

Highlights of Full-Year Results for FY2012 and Plan for FY2013

May 14, 2013

President: Keizo Morikawa

Highlights of Full-Year Results for FY2012

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Outline of full-year results for FY2012

1

Consolidated ordinary income reached 48.4 billion yen (33.1 billion yen excluding the impact of inventory valuation).

Extraordinary loss amounted to 52.2 billion yen, mainly reflecting the recording of fixed costs from inactive assets at the Chiba Refinery as an extraordinary loss and provision for the closure of the Sakaide Refinery.

Net loss stood at 85.9 billion yen as the re-entry of deferred tax assets was not made.

Operations of refineries

2

The 2nd Topper that resumed operations at the China Refinery from the fourth quarter of FY2012 has been undergoing regular repairs and maintenance. Instead, the 1st Topper resumed operations.

In July, the Sakaide Refinery expects to be closed and the Chiba Refinery expects to commence operations under the two Topper systems structure.

Review of the 4th Consolidated Medium-Term Management Plan Figures stated below exclude the impact of inventory valuation

3

Consolidated ordinary income for FY2012 reached 33.1 billion yen, underperforming the 65.0 billion yen set as a target for FY2012 under the 4th Medium-Term Management Plan by approximately 32.0 billion yen.

Due to the suspension of operations at the Chiba Refinery, the results of the Petroleum Business weakened significantly (posting a segment ordinary loss of 39.0 billion yen).

On the other hand, the Oil E&P Business contributed to earnings, as crude oil prices remained high (posting a segment ordinary income of 60.7 billion yen).

Unit: billion yen

	FY2012 (Apr.-Mar.2013)	FY2011 (Apr.-Mar.2013)	Changes
Net sales	3,166.7	3,109.7	57.0
Cost of sales	2,989.3	2,918.2	71.1
Selling, general and administrative expenses	125.0	127.9	-2.9
Operating income	52.4	63.6	-11.2
Non-operating income/expenses, net	-4	-2.2	-1.8
Ordinary income	48.4	61.4	-13
Extraordinary income/losses, net	-51	-26	-25.0
Income taxes	76.2	38.9	37.3
Minority interests	7.1	5.6	1.5
Net income	-85.9	-9.1	-76.8

【Reference】

Impact of inventory valuation	15.3	25.2	-9.9
Operating income excluding impact of inventory valuation	37.1	38.4	-1.3
Ordinary income excluding impact of inventory valuation	33.1	36.2	-3.1

	Unit: billion yen		
	FY2012	FY2011	Changes
Consolidated ordinary income	48.4	61.4	-13.0
Impact of inventory valuation	15.3	25.2	-9.9
Consolidated ordinary income excluding impact of inventory valuation	33.1	36.2	-3.1
Net income	-85.9	-9.1	-76.8
①Purchased price of crude oil	109.90 USD/B	110.87 USD/B	-0.97 USD/B
②JPY/USD exchange rate	82.70 yen/USD	79.02 yen/USD	3.68 yen/USD

Consolidated Ordinary Income by Business Segment

	FY2012	FY2011	Changes
Petroleum business	-23.7	8.0	-31.7
Petroleum business excluding impact of inventory valuation	-39.0	-17.2	-21.8
Petrochemical business	3.3	2.1	1.2
Petrochemical business excluding impact of inventory valuation	3.3	2.1	1.2
Oil E & P business	60.7	52.0	8.7
Other	8.1	-0.7	8.8

* impact of inventory valuation

Petroleum business : FY2012 -15.3 billion , FY2011 +25.2 billion

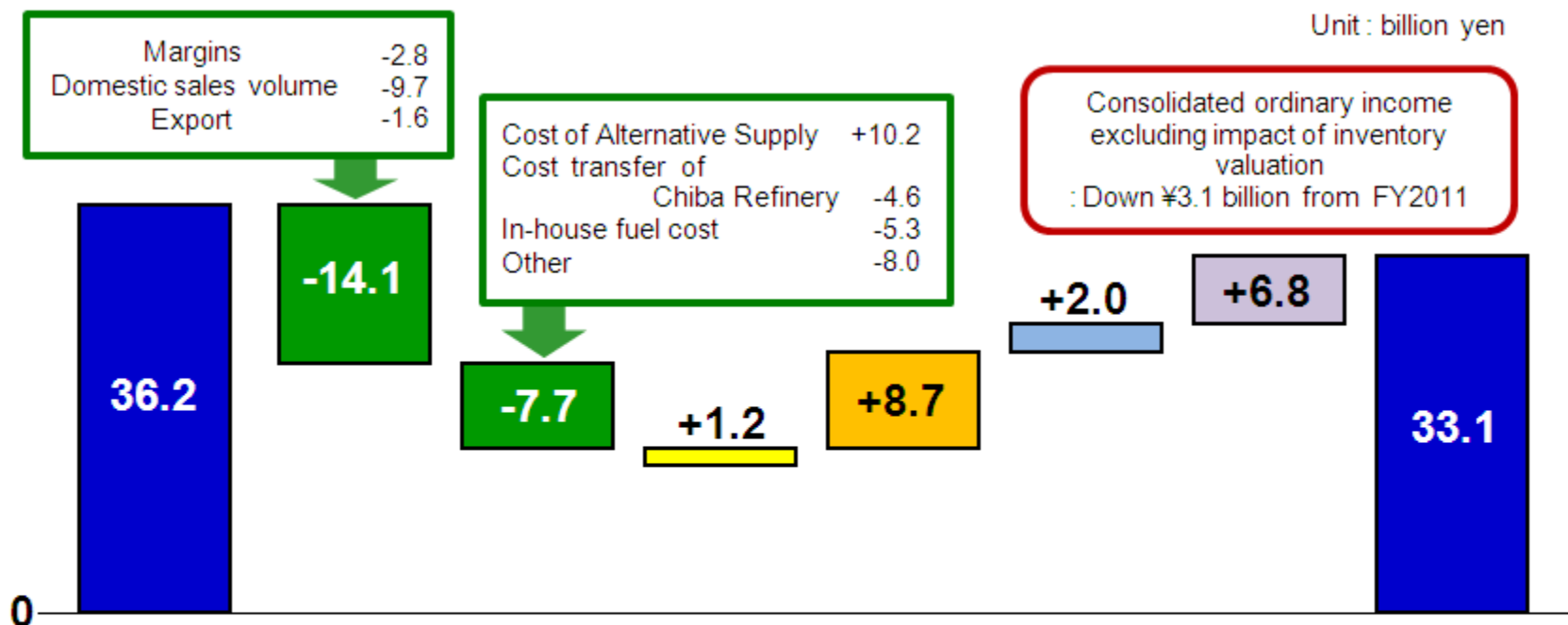
Petrochemical business : FY2012 0 , FY2011 0

