

Financial Highlights

Brief Report for 3rd Quarter FY2010

31 January 2011

Kawasaki Kisen Kaisha, Ltd

Agenda

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A. Financial Highlights for 3rd Quarter FY2010

A-1-1. Financial Results

(unit : billion yen)

	FY2010			FY2009	
	1H	3Q	Accumulated	Accumulated	Y on Y Comparison
Operating Revenues	520.4	241.5	761.9	613.0	148.9
Operating Income	50.0	12.3	62.3	▲ 52.9	115.2
Ordinary Income	42.8	9.7	52.6	▲ 64.5	117.1
Net Income	26.3	6.9	33.2	▲ 62.0	95.2
Exchange Rate	¥89.70	¥82.99	¥87.46	¥93.91	▲ \$6.45
Bunker Price	\$468	\$475	\$471	\$386	\$85

Increase 6.45 Yen / US\$ in Exchange Rate resulted in approx. ▲ 4.5 billion yen (YoY)

Increase of Bunker Price \$85 per met. Ton resulted in approx. ▲ 12.0 billion yen (YoY)

A-1-2. Financial Results

(Business-wise Operating Revenues/Ordinary Income)



(unit : billion yen)

		FY2010			FY2009	
		1H	3Q	Accumulated	Accumulated	Y on Y Comparison
Containership Business	Operating Revenues	240.7	105.0	345.7	269.0	76.8
	Ordinary Income	25.6	5.7	31.3	▲ 62.6	93.9
Bulk Shipping Business	Operating Revenues	233.8	112.0	345.7	Other Marine Business ▲ 4.8 Others 58.7 2.9	/
	Ordinary Income	17.0	3.0	20.0		
Other	Operating Revenues	45.9	24.5	70.4		
	Ordinary Income	2.2	1.9	4.1		
Adjustment	Operating Revenues	–	–	–		
	Ordinary Income	▲ 1.9	▲ 0.9	▲ 2.8		
Total	Operating Revenues	520.4	241.5	761.9	613.0	148.9
	Ordinary Income	42.8	9.7	52.6	▲ 64.5	117.1

(*)FY2009 Accumulated result is on basis old segment basis, although some divisions are different, the impact to Y on Y comparison is very small.

A-2. Key Points of 3Q Accumulated Results

<YoY Comparison>

Operating Revenues Increase +148.9 billion yen / Ordinary Income Increase +117.1 billion yen

Variation Factors	3Q Accumulated Comparison with FY 2009	Key Points
Fluctuation in Exchange Rate	-4.5	Average exchange rate ¥6.45/\$ higher than last year
Bunker Oil Price	-12.0	Average bunker price \$85/MT higher than last year
Market Volatility	94.2	Freight restoration of Containership Business
Cargo Volume	24.7	Cargo volume of Containerships and Car Carriers improved
Cost Increase/Decrease	3.2	
Related Companies	6.7	
Others	4.8	
Total	117.1	

B. Estimate for FY 2010

B-1. Estimate for FY2010

(unit: Billion yen)

	2010			2009	YoY Comparison	Previous Estimate of 2010*		
	Accumulated	4Q	FY Estimate	FY		1H	2H	FY
Operating Revenues	761.9	228.2	990.0	838.0	152.0	520.4	464.6	985.0
Operating Income	62.3	2.7	65.0	▲ 52.1	117.1	50.0	19.0	69.0
Ordinary Income	52.6	0.4	53.0	▲ 66.3	119.3	42.8	12.2	55.0
Net Income	33.2	▲ 0.2	33.0	▲ 68.7	101.7	26.3	5.7	32.0
Exchange Rate	¥87.46	¥80.50	¥85.72	¥93.04	▲¥7.32	¥89.70	¥80.00	¥84.85
Bunker Price	\$471	\$515	\$482	\$407	\$75	\$468	\$470	\$469

*Previous Estimate of FY2010 is Estimate as of Oct.2010

(unit: billion yen)

