

Security Code

Tokyo 5020

Financial Results for 3Q FY 2014

- From April 1, 2014 to December 31, 2014 -

Director, Executive Vice President

Yukio Uchida

February 4, 2015



The Future of Energy, Resources and Materials

JX Holdings, Inc.

Agenda

Agenda

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- Today's Highlight

Financial State

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- Financial Results for 3Q FY2014
- Forecast for FY2014
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- Recognition of Issue and Way to Resolution

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Director, Executive Vice President
Yukio Uchida

Today's Highlight



Financial State

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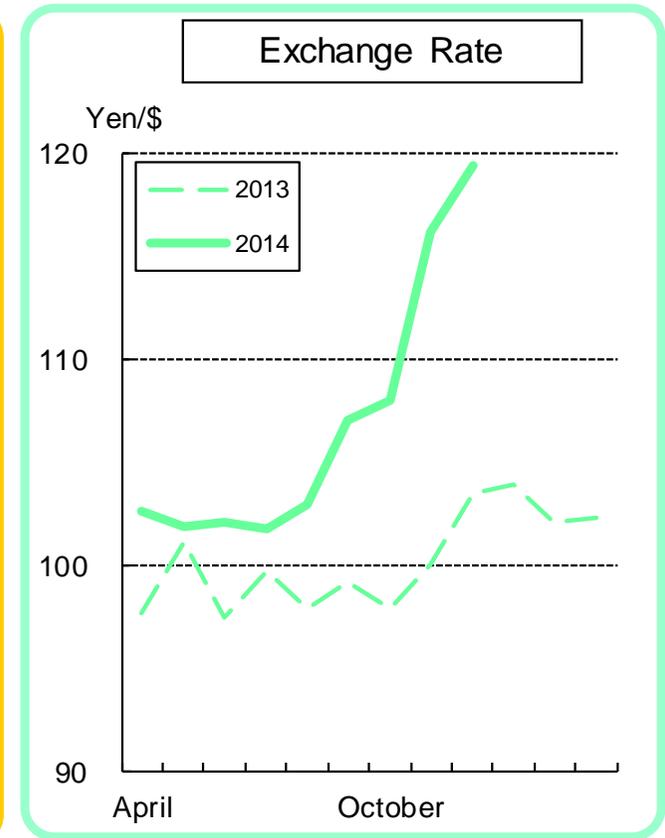
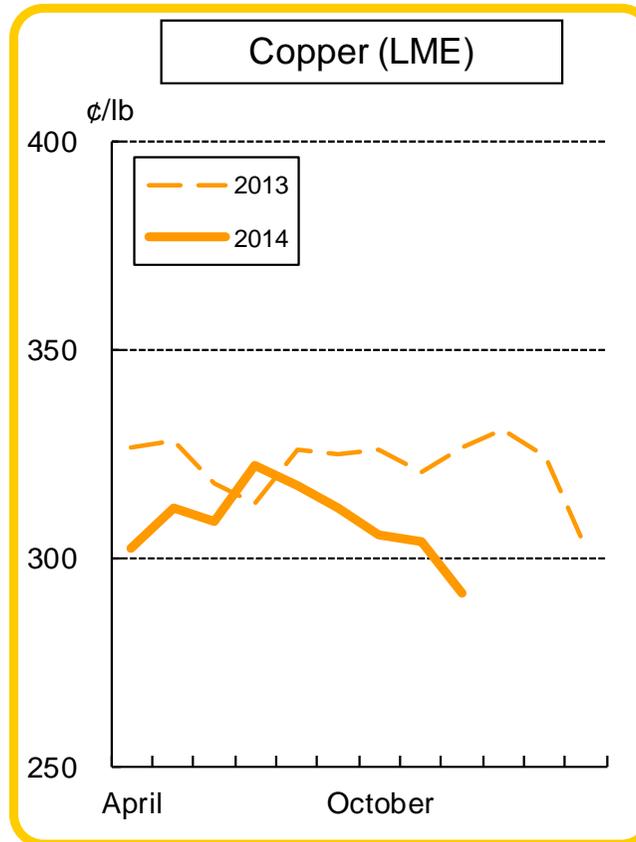
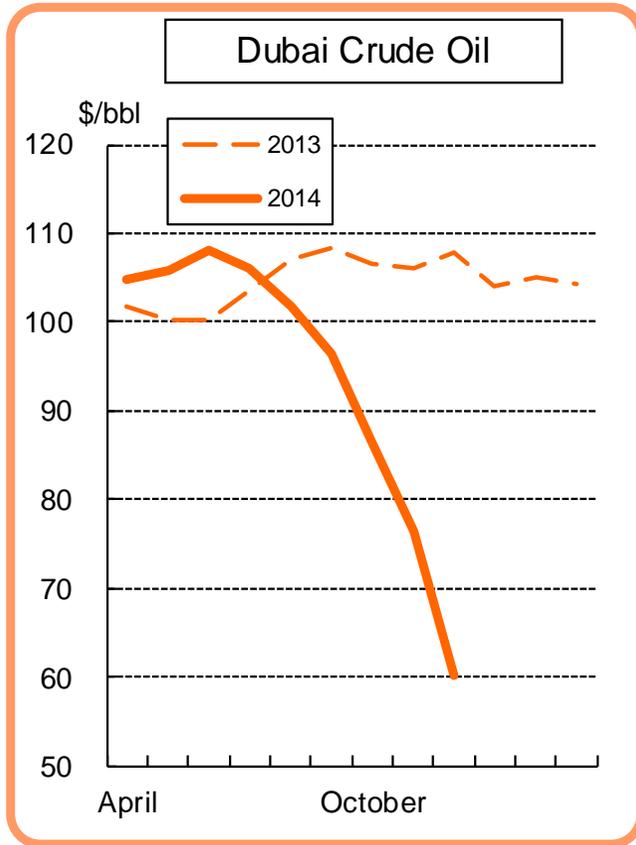
- ◆ Financial Results for 3Q FY2014 (vs.3Q FY2013)
 - Inventory valuation loss is appropriated due to rapid decline of crude price
 - Ordinary income excluding inventory valuation factor decreased due to depressed petrochemical margin and increased temporary cost.
- ◆ Forecast for FY2014 (vs. previous forecast)
 - Inventory valuation loss expanded due to revised crude price assumption
 - Ordinary income excluding inventory valuation factor decreased due to depressed petroleum margin by time lag with crude price drop
 - Cash flow is expected to improve

Recognition of Issue and Way to Resolution

Reference page 20

- ◆ Revaluation of assets
 - Investigating possibility of impairment loss mainly about upstream assets under the environment resources price fall rapidly.
- ◆ Building management system corresponding to business environmental change
 - Restructuring existing business
 - Promoting cash flow generating action

Business Environment 1 (Crude Price, Copper Price, Exchange Rate)



Rapid fall after September

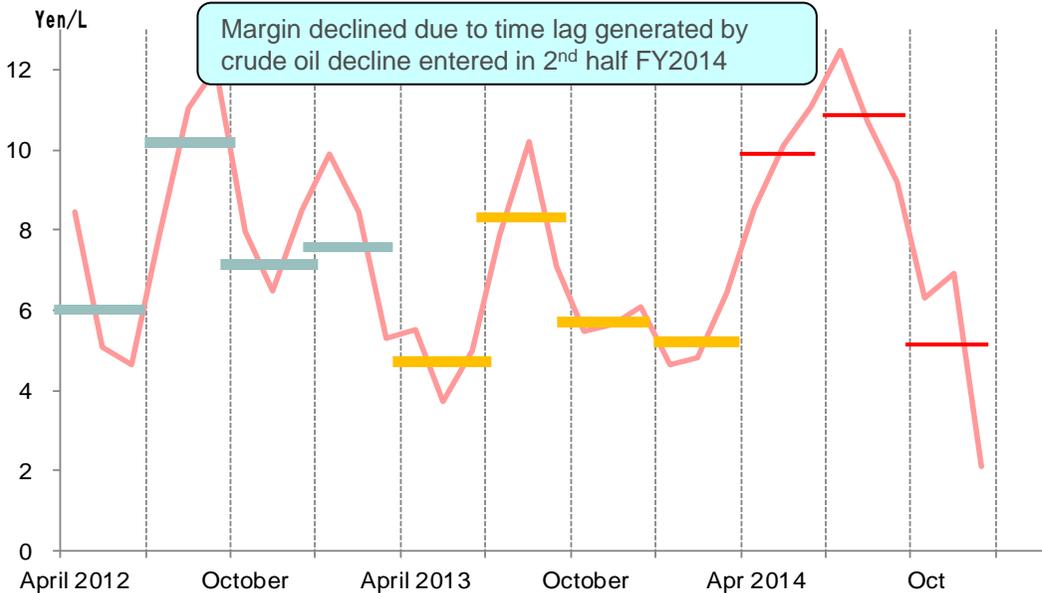
Continuous fall peaking in July

Yen's depreciation from September

Business Environment 2 (Margins of petroleum & petrochemical products)



