MOL

Business Performance
in
FY2012-2nd Quarter

Mitsui O.S.K. Lines, Ltd.

October 2012

HP

Contents

FY2012 2nd Quarter Results [Consolidated]

(billion yen)	FY2012 1Q Result	FY2012 2Q Result	FY2012 1H Result	FY2011 1H Result	Increase/ decrease	*1H Forecast as of 7/31/12*	*Increase/ decrease*
Revenue	379	378	757	717	*+40*	*770*	*△13*
Operating income/loss	△1	△2	△2	△10	*+8*	*1*	*△3*
Ordinary income/loss	△2	△5	△7	△12	+5	*△3*	*△4*
Net income/loss	△5	△8	△13	△16	+3	*△2*	*△11*
Average exchange rate	¥81.34/$	¥79.03/$	¥80.19/$	¥80.26/$	*△¥0.07/$*	*¥80.17/$*	*+¥0.02/$*
Average bunker price	$695/MT	$667/MT	$681/MT	$645/MT	*+$36/MT*	*$663/MT*	*+$18/MT*

■Results Comparison FY2012-2Q vs FY2011-2Q Major factors affected Ordinary income

Fluctuation of Foreign Exchange	△¥0.1 bil.	FY12 ¥80.19/$; △¥0.07/$
Fluctuation of Bunker Price	△¥3.1 bil.	FY12 $681/MT; +$36/MT
Fluctuation of cargo volume/freight rates, etc.	△¥2.2 bil.	
Cost Reduction	+¥13.0 bil.	
Equity in earnings of affiliated companies	△¥3.7 bil.	
Others (incl. Adjustment)	+¥1.4 bil.	
(Balance)	+¥5.3 bil.	

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

[By segment]

(billion yen)

		FY2012 1Q Result	FY2012 2Q Result	FY2012 1H Result	FY2011 1H Result	Increase/ decrease	1H Forecast as of 7/31/12	Increase/ decrease
Bulkships	Revenue	189	180	369	353	+16	373	△4
	Ordinary income/loss	△ 2	△ 9	△ 11	△ 6	△5	△ 9	△2
Containerships	Revenue	148	155	303	282	+21	310	△7
	Ordinary income/loss	△ 2	△ 0	△ 3	△ 11	+8	0	△3
Ferry& domestic transport	Revenue	13	15	27	25	+2	27	+0
	Ordinary income/loss	△ 0	1	1	△ 1	+2	1	+0
Associated businesses	Revenue	27	27	54	53	+1	57	△3
	Ordinary income/loss	3	3	6	5	+1	6	+0
Others	Revenue	2	2	3	4	△1	3	+0
	Ordinary income/loss	1	0	1	1	△0	1	△0
Adjustment	Revenue	-	-	-	-	-	-	-
	Ordinary income/loss	△ 0	△ 1	△ 1	0	△1	△ 1	+0
Consolidated	Revenue	379	378	757	717	+40	770	△13
	Ordinary income/loss	△ 2	△ 5	△ 7	△ 12	+5	△ 3	△4

● 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.

Outlines of FY2012 2nd Quarter Financial Results (I) Consolidated

[Overall]

- In addition to the stagnation of the European economy, China's growth began to decelerate toward the summer season. The shipping market remained low overall, while a large number of newly built vessels was delivered into the market.
- The dry bulker and product tanker markets for the second quarter did not reach the assumed levels, and profits of spot markets fell short of expectations.
- Profits of Containership and Car carrier segments improved greatly year-on-year, helping to reduce the company-wide ordinary loss.

[By Segment] [Ordinary income/loss for 1H/FY2012 (year-on-year comparison)]

Bulkships [-¥10.9 billion (-¥4.7 billion)

■ Dry bulkers:

Recovery of the gap between fleet supply and cargo demand was hampered by the deliveries of many newly built vessels, which continued at a historic high level. The Capesize and Panamax markets in particular remained at rock bottom level.

Losses in spot markets overhanged the stable profits secured from long-term transport contracts for iron ore carriers, coal carriers, wood chip carriers, and so on. The overall segment posted a large loss.

