

Security Code

Tokyo 5020

# Financial Results for 3Q FY2013

- From April 1, 2013 to December 31, 2013 -

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February 6, 2014



The Future of Energy, Resources and Materials

**JX Holdings, Inc.**

# Agenda



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Director, Senior Vice President  
Ichiro Uchijima



# Main Topics (From April 2013 to February 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.

## 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

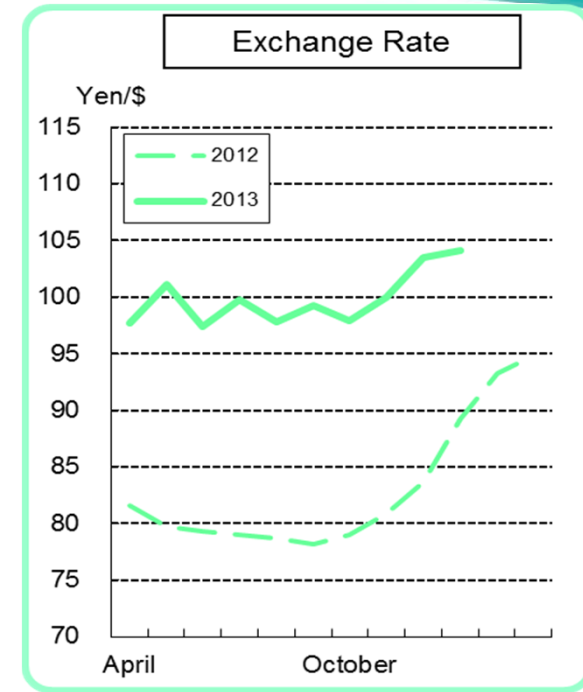
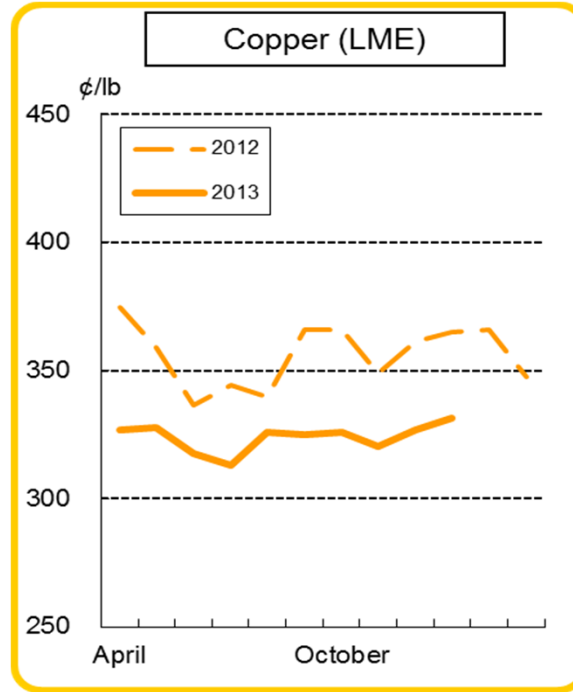
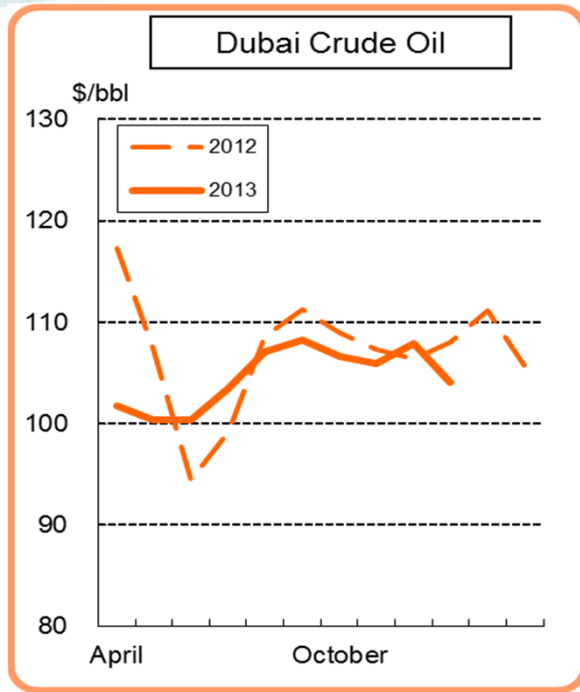
- Apr. Started operation in Kakegawa Works, a new base for producing precision components and connectors.
- Oct. Updated the progress of Caserones Copper and Molybdenum Deposit Development Project In Chile.
- Nov. Completed the New Longtan Works in Taiwan to manufacture of sputtering targets for flat 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.

\*The topics released after October 2013 is indicated in blue.



