TonenGeneral Sekiyu K.K.
Full Year 2016 Financial Results

February 14, 2017

東燃ゼネラル石油株式会社

Agenda

- 2016 Business Overview

  Representative Director, President J. Mutoh

- 2016 Results

  Senior Managing Director Y. Onoda

- Q & A

2016 Business Overview

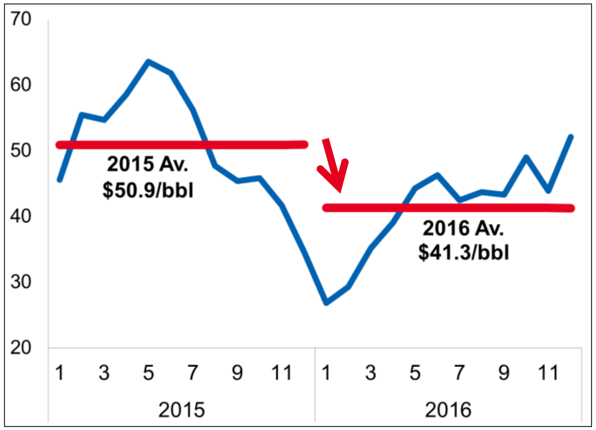
J. Mutoh

Representative Director, President
TonenGeneral Sekiyu K.K.

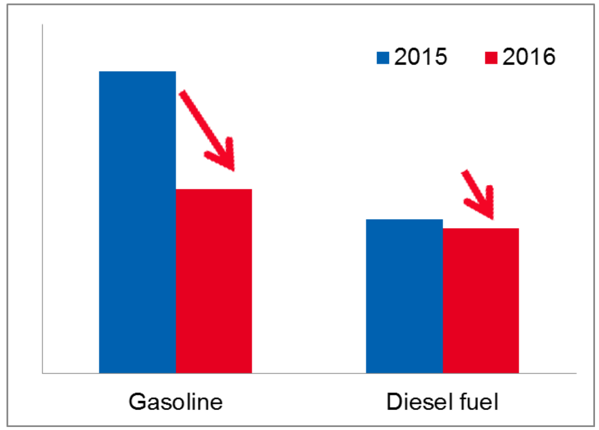
- 2016 Business Results
- Progress on Medium Term Management Plan
- Business Integration with JX Holdings, Inc.

2016 Business Results – Business Environment

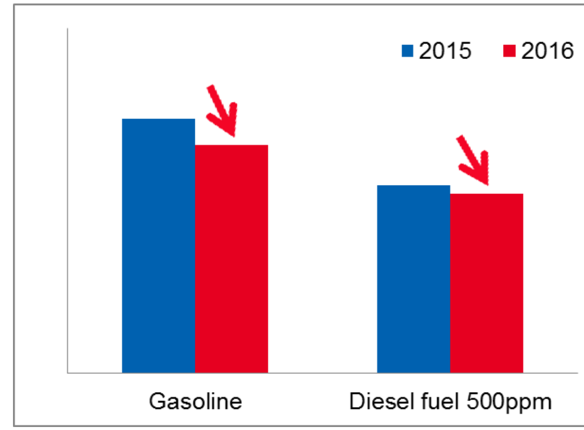
Dubai Crude Price
($ / bbl.)



Domestic Fuel Margin
(ERA's DSP - CIF)

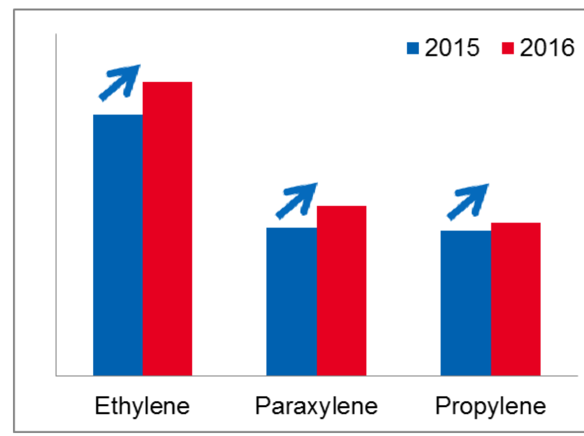


Export Fuel Margin
(MOPS - CIF)



- Monthly average crude prices increased to $52.1/bbl in December, while annual average price decreased by $9.6/bbl vs. 2015
- Domestic gasoline margins significantly deteriorated, while diesel margins slightly decreased vs. 2015
- Gasoline and diesel export margins slightly eroded vs. 2015
- Chemical margins increased

