



# FY2022 Management Plan Rolling Plan 2022 Briefing Material

**28<sup>th</sup> April, 2022**

**Mitsui O.S.K. Lines, Ltd.**

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# Introduction – Outline of “Rolling Plan” from 2017 to 2022

In 2022, we will complete “Rolling Plan” and prepare for next management plan starting from 2023.  
(Unit: JPY bil.)

Management Plan	Mid- & Long-term Target		Profit (Actual)	Remarkable Events	Actions to Materiality	Actions to Environment	
	Mid-term	Long-term (FY 2027)					
RP2017	Set 2027 as 10-Year Vision target, Kicked off Rolling Plan	80.0-100.0	150.0-200.0	31.4	Establish ONE ~ Post Merger Integration	-	Environmental Vision 2030
RP2018				38.5		-	-
RP2019				55.0		Identify Materiality	-
RP2020	While prioritizing to adapt to rapid change in business circumstance, proceed actions to MVV, environment and sustainability for next 10 years.	N/A		133.6	COVID-19, Logistics Disruption  Growing Geopolitics Risk	-	Environmental Vision 2.0
RP2021		80.0-100.0	130.0	721.7		-	Environmental Vision 2.1
RP2022		140.0	200.0	525.0 (plan)		MOL Sustainability Plan (MSP)	-
Next Plan 2023 (TBA)	<p style="text-align: center;"><b>Reset target timeframe to 2035 (≈10 year later), following achievement of mid-/long-term target set in RP2017</b></p>						

# Introduction – Transition from RP2022 to Next Plan

While working on each strategy, RP2022 will also launch a plan for 2035, and each element will be integrated in the next plan.

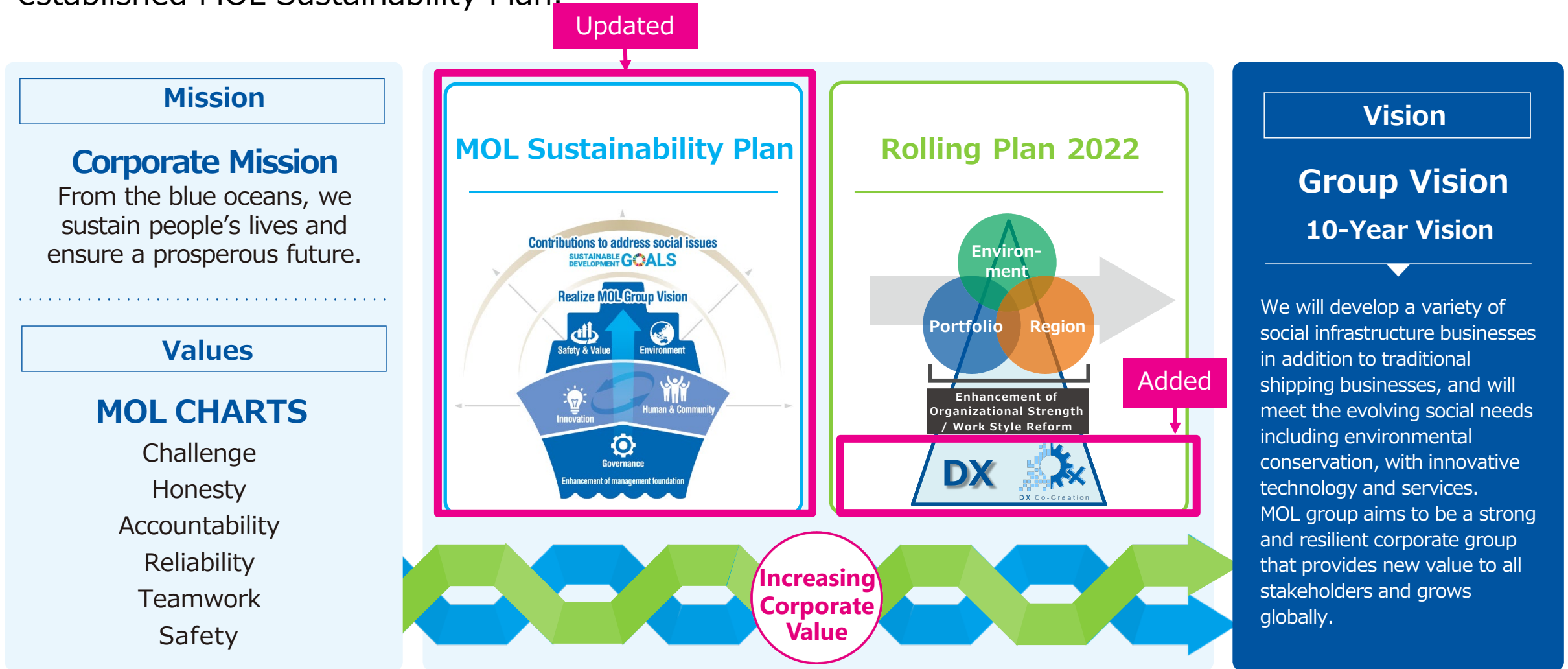
Plan	Actions to Materiality	Rolling Plan				
		Portfolio Strategy	Environmental Strategy	Regional Strategy	DX	Organizational Strength
RP2021		TOB to DAIBIRU / UTOC	Environmental Vision 2.1			Established MOL Drybulk, etc.
RP2022	MOL Sustainability Plan (MSP)	Grow Non-Shipping Business		Kicked Off Special Formation for India, to be Enhanced to Other Key Areas	Envisage DX-Vision	Long-term HR Plan
Next Plan 2023 (TBA)	 <b>New Management Plan targeting 2035</b>					



