

Security Code

Tokyo 5020

Financial Results for 3Q FY 2016

- From April 1, 2016 to December 31, 2016 -

Director, Senior Vice President

Kunimitsu Oba

February 7, 2017



The Future of Energy, Resources and Materials

JX Holdings, Inc.

Financial Results/Forecast

- Business Environment
- Financial Results for FY 3Q 2016
- Forecast for FY2016
- Current Situation of Caserones Copper Mine

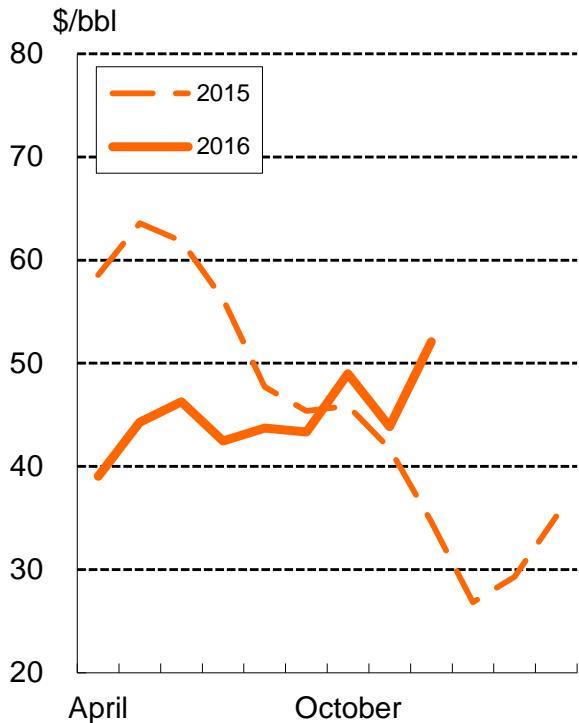
Reference

- Basic policies in FY2016
- Initiatives in FY2016
- Major Topics
- Key Factors
- Sensitivity Analysis

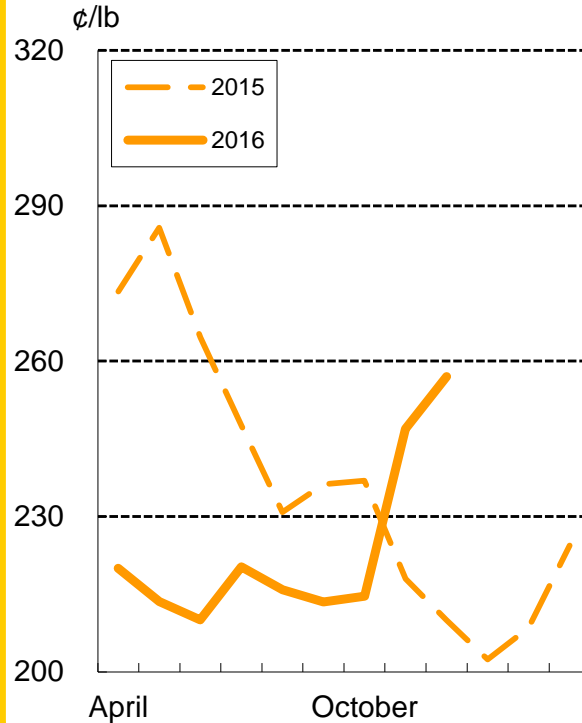


Business Environment 1 (Crude Oil, Copper(LME), FX)

Dubai Crude Oil



Copper (LME)



