



**Business Performance**  
**in**  
**FY2012-3rd Quarter**

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

*January 2013*

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# FY2012 3rd Quarter Results [Consolidated]

(billion yen)	FY2012				FY2011				Increase/decrease	
	1Q Result	2Q Result	3Q Result	Apr.-Dec.	1Q Result	2Q Result	3Q Result	Apr.-Dec.		
Revenue	379	378	363	1,119	349	368	356	1,074	+46	+4%
Operating income/loss	-1	-2	-9	-11	-9	-1	-8	-18	+7	-
Ordinary income/loss	-2	-5	-9	-16	-8	-4	-7	-19	+3	-
Net income/loss	-5	-8	-46	-59	-8	-8	-9	-25	-34	-

Average exchange rate	¥81.34/\$	¥79.03/\$	¥79.85/\$	¥80.07/\$	¥81.80/\$	¥78.72/\$	¥76.79/\$	¥79.10/\$	+¥0.97/\$
Average bunker price	\$695/MT	\$667/MT	\$658/MT	\$673/MT	\$625/MT	\$664/MT	\$678/MT	\$656/MT	+\$17/MT

## ■ Results Comparison FY2012-3Q vs FY2011-3Q Major factors affected Ordinary income

Fluctuation of Foreign Exchange	+¥1.4 bil.	FY12 ¥80.07/\$; +¥0.97/\$
Fluctuation of Bunker Price	-¥2.2 bil.	FY12 \$673/MT; +\$17/MT
Fluctuation of cargo volume/freight rates, etc.	-¥12.3 bil.	
Cost Reduction	+¥20.0 bil.	
Equity in earnings of affiliated companies	-¥5.5 bil.	
Others (incl. Adjustment)	+¥1.4 bil.	
(Balance)	+¥2.8 bil.	

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

## [By segment]

	Upper	Revenue									
	Lower	Ordinary income/loss									
(billion yen)	FY2012				FY2011				Increase/decrease		
	1Q Result	2Q Result	3Q Result	Apr.-Dec.	1Q Result	2Q Result	3Q Result	Apr.-Dec.			
<b>Bulkships</b>	189	180	173	542	171	183	182	535	+7	+1%	
	-2	-9	-7	-18	-5	-1	-0	-6	-12	-	
<b>Containerships</b>	148	155	146	449	139	143	131	412	+37	+9%	
	-2	-0	-7	-10	-5	-5	-12	-23	+13	-	
<b>Ferry&amp; domestic transport</b>	13	15	14	42	11	14	14	39	+2	+6%	
	-0	1	1	2	-1	0	1	-1	+2	-	
<b>Associated businesses</b>	27	27	28	81	26	27	28	81	+1	+1%	
	3	3	3	9	2	2	3	7	+2	+21%	
<b>Others</b>	2	2	2	5	2	2	2	6	-1	-10%	
	1	0	1	2	1	0	3	4	-2	-53%	
<b>Adjustment</b>	-	-	-	-	-	-	-	-	-	-	
	0	-1	1	0	0	-0	-0	-0	+0	-	
<b>Consolidated</b>	379	378	363	1,119	349	368	356	1,074	+46	+4%	
	-2	-5	-9	-16	-8	-4	-7	-19	+3	-	

● 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 FY2012 3Q Results (Consolidated) (I)

## [Overall]

- Downturn in global economy shows signs of bottoming out due to easy monetary policies in different nations, but the gap between fleet supply and demand has not improved, as newly built vessels continue to enter service.
- Free tonnages in the dry bulker and tanker fleets remain in the red due to stagnant markets.
- Profits of containership and car carrier segments showed significant year-on-year improvements.

## [By Segment] (Ordinary income for 1-3Q/FY2012 (9 months) (comparison with 1-3Q/FY2011)

### Bulkships [¥-18.1 billion (-¥11.6 billion)]

#### ■ Dry bulkers:

Recovery of the gap between fleet supply and demand was hampered by the deliveries of many newly built vessels, which continued at a historically high level. The market average of 4 ship types (\*) for calendar year 2012 fell below the \$10,000/day level.

