TonenGeneral Sekiyu K.K.
Full Year 2015 Financial Results

February 12, 2016

東燃ゼネラル石油株式会社

Agenda

- 2015 Business Overview

  Representative Director, President J. Mutoh

- 2015 Results and 2016 Forecast

  Managing Director D. R. Csapo

- Q & A

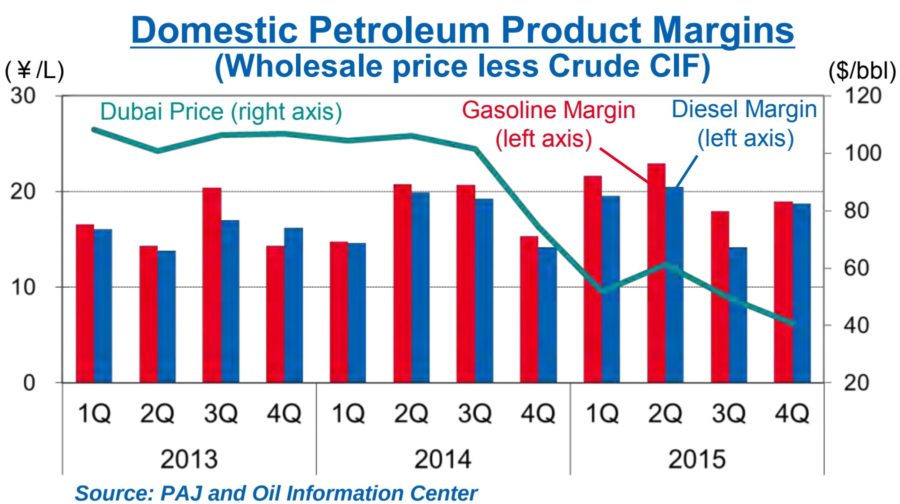
2015 Business Overview

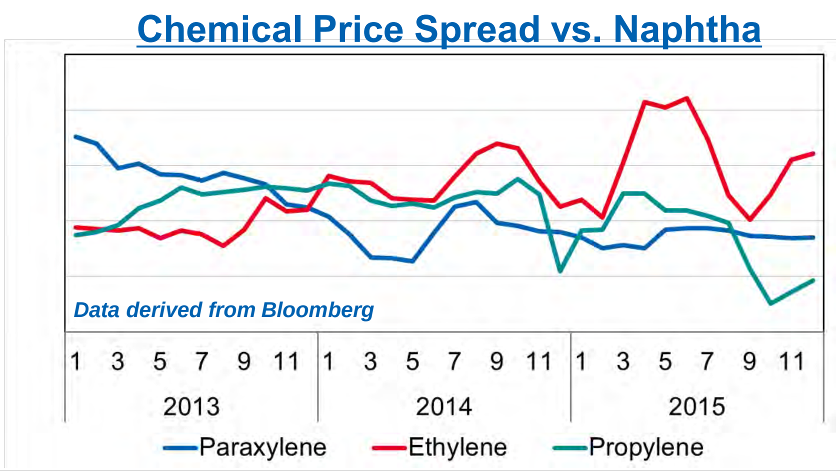
J. Mutoh

Representative Director, President
TonenGeneral Sekiyu K.K.

- 2015 Business Environment
- 2015 Business Results
- Progress on Medium Term Management Plan
  - Key parameters
  - Steps to strengthen the Core
    - Integrated Business Team
    - Marketing
  - Growth option
    - Electricity Businesses
    - Overseas Opportunities
- Conclusions

2015 Business Environment





Oil Segment

- Crude driven by oversupply
  - Uptrend in 1Q / 2Q short-lived
  - $31.8 at year-end was low-point of 2015
- 2015 domestic margins volatile
  - 1H recovery following crude price hike
  - 2H compression as product prices declined faster than book crude costs
  - 3Q weak diesel margin recovered in 4Q
- 2015 domestic major 5 fuels demand was 4.5% below 2014
  - Gasoline -0.9%, distillates -3.6%
  - Fuel Oil C -17.4%, mainly due to less power use demand
- Export margins favorable

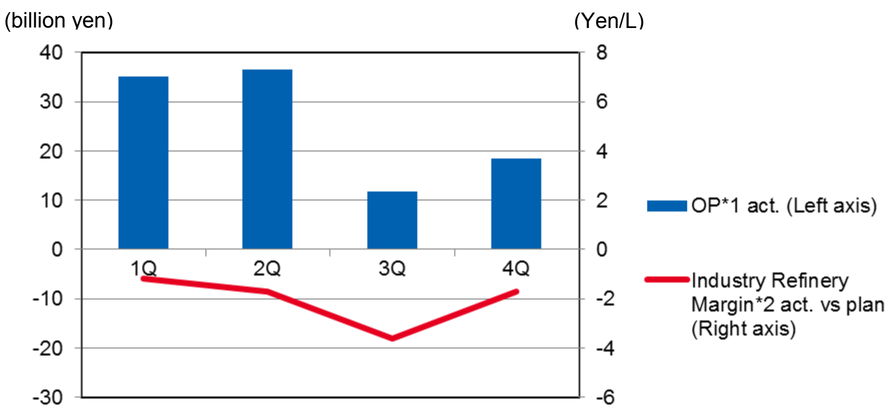
Chemical Segment

- Year average ethylene margin increased due to record high in 2Q
- Propylene margins weak, particularly 3Q
- Paraxylene pressured by ample supply situation