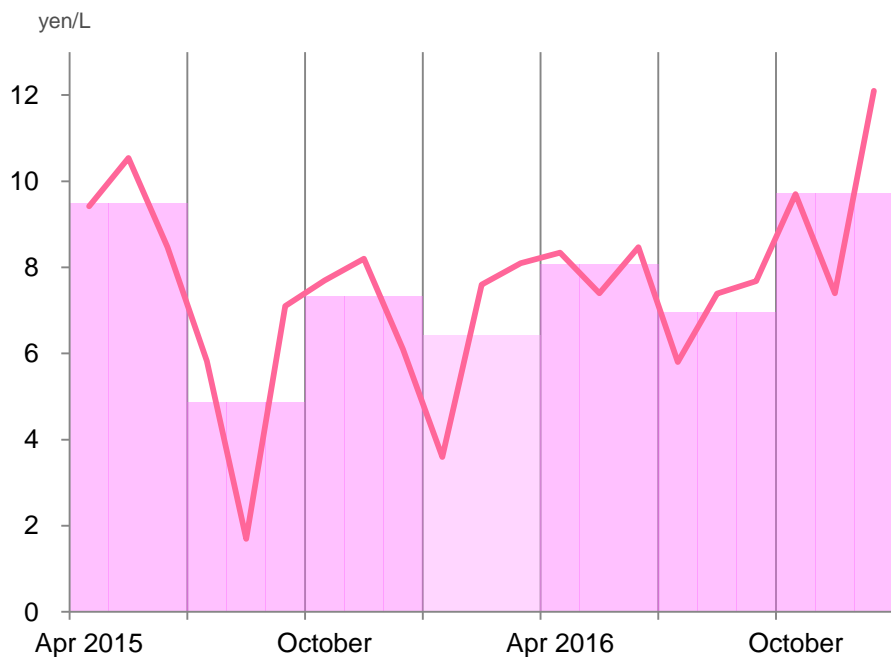
Exchange Rate



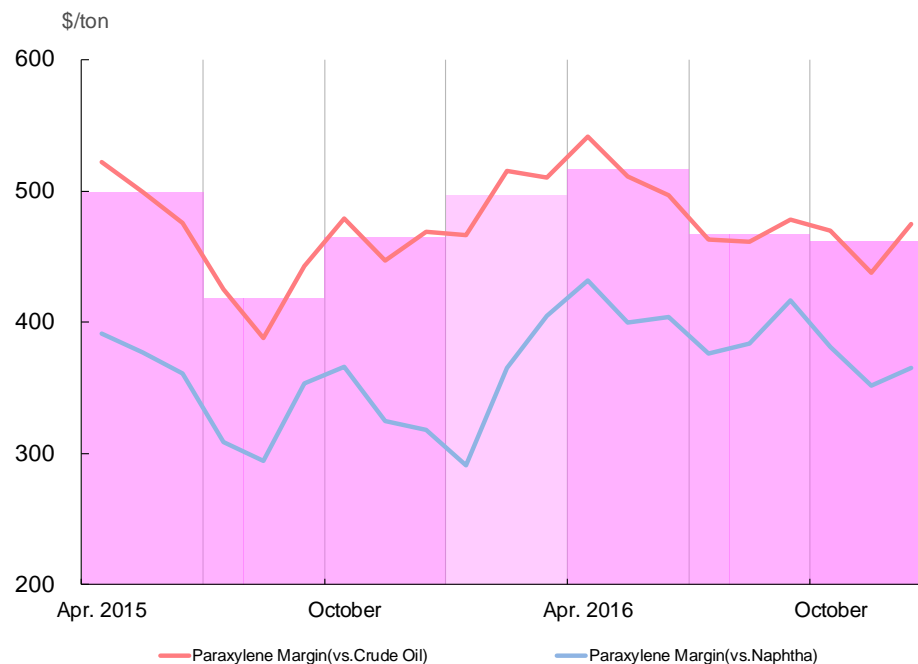
Business Environment 2 Margin of Petroleum Products and Paraxylene



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.



Financial Results for 3Q FY2016 (April 1, 2016 - December 31, 2016)

Outline of 3Q FY2016

* 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
Profit attributable to owners of parent

3Q FY2015 (Actual)	
	53
Jan.-Sep.2015	<259> 245
Jan.-Sep.2015	<121> 122
	JPY Billion
	6,689.0
	(79.3)
	26.4
	(52.9)
	(211.6)
	158.7
	(87.6)
	(113.4)

3Q FY2016 (Actual)	
	43
Jan.-Sep.2016	<214> 224
Jan.-Sep.2016	<109> 107
	JPY Billion
	5,777.4
	170.9
	20.5
	191.4
	54.4
	137.0
	(24.4)
	94.5

Changes			
	-10		-19%
<-45>	-21	<-17%>	-9%
<-12>	-15	<-10%>	-12%
	JPY Billion		
	-911.6		-14%
	+250.2		-
	-5.9		-22%
	+244.3		-
	+266.0		-
	-21.7		-14%
	+63.2		-
	+207.9		-

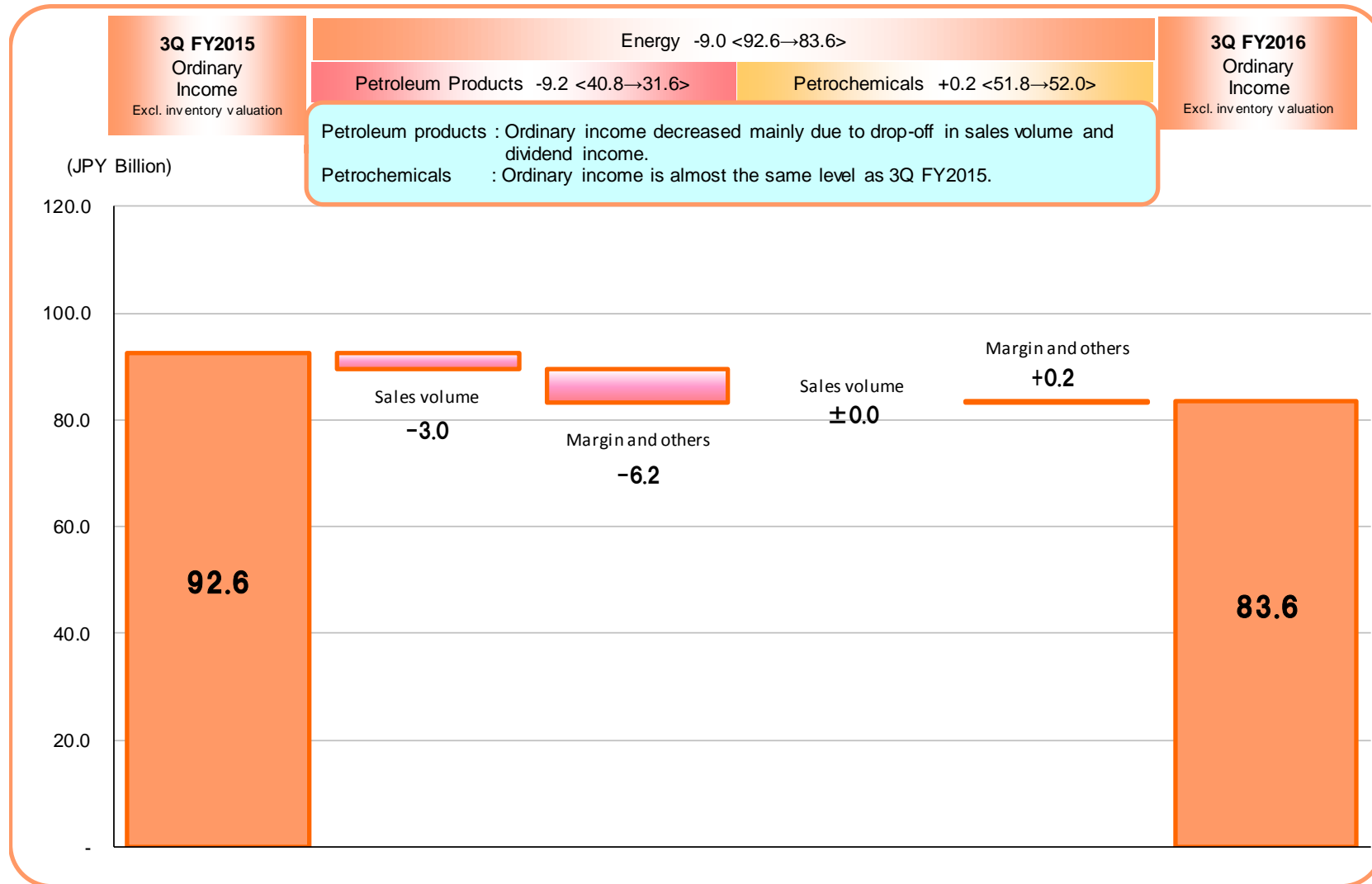
3Q FY2015 Actual vs. 3Q FY2016 Actual Changes in Ordinary Income (Loss) by Segment