(\*): Capesize and mid- and small-size bulkers (Panamax, Handymax, Small Handy)

Losses in spot markets overhanged stable profits secured from long-term transport contracts for carriers of iron ore, steaming coal, woodchip, etc. The overall segment posted a loss.

- Capesize: The market declined at the end of the year in anticipation of decreasing cargo trade in the new year, despite a recovering demand since October, mainly in China.

- Mid- and small-size bulkers:

A cloud of negativity cast by the delivery of many newly built vessels and drought conditions in North America persisted. The market remained at a low level below \$10,000/day.

## Outline of FY2012 3Q Results (Consolidated) (II)

- Tankers: The segment posted a loss despite continuing efforts to reduce fuel expenditures and improve operational efficiency.
  - The VLCC market once improved due to inventory buildup, mainly in China toward the high-demand winter period. However, the upward mobility of the market was limited and the market continued to stagnate from December.
  - The product tanker market showed recovery mainly in the Pacific Ocean region backed by demand for naphtha in Asia, winter demand for heating oil, the shutdown of an oil refinery in Australia, and firm transportation demand in the Far East, mainly Japan and South Korea.
- LNG carriers: Secured stable profits, mainly from long-term contracts.
- Car carriers: The number of completed cars exported from Japan continued year-on-year decline from the summer, and transport of completed cars bound for Europe did not show recovery. Nevertheless, as a result of continued efforts to strengthen cross trade and quest for efficient vessel allocation, profits improved sharply in a year-on-year comparison from FY2011 when the automobile industry was severely affected by the Great East Japan Earthquake.

### Containerships [-¥10 billion (+¥12.6 billion)]

- Although the supply-demand environment improved gradually since the beginning of spring and freight rate restoration proceeded, trade on the Asia-Europe route did not show an expected increase in spite of summer peak season and the freight rate softened. However, we continued focus on bottoming-out of freight rates in November and December.
- Rationalized services while maintaining higher quality by upgrading the G6 alliance under pressure of newbuilding vessel supply. Strongly enhanced cost reduction and the profitability improved largely, year-on-year, but the segment remained in the red.

### **[Deferred income taxes]**

Reversed some of deferred tax assets, and allocated ¥28.6 billion to deferred income taxes. (A factor in profit deterioration)

# FY2012 Forecast [Consolidated]

(billion yen)	FY2012							FY2011 Result	Increase/ decrease
	1H Result	2H		FY2012 Forecast (NEW)	FY2012 Forecast (OLD*)	Increase/ decrease			
		3Q Result	4Q Forecast				Forecast		
Revenue	757	363	391	753	1,510	1,500	+10	1,435	+75
Operating income/loss	-2	-9	-7	-16	-18	-13	-5	-24	+6
Ordinary income/loss	-7	-9	-12	-21	-28	-22	-6	-24	-4
Net income/loss	-13	-46	-118	-164	-177	-24	-153	-26	-151
Average exchange rate	¥80.19/\$	¥79.85/\$	¥88.00/\$	¥83.93/\$	¥82.05/\$	¥80.10/\$	+¥1.95/\$	¥78.85/\$	+¥3.20/\$
Average bunker price	\$681/MT	\$658/MT	\$650/MT	\$654/MT	\$668/MT	\$666/MT	+\$2/MT	\$667/MT	+\$1/MT

(For reference)

FY2012 Exchange rate sensitivity/4Q:	±0.20 bil. ¥/¥1 (3months)	(Max)
FY2012 Bunker price sensitivity/4Q:	±0.03 bil. ¥/\$1 (3months)	(Max)
(Consolidated Ordinary Income Basis)		

