

Business Performance
in
FY2005-1st Half

Mitsui O.S.K. Lines, Ltd.

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[Supplement]

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Highlights of FY2005 1st Half Results

- Despite adverse conditions such as rising bunker prices (*),
MOL increased both revenue and income compared to the first half of FY2004:

Revenue : + ¥72.8 billion (+13%)

Ordinary income : + ¥24.2 billion (+33%)

Net income : + ¥14.9 billion (+32%)

(*) Compared to first half of FY2004, bunker price: + US\$62/MT,
exchange rate: ¥0.97/US\$ higher = Decreasing ordinary income by ¥10.5 billion

[Ordinary income exceeded forecast after 1st quarter results (Aug.) by ¥5.5 billion]

- By segment (compared to 1st half of FY2004)

Containerships: Increased costs (bunker price, inland railroad fees, cargo terminal handling fees, etc.)

< Increase in cargo volume (+11%) + Increase in freight rate (+ 5%) + Cost reduction
⇒ Increase in profits

Bulkships: Impact of new vessel launchings, well-balanced expansion of mid- and long-term /spot contracts in Japan and overseas

⇒ Large increase in profits

[Car Carriers] Rising bunker prices despite of steady trade volume

⇒ Slight decrease in profits

[Dry Bulkers]

— Market: Down about 30%

— Launched new vessels, increased long-term contracts, returned higher-priced chartered vessels, secured profitable COAs and spot contracts

⇒ Large increase in profits

[Tankers]

— Market: VLCCs: Down, Product tankers: Up

— Launched new vessels, increased long-term contracts /overseas business, etc.

⇒ Increase in profits

[LNG Carriers]

Accumulated steady earnings thanks to long-term contracts

⇒ Increase in profits

Logistics: Established a profitable operating structure

Ferry & Domestic Transport: Rising bunker prices offset higher earnings, reducing profits.

Associated Businesses: + ¥5.5 billion as a result of making Daibiru Corporation a consolidated subsidiary (Oct. 2004)

⇒ Large increase in profits

➤ **Dividend : Interim payment ¥9 per share**

FY2005 1st Half Results

(billion yen)		FY2005			FY2004 1H Result	Increase/ decrease	1H Forecast as of 8/4/05	Increase/ decrease
		1Q Result	2Q Result	1H Result				
Revenue	Consolidated	308	328	636	564	+73	615	+21
	Non-Consolidated	244	258	501	454	+47	490	+11
Operating income	Consolidated	46	49	95	73	+22	90	+5
	Non-Consolidated	36	37	73	60	+13	68	+5
Ordinary income	Consolidated	49	49	98	74	+24	93	+5
	Non-Consolidated	36	35	71	60	+12	70	+1
Net income	Consolidated	31	31	62	47	+15	57	+5
	Non-Consolidated	22	22	44	38	+6	43	+1

Average exchange rate	¥106.79/\$	¥110.43/\$	¥108.61/\$	¥109.58/\$	¥0.97/\$	¥108.40/\$	+¥0.21/\$
Average bunker price	\$238/MT	\$252/MT	\$245/MT	\$183/MT	+\$62/MT	\$254/MT	\$9/MT
			Ordinary income		10.5 bil. ¥	Ordinary income	+1.6 bil. ¥
				(Ex. Rate)	2.4 bil. ¥ x 1/2	(Ex. Rate)	+0.5 bil. ¥ x 1/2
				(Bunker)	18.6 bil. ¥ x 1/2	(Bunker)	+2.7 bil. ¥ x 1/2

(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)		

