

Financial Results for FY 2016 1H

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

Representative Director, President

Yukio Uchida

Director, Senior Vice President

Kunimitsu Oba

November 8, 2016



The Future of Energy, Resources and Materials

JX Holdings, Inc.

Summary of the settlement of accounts

- Business Environment
- Outline of Financial Results for FY2016 1H
and Forecast for FY2016
- Initiatives for Improving the Profit and CAPEX
- Basic policies in FY2016
- Initiatives in FY2016
- Shareholder Return Policy

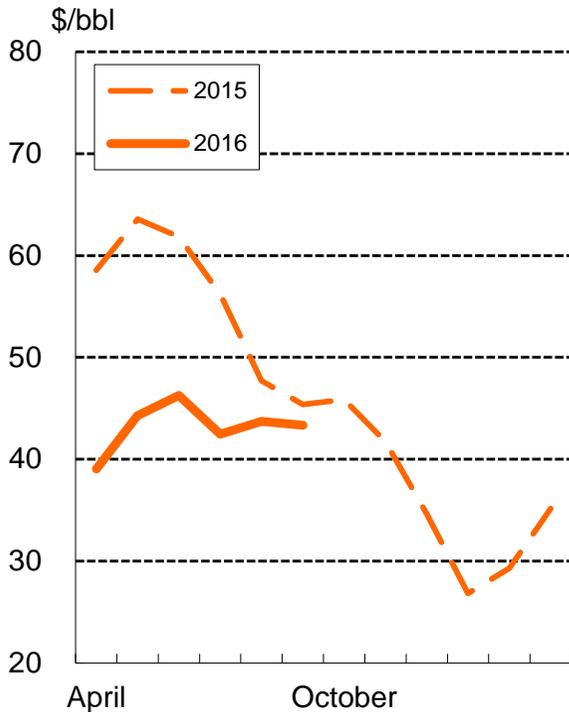
Financial Results for FY2016 1H Forecast for FY2016

- Financial Results for FY 2016 1H
- Forecast for FY2016
- Major Topics
- Key Factors
- Sensitivity Analysis

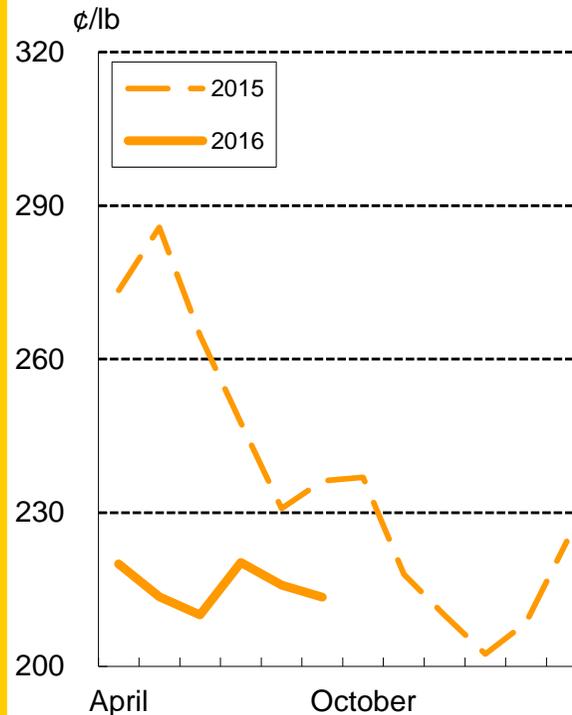
Business Environment 1 (Crude Oil, Copper(LME), FX)

- Crude oil price has increased in a narrow range from 40 dollars per barrel.
- Copper price stays around.
- Yen appreciation progressed.

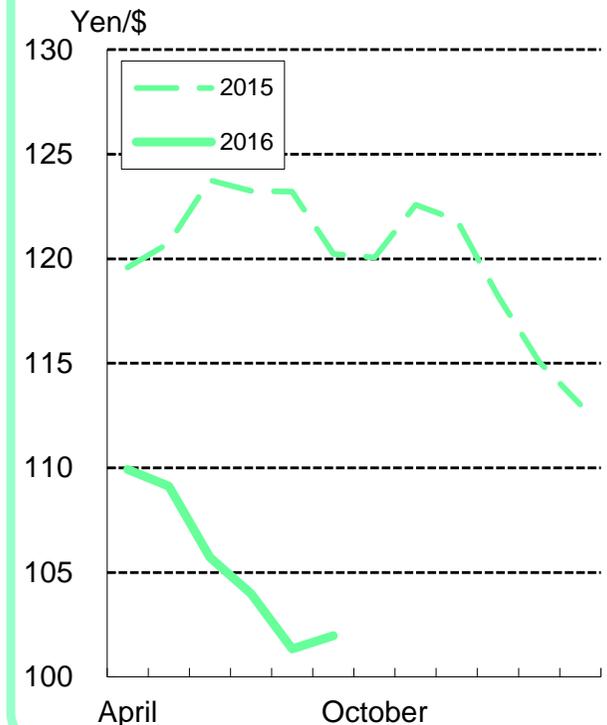
Dubai Crude Oil



Copper (LME)



