



February 8, 2018

**Overview of Business Results
for the Third Quarter of Fiscal Year Ending March 2018
[Based on Japanese GAAP] (Consolidated)**

Name of the Company: Cosmo Energy Holdings Co., Ltd. Shares traded: TSE
 Company Code: 5021 URL <http://ceh.cosmo-oil.co.jp/>
 Name of Representative: Hiroshi Kiriya (Title) President
 Name of Person to contact: Seiko Takagi (Title) General Manager of Corporate Communication Dept. Phone: 03-3798-3180
 Scheduled date to file quarterly report: February 8, 2018 Dividend payment is to be started on: —
 Availability of the Quarterly Financial Result Supplementary Information: Yes
 Execution of the Quarterly Financial Result Presentation Meeting: Yes (for analysts and institutional investors)

Note: Figures less than 1 million are rounded down.

1. Consolidated Financial Results for the Third Quarter of Fiscal Year Ending March 2018 (For the period from April 1, 2017 to December 31, 2017)

(1) Consolidated operating results (cumulative total) (Figures in % refer to changes from the same quarter a year earlier)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent for the Third Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
Third Quarter, FY2017	1,816,575	11.7	83,820	48.2	86,936	73.5	48,732	107.8
Third Quarter, FY2016	1,625,590	-6.1	56,559	—	50,094	—	23,447	—

Note: Comprehensive income Third Quarter, FY2017: 62,712 million yen (92.7%) Third Quarter, FY2016: 32,541 million yen (—%)

	Net income per share for the Third Quarter	Diluted net income per share for the Third Quarter
	yen sen	yen sen
Third Quarter, FY2017	579.46	—
Third Quarter, FY2016	278.97	—

(2) Consolidated Financial Position

	Total assets	Net assets	Net Worth ratio
	million yen	million yen	%
Third Quarter, FY2017	1,728,998	329,631	12.3
FY2016	1,525,679	272,786	10.8

[Reference] Net worth Third Quarter, FY2017: 213,231 million yen FY2016: 164,722 million yen

2. Dividend Payment Results and Outlook

	Annual dividend per share total				
	As of Q1-end	As of Q2-end	As of Q3-end	As of Fiscal Year-end	Full Year
	yen sen	yen sen	yen sen	yen sen	yen sen
FY2016	—	0.00	—	50.00	50.00
FY2017	—	0.00	—		
FY2017 (outlook)				50.00	50.00

Note: Revision made in the dividend payment outlook as of the end of the current quarter from the previous announcement: No

3. Consolidated Business Outlook for FY2017 (April 1, 2017 to March 31, 2018)

(% indicates change from the corresponding period of FY 2016)

	Net sales		Operating income		Ordinary income		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
FY2017	2,558,000	11.6	115,000	24.8	120,000	47.3	70,000	31.5	832.34

Note: Revision made in the consolidated business outlook as of the end of the current quarter from the previous announcement: Yes

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during the third quarter : No

Newly — (Name of Company) — Exception — (Name of Company) —

(2) Adoption of accounting method uniquely adopted to prepare consolidated financial statements for the current quarter: Yes

(3) Changes in Accounting Policies, Accounting Estimates and Restatements:

- 1. Changes in accounting policies due to revisions of accounting standards, etc.: No
- 2. Changes in accounting policies for reasons other than the Item 1 : No
- 3. Changes in accounting estimates : No
- 4. Restatements: No

(4) Total Number of Outstanding Shares (Ordinary Shares)

- 1. Number of outstanding shares as of end of the period (including treasury shares)
- 2. Number of shares of treasury stock as of the end of the period
- 3. Average number of outstanding shares during the period (or the cumulative consolidated accounting period as of the end of the current quarter)

Third Quarter, FY2017	84,770,508 shares	FY2016	84,770,508 shares
Third Quarter, FY2017	666,896 shares	FY2016	681,474 shares
Third Quarter, FY2017	84,098,603 shares	Third Quarter, FY2016	84,048,254 shares

Note: These quarterly financial results are not subject to quarterly review procedures based on the Financial Instruments and Exchange Act.

