

Presentation on Results for the 1st Quarter FY 2013

Idemitsu Kosan Co., Ltd.

August 6, 2013

1. FY 2013 1st Quarter Financials

(1) Overview

(2) Segment Information

2. Forecast for FY 2013 Performance

(1) Overview

(2) Segment Information

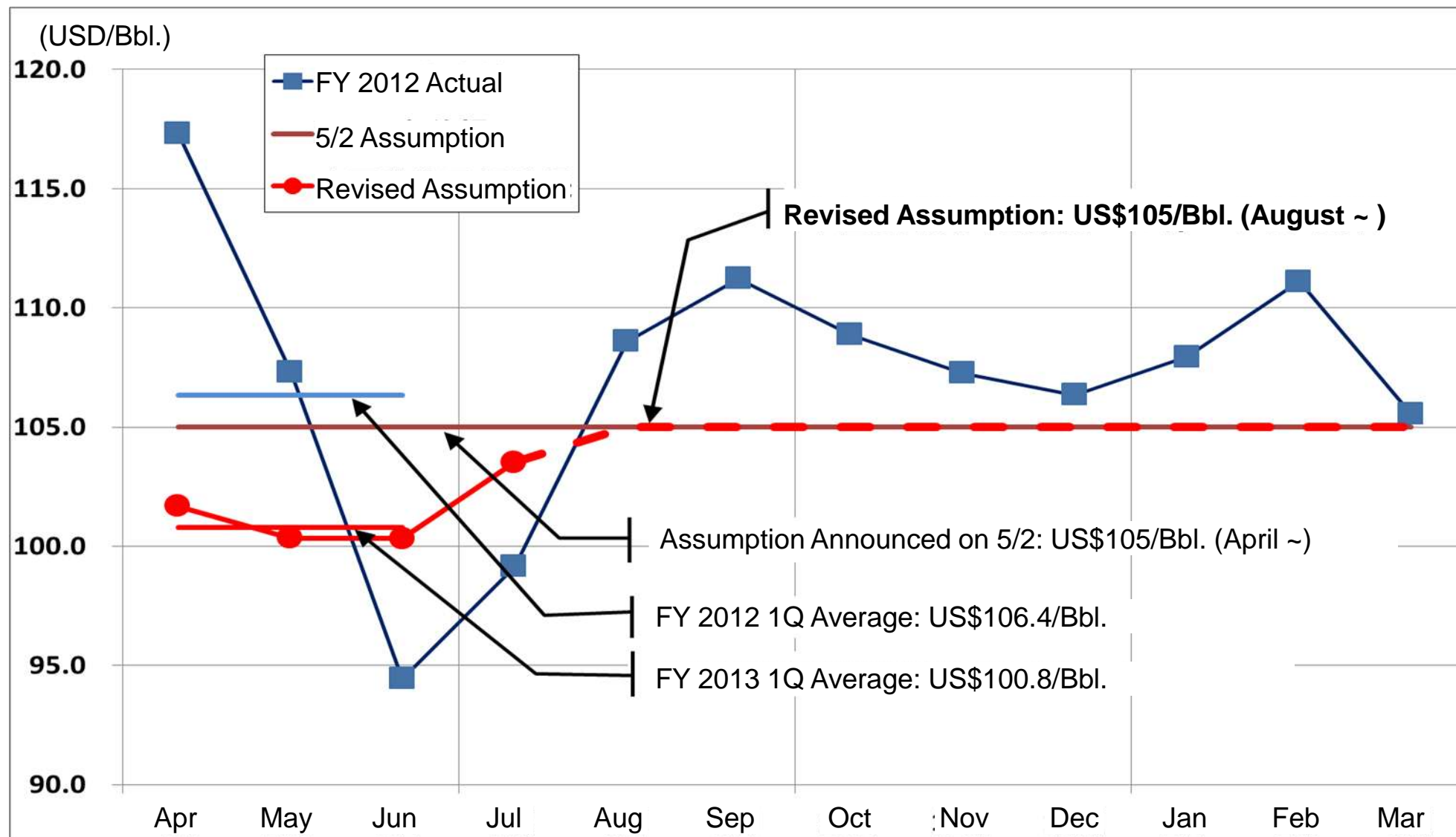
(3) Streamlining

3. Reference Materials

Crude Oil Price Trends

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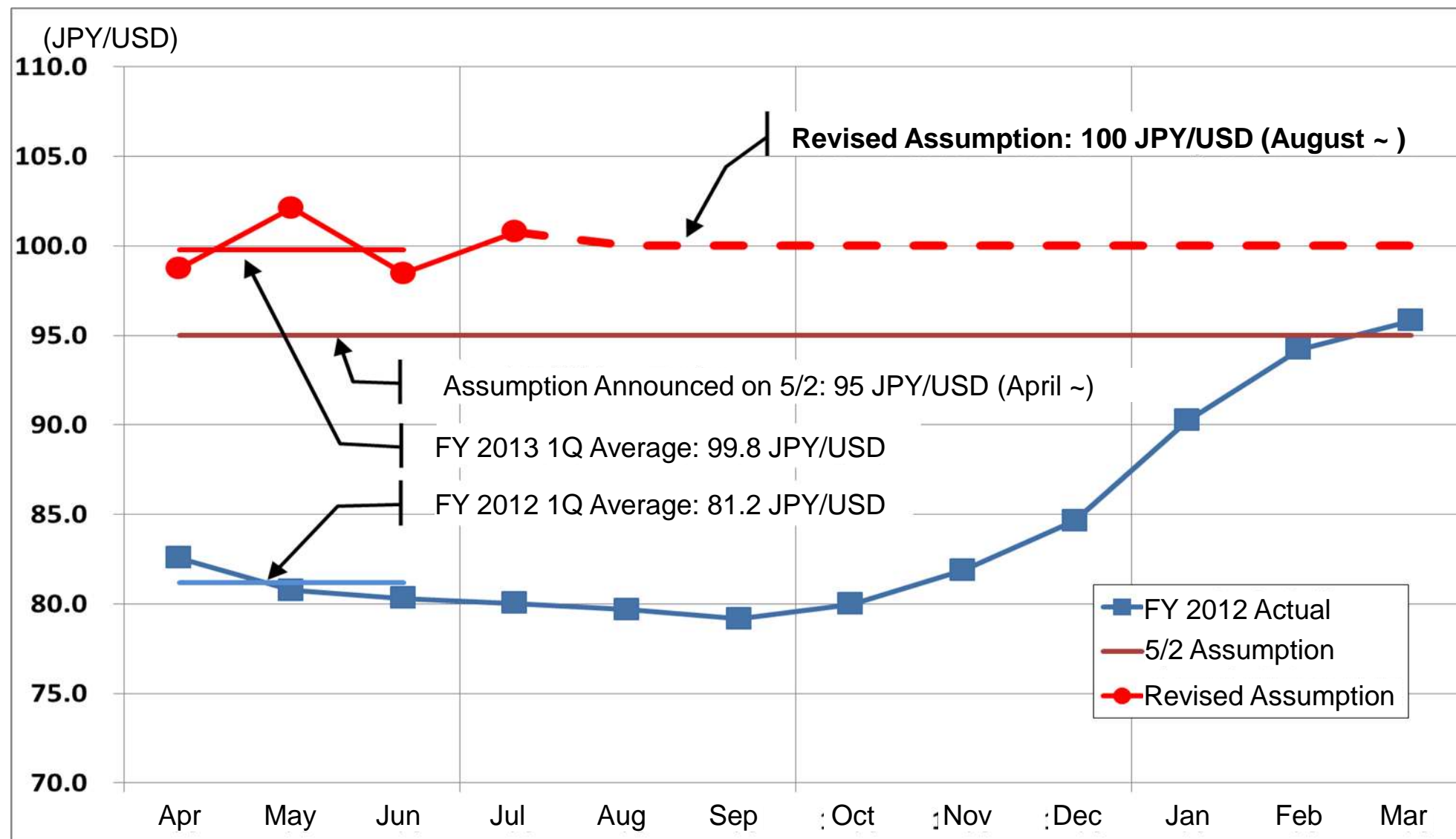
<Monthly Dubai Crude Oil Price Trends and Assumptions for Performance Forecasts>



JPY/USD Exchange Rate (TTS) Trends

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<Monthly JPY/USD (TTS) Trends and Assumptions for Performance Forecasts>



<FY 2013 1Q Financials>

- The impact of inventory valuation increased by ¥12.7 billion to ¥11.2 billion, mainly as a result of the depreciation of the Japanese yen
- The decrease in petroleum product margins and in earnings from the resources segment were more than offset by the increase in the impact of inventory valuation and in petrochemical product margins, and as a result, operating income increased by ¥5.0 billion year-on-year to ¥13.6 billion
- Net income increased by ¥22.9 billion to ¥22.6 billion, in part due to insurance payment received by the Australian coal business

<Forecast for FY 2013 Performance>

- We forecast that the decrease in petroleum product margins will be offset by the increase in the impact of inventory valuation following the revision of foreign exchange rate assumption from 95 JPY/USD in the previous announcement to 100 JPY/USD as well as the increase in petrochemical product margins
- While we have adjusted estimates for each segment, our FY 2013 operating income and net income forecasts remain unchanged at ¥79.0 billion and ¥51.0 billion, respectively

1. FY 2013 1st Quarter Financials

(1) Overview

1) Crude Oil / Exchange Rates

(Units: \$/Bbl., \$/Ton, ¥/\$)

	FY2012 1Q	FY2013 1Q	Change	
Crude Oil (DB FOB)	106.4	100.8	(5.6)	(5.2%)
Crude Oil (Brent)	118.5	112.6	(5.9)	(5.0%)
Naphtha Price (Customs)	1049	927	(122)	(11.6%)
Exchange Rate (TTS)	81.2	99.8	18.6	22.9%

* Brent prices are averages based on the calendar year (January-March).

