

Glossary (In alphabetical order)

■ Ballast voyage

Sailing to the next port of call without any cargo loaded.

■ Baltic Dry Index

Baltic Dry Index (BDI) is calculated by The Baltic Exchange as an arithmetic average of the drybulker markets of the four different vessel types. $(1/4/1985=1,000)$

■ FPSO (Floating Production, Storage and Offloading system)

A floating facility for producing oil offshore. The oil is stored in tanks in the facility and directly offloaded to tankers for direct transport to the destination.

■ FSRU (Floating Storage and Re-gasification Unit)

A floating facility for storing and regasification of LNG offshore, which is then pressurized and piped ashore. Plans to introduce FSRUs in regions around the world are making steady progress as they can be set up in less time and less cost than conventional onshore receiving terminals.

■ Ice class LNG carrier

The world's first LNG carrier capable of breaking through sea ice. Normally on the Northern Sea Route, an escort ship breaks up the ice to open a channel. But the ice class LNG carriers to be deployed for the Yamal LNG Project will possess the same ice-breaking capabilities as the Antarctic research vessel Shirase, enabling it to break through sea ice of up to 2.1 meters thick on its own.

■ Market exposure

Vessels operating under contracts of less than two years, which are owned or mid-and long-term chartered vessels. (Includes vessels that combine multiple customers' cargoes.)

■ Pool arrangement

Ship operators and owners pool certain ships to conduct joint operations.

■ Shuttle tanker

A specialized tanker that shuttles from offshore oil plants to onshore terminals to transport crude oil, which has been extracted from offshore oil wells.

■ Ton-mile

Transporting one ton of cargo one mile. Expressing the volume of cargo calculated by multiplying transported weight and transported mile together. As opposed to just reporting cargo weight without reference to distance, ton-mile provides a complete picture of total transport activity, reflecting the demand fulfilled by vessels or other transport modes.

■ Unit cost

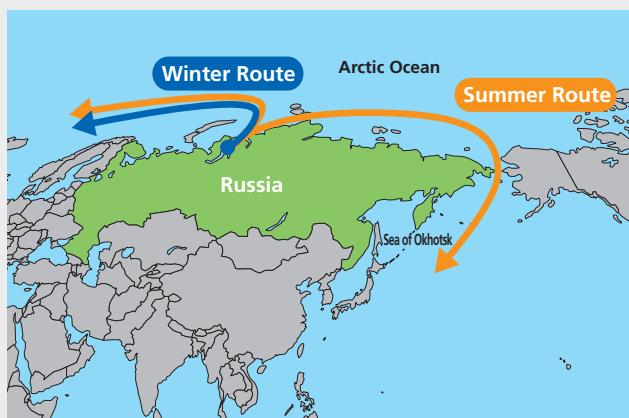
The fixed cost of transporting one TEU on a containership. Fixed costs include vessel costs (depreciation and interest, or charter rates) and ship operation expenses (bunker costs, port costs and so on).

■ Yamal LNG Project

This project will use the world's first ice class LNG carriers to transport LNG from the Yamal LNG Terminal located in the Arctic Circle on the Yamal Peninsula of Russia. The plan is to export 16.5 million tons of LNG every year—the highest volume of LNG exports from Russia. Operations are slated to begin in 2018. It is forecasted that about 15 ice class LNG carriers will be necessary, three of which are contracted with MOL.

The Kara Sea, which adjoins the Yamal LNG Terminal, completely freezes over in winter as the average temperature drops to around minus 30 degrees Celsius. This has proved a challenge for transporting LNG and long prevented development of the area. With this project, however, the introduction of ice class LNG carriers has resolved the persistent transportation issues, allowing development to finally begin.

View a video introducing
"Yamal LNG Project"



■ Yield management

In the containership business, this refers to a management technique to maximize profitability for the round-trip voyage of each container. Freight rates are set and sales activities conducted to maximize net proceeds (gross profits calculated by deducting direct costs from freight revenues) rather than freight rates themselves. Direct costs include loading and unloading costs, feeder costs, and the costs of returning empty containers (calculated to reflect the aspect of surplus and shortage of containers at each point).