Margins of Gasoline, Kerosene, Diesel Fuel and Fuel Oil A



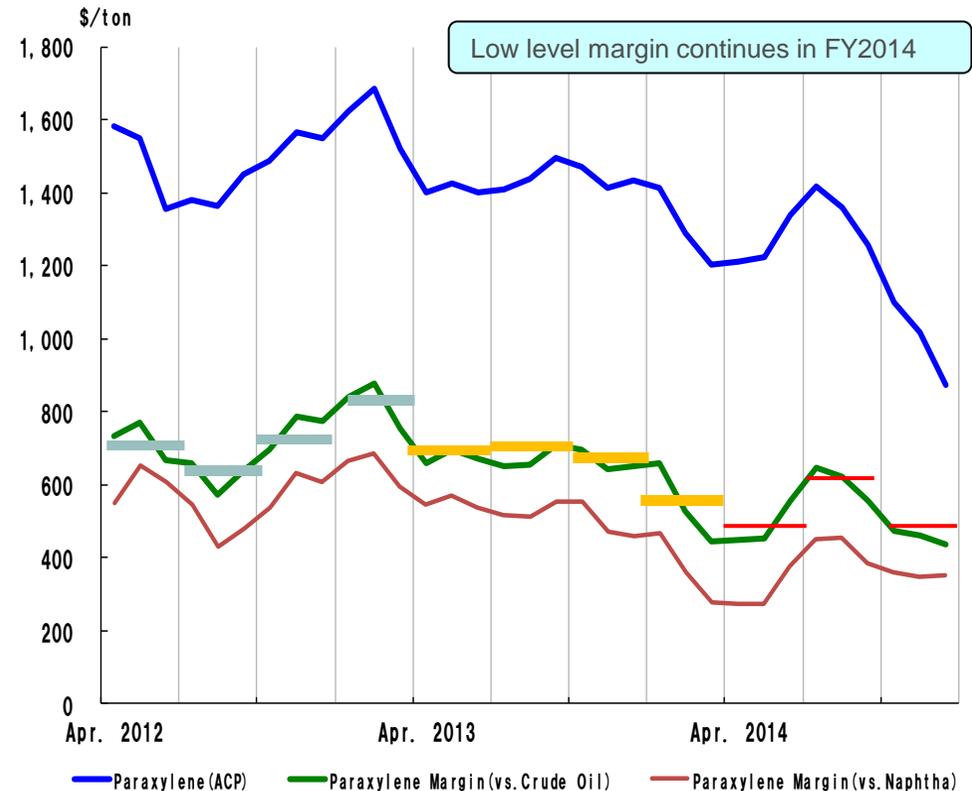
Margin = Spot Price – All Japan Crude CIF (including petroleum tax and interest)

Petroleum Demand in Japan

5.8% decline compared to 3Q FY2013

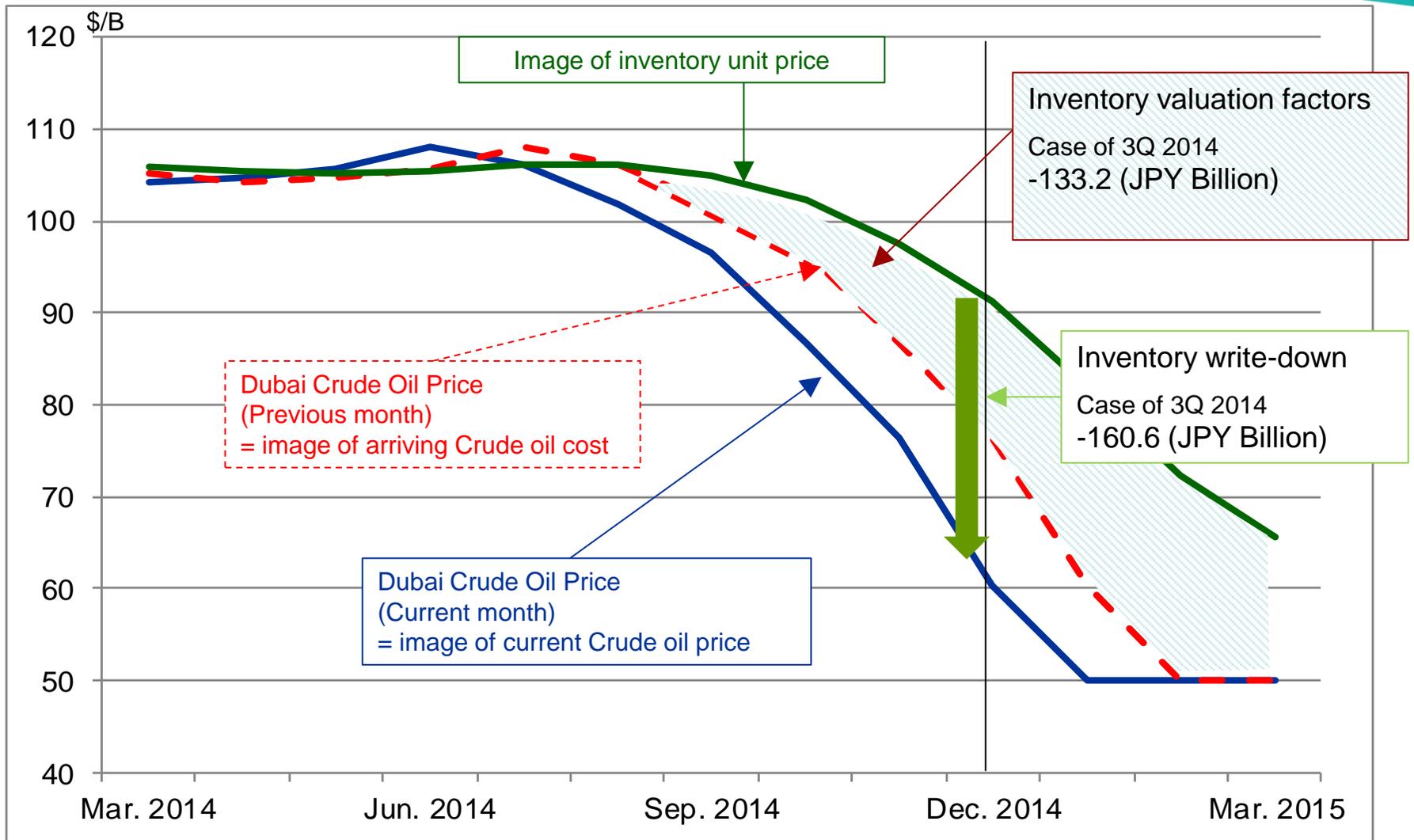
	FY2013 3Q (Apr.-Dec.)	FY2014 3Q (Apr.-Dec.)	Changes (Apr.-Dec.)	Changes (Oct.-Dec.)
Gasoline	4,222	4,035	-4.4%	-2.3%
Kerosene	1,007	938	-6.9%	-1.6%
Diesel Fuel	2,552	2,522	-1.2%	-2.2%
Fuel Oil A	926	857	-7.5%	-9.2%
Fuel Oil B/C	1,537	1,274	-17.1%	-17.9%
Others	3,785	3,593	-5.1%	+ 0.1%
Total	14,029	13,218	-5.8%	-3.7%