# Rolling Plan 2022

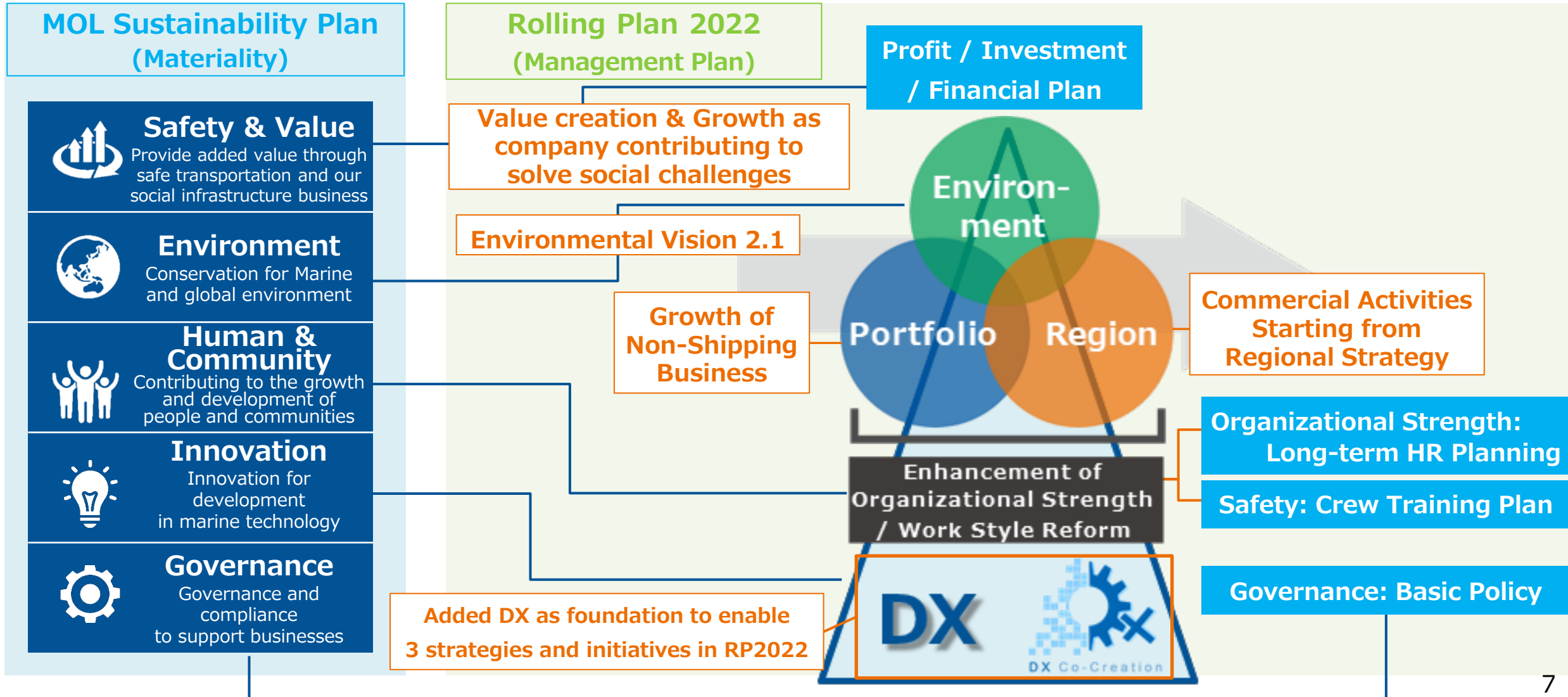
# 1. RP2022 Outline – Overview

Keeping framework of RP2021, we added DX as foundation of each strategy in RP2022 as well as established MOL Sustainability Plan.



