Business Performance in FY2012
and
Management Plan for FY2013, “RISE 2013”

Mitsui O.S.K. Lines, Ltd.

April 2013

HP

Contents

FY2012 Results [Consolidated]

(billion yen)	FY2012 Result	1Q Result	2Q Result	3Q Result	4Q Result	FY2011 Result	Increase / decrease		FY12 F'cast as of 1/31/'13	Increase /decrease
Revenue	1,509	379	378	363	390	1,435	+74	+5.2%	1,510	−1
Operating income/loss	− 16	− 1	− 2	− 9	− 4	− 24	+9	-	− 18	+2
Ordinary income/loss	− 29	− 2	− 5	− 9	− 13	− 24	−4	-	− 28	−1
Net income/loss	− 179	− 5	− 8	− 46	− 120	− 26	−153	-	− 177	−2
Average exchange rate	¥82.31/$	¥81.34/$	¥79.03/$	¥79.85/$	¥89.02/$	¥78.85/$	+¥3.46/$		¥82.05/$	+¥0.26/$
Average bunker price	$662/MT	$695/MT	$667/MT	$658/MT	$631/MT	$667/MT	△$5/MT		$668/MT	−$6/MT

■Results Comparison FY2012 vs FY2011 Major factors affected Ordinary income

Fluctuation of Foreign Exchange	+¥6.6 bil.	FY12 ¥82.31/$; +¥3.46/$
Fluctuation of Bunker Price	+¥0.9 bil.	FY12 $662/MT; △$5/MT
Fluctuation of cargo volume/freight rates, etc.	−¥27.8 bil.	
Cost Reduction	+¥29.0 bil.	
Equity in earnings of affiliated companies	−¥8.2 bil.	
Others (incl. Adjustment)	−¥4.7 bil.	
(Balance)	−¥4.2 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)	FY2012 Result	1Q Result	2 Q Result	3 Q Result	4 Q Result	FY2011 Result	Increase / decrease		FY12 F'cast as of 1/31/'13	Increase /decrease
Bulkships	731	189	180	173	189	726	5	+0.7%	725	+6
	— 25	— 2	— 9	— 7	— 7	— 7	△ 18	-	— 29	+4
Containerships	607	148	155	146	157	542	64	+11.8%	615	— 9
	— 11	— 2	— 0	— 7	— 1	— 30	19	-	— 10	— 1
Ferry& domestic transport	54	13	15	14	13	52	2	+4.1%	55	— 1
	1	— 0	1	1	— 0	— 1	2	-	1	+0
Associated businesses	110	27	27	28	28	107	3	+2.8%	108	+2
	11	3	3	3	2	9	2	+18.1%	11	+0
Others	7	2	2	2	2	8	△ 1	—6.8%	7	+0
	2	1	0	1	1	4	△ 2	—43.1%	2	+0
Adjustment	-	-	-	-	-	-	-	-	-	-
	— 7	0	— 1	1	— 7	— 0	△ 7	-	— 3	— 4
Consolidated	1,509	379	378	363	390	1,435	74	+5.2%	1,510	— 1
	— 29	— 2	— 5	— 9	— 13	— 24	△ 4	-	— 28	— 1

●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 FY2012 Full-year Results (Consolidated) (I)

[Overall]

●The gap between fleet supply and demand has not improved, as newly built vessels continue to enter service.

●Free tonnage in the dry bulker and tanker fleets posted a large deficit due to stagnant markets.

●Containerships achieved a large improvement in profitability through expansion of alliance and cost reductions under supply pressure of newly built vessels, but did not reach the break even point.

●Business structural reforms, which center on shifting more than 130 free dry bulkers to Singapore, were executed to create a business structure resilient enough to severe market conditions. (4Q/12)

- ➢ Singapore: The Asian shipping center where customers and information cluster
- ➢ Allocated costs associated with the business structural reforms (¥101.5 billion)

⇨Net loss, including the impact of reversing some deferred tax assets, increased by ¥152.8 billion compared to the previous year.

[By segment] [Ordinary income/loss for FY2012 (comparison with FY2011)]

Bulkships [-¥24.7 billion (-¥17.8 billion)]

■**Dry bulkers**: Reduction of the gap between fleet supply and demand was hampered by the delivery of many newly built vessels, which continued at a historically high level. The charter market for all 4 ship types (*) (for both of calendar and fiscal year 2012) remained at a historically low level, falling below $10,000/day.