2015 Business Results – Operating Income

(billion yen)	2014	2015	Delta
Operating Income	-72.9	2.0	+74.9
Adj. Operating Income*1	30.9	106.5	+75.6
Oil Segment	17.7	79.8	+62.1
Chemical Segment	13.2	26.7	+13.5

Adjusted Operating Income*1, Domestic Refinery Margin*2 vs. plan



- Attained adjusted operating income*1 of 106.5 billion yen
- Agile supply / sales strategy and flexible crude acquisition boosted oil segment
  - Flawless operations - no significant refining capacity loss
  - Flexible crude acquisition enabled by strategic spot / term ratio reduced material cost
  - Strong domestic and export gasoline sales
    - TG refineries' high gasoline yield helped earnings
  - Maximized fuels export supported by favorable margins
- Expansion of export capability made chemical earnings stronger
  - Able to capture healthy ethylene vs. naphtha spread

*1 Excluding goodwill amortization and inventory effects *2 TG estimate

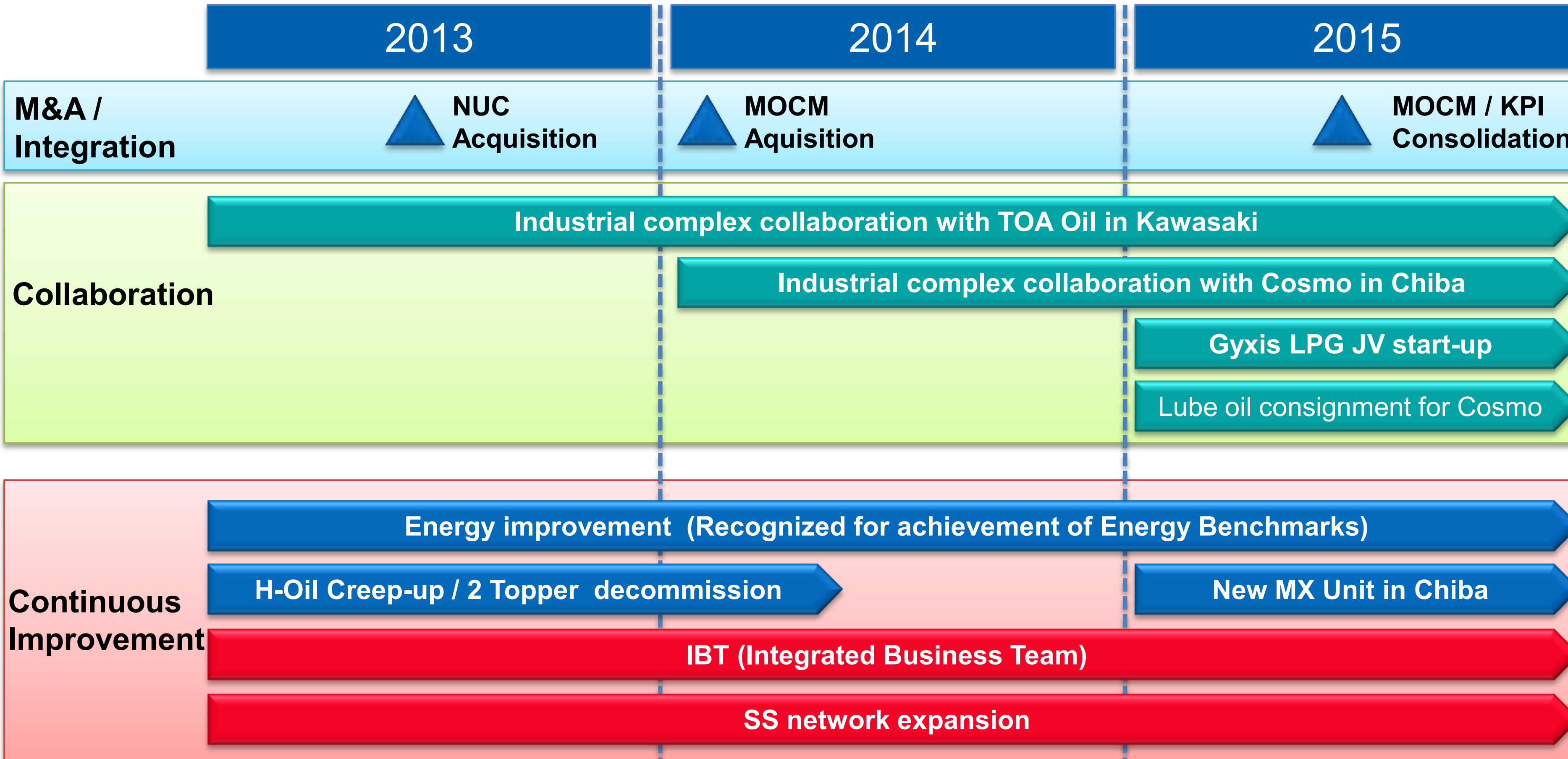
Progress on Medium Term Management Plan – Key parameters

Key Parameters (billion yen)	2015 Act.	**Cumulative '13-'15**	2013 Plan	2015 Plan	2017 Plan
			Medium Term Plan (MTP)		
❑ **Adj. operating income** *1	**106.5**		**60**	**70**	**80-100**
❑ **Capital Expenditure**	**48.0**	**122.0**	←	**130+α*3**	→
❑ **Free Cash Flow** *2	**126.8**	**204.3**	←	**200*3**	→
❑ **Dividend (Yen/Share)**	**38.0**		←	**Stable dividend**	→

