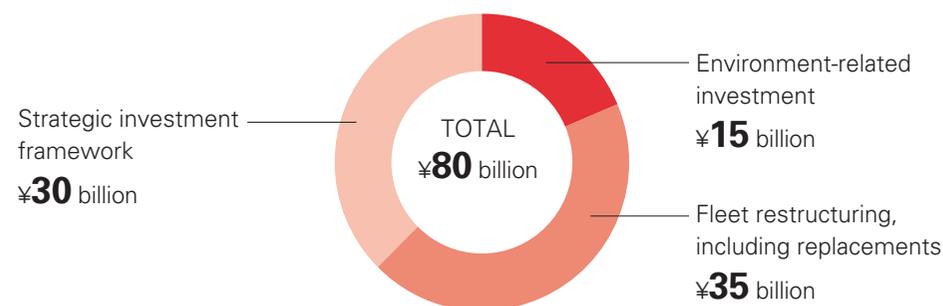
* "K" LINE sold Heavy Lifter Business in July 2017.

Long-term target (mid-2020s)

- ▶ Achieve ROA (ordinary income) of 6%, ROE of double digits
– Foster both growing fields and stable-income foundation via advanced management
- ▶ Shareholders' equity of ¥400 billion
– Verify benefits from containership business merger, plan to reset
- ▶ Dividend policy – Return to a stable dividend policy

Three-year Investment Plan (FY2017-FY2019 excludes Containership Business)

- ▶ Careful selection of investments so as to improve financial strength
- ▶ Strategic investment framework of ¥30 billion (three years)

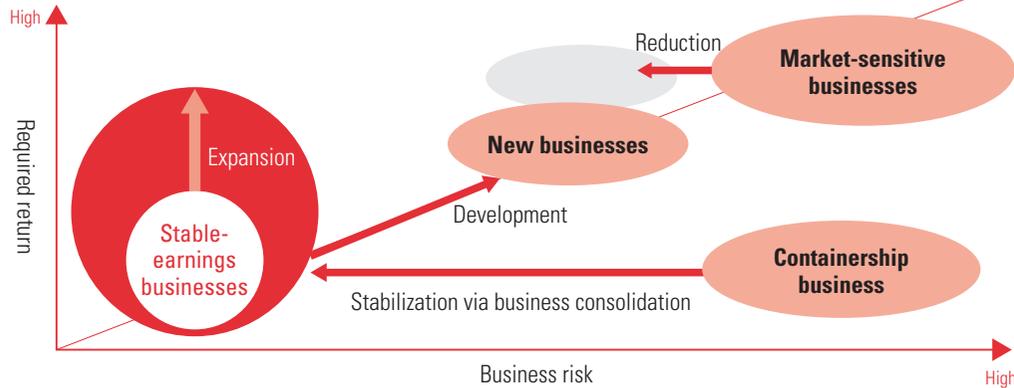


Strategic investment framework

In the three years of our "Revival for greater strides" plan, we will carefully screen investments with a focus on improving our financial strength, our strategic investment framework for stable-income and next-generation core businesses having been placed directly.

II. Management Policy and Medium-term Management Plan "Revival for Greater Strides"

Three Priority Initiatives (1) Rebuilding Portfolio Strategy



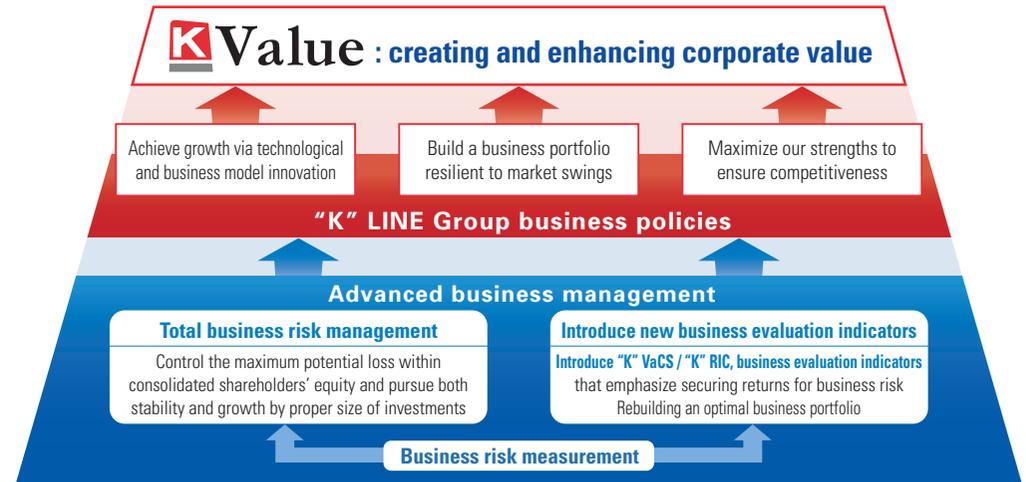
● Detailed Progress of Management Plan & Initiatives for FY2018 (as of April 2018)

| FY2017 "Revival for Greater Strides" start and run-up | FY2018 "Revival for Greater Strides" full scale implementation |
|---|---|
| <p>Accomplishment of integration of containership business (foundation of "ONE")</p> <p>Commencement of "Advanced Business Management" by total risk-return management</p> <p>Strengthen Customer Relationship Management (CRM) and correspond to customer demands for change</p> <p>Asset reduction Sold non-core assets (real estate)</p> <ul style="list-style-type: none"> Agreed in principle to participate in FPSO business in Ghana Installation of "KAWASAKI Integrated Maritime Solutions Navigating System (K-IMS)" Began joint discussions on LNG bunkering business <p>Development of new business models by cooperation with customers and outsiders</p> <ul style="list-style-type: none"> Initiative for CRM Initiative for technological innovation Securing human resources by external cooperation <p>• Delivery of 2 new LNG carriers for Ichthys LNG project in Australia</p> <p>FY2017 results</p> <ul style="list-style-type: none"> Stable income business Asset base: ¥500 bln Ordinary income: ¥27 bln (up 2 bln y/y) ROA (ordinary income): 5.4% (up 0.4% y/y) <p>• Services start by ONE</p> <p>Reduce market-sensitive business</p> <ul style="list-style-type: none"> Sold heavy lifter business | <p>Rebuilding business portfolio well underway</p> <p>Development of new business model</p> <p>Familiarization of "Advanced Business Management"</p> <p>Development of customer-oriented new business model (technology / environment)</p> <p>Development of new gen-core business</p> <p>Ongoing initiative by high-quality and customer base</p> <p>Development and expansion of stable business</p> <p>ONE as equity-method affiliate stabilize revenue base</p> <p>Profit-making by containership business</p> <p>Reduce cost-fixed core fleet / Further initiative for restricting of non-core business</p> |

Three Priority Initiatives (2) Emphasizing Advancement of Management and Function-specific Strategies

1 Advancement of Management

● Concept of Advanced Business Management



● Details of Business Evaluation Indicators

"K" VaCS — "K" LINE Value after Cost of Shareholders' Equity —

- A profit indicator that represents Economic Value Added (EVA) corresponding to the cost of shareholders' equity
- Aims to optimize the Group's business portfolio by using the measured business risk

"K" RIC — "K" LINE Return on Invested Capital —

- An efficiency indicator promoting corporate value enhancement that factors in the cost of capital
- Accelerate Return on Invested Capital (ROIC) by establishing a profitability baseline
- Sets hurdle rates for each business and the Group overall by using the measured business risk

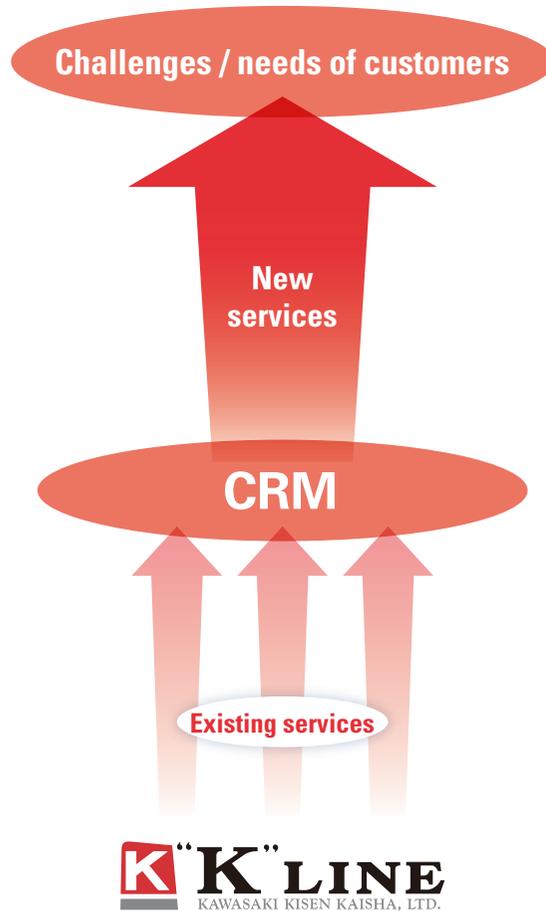
II. Management Policy and Medium-term Management Plan "Revival for Greater Strides"

Three Priority Initiatives (2) Emphasizing Advancement of Management and Function-specific Strategies

2 Function-specific Strategies

- ▶ Strengthen customer relationship management (CRM)
- ▶ Pursue high-quality service via technological and business model innovation
- ▶ Attract and retain human resources, nurture diversity

- Strengthen Customer Base (Vertical Approach)



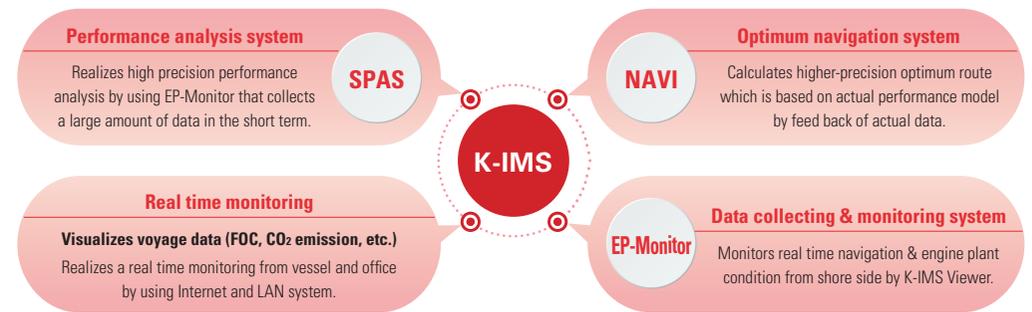
Creating a New Business Model

*Kawasaki - Integrated Maritime Solutions

Case Study 1 ▶ Deploying Advanced Technologies—Introduction of K-IMS*

We installed "K-IMS," a next-generation integrated vessel operation and performance management system developed jointly with the Kawasaki Heavy Industries Group, into around 90 of our operated and managed vessels. It collects and monitors all kinds of operational big data in real time using the cloud to display routes offering minimum fuel consumption with increased accuracy, thus contributing to improved economic efficiency, safety and environmental performance of vessels fitted with the system.

● Integrated Vessel Operation and Performance Management System



Case Study 2 ▶ Pursuing Environmental Advances—LNG Bunkering Business

"K" LINE Group decided to enter the liquefied natural gas (LNG) bunkering business for ships in Japan. LNG is regarded as a powerful fuel candidate to replace heavy oil because it allows reductions in air pollutants and greenhouse gas emissions and meets international regulations on gas emissions that are expected to become more stringent.

● Overview of the Newly-Established Joint Ventures

| | |
|-----------------------|---|
| Corporate name | (1) Central LNG Marine Fuel Japan Corporation (2) Central LNG Shipping Japan Corporation |
| Business content | (1) LNG bunkering business (2) Ownership of the LNG bunkering vessel |
| Shareholders | "K" LINE, Chubu Electric Power, Toyota Tsusho and NYK Line |
| Date of establishment | May 10, 2018 |

● Ship-to-Ship Bunkering



A method of bunkering where an LNG bunkering vessel comes alongside an LNG-fueled vessel to supply LNG at different locations such as along the quayside, pier or at anchor.
(From left to right : LNG bunkering vessel, LNG-fueled vessel)

Three Priority Initiatives (3) Pursuing ESG Initiatives

III. Business Segment Data | Dry Bulk

Dry Bulk (all types) Fleet

(as of May 2018)

| Ranking | Operator | 100,000DWT | Vessels |
|----------|-----------------------|--------------|------------|
| 1 | China COSCO Shipping | 291.7 | 290 |
| 2 | NYK | 169.2 | 181 |
| 3 | "K" LINE | 133.2 | 116 |
| 4 | Fredriksen Group | 129.3 | 108 |
| 5 | MOL | 119.3 | 106 |
| 6 | China Merchants Group | 100.4 | 97 |
| 7 | Oldendorff Carriers | 88.0 | 90 |
| 8 | Nissen kaiun | 83.7 | 84 |
| 9 | IMABARI SHIPBUILDING | 82.3 | 84 |
| 10 | Star Bulk Carriers | 82.1 | 74 |

*Owned vessels and a part of chartered vessels

Source: Clarkson

Capesize Fleet

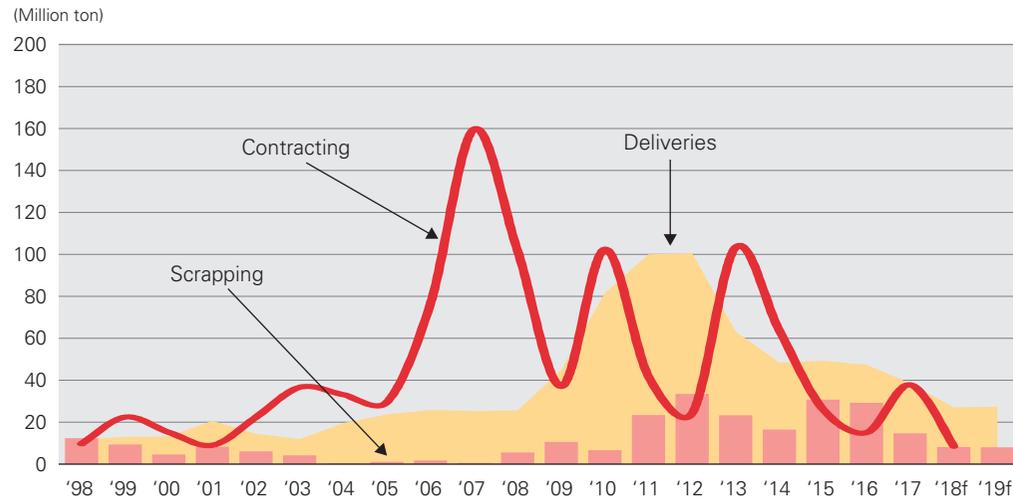
(as of May 2018)

| Ranking | Operator | 100,000DWT | Vessels |
|----------|----------------------|-------------|-----------|
| 1 | China COSCO Shipping | 166.7 | 73 |
| 2 | Berge Bulk | 101.1 | 41 |
| 3 | Angelicooussis Group | 91.7 | 52 |
| 4 | Fredriksen Group | 86.9 | 48 |
| 5 | NYK | 85.7 | 44 |
| 6 | "K" LINE | 80.3 | 40 |
| 7 | Polaris Shipping Co | 78.6 | 31 |
| 8 | MOL | 75.8 | 36 |
| 9 | Pan Ocean | 63.9 | 26 |
| 10 | NS United | 62.9 | 30 |