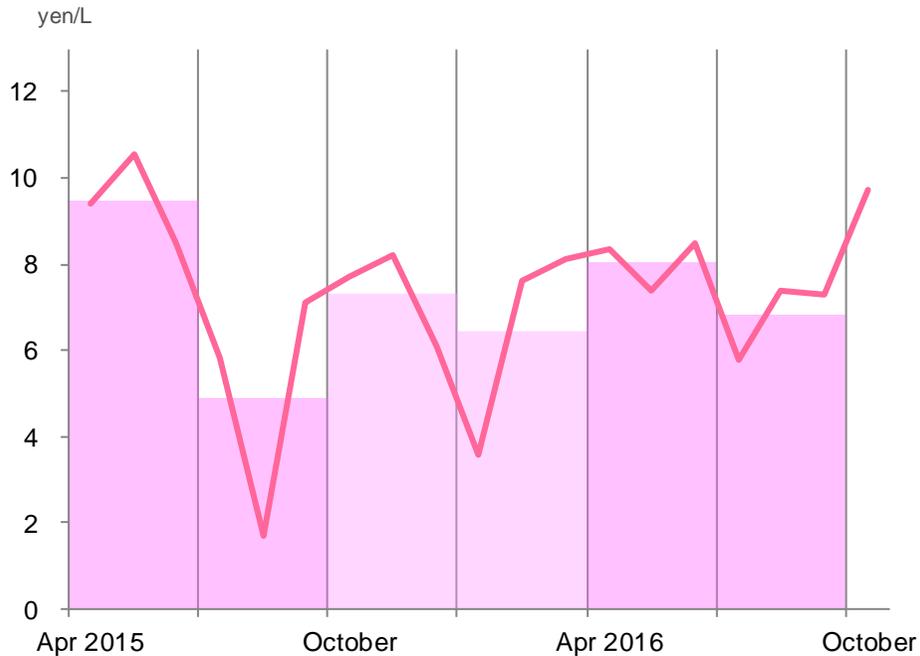
Exchange Rate



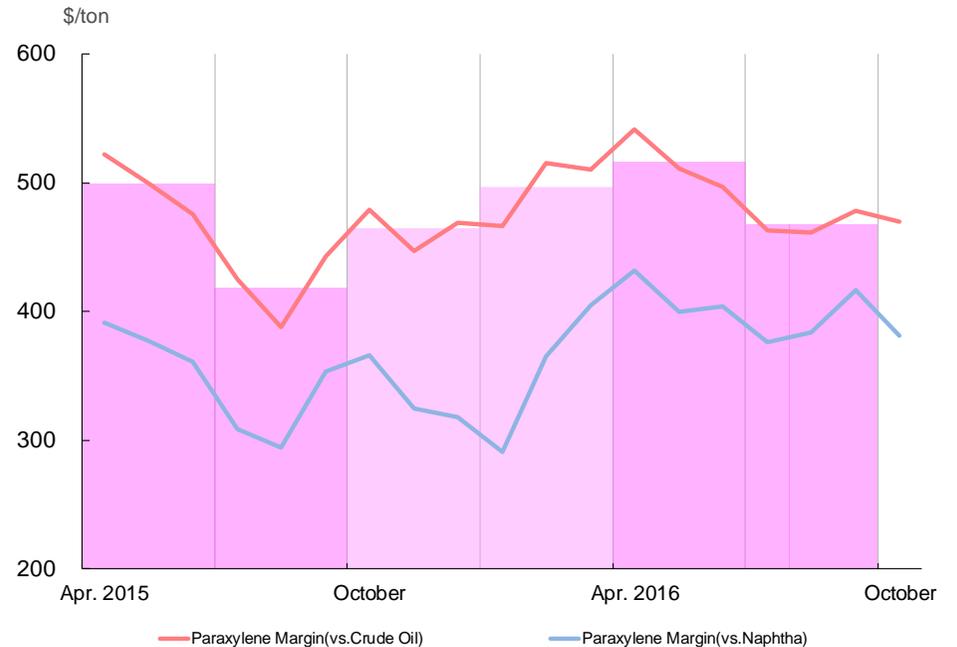


➤ Margin levels of Petroleum Products and Paraxylene are about the same level as 1H FY2015.

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



Margin of Paraxylene



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

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

Outline of Financial Results for FY2016 1H and Forecast for FY2016

*Nearly equal to arrived crude cost
 -1H: Average from March to August
 -Full: Average from March to February

Crude Oil (Dubai)* (\$/bbl)

Copper (¢/lb)

Exchange Rate (Yen/\$)

(JPY billion)

Ordinary Income

-Inventory Valuation

Ordinary Income
 Excl. Inventory Valuation

Net Income (Loss)

FY2015 Actual	
1H	Full
57	47
256	237
122	120
(27.7)	(8.6)
(118.7)	(269.5)
91.0	260.9
(44.9)	(278.5)

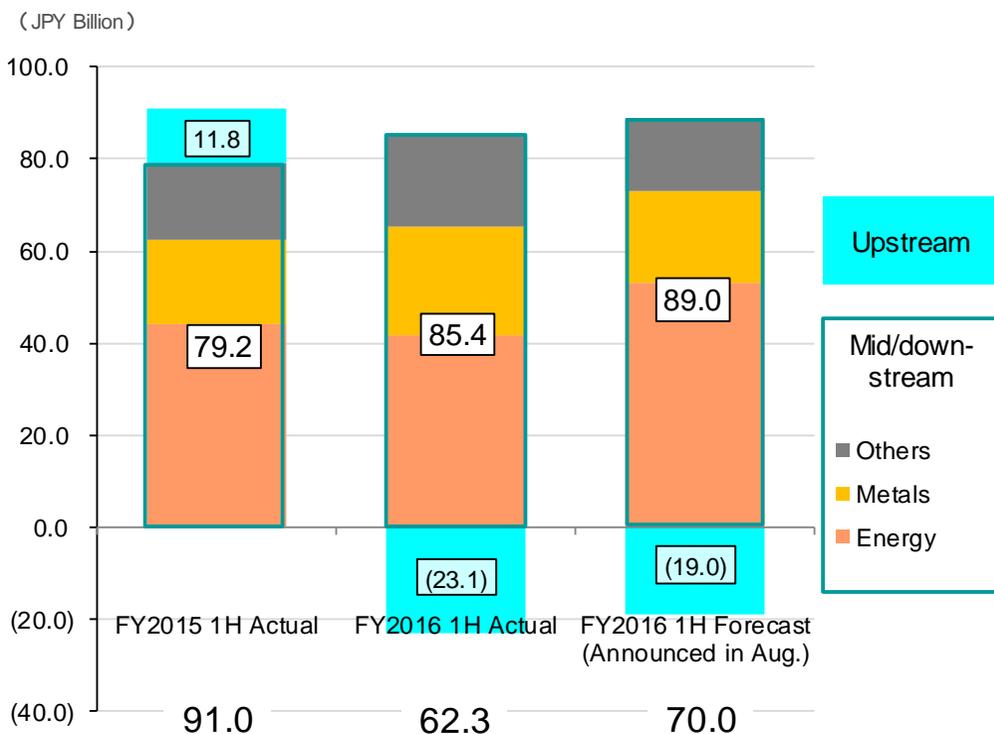
FY2016 Revised Forecast	
1H (Actual)	Full
42	43
216	213
105	105
71.0	230.0
8.7	50.0
62.3	180.0
25.4	100.0

FY2016 Original Forecast
Full (Announced in May)
40
230
110
260.0
40.0
220.0
125.0

Outline of Financial Results for FY2016 1H



Ordinary Income Excl. Inventory Valuation



Key Factors

	FY2015 1H Actual	FY2016 1H Actual	FY2016 1H Forecast (Announced in Aug.)
Crude Price (\$/bbl)*	57	42	42
Copper Price (¢/lb)	256	216	222
Exchange Rate (yen/\$)	122	105	107

*Average from March to August

Upstream

➤ Ordinary income decreased compared to the previous forecast, mainly due to decline of copper price and Caserones profit worsening.

