



Economic Performance

With its cost competitiveness, reliability, and the strong customer base that it has built, Showa Shell is working to generate value and achieve renewed growth in its core petroleum business. The company is also engaged in fostering and expanding new peripheral businesses.



Financial Highlights

The Showa Shell Group has built a solid financial foundation through cost competitiveness and a strategy for steady growth.

The "New Foundation" Philosophy

Showa Shell launched its pioneering corporate reform activity plan, Jump-21, on the eve of the liberalization that was ushered in by the abolition of the 1996 Provisional Measures Law on the Importation of Specific Petroleum Refined Products. Following through on its three basic strategies, "Creating customer-oriented added value," "Restructuring the business portfolio," and "Structural cost reduction," Showa Shell has achieved competitive superiority in terms of high profitability in petroleum downstream areas. At the same time, the company became one of Japan's top companies in terms of total shareholder return*1.

Showa Shell reached a landmark event 2004, its 20th anniversary. It was also the year that the shareholder composition changed significantly, with Saudi Aramco's equity participation. This has resulted in a dramatic change within the company's environment. This fiscal year, the company has determined not to be content with its past

successes. It is working to write a story of confidence about working toward the realization of sustainable growth under its "New Foundation" philosophy.

The company is taking on the challenge of creating a new business model and building new customer value. The three pillars in the company's plan, "Expanding core business value," "Growing the core business," and "Revolutionizing non-core business areas," are intended to further develop the core petroleum downstream business and increase value.

At the same time, the company plans to develop non-petroleum-related businesses. In addition to the petroleum chemical, electricity generation and urban gas businesses, Showa Shell is actively developing its New Energy and Solutions businesses. The former utilizes technologies such as GTL*2 and CIS solar cells, while the latter new business is aimed toward general households and makes use of the company's customer base.

*1 Quantified value for shareholders (capital gains from share price increases plus dividends)

*2 GTL: Gas-to-liquid fuel, a liquid fuel synthesized from natural gas.