— Capesize: Market remained at a low level due to cuts in European crude steel production and peaking crude steel production in China. The number of newbuilding vessels entering the market exceeded that of ships scrapped, frustrating efforts to bring the fleet supply and demand into balance.

— Panamax: Newbuilding vessels worsened the vessel supply-demand balance, and China's previously strong coal imports decelerated starting in the summer. Anxiety over the corn trade due to drought conditions in North America cast a cloud of negativity over the market.

Outlines of FY2012 2nd Quarter Financial Results (II) Consolidated

■ Tankers:

The VLCC market dropped sharply toward summer season and the product tanker market remained at unprofitable levels. The deficit of the overall segment widened year-on-year.

— Crude oil transport for China started to decrease toward summer as the nation's economic growth slowed. The VLCC market has dropped sharply since July.

— As to the product tanker, while the supply-demand balance of the market showed signs of improvement, it has not reached the break-even point due to weak European trade and poor arbitrage-trading.

■ LNG carriers:

Secured stable profits, mainly from long-term contracts.

■ Car carriers:

Completed cars seaborne trades from Japan to the U.S. and to Australia were firm. Profits improved largely in a year-on-year comparison from 2Q/2011when the automobile industry was severely affected by the Great East Japan Earthquake.

Containerships [-¥2.6 billion (+¥7.8 billion)]

- The supply-demand environment gradually improved since the beginning of spring and the freight rate restoration proceeded. However, trade on the Asia-Europe route did not show an expected increase in spite of summer peak season and the freight rate softened.
- Rationalized services while maintaining higher quality by upgrading the G6 alliance under pressure of newbuilding vessel supply. Ongoing strong endeavors to execute slow steaming promoted cost reduction. Year-on-year, profitability improved but the segment remained in the red.

Ferry and Domestic Transport [¥0.7 billion (+¥1.9 billion)]

- Profits in the ferry segment improved greatly in a year-on-year comparison from 2Q/2011 when the industry was severely affected by the Great East Japan Earthquake. The segment returned to the black.
- Energy-related shipment in the domestic transport segment was strong.

FY2012 Forecast [Consolidated]

(billion yen)	1st Half Result (a)	*1H Forecast as of 7/31/12 (b)*	*(a)-(b)*	2nd Half Forecast (c)	*2H Forecast as of 7/31/12 (d)*	*(c)-(d)*	FY2012 Forecast (e)	*FY2012 Forecast as of 7/31/12 (f)*	*(e)-(f)*	FY2011 Result
Revenue	**757**	***770***	***△ 13***	**743**	***780***	***△37***	**1,500**	***1,550***	***△50***	**1,435**
Operating income/loss	**△ 2**	***1***	***△ 3***	**△ 11**	***15***	***△26***	***△13***	***16***	***△29***	**△ 24**
Ordinary income/loss	**△ 7**	***△ 3***	***△ 4***	**△ 15**	***13***	***△28***	***△22***	***10***	***△32***	**△ 24**
Net income/loss	**△ 13**	***△ 2***	***△ 11***	**△ 11**	***5***	***△16***	***△24***	***3***	***△27***	**△ 26**
Average exchange rate	**¥80.19/$**	***¥80.17/$***	*+¥0.02/$*	**¥80.00/$**	***¥80.00/$***	***¥0.00/$***	**¥80.10/$**	*¥80.09/$*	*+¥0.01/$*	**¥78.85/$**
Average bunker price	**$681/MT**	***$663/MT***	*+$18/MT*	**$650/MT**	***$630/MT***	*+$20/MT*	**$666/MT**	*$646/MT*	*+$20/MT*	**$667/MT**

(For reference)

FY2012 Exchange rate sensitivity/2nd half: **±0.90 bil. ¥/1¥** **(2nd Half)** **(Max)**

FY2012 Bunker price sensitivity/2nd half: **±0.07 bil. ¥/1$** **(2nd Half)** **(Max)**

(Consolidated Ordinary Income/loss Basis)

[By segment]

(billion yen, Upper:Revenue Lower:Ordinary income/loss)

