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Rolling Plan 2020

CEO's Presentation at Briefing on June 23, 2020

Overview of Management Plan "Rolling Plan 2020"

Today, I will first review Rolling Plan 2017-2020, then outline forecasts for megatrends in the "COVID-19 era" and "post COVID-19 era," and finally present "Rolling Plan 2020."

1. Review of Rolling Plan 2017-2019

[(1) Profit/Financial indicators] (Page 3 of the presentation materials)

MOL introduced rolling-type management plans in FY2017. This slide shows changes in profit and financial indicators from the end of FY2016, the year before introduction. During these three years, ordinary profit has increased every year, and ROE has also improved steadily, except in FY2017, when the Group recorded extraordinary losses related to restructuring of Containership Business, reaching 6.3% in FY2019. Although we have yet to reach the medium-term target levels for 3 to 5 years from the start of the rolling plan and are still on our way there, we have passed numerous milestones towards achievement of these levels. Especially in FY2019, which is the third year of Rolling Plan, we achieved profitability in all segments, successfully transforming ourselves into a company which can generate stable profits.

Meanwhile, in terms of financial position, you can see from the figures that we halted further increases in interest-bearing debt despite active investment in LNG carrier and Offshore Businesses and kept free cash flow close to equilibrium, with the exception of a temporary factor.

[(2) Progress of three core strategies to realize the 10-year vision], [(3) Amount of investment by business during period]

(Pages 4 and 5 of the presentation materials)

I will now explain progress made so far on the three core strategies to realize the vision under the rolling plan.

Let me start with portfolio strategies, concentrated investment of management resources in the business fields where MOL has strengths. We plotted businesses on two axes (degree of specialization and profit stability), and focused investment of management resources on the Offshore Businesses, LNG Carriers, Ferries, and Chemical Tanker Business. You can also see from the amounts of investment by business during the three-year period that we have focused on these four businesses. The general fleet such as bulk carriers was developed mainly by chartering vessels from shipowners.

Secondly, in terms of business strategies, we pursued the provision of "stress-free services, offered from the customer's perspective." Results during the period include the launch of an industry-first information customer portal and the acquisition of new businesses in Japan and overseas through cross-divisional business activities as "One MOL" and use of chief country representatives.

Thirdly, we focused on promotion of environmental strategies and development of the emission-free business as a core business. Recently, we established the "MOL Group Environmental Vision 2.0," which will be the foundation of environmental strategies. I will return to this later in my presentation. Meanwhile, results related to LNG, which offers cleaner energy, included a decision to build LNG-fueled ferries and coal carrier and the acquisition of contracts in Europe and Singapore in the LNG fuel supply business. Another result was the issuance of green bonds and sustainability bonds as a means of procuring funds for such environmental projects.

[(4) Status of main segments] (Page 6 of the presentation materials)

To conclude my review of the rolling plan 2017-2019, I will explain the status of main segments.

In the Dry Bulk Business, we generally achieved the profit level target set in FY2017, despite fluctuating market factors. Reform of the general bulker business is an issue that still needs to be addressed to achieve further improvement in profitability, although reduction of our market exposure has proven effective.

In the Energy Transport Business, profit from long-term contracts of LNG carriers have accumulated mostly as planned. The Offshore Businesses made good progress, mainly in FPSOs, while profits from FSRUs were less than expected. The Tanker Division reduced market exposure in the product tanker fleet. Meanwhile, the Chemical Tanker Business made progress towards becoming a total logistics solutions provider through strategic M&A, although the timing of its profit contribution will be later than anticipated.

In the Product Transport Business, the Car Carrier Business restored competitiveness by scaling down its fleet and making a European short sea trade J/V company a wholly owned subsidiary. However, this progress was outweighed by the impact of decline in cargo movements and was not reflected in business results. In the Containership Business, Ocean

Network Express (ONE) incurred a huge loss in FY2018 because of “teething problems” after the commencement of service, but in FY2019, operation stabilized, performance improved significantly and ONE achieved profitability. The Logistics Business reported lower-than-anticipated earnings due to the impact of U.S.-China trade friction.

Though not shown in this slide, in the Real Estate Business among the Associated Businesses, we acquired a newly built building in Australia (Sydney) as a second overseas project after Vietnam as well as branching out into another area besides office buildings in Japan and acquiring two commercial buildings.

