



**Business Performance**  
**in FY2006**  
**and**  
**Outlook for FY2007**

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

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## Highlights of FY2006 Results

➤ **Responded to active demand with proactive fleet expansion**

[Fleet scale]	Mar.2006	Mar 2007	(%: deadweight ton base)
<b>Bulkships</b>	<b>591</b>	<b>650</b>	<b>(+59, +12%)</b>
<b>Containerships</b>	<b>94</b>	<b>109</b>	<b>(+15, +11%)</b>
<b>Others</b>	<b>43</b>	<b>44</b>	<b>(+ 1, + 3%)</b>
<b>Total</b>	<b>728</b>	<b>803</b>	<b>(+75, +12%)</b>

➔ **Increased both revenue and profits again**

(Revenue: Eighth straight term, Ordinary income: Fourth straight term,  
Net income: Fifth straight term)

➤ ***By segment*** (No. of vessels compared to Mar. 2006)

**Bulkships:** Launched newly-built vessels, increased mid- and long-term contracts /spot contracts both in Japan and overseas in well-balanced; diversified ship types in growing fields.

➔ Major increase in profits. Kept increasing even on quarter-on-quarter basis throughout the term.

**[Dry bulkers]**

- **Market:** Showed stronger than the previous term since 2Q on the back of active trade

e.g. Cape-size market: Increased by 40% on Apr. to Mar. basis , by 10% on Feb. to Jan. basis

- **Fleet scale:** +37 vessels ← Timely expansion, mainly with iron ore carriers and Handy Max .

- Timely increased short, mid- and long-term contracts in well-balanced

➔ Major increase

## **[Tankers]**

- **Market:** Both VLCCs and product tankers up in 1st half/down in 2nd half → Declined on year-on-year basis.
- **Fleet scale:** +17 vessels ← Timely expansion, mainly with product tankers and chemical tankers.
- **Added double-hull tankers, mainly in VLCC fleet and reinforced business foundation**
- A slight decrease in ordinary income (Increase in net income ← Gain on sale of vessels)

**[LNG Carriers]** Smooth performance of long-term contracts, increased number of engaged vessels (+4 vessels) → Increase in profits

**[Car Carriers]** Active trade → Increased in transport volume (+17%) → Increase in profits

## **Containerships:**

- **Transport volume:** Increased by winning over active cargo trade by expansion of routes.
- **Freight rate:** Declined on main routes in average on year-on-year basis. Europe and South America turned up after bottoming out in 1Q.
- **Increased of various costs (fuel oil, inland transport costs, terminal costs, canal tolls, etc.), expanding imbalance**
- Significant decrease in profits. Gradual increase in profits on quarter-on-quarter basis.

**Logistics:** Expanded business in the fields associated with containerships

→ Increase in profits

**Ferry and domestic transport:** Skyrocketing fuel oil price <-> Restructured routes, covered the hike partly with fuel surcharge, increased cargo trade

→ Recovered profitability, but lower than initial forecasts

**Associated businesses:** Good performance in trading business and cruise ship business

→ Increase in profits

➤ *Upward of dividend forecast*

Year-end dividend: ¥9 per share (current forecast) → ¥11 (revised this time)

With interim payment ¥9, throughout the year ¥20 (cf. ¥18 for FY2005)

# FY2006 Financial Results

(billion yen)		FY2006 Result	1H Result	2H Result	FY2005 Result	Increase / decrease		FY06 F'cast as of Feb., '07	Increase /decrease
<b>Revenue</b>	Consolidated	1,568	760	809	1,367	+202	+14.8%	1,570	△2
	Non-Consolidated	1,244	598	646	1,093	+151	+13.8%	1,240	+4
<b>Operating income</b>	Consolidated	168	73	95	173	△5	△2.8%	166	+2
	Non-Consolidated	112	47	64	128	△16	△12.5%	115	△3
<b>Ordinary income</b>	Consolidated	182	78	104	177	+6	+3.4%	175	+7
	Non-Consolidated	129	53	76	132	△3	△2.2%	128	+1
<b>Net income</b>	Consolidated	121	48	73	114	+7	+6.3%	118	+3
	Non-Consolidated	81	34	47	79	+3	+3.4%	80	+1