- ❑ Operating income*1 : Strong 2015 exceeded 2015 & 2017 MTP
- ❑ Capital expenditure : Well-focused over past three years
  - ➢ 88.0 billion yen invested in core business competitiveness
  - ➢ 34.0 billion yen invested in growth including MOC Marketing(MOCM)*4 acquisition, electric power, Australia downstream and collaboration projects with other oil companies
- ❑ 3 year cumulative cash flow exceeded the five year 2017 plan
- ❑ Consistent 38 yen / share dividend

*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 MITSUI OIL CO., LTD renamed MOC Marketing K.K. in February 2014 and MOC Marketing Godo Kaisha in August 2014

Progress on Medium Term Management Plan – Steps to strengthen the Core

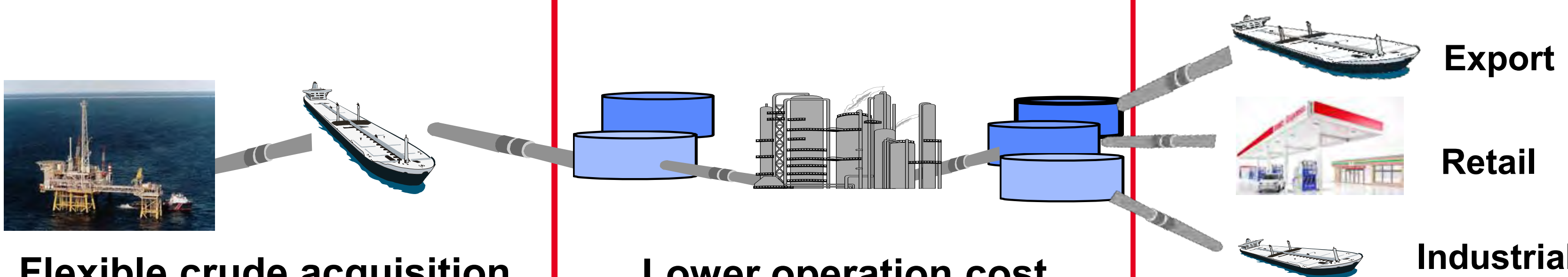


Steps to strengthen the Core / Integrated Business Team

Supply Chain Optimization

- Production shift based on economics (Flexible operation)
- Sales channel optimization based on price difference between domestic and export (High export capacity)
- Inventory reduction

Supply → **Manufacturing** → **Marketing**



Flexible crude acquisition

- Crude optimization and diversification with refinery constraints overcome
- Freight cost optimization (Time charter vessel speed optimization, etc.)

Lower operation cost

- Optimum operation and facility modification for crude diversification
- High utilization of FCC / H-Oil
- Synergy maximization between refining and chemical
- High energy efficiency

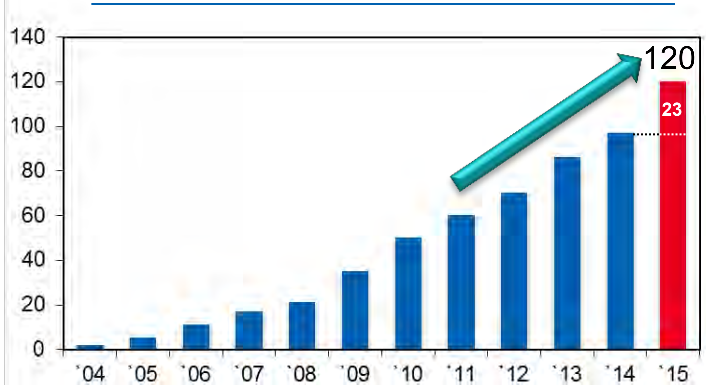
High-value sales

- Sales increase at higher margin channel
- Flexible operation to optimize domestic sales and export

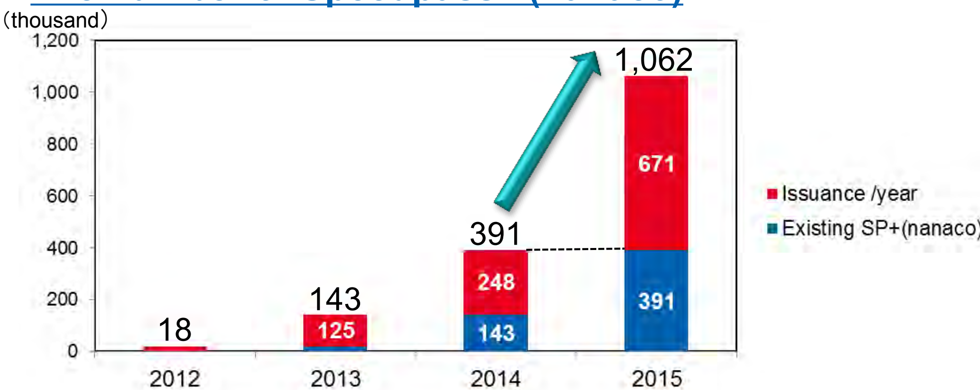
Steps to strengthen the Core / Marketing

- Pursue "Developing attractive format" and "Offering individual customer convenience"
  - The number of Seven-Eleven alliance sites attained 120
    - Expansion pace doubled : 23 sites in 2015 vs 11 in 2014
    - Investment at more than half of 23 new sites in 2015 was made by dealers
    - Gasoline & diesel volume of alliance sites are 1.9 times higher than average of industry self-serve sites
  - The number of Speedpass+(nanaco)* exceeded 1 million
    - Added 0.67 million in 2015 and total number became 2.7 times larger than 2014
    - Total number of Speedpass, Speedpass+ and Speedpass+ (nanaco) attained 6.44 million
  - The number of "nanaco" point users at Express sites in December increased by 33% vs. last year to 1.86 million

The number of 7-11 alliance sites



The number of Speedpass+ (nanaco)



* Contactless payment device that can be used as Speedpass at Express sites and as nanaco at Seven-Eleven stores.