	3Q FY2015 (Actual)	3Q FY2016 (Actual)	Changes	
	JPY Billion	JPY Billion	JPY Billion	
Energy	(115.5)	139.8	+255.3	-
- Inventory Valuation	(208.1)	56.2	+264.3	-
Excl. Inventory Valuation	92.6	83.6	-9.0	-10%
- Petroleum Products	40.8	31.6	-9.2	-23%
- Petrochemicals	51.8	52.0	+0.2	+0%
Oil and Natural Gas E&P	21.6	8.5	-13.1	-61%
Metals	8.8	11.2	+2.4	+27%
- Inventory Valuation	(3.5)	(1.8)	+1.7	-
Excl. Inventory Valuation	12.3	13.0	+0.7	+6%
- Upstream	(18.3)	(26.8)	-8.5	-
- Mid/downstream	30.6	39.8	+9.2	+30%
Others	32.2	31.9	-0.3	-1%
Total	(52.9)	191.4	+244.3	-
Excl. Inventory Valuation	158.7	137.0	-21.7	-14%



3Q FY2015 Actual vs. 3Q FY2016 Actual

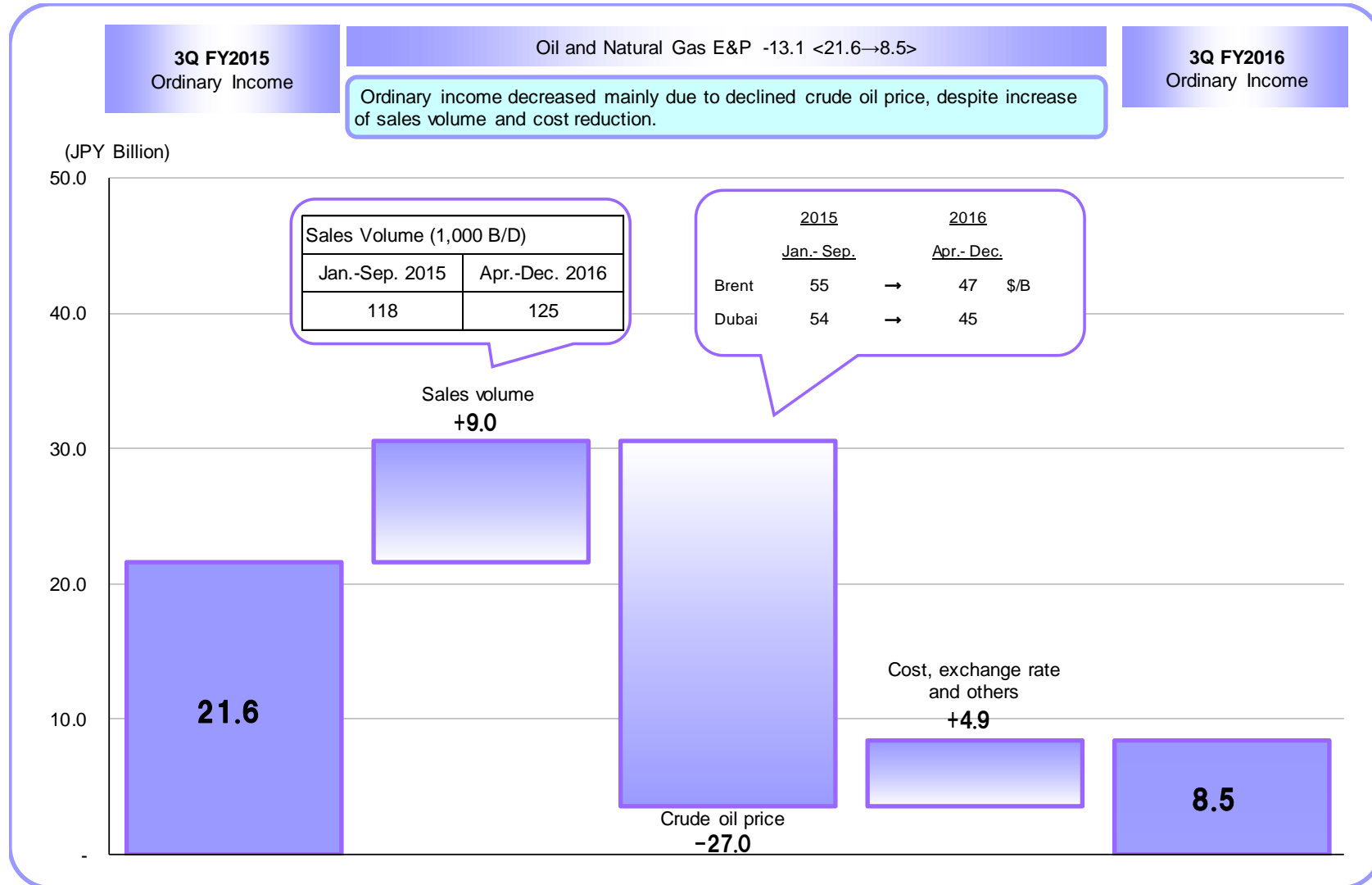
Changes in Ordinary Income - Energy Business -





