TonenGeneral Sekiyu K.K.
2QYTD 2015 Financial Results

August 14, 2015

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東燃ゼネラル石油株式会社

Agenda

- 2QYTD 2015 Business Overview

  Representative Director, President J. Mutoh

- 2QYTD 2015 Results and FY 2015 Forecast

  Managing Director D. R. Csapo

- Q & A

2QYTD 2015 Business Overview

J. Mutoh

Representative Director, President
TonenGeneral Sekiyu K.K.

Agenda

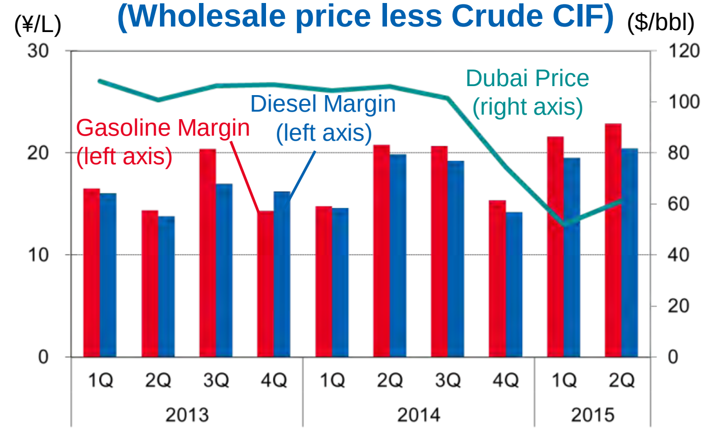
- Business Environment and TG Results
  - 2QYTD 2015 Business Environment
  - 2QYTD 2015 TG Results and Context
- Progress of Medium Term Management plan
  - Strengthen Core Businesses
  - Growth Options
    - Electric Power Business
    - Overseas Opportunities
- Conclusions

2QYTD 2015 Business Environment

❑ Oil

- Crude price, in upward trend to early May, began to reduce in late 2Q. 2Q15YTD average was $56.6/bbl
- 1H15 domestic major 5 fuels demand : -4.3% vs. 1H14
  - Gasoline & Distillate : -3.0%
  - Fuel Oil C -11.6%, mainly due to less power use demand
- Two consecutive quarters of strong domestic margins
- Favorable export margins

Domestic Petroleum Product Margins
(Wholesale price less Crude CIF)

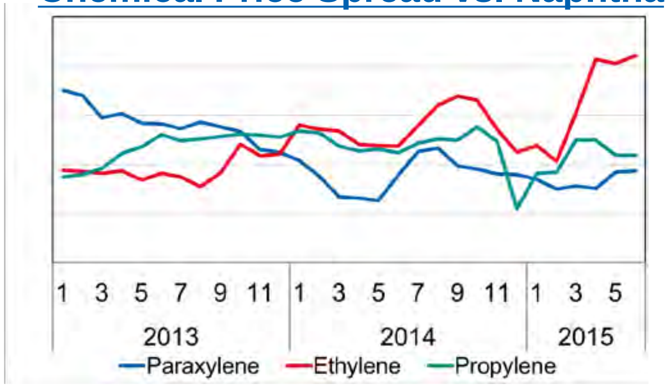


Source: PAJ and Oil Information Center

❑ Chemical

- Ethylene margin increased under tight supply / demand situation due to plant turnarounds in AP region
- New AP capacity continues to pressure aromatics margin

Chemical Price Spread vs. Naphtha



Data derived from Bloomberg

2QYTD 2015 Business Results and Context

TG Results

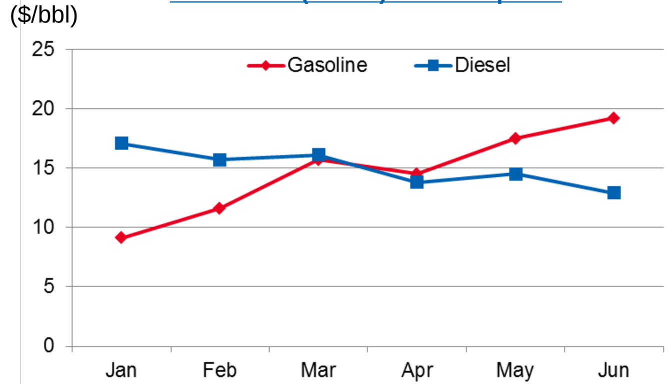
(billion yen)	2Q14YTD	2Q15YTD	Delta
Operating Income	-16.4	40.7	+57.1
Adj. Operating Income*	-4.3	71.6	+75.8
Oil Segment	-16.6	54.4	+71.0
Chemical Segment	12.3	17.2	+4.9

* Excluding goodwill amortization and inventory effects

TG's advantages of agile supply / sales strategy and flexible crude acquisition boosted 2Q15YTD results

