

Financial Highlights

Brief Report for FY2011 (March 2012)

27 April 2012

Kawasaki Kisen Kaisha, Ltd.

Agenda

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A. Financial Highlights for FY2011

A-1-1. Financial Results

<FY2011 Results>

Comparison with FY2010 :Operating Revenue & Ordinary Income Decrease

Comparison with Previous Estimate as of Jan 2012: Operating Revenue & Ordinary Income Increase

(Unit:billion yen)

	FY2011					Comparison with Previous Estimate		Comparison with FY2010	
	1Q	2Q	3Q	4Q	FY (a)	Estimate as of Jan'12(b)	Balance (a)-(b)	2010 FY (c)	Balance (a)-(c)
Operating Revenues	244.2	252.8	235.9	239.4	972.3	970.0	2.3	985.1	▲ 12.8
Operating Income	▲ 9.9	▲ 8.5	▲ 13.2	▲ 9.0	▲ 40.6	▲ 43.0	2.4	58.6	▲ 99.2
Ordinary Income	▲ 8.8	▲ 11.5	▲ 20.3	▲ 8.4	▲ 49.0	▲ 54.0	5.0	47.4	▲ 96.4
Net Income	▲ 3.7	▲ 14.9	▲ 23.6	0.8	▲ 41.4	▲ 54.0	12.6	30.6	▲ 72.0
Exchange Rate	¥82.04	¥78.44	¥77.51	¥78.27	¥79.06	¥78.81	¥0.25	¥86.04	¥▲ 6.98
Bunker Price	\$644	\$667	\$672	\$705	\$672	\$671	\$1	\$489	\$183

Increase 6.98 Yen / US\$ in exchange rate resulted in approx. ▲ 7.9 billion yen (YoY)

Increase of fuel oil price \$183 per met. Ton resulted in approx. ▲ 22.0 billion yen (YoY)

A-1-2. Financial Results

(Business-wise Operating Revenues/Ordinary Income)



(Unit: billion yen)

		FY2011					Comparison with Previous Estimate		Comparison with FY2010	
		1Q	2Q	3Q	4Q	FY (a)	Estimate as of Jan'12 (b)	Balance (a)-(b)	2010 FY (c)	Balance (a)-(c)
Containership Business	Operating Revenues	104.7	105.5	93.0	92.3	395.5	395.0	0.5	445.0	▲ 49.5
	Ordinary Income	▲ 7.8	▲ 10.5	▲ 13.4	▲ 10.1	▲ 41.8	▲ 41.5	▲ 0.3	29.0	▲ 70.8
Bulk Shipping Business	Operating Revenues	110.1	119.7	114.2	119.5	463.5	465.0	▲ 1.5	447.1	16.4
	Ordinary Income	▲ 2.0	▲ 0.7	▲ 8.0	2.1	▲ 8.6	▲ 13.5	4.9	17.0	▲ 25.6
Other	Operating Revenues	29.4	27.6	28.7	27.6	113.3	110.0	3.3	93.0	20.3
	Ordinary Income	2.0	1.5	2.0	1.1	6.6	6.0	0.6	4.9	1.7
Adjustment	Operating Revenues	-	-	-	-	-	-	-	-	-
	Ordinary Income	▲ 1.0	▲ 1.8	▲ 0.9	▲ 1.5	▲ 5.2	▲ 5.0	▲ 0.2	▲ 3.5	▲ 1.7
Total	Operating Revenues	244.2	252.8	235.9	239.4	972.3	970.0	2.3	985.1	▲ 12.8
	Ordinary Income	▲ 8.8	▲ 11.5	▲ 20.3	▲ 8.4	▲ 49.0	▲ 54.0	5.0	47.4	▲ 96.4

A-2. Key Points

<Comparison with Previous Estimate> Revenue Increase 2.3 bln yen, Income Increase 5.0 bln yen

(Unit: billion yen)

Variation Factors	Comparison with Previous Estimate as of Jan'12	
Exchange Rate	0.1	Average Exchange Rate was almost as expected (Yen 0.25/US\$ Depreciation)
Bunker Oil Price	▲ 0.1	Average Bunker Oil Price was almost as expected (+\$1/MT)
Market Volatility	1.7	Freight Restoration of Container
Business Expansion	▲ 0.1	Container cargo volume decreased (▲1.3), PCC volume increased (+1.2)
Cost Increase/Decrease	0.1	-
Related Companies	1.4	Profit of consolidated subsidiaries improved
Others	1.9	-
Total	5.0	

<Comparison with FY2010> Revenue Decrease ▲12.8 bln yen, Income Decrease ▲96.4 bln yen

(Unit: billion yen)

Variation Factors	Comparison with FY2010	
Exchange Rate	▲ 7.9	Average Exchange Rate of FY'11 Yen 6.98/US\$ higher than FY'10
Bunker Oil Price	▲ 22.0	Average Bunker Oil Price of FY'11 \$183/mt higher than FY'10
Market Volatility	▲ 58.4	Freight decline in Container business, low market of Dry Bulk
Business Expansion	▲ 1.7	Cargo Volume of Car carriers decreased
Cost Increase/Decrease	2.6	-
Related Companies	▲ 8.7	Profit decline due to lower market, variation loss of exchange rate from consolidated overseas subsidiaries' debt
Others	▲ 0.3	-
Total	▲ 96.4	

