

Security Code

Tokyo 5020

Financial Results for 1Q FY 2016

- From April 1, 2016 to June 30, 2016 -

Director, Senior Vice President

Kunimitsu Oba

August 4, 2016



The Future of Energy, Resources and Materials

JX Holdings, Inc.

Financial Results for 1Q FY2016

- Basic policies in FY2016
- Initiatives in FY2016
- Business Situation from Apr. to Jul. 2016
- Business Environment
- Financial Results for 1Q FY2016

Forecast for 1H FY2016

- Forecast for 1H FY2016
- Major Topics
- Key Factors
- Sensitivity Analysis

Director, Senior Vice President
Kunimitsu Oba



Financial Results for 1Q FY2016
(April 1, 2016 - June 30, 2016)

Basic policies in FY2016

Managerial Resources Allocation, Administration and Generation of Cash Flows

C A P E X

■ Decreasing CAPEX

- Controlling CAPEX(asset sales deducted) within the amount of depreciation and amortization.
- Shifting the CAPEX allocation field to mid/downstream business
- Dispersing risks by equalizing cash-out in each financial year

Improving balance sheet

- Improving and slimming balance sheet by controlling CAPEX and accelerating asset sales.

Basic policies of each businesses

- Upstream: Decreasing CAPEX and restructuring, with selection and concentration.
Securing the returns from already invested items (mainly Caserones).
- Mid/Downstream: Strengthening earning capacity through efficiency and cost reduction.
Developing businesses based on technology.



Initiatives in FY2016

Managerial Resources Allocation, Administration and Generation of Cash Flows

CAPEX and asset sales(about 150 billion yen) are scheduled to be executed as planned.

Initiatives in each business

<p>Energy</p>	<ul style="list-style-type: none"> ● Strengthening earning capacity ● Developing the next core business ● Enhancing technical based and high added value products 	<ul style="list-style-type: none"> ➤ Efficiency of supply chain and balancing demand and supply by exporting products ➤ Signing of SSA and SCA with Vietnam National Petroleum Group (Known as Petrolimex) ➤ Strengthening the strategic partnership with Petronas, Malaysia (Investment in Petronas LNG9 Sdn Bhd., Supporting LNG marketing) ➤ Started cooperation with KDDI Corp. in electricity business
<p>Oil & Natural Gas E&P</p>	<ul style="list-style-type: none"> ● Selection and concentration/ Restructuring business ● Improving earning capacity 	<ul style="list-style-type: none"> ➤ Selling working interests in UK North Sea and Australia ➤ Expanding Indonesia's Tangguh LNG Facility ➤ Further cost reductions
<p>Metals</p>	<ul style="list-style-type: none"> ● Securing the returns from already invested items (mainly Caserones) 	<ul style="list-style-type: none"> ➤ Planning and executing improvement plan by introducing consulting firm ➤ Reducing cost and strengthening the improvement of production efficiency



Business Situation from Apr. to Jul. 2016

Energy

- ◆ Mainly due to time lag, margin of Gasoline, Kerosene, Diesel Fuel and Fuel Oil A has worsened temporarily.
- ◆ Paraxylene margin (based on \$) shifted strongly.
- ◆ Margins of petroleum and petrochemical export products has decreased due to the rise of yen.

Oil & Natural Gas E&P

- ◆ Production of syncrude decreased due to the forest fire at Alberta, Canada. (Now restarted)

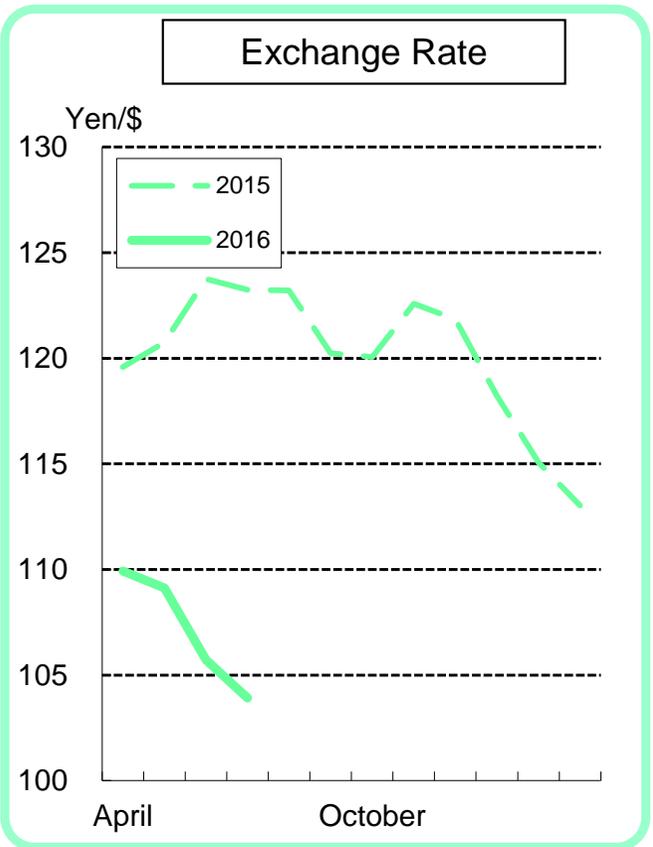
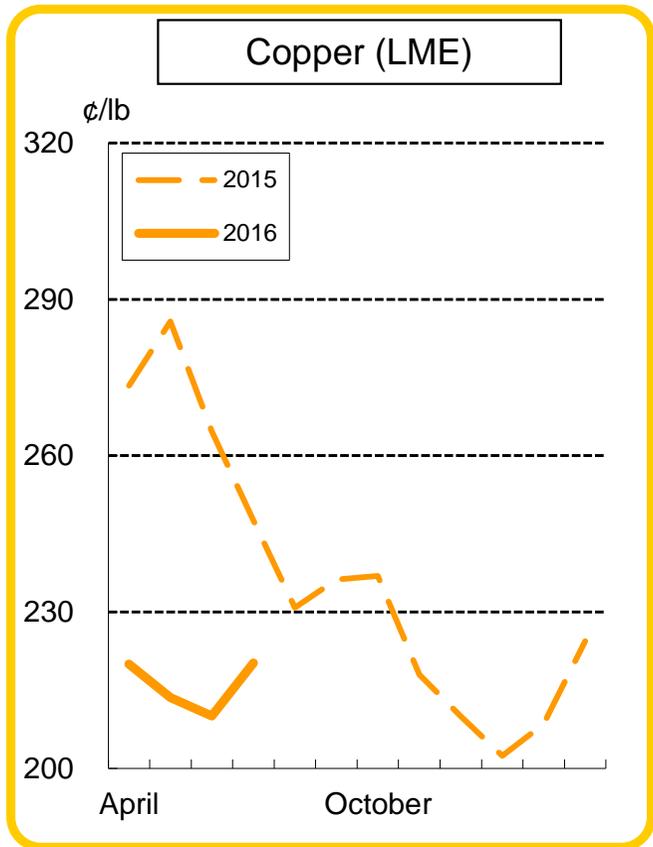
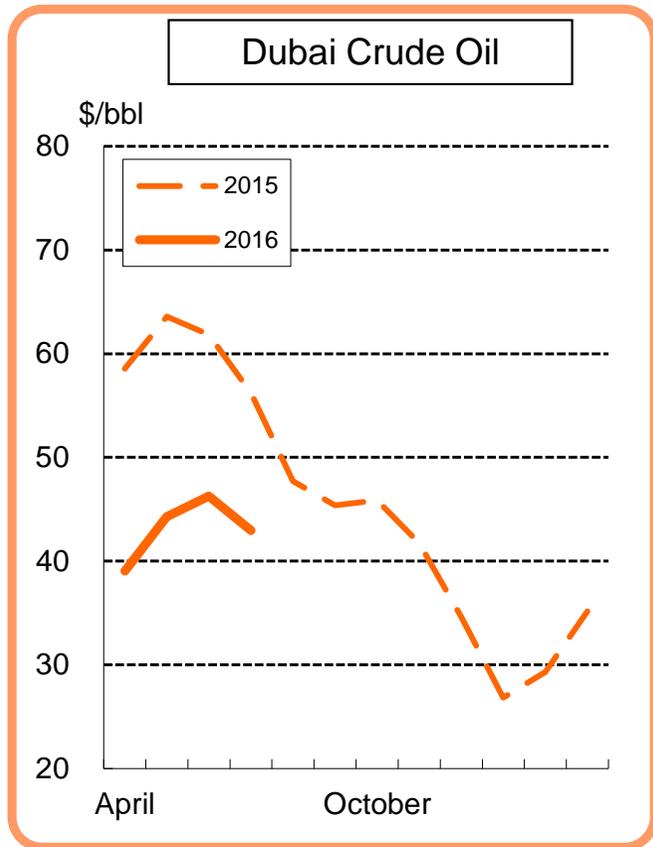
Metals