# 1. RP2022 Outline – Relation with MOL Sustainability Plan (MSP)

RP2022 interacts with MSP, with reviewing organizational structure to implement active investment.



# 1. RP2022 Outline – Main Theme



## Key Highlight

**Boost active investment** supported by improved balance sheet, expecting JPY 1.9 trillion in total<sup>(\*)</sup> for 6 years (FY22-27), including new investment of JPY 1.6 trillion.

**Portfolio Strategy:** Strengthen Non-Shipping Business (Offshore, Offshore Wind Power, Logistics, Real Property) (→Slide 13)

**Environmental Strategy:** Continue initiatives stated in Environmental Vision 2.1 (→Slide 14)

**Regional Strategy:** Acquire large-scale projects not limited to transportation focusing in Asia by demonstrating MOL group's collective strength. (→Slide 15)

(\*) This indicates cumulative cash-out for investment incurred in 6 years.



## 2. Profit / Investment / Financial Plan (1) Profit Plan

- Expect Ordinary Profit of JPY 525.0bil. in FY2022 due to weaker market in containers than FY2021.
- Container market is assumed to stay at low level in FY2023, but afterwards Ordinary Profit will return to positive trend up to JPY 200.0bil. in FY2027 through steady implementation of 3 strategies.

(Unit: JPY bil.)	FY2021 (Actual)	FY2022 (Forecast)	FY2023 (Forecast)	FY2024 (Forecast)	...	FY2027 (Target)
Dry Bulk Business (Iron Ore Carriers, MOL Drybulk)	43.2	30.0	32.0	24.0		24.0
Energy Business (Tankers, Steaming Coal Carriers, Wind Power, LNG Carriers, Offshore business)	19.7	22.0	41.0	48.0		63.0
Product Transport & Real Property Business (PCCs, Terminal & Logistics, Containerships, Ferries & Coastal RoRo Ships, Real Property)	672.9	477.0	70.0	75.5		113.0
Associated Businesses (Tug boats, Trading, Cruise ship, etc.)	▲ 2.3	▲ 0.5	0.0	0.5		4.0
Others/Adjustments	▲ 11.8	▲ 3.5	▲ 3.0	▲ 3.0		▲ 4.0
<b>Consolidated Ordinary Profit</b>	<b>721.7</b>	<b>525.0</b>	<b>140.0</b>	<b>145.0</b>		<b>200.0</b>
USD/JPY ExchangeRate Assumptions (JPY/USD)	111.52	120	115	110		110

## 2. Profit / Investment / Financial Plan (2) Investment Plan

- Expect JPY 1 trillion investment during FY22-24, including new investment of JPY 730bil.
- While investment in Environmental Strategy remains key focus, we will boost investment in Non-Shipping Business as the other key focus too. M&A is regarded as an option for rapid growth.
- We will have M&A allowance of max. JPY 300bil. for 6 years (FY22-27). JPY 100bil. is allocated in FY22-24 investment plan, which is subject to the size and timing of project.

(\* ) This indicates cumulative cash-out for investment incurred in 3 years.