Key variable factors

Petroleum Business: Lower profits due to a fall in sales volumes, despite declines in alternative supply costs

Oil E&P Business : Higher profits, reflecting a rise in crude oil prices

Unit : billion yen



FY2011	FY2012						
Ordinary income excl. impact of inventory valuation	Petroleum business		Petrochemical business	Oil exploration and production business	Other (Renewable energy)	Consolidated accounting procedures	Ordinary income excl. impact of inventory valuation
	Margins and sales volume	other					

Unit: billion yen

	FY2012 (As of Mar. 31, '13)	FY2011 (As of Mar. 31, '12)	Changes
Total Assets	1,743.5	1,675.1	68.4
Net assets	256.9	337.4	-80.5
Net worth	230.5	316.9	-86.4
Net worth ratio	13.2%	18.9%	Down 5.7 points
Interest-bearing debts	842.9	721.2	121.7
Debt dependence ratio	48.3%	43.1%	Down 5.2 points
Debt Equity Ratio	3.7	2.3	Down 1.4 points
Net interest-bearing debt *	713.2	598.8	114.4
Debt dependence ratio	40.9%	35.7%	Down 5.2 points
Debt Equity Ratio	3.1	1.9	Down 1.2 points

* Total interest-bearing debts net of cash and cash equivalents and short-term working fund balance as of the end of the period

Consolidated Cash Flows

	FY2012 (As of Mar. 31, '13)	FY2011 (As of Mar. 31, '12)
Cash flows from operating activities	-21.0	43.6
Cash flows from investing activities	-80.5	-25.8
Cash flows from financing activities	104.7	11.6
Cash and cash equivalents at end of the period	129.7	122.4

Capital Expenditures by Business Segment

Unit: billion yen

	FY2012 Results	FY2011 Results	Changes
Petroleum	24.1	17.5	6.6
Petrochemical	0.6	0.5	0.1
Oil E&P	57.3	9.6	47.7
Other	1.4	0.2	1.2
adjustment	0	0.1	-0.1
Total	83.4	27.9	55.5

Highlights of the FY2013 Full-Year Plan

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Strengthen execution capabilities through organizational restructuring	p.13
Strengthen the execution capabilities through six programs under the 5 th Consolidated Medium-Term Management Plan and the introduction of the unit system.	p.14-p.15
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Based on the policies set out in the 5th Consolidated Medium-Term Management Plan, aim to achieve a net profit by improving the execution rates of each initiative.

Regain profitability in the refining & marketing sector

- ▶ Program 1. Further Enhancement of Safe Refinery Operation and Stable Supply
- ▶ Program 2. Extensive Rationalization Focusing mainly on the Supply Division
- ▶ Program 3. Strengthening the Retail Business(COSMO B-CLE LEASE)
- ▶ Improve the execution rates through organizational restructuring (confirmation of PDCA).

Secure stable income from investments made during the previous medium term management plan

- ▶ Program 4. Petrochemical Business:
Bolster earnings through the Petrochemical Business (HCP, CM Aromatics, etc.).
- ▶ Program 5. Oil Exploration & Production Business:
(commencing the exploration of the Hail new mine lot)
- ▶ Program 6. Renewable Energy Businesses:
(wind power generation and mega solar)

Further strengthen alliances with IPIC and Hyundai Oilbank

Conclusion of an agreement with HDO to establish a reciprocal backup supply system in case of an emergency (May 9, 2013)

Further enhance CSR management

Achieve a net profit for FY2013 for the first time in three terms.



Aim for the early resumption of dividend payments.

Unit: billion yen

	FY2013 (Forecast)	FY2012 (Results)	Changes
Consolidated ordinary income	61.0	48.4	12.6
Impact of inventory valuation	0	15.3	-15.3
Consolidated ordinary income excluding impact of inventory valuation	61.0	33.1	27.9
Net income	16.0	-85.9	101.9
①Price of crude oil	100.00 USD/B	109.90 USD/B	-9.90 USD/B
②JPY/USD exchange rate	100.00 yen/USD	82.70 yen/USD	17.30 yen/USD

Consolidated Ordinary Income by Business Segment

	FY2013 (Forecast)	FY2012 (Results)	Changes
Petroleum business	3.0	-23.7	26.7
Petroleum business excluding impact of inventory valuation	3.0	-39.0	42.0
Petrochemical business	3.5	3.3	0.2
Petrochemical business excluding impact of inventory valuation	3.5	3.3	0.2
Oil E & P business	55.5	60.7	-5.2
Other	-1.0	8.1	-9.1