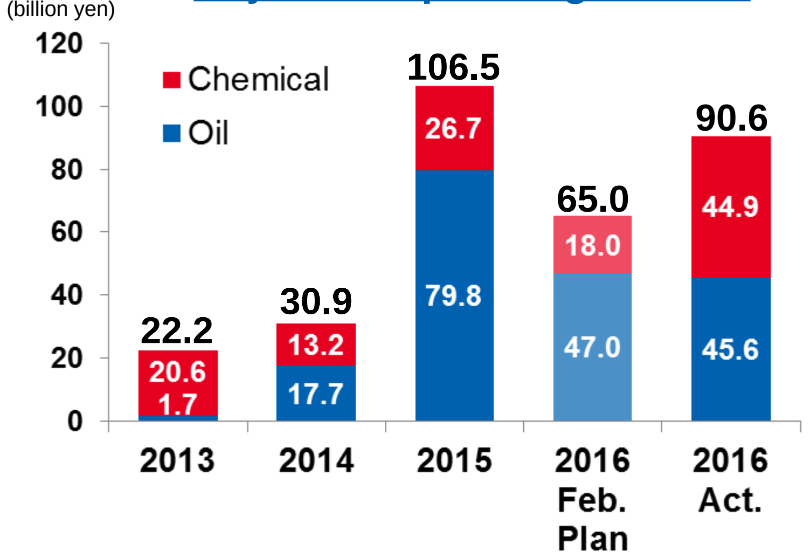
Chemical Price Spread vs. Naphtha



2016 Business Results – Adjusted Operating Income*

(billion yen)	2015	2016	Inc./Dec.
Operating Income	2.0	81.0	+79.0
Adj. Operating Income	106.5	90.6	-16.0
Oil Segment	79.8	45.6	-34.2
Chemical Segment	26.7	44.9	+18.2

Adjusted Operating Income



* Excluding goodwill amortization and inventory effects

- Attained adjusted operating income of 90.6 billion yen
- Oil segment profit declined
  - Major turnaround at Kawasaki refinery
  - Gasoline margins decreased more than diesel margins
  - Decreased light crude price advantage
  - TG maintained high profits thanks to agile supply / sales strategy and flexible crude acquisition even under a severe market environment
- Chemical segment profits increased
  - Favorable margins for main products
  - Upgraded gasoline components to aromatics
  - Pursued feedstock economics optimization
- Continued high profits since 2015
  - Enhanced company-wide optimization
  - Focused on medium term management plan, and carried out its basic strategies

Progress on Medium Term Management Plan – Key Parameters

Key Parameters (billion yen)	2016 Act.	Cumulative '13-'16	Medium Term Plan 2013 Plan	2015 Plan	2017 Plan
❑ Adj. Operating Income [1]	90.6		60	70	80-100
❑ Capital Expenditure	36.7	158.7	←	130+α [3]	→
❑ Free Cash Flow [2]	79.6	283.9	←	200 [3]	→
❑ Dividend (Yen/Share)	47.5 [4]		←	Stable dividend	→

Strengthen Core Businesses

- M&A
  - MOCM [5]/ KPI [6] / Gyxis / NUC [7]
- Collaboration with others
  - Industrial complex (Cosmo/Chiba, Toa Oil/Kawasaki)
  - Lubricant oil consignment for Cosmo
- Continuous improvement
  - Integrated business team
  - SS network (# of Seven-Eleven alliance sites: 145, # of Express sites: 1,150, as of Dec. 2016)
  - Energy efficiency improvement

Expand Growth Options

- Electric power business
  - LNG/coal power plant project
  - Electric power sales
- Oil downstream business in Australia

[1] Excluding goodwill amortization and inventory effects
[2] The sum of cash flows from operating net of investing activities
[3] Five year cumulative amounts for 2013-2017
[4] Including special dividend of 9.5 yen per share
[5] Formerly Mitsui Oil Co., Ltd.
[6] Formerly Kyokuto Petroleum Industries, Ltd.
[7] Formerly Nippon Unicar Co., Ltd.

Business Integration with JX Holdings, Inc.

