



**Business Performance**  
**in**  
**FY2011-3rd Quarter**

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

*January 2012*

HP

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# FY2011 3rd Quarter Results [Consolidated]

(billion yen)	FY2011				FY2010				Increase/decrease	
	1Q Result	2Q Result	3Q Result	Apr.-Dec.	1Q Result	2Q Result	3Q Result	Apr.-Dec.		
Revenue	349	368	356	1,074	397	406	378	1,180	△107	△9%
Operating income	△9	△1	△8	△18	39	44	26	108	△127	-
Ordinary income	△8	△4	△7	△19	39	41	25	106	△124	-
Net income	△8	△8	△9	△25	21	27	8	56	△81	-

Average exchange rate	¥81.80/\$	¥78.72/\$	¥76.79/\$	¥79.10/\$	¥91.44/\$	¥87.78/\$	¥83.36/\$	¥87.53/\$	△¥8.43/\$
Average bunker price	\$625/MT	\$664/MT	\$678/MT	\$656/MT	\$474/MT	\$469/MT	\$485/MT	\$475/MT	+\$181/MT

## ■ Results Comparison FY2011-3Q vs FY2010-3Q Major factors affected Ordinary income

<b>Stronger yen</b>	△¥12.6 bil.	FY11 ¥79.10/\$; △¥8.43/\$
<b>Higher bunker</b>	△¥27.2 bil.	FY11 \$656/MT; +\$181/MT
Fluctuation of cargo volume/freight rates, etc.	△¥103.5 bil.	
<b>Cost Reduction</b>	+¥16.7 bil.	
Equity in earnings of affiliated companies	△¥4.2 bil.	
<b>Others (incl. Adjustment)</b>	+¥6.6 bil.	
<b>(Balance)</b>	△¥124.2 bil.	

## [By segment]

(billion yen)		FY2011				FY2010				Increase/decrease	
		1Q Result	2Q Result	3Q Result	Apr.-Dec.	1Q Result	2Q Result	3Q Result	Apr.-Dec.		
<b>Bulkships</b>	Revenue	171	183	182	535	210	202	191	602	△ 67	△11%
	Ordinary income	△ 5	△ 1	△ 0	△ 6	28	22	13	63	△ 69	-
<b>Containerships</b>	Revenue	139	143	131	412	146	162	145	453	△ 41	△9%
	Ordinary income	△ 5	△ 5	△ 12	△ 23	9	17	8	34	△ 57	-
<b>Ferry&amp; domestic transport</b>	Revenue	11	14	14	39	12	14	13	39	+1	+1%
	Ordinary income	△ 1	0	1	△ 1	△ 1	1	0	0	△ 1	-
<b>Associated businesses</b>	Revenue	26	27	28	81	27	27	27	81	+0	+0%
	Ordinary income	2	2	3	7	3	3	3	8	△ 1	△10%
<b>Others</b>	Revenue	2	2	2	6	2	2	2	6	+0	+5%
	Ordinary income	1	0	3	4	1	1	1	2	+2	+81%
<b>Adjustment</b>	Revenue	-	-	-	-	-	-	-	-	-	-
	Ordinary income	0	△ 0	△ 0	0	1	△ 2	0	△ 1	+1	-
<b>Consolidated</b>	Revenue	349	368	356	1,074	397	406	378	1,180	△ 107	△9%
	Ordinary income	△ 8	△ 4	△ 7	△ 19	39	41	25	106	△ 124	-

● 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 FY2011 3Q Results [Consolidated] (I)

## [Overall]

- Stagnation of ocean shipping markets has become prolonged while low-growth conditions persist in developed countries' economies. → Profits of Containership/Dry bulkers/Tankers remained sluggish.
- Further accelerating yen's appreciation and rising bunker prices during 3Q/FY2011 (October-December), weighed more heavily on business performance.
- Resulting in a company-wide loss for 3Q, following 1Q and 2Q.

## [By Segment] [Ordinary income for 1-3Q/FY2011 (9 months) (comparison with 1-3Q/FY2010)]

### Bulkships [-¥6.4 billion (-¥69.2 billion)]

#### ● Dry bulkers:

Spot market profitability for four ship types (Capesize, Panamax, Handymax, Small Handy) dropped sharply, offsetting stable profits from long-term transport contracts for iron ore carriers, steaming coal carriers, wood chip carriers, and so on.

