

Management Plan

“Rolling Plan 2018”

April 27, 2018

Mitsui O.S.K. Lines, Ltd.

Medium- and Long-term Profits Level and Financial Indicators

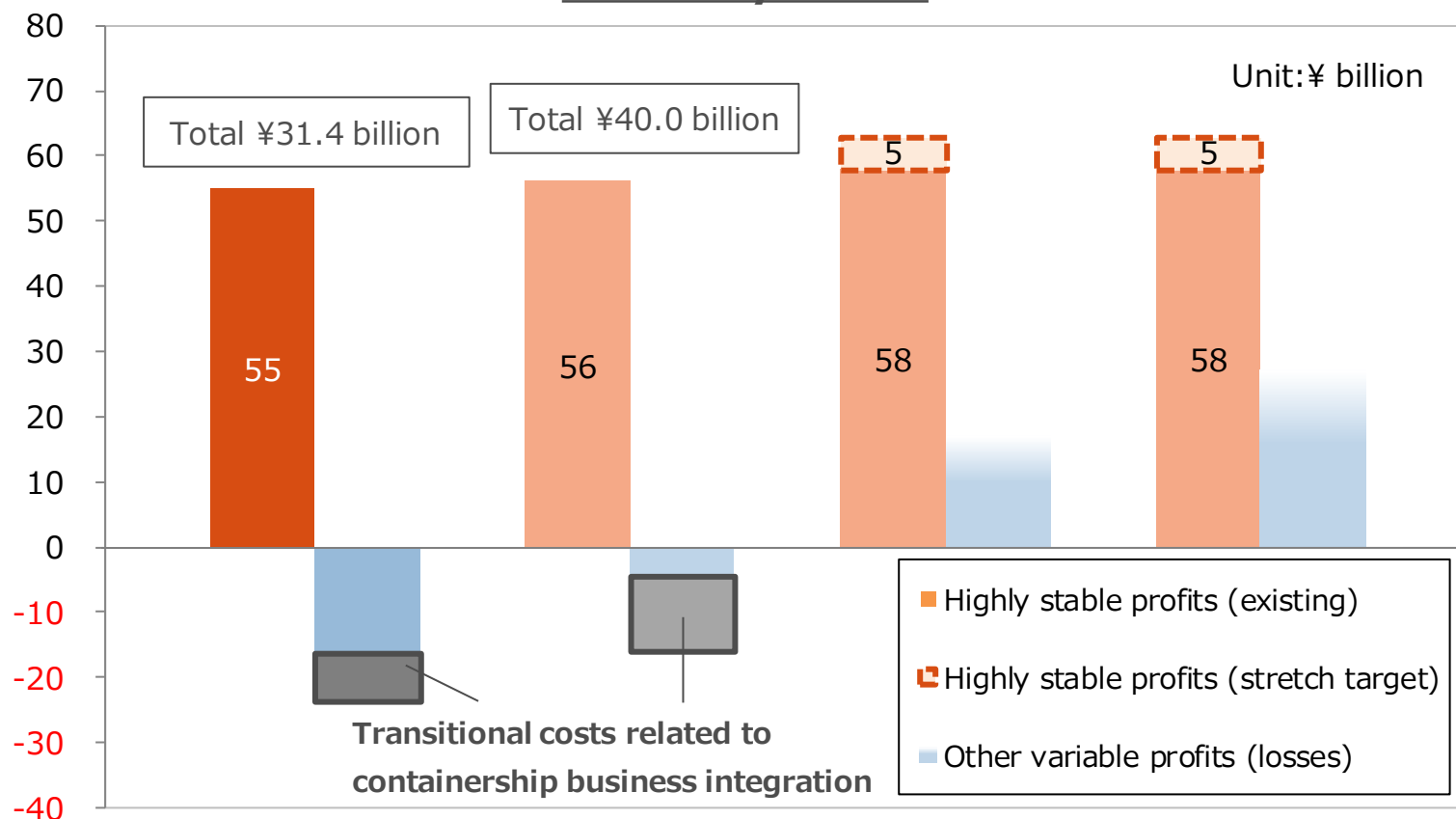
	Projected Medium-term Levels	2027 Targets
Ordinary Profit	¥80.0-100.0 billion	¥150.0-200.0 billion
ROE	8-12%	—
Gearing Ratio	2.0 or less	1.0

