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Press Release

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Fourth Consolidated Medium-Term Management Plan (FY2013-2015)

Idemitsu Group has finalized its “Fourth Consolidated Medium-Term Management Plan” for the three-year period from FY2013 to 2015, an overview of which is presented below.

Fourth Consolidated Medium-Term Management Plan drives business restructuring, response to changes in the global energy supply demand and globalization.

1. Management Policy

Idemitsu Group has adopted the concept of “Contribute to a society with harmony between the economy and the environment by effectively securing and using energy and by developing functional materials business on a global scale” as its management policy.

Under this policy, Idemitsu Group is committed to “Contributing to domestic energy security and economic development of Asian countries” and “Contributing to the realization of a society in harmony with the environment based on proprietary technologies ”

2. Fourth Consolidated Medium-term Management Plan (FY2013 –2015)

(1) Overview

(a) Basic Strategy

Core Businesses: Development of competitive business through fuel oil supply short positioning strategy
Expansion of overseas business beginning with the Vietnam Nghi Son Refinery

Resource Businesses: Development and expansion in the oil exploration and production business and business restructuring including cost reduction in the coal business
Acquisition of unconventional resource and entry into gas business with an eye on changes in the global energy supply demand structure

Functional materials businesses:

Business expansion in fields where demand is growing and global expansion and concentration of management resources in fields to be reinforced

(b) Management Indicators

Operating Income* (Profit structure)	150 billion yen (FY2015 plan) (Core businesses: 40%, Resource businesses: 35%, Functional materials businesses: 25%)
Net Income	53 billion yen (As above)
Total investment	450 billion yen (FY2013 – 2015)

* Including equity earnings of affiliated companies and dividends received.

(2) Business Strategy

(a) Core businesses (Fuel oil, basic chemicals, renewable energy)

In the fuel oil business, overall domestic and overseas business expansion is planned through supply short positioning strategy including the closing of Tokuyama Refinery in March 2014, reinforcement of domestic sales networks, alliances with other companies, and construction of Vietnam Nghi Son Refinery.

In the basic chemicals business, initiatives will be implemented to expand production of aromatics to realize differentiation with ethane feed ethylene. In addition, overseas chemical business will be promoted.

In the renewable energy business, power business will be expanded by biomass power and mega-solar power.

(b) Resource businesses (Oil exploration and production, coal, uranium, gas, unconventional resources)

In the oil exploration and production business, in addition to commencement of production in Knarr and H-Nord oilfields with the aim of total production of 44,000 B/D by FY2015 (+ 19,000 B/D compared to 2012), exploration activities will be enhanced.

In the coal business, business restructuring will be promoted including cost reduction and increased production of high-grade coal. In addition, profitability will be enhanced by expansion of Boggabri Mine to 7 million tons/year.

Regarding uranium, it is anticipated that production at Cigar Lake Mine in Canada will begin in FY2013.

The acquisition of unconventional resource and entry into gas business will also be promoted.

(c) Functional materials businesses (performance materials, electronic materials, agricultural biotechnology, lubricants)

In the performance materials business, management resources will be concentrated to adhesive materials and SPS.

In the electronic materials business, business operation will mainly be expanded with OLED materials.

In the agricultural biotechnology business, businesses matched to global needs will be expanded globally.

In the lubricants business, as well as business expansion of environment-friendly products and products matched to local needs, global development will be accelerated by expansion of overseas bases in Vietnam and other countries.

(3) Investment Strategy

Total investment: 450 billion yen

75% (340 billion yen) of the total will be allocated to strategic investment and 80% of the strategic investment appropriated for overseas projects.

Core Businesses	Vietnam Nghi Son Refinery, reinforcement of the domestic sales network, overseas fuel oil business, renewable energy
Resource Businesses	Knarr H-Nord oilfield exploration and production, increased production of high-grade coal, exploration and production the Cigar Lake Mines in Canada
Functional Materials Businesses	Overseas lubricant bases, functional materials, OLED, agricultural biotechnology-related

(4) Management Goals

	Forecast for FY2012	Plan for FY2015
Net Sales	43,600	46,400
(Core Businesses)	(715)	(640)
(Resource Businesses)	(205)	(540)
(Functional Materials Businesses)	(120)	(360)
(Common)	(-40)	(-40)
Operating Income	1,000	1,500
Net Income	380	530
Return on Invested Capital	6.5%	8.6%
Equity Ratio	22.8%	24.8%
Net D-E Ratio	1.3	1.2

* Including equity earnings of affiliated companies and dividends received.

Appended Document: Fourth Consolidated Medium-Term Management Plan (FY2013– 2015)

Notes on Forecasts

Any statements of the Idemitsu Group presented in this document, which are not historical facts, for example, business forecasts, strategies, or management policies, are forecasts of future performance and have been compiled based on the decisions of management of Idemitsu acquired from currently available information.

Elements that can affect actual results include the economic situation, crude oil prices, trends in demand for petroleum products, market status, exchange rates and interest rates and include latent risks and elements of uncertainty.

Please be advised, therefore, that actual results may differ significantly from forecasted results due to fluctuations in these crucial elements.