- Progress in 2016
  - August 31 — Executed business integration agreement and other agreements
  - December 19 — Japan Fair Trade Commission clearance obtained
  - December 21 — Obtained approval for the business integration at extraordinary shareholders meeting
- Accelerate preparation work in accordance with the business integration contract
- Focus on synergy capture after the integration (April 1)
- Plan to announce medium term management plan in May

At a joint press conference on August 31, 2016.
From left: Takashi Hirose, Representative Director, Vice President of TonenGeneral Sekiyu K.K.; Jun Mutoh, Representative Director, President of TonenGeneral Sekiyu K.K.; Yasushi Kimura, Representative Director and Chairman of the Board of JX Holdings, Inc.; Yukio Uchida, Representative Director and President of JX Holdings, Inc.; Tsutomu Sugimori, Director (Part-time) of JX Holdings, Inc., and Representative Director and President of JX Nippon Oil & Energy Corporation

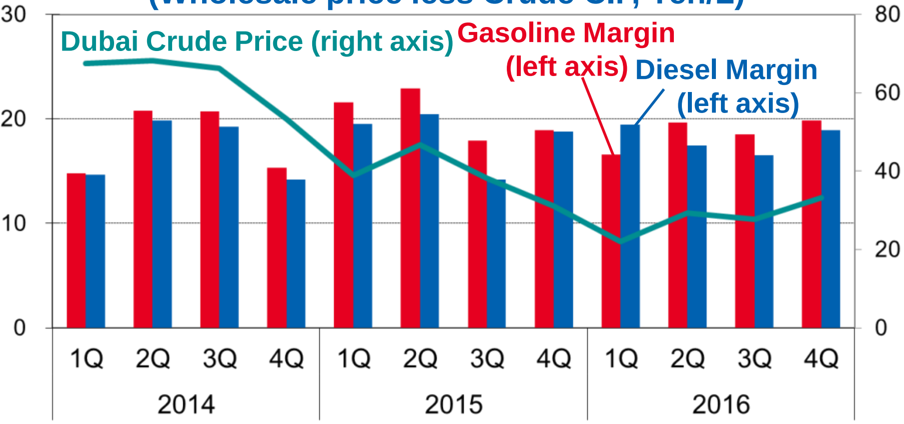
2016 Results

Y. Onoda

Senior Managing Director
TonenGeneral Sekiyu K.K.

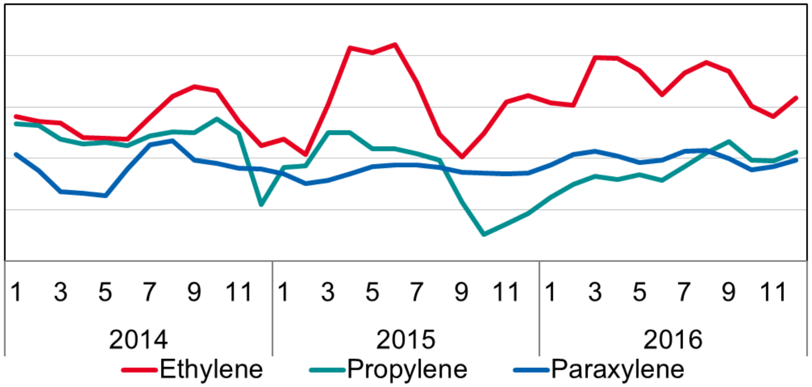
4Q16 Business Environment

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



Source: PAJ and Oil Information Center

Chemical Price Spread vs. Naphtha



Source: ICIS

Oil Segment

- Crude price increased from October recovering to a monthly average in the $50s in December. 4Q quarterly average increased by $5/bbl from 3Q.
- 4Q16 domestic major 5 fuels demand: +2.3% vs. 4Q15
  - Gasoline : -0.2%
  - Distillate : +4.0%
  - Fuel Oil C: +4.5%
- Domestic product margins substantially improved from 3Q with crude price increase
- Export margins also improved, especially gasoline, which had been stagnant

Chemical Segment

- Though lower than 3Q level, ethylene and paraxylene margins remained favorable along with other product margins

2016 Financial Highlights

- Net sales : 538.5 billion yen decrease mainly due to decrease in crude / product prices
- Operating income was 81.0 billion yen, a 79.0 billion yen increase:
  - Oil : -34.2 billion yen, due to changes in market environment, though supply chain optimization continued as planned
  - Chemical : +18.2 billion yen, product margins favorable, especially ethylene
  - Inventory : +95.0 billion yen, closed positive due to crude price increase in December
- Net income[1]: 64.4 billion yen, a 64.4 billion yen increase

billion yen	2015	2016	Inc./Dec.
Net sales	2,627.9	**2,089.4**	-538.5
Operating income	2.0	**81.0**	79.0
Ordinary income	-0.3	**76.7**	76.9
Extraordinary gain/loss	9.2	**-0.1**	-9.3
Net income*	0.1	**64.4**	64.4

(Breakdown of operating income)

Inventory gain/loss	-87.1	**8.0**	95.0
Goodwill amortization	-17.5	**-17.5**	-
Adjusted Operating income	106.5	**90.6**	-16.0
Oil segment	79.8	**45.6**	-34.2
Chemical segment	26.7	**44.9**	18.2

