



Security Code Tokyo 5020

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FY2021 1Q Financial Results

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[E³-ne-ohs]

ENEOS Group Japan's Premier Energy and Materials Corporate Group

Agenda

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Highlights of Financial Results for FY2021 1Q / Business Environment

Highlights of Financial Results for FY2021 1Q

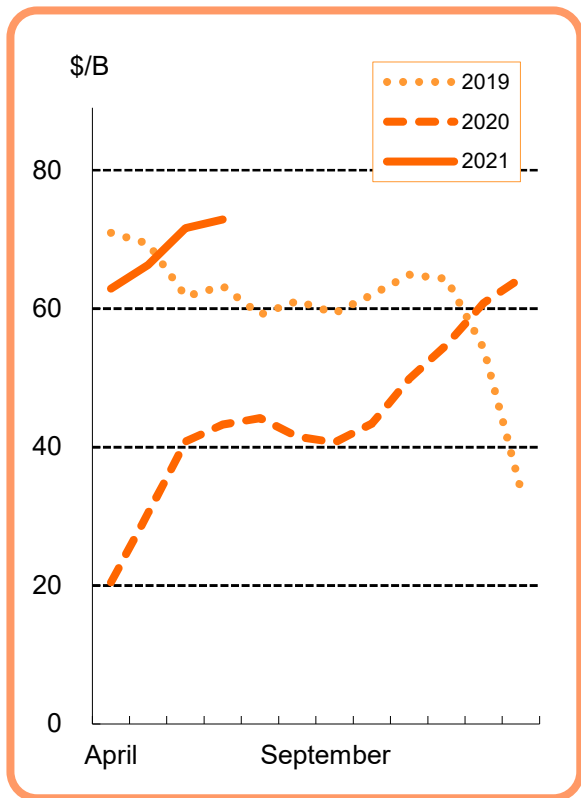
FY2021 1Q : Operating Income(Excl. Inventory Valuation Effects) ¥74.5bn (vs.FY20/1Q -¥8.7bn)

- Increase in profits of Oil & Natural Gas E&P and Metals Segments due mainly to a rise in resource prices
- Decrease in energy segment profits owing to deterioration of domestic petroleum product and export margins, and other

FY2021 1Q (Actual)				Full-Year Forecast	
Key Factors	FY20/1Q(Actual)		FY21/1Q(Actual)	Changes	Announced May 2021
Crude Oil (Dubai) (\$/B)	31	→	67	+36	60
Copper (LME) (¢/lb)	242	→	440	+198	340
Exchange Rate (¥/\$)	108	→	109	+1	105
(JPY billion)					
Operating Income	21.0	→	162.0	+141.0	
Operating Income Excl. Inventory Valuation Effects	83.2	→	74.5	-8.7	230
Energy	43.8	→	7.5	-36.3	
Oil and Natural Gas E&P	0.7	→	15.3	+14.6	
Metals	19.2	→	40.8	+21.6	
Other	19.5	→	10.9	-8.6	
Net income attributable to owners of the parent	-4.9	→	97.6	+102.5	

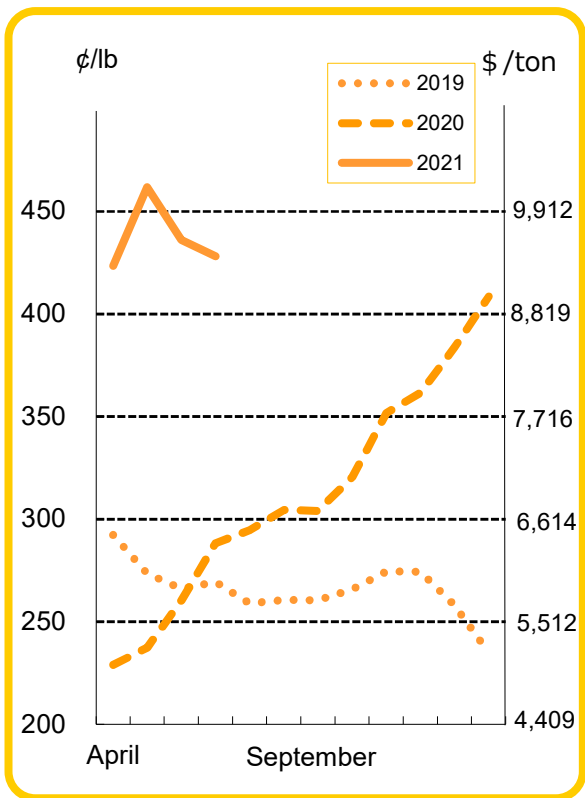
Crude Oil (Dubai), Copper (LME), Exchange Rate

