



Business Performance
in
FY2011-1st Quarter

Mitsui O.S.K. Lines, Ltd.

July 2011

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FY2011 1st Quarter Results [Consolidated]

(billion yen)

	FY2011 1Q Results	FY2010 1Q Results	Increase/ decrease
Revenue	349	397	△ 48
Operating income	△ 9	39	△ 48
Ordinary income	△ 8	39	△ 48
Net income	△ 8	21	△ 29
Average exchange rate	¥81.80/\$	¥91.44/\$	△¥9.64/\$
Average bunker price	\$625/MT	\$474/MT	+\$151/MT

[By segment]

(billion yen)

		FY2011 1Q Results	FY2010 1Q Results	Increase/ decrease
Bulkships	Revenue	171	210	△39
	Ordinary income	△5	28	△33
Containerships	Revenue	139	146	△7
	Ordinary income	△5	9	△14
Ferry& domestic transport	Revenue	11	12	△1
	Ordinary income	△1	△1	△1
Associated businesses	Revenue	26	27	△1
	Ordinary income	2	3	△0
Others	Revenue	2	2	△0
	Ordinary income	1	1	+0
Adjustment	Revenue	-	-	-
	Ordinary income	0	1	△0
Consolidated	Revenue	349	397	△48
	Ordinary income	△8	39	△48

● Revenues from customers, unconsolidated subsidiaries and affiliated companies.

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

Key Points of FY2011 1st Quarter Results [Consolidated]

[Overall]

- Profits deteriorated due to a decline and stagnation in the ocean shipping market, further appreciation of the yen, and rising bunker prices.
- Posted the first company-wide loss since 1Q/FY2009.

[By segment] [Ordinary income for 1Q/FY2011, *Figures in parentheses() show the comparison with 1Q/FY2010]

Bulkships [-¥4.7 billion (-¥32.7 billion)]

- Dry bulkers: Showed a profit because of mid- and long-term contracts, despite markets for all four types of ships (Capesize, Panamax, Handymax, Small Handy) fell compared to the same period of the previous year. Decreasing shipments of raw materials of steel due to factors such as bad weather in Australia and Brazil starting at the end of 2010 has had a lasting impact. An oversupply of vessels continues to weigh heavily on the market.
- Tankers: Both VLCC and product tanker markets remained at low levels. Despite a rise in LPG carrier freight rates resulting from increased shipments from the Middle East, the overall segment remained in the red.
- Car carriers: Seaborne trade from Japan decreased sharply in the wake of the Great East Japan Earthquake (Mar.11, 2011). Showed a loss for the quarter.

Containership [-¥5.4 billion (-¥14.0 billion)]

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

- Cargo volume on North America Eastbound route **decreased 9%** year-on-year. Annual rate negotiations were unsuccessful.
- Cargo volume on the European Westbound route **increased 13%** year-on-year, but freight rates dropped by about 30% compared to the peak time in the previous year.

Results Comparison FY2011-1Q vs FY2010-1Q

Major factors affected Ordinary income

Stronger yen	△¥4.8 bil.	1Q11 ¥81.80/\$; △¥9.64/\$
Higher bunker	△¥7.6 bil.	1Q11 \$625/MT; +\$151/MT
Fluctuation of cargo volume/freight rates, etc.	△¥39.0 bil.	
Cost Reduction	+¥3.7 bil.	
Equity in earnings of affiliated companies	△¥1.2 bil.	
Others (incl. Adjustment)	+¥1.3 bil.	
(Balance)	△¥47.6 bil.	

FY2011 Forecast [Consolidated]

