



**Business Performance**  
**in**  
**FY2011-2nd Quarter**

*Mitsui O.S.K. Lines, Ltd.*

*October 2011*

HP

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## FY2011 2nd Quarter Results [Consolidated]

(billion yen)	FY2011			FY2010 1H Result	Increase/ decrease	1H Forecast as of 7/29/11	Increase/ decrease
	1Q Result	2Q Result	1H Result				
Revenue	349	368	717	803	△86	720	△3
Operating income	△9	△1	△10	83	△93	3	△13
Ordinary income	△8	△4	△12	80	△92	3	△15
Net income	△8	△8	△16	48	△65	1	△17
Average exchange rate	¥81.80/\$	¥78.72/\$	¥80.26/\$	¥89.61/\$	△¥9.35/\$	¥80.90/\$	△¥0.64/\$
Average bunker price	\$625/MT	\$664/MT	\$645/MT	\$471/MT	+\$174/MT	\$637/MT	+\$8/MT

## [By segment]

(billion yen)		FY2011			FY2010 1H Result	Increase/ decrease	1H Forecast as of 7/29/11	Increase/ decrease
		1Q Result	2Q Result	1H Result				
<b>Bulkships</b>	Revenue	171	183	353	412	△58	353	+0
	Ordinary income	△5	△1	△6	50	△56	△3	△4
<b>Containerships</b>	Revenue	139	143	282	308	△27	285	△3
	Ordinary income	△5	△5	△11	26	△36	△3	△8
<b>Ferry&amp; domestic transport</b>	Revenue	11	14	25	26	△1	25	+0
	Ordinary income	△1	0	△1	△0	△1	△1	△0
<b>Associated businesses</b>	Revenue	26	27	53	54	△1	54	△1
	Ordinary income	2	2	5	5	△1	5	△0
<b>Others</b>	Revenue	2	2	4	3	+1	3	+1
	Ordinary income	1	0	1	1	+0	3	△2
<b>Adjustment</b>	Revenue	-	-	-	-	-	-	-
	Ordinary income	0	△0	0	△1	+1	2	△2
<b>Consolidated</b>	Revenue	349	368	717	803	△86	720	△3
	Ordinary income	△8	△4	△12	80	△92	3	△15

● Revenues from customers, unconsolidated subsidiaries and affiliated companies

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

# Outline of FY2011 2<sup>nd</sup> Quarter Results [Consolidated]

## [Overall]

- Cargo trade and freight rate markets (containership and tanker) were stagnant due to uncertainty over the European and U.S. economies.
- The yen's appreciation and rising bunker prices also weighed heavily on business performance despite carrying forward cost reductions (¥8.7 billion for the 1H/FY2011), resulting in a company-wide loss for 1Q and 2Q.
- However, the ordinary loss declined by half from 1Q to 2Q, mainly by the recovery in the car carrier business, implicating MOL entered a phase of recovery in its business.

## [By segment] [Ordinary income for 1H/FY2011 (comparison with 1H/2010)]

### Bulkships [-¥6.1 billion (-¥55.8 billion)]

- Dry bulkers: Secured black ink due to contributions of mid- and long-term contracts despite falling markets year-on-year for four ship types (Capesize, Panamax, Handymax, Small Handy) .  
The Capesize market finally recovered (late August 2011) from the sluggish market caused by bad weather in Australia and Brazil starting at the end of 2010.
- Tankers: Both VLCC and product tanker markets showed a slow recovery. The overall segment showed a continual loss despite a rise in LPG carrier freight rates due to increasing exports from the Middle East.
- Car carriers: Turned to red ink for 1H/FY2011 due to a large decrease in seaborne trade from Japan caused by the Great East Japan Earthquake (March 2011). (However, this sector returned to profitability in 2Q/2011.)

### Containerships [-¥10.5 billion (-¥36.4 billion)]

Fell short of the targeted increase in freight rates due to lower-than-projected cargo volume on the East-West route. A sharp rise in bunker prices also weighed on profits.

- North America Eastbound route: Cargo volume (1H/FY2010 → 1H/FY2011) **decreased 12%**. Fell short of the target in annual rate negotiations (May 2011).
- European Westbound route: Cargo volume (1H/FY2010 → 1H/FY2011) **increased 12%**. Freight rates (1H/FY2010 → 1H/FY2011) dropped by about **30%**.

