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For Immediate Release

Company name: JXTG Holdings, Inc.
Representative: Yukio Uchida, Representative Director, President
Code number: 5020, First Sections of the Tokyo Stock Exchange, and Nagoya Stock Exchange
Contact person: Tatsuya Higurashi, Group Manager, Investor Relations Group, Finance & Investor Relations Department (Tel.: +81-3-6257-7075)

Notification of Revisions to the Forecasts of Consolidated Results for the Fiscal Year 2017

JXTG Holdings, Inc. (the "Company") would like to give notice that the Company has revised the forecasts of the consolidated results for the fiscal year 2017 ending on March 31, 2018 that were released on February 9, 2018, as follows, as a result of careful investigation of the impact on the business results caused by optimization and restructuring of its business asset portfolio conducted pursuant to the basic policy in the Medium-Term Management Plan, as well as the conditions of the prices of resources such as crude oil and copper, petroleum product margins, and the like for the fourth quarter.

1. Revisions to the Forecast Figures of Consolidated Results for the Fiscal Year 2017 (April 1, 2017–March 31, 2018)

(Millions of yen)

	Revenue	Operating profit	Profit before tax	Profit attributable to owners of the parent	Basic profit per share (yen)
Previously announced forecast (A) (announced on February 9, 2018)	10,200,000	480,000	455,000	300,000	87.81
Revised forecast (B)	10,250,000	480,000	455,000	335,000	98.61
Increase/Decrease (B-A)	50,000	-	-	35,000	10.25
Percentage increase/decrease	0.5%	-	-	11.7%	11.7%
(Reference) Previous results (FY 2016)	7,025,062	271,138	249,115	150,008	60.33

As an average for the full fiscal year 2017, this forecast assumes a crude oil (Dubai crude) price of $56 per barrel; an international copper price (LME price) of 292 cents per pound; and an exchange rate of 111 yen per U.S. dollar.

(Note) The previous results in FY2016 provided as reference information are the consolidated results of JX Holdings, Inc.

2. Reasons for the Revisions

(1) Operating Profit

Operating profit is expected to be 480.0 billion yen as previously announced.

Inventory valuation factors* are expected to be 110.0 billion yen, an increase of 40.0 billion yen from the previous forecast, and operating profit excluding inventory valuation factors is expected to be approximately 370.0 billion yen, a decrease of 40.0 billion yen from the previous forecast.

(* the impact of inventory valuation on the cost of sales by using the weighted-average method and by writing down the book value.)

(Billions of yen)

	Previous forecast	Revised forecast	Increase/Decrease
Operating profit	480.0	480.0	-
Inventory valuation factors*	70.0	110.0	40.0
Operating profit excluding inventory valuation factors	410.0	370.0	(40.0)

Breakdown by business segment: Operating profit excluding inventory valuation factors

	Previous forecast	Revised forecast	Increase/Decrease
Energy Business	255.0	300.0	45.0
Oil and Natural Gas Exploration and Production (E&P) Business	20.0	33.0	13.0
Metals Business	58.0	(60.0)	(118.0)
Other Business	77.0	97.0	20.0

Energy Business:

We are striving to maximize, and realize as soon as possible, the synergy associated with the business integration, and to enhance competitiveness by thoroughly streamlining our core business. As revenue improvement effects resulting from the integration synergy are expected to significantly exceed the original plan, and the petroleum product margins remain strong, the business results for this fiscal year are expected to increase by 45.0 billion yen from the previous forecast.

Oil and Natural Gas E&P Business:

In addition to our efforts in improving various costs in order to steadily ensure profit even in the low oil price environment, due to the increase in crude oil and gas prices, the basic revenue base is on an improving trend. Further, during this fourth quarter, as part of the optimization of our business portfolio pursuant to the Medium-Term Management Plan, we sold our entire interest in the Oil Sand Project in Canada, and accordingly, gains on asset sales of approximately 11.0 billion yen are expected to be recorded. On the other hand, although the crude oil price remains strong at this point, an impairment loss of approximately 10.0 billion yen is expected to be recorded, as a result of taking into consideration the trend in the futures market and other relevant factors, reviewing the price assumption on a long-term basis, and revaluating the held assets.

As a result, the Oil and Natural Gas E&P Business is expected to increase by 13.0 billion yen from the previous forecast.