FY2011	1st Half			1H Forecast as of 4/28/11 (b)	(a)-(b)	2nd Half Forecast	(billion yen)		
	1Q Result	2Q Forecast	Forecast (a)				FY2011 Forecast (c)	FY2011 Forecast as of 4/28/11 (d)	(c)-(d)
Revenue	349	371	720	780	△ 60	780	1,500	1,600	△ 100
Operating income	-9	12	3	20	△ 17	32	35	60	△ 25
Ordinary income	-8	11	3	20	△ 17	32	35	60	△ 25
Net income	-8	9	1	10	△ 9	16	17	30	△ 13
Average exchange rate	¥81.80/\$	¥80.00/\$	¥80.90/\$	¥85.00/\$	△¥4.10/\$	¥80.00/\$	¥80.45/\$	¥85.00/\$	△¥4.55/\$
Average bunker price	\$625/MT	\$650/MT	\$637/MT	\$650/MT	△\$13/MT	\$650/MT	\$644/MT	\$650/MT	△\$6/MT

cf. FY2010 Result

FY2010	1st Half			2nd Half Result	FY2010 Result
	1Q Result	2Q Result	Result		
Revenue	397	406	803	741	1,544
Operating income	39	44	83	41	123
Ordinary income	39	41	80	41	122
Net income	21	27	48	10	58
Average exchange rate	¥91.44/\$	¥87.78/\$	¥89.61/\$	¥83.36/\$	¥86.48/\$
Average bunker price	\$474/MT	\$469/MT	\$471/MT	\$510/MT	\$490/MT

FY2011 Exchange rate sensitivity/9 months

±1.50 bil. ¥/1¥ (Max)

FY2011 Bunker price sensitivity/9 months

±0.11 bil. ¥/1\$ (Max)

[By segment]

(billion yen)

	FY2011	1st Half			1H Forecast as of 4/28/11 (b)	(a)-(b)	2nd Half Forecast	FY2011 Forecast (c)	FY2011 Forecast as of 4/28/11 (d)	(c)-(d)
		1Q Result	2Q Forecast	Forecast (a)						
Bulkships	Revenue	171	182	353	385	△32	392	745	810	△65
	Ordinary income	△5	2	△3	4	△7	17	15	23	△9
Containerships	Revenue	139	146	285	312	△27	300	585	620	△35
	Ordinary income	△5	2	△3	11	△14	8	5	22	△17
Ferry& domestic transport	Revenue	11	14	25	26	△1	27	52	52	+0
	Ordinary income	△1	0	△1	△1	△0	0	△1	△1	△0
Associated businesses	Revenue	26	28	54	54	+0	57	111	111	+0
	Ordinary income	2	3	5	5	+1	5	10	10	+0
Others	Revenue	2	1	3	4	△1	4	7	7	+0
	Ordinary income	1	2	3	2	+2	1	4	5	△1
Adjustment	Revenue	-	-	-	-	-	-	-	-	-
	Ordinary income	0	1	2	△0	+2	1	2	1	+2
Consolidated	Revenue	349	371	720	780	△60	780	1,500	1,600	△100
	Ordinary income	△8	11	3	20	△17	32	35	60	△25

● 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

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

[Assumptions]

Exchange rate: 2Q, 2nd Half ¥80/\$ (Previously ¥85/\$) (2-4Q sensitivity ±¥1.5 billion/¥1)

Bunker price : 2Q, 2nd Half \$650/MT (Previously \$650/MT) (2-4Q sensitivity ±¥0.11 billion/\$1)

[By segment] [Forecast of ordinary income for FY2011 ,*Figures in parentheses() show increase/decrease in ordinary income from the projected figures announced on April 28, 2011]

Bulkships [¥14.5 billion (-¥8.5 billion)]

- Dry bulkers: Reviewed market assumption of each ship type for 2Q-4Q and downward revision of full year profit forecast. Anticipating improvement of the market toward the second half after normalization of shipment of raw materials of steel and recovery of coal imports by China.
- Tankers: Reviewed market assumption of each ship type for 2Q-4Q and downward revision of full year profit forecast. Expecting a return to profitability during the second half as the market recovers toward the coming high-demand season.
- Car Carriers: Japan's automobile industry is recovering more quickly than expected, and exports after 2Q are anticipated to reach the same level as the same period of the previous year. A return to profitability is anticipated in 2Q and later, but unchanged the forecast because of taking the yen's appreciation into account.

Containership: [¥5 billion (-¥17 billion)]

- Downward revision of freight rates of the East-West route outbound route. Rates have been recovering on the South America East Coast route, but profits have been overwhelmed by the impact of the East-West route, where cargo volume is larger.
- A large downward revision of profits for the full year, despite rationalization of route operations, increase in reefer cargo volume, and measures to improve profits such as additional cost reductions, as well as suspension in July of one loop of the North America West Coast route (PSW route) served by the alliance in which MOL participates.