2) Consolidated Income Statement (Summary)

(Units: ¥ billion)

	FY2012 1Q	FY2013 1Q	Change	
Net Sales	1,056.7	1,106.2	49.4	4.7%
Operating Income	8.7	13.6	5.0	57.5%
<i>(Inventory impact)</i>	(1.4)	11.2	12.7	—
<i>(Excluding inventory impact)</i>	10.1	2.4	(7.7)	(76.2%)
Non-operating Income/Loss	0.3	2.5	2.2	812.8%
Ordinary Income	8.9	16.1	7.2	80.5%
Extraordinary Gain/Loss	(0.4)	20.6	20.9	—
Net Income	(0.3)	22.6	22.9	—

* Gross average method of inventory valuation

* “Inventory impact” represents the impact of inventory valuation and the reduction in book value of inventory assets

* Figures rounded to the nearest billion yen

(2) Segment Information



1) Operating Income

(Units: ¥ billions)

	FY2012 1Q	FY2013 1Q	Change	
Petroleum Products	(5.0)	4.1	9.1	—
<i>(Excluding inventory impact)</i>	<i>(2.8)</i>	<i>(6.5)</i>	<i>(3.7)</i>	<i>—</i>
Petrochemical Products	1.7	9.9	8.2	480.4%
<i>(Excluding inventory impact)</i>	<i>1.0</i>	<i>9.3</i>	<i>8.3</i>	<i>847.5%</i>
Resources	13.4	1.5	(11.8)	(88.4%)
<i>Oil Exploration and Production</i>	<i>12.0</i>	<i>4.0</i>	<i>(8.0)</i>	<i>(66.8%)</i>
<i>Coal, etc.</i>	<i>1.4</i>	<i>(2.4)</i>	<i>(3.8)</i>	<i>—</i>
Others	0.1	(0.2)	(0.3)	—
Reconciliation	(1.5)	(1.8)	(0.3)	—
Total	8.7	13.6	5.0	57.5%
<i>(Excluding inventory impact)</i>	<i>10.1</i>	<i>2.4</i>	<i>(7.7)</i>	<i>(76.2%)</i>

* Fiscal years for Oil Exploration and Production included in the Resources Business and the Australian coal operations end in December

(2) Segment Information



2) Factors Causing Changes in Operating Income (YoY)

(Units: ¥ billions)

Petroleum Products **+9.1**

Decrease in product margins, etc.:	(4.0)	Refinery fuel costs, streamlining:	+0.3
Inventory impact:	+12.8		

Petrochemical Products **+8.2**

Increase in product margins:	+6.3	Mfg. fuel costs, time lag, etc.:	+1.9
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Oil Exploration and Production **(8.0)**

Volume, price-related:	(8.6)	Exploration costs, foreign exchange	+0.6
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Coal, etc./Others **(4.4)**

Price-related:	(5.3)	Foreign exchange:	(0.6)
Cost-related, others	+1.5		

2. Forecast for FY 2013 Performance

(1) Overview

1) Crude Oil / Exchange Rates

(Units: \$/Bbl., \$/Ton, ¥/\$)

	May 2 Forecast	Revised Forecast	Difference	
Crude Oil (DB FOB)	105.0	103.9	(1.1)	(1.0%)
Crude Oil (Brent)	108.0	109.1	1.1	1.0%
Naphtha Price (Customs)	918	920	2	0.2%
Exchange Rate (TTS)	95.0	99.9	4.9	5.2%

Assumptions (Aug~)
105.0
108.0
918
100.0

* Brent prices are averages based on the calendar year (January-December).

2) Consolidated Income Statement (Summary)

(Units: ¥ billions)

	May 2 Forecast	Revised Forecast	Difference	
Net Sales	4,550.0	4,900.0	350.0	7.7%
Operating Income	79.0	79.0	0.0	0.0%
<i>(Inventory impact)</i>	13.0	23.0	10.0	76.9%
<i>(Excluding inventory impact)</i>	66.0	56.0	(10.0)	(15.2%)
Non-operating Income/Loss	(5.5)	(1.0)	4.5	—
Ordinary Income	73.5	78.0	4.5	6.1%
Extraordinary Gain/Loss	16.5	16.5	0.0	0.0%
Net Income	51.0	51.0	0.0	0.0%

* Gross average method of inventory valuation

* “Inventory impact” represents the impact of inventory revaluation and the reduction in book value of inventory assets

* Figures rounded to the nearest billion yen

(2) Segment Information

1) Operating Income

(Units: ¥ billions)

	May 2 Forecast	Revised Forecast	Difference	
Petroleum Products	59.0	48.0	(11.0)	(18.6%)
<i>(Excluding inventory impact)</i>	<i>46.0</i>	<i>25.0</i>	<i>(21.0)</i>	<i>(45.7%)</i>
Petrochemical Products	15.0	22.0	7.0	46.7%
<i>(Excluding inventory impact)</i>	<i>15.0</i>	<i>22.0</i>	<i>7.0</i>	<i>46.7%</i>
Resources	8.0	12.0	4.0	50.0%
<i>Oil Exploration and Production</i>	<i>13.5</i>	<i>19.0</i>	<i>5.5</i>	<i>40.7%</i>
<i>Coal, etc.</i>	<i>(5.5)</i>	<i>(7.0)</i>	<i>(1.5)</i>	<i>—</i>
Others	2.0	2.0	0.0	0.0%
Reconciliation	(5.0)	(5.0)	0.0	—
Total	79.0	79.0	0.0	0.0%
<i>(Excluding inventory impact)</i>	<i>66.0</i>	<i>56.0</i>	<i>(10.0)</i>	<i>(15.2%)</i>

* Fiscal years for Oil Exploration and Production included in the Resources Business as well as the Australian coal operations end in December

(2) Segment Information



2) Factors Causing Changes in Operating Income (vs. Previous Announcement)

(Units: ¥ billions)

Petroleum Products **(11.0)**

Decrease in product margins, etc.:	(18.0)	Refinery fuel costs	(3.0)
Inventory impact:	+10.0		

Petrochemical Products **+7.0**

Increase in product margins, etc.:	+6.0	Mfg. fuel costs/time lag, etc.:	+1.0
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Oil Exploration and Production **+5.5**

Volume, price-related:	+2.4	Foreign exchange, etc.:	+3.1
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Coal, etc./Others **(1.5)**

Volume, price-related:	(3.8)	Foreign exchange:	+2.3
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(3) Streamlining

(Units: ¥ billions)

* Cost reduction targets and progress vs. FY2012	5/2 Forecast	FY2013 1Q Actual	FY2013 Forecast	(Reference) FY2015 Target
Petroleum Products <ul style="list-style-type: none"> Enhanced efficiency in facilities management Energy conservation/rationalization at refineries Rationalization of sales and logistics divisions etc. 	0.5	0.1	0.5	6.0
Petrochemical Products <ul style="list-style-type: none"> Enhanced efficiency in facilities management etc. 	0.5	0.1	0.5	2.0
Resources <ul style="list-style-type: none"> Enhanced efficiency at Australian coal mines Streamlining of oil exploration and production etc. 	4.0	1.0	4.0	7.0
Costs at Indirect Divisions <ul style="list-style-type: none"> Streamlining of administrative divisions 	3.0	0.7	3.0	5.0
Total	8.0	1.9	8.0	20.0

3. Reference Materials

1. Financial Reporting

(1) Net Sales by Segment

(2) Extraordinary Gains/Losses

(3) Consolidated Balance Sheet

2. Sensitivity

3. Sales and Production

(1) Sales/Production Volume

(2) Sales/Production Volume Forecast

4. Foreign Exchange

5. Market Conditions

6. Capacity Utilization at Refineries

7. Number of Service Stations

1. Financial Reporting



(1) – 1. FY 2013 1Q Net Sales by Segment

(Units: ¥ billions)

	FY2012 1Q	FY2013 1Q	Change	
Petroleum Products	864.7	918.2	53.5	6.2%
Petrochemical Products	134.7	149.0	14.3	10.6%
Resources	49.4	30.1	(19.3)	(39.0%)
<i>Oil Exploration and Production</i>	27.0	13.6	(13.4)	(49.7%)
<i>Coal, etc.</i>	22.4	16.5	(5.9)	(26.2%)
Other/Reconciliation	8.0	8.9	0.9	11.5%
Total	1,056.7	1,106.2	49.4	4.7%

1. Financial Reporting



(1) – 2. FY2012 Net Sales Forecast by Segment

(Units: ¥ billions)

	May 2 Forecast	Revised Forecast	Difference	
Petroleum Products	3,770.0	4,060.0	290.0	7.7%
Petrochemical Products	550.0	610.0	60.0	10.9%
Resources	180.0	180.0	0.0	0.0%
<i>Oil Exploration and Production</i>	<i>80.0</i>	<i>90.0</i>	<i>10.0</i>	<i>12.5%</i>
<i>Coal, etc.</i>	<i>100.0</i>	<i>90.0</i>	<i>(10.0)</i>	<i>(10.0%)</i>
Other/Reconciliation	50.0	50.0	0.0	0.0%
Total	4,550.0	4,900.0	350.0	7.7%