Margin of Paraxylene

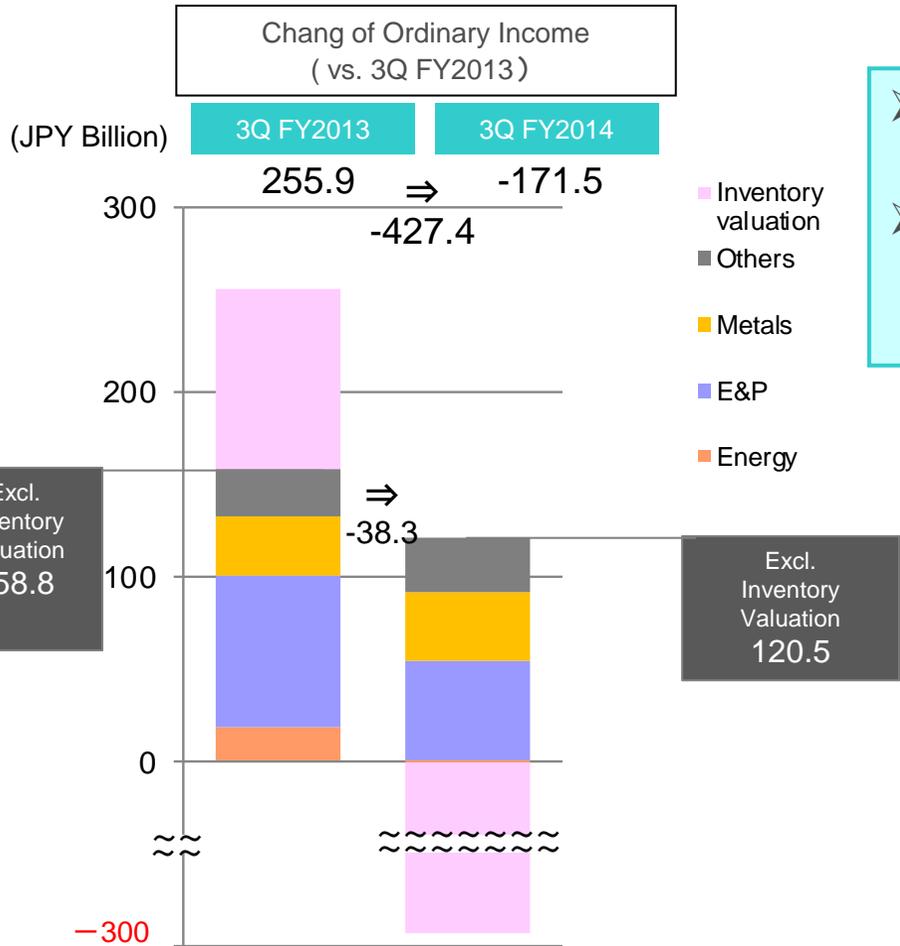


* In case of ACP undecided, average price of spot market is adopted.

Business Environment 3 Inventory Valuation Image (Energy)



Financial Results for 3Q FY2014 (April 1, 2014~December 31, 2014)



- Inventory valuation loss is appropriated due to rapid decline of crude price
- Ordinary income excluding inventory valuation factor decreased due to depressed petrochemical margin and increased temporary cost.

(JPY billion)	3Q FY2013	3Q FY2014	Changes
Energy	18.8	-1.1	-19.9
E&P	81.3	55.0	-26.3
Metals	32.8	36.7	+3.9
Others	25.9	29.9	+4.0
Subtotal excl. Inventory Valuation	158.8	120.5	-38.3
Inventory Valuation	97.1	-292.0	-389.1
Total	255.9	-171.5	-427.4

Outline of 3Q FY2014

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

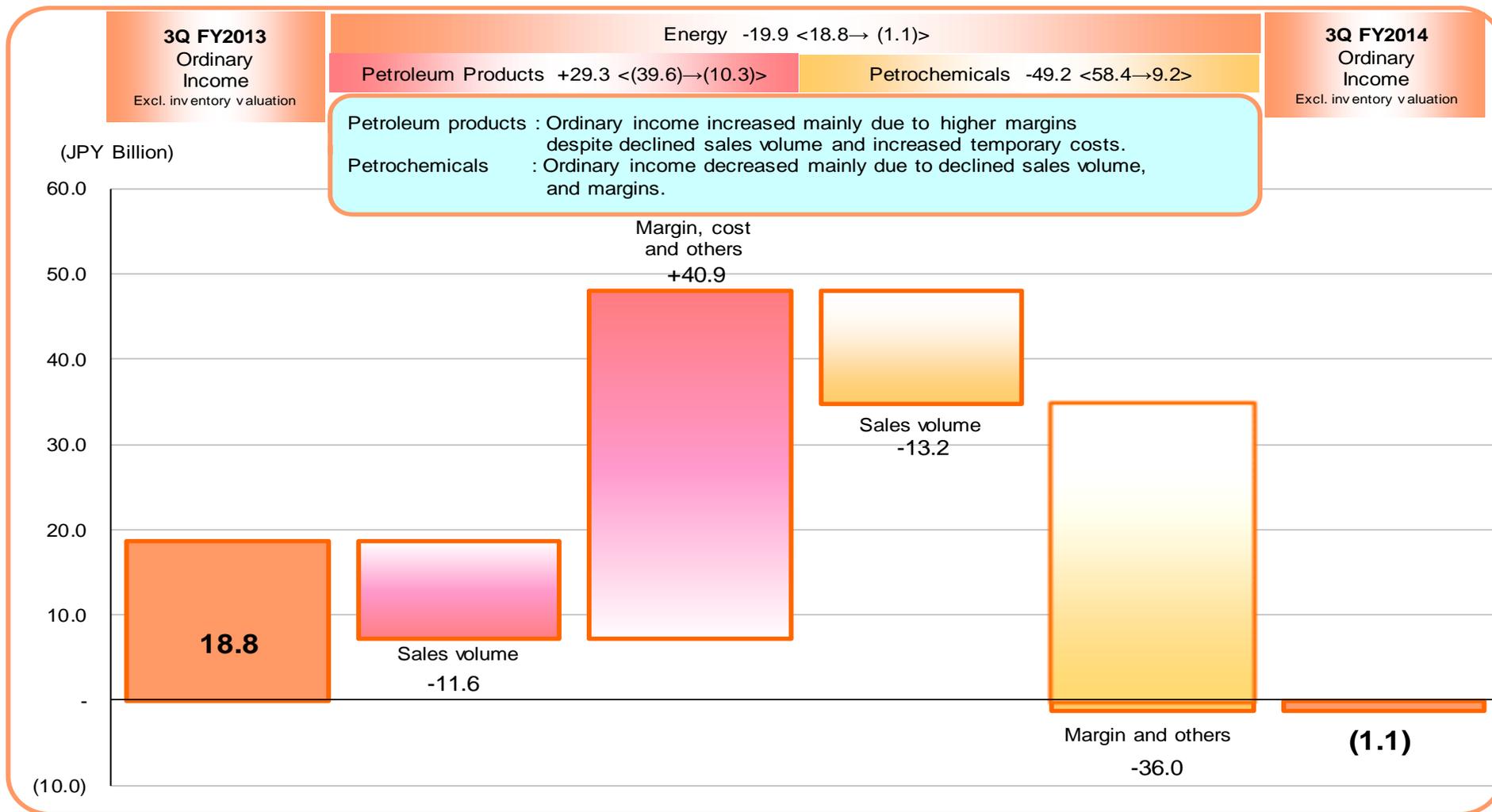
	3Q FY2013 (Actual)		3Q FY2014 (Actual)		Changes	
Crude Oil (Dubai)* (\$/bbl)		104		99	-5	-5%
	Jan.-Sep..2013	<335>	Jan.-Sep..2014	<315>	<-20>	<-6%>
Copper (¢/lb)		323		308	-15	-5%
	Jan.-Sep.2013	< 97 >	Jan.-Sep.2014	<103>	<+6>	<+6%>
Exchange Rate (Yen/\$)		99		107	+8	+8%
		JPY Billion		JPY Billion		JPY Billion
Net Sales		9,003.6		8,343.6	-660.0	-7%
Operating Income		201.7		(205.4)	-407.1	-
Non-operating Income (Expenses), Net		54.2		33.9	-20.3	-37%
Ordinary Income		255.9		(171.5)	-427.4	-
-Inventory Valuation		97.1		(292.0)	-389.1	-
Ordinary Income Excl. Inventory Valuation		158.8		120.5	-38.3	-24%
Special Gain (Loss), Net		(8.2)		(18.6)	-10.4	-
Net Income		131.9		(134.0)	-265.9	-