Oil Segment

2015	**79.8**
• Margin	-26.3
• Volume	-1.6
• Opex	-6.3
2016	**45.6**

Chemical Segment

2015	**26.7**
• Margin/Vol.	16.5
• Opex	1.7
2016	**44.9**

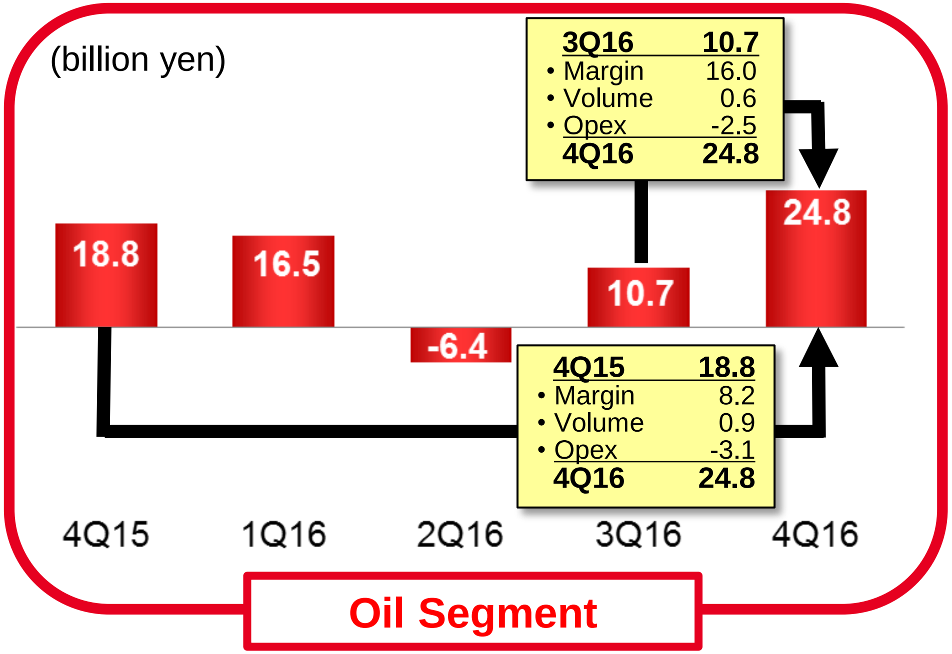
[1] Net income represents the net income attributable to owners of the parent (the Company), excluding income attributable to non-controlling interests

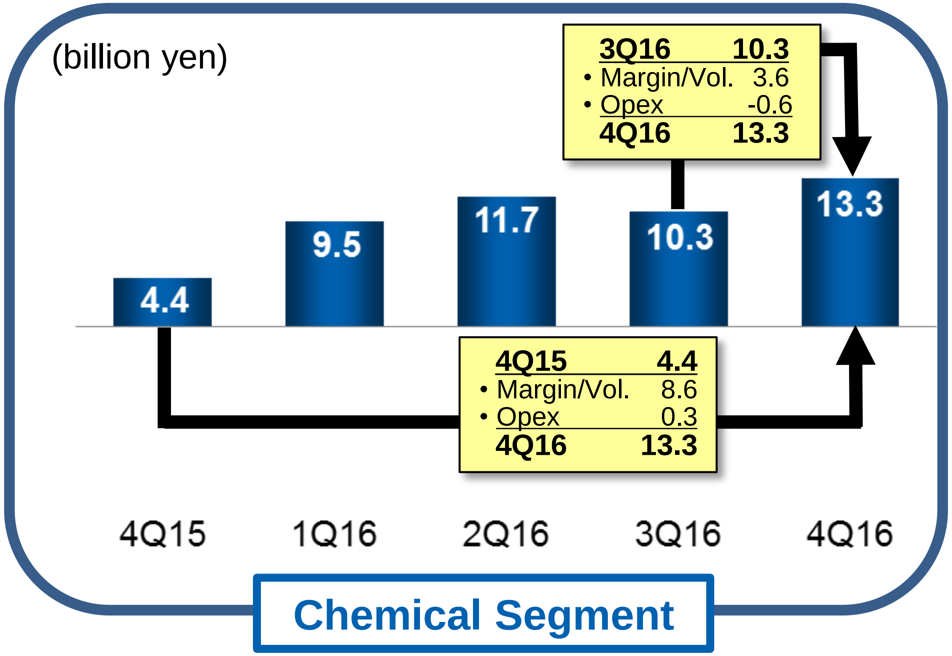
Factor Analysis of 4Q16 Operating Income

