



# **Supporting Material for Third Quarter Results 2011**

31 October 2011

Showa Shell Sekiyu K.K.

## Notes

This document contains forward-looking statements concerning the results of operations and businesses of Showa Shell Sekiyu K.K..

Forward-looking statements are statements of future expectations that are based on management's current expectations and assumptions and involve known and unknown risks and uncertainties that could cause actual results, performance or events to differ materially from those expressed or implied in these statements.

# Highlights of Financial Results, Jan-Sep 2011

## ■ Crude Oil Price & Exchange Rate

		2010 Results	2010 Results Jan-Sep	2011 Results Jan-Sep
Dubai crude oil price	(USD/bbl)	78.1	76.0	106.2
Exchange Rate	(¥/USD)	87.8	89.5	80.6
	(¥/EUR)	116.3	117.6	113.4

## ■ Highlights of Financial Results

(million yen)	2010 Results Jan-Sep	2011 Results Jan-Sep	Changes	vs. 2010 (%)
Sales	1,737,547	2,077,636	340,089	+19.6%
Operating income	18,310	63,589	45,278	+247.3%
Non-Operating income	5,073	1,791	-3,282	-64.7%
Ordinary income	23,384	65,380	41,996	+179.6%
※Inventory valuation	-493	27,895	28,389	-
※CCS ordinary income	23,878	37,484	13,606	+57.0%
Extraordinary income	-1,178	3,003	4,182	-
Net income	11,298	32,514	21,216	+187.8%

【Notes】 CCS ordinary income (ordinary income on Current Cost of Supply basis)

: Ordinary income based on the cost excluding inventory valuation effects.

## Key Points of Financial Results (Jan-Sep)

- Consolidated sales during this nine-month period (1-3Q) in 2011 amounted to 2,077.6 billion yen (19.6% increase vs. 1-3Q 2010) and ordinary income was 65.3 billion yen (41.9 billion yen of increase vs. 1-3Q 2010). Consolidated CCS ordinary income, excluding inventory valuation impact, was 37.4 billion yen (up by 13.6 billion yen vs. 1-3Q 2010)
- The sales increase in oil business is attributed to crude oil price surge and improved oil product margins. Profit increase is also derived from crude price surge as well as comprehensively stable product margins and sale expansion particularly in middle distillates.
- The commercial launch of Kunitomi Factory with 900MW of annual production capacity, which started operation from Feb 2011 and had reached full commercial operations in Jul, made sales increased as production moved ahead. Profit was decreased by ramping-up costs born for Kunitomi Factory especially in 1H 2011 as well as module selling price fall.

# Business Overview (Jul-Sep)

## ■ Oil Business

- ✓ Ohgimachi Factory of Keihin Refinery has terminated its operations on 20Sep and product shipping on 30Sep as planned. That will lead to higher utilisation as well as cost reduction for far better competitiveness of the group refineries.
- ✓ Domestic product margins, particularly middle distillates, were decreased vs. 1H2011 due to increased product inventory in late 3Q. Domestic sales volume increased particularly in gasoline, supported by high demand in summer.
- ✓ Product export margins were improved mainly by robust demand from emerging markets and some refinery trouble at major refineries in Asia. Export volume in 3Q was decreased for the sake of domestic sales increase.

## ■ Energy Solution Business (Solar Business)

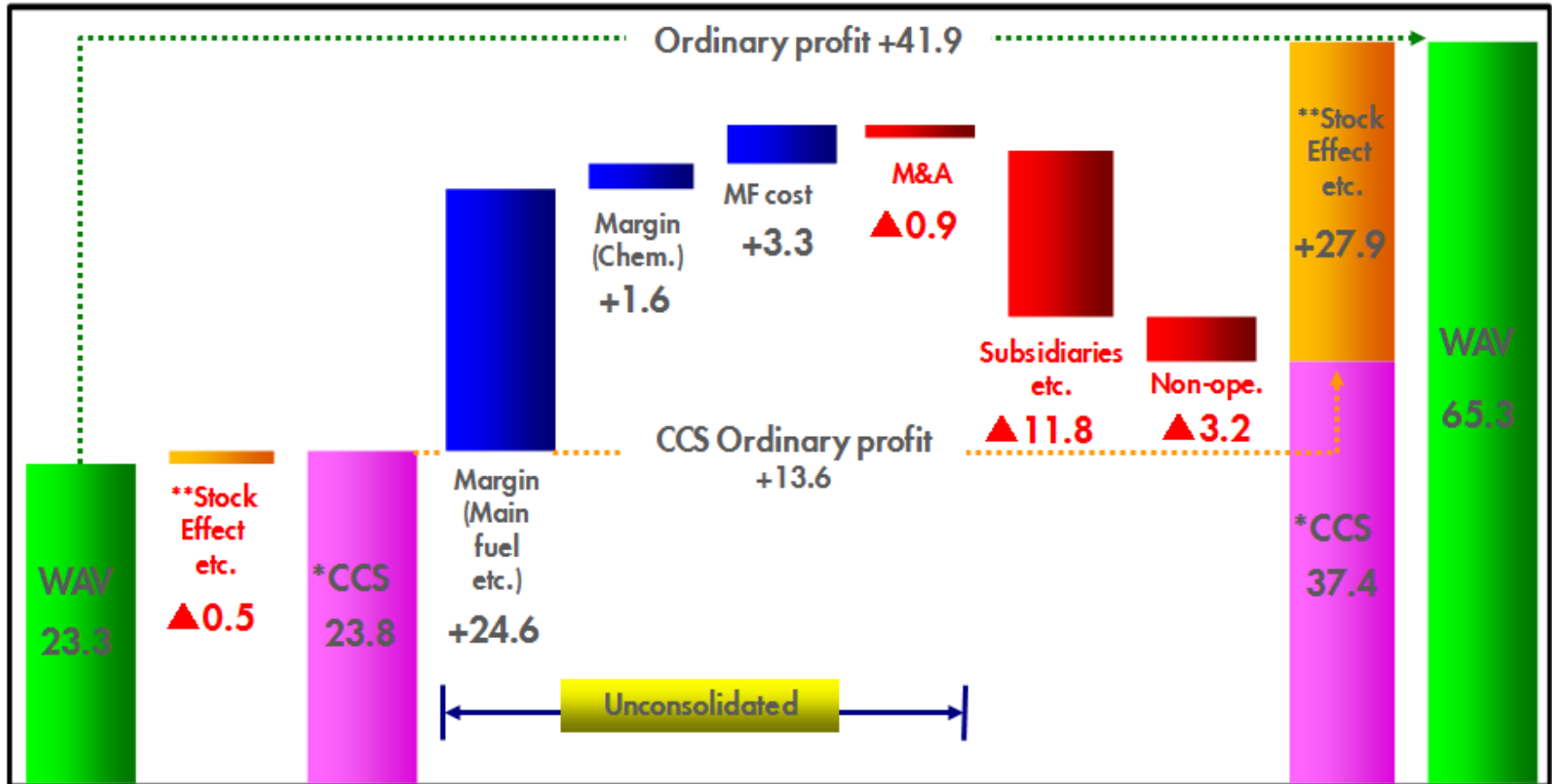
- ✓ Kunitomi Factory, one of world biggest capacity, had reached full commercial operations at all production lines in Jul and is moving well toward 900MW production.
- ✓ Module selling prices had fallen continuously since 1H2011 due to oversupply in the