		2010		
		Accumulated	4Q	FY
Containership Business	Operating Revenues	345.7	99.3	445.0
	Ordinary Income	31.3	0.2	31.5
Bulk Shipping Business	Operating Revenues	345.7	106.3	452.0
	Ordinary Income	20.0	0.5	20.5
Other	Operating Revenues	70.4	22.6	93.0
	Ordinary Income	4.1	0.4	4.5
Adjustment	Operating Revenues	-	-	-
	Ordinary Income	▲ 2.8	▲ 0.7	▲ 3.5
Total	Operating Revenues	761.9	228.1	990.0
	Ordinary Income	52.6	0.4	53.0

【Dividend Plan】

Annual Dividend 10.0 yen
(Interim Dividend Paid 4.0yen)

【Premises of 4Q】

Exchange Rate ¥80.50/\$
Bunker Price \$515/MT

【Sensitivity against Ordinary Income of 4Q】

Exchange Rate : ± ¥1/\$ ⇒ ±0.4 billion yen
Bunker Price : ± \$10/MT ⇒ ±0.3 billion yen

B-2. Key Points for FY2010 Estimate

<Comparison with Previous Estimate*>

Operating Revenues As expected / Ordinary Income Decrease ▲2.0 billion yen

Variation Factors	FY Estimate Comparison with Prev.Estimate*	Key Points
Fluctuation in Exchange Rate	0.9	Average exchange rate ¥0.5/\$ lower than Prev.Estimate
Bunker Oil Price	-2.0	Average bunker price \$12.6/MT higher than Prev.Estimate
Market Volatility	-3.3	Dry Bulk Market decline. Expect a little drop of Containership freight
Cargo Volume	-3.9	Expect a little decline of volume of Containership and Car Carriers
Cost Increase/Decrease	1.8	—
Related Companies	1.2	—
Others	3.4	—
Total	-2.0	

*Previous Estimate is estimate as of Oct 2010.

<YoY Comparison>

Operating Revenues Increase +152.0 billion yen / Ordinary Income Increase +119.3 billion yen

Variation Factors	FY Estimate Comparison with FY2009	Key Points
Fluctuation in Exchange Rate	-6.3	Average exchange rate ¥7.32/\$ higher than last year
Bunker Oil Price	-13.5	Average bunker price \$75/MT higher than last year
Market Volatility	96.0	Freight restoration of Containership Business
Cargo Volume	27.2	Volume of containership and car carrier recovered. Business expansion of Dry Bulk.
Cost Increase/Decrease	4.5	—
Related Companies	7.4	—
Others	4.0	—
Total	119.3	

B-3-1. Division-wise Trends

- Containership Business -



< 10F3Q Accumulated Result > Y on Y Comparison: Revenue Increase/Turning into Black

	Operating Revenues (bil.yen)	Ordinary Income (bil.yen)
3Q Accumulated of FY2010	345.7	31.3
3Q Accumulated of FY2009	269.0	▲62.7

•Almost as expected

< 10FY Estimate > Y on Y Comparison: Revenue Increase/Turning into Black Comparison with Previous Estimate*: Almost as expected

	Operating Revenues (bil.yen)	Ordinary Income (bil.yen)
Current Estimate	445.0	31.5
Previous Estimate*	445.0	32.0

< Key Points of 4Q >

•Supply and demand trends in Winter Slack Season •Bunker Price trends

		2008	2009					2010		
		FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q
Operating Revenues (billion yen)		530.1	86.2	92.1	90.6	95.0	364.0	112.3	128.4	105.0
Ordinary Income (billion yen)		▲ 37.3	▲ 20.0	▲ 27.1	▲ 15.5	▲ 4.4	▲ 67.0	8.9	16.7	5.7
Trend of Freight Index FY'08 1Q=100	Asia-North America	-	71	66	70	79	-	92	107	99
	Asia-Europe	-	46	61	76	97	-	105	107	94
Lifting (10,000 TEU)	Asia-North America	69.7	15.9	18.0	16.8	16.0	66.8	16.9	17.6	16.4
	Asia-Europe	54.7	11.1	12.1	10.3	9.9	43.4	12.6	13.1	11.8
Utilization(%)	Asia-North America	95%	89%	98%	97%	97%	95%	99%	98%	92%
	Asia-Europe	94%	90%	97%	96%	94%	94%	96%	97%	95%

*Previous Estimate= Estimate as of Oct 2010

B-3-2. Division-wise Trends

- Dry Bulk Business -

<3Q Accumulated Result> Y on Y Comparison: Revenue Increase/Profit Increase

Operating Tonnage 185 million tons (+19%, YoY)