Crude Oil (Dubai)



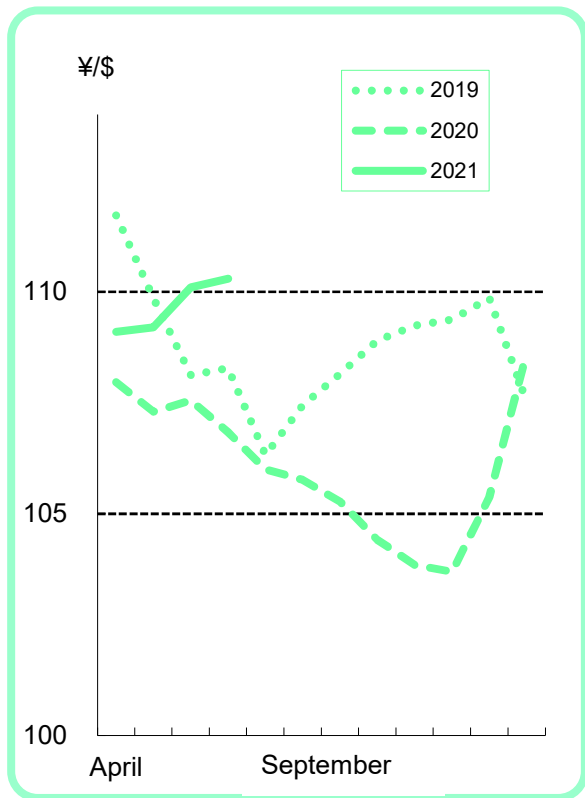
➤ Rise due to expectations of economic recovery resulting from steady vaccination progress against COVID-19

Copper (LME)



➤ Remains in high price range due to economic recovery and expectations of increase in copper demand in China

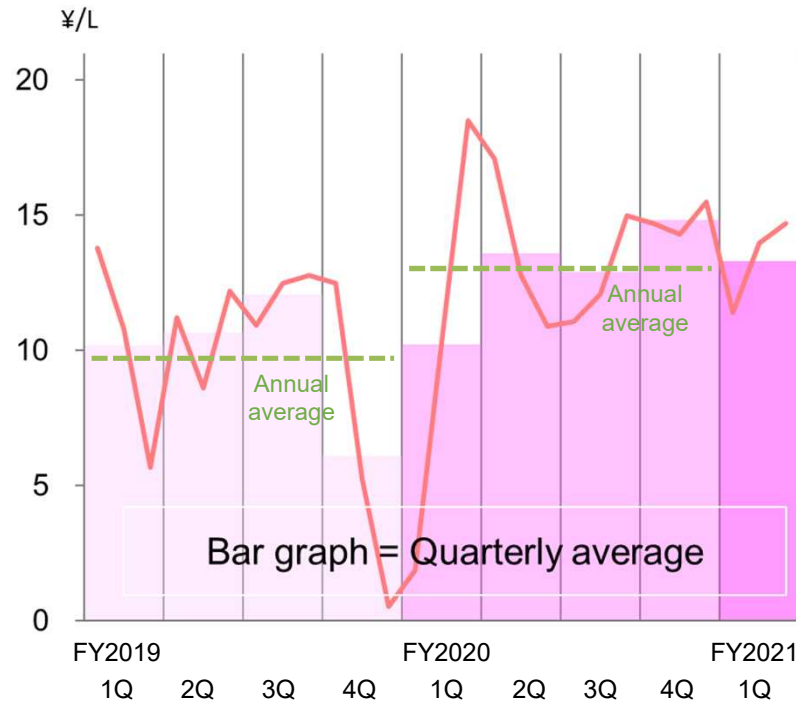
Exchange Rate



➤ The weak yen trend has continued since the beginning of the year, reaching 110 yen/\$ in June