Oil
- Versus 4Q15, domestic margins improved while crude prices increased
- Versus 3Q16, both domestic and export margins substantially improved

Chemical
- Favorable olefin margins boosted earnings while other chemical product margins stayed healthy

Quarter to Quarter Adjusted Operating Income (4Q15 through 4Q16)





Sales Volume

Product	FY 2015	FY 2016	Inc./Dec.	Inc./Dec. Industry
Oil products (KKL)				
Gasoline	10,840	**10,947**	+1.0%	-0.5%
Kerosene	2,601	**2,464**	-5.3%	+2.9%
Diesel Fuel	3,857	**4,020**	+4.2%	-0.8%
Fuel Oil A	1,348	**1,498**	+11.2%	+2.9%
Fuel Oil C [1]	2,352	**2,344**	-0.3%	-13.0%
LPG/Jet/Other [1, 2]	4,019	**4,095**	+1.9%	
Domestic sales total [3]	25,017	**25,369**	+1.4%	
Export	7,207	**5,824**	-19.2%	
Oil products	32,224	**31,193**	-3.2%	
Chemical products (Kton)				
Olefins and other	1,591	**1,632**	+2.6%	
Aromatics	865	**1,014**	+17.3%	
Specialties	224	**245**	+9.2%	
Chemical products	2,680	**2,891**	+7.9%	

			Industry FY 2016
Topper Utilization	81%	**80%**	85%

- Total oil product sales decreased from 2015 due to significant drop in export, while domestic sales increased
  - Rise in mogas and diesel fuel domestic sales, where margins were relatively high
  - Re-focus on Fuel Oil A domestic sales
  - Significant drop in export due to Kawasaki turnaround in 2Q and weakening of the international market
- Aromatics sales increased from continued aromatics / gasoline product margin optimization and start-up of a new mixed xylene recovery unit in Chiba refinery

1 Adjusted 2015 Fuel Oil C and LPG/Jet/Other sales volume according to 2016 categorization
2 Excluding the 2015 volume impact of LPG business split-off to Gyxis
3 Bonded sales volume included in domestic sales

Cash Flows, Debt/Equity

- 2016 free cash flow [1] was 79.6 billion yen
- 2016 end net debt [2] decreased by 64.1 billion yen vs. 2015 end

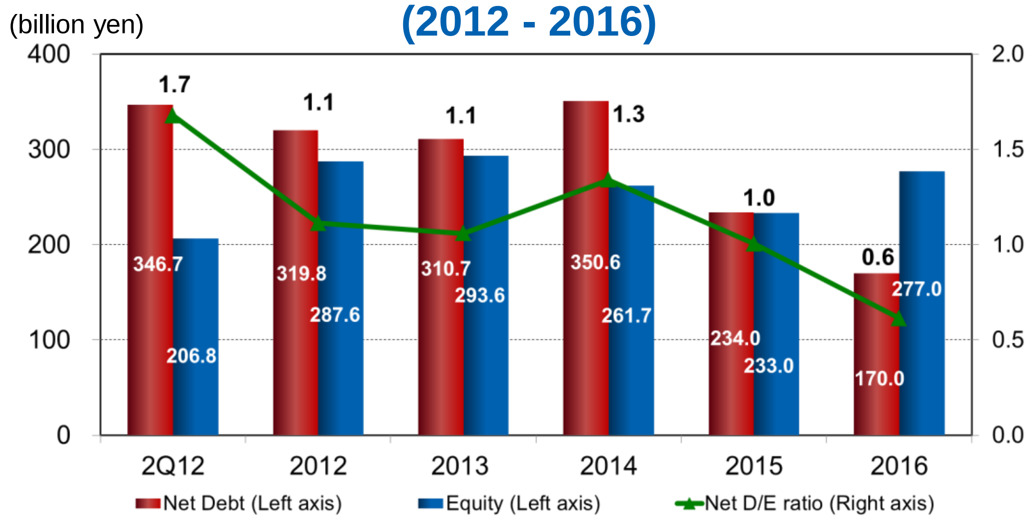
	billion yen
Free cash flow	79.6
Dividend payment and other	(15.5)
(Increase)/decrease in net debt	64.1

- Net D/E ratio greatly improved since the launch of the current TG Group in 2012
  - Healthy free cash flow
  - Net debt halved in the last 2 years

2016 Cash flow (billion yen)

Net income before taxes [3]	68.5
Depreciation [4] / (Capex)	11.4
Working capital changes / Other	-0.3
Free Cash Flow	**79.6**

