



**Business Performance**  
**in**  
**FY2008-2nd Quarter**

*Mitsui O.S.K. Lines, Ltd.*

*October 2008*

## **Contents**

FY2008 2nd Quarter Results [Consolidated]	2
Outline of FY2008 2nd Quarter Results [Consolidated]	4
Results Comparison FY2008-2Q vs FY2007-2Q	5
FY2008 Forecast [Consolidated]	6
FY2008 Consolidated Segment Forecast	7
Key Points of FY2008 Full-year Forecast [Consolidated]	8
[Supplement]	
Major Containership Trades Utilization	10
Car Carrier Loading Results	11
“MOL ADVANCE” Overall Profit Plan	12
Highly Stable Profit	13
Cash Flows & Capital Expenditure	14
“MOL ADVANCE” Financial Plan	15

# FY2008 2nd Quarter Results [Consolidated]

(billion yen)	FY2008			FY2007 1H Result	Increase/ decrease	1H Forecast as of 7/25/08	Increase/ decrease
	1Q Result	2Q Result	1H Result				
Revenue	508	587	1,095	940	154	1,080	15
Operating income	73	91	165	136	29	158	7
Ordinary income	82	104	186	144	42	170	16
Net income	55	69	124	87	37	114	10

Average exchange rate	¥101.74/\$	¥108.08/\$	¥104.91/\$	¥119.75/\$	△¥14.84/\$	¥103.37/\$	+¥1.54/\$
Average bunker price	\$560/MT	\$651/MT	\$608/MT	\$354/MT	+ \$254/MT	\$655/MT	△\$47/MT

Ordinary income △66.3 bil. ¥ Ordinary income +10.0 bil. ¥



(Ex. Rate) △56.4 bil. ¥ x 1/2  
(Bunker) △76.2 bil. ¥ x 1/2

(Ex. Rate) +5.9 bil. ¥ x 1/2  
(Bunker) +14.1 bil. ¥ x 1/2

(For reference)

FY2008 Exchange rate sensitivity/year:	±3.80 bil. ¥/1¥	(Max)
FY2008 Bunker price sensitivity/year:	±0.30 bil. ¥/1\$	(Max)

(Consolidated Ordinary Income Basis)

## [By segment]

(billion yen)		FY2008			FY2007 1H Result	Increase/ decrease	1H Forecast as of 7/25/08	Increase/ decrease
		1Q Result	2Q Result	1H Result				
<b>Bulkships</b>	Revenue	272	323	595	483	+112	573	+22
	Ordinary income	75	96	171	126	+45	158	+13
<b>Containerships</b>	Revenue	173	199	372	343	+29	380	△8
	Ordinary income	△ 2	△ 0	△ 2	8	△10	2	△4
<b>Logistics</b>	Revenue	16	17	33	30	+3	35	△2
	Ordinary income	0	0	1	1	△0	1	△0
<b>Ferry&amp; domestic transport</b>	Revenue	14	16	29	26	3	30	△1
	Ordinary income	△ 1	0	△ 0	1	△1	0	△0
<b>Associated businesses</b>	Revenue	30	31	61	53	+8	57	+4
	Ordinary income	4	3	7	7	+0	7	+1
<b>Others</b>	Revenue	3	2	5	7	△2	5	△0
	Ordinary income	1	0	1	4	△3	2	△0
<b>Elimination</b>	Revenue	-	-	-	-	-	-	-
	Ordinary income	4	3	8	△ 2	+10	1	+7
<b>Consolidated</b>	Revenue	508	587	1,095	940	+154	1,080	+15
	Ordinary income	82	104	186	144	+42	170	+16

Revenues from customers, unconsolidated subsidiaries and affiliated companies

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

## Outline of FY2008 2nd Quarter Results [Consolidated]

**[Overall] (Comparison with same six-month period of FY2007)**

**Revenue: ¥1,094.8 billion (+16%, increase of ¥154.5 billion)**

**Ordinary income: ¥186 billion (+30%, increase of ¥42.4 billion)**

- **Greatly increased compared to the same period of FY2007 despite ¥66 billion negative impact on profits due to rising yen and higher bunker prices. Ordinary income reached an all-time high for the second quarter as well as the first half.**

