

Business Performance
in
FY2005-3rd Quarter

Mitsui O.S.K. Lines, Ltd.

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Contents

Outline for FY2005 3Q Financial Results and Full Year Forecasts	2
FY2005 3 rd Quarter Results	3
Results Comparison FY2005-3Q vs FY2004-3Q	4
FY2005 Forecast	5
Outline of Consolidated Segment Information	6
Consolidated Segment Information	8
Consolidated Segment Forecast	9

[Supplement]

Major Containership Trades Utilization Forecast	11
Car Carrier Loading Results	12
“MOL STEP Review” Profit Goals	13
“MOL STEP Review” Financial Goals	14

Financial Results for the 3rd Quarter and Highlights of the Forecast of FY2005

- **MOL increased both revenue and income compared to the 3rd quarter of FY2004**

Revenue : + ¥136.7 billion (+16%)

Ordinary income : + ¥ 11.0 billion (+ 9%)

Net income : + ¥ 5.6 billion (+ 7%)

Non-consolidated: -¥2.3 billion

← Steep rise of bunker price, downward revision of containership profits, etc.

Equity method gain: +¥4.4 billion; making Daibiru Corporation a consolidated subsidiary: +¥4.9 billion; others

- **Full year forecasts FY2004 FY2005**

Ordinary income: ¥ 175 billion → ¥ 177 billion [¥ 190 billion as of Nov., '05]

Net income : ¥ 98.3 billion → ¥ 112 billion “]

- **No change in year-end dividend plan = ¥ 9 per share
(¥18 in total for FY2005 [interim payment ¥9 already executed])**

FY2005 3rd Quarter Results

(billion yen)		FY2005				FY2004	Increase/decrease	
		1Q Result	2Q Result	3Q Result	Apr.-Dec.	Apr.-Dec.		
Revenue	Consolidated	308	328	380	1,016	879	+137	+16%
	Non-Consolidated	244	258	310	811	705	+106	+15%
Operating income	Consolidated	46	49	42	138	128	+10	+8%
	Non-Consolidated	36	37	30	103	104	△1	-1%
Ordinary income	Consolidated	49	49	42	141	130	+11	+9%
	Non-Consolidated	36	35	31	102	105	△2	-2%
Net income	Consolidated	31	31	28	90	84	+6	+7%
	Non-Consolidated	22	22	19	63	66	△3	-5%

Average exchange rate ¥106.79/\$ ¥110.43/\$ ¥115.32/\$ **¥110.85/\$** ¥108.94/\$ +¥1.91/\$

Average bunker price \$238/MT \$266/MT \$290/MT **\$267/MT** \$191/MT +\$76/MT

Ordinary income △13.5 bil. ¥



(Ex. Rate) +4.8 bil. ¥ x 3/4

(Bunker) △22.8 bil. ¥ x 3/4

(For reference)

FY2005 Exchange rate sensitivity/year:	±2.50 bil. ¥/1¥	(Max)
FY2005 Bunker price sensitivity/year:	±0.30 bil. ¥/1\$	(Max)
(Consolidated Ordinary Income Basis)		

Results Comparison FY2005-3Q vs FY2004-3Q

Major factors affected Revenue & Ordinary income

● Revenue

(Non-Consolidated; billion yen)

Weaker yen	+¥12.9 bil.	(+11.5)	
Increases of cargo volume/freight rates	+¥88.6 bil.	(+72.9)	
Others	+¥35.2 bil.	(+22.0)	
(Total)	+ ¥136.7 bil.	(+106.4)	

● Ordinary income

(Non-Consolidated; billion yen)

Weaker yen	+¥3.6 bil.	(+3.3)	<small>(FY05-3Q ¥110.85/\$; +¥1.91/\$)</small>
Higher bunker	△¥17.1 bil.	(△11.5)	<small>(FY05-3Q \$267/MT; +\$76/MT)</small>
Increases of cargo volume/freight rates	+¥35.2 bil.	(+26.3)	
Cost Reduction	+6.3 bil.	(+5.2)	
Equity in earnings of affiliated companies	+¥4.4 bil.	(0)	
Others (incl. Elimination)	△¥21.2 bil.	(△25.7)	
(Balance)	+¥11.0 bil.	(△2.4)	