(*) Capesize and mid- and small-size bulkers (Panamax, Handymax, Small Handy)

Losses of free tonnage offset stable profits from long-term contracts, resulting in a large deficit for the entire segment.

Outline of FY2012 Full-year Results (Consolidated) (II)

- **Tankers** : The VLCC market temporarily rose for longer-distance trade, then declined due to a slowdown in the Chinese economy, among other factors. Meanwhile, the product tanker market has increased since early autumn due to an improved supply and demand balance. The segment continued to show a year-on-year deficit despite ongoing efforts including enhanced operational efficiency and cost reduction.
- **LNG carriers**: Secured stable profits, mainly from long-term contracts.
- **Car carriers** : Exports of completed cars from Japan plateaued because of a stagnant market in Europe, etc. Enforced sales for Exports from other Asian countries, cross trade and inbound cargo, while Japanese automakers have continued pushing to localize production. Profitability improved greatly from the previous year, when Japan's automobile industry was severely affected by the Great East Japan Earthquake.

Containerships [¥11.3 billion (+¥18.5 billion)]

- Asia-North America trade remained firm. Asia-Europe trade was weak due to a delayed recovery in the European economy and slowdown of the Chinese economy. The freight rate level for Asia-Europe trade softened despite a series of measures to minimize surplus space through loop reductions, and other steps taken toward rate restoration.
- Moved ahead strongly to enhance the competitiveness of the MOL service network by expanding the alliance (*) and improving operational efficiency including wider adoption of slow steaming and aggressive cost reduction. Profitability improved considerably year-on-year, but the segment remained in deficit.

(*) Six-company alliance (G6) launched the Asia-Northern Europe service in March 2012.

[Cost Reduction] Achieved ¥29 billion, exceeding the year-end target (entire company) of ¥28 billion.

[Dividend] The company decided not pay a year-end dividend, in consideration of the net loss for FY2012 etc.

FY2013 Forecast [Consolidated]

(billion yen)	FY2013 Forecast	1H Forecast	2H Forecast	FY2012 Result	1H Result	2H Result	Increase / decrease	
Revenue	1,700	840	860	1,509	757	752	＋191	+12.6%
Operating income/loss	60	25	35	－16	－2	－13	＋76	-
Ordinary income/loss	60	25	35	－29	－7	－22	＋89	-
Net income/loss	50	20	30	－179	－13	－166	＋229	-
Average exchange rate	¥95.00/$	¥95.00/$	¥95.00/$	¥82.31/$	¥80.19/$	¥84.44/$		
Average bunker price	$650/MT	$650/MT	$650/MT	$662/MT	$681/MT	$644/MT		

(For reference)

FY2013 Ex. Rate sensitivity	±2.0	bil.￥/￥1	(year) (Max)
FY2013 Bunker price sensitivity	±0.18	bil.￥/＄1	(year) (Max)
(Consolidated Ordinary Income Basis)			

[By segment]

Upper	Revenue
Lower	Ordinary income/loss

(billion yen)	FY2013 Forecast	FY2013 1H Forecast	FY2013 2H Forecast	FY2012 Result	FY2012 1H Result	FY2012 2H Result	Increase / decrease	
Bulkships	775	380	395	731	369	362	+44	+6.0%
	40	14	26	−25	−11	−14	+65	-
Containerships	750	370	380	607	303	304	+144	+23.7%
	10	6	5	−11	−3	−9	+21	-
Ferry& domestic transport	53	28	25	54	27	27	−1	−2.2%
	1	1	1	1	1	1	+0	+16.7%
Associated businesses	115	59	57	110	54	56	+5	+4.9%
	11	6	5	11	6	5	−0	−1.9%
Others	7	4	4	7	3	4	−0	−5.4%
	3	2	1	2	1	1	+1	+25.0%
Adjustment	-	-	-	-	-	-	-	-
	−5	−3	−2	−7	−1	−6	+2	-
Consolidated	1,700	840	860	1,509	757	752	+191	+12.6%
	60	25	35	−29	−7	−22	+89	-

●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.

Key Points of FY2013 Full-year Forecast (I)

[Overall]

● Launching the Single-year Management Plan **"RISE 2013"**

⇒Aiming for a "V-shaped recovery" and "Return to profitability", strengthened by the business structural reforms that aimed at enhancing profits.