B. Estimate for FY 2012

B-1. Estimate for Yearly FY2012

(unit : billion yen)

	FY2012 Estimate			FY2011			Balance
	1H	2H	FY	1H	2H	FY	
Operating Revenues	540.0	580.0	1,120.0	497.0	475.3	972.3	147.7
Operating Income	▲ 1.0	17.0	16.0	▲ 18.4	▲ 22.2	▲ 40.6	56.6
Ordinary Income	▲ 2.0	14.0	12.0	▲ 20.3	▲ 28.7	▲ 49.0	61.0
Net Income	1.0	10.0	11.0	▲ 18.6	▲ 22.8	▲ 41.4	52.4
Exchange Rate	¥80.00	¥80.00	¥80.00	¥80.24	¥77.89	¥79.06	¥0.94
Bunker Price	\$720	\$720	\$720	\$656	\$689	\$672	\$48

(unit : billion yen)

		2012		
		1H	2H	FY
Containership Business	Operating Revenues	240.0	220.0	460.0
	Ordinary Income	▲ 2.0	▲ 1.0	▲ 3.0
Bulk Shipping Business	Operating Revenues	250.0	280.0	530.0
	Ordinary Income	▲ 1.0	13.0	12.0
Other	Operating Revenues	50.0	80.0	130.0
	Ordinary Income	3.0	4.0	7.0
Adjustment	Operating Revenues	-	-	-
	Ordinary Income	▲ 2.0	▲ 2.0	▲ 4.0
Total	Operating Revenues	540.0	580.0	1,120.0
	Ordinary Income	▲ 2.0	14.0	12.0

【Dividend Plan】

Not yet determined, to be reviewed.

【Premises】

Exchange Rate ¥80.00/\$

Bunker Price \$720/mt

【Sensitivity against Ordinary Income】

Exchange Rate: \pm ¥1/\$ \Rightarrow \pm 1.3 billion yen

Bunker Price : -/+ \$10/mt \Rightarrow \pm 1.3 billion yen

【Consolidated Subsidiaries' Fiscal Term Change】

Operating Revenues +56.0 billion yen

Ordinary Income +4.0 billion yen

B-2. Key Points

<Comparison with FY2011> Revenue Increase 147.7 Billion Yen, Income Increase 61.0 Billion Yen

(Unit: billion yen)

Variation Factors	Comparison with FY2011	
Bunker Oil Price	▲ 7.0	Average Bunker Oil Price FY'11 \$670/mt => Premise FY'12 \$720/mt (+\$50/mt higher)
Market Volatility	18.5	Freight Restoration of Container , Market recovery of Car Carriers
Recovery from Natural Disaster	10.0	Impact of the earthquake and flood in Thailand decreased
Cost Increase/Decrease	28.0	Cost improvement of Container business(+20.5 bil yen), including effect of structural reform
Start of New Business	2.0	Start of Drillship business, etc.
Others	9.5	Exchange loss was posted in 2011, Impact of change of accounting term of consolidated subsidiaries
Total	61.0	

C. Division-wise Trends

C-1. Division-wise Trends

- Containership Business -

<FY2011 Results>

Comparison with FY2010 :Operating Revenue: Decreased / Ordinary Income: Turned into Red

Comparison with Previous Estimate as of Jan 2012: Operating Revenue & Ordinary Income : Almost as Expected

*Profit decrease due to negative impact from fuel oil hike and freight rate decline in YoY comparison

<FY 2012 Estimate>

Comparison with FY2011 :Operating Revenue: Increase / Ordinary Income: Loss Shrank

(Focus for the Future)

- Degree of freight restoration prevailing
- Service rationalization and cost reduction including fuel cost down by further slow steaming

		2010	2011				2012	
		FY	1Q	2Q	3Q	4Q	FY	FY
Operating Revenues (billion yen)		445.0	104.7	105.5	93.0	92.3	395.5	460.0
Ordinary Income (billion yen)		29.0	▲ 7.8	▲ 10.5	▲ 13.4	▲ 10.1	▲ 41.8	▲ 3.0
Trend of Freight Index FY'08 1Q=100	Asia-North America	98	94	94	91	94	93	-
	Asia-Europe	98	71	68	62	69	68	-
Lifting (10,000 TEU)	Asia-North America	65.7	16.3	17.0	15.6	14.3	63.1	67.6
	Asia-Europe	49.1	13.0	13.5	11.0	10.4	47.9	50.3
Space (10,000TEU)	Asia-North America	69.5	17.6	17.8	17.0	15.8	68.2	72.4
	Asia-Europe	51.3	13.4	14.1	11.8	11.8	51.3	53.0
Utilization (Loading Factor)	Asia-North America	95%	93%	96%	91%	91%	93%	93%
	Asia-Europe	96%	97%	96%	93%	88%	93%	95%