Metals Business:

Regarding the Caserones Copper Mine Business (the ratio of interest held by the Company: 51.5%) in Chile, which is an upstream business, due partly to the fact that production costs are high as a result of a part of the operation in the mineral dressing process (the extracting process for final copper content) not having been stabilized, and that various expenses have increased in order to establish the full operation system as soon as possible, the business balance for this fiscal year is expected to continue to be at a loss. As a result of recent revaluation of our assets, while taking into consideration these conditions of overall operation; the risk of low-level operation caused by weather conditions during the winter season; an increase in environmental response costs; changes in the mining plan due to a fault in an ore pit; a review of the long-term production plan based on these changes in the mining plan; and other relevant factors, an impairment loss of approximately 125.0 billion yen (the impact on profit attributable to owners of the parent is approximately 65.0 billion yen) is expected to be recorded.

Crude ore processing volume has already been improved and stabilized. From now on, by enhancing our efforts in increasing copper production volume by improving technical skills and proficiency levels in the mineral dressing process; efforts in raising company-wide productivity, including the extracting process and indirect department; and efforts in further reducing costs, the profitability is expected to be improved from the next fiscal year.

Further, regarding interests held in other copper mines in Chile, taking into consideration the synergy with smelting and refining business and other relevant factors, we reorganized our asset portfolio, and accordingly, gains on asset sales of approximately 9.0 billion yen are expected to be recorded.

Regarding the mid- and down-stream business, the copper smelting and refining business were affected by the large-scale repair work conducted at the Saganoseki Smelter & Refinery, which is a major smelter and refinery of ours, during this fiscal year. However, in the electronic materials business, our products for the IT industry, such as for smartphones and servers, continued to sell well, and the sales maintain a profit-growing trend.

Due to these factors, the Metals Business is expected to decrease by 118.0 billion yen from the previous forecast.

Other Business:

In terms of improving assets efficiency, we are promoting the review of the held assets. As part of the review, we sold a business building that was held by us, and gains on asset sales of approximately 43.0 billion yen are expected to be recorded.

Other business is expected to increase by 20.0 billion yen from the previous forecast.

(2) Profit Attributable to Owner of the Parent

Profit attributable to owners of the parent is expected to be 335.0 billion yen, an increase of 35.0 billion yen from the previous forecast.

(3) Major Breakdown of the Revision

The amount of financial impact on the business results (profit/loss and cash flow) due to optimization and restructuring of our business asset portfolio and asset valuation is as follows:

The amount of financial impact (Billions of yen) Reference

Details	on Operating profit/loss	on the free cash flow
Oil and Natural Gas E&P Optimization of the business portfolio / Asset sales (*1)	11.0	*4
Oil and Natural Gas E&P Valuation of the held assets / Impairment loss	(10.0)	–
Metals (upstream business) Reorganization of the business portfolio / Purchase and sale of the interests in mines (*2)	9.0	*4
Metals (upstream business) Valuation of the Caserones Copper Mine / Impairment loss	(125.0)	–
Other business Improvement of the asset efficiency / Sales of the business building (*3)	43.0	*4

*1 Sale of the entire interest in the Oil Sand Project held in Province of Alberta, Canada; proceeds from sale: 730 million U.S. dollars (disclosed on February 13, 2018)

*2 Acquisition of additional interest in Los Pelambres Copper Mine and sale of interest in the Collahuasi Copper Mine (disclosed on February 16, 2018)

*3 Sale of entire equity held by the Company in Shin-Nisseki Building (Marunouchi, Chiyoda-ku) (disclosed on February 28, 2018)

*4 The amount of financial impact on the free cash flow for this fiscal year due to asset sales and the like: approximately 140.0 billion yen

(4) Cash Flow Plan and Expectation

Although the working capital burden has increased due to the increase in the crude oil price, real profit excluding non-cash loss, such as impairment loss, has been improved and built up, and the business portfolio has been restructured. Due to these factors and the like, the free cash flow for this fiscal year is expected to significantly exceed the plan made as of the beginning of this fiscal year.

(Billions of yen)

	Plan as of the beginning of this fiscal year	Expectation	Increase/ Decrease	Major factors
Operating CF	560.0	645.0	85.0	The increase in the working capital due to the increase in the oil price will be covered by the increase in profit.
Investment CF	(350.0)	(180.0)	170.0	Will be improved by sales and reorganization of assets, etc.
Free CF	210.0	465.0	255.0	

(Note) This material contains forward-looking statements; however, actual results may differ materially from such statements, due to various factors, including but not limited to the following: (1) changes in macroeconomic conditions and changes in the competitive environment in the energy, resources and materials industries; (2) revisions to laws and tightening of regulations; and (3) litigation and other similar risks.

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