

Security Code

Tokyo 5020

# Financial Results for 1Q FY2013

- From April 1, 2013 to June 30, 2013 -

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July 31, 2013



## Agenda

- Financial Results for 1Q FY2013 P2 - 12

- Forecast for 1H FY 2013 P13 - 21

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Director, Senior Vice President



# Financial Results for 1Q FY2013 (From April 1, 2013 to June 30, 2013)



# Progress on remarkable projects

## <Energy Business>

### Paraxylene Project in South Korea

-Construction work is going on schedule.

May 2014	Scheduled to complete construction of the plant
Aug. 2014	Scheduled to start commercial production

➤ JX Group's production capacity will increase to 3,120 thousand tons/year <No.1 in Asia>

Capacity	: 1,000 thousand tons/year
Investment	: approx. 80 billion JPY
Ownership	: JX Nippon Oil & Energy 50%-1 share SK Group 50%+1 share

## <Oil and Natural Gas E&P Business>

### LNP Project in Papua New Guinea

-Sales contracts of 6.5 million tones of LNG have been concluded.  
-Development toward the first shipment is advancing smoothly.

2014 Expected to commence shipment

➤ Stable LNG supply for East Asian customers

Capacity	: 6,600 thousand tons/year
Interest	: 4.68 %
Operator	: Exxon Mobil

## <Metals Business>

### Caserones Project in Chile

-Under development toward start of copper concentrate production.

Mar. 2013	Commenced production of copper cathode by the SX-EW process
Oct.-Dec.2013	Scheduled to begin production of copper concentrate

➤ Equity entitled copper mine production will increase to 250 thousand tons/year

Annual production capacity (initial 10 years) :	
Copper concentrate (copper content)	150 thousand tons
Copper cathode (SX-EW)	30 thousand tons
Molybdenum	3,000 tons
Interest	: 75 % owned by PPC

# Main Topics (April 2013 – July 2013)



## JX Holdings

- Jun. Held the Third Ordinary General Meeting of Shareholders.
- Jul. Issued 5th and 6th unsecured bonds.

## JX Nippon Oil & Energy

- Apr. Began negotiation for a partnership contract with First Solar, Inc.
- Apr. Opened Japan's first service station with a hydrogen filling machine in Ebina City of Kanagawa Prefecture .
- May Opened the first service station in Chukyo area with a hydrogen filling machine in Nagoya City of Aichi Prefecture.
- Jun. Residential energy consulting services, "Dr. Ouchi-no Energy", was adopted as "the diagnosis of home eco " of the Ministry of the Environment.
- Jul. Began demonstration of a new "telematics service", which makes it possible to communicate between cars and service stations.

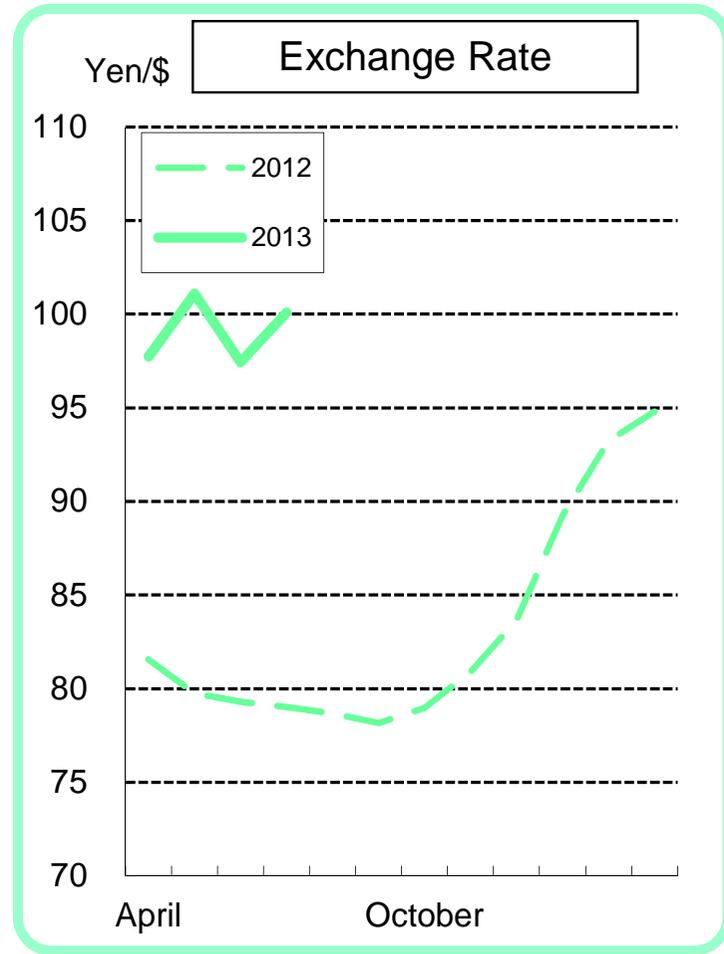
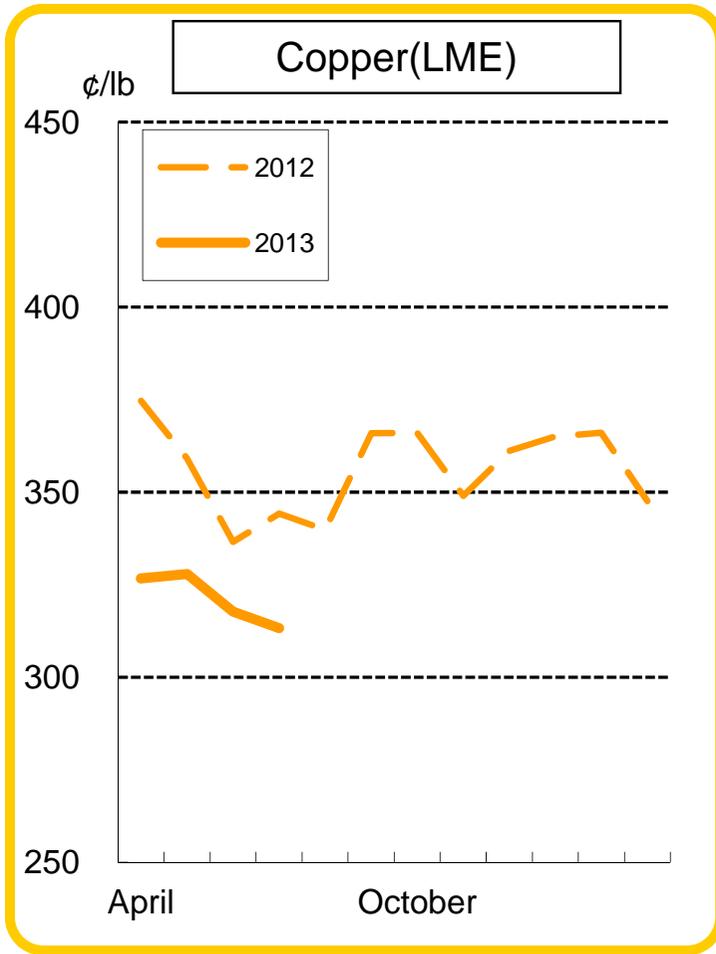
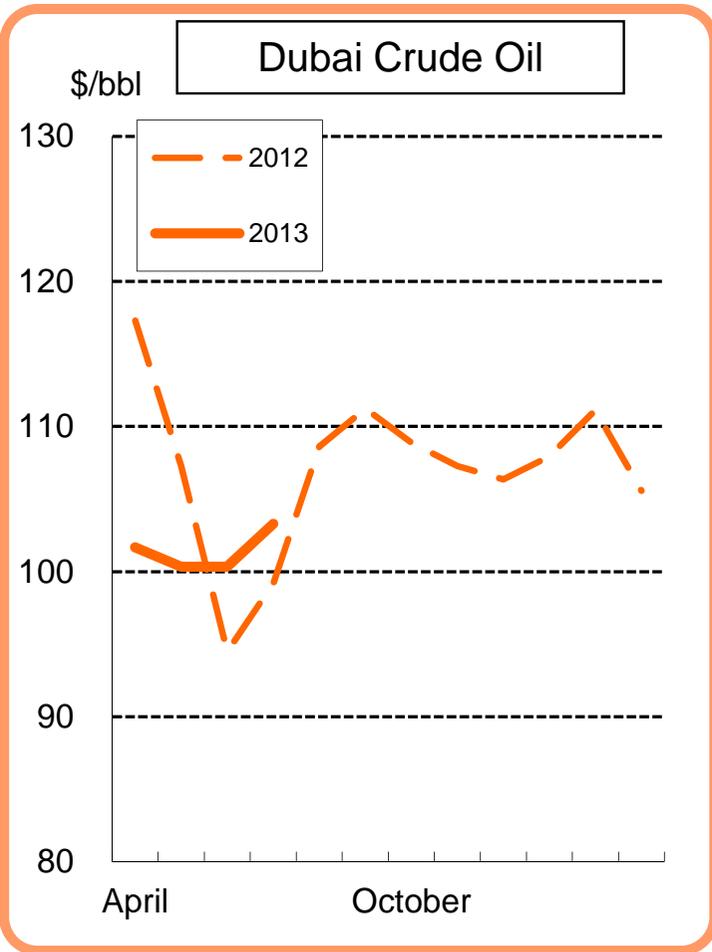
## JX Nippon Oil & Gas Exploration

