



**Business Performance
in FY2008
and
Outlook for FY2009**

Mitsui O.S.K. Lines, Ltd.

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FY2008 Results [Consolidated]

(billion yen)	FY2008			FY2007 Result	Increase / decrease		FY08 F'cast as of 1/30/'08	Increase /decrease
	Result	1H Result	2H Result					
Revenue	1,866	1,095	771	1,946	△80	△4.1%	1,900	△34
Operating income	197	165	33	291	△94	△32.3%	200	△3
Ordinary income	205	186	19	302	△98	△32.3%	210	△5
Net income	127	124	3	190	△63	△33.3%	130	△3

Average exchange rate	¥100.30/\$	¥104.91/\$	¥95.69/\$	¥115.55/\$	△¥15.25/\$	¥99.63/\$	+¥0.67/\$
Average bunker price	\$528/MT	\$608/MT	\$434/MT	\$409/MT	+\$119/MT	\$497/MT	+\$31/MT
					△93.6bil. yen		△6.8bil. yen
					↑		↑
					△58.0bil. yen		+2.5bil yen
					△35.7bil. yen		△9.3bil. yen

FY2008 Ex. Rate sensitivity/year	±3.80 bil. ¥/1¥	(Max)
FY2008 Bunker price sensitivity/year (Consolidated Ordinary Income Basis)	±0.30 bil. ¥/1\$	(Max)

[By segment]

(billion yen)		FY2008			FY2007 Result	Increase / decrease		FY08 F'cast as of 1/30/'08	Increase /decrease
		Result	1H Result	2H Result					
Bulkships	Revenue	999	595	404	1,025	△26	△2.6%	1,010	△11
	Ordinary income	213	171	42	278	△64	△23.1%	213	+0
Containerships	Revenue	640	372	268	687	△47	△6.9%	650	△10
	Ordinary income	△21	△2	△19	7	△28		△15	△6
Logistics	Revenue	56	33	23	61	△5	△8.1%	58	△2
	Ordinary income	1	1	△0	2	△1	△62.9%	1	△0
Ferry& domestic transport	Revenue	55	29	25	53	+1	+2.7%	57	△2
	Ordinary income	△1	△0	△1	0	△1		0	△1
Associated businesses	Revenue	107	61	46	109	△2	△1.7%	116	△9
	Ordinary income	13	7	6	14	△1	△6.1%	13	△0
Others	Revenue	10	5	5	11	△1	△10.6%	9	+1
	Ordinary income	3	1	1	5	△2	△44.7%	3	+0
Elimination	Revenue	-	-	-	-	-	-	-	-
	Ordinary income	△3	8	△11	△4	+1	+15.5%	△5	+2
Consolidated	Revenue	1,866	1,095	771	1,946	△80	△4.1%	1,900	△34
	Ordinary income	205	186	19	302	△98	△32.3%	210	△5

Revenues from customers, unconsolidated subsidiaries and affiliated companies

"Bulkships" consists of Dry bulkers, Tankers, LNG carriers, and Car carriers

Outline of FY2008 Results [Consolidated]

[Overall]

- Seaborne trade and the ocean shipping market deteriorated sharply after the collapse of Lehman Brothers in the fall of 2008.
- Higher bunker prices (+\$119/MT in average) and the appreciated yen (¥15.25) compressed profitability, resulting in decreased revenues and profits.
- Ordinary income was ¥205 bil., declined by 3% against our last forecast.

[By segment] (Comparison of ordinary income of FY2007)

Bulkships (▲¥64 billion)

- Dry bulkers: The spot market fell sharply in the second half, after reaching a record high in the first half. Profits declined while mid- and long-term contracts secured earnings.
- Tankers: The market for crude oil tankers and products tankers showed strength in the first half. Profits increased despite the market decline from the second half. MOL achieved 100% adoption of double-hulled structure to crude oil tankers.
- Car carriers: Profits decreased because seaborne trade declined rapidly after November.

Containerships (▲¥28billion)

Trade volume on Asia/North America Eastbound routes declined by 10%. Both trade volume and freight rates on Asia/Europe Westbound routes fell sharply from the second half, and freight rates declined by 40%. Despite our energetic rationalization measures such as slow steaming and reduction of vessels, the profits decreased significantly.