Petroleum Products and Paraxylene Margins Indexes

Gasoline, Kerosene, Diesel Fuel and Fuel Oil A Margins Index¹

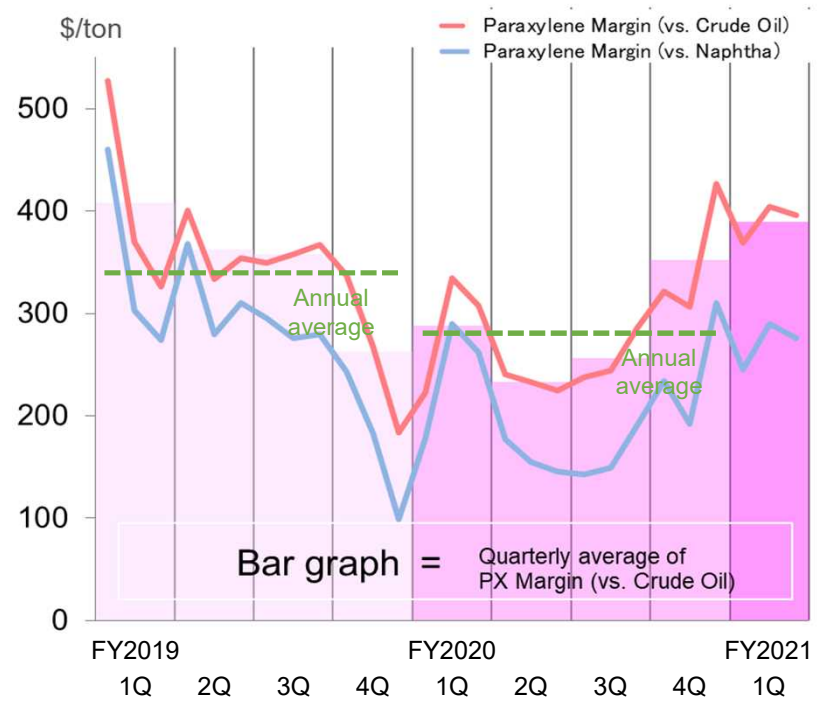


➤ Although the margin trend deteriorated somewhat compared to FY20/4Q, it is steady due to a time-lag accompanying a rise in oil prices

¹ Calculated by the following formula as a reference for domestic market conditions
 Spot Price – All Japan Crude CIF (including petroleum tax and interest)

Note: The above is different from our margins (Our selling price – Our cost)

Paraxylene Margin Index²



➤ Increase in margins due to tighter supply-demand balance owing to PTA plants start-up in China.

² Calculated by the following formula as a reference for Asian market conditions
 ACP(Asian Contract Price) – Crude Oil or Naphtha Price
 If ACP is undecided, average spot market price is used.

Note: The above is different from our margins (Our selling price – Our cost)

Financial Results for FY2021 1Q
(April 1, 2021 – June 30, 2021)

Overview of 1Q21 Financial Results vs 1Q20

		1Q20 (Actual)	1Q21 (Actual)	Changes	
■ Index					
Crude Oil (Dubai)	(\$/B)	31	67	+36	+116%
Copper (LME)	(¢/lb)	242	440	+198	+82%
Exchange Rate	(¥/\$)	108	109	+1	+1%

