Mitsui O.S.K. Lines, Ltd.
April 30, 2021

# Briefing on Business Performance in FY2020 and Rolling Plan 2021

## Opening Remarks (Overview) <President Hashimoto>

I am Takeshi Hashimoto, President of Mitsui O.S.K. Lines. I would like to say a few words at the beginning of this presentation.

Regarding our business performance in FY2020, whereas we had initially assumed a loss on a full-year basis due to COVID-19, we succeeded in recording much better financial results than those for FY2019, which were comparatively solid, although this was in large part attributable to equity in earnings of affiliates related to Ocean Network Express (ONE).

As for our forecast for FY2021, the question of how to predict ONE's business, which continues to be bolstered by strong market conditions, is debatable, but even if we estimate ONE's business performance fairly conservatively, as announced earlier today, we now expect ordinary profit to reach JPY 100 billion for a second year running.

Turning to our management plan "Rolling Plan 2021," we announced and explained the main points on April 5 but today we will provide additional information and explain details of the profit plan as well as our financial strategy and investment plan.

I will now hand over to Managing Executive Officer Yutaka Hinooka and CFO Hisashi Umemura to explain our business performance and “Rolling Plan 2021” in detail respectively.

## Outline of FY2020 Financial Results
## <Yutaka Hinooka, Managing Executive Officer>

**[Overall]**

<Please refer to slide 3 and the Overall section of slide 5 in the briefing materials with the blue cove page.>

Revenue decreased by JPY 163.9 billion year on year. This was mainly due to a decrease in the number of units transported by car carriers during H1 and the deterioration of the dry bulk market from the previous fiscal year.

Next, starting from the FY2020 results, we will include “business profit (loss)” in our financial disclosures, a unique new indicator which shows MOL's "earning power." MOL decided to introduce the concept of “business profit (loss)” because businesses such as the LNG transportation and the offshore businesses are the type where equity in earnings of affiliates account for a large percentage of total profit and, as a result, MOL's actual strength is not adequately reflected at the operating profit (loss) stage and also because ONE, an equity-method affiliate, is now making a serious contribution to profit in the containership business. We plan to continue showing “business profit (loss)” in our disclosures from this fiscal year.

In terms of the highlights of our FY2020 financial results, ordinary profit reached JPY 133.6 billion, a huge jump of JPY 78.5 billion from the previous fiscal year. Whilst the strong performance of ONE, a containership joint-venture company, stands out, in the Dry Bulk Business, we secured a net surplus of about JPY 4.0 billion even under sluggish market conditions, excluding the temporary impact of non-operating expenditures explained later. Also in the Energy Transport Business, we achieved higher profit by successfully tapping into a stronger tanker market in H1 and by accumulating profits from long-term contracts for LNG carriers. Additionally, in the Product Transport Business, favorable business conditions in containerships, created by the rapid recovery in cargo volumes and the rise of freight rate levels, offset the slump in the car carrier business, resulting in significantly increased profits not only on a segment basis but overall.

**[By Segment]**

I would now like to explain performance by segment. Please refer to slide 4 as well as the By Segment section on slide 5 of the materials.

**<u>Dry Bulk Business</u>**

I will now explain the Dry Bulk Business.

In the business of capesize bulkers, which transport iron ore, profit decreased from the previous fiscal year due to the impact of the spot market, which remained sluggish overall, despite a base of stable profits from medium-to-long-term contracts.
The business of medium- and small-sized bulkers, which refers to Panamax and

Handymax bulkers, steadily secured profits throughout the fiscal year by operating with limited market exposure, including H1, when the market hovered at a low level.

The specialized bulkers business posted an additional allowance for doubtful accounts for Gearbulk Holding AG, an equity-method affiliate that owns and operates open-hatch bulkers, under nonoperating expenditure, as announced in a timely disclosure release today. On the other hand, the cargo volume of paper pulp, a major cargo for open-hatch bulkers, recovered from the temporary slump caused by COVID-19, and rates for inbound routes also improved from H2, resulting in higher profitability than forecast. Wood chip carriers also benefited from improvement in cargo movements and market conditions from H2 but profit deteriorated year on year.

