

For Our Sustainable Growth

Message from the CEO

We will sustainably increase our corporate value by realizing our 10-year vision to “Become a Group of Business Units with No. 1 Competitiveness in Respective Areas.”

Junichiro Ikeda
President & CEO




How We See the External Environment

We need to take a step beyond conventional marine transport model and enter new business fields.

Global trade systems as well as the overall economic structure are clearly in a period of transition, making it extremely difficult for us to predict the future business environment. When we look at the world, investment demand in developed countries is slowing down, while that in the emerging markets is still growing although the outlook is becoming unclear. Under such circumstances where there is a mixture of positives and negatives in the overall external environment, it is becoming more and more challenging for our company to foresee customer trends.

The growing level of environmental awareness is another trend that has a significant impact on the marine transport industry. Especially in regard to climate change,

both public and private sectors around the world are promoting efforts to dramatically reduce greenhouse gas (GHG) emissions by 2050 based on an international consensus, namely the long-term targets of the Paris Agreement. In light of this, we must sensitively capture the changes in the world, think beyond our conventional business models, and take prompt action to change.

To adjust ourselves to such circumstances, in fiscal 2017 we transitioned from our previous practice of adopting three-year management plan to setting a yearly “rolling type” management plan. The intention was to maintain flexibility in our management and foster a corporate culture that proactively pursues changes by appropriately ascertaining our future direction without being constrained to our current business performance. In fact, by actively responding to diversifying demand, we have already taken on repeated challenges, which cultivated our insight and built up a track record in the energy domain. In addition, in terms of resolving environmental issues, we decided to accelerate our efforts by placing these issues at the center of our

business strategies and focusing on environmental and emission-free businesses.

As we stated in “Rolling Plan 2019,” the time is over in which one successful business model can keep working and ensure growth in the future. We therefore need to leverage our long-cultivated competitiveness and business foundation to take a step beyond the conventional marine transport model and enter new business fields.

To Continue Being the Chosen Partner of Our Customers

We must make an unrelenting effort to further enhance our intangible assets.

So far I have talked about the changes that are happening, but there are certain things that do not change over time. One thing is our role as a marine transport company and the value we provide our customers. Even as the times

change, the most important role and essential value of marine transport remains to transport goods safely and efficiently. We must continue to preserve this unchanging value. From a customer’s perspective, I would say that marine transport services still cause a certain amount of stress. Our ultimate mission is to reduce this stress as much as possible, and we will remain thoroughly committed to fulfilling this mission going forward.

Now, the question is what can we do in order to be more proactive in dealing with customers’ stress. When I consider where the source of our value is, I believe that lies with our intangible qualities, an example of which is our human resources. They also include the track record we have built in providing solutions to our customers based on safe operations. The strong trust-based relationships we have cultivated with our customers through such services is another intangible quality. Of course, we have also been promoting initiatives to develop other aspects of our business, which include our technical skills and IT. However, focusing just on these aspects will allow us beat the competition only in the near term, as other

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companies will at some point catch up and we will lose our competitive edge.

In the marine transport business, we are often not explicitly told the specific requests by the customers in terms of methods or timing. This means we have to make concerted efforts to understand the nature of our customers' businesses, including the direction of their strategies, our position within their value chain, and their order of priorities. Then, based on such understanding, we need to offer them solutions that meet their needs. This is an area in which we can differentiate ourselves from the competition. To continue being the chosen partner of our customers, we must make an unrelenting effort to further enhance our intangible assets.

Direction of "Rolling Plan 2019"

We will strongly commit to gaining "No. 1 Competitiveness in Respective Areas."

We developed "Rolling Plan 2019" by keeping the fundamental directions of the Rolling Plans of the past two years, but refining it based on our analysis of the external environment mentioned earlier, the needs of our stakeholders, and fields for growth. The major difference made this time was that out of the three elements we have thus far adopted in our management plans as the 10-year vision for the MOL Group, we chose "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas" as the element that best defines our vision. "No. 1 Competitiveness in Respective Areas" is not limited to universal factors such as profitability, cost competitiveness, safety, or trust. It also includes competitiveness unique to each business that can be the reason our customers and business partners choose to work with us. Moreover, the concept of relativity to the competition is something I place particular importance on. As we constantly compete with other major players, simply claiming on our own that we are No. 1 is rather meaningless. Winning or losing in a competition boils down to how our services compare with those of our competitors. Accordingly, we need to always ask ourselves what specifically sets us apart from others and whether or not we are actually doing better than them. Ultimately, it is imperative that we secure a position that allows us to remain one step ahead of the competition.

Marine transport is an industry that cannot be parted from the effect of the market conditions. Even with a good level of stable profits, we cannot avoid the occasional impact of fluctuating market conditions. However, at times of such fluctuations, we can still minimize the negative impact and maximize the positive if we are able to maintain "No. 1 Competitiveness in Respective Areas." It is obvious that such competitiveness determines our success or failure as the cycle repeats over the long run. That is why I sincerely and strongly believe we as a company should always keep this in mind.

Our core strategies for achieving "No. 1 Competitiveness in Respective Areas" are "Concentrated investment of management resources in the business fields where MOL has strengths, which will mainly be offshore businesses," "Provision of 'stress-free services,' which MOL will offer from the customer's perspective," and "Promotion of environmental strategies and development of the emission-free business into a core business." Especially for "Provision of 'stress-free services,' which MOL will offer from the customer's perspective," we will remain dedicated to thoroughly promoting such services. Some management plans that I have seen seemed to lack consideration to what is really useful for the customer. This comes from our tendency to focus on our competitors, which can cause us to lose sight of the essential perspective of our customers. Some think that providing "stress-free services" ultimately means differentiating, but that is not what we are aiming for. We want our customers to be impressed with our services, and choose our services because of the fact that they are truly useful. I wanted our management plan to clearly state the importance of seeing things from the perspective of customers. We will therefore continue to position "Provision of 'stress-free services,' which MOL will offer from the customer's perspective" as an important pillar of our management plans going forward.

