April 28, 2017
Mitsui O.S.K. Lines, Ltd.

New Management Plan "Rolling Plan 2017"

Mitsui O.S.K. Lines, Ltd. (MOL) has formulated a new management plan starting from fiscal 2017.

In formulating the plan, it first devised a vision for the MOL Group ten years from now (2027), along with a long-term course for management, and then drafted three-year and long-term business strategies to realize this vision. This process was followed considering the major upheaval in the business environment surrounding MOL and the maritime transport industry. The main thrust of the plan is to reinvent the business portfolio in tandem with enhancing financial strength by strategically allocating resources to carefully selected business fields. The plan will be named "Rolling Plan 201X," according to the year, and is scheduled to be reviewed annually.

1. Vision for the MOL Group Ten Years from Now (2027)

- The MOL Group will provide stress-free services that are truly convenient for customers worldwide, with the aim of serving customers as a solid and reliable partner at all times.
- The Group will develop the environment and emission-free businesses into one of its future core operations.
- The Group will strategically allocate resources to carefully selected businesses that have a clear competitive edge. The goal is to make the MOL Group a collection of businesses boasting the highest competitiveness in their respective fields.

2. Strategies for Realizing the Vision

- Carefully select opportunities for new investments and pursue business models focused on cash flow
- Prioritize resources to develop and defend business fields
- Group-wide priorities for strengthening the MOL Group

  Marine technical skills: Provide services that fully harness the MOL Group's marine technical skills

ICT: Provide visualization of maritime operations (safe and optimal vessel operation) and added value to customers

Technology development: Push ahead with the ISHIN NEXT - MOL SMART SHIP PROJECT - (advanced support technologies for safer vessel operation and technologies for reducing environmental impact)

Environment: Develop and promote environment and emission-free businesses as innovative, future core businesses by staying on top of changes in the external environment

Work style reforms: Enhance human resources competitiveness and achieve innovation through an organizational culture that encourages employees to work vibrantly and productively

3. Medium- to Long-Term Profit Levels and Key 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

Attachment: Supplemental “Rolling Plan 2017” presentation materials

[REFERENCE PURPOSE ONLY]
This document has been translated from the Japanese original for reference purposes only.
In case of any discrepancy or inconsistency between this document and the Japanese original, the latter shall prevail.

New Management Plan

“Rolling Plan 2017”

(Supplemental Presentation Materials)

April 28, 2017

Mitsui O.S.K. Lines

Review of Previous Midterm Management Plan

Previous Midterm Management Plan 'STEER FOR 2020'

Three Innovations

Business Portfolio	Allocate management resources to businesses with high growth potential and long-term, highly stable profits
Business Model	Evolve to a fleet composition with high market tolerability and competitiveness
Business Domain	Create a value chain by expanding the marine transport business domain to both upstream and downstream fields

Implement Business Structural Reforms

Implementation of Single-year Management Plan for FY2016

- Successfully complete Business Structural Reforms
- Strengthen sales capabilities
- Accelerate innovation of business domain