## Results Comparison FY2011-1H vs FY2010-1H

### Major factors affected Ordinary income

#### 【1H/FY2010→1H/FY2011】

<b>Stronger yen</b>	<b>△¥9.4 bil.</b>	1H11 ¥80.26/\$; △¥9.35/\$
<b>Higher bunker</b>	<b>△¥17.4 bil.</b>	1H11 \$645/MT; +\$174/MT
Fluctuation of cargo volume/freight rates, etc.	<b>△¥74.6 bil.</b>	
<b>Cost Reduction</b>	<b>+¥8.7 bil.</b>	
Equity in earnings of affiliated companies	<b>△¥3.6 bil.</b>	
<b>Others (incl. Adjustment)</b>	<b>+¥3.9 bil.</b>	
<b>(Balance)</b>	<b>△¥92.4 bil.</b>	

# FY2011 Forecast [Consolidated]

(billion yen)	FY2011		Yearly forecast	FY2010 Result	Increase/decrease	Yearly F'cast as of 7/29/10	Increase/decrease
	1H Result	2H Forecast					
Revenue	717	733	1,450	1,544	△94	1,500	△50
Operating income	△10	10	0	123	△123	35	△35
Ordinary income	△12	12	0	122	△122	35	△35
Net income	△16	12	△4	58	△62	17	△21
Average exchange rate	¥80.26/\$	¥77.00/\$	¥78.63/\$	¥86.48/\$	△¥7.85/\$	¥80.45/\$	△¥1.82/\$
Average bunker price	\$645/MT	\$660/MT	\$652/MT	\$490/MT	+\$162/MT	\$644/MT	+\$8/MT

(For reference)

FY2011 Exchange rate sensitivity/2nd half: ±0.90 bil. ¥/1¥ (Max)

FY2011 Bunker price sensitivity/2nd half: ±0.06 bil. ¥/1\$ (Max)

(Consolidated Ordinary Income Basis)

## [By segment]

(billion yen)		FY2011		Yearly forecast	FY2010 Result	Increase/decrease	Yearly F'cast as of 7/29/10	Increase/decrease
		1H Result	2H Forecast					
<b>Bulkships</b>	Revenue	353	377	730	791	△61	745	△15
	Ordinary income	△6	11	5	71	△66	15	△10
<b>Containerships</b>	Revenue	282	268	550	587	△37	585	△35
	Ordinary income	△11	△9	△20	39	△59	5	△25
<b>Ferry&amp; domestic transport</b>	Revenue	25	27	52	50	+2	52	+0
	Ordinary income	△1	0	△1	△1	△0	△1	+0
<b>Associated businesses</b>	Revenue	53	57	110	108	+2	111	△1
	Ordinary income	5	5	10	11	△1	10	+0
<b>Others</b>	Revenue	4	4	8	8	+0	7	+1
	Ordinary income	1	3	4	3	+1	4	+0
<b>Adjustment</b>	Revenue	-	-	-	-	-	-	-
	Ordinary income	0	2	2	△2	+3	2	△1
<b>Consolidated</b>	Revenue	717	733	1,450	1,544	△94	1,500	△50
	Ordinary income	△12	12	0	122	△122	35	△35

● Revenues from customers, unconsolidated subsidiaries and affiliated companies

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



## Key Points of FY2011 Full-year Forecast

### [Overall]

Downward revision of full-year forecast

	Initial Forecast (April 28)	Previous Forecast (July 29)	Latest Forecast (October 31)
Ordinary income	¥60 billion	→ ¥35 billion	→ ¥0 billion

### [Assumptions]

Exchange rate: 2<sup>nd</sup> Half ¥77/\$ (Previously ¥80/\$) (2<sup>nd</sup> Half sensitivity ±¥0.9 billion/¥1)

Bunker price: 2<sup>nd</sup> Half \$660/MT (Previously \$650/MT) (2<sup>nd</sup> Half sensitivity ±¥0.06 billion/\$1)

[By segment] [Forecast of ordinary income for FY2011 ( Comparison with the previous forecast on July 29) ]

**Bulkships** [¥5 billion (-¥9.5 billion)]

#### ● Dry bulkers:

—Capesize market: Upward revision of the assumption for 2H (\$18,000 → 25,000/day) by anticipating trends— steady imports of iron ore and coal (including for power generation) by China, favorable and steady shipments from major mines in Australia and Brazil, progress in scrapping aged vessels, etc., though supply pressure will continue.

—Panamax and smaller size vessels: The current level is expected to continue due to steady transport of grain and coal for China, coal for India, and so on.