Progress in Fiscal 2018

We succeeded in laying the groundwork for our future in each business field.

For the progress we made in fiscal 2018, let me begin my explanation with our business performance. In April 2018, operations commenced at Ocean Network Express Pte. Ltd. (ONE), our integrated containership business venture. However, due to such factors as confusion surrounding the start of operations of ONE, we unfortunately posted a large deficit in the containership business. With that said, we were still able to secure a net overall ordinary profit and profit attributable to owners of parent that were close to the initial forecasts, thanks to the steady accumulation of stable profits from medium- to long-term contracts in the Dry Bulk Business, Energy Transport Business, and other businesses, as well as the relatively strong market conditions. The positive effect from the Business Structural Reforms that we have implemented in the past also helped push up the results. I have gained a certain sense of accomplishment to see we have finally become a company that can close its accounts without having to record a significant extraordinary loss due to the negative legacy of the shipping boom in the 2000s.

Turning our attention to our 10-year vision, fiscal 2018 was a year in which we steadily laid the groundwork for achieving it in each of our business fields. Regarding business development, there were several significant achievements made especially in our offshore businesses. In addition to FPSO, which is already established as a pillar for our profit accumulation, FSRU is also becoming another pillar, as can be seen in the projects we are currently involved with. Witnessing this progress, I became convinced that offshore businesses have the potential to serve as our core in the future. As for "stress-free services," one excellent example of our success in fiscal 2018 is the accumulation of long-term contracts using new-order wood chip carriers. This was achieved through a thoughtful sales process that revolved around the customer's point of view, meaning that the frontline personnel deeply understood what solutions our customers needed and when they needed them, which allowed our personnel to make the appropriate proposals. In regard to "develop environmental and emission-free



businesses into core businesses," I believe that offering LNG-based solutions will be the key to tackling issues related to greenhouse gases and SOx, on the part of the marine transport industry. In line with that, we achieved several milestones in fiscal 2018, including the LNG-fueled tugboat ISHIN's successful delivery and the conclusion of long-term charter contracts for LNG fuel supply vessels in Europe and Singapore. Looking into the future, we will further accelerate initiatives geared toward growth in this area so that our environmental and emission-free businesses become profitable enough to be considered as our valid core businesses.

Focus Areas in Fiscal 2019

Through concentrated investment of resources, we will further solidify our competitiveness in respective areas.

Our core growth strategies basically remain unchanged in fiscal 2019. Continuing on from the previous fiscal year, we will focus our investment in areas where we have strengths, such as offshore businesses, LNG carriers, chemical tankers, and ferries, in order to further solidify our competitiveness in these fields. Meanwhile, as a change adopted under "Rolling Plan 2019," we have positioned offshore businesses as the leading key area in which we will concentrate investment. Since I became president, I have always been troubled by the fact that, for many years, we have been unable to clearly state what will be our next main business pillar to replace the dry bulk business. However, in light of the progress we have made in fiscal 2018, and the confidence we have gained through it, I now

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can say that the offshore businesses can be the leading force to drive the Company's future. In developing offshore businesses, I strongly believe that the fact we are the only shipping company in Asia owning an FSRU appealed to our customers. As a matter of fact, the range and potential of our businesses are growing significantly. What has been making this growth possible is our comprehensive strengths, including our long-cultivated marine technical skills, technological capabilities, the relationships with shipyards and other various partners, and so on. This is not something that others can easily imitate.

Meanwhile, just because we do not consider a certain business a key area, it does not mean that we will not invest resources in it. There are some businesses that we have yet to call key areas but still actually hold great competitiveness. For other businesses where we have thus far been unable to fully demonstrate our competitiveness, my intention is to have them improve their competitiveness. As we did with the Structural Reforms in the Dry Bulker Business and the integration of the containership business, we will take action to increase our competitiveness in such areas so that all our businesses can play a role in contributing to profits. And in case we ultimately see no progress or room for improvement to obtain No. 1 competitiveness in a certain business, we in management will monitor it and examine a wide range of options for dealing with it.

Fiscal 2019 Initiatives That Underpin Our Management Policies

We will continue to work on our priority areas for development and further evolve as a company.

To enhance the value we provide and realize "stress-free services," we will continue our efforts to strengthen our five priority areas for development, which we have been adopting since "Rolling Plan 2017." Among them, what we value above all else is the "Marine technical skills," which is one of the most important factors that supports our safe operation. Having said this, however, an accident regrettably occurred involving our cruise ship the NIPPON MARU in fiscal 2018. In light of this, I would like to offer my sincerest apologies for the trouble and worry we caused our customers and all the parties concerned. At the same time, I will promise we will strive to ensure an accident like

this does not happen again. To regain trust from our customers, we have adopted as a focus area for fiscal 2019 "Development of Groupwide safety and quality management" and are working to further reinforce the safety of our operations.

For "ICT" and "Technological development," we launched our first application, "Fleet Viewer," in May 2019 under the FOCUS Project, which aims to utilize voyage and engine data of our vessels, and we plan to release another app around October 2019. We believe these apps will help us enhance the safety of our operations and avoid economic losses by promptly discovering equipment abnormalities. Such technology will also play a key role in realizing autonomous sailing. When it comes to tangible aspects within our technological development, we are steadily making progress in the area of LNG-fueled vessels, including the previously mentioned delivery of the LNG-fueled tugboat ISHIN. In addition, our vessels received the Ship of the Year award, which is given by the Japan Society of Naval Architects and Ocean Engineers to vessels that are outstanding in terms of concept and design, for two consecutive years. Our success with the ice-breaking vessels for the Yamal LNG project is another example of our technological advantage. I am proud of the high reputation we receive for our technological capabilities. Following the lead of our Technology Department, we will keep striving to spur logistics innovations by anticipating the needs of customers as well as society and refining our ICT and technological capabilities.