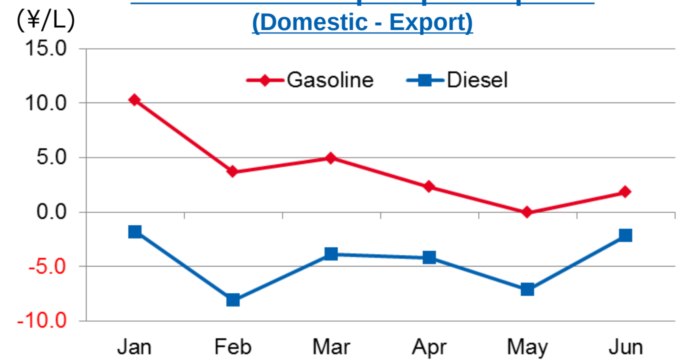
- Maximized fuels export supported by favorable margins
- Strong domestic and export gasoline sales
  - TG refineries' high gasoline yield helped earnings
- Flexible crude acquisition enabled by strategic spot / term ratio reduced material cost
- Higher utilization of export capability made chemical earnings much stronger
  - Healthy ethylene vs. naphtha spread continued through the period

Export Margin
AP Product(MOPS) / Dubai Spread



Estimated from industrial resources

Domestic vs. Export price spread
(Domestic - Export)



Estimated from industrial resources

Progress of Medium Term Management Plan - Strengthen Core Businesses

Integration of Acquired Businesses

- MOCM / KPI consolidation completed
  - Streamlined capital relationships will increase the efficiency of TG operations

Collaboration with Others

- Collaboration between Cosmo Oil's Chiba refinery and TG Chiba refinery (former KPI) ongoing
- Further interchange with Toa Oil at Kawasaki
- Four corporate group*1 integrated LPG import and wholesale company "Gyxis" started operations in April

Continuous Improvement

- Production & working capital optimization among 4 refineries
  - Crude acquisition/product slate/sales channel(domestic, export)/distribution optimized
  - Reduced overall TG group inventory by 906 KKL at June '15 end vs. June '14
- Continued aromatics / gasoline product margin optimization
  - Started building mixed xylene recovery unit at Chiba refinery
- Enhancing Seven-Eleven Japan alliance
  - No. of SEJ alliance site exceeded 100 sites (July end : 107sites)
  - No. of "nanaco*2" point program users increased by 62% vs. last year to 1.58 million

100th SEJ Alliance site
Express Hirosaki-jo Higashi SS

*1 Cosmo Oil Co., Ltd., Showa Shell Sekiyu K.K., Sumitomo Corporation, and TonenGeneral Sekiyu K.K.
*2 Prepaid payment tool issued by Seven Card Service that can be used at Seven-Eleven, Denny's, ItoYokado, Sogo and Seibu.

Progress of Medium Term Management Plan
- Growth Options / Electric Power Business Overall Strategy

- Synergy effects between “Oil” and “Electric Power” businesses strengthen each other and enrich TG corporate value

Oil Business

- Effective use of existing tangible / intangible assets for Electric Power Business
  - Idle space / port facilities
  - Efficient & safe plant operations
  - Project management experiences
- Sales foundation
  - Dealer network
  - Access to consumers

Oil Business → Electric Power Business:
- Provide required assets
- Share customer base

Electric Power Business → Oil Business:
- Low cost electricity
- Seek “Win-Win” business with dealers

Electric Power Business

- Competitive electric power source generator
  - Efficient operation
  - Leading technology
- Sales channel optimization
  - High utilization supported by steady demand
  - Combination of sales channel which have different profitability, risks and complexities

Oil Business outcome:
- Competitiveness improvement in manufacturing function
- Cement customer relationship

Electric Power Business outcome:
- Establish new business line, which generates stable cash flow to cover declining oil demand

Progress of Medium Term Management Plan
- Growth Options / Vision of TG Electric Power Business

- "Competitive & stable electric power source development" and "Sales channel optimization" to be key success factors

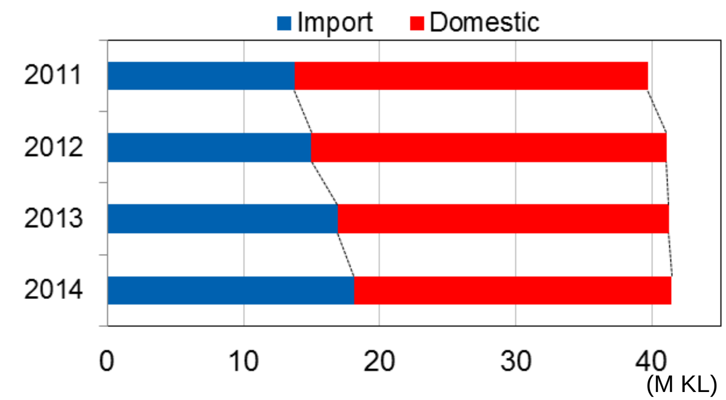
Electric Power Source Development	Sales Channel Optimization
➢ Competitive electric power source regardless of fuel type ▪ Site location ▪ Size ▪ Type of fuel for power generation ▪ Technology ▪ Economics	➢ Retail (High / Low voltage) ➢ Wholesale ➢ Feed-in Tariff (FIT) ➢ Supply contract with commercial-scale customers

