

Presentation on Results for the 2nd Quarter FY 2013

Idemitsu Kosan Co., Ltd.

November 5, 2013

1. FY 2013 2nd Quarter Financials

(1) Overview

(2) Segment Information

2. Forecast for FY 2013 Performance

(1) Overview

(2) Segment Information

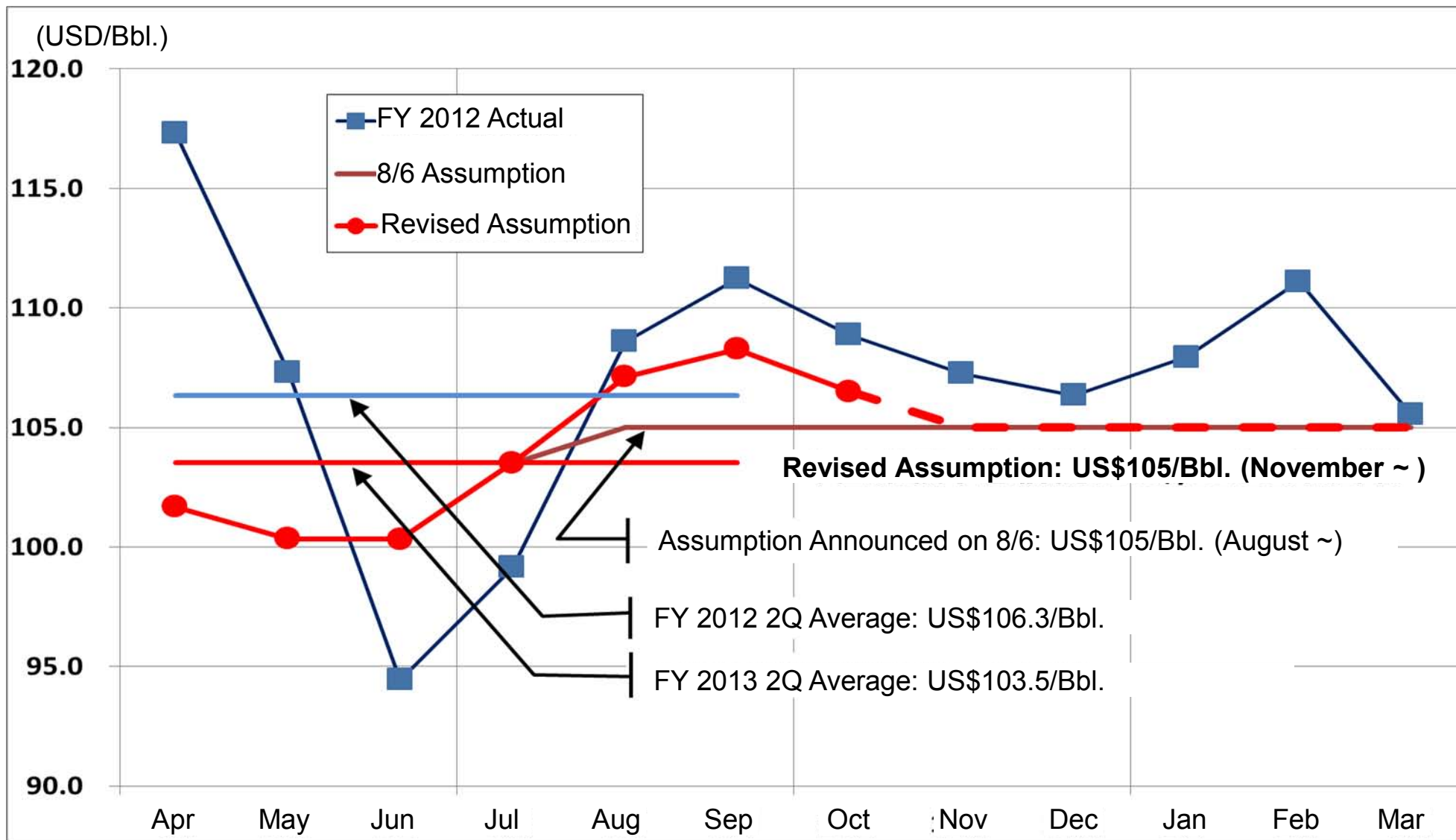
(3) Progress on the Forth Consolidated Medium-term Management Plan

3. Reference Materials

Crude Oil Price Trends



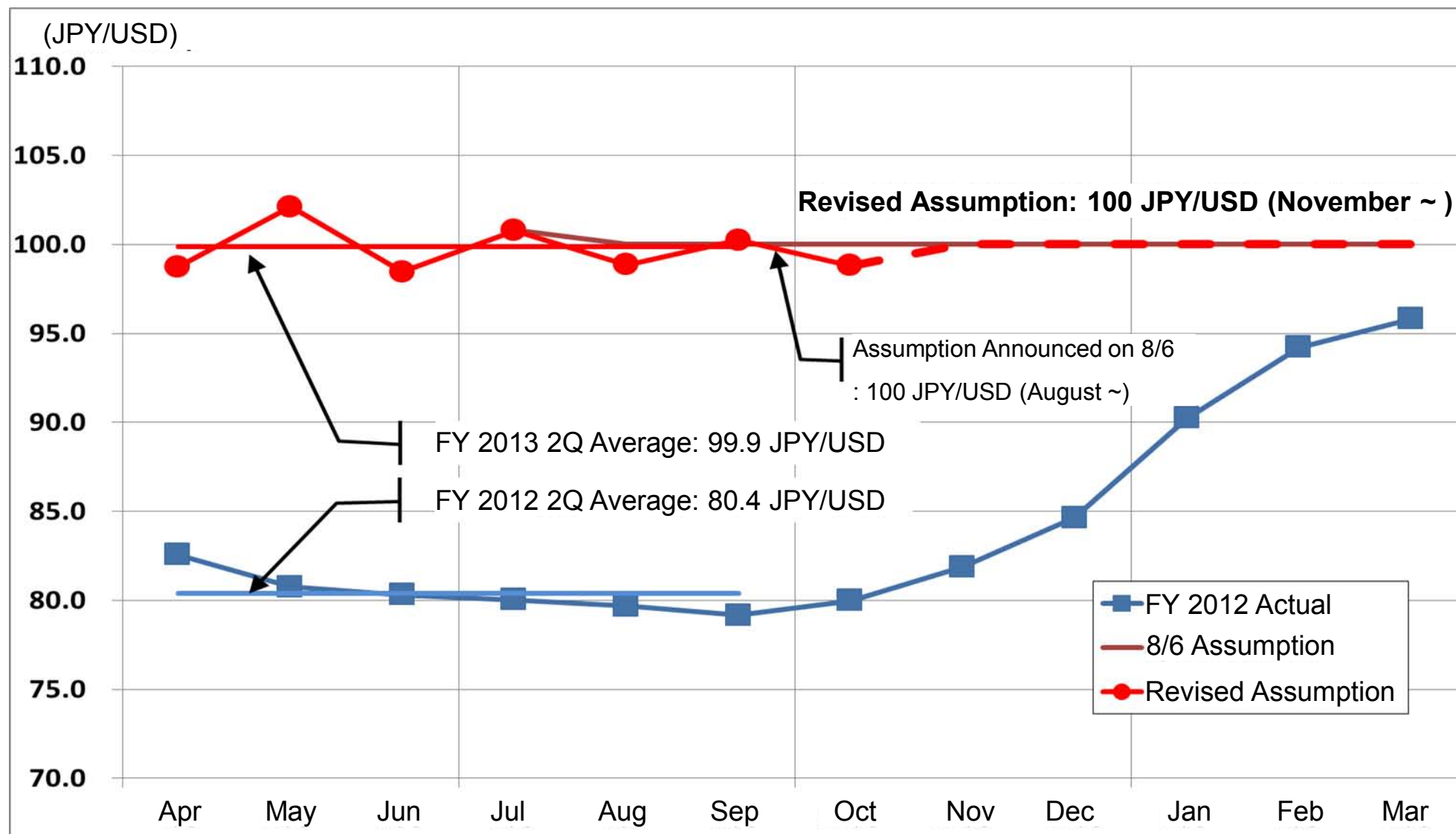
<Monthly Dubai Crude Oil Price Trends and Assumptions for Performance Forecasts>



JPY/USD Exchange Rate (TTS) Trends

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



<FY 2013 2Q Financials>

- 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 ¥23.5 billion year-on-year to ¥51.4 billion

The impact of inventory valuation increased by ¥27.8 billion to ¥16.2 billion, mainly as a result of the depreciation of the Japanese yen

- Net income increased by ¥36.4 billion to ¥38.8 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, etc. will be offset by the increase in petrochemical product margins, etc.
- We revised our operating income and net income forecasts upward by ¥9.0 billion and ¥6 billion, respectively, to ¥88.0 billion and ¥57.0 billion, respectively

1. FY 2013 2nd Quarter Financials

(1) Overview

1) Crude Oil / Exchange Rates

(Units: \$/Bbl., \$/Ton, ¥/\$)

	FY2012 2Q	FY2012 2Q	Change	
Crude Oil (DB FOB)	106.3	103.5	(2.8)	(2.6%)
Crude Oil (Brent)	113.3	107.5	(5.8)	(5.1%)
Naphtha Price (Customs)	958	917	(41)	(4.3%)
Exchange Rate (TTS)	80.4	99.9	19.5	24.3%

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

2) Consolidated Income Statement (Summary)

(Units: ¥ billion)

	FY2012 1Q	FY2012 2Q	Change	
Net Sales	2,052.4	2,347.0	294.6	14.4%
Operating Income	27.9	51.4	23.5	84.1%
<i>(Inventory impact)</i>	(11.6)	16.2	27.8	—
<i>(Excluding inventory impact)</i>	39.5	35.3	(4.3)	(10.9%)
Non-operating Income/Loss	(4.0)	(4.0)	(0.0)	—
Ordinary Income	23.9	47.4	23.5	98.3%
Extraordinary Gain/Loss	(1.4)	20.3	21.7	—
Net Income	2.4	38.8	36.4	1,485.6%