C-2. Division-wise Trends

-Dry Bulk Business-

<FY2011 Results>

Comparison with FY2010 : Operating Revenue Increase / Ordinary Income Decrease

Comparison with Previous Estimate as of Jan 2012: Operating Revenue Decrease / Ordinary Income Increase

Market of Capesize : Market was slow in spite volume started to recover

Market of Panamax and under : Market downturn due to vessel capacity surplus in spite of stable cargo trends

<FY 2012 Estimate>

Comparison with FY2011 : Operating Revenue Increase / Ordinary Income Decrease

(Focus for the Future)

Market of Capesize : Assuming market recovery due to steady cargo movements while we have concerns about deceleration of economic growth in China.

Market of Panamax and under : Assuming modest market recovery after supply-demand gap peak out

Dry Bulk Market	2010	2011					2012		
	FY	1Q	2Q	3Q	4Q	FY	1H	2H	FY
Cape(170type)	\$27,300	\$8,600	\$17,000	\$28,800	\$7,000	\$15,350	\$14,500	\$23,000	\$18,750
Panamax(74type)	\$20,900	\$13,800	\$12,900	\$14,600	\$8,000	\$12,325	\$12,000	\$15,000	\$13,500
Handy(53type)	\$19,600	\$14,600	\$14,000	\$15,600	\$8,700	\$13,225	\$12,000	\$15,000	\$13,500
Small	\$14,775	\$11,800	\$10,100	\$10,600	\$7,800	\$10,075	\$9,500	\$12,000	\$10,750

C-3. Division-wise Trends

-Car Carrier Business-



<FY2011 Results>

Comparison with FY2010 :Operating Revenue: Increased / Ordinary Income: Turned into Red

Comparison with Previous Estimate as of Jan 2012: Operating Revenue: Increased / Ordinary Income: Loss Shrank

Total units carried (inc. intra-Europe) :3.30 million units (approx. +8 %(Y o Y): due to volume increase at homebound/other services)
 Business performance damaged because of inefficient ship deployment due to decrease of shipments caused by the Great East Japan Earthquake, flood in Thailand, or further yen appreciation.

<FY 2012 Estimate>

Comparison with FY2011 :Operating Revenue Increase / Ordinary Income: Turning into Black

Export volume from Japan is expected to recover and increase compared with FY 2011

Taking strong homebound cargo, such as bound for China,

(bound for East Asia) Global cargo trend is upward gradually by increasing demand in emerging economies.

Profitability recovery due to efficient ship deployment including trades in ‘other’ routes.

		2010					2011					2012
		1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	FY
Loading Results (1,000 units)	Outbound	240	254	272	250	1,016	162	252	292	310	1,016	1,250
	Homebound	57	55	55	65	231	76	72	77	66	290	330
	Others	254	237	260	234	985	281	282	304	281	1,148	1,340
	Intra-Europe	203	169	190	230	792	214	204	231	203	852	780
	Total	754	715	777	779	3,024	732	810	904	860	3,306	3,700
Number of Operating Vessels		83	84	87	89	-	88	97	94	97	-	-

C-4. Division-wise Trends

-Energy Transportation and Heavy Lifters-

【 Energy Transportation 】

<FY2011 Results>

Comparison with FY2010 :Operating Revenue: Decreased / Ordinary Income: Loss Increased

Comparison with Previous Estimate as of Jan 2012: Operating Revenue: Almost as expected / Ordinary Income: Loss Shrank

【LNG】 Secured stable profit by middle and long term contracts under firm demand for LNG.

【Tankers】 VLCC: Upward trends of market caused by increased cargo for China,

Aframax and Product tankers: remained depressed due to excess supply of vessels.

【Offshore Support Vessels】 All newbuildings were delivered and a fleet of total 7 vessels including chartered vessel started operation.

<FY 2012 Estimate>

Comparison with FY2011 :Operating Revenue Increase / Ordinary Income: Loss Shrank

【LNG】 Stable operation engaged in middle and long term contracts

【Tankers】 Still taking time for market recovery due to strong capacity supply pressure despite strong cargo demand

【Offshore Support Vessels】 Expect strong market

Tanker Market (WS)	2010					2011					2012
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	FY
VLCC (M.East/Jpn)	87	51	58	62	65	54	47	56	67	56	45
Aframax (S.Asia/Aus)	116	101	101	94	103	105	95	100	107	102	92
Clean 70,000 type (M.East/Jpn)	118	130	112	101	115	119	123	115	101	115	123

【 Heavy Lifters 】

Comparison with FY2010 :Operating Revenue: Almost same / Ordinary Income :Almost same

Comparison with Previous Estimate as of Jan 2012: Operating Revenue: Increased / Ordinary Income: Loss Shrank

<FY 2012 Estimate>

Comparison with FY2011 :Operating Revenue Increase / Ordinary Income: Loss Shrank

Expect trying market in FY2012 continuously from downturn market in FY2011

Thank you.