



August 9, 2018

## Overview of Business Results for the First Quarter of Fiscal Year Ending March 2019 [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: August 9, 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 First Quarter of Fiscal Year Ending March 2019 (For the period from April 1, 2018 to June 30, 2018)

#### (1) Consolidated operating results (cumulative total)

(Figures in % refer to changes from the same quarter a year earlier)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent for the First Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
First Quarter, FY2018	631,138	12.1	38,570	217.9	41,247	174.7	20,551	339.7
First Quarter, FY2017	562,946	17.6	12,132	-4.0	15,016	45.1	4,674	-2.2

Note: Comprehensive income First Quarter, FY2018: 24,260 million yen (130.6%) First Quarter, FY2017: 10,519 million yen (193.3%)

	Net income per share for the First Quarter	Diluted net income per share for the First Quarter
	yen sen	yen sen
First Quarter, FY2018	244.29	—
First Quarter, FY2017	55.58	—

#### (2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
First Quarter, FY2018	1,691,776	372,019	15.0
FY2017	1,688,288	356,146	14.1

[Reference] Net worth First Quarter, FY2018: 254,071 million yen FY2017: 238,677 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
FY2017	—	0.00	—	50.00	50.00
FY2018	—	—	—	—	—
FY2018 (outlook)	—	0.00	—	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 FY2018 (April 1, 2018 to March 31, 2019)

(% indicates for FY2018 change from the corresponding period of FY 2017, while for 1H FY2018 change from 1H FY2017)

	Net sales		Operating profit		Ordinary profit		Profit attributable to owners of parent		Net income per share
	million yen	%	million yen	%	million yen	%	million yen	%	yen sen
1H FY2018	1,250,000	10.2	44,000	15.4	44,500	2.5	14,000	-37.5	166.46
FY2018	2,720,000	7.8	118,000	5.5	121,000	3.6	57,000	-21.7	677.74

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

Notes to Consolidated Financial Statements

(1) Change in significant subsidiaries during the first 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)

First Quarter , FY2018	84,770,508 shares	FY2017	84,770,508 shares
First Quarter , FY2018	563,841 shares	FY2017	667,048 shares
First Quarter , FY2018	84,129,261 shares	First Quarter , FY2017	84,090,891 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 first half of FY2018 and FY2018 is not updated from the previous announcement made on May 10, 2018.

It is based on information available as of the published date of this release, and actual results may differ from the forecast subject to various 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 August 9, 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 quarter of FY2018 were ¥631.1 billion (up ¥68.2 billion from the same period of FY2017), operating profit ¥38.6 billion (up ¥26.5 billion from the same period of FY2017), ordinary profit ¥41.2 billion (up ¥26.2 billion from the same period of FY2017) and profit attributable to owners of parent for the period ¥20.6 billion (up ¥15.9 billion from the same period of FY2017).

The operating results for the first quarter of FY2018 by business segment are as follows:

- 1) In the petroleum business segment, the net sales and cost of sales increased due to the rise in crude oil prices from the same period of the previous year. As a result, the segment reported net sales of ¥578.3 billion for the first quarter of FY2018 (up ¥65.1 billion from the same period of FY2017) and segment profit of ¥21.2 billion (segment loss ¥0.4 billion in the same period of FY2017).
- 2) As for the petrochemical business segment, due to the decreased in selling volume of petrochemical products from the same period of the previous year, the segment reported net sales of ¥90.4 billion for the first quarter of FY2018 (down ¥15.3 billion from the same period FY2017) and segment profit of ¥5.1 billion (down ¥3.2 billion from the same period of FY2017).
- 3) In the oil exploration and production business segment, due to the rise in the oil sales volume and the sales price of oil products from the same period of the previous year, the segment reported net sales of ¥20.0 billion for the first quarter of FY2018 (up ¥8.0 billion from the same period of FY2017) and segment profit of ¥12.3 billion (up ¥6.9 billion from the same period of FY2017).

(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 first quarter of FY2018, total assets as of June 30, 2018 amounted to ¥1,691.8 billion, up ¥3.5 billion from March 31, 2018, the end of FY2017, mainly reflecting increased in inventories due to the increase in crude oil prices.