Mid/down-stream

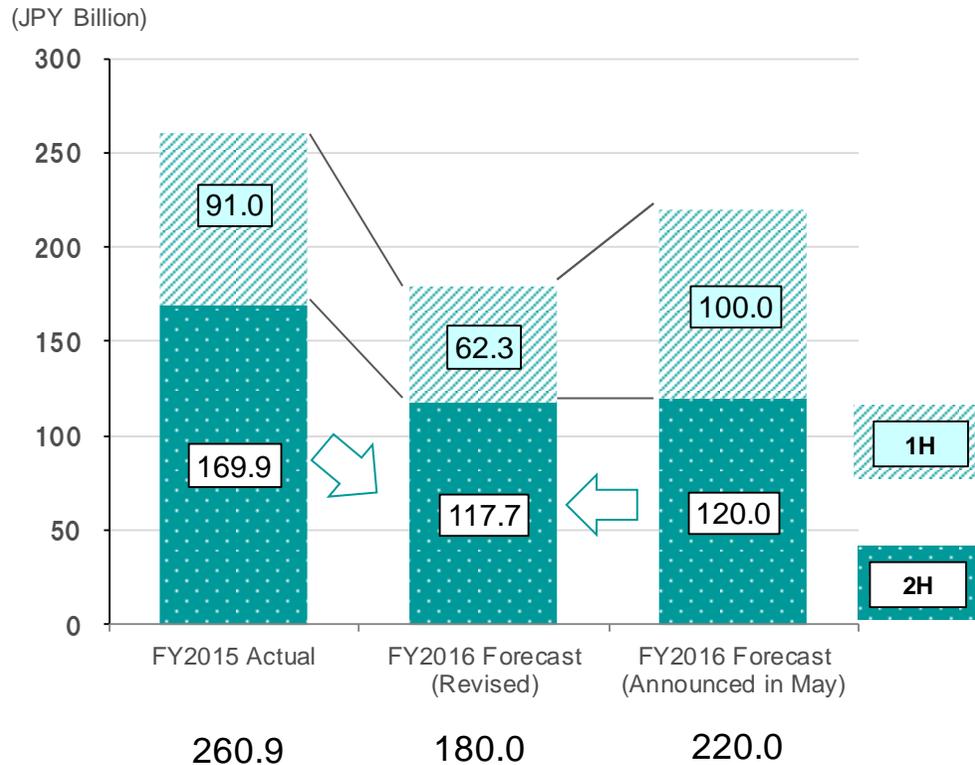
➤ Ordinary income slightly decreased compared to the previous forecast, mainly due to decline of petroleum products margins

➔

Initiatives for improving the profit and decrease of CAPEX

Outline of Forecast for FY2016

Ordinary Income Excl. Inventory Valuation



Key Factors

	FY2015 Actual	FY2016 Forecast (Revised)		FY2016 Forecast (Announced in May)
		Full Year	(Oct.-Mar.)	
Crude Price (\$/Bbl)*	47	43	(45)	40
Copper Price (¢/lb)	237	213	(210)	230
Exchange Rate (yen/\$)	120	105	(105)	110

*Average from March to February

- Ordinary income is expected to decrease, compared to the previous forecast, mainly due to the lower margins of petroleum products, yen appreciation, and decline of copper price.
- Ordinary income is expected to stay the same level as the previous forecast, due to initiatives for improving the profit, despite yen appreciation and decline of copper price.

Forecast for FY2016 2H

	Revised	Announced in May
Upstream	(6.9)	(22.5)
Mid/downstream	124.6	142.5
Total	117.7	120.0

Initiatives for Improving the Profit and CAPEX

Improving the Profit

Further cost reduction in each segment and productivity improvement of Caserones

Energy	Progress of improving efficiency of supply chain and reduction of fixed costs
E&P	Reduction of OPEX and exploration costs
Metals	Implementation of a program for Caserones income improvement

➔ Improving profit by 30 billion yen

CAPEX/Asset Sales

Further decrease of CAPEX from the original plan for FY2016

JPY billion

FY2016 (Forecast)	Revised	Announced in May
Energy	200.0	210.0
E&P	100.0	120.0
Metals	60.0	80.0
Others	20.0	30.0
CAPEX total	380.0	440.0

* Plan of only JX

Asset sales are scheduled to be executed as planned

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 is to be decreased from the original plan / asset sales are scheduled to be executed as planned.

Initiatives in each business

Executed business integration agreement with TonenGeneral Sekiyu K.K.

<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"> ➤ Improving 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

Shareholder Return Policy

Basic Shareholder Return Policy

Redistribute profits by reflecting consolidated business results while striving to maintain stable dividends

Reference) Dividend from FY2010-2016

	2010	2011	2012	2013	2014	2015	2016 (Forecast)
Dividend (yen/share)	15.5	16.0	16.0	16.0	16.0	16.0	16.0
EPS (yen/share)	125	69	64	43	(111)	(112)	40



Financial Results for 1H FY2016 (April 1, 2016 - September 30, 2016)



Outline of 1H FY2016

* 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 FY2015 (Actual)	
	57
Jan.-Jun.2015	<269> 256
Jan.-Jun.2015	<120> 122
	JPY Billion
	4,552.6
	(45.5)
	17.8
	(27.7)
	(118.7)
	91.0
	(13.5)
	(44.9)

1H FY2016 (Actual)	
	42
Jan.-Jun.2016	<213> 216
Jan.-Jun.2016	<112> 105
	JPY Billion
	3,669.8
	47.5
	23.5
	71.0
	8.7
	62.3
	(23.9)
	25.4

