

JX Group Strategy Presentation

Become a world-leading integrated energy, resources and materials business group

Isao Matsushita

Representative Director, President

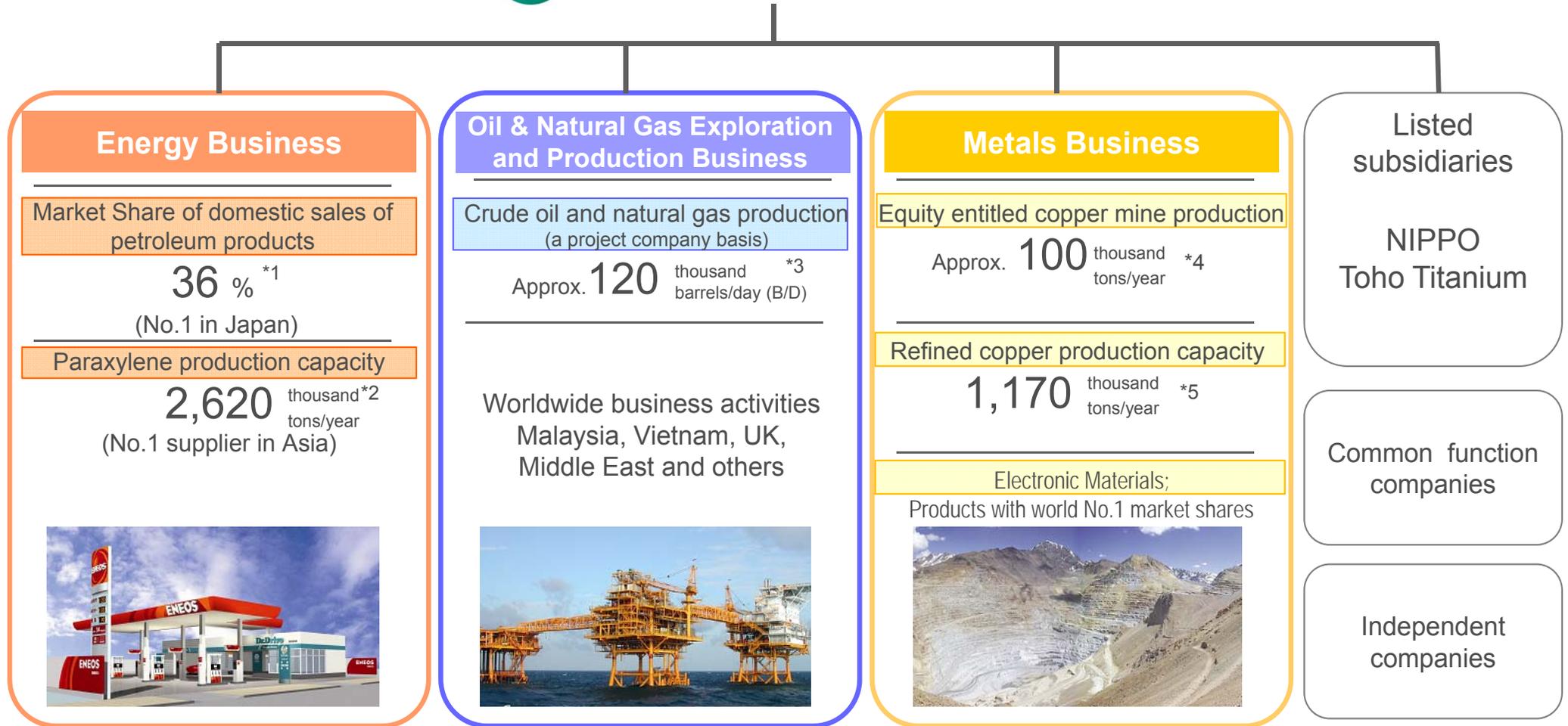
December, 2013



Businesses Summary of JX Group



JX JX Holdings, Inc.