Net assets as of June 30, 2018 amounted to ¥372.0 billion with a net worth ratio of 15.0%.

(3) Explanation Concerning Information regarding Consolidated Business Outlook

The consolidated business outlook for the first half of FY2018 and FY2018 is not updated from the previous announcement made on May 10, 2018.

## 2. Consolidated Financial Statements and Their Main Notes

## (1) Consolidated Balance Sheet

(Unit: million yen)

	FY2017 (As of March 31, 2018)	1Q FY2018 (As of June 30, 2018)
<b>Assets</b>		
Current assets		
Cash and deposits	64,690	61,543
Notes and accounts receivable - trade	264,930	226,034
Merchandise and finished goods	132,880	150,814
Work in process	576	633
Raw materials and supplies	131,893	153,663
Other	62,357	62,765
Allowance for doubtful accounts	-169	-119
Total current assets	657,160	655,334
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	205,787	213,338
Machinery, equipment and vehicles, net	183,447	180,260
Land	317,989	317,889
Other, net	110,361	112,392
Total property, plant and equipment	817,585	823,881
Intangible assets	42,016	41,437
Investments and other assets		
Investment securities	122,653	121,382
Other	48,889	49,786
Allowance for doubtful accounts	-401	-402
Total investments and other assets	171,141	170,766
Total non-current assets	1,030,743	1,036,084
Deferred assets		
Bond issuance cost	385	356
Total deferred assets	385	356
Total assets	1,688,288	1,691,776

(Unit: million yen)

	FY2017 (As of March 31, 2018)	1Q FY2018 (As of June 30, 2018)
<b>Liabilities</b>		
<b>Current liabilities</b>		
Notes and accounts payable - trade	274,410	249,947
Short-term loans payable	206,690	217,930
Commercial papers	62,900	108,500
Accounts payable - other	194,117	180,519
Income taxes payable	15,338	12,246
Provision	8,756	3,668
Other	37,933	31,936
<b>Total current liabilities</b>	<b>800,146</b>	<b>804,749</b>
<b>Non-current liabilities</b>		
Bonds payable	46,700	46,700
Long-term loans payable	384,164	367,072
Provision for special repairs	17,830	18,221
Provision	3,311	3,269
Net defined benefit liability	3,212	3,096
Asset retirement obligations	20,568	20,758
Other	56,209	55,888
<b>Total non-current liabilities</b>	<b>531,995</b>	<b>515,007</b>
<b>Total liabilities</b>	<b>1,332,142</b>	<b>1,319,756</b>
<b>Net assets</b>		
<b>Shareholders' equity</b>		
Capital stock	40,000	40,000
Capital surplus	84,359	84,573
Retained earnings	118,701	135,014
Treasury shares	-1,091	-922
<b>Total shareholders' equity</b>	<b>241,970</b>	<b>258,665</b>
<b>Accumulated other comprehensive income</b>		
Valuation difference on available-for-sale securities	6,379	6,469
Deferred gains or losses on hedges	-267	-240
Revaluation reserve for land	-20,923	-20,923
Foreign currency translation adjustment	8,715	7,156
Remeasurements of defined benefit plans	2,803	2,942
<b>Total accumulated other comprehensive income</b>	<b>-3,292</b>	<b>-4,594</b>
<b>Non-controlling interests</b>	<b>117,468</b>	<b>117,948</b>
<b>Total net assets</b>	<b>356,146</b>	<b>372,019</b>
<b>Total liabilities and net assets</b>	<b>1,688,288</b>	<b>1,691,776</b>

(2) Consolidated Statements of Income and Comprehensive Income  
 (Consolidated Statements of Income)  
 (Consolidated the First Three Months of FY2018 Statements of Income)

(Unit: million yen)