[Extraordinary loss]

1. Cancellation fees for high-cost chartered vessels(¥20.1 billion) were added to the financial statement.
→ A factor to push up our profits in FY2009 and thereafter.
2. Loss on write-down of investment securities of ¥3.2 billion were added to the financial statement, reflecting massive declines in the stock market.

[Dividend] Plan to pay ¥31 per share (including ¥15.5 paid as an interim dividend).

Results Comparison FY2008 vs FY2007

Major factors affected Ordinary income

Stronger yen	△¥58.0 bil. (FY08 ¥100.30/\$; -¥15.25/\$)
Higher bunker	△¥35.7 bil. (FY08 \$528/MT; -\$119/MT)
Fluctuation of cargo volume/freight rates, etc.	△¥30.5 bil.
Cost Reduction	+¥28.3 bil.
Equity in earnings of affiliated companies	△¥2.2 bil.
Others (incl. Elimination)	+¥0.4 bil.
(Balance)	△¥97.7 bil.

FY2009 Forecast [Consolidated]

(billion yen)	FY2009	FY2008	Increase / decrease		FY2009 1H	FY2008 1H	Increase / decrease	
	Revenue	1,400	1,866	△466	△25.0%	670	1,095	△425
Operating income	80	197	△117	△59.4%	24	165	△141	△85.4%
Ordinary income	80	205	△125	△60.9%	24	186	△162	△87.1%
Net income	40	127	△87	△68.5%	10	124	△114	△91.9%

Average exchange rate	¥97.00/\$	¥100.30/\$	△¥3.30/\$	¥97.00/\$	¥104.91/\$	△¥7.91/\$
Average bunker price	\$300/MT	\$528/MT	△¥228/MT	\$300/MT	\$608/MT	△¥308/MT
			<u>+40.0bil yen</u>			<u>+24.1bil yen</u>
			↑ △5.6bil. yen			↑ △13.4bil. yen x 1/2
			+45.6bil yen			+61.6bil yen x 1/2

FY2009 Ex. Rate sensitivity/year ±1.70 bil. ¥/1¥ (Max)
 FY2009 Bunker price sensitivity/year ±0.20 bil. ¥/1\$ (Max)
 (Consolidated Ordinary Income Basis)

[By segment]

(billion yen)		FY2009	FY2008	Increase / decrease		FY2009 1H	FY2008 1H	Increase / decrease	
Bulkships	Revenue	710	999	△289	△28.9%	330	595	△265	△44.5%
	Ordinary income	85	213	△128	△60.2%	29	171	△142	△83.1%
Containerships	Revenue	480	640	△160	△25.0%	235	372	△137	△36.8%
	Ordinary income	△20	△21	+1	△6.2%	△13	△2	△11	
Logistics	Revenue	54	56	△2	△4.0%	27	33	△6	△17.6%
	Ordinary income	1	1	△0	△2.7%	0	1	△1	△78.3%
Ferry & domestic transport	Revenue	56	55	+1	+2.7%	29	29	△0	△0.7%
	Ordinary income	1	△1	+2		1	△0	+1	
Associated businesses	Revenue	91	107	△16	△15.0%	45	61	△17	△27.1%
	Ordinary income	10	13	△3	△22.2%	6	7	△2	△23.4%
Others	Revenue	9	10	△1	△7.5%	5	5	△0	△6.8%
	Ordinary income	4	3	+1	+44.6%	2	1	+1	+54.0%
Elimination	Revenue	-	-	-	-	-	-	-	-
	Ordinary income	△1	△3	+2		△0	8	△8	
Consolidated	Revenue	1,400	1,866	△466	△25.0%	670	1,095	△425	△38.8%
	Ordinary income	80	205	△125	△60.9%	24	186	△162	△87.1%

Revenues from customers, unconsolidated subsidiaries and affiliated companies

"Bulkships" consists of Dry bulkers, Tankers, LNG carriers, and Car carriers

Key points of FY2009 Forecast [Consolidated]

[Overall]

- Current ocean shipping market is weak due to the global economic downturn.
- Assume that the market will recover after mid-year by governmental spending world-wide and temporary completion of inventory adjustment.
- Adjust fleet supply to meet decreasing demand, by returning chartered vessels, scrapping of aged vessels, and lay-ups.
- **¥40 billion** cost reduction in group-wide.