Turning to "environmental and emission-free businesses," we need to both capture new business opportunities as explained earlier and further reduce our environmental



burden on society. In relation to the latter, we set "Strategic actions for compliance with SOx regulations" as a focus area for fiscal 2019, and are preparing for SOx regulations that will tighten in January 2020. For our overall environmental strategies, the newly established Environmental Management Committee will take initiatives to develop and promote Companywide strategies.

In terms of "Workstyle reforms," progress is being made centered on reforms to the workplace. In May 2019, a non-territorial office, which is a remodeled version of the fifth floor of our Head Office, opened for a trial. This is an attempt to realize the ideal workstyle we target in our reforms. Currently, the effectiveness of this pilot office is being examined. This new office aims to revitalize communication and promote creativity. I look forward to seeing how it will improve productivity, which is one of the goals of "Workstyle reforms."

ESG Approach to Promote Sustainability

MOL needs to tackle social issues head on through fulfilling the essence of its business as a marine transport company.

In addition to formulating "Rolling Plan 2019," we have also newly identified our Sustainability Issues (Materiality). Looking at the recent trend of growing awareness and importance of environmental, social, and governance (ESG) issues, we can tell that they are dramatically different from the conventional thinking that calls for corporations to realize a profit while also fulfilling their corporate social responsibilities (CSR). For example, Goal 1 of the SDGs is to "End poverty in all its forms everywhere." To work on this problem, we must consider what we can and should do as a marine transport company to help eliminate poverty. We must earnestly verify the essential value of our business itself to ensure that we are playing a useful part in addressing this issue. It is for that reason that we placed "Value-added transport services" as the first one among our Sustainability Issues. I believe that tackling issues related to SDGs or ESG head on through our business itself is the approach we need to take in order to further improve our corporate value.

That was an example on poverty or the economy, but our basic approach to other themes such as the environment

is the same. For example, it is a fact that marine transport places a burden on the environment, and this is something that causes concern and stress for our customers. To realize the significant concept of providing "stress-free services," it is essential that we—as a provider of marine transport services that support the core of our various customers' value chains—both maximize the positive impact, which is the solutions we offer for environmental issues and minimize the negative, which is our environmental burden. To that end, the Sustainability Issues that we have adopted are inseparable from the three core strategies we have established under "Rolling Plan 2019." By promoting a two-pronged approach of executing our management plan and resolving our Sustainability Issues, we aim to maximize our social and corporate value over the medium to long term.

In Closing

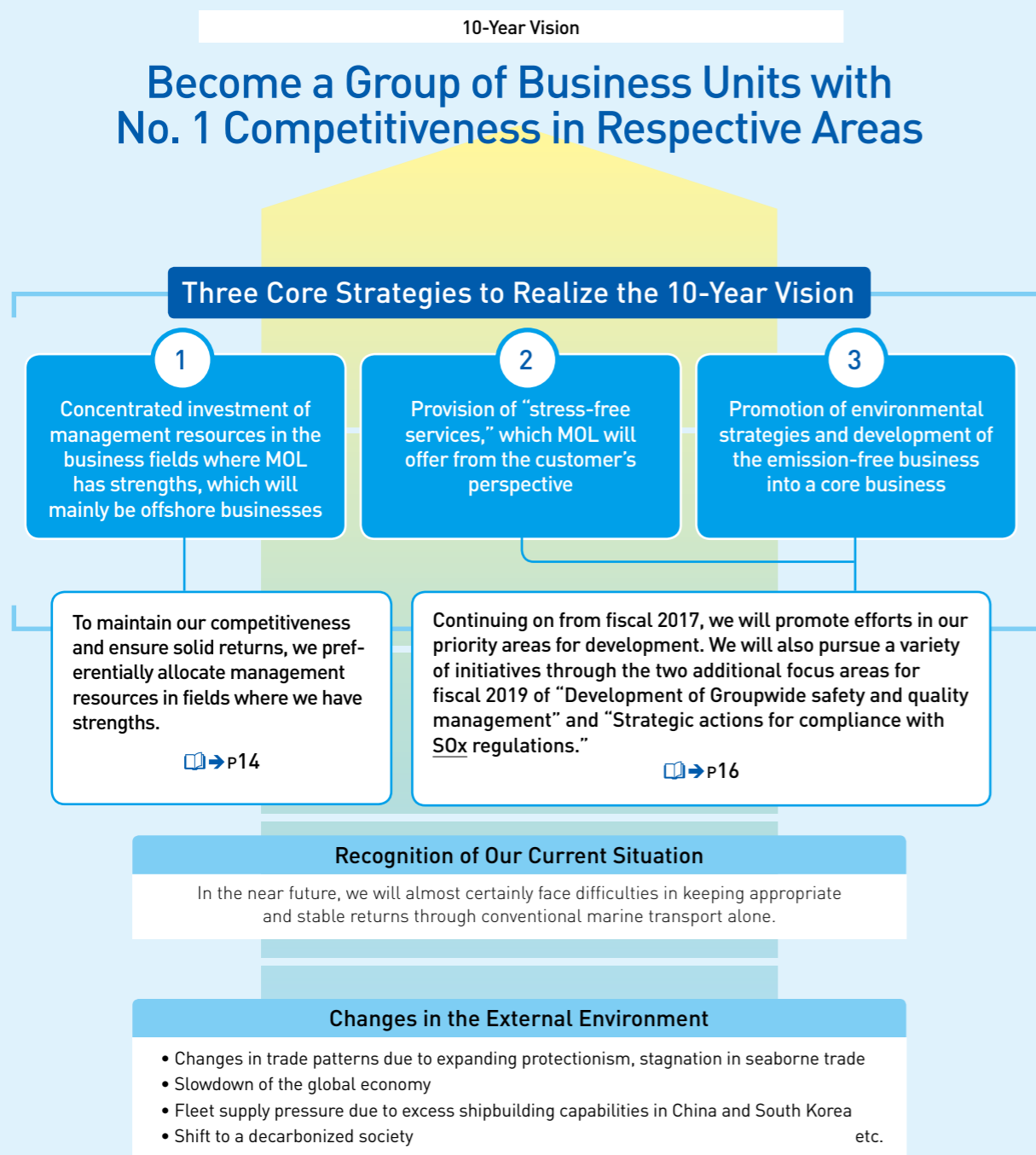
We will steadily move forward with confidence on the path we need to follow as a company.

