



Business Performance in FY2010 and Outlook for FY2011

Mitsui O.S.K. Lines, Ltd.

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FY2010 Results [Consolidated]

(billion yen)	FY2010			FY2009 Result	Increase / decrease		FY10 F'cast as of 1/31/'11	Increase /decrease
	Result	1H Result	2H Result					
Revenue	1,544	803	741	1,348	+196	+14.5%	1,530	+14
Operating income	123	83	41	21	+102	+489.3%	124	△1
Ordinary income	122	80	41	24	+97	+401.9%	120	+2
Net income	58	48	10	13	+46	+358.1%	57	+1

Average exchange rate	¥86.48/\$	¥89.61/\$	¥83.36/\$	¥93.25/\$	△¥6.77/\$	¥86.15/\$	+¥0.33/\$
Average bunker price	\$490/MT	\$471/MT	\$510/MT	\$406/MT	+\$84/MT	\$494/MT	△\$4/MT

[By segment]

(billion yen)		FY2010			FY2009 Result	Increase / decrease		FY10 F'cast as of 1/31/11	Increase /decrease
		Result	1H Result	2H Result					
Bulkships	Revenue	791	412	379	722	69	+9.5%	770	+21
	Ordinary income	71	50	21	67	4	+5.8%	70	+1
Containerships	Revenue	587	308	278	466	120	+25.8%	590	△ 3
	Ordinary income	39	26	13	△ 57	96	-	39	△ 0
Ferry& domestic transport	Revenue	50	26	24	51	△ 1	△ 1.4%	51	△ 1
	Ordinary income	△ 1	△ 0	△ 0	△ 2	2	-	△ 0	△ 0
Associated businesses	Revenue	108	54	55	100	9	+8.7%	112	△ 4
	Ordinary income	11	5	5	10	1	+9.9%	11	+0
Others	Revenue	8	3	4	9	△ 1	△ 14.6%	7	+1
	Ordinary income	3	1	2	1	2	+166.1%	2	+2
Adjustment	Revenue	-	-	-	-	-	-	-	-
	Ordinary income	△ 2	△ 1	△ 0	5	△ 7	-	△ 1	△ 1
Consolidated	Revenue	1,544	803	741	1,348	196	+14.5%	1,530	+14
	Ordinary income	122	80	41	24	97	+401.9%	120	+2

● Revenues from customers, unconsolidated subsidiaries and affiliated companies

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

Key Points of FY2010 Full-year Results [Consolidated]

[Overall]

- The world economy during FY2010 continued on an upward trend, although anxiety remained about the possibility of a slowdown.
- Ordinary income increased significantly—nearly **¥100 billion** compared to the previous year, despite the ongoing appreciation of the Japanese yen and rising bunker prices.

[By segment] [Ordinary income for FY2010, * Figures in parentheses () show the comparison with FY2009]

Bulkships [**¥70.8 billion** (+¥3.9 billion)]

- **Dry bulkers:** The Cape-size market fluctuated widely in step with iron ore prices. With the winter season, the market declined steeply due to bad weather in Australia, plus torrential rains and decreased shipments of steel raw materials because of maintenance and repair of cargo loading facilities in Brazil. Profits decreased from the previous year.
Mid-size and small bulkers such as Panamax and Handymax posted higher profits compared to the previous year even though the market dropped due to India's restrictions on iron ore exports, etc.
- **Tankers:** Both VLCC and product tanker markets remained at low levels. Overall, the segment showed a deficit for the second consecutive year.
- **Car carriers:** Returned to black ink because of a **40%** increase in the number of units transported (FY2009: **2.52 million units** → FY2010: **3.59 million units**).

Containerships [**¥38.9 billion** (+¥95.7 billion)]

Both cargo volume and the freight rate market improved greatly. Profits rose sharply as a result of efforts to reduce fuel expenses by slow steaming and other cost rationalization efforts. This segment returned to profitability.