FY2005 Forecast

(billion yen)		FY2005							FY2004 Result	Increase/ decrease
		1H Result			2H Forecast	Yearly forecast	FY2005 Forecast as of 11/10/05	Increase/ decrease		
			3Q Result	4Q Forecast						
Revenue	Consolidated	636	380	334	714	1,350	1,350	+0	1,173	+177
	Non-Consolidated	501	310	269	579	1,080	1,080	+0	943	+137
Operating income	Consolidated	95	42	36	79	174	189	△ 15	172	+2
	Non-Consolidated	73	30	26	56	129	147	△ 18	142	△ 13
Ordinary income	Consolidated	98	42	36	79	177	190	△ 13	175	+2
	Non-Consolidated	71	31	32	63	134	146	△ 12	146	△ 12
Net income	Consolidated	62	28	22	50	112	120	△ 8	98	+14
	Non-Consolidated	44	19	19	38	82	90	△ 8	77	+5

Average exchange rate	¥108.61/\$	¥115.32/\$	¥115.00/\$	¥115.16/\$	¥111.89/\$	¥111.81/\$	+¥0.08/\$	¥107.75/\$	+¥4.14/\$
Average bunker price	\$252/MT	\$290/MT	\$300/MT	\$295/MT	\$275/MT	\$273/MT	+\$2/MT	\$193/MT	+\$82/MT
						Ordinary income	△0.4 bil. ¥		△14.3 bil. ¥
						(Ex. Rate)	+0.2 bil. ¥		+10.4 bil. ¥
						(Bunker)	△0.6 bil. ¥		△24.6 bil. ¥

(For reference)

FY2005 Exchange rate sensitivity/year:	±2.50 bil. ¥/1¥	(Max)
FY2005 Bunker price sensitivity/year:	±0.30 bil. ¥/1\$	(Max)
(Consolidated Ordinary Income Basis)		

Highlights of Segment Information

Figures: Ordinary income

Comparison: First 3 quarters (9months) of FY2004 → same of FY2005 (9 months).

Forecast for the full year : forecast at interim results announcement → this time forecast

➤ **Containerships:** Decrease in profits from 3rd quarter of FY2004. Downward adjustment for the full year forecast.

Compared to 3rd quarter of FY2004: ¥ 43.1 billion → ¥ 37.9 billion

← Cost increases (bunker price, inland railroad rates, cargo terminal handling fees, etc.)

Full year forecast: ¥ 53 billion → ¥ 40 billion [¥55.6 billion for FY2004]

- ← * Correction of difference in estimate due to change of accounting standards /systems.
- * Asia /North American routes: Downturn in loading volume (3rd quarter), rising costs
- * Asia /Europe routes: Freight rates weaken (from December)

➤ **Bulkships:** Ensured a large increase in profits through the launch of new vessels and a well-balanced expansion of mid- and long-term/spot contracts. Petrochemical product carriers remain strong though the dry bulk market weakens.

Compared to 3rd quarter of FY2004: ¥ 82.3 billion → ¥ 99.0 billion

Full year forecast: Unchanged (¥ 133 billion) [FY2004 ¥ 115.1 billion]

[Car Carriers]

Step rise in bunker prices despite increase in trade volume (+6%).

➔ Slight decrease in profits from 3rd quarter in FY2004. Year-end result will be almost the same as FY2004.

[Dry Bulkers]

- Market (Cape size, compared to FY2004): Average from April to September 2005 = decrease by 30%; Average from October to December = decrease by 50%
- Launched newly-built vessels; returned higher-priced chartered vessels; profitable COAs and spot contracts; contribution of group companies
- Steady income from long-term contracts
- ➔ Ensured a large increase in profits in 3rd quarter, though profit growth slowed.
To ensure an increase for the full year.