As a result, the Dry Bulk Business segment overall posted an ordinary loss of JPY 4.2 billion, a decrease of JPY 16.3 billion from the previous fiscal year.

## Energy Transport Business

Next, I would like to present the results of the Energy Transport Business.

■Tankers

In the Tankers subsegment, crude oil tankers posted a significant increase in profit thanks to the profit contribution of favorable short-term contracts successfully secured during the surging market in early spring, as explained previously, and stable profits from medium-to-long-term contracts. Product tankers also achieved higher profitability than a year earlier despite the weakened market after midyear thanks to strong market conditions in spring led by the crude oil tanker market. Profit for LPG tankers and chemical tankers also improved due to strong markets, and methanol tankers continued to earn stable profits based on medium- and long-term contracts. As a result, the tanker subsegment overall posted significant year-on-year improvement in ordinary profit.

■LNG Carriers/Offshore Businesses

LNG carriers posted higher profit than a year earlier, reflecting the accumulation of stable profits mainly from long-term charter contracts, including five newly delivered LNG carriers, such as LNG bunkering vessel for Total and LNG carriers for the Yamal Project in Russia.

Profit in the offshore businesses deteriorated year on year due to the allocation of an FSRU to a short-term contract, as notified from the start of the fiscal year, despite stable profit from business such as FPSO generated mainly through medium- and long-term contracts.

As a result, the Energy Transport Business overall reported ordinary profit of JPY 29.7 billion, an increase of JPY 4.3 billion year on year, due to strong oil tanker market conditions and the accumulation of stable profits mainly from LNG carriers.

## <u>Product Transport Business</u>

I will now move on to explain the results of the Product Transport Business.

■Containerships

For details of ONE's business performance, please refer to page 3 of ONE's magenta-colored materials.

A sharp recovery in transport demand, seen mainly on Asia-North America routes from Q2 following the first wave of COVID-19, and other compounding factors such as the resulting container shortage and port congestion caused freight rates to rise to a much higher level than anticipated from Q3 through Q4. For the rest of the fiscal year, except Chinese New Year, cargo movements remained brisk and freight rates also stayed high, resulting in a significant year-on-year increase in profit. ONE's after-tax profit was USD 3,484 million and our share of profits at ONE accounted for using the equity method were USD 1,080 million, which is the amount equivalent to our 31% stake.

The impact of COVID-19 on the supply chain and measures taken to address this are summarized on page 4 of ONE's materials. ONE has taken every possible step to address the container shortage, for example, arranging special voyages exclusively for returning empty containers from regions such as North America to Asia and individually asking customers in areas with slow container circulation to quickly return containers. However, it is likely to be some time before the situation resolves.

In other areas of the containership business subsegment besides ONE, the terminal and logistics business secured profit firmly, although the impact of COVID-19 was evident in various ways depending on the business and region.

■Car Carriers

In the car carrier business, shipment-base transport volumes recovered after hitting bottom in April - May, as explained previously, and were about at the year-ago level from September. In H2, the car carrier business profit recovered to the point where it was breaking even, partly thanks to a fleet reduction of 12 vessels in H1 in quick response to the situation. For the full fiscal year, however, profit deteriorated compared to the previous year due to the major impact of the deficit in H1.

■Ferries and Coastal RoRo Ships

Even amid the COVID-19 crisis, cargo transport remained resilient, although there was a slight decrease in volume. Ferry passenger traffic saw a temporary recovery due to the Japanese government's Go To Campaign but as a whole decreased significantly. Consequently, the Ferries and Coastal RoRo Ships business overall saw a year-on-year deterioration in profit.

As a result, the Product Transport Business as a whole achieved a considerable year-on-year improvement in profit of JPY 95.9 billion, posting ordinary profit of JPY 102.6 billion.