1. Financial Reporting

(2) Extraordinary Gains/Losses

(Units: ¥ billions)

		FY2012 1Q	FY2013 1Q	Change
	Gain on Sale of Fixed Assets	0.2	0.1	(0.1)
	Insurance Payment Received	—	20.9	20.9
	Other	0.1	0.0	(0.1)
Total Extraordinary Gains		0.3	21.0	20.7
	Loss on Sale and Depletion of Fixed Assets	0.3	0.3	(0.1)
	Other	0.3	0.1	(0.2)
Total Extraordinary Losses		0.7	0.4	(0.2)
Total Extraordinary Gains/Losses		(0.4)	20.6	20.9

1. Financial Reporting

(3) Consolidated Balance Sheet

(Units: ¥ billions)

	3/31/2013	6/30/2013	Change		3/31/2013	6/30/2013	Change
Cash and Deposits	116.8	132.2	15.3	Payables	405.3	433.8	28.5
Receivables	425.9	432.3	6.4	Short-term Borrowings	379.2	435.4	56.2
Inventory	646.4	674.9	28.4	Other Current Liabilities	399.6	369.9	(29.8)
Other Current Assets	122.0	90.7	(31.3)	Total Current Liabilities	1,184.1	1,239.1	54.9
				Long-term Borrowings	513.9	504.0	(9.9)
				Other Fixed Liabilities	342.5	359.6	17.1
Total Current Assets	1,311.2	1,330.1	18.8	Total Fixed Liabilities	856.4	863.7	7.3
Tangible Fixed Assets	1,030.3	1,042.4	12.1	Total Liabilities	2,040.5	2,102.7	62.2
(Land)	596.0	595.6	(0.5)	Shareholders' Equity	511.1	528.9	17.7
(Other)	434.3	446.8	12.5	Valuation and Translation Adjustment	142.4	154.3	11.8
Other Fixed Assets	386.9	447.9	61.0	Minority Interests	34.4	34.6	0.2
Total Fixed Assets	1,417.3	1,490.3	73.1	Total Net Assets	687.9	717.7	29.7
Total Assets	2,728.5	2,820.4	91.9	Total Liabilities and Net Assets	2,728.5	2,820.4	91.9

Total Interest-bearing Debt	896.4	942.6	46.2
Equity Ratio	24.0%	24.2%	0.3%

2. Sensitivity

(1) Impact of a US\$1/bbl. Increase in Crude Oil Prices on FY Earnings

Petroleum Products	Increase in refinery fuel costs, etc.	(¥ 0.3 billion)
	Inventory impact	¥ 2.4 billion
		¥ 2.1 billion
Oil Exploration & Production		¥ 0.6billion

(2) Impact of a 1 JPY/USD Depreciation on FY Earnings

Petroleum Products	Increase in refinery fuel costs, etc.	(¥ 0.4 billion)
	Inventory impact	¥ 2.8 billion
		¥ 2.4 billion
Oil Exploration & Production		—

- * In addition to the above, the resources and other businesses are impacted by fluctuations in exchange rates with other currencies (NOK, AUD, GBP, etc.)

3. Sales and Production



(1)—1.Sales Volume (Domestic Fuel Oil Sales Volume: Non-consolidated)

(Units:Thousand KL,%)

	FY 2012 1Q	FY 2013 1Q	Change	
Gasoline	2,065	2,032	(33)	(1.6%)
(Premium-Unleaded)	248	246	(2)	(0.6%)
(Regular-Unleaded)	1,817	1,786	(31)	(1.7%)
Naphtha	44	36	(8)	(18.2%)
Jet Fuel	349	392	43	+12.2%
Kerosene	398	417	19	+4.7%
Diesel Oil	1,343	1,386	43	+3.2%
Heavy Fuel Oil A	595	608	13	+2.2%
Heavy Fuel Oil C	902	744	(158)	(17.5%)
Toal Domestic Sales Volume	5,696	5,615	(81)	(1.4%)
Exported Volume	1,091	1,037	(54)	(4.9%)
(General Exports)	400	187	(213)	(53.3%)
Total Sales Volume	6,787	6,652	(135)	(2.0%)

3. Sales and Production

(1) — 2.Sales Volume (Petrochemical Products: Non-consolidated)

(Units:Thousand tons, %)

	FY 2012 1Q	FY 2013 1Q	Change	
Petrochemical Products-Total	697	754	57	+8.2%
(Basic Chemicals)	680	739	58	+8.6%
(Performance Chemicals)	17	15	(1)	(8.3%)

(1) — 3.Sales Volume (Lubricants)

(Units:Thousand KL,%)

	FY 2012 1Q	FY 2013 1Q	Change	
Lubricants	246	252	6	+2.4%

*Includes sales of overseas licenses

3. Sales and Production

(1) — 4. Oil Exploration & Production – Production Volume (including Gas)

(Units: Thousand BOED)

	FY 2012 1Q	FY 2013 1Q	Change	
Norway	24.3	24.3	0.1	0.3%
United Kingdom	4.4	2.6	(1.8)	(40.5%)
Vietnam	0.4	0.5	0.0	9.2%
Total('000BOED)	29.1	27.4	(1.7)	(5.8%)
Total('000BOE)	2,646	2,469	(176)	(6.7%)

*Figures based on interest owned by Idemitsu's resource development subsidiaries

(1) — 5. Coal – Production Volume

(Units: Thousand tons)

	FY 2012 1Q	FY 2013 1Q	Change	
Ensham(85%)	741	733	(8)	(1.1%)
Muswellbrook	317	366	49	15.5%
Boggabri	690	837	147	21.3%
Tarawonga(30%)	121	171	50	41.3%
Total Production Volume	1,869	2,107	238	12.7%

*Figures based on interest owned by Idemitsu Group

*Fiscal years for Oil Exploration and Production and Australian coal operations end in December

3. Sales and Production

(2) — 1. Sales Forecasts (Domestic Fuel Oil Sales Volume: Non-consolidated)

(Units: Thousand KL, %)

	May-2 Forecast	Revised Forecast	Difference	
Gasoline	8,540	8,540	0	0.0%
(Premium-Unleaded)	1,040	1,040	0	0.0%
(Regular-Unleaded)	7,500	7,500	0	0.0%
Naphtha	250	250	0	0.0%
Jet Fuel	1,560	1,580	20	1.3%
Kerosene	3,260	3,280	20	0.6%
Diesel Oil	5,630	5,700	70	1.2%
Heavy Fuel Oil A	2,940	2,960	20	0.7%
Heavy Fuel Oil C	3,440	3,430	(10)	(0.3%)
Toal Domestic Sales Volume	25,620	25,740	120	0.5%
Exported Volume	4,360	4,200	(160)	(3.7%)
(General Exports)	1,300	1,120	(180)	(13.8%)
Total Sales Volume	29,980	29,940	(40)	(0.1%)

3. Sales and Production

(2) — 2.Sales Forecasts (Petrochemical Products: Non-consolidated)

(Units: Thousand tons, %)

	May-2 Forecast	Revised Forecast	Difference	
Petrochemical Products-Total	3,230	3,270	40	1.2%
(Basic Chemicals)	3,160	3,210	50	1.6%
(Performance Chemicals)	70	60	(10)	(14.3%)

(2) — 3.Sales Forecasts (Lubricants)

(Units: Thousand KL, %)

	May-2 Forecast	Revised Forecast	Difference	
Lubricants	1,080	1,080	0	0.0%

*Includes sales of overseas licenses

3. Sales and Production

(2) —4.Oil Exploration & Production – Production Volume Forecasts (including Gas)

(Units:Thousand BOED)

	May-2 Forecast	Revised Forecast	Difference	
Norway	21.0	22.4	1.4	6.4%
United Kingdom	3.2	2.6	(0.6)	(17.8%)
Vietnam	0.4	0.4	(0.0)	(2.7%)
Total('000BOED)	24.6	25.4	0.8	3.2%
Total('000BOE)	8,980	9,270	290	3.2%

*Figures based on interest owned by Idemitsu's resource development subsidiaries

(2) —5. Coal – Production Volume Forecasts

(Units:Thousand tons)

	May-2 Forecast	Revised Forecast	Difference	
Ensham(85%)	4,120	4,030	(90)	(2.2%)
Muswellbrook	1,260	1,320	60	4.8%
Boggabri	5,010	4,390	(620)	(12.4%)
Tarawonga(30%)	590	630	40	6.8%
Total Production Volume	10,980	10,370	(610)	(5.6%)