**[By segment] (Comparison of ordinary income for same six-month period of FY2007)**

**Bulkships (+¥45.2 billion)**

- **Dry bulkers: The market declined sharply after marking an all-time high in June. However, profits rose significantly due to completion of voyages contracted during the buoyant market and accumulated stable profits.**
- **Tankers: The crude oil tanker remained at a high level, and conditions for product tankers were favorable in and after July. Profits increased slightly.**
- **Car carriers: Overall trade was firm.**

**Containerships (Δ¥10.1 billion)**

**The business climate on key east-west routes was affected by the deceleration of European and U.S. economies. In addition, yen appreciation and high bunker prices compressed profits. Overall profits declined because negative factors outweighed positives such as progress on introducing a bunker surcharge and active westbound trade in Asia-U.S. routes.**

**Other 4 businesses (Δ¥2.9 billion)**

**Profits in the domestic ferry business declined due to high bunker prices**

## Results Comparison FY2008-2Q vs FY2007-2Q

### Major factors affected Revenue & Ordinary income

#### ● Revenue

<b>Stronger yen</b>	<b>Δ¥111.3 bil.</b>
Fluctuation of cargo volume/freight rates, etc.	+¥234.0 bil.
<b>Others</b>	<b>+¥31.8 bil.</b>
<b>(Total)</b>	
	<b>+ ¥154.5 bil.</b>

#### ● Ordinary income

<b>Stronger yen</b>	<b>Δ¥28.2 bil.</b> (FY08-2Q ¥104.91/\$; -¥14.84/\$)
<b>Higher bunker</b>	<b>Δ¥38.1 bil.</b> (FY08-2Q \$608/MT; -\$254/MT)
Fluctuation of cargo volume/freight rates, etc.	+¥91.8 bil.
<b>Cost Reduction</b>	<b>+ 8.1 bil.</b>
Equity in earnings of affiliated companies	+¥3.6 bil.
<b>Others (incl. Elimination)</b>	<b>+¥5.2 bil.</b>
<b>(Balance)</b>	
	<b>+¥42.4 bil.</b>

# FY2008 Forecast [Consolidated]

(billion yen)	FY2008		Yearly forecast	FY2007 Result	Increase/decrease	1H Forecast as of 7/25/08	Increase/decrease
	1H Result	2H Forecast					
Revenue	1,095	955	2,050	1,946	+104	2,150	△100
Operating income	165	105	270	291	△21	300	△30
Ordinary income	186	114	300	302	△2	320	△20
Net income	124	71	195	190	+5	210	△15
Average exchange rate	¥104.91/\$	¥97.00/\$	¥100.96/\$	¥115.55/\$	△¥14.60/\$	¥101.69/\$	△¥0.73/\$
Average bunker price	¥608.00/\$	\$380/MT	\$494/MT	\$409/MT	+85/MT	\$702/MT	△\$208/MT
					<b>Ordinary income</b> △80.9 bil. ¥	<b>Ordinary income</b> +59.6 bil. ¥	
					↑	↑	
				(Ex. Rate)	△55.5 bil. ¥	(Ex. Rate)	△2.8 bil. ¥
				(Bunker)	△25.5 bil. ¥	(Bunker)	+62.4 bil. ¥

(For reference)

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

# FY2008 Consolidated Segment Forecast

(billion yen)		FY2008		Yearly forecast	FY2007 Result	Increase/decrease	1H Forecast as of 7/25/08	Increase/decrease
		1H Result	2H Forecast					
<b>Bulkships</b>	Revenue	595	475	1,070	1,025	+45	1,120	△50
	Ordinary income	171	99	270	278	△8	292	△22
<b>Containerships</b>	Revenue	372	348	720	687	+33	780	△60
	Ordinary income	△2	2	0	7	△7	7	△7
<b>Logistics</b>	Revenue	33	35	68	61	+7	71	△3
	Ordinary income	1	2	3	2	+0	3	△0
<b>Ferry &amp; domestic transport</b>	Revenue	29	33	62	53	+9	59	+3
	Ordinary income	△0	1	1	0	1	1	+0
<b>Associated businesses</b>	Revenue	61	59	120	109	+11	110	+10
	Ordinary income	7	6	13	14	△1	13	+0
<b>Others</b>	Revenue	5	5	10	11	△1	10	+0
	Ordinary income	1	1	3	5	△2	3	△1
<b>Elimination</b>	Revenue	-	-	-	-	-	-	-
	Ordinary income	8	3	11	△4	+14	1	+10
<b>Consolidated</b>	Revenue	1,095	955	2,050	1,946	+104	2,150	△100
	Ordinary income	186	114	300	302	△2	320	△20

