

At a Glance

FY2017 Performance (Consolidated)

Shipping and other revenues
¥1,652.3 billion

Equity ratio
23.0%

Ordinary profit
¥31.4 billion

Gearing ratio*1
2.19

Total assets
¥2,225.6 billion

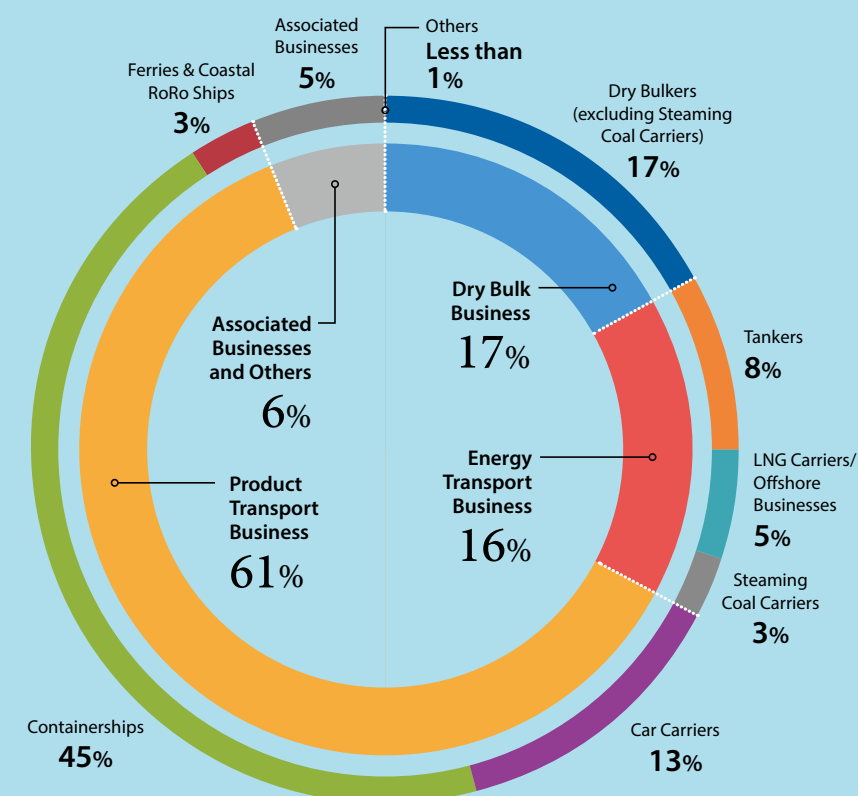
Net gearing ratio*2
1.82

Net assets
¥628.0 billion

MOL's fleet (number of vessels)
857

Revenues/Ordinary Profit by Segment

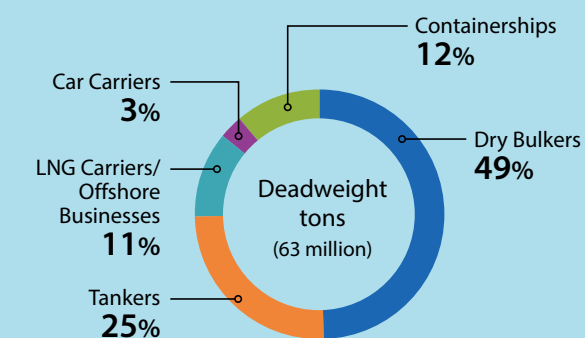
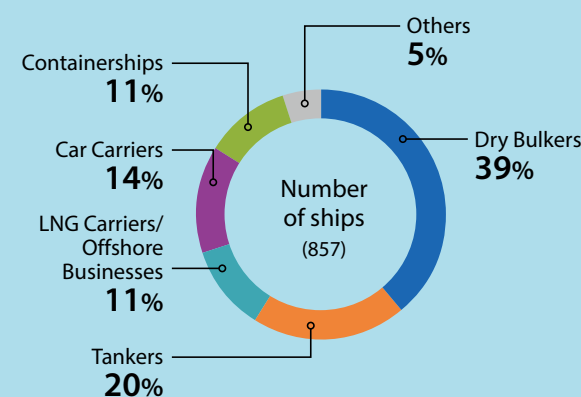
Revenues by Segment



Ordinary Profit by Segment (¥ billions)

	FY2017 performance
Dry Bulk Business	15.4
Energy Transport Business	13.6
Product Transport Business	(6.3)
Containerships only	(10.6)
Associated Businesses	12.6
Others	2.6
Corporate/Eliminate	(6.5)
Total	31.4

Fleet Composition



*1 Interest-bearing debt / Shareholders' equity
 *2 (Interest-bearing debt - Cash and cash equivalents) / Shareholders' equity

At a Glance

MOL established the Dry Bulk Business Unit and the Energy Transport Business Unit in April 2016, and the Product Transport Business Unit in April 2017. Accordingly, MOL has reclassified its previous disclosure segments, namely Bulkships, Containerships, and Ferries & Coastal RoRo Ships, as the Dry Bulk Business, Energy Transport Business and Product Transport Business from fiscal 2017.

