TonenGeneral Sekiyu K.K.
2QYTD 2016 Financial Results

August 12, 2016

東燃ゼネラル石油株式会社

Agenda

- 2QYTD 2016 Business Overview

  Representative Director, President J. Mutoh

- 2QYTD 2016 Results and FY 2016 Forecast

  Senior Managing Director Y. Onoda

- Q & A

2QYTD 2016 Business Overview

J. Mutoh

Representative Director, President
TonenGeneral Sekiyu K.K.

Agenda

- 2QYTD Company Key Items
- Progress on Medium Term Management Plan and Next Steps
- Business Integration with JX Holdings
- Conclusions

2QYTD Company Key Items

- Operating income decreased due to major turnaround at Kawasaki refinery and declining domestic/export oil product margins
  - TG's advantages of agile supply/sales strategy and flexible crude acquisition continued

(billion yen)	2Q15YTD	2Q16YTD	Delta
Operating Income	40.7	**16.9**	-23.8
Adj. Operating Income*	71.6	**31.5**	-40.1
Oil Segment	54.4	**10.2**	-44.2
Chemical Segment	17.2	**21.3**	+4.1

* Excluding goodwill amortization and inventory effects

- Successfully completed major turnaround at Kawasaki refinery (May-June)
  - Enhanced capacity of peripheral devices to support high H-Oil utilization
- Completed construction of a new mixed xylene recovery unit at Chiba refinery
- Started providing low-voltage electric power retail sales services in service areas of Chubu Electric Power Company and Kansai Electric Power Company, in addition to the Tokyo Electric Power Company
- Selected as a "Brand of Companies Enhancing Corporate Value through Health and Productivity Management*" for the second consecutive year
- Awarded "A" rating under Development Bank of Japan Environmental rating scheme
- Continue discussion with JX Holdings for business integration

* METI and the Tokyo Stock Exchange selected enterprises that focus on employee health from the viewpoint of management and undertake strategic initiatives.

Progress of Medium Term Management Plan and Next Steps

	2013	2014	2015	2016	2017

M&A
- NUC*1 acquisition
- MOCM*2 acquisition, MOCM/KPI*3 consolidation
- Gyxis establishment
- Business integration with JXHD (planned for April 2017)

Core Business
- Collaboration with Others
  - Industrial complex collaboration（Toa Oil / Kawasaki, Cosmo / Chiba）
  - Lubricant oil consignment from Cosmo

Core Business
- Continuous Improvement
  - Integrated Business Team (IBT)
  - SS network expansion (Seven-Eleven alliance sites：130SS, Express：1,120SS as of June 2016)
  - Energy efficiency improvement (recognized for achievement of Energy Benchmarks ; 5 consecutive year since 2012)
  - H-Oil creep-up / 2 toppers decommission
  - New MX Unit (Chiba)
  - NUC production capacity expansion

Growth Options
- Electricity Business（LNG/coal power plant project, electric power sales）
- Oil downstream business in Australia

*1 Formerly Nippon Unicar Company Ltd., *2 Formerly Mitsui Oil Co., Ltd., *3 Formerly Kyokuto Petroleum Industries, Ltd.

Business integration with JX Holdings

Purpose of business integration	Establish a strong company group that: ➢ Is among Asia's most prominent and internationally competitive total energy, natural resource and material companies ➢ Contributes to the development of a sustainable and vigorous economy and society

- ❑ Recognize the business integration with JXHD is the only opportunity to significantly improve shareholders' value, which can't be attained any other way
- ❑ Deepen discussion with JXHD based on Memorandum of Understanding regarding business integration

Schedule

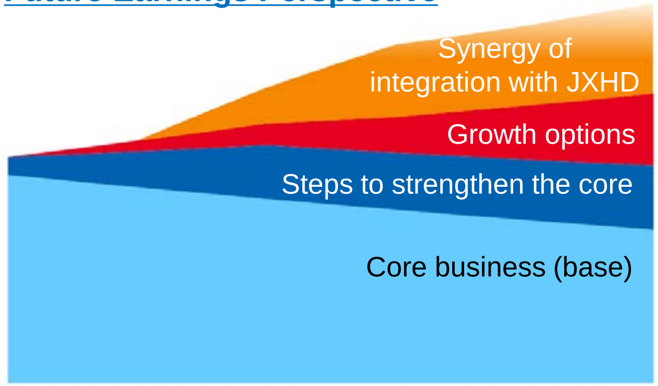
Aug. 2016 (Plan)	Determination of the integration ratio and execution of business integration agreement
Dec. 2016 (Plan)	Shareholders' meetings, required for the approval of the business integration
Apr. 2017 (Plan)	New company group launch*