- May Commenced production from the Finucane South Field in the North West Shelf, Australia.
- Jun. Acquired a participating interest in two exploration permits in the North West Shelf offshore Australia.
- Jun. Confirmed gas and condensate in Southern offshore Vietnam.
- Jul. Completed the exploratory drilling offshore Niigata Prefecture.
- Jul. Made a gas discovery in the Carnarvon Basin offshore western Australia.

## JX Nippon Mining & Metals

- Apr. Received Intel Corporation's "Preferred Quality Supplier Award".
- Jun. Completed a memorial for the First Giant stack at the Saganoseki Smelter & Refinery.
- Jul. Passed an independent third-party audit based on the LBMA Third Party Audit Guidance, confirming that refined gold produced at the Saganoseki Smelter & Refinery is conflict-free.

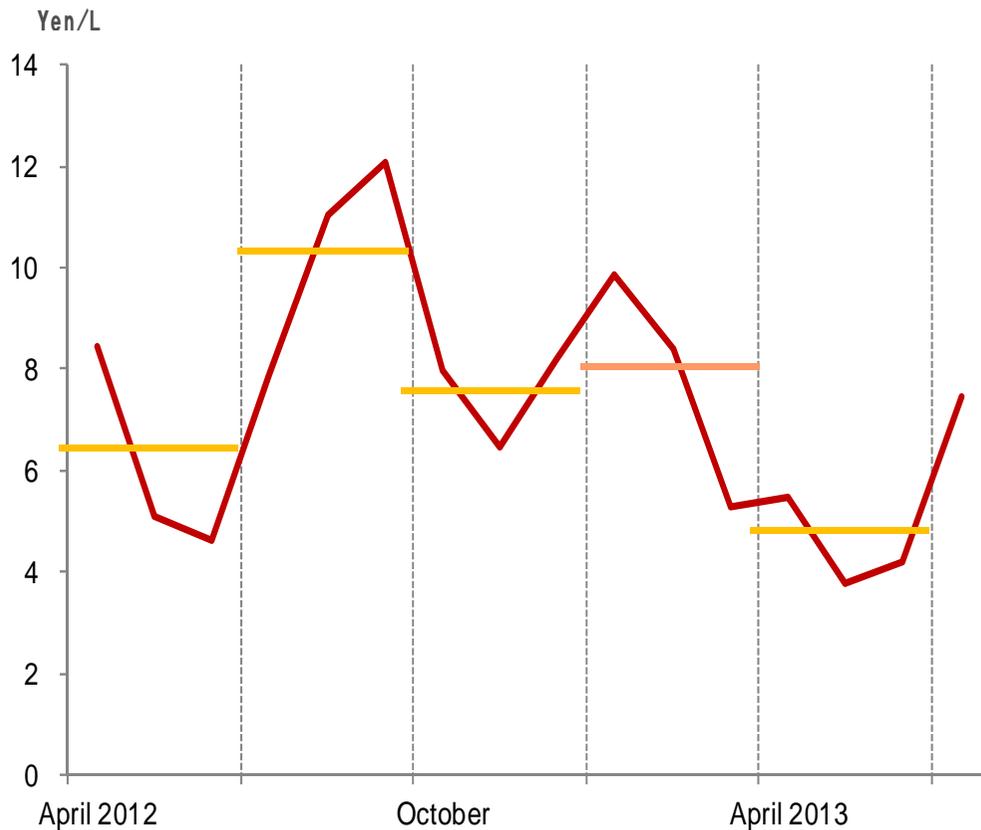
# Business Environment





# Margins of Petroleum and Petrochemical Products

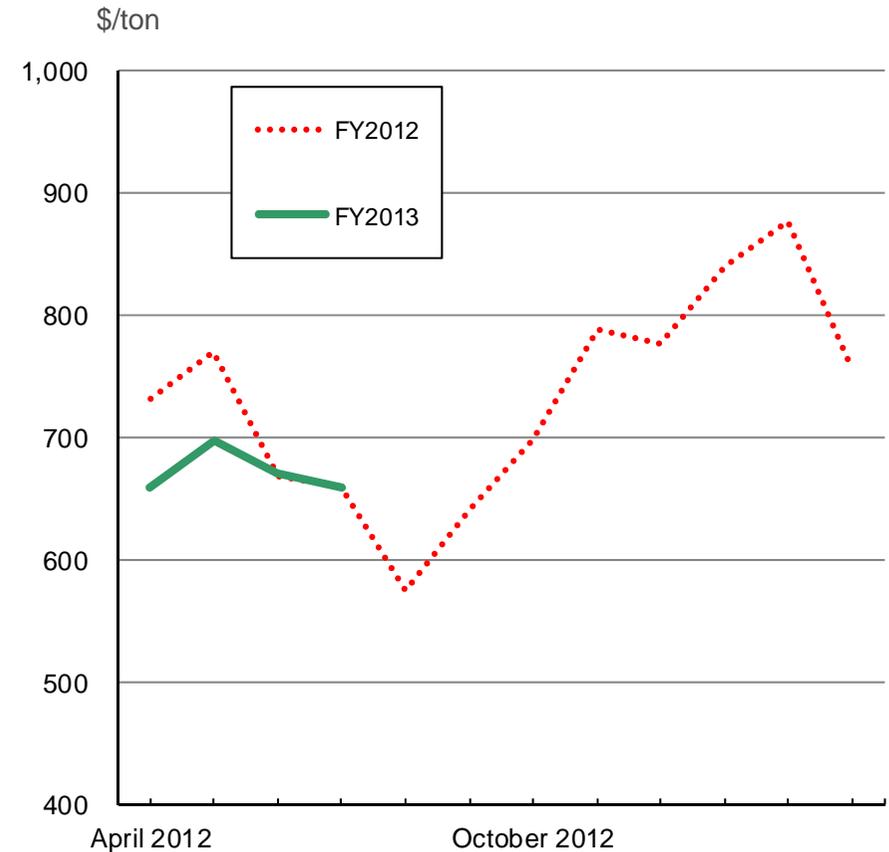
## Gasoline, Kerosene, Diesel Fuel and Fuel Oil A



\*Margin=Spot Price – All Japan Crude Oil CIF  