*Owned vessels and a part of chartered vessels

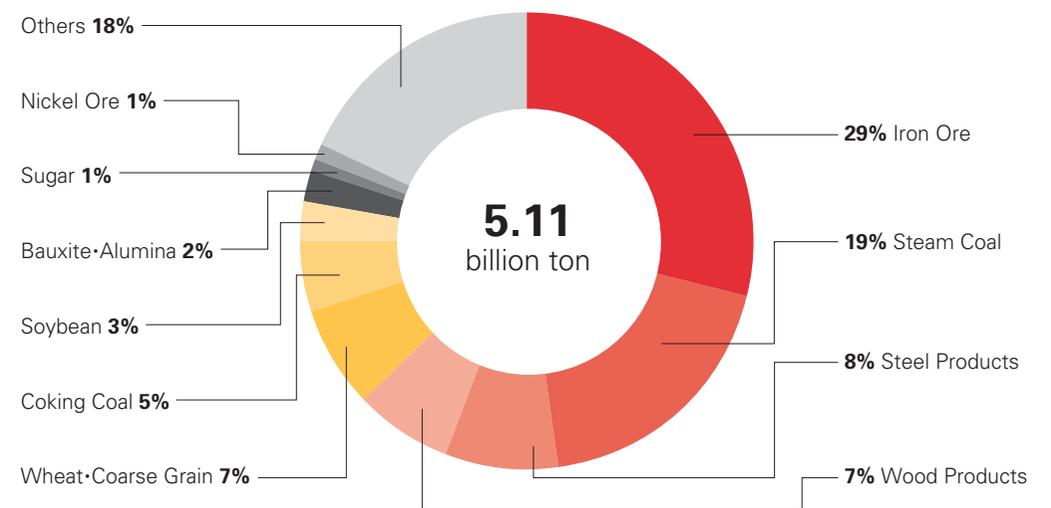
Source: Clarkson

Dry Bulk Delivery and Removal Progress



Source: Clarkson

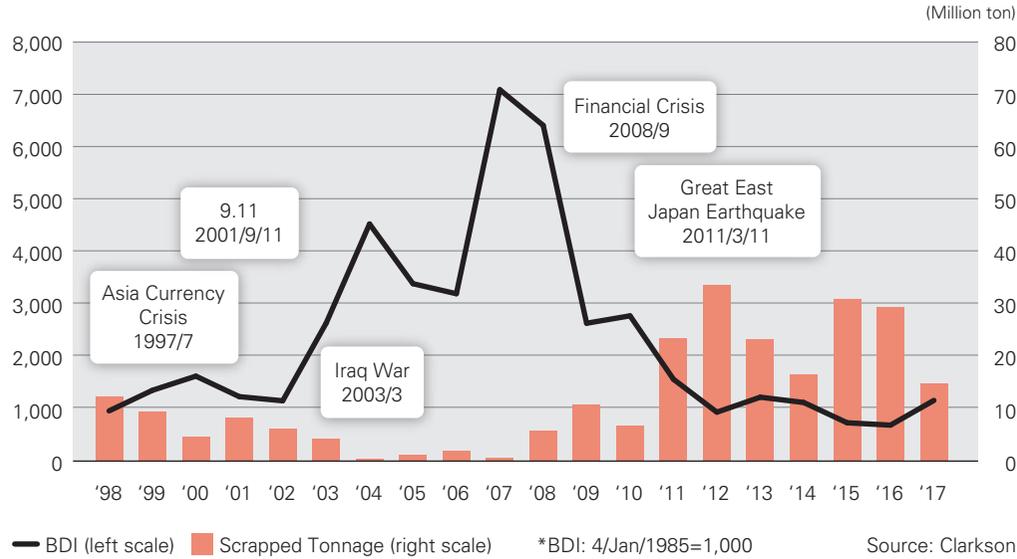
2017 Dry Bulk Cargo: Ocean Transport Commodity Breakdown



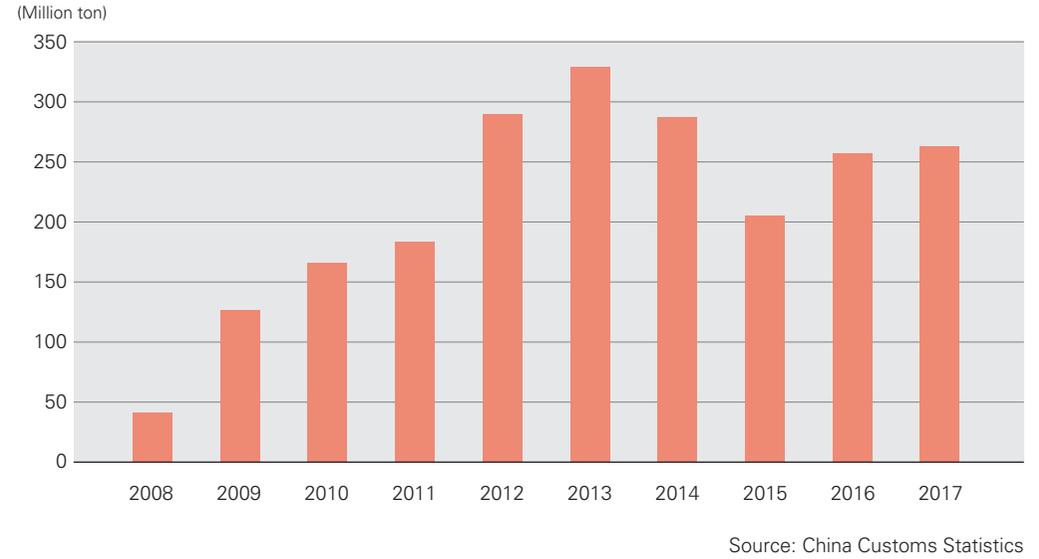
Source: Clarkson

III. Business Segment Data | Dry Bulk

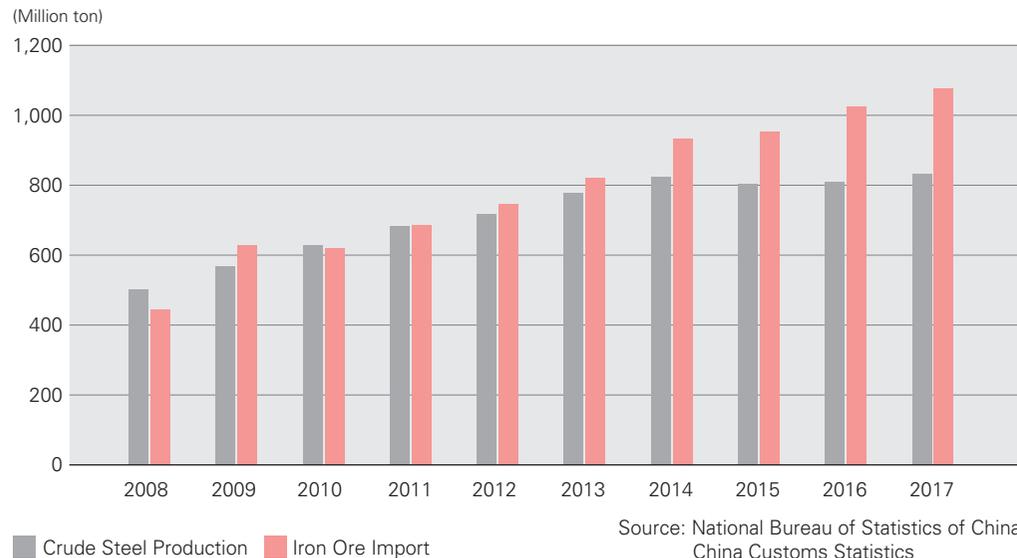
BDI (Baltic Dry Index)* and Scrapped Tonnage



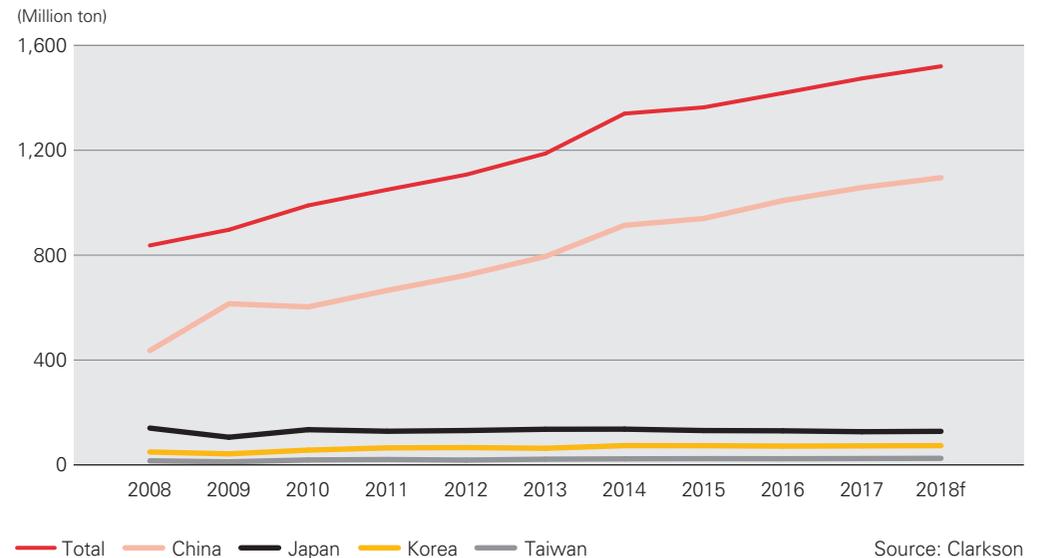
Coal Imports by China



Crude Steel Production and Iron Ore Imports by China



Iron Ore Imports by Major Asian Countries

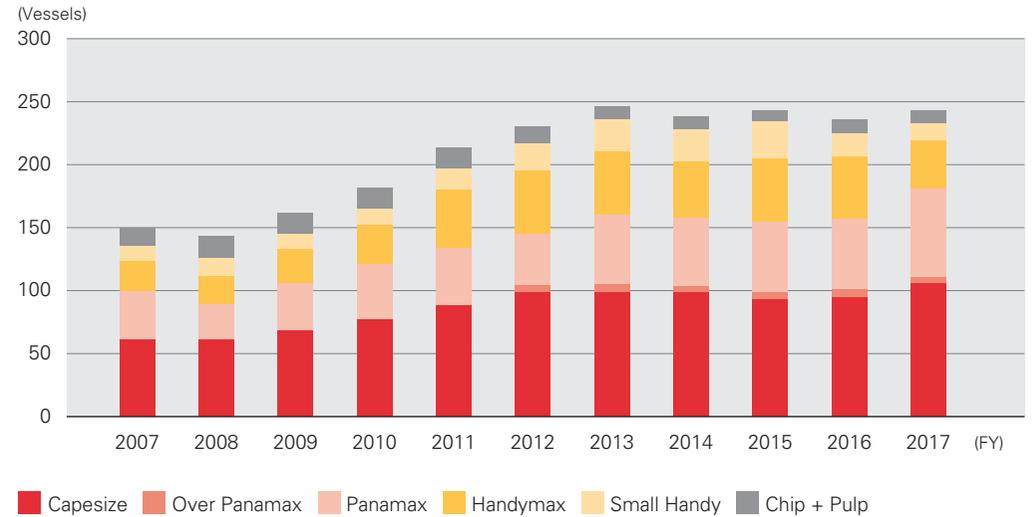


III. Business Segment Data | Dry Bulk

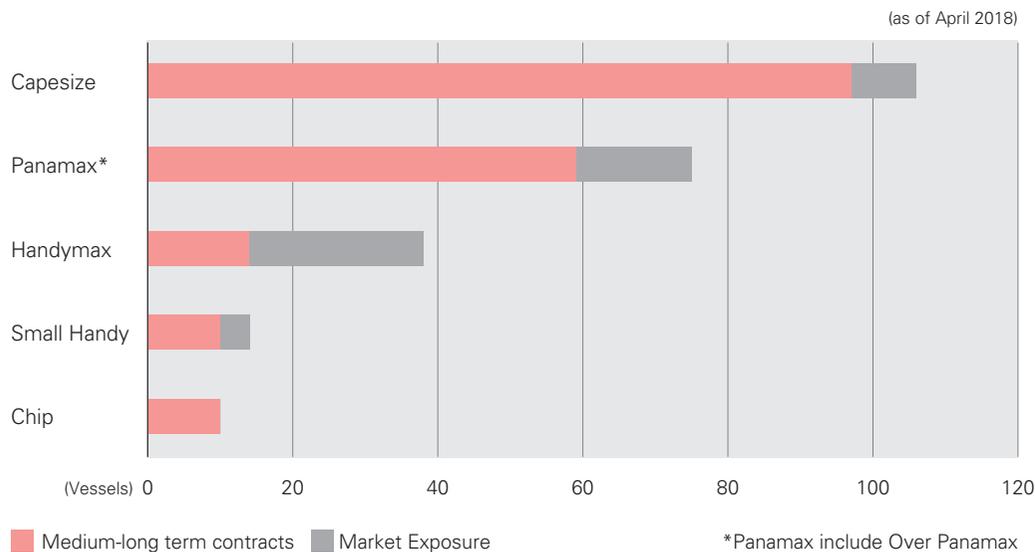
"K" LINE Dry Bulk Fleet

| (FY) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|--------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Capesize | 61 | 61 | 68 | 77 | 88 | 99 | 99 | 99 | 93 | 95 | 106 |
| Over Panamax | — | — | — | — | — | 5 | 6 | 4 | 5 | 6 | 4 |
| Panamax | 38 | 28 | 38 | 44 | 46 | 41 | 55 | 55 | 56 | 56 | 71 |
| Handymax | 24 | 22 | 27 | 31 | 46 | 50 | 50 | 44 | 51 | 49 | 38 |
| Small Handy | 12 | 15 | 12 | 13 | 17 | 22 | 26 | 26 | 29 | 19 | 14 |
| Chip + Pulp | 15 | 17 | 16 | 16 | 16 | 13 | 10 | 10 | 9 | 11 | 10 |
| Total | 150 | 143 | 161 | 181 | 213 | 230 | 246 | 238 | 243 | 236 | 243 |

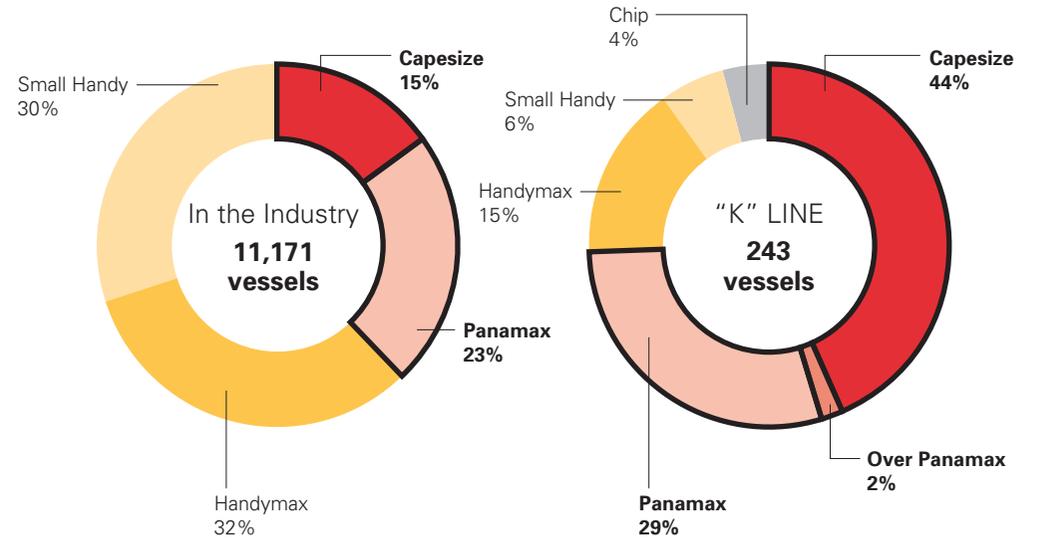
"K" LINE Dry Bulk Fleet Scale



"K" LINE's Dry Bulk Fleet Market Exposure FY2018 (forecast)



Dry Bulk Fleet Composition (as of the March 2018)



Source: Clarkson

III. Business Segment Data | LNG Carrier and Thermal Coal Carrier

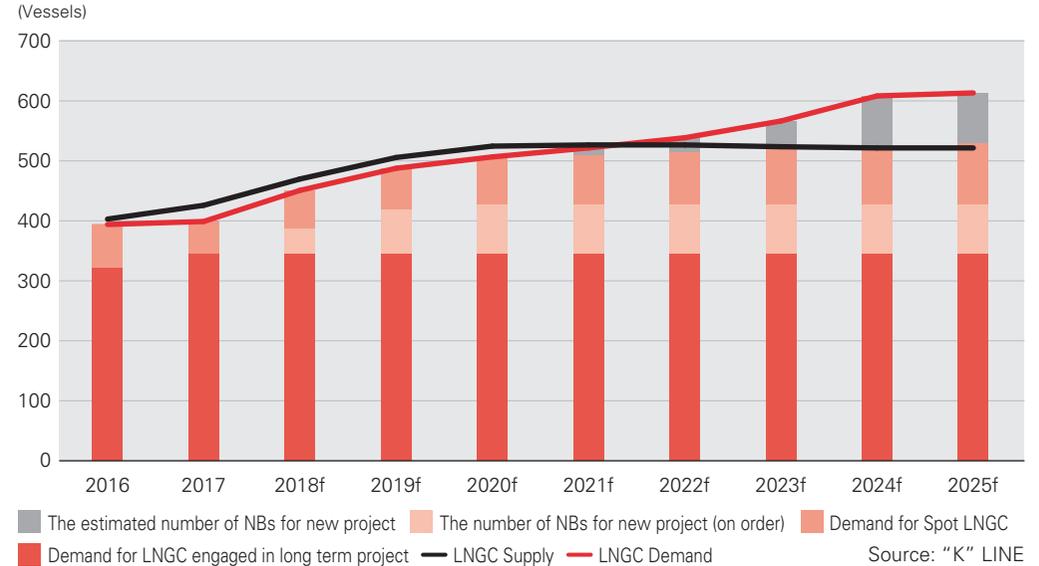
LNG Carrier Fleet Ranking (including co-owned)

(as of May 2018)

