

## **“Rolling Plan 2018”**

(Explanation by the CEO at the analysts meeting on April 27, 2018)

### **[Medium- and Long-term Profit Level and Financial Indicators, Shareholder Returns]**

(Presentation materials page 2)

Again, company-wide items to be enhanced—to achieve the vision for the MOL Group 10 years from now, which we announced as the Rolling Plan 2017 last year—are unchanged. The profit mid-term profit level we envision, as shown here, is also unchanged. We will enhance shareholder return, while further improving our financial strength.

### **[Roadmap to Improving Profit (I)]** (Presentation materials page 3)

The graph shows our profit structure by breaking it down into “highly stable profits” and “other variable profits.” Our “highly stable profits,” which totaled ¥55.0 billion in FY2017, are projected to steadily accumulate over the next three years. We plan to significantly improve profitability by improving “other variable profits,” which have offset our highly stable profits. Transitional costs related to the integration of the containership business will occur both in FY2017 and FY2018, but we envision a significant improvement of overall profitability through restoration of “other variable profits,” as well as an absence of the transitional costs from FY2019.

### **[Roadmap to Improving Profit (II)]** (Presentation materials page 4)

Through the specific measures set out on our roadmap to improving profit, we think we have the potential to grow from ¥80.0 billion to ¥100.0 billion in ordinary profit, which we envision in the medium-term, by accumulating several tens of billions of yen in “other variable profits,” on top of our “highly stable profits,” amounting to about ¥65.0 billion.

### **[Improve/Restore Profitability in the Containership Business]** (Presentation materials page 5)

This shows how we intend to restore and improve profitability in the containership business, which is the largest driver in enhanced profitability. We are confident that the profit in this segment will improve significantly in the mid-term, as transitional costs in FY2017 and FY2018 will be absent from FY2019 on, and at the same time, ONE itself will expand profits by maximizing the synergistic effects of the integration.

### **[Integration of Containership Business]** (Presentation materials page 6)

After the integration, ONE became an equity method company with a contribution ratio of 31%.

But we continue to position the containership business as one of our core businesses. We will assign two of the six board members of ONE's holding company, we will establish governance for ONE through this holding company, and continually offer necessary support for the new company.

### **[Business Portfolio and Strategic Fields for Resource Allocation]**

(Presentation materials page 7)

Once again, we include our business portfolio and strategic fields for resource allocation, which was shown last year. Our strategies—allocate resources in strategic business fields where can create highly stable profits and where we have competitive edges—are unchanged.

We have already explained the LNG carriers and offshore businesses on several occasions, so today, I like to briefly touch about the chemical tankers and logistics, which we also place as strategic fields.

First, chemical tankers. Given the present circumstances, chemical tankers' performance is struggling a little due in part to effects of the slowdown in the product tanker market. But we are in the process of receiving the deliveries of 13 new large-size vessels we have ordered, and eight have already been delivered. This will increase our competitiveness, and we think the market will recover in the near future as the newbuilding fleet supply scale tends to decline industry-wide. This is a niche business in which we are among the world's three major companies. So we expect this business to have a stronger presence in our portfolio.

Next is the logistics business. As we announced in a press release the other day, we have decided to enhance cooperation among our group logistics companies with MOL Logistics (Japan) as the core under the unified brand of our NVOCC business as "MOL Worldwide Logistics." We will conduct the containership business under the ONE name from now on, but we will also provide a product transport service under the MOL brand, as a choice for customers.

Furthermore, as a project that links those two business divisions, we invested in Nippon Concept Corporation, which provides door-to-door international multimodal transport with tank containers, and will move ahead with business alliance. This allows us, for example, to provide a new service lineup for our chemical tanker customers. So we think it will further the growth strategies of both the chemical tanker and logistics businesses.

### **[Investment Cash Flows]** (Presentation materials page 8)

As a result of identifying our future resource allocation fields, we have budgeted ¥350.0 billion for investment cash flow over the next three years. We will continue investment with a strong focus on LNG carriers, offshore businesses, chemical tankers, and so on. As for offshore businesses, we will continue working to acquire new projects, including FSRUs, while laying out cash in already-settled FPSO projects in succession. , We will be selective about new investment projects, in

addition to carrying forward with asset sales including cross-shareholdings, to minimize the burden on our free cash flows.

**[Establishment of Technology Innovation Unit]** (Presentation materials page 11)

We established the “Technology Innovation Unit” as a new initiative to promote technology development, which is one of the company-wide issues to be enhanced, listed even in the “Rolling Plan 2017.” We established a system in which the Technical Division, system divisions, and others concerned are united to develop new technologies and applications for ICT, which are the source of future competitiveness, while gaining external knowledge and expertise. We plan to focus primarily on three fields: LNG-fueled vessels, the Wind Challenger Project, and autonomous sailing, listed on this page.

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