

Presentation of Financial Results for the Six Months Ended September 30, 2003

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November 14, 2003



NIPPON OIL
Your Choice of Energy

Outline of Today's Presentation

1. Review of Operations for the Interim Period

2. Outlook for Fiscal 2004

Shinji Nishio

Executive Vice President and Chief Financial Officer

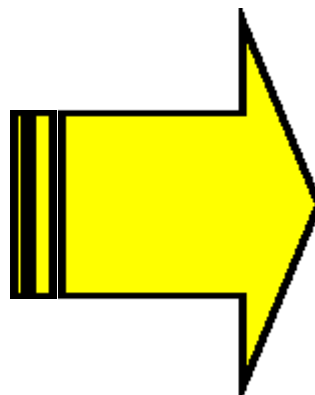
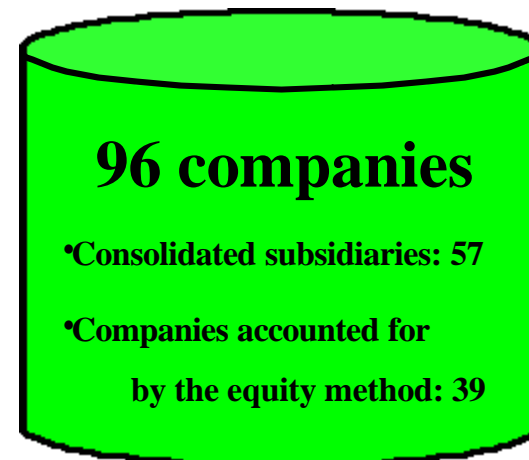
1. Review of Operations for the Interim Period

Scope of Consolidation

Mar. 31, 2003



Sep. 30, 2003



< Increase and Decrease in consolidated subsidiaries >

•Newly consolidated: Nippon Oil Information Technology Corporation, Dai Nippon Construction.

•Excluded from consolidation: Tokyo Tanker Kinkai Co., Ltd., Nippon Oil Information System Co., Ltd.

< Increase in companies accounted for by the equity method >

•New companies accounted for by the equity method: Nippon Oil Exploration(Malaysia), Ltd., Nippon Oil Exploration(Sarawak), Ltd., Tianjin Nisseki Lubricants & Grease Co., Ltd., 5 “Enets Hanbai” companies

Highlights of the consolidated Income

	Previous interim period Sep.30, 2002	Change	Current interim period Sep.30, 2003	Change	Current interim period Sep.30, 2003 (Estimate released in Augst 2003)
Crude Oil Price (\$/Bbl)	24.9	+ 1.8	26.7	+ 0.2	26.5
Yen/dollar exchange rate (¥/\$)	124.3	5.7	118.6	1.4	120
Domestic fuel demand including crude oil (10000kl)	2,384	+ 158	2,542	18	2,560
	(billion yen)	(billion yen)	(billion yen)	(billion yen)	(billion yen)
Net sales	1,856.9	+ 137.2	1,994.1	65.9	2,060.0
Operating income	23.2	4.7	18.5	5.5	24.0
Net non-operating income (loss)	3.5	+ 4.8	1.3	+ 2.3	1.0
Recurring income (excluding inventory factors)	19.7 (2.4)	+ 0.1 (+ 39.5)	19.8 (37.1)	3.2 (2.7)	23.0 (39.8)
Net extraordinary income (loss)	17.9	+ 19.3	1.4	+ 2.4	1.0
Net income	0.5	+ 9.7	10.2	1.8	12.0

Summary Analysis of Changes in Recurring Income:

(a) Year on year

<Recurring Income> ¥2.4 billion ¥37.1 billion (+¥39.5 billion)
 (excluding inventory factors)

(¥ billion)

(1) Sales volume increases and profit margin improvements	+ 28.7
(2) Cost reductions and increases in efficiency	+ 9.3
(3) Impact of temporary refinery shut-downs	6.9
(4) Operating income in the oil E&P division	+ 9.3
(5) Other	5.7

Operating Income (excluding inventory factors)	+ 34.7
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(6) Improvements of non-operating income	+ 4.8
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Recurring income (excluding inventory factors)	+ 39.5
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< Inventory factors 39.4 (+ 22.1 17.3) >
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Summary Analysis of Changes in Recurring Income :

(b)Change from Original Forecast (August 2003)