Progress on Medium Term Management Plan – Growth Option / Electricity Business

- Develop business model combining electric power generation and sales
- Major steps being taken to advance generation strategy
  - Environmental assessment on-going for Shimizu and Ichihara

Items	Shimizu LNG Thermal Power Generation	Ichihara Thermal Power Generation (Coal)
Technology	Most-advanced Combined Cycle	Highly efficient Ultra Super Critical
Generator Scale	1,000 - 1,700 MW (Both 50Hz & 60Hz)	1,000MW
Partner	Shizuoka gas, Shimizu, potential others	Kanden Energy Solution
CAPEX (Est.)	Approx. 100 - 200 billion yen	Approx. 300 billion yen
Finance	Most of investment amount to be financed through project finance	
Start Up	2021	2024

- Sales Channel Optimization
  - Successful bid of power supply to Tokyo Electric Power Company (TEPCO)
  - Started high-voltage electric power sales in TEPCO area followed by Chubu and Kansai
  - Prepared for de-regulation of low voltage sales in April, 2016
    - Launched TG own brand “my denki”
    - Allow dealers to use their own brands
    - Considering collaboration with LPG / SS dealers and other industry players

Progress on Medium Term Management Plan – Growth Option / Overseas opportunities

- Establishment of fuel marketing business in Australia
  - Developed business via the 50/50 joint venture company, TQ Holdings Australia Pty Limited (TQH), with Qube Holdings Ltd, a leading Australian nationwide logistics company
  - TQH acquired distribution business of Petro National, a supply and sales company of petroleum products
  - Made an initial acquisition of a marketing company in New South Wales
  - Further expansion of sales network through M&A projected

TQ Holdings Australia Pty Limited , a 50/50 joint venture company with Qube Holdings Limited

- Progress of fuel import terminal development at Port Kembla
  - Complete FEED (basic design) by May 2016 and start construction
  - Start partial operation in 2H 2017, construction complete in 2018

Conclusions

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

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

2015 Results and FY 2016 Forecast

D. R. Csapo

Managing Director
TonenGeneral Sekiyu K.K.

2015 Financial Highlights

- Net sales was 2,627.9 billion yen, a 823.2 billion yen decrease mainly due to continued lower crude / product prices
- Operating income was 2.0 billion yen, a 75.0 billion yen increase:
  - Oil : +62.2 billion yen from improved domestic and export margins
  - Chemical : +13.5 billion yen, helped by strong ethylene margins especially in 2Q
  - Inventory : 87.1 billion yen loss, -0.6 billion yen vs. 2014
- Net income was 0.1 billion yen includes extraordinary gain on LPG split-off to Gyxis (9.6 billion yen)

(billion yen)	2014	2015	Inc./Dec.
Net sales	3,451.1	**2,627.9**	-823.2
Operating income	-72.9	**2.0**	75.0
Ordinary income	-73.4	**-0.3**	73.1
Extraordinary gain/loss	-2.6	**9.2**	11.8
Net income	-14.0	0.1	14.0
(Breakdown of operating income)			
Inventory gain / loss	-86.5	**-87.1**	-0.6
Goodwill amortization	-17.3	**-17.5**	-0.1
Adjusted operating income	30.9	**106.5**	75.7
Oil segment	17.7	**79.8**	62.2
Chemical segment	13.2	**26.7**	13.5

Oil segment	
FY2014	**17.7**
• Margin	61.1
• Volume	-0.4
• Opex	1.4
FY2015	**79.8**