**Associated Businesses**

The real estate business steadily contributed to overall profit despite the COVID-19 pandemic. However, the cruise ship business was hit by the cancellation of cruises and the travel business suffered a significant drop in demand due to dramatic decline in business trips and the Associated Businesses segment overall posted year-on-year decline in profit.

**Dividends**

As a result of the increase in our profit for the period, we have raised the amount of year-end dividend we plan to pay from ¥85, as announced previously, to ¥135. This will make the annual total dividend ¥150 per share, including the already paid interim dividend of ¥15.

As communicated in previous business performance results announcements, expenditure for measures which will lead to improvement in profitability from FY2021 are being accounted for as an extraordinary loss in FY2020. You can see from the financial results announced today that we recorded a net extraordinary loss of around JPY 33.0 billion in FY2020. More specifically, we recorded impairment losses related to an FSRU announced in a timely disclosure release at the end of March and losses related to business restructuring associated with the consolidation of product tanker operations in Singapore and organizational streamlining with Nissan Motor Car Carrier in the car carrier business. We hope you understand that these are all proactive measures which will contribute to our business operations from FY2021.

## Explanation of FY2021 Forecast

**<Yutaka Hinooka, Managing Executive Officer>**

Next, I would like to explain our FY2021 forecast.

**[Overall]**

<Please refer to slide 7 and the Overall section of slide 9 in the briefing materials.>

We project revenue of JPY 1,060 billion, an increase of JPY 68.5 billion year on year, on the assumption of recovery of the dry bulker market and cargo movements in the car carrier business. Whilst revenue fell slightly short of JPY 1 trillion in the previous fiscal year, we expect revenue exceeding JPY 1 trillion this fiscal year.

We project JPY 100 billion in ordinary income, a decrease from the previous year. This is based on the assumption of decreased profits in the containerships and tankers businesses, which performed strongly in the previous fiscal year, while factoring in an improvement in profits in the dry bulk and car carriers businesses.

**[By Segment]**

I will now explain the forecasts by segment. Please refer to slide 8 and By Segment section on slide 9 of the materials.

**Dry Bulk Business**

Starting with the Iron Ore and Coal Carrier Division (Capesize), we expect a year-on-year increase in profit based on medium-to-long-term contracts. This forecast assumes firm market mainly due to demand for the transportation of iron ore to China and also factors in recent favorable market conditions.

Turning next to MOLDB, short for MOL Drybulk, Ltd., which was established this April through the integration of MOL's medium- and small-sized bulker and wood chip carrier businesses and Mitsui O.S.K. Kinkai, Ltd. Operating a wide variety of vessel types ranging from medium- and small-sized bulkers, to short-sea vessels and wood chip carriers, MOL Drybulk, Ltd. has started offering a "one-stop service" to meet customer needs for all such vessel types. For small- and medium-sized bulkers, we anticipate a generation of steady profit along with the continued firm market backed by strong grain cargo movement. We expect wood chip carriers to achieve profitability this fiscal year due to improving market conditions associated with a rebound in demand for transport to China.

In the Other (open-hatch bulkers) subsegment, we anticipate an improvement in profit due mainly to rising demand for pulp transport on outbound routes and a stronger general bulker market on inbound routes.

In the Dry Bulk Business segment as a whole, we forecast ordinary profit of JPY 13.0 billion which marks a significant improvement from the previous year, reflecting increased profit and improved performance leading to a recovery from deficit thanks to higher revenue in each subsegment.

**Energy and Offshore Business**

Next, I would like to explain the forecasts of the Energy and Offshore Business, the business segment which was previously the Energy Transport Business, but which has been renamed from this fiscal year.

■Tankers

The crude oil tanker market is currently sluggish largely owing to the extension of output cuts and delays in the recovery of oil demand. Heading towards H2, we anticipate an improvement in market conditions as vaccination programs expands and economic activity resumes around the world, however, we expect a decrease in profit from the previous year, when profits were boosted by rising markets.