(including petroleum tax and interest)

— Quarterly average

## Paraxylene



\*ACP – Crude Oil Price(Dubai Spot Price)

\*ACP=Asian Contract Price



# 1Q FY 2013 Results Outline

\* Average from March to May.  
(nearly equal to arrived crude cost)

Crude Oil (Dubai)* (\$/bbl)
Copper (¢/lb)
Exchange Rate (Yen/\$)
Net Sales
Operating Income
Non-operating Income (Expenses), Net
Ordinary Income
-Inventory Valuation
Ordinary Income Excl. Inventory Valuation
Special Gain (Loss), Net
Net Income

1Q FY2012 (Actual)	
	116
Jan.-Mar.2012	<377> 357
Jan.-Mar.2012	< 79> 80
	JPY Billion
	2,551.0
	(65.5)
	27.2
	(38.3)
	(77.5)
	39.2
	(4.9)
	(32.9)

1Q FY2013 (Actual)	
	103
Jan.-Mar.2013	<360> 324
Jan.-Mar.2013	< 92> 99
	JPY Billion
	2,773.8
	53.6
	18.9
	72.5
	30.8
	41.7
	0.6
	35.7

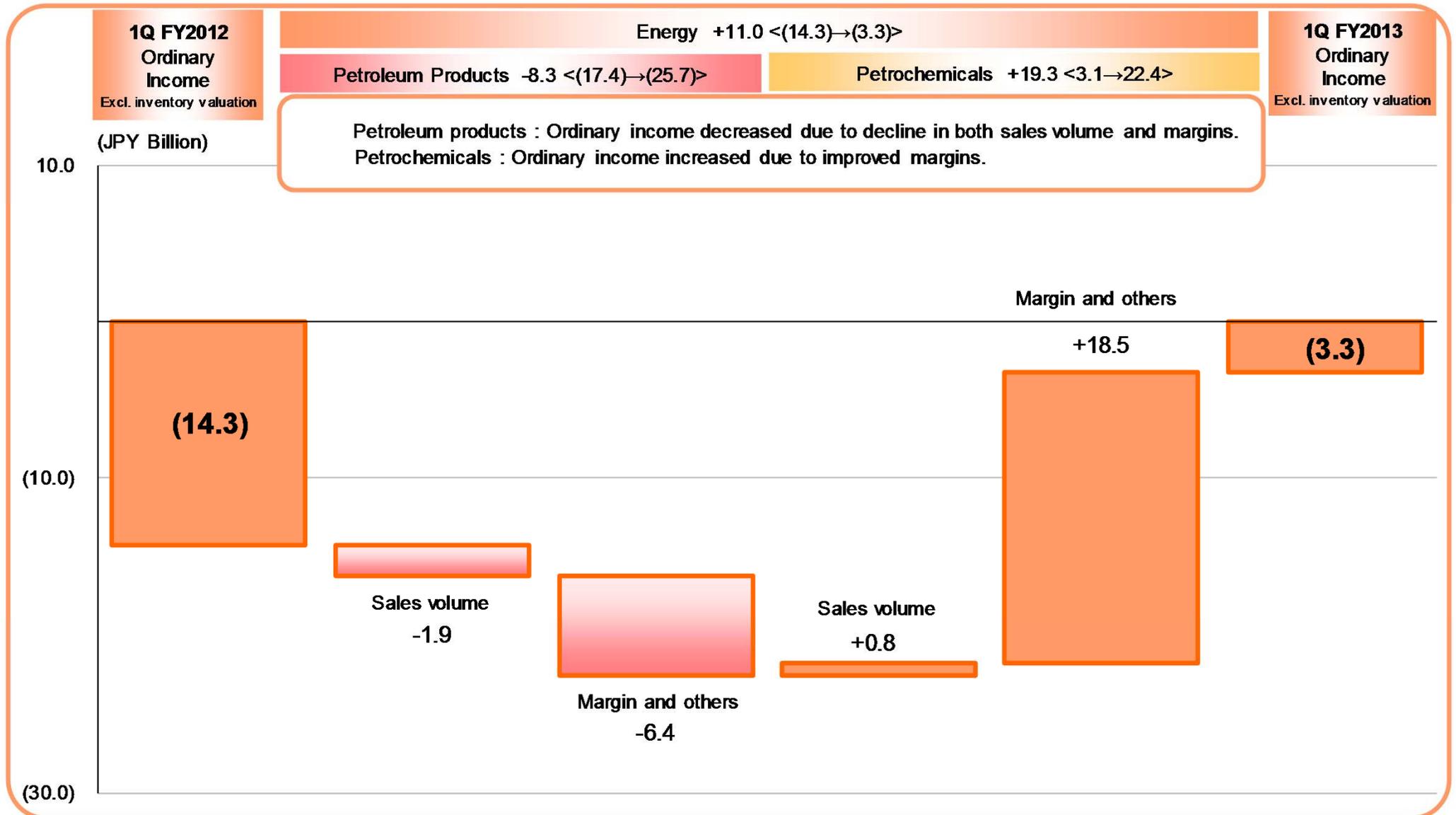
Changes			
	-13		-11.6%
<-17>	-33	<-4.5%>	-9.2%
<+13>	+19	<+16.5%>	+23.4%
	JPY Billion		
	+222.8		+8.7%
	+119.1		-
	-8.3		-30.5%
	+110.8		-
	+108.3		-
	+2.5		+6.4%
	+5.5		-
	+68.6		-