# Financial Results for 3Q FY2013

- From April 1, 2013 to December 31, 2013 -



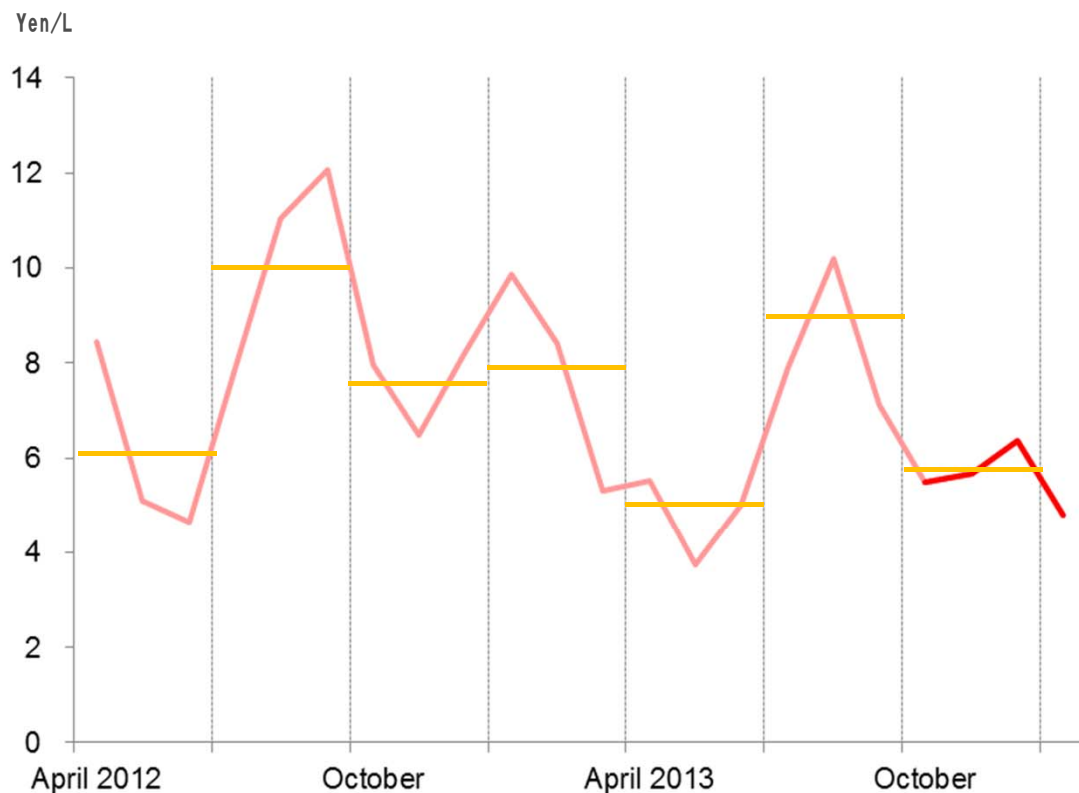
- The global economy has remained rather uncertain with the stagnant European economy and the slowdown of economic growth in emerging countries while showing signs of the recovery represented by stable growth in the U.S. Regarding to the Japanese economy, there has been a moderate recovery thanks to the accelerating depreciation of the yen and higher stock prices.
- Crude oil price dropped in April to June due to the concerns over the economic slowdown in the U.S. and China, but it rose significantly after July with the geopolitical factors in Egypt and Syria.
- The average copper price stayed rather low compared to the same period of the previous fiscal year because of the concerns over a further slowdown in demand in China.
- Japanese yen against the U.S. dollar maintained downward momentum reflected by the monetary relaxation measures by the Bank of Japan and the recovery in the U.S. economy.

# Business Environment (2)

## Margins of Petroleum and Petrochemical Products

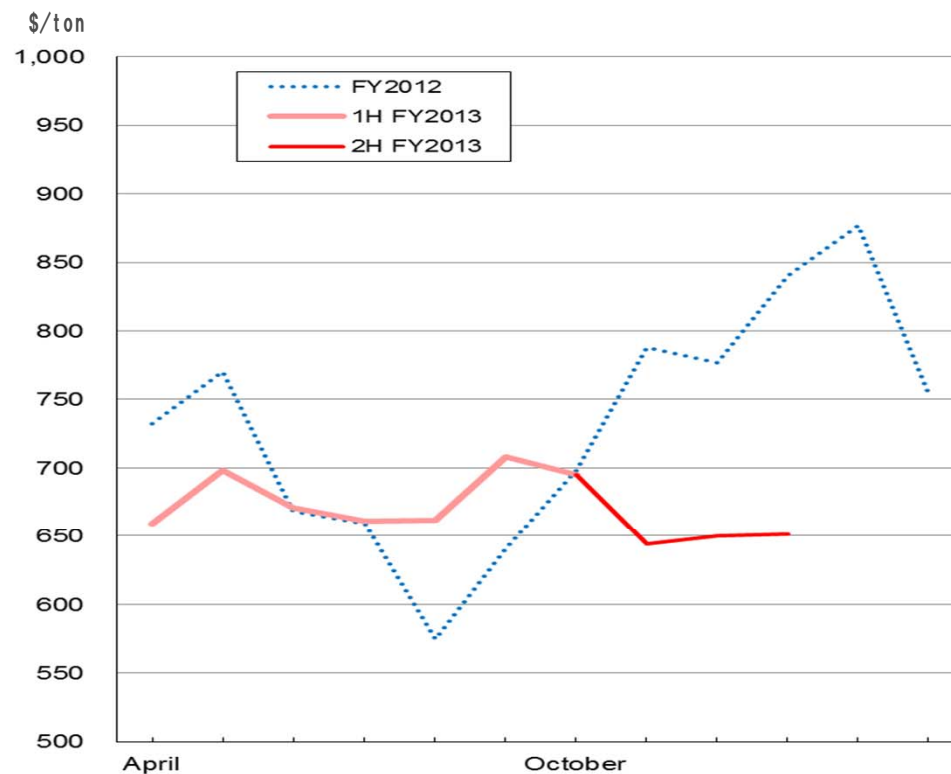


### Gasoline, Kerosene, Diesel Fuel and Fuel Oil A



Margin=Spot Product Price\* – All Japan Crude Oil CIF  
 \*Spot product price includes petroleum tax and interest.

### Paraxylene



Margin=Asian Contract Price(ACP) – Crude Oil Price(Dubai Spot Price)

# Outline of 3Q FY2013



\* Average from March to November  
(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
Net Income

3Q FY2012 (Actual)	
	109
Jan.-Dec.2012	<361> 355
Jan.-Dec.2012	< 79> 80
JPY Billion	
	8,054.6
	135.0
	52.8
	187.8
	(14.1)
	201.9
	(11.6)
	91.9

3Q FY2013 (Actual)	
	104
Jan.-Dec.2013	<335> 323
Jan.-Dec.2013	< 97> 99
JPY Billion	
	9,003.6
	201.7
	54.2
	255.9
	97.1
	158.8
	(8.2)
	131.9

Changes			
	-5		-5%
<-26>	-32	<-7%>	-9%
<+18>	+19	<+23%>	+24%
JPY Billion			
	+949.0		+12%
	+66.7		+49%
	+1.4		+3%
	+68.1		+36%
	+111.2		-
	-43.1		-21%
	+3.4		-
	+40.0		+44%

