

Business Performance
in
FY2006-1st Quarter

Mitsui O.S.K. Lines, Ltd.
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Outline of FY2006 1st Quarter Results

➤ Summary

- Skyrocketing bunker price (+\$100/MT)
- Declining profits of containership business (← lower freight rates, higher costs)
- ⇔ ▪ Weaker yen (+¥8.67/\$)
- Addressing active cargo traffic with expanded fleet
- “Highly stable profits” support high-level profits
- ⇒ ▪ Increase in earnings and decrease in profits from same period of previous year
- Results slightly below initial projection
- Maintain same level of profits from same period of year before last

[¥ billion]	'04 1stQ	'05 1stQ	'06 1stQ (Compared to '05 1 st Q)	Initial Projection for 1st half (% achievement)
Revenue	277.1	→ 308.3	→ 370.6 (+20%)	740.0 (50%)
Ordinary	35.1	→ 49.2	→ 35.4 (Δ28%)	79.0 (45%)
Net income	22.7	→ 311	→ 22.6 (Δ27%)	49.0 (46%)
Effects of bunker price and exchange rate (against ordinary income)		Δ65	Δ32	

➤ **By segment**

Containership: Larger decline in profits than initial projection

Freight rate: North America route = S/C negotiations in May ended with lower than initial assumption

Europe route/South America and Africa routes = Lower than same period of previous year and initial assumption, despite upturn in Apr./Jun. negotiations.

Cargo liftings: Large increase from same period of previous year, but some routes were lower than initial assumption.

Cost: Inland transport costs, etc. increased more than initial assumption

Bulkships: Profits declined from same period of previous year, but were higher than initial assumption

[Car carriers] Larger increase in cargo lifting than initial assumption

→ Rise in both revenue and profits

[Dry bulkers] Lower market rates for Cape size/Panamax, profitable contracts expired.

⇔ Expanded fleet with support of stable profits and ongoing favorable market

→ Profits decreased in line with initial projection

[Tankers] Market slightly down ⇔ Expanded fleet with support of stable profits

→ Profits were slightly higher than initial assumption, and almost same as same period of previous year

[LNG carriers] Stable profits accumulated

Other 4 businesses: No major changes both from same period of previous year and initial projection

Eliminations: intake from reserve for possible losses for accounts receivable, etc.

→ Improved from same period of previous year and initial projection

FY2006 1st Quarter Results

(billion yen)

		1Q Result		Increase/ decrease
		FY2006	FY2005	
Revenue	Consolidated	371	308	62
	Non-Consolidated	293	244	49
Operating income	Consolidated	32	46	△ 15
	Non-Consolidated	20	36	△ 16
Ordinary income	Consolidated	35	49	△ 14
	Non-Consolidated	25	36	△ 11
Net income	Consolidated	23	31	△ 8
	Non-Consolidated	16	22	△ 6

Average exchange rate ¥115.46/\$ ¥106.79/\$ +¥8.67/\$

Average bunker price \$338/MT \$238/MT +\$100/MT

Ordinary income **△3.2 bil. ¥**

↑
 { +17.3 bil. ¥ X 1/4 (Ex. Rate)
 △30.0 bil. ¥ X 1/4 (Bunker)

(For reference)

FY2006 Exchange rate sensitivity/year ±2.00 bil. ¥/1¥ (Max)

FY2006 Bunker price sensitivity/year ±0.30 bil. ¥/1\$ (Max)

(Consolidated Ordinary Income Basis)

(billion yen)

		1Q Result		Increase/ decrease
		FY2006	FY2005	
Containerships	Revenue	133	104	+29
	Ordinary income	△ 2	12	△ 14
Bulkships	Revenue	186	155	+30
	Ordinary income	32	35	△ 3
Logistics	Revenue	14	15	△ 1
	Ordinary income	0	0	+0
Ferry & domestic transport	Revenue	12	12	+0
	Ordinary income	△ 0	△ 0	△ 0
Associated businesses	Revenue	25	21	+4
	Ordinary income	3	3	+0
Others	Revenue	2	1	+0
	Ordinary income	1	1	△ 0
Elimination	Revenue	-	-	-
	Ordinary income	1	△ 2	+3
Consolidated	Revenue	371	308	+62
	Ordinary income	35	49	△ 14

Revenues from customers, unconsolidated subsidiaries and affiliated companies.