* impact of inventory valuation

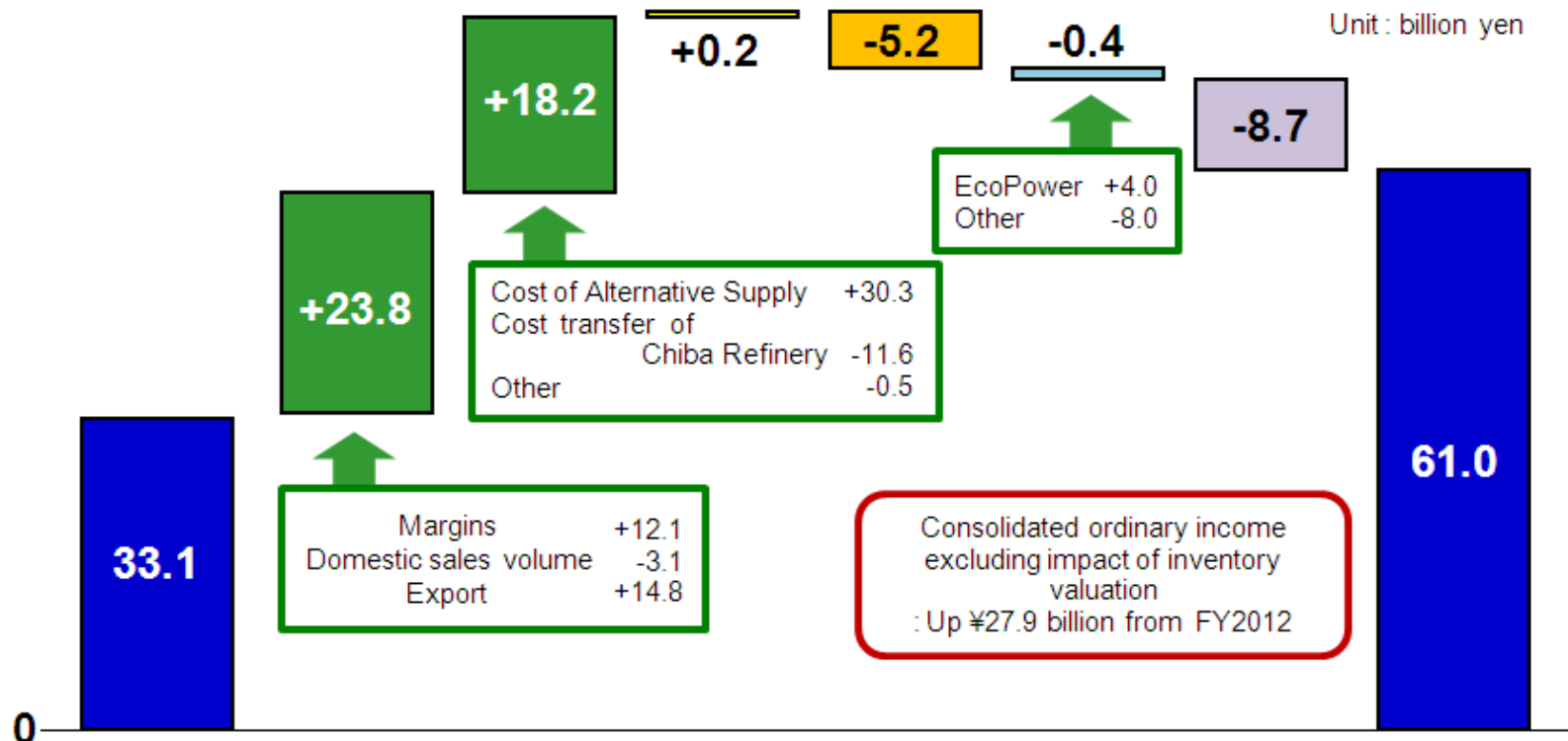
Petroleum business : FY2013 0, FY2012 +15.3 billion

Petrochemical business : FY2013 0, FY2012 0

Key variable factors

Petroleum Business: Significantly higher profits, reflecting declines in alternative supply costs and the resumption of exports

Oil E&P Business : Lower profits due to a rise in costs from initiatives to increase production