<Recurring Income> ¥39.8 billion ¥37.1 billion (¥2.7 billion)
(excluding inventory factors)

(¥ billion)

(1) Cost reductions and increases in efficiency	+ 0.3
(2) Impact of temporary refinery shut-downs	0.4
(3) Operating income in the oil E&P division	0.3
(4) Sales volume increases, profit margin improvements and other	4.6

Operating Income (excluding inventory factors)	5.0
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(5) Improvements of non-operating income	+ 2.3
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Recurring income (excluding inventory factors)	2.7
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< Inventory factors	0.5	(16.8		17.3)	>
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Sales Volume (Unconsolidated)

	Previous interim period Sep.30, 2002	Change	Current interim period Sep.30, 2003
	(10,000 kl)	%	(10,000 kl)
Gasoline	705	+ 0.3	707
(Premium)	(146)	(4.7)	(139)
(Regular)	(551)	(+ 1.6)	(560)
Naphtha	287	1.2	284
Jet fuel	59	+ 6.4	62
Kerosene	176	+ 5.4	185
Diesel fuel	438	4.7	418
Fuel oil A	306	+ 12.3	344
Fuel oil C	355	+ 21.6	432
(For electric power)	(122)	(+ 68.7)	(205)
(For general use)	(233)	(3.0)	(227)
Total domestic fuel demand	2,326	+ 4.6	2,432
Crude oil	58	+ 90.9	110
Domestic demand including crude oil	2,384	+ 6.6	2,542
Barter joint, other	1,283	+ 4.4	1,340
T o t a l	3,667	+ 5.9	3,882

Breakdown of Extraordinary Income (Loss)

	¥ billion)
(1) Profit (loss) on disposal of assets	2.7
(2) Other	1.3
<hr/>	
T o t a l	1.4

Principal Data by Operating Segment

(1) Net sales (¥ billion)

Total 1,994.1 (+137.2)			
Petroleum fuel and crude oil	Petrochemical operations	Construction	Other
1,700.9 (+ 100.5)	120.1 (+ 17.1)	138.6 (+ 20.2)	34.5 (0.6)

→ Figures include ¥ 35.6 billion (+ ¥ 17.3 billion year on year) in net sales of the oil exploration and development division

Note: Figures in parentheses are year on year changes.

(2) Operating income (¥ billion)

Total 18.5 (4.7)			
Petroleum fuel and crude oil	Petrochemical operations	Construction	Other
11.1 (4.0)	3.6 (+ 1.6)	0.4 (1.3)	4.2 (1.0)

→ Figures include ¥ 15.0 billion (+ ¥ 9.3 billion year on year) in operating income of the oil exploration and development division

Note: Figures in parentheses are year on year changes.



2. Outlook for Fiscal 2004

Outlook for the Consolidated Statements of Operations

	Fiscal 2003 (Actual)	Change	Fiscal 2004 (Outlook)	Change	Fiscal 2004 (Estimate released in August 2003)
Crude Oil Price (\$/Bbl)	26.3	+ 0.2	26.5 <small>(second half) 26.4</small>	+ 1.0	25.5
Yen/dollar exchange rate (¥/\$)	122.4	8.4	114 <small>(second half) 110</small>	6	120
<small>Domestic fuel demand including crude oil (10,000kl)</small>	5,548	183	5,365	+ 15	5,350
	<small>(billion yen)</small>	<small>(billion yen)</small>	<small>(billion yen)</small>	<small>(billion yen)</small>	<small>(billion yen)</small>
Net sales	4,187.4	+ 22.6	4,210.0	110.0	4,320.0
Operating income	96.6	51.1	45.5	15.5	61.0
Net non-operating income (loss)	5.8	+ 4.3	1.5	1.5	3.0
Recurring income (excluding inventory factors)	90.8 (42.7)	46.8 (+ 42.8)	44.0 (85.5)	14.0 (6.1)	58.0 (91.6)
Net extraordinary income (loss)	26.6	+ 21.1	5.5	2.5	3.0
Net income	32.3	18.3	14.0	11.0	25.0
ROE	%	%	%	%	%
	3.5	2.0	1.5	1.2	2.7

Summary Analysis of Changes in Recurring Income: (a)Year on year

<Recurring Income> ¥42.7billion ¥85.5 billion (+¥42.8 billion)
 (excluding inventory factors)

(¥ billion)