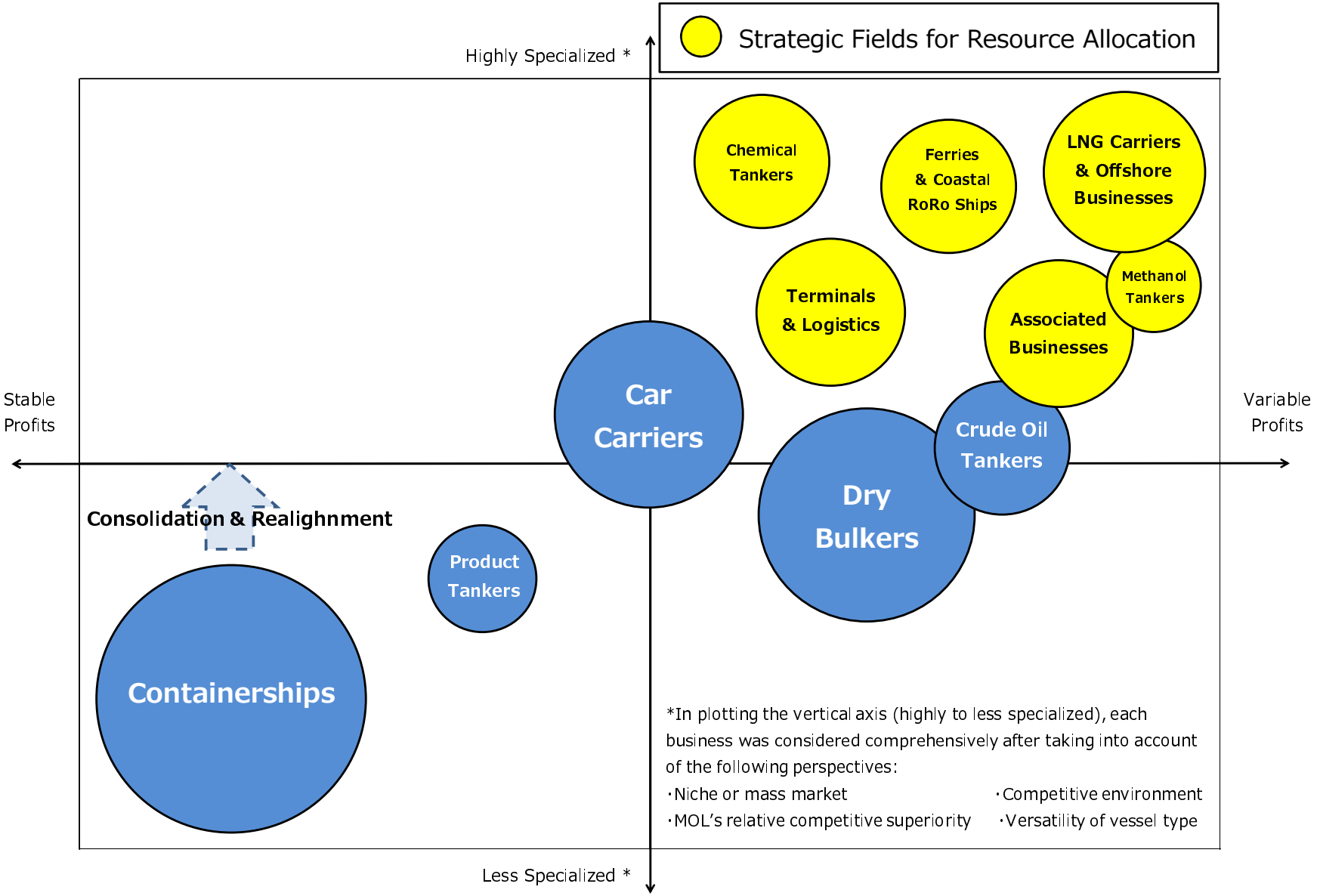
- **Concentrate investments in LNG carriers, offshore businesses, etc.**
- **• The market exposure of dry bulkers is being scaled down as planned**
  • Optimize fleet size (small- and medium-sized dry bulkers and containerships)
- **Allocate management resources to key strategic fields such as ferries and logistics**

On to the New Management Plan

Agreed on the integration of the containership business (New operations to commence in April 2018)

- ✓ **Made steady progress on the "three innovations," despite the withdrawal of profit targets due to a sharp deterioration in the business environment and implementation of Business Structural Reforms**
- ✓ **Expect further significant strides on reshaping the business portfolio and business model as a result of the integration of the containership business**

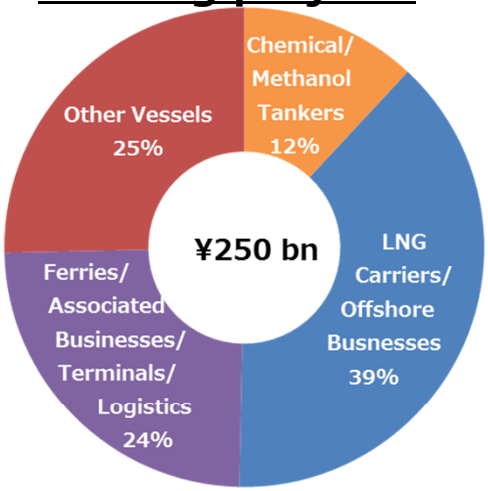
Business Portfolio and Strategic Fields for Resource Allocation



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

FY2017-2019 Investment Cash Flows (Three-Year Total)