market.

Showa Shell Sekiyu K.K.

# Ordinary Profit 2010 /1-3Q vs. 2011/1-3Q

(Unit: Billion Yen)



1-3Q 2010

1-3Q 2011

\* CCS: Current Cost of Supply

\*\* Including the effect of Lower of cost or market value method

# Crude oil refined and Sales volume

## ■ Crude oil refined & Utilization rate

		2010 Results	2010 Results Jan-Sep	2011 Results Jan-Sep
Crude oil refined	(thousand KL)	25,168	18,481	20,444
Refinery utilization rate	(%)	84.2%	83.3%	92.2%

## ■ Sales volume by products

(thousand KL)	2010 Results Jan-Sep	2011 Results Jan-Sep	vs. 2010 (%)
Gasoline	6,805	7,110	+ 4.5%
Jet Fuel	1,626	1,544	- 5.0%
Kerosines	1,611	1,911	+ 18.6%
Diesel Oil	3,227	3,682	+ 14.1%
Fuel Oil A	1,023	1,168	+ 14.1%
Fuel Oil C	1,027	1,278	+ 24.4%
Others	3,142	3,140	- 0.1%
Export	3,397	2,977	- 12.4%
Total	21,859	22,809	+ 4.3%

# Forecast full year results for 2011

## ■ Crude oil price & Exchange rate

		2010 Results	Forecast for 2011		Changes
			Announced in July	Announced in Oct	
Dubai crude oil pr	(\$/B)	78.1	108	107	-1
Exchange rate	(Yen/\$)	87.8	81	80	-1
	(Yen/EUR)	116.3	115	111	-4

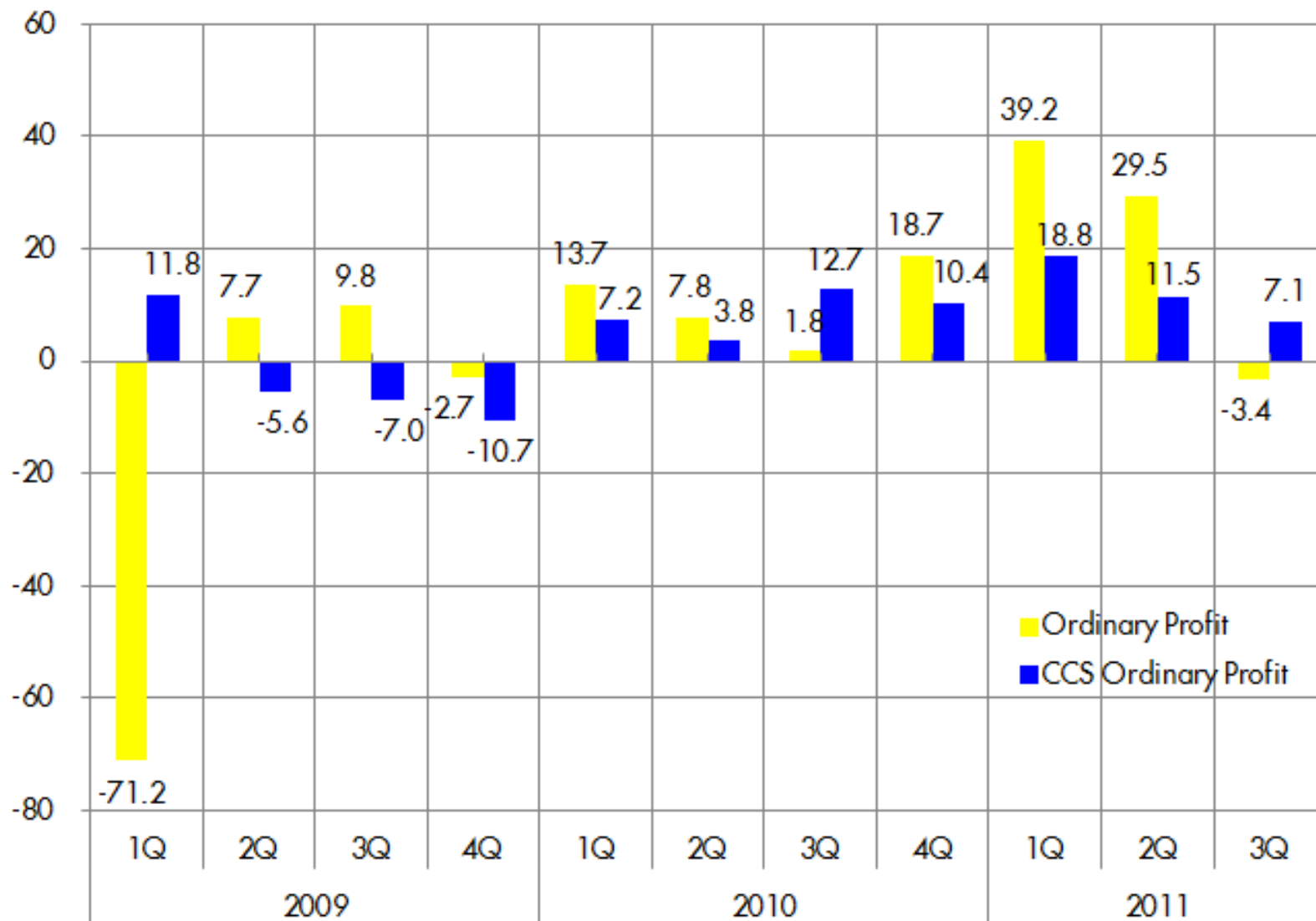
## ■ Forecast of consolidated full year results 2011

