



August 9, 2019

Overview of Business Results for the First 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: August 9, 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 First Quarter of Fiscal Year Ending March 2020 (For the period from April 1, 2019 to June 30, 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 First Quarter	
	million yen	%	million yen	%	million yen	%	million yen	%
First Quarter, FY2019	657,969	4.3	16,978	-56.0	20,814	-49.5	14,784	-28.1
First Quarter, FY2018	631,138	12.1	38,570	217.9	41,247	174.7	20,551	339.7

Note: Comprehensive income First Quarter, FY2019: 14,668 million yen (-39.5%) First Quarter, FY2018: 24,260 million yen (130.6%)

	Net income per share for the First Quarter	Diluted net income per share for the First Quarter
	yen sen	yen sen
First Quarter, FY2019	175.63	147.96
First Quarter, FY2018	244.29	—

(2) Consolidated Financial Position

	Total assets	Net assets	Net worth ratio
	million yen	million yen	%
First Quarter, FY2019	1,737,772	406,545	16.5
FY2018	1,702,270	401,850	16.5

[Reference] Net worth First Quarter, FY2019: 286,768 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	—	—	—	—	—
FY2019 (forecast)	—	0.00	—	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	2,913,000	5.1	109,000	15.2	111,000	14.8	60,000	12.9	711.68

Note: Revision made in the consolidated business forecast 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 , FY2019	84,770,508 shares	FY2018	84,770,508 shares
First Quarter , FY2019	724,810 shares	FY2018	462,910 shares
First Quarter , FY2019	84,176,648 shares	First Quarter , FY2018	84,129,261 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 not updated from the previous announcement made on May 9 2019.

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 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 August 9, 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 quarter of FY2019 were ¥658.0 billion (up ¥26.9 billion from the same period of FY2018), operating profit ¥17.0 billion (down ¥21.6 billion from the same period of FY2018), ordinary profit ¥20.8 billion (down ¥20.4 billion from the same period of FY2018) and profit attributable to owners of parent for the period ¥14.8 billion (down ¥5.8 billion from the same period of FY2018).

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

- 1) In the petroleum business segment, due to the increase in the sales volume of products from the same period of the previous year, the segment reported net sales of ¥603.6 billion (up ¥25.3 billion from the same period of FY2018). On the other hand, due to the effect of fluctuation in crude oil prices, segment profit was ¥3.4 billion (down ¥17.8 billion from the same period of FY2018).
- 2) In the petrochemical business segment, due to the increase in sales volume of petrochemical products from the same period of the previous year, the segment reported net sales of ¥106.8 billion for the first quarter of FY2019 (up ¥16.4 billion from the same period FY2018) and segment profit of ¥5.6 billion (up ¥0.5 billion from the same period of FY2018).
- 3) In the oil exploration and production business segment, due to the increase in sales volume in contrast oil sales volume in contrast to the decline in sales price of oil products from the same period of the previous year, the segment reported net sales of ¥21.7 billion (up ¥1.7 billion from the same period of FY2018). On the other hand, due to the effect of fluctuation in foreign exchange rate, segment profit was ¥9.2 billion (down ¥3.1 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 first quarter of FY2019, total assets as of June 30, 2019 amounted to ¥1,737.8 billion, up ¥35.5 billion from March 31, 2019, the end of FY2018. This was primarily due to the increase in inventories caused by the accumulation of inventory in preparation for regular maintenance planned for petroleum refineries from the second quarter of FY2019.

Net assets as of June 30, 2019 amounted to ¥406.5 billion with a net worth ratio of 16.5%.

(3) Explanation Concerning Information regarding Consolidated Business Forecast

The consolidated business forecast for the full year of FY2019 is not updated from the previous announcement made on May 9, 2019.

2. Consolidated Financial Statements and Their Main Notes

(1) Consolidated Balance Sheet

(Unit: million yen)

	FY2018 (As of March 31, 2019)	1Q FY2019 (As of June 30, 2019)
Assets		
Current assets		
Cash and deposits	49,445	70,429
Notes and accounts receivable - trade	245,164	227,458
Merchandise and finished goods	131,952	158,051
Work in process	453	746
Raw materials and supplies	144,911	142,323
Other	69,951	76,759
Allowance for doubtful accounts	-146	-116
Total current assets	641,731	675,652
Non-current assets		
Property, plant and equipment		
Buildings and structures, net	235,988	241,697
Machinery, equipment and vehicles, net	186,250	197,761
Land	317,255	317,204
Other, net	102,788	84,957
Total property, plant and equipment	842,283	841,619
Intangible assets	40,964	40,755
Investments and other assets		
Investment securities	117,552	121,034
Other	59,793	58,798
Allowance for doubtful accounts	-459	-455
Total investments and other assets	176,886	179,378
Total non-current assets	1,060,134	1,061,753
Deferred assets		
Bond issuance cost	404	366
Total deferred assets	404	366
Total assets	1,702,270	1,737,772

