History of the MOL Group's Value Creation

Throughout its more than 130 years of history, MOL has grown into one of the world's largest full-line marine transport groups by constantly anticipating the needs of its customers and the demands of the future, while overcoming various challenges along the way. What has enabled this is MOL's "spirit of challenge and innovation." MOL will continue to nurture this spirit as it heads into the next 130 years.

Prewar

Expanding the Sea Routes Crucial to the Development of Japan's Foreign Trade

The founding of MOL can be traced back to Osaka Shosen Kaisha (O.S.K. Line), which was established in 1884 by ship owners in the Seto Inland Sea area. At that time, the *sakoku* (closed-country policy) era of Japan had come to an end. Accordingly, the need for international marine transport rose dramatically. From the 1890s to the 1910s, the Company vigorously expanded into international shipping, beginning with short-sea and then expanding into deep-sea shipping. In the 1930s, the Company's cargo-passenger ships, representing the state of the art in Japanese shipbuilding at the time entered service on the South America route. In these ways, the Company has grown as a foundation underpinning the development of foreign trade in Japan.

Office building at the time of O.S.K. Line's founding

ARGENTINA MARU, a cargo-passenger ship
Entered service in 1939, representing the state of the art in Japanese shipbuilding at the time

KINAI MARU, a high-speed cargo ship
Entered service in 1930, greatly reducing sailing time between Yokohama and New York

Japan's Postwar Rapid Economic Growth Period

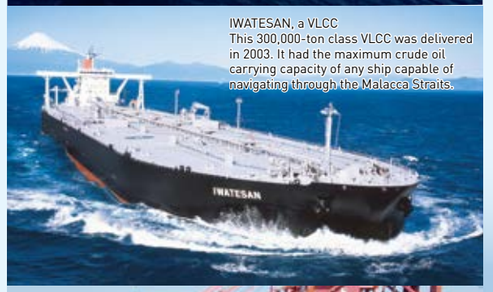
Growing into a World-Leading Full-Line Marine Transport Group Amid the Postwar Recovery and Rapid Economic Expansion of Japan

A large portion of Japanese merchant fleets suffered catastrophic damage during World War II. Amid Japan's successful recovery from the devastation of war, MOL became an integral part of the development of the Japanese economy through its marine transport services. While doing so, the Company grew into a full-line marine transport group that possesses a wide range of vessels. The Company worked to promptly respond to the need for specialized and large-sized vessels and repeatedly took on challenges from a technological standpoint, including launching the world's first automated vessel that maneuvers the main engine from the bridge and centrally controls the machineries from the engine control room and Japan's first specialized car carrier. This approach enabled MOL to create new value and opened up the opportunities for business field expansion.

KINKASAN MARU, the world's first automated vessel
Entered service in 1961, with automation helping to reduce the required number of crew members from 52 to 38

OPPAMA MARU, a specialized car carrier
Entered service in 1965, as Japan's first specialized car carrier

SPIRIT OF MOL, a training vessel
Delivered in 2007 as a Company vessel for training officers and senior crew members, by the time it was retired in 2018 the SPIRIT OF MOL had helped to produce more than 2,200 senior sailor candidates.



IWATESAN, a VLCC
This 300,000-ton class VLCC was delivered in 2003. It had the maximum crude oil carrying capacity of any ship capable of navigating through the Malacca Straits.

BRASIL MARU, an iron ore carrier
This vessel was delivered in 2007. As one of the world's largest iron ore carriers at that time, it helped reduce unit transportation costs while reducing environmental impact.

The Rising BRICs Economies, Centered on China, and a Boom in Marine Transport

Becoming a Top Global Player Following Remarkable Growth in the Resource and Energy Transport

After the 1999 merger with Navix Line, which was particularly strong in transporting natural resources and energy, MOL aggressively invested in these fields, predicting China's economic development and increased demand for natural resources. The Company continued a significant scale-up of its fleet, centering on dry bulkers and tankers, and became one of the world's largest corporate groups in terms of fleet size in service. Reaping the benefits of these upfront investments, profit in fiscal 2007 reached a record high, led by the unprecedented boom in marine transport that was driven by the rapid expansion of imports in China.

