



New Management Plan
“Rolling Plan 2017”
(Supplemental Presentation Materials)

April 28, 2017

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Review of Previous Midterm Management Plan

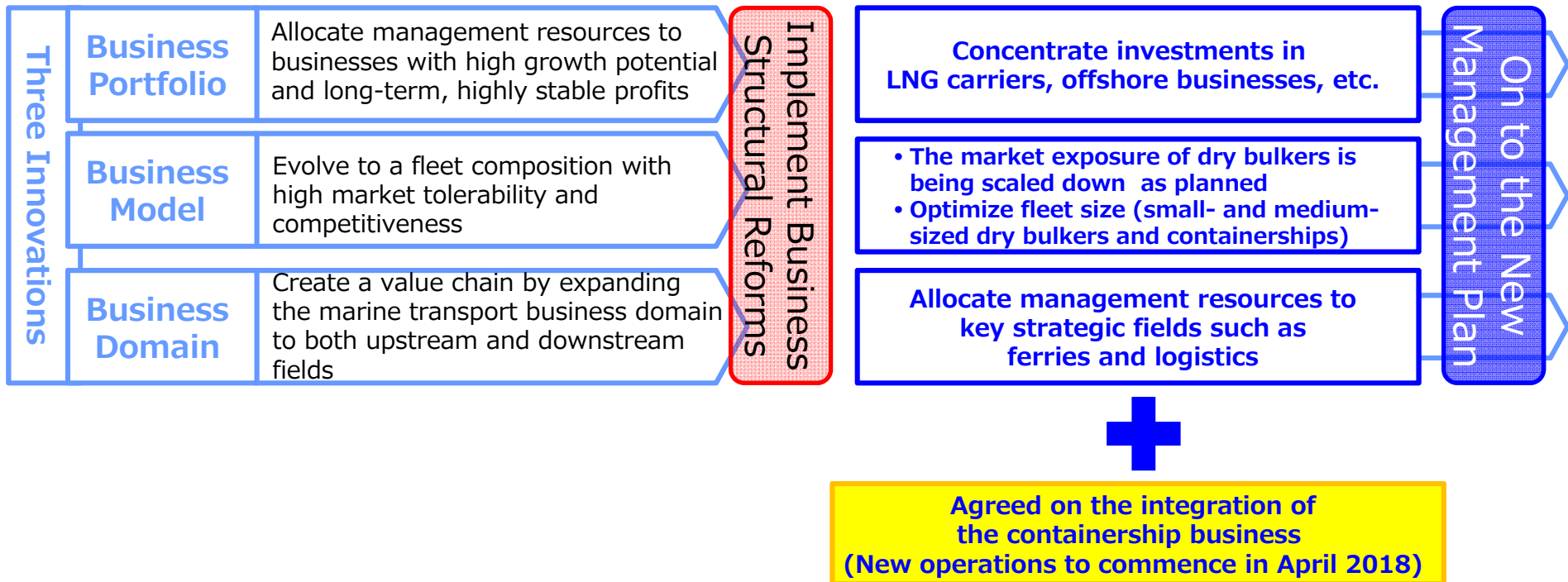
Previous Midterm Management Plan
'STEER FOR 2020'