[By segment]

Bulkships

- Dry bulkers: Even expecting market recovery after conclusion of iron ore price negotiations between China and major iron ore producers, we will probably see weaker market than FY2008, with profits declined.
- Tankers: Profit likely to decrease from FY2008, though petroleum demand is expected to recover from the second half.

Containerships

It will take time for a full-fledged recovery of cargo movement, despite our endeavor for fleet supply adjustment and cost reduction.

[Sensitivity of Exchange Rate and Bunker Price]

Sensitivity is changed, reflecting forecasted profits and bunker consumption:

	FY2008		FY2009
Exchange rate sensitivity (annual)	±¥3.80 bil./¥1	→	±¥1.70 bil./¥1
Bunker price sensitivity (annual)	±¥0.30 bil./\$1	→	±¥0.20 bil./\$1

[Dividend] Will be determined after assessment of the business climate going forward.

[Supplement]

Market Information (Drybulker)

1. FY2008 Dry Bulker Market (spot charterage/day)

(US\$)

Size	Route	FY2007	FY2008				
		Total	1Q	2Q	3Q	4Q	Total
		Average	Actual	Actual	Actual	Actual	Forecast
Capesize	4TC Average	126,600	176,300	118,000	10,000	23,200	81,900
Panamax	Pacific Round	59,400	68,300	46,000	6,400	7,200	32,000
Handymax	Pacific Round	48,000	51,500	40,900	7,400	6,400	26,600
Small handy	Pacific Round	33,200	34,900	30,500	5,600	5,900	19,200

Source for actual : The Baltic Exchange(Capesize)/Tramp Data Service(Others)

2. FY2009 Dry Bulker Market

(US\$)

Size	Route	FY2009		
		1st Half	2nd Half	Total
		Forecast	Forecast	Forecast
Capesize	4TC Average	23,000	28,000	25,500
Panamax	Pacific Round	11,500	14,000	12,750
Handymax	Pacific Round	12,000	13,000	12,500
Small handy	Pacific Round	9,000	12,000	10,500

Market Information (Tanker)

1. FY2008 Tanker market (spot freight index)

(WS)

Type	Route	FY2007	FY2008				
		Total	1Q	2Q	3Q	4Q	Total
		Average	Actual	Actual	Actual	Actual	Actual
Crude Oil Tanker (VLCC)	Arabian Gulf/ Far East	90	160	136	75	62(*1)	108(*2)
Product Tanker (MR)	Singapore/ Far East	269	249	344	298	111	251

Source for actual: Drewry "Shipping Insight"

*1, *2: Shown at WS criteria of Year 2008.

2. FY2009 Tanker market

(WS)

Type	Route	FY2009		
		<i>1st Half</i>	<i>2nd Half</i>	<i>Total</i>
		<i>Forecast</i>	<i>Forecast</i>	<i>Forecast</i>
Crude Oil Tanker (VLCC)	Arabian Gulf/ Far East	40	60	50

Car Carriers Loading Results

(1000 units)

(Voyage Completion basis; including voyage charter)	FY2009-1H Forecast	FY2008			FY2007	Increase/ decrease (A)-(B)
		1st Half	2nd Half	Yearly result (A)	Yearly result (B)	
Total	763	1,491	1,061	2,552	2,783	△231

Major Containership Trades Utilization

(unit: 1000TEU)

