

Financial Highlights

Brief Report for FY2012 (March 2013)

30 April 2013

Kawasaki Kisen Kaisha, Ltd.

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A. Financial Highlights for FY2012

A-1-1. Financial Results

<FY2012 Results>

Comparison with FY2011 : Operating Revenue: Increased / Ordinary Income: Returned into Black

Comparison with Previous Estimate as of Jan 2013: Operating Revenue as expected/ Ordinary Income Increase

(unit : billion yen)

	FY2012					Previous Estimate as of 3Q 2012		FY2011	
	1Q	2Q	3Q	4Q	FY Accumulated	FY Accumulated	Y on Y Comparison	FY Accumulated	Y on Y Comparison
Operating Revenues	273.6	272.6	256.2	332.3	1,134.8	1,130.0	4.8	972.3	162.5
Operating Income	4.1	8.1	▲ 1.5	4.3	14.9	11.0	3.9	▲ 40.6	55.4
Ordinary Income	7.2	1.9	1.5	18.0	28.6	16.0	12.6	▲ 49.0	77.5
Net Income	▲ 0.7	▲ 0.4	10.5	1.3	10.7	10.0	0.7	▲ 41.4	52.0
Exchange Rate	¥80.77	¥78.69	¥79.79	¥90.08	¥82.33	¥81.20	¥1.13	¥79.06	¥3.27
Bunker Price	\$716	\$654	\$662	\$648	\$671	\$668	\$3	\$672	▲ \$2

Decrease by 3.27 yen / US\$ in exchange rate resulted in approx. plus 3.6 billion yen (YoY)

Decrease of fuel oil price by US\$2 per met.ton resulted in approx. plus 0.3 billion yen (YoY)

【Dividend Payout】 Resumption of dividend ¥2.5 per share as year-end due to net profit turning into black

A-1-2. Financial Results

(Business-wise Operating Revenues/Ordinary Income)

(unit : billion yen)

		FY2012					Previous Estimate as of 3Q 2012			FY2011	
		1Q	2Q	3Q	4Q	FY Accumulated	FY Accumulated	Comparison	FY Accumulated	Y on Y Comparison	
Containership Business	Operating Revenues	133.2	137.9	122.8	158.9	552.8	550.0	2.8	463.0	89.8	
	Ordinary Income	0.6	3.2	▲ 0.9	3.7	6.6	3.0	3.6	▲ 39.7	46.3	
Bulk Shipping Business	Operating Revenues	125.0	119.1	117.1	141.4	502.6	500.0	2.6	443.1	59.5	
	Ordinary Income	6.0	1.9	1.4	14.7	24.1	16.0	8.1	▲ 0.0	24.1	
Offshore Energy E&P Support & Heavy Lifter	Operating Revenues	5.2	5.8	6.8	17.9	35.7	30.0	5.7	20.4	15.3	
	Ordinary Income	0.5	▲ 3.1	0.0	0.2	▲ 2.4	▲ 3.0	0.6	▲ 8.6	6.2	
Others	Operating Revenues	10.2	10.0	9.4	14.1	43.7	50.0	▲ 6.3	45.8	▲ 2.1	
	Ordinary Income	1.2	1.4	1.8	2.1	6.6	5.0	1.6	4.1	2.5	
Adjustment	Operating Revenues	-	-	-	-		-	-	-	-	
	Ordinary Income	▲ 1.1	▲ 1.6	▲ 0.9	▲ 2.7	▲ 6.3	▲ 5.0	▲ 1.3	▲ 4.7	▲ 1.6	
Total	Operating Revenues	273.6	272.6	256.2	332.3	1,134.8	1,130.0	4.8	972.3	162.5	
	Ordinary Income	7.2	1.9	1.5	18.0	28.6	16.0	12.6	▲ 49.0	77.5	

A-2. Key Points

<Comparison with Previous Estimate> Revenue Increase 4.8 bln yen, Income Increase 12.6 bln yen
(unit: billion yen)

Variation Factors	FY2012 Comparison with Previous Estimate as of Jan'13(3Q)	
Exchange Rate	1.7	Exchange rate 1.13 yen/\$ lower than expected in Jan
Bunker Oil Price	▲ 0.3	Bunker Price \$3/MT higher than expected in Jan
Market Volatility	0.0	
Business Expansion	0.0	
Depreciation	0.0	
Cost Increase/Decrease	0.1	
Related Companies	2.0	Overseas subsidiaries' yen-base profit up based on term-end exchange rate
Others	9.1	Gain from currency revaluation for overseas subsidiaries' debt
Total	12.6	