■ Profit and Loss Statement

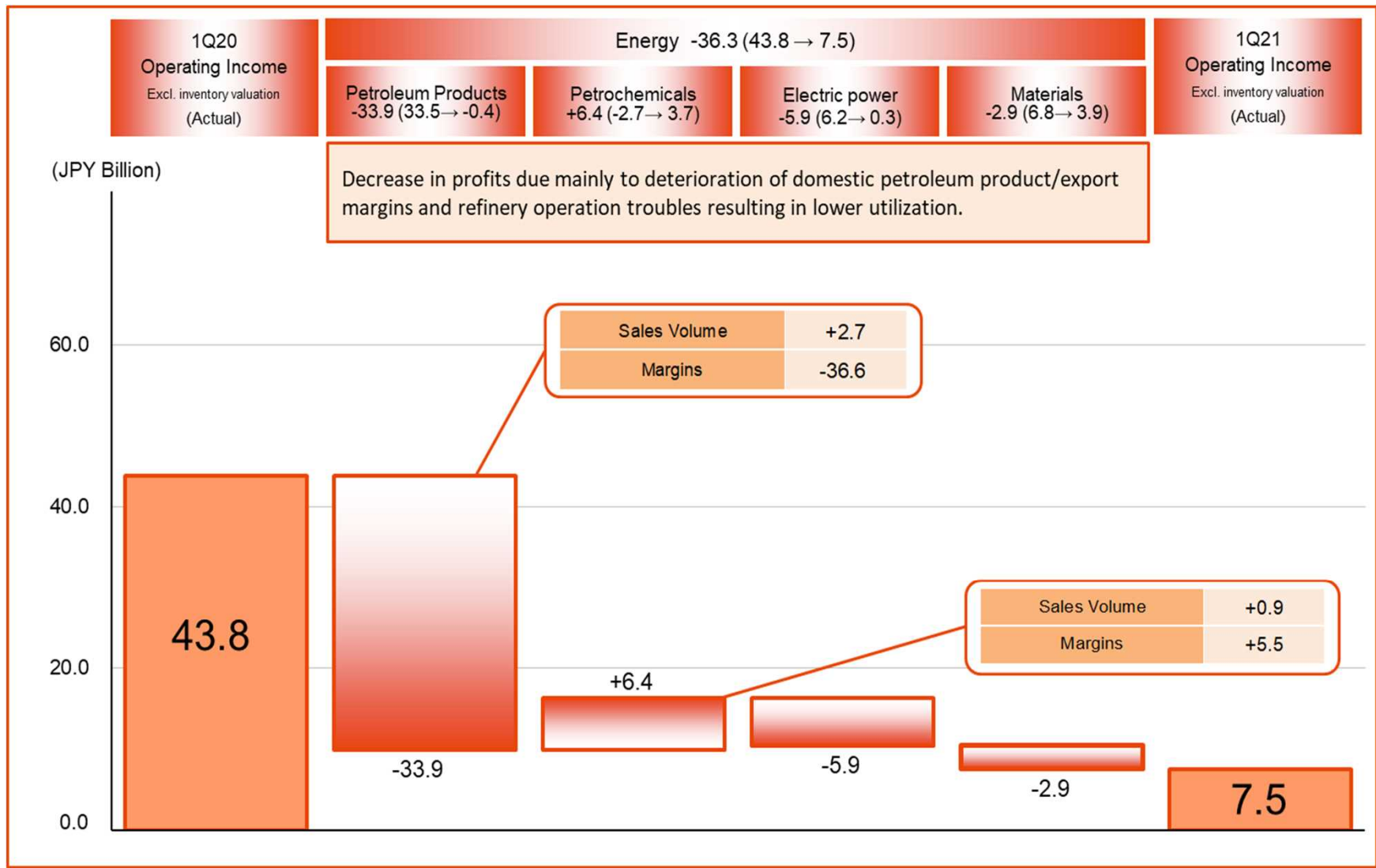
Net Sales	(JPY billion)	1,546.2	2,224.1	+677.9	+44%
Operating Income	(JPY billion)	21.0	162.0	+141.0	+670%
Inventory Valuation	(JPY billion)	-62.2	87.5	+149.7	-
Operating Income Excl. Inventory Valuation	(JPY billion)	83.2	74.5	-8.7	-10%
Net Income	(JPY billion)	3.5	110.2	+106.7	+3082%
Profit attributable to owners of the parent	(JPY billion)	-4.9	97.6	+102.5	-

