



Business Performance **in** **FY2013-1st Quarter**

Mitsui O.S.K. Lines, Ltd.

July 31, 2013

Revised on August 9, 2013()*

HP

()Please refer to “Partial Revisions in Financial Highlights” on August 9, 2013*

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[Supplement]

FY2013 1st Quarter Results [Consolidated]

(billion yen)	FY2013 1Q Results	FY2012 1Q Results	Increase/ decrease	FY2012 4Q Results
Revenue	412	379	+33	390
Operating income	11	- 1	+12	- 4
Ordinary income	15	- 2	+17	- 13
Net income	13	- 5	+18	- 120
Average exchange rate	¥98.81/\$	¥81.34/\$	+¥17.47/\$	¥89.02/\$
Average bunker price	\$606/MT	\$695/MT	-\$89/MT	\$631/MT

■ Results Comparison FY2013-1Q vs FY2012-1Q Major factors affected Ordinary income

Fluctuation of Foreign Exchange	+¥8.7 bil.	1Q13 ¥98.81/\$; +¥17.47/\$
Fluctuation of Bunker Price	+¥4.0 bil.	1Q13 \$606/MT; -\$89/MT
Fluctuation of cargo volume/freight rates, etc.	-¥8.2 bil.	
Cost Reduction	+¥7.5 bil.	
Equity in earnings of affiliated companies	-¥0.6 bil.	
Others (incl. Adjustment)	+¥5.4 bil.	
(Balance)	+¥16.8 bil.	

FY	April	-	March
1Q	April	-	June
2Q	July	-	September
3Q	October	-	December
4Q	January	-	March

[By segment]

	Upper	Revenue		
	Lower	Ordinary income/loss		
(billion yen)	FY2013 1Q Results	FY2012 1Q Results	Increase/ decrease	FY2012 4Q Results
Bulkships	194 13	189 -2	+5 +15	189 -7
Containerships	175 -1	148 -2	+26 +1	157 -1
Ferry& domestic transport	13 0	13 0	0 0	13 0
Associated businesses	28 3	27 3	+1 0	28 2
Others	2 2	2 1	0 +1	2 1
Adjustment	- -1	- 0	- -1	- -7
Consolidated	412 15	379 -2	+33 +17	390 -13

- Revenues from customers, unconsolidated subsidiaries and affiliated companies.
- "Bulkships" consists of Dry bulkers, Tankers, LNG carriers, and Car carriers
- The Associated businesses segment includes the businesses related to real estate, cruise ships, tug boats, trading, and temporary staffing, etc.

Outline of FY2013 1st Quarter Financial Results (I) [Consolidated]

[Overall]

Steady start for achieving profit targets of the Single-year Management Plan **“RISE 2013”**

The maritime shipping market remained weak.

- ⇔ • Scale down market risk exposure
- Business expansion in overseas markets
- Profitability improvement by allocation of costs through “Business Structural Reforms” in FY2012
- Cost reduction at different stages

Further appreciation of Yen
Decline in bunker prices

[By segment] [Ordinary income/loss for FY2013 1Q (year-on-year comparison)]

Bulkships [¥12.6 billion (+¥14.9 billion)]

■ Dry bulkers:

- Perception of capacity oversupply remained despite advanced scrapping in high level.
- Low cargo movement of iron ore from Brazil (until May 2013)
- ⇔ Enhanced scale-down of free tonnage
(159 vessels [39%] as of March 31, 2013 → 135 vessels [35%] as of June 30, 2013)
- Full-scale start in free-tonnage business/vessel operation based in Singapore.
- Continually secured stable profits from long-term contracts for carriers of iron ore, steaming coal, woodchips, etc.
- ⇒ The segment returned to profitability.

Outline of FY2013 1st Quarter Financial Results (II) [Consolidated]

■ Tankers:

[VLCC] The market experienced a temporary recovery due to crude oil imports by long-distance transportation to China, but was still weak overall. Efficient operation by Nova Tankers Pool could not offset the weak conditions, resulting in a decrease in profitability.

[Product tankers] The market, which has improved since in and after autumn 2012, maintained and moved closer to the break-even point.

[LPG carriers/chemical tankers] Enhanced business and vessel operations in Singapore.