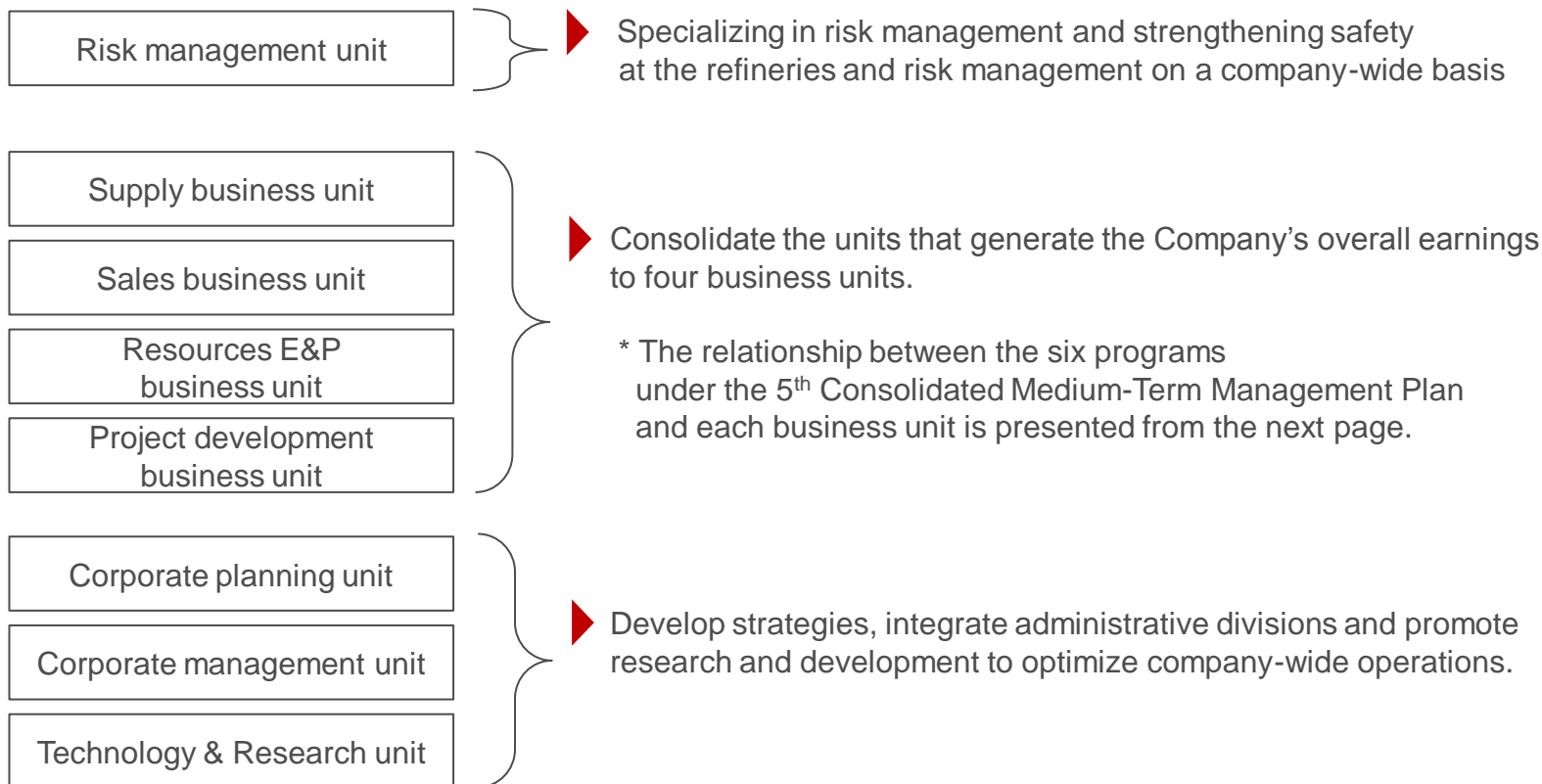


FY2012 (Results)	FY2013 (Forecast)						
Ordinary income excl. impact of inventory valuation	Petroleum business		Petrochemical business	Oil exploration and production business	Other (Renewable energy)	Consolidated accounting procedures	Ordinary income excl. impact of inventory valuation
	Margins and sales volume	other					

To increase the execution rates of the 5th Consolidated Medium-Term Management Plan, ensure safe, stable operations at refineries, strengthen the risk management structure, and carry out organizational restructuring in a bid to bolster the earnings capabilities of each business segment.



Consolidate the 22 sections and a center to eight units based on the businesses and functions by introducing the unit system. Aim to maximize the earnings of each business unit by clarifying the responsibility of the planning and execution of strategies and earnings.



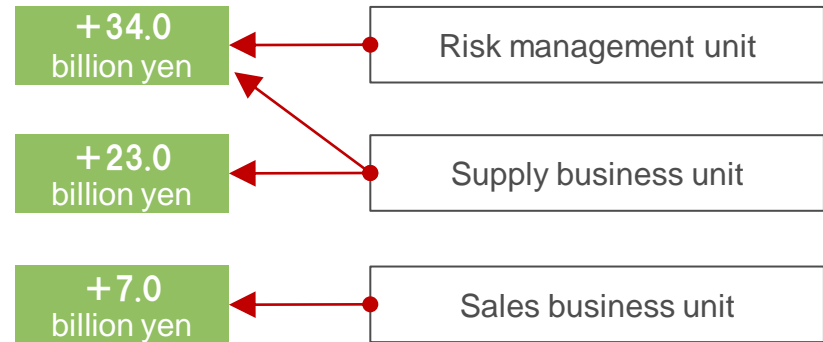
Improvements in ordinary income for FY2017 compared with FY2012

= Improvements in ordinary income for FY2017 compared with FY2012

Program 1. Further Enhancement of Safe Refinery Operation and Stable Supply

Program 2. Extensive Rationalization Focusing mainly on the Supply Division

Program 3. Strengthening the Retail Business



■ Supply business unit

■ Sales business unit

Develop a seamless supply chain structure and strengthen cooperation between divisions and earnings.



▲ Safe, stable operation at refineries

▼ Shipment of PX



Become a sales organization that possesses superior competitiveness by improving the brand value.




▲ Promote unique product development at SSs.

▼ COSMO THE CARD with the WAON settlement function



Promote collaborations with different industries and improve customer convenience.

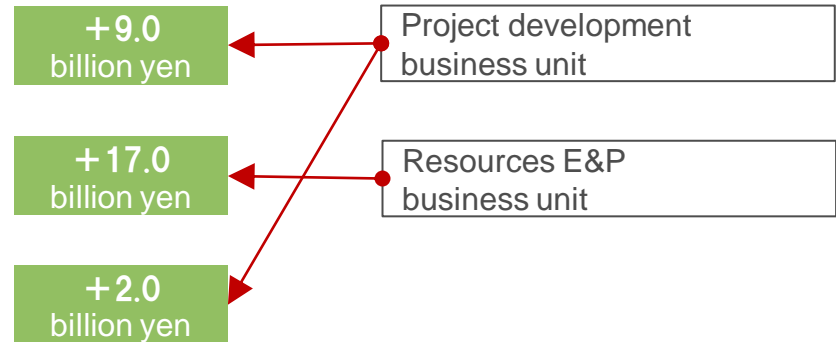
Secure stable income from investments made during the previous medium term management plan

 = Improvements in ordinary income for FY2017 compared with FY2012

Program 4. Petrochemical Business :
Paraxylene (PX) production from new unit at “Hyundai Cosmo Petrochemical”

Program 5. Oil Exploration & Production Business:
Production from “Hail Field” by “Abu Dhabi Oil Co., Ltd.”

Program 6. Renewable Energy Businesses:
Increase in earnings at EcoPower Co., Ltd.



■ Project development business unit

Secure the earnings of the petrochemical, lubricating oil, power generation and gas, and ALA businesses.
Develop new business models.



▼ Eco-power:
Wind power generation



▲ HCP:
Newly developed
PX facilities

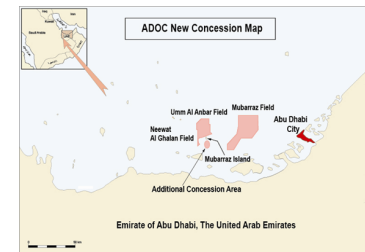
■ Resources E&P business unit

Develop new resources and ensure the stable operations of the existing oil fields.