Changes in Operating Income by Segment vs 1Q20

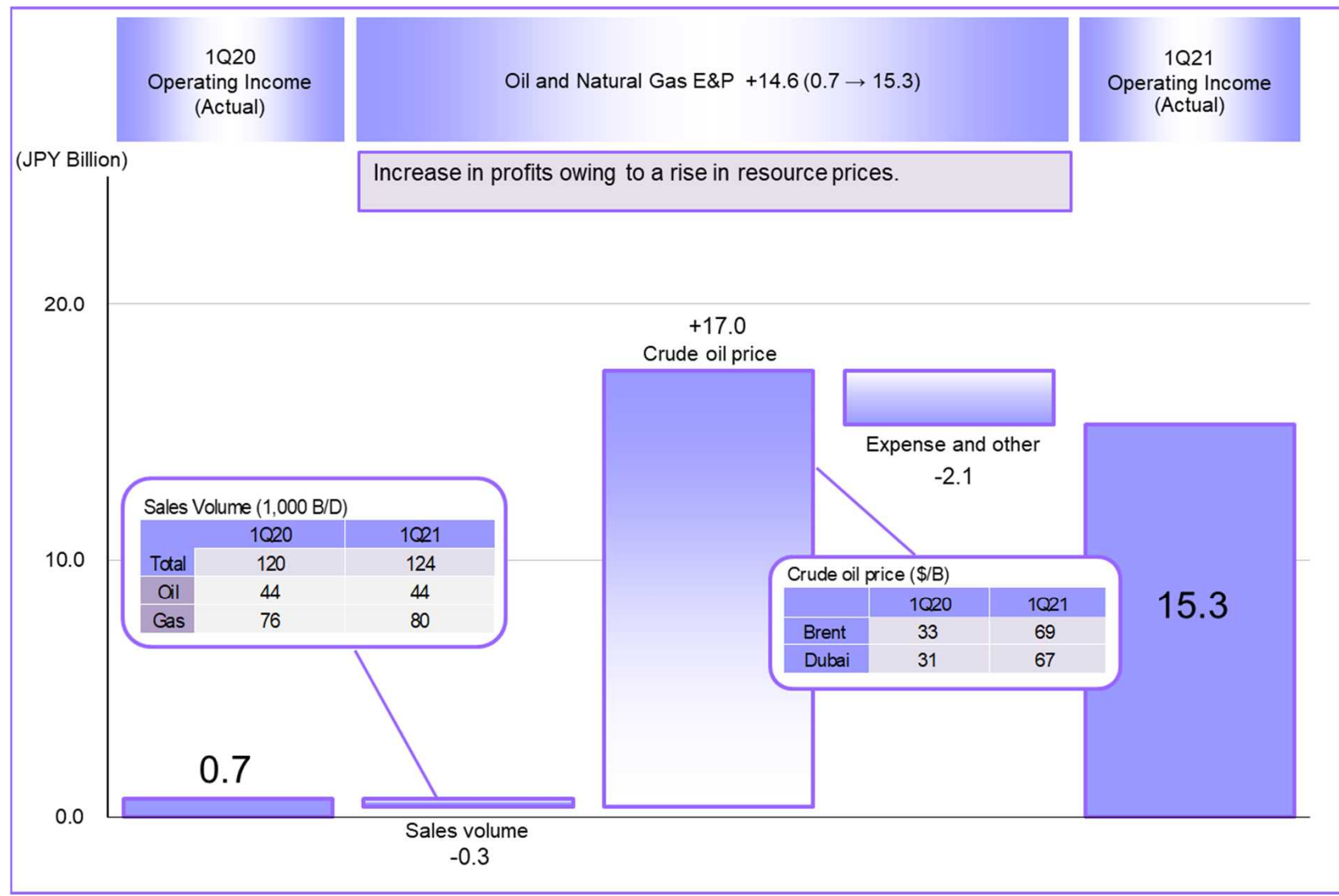
Financial Results for 1Q21

(JPY billion)		1Q20 (Actual)	1Q21 (Actual)	Changes	
Total Operating Income		21.0	162.0	+141.0	+670%
Excl. Inventory valuation		83.2	74.5	-8.7	-10%
S e g m e n t s	Energy	-18.4	95.0	+113.4	-
	Inventory Valuation	-62.2	87.5	+149.7	-
	Excl. Inventory Valuation	43.8	7.5	-36.3	-83%
	Petroleum Products	33.5	-0.4	-33.9	-
	Petrochemicals	-2.7	3.7	+6.4	-
	Electric Power	6.2	0.3	-5.9	-95%
	Materials	6.8	3.9	-2.9	-43%
	Oil and Natural Gas E&P	0.7	15.3	+14.6	+2068%
	Metals	19.2	40.8	+21.6	+112%
	Functional Mats, Thin Fin Mats and other	8.5	13.7	+5.2	+61%
	Mineral Resources	7.0	15.3	+8.3	+119%
	Smelting and Recycling	6.8	8.6	+1.8	+26%
	Non-allocated corporate expenses and other	-3.1	3.2	+6.3	-
Other	19.5	10.9	-8.6	-44%	