Chemical segment	
FY2014	**13.2**
• Margin/vol.	13.7
• Opex	-0.2
FY2015	**26.7**

Factor Analysis of 4Q15 Operating Income

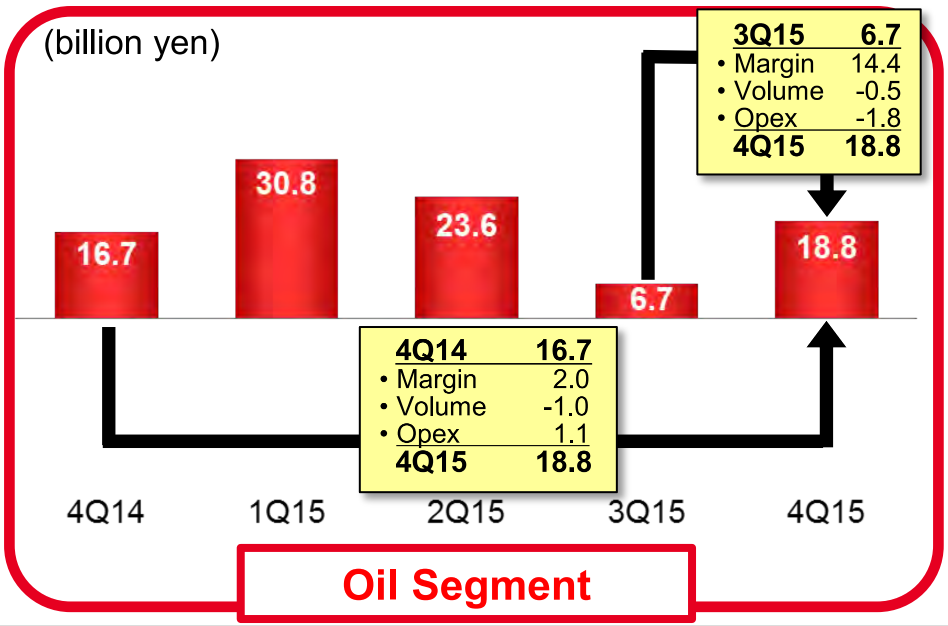
Oil

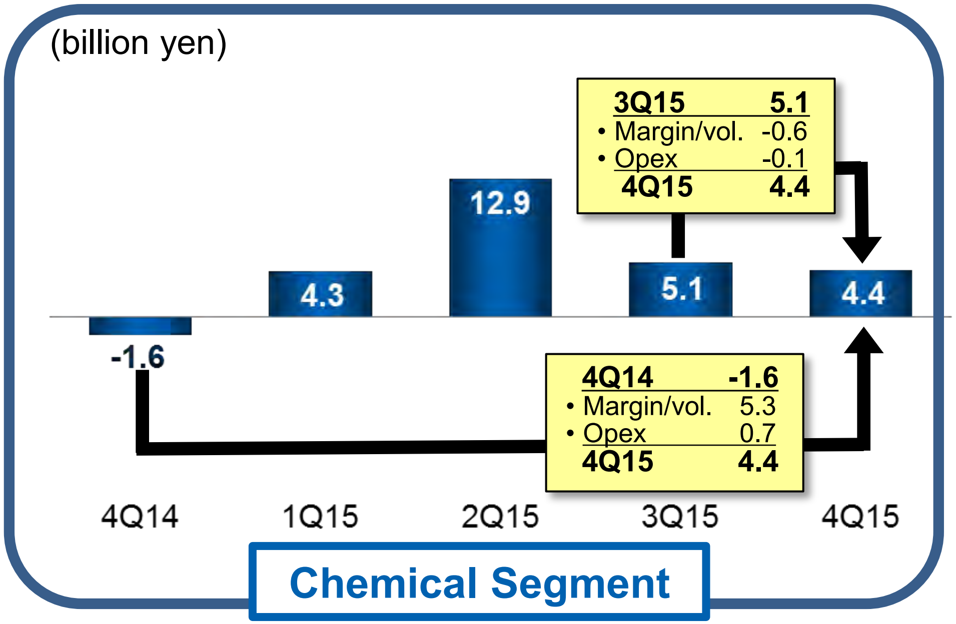
- Versus 4Q14, stronger mogas export margins supported earnings in addition to TG proactive crude acquisition management
- Versus 3Q15, improved domestic distillate margins helped boost earnings while export market stayed strong

Chemical

- 4Q15 earnings supported by favorable ethylene margins offsetting weak propylene

Quarter to Quarter Adjusted Operating Income (4Q14 through 4Q15)





Sales Volume[*1]

Product	FY 2014	FY 2015	Inc./Dec.	Inc./Dec. Industry
Oil products (KKL)				
Gasoline	10,614	**10,840**	+2.1%	-0.9%
Kerosene	3,015	**2,601**	-13.7%	-7.7%
Diesel Fuel	3,912	**3,857**	-1.4%	-0.4%
Fuel Oil A	1,461	**1,348**	-7.7%	-6.7%
Fuel Oil C	2,263	**2,144**	-5.3%	-17.4%
LPG/Jet/Others	4,810	**4,443**	-7.6%	
Domestic sales total[*2]	26,074	**25,233**	-3.2%	
Export	6,836	**7,207**	+5.4%	
Oil products	32,910	**32,440**	-1.4%	
Chemical products (Kton)				
Olefins and others	1,525	**1,591**	+4.3%	
Aromatics	810	**865**	+6.7%	
Specialties	221	**224**	+1.3%	
Chemical products	2,557	**2,680**	+4.8%	
				Industry FY 2015
Topper Utilization[*3]	80%	**81%**		83%

- Oil product sales slightly decreased in total vs. 2014
  - Domestic mogas sales increase capturing favorable margin
  - Continued strong mogas / distillate exports which slowed in 4Q due to turnaround in Wakayama
  - Optimization efforts continue to focus on reducing FOC production and exports
- Chemical volume higher than 2014 due to absence of turnaround

*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

FY2016 Earnings Forecast

- 2016 operating income forecast: 48 billion yen, 46.0 billion yen above 2015
  - No provision for inventory loss included versus year-end at 35 $/bbl and 122 yen/$
  - Oil: assume less favorable export margin and reduced crude acquisition advantage
  - Chemical: assume ethylene margin which drove 2015 earnings to taper in 2016
- 38 yen per share dividend forecast

billion yen	Forecast 1H16	Forecast 2H16	Forecast FY16		Memo FY15	FY16 vs. FY15
Net Sales	1,100	1,200	**2,300**		2,627.9	-327.9
Operating income	22	26	**48**		2.0	46.0
Ordinary income	22	25	**47**		-0.3	47.3
Extraordinary gain/loss	0	1	**1**		9.2	-8.2
Net income	17	14	**31**		0.1	30.9

(Breakdown of operating income)

Inventory gain/loss	0	0	**0**		-87.1	87.1
Goodwill amortization	-8.5	-8.5	**-17.0**		-17.5	-
Adj. Operating income	30.5	34.5	**65.0**		106.5	-41.5
Oil segment	22.5	24.5	**47.0**		79.8	-32.8
Chemical segment	8.0	10.0	**18.0**		26.7	-8.7