⇒ Improved profitability.

■ **LNG carriers:** Continually secured stable profitability mainly from long-term contracts.

■ **Car carriers:** Efforts to bolster our handling volume of cross trade and inbound cargo ⇒ increased profitability.

Containerships [-¥1.1 billion (+¥1.3 billion)]

Cargo volumes: Firm in Asia-North America and North-South routes; Strong in Intra-Asia, but weak in Asia-Europe routes. → The demand-supply gap expanded while large-scale containerships continued to be delivered. → The freight rate levels fell, especially on the Asia-Europe routes.

⇔ • Improved operational efficiency by expanding “G6 Alliance” to North America East Coast routes in May 2012.

• Cost reduction (Decreased operating costs, and scale merit from larger size containerships, etc.)

⇒ The segment improved its profitability, but could not show a profit.

Ferry and Domestic Transport [¥0 billion (+¥0.2 billion)]

Cargo and passenger volume both increased

Associated Businesses [¥2.9 billion (±¥0 billion)]

Firm in general, mainly due to strong real estate business.

[**Cost Reduction**] Achieved ¥7.5 billion from the year-end target (entire company) of ¥31.5 billion(24% achieved)

[**Financial indicator**] Improved after five quarters

FY2013 Forecast [Consolidated]

(billion yen)

FY2013	1st Half			1H Forecast as of Apr.30th,2013 (b)	(a)-(b)
	1Q Result	2Q Forecast	Forecast (a)		
Revenue	412	428	840	840	0
Operating income	11	14	25	25	0
Ordinary income	15	10	25	25	0
Net income	13	7	20	20	0
Average exchange rate	¥98.81/\$	¥98.00/\$	¥98.41/\$	¥95.00/\$	¥3.41/\$
Average bunker price	\$606/MT	\$620/MT	\$613/MT	\$650/MT	-\$37/MT

2nd Half Forecast (c)	2H Forecast as of as of Apr.30th,2013 (d)		(c)-(d)
860	860	0	
35	35	0	
35	35	0	
30	30	0	
¥98.00/\$	¥95.00/\$	¥3.00/\$	
\$620/MT	\$650/MT	-\$30/MT	

FY2013 Forecast(e)	FY2013 Forecast as of as of Apr.30th,2013 (f)		(e)-(f)
1,700	1,700	0	
60	60	0	
60	60	0	
50	50	0	
¥98.20/\$	¥95.00/\$	¥3.20/\$	
\$616/MT	\$650/MT	-\$34/MT	

FY2012 Result

(billion yen)

FY2012	1st Half			2nd Half Result	FY2012 Result
	1Q Result	2Q Result	Result		
Revenue	379	378	757	752	1,509
Operating income	-1	-2	-2	-13	-16
Ordinary income	-2	-5	-7	-22	-29
Net income	-5	-8	-13	-166	-179
Average exchange rate	¥81.34/\$	¥79.03/\$	¥80.19/\$	¥84.44/\$	¥82.31/\$
Average bunker price	\$695/MT	\$667/MT	\$681/MT	\$644/MT	\$662/MT

(For reference)

FY2013 Exchange rate sensitivity/9 months

±1.60 bil. ¥/1¥ (9months) (Max)

FY2013 Bunker price sensitivity/9 months

±0.12 bil. ¥/1\$ (9months) (Max)

(Consolidated Ordinary Income Basis)

[By segment]

	Upper		Revenue		Lower		Ordinary income/loss				
(billion yen)	FY2013 1st Half			1H Forecast as of Apr.30th,2013 (b)	(a)-(b)	2nd Half Forecast (c)	2H Forecast as of as of Apr.30th,2013 (d)	(c)-(d)	FY2013 Forecast(e)	FY2013 Forecast as of as of Apr.30th,2013	(e)-(f)
	1Q Result	2Q Forecast	Forecast (a)								
Bulkships	194	196	390	380	+10	414	395	+19	804	775	+29
	13	6	19	14	+5	26	26	0	45	40	+5
Containerships	175	185	360	370	-10	360	380	-20	720	750	-30
	-1	2	1	6	-5	5	5	+0	5	10	-5
Ferry& domestic transport	13	15	28	28	0	26	25	+1	54	53	+1
	0	1	1	1	0	1	1	0	1	1	0
Associated businesses	28	30	59	59	0	57	57	0	115	115	0
	3	3	6	6	0	5	5	0	11	11	0
Others	2	2	4	4	0	4	4	0	7	7	0
	2	0	2	2	0	2	1	0	4	3	+1
Adjustment	-	-	-	-	-	-	-	-	-	-	-
	-1	-2	-3	-3	0	-3	-2	0	-5	-5	-1
Consolidated	412	428	840	840	0	860	860	0	1,700	1,700	0
	15	10	25	25	0	35	35	0	60	60	0

