

◆ Cosmo Energy Holdings (5021)

Financial Results for FY2017

- Financial Results Explanatory Meeting for Analysts and Investors – Summary of Q&A

— This material contains descriptions regarding future prospects. Notes are provided at the end of this material —

1. Date and time : May 11, 2018 (Fri) 10:00 a.m. - 10:40 a.m.
2. Attendees : 90 persons
3. Main questions and answers :

<Petroleum business>

Q1: To what extent is the effect of the pipeline at Chiba Refinery reflected in the petroleum business in FY2018?

A1: As shown in the initial forecast, we expect a total of 10 billion yen per year for the two companies, or 5 billion yen for us, as the synergy. However, the full contribution is not factored in for the current fiscal year because the pipeline will begin to be operated in the middle of FY2018.

Q2: Tell me about your idea of assuming a margin and factors for the reduction in quantity in the petroleum business in FY2018.

A2: Looking back at the status of the margin in FY2017, it was low in 1Q (April to June) and began to improve in 2Q. Based on the status in FY2017, we expect the forecast margin in FY2018 to be slightly above the FY2017 level, although we are thinking conservatively. Regarding the quantity, we expect a 3.5% reduction from the previous year. This reflects the reduction in crude oil processing that is attributed mainly to the impact of regular maintenance.

Q3: Tell me about the progress of the business alliance with Showa Yokkaichi Sekiyu.

A3: We have consigned the production of 37,000 BD to Showa Yokkaichi Sekiyu, and both companies have been benefiting steadily from the alliance.

Q4: In the FY2018 forecast, you expect higher profit attributed to exports but lower sales in Japan. Tell me about the overall strategy.

A4: We will undertake exports not based primarily on the forecast but in consideration of the balance with the domestic demand.

Q5: Tell me about your idea regarding the export environment.

A5: While the future environment is uncertain, the environment has continued to be favorable since last year.

<Oil E&P business>

Q6: Tell me about the status of production at the Hail Oil Field and the existing oil fields.

A6: The Hail Oil Field is continuing to carry out steady production. Regarding the existing oil fields, there was a

problem with an electric pump for pumping up crude oil, but the production volume has been recovering gradually.

<Cash flows, shareholder returns and deferred tax assets>

Q7: Tell me about the free cash flow expected in FY2018 and the outlook for the net debt equity ratio in light of your shareholder return policy.

A7: Although there are uncertain factors such as changes in the crude oil price, if things go as forecast, cash flows from operating activities are expected to be around 120 billion yen, those from investing activities will be around -110 billion yen, and those from financing activities will be around -10 billion yen. We expect the net debt equity ratio to be improved to a level below 2.0 times. If the crude oil price remains at 65 USD/B as we forecast, the net debt equity ratio will improve to a level below 2.0 times. However, we will consider further shareholder returns by taking our financial condition and other factors into account.

Q8: Tell me about the amount of deferred tax assets posted in FY2017 and the outlook for FY2018.

A8: Profit attributable to owners of parent was higher than the value announced in February (Profit attributable to owners of parent of 70 billion yen) because we increased deferred tax assets by around 4.0 billion yen at the end of FY2017. As for FY2018, we will need to have consultations with our accountant. If we achieve the plan for FY2018, we expect to increase deferred tax assets further, by around 4.0 billion to 5.0 billion yen.

<Progress in the 6th Consolidated Medium-Term Management Plan>

Q9: Tell me about the progress you have made so far toward the business portfolio change.

A9: In the long run, we would like to focus on the renewable energy business. During the period of the 6th Consolidated Medium-Term Management Plan, we will mainly promote the expansion of the wind power generation business. The development of onshore wind farms has been making steady progress. Concerning the development of offshore wind farms, however, systems in Japan have yet to be established. We have already done what we needed to do in the Cosmo Energy Group, and moving forward, we will face the issue of how to proceed with the development of offshore wind farms in accordance with the systems of Japan.

Q10: Tell me about the changes in the amount of investment during the period of the 6th Consolidated Medium-Term Management Plan.

A10: The amount of investment is expected to increase in the first half of the period of the 6th Consolidated Medium-Term Management Plan, due in part to delayed coker unit investment as an action that we will take ahead of the IMO regulations that will begin in 2020.

End

This Q&A contains forward-looking statements about the plans, strategies and performance of Cosmo Energy Group. These statements include assumptions and judgments that are based on information currently available to us. As such, the actual results may differ from those mentioned herein, due to various factors in the external environment.