



February 13, 2020

**Overview of Business Results
for the Third Quarter of Fiscal Year Ending March 2020
[Based on Japanese GAAP] (Consolidated)**

Name of the Company: Cosmo Energy Holdings Co., Ltd. Shares traded: TSE
 Company Code: 5021 URL <https://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 13, 2020 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 2020 (For the period from April 1, 2019 to December 31, 2019)

(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, FY2019	2,038,087	-2.5	50,040	-37.2	52,963	-33.7	19,843	-31.9
Third Quarter, FY2018	2,090,410	15.1	79,716	-4.9	79,842	-8.2	29,157	-40.2

Note: Comprehensive income Third Quarter, FY2019: 23,452 million yen (-34.3%) Third Quarter, FY2018: 35,679 million yen (-43.1%)

	Net income per share for the Third Quarter	Diluted net income per share for the Third Quarter
	yen sen	yen sen
Third Quarter, FY2019	235.95	198.69
Third Quarter, FY2018	346.18	339.20

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
Third Quarter, FY2019	1,808,990	415,328	16.1
FY2018	1,702,270	401,850	16.5

[Reference] Net worth Third Quarter, FY2019: 290,471 million yen FY2018: 281,065 million yen

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
FY2018	—	0.00	—	80.00	80.00
FY2019	—	0.00	—		
FY2019 (forecast)				80.00	80.00

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 FY2019 (April 1, 2019 to March 31, 2020)

(% indicates change from the corresponding period of FY 2018)

	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
FY2019	2,799,000	1.0	49,500	-47.7	52,500	-45.7	2,500	-95.3	29.73

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, FY2019	84,770,508 shares	FY2018	84,770,508 shares
Third Quarter, FY2019	725,016 shares	FY2018	462,910 shares
Third Quarter, FY2019	84,097,980 shares	Third Quarter, FY2018	84,226,260 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 FY2019 is updated from the previous announcement made on May 9 2019.

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 13, 2020.

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 FY2019 were ¥2,038.1 billion (down ¥ 52.3 billion from the same period of FY2018), operating profit ¥50.0 billion (down ¥29.7 billion from the same period of FY2018), ordinary profit ¥53.0 billion (down ¥26.8 billion from the same period of FY2018) and profit attributable to owners of parent for the period ¥19.8 billion (down ¥9.4 billion from the same period of FY2018).

The operating results for the first nine months of FY2019 by business segment are as follows :

- 1) In the petroleum business segment, due to the decline in crude oil prices, despite the increase in the sales volume of products from the same period of the previous year, the segment reported net sales of ¥1,858.9 billion for the first nine months of FY2019 (down ¥42.4 billion from the same period of FY2018) and segment profit of ¥5.8 billion (down ¥8.6 billion from the same period of FY2018).
- 2) In the petrochemical business segment, due to the decline in the sales prices of petrochemical products, despite the increase in the sales volume of petrochemical products from the same period of the previous year, the segment reported net sales of ¥308.3 billion for the first nine months of FY2019 (down ¥47.0 billion from the same period of FY2018) and segment profit of ¥8.8 billion (down ¥4.9 billion from the same period of FY2018).
- 3) In the oil exploration and production business segment, due to the decline of sales price of oil products and the oil sales volume from the same period of the previous year, the segment reported net sales of ¥70.1 billion for the first nine months of FY2019 (down ¥14.2 billion from the same period of FY2018) and segment profit of ¥30.6 billion (down ¥13.9 billion from the same period of FY2018).

(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 FY2019, total assets as of December 31, 2019 amounted to ¥1,809.0 billion, up ¥106.7 billion from March 31, 2019, the end of FY2018, mainly reflecting the increase in accounts receivable-trade and inventories. Net assets as of December 31, 2019 amounted to ¥415.3 billion with a net worth ratio of 16.1%.

(3) Explanation Concerning Information regarding Consolidated Business Forecast

The consolidated business forecast for the full year of FY 2019 was revised due to the impact from the inventory valuation because of the change in crude oil prices and the decline in petroleum and petrochemical market conditions, compared to the previous forecast (announced on May 9, 2019).

This business forecast is based on the assumptions of crude oil price at US\$62/ bbl and exchange rate at JPY109/ US\$.
(Assumptions at the previous forecast: crude oil price US\$65/ bbl, exchange rate JPY110/ US\$)

2. Consolidated Financial Statements and Their Main Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	FY2018 (As of March 31, 2019)	3Q FY2019 (As of December 31, 2019)
Assets		
Current assets		
Cash and deposits	49,445	70,222
Notes and accounts receivable - trade	245,164	293,388
Merchandise and finished goods	131,952	161,518
Work in process	453	1,094
Raw materials and supplies	144,911	154,788
Other	69,951	69,202
Allowance for doubtful accounts	-146	-141
Total current assets	641,731	750,072
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	235,988	239,854
Machinery, equipment and vehicles, net	186,250	188,619
Land	317,255	316,930
Other, net	102,788	94,081
Total property, plant and equipment	842,283	839,487
Intangible assets	40,964	40,625
Investments and other assets		
Investment securities	117,552	122,145
Other	59,793	56,814
Allowance for doubtful accounts	-459	-443
Total investments and other assets	176,886	178,516
Total non-current assets	1,060,134	1,058,629
Deferred assets		
Bond issuance cost	404	289
Total deferred assets	404	289
Total assets	1,702,270	1,808,990

