

Financial Highlights

Brief Report for 2nd Quarter FY2010

29 October 2010

Kawasaki Kisen Kaisha, Ltd

Agenda

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A. Financial Highlights for 2nd Quarter FY2010

A-1-1. Financial Results



(unit : billion yen)

	FY2010					FY2009	
	1Q	2Q	1H Result	Prev. Estimate*	Comparison with Estimate	1H Result	Y on Y Comparison
Operating Revenues	253.8	266.6	520.4	505.0	15.4	400.5	119.9
Operating Income	23.1	26.9	50.0	42.0	8.0	▲ 42.5	92.5
Ordinary Income	20.6	22.3	42.8	36.0	6.8	▲ 49.9	92.7
Net Income	15.8	10.5	26.3	25.0	1.3	▲ 43.3	69.6
Exchange Rate	¥92.81	¥86.58	¥89.70	¥88.90	¥0.80	¥96.12	▲ \$6.42
Bunker Price	\$475	\$461	\$468	\$475	▲ \$7	\$353	\$115

(*)Previous Estimate is estimate as of July.2010.

Increase of bunker price \$115 per met. Ton resulted in approx. ▲ 11.0 billion yen (YoY)

Increase 6.42 Yen / US\$ in exchange rate resulted in approx. ▲ 3.4 billion yen (YoY)

A-1-2. Financial Results

(Business-wise Operating Revenues/Ordinary Income)



(unit : billion yen)

		FY2010					FY2009	
		1Q	2Q	1H Result	Prev. Estimate*	Comparison with Estimate	1H Result**	Y on Y Comparison
Containership Business	Operating Revenues	112.3	128.5	240.7	228.0	12.7	178.3	62.4
	Ordinary Income	8.9	16.7	25.6	20.0	5.6	▲ 47.1	72.7
Bulk Shipping Business	Operating Revenues	118.4	115.4	233.8	231.5	2.3	Other Marine Business 183.2 ▲ 4.6 Others 39.0 1.9	/
	Ordinary Income	11.7	5.3	17.0	17.0	0.0		
Other	Operating Revenues	23.1	22.8	45.9	45.5	0.4		
	Ordinary Income	0.7	1.5	2.2	1.0	1.2		
Adjustment	Operating Revenues	-	-	-	-	-	/	/
	Ordinary Income	▲ 0.7	▲ 1.2	▲ 1.9	▲ 2.0	0.1		
Total	Operating Revenues	253.8	266.6	520.4	505.0	15.4	400.5	119.9
	Ordinary Income	20.6	22.3	42.8	36.0	6.8	▲ 49.9	92.7

(*)Previous Estimate is estimate as of July.2010.

(**)FY2009 1H 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 1H results

<Comparison with Previous Estimate*>

Operating Revenues Increase +15.4 billion yen / Ordinary Income Increase +6.8 billion yen

Variation Factors	1H Results Comparison with Prev.Estimate*	Key Points
Fluctuation in Exchange Rate	-1.8	Negative impact of rapidly appreciated yen at the end of period
Bunker Oil Price	0.5	Low bunker price 10F1H -\$7/MT
Market Volatility	4.7	Freight restoration of Containership Business
Cargo Volume	-0.7	—
Cost Increase/Decrease	0.8	—
Related Companies	2.1	—
Others	1.3	—
Total	6.8	

*Previous Estimate is estimate as of July 2010.

<YoY Comparison>

Operating Revenues Increase +119.9 billion yen / Ordinary Income Increase +92.7 billion yen

Variation Factors	1H Results YoY Comparison	Key Points
Fluctuation in Exchange Rate	-3.4	Strong Yen in 1H(¥6.42)
Bunker Oil Price	-11.0	High bunker price 10F1H +\$115/MT
Market Volatility	75.2	Freight restoration of container business
Cargo Volume	21.4	Cargo volume of containership and car carriers recovering
Cost Increase/Decrease	3.1	—
Related Companies	3.9	—
Others	3.5	—
Total	92.7	

B. Estimate for FY 2010

B-1. Estimate for FY2010

(unit : Billion yen)