Average exchange rate	¥117.40/\$	¥115.83/\$	¥118.98/\$	¥112.29/\$	+¥5.11/\$	¥116.94/\$	+¥0.46/\$
Average bunker price	\$321/MT	\$339/MT	\$303/MT	\$280/MT	+\$41/MT	\$321/MT	+\$0/MT
					△1.1bil. yen		+1.0bil yen
					↑		↑
					+11.2bil yen		+1.0bil yen
					△12.3bil. yen		+0.0bil yen

FY2006 Ex. Rate sensitivity/year	±2.20 bil. ¥/1¥	(Max)
FY2006 Bunker price sensitivity/year (Consolidated Ordinary Income Basis)	±0.30 bil. ¥/1\$	(Max)

## Consolidated Segment Information

(billion yen)		FY2006 Result	1H Result	2H Result	FY2005 Result	Increase / decrease		FY06 F'cast as of Feb.,'07	Increase /decrease
<b>Bulkships</b>	Revenue	787	375	412	676	+111	+16.4%	782	+5
	Ordinary income	164	71	93	135	+28	+20.9%	157	+7
<b>Containerships</b>	Revenue	569	278	291	488	+80	+16.5%	570	△1
	Ordinary income	3	△1	4	37	△34	△91.6%	3	+0
<b>Logistics</b>	Revenue	56	27	28	64	△8	△12.7%	57	△1
	Ordinary income	2	1	2	2	+0	+10.0%	2	+0
<b>Ferry &amp; domestic transport</b>	Revenue	50	26	24	47	+3	+6.6%	50	△0
	Ordinary income	0	0	△0	△0	+0		0	△0
<b>Associated businesses</b>	Revenue	100	50	49	87	+12	+14.0%	102	△2
	Ordinary income	13	6	7	13	+1	+4.4%	12	+1
<b>Others</b>	Revenue	8	4	4	4	+3	+81.2%	9	△1
	Ordinary income	3	2	1	3	+0	+14.2%	2	+1
<b>Elimination</b>	Revenue	-	-	-	-	-	-	-	-
	Ordinary income	△3	△0	△2	△13	+11		△1	△1
<b>Consolidated</b>	Revenue	1,568	760	809	1,367	+202	+14.8%	1,570	△2
	Ordinary income	182	78	104	177	+6	+3.4%	175	+7

\* "Revenue" = Revenues from customers, unconsolidated subsidiaries and affiliated companies

<h2 style="margin: 0;">Results Comparison FY2006 vs. FY2005</h2> <h3 style="margin: 0;">Major factors affected Revenue &amp; Ordinary income</h3>
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● **Revenue**

(Non-Consolidated; billion yen)

<b>Weaker yen</b>	<b>+¥56.2 bil.</b>	<b>(+51.1)</b>	
Fluctuation of cargo volume/freight rates	+¥104.6 bil.	(+90.3)	
<b>Others</b>	<b>+¥40.9 bil.</b>	<b>(+9.4)</b>	
<b>(Total)</b>	<b>+ ¥201.7 bil.</b>	<b>(+150.8)</b>	

● **Ordinary income**

(Non-Consolidated; billion yen)

<b>Weaker yen</b>	<b>+¥11.2 bil.</b>	<b>(+10.2)</b>	<small>(FY06 ¥117.40/\$; -¥5.11/\$)</small>
<b>Higher bunker</b>	<b>△¥12.3 bil.</b>	<b>(△8.2)</b>	<small>(FY06 321/MT; +\$41/MT)</small>
Fluctuation of cargo volume/freight rates	△¥20.7 bil.	(△31.0)	
<b>Cost Reduction</b>	<b>+15.5 bil.</b>	<b>(+13.9)</b>	
Equity in earnings of affiliated companies	△¥0.7 bil.	(0)	
<b>Others (incl. Elimination)</b>	<b>+¥13.0 bil.</b>	<b>(+12.2)</b>	
<b>(Balance)</b>	<b>+¥6.0 bil.</b>	<b>(△2.9)</b>	

## Highlights of Forecast for FY2007

### ➤ *Comparison with FY2006*

- Launch newly built vessels (24 dry bulkers, 10 tankers, 4 LNG carriers, 9 car carriers, 7 containerships) → Response to active cargo trade
- Expectation of a future rise in the market is being penetrated (for all range types of dry bulkers)  
→ Enable to acquire profitable short and mid-term contracts
- Work to recover containership freight rates (Europe: starting April, every quarter, North America: May, South America: July)
- > - Assumption of higher bunker price (+\$9/MT), appreciating yen (¥2.4/\$)
  - Incorporated cost of full-fledged safe operation measures
- ➔ Increase both in revenue and income again, and surpass ¥200 billion of ordinary income.