[Cost reduction]

Achieved **¥49 billion** in cost reduction, exceeding the upwardly revised ¥48 billion target for FY2010

[Dividend] Plan to pay a ¥10 per share full-year dividend (including a ¥5 per share interim dividend already paid).

Results Comparison FY2010 vs FY2009

Major Factors Affected Ordinary Income

Stronger yen	△¥13.5 bil.	FY10 ¥86.48/\$; -¥6.77/\$
Higher bunker	△¥16.8 bil.	FY10 \$490/MT; +\$84/MT
Fluctuation of cargo volume/freight rates, etc.	+¥83.7 bil.	
Cost Reduction	+¥49.0 bil.	Incl. 23bil. yen for Containerships
Equity in earnings of affiliated companies	+¥2.8 bil.	
Others (incl. Adjustment)	△¥7.8 bil.	
(Balance)	+¥97.4 bil.	

FY2011 Forecast [Consolidated]

(billion yen)	FY2011	FY2010	Increase / decrease		FY2011 1H	FY2010 1H	Increase / decrease	
	Revenue	1,600	1,544	+56	+3.6%	780	803	△23
Operating income	60	123	△63	△51.4%	20	83	△63	△75.8%
Ordinary income	60	122	△62	△50.7%	20	80	△60	△75.1%
Net income	30	58	△28	△48.5%	10	48	△38	△79.3%

Average exchange rate	¥85.00/\$	¥86.48/\$	△¥1.48/\$	¥85.00/\$	¥89.61/\$	△¥4.61/\$
Average bunker price	\$650/MT	\$490/MT	+\$160/MT	\$650/MT	\$471/MT	+\$179/MT

FY2011 Ex. Rate sensitivity/year ±2 bil. ¥/1¥ (Max)
 FY2011 Bunker price sensitivity/year ±0.2 bil. ¥/1\$ (Max)
 (Consolidated Ordinary Income Basis)

[By segment]

(billion yen)		FY2011				FY2010			
		FY2011		FY2010		Increase / decrease		Increase / decrease	
Bulkships	Revenue	810	791	+19	+2.5%	385	412	△27	△6.5%
	Ordinary income	23	71	△48	△67.5%	4	50	△46	△92.0%
Containerships	Revenue	620	587	+33	+5.7%	312	308	+4	+1.1%
	Ordinary income	22	39	△17	-	11	26	△15	-
Ferry & domestic transport	Revenue	52	50	+2	+3.8%	26	26	△0	△1.3%
	Ordinary income	△1	△1	△0	-	△1	△0	△1	-
Associated businesses	Revenue	111	108	+3	+2.4%	54	54	+0	+0.9%
	Ordinary income	10	11	△1	△6.3%	5	5	△1	△14.5%
Others	Revenue	7	8	△1	△11.4%	4	3	+0	+1.1%
	Ordinary income	5	3	+2	+48.8%	2	1	+0	+44.9%
Adjustment	Revenue	-	-	-	-	-	-	-	-
	Ordinary income	1	△2	+2	-	△0	△1	+1	-
Consolidated	Revenue	1,600	1,544	+56	+3.6%	780	803	△23	△2.8%
	Ordinary income	60	122	△62	△50.7%	20	80	△60	-

● 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 [Consolidated]

[Overall]

- The second year of the midterm management plan **GEAR UP! MOL**
 - Continue business development in emerging nations.
 - Earn stable, long-term profits using MOL's advantages of safe operation and a strong financial foundation.
- Set a group-wide target of **¥15 billion** in cost reductions. However, high bunker prices will be a burden.