\* Forecast as of October 31,2012

## [By segment]

	Upper	Revenue							
	Lower	Ordinary income/loss							
	FY2012							FY2011	
	1H	2H		FY2012	FY2012	Increase/		Result	Increase/ decrease
(billion yen)	Result	3Q Result	4Q Forecast	Forecast	Forecast (NEW)	Forecast (OLD*)	decrease		
<b>Bulkships</b>	369 -11	173 -7	183 -11	356 -18	725 -29	720 -27	+5 -2	726 -7	-1 -22
<b>Containerships</b>	303 -3	146 -7	166 0	312 -7	615 -10	610 -8	+5 -2	542 -30	+73 +20
<b>Ferry&amp; domestic transport</b>	27 1	14 1	13 -0	28 1	55 1	54 1	+1 +0	52 -1	+3 +2
<b>Associated businesses</b>	54 6	28 3	27 2	54 5	108 11	109 11	-1 ±0	107 9	+1 +2
<b>Others</b>	3 1	2 1	2 0	4 1	7 2	7 2	±0 ±0	8 4	-1 -2
<b>Adjustment</b>	- -1	- 1	- -3	- -2	- -3	- -1	- -2	- -0	- -2
<b>Consolidated</b>	757 -7	363 -9	389 -12	753 -21	1,510 -28	1,500 -22	+10 -6	1,435 -24	+75 -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.

\* Forecast as of October 31,2012



# Key Points of FY2012 Full-year Forecast (I)

## [Overall]

Downward revision for the full-year forecast

	Previous (October 31)		Latest (January 31)
<b>Ordinary loss</b>	<b>-¥22 billion</b>	→	<b>-¥28 billion</b>

## [Assumption]

Exchange rate: 4Q ¥88/\$ (previously ¥80/\$) (4Q Sensitivity ±¥0.2 billion/¥1, 3 months)

Bunker price : 4Q \$650/MT (previously \$650/MT) (4Q Sensitivity ±¥0.03 billion/\$1, 3 months)

	Previous (October 31)		Latest (January 31)
<b>Net loss</b>	<b>-¥24 billion</b>	→	<b>-¥177 billion</b>

## [Change Factors]

- (1) Downward revision of ordinary loss: -¥6 billion
- (2) Allocation to deferred income taxes due to reversal of deferred tax assets: -¥28.6 billion
- (3) Deferred tax assets, not appropriated to FY2012: -¥15 billion
- (4) Posted costs for business structural reforms (4Q): -¥101 billion

## [By segment] [Forecast for ordinary income/loss for FY2012

(increase/decrease of ordinary income/loss from the projected figures announced on October 31, 2012)]

### Bulkships [-¥29 billion (-¥2 billion)]

- Dry bulkers: Factor 3Q results into the forecast, with revision by comparing 4Q market assumptions for each ship type to the near term → Downward revision of the full-year forecast.
  - ◆ Capesize: Anticipate decrease in cargo trade due to seasonal factors such as start of rainy seasons in major loading ports, Chinese New Year holiday (mid February). Weak market condition is prospected.
  - ◆ Mid- and small-size bulkers: Possible rise in transportation of iron ore and coal to China, where domestic energy supplies are stagnant by a severe cold wave. However, anticipate that the market's upward mobility will be limited due to the fleet supply pressure.

## Key Points of FY2012 Full-year Forecast (II)

### ■ Tankers:

Factor 3Q results into the forecast, and change the market assumption for 4Q according to current market conditions → No change in the full-year profit forecast .

- ◆ VLCCs: Forecast recovery to the level higher than WS40 due to last-minute demand before Chinese New Year and start of full-scale operation of a refinery in North America.
- ◆ Product tankers: Anticipate fundamentally brisk market in the Pacific Ocean. Prospect tighter supply and demand balance due to increase in long-distance voyages.

### Containerships [-¥10 billion (-¥2 billion)]

- Factor 3Q results into the forecast, and change assumptions of trade volume and freight rates for 4Q.
- Anticipate that shipping companies will suppress a rise of supply pressure by measures such as reduced services, and expect that the supply-demand balance will not be worsened by softening trade volume after the Chinese New Year.