* 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)

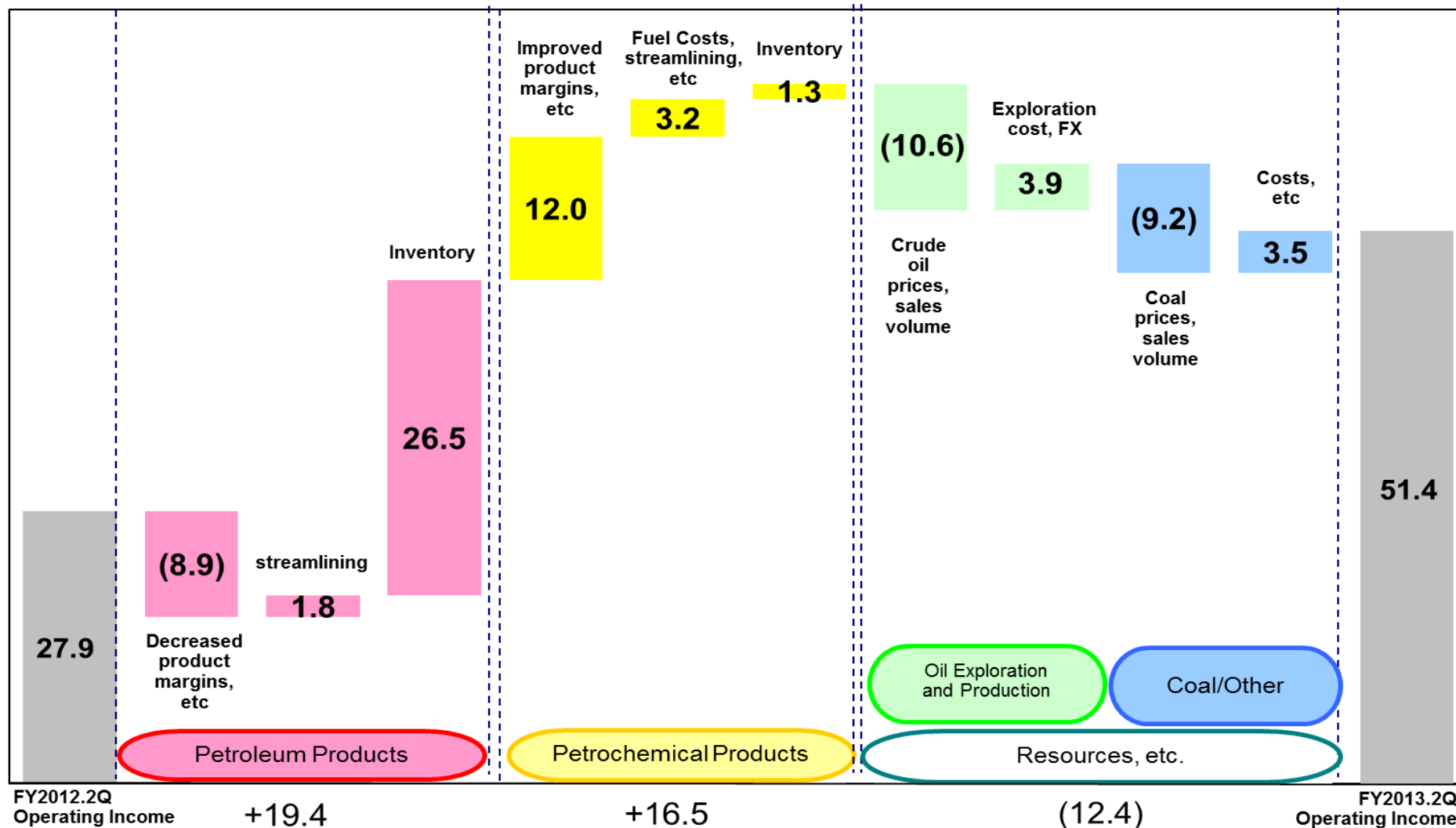
	FY2012 2Q	FY2013 2Q	Change	
Petroleum Products	5.1	24.5	19.4	384.0%
<i>(Excluding inventory impact)</i>	15.6	8.6	(7.1)	(45.2%)
Petrochemical Products	5.7	22.2	16.5	291.6%
<i>(Excluding inventory impact)</i>	6.7	21.9	15.2	226.0%
Resources	19.0	7.2	(11.9)	(62.4%)
<i>Oil Exploration and Production</i>	18.6	11.9	(6.7)	(35.9%)
<i>Coal, etc.</i>	0.5	(4.8)	(5.2)	—
Others	0.5	(0.1)	(0.6)	—
Reconciliation	(2.3)	(2.3)	0.0	—
Total	27.9	51.4	23.5	84.1%
<i>(Excluding inventory impact)</i>	39.5	35.3	(4.3)	(10.9%)

* 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)



2. Forecast for FY 2013 Performance

(1) Overview

1) Crude Oil / Exchange Rates

(Units: \$/Bbl., \$/Ton, ¥/\$)

	August 6 Forecast	Revised Forecast	Difference	
Crude Oil (DB FOB)	103.9	104.3	0.4	0.4%
Crude Oil (Brent)	109.1	107.8	(1.3)	(1.2%)
Naphtha Price (Customs)	920	917	(3)	(0.3%)
Exchange Rate (TTS)	99.9	99.9	0.0	0.0%

Assumptions (Nov~)
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)

	August 6 Forecast	Revised Forecast	Difference	
Net Sales	4,900.0	4,980.0	80.0	1.6%
Operating Income	79.0	88.0	9.0	11.4%
<i>(Inventory impact)</i>	23.0	25.0	2.0	8.7%
<i>(Excluding inventory impact)</i>	56.0	63.0	7.0	12.5%
Non-operating Income/Loss	(1.0)	(1.0)	0.0	—
Ordinary Income	78.0	87.0	9.0	11.5%
Extraordinary Gain/Loss	16.5	16.5	0.0	0.0%
Net Income	51.0	57.0	6.0	11.8%

* 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)

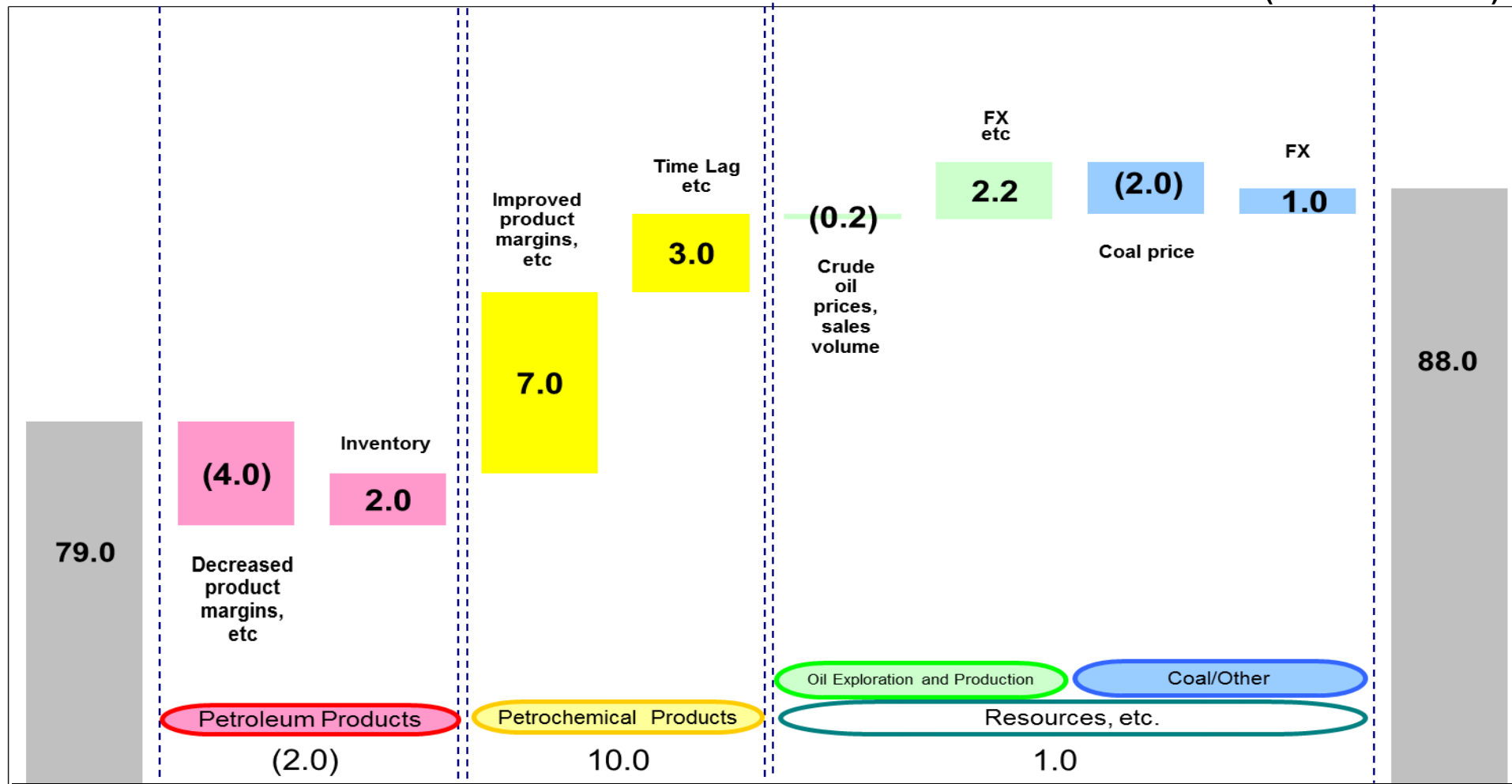
	August 6 Forecast	Revised Forecast	Difference	
Petroleum Products	48.0	46.0	(2.0)	(4.2%)
<i>(Excluding inventory impact)</i>	25.0	21.0	(4.0)	(16.0%)
Petrochemical Products	22.0	32.0	10.0	45.5%
<i>(Excluding inventory impact)</i>	22.0	32.0	10.0	45.5%
Resources	12.0	13.0	1.0	8.3%
<i>Oil Exploration and Production</i>	19.0	21.0	2.0	10.5%
<i>Coal, etc.</i>	(7.0)	(8.0)	(1.0)	—
Others	2.0	2.0	0.0	0.0%
Reconciliation	(5.0)	(5.0)	0.0	—
Total	79.0	88.0	9.0	11.4%
<i>(Excluding inventory impact)</i>	56.0	63.0	7.0	12.5%