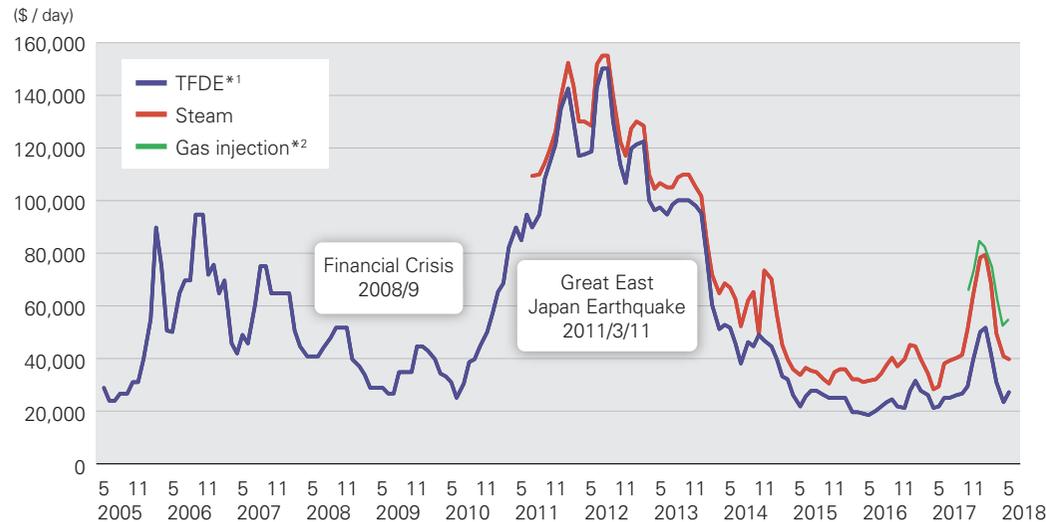
| Ranking | Operator | Vessels |
|---------|--------------------|-----------|
| 1 | MOL | 74 |
| 2 | NYK | 71 |
| 3 | Nakilat | 65 |
| 4 | "K" LINE | 44 |
| 5 | Teekay | 37 |
| 6 | Iino Lines | 27 |
| 6 | MISC | 27 |
| 6 | Gaslog | 27 |
| 9 | Maran Gas | 26 |
| 10 | Bergesen Worldwide | 17 |
| 11 | Golar | 16 |

Source: "K" LINE

LNG Carrier Supply and Demand

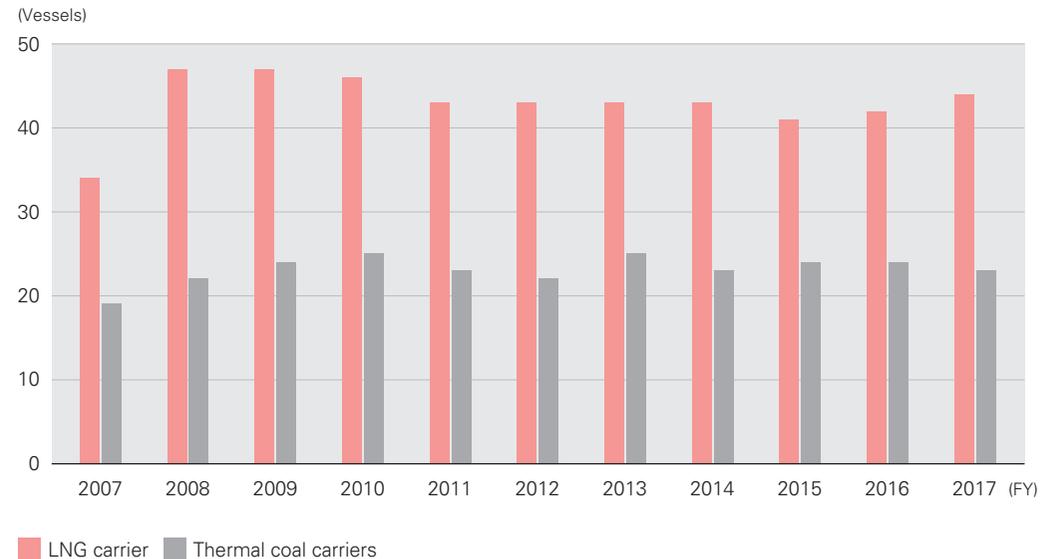


LNG Carrier Spot Market



*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)



III. Business Segment Data | Tanker

VLCC Fleet Ranking

(as of June 2018)

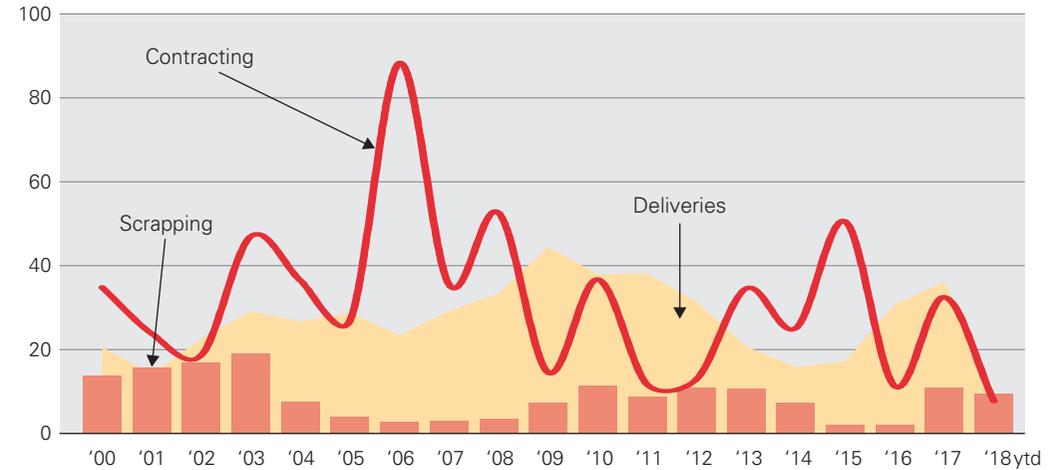
| Ranking | Operator | 100,000DWT | Vessels |
|-----------|----------------------|-------------|----------|
| 1 | Bahri | 143.0 | 46 |
| 2 | China Merchants | 138.7 | 45 |
| 3 | China COSCO Shipping | 121.6 | 40 |
| 4 | Nat Iranian Tanker | 117.6 | 38 |
| 5 | Angelicoussis Group | 107.3 | 34 |
| 6 | Euronav NV | 90.9 | 29 |
| 7 | MOL | 89.0 | 29 |
| 8 | DHT Holdings | 74.2 | 24 |
| 9 | Gener8 Maritime | 63.1 | 21 |
| 10 | Fredriksen Group | 60.4 | 20 |
| ⋮ | | | |
| 25 | "K" LINE | 21.5 | 7 |

Source: Clarkson

Tanker Delivery and Removal Progress

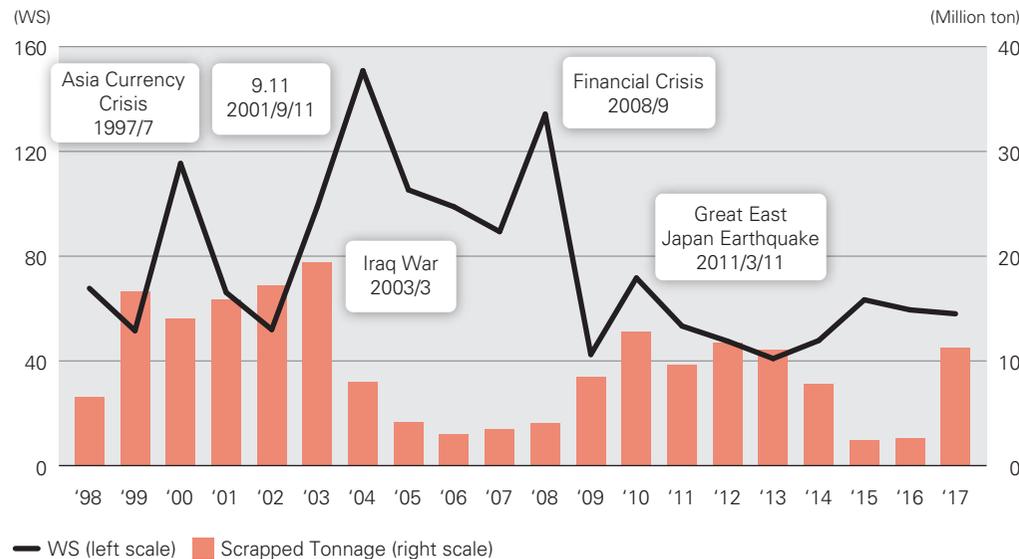
(Million ton)

(Oil tankers 10,000+ dwt)



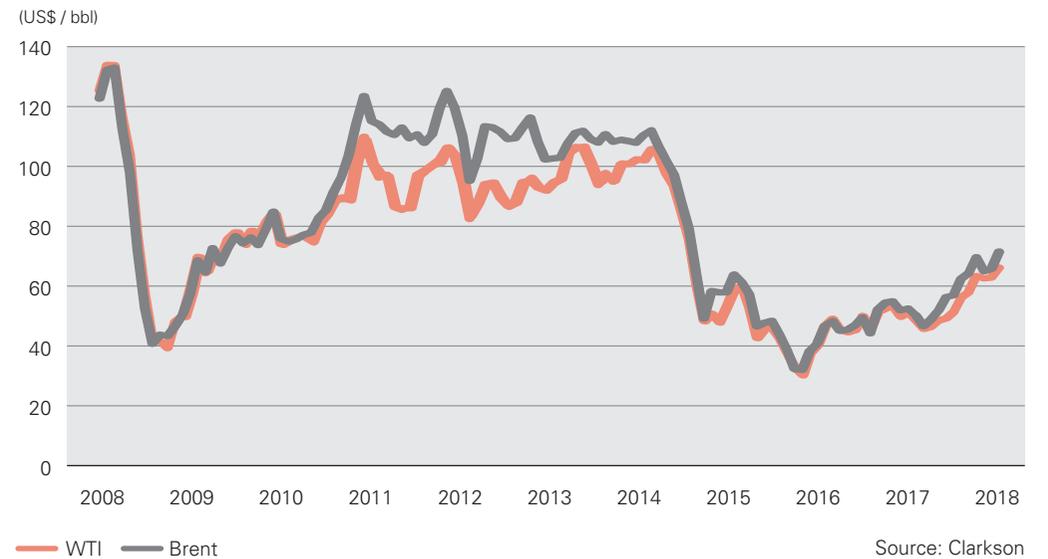
Source: Clarkson Oil & Tanker Outlook

Tanker Freight Index (WS: World Scale) and Scrapped Tonnage



— WS (left scale) ■ Scrapped Tonnage (right scale)

Historical Oil Price Trends

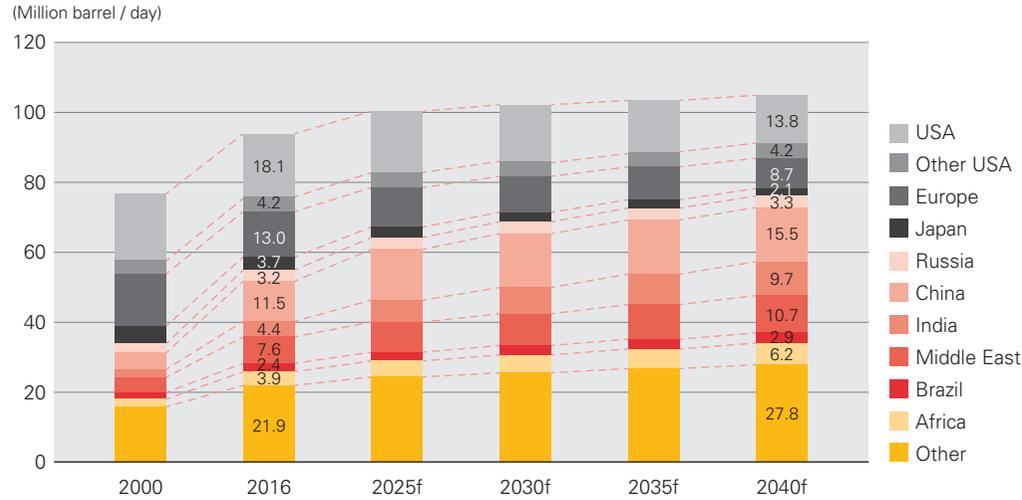


— WTI — Brent

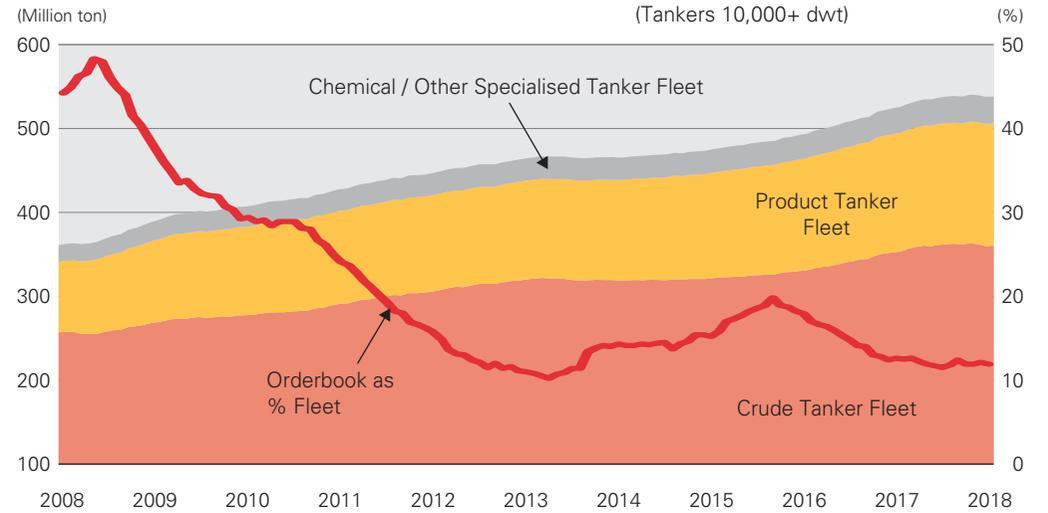
Source: Clarkson

III. Business Segment Data | Tanker

Forecast of Oil Demand by Country



Tanker Fleet and Order Book

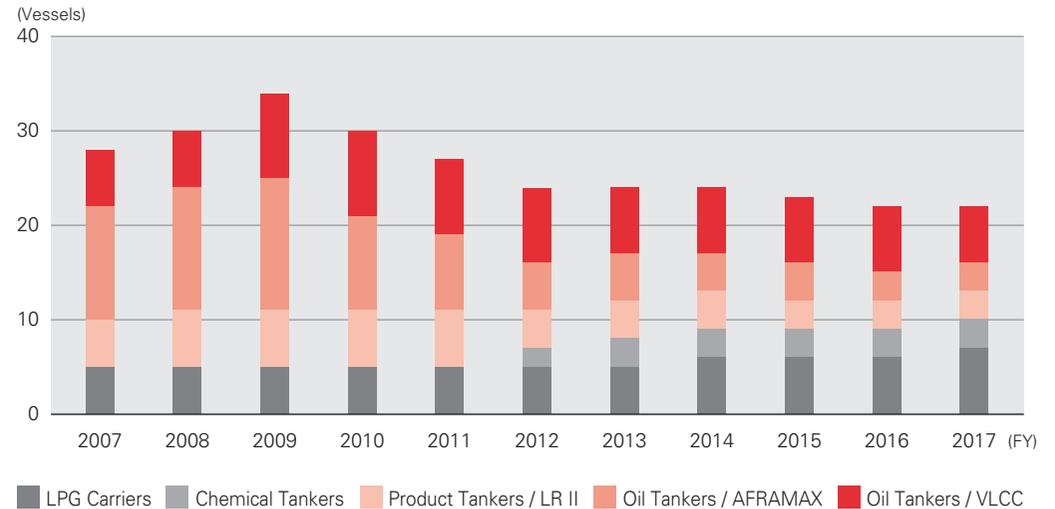


"K" LINE Tanker Fleet

(Vessels)

