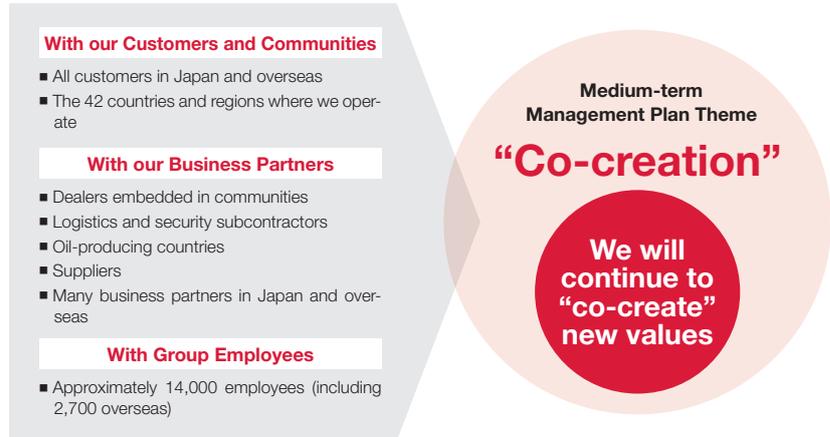


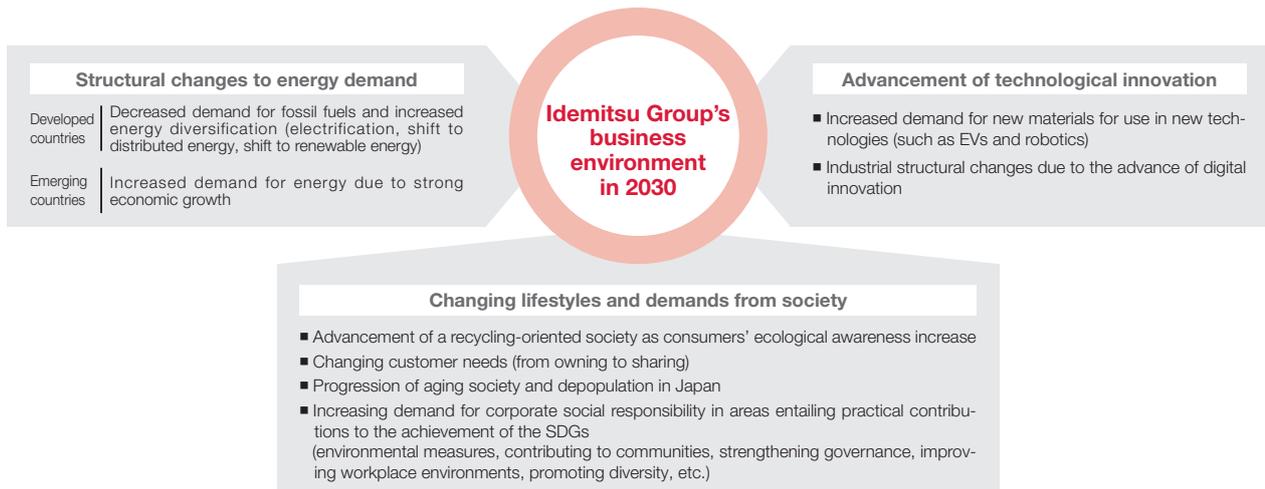
Medium-term Management Plan

Idemitsu Group unveiled its Medium-term Management Plan (FY2020-2022) in November 2019. We are taking on the challenge of creating new values. We are doing this together with all of our customers in Japan and overseas, members of the communities in which we operate, closely linked dealers, logistics and maintenance subcontracting companies, business partners in Japan and overseas, including oil-producing countries, and our employees with diverse backgrounds. This is what we mean by “Co-creation.”



Based on the long-term energy business environment scenarios we created ourselves, we envisioned the Group’s business environment in 2030 from the following three perspectives.

In light of the current business environment, we also established two basic policies geared toward 2030 to guide both our promotion of business activities and efforts to solve social issues.



Basic Policies for 2030

Realizing a resilient business portfolio

Priority Topics and Main Initiatives

Structural reforms to core revenue-generating businesses

- Pursuing profits in the petroleum business(maximizing integration synergies, making refineries more reliable)
- Enabling Nghi Son Refinery to contribute to profits

Expansion of growth businesses

- Expansion of business scale and domains(M&As on a scale of ¥100 billion during the Medium-term Management Plan period)
- Increasing the share of functional materials business to 30% by 2030
- Increasing total power generated from renewable energy overseas to 5GW by 2030 (of which, 4GW is renewable energy)
- Transformation of solar-power business

Creation of next-generation businesses

- Creating new businesses with an eye on societal changes, diversifying customer needs, and lessening environmental impact

Building a business platform suited to the needs of society

Priority Topics and Main Initiatives

Harmony with the global environment and society

- Efforts to reduce GHGs(2030: ▲2 million t-CO₂ compared to 2017)

Progress in governance

- Enhancing the roles and functions of the Board of Directors

Acceleration of digital innovations

- Utilizing digital technologies to create new values

Management Targets for the Medium-term Management Plan Period (FY2020-2022)

At present, we established the following quantitative targets for the period of the medium-term management plan and for 2030. However, we intend to make revisions and disclose new targets in light of

changes in the business environment brought about by the COVID-19 pandemic and developments in Japan's basic energy plan.

	Three-year cumulative total
Net income	¥480 billion
Operating income + equity earnings of affiliated companies	¥720 billion
ROE (Return on equity)	10% or higher
FCF (Free cash flow)	¥400 billion

Quantitative Targets for 2030

	FY2030
Operating income + equity earnings of affiliated companies	¥300 billion
Operating income ratio of 3 businesses (petroleum, exploration, coal)	Less than 50%
Operating income ratio of functional materials business	30% or more
Cumulative total power development (of which, overseas)	5GW or more (4GW or more)

Highlights of Our Progress

 Structural reforms to core revenue-generating businesses
  Expansion of growth businesses
 Creation of next-generation businesses
  Harmony with the global environment and society

<p>Revamping the Service Station Brand</p> <p>→ P.24</p>		<p>Initiatives to Make Our Refineries More Competitive</p> <p>→ P.26</p>	
<p>Starting Production at Our Lubricant Manufacturing Plant in Huizhou, China</p> <p>→ P.30</p>		<p>Working Toward the Commercialization of Black Pellets</p> <p>→ P.40</p>	

Creating Integration Synergies

Our goal is to realize synergies of ¥60 billion by FY2021. In FY2019, we achieved synergies of ¥35 billion in the areas of supply and demand, manufacturing, logistics, procurement, and corporate affairs. From FY2020 onward, we will work to integrate our brand policies, revise our sales strategies, optimize refining costs, and improve operational efficiency through our company-wide DTK (Datara Ko Shiyo) Project (=Business Process Redesign) with the aim of creating further synergies while achieving the ¥60 billion goal by FY2021.

■ Business Integration Synergies