<Comparison with FY2011> Revenue Increase 162.5 bln yen, Income Increase 77.5 bln yen
(unit: billion yen)

Variation Factors	FY2012 Comparison with FY2011	
Exchange Rate	3.6	Exchange rate yen 3.27/\$ lower than 2011
Bunker Oil Price	0.3	Bunker Price \$2/MT lower than 2011
Market Volatility	12.3	Freight restoration in Containership
Business Expansion	11.5	Cargo volume recovery in Car Carrier and 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	8.9	Containership agents' profit grew. Subsidiaries' accounting term change (15 months for this fiscal year)
Others	13.0	Gain from currency revaluation for overseas subsidiaries' debt
Total	77.5	

B. Estimate for FY 2013

B-1. Estimate for Yearly FY2013

(unit : billion yen)

	FY2013 Estimate			FY2012	Y on Y Comparison
	1H	2H	FY Estimate	FY	
Operating Revenues	590.0	570.0	1,160.0	1,134.8	25.2
Operating Income	16.0	15.0	31.0	14.9	16.1
Ordinary Income	13.0	12.0	25.0	28.6	▲ 3.6
Net Income	6.0	7.0	13.0	10.7	2.3
Exchange Rate	¥95.00	¥95.00	¥95.00	¥82.33	¥12.67
Bunker Price	\$620	\$620	\$620	\$671	▲\$51

(unit : billion yen)

		FY2013 Estimate		
		1H	2H	FY Estimate
Containership Business	Operating Revenues	300.0	280.0	580.0
	Ordinary Income	6.0	2.0	8.0
Bulk Shipping Business	Operating Revenues	250.0	250.0	500.0
	Ordinary Income	10.0	12.0	22.0
Offshore Energy E&P Support & Heavy Lifter	Operating Revenues	20.0	20.0	40.0
	Ordinary Income	▲ 1.0	0.0	▲ 1.0
Others	Operating Revenues	20.0	20.0	40.0
	Ordinary Income	1.0	1.0	2.0
Adjustment	Operating Revenues	-	-	-
	Ordinary Income	▲ 3.0	▲ 3.0	▲ 6.0
Total	Operating Revenues	590.0	570.0	1,160.0
	Ordinary Income	13.0	12.0	25.0

【Dividend Plan】

Annual Dividend 3.5 yen/share (expectation)

【Premises】

Exchange Rate ¥95.00/\$

Bunker Price \$620/mt

【Sensitivity against Ordinary Income】

Exchange Rate: ± ¥1/\$ => ± 1.3 billion yen

Bunker Price :-/+\$10/mt => ± 1.5 billion yen

B-2. Key Points

<Comparison with FY2012> Revenue Increase 25.2 billion yen, Income Decrease ▲ 3.6 billion yen

(unit: billion yen)

Variation Factors	FY2013 Comparison with FY2012	
Exchange Rate	16.4	Exchange rate yen 13/\$ lower than 2012
Bunker Oil Price	6.6	Bunker Price \$51/MT lower than 2012
Market Volatility	▲ 10.5	Considering current freight downturn in Containership and Dry bulk
Business Expansion	▲ 5.5	Downsizing in Containership business
Cost Increase/Decrease	15.3	Including cost saving by rationalization of Containership business
Related Companies	▲ 2.0	-
Others	▲ 23.9	Temporary factors in FY12 (Exchange gain, Change of subsidiaries' accounting period, etc.)
Total	▲ 3.6	

B-3. Progress of Mid-Term Management Plan

Main Financial Indices

(Billion yen, %)

	2012F			2013F			2014F
	Result(A)	Original Plan(B)	(A)-(B)	Revised Plan(A)	Original Plan(B)	(A)-(B)	Original Plan
Operating Revenues	1,134.8	1,120.0	14.8	1,160.0	1,070.0	90.0	1,110.0
Ordinary Income	28.6	12.0	16.6	25.0	39.0	▲ 14.0	60.0
Net Income	10.7	11.0	▲ 0.3	13.0	25.0	▲ 12.0	42.0
EBITDA	104.8	100.0	4.8	84.0	110.0	▲ 26.0	135.0
Shareholder's Equity	340.6	260.0	80.6	360.0	280.0	80.0	330.0
Operating CF	59.8	67.0	▲ 7.2	70.0	90.0	▲ 20.0	113.0
Investment CF	▲ 27.2	▲ 50.0	22.8	▲ 50.0	▲ 50.0	0.0	▲ 50.0
DER	185%	223%	▲ 38%	162%	193%	▲ 31%	148%
NET DER	137%	186%	▲ 48%	125%	158%	▲ 33%	119%
Equity Ratio	28.9%	23.4%	5.4%	31.0%	25.7%	5.3%	30.3%

Remark: "Mid-Term Management Plan is "K" Line Vision 100 - Bridge to the Future – which was announced in April 2012.