Note) Assumed Dubai (35 $/bbl) and Forex (122 Yen/$) continues through 2016

Cash Flows, Debt/Equity

- 2015 free cash flow was 126.8 billion yen as a result of strong earnings
  - Focused on working capital management
- 2015 net debt decreased by 116.6 billion yen vs. 2014 end

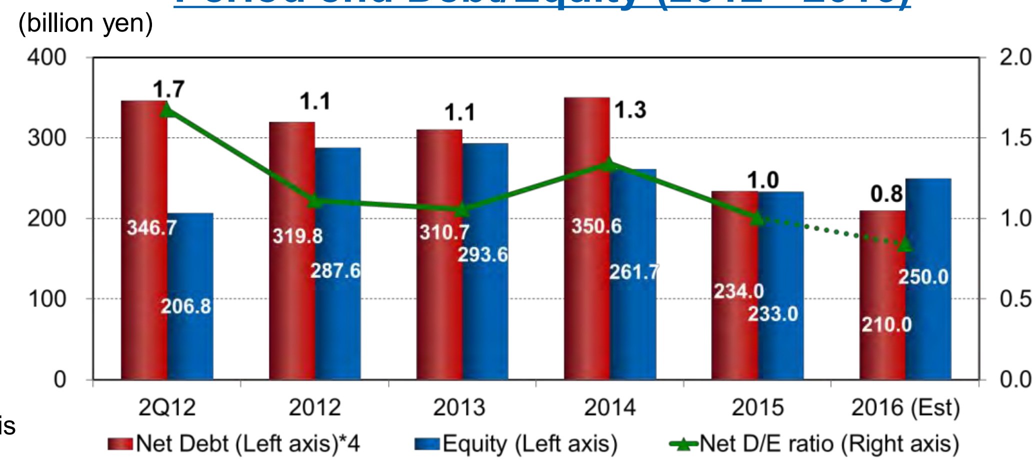
	billion yen
Free cash flow	126.8
Dividend payment	(13.8)
LPG business carve out effect /other	3.6
(Increase)/decrease in net debt	116.6

- Net D/E ratio improved to the lowest level since 2012
  - Expect to improve further in 2016
- 199 million treasury shares to be canceled in February

2015 Cash flow (billion yen)

Net income before taxes[*1]	86.4
Depreciation[*2] / (Capex)	0.1
Working capital changes and others	40.3
Free Cash Flow [*3]	**126.8**

Period end Debt/Equity (2012 - 2016)



*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

Supplemental Information

Sales Volume (MOCM volume not included for 1Q14)

- Sales volume consistent with net sales

Product	FY 2014[*1]	FY 2015	Inc./Dec.	Inc./Dec.
Oil products (KKL)				Industry
Gasoline	10,325	**10,840**	+5.0%	-0.9%
Kerosene	2,781	**2,601**	-6.5%	-7.7%
Diesel Fuel	3,753	**3,857**	+2.8%	-0.4%
Fuel Oil A	1,414	**1,348**	-4.7%	-6.7%
Fuel Oil C	2,211	**2,144**	-3.0%	-17.4%
LPG/Jet/Others	4,605	**4,443**	-3.5%	
Domestic sales total	25,089	**25,233**	+0.6%	
Export	6,647	**7,207**	+8.4%	
Oil products	31,736	**32,440**	+2.2%	
Olefins and others	1,516	**1,591**	+4.9%	
Aromatics	810	**865**	+6.7%	
Specialties	221	**224**	+1.3%	
Chemical products	2,548	**2,680**	+5.2%	Industry FY 2015
Topper Utilization	77%[*2]	**81%[*3]**		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 2016 Earnings Forecast

- Base assumptions for the earnings forecast

Key Factors	Unit	Base	Reference
Dubai FOB	US$/bbl	35	December 2015 average
Exchange Rate	Yen/US$	122	December 2015 average