- Capesize market recovered from fall caused by bad weather and other factors during the 1H/FY2011, and remained around \$30,000/day. Throughout FY2011, demand for iron ore imports, mainly for China, is brisk. Progress in scrapping aged vessels and adoption of slow steaming also helps absorb supply pressure of vessels .
- Upward movement of markets for three ship types (Panamax and smaller sizes) was limited because of declining iron ore exports from India, a decrease in steel cargo trade resulting from the floods in Thailand, and supply pressure of newbuilding vessels, even though coal and grain trades were firm.

#### ● Tankers:

- Both VLCC and product tanker markets showed a slow recovery. The overall segment showed a loss despite a rise in LPG carrier freight rates due to increasing exports from the Middle East.
- The VLCC market remained below the break-even point on an individual vessel basis even though the market recovered toward 3Q in anticipation of growing winter demand in the Northern Hemisphere.

## Outline of FY2011 3Q Results [Consolidated] (II)

- LNG carriers:

Profitability decreased due to the yen's appreciation and other factors, in spite of stable profit generated by long-term transport contracts.

- Car carriers:

Large decline in profits for 1Q/FY2011 due to a large decrease in seaborne trade of Japanese car manufacturers caused by the Great East Japan Earthquake (March 2011). However, this sector saw improvement in profits in 2Q and 3Q due to a recovery of production by the automakers.

### Containerships [-¥22.6 billion (-¥56.5billion)]

➤ Weakened demand and supply due to lower-than-projected cargo volume growth, mainly on the East-West route (Asia/North America route, Asia/Europe route).

→ Freight rates, particularly on the Asia/Europe Westbound route, showed a sharp drop. The ongoing sharp rise in bunker prices also compressed profits.

- East-West route cargo trade (overall)

Asia/North America Eastbound route: +0.2% (Jan.-Dec. 2011 results, source: Piers/JoC)

Asia/Europe Westbound route: +3.6% (Jan.-Nov. 2011 results, source: CTS statistics)

➤ Posted a large loss despite efforts to adjust space supply by restructuring services, reduce fuel expenditures by advancing slow steaming, and so on.

### **[Cost Reduction]**

Achieved ¥16.7 billion in 1-3Q (74% of the full-year cost reduction target of ¥22.5 billion).

# FY2011 Forecast [Consolidated]

(billion yen)	FY2011							FY2010 Result	Increase/ decrease
	1H Result	2H		Yearly forecast (NEW)	FY2011 Forecast (OLD*)	Increase/ decrease			
		3Q Result	4Q Forecast				Forecast		
Revenue	717	356	356	713	1,430	1,450	△ 20	1,544	△ 114
Operating income	△ 10	△ 8	△ 7	△ 15	△ 25	0	△ 25	123	△ 148
Ordinary income	△ 12	△ 7	△ 8	△ 15	△ 27	0	△ 27	122	△ 149
Net income	△ 16	△ 9	△ 4	△ 13	△ 29	△ 4	△ 25	58	△ 87
Average exchange rate	¥80.26/\$	¥76.79/\$	¥77.00/\$	¥76.90/\$	¥78.58/\$	¥78.63/\$	△¥0.05/\$	¥86.48/\$	△¥7.90/\$
Average bunker price	\$645/MT	\$678/MT	\$700/MT	\$689/MT	\$667/MT	\$652/MT	+\$15/MT	\$490/MT	+\$177/MT

(For reference)

FY2011 Exchange rate sensitivity/4Q: ±0.10 bil. ¥/1¥ (3months) (Max)

FY2011 Bunker price sensitivity/4Q: ±0.02 bil. ¥/1\$ (3months) (Max)

(Consolidated Ordinary Income Basis)