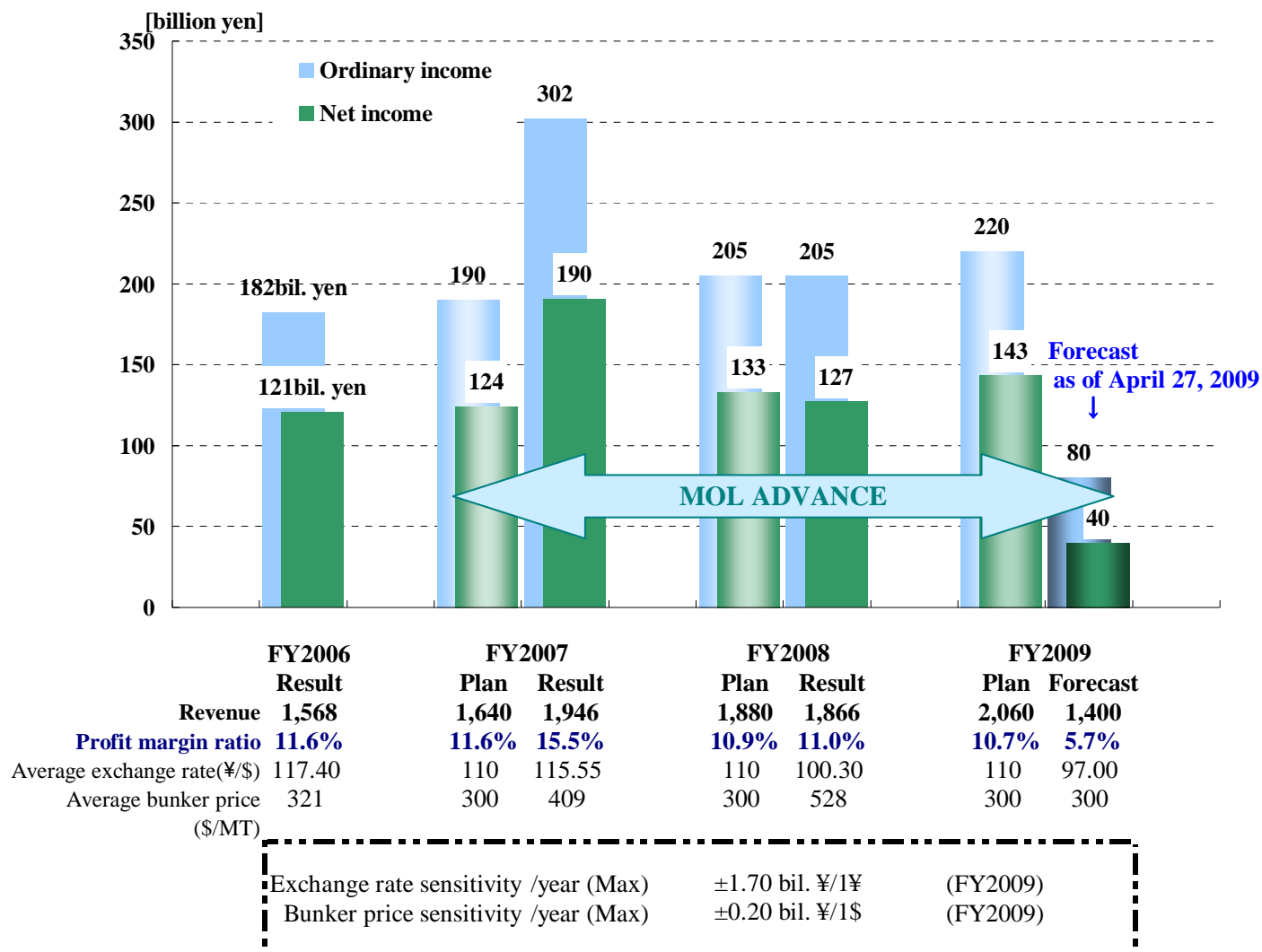
Asia-North America Trade (TPS)

				Outbound (E/B)						Inbound (W/B)					
				Capacity		Lifting		Utilization		Capacity		Lifting		Utilization	
FY2008	2nd	4Q		116		100		86%		116		75		64%	
	half	3Q		141	257	125	225	89%	88%	144	260	82	157	57%	61%
	1st	2Q		158		148		94%	88%	155		97		62%	61%
	half	1Q		152	310	125	273	82%		148	303	87	184	59%	
FY2007	2nd	4Q		139	300	121	265	87%	88%	129	288	78	161	60%	56%
	half	3Q		161		144		89%		159		83		52%	57%
	1st	2Q		161		155		96%	93%	154		87		56%	58%
	half	1Q		142	303	138	292	97%		139	293	82	169	59%	