Period end Net Debt/Equity (2012 - 2016)



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

Supplemental Information

Sales Volume

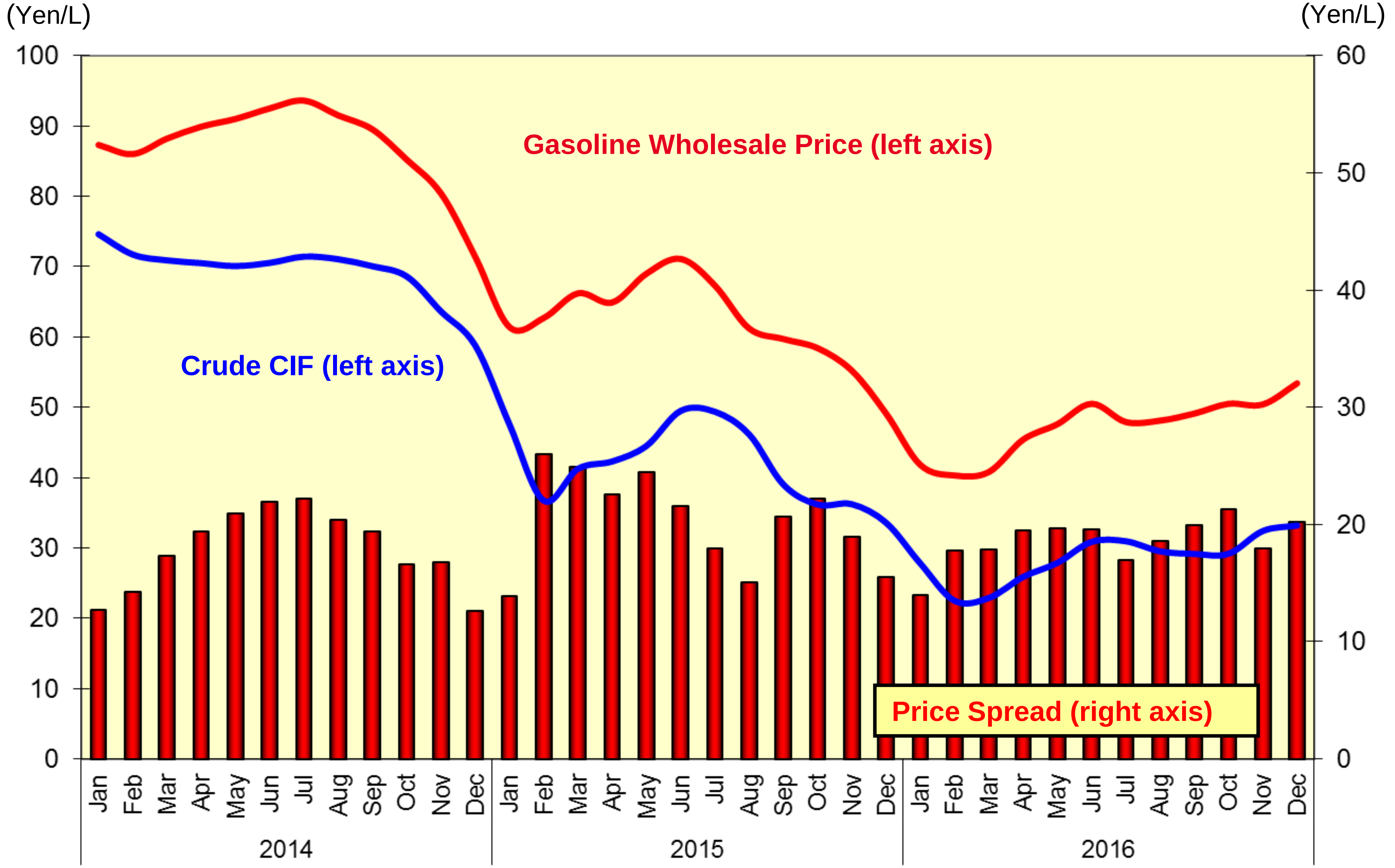
- Sales volume consistent with net sales

Product	FY 2015	FY 2016	Inc./Dec.	Inc./Dec. Industry
Oil products (KKL)				
Gasoline	10,840	**10,947**	+1.0%	-0.5%
Kerosene	2,601	**2,464**	-5.3%	+2.9%
Diesel Fuel	3,857	**4,020**	+4.2%	-0.8%
Fuel Oil A	1,348	**1,498**	+11.2%	+2.9%
Fuel Oil C	2,144	**2,344**	+9.3%	-13.0%
LPG/Jet/Other	4,443	**4,095**	-7.8%	
Domestic sales total[1]	25,233	**25,369**	+0.5%	
Export	7,207	**5,824**	-19.2%	
Oil products	32,440	**31,193**	-3.8%	
Chemical products (Kton)				
Olefins and other	1,591	**1,632**	+2.6%	
Aromatics	865	**1,014**	+17.3%	
Specialties	224	**245**	+9.2%	
Chemical products	2,680	**2,891**	+7.9%	