● Revenues from customers, unconsolidated subsidiaries and affiliated companies.

● "Bulkships" consists of Dry bulkers, Tankers, LNG carriers, and Car carriers

● The Associated businesses segment includes the businesses related to real estate, cruise ships, tug boats, trading, and temporary staffing, etc.

cf. FY2012 Result

	Upper		Revenue		Lower		Ordinary income/loss				
(billion yen)	FY 2012 1st Half			FY 2012 2nd Half Result	FY 2012 Result						
	1Q Result	2Q Result	Result								
Bulkships	189	180	369	362	731						
	-2	-9	-11	-14	-25						
Containerships	148	155	303	304	607						
	-2	-0	-3	-9	-11						
Ferry& domestic transport	13	15	27	27	54						
	-0	1	1	1	1						
Associated businesses	27	27	54	56	110						
	3	3	6	5	11						
Others	2	2	3	4	7						
	1	0	1	1	2						
Adjustment	-	-	-	-	-						
	0	-1	-1	-6	-7						
Consolidated	379	378	757	752	1,509						
	-2	-5	-7	-22	-29						

Key Points of FY2013 Full-year Forecast (I)

[Overall]

- ◆ Both the 1H and full-year forecast remains unchanged; Only breakdowns by segment are changed.

	[April 30, 2013]		[July 31, 2013]
	1H / 2H / Full-year ordinary income		1H / 2H / Full-year ordinary income
Bulkships	¥14 / 26 / 40 billion	⇒	¥19 / 26 / 45 billion
Containerships	¥5.5 / 4.5 / 10 billion	⇒	¥0.5 / 4.5 / 5 billion
Total*	¥25 / 35 / 60 billion	⇒	¥25 / 35 / 60 billion (unchanged)

* Total including other three segments and Adjustments

[Assumption] Exchange rate: 2Q-4Q ¥98/\$ (cf. 1-4Q ¥95/\$ on April 30, 2013)

Bunker price : 2Q-4Q \$620/MT (cf. 1-4Q \$650/MT on April 30, 2013)

- ◆ Market movement is bottoming out in most ship types. (However, a full recovery will yet take more time.)
- ◆ Differences in ordinary income between 1Q and 2Q are due to foreign exchange loss, loss in equity method*, etc. * Due to recording temporary expenses caused by LNG carrier refinance

[By segment] **Forecast of ordinary income for FY2013** (increase/decrease ordinary income from the projected figures announced on April 30)

Bulkships [¥45 billion (+5 billion)]

- Dry bulkers: Brazilian iron ore cargo volume has increased from June 2013.
 - Expecting a steady improvement of the market rates mainly for large vessels in combination with seasonal factors, such as growth of grain, coal trades, etc. (As almost same as initially expected.)

Key Points of FY2013 Full-year Forecast (II)

■ Tankers:

[VLCC] Expecting recovery in demand in and after autumn of the market as in other years.

[LPG carriers] Freight rates are skyrocketing currently, due to increased U.S. export volume, etc.

→ Upward revision of FY2013 initial market assumption.

⇒ Winning contracts for profitable cargoes with competitive fleet, which was reallocated in the center of the shipping market.

Containerships [¥5 billion (-¥5 billion)]

- Freight rates: Downward revision of the full-year rate level from the FY2013 initial forecast, reflecting the current freight rate level. But, negotiation for General Rate Increase (GRI) on the Asia-Europe route effective on JUL/1/2013 went on successfully. During 2Q, expecting further GRI impact on Asia-Europe routes, Asia-North America routes, and South America routes, etc.
- Cargo trades: Expecting slightly lower cargo movements than FY2013 initial estimation. Nevertheless, currently maintaining high utilization rates. Plans to decrease service frequencies in “G6 Alliance” and so on, if necessary, in the winter.