Asia-Europe Trade

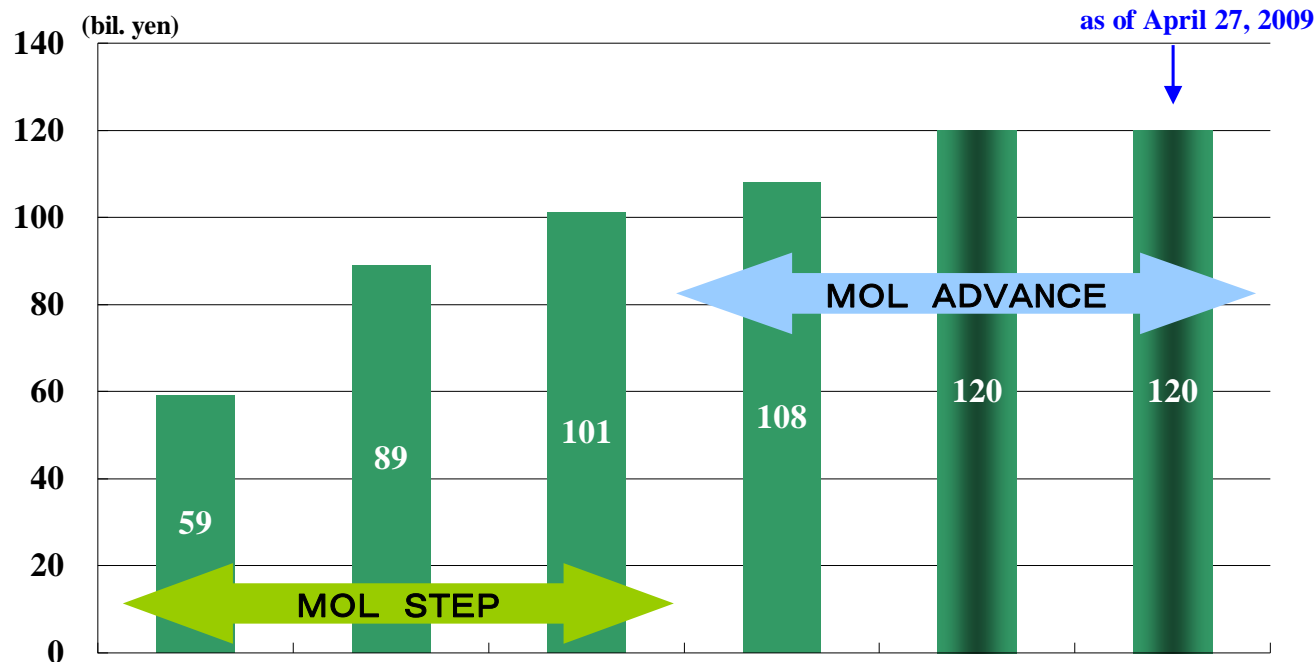
				Outbound (W/B)						Inbound (E/B)					
				Capacity		Lifting		Utilization		Capacity		Lifting		Utilization	
FY2008	2nd	4Q		95		86		91%	94%	100		55		55%	56%
	half	3Q		110	205	106	192	96%		115	215	65	120	56%	54%
	1st	2Q		134		125		94%	94%	132		67		51%	52%
	half	1Q		129	262	121	246	94%		127	259	68	135	53%	
FY2007	2nd	4Q		125	243	111	222	88%	91%	120	227	64	127	53%	56%
	half	3Q		118		111		94%	95%	107		63		58%	59%
	1st	2Q		110		109		99%	99%	104		64		62%	62%
	half	1Q		110	220	109	218	100%		105	209	65	129	62%	