In product tankers, we will strengthen competitiveness by gradually consolidating operations, which are currently centered on MOL's Tokyo Head Office, in Singapore. With strong market conditions anticipated for H2, the product tankers subsegment is expected to continue generating profits this fiscal year.

In the Other subsegment, profits for LPG tankers, methanol tankers and chemical tankers are expected to remain largely unchanged from the previous year.

■LNG Carriers/Offshore Businesses

Moving on to LNG carriers, addition of new fleet is limited with a total of three vessels - one LNG carrier and two LNG bunkering vessels -scheduled for delivery but these are expected to accumulate profits along with the five delivered during the previous year.

In the offshore business, we anticipate that profit and loss level will be unchanged from the previous year, with stable profits generated through FPSO projects deployed offshore Brazil offsetting the negative impact of one FSRU waiting to be allocated to the next long-term contract.

Accordingly, we expect the Energy and Offshore Business as a whole to post ordinary profit of JPY 26.0 billion, which is slightly down from the previous year. This forecast factors in reduced profit from tankers, which benefited from strong market conditions in the previous year, offsetting the generation of steady profits based on long-term contracts mainly in the LNG carrier and offshore businesses.

## **Product Transport Business**

I will now explain our forecasts for the Product Transport Business.

■Containerships

Looking at the containerships business, ONE has yet to determine its forecasts because, as stated on page 6 of ONE's materials, the economic environment will change dramatically depending on the impact of COVID-19, among other factors. For our part, given that we are still seeing strong cargo movements accompanied by high freight rates seen since last summer and taking into consideration the seasonal factor that cargo movements on the key Asia-North America and Asia-Europe routes will increase from now on through the summer, we assume that the favorable market conditions will continue for some time. However, we anticipate that the market will soften at some point in the fiscal year. The question is when and by how much. We have factored this fairly conservatively into our forecast.

For the Other segment in our materials, we expect profit for the terminal and logistics business to increase year on year based on the assumption of general recovery in cargo volumes compared with the previous year when cargo volumes were affected by COVID-19.

Based on this, we forecast that the Containership subsegment will report ordinary profit of JPY 52.0 billion, which is down from the previous year.

■Car Carriers

Car carrier cargo movements were almost back to pre-pandemic FY2019 levels by around September last year. We anticipate that in the current fiscal year cargo movements will continue to recover, although there are concerns over the impact of semiconductor shortages. We aim to return to profitability on a full-fiscal year basis through rationalization of the organization in line with Nissan Motor Car Carrier, which is a Group company, and improvement of ship operating efficiency, in addition to the effects of vessel reduction implemented in the previous fiscal year.

■Ferries and Coastal RoRo Ships

In the Ferries and Coastal RoRo Ships subsegment, we expect profit to improve on the assumption of some degree of recovery in demand for domestic passenger travel through the year and relatively firm cargo transport demand.

As a result, we forecast that the Product Transport Business segment as a whole will report ordinary profit of JPY 55.0 billion, assuming a year-on-year drop in profit in the containerships business offset by improved earnings in the Car Carriers and Ferries and Coastal RoRo Ships businesses.

**Associated Businesses**

Among the Associated Businesses, the real estate business is expected to continue making a stable contribution to profit. For the cruise ship and travel agency businesses, there are concerns that business performance will be affected if the COVID-19 situation and the restrictions associated with this drag on. For the Associated Business segment overall, we forecast a slight increase in profit year on year.

**Dividends**

We are planning to pay an interim dividend of ¥70 and a year-end dividend of ¥80, bringing the full-year dividend to ¥150 per share. We will leave our policy of dividend payout ratio of 20% unchanged this fiscal year but will explain our future dividend policy once again later in the part about Rolling Plan 2021.

**Explanation of the management plan “Rolling Plan 2021”**
**<Hisashi Umemura, CFO>**

I would like to explain Rolling Plan 2021 (final version).

