

Financial Report for 3rd Quarter FY2012

31 January 2013

Kawasaki Kisen Kaisha, Ltd.

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A. Financial Highlights for 3rd Quarter FY2012

A-1. Financial Results for 3rd Quarter FY2012 K LINE KAWASAKI KISEN KAISHA, LTD.

(unit : billion yen)

	FY2012			FY2011	
	FY2012 1H Result	FY2012 3Q Result	Accumulated Total	Accumulated Total	Y on Y Comparison
Operating Revenues	546.2	256.2	802.4	732.9	69.6
Operating Income	12.1	▲ 1.5	10.6	▲ 31.6	42.2
Ordinary Income	9.1	1.5	10.6	▲ 40.6	51.2
Net Income	▲ 1.1	10.5	9.4	▲ 42.2	51.6
Exchange Rate	¥79.73	¥79.79	¥79.75	¥79.33	¥0.42
Bunker Price	\$685	\$662	\$677	\$661	\$16

		FY2012		
		FY2012 1H Result	FY2012 3Q Result	Accumulated Total
Containership Business	Operating Revenues	271.1	122.8	393.9
	Ordinary Income	3.8	▲ 0.9	2.9
Bulk Shipping Business	Operating Revenues	244.1	117.1	361.2
	Ordinary Income	7.9	1.4	9.4
Offshore Energy E&P Support & Heavy Lifter	Operating Revenues	10.9	6.8	17.8
	Ordinary Income	▲ 2.6	0.0	▲ 2.6
Others	Operating Revenues	20.1	9.4	29.6
	Ordinary Income	2.6	1.8	4.4
Adjustment	Operating Revenues	-	-	-
	Ordinary Income	▲ 2.6	▲ 0.9	▲ 3.5
Total	Operating Revenues	546.2	256.2	802.4
	Ordinary Income	9.1	1.5	10.6

【Main Non-Operating, Extra-Ordinary Items in 3Q】

Income due to revaluation of overseas subsidiaries' debt in yen	+4.0 billion yen
Revaluation Gain from investment securities	+14.3 billion yen
Income of sale and disposal of Ships	+ 0.7 billion yen
Others	▲ 0.3 billion yen

A-2. Key Points of 3Q Accumulated Results

<Y on Y Comparison>

FY : Revenue Increase(+ 69.6 billion yen) / Profit Increase(+ 51.2 billion yen)

(unit: billion yen)

Variation Factors	3Q Accumulated Results Comparison with 2011	
Exchange Rate	0.4	Exchange rate 0.42yen /\$ lower than 2011
Bunker Oil Price	▲ 1.4	Bunker Price \$16/MT higher than 2011
Market Volatility	14.3	Freight restoration in Container, downturn in Drybulk
Business Expansion	10.6	Cargo volume recovery in Car Carrier, growth in Containership
Depreciation	4.2	Improvement due to change of depreciation period
Cost Increase/Decrease	19.0	Steady cost saving and rationalization in Containership business, etc
Related Companies	1.5	
Others	2.6	Valuation gain due to revaluation of overseas subsidiaries' debt
Total	51.2	

Decrease 0.42 Yen / US\$ in exchange rate resulted in approx. + 0.4 billion yen (YoY)

Increase of bunker price \$16 per met.ton resulted in approx. ▲1.4 billion yen (YoY)

A-3. Estimate for Yearly FY2012

(unit : billion yen)

	2012			2011	Y on Y Comparison	Previous Estimate as of 2Q 2012		
	1Q-3Q Accumulated Total	4Q Estimate	FY Estimate	FY		1H	2H	FY
Operating Revenues	802.4	327.6	1,130.0	972.3	157.7	546.2	583.8	1,130.0
Operating Income	10.6	0.4	11.0	▲ 40.6	51.6	12.1	3.9	16.0
Ordinary Income	10.6	5.4	16.0	▲ 49.0	65.0	9.1	0.9	10.0
Net Income	9.4	0.6	10.0	▲ 41.4	51.4	▲ 1.1	3.1	2.0
Exchange Rate	¥79.75	¥85.53	¥81.20	¥79.06	2.14	¥79.73	¥80.00	¥79.87
Bunker Price	\$677	\$640	\$668	\$672	▲\$4	\$685	\$670	\$677

(unit : billion yen)

		2012		
		1Q-3Q Accumulated Total	4Q Estimate	FY Estimate
Containership Business	Operating Revenues	393.9	156.1	550.0
	Ordinary Income	2.9	0.1	3.0
Bulk Shipping Business	Operating Revenues	361.2	138.8	500.0
	Ordinary Income	9.4	6.6	16.0
Offshore Energy E&P Support & Heavy Lifter	Operating Revenues	17.8	12.2	30.0
	Ordinary Income	▲ 2.6	▲ 0.4	▲ 3.0
Others	Operating Revenues	29.6	20.4	50.0
	Ordinary Income	4.4	0.6	5.0
Adjustment	Operating Revenues	-	-	-
	Ordinary Income	▲ 3.5	▲ 1.5	▲ 5.0
Total	Operating Revenues	802.4	327.6	1,130.0
	Ordinary Income	10.6	5.4	16.0

【Dividend Plan】

Interim: None

Year-end: : Not yet determined.

