

MIRA INFORM REPORT

Report No. :	524448
Report Date :	09.08.2018

IDENTIFICATION DETAILS

Name :	MITSUI OSK LINES LTD
Registered Office :	2-1-1 Toranomom Minatoku Tokyo 106-8688
Country :	Japan
Financials (as on) :	31.03.2018 [Consolidated]
Date of Incorporation :	May 1884
Com. Reg. No.:	0104-01-082896
Legal Form :	Limited Company
Line of Business :	Ship owner & operator
No. of Employees :	975

RATING & COMMENTS

(Mira Inform has adopted New Rating mechanism w.e.f. 23rd January 2017)

MIRA's Rating :	A+
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Credit Rating	Explanation	Rating Comments
A+	Low Risk	Business dealings permissible with low risk of default

Status :	Excellent
Payment Behaviour :	Regular
Litigation :	Clear

NOTES :

Any query related to this report can be made on e-mail : infodept@mirainform.com while quoting report number, name and date.

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ECGC Country Risk Classification List

Country Name	Previous Rating (31.12.2017)	Current Rating (01.04.2018)
Japan	A1	A1

Risk Category	ECGC Classification
Insignificant	A1
Low Risk	A2
Moderately Low Risk	B1
Moderate Risk	B2
Moderately High Risk	C1
High Risk	C2
Very High Risk	D

JAPAN - ECONOMIC OVERVIEW

Over the past 70 years, government-industry cooperation, a strong work ethic, mastery of high technology, and a comparatively small defense allocation (slightly less than 1% of GDP) have helped Japan develop an advanced economy. Two notable characteristics of the post-World War II economy were the close interlocking structures of manufacturers, suppliers, and distributors, known as keiretsu, and the guarantee of lifetime employment for a substantial portion of the urban labor force. Both features have significantly eroded under the dual pressures of global competition and domestic demographic change.

Measured on a purchasing power parity basis that adjusts for price differences, Japan in 2017 stood as the fourth-largest economy in the world after first-place China, which surpassed Japan in 2001, and third-place India, which edged out Japan in 2012. For three postwar decades, overall real economic growth was impressive - averaging 10% in the 1960s, 5% in the 1970s, and 4% in the 1980s. Growth slowed markedly in the 1990s, averaging just 1.7%, largely because of the aftereffects of inefficient investment and the collapse of an asset price bubble in the late 1980s, which resulted in several years of economic stagnation as firms sought to reduce excess debt, capital, and labor. Modest economic growth continued after 2000, but the economy has fallen into recession four times since 2008.

Japan enjoyed an uptick in growth since 2013, supported by Prime Minister Shinzo ABE's "Three Arrows" economic revitalization agenda - dubbed "Abenomics" - of monetary easing, "flexible" fiscal policy, and structural reform. Led by the Bank of Japan's aggressive monetary easing, Japan is making modest progress in ending deflation, but demographic decline - a low birthrate and an aging, shrinking population - poses a major long-term challenge for the economy. The government currently faces the quandary of balancing its efforts to stimulate growth and institute economic reforms with the need to address its sizable public debt, which stands at 235% of GDP. To help raise government revenue, Japan adopted legislation in 2012 to gradually raise the consumption tax rate. However, the first such increase, in April 2014, led to a sharp contraction, so Prime Minister ABE has twice postponed the next increase, which is now scheduled for October 2019. Structural reforms to unlock productivity are seen as central to strengthening the economy in the long-run.

Scarce in critical natural resources, Japan has long been dependent on imported energy and raw materials. After the complete shutdown of Japan's nuclear reactors following the earthquake and tsunami disaster in 2011, Japan's industrial sector has become even more dependent than before on imported fossil fuels. However, ABE's government is seeking to restart nuclear power plants that meet strict new safety standards and is emphasizing nuclear energy's importance as a base-load electricity source. In August 2015, Japan successfully restarted one nuclear reactor at the Sendai Nuclear Power Plant in Kagoshima prefecture, and several other reactors around the country have since resumed operations; however, opposition from local governments has delayed several more restarts that remain pending. Reforms of the electricity and gas sectors, including full liberalization of Japan's energy market in April 2016 and gas market in April 2017, constitute an important part of Prime Minister Abe's economic program.