[Cost reduction targets]

Initial plan ¥15 billion → Identify additional cost savings to contribute to improved profitability, and accumulate ¥20 billion in reductions for the full year.

[Dividends]

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

Market Information (Drybulker)

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

Size	Route	FY2010				
		1Q Actual	2Q Actual	3Q Actual	4Q Actual	Total Actual
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	FY2011				
	<i>1st Half</i>		<i>Forecast</i>	<i>2nd Half Forecast</i>	<i>Total Forecast</i>
	<i>1Q Actual</i>	<i>2Q Forecast</i>			
Capesize	8,600	15,000	11,800	18,000	14,900
Panamax	13,800	15,000	14,400	18,000	16,200
Handymax	14,600	12,000	13,300	15,000	14,200
Small handy	11,500	10,000	10,800	12,000	11,400

Notes :“Actual” and “Forecast” in Market Information (page 10 & page 11)

“Actual” shows the general market conditions of the relevant routes. On the other hand, “Forecast” indicates freight/charter rates assumptions which are used for estimating proceeds of spot voyages/contracts of no more than one year. In case spot freight/charter rates have already been agreed at the time of business forecast announcement, such agreed rates are used for profit estimation.

Market Information (Tanker)

1. FY2010 Tanker market (spot freight index)

(WS)

Type	WS criteria (for VLCC)	FY2010				
		1Q Actual	2Q Actual	3Q Actual	4Q Actual	Total Actual
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				
		<i>1st Half</i>		<i>Forecast</i>	<i>2nd Half</i> <i>Forecast</i>	<i>Total</i> <i>Forecast</i>
		1Q Actual	2Q <i>Forecast</i>			
Crude Oil Tanker (VLCC) 【Arabian Gulf - East】	Year 2011 base	53	60	57	68	62
		151				
Product Tanker (MR) 【Singapore - Japan】						

Source for actual : The Baltic Exchange

Car Carriers Loading Results

1. FY2010(Actual)

(1000 units)

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

2. FY2011(Actual/Forecast)

(1000 units)

(Voyage Completion basis; including voyage charter)	FY2011				
			1st Half	2nd Half	(A)+(B)
	1Q	2Q	Forecast (A)	Forecast (B)	
Total	765	859	1,624	2,069	3,693

Major Containership Trades Utilization Forecast

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				
	Lifting	144	165	129	123	561	132				
	Utilization	101%	99%	78%	82%	90%	84%				
Inbound (W/B)	Capacity	132	165	166	154	617	156				
	Lifting	78	87	93	82	341	83				
	Utilization	59%	53%	56%	53%	55%	53%				

