



February 14, 2019

**Overview of Business Results
for the Third 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: February 14, 2019 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 2019 (For the period from April 1, 2018 to December 31, 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 Third Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
Third Quarter, FY2018	2,090,410	15.1	79,716	-4.9	79,842	-8.2	29,157	-40.2
Third Quarter, FY2017	1,816,575	11.7	83,820	48.2	86,936	73.5	48,732	107.8

Note: Comprehensive income Third Quarter, FY2018: 35,679 million yen (-43.1%) Third Quarter, FY2017: 62,712 million yen (92.7%)

	Net income per share for the Third Quarter	Diluted net income per share for the Third Quarter
	yen sen	yen sen
Third Quarter, FY2018	346.18	339.20
Third Quarter, FY2017	579.46	—

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Third Quarter, FY2018	1,781,421	383,602	14.7
FY2017	1,688,288	356,146	14.1

[Reference] Net worth Third Quarter, FY2018: 261,368 million yen FY2017: 238,677 million yen

Note: The Company has implemented the adoption of "Partial 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 it effected the figures of FY2017.

2. Dividend Payment Results and Forecast

	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	—	0.00	—	50.00	50.00
FY2018 (forecast)	—	—	—	50.00	50.00

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

3. Consolidated Business Forecast for FY2018 (April 1, 2018 to March 31, 2019)

(% indicates change from the corresponding period of FY 2017)

	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
FY2018	2,720,000	7.8	98,000	-12.4	99,000	-15.3	41,000	-43.7	486.78

Note: Revision made in the consolidated business forecast 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 the 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, FY2018	84,770,508 shares	FY2017	84,770,508 shares
Third Quarter, FY2018	462,792 shares	FY2017	667,048 shares
Third Quarter, FY2018	84,226,260 shares	Third Quarter, FY2017	84,098,603 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 forecast and other special remarks:

The consolidated business forecast for the full year of FY2018 is updated from the previous announcement made on November 8, 2018.

The forecast 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 Forecast” 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 14, 2019.

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 FY2018 were ¥2,090.4 billion (up ¥ 273.8 billion from the same period of FY2017), operating profit ¥79.7 billion (down ¥4.1 billion from the same period of FY2017), ordinary profit ¥79.8 billion (down ¥7.1 billion from the same period of FY2017) and profit attributable to owners of parent for the period ¥29.2 billion (down ¥19.5 billion from the same period of FY2017).

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

- 1) In the petroleum business segment, due to the rise in crude oil prices from the same period of the previous year, the segment reported net sales of ¥1,901.3 billion for the first nine months of FY2018 (up ¥246.8 billion from the same period of FY2017). On the other hand, due to the effect of inventory valuation caused by the change in crude oil prices and increased the cost of periodical repair expenses from the same period of the previous year, segment profit of ¥14.4 billion (down ¥29.9 billion from the same period of FY2017).
- 2) As for the petrochemical business segment, due to the increase in product prices from the same period of the previous year, the segment reported net sales of ¥355.3 billion for the first nine months of FY2018 (up ¥25.0 billion from the same period of FY2017). On the other hand, due to the decrease in selling volume of petrochemical products and the worsening of product market conditions from the same period of the previous year, segment profit of ¥13.7 billion (down ¥11.4 billion from the same period of FY2017).
- 3) In the oil exploration and production business segment, due to the increase 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 ¥84.3 billion for the first nine months of FY2018 (up ¥45.8 billion from the same period of FY2017) and segment profit of ¥44.5 billion (up ¥31.9 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 third quarter of FY2018, total assets as of December 31, 2018 amounted to ¥1,781.4 billion, up ¥93.1 billion from March 31, 2018, the end of FY2017, mainly reflecting increased in inventories due to the preparation of the high product demand period. Total liabilities as of December 31, 2018 amounted to ¥ 1,397.8 billion, up ¥65.7 billion from March 31, 2018, the end of FY2017, due to the issuance of convertible bond-type bonds with share acquisition rights.

Net assets as of December 31, 2018 amounted to ¥383.6 billion with a net worth ratio of 14.7%.

(3) Explanation Concerning Information regarding Consolidated Business Forecast

The consolidated business forecast for the full year of FY 2018 was revised due to the impact from the inventory valuation because of the change in crude oil prices for the first nine months of FY 2018, compared to the previous forecast (announced on November 8, 2018).

This business forecast is based on the assumptions of crude oil price at US\$68/ bbl and exchange rate at JPY111/ US\$.

(Assumptions at the previous forecast: crude oil price US\$74/ bbl, exchange rate JPY110/ US\$)

2. Consolidated Financial Statements and Their Main Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	FY2017 (As of March 31, 2018)	3Q FY2018 (As of December 31, 2018)
Assets		
Current assets		
Cash and deposits	64,690	75,447
Notes and accounts receivable - trade	264,930	283,507
Merchandise and finished goods	132,880	163,314
Work in process	576	1,008
Raw materials and supplies	131,893	138,043
Other	62,357	78,780
Allowance for doubtful accounts	-169	-153
Total current assets	657,160	739,948
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	205,787	231,424
Machinery, equipment and vehicles, net	183,447	189,234
Land	317,989	317,466
Other, net	110,361	91,798
Total property, plant and equipment	817,585	829,923
Intangible assets	42,016	40,460
Investments and other assets		
Investment securities	122,653	123,414
Other	48,889	47,643
Allowance for doubtful accounts	-401	-411
Total investments and other assets	171,141	170,645
Total non-current assets	1,030,743	1,041,030
Deferred assets		
Bond issuance cost	385	442
Total deferred assets	385	442
Total assets	1,688,288	1,781,421