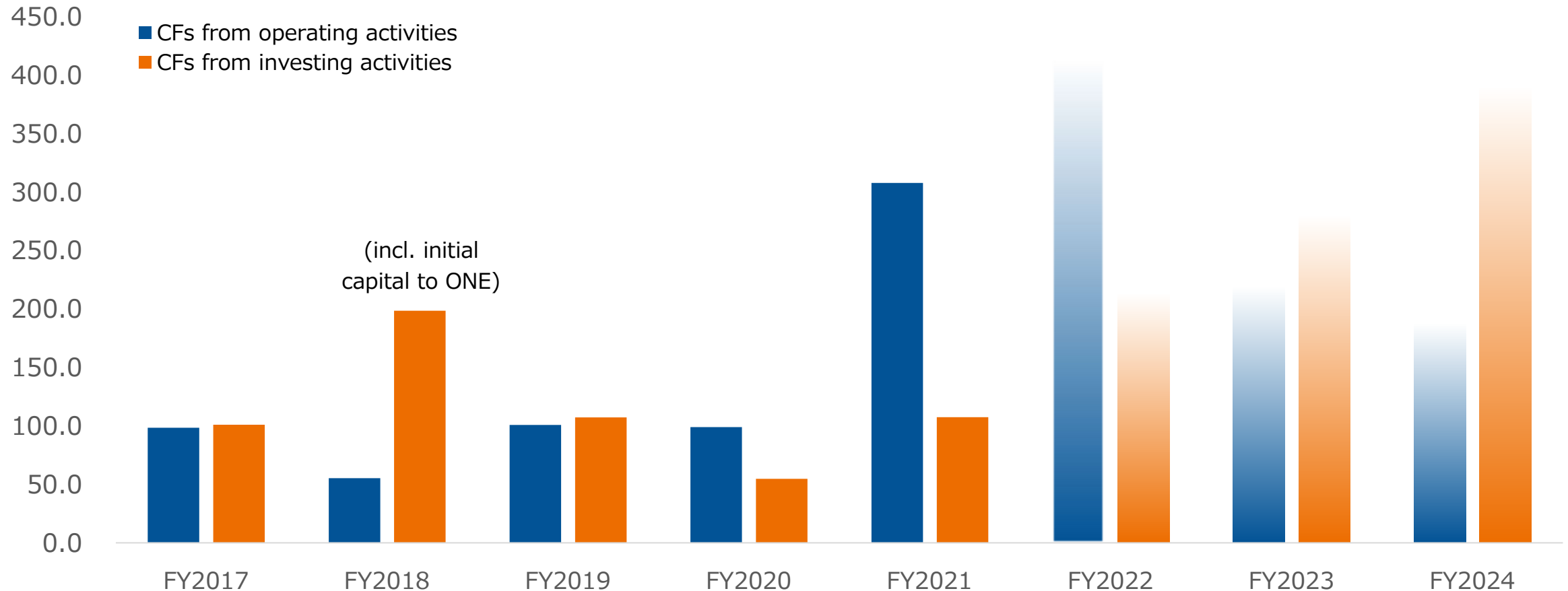
### FY22-24 Investment Cash-out

Unit: JPY bil. Cash-out amount during FY22-24		Decisions already made before end-FY21	Investments to be decided in FY22-24	Total	Expected IRR	Detail
Investment in Environmental Strategy	① Alternative Fueled Fleet	90.0	245.0	335.0	≥5%	LNG-fueled bulkers, PCCs, etc. Zero emission vessel
	② Growth of Low- & Zero-Emission Business	80.0	115.0	195.0	> 5%	LNG carriers, LPG/Ammonia carriers, Wind Power business and its associated business.
	③ Other Business Expansion, Asset Replacement, M&A, etc.	100.0	370.0	470.0	> 8%	Group company's business, Replacement of existing fleet
<b>Investment Total</b>		<b>270.0</b>	<b>730.0</b>	<b>1,000.0</b>		

## 2. Profit / Investment / Financial Plan (3) Cash Flow Projection

We expect to achieve JPY 100bil. Free CF Target in 3-year cumulative (FY21–23) set out in RP2021. From FY22 and onwards, we will control CF from investment within CF from operation at certain range of the period.

(Unit: JPY bil.)



## 2. Profit / Investment / Financial Plan (4) Summary, Dividend Policy

	FY2021 (Actual)	FY2022 (Forecast)	FY2023 (Forecast)	FY2024 (Forecast)	FY2027 (Target)
<b>&lt;Profit Target&gt;</b>					
Ordinary Profit	JPY 721.7bil	JPY 525.0bil	JPY 140.0bil	JPY 145.0bil	JPY 200.0bil
ROE	76.5%	35%	7~8%		9~10%
<b>&lt;Cash Flows&gt;</b>					
		<b>(FY22-24 cumulative)</b>			<b>(FY22-27 cumulative)</b>
CFs from operating activities (1)	JPY 307.6bil	JPY 820.0bil			JPY 1,570.0bil
CFs from investing activities (2)	JPY 107.4bil	JPY 880.0bil			JPY 1,630.0bil
Of which: Total investment amount		JPY 1,000.0bil			JPY 1,930.0bil
Asset sale / cash generation		▲JPY 120.0bil			▲JPY 300.0bil
Free Cf [(1)+(2)]	JPY 200.2bil	▲JPY 60.0bil			▲JPY 60.0bil
<b>&lt;Financial Target&gt;</b>					
Net Gearing Ratio	0.71			0.8	<1.0