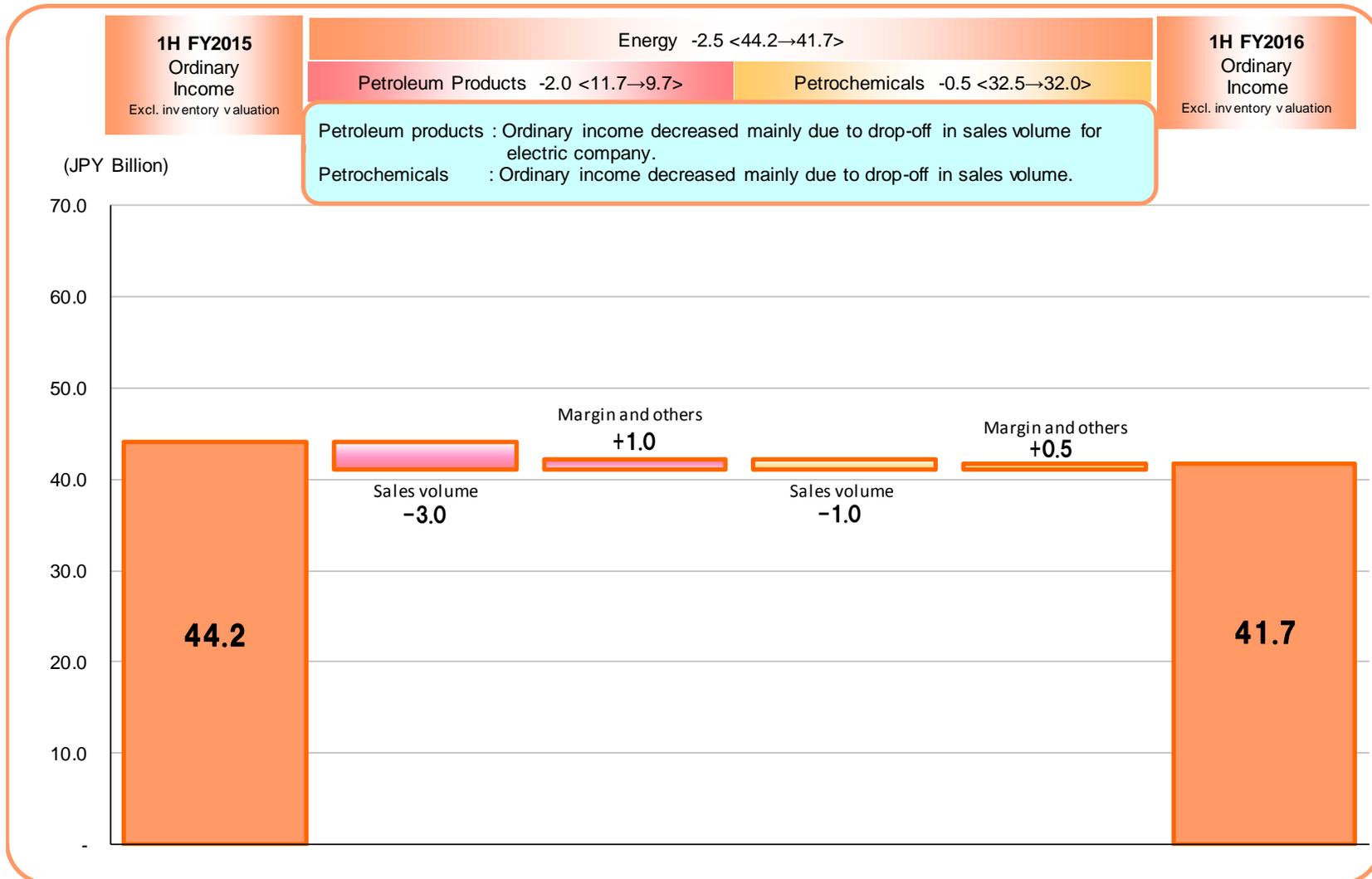
Changes			
	-15		-26%
<-56>	-40	<-21%>	-16%
<-8>	-17	<-7%>	-14%
	JPY Billion		
	-882.8		-19%
	+93.0		-
	+5.7		+32%
	+98.7		-
	+127.4		-
	-28.7		-32%
	-10.4		-
	+70.3		-

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

	1H FY2015 (Actual)	1H FY2016 (Actual)	Changes	
	JPY Billion	JPY Billion	JPY Billion	
Energy	(72.4)	52.2	+124.6	-
- Inventory Valuation	(116.6)	10.5	+127.1	-
Excl. Inventory Valuation	44.2	41.7	-2.5	-6%
- Petroleum Products	11.7	9.7	-2.0	-17%
- Petrochemicals	32.5	32.0	-0.5	-2%
Oil and Natural Gas E&P	17.3	(2.0)	-19.3	-
Metals	10.6	0.5	-10.1	-95%
- Inventory Valuation	(2.1)	(1.8)	+0.3	-
Excl. Inventory Valuation	12.7	2.3	-10.4	-82%
- Upstream	(5.5)	(21.1)	-15.6	-
- Mid/downstream	18.2	23.4	+5.2	+29%
Others	16.8	20.3	+3.5	+21%
Total	(27.7)	71.0	+98.7	-
Excl. Inventory Valuation	91.0	62.3	-28.7	-32%