**[Cost reduction]** Full-year target (company-wide) is anticipated to exceed ¥28 billion.  
(Achieved ¥20 billion for 1-3Q; achievement rate: 71%)

### **[Business structural reforms]**

Plan to execute business structural reforms during 4Q to improve profits of free tonnages of dry bulker and tanker.

Plan to allocate ¥101 billion in cost of business structural reforms (Extraordinary loss for 4Q/2012)

→ Improvement of profits: About ¥40 billion for FY2013

<\* For details of the business structural reforms, please refer to the accompanying materials.>

### **[Dividends]**

Plans not to pay a year-end dividend, in light of the large revision of the full-year forecast of consolidated financial results.

## [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				
		1Q Actual (*1)	2Q Actual (*1)	3Q Actual (*1)	4Q Forecast (*2)	Full-year Forecast (*2)
Capesize	4TC Average	6,100	4,800	13,000	8,000	8,000
Panamax	4TC Average	9,600	6,600	6,600	7,000	7,500
Handymax	5TC Average	11,200	10,300	7,600	7,000	9,000
Small handy	6TC Average	9,200	8,000	6,400	7,000	7,700

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)	2Q Actual (*1)	3Q Actual (*1)	4Q Actual (*1)	Full-year Actual (*1)
Crude Oil Tanker (VLCC) 【Arabian Gulf - East】	Year 2011 base	53	47	54	67	55
	(Year 2012 base)	(44)	(39)	(46)	(56)	(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				
		1Q Actual (*1)	2Q Actual (*1)	3Q Actual (*1)	4Q Forecast (*2)	Full-year Forecast (*2)
Crude Oil Tanker (VLCC) 【Arabian Gulf - East】	Year 2012 base	55	36	43	47	45
	(Year 2013 base)	(50)	(33)	(39)	(43)	(41)
Product Tanker (MR) 【Singapore - Japan】		125	123	151		

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						
			1st Half			2nd Half	Total Result
	1Q	2Q		3Q	4Q		
<b>Total</b>	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						
			1st Half Result (A)			2nd Half Forecast(B)	Total Forecast (A+B)
	1Q Result	2Q Result		3Q Result	4Q Forecast		
<b>Total</b>	1,004	977	1,981	972	943	1,915	3,896

# Containership Utilization and Freight Information

## 1.Asia-North America Trade

(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	153		
	Lifting	132	141	134	120	526	136	150	135		
	Utilization	84%	90%	92%	91%	89%	93%	91%	88%		
Inbound (W/B)	Capacity	156	158	148	131	593	137	160	156		
	Lifting	83	74	87	82	326	84	85	93		
	Utilization	53%	47%	59%	63%	55%	61%	53%	59%		

## 2.Asia-Europe Trade

		FY2011					FY2012				
		1Q	2Q	3Q	4Q	Total	1Q	2Q	3Q	4Q	Total
Outbound (W/B)	Capacity	112	118	114	111	455	108	126	108		
	Lifting	104	118	102	107	431	97	116	91		
	Utilization	93%	100%	90%	96%	95%	90%	92%	84%		
Inbound (E/B)	Capacity	115	117	116	116	464	107	119	112		
	Lifting	69	64	68	73	274	77	76	73		
	Utilization	60%	55%	59%	63%	59%	71%	64%	66%		