Under the Abe Administration, Japan's government sought to open the country's economy to greater foreign competition and create new export opportunities for Japanese businesses, including by joining 11 trading partners in the Trans-Pacific Partnership (TPP). Japan became the first country to ratify the TPP in December 2016, but the United States signaled its withdrawal from the agreement in January 2017. In November 2017 the remaining 11 countries agreed on the core elements of a modified agreement, which they renamed the Comprehensive and Progressive Agreement for Trans-Pacific Partnership (CPTPP). Japan also reached agreement with the European Union on an Economic Partnership Agreement in July 2017, and is likely seek to ratify both agreements in the Diet this year.

Source : CIA

COMPANY SUMMARY

MITSUI OSK LINES LTD

REGD NAME: KK Shosen Mitsui

MAIN OFFICE: 2-1-1 Toranomon Minatoku Tokyo 106-8688 JAPAN

Tel: 03-3587-7017 Fax: 03-3587-7705

URL: <http://www.mol.co.jp/>

E-Mail address: info@mol.co.jp

ACTIVITIES: Ship owner & operator

BRANCHES: Osaka, Nagoya, Fukuoka, Hiroshima (Tot 11)

OVERSEAS: USA, Central/South America, Europe, Africa, Mid East, Oceania, China, S/E Asia
(--subsidiaries)

OFFICERS: KOICHIRO MUTO, PRES & CEO Jun'ichiro Ikeda, ch
Shizuo Takahashi, v pres Tsuyoshi Takemoto, s/mgn dir
Akihiko Ono, s/mgn dir Taku Maruyama, s/mgn dir

Yen Amount: In million Yen, unless otherwise stated

SUMMARY:	FINANCES	FAIR	A/SALES	Yen 1,652,393 M
	PAYMENTS	REGULAR	CAPITAL	Yen 65,400 M
	TREND	STEADY	WORTH	Yen 511,242 M
	STARTED	1884	EMPLOYES	975

COMMENT

SHIP OWNER & OPERATOR

FINANCIAL SITUATION CONSIDERED FAIR AND GOOD FOR ORDINARY BUSINESS ENGAGEMENTS.

HIGHLIGHTS

This is the second largest shipping company, next to NYK Lines, involved in air-sea-land intermodal transport, operating a total fleet of 830 vessels of 587 million deadweight tons. Founded originally as OSK Lines, based in Osaka, and in 1964 merged with Mitsui Steamship Co Ltd, to rename Mitsui OSK Ltd (MOL), and in 1999, absorbed Navix Lines, Tokyo to become one of the world's largest shipping firms in fields of liners, trampers and tankers. Operating fleet consists of container ships, car carriers, oil/chemical tankers, tramp vessels, LNG carriers, passenger ships, tug boats, etc. Highly competitive in field of iron ore and other energy carries. Also offers total shipping services, as a group, such as harbor operations & customs clearance, tug boat operations, cargo forwarding, stevedoring, warehousing & logistics, etc. It serves as a pioneer in creating fleets of large size

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bulk carriers for iron ore & coal. It also has the top-class energy vessels fleet, such as crude oil tankers, product tankers & LNG vessels.

FINANCIAL INFORMATION

The revenues for Mar/2018 fiscal term amounted to Yen 1,652,393 million, a 9.84% up from Yen 1,504,373 million in the previous term. The recurring profit was posted at Yen 31,473 million and the net losses at Yen 47,380 million, respectively, compared with Yen 25,426 million recurring profit and Yen 5,257 million net losses, respectively, a year ago.

For the current term ending Mar 2019 the recurring profit is projected at Yen 40,000 million and the net profit at Yen 30,000 million, on a 31.616% fall in turnover, to Yen 1,130,000 million.

The financial situation is considered FAIR and good for ORDINARY business engagements.