▪ Continue cost reduction efforts.

⇒ Expect to return to profitability in FY2013.

[Dividend] Currently not determined. (Will determine after assessment of the business performance for 2Q and future business climate.)

Market Information (Drybulker)

1. FY2012 Dry Bulker Market (spot charterage/day) (US\$)

Size	Route	FY2012				
		1Q Actual	2Q Actual	3Q Actual	4Q Actual	Full-year Actual
Capesize	4TC Average	6,100	4,800	13,000	6,100	7,500
Panamax	4TC Average	9,600	6,600	6,600	7,100	7,500
Handymax	5TC Average	11,200	10,300	7,600	8,100	9,300
Small handy	6TC Average	9,200	8,000	6,400	6,900	7,600

Source for actual : The Baltic Exchange

Note: - General market results of the relevant routes

2. FY2013 Dry Bulker Market (spot charterage/day) (US\$)

Size	Route	FY2013				
		1st Half		2nd Half	Full-year	
		1Q	2Q			
Capesize	4TC Average	6,200	11,000	8,600	12,000	10,300
Panamax	4TC Average	7,100	7,800	7,500	8,500	8,000
Handymax	5TC Average	8,100	9,300	8,700	9,000	8,900
Small handy	6TC Average	6,900	8,000	7,500	7,500	7,500

Source for actual : The Baltic Exchange

Note:

- The actual results (=general market results of the relevant routes) are shown in black. The forecasts are shown in blue.
- The forecast is referential freight/charter rates assumptions for estimating proceeds of spot voyages/contracts of no more than one year. However, in case spot freight/charter rates have already been agreed, such agreed rates are used for profit estimation of the relevant voyages.
- For Panamax on down, the actual results and forecasts are shown on Calendar year (Jan. to Dec.) basis, because their P/L will be posted through our overseas subsidiaries.

Market Information (Tanker)

1. FY2012 Tanker market (spot freight index) (WS)

Type	WS criteria	FY2012				
		1Q Actual (*1)	2Q Actual (*1)	3Q Actual (*1)	4Q Actual (*1)	Full-year Actual (*1)
Crude Oil Tanker (VLCC) 【Arabian Gulf - East】	Year 2012 base	55	36	43	38	43
	(Year 2013 base)	(50)	(33)	(39)	(35)	(39)
Product Tanker (MR) 【Singapore - Japan】	Year 2012 base	125	123	151	155	138
	(Year 2013 base)	(115)	(113)	(138)	(142)	(127)

Source for actual : The Baltic Exchange

2. FY2013 Tanker market (spot freight index) (WS)

Type	WS criteria	FY2013				
		1st Half		Forecast (*2)	2nd Half Forecast (*2)	Full-year Forecast (*2)
		1Q Actual (*1)	2Q Forecast (*2)			
Crude Oil Tanker (VLCC) 【Arabian Gulf - East】	Year 2013 base	37	39	38	42	40
Product Tanker (MR) 【Singapore - Japan】	Year 2013 base	139				

Source for actual : The Baltic Exchange

(*1) General market results of the relevant routes.

(*2) Referential freight/charter rates assumptions of “Arabian Gulf / East” route for estimating proceeds of spot voyages/contracts of no more than one year.

However, in case spot freight/charter rates have already been agreed, such agreed rates are used for profit estimation of the relevant voyages.