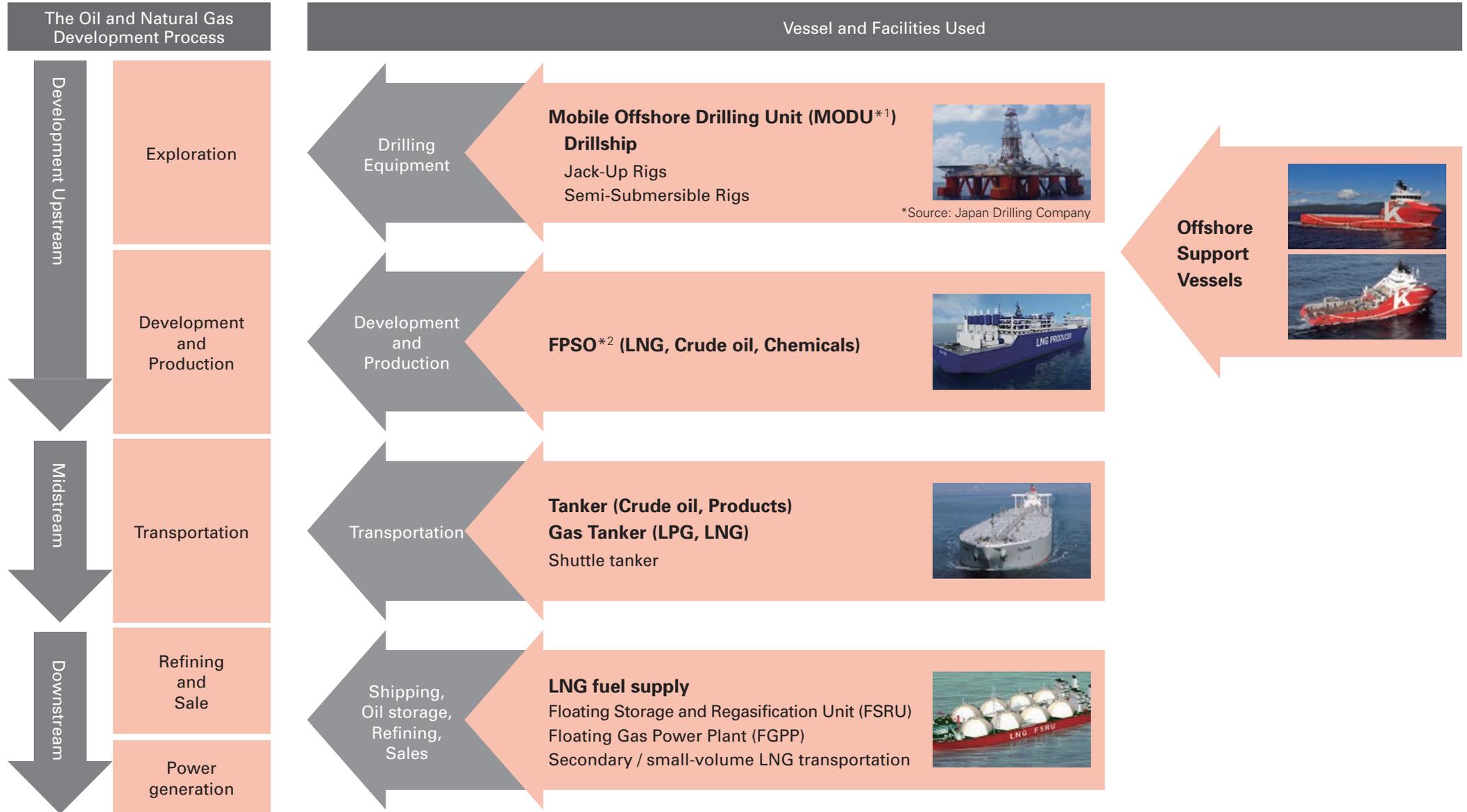
| (FY) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|-------------------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Oil Tankers / VLCC | 6 | 6 | 9 | 9 | 8 | 8 | 7 | 7 | 7 | 7 | 6 |
| Oil Tankers / AFRAMAX | 12 | 13 | 14 | 10 | 8 | 5 | 5 | 4 | 4 | 3 | 3 |
| Product Tankers / LR II | 5 | 6 | 6 | 6 | 6 | 4 | 4 | 4 | 3 | 3 | 3 |
| Chemical Tankers | — | — | — | — | — | 2 | 3 | 3 | 3 | 3 | 3 |
| LPG Carriers | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 7 |
| Total | 28 | 30 | 34 | 30 | 27 | 24 | 24 | 24 | 23 | 22 | 22 |

"K" LINE Tanker Fleet Scale



III. Business Segment Data | Liquefied Gas New Business

Initiatives of Liquefied Gas New Business in Energy Value Chain —from Upstream to Downstream—



*1 MODU: Mobile Offshore Drilling Unit

*2 FPSO: Floating Production Storage and Offloading System

*The boldface shows "K" LINE's Business fields as of July 2018.

III. Business Segment Data | Offshore Energy Development

Offshore Support Vessels

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

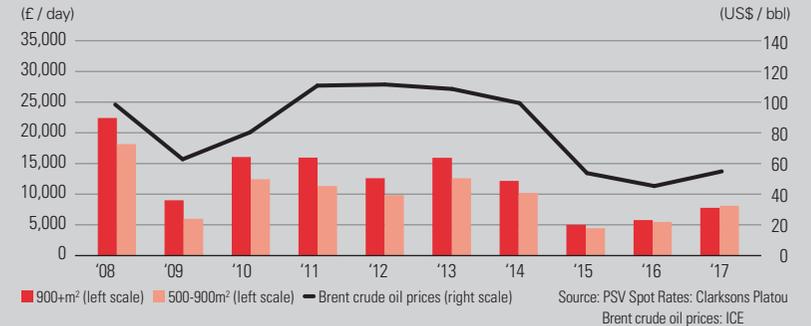
Platform Supply Vessel (PSV)



"5 high transport efficiency largest size PSVs"

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. They are categorized largest size PSVs on the market.(1.5 times larger than general size)

PSV Spot Rates Annual Avg and Brent Crude Oil Prices



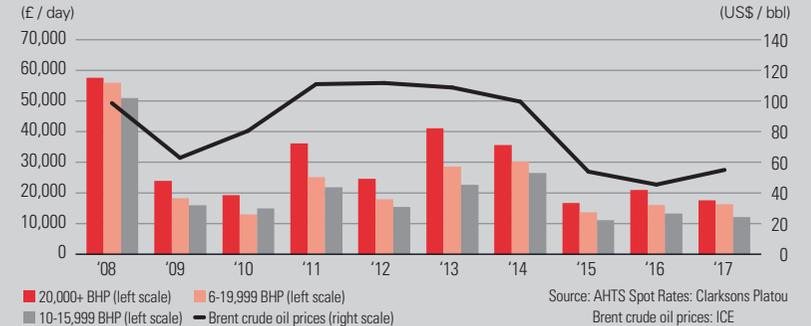
Anchor Handling Tug Supply (AHTS) Vessel



"2 AHTSs 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. KOAS's market share of largest AHTS over BHP30,000 is approx. 33%.

AHTS Spot Rates Annual Avg and Brent Crude Oil Prices



MODU (Mobile Offshore Drilling Unit) / FPSO (Floating Production Storage and Offloading System)



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).



- 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.

III. Business Segment Data | Car Carrier

Car Carrier Fleet Ranking

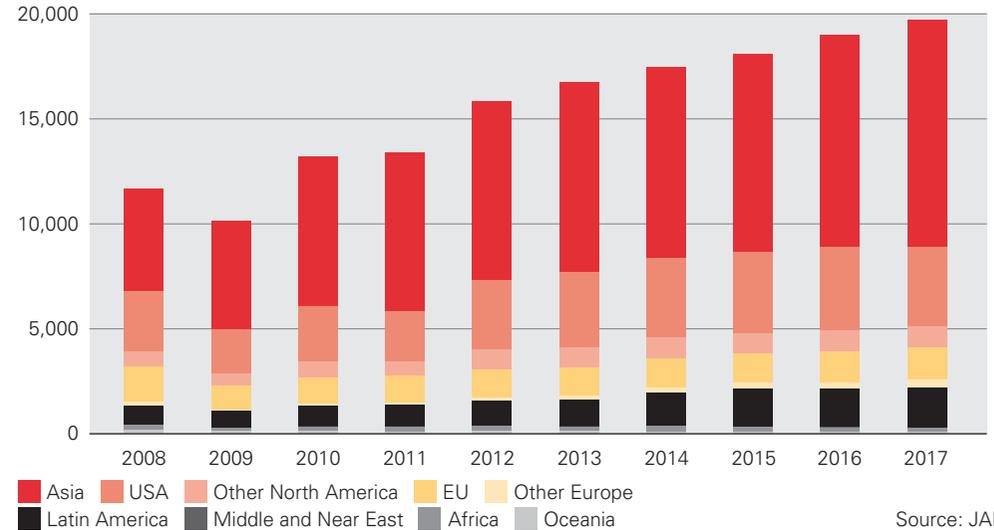
(as of January 2018)

| Ranking | Operator | Vessels | Share | Capacity (unit) | Share |
|----------|-----------------|------------|--------------|------------------|--------------|
| 1 | WWL ASA | 126 | 16.7% | 845,000 | 20.6% |
| 2 | MOL | 114 | 15.1% | 665,750 | 16.2% |
| 3 | NYK | 106 | 14.1% | 631,000 | 15.4% |
| 4 | "K" LINE | 92 | 12.2% | 473,410 | 11.5% |
| 5 | Grimaldi | 59 | 7.8% | 258,000 | 6.3% |
| 6 | GLOVIS | 58 | 7.7% | 369,000 | 9.0% |
| 7 | HOEGH | 52 | 6.9% | 340,000 | 8.3% |
| 8 | UECC (NYK+WWL) | 18 | 2.4% | 56,278 | 1.4% |
| 9 | TOYOFUJI | 11 | 1.5% | 55,000 | 1.3% |
| | Others | 118 | 15.6% | 408,517 | 10.0% |
| | Total | 754 | | 4,101,955 | |

Source: Own-editing based on Hesnes "The Car Carrier Market 2017" and Fearnleys World PCC Report 2017

Japanese Automakers' Overseas Vehicle Production

(1,000 cars)

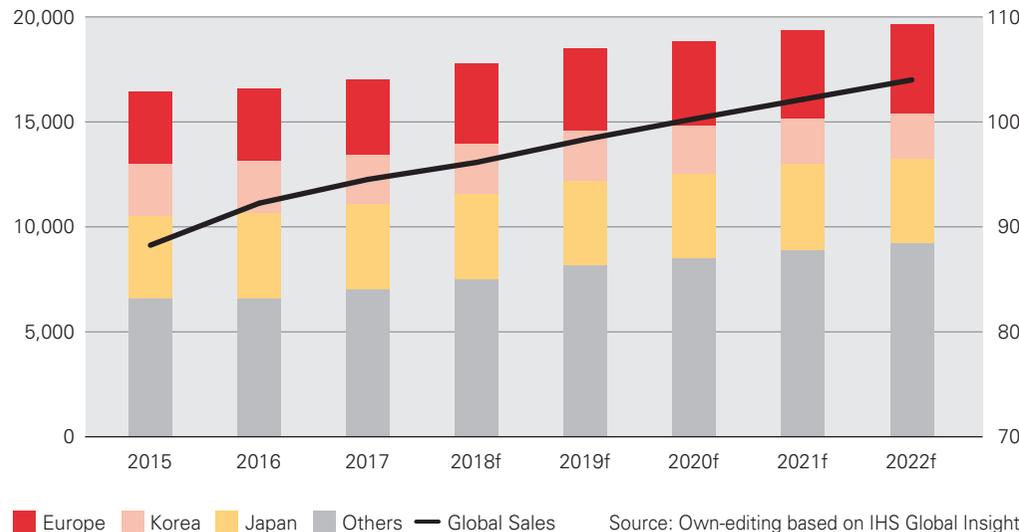


Source: JAMA

Worldwide Car Ocean Transportation Volume

(1,000 cars)

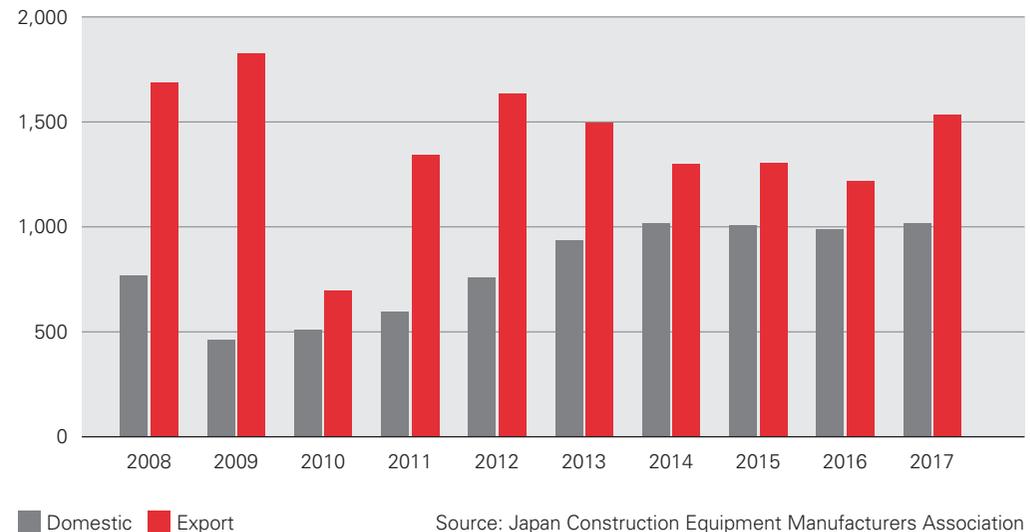
(Global Sales: Million Cars)



Source: Own-editing based on IHS Global Insight

Japanese Construction Machine Sales Results

(Billions of yen)



Source: Japan Construction Equipment Manufacturers Association

III. Business Segment Data | Car Carrier

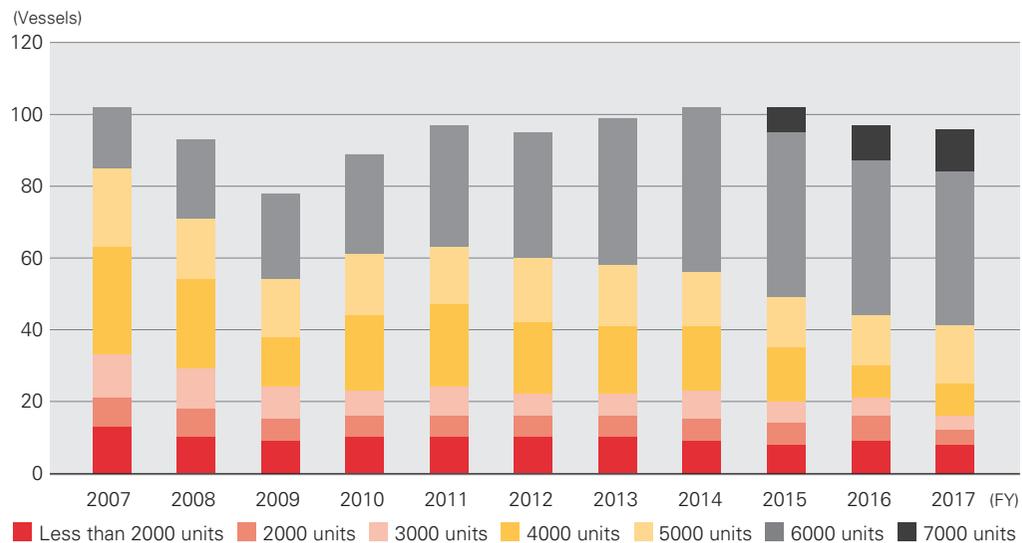
"K" LINE Car Carrier Fleet

| (FY) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|----------------------|------------|-----------|-----------|-----------|-----------|-----------|-----------|------------|------------|-----------|-----------|
| 7000 units | — | — | — | — | — | — | — | — | 7 | 10 | 12 |
| 6000 units | 17 | 22 | 24 | 28 | 34 | 35 | 41 | 46 | 46 | 43 | 43 |
| 5000 units | 22 | 17 | 16 | 17 | 16 | 18 | 17 | 15 | 14 | 14 | 16 |
| 4000 units | 30 | 25 | 14 | 21 | 23 | 20 | 19 | 18 | 15 | 9 | 9 |
| 3000 units | 12 | 11 | 9 | 7 | 8 | 6 | 6 | 8 | 6 | 5 | 4 |
| 2000 units | 8 | 8 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 4 |
| Less than 2000 units | 13 | 10 | 9 | 10 | 10 | 10 | 10 | 9 | 8 | 9 | 8 |
| Total | 102 | 93 | 78 | 89 | 97 | 95 | 98 | 102 | 102 | 97 | 96 |