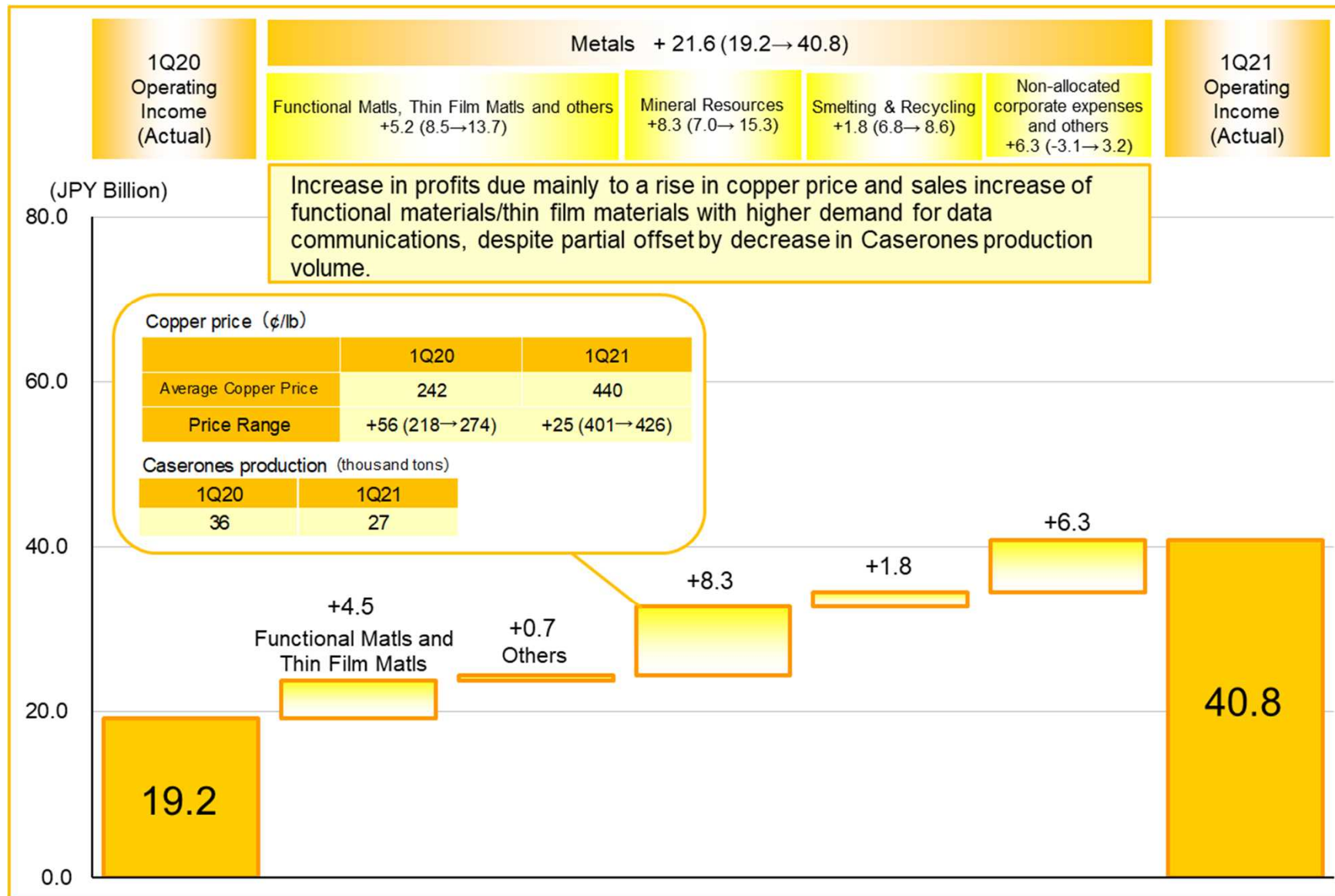
Changes in Operating Income vs 1Q20 - Energy Segment -