*Figures based on interest owned by Idemitsu Group

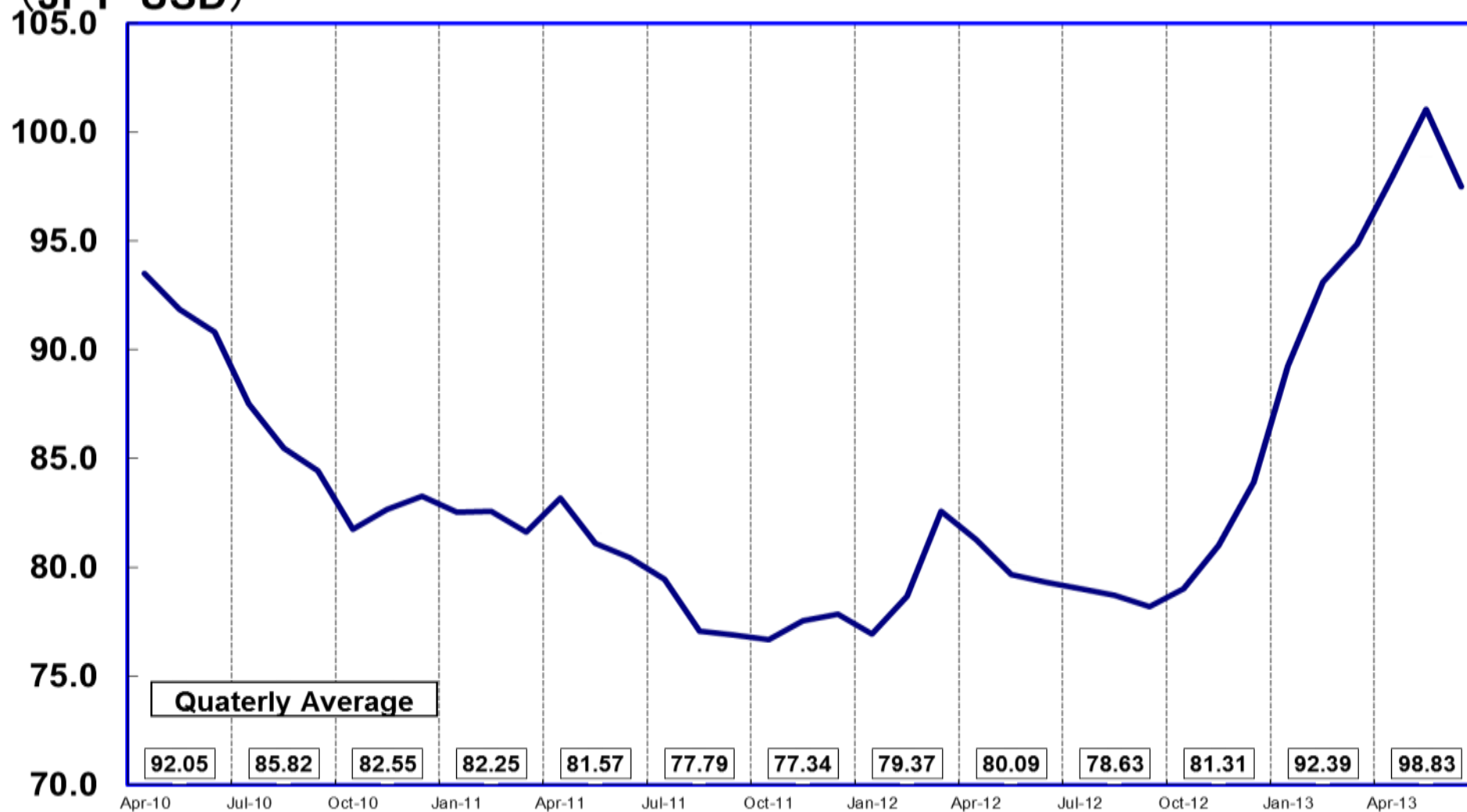
*Fiscal years for Oil Exploration and Production and Australian coal operations end in December

4. Foreign Exchange

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(1) USD

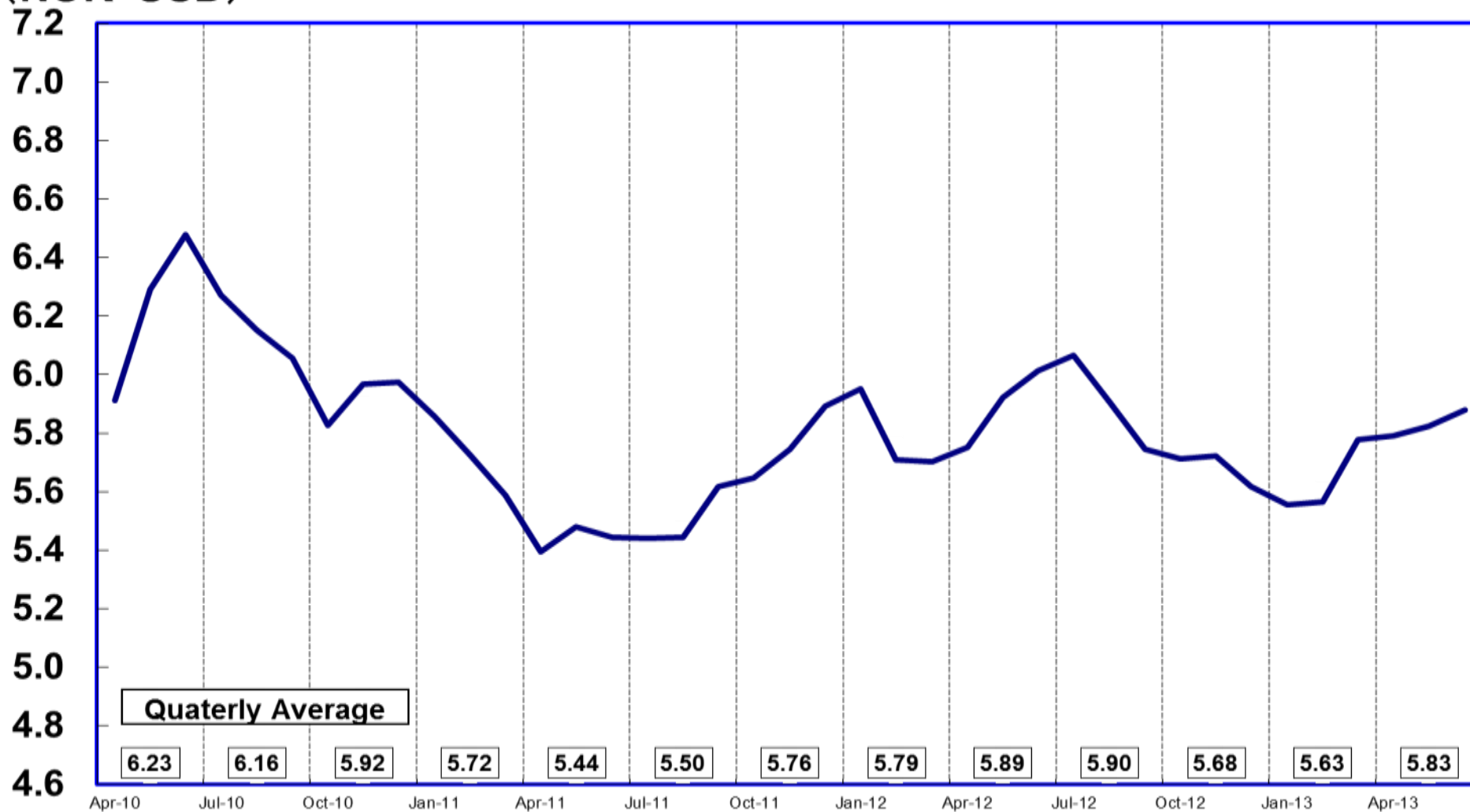
(JPY・USD)



4. Foreign Exchange

(2) Norwegian Krone

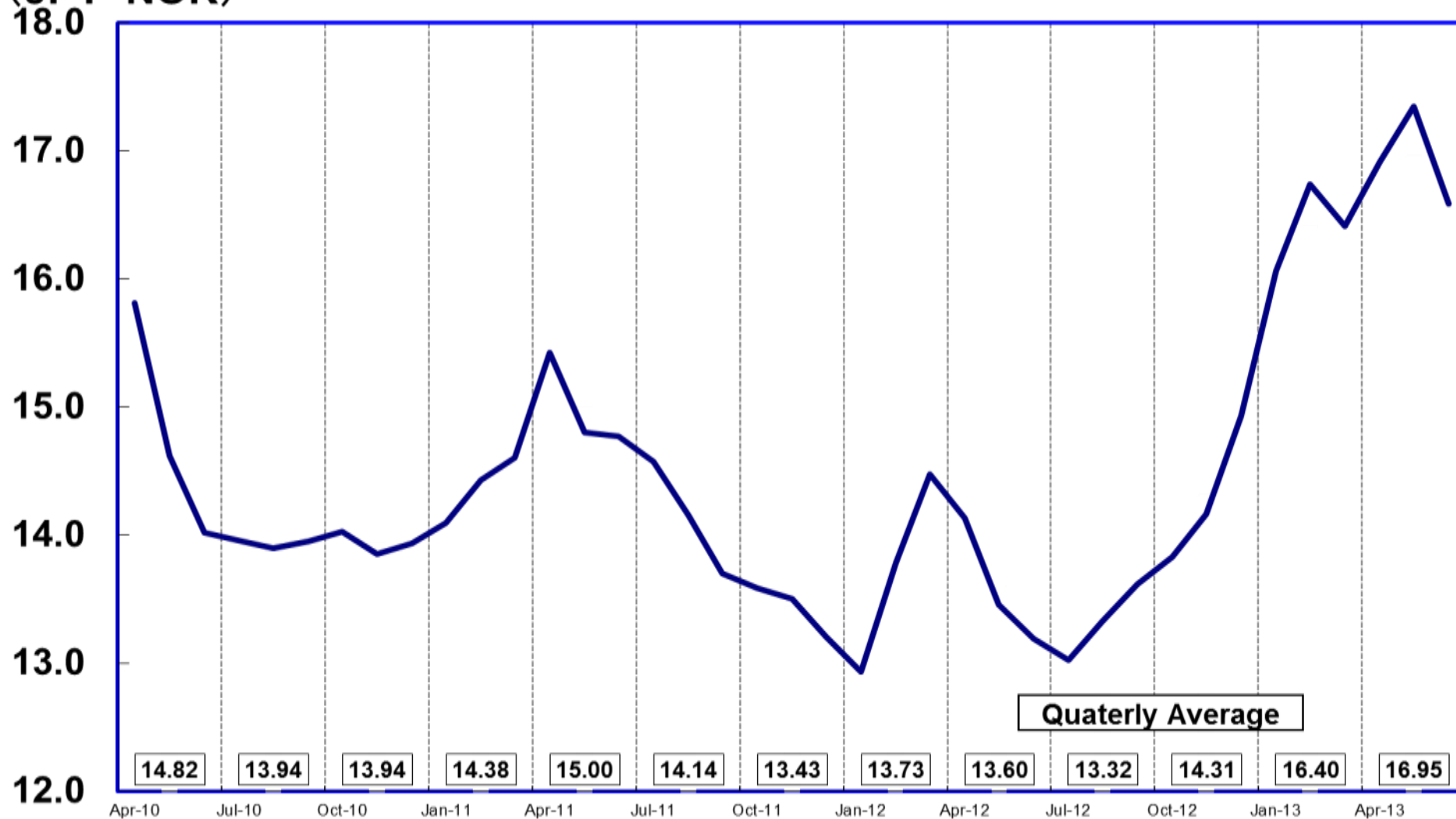
(NOK-USD)