Note: Request for appropriate use of the business outlook and other special remarks:

The consolidated business outlook for the full year of FY2017 is updated from the previous announcement made on November 9, 2017.

The outlook statements shown in these materials are based on information available as of the published date of this release, and actual results may be different from the forecast subject to variable factors that may arise in the future. For details, please refer to the “(3)Explanation Concerning Information regarding Consolidated Business Outlook” of the “1.Qualitative Information about Results for and at the End of the Current Quarter” on Page 2 of the Supporting data. Supplementary information will be uploaded on the Cosmo Energy Holdings Co., Ltd.website on February 8, 2018.

1. Qualitative Information about Results for and at the End of the Current Quarter

(1) Explanation Concerning Information regarding Consolidated Operating Results

Consolidated net sales for the first nine months of FY2017 were ¥1,816.6 billion (up ¥ 191.0 billion from the same period of FY2016), operating income ¥83.8 billion (up ¥27.2 billion from the same period of FY2016), ordinary income ¥86.9 billion (up ¥36.8 billion from the same period of FY2016) and profit attributable to owners of parent for the period ¥48.7 billion (up ¥25.3 billion from the same period of FY2016).

The operating results for the first nine months of FY2017 by business segment are as follows :

- 1) In the petroleum business segment, the net sales were boosted by the increase in crude oil prices from the same period of the previous year. The increase in crude oil price and the inventory valuation effected the cost of sales. As a result, the segment reported net sales of ¥1,654.5 billion for the first nine months of FY2017 (up ¥161.1 billion from the same period of FY2016) and segment income of ¥44.3 billion (up ¥21.2 billion from the same period of FY2016).
- 2) In the petrochemical business segment, due to the increase in selling volume of petrochemical products and improvement of product market conditions, the segment reported net sales of ¥330.3 billion for the first nine months of FY2017 (up ¥77.6 billion from the same period FY2016) and segment income of ¥25.1 billion (up ¥12.4 billion from the same period of FY2016).
- 3) In the oil exploration and production business segment, due to the increased selling price of crude oil from the same period of the previous year, the segment reported net sales of ¥38.5 billion for the first nine months of FY2017 (up ¥5.8 billion from the same period of FY2016) and segment income of ¥12.6 billion (up ¥3.6 billion from the same period of FY2016).

(2) Explanation Concerning Information regarding Consolidated Financial Position

As for the Company's financial position on a consolidated basis as of the end of the third quarter of FY2017, total assets as of December 31, 2017 amounted to ¥1,729.0 billion, up ¥203.3 billion from March 31, 2017, the end of FY2016. The main factors were the increases in accounts receivable-trade and inventories reflecting higher crude oil prices, and the increase in fixed assets due to the investment for facilities in the oil exploration and production business.

Net assets as of December 31, 2017 amounted to ¥329.6 billion with a net worth ratio of 12.3%.

(3) Explanation Concerning Information regarding Consolidated Business Outlook

The consolidated business outlook for the full year of FY 2017 was revised due to the gains from the inventory valuation because of the rise in crude oil prices. Also it is effected by the improvement of product market conditions of the petroleum and petrochemical business segments for the first nine months of FY 2017, compared to the previous outlook (announced on November 9, 2017).