Implementation of Single-year
Management Plan for FY2016

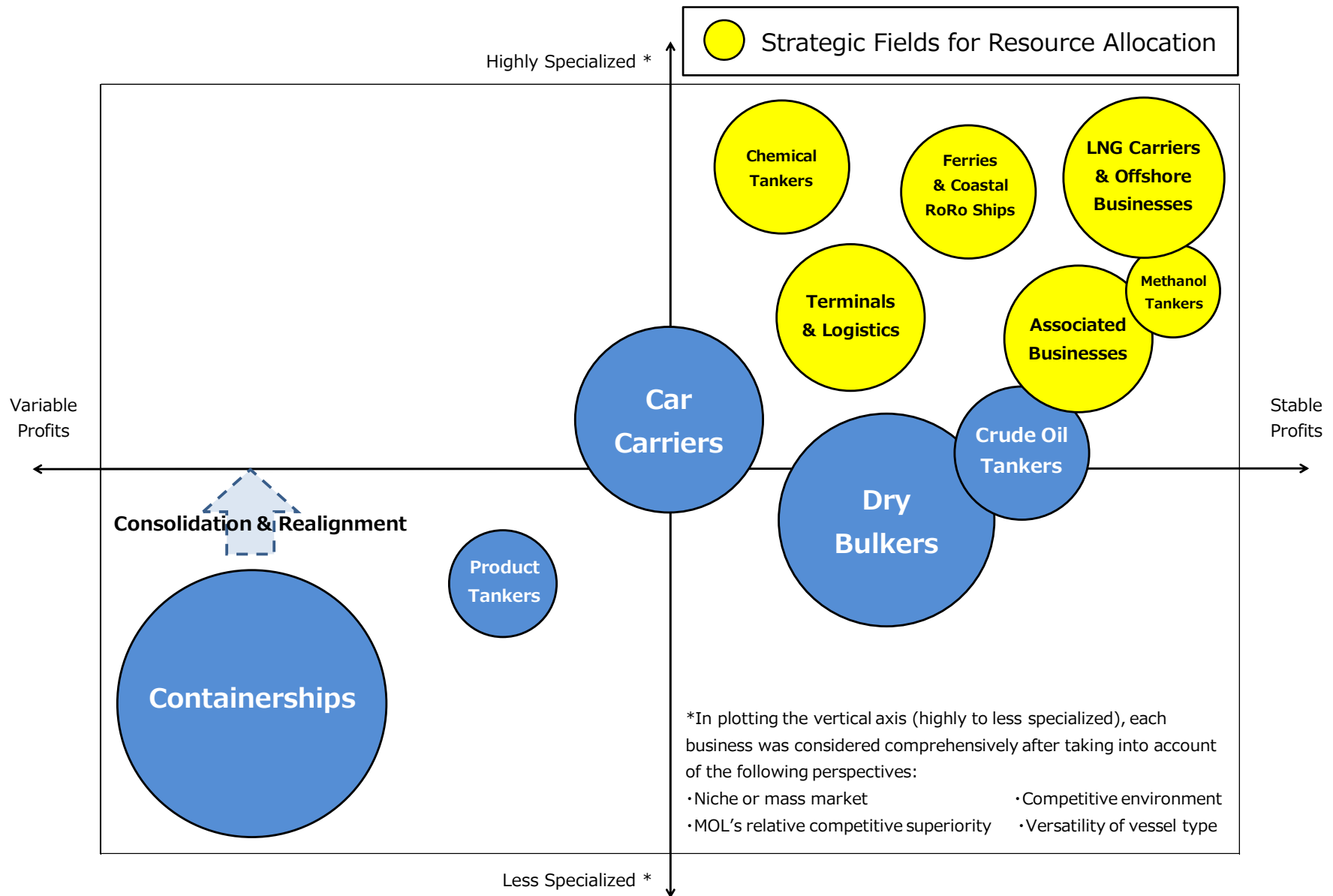
Successfully complete Business Structural Reforms

Strengthen sales capabilities

Accelerate innovation of business domain

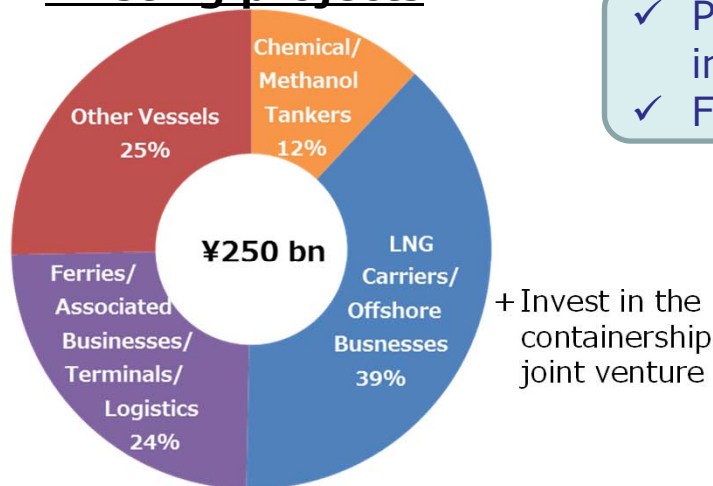


- ✓ Made steady progress on the “three innovations,” despite the withdrawal of profit targets due to a sharp deterioration in the business environment and implementation of Business Structural Reforms
- ✓ Expect further significant strides on reshaping the business portfolio and business model as a result of the integration of the containership business



Strategically allocate resources (human resources and investment) to businesses that will generate highly stable profits and businesses where MOL has a competitive edge