1. Existing projects

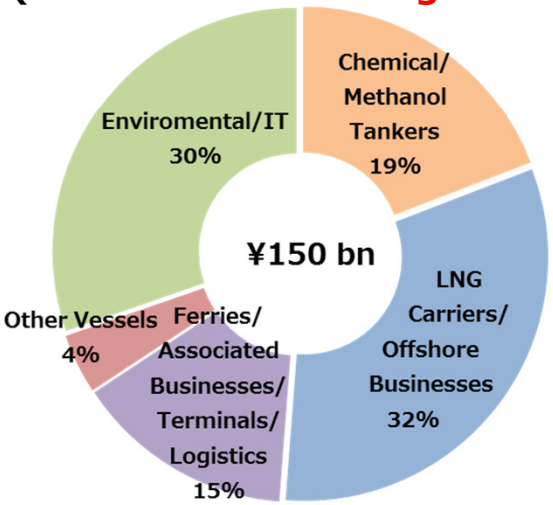


+Invest in the containership joint venture

Incl. Growth investment: ¥140.0 billion
+ Invest in the containership joint venture
New business investment: ¥30.0 billion

2. New projects

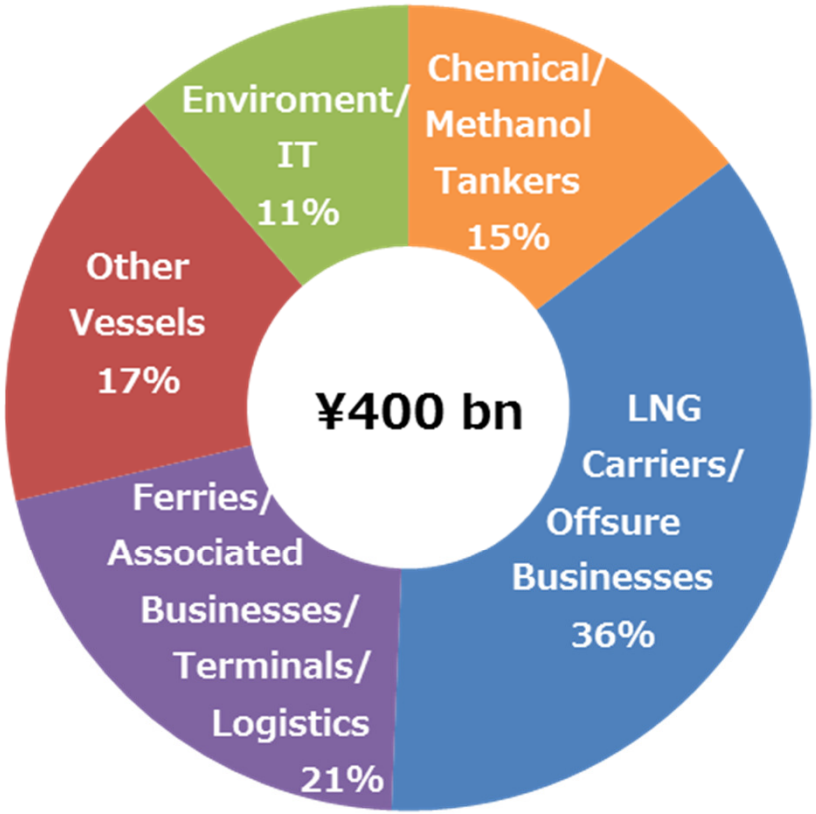
(to be selected with greater scrutiny)



Incl. Growth investment: ¥50.0 billion;
New business investment: ¥50.0 billion

- ✓ Projects will be rigorously selected in step with executing investments to reshape the business portfolio
- ✓ Free cash flows will become positive in fiscal 2019