As I mentioned earlier, in light of the rapid changes occurring in the external environment, we will not be able to offer our shareholders and other stakeholders expected returns by simply following our conventional business model. I believe that our new management plan further clarifies the direction we need to head as a company going forward while maintaining a proper awareness of our current circumstances. Of course, we still need to flexibly examine specific actions to take in response to the changing environment. However, I believe that "Rolling Plan 2019" provides a universal direction for us, and so we will steadily proceed in that direction with confidence. I will take the lead with a strong belief that MOL, as a solutions provider for all matters related to maritime affairs centering on marine transport, can provide "stress-free services" to our customers and "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas." I would like to ask our shareholders and all stakeholders for their continued understanding and support as we pursue these endeavors.

For Our Sustainable Growth

Overview of the Management Plan “Rolling Plan 2019”

We have been adopting rolling-type management plans since fiscal 2017. With “Rolling Plan 2019,” we worked to create a management plan that is clear and can gain the support of our stakeholders. Based on our recognition of the current situation, including changes in the external environment, we formulated our 10-year vision to “Become a Group of Business Units with No. 1 Competitiveness in Respective Areas” as well as the three core strategies that we will promote to realize this vision.



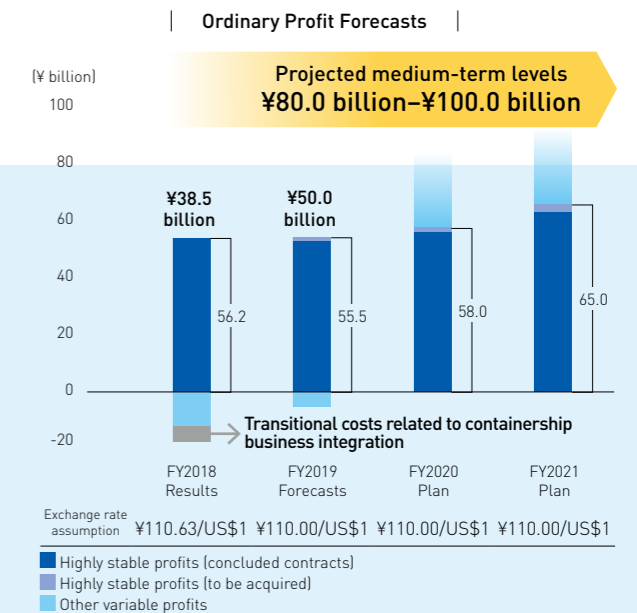
Road Map toward Improving Business Performance

With the aim of realizing our medium- to long-term profit and financial targets shown below, we have broken down our ordinary profit into two classifications, “highly stable profits” and “other variable profits (losses),” according to the differences in profit structure. While continuing efforts to accumulate highly stable profits, we have reorganized the fleet to a more competitive one that is resistant to market fluctuations in order to secure other variable profits. In this way, we transformed our business model to be able to secure profits regardless of the market environment (please see the column below).

As a result, in fiscal 2018, although we recorded an ordinary loss of ¥14.3 billion in the Containership segment due mainly to the impact of confusion regarding the start of operations of the integrated company Ocean Network Express (ONE), we were able to record ordinary profit from other businesses of ¥52.8 billion, thanks to the stable profits generated primarily in the Dry Bulk and Energy Transport businesses and the relatively favorable market condition. This indicates that we have steadily transitioned to a business structure that can achieve solid returns no matter what the conditions of the market may be.

As we move forward, we will prioritize the allocation of resources into businesses and projects where the MOL Group boasts strengths with a view to generating highly stable profits. At the same time, we will work on improving other variable profits, a recently difficult task, in such ways as bringing ONE into the black, leveraging its competitiveness bolstered through the

business integration. Through these efforts, we aim to achieve our target levels for ordinary profit.



Highly stable profits + Other variable profits (losses) = Ordinary profit (total)

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

Other variable profits (losses): Dry bulkers / Tankers (under short-term / spot business), Car carriers, Containerships, Terminals & Logistics, and Ferries & Coastal RoRo ships

Medium- to Long-Term Profit Levels and Financial Indicators

	Vision for profit levels over the medium term	Fiscal 2027 Targets
Ordinary profit	¥80.0 billion–¥100.0 billion	¥150.0 billion–¥200.0 billion
ROE	8–12%	—
Gearing ratio	2.0 times or less	1.0 times

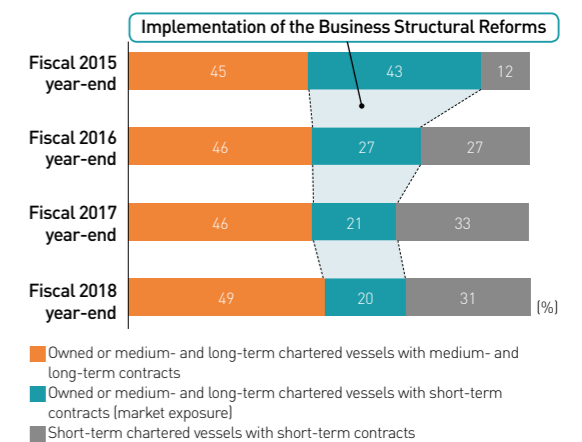
Shareholder Returns

Set a 20% dividend payout ratio as a guideline in the near term and work to improve this ratio over the medium to long term.