- Considerations for large-scale electric power source development projects
  - ➢ Project partners that deliver project success and higher return
  - ➢ Feasible investment plan to maintain current financial position, including project finance

Progress of Mid-Term Management Plan
- Growth Options / Overseas Opportunities

- Strong business case to develop downstream business in Australia
  - Demand fundamentals in Australia boosted by resource development / population growth
  - Australian local refinery closures have created rapid import increase
  - Logistics from Japan to Australia are favorable and TG can utilize high export capability

Fuel Product Demand in Australia
(Gasoline / Diesel)



- Decision made to develop the business via a 50/50 joint venture with Qube Holdings Ltd, a leading Australian nationwide logistics company
  - The first project to be a fuel import terminal development at Port Kembla
    - Port Kembla is 90km south west of Sydney
    - Potential storage capacity of 230 million liters
    - Commissioning expected in mid to late 2017
  - Agreed to acquiring distribution business of Petro National, a supply and sales company of petroleum products
  - Total capital expenditure of A$150 million in 2016 / 2017


Construction site

Conclusions

- Strong progress in addressing challenges stated in the 2013 Medium Term Management Plan

Strengthen Core Businesses

- Accelerated synergy capturing
- Investment for core businesses
- Business consolidation among affiliated companies and collaboration with other oil companies

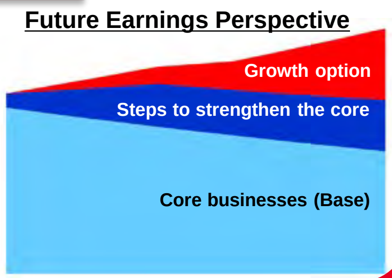
Develop Growth Options

- Launched development of competitive electric power
- Started sales channel optimization of electric power
- Start-up of overseas business

- New Medium Term Management Plan to be disclosed in February 2016

New Medium Term Management Plan (2016)

- Articulate TG strategies to increase corporate value for the next 3-5 years
  - More detailed business plan for growth options
  - Investment plan for both "Core businesses" & "Growth Options"



2QYTD 2015 Results and FY 2015 Forecast

D. R. Csapo

Managing Director
TonenGeneral Sekiyu K.K.

2QYTD 2015 Financial Highlights

- Net sales was 1,384.1 billion yen, a 308.3 billion yen decrease mainly due to continued lower crude / product prices
- Operating income was 40.7 billion yen, a 57.1 billion yen increase:
  - Oil : +71.0 billion yen from improved domestic and export margins
  - Chemical : +4.9 billion yen, helped by strong ethylene margins
  - Inventory : 22.1 billion yen loss, -18.6 billion yen vs. 2Q14 YTD, 1Q15 inventory loss partially offset by 22.8 billion yen due to crude price increase in 2Q15
- Net income was 23.3 billion yen, driven mainly by better operating income and includes gain on LPG split-off to Gyxis (9.6 billion yen)

(billion yen)	2Q14 YTD	2Q15 YTD	Inc./Dec.
Net sales	1,692.4	**1,384.1**	-308.3
Operating income	-16.4	**40.7**	57.1
Ordinary income	-17.5	**40.2**	57.7
Extraordinary gain/loss	-2.2	**8.7**	10.9
Net income	-14.9	**23.3**	38.2
(Breakdown of operating income)			
Inventory gain / loss	-3.5	**-22.1**	-18.6
Goodwill amortization	-8.6	**-8.7**	-0.1
Adjusted operating income	-4.3	**71.6**	75.8
Oil segment	-16.6	**54.4**	71.0
Chemical segment	12.3	**17.2**	4.9