### ➤ *Comparison with MOL ADVANCE FY2007 plan*

- Adjust assumption of exchange rate/bunker price (¥110/\$ → ¥115/\$ / \$300/MT → \$330/MT)  
→ Difference: Effect of +¥2.5 billion
- Impact of change in depreciation system → Approx. -¥2 billion
- Consider current dry bulk market condition partly
- ➔ Upward revision  
Ordinary income: +¥10 billion (from bulkship business), net income: +¥6 billion

### ➤ *Dividend*

Plan to pay ¥20 per share (Interim dividend: ¥10 + year-end dividend: ¥10)



# FY2007 Forecast

(billion yen)		FY2007	FY2006	Increase / decrease		FY2007 1H	FY2006 1H	Increase / decrease	
<b>Revenue</b>	Consolidated	1,700	1,568	+132	+8.4%	840	760	+80	+10.6%
	Non-Consolidated	1,360	1,244	+116	+9.3%	670	598	+72	+12.0%
<b>Operating income</b>	Consolidated	190	168	+22	+13.0%	98	73	+25	+34.3%
	Non-Consolidated	140	112	+28	+25.3%	74	47	+27	+55.8%
<b>Ordinary income</b>	Consolidated	200	182	+18	+9.6%	104	78	+26	+32.5%
	Non-Consolidated	155	129	+26	+20.2%	80	53	+27	+50.6%
<b>Net income</b>	Consolidated	130	121	+9	+7.5%	67	48	+19	+40.4%
	Non-Consolidated	100	81	+19	+22.9%	50	34	+16	+47.2%

Average exchange rate	¥115.00/\$	¥117.40/\$	△¥2.40/\$	¥115.00/\$	¥115.83/\$	△¥0.83/\$
Average bunker price	\$330/MT	\$321/MT	+\$9/MT	\$330/MT	\$339/MT	△¥9/MT
			△8.2bil. yen			+0.4bil yen
			▲			▲
			△5.5bil. yen			△1.9bil. yen x 1/2
			△2.7bil. yen			+2.7bil yen x 1/2

FY2007 Ex. Rate sensitivity/year ±2.30 bil. ¥/1¥ (Max)

FY2007 Bunker price sensitivity/year ±0.30 bil. ¥/1\$ (Max)

(Consolidated Ordinary Income Basis)

## Consolidated Segment Forecast

(billion yen)		FY2007	FY2006	Increase / decrease		FY2007 1H	FY2006 1H	Increase / decrease	
<b>Bulkships</b>	Revenue	820	787	+33	+4.2%	410	375	+35	+9.4%
	Ordinary income	171	164	+7	+4.5%	88	71	+17	+24.5%
<b>Containerships</b>	Revenue	650	569	+81	+14.3%	320	278	+42	+15.3%
	Ordinary income	10	3	+7	+217.5%	7	△1	+8	
<b>Logistics</b>	Revenue	66	56	+10	+18.8%	30	27	+3	+9.2%
	Ordinary income	3	2	+0	+10.8%	1	1	+0	+8.8%
<b>Ferry &amp; domestic transport</b>	Revenue	53	50	+3	+6.3%	27	26	+1	+4.5%
	Ordinary income	2	0	+1		1	0	+0	+138.1%
<b>Associated businesses</b>	Revenue	102	100	+2	+2.3%	50	50	△0	△0.4%
	Ordinary income	13	13	△0	△0.6%	6	6	△0	△0.8%
<b>Others</b>	Revenue	9	8	+1	+16.6%	3	4	△1	△20.3%
	Ordinary income	4	3	+0	+15.7%	2	2	+0	+21.4%
<b>Elimination</b>	Revenue	-	-	-	-	-	-	-	-
	Ordinary income	△2	△3	+1		△1	△0	△0	
<b>Consolidated</b>	Revenue	1,700	1,568	+132	+8.4%	840	760	+80	+10.6%
	Ordinary income	200	182	+18	+9.6%	104	78	+26	+32.5%

\* "Revenue" = Revenues from customers, unconsolidated subsidiaries and affiliated companies

**【Supplement】**

**Major Containership Trades Utilization Forecast**

**Asia-North America Trade (TPS)**

(unit: 1000TEU)

