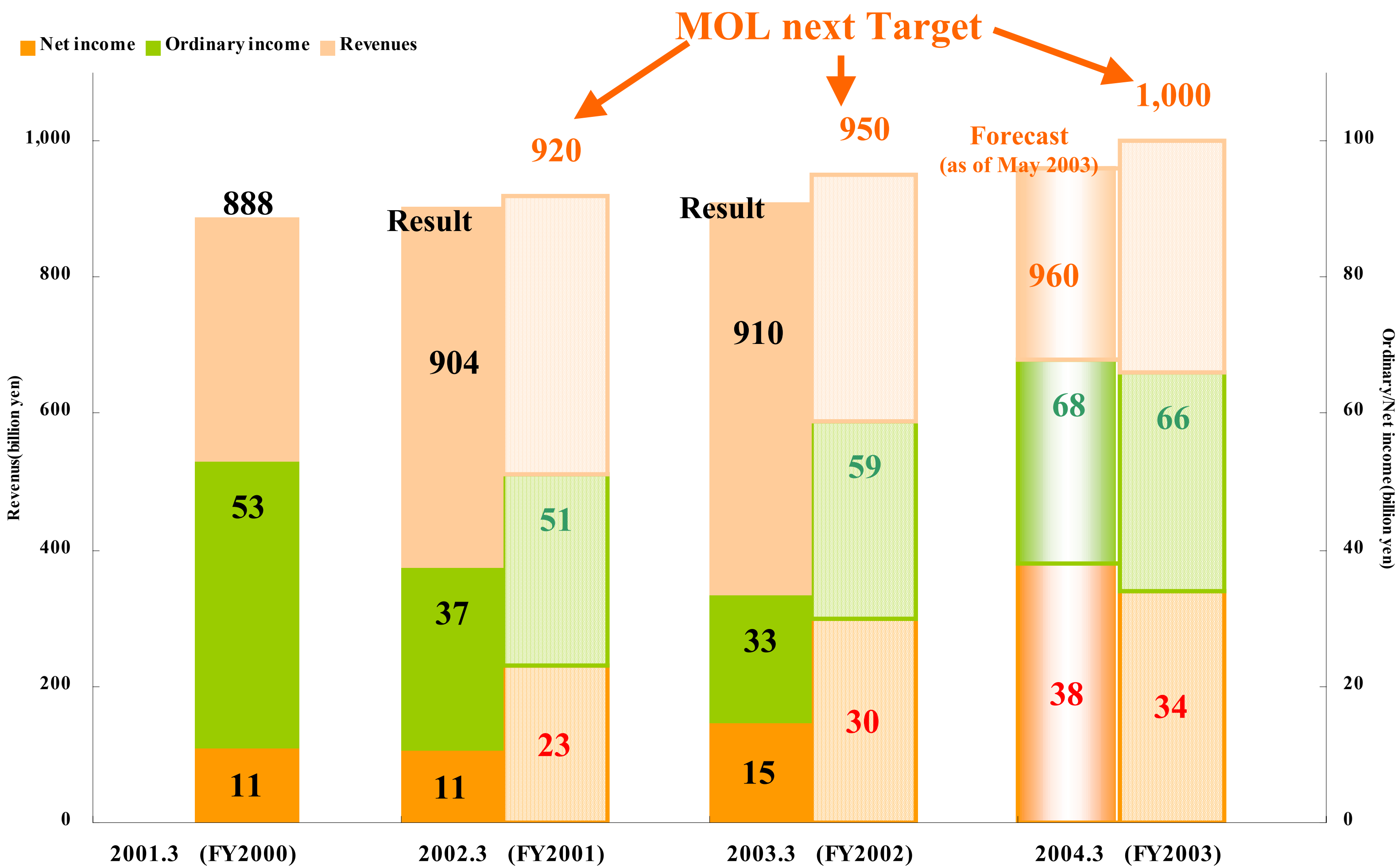
Mitsui O.S.K. Lines' New Expansion Target
[MOL next]
Review
on
the Second Year (FY2002)

Mitsui O.S.K. Lines, Ltd.