\* Forecast as of October 31,2011

## [By segment]

(billion yen)		FY2011							FY2010	Increase/ decrease
		1H Result	2H		Yearly forecast (NEW)	FY2011 Forecast (OLD*)	Increase/ decrease	Result		
			3Q Result	4Q Forecast					Forecast	
<b>Bulkships</b>	Revenue	353	182	185	367	720	730	△ 10	791	△ 71
	Ordinary income	△ 6	△ 0	△ 1	△ 1	△ 8	5	△ 13	71	△ 78
<b>Containerships</b>	Revenue	282	131	128	258	540	550	△ 10	587	△ 47
	Ordinary income	△ 11	△ 12	△ 10	△ 23	△ 33	△ 20	△ 13	39	△ 72
<b>Ferry&amp; domestic transport</b>	Revenue	25	14	13	27	52	52	+0	50	+2
	Ordinary income	△ 1	1	△ 0	0	△ 1	△ 1	+0	△ 1	△ 0
<b>Associated businesses</b>	Revenue	53	28	29	57	110	110	+0	108	+2
	Ordinary income	5	3	2	5	10	10	△ 1	11	△ 1
<b>Others</b>	Revenue	4	2	2	4	8	8	+0	8	+0
	Ordinary income	1	3	△ 0	3	4	4	△ 0	3	+1
<b>Adjustment</b>	Revenue	-	-	-	-	-	-	-	-	-
	Ordinary income	0	△ 0	1	1	1	2	△ 1	△ 2	+3
<b>Consolidated</b>	Revenue	717	356	356	713	1,430	1,450	△ 20	1,544	△ 114
	Ordinary income	△ 12	△ 7	△ 8	△ 15	△ 27	0	△ 27	122	△ 149

● 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.

\* Forecast as of October 31,2011

# Key Points of FY2011 Full-year Forecast (I)

## [Overall]

Downward revision of full-year forecast

	Previous Forecast (October 31)		Latest Forecast (January 31)
Ordinary income	¥0	→	-¥27 billion

\* Assumptions:

Exchange rate: 4Q ¥77/\$ (previously ¥77/\$) (4Q sensitivity  $\pm 0.1$  billion/¥1, 3 months)

Bunker price: 4Q \$700/MT (previously \$660/MT) (4Q sensitivity  $\pm 0.02$  billion/\$1, 3 months)

[By Segment] [Forecast of ordinary income for FY2011 (comparison with October 31 forecast)]

**Bulkships** [-¥7.5 billion (-¥12.5 billion)]

● Dry bulkers: Factor 3Q results into the forecast, with downward revision by comparing 4Q market assumptions for each ship type to the near term → Downward revision of full-year income forecast.

■ Changed assumption of 4Q markets (previous → latest)

- Capesize \$25,000 → 10,000/day (\*)
- Panamax \$17,000 → 10,000/day (\*)
- Handymax \$16,000 → 9,000/day (\*)
- Small Handy \$12,000 → 8,000/day (\*)

\* A move toward recovery is anticipated due to the launch of new crop of grain shipments from South America (March), expansion of slow steaming, etc., despite the near-term temporary weakness in the market caused by decline of iron ore exports due to torrential rainfall in southern Brazil around DEC/2011 and JAN/2012, the Chinese New Year holidays, damage from flooding in Thailand, and other factors.

## Key Points of FY2011 Full-year Forecast (II)

- Tankers: Factor 3Q results in the forecast, with downward revision by comparing 4Q market assumptions for product tankers to the near term → Downward revision of full-year income forecast.
  - Downward revision of 4Q market assumption for product tankers (MR) by 14%.
  - \* Anticipating a trend toward recovery of profits in the VLCC market backed by increasing crude oil imports by emerging nations, advancement of slow steaming, efforts by VLCC operators to reduce the number of vessels in service, etc. In addition, a move to improve vessel allocation efficiency through joint VLCC operation is scheduled to start in February 2012.

### Containerships [-¥33 billion (-¥13 billion)]

- Factor 3Q results into the forecast, change assumption of trade volume and freight rates for 4Q.
  - Large downward revision of freight rate assumption for 4Q, particularly on the Asia/Europe Westbound route.
- Ongoing efforts to rationalize route operation including capacity supply adjustment and cost reduction, and focus on maximizing improvement in business performance. (\*)
  - (\*) New project “G6 Alliance” for the Europe service is in preparation, aiming for the launch of service around April 2012. Its effect will be seen after next fiscal year.