Car Carriers Loading Results

1. FY2012(Result)

(1,000 units)

(Voyage Completion basis; including voyage charter)	FY2012						
			1st Half			2nd Half	Total Result
	1Q	2Q		3Q	4Q		
Total	1,004	977	1,981	972	956	1,928	3,908

2. FY2013(Result / Forecast)

(1,000 units)

(Voyage Completion basis; including voyage charter)	FY2013					
			<i>1st Half</i>	<i>2nd Half</i>		<i>Total Forecast (A+B)</i>
	<i>1Q Result</i>	<i>2Q Forecast</i>		<i>Forecast(B)</i>		
Total	957	949	1,906	1,912		3,818

Major Containership Trades Utilization Forecast

Asia-North America Trade

(unit: 1000TEU)

		FY2012					FY2013				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Outbound (E/B)	Capacity	146	164	153	153	617	167				
	Lifting	136	150	135	141	562	154				
	Utilization	93%	91%	88%	92%	91%	92%				
Inbound (W/B)	Capacity	137	160	156	153	606	164				
	Lifting	84	85	93	101	363	88				
	Utilization	61%	53%	59%	66%	60%	54%				

Asia-Europe Trade

		FY2012					FY2013				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Outbound (W/B)	Capacity	108	126	108	113	455	113				
	Lifting	97	116	91	103	407	98				
	Utilization	90%	92%	84%	91%	89%	87%				
Inbound (E/B)	Capacity	107	119	112	108	446	113				
	Lifting	77	76	73	67	293	75				
	Utilization	71%	64%	66%	62%	66%	66%				

Transition of Container Freight Rate (Index: FY2008 1Q=100)

	FY2012				FY2013			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
All Trades (Average)	90	91	87	87	85			
Bunker price (Average)	695	667	658	631	606			