Oil segment

2Q14YTD	**-16.6**
• Margin	72.0
• Volume	-0.3
• Opex	-0.7
2Q15YTD	**54.4**

Chemical segment

2Q14YTD	**12.3**
• Margin/vol.	6.0
• Opex	-1.1
2Q15YTD	**17.2**

Factor Analysis of 2Q15 Operating Income

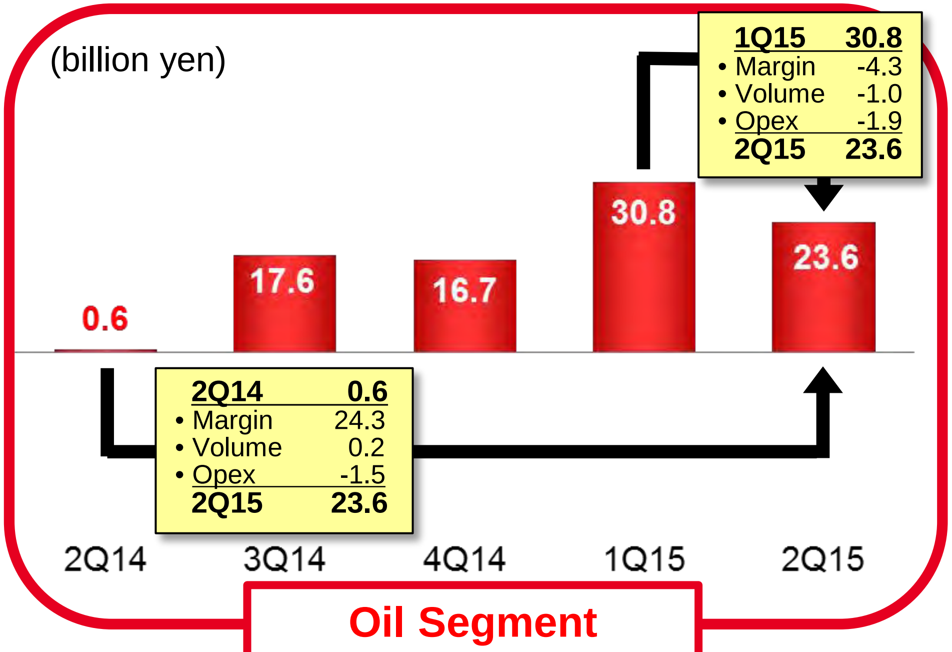
Oil

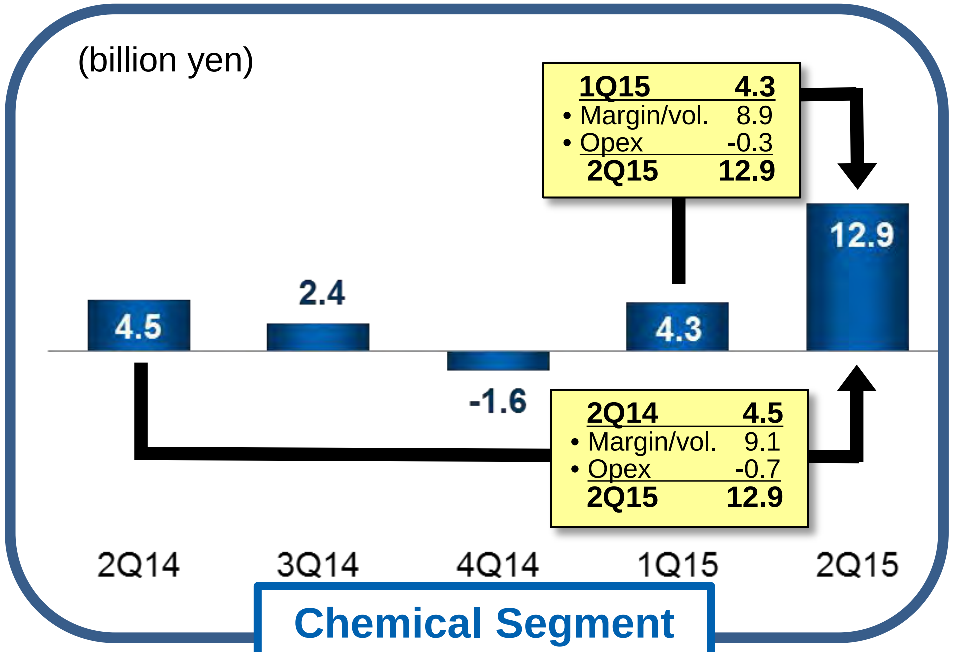
- Strong domestic mogas margins in 2Q15 boosted TG earnings with higher mogas production and sales
- Strong export margins continued for both mogas and middle distillates

Chemical

- 2Q15 earnings driven by historically high ethylene margins

Quarter to Quarter Adjusted Operating Income (2Q14 through 2Q15)





Sales Volume[*1]

Product	2Q14 YTD	2Q15 YTD	Inc./Dec.
Oil products (KKL)			
Gasoline	5,106	**5,153**	+0.9%
Kerosene	1,457	**1,388**	-4.7%
Diesel Fuel	1,907	**1,888**	-1.0%
Fuel Oil A	802	**624**	-22.2%
Fuel Oil C	1,119	**1,117**	-0.1%
LPG/Jet/Others	2,516	**2,258**	-10.3%
Domestic sales total[*2]	12,907	**12,428**	-3.7%
Export	3,417	**3,839**	+12.3%
Oil products	16,325	**16,267**	-0.4%
Chemical products (Kton)			
Olefins and others	850	**805**	-5.3%
Aromatics	405	**418**	+3.2%
Specialties	120	**111**	-6.9%
Chemical products	1,374	**1,334**	-2.9%
Topper Utilization[*3]	79%	**81%**	

Inc./Dec.
Industry
-2.1%
-5.4%
-0.7%
-8.4%
-11.6%

Industry 2Q15 YTD
83%

- Oil product sales little changed in total vs. 2Q14YTD
  - Domestic mogas sales increase capturing favorable margin
  - Continued strong mogas / distillate exports
  - FOA shifted to export reflecting weak domestic demand
  - Continued to grow domestic jet
- Lower olefins due to minor steamcracker furnace maintenance
- Continued aromatics / gasoline product margin optimization