3. Total for existing and new projects



+ Invest in the containership joint venture

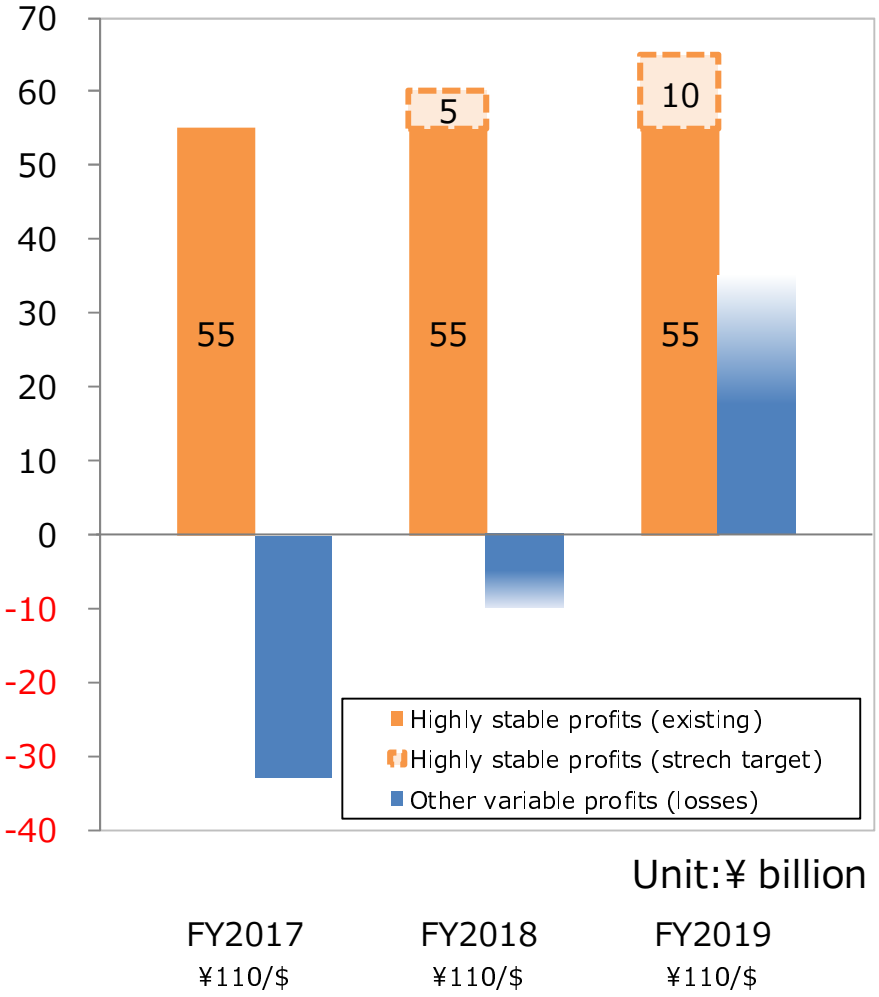
Incl. Growth investment: ¥190.0 billion
+ Invest in the containership joint venture
New business investment: ¥80.0 billion

Highly Stable Profits and Other Variable Profits (Losses)

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 Other Variable Profits (Losses)

FY2017: Losses will continue

- Containership profitability has yet to improve significantly.
- Assume a sluggish recovery in the dry bulker market.

FY2018: Get closer to the breakeven point

- Synergies from the integration of the containership business will be partly realized.
- Expand the scale of operation in the chemical tanker and logistics businesses.

FY2019: Restore profitability of several tens of billions of yen

- Significantly improve profitability in the containership business.
- Increase profits in the chemical tanker, logistics and ferry businesses.
- The dry bulker market will likely recover to some extent

Medium- to Long-term Profit Levels, etc.

Medium- to long-term profit levels and key 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

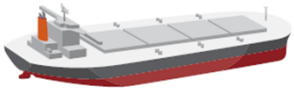
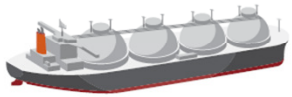
Shareholder Returns

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

Business Strategies (Long-term measures are shown in blue)

Dry Bulkers	Ensure the renewal of long-term contracts with domestic and overseas steelmakers (large bulkers) Shift to a business model that steadily generates profits exceeding the market by 20%. Scale down the size of the fleet (small- and medium-sized bulkers)
Tankers	Strengthen chemical/methanol tankers, while downsizing the product tanker fleet Consider entering the tank terminal and tank container businesses
LNG Carriers/ Offshore Businesses	Continue to accumulate stable profits through long-term contracts, and pursue vertically integrated businesses that are not limited to transportation in the LNG business (LNG carriers) Focus on FPSOs, FSRUs and subsea support vessels and consider entering emission-free businesses, beginning with offshore wind power-related businesses (offshore businesses)
Car Carriers	Concentrate on restoring profitability in the short term, reducing the number of vessels. Procure eco-friendly vessels (incl. LNG-fueled vessels)
Containerships/ Terminals	Concentrate on the integration of the containership business and sharpen cost competitiveness
Logistics/ Ferries	Expand regionally focused logistics through M&A, etc. (with a focus on Southeast Asia and the Americas) (logistics) Strengthen network and passenger sales capability (ferries)
Associated Businesses	Expand business development in Asia (real estate) Gradually increase and diversify investments, primarily overseas, and transform into a core business through domestic business development (environment and emission-free businesses)

