

# ONE

**OCEAN NETWORK EXPRESS**

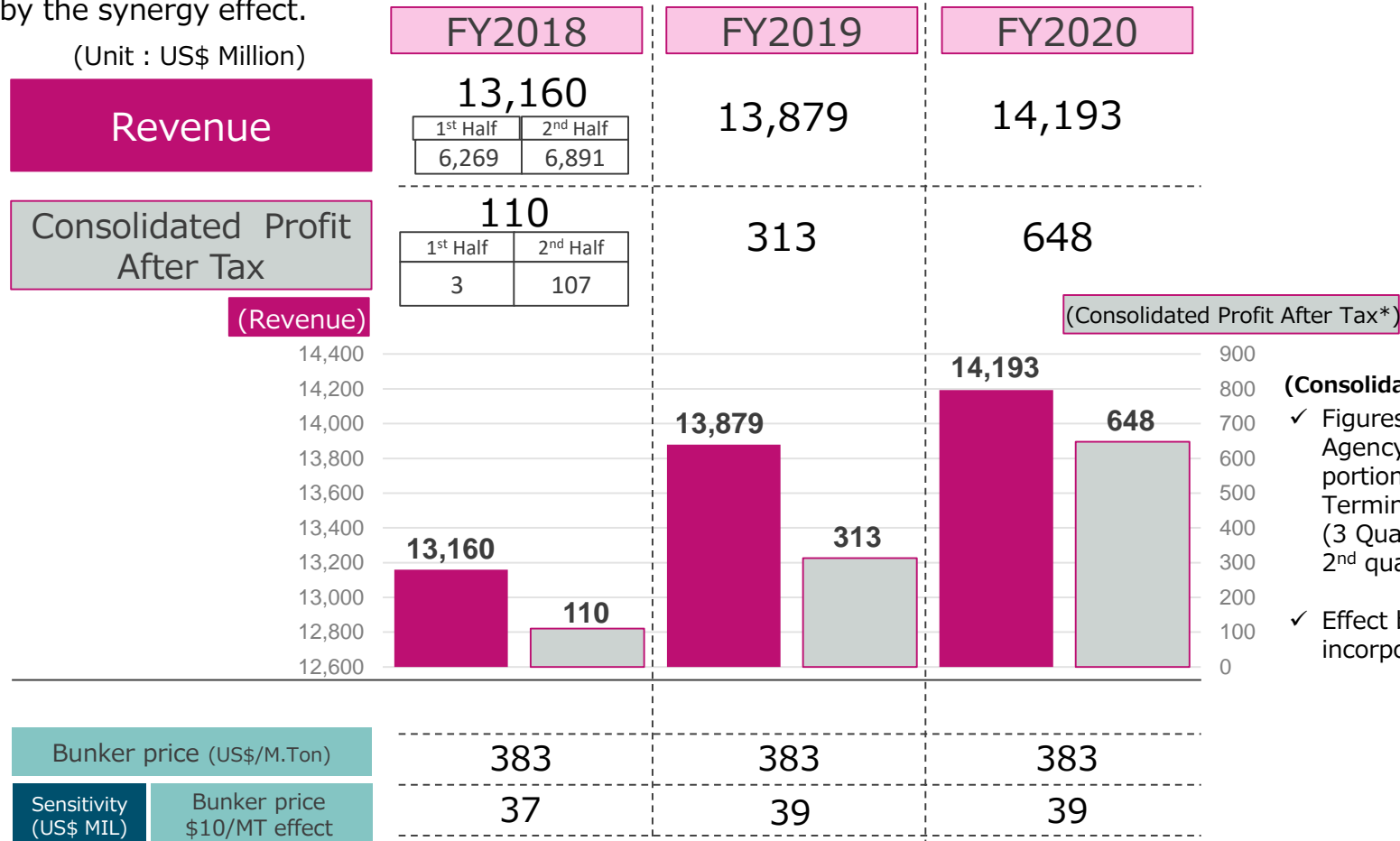
3-Year Business Plan (FY2018-2020)  
and FY2018 Business Summary

**2018/4/27**

# 1. Business Plan (3 Years)

Steady demand growth is expected against a background of relatively favorable global economic situation, so the demand/supply will be stabilized on a mid-term basis. Regrouping of the consortia has settled down and it will contribute to provide stable services.

In the business plan, the freight rate is set at a similar level to FY2017, and lifting increase at organic growth rate (yearly around 3-4%) is incorporated. On top, steady bottom-line improvement will be sought by executing cost-savings by the synergy effect.



- ✓ Figures are inclusive of Agency profit (whole year's portion) and overseas Terminal company's profit (3 Quarters' portion from 2nd quarter onwards).
- ✓ Effect by adopting IFRS is incorporated.