Revenues from customers, unconsolidated subsidiaries and affiliated companies

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



## Key points of FY2008 Full-year Forecast [Consolidated]

[Overall]

Downward revision of forecast

	Initial		1Q		2Q
Ordinary income:	¥300 billion	→	¥320 billion	→	¥300 billion
Net income:	¥200 billion	→	¥210 billion	→	¥195 billion

\* Assumption of exchange rate: 2<sup>nd</sup> half: ¥97

Assumption of bunker prices: 2<sup>nd</sup> half: US\$380/MT

[By segment] (Increase/decrease of ordinary income from 1Q announcement)

**Bulkships** (Δ¥22 billion)

- Dry bulkers: Profits of spot bulkers revised downward due to the current rapid decline of the market. (No effect on mid- and long-term contracts.)
- Tankers: Profit target revised upward by incorporating favorable product tanker market conditions .

**Containerships** (Δ¥7 billion)

Adjusted fleet supply on key east-west routes and expanded slow steaming. Envisioned downturn of profits due to worldwide economic slowdown in spite of measures to boost operational efficiency and reduce fuel consumption.

(Current weakening Euro will have positive effect to the profit of European routes by reducing Euro denominated expenses.)

[Dividend] Plan to pay ¥31 per share (Interim: ¥15.5 + year end: ¥15.5)

# [Supplement]

# 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 half	4Q												
	1st half	3Q	158	310	148	273	94%	88%	155	303	97	184	62%	61%
FY2007	2nd half	4Q	139	300	121	265	87%	88%	129	288	78	161	60%	56%
	1st half	3Q	161		144	265	89%	93%	159	582	83	161	52%	57%
	1st half	2Q	161	303	155	292	96%	97%	154		87	331	56%	58%
	1st half	1Q	142		138		97%		139		82		59%	

## Asia-Europe Trade

			Outbound (W/B)						Inbound (E/B)					
			Capacity		Lifting		Utilization		Capacity		Lifting		Utilization	
FY2008	2nd half	4Q												
	1st half	3Q	134	262	125	246	94%	94%	132	259	67	135	51%	52%
FY2007	2nd half	4Q	125	243	111	222	88%	91%	120	227	64	127	53%	56%
	1st half	3Q	118		111	222	94%	95%	107	436	63	127	58%	59%
	1st half	2Q	110	220	109	218	99%	99%	104		64	256	62%	62%
	1st half	1Q	110		109		100%		105		65		62%	