* Based on premise of clearance from all authorities concerned

Conclusions

- ❑ Maintain current Medium Term Management Plan, and carry out basic Strengthen the Core / Growth Option strategy
- ❑ Continue discussion with JX Holdings for business integration

Future Earnings Perspective



Strengthen Core Businesses

Expand Growth Options

Unchanged Core Values

- Safety, environmental and ethical objectives
- Rigorous investment evaluation and continuous efficiency mindset
- Emphasize stable distributions to shareholders, while taking into account of financial resilience, mid- to long-term profitability and cash flows, and capital expenditure plans

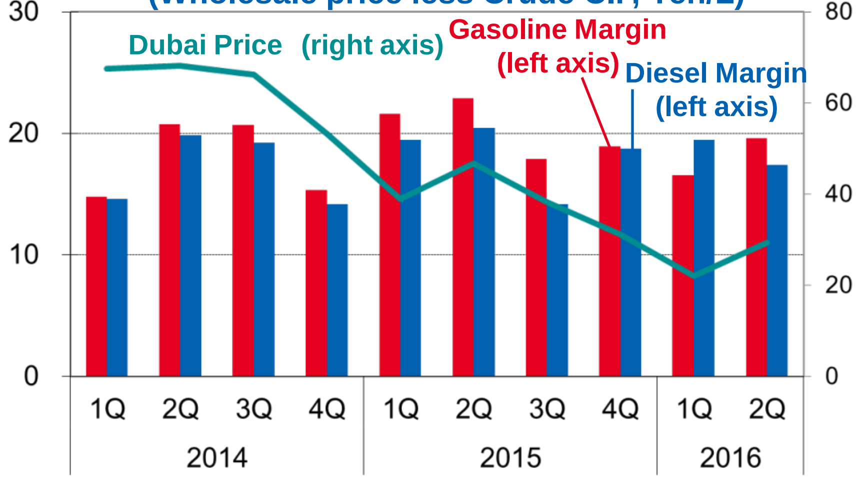
2QYTD 2016 Results and FY 2016 Forecast

Y. Onoda

Senior Managing Director
TonenGeneral Sekiyu K.K.

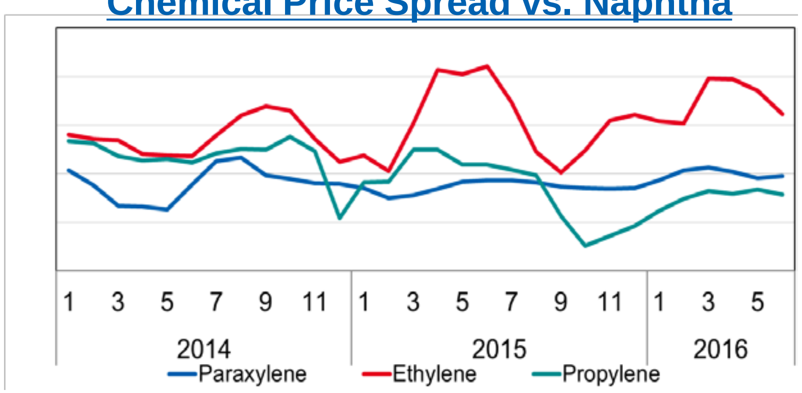
2Q16 Business Environment

Domestic Petroleum Product Margins
(Wholesale price less Crude CIF, Yen/L)



Source: PAJ and Oil Information Center

Chemical Price Spread vs. Naphtha



Data derived from Bloomberg

Oil Segment

- ❑ Crude price gradually increased from February to a quarterly average of 43.2 $/bbl (+12.8 $/bbl from 1Q16)
- ❑ 2Q16 domestic major 5 fuels demand : -4.5% vs. 2Q15
  - ➢ Gasoline & distillate -1.5%
  - ➢ Fuel Oil C -24.2%, mainly due to less power use demand
- ❑ Domestic gasoline margin improved from 1Q16 while diesel margin deteriorated
- ❑ Gasoline export margin significantly worsened while distillate export margins remained stagnant

Chemical Segment

- ❑ Ethylene margin remained favorable, exceeding 1Q16 level
- ❑ Aromatics margin stayed healthy

