

Cosmo Energy Holdings Co., Ltd. First Quarter of Fiscal 2020

August 14, 2020

Influence of the COVID-19 Pandemic

1Q FY2020 Results

Supplementary Information of 1Q FY2020

Business Outline

Measures taken by the Company

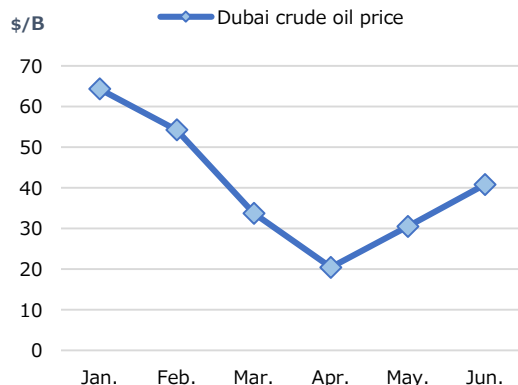
- ✓ Pursuant to the Group's Crisis Management Regulations, Crisis Management Headquarters was established on February 4, 2020
- ✓ Head Office section has prevented the Three Cs, namely closed spaces, crowded places and close-contact settings through teleworking and the prohibition of business trips and face-to-face meetings
- ✓ The manufacturing section has consistently taken body temperatures and strictly managed access to the premises
- ✓ The Company has also requested partner companies to take measures to prevent the infection.

⇒At present, no impact on businesses operations, including the refineries, has been observed.

Influence on the Market

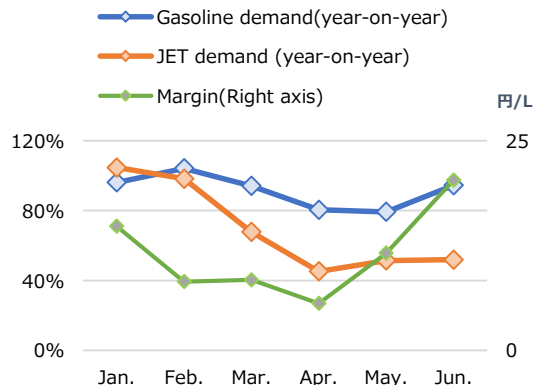
[Crude oil market]

- ✓ Dubai crude oil price rose from an average 20\$/B in April to an average 41\$/B in June



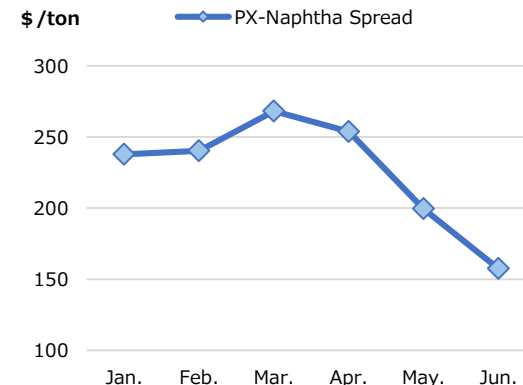
[Petroleum product market]

- ✓ Demand for products has gradually recovered since May
- ✓ The domestic market has remained firm



[Petrochemical Market]

- ✓ PX market conditions deteriorated significantly due to oversupply



*Kygnus is excluded from the year-on-year change in Gasoline.

Earnings Forecast

- ✓ Compared to the full year plan, there are both positive and negative factors. Positive factors include an increase in the sales volume of the four major products in the petroleum business, and rising crude oil prices in oil exploration and production business, while negative factors include the deteriorating market conditions in the petrochemical business.
- ✓ Because of the influence of the COVID-19 pandemic that has yet to subside, the outlook is still uncertain. As such, the Company is not revising its earnings forecast at this stage.

Unit : billion yen ■ Precondition

No			FY2020 Forecast	FY2019 Results	Changes
			Ordinary profit exc. the impact of Inventory valuation	Ordinary profit exc. the impact of Inventory valuation	
1	Total		30.0	68.5	-38.5
2	(Each segment)	Petroleum business	27.0	4.4	22.6
3		Petrochemical business	-2.5	5.2	-7.7
4		Oil E&P business (*1)	-4.0	45.0	-49.0
5		Other (2*)	9.5	13.9	-4.4
6	Profit attributable to owners of parent		14.5	-28.2	42.7

No.			FY2020 Forecast	FY2019 Results	Changes
7	Dubai crude oil price (USD/B)(Apr.-Mar.)		29	60	△ 31
8	JPY/USD exchange rate (Apr.-Mar.)		105	109	△ 4
9	Dubai crude oil price (USD/B)(Jan.-Dec.)		31	64	△ 33
10	JPY/USD exchange rate (Jan.-Dec.)		106	109	-3

■ Sensitivity				
No.	Item		Crude oil (Dubai)	JPY/USD exchange rate
11	Petroleum Business	Inventory Impact	+2.0 billion yen	+1.2 billion yen
12		Refinery fuel cost etc.	▲ 0.5 billion yen	▲ 0.3 billion yen
13	Total		+1.5 billion yen	+0.9 billion yen
14	Oil E&P Business		+0.6 billion yen	+0.1 billion yen

(*1) The Accounting period of three operators (Abu Dhabi Oil Company, Qatar Petroleum Development and United Petroleum Development) is December.

(*2) Including consolidated adjustment

* Figures above refer to impacts by crude oil price(USD 1/bbl) and yen-dollar exchange rate (¥1/USD) fluctuations. A six-month period of Jul.-Dec.2020 for the oil E&P business

1Q FY2020 Results

- ✓ Consolidated ordinary profit excluding the inventory impact was ¥5.9 billion (down ¥12.7 billion year on year), the inventory valuation impact was ¥-34.2 billion, and consequently consolidated ordinary profit stood at ¥-28.3 billion (down ¥49.1 billion year on year) with net profit of ¥-26.0 billion (down ¥40.8 billion year on year)
- ✓ In an environment of declining demand, the sales volume of the four major products increased 111% year on year compared to nationwide demand of 89% because of expanded supply to Kygnus Sekiyu. The decrease in sales of JET fuel was limited to 50% year on year compared to the nationwide demand of 34%
- ✓ The capacity utilization rate on Streaming Day basis was kept high at 92%

[Petroleum business]

- ✓ Profit increased because of an increase in sales volume of four major products attributable to expanded supply to Kygnus Sekiyu and an improvement in fuel consumption, offsetting a decrease in demand for JET fuel due to the spread of COVID-19
⇒ Ordinary profit excluding the inventory impact was ¥2.5 billion (up ¥1.3 billion year on year)

[Petrochemical business]

- ✓ Profit decreased due to the deterioration of paraxylene market conditions and a decrease in volume associated with regular maintenance of Maruzen Petrochemical
⇒ Ordinary profit: ¥-6.7 billion (down ¥12.3 billion year on year)

[Oil exploration and production business]

- ✓ Profit decreased affected by the decline in crude oil prices
⇒ Ordinary profit: ¥6.7 billion (down ¥2.5 billion year on year)

[Other business]

- ✓ Profit increased because of consolidated accounting and other factors
⇒ Ordinary profit: ¥3.4 billion (up ¥0.8 billion year on year)

[1Q FY2020 Results]

Consolidated Income Statements– Changes from 1Q FY2019

COSMO

Unit: billion yen

No.	Item	FY2020 (Apr.-Jun.2020)	FY2019 (Apr.-Jun.2019)	Changes
1	Net sales	440.1	658.0	-217.9
2	Operating profit	-28.0	17.0	-45.0
3	Non-operating income/expenses, net	-0.3	3.8	-4.1
4	Ordinary profit	-28.3	20.8	-49.1
5	Extraordinary income/losses, net	0.7	7.6	-6.9
6	Income taxes	-1.3	11.8	-13.1
7	Profit attributable to non-controlling interests	-0.3	1.9	-2.2
8	Profit attributable to owners of parent	-26.0	14.8	-40.8
9	Impact of inventory valuation	-34.2	2.2	-36.4
10	Ordinary profit excluding the impact of inventory valuation	5.9	18.6	-12.7
11	Dubai crude oil price (USD/B) (Apr.-Jun.)	31	67	-36
12	JPY/USD exchange rate (yen/USD)(Apr.- Jun.)	108	110	-2
【Reference】				
13	Dubai crude oil price (USD/B) (Jan.-Mar.)	51	64	-13
14	JPY/USD exchange rate (yen/USD)(Jan.- Mar.)	109	110	-1