Transition to a More Competitive Fleet Composition Highly Resistant to Market Fluctuations

In the Dry Bulk Business Unit, which has an enormous presence in our business portfolio, the market plummeted to record-low levels after the 2008 financial crisis as the balance between supply and demand collapsed due to the supply glut of new vessels. These severe conditions continued over the long term. Under these circumstances, a large number of vessels in the business unit became unprofitable because of the high and rigid cost structure. Accordingly, the Dry Bulk Business Unit had become a major factor behind our sluggish business performance in the mid-2010s. Instead of just waiting for market recovery, we took proactive actions to improve profitability. In fiscal 2015, we implemented the Business Structural Reforms that involved sweeping actions to eliminate unprofitable vessels primarily in the Dry Bulk Business Unit. Although these reforms led to significant loss on the sale of vessels and losses associated with the cancellation of charter contracts, they allowed the business unit to successfully transition to a business model that can generate stable profits regardless of movements in the spot market.

Reducing Market Exposure within the Dry Bulk Fleet



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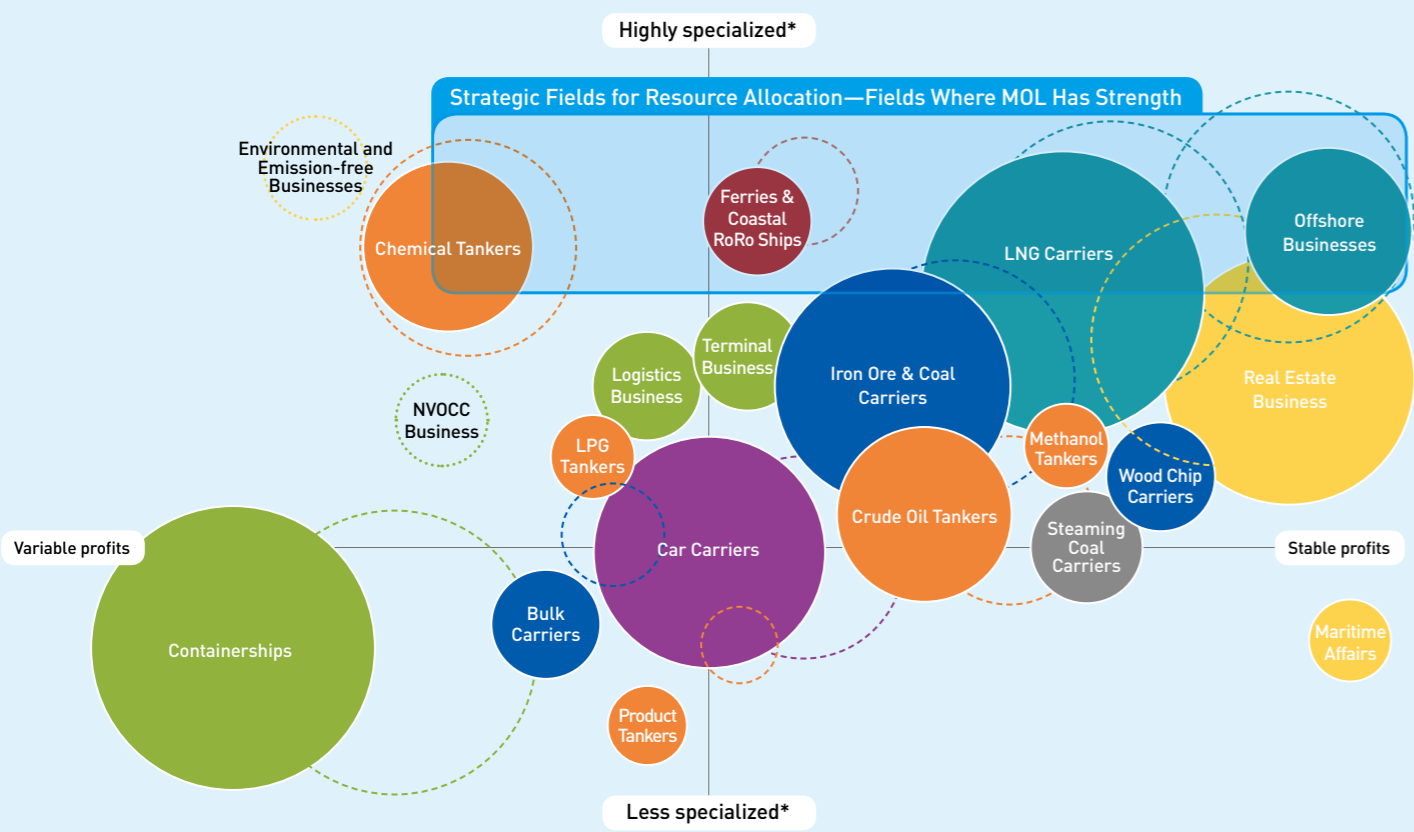
Overview of the "Rolling Plan 2019" Management Plan

Concentrated investment of management resources in the business fields where MOL has strengths, which will mainly be offshore businesses

Characteristics of the MOL Group's Business Portfolio

One of the World's Largest Full-Line Marine Transport Groups with a Highly Diversified Business Portfolio

- Unique business model that develops a wide range of highly competitive businesses as a group
- The Group's comprehensive strengths that enable the provision of one-stop solutions to the various transportation needs of customers
- Reduced market risks by a highly diversified business portfolio
- Accumulated marine technical skills and insights through horizontal expansion into various businesses



- The size of the circle indicates the total amount of assets used (as of September 30, 2018).
- Dotted lines show directions and scale at which MOL is aiming.

* In plotting the vertical axis (from highly to less specialized), each business was considered comprehensively after taking into account the perspectives listed below.