“MOL ADVANCE” Overall Profit Plan



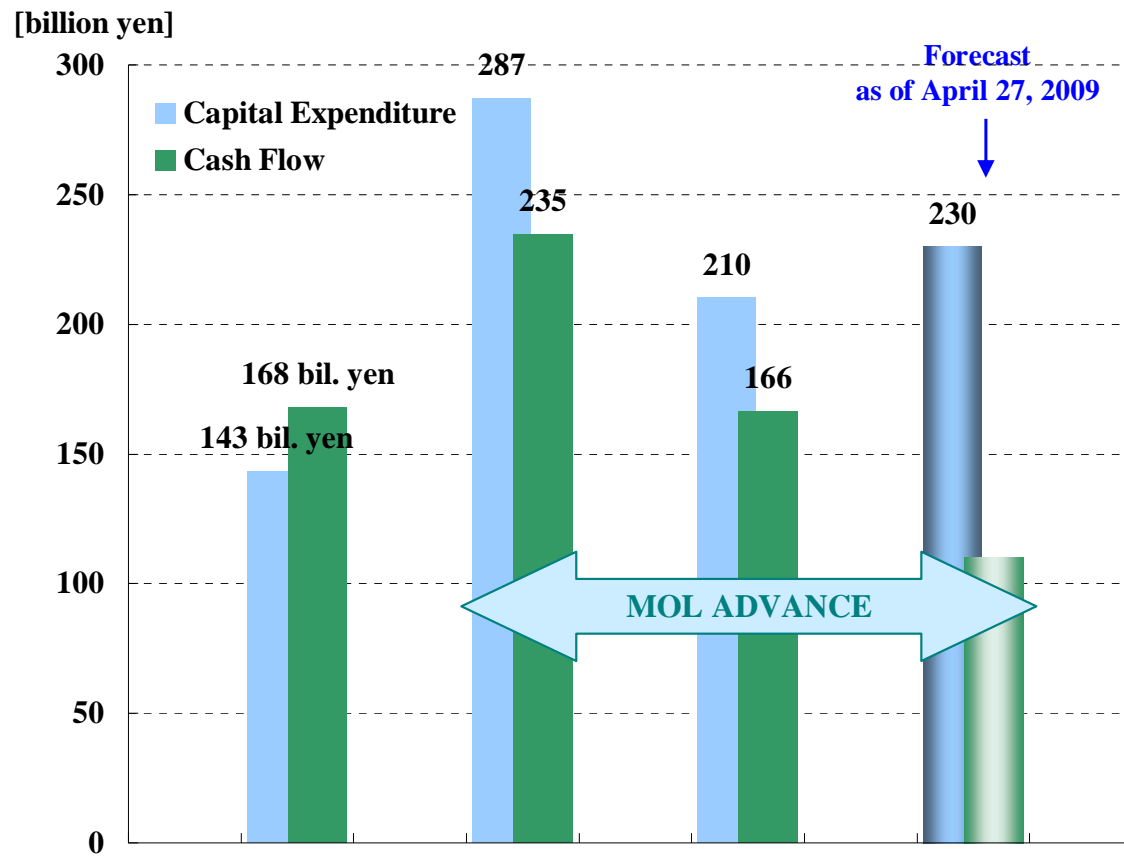
Plans : Planned figures of Midterm Management Plan "MOL ADVANCE" in March 2007

Highly Stable Profit



	FY2004	FY2005	FY2006	FY2007	FY2008	FY2009
Ordinary income(bil. yen)	175	177	182	302	205	80
Average exchange rate(¥/\$)	¥107.75/\$	¥112.29/\$	¥117.40/\$	¥115.55/\$	¥100.30/\$	¥97.00/\$