● There are signs of an upturn in business, such as a recovering U.S. economy and a weakening yen, although it will still take time to resolve the gap between tonnage supply and demand.

[By Segment] [Forecast of ordinary income/loss for FY2013 (comparison with FY2012)]

Bulkships [¥40 billion (+¥65 billion)]

■**Dry bulkers**: Costs for more than 130 free dry bulkers will decrease to the current market level as business structural reforms were executed (4Q/12), and competitiveness will improve significantly.

⇒ Impact of profit improvement will be ¥40 billion in FY2013.

Anticipate a return to profitability despite the forecast for continuing severe market conditions.

- Capesize: Expecting market recovery from the summer season toward the 2H/FY2013 by,
  (1) fewer newly built vessels and more scrapping than last year and
  (2) resumption of the Brazilian iron ore export after the current temporary stagnation due to heavy rainfall and periodic maintenance of facilities.
- Mid- and small-size bulkers: It will take more time to address the fleet oversupply, and the market is expected to face continued upside resistance.

Key Points of FY2013 Full-year Forecast (II)

- **Tankers** : A sense of uncertainty will remain in the crude oil tanker market, but profitability of the segment is on the verge of recovery, mainly because of continuing product tanker market improvement.
- **LNG carriers:** Anticipate continued stable profits, mainly from long-term contracts.
- **Car carriers** : Japanese automakers' movement in production localization is likely to continue. It is essential to further enhance cross trade and/or inbound trade, to capitalize on growth in emerging markets, such as India, Mexico, and ASEAN.

Containership [¥10 billion (+¥21 billion)]

- Careful space supply management and self-sustaining efforts on freight rate recovery will be seen by reduction of service frequencies and slow steaming. Consequently, the profitable business circumstances will be sustained although tonnage supply pressure will continue.
- MOL strives to recover profitability through 1)cost reductions, e.g. scale merits of large-size vessels, 2) extension of the G6 Alliance's coverage to Asia-North America east coast trade (from May 2013), 3) recovery of reefer container freight rates, 4) increase in transport cargo volume, and so on.

[Depreciation of owned vessels]

As part of the business structural reforms, depreciation for the most of the bulkship fleet will be extended to 20 years(*) from FY2013. (*): LNG carriers' depreciation were already extended to 20 years in FY2010.

[Cost reduction at different stages] Target through the year: ¥31.5 billion

[Dividend] Will determine after assessment of the future business climate.

FY2013 Single-year Management Plan "RISE 2013"

Main Theme: *"Achieve profitability in FY2013 to make it the first year of MOL's new growth stage."*

Outline of "RISE 2013"

- **Transform business model**
  - (1) Enforce our sales structure to meet customer needs, and add stable profits through expansion of business in overseas markets.
  - (2) Scale down market risk exposure (free tonnage)

    Realize an appropriate fleet scale through skillful combination of increasing cargo contracts and decreasing fleet by sale or redelivery.
  - (3) Pursue business opportunities by capitalizing on safe operation know-how and sophisticated services.
- **Achieve a higher level of business intelligence**
  - Track supply capacity of major shipbuilding countries accurately, increase capabilities in fleet supply and demand analysis.
  - Pursue business opportunities arising from the shale gas revolution, next-generation fuels, etc.
- **Reduce costs on an entirely different stage than before.**

RISE 2013: Fleet Scale Transition

(Unit: Number of vessels)

RISE 2013

			Sep.30 2012	4Q FY12	Mar.31 2013		Mar.31 2014
Bulkships		Fleet Scale	814		794		**729**
	Dry bulkers	Fleet Scale	414	Execution of Business Structural Reforms	404		**365**
		Free tonnage	**170**				**120**
	Tankers	Fleet Scale	201		194		**177**
		Free tonnage	**80**				**60**
	LNG carriers	Fleet Scale	68		69		**68**
	Car carriers	Fleet Scale	131		127		**119**
Containerships		Fleet Scale	116		115		**117**
Other		Fleet Scale	51		49		**44**
Total		Fleet Scale	981		958		**890**

Note: "Fleet Scale" shows total number of owned vessels (including those owned by joint ventures) and chartered vessels (long, short-term), at each date.

[Reference]

"Business Structural Reforms" executed during the 4th quarter of FY2012

1. Expansion in Singapore accelerated

- Transferred sales activities and ship operation of more than 130 free dry bulkers to Singapore, where customers and information cluster
- Enhanced the business structure in Singapore together with free tonnage operation in the tanker segment (VLCC, LR1-type product tankers, large-scale LPG carriers) that has already been developed in that country.