[1Q FY2020 Results] Outline of Consolidated Ordinary Profit by business segment

– Changes from 1Q FY2019

COSMO

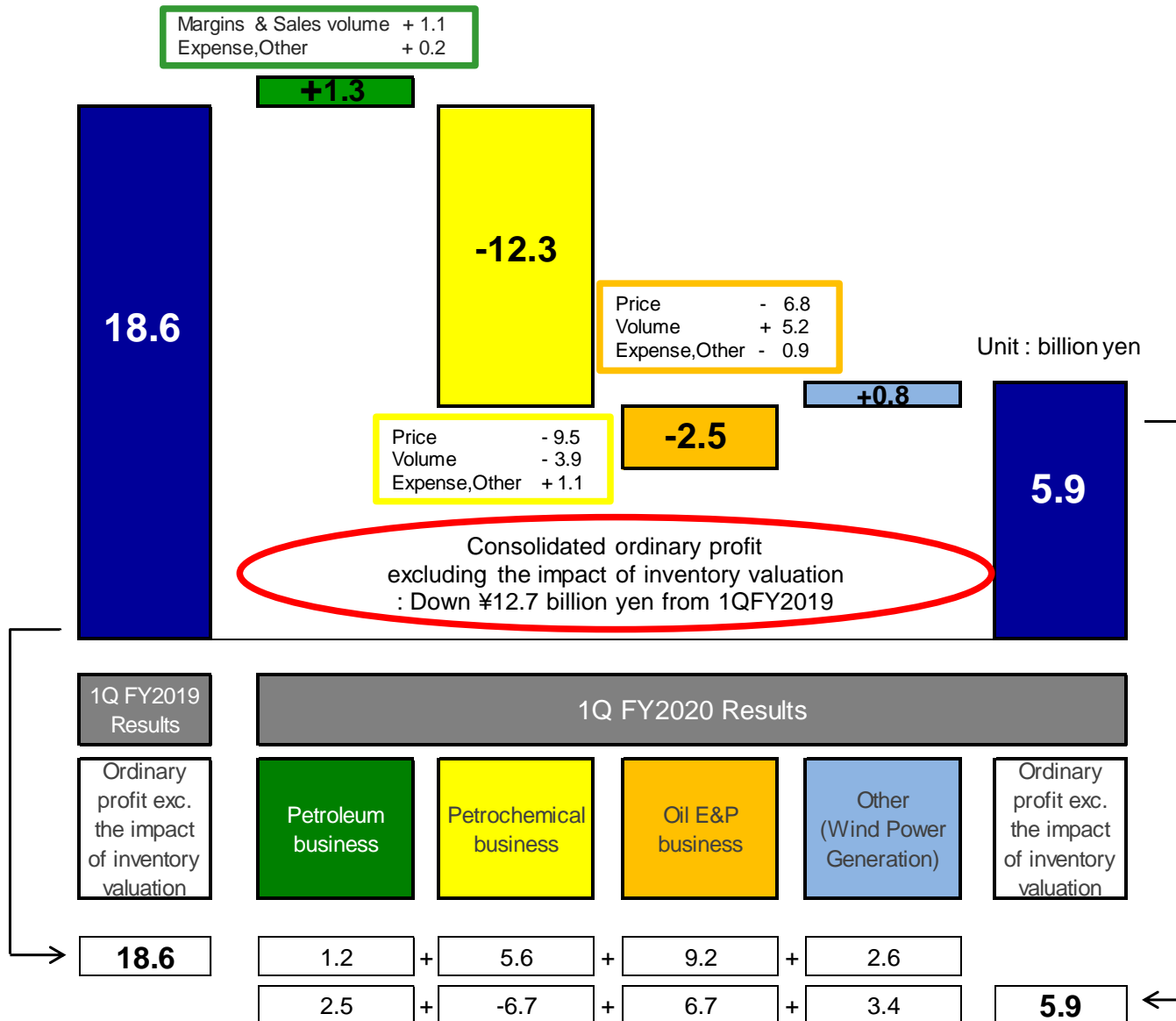
Unit : billion yen

No	FY2020 (Apr.-Jun.2020)		FY2019 (Apr.-Jun.2019)		Changes			
	Ordinary profit	Ordinary profit exc. the Impact of Inventory valuation	Ordinary profit	Ordinary profit exc. the Impact of Inventory valuation	Ordinary profit	Ordinary profit exc. the Impact of Inventory valuation		
1	Total		-28.3	5.9	20.8	18.6	-49.1	-12.7
2	(Each segment)	Petroleum business	-31.7	2.5	3.4	1.2	-35.1	1.3
3		Petrochemical business	-6.7		5.6		-12.3	
4		Oil E&P business (*1)	6.7		9.2		-2.5	
5		Other (*2)	3.4		2.6		0.8	

(*1) The Accounting period of three operators(Abu Dhabi Oil Company, Qatar Petroleum Development and United Petroleum Development) is December.

(*2) Including consolidated adjustment

[1Q FY2020 Results] Consolidated Ordinary Profit (Excluding the impact of inventory valuation) - Analysis of Changes from 1Q FY2019



Consolidated Balance Sheets

Unit: billion yen

No		FY2020 (As of Jun.30, '20)	FY2019 (As of Mar. 31, '20)	Changes
1	Total Assets	1,545.0	1,639.8	-94.8
2	Net assets	325.3	362.8	-37.5
3	Net worth	204.9	239.8	-34.9
4	Net worth ratio	13.3%	14.6%	-1.3%
5	Net interest-bearing debt *1	693.5	628.3	65.2
6	Net Debt Equity Ratio (times) (after partially accounting for Hybrid Loan) *2	3.09	2.41	Down 0.68 points

*1 Total interest-bearing debts net of cash and deposits etc. as of the end of the period

*2 Calculated on the basis that 50% of 30 billion yen Hybrid Loan made on 31 March 2020 is included into Equity

Capital Expenditures, Depreciation, etc.

Unit: billion yen

No.		1Q FY2020 Results	Change from 1Q FY2019
1	Capital expenditures	20.2	6.3
2	Depreciation expense amount, etc.	14.1	-0.1

Capital Expenditures by Business Segment

Unit: billion yen

No.		1Q FY2020 Results	1Q FY2019 Results	Changes
1	Petroleum	7.6	5.7	1.9
2	Petrochemical	8.4	4.9	3.5
3	Oil E&P	2.1	2.8	-0.7
4	Other	3.1	0.9	2.2
5	Adjustment	-1.0	-0.4	-0.6
6	Total	20.2	13.9	6.3
7	Investment securities, etc.*	1.0	1.5	△ 0.5

*Investment securities, etc. are included in the net investment amount of ¥ 360.0 billion in the 6th mid-term plan (from FY2018 to FY2022).

Capital Expenditures, Depreciation, etc.

Unit: billion yen

No.		FY2020 Forecast	Change from FY2019
1	Capital expenditures	98.5	10.6
2	Depreciation expense amount, etc	61.8	4.2

Capital Expenditures by Business Segment

Unit: billion yen

No.		FY2020 Forecast	FY2019 Results	Changes
1	Petroleum	51.7	46.8	4.9
2	Petrochemical	23.7	18.1	5.6
3	Oil E&P	14.5	15.2	-0.7
4	Other	8.0	7.2	0.8
5	Adjustment	0.6	0.6	0.0
6	Total	98.5	87.9	10.6
7	Investment securities, etc*	9.0	5.8	3.2

*Investment securities, etc. are included in the net investment amount of ¥ 360.0 billion in the 6th mid-term plan (from FY2018 to FY2022).

Supplementary Information

- P.14-22 [1Q FY2020 Results] Supplementary Information
- Sales Volume, CDU Operating Ratios
 - Crude Oil Production Volume, Crude Reserves Estimate (Proved and Probable)
 - Results by Business Segment - Changes from 1Q FY2019
 - Main data of each business
 - Historical Changes in Dubai Crude Oil Price
 - Gasoline Export and Margin Environment
 - Diesel Fuel Export and Margin Environment
 - Market Condition of Benzene Products and Aromatic Products
- P.24-33 Overview of the Cosmo Energy Group (Business Outline)
- Oil E&P Business , Petroleum Business, Petrochemical Business, Wind Power Generation Business
- P.34- Subordinated loan (Announced on March 31,2020)
- P.35-37 Zero Coupon Convertible Bonds due 2022 (being bonds with stock acquisition rights)
(Announced on December 20,2018)

Supplementary Information of
1Q FY2020 Results

[1Q FY2020 Results] Sales Volume, CDU Operating Ratios

Unit: thousand KL

No.			1Q FY2020 Results	1Q FY2019 Results	Changes	FY2020 Forecast	FY2020 forecast changes from FY2019
1	Selling volume in Japan	Gasoline	1,507	1,370	110.0%	6,212	98.7%
2		Kerosene	322	251	128.6%	2,124	107.9%
3		Diesel fuel	1,238	1,148	107.9%	5,143	102.8%
4		Heavy fuel oil A	374	325	115.1%	1,543	100.1%
5		Sub-Total	3,441	3,093	111.3%	15,023	101.5%
6		Naphtha	1,101	1,542	71.4%	5,995	98.0%
7		Jet fuel	53	111	47.7%	295	57.5%
8		Heavy fuel oil C	166	195	85.5%	669	85.9%
9		Total	4,761	4,940	96.4%	21,983	99.0%
10	Export volume	Middle distillates Export	-	150	-	491	173.2%
11		Bonded products and other	473	691	68.4%	2,329	79.1%
12		inc. Jet fuel	255	510	50.0%	1,047	55.0%
13		inc. Low-sulfur C fuel oil	120	-	-	681	193.1%
14		Sub-Total	473	841	56.2%	2,820	87.4%
15	Total		5,234	5,781	90.5%	24,802	97.5%

No.			1Q FY2020 Results	1Q FY2019 Results	Changes
1	CDU operating ratio	(Calendar Day basis) *1	71.9%	94.6%	-22.7%
2		(Streaming Day basis) *1,2	91.6%	99.0%	-7.4%

*1: The operating ratio at the Company's three refineries

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

[1Q FY2020 Results] Crude Oil Production Volume, Crude Reserves Estimate (Proved and Probable)



[1] Crude oil production volume				
	1Q FY2020 Results	1Q FY2019 Results	Changes	
Cosmo Energy Exploration & Production Co., Ltd. (B/D)	52,165	51,710	455	100.9%

*1) The production volume represents the total production volumes of the three major developers: Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., and United Petroleum Development Co., Ltd.

*2) The production period has calculated in the January-December, because that the three major developers of the accounting period is December.

*3) The Cosmo Energy Group has a 51.5% stake in Abu Dhabi Oil Co., Ltd., a 75.0% stake in Qatar Petroleum Development Co., Ltd. and a 50.0% stake in United Petroleum Development Co., Ltd.

(As of Dec 31, 2019)

[2] Crude Reserves Estimate (working interest base) (*1)	
	mmbbls
Total Proved(*2) and Probable Reserves (*3)	160.6
(Ref.: Reserves to Production Ratio of Total Proved and Probable Reserves)	about 17 years

Note: The daily average crude production based on working interest reached 25 thousands bpd for FY2019(Jan-Dec).

(*1) About results of reserves estimate

The assessment of ADOC reserves which deemed to have significant impact on Cosmo's future profitability was carried out in an independent assessment by Gaffney, Cline & Associate (hereinafter, "GCA"), a leading global independent reserve auditor. Their assessment confirmed Cosmo affiliates' internal assessment of remaining reserves. The assessment was carried out in accordance with the 2007 "Petroleum Resources Management System (PRMS)" prepared by the Oil and Gas Reserves Committee of the "Society of Petroleum Engineers" (SPE), and reviewed and jointly sponsored by the "World Petroleum Congress" (WPC), the "American Association of Petroleum Geologists" (AAPG) and the Society of Petroleum Evaluation Engineers (SPEE). The assessment of QPD and UPD reserves were carried out in these companies respectively. These assessments of the reserves do not guarantee the reserves and production from them.

(*2) Proved Reserves

Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. When probabilistic methods are used, there should be at least a 90% probability that the actual quantities recovered will equal or exceed the 1P estimate. (Definition of SPE PRMS 2007 March)

(*3) Probable Reserves

Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. When probabilistic methods are used, there should be at least a 50% probability that the actual quantities recovered will equal or exceed the 2P estimate. (Definition of SPE PRMS 2007 March)

[1Q FY2020 Results] Results by Business Segment – Changes from 1Q FY2019

COSMO

1Q FY2020 Results – Changes from 1Q FY2019

Unit: billion yen

No.		Net Sales		Operating Profit		Ordinary Profit		Ordinary Profit (excluding the impact of inventory valuation)	
			Changes from 1QFY2019		Changes from 1QFY2019		Changes from 1QFY2019		Changes from 1QFY2019
1	Petroleum business	400.9	-202.7	-31.7	-34.5	-31.7	-35.1	2.5	1.3
2	Petrochemical business	49.4	-57.4	-6.8	-8.3	-6.7	-12.3	-6.7	-12.3
3	Oil E&P business	19.8	-1.9	6.9	-2.8	6.7	-2.5	6.7	-2.5
4	Other	16.2	1.3	1.2	0.0	1.3	0.1	1.3	0.1
5	Adjustment	-46.2	42.8	2.4	0.6	2.1	0.7	2.1	0.7
6	Total	440.1	-217.9	-28.0	-45.0	-28.3	-49.1	5.9	-12.7

Cosmo Energy Group (by Segment)

Petroleum business	Cosmo Oil Co.,Ltd., Cosmo Oil Marketing Co., Ltd., Cosmo Oil Sales Corp, Cosmo Oil Lubricants Co., Ltd., Sogo Energy Co., Ltd.,Gyxis Corporation (owned by the Cosmo Energy Group on the equity method), Kygnus Sekiyu K.K.(owned by the Cosmo Energy Group on the equity method) , etc.
Petrochemical business	Cosmo Matsuyama Oil Co., Ltd., CM Aromatics Co., Ltd., Maruzen Petrochemical Co., Ltd., Hyundai Cosmo Petrochemical Co., Ltd. (owned by the Cosmo Energy Group on the equity method), etc.
Oil E & P business	Cosmo Energy Exploration & Production Co., Ltd.,Abu Dhabi Oil Co., Ltd., Qatar Petroleum Development Co., Ltd., United Petroleum Development Co., Ltd. (owned by the Cosmo Energy Group on the equity method), etc.
Other	Cosmo Engineering Co.,Ltd., Cosmo Trade & Services Co., Ltd., Cosmo Eco Power Co.,Ltd , etc.