Consolidated Segment Information

(billion yen)		FY2005			FY2004	Increase/ decrease	<i>1H Forecast as of 8/4/05</i>	<i>Increase/ decrease</i>
		1Q Result	2Q Result	1H Result	1H Result			
Containerships	Revenue	104	114	218	193	+25	210	+8
	Ordinary income	12	20	31	24	+7	26	+6
Bulkships	Revenue	155	162	317	288	+29	310	+7
	Ordinary income	35	28	63	49	+14	63	+1
Logistics	Revenue	15	15	30	29	+0	29	+1
	Ordinary income	0	0	1	0	+0	1	+0
Ferry & domestic transport	Revenue	12	13	25	23	+2	24	+1
	Ordinary income	0	1	0	1	0	1	0
Associated businesses	Revenue	21	23	44	27	+17	40	+4
	Ordinary income	3	3	6	1	+5	6	+1
Others	Revenue	1	2	3	4	1	3	+1
	Ordinary income	1	0	1	1	0	1	0
Elimination	Revenue	-	-	-	-	-	-	-
	Ordinary income	2	3	5	2	2	3	2
Consolidated	Revenue	308	328	636	564	+73	615	+21
	Ordinary income	49	49	98	74	+24	93	+5

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

Results Comparison FY2005-1H vs FY2004-1H

Major factors affected Revenue & Ordinary income

● Revenue

(Non-Consolidated; billion yen)

Stronger yen	Δ¥4.4 bil.	(Δ3.9)
Increases of cargo volume/freight rates	+¥53.5 bil.	(+40.3)
Others	+¥23.6 bil.	(+10.9)
(Total)	+ ¥72.7 bil.	(+47.2)

● Ordinary income

(Non-Consolidated; billion yen)

Stronger yen	Δ¥1.2 bil.	(Δ1.1)	<small>(FY05-1H ¥108.61/\$; +¥0.97/\$)</small>
Higher bunker	Δ¥9.3 bil.	(Δ6.2)	<small>(FY05-1H \$245/MT; +\$62/MT)</small>
Increases of cargo volume/freight rates	+¥28.2 bil.	(+21.6)	
Cost Reduction	+4.1 bil.	(+3.5)	
Equity in earnings of affiliated companies	+¥3.6 bil.	(0)	
Others (incl. Elimination)	Δ¥1.2 bil.	(Δ6.2)	
(Balance)	+¥24.2 bil.	(+11.6)	

Outline of FY2005 Forecasts

➤ **Upwardly revised FY2005 ending March 2006 Forecasts**

	Forecast (May)	Forecast (Aug.)	Forecast (Nov.*)
Ordinary Income	¥180 billion	→ ¥184 billion	→ ¥190 billion
Net Income	¥113 billion	→ ¥115 billion	→ ¥120 billion

(*) Assumption (2nd half): Bunker price: US\$300/MT, Exchange rate: ¥115/US\$

➤ **By segment [Increase/decrease in ordinary income from the forecast after 1st quarter results (Aug.)]**

Containerships: Unchanged for FY2005 (1st half: +¥5.8 billion/2nd half: Δ¥5.8 billion)

← Stable freight rate market, but higher bunker prices

Bulkships: + ¥11.5 billion for FY2005 (1st half: + ¥0.6 billion/2nd half: + ¥10.9 billion)

← { Dry bulkers : Recovery of dry bulk market, further locking in of vessel days
 Tankers : Recovery of crude oil tanker market, rising product tanker market

Consolidated/Elimination: Δ ¥6.6 billion for FY2005

(1st half: Δ¥1.8 billion/2nd half: Δ¥4.8 billion)

← Costs for currency hedging, etc.

FY2005 Forecast

(billion yen)		FY2005		Yearly forecast	FY2004 Result	Increase/ decrease	FY2005 Forecast as of 8/4/05	Increase/ decrease
		1H Result	2H Forecast					
Revenue	Consolidated	636	714	1350	1,173	+177	1,270	+80
	Non-Consolidated	501	579	1080	943	+137	1,020	+60
Operating income	Consolidated	95	94	189	172	+17	180	+9
	Non-Consolidated	73	74	147	142	+5	139	+8
Ordinary income	Consolidated	98	92	190	175	+15	184	+6
	Non-Consolidated	71	75	146	146	+0	146	+0
Net income	Consolidated	62	58	120	98	+22	115	+5
	Non-Consolidated	44	46	90	77	+13	89	+1