• **Investment CF in FY2012 is much lower than original target ¥50 billion.**

It will be limited within ¥50 billion yen in FY 2013.

• **Steady improvement of Financial standing.**

Trying to achieve Equity Ratio 30% at end of FY2013 (March 2014)

B-4. Progress of Cost Saving Plan

- 2012
- Original cost saving target for Mid-term Management Plan in FY2012 28.0 billion yen
 - Actual achievement in FY2012 32.5 billion yen
 - 4.5 billion yen improved compared with original target

				(Billion yen)	
		Result in FY	Target through the year	Comparison with Target	Achievement rate
Containership Business:	Business Restructuring	10.0	10.5	-0.5	95%
Containership Business:	Operational Cost Saving/Earning Improvement	14.1	10.0	4.1	141%
Non-Containership Business and Others		6.8	6.0	0.8	114%
Reduction of General & Administration Expenses		1.6	1.5	0.1	104%
Total		32.5	28.0	4.5	116%

2013 Target for Cost Saving in FY2013 14.5 billion yen

			(Billion yen)	
		Target in 1H	Target in 2H	Target through the year
Containership Business:	Business Restructuring/Operational Cost Saving/ Earning Improvement	3.8	3.7	7.5
Non-Containership Business and Others		3.5	3.5	7.0
Total		7.3	7.2	14.5

C. Division-wise Trends

C-1. Division-wise Trends

- Containership Business -

<FY2012 Results>

Comparison with FY2011 : Operating Revenue: Increased / Ordinary Income: Returned into Black

Comparison with Previous Estimate as of Jan 2013: Operating Revenue & Ordinary Income : Increased

- Profitability improved due to positive impact from more efficient vessel deployment and streamlining of non-profitable service routes

<FY 2013 Estimate>

Comparison with FY2012 : Operating Revenue & Ordinary Income : Increased

<Focus for the Future>

- Trends for European markets
- Short-term freight rate markets toward summer season
- Make thorough streamlining for vessel deployment including slow steaming, and cost reduction

		FY2011	FY2012				FY2013	
		FY	1Q	2Q	3Q	4Q	FY	Est
Operating Revenues (billion yen)		395.5	133.2	137.9	122.8	158.9	552.8	580.0
Ordinary Income (billion yen)		▲ 41.8	0.6	3.2	▲ 0.9	3.7	6.6	8.0
Trend of Freight Index FY'08 1Q= 100	Asia-North America	93	100	105	101	103	102	—
	Asia-Europe	68	97	88	73	77	85	—
Lifting (10,000 TEU)	Asia-North America	63.1	18.4	21.2	19.9	17.1	76.6	81.1
	Asia-Europe	47.9	13.6	13.0	11.0	10.4	48.0	44.7
Capacity(10,000 TEU)	Asia-North America	68.2	19.1	21.9	20.6	19.6	81.3	88.0
	Asia-Europe	51.3	14.3	14.8	12.2	12.0	53.4	48.4
Utilization	Asia-North America	93%	96%	97%	96%	88%	94%	92%
	Asia-Europe	93%	95%	88%	90%	86%	90%	92%

C-2. Division-wise Trends

-Dry Bulk Business-

<FY2012 Results>

Comparison with FY2011 : Operating Revenue & Ordinary Income : Increased

Comparison with Previous Estimate as of Jan 2013: Operating Revenue Decrease / Ordinary Income Increase

- Market of Capesize : Market was slow in spite of volume pick up for a short while
- Market of Panamax and under : Market downturn due to vessel capacity surplus

<FY 2013 Estimate>

Comparison with FY2012 : Operating Revenue & Ordinary Income : Decrease

<Focus for the Future>

- Market of Capesize : Assuming continuous market downturn due to concerns about financial crisis in Europe and deceleration of economic growth in China.
- Market of Panamax and under : Assuming market downturn due to continued vessel capacity surplus for a while.