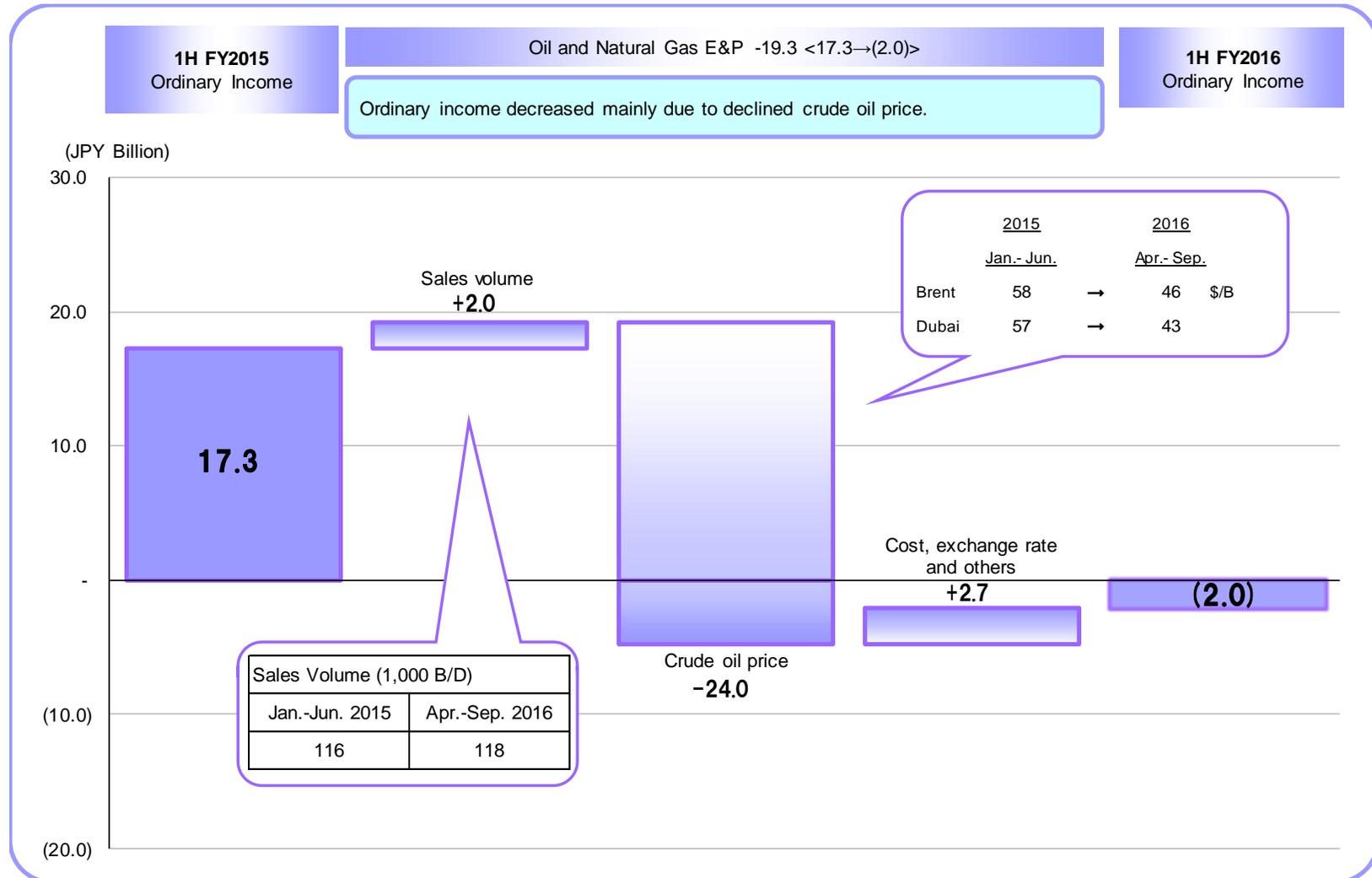


1H FY2015 Actual vs. 1H FY2016 Actual Changes in Ordinary Income - Energy Business -





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



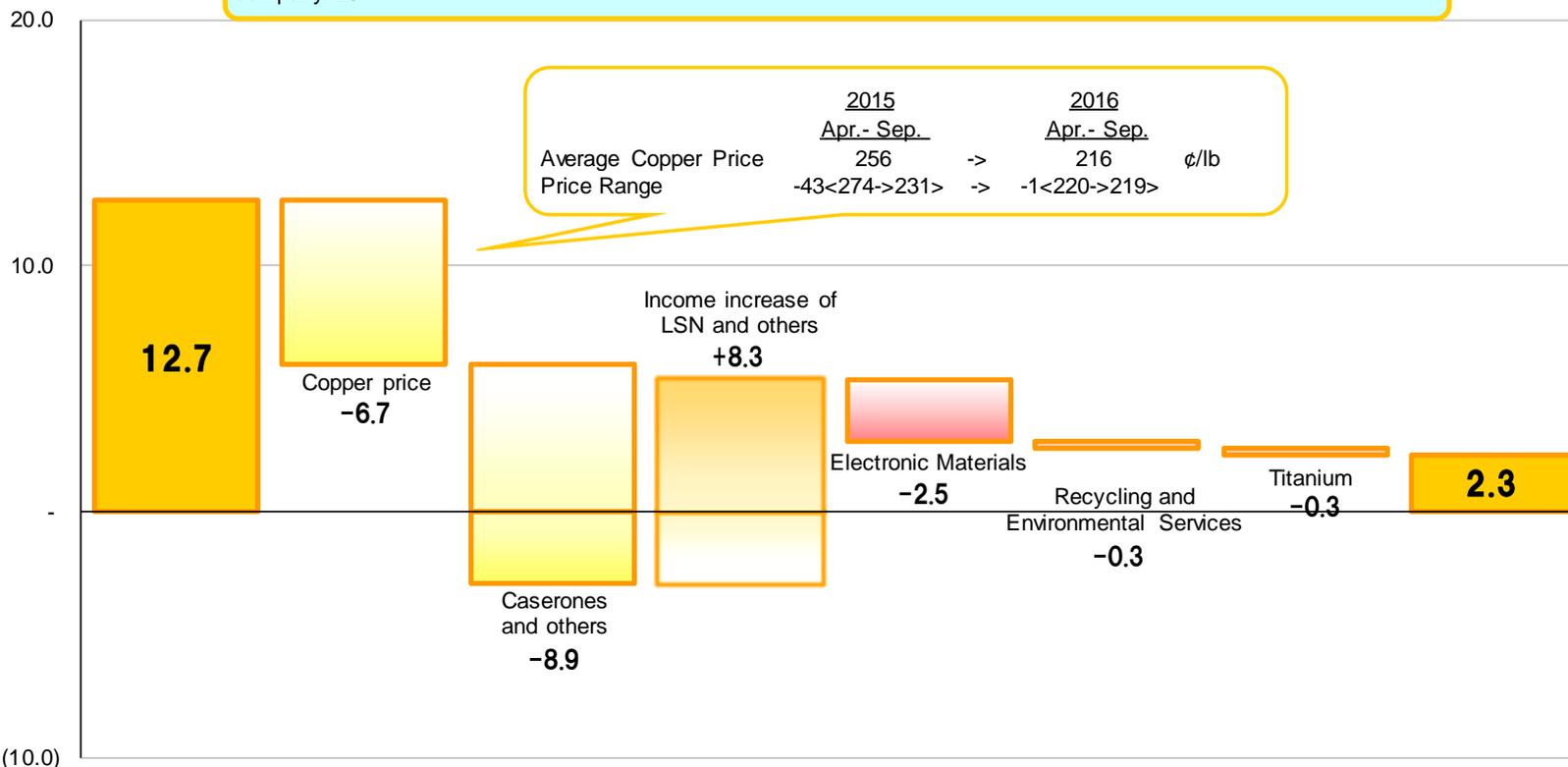


1H FY2015 Actual vs. 1H FY2016 Actual Changes in Ordinary Income - Metals Business-

1H FY2015 Ordinary Income <small>Excl. inventory valuation</small>	Metals -10.4 <12.7→ 2.3>			1H FY2016 Ordinary Income <small>Excl. inventory valuation</small>
	Resources Development -15.6<(5.5) →(21.1)>	Smelting & Refining +8.3<3.0→11.3>	Electronic Materials, Recycling and Environmental Services and Titanium -3.1<15.2→12.1>	

Ordinary income decreased due to declined copper price and rise of Yen, despite of income increase of an affiliate company LSN.

(JPY Billion)

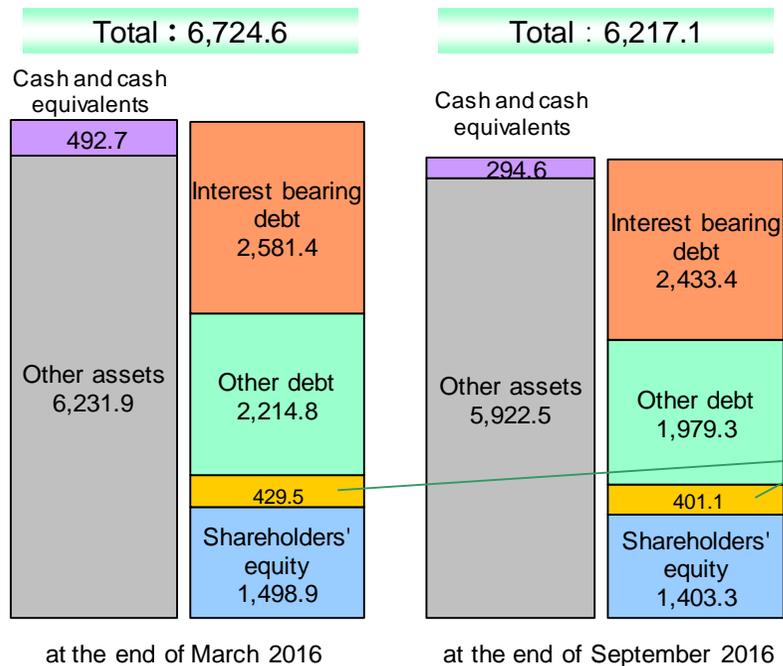




Consolidated Balance Sheets Consolidated Statement of Cash Flows

Consolidated Balance Sheets

JPY Billion



Net interest bearing debt, excluding cash and cash equivalents +50.1 billion yen
- Negative net cash flows (90.0 billion yen) and others.