3Q FY2015 Actual vs. 3Q FY2016 Actual

Changes in Ordinary Income - Oil and Natural Gas E&P Business -

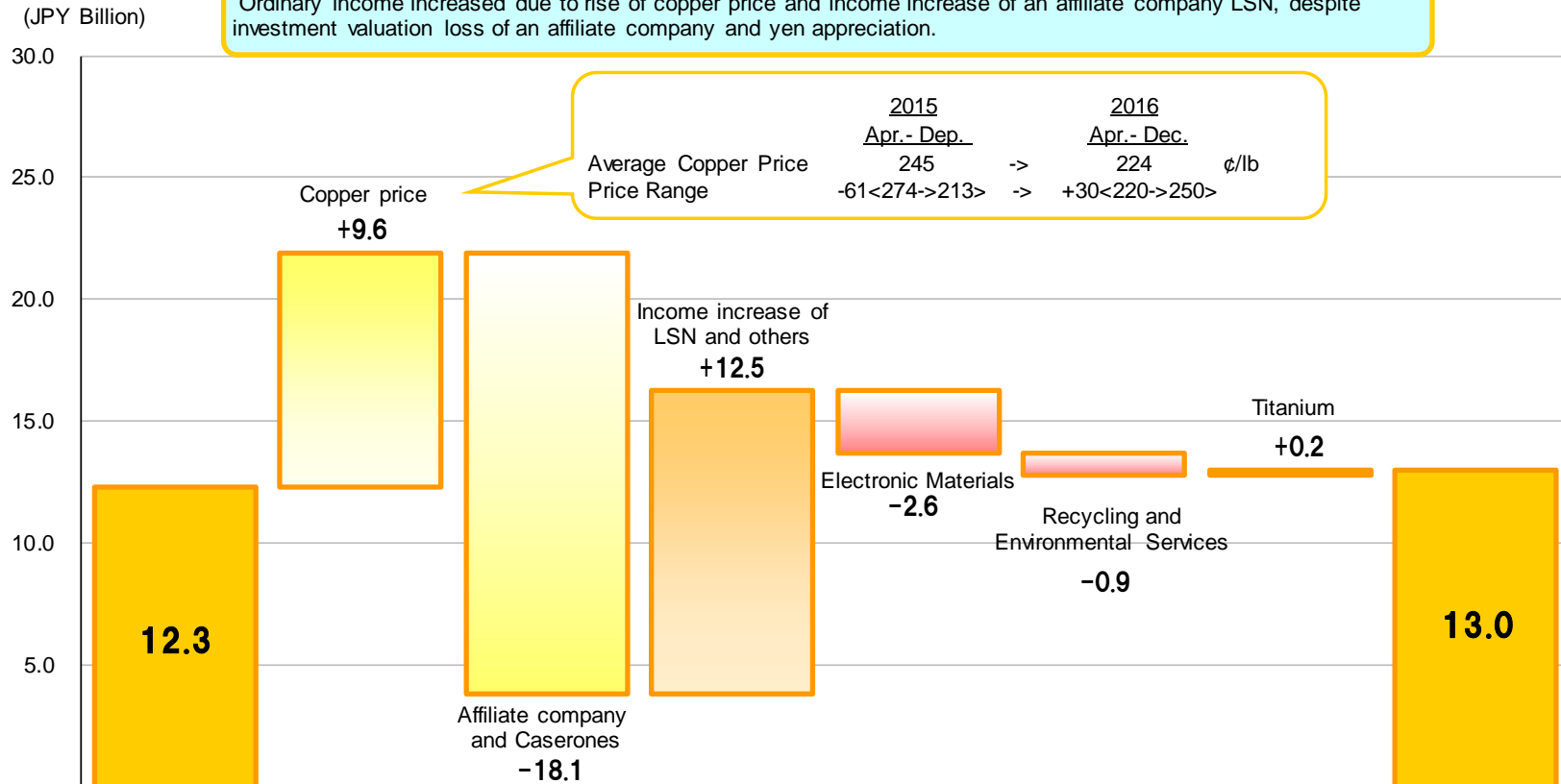


3Q FY2015 Actual vs. 3Q FY2016 Actual Changes in Ordinary Income - Metals Business-



3Q FY2015 Ordinary Income Excl. inventory valuation	Metals +0.7 <12.3→13.0>			3Q FY2016 Ordinary Income Excl. inventory valuation
	Resources Development -8.5<(18.3) →(26.8)>	Smelting & Refining +12.5<8.0→20.5>	Electronic Materials, Recycling and Environmental Services and Titanium -3.3<22.6→19.3>	

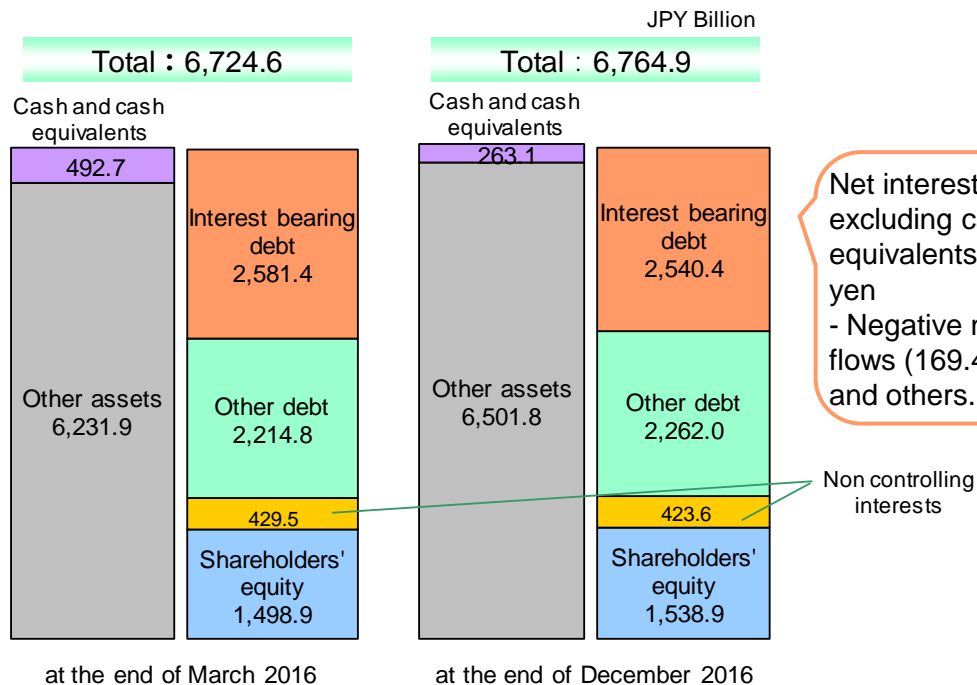
Ordinary income increased due to rise of copper price and income increase of an affiliate company LSN, despite investment valuation loss of an affiliate company and yen appreciation.