	1st Half Result (a)	1H Forecast as of 7/31/12 (b)	(a)-(b)	2nd Half Forecast (c)	2H Forecast as of 7/31/12 (d)	(c)-(d)	FY2012 Forecast (e)	FY2012 Forecast as of 7/31/12 (f)	(e)-(f)	FY2011 Result
Bulkships	369	373	△4	351	372	△21	720	745	△25	726
	△11	△9	△2	△16	4	△20	△27	△5	△22	△7
Containerships	303	310	△7	307	320	△13	610	630	△20	542
	△3	0	△3	△5	3	△8	△8	3	△11	△30
Ferry& domestic transport	27	27	+0	27	27	△0	54	54	+0	52
	1	1	+0	0	1	△0	1	1	+0	△1
Associated businesses	54	57	△3	55	57	△2	109	114	△5	107
	6	6	+0	5	5	△0	11	11	+0	9
Others	3	3	+0	4	4	△1	7	7	+0	8
	1	1	△0	1	1	+0	2	2	+0	4
Adjustment	-	-	-	-	-	-	-	-	-	-
	△1	△1	+0	0	△1	+1	△1	△2	+1	△0
Consolidated	757	770	△13	743	780	△37	1,500	1,550	△50	1,435
	△7	△3	△4	△15	13	△28	△22	10	△32	△24

● 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 FY2012 Full-year Forecast (I)

[Overall]

Downward revision for the full-year forecast.

	Previous (July 31)		Latest (October 31)
Ordinary Income/Loss	¥10 billion	→	-¥22 billion
[Assumption]			
- Exchange rate:	2nd Half: ¥80/$		2nd Half: ¥80/$
- Bunker price :	2nd Half: $630/MT		2nd Half: $650/MT

[By segment]

[Forecast of ordinary income/loss for FY2012 (increase/decrease of ordinary income/loss from the projected figures announced on July 31)]

Bulkships [-¥27 billion (-¥22 billion)]

- Dry bulkers:

  Downward revision of the spot market assumption for 2H according to today's market conditions
  → Downward revision of the full-year forecasts

  ◆ Changes in the market assumptions for 2H (Previous → Latest)
  - Capesize : $15,000 → $13,500/day
  - Panamax : $13,000 → $ 8,000/day
  - Handymax : $12,500 → $ 8,000/day
  - Small Handy: $10,500 → $ 7,000/day

  * China's crude steel production remains at a high level although its growth has slowed. Chinese steelmakers' dependence on iron ore imports increases as ore prices stabilize. In addition, China's coal imports are projected to increase as winter approaches.

  ◆ Keep on scrapping and cold lay-up of Capesize bulkers and scrapping of wood chip carriers, reducing the number of ships in the spot market to realize improvement of profitability.

Key Points of FY2012 Full-year Forecast (II)

■ Tankers:

Downward revision of the spot market assumption for 2nd Half

→ Downward revision of the full-year forecasts

◆ Changes in market assumptions

- **VLCC: WS55** (previous) → **WS49** (latest)
- Product tankers (**MR**-type): 10% reduction in per-day charter rate assumption from the previous forecast.

* In the VLCC market, China's crude oil inventories have decreased, so imports are expected to increase as the demand season, winter, approaches. The product tanker market is expected to improve, boosted by increases in kerosene imports to South Korea and Japan toward the winter season, and increases in gasoline imports to the U.S. where very low level of inventories observed.

◆NOVA Tankers, the VLCC pool J/V with Maersk Tanker, etc. is off to a smooth start. Efficient vessel allocation enables higher operating margin above the market level.

◆Restraining spot exposure of VLCC and product tanker (MR type) to reduce operating losses.

Containerships [-¥8 billion (-¥11 billion)]

- Assumptions for freight rates and transport volume for 2H are being lowered, mainly on the Asia-Europe route (outbound), and the full-year forecast is being revised downward on the assumption of rising bunker prices.
- Weaker trade is expected due to the stagnant European economy. However, each shipping company will act to decrease sailing frequencies and suspend services, which is expected to stop worsening of the supply-demand balance, and bring about progress in the freight restoration.

[Cost reduction]

Raise the full-year target (all companies) from ¥25 billion to ¥28 billion (achieved ¥13 billion for 1H).

[Dividends]

The company will not pay an interim dividend, and will decide year-end dividend payments after close observation of the circumstances as the business climate is still uncertain.

