

TO OUR SHAREHOLDERS



AKIMITSU ASHIDA  
*Chairman*

KOICHI MUTO  
*President*

## Loss for the Second Straight Year in Fiscal 2012

The MOL Group completed the “GEAR UP! MOL” midterm management plan at the end of March 2013. Despite making a bright start in the first year of this three-year plan, the subsequent two years saw us exposed to an extremely harsh external operating environment. We had to contend with a number of negative factors all at once, including the European financial crisis, slowing growth in China and other emerging markets, the Great East Japan Earthquake and other natural disasters, the yen’s appreciation, and soaring bunker fuel prices. Coupled with these and other negative factors, there was a supply glut of vessels caused by continued deliveries of large numbers of vessels. We worked hard to overcome these difficulties that could be described as once-in-decades conditions. However, in fiscal 2011 we posted an ordinary loss of ¥24.3 billion as our containership, dry bulker and tanker divisions were all unable to stave off market declines caused by the supply of vessels outstripping demand. In fiscal 2012, we recorded a second straight ordinary loss of ¥28.5 billion. While the loss in containerships was dramatically reduced thanks to cost cutting and improved operational efficiency, an unprecedented slump in the dry bulker market negated our work to turn around results.

## Fourth-Quarter Business Structural Reforms

Given this situation, and with no immediate prospects for a full-fledged recovery of the shipping market in fiscal 2013 because the vessel supply-demand equation will take some time to correct, we decided to implement Business Structural Reforms in the fourth quarter of fiscal 2012. We decided it was vital to implement full-scale reforms to improve our performance without waiting for the external operating environment to pick up. One action we took was to shift sales and operations of free vessels in dry bulkers to Singapore. This action was prompted by the need to turn around free vessel earnings, as these vessels had largely undermined highly stable profits from medium- to long-term contracts. We also decided to strengthen our ability to withstand the risk of market changes by reducing the number of free vessels in our dry bulker and tanker operations. As a result of these actions, we regrettably took large restructuring charges in fiscal 2012. However, we believe that our actions have secured us the competitiveness to move back onto a growth trajectory from fiscal 2013.

## Fiscal 2013 Single-Year Management Plan “RISE 2013”

Since April 2013, MOL has been working company-wide on a single-year management plan, “RISE 2013,” the goal of which is to ensure that we return to profitability in fiscal 2013. This year would ordinarily have seen us announce our next midterm management plan. However, we decided instead to launch a single-year plan designed to instill a crisis mentality in all corporate officers and employees and to lay a solid foundation for sustainable growth by restoring profitability and building up cash flows.

Business model reform is the cornerstone of “RISE 2013.” We are returning to the essence of the MOL Group Corporate Principles, and strengthening sales to respond to customer needs and increasing the number of cargo shipping contracts to build up highly stable profits. In tandem with this, we are scaling down our market exposure to a more appropriate level. In addition, so that we can always surpass market expectations by creating added value in any market, we will demonstrate creativity and ingenuity in terms of cargo collection and operations, as well as execute more strategies to achieve deeper cost cutting. As part of these initiatives, we will reinforce business in Singapore, which is becoming a hub for international shipping, and other overseas bases.

## Working Toward Sustainable Growth

Through “RISE 2013,” MOL aims to equip itself with the ability to capture cargo volume, which is expected to be continually created in step with world economic growth, as well as rebuild a solid foundation to that end. We intend to work hard to put MOL back onto a growth trajectory after that and further grow the company’s corporate value. We would like to ask for the continued understanding and support of shareholders as we work to achieve these goals.

August 2013



**AKIMITSU ASHIDA**  
*Chairman*



**KOICHI MUTO**  
*President*