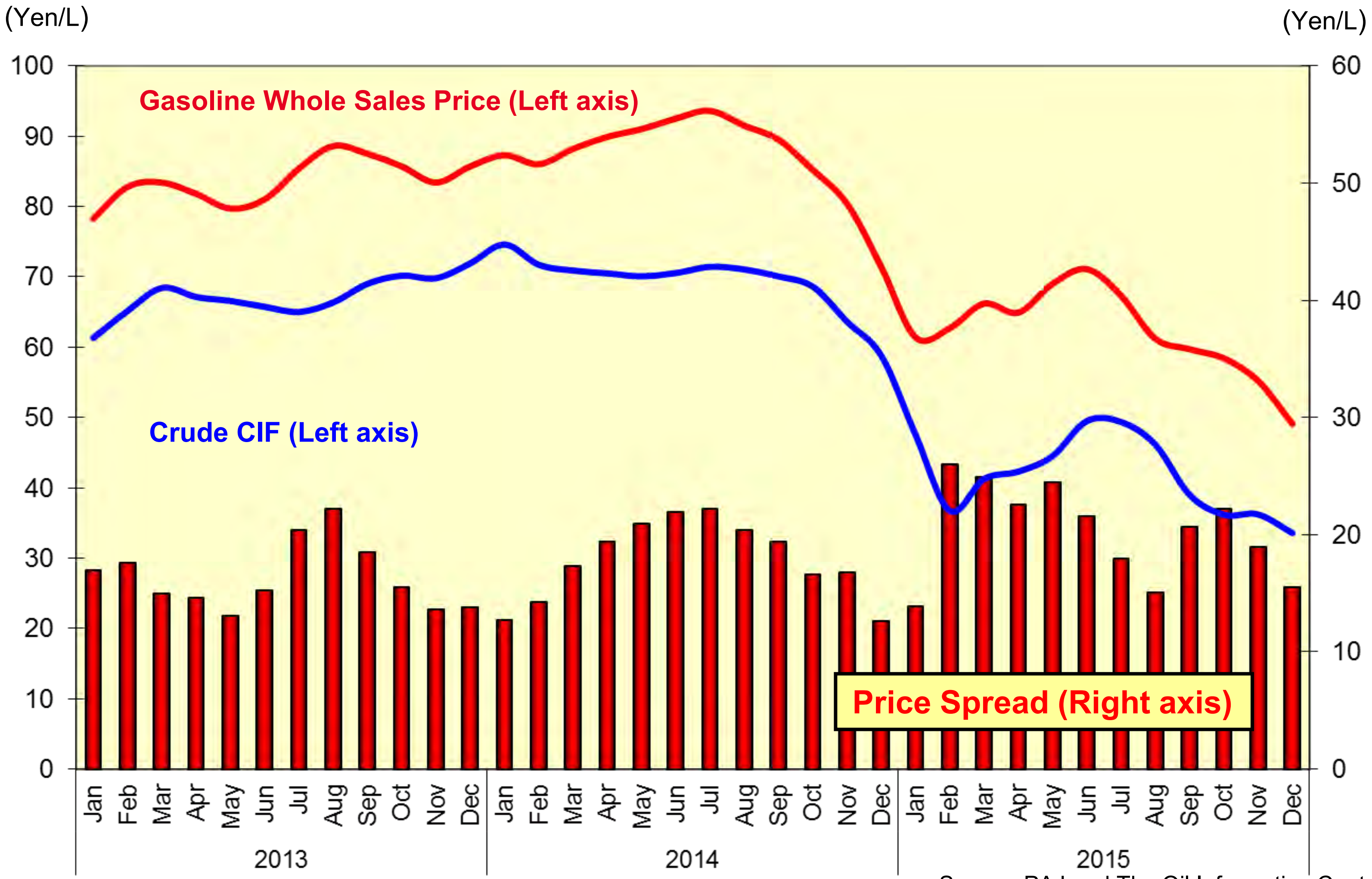
Above assumptions used for net sales and inventory effects calculation

- 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	27*1
Exchange Rate (Yen appreciation)	Yen / US$	10	-8*1
Refining margin	Yen / L	1	35*2

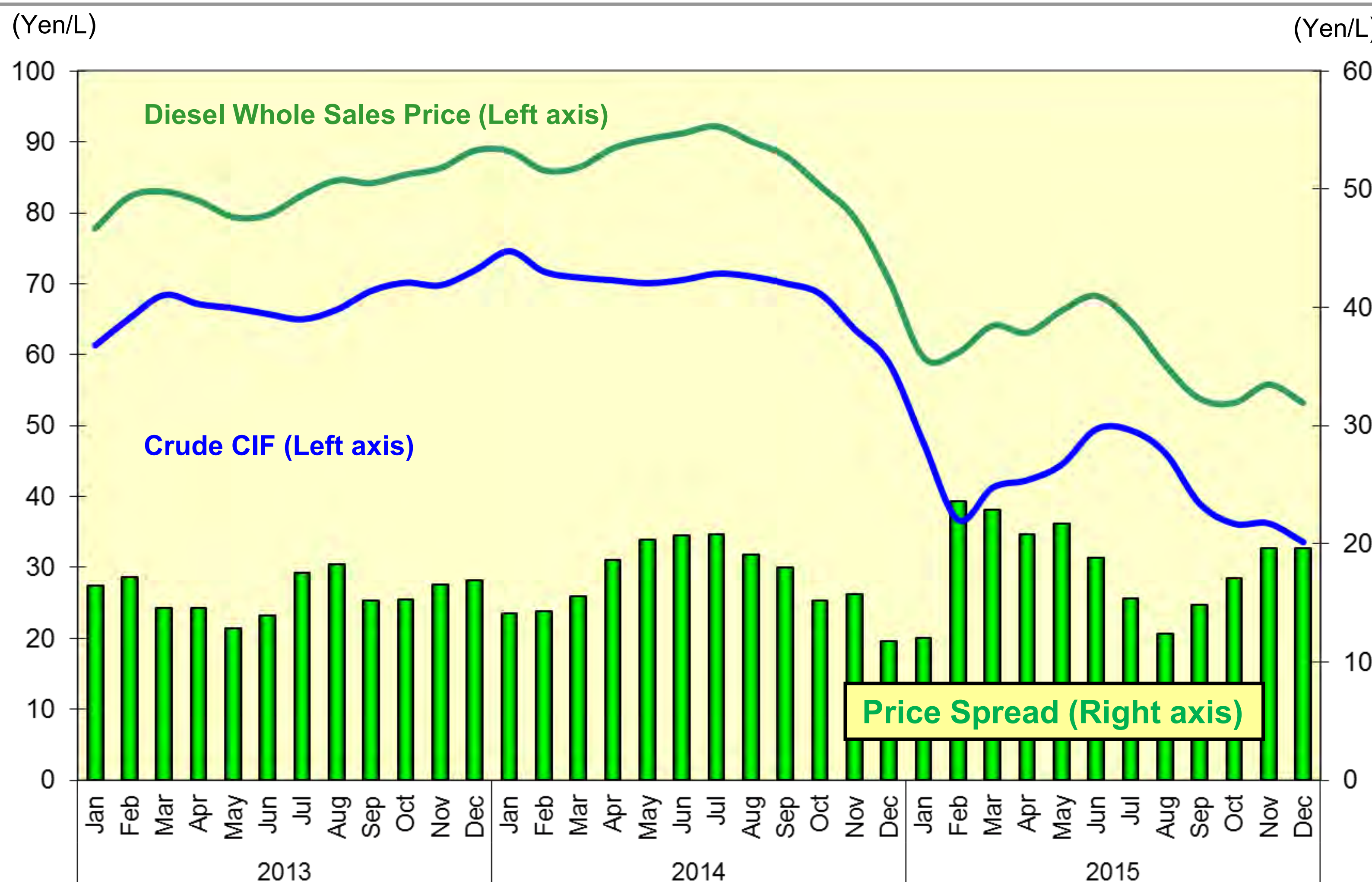
*1 Inventory effects only, the sensitivity would change subject to timing of crude price fluctuation and inventory volume
*2 Impact to operating income on annual basis rounded to nearest billion yen subject to change in sales volume