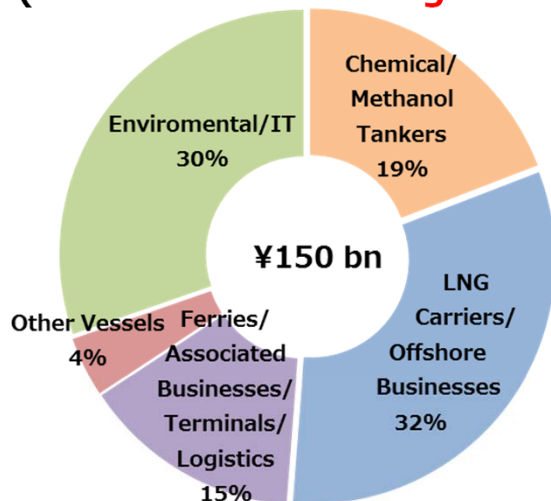
1. Existing projects



Incl. Growth investment: ¥140.0 billion
 + Invest in the containership joint venture
New business investment: ¥30.0 billion

2. New projects

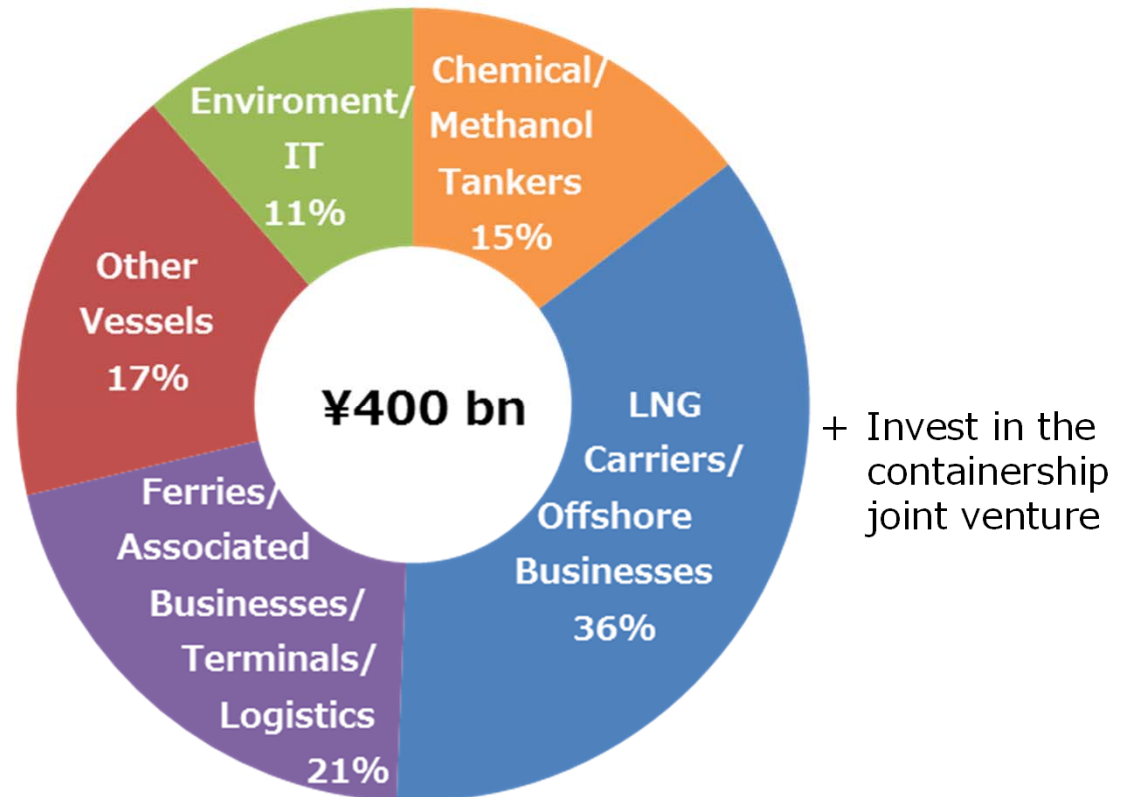
(to be selected with greater scrutiny)



Incl. Growth investment: ¥50.0 billion;
New business investment: ¥50.0 billion

- ✓ Projects will be rigorously selected in step with executing investments to reshape the business portfolio
- ✓ Free cash flows will become positive in fiscal 2019