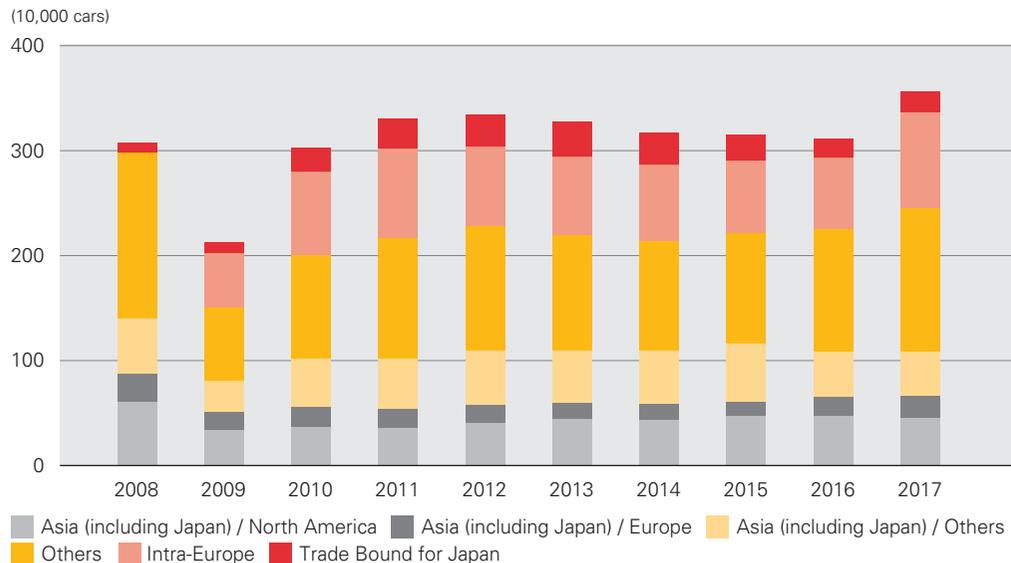
(Vessels)

(including short-term chartered vessels)

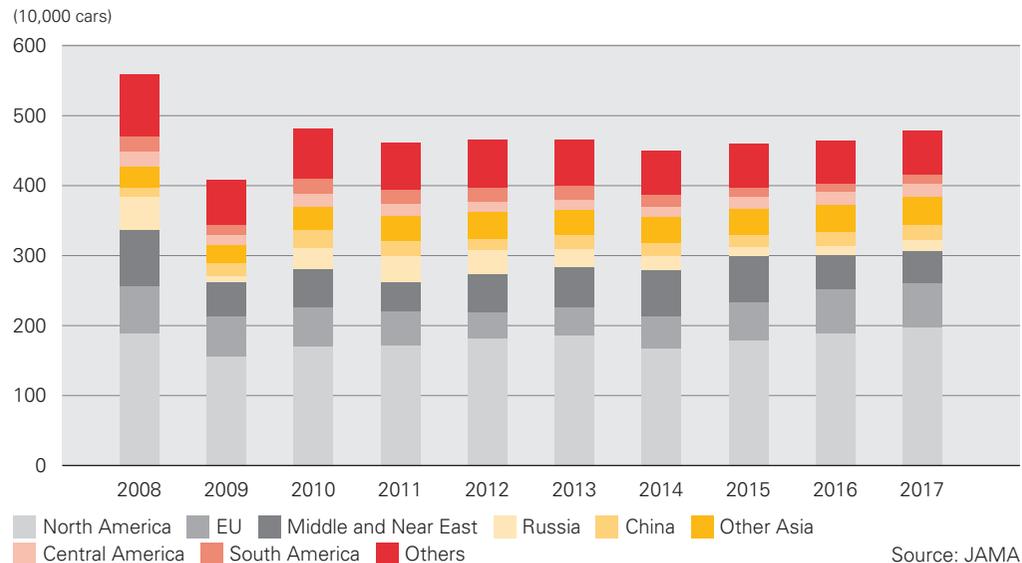
"K" LINE Car Carrier Fleet Scale



Cars and Trucks Transported by "K" LINE



Total Cars and Trucks Exported from Japan

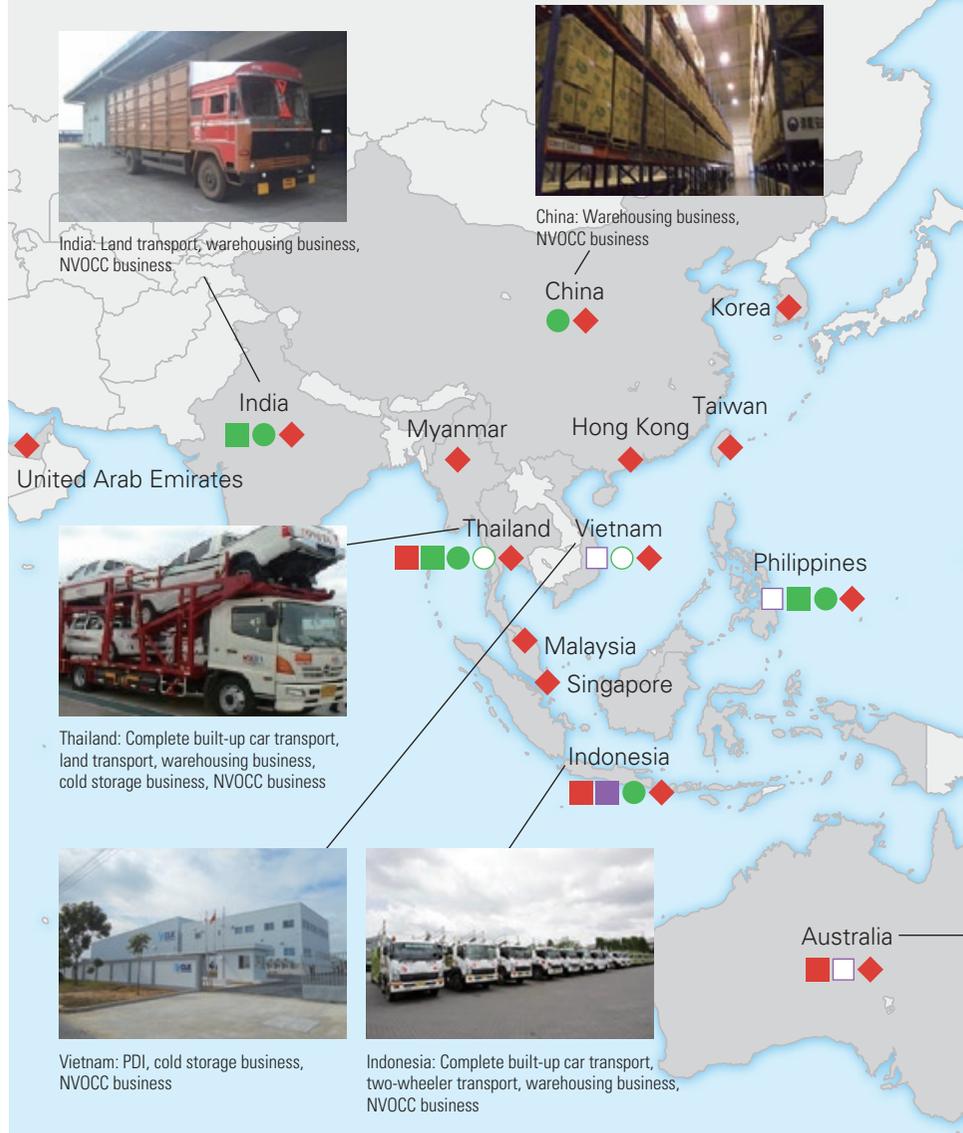


Source: JAMA

III. Business Segment Data | Logistics and Automotive Logistics

We Will Establish Our Global Network and Expand Stable Revenue Base with "K" Line Logistics, Ltd. as the Core.

The Group's Locally Oriented Comprehensive Logistics Services in Asia



Expansion of Automotive Logistics Business of the Group (10 countries)



- Complete built-up car transport service
- Two-wheeler transport service
- PDI (Pre Delivery Inspection)
- Land transport (container / general cargo land transportation)
- Warehousing business
- Cold storage business
- ◆ NVOCC business*

*NVOCC business: Freight transportation business that includes incidental services, such as cargo handling as an intermediary between shippers and carriers, during the cargo transportation process.

III. Business Segment Data | Containership

Fleet Size of Container Operators

(as of May 2018)

| Ranking | Operator | TEU | Vessels | Share |
|---------|------------------|------------------|------------|-----------|
| 1 | APM-Maersk | 4,104,856 | 753 | 19% |
| 2 | MSC | 3,252,248 | 514 | 15% |
| 3 | CMA CGM | 2,528,224 | 493 | 12% |
| 4 | COSCO Shipping*1 | 1,959,204 | 355 | 9% |
| 5 | Hapag-Lloyd | 1,602,800 | 226 | 7% |
| 6 | ONE | 1,550,355 | 232 | 7% |
| 7 | Evergreen | 1,090,142 | 197 | 5% |
| 8 | OOCL*1 | 694,597 | 100 | 3% |
| 9 | Yang Ming | 639,548 | 106 | 3% |
| 10 | PIL | 427,624 | 135 | 2% |
| 11 | Zim | 371,524 | 79 | 2% |
| 12 | Hyundai M.M.*2 | 364,022 | 66 | 2% |
| 13 | Wan Hai | 259,318 | 100 | 1% |
| 14 | Others | 2,789,520 | 1,882 | 13% |
| Total | | 21,633,982 | 5,238 | 100% |

*1 COSCO Shipping and OOCL are acquiring approval by the authorities concerned.
 *2 HMM has a partial joint operation service with 2M.

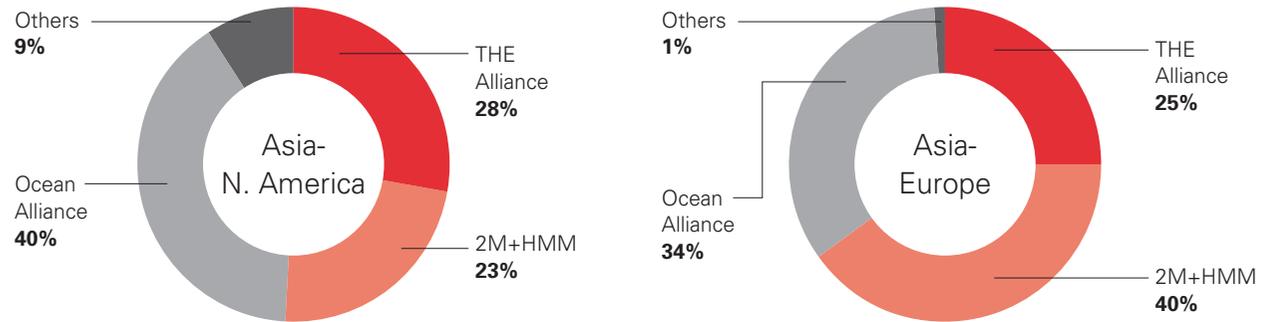
Members of each alliance

- THE Alliance: ONE, Hapag-Lloyd, Yang Ming
- OCEAN Alliance: CMA CGM, COSCO, Evergreen, OOCL
- 2M+HMM: Maersk, MSC, Hyundai M.M.

Source: Alphaliner

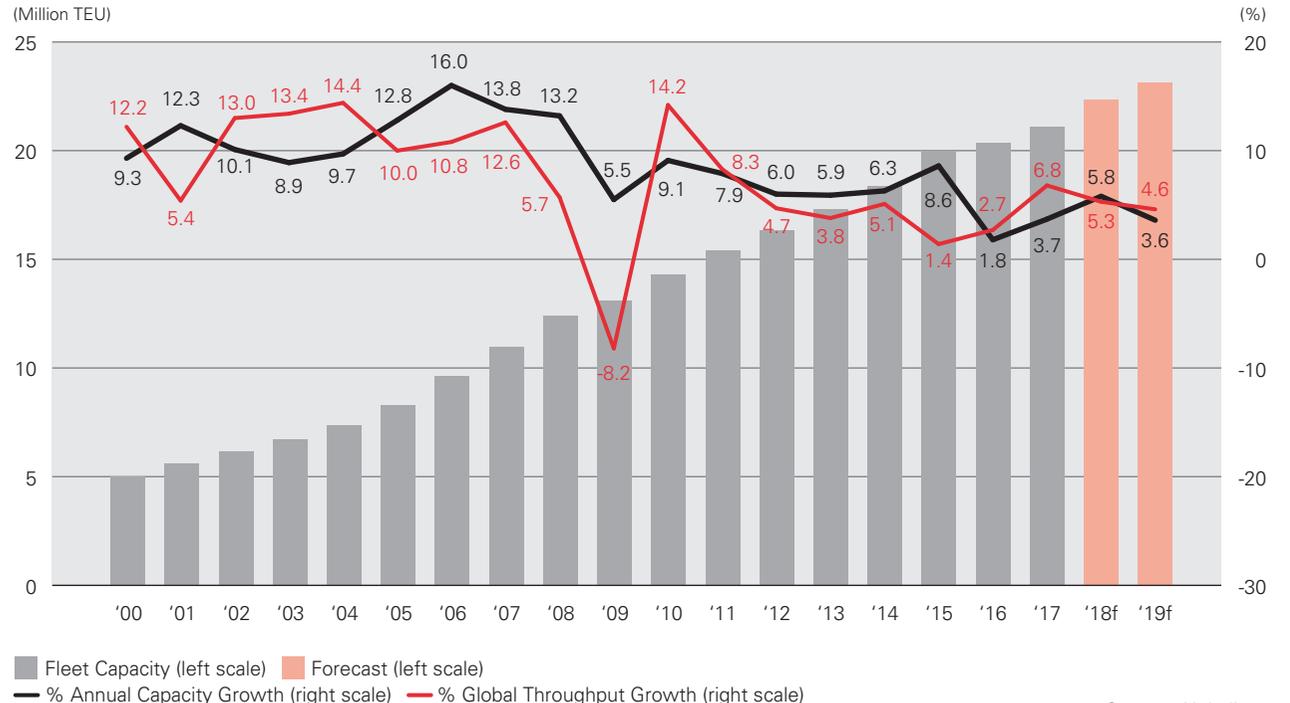
Trade Capacity Share by Alliance

(as of May 2018)



Source: Alphaliner

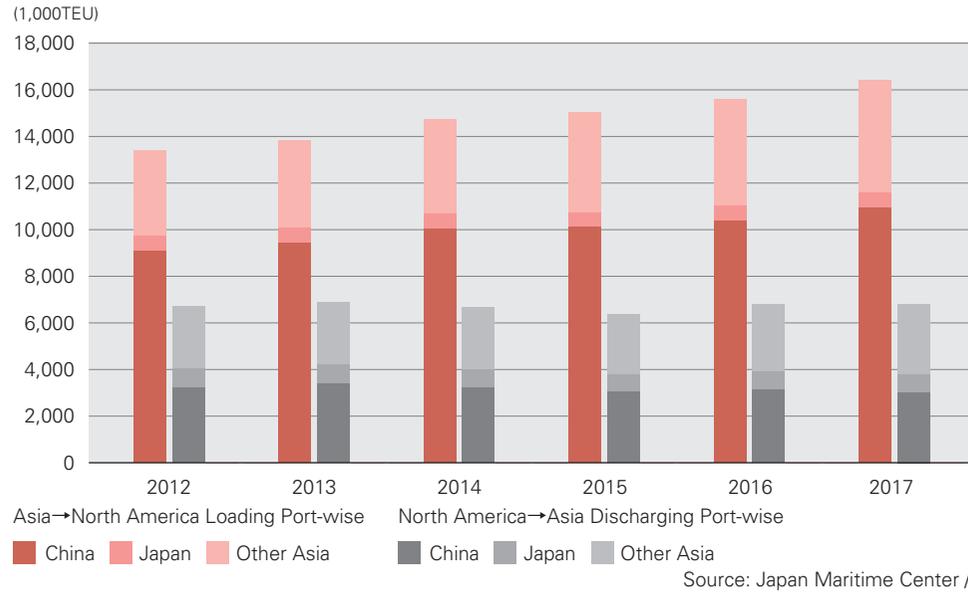
Container Fleet Capacity, Supply and Demand