2. Forecasts for megatrends in the “COVID-19 era”/“post COVID-19 era”

Next, I will explain our forecasts for megatrends in the “COVID-19” era and “post COVID-19 era”. When formulating “Rolling Plan 2020”, MOL made its own megatrend forecasts to assess the impact of the spread of the COVID-19 pandemic and falling oil prices, on the world economy and cargo movements.

[(1) World economic outlook] (Page 7 of the presentation materials)

In the MOL basic scenario, we assumed a world GDP growth rate of -5.0% in 2020, 3.0% in 2021 and 2% in 2022. Especially in 2020, we assumed that the economy will still be stagnating in Q3 and that there will be a gradual U-shaped recovery. This scenario assumes that although lockdowns are gradually being eased in advanced economies, cases of infection are on the rise in emerging economies and it will be difficult for the entire world economy to achieve a V-shaped recovery.

[(2) Major cargo trade outlook and business environment by business] (Pages 8 and 9 of the presentation materials)

Based on our assumptions for the world economic outlook already explained, this slide shows our forecasts for major cargos, more specifically the rate of increase or decrease each year from 2020 to 2022 and when cargo movements will recover to 2019 levels.

In the Dry Bulk Business, cargo movements of raw materials for steel production will start to recover in 2021, but recovery to the 2019 level will likely take until 2022 or later. Meanwhile, cargo movements of grain, which are based on food demand, are expected to be relatively steady. Demand for steel products in China, which accounts for about 50% of worldwide demand and production, will remain strong, but steel product imports to ASEAN5 and Europe and the U.S. may show a significant decline depending on the expansion of COVID-19 infection.

In the Energy Transport Business, LNG cargo movements are expected to exceed the 2019 level in 2021 but we expect that, even in 2022, cargo movements of coal, crude oil and petroleum products will still be slightly below 2019 levels. With respect to crude oil, crude oil tanker demand increased sharply from early spring onwards mainly for offshore oil storage, but we expect that offshore oil storage will decrease from the second half of FY2020. We believe that market movements from FY2021 will require close attention. Meanwhile, global oil & gas companies are uniformly cutting upstream investments and development plans are starting to be cancelled or postponed. We expect this to have some impact on projects we were aiming to win.

In the Product Transport Business, seaborne trade of automobiles is expected to recover to 2019 levels in 2023 or later. We expect global container cargo trade to hit bottom in July-September 2020 and estimate that trade throughout 2020 will decrease by around 25% from the previous year. We anticipate that trade will recover to near the 2019 level around 2022.

In this slide, beneath the forecasts for megatrends for each cargo, there is a summary of trends generally mentioned with respect to the worldview from 2022 considering the impact of COVID-19. I will not explain each one in detail here, but we believe that the acceleration of trends such as these may affect people's patterns of behavior and, in turn, the shipping industry. Accordingly, MOL will conduct business operations, paying careful attention to these trends.

So far, I have presented the forecasts that our Megatrend Forecasts Project Team produced in a limited time frame from April through May and also explained the assumptions for the basic scenario under our management plan "Rolling Plan 2020."

3. "Rolling Plan 2020"

I will now start to explain the management plan "Rolling Plan 2020."

[(1) Basic concept] (Page 10 of the presentation materials)

This slide shows the basic concept of "Rolling Plan 2020" but since some of the information overlaps with information that follows, I will focus on the main points.

The first four points summarize our approach and thought process since we started reviewing our management plan in response to COVID-19. I will explain these points in more detail later. For the key information on this page, please look at the fifth point at the end. In terms of our management plan for the current fiscal year, while we try to return to a growth trajectory earlier, there is no change in our previous policy which is to aim to "Become a Group of Business Units with No. 1 Competitiveness in Respective Areas." Meanwhile, we reaffirm our commitment to provide reliable transportation as an infrastructure which supports society even under the impact of COVID-19 and to engage in vigilant efforts to ensure safe operation.

[(2) Management policy] (Pages 11 and 12 of the presentation materials)

When formulated “Rolling Plan 2020,” our first moves were to reduce market exposure and re-examine investment plans as “defensive measures” in response to the crisis. At the same time, we envisioned a post COVID-19 world and, as explained earlier, made our own forecasts of megatrends to comprehend structural changes over the medium and long term. We realized as a result that, based on the assumption that our business environment will deteriorate significantly for a while, we needed to revise the growth trajectory that we had originally plotted.