Consolidated Balance Sheets
Consolidated Statement of Cash Flows



Consolidated Balance Sheets



Net interest bearing debt, excluding cash and cash equivalents +188.6 billion yen
- Negative net cash flows (169.4 billion yen) and others.

Consolidated Cash Flows

3Q FY2016 (JPY Billion)

Ordinary income	191.4
Depreciation and amortization	173.2
Working capital and others	(263.9)
Cash flows from operating activities	100.7
Cash flows from investing activities	(209.3)
Free cash flows	(108.6)
Dividends and others	(60.8)
Net cash flows	(169.4)

	At the end of March 2016 (Actual)	At the end of December 2016 (Actual)
Shareholders' equity ratio	22.3%	22.7%
Net D/E ratio	1.39	1.48



Forecast for FY2016

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

✓ Key Factors (January - March 2017)

Exchange Rate: 110Yen/\$

Crude Oil: 50\$/bbl
(Dubai spot)

Copper Price (LME): 250 ¢/lb

Outline of FY2016 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

Profit attributable to owners of parent

FY2016 Previous Forecast (Announced in Nov.)

	43
Jan.-Dec. 2016	<213> 213
Jan.-Dec. 2016	<108> 105
JPY Billion	8,000.0
	190.0
	40.0
	230.0
	50.0
	180.0
	(45.0)
	100.0

Changes

	+2
<+8>	+17
<+1>	+3
JPY Billion	+130.0
	+80.0
	-10.0
	+70.0
	+60.0
	+10.0
	+5.0
	+50.0

FY2016 Revised Forecast

	45
Jan.-Dec. 2016	<221> 230
Jan.-Dec. 2016	<109> 108
JPY Billion	8,130.0
	270.0
	30.0
	300.0
	110.0
	190.0
	(40.0)
	150.0

(Reference) FY2015 Actual

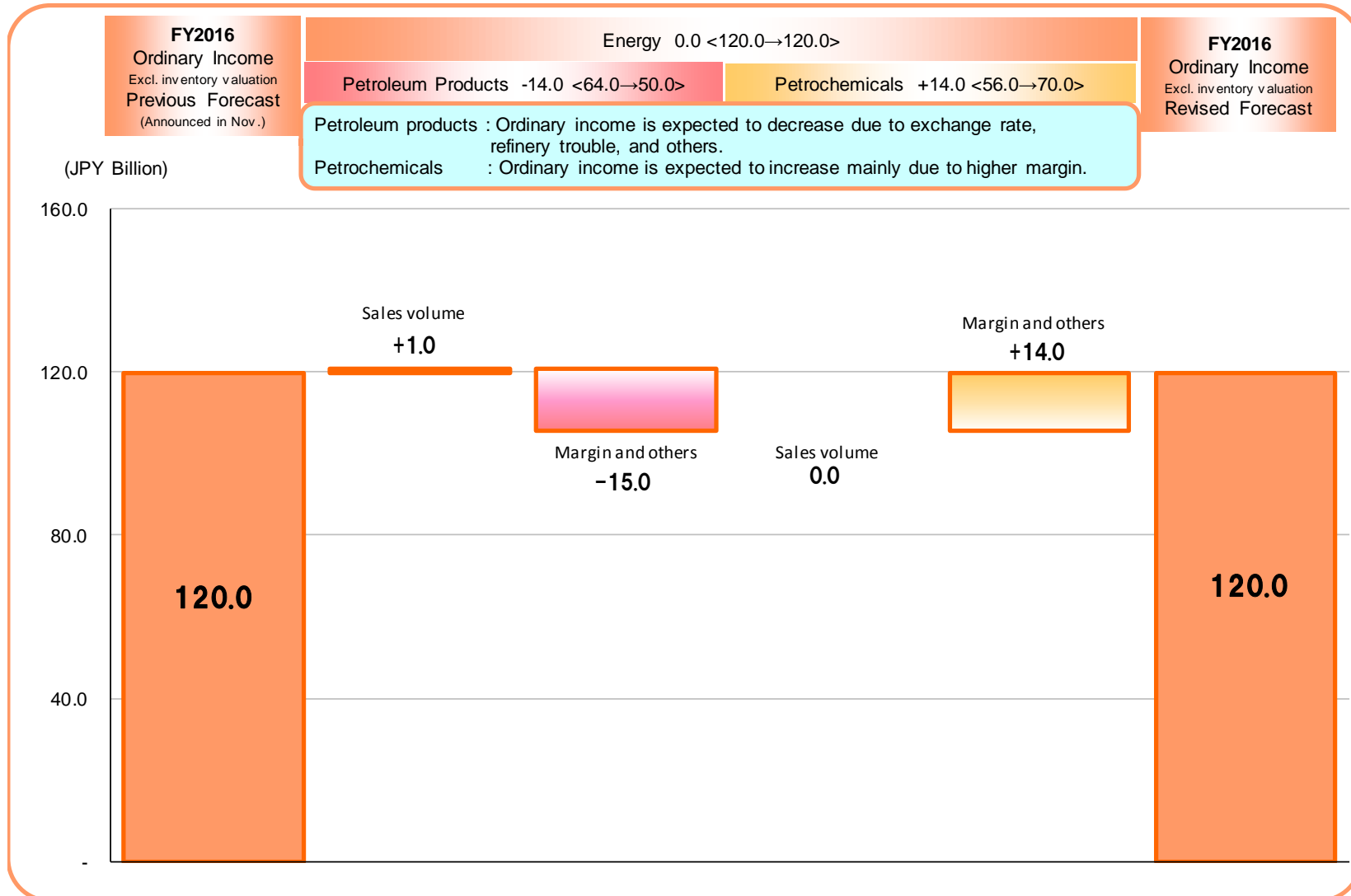
	47
Jan.-Dec. 2015	<250> 237
Jan.-Dec. 2015	<121> 120
	8,737.8
	(62.2)
	53.6
	(8.6)
	(269.5)
	260.9
	(321.4)
	(278.5)