Shareholder Returns

In the near term, pay dividends with a 20% dividend payout ratio as a guideline, while working to improve the ratio as a medium- and long-term priority

Roadmap to Improving Profit (I) (Updated of RP2017)

Ordinary Profit



	FY2017	FY2018	FY2019	FY2020
Foreign Exchange	Results ¥111.08/\$	Forecasts ¥105.00/\$	Plan ¥105.00/\$	Plan ¥105.00/\$

Highly Stable Profits + **Other Variable Profits (Losses)** = **Ordinary Profit**

Highly stable profits: Dry bulkers/Tankers (medium- to long-term contracts), LNG carriers/Offshore businesses, and Associated Businesses

Other variable profits (losses): Dry bulkers/Tankers (spot operations), Car carriers, Containerships, Terminals & Logistics, and Ferries/Coastal RORO ships

Roadmap to Improving Profit (II) (Continued from FY2017)

Improving other variable profits (losses)

1. Improve/restore profitability in the containership business
⇒P.5, P.6

Accumulating highly stable profits

2. Start operations of existing projects (LNG carriers/offshore business)/ Acquire new mid- and long-term contracts (dry bulkers, tankers, offshore business)

Improving other variable profits

3. Expand and enhance businesses in which MOL has competitive advantages (chemical tankers, ferries, etc.)

Improving other variable profits

Expect recovery of dry bulker and tanker markets to some extent

In the medium term,

Improve/Restore Profitability in the Containership Business

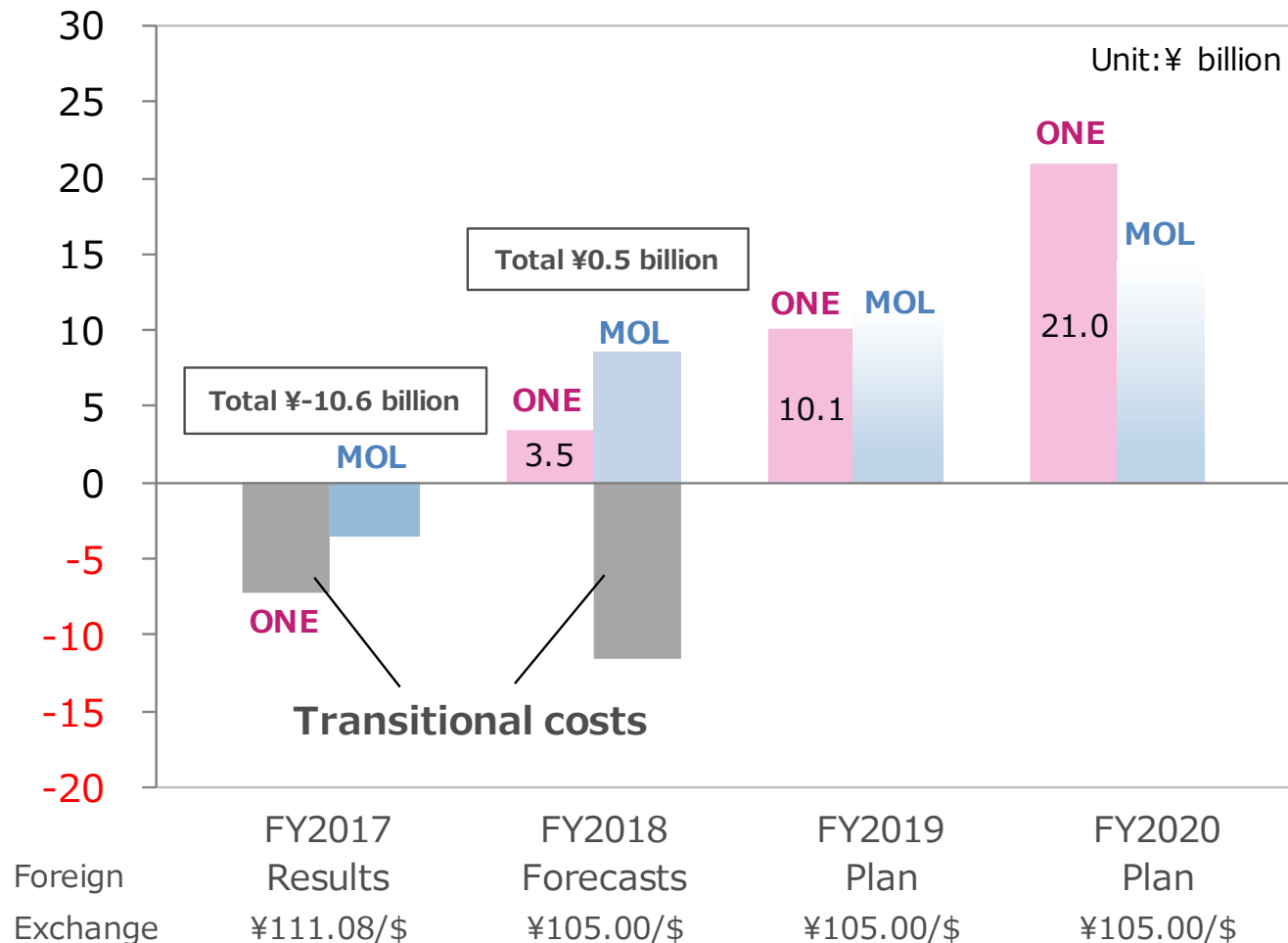
**MOL Containership
Business ordinary profit**