(1) Sales volume increases and profit margin improvements	+ 27.0
(2) Cost reductions and increases in efficiency	+ 21.6
(3) Impact of temporary refinery shut-downs	9.1
(4) Operating income in the oil E&P division	+ 6.2
(5) Other	7.2

Operating Income (excluding inventory factors)	+ 38.5
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(6) Improvements of non-operating income	+ 4.3
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Recurring income (excluding inventory factors)	+ 42.8
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< Inventory factors 89.6 (+ 48.1 41.5) >
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Summary Analysis of Changes in Recurring Income : (b)Change from Original Forecast (August 2003)

<Recurring Income> ¥91.6 billion ¥85.5 billion (¥6.1 billion)
(excluding inventory factors)

(¥ billion)

(1) Cost reductions and increases in efficiency	3.4
(2) Impact of temporary refinery shut-downs	0.6
(3) Operating income in the oil E&P division	1.0
(4) Sales volume increases, profit margin improvements and other	2.6

Operating Income (excluding inventory factors)	7.6
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(5) Improvements of non-operating income	+ 1.5
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Recurring income (excluding inventory factors)	6.1
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< Inventory factors 7.9 (33.6 41.5) >	
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Outlook for Sales Volume (Unconsolidated)

	Fiscal 2003 (Actual)	Change	Fiscal 2004 (Outlook)
	(10,000 kl)	%	(10,000 kl)
Gasoline	1,389	+ 0.5	1,396
(Premium)	(279)	(+ 1.4)	(283)
(Regular)	(1,096)	(+ 0.3)	(1,099)
Naphtha	600	+ 0.3	602
Jet fuel	121	± 0.0	121
Kerosene	722	3.0	700
Diesel fuel	883	4.1	847
Fuel oil A	726	+ 3.4	751
Fuel oil C	883	9.7	797
(For electric power)	(375)	(16.0)	(315)
(For general use)	(508)	(5.1)	(482)
Total domestic fuel demand	5,324	2.1	5,214
Crude oil	224	32.6	151
Domestic demand including crude oil	5,548	3.3	5,365
Barter joint, other	2,835	+ 4.2	2,955
T o t a l	8,383	0.8	8,320

Breakdown of Extraordinary Income (Loss)

	(¥ billion)
(1) Profit (loss) on disposal of assets	2.4
(2) Other	3.1
<hr/>	
T o t a l	5.5

Principal Data by Operating Segment

(1) Net sales

(¥ billion)

Total 4,210 (+22.6)			
Petroleum fuel and crude oil	Petrochemical operations	Construction	Other
3,532.0 (67.6)	235.0 (+ 15.1)	375.0 (+ 71.0)	68.0 (+ 4.1)

Figures include ¥ 59.3 billion (+¥ 13.5 billion year on year) in net sales of the oil exploration and development division

Note: Figures in parentheses are year on year changes.