- While investment to Environmental Strategy and Non-Shipping Business will be promoted supported by improved balance sheet, we will keep strict investment discipline. Due to time-lag between investment decision and actual cash-out, Net Gearing Ratio is expected to drop to 0.6-0.7 in FY22-23, followed by rising to slightly below 1.0 until FY27.
- With regards to shareholder return, approx. 25% dividend payout ratio is planned in FY2022, but for FY2023 onward, we may review our dividend policy taking into account our investment progress and the trend in Prime Market of Tokyo Stock Exchange.

### 3. Portfolio Strategy

Grow Non-Shipping Business profit from JPY 14.0bil. (FY2021 result) up to JPY 60.0-80.0bil. in FY2035.

	Shipping	Non-Shipping
<b>Achievement FY2021</b>	<ul style="list-style-type: none"> <li>• Good progress in low-emission project investment (LNG carriers, LPG/Ammonia carriers)</li> <li>• 40% share acquisition of Waterfront Shipping (shipping subsidiary of Methanex)</li> </ul>	<ul style="list-style-type: none"> <li>• Investment decision in 1<sup>st</sup> offshore wind power project</li> <li>• Successful TOB to DAIBIRU (Real Property) &amp; UTOC (Logistics)</li> </ul>
<b>Plan FY2022</b>	<ul style="list-style-type: none"> <li>• Pursue <b>transport needs of alternative energy in response to the trend toward decarbonization</b> as well as explore investment opportunity in <b>upstream of its supply chain</b></li> </ul>	<ul style="list-style-type: none"> <li>• Continuously promote <b>Non-Shipping Business incl. offshore, offshore wind power, logistics, real property.</b> Particularly, we plan more than JPY 100bil. investment in real property in FY22-24</li> </ul>

## 4. Environmental Strategy

Carry on 5 initiatives in Environmental Vision 2.1, and boost investment in next 3 years up to JPY 360bil. from JPY 100bil. in RP2021.

	Alternative Fueled Fleet	Low-, Decarbonization business expansion
	<ul style="list-style-type: none"> <li>Introduced "MOL Group Environmental Vision 2.1"</li> </ul>	
<b>Achievement FY2021</b>	<ul style="list-style-type: none"> <li>Set out GHG Reduction Roadmap</li> <li>Introduced Internal Carbon Pricing (ICP) in new investment decision</li> <li>7 orders of new-build LNG-fueled vessels</li> </ul>	<ul style="list-style-type: none"> <li>Good progress in low-emission project investment (LNG carriers, LPG/Ammonia carriers)</li> </ul>
<b>Plan FY2022</b>	<ul style="list-style-type: none"> <li>Active expansion of <b>LNG-fueled fleet</b> despite strong sentiment of ship price</li> <li>Start PDCA towards GHG emissions intensity reduction target by 2030 (1.4% p.a.)*1</li> </ul>	<ul style="list-style-type: none"> <li>Continue active investment in <b>low-emission projects (LNG carriers, LPG/Ammonia carriers, wind power)</b></li> <li>Develop new designs of <b>Ammonia-fueled Ammonia carriers</b></li> </ul>

\*1 Average up to 2030

## 5. Regional Strategy

Acquire large-scale projects not limited to transportation focusing on Asia by demonstrating MOL Group's collective strength.

	Projects originated by Headquarter	Projects originated by Regions
<b>Achievement FY2021</b>	<ul style="list-style-type: none"> <li>• 6 new LNG carrier contracts with Chinese customers</li> <li>• Increased EV export volume from China to EU</li> <li>• 4 new VLCC/LPG carrier contracts with Indian customers</li> </ul>	<ul style="list-style-type: none"> <li>• Introduced "Lead Sprint" system to accelerate decision making speed</li> </ul>
<b>Plan FY2022</b>	<ul style="list-style-type: none"> <li>• Divide Asia region into two, for each of which Executive Officer and Chief Executive Representative were assigned</li> <li>• <b>Introduce new agile organizational structure between headquarter and regional team to develop new business jointly, which starts from India as a pilot case and is expected to be enhanced to other key areas</b></li> <li>• Promote Regional Strategy in Japan, particularly the collaboration with Environmental Strategy</li> <li>• <b>Appropriately respond to changes in Russia/Ukraine situation</b></li> </ul>	

## 6. Initiatives to Digital Transformation (DX)

Corresponding to MSP “Innovation”.