Fleet Scale

		at the end of Mar.2017 (Result)	at the end of Mar.2020 (Plan)
Dry Bulkers		337	285
Tankers		169	160
LNG Carriers/Offshore Businesses (incl. Ethane Carriers)		84	105
Car Carriers		120	115
Others		46	50
Subtotal		756	715
Containerships		91	(*)
Total		847	(*)

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

(*) Operational details of the integrated containership business company have yet to be decided

Group-wide Priorities for Strengthening the MOL Group

Marine Technical Skills

Provide services by fully harnessing marine technical skills

- ✓ Operation and transportation services providing the highest level of safety and efficiency by leveraging cutting-edge AI and ICT
- ✓ Consulting related to safe and efficient operation as a group of marine transport professionals
- ✓ Vessel and manning management services with the ability to offer proposals focused on safety and environmental preservation
- ✓ Industry's highest level of training services for seafarers and marine technical specialists

Technology Development

Promote the ISHIN NEXT - MOL SMART SHIP PROJECT

- ✓ Commercialize advanced support technologies for safer vessel operation and technologies for reducing environmental impact
- ✓ Develop and introduce technologies that satisfy customer needs

Gather information on customer needs from the front lines of sales and vessel operation, and use MOL's internal technologies (LNG carrier and FSRU technologies, particularly ship-to-ship transfer technology, etc.) to seed new businesses
→Promote the development of LNG-fueled vessels, etc.

Workstyle reforms

Attain top human resources competitiveness through an organizational culture that encourages employees to work dynamically and productively
→ Achieve technological and business innovation

Environment and Emission-free Businesses

Develop and drive new businesses that will become future core operations

- ✓ Renewable energy business: Solar, biomass, and offshore wind power generation, etc.
- ✓ Alternative fuel business: LNG fuel supply for vessels, LNG-fueled vessels, ethanol and biomass fuels, etc.
- ✓ CO_2 emissions reduction business: Propeller Boss Cap Fins (PBCFs), etc.
- ✓ Environmental value creation business: Consider investments in energy conservation and renewable energy ventures and participation in emissions businesses

ICT Strategy

Promote five key themes

- ✓ Maritime IT: visualization of maritime operations
- ✓ Proactive IT: Provide convenience and added value to customers
- ✓ Defensive IT: Streamline operations and improve productivity
- ✓ Governance: Improve security
- ✓ One MOL: Transform the corporate culture