2. Scaling down market exposure of dry bulkers and tankers

- Scaling down free tonnage in operation both by increasing cargo contracts coverage, and by selling and redelivering vessels.

3. Allocated costs associated with business structural reforms (for 4Q/FY2012)

- Assigned dry bulker charter contracts to the local subsidiaries in Singapore(*), and sold 5 tankers, which generated extraordinary loss (¥101.5 billion).

(*):Difference between the original charter rate and the current market rate shall make a price of loss relevant to the assignment.

⇒Free tonnages enhanced their cost competitiveness, bringing profitability improvement in FY2013 and onward:
FY2013: ¥40 billion /FY2014: ¥30 billion /FY2015: ¥20 billion, etc.

4. Cost reductions at different stages

Pursuing higher stage cost reductions, including an overall review of the operational process in addition to conventional cost reductions such as reducing fuel costs by slow steaming. Cut executive compensation, and reduced managerial personnel salaries.

[MEMO]

Market Information (Drybulker)

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

(US$)

Size	Route	FY2012				
		1Q Actual (*1)	2Q Actual (*1)	3Q Actual (*1)	4Q Actual (*1)	Full-year Actual (*1)
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

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

(US$)

Size	Route	FY2013		
		*1st Half Forecast (*2)*	*2nd Half Forecast (*2)*	*Full-year Forecast (*2)*
Capesize	4TC Average	*7,000*	*13,500*	*10,250*
Panamax	4TC Average	*8,500*	*8,000*	*8,250*
Handymax	5TC Average	*10,000*	*9,000*	*9,500*
Small handy	6TC Average	*7,500*	*8,000*	*7,750*

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

(*2)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.

Market Information (Tanker)

1. FY2012 Tanker market (spot freight index)

(WS)

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

Source for actual : The Baltic Exchange

2. FY2013 Tanker market (spot freight index)

(WS)

Type	WS criteria (for VLCC)	FY2013 *1st Half Forecast* *(*2)*	FY2013 *2nd Half Forecast* *(*2)*	FY2013 *Full-year Forecast* *(*2)*
Crude Oil Tanker (VLCC) 【Arabian Gulf - East】	Year 2013 base	*35*	*42*	*39*

(*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						
	1Q	2Q	1st Half	3Q	4Q	2nd Half	Total Result
Total	1,004	977	**1,981**	972	956	**1,928**	**3,908**
【reference】FY2011 Result	765	862	1,627	1,004	1,016	2,019	3,647

2. FY2013(Forecast)

(1,000 units)

(Voyage Completion basis; including voyage charter)	FY2013		
	1st Half Forecast(A)	*2nd Half Forecast(B)*	*Total Forecast (A+B)*
Total	***1,919***	***1,912***	***3,831***

Major Containership Trades Utilization and Freight Index

Asia-North America Trade (TPS)

(unit: 1000TEU)

		FY2011					FY2012				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Outbound (E/B)	Capacity	157	156	146	132	592	146	164	153	153	617
	Lifting	132	141	134	120	526	136	150	135	141	562
	Utilization	84%	90%	92%	91%	89%	93%	91%	88%	92%	91%
Inbound (W/B)	Capacity	156	158	148	131	593	137	160	156	153	606
	Lifting	83	74	87	82	326	84	85	93	101	363
	Utilization	53%	47%	59%	63%	55%	61%	53%	59%	66%	60%

Asia-Europe Trade

		FY2011					FY2012				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Outbound (W/B)	Capacity	112	118	114	111	455	108	126	108	113	455
	Lifting	104	118	102	107	431	97	116	91	103	407
	Utilization	93%	100%	90%	96%	95%	90%	92%	84%	91%	89%
Inbound (E/B)	Capacity	115	117	116	116	464	107	119	112	108	446
	Lifting	69	64	68	73	274	77	76	73	67	293
	Utilization	60%	55%	59%	63%	59%	71%	64%	66%	62%	66%