*1 Restated volume data to include MOCM acquisition effects for both periods
*2 Bonded sales volume included in domestic sales
*3 Utilization for TonenGeneral four refineries and excluding the decommissioned 2 toppers for both periods

FY 2015 Earnings Forecast

- FY 2015 operating income 32 billion yen, unchanged from May forecast
  - Oil : +5 billion yen, strong 2Q15YTD results partially offset by assumed weaker 3Q15 domestic and export margins
  - Chemical : +10 billion yen reflecting 2Q15YTD results, weakening commodity margins in 3Q / 4Q15
  - Inventory : -15 billion yen, as a result of anticipated weakening crude prices
- Net income 15 billion yen including tax effects from KPI consolidation in 2Q15
- 38 yen per share dividend forecast reaffirmed

(billion yen)	May Forecast		Actual 2Q15YTD	Aug. Update FY2015	Delta from May Forecast
	2Q15YTD	FY2015			
Net sales	1,250.0	2,600.0	1,384.1	**2,700.0**	**100.0**
Operating income	10.5	32.0	40.7	**32.0**	**-**
Ordinary income	10.0	31.0	40.2	**31.0**	**-**
Extraordinary gain/loss	9.0	9.0	8.7	**8.0**	**-**
Net income	-1.0	9.0	23.3	**15.0**	**6.0**
(Breakdown of operating income)					
Inventory gain / loss	-30.0	-30.0	-22.1	**-45.0**	**-15.0**
Goodwill amortization	-8.5	-17.0	-8.7	**-17.0**	**-**
Adjusted operating income	49.0	79.0	71.6	**94.0**	**15.0**
Oil segment	38.0	63.0	54.4	**68.0**	**5.0**
Chemical segment	11.0	16.0	17.2	**26.0**	**10.0**

Note)
Dubai crude price ($55/bbl) and Forex (123yen/$) to continue through 2015

Cash Flows, Debt/Equity

- 2Q15YTD adjusted free cash flow was 69.7 billion yen, driven by strong earnings excluding:
  - Timing effect of 2Q excise tax payment (62 billion to reverse by year-end)

- 2Q15YTD net debt decreased by 4.6 billion yen vs. 2014 end

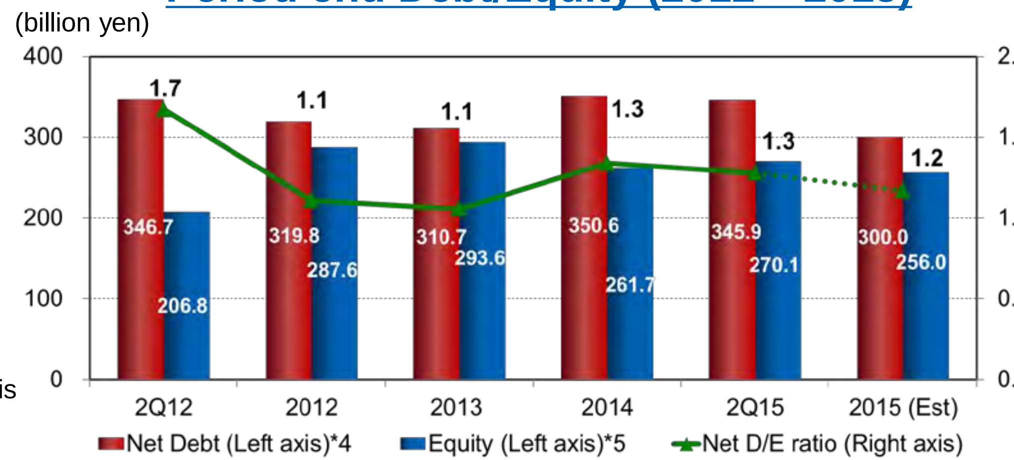
	billion yen
Free cash flow	7.7
Dividend payment	(6.9)
LPG business carve out effect	3.8
(Increase)/decrease in net debt	4.6

- Net D/E ratio to improve from 1.3 at 2Q15 end to 1.2 toward year end

2Q15 YTD Cash flow (billion yen)

Net income before taxes[*1]	61.4
Depreciation[*2] / (Capex)	2.3
Working capital changes and others	6.5
Adjusted Free Cash Flow	**69.7**
Timing of excise taxes payment	(62.0)
Free Cash Flow[*3]	**7.7**

Period end Debt/Equity (2012 – 2015)



*1 Exclude inventory effects and extraordinary gain in investment in Gyxis
*2 Includes goodwill amortization
*3 Sum of cash flows from operating and investing activities
*4 Debt deducting cash and cash equivalents
*5 Net assets deducting minority interests and subscription rights to shares

Supplemental Information

Sales Volume (MOCM volume not included for 1Q14)