- ◆ Caserones
 - Due to the drop of copper recovery rate from ores and operation rate (owing to rough weather), production volume has decreased compared to the plan.
 - Reviewed the production plan based on the discussions with the consulting firm.
 - Practicing the plans of cost reduction, operation and others for profitability improvement.
- ◆ Margins of smelting and electronic materials businesses has decreased as yen rose.



Business Environment 1 (Crude Oil, Copper(LME), FX)

- Crude oil price has increased in a narrow range from 40 dollars per barrel.
- Copper price declined till June.
- Due to the Brexit concerns, yen rose.

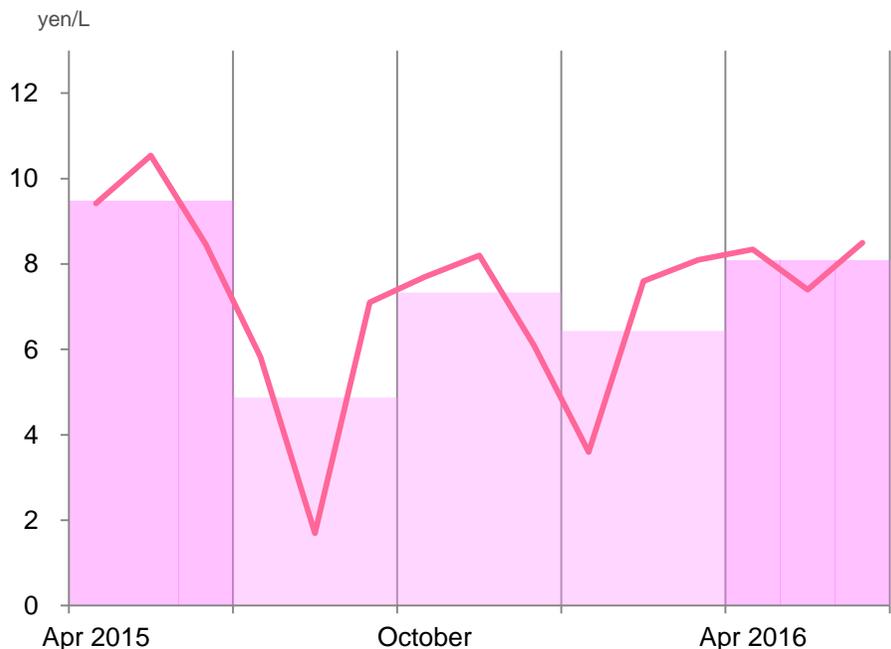




Business Environment 2 (Margin of Petroleum Products and Paraxylene)

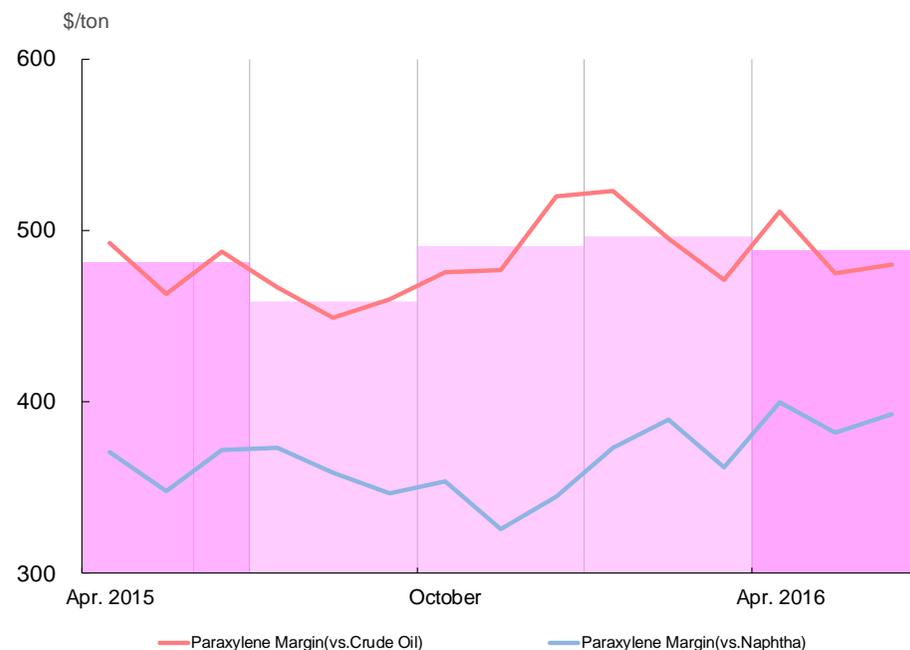
- Margin levels of Petroleum Products has worsened compared to 1Q FY2015.
- Paraxylene margin level is about the same as 1Q FY2015.