—However, a small-margin downward revision of the overall segment reflects the 1H results.

#### ● Tankers:

—Downward revision of VLCC and product tanker market assumptions for 2H as a result of a delay in the market's recovery (WS68 → WS64 for VLCC). Along with the impact of a downturn of the market during 1H, the full-year forecast was revised sharply downward.

—Anticipating tightening demand due to advancement in slow steaming, the coming high-demand winter season, and effects on passage restriction in the Bosphorus straits.

● Car Carriers:

- Production by Japanese automobile makers recovered more quickly than initially anticipated, and the number of completed cars exported from Japan in August 2011 recovered to the same level as that of August 2010.
- Anticipating steady shipments focusing on a recovery of overseas sales share for 2H/FY2011.

**Containerships** [-¥20 billion (-¥25 billion)]

- Downward revision of transport capacity, cargo volume, and assumption of freight rates as a result of cargo trade stagnation on the East-West outbound route.
- Continual efforts to rationalize route operation including supply adjustment and cost reduction, and focus on improvement of business performance to the maximum extent possible.

**[Impact of Thailand Flood]**

A certain amount for the impact on car carrier and containership business segments is factored into the forecast.

**[Cost reduction targets]**

Initial plan ¥15 billion → previous announcement ¥20 billion → Accumulate further reductions for the full year.

The latest full-year forecast: **¥22.5 billion.**

**[Dividends]**

Dividend per share outlook for FY2011: Unchanged at ¥5 per share (interim payment ¥2.5 plus year-end payment ¥2.5).

## [Supplement]

# Market Information (Drybulker)

### 1. FY2010 Dry Bulker Market (spot charterage/day) (US\$)

Size	Route	FY2010				
		1Q Actual (*1)	2Q Actual (*1)	3Q Actual (*1)	4Q Actual (*1)	Total Actual (*1)
Capesize	4TC Average	38,400	26,300	34,400	8,400	26,900
Panamax	4TC Average	30,900	21,700	18,200	14,500	21,300
Handymax	5TC Average	27,800	19,800	17,300	14,300	19,800
Small handy	6TC Average	20,000	15,200	12,800	10,700	14,700

Source for actual : The Baltic Exchange

### 2. FY2011 Dry Bulker Market (US\$)

Size	Route (Actual Only)	FY2011			
		1st Half		2nd Half	Total
		1Q Actual (*1)	2Q Actual (*1)	Forecast (*2)	Forecast (*2)
Capesize	4TC Average	8,600	17,100	25,000	18,900
Panamax	4TC Average	13,800	12,900	17,000	15,200
Handymax	5TC Average	14,600	14,000	16,000	15,200
Small handy	6TC Average	11,500	10,100	12,000	11,400

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. FY2010 Tanker market (spot freight index) (WS)

Type	WS criteria (for VLCC)	FY2010				
		1Q Actual (*1)	2Q Actual (*1)	3Q Actual (*1)	4Q Actual (*1)	Total Actual (*1)
Crude Oil Tanker (VLCC) 【Arabian Gulf - East】	Year 2010 base	88	52	58	70	67
	(Year 2011 base)	(72)	(43)	(48)	(58)	(55)
Product Tanker (MR) 【Singapore - Japan】		139	137	139	135	138

Source for actual : The Baltic Exchange

## 2. FY2011 Tanker market (WS)

Type	WS criteria (for VLCC)	FY2011			
		1st Half		2nd Half	Total
		1Q Actual (*1)	2Q Actual (*1)	Forecast (*2)	
Crude Oil Tanker (VLCC) 【Arabian Gulf - East】	Year 2011 base	53	47	64	57
Product Tanker (MR) 【Singapore - Japan】		151	153		

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.

# Car Carriers - Loading Information

## 1. FY2010(Actual)

(1,000 units)

(Voyage Completion basis; including voyage charter)	FY2010				
			1st Half	2nd Half	Total Actual
	1Q	2Q			
<b>Total</b>	<b>823</b>	<b>862</b>	<b>1,685</b>	<b>1,903</b>	<b>3,588</b>

## 2. FY2011(Actual/Forecast)

(1,000 units)

(Voyage Completion basis; including voyage charter)	FY2011				
			1st Half Result (A)	2nd Half Forecast (B)	(A)+(B)
	1Q	2Q			
<b>Total</b>	<b>765</b>	<b>862</b>	<b>1,627</b>	<b>2,042</b>	<b>3,669</b>

