

Financial Highlights Brief Report for FY2010

28 April 2011

Kawasaki Kisen Kaisha, Ltd.

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A. Financial Highlights for FY2010

A-1-1. Financial Results

(Unit:billion yen)

	FY2010					Comparison with Previous Estimate		Comparison with FY2009	
	1Q	2Q	3Q	4Q	FY (a)	Estimate as of Jan'11 (b)	Balance (a)-(b)	2009 FY (c)	Balance (a)-(c)
Operating Revenues	253.8	266.6	241.5	223.2	985.1	990.0	▲ 4.9	838.0	147.1
Operating Income	23.1	26.9	12.3	▲ 3.7	58.6	65.0	▲ 6.4	▲ 52.1	110.7
Ordinary Income	20.6	22.3	9.7	▲ 5.2	47.4	53.0	▲ 5.6	▲ 66.3	113.7
Net Income	15.8	10.5	6.9	▲ 2.6	30.6	33.0	▲ 2.4	▲ 68.7	99.3
Exchange Rate	¥92.81	¥86.58	¥82.99	¥81.78	¥86.04	¥85.72	¥0.32	¥93.04	¥▲ 7.00
Bunker Price	\$475	\$461	\$475	\$545	\$489	\$482	\$7	\$407	\$82

Increase of fuel oil price \$82 per met. Ton resulted in approx. ▲ 14.5 billion yen (YoY)

Increase 7 Yen / US\$ in exchange rate resulted in approx. ▲ 5.3 billion yen (YoY)

A-1-2. Financial Results

(Business-wise Operating Revenues/Ordinary Income)



(Unit: billion yen)

		FY2010					Comparison with Previous Estimate		Comparison with FY2009		
		1Q	2Q	3Q	4Q	FY (a)	Estimate as of Jan'11 (b)	Balance (a)-(b)	2009 FY (c)	Balance (a)-(c)	
Containership Business	Operating Revenues	112.3	128.5	105.0	99.2	445.0	445.0	0.0	364.0	81.0	
	Ordinary Income	8.9	16.7	5.7	▲ 2.3	29.0	31.5	▲ 2.5	▲ 67.0	96.0	
Bulk Shipping Business	Operating Revenues	118.4	115.4	112.0	101.4	447.1	452.0	▲ 4.9	Other Marine Business 394.8	/	
	Ordinary Income	11.7	5.3	3.0	▲ 3.0	17.0	20.5	▲ 3.5	▲ 2.9		
Other	Operating Revenues	23.1	22.8	24.5	22.6	93.0	93.0	0.0	Others 79.3		
	Ordinary Income	0.7	1.5	1.9	0.8	4.9	4.5	0.4	3.7		
Adjustment	Operating Revenues	-	-	-	-	-	-	-			
	Ordinary Income	▲ 0.7	▲ 1.2	▲ 0.9	▲ 0.8	▲ 3.5	▲ 3.5	0.0			
Total	Operating Revenues	253.8	266.6	241.5	223.2	985.1	990.0	▲ 4.9	838.0		147.1
	Ordinary Income	20.6	22.3	9.7	▲ 5.2	47.4	53.0	▲ 5.6	▲ 66.3		113.7

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

A-2. Key Points

<Comparison with Previous Estimate> Revenue decrease 4.9 bln yen, Income decrease 5.6 bln yen

Variation Factors	Comparison with Previous Estimate as of Jan'11	
Exchange Rate	0.8	FY'10 ¥86.04/\$ ¥0.32/\$ lower than Previous Estimate
Bunker Oil Price	▲ 0.8	FY'10 \$489/mt \$7/mt higher than Previous Estimate
Market Volatility	▲ 2.9	Downturn in Dry Bulk market
Business Expansion	▲ 0.2	
Cost Increase/Decrease	▲ 1.9	
Related Companies	▲ 0.7	
Others	0.1	
Total	▲ 5.6	

<Comparison with FY2009> Revenue increase 147.1 bln yen, Income increase 113.7 bln yen

Variation Factors	Comparison with FY2009	
Exchange Rate	▲ 5.3	FY'10 ¥86.04/\$ ¥7.0/\$ higher than FY2009
Bunker Oil Price	▲ 14.5	FY'10 \$489/mt \$82/mt higher than FY2009
Market Volatility	92.8	Freight Restoration in Container Business
Business Expansion	26.9	Cargo Volume of Car carriers and Containership Increased
Cost Increase/Decrease	▲ 1.0	
Related Companies	6.2	
Others	8.6	
Total	113.7	