May 2003

Contents

Consolidated MOL next Review



Average exchange rate	¥109.71/$	¥125.11/$	*¥115/$*	¥122.29/$	*¥110/$*	*¥115/$*	*¥110/$*
Average bunker price	$159/MT	$136/MT	*$140/MT*	$163/MT	*$120/MT*	*$150/MT*	*$120/MT*

FY2001/2002 Results & FY2003 Forecasts

(billion yen)

		2002.3	Increase/decrease		2003.3	Increase/decrease		2004.3
Revenues	Consolidated	904	+6	+0.7%	910	+50	+5.5%	960
	Non-Consolidated	694	+5	+0.7%	699	+51	+7.3%	750
Operating income	Consolidated	60	△ 14	△24.1%	45	+30	+65.4%	75
	Non-Consolidated	36	△ 8	△21.0%	29	+28	+99.3%	57
Ordinary income	Consolidated	37	△ 4	△10.6%	33	+35	+103.6%	68
	Non-Consolidated	31	△ 3	△10.3%	28	+30	+107.2%	58
Net income	Consolidated	11	+4	+39.5%	15	+23	+158.3%	38
	Non-Consolidated	7	+2	+26.9%	8	+22	+259.4%	30
Average exchange rate		¥125.11/$	△¥2.82/$		¥122.29/$	△¥7.29/$		¥115.00/$
Average bunker price		$136/MT	+$27/MT		$163/MT	△$13/MT		$150/MT

Outline of FY2002 Results

1. **Operating/Ordinary income – Decrease**
   Net income – Record high
2. **Yen appreciation and bunker price hike work negative on profit.**
3. **Freight rates decline resulted in Liner Division's larger deficits.**
4. **Shipping market recovered after hitting the bottom in the first half.**
5. **Interest-bearing debt decreased at a quicker pace.**

Breakdown of FY2002 Results vs FY2001

●Revenues

（Non-Consolidated; billion yen）

Stronger yen	△¥16.4 bil.	(△14.1)
Cargo movements	＋¥15.1 bil.	(＋12.1)
Others	＋¥7.6 bil.	(＋6.9)
（Total）	＋6.3 bil.	(＋4.9)

●Operating income

（Non-Consolidated; billion yen）

Stronger yen	△¥2.3 bil.	(△2.0)	(FY2002 ¥122.29；+¥2.82)
Higher bunker	△¥8.1 bil.	(△5.4)	(FY2002 $163；+$27/MT)
Market fluctuation	△¥9.8 bil.	(△14.9)	
Cost reduction	＋¥16.5 bil.	(+16.5)	
Others	△¥10.7 bil.	(△1.7)	
（Balance）	△¥14.4 bil.	(△7.5)	

Highlights of FY2003 Forecast

1. **The final targets of MOL next is within our reach.**
2. **Liner Division regains its profitability by cost reduction and rate restoration.**
3. **Further reduction of interest-bearing debts**
4. **Target dividend ¥8 per share.**