* 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. 8/6 Announcement)

(Units: ¥ billions)



FY2013 Forecast
(Announced 8/6)

Revised FY2013
Forecast

(3) Progress on the Forth Consolidated Medium-term Management Plan



1) Management Indicators

(Unit: ¥billion)	FY2012	FY2013	
	Actual	Medium-term Plan	Forecast
Net Sales	4,374.7	4,550.0	4,980.0
Operating Income*	122.2	89.0	103.4
Net Income	50.2	51.0	57.0
ROIC**	7.7%	5.5%	6.1%
Equity Ratio	24.0%	23.4%	24.7%
Net D/E Ratio	1.2	1.3	1.3

* Operating Income: Includes equity-method investment income/losses and dividends received

** ROIC (Return on Invested Capital): Shareholders' equity + interest-bearing debt + minority interests

<Major Assumption>

Crude Oil Price (DB)	107.1\$/bbl	105.0\$/bbl	104.3\$/bbl
Exchange Rate(TTS)	84.1¥/U\$	90.0¥/U\$	99.9¥/U\$

(3) Progress on the Forth Consolidated Medium-term Management Plan



2) Operating Income by Strategic Segment

(Unit: ¥billion)

	FY2012 Actual	FY2013			FY2013 2Q Actual
		Medium-term Plan	Forecast	Difference	
Core (% of Total)	65.4 68%	60.0 79%	60.0 77%	0.0 (2%)	27.0 65%
Resources (% of Total)	21.5 22%	7.0 9%	11.0 14%	4.0 5%	7.8 19%
Functional Materials (% of Total)	12.3 13%	13.0 17%	12.0 15%	(1.0) (2%)	7.3 18%
Shared	(3.1)	(4.0)	(5.0)	(1.0)	(0.6)
Subtotal (excluding inventory impact)	96.1	76.0	78.0	2.0	41.5
Inventory Impact	26.1	13.0	25.0	12.0	16.2
Total	122.2	89.0	103.0	14.0	57.7

*Operating income includes equity-method investment income and dividends received

(3) Progress on the Forth Consolidated Medium-term Management Plan



(Units: ¥ billions)

3) Streamlining

* Cost reduction targets and progress vs. FY2012

	8/6 Forecast	FY2013 2Q 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	0.3	0.5	6.0
Petrochemical Products <ul style="list-style-type: none"> Enhanced efficiency in facilities management etc. 	0.5	0.2	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	2.0	4.0	7.0
Costs at Indirect Divisions <ul style="list-style-type: none"> Streamlining of administrative divisions 	3.0	1.5	3.0	5.0
Total	8.0	4.0	8.0	20.0

3. Reference Materials

1. Financial Reporting

(1) Net Sales by Segment

(2) Extraordinary Gains/Losses

(3) Consolidated Balance Sheet

(4) Consolidated Statement of Cash Flows

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 2Q Net Sales by Segment

(Units: ¥ billions)

	FY2012 2Q	FY2013 2Q	Change	
Petroleum Products	1,700.7	1,933.3	232.6	13.7%
Petrochemical Products	252.7	313.8	61.1	24.2%
Resources	82.5	79.4	(3.1)	(3.7%)
<i>Oil Exploration and Production</i>	44.4	38.0	(6.5)	(14.6%)
<i>Coal, etc.</i>	38.1	41.5	3.4	8.9%
Other/Reconciliation	16.5	20.5	4.0	23.9%
Total	2,052.4	2,347.0	294.6	14.4%

1. Financial Reporting



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

(Units: ¥ billions)

	August 6 Forecast	Revised Forecast	Difference	
Petroleum Products	4,060.0	4,130.0	70.0	1.7%
Petrochemical Products	610.0	610.0	0.0	0.0%
Resources	180.0	190.0	10.0	5.6%
<i>Oil Exploration and Production</i>	<i>90.0</i>	<i>100.0</i>	<i>10.0</i>	<i>11.1%</i>
<i>Coal, etc.</i>	<i>90.0</i>	<i>90.0</i>	<i>0.0</i>	<i>0.0%</i>
Other/Reconciliation	50.0	50.0	0.0	0.0%
Total	4,900.0	4,980.0	80.0	1.6%

1. Financial Reporting

(2) Extraordinary Gains/Losses

(Units : ¥ billions)

	FY2012 2Q	FY2013 2Q	Change
Gain on Sale of Fixed Assets	0.6	0.6	0.0
Insurance Payment Received	—	21.1	21.1
Other	0.1	2.6	2.4
Total Extraordinary Gains	0.7	24.3	23.5
Loss on Sale and Depletion of Fixed Assets	1.1	1.0	(0.0)
Impairment Loss on Fixed Assets	0.4	2.1	1.8
Loss on Revaluation of Investment Securities	0.7	0.1	(0.6)
Other	0.0	0.8	0.8
Total Extraordinary Losses	2.1	4.0	1.9
Total Extraordinary Gains/Losses	(1.4)	20.3	21.7

1. Financial Reporting

(3) Consolidated Balance Sheet

(Units: ¥ billions)

	3/31/2013	9/30/2013	Change		3/31/2013	9/30/2013	Change
Cash and Deposits	116.8	108.6	(8.3)	Payables	405.3	381.6	(23.7)
Receivables	425.9	364.6	(61.3)	Short-term Borrowings	379.2	358.9	(20.3)
Inventory	646.4	671.0	24.5	Other Current Liabilities	399.6	326.5	(73.1)
Other Current Assets	122.0	98.8	(23.2)	Total Current Liabilities	1,184.1	1,067.0	(117.2)
				Long-term Borrowings	513.9	582.5	68.6
				Other Fixed Liabilities	342.5	352.8	10.3
Total Current Assets	1,311.2	1,242.9	(68.3)	Total Fixed Liabilities	856.4	935.3	78.9
Tangible Fixed Assets	1,030.3	1,043.5	13.2	Total Liabilities	2,040.5	2,002.2	(38.3)
(Land)	596.0	594.1	(1.9)	Shareholders' Equity	511.1	545.4	34.2
(Other)	434.3	449.4	15.1	Valuation and Translation Adjustment	142.4	153.0	10.6
Other Fixed Assets	386.9	450.6	63.7	Minority Interests	34.4	36.4	2.0
Total Fixed Assets	1,417.3	1,494.1	76.9	Total Net Assets	687.9	734.8	46.9
Total Assets	2,728.5	2,737.1	8.6	Total Liabilities and Net Assets	2,728.5	2,737.1	8.6

Total Interest-bearing Debt	896.4	944.4	48.0
Equity Ratio	24.0%	25.5%	1.6%

1. Financial Reporting

(4) Consolidated Statement of Cash Flows

(Units: ¥ billions)

	FY2012 2Q	FY2013 2Q	Change
CF from Operating Activities	31.4	19.2	(12.2)
Net Income before Tax Adjustments	22.5	67.7	45.2
Depreciation Expense	27.0	30.8	3.8
Increase in Sales Receivables and Inventory	109.7	45.2	(64.4)
Other	(127.7)	(124.4)	3.3
CF from Investing Activities	(29.8)	(70.8)	(40.9)
Purchase of Tangible Fixed Assets	(27.5)	(34.8)	(7.3)
Other	(2.3)	(36.0)	(33.6)
CF from Financing Activities	(20.7)	37.3	58.0
Increase (Decrease) in Borrowings	(13.2)	43.1	56.3
Other	(7.5)	(5.9)	1.7
Translation Gains/Losses	0.9	5.3	4.4
Increase in Cash and Cash Equivalents	18.2	(8.9)	9.3
Cash and Cash Equivalents - Beginning Balance	171.1	116.4	(54.6)
Cash and Cash Equivalents - Ending Balance	152.9	107.5	(45.3)

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		¥ 0.6 billion

(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 2Q	FY 2013 2Q	Change	
Gasoline	4,325	4,308	17	0.4%
(Premium-Unleaded)	527	514	(13)	(2.6%)
(Regular-Unleaded)	3,797	3,794	(3)	(0.1%)
Naphtha	100	105	5	5.4%
Jet Fuel	748	848	100	13.4%
Kerosene	700	724	24	3.4%
Diesel Oil	2,791	2,860	69	2.5%
Heavy Fuel Oil A	1,260	1,207	(52)	(4.2%)
Heavy Fuel Oil C	2,020	1,567	(453)	(22.4%)
Toal Domestic Sales Volume	11,942	11,618	(323)	(2.7%)
Exported Volume	1,998	2,084	86	4.3%
(General Exports)	602	540	(62)	(10.3%)
Total Sales Volume	13,939	13,702	(237)	(1.7%)

3. Sales and Production



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

(Units: Thousand tons, %)

	FY 2012 2Q	FY 2013 2Q	Change	
Petrochemical Products-Total	1,385	1,561	176	12.7%
(Basic Chemicals)	1,351	1,532	181	13.4%
(Performance Chemicals)	35	29	(6)	(16.2%)

(1) — 3. Sales Volume (Lubricants)

(Units: Thousand KL, %)

	FY 2012 2Q	FY 2013 2Q	Change	
Lubricants	481	509	28	5.8%

*Includes sales of overseas licenses

3. Sales and Production

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

(Units: Thousand BOED)