[1Q FY2020 Results] Main data of each business

1. Petroleum business

(1) Refinery Operating Ratio

	FY2015	FY2016	FY2017	FY2018	FY2019	1Q FY2020
CDU operating ratio(Calendar Day basis)*1	83.2%	88.3%	94.1%	86.1%	87.9%	71.9%

(2) Number of SSs by Operator Type

	FY2015	FY2016	FY2017	FY2018	FY2019	1Q FY2020
Subsidiary	920	895	885	855	843	844
Dealers	2,134	2,062	1,973	1,936	1,912	1,905
Total *2	3,054	2,957	2,858	2,791	2,755	2,749
Number of Self-Service SSs *2	1,036	1,038	1,034	1,048	1,072	1,081

(3) "Cosmo The Card" – Number of credit cards in force & Accumulative number of contracted my car lease & "Carlfe Square" –Number of App members

	FY2015	FY2016	FY2017	FY2018	FY2019	1Q FY2020
Cosmo The Card (million cards)*2	439.30	444.30	444.00	433.00	421.00	4.18
My car lease(Units) *2	27,401	37,077	47,602	60,579	73,634	75,829
Carlfe Square(million downloads) *2					192	2.19

2. Oil E&P business

Crude oil production volume

	FY2015	FY2016	FY2017	FY2018	FY2019	1Q FY2020
Cosmo Energy E&P Co., Ltd. (B/D)*3	39,201	39,032	38,826	52,303	50,773	52,165

3. Wind power generation business

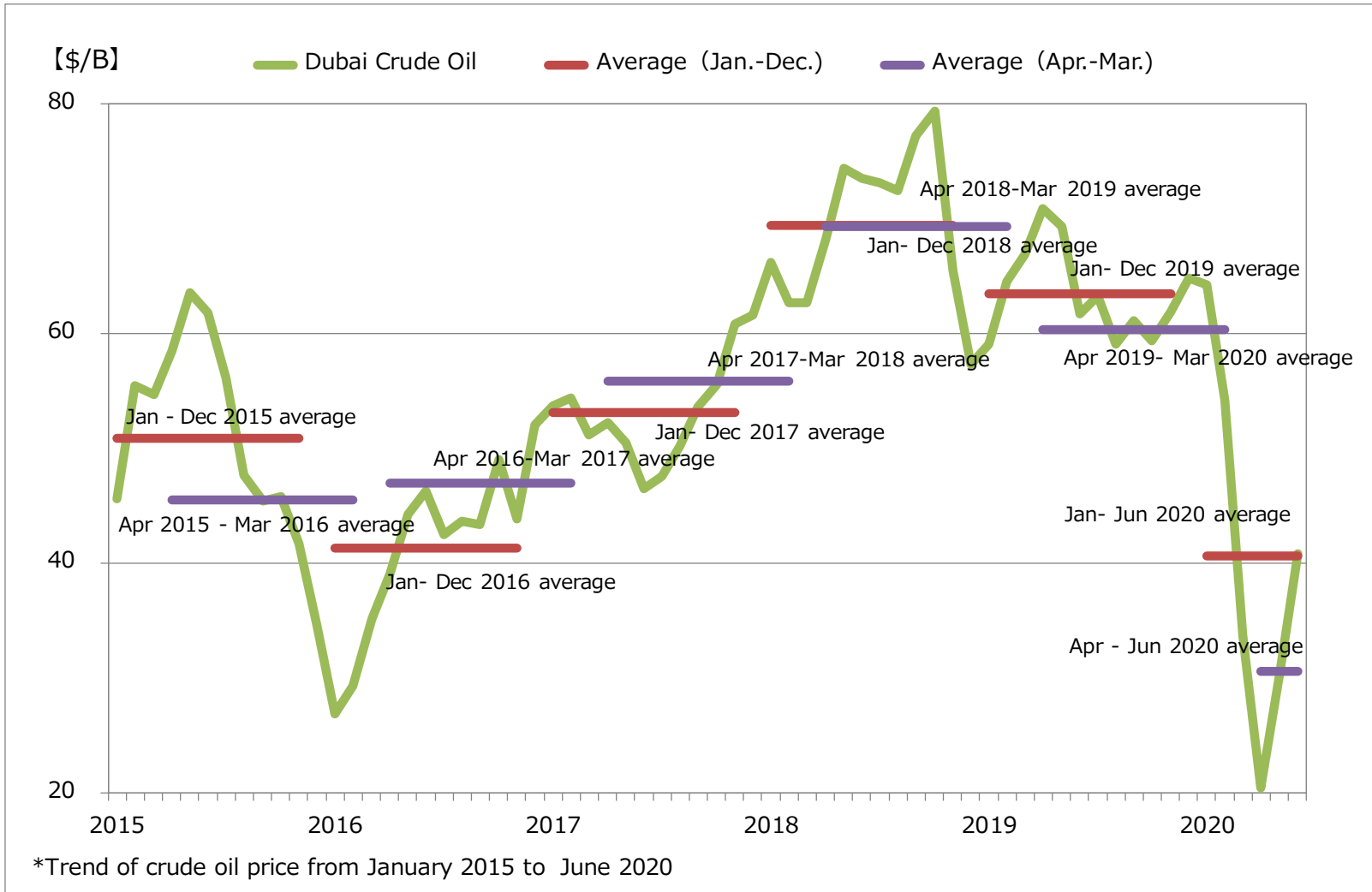
Wind power generation capacity(ten thousand kW)

	FY2015	FY2016	FY2017	FY2018	FY2019	1Q FY2020
Power generation Capacity*2	18.4	21.1	22.69	22.7	26.6	26.6

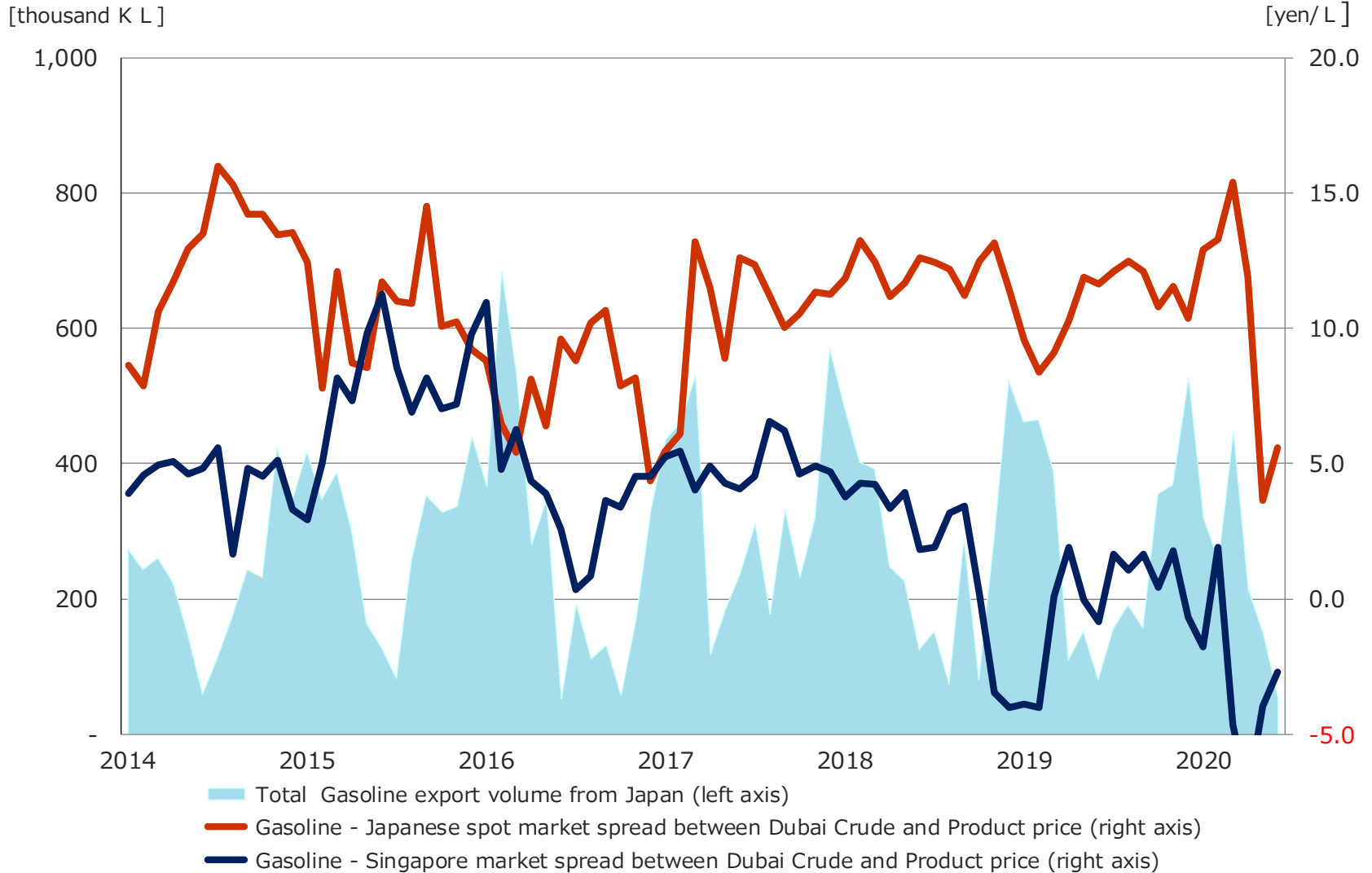
*1) April-March results for each fiscal year *2) At the end of March of each fiscal year