(2) Operating income

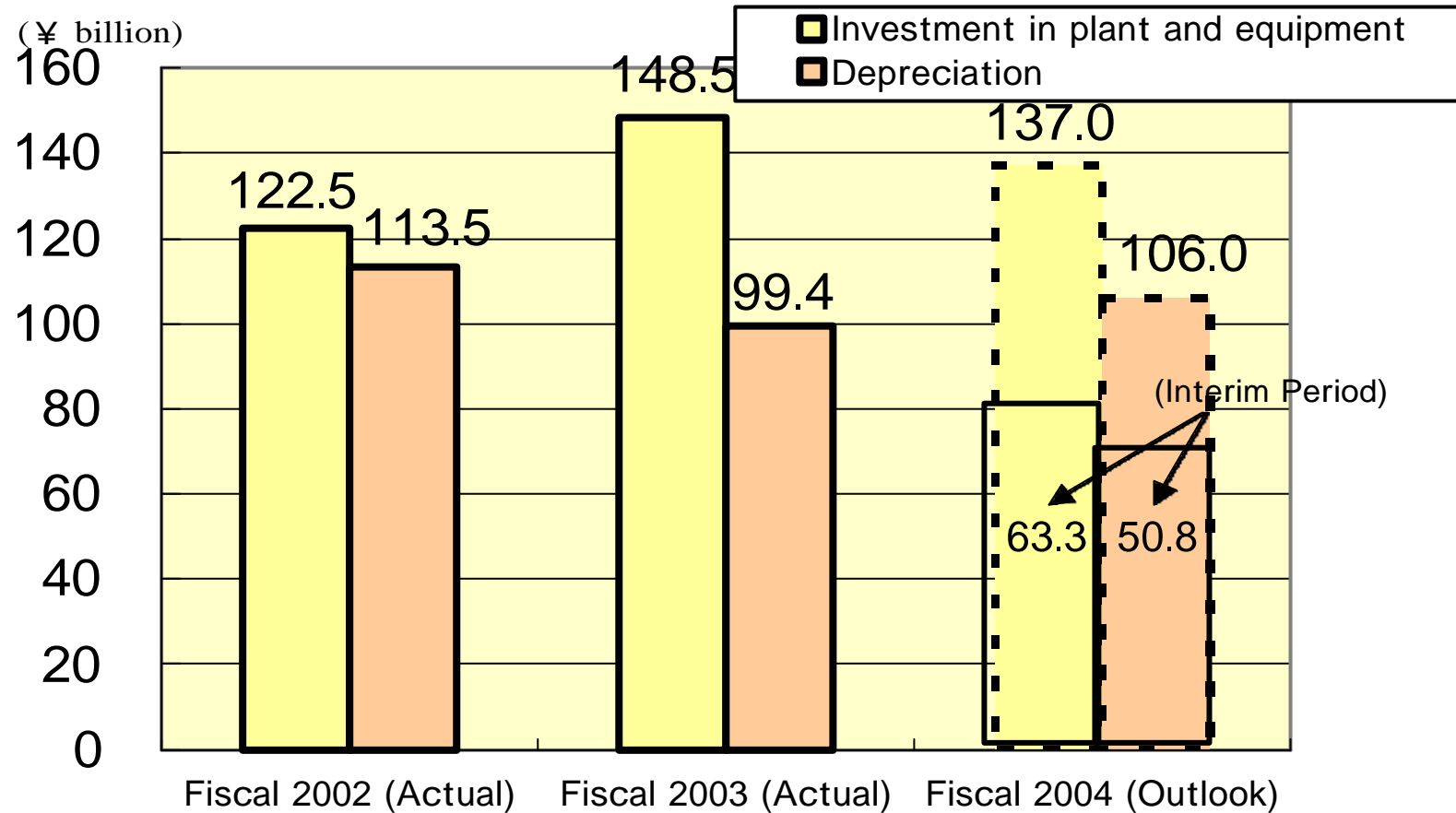
(¥ billion)

Total 45.5 (51.1)			
Petroleum fuel and crude oil	Petrochemical operations	Construction	Other
23.2 (49.7)	7.4 (+ 1.7)	7.1 (0.9)	7.8 (2.2)

Figures include ¥ 21.3 billion (+¥ 6.2 billion year on year) in operating income of the oil exploration and development division

Note: Figures in parentheses are year on year changes.

Investment in Plant/Equipment and Depreciation



Investment in Plant and Equipment by Segment

(¥ billion)

Total 137.0 (63.3)			
Petroleum fuel and crude oil	Petrochemical operations	Construction	Other
106.0 (48.4)	10.0 (6.6)	8.0 (3.2)	13.0 (5.1)

Note: Figures in parentheses are interim period.

Breakdown by Principal Items:

•Refinery-Related: ¥19.5 billion •Service Station-Related: ¥16.0 billion

•IPP-Related : ¥15.0 billion

Depreciation: ¥106.0 billion

Supplementary Information (1)

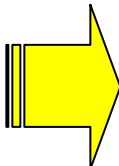
Cost Reduction Measures

(¥ billion)

	FY2003 (Actual)	FY 2004(outlook)		FY2005 (Plan)	FY2003-FY2005	
		< First Half > (Actual)	< Second Half > (Outlook)			
Transportation and Storage Cost Reductions	6.6	2.9	(0.9)	(2.0)	3.5	13.0
Personnel Cost Reductions	6.7	4.0	(2.4)	(1.6)	10.3	21.0
Facility-and Equipment-Related Cost Reductions	20.3	0.5	(0.1)	(0.4)	15.2	36.0
General Efficiency Increases	8.6	14.2	(5.9)	(8.3)	7.2	30.0
Total	42.2	21.6	(9.3)	(12.3)	36.2	100.0

Reducing Interest-Bearing Debt^(*)

(¥ billion)

Mar. 31,2001	Mar. 31,2002	Mar. 31,2003	Sep. 30,2003		Mar. 31,2005
1,186.9	1,088.9	1,063.9	1,010.9		900.0