4. Foreign Exchange

(3) Norwegian Krone

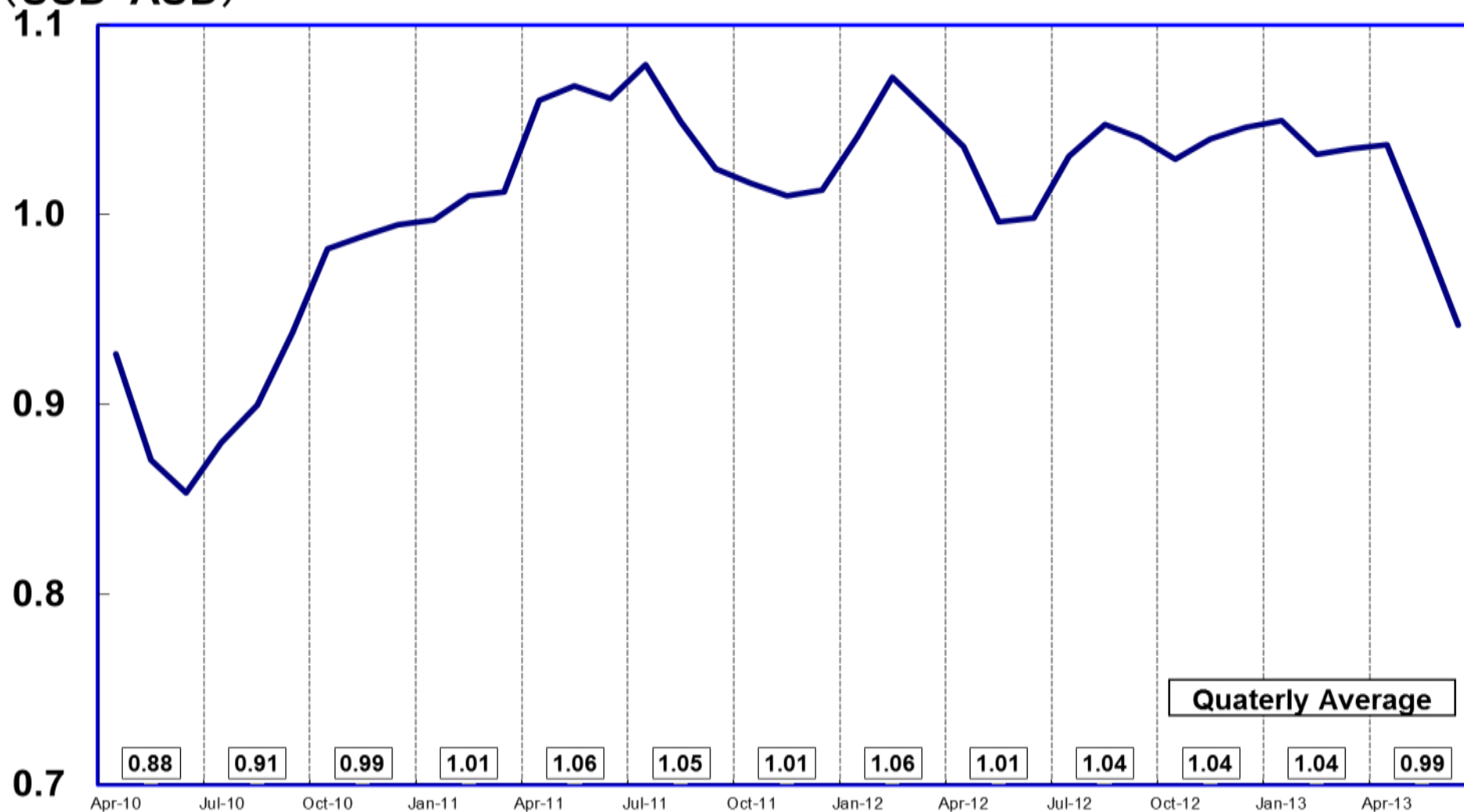
(JPY・NOK)



4. Foreign Exchange

(4) Australian Dollar

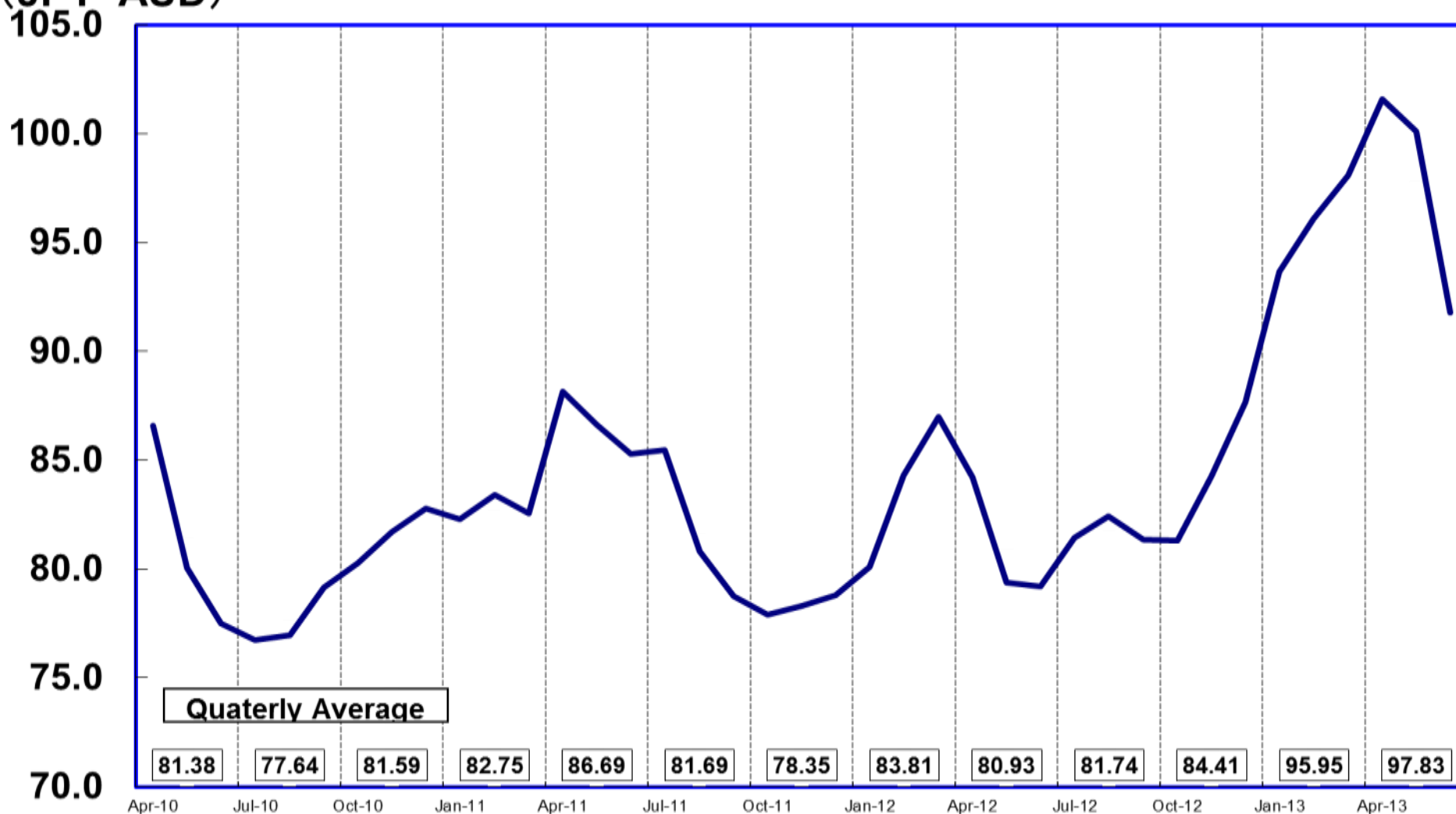
(USD・AUD)