▲ Abu Dhabi Oil Co., Ltd:
The new concession agreement comes into effect.

▼ The Hail new mine lot located close to the existing oil fields



Unit: billion yen

	FY2013 Forecast	FY2012 Results	Changes
Petroleum	37.1	24.1	13.0
Petrochemical	0.7	0.6	0.1
Oil E&P	23.5	57.3	-33.8
Other	5.1	1.4	3.7
adjustment	-0.8	0	-0.8
Total	65.6	83.4	-17.8

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* The latest Data Book and Cosmo Oil Glossary are presented on the IR site under the URL provided below.

<http://www.cosmo-oil.co.jp/ir/financial/index.html>

Consolidated ordinary income
excluding the impact of inventory valuation

Unit: billion yen

	FY2012 Targets ※	FY2012 Results	Changes
Petroleum	35.0	-38.9	-73.9
Petrochemical	4.0	3.3	-0.7
Oil E&P	24.0	60.7	+36.7
Other	2.0	8.1	+6.1
Total	65.0	33.1	-31.9

Price of crude oil and exchange rate

	FY2012 Targets ※	FY2012 Results	Changes
Price of crude oil (USD/B)	75.0	109.9	+34.9
exchange rate (yen/USD)	90.0	82.7	-7.3

※ Targets of 4th Consolidated Medium-Term Management PlanOutline of Consolidated Balance Sheets
and financial targets

Unit: billion yen

	FY2012 Targets※	FY2012 Results	Changes
Total Assets	1,477.0	1,743.5	266.5
Net worth	374.0	230.5	-143.5
Interest-bearing debts	602.0	842.9	240.9
Net interest-bearing debts	490.0	713.2	223.2
ROE (%)	9.1	-31.4	-40.5 Points
ROA (%)	0.6	-5.0	-5.6 Points
Net worth ratio (%)	25.4	13.2	-12.2 Points
Debt Equity Ratio(times)	1.6	3.7	-2.1 Points
Net Debt Equity Ratio(times)	1.3	3.1	-1.8 points

		Unit: million litre				FY2013 Full Year outlook changes from FY2012
		FY2012 Results	FY2011 Results	Changes	Changes	
Selling volume in Japan	Gasoline	5,999	6,249	-250	96.0%	99.4%
	Kerosene	2,246	2,416	-170	92.9%	100.0%
	Diesel fuel	4,414	4,615	-201	95.6%	95.1%
	Heavy fuel oil A	1,963	2,196	-233	89.4%	98.9%
	Sub-Total	14,622	15,476	-854	94.5%	98.1%
	Naphtha	6,270	6,224	46	100.7%	100.0%
	Jet fuel	476	477	-1	99.9%	100.1%
	Heavy fuel oil C	2,993	2,555	438	117.1%	92.1%
	inc. Heavy fuel oil C for electric	2,052	1,402	650	146.3%	87.9%
	Sub-Total	24,361	24,732	-371	98.5%	97.9%
Middle distillate export volume	Diesel fuel	45	145	-100	31.0%	2855.4%
	Kerosene/Jet	0	64	-64	0.0%	-
	Sub-Total	45	209	-164	21.5%	3429.2%
Bond sales, etc.	Jet fuel	1,647	1,535	112	107.3%	107.3%
	Heavy fuel oil C	521	492	29	106.0%	105.7%
	Other	838	408	430	205.3%	57.0%
	Sub-Total	3,006	2,435	571	123.4%	93.0%
Barter deal, etc.		9,479	9,717	-238	97.5%	108.5%
Total selling volume		36,891	37,094	-203	99.5%	104.3%

[1] Crude oil procurement cost, processing volume and topper operating ratios					
		FY2012	FY2011	Changes from FY2011	
Purchased price of crude oil	Crude oil (FOB) USD/BBL	109.90	110.87	-0.97	—
	JPY/USD exchange rate	82.70	79.02	3.68	—
	Purchased price of crude oil (tax inclusive) yen/KL	60,693	58,610	2,083	—
Crude oil refining	Refined crude oil volume (1,000 KL)	20,804	19,148	1,655	108.6%
	Atmospheric distillation operating ratio (Calendar Day)	55.6%	51.4%	4.2%	—
	Atmospheric distillation operating ratio (Streaming Day) *	82.0%	86.2%	-4.2%	—

*Streaming day indicates operating ratio excluding the impact of suspended operations due to regular repairs and maintenance, etc.

[2] Crude oil production volume					
		FY2012	FY2011	Changes	Investment ratio
Oil E & P subsidiary production volume (BBL/D)	Abu Dhabi Oil Co., Ltd.	21,062	22,059	95.5%	63.0%
	Qatar Petroleum Development Co., Ltd.	7,047	6,208	113.5%	75.0%
	United Petroleum Development Co., Ltd.	13,447	10,411	129.2%	45.0%

* Production volume: Average Production volume by a project company during the term. Production volume of January-September, because each company ends its fiscal year in December.

FY2012 Results – Changes from FY2011

Unit: billion yen

	Net Sales		Operating Income		Ordinary Income		Ordinary Income (excluding impact of inventory valuation, cost or market method)	
		Changes from FY2011		Changes from FY2011		Changes from FY2011		Changes from FY2011
Petroleum business	3,116.2	60.6	-10.1	-22.9	-23.7	-31.7	-39.0	-21.8
Petrochemical business	30.5	1.1	1.5	0.6	3.3	1.2	3.3	1.2
Oil E&P business	85.9	-1.7	54.3	2.5	60.7	8.7	60.7	8.7
Other	86.3	14.7	3.3	1.8	4.9	2.0	4.9	2.0
adjustments	-152.2	-17.8	3.4	6.8	3.2	6.8	3.2	6.8
Total	3,166.7	57.0	52.4	-11.2	48.4	-13.0	33.1	-3.1

Cosmo Group of Companies (by Segment)

Petroleum business	Cosmo Oil Co., Ltd., Cosmo Oil Sales Corp, Cosmo Petroleum Gas Co., Ltd., Cosmo Oil Lubricants Co., Ltd., Sogo Energy Co., Ltd., etc.
Petrochemical business	Cosmo Matsuyama Oil Co., Ltd., CM Aromatics Co., Ltd., Maruzen Petrochemical Co., Ltd. (owned by the Cosmo Oil Group on the equity method), Hyundai Cosmo Petrochemical Co., Ltd. (owned by the Cosmo Oil Group on the equity method)
Oil E & P business	Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., United Petroleum Development Co., Ltd. etc. (owned by the Cosmo Oli Group on the equity method), etc.
Other	Cosmo Engineering Co.,Ltd., Cosmo Trade & Services Co., Ltd.,EcoPower Co.,Ltd, etc.