# Containership Utilization and Freight Information

## Asia-North America Trade (TPS)

(unit: 1000TEU)

		FY2010					FY2011				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Outbound (E/B)	Capacity	142	166	166	151	624	157	156			
	Lifting	144	165	129	123	561	132	141			
	Utilization	101%	99%	78%	82%	90%	84%	90%			
Inbound (W/B)	Capacity	132	165	166	154	617	156	158			
	Lifting	78	87	93	82	341	83	74			
	Utilization	59%	53%	56%	53%	55%	53%	47%			

## Asia-Europe Trade

		FY2010					FY2011				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Outbound (W/B)	Capacity	92	107	109	110	418	112	118			
	Lifting	92	107	109	110	418	104	118			
	Utilization	100%	100%	100%	100%	100%	93%	100%			
Inbound (E/B)	Capacity	92	107	109	110	419	115	117			
	Lifting	60	60	64	67	251	69	64			
	Utilization	65%	56%	59%	60%	60%	60%	55%			

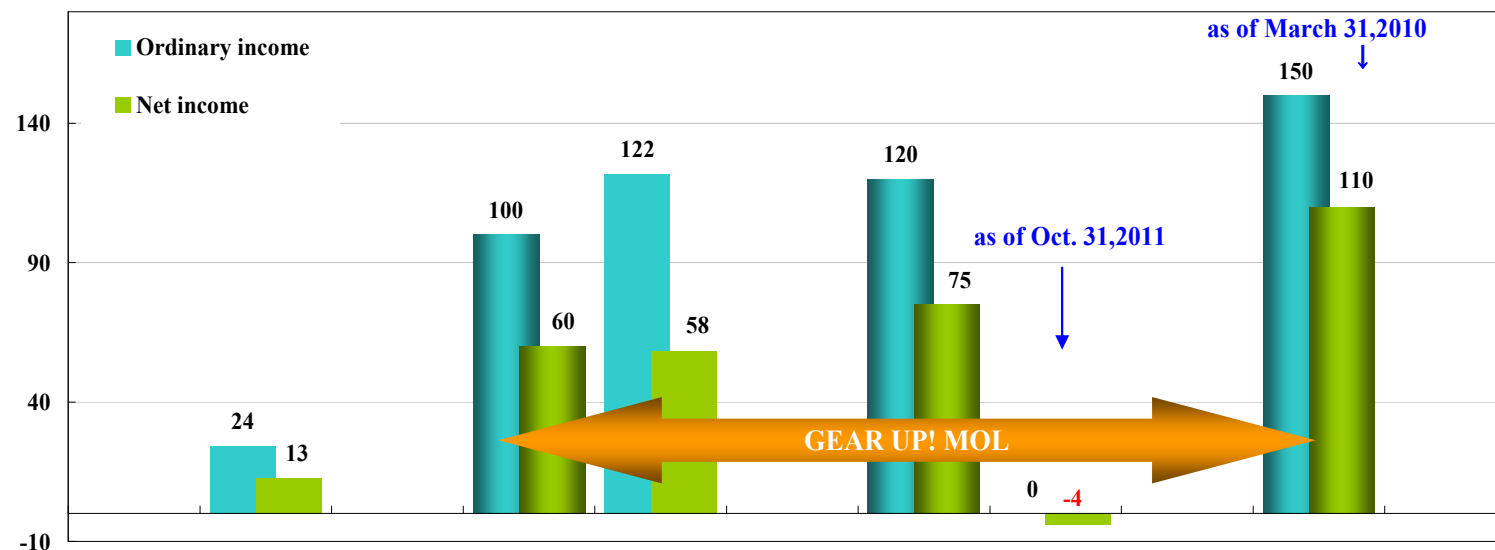
## Transition of Container Freight Rate (Index: FY2008 1Q=100)

\*lowest after Lehman Shock

	FY2010				FY2011				FY2009
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
All Trades (Average)	99	107	98	94	92	91			70
Bunker price (Average)	474	469	485	535	625	664			313