# 1Q FY2012 Actual vs. 1Q FY2013 Actual Changes in Ordinary Income (Loss) by Segment



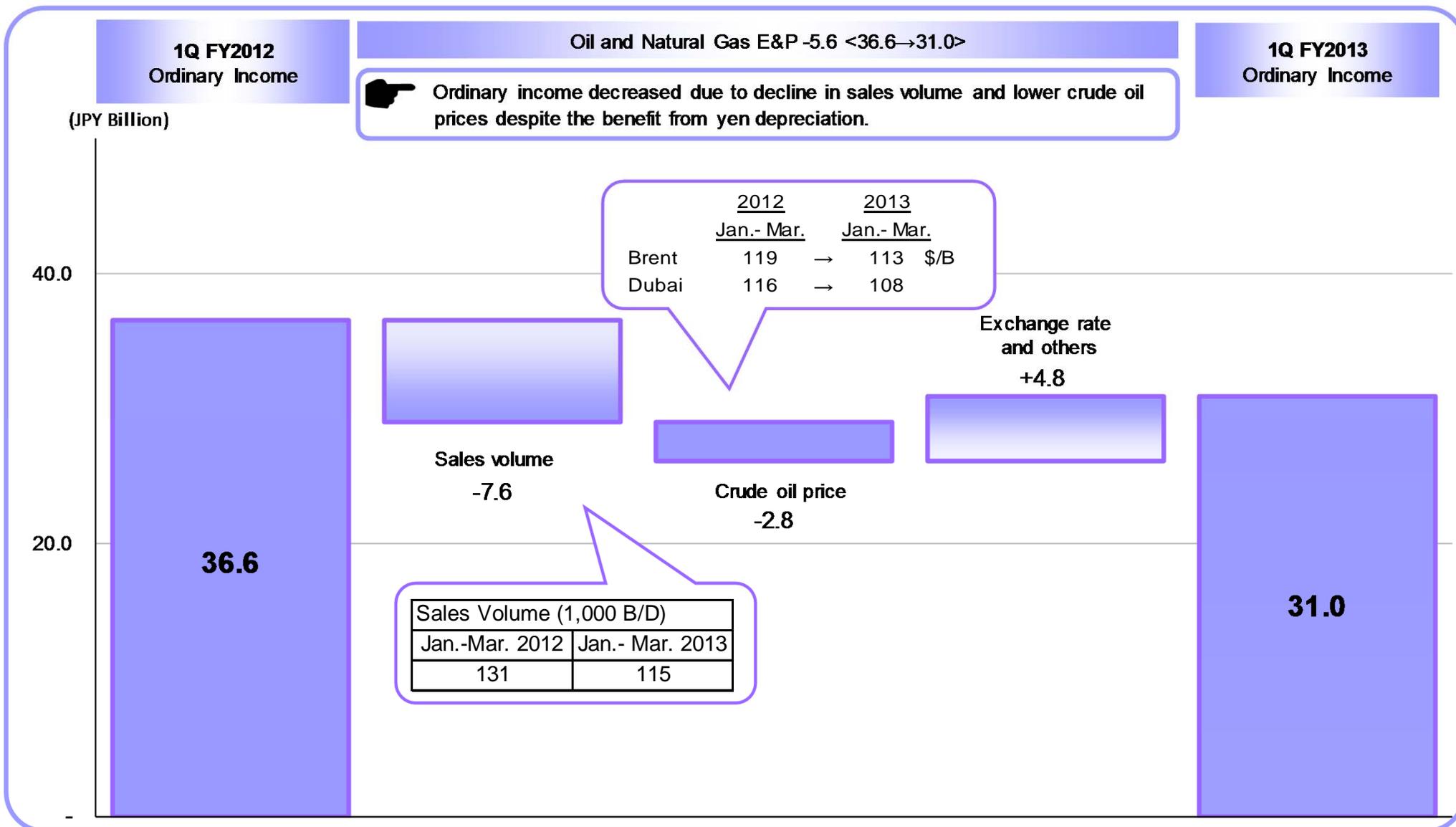
	1Q FY2012 (Actual)	1Q FY2013 (Actual)	Changes	
	JPY Billion	JPY Billion	JPY Billion	
Energy	(90.9)	26.1	+117.0	-
- Inventory Valuation	(76.6)	29.4	+106.0	-
Excl. Inventory Valuation	(14.3)	(3.3)	+11.0	-
- Petroleum Products	(17.4)	(25.7)	-8.3	-
- Petrochemicals	3.1	22.4	+19.3	+622.6%
Oil & Natural Gas E&P	36.6	31.0	-5.6	-15.3%
Metals	12.1	10.1	-2.0	-16.5%
- Inventory Valuation	(0.9)	1.4	+2.3	-
Excl. Inventory Valuation	13.0	8.7	-4.3	-33.1%
Others	3.9	5.3	+1.4	+35.9%
Total	(38.3)	72.5	+110.8	-
Excl. Inventory Valuation	39.2	41.7	+2.5	+6.4%