Asia-Europe Trade

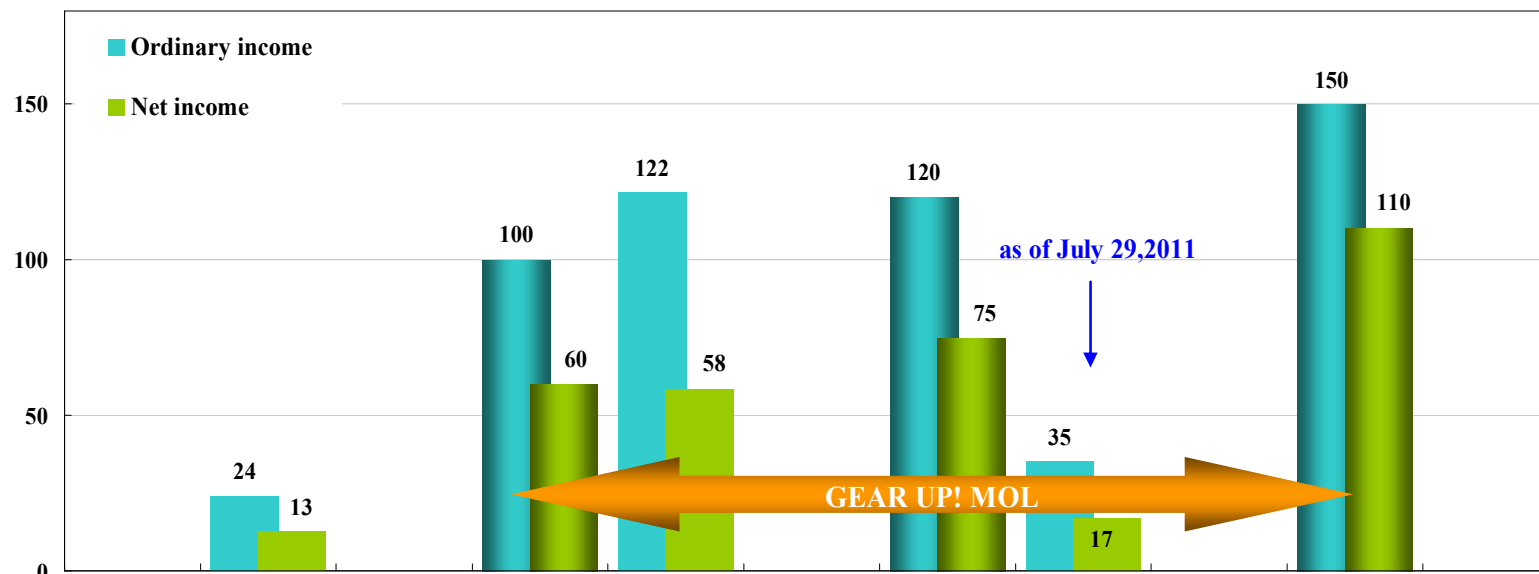
		FY2010					FY2011				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Outbound (W/B)	Capacity	92	107	109	110	418	112				
	Lifting	92	107	109	110	418	104				
	Utilization	100%	100%	100%	100%	100%	93%				
Inbound (E/B)	Capacity	92	107	109	110	419	115				
	Lifting	60	60	64	67	251	69				
	Utilization	65%	56%	59%	60%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

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

	FY2010				FY2011			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
All Trades (Average)	99	107	98	94	92			

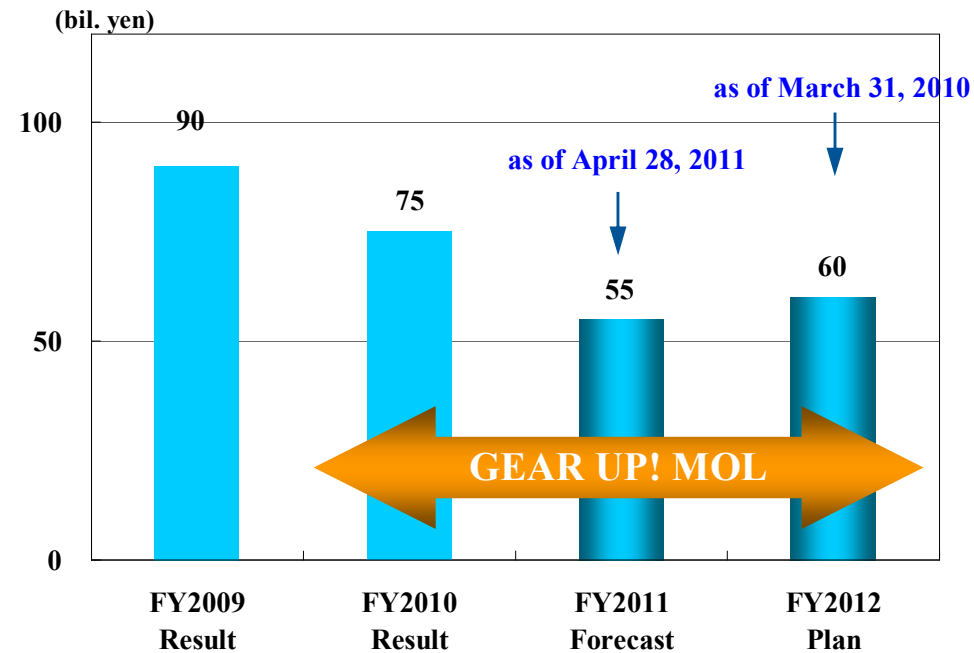
“GEAR UP! MOL” Overall Profit Plan

(bil. yen)