			Outbound (E/B)						Inbound (W/B)											
			Capacity			Lifting			Utilization			Capacity			Lifting			Utilization		
FY2006	2nd	4Q	129	263	547	114	230	492	88%	87%	90%	131	266	546	77	149	284	59%	56%	52%
	half	3Q	134			116			86%			135			72			53%		
	1st	2Q	150			142			95%			147			67			46%		
	half	1Q	134	284		120	263		89%	92%		133	280		67	134		50%	48%	
FY2005	2nd	4Q	126	264	534	112	226	473	89%	86%	89%	124	264	531	59	116	229	47%	44%	43%
	half	3Q	138			115			83%			140			57			41%		
	1st	2Q	142			132			93%			139			55			40%		
	half	1Q	129	271		115	247		89%	91%		129	268		59	114		46%	42%	

**Asia-Europe Trade**

			Outbound (W/B)						Inbound (E/B)											
			Capacity			Lifting			Utilization			Capacity			Lifting			Utilization		
FY2006	2nd	4Q	109	209	426	107	206	413	98%	99%	97%	102	202	406	61	117	230	60%	58%	57%
	half	3Q	100			99			100%			100			56			56%		
	1st	2Q	117			113			97%			108			56			52%		
	half	1Q	100	217		94	207		94%	95%		96	203		57	113		59%	56%	
FY2005	2nd	4Q	89	185	354	84	170	333	94%	92%	94%	89	177	346	58	116	233	65%	66%	67%
	half	3Q	96			86			90%			88			59			67%		
	1st	2Q	84			80			96%			84			58			69%		
	half	1Q	85	169		82	163		97%	96%		85	169		59	117		69%	69%	

**All Trades (Round Voyage)**

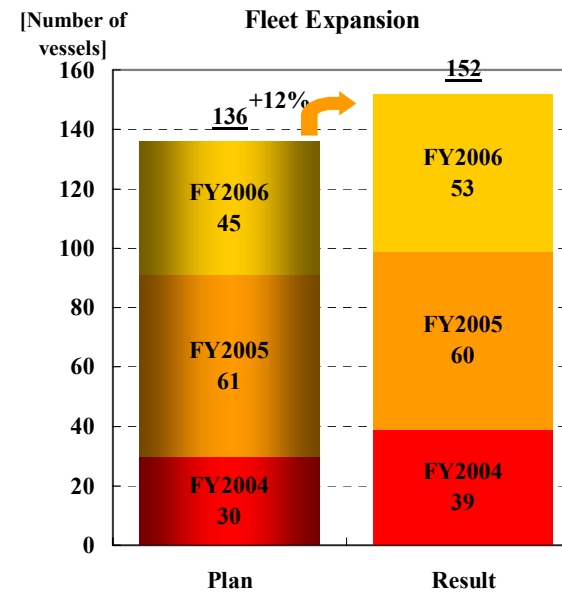
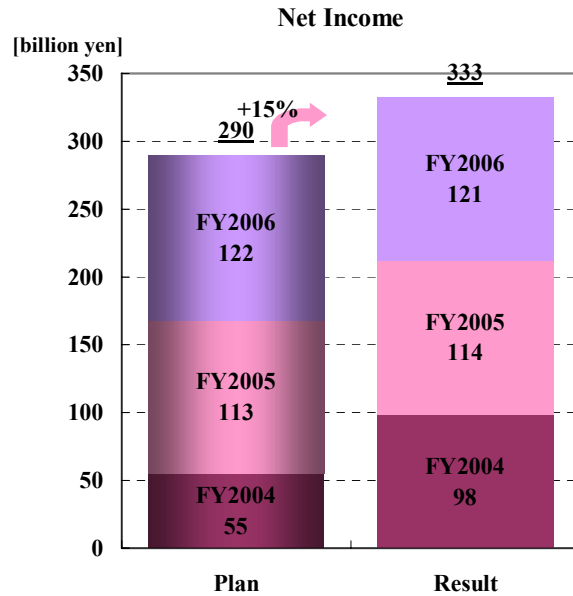
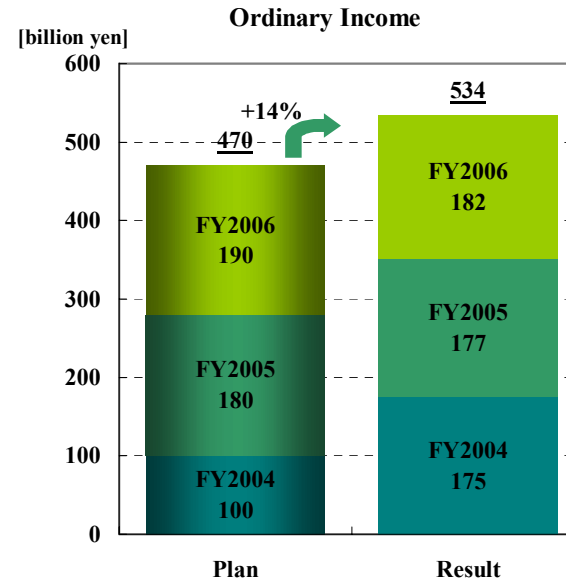
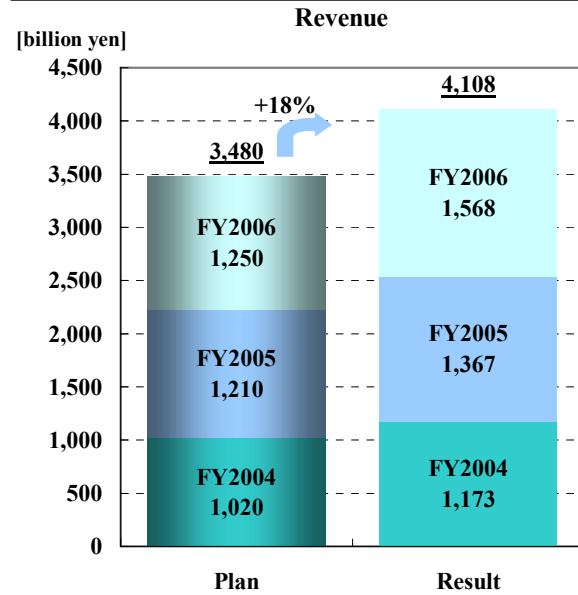
			Capacity			Lifting			Utilization		
FY2006	2nd	4Q	957	1,914	3,828	719	1,428	2,850	75%	75%	
	half	3Q	957			710			74%		74%
	1st	2Q	1,018			757			74%		74%
	half	1Q	896	1,914		665	1,422		74%	74%	
FY2005	2nd	4Q	817	1,658	3,143	601	1,202	2,351	74%	73%	
	half	3Q	841			601			72%		75%
	1st	2Q	760			587			77%		77%
	half	1Q	726	1,485		561	1,149		77%	77%	