FY2016 Previous Forecast vs. FY2016 Revised Forecast

Changes in Ordinary Income (Loss) by Segment

	FY2016 Previous Forecast (Announced in Nov.)	Changes	FY2016 Revised Forecast	(Reference) FY2015 Actual
	JPY Billion	JPY Billion	JPY Billion	
Energy	165.0	+60.0	225.0	(97.1)
- Inventory Valuation	45.0	+60.0	105.0	(263.8)
Excl. Inventory Valuation	120.0	-	120.0	166.7
- Petroleum Products	64.0	-14.0	50.0	89.1
- Petrochemicals	56.0	+14.0	70.0	77.6
Oil and Natural Gas E&P	0.0	+10.0	10.0	28.2
Metals	15.0	+3.0	18.0	13.3
- Inventory Valuation	5.0	-	5.0	(5.7)
Excl. Inventory Valuation	10.0	+3.0	13.0	19.0
- Upstream	(30.0)	-0.5	(30.5)	(24.2)
- Mid/downstream	40.0	+3.5	43.5	43.2
Others	50.0	-3.0	47.0	47.0
Total	230.0	+70.0	300.0	(8.6)
Excl. Inventory Valuation	180.0	+10.0	190.0	260.9

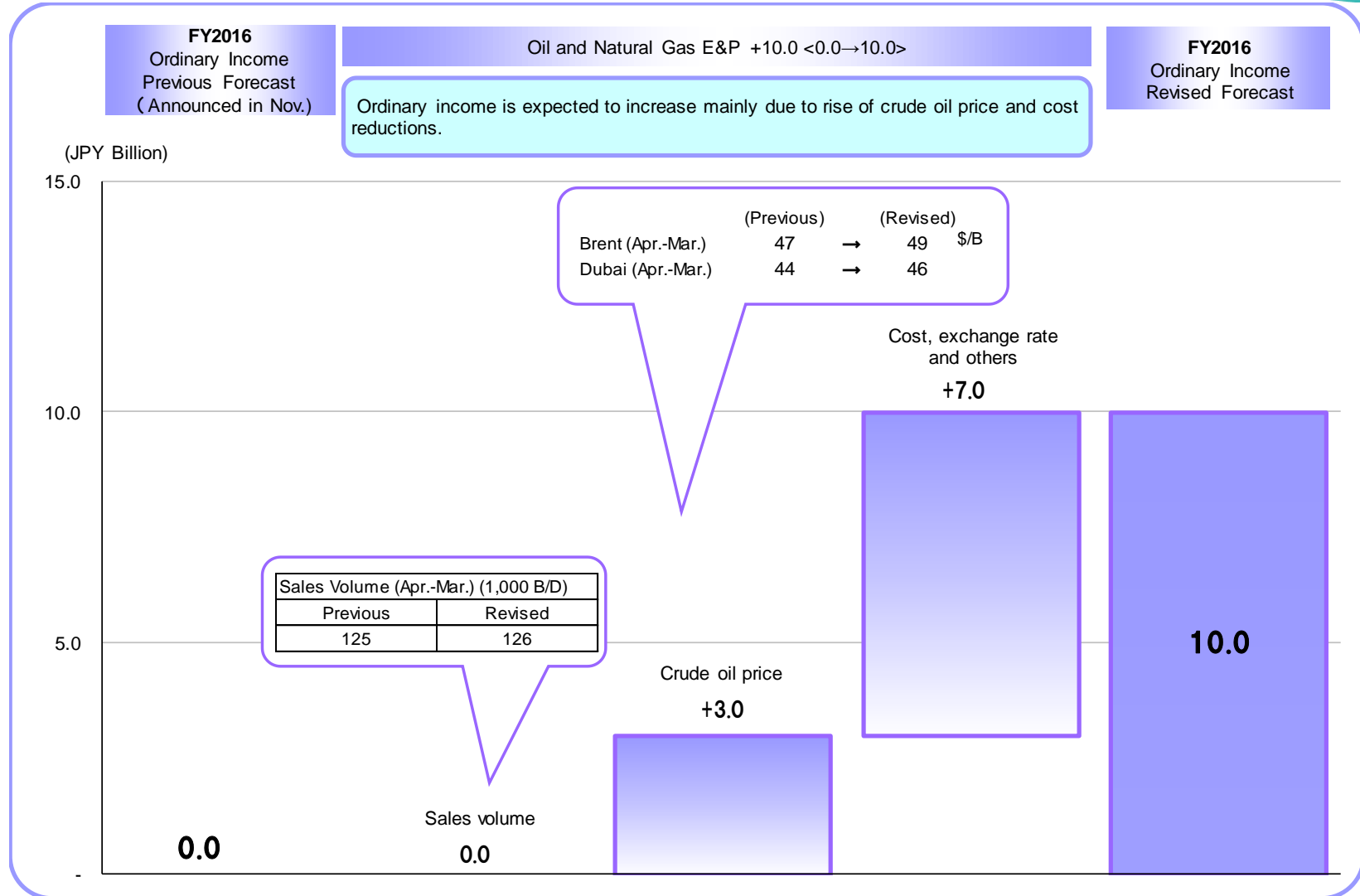
FY2016 Previous Forecast vs. FY2016 Revised Forecast
 Changes in Ordinary Income - Energy Business -