2Q16 YTD Financial Highlights

- Net sales :426.2 billion yen decrease mainly due to decrease in crude / product prices
- Operating income was 16.9 billion yen, a 23.8 billion yen decrease:
  - Oil : -44.2 billion yen, mogas domestic and distillate export margins narrowed
  - Chemical : +4.1 billion yen, product margins favorable especially ethylene
  - Inventory : +16.3 billion yen, gain in 2Q16 from crude & oil product price increase
- Net income*: 15.9 billion yen, a 7.4 billion yen decrease

billion yen	2Q15 YTD	2Q16 YTD	Inc./Dec.
Net Sales	1,384.1	**958.0**	-426.2
Operating income	40.7	**16.9**	-23.8
Ordinary income	40.2	**15.2**	-24.9
Extraordinary gain/loss	8.7	**1.1**	-7.6
Net income*	23.3	**15.9**	-7.4

(Breakdown of operating income)

Inventory gain/loss	-22.1	**-5.8**	16.3
Goodwill amortization	-8.7	**-8.7**	-
Adjusted Operating income	71.6	**31.5**	-40.1
Oil segment	54.4	**10.2**	-44.2
Chemical segment	17.2	**21.3**	4.1

Oil Segment

2Q15YTD	**54.4**
• Margin	-39.0
• Vol	-2.8
• Opex	-2.4
2Q16YTD	**10.2**

Chemical Segment

2Q15YTD	**17.2**
• Margin/Vol.	3.3
• Opex	0.8
2Q16YTD	**21.3**

* Net income represents the net income attributable to owners of the parent (the Company), excluding income attributable to non-controlling interests