[FY2012 Results] Historical Changes in the Number of Employees, Oil Storage Depots, SSs and Cards in Force

[1] Workforce size (No. of persons)

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Cosmo Oil alone	1,718	1,916	1,957	2,064	2,180	2,135	2,025	1,899
Cosmo Oil Group	3,451	3,335	3,299	3,269	3,325	3,268	3,098	2,840

* Data as of the end of March of each fiscal year.

* Group headcounts combine those of non-consolidated Cosmo Oil (up until FY2008), while combining those of non-consolidated Cosmo Oil, with those transferred, probationary employees and with senior employees (in FY2009 onwards).

[2] No. of oil storage depots (DTs)

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
No. of DTs	38	38	38	38	36	35	35	35

[3] No. of SSs by Operator Type

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Subsidiary	1,190	1,122	1,104	1,023	1,025	967	939	914
Dealers	3,361	3,237	3,021	2,890	2,743	2,642	2,559	2,411
Total	4,551	4,359	4,125	3,913	3,768	3,609	3,498	3,325
Mobile SSs	95	57	53	47	43	36	34	33

* Data up to FY2005 as of the end of December of each year. Data in FY2006 onwards as of the end of March of the year following each fiscal year

[4] No. of Self-Service SSs out of the Total No. of SSs Mentioned [3] above.

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
Subsidiary	370	463	507	551	575	548	570	550
Dealers	256	326	360	404	429	455	437	449
Total	626	789	867	955	1,004	1,003	1,007	999
Share of Self-Service SSs	13.8%	18.1%	21.0%	24.4%	26.6%	27.8%	28.8%	30.0%

[5] Cosmo The Card-Number of cards issued (including the number of Opus cards in force from 2006 onwards) (Unit: million cards)

	FY2005	FY2006	FY2007	FY2008	FY2009	FY2010	FY2011	FY2012
No. of cards in force	2.55	2.80	3.05	3.35	3.57	3.67	3.81	3.97

Full-Year FY2013 Forecast, 2012 with Year-on-Year Changes

Unit: billion yen

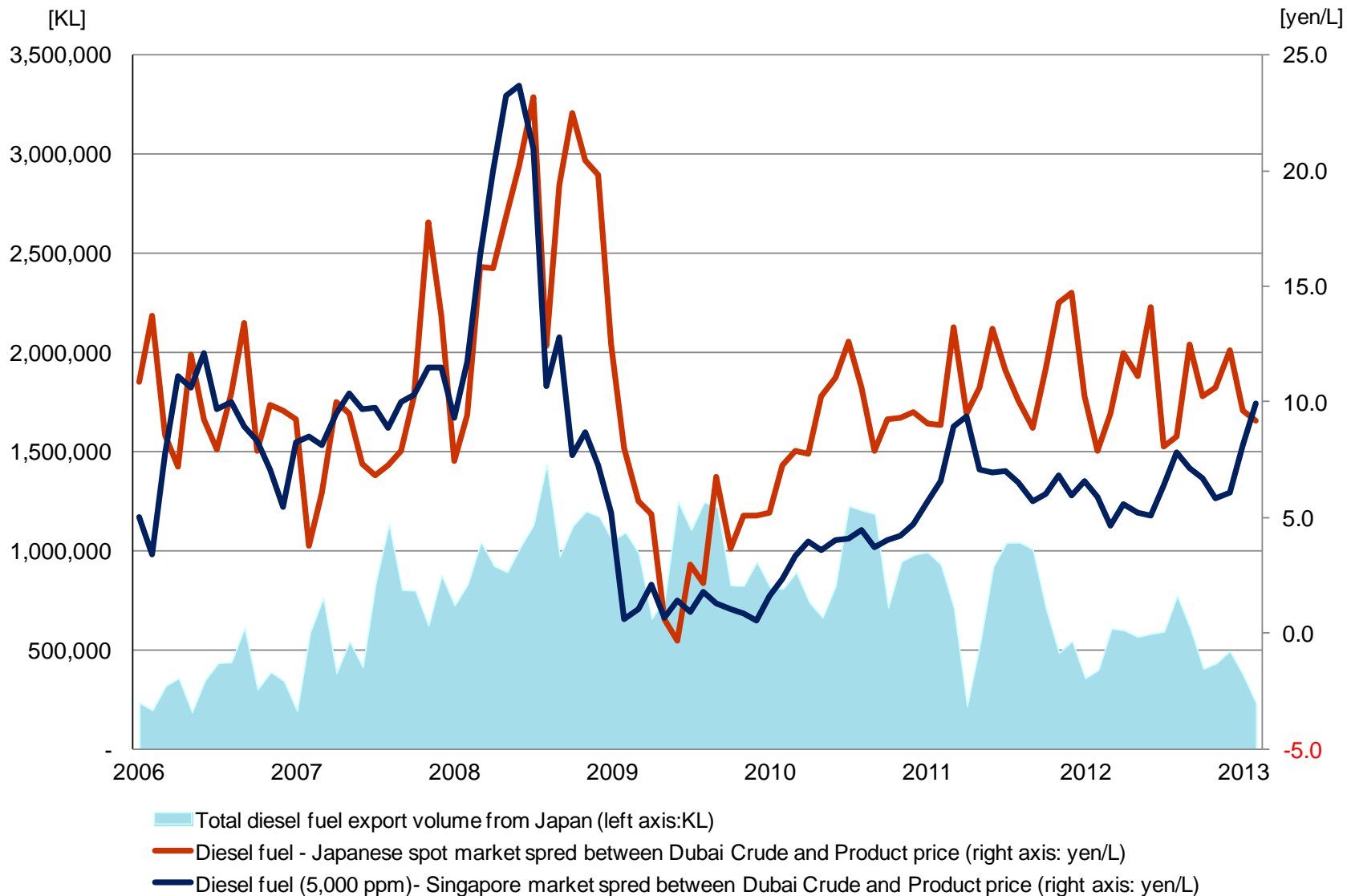
	Net Sales		Operating Income		Ordinary Income		Ordinary Income (excluding impact of inventory valuation, cost or market method)	
		Changes from FY2012		Changes from FY2012		Changes from FY2012		Changes from FY2012
Petroleum business	3,460.0	343.8	11.5	21.6	3.0	26.7	3.0	42.0
Petrochemical business	80.0	49.5	2.0	0.5	3.5	0.2	3.5	0.2
Oil E&P business	98.0	12.1	53.0	-1.3	55.5	-5.2	55.5	-5.2
Other	70.0	-16.3	3.0	-0.3	4.5	-0.4	4.5	-0.4
adjustments	-158.0	-5.8	-5.5	-8.9	-5.5	-8.7	-5.5	-8.7
Total	3,550.0	383.3	64.0	11.6	61.0	12.6	61.0	27.9