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

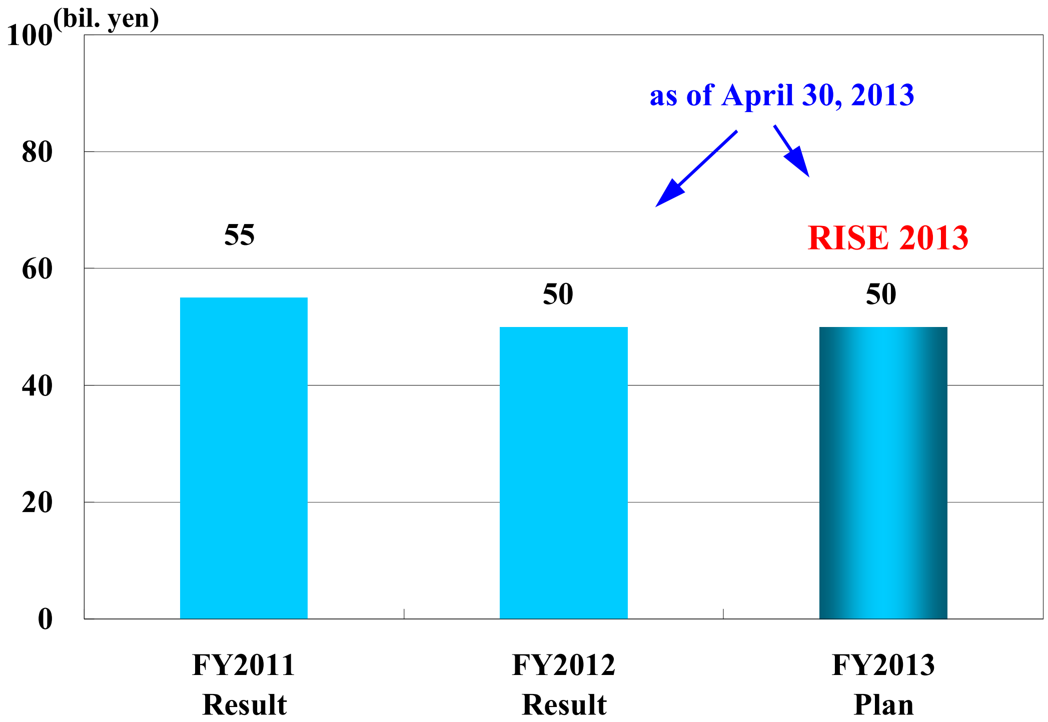
	FY2011				FY2012			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
All Trades (Average)	92	91	86	85	90	91	87	87
Bunker price (Average)	625	664	678	699	695	667	658	631

Fleet Composition

			At the end of Mar. 2013		At the end of Sep. 2012	At the end of Mar. 2012
			No. of vessels	1,000dwt	No. of vessels	No. of vessels
Dry bulke	Bulk carrier	Capesize	103	19,389	106	107
		Panamax	38	3,198	44	48
		Handymax	68	3,763	69	60
		Small Handy	52	1,735	51	34
	Heavy lifter		6	74	6	6
	Wood chip carrier		44	2,296	49	53
	Steaming coal carrier		41	3,644	39	37
	General cargo carrier		52	828	50	47
	(Sub total)		**404**	**34,928**	**414**	**392**
Tanker	Crude oil tanker		47	12,925	47	46
	Product tanker		61	3,515	64	62
	Chemical tanker		75	2,024	77	79
	LPG tanker		11	573	13	13
	(Sub total)		**194**	**19,037**	**201**	**200**
LNG carrier			**69**	**5,310**	**68**	**69**
Car carrier			**127**	**2,063**	**131**	**128**
Containership			**115**	**6,370**	**116**	**115**
Ferry/Domestic carrier			**44**	**159**	**46**	**45**
Cruise ship			**2**	**10**	**2**	**2**
Others			**3**	**19**	**3**	**3**
Total			**958**	**67,895**	**981**	**954**