Changes in Operating Income vs 1Q20 - Oil and Natural Gas E&P Segment -



Changes in Operating Income vs 1Q20 - Metals Segment -

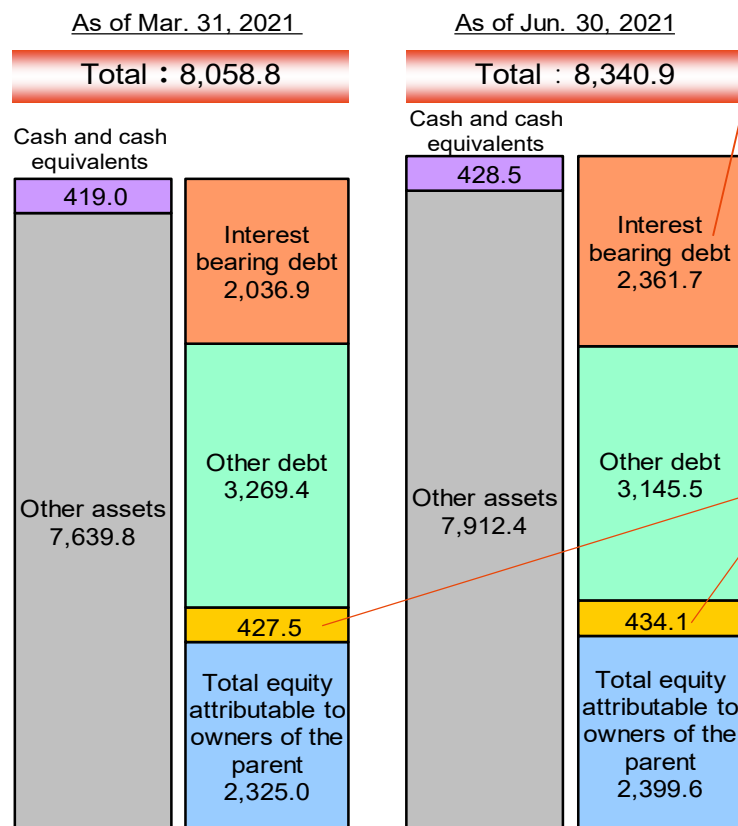


Consolidated Balance Sheets / Consolidated Cash Flows

Financial Results for 1Q21

Consolidated Balance Sheets

(JPY Billion)



	As of March 31, 2021 (Actual)	As of June 30, 2021 (Actual)
Equity ratio attributable to owners of the parent	28.9%	28.8%
Net D/E ratio (capital total basis)	0.59	0.68

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Net D/E ratio (capital total basis)	0.59	0.68

Adjusted for hybrid bonds : 0.60
(50% of ¥300bn is calculated as equity)

Consolidated Cash Flows

(JPY billion)

	1Q21	Excl. IFRS 16 Leases
Operating income (Excl. inventory valuation)	74.5	74.5
Depreciation and amortization	81.6	62.2
Working capital and other	-296.1	-296.1
Cash flows from operating activities (without the effects of non-business days)	-140.0 -33.2	-159.4 -52.6
Capital investment	-83.2	-83.2
Asset sales and other	-32.5	-32.5
Cash flows from investing activities	-115.7	-115.7
Free cash flows (without the effects of non-business days)	-255.7 -148.9	-275.1 -168.3
Dividends and other	-63.1	-43.7
Net cash flows (without the effects of non-business days)	-318.8 -212.0	-318.8 -212.0

Main factors for negative net cash flows

- Due date shift of a gasoline tax payment from FY20 to FY21 owing to the effects of non-business days
- Increase in working capital due to a rise in resource prices
- Temporary inventory buildup due to refinery operation troubles

Steady Implementation of the Second Medium-Term Management Plan

Petrochemicals / Materials

- Decided to start a joint chemical recycling of plastic waste with Mitsubishi Chemical Co.
- Decided to increase production capacity of polyethylene for ultra-high and high voltage wire insulation
- Signed an agreement to acquire JSR Co. elastomer business
- Launched sales of “XYDAR®LF-31P”, a low-dielectric LCP powder for next generation high-speed-communications

Renewable energy / Hydrogen

- Started construction of mega-solar power plants on three pieces of unused lands in Japan
- Decided to participate in a mega-solar power project in Sanda city, Hyogo Prefecture
- Consortium, in which ENEOS is a participant, was selected as an operator for the offshore wind farm project off Goto city
- Signed an agreement for developing commercial scale offshore wind farms with BW Ideol, which has engineering expertise in building floating offshore wind farms
- Decided to participate in a mega-solar power project under development by Advanced Power AG in Texas
- Decided to participate in a mega-solar power project in Queensland, Australia
- Started to consider collaboration with Neoen S.A. to establish CO2 free supply chain between Japan and Australia
- Launched the first feasibility study in Japan on dehydrogenation from MCH at our refineries
- Started to specifically consider the utilization of hydrogen energy in Woven city in Susono city, Shizuoka Prefecture, in which Toyota Motor Co. is building
- Started a research project in Tokyo bay area and Mutsu Ogawara area for establishing CO2 free hydrogen supply chain (commissioned by NEDO*)
- Signed an agreement with Yamanashi Prefecture on supply of CO2 free hydrogen produced from renewable energy in Yamanashi Prefecture at Tokyo Meguro hydrogen station