With “return to a growth trajectory” as the top priority of our management plan for the current fiscal year, we will implement growth strategies and structural reforms according to our business characteristics as “offensive strategies” in preparation for a rebound in a post COVID-19 world.

Our 10-year vision to “Become a Group of Business Units with No. 1 Competitiveness in Respective Areas” remains unchanged. We will also steadfastly maintain our “three core strategies to realize the 10-year vision,” in other words, Portfolio Strategies, Business Strategies and Environmental Strategies and, whilst maintaining these, we will pursue “offensive” strategies. Additionally, we will work on “enhancement of organizational strength” unrestricted by boundaries of Group companies, on the refreshment of our organization, so to speak, to accelerate the promotion of these strategies.

We had been steadily pushing up our profits since FY2017. However, our profits will fall temporarily due to COVID-19. We aim for ordinary profit of plus minus zero in FY2020 as disclosed on June 17, 40 billion yen in FY2021 and 65 billion yen in 2022. By swiftly returning to FY2019 levels, we will return to a growth trajectory and intend to translate this into further growth in the future.

[(3) Profit plan by segment] (Page 13 of the presentation materials)

By segment, we expect that the Dry Bulk Business and the Product Transport Business will unfortunately post losses in FY2020, due to the impact of COVID-19 on cargo movements and market rates. Assuming recovery of cargo movements based on the forecasts for megatrends explained earlier, the Dry Bulk Business and Product Transport Business are expected to see an improvement in earnings in FY2021 and FY2022. In the meantime, the Energy Transport Business will generate stable profits due to the profit contribution of the Tanker Division in addition to the accumulation of profits from long-term contracts mainly in the LNG Carrier and

Offshore Businesses.

We aim to increase ROE from the FY2019 level of 6.3% to 8-10% by FY2022.

Please also refer to the market assumptions for the foreign exchange rate, bunker price, capsize bulker market and VLCC (crude oil tanker) market used for profit projections shown in the slide.

[(4) Financial strategies/Investment plans] (Page 14 of the presentation materials)
Cash flows from investing activities are indicated by the orange bars and arrow in the graph. We plan to reduce the level of cash flows from investing activities based on decisions to be made going forward to a total of 100 billion yen over the next three years. At the same time, we will take steps to generate cash from assets, businesses, and projects. As a result of these measures, we aim to secure 100 billion yen in free cash flow over the coming three years.

[(5) [Defensive measures]] (Page 15 of the presentation materials)
I would now like to explain once again the "Defensive measures" and "Offensive measures" to be implemented in light of the economic impact of COVID-19.

The focus of the "Defensive measures" will be reduction of market exposure and re-examination of investment plans in response to the crisis. The three specific steps we will take are as follows.

First, we will thoroughly reduce market exposure. We plan to reduce the fleet by a maximum of about 40 vessels, including 13 vessels that have already been implemented or confirmed. Meanwhile, in terms of hedging, we will solidify profits by concluding T/C out and Forward Freight Agreements (FFAs) when meeting certain target rates. Secondly, we will re-examine the investment plan. We will cut back the amount of cash flows from investing activities based on decisions to be made going forward from ¥200 billion to ¥100 billion for FY2020-FY2022. Thirdly, we will additionally dispose of non-business assets such as listed shares and real estate.

[(6) [Offensive strategies]] (Page 16 of the presentation materials)
The "Offensive strategies" are focused on growth strategies and structural reforms based on each business characteristic.
Each business will ensure its return to a growth trajectory through (1) development of new business, (2) cost reduction, and (3) reforms of business models, based on its individual characteristics.

In the Dry Bulk Business, we will develop high-value-added vessels and enhance proposal-based sales, strengthen renewable energy-related businesses such as transport of fuel for biomass power generation, and reinforce functions and cost competitiveness of overseas networks in the dry bulk business (including coal carriers).

In the Energy Transport Business, we will expand LNG business domains not limited to transportation, including FSRUs, LNG-to-power ships and LNG bunkering, and develop new energy-related businesses such as wind power generation. In the Chemical Tanker Business, we will strengthen strategies for liquified chemical total logistics including chemical tank terminals and tank container transportation.

In the Product Transport Business, we will develop the organizational structure and adjust the car carrier fleet composition to gain the agility to meet fluctuation in seaborne trade of automobiles. We will also address new logistics needs based on demands of customers in other businesses.

[(7) Three core strategies to realize the 10-year vision] (Page 17 of the presentation materials)

I will now explain the three core strategies to realize the 10-year vision.