Consolidated Cash Flows

1H FY2016

(JPY Billion)

Ordinary income	71.0
Depreciation and amortization	118.1
Working capital and others	(96.6)
Cash flows from operating activities	92.5
Cash flows from investing activities	(149.4)
Free cash flows	(56.9)
Dividends and others	(33.1)
Net cash flows	(90.0)

	At the end of March 2016 (Actual)	At the end of September 2016 (Actual)
Shareholders' equity ratio	22.3%	22.6%
Net D/E ratio	1.39	1.52



Forecast for FY2016

- From April 1, 2016 to March 31, 2017 -

✓ Key Factors (October 2016 - March 2017)

Exchange Rate: 105Yen/\$

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

Copper Price (LME): 210 ¢/lb

Outline of FY2016 Forecast

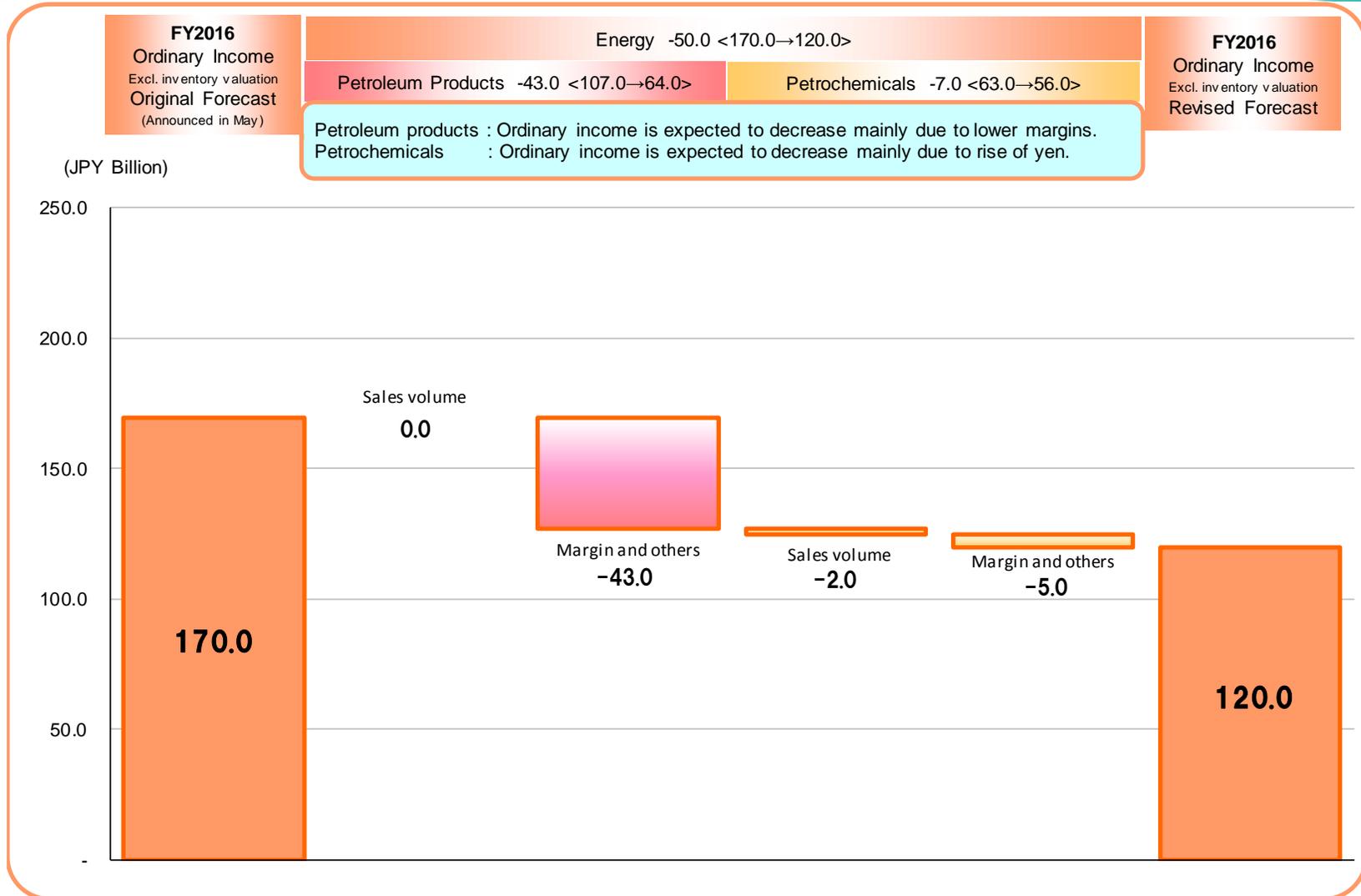
* Average from March to February
(nearly equal to arrived crude cost)

	FY2016 Original Forecast (Announced in May)	Changes	FY2016 Revised Forecast	(Reference) FY2015 Actual
Crude Oil (Dubai)* (\$/bbl)	40	+3	43	47
Copper (¢/lb)	Jan.-Dec. 2016 <225> 230	<-12> -17	Jan.-Dec. 2016 <213> 213	Jan.-Dec. 2015 <250> 237
Exchange Rate (Yen/\$)	Jan.-Dec. 2016 <111> 110	<-3> -5	Jan.-Dec. 2016 <108> 105	Jan.-Dec. 2015 <121> 120
	JPY Billion	JPY Billion	JPY Billion	
Net Sales	8,800.0	-800.0	8,000.0	8,737.8
Operating Income	230.0	-40.0	190.0	(62.2)
Non-operating Income (Expenses), Net	30.0	+10.0	40.0	53.6
Ordinary Income	260.0	-30.0	230.0	(8.6)
-Inventory Valuation	40.0	+10.0	50.0	(269.5)
Ordinary Income Excl. Inventory Valuation	220.0	-40.0	180.0	260.9
Special Gain (Loss), Net	(16.0)	-29.0	(45.0)	(321.4)
Profit attributable to owners of parent	125.0	-25.0	100.0	(278.5)