Dry Bulk Market*	FY2011	FY2012							FY2013		
	FY	1Q	2Q	1H	3Q	4Q	2H	FY	1H Est	2H Est	FY Est
Cape(170type)	\$15,350	\$6,000	\$4,800	\$5,400	\$12,600	\$6,000	\$9,300	\$7,350	\$10,000	\$14,000	\$12,000
Panamax(74type)	\$12,325	\$10,000	\$6,600	\$8,300	\$6,600	\$7,100	\$6,850	\$7,575	\$8,500	\$8,500	\$8,500
Handy(53type)	\$13,225	\$11,000	\$10,300	\$10,650	\$7,600	\$8,100	\$7,850	\$9,250	\$9,500	\$9,500	\$9,500
Small	\$10,075	\$9,000	\$9,100	\$9,050	\$6,500	\$6,600	\$6,550	\$7,800	\$8,000	\$8,000	\$8,000

(*)4T/C Average

C-3. Division-wise Trends

-Car Carrier Business-

<FY2012 Results>

Comparison with FY2011 :Operating Revenue: Increased / Ordinary Income: Returned into Black

Comparison with Previous Estimate as of Jan 2013: Operating Revenue & Ordinary Income : Increased

Total units carried (inc. intra-Europe) : 3.34 million units (approx. +1 % (Y o Y))

-Volume recovery from shipment reduction caused by the Great East Japan Earthquake and flood in Thailand. (return to efficient ship deployment)

<FY 2013 Estimate>

Comparison with FY2012 : Operating Revenue & Ordinary Income : Increased

-Steady cargo volume toward North America, Southeast Asia, and Middle East

-Concerns about demand downturn in Europe, and deceleration of growth in emerging countries such as China, India, and Russia

-Rationalization for Atlantic routes

		FY2011	FY2012						FY2013	
		FY	1Q	2Q	1H	3Q	4Q	2H	FY	FY Est
Loading Results (1,000 units)	Outbound	1,016	301	276	577	259	259	518	1,095	1,040
	Homebound	290	84	78	161	89	58	146	308	320
	Others	1,148	309	288	597	322	262	584	1,180	1,230
	Intra-Europe	852	212	199	411	172	178	349	760	760
	Total	3,306	905	841	1,746	840	757	1,597	3,343	3,350
Number of Operating vessels		-	100	101	-	99	95	-	-	-

C-4. Division-wise Trends

-LNG Carrier and Oil Tanker Business-

<FY2012 Results>

Comparison with FY2011 : Operating Revenue: Increased / Ordinary Income: Returned into Black

Comparison with Previous Estimate as of Jan 2013: Operating Revenue & Ordinary Income : Increased

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

【Tankers】 VLCC: Stable operation under long and middle term contracts.

AFRAMAX tankers/Product tankers: Taking countermeasure of fleet reduction, as market remained depressed.

<FY 2013 Estimate>

Comparison with FY2012 : Operating Revenue Decreased & Ordinary Income : Flat

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

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

Trying to improve earnings by further efficient ship deployment

Tanker Market (WS)	FY2011	FY2012						FY2013	
	FY	1Q	2Q	1H	3Q	4Q	2H	FY	FY Est
VLCC (M.East / Jpn)	56 \$13,800	52 \$24,000	36 \$3,000	44 \$13,500	46 \$19,000	36 \$12,000	41 \$15,500	43 \$14,500	41 \$21,000
Aframax (S.Asia / Aus)	102 \$9,200	84 \$7,800	91 \$11,500	88 \$9,650	91 \$12,300	75 \$8,000	83 \$10,150	85 \$9,900	96 \$19,000
Clean 70,000 type (M.East / Jpn)	115 \$7,850	91 \$6,600	101 \$12,800	96 \$9,700	115 \$19,200	88 \$12,000	101 \$15,600	99 \$12,650	105 \$19,000

C-5. Division-wise Trends

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

【 Offshore Energy E&P Support 】

<FY2012 Results>

Comparison with FY2011 : Operating Revenue & Ordinary Income : Increased

Comparison with Previous Estimate as of Jan 2013: Operating Revenue & Ordinary Income : Increased

【Offshore Support Vessels】 Improved due to steady ship working and effect of weak yen.

【Drillship】 Started operation in FY2012. Contribute as long term steady source of profit.

<FY 2013 Estimate>

Comparison with FY2012 : Operating Revenue & Ordinary Income : Decreased

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

【Drillship】 Making profit by steady ship operation.

【 Heavy Lifters 】

<FY2012 Results>

Comparison with FY2011 :Operating Revenue: Increase / Ordinary Income: Increased deficit

Comparison with Previous Estimate as of Jan 2013: Operating Revenue : Increase / Ordinary Income : Increased deficit

-The overall Heavy Lifter's market was downturn

<FY 2013 Estimate>

Comparison with FY2012 : Operating Revenue: Decreased / Ordinary Income: Decreased deficit

-Profit will improve as going into offshore cargo transportation and installation operations to join large projects such as resources and energy development and petrochemical plant, etc.

-Deficit shrink because of reduction of goodwill amortization.

Thank you.