Energy Business

Market Share of domestic sales of petroleum products

36 % ^{*1}

(No.1 in Japan)

Paraxylene production capacity

2,620 thousand ^{*2}
tons/year

(No.1 supplier in Asia)



Oil & Natural Gas Exploration and Production Business

Crude oil and natural gas production
(a project company basis)

Approx. **120** thousand ^{*3}
barrels/day (B/D)

Worldwide business activities
Malaysia, Vietnam, UK,
Middle East and others



Metals Business

Equity entitled copper mine production

Approx. **100** thousand ^{*4}
tons/year

Refined copper production capacity

1,170 thousand ^{*5}
tons/year

Electronic Materials;

Products with world No.1 market shares



Listed subsidiaries

NIPPO
Toho Titanium

Common function companies

Independent companies

*1 FY 2012 actual

*2 As of Mar. 2013

*3 Crude Oil Equivalent (Average daily production from Jan. to Dec. 2012)

*4 Production from Jan. to Dec 2012

*5 Pan Pacific Copper(66.0% equity stake) ; 610 thousand tons/year + LS-Nikko Copper(39.9% equity stake) ;560 thousand tons/year (As of Mar. 2013)

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1. Summary of 1st Medium-Term Management Plan



Policy 1 : Dramatical Transformation in Petroleum Refining & Marketing Business

✓ Capacity Reduction Plan

(JX)

2008.Dec. 2014.Apr.

1,790 ⇒ 1,210 thousand BD

(Ref. Japan Total)

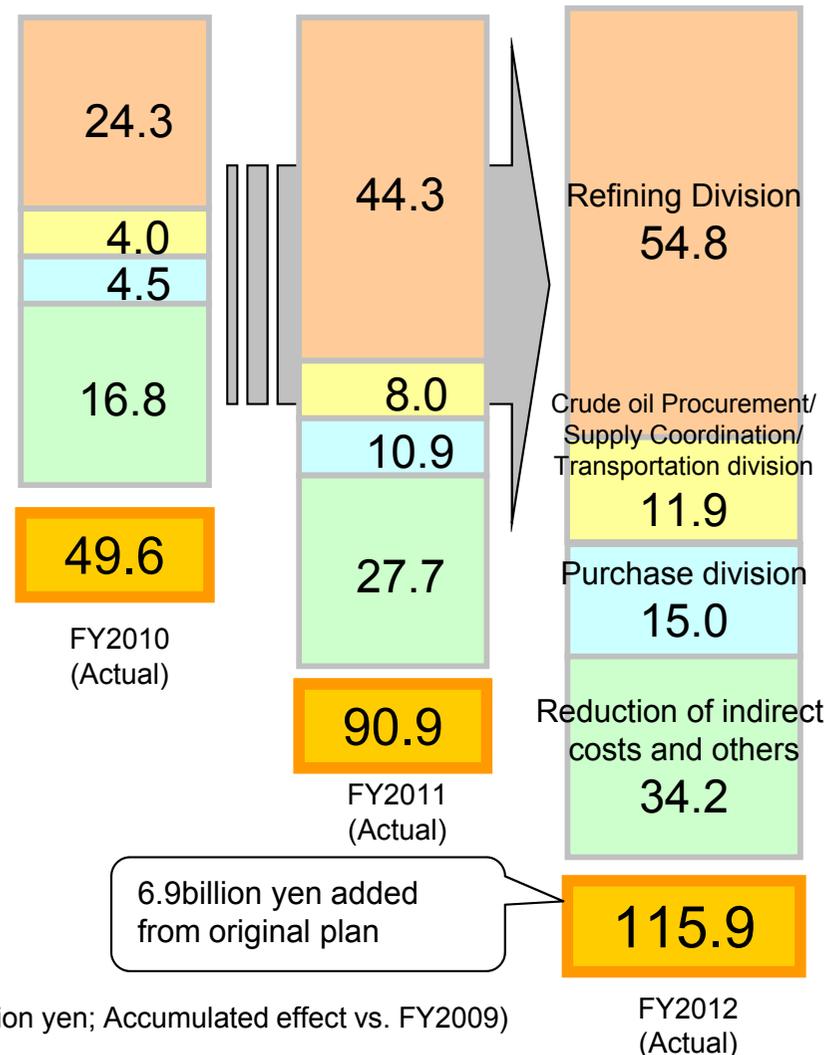
2008.Dec. 2014.Apr.

4,830 ⇒ 3,720 thousand BD

	Refinery	Due Date	Reduction Capacity	Completion
STEP 1	Toyama	March, 2009	(60) thousand B/D	✓
	Kashima	May, 2010	(21)	✓
	Oita	May, 2010	(24)	✓
	Mizushima	June, 2010	(110)	✓
	Osaka	October, 2010	(115) Convert to exportation refinery	✓
	Negishi	October, 2010	(70)	✓
Subtotal			(400)	
STEP 2	Muroran	March, 2014	(180)	□
Total			(580)	

Corresponded to Sophistication of Energy Supply Structure Act

✓ Integration Synergies and Enhanced Efficiency of Refineries



1. Summary of 1st Medium-Term Management Plan

Policy 2 : Allocate Management Resources to Highly Profitable Operations on a Priority Basis