Average exchange rate	¥108.61/\$	¥115.00/\$	¥111.81/\$	¥107.75/\$	+¥4.06/\$	¥109.20/\$	+¥2.61/\$
Average bunker price	¥245.00/\$	\$300/MT	\$273/MT	\$193/MT	+\$80/MT	\$262/MT	+\$11/MT
				Ordinary income	13.9 bil. ¥	Ordinary income	+3.2 bil. ¥
				(Ex. Rate)	+10.2 bil. ¥	(Ex. Rate)	+6.5 bil. ¥
				(Bunker)	24.0 bil. ¥	(Bunker)	3.3 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)		

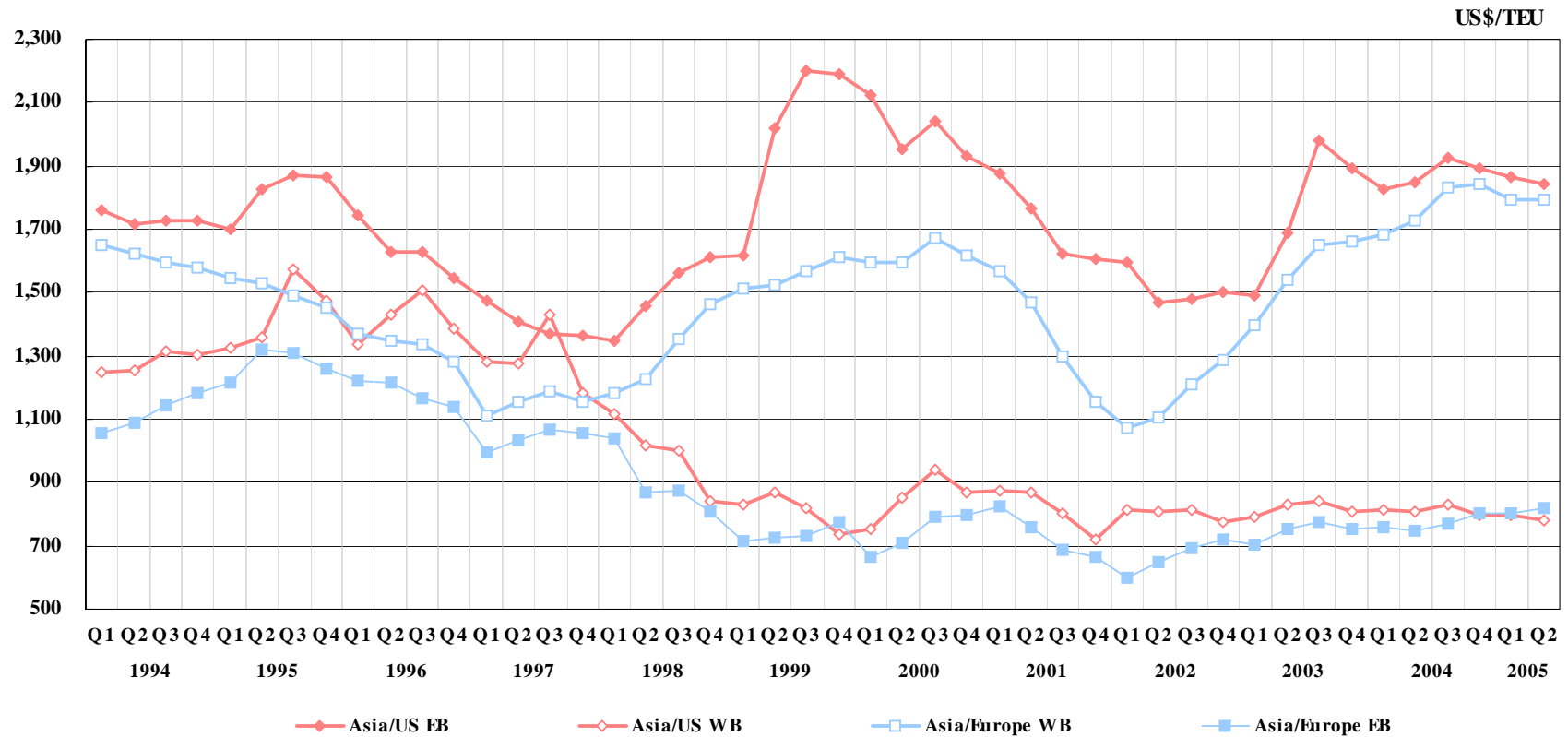
Consolidated Segment Forecast

(billion yen)		FY2005		Yearly forecast	FY2004 Result	Increase/ decrease	FY2005 Forecast as of 8/4/05	Increase/ decrease
		1H Result	2H Forecast					
Containerships	Revenue	218	277	495	399	+96	455	+40
	Ordinary income	31	22	53	56	3	53	+0