3Q FY2012 vs. 3Q FY2013

# Changes in Ordinary Income (Loss) by Segment

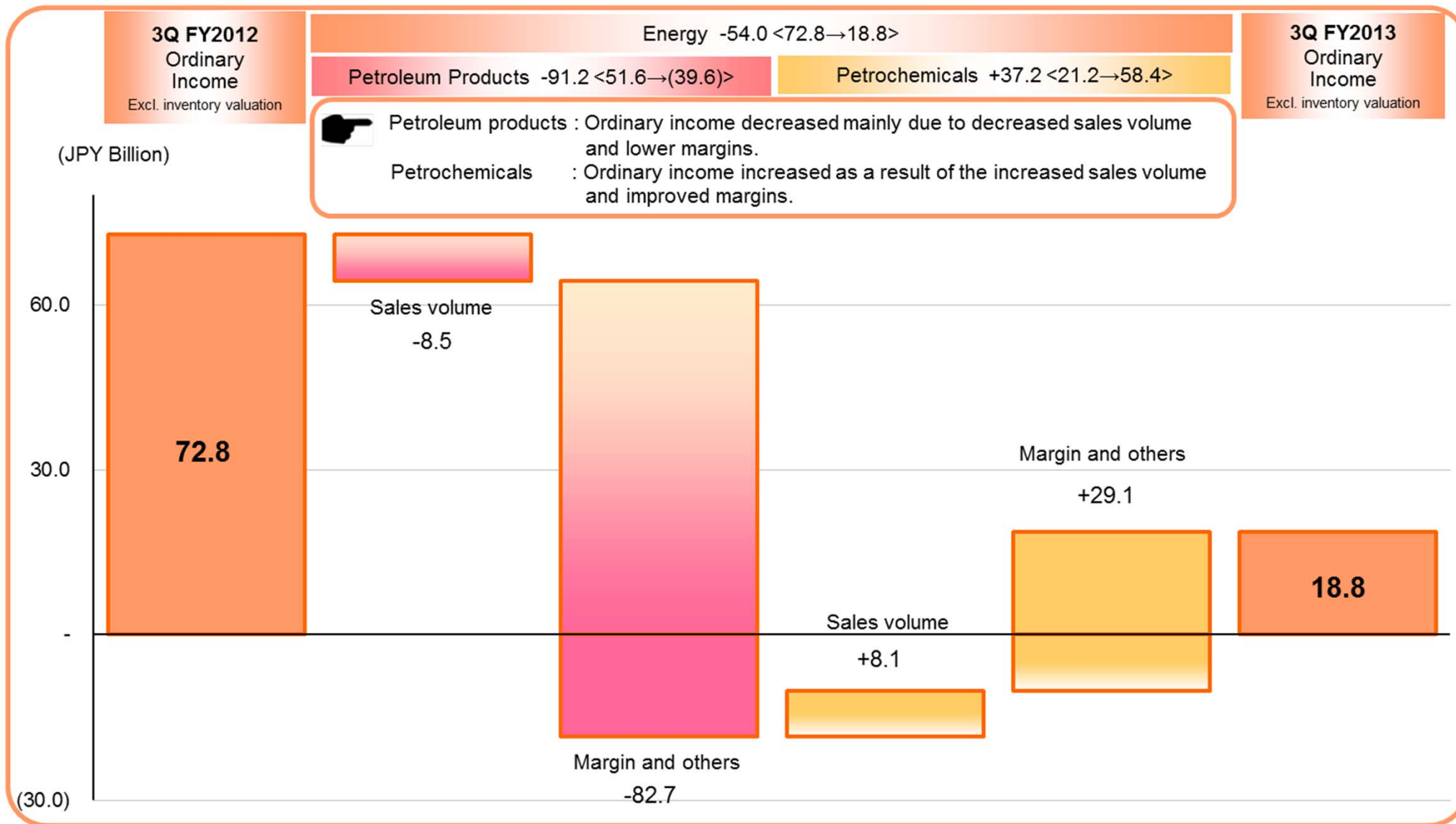


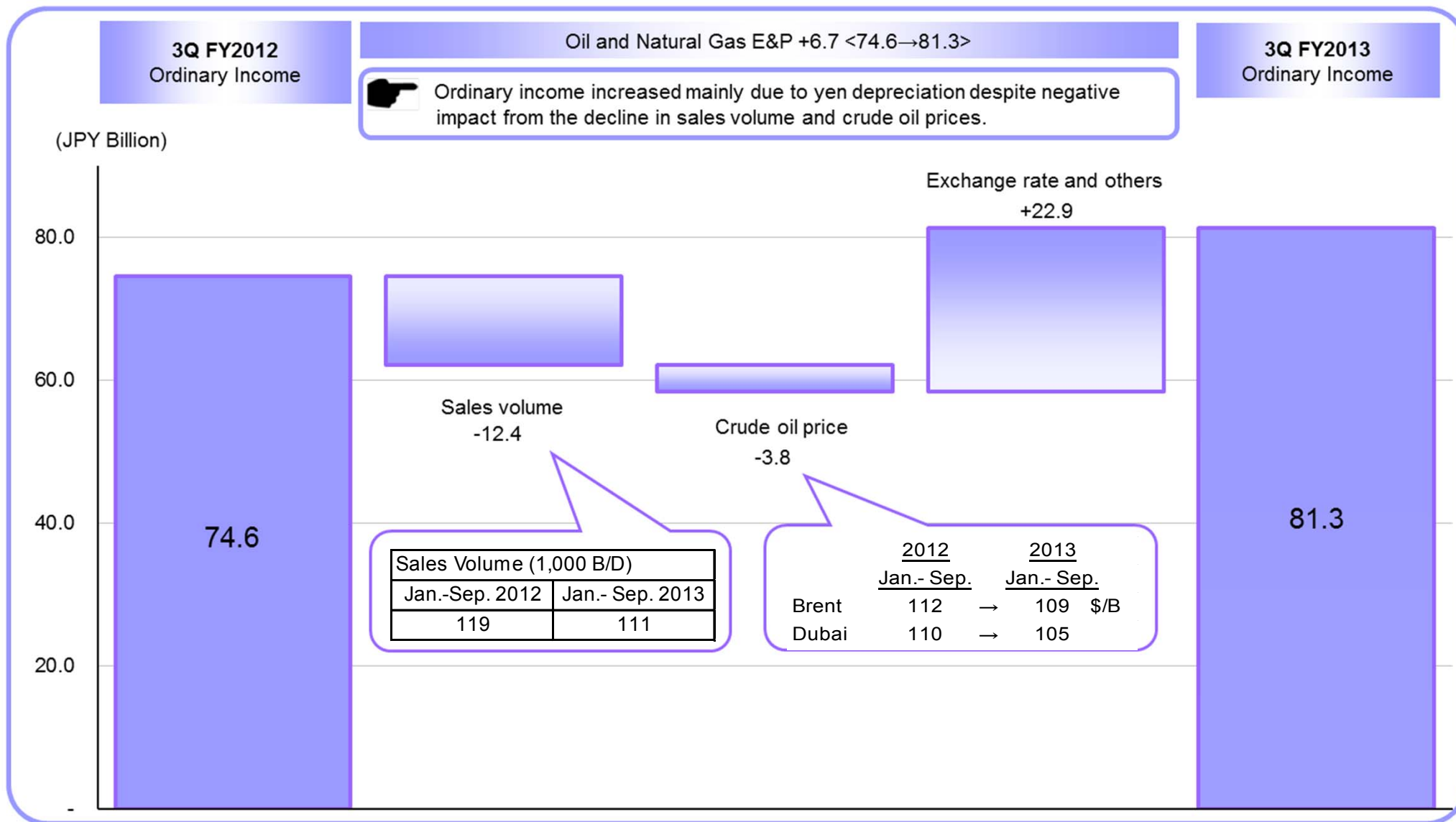
	3Q FY2012 (Actual)	3Q FY2013 (Actual)	Changes	
	JPY Billion	JPY Billion	JPY Billion	
Energy	61.0	112.6	+51.6	+85%
- Inventory Valuation	(11.8)	93.8	+105.6	-
Excl. Inventory Valuation	72.8	18.8	-54.0	-74%
- Petroleum Products	51.6	(39.6)	-91.2	-
- Petrochemicals	21.2	58.4	+37.2	+175%
Oil and Natural Gas E&P	74.6	81.3	+6.7	+9%
Metals	32.2	36.1	+3.9	+12%
- Inventory Valuation	(2.3)	3.3	+5.6	-
Excl. Inventory Valuation	34.5	32.8	-1.7	-5%
Others	20.0	25.9	+5.9	+30%
Total	187.8	255.9	+68.1	+36%
Excl. Inventory Valuation	201.9	158.8	-43.1	-21%