<h2 style="margin: 0;">Results Comparison FY2006-1Q vs FY2005-1Q</h2> <h3 style="margin: 0;">Major factors affected Revenue & Ordinary income</h3>
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● **Revenue**

(Non-Consolidated; billion yen)

Weaker yen	+¥21.7 bil.	(+19.5)
Fluctuation of cargo volume/freight rates, etc.	+¥25.6 bil.	(+22.1)
Others	+¥15.0 bil.	(+7.5)
(Total)	+ ¥62.3 bil.	(+49.1)

● **Ordinary income**

(Non-Consolidated; billion yen)

Weaker yen	+¥4.3 bil.	(+3.7)	<small>(FY06-1Q ¥115.46/\$; -¥8.67/\$)</small>
Higher bunker	△¥7.5 bil.	(△5.0)	<small>(FY06-1Q \$338/MT; +\$100/MT)</small>
Fluctuation of cargo volume/freight rates, etc.	△¥14.8 bil.	(△16.5)	
Cost Reduction	+2.0 bil.	(+1.7)	
Equity in earnings of affiliated companies	△¥1.3 bil.	(0)	
Others (incl. Elimination)	+¥3.4 bil.	(+5.0)	
(Balance)	△¥13.9 bil.	(△11.1)	

Key points of FY2006 Full-year Forecast

- **Revised full-year outlook**
Ordinary income: ¥160 bil. → ¥155 bil. (Δ ¥5 bil.: 1st half Δ ¥5 bil. / 2nd half ±0)
Net income : ¥105 bil. → ¥100 bil. (Δ ¥5 bil.: 1st half Δ ¥3 bil. / 2nd half Δ ¥2 bil.)
- **Containerships**: Ordinary income revised down by Δ ¥20 bil.
(Δ ¥12 bil. 1st half / Δ ¥8 bil. 2nd half)
 - ← Current favorable cargo traffic, upturn of freight rates on Europe/South America and Africa routes
 - ⇔ Costs increase, and east-west route freight rate will be difficult to restore to initial assumption
- Bulkships**: Ordinary income revised up by + ¥13 bil.
(+ ¥6 bil. 1st half / + ¥7 bil. 2nd half)
 - ← [Car carriers] Favorable cargo traffic continues
 - [Dry bulkers] Upward revision of 2nd to 4th quarter market assumption
 - [Tankers] Current favorable cargo traffic is reflected to 2nd quarter
- **Dividend**: Plan to pay ¥18 per share (interim: ¥9, year end: ¥9)
(as announced on May 11)

FY2006 Forecast

FY2006		1st Half			1H Forecast as of 5/11/06 (b)	(a)-(b)	2nd Half Forecast	(billion yen)		
		1Q Result	2Q Forecast	Forecast (a)				FY2006 Forecast (c)	FY2006 Forecast as of 5/11/06 (d)	(c)-(d)
Revenue	Consolidated	371	369	740	740	+0	740	1,480	1,480	+0
	Non-Consolidated	293	292	585	585	+0	585	1,170	1,170	+0
Operating income	Consolidated	32	37	69	76	△7	77	146	155	△9
	Non-Consolidated	20	25	45	51	△6	55	100	108	△8
Ordinary income	Consolidated	35	39	74	79	△5	81	155	160	△5
	Non-Consolidated	25	26	51	57	△6	62	113	120	△7
Net income	Consolidated	23	23	46	49	△3	54	100	105	△5
	Non-Consolidated	16	16	32	36	△4	38	70	75	△5

Average exchange rate $\text{¥}115.46/\text{\$}$ $\text{¥}110.00/\text{\$}$ $\text{¥}112.73/\text{\$}$ $\text{¥}110.00/\text{\$}$ $+\text{¥}2.73/\text{\$}$ $\text{¥}110.00/\text{\$}$ $\text{¥}111.37/\text{\$}$ $\text{¥}110.00/\text{\$}$ $+\text{¥}1.36/\text{\$}$
 Average bunker price $\text{\$}338/\text{MT}$ $\text{\$}340/\text{MT}$ $\text{\$}339/\text{MT}$ $\text{\$}340/\text{MT}$ $\text{\$}1/\text{MT}$ $\text{\$}340/\text{MT}$ $\text{\$}340/\text{MT}$ $\text{\$}1/\text{MT}$