	FY 2015	FY 2016	Industry FY 2016
Topper Utilization	81%	**80%**	85%

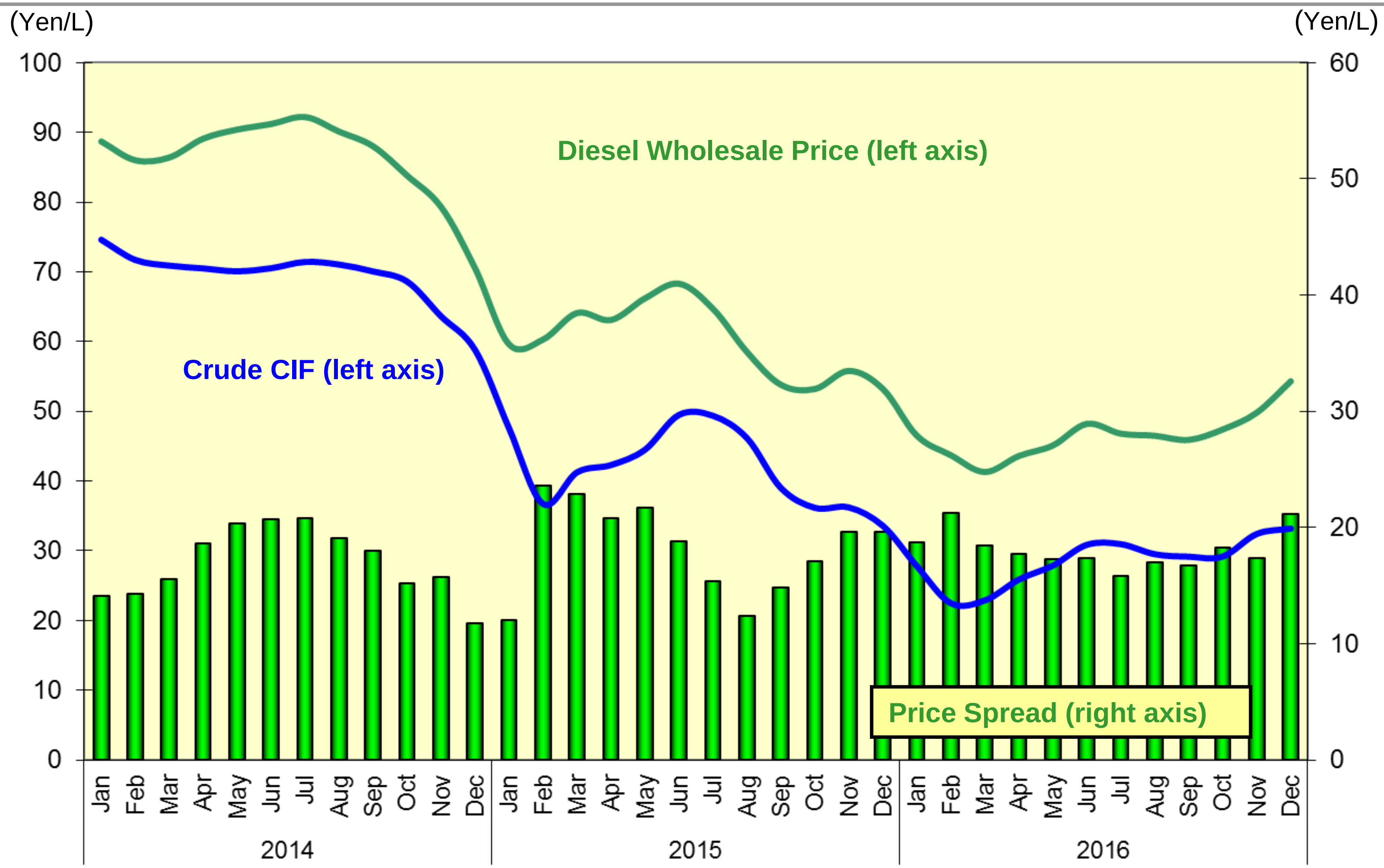
[1] Bonded sales volume included in domestic sales

Price Spread (Gasoline Wholesale Price vs. Crude CIF)