*3) January-December results for each fiscal year

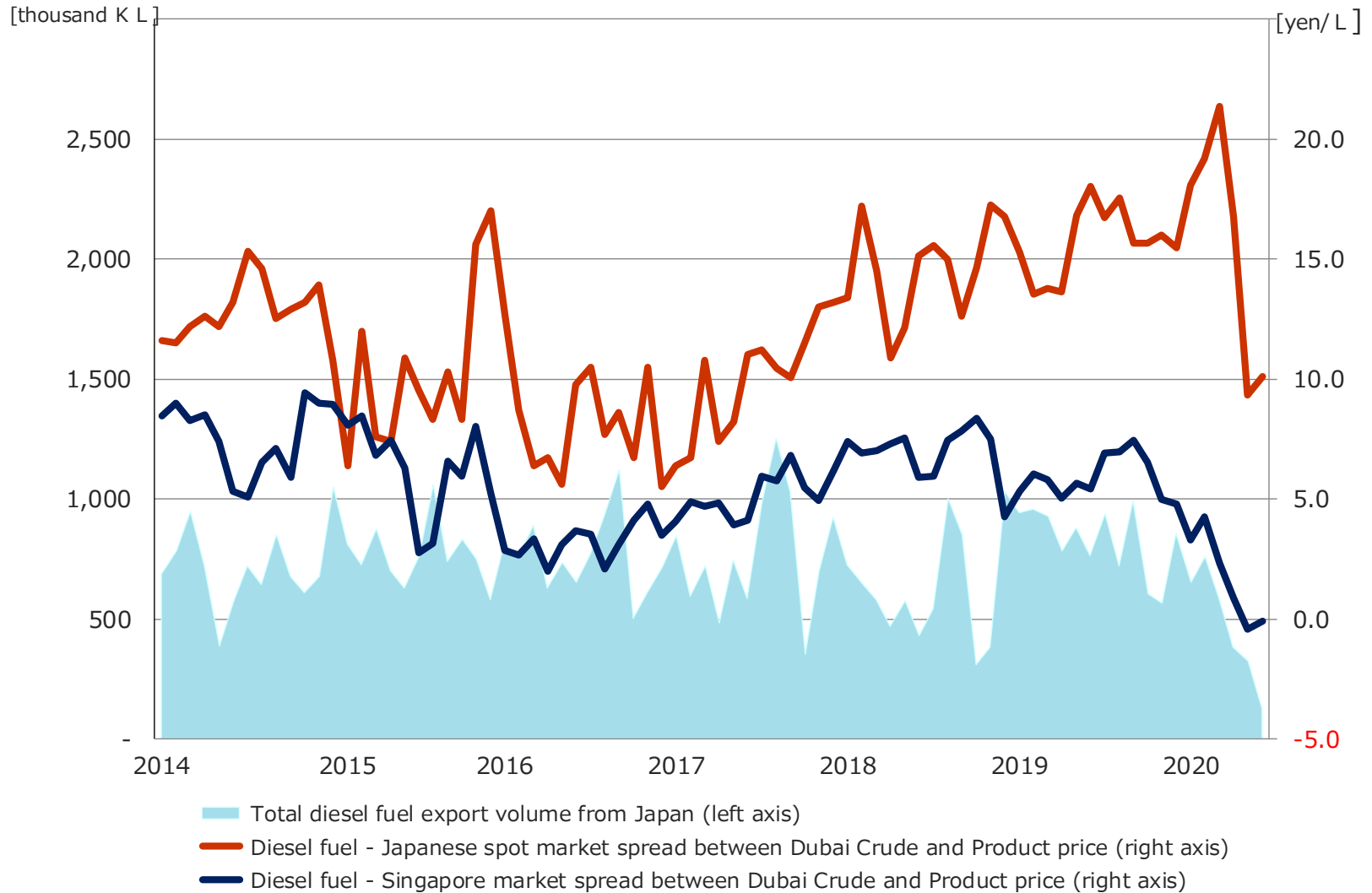
Historical Changes in Dubai Crude Oil Price

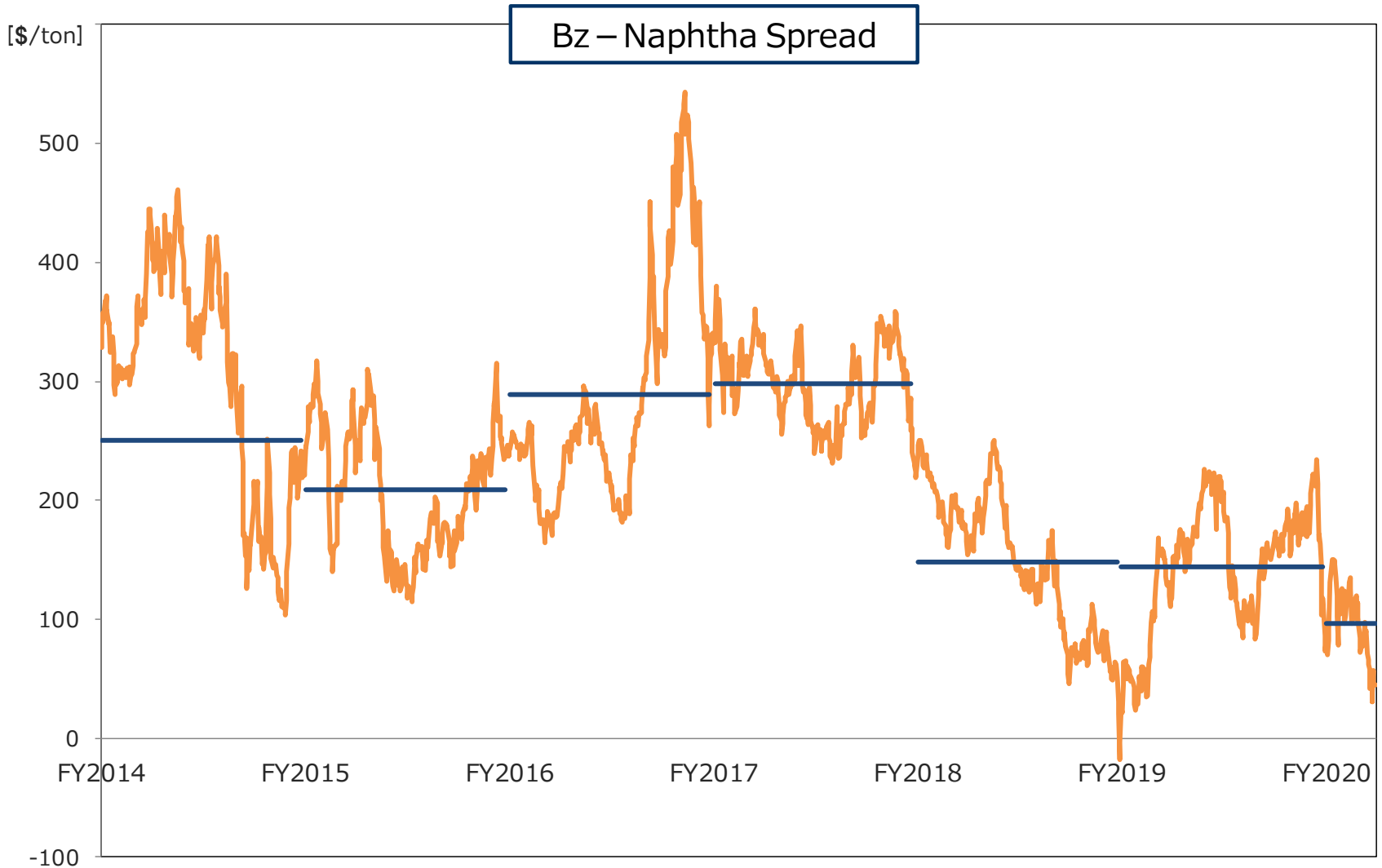


Gasoline Export and Margin Environment (Domestic /Overseas)

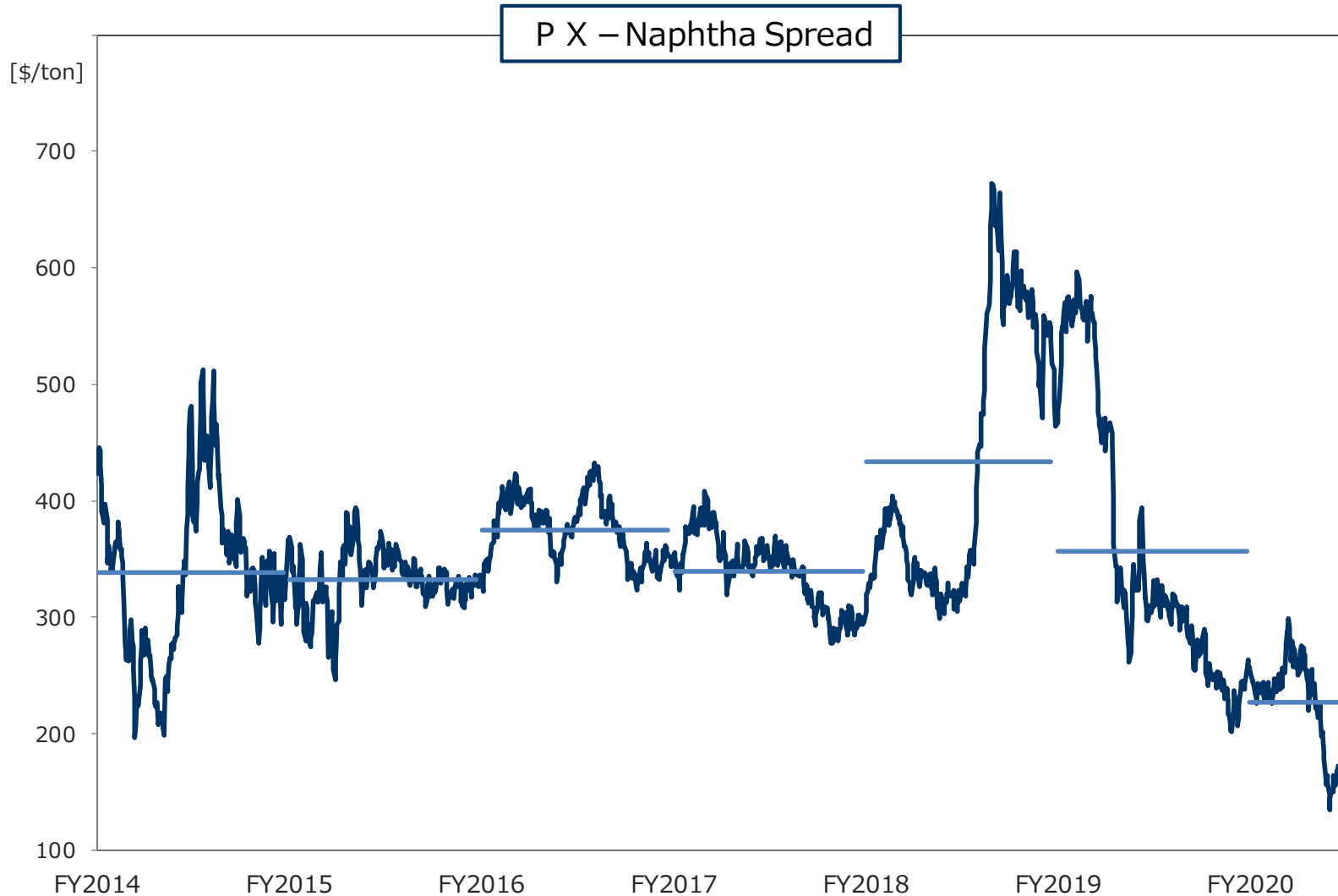


Diesel Fuel Export and Margin Environment (Domestic /Overseas)





(*) Horizontal line indicates the average of each calendar year(Apr.-Mar.)




(*) Horizontal line indicates the average of each calendar year(Jan.-Dec.).