## All Trades (Round Voyage)

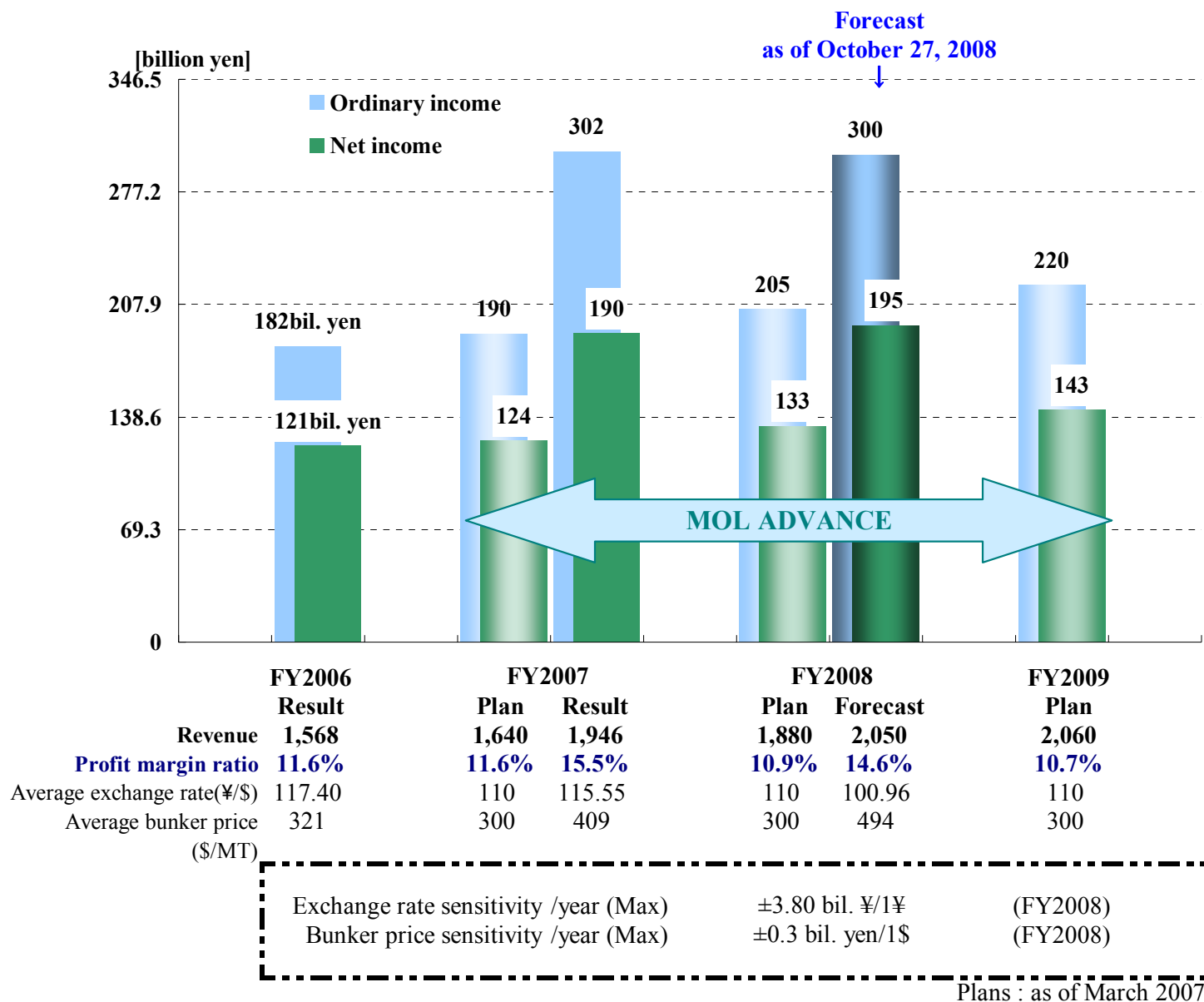
			Capacity		Lifting		Utilization	
FY2008	2nd half	4Q						
	1st half	3Q	1,201	2,352	900	1,766	75%	75%
FY2007	2nd half	4Q	1,073	2,174	788	1,607	73%	74%
	1st half	3Q	1,101		819	1,607	74%	76%
	1st half	2Q	1,069	2,095	821	1,621	77%	77%
	1st half	1Q	1,026		800		78%	