	FY 2012 2Q	FY 2013 2Q	Change	
Norway	24.0	24.5	0.5	2.2%
United Kingdom	4.0	2.8	(1.2)	(29.7%)
Vietnam	0.4	0.4	0.1	14.8%
Total('000BOED)	28.4	27.7	(0.6)	(2.2%)
Total('000BOE)	5,160	5,020	(140)	(2.7%)

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

(1) — 5. Coal – Production Volume

(Units: Thousand tons)

	FY 2012 2Q	FY 2013 2Q	Change	
Ensham(85%)	1,491	1,808	317	21.3%
Muswellbrook	521	582	61	11.7%
Boggabri	1,498	1,900	402	26.8%
Tarawonga(30%)	266	333	67	25.2%
Total Production Volume	3,776	4,623	847	22.4%

*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, %)

	August-6 Forecast	Revised Forecast	Difference	
Gasoline	8,540	8,570	30	0.4%
(Premium-Unleaded)	1,040	1,040	0	0.0%
(Regular-Unleaded)	7,500	7,530	30	0.4%
Naphtha	250	280	30	12.0%
Jet Fuel	1,580	1,640	60	3.8%
Kerosene	3,280	3,290	10	0.3%
Diesel Oil	5,700	5,730	30	0.5%
Heavy Fuel Oil A	2,960	2,900	(60)	(2.0%)
Heavy Fuel Oil C	3,430	3,260	(170)	(5.0%)
Total Domestic Sales Volume	25,740	25,670	(70)	(0.3%)
Exported Volume	4,200	4,270	70	1.7%
(General Exports)	1,120	1,300	180	16.1%
Total Sales Volume	29,940	29,940	0	0.0%

3. Sales and Production



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

(Units:Thousand tons, %)

	August-6 Forecast	Revised Forecast	Difference	
Petrochemical Products-Total	3,270	3,210	(60)	(1.8%)
(Basic Chemicals)	3,210	3,150	(60)	(1.9%)
(Performance Chemicals)	60	60	0	0.0%

(2) — 3.Sales Forecasts (Lubricants)

(Units:Thousand KL,%)

	August-6 Forecast	Revised Forecast	Difference	
Lubricants	1,080	1,060	(20)	(1.9%)

*Includes sales of overseas licenses

3. Sales and Production

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

(Units:Thousand BOED)

	August-6 Forecast	Revised Forecast	Difference	
Norway	22.4	22.6	0.2	1.0%
United Kingdom	2.6	2.6	(0.0)	(1.9%)
Vietnam	0.4	0.4	(0.0)	(3.8%)
Total('000BOED)	25.4	25.6	0.1	0.7%
Total('000BOE)	9,270	9,330	60	0.7%

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

(2) —5. Coal – Production Volume Forecasts

(Units:Thousand tons)

	August-6 Forecast	Revised Forecast	Difference	
Ensham(85%)	4,030	4,140	110	2.7%
Muswellbrook	1,320	1,320	0	0.0%
Boggabri	4,390	4,780	390	8.9%
Tarawonga(30%)	630	590	(40)	(6.3%)
Total Production Volume	10,370	10,830	460	4.4%

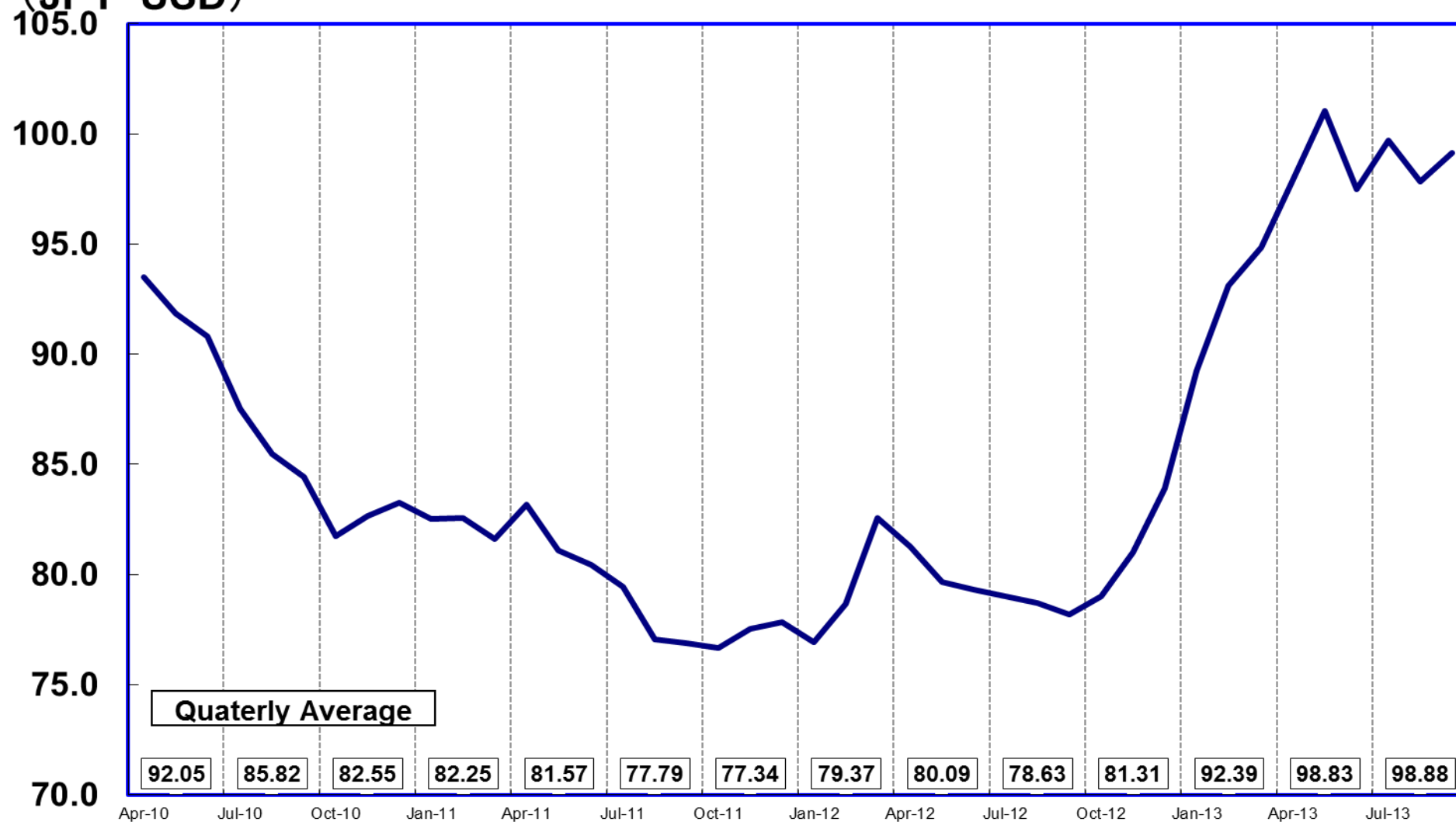
*Figures based on interest owned by Idemitsu Group

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4. Foreign Exchange

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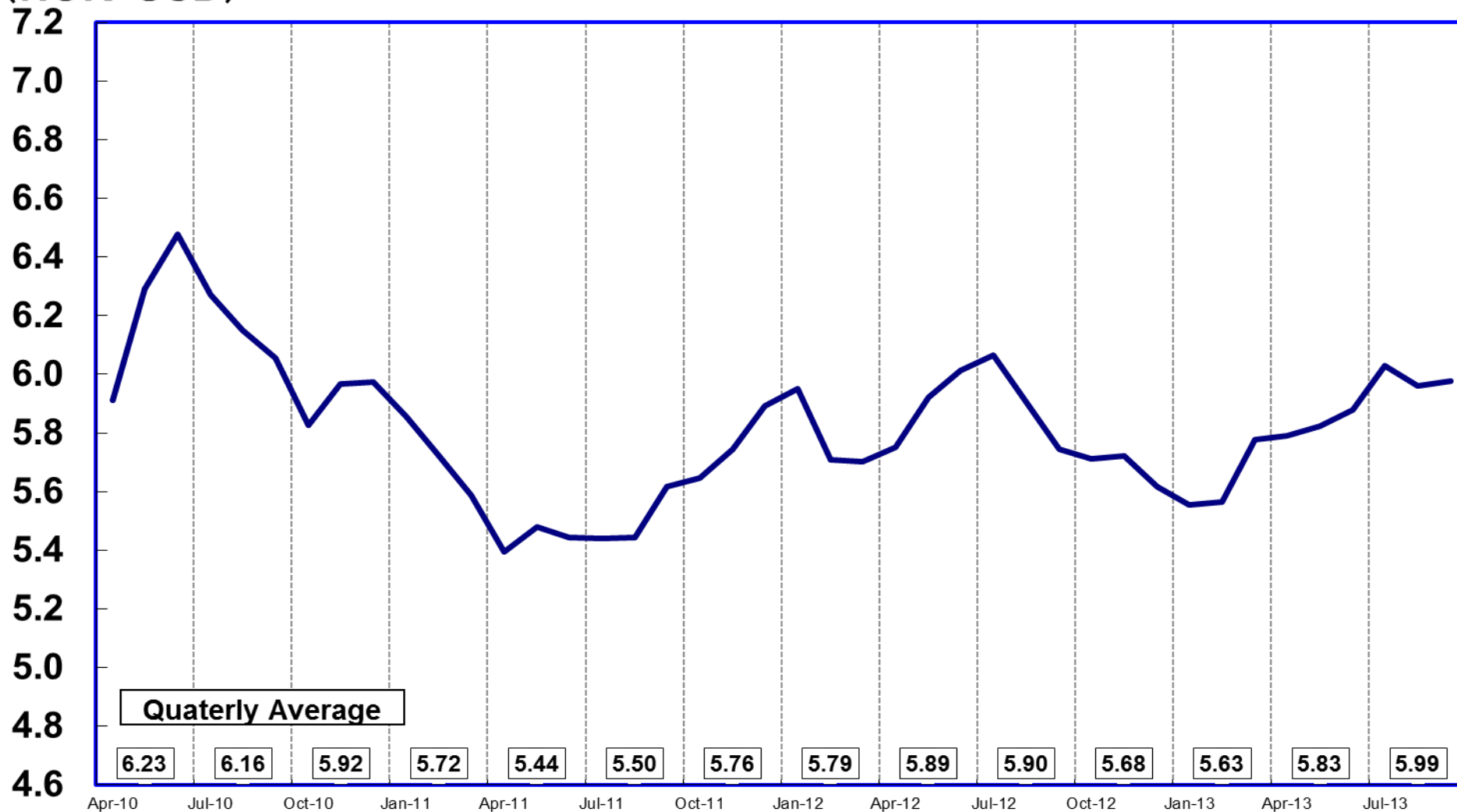
(1) USD (JPY・USD)