[Tankers]

- Market: Crude oil tankers = Steady market, though down from FY2004, Petrochemical product tankers = Up from FY2004, continued favorable market conditions
- Launched newly built vessels, expansion of long-term contracts and overseas business etc.
- ➔ To expand increase profit margin

[LNG carriers]

Accumulated steady profits thanks to long-term contracts ➔ Increase in profits

➤ Other 4 segments: No change since interim results announcement

Compared to 3rd quarter of FY2004: ¥ 7.2 billion ➔ ¥ 13.4 billion

Full year forecast: ¥ 15.8 billion ➔ ¥ 16.3 billion [¥8.0 billion for FY2004]

- **Logistics:** Established a profitable operating structure
- **Ferry & Domestic Transport:** Rising bunker prices offset higher earnings, reducing profits.
- **Associated Businesses:** Increase in profits as a result of making Daibiru Corporation a consolidated subsidiary (Oct. 2004)

Consolidated Segment Information

FY2005 3rd Quarter Results

(billion yen)		FY2005				FY2004	Increase/decrease	
		1Q Result	2Q Result	3Q Result	Apr.-Dec.	Apr.-Dec.		
Containerships	Revenue	104	114	149	367	301	+66	+22%
	Ordinary income	12	20	7	38	43	△ 5	-12%
Bulkships	Revenue	155	162	179	496	447	+49	+11%
	Ordinary income	35	28	36	99	82	+17	+20%
Logistics	Revenue	15	15	18	47	44	+4	+9%
	Ordinary income	0	0	1	1	1	+1	+115%
Ferry & domestic transport	Revenue	12	13	12	36	35	+1	+3%
	Ordinary income	△ 0	1	△ 0	0	1	△ 1	-68%
Associated businesses	Revenue	21	23	21	65	47	+18	+38%
	Ordinary income	3	3	3	10	4	+6	+178%
Others	Revenue	1	2	2	5	6	△ 1	-17%
	Ordinary income	1	△ 0	1	2	2	△ 0	-12%
Elimination	Revenue	-	-	-	-	-	-	-
	Ordinary income	△ 2	△ 3	△ 5	△ 10	△ 3	△ 7	
Consolidated	Revenue	308	328	380	1,016	879	+137	+16%
	Ordinary income	49	49	42	141	130	+11	+9%

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

Consolidated Segment Forecast

FY2005 Forecast

(billion yen)		FY2005							FY2004 Result	Increase/decrease
		1H Result	2H		Yearly forecast	FY2005 Forecast as of 11/10/05	Increase/decrease			
			3Q Result	4Q Forecast				Forecast		
Containerships	Revenue	218	149	118	267	485	495	△ 10	399	+86
	Ordinary income	31	7	2	9	40	53	△ 13	56	△ 16
Bulkships	Revenue	317	179	166	345	662	655	+7	597	+65
	Ordinary income	63	36	34	70	133	133	+0	115	+18
Logistics	Revenue	30	18	16	33	63	62	+2	58	+5
	Ordinary income	1	1	1	1	2	2	+0	1	+1
Ferry & domestic transport	Revenue	25	12	12	23	48	48	+0	45	+3
	Ordinary income	0	△ 0	△ 0	△ 0	0	0	+0	0	△ 0
Associated businesses	Revenue	44	21	21	42	86	85	+1	67	+19
	Ordinary income	6	3	2	6	12	12	+0	5	+7
Others	Revenue	3	2	1	3	6	6	+1	8	△ 2
	Ordinary income	1	1	0	1	2	2	+0	2	+0
Elimination	Revenue	-	-	-	-	-	-	-	-	-
	Ordinary income	△ 5	△ 5	△ 3	△ 8	△ 12	△ 12	△ 1	△ 4	△ 9
Consolidated	Revenue	636	380	334	714	1,350	1,350	+0	1,173	+177
	Ordinary income	98	42	36	79	177	190	△ 13	175	+2

