

Press Release

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Announcement on the Suspension and Resuming of the Residue Hydrodesulfurization Unit at Aichi Refinery

Idemitsu Kosan Co.,Ltd. (“Idemitsu”) hereby announces that Aichi Refinery has reduced crude oil processing with suspending other related facilities due to occurring equipment failure accompanied the residue hydrodesulfurization unit (“RH”*) on February 15. Now we strive to keep supplying product as usual with the cooperation and support by related parties after this suspension. It is expected to resume at the end of June 2018.

*** RH is a facility which desulfurizes heavy oil produced from the crude distillation unit (“CDU”) to produce low-sulfur heavy oil, which is a raw material for the residue fluid catalytic cracking unit (“R-FCC”). R-FCC is a facility which produces gasoline and heavy oil A/C components.**

1. Status of suspended RH operation
 - (1) Date
February 15, 2018
 - (2) Cause of suspended operations
Damage to hydrogen gas compressor attached to RH.
Note that no injuries or fires occurred as a result of such damage.
 - (3) Utilization of other facilities
R-FCC operation has also been suspended as a result. Adjustments have also been made to the utilization of CDU and other facilities.
2. Outlook on resumption of operation
Repair of the damaged hydrogen gas compressor is expected to require approximately 3 months.
Thus, we expect to resume RH operation at the end of June. R-FCC is also expected to resume at the same time.
3. Future prospects
 - (1) FY 2017 earnings forecasts
While we expect cost increases due to market purchases to supplement production shortages resulting from suspended RH operation, FY 2017 earnings forecasts announced on February 14 have been left unchanged after considering various other factors.

(2) FY 2018 earnings forecasts

While FY 2018 forecasts are still under discussion, if there is a fact to be released, we will disclose it in a timely manner.

* The above forecasts were prepared based on information available as of the date hereof. Actual timing of resuming operations may differ from such forecasts due to various factors.

<Reference> Overview of Aichi Refinery

1. Location

Aichi Prefecture (in middle region of Japan)

2. Capacity of Major Equipment

(1) Crude Distillation unit (CDU)	160,000 barrels/day
(2) Residue hydrodesulfurization unit (RH)	60,000 barrels/day
(3) Residue fluid catalytic cracking unit (R-FCC)	50,000 barrels/day