(¥ billion)

(*) Interest-bearing debt exclude offsetting entries related to commercial paper and overseas finance companies

Supplementary Information (2)

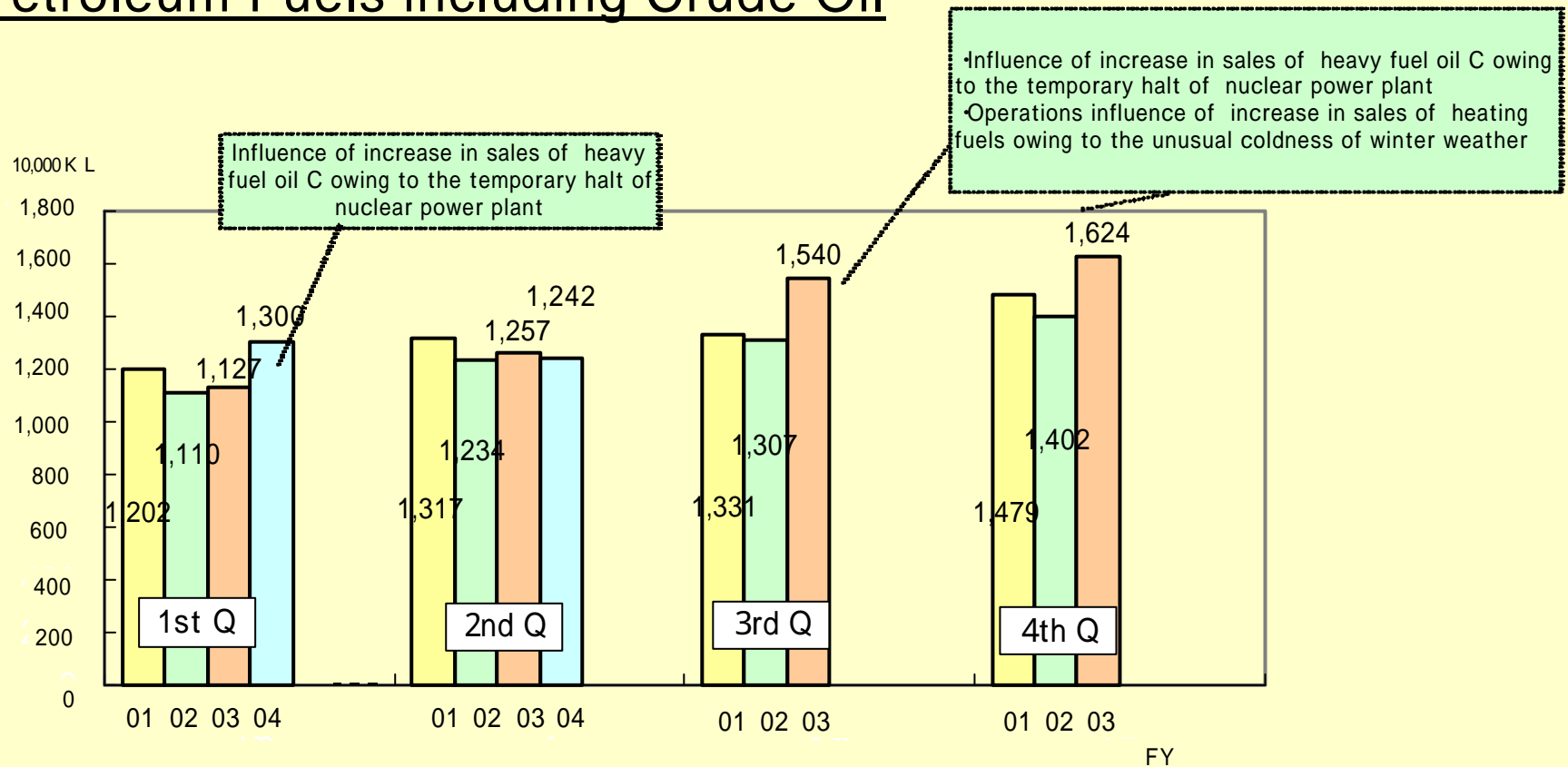
Fuel Oil Demand, NOC, Sales, Share of Sales