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



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

Margin of Paraxylene



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



Outline of 1Q FY2016

* 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
Profit attributable to owners of parent

1Q FY2015 (Actual)	
	59
Jan.-Mar.2015	<264> 275
Jan.-Mar.2015	<119> 121
JPY Billion	2,304.1
	79.7
	17.3
	97.0
	14.5
	82.5
	(4.1)
	53.3

1Q FY2016 (Actual)	
	40
Jan.-Mar.2016	<212> 215
Jan.-Mar.2016	<115> 108
JPY Billion	1,808.8
	26.7
	15.8
	42.5
	9.5
	33.0
	(11.9)
	25.2

Changes			
	-19		-32%
<-52>	-60	<-20%>	-22%
<-4>	-13	<-3%>	-11%
JPY Billion	-495.3		-21%
	-53.0		-66%
	-1.5		-9%
	-54.5		-56%
	-5.0		-34%
	-49.5		-60%
	-7.8		-
	-28.1		-53%

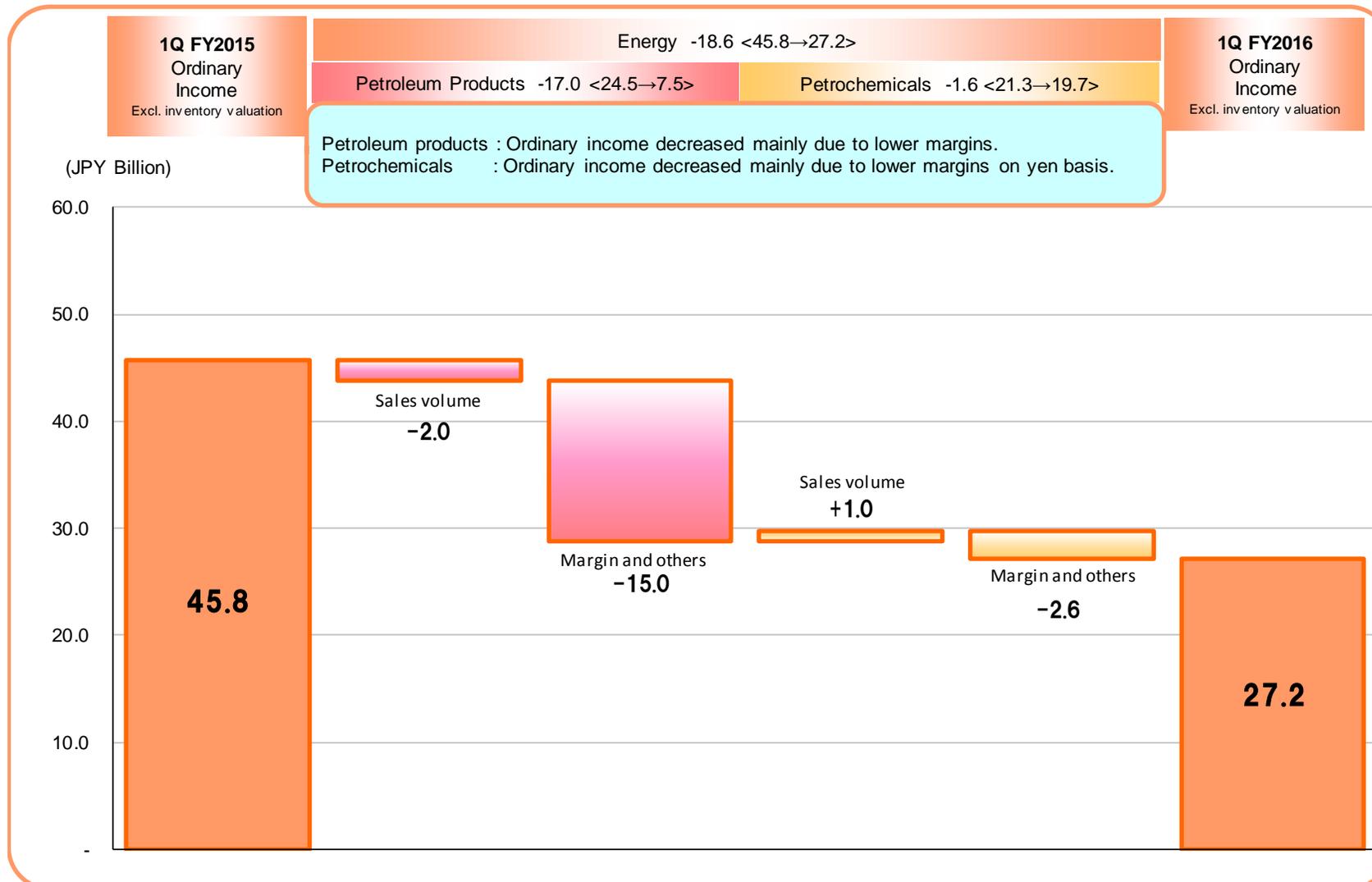


1Q FY2015 Actual vs. 1Q FY2016 Actual
Changes in Ordinary Income (Loss) by Segment