4. Foreign Exchange

(2) Norwegian Krone

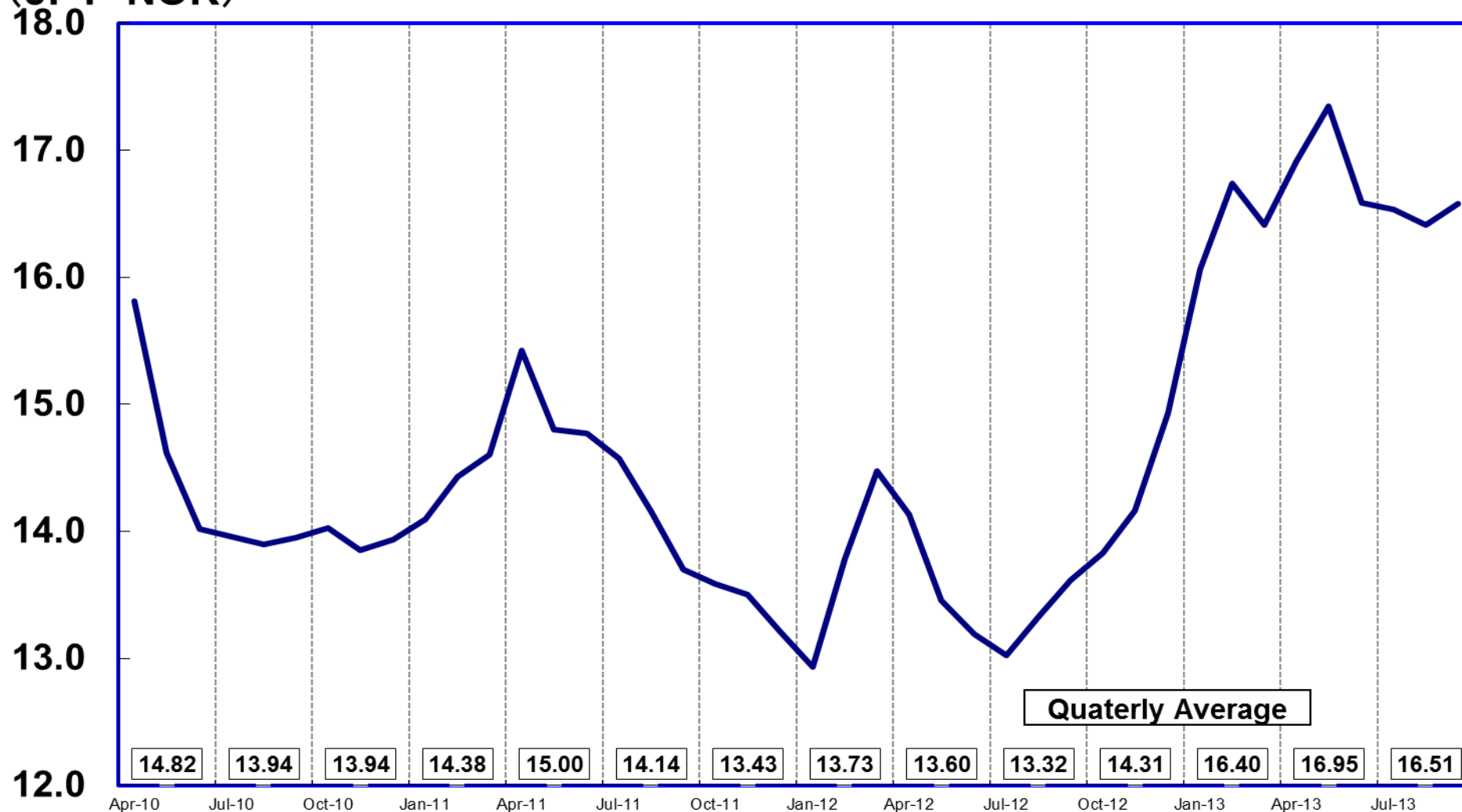
(NOK-USD)



4. Foreign Exchange

(3) Norwegian Krone

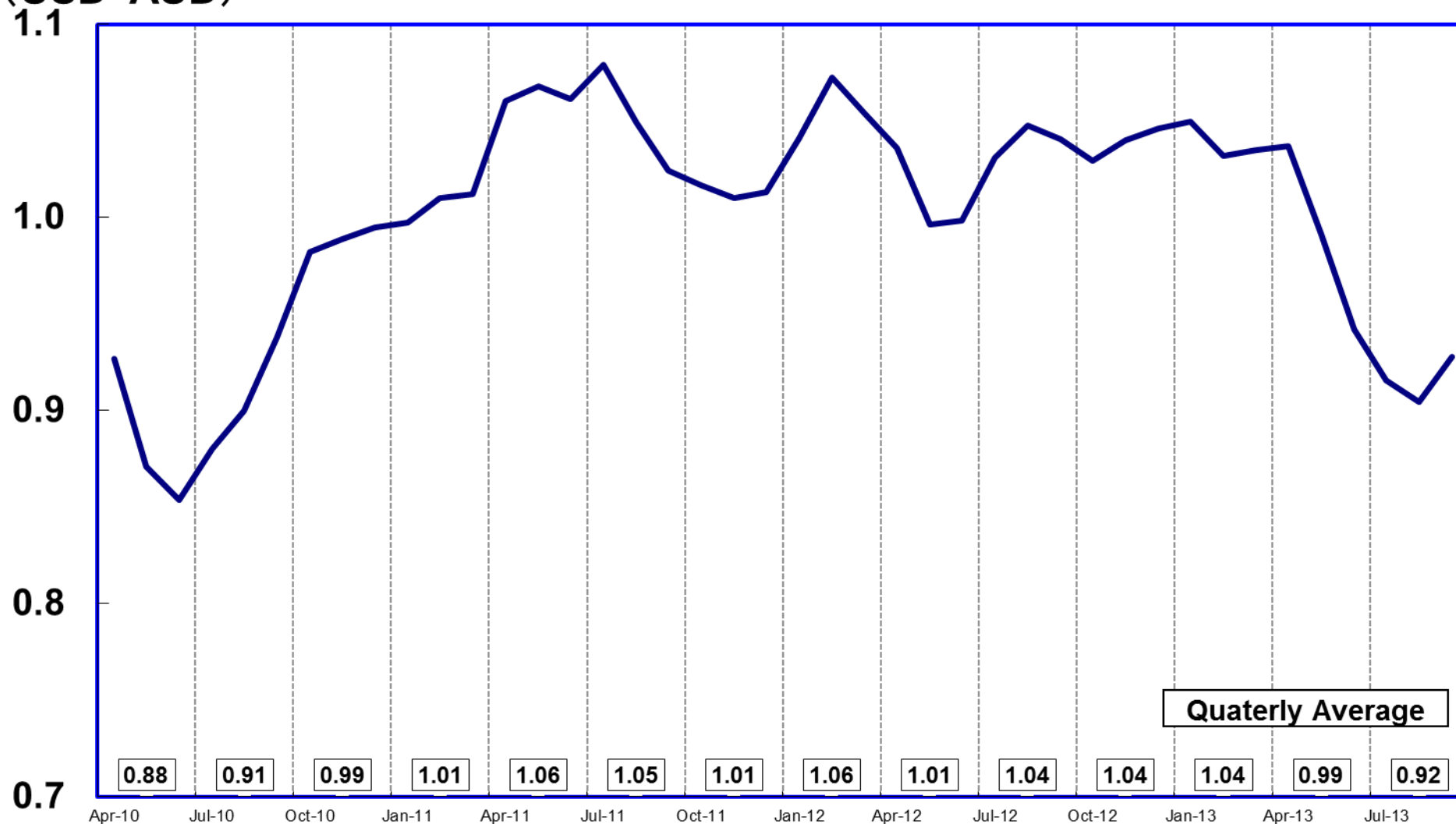
(JPY・NOK)