# 1Q FY2012 Actual vs. 1Q FY2013 Actual Changes in Ordinary Income - Energy Business -

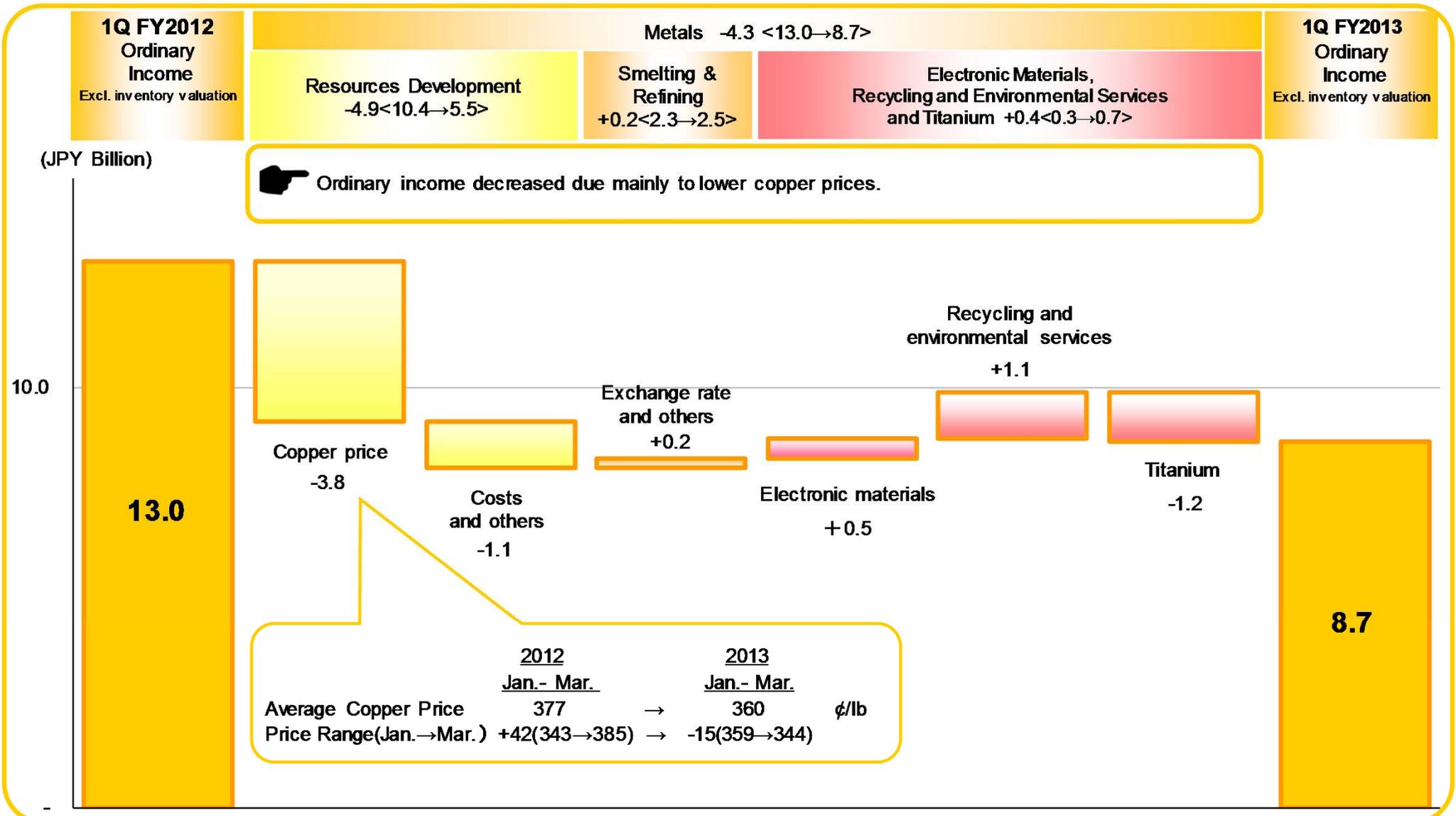


# 1Q FY2012 Actual vs. 1Q FY2013 Actual

## Changes in Ordinary Income - Oil and Natural Gas E&P Business -



# 1Q FY2012 Actual vs. 1Q FY2013 Actual Changes in Ordinary Income - Metals Business-

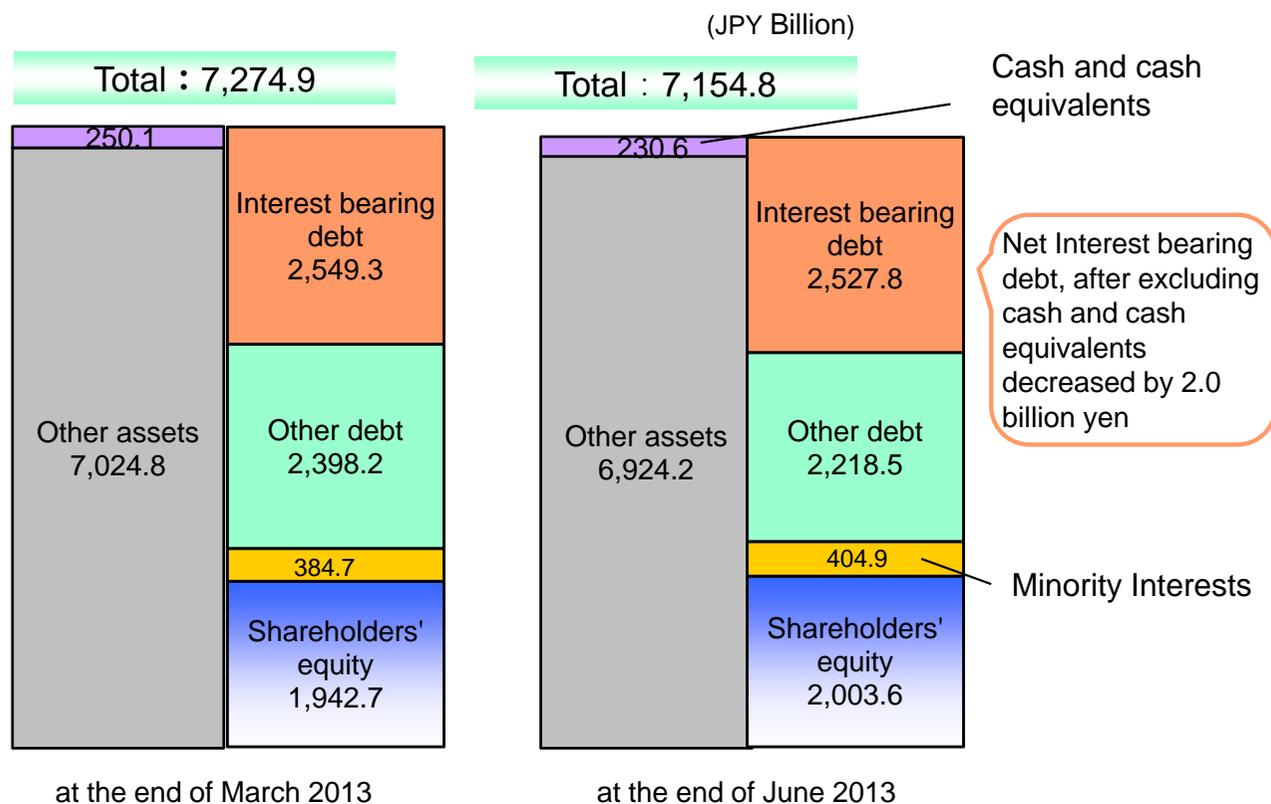


# Consolidated Balance Sheets

## Consolidated Statement of Cash Flows



### Consolidated Balance Sheets



	At the end of March 2013 (Actual)	At the end of June 2013 (Actual)
Shareholders' equity ratio	26.7%	28.0%
Net D/E ratio	1.18	1.15

### Consolidated Cash Flows

1Q FY2013 (JPY Billion)

Ordinary income	72.5
Depreciation and amortization	45.0
Increase in working capital	89.5
Corporate tax and others	(62.3)
<b>Cash flows from operating activities</b>	<b>144.7</b>
<b>Cash flows from investing activities</b>	<b>(100.1)</b>
<b>Free cash flows</b>	<b>44.6</b>
<b>Dividends and others</b>	<b>(23.2)</b>
<b>Net cash flows</b>	<b>21.4</b>

## Forecast for 1H FY2013

- From April 1, 2013 to September 30, 2013 -

- ✓ Key factors ( from July 2013 to September 2013)
  - Crude Oil Price (Dubai) : 100 \$/bbl
  - Copper Price : 320 ¢/lb
  - Exchange Rate : 100 Yen/\$
  
- ✓ Forecasts
  - 1H FY2013 : Revised from the previous forecast announced on May 9, 2013.
  - Full year : Not revised the previous forecast.