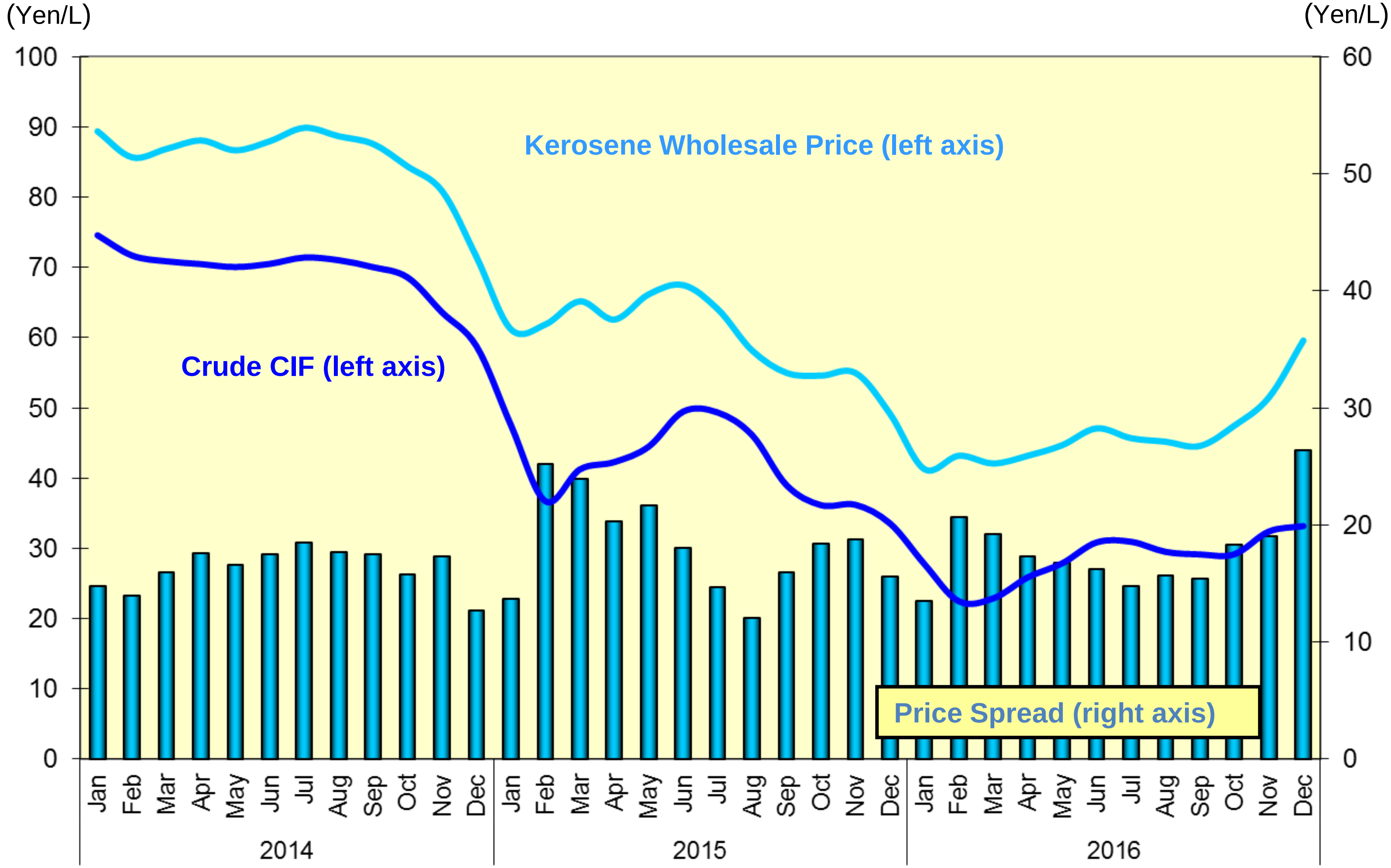
Source: PAJ and The Oil Information Center

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 – 2016)

2016

(Unit: billion yen)

Breakdown of Operating Income	1Q16	2Q16	3Q16	4Q16	FY2016	1H16	3Q16YTD
Oil segment (Substantial)	16.5	-6.4	10.7	24.8	45.6	10.2	20.9
Chemical segment (Substantial)	9.5	11.7	10.3	13.3	44.9	21.3	31.6
Inventory effects	-28.3	22.5	-5.0	18.7	8.0	-5.8	-10.8
Goodwill amortization	-4.4	-4.4	-4.4	-4.4	-17.5	-8.7	-13.1
Total	-6.6	23.5	11.7	52.5	81.0	16.9	28.6

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