[Supplement]

Market Information (Drybulker)

1. FY2011 Dry Bulker Market (spot charterage/day)

(US$)

Size	Route	FY2011				
		1Q Actual (*1)	2Q Actual (*1)	3Q Actual (*1)	4Q Actual (*1)	Full-year Actual (*1)
Capesize	4TC Average	8,600	17,100	28,600	7,000	15,200
Panamax	4TC Average	13,800	12,900	14,700	8,000	12,300
Handymax	5TC Average	14,600	14,000	14,700	8,700	12,900
Small handy	6TC Average	11,500	10,100	10,000	6,900	9,600

Source for actual : The Baltic Exchange

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

(US$)

Size	Route (Actual Only)	FY2012				
		1st Half			*2nd Half*	*Full-year*
		1Q Actual (*1)	2Q Actual (*1)	Actual (*1)	*Forecast (*2)*	*Forecast (*2)*
Capesize	4TC Average	6,100	4,800	5,400	*13,500*	*9,500*
Panamax	4TC Average	9,600	6,600	8,100	*8,000*	*8,100*
Handymax	5TC Average	11,200	10,300	10,800	*8,000*	*9,400*
Small handy	6TC Average	9,200	8,000	8,600	*7,000*	*7,800*

Source for actual : The Baltic Exchange

(*1)General market results of the relevant routes.
(*2)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 vessels.
Thus, "forecasts" are only applicable to those vessels without agreed freight/charter rates at the time of business forecast announcement.

Market Information (Tanker)

1. FY2011 Tanker market (spot freight index)

(WS)

Type	WS criteria (for VLCC)	FY2011 1Q Actual (*1)	FY2011 2Q Actual (*1)	FY2011 3Q Actual (*1)	FY2011 4Q Actual (*1)	FY2011 Full-year Actual (*1)
Crude Oil Tanker (VLCC) 【Arabian Gulf - East】	Year 2011 base (Year 2012 base)	53 (44)	47 (39)	54 (46)	67 (56)	55 (46)
Product Tanker (MR) 【Singapore - Japan】		151	153	153	120	144

Source for actual : The Baltic Exchange

2. FY2012 Tanker market (spot freight index)

(WS)

Type	WS criteria (for VLCC)	FY2012 1st Half 1Q Actual (*1)	FY2012 1st Half 2Q Actual (*1)	FY2012 1st Half Actual (*1)	FY2012 *2nd Half* *Forecast (*2)*	FY2012 *Full-year* *Forecast (*2)*
Crude Oil Tanker (VLCC) 【Arabian Gulf - East】	Year 2012 base	55	36	46	*49*	*47*
Product Tanker (MR) 【Singapore - Japan】		125	123	124		

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 Information

1. FY2011(Result)

(1,000 units)

(Voyage Completion basis; including voyage charter)	FY2011						
	1Q	2Q	1st Half	3Q	4Q	2nd Half	Full-year Result
Total	765	862	1,627	1,004	1,016	2,019	3,647

2. FY2012(Result / Forecast)

(1,000 units)

(Voyage Completion basis; including voyage charter)	FY2012				
	1Q	2Q	1st Half Result (A)	*2nd Half Forecast(B)*	*Total Forecast (A+B)*
Total	1,004	977	1,981	*2,088*	*4,068*

Containership Utilization and Freight Information

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			
	Lifting	132	141	134	120	526	136	150			
	Utilization	84%	90%	92%	91%	89%	93%	91%			
Inbound (W/B)	Capacity	156	158	148	131	593	137	160			
	Lifting	83	74	87	82	326	84	85			
	Utilization	53%	47%	59%	63%	55%	61%	53%			

Asia-Europe Trade

		FY2011					FY2012				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Outbound (W/B)	Capacity	112	117	114	111	454	108	126			
	Lifting	104	118	102	107	431	97	116			
	Utilization	93%	100%	90%	96%	95%	90%	92%			
Inbound (E/B)	Capacity	115	117	116	116	464	107	119			
	Lifting	69	64	68	73	274	77	76			
	Utilization	60%	55%	59%	63%	59%	71%	64%			