# Car Carriers Loading Results

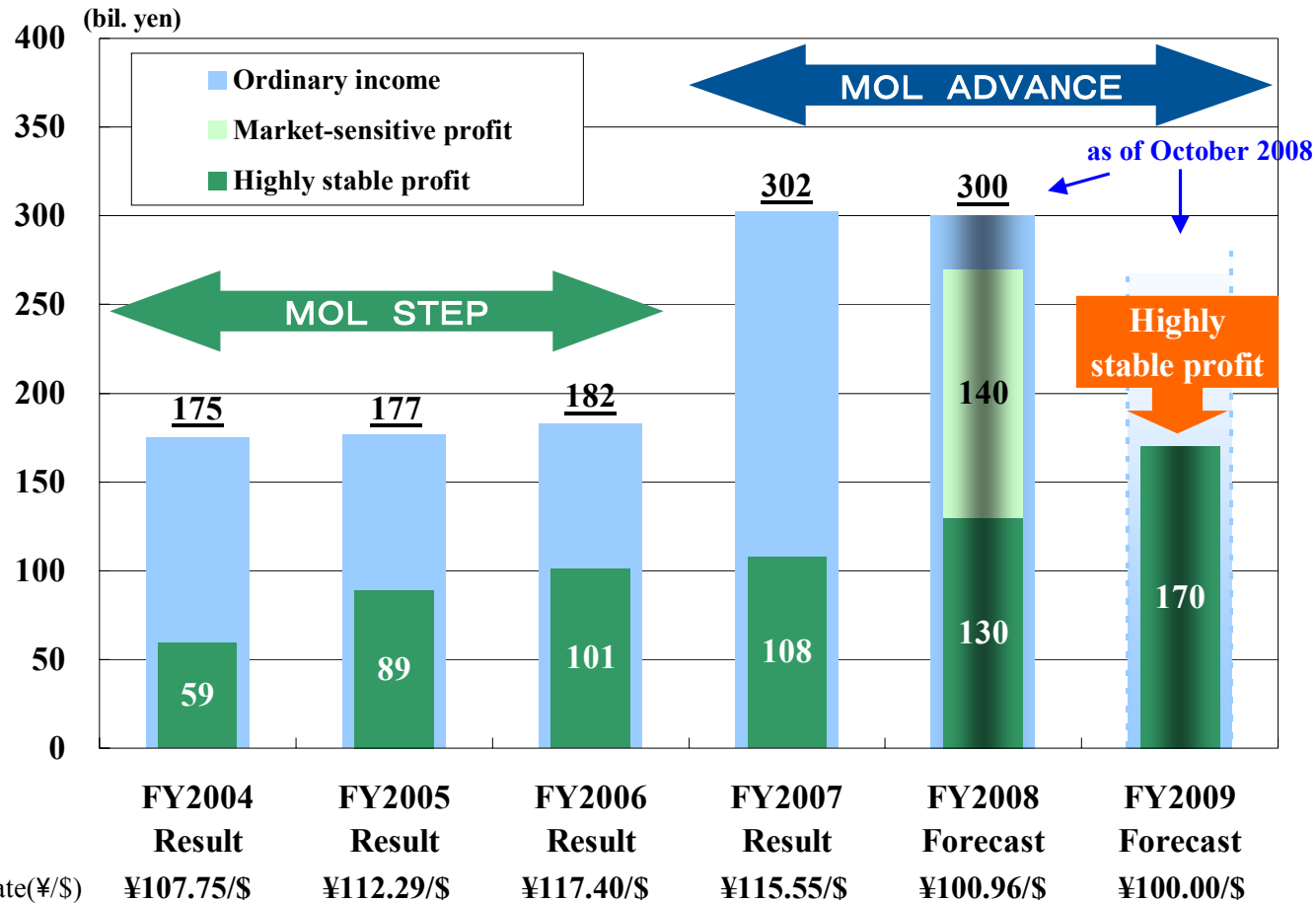
(1000 units)

(Voyage Completion basis; including voyage charter)	FY2008					FY2007
			1st Half Result (A)	2nd Half Forecast (B)	(A)+(B)	
	1Q	2Q				
<b>Total</b>	757	734	1,491	1,511	3,002	2,783