Business Outline

Cosmo Energy Group Business Overview

Each segment	Oil E&P business	Petroleum business	Petrochemical business	Other (Wind Power Generation)	Total ^{*2}
Net sales ^{*1}	50.0billion yen	1,910.0billion yen	280.0billion yen	70.0billion yen	2,400.0billion yen
Ordinary profit ^{*1}	-4.0billion yen	27.0billion yen	-2.5billion yen	9.5billion yen ^{*2}	30.0billion yen
Ordinary profit excluding ^{*1} impact of inventory valuation	-4.0billion yen	27.0billion yen	-2.5billion yen	9.5billion yen ^{*2}	30.0billion yen

Major assets	<ul style="list-style-type: none"> Partnerships Solid relationship of trust with oil producing countries for about 50 years 	<ul style="list-style-type: none"> CDU capacity ^{*5, *7} 400,000 BD (Domestic market share: Approx. 11.4%) 	<ul style="list-style-type: none"> Olefinic production capacity ^{*5} Ethylene 1.29 mil tons/year (Domestic market share: Approx. 19%) 	<ul style="list-style-type: none"> Wind power generation ^{*5} capacity 266,000 kW (No. 3 in Japan and a 7% domestic share) 	<ul style="list-style-type: none"> Corporate brand awareness  98.4% ※Survey of 1,239 customers (men and women, 18-64 years old) who used a service station in the past one month(as of October 30, 2017)
	<ul style="list-style-type: none"> Operatorship (self-operation) We produces the largest volume of crude oil in the Middle East region for a Japanese operator. 	<ul style="list-style-type: none"> Domestic Sales Volume ^{*3} 22,214thousand KL 	<ul style="list-style-type: none"> Aromatic production capacity ^{*6} Para-xylene 1.360 mil tons/year Benzene 0.735 mil tons/year Mixed-xylene 0.618 mil tons/year 	<ul style="list-style-type: none"> Solar power generation ^{*5} capacity 24,000 kW 	
	<ul style="list-style-type: none"> Crude Oil Production ^{*3} Approx. 51 thousand B/D (Comparison with refining capacity: Approx. 13%) 	<ul style="list-style-type: none"> Number of Service station ^{*5} 2,755 			
	<ul style="list-style-type: none"> Crude Oil Reserves (Proved and Probable) ^{*4} 160.6 million barrels (Equivalent to approx. 17 years of supply) 	<ul style="list-style-type: none"> Number of the "Cosmo the Card" Holders ^{*5} 4.21million cards Car leasing business for ^{*5} individuals Cumulative total 73,634cars 			

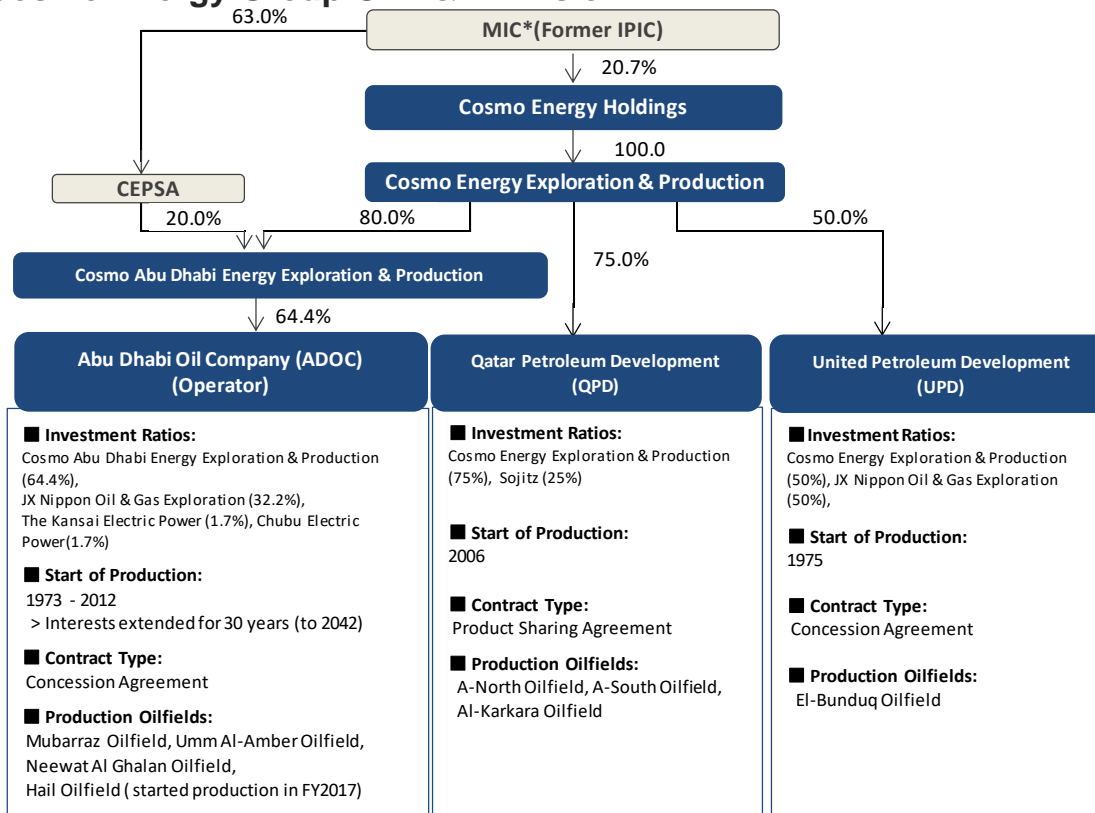
Major business companies related companies	<ul style="list-style-type: none"> Cosmo Energy Exploration & Production Abu Dhabi Oil (UAE) Qatar Petroleum Development (Qatar) United Petroleum Development (UAE/Qatar) 	<ul style="list-style-type: none"> Cosmo Oil Cosmo Oil Lubricants Gyxis(LPG) Cosmo Oil Marketing Cosmo Oil Sales Sogo Energy 	<ul style="list-style-type: none"> Maruzen Petrochemical (Chiba/Yokkaichi) Cosmo Matsuyama Oil CM Aromatics (Chiba) Hyundai Cosmo Petrochemical (Korea) 	<ul style="list-style-type: none"> Cosmo Eco Power (Wind power generation) Cosmo Engineering Cosmo Trade and Service 	—
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(^{*1}) FY2020 Forecast. (^{*2}) Including consolidated adjustment, (^{*3})FY2019 Results, (^{*4})As of Dec. 31, 2019, (^{*5})As of Mar. 31, 2020, (^{*6})As of Jul. 31, 2020

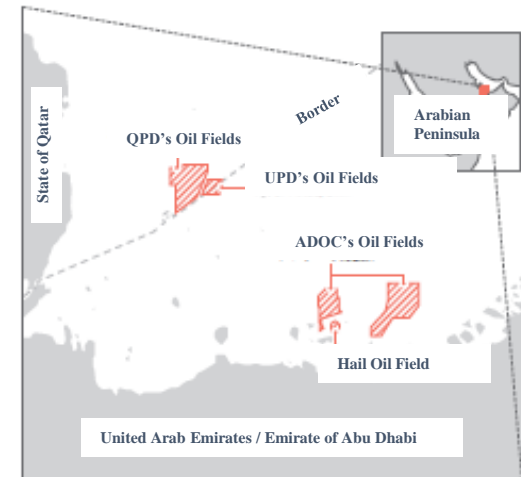
(^{*7})Including the supply of the petroleum product/semi product (37,000 bbls/day equivalent) from Idemitsu Showa Shell Group with the business alliance.

- ✓ Based on a strong relationship of trust with Emirate of Abu Dhabi in the Middle East developed almost five decades, we have achieved low-risk, low-cost development.
- ✓ Abu Dhabi Oil Company extended concessions (30 years) in 2012 and obtained new concessions area, the Hail Oil Field is projected to the same production volume as its three existing oilfields.
- ✓ Started production from the Hail Oil Field in FY 2017 with production ramping up to full-scale in January 2018.

■ Cosmo Energy Group Oil E&P Division



■ Cosmo Energy Group's oil fields



(*) MIC (Mubadala Investment Company) in which The Emirate of Abu Dhabi has a 100% stake ,has been established as a holding company in association with the business combination of IPIC (International Petroleum Investment Company), and MDC (Mubadala Development Company).

- ✓ Risk Tolerance : Low oil price risk, exploration risk, funding risk
- ✓ Growth Strategy (Production Increase) : The Hail Oil Field development, Consideration of joint development with Cepsa
- ✓ Long-term Stable Production : Solid trust relationships with oil producing countries, High quality oil fields and oil recovery technologies

■ Risk Tolerance ■

- Earning power under low oil prices → For FY2016 Q1 (January to March), we maintained profitability under conditions where Dubai crude was priced at \$30 per barrel.
- Achieving low-cost development through discovered and undeveloped oilfields (including the Hail oilfield)
- Loans provided by Japanese public institutions (JBIC) with credit of the operator (ADOC)

■ Growth Strategy ■

- At peak production, production capacity of the Hail Oil Field is equivalent to the three existing oilfields of ADOC
- Strategic comprehensive alliance with MIC(former IPIC)-owned Cepsa, deliberating new oilfield development with Abu Dhabi National Oil Company and CEPESA

■ Long-term Stable Production ■

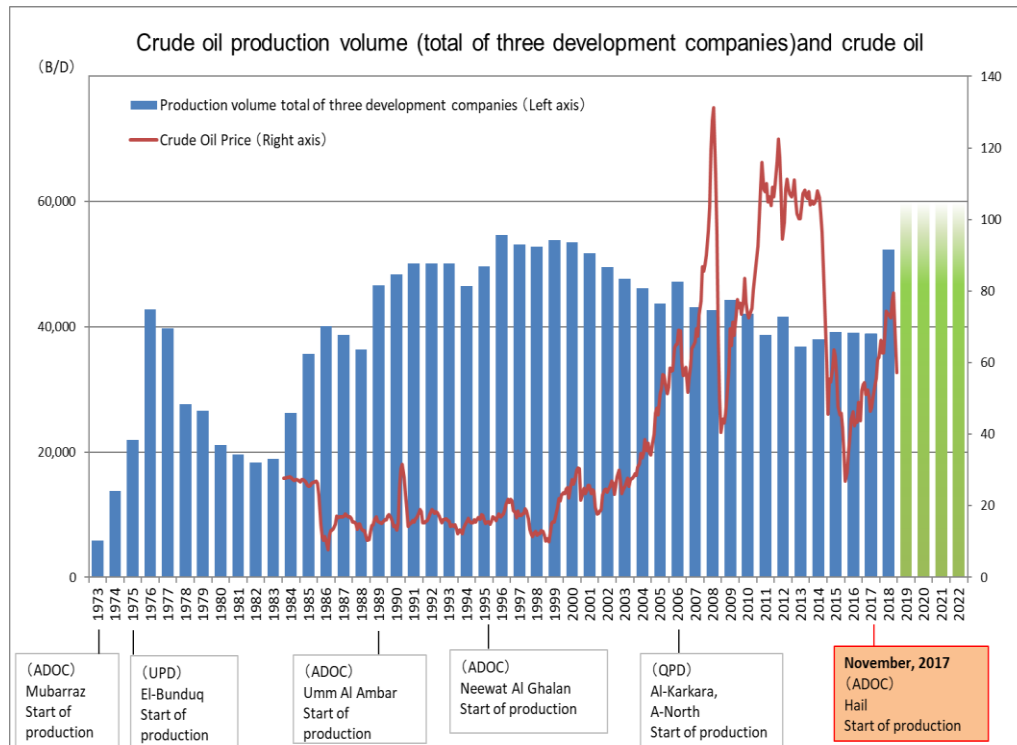
- Obtained interests before founding of UAE, with safe operation and stable production for almost five decades
- Long-term, stable purchase of crude oil from UAE (Abu Dhabi) and Qatar
- Contributions to both countries in terms of culture(Japanese language education, etc.) and the environment (zero flaring, etc.)

