

Progress of the Consolidated Medium-Term Management Plan (FY2018-FY2022)

Under the slogan “Oil & New Everything About Oil – And Beyond” the sixth five-year consolidated management plan (the sixth management plan) began in FY2018.

By increasing our earnings power and improving our financial condition, we aim at achieving a level of net worth that can tide us over changes in the market environment and a net D/E ratio of 1.0-1.5 times, and do so at an early point. We also strive to enhance our future growth drivers, mainly focusing on the Petrochemical Business and the Wind Power Generation Business.

Basic policy



- Increase the profitability of the petroleum business by, for example, complying with the IMO¹ regulations on use of high-sulfur C fuel oil and taking the lead in the supply of clean marine fuels.
 - ▶ Strengthen financial condition based on earning power.
- Invest in wind power generation and other businesses that will lead the next growth stage.
 - ▶ Contribute to the achievement of SDGs² through business activities.

1 As an air pollution preventive measure, the International Maritime Organization (IMO) has set a global limit to reduce the content of sulfur in marine fuel oil from 3.5% at present to 0.5% by 2020, in order to reduce ships' emissions of sulfur oxide (SOx). See page 30.

2 The Sustainable Development Goals (SDGs) were adopted by 193 member countries at the United Nations Summit in September 2015. There are 169 targets for 17 goals, to be achieved in 15 years, from 2016 to 2030.

Long-term Direction

Demand for petroleum products in Japan is declining but we believe that the oil business will remain firm in the medium- to long-term. However, in view of the transition to a fossil-fuel-free society, we must create new businesses in order to achieve sustainable growth.

In the sixth management plan, we aim at improving the business portfolio with the objective of enabling subsequent growth in view of the adopted long-term direction, and strengthening the company financially by increasing the profitability of the Oil E&P and Petroleum businesses.

- Improve the business portfolio for subsequent growth in view of a long-term direction.
- Strengthen financially by increasing the profitability of the Oil E&P and Petroleum business.

- In view of the transition to a fossil-fuel-free society, shift the focus to the renewable energy business through active investment while increasing the competitiveness of petroleum-related businesses.
- Contribute to the achievement of SDGs through the sustainable growth of the Cosmo Energy Group.

FY2013-
FY2017

The previous
Consolidated Medium-
Term Management Plan

- Recover profitability in the oil refining sector
- Strengthen alliances
- Collect return from investments
- Enhance CSR management

The Sixth Consolidated
Medium-Term
Management Plan

Goal
2022

The Sixth Consolidated Medium-Term
Management Plan, The Sixth Consolidated
Medium-Term CSR Plan

Long-term Direction

- Oil & New Everything About Oil – And Beyond
- Secure profitability to enable reinvestment
 - Expand growth drivers with a future orientation
 - Improve financial condition
 - Strengthen Group management foundation