3Q FY2013 vs. 3Q FY2014

Changes in Ordinary Income (Loss) by Segment

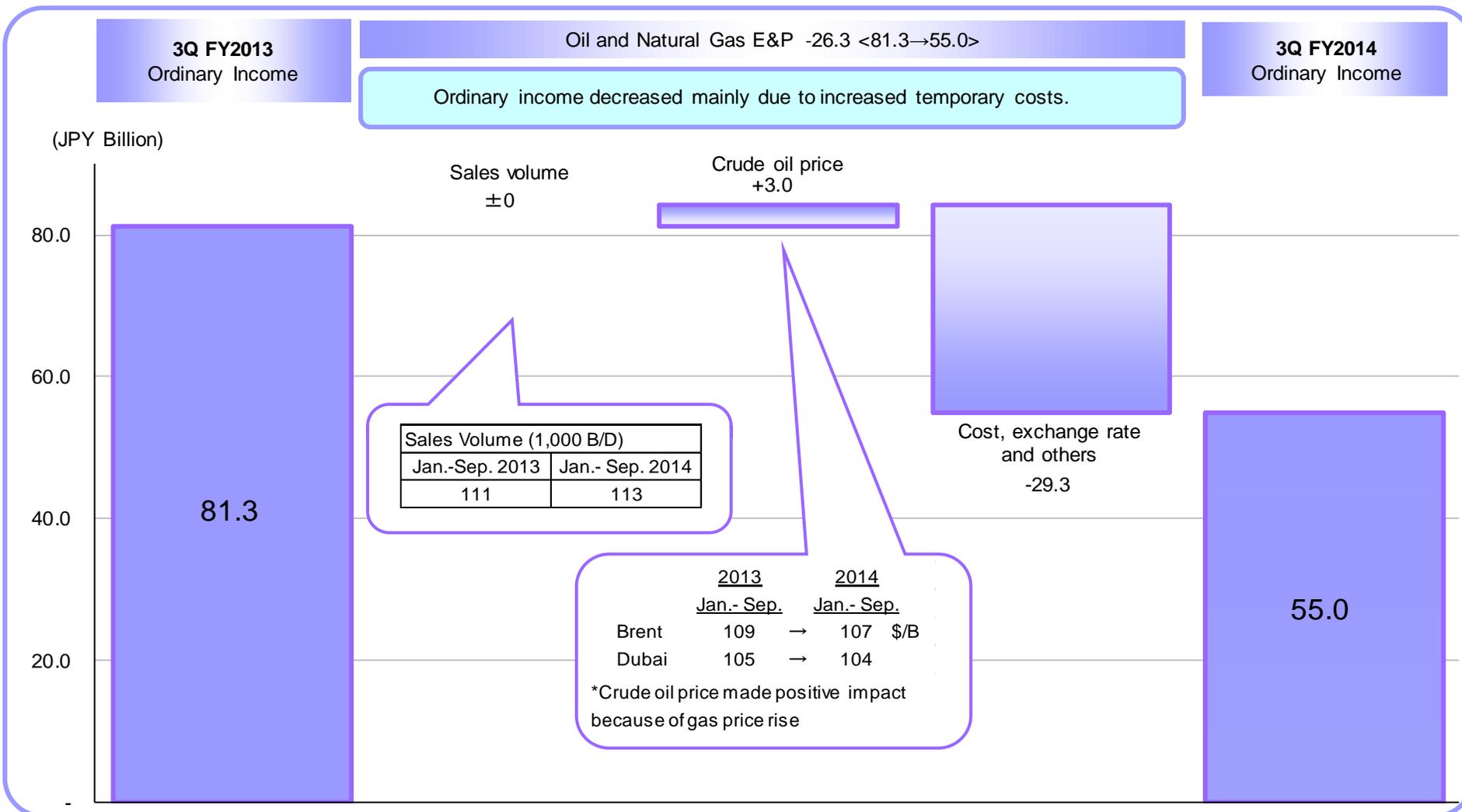


	3Q FY2013 (Actual)	3Q FY2014 (Actual)	Changes	
	JPY Billion	JPY Billion	JPY Billion	
Energy	112.6	(294.9)	-407.5	-
- Inventory Valuation	93.8	(293.8)	-387.6	-
Excl. Inventory Valuation	18.8	(1.1)	-19.9	-
- Petroleum Products	(39.6)	(10.3)	+29.3	-
- Petrochemicals	58.4	9.2	-49.2	-84%
Oil and Natural Gas E&P	81.3	55.0	-26.3	-32%
Metals	36.1	38.5	+2.4	+7%
- Inventory Valuation	3.3	1.8	-1.5	-45%
Excl. Inventory Valuation	32.8	36.7	+3.9	+12%
Others	25.9	29.9	+4.0	+15%
Total	255.9	(171.5)	-427.4	-
Excl. Inventory Valuation	158.8	120.5	-38.3	-24%



3Q FY2013 vs. 3Q FY2014

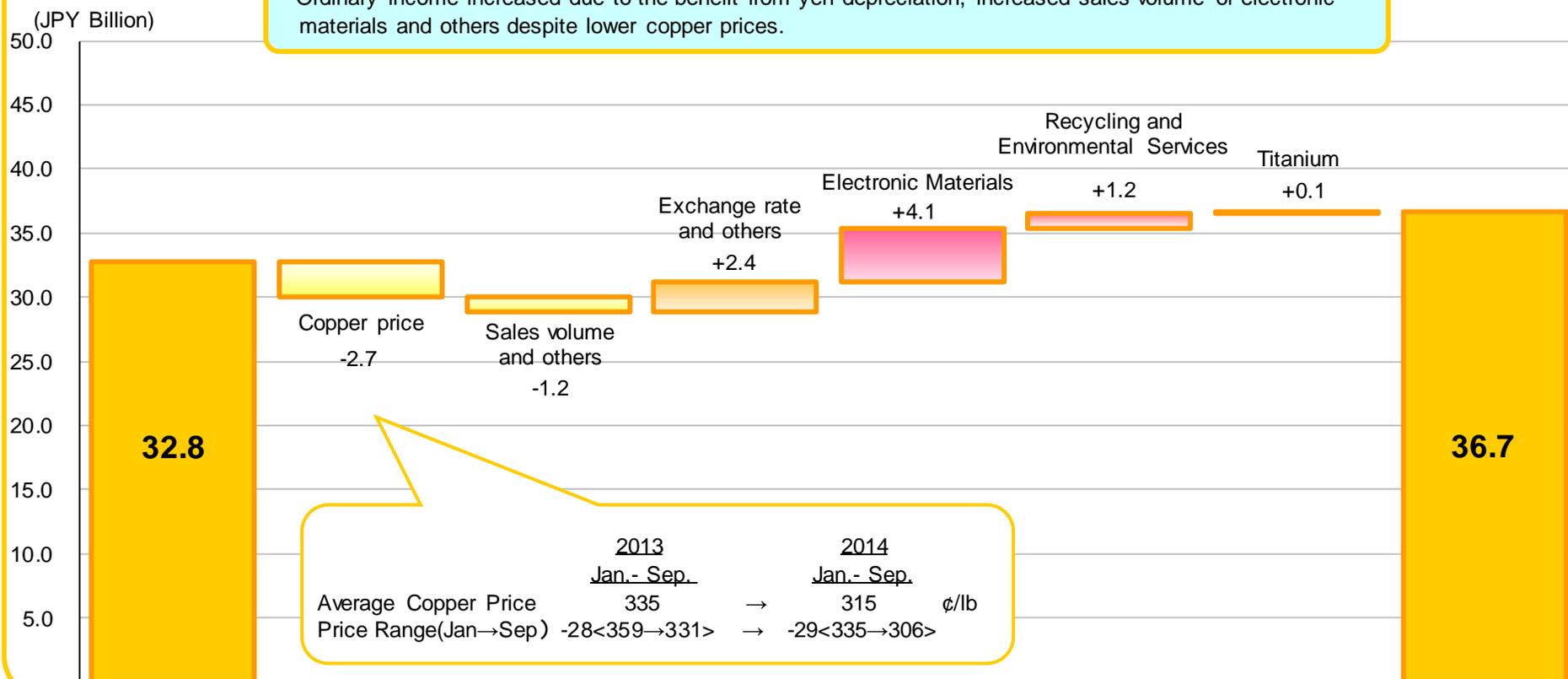
Changes in Ordinary Income - Oil and Natural Gas E&P Business -