Note: Figures before and after October 2005 cannot be compared because the company changed its accounting standards and calculation method of the number of containers on the 1<sup>st</sup> of October 2005.

## Car Carriers Loading Results

(1000 units)						
(Voyage Completion basis; including voyage charter)	FY2007-1H Forecast	FY2006			FY2005	Increase/ decrease (A)-(B)
	1st Half	<i>2nd Half</i>	<i>Yearly result (A)</i>	<i>Yearly result (B)</i>		
Total	1,337	1,291	1,379	2,670	2,275	+394

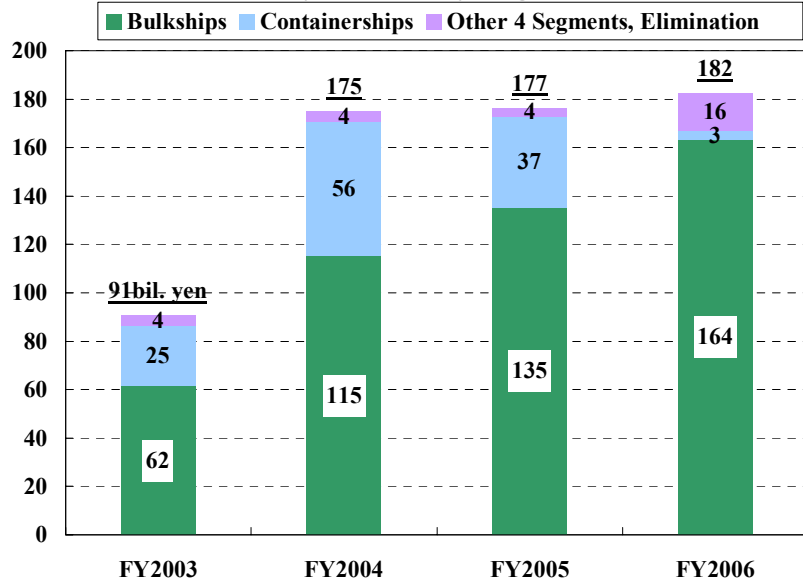
# “MOL STEP” (FY2004-2006) Sum-up (1)