Business Environment in the Middle East Region (UAE / QATAR)

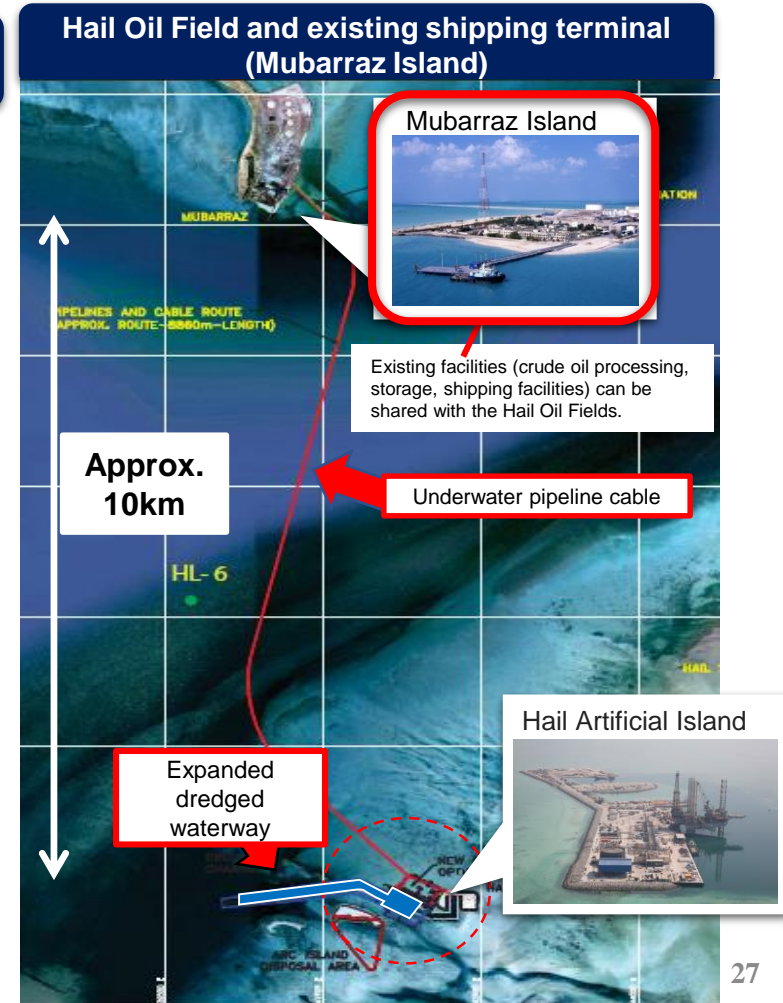
- The Arabian Gulf has many reserves and a lot of exploratory data has been accumulated (which translates into low oil exploration costs)
- Shallow water depth (relatively lower exploration, development and operating costs)

- ✓ The Hail Oil Field started production in November 2017. (interest period – through year 2042)
- ✓ The Hail Oil Filed investment has been curbed with the shared use of existing oil processing, storage and shipping facilities (Estimated savings of 300-400 million dollars), and after the start of production, per unit operating costs are expected to decline for the increment of production volume.

Prolonged stable oil production



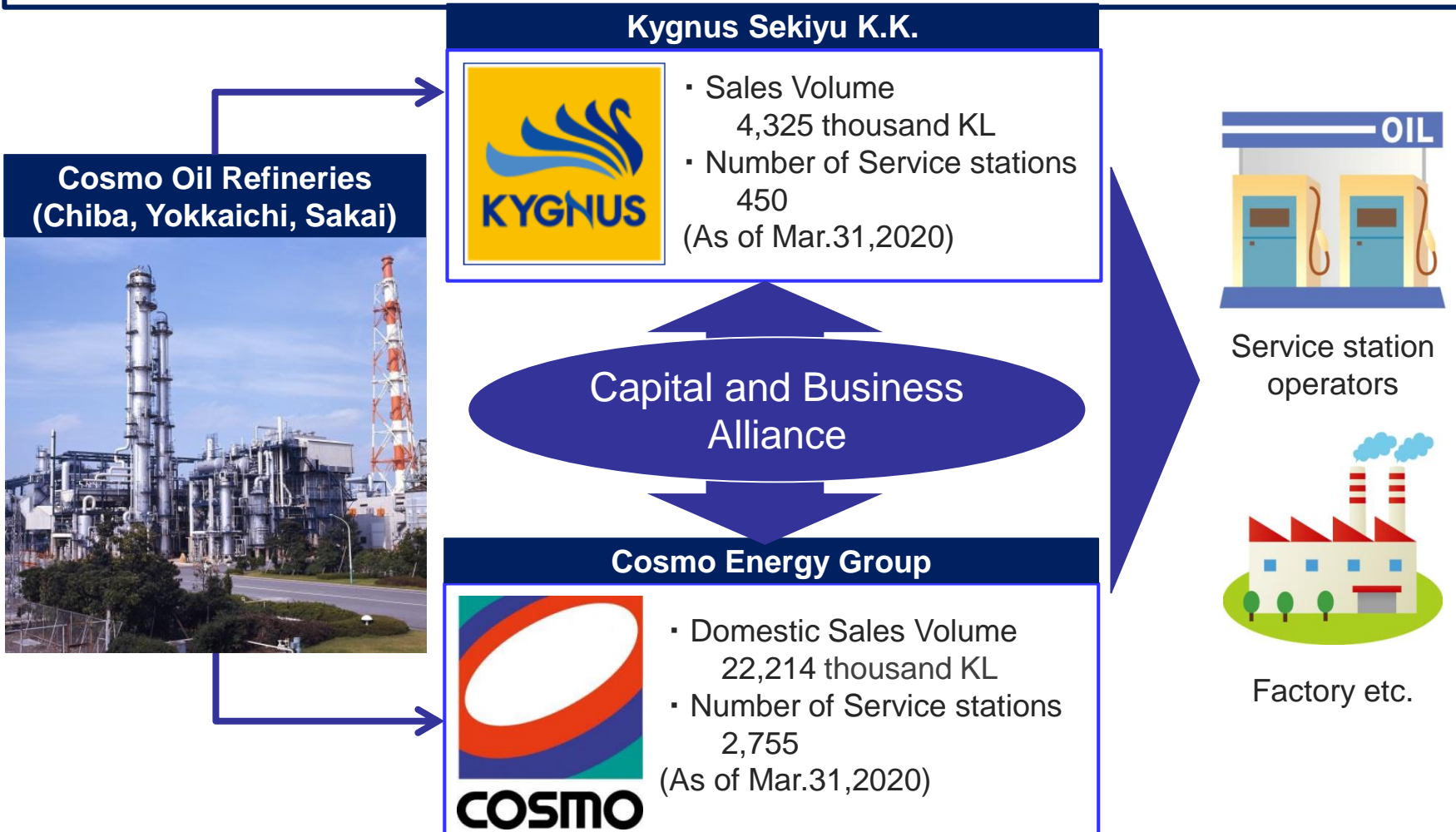
*1) ADOC : Abu Dhabi Oil Company, UPD : United Petroleum Development, QPD : Qatar Petroleum Development
 *2) Production volume of three development companies are per year (annual average of January to December each year)
 *3) Crude oil prices (Platt's Dubai crude) are average monthly
 *4) The production volume of three development companies after fiscal 2018 is prospective volume.



[Petroleum Business]

- Strengthening competitiveness through an alliance with Kygnus Sekiyu K.K. **COSMO**

- ✓ Conclude a capital and business alliance with Kygnus Sekiyu K.K. and acquired 20% of common shares.
- ✓ Begin supplying petroleum products to Kygnus Sekiyu K.K. around CY2020.
- ✓ Advance discussion and consideration with a view to a business alliance, in addition to the supply of petroleum products.



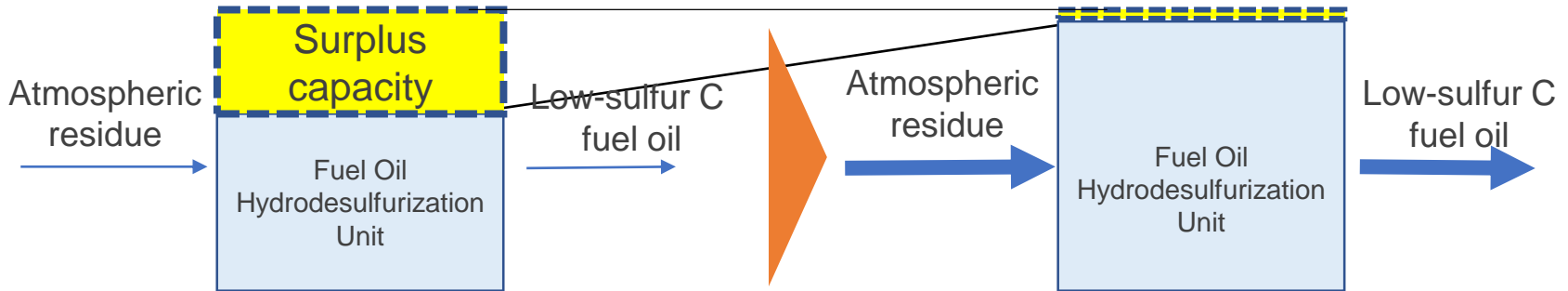
[Petroleum Business] IMO(International Maritime Organization)Regulations COSMO

✓ International Maritime Organization (IMO) is to strengthen its regulation in 2020 by setting the upper limit of sulfur content from 3.5% down to 0.5 and the shipping fuel will be switched from high sulfur C heavy fuel to conforming low sulfur C heavy fuel.

Before **After**

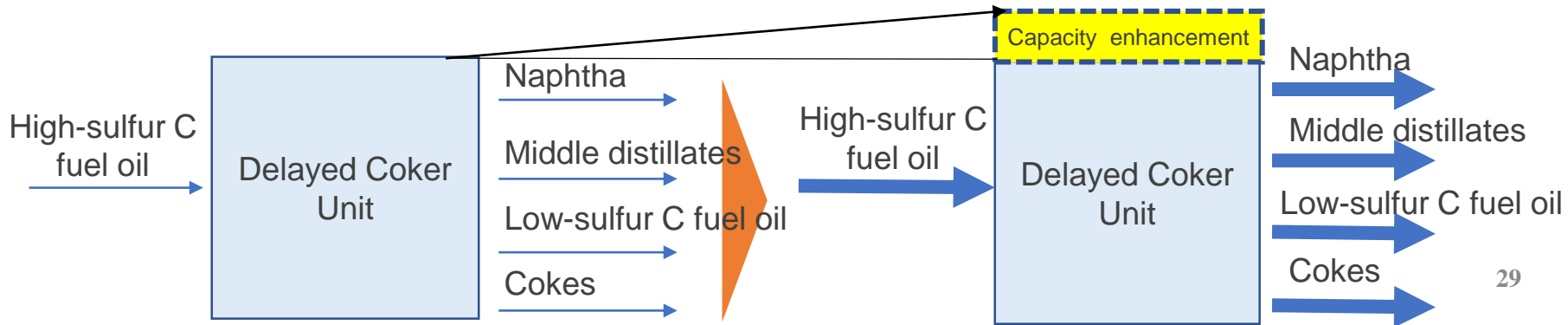
Chiba Refinery

To increase production of low sulfur C heavy oil by utilizing Chiba Refinery's DDS(direct desulfurization)



Sakai Refinery

Enhance Sakai Refinery's Delayed coker capacity and turn high sulfur C heavy oil into high value added products

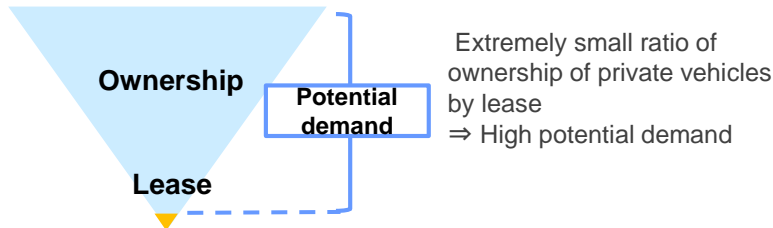


[Petroleum Business] Strengthening the Retail Business (Individual Car Leasing Business) Low-risk Business Model that Takes Advantage of Strengths of SS

- ✓ Market : Enter the niche market of auto-leases for individuals that leasing companies could not serve
- ✓ Strategy : Acquire customers using the strengths of SS (frequent contacts of individual customers, etc.)
- ✓ Risk : Low risk due to the absence of car inventory and credit risk
- ✓ Business model: All parties, including customers, leasing companies, Cosmo, and dealerships, win.