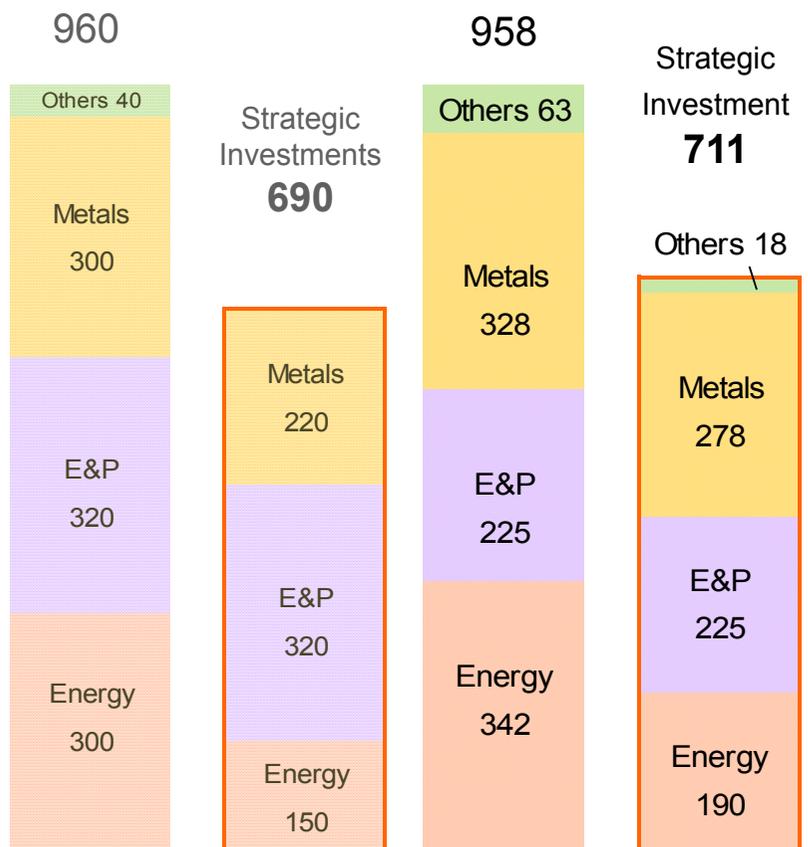


1st Mid-Term Mgt. Plan(2010-2012) CAPEX

Unit : billion yen

Original Plan

Actual



<Main contents of strategic investments>

Energy

- Establishing the most-competitive structure for petroleum refining and marketing in domestic market
 - Restructuring and strengthening network of service station
 - LNG Terminal (Mizushima, Hachinohe, Kushiro)
- Strengthening overseas business operations, focusing on Asia
 - Paraxylene and lubricant base oil projects in Korea
 - Expansion of lubricants business (Indonesia, Vietnam etc.)
 - Acquisition of coking coal interests in Canada

E&P

- Exploration : Acquisition of large operator projects
(Malaysia deepwater block R offshore Sabah, Qatar block A)
- Development : Papua New Guinea LNG project
- Resource acquisitions : Assets purchase in UK