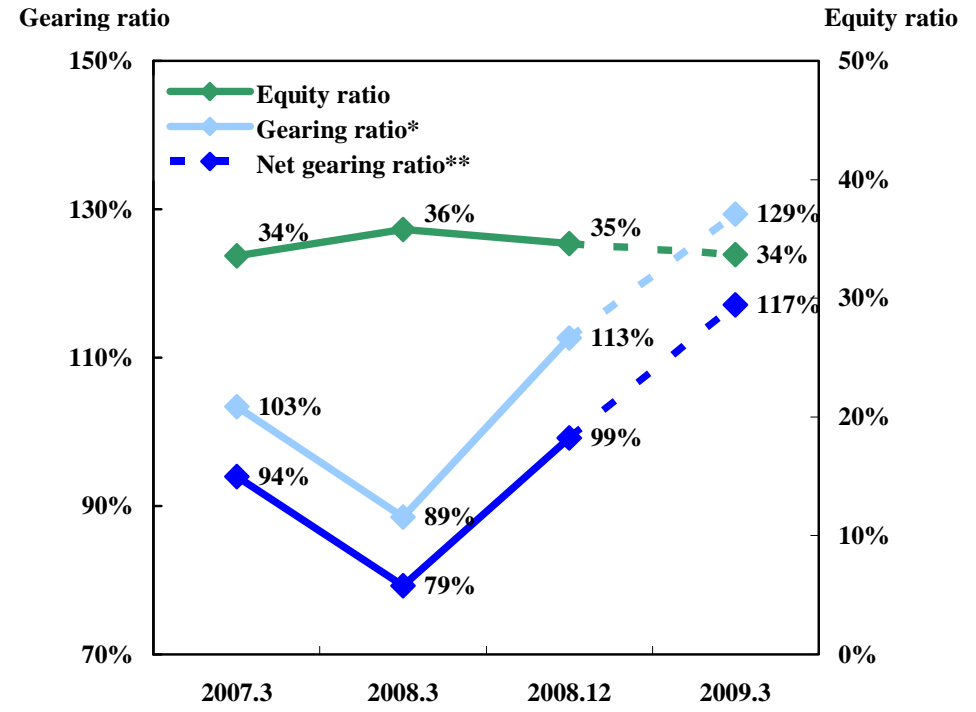
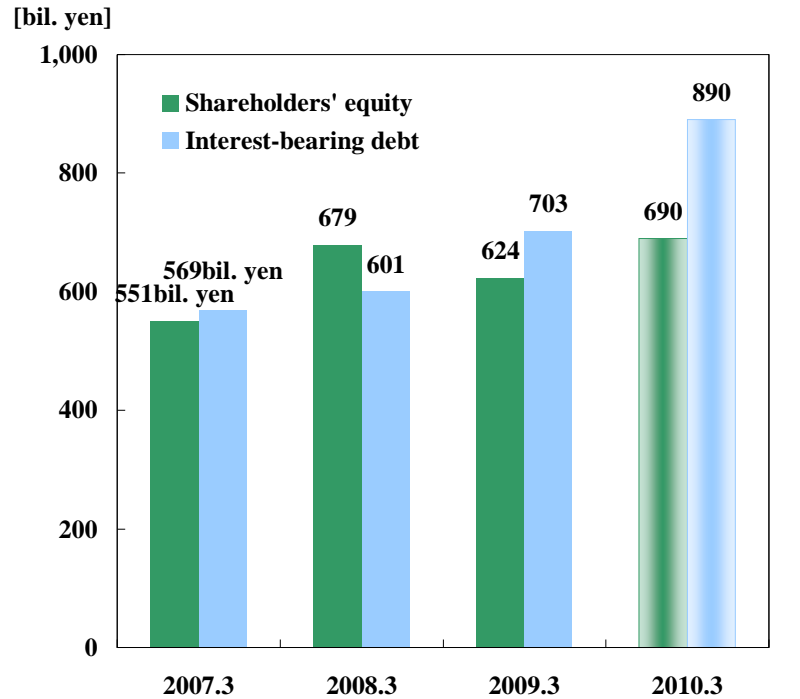
Cash Flows & Capital Expenditure



	FY2006 Result	FY2007 Result	FY2008 Result	FY2009 Forecast
Average exchange rate(¥/\$)	117.40	115.55	100.30	97.00
Depreciation(billion yen)	69	75	78	
Dividend Paid(billion yen)	22	30	39	

Cash flow = Net income + Depreciation - Dividend Paid

“MOL ADVANCE” Financial Plan



Term-end exchange rate(¥/\$)	2007.3 Result	2008.3 Result	2009.3 Result	2010.3 Forecast as of Apr. 27, 2009
MOL	118.05	100.19	98.23	97.00
Overseas subsidiaries	119.11	114.15	91.03	97.00

Equity ratio = Shareholders' equity/Total Assets
***Gearing ratio** = Interest bearing debt/Shareholders' equity
****Net gearing ratio**
 = (Interest bearing debt-cash and cash equivalents)/Shareholders' equity