4. Foreign Exchange

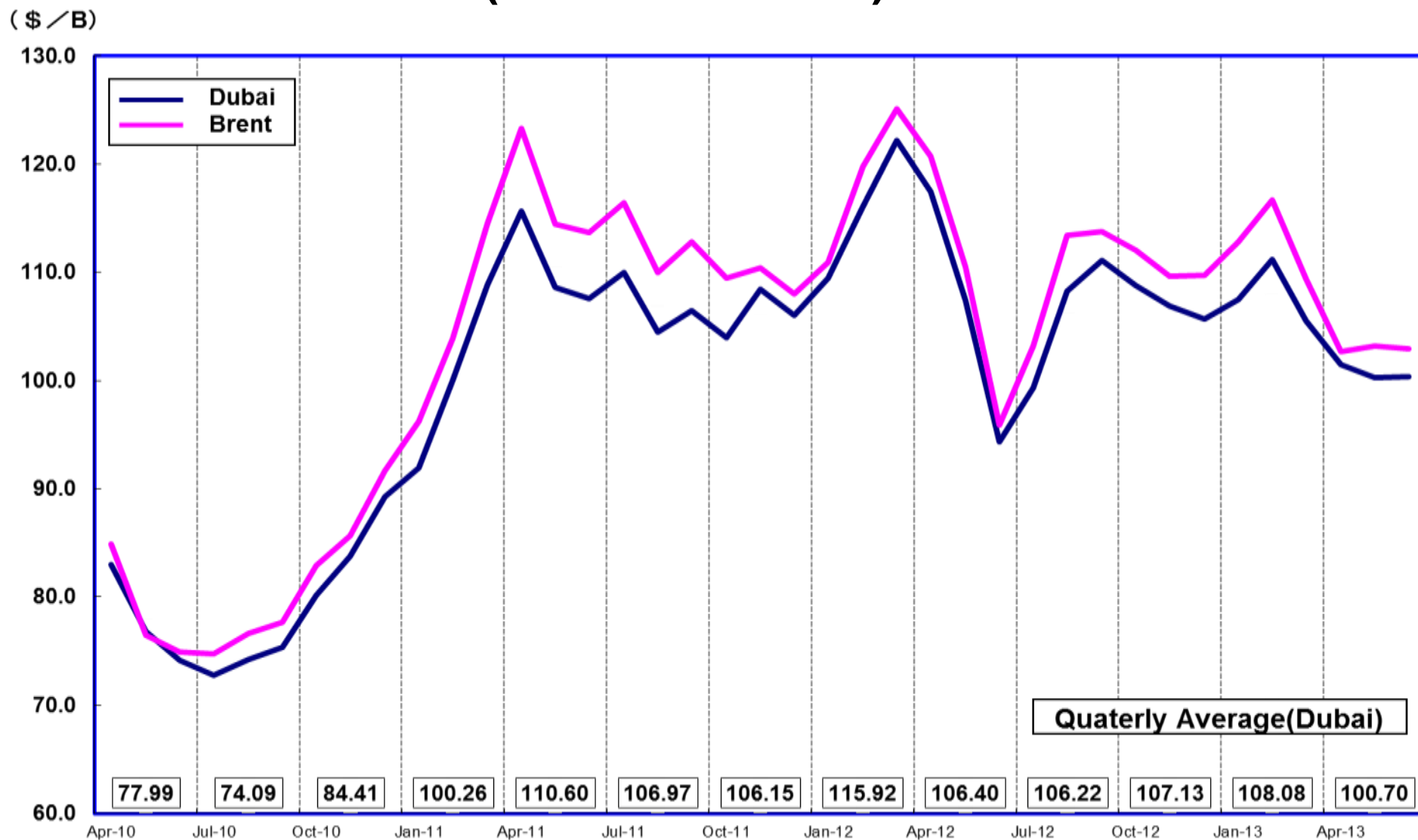
(5) Australian Dollar

(JPY・AUD)



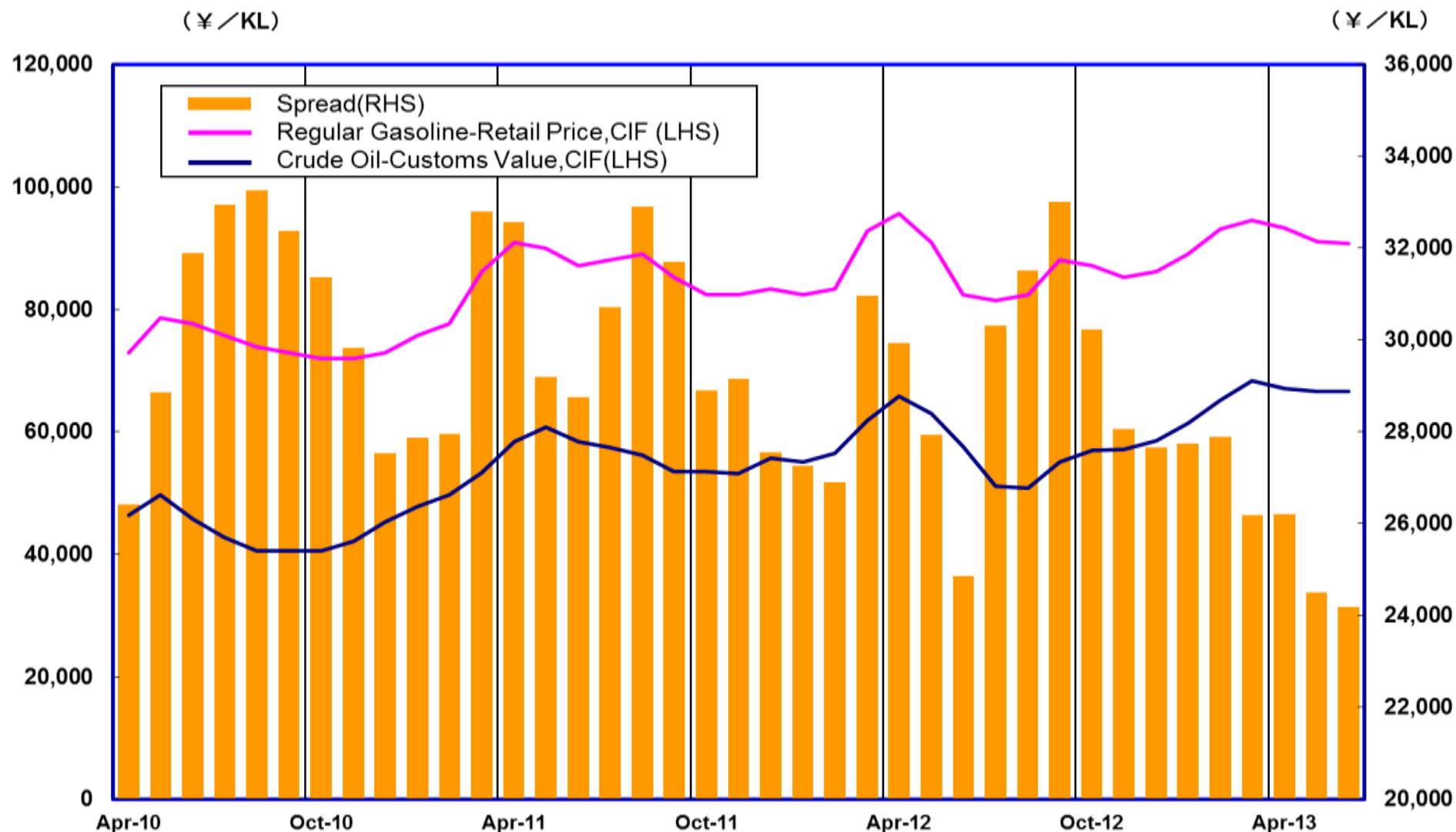
5. Market Conditions

(1) Crude Oil Prices (Dubai and Brent)