	FY2009	FY2010		FY2011		FY2012
	Result	Plan	Result	Plan	Forecast	Plan
Revenue	1,348	1,550	1,544	1,700	1,500	1,800
Operating income	21	100	123	120	35	150
Ordinary income margin	1.8%	6.5%	7.9%	7.1%	2.3%	8.3%
Average exchange rate(¥/\$)	¥93.25/\$	¥90/\$	¥86.48/\$	¥90/\$	¥80.45/\$	¥90/\$
Average bunker price(\$/MT)	\$406/MT	\$500/MT	\$490/MT	\$500/MT	\$644/MT	\$500/MT

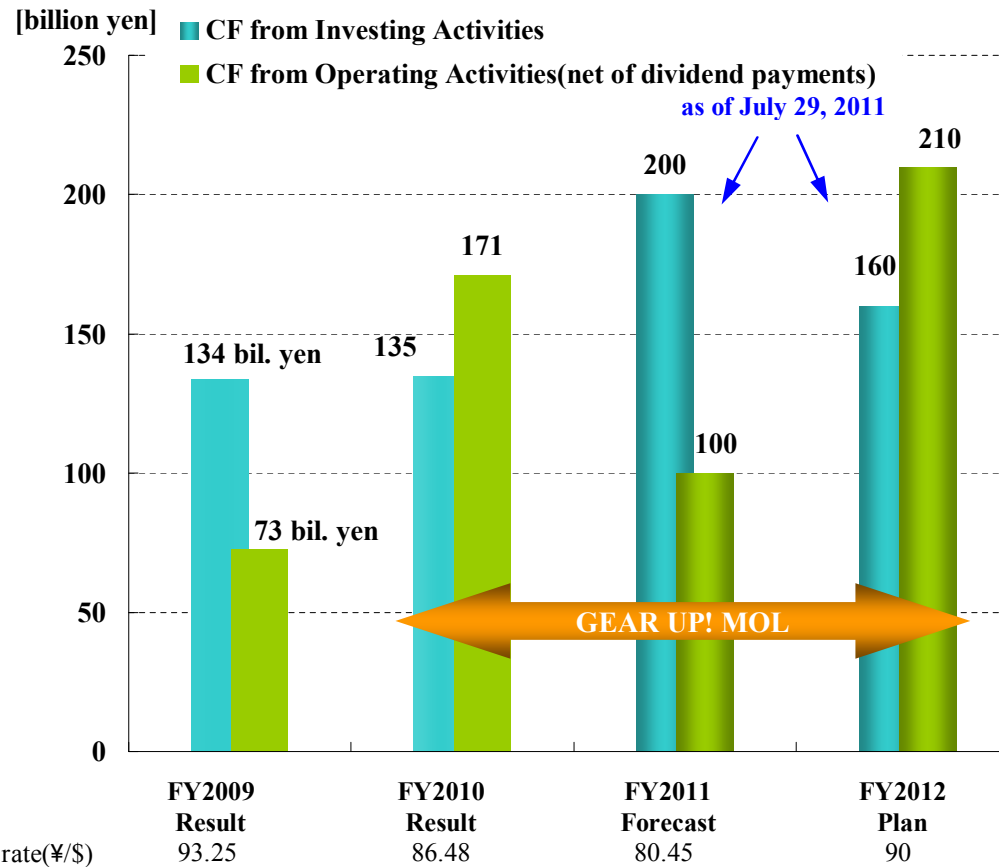
Highly Stable Profit



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.)