- Sales volume consistent with net sales

Product	2Q14 YTD[*1]	2Q15 YTD	Inc./Dec.
Oil products (KKL)			
Gasoline	4,817	**5,153**	+7.0%
Kerosene	1,223	**1,388**	+13.5%
Diesel Fuel	1,748	**1,888**	+8.0%
Fuel Oil A	755	**624**	-17.4%
Fuel Oil C	1,067	**1,117**	+4.7%
LPG/Jet/Others	2,312	**2,258**	-2.3%
Domestic sales total	11,922	**12,428**	+4.2%
Export	3,229	**3,839**	+18.9%
Oil products	15,151	**16,267**	+7.4%
Chemical products (Kton)			
Olefins and others	840	**805**	-4.2%
Aromatics	405	**418**	+3.2%
Specialties	120	**111**	-6.9%
Chemical products	1,365	**1,334**	-2.3%
Topper Utilization	81%[*2]	**81%[*3]**	

Inc./Dec.
Industry
-2.1%
-5.4%
-0.7%
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-11.6%

Industry 2Q15 YTD
83%

*1 MOCM volume not included for 1Q14

*2 Utilization for TonenGeneral three refineries and excluding the decommissioned two toppers

*3 Utilization for TonenGeneral four refineries including Chiba refinery and excluding the decommissioned two toppers for both periods

Sensitivities for 2015 Earnings Forecast

❑ Base assumptions for the earnings forecast

Key Factors	Unit	Base
Dubai FOB	US$ / bbl	55
Exchange Rate	Yen / US$	123

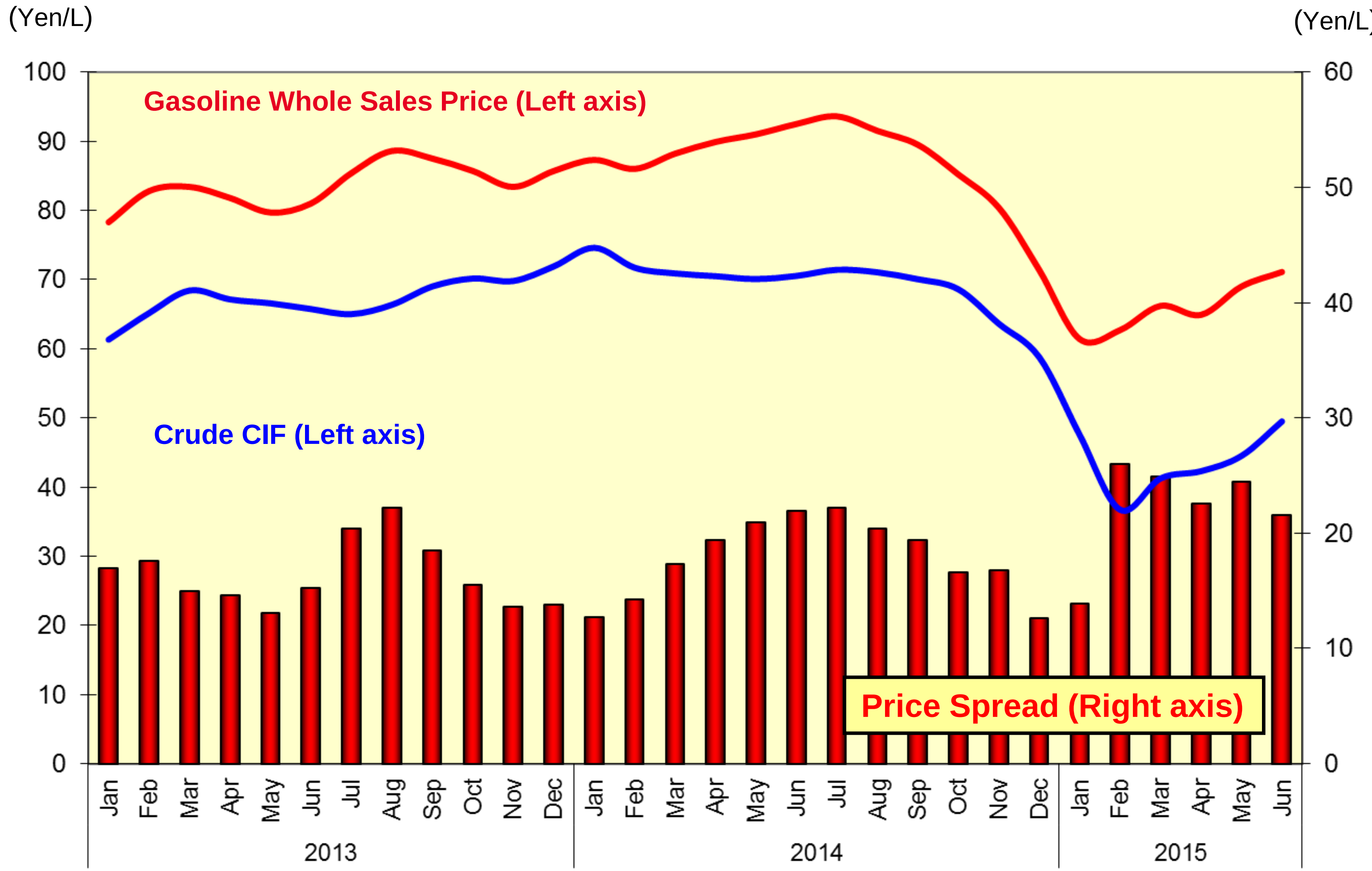
Above assumptions used for net sales and inventory effects calculation