[By segment] [Forecast of ordinary income for FY2011, * Figures in parentheses () show the comparison with FY2010]

Bulkships [¥23 billion (-¥47.8 billion)]

- Dry bulkers: Many Cape-size bulkers are slated for launch in 2011, just like in 2010. But the anticipated boom in demand for steel raw materials will absorb the increased fleet supply. We expect the current stagnation in the Cape-size market to be alleviated as shipments from exporting countries begin to stabilize. However, overall profits in the segment are expected to decline significantly due to a drop in spot markets for all types of vessels and the expiration of a series of profitable contracts signed when markets were stronger.
- Tankers: We assume a recovery in both VLCC and product tanker markets as global oil demand rises, aiming to bring this segment back to profitability.
- Car carriers: We forecast a significant drop in the number of completed cars exported from Japan due to the Great East Japan Earthquake.

Containerships [¥22 billion (-¥16.9 billion)]

Throughout the year, projected global cargo volume will be nearly balanced with an increase in the supply of newbuilding ships. Freight rates are expected to increase as the supply-demand balance tightens during the peak summer season. The shortage of containers will also boost freight rates. However, the anticipated rise in bunker prices will result in decreased profits in spite of higher revenue.

[Dividend] Dividend per share outlook for FY2011: ¥5 per share (interim ¥2.5 plus year-end ¥2.5)

[Supplement]

Fleet Composition

			At the end of Mar. 2011		At the end of Sept. 2010	At the end of Mar. 2010
			No. of vessels	1,000dwt	No. of vessels	No. of vessels
Dry bulker	Bulk carrier	Cape size	109	20,152	110	112
		Panamax	41	3,234	45	47
		Handymax	50	2,732	51	39
		Handy	28	874	31	30
	Heavy lifter	8	135	7	7	
	Wood chip carrier	54	2,719	55	52	
	Steaming coal carrier	36	3,175	36	36	
	General cargo carrier	48	708	52	52	
	(Sub total)		374	33,727	387	375
Tanker	Crude oil tanker	48	13,095	49	46	
	Product tanker	60	3,473	53	51	
	Chemical tanker	85	2,252	84	85	
	LPG tanker	13	614	13	13	
	(Sub total)		206	19,434	199	195
LNG carrier			72	5,520	75	76
Car carrier			114	1,747	117	109
Containership			104	5,308	109	101
Ferry/Domestic carrier			42	155	42	44
Cruise ship			2	9	2	2
Others			3	19	3	3
Total			917	65,920	934	905

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

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 (Forecast) (US\$)

Size	FY2011		
	1st Half Forecast	2nd Half Forecast	Total Forecast
Capesize	15,000	25,000	20,000
Panamax	16,000	16,000	16,000
Handymax	16,000	16,000	16,000
Small handy	12,000	12,000	12,000

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 (Forecast)

(WS)

Type	WS criteria (for VLCC)	FY2011		
		<i>1st Half Forecast</i>	<i>2nd Half Forecast</i>	<i>Total Forecast</i>
Crude Oil Tanker (VLCC) 【Arabian Gulf - East】	Year 2011 base	57.5	67.5	62.5

Car Carriers Loading Results

(1000 units)

(Voyage Completion basis; including voyage charter)	FY2010			FY2009	Increase/ decrease (A)- (B)
	1st Half	2nd Half	Annual result (A)	Annual result (B)	
Total	1,685	1,903	3,588	2,521	+1,067

Major Containership Trades Utilization and Freight Index

Asia-North America Trade (TPS)

(unit: 1000TEU)

		FY2009					FY2010				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Outbound (E/B)	Capacity	125	128	128	115	496	142	166	166	151	624
	Lifting	103	117	120	109	450	144	165	129	123	561
	Utilization	83%	92%	94%	95%	91%	101%	99%	78%	82%	90%
Inbound (W/B)	Capacity	120	128	129	118	495	132	165	166	154	617
	Lifting	85	86	94	88	352	78	87	93	82	341
	Utilization	71%	67%	73%	74%	71%	59%	53%	56%	53%	55%