3. Total for existing and new projects

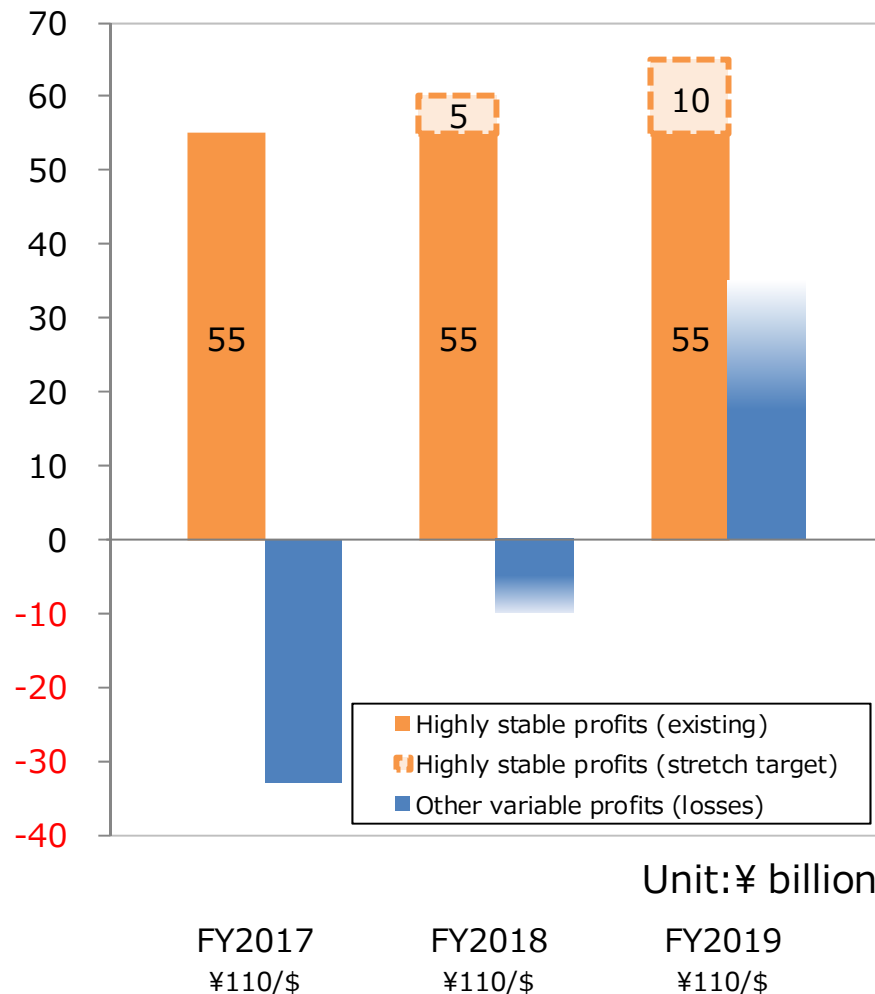


Incl. Growth investment: ¥190.0 billion
 + Invest in the containership joint venture
New business investment: ¥80.0 billion

Highly Stable Profits + Other Variable Profits (Losses) = Ordinary Profit

Highly stable profits: Dry bulkers/Tankers (medium- to long-term contracts), LNG carriers/Offshore businesses, and Associated businesses

Other variable profits (losses): Dry bulkers/Tankers (spot operations), Car carriers, Containerships, Terminals & Logistics, and Ferries/Coastal RORO ships



Roadmap to Improving Other Variable Profits (Losses)

FY2017: Losses will continue

- Containership profitability has yet to improve significantly.
- Assume a sluggish recovery in the dry bulker market.

FY2018: Get closer to the breakeven point

- Synergies from the integration of the containership business will be partly realized.
- Expand the scale of operation in the chemical tanker and logistics businesses.

FY2019: Restore profitability of several tens of billions of yen

- Significantly improve profitability in the containership business.
- Increase profits in the chemical tanker, logistics and ferry businesses.
- The dry bulker market will likely recover to some extent

Medium- to long-term profit levels and key financial indicators




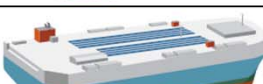


	Projected Medium-term Levels	2027 Targets
Ordinary Profit	¥80.0–100.0 billion	¥150.0-200.0 billion
ROE	8-12%	—
Gearing Ratio	2.0 or less	1.0

Shareholder Returns

In the near term, pay dividends with a 20% dividend payout ratio as a guideline, while working to improve the ratio as a medium- to long-term priority

Business Strategies (Long-term measures are shown in blue)