3Q FY2013 Ordinary Income Excl. inventory valuation	Metals +3.9 <32.8→36.7>			3Q FY2014 Ordinary Income Excl. inventory valuation
	Resources Development -3.9<15.8→11.9>	Smelting & Refining +2.4<10.0→12.4>	Electronic Materials, Recycling and Environmental Services and Titanium +5.4<7.0→12.4>	

Ordinary income increased due to the benefit from yen depreciation, increased sales volume of electronic materials and others despite lower copper prices.



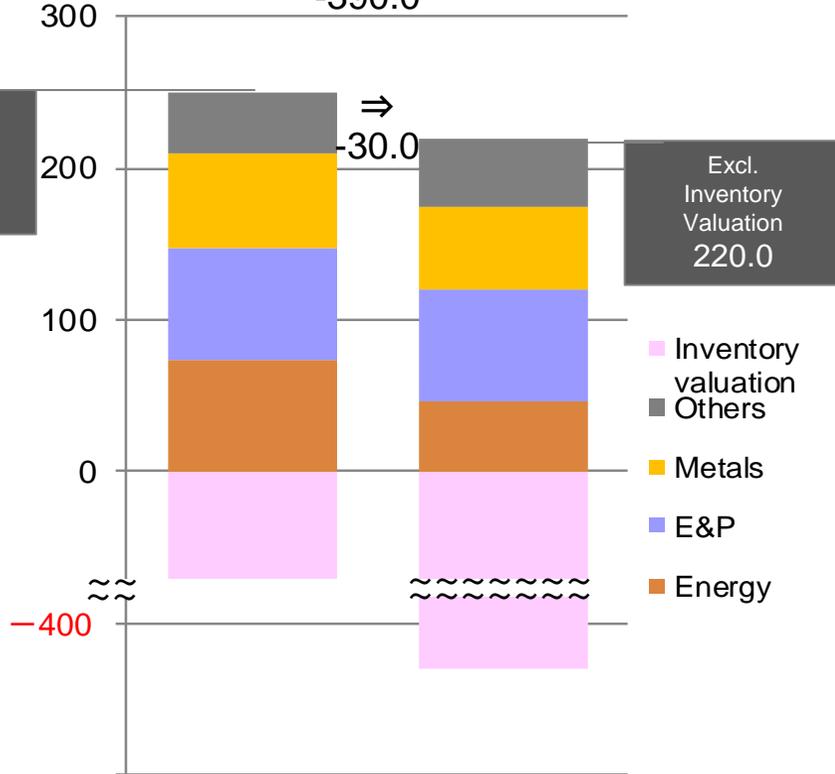


Forecast for FY2014

- From April 1, 2014 to March 31, 2015 -

Change of Ordinary Income
(vs. FY2014 Previous Forecast)

Previous: 180.0
Revised: -210.0
Change: -390.0



Key Factors

	Previous (announced in Nov.) From Oct.2014 to Mar.2015	Revised From Jan.2015 to Mar.2015
Crude Oil(\$/Bbl)	95	50
Copper Price(¢/lb)	320	250
Exchange Rate(Yen/\$)	105	120

- Inventory valuation loss expanded due to revised crude price assumption
- Ordinary income excluding inventory valuation factor decreased due to depressed petroleum margin by time lag with crude price drop

(JPY billion)	Previous	Revised	Changes
<u>Energy</u>	<u>73.0</u>	<u>47.0</u>	<u>-26.0</u>
<u>E&P</u>	<u>75.0</u>	<u>74.0</u>	<u>-1.0</u>
<u>Metals</u>	<u>62.0</u>	<u>54.0</u>	<u>-8.0</u>
<u>Others</u>	<u>40.0</u>	<u>45.0</u>	<u>5.0</u>
Subtotal excl. Inventory Valuation	250.0	220.0	-30.0
<u>Inventory Valuation</u>	<u>-70.0</u>	<u>-430.0</u>	<u>-360.0</u>
<u>Total</u>	<u>180.0</u>	<u>-210.0</u>	<u>-390.0</u>

Outline of FY2014 Forecast

* Average from March to February
(nearly equal to arrived crude cost)

	FY2014 Previous Forecast (announced in Nov.)		FY2014 Revised Forecast		Changes	
Crude Oil (Dubai)* (\$/bbl)		100		88	-12	-12%
	Jan.-Dec. 2014		Jan.-Dec. 2014			
Copper (¢/lb)	<316>	316	<311>	294	<-5>	-22 <-2%> -7%
	Jan.-Dec. 2014		Jan.-Dec. 2014			
Exchange Rate (Yen/\$)	< 103>	104	< 106>	110	<+3>	+6 <+3%> +6%
		JPY Billion		JPY Billion		
Net Sales		11,720.0		10,870.0	-850.0	-7%
Operating Income		105.0		(275.0)	-380.0	-
Non-operating Income (Expenses), Net		75.0		65.0	-10.0	-13%
Ordinary Income		180.0		(210.0)	-390.0	-
-Inventory Valuation		(70.0)		(430.0)	-360.0	-
Ordinary Income Excl. Inventory Valuation		250.0		220.0	-30.0	-12%
Special Gain (Loss), Net		(30.0)		(34.0)	-4.0	-
Net Income		70.0		(210.0)	-280.0	-