=

ONE: MOL's ONE-related equity in earnings of affiliates
(31% of ONE's net profit and loss)

+

MOL: Ordinary profit excluding the above equity in earnings of affiliates
(including terminal & logistics businesses, etc.)



Integration of Containership Business



Contribution ratio 31%

ONE Holding Company

Establish governance through the holding company



Operational Efficiency



Economy of Scale



Competitiveness (profitability)

3 companies' best practices

Create synergistic effects by adopting the best practices of the three companies, and improve business efficiency

3 companies' integration scale

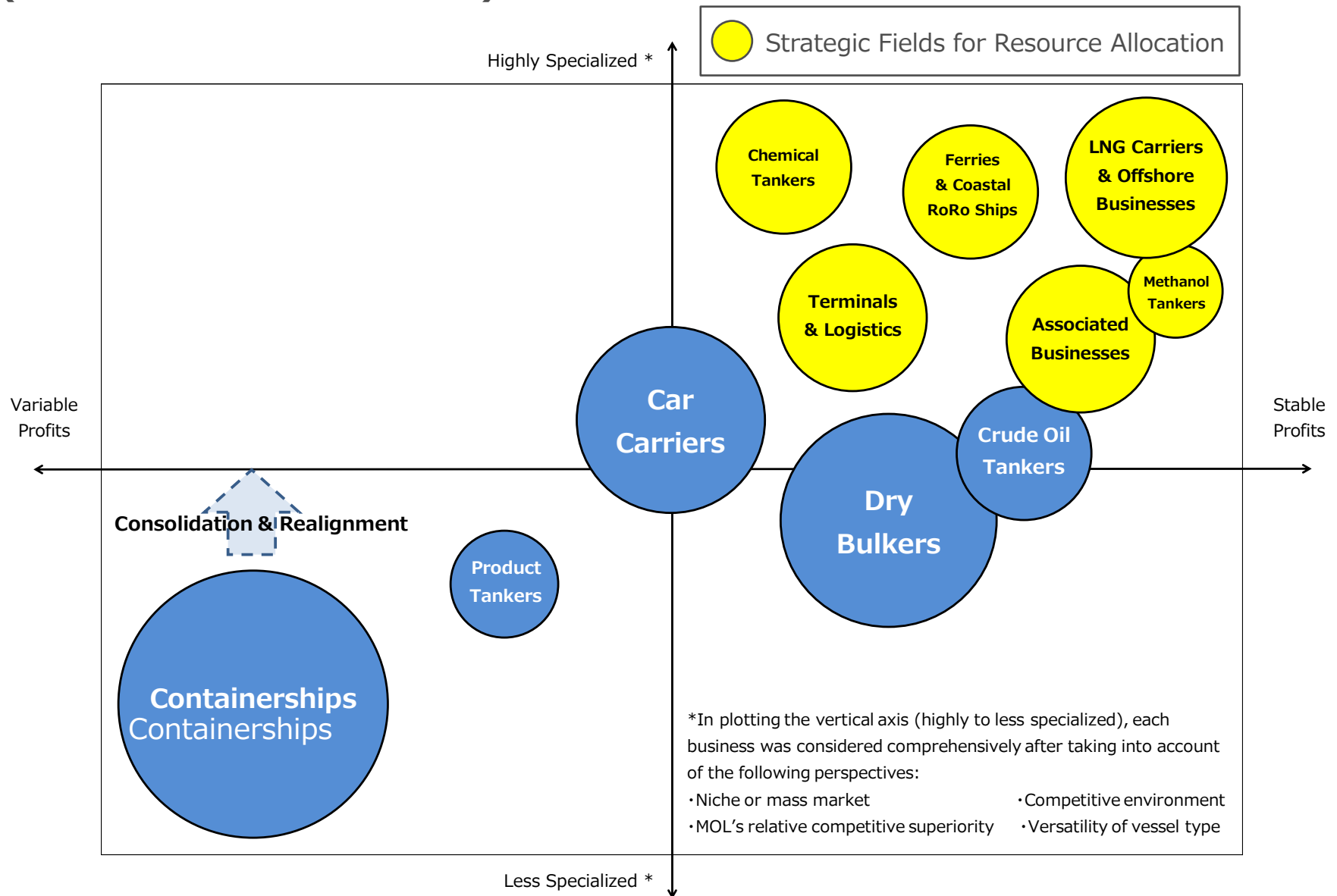
Realize merits of scale by combining the business capabilities of the three companies

Synergy of about ¥110 billion in annual