# 1H FY2013 Forecast Outline

\* Average from March to August.  
(nearly equal to arrived crude cost)

Crude Oil (Dubai)* (\$/bbl)
Copper (¢/lb)
Exchange Rate (Yen/\$)
Net Sales
Operating Income
Non-operating Income (Expenses), Net
Ordinary Income
-Inventory Valuation
Ordinary Income
Special Gain (Loss), Net
Net Income

1H FY2013 Original Forecast (announced in May)	
	105
Jan.-Jun. 2012	<350> 340
Jan.-Jun. 2012	< 94> 95
	JPY Billion
	5,900.0
	125.0
	40.0
	165.0
	35.0
	130.0
	(5.0)
	90.0

1H FY2013 Revised Forecast	
	101
Jan.-Jun. 2013	<342> 322
Jan.-Jun. 2013	< 96> 99
	JPY Billion
	5,800.0
	105.0
	35.0
	140.0
	45.0
	95.0
	(5.0)
	65.0

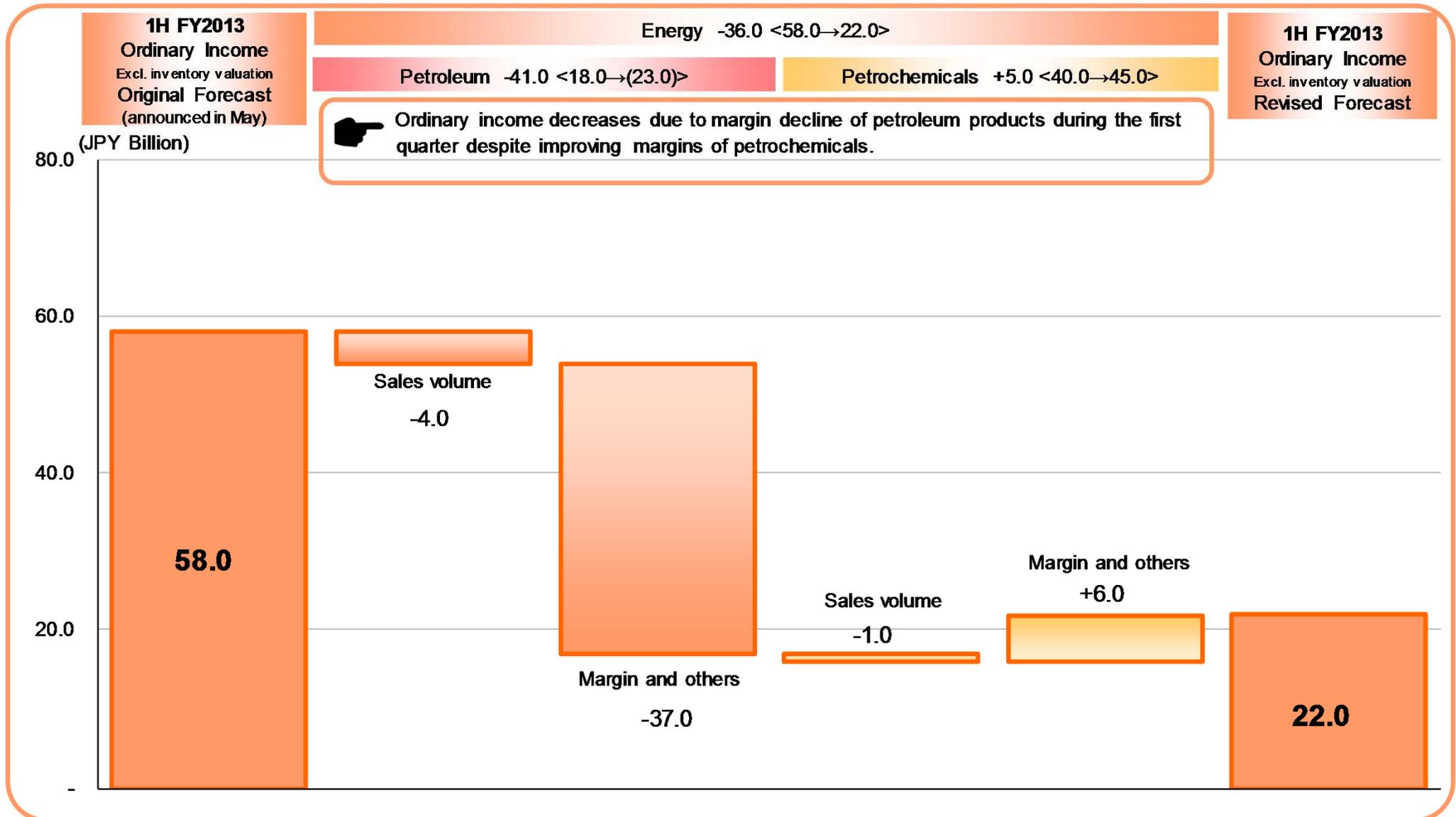
Changes			
	-4		-3.9%
<-8>	-18	<-2.3%>	-5.3%
<+2>	+4	<+2.1%>	+4.2%
	JPY Billion		
	-100.0		-1.7%
	-20.0		-16.0%
	-5.0		-12.5%
	-25.0		-15.2%
	+10.0		+28.6%
	-35.0		-26.9%
	±0.0		-
	-25.0		-27.8%