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

	FY2016 Original Forecast (Announced in May)	Changes	FY2016 Revised Forecast	(Reference) FY2015 Actual
	JPY Billion	JPY Billion	JPY Billion	
Energy	200.0	-35.0	165.0	(97.1)
- Inventory Valuation	30.0	+15.0	45.0	(263.8)
Excl. Inventory Valuation	170.0	-50.0	120.0	166.7
- Petroleum Products	107.0	-43.0	64.0	89.1
- Petrochemicals	63.0	-7.0	56.0	77.6
Oil and Natural Gas E&P	(23.0)	+23.0	0.0	28.2
Metals	40.0	-25.0	15.0	13.3
- Inventory Valuation	10.0	-5.0	5.0	(5.7)
Excl. Inventory Valuation	30.0	-20.0	10.0	19.0
- Upstream	(17.0)	-13.0	(30.0)	(24.2)
- Mid/downstream	47.0	-7.0	40.0	43.2
Others	43.0	+7.0	50.0	47.0
Total	260.0	-30.0	230.0	(8.6)
Excl. Inventory Valuation	220.0	-40.0	180.0	260.9

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





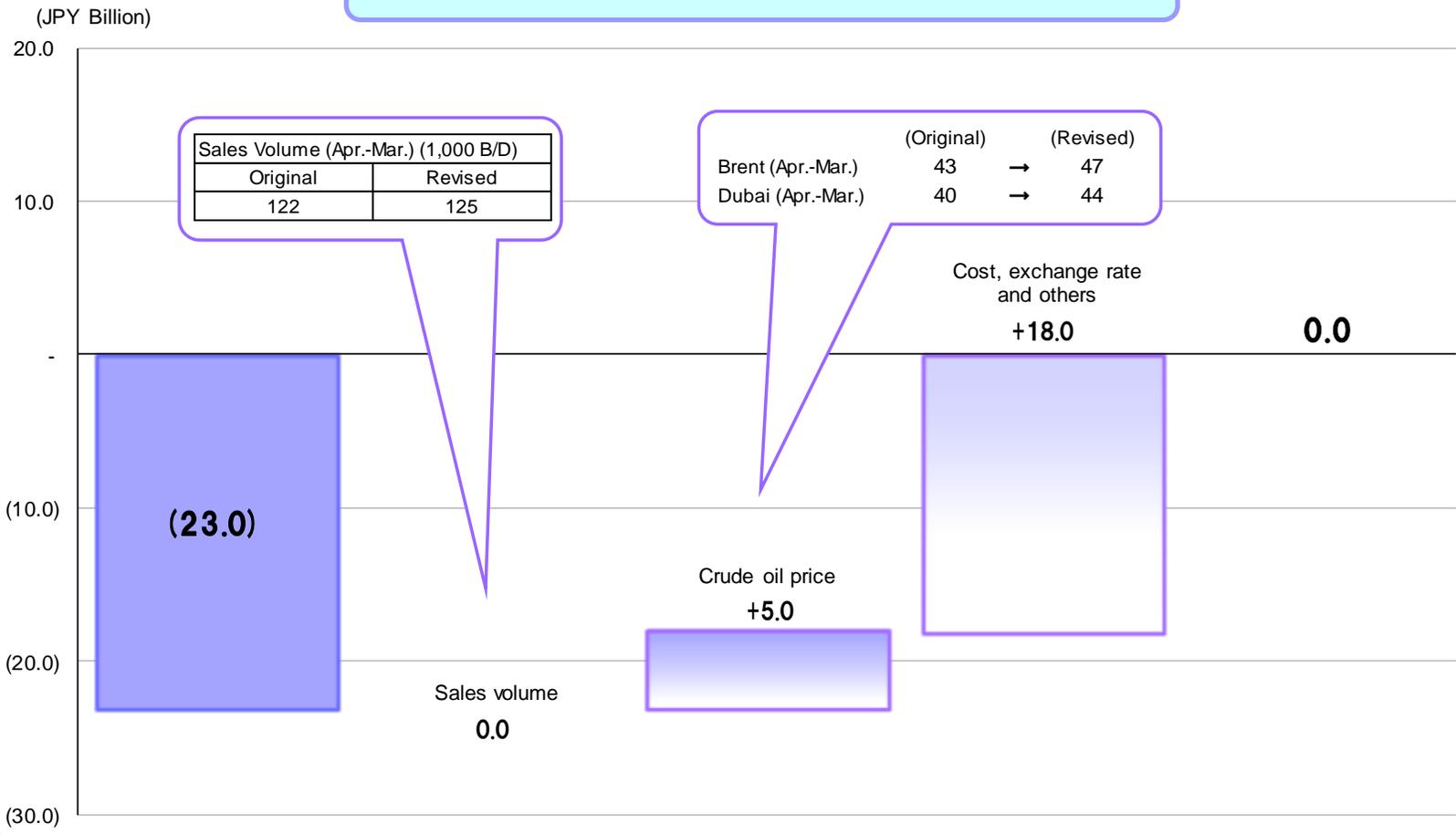
FY2016 Original Forecast vs. FY2016 Revised Forecast Changes in Ordinary Income - Oil and Natural Gas E&P Business-

FY2016
Ordinary Income
Original Forecast
(Announced in May)

Oil and Natural Gas E&P +23.0 <(23.0)→0>

FY2016
Ordinary Income
Revised Forecast

Ordinary income is expected to increase mainly due to rise of crude oil price and cost reductions.