# “MOL ADVANCE” Overall Profit Plan

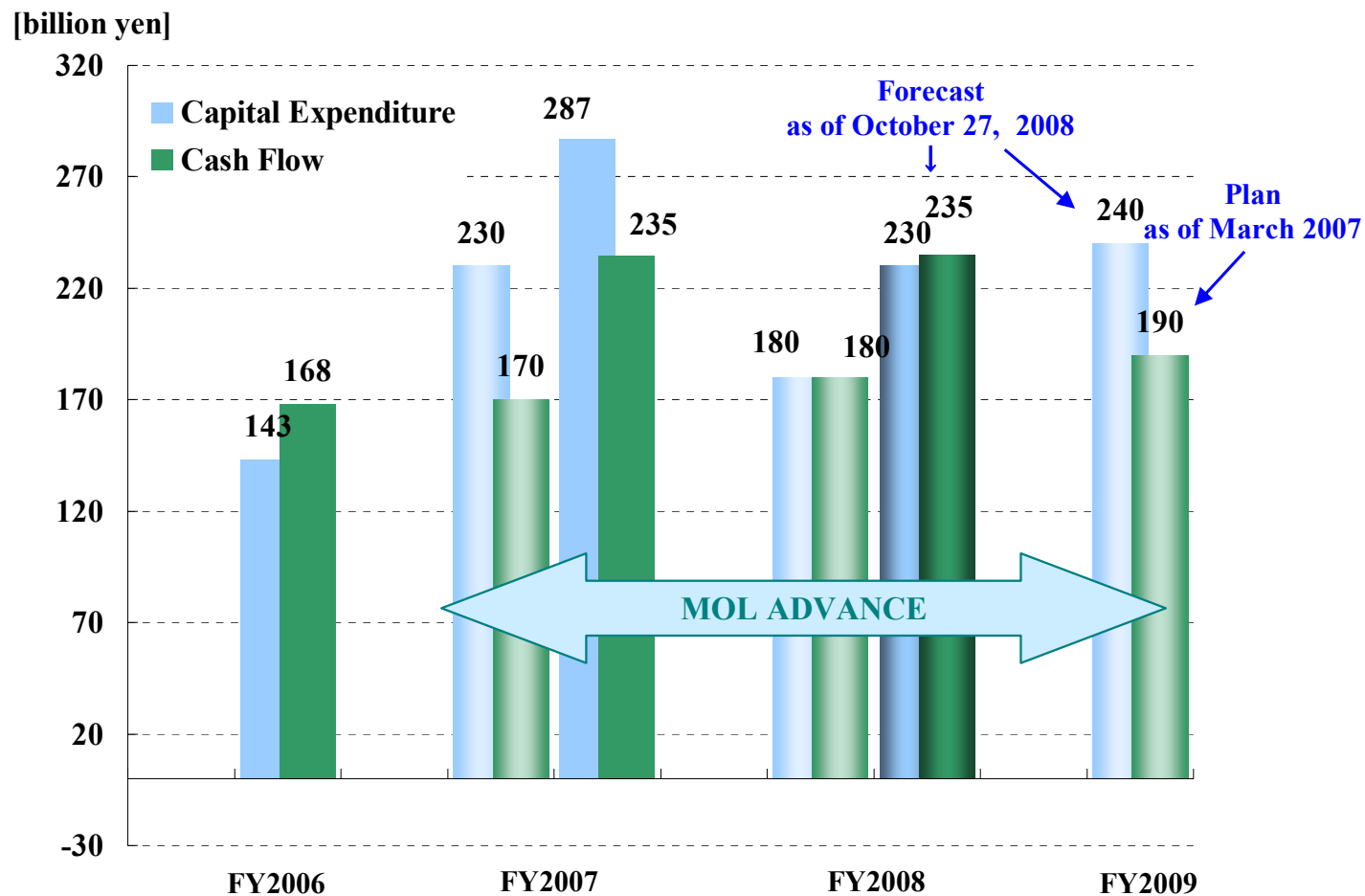


# Highly Stable Profit



Highly stable profit = Firm profit through middle and long-term contracts and projected profit from highly stable businesses.

# Cash Flows & Capital Expenditure



Average exchange rate(¥/\$)