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		
Bunker price (Average)	625	664	678	699	695	667		

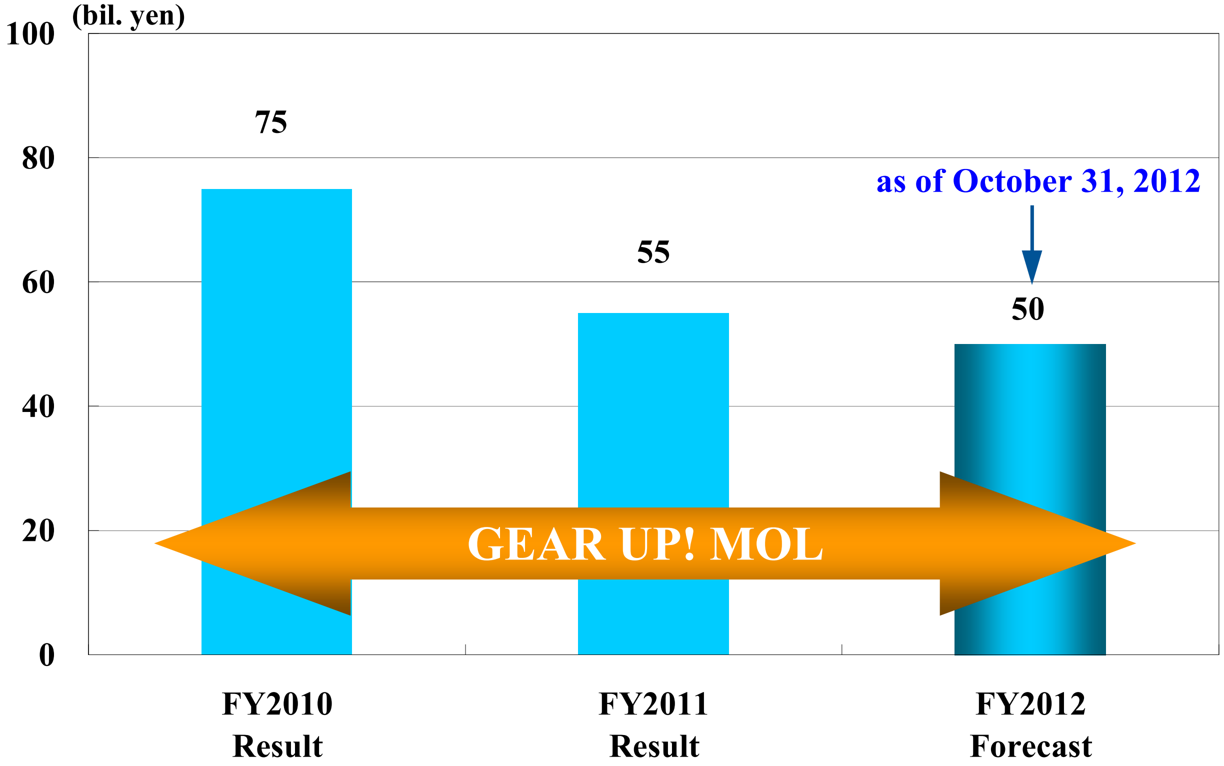
Fleet Composition

			At the end of Mar. 2012	At the end of Sept. 2012		At the end of Mar. 2013(e)
			No. of vessels	No. of vessels	1,000dwt	No. of vessels
Dry bulker	Bulk carrier	Capesize	107	106	19,765	
		Panamax	48	44	3,608	
		Handymax	60	69	3,828	
		Small Handy	34	51	1,699	
	Heavy lifter		6	6	74	
	Wood chip carrier		53	49	2,507	
	Steaming coal carrier		37	39	3,467	
	General cargo carrier		47	50	787	
	(Sub total)		**392**	**414**	**35,736**	***390***
Tanker	Crude oil tanker		46	47	12,922	
	Product tanker		62	64	3,683	
	Chemical tanker		79	77	2,060	
	LPG tanker		13	13	627	
	(Sub total)		**200**	**201**	**19,292**	***185***
LNG carrier			**69**	**68**	**5,233**	***68***
Car carrier			**128**	**131**	**2,087**	***131***
Containership			**115**	**116**	**6,357**	***116***
Ferry/Domestic carrier			**45**	**46**	**162**	***50***
Cruise ship			**2**	**2**	**10**	
Others			**3**	**3**	**19**	
Total			**954**	**981**	**68,894**	***940***