FY2016 Previous Forecast vs. FY2016 Revised Forecast

Changes in Ordinary Income - Oil and Natural Gas E&P Business-

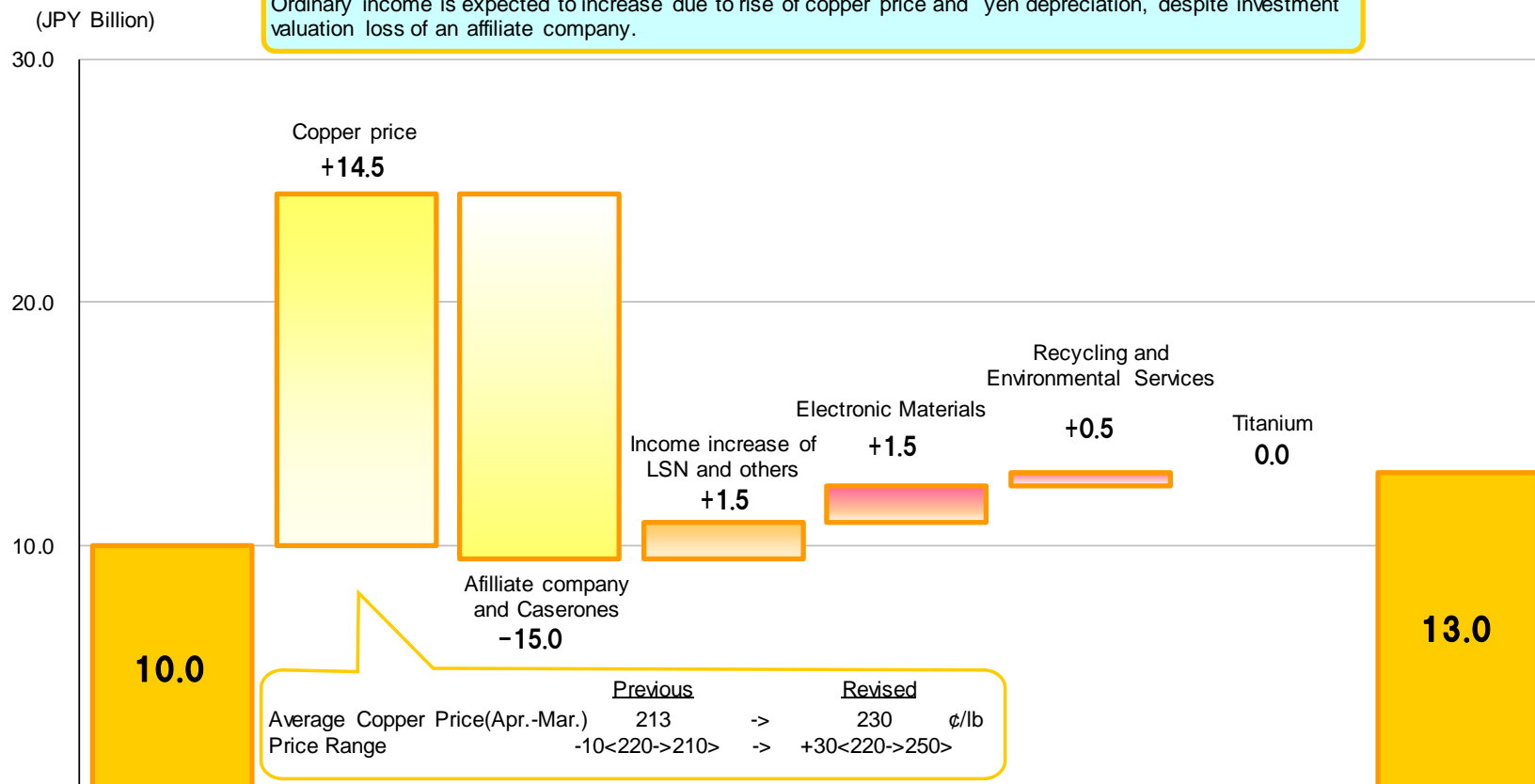




FY2016 Previous Forecast vs. FY2016 Revised Forecast Changes in Ordinary Income - Metals Business -

FY2016 Ordinary Income Excl. inventory valuation Previous Forecast (Announced in Nov.)	Metals +3.0 <10.0→13.0>			FY2016 Ordinary Income Excl. inventory valuation Revised Forecast
	Resources Development -0.5<(30.0)→(30.5)>	Smelting & Refining +1.5<17.0→18.5>	Electronic Materials, Recycling and Environmental Services and Titanium +2.0<23.0→25.0>	

Ordinary income is expected to increase due to rise of copper price and yen depreciation, despite investment valuation loss of an affiliate company.