* "Revenue" = 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	
FY2005	2nd	4Q													
	half	3Q		138		115		83%		140		57		41%	
	1st	2Q		142		132		93%		139		55		40%	
	half	1Q		129		115		89%		129		59		46%	
				271		247		91%	268		114		42%		
FY2004	2nd	4Q		121		107		89%		120		52		43%	
	half	3Q		135		129		95%		136		50		37%	
	1st	2Q		130		120		92%		130		46		36%	
	half	1Q		112		102		90%		112		57		50%	
				257	499	236	458	92%	256	498	102	205	41%		
				243		222		91%	242		103		42%		

Asia-Europe Trade

				Outbound (W/B)					Inbound (E/B)						
				Capacity		Lifting		Utilization		Capacity		Lifting		Utilization	
FY2005	2nd	4Q													
	half	3Q		96		86		90%		92		59		64%	
	1st	2Q		84		80		96%		84		58		69%	
	half	1Q		85		82		97%		85		59		69%	
				169		163		96%	169		117		69%		
FY2004	2nd	4Q		87		82		95%		87		56		64%	
	half	3Q		86		79		92%		86		56		65%	
	1st	2Q		81		79		97%		81		57		71%	
	half	1Q		77		76		99%		77		60		78%	
				173	331	161	316	93%	173	331	112	229	65%	69%	
				158		155		98%	158		117		74%		

All Trades (Round Voyage)

				Capacity		Lifting		Utilization	
FY2005	2nd	4Q							
	half	3Q		848		601		71%	
	1st	2Q		760		587		77%	
	half	1Q		726		561		77%	
				1,485		1,149		77%	
FY2004	2nd	4Q		685		523		76%	
	half	3Q		722		559		77%	
	1st	2Q		685		530		77%	
	half	1Q		635		505		80%	
				1,406	2,727	1,082	2,117	77%	78%
				1,321		1,035		78%	

FY2004-FY2005-1H : Voyage completion method. (excluding Wayport cargo)

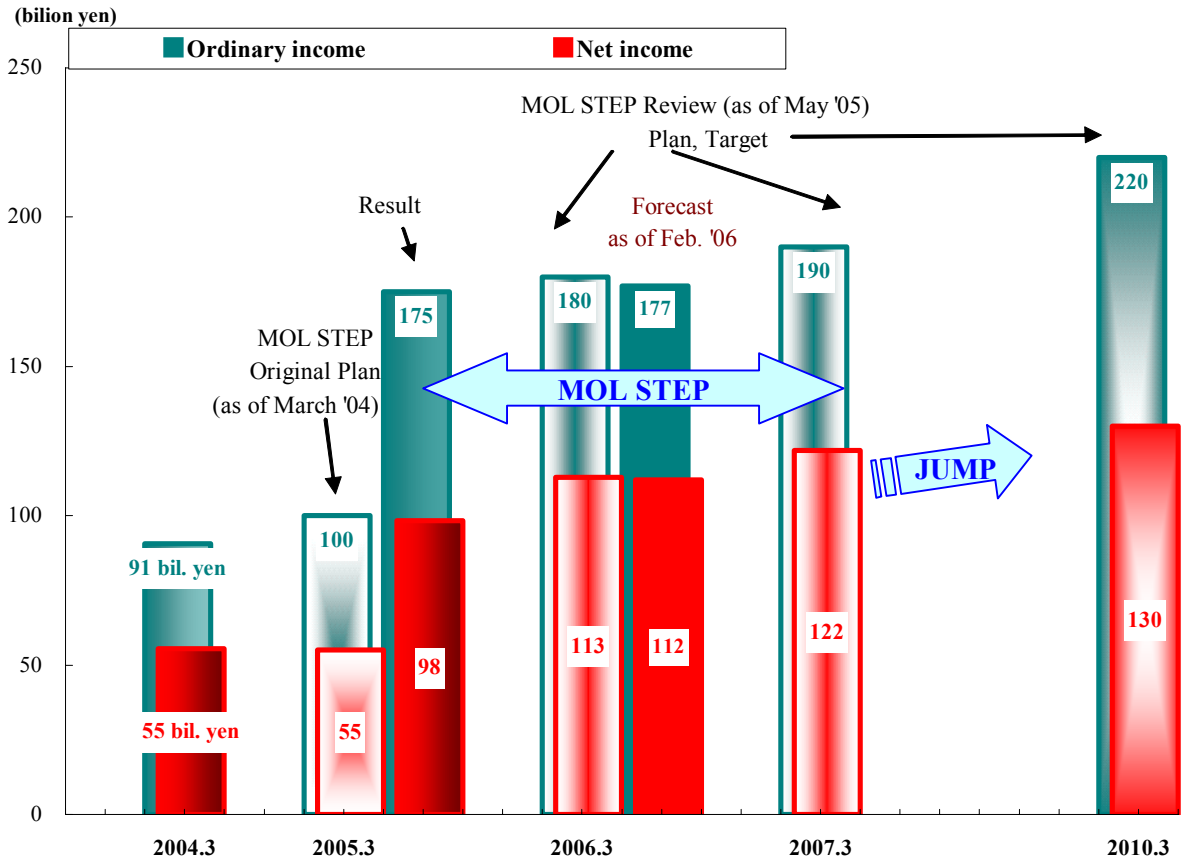
From FY2005-2H : Combined transport status method. (including Wayport cargo)