- MOL's relative competitiveness
- Versatility of vessel type
- Niche or mass market
- Competitive environment

Concentrated Investment of Management Resources to Further Enhance Our Strengths

<p>Offshore Businesses</p> <p>FPSO, FSRU, Powership businesses, etc., where the knowledge and experience MOL has accumulated in LNG and energy transport can be applied to address environmental and emerging market needs</p>	<p>LNG Carriers</p> <p>High-value-added, highly difficult LNG transport and handling businesses based on track records in areas such as operation of ice-breaking vessels</p>
<p>Chemical Tankers</p> <p>Total logistics business for liquid chemicals, not limited to ocean transport by tankers</p>	<p>Ferries</p> <p>Development of a cutting-edge ferry fleet, capitalizing on increasing demand caused by the modal shift</p>

Policy on the Allocation of Management Resources

To establish an optimal business portfolio that enables sustainable growth, we analyze and evaluate all of our businesses periodically from two perspectives: the stability of profits and competitiveness compared with other companies. Based on this analysis and evaluation, we are strategically allocating

management resources into target fields. Under "Rolling Plan 2019," we have clarified our intention to primarily invest management resources into fields centered on offshore businesses where we can demonstrate our strengths.

Strategy by Business

In terms of our respective business strategies, while taking into account changes in the external environment, we have determined the following strategies for achieving growth by leveraging the strengths of each business to their fullest. To realize our vision to "Become a Group of Business Units with

No. 1 Competitiveness in Respective Areas," we will further enhance the strengths of each business and accelerate initiatives to promote "stress-free services" that are truly convenient for customers.

Business	Strategies for Growth
Dry Bulk Business	
Dry Bulkers	Provide services based on customer needs such as solutions for environmental issues, etc.
Energy Transport Business	
Tankers	Product tankers: Utilize a tanker pool to maintain service network while reducing market exposure and to ensure fee-based revenue Chemical tankers: Become a total logistics solutions provider for liquid chemicals by actively expanding business domains vertically
LNG Carriers	Expand businesses in high-value-added fields where we can leverage our track record as an industry leader and vast insight Expand the LNG bunker fuel supply business
Offshore Businesses	Collaborate with companies that have the top position in each field and local partners with a massive regional presence
Steaming Coal Carriers	Build and introduce next-generation steaming coal carriers that offer benefits to customers in respect to safety, efficiency, and environmental performance, etc.
Product Transport Business	
Car Carriers	Reorganize service network with an emphasis on operational profitability while making the most of the cost competitiveness of the fleet
Containerships	Swift turn to profitability for ONE by optimizing cargo and service portfolio and generating synergistic effects of business integration
Logistics	Develop asset-light businesses
Ferries	Capture demand through steady fleet expansion
Associated Businesses	Tugboats: Promote efforts toward new technologies and overseas businesses Real Estate: Actively develop overseas businesses

Please see the "Overview of Operations by Segment" section on pages 58-69 for details on progress.

For Our Sustainable Growth

Overview of the "Rolling Plan 2019" Management Plan

Enhancing Management Resources That Support Business Plans

Priority Areas for Development and Focus Areas for Fiscal 2019

To realize "stress-free services" that are truly convenient for customers, we have set our priority areas for development where we will work on a Companywide level. Under "Rolling Plan 2019," we have additionally established two new focus areas for fiscal 2019. These are "Development of Groupwide

safety and quality management" and "Strategic actions for compliance with SOx regulations." We will strive to improve our service quality and, by doing so, enhance the relative competitiveness of our overall businesses going forward.

Priority Areas for Development (Continuing from fiscal 2017)	
Marine Technical Skills	Thoroughly enforce safe operations that underpin high-quality transportation and work to further improve ship management quality
ICT	Develop underlying technologies for autonomous sailing and promote the FOCUS Project ①, which aims to utilize the huge amount of data collected from operating vessels
Technological Development	Promote the construction of LNG-fueled vessels, etc.
Environmental and Emission-Free Business	Promote the LNG fuel supply business as well as studies and research on alternative fuels Establish a driving force within the Group to promote environmental management (Environmental Management Committee created on April 1, 2019 as an organization under the Executive Committee)
Workstyle Reforms	Promote workplace reforms ②

Focus Areas for Fiscal 2019	
Development of Groupwide Safety and Quality Management	Visualize the status of Groupwide safety and quality Improve Groupwide safety awareness and take specific measures
Strategic Actions for Compliance with SOx Regulations	Take actions on a Groupwide basis in order to enable MOL-operated vessels to switch fuels safely and economically Examine the effects of compliant oil on vessel performance in order to prevent any technical problems that may arise

FOCUS Project
The FOCUS Project aims to further enhance safe operation and reduce environmental burden by utilizing a vast number of onboard sensors to collect, thoroughly monitor, and analyze voyage and engine data from roughly 150 Company vessels under navigation.

Workplace Reforms
In May 2019, a newly established pilot office was opened on the fifth floor of our Head Office. Benefits of this pilot office are going to be studied in an effort to realize the workstyles we aim for.

➡ Please see the "Addressing Sustainability Issues" section on pages 26-41 for the progress of each initiative.

Identifying Sustainability Issues Linked to Our Rolling Plans

Year by year, the approach toward environmental and social issues is having a greater impact on a company's management and corporate value. To continue to be a corporate group that can understand and meet the latent needs of customers and society in any time and accelerate the realization of our 10-year vision, we have identified Sustainability Issues (Materiality) that are

linked with our rolling plans. We will strive to respond to these issues simultaneously with the strategies we have adopted under "Rolling Plan 2019," as represented by environmental and emission-free businesses. In doing so, we will try to maximize both our economic and social value.

MOL's Sustainability Issues (Materiality)

- Value-added transport services
- Marine and global environmental conservation
- Innovation for development in marine technology
- Human resource cultivation and community development
- Governance and compliance to support businesses

Maximizing our economic and social value through efforts to address these issues



Progress Made under "Rolling Plan 2018"

Leveraging Our Experience in Handling LNG and Operating FSRUs to Participate in the LNG-to-Powership Business

In March 2019, we formed a partnership with Karpower International B.V.* in the LNG-to-Powership business. Under the brand name KARMOL, we are carrying out joint investment and business activities related to the Powership business so that we can become the world's most reliable LNG-to-Powership solutions provider.