	1Q FY2015 (Actual)	1Q FY2016 (Actual)	Changes	
	JPY Billion	JPY Billion	JPY Billion	
Energy	60.3	37.4	-22.9	-38%
- Inventory Valuation	14.5	10.2	-4.3	-30%
Excl. Inventory Valuation	45.8	27.2	-18.6	-41%
- Petroleum Products	24.5	7.5	-17.0	-69%
- Petrochemicals	21.3	19.7	-1.6	-8%
Oil and Natural Gas E&P	12.3	(3.3)	-15.6	-
Metals	15.6	(1.4)	-17.0	-
- Inventory Valuation	-	(0.7)	-0.7	-
Excl. Inventory Valuation	15.6	(0.7)	-16.3	-
- Upstream	(0.3)	(12.0)	-11.7	-
- Mid/downstream	15.9	11.3	-4.6	-29%
Others	8.8	9.8	+1.0	+11%
Total	97.0	42.5	-54.5	-56%
Excl. Inventory Valuation	82.5	33.0	-49.5	-60%

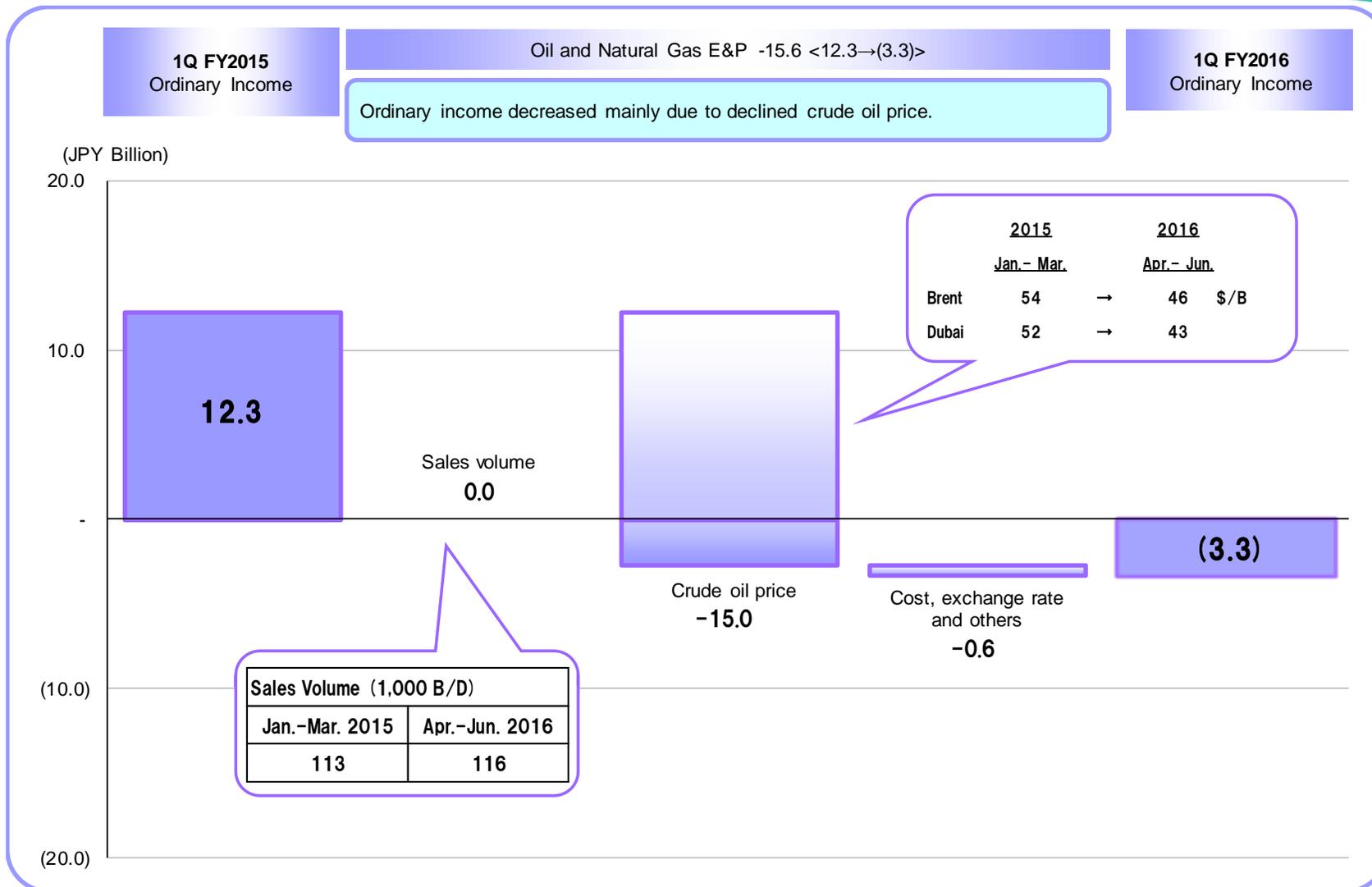


1Q FY2015 Actual vs. 1Q FY2016 Actual
Changes in Ordinary Income - Energy Business -





1Q FY2015 Actual vs. 1Q FY2016 Actual
Changes in Ordinary Income - Oil and Natural Gas E&P Business -