# 3Q FY2012 vs. 3Q FY2013

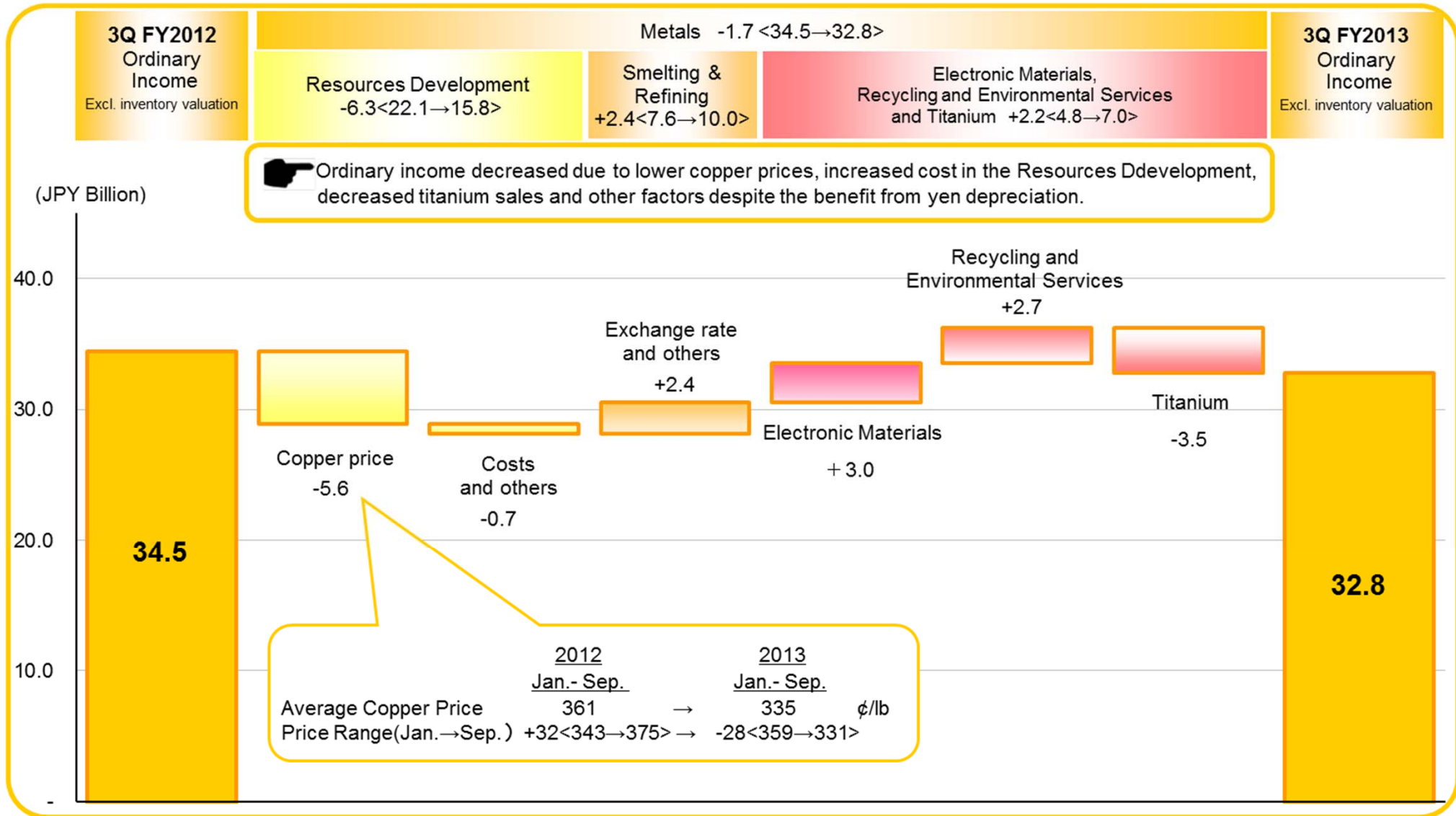
## Changes in Ordinary Income - Energy Business -





