

May 20, 2020

JXTG Holdings, Inc.

Second Medium-Term Management Plan (FY2020-2022)

JXTG Holdings, Inc. (President: Tsutomu Sugimori) (the “Company”) hereby announces its second Medium-Term Management Plan (FY2020-2022) (the “Plan”).

The Company, pursuing transformation aimed at achieving our JXTG Group Long-Term Vision to 2040 (the “Long-Term Vision”) as announced last year, has formulated the Plan under the themes “Continue and accelerate structural reforms” and “Develop & strengthen growth businesses” in our business portfolios.

It should be noted that we forecast a decline in demand for petroleum products and other segments due to the impact of COVID-19 for the first half of the year ended March 2021 but not for the rest of the period in the Plan because of the difficulty in making a proper and reasonable estimate of the impact at this time.

We will carefully evaluate and disclose the impact on the Plan in accordance with developments in the global economy and the extent of recovery in domestic demand following resumption of economic activity after the state of emergency has been lifted.

The JXTG Group will continue working together to achieve the Plan in order to realize our envisioned goals for 2040 as stated in the Long-Term Vision.

1. Basic policy of Second Medium-Term Management Plan

- “Pursue both implementation of business strategy to achieve the Long-Term Vision and management focusing on cash flow”

We will advance “Pursue selective investment to develop and strengthen growth business and optimize the business portfolio” based on “Generate ongoing cash flow by strengthen the competitiveness of base business”, and enforce “Maintain the soundness of the financial base and allocate cash flow appropriately”.

- “Strengthen the business foundation”

We will strengthen the effectiveness of governance by developing the management system to enable speedier decision making through and strengthening monitoring by the Board of Directors. We will also pursue enforcing system platforms and securing human resources. Moreover, focusing on the company’s transformation, we will promote constructive dialogs with stakeholders including shareholders and customers employees.

2. Management Indicator

- Operating income (excluding inventory valuation) 970 billion yen※
- Free Cash flow 150 billion yen※
- Net D/E ratio 0.8× or lower (on a total asset basis)
- ROE 10% or higher

※Cumulative total for FY2020-FY2022

Key factor	2020	2021	2022
Exchange Rate [Yen/\$]	105	105	105
Crude Oil price [Dubai][\$/B]	30	60	60
Copper price[¢ /lb]	250	270	270

3. Investment Plan 1,500 billion yen (Cumulative total for FY2020-FY2022)

4. Shareholder Return Policy

- Basic policy Secure sufficient
 - Secure sufficient financial soundness and liquidity to withstand resource price volatility and other business risks and enable procurement of capital for sustained investment in growth.
 - Based on the above, utilize constant financing to maintain an optimal capital structure and capital costs.
- Return Policy
 - Based on the understanding that return of profits to shareholders is a material management task, the JXTG Group will redistribute profits by reflecting changes in medium-term consolidated business results and prospects as a basic policy, while striving to maintain stable dividends.
- Indication of shareholder return in second Medium-term Management plan
 - Dividends: Not less than current level
 - Total return ratio: 50% or more, excluding inventory valuation effects
3-year cumulative

Attachment: Second Medium-Term Management Plan (FY2020-2022)

https://ssl4.eir-parts.net/doc/5020/ir_material_for_fiscal_ym5/80947/00.pdf