

May 15, 2019

Press Release

Idemitsu Kosan Co.,Ltd.

Announcement Regarding Company Split (Simplified Absorption-type Company Split)

Idemitsu Kosan Co.,Ltd. (“Idemitsu Kosan”) and Showa Shell Sekiyu K.K. (“Showa Shell”) announced that both companies have commenced deliberating concretely the implementation of a company split between them, in the press release dated March 19, 2019, titled “Announcement Regarding Commencement of Deliberation on Company Split.” Idemitsu Kosan hereby announces as follows, that (i) it has resolved, at its board of directors meeting held today, to execute an agreement regarding an absorption-type company split which will cause Idemitsu Kosan to succeed to the entire business of Showa Shell, which is Idemitsu Kosan’s consolidated subsidiary, to be effective on July 1, 2019 (the “Absorption-type Company Split”) (such agreement, the “Absorption-type Company Split Agreement”), and (ii) it has executed the Absorption-type Company Split Agreement.

As the Absorption-type Company Split is a simplified absorption-type company split to be implemented between Idemitsu Kosan and its wholly owned subsidiary, some disclosure items and details are omitted here.

1. Purpose of the Absorption-type Company Split

The purpose of the Absorption-type Company Split is to proceed with the business integration between both companies, and to create even more synergies, by transferring Showa Shell’s assets, liabilities, and rights and obligations to Idemitsu Kosan through the Absorption-type Company Split, and integrating their organizations and businesses.

2. Outline of the Absorption-type Company Split

(1) Schedule for the Absorption-type Company Split

Resolution of the board of directors meetings of both companies concerning approval of the execution of the Absorption-type Company Split Agreement	May 15, 2019 (today)
Execution of the Absorption-type Company Split Agreement	May 15, 2019 (today)
Effective date of the Absorption-type Company Split	July 1, 2019 (scheduled)

(Note) The Absorption-type Company Split falls under a simplified company split stipulated in Article 796, paragraph 2 of the Companies Act. Accordingly, it will be implemented without holding Idemitsu Kosan's shareholders meeting to approve the Absorption-type Company Split Agreement.

(2) Method for the Absorption-type Company Split

The method for the Absorption-type Company Split is a simplified absorption-type company split, in which Showa Shell will be a splitting company and Idemitsu Kosan will be a succeeding company.

(3) Allotment in relation to the Absorption-type Company Split

There will be no allotment of consideration for the Absorption-type Company Split.

(4) Treatment of stock acquisition rights and bonds with stock acquisition rights

There is no applicable matter.

(5) Capital to increase or decrease due to the Absorption-type Company Split

There will be no change in the amount of capital due to the Absorption-type Company Split.

(6) Rights and obligations to be succeeded to by the succeeding company

Among assets, liabilities, and rights and obligations which belong to Showa Shell's entire business, Idemitsu Kosan will succeed to those provided in the Absorption-type Company Split Agreement through the Absorption-type Company Split.

(7) Prospects of fulfillment of liabilities

Idemitsu Kosan considers that there will be no problem concerning the prospects of fulfillment of liabilities by Idemitsu Kosan on and after the effective date of the Absorption-type Company Split.

3. Overview of the Parties to the Absorption-type Company Split

	Succeeding company	Splitting company
1 Corporate name	Idemitsu Kosan Co.,Ltd.	Showa Shell Sekiyu, K.K.
2 Principal office	3-1-1 Marunouchi, Chiyoda-ku, Tokyo	2-3-2 Daiba, Minato-ku, Tokyo
3 Name and title of representative	Shunichi Kito, President and Representative Director	Katsuaki Shindome, President and Representative Director
4 Description of business	Petroleum refining and manufacture and sale of oil products Manufacture and sale of petrochemical products Development, production, and sale of petroleum and coal resources Development, manufacture, and sale of electronic materials and agricultural chemicals, etc.	Oil business (mainly imports, exports, refining, storage, and sales of crude oil and petroleum products) Energy solutions business (solar, electric power), etc.
5 Capital	168,351 million yen	34,197 million yen
6 Date of establishment	March 30, 1940	August 1, 1942
7 Total number of outstanding shares	301,925,518 shares (as of April 1, 2019)	372,596,000 shares
8 Fiscal year-end	March 31	March 31
9 Major shareholders and their shareholding ratio	Nissho Kosan K.K. 8.98% Aramco Overseas Company B. V. 7.65% The Master Trust Bank of Japan, Ltd. (Trust account) 5.43% Idemitsu Culture and Welfare Foundation 4.10% Japan Trustee Services Bank, Ltd. (Trust account) 3.63% (as of April 1, 2019)	Idemitsu Kosan Co.,Ltd. 100%
10 Business performance and financial conditions for the last fiscal year (FY 2019)		
	Idemitsu Kosan Co., Ltd.	Showa Shell Sekiyu, K.K.
Net assets	878,931 million yen	283,419 million yen
Total assets	2,890,307 million yen	1,040,644 million yen
Net assets per share	4,267.21 yen	704.93 yen
Net sales	4,425,144 million yen	3,082,871 million yen
Operating income or loss	179,319 million yen	95,322 million yen
Ordinary income or loss	169,121 million yen	101,053 million yen
Net income or loss attributable to owners of the parent	81,450 million yen	39,142 million yen
Current net income or loss per share	401.63 yen	104.43 yen

4. Overview of the Business to Be Split

- (1) Overview of the business to be split

Entire business of Showa Shell

- (2) Operation performance of the business to be split (FY 2019)

Revenue: 3,082,871 million yen

- (3) Items and book value of assets and liabilities subject to the Absorption-type Company Split (as of March 31, 2019)

Assets		Liabilities	
Current Assets	586,993 million yen	Current Liabilities	515,965 million yen
Fixed Assets	283,493 million yen	Fixed Liabilities	130,234 million yen
Total	870,486 million yen	Total	646,199 million yen

5. Status after the Absorption-type Company Split

There will be no change to Idemitsu Kosan's corporate name, principal office, name and title of representative, and fiscal year-end after the Absorption-type Company Split. Idemitsu Kosan's business after the Absorption-type Company Split will be (i) petroleum refining, and manufacture and sale of oil products, (ii) manufacture and sale of petrochemical products, (iii) development, manufacture, and sale of electronic materials and agricultural chemicals, (iv) undertakings for supplying electricity, and (v) development, production, and sale of petroleum and coal resources.

6. Future Outlook

The effect of the Absorption-type Company Split on the consolidated business performance is insignificant.

(Reference) Earning forecast for the current fiscal year (announced on May 15, 2019) and business performance for the previous fiscal year (consolidated)

	Net sales	Operating income or loss	Ordinary income or loss	Net income or loss attributable to owners of the parent
Earning forecast for the current fiscal year (FY 2019)	6,790,000 million yen	220,000 million yen	228,500 million yen	160,000 million yen
Business performance for the previous fiscal year (FY 2018)	4,425,144 million yen	179,319 million yen	169,121 million yen	81,450 million yen

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