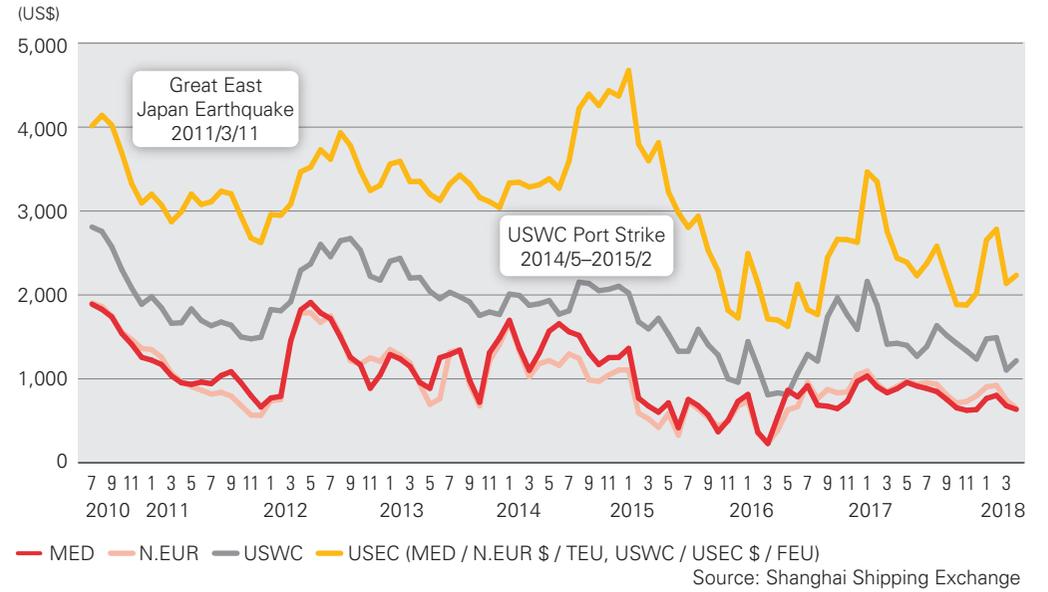
Source: Alphaliner

III. Business Segment Data | Containership

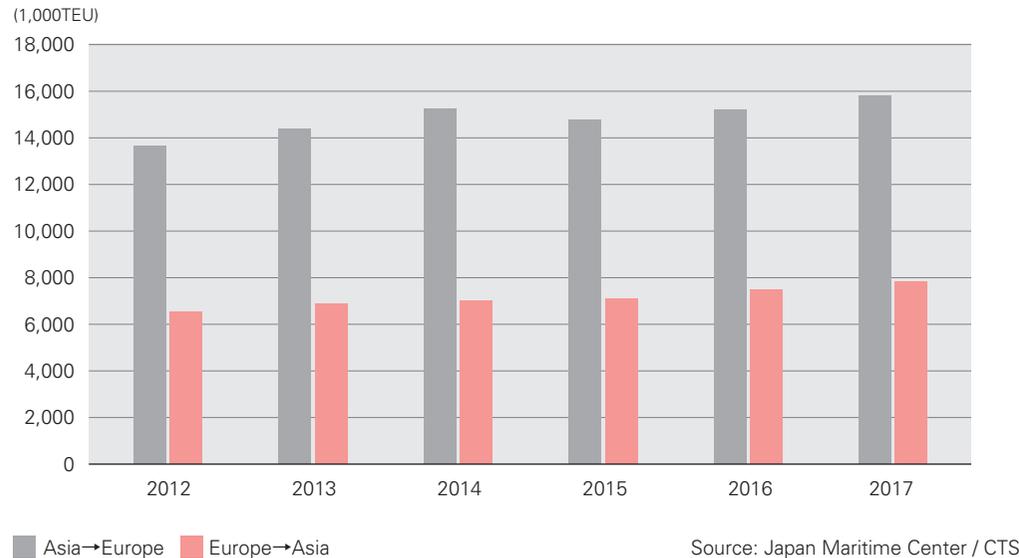
Asia-North America Cargo Volume



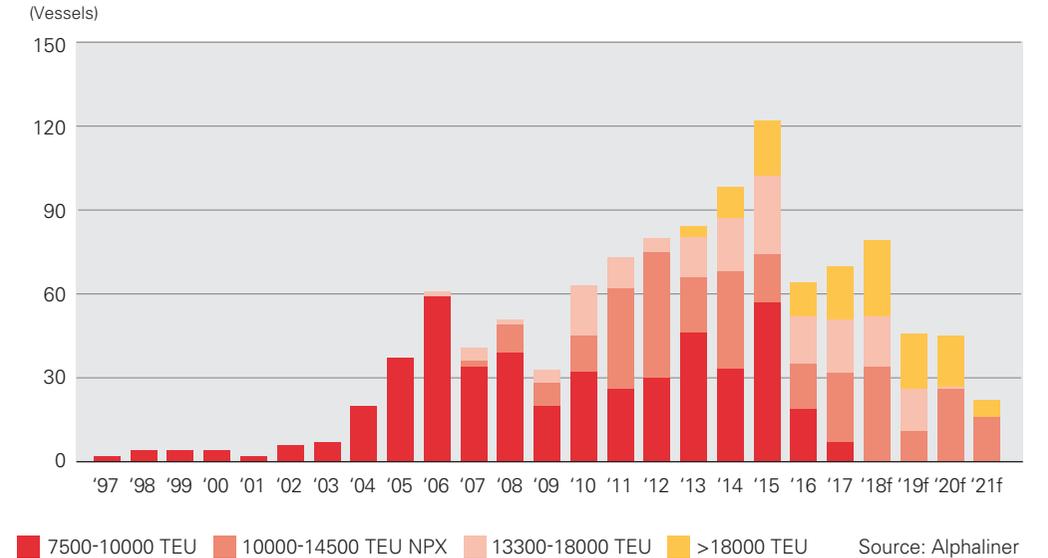
Transition of SCFI (Shanghai Containerized Freight Index)



Asia-Europe Cargo Volume



Delivery of Very Large Container Ships



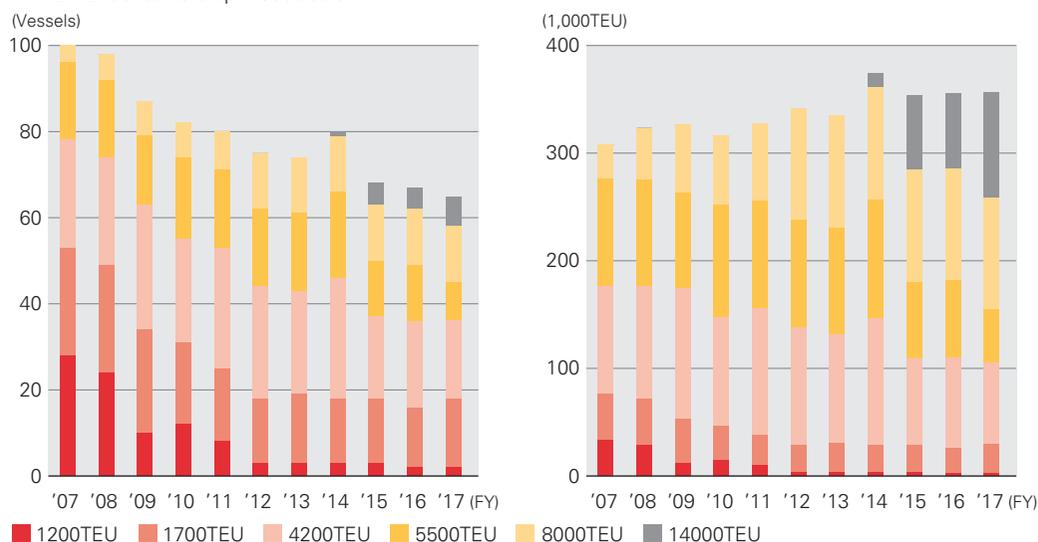
III. Business Segment Data | Containership

"K" LINE Containership Fleet

| (FY) | 2007 | 2008 | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 |
|---------------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| 14000TEU type | — | — | — | — | — | — | — | 1 | 5 | 5 | 7 |
| 8000TEU type | 4 | 6 | 8 | 8 | 9 | 13 | 13 | 13 | 13 | 13 | 13 |
| 5500TEU type | 18 | 18 | 16 | 19 | 18 | 18 | 18 | 20 | 13 | 13 | 9 |
| 4200TEU type | 24 | 25 | 29 | 24 | 28 | 26 | 24 | 28 | 19 | 20 | 18 |
| 1700TEU type | 25 | 25 | 24 | 19 | 17 | 15 | 16 | 15 | 15 | 14 | 16 |
| 1200TEU type | 28 | 24 | 10 | 12 | 8 | 3 | 3 | 3 | 3 | 2 | 2 |
| Total | 99 | 98 | 87 | 82 | 80 | 75 | 74 | 80 | 68 | 67 | 65 |

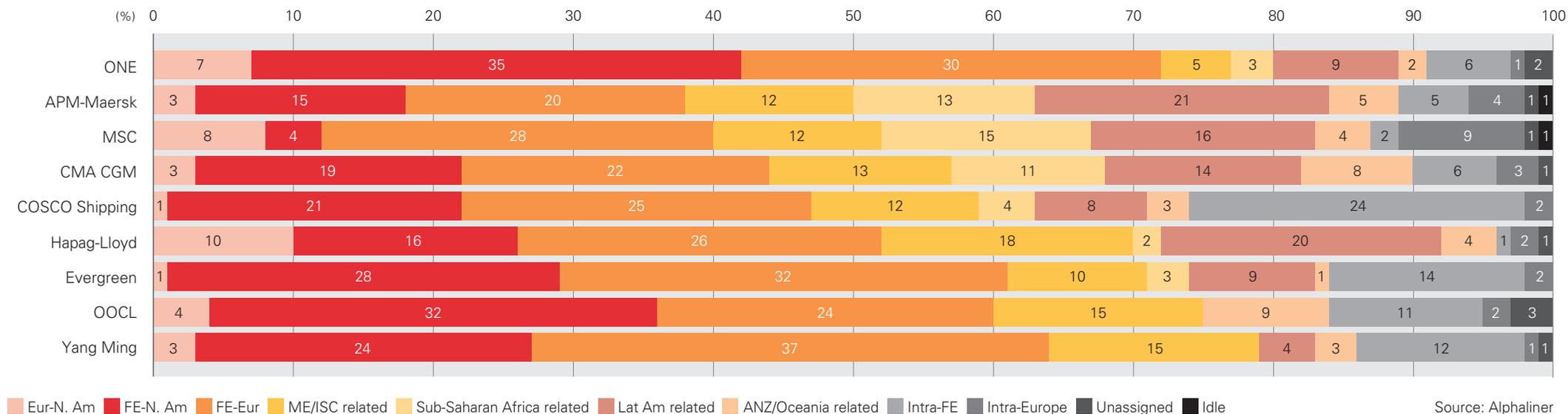
(Vessels)

"K" LINE Containership Fleet Scale



Main Carriers Breakdown of Capacity Operated by Trade

(as of May 2018)



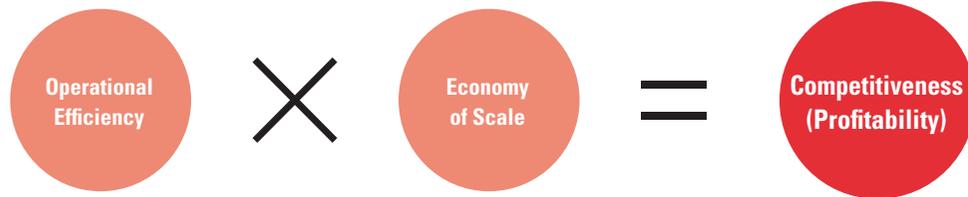
Source: Alphaliner

III. Business Segment Data | Integrated Container Shipping Business

Operating Company Profile

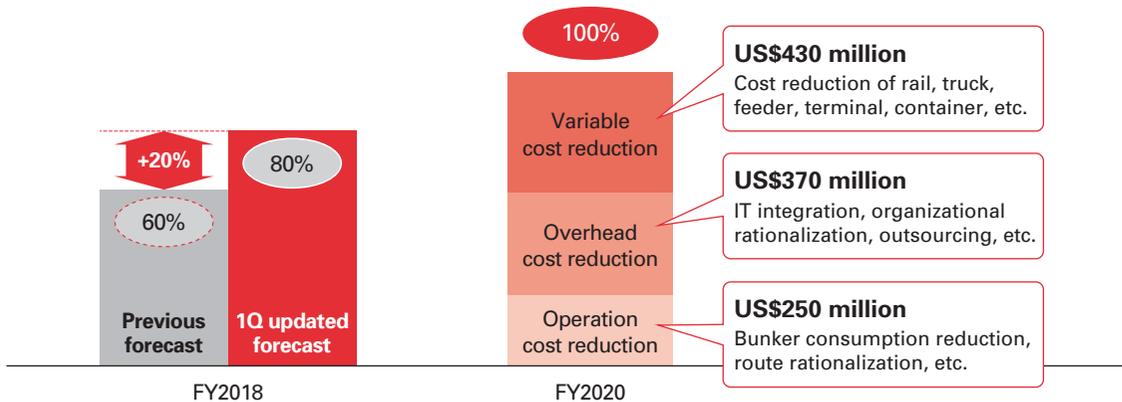
| | |
|-----------------------------------|--|
| Tradename | OCEAN NETWORK EXPRESS PTE. LTD. |
| Location | Republic of Singapore |
| Shareholders / Contribution Ratio | <ul style="list-style-type: none"> • Kawasaki Kisen Kaisha: 31% • Mitsui O.S.K. Lines: 31% • Nippon Yusen Kabushiki Kaisha: 38% |
| Amount of Contribution | US\$ 3 billion |
| Business Domain | Container Shipping Businesses (Including worldwide terminal operation except for Japan) |
| Schedule | Date of Establishment: July 7th, 2017 Service Start: April 1st, 2018 |

The Aim of the Joint-Venture / Source of Competitiveness

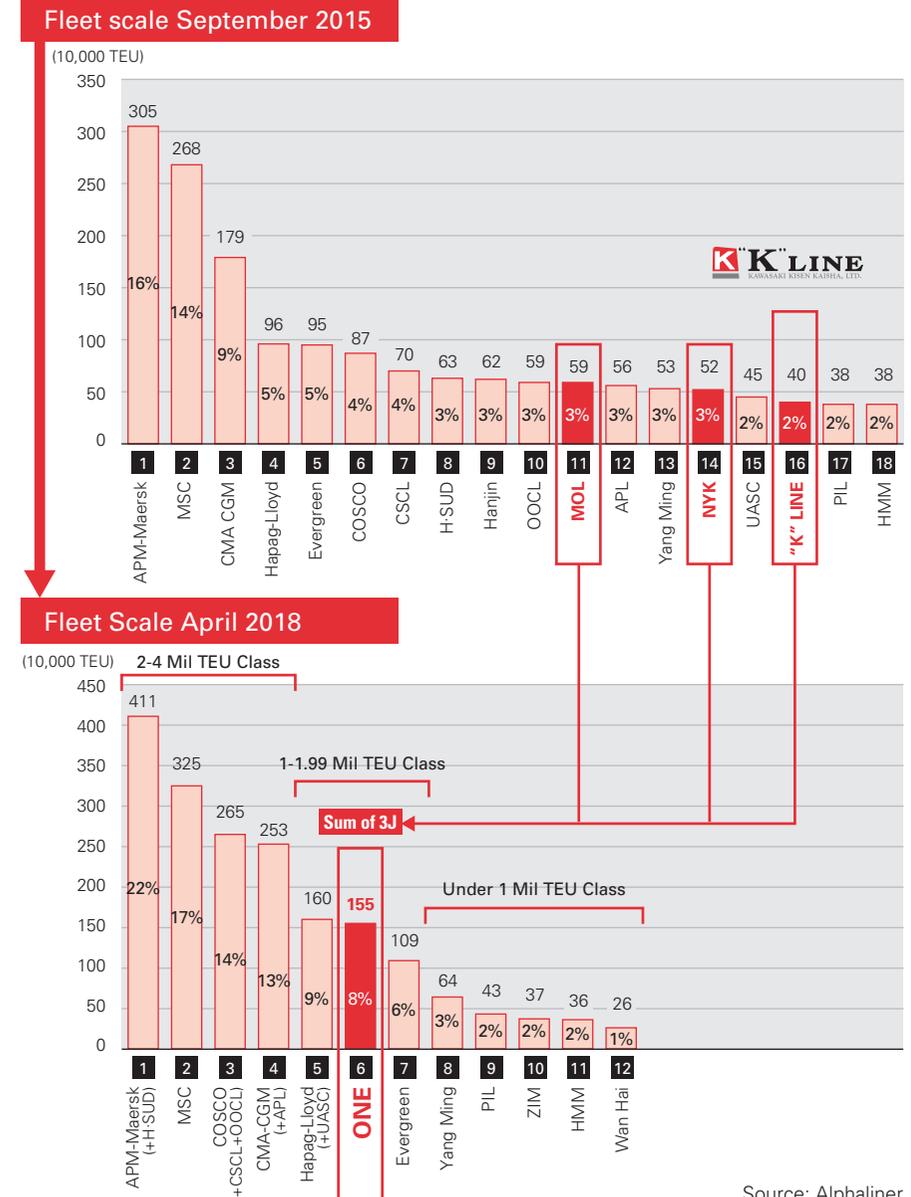


| | | |
|--|---|--|
| <p>Best Practice</p> <p>Creation of more synergy and enhancement of operational efficiency by integration of each company's best practice</p> | <p>Larger Business Size</p> <p>Achievement of economy of scale by bringing three companies' business</p> | <p>Synergy of Approx. 110 B JPY / year</p> <p>Profit stabilization by accomplishment of reduction in cost of approx. 110 B JPY / year</p> |
|--|---|--|