Price Spread (Gasoline Wholesale Price vs. Crude CIF)



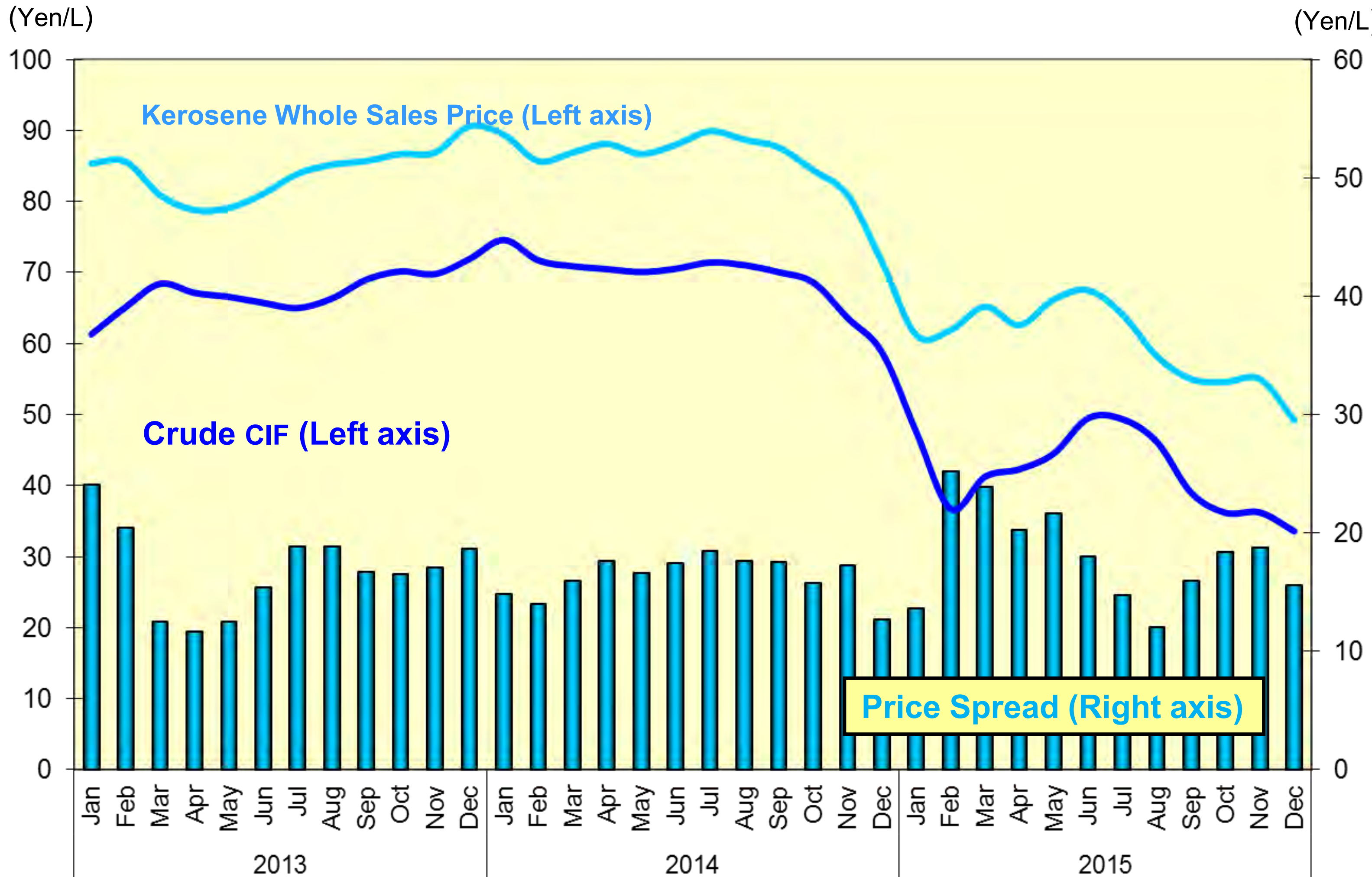
Source: PAJ and The Oil Information Center

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 – 2015)

2015

(Unit: billion yen)

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 amotization	-4.4	-4.4	-4.4	-4.4	-17.5	-8.7	-13.1
Total	-14.2	54.9	-30.6	-8.1	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 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