million yen	2010 Results	Forecast for 2011		Changes	vs 2011
		Announced in Jul	Announced in Oct		
Net sales	2,346,081	2,840,000	2,770,000	- 70,000	+18.1%
Operating income	36,701	75,000	59,000	- 16,000	+60.8%
Ordinary income	42,148	75,000	60,000	- 15,000	+42.4%
※Inventory valuation	7,861	42,000	30,000	- 12,000	+281.6%
※CCS ordinary income	34,286	33,000	30,000	- 3,000	-12.5%
Net income	15,956	39,000	28,000	- 11,000	+75.5%

# Data Book

# Quarterly trend of Ordinary income

Billion yen



# Highlights of Financial Results, Jul-Sep 2011

## ■ Crude Oil Price & Exchange Rate

		2010 Results Jul-Sep	2011 Results Jul-Sep
Dubai crude oil price	(USD/bbl)	73.9	107.1
Exchange Rate	(¥/USD)	85.9	77.9
	(¥/EUR)	110.7	110.2

## ■ Highlights of Financial Results

(million yen)	2010 Results Jul-Sep	2011 Results Jul-Sep	Changes	vs. 2010 (%)
Sales	567,326	696,700	129,374	+22.8%
Operating income	1,121	-4,052	-5,173	-
Non-Operating income	687	614	-72	-10.6%
Ordinary income	1,808	-3,438	-5,246	-
※Inventory valuation	-10,943	-10,596	347	-
※CCS ordinary income	12,751	7,157	-5,593	-43.9%
Extraordinary income	-261	202	464	-
Net income	-281	-4,729	-4,447	-

【Notes】 CCS ordinary income (ordinary income on Current Cost of Supply basis)

: Ordinary income based on the cost excluding inventory valuation effects.