Please refer to the briefing materials, separate from the business performance materials, we have provided. Since the first half outlining the main points is information which has already been announced and explained in the briefing held on April 5, today, I will explain our profit plan, financial strategies, and investment plan from slide 10.

**Profit Plan**

<Please turn to page 10 of the slides.>

As already explained on April 5, the medium-term ordinary profit target of JPY 80 - 100 billion which we have adopted since introduction of a rolling-type management plan in FY2017 is expected to be achieved consistently through the period from FY2021 to FY2023. More specifically, we forecast ordinary profit of JPY 100 billion as explained earlier in FY2021, JPY 80 billion in FY2022, and JPY 90 billion in FY2023. In addition, we set, after much discussion, a profit target for FY2027, which marks the 10th year since introduction of a rolling-type management plan in FY2017, of JPY 130 billion, as a target for the next stage.

We have also indicated our ordinary profit forecasts for each segment, as we did last fiscal year. While the containerships business significantly bolstered our profit in FY2020, as you can see from the chart, other segments besides the containerships segment are also expected to steadily accumulate profits moving forward.

Now please allow me to explain briefly on the figures for each of the segments shown.

We expect the Dry Bulk Business to generate profit of slightly over JPY 10 billion up to and including FY2023, although capesize bulkers will be somewhat affected by market conditions. In the meantime, we aim to replace mainly capesize bulkers with LNG-fueled vessels and to leverage this to accumulate profits as we head towards FY2027.

In the Energy and Offshore Business, we forecast higher profit due mainly to the inclusion of FSRU-related profit from FY2022. Meanwhile, we plan to invest in LNG carriers, powerships and FSRUs as projects related to low-carbon business in a bid to steadily accumulate profit as we move towards FY2027.

In the Product Transport Business, we expect car carriers and ferries to produce more stabilized and higher profits. For the containerships business, we have drawn up a profit plan with reference to the forecasts for FY2021 explained earlier in our forecasts.

**Financial strategies (Outlook for cash flow)**

<Please turn to page 11 of the slides.>

Next, I would like to explain our financial strategies from the perspective of cash flow.

In last fiscal year's management plan “Rolling Plan 2020,” we set ourselves the target of generating free cash flow of JPY 100 billion over three years and in the first fiscal year FY2020, we secured free cash flow of JPY 44.2 billion. Taking factors such as credit rating into consideration, we still need to improve our financial position and, from FY2021 to FY2023, we aim to generate free cash flow at the same pace, securing free cash flow of JPY 100 billion in the next three years.

**Investment Plan**

<Please turn to page 12 of the slides.>

I will now move on to explain our investment plan.

We expect to make investments totaling JPY 450 billion in the three years from FY2021 to FY2023. This includes JPY 240 billion in investments which have already been decided. As already explained on April 5, within the JPY 450 billion, around JPY 200 billion will be invested in carbon reduction/decarbonization projects.

We will make the necessary investments while securing free cash flow by steadily accumulating cash flows from operating activities as well as generating cash from assets, businesses, and projects.

Details of investments are shown in the chart. Looking at a breakdown of the investment in carbon reduction/ decarbonization projects, investments which will contribute to GHG reduction of MOL operated vessels will be around JPY 90 billion (of which, JPY 50 billion is new investment) and investment in projects related to carbon reduction/ decarbonization projects such as LNG carriers, powerships and FSRUs will be approximately JPY 110 billion (of which, JPY 60 billion is new investment).

Through the total JPY 450 billion investment, including other projects, we expect a contribution of JPY 40 billion in annual profits in FY2027.

**Summary of profit plan and financial strategies, and dividend policy**

<Please turn to page 13 of the slides.>

This summarizes the profit plan and financial strategies explained so far.

From FY2021 to FY2023, we will steadily generate ordinary profit and, for the next stage, we set ordinary profit of JPY 130 billion as our profit target for FY2027 and I aim to maintain stable ROE of 10 - 12%.