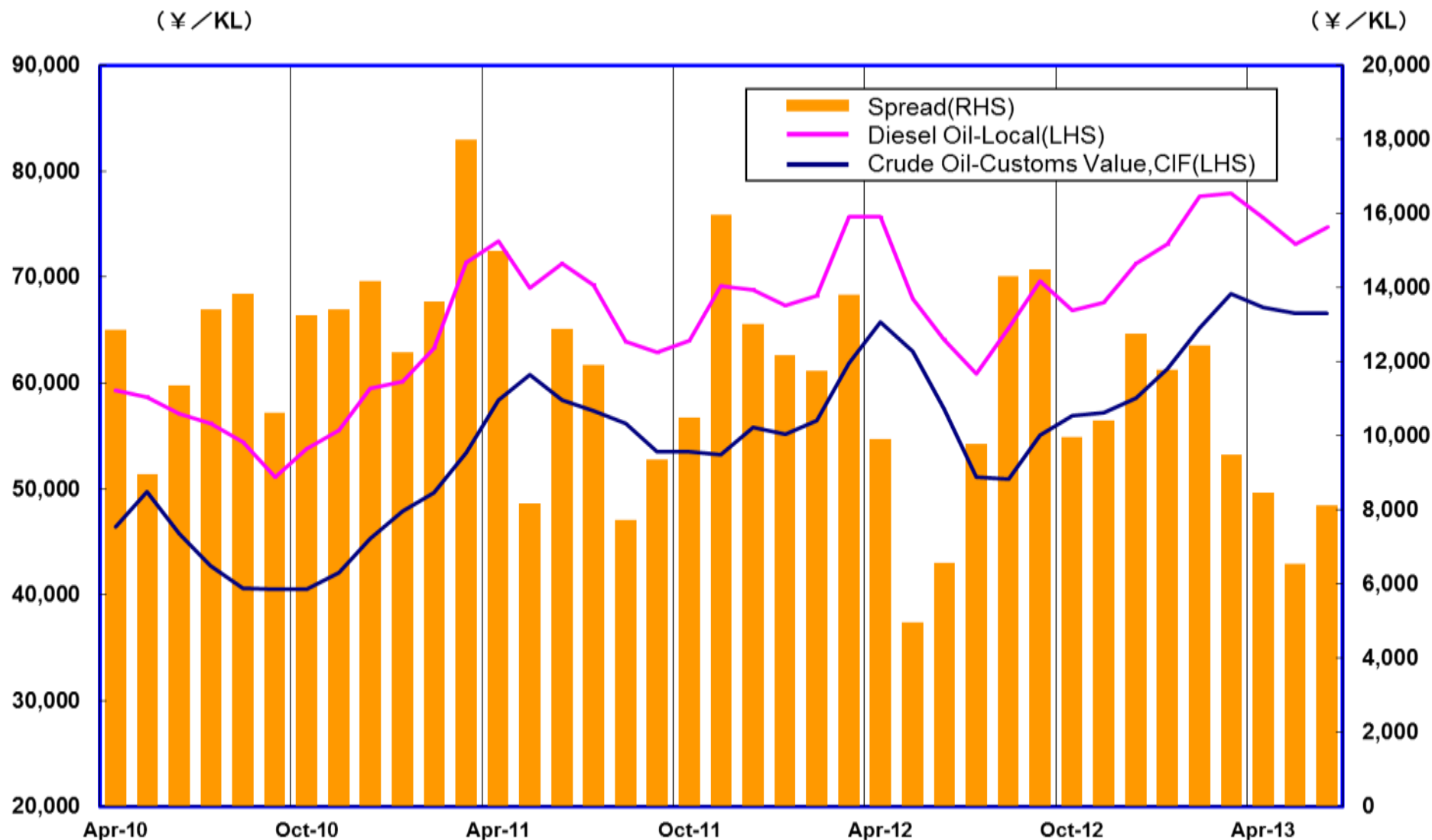
5. Market Conditions

(2) Gasoline, Crude Oil CIF (Prices and Spreads)



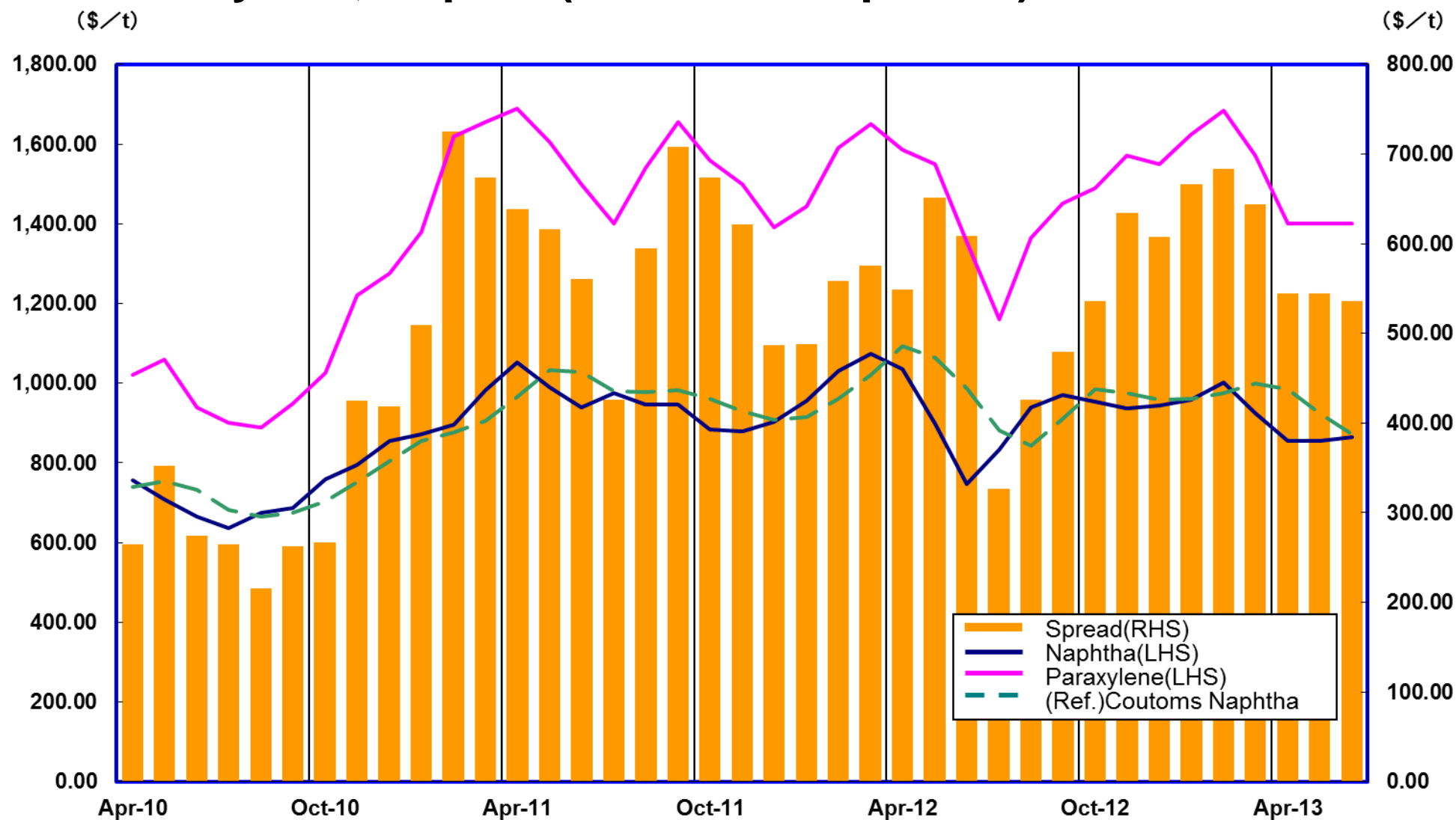
5. Market Conditions

(3) Diesel Oil – Crude Oil CIF (Prices and Spreads)



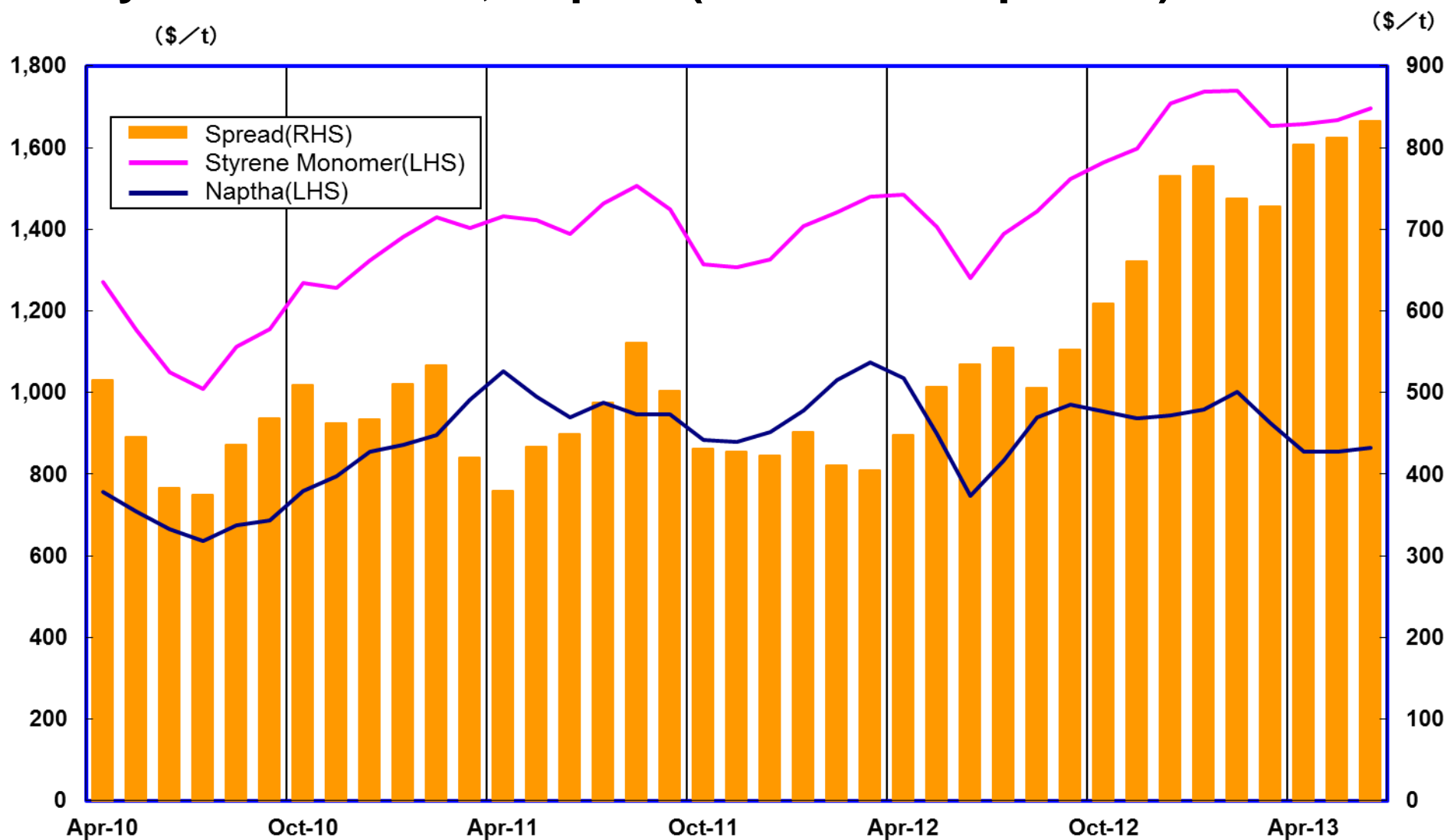
5. Market Conditions

(4) Paraxylene, Naptha (Prices and Spreads)