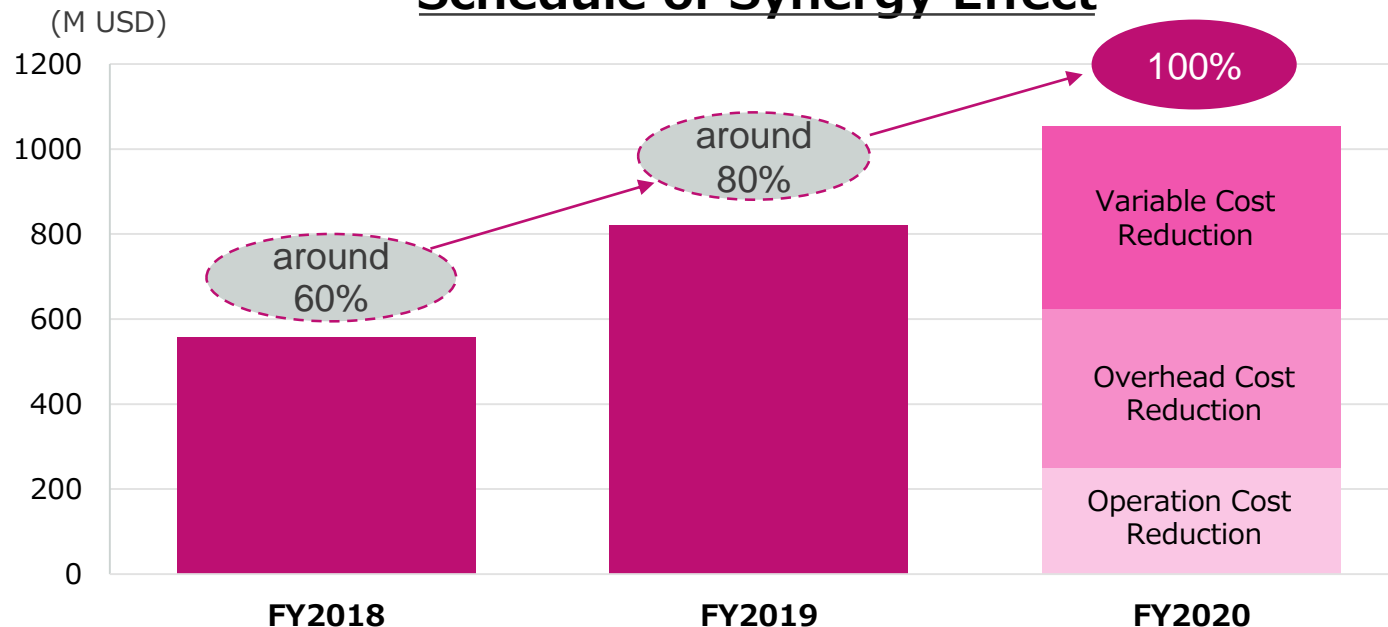
# 2. Synergy Effect

Synergy Effect of yearly US\$1,050 million (Yen 112.4 Billion), which exceeds the original amount US\$1,028 Million (Yen 110.0 Billion), is expected. Around 60% of the effect will emerge in the 1<sup>st</sup> year, 80% in the 2<sup>nd</sup> year and 100% in the 3<sup>rd</sup> year.

❑ **Break-down of the synergy effect US\$1,050 Million is as follows.** (Exchange rate : 1 US\$=JPY107)

- **Variable Cost Reduction** ...US\$430Mil : Rail, Truck, Feeder, Terminal, Equipment etc..
- **Overhead Cost Reduction** ...US\$370Mil : IT cost, Rationalization of organization, Outsourcing etc..
- **Operation Cost Reduction** ...US\$250Mil : Bunker consumption, product rationalization etc..