Type of Product	Fuel Oil Demand (% Change from the same quarter of the previous year)	NOC Sales (% Change from the same quarter of the previous year)	Share of Sales (Consumption basis, %)		
			FY2002	FY2003	Interim period Sep.30, 2003
Total	+ 1.7	+ 4.6	20.7	21.9	22.1
(Gasoline)	(0.2)	(+ 0.3)	(22.8)	(23.2)	(23.2)
(Kerosene)	(+ 3.4)	(+ 5.4)	(23.0)	(23.6)	(23.9)
(Diesel fuel)	(4.5)	(4.7)	(21.7)	(22.4)	(22.2)
(Fuel oil A)	(+ 1.0)	(+ 12.3)	(22.6)	(24.1)	(26.2)
(Fuel oil C)	(+ 24.9)	(+ 21.6)	(26.5)	(29.9)	(28.7)

Source: Agency of Natural Resources and Energy

Supplementary Information (3)

Quarterly Trends in Domestic Sales Volume of Petroleum Fuels including Crude Oil



Supplementary Information (4)

Number of Service Stations (Fixed type)

	<u>31-Mar-01</u>	<u>Change</u>	<u>31-Mar-02</u>	<u>Change</u>	<u>31-Mar-03</u>	<u>Change</u>	<u>30-Sep-03</u>
N O C	12,669	682	11,987	293	11,694	151	11,543
(NOC-owned)	(2,945)	(88)	(2,857)	(111)	(2,746)	(61)	(2,685)

Number of Self-service Retail Outlets

	<u>31-Mar-01</u>	<u>Change</u>	<u>31-Mar-02</u>	<u>Change</u>	<u>31-Mar-03</u>	<u>Change</u>	<u>30-Sep-03</u>
N O C	54	+ 88	142	+ 200	342	+ 87	429
(Total for Japan)	(422)	(+ 931)	(1,353)	(+ 1,169)	(2,522)	(+ 32)	(2,554)*

*Estimate

Source : Oil Information Service Center and Others.

Number of Dr. Drive Service stations

	<u>31-Mar-01</u>	<u>Change</u>	<u>31-Mar-02</u>	<u>Change</u>	<u>31-Mar-03</u>	<u>Change</u>	<u>30-Sep-03</u>
Dr. Drive Service stations	390	+ 893	1,283	+ 327	1,610	+ 65	1,675

Supplementary Information (5)

Number of Transport Depots

	<u>1-Apr-01</u>	<u>Change</u>	<u>1-Apr-02</u>	<u>Change</u>	<u>1-Apr-03</u>	<u>Change</u>	<u>1-Oct-03</u>
Transport Depots	75	13	62	7	55	1	54

Topper Capacity Utilization Rates

	<u>First half of</u> <u>FY2002</u>	<u>Second half of</u> <u>FY2002</u>	<u>FY2002</u>	<u>First half of</u> <u>FY2003</u>	<u>Second half of</u> <u>FY2003</u>	<u>FY2003</u>	<u>First half of</u> <u>FY2004</u>
	%	%	%	%	%	%	%
Utilization Rates	77	85	81	77	91	84	79

Number of Employees

	<u>31-Mar-01</u>	<u>Change</u>	<u>31-Mar-02</u>	<u>Change</u>	<u>31-Mar-03</u>	<u>Change</u>	<u>30-Sep-03</u>
Employees	14,895	527	14,368	486	13,882	+ 755	14,637
(Including employees of NOC and Nippon Petroleum Refining Company, Limited)	(4,290)	(182)	(4,108)	(+ 882)	(4,990)	(16)	(4,974)