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

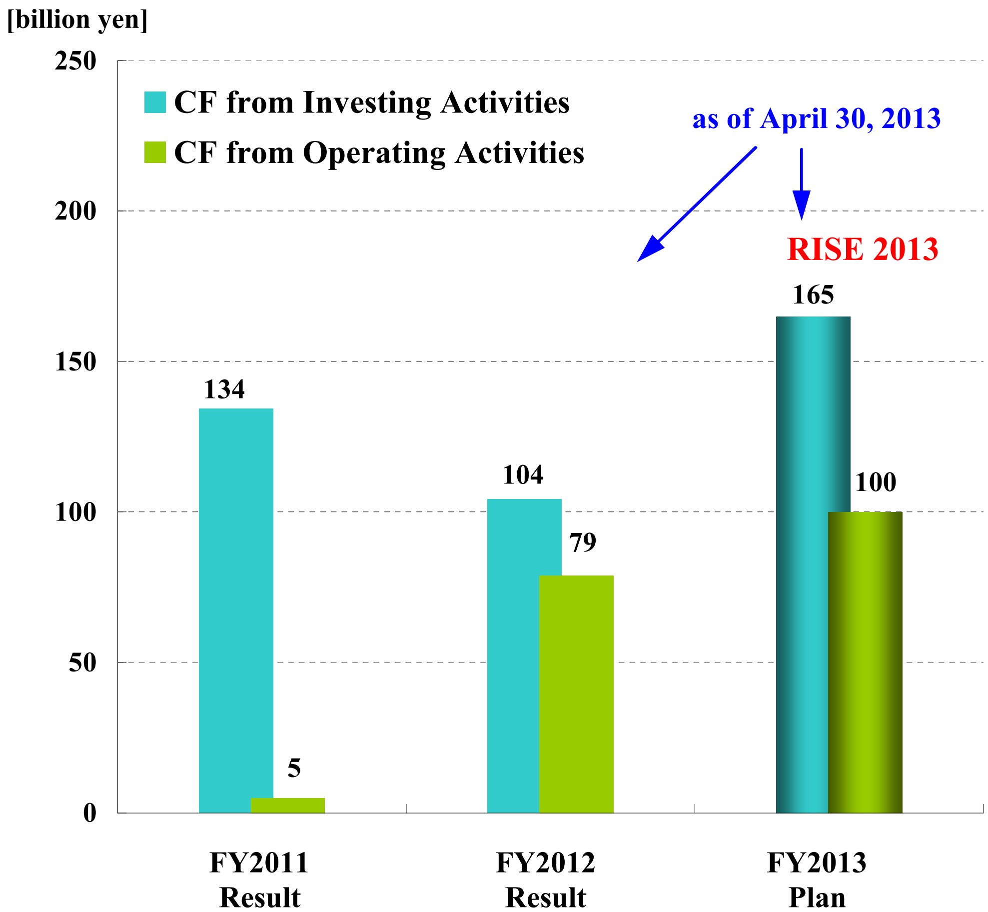
Highly Stable Profit



Average exchange rate(¥/$)	**¥78.85/$**	**¥82.31/$**	**¥95.00/$**

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.)