【Premises】

Exchange Rate 4Q JPY 85.53/US\$

Bunker Price 4Q US\$ 640/MT

【Sensitivity against Ordinary Income in 4Q】

Exchange Rate : ± JPY1/US\$⇒±0.2 billion yen

Bunker Price : ± US\$10/MT⇒±0.2 billion yen

A-4. Key Points of Yearly FY2012

<Comparison with Previous Estimate as of Oct 2012>

FY :Revenue Almost as expected / Profit Increase(6.0 billion yen)

(unit: billion yen)

Variation Factors	12F FY Comparison with Previous Estimate as of Oct'12(2Q)	
Exchange Rate	1.6	Exchange rate 1.33 yen /\$ lower than expected in Oct
Bunker Oil Price	1.2	Bunker Price \$9.0/MT lower than expected in Oct
Market Volatility	▲ 6.1	Market downturn in Containership
Business Expansion	0.0	
Depreciation	0.0	
Cost Increase/Decrease	1.9	
Related Companies	0.1	
Others	7.4	Income due to revaluation of overseas subsidiaries' debt
Total	6.0	

<Y on Y Comparison>

FY :Revenue Increase(+ 157.7 billion yen) / Profit Increase(+ 65.0 billion yen)

(unit: billion yen)

Variation Factors	12F FY Comparison with 2011	
Exchange Rate	2.2	Exchange rate yen 2.14/\$ lower than 2011
Bunker Oil Price	0.7	Bunker Price \$4/MT lower than 2011
Market Volatility	11.0	Freight restoration in Container, downturn in Drybulk
Business Expansion	14.0	Cargo volume recovery in Car Carrier, growth in Containership
Depreciation	7.0	Improvement due to change of depreciation period
Cost Increase/Decrease	20.9	Steady cost saving and rationalization in Containership business, etc
Related Companies	2.4	
Others	6.8	Income due to revaluation of overseas subsidiaries' debt
Total	65.0	

A-5. Progress of Cost Saving Plan

- We set a target for Cost Saving of 28 billion yen in FY2012 at the beginning of this year.
- ¥23.7 billion of Cost saving and Improving profitability was achieved by 3rd Quarter (85% achievement rate)
- It is expected to achieve 32 billion yen through the year (Extra 4.0 billion yen, 114% achievement rate)

		(Unit: billion yen)							
		Target through the year	Result in 1H	Result in 3Q	1Q-3Q Accumulated Total	Achievement rate	Estimate through the year	Comparison with Target	Achievement rate
Containership Business	Business Restructuring	10.5	4.8	2.7	7.4	71%	10.0	-0.5	95%
	Operational Cost Saving / Earning Improvement	10.0	7.1	3.2	10.3	103%	13.5	3.5	135%
Non-Containership Business and Others		6.0	3.1	1.8	4.8	81%	7.0	1.0	117%
Head Office	Reduction of General & Administration Expenses	1.5	0.7	0.5	1.1	75%	1.5	0.0	100%
Total		28.0	15.6	8.1	23.7	85%	32.0	4.0	114%

B. Division-wise Trends

B-1. Division-wise Trends

-Containership Business-

<12F 3Q Accumulated Result >

Y on Y Comparison: Revenue Increase/Turned into the Black

Freight restoration mainly in Asia-Europe trades.

Fruits of rationalization of services such as deployment of larger type vessels, further slow steaming, etc.

<Focus for the Future>

- Freight market trend before and after Lunar New Year holidays
- Cost reduction progress including further slow steaming and others.

		FY2010	FY2011				FY2012				
		FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	1H	3Q
Operating Revenues (billion yen)		445.0	104.7	105.5	93.0	92.3	395.5	133.2	137.9	271.1	122.8
Ordinary Income (billion yen)		29.0	▲ 7.8	▲ 10.5	▲ 13.4	▲ 10.1	▲ 41.8	0.6	3.2	3.8	▲ 0.9
Trend of Freight Index FY'08 1Q=100	Asia-North America	98	94	94	91	94	93	100	105	103	101
	Asia-Europe	98	71	68	62	69	68	97	88	92	73
Lifting (10,000 TEU)	Asia-North America	65.7	16.3	17.0	15.6	14.3	63.1	18.4	21.2	39.5	19.9
	Asia-Europe	49.1	13.0	13.5	11.0	10.4	47.9	13.6	13.0	26.6	11.0
Capacity(10,000 TEU)	Asia-North America	69.5	17.6	17.8	17.0	15.8	68.2	19.1	21.9	41.1	20.6
	Asia-Europe	51.3	13.4	14.1	11.8	11.8	51.3	14.3	14.8	29.1	12.2
Utilization	Asia-North America	95%	93%	96%	91%	91%	93%	96%	97%	96%	96%
	Asia-Europe	96%	97%	96%	93%	88%	93%	95%	88%	92%	90%

B-2. Division-wise Trends

-Dry Bulk Business-

<12F 3Q Accumulated Result> Y on Y Comparison: Revenue Increase/Profit Decrease

Market of Capesize : Market slump continued due to over supply caused by massive new-buildings.