NIPPON MARU (third generation), a cruise ship
Delivered in 1990, the vessel gained its present color as part of a large-scale refurbishment in 2010. The NIPPON MARU continues to be loved as one of Japan's most quintessential cruise ships.

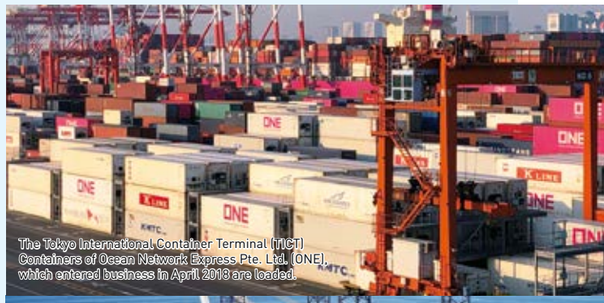
At Present

Leveraging the Strengths MOL Has Accumulated over the Years and Expanding into New Business Fields to Meet the Needs of the New Era

Against the backdrop of a global economic slowdown and the oversupply of vessels, the shipping market stumbled and has continued to struggle with lasting stagnation. To respond to the increasingly difficult business environment, MOL implemented the Business Structural Reforms, which targeted the dry bulker business and carried out the integration of the containership businesses of three Japanese shipping companies. Additionally, the Company invested preferentially in its areas of strength, including the LNG carrier business, while working to expand into the new fields in offshore businesses and environmental and emission-free businesses to meet the needs of the new era. MOL continues to pursue challenge and innovation as a global leader in marine transport.

A service operation vessel (SOV)*1 scheduled for completion in 2022

*1 Specialized vessels that support maintenance operations for offshore wind farms



The Tokyo International Container Terminal (TICT)
Containers of Ocean Network Express Pte. Ltd. (ONE), which entered business in April 2018 are loaded.

SEAJACKS SCYLLA, an SEP vessel
This SEP vessel*2, one of the world's largest in operation, is owned by Seajacks International Limited, in which the Company owns a stake.

*2 Self-elevating platform (SEP) vessels are used for the installation of offshore wind power generation systems.

VLADIMIR VIZE (left), an ice-breaking LNG carrier
Delivered in 2019, MOL plays a key role in pioneering the Northern Sea Route by providing marine transport for the Yamal project, which is the world's first project to use an Arc7-class ice-breaking LNG carrier.

Input

Resources Supporting MOL Group

Manufactured Capital
- A wide array of around 800 vessels
- Sales and ship management offices in 43 countries and regions

Intellectual Capital
- Sophisticated knowledge and expertise in seamanship and nautical phenomena
- The technological capability to enable completion of high-quality ships and maintain them in good condition for an extended period of time
- Project-development capabilities based on an understanding of customers and markets

Human Capital
- Highly diverse land-based personnel and crew members numbering around 15,000
- Human capital who share the "MOL CHART" spirit

Social and Relationship Capital
- A history and track record extending across more than 130 years
- Customer networks and partnerships in Japan and overseas
- A presence in maritime affairs clusters around the world

Natural Capital
- A natural environment that sustains business continuity

Financial Capital
- A financial base that underpins reliable performance with long-term contracts extending over 20 years
- Stable cash flow generated from a diverse portfolio of vessel types and businesses

The MOL Group's Strengths

A Diverse Fleet Lineup
We meet customers' needs flexibly with a highly diverse fleet that is also one of the world's largest in scale.

History and Experience
We provide highly reliable transport services backed by extensive experience and a long track record.

Global-Scale Networks
We develop our business by leveraging world-spanning sales and ship management networks in combination with partnerships in various regions.