Consolidated
Cash Flow & Capital Expenditure

Cash flows = Net Income+Depreciation-Dividend

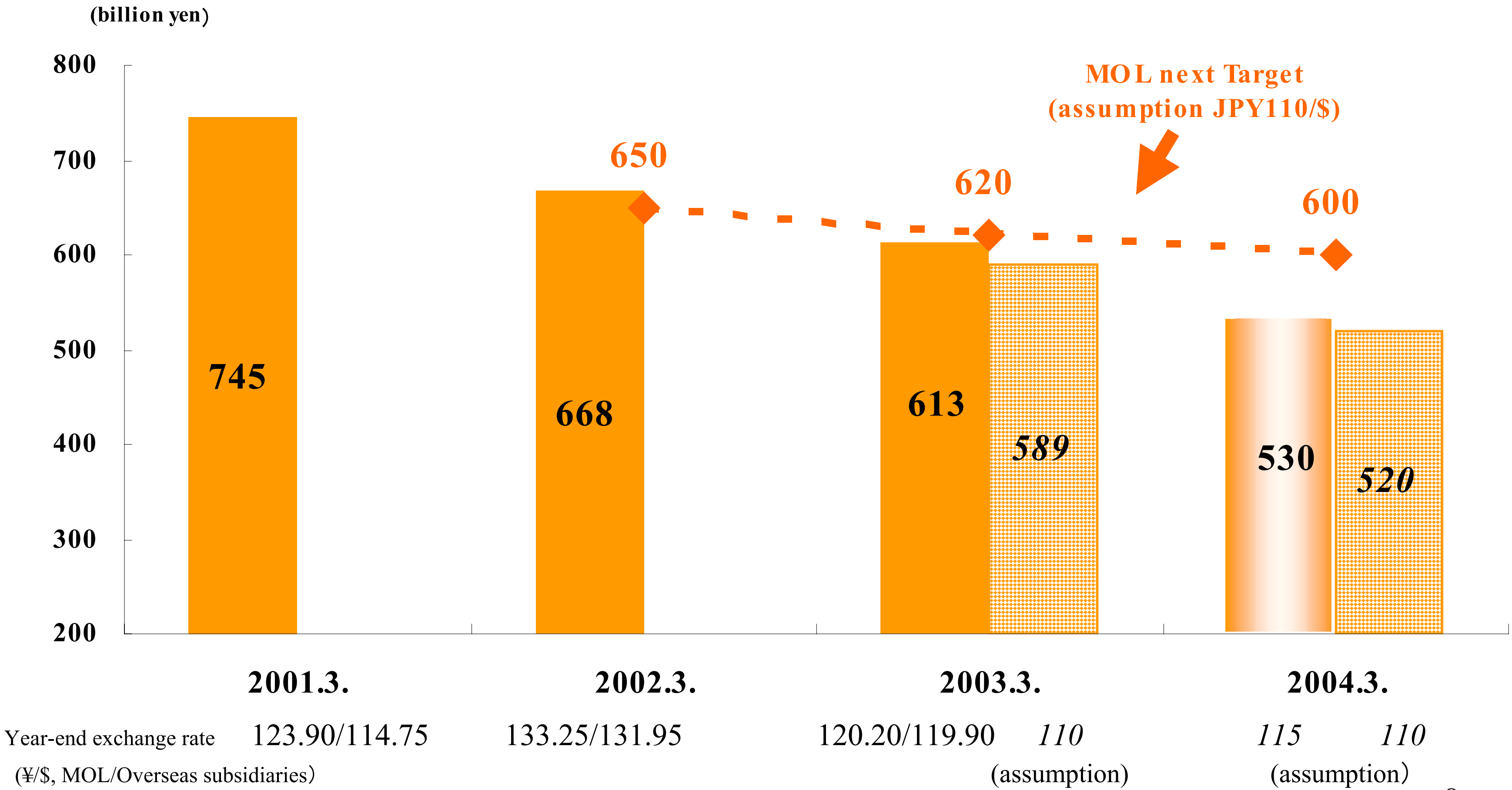
(billion yen)

	2001.3	2002.3	2003.3	2004.3
Net income	11	11	15	38
Depreciation	70	69	61	58
Dividend	5	6	6	6

Average exchange rate ¥109.71/$ ¥125.11/$ ¥122.29/$ ¥115/$ (FY2003 assumption)

Consolidated
Debt Reduction Program

（As of May 2003）



[Supplement]

Consolidated
Segment Results & Forecast

[Revenues] (billion yen)

	Overseas shipping	Ferry/Domestic shipping	Shipping agent & Harbor/terminal operations	Cargo forwarding & Warehousing	Others	Elimination	Consolidated
2002.3	745	33	79	45	69	△ 67	904
Increase/decrease	(△ 2)	(+1)	(△ 0)	(+3)	(+5)	(△ 1)	(+6)
2003.3	743	33	79	48	75	△ 68	910
Increase/decrease	(47)	(+4)	(+1)	(+3)	(△ 5)	(+0)	(+50)
2004.3 Forecast	790	37	80	51	70	△ 68	960