Realize integration effect of approximately ¥110.0 billion annually and seek swift stabilization of financial performance

- Operate a global fleet of 240 vessels and establish a liner network service portfolio covering over 90 countries around the world
- Deploy the latest IT systems and an innovative terminal ownership portfolio that enhances customer convenience
- ONE positions itself as being "large enough to survive, and but still small enough to care"
- The core values of ONE include Quality, Reliability, Innovation, and Customer Satisfaction, built around an organization that prides itself on teamwork and best practices

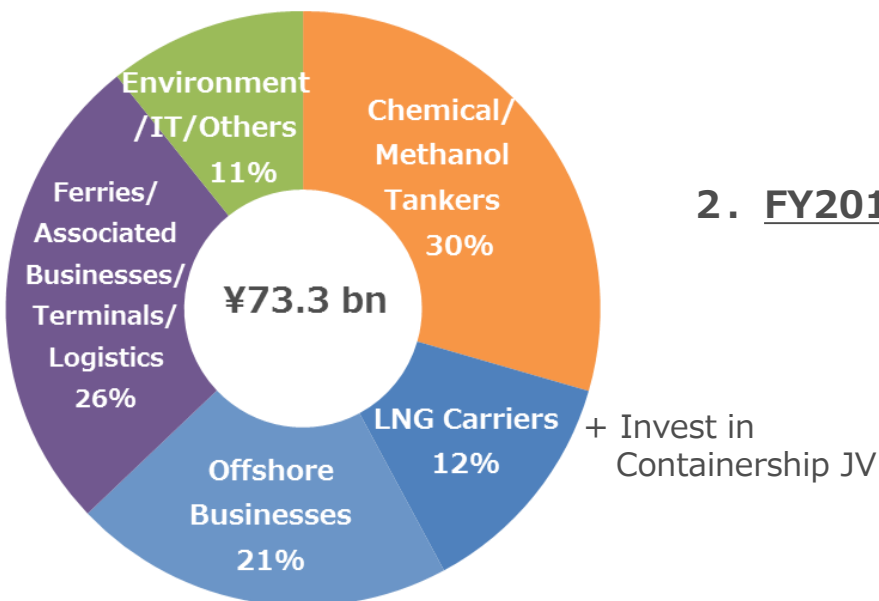
Business Portfolio and Strategic Fields for Resource Allocation (Continued from RP2017)