B. Estimate for FY 2011

B-1. Estimate for Yearly FY2011

(unit : billion yen)

	FY2011 Estimate			FY2010			Balance
	1H	2H	FY	1H	2H	FY	
Operating Revenues	530.0	560.0	1,090.0	520.4	464.7	985.1	104.9
Operating Income	▲ 4.0	10.0	6.0	50.0	8.6	58.6	▲ 52.6
Ordinary Income	▲ 5.0	8.0	3.0	42.8	4.5	47.4	▲ 44.4
Net Income	▲ 2.0	4.0	2.0	26.3	4.3	30.6	▲ 28.6
Exchange Rate	¥85.00	¥85.00	¥85.00	¥89.70	¥82.39	¥86.04	▲¥1.04
Bunker Price	\$650	\$650	\$650	\$468	\$509	\$489	\$161

(unit : billion yen)

		2011		
		1H	2H	FY
Containership Business	Operating Revenues	240.0	240.0	480.0
	Ordinary Income	▲ 1.0	1.0	0.0
Bulk Shipping Business	Operating Revenues	230.0	250.0	480.0
	Ordinary Income	▲ 4.0	6.0	2.0
Other	Operating Revenues	60.0	70.0	130.0
	Ordinary Income	2.0	3.0	5.0
Adjustment	Operating Revenues	-	-	-
	Ordinary Income	▲ 2.0	▲ 2.0	▲ 4.0
Total	Operating Revenues	530.0	560.0	1,090.0
	Ordinary Income	▲ 5.0	8.0	3.0

【Dividend Plan】

Dividend Payout Ratio 25%

【Premises】

Exchange Rate ¥85.00/\$

Bunker Price \$650/mt

【Sensitivity against Ordinary Income】

Exchange Rate: \pm ¥1/\$ \Rightarrow \pm 1.2 billion yen

Bunker Price : -/+\$10/mt \Rightarrow \pm 1.2 billion yen

B-2. Key Points

<Comparison with FY2010> Revenue increase 104.9 bln yen, Income decrease 44.4 bln yen

(Unit: billion yen)

Variation Factors	Comparison with FY2010	
Exchange Rate	▲ 1.1	FY'11 ¥85.00/\$ ¥1.04/\$ higher than FY2010
Bunker Oil Price	▲ 19.3	FY'11 \$650/mt \$161/mt higher than FY2010
Market Volatility	▲ 22.9	Downturn in Container business and Dry Bulk business
Business Expansion	▲ 6.4	Cargo Volume of Car carriers decrease
Cost Increase/Decrease	0.7	
Related Companies	4.7	
Others	▲ 0.1	
Total	▲ 44.4	

B-3-1(1). Division-wise Trends of Operating Revenue/Ordinary Income -Containership Business-



<FY 2010 Results>

Comparison with FY2009 : Operating Revenue Increased ; Ordinary Income Returned to the black

Comparison with Previous Estimate as of Jan 2011 : Operating Revenue Increase ; Ordinary Income decreased

	Operating Revenue (bil.yen)	Ordinary Income (bil.yen)
2010	445.0	29.0
2009	364.0	▲67.0

Ordinary Income decreased compared with Previous Estimate because of bunker price hike and increased supply and demand gap in some trades.

<FY 2011 Estimate>

Comparison with FY2010 :Operating Revenue Increase; Ordinary Income Decrease

	Operating Revenue (bil.yen)	Ordinary Income (bil.yen)
2011	480.0	0.0

Focus: Recovery of supply and demand gap towards peak season in summer.