(Unit: million yen)

	FY2017 (As of March 31, 2018)	3Q FY2018 (As of December 31, 2018)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	274,410	274,292
Short-term loans payable	206,690	179,024
Commercial papers	62,900	128,430
Accounts payable - other	194,117	199,608
Income taxes payable	15,338	11,495
Provision	8,756	4,793
Other	37,933	29,062
Total current liabilities	800,146	826,706
Non-current liabilities		
Bonds payable	46,700	46,700
Convertible bond-type bonds with share acquisition rights	—	60,000
Long-term loans payable	384,164	361,864
Provision for special repairs	17,830	18,184
Other provision	3,311	2,846
Net defined benefit liability	3,212	3,067
Asset retirement obligations	20,568	21,220
Other	56,209	57,228
Total non-current liabilities	531,995	571,112
Total liabilities	1,332,142	1,397,819
Net assets		
Shareholders' equity		
Capital stock	40,000	40,000
Capital surplus	84,359	84,573
Retained earnings	118,701	143,620
Treasury shares	-1,091	-758
Total shareholders' equity	241,970	267,435
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	6,379	4,215
Deferred gains or losses on hedges	-267	-709
Revaluation reserve for land	-20,923	-20,923
Foreign currency translation adjustment	8,715	8,130
Remeasurements of defined benefit plans	2,803	3,219
Total accumulated other comprehensive income	-3,292	-6,066
Non-controlling interests	117,468	122,233
Total net assets	356,146	383,602
Total liabilities and net assets	1,688,288	1,781,421

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Consolidated the First Nine Months of FY2018 Statements of Income)

(Unit: million yen)

	3Q FY2017 (From April 1, 2017 to December 31, 2017)	3Q FY2018 (From April 1, 2018 to December 31, 2018)
Net sales	1,816,575	2,090,410
Cost of sales	1,638,724	1,910,933
Gross profit	177,850	179,476
Selling, general and administrative expenses	94,029	99,760
Operating profit	83,820	79,716
Non-operating income		
Interest income	244	436
Dividend income	705	717
Share of profit of entities accounted for using equity method	8,079	4,505
Foreign exchange gains	1,826	1,941
Other	3,075	2,965
Total non-operating income	13,930	10,567
Non-operating expenses		
Interest expenses	9,177	8,293
Other	1,636	2,147
Total non-operating expenses	10,814	10,440
Ordinary profit	86,936	79,842
Extraordinary income		
Gain on sales of non-current assets	854	348
Gain on sales of investment securities	275	860
Subsidy income	—	837
Compensation income	—	740
Insurance income	—	267
Other	148	—
Total extraordinary income	1,279	3,053
Extraordinary losses		
Loss on disposal of non-current assets	5,510	3,767
Impairment loss	340	86
Loss on valuation of investment securities	87	6
Business structure improvement expenses	1,054	—
Other	1,235	35
Total extraordinary losses	8,227	3,895
Profit before income taxes	79,988	79,000
Income taxes	21,956	39,475
Profit	58,031	39,525
Profit attributable to non-controlling interests	9,299	10,368
Profit attributable to owners of parent	48,732	29,157

(Consolidated Statements of Comprehensive Income)

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

(Unit: million yen)

	3Q FY2017 (From April 1, 2017 to December 31, 2017)	3Q FY2018 (From April 1, 2018 to December 31, 2018)
Profit	58,031	39,525
Other comprehensive income		
Valuation difference on available-for-sale securities	4,094	-2,981
Deferred gains or losses on hedges	-718	-652
Revaluation reserve for land	-249	—
Foreign currency translation adjustment	-62	445
Remeasurements of defined benefit plans, net of tax	1,117	396
Share of other comprehensive income of entities accounted for using equity method	499	-1,054
Total other comprehensive income	4,681	-3,846
Comprehensive income	62,712	35,679
(Breakdown)		
Comprehensive income attributable to owners of the parent	52,724	26,383
Comprehensive income attributable to non-controlling interests	9,988	9,295

(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 profit before income 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 "Partial Amendments of Standard for Tax Effect Accounting")

The Company has implemented the adoption of "Partial 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 deferred tax assets have been included in investments and other assets, and deferred tax liabilities have been included in non-current liabilities.

(Segment Information)

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

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	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 profit	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 profit in “Adjustments” 2,355 million yen includes 3,898 million yen for the net amount of the entire Company's profit 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 profit is adjusted to ordinary profit of consolidated quarterly statements of profit.

II 3Q FY2018 (From April 1, 2018 to December 31, 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	1,721,861	314,723	35,332	18,493	—	2,090,410
Inter-segment	179,472	40,541	48,993	25,593	-294,600	—
Total	1,901,333	355,264	84,325	44,087	-294,600	2,090,410
Segment profit	14,351	13,672	44,468	3,754	3,596	79,842

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” 3,596 million yen includes 3,938 million yen for the net amount of the entire Company's profit and expenses not allocated to the reporting segments or the “Other” category, 3 million yen for internal eliminations, -351 million yen for inventory adjustments, and 5 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