Our Business

By reinforcing our business foundation through a repeated cycle of value creation combined with reinvestment and the accumulation of knowledge, we aim to realize our management vision to "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas."

The MOL Group's Business Infrastructure

Dry Bulk Business Unit
Revenues: ¥277.1 billion
Ordinary profit: ¥12.0 billion
Vessels: 263
P22


Iron ore and coal carriers


Small and medium-sized bulkers, short sea ships


Wood chip carriers

Energy Transport Business Unit
Revenues: ¥289.3 billion
Ordinary profit: ¥25.4 billion
Vessels: 363
P24


Tankers


LNG carriers, offshore businesses


Coal carriers

Product Transport Business Unit
Revenues: ¥475.4 billion
Ordinary profit: ¥6.7 billion
Vessels: 186
P26


Containerships, terminal and logistics business


Car carriers


Coastal RoRo ships

Associated Businesses
Revenues: ¥96.5 billion
Ordinary profit: ¥12.3 billion
P28


Real estate, tugboat, cruise ship, trading, and other businesses

Note: "Revenues" and "Ordinary profit" figures are for fiscal 2019. "Vessels" is the number of vessels at the end of March 2020.)

Technology Innovation Unit
4ZEROES
P43

Safety Operations Headquarters
ISHIN NEXT
FOCUS
P50

Strategies for Sustainable Growth

Progress on Management Plan, "Rolling Plan 2020"
P18

Three Core Strategies to Realize the Management Vision

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

2 **Business Strategies**
Provision of "stress-free services," which MOL will offer from the customer's perspective

3 **Environmental Strategies**
Promotion of environmental strategies and development of the emission-free business into a core business

\+

Enhancement of Organizational Strength (Organization Refresh)

- Project promotion through cross-organizational collaboration
- Groupwide improvement in productivity

Our Approach to Sustainability Issues
P40

- 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

Reinvestment and the accumulation of knowledge

Outcome

Value we provide

Economic Value

Profit Generation

	Fiscal 2019 Results	Projected Medium-Term Levels
Ordinary profit	¥55.0 billion	¥80.0 billion–¥100.0 billion
ROE	6.3%	8–12%
Gearing ratio	2.14 times	2.0 times or less

Return to Shareholders

Dividend payout ratio	20% policy for the time being

Aim to create both economic value and social value sustainably

Social Value

- Contribution to customers' value-creation by linking supply chains worldwide, spanning from raw materials to products
- Production of technological innovations that help resolve social issues
- Contribution to reduction of environmental impact
- Provision of high-quality employment and skill-development opportunities

SUSTAINABLE DEVELOPMENT GOALS

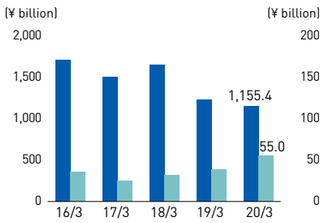
The Outcomes of Value Creation

Economic Value

Revenues / Ordinary Profit

Fiscal 2019

Ordinary Profit **¥55.0 billion**

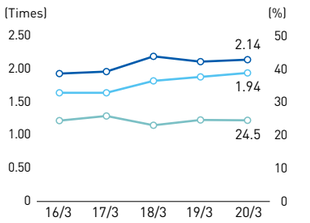


Revenues were down ¥78.6 billion year on year, mainly due to a decline in revenues from the containership business. However, ordinary profit increased ¥16.5 billion year on year due to stable earnings from medium- to long-term contracts in the Dry Bulk and Energy Transport businesses; the accumulation of profits stemming from favorable market rates for tankers in the second half; and in the Product Transport Business, Ocean Network Express Pte. Ltd. (ONE), a containership business affiliated company, becoming profitable in the second year of its integration.