Steady Implementation of the Second Medium-Term Management Plan

Environmentally conscious and next generation businesses etc.

- Signed a joint study agreement with Transborders Energy Pty Ltd for "deepC Store": a CO2 capture and storage hub project in Australia
- Established a new company in Europe to promote lithium ion battery recycling and the battery materials business.
- Started to consider collaboration with Toppan Printing Co., Ltd. in bioethanol business with recycled papers
- Signed a basic agreement with Shizuoka City on the promotion of next-generation energy and community development centered on the Sodeshi district of Shimizu Ward, Shizuoka City, Shizuoka Prefecture
- Started to consider collaboration with NEC Co. to expand EV charging network centered on service stations
- Started collaboration with Ample Inc. , which ENEOS has invested, in providing a battery replacement service for EVs
- Launched ENEOS Car Lease using ENEOS service stations as sales bases throughout Japan
- Started the Japanese energy industry's first demonstration tests of new digital technology services at our service stations
- Preferred Computational Chemistry, a joint venture of ENEOS and PFN Inc., started to provide Matlantis™, a high-speed universal atomistic simulator to accelerate discovery of new materials
- Started operation of "Techno Farm Narita": Japan's largest automated vegetable cultivation factory that uses artificial light
- Issued publicly offered hybrid bonds (Up to ¥300billion)

Reference

Key Factors

		FY2020		FY2021	
		1Q	Full Year	1Q	Full Year
		Actual	Actual	Actual	Forecast (Announced in May)
All segments	Exchange rate [¥/\$]	108	106	109	105
Energy	Crude oil (Dubai) [\$/\$B]	31	45	67	60
Oil and Natural Gas E&P	Sales volume (Crude oil equivalent) [1,000 B/day]	120	125	124	121
	Crude oil (Brent) [\$/\$B]	33	46	69	61
Metals	Copper (LME) [¢/lb]	242	312	440	340
	Equity entitled copper mine production ¹ [1,000 tons/period or year]	51	194	48	223
	PPC copper cathode sales [1,000 tons/period or year]	144	634	148	629
	Precision rolled products sales [1,000 tons/month]	3.3	3.6	3.9	3.9

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	Full-Year
Caserones / Los Pelambres	Apr.- Mar.
Escondida	Jan.- Dec.

Sensitivity Analysis

Same figures as the previous announcement (May 12, 2021)

■ Index (From April 2021)

Apr. - Jun. FY2021 400¢/lb

Jul. - Mar. FY2021 320¢/lb

Crude Oil: 60 \$/B Copper Price (LME) : 340 ¢/lb Exchange Rate: 105 yen/\$

■ Sensitivity analysis (From April 2021)

Index	Change	Segment	(JPY Billion) Impact
Crude Oil (Dubai)	+5 \$/B	Energy	-0.5
		Oil and Natural Gas E&P	+8.0
		Subtotal	+7.5
		Inventory valuation	+36.5
		Total	+44.0
Copper (LME)	+10 ¢/lb	Metals	+5.0
		Total	+5.0
Exchange Rate	5 yen/\$ yen depreciation	Energy	+5.5
		Oil and Natural Gas E&P	+2.0
		Metals	+7.0
		Subtotal	+14.5
		Inventory valuation	+21.0
Total	+35.5		

Cautionary Statement Regarding Forward-Looking Statements

This notice contains certain forward-looking statements, however, actual results may differ materially from those reflected in any forward-looking statement, due to various factors, including but not limited to, the following:

- (1) macroeconomic conditions and changes in the competitive environment in the energy, resources and materials industries;
- (2) the impact of COVID-19 on economic activity;
- (3) changes in laws and regulations; and
- (4) risks related to litigation and other legal proceedings.