# 1H FY2013 Original Forecast vs. 1H FY2013 Revised Forecast Changes in Ordinary Income (Loss) by Segment

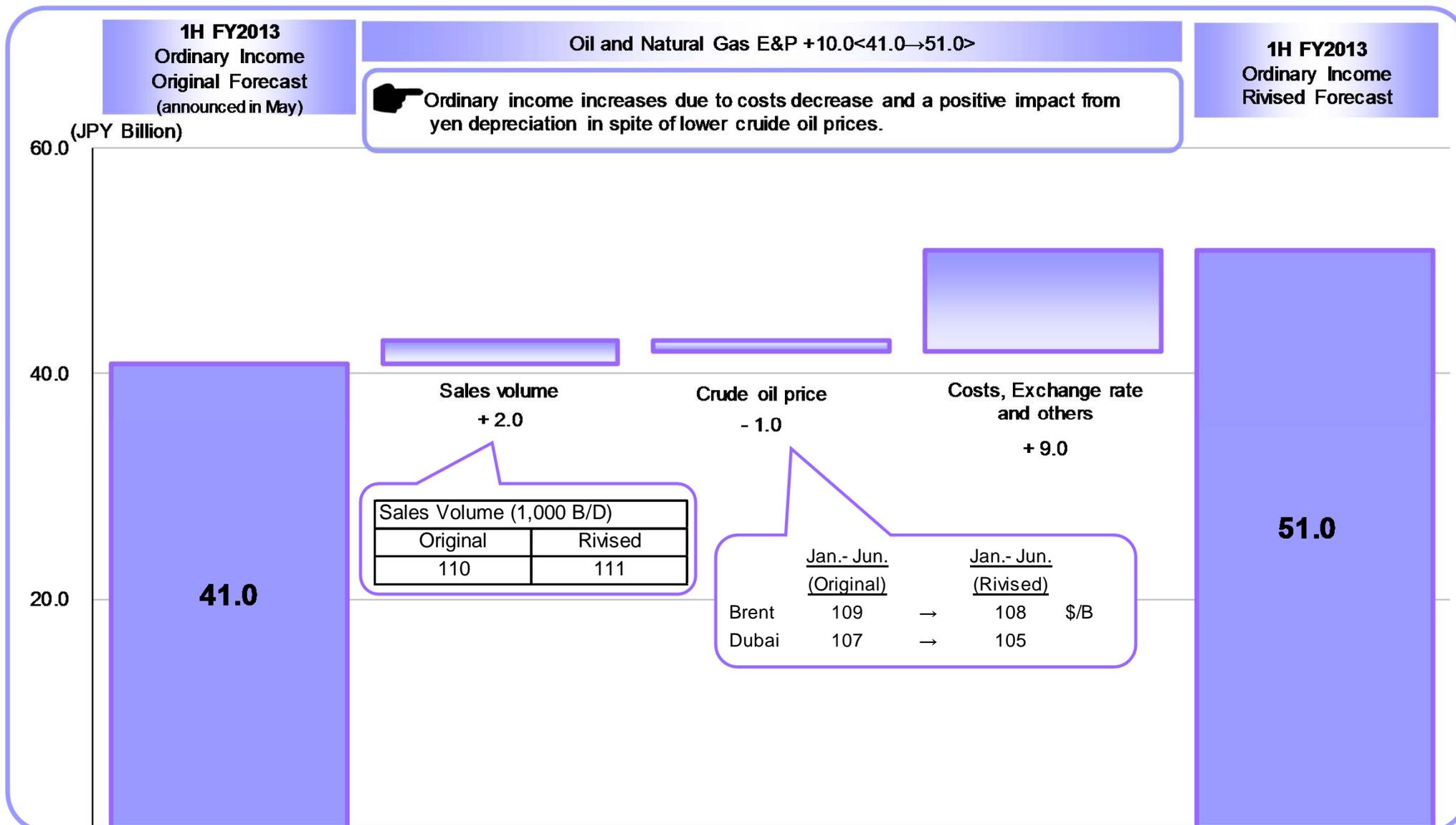


	1H FY2013 Original Forecast (announced in May)	1H FY2013 Revised Forecast	差 異	
	JPY Billion	JPY Billion	JPY Billion	
Energy	<u>93.0</u>	<u>65.0</u>	<u>-28.0</u>	<u>-30.1%</u>
- Inventory Valuation	( <u>35.0</u> )	( <u>43.0</u> )	( <u>+8.0</u> )	<u>+22.9%</u>
Excl. Inventory Valuation	<u>58.0</u>	<u>22.0</u>	<u>-36.0</u>	<u>-62.1%</u>
- Petroleum Products	( <u>18.0</u> )	( <u>(23.0)</u> )	( <u>-41.0</u> )	-
- Petrochemicals	( <u>40.0</u> )	( <u>45.0</u> )	( <u>+5.0</u> )	<u>+12.5%</u>
Oil & Natural Gas E&P	<u>41.0</u>	<u>51.0</u>	<u>+10.0</u>	<u>+24.4%</u>
Metals	<u>23.0</u>	<u>17.0</u>	<u>-6.0</u>	<u>-26.1%</u>
- Inventory Valuation	( <u>-</u> )	( <u>2.0</u> )	( <u>+2.0</u> )	-
Excl. Inventory Valuation	<u>23.0</u>	<u>15.0</u>	<u>-8.0</u>	<u>-34.8%</u>
Others*	<u>8.0</u>	<u>7.0</u>	<u>-1.0</u>	<u>-12.5%</u>
Total	<u>165.0</u>	<u>140.0</u>	<u>-25.0</u>	<u>-15.2%</u>
Excl. Inventory Valuation	<u>130.0</u>	<u>95.0</u>	<u>-35.0</u>	<u>-26.9%</u>