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

Note 2) (e)=estimate

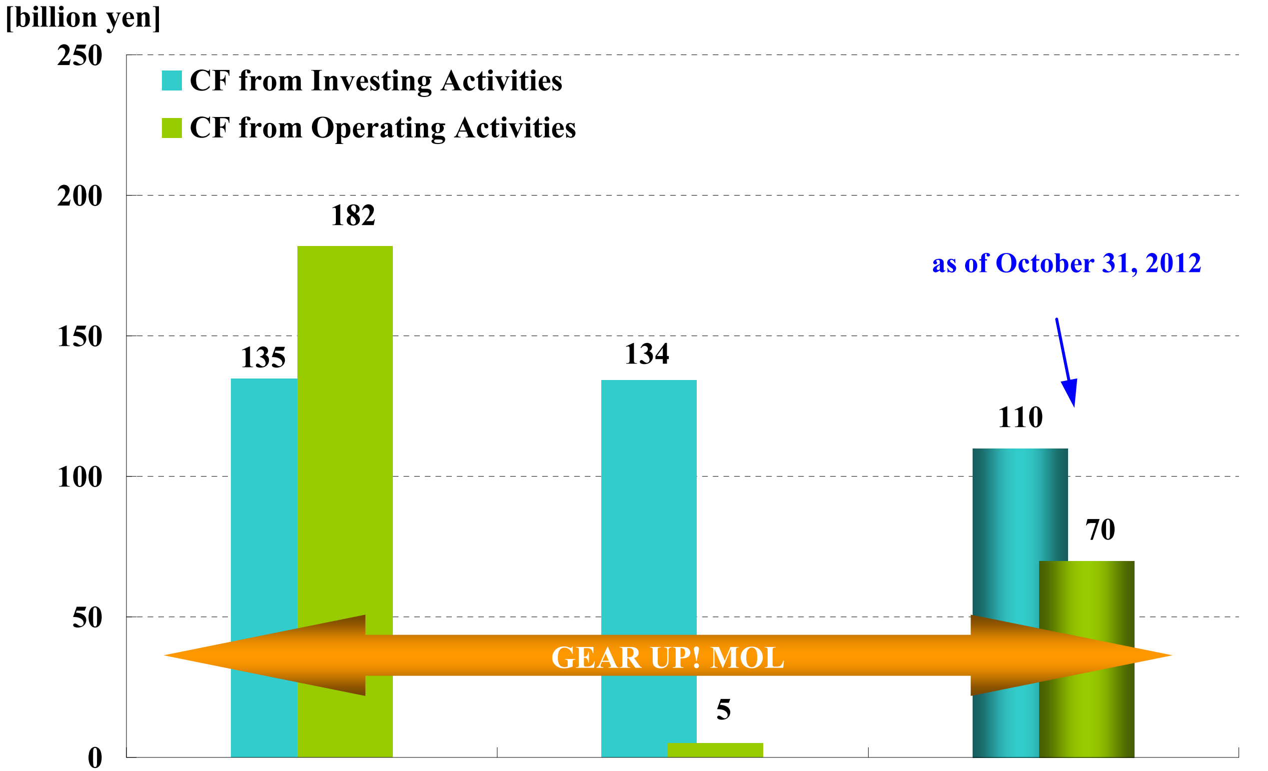
Highly Stable Profit



Average exchange rate(¥/$)	¥86.48/$	¥78.85/$	¥80.10/$

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.)