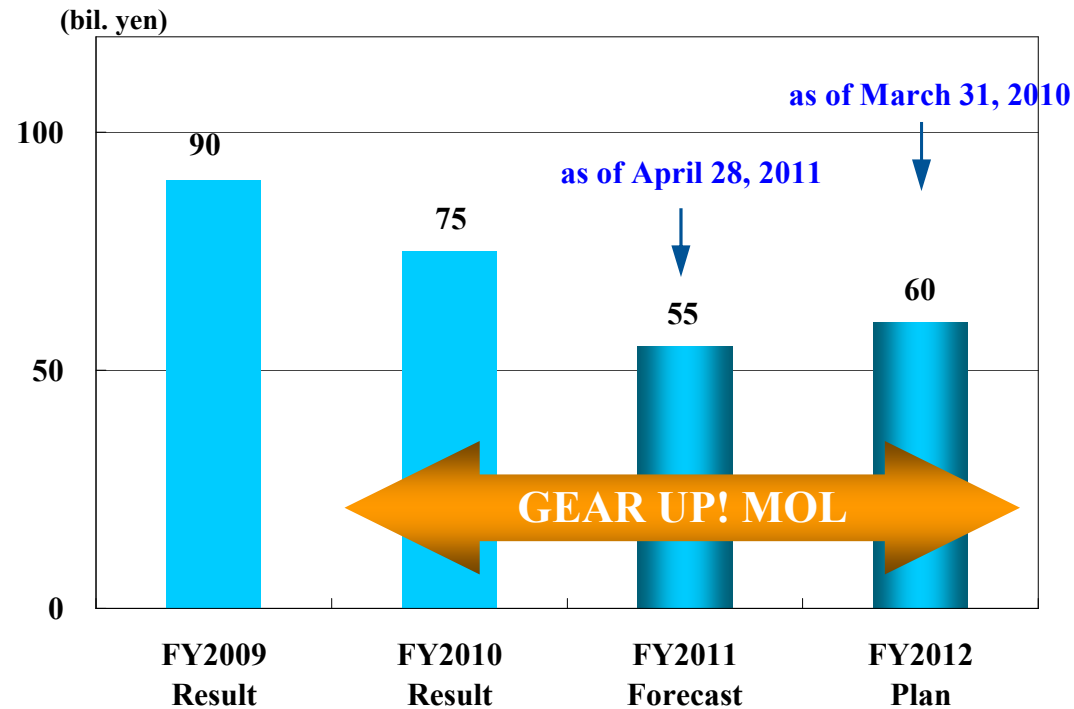
# “GEAR UP! MOL” Overall Profit Plan

(bil. yen)



	FY2009	FY2010		FY2011		FY2012
	Result	Plan	Result	Plan	Forecast	Plan
Revenue	1,348	1,550	1,544	1,700	1,450	1,800
Operating income	21	100	123	120	0	150
Ordinary income margin	1.8%	6.5%	7.9%	7.1%	0.0%	8.3%
Average exchange rate(¥/\$)	¥93.25/\$	¥90/\$	¥86.48/\$	¥90/\$	¥78.63/\$	¥90/\$
Average bunker price(\$/MT)	\$406/MT	\$500/MT	\$490/MT	\$500/MT	\$652/MT	\$500/MT