Looking at portfolio strategies, our direction of concentrated investment of management resources in the business fields where MOL has strengths, which will mainly be Offshore Businesses, remains unchanged. However, investment decisions will be made carefully and selectively. This comes from the idea that although investments in the Energy and Offshore Businesses will slow down temporarily as per megatrend forecasts, these areas are still recognized as growing fields on a long-term basis. Viewing this fiscal year as a time to conserve our strength, we will limit cash used for investments, with the exception of those investments already decided.

With respect to business strategies, in other words, the provision of “stress-free services,” which MOL will offer from the customer’s perspective, in FY2020, we aim to improve the level of customer satisfaction with the keywords “digital and environment.” More specifically, this involves the enhancement of digital marketing, the development of one-stop services to meet various customer needs with one contact, and solution-based sales meeting environmental needs.

Regarding environmental strategies, we recently established our new “MOL Group Environmental Vision 2.0.” This fiscal year, we will take steady action on environmental strategies based on it.

[(8) Enhancement of organizational strength (Refresh organization)] (Page 18 of the presentation materials)

Regarding “Enhancement of organizational strength (Refresh organization),” which has been newly added to “Rolling Plan 2020,” I would like to explain two points.

Firstly, with respect to project promotion through cross-organizational collaboration, we will gather expertise and resources scattered throughout group companies to increase agility and acquire new businesses. More specifically, we will use project teams, unrestricted by boundaries of divisions and group companies, and we will move away from “all-by-ourselves-ism” and promote partnership strategies in a proactive manner.

Turning next to group-wide improvement in productivity. We will increase productivity by 15% over the next three years by taking advantage of our efforts to improve efficiency during the work-from-home period and re-deploy the saved human resources to growth areas. More specifically, we will review operational processes, use and apply ICT, and draw upon the knowledge and resources of MOL and group companies.

4. “**MOL Group Environmental Vision 2.0”** (Pages 19, 20 and 21 of the presentation materials)

Moving on, I would like to explain our recently formulated “MOL Group Environmental Vision 2.0”, step by step, starting with the background to its establishment.

Amidst growing momentum toward the prevention of global warming since the Paris Agreement came into effect in 2016, the International Maritime Organization (IMO) adopted its “strategy for reducing Greenhouse Gas (GHG)”, which comprehensively mandates a target to reduce GHG in international shipping, measures to achieve the target, and so forth, in April 2018. A year earlier, in April 2017, MOL had established “Environmental Vision 2030” but we have now established “MOL Group Environmental Vision 2.0” clarifying our commitment to achievement of the IMO targets.

“MOL Group Environmental Vision 2.0” states that “The MOL Group is committed to achieve sustainable “Net Zero GHG Emissions” through collective efforts with all capabilities.”

The three mid-to-long-term targets are:

・Deploy commercial “Net GHG Zero Emission” deep sea vessels by 2030.
・Reduce total annual GHG emissions from the ships by 50% in 2050 compared to 2008.
・Achieve Net Zero GHG emissions within this century, pursuing earlier.

If we compare the reduction targets set out in “MOL Group Environmental Vision 2.0” with those in “Environmental Vision 2030”, whilst the previous vision set an efficiency improvement target in relation to GHG emissions, the latest vision set more in-depth, specific emission cut targets to steadily achieve the targets in the Paris Agreement and IMO GHG reduction target levels.

To explain the three mid-to-long term targets further, firstly, the 2050 reduction target limits the scope of GHG emissions to those "from the ships". This is a statement of intent to reduce physical emissions from ships without relying on other means such as the use of emission credits, in other words, to take on the challenges of developing emission reduction technologies and practically applying them in our fleet. Furthermore, this does not mean that we will not work on reducing emissions from other sources besides ships and our target for reductions within this century reflects our intention to achieve Net Zero GHG Emissions as a Group, including emissions from ships and emissions from other sources.

Finally, I would like to introduce initiatives to achieve targets set out in the Environmental Vision 2.0 under five subheadings.

- On clean alternative fuels, we will further promote LNG fuels and introduce next-generation zero emission fuels.
- On energy-saving technologies, we will equip vessels with hard sails under the "Wind Challenger" project and introduce other new technologies.
- In terms of boosting operating efficiency, as already announced to the press, we will implement the FOCUS Project and improve the fuel efficiency of existing vessels and reduce operational costs through real-time monitoring of operational status.
- To build business models that enable net zero, we will actively take part in the establishment of regulations and rules through industry associations and related government ministries.
- On the expansion of low-carbon businesses, we will develop businesses in the next-generation fuel business domains such as hydrogen in addition to FSRUs, LNG-to-powership, and renewable energy.