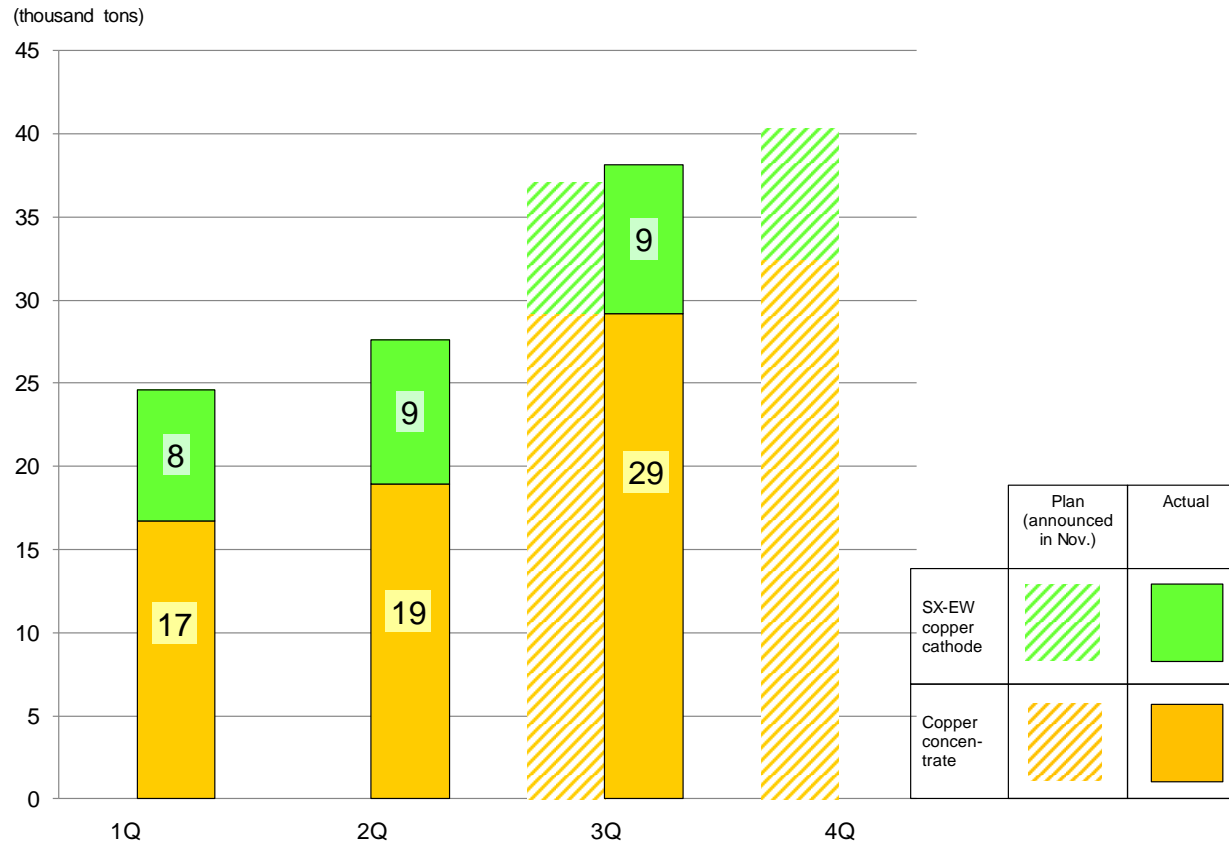




Current Situation of Caserones Copper Mine

- ✓ Further improved in 3Q, compared with 1Q/2Q.
(progressing along with the plan announced in November)
- ✓ Continuing to execute the improvement plan.

Production (Copper concentrate/SX-EW copper cathode)



Basic policies in FY2016

Managerial Resources Allocation, Administration and Generation of Cash Flows

CAPEX

- 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 (progress in 3Q)

Managerial Resources Allocation, Administration and Generation of Cash Flows

CAPEX and asset sales are scheduled to be executed as planned.

Initiatives in each business

Executed business integration agreement with TonenGeneral Sekiyu K.K., JFTC clearance obtained, All required items for the business integration approved at the extraordinary general meeting of shareholders

Energy	<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 retail electricity sales
Oil & Natural Gas E&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 ➤ <u>Completed construction of the post-combustion carbon capture system on CO2-EOR project in the US.</u>
Metals	<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

Major Topics (from April 2016 to January 2017)

JX Holdings

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

*** Concerning Business Integration with TonenGeneral Sekiyu K.K. ***

Aug. Execution of Business Integration Agreement and Other Agreements

Dec. JFTC clearance obtained

Dec. All required items for the business integration approved at the extraordinary general meeting of shareholders

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.

Dec. Opened hydrogen supply station in Ama City in Aichi Prefecture and Koga city in Fukuoka Prefecture.

Jan. Petronas LNG 9 Sdn Bhd commenced commercial operations.

Major Topics (from April 2016 to January 2017)

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.
- Dec. Completed construction of the post-combustion carbon capture system on CO2-EOR project in the US.

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.).
- Oct. Transferred Shares of BioSigma, Chile.
- Jan. Transferred Equity in Changzhou Jinyuan Copper Co., Ltd, China.

Key Factors

		FY2015			FY2016		
		1H	1-3Q	Full Year	1H	1-3Q	Full Year
		Actual	Actual	Actual	Actual	Actual	Forecast (announced in Feb)
All segments	Exchange rate [Yen/\$]	122	122	120	105	107	108
Energy	Crude oil price [Dubai]*1 [\$]/[bb]	57	53	47	42	43	45
Oil and Natural Gas E&P	Sales volume <Crude oil equivalent>*2 [1,000 bbl/day]	116	118	121	118	125	126
	Crude oil price [Brent] *2 [\$]/[bb]	58	55	53	46	47	49
Metals	Copper price [LME] [Apr.-Mar.] [¢/lb]	256	245	237	216	224	230
	Equity entitled copper mine production *3 [1,000 tons/period · year]	81	127	172	93	148	205
	PPC copper cathode sales [1,000 tons/period · year]	308	433	595	309	452	596
	Treated rolled copper foil sales [1,000 km/month]	5.1	4.8	4.9	5.0	4.9	5.0
	Precision rolled products sales [1,000 tons/month]	3.8	3.7	3.7	3.9	4.0	3.9
	Gold recovery volume by Recycling & Environmental Services [tons/period · year]	3.5	5.0	6.4	2.7	3.8	5.7

*1 Crude oil arrival basis

*2

	2015	2016
1H	Jan.-Jun.	Apr.-Sep.
1-3Q	Jan.-Sep.	Apr.-Dec.
Full	Jan.-Dec.	Apr.-Mar.

*3

	Companies closing in Dec.	Companies closing in Mar.
1H	Jan.-Jun.	Apr.-Sep.
1-3Q	Jan.-Sep.	Apr.-Dec.
Full	Jan.-Dec.	Apr.-Mar.

Sensitivity Analysis (FY2016 basis)

■ Key factors (From January to March 2017)

Exchange Rate: 110Yen/\$

Crude Oil : 50\$/bbl
(Dubai spot)

Copper Price (LME) : 250 ¢/lb

■ Sensitivity analysis

Key Factors	Change	Segment	(JPY Billion) Impact
Exchange Rate	5 Yen/\$ yen depreciation	Energy (In-house fuel costs rise, margin improvement in petrochemicals, exchange gain)	+1.0
		Oil and Natural Gas E&P	+0.5
		Metals (Margin improvement, exchange gain)	+0.5
		Subtotal	+2.0
		Inventory valuation loss	+14.0
		Total	+16.0
Crude Oil (Dubai spot)	+5\$/bbl	Energy (In-house fuel costs rise)	-1.0
		Oil and Natural Gas E&P	+2.0
		Subtotal	+1.0
		Inventory valuation loss	+32.0
		Total	+33.0
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.