(Unit: million yen)

	FY2018 (As of March 31, 2019)	3Q FY2019 (As of December 31, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	267,897	267,159
Short-term loans payable	164,739	182,014
Current portion of bonds	—	20,000
Commercial papers	98,000	120,000
Accounts payable - other	196,042	208,357
Income taxes payable	5,324	5,154
Provision	8,013	6,034
Other	24,716	35,283
Total current liabilities	764,734	844,002
Non-current liabilities		
Bonds payable	46,700	26,700
Convertible bond-type bonds with share acquisition rights	60,000	60,000
Long-term loans payable	324,669	326,943
Provision for special repairs	20,992	27,667
Other provision	3,093	2,376
Net defined benefit liability	5,085	4,694
Asset retirement obligations	21,330	21,817
Other	53,812	79,458
Total non-current liabilities	535,684	549,658
Total liabilities	1,300,419	1,393,661
Net assets		
Shareholders' equity		
Capital stock	40,000	40,000
Capital surplus	82,963	82,843
Retained earnings	167,574	180,723
Treasury shares	-758	-1,381
Total shareholders' equity	289,779	302,186
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,121	4,269
Deferred gains or losses on hedges	99	108
Revaluation reserve for land	-20,911	-20,999
Foreign currency translation adjustment	7,236	4,439
Remeasurements of defined benefit plans	739	467
Total accumulated other comprehensive income	-8,713	-11,714
Non-controlling interests	120,785	124,857
Total net assets	401,850	415,328
Total liabilities and net assets	1,702,270	1,808,990

(2) Consolidated Statements of Income and Comprehensive Income

(Consolidated Statements of Income)

(Consolidated the First Nine Months of FY2019 Statements of Income)

(Unit: million yen)

	3Q FY2018 (From April 1, 2018 to December 31, 2018)	3Q FY2019 (From April 1, 2019 to December 31, 2019)
Net sales	2,090,410	2,038,087
Cost of sales	1,910,933	1,885,979
Gross profit	179,476	152,107
Selling, general and administrative expenses	99,760	102,067
Operating profit	79,716	50,040
Non-operating income		
Interest income	436	601
Dividend income	717	782
Share of profit of entities accounted for using equity method	4,505	3,969
Foreign exchange gains	1,941	3,139
Other	2,965	3,258
Total non-operating income	10,567	11,752
Non-operating expenses		
Interest expenses	8,293	7,059
Other	2,147	1,770
Total non-operating expenses	10,440	8,829
Ordinary profit	79,842	52,963
Extraordinary income		
Gain on sales of non-current assets	348	499
Gain on sales of investment securities	860	353
Subsidy income	837	—
Compensation income	740	7,948
Insurance income	267	1,508
Other	—	25
Total extraordinary income	3,053	10,334
Extraordinary losses		
Loss on disposal of non-current assets	3,767	5,750
Impairment loss	86	284
Loss on valuation of investment securities	6	107
Settlement package	—	600
Other	35	380
Total extraordinary losses	3,895	7,123
Profit before income taxes	79,000	56,174
Income taxes	39,475	29,644
Profit	39,525	26,530
Profit attributable to non-controlling interests	10,368	6,687
Profit attributable to owners of parent	29,157	19,843

(Consolidated Statements of Comprehensive Income)

(Consolidated the First Nine Months of FY2019 Statements of Comprehensive Income)

(Unit: million yen)

	3Q FY2018 (From April 1, 2018 to December 31, 2018)	3Q FY2019 (From April 1, 2019 to December 31, 2019)
Profit	39,525	26,530
Other comprehensive income		
Valuation difference on available-for-sale securities	-2,981	137
Deferred gains or losses on hedges	-652	-133
Foreign currency translation adjustment	445	-26
Remeasurements of defined benefit plans, net of tax	396	-292
Share of other comprehensive income of entities accounted for using equity method	-1,054	-2,762
Total other comprehensive income	-3,846	-3,078
Comprehensive income	35,679	23,452
(Breakdown)		
Comprehensive income attributable to owners of the parent	26,383	16,930
Comprehensive income attributable to non-controlling interests	9,295	6,521

(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.

(Segment Information)

I 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.

II 3Q FY2019 (From April 1, 2019 to December 31, 2019)

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	1,704,128	273,233	33,641	27,084	—	2,038,087
Inter-segment	154,724	35,103	36,497	26,258	-252,583	—
Total	1,858,852	308,336	70,139	53,342	-252,583	2,038,087
Segment profit	5,783	8,797	30,626	4,861	2,894	52,963

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” 2,894 million yen includes 4,021 million yen for the net amount of the entire Company's profit and expenses not allocated to the reporting segments or the “Other” category, -1,319 million yen for internal eliminations, 568 million yen for inventory adjustments, and -375 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