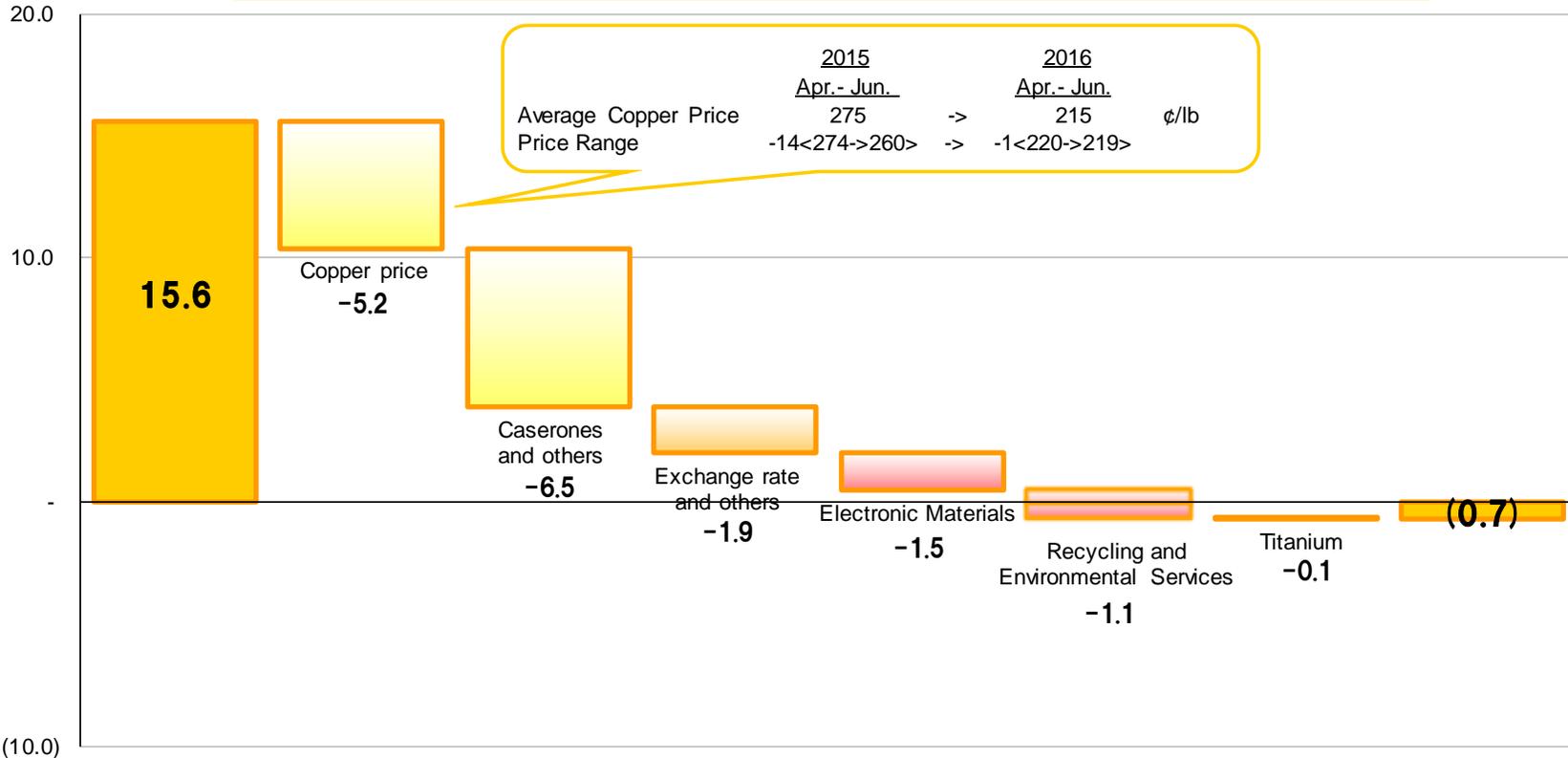


1Q FY2015 Actual vs. 1Q FY2016 Actual Changes in Ordinary Income - Metals Business-

1Q FY2015 Ordinary Income Excl. inventory valuation	Metals -16.3 <15.6 → (0.7)>			1Q FY2016 Ordinary Income Excl. inventory valuation
	Resources Development -11.7<(0.3) →(12.0)>	Smelting & Refining -1.9<7.7→5.8>	Electronic Materials, Recycling and Environmental Services and Titanium -2.7<8.2→5.5>	

Ordinary income decreased due to declined copper price, increase of operation cost at Catherones, and rise of Yen.

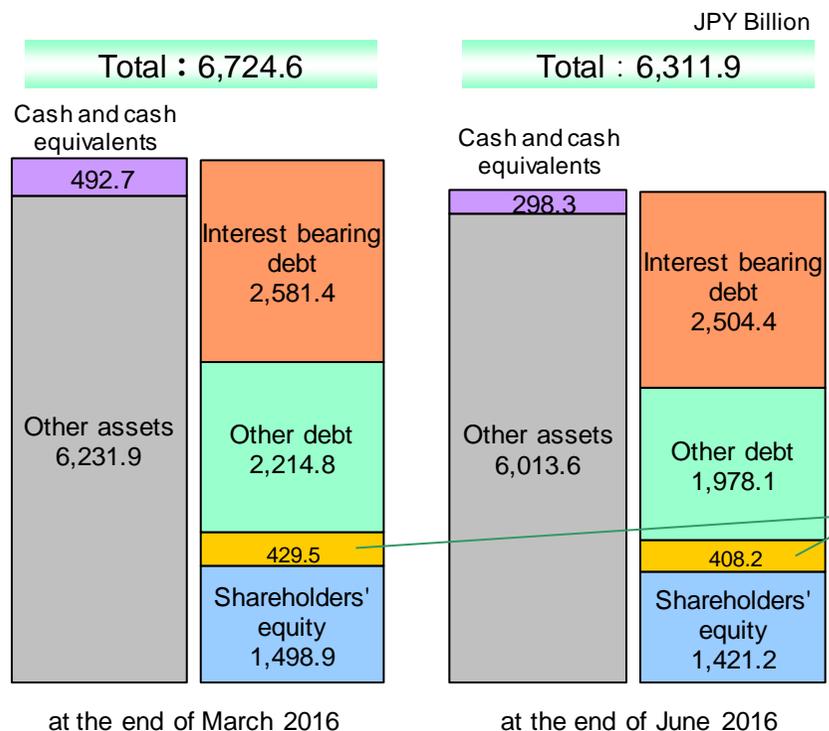
(JPY Billion)





Consolidated Balance Sheets
Consolidated Statement of Cash Flows

Consolidated Balance Sheets



Net interest bearing debt, excluding cash and cash equivalents +117.4 - Negative net cash flows (175.5 billion yen) and others.

Consolidated Cash Flows

1Q FY2016 (JPY Billion)

Ordinary income	42.5
Depreciation and amortization	65.8
Working capital and others	(162.8)
Cash flows from operating activities	(54.5)
Cash flows from investing activities	(91.0)
Free cash flows	(145.5)
Dividends and others	(30.0)
Net cash flows	(175.5)

	At the end of March 2016 (Actual)	At the end of June 2016 (Actual)
Shareholders' equity ratio	22.3%	22.5%
Net D/E ratio	1.39	1.55

Forecast for 1H FY2016

- From April 1, 2016 to September 30, 2016 -

✓ Key Factors (July 2016 - September 2016)

Crude Oil : 45\$/bbl (Dubai spot) Copper Price : 230¢/lb Exchange Rate : 105yen/\$

✓ Forecasts

- 1H FY2016 : Revised from the original forecast announced on May 11, 2016.
- Full year : Not revised from the original forecast.