[Operating income] (billion yen)

	Overseas shipping	Ferry/Domestic shipping	Shipping agent & Harbor/terminal operations	Cargo forwarding & Warehousing	Others	Elimination	Consolidated
2002.3	59	△ 1	1	△ 0	3	△ 1	60
Increase/decrease	(△ 21)	(+2)	(+1)	(+0)	(+1)	(+2)	(△ 14)
2003.3	37	1	2	△ 0	4	1	45
Increase/decrease	(+26)	(+2)	(+1)	(+1)	(△ 1)	(+0)	(+30)
2004.3 Forecast	64	3	4	1	3	2	75

Non-Consolidated

Revenues Result & Forecast by Division

(billion yen)

	2002.3	Increase/ decrease	2003.3	Increase/ decrease	2004.3
Shipping					
Liners	279	(△ 1)	278	(+32)	310
Bulkers & Car Carriers	259	(+8)	267	(+16)	283
Tankers & LNG Carriers	145	(△ 3)	142	(+3)	145
Others	8	(+1)	9	(△ 0)	9
Sub Total	691	(+5)	696	(+51)	747
Other Operations	3	(△ 0)	3	(△ 0)	3
Total	694	(+5)	699	(+51)	750

Non-Consolidated

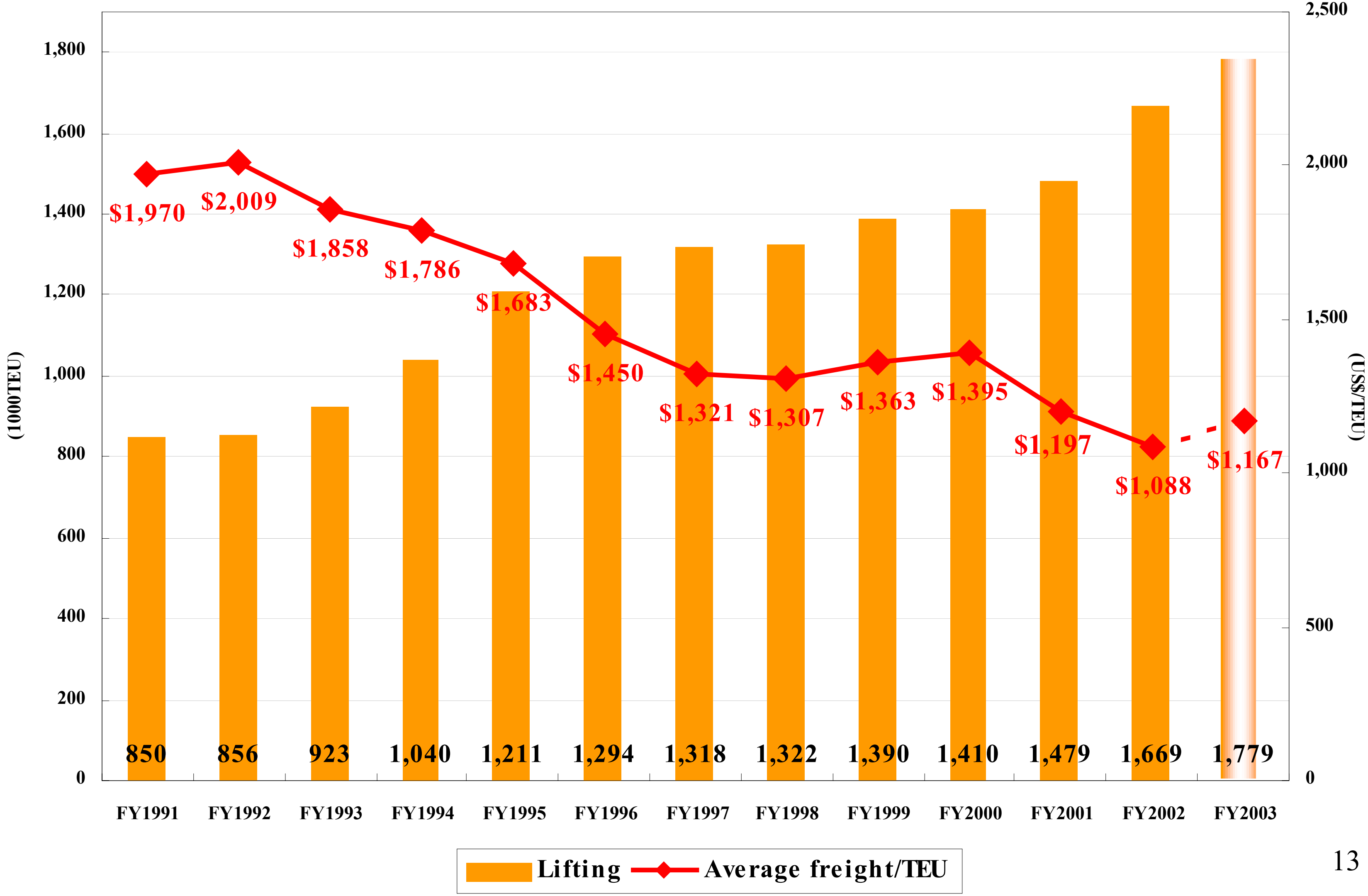
Cost Reduction Plan

(billion yen)

( ): MOL next Plan

	FY2001 (Result)	FY2002 (Result)	FY2003 (Plan)	Total
Sales Division (Voyage expenses, Container expenses, etc.)	9.0 (6.0)	14.0 (1.0)	(5.0) (1.0)	28.0 (8.0)
Administration Division (Administration expenses, Interest payments, etc.)	2.5 (2.5)	3.0 (2.0)	(1.5) (2.5)	7.0 (7.0)
Total	11.5 (8.5)	17.0 (3.0)	(6.5) (3.5)	35.0 (15.0)

Liner Average Freight Rate / Lifting



Major Liner Trades Utilization Forecast

(unit: 1000TEU)

Asia-North America Trade(TPS)

		Outbound (E/B)					Inbound (W/B)				
		Capacity		Lifiting		Utilization	Capacity		Lifiting		Utilization