Realignment of the Business Portfolio

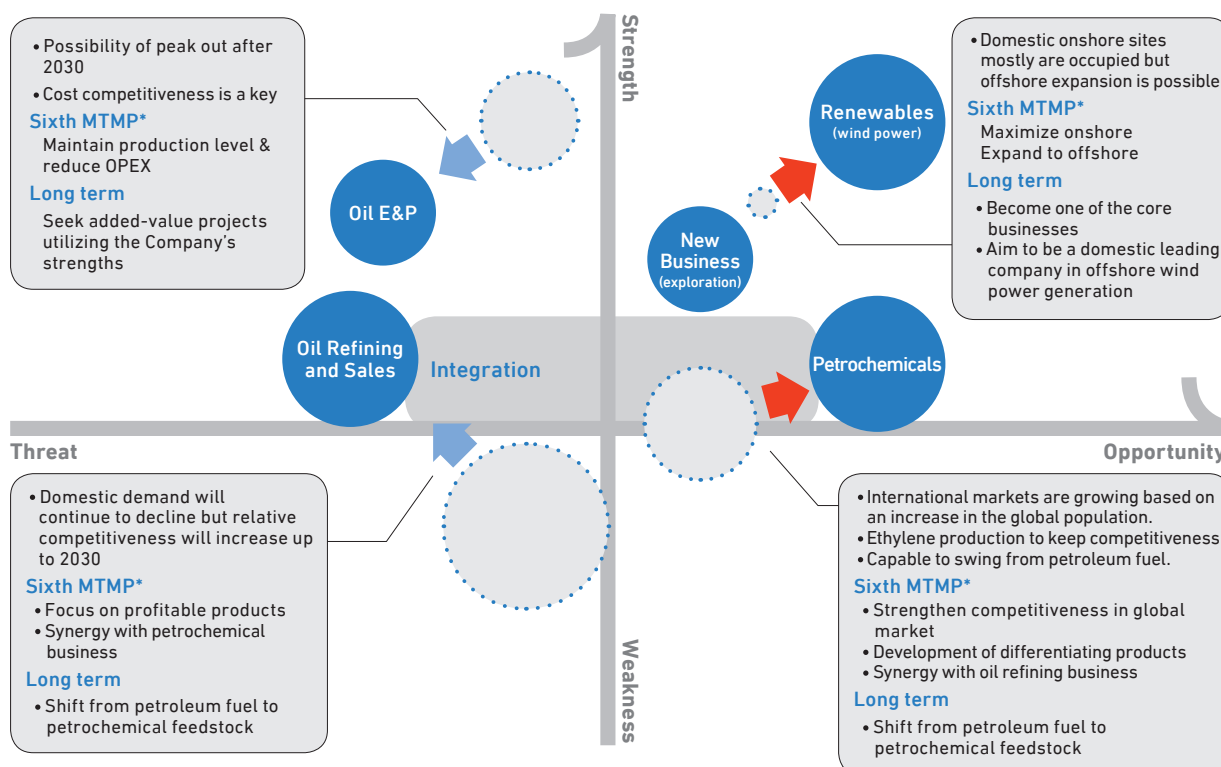
The exhibit below depicts an image of a business portfolio over the long term. In view of the transition to a fossil-fuel-free society, we will seek to maintain a certain level of profitability by increasing our competitiveness in the petroleum-related businesses and at the same time to grow the

renewable energy business into a profit generator by making active investments.

In addition, we believe that these initiatives will allow us to contribute to the achievement of SDGs through the sustainable growth of the Cosmo Energy Group.

- In view of the transition to a fossil-fuel-free society, shift the focus to the renewable energy business through active investment while increasing the competitiveness of petroleum-related businesses.
- Contribute to the achievement of SDGs through the sustainable growth of the Cosmo Energy Group.

[Example] 
 * The size of bubble represents the scale of ordinary income



*MTMP:Medium-Team Management Plan

Progress of Management Goals

Management Goals	FY2017	FY2018	FY2022
Ordinary income (excluding the impact of inventory valuation)	¥95.9 billion	¥107.4 billion	Over ¥120.0 billion
Profit attributable to owners of parent	¥72.8 billion	¥53.1 billion	Over ¥50.0 billion
Free cash flow	¥96.2 billion	¥60.0 billion	Over ¥150.0 billion (FY 2018 - FY 2022 Five years total)
Net worth (Net worth ratio)	¥238.7 billion (14.1%)	¥281.1 billion (16.5%)	Over ¥400.0 billion (Over 20%)
Net D/E Ratio*	2.25 times	1.98 times	1.0~1.5 times
ROE	36.1%	20.4%	Over 10%
Precondition			
Dubai crude oil price (USD/B)	56	69	70
Exchange rate (Yen/USD)	111	111	110

*Calculated on the basis that 50% of the ¥60 billion hybrid loan made on April 1, 2015 is included in equity.

We made a great start in FY2018, the first year of the sixth management plan: We posted ordinary income excluding the impact of inventory valuation of ¥107.4 billion, renewing a record high thanks to the impact of an increase in crude oil production volume at the Hail Oil Field. While profit attributable to owners of parent decreased from the previous fiscal year to ¥53.1 billion due to a negative impact from inventory, the level of profit remained above the goal for the final year of the sixth management plan. For FY2019, ordinary income excluding the impact of inventory valuation is expected to amount to ¥106.0 billion, contributed by a positive impact from increased sales due to the start of supply to Kygnus and improved utilization rate in refineries. Profit attributable to owners of parent is expected to increase from the previous year to ¥60.0 billion.

We will continue steady implementation of the measures of the sixth management plan, aiming at achieving the goals of over ¥120.0 billion in ordinary income excluding the impact of inventory valuation and over ¥50.0 billion in profit attributable to owners of the parent.