What Makes Cosmo Special

Oil development and stable production based on strong relationships of trust with Middle East oil producing countries

Hail Oil Field at full production

- **Low-risk, low-cost development has been realized, based on relationships of trust with the Emirate of Abu Dhabi in the United Arab Emirates (UAE) based on the stable production for about 50 years.**
- **In December 2012, Abu Dhabi Oil Company (ADOC) extended concessions (30 years) and obtained new concession area, the Hail Oil Field, which is as large as total of the three existing oilfields. The Hail Oil Field began production in November 2017 and has been operating at full capacity since January 2018.**
- **The Hail Oil Field investment has been curbed with the shared use of existing crude oil processing, storage, and shipping facilities (Estimated saving of roughly $300-400 million), the unit operating cost is expected to decline along with increase in production volume.**

Risk Tolerance

- Earnings power under lower oil prices
  We made a profit even in the January-March quarter of 2016 when the Dubai crude was $30/bbl.
- Achieving low-cost development of discovered but undeveloped oil fields (including the Hail Oil Field).

Growth strategy

- Continued full production of each oil field and selective investment to enhance competitiveness.
- Strategic and comprehensive alliance with CEPSA (a major Spain-based oil company owned by MIC or former IPIC), deliberating development of a new oil field jointly with Abu Dhabi National Oil Company and CEPSA.

Long-term stable production structure

- Obtained concessions before the foundation of the UAE and continued safe operation and stable production for about 50 years.
- Long-term stable production of crude oil from the UAE (Abu Dhabi) and Qatar.
- Cultural (i.e., Japanese-language education) and environmental (i.e., zero flaring) contributions to both countries.

Maximizing profit in the oil business

Initiatives to increase profit

- Increase profitable products with an increased Delayed Coker unit capacity at Sakai Refinery, prompted by the IMO regulations*.
- Maintain high capacity utilization to establish refinery competitiveness exceeding the global standard.
- Use alliances with other companies to increase competitiveness (i.e., alliances in Chiba and Yokkaichi; growing the recipients of products).
- Create synergy with the petrochemical business.

* The International Maritime Organization (IMO) has set a global limit to reduce the content of sulfur in marine fuel oil.

Measures in the new Consolidated Medium-Term Management Plan

1	Increase degradation capacity, etc.	Increase Delayed Coker unit capacity at Sakai Refinery, etc. Use of Chiba Refinery pipeline ⬇ Focus on profitable products
2	Increase capacity utilization	Reduce unplanned suspensions Reduce regular maintenance periods at refineries
3	Achieve synergy with the petrochemical business	Use of unused distillates ⬇ Increase business opportunities
4	Cost reduction	Energy-efficient operation of facilities Strategic purchasing, rationalized distribution

Growing renewable energy business into a new main business segment

Expansion of the wind power generation business

- Aim to reach 500,000kW output of onshore wind farms at an early stage.
- As the land available for power plant development is decreasing, use the Group's operation and maintenance strengths to make an early entry into the offshore wind power business.
- Invest in this business to make it the foundation for the next growth stage.

Cosmo Energy Group's strengths

Group incorporation in 2010 of Eco Power, a pioneer in the wind power generation business in Japan (established in 1997)

Realization of a high level on-wind availability (at least 90%), as development, construction, operation and maintenance are carried out within the Group

Reducing risks of wind fluctuation 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 offshore site projects