Achievement Ratio against the Initial Target of Synergy Effect



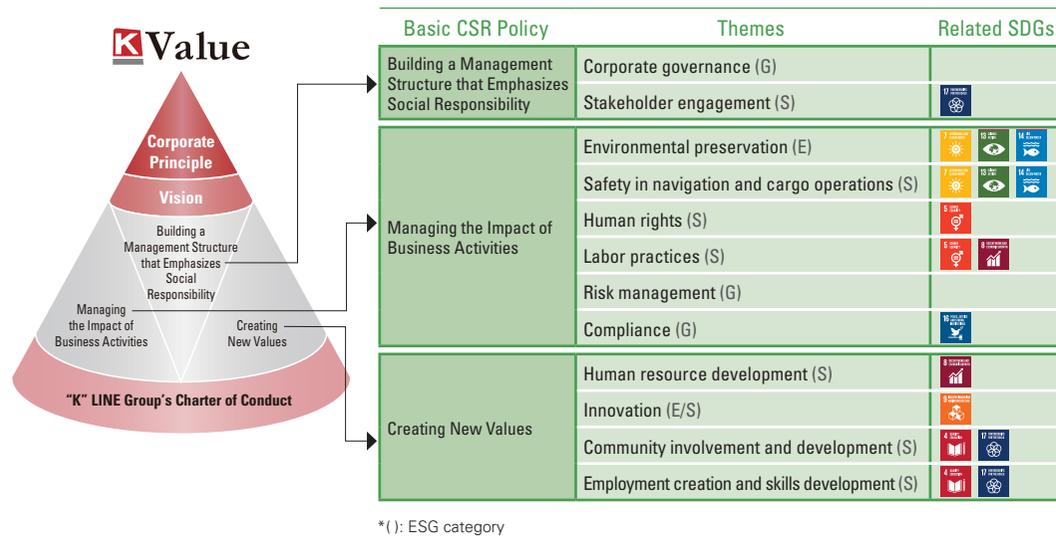
Environment of Container Shipping Business —Evolution of the competitive landscape



Source: Alphaliner

IV. Other Corporate Information | "K" LINE Group's CSR – ESG Initiatives –

"K" LINE Group's CSR



Risks and Opportunities of ESG

| | Risks | Opportunities |
|--|--|--|
| Environmental Preservation | <ul style="list-style-type: none"> Marine pollution caused by serious accidents and oil spills Ecosystem destruction by our operating vessels Global warming and air pollution caused by exhaust gas from ships Climate change and exhaustion of resources <p>Business continuity / cost increase / lowering competitiveness</p> | <ul style="list-style-type: none"> Marine safety improvement Maintain the beautiful blue and fertile oceans Further energy efficient operations Introducing new marine fuels and advanced technologies <p>Engineering innovation / entering new business fields / differentiation</p> |
| Safety in Navigation and Cargo Operations | <ul style="list-style-type: none"> Casualties, destruction, contamination, and losses caused by accidents, resulting in loss of social trust Unsafe condition stemming from deterioration of ship quality, violation of laws, and increasing in accident rates caused by decline in safety culture Decline of technological capabilities and loss of maritime expertise caused by shortage of human resources | <ul style="list-style-type: none"> Provide ongoing safe navigation and high-quality services to improve social trust and seize business opportunities Deploy advanced vessel management capabilities to maintain / improve vessel quality and enhance responses to handling hazardous / special cargo Attract excellent human resources and accumulate / update maritime expertise to maintain/improve technical capabilities |
| Human Resource Development (Maritime Technical Personnel) | <ul style="list-style-type: none"> Increase in seafarers leaving due to deteriorating work environment Loss of opportunities to attract maritime technical personnel Decline in knowledge and skills of maritime technical personnel Impacts on transportation quality | <ul style="list-style-type: none"> Improve workplace environments to retain deep talent pool of maritime technical personnel Secure exceptional and diverse maritime technical personnel Use accumulated knowledge and technologies to create new value Ensure continuation of safety in navigation and cargo operations and high-quality transportation |
| Human Resource Development (Onshore Employees) | <ul style="list-style-type: none"> Outflow of human resources Declines in growth potential and competitiveness caused by insufficient career development Sense of stagnation due to a decline in motivation | <ul style="list-style-type: none"> Secure exceptional human resources Deploy systematic human resource development program to strengthen individual power and increase overall company competitiveness Foster a culture of learning through friendly competition |

Process to Identify Materiality

STEP 1 Specifying Themes Related to "K" LINE Group's Business Activities

Through dialogues with stakeholders, both internal and external, and referring to frameworks such as OECD Guidelines for Multinational Enterprises, ISO26000, GRI Guidelines, etc., the "K" LINE Group has specified environmental and social themes that the Group may affect or contribute to through its business activities.

STEP 2 Selecting Material Issues

Out of those themes specified in STEP 1, the "K" LINE Group has selected 10 themes that should be prioritized in terms of significance of economic, environmental, and social impacts and effects on stakeholders' evaluation and decision-making, added 2 themes that are essential for establishment of management structure to settle those themes, and placed all of them as material issues that should be addressed extensively.

STEP 3 Formulating Annual CSR Action Plans

For the material issues selected in STEP 2, the "K" LINE Group has set medium- and long-term goals, and in order to reach them step by step, it is formulating Annual CSR Action Plans.

STEP 4 Matching with Annual CSR Action Plans

We have matched our Annual CSR Action Plans outlined in Step 3 with the 17 SDGs adopted by the United Nations in 2015, then tied together goals that have similar aims.

STEP 5 Reviewing

We review the progress of Annual CSR Action Plans on a semi-annual basis, and plans are modified and reset as necessary. At the end of every fiscal year, the attainments and the achievements of Annual CSR Action Plans are evaluated, then the Group formulates annual plans for new fiscal year, taking the level of achievements towards medium- and long-term goals as well as changes in society surrounding its business into consideration.

External Recognition

In appraisal of efforts to enhance 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
- Dow Jones Sustainability Asia/Pacific Index
- ETHIBEL EXCELLENCE Investment Register
- MSCI Japan Empowering Women Index (WIN)
- SNAM Sustainability Index

Further, in recognition of its disclosure of climate change information and efforts to reduce greenhouse gas emissions, "K" LINE was selected in the "CDP Climate A List" and the "Supplier Climate A List" for the second consecutive year.

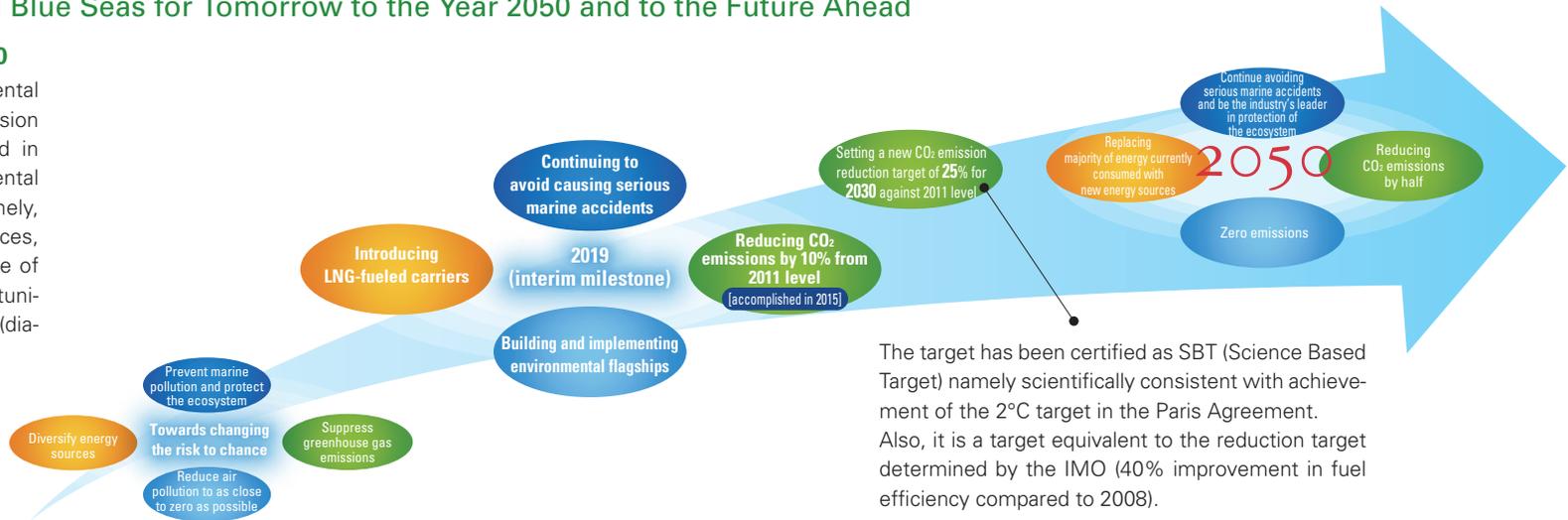


IV. Other Corporate Information | "K" LINE Group's CSR – ESG Initiatives –

Environmental Preservation: Securing Blue Seas for Tomorrow to the Year 2050 and to the Future Ahead

Initiatives based on Environmental Vision 2050

The "K" Line Group is addressing various environmental issues in accordance with "K" Line Environmental Vision 2050, long-term environmental guidelines formulated in 2015. In this vision, we have identified four environmental issues closely related to "K" Line's businesses—namely, marine pollution and the ecosystem, energy resources, global warming, and air pollution—considered a course of action for changing these issues from risks into opportunities and set medium-term targets and goals for 2050 (diagram at right). The Group has set up a framework named the DRIVE GREEN NETWORK and is practicing environmental management.



Environmental regulatory trends

Various international conventions and regulations are adopted, put into effect, and considered at the International Maritime Organization (IMO), and the IMO's environmental regulations governing ocean-going shipping are being tightened year after year. The following is the schedule for the IMO's principal environmental regulations.

| Regulation | | ~2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021~ |
|--|--------|-----------------|------|------------------------------|------|-------|------|-------|-------|
| International Convention for the Control and Management of Ship's Ballast Water and Sediments*1 | | 2004 (adoption) | | 8th Sep. 2017 (effectuation) | | | | | |
| Prevention of Air Pollution from Ships (SOx / PM)*2 | Global | 2005 | 2012 | | | | | Jun. | |
| | ECA | 4.5% | 3.5% | | | | | 0.5% | |
| Prevention of Air Pollution from Ships (NOx)*3 | Global | 2005 | 2010 | Jun. | | | | | |
| | ECA | 1.5% | 1.0% | 0.1% | | | | | |
| Prevention of GHG emissions | Global | 2000~ | 2011 | | | | | | |
| | ECA | Tier1 | | | | Tier2 | | | |
| Hong Kong International Convention for the Safe and Environmentally Sound Recycling of Ships | Global | | | | Jun. | | | | |
| | ECA | | | | | | | Tier3 | |
| The Initial IMO strategy on the reduction of GHG emissions from international shipping was adopted by the seventy-second session of the Marine Environment Protection Committee (MEPC 72) in April 2018. Ambition (compared to 2008): To reduce at least 40% of CO ₂ emissions per transport work by 2030 and pursuing efforts towards 70% by 2050. To reduce at least 50% of the total annual GHG emissions by 2050 and to aims to phase GHG emissions out as soon as possible in this century. | | | | | | | | | |
| This convention, which aims to minimize labor accidents and environmental pollution in ship recycling, was adopted by IMO in 2009. When this Convention enters into force, maintenance and management of a hazardous materials list is obligatory for ships with gross tonnage of 500 tons or more. Also, unless it is a ship recycling facility approved by a competent authority, it will be impossible to dismantle and recycle ships. The requirements (of the convention) are as follows: •Number of Parties / requirement : 15 countries or more •Fleet volume: 40% or more •Dismantling Volume *: 3% or more * Total annual dismantling volume in the most recent 10 years by contracting parties. | | | | | | | | | |

Initiatives

In the "SOx regulation," the sulfur concentration of fuel used in marine ships must be reduced to 0.5% or less in principle by January 2020.

There are three main ways to achieve this: use low-sulfur fuel, install SOx scrubbers (exhaust gas cleaning system), and convert to new fuels, such as liquefied natural gas (LNG). We are consulting with customers as we consider the best measures according to vessel type and transport route.

Since LNG fuel contains almost no sulfur and generates minimal CO₂ and NOx emissions, we set the goal of introducing LNG-fueled carriers as part of "K" LINE Environmental Vision 2050. To establish a fuel supply system, which will be challenge when broadening this initiative, in May 2018 we established two joint venture corporations to run the LNG bunkering business together with another partners. In July 2018 we concluded a shipbuilding contract for LNG bunkering vessel, which will be completed in 2020 to become the first LNG bunkering vessel in Japan.

The targets for reducing greenhouse gas emissions from international shipping were decided at the International Maritime Organization's 72nd Marine Environment Protection Committee meeting in April 2018.

We "K" LINE will continue striving to maximize transportation efficiency. With the aims of exploring and embodying yet-unknown technologies that realize zero emissions from marine ships, we will continue our efforts to support a sustainable society and help enrich the lives of people as an environmentally advanced company.

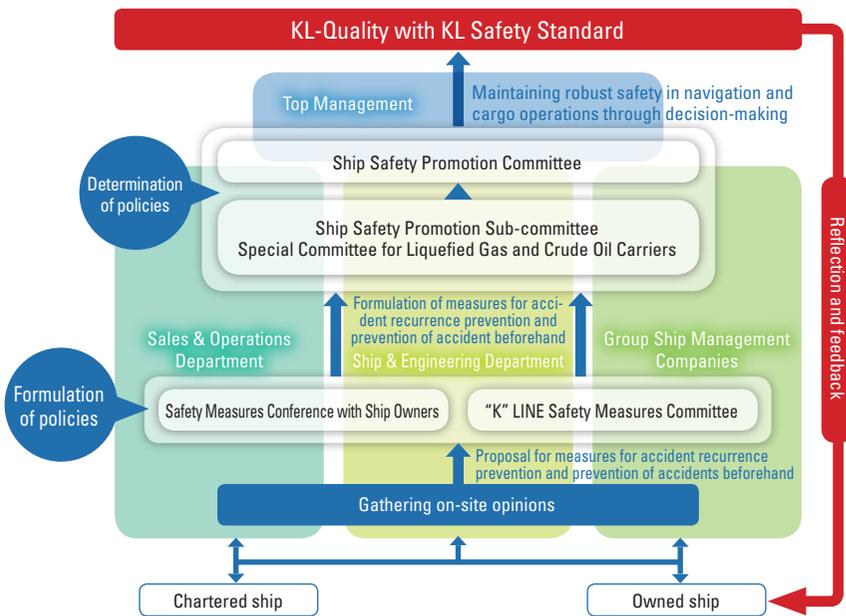
*1 International Convention for the Control and Management of Ships' Ballast Water and Sediments:
 To prevent trans-boundary movements of aquatic organisms affecting the marine environment, ballast water must be properly managed in accordance with the procedures established by the Convention until the ballast water treatment equipment that meets the criteria of the convention is installed. Existing ship must install ballast water treatment equipment no later than 8 September 2024.

*2 Regulation of SOx (sulphur oxide) and PM (particulate matter):
 From January 2020 and on, we will need measures that either use fuel oil with a sulfur content of less than 0.5% in global operations or to clean the exhaust gas discharged outside the ship with an exhaust gas scrubber.

*3 Regulation of NOx (nitrogen oxide):
 This regulation aims to reduce NOx emissions in exhaust gas from ship's diesel engines. It was revised so that regulations would gradually be strengthened from Tier 1 to Tier 3.
 Tier 1 (Ships built in 2000~2010): Set reference line against engine rated speeds.
 Tier 2 (Ships built from 2011 and on): Reduce 15.5 - 21.8% compared with Tier 1
 Tier 3 (Ships built from 2016 and on): Reduce 80.0% compared with Tier 1 (only ECA*)

IV. Other Corporate Information | "K" LINE Group's CSR – ESG Initiatives –

Safety in Navigation and Cargo Operations: Maintaining World-leading Safety in Navigation and Cargo Operations



1 Enhancing Safety Management System

1. Pre-embarkation Briefing

Based on our basic policies regarding safety in navigation and safety management manuals and related written procedures adopted by each management company, we provide the latest specific information and instruction.

2. "KL-QUALITY"

Based on the Company's proprietary "KL-QUALITY" guidelines, our ship supervisors regularly visit all of our operating vessels to conduct inspections.

3. Safety Report System

Reports on near-miss incidents on ships are carefully analyzed by experienced shore-based maritime technical personnel and fed back to the similar-type vessels.

4. Accident Information Management System (AIMS)

We continue to explore the hidden causes of accidents deeply by analyzing their details and trends using our proprietary system.

5. "K" Line-Drive to No Accident (K-DNA): Safety Equipment Installation Guidelines

Based on lessons learned from past accidents, accumulating know-how cultivated in the field, while drawing on our own guidelines, which exceed rules and requirements.

6. Safety Campaign

Staffs and crew members on board work together in the field to improve group-wide safety consciousness by exchanging opinions and checking onsite situations.

7. Trouble News

Under the belief that "we will never allow the same accident to happen again, nor will we forget about it," we thoroughly investigate the causes of past accidents and establish measures to prevent their recurrence. These measures are notified and shared across all of our operating vessels.

8. Emergency Response Drill

To enable swift and accurate responses to accidents, we envisage "worst-case scenarios," and conduct periodic Emergency Response Drill, including communication with overseas entities and confirmation of media correspondences.