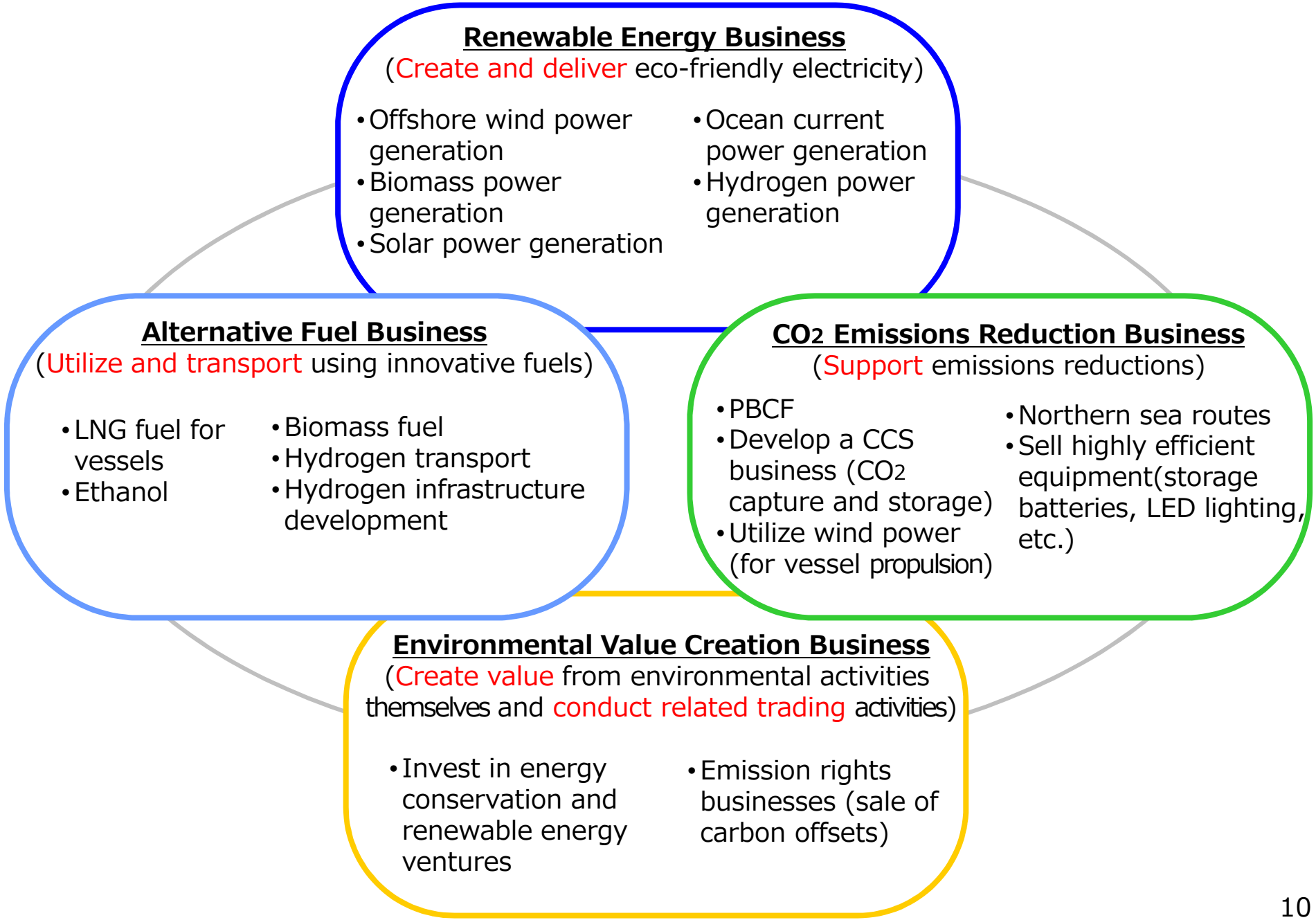
Environment and Emission-free Businesses (I)

Develop new businesses that will become MOL's future core operations

Awareness of MOL		Social Developments
• Society is calling for a reduction in CO_2 emissions from vessels • There is a sense of crisis surrounding the transport of resources and energy. New core businesses are needed. • MOL seeks to establish its expertise and affinity with existing businesses as its strengths	×	• Tighter environmental regulations • Shift to a carbon-free society • Customers' need to reduce CO_2 emissions • Spread of ESG investments • Growth of renewable energy (reduced power generation

✓ Emission-free businesses present a business opportunity as growth businesses; and
✓ Greenhouse gases emitted by marine transport can be offset using a variety of methods
⇒ Promote emission-free businesses as part of the social responsibilities that must be fulfilled by MOL as a marine transport company

Environment and Emission-free Businesses (II)



Environmental Vision 2030 (Established in April 2017)

Shipping companies are responsible for undertaking the marine transportation vital to the infrastructure underpinning people's daily lives worldwide.

Meanwhile, the ratification of the Paris Agreement on climate control has unified efforts by the international community to mitigate global warming. With this in mind, the MOL Group believes that it has a social obligation to take innovative steps to help solve environmental issues such as greenhouse gas emissions, air pollution and biodiversity impediments.

The MOL Group will grasp the environmental needs of customers and other stakeholders and provide solutions, in tandem with developing its environment and emission-free businesses into future core operations, with the aim of contributing to global environmental preservation.

Greenhouse Gas Emissions Target

	Fiscal 2030	Fiscal 2050
Reduction per transport unit (versus fiscal 2014)	**-25%**	**-50%**