3Q FY2012 vs. 3Q FY2013

# Changes in Ordinary Income - Metals Business-

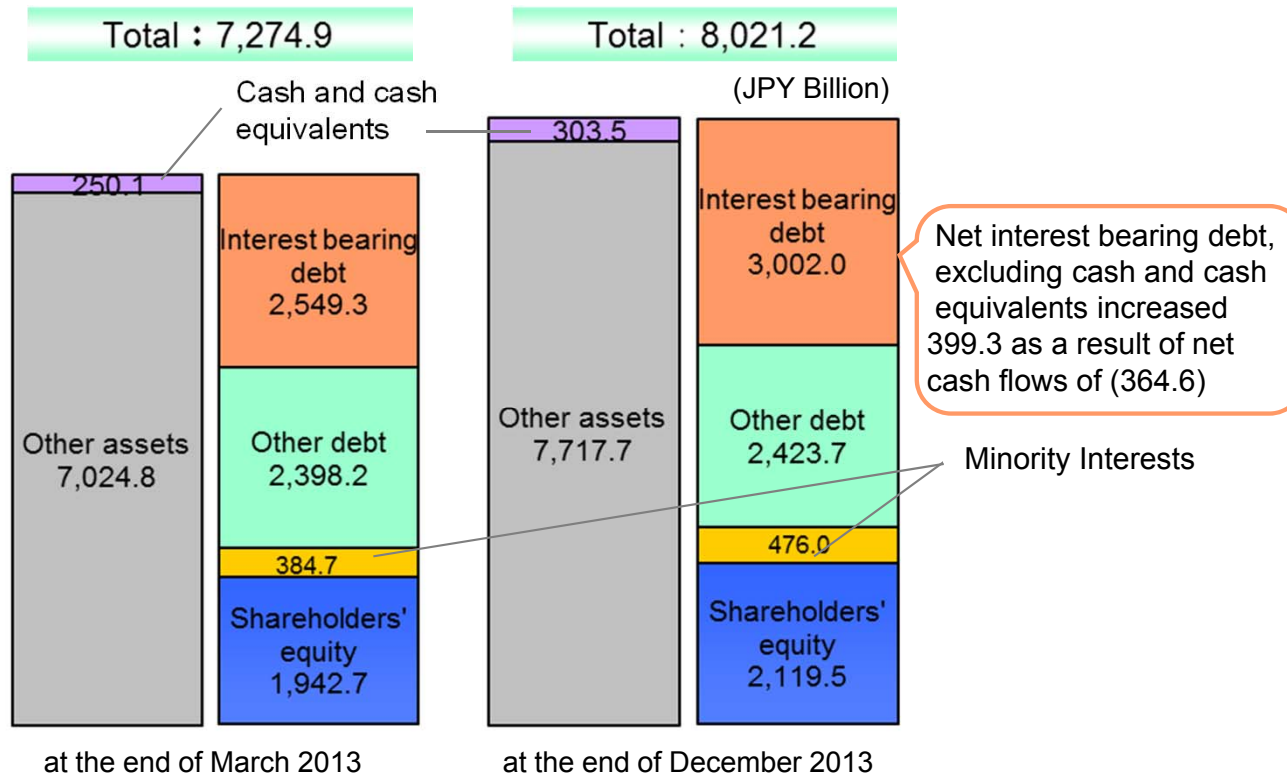


# Consolidated Balance Sheets

## Consolidated Statement of Cash Flows



### Consolidated Balance Sheets



### Consolidated Cash Flows

(JPY Billion)

Ordinary income	255.9
Depreciation and amortization	137.8
Working capital	(336.5)
Corporate tax and others	(61.9)
Cash flows from operating activities	(4.7)
Cash flows from investing activities	(358.0)
Free cash flows	(362.7)
Dividends and others	(1.9)
Net cash flows	(364.6)

A seasonal increase in working capital caused by increased inventory of kerosene for demand in winter

	At the end of March 2013 (Actual)	At the end of December 2013 (Actual)
Shareholders' equity ratio	26.7%	26.4%
Net D/E ratio	1.18	1.27

## Forecast for FY2013

- From April 1, 2013 to March 31, 2014 -

- ✓ The assumptions for the period from January to March 2014 has been reviewed reflecting the current resource prices and exchange rate.
- ✓ Ordinary income remains same as the previous forecast. However, ordinary income excluding inventory valuation factors is expected to decrease compared to the previous forecast mainly due to lower margins for petroleum products.

### Assumptions for the Period from January to March 2014

- Crude Oil Price (Dubai) : 105\$/bbl
- Copper Price : 320¢/lb
- Exchange Rate : 100Yen/\$

#### Assumptions for the Previous Forecast

(From October 2013 to March 2014 )

- Crude Oil Price : 100\$/bbl
- Copper Price : 320¢/lb
- Exchange Rate : 95Yen/\$

# Outline of FY2013 Forecast



\* Average from March to February  
(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
Net Income

## FY2013 Previous Forecast (announced in Nov.)

	102
Jan.-Dec. 2013	<331> 321
Jan.-Dec. 2013	< 96> 97
JPY Billion	11,860.0
	215.0
	85.0
	300.0
	40.0
	260.0
	(25.0)
	150.0

## FY2013 Revised Forecast

	105
Jan.-Dec. 2013	<332> 322
Jan.-Dec. 2013	< 98> 100
JPY Billion	12,300.0
	215.0
	85.0
	300.0
	100.0
	200.0
	(30.0)
	150.0