FY2003	2nd half	209	418	186	373	89%	209	417	101	202	48%
	1st half	210		186		89%	208		101		48%
FY2002	2nd half	185	364	165	331	89%	185	360	87	189	47%
	1st half	179		166		93%	175		101		58%
FY2001	2nd half	153	325	133	277	87%	155	324	98	204	63%
	1st half	173		145		84%	170		106		62%

Asia-Europe Trade（CEA+MED)

		Outbound (W/B)								Inbound (E/B)							
		Capacity			Lifiting			Utilization		Capacity			Lifiting			Utilization	
				(CEA only)			(CEA only)		(CEA only)			(CEA only)			(CEA only)		(CEA only)
FY2003	2nd half	134	272	-	127	259	-	95%	-	134	272	-	101	204	-	75%	-
	1st half	138		-	132		-	96%	-	138		-	103		-	75%	-
FY2002	2nd half	134	264	-	135	264	-	101%	-	134	264	-	101	205	-	75%	-
	1st half	130		128	129		127	99%	99%	130		128	104		102	80%	80%
FY2001	2nd half	139	268	130	123	239	115	89%	89%	137	266	128	105	203	98	77%	77%
	1st half	129		121	116		108	90%	90%	129		120	98		91	76%	75%

*FY2002 2nd half: ･MED was terminated and integrated with CEA.
･TPS capacity has been adjusted by Winter Program.

Car Carriers Loading Results

(1000 units)

	FY2001	FY2002	Increase/ decrease
Far East/Southeast Asia → North America	436	558	+122
Far East/Southeast Asia → Europe	243	271	+28
Far East/Southeast Asia → Carib/South America	358	427	+69
Cross trades/Import	530	583	+53
Total	1,568	1,839	+271
ex Korea (last port sailing basis)	47	42	△4

*Voyage completion basis; including voyage charter