

MOL INTERIM REPORT 2023 REPORT 1

Acquiring US chemical tanker company to further buttress our position as a major industry player

In addition to promoting the expansion of non-shipping businesses under the corporate management plan “BLUE ACTION 2035,” the MOL Group is continuing to invest in designated growth areas within existing businesses, primarily in shipping. The MOL Group is also executing a regional strategy of asserting its presence in the worldwide market as a global social infrastructure business group and achieving further expansion of the business. As part of this strategy, our wholly owned group company MOL Chemical Tankers Pte. Ltd. (MOLCT) will acquire a US shipping company Fairfield Chemical Carriers Pte. Ltd. (FCC). The MOL Group has designated the chemical tanker business as one of the growth areas and adopted a policy of actively investing in this field, and we will grow the business going forward by capturing rising global demand for the transportation of liquid chemical products and animal and vegetable oils.

MOLCT has been operating its chemical tanker business for more than 50 years. Having successfully grown to become one of the top three chemical shipping companies in the world today, it was also one of the business units of the Group that achieved significant growth in the previous fiscal year. In addition to investing in the building of new ships and sales development, it has also engaged in M&A of its industry peers. This latest acquisition adds around 40 vessels operated by FCC to the current fleet of 85 ships, taking the total roster to more than 120.

It further cements the MOL Group’s position as one of the leading chemical shipping companies worldwide. We expect to be able to implement the acquisition of FCC’s shares after obtaining customary regulatory approval from the relevant authorities.

Chemicals created using petroleum as their feedstock can be seen in a variety of familiar products around us, including clothing, housing, and vehicles. For this reason, demand for their transportation will increase in line with the growth in global population and with economic development. The same applies to demand for animal and vegetable oils, which is the other major cargo of chemical tankers, along with chemicals. By expanding the chemical tanker business, the MOL Group is supporting the lifestyles and economic activity of people around the world.

Although they are of the same type of ship, chemical tankers vary according to the size of the cargo tanks, the material from which the tanks are made, and their coatings. MOLCT has in the past focused on the transportation of mixed loads of small volumes all over the world, including a wide variety of liquid chemical products, animal and vegetable oils, and lubricating oils. To achieve this, it has allocated ships equipped with multiple stainless steel tanks, which do not restrict the vessel to transportation of a particular type of cargo. The company has demonstrated a high level of expertise

in the collection of small-volume cargoes and in the cleaning of cargo tanks that is needed whenever loading or unloading takes place. Because FCC has operated a similar style of business, we expect its acquisition by MOLCT to generate synergies.

It will also significantly enhance the route network. MOLCT is involved primarily in long-distance ocean service, assigning its vessels to routes in the Pacific, US Gulf/Asia, the Middle East/Asia, Europe/Asia, the South West of the US, and the Atlantic. This acquisition adds the FCC route network, which covers South Africa and other routes where MOLCT has not had much of a presence.

By expanding the fleet and increasing the number of routes, we will strengthen our operating platform and enable MOLCT to respond to an even greater variety of transportation demand than was previously the case. There is also potential for improved efficiency in vessel allocation to lead to higher profitability.