Market of Capesize : After strong market in early 3Q, decline because of downturn of supply-demand balance toward the end of last year

Market of under Panamax : Decline from middle of December which was triggered by decrease of export volume of Iron Ore from India

<10FY Estimate> Y on Y Comparison: Revenue Increase/Profit Increase

Comparison with Previous Estimate*: Revenue Increase/Profit Almost as Expected

Operating Tonnage Estimate 250 million tons (+17%,YoY)

<Key Points of 4Q>

Market of Capesize : Gradual recovery by firm cargo demand although strong supply pressure of new buildings

Market of under Panamax : Gradual recovery by firm demand and increase of ton-mile

Dry Bulk Market	2008	2009					2010				
	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q EST	FY
Cape(170type)	\$73,000	\$46,000	\$40,500	\$53,000	\$30,600	\$42,500	\$40,000	\$26,300	\$34,400	\$12,000	\$28,200
Panamax(74type)	\$28,650	\$16,000	\$18,500	\$27,000	\$27,250	\$22,200	\$29,200	\$21,700	\$18,200	\$13,000	\$20,500
Handy(53type)	\$25,800	\$12,500	\$15,000	\$20,500	\$21,500	\$17,500	\$27,100	\$19,800	\$17,300	\$13,000	\$19,300

*Dry Bulk Market is based on Pacific round until 2009, based on 4TC Average from 2010

B-3-3. Division-wise Trends

- Car Carrier Business -



< 3Q Accumulated Result > Y on Y Comparison: Revenue Increase/Turning into Black

- Total units carried (inc.intra-Europe) : 2,240 thousand units (+53%, YoY)
- Firm cargo volume mainly from Far East to Latin America/Africa and from North America/Europe to China

< 10FY Estimate > Y on Y Comparison: Revenue Increase/Turning into Black

Comparison with Previous Estimate*: Revenue Decrease/Profit Decrease

- Cargo volume continuously recovering gradually
- Concerns are negative impact to export of Japanese cars by strong yen and bunker price hike

		2008	2009				2010				
		FY	1H	3Q	4Q	2H	FY	1Q	2Q	1H	3Q
Loading Results (1,000 units)	Outbound	1,397	325	251	226	477	802	240	254	494	272
	Homebound/Others	1,083	303	258	247	505	809	311	291	602	314
	Intra-Europe	590	211	117	188	305	517	203	169	372	190
	Total	3,069	840	626	661	1,287	2,127	754	714	1,468	776
Number of Operating Vessels		93	-	82	78	-	-	83	84	-	87

*Previous Estimate= Estimate as of Oct 2010

B-3-4. Division-wise Trends

-Energy Transportation and Heavy Lifters-

【 Energy Transportation 】

<3Q Accumulated Result > Y on Y Comparison: Revenue Increase/Deficit Reduced

【LNG】 Market recovered by increased demand in winter season. Our fleet for spot exposure was in steady operation under time charter contract.

【Tankers】 VLCC market rose in November but dropped afterward. Market for Aframax was under our premises.

<10FY Estimate > Y on Y Comparison: Revenue Increase/Deficit Reduced

Comparison with Previous Estimate*: Revenue Decrease/Deficit Almost as Expected

【LNG】 Market upwards trends continuously

【Tankers】 Steady demand but strong supply pressure, Market may need more time for real recovery

Tanker Market (WS)	2009					2010			
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q** Est
VLCC (M.East/Jpn)	35	35	50	93	53	87	51	58	54
Aframax*	60	60	80	127	82	116	101	101	85
Clean 70,000 type (M.East/Jpn)	63	83	110	130	97	118	130	112	100

(*) S.Asia/Jpn until FY2009 , S.Asia/Aus in FY2010

(**) WS of 2010 4Q is on basis new index of 2011

【 Heavy Lifters 】 < 3Q Accumulated Result / 10FY Estimate >

Y on Y Comparison : Revenue Decrease/Profit Decrease

Comparison with Previous Estimate*: Revenue Increase/Deficit Reduced

Recovery cargo trend after downturn since financial crisis

*Previous Estimate= Estimate as of Oct 2010

Thank you.