This business outlook is based on the assumptions of crude oil price at US\$56.1/ bbl and exchange rate at JPY111.3/ US\$. (Assumptions at the previous forecast: crude oil price US\$50.1/ bbl, exchange rate JPY110.5/ US\$)

2. Consolidated Financial Statements and Their Main Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	FY2016 (As of March 31, 2017)	3Q FY2017 (As of December 31, 2017)
Assets		
Current assets		
Cash and deposits	45,292	57,135
Notes and accounts receivable - trade	216,602	293,239
Merchandise and finished goods	111,905	135,621
Work in process	279	968
Raw materials and supplies	131,181	152,920
Other	56,523	80,375
Allowance for doubtful accounts	-181	-220
Total current assets	561,604	720,040
Non-current assets		
Property, plant and equipment		
Machinery, equipment and vehicles, net	161,690	180,259
Land	320,496	319,343
Other, net	291,133	300,739
Total property, plant and equipment	773,320	800,342
Intangible assets	44,585	42,768
Investments and other assets		
Investment securities	105,720	122,790
Other	40,312	42,995
Allowance for doubtful accounts	-365	-353
Total investments and other assets	145,667	165,432
Total non-current assets	963,573	1,008,543
Deferred assets		
Bond issuance cost	502	414
Total deferred assets	502	414
Total assets	1,525,679	1,728,998

	FY2016 (As of March 31, 2017)	3Q FY2017 (As of December 31, 2017)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	170,539	213,583
Short-term loans payable	225,169	297,495
Commercial papers	51,400	83,600
Accounts payable - other	158,956	176,454
Income taxes payable	11,237	13,452
Provision	8,555	4,848
Other	29,616	33,138
Total current liabilities	655,473	822,573
Non-current liabilities		
Bonds payable	46,700	46,700
Long-term loans payable	449,282	423,816
Provision	16,471	19,160
Net defined benefit liability	5,516	3,949
Asset retirement obligations	19,338	20,118
Other	60,111	63,048
Total non-current liabilities	597,420	576,793
Total liabilities	1,252,893	1,399,366
Net assets		
Shareholders' equity		
Capital stock	40,000	40,000
Capital surplus	84,359	84,359
Retained earnings	49,985	94,433
Treasury shares	-1,113	-1,090
Total shareholders' equity	173,231	217,702
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,794	8,181
Deferred gains or losses on hedges	-233	-901
Revaluation reserve for land	-20,576	-20,779
Foreign currency translation adjustment	7,215	7,619
Remeasurements of defined benefit plans	292	1,409
Total accumulated other comprehensive income	-8,508	-4,470
Non-controlling interests	108,063	116,399
Total net assets	272,786	329,631
Total liabilities and net assets	1,525,679	1,728,998

(2) Consolidated Statements of Income and Comprehensive Income
 (Consolidated Statements of Income)
 (Consolidated the First Nine Months of FY2017 Statements of Income)

(Unit: million yen)

	3Q FY2016 (From April 1, 2016 to December 31, 2016)	3Q FY2017 (From April 1, 2017 to December 31, 2017)
Net sales	1,625,590	1,816,575
Cost of sales	1,471,962	1,638,724
Gross profit	153,628	177,850
Selling, general and administrative expenses	97,068	94,029
Operating income	56,559	83,820
Non-operating income		
Interest income	139	244
Dividend income	616	705
Share of profit of entities accounted for using equity method	—	8,079
Foreign exchange gains	3,984	1,826
Other	3,137	3,075
Total non-operating income	7,878	13,930
Non-operating expenses		
Interest expenses	9,155	9,177
Share of loss of entities accounted for using equity method	2,191	—
Other	2,996	1,636
Total non-operating expenses	14,343	10,814
Ordinary income	50,094	86,936
Extraordinary income		
Gain on sales of non-current assets	254	854
Gain on sales of investment securities	641	275
Gain on sales of shares of subsidiaries and associates	1,232	—
Gain on bargain purchase	493	—
Other	16	148
Total extraordinary income	2,638	1,279
Extraordinary losses		
Loss on disposal of non-current assets	3,444	5,510
Impairment loss	584	340
Loss on valuation of investment securities	563	87
Business structure improvement expenses	354	1,054
Other	476	1,235
Total extraordinary losses	5,423	8,227
Profit before income taxes	47,309	79,988
Income taxes	16,574	21,956
Profit	30,734	58,031
Profit attributable to non-controlling interests	7,287	9,299
Profit attributable to owners of parent	23,447	48,732