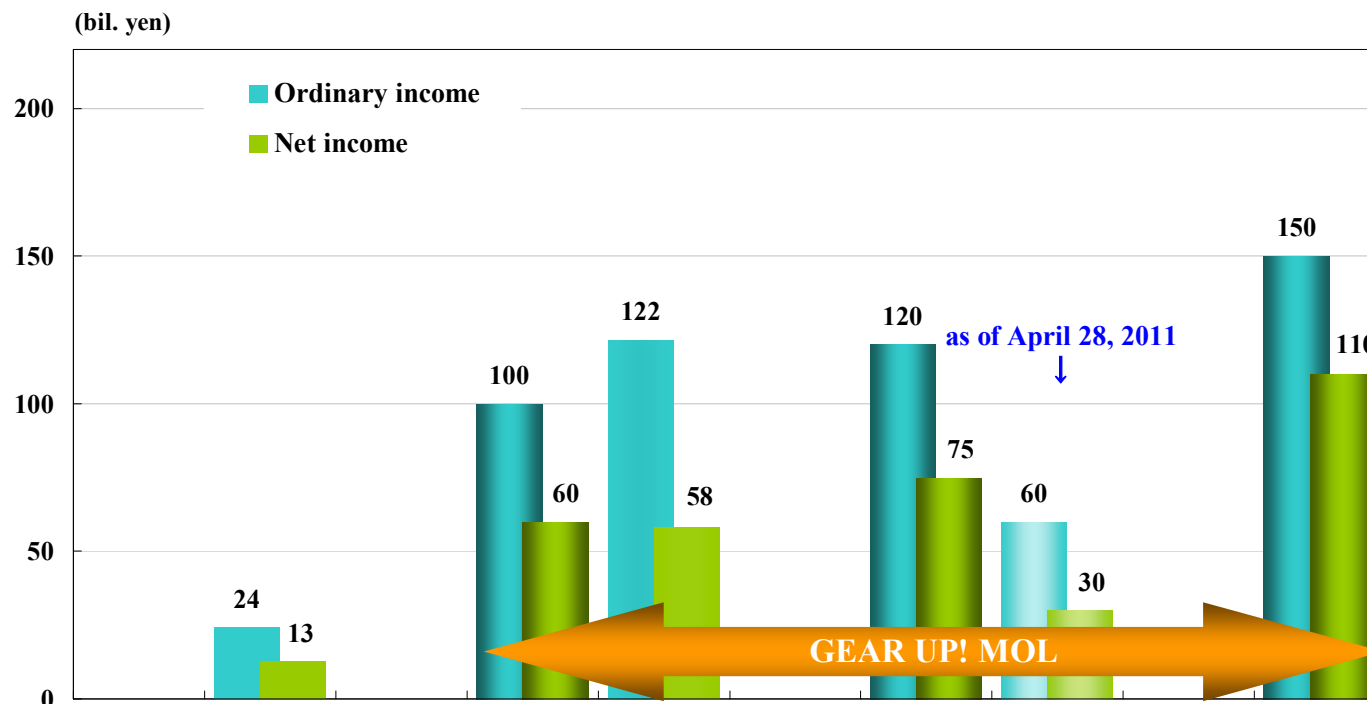
Asia-Europe Trade

		FY2009					FY2010				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Outbound (W/B)	Capacity	88	77	85	84	334	92	107	109	110	418
	Lifting	67	78	87	85	317	92	107	109	110	418
	Utilization	76%	101%	102%	101%	95%	100%	100%	100%	100%	100%
Inbound (E/B)	Capacity	89	85	89	87	350	92	107	109	110	419
	Lifting	53	54	60	59	226	60	60	64	67	251
	Utilization	60%	64%	68%	68%	65%	65%	56%	59%	60%	60%