4. Foreign Exchange

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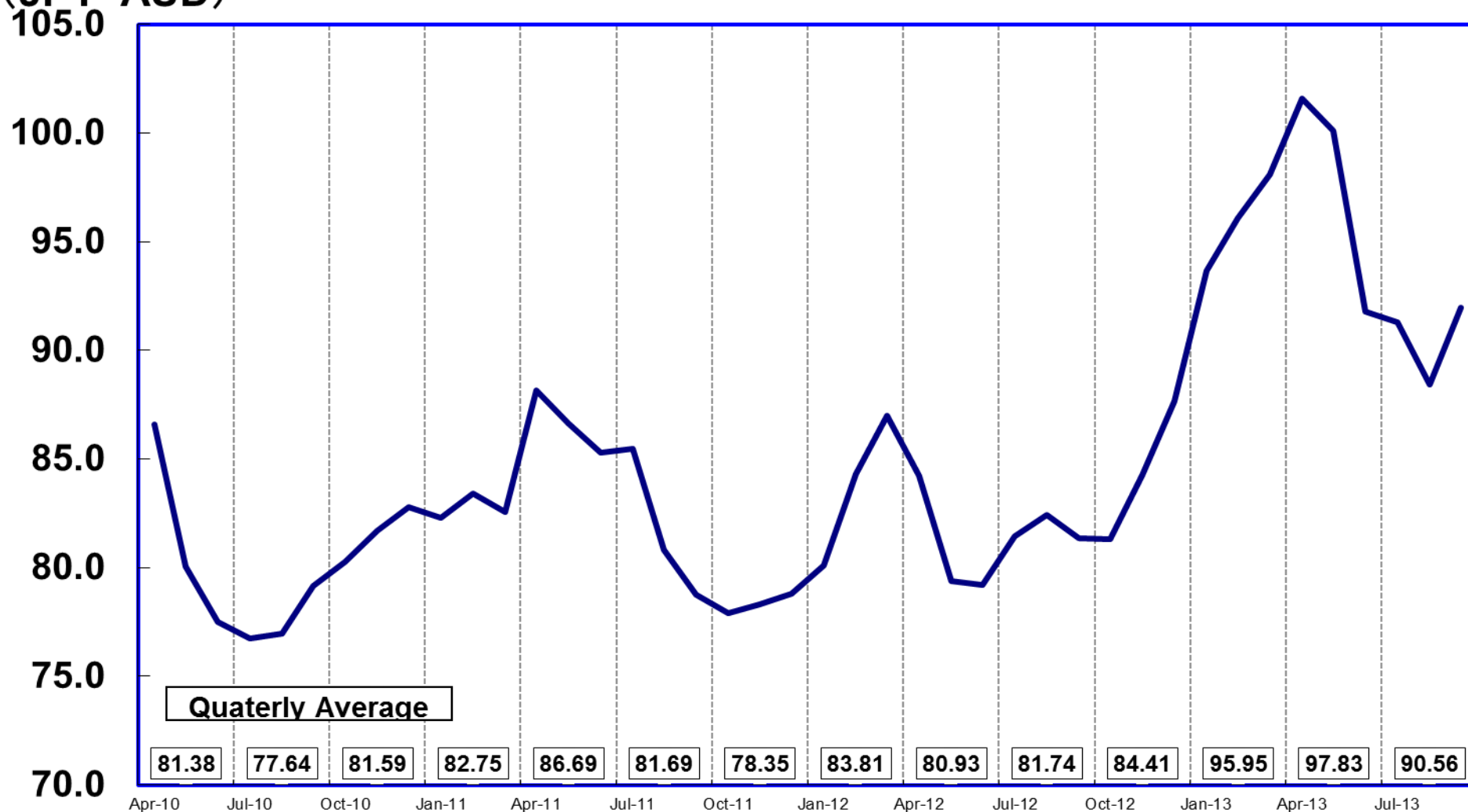
(4) Australian Dollar (USD·AUD)



4. Foreign Exchange

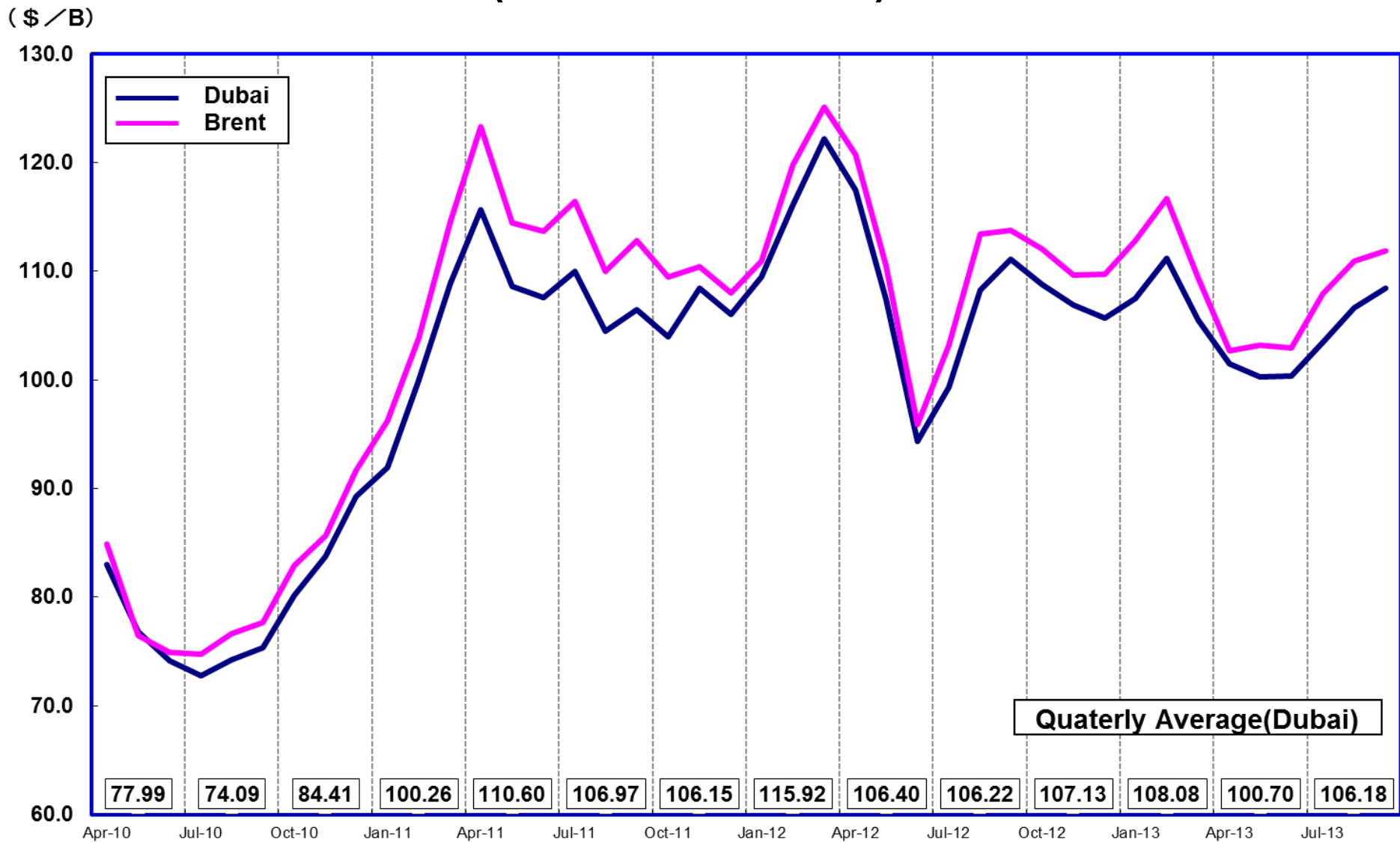
(5) Australian Dollar

(JPY·AUD)



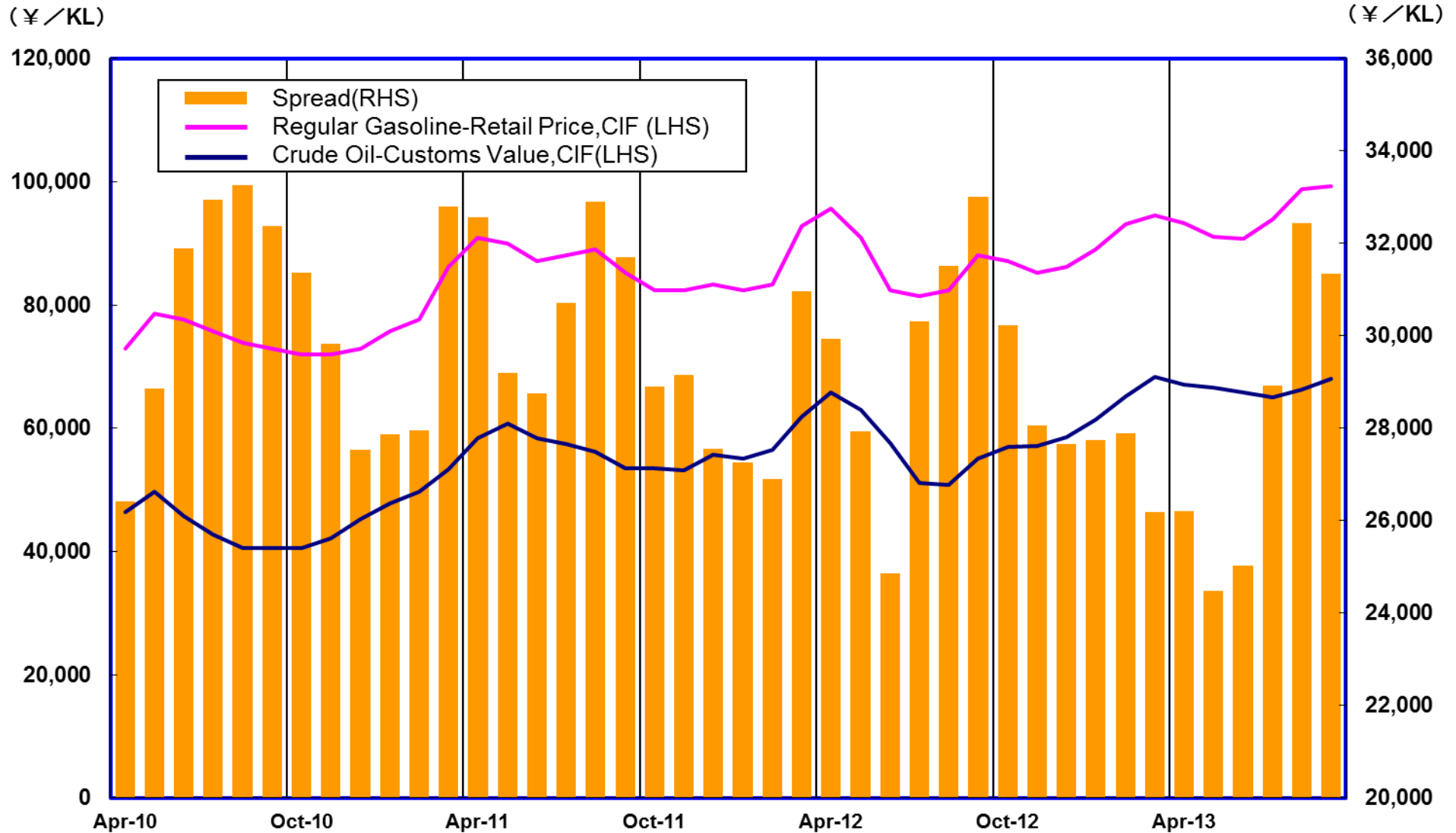
5. Market Conditions

(1) Crude Oil Prices (Dubai and Brent)