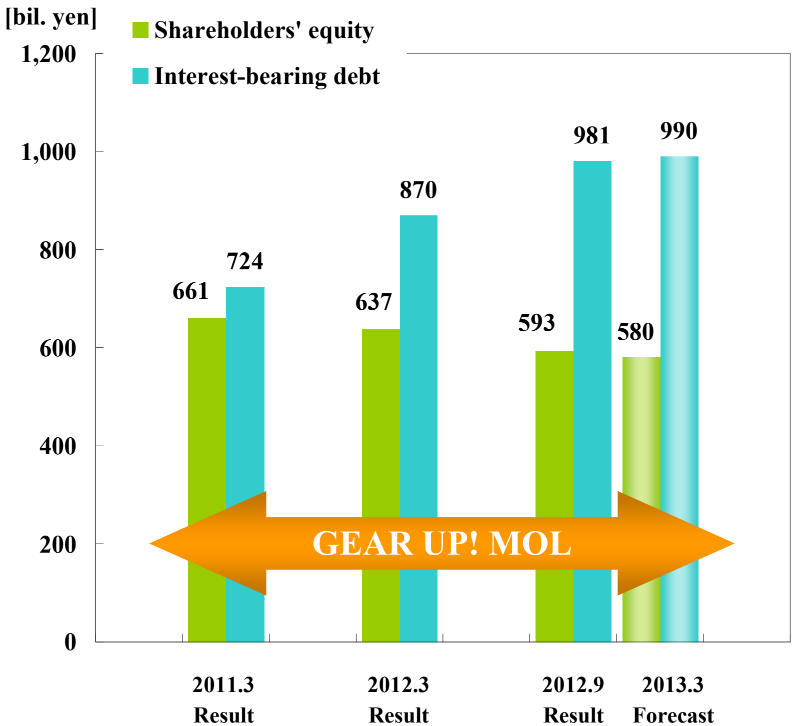
Cash Flows

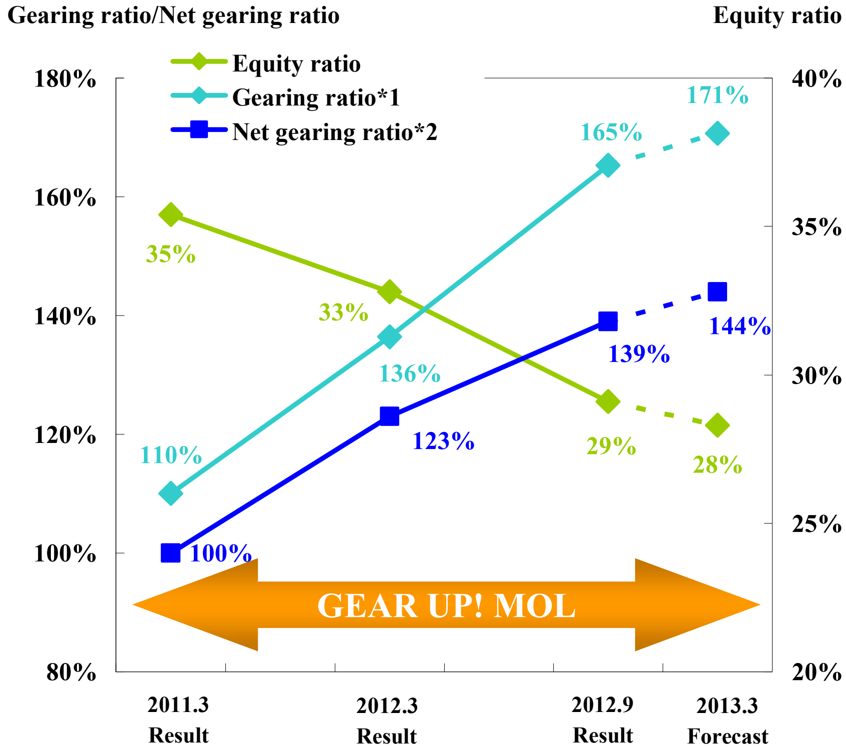


	FY2010 Result	FY2011 Result	FY2012 Forecast
Average exchange rate(¥/$)	86.48	78.85	80.10
Ordinary income/loss(billion yen)	122	△ 24	△ 22
Net income/loss(billion yen)	58	△ 26	△ 24

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

Financial Plan





Term-end exchange rate(¥/$)	2011.3 Result	2012.3 Result	2012.9 Result	2013.3 Forecast
MOL	83.15	82.19	77.60	80.00
Overseas subsidiaries	81.49	77.74	79.31	80.00

Equity ratio = Shareholders' equity/Total Assets

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

*2) Net gearing ratio

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