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

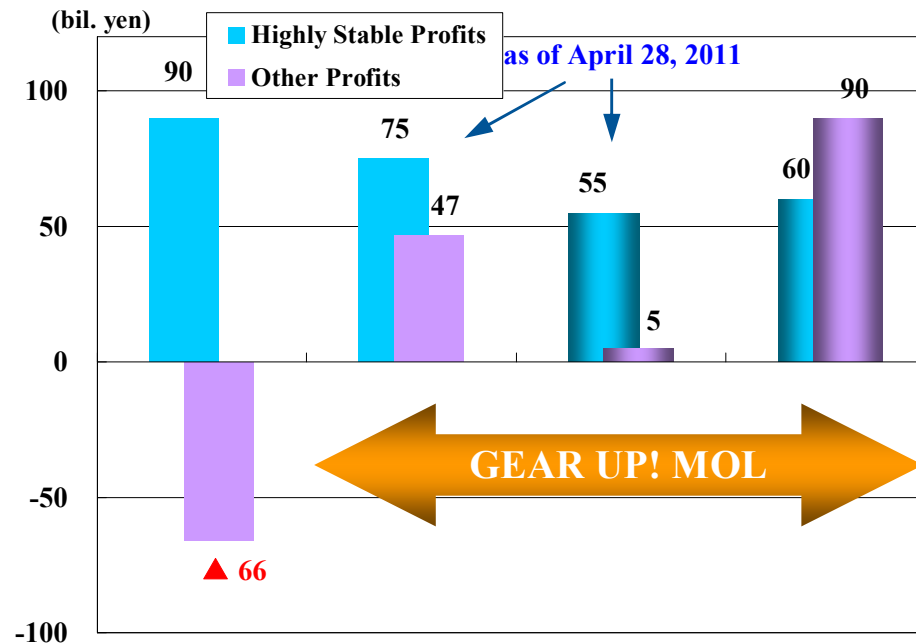
	FY2008				FY2009				FY2010			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
All Trades (Average)	100	103	95	77	70	70	77	86	99	107	98	94

“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	1,600	1,800
Operating income	21	100	123	120	60	150
Ordinary income margin	1.8%	6.5%	7.9%	7.1%	3.8%	8.3%
Average exchange rate(¥/\$)	¥93.25/\$	¥90/\$	¥86.48/\$	¥90/\$	¥85/\$	¥90/\$
Average bunker price(\$/MT)	\$406/MT	\$500/MT	\$490/MT	\$500/MT	\$650/MT	\$500/MT