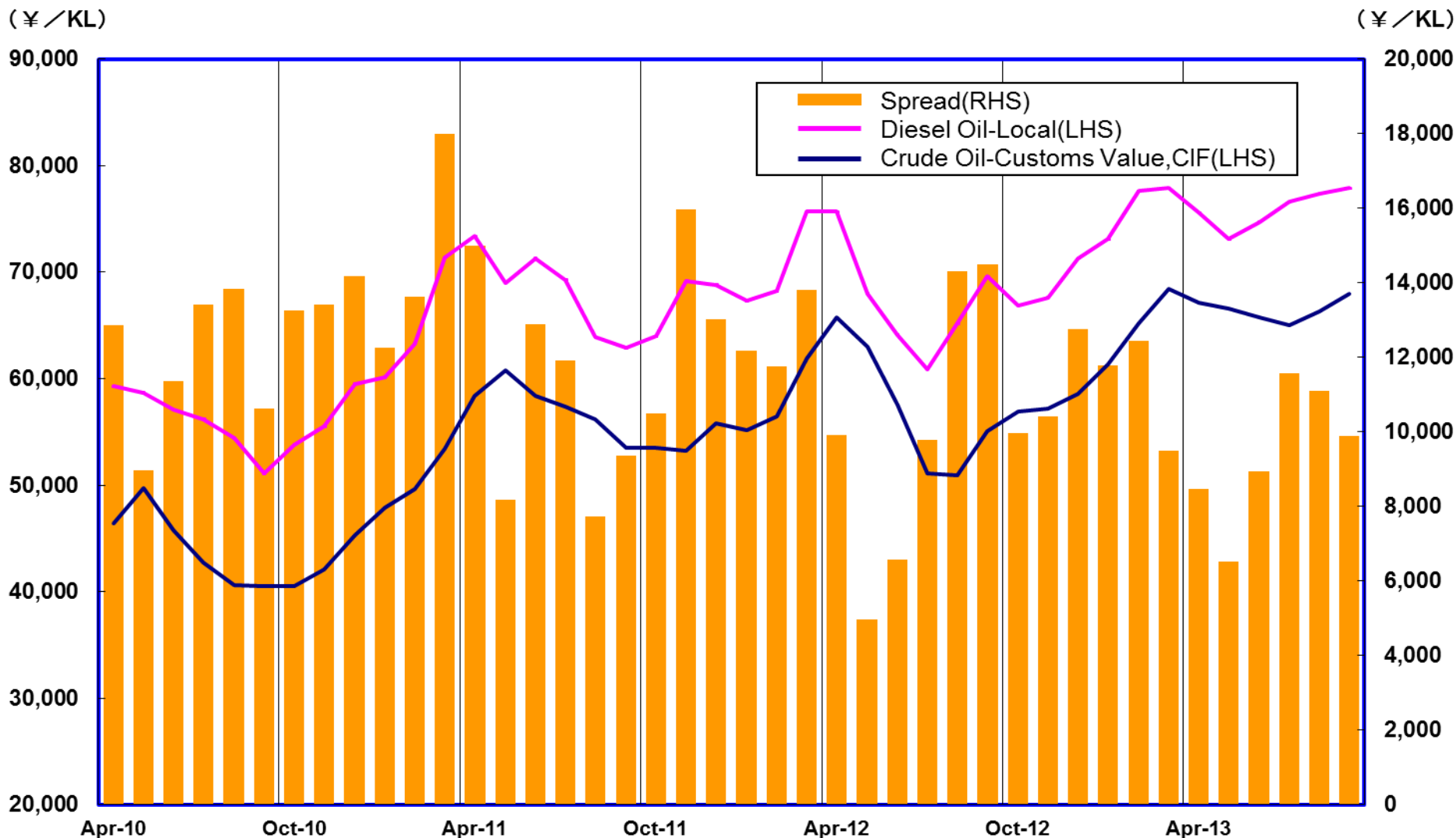
5. Market Conditions

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



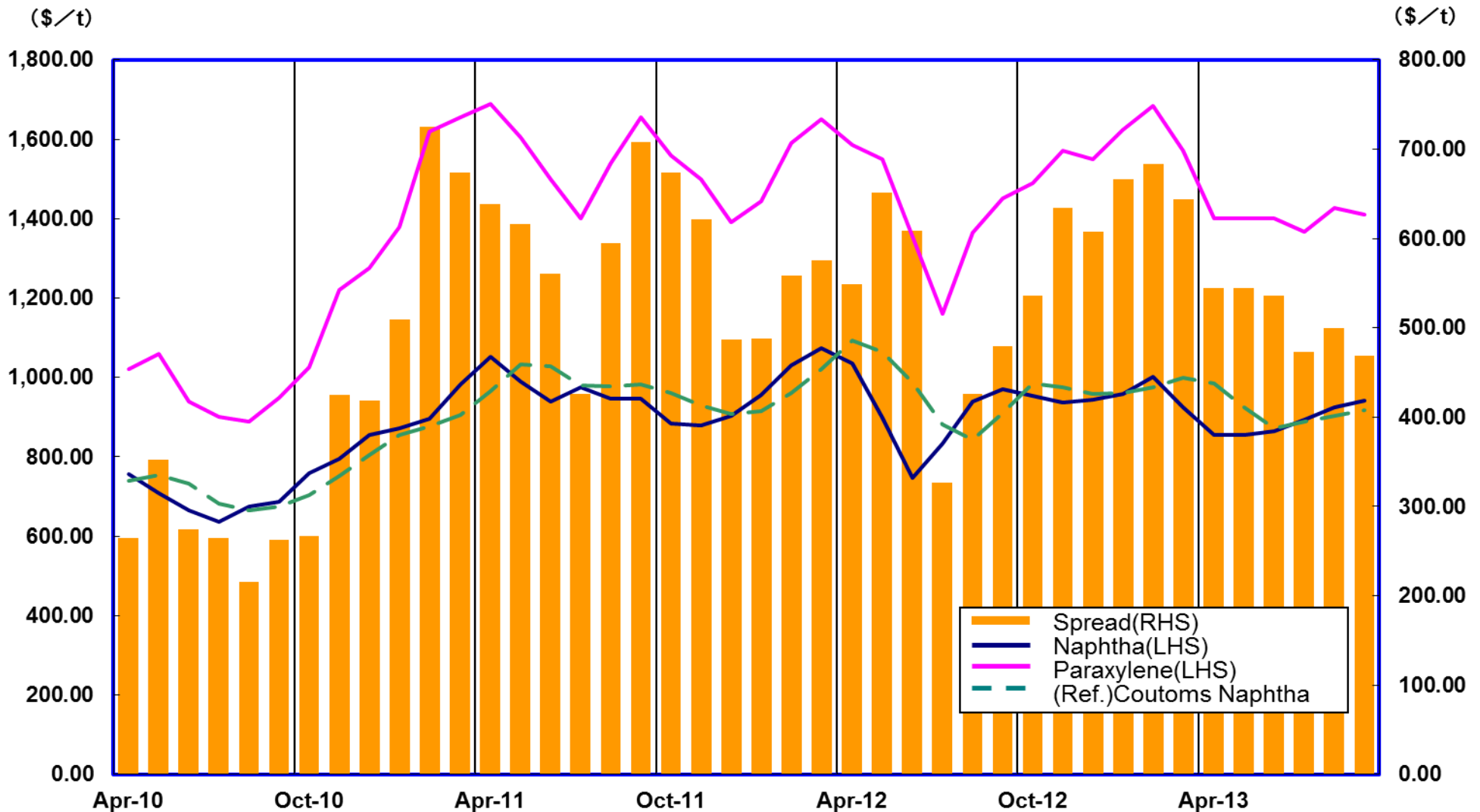
5. Market Conditions

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



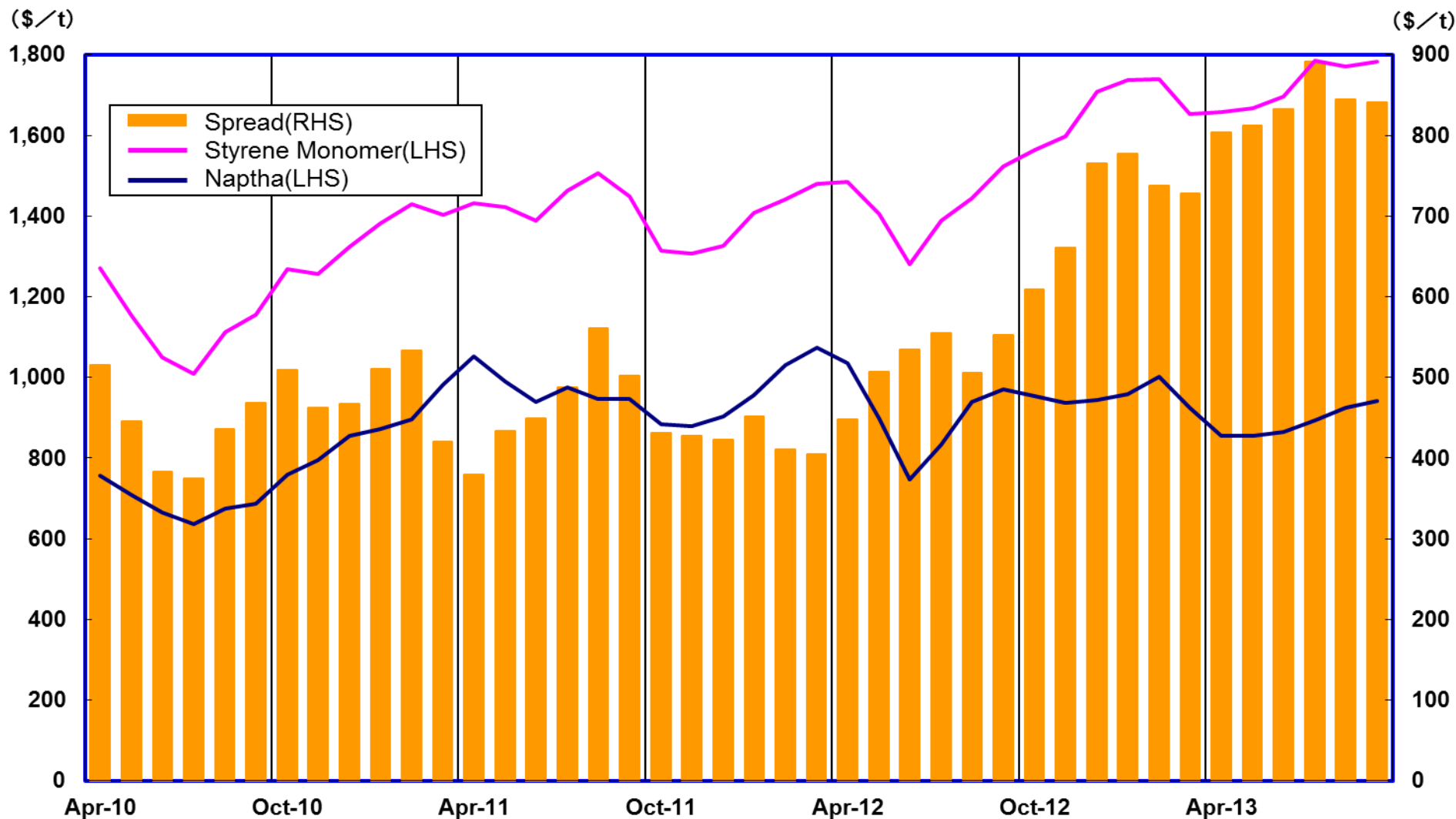
5. Market Conditions