Business Activities

Dry Bulk Business

Dry Bulk Carriers (excluding Steaming Coal Carriers)

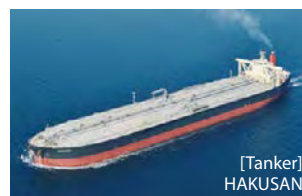
With one of the world's largest fleets, MOL reliably transports such dry bulk cargo as iron ore, coal, grains, wood, wood chips, cement, fertilizer and salt. Our fleet includes highly versatile bulk carriers and specialized vessels for specific cargo types.



Energy Transport Business

Tankers

With one of the world's largest fleets, MOL is expanding activities globally. Our fleet includes crude oil tankers; product tankers that carry naphtha, gasoline and other refined petroleum products; chemical tankers that carry liquid chemical products; methanol tankers that exclusively carry methanol; and LPG tankers that carry liquefied petroleum gas.



LNG Carriers/Offshore Businesses

With the world's largest LNG carrier fleet, MOL safely transports liquefied natural gas (LNG), which is experiencing growing global demand. In addition, we are active in offshore businesses, including FPSOs and FSRUs, which are poised for continued growth. MOL has also moved into the renewable energy field by investing in a self-elevating platform vessel operator that installs offshore wind power generation facilities.



Steaming Coal Carriers

MOL transports coal for thermal power generation, mainly on medium- to long-term transport contracts with electric power companies in Japan. Looking ahead, we also plan to engage aggressively in coal transport for emerging countries, where growth is expected. As a division within the Energy Transport Business Unit, the steaming coal carriers division will coordinate with other divisions to meet diversifying customer needs.



Product Transport Business

Car Carriers

MOL is stably expanding transport services to meet the changing needs of automakers as they move production to optimal sites around the world. We operate globally with specialized car carriers that can effectively transport any type of vehicle from passenger cars to construction machinery.



Containerships

Through a global network of sea routes provided by Ocean Network Express, a company formed by the integration of the containership businesses at three Japanese shipping companies, we transport containers loaded with electric products, automotive parts, clothes, furniture, food products and many other products to deliver them around the world. We are expanding our network with wider port coverage and increased service frequency, not only on our self-operated routes but also in joint operations with partners.



Ferries & Coastal RoRo Ships

MOL develops the ferry business, which transports both passengers and vehicles (automobiles, trucks, etc.), and the coastal RoRo ships business which specializes in the transport of freight vehicles. We are raising our profile as the leader of an eco-friendly modal shift in domestic logistics.



Associated Businesses

Leveraging the know-how accumulated over more than 130 years in the marine transport business, we are promoting various businesses in related activities including real estate, tugboats, a cruise ship (the NIPPON MARU), and trading.



Year in Review

Profitability improved from the previous fiscal year backed by market conditions moving toward gradual recovery with the support of steady cargo volumes, in addition to the assured effects of the Business Structural Reforms that fundamentally reviewed the business model for small- and medium-sized bulkers as well as reduced the number of Capesize bulkers operated on spot contracts.

The tanker division focused on reducing market exposure, mainly with product tankers, and on soundly executing long-term contracts, centered on VLCCs and methanol tankers, in conjunction with continuing to work to improve operation efficiency and reduce costs. As a result, we recorded a profit for fiscal 2017, despite a year-on-year decrease due to a supply glut of new vessels that made supply outstrip demand.

The LNG carriers/Offshore businesses division continued to secure stable profits from long-term contracts while steadily contributing to earnings through new projects that started operations, though there was a slight decrease in ordinary profit compared to the previous fiscal year accompanying an extraordinary loss resulting from the disposal of vessels owned by an equity-method affiliated company.