Characteristics

■ Entry to the market with high potential demand



■ Using the strengths of SS

- Frequent contact with individual Customers
(500,000 units/day) (*1)
(*1) The number of cars of customers visiting Cosmo SS (estimated by Cosmo)
- Acquire customers using membership cards
("Cosmo The Card": effective number of members
4.21 mil cards) (*2) (*2) As of March 31, 2020
- Fuel oil discount system (patented business model)

■ Low risk

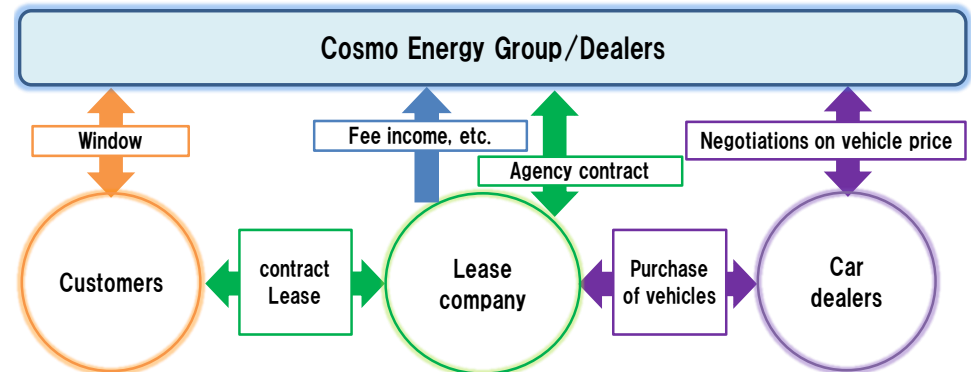
- Because the SS play the role of dealerships, there is no credit risk or risk of keeping vehicle inventory.

Win-win business model

Customers : - Being able to drive new cars of any maker and model for a price lower than purchasing
- No complicated procedures
e.g. Simplified expenses for using a car (monthly flat rate that includes safety inspections, taxes, insurance, etc.)

Lease companies : Capture new customers

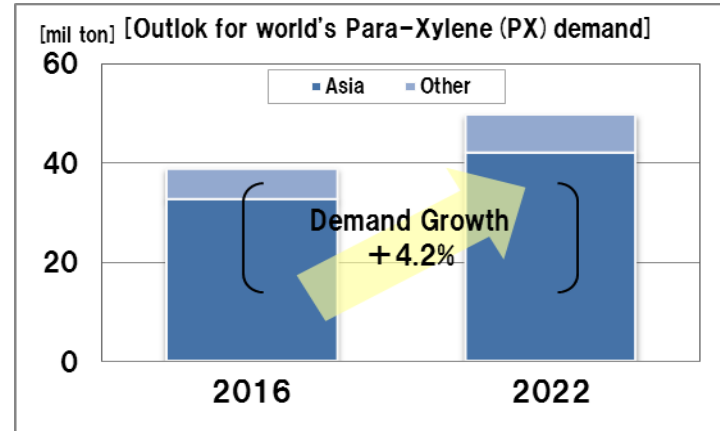
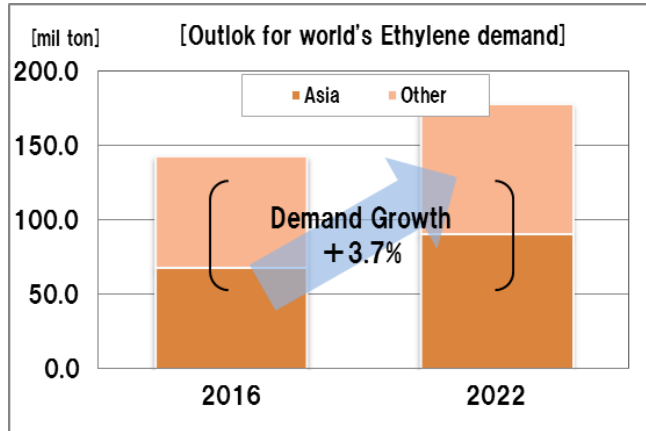
Cosmo, dealerships : Secure revenue sources that are not solely dependent on fuel oil



[Petrochemical Business] Targeting Ethylene and Para-xylene Markets in Which Growing Demand is Expected - High Capacity Utilization of Competitive Equipment

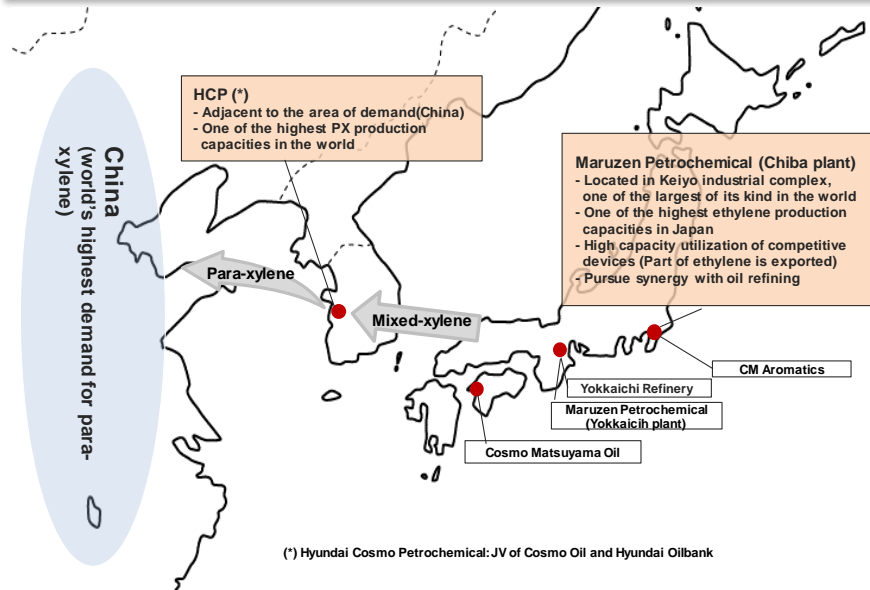


Expected global demand for petrochemical products



Source: Global Demand Trends for Petrochemical Products of the Ministry of Economy, Trade and Industry (2016-2022)

Strengths of Cosmo Energy Group



(*) Hyundai Cosmo Petrochemical: JV of Cosmo Oil and Hyundai Oilbank

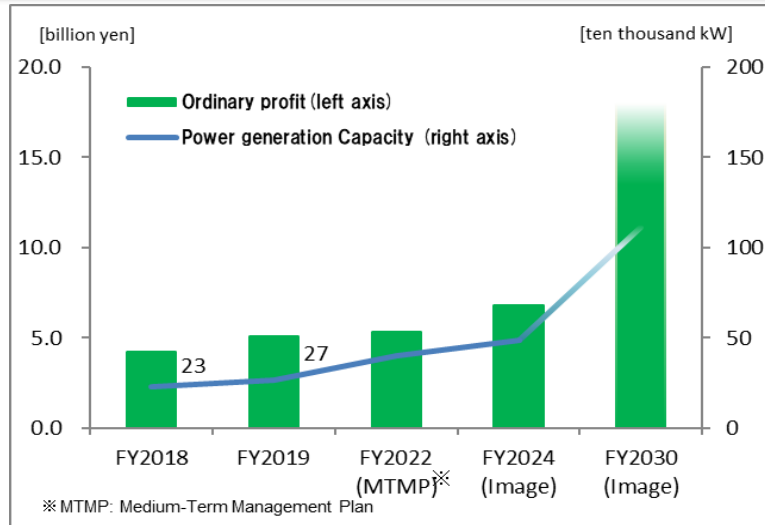
Production capacity

Product		Manufacture	Production capacity
Olefin-based	Ethylene	Maruzen Petrochemical	*1.290 mil t/year
Aroma-based	Para-xylene	Hyundai Cosmo PetroChemical	1.360 mil t/year
		Maruzen Petrochemical	0.395 mil t/year
	Benzene	Hyundai Cosmo PetroChemical	0.250 mil t/year
		Cosmo Matsuyama Oil	0.090 mil t/year
		Total	0.735 mil t/year
Mixed-xylene	Cosmo Oil (Yokkaichi Refinery)	CM Aromatics	0.270 mil t/year
		Cosmo Matsuyama Oil	0.048 mil t/year
		Total	0.618 mil t/year
	Aroma-based, total	2.713 mil t/year	

* Includes production capacity of Keiyo Ethylene (55% owned, consolidated subsidiary of Maruzen Petrochemical)

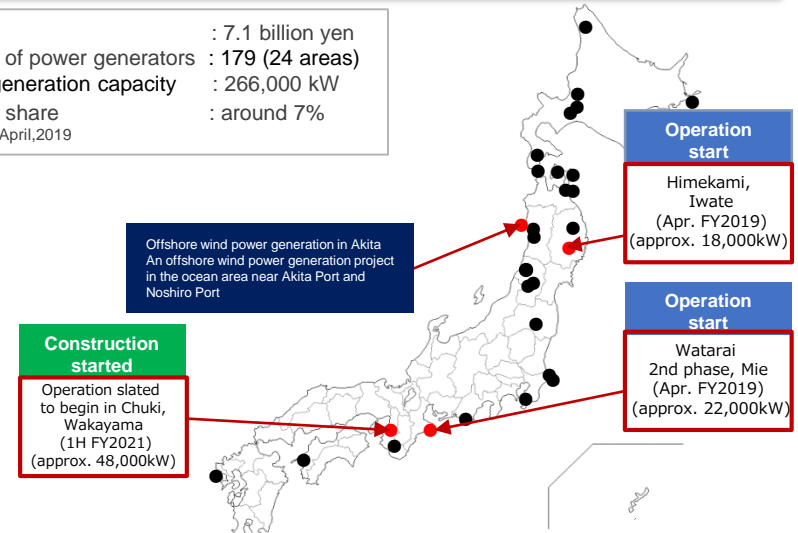
[Wind power generation Business] Achieving Stable Earnings in a Market Where Demand Is Expected to Expand, Using the FIT Scheme

Changes in wind power generation capacity



Overview of Cosmo Eco Power

Capital : 7.1 billion yen
 Number of power generators : 179 (24 areas)
 Power generation capacity : 266,000 kW
 Industry share : around 7%
*As of 30 April, 2019



Characteristics (strengths) of the Group

- ✓ Making Eco Power Co., Ltd., a pioneer in the wind power generation business (founded in 1997), a Group company in 2010.
- ✓ Achieving high on-wind availability (90% or more) through development, construction, operation, and maintenance within the Group.
- ✓ Reducing risks of changes in wind conditions in each region and securing stable profit by placing wind power plants across the nation.
- ✓ Aiming to expand the business in the long term by expanding sites on land and participating in an offshore wind farm project.

