
■ JX Holdings (5020) Analysts' meeting Q&A for the first quarter ended June 30, 2014

1. Date & time: Thursday, July 31 (16:00—17:00)
 2. Attendees: 86
 3. Principal questions:
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—This document contains forward-looking statements. A cautionary statement appears in the endnote.—

Q. In the Energy Business, the Petroleum Refining and Marketing business posted an ordinary loss of ¥24.2 billion in the first quarter. What were the factors behind this loss?

A. Despite the improvement in the petroleum product margin, there was an increase in repair costs, etc., due to the higher-than-usual concentration of periodic repairs in the spring, as well as increase in fuel costs at refineries and raw material such as the naphtha purchasing costs in conjunction with the rise in crude oil prices.

Q. What is your earnings outlook for the three core businesses in the second quarter?

A. From the first quarter to the second quarter, we are expecting ordinary income excluding inventory valuation to increase from ¥13 billion to ¥50 billion.

In the Energy Business, we are expecting ordinary income to increase by ¥50 billion, with ¥40 billion coming from the Petroleum Refining and Marketing business and ¥10 billion coming from the Petrochemicals business.

-In the Petroleum Refining and Marketing business, there was an increase in expenses resulting from the concentration of springtime periodic repairs in the first quarter, but we do not expect expenses in the second quarter to be as large as in the first quarter.

-In the Petrochemicals business, we are expecting an increase in ordinary income due to the fact that margins on petrochemicals have been improving from the first quarter through the second quarter.

In the Oil and Natural Gas Exploration and Production Business, we are expecting an ¥8 billion decline in ordinary income due to the impact of the drop in volume, among other factors.

For the Caserones Project in the Metals Business, we are expecting copper concentrate production to kick into full operation from September.

This document contains forward-looking statements. Actual results may differ materially from those expressed or implied by forward-looking statements due to various factors, including but not limited to the following:

- (1) macroeconomic conditions and changes in the competitive environment in the energy, resources, or materials industries;
- (2) revision of laws and tightening of regulations;
- (3) risk of lawsuits and other legal risks.