Ordinary income $+\text{2.9 bil. ¥}$

Ordinary income $+\text{2.9 bil. ¥}$

(For reference)

FY2006 Exchange rate sensitivity/year $\pm 2.00 \text{ bil. ¥/1¥ (Max)}$
 FY2006 Bunker price sensitivity/year $\pm 0.30 \text{ bil. ¥/1\$ (Max)}$
 (Consolidated Ordinary Income Basis)

\uparrow
 $\text{¥}5.5 \text{ bil. ¥ } \times 1/2 \text{ (Ex. Rate)}$
 $\text{¥}0.3 \text{ bil. ¥ } \times 1/2 \text{ (Bunker)}$

\uparrow
 $+\text{2.7 bil. ¥ (Ex. Rate)}$
 $+\text{0.2 bil. ¥ (Bunker)}$

cf.

FY2005		1st Half			2nd Half Result	FY2005 Result	(billion yen)	
		1Q Result	2Q Result	Result			Exchange rate	Bunker price
Revenue	Consolidated	308	328	636	730	1,367	$\Delta \text{¥}0.93/\text{\$}$ $+\text{\$}60/\text{MT}$ $\Delta \text{19.7 bil. ¥}$	
	Non-Consolidated	244	258	501	592	1,093		
Operating income	Consolidated	46	49	95	78	173	\uparrow $\Delta \text{1.9 bil. ¥ (Ex. Rate)}$ $\Delta \text{17.9 bil. ¥ (Bunker)}$	
	Non-Consolidated	36	37	73	55	128		
Ordinary income	Consolidated	49	49	98	78	177		
	Non-Consolidated	36	35	71	61	132		
Net income	Consolidated	31	31	62	52	114		
	Non-Consolidated	22	22	44	35	79		

Average exchange rate $\text{¥}106.79/\text{\$}$ $\text{¥}110.43/\text{\$}$ $\text{¥}108.61/\text{\$}$ $\text{¥}115.98/\text{\$}$ $\text{¥}112.29/\text{\$}$
 Average bunker price $\text{\$}238/\text{MT}$ $\text{\$}252/\text{MT}$ $\text{\$}252/\text{MT}$ $\text{\$}302/\text{MT}$ $\text{\$}280/\text{MT}$

FY2006 Consolidated Segment Forecast

(billion yen)

	FY2006	1st Half			1H Forecast as of 5/11/06 (b)	(a)-(b)	2nd Half Forecast	FY2006 Forecast (c)	FY2006 Forecast as of 5/11/06 (d)	(c)-(d)
		1Q Result	2Q Forecast	Forecast (a)						
Containerships	Revenue	133	147	280	290	△ 10	260	540	580	△ 40
	Ordinary income	△ 2	2	0	12	△ 12	0	0	20	△ 20
Bulkships	Revenue	186	169	355	350	+5	375	730	700	+30
	Ordinary income	32	32	64	58	+6	73	137	124	+13
Logistics	Revenue	14	14	28	27	+1	30	58	56	+2
	Ordinary income	0	0	1	1	+0	1	2	2	+0
Ferry& domestic transport	Revenue	12	14	26	25	+1	25	51	48	+3
	Ordinary income	△ 0	1	1	1	△ 1	△ 0	0	1	△ 1
Associated businesses	Revenue	25	24	49	46	+3	48	97	92	+5
	Ordinary income	3	3	6	6	+0	6	12	12	+0
Others	Revenue	2	1	3	2	+1	2	5	4	+1
	Ordinary income	1	0	1	1	+0	1	3	2	+0
Elimination	Revenue	-	-	-	-	-	-	-	-	-
	Ordinary income	1	△ 0	1	△ 0	+1	0	1	△ 2	+3
Consolidated	Revenue	371	369	740	740	+0	740	1,480	1,480	+0
	Ordinary income	35	39	74	79	△ 5	81	155	160	△ 5

Revenues from customers, unconsolidated subsidiaries and affiliated companies.

cf.