Bulkships	Revenue	317	338	655	597	+58	625	+30
	Ordinary income	63	70	133	115	+18	122	+12
Logistics	Revenue	30	32	62	58	+4	62	+0
	Ordinary income	1	1	2	1	+1	2	+0
Ferry & domestic transport	Revenue	25	23	48	45	+3	46	+2
	Ordinary income	0	0	0	0	0	1	1
Associated businesses	Revenue	44	41	85	67	+18	78	+7
	Ordinary income	6	6	12	5	+7	11	+1
Others	Revenue	3	3	6	8	2	5	+1
	Ordinary income	1	1	2	2	+0	2	+0
Elimination	Revenue	-	-	-	-	-	-	-
	Ordinary income	5	7	12	4	8	5	7
Consolidated	Revenue	636	714	1,350	1,173	+177	1,270	+80
	Ordinary income	99	92	190	175	+15	184	+6

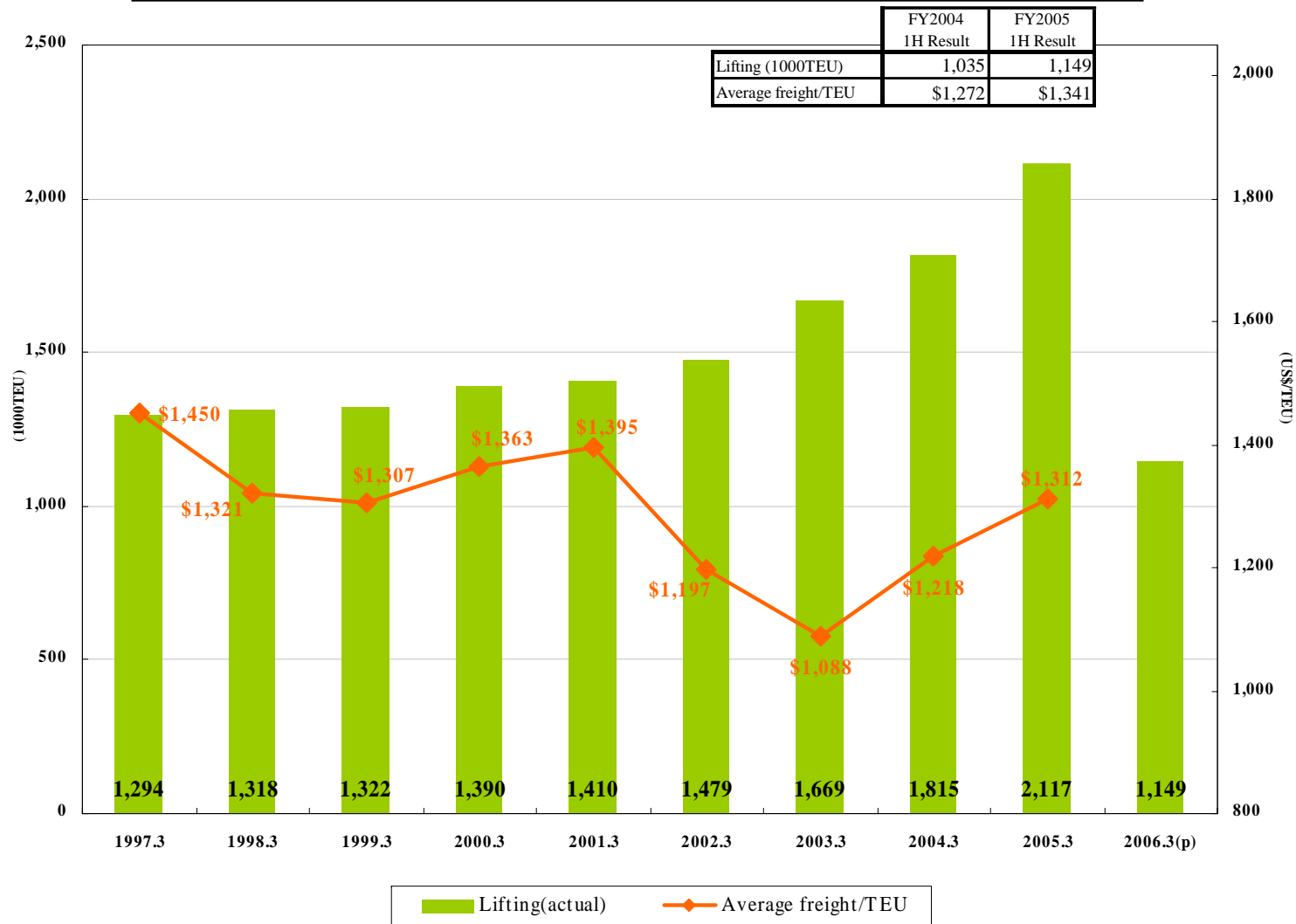
* "Revenue" = Revenues from customers, unconsolidated subsidiaries and affiliated companies