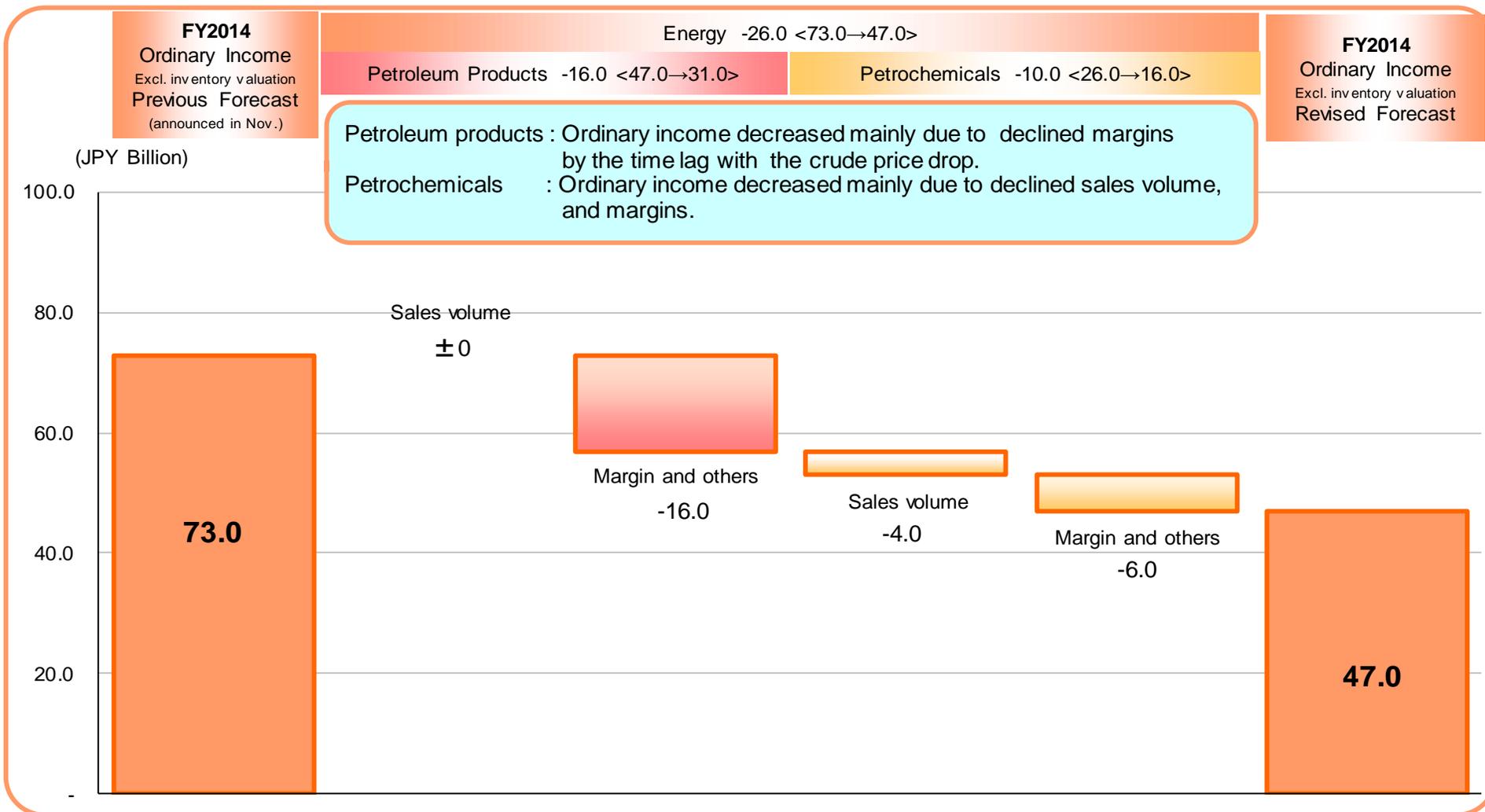
FY2014 Previous Forecast vs. FY2014 Revised Forecast

Changes in Ordinary Income (Loss) by Segment

	FY2014 Previous Forecast (announced in Nov.)	FY2014 Revised Forecast	Changes	
	JPY Billion	JPY Billion	JPY Billion	
Energy	2.0	(385.0)	-387.0	-
- Inventory Valuation	(71.0)	(432.0)	-361.0	-
Excl. Inventory Valuation	73.0	47.0	-26.0	-36%
- Petroleum Products	47.0	31.0	-16.0	-34%
- Petrochemicals	26.0	16.0	-10.0	-38%
Oil and Natural Gas E&P	75.0	74.0	-1.0	-1%
Metals	63.0	56.0	-7.0	-11%
- Inventory Valuation	1.0	2.0	+1.0	+100%
Excl. Inventory Valuation	62.0	54.0	-8.0	-13%
Others	40.0	45.0	+5.0	+13%
Total	180.0	(210.0)	-390.0	-
Excl. Inventory Valuation	250.0	220.0	-30.0	-12%

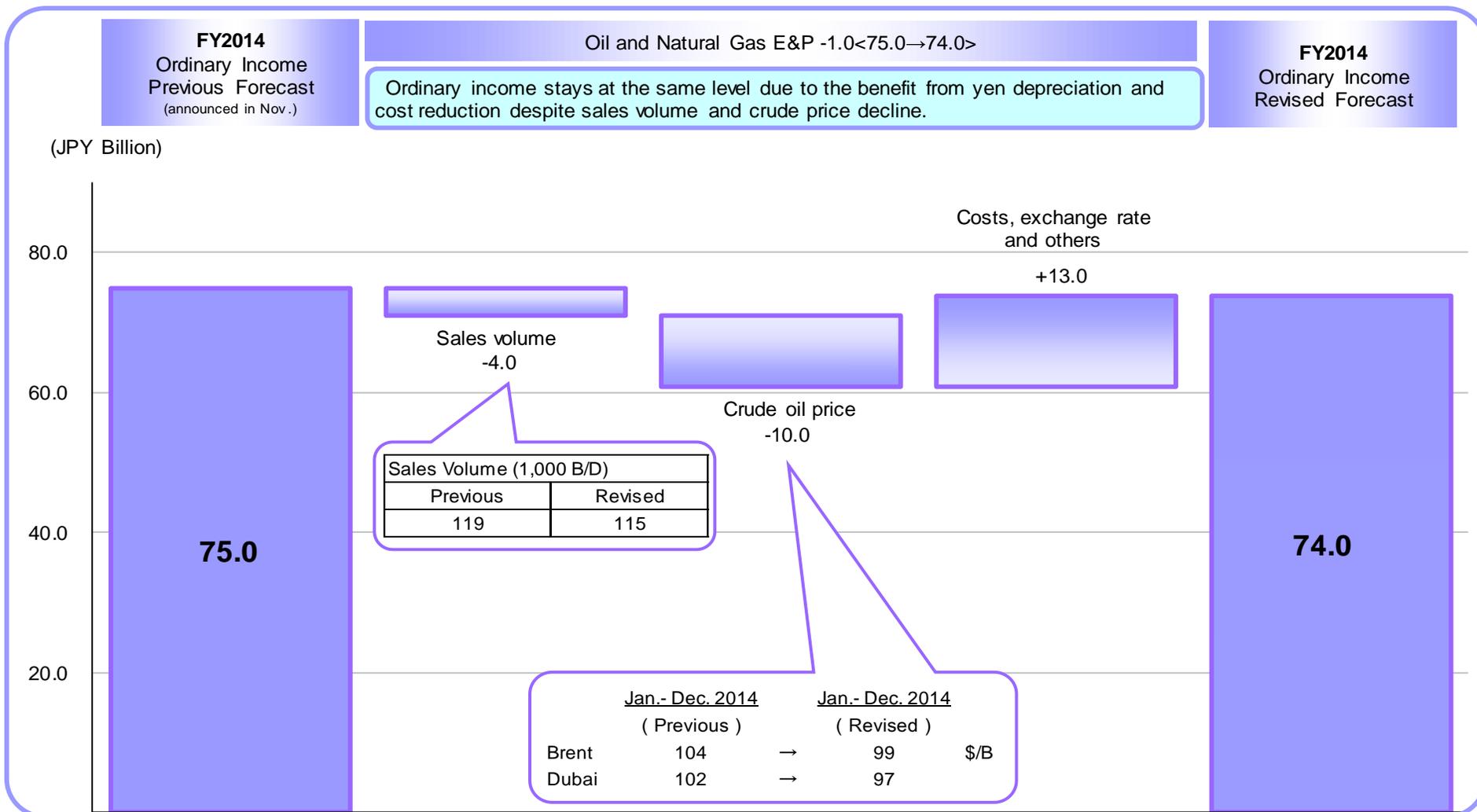


FY2014 Previous Forecast vs. FY2014 Revised Forecast Changes in Ordinary Income - Energy Business -