# Highly Stable Profit

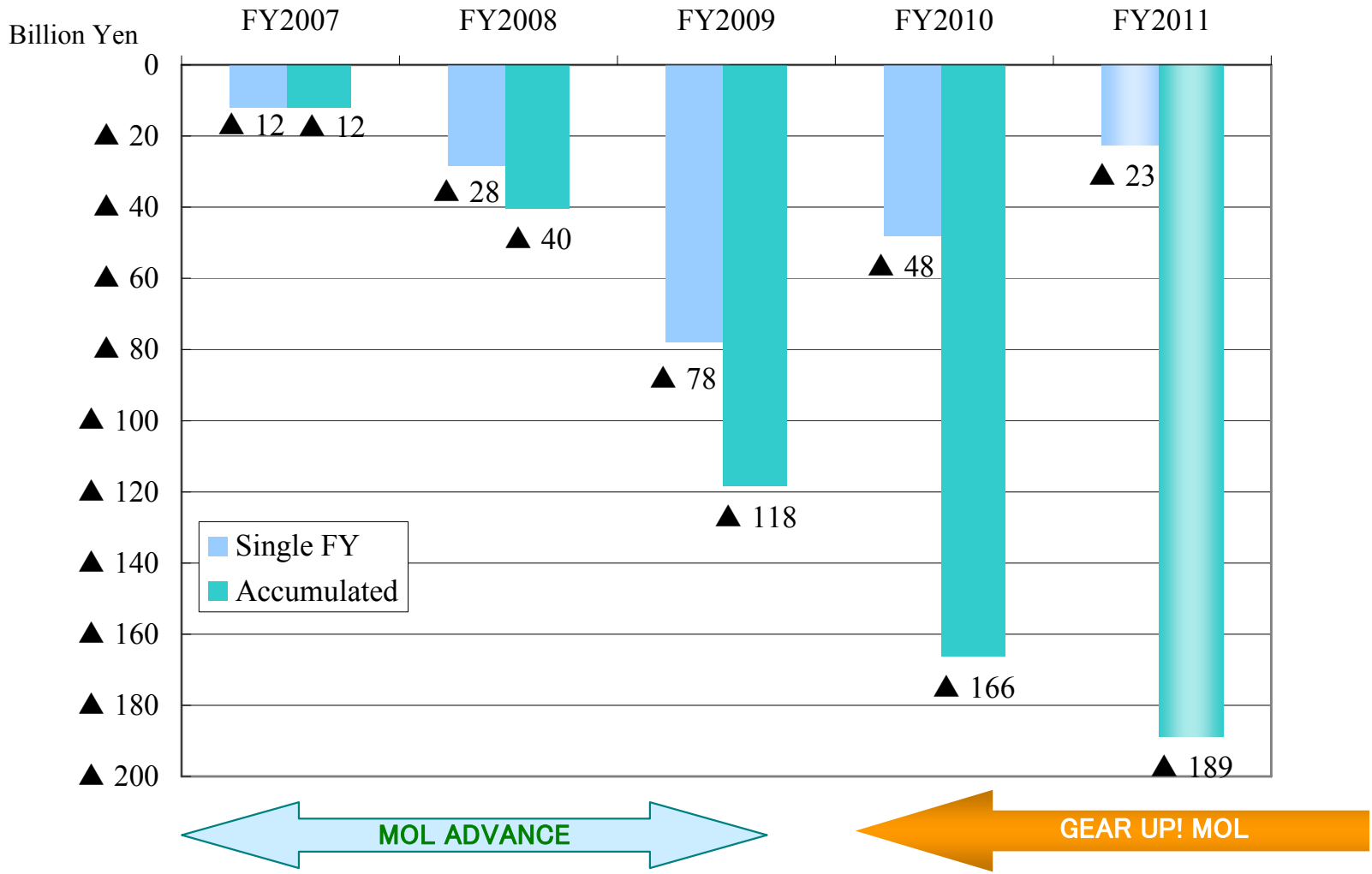


Average exchange rate(¥/\$)	¥93.25/\$	¥86.48/\$	¥85/\$	¥90/\$
Average bunker price(\$/MT)	\$406/MT	\$490/MT	\$650/MT	\$500/MT