Ordinary Income by Segment		(Not Revised)
(JPY billion)	1H 2016 (Forecast)	Full Year 2016
Energy	53.0	170.0
E&P	-6.0	-23.0
Metals	7.0	30.0
Others	16.0	43.0
Subtotal excl. Inventory Valuation	70.0	220.0
Inventory Valuation	40.0	40.0
Total	110.0	260.0

Outline of 1H FY2016 Forecast

* 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 Excl. Inventory Valuation
Special Gain (Loss), Net
Profit attributable to owners of parent

1H FY2016
Original Forecast
(Announced in May)

	39
Jan.-Jun. 2016	<221> 230
Jan.-Jun. 2016	<113> 110
JPY Billion	4,130.0
	110.0
	10.0
	120.0
	20.0
	100.0
	(24.0)
	52.0

Changes

	+3
	<-8> -8
	<-1> -3
JPY Billion	-160.0
	-25.0
	+15.0
	-10.0
	+20.0
	-30.0
	+11.0
	+8.0

1H FY2016
Revised Forecast

	42
Jan.-Jun. 2016	<213> 222
Jan.-Jun. 2016	<112> 107
JPY Billion	3,970.0
	85.0
	25.0
	110.0
	40.0
	70.0
	(13.0)
	60.0

(Reference)
1H FY2015
Actual

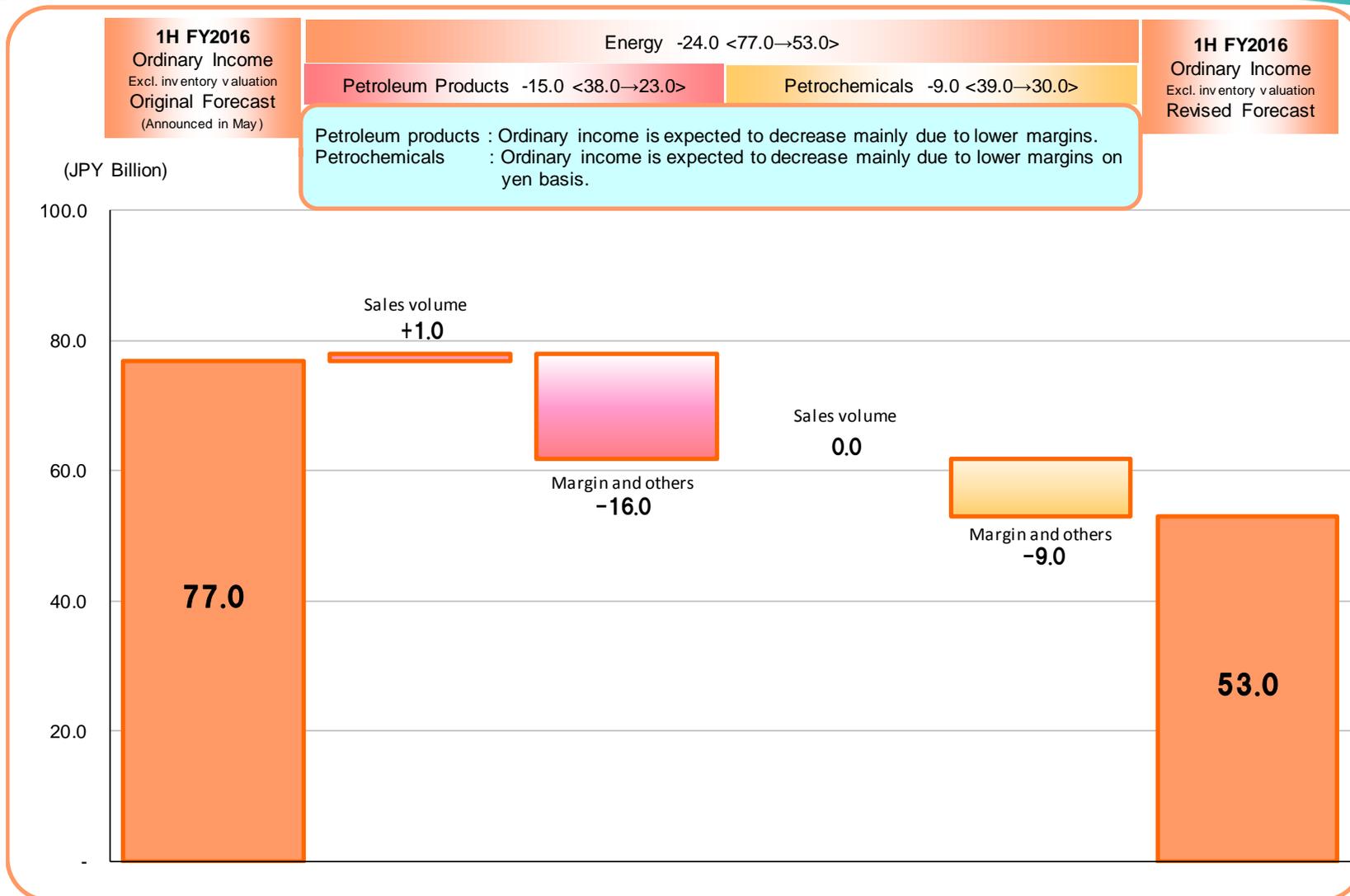
	57
Jan.-Jun. 2015	<269> 256
Jan.-Jun. 2015	<120> 122
	4,552.6
	(45.5)
	17.8
	(27.7)
	(118.7)
	91.0
	(13.5)
	(44.9)

1H FY2016 Original Forecast vs. 1H FY2016 Revised Forecast Changes in Ordinary Income (Loss) by Segment

	1H FY2016 Original Forecast (Announced in May)	Changes	1H FY2016 Revised Forecast	(Reference) 1H FY2015 Actual
	JPY Billion	JPY Billion	JPY Billion	
Energy	97.0	-4.0	93.0	(72.4)
- Inventory Valuation	20.0	+20.0	40.0	(116.6)
Excl. Inventory Valuation	77.0	-24.0	53.0	44.2
- Petroleum Products	38.0	-15.0	23.0	11.7
- Petrochemicals	39.0	-9.0	30.0	32.5
Oil and Natural Gas E&P	(13.0)	+7.0	(6.0)	17.3
Metals	20.0	-13.0	7.0	10.6
- Inventory Valuation	-	-	-	(2.1)
Excl. Inventory Valuation	20.0	-13.0	7.0	12.7
- Upstream	(4.5)	-8.5	(13.0)	(5.5)
- Mid/downstream	24.5	-4.5	20.0	18.2
Others	16.0	-	16.0	16.8
Total	120.0	-10.0	110.0	(27.7)
Excl. Inventory Valuation	100.0	-30.0	70.0	91.0