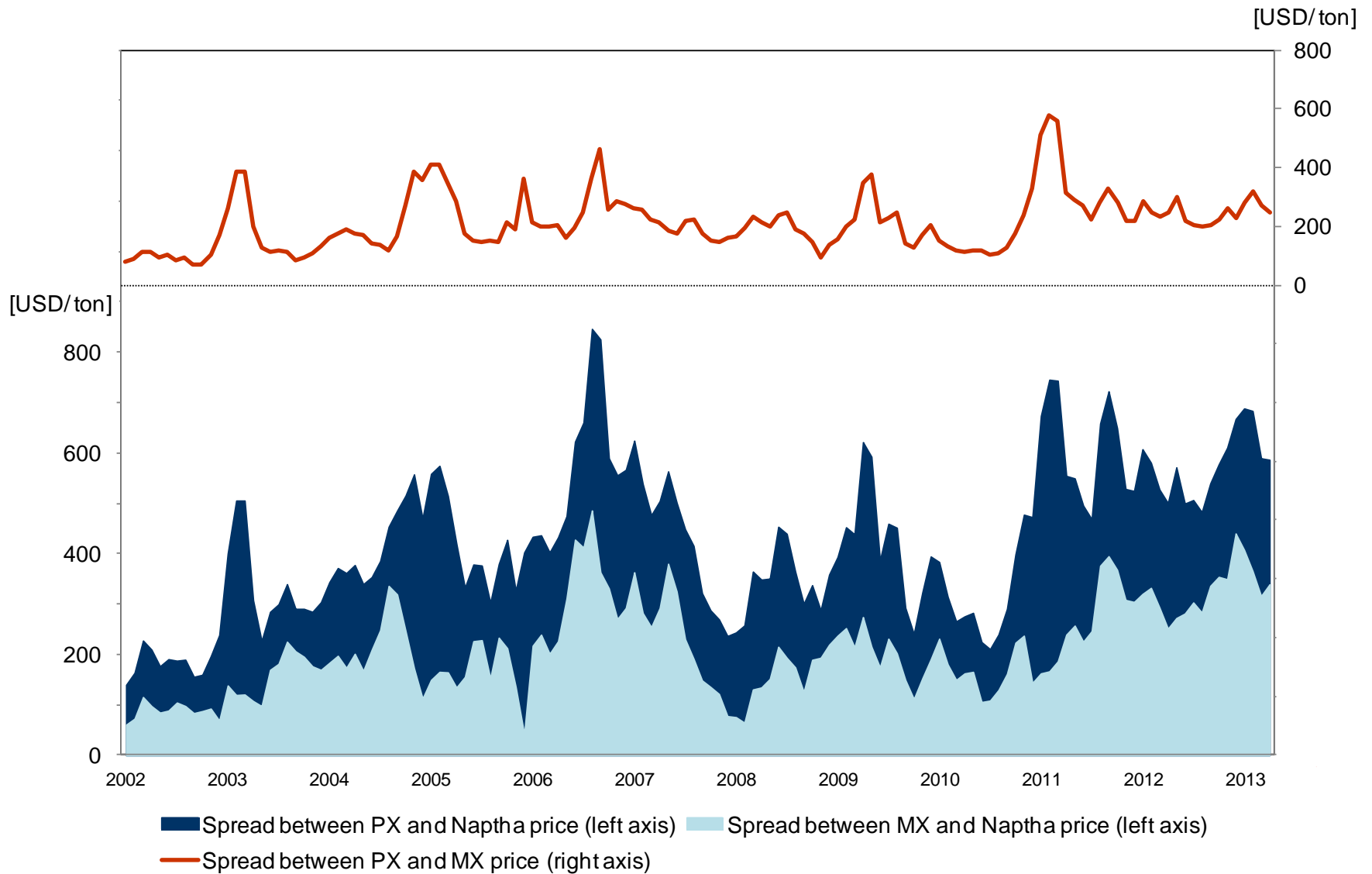
Assumption of Crude Oil Price and Exchange Rate, and Business Sensitivity thereto

	Precondition	Sensitivity	
		Petroleum Business	Oil E & P Business
Crude oil	100.0 USD/BBL	+1.9 billion yen	+0.8 billion yen
JPY/USD exchange rate	100.0 yen/USD	+1.9 billion yen	+0.8 billion yen