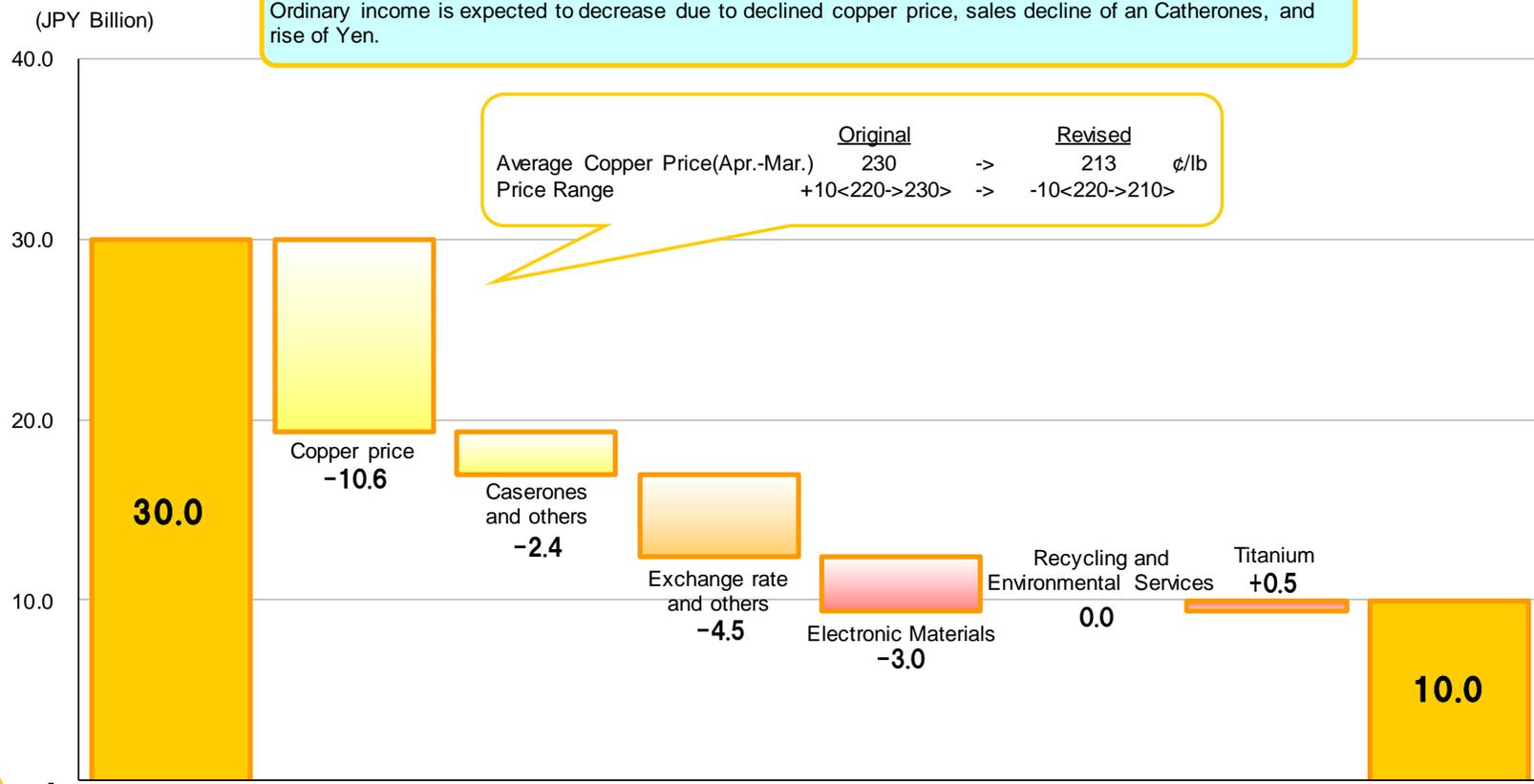


FY2016 Original Forecast vs. FY2016 Revised Forecast Changes in Ordinary Income - Metals Business -



FY2016 Ordinary Income Excl. inventory valuation Original Forecast (Announced in May)	Metals -20.0 <30.0→10.0>			FY2016 Ordinary Income Excl. inventory valuation Revised Forecast
	Resources Development -13.0<(17.0)→(30.0)>	Smelting & Refining -4.5<21.5→17.0>	Electronic Materials, Recycling and Environmental Services and Titanium -2.5<25.5→23.0>	

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



	Original		Revised
Average Copper Price(Apr.-Mar.)	230	->	213 ¢/lb
Price Range	+10<220->230>	->	-10<220->210>

Major Topics (from April to October 2016)

JX Holdings

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

Aug. Execution of Business Integration Agreement and Other Agreements between JX Holdings, Inc., and TonenGeneral Sekiyu K.K.

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.

Aug. Acquired shares of SunAllomer Ltd., polypropylene manufacturer.

Aug. Started mega solar power generation business in Toyama, Fukui, and Aichi Prefecture.

Major Topics (from April to October 2016)

JX Nippon Oil & Gas Exploration

- May. Sold part of working interest of the 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.
- Aug. Sold part of working interest of the Mariner Oil Field in UK North Sea.

JX Nippon Mining & Metals

- Apr. Developed the world's thinnest Titanium copper foil and Corson alloy foil.
- Sep. 100th anniversary of operation in Saganoseki Smelter & Refinery (Pan Pacific Copper Co., Ltd.).

Key Factors

		FY2015			FY2016		
		1Q	1H	Full Year	1Q	1H	Full Year
		Actual	Actual	Actual	Actual	Actual	Forecast (announced in Nov)
All segments	Exchange rate [Yen/\$]	121	122	120	108	105	105
Energy	Crude oil price [Dubai]*1 [\$]/bbl]	59	57	47	40	42	43
Oil and Natural Gas E&P	Sales volume <Crude oil equivalent>*2 [1,000 bbl/day]	113	116	121	116	118	125
	Crude oil price [Brent] *2 [\$]/bbl]	54	58	53	46	46	47
Metals	Copper price [LME] [Apr.-Mar.] [¢/lb]	275	256	237	215	216	213
	Equity entitled copper mine production *3 [1,000 tons/period · year]	39	81	172	45	93	204
	PPC copper cathode sales [1,000 tons/period · year]	144	308	595	153	309	615
	Treated rolled copper foil sales [1,000 km/month]	5.0	5.1	4.9	4.8	5.0	4.9
	Precision rolled products sales [1,000 tons/month]	3.7	3.8	3.7	3.8	3.9	3.9
	Gold recovery volume by Recycling & Environmental Services [tons/period · year]	1.6	3.5	6.4	1.6	2.7	5.8

*1 Crude oil arrival basis

*2 Due to a change of fiscal term, referring terms are different. 2015 1Q: Jan.-Mar., 1H: Jan.-Jun., Full Year: Jan.-Dec.; 2016 1Q: Apr.-Jun., 1H: Apr.-Sep., Full Year: Apr.-Mar.

*3 Production of companies closing in Dec., 1Q: Jan.-Mar., 1H: Jan.-Jun., Full Year: Jan.-Dec.; closing in Mar., 1Q: Apr.-Jun., 1H: Apr.-Sep., Full Year: Apr.-Mar.

Sensitivity Analysis (FY2016 basis)

■ Key factors (From October 2016 to March 2017)

Exchange Rate: 105Yen/\$

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

Copper Price (LME) : 210 ¢/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)	-4.0
		Oil and Natural Gas E&P	0.0
		Metals (Margin reduction, exchange loss)	-1.0
		Subtotal	-5.0
		Inventory valuation loss	-18.0
		Total	-23.0
Crude Oil (Dubai spot)	+5\$/bbl	Energy (In-house fuel costs rise)	-2.0
		Oil and Natural Gas E&P	+5.0
		Subtotal	+3.0
		Inventory valuation loss	+43.0
		Total	+46.0
Copper Price (LME)	+10¢/lb	Metals	+3.0
		Total	+3.0

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.