Factor Analysis of 2Q16 Operating Income

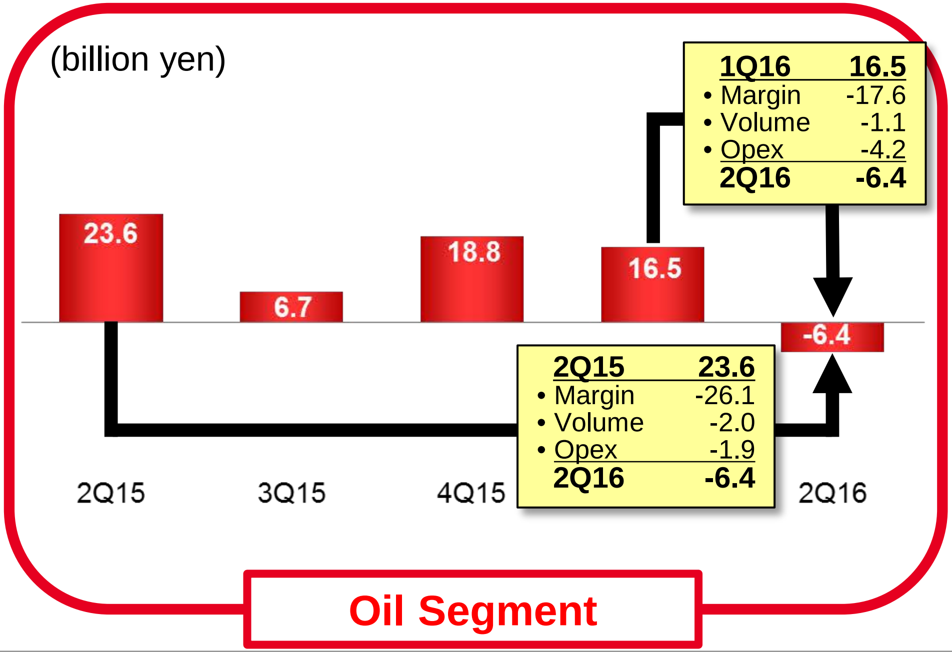
Oil

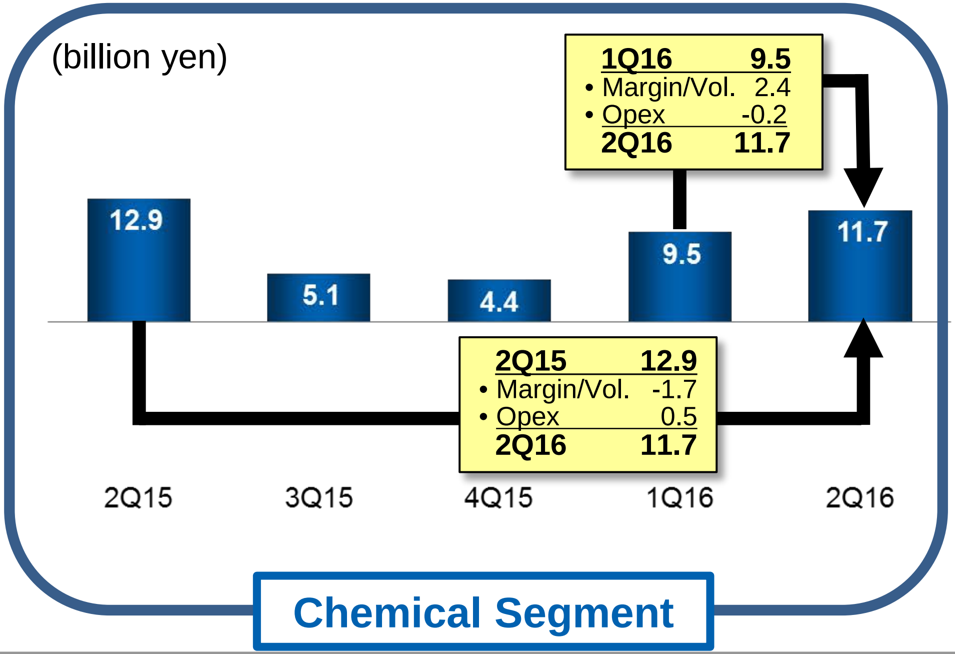
- Both domestic and export margins decreased while contribution from crude acquisition narrowed
- Product yield worsened and production volume dropped due to major turnaround at Kawasaki refinery

Chemical

- Ethylene margin stayed favorable while other chemical product margins stayed healthy

Quarter to Quarter Adjusted Operating Income (2Q15 through 2Q16)





Sales Volume

Product	2Q15 YTD	2Q16 YTD	Inc./Dec.	Inc./Dec. Industry
Oil products (KKL)				
Gasoline	5,153	**5,183**	+0.6%	-0.5%
Kerosene	1,388	**1,294**	-6.7%	+0.6%
Diesel Fuel	1,888	**1,839**	-2.6%	-2.3%
Fuel Oil A	624	**771**	+23.5%	+2.1%
Fuel Oil C	1,117	**1,196**	+7.0%	-23.8%
LPG/Jet/Other*1	1,824	**2,119**	+16.2%	
Domestic sales total *2	11,995	**12,402**	+3.4%	
Export	3,839	**2,618**	-31.8%	
Oil products	15,833	**15,020**	-5.1%	
Chemical products (Kton)				
Olefins and other	805	**813**	+1.0%	
Aromatics	418	**495**	+18.5%	
Specialties	111	**125**	+12.5%	
Chemical products	1,334	**1,433**	+7.4%	

			Industry 2Q16 YTD
Topper Utilization	81%	**77%**	86%

- Continued domestic / export sales channel margin optimization
  - Rise in mogas domestic sales, where margin was relatively high
  - Re-focus on Fuel Oil A domestic sales
  - Upturn in Fuel Oil C for marine fuel
  - Significant drop in export due to Kawasaki turnaround and weakening of the international market
- Aromatics sales increase from continued aromatics / gasoline product margin optimization and start-up of a new mixed xylene recovery unit in Chiba refinery

*1 Excluding the 2015 volume impact of LPG business split-off to Gyxis
*2 Bonded sales volume included in domestic sales

FY2016 Earnings Forecast*1

- FY2016 operating income 48 billion yen, same as May forecast
  - Oil : -16 billion yen reflecting 1H results and weaker-than-expected 3Q margins
  - Chemical : +9 billion yen reflecting 1H results and favorable margins in 2H
  - Inventory losses : 2 billion yen loss anticipated
- 38 yen per share dividend forecast reaffirmed

(billion yen)	May Forecast 2Q16YTD	May Forecast FY2016	Actual 2Q16YTD	Aug. Update FY2016	Inc./Dec. from May Forecast
Net sales	1,100.0	2,300.0	958.0	**2,300.0**	**-**
Operating income	22.0	48.0	16.9	**48.0**	**-**
Ordinary income	22.0	47.0	15.2	**47.0**	**-**
Extraordinary gain/loss	0	1.0	1.1	**1.0**	**-**
Net income*2	17.0	31.0	15.9	**31.0**	**-**
(Breakdown of operating income)					
Inventory gain / loss	-9.0	-9.0	-5.8	**-2.0**	**+7.0**
Goodwill amortization	-8.5	-17.0	-8.7	**-17.0**	**-**
Adjusted operating income	39.5	74.0	31.5	**67.0**	**-7.0**
Oil segment	22.5	47.0	10.2	**31.0**	**-16.0**
Chemical segment	17.0	27.0	21.3	**36.0**	**+9.0**