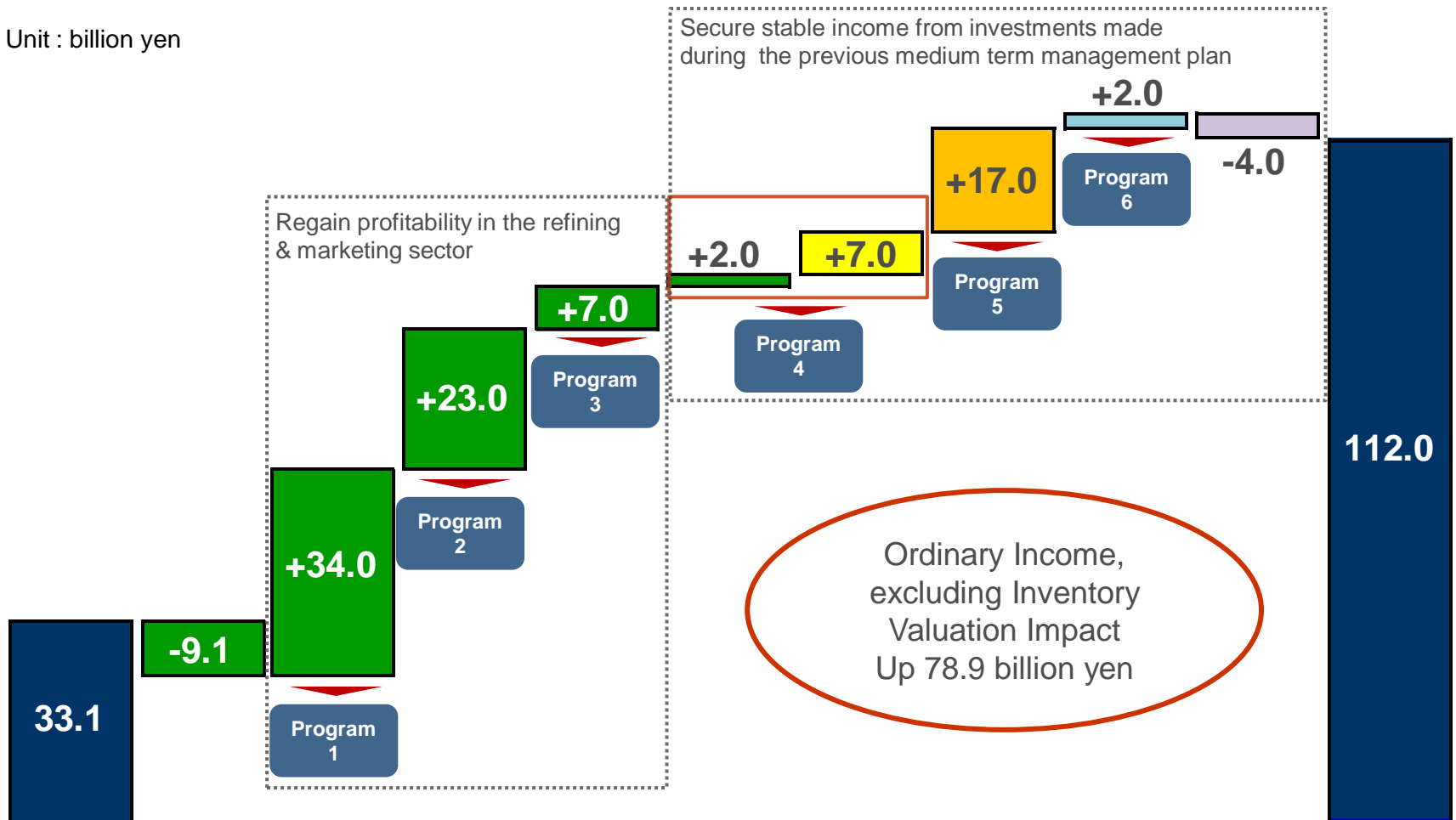
* Figures above refer to impacts by crude oil price and yen-dollar exchange fluctuations on inventory valuation gains, in-house fuel costs and timing difference (by taking no impact by the cost or market method into consideration).

*A year period of Apr. 2013 to March 2014 adopted for sensitivity figure estimation for the petroleum business segment, and a nine-month period of Apr. 2013 to Dec. 2013, for the oil exploration and production business.





Unit : billion yen



FY2012	FY2017 Consolidated Ordinary Income									
Ordinary income excl. impact of inventory valuation	Petroleum business					Petrochemical Business (HCP)	Oil Production and Exploration Business (Hail Oil Field)	Renewable energy (Eco Power)	Consolidated accounting processing, etc.	Ordinary income excl. inventory valuation impact
	Margins and sales volume	Safe operations at and stable supply from the refineries	Extensive Rationalization Focusing mainly on the Supply Division	Strengthening the Retail Business	Yokkaichi REF MX production unit					



Chairman,
Representative
Director
Yaichi Kimura



President,
Representative
Director,
Keizo Morikawa



Representative
Director,
Senior Managing
Executive Officer
Atsuto Tamura

Responsible for
Corporate
Management Unit



Director,
Senior Managing
Executive Officer
Hideto Matsumura

Responsible for
Risk Management
Unit ▪ Technology
& Research Unit



Director,
Senior Executive
Officer
Hisashi Kobayashi

Responsible for
Supply Business
Unit



Director,
Senior Executive
Officer
Isao Kusakabe

Responsible for
Resources E&P
Business Unit



Director,
Senior Executive
Officer
Hirohiko Ogiwara

Responsible for
Sales Business
Unit



Director,
Senior Executive
Officer
Hiroshi Kiriwama

Responsible for
Corporate Planning
Unit



Director,
Mohamed Al Hamli



Director,
Mohamed Al Mehairi

The official decision on changes in the member of the Board of Directors will be made at the annual general meeting of Shareholders and at the Board meeting to follow.

Cautionary Statement Regarding Forward-Looking Scenarios

This presentation contains statements that constitute forward-looking scenarios. While such forward-looking scenarios may include statements based on a variety of assumptions and relating to our plans, objectives or goals for the future, they do not reflect our commitment or assurance of the realization of such plans, objectives or goals.