	2010			2009			YoY Comparison	Previous Estimate of 2010*		
	1H	2H	FY	1H	2H	FY		1H	2H	FY
Operating Revenues	520.4	464.6	985.0	400.5	437.6	838.0	147.0	505.0	480.0	985.0
Operating Income	50.0	19.0	69.0	▲ 42.5	▲ 9.6	▲ 52.1	121.1	42.0	15.0	57.0
Ordinary Income	42.8	12.2	55.0	▲ 49.9	▲ 16.4	▲ 66.3	121.3	36.0	12.0	48.0
Net Income	26.3	5.7	32.0	▲ 43.3	▲ 25.5	▲ 68.7	100.7	25.0	7.0	32.0
Exchange Rate	¥89.70	¥80.00	¥84.85	¥96.12	¥89.96	¥93.04	▲ ¥8.19	¥88.90	¥90.00	¥89.45
Bunker Price	\$468	\$470	\$469	\$353	\$459	\$407	\$62	\$475	\$500	\$488

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

(unit : billion yen)

		2010		
		1H	2H	FY
Containership Business	Operating Revenues	240.7	204.3	445.0
	Ordinary Income	25.6	6.4	32.0
Bulk Shipping Business	Operating Revenues	233.8	214.2	448.0
	Ordinary Income	17.0	5.5	22.5
Other	Operating Revenues	45.9	46.1	92.0
	Ordinary Income	2.2	1.8	4.0
Adjustment	Operating Revenues	0.0	0.0	0.0
	Ordinary Income	▲ 1.9	▲ 1.6	▲ 3.5
Total	Operating Revenues	520.4	464.6	985.0
	Ordinary Income	42.8	12.2	55.0

【Dividend Plan】

Annual Dividend 10.0 yen
(Interim Dividend 4.0yen)

【Premises of 2H】

Exchange Rate ¥80.00/\$
Bunker Price \$470/MT

【Sensitivity against Ordinary Income of 2H】

Exchange Rate : ± ¥1/\$ ⇒ ± 1.2 billion yen
Bunker Price : ± \$10/MT ⇒ ± 0.7 billion yen

B-2. Key Points for FY2010 Estimate

<Comparison with Previous Estimate*>

Operating Revenues As expected / Ordinary Income Increase +7.0 billion yen

Variation Factors	FY Estimate Comparison with	Key Points
Fluctuation in Exchange Rate	-8.8	Strong yen 10FY ¥4.66/\$
Bunker Oil Price	3.5	Low bunker price 10FY - \$19/MT
Market Volatility	15.6	Freight restoration of Containership Business
Cargo Volume	-2.9	Cargo volume downward trend due to strong yen
Cost Increase/Decrease	-3.3	Cost increase of inland transportation in North America, etc.
Related Companies	2.3	—
Others	0.7	—
Total	7.0	

*Previous Estimate is estimate as of July 2010.

<YoY Comparison>

Operating Revenues Increase +147.0 billion yen / Ordinary Income Increase +121.3 billion yen

Variation Factors	FY Estimate YoY Comparison	Key Points
Fluctuation in Exchange Rate	-6.1	Strong yen 10FY (¥8.19)
Bunker Oil Price	-12.1	High bunker price 10FY +\$62/MT
Market Volatility	100.7	Freight restoration of Containership Business
Cargo Volume	27.9	Volume recovery of Containership and Car Carriers, Business expansion of Dry Bulk Business
Cost Increase/Decrease	-0.2	—
Related Companies	5.6	—
Others	5.5	—
Total	121.3	

B-3-1. Division-wise Trends

- Containership Business -



<10F1H Result> Y on Y Comparison: Revenue Increase/Turning into Black
Comparison with Previous Estimate*: Revenue Increase/Profit Increase

	Operating Revenues (bil.yen)	Ordinary Income (bil.yen)
Actual Result	240.7	25.6
Previous Estimate*	228.0	20.0

- Freight Restoration was more than expected (Peak Season Surcharge)

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

	Operating Revenues (bil.yen)	Ordinary Income (bil.yen)
Current Estimate	445.0	32.0
Previous Estimate*	438.0	21.0

<Key Points of 2nd Half>

- Supply and demand trends in Winter Slack Season
- Exchange Rate and Bunker Price

*Previous Estimate= Estimate as of July 2010

		2008	2009					2010			
		FY	1Q	2Q	1H	3Q	4Q	FY	1Q	2Q	1H
Operating Revenues (billion yen)		530.1	86.2	92.1	178.3	90.6	95.0	364.0	112.3	128.4	240.7
Ordinary Income (billion yen)		▲ 37.3	▲ 20.0	▲ 27.1	▲ 47.1	▲ 15.5	▲ 4.4	▲ 67.0	8.9	16.7	25.6
Trend of Freight Index FY'08 1Q=100	Asia-North America	-	71	66		70	79	-	92	107	-
	Asia-Europe	-	46	61		76	97	-	105	107	-
Lifting (10,000 TEU)	Asia-North America	69.7	15.9	18.0	33.9	16.8	16.0	66.8	16.9	17.6	34.5
	Asia-Europe	54.7	11.1	12.1	23.1	10.3	9.9	43.4	12.6	13.1	25.7
Utilization	Asia-North America	95%	89%	98%	94%	97%	97%	95%	99%	98%	99%
	Asia-Europe	94%	90%	97%	93%	96%	94%	94%	96%	97%	97%