## Changes

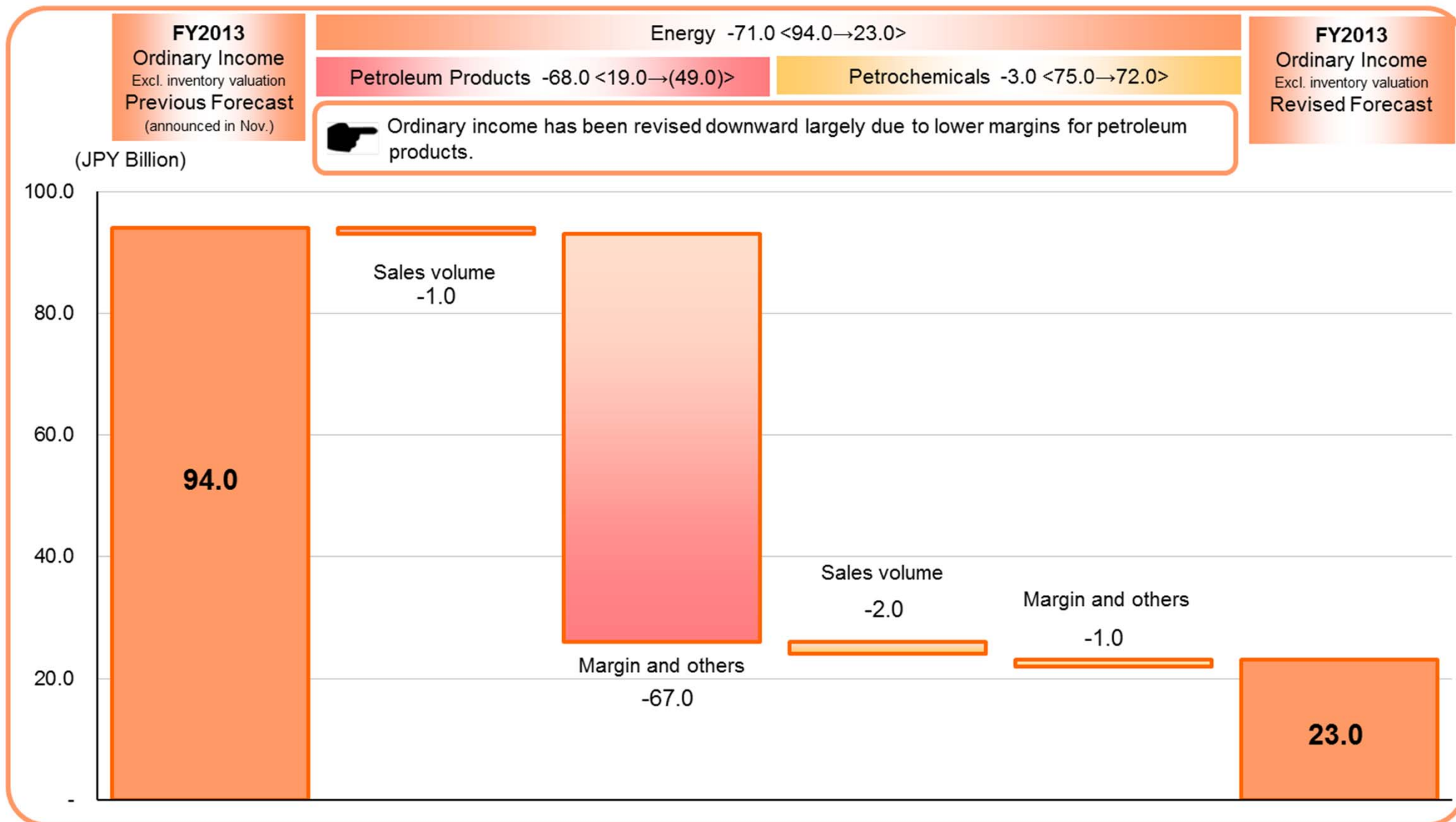
	+3	+3%
<+1>	+1	<+0%> +0%
<+2>	+3	<+2%> +3%
JPY Billion	+440.0	+4%
	±0.0	±0%
	±0.0	±0%
	±0.0	±0%
	+60.0	+150%
	-60.0	-23%
	-5.0	-
	±0.0	±0%