[Supplement]

[Ref.] Containerization International “Freight Rates Indicators”



Containerships Average Freight / Lifting



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

Asia-Europe Trade

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

All Trades (Round Voyage)

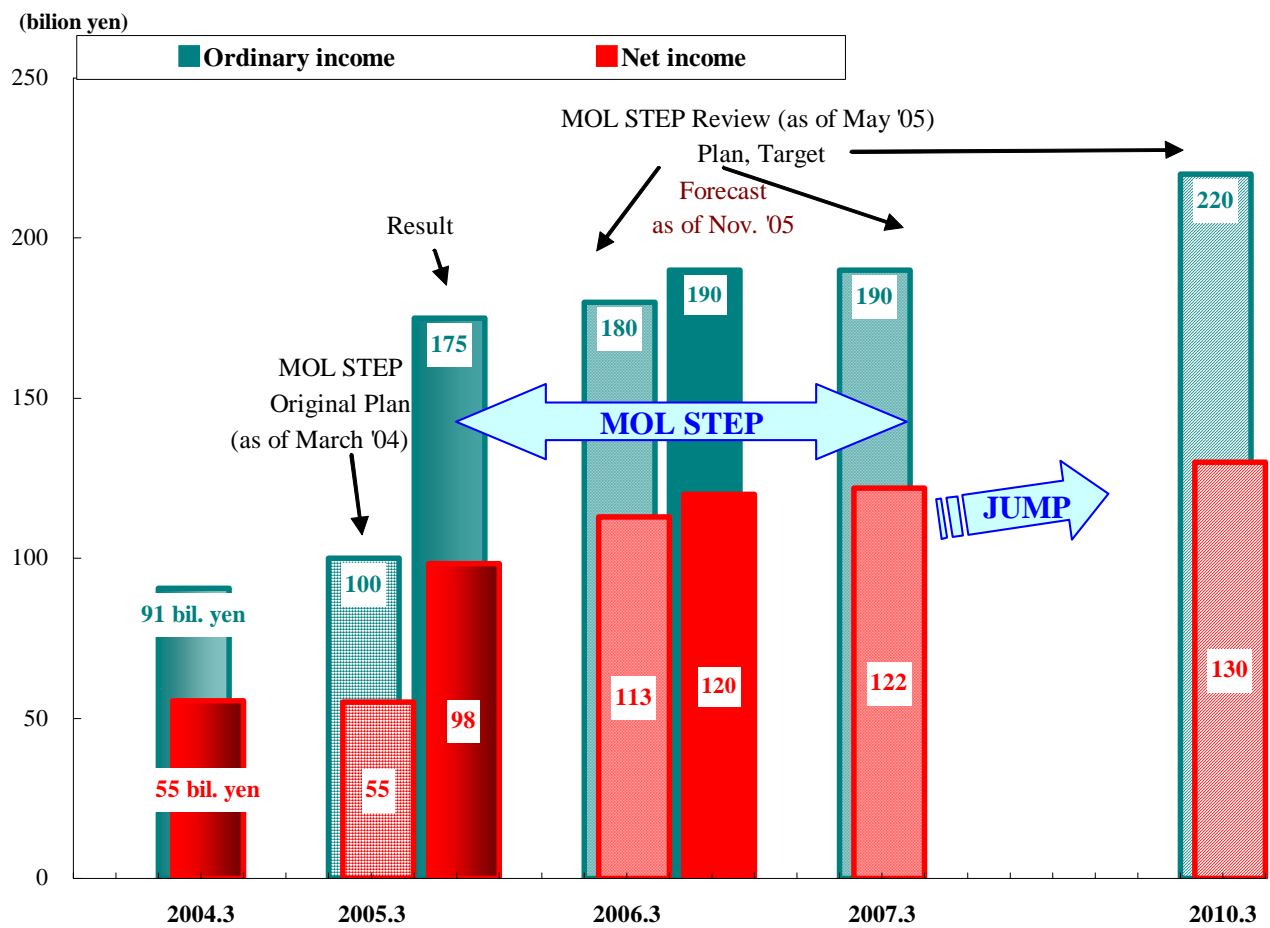
				Capacity		Lifting		Utilization	
FY2005	2nd	4Q							
	half	3Q							
	1st	2Q	760	1,485	587	1,149	77%	77%	
	half	1Q			561	1,149	77%	77%	
FY2004	2nd	4Q	685	1,406	523	1,082	76%	77%	
	half	3Q	722	2,727	559	1,082	77%	78%	
	1st	2Q	685	1,321	530	1,035	77%	78%	
	half	1Q	635	1,321	505	1,035	80%	78%	