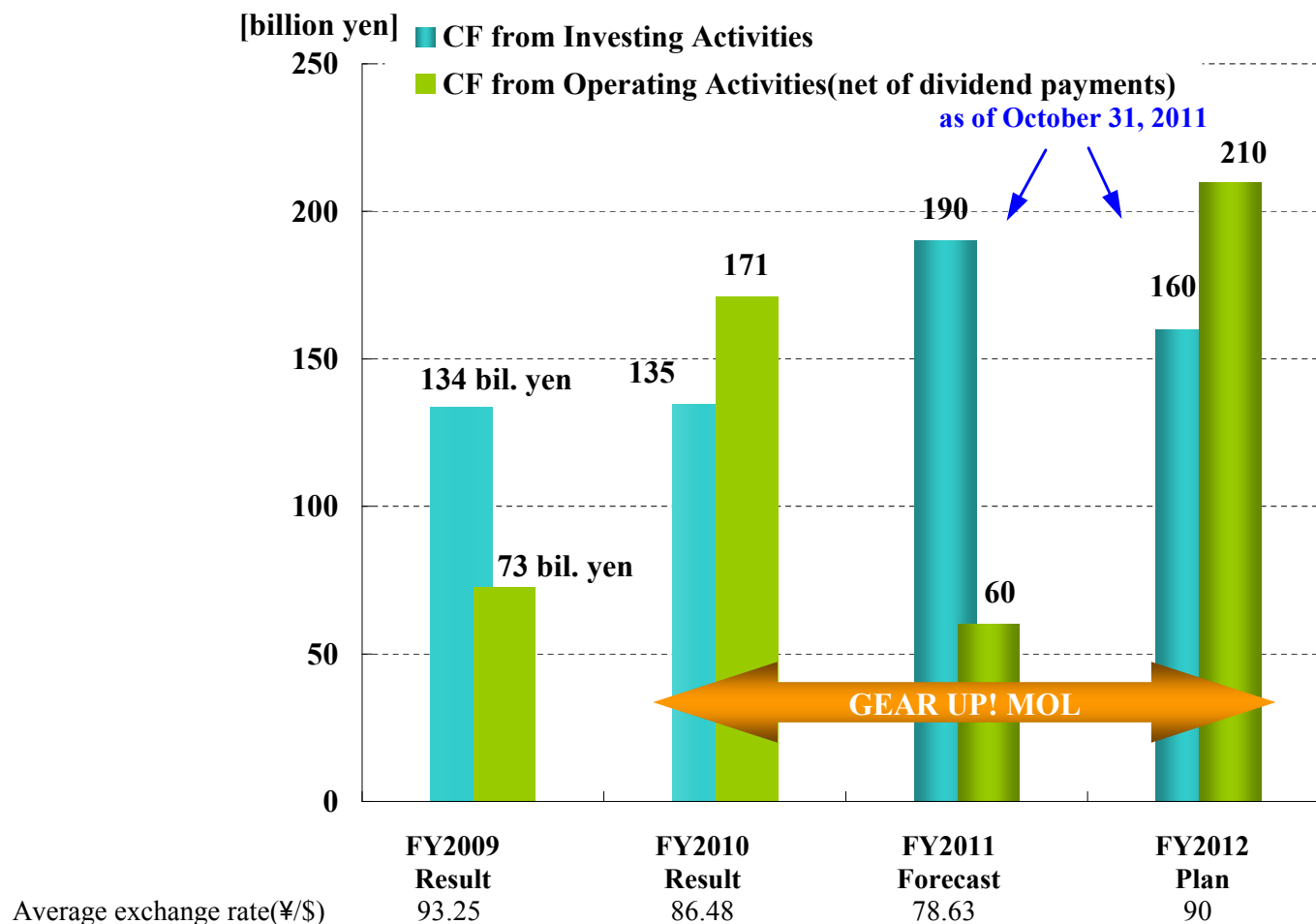
Highly stable profit = Firm profit through middle and long-term contracts and projected profit from highly stable businesses.  
 (The segments included in "Highly stable profit" are Drybulk Carrier Division, Tanker Division, LNG Carrier Division, Associated business and other business.)