(Unit: million yen)

	FY2018 (As of March 31, 2019)	1Q FY2019 (As of June 30, 2019)
Liabilities		
Current liabilities		
Notes and accounts payable - trade	267,897	279,780
Short-term loans payable	164,739	168,094
Commercial papers	98,000	104,600
Accounts payable - other	196,042	179,118
Income taxes payable	5,324	4,303
Provision	8,013	3,649
Other	24,716	32,559
Total current liabilities	764,734	772,106
Non-current liabilities		
Bonds payable	46,700	46,700
Convertible bond-type bonds with share acquisition rights	60,000	60,000
Long-term loans payable	324,669	344,849
Provision for special repairs	20,992	23,466
Other provision	3,093	3,014
Net defined benefit liability	5,085	5,012
Asset retirement obligations	21,330	21,435
Other	53,812	54,641
Total non-current liabilities	535,684	559,120
Total liabilities	1,300,419	1,331,226
Net assets		
Shareholders' equity		
Capital stock	40,000	40,000
Capital surplus	82,963	82,843
Retained earnings	167,574	175,576
Treasury shares	-758	-1,380
Total shareholders' equity	289,779	297,039
Accumulated other comprehensive income		
Valuation difference on available-for-sale securities	4,121	3,543
Deferred gains or losses on hedges	99	-125
Revaluation reserve for land	-20,911	-20,911
Foreign currency translation adjustment	7,236	6,573
Remeasurements of defined benefit plans	739	647
Total accumulated other comprehensive income	-8,713	-10,271
Non-controlling interests	120,785	119,777
Total net assets	401,850	406,545
Total liabilities and net assets	1,702,270	1,737,772

(2) Consolidated Statements of Income and Comprehensive Income
 (Consolidated Statements of Income)
 (Consolidated the First Three Months of FY2019 Statements of Income)

(Unit: million yen)

	1Q FY2018 (From April 1, 2018 to June 30, 2018)	1Q FY2019 (From April 1, 2019 to June 30, 2019)
Net sales	631,138	657,969
Cost of sales	560,892	608,462
Gross profit	70,246	49,507
Selling, general and administrative expenses	31,676	32,529
Operating profit	38,570	16,978
Non-operating income		
Interest income	100	206
Dividend income	47	467
Share of profit of entities accounted for using equity method	787	4,444
Foreign exchange gains	4,179	1,026
Other	946	840
Total non-operating income	6,061	6,985
Non-operating expenses		
Interest expenses	2,797	2,430
Other	587	718
Total non-operating expenses	3,385	3,148
Ordinary profit	41,247	20,814
Extraordinary income		
Gain on sales of non-current assets	72	4
Gain on sales of investment securities	—	213
Subsidy income	837	—
Compensation income	—	7,826
Other	351	23
Total extraordinary income	1,261	8,066
Extraordinary losses		
Loss on disposal of non-current assets	1,801	325
Impairment loss	42	56
Loss on valuation of investment securities	4	62
Other	0	0
Total extraordinary losses	1,848	446
Profit before income taxes	40,659	28,435
Income taxes	14,758	11,754
Profit	25,900	16,680
Profit attributable to non-controlling interests	5,349	1,896
Profit attributable to owners of parent	20,551	14,784

(Consolidated Statements of Comprehensive Income)

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

(Unit : million yen)

	1Q FY2018 (From April 1, 2018 to June 30, 2018)	1Q FY2019 (From April 1, 2019 to June 30, 2019)
Profit	25,900	16,680
Other comprehensive income		
Valuation difference on available-for-sale securities	-272	-818
Deferred gains or losses on hedges	69	-422
Foreign currency translation adjustment	148	-255
Remeasurements of defined benefit plans, net of tax	132	-99
Share of other comprehensive income of entities accounted for using equity method	-1,717	-415
Total other comprehensive income	-1,640	-2,012
Comprehensive income	24,260	14,668
(Breakdown)		
Comprehensive income attributable to owners of the parent	19,249	13,226
Comprehensive income attributable to non-controlling interests	5,010	1,441

(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.

(Segment Information)

I 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.

II 1Q FY2019 (From April 1, 2019 to June 30, 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	548,140	93,918	9,194	6,716	—	657,969
Inter-segment	55,477	12,911	12,457	8,186	-89,032	—
Total	603,618	106,829	21,651	14,903	-89,032	657,969
Segment profit	3,373	5,570	9,161	1,197	1,512	20,814

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” 1,512 million yen includes 1,314 million yen for the net amount of the entire Company's profit and expenses not allocated to the reporting segments or the “Other” category, -59 million yen for internal eliminations, 362 million yen for inventory adjustments, and -105 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