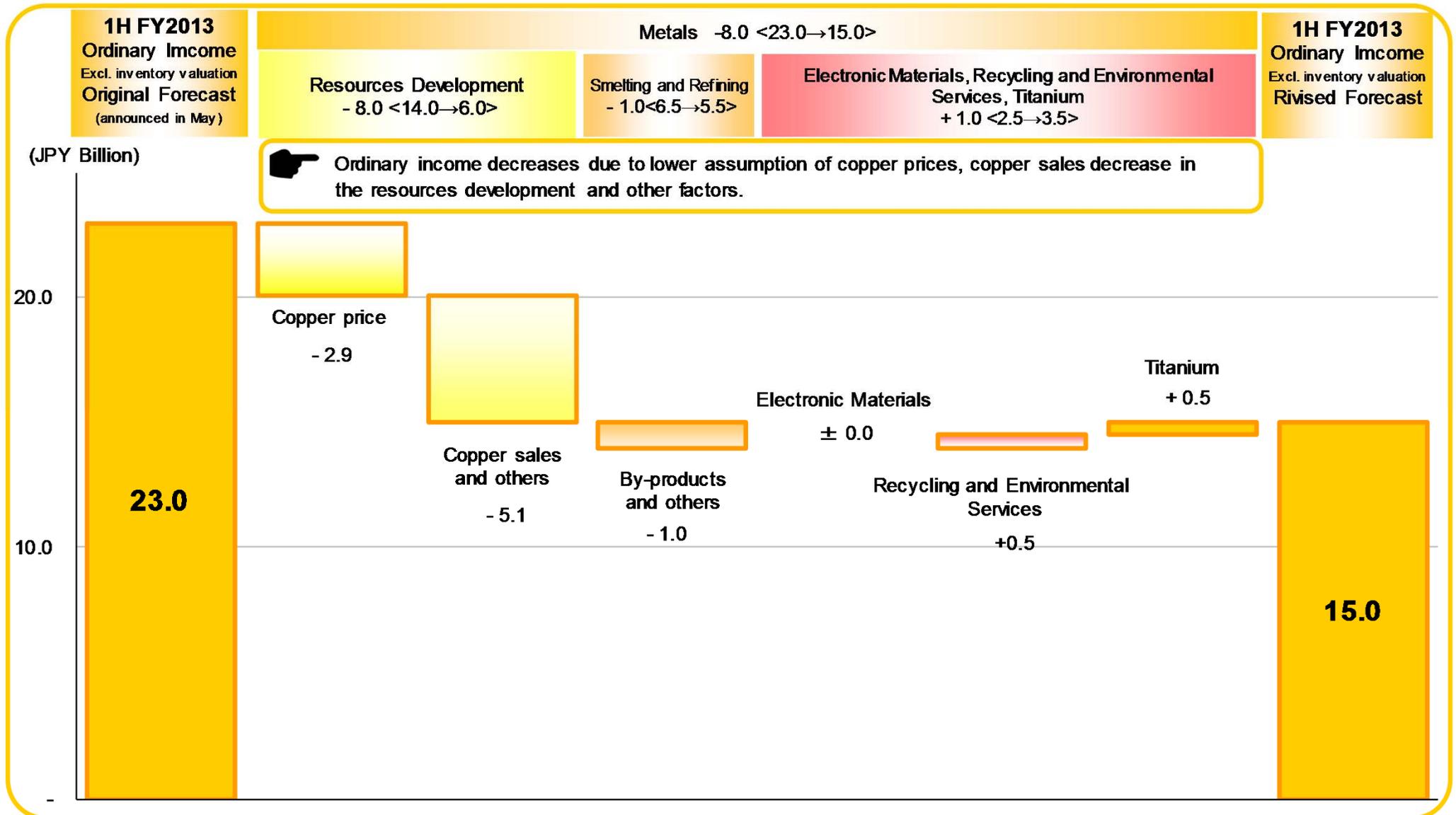
# 1H FY2013 Original Forecast vs. 1H FY2013 Revised Forecast Changes in Ordinary Income - Energy Business -



# 1H FY2013 Original Forecast vs. 1H FY2013 Revised Forecast Changes in Ordinary Income - Oil and Natural Gas E&P Business-



# 1H FY2013 Original Forecast vs. 1H FY2013 Revised Forecast Changes in Ordinary Income - Metals Business -



# 1H FY2012 Actual vs. 1H FY2013 Revised Forecast Changes in Ordinary Income (Loss) by Segment



	1H FY2012 Actual	1H FY2013 Forecast	Changes	
	JPY Billion	JPY Billion	JPY Billion	
Energy	(9.6)	65.0	+ 74.6	-
- Inventory Valuation	(43.3)	43.0	+ 86.3	-
Excl. Inventory Valuation	33.7	22.0	-11.7	-34.7%
- Petroleum Products	23.9	(23.0)	-46.9	-
- Petrochemicals	9.8	45.0	+ 35.2	+359.2%
Oil & Natural Gas E&P	58.2	51.0	-7.2	-12.4%
Metals	21.6	17.0	-4.6	-21.3%
- Inventory Valuation	(2.7)	2.0	+ 4.7	-
Excl. Inventory Valuation	24.3	15.0	-9.3	-38.3%
Listed subsidiaries and Others	9.4	7.0	-2.4	-25.5%
Total	79.6	140.0	+ 60.4	+75.9%
Excl. Inventory Valuation	125.6	95.0	-30.6	-24.4%

# Key Factors



		FY2012			FY2013		
		1Q	1H	Full Year	1Q	1H	Full Year
		Actual	Actual	Actual	Actual	Forecast (announced in July)	Forecast (announced in May)
All segments	Exchange rate [Yen/\$]	80	79	83	99	99	95
Energy	Crude oil price [Dubai] * [\$]/bb]	116	108	109	103	101	105
	Paraxylene spread [ACP] (vs. Dubai crude oil price of previous month) [\$]/ton]	660	660	715	663	678	723
Oil and Natural Gas E&P	Sales volume <Crude oil equivalent> [1,000 bbl/day]	131	121	117	115	111	116
	Crude oil price [Brent] [Jan.-Dec.] [\$]/bb]	119	113	109	113	108	107
Metals	Copper price [LME] [Jan.-Dec.] [¢/lb]	377	367	361	360	342	345
	Equity entitled copper mine production [1,000 tons/period · year]	22	46	105	28	60	132
	PPC refined copper sales [1,000 tons/period · year]	134	267	551	148	286	571
	Treated rolled copper foil sales [1,000 km/month]	2.8	2.7	2.7	2.5	3.0	3.2
	Precision rolled products sales [1,000 tons/month]	3.4	3.5	3.3	3.3	3.5	3.8
	Gold recovery volume by Recycling & Environmental Services [tons/period · year]	1.1	2.9	5.8	1.3	3.2	6.1

\* Crude oil arrival basis

# Sensitivity Analysis (FY2013 basis)

## ■ Key factors (From July 2013 to September 2013)

Exchange Rate: 100 Yen/\$      Crude Oil FOB : 100 \$/bbl      Copper Price (LME) : 320 ¢/lb  
(Dubai spot)

## ■ Sensitivity analysis for 1H FY 2013 (Only for 3 months)

Key factors	Appreciation	Segment	(JPY Billion) Impact
Exchange Rate	+1 Yen/\$ yen depreciation	Energy	
		(In-house fuel costs rise, margin improvement in petrochemicals)	+0.2
		Oil and Natural Gas E&P	-0.2
		Metals (Margin improvement, exchange gain)	+0.2
		Subtotal	+0.2
		Inventory valuation gain/loss	+4.0
		<b>Total</b>	<b>+4.2</b>
Crude Oil FOB (Dubai spot)	+1\$/bbl	Energy (In-house fuel costs rise)	-0.5
		Oil and Natural Gas E&P	±0.0
		Subtotal	-0.5
		<sup>1a</sup> Inventory valuation gain	+4.0
		<b>Total</b>	<b>+3.5</b>
Copper Price (LME)	+10¢/lb	Metals	±0.0
		<b>Total</b>	<b>±0.0</b>

\*Accounting period of Oil and Natural Gas E&P and Resources Development of Metals is calendar year. 1H forecasts of those businesses are based on actual crude oil and copper prices from January to June, 2013. Therefore, there is no impact of market changes after July on 1H forecast of those businesses.



## 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) changes in laws and regulations; and
- (3) risks related to litigation and other legal proceedings.