(4) Paraxylene, Naptha (Prices and Spreads)

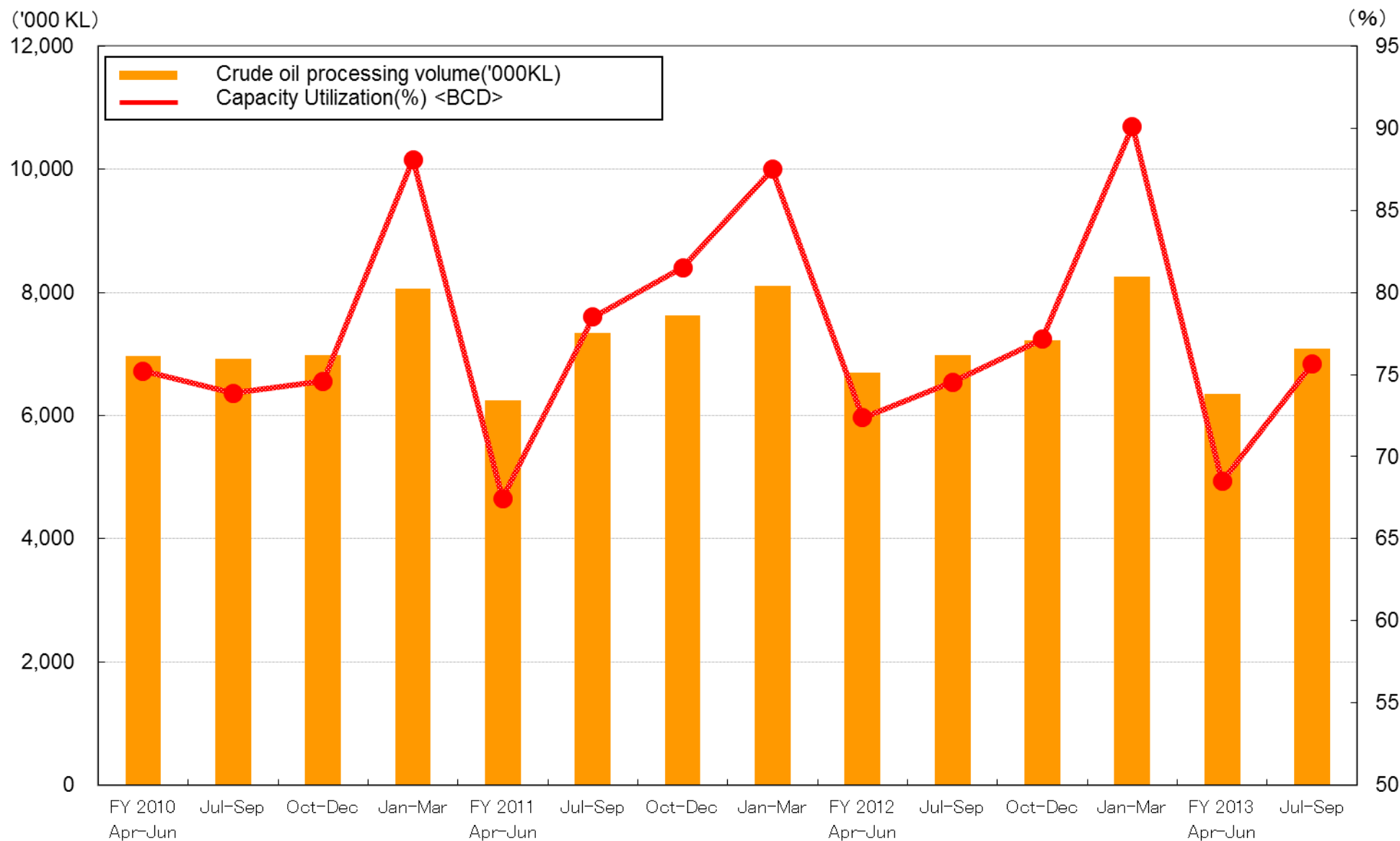


5. Market Conditions

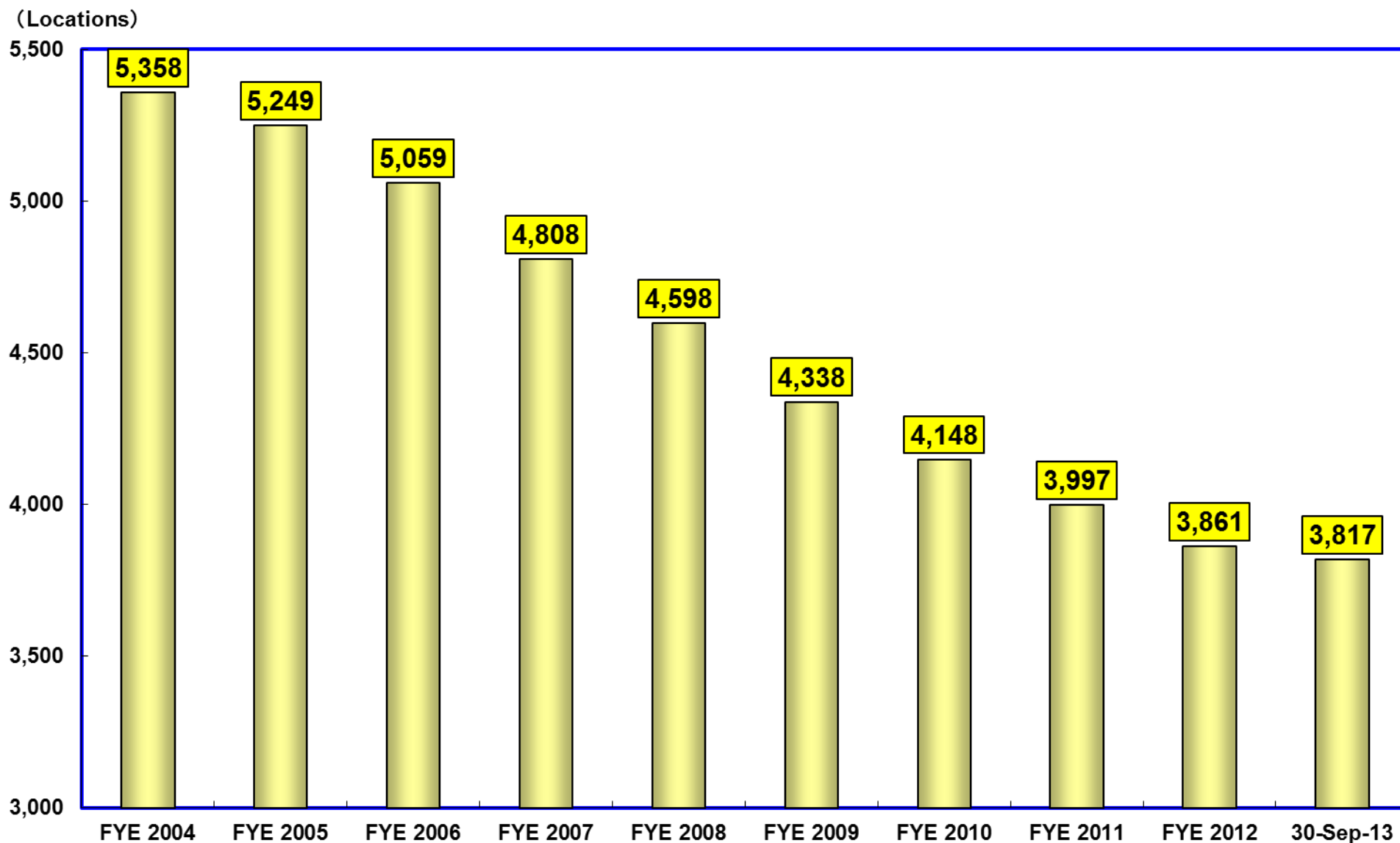
(5) Styrene Monomer, Naptha (Prices and Spreads)



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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