### **[Dividends]**

Dividend per share outlook for FY2011: Unchanged at ¥5 per share [interim payment ¥2.5 (already paid) + 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)	3Q Actual (*1)	4Q Forecast (*2)	
Capesize	4TC Average	8,600	17,100	28,600	10,000	16,100
Panamax	4TC Average	13,800	12,900	14,700	10,000	12,800
Handymax	5TC Average	14,600	14,000	14,700	9,000	13,100
Small handy	6TC Average	11,500	10,100	10,000	8,000	9,900

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)	3Q Actual (*1)	4Q Forecast (*2)	
Crude Oil Tanker (VLCC) 【Arabian Gulf - East】	Year 2011 base	53	47	54	68	56
	(Year 2012 base)	(44)	(39)	(46)	(57)	(47)
Product Tanker (MR) 【Singapore - Japan】		151	153	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(Result)

(1,000 units)

(Voyage Completion basis; including voyage charter)	FY2010						
	1st Half			2nd Half			Total Actual
	1Q	2Q		3Q	4Q		
<b>Total</b>	<b>823</b>	<b>862</b>	<b>1,685</b>	<b>940</b>	<b>963</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)			Total Forecast (A)+(B)
	1Q	2Q		3Q	4Q Forecast		
<b>Total</b>	<b>765</b>	<b>862</b>	<b>1,627</b>	<b>1,004</b>	<b>1,013</b>	<b>2,017</b>	<b>3,644</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	146		
	Lifting	144	165	129	123	561	132	141	134		
	Utilization	101%	99%	78%	82%	90%	84%	90%	92%		
Inbound (W/B)	Capacity	132	165	166	154	617	156	158	148		
	Lifting	78	87	93	82	341	83	74	87		
	Utilization	59%	53%	56%	53%	55%	53%	47%	59%		

## Asia-Europe Trade

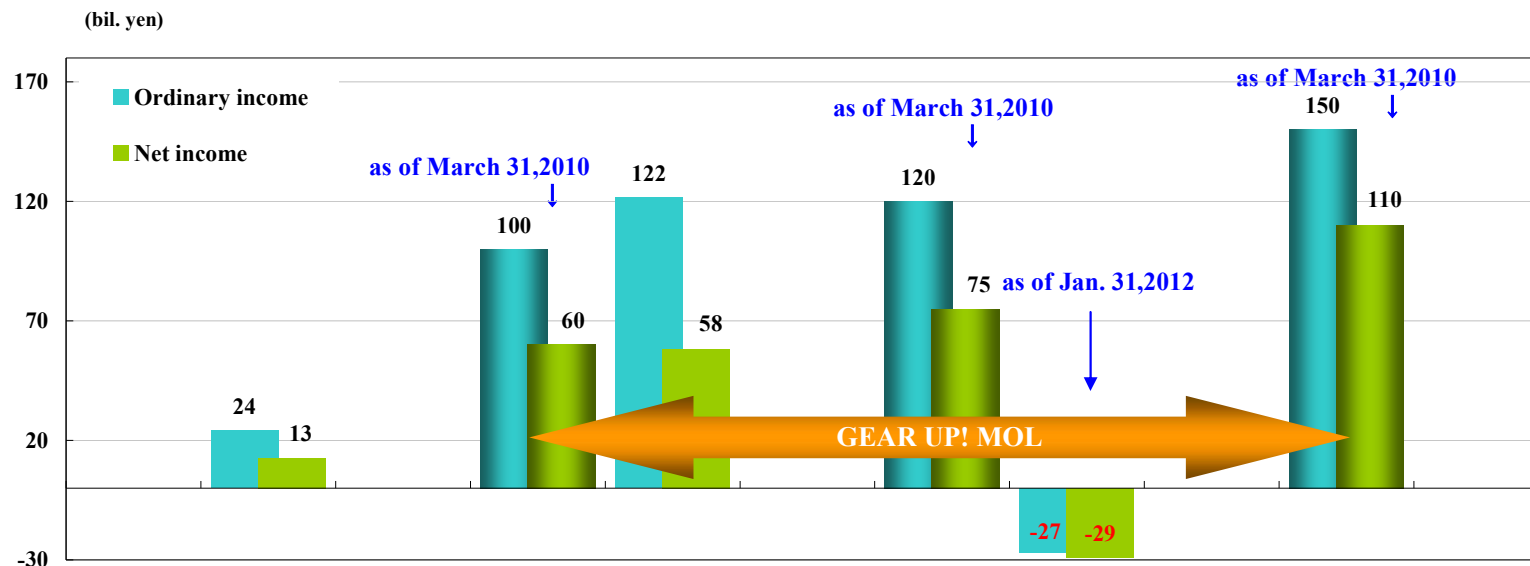
		FY2010					FY2011				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Outbound (W/B)	Capacity	92	107	109	110	418	112	118	114		
	Lifting	92	107	109	110	418	104	118	102		
	Utilization	100%	100%	100%	100%	100%	93%	100%	90%		
Inbound (E/B)	Capacity	92	107	109	110	419	115	117	116		
	Lifting	60	60	64	67	251	69	64	68		
	Utilization	65%	56%	59%	60%	60%	60%	55%	59%		