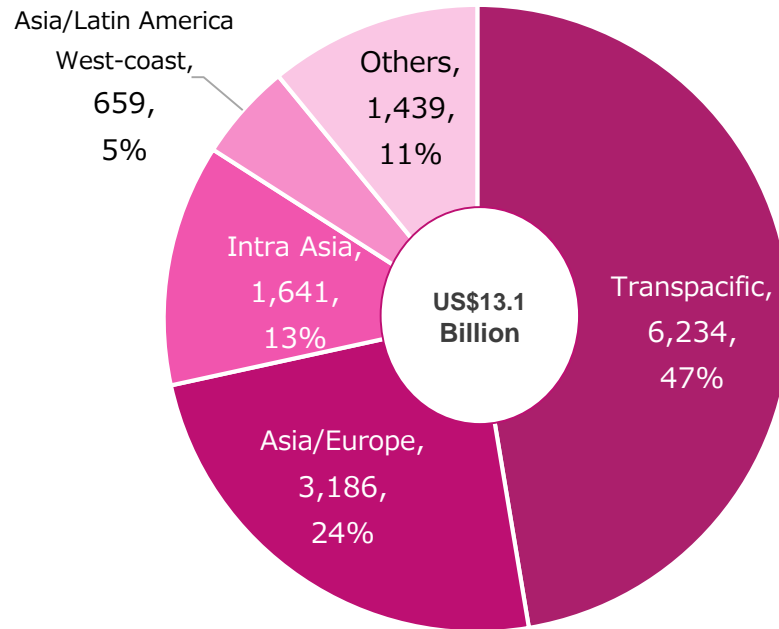
## Schedule of Synergy Effect



# 3. Portfolio (Revenue·Space)

## ONE Portfolio (FY2018)

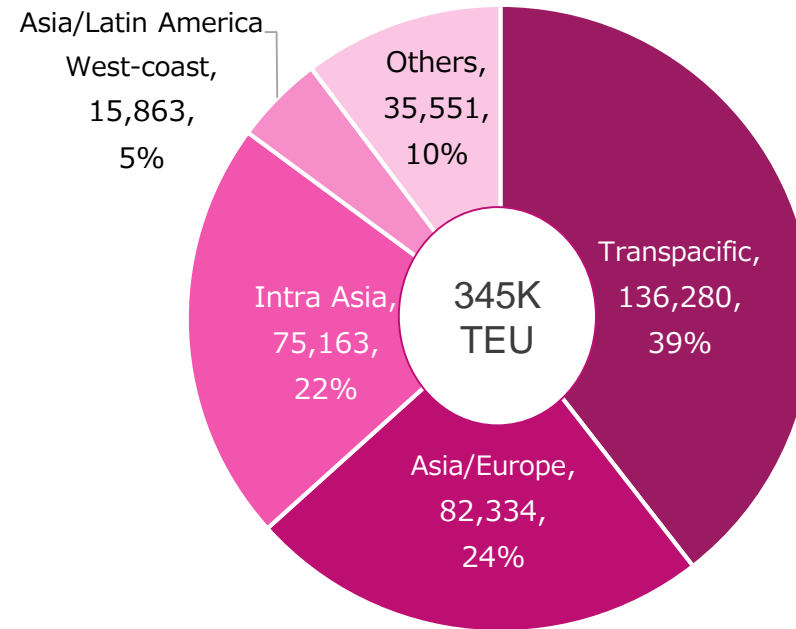
Revenue



(Trade, USD M, %)

- ✓ Transpacific, Europe and Intra Asia will account for 84% of the total revenue.

Space (TEU/week)



(Trade, TEU/week, %)

- ✓ Transpacific, Europe and Intra Asia will account for 85% of the total weekly space.

# 4. Fleet

Vessel charter commenced in stages from April 2018 and the total fleet will gradually increase. As for new-building delivery, 7 vessels of 14000TEU type is planned for the year 2018.

Vessel Size(TEU)		As of end of FY2018 (March 2019)
>=20000	Vessels	6
	TEU	120,600
10500-20000	Vessels	23
	TEU	321,000
9800-10500	Vessels	10
	TEU	100,100
7800-9800	Vessels	39
	TEU	347,598
6000-7800	Vessels	39
	TEU	252,168
5200-6000	Vessels	16
	TEU	89,670
4600-5200	Vessels	24
	TEU	118,260
4300-4600	Vessels	16
	TEU	71,816
3500-4300	Vessels	11
	TEU	46,562
2400-3500	Vessels	20
	TEU	52,992
1300-2400	Vessels	11
	TEU	18,711
1000-1300	Vessels	1
	TEU	1,200
<1000	Vessels	8
	TEU	6,000
Total	Vessels	224
	TEU	1,546,677

## 5. FY2018 Business Summary

### **□ Demand/Supply, Market Situation**

- For the year 2018, increase of global fleet supply at around 5% is planned while cargo demand growth at around 4% is expected. So, the situation is expected that the supply shall slightly outweigh the demand for the coming year.
- In the East-West services, the regrouping of consortia has settled down in 2017, and appropriate space by each consortia shall be provided, so it is expected to contribute for stabilization.

### **□ Cost-saving, Improvement of Cost Competitiveness**

- As synergy effect by the business integration, the cost-saving of US\$1,050Mil is expected through the cost-saving of variable cost, overhead cost and operation cost. Around 60% of the effect will emerge in the 1st year, and the full effect is expected in 2020.