

1 View Point of the Review

Whether the Acquisition would substantially restrain competition from the following perspectives:

- ① Horizontal business combination involving Merchant Ships (Imabari/JMU)
- ② Vertical business combination involving Large Marine Engines (Upstream : Imabari Group (HZME)) and Merchant Ships (Downstream : JMU)

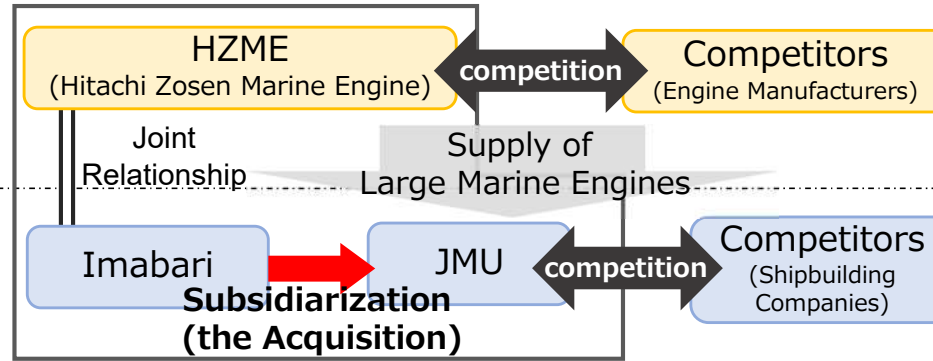
2 Structure of the Case

Manufacturing and Selling of Large Marine Engines

(Upstream Market of Vertical Business Combination)

Manufacturing and Selling of Merchant Ships

(Downstream Market of Vertical Business Combination/ Horizontal Business Combination)



3-2 Vertical Business Combination [Large Marine Engines (upstream)/ Merchant Ships (downstream)]

Product Scope By fuel type

- Heavy fuel oil engine
- LNG dual-fuel engine
- Methanol dual-fuel engine



Large Marine Engines (Source: HZME website)

Geographic Scope

All regions of Japan

Review of Substantial Restraint of Competition

- HZME, a member of Imabari Group, would be able to more easily **obtain competitors' confidential information** through JMU Group
- Concerns about **foreclosure/coordinated conduct** in the market of Large Marine Engines

3-1 Horizontal Business Combination [Merchant Ships]

Product Scope

Each of the 11 product categories by ship type and size

* The parties have horizontal overlaps in 9 of the 11 product categories.

Geographic Scope

Worldwide (Oceangoing Ships)

*All regions of Japan for RORO ship engaged in coastal shipping

*Example of customers in Japan



Domestic and foreign customers (shipowners) of oceangoing ships purchase ships from both domestic and foreign shipbuilders without distinguishing between them.

Ship Type	Ship Size	Imabari	JMU
Bulk	VLOC	○	○
	Capesize	○	○
	New Panamax	○	○
	Handy	○	○
Container	Post Panamax	○	○
	Neo Panamax (large)	×	○
	Panamax	○	○
Tanker	VLCC	○	○
	Suezmax	×	○
	MR	○	○
RORO ship (coastal ship)		○	○

Review of Substantial Restraint of Competition

- Considering the market shares of **major competitors, mainly in China and South Korea**
- All product categories fall within the **safe harbor thresholds**

➔ **No concern for substantial restraint of competition**

4 Proposed Remedies

- ① JMU Group will implement **information firewalls** to prevent the sharing with HZME of confidential information obtained from HZME's competitors.
 - * Information firewalls between Imabari and HZME are already in place.
- ② Periodic reporting to the JFTC on the status of implementation of the measures.

5 Conclusion

Based on the premise that the Parties would implement their proposed remedies, the JFTC concluded that the Acquisition would not substantially restrain competition in any particular fields of trade