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

\*lowest after Lehman

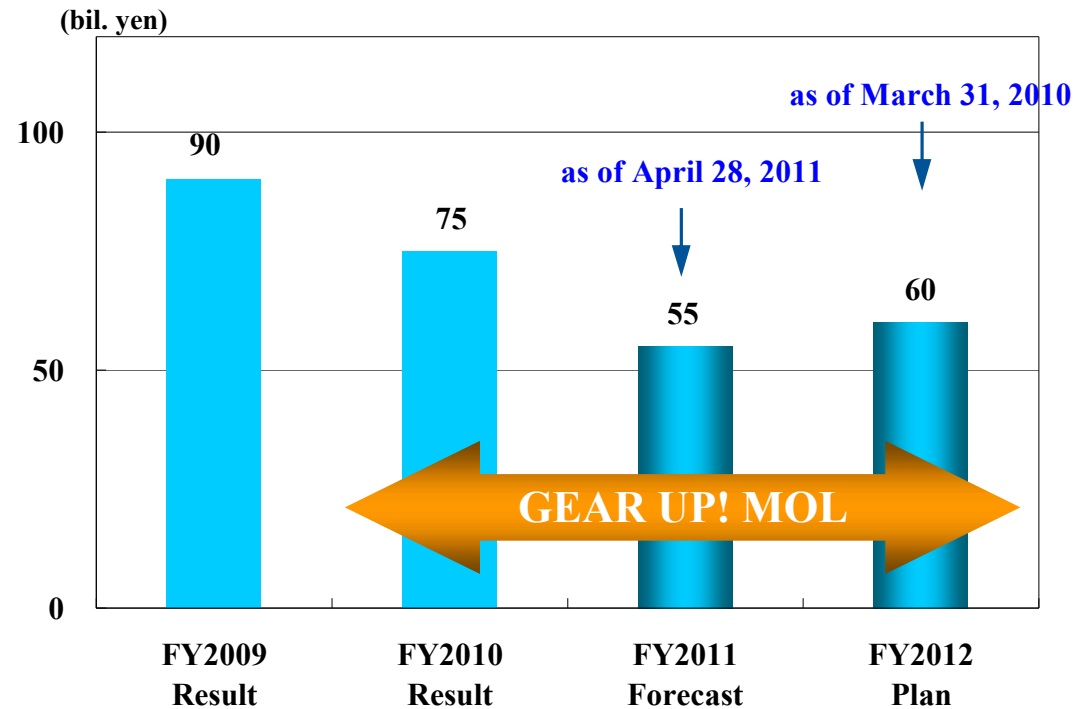
	FY2010				FY2011				FY2009
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	
All Trades (Average)	99	107	98	94	92	91	86		70
Bunker price (Average)	474	469	485	535	625	664	678		313

# “GEAR UP! MOL” Overall Profit Plan



	FY2009	FY2010		FY2011		FY2012
	Result	Plan	Result	Plan	Forecast	Plan
Revenue	1,348	1,550	1,544	1,700	1,430	1,800
Operating income	21	100	123	120	-25	150
Ordinary income margin	1.8%	6.5%	7.9%	7.1%	-1.9%	8.3%
Average exchange rate(¥/\$)	¥93.25/\$	¥90/\$	¥86.48/\$	¥90/\$	¥78.58/\$	¥90/\$
Average bunker price(\$/MT)	\$406/MT	\$500/MT	\$490/MT	\$500/MT	\$667/MT	\$500/MT