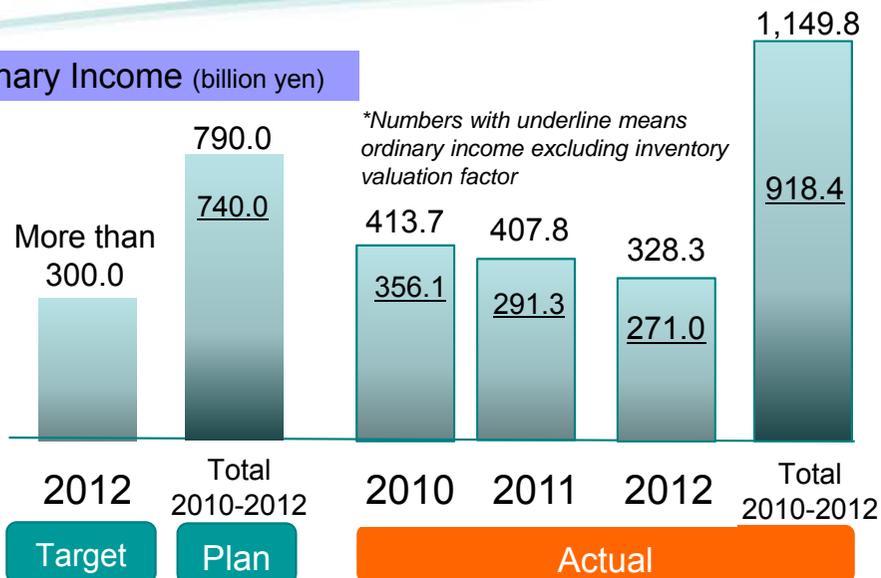
Metals

- Establishing highly profitable and well-balanced business structure between resources development and smelting and refining business
 - Expansion of Caserones Copper Mine.
 - Acquisition of Frontera exploration interests (Chile and Argentina)
- Improving profitability of electric materials satisfying high-growth automobile components market needs
 - Expansion of Cathode materials capacity for lithium-ion batteries
 - Construction of Kakegawa Works, integrated manufacturing process of connectors.



Review of Target

Ordinary Income (billion yen)



Realized a business structure generating 300 billion yen of ordinary income continuously

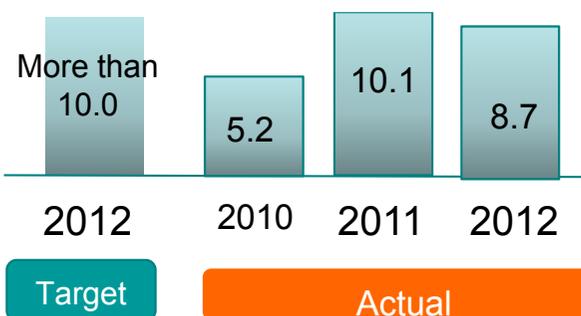
- Improvement of domestic petroleum margin
- Profit growth in upstream business benefited from high crude and copper prices

Increased cash out

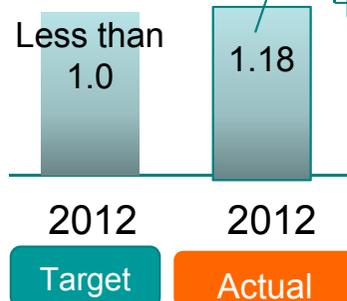
- Earthquake related restoration expenses: 100 billion yen
- Working capital increase: 700 billion yen

ROE(%)

**Excluding negative goodwill of merger regarding FY2010*



Net D/E Ratio



Factors of working capital increase

FY2012		
	Plan	Actual
Crude Oil (\$/bbl)	80	109
Copper (¢/lb)	280	356

Built a base for realizing 10% of ROE continuously despite effect of positive inventory valuation

Target unaccomplished because of earthquake related restoration expenses and working capital increase due to crude and copper price rise



Business Environment

★ Domestic Environment

- Population decrease and deindustrialization hold economic growth low
- Structural decline of petroleum products demand continues
- Reformulation of energy policy by Japanese government progresses

★ Worldwide Environment

- Emerging countries lead growth, globalization and Information Technology proceeds
- Demand of energy, resources, materials expands mainly in Asia
- Resources and energy prices stay high, but volatile.
- Shale gas and oil revolution makes progress.
- Concerns over global environmental problems increase, and movement to low-carbon and recycling-oriented society progresses



Uncertainty of business environment increases around energy, resources and materials business.



Basic Policy

On the premise of establishment both of proper governance backed with thorough compliance and CSR implement structure

Profitability

- Securing stable profitability in existing business by realizing overwhelming competitiveness through continuous restructuring and stable operation
- Realizing return from invested projects

⇒P9

Realizing high profit and high ROE continuously

Growth

- Allocating management resources to highly profitable and developing operations on priority basis

⇒P11

Flexibility

- Structuring stronger balance sheet corresponding to business environmental change

⇒P12

Strengthening risk tolerance

Maximize group corporate value

Become a world's leading integrated energy, resources and materials business group





Key Factors and Targets

Key Factors (FY2015)	Exchange Rate	90 yen/\$	
	Crude Price(Dubai spot)	110 \$/bbl	
	Copper Price(LME)	360 ¢/lb	
Target	2 nd Mid-Term Mgt. Plan		(Reference) 1 st Mid-Term Mgt. Plan
	Ordinary Income	400 billion yen or more (FY2015)	300 billion yen or more (FY2012)
	ROE	10% or higher (FY2015)	10% or higher (FY2012)
	Net D/E Ratio	0.9 times or lower (FY2015)	1.0 times or lower (FY2012)
	CAPEX (plan)	1,300 + α billion yen (FY2013-2015 total)	960 billion yen (FY2010-2012 total)
	*Utilizing “α” for additional strategic investment project corresponding to business environmental change		