Market of Panamax and under : Despite steady cargo movement market remained unchanged affected by over supply of new-buildings.

<Focus for the Future>

Market of Capesize : Though new-building deliveries peak out, market will stay low level in 4th Quarter.

Market of Panamax and under : Severe business environment continues due to over supply of new-buildings.

Dry Bulk Market	FY2011					FY2012						
	1Q	2Q	3Q	4Q	FY	1Q	2Q	1H	3Q	4Qe	2He	FYe
Cape(170type)*	\$8,600	\$17,000	\$28,800	\$7,000	\$15,350	\$6,000	\$4,800	\$5,400	\$12,600	\$10,000	\$11,300	\$8,350
Panamax(74type)	\$13,800	\$12,900	\$14,600	\$8,000	\$12,325	\$10,000	\$6,600	\$8,300	\$6,600	\$8,000	\$7,300	\$7,800
Handy(53type)	\$14,600	\$14,000	\$15,600	\$8,700	\$13,225	\$11,000	\$10,300	\$10,650	\$7,600	\$6,500	\$7,050	\$8,850
Small	\$11,800	\$10,100	\$10,600	\$7,800	\$10,075	\$9,000	\$9,100	\$9,050	\$6,500	\$7,000	\$6,750	\$7,900

* 4T/C Average

B-3. Division-wise Trends

-Car Carrier Business-

<12F 3Q Accumulated Result>

Y on Y Comparison: Revenue Increase/Turned into the Black

Total units carried during 1Q-3Q : 2,586 thousand units (+6% Y on Y)

Profit recovered by steady cargo movement in every route.

<Focus for the Future>

Expect continuous steady cargo volume, but have concerns about cargo volume decline for cargo from Asia to Europe and cargo from Europe/North America to China.

		2010	FY2011				FY2012				
		FY	1Q	2Q	3Q	4Q	FY	1Q	2Q	1H	3Q
Loading Results (1,000 units)	Outbound	1,016	162	252	292	310	1,016	301	276	577	259
	Homebound	231	76	72	77	66	290	84	78	161	89
	Others	985	281	282	304	281	1,148	309	288	597	322
	Intra-Europe	792	214	204	231	203	852	212	199	411	172
	Total	3,024	732	810	904	860	3,306	905	841	1,746	840
Number of Operating vessels		-	88	97	94	97	-	100	101	-	99

B-4. Division-wise Trends

-LNG Carrier and Oil Tanker-

【 Energy Transportation 】

<12F 3Q Accumulated Result> Y on Y Comparison: Revenue Decrease/ Deficit Reduction

【LNG】 Secured stable profit by long and middle term contracts.

【Tankers】 VLCC: Vessels under long and middle term contracts were in stable operation.

Aframax tankers: Taking countermeasure of fleet reduction, as market remained depressed due to excess supply of vessels.

<Focus for the Future>

【LNG】 Steady performance with long and middle term contracts.

【Tankers】 Major recovery of the market will take more time

Tanker Market (WS)	FY2010	FY2011	FY2012						
	FY	FY	1Q	2Q	1H	3Q	4Qe	2He	FYe
VLCC (M.East / Jpn)	65	56	52	36	44	46	50	48	46
Aframax (S.Asia / Aus)	103	102	84	91	88	91	90	90	89
Clean 70,000 type (M.East / Jpn)	115	115	91	101	96	115	109	112	104

B-5. Division-wise Trends

- Offshore Energy E&P Support & Heavy Lifter Segment -

【 Offshore Energy E&P Support 】

< 12F 3Q Accumulated Result >

Y on Y Comparison: Revenue Increase/Turned into the Black

【Offshore Support Vessels】

Improved with Smooth Fleet Operation and Effect from Affirmative Exchange Rate

<Focus for the Future>

【Offshore Support Vessels】 Trying to secure steady profit by long and middle term contracts.

【Drillship】 Started operation in 2Q 2012 and made profit. Contribute as long term steady source of profit.

【 Heavy Lifters 】

< 12F 3Q Accumulated Result >

Y on Y Comparison: Revenue Increase / Deficit Reduction

<Focus for the Future>

Market will stay low level in FY2012 and recovery will be on and after FY2013.