Car Carriers Loading Results

(Voyage Completion basis; including voyage charter)	FY2005					FY2004
			1st Half	<i>2nd Half</i>	(A)+(B)	
	1Q	2Q	Forecast (A)	<i>Forecast (B)</i>		
Total	521	544	1,065	<i>1,195</i>	<i>2,260</i>	2,116

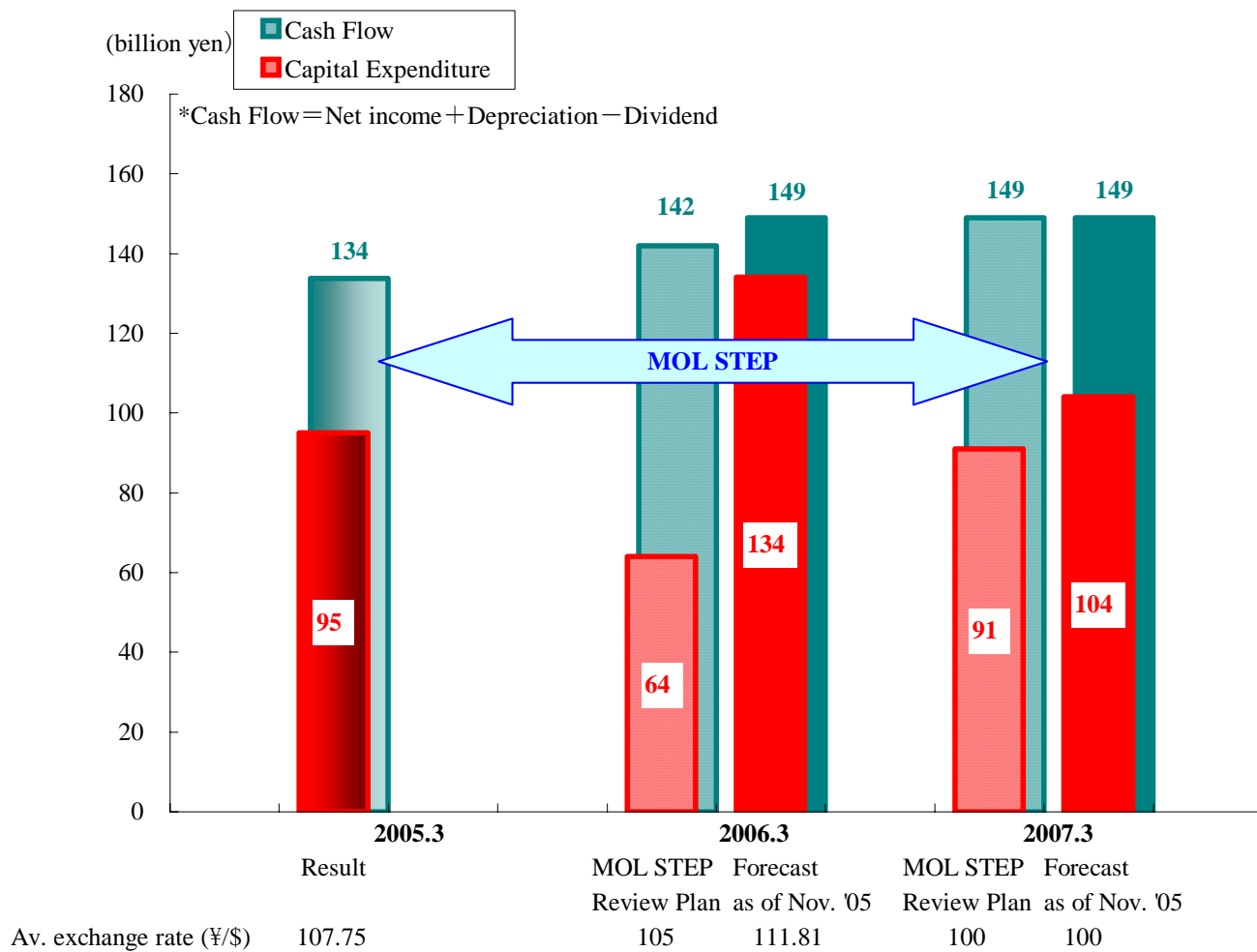
(1000 units)