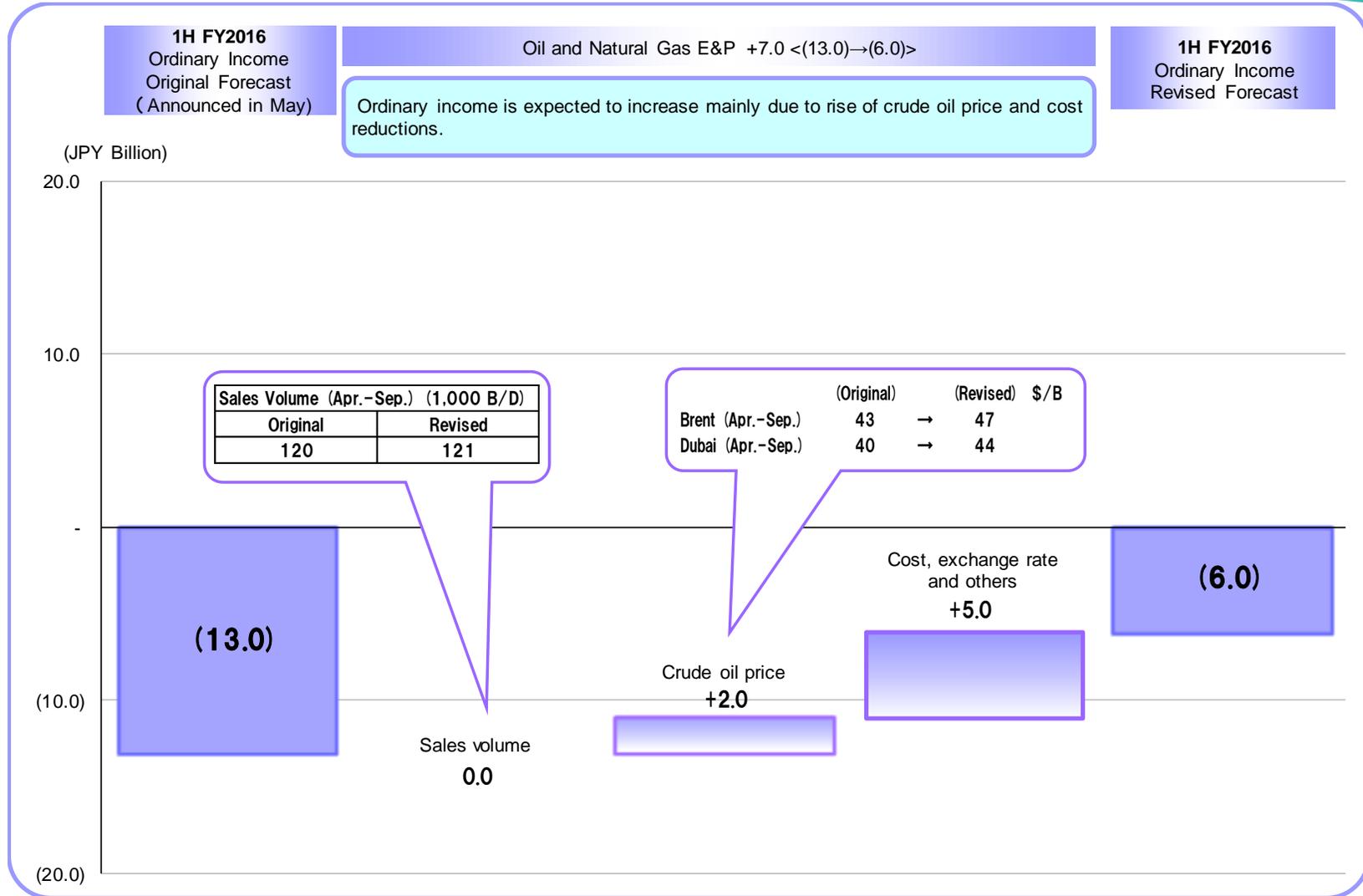


1H FY2016 Original Forecast vs. 1H FY2016 Revised Forecast Changes in Ordinary Income - Energy Business -





1H FY2016 Original Forecast vs. 1H FY2016 Revised Forecast Changes in Ordinary Income - Oil and Natural Gas E&P Business-