Dry Bulkers	Ensure the renewal of long-term contracts with domestic and overseas steelmakers (large bulkers) Shift to a business model that steadily generates profits exceeding the market by 20%. Scale down the size of the fleet (small- and medium-sized bulkers)
Tankers	Strengthen chemical/methanol tankers, while downsizing the product tanker fleet Consider entering the tank terminal and tank container businesses
LNG Carriers/ Offshore Businesses	Continue to accumulate stable profits through long-term contracts, and pursue vertically integrated businesses that are not limited to transportation in the LNG business (LNG carriers) Focus on FPSOs, FSRUs and subsea support vessels and consider entering emission-free businesses, beginning with offshore wind power-related businesses (offshore businesses)
Car Carriers	Concentrate on restoring profitability in the short term, reducing the number of vessels. Procure eco-friendly vessels (incl. LNG-fueled vessels)
Containerships/ Terminals	Concentrate on the integration of the containership business and sharpen cost competitiveness
Logistics/ Ferries	Expand regionally focused logistics through M&A, etc. (with a focus on Southeast Asia and the Americas) (logistics) Strengthen network and passenger sales capability (ferries)
Associated Businesses	Expand business development in Asia (real estate) Gradually increase and diversify investments, primarily overseas, and transform into a core business through domestic business development (environment and emission-free businesses)

		at the end of Mar.2017 (Result)	at the end of Mar.2020 (Plan)
Dry Bulkers		337	285
Tankers		169	160
LNG Carriers/Offshore Businesses (incl. Ethane Carriers)		84	105
Car Carriers		120	115
Others		46	50
Subtotal		756	715
Containerships		91	(*)
Total		847	(*)

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

(*) Operational details of the integrated containership business company have yet to be decided

Group-wide Priorities for Strengthening the MOL Group



Marine Technical Skills

Provide services by fully harnessing marine technical skills

- ✓ Operation and transportation services providing the highest level of safety and efficiency by leveraging cutting-edge AI and ICT
- ✓ Consulting related to safe and efficient operation as a group of marine transport professionals
- ✓ Vessel and manning management services with the ability to offer proposals focused on safety and environmental preservation
- ✓ Industry's highest level of training services for seafarers and marine technical specialists

Technology Development

Promote the ISHIN NEXT - MOL SMART SHIP PROJECT

- ✓ Commercialize advanced support technologies for safer vessel operation and technologies for reducing environmental impact
 - ✓ Develop and introduce technologies that satisfy customer needs
- Gather information on customer needs from the front lines of sales and vessel operation, and use MOL's internal technologies (LNG carrier and FSRU technologies, particularly ship-to-ship transfer technology, etc.) to seed new businesses
→Promote the development of LNG-fueled vessels, etc.

Workstyle reforms

Attain top human resources competitiveness through an organizational culture that encourages employees to work dynamically and productively
→ Achieve technological and business innovation

Environment and Emission-free Businesses

Develop and drive new businesses that will become future core operations

- ✓ Renewable energy business: Solar, biomass, and offshore wind power generation, etc.
- ✓ Alternative fuel business: LNG fuel supply for vessels, LNG-fueled vessels, ethanol and biomass fuels, etc.
- ✓ CO2 emissions reduction business: Propeller Boss Cap Fins (PBCFs), etc.
- ✓ Environmental value creation business: Consider investments in energy conservation and renewable energy ventures and participation in emissions businesses

ICT Strategy

Promote five key themes

- ✓ Maritime IT: visualization of maritime operations
- ✓ Proactive IT: Provide convenience and added value to customers
- ✓ Defensive IT: Streamline operations and improve productivity
- ✓ Governance: Improve security
- ✓ One MOL: Transform the corporate culture

Develop new businesses that will become MOL's future core operations

Awareness of MOL

- Society is calling for a reduction in CO₂ emissions from vessels
- **There is a sense of crisis surrounding the transport of resources and energy. New core businesses are needed.**
- MOL seeks to establish its expertise and affinity with existing businesses as its strengths