“MOL STEP Review” Profit Goals

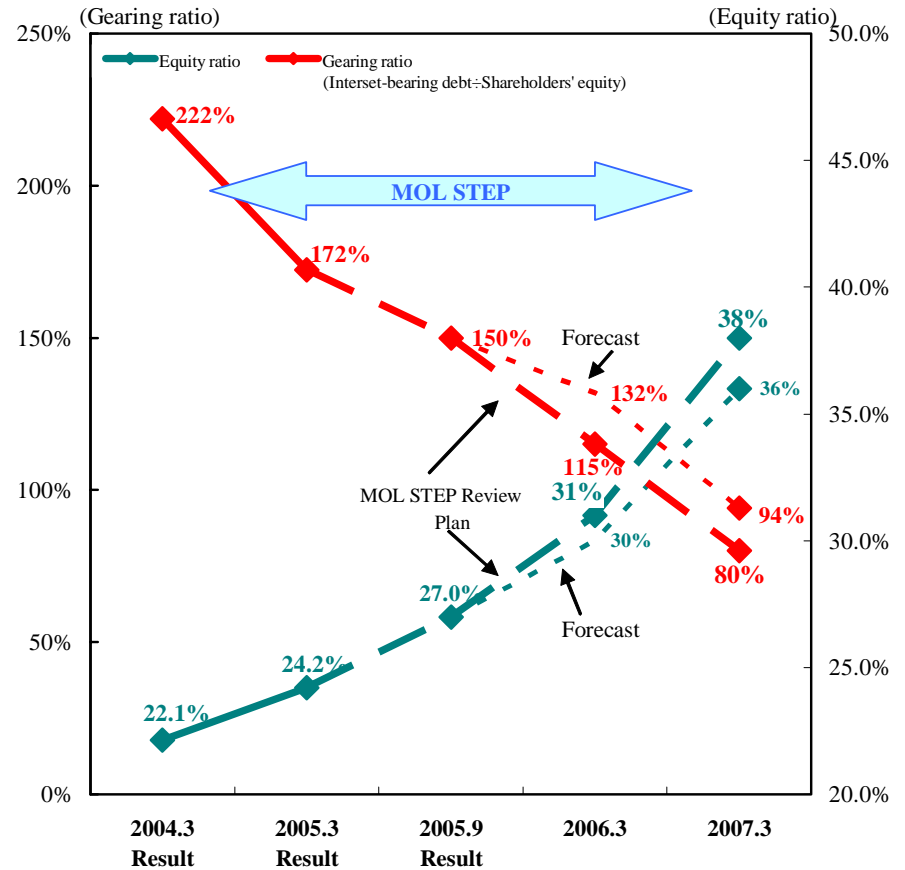
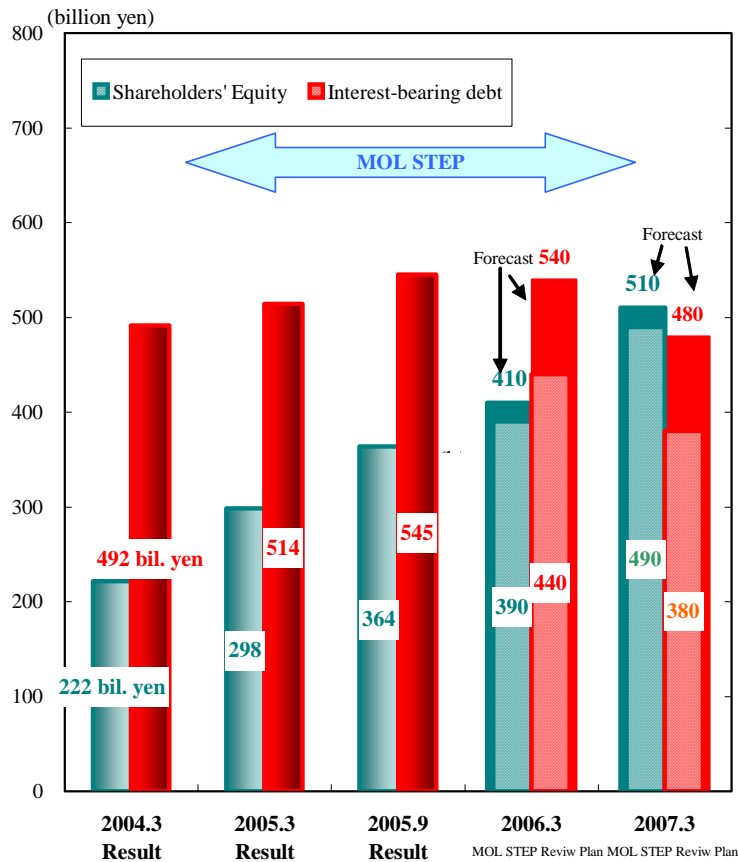


Av. exchange rate(¥/\$)	113.84	110(original)	107.75(result)	105	111.81(assumption)	100(assumption)	100(assumption)
Av. bunker price(\$/MT)	178	150(original)	193(result)	250	273(assumption)	200(assumption)	200(assumption)
Operating Income(bil. Yen)	92	105(original)	172(result)	176	189	186	215

Cash Flows & Capital Expenditure



“MOL STEP Review” Financial Goals



Term-end exchange rate 105.69/107.13 107.39/104.21 113.19/110.62 115(assumption) 100(assumption)
 (¥/\$, MOL /Overseas subsidiaries)

Cost Reduction Plan

* () : MOL STEP/MOL STEP Review Plan (billion yen)

		2005.3 (Result)	2006.3 (Forecast)**	2007.3 (Plan)	Total
Sales Division		5.5	4.0	(2.0)	11.5
	(Voyage expenses, Container expenses, etc.)	(4.0)	(2.0)		(9.5)
Administration Division		4.0	4.0	(2.5)	10.5
	(Administration expenses, Interest payments, etc.)	(2.5)	(4.0)		(10.5)
Total		9.5	8.0	(4.5)	22.0
		(6.5)	(6.0)		(20.0)
	MOL (Non-Consolidated)	8.0	6.5	(4.0)	18.5
		(5.5)	(5.5)		(17.5)
	Group Companies	1.5	1.5	(0.5)	3.5
		(1.0)	(0.5)		(2.5)

*In progress faster than the plan of the beginning of FY2005:
Yearly 6.0 billion yen (plan); 1st/2nd Half 4.0/4.0 billion yen (result/forecast)