Car Carriers Loading Results

(1000 units)

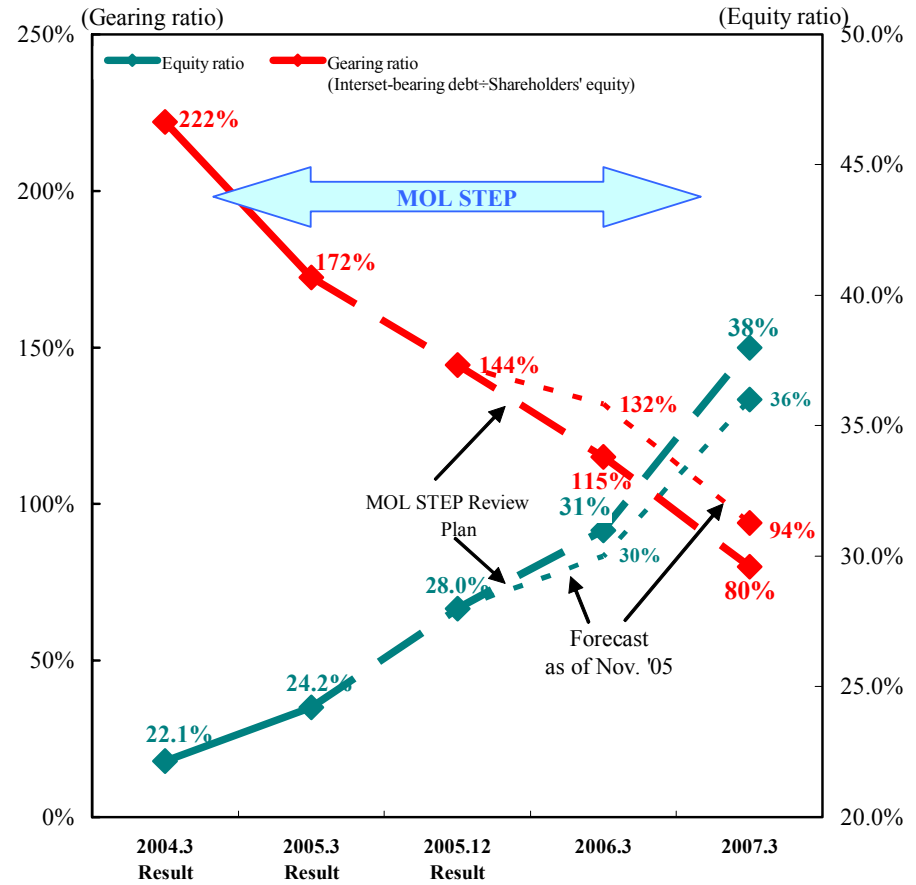
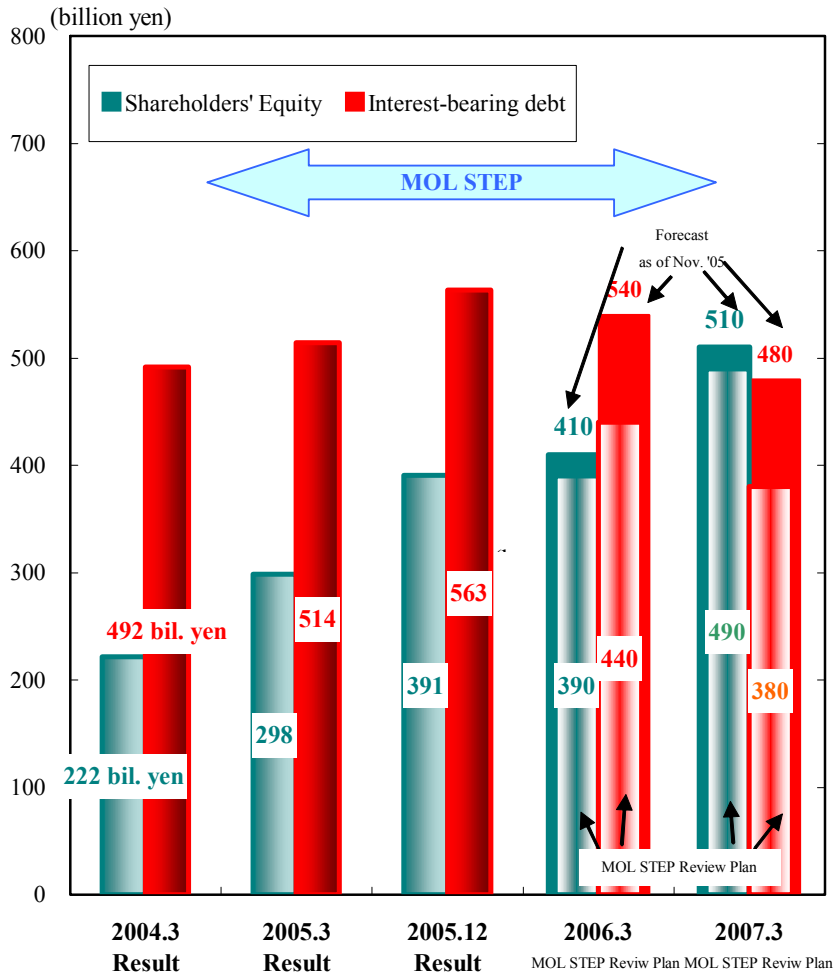
(Voyage Completion basis; including voyage charter)	FY2005						FY2004
	1st Half Result (A)			2nd Half Forecast (B)		(A)+(B)	
	1Q	2Q	3Q				
Total	521	544	1,065	592	1,179	2,244	2,116

“MOL STEP Review” Profit Goals



Av. exchange rate(¥/\$)	113.84	110(original)	107.75(result)	105	111.89(assumption)	100(assumption)	100(assumption)
Av. bunker price(\$/MT)	178	150(original)	193(result)	250	275(assumption)	200(assumption)	200(assumption)
Operating Income(bil. Yen)	92	105(original)	172(result)	176	174	186	215

“MOL STEP Review” Financial Goals



Term-end
 exchange rate 105.69/107.13 107.39/104.21 118.07/113.19 115(assumption) 100(assumption)
 (¥/\$, MOL /Overseas subsidiaries)