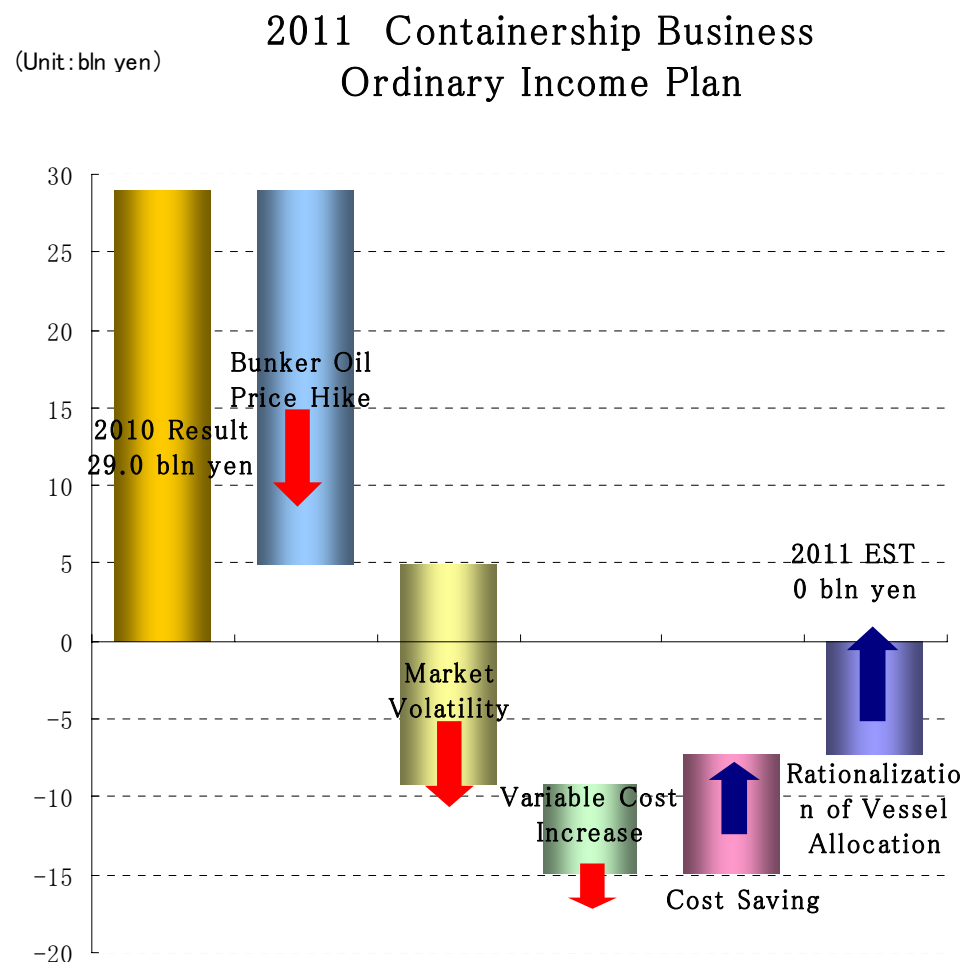
		FY2009					FY2010					2,011
		1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	FY
Operating Revenues (billion yen)		86.2	92.1	90.6	95.0	364.0	112.3	128.4	105.0	99.2	445.0	480.0
Ordinary Income (billion yen)		▲ 20.0	▲ 27.1	▲ 15.5	▲ 4.4	▲ 67.0	8.9	16.7	5.7	▲ 2.3	29.0	0.0
Trend of Freight Index FY'08 1Q= 100	Asia-North America	71	66	70	79	72	92	107	99	95	98	99
	Asia-Europe	46	61	76	97	69	105	107	94	86	98	81
Lifting (10,000 TEU)	Asia-North America	15.9	18.0	16.8	16.0	66.8	16.9	17.6	16.4	14.9	65.7	69.4
	Asia-Europe	11.1	12.1	10.3	9.9	43.4	12.6	13.1	11.8	11.6	49.1	51.7
Utilization (Loading Factor)	Asia-North America	89%	98%	97%	97%	95%	99%	98%	92%	89%	95%	96%
	Asia-Europe	90%	97%	96%	94%	94%	96%	97%	95%	94%	96%	95%

B-3-1(2). Division-wise Trends of Operating Revenue/Ordinary Income -Containership Business-

<Business Strategy>

- **Continuous efforts for further freight restoration**
- **In order to prepare for the risk of volatile supply and demand balance in Containership business, we expand fleet by purchase of cost-competitive second-hand vessels and raising ratio of flexible fleet we can dispose or charter back in short term.**
 - * **short-term flexible fleet:**

vessels chartered or owned by our overseas subsidiaries and we can charter back or sell within one year
- **Further business expansion focus in Intra-Asia and North-South trade routes.**
- **Additional efforts of rationalization of tonnage allocation and cost saving.**
- **Further study of fleet upgrading plan including new buildings plan of large container ships which will serve as the foundation for future business.**



B-3-2. Division-wise Trends of Operating Revenue/Ordinary Income -Dry Bulk Business-



<FY 2010 Results>

Comparison with FY2009 : Operating Revenue Increase ; Ordinary Income Increase

Comparison with Previous Estimate as of Jan 2011 : Operating Revenue Increase ; Ordinary Income Decrease

Operating Tonnage: 245 mil. Ton , + 15% (Y o Y)

Market dropped sharply because of imbalance of demand and supply since year end of 2010.