Accelerate DX initiatives, (i) working on existing subjects in parallel with (ii) envisaging mid/long-term vision, then integrate them in the next management plan.

### DX Vision

- ✓ Envisage MOL-DX Vision by 2H FY2022, back-casting from long-term vision where we want to be in next decades, taking the future of MOL and industry into account



### DX in Business Strategy

- ✓ Meet customers' needs by advanced data management capability in each strategy of Portfolio / Environment / Region

### DX in Workstyles

- ✓ Improve productivity by consolidation of information across MOL group and further standardization / automation of business process

### DX in Organization

- ✓ Develop DX talent
- ✓ Reinforce function-based organization with DX to improve service quality and cost competitiveness



## 7. Initiatives to Enhancement of Organizational Strength, Work-style Reform & Safety

Corresponding to MSP “Human & Community” and “Safety & Value”.  
Envisage HR Plan and Qualified Crew Recruiting/Training to implement active investment.

	Basic Policy	Detailed Actions
<b>Achievement FY2021</b>	<ul style="list-style-type: none"> <li>Introduced and promoted “MOL CHARTS”</li> <li>Diversified new execution members (see remark) and introduced “Group Executive Officer” to strengthen group management</li> </ul>	<ul style="list-style-type: none"> <li>Materialized 3 brand-new businesses originated by group employees</li> <li>Continued initiatives through WAKASHIO Preventive Measure Task Force</li> </ul>
<b>Plan FY2022</b>	<ul style="list-style-type: none"> <li>Continue work-style reform (e.g. continuation of work-from-home, office renovation planned after re-evaluation of office work-style)</li> <li>KPI settings towards more diversified organization</li> <li>Envisage <b>new Mid-/Long-term HR Plan</b> with reviewing group organization</li> <li>Kick off <b>crew recruiting/training program</b> to manage fleet expansion</li> <li><b>Review charter chain management across MOL group</b></li> </ul>	

Remark: 1 Non-Japanese Executive Officer and 1 Non-Japanese GM were newly assigned. Also increased female GMs up to 3

## 8. Initiatives to Governance

Corresponding to MSP “Governance”. Continuous initiatives for further improvement in corporate governance.

	Basic Policy	Detailed Actions
<b>Achievement FY2021</b>	<ul style="list-style-type: none"> <li>Introduced Corporate Governance Council</li> <li>Revised Remuneration Formula for Performance-linked Stock Compensation</li> </ul>	<ul style="list-style-type: none"> <li>Introduced temporary organization for crisis management</li> <li>Submitted Corporate Governance Report satisfying new CG code</li> <li>Successful TOB to solve listed subsidiaries concerns</li> </ul>
<b>Plan FY2022</b>	<ul style="list-style-type: none"> <li>Review <b>Corporate Governance Policy</b></li> <li>Review <b>enterprise risk management system</b> to properly control various type of risks surrounding our business, particularly country risk</li> </ul>	<ul style="list-style-type: none"> <li>Risk mapping initiatives</li> <li>Introduce Risk Assessment System to group management</li> </ul>



# Reference

# Initiatives to Realize MOL Group Environmental Vision 2.1

We will pursue five initiatives to achieve our medium- to long-term goals.

Through the five initiatives, we will work with industry leaders to reduce our own and society's GHG emissions.

Five initiatives to achieve the targets

## Reduction of the Group's GHG Emissions

### 1. Adoption of Clean Alternative Fuels

Use of LNG, synthetic methane, ammonia, hydrogen, etc., as a vessel fuel



### 2. Enhancement of Energy-Saving Technologies

Equipping of vessels with Wind Challenger system and introduction of other new technologies



### 3. Boost Operating Efficiency

Reduction of fuel consumption via real-time monitoring of vessel operational status



## Contribution to the Reduction of Society's GHG

### 5. Expanding Low-Carbon and Decarbonization Projects through Use of the MOL Group's Concentrated Strengths

Business development in the field of next-generation fuels, such as offshore wind power farm projects, hydrogen, and ammonia

### 4. Building Business Models to Enable Net Zero GHG Emissions

Active involvement in regulation and rule-making, fair disclosure of emissions, and the introduction of Internal Carbon Pricing



becoming a Corporate Group that Provides New Value and Is the First Choice of All Stakeholders



**Mitsui O.S.K. Lines**