❑ Full year sensitivities in the future operating income

Key Factors	Unit	Appreciation by	Annual Impact (billion yen) Operating income*1
Dubai FOB	US$ / bbl	10	30*1
Exchange Rate	Yen / US$	10	-15*1
Refining margin	Yen / L	1	35*2

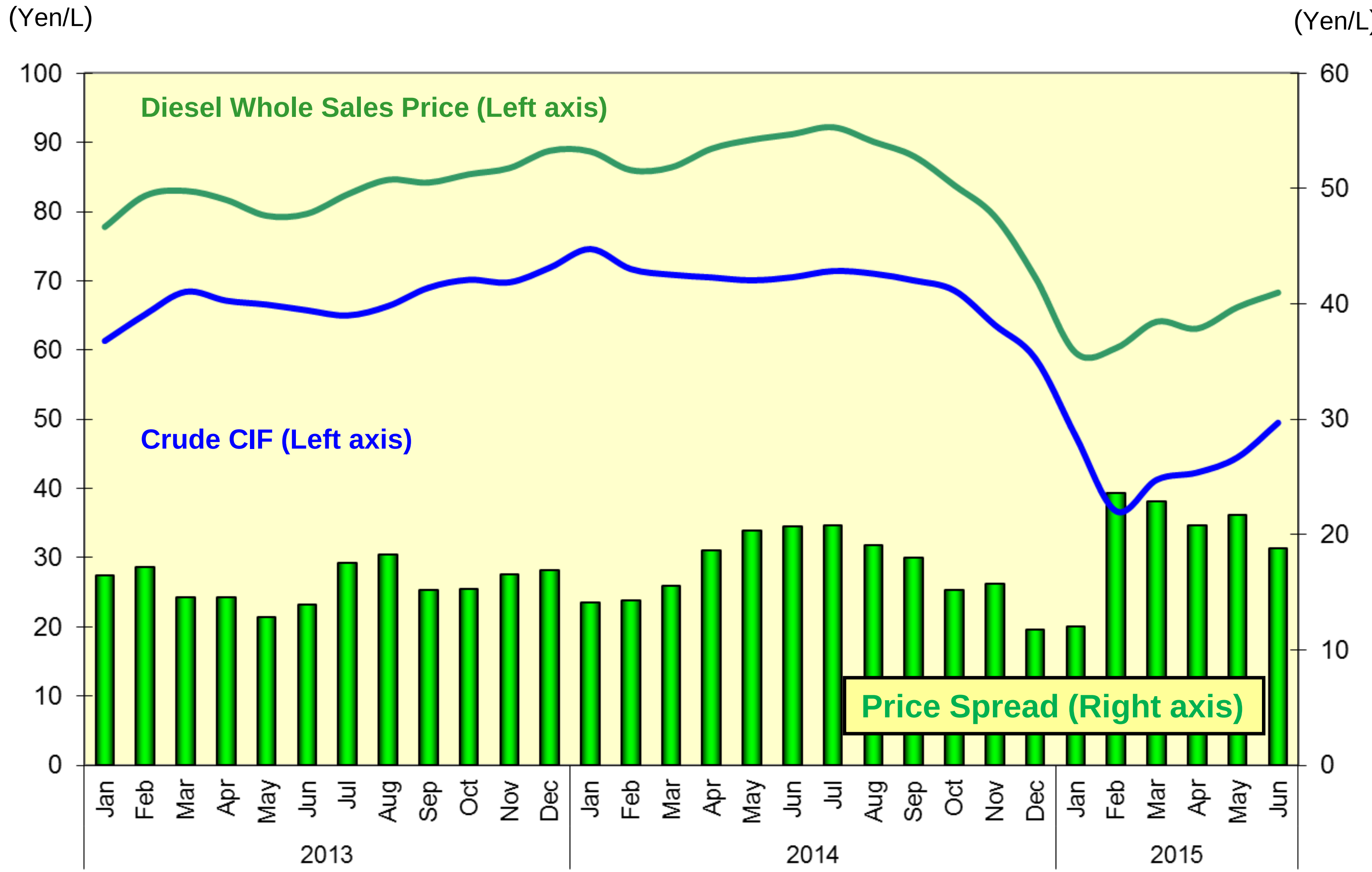
*1 Inventory effects only, the sensitivity would change subject to timing of crude price fluctuation and inventory volume
*2 Impact to operating income on annual basis rounded to nearest billion yen subject to change in sales volume

Price Spread (Gasoline Wholesale Price vs. Crude CIF)