(Consolidated Statements of Comprehensive Income)

(Consolidated the First Nine Months of FY2017 Statements of Comprehensive Income)

(Unit: million yen)

	3Q FY2016 (From April 1, 2016 to December 31, 2016)	3Q FY2017 (From April 1, 2017 to December 31, 2017)
Profit	30,734	58,031
Other comprehensive income		
Valuation difference on available-for-sale securities	2,148	4,094
Deferred gains or losses on hedges	303	-718
Revaluation reserve for land	-29	-249
Foreign currency translation adjustment	-115	-62
Remeasurements of defined benefit plans, net of tax	1,660	1,117
Share of other comprehensive income of entities accounted for using equity method	-2,161	499
Total other comprehensive income	1,806	4,681
Comprehensive income	32,541	62,712
(Breakdown)		
Comprehensive income attributable to owners of the parent	24,428	52,724
Comprehensive income attributable to non-controlling interests	8,112	9,988

(3) Notes to Quarterly Consolidated Financial Statements

(Notes to Going Concern Assumption)

None

(Notes to Remarkable Changes in Shareholders' Equity)

None

(Adoption of Accounting Method Uniquely Adopted to Prepare Consolidated Financial Statements for the Current Quarter)

The Company calculates tax expenses for the Company and some of its consolidated subsidiaries by multiplying a reasonably estimated effective tax rate by net income before taxes for the current quarter.

Income tax adjustments are included in the “income taxes” account stated in the Consolidated Statements of Income.

(Segment Information)

I 3Q FY2016 (From April 1, 2016 to December 31, 2016)

Information about net sales and income amounts by segment reported

(Unit: million yen)

	Petroleum	Petrochemical	Oil exploration and production	Other Note: 1	Adjustments Note: 2	Consolidated Note: 3
Net sales						
Outside customers	1,375,027	219,068	14,815	16,679	—	1,625,590
Inter-segment	118,379	33,652	17,841	27,689	-197,563	—
Total	1,493,406	252,721	32,657	44,369	-197,563	1,625,590
Segment Income	23,129	12,692	9,012	1,532	3,727	50,094

Notes:1 “Other” is segment of non-classified, including construction works, insurance agency, leasing, travel agency and wind power generation, etc.

2 Segment Income in “Adjustments” 3,727 million yen includes 3,971 million yen for the net amount of the entire Company's income and expenses not allocated to the reporting segments or the “Other” category, -78 million yen for internal eliminations, -16 million yen for inventory adjustments, and -147 million yen for adjustment of fixed assets.

3 Segment Income is adjusted to ordinary income of consolidated quarterly statements of income.

II 3Q FY2017 (From April 1, 2017 to December 31, 2017)

Information about net sales and income amounts by segment reported

(Unit: million yen)

	Petroleum	Petrochemical	Oil exploration and production	Other Note: 1	Adjustments Note: 2	Consolidated Note: 3
Net sales						
Outside customers	1,498,111	290,733	12,260	15,469	—	1,816,575
Inter-segment	156,400	39,562	26,250	16,256	-238,469	—
Total	1,654,511	330,295	38,510	31,726	-238,469	1,816,575
Segment Income	44,258	25,077	12,649	2,595	2,355	86,936

Notes:1 “Other” is segment of non-classified, including construction works, insurance agency, leasing, travel agency and wind power generation, etc.

2 Segment Income in “Adjustments” 2,355 million yen includes 3,898 million yen for the net amount of the entire Company's income and expenses not allocated to the reporting segments or the “Other” category, -1,381 million yen for internal eliminations, -79 million yen for inventory adjustments, and -81 million yen for adjustment of fixed assets.

3 Segment Income is adjusted to ordinary income of consolidated quarterly statements of income.

(Significant Subsequent Events)

None