
■ JX Holdings (5020) Analysts' Meeting Q&A for the Fiscal Year ended March 31, 2015

1. Date & time: Monday, May 11, 2015 (16:00—17:30)
 2. Attendees: 179
 3. Principal questions:
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—This document contains forward-looking statements. A cautionary statement appears in the endnote.—

Q. In the fiscal 2015 full year forecast announced by the company, you forecasted a ¥34.8 billion year-on-year increase in ordinary income excluding inventory valuation. What are the major factors for this?

A. We expect profits in the upstream business to drop due to the decline in resource prices, but we expect an increase in overall ordinary income due to the increase in profits in midstream and downstream businesses.

The main factors for the increase in profits in midstream and downstream businesses include the slight improvement in the petroleum product margin in the Energy Business, the fuel cost reduction due to the decline in crude oil prices, cost reductions due to improvements in the supply chain, an increase in sales of electronic materials in the Metals business, higher smelting margins, the impact of the weak yen, and other factors.

Q. With respect to the Caserones Copper Mine Project, when you announced third quarter results, you noted that the timing of full-scale operations would likely be roughly 6 months delayed from February 2015. Please tell us how things have progressed since then.

A. Currently, it is taking time to work on things such as preparing the tailing deposit site for the waste produced during the copper concentrate production process, and the Group gathering its collective strength to tackle this issue.

There was torrential rain in Chile at the end of March. As a result, there has been a slight delay in the preparation of the tailing deposit site, but we are doing everything we can to achieve full-scale operations on the schedule (approximately 6 months) we discussed when we announced third quarter operating results.

Q. Resource prices, such as the prices of crude oil and copper, are at low levels. Are there any changes to your capital investment policy?

A. With respect to capital investment in the Second Medium-Term Management Plan, while there has been some delay in the Caserones Copper Mine development, during fiscal 2014 we completed some large projects, such as the LNG project in Papua New Guinea, and the paraxylene project in South Korea.

We are currently in the process of formulating the Third Medium-Term Management Plan which will start from next fiscal year. While we will continue to carry out capital investment targeting growth, we plan to suppress the total amount of investment during that period.

Q. Have you made any changes to your shareholder return policy discussed in the Second Medium-Term Management Plan?

A. We have made no changes to our shareholder return policy as discussed in our Second Medium-Term Management Plan. We are currently planning to pay an annual dividend of ¥16 per share for fiscal 2015.

This document contains forward-looking statements. Actual results may differ materially from those expressed or implied by forward-looking statements due to various factors, including but not limited to the following:

- (1) macroeconomic conditions and changes in the competitive environment in the energy, resources, or materials industries;
- (2) revision of laws and tightening of regulations;
- (3) risk of lawsuits and other legal risks.