Gearing Ratio / Net Gearing Ratio / Equity Ratio

End of fiscal 2019

Equity Ratio **24.5%**

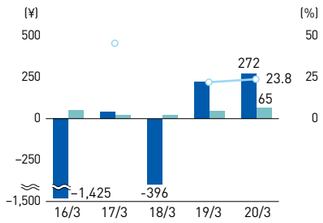


In an effort to streamline our balance sheet, we reduced interest-bearing debt ¥9.1 billion from the previous fiscal year-end and lightened total assets by ¥35.7 billion. Shareholders' equity was down ¥11.7 billion year on year despite a ¥21.7 billion rise in retained earnings, owing to lower accumulated other comprehensive income. As a result, the net gearing ratio worsened 0.06 point, and the equity ratio was down 0.1 percentage point.

Net Income (Loss)* per Share / Cash Dividends per Share / Dividend Payout Ratio

Fiscal 2019

Cash Dividends per Share **¥65.00**



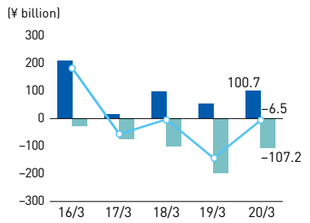
Growth in net income was limited to ¥5.7 billion year on year despite a larger rise in operating profit, because the extraordinary income/losses deteriorated due to an allowance recorded for doubtful accounts related to equity-method affiliates under the Dry Bulk Business and a loss related to business restructuring in the containership business. In line with our policy of maintaining a consolidated dividend payout ratio of 20%, we distributed an interim dividend of ¥30 per share and a year-end dividend of ¥35, in association with the rise in net profit.

* Profit (loss) Attributable to Owners of Parent

Cash Flows

Fiscal 2019

Free Cash Flow **¥(6.5) billion**

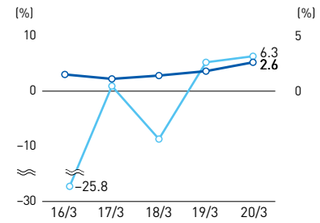


While continuing to invest aggressively in LNG carriers and offshore businesses, we maintained free cash flow to equilibrium at fiscal 2019 through disposing of assets and so forth. Going forward, taking into account business downturn caused by the COVID-19 pandemic, we plan to reduce our cash flow budget for new investment (excluding projects on which decisions have already been made) to ¥100.0 billion over the next three years as well as generate further cash by selling off assets, businesses, and projects so as to improve our free cash flow.

ROA (Based on Ordinary Profit) / ROE

Fiscal 2019

ROE **6.3%**



Total assets were down from the previous fiscal year-end, while ordinary profit improved, resulting in 0.8 percentage point higher ROA year on year, to 2.6%. Increase in profit attributable to owners of parent also prompted a 1.1 percentage points rise in ROE, to 6.3%.

Credit Ratings

As of August 2020

JCR **A−**

	Type of Rating	Rating
JCR	Short-term debt rating (CP)	J−1
	Long-term senior debt (issuer) rating	A− (Stable)
	Long-term debt rating	A−
R&I	Issuer rating	BBB (Stable)
	Short-term debt rating (CP)	a−2
	Long-term debt rating	BBB
Moody's	Corporate family rating	Ba3 (Stable)

The operating environment is expected to remain opaque due to the COVID-19 pandemic. However, we will continue working to bolster our profitability and improve our financial standing in an effort to further enhance our credit ratings.

Social Value

Continuous Days of Achieving 4ZEROES

As of June 2020

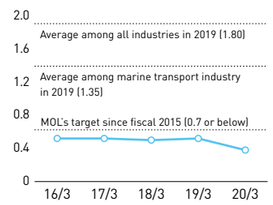
Zero serious marine incidents **548 days**	Zero oil pollution **2,571 days**
Zero fatal accidents **228 days**	Zero serious cargo damage **548 days**

We have set KPIs for continuous days of zero accidents in the four categories indicated above. We share these KPIs internally in an effort to heighten awareness toward operational safety. However, regretfully we will have to turn the count back to the beginning in two categories, "zero serious marine incidents" and "zero oil pollution," due to a grounding and oil spill incident of the WAKASHIO, a Capesize bulker chartered by MOL, in August 2020.