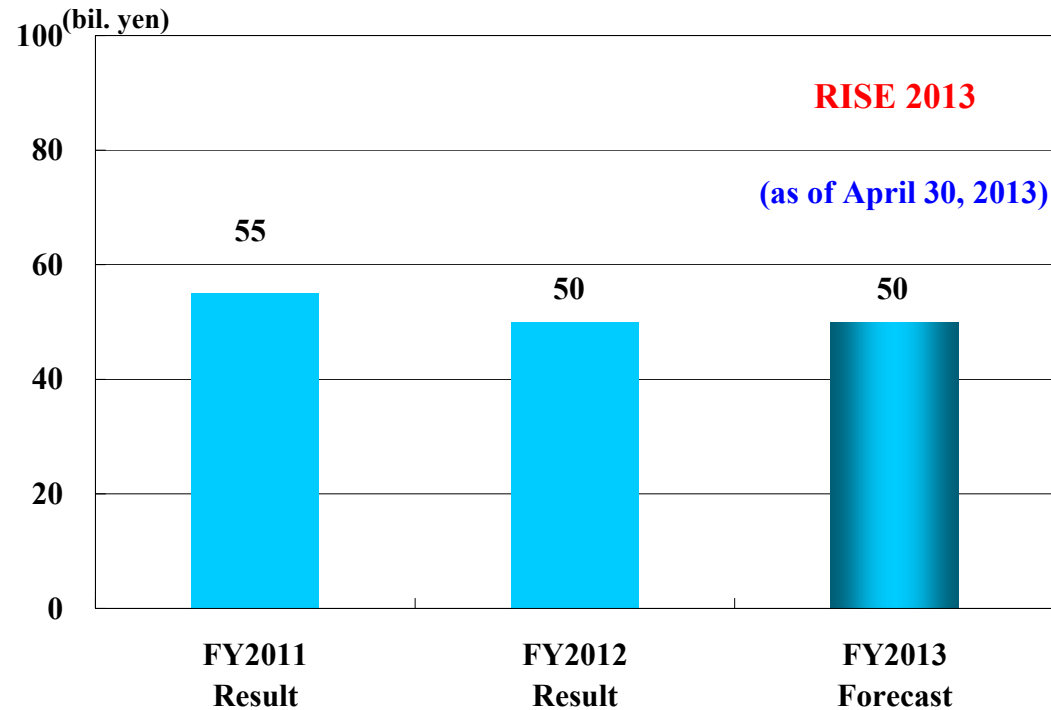
Fleet Composition

			At the end of Sep. 2012	At the end of Mar. 2013	At the end of Jun. 2013		At the end of Mar. 2014(e)
			No. of vessels	No. of vessels	No. of vessels	1,000dwt	No. of vessels
Dry bulker	Bulk carrier	Capesize	106	103	98	18,614	
		Panamax	44	38	33	2,791	
		Handymax	69	68	63	3,478	
		Small Handy	51	52	52	1,725	
		Heavy lifter	6	6	6	74	
		Wood chip carrier	49	44	44	2,306	
		Steaming coal carrier	39	41	40	3,566	
		General cargo carrier	50	52	46	765	
	(Sub total)		414	404	382	33,318	362
		(Free Tonnage)	(170)	(159)	(135)	-	(110)
Tanker	Crude oil tanker	47	47	42	11,883		
	Product tanker	64	61	61	3,513		
	Chemical tanker	77	75	72	1,982		
	LPG tanker	13	11	11	573		
	(Sub total)		201	194	186	17,952	179
	(Free Tonnage)	(80)	(74)	(70)	-	(60)	
LNG carrier			68	69	68	5,326	68
Car carrier			131	127	127	2,050	122
Containership			116	115	114	6,626	116
Ferry/Domestic carrier			46	44	41	153	
Cruise ship			2	2	2	10	44
Others			3	3	2	13	
Total			981	958	922	65,447	891

Note 1) Including spot-chartered ships and those owned by joint ventures

Note 2) (e)=estimate

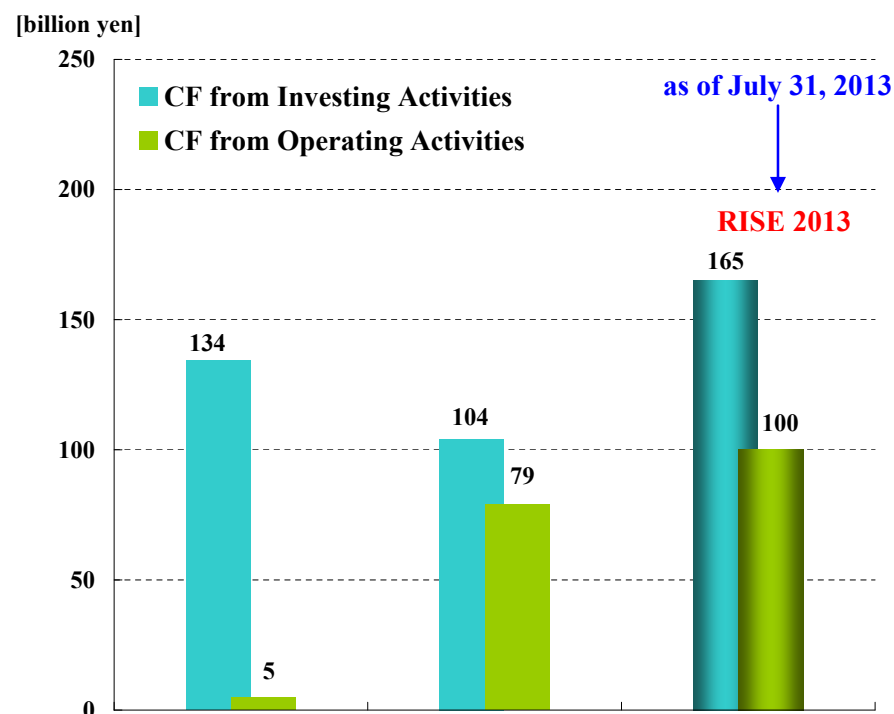
Highly Stable Profit



Average exchange rate(¥/\$)	¥78.85/\$	¥82.31/\$	¥95.00/\$
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Highly stable profit = Firm profit through middle and long-term contracts and projected profit from highly stable businesses.
 (The segments included in "Highly stable profit" are Drybulk Carrier Division, Tanker Division, LNG Carrier Division, Associated business and other business.)