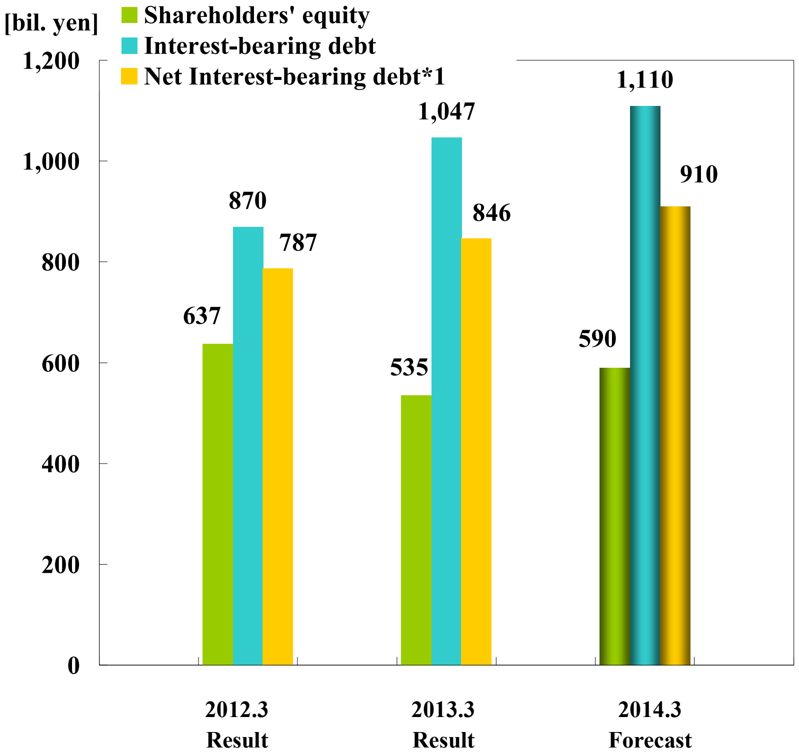
Cash Flows

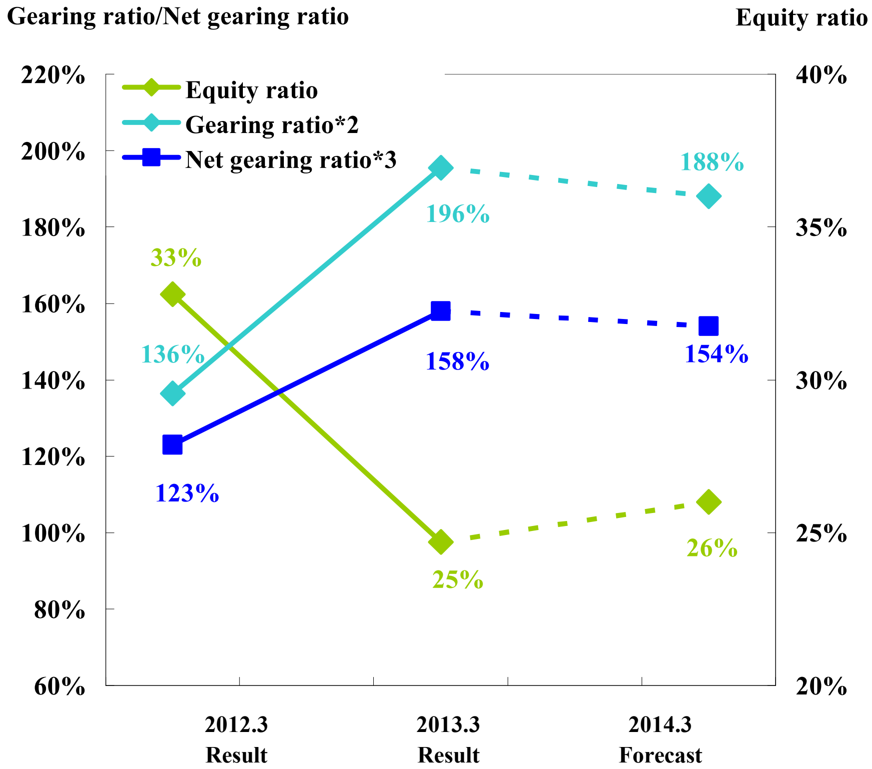


	FY2011 Result	FY2012 Result	FY2013 Plan
Average exchange rate(¥/$)	78.85	82.31	95.00
Ordinary income/loss(billion yen)	-24	-29	60
Net income/loss(billion yen)	-26	-179	50

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 21)

Financial Plan





as of April 30, 2013

Term-end exchange rate(¥/$)	2012.3 Result	2013.3 Result	2014.3 Forecast
MOL	82.19	94.05	95.00
Overseas subsidiaries	77.74	86.58	95.00

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

Equity ratio = Shareholders' equity/Total Assets

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

*3) Net gearing ratio

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

Non-operating Income/Expenses, Extraordinary profit/loss [Consolidated]

1. Non-operating income and expenses

(March.31,2013)

(billion yen)

Non-operating income	12
Interest income	2
Dividend income	3
Gain on sale of containers	4
Others	4

Non-operating expenses	25
Interest expense	13
Exchange loss	3
Equity in losses of unconsolidated subsidiaries and affiliated companies	5
Others	4

2. Extraordinary profit and loss

(March.31,2013)

(billion yen)

Extraordinary profit	16
Gain on sale of fixed assets	12
Cancellation fee for chartered ships	2
Others	2

Extraordinary loss	125
Loss on sale of fixed assets	3
Loss on retirement of fixed assets	1
Impairment loss	11
Loss on valuation of investment securities	3
Cost of business structural reforms	102
Others	6

■Details between Ordinary income/loss and Net income/loss

Notes: "+" or "-" shows impact on profits.

(billion yen)	FY2012 Result	FY2011 Result	Increase/ decrease
Ordinary income/loss	**-29**	**-24**	**-5**
Extraordinary profit	**16**	**14**	**2**
Extraordinary loss **(incl. Cost of business structural reforms)**	**-125** **(-102)**	**-23**	**-102**
Income/loss before income taxes and minority interests	**-138**	**-34**	**-104**
Income taxes **(incl. reversal of deferred tax assets)**	**-36** **(-29)**	**11**	**-47**
Minority interests	**-5**	**-4**	**-1**
Net income/loss	**-179**	**-26**	**-153**