*1 Assumed Dubai ($45/bbl) and Forex (106Yen/$) for the remaining period in 2016
*2 Net income represents the net income attributable to owners of the parent (the Company), excluding income attributable to non-controlling interests

Cash Flows, Debt/Equity

- 2Q16YTD adjusted free cash flow was 12.4 billion yen, excluding:
  - Timing effect of 2Q excise tax payments (63.5 billion yen)
- 2Q16 end net debt increased by 60.8 billion yen vs. 2015 end

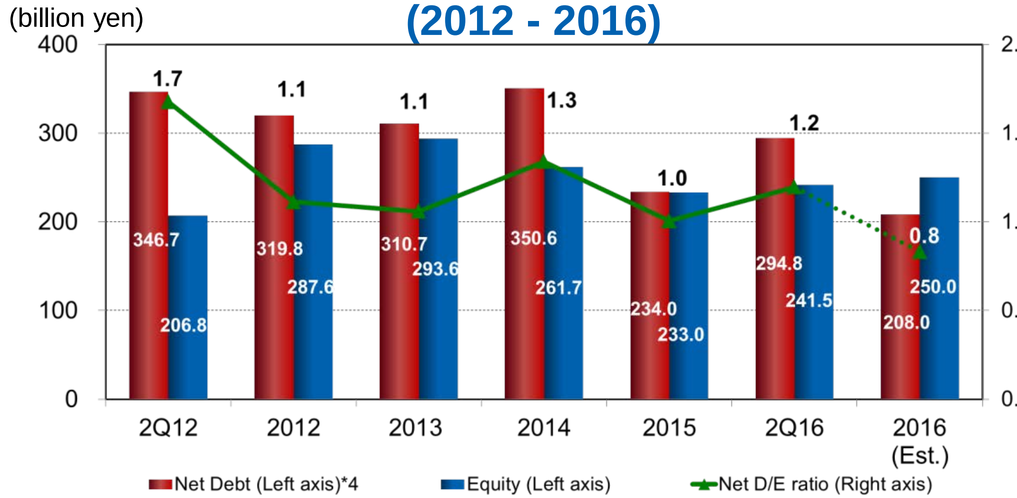
	billion yen
Free cash flow	(51.1)
Dividend payment and other	(9.7)
(Increase)/decrease in net debt	(60.8)

- Net D/E ratio to improve from 1.2 at 2Q16 end to 0.8 toward year end
  - Healthy cash flow
  - Absence of timing effects

2Q16YTD Cash flow (billion yen)

Net income before taxes*1		22.1
Depreciation*2 / (Capex)		5.0
Working capital changes / Other		-14.7
Adjusted Free Cash Flow	**12.4**	
Timing of excise tax payments		-63.5
Free Cash Flow*3	**-51.1**	

Period end Net Debt/Equity (2012 - 2016)



*1 Excluding inventory effects
*2 Including goodwill amortization
*3 Sum of cash flows from operating and investing activities
*4 Debt deducting cash and cash equivalents

Supplemental Information

Sensitivities for 2016 Earnings Forecast

- Base assumptions for the earnings forecast

Key Factors	Unit	Base
Dubai FOB	US$/Bbl	45
Exchange Rate	Yen/US$	106

Above assumptions used for net sales and inventory effects calculation

- Full year sensitivities in future operating income

Key Factors	Unit	Appreciation by	Annual Impact (billion yen) Operating income
Dubai FOB	US$/Bbl	10	27*1
Exchange Rate (Yen appreciation)	Yen/US$	10	-8*1
Refining margin	Yen/L	1	35*2

*1 Inventory effects only; sensitivity would change subject to timing of crude price fluctuation and inventory volume
*2 Impact on operating income on annual basis rounded to nearest billion yen subject to change in sales volume