This brings me to the end of my presentation of this fiscal year's management plan "Rolling Plan 2020" and "MOL Group Environmental Vision 2.0".

5. In conclusion

Currently, there are many uncertainties for the global economy with the impact of the COVID-19 pandemic, U.S.-China trade tensions and other downside risks. I believe that this environment will bring into relief every company's strengths and weaknesses. The current situation can, therefore, be seen both as an economic crisis and an opportunity to differentiate ourselves from our competitors. The strengths and weaknesses of our individual businesses will also become apparent, offering the perfect opportunity for structural reform. In other words, this is a situation which makes us acutely aware of the need for reform and gives us a sense of urgency. I myself felt this strongly during our intense discussions and the recent formulation and review of “Rolling Plan 2020” within a short time frame. Our employees have been working from home for more than three months. Formulating a management plan with only around 5% of staff in the office was also an epic experiment. Through this experience, we have also been able to identify many potential ways to improve productivity, which were not so obvious during normal times. I believe they will be helpful to improve our organizational strength in the future. We will conduct business in such a way that enables us to turn the crisis into an opportunity.

Finally, all our officers and employees will conduct operations based on a strong sense of mission, knowing that the lives and businesses of the people of the world cannot sustain without the shipping industry. We ask for your continued understanding and support.

Q&A with Investors and Analysts

Q1) The basic scenario of the forecasts for megatrends you disclosed in this presentation appears slightly conservative. Are you prepared to flexibly change the approach of your “Offensive strategies” and “Defensive measures” in relation to matters such as cash flows from investment activities in the event that circumstances change for the better or for the worse in the future?

A1) As you point out, the GDP growth rate of -5% used in our latest forecasts for megatrends was comparatively conservative. However, we now find ourselves in a situation where the pandemic has since accelerated, and the basic scenario can actually no longer be called conservative. Our forecasts assume that the speed of recovery will remain comparatively slow. However, if the speed of recovery is even slower, this could possibly make it difficult for us to generate cash flow as currently anticipated. We are mindful that, in this case, our approach to new investments may have to be even more restrained.

In addition, given that projects related to LNG, renewable energy and wind power, which we intend to go ahead and commit to, without reining in new investment, will probably be delayed, I expect that, to some extent, aggressive expansion of investment will naturally be difficult.

Q2) Will you revise your view when you formulate the rolling plan for next year?

A2) We intend to continue monitoring world economic trends carefully and make slight revisions to our scenario on an ongoing basis, not once a year.

Q3) Can you explain the thinking behind your assumption that the Dry Bulk Business will post ordinary profit of 7 billion yen in FY2022 and profit will struggle to return to FY2019 levels? Also, regarding use of FFAs, do you plan to use these differently from before?

A3) I expect that earnings from iron ore & coking coal transportation will struggle considerably in 2020 and 2021, and returning to past levels will be difficult. However, I believe that this is an area where we can implement bold business structural reforms, reduce costs, and improve the bottom line. The FY2022 target level is modest compared to past results, but I would like to somehow raise earnings to this level.

When it comes to FFAs, since dry bulk market is a volatile, we intend to actively use FFAs to quickly solidify profits when market conditions are favorable.

Q4) In the Energy Transport Business, ordinary profit is expected to improve considerably from FY2021 through FY2022. Please give further details.
A4) Investments we have made in the past will gradually start to bear fruit. In FY2020 and FY2021, LNG-related projects in the Arctic Ocean and FSRUs will go into operation and we, therefore, expect profits to grow comparatively strongly.

Q5) You have set a target ROE of 8-10% for FY2022. What is your shareholders return policy, including repurchase of own shares, capital policy and policy on asset sales, etc. for raising ROE still further?
A5) While I would not completely rule out repurchasing our own shares and other measures to further improve ROE in the future, considering the levels of our equity ratio and our gearing ratio, I suspect that any cash generated in the future will be used first to reduce liabilities, which we have thus far tried to prevent from increasing.