B-3-2. Division-wise Trends

- Dry Bulk Business -



< 10F1H Result > Y on Y Comparison: Revenue Increase/Profit Increase

Comparison with Previous Estimate*: Almost as expected

Operating Tonnage 121 million tons (+17%, YoY)

Market of Capesize : After adjustment phase, turnover with recovery of Chinese iron ore import

Market of under Panamax : Steady due to strong grain transport demand of emerging economics, etc

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

Comparison with Previous Estimate*: Revenue Decrease/Profit Decrease

Operating Tonnage Estimate 242 million tons (+17%, YoY)

< Key Points of 2nd Half >

Market of Capesize : Expect positive market in general with many ups and downs

Market of under Panamax : Steady market due to demand for thermal coal transportation to China and India and grain transport demand from North America

Dry Bulk Market	2008	2009					2010			
	FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	1H Result	2H Est
Cape(170type)	\$73,000	\$46,000	\$40,500	\$53,000	\$30,600	\$42,500	\$40,000	\$26,300	\$33,150	\$30,000
Panamax(74type)	\$28,650	\$16,000	\$18,500	\$27,000	\$27,250	\$22,200	\$29,200	\$21,700	\$25,450	\$22,000
Handy(53type)	\$25,800	\$12,500	\$15,000	\$20,500	\$21,500	\$17,500	\$27,100	\$19,800	\$23,450	\$20,000

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

*Previous Estimate= Estimate as of July 2010

B-3-3. Division-wise Trends

- Car Carrier Business -



- < 10F1H Result > Y on Y Comparison: Revenue Increase/Turning into Black**
Comparison with Previous Estimate*: Revenue Increase/Profit Increase
- Total units carried (inc.intra-Europe) : 1,468 thousand units (+75%, YoY)
 - Cargo volume recovering gradually mainly from Far East to Latin America, Australia/Asia, Africa and Middle East
- < 10FY Estimate > Y on Y Comparison: Revenue Increase/Turning into Black**
Comparison with Previous Estimate*: Revenue Increase/Profit Increase
- Cargo volume continuously recovering gradually
 - Concerns are negative impact to export of Japanese cars effected by global economic trend and ongoing strong yen

		2008	2009					2010			
		FY	1Q	2Q	1H	3Q	4Q	FY	1Q	2Q	1H
Loading Results (1,000 units)	Outbound	1,397	140	185	325	251	226	802	240	254	494
	Homebound/Others	1,083	150	153	303	258	247	809	311	291	602
	Intra-Europe	590	96	115	211	117	188	517	203	169	372
	Total	3,069	386	454	840	626	661	2,127	754	714	1,468
Number of Operating Vessels		93	84	86	-	82	78	-	83	84	-

*Previous Estimate= Estimate as of July 2010

B-3-4. Division-wise Trends

-Energy Transportation and Heavy Lifters-

【 Energy Transportation 】

<10F1H Result> **Y on Y Comparison: Revenue Increase**

Comparison with Previous Estimate*: Revenue Increase/Deficit Reduced

【LNG】 Short term charter market was in low tone

【Tankers】 Demand for emerging economies firm, but market downturn due to increasing supply pressure

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

Comparison with Previous Estimate*: Revenue Decrease/Deficit Reduced

【LNG】 Market upwards trends, Effect of adjustment for excess capacity

【Tankers】 Transportation demand increase continuously, but market may need more time for real recovery

Tanker Market (WS)	2008	2009	2010			
	FY	FY	1Q	2Q	1H Result	2H Estimate
VLCC (M.East/Jpn)	108	53	87	51	69	78
Aframax (*)	166	82	116	101	109	103
Clean 70,000 type (M.East/Jpn)	203	97	118	130	124	141

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

【 Heavy Lifters】 < 10 1H Result / 10FY Estimate >

Y on Y Comparison: Revenue Decrease/Profit Decrease

Comparison with Previous Estimate*: Almost as expected

Cargo movement of large cargo low tone

Business chances are increasing because of restart of major projects, but impact to profit will be after next year.

*Previous Estimate= Estimate as of July 2010

Thank you.