LTIF*1 (Lost Time Injury Frequency)

Fiscal 2019

LTIF **0.38**



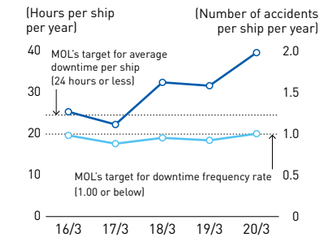
Source of reference values: Overview of Results of the 2019 Survey on Industrial Accidents," Ministry of Health, Labour and Welfare

MOL has consistently remained below the target value of 0.7 or less for LTIF since fiscal 2015. Our figure was particularly low in fiscal 2019, at 0.38. This number is substantially lower than the figures gathered by the Ministry of Health, Labour and Welfare on the average across all industries (1.80 in 2019) and the average for the marine transport business (1.35 in 2019).

Average Downtime*2 / Downtime Frequency Rate*3

Fiscal 2019

Downtime Frequency Rate **1.00 per ship**

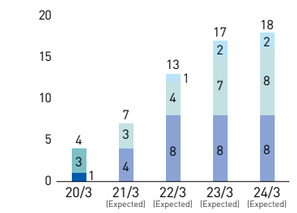


In fiscal 2019, our downtime frequency rate was 1.00 per ship, meeting our target of 1.00 or less. However, average downtime in fiscal 2019 was 39.58 hours per ship, significantly above our target of 24.00 hours per ship, due to equipment malfunctions on newly built ships, etc.

Number of Environmental and Emission-Free Business-Related Ships*4

End of fiscal 2023

Expected Number of Ships **18**

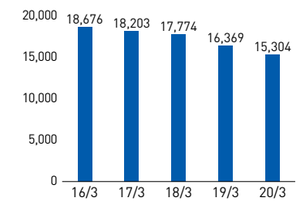


Following the strategies formulated in our Rolling Plans, we focus on environmental and emission-free businesses. In the next few years, we expect to begin reaping the fruits of the seeds we have sown over the past years. By the end of fiscal 2023, we are expecting to have 18 environmental and emission-free business-related ships, which include ships in areas of LNG supply, alternative fuels, and renewable energy.

Greenhouse Gas Emissions

Fiscal 2019

CO_2 Emissions (Scope 1) **15,304 thousand tons**

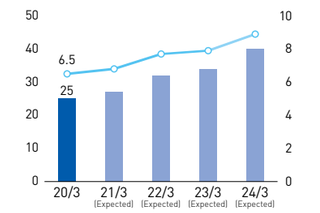


Our CO_2 emissions in Scope 1 have declined steadily, due in part to the transfer of our containership business to ONE, the newly established integrated company, in fiscal 2018. As is stated in MOL Group Environmental Vision 2.0, by 2050 we aim to reduce GHG emissions from ships by 50%, compared with 2008 levels.

Number and Percentage of Women in Managerial Positions*5

End of fiscal 2019

Percentage of Women in Managerial Positions **6.5 %**



We have set 8% as our target for the percentage of women in managerial positions, as we believe that promoting participation and advancement of women helps enhance corporate value. We expect to reach this goal by the end of fiscal 2023, reflecting an increase in the total number of women we hire.

*1 The number of work-related accidents per one million hours worked. Includes any workplace illness or injury that prevents a worker from resuming even a reduced workload on that day.
*2 The amount of downtime due to mechanical malfunction or accident per ship per year
*3 The number of mechanical malfunctions or accidents that result in downtime per ship per year

*4 Includes only ships with a certain ownership share
*5 Unconsolidated basis excluding loaned employees, contract employees, part-timers, etc., but including expatriate employees