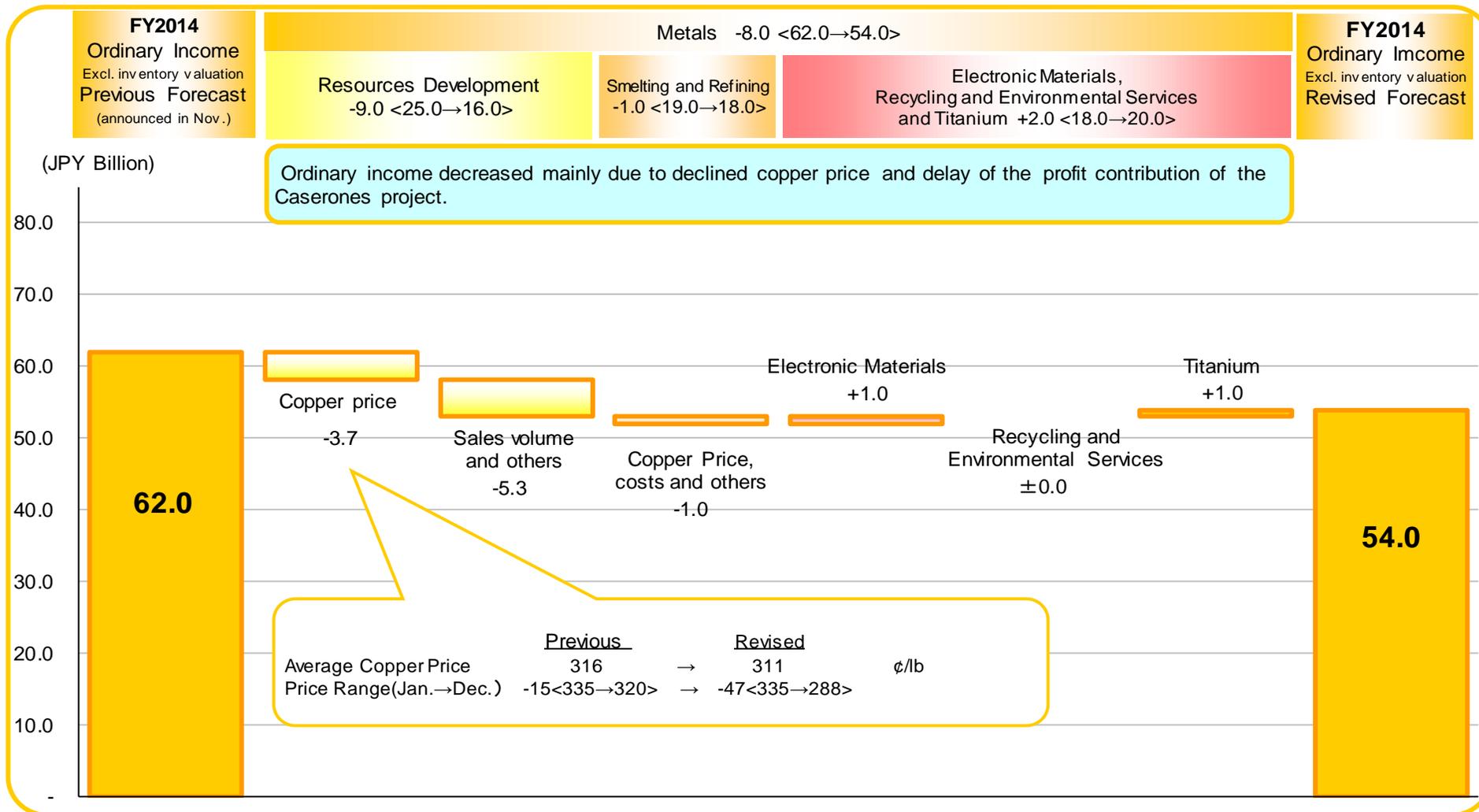


FY2014 Previous Forecast vs. FY2014 Revised Forecast Changes in Ordinary Income - Oil and Natural Gas E&P Business-





FY2014 Previous Forecast vs. FY2014 Revised Forecast Changes in Ordinary Income - Metals Business -



Progress of Main Project

Caserones Copper Mine (Chile)

Initiatives to date

- ✓ March, 2013 Started SX-EW Copper Cathode production
- ✓ May, 2014 Started copper cathode production
- ✓ Wrestling for full operation

Issue for full operation

- ✓ Building an automatic operation program by accumulation of operation data
- ✓ Completion of abandoned accumulated equipment
⇒ Forecasted to reach full operation in half a year



Outcome of the project

- Contribute stable procurement of copper concentrate for 28 years
- Establish a highly profitable and well-balanced structure between the resources development and the smelting and refining business

Paraxylene Project (South Korea)

Initiatives to date

- ✓ June 2014 Started commercial production

Outcome of the project

- JX Group's production capacity increased to 3,120kt/year

LNG Project (Papua New Guinea)

Initiatives to date

- ✓ May, 2014 First shipment
- ✓ Continuing stable production

Outcome of the project

- Stable supply of LNG for the East Asian customers

Kinnoul Oil Field (U.K. North Sea)

Initiatives to date

- ✓ December 2014 Started production

Outcome of the project

- Contribute to increase JX Group's production volume



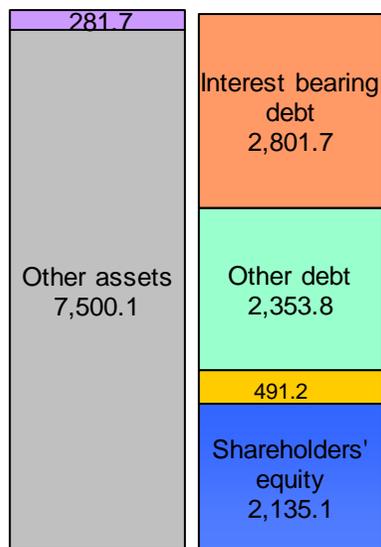
Consolidated Balance Sheets Consolidated Statement of Cash Flows

Consolidated Balance Sheets

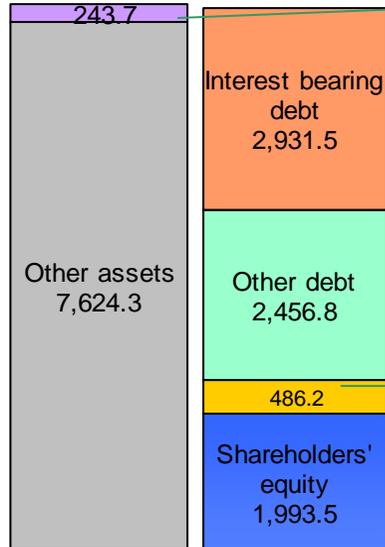
JPY Billion

Total : 7,781.8

Total : 7,868.0



at the end of March 2014



at the end of December 2014

Cash and cash equivalents

Net interest bearing debt, excluding cash and cash equivalents +167.8 - Negative net cash flows (136.4 billion yen) and others.

Minority Interests in consolidated subsidiaries

	At the end of March 2014 (Actual)	At the end of December 2014 (Actual)
Shareholders' equity ratio	27.4%	25.3%
Net D/E ratio	1.18	1.35

Consolidated Cash Flows

FY2014 3Q (Apr.-Dec.)

(JPY Billion)

Ordinary income	(171.5)
Depreciation and amortization	142.6
Decrease in working capital	266.1
Corporate tax and others	(7.3)
Cash flows from operating activities	229.9
Cash flows from investing activities	(305.0)
Free cash flows	(75.1)
Dividends and others	(61.3)
Net cash flows	(136.4)

Recognition of Issue and Way to Resolution

Recognition of Issue

- ✓ Revaluation of assets
- ✓ Building management system corresponding to business environment change

Energy

- Strengthening profitability in Petroleum Refining and Marketing business

E&P of Oil and Natural Gas

- Business strategy under crude price

Metals

- Stable operation of Caserones copper mine

Way to Resolution

- ✓ Investigating possibility of impairment loss mainly about upstream asset
- ✓ Restructuring existing business
- ✓ Promoting cash flow generating action (Revising investment plan, Selling assets)

- Building strong and competitive production and marketing structure
- Considering corresponding to 2nd Sophisticated Methods of the Energy Supply Structure

- Improve profitability by cost reduction
- Promoting replacement of asset portfolio

- Building an automatic operation program by accumulation of operation data
- Completion of abandoned accumulated equipment

Progress of Business Strategy 1 (from Oct. 2014 to Jan. 2015)

JX Nippon Oil & Energy

- Oct. Decided to restructure residential use home fuel cell business.
- Oct. Decided to compete in retail electricity sales for homes.
- Nov. Started power transmission at Akita mega solar.
- Nov. Decided to establish marketing company of lubricants in Mexco.
- Nov. Decided to commence mega solar operations in Akita, Ibaraki, Saitama, and Hiroshima Prefecture.
- Dec. Decided to develop new mining areas in the Bulga Coal Mine in Australia.
- Dec. Concluded a memorandum for the refinery repair project in Indonesia.
- Dec. Concluded a memorandum for considering to acquire equity of VIETNAM NATIONAL PETROLEUM GROUP and to construct new refinery.
- Dec. Opened the first shop of the commercial hydrogen station and decided sales price of hydrogen
- Jan. First shipment arrived at Hachinohe LNG terminal and started trial synthesis operation
- Jan. Decided to reorganize subsidiary marketing company.