## 3.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	87	
Bunker price (Average)	625	664	678	699	695	667	658	

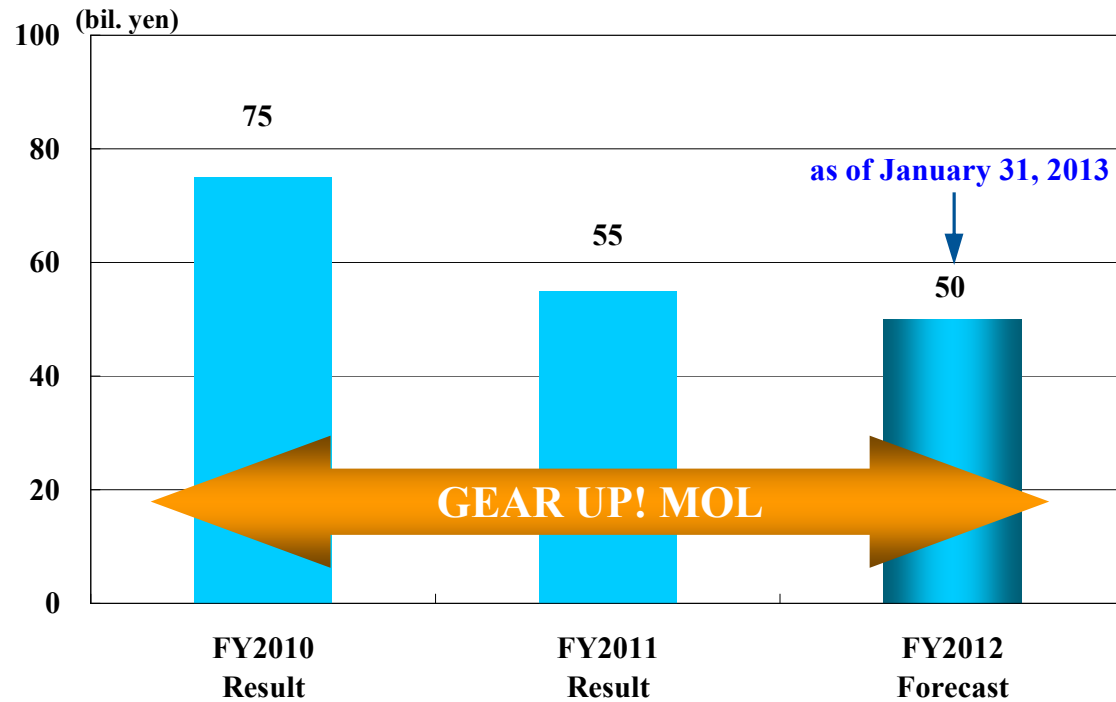
# Fleet Composition

			At the end of Mar. 2012	At the end of Dec. 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	102	19,023	
		Panamax	48	39	3,237	
		Handymax	60	65	3,594	
		Small Handy	34	53	1,765	
	Heavy lifter	6	6	74		
	Wood chip carrier	53	45	2,326		
	Steaming coal carrier	37	41	3,651		
	General cargo carrier	47	49	800		
<b>(Sub total)</b>			<b>392</b>	<b>400</b>	<b>34,470</b>	<b>390</b>
Tanker	Crude oil tanker	46	47	12,922		
	Product tanker	62	62	3,591		
	Chemical tanker	79	76	2,051		
	LPG tanker	13	12	19,142		
<b>(Sub total)</b>			<b>200</b>	<b>197</b>	<b>19,142</b>	<b>180</b>
LNG carrier			69	69	5,310	69
Car carrier			128	129	2,067	127
Containership			115	113	6,278	114
Ferry/Domestic carrier			45	46	162	0
Cruise ship			2	2	10	50
Others			3	3	19	0
<b>Total</b>			<b>954</b>	<b>959</b>	<b>67,458</b>	<b>930</b>