Q6) Why did you announce target free cash flow for the first time, setting a target of 100 billion yen over the three-year period? Was this out of financial considerations or does it reflect the revision of investments?
Is the policy of generating positive free cash flow a permanent policy which will be maintained in future plans?
A6) These past few years, I have often been asked how long we will continue making investments and I have explained that we will somehow keep free cash flow at the equilibrium point. But I understand that this is not something that we can continue doing indefinitely and this time we have boldly set ourselves the target of generating positive free cash flow. This is not a calculated buildup of cash flows out of our investment plans but rather marks a shift in policy towards attaching importance to the generation of positive free cash flow.

In addition, we expect that, in FY2020, new projects will be limited partly because customers are revising their investment plans. However, if the economy recovers, we expect investment opportunities to continue emerging in the Offshore Businesses and other areas. Whilst many projects will be undertaken, I intend to make investment decisions carefully and selectively. Our intention is to reduce cash flow from investing activities consequently. I would like to emphasize that it does not mean we will stop making investments altogether.

Q&A with media representatives

Q1) You explained that you are revising cash flows from investing activities from 200 billion yen to 100 billion yen. Am I correct in understanding that 100 billion yen is investment in existing projects? Are there any particular areas in which you will make new investments even as you are reviewing your investments?
A1) The 100 billion yen is the amount for areas in which we plan to make new investments apart from the existing projects. As set out in our portfolio strategies, we intend to step up investment in areas such as offshore business, renewable energy and electric power business, and environmental business. General fleet-type business such as dry bulk business is not a field in which we will invest our cash because we will be able to expand the business sufficiently even under a business model which involves chartering vessels from shipowners; however, we will continue to focus on business fields where MOL has strengths.

Q2) The world view from FY2022 mentioned “Acceleration of Energy Transition”. How will your business portfolio change through this?
A2) When we were formulating the original rolling plan, we thought that demand for traditional forms of energy such as oil and coal would be firm. However, in light of recent developments, some take the view that consideration for the environment will accelerate further and our judgment, given concern about global economic slowdown, is that total demand for oil and coal will inevitably decline. On the other hand, we believe that LNG will continue to show comparatively brisk growth due to its lower environmental impact. Since we expect electricity demand to grow to account for a relatively large percentage of global energy demand, we believe this is a good opportunity for electricity-related business such as wind power generation and offshore LNG power generation. We think it will be necessary to grasp such changes in the structure of global energy demand and to rejig our business portfolio. We intend to launch offensives in the energy markets that we are targeting for new investment, mainly the renewable energy field and LNG, whilst protecting existing business such as the oil and coal transportation business.

Q3) You say that you plan to reduce vessels by “a maximum of about 40 vessels”. Please give a breakdown by vessel type.
A3) Recently, one field where cargo volume has fallen sharply is the transportation of finished cars and we have started to review our fleet of car carriers. We intend to continue gradually reducing

vessels in the future, including dry bulk carriers and oil tankers, some of which are currently off service.

Q4) Give details of the measures you plan to take to achieve the goal of "Net Zero GHG Emissions" set out in "MOL Group Environmental Vision 2.0".
A4) At present, we are keeping our technology options open and intend to use a wide range of diverse technologies. To name one example, we have been looking at methanation and intend to consolidate our technological resources to be able to introduce Net Zero GHG deep sea vessels using methanation technologies.

Q5) I assume that, to achieve your GHG emissions reduction target, you must increase uptake of LNG as a fuel. Do you think LNG fuel-related investment will slow due to the current COVID-19 pandemic? Looking ahead to 2030, what type of investments are you planning of making and on what scale?
A5) Previously, decisions to invest in using LNG as fuel were made on the basis that, although capital investment is required, the fuel costs are lower and, therefore, the investment could be recovered in 5 to 10 years. However, this is now difficult because oil prices crashed at the beginning of the year, and although gas prices are still lower, the gap has narrowed.
Meanwhile, considering the energy supply-demand balance in the medium-to long term, deposits of oil and natural gas, and development costs, we believe there will still probably be a clear tendency for gas to remain a comparatively cheap fuel.
Though it has yet to be fully introduced, we believe that, in the foreseeable future, ship operators will have to consider the costs of their CO_2 emissions such as carbon taxes and emissions taxes. We expect that in this regard also LNG will clearly be the better option as LNG generates a third less carbon dioxide (CO_2) per unit of energy than oil.
We intend to head toward the adoption of LNG as fuel as early as possible, while at the same time expanding the LNG bunker supply business to meet global demand.