# Crude oil refined and Sales volume (Jul-Sep)

## ■ Crude oil refined & Utilization rate

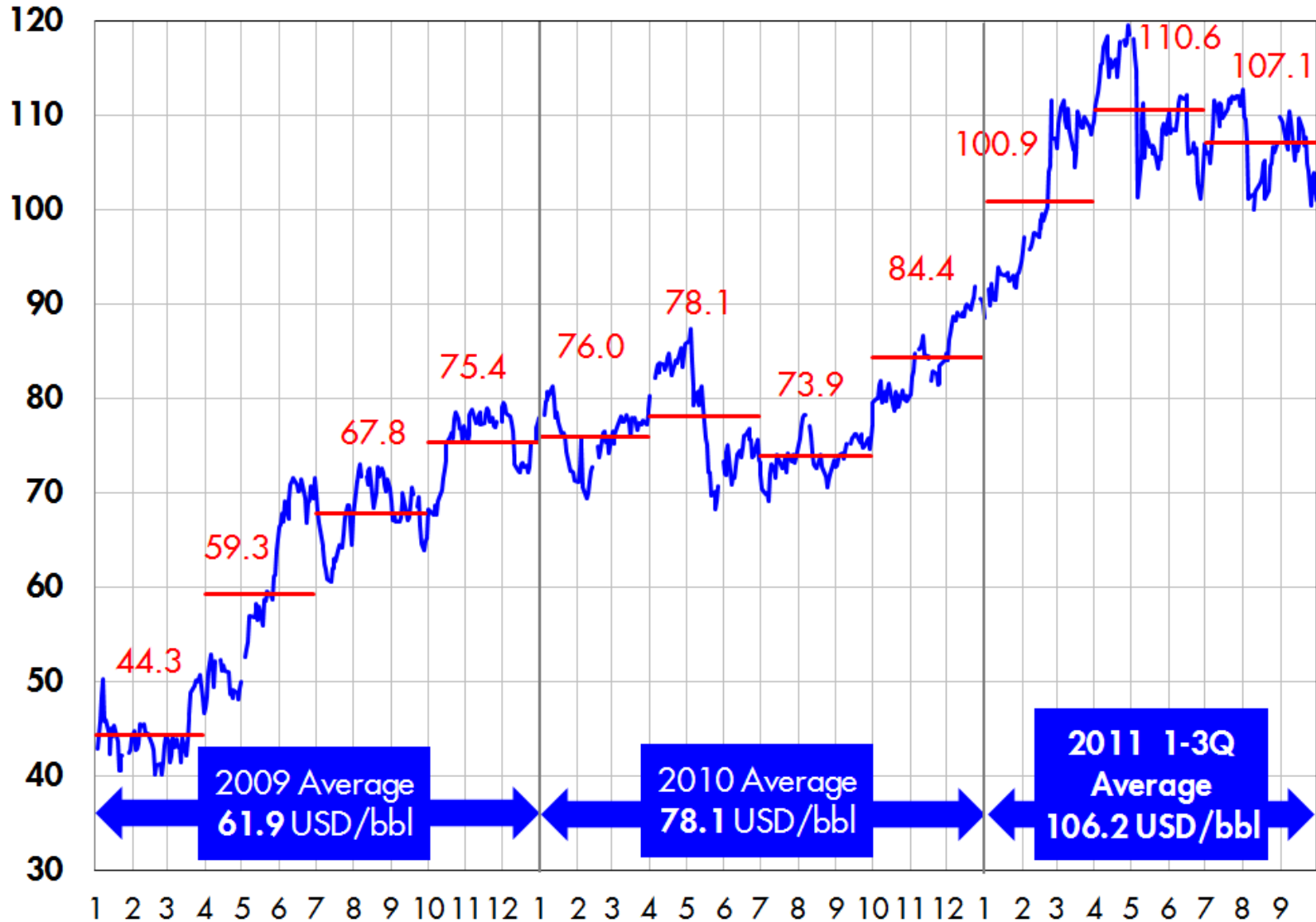
		2010 Results Jul-Sep	2011 Results Jul-Sep
Crude oil refined	(thousand KL)	6,105	6,634
Refinery utilization rate	(%)	81.0%	90.4%

## ■ Sales volume by products

(thousand KL)	2010 Results Jul-Sep	2011 Results Jul-Sep	vs. 2010 (%)
Gasoline	2,383	2,595	+ 8.9%
Jet Fuel	558	544	- 2.6%
Kerosines	219	242	+ 10.3%
Diesel Oil	1,117	1,192	+ 6.6%
Fuel Oil A	319	314	- 1.7%
Fuel Oil C	347	472	+ 35.9%
Others	1,001	1,001	- 0.0%
Export	1,243	1,090	- 12.3%
Total	7,187	7,447	+ 3.6%

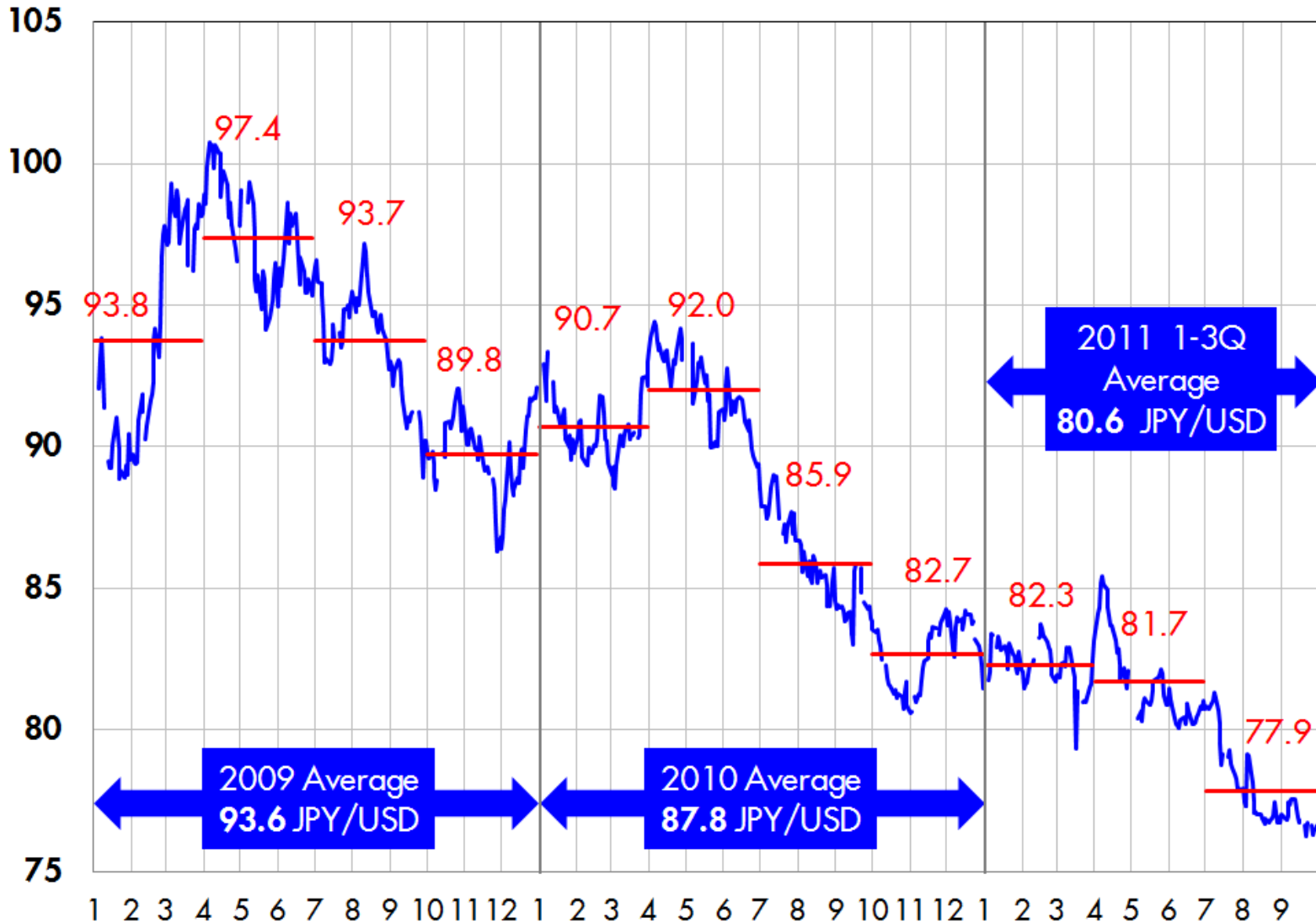
# Crude oil price (Platt's Dubai)