Business environment in Japan

- ✓ The ratio of wind power generation to total power generation in Japan in 2030 is expected to be around three times greater (10 million kW) than the 2017 level (*2).
- ✓ The FIT scheme was introduced in 2012, and the acquisition price is fixed for 20 years.
- ✓ Entry into the market is not easy because advanced expertise is required in the identification of suitable sites and environmental assessment. (*3)

(*2) Source: "The current situation of renewable energy and Calculation Committee for Procurement Price, etc. of this year" Agency for Natural Resources and Energy, September 2017

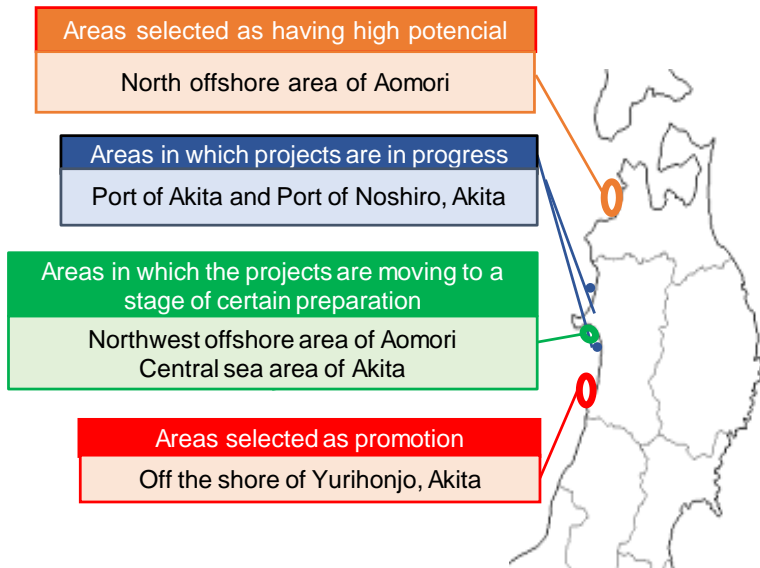
(*3) Identification of suitable sites (2 to 3 years) → Environmental assessment (4 to 5 years) → Construction work (1 to 2 years) → Start of operation

Efforts in Wind Power Generation

- ✓ Expanding wind power generation is inevitable to achieve 22-24% target in implementing renewable energy under the 2030 Energy Mix.
- ✓ Aiming to expand long term business by entering into projects with expertise of onshore wind power in addition to knowledge accumulated through knowhows in oil and oil development businesses.
- ✓ Waiting for government application process to begin and steadily progressing in negotiations with local municipalities and fishery associations and rights to use power systems.

Ongoing Wind Power Generation Projects

One business project in Aomori and three in Akita are under consideration.



Selection Process of Wind Power Generation

Promotion area designation process	at earliest
① Collect information from prefectures	3 months
② Areas selected as having high potential selection	1 month
③ Detailed research	3 months
④ Promotion area plan decided	1 month
⑤ Promotion area plan notification	2 months

Business operator selection process	at earliest
① Public offering policy decided	2 months
② Public offering start, public offering plan submitted by bidders	basically 6 months
③ Review of public offering plans	2 months
④ Evaluation of public offering plans Selection of business operator → expected to be decided Jan-Feb., 2021 at earliest	3 months

Overview of Subordinated Loan(Announced on March 31,2020)

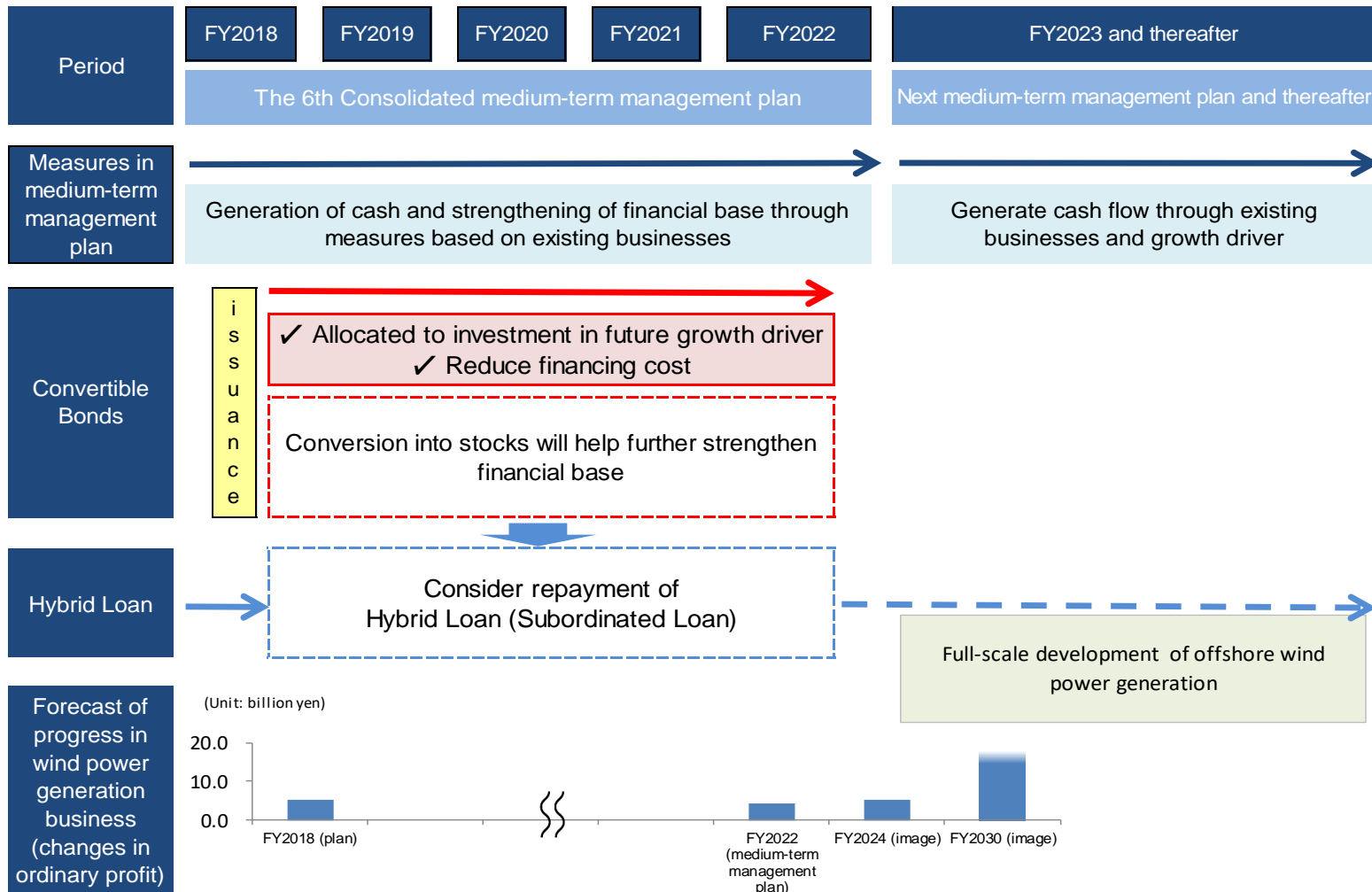
Item	Overview
Financing amount	¥30 billion
Loan agreement date	March 26, 2020
Drawdown date	March 31, 2020
Use of loan proceeds	Early repayment of an existing subordinated loan
Maturity date	March 31, 2053
Dates early repayment can be made	Any interest payment date on or after March 31, 2023
Replacement provisions	<ul style="list-style-type: none"> • In the event of early repayment, refinancing will be performed with a product with equity credit equivalent to or higher than the Subordinated Loan. • Provided, however, that the above refinancing may be postponed is the following conditions are satisfied. <ul style="list-style-type: none"> (i) If consolidated net worth increases by ¥30 billion or more from September 30, 2019 (ii) If the consolidated debt/equity ratio does not worsen from September 30, 2019
Interest rate	Variable interest rate based on 3-month Yen TIBOR + Spread
Interest rate step-up	-
Equity credit rating assigned by rating agency	Japan Credit Rating Agency, Limited: Medium / 50%.

Overview of Convertible Bonds due 2022 (being bonds with stock acquisition rights) (Announced on December 20,2018)

Item	Overview
Title	The ¥60,000,000,000 Zero Coupon Convertible Bonds due 2022 (being bonds with stock acquisition rights)
Total amount of bonds	¥60,000,000,000
Bond interest rate	Interest will not be attached to these bonds.
Date of payment and issuance	December 5,2018
Maturity date	December 5,2022
Benefits	<ol style="list-style-type: none"> 1 Financing cost can be reduced by issuing bonds without attaching interest (zero coupon). 2 The bonds will be offered primarily to investors in overseas markets, which, therefore, will contribute to the diversification of financing methods and can be expected to increase the flexibility of the company's future financing strategies. 3 A rider will be attached to promote the conversion into stocks, and converted stocks will contribute to further strengthening and improvement of the company's financial base in the future. 4 Since the conversion price will be set to exceed the bonds' market value, the bonds are expected to be converted into stocks mainly when shareholder value grows, such as a future increase in stock price, which will help control the dilution of per-share value resulting from the conversion.
Uses of funds	<ol style="list-style-type: none"> 1 Allocate approx. 11 billion yen by March 2021 as funds for investment and loans for a subsidiary in petrochemical business in order to increase competitiveness through means such as reduction of maintenance costs, and expansion of high-value-added products. 2 Allocate approx. 49 billion yen by March 2021 as funds for investment and loans for a subsidiary in the wind power generation business in order to construct onshore and offshore wind power plants.

Through financing by issuing convertible bonds, planning to further strengthen the company's financial base for the Next Medium-Term Management Plan and thereafter

- ✓ Secure funds for investment and loans to strengthen the “New” part of the growth driver, “Oil & New,” for the future.
- ✓ For the time being, increase capital by accumulating profit through the execution of the current medium-term management plan.



1. The conventional policy will not change for the cash balance for the entire period of medium-term management plan.
2. Therefore, the issuing of convertible bonds this time means a change in financing method within cash flow from financing activities.
3. The company does not intend to increase interest-bearing debt from the conventional plan.

Cash balance and use of funds (FY2018 - FY2022)

(Unit: billion yen)

(1) Cash flow from operating activities	535.0
(2) Cash flow from investing activities	-360.0
(3) Free cash flow (1) + (2)	175.0
(4) Cash flow from financing activities	-175.0
(Breakdown of cash flow from financing activities)	
Repayment of debts	-XXX.X
Borrowing	+XXX.X
Convertible bonds	+60.0
Dividends	-XX.X

✓ No change from medium-term management plan

✓ Of the investment made in FY2019 and FY2020, 60 billion yen financed through CB is allocated to petrochemicals and wind power generation businesses as a major change in the business portfolio.

Partial change

Disclaimer

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