(billion yen)

	FY2005	1st Half			2nd Half Result	FY2005 Result
		1Q Result	2Q Result	Result		
Containerships	Revenue	104	114	218	270	488
	Ordinary income	12	20	31	6	37
Bulkships	Revenue	155	162	317	359	676
	Ordinary income	35	28	63	72	135
Logistics	Revenue	15	15	30	34	64
	Ordinary income	0	0	1	1	2
Ferry& domestic transport	Revenue	12	13	25	22	47
	Ordinary income	△ 0	1	0	△ 0	△ 0
Associated businesses	Revenue	21	23	44	43	87
	Ordinary income	3	3	6	6	13
Others	Revenue	1	2	3	1	4
	Ordinary income	1	△ 0	1	2	3
Elimination	Revenue	-	-	-	-	-
	Ordinary income	△ 2	△ 3	△ 5	△ 9	△ 13
Consolidated	Revenue	308	328	636	730	1,367
	Ordinary income	49	49	98	78	177

Revenues from customers, unconsolidated subsidiaries and affiliated companies.

[Supplement]

Major Containership Trades Utilization Forecast

(unit: 1000TEU)

Asia-North America Trade (TPS)

		Outbound (E/B)						Inbound (W/B)									
		Capacity		Lifting		Utilization		Capacity		Lifting		Utilization					
FY2006	2nd 4Q																
	half 3Q																
	1st 2Q																
	half 1Q																
FY2005	2nd 4Q	134			120		89%	133			67		50%				
	half 3Q	126	264		112	226	89%	86%	124	264		59	116	47%	44%		
	1st 2Q	138		534	115		473	83%	89%	140		531	57		229	41%	43%
	half 1Q	142	271		132	247		93%	91%	139	268		55	114		40%	42%
	half 1Q	129			115		89%	129			59			46%			

Asia-Europe Trade

		Outbound (W/B)						Inbound (E/B)									
		Capacity		Lifting		Utilization		Capacity		Lifting		Utilization					
FY2006	2nd 4Q																
	half 3Q																
	1st 2Q																
	half 1Q																
FY2005	2nd 4Q	100			94		94%	96			57		59%				
	half 3Q	89	185		84	170	94%	92%	89	177		58	116	65%	66%		
	1st 2Q	96		354	86		333	90%	94%	88		346	59		233	67%	67%
	half 1Q	84	169		80	163		96%	96%	84	169		58	117		69%	69%
	half 1Q	85			82		97%	85			59			69%			

All Trades (Round Voyage)

		Capacity		Lifting		Utilization			
FY2006	2nd 4Q								
	half 3Q								
	1st 2Q								
	half 1Q								
FY2005	2nd 4Q	896			665		74%		
	half 3Q	817	1,658		601	1,202	74%	73%	
	1st 2Q	841		3,143	601		2,351	72%	75%
	half 1Q	760	1,485		587	1,149		77%	77%
	half 1Q	726			561		77%		