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

Note 2) (e)=estimate

# Highly Stable Profit



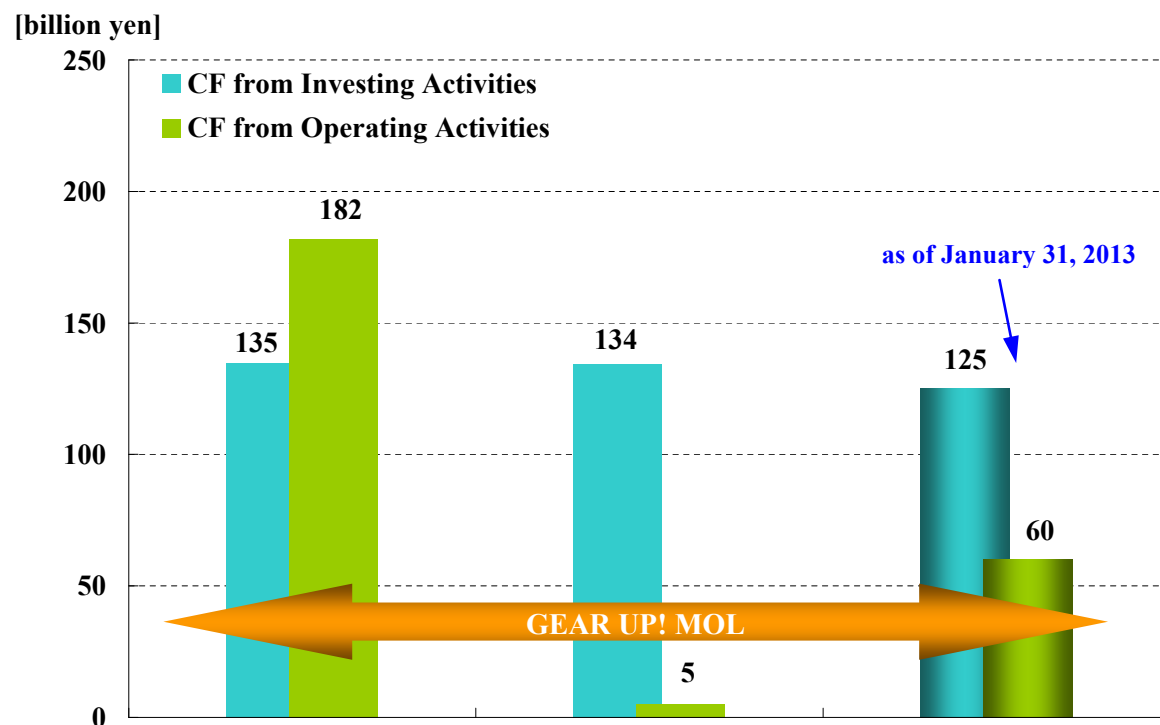
Average exchange rate(¥/\$)	¥86.48/\$	¥78.85/\$	¥82.05/\$
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Highly stable profit = Firm profit through middle and long-term contracts and projected profit from highly stable businesses.

(The segments included in "Highly stable profit" are Drybulk Carrier Division, Tanker Division, LNG Carrier Division, Associated business and other business.)



# Cash Flows & Capital Expenditure

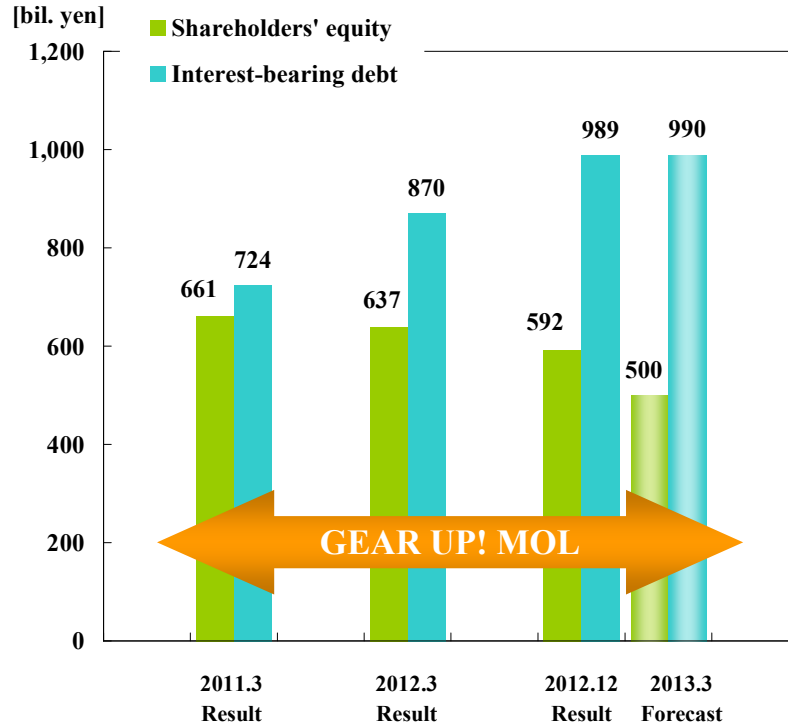


	FY2010 Result	FY2011 Result	FY2012 Forecast
Average exchange rate(¥/\$)	86.48	78.85	82.05
Ordinary income/loss(billion yen)	122	-24	-28
Net income/loss(billion yen)	58	-26	-177