REGISTRATION

Date Registered: May 1884
Regd No.: 0104-01-082896 (Tokyo-Minatoku)
Legal Status: Limited Company (Kabushiki Kaisha)
Authorized: 3,154 million shares
Issued: 1,206,286,115 shares
Sum: Yen 65,400 million

Major shareholders (%): Master Trust Bank of Japan T (5.5), Japan Trustee Services Bank (5.2), BNYMSANYVISA Agent (3.9), Japan Trustee Services T9 (3.8), Mitsui Sumitomo Ins (2.5), SMBC (2.4), other; foreign owners (35.0)

No. of shareholders: 57,695

Listed on the S/Exchange (s) of: Tokyo

Nothing detrimental is known as to the commercial morality of executives.

Related companies: MOL Logistics, Daiichi Chuo Kisen, Mitsui OSK Kinkai, Tokyo Marine Co, other

OPERATION

Activities: Ship owner and operator:

(Sales breakdown by divisions):

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Dry Bulkers (17%): tankers (16%), container ships (45%), ferry & coastal transportation (16%), related businesses (6%)

Overseas trading ratio (13%)

Clients: [Mfrs, wholesalers] APL Japan, Straits Tankers, Nova Tankers, SK Energy Europe, other Cargo owners, trading houses, mfrs, other.

No. of accounts: 1,000

Domestic areas of activities: Nationwide

Suppliers: [Mfrs, wholesalers] BP Marine, Itochu Enex, JX Energy, Hanwa Trading, Marubeni Petroleum, Argos Bunkering, other Ship builders, shipping firms, ship owners, other

Payment record: Regular

Location: Business area in Tokyo. Office premises at the caption address are owned and maintained satisfactorily.

Bank References:

Mizuho Bank (H/O)

SMBC (H/O)

Relations: Satisfactory

FINANCES

(Consolidated in Million Yen)

Terms Ending:	31/03/2019	31/03/2018	31/03/2017	31/03/2016
Annual Sales	1,130,000	1,652,393	1,504,373	1,712,222
Recur. Profit	40,000	31,473	25,426	36,267
Net Profit	30,000	-47,380	5,257	-170,447
Total Assets		2,225,636	2,217,528	2,219,587
Net Worth		511,242	571,984	540,951
Capital, Paid-Up		65,400	65,400	65,400
Div.P.Share(¥)		20.00	2.00	5.00
<Analytical Data>	(%)	(%)	(%)	(%)
S.Growth Rate	-31.61	9.84	-12.14	-5.77
Current Ratio	
N.Worth Ratio		22.97	25.79	24.37
N.Profit/Sales	2.65	-2.87	0.35	-9.95

Note: Forecast for the 31/03/2019 fiscal term.

FOREIGN EXCHANGE RATES

Currency	Unit	Indian Rupees
US Dollar	1	INR 68.65
UK Pound	1	INR 88.82
Euro	1	INR 79.72
Yen	1	INR 0.62

Note : Above are approximate rates obtained from sources believed to be correct

INFORMATION DETAILS

Analysis Done by :	PRI
Report Prepared by :	SYL

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RATING EXPLANATIONS

Credit Rating	Explanation	Rating Comments
A++	Minimum Risk	Business dealings permissible with minimum risk of default
A+	Low Risk	Business dealings permissible with low risk of default
A	Acceptable Risk	Business dealings permissible with moderate risk of default
B	Medium Risk	Business dealings permissible on a regular monitoring basis
C	Medium High Risk	Business dealings permissible preferably on secured basis
D	High Risk	Business dealing not recommended or on secured terms only
NB	New Business	No recommendation can be done due to business in infancy stage
NT	No Trace	No recommendation can be done as the business is not traceable

NB is stated where there is insufficient information to facilitate rating. However, it is not to be considered as unfavourable.

This score serves as a reference to assess SC's credit risk and to set the amount of credit to be extended. It is calculated from a composite of weighted scores obtained from each of the major sections of this report. The assessed factors are as follows:

- Financial condition covering various ratios
- Company background and operations size
- Promoters / Management background
- Payment record
- Litigation against the subject
- Industry scenario / competitor analysis
- Supplier / Customer / Banker review (wherever available)