(USD/bbl)



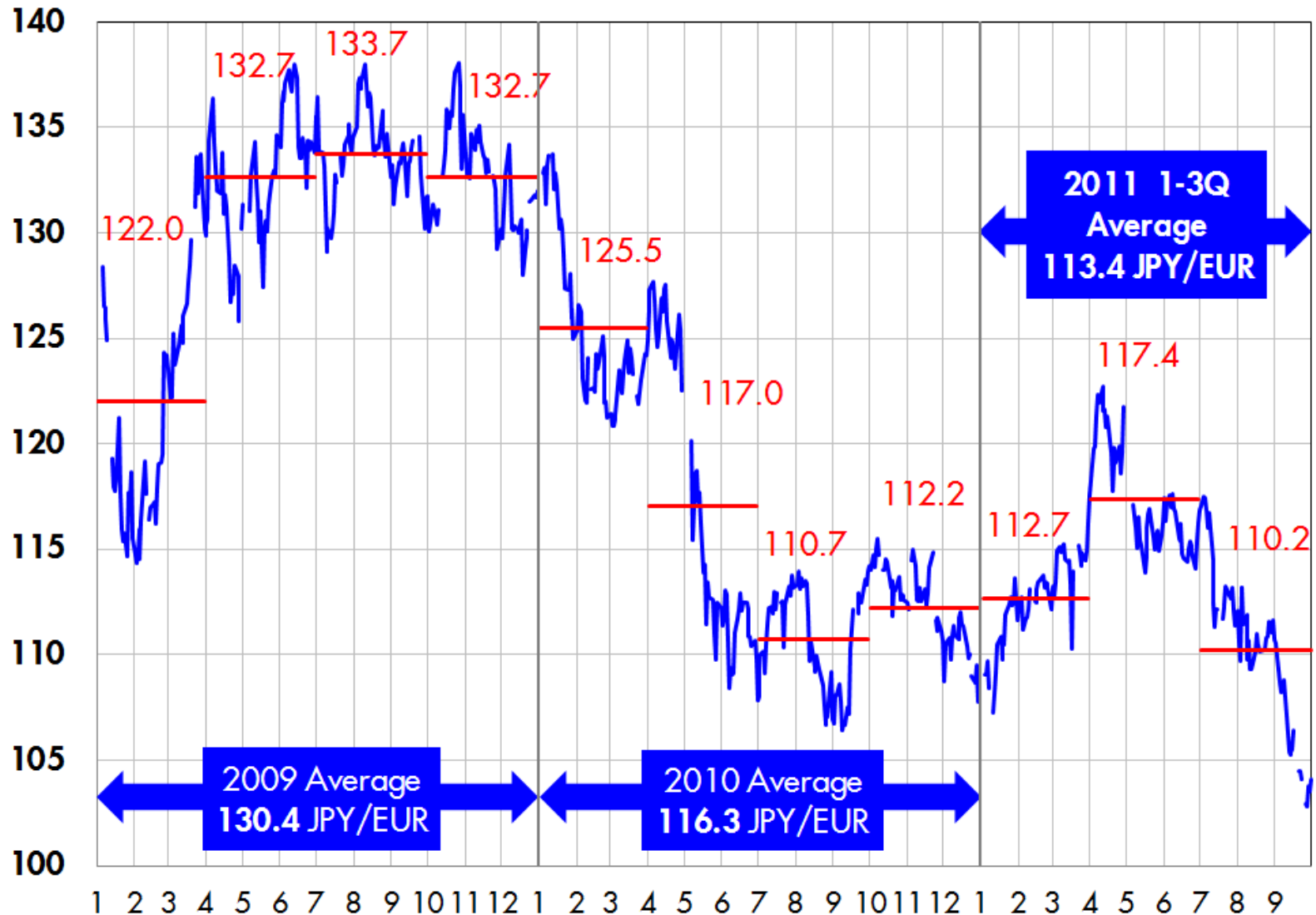
# Exchange rates (JPY/USD TTM)

(JPY/USD)