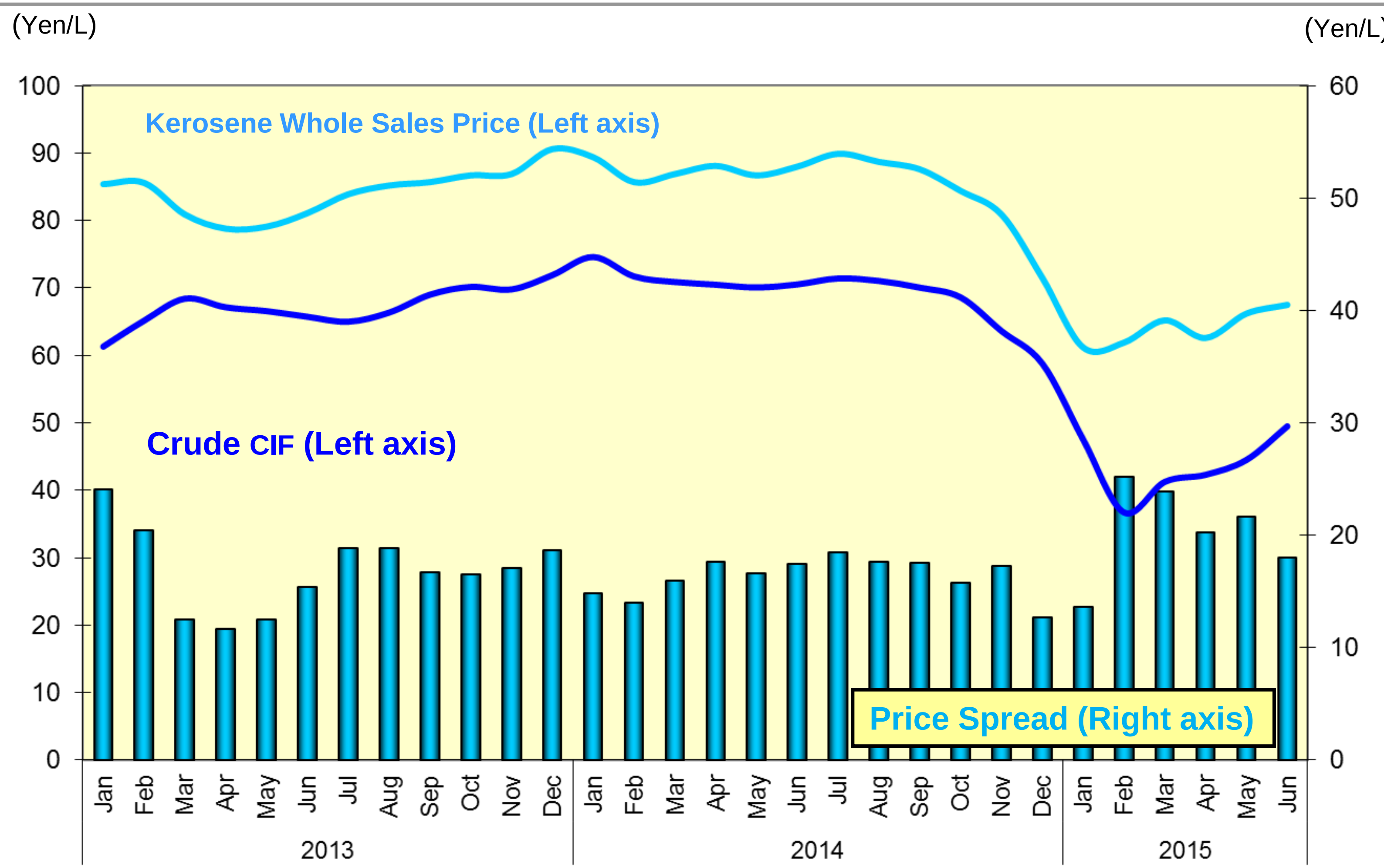
Source: PAJ and The Oil Information Center

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 (2013 – 2Q15)

2015

(Unit: billion yen)

Breakdown of Operating Income	1Q15	2Q15	3Q15	4Q15	FY2015	1H15	3Q15YTD
Oil segment (Substantial)	30.8	23.6				54.4	
Chemical segment (Substantial)	4.3	12.9				17.2	
Inventory effects	-45.0	22.8				-22.1	
Goodwill amotization	-4.4	-4.4				-8.7	
Total	-14.2	54.9				40.7	

2014

(Unit: billion yen)

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 amotization	-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

2013

Breakdown of Operating Income	1Q13	2Q13	3Q13	4Q13	FY2013	1H13	3Q13YTD
Oil segment (Substantial)	13.6	-10.5	5.8	-7.2	1.7	3.1	8.9
Chemical segment (Substantial)	7.6	2.9	3.9	6.3	20.6	10.5	14.3
Inventory effects	25.7	0.1	13.2	7.9	47.0	25.9	39.0
Goodwill amotization	-4.2	-4.2	-4.2	-4.2	-16.9	-8.5	-12.7
Total	42.7	-11.8	18.6	2.8	52.3	30.9	49.5