2 Strengthening Ship Management System

Through our three in-house ship management companies, we make full use of our expertise to provide higher-quality, safer, and more reliable services.

| Ship management company | Vessel type |
|--|---|
| "K" Line Energy Ship Management Co., Ltd. | Tankers, LPG carriers and LNG carriers |
| | (*Manage container-ships and chemical tankers at the subsidiary in Singapore) |
| "K" Line LNG Shipping (UK) Limited | LNG Carriers |
| "K" Line RoRo Bulk Ship Management Co., Ltd. | Car Carriers and Dry Bulk Carriers |

3 Securing and Training Maritime Technical Personnel

Human Resource Development Maritime Technical Personnel

Through the "K" Line Maritime Academy (KLMA), that is our central body for attracting and fostering marine personnel, we help establish career paths within the Group for our employees with the aim of fostering world's best maritime technical personnel.

Initiatives

1. Securing Maritime Technical Personnel

Seeking to secure diverse human resources, we dispatch our maritime technical personnel to conduct lectures at various maritime universities and schools. We also accept internships from various schools to encourage a broader interest in the work of maritime technical personnel, and we engage in training individuals from non-maritime universities to foster them as maritime technical personnel at the Company.

2. Enhancing Interviews Conducted by HR Personnel

Maritime technical personnel experience closed living conditions when working offshore. As soon as our maritime technical personnel disembark after an offshore stint, they participate in telephone interviews with HR personnel. Where

necessary, we also conduct face-to-face interviews. Through these efforts, we endeavor to not only relieve anxiety among our maritime technical personnel but also better understanding of conditions on the front lines.

3. Obtaining the Latest Knowledge and Skills to Support Safety in Navigation and Cargo Operations

Under the "K" LINE Maritime Academy, we conduct various training to foster maritime technical personnel ("K" Line Seafarers) with essential knowledge and skills to implement the "K" LINE Group's basic commitment to "the safety in navigation and the protection of human lives, cargoes, and the natural environment at sea." In these ways, our Group companies are united in their quest to develop excellent maritime technical personnel.

4. Enhance and Expand Training Facilities for Maritime Technical Personnel

In Manila, Philippines, we are currently enhancing and expanding our training facility for maritime technical personnel so that it can accept a total of 10,000 trainees per year. In March 2018, we opened a new building that combines a seafarer's clinic equipped with the latest medical equipment and a dormitory that can accommodate 225 trainees.

Human Resource Development Onshore Employees

Initiatives

1. Initiatives for Human Resource Development

We work to foster human resources who will be responsible for the future management with specialist knowledge and broad perspectives who will excel on the world stage. In addition to conventional "stratified training," we are stepping up "practical training" to help employees acquire advanced knowledge of logistics business, centered on maritime transportation.

2. "Health Management" Initiatives

In addition to distributing our "Health Declaration" both inside and outside the Company, we formed the Health Enhancement Committee consisting of the Company, labor unions, occupational health physicians, and health insurance associations. The Committee spearheads efforts to help maintain and improve the health of each individual employee. "K" LINE was selected as a 2018 "White 500" organization under the Certified Health & Productivity Management Outstanding Organizations Recognition Program conducted by the Ministry of Economy, Trade and Industry.



IV. Other Corporate Information | "K" LINE Group's CSR – ESG Initiatives –

Corporate Governance

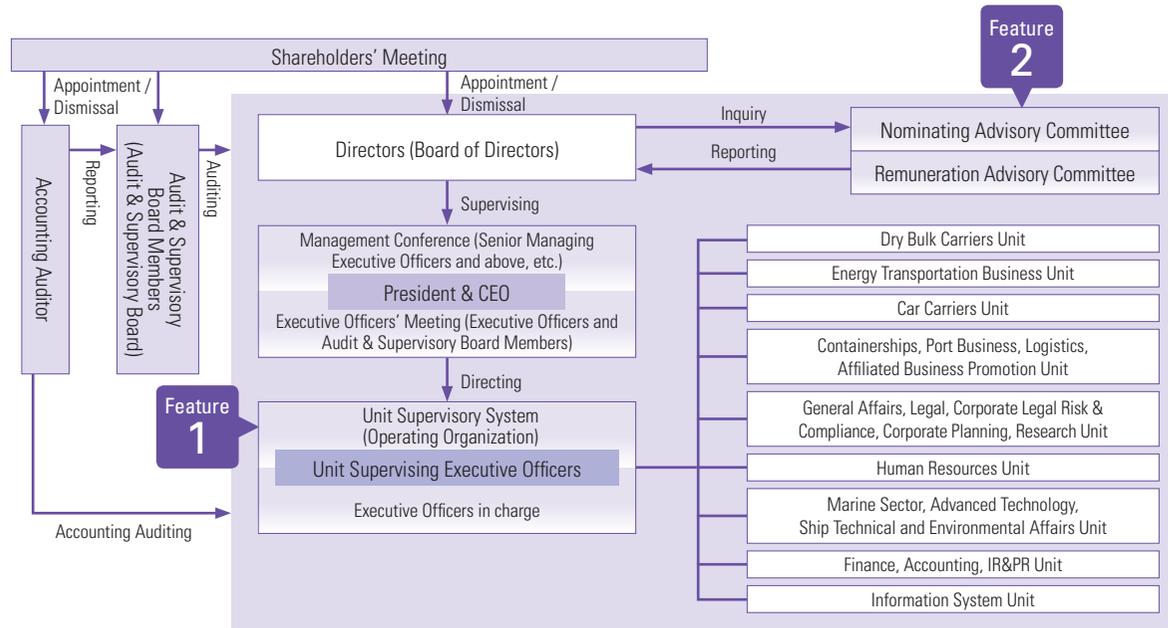
Corporate Governance Reforms

During discussions aimed at sustainably improving corporate value, we have been examining and enhancing our corporate governance structure on a voluntary basis from an early stage.



Corporate Governance Structure

Our corporate governance structure is established, managed and monitored by the Board of Directors and the Audit and Supervisory Board and is also reviewed and revised by a number of committees and other organs.



(As of July 1, 2018)

Feature 1 Unit Supervisory System

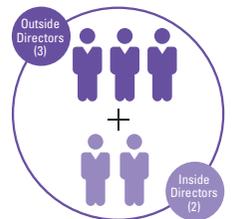
It is required under the "Corporate Governance Code" that the Board of Directors, as their primary role and responsibility, "create an environment to support appropriate risk taking by senior management." As one part of establishing a corporate governance structure in line with this requirement, "K" LINE implemented the Unit Supervisory System in order to further streamline and enhance business execution structure.



Feature 2 Nominating Advisory Committee, Remuneration Advisory Committee

In our institutional design as a corporation with an Audit & Supervisory Board, "K" LINE has voluntarily established a "Nominating Advisory Committee" and a "Remuneration Advisory Committee" in order to enhance the functions of the Board of Directors.

Each of these advisory Committees is comprised of all Outside Directors, the Chairman and President & CEO, and the Chair is appointed by mutual vote of the Outside Directors residing on the Committees.



IV. Other Corporate Information | “K” LINE Group’s CSR – ESG Initiatives –

Corporate Governance

Officer Remuneration

Policy and Procedures for the Determination of Officers Remuneration

Remuneration for Executive Directors shall reflect “K” LINE’s medium- to long-term business performance and the latent risks borne by said Executive Directors and to further enhance their willingness to bring about sustainable growth and maximize corporate value. Remuneration for Outside Directors shall reflect the amount of time devoted to business of “K” LINE and the responsibility borne by them. In line with this policy, the Remuneration Advisory Committee is responsible for the deliberation and determination of the design of our remuneration system and standards etc. and reporting back to the Board of Directors. The Board of Directors is responsible for determining levels of remuneration based on this report.

Remuneration System

In addition to monthly remuneration, remuneration paid to Directors is comprised of a Performance-based Share Remuneration Plan (BBT=Board Benefit Trust) approved by the Ordinary General Meeting of Shareholders held in June 2016. The purpose of the BBT is to raise the motivation of Directors to make contributions to enhance the Group’s medium- to long-term performance and corporate value.

Remuneration Paid to Officers in FY2017

| Classification | Number of people | Amount paid |
|---|------------------|----------------------------------|
| Directors (Outside) | 10 (4) | 296 million yen (32 million yen) |
| Audit & Supervisory Board Members (Outside) | 4 (2) | 56 million yen (14 million yen) |
| Total | 14 (6) | 352 million yen (46 million yen) |

Internal Control System

The Board of Directors is responsible for establishing the internal control system, evaluating its effectiveness and ensuring that it functions properly. In addition, through monitoring and verifying the status of the internal control system, the Internal Audit Group plays a role in supporting the Board of Directors in carrying out its responsibilities for the development, maintenance and enhancement of the internal control system. The Audit & Supervisory Board Members oversee the processes by which the Directors establish the internal control system and confirm that it is functioning effectively.

Risk Management

Major Risks Which Affect Our Business

The Group’s main business field, marine transport, is influenced by numerous international factors such as economic trends in various countries, product market conditions, supply and demand balance for ships, as well as intra-industry competition. Changes in any of these factors may give a negative impact on the “K” LINE Group’s marketing activities and business results. In particular, a change in tax systems or economic policies, or an invocation of protective trade policies in Japan or major trading regions and / or countries such as North America, Europe, China, etc., may result in a decrease in overall volume of international cargo

transport or worsen conditions for freight markets. This may give a serious impact on the Group’s financial situation and operating results.

Training for Officers

The Company offers opportunities for newly appointed Officers (including Executive Officers) to attend seminars on legal responsibilities pertaining to the Companies Act and the Financial Instruments and Exchange Act within three months after taking office. Each year, all of our Officers undertake training related to compliance in such areas as competition law, insider trading regulation, and anti-bribery regulations. At the time of their appointments, moreover, Outside Directors and Outside Audit & Supervisory Board Members receive 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, to enhance their understanding.

Taking Advantage of External Perspectives to Enhance Corporate Value

“K” LINE is actively seeking to appoint Outside Officers, taking advantage of an external perspective in order to enhance corporate value over the medium- to long-term.

“K” LINE has established a set of criteria to determine the level of independence of Outside Directors and only Directors who do not fall under any of the set conditions are considered to be independent.

In order to support the smooth execution of duties of Outside Directors, they are provided with the necessary briefings and information prior to meetings of the Board of Directors and receive reports on important business operations.

Further, “K” LINE has appointed personnel to assist our Audit & Supervisory Board Members and has established regulations concerning these appointments in order to maintain the framework required to assist Audit & Supervisory Board Members in their role within the Company. These assistant personnel do not hold any other concurrent duties and are examined by the Audit & Supervisory Board Members in order to maintain a level of independence from Directors.

Other major factors that may have a negative impact on our business include, but are not limited to, fluctuation of exchange rates, interest rates and fuel oil prices, public regulations of environmental issues, and occurrence of serious marine incidents, conflicts or natural disasters. For more information, please access “K” LINE’s website.

IV. Other Corporate Information | "K" LINE Group's CSR – ESG Initiatives –

Risk Management

Risk Management Promotion System

The "K" Line Group has classified crises and risks into four categories and set up a committee to deal with each category. We have also established the Crisis Management Committee as an organization that governs the four committees and controls and promotes crisis and risk management activities overall. The president chairs all of these committees, regularly convenes meetings even in normal times, and works to strengthen risk management.



Compliance

Strengthening Our Group Compliance System

Stricter legislation is being enacted to promote fair competition in the international markets where "K" LINE Group conducts business. To respond to the tightening of regulations and increasingly severe penalties in various countries, and in light of given the need to strengthen our Group compliance system on a global level, in January 2017 we established the "K" LINE Group Global Compliance Policy (hereinafter, the Global Policy). The Global Policy consists of the main policy and individual policies. The main policy sets forth common items applicable to general compliance, and the individual policies set forth items applicable to specific fields, such as competition laws and anti-bribery laws.

Our Efforts to Ensure Compliance with Anti-Monopoly Act

[Main efforts in recent years]

- Established "Regulations for Compliance with the Anti-Monopoly Act" (April 2014)
- Set up Fair Competition Promotion Committee (April 2014)
- Set up course on Anti-Monopoly Act as part of stratified personnel training (April 2014)
- Issued and distributed Guidebook for the Anti-Monopoly Act Compliance (Vol. 1) - Cartel Q&A - (May 2014)
- Established Individual Policy of Competition Laws (January 2017)

Our Efforts to Prevent Bribery and Corruption

[Main efforts in recent years]

- Established "Regulations for Prevention of Bribery" (November 2013)
- Established "Regulations for Gifts" (January 2014)

- Joined MACN (June 2014)
- Established General Policy against Bribery and Corruption (August 2014)
- Established Individual Policy of Anti-Corruption Law (January 2017)
- Issued and distributed Guidebook for Prevention of Bribery Vol. 1 (May 2017)

Compliance Promotion System

We discuss our policy for securing compliance throughout "K" LINE and its Group companies, as well as measures for compliance violations, through our Compliance Committee, chaired by the President & CEO. Under the Chief Compliance Officer (CCO), who has the ultimate responsibility for compliance, we are strengthening compliance throughout our organization.

Our Efforts to Raise Compliance Awareness

We set every November as "Compliance Month" when we distribute the President & CEO's message to executives and employees of "K" LINE and its Group companies to remind them of the importance of compliance. We also hold compliance e-learning training and compliance seminars featuring lecturers invited from outside the company. As part of our stratified personnel training system, we conduct compliance training and hold seminars on individual themes (such as rules for insider trading and harassment prevention) as appropriate. In addition, we distribute the important compliance-related matters in a "Compliance Newsletter" that require particular attention, as necessary.

IV. Other Corporate Information | Outline of the Company / Stock Information

Outline of the Company (as of March 31, 2018)

| | |
|--|--|
| Name | Kawasaki Kisen Kaisha, Ltd. ("K" LINE) |
| Established | April 5, 1919 |
| Paid-in capital | ¥75,457.64 million |
| President | Eizo Murakami |
| Employees | Non-consolidated 724 (On-land Duty 531 / At-sea Duty 193) Consolidated 7,153 |
| Business lines | Marine transportation, Land transportation, Air transportation, Through transportation involving marine, land and air transportation, Harbor transportation, etc. |
| Offices | |
| Head office | Iino Building, 1-1, Uchisaiwaicho 2-chome, Chiyoda-ku, Tokyo 100-8540, Japan Phone: (+81) 3-3595-5000 Fax: (+81) 3-3595-5001 |
| Registered head office | Shinko Building, 8 Kaigandori, Chuo-ku, Kobe 650-0024, Japan Phone: (+81) 78-332-8020 Fax: (+81) 78-393-2676 |
| Branches | 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 |
| Overseas representative offices | Manila, Yangon, Dubai |
| Overseas agents | Korea, China, Taiwan, Thailand, the Philippines, Singapore, Malaysia, Indonesia, Vietnam, India, Australia, United Arab Emirates, U.K., Germany, France, the Netherlands, Belgium, Italy, Finland, Denmark, Norway, Sweden, Spain, Portugal, Turkey, Canada, U.S.A., Mexico, Chile, Peru, Brazil, South Africa, etc. |
| Affiliated companies (to be consolidated) | 28 (domestic), 304 (overseas) |

Stock Information (as of March 31, 2018)

| | |
|---|---|
| Authorized | 200,000,000 shares of common stock |
| Issued | 93,938,229 shares of common stock |
| | *The Company consolidated its common stock at a ratio of ten shares to one share, effective October 1, 2017. |
| Number of shareholders | 27,990 |
| Shareholder registry administrator | Sumitomo Mitsui Trust Bank, Limited 4-1, Marunouchi 1-chome, Chiyoda-ku, Tokyo |
| Listing of shares | Tokyo, Nagoya and Fukuoka |

Principal Shareholders

| Shareholders | Number of shares held (thousands) | Percentage of shares held (%) |
|--|-----------------------------------|-------------------------------|
| SMP PARTNERS (CAYMAN) LIMITED | 15,297 | 16.31 |
| ECM MF | 10,619 | 11.32 |
| MLI FOR CLIENT GENERAL OMNI NON COLLATERAL NON TREATY-PB | 5,151 | 5.49 |
| The Master Trust Bank of Japan, Ltd. (trust account) | 3,416 | 3.64 |
| 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. | 2,830 | 3.01 |
| JFE Steel Corporation | 2,817 | 3.00 |
| CGML-LONDON EQUITY | 2,807 | 2.99 |
| Japan Trustee Services Bank, Ltd. (trust account) | 2,682 | 2.86 |
| GOLDMAN SACHS INTERNATIONAL | 1,954 | 2.08 |

*Percentage of shares held is calculated excluding treasury stock (194,126 shares).

"K" LINE's Rating

(as of March 31, 2018)

| | |
|----------------|--------------|
| R&I | JCR |
| BBB-(Negative) | BBB (Stable) |



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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.