**FY2006**  
Result  
117.40

**FY2007**  
Plan    Result  
110    115.55

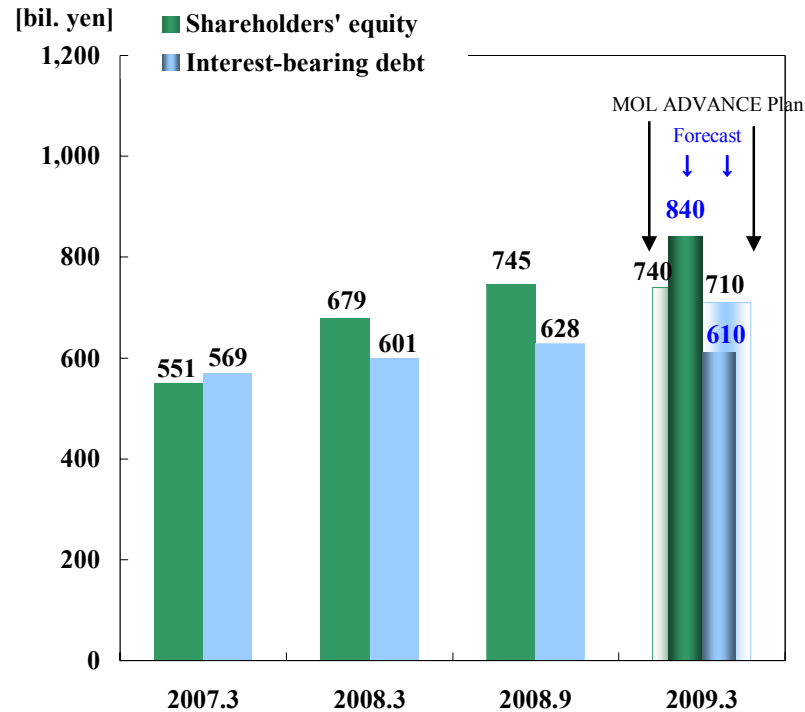
**FY2008**  
Plan    Forecast  
110    100.96

**FY2009**

Cash flow = Net income + Depreciation - Dividend

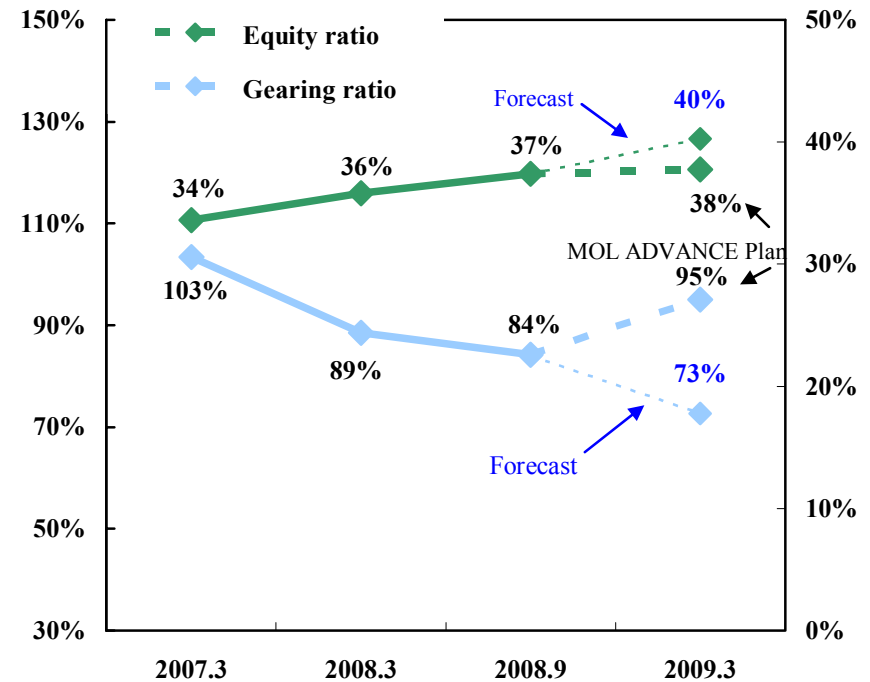
Plans : as of March 2007

# “MOL ADVANCE” Financial Plan



Gearing ratio

Equity ratio



Term-end exchange rate(¥/\$)	2007.3 Result	2008.3 Result	2008.9 Result	2009.3 Estimate
MOL	118.05	115.55	103.57	97
Overseas subsidiaries	119.11	114.15	106.42	97

Forecast = as of October 27, 2008

MOL ADVANCE Plan = as of March 2007

Gearing ratio = Interest bearing debt/Shareholders' equity

Equity ratio = Shareholders' equity/Total Assets

Forecast = as of October 27, 2008

MOL ADVANCE Plan = as of March 2007