Cargo volumes of completed cars to the U.S. and Europe were firm, while imports by emerging countries and resource-producing countries continued to be lackluster as their economies slowed down as a result of falling resource prices and other factors. Against this backdrop, we worked to reduce the fleet size and improve operation efficiency in response to changes in trade patterns. As a result, ordinary profit increased year on year, albeit from a low level.

In addition to increasing liftings by launching ultra-large containerships on Asia-Europe routes, we continued working to reduce costs, such as the cost of repositioning empty containers, by bolstering yield management. As a result, there was a significant reduction in ordinary loss compared to the previous fiscal year in spite of having recorded transitional costs associated with the launch of the integrated company.

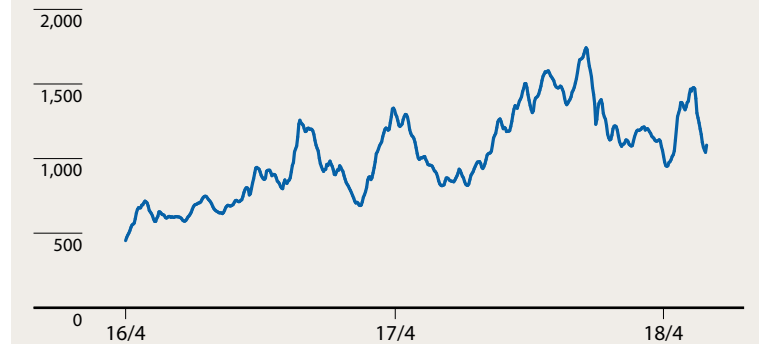
A sound business environment continued due to factors including advances in the trend toward a modal shift in transportation—i.e., a switch from long-distance land transport by trucks to ferry transport—and a shortage of truck drivers, but there was a decrease in ordinary profit year on year due to delays in new vessel deliveries and rising bunker fuel prices.

In the cruise ship business, ordinary profit decreased year on year due to the factors including the cancellation of cruises because of typhoons. Ordinary profit in the real estate business increased, underpinned by a robust office leasing market. In other areas, the tugboats, trading and certain other businesses showed a generally firm performance trend. Consequently, the segment's overall ordinary profit increased year on year.

Business Environment

Dry Bulker Market (BDI*1)

(Jan 4, 1985=1,000)

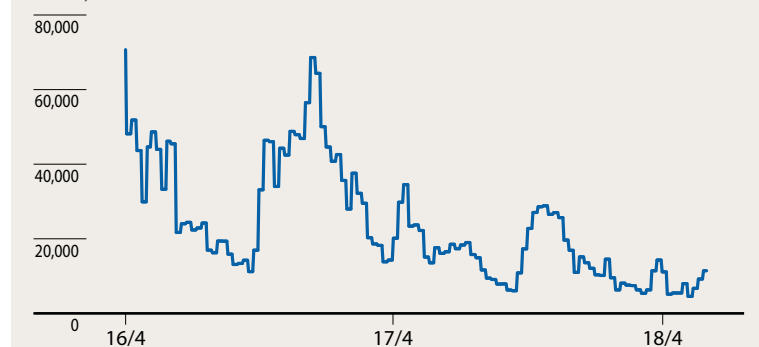


Source: MOL internal calculation based on TDS and others

*1 Baltic Dry Index

VLCC*2 Market (AG → Japan)

(US\$/day)

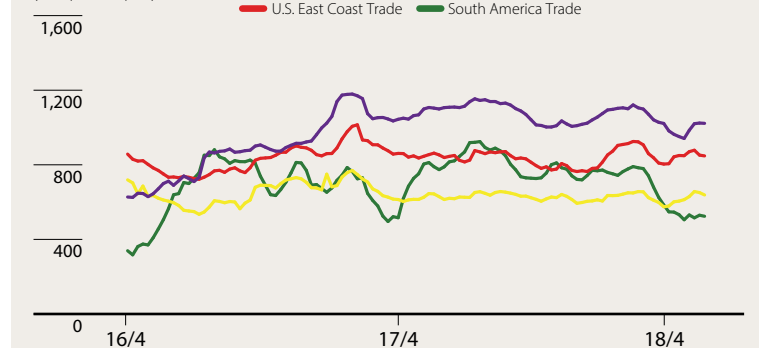


Source: MOL internal calculation based on Clarkson

*2 Very Large Crude Carrier (300,000-DWT class)

Containership Market (CCFI*3)

(Jan 1, 1998=1,000)



Source: SSE

*3 China Containerized Freight Index