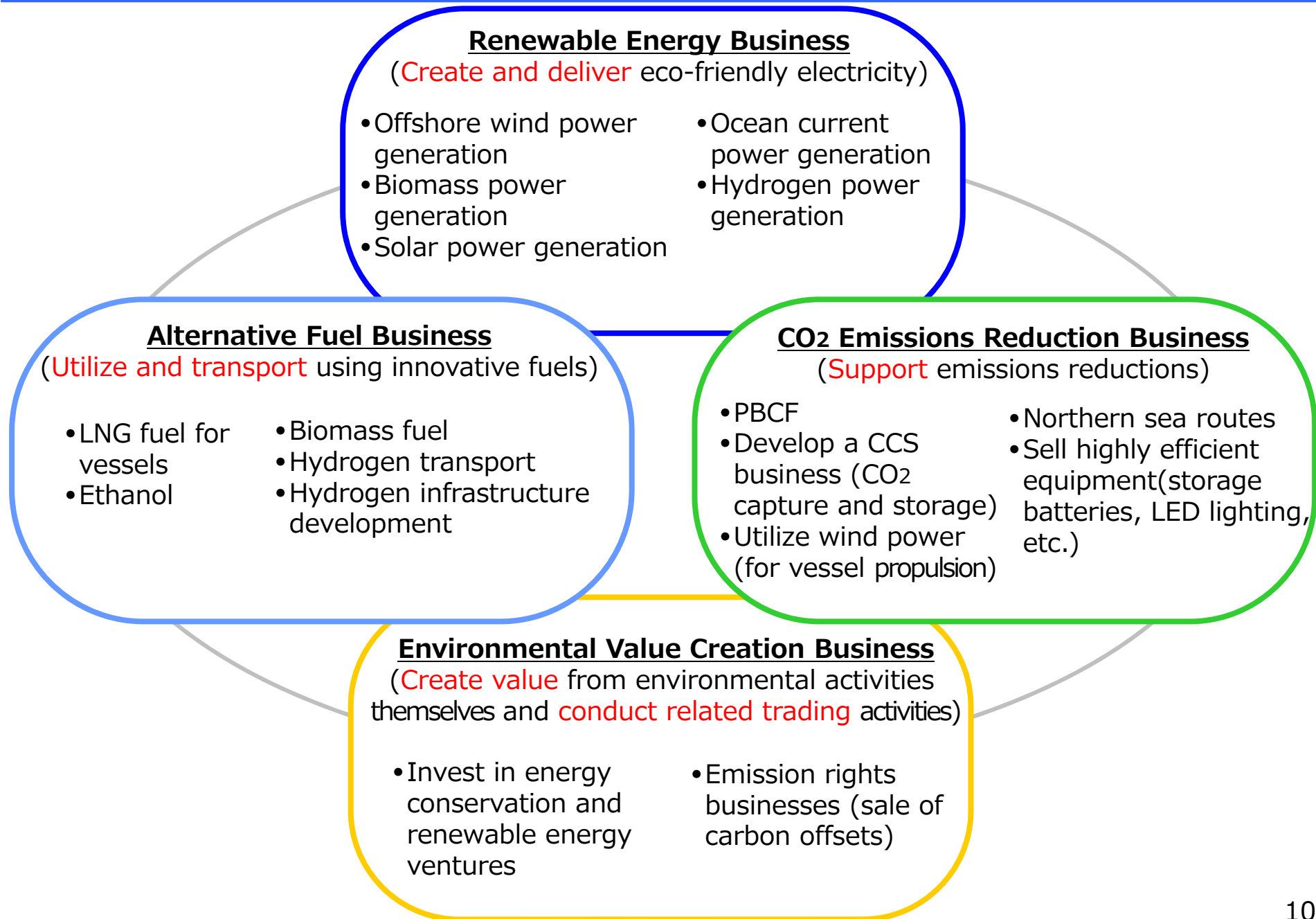


Social Developments

- Tighter environmental regulations
- Shift to a carbon-free society
- Customers' need to reduce CO₂ emissions
- Spread of ESG investments
- **Growth of renewable energy (reduced power generation)**



- ✓ Emission-free businesses present a business opportunity as growth businesses; and
- ✓ Greenhouse gases emitted by marine transport can be offset using a variety of methods
⇒ Promote emission-free businesses as part of the social responsibilities that must be fulfilled by MOL as a marine transport company



Shipping companies are responsible for undertaking the marine transportation vital to the infrastructure underpinning people's daily lives worldwide.

Meanwhile, the ratification of the Paris Agreement on climate control has unified efforts by the international community to mitigate global warming. With this in mind, the MOL Group believes that it has a social obligation to take innovative steps to help solve environmental issues such as greenhouse gas emissions, air pollution and biodiversity impediments.

The MOL Group will grasp the environmental needs of customers and other stakeholders and provide solutions, in tandem with developing its environment and emission-free businesses into future core operations, with the aim of contributing to global environmental preservation.

Greenhouse Gas Emissions Target

	Fiscal 2030	Fiscal 2050
Reduction per transport unit (versus fiscal 2014)	-25%	-50%