Cash Flows

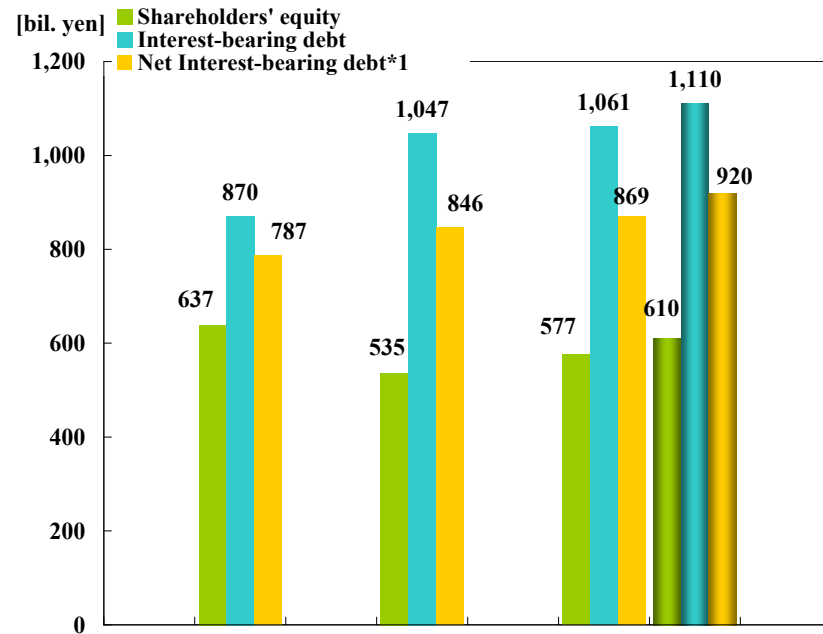


	FY2011 Result	FY2012 Result	FY2013 Forecast
Average exchange rate(¥/\$)	78.85	82.31	98.20
Ordinary income/loss(billion yen)	-24	-29	60
Net income/loss(billion yen)	-26	-179	50

Note:

- 1) Free Cash Flows(FCF) = "Cash Flows from Investing Activities" - "Cash Flows from Operating Activities"
- 2) Figures taking into account the FCF and Dividend payments correlate with changes of Net Interest-bearing Debt (cf. The left graph of page 17)

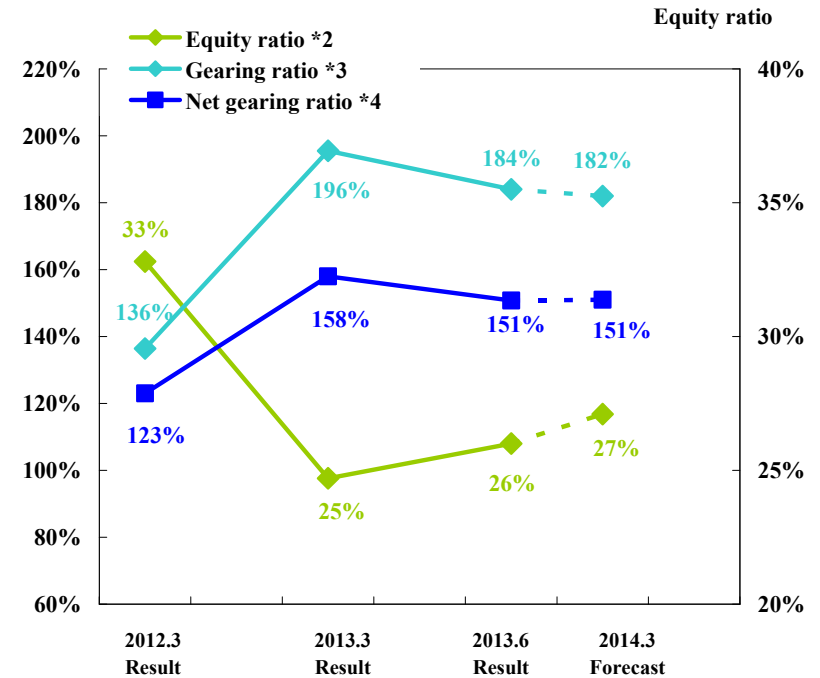
Financial Plan



	2012.3 Result	2013.3 Result	2013.6 Result	2014.3 Forecast
Term-end exchange rate(¥/\$)			as of July 31, 2013 (Revised on August 9, 2013)	
MOL	82.19	94.05	98.59	98.00
Overseas subsidiaries	77.74	86.58	94.05	98.00

*1) Net Interest bearing debt = Interest bearing debt - cash and cash equivalents

Gearing ratio/Net gearing ratio



*2) Equity ratio = Shareholders' equity/Total Assets

*3) Gearing ratio = Interest-bearing debt/Shareholders' equity

*4) Net gearing ratio

= (Interest bearing debt-cash and cash equivalents)/Shareholders' equity