Highly Stable Profit

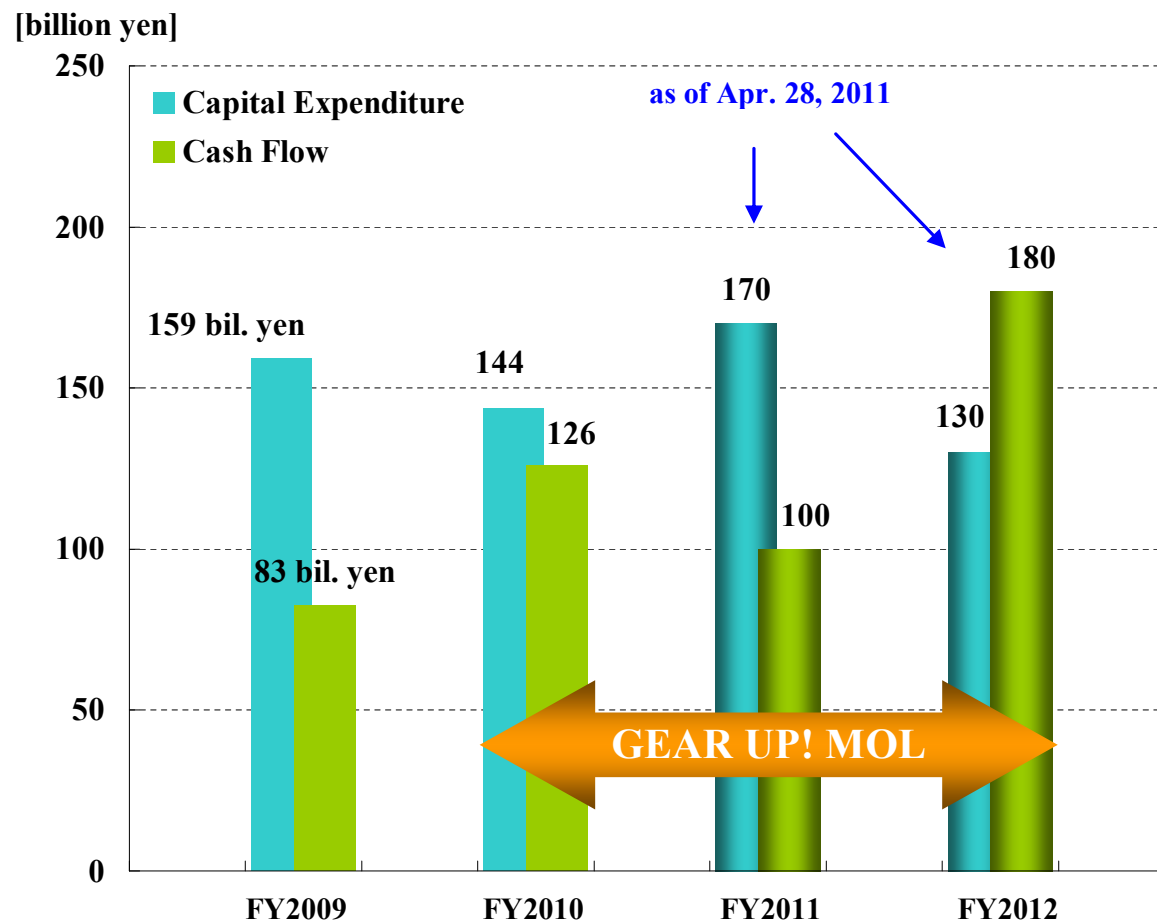


	FY2009 Result	FY2010 Result	FY2011 Forecast	FY2012 Plan
Ordinary income(bil. yen)	24	122	60	150
Average exchange rate(¥/\$)	¥93.25/\$	¥86.48/\$	¥85/\$	¥90/\$
Average bunker price(\$/MT)	\$406/MT	\$490/MT	\$650/MT	\$500/MT

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.)