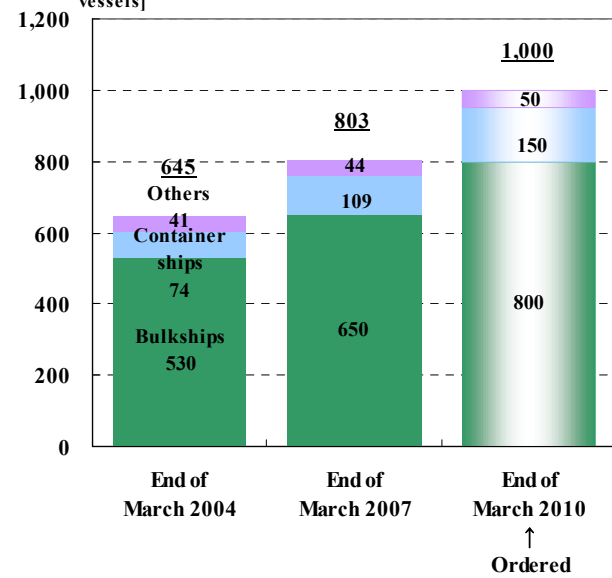
Plan = MOL STEP(FY2004), MOL STEP Review(FY2005-2006)

# “MOL STEP” (FY2004-2006) Sum-up (2)

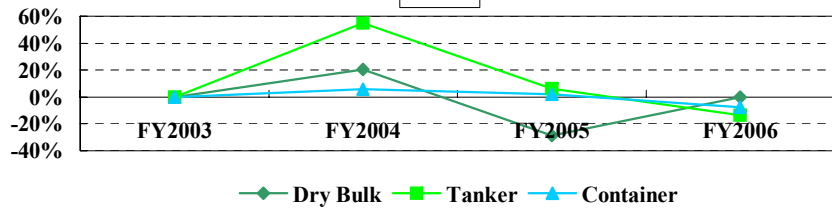
**Ordinary Income by Segment**



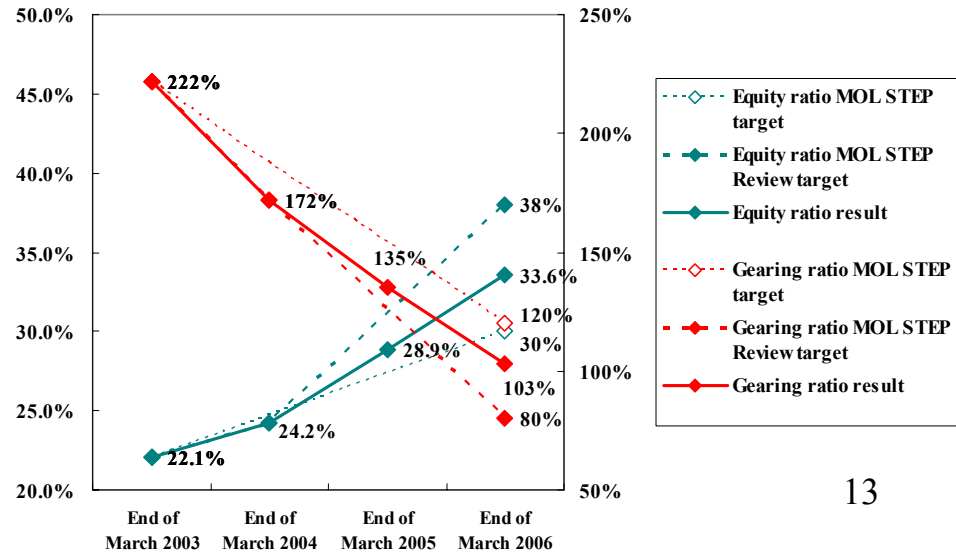
**Fleet Size** [number of vessels]