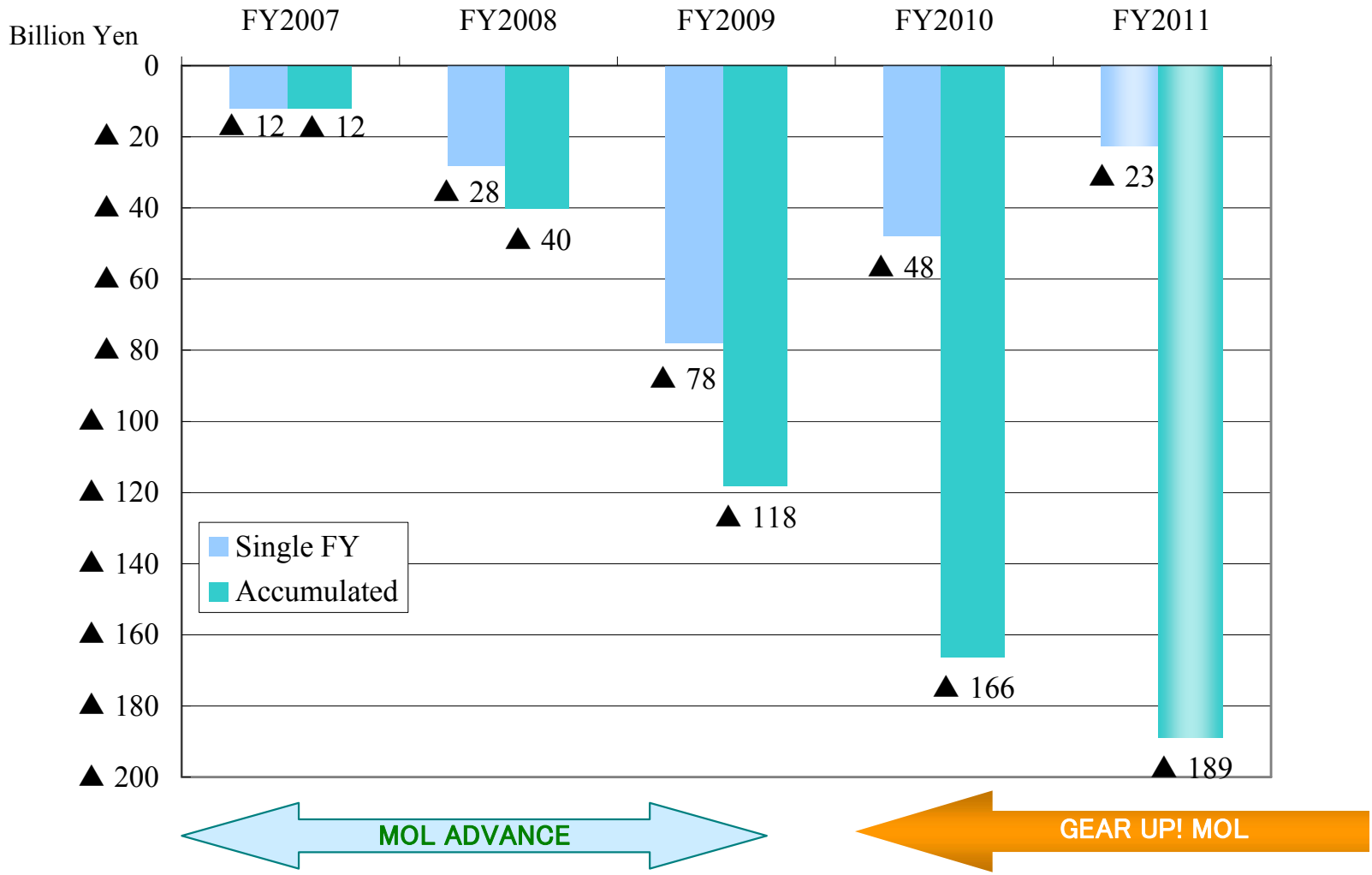
# Highly Stable Profit



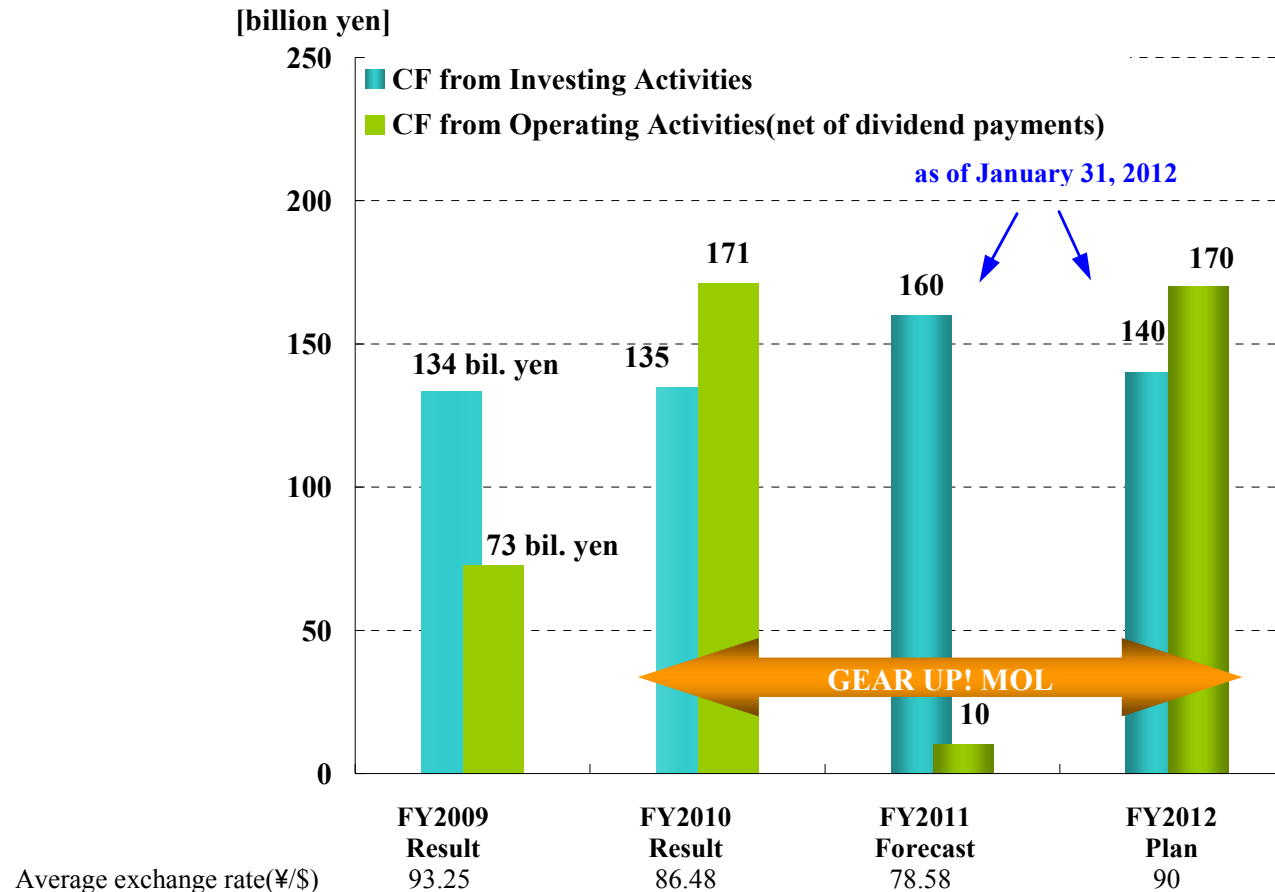
Average exchange rate(¥/\$)	¥93.25/\$	¥86.48/\$	¥85/\$	¥90/\$
Average bunker price(\$/MT)	\$406/MT	\$490/MT	\$650/MT	\$500/MT