JX Nippon Oil & Gas Exploration

- Dec. Acquired new exploration block in U.K. North Sea.
- Dec. Commenced production at Kinnoul oil field.
- Jan. Farmout participating interest in Deepwater Block R, offshore Malaysia.

JX Nippon Mining & Metals

- Dec. Concluded joint venture agreement on titanium sponge production in the Kingdom of Saudi Arabia

Progress of Business Strategy 2 (from Apr. 2014 to Sep. 2014)

JX Nippon Oil & Energy

- May. Decided to commence mega solar operations in Ehime and Kagawa Prefecture.
- Jun. Started commercial production of paraxylene plant of Ulsan Aromatics in Korea.
- Jun. 1st import naphtha arrived at Muroran plant. (converted from refinery)
- Jun. Released cell incubation medium for regeneration medicine and cell therapy research expected as next-generation medical treatment.
- Jul. Decided to install coke power generation facility in Mizushima refinery.
- Jul. Decided to establish hydrogen business company.
- Jul. Started power transmission at Iwaki mega solar.
- Jul. Decided to establish joint venture company of lubricants marketing in India.

JX Nippon Oil & Gas Exploration

- May. Decided to develop Layang oil and gas field. (Vietnam)
- May. Started shipment of LNG in PNG LNG project. (Papua New Guinea)
- Jul. Decided to start enhanced oil recovery project using processed flue gas from coal power generation plant. (United States)
- Aug. Discovered oil in WA-435-P offshore Canning Basin, western Australia.
- Aug. Discovered gas and condensate offshore southern Vietnam blocks 05-1b and 05-1c.

JX Nippon Mining & Metals

- Apr. Decided to promote business restructuring of titanium.
- May. Started copper concentrate production at Caserones copper and molybdenum development project in Chile.
- Jul. Decided restructuring of electro-deposited copper foil business.
- Aug. Decided commercial application of bio-leaching technology.
- Aug. 1st copper concentrate shipping from Caserones arrived at Saganoseki Smelter & Refinery.

Progress of Business Strategy 3 (from Apr. 2013 to Mar. 2014)

JX Nippon Oil & Energy

- Apr. Opened Japan's first hydrogen supply station combined with existing petro station in Ebina City of Kanagawa Prefecture .
- May Opened the Chukyo area's first hydrogen supply station combined with existing petro station in Nagoya City of Aichi Prefecture.
- Aug. Decided to commence mega solar operations in Fukushima, Akita, and Okinawa Prefecture.
- Aug. Announced to install a solvent de-asphalting (SDA) equipment and an power generation facility in the Kashima Refinery .
- Oct. Decided to commence mega solar operations in Yamaguchi Prefecture.
- Oct. Concluded a business collaboration agreement with LIXIL Corporation.
- Oct. Concluded a sales contract with First Solar, Inc. and obtained exclusive distribution rights for its solar cell modules in Japan.
- Nov. Completed construction of a mega solar power station in Kasumigaura.
- Feb. Decided to commence importing and marketing businesses of fuel oil in Indonesia.
- Feb. Concluded MOU to build lubricants joint venture company in India
- Mar. Concluded a LNG business contract with Malaysia LNG Sdn. Bhd..

JX Nippon Oil & Gas Exploration

- May Commenced production at Finucane South Field in Australia.
- Jun. Acquired a participating interest in two exploration permits in Australia.
- Jul. Made a gas discovery in the Carnarvon Basin in Australia.
- Sep. Entered into a production sharing contract for Deepwater exploration Block 2F, in Malaysia .
- Nov. Extended the production sharing contract term of Block 15-2 offshore Vietnam in Rang Dong Oilfield.
- Nov. Entered into a production sharing contract for Deepwater Block 3F offshore Sarawaku in Malaysia.

JX Nippon Mining & Metals

- Apr. Started operation in Kakegawa Works, a new base for producing precision components and connectors.
- Nov. Completed the New Longtan Works in Taiwan to manufacture of sputtering targets for flat panel displays and for semiconductors.
- Dec. Completed construction of a new copper concentrate and sulfuric acid carrier "KORYU".
- Jan. Toho Titanium Co., Ltd. signed a basic agreement on joint venture to produce titanium sponge in Saudi Arabia.
- Mar. Acquired Minister of the Environment authorization of the waste detoxification handling of low-concentrated PCB business.

Key Factors

		FY2013			FY2014		
		1Q	3Q [Apr.-Dec.]	Full Year	1Q	3Q [Apr.-Dec.]	Full Year
		Actual	Actual	Actual	Actual	Actual	Forecast (announced in Feb.)
All segments	Exchange rate [Yen/\$]	99	99	100	103	107	110
Energy	Crude oil price [Dubai] [Apr.-Mar.]* [\$/bbl]	103	104	105	105	99	88
Oil and Natural Gas E&P	Sales volume <Crude oil equivalent> [1,000 bbl/day]	110	111	115	112	113	115
	Crude oil price [Brent] [Jan.-Dec.] [\$/bbl]	108	109	109	109	107	99
Metals	Copper price [LME] [Jan.-Dec.] [¢/lb]	342	335	332	314	315	311
	Equity entitled copper mine production [1,000 tons/period • year]	59	91	127	65	104	148
	PPC copper cathode sales [1,000 tons/period • year]	289	434	588	307	456	622
	Treated rolled copper foil sales [1,000 km/month]	3.0	3.1	3.0	4.0	4.0	4.0
	Precision rolled products sales [1,000 tons/month]	3.4	3.5	3.4	3.8	3.8	3.8
	Gold recovery volume by Recycling & Environmental Services [tons/period • year]	3.1	4.6	6.1	3.0	4.1	5.9

*1 Crude oil arrival basis

Sensitivity Analysis (FY2014 basis)

■ Key factors (From January 2015 to March 2015)

Exchange Rate: 120Yen/\$

Crude Oil : 50\$/bbl
(Dubai spot)

Copper Price (LME) : 250 ¢/lb

■ Sensitivity analysis (Only for Fiscal 2014)

Key Factors	Change	Segment	(JPY Billion) Impact
Exchange Rate	1 Yen/\$ yen appreciation	Energy (In-house fuel costs rise, margin improvement in petrochemicals)	±0.0
		Oil and Natural Gas E&P	±0.0
		Metals (Margin improvement, exchange gain)	±0.0
		Subtotal	±0.0
		Inventory valuation gain	-3.5 ^{*1}
		Total	-3.5
Crude Oil (Dubai spot)	-1\$/bbl	Energy (In-house fuel costs rise)	+0.5
		Oil and Natural Gas E&P	±0.0
		Subtotal	+0.5
		Inventory valuation gain	-9.0 ^{*2}
Total	-8.5		
Copper Price (LME)	+10¢/lb	Metals	±0.0
		Total	±0.0

*1 Impact of 1 yen depreciation is +2.5 JPY Billion

*2 Impact of +1\$/bbl is +6.0 JPY Billion



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.