We also set a net gearing ratio of 1.00 as our financial position target and we aim to achieve this by FY2027. As explained earlier, we plan to generate JPY 100 billion of free cash flow in three years from FY2021 to FY2023 and we will allocate this cash to improve our financial position as a priority and seek to improve the net gearing ratio.

Finally, details of our dividend policy are given right at the bottom. Currently, our dividend payout ratio is set to 20% but when we achieve a certain degree of improvement in financial indicators such as the net gearing ratio and equity ratio, we will review our dividend payout ratio, even before FY2027. We will decide the new dividend level based on the trend of companies listed on the Tokyo Stock Exchange.

**<Explanation of References by Presenter>**

Before moving on to the Q&A session, I will explain the two reference slides.

The slide on page 14 [Reference] is an update on recurrence prevention measures established last December in light of the incident off Mauritius. The slide on page 15 [Reference] also relates to the Mauritius incident and gives an update on the progress of the establishment of our relief fund as part of our Mauritius environment/social contribution activities. In both slides, parts updated since the briefing on April 5 are underlined for your reference.

## Questions and Answers

Q1) What are your assumptions for container term contract rates and spot rates? Given that the containerships business profit for Q4 FY2020 is JPY 63.7 billion, the containerships business profit forecast for H1 FY2021 of JPY 40 billion looks conservative.

There are some reports that renewed term contract freight rates for containerships are twice as high as a year ago. In view of this, is the containership business forecast based on the assumption that spot rates in H2 of this fiscal year will fall to a level comparable with H1 of FY2020?

A1) There are various types of term contracts including those for 3 months, 9 months and 12 months. If we add together two major routes, the Asia-North America and Asia-Europe routes, roughly just under half of these are subject to term contracts.
Our customers operate not only in Japan but also in other regions such as China, North America and Europe, but as a whole we expect that freight rates of term contracts after renewal will increase by around 20% or at most 30%. The doubling of rates referred to in some media reports does not match our perception.
As for spot rates, in our view, the market conditions have been extremely favorable recently. At the same time, it is extremely difficult to predict how long the consumption of goods in Europe and North America that is driving the freight rates will last. Our view is that it could last until the summer, though this could be described as optimistic. But from then on, as vaccination programs expands, the COVID-19 pandemic will peak and start to come to an end, and we assume this might lead to changes in the way people spend money, bringing about a shift away from the consumption of goods towards experiential consumption.
As demand for container transportation falls, ship and terminal operations will return to normal and capacity will increase. Our forecast factors in a softening of the spot market from the summer, especially from the latter part of H1 through H2, due to both demand and supply side trends. Opinions may differ on whether or not this seems conservative.

It is very difficult to predict ONE's business performance. Looking back at FY2020, ONE rapidly increased its profits exponentially, starting with profit of USD 160 million in Q1, then USD 500 million in Q2, USD 900 million in Q3 and USD 1,800 million in Q4. In Q1 FY2021, freight rate remains high, mostly unchanged from Q4 FY2020. Our forecast factors in a certain degree of deceleration from Q2 FY2021 onwards but some fairly good results could still be produced.

However, as mentioned earlier, with the expansion of vaccinations moving forward, explosive sales driven by stay-at-home demand in North America will branch out into other forms of consumption such as travel and eating out. Since the disruption at ports and inland logistics and the shortage of containers which has caused everyone inconvenience will gradually ease, we expect the market to calm down from the summer. How profitable ONE will be then, in normal circumstances, remains to be seen. We think it is fair to assume a scenario in which ONE generates annual profit of between USD 0.5 billion and USD 1 billion. It is extremely difficult to know how to predict this still ongoing abnormal situation in our FY2021 forecast but we have drawn up a fairly conservative profit forecast for ONE, hoping that the COVID-19 pandemic and the logistics disruptions will come to an end soon.