$$\text{Highly Stable Profits} + \text{Other Profits} = \text{Ordinary Income}$$

Cash Flows & Capital Expenditure

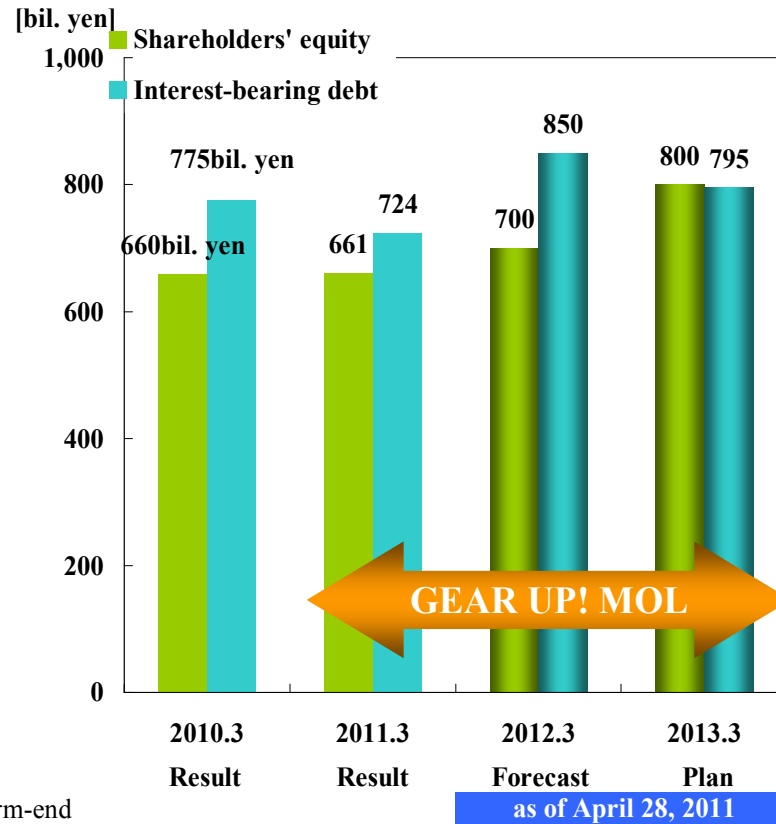


Average exchange rate(¥/\$)
 Depreciation (billion yen)
 Dividend paid (billion yen)

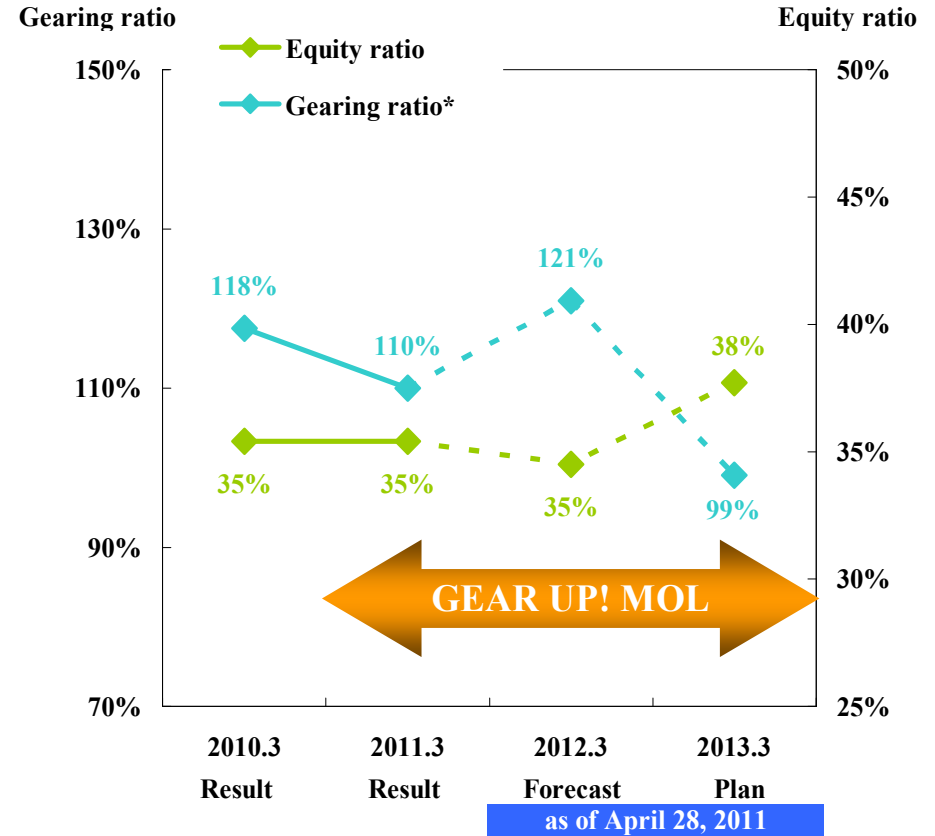
	FY2009 Result	FY2010 Result	FY2011 Forecast	FY2012 Plan
Average exchange rate(¥/\$)	93.25	86.48	85	90
Depreciation (billion yen)	88	77	80	85
Dividend paid (billion yen)	19	10	9	14

Cash flow = Net income + Depreciation - Dividends

Financial Plan



	2010.3 Result	2011.3 Result	2012.3 Forecast	2013.3 Plan
Term-end exchange rate(¥/\$)			as of April 28, 2011	
MOL	93.04	83.15	85	90
Overseas subsidiaries	92.10	81.49	85	90



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