Sales Volume

- Sales volume consistent with net sales

Product	2Q15 YTD	2Q16 YTD	Inc./Dec.	Inc./Dec. Industry
Oil products (KKL)				
Gasoline	5,153	**5,183**	+0.6%	-0.5%
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LPG/Jet/Other	2,224	**2,119**	-4.7%	
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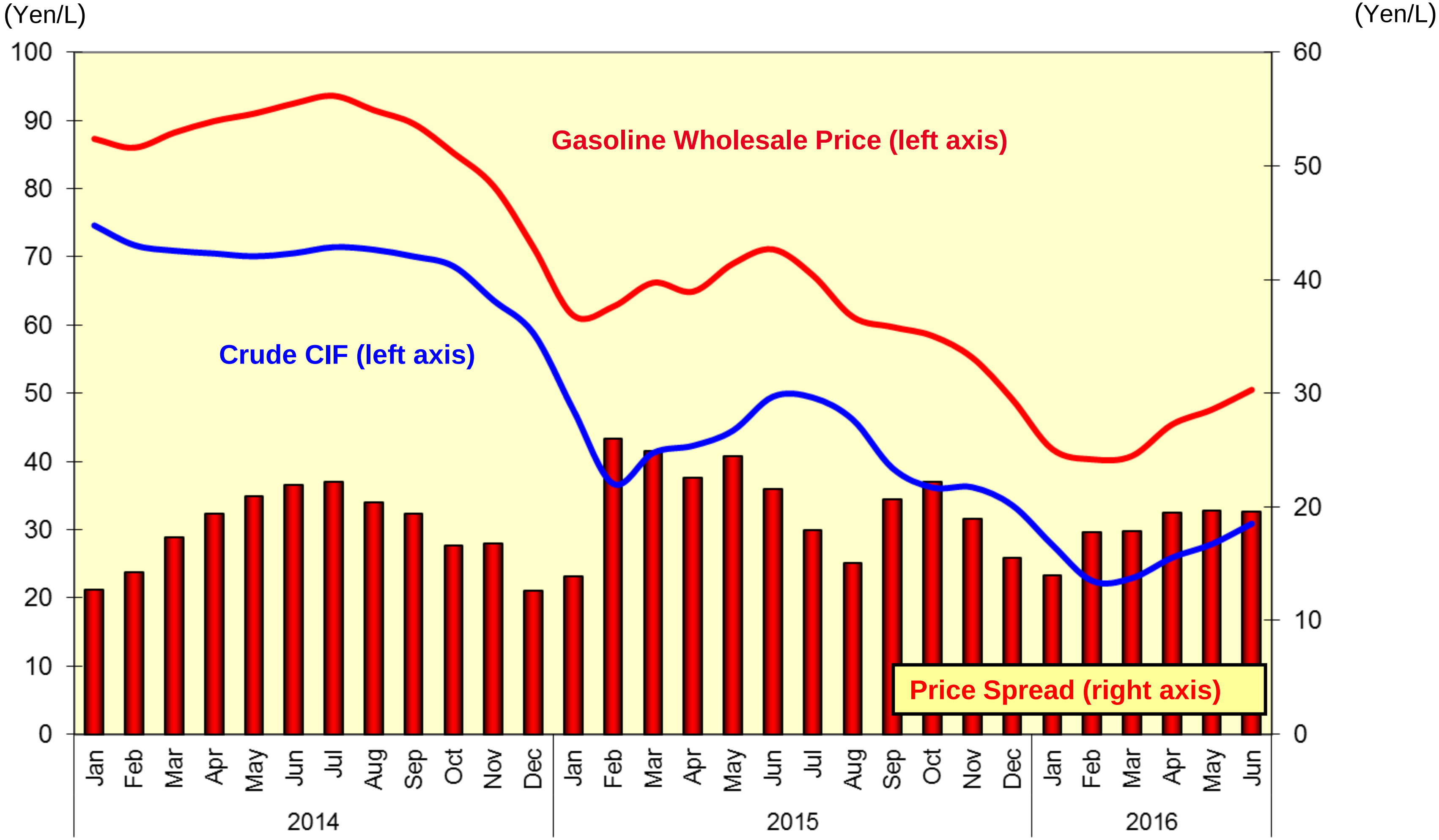
	2Q15 YTD	2Q16 YTD	Industry 2Q16 YTD
Topper Utilization	81%	**77%**	86%