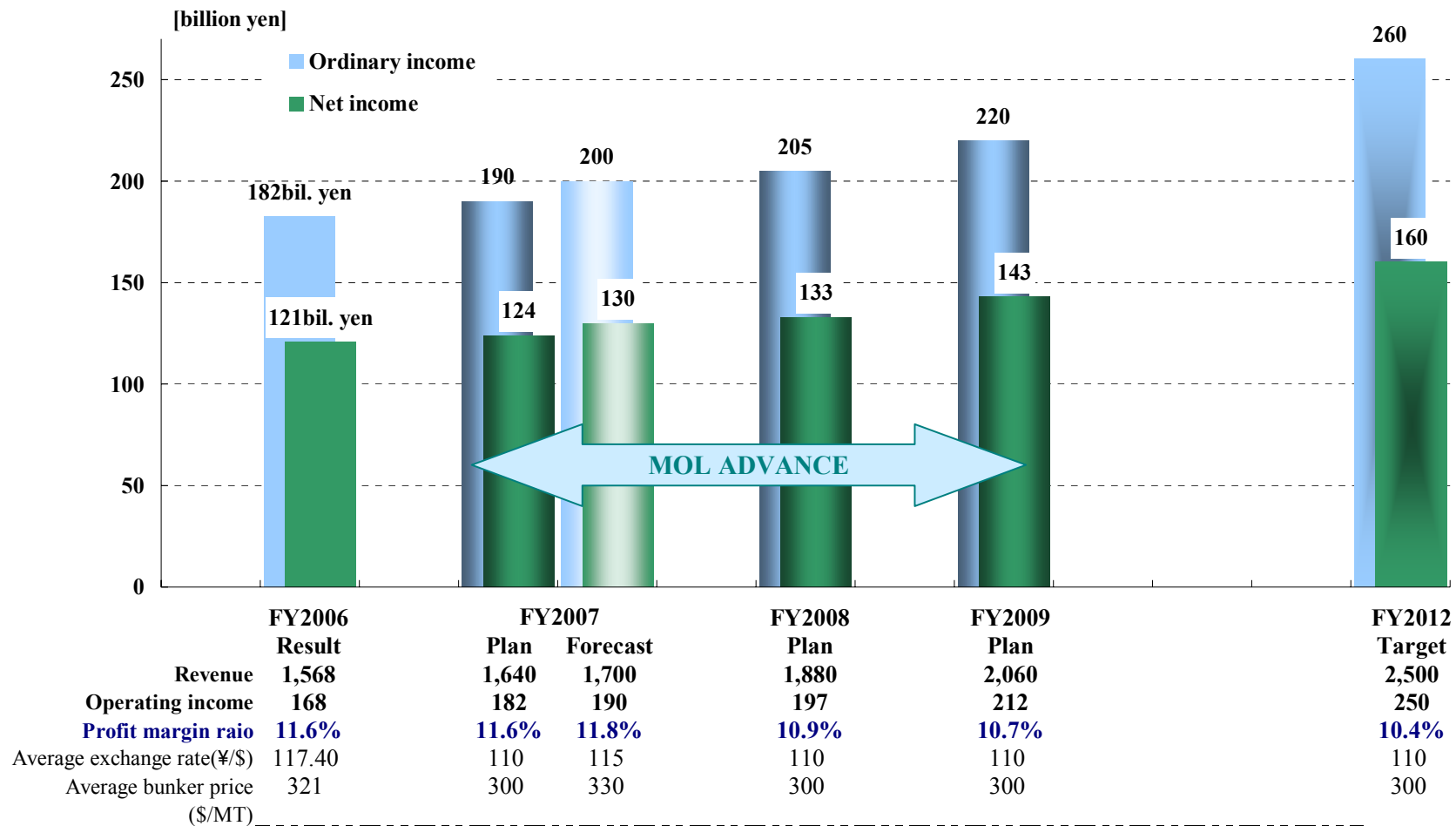
**Market**



Source: Dry Bulk Calculation based on Tramp Data Service Capesize charter rate(Pacific Round).  
 Tanker Calculation based on Drewry AG/Asia VLCC WS.  
 Container Calculation based on Containerization International "Freight Rates Indicators"(Asia/N.America Eastbound, Asia/Europe Westbound), except Jan.-Mar. 2007(MOL internal calculation).