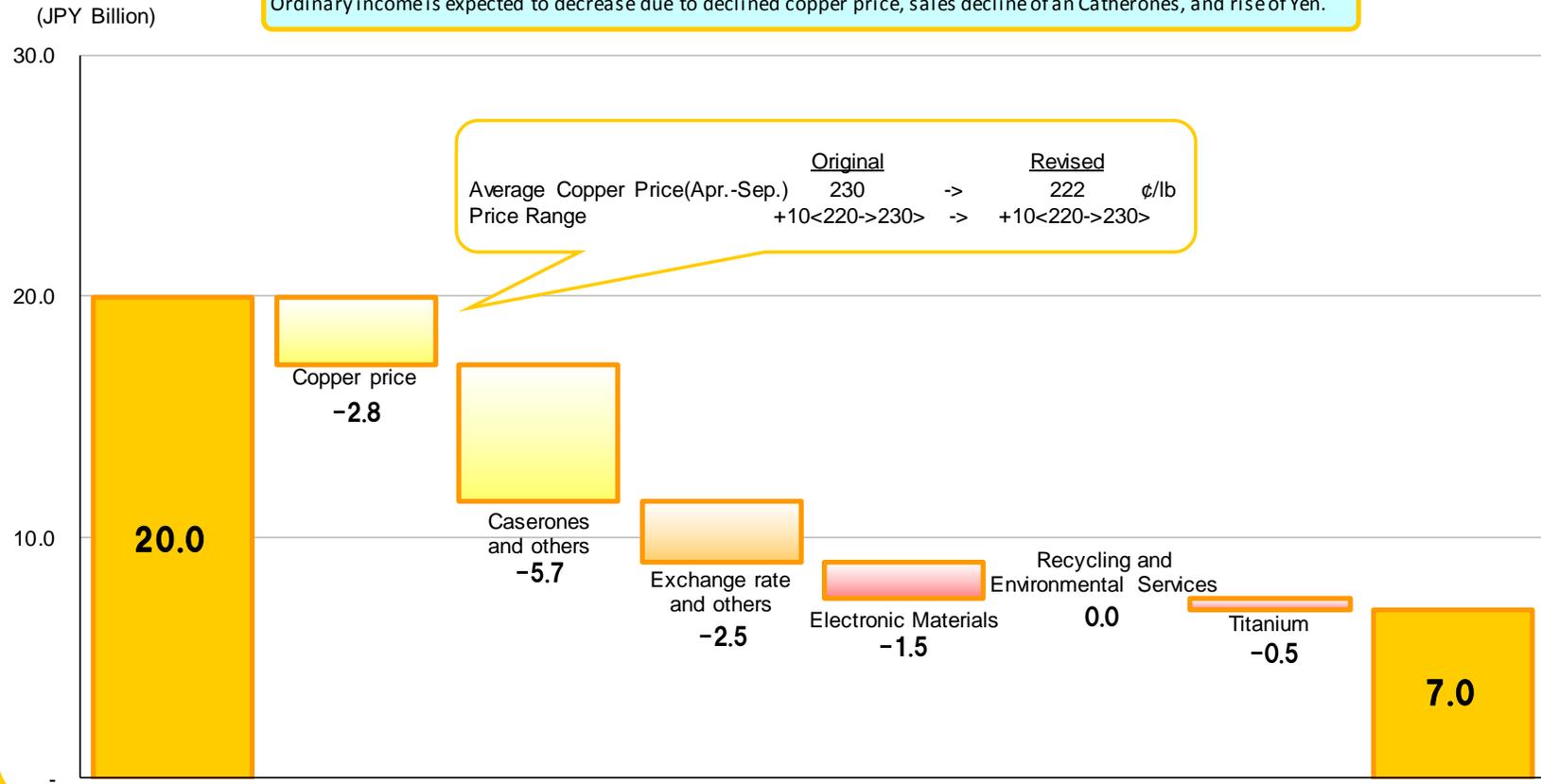


1H FY2016 Original Forecast vs. 1H FY2016 Revised Forecast
Changes in Ordinary Income - Metals Business -



1H FY2016 Ordinary Income Excl. inventory valuation Original Forecast (Announced in May)	Metals -13.0 <20.0→7.0>			1H FY2016 Ordinary Income Excl. inventory valuation Revised Forecast
	Resources Development -8.5<(4.5)→(13.0)>	Smelting & Refining -2.5<12.5→10.0>	Electronic Materials, Recycling and Environmental Services and Titanium -2.0<12.0→10.0>	

Ordinary income is expected to decrease due to declined copper price, sales decline of an Catherones, and rise of Yen.



Major Topics (from April to July 2016)

JX Holdings

Jul. Issued unsecured bonds (The 12th, 13th, 14th series)

JX Nippon Oil & Energy

Apr. The retail electricity market has liberalized, JX started the sales.

Apr. Signing of manufacturing license agreement in Astaxanthin with Daesang INC., Korea.

Apr. Signing of SSA and SCA with Vietnam National Petroleum Group (Known as Petrolimex).

Apr. Started cooperation with KDDI Corp. in electricity business.

Jun. Petronas and JX sign sale & purchase agreement for equity interest in Petronas LNG9 Sdn Bhd. /
Signed a marketing support agreement with Petronas LNG Limited.

Jun. Started consideration of launching the Front End Engineering Design for Polyisobutylene plant expansion at Kawasaki.

JX Nippon Oil & Gas Exploration

May. Sold part of working interest of Culzean Gas Field in UK North Sea.

Jun. Sold working interest in UK License containing the Utgard Gas and Condensate Field in North Sea.

Jul. Final investment decision to expand Indonesia's Tangguh LNG Facility.

JX Nippon Mining & Metals

Apr. Developed the world's thinnest Titanium copper foil and Corson alloy foil.

Key Factors

		FY2015			FY2016		
		1Q	1H	Full Year	1Q	1H	Full Year
		Actual	Actual	Actual	Actual	Forecast (announced in August)	Forecast (announced in May)
All segments	Exchange rate [Yen/\$]	121	122	120	108	107	110
Energy	Crude oil price [Dubai]*1 [\$]/bbl]	59	57	47	40	42	40
Oil and Natural Gas E&P	Sales volume <Crude oil equivalent>*2 [1,000 bbl/day]	113	116	121	116	121	122
	Crude oil price [Brent] *2 [\$]/bbl]	54	58	53	46	47	43
Metals	Copper price [LME] [Apr.-Mar.] [¢/lb]	275	256	237	215	222	230
	Equity entitled copper mine production *3 [1,000 tons/period · year]	39	81	172	45	95	229
	PPC copper cathode sales [1,000 tons/period · year]	144	308	595	153	309	634
	Treated rolled copper foil sales [1,000 km/month]	5.0	5.1	4.9	4.8	5.4	5.5
	Precision rolled products sales [1,000 tons/month]	3.7	3.8	3.7	3.8	3.9	4.0
	Gold recovery volume by Recycling & Environmental Services [tons/period · year]	1.6	3.5	6.4	1.6	2.7	7.0

*1 Crude oil arrival basis

*2 Due to a change of fiscal term, referring terms are different. 2015: Jan.-Dec.; 2016: Apr.-Mar.

*3 Production of companies closing in Dec.: Jan.-Dec.; closing in Mar.: Apr.-Mar.

Sensitivity Analysis (1H FY2016 basis)

■ Key factors (From July to September 2016)

Exchange Rate: 105yen/\$

Crude Oil : 45\$/bbl
(Dubai spot)

Copper Price (LME) : 230 ¢/lb

■ Sensitivity analysis

Key Factors	Change	Segment	(JPY Billion) Impact
Exchange Rate	5 Yen/\$ yen appreciation	Energy	
		(In-house fuel costs drop, margin reduction in petrochemicals)	-2.0
		Oil and Natural Gas E&P	+1.0
		Metals (Margin reduction, exchange loss)	-1.0
		Subtotal	-2.0
		Inventory valuation loss	-18.0
		Total	-20.0
Crude Oil (Dubai spot)	-5\$/bbl	Energy (In-house fuel costs drop)	+1.0
		Oil and Natural Gas E&P	-2.0
		Subtotal	-1.0
		Inventory valuation loss	-43.0
		Total	-44.0
Copper Price (LME)	-10¢/lb	Metals	-2.0
		Total	-2.0

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.