# Exchange rates (JPY/EUR TTM)

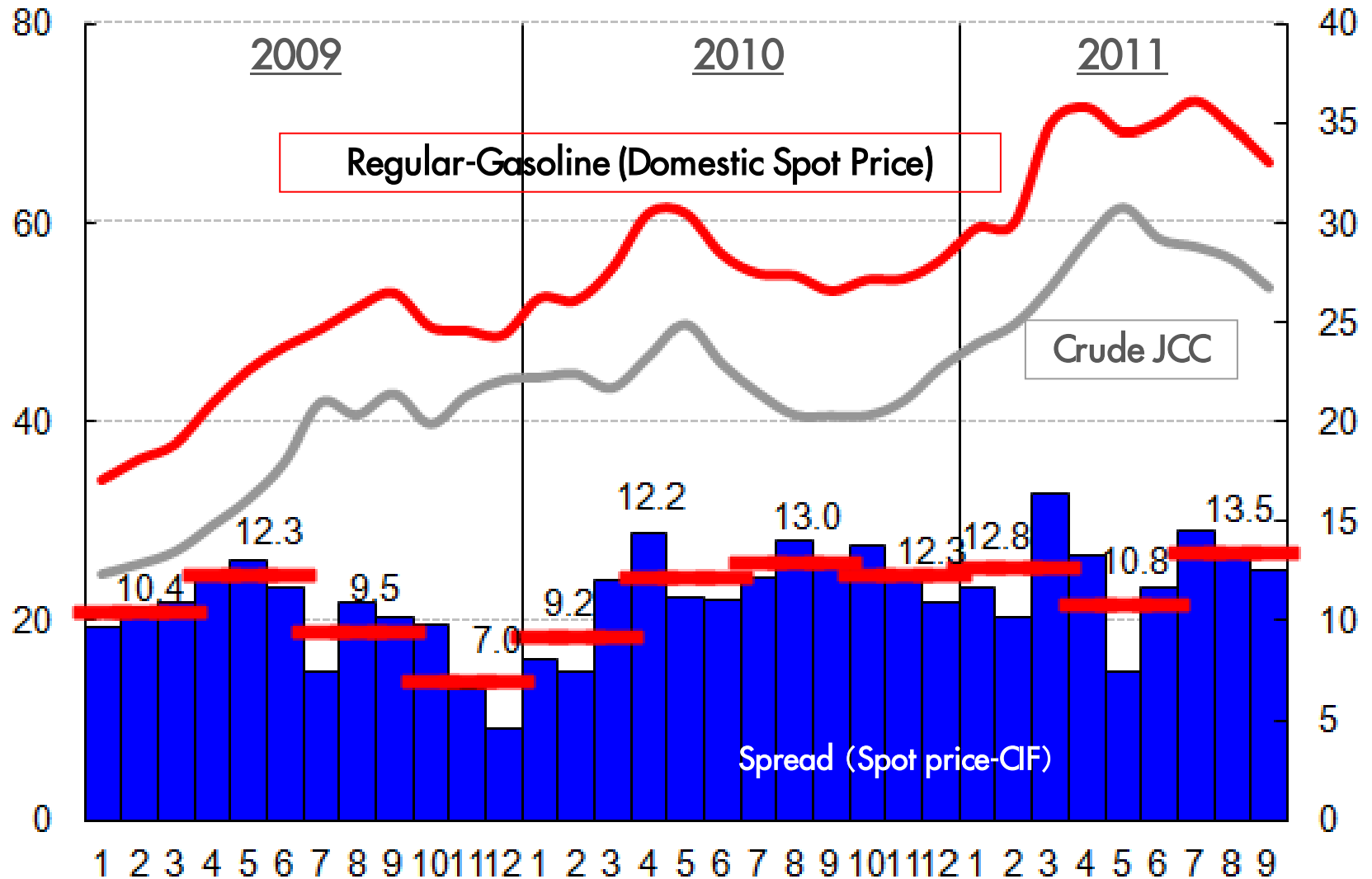
(JPY/EUR)