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



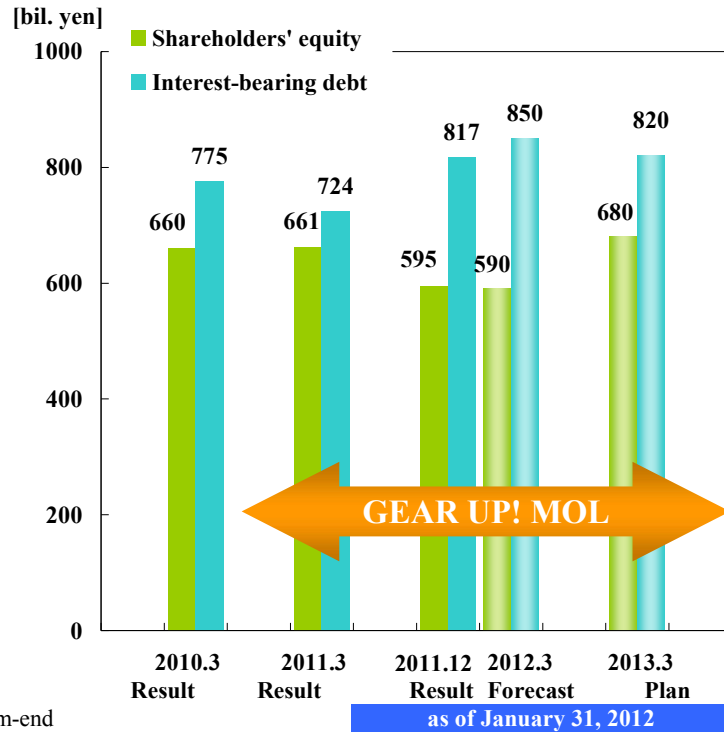
Note:

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.

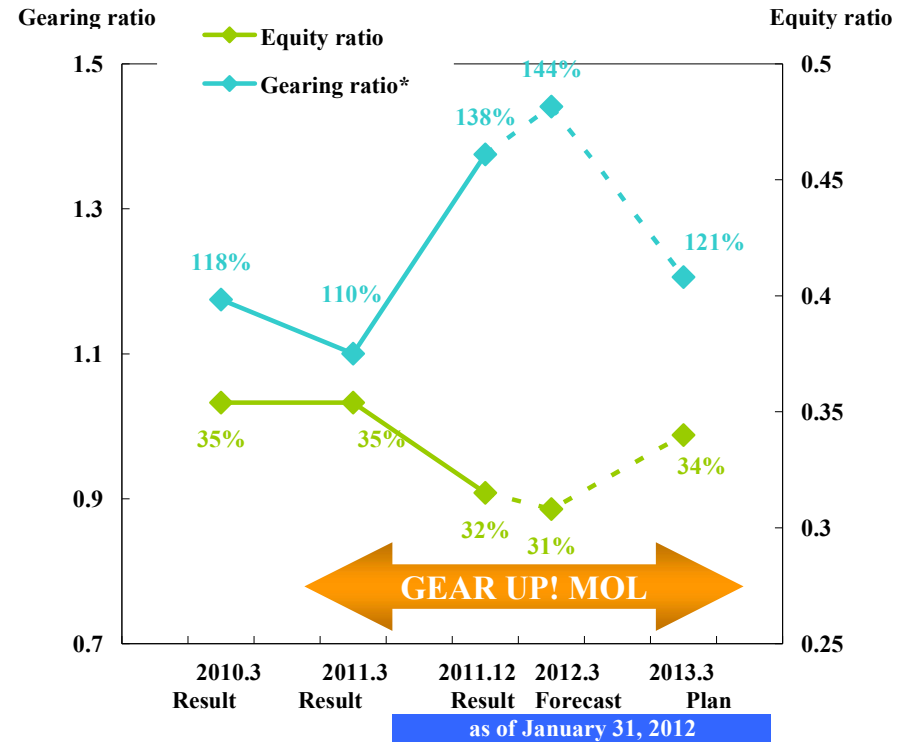
(\*1) Simplified formula ; "Cash Flow = Net income + Depreciation - Dividends"

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

# Financial Plan



	2010.3	2011.3	2011.12		2013.3
	Result	Result	Result	Forecast	Plan
Term-end exchange rate(¥/\$)			as of January 31, 2012		
MOL	93.04	83.15	77.74	77	90
Overseas subsidiaries	92.10	81.49	76.65	77.74	90



Equity ratio = Shareholders' equity/Total Assets

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