Strategically allocate resources (human resources and investments) to businesses that will generate highly stable profits and MOL has a competitive edge

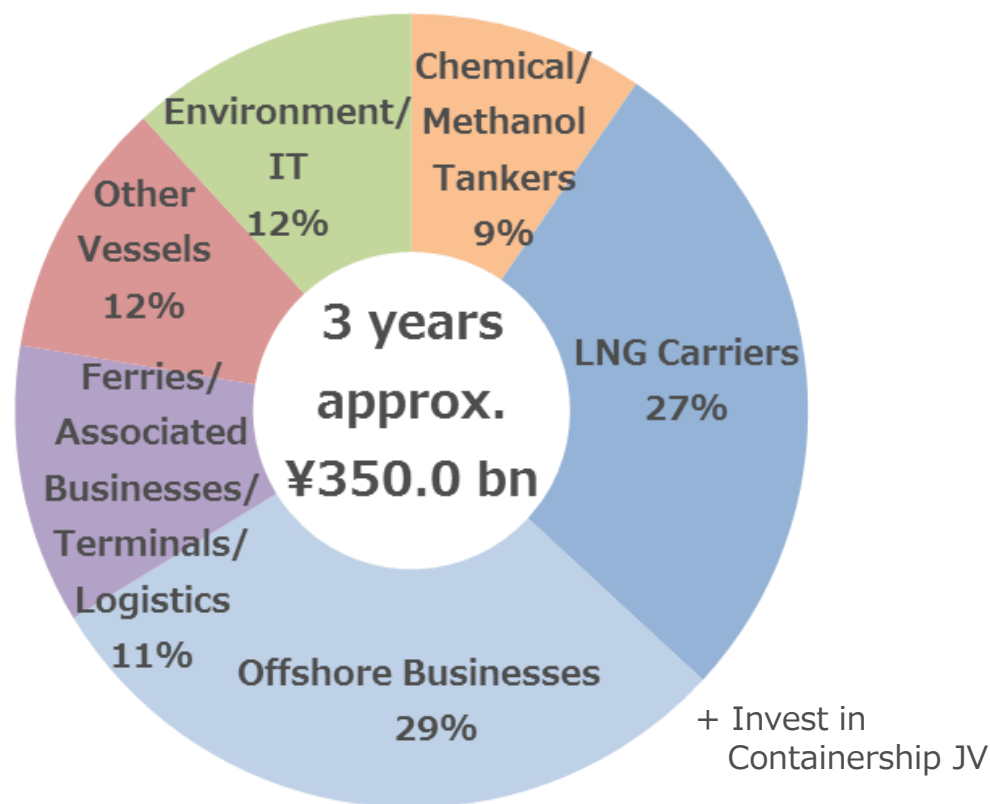
Investment Cash Flows (Update from RP2017)

1. FY2017 Results



2. FY2018-2020 Outlook (total for existing/new projects)

*** Projects will be rigorously evaluated**



Incl. Growth investment: approx. ¥190.0 billion
New business investment: approx. ¥70.0 billion

- Projects will be rigorously evaluated in step with executing investments to reshape the business portfolio. On the other hand, carry forward asset sales (incl. cross-shareholdings)
- Free cash flows will become positive in fiscal 2019

Business Strategies (Continued from RP2017)

Major Specific Achievements

Dry Bulkers

<Large bulkers>
Ensure the renewal of long-term contracts with domestic and overseas steelmakers
<Small- and medium-sized bulkers>
Continuously shift to a business model that steadily generates profits exceeding the market by 20%. Increase contracts for biomass fuel transport, which are expected to generate mid- and long-term revenue

Signed deal for bauxite transport from Guinea

Tankers

Strengthen chemical/methanol tankers, while downsizing the product tanker fleet
Consider entering the tank terminal