In the KARMOL brand LNG-to-Powership business, gas used as fuel will be supplied to the powership from an FSRU. The electricity generated by the powership will then be stably provided to shore grids and facilities. Leveraging our long-accumulated track record and expertise involving LNG carriers and FSRU businesses and Karpower's insight on the construction, maintenance, and operation of powerships, which the company has cultivated as a pioneer in this business area, we aim to address the growing demand for electric power, primarily in emerging countries, through providing solutions that offer high added value in terms of cost competitiveness and low environmental impact.

We have positioned offshore businesses as a priority area for the investment of management resources in order to make use of our strengths to realize sustainable growth. With this new LNG-to-Powership business, not only will we aim to accumulate

stable profits, we will also work to strengthen the relative competitiveness of our overall offshore businesses by acquiring know-how through the provision of total solutions throughout the LNG value chain, from LNG transport to regasification and power generation.

We are currently in the middle of converting an LNG carrier into an FSRU that supplies gas to the powership. Going forward, we will jointly promote projects under the KARMOL brand and work to provide competitive energy solutions in a wide range of regions with growing energy demand. In these ways, we aim to establish a solid track record over the next several years.

* Karpower International B.V. is the core company involved in the Powership business under Karadeniz Holdings established in Turkey in 1948.



Powership owned by Karpower

Accelerating the Evolution into a Total Logistics Provider for Liquid Chemicals

Our Group company for the chemical tanker business, the wholly owned subsidiary MOL Chemical Tankers Pte. Ltd., took several actions in fiscal 2018 with the aim of transforming itself into a total logistics provider for liquid chemicals.

First, in September 2018, MOL Chemical Tankers established SEA-MOL NV, a joint venture with the Belgian terminal company SEA-Tank Terminal Antwerp NV, with a view to participating in the tank terminal business. SEA-MOL is planning the construction of a liquid chemical storage terminal in the Port of Antwerp. This terminal will allow for connections between a diverse range of transportation means and serve as a hub for customers.

In January 2019, MOL Chemical Tankers acquired 100% of shares in a Danish chemical tanker operator, Nordic Tankers A/S. Through this acquisition, the company is now able to expand its global service network by incorporating the operational foundation of Nordic Tankers, which boasts strengths in the Atlantic Ocean and in South America. This in turn will allow the company to further extend its presence, which it has already firmly established in its core Pacific Ocean routes as well as routes between the Middle East and Asia.

Furthermore, in February 2019 MOL Chemical Tankers acquired a 20% share in the Dutch tank container transport company Den Hartogh Holding B.V. and subsequently concluded a collaborative business partnership agreement. Den Hartogh is

a global logistics company that operates businesses centered on the transportation of liquid chemicals and gases by tank containers within Europe and all over the world.

Through these actions, MOL Chemical Tankers will strive to gain access to new customers while aiming to realize services that meet the diverse transport needs of customers, such as streamlining of transportation flow utilizing tank terminals as a hub and small-lot transport via containers. At the same time, the company will work to generate synergies within the MOL Group from a broad range of perspectives, such as making use of human resources with expertise in the tank container and tank terminal businesses.

Overview of the Transition into a Total Logistics Provider for Liquid Chemicals

- Expansion of global service network
Acquisition of Nordic Tankers
- Response to diversifying demand for liquid chemical transport
Participation in tank container business
- Vertical expansion in the supply chain
Entrance into the tank terminal business

MOL commenced operations of its first Arc7-class ice-breaking LNG carrier for the Yamal LNG project.

➡ Please see "Special Feature" on pages 20-25 for details.

For Our Sustainable Growth

Message from the CFO

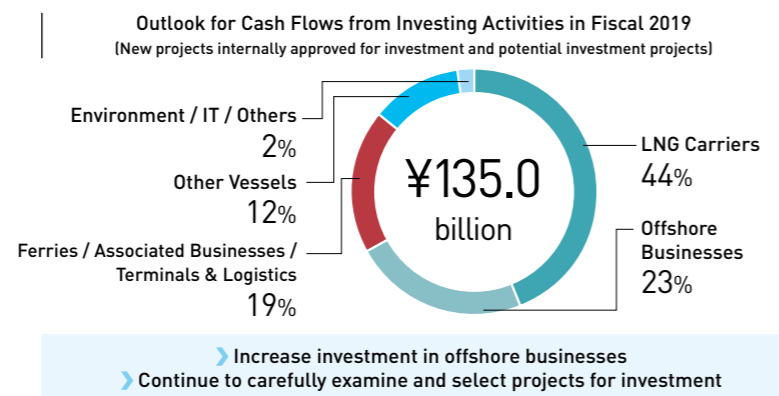
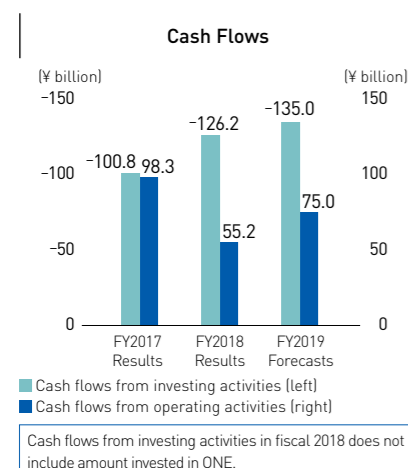


Takashi Maruyama
Senior Managing Executive Officer

Financial Strategy for "Rolling Plan 2019"