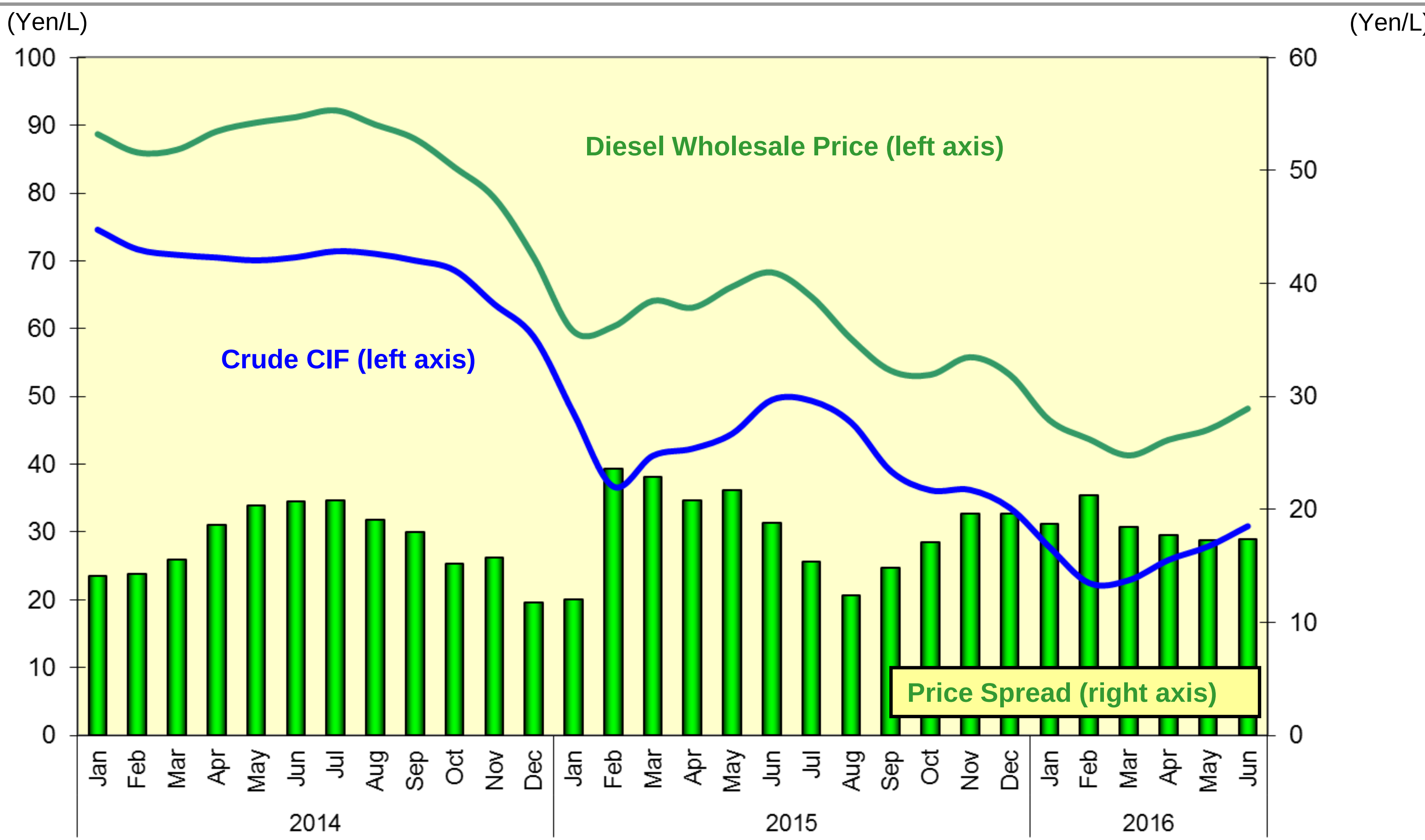
* Bonded sales volume included in domestic sales

Price Spread (Gasoline Wholesale Price vs. Crude CIF)