Entering the tank container business through capital and business alliance with Nippon Concept

LNG Carriers

Continue to accumulate stable profits through long-term contracts
Pursue vertically integrated businesses that are not limited to transportation in the LNG business

Signed long-term charter contracts for four LNG carriers (conventional type) serving Yamal LNG project in Russia

Offshore Businesses

Focus on FPSOs, FSRUs and subsea support vessels
Consider entering emission-free businesses, beginning with offshore wind power-related businesses

Acquired stable fee business through the participation in SWAN project and signed long term charter contract for LNG bunkering vessel

Car Carriers

Scale down the core fleet
Procure eco-friendly vessels (incl. LNG-fueled vessels)

Launched FSRU project in Turkey

Steadily reduced the core fleet

Containerships/ Terminals

Concentrate on ensuring a smooth transition in the containership business and sharpen cost competitiveness

ONE was established in July; integration showing steady progress

Logistics/ Ferries

<Logistics>
Expand regionally focused logistics through M&A, etc. (with a focus on Southeast Asia and the Americas)
<Ferries>
Strengthen network and passenger sales capability

Invested in the PKT Logistics Group, a leader in Malaysia's total logistics field.

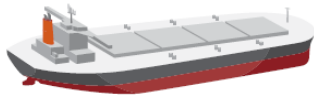
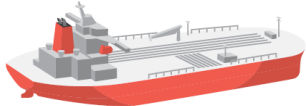
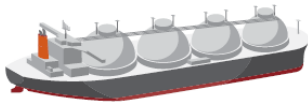
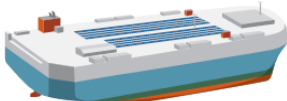


Launched two newbuilding ferries

Associated Businesses

<Real estate>
Expand business development in Asia
<Environment and emission-free businesses>
Gradually increase and diversify investments, primarily overseas, and **transform them into core businesses through domestic business development**

(Long-term measures are shown in blue)

Fleet Scale

		at the end of Mar.2017 (Result)	at the end of Mar.2021 (Plan)
Dry Bulkers (incl. Steaming Coal Carriers)		337	322
Tankers (incl. Chemical Tankers)		173	176
LNG Carriers/Offshore Businesses (incl. Ethane Carriers)		90	112
Car Carriers		119	113
Others		47	49
Subtotal		766	772
Containerships		91	(*)
Total		857	—

Note: Including spot-chartered ships and those owned by joint ventures

(*) ONE operates from April 2018

Establishment of Technology Innovation Unit

The company established the “Technology Innovation Unit,” which integrated the Technical Division, Smart Shipping Division, and MOL Information Systems, Ltd.

→ The new unit’s strategies focus on the following three fields

Promotion of LNG-fueled vessels

- Objectives:
 - ① Take steps to respond to stricter NOx/SOx regulations
 - ② Prevent global warming by promoting the adoption of LNG fuel
- Studying newbuilding of LNG-fueled vessels such as dry bulkers, car carriers, and ferries
- Set a goal of taking delivery of an LNG-fueled ferry in 2021



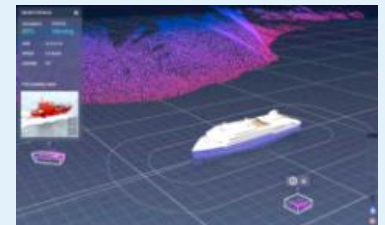
Promotion of Wind Challenger Project

- Wind Challenger = The next-generation sailing vessel with solid wing sails that assist the main propulsion system
- In 2018, select a vessel to be equipped with sails, and setting delivery of the equipment in 2020 following completion of a detailed design



Promotion of Autonomous Sailing

- Objectives:
 - ① Prevent human error
 - ② Respond to a shortage of seafarers in the future
 - ③ Improve service quality by visualizing cargo status and sharing timely operational information
 - ④ Reduce environmental impact by selecting optimal routes
- Set a goal of achieving autonomous sailing by 2025-2030



Workstyle Reforms

Promote workstyle reforms centering on 4 focus fields, and energize the entire company