Downturn especially in Cape size market.

<FY 2011 Estimate>

Comparison with FY2010 : Operating Revenue Increase ; Ordinary Income Decrease

Operating Tonnage: 281 mil. Ton , + 14% (Y o Y)

(Focus)

Possible further imbalance of demand and supply caused by many new deliveries

If supply and demand balance is adjusted to some extent, market will recover after year 2012 gradually.

Dry Bulk Market	2009					2010					2011
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	FY EST
Cape(170type)	\$46,000	\$40,500	\$53,000	\$30,600	\$42,500	\$40,000	\$26,300	\$34,400	\$8,400	\$27,300	\$20,000
Panamax(74type)	\$16,000	\$18,500	\$27,000	\$27,250	\$22,200	\$29,200	\$21,700	\$18,200	\$14,500	\$20,900	\$15,000
Handy(53type)	\$12,500	\$15,000	\$20,500	\$21,500	\$17,500	\$27,100	\$19,800	\$17,300	\$14,300	\$19,600	\$13,000

B-3-3. Division-wise Trends of Operating Revenue /Ordinary Income -Car Carrier Business-



<FY2010 Results>

Comparison with FY2009: Operating Revenue Increase; Ordinary Income Return to the black

Comparison with Previous Estimate as of Jan 2011 : Almost as expected

Total units carried (inc. intra-Europe) : 3.02 million units (approx. +42 %(Y o Y))

Despite negative impact of higher bunker price, 2010 results were almost as expected.

<FY2011 Estimate>

Comparison with FY2010 : Possible loss because of impact of the Eastern Japan Earthquake

Export volume from Japan as of today dropped sharply because of the earthquake.

Global cargo trend is upward gradually by increasing demand in emerging economies.

		2009					2010					2011
		1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	FY
Loading Results (1,000 units)	Outbound	140	185	251	226	802	240	254	272	250	1,016	900
	Homebound/Others	150	153	258	247	808	311	291	314	299	1,215	1,350
	Intra-Europe	96	115	117	188	516	203	169	190	230	792	850
	Total	386	454	626	661	2,127	754	714	776	779	3,023	3,100
Number of Operating Vessels		84	86	82	78	-	83	84	87	87	-	86

B-3-4. Division-wise Trends of Operating Revenue /Ordinary Income -Energy Transportation-



【Energy Transportation】

<FY2010 Results>

Comparison with FY2009 :Operating Revenue Flat ; Ordinary Income loss reduced

Comparison with Previous Estimate as of Jan 2011: Operating Revenue Decreased ; Ordinary Income Almost as expected

【LNG】 Stable business under time charter contracts, Almost expected

【Tanker】 VLCC business is stable under long term contract, AFRAMAX market is lower than expected

<FY2011 Estimate>

Comparison with FY2011 : Operating Revenue Flat ; Less Ordinary Income loss

【LNG】 Circumstance of supply and demand is improving continuously

【Tanker】 Steady demand but strong supply pressure of new deliveries, more time is needed for real recovery

Tanker Market (WS)	2009					2010					2011
	1Q	2Q	3Q	4Q	FY	1Q	2Q	3Q	4Q	FY	FY
VLCC (M.East/Jpn)	35	35	50	93	53	87	51	58	62	65	63
Aframax*	60	60	80	127	82	116	101	101	93	103	107
Clean 70,000 type (M.East/Jpn)	63	83	110	130	97	118	130	112	101	115	117

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

* 4Q 2010 data are based on WS for 2011

【 Heavy Lifters】

<FY2010 Results> **Comparison with FY2009 :Operating Revenue Decrease ; Ordinary Income loss increase**

Comparison with Previous Estimate as of Jan 2011: Revenue Increased; Deficit Almost as expected

<FY2011 Estimate> **Comparison with FY2011 : Operating Revenue Increase ; Less Ordinary Income loss**

Thank you.