Note:

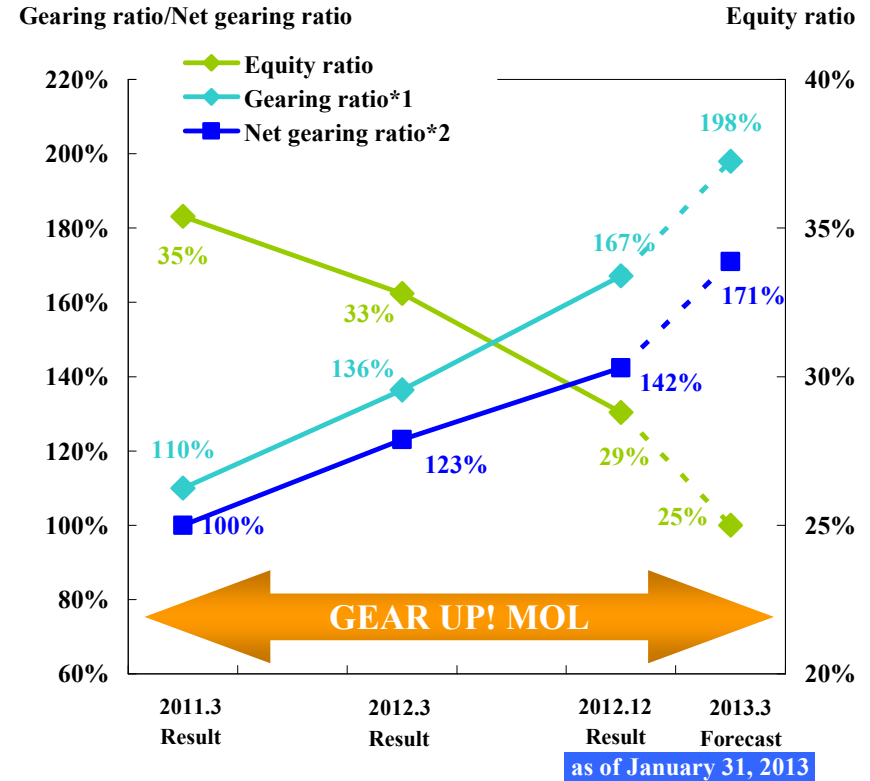
- 1) Free Cash Flows(FCF) = "Cash Flows from Investing Activities" - "Cash Flows from Operating Activities"
- 2) Figures taking into account the FCF, Dividend payments, and changes of Cash balance, etc. correlate with changes of Interest-bearing Debt (cf. The left graph of page 17)

# Financial Plan



as of January 31, 2013

Term-end exchange rate(¥/\$)				
MOL	83.15	82.19	86.58	90.00
Overseas subsidiaries	81.49	77.74	77.60	86.58



as of January 31, 2013

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

# Non-operating Income/Expenses, Extraordinary profit/loss [Consolidated]

## 1. Non-operating income and expenses

(Nine months ended Dec.31,2012)

(billion yen)

**Non-operating income 9**

Interest income	1
Dividend income	3
Gain on sale of containers	2
Others	2

**Non-operating expenses 13**

Interest expense	9
Equity in losses of unconsolidated subsidiaries and affiliated companies	3
Others	1

## 2. Extraordinary profit and loss

(Nine months ended Dec.31,2012)

(billion yen)

**Extraordinary profit 12**

Gain on sale of fixed assets	9
Cancellation fee for chartered ships	2
Others	2

**Extraordinary loss 13**

Loss on sale of fixed assets	3
Loss on retirement of fixed assets	1
Impairment loss	5
Loss on valuation of investment securities	3
Others	1