# FY2013 Previous Forecast vs. FY2013 Revised Forecast Changes in Ordinary Income by Segment

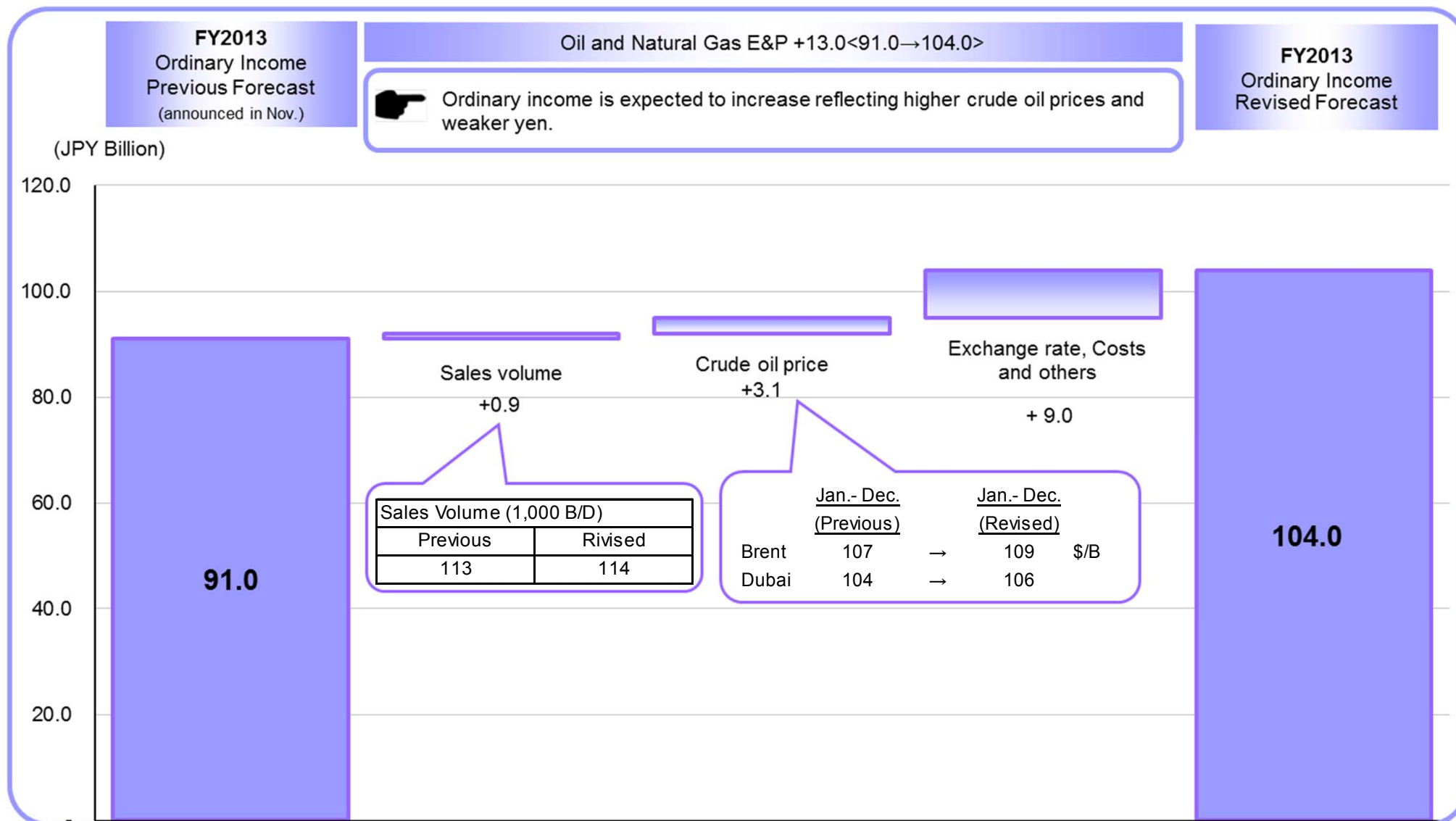


	FY2013 Previous Forecast (announced in Nov.)	FY2013 Revised Forecast	Changes	
	JPY Billion	JPY Billion	JPY Billion	
Energy	132.0	120.0	-12.0	-9%
- Inventory Valuation	38.0	97.0	+59.0	+155%
Excl. Inventory Valuation	94.0	23.0	-71.0	-76%
- Petroleum Products	19.0	(49.0)	-68.0	-358%
- Petrochemicals	75.0	72.0	-3.0	-4%
Oil and Natural Gas E&P	91.0	104.0	+13.0	+14%
Metals	44.0	44.0	±0.0	±0%
- Inventory Valuation	2.0	3.0	+1.0	+50%
Excl. Inventory Valuation	42.0	41.0	-1.0	-2%
Others	33.0	32.0	-1.0	-3%
Total	300.0	300.0	±0.0	±0%
Excl. Inventory Valuation	260.0	200.0	-60.0	-23%

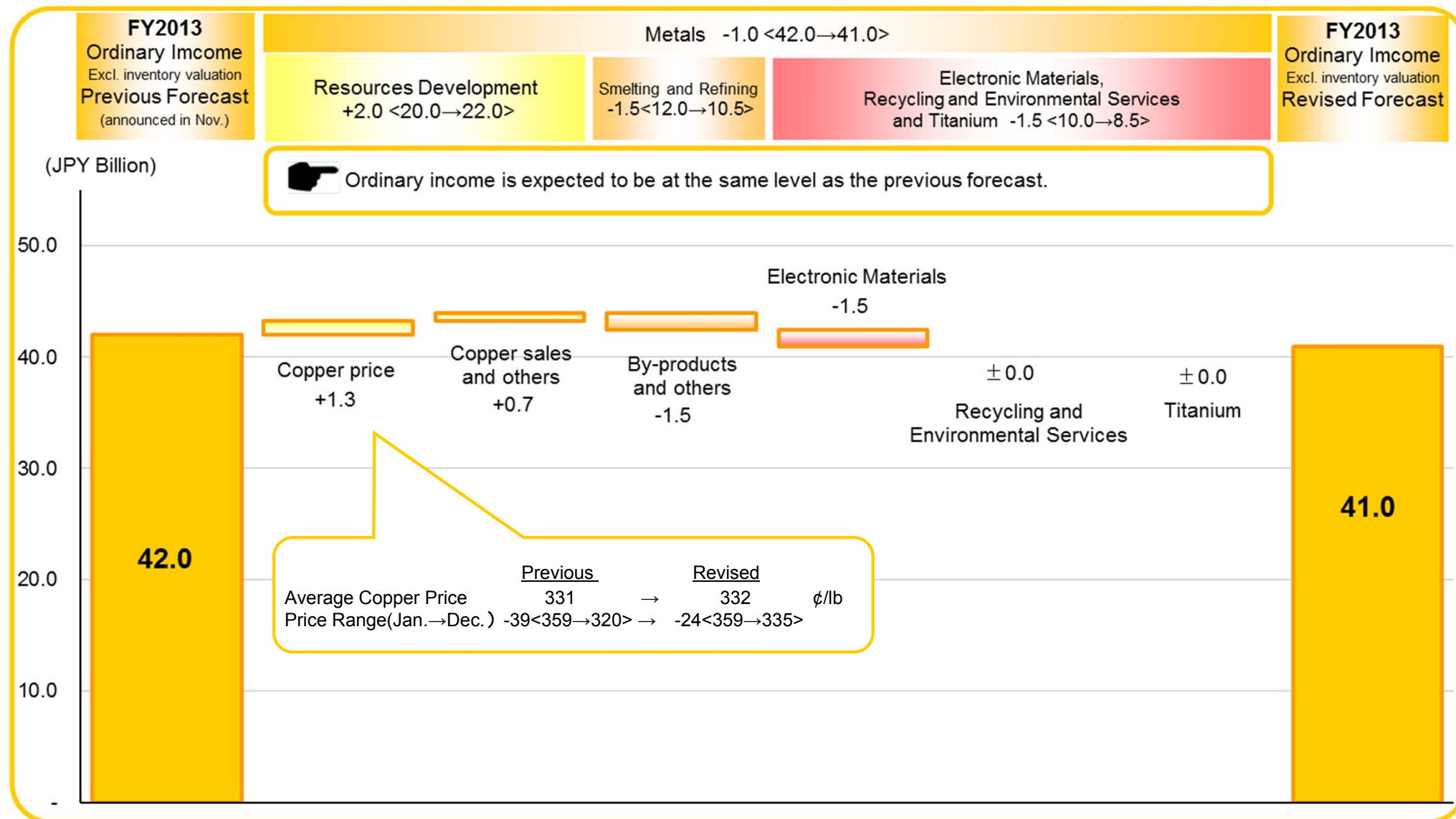
# FY2013 Previous Forecast vs. FY2013 Revised Forecast Changes in Ordinary Income - Energy Business -