Q2) I understand that rates for Asia-Europe routes rose significantly in Q4 FY2020.
Am I right in thinking that this rise in rates for Asia-Europe routes was the main factor pushing up ONE's profit compared to Q3? If possible, could you give me an idea of the profitability of the respective routes?

A2) As you point out, the rates for Asia-Europe routes rose significantly in January-March 2021, contributing to ONE's profitability. However, the main contributing factor is actually Asia-North America routes. ONE has a strong presence in the market for shipping services from Asia to North America and, partly thanks to its history, has a fairly considerable market share. Accordingly, at times when cargo movements on Asia-North America routes increase and rates rise, ONE's bottom line can improve even more than other companies. According to our analysis, ONE reaped the benefits of this to some extent in January-March 2021. This is not to say that ONE earned the benefits of this 100% because it also bore the cost of disruptions such as idling due to port congestion and recovery of empty containers which were circulating inland, but the biggest factor behind ONE's strong performance in January-March was the high level of activity on Asia-North America routes.

Q3) What is the contribution to ordinary profit of other businesses in the containerships business subsegment besides ONE?

A3) Our FY2021 forecast factors in a profit contribution of several billion yen from other businesses besides ONE.

Q4) Please give a breakdown of market exposure by type of vessel in the Dry Bulk Business and explain why you expect the market to soften this fiscal year.

A4) As of the end of March 2021 we estimate market exposure at around 30% for capesize bulkers, almost zero for medium- and small-sized bulkers, and around 20% for wood chip carriers. Dry bulker rates are recently at a historically high level and, in our view, this situation will continue to some extent in the future but usually, in January-March, rates fall because of the weather in the Southern Hemisphere, and we have, therefore, produced a forecast which takes this into consideration.

Q5) How much dividends were actually received from ONE in FY2020? Was a year-end dividend also paid in addition to the interim dividend mentioned in the release? Please also give details of ONE's dividend policy from FY2021.
How have you factored dividends from ONE into the plan for this fiscal year and your medium-term financial strategies?

A5) There has been no other dividend from ONE besides the dividend mentioned in the prior released announcement. We are currently in the process of discussing the year-end dividend and the dividend payout policy from FY2021 with ONE. Our financial strategies factor in our estimated ONE's dividend payout ratio of around 30%.

We are currently keeping our target dividend payout ratio at 20% but if the Rolling Plan continues to progress well, the figures on our financial statements will also improve and we, therefore, intend to revise this to a higher dividend payout ratio as soon as possible. Since we will be unable to do this unless we also receive dividends from ONE, we intend to communicate this to ONE as a shareholder demand. We imagine that ONE's management team and the three companies that hold stakes in ONE will need to continue holding various discussions throughout FY2021.
Basically, we want to ensure that the dividend policies of MOL and ONE are well aligned but, on the other hand, containerships business is a business model that requires constant investment to maintain large number of vessels to run the service. Therefore, it is necessary to continue making new investment to some extent. We aim to pursue operations that strike a balance between these two.

Q6) The rolling plan states that returns on investments in the next three years will contribute JPY 40 billion to ordinary profit in FY2027. Is this the amount of contribution corresponding to new investments? Or does this also include returns from replacement investments?

A6) As a shipping company, we have to maintain our fleet to some extent and the investment amount also includes the replacement of existing vessels. Accordingly, the amount of profit contribution includes both returns from new investments and returns from the replacement of existing vessels.

<Additional comment from President Hashimoto>
Currently our financial results are strong, underpinned by a historically unprecedented container boom, and it is only natural that everyone's interest is focused on the containerships business. However, when we consider the MOL Group's continued future growth in a longer term, we see the investment returns from ONE as a welcome rare opportunity and intend to utilize this to push ahead even more strongly with the investments for future growth in a way we have been considering. This is environmental investment, which is a key theme of the rolling plan, and this regional strategy is to support this. We ask for your continued understanding and support.

[END]