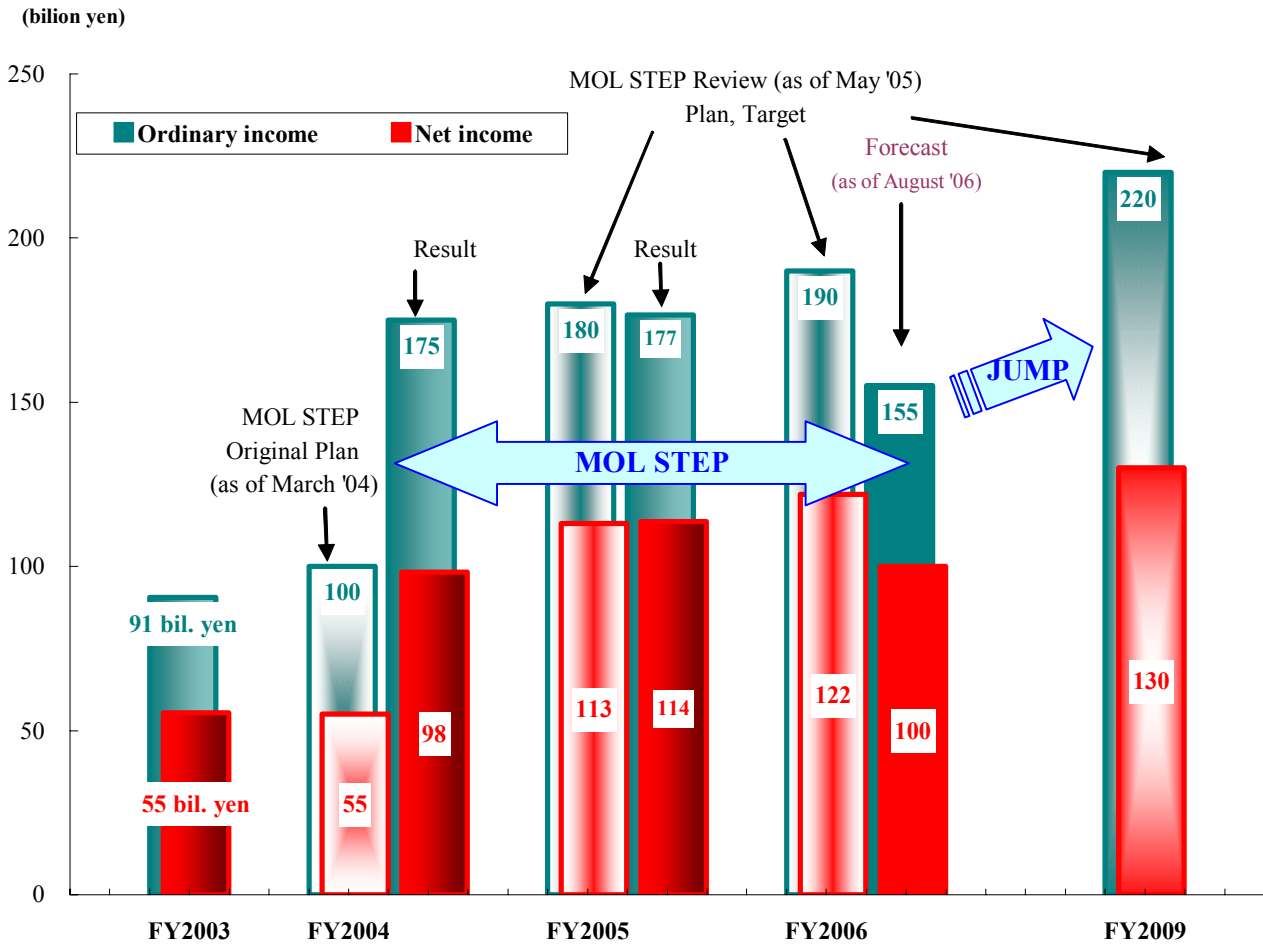
Note: Figures before and after October 2005 cannot be compared because the company changed its accounting standards and calculation method of the number of containers on the 1st of October 2005.

Car Carriers Loading Results

(Voyage Completion basis; including voyage charter)	FY2006					FY2005
			<i>1st Half</i>	<i>2nd Half</i>	<i>(A)+(B)</i>	
	1Q	<i>2Q</i>	<i>Forecast (A)</i>	<i>Forecast (B)</i>		
Total	677	602	1,279	1,342	2,621	2,275