# Transition of Cost Reduction (Latest 5 years)



# Cash Flows & Capital Expenditure



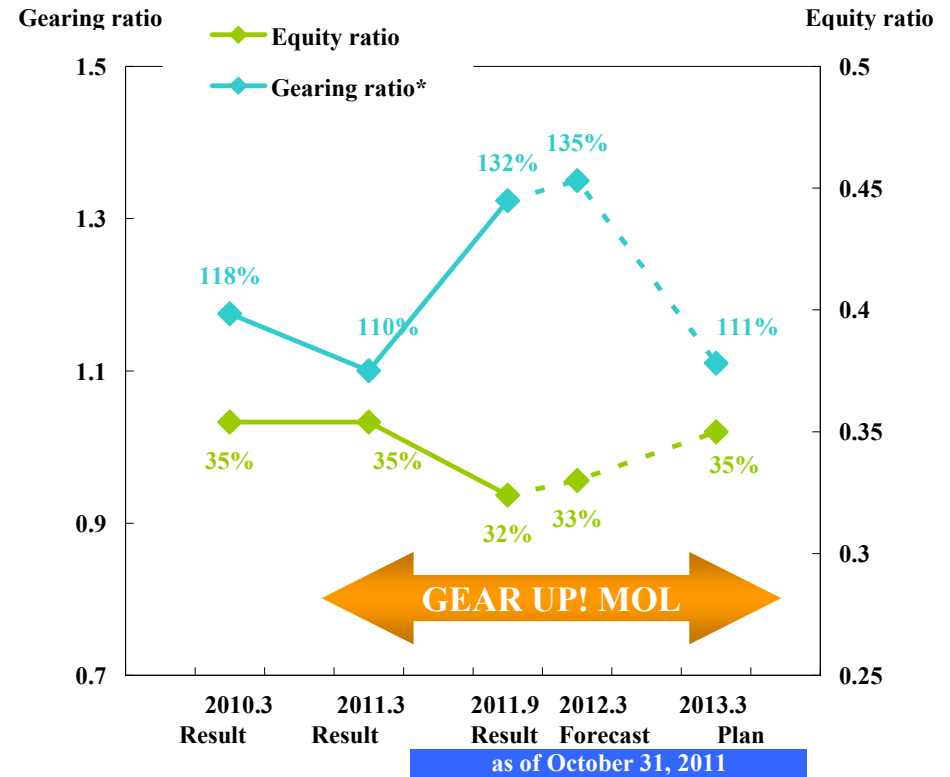
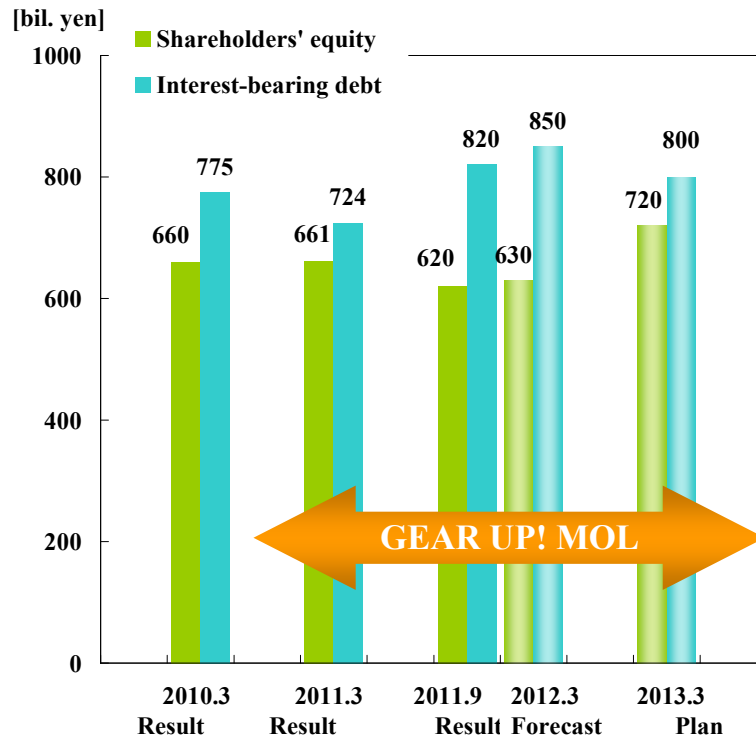
Note:

Previously, the graph above showed "Cash Flow" basing on simplified formula (\*1), and "Capital Expenditure" as expenditure for obtaining fixed assets. From 1Q/2011, the graph is composed basing on "Cash Flows from Operating Activities(\*2)" and "Cash Flows from Investing Activities", on Consolidated statements of Cash flows, respectively.

(\*1) Simplified formula ; "Cash Flow = Net income + Depreciation - Dividends"

(\*2) Amounts of dividend payments are deducted from CF from Operating Activities.

# Financial Plan



	2010.3	2011.3	2011.9		2012.3	2013.3
	Result	Result	Result Forecast		Plan	Plan
	as of October 31, 2011					
Term-end exchange rate(¥/\$)						
MOL	93.04	83.15	76.65	77	90	
Overseas subsidiaries	92.10	81.49	80.73	77	90	

Equity ratio = Shareholders' equity/Total Assets  
 \*Gearing ratio = Interest-bearing debt/Shareholders' equity

# Fleet Composition

			At the end of Sept. 2011		At the end of Mar. 2011	At the end of Sept. 2010
			No. of vessels	1,000dwt	No. of vessels	No. of vessels
Dry bulker	Bulk carrier	Cape size	105	19,424	109	110
		Panamax	45	3,649	41	45
		Handymax	60	3,297	50	51
		Handy	32	989	28	31
	Heavy lifter	7	88	8	7	
	Wood chip carrier	54	2,719	54	55	
	Steaming coal carrier	37	3,268	36	36	
	General cargo carrier	51	779	48	52	
	(Sub total)	391	34,213	374	387	
Tanker	Crude oil tanker	50	13,404	48	49	
	Product tanker	61	3,514	60	53	
	Chemical tanker	85	2,238	85	84	
	LPG tanker	13	627	13	13	
	(Sub total)	209	19,784	206	199	
LNG carrier	70	5,383	72	75		
Car carrier	121	1,896	114	117		
Containership	112	5,910	104	109		
Ferry/Domestic carrier	44	157	42	42		
Cruise ship	2	9	2	2		
Others	3	19	3	3		
<b>Total</b>		<b>952</b>	<b>67,371</b>	<b>917</b>	<b>934</b>	

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