# FY2013 Previous Forecast vs. FY2013 Revised Forecast Changes in Ordinary Income - Metals Business -



# FY2012 Actual vs. FY2013 Forecast

## Changes in Ordinary Income (Loss) by Segment



	FY2012 Actual	FY2013 Forecast	Changes	
	JPY Billion	JPY Billion	JPY Billion	
Energy	161.6	120.0	-41.6	-26%
- Inventory Valuation	58.8	97.0	+38.2	+65%
Excl. Inventory Valuation	102.8	23.0	-79.8	-78%
- Petroleum Products	56.1	(49.0)	-105.1	-
- Petrochemicals	46.7	72.0	+25.3	+54%
Oil and Natural Gas E&P	93.6	104.0	+10.4	+11%
Metals	44.0	44.0	± 0.0	±0%
- Inventory Valuation	(1.5)	3.0	+4.5	-
Excl. Inventory Valuation	45.5	41.0	-4.5	-10%
Others	29.1	32.0	+2.9	+10%
Total	328.3	300.0	-28.3	-9%
Excl. Inventory Valuation	271.0	200.0	-71.0	-26%

# Key Factors



		FY2012			FY2013		
		1H	3Q [Apr.-Dec.]	Full Year	1H	3Q [Apr.-Dec.]	Full Year
		Actual	Actual	Actual	Actual	Actual	Forecast (announced in Feb.)
All segments	Exchange rate [Yen/\$]	79	80	83	99	99	100
Energy	Crude oil price [Dubai][Apr.-Mar.]* [\$/bb]	108	109	109	103	104	105
Oil and Natural Gas E&P	Sales volume <Crude oil equivalent> [1,000 bbl/day]	121	119	117	110	111	114
	Crude oil price [Brent] [Jan.-Dec.] [\$/bb]	113	112	109	108	109	109
Metals	Copper price [LME] [Jan.-Dec.] [¢/lb]	367	361	361	342	335	332
	Equity entitled copper mine production [1,000 tons/period · year]	52	69	105	59	91	127
	PPC copper cathode sales [1,000 tons/period · year]	267	393	551	289	434	589
	Treated rolled copper foil sales [1,000 km/month]	2.7	2.8	2.7	3.0	3.1	3.0
	Precision rolled products sales [1,000 tons/month]	3.5	3.4	3.3	3.4	3.5	3.5
	Gold recovery volume by Recycling & Environmental Services [tons/period · year]	2.9	4.3	5.8	3.1	4.6	5.9

\*1 Crude oil arrival basis



# Sensitivity Analysis (FY2013 basis)

## ■ Assumptions (From January 2014 to March 2014)

Exchange Rate : 100Yen/\$

Crude Oil : 105\$/bbl  
(Dubai spot)

Copper Price (LME) : 320 ¢/lb

## ■ Sensitivity Analysis (Only for Fiscal 2013)

\*effects on ordinary income for three months of 4Q FY2013

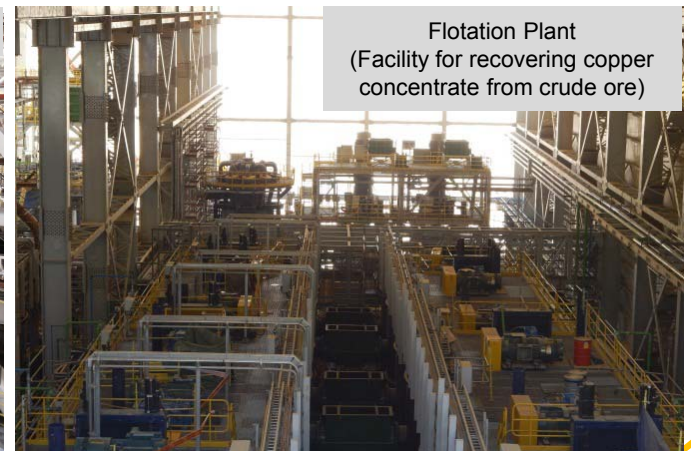
Key Factors	Appreciation	Segment	Impact (JPY Billion)
Exchange Rate	+1 Yen/\$ yen depreciation	Energy (In-house fuel costs rise, margin improvement in petrochemicals)	±0.0
		Oil and Natural Gas E&P (foreign currency translation at the end of term)	-0.1
		Metals (Margin improvement, exchange gain)	+0.1
		Subtotal	±0.0
		Inventory valuation gain	+6.0
		<b>Total</b>	<b>+6.0</b>
Crude Oil (Dubai spot)	+1\$/bbl	Energy (In-house fuel costs rise)	-0.5
		Inventory valuation gain	+5.5
		<b>Total</b>	<b>+5.0</b>
Copper Price (LME)	+10¢/lb	Metals	±0.0
		<b>Total</b>	<b>±0.0</b>

# Progress of Major Project – Metals (1)

## Metals

### Caserones Copper Mine Project (Chile) (1)

◆ In the final stage towards copper concentrate production start



## Metals

### Caserones Copper Mine Project (Chile) (2)

- ◆ 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 businesses

➤ Initial Investment    US\$ 4.2 billion

➤ Mine Life                28 years from 2013 to 2040

Start of Copper Cathode Production by SX-EW Process : March 2013

Ore Processing Test Run : February 2014 (scheduled)

➤ Production Plan

		Average (First 10 years)	Average (28years)	Total (28years)
Copper	Copper Concentrate	150 kt/year	110 kt/year	3,140 kt
	Copper Cathode by SX-EW Process	30 kt/year	10 kt/year	410 kt
	Total	180 kt/year	120 kt/year	3,550 kt
Molybdenum		3 kt/year	3 kt/year	87 kt

# Progress of Major Project - Energy, Oil and Natural Gas E&P



## Energy

### Paraxylene Project (Korea)

#### ◆ Construction work proceeding smoothly

May 2014 Completion of the plant construction (scheduled)

August 2014 Start of commercial production (scheduled)

#### ➤ JX Group's production capacity will increase to 3,120kt/year

Capacity : 1,000kt/year

Investment : approx. 80 billion JPY

Ownership : JX Nippon Oil & Energy 50% -1 share

SK Global Chemical 50%+1 share



## Oil and Natural Gas E&P

### LNG Project (Papua New Guinea)

#### ◆ Completed sales contracts for 6,500kt of LNG

#### ◆ Development going well towards the first shipment

The first shipment is scheduled in the second half of 2014

#### ➤ Stable supply of LNG for the East Asian customers

Capacity : 6,900kt/year Ownership : 4.68% Operator : Exxon Mobil







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.