# Domestic Market (1) : Regular Gasoline

Crude & Product price ¥/L

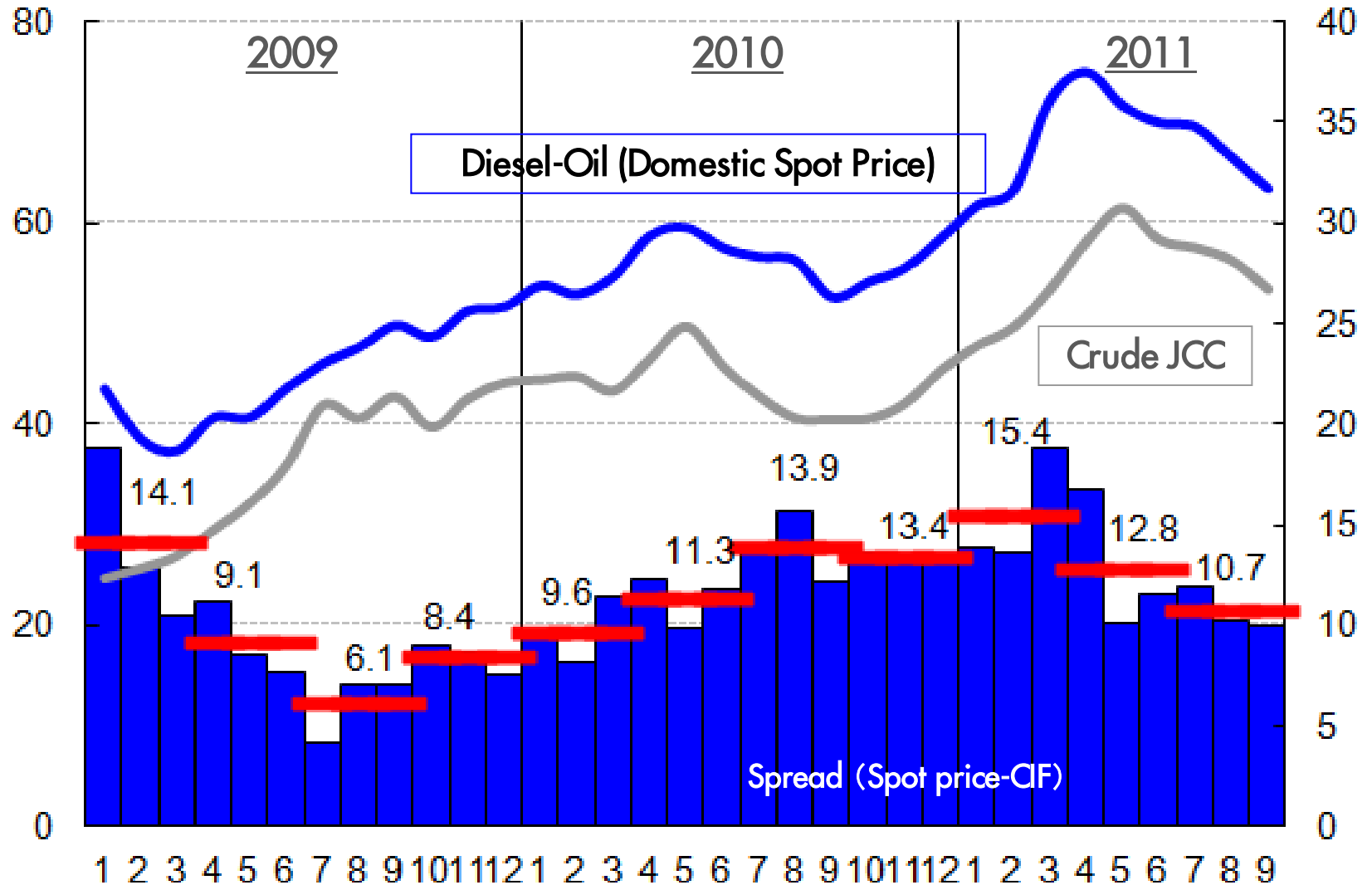
Spread ¥/L



# Domestic Market (2) : Diesel Oil

Crude & Product price ¥/L

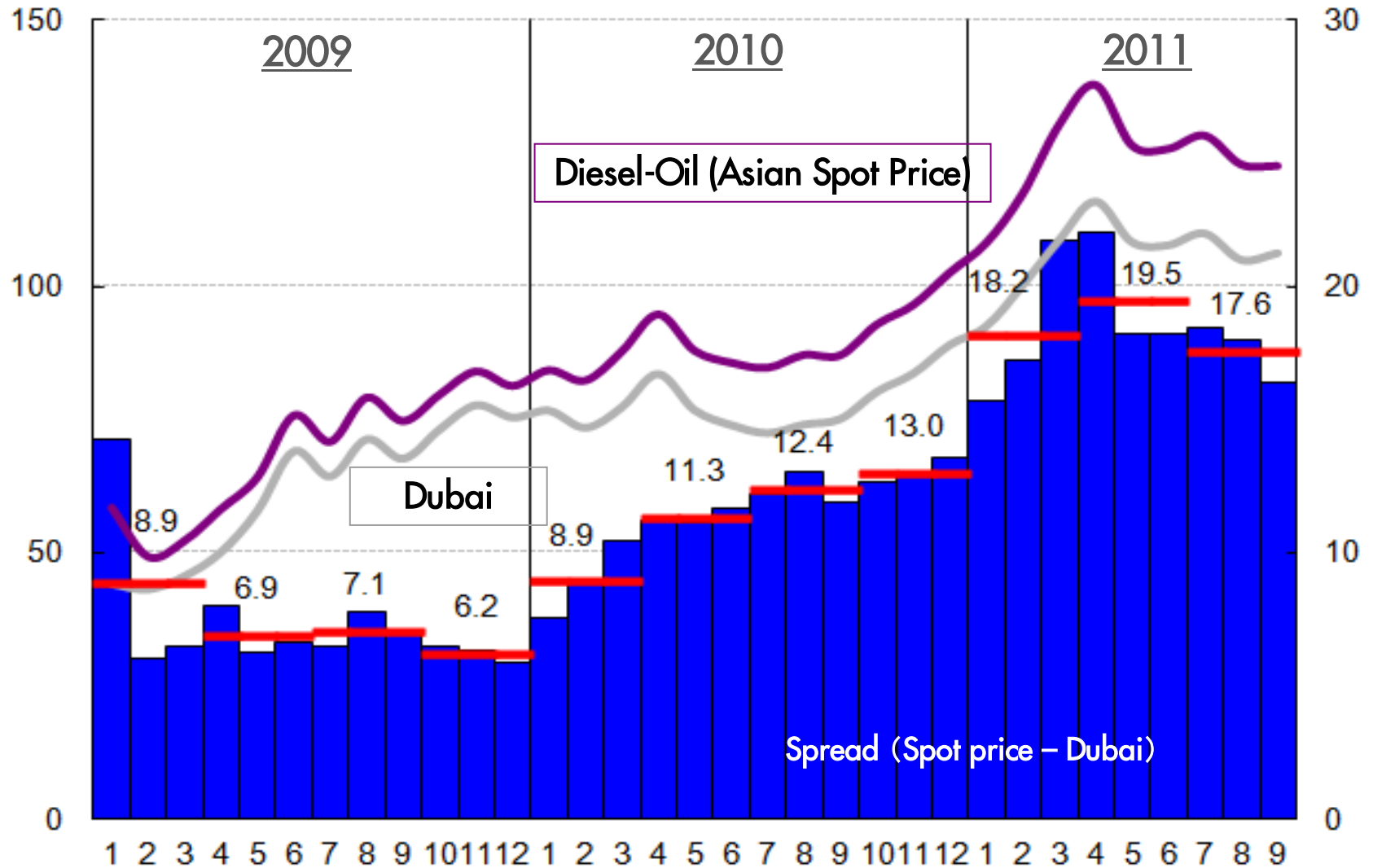
Spread ¥/L



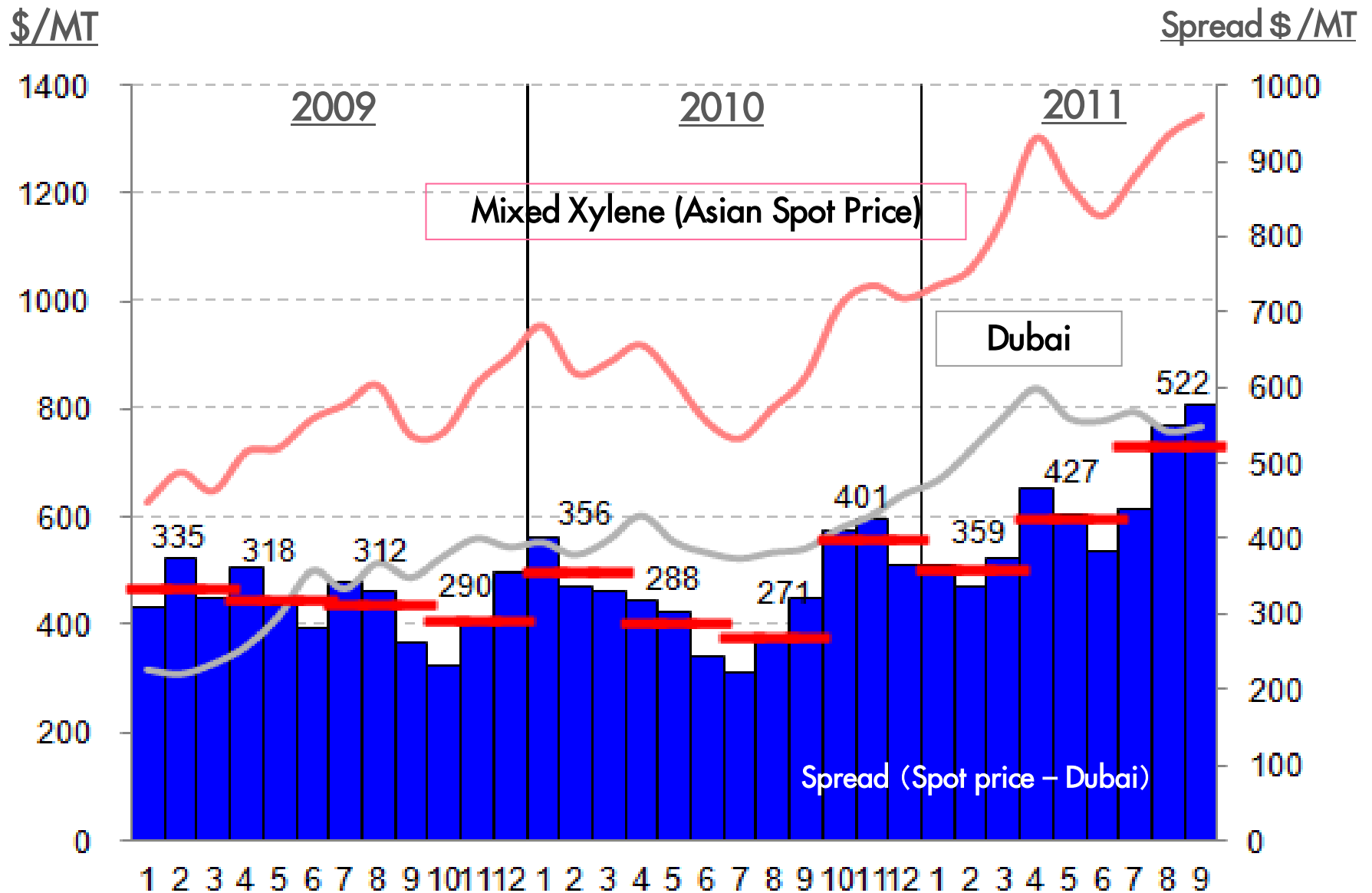
# Global Market (1) : Diesel Oil

\$/bbl

Spread \$ / bbl



# Global Market (2) : Mixed Xylene



# 3Q 2011 -Topics-

## Target Achievement Ahead Of Schedule ! 【July】

Niigata Yukigunigata Megasolar Power Plant, Japan's first commercial plant, has achieved its annual power production volume target of 1 mil kWh more than 40 days earlier than initially planned. This achievement testified CIS's superiority in actual power production function, even where the place like Niigata with much snow fall and cloudy weather.



## Commercial Production Launched At All Lines ! 【July】

Kunitomi Factory (900MW p.a. capacity), one of the world biggest single solar module plant, had reached full commercial operations at all production lines in a matter of 21 months since its investment decision-making. The factory is now moving toward 900MW of full production.



## Saudi's Farasan Solar Power Plant Kicked Off ! 【July】

500kw solar power plant at Farasan Island in Saudi Arabia started operations. The plant was a pilot plant developed among Saudi Electricity Company, Showa Shell, and Solar Frontier. It is also the first commercial solar power plant in Saudi Arabia, representing CIS's superiority under hot temperature and severe conditions like deserts.

## Ohgimachi Factory Shut As Planned For Better Efficiency 【September】

Ohgimachi Factory (120kba) of Keihin Refinery terminated its operations on 20Sep as planned. That will lead to cost reduction and higher refinery utilisation for higher operational efficiency.