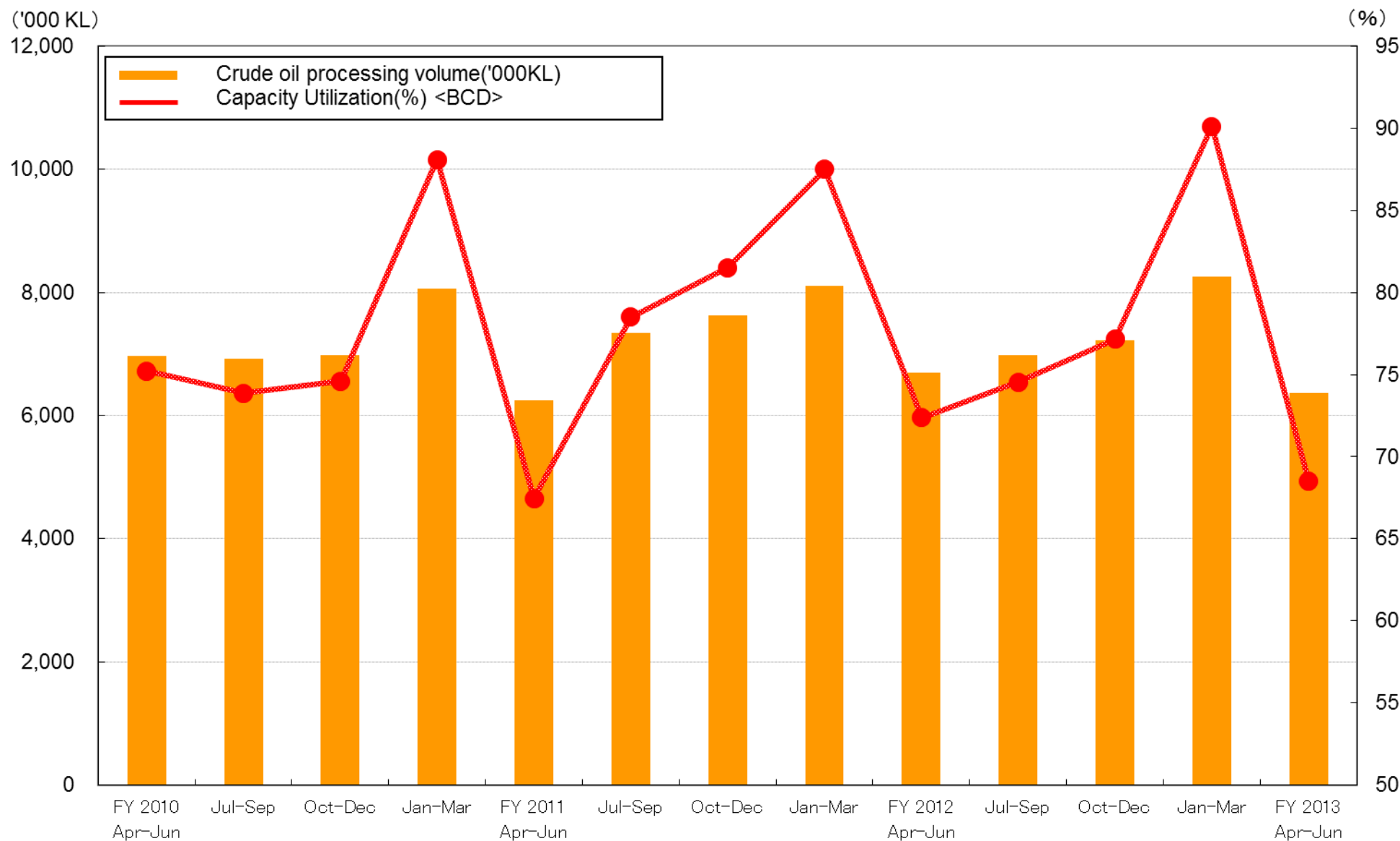


5. Market Conditions

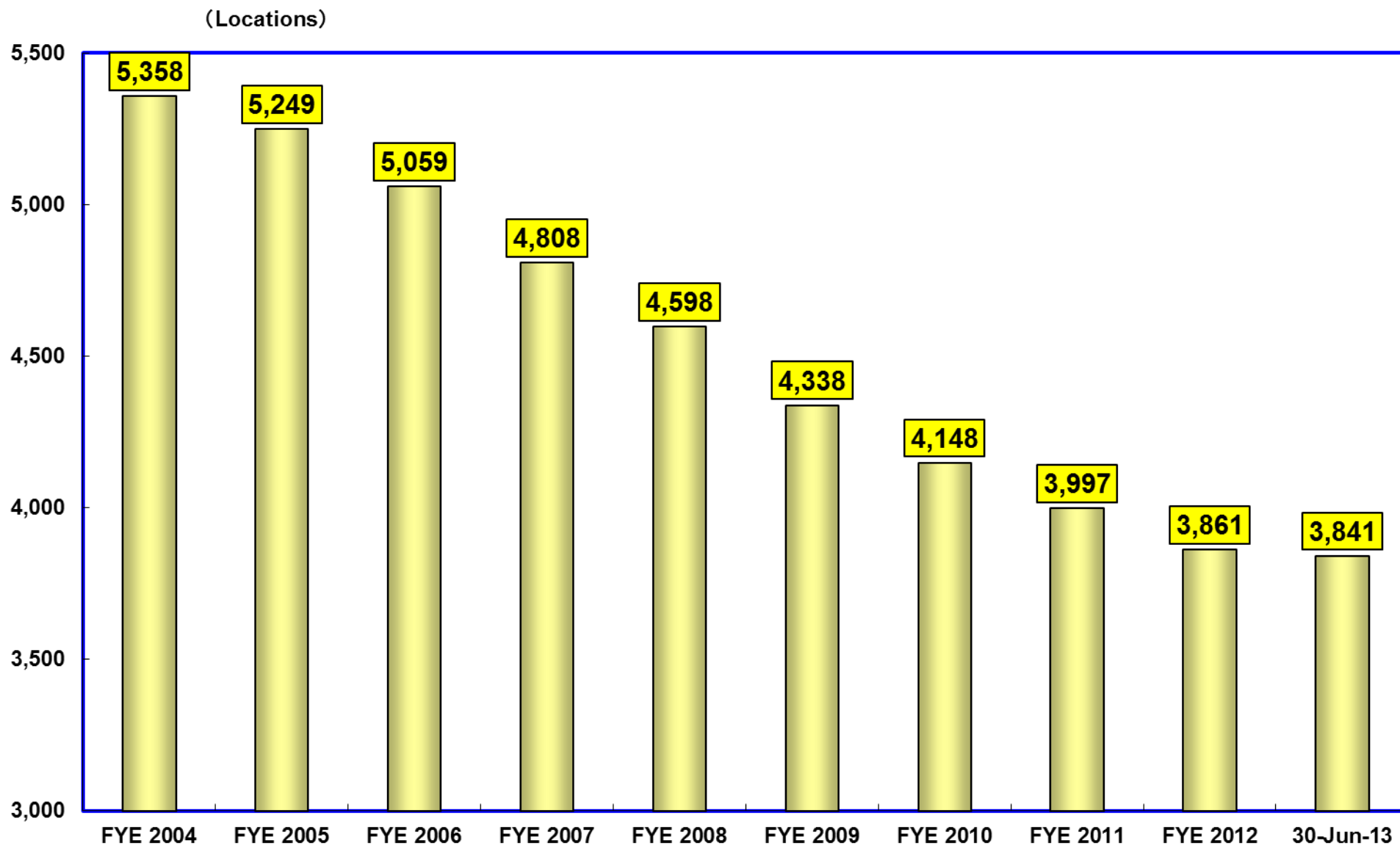
(5) Styrene Monomer, Naptha (Prices and Spreads)



6. Capacity Utilization at Refineries



7. Number of Service Stations



Any information about forecasts for the Company's operating results, management strategy and management policy contained in this documents other than historical facts is prepared, according to judgments made by the top management of the Company based on information available as of the publication of the document.

Actual business environments contain potential risk factors and uncertainties including economic situations, crude oil prices, trends in petroleum products, market conditions, currency exchange rates and interest rates.

Consequently, actual operating results of the Company may substantially differ from forecasts due to changes in the important factors mentioned above.

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