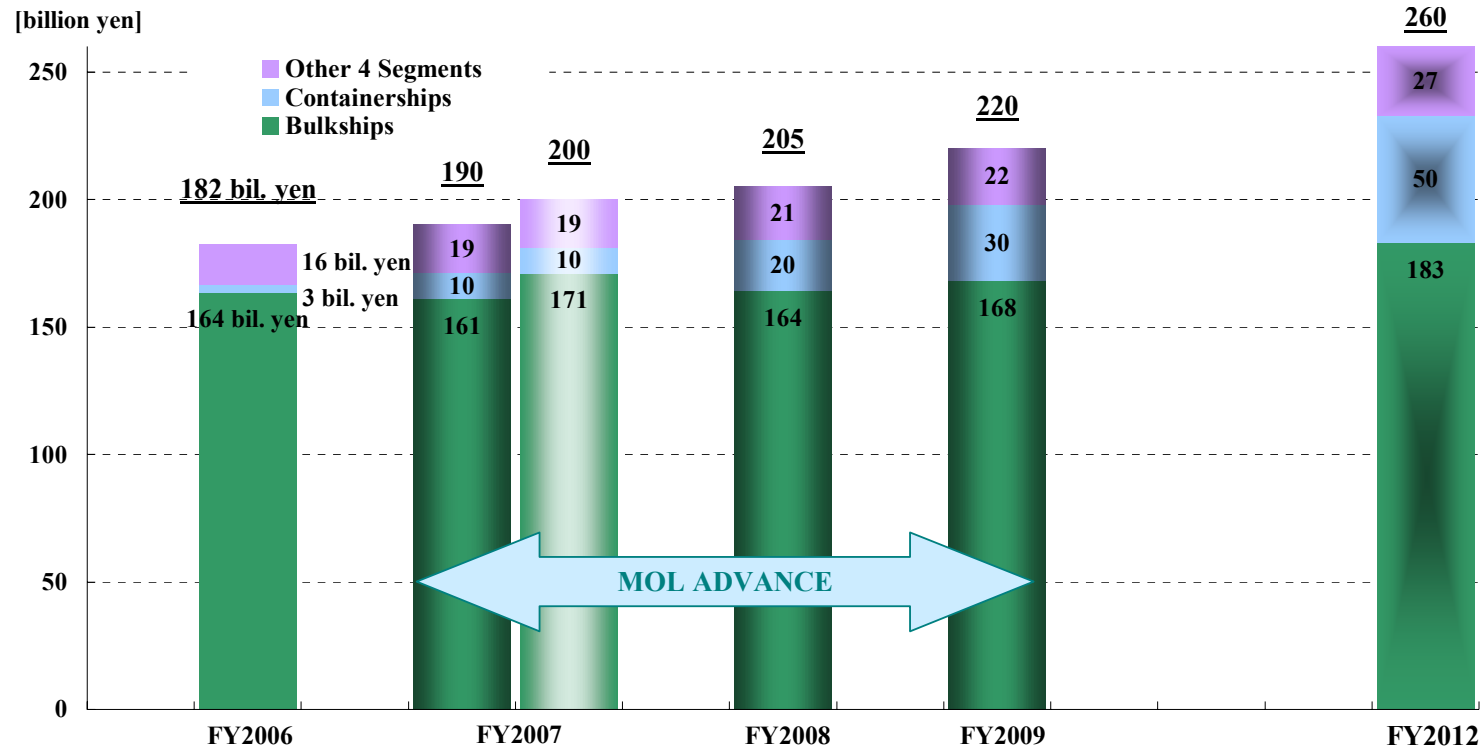


# “MOL ADVANCE” (FY2007-2009) Overall Profit Plan



Exchange rate sensitivity /year (Max) ±2.3 bil. yen/1¥ (FY2007)  
 Bunker price sensitivity /year (Max) ±0.3 bil. yen/1\$ (FY2007)

# “MOL ADVANCE” (FY2007-2009) Profit Plan by Segments



Average exchange rate(¥/\$)  
Average bunker price(\$/MT)

	FY2006 Result	FY2007 Plan	FY2007 Forecast	FY2008 Plan	FY2009 Plan	FY2012 Target
Average exchange rate(¥/\$)	117.40	110	115	110	110	110
Average bunker price(\$/MT)	321	300	330	300	300	300

## Market assumption (FY2006=100\*)

		FY2007		FY2008	FY2009
		Plan	F'cast	Plan	Plan
Dry Bulk	(Cape)	109	117	90	90
	(Panamax)	97	108	81	81
	(Handy Max)	96	107	84	69
	(Small Handy)	108	119	89	73
Tanker	(VLCC)	111	111	111	111

FY2012
Plan
80
90
84
87
99

\* General market rates from March 2006 to February 2007.