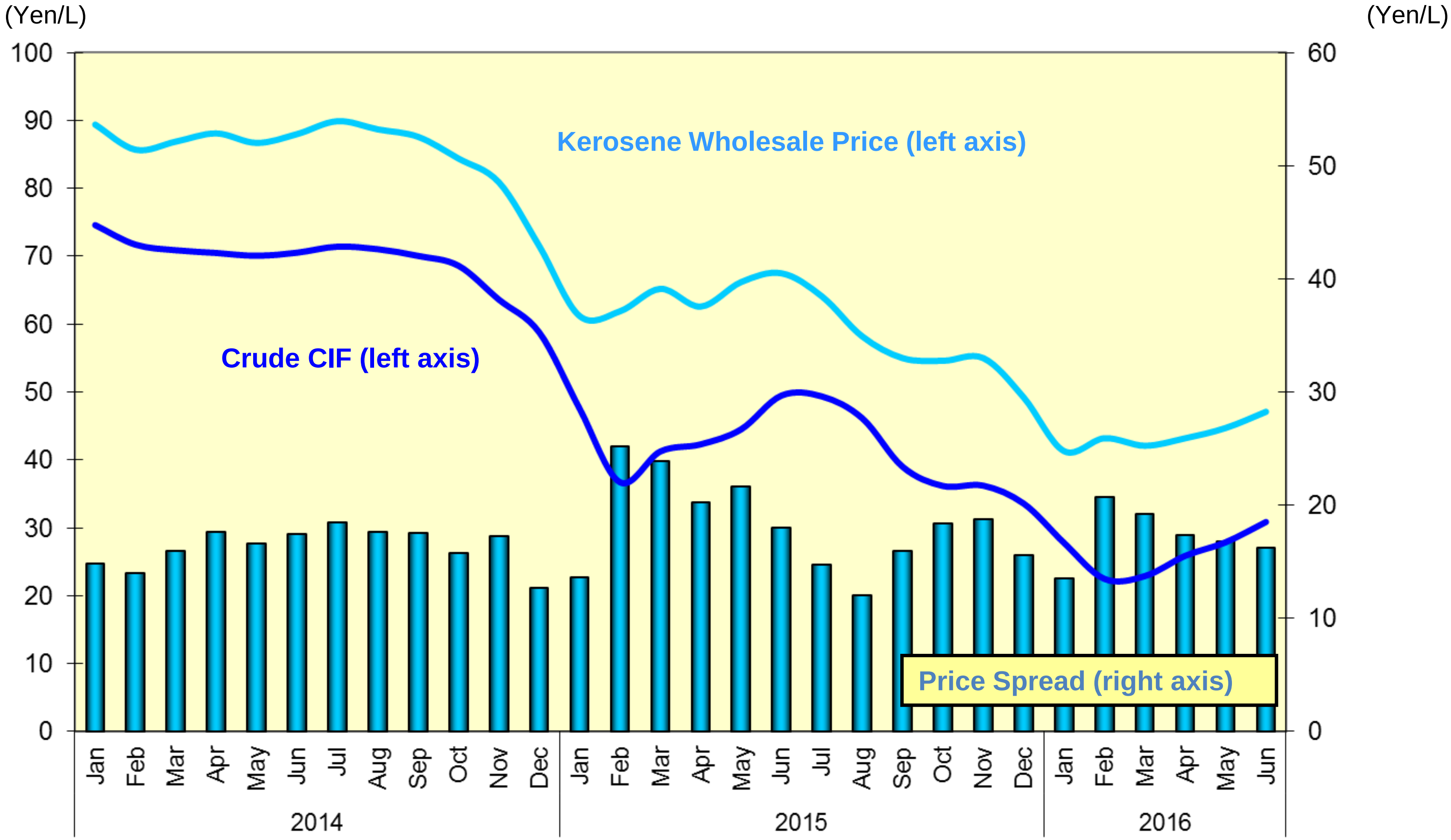
Source: PAJ and The Oil Information Center

Price Spread (Diesel Wholesale Price vs. Crude CIF)



Source: PAJ and The Oil Information Center

Price Spread (Kerosene Wholesale Price vs. Crude CIF)



Source: PAJ and The Oil Information Center

Details of Operating Income (2014 – 2Q16)

2016 (Unit: billion yen)

Breakdown of Operating Income	1Q16	2Q16	3Q16	4Q16	FY2016	1H16	3Q16YTD
Oil segment (Substantial)	16.5	-6.4				10.2	
Chemical segment (Substantial)	9.5	11.7				21.3	
Inventory effects	-28.3	22.5				-5.8	
Goodwill amortization	-4.4	-4.4				-8.7	
Total	-6.6	23.5				16.9	

2015

Breakdown of Operating Income	1Q15	2Q15	3Q15	4Q15	FY2015	1H15	3Q15YTD
Oil segment (Substantial)	30.8	23.6	6.7	18.8	79.8	54.4	61.1
Chemical segment (Substantial)	4.3	12.9	5.1	4.4	26.7	17.2	22.3
Inventory effects	-45.0	22.8	-38.0	-26.9	-87.1	-22.1	-60.1
Goodwill amortization	-4.4	-4.4	-4.4	-4.4	-17.5	-8.7	-13.1
Total	-14.2	54.9	-30.6	-8.2	2.0	40.7	10.1

2014

Breakdown of Operating Income	1Q14	2Q14	3Q14	4Q14	FY2014	1H14	3Q14YTD
Oil segment (Substantial)	-17.3	0.6	17.6	16.7	17.7	-16.6	1.0
Chemical segment (Substantial)	7.8	4.5	2.4	-1.6	13.2	12.3	14.8
Inventory effects	0.1	-3.6	-6.2	-76.8	-86.5	-3.5	-9.7
Goodwill amortization	-4.2	-4.4	-4.4	-4.4	-17.3	-8.6	-13.0
Total	-13.6	-2.8	9.5	-66.0	-72.9	-16.4	-6.9