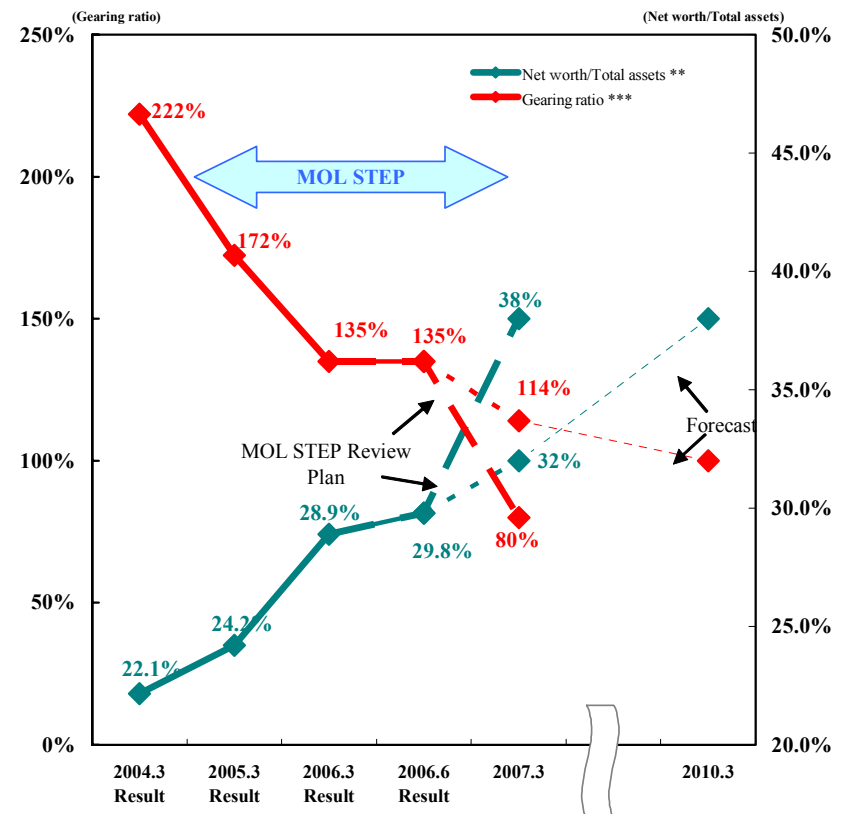
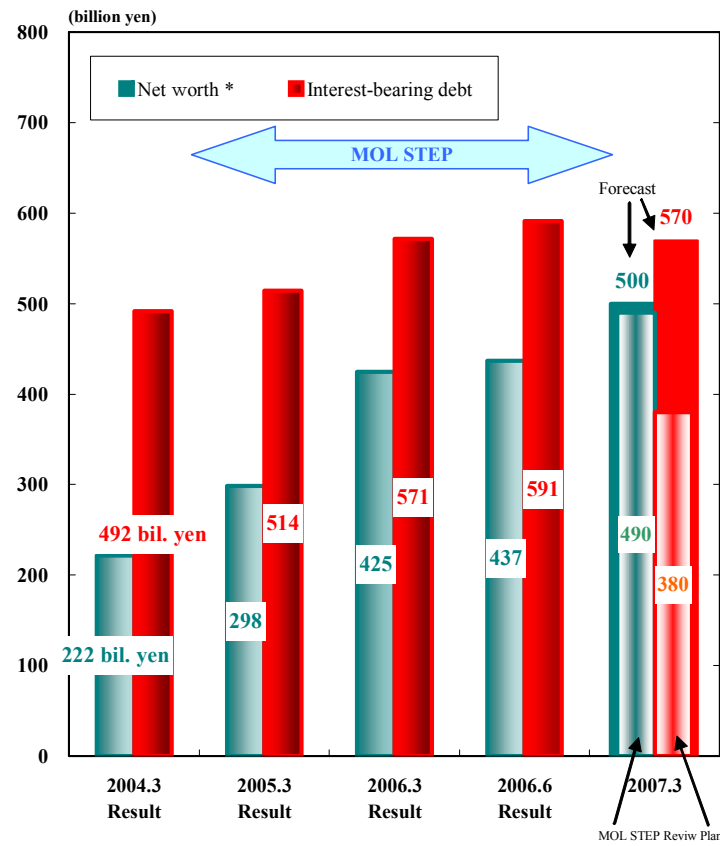
(1000 units)

“MOL STEP Review” Profit Goals



Av. exchange rate(¥/\$)	113.84	110(original)	107.75(result)	105(plan)	112.29(result)	100	111.37(assumption)	100(assumption)
Av. bunker price(\$/MT)	178	150(original)	193(result)	250(plan)	280(result)	200	340(assumption)	200(assumption)
Operating Income(bil. Yen)	92	105(original)	172(result)	176(plan)	173(result)	186(plan)	146(forecast)	215(target)

“MOL STEP Review” Financial Goals



Term-end exchange rate 105.69/ 107.13 107.39/ 104.21 117.47/ 118.07 115.24/ 117.47 110(assumption)
 (¥/\$, MOL /Overseas subsidiaries)
 * to 2006.3 : Shareholder's equity, from 2006.6 : Net worth = Total net assets - Minority interests

** to 2006.3 : Shareholder's equity÷Total assets, from 2006.6 : Net worth÷Total assets
 *** to 2006.3 : Interest bearing debt÷Shareholder's equity, from 2006.6 : Interest bearing debt÷Net worth