	1Q FY2017 (From April 1, 2017 to June 30, 2017)	1Q FY2018 (From April 1, 2018 to June 30, 2018)
Net sales	562,946	631,138
Cost of sales	519,752	560,892
Gross profit	43,193	70,246
Selling, general and administrative expenses	31,060	31,676
Operating profit	12,132	38,570
Non-operating income		
Interest income	70	100
Dividend income	298	47
Share of profit of entities accounted for using equity method	2,716	787
Foreign exchange gains	2,175	4,179
Other	1,254	946
Total non-operating income	6,515	6,061
Non-operating expenses		
Interest expenses	3,020	2,797
Other	611	587
Total non-operating expenses	3,631	3,385
Ordinary profit	15,016	41,247
Extraordinary income		
Gain on sales of non-current assets	53	72
Gain on sales of investment securities	275	—
Subsidy income	—	837
Other	61	351
Total extraordinary income	390	1,261
Extraordinary losses		
Loss on disposal of non-current assets	984	1,801
Impairment loss	256	42
Loss on valuation of investment securities	65	4
Business structure improvement expenses	979	—
Other	12	0
Total extraordinary losses	2,298	1,848
Profit before income taxes	13,107	40,659
Income taxes	4,390	14,758
Profit	8,717	25,900
Profit attributable to non-controlling interests	4,042	5,349
Profit attributable to owners of parent	4,674	20,551

## (Consolidated Statements of Comprehensive Income)

(Consolidated the First Three Months of FY2018 Statements of Comprehensive Income)

(Unit : million yen)

	1Q FY2017 (From April 1, 2017 to June 30, 2017)	1Q FY2018 (From April 1, 2018 to June 30, 2018)
Profit	8,717	25,900
Other comprehensive income		
Valuation difference on available-for-sale securities	1,352	-272
Deferred gains or losses on hedges	-313	69
Revaluation reserve for land	-249	—
Foreign currency translation adjustment	-169	148
Remeasurements of defined benefit plans, net of tax	372	132
Share of other comprehensive income of entities accounted for using equity method	809	-1,717
Total other comprehensive income	1,802	-1,640
Comprehensive income	10,519	24,260
(Breakdown)		
Comprehensive income attributable to owners of the parent	6,129	19,249
Comprehensive income attributable to non-controlling interests	4,389	5,010



(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.

(Notes to Additional Information)

(Adoption of "Partical Amendments of Standard for Tax Effect Accounting")

The Company has implemented the adoption of "Partical Amendments of Standard for Tax Effect Accounting"(the Accounting Standard Board of Japan Statement No.28 on February 16, 2018) from the beginning of the consolidated fiscal year and changed the presentation method by which differred tax assets have been included in investments and other assets, and deferred tax liabilities have been included in non-current liabiliries.

## (Segment Information)

## I 1Q FY2017 (From April 1, 2017 to June 30, 2017)

Information about net sales and profit or loss 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	462,947	93,289	1,941	4,768	—	562,946
Inter-segment	50,284	12,430	10,014	5,411	-78,141	—
Total	513,232	105,719	11,956	10,179	-78,141	562,946
Segment profit (loss)	-432	8,271	5,357	485	1,334	15,016

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

2 Segment profit (loss) in “Adjustments” 1,334 million yen includes 1,330 million yen for the net amount of the entire Company's profit and expenses not allocated to the reporting segments or the “Other” category, -191 million yen for internal eliminations, 159 million yen for inventory adjustments, and 36 million yen for adjustment of fixed assets.

3 Segment profit (loss) is adjusted to ordinary profit of consolidated quarterly statements of profit.

## II 1Q FY2018 (From April 1, 2018 to June 30, 2018)

Information about net sales and profit 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	535,430	82,755	8,105	4,847	—	631,138
Inter-segment	42,822	7,601	11,878	10,351	-72,653	—
Total	578,252	90,357	19,983	15,198	-72,653	631,138
Segment profit	21,246	5,132	12,293	1,269	1,305	41,247

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

2 Segment profit in “Adjustments” 1,305 million yen includes 1,353 million yen for the net amount of the entire Company's profit and expenses not allocated to the reporting segments or the “Other” category, 102 million yen for internal eliminations, -137 million yen for inventory adjustments, and -13 million yen for adjustment of fixed assets.

3 Segment profit is adjusted to ordinary profit of consolidated quarterly statements of profit.

## (Significant Subsequent Events)

None