Cash Flows



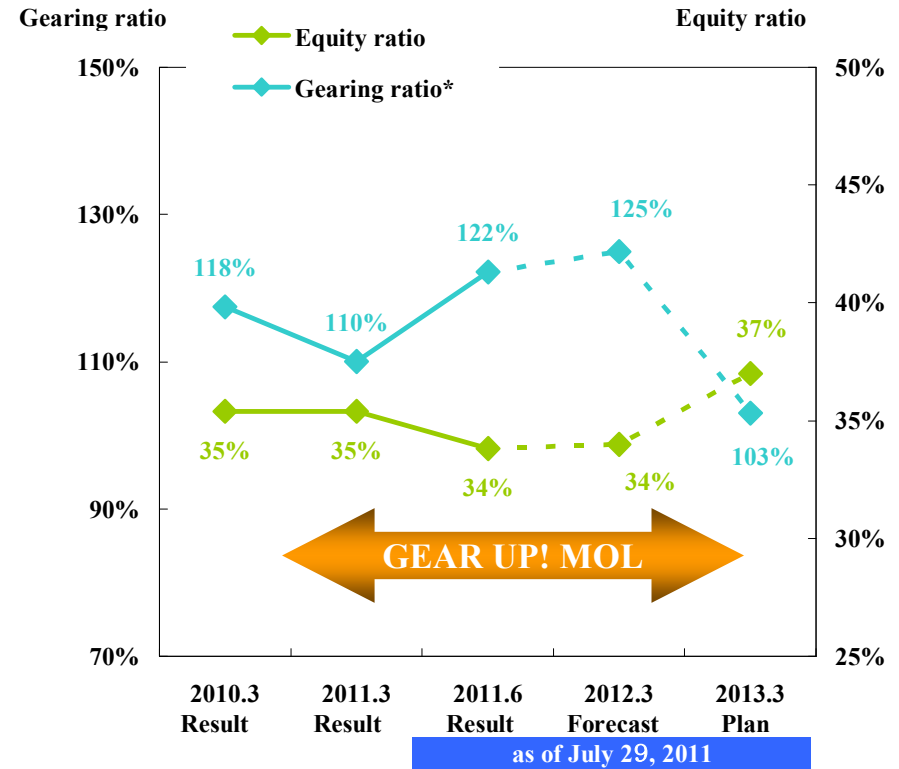
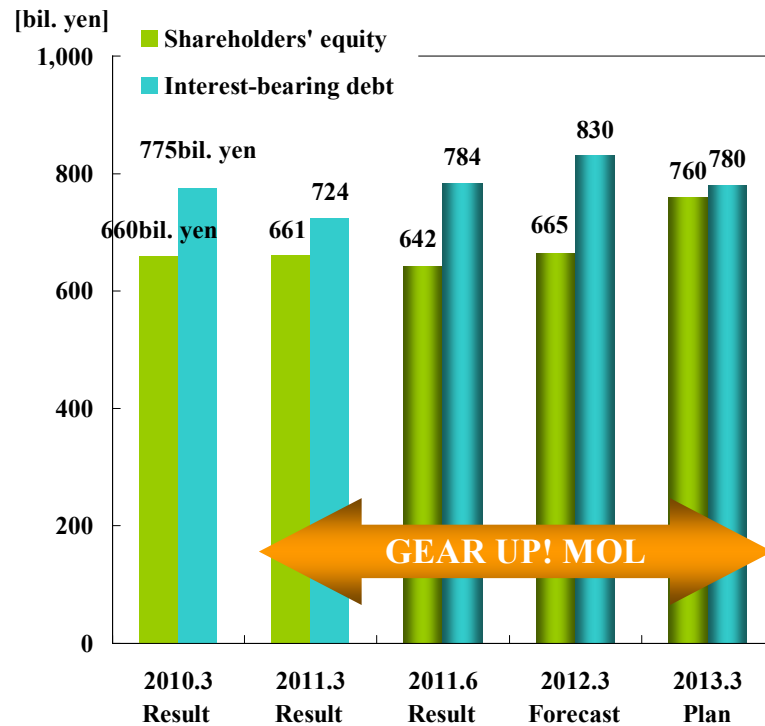
Note:

Previously, the graph above showed "Cash Flow" basing on simplified formula (*1), and "Capital Expenditure" as expenditure for obtaining fixed assets. From this time, 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 Result	2011.3 Result	2011.6 Result	2012.3 Forecast	2013.3 Plan
Term-end exchange rate(¥/\$)			as of July 29, 2011		
MOL	93.04	83.15	80.73	80	90
Overseas subsidiaries	92.10	81.49	83.15	80	90

Equity ratio = Shareholders' equity/Total Assets

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