A stable financial foundation is essential to achieving our 10-year vision of "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas" under our "Rolling Plan." For this to happen, we need to be able to continuously invest in businesses where we have a competitive advantage, first and foremost in our offshore businesses but also in LNG carriers, chemical tankers, and ferries and coastal RoRo ships. A stable financial foundation also provides us with enough credibility to guarantee the steady execution of long-term contracts, which can sometimes span over the course of 20 years or more, for the purpose of accumulating our priority—"highly stable profits." Likewise, to offer our customers competitive freight and charter rates, it is imperative that we procure funds under more favorable conditions than our competitors. Accordingly, although our investment appetite is strong, we are practicing financial discipline while aiming for a gearing ratio of 2.0 times or less over the medium-term (the gearing ratio at the end of

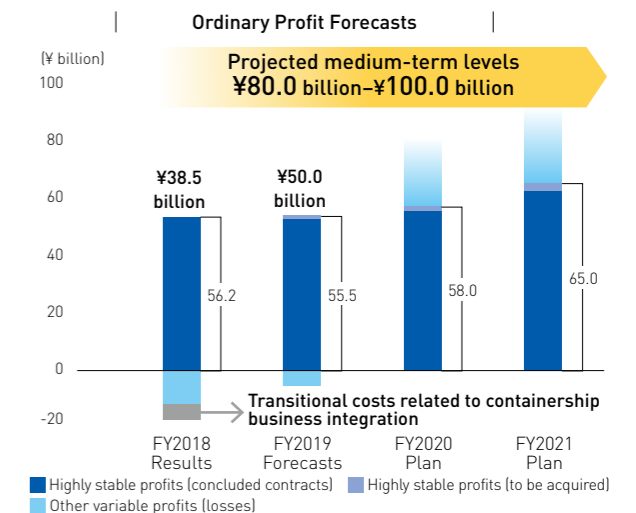
fiscal 2018 was 2.11 times). In fiscal 2019, we plan to execute investment totaling net cash outflows of ¥135.0 billion, primarily in LNG carriers and offshore businesses. While we anticipate negative free cash flow, we are striving not to increase our interest-bearing debt. With this goal in mind, we rigorously select projects for investment using in-house indicators that give consideration to capital costs and combine various methods to minimize the balance sheet burden, such as the sale of assets including stock cross-holdings, the sale and lease-back of vessels, the utilization of secondhand vessels, and project financing. This approach has been received positively, allowing us to maintain a BBB (stable) rating from Rating and Investment Information, Inc. (R&I) and an A- rating from Japan Credit Rating Agency, Ltd. (JCR). In addition, our approach has garnered the support of a broad range of financial institutions, including megabanks, regional banks, government-affiliated financial agencies, and foreign banks.



Road Map for Improving Profit

Our basic strategy is to steadily accumulate "highly stable profits" while securing "other variable profits." As for highly stable profits, which are generated by long-term contracts lasting two years or more, we are projecting increases to ¥55.5 billion, ¥58.0 billion, and ¥65.0 billion, in fiscal 2019, fiscal 2020, and fiscal 2021, respectively. These increases will represent the result of our aggressive efforts to invest in LNG carriers and offshore businesses since the mid-2010s. With regard to other variable profits (losses), we regrettably posted a deficit in fiscal 2018 due to the impact of operational teething issues during the start-up period at the integrated containership business company, ONE. However, in fiscal 2019, ONE will turn profitable and with this turnaround we expect to see nearly balanced profits and losses on a basis that excludes the general management expenses of the Head Office. From fiscal 2020, we anticipate a return to the black. Accordingly, we believe that our medium-term target for ordinary profit levels of between

¥80.0 billion and ¥100.0 billion and return on equity (ROE) of between 8% and 12% are more than achievable.



Our Role as a Crucial Member of Society

Recently, institutional investors have been asking more often about our efforts toward achieving the SDGs. Since ancient times, the transport of goods by ship has enriched people's lives. Even now, at the height of e-commerce, ocean shipping, which involves physical transport, is irreplaceable in the global consumer economy. The fact that the Company has been able to operate its businesses over 130 years is the result of its importance to the global economy as an artery of logistics. At the same time, it is undeniable that the marine transport industry places a burden on the global environment, including the emission of CO₂ into the atmosphere from the consumption of fuel. With this reality, the industry has become increasingly concerned in recent years about contributing to environmental preservation. The strengthening of SOx regulations reflects this trend. Meanwhile, we believe that we can do more to help reduce the negative impact on the global environment than simply complying with regulations. For example, we can play a greater role through providing solutions that meet our customers' needs related to environmental countermeasures and supplying clean energy, which we will develop as new businesses. While still small in scale, we have begun efforts toward the LNG bunker fuel supply business, participated in the offshore wind power generation facilities business, introduced LNG-fueled tugboats, and entered into the LNG-to-Powership business. In these ways, we are starting to see the fruits of our efforts in a wide range of environmental fields that we have been pursuing.

In order to capitalize on the heightened global awareness of the SDGs from a financing perspective, we issued Green Bonds totaling ¥10.0 billion. These bonds are issued to institutional and individual investors for the sole purpose of funding environment-related projects. The issuing of Green Bonds to individual investors was unprecedented for a Japanese company, and with this new opportunity, we received a high rate of applications for the purchase. We will continue to utilize Green Bonds not only as a way to meet the needs of investors who wish to contribute to the environment and a better society but also as a tool for diversifying our fund-raising methods. On the back of this response, we plan to issue Sustainability Bonds in fiscal 2019, which will provide financing for projects that address issues related to the SDGs.

I firmly believe that a company cannot pursue business over the long term without providing value to society. As a global ocean shipping company, we will fulfill our role as a lifeline for people around the world while working to lessen the burden on the global environment. Through these efforts, as a crucial member of society we hope to gain the support of all our stakeholders, including our most valued—our customers.

Intended Use of Green Bond Funds	
Project Name	Amount (¥ billion)
Ballast water treatment systems	5.5
SOx scrubbers	2.2
LNG bunkering vessels	1.4
LNG-fueled vessels (tugboats)	0.7
New PBCF	0.2
Total	10.0