

October 31, 2017

Differences from Previously Announced Forecast of Financial Results and Revised Forecast of Financial Results

Kawasaki Kisen Kaisha, Ltd. (“K” Line) announces that differences arose between the consolidated financial results for the first half (April 1, 2017 – September 30, 2017) and the previous forecast that we announced on July 31, 2017, and that, based on recent performance, the forecast of consolidated financial results for the full year (April 1, 2017 – March 31, 2018) has been revised as set forth below.

1. Differences from Forecast of Consolidated Financial Results for the First Half
 (1) Differences in Financial Results (April 1, 2017 – September 30, 2017)

	First Half				
	Operating revenues (million yen)	Operating income (loss) (million yen)	Ordinary income (loss) (million yen)	Profit (loss) attributable to owners of the parent (million yen)	Profit (loss) attributable to owners of the parent per share (yen)
Forecast announced previously on July 31, 2017 (A)	570,000	10,000	10,000	15,000	160.05
Results (B)	578,928	6,247	11,146	13,175	140.78
Change (B – A)	8,928	(3,753)	1,146	(1,825)	(19.27)
Change (%)	1.6%	(37.5%)	11.5%	(12.2%)	(12.0%)
Reference: Consolidated results for prior fiscal year (fiscal year ended September 30, 2016)	491,152	(26,423)	(36,125)	(50,457)	(538.37)

Note: The Company implemented a ten-for-one stock consolidation as of October 1, 2017. Profit attributable to owners of the parent per share was calculated on the assumption that the stock consolidation was implemented at the beginning of the previous fiscal year.

(2) The reasons for the differences

Although freight rates for containerships have bottomed out mainly in the Asia-North America and Asia-Europe services, the pace of recovery is slower than expected. In addition, the business environment has changed because of the mergers and business integration between shipping companies, the realignment of alliances, and on-schedule delivery of new large vessels. As a result, the market conditions have become harsher than previously forecasted. In addition to the structural reforms carried out in the previous two fiscal years in order to enhance competitiveness, the Group implemented measures to improve its profitability, including continued cost reduction and improvement of vessel allocation efficiency. However, the financial results in the first six months of the current fiscal year deteriorated compared with the previous forecast.

2. Consolidated Financial Forecast for the Full Year (April 1, 2017 - March 31, 2018)
(1) Differences in Forecast of Financial Results (April 1, 2017 - March 31, 2018)

	Full Year				
	Operating revenues (million yen)	Operating income (loss) (million yen)	Ordinary income (loss) (million yen)	Profit (loss) attributable to owners of the parent (million yen)	Profit (loss) attributable to owners of the parent per share (yen)
Forecast announced previously on July 31, 2017 (A)	1,122,000	23,000	21,000	21,000	224.07
Revised forecast (B)	1,140,000	13,000	13,000	8,500	90.96
Change (B – A)	18,000	(10,000)	(8,000)	(12,500)	(133.11)
Change (%)	1.6%	(43.5%)	(38.1%)	(59.5%)	(59.4%)
Reference: Consolidated results for prior fiscal year (fiscal year ended March 31, 2017)	1,030,191	(46,037)	(52,388)	(139,478)	(1,488.23)

Note: The Company implemented a ten-for-one stock consolidation as of October 1, 2017. Profit attributable to owners of the parent per share was calculated on the assumption that the stock consolidation was implemented at the beginning of the previous fiscal year.

(2) The reasons for the differences

In the third quarter and beyond, the global economy is expected to remain on the path of moderate growth on the whole. However, a careful watch should be kept on the economic conditions, as a further rise in geopolitical tensions or the rollback of monetary easing in various countries could cause the economy to slow down. As for the business environment, the market is expected to continue to recover in the dry bulk business, but freights rates for containerships and tankers are likely to remain top-heavy. Therefore, the forecasts of the financial results for the full year have been revised as above. The Company will implement the medium-term management plan and strive to improve its profitability through further rationalization.

“K”Line’s website URL <http://www.kline.co.jp>

Note: The forecasts of financial results set forth in this document were calculated based on available information at the time of announcement. Actual results may differ from the forecast depending on various factors such as future developments in the business environment.

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