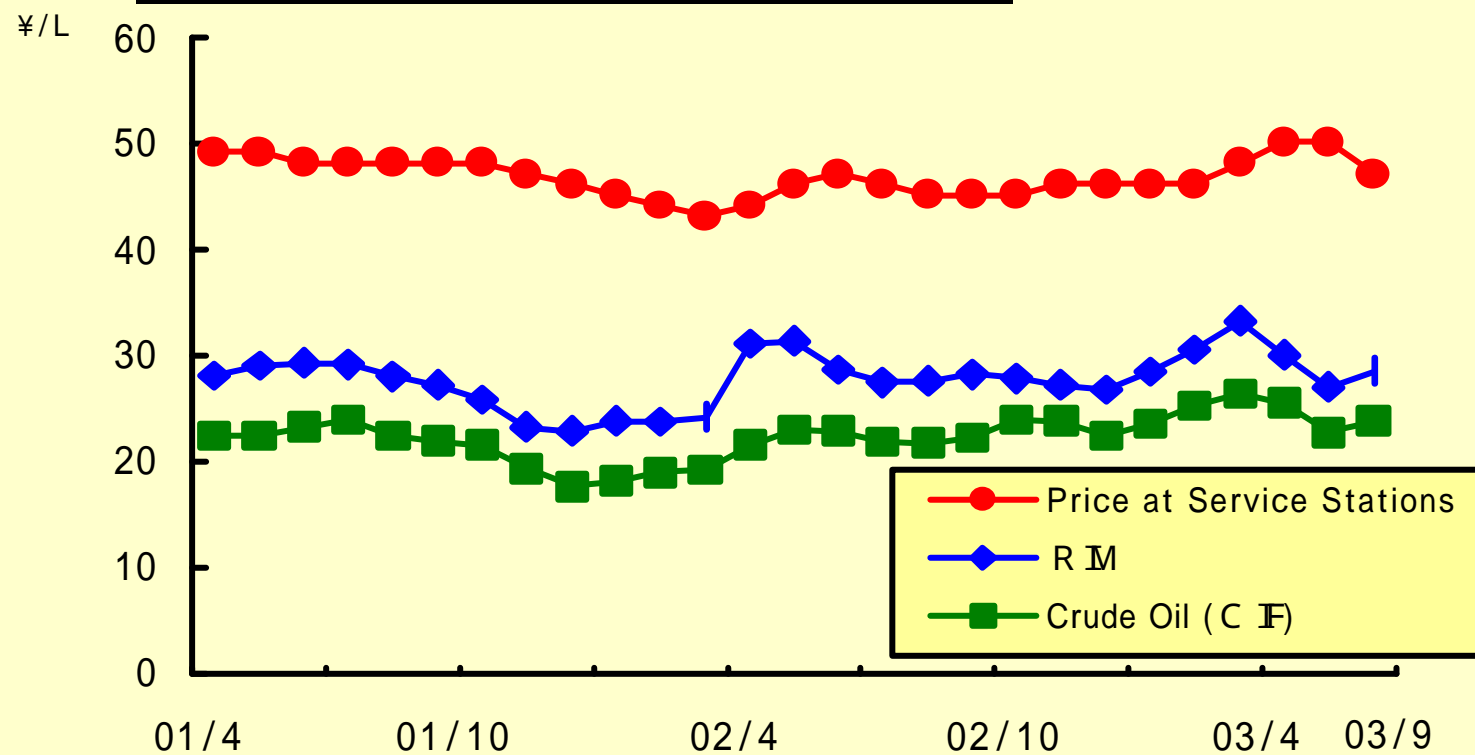
Production Volume of Oil Developed by the Company

	<u>Av. for Jan-Dec 2001</u>	<u>Change</u>	<u>Av. for Jan-Dec 2002</u>	<u>Change</u>	<u>Av. for Jan-Jun 2003</u>
Production Volume of Oil Developed by the Company (Converted to a daily basis)	47	+ 3	50	+ 12	(1,000 BOED) 62

Note: On basis of volume received from project companies.

Supplementary Information (6)

Trends in Gasoline at Service Stations,
RIM, and Crude Oil CIF Price



<Cautions with Respect to Forward-Looking Statement>

The financial forecasts, management targets, and any other estimates and projections of the Company presented in this report are based on information available to management as of the date set forth within.

Please note that actual results may vary significantly from projected forecasts due to various uncertain factors, and as such, readers should take care when making investment decisions based solely on the forecasts herein.

The factors affecting actual results include but are not limited to economic conditions, crude oil prices, demand for and market conditions of oil-related products, and exchange rate and interest rate trends.

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Article 166 of the Securities and Exchange Law of Japan ("the Law") states that investors who have received undisclosed "material information" directly from companies (primary information receivers) are prohibited from conducting any share or other transaction based on such information prior to its public disclosure. In addition, based on an Enforcement Order for the Law, information is not considered to be publicly disclosed until a sufficient period of time has passed after the initial announcement for the information to become common knowledge, and this period of time is defined as being 12 hours after the time when such information was disclosed to two or more news reporting media (the 12-hour rule).

Please be aware that any person who views this report and, based on the information in the report, conducts a transaction in the Company's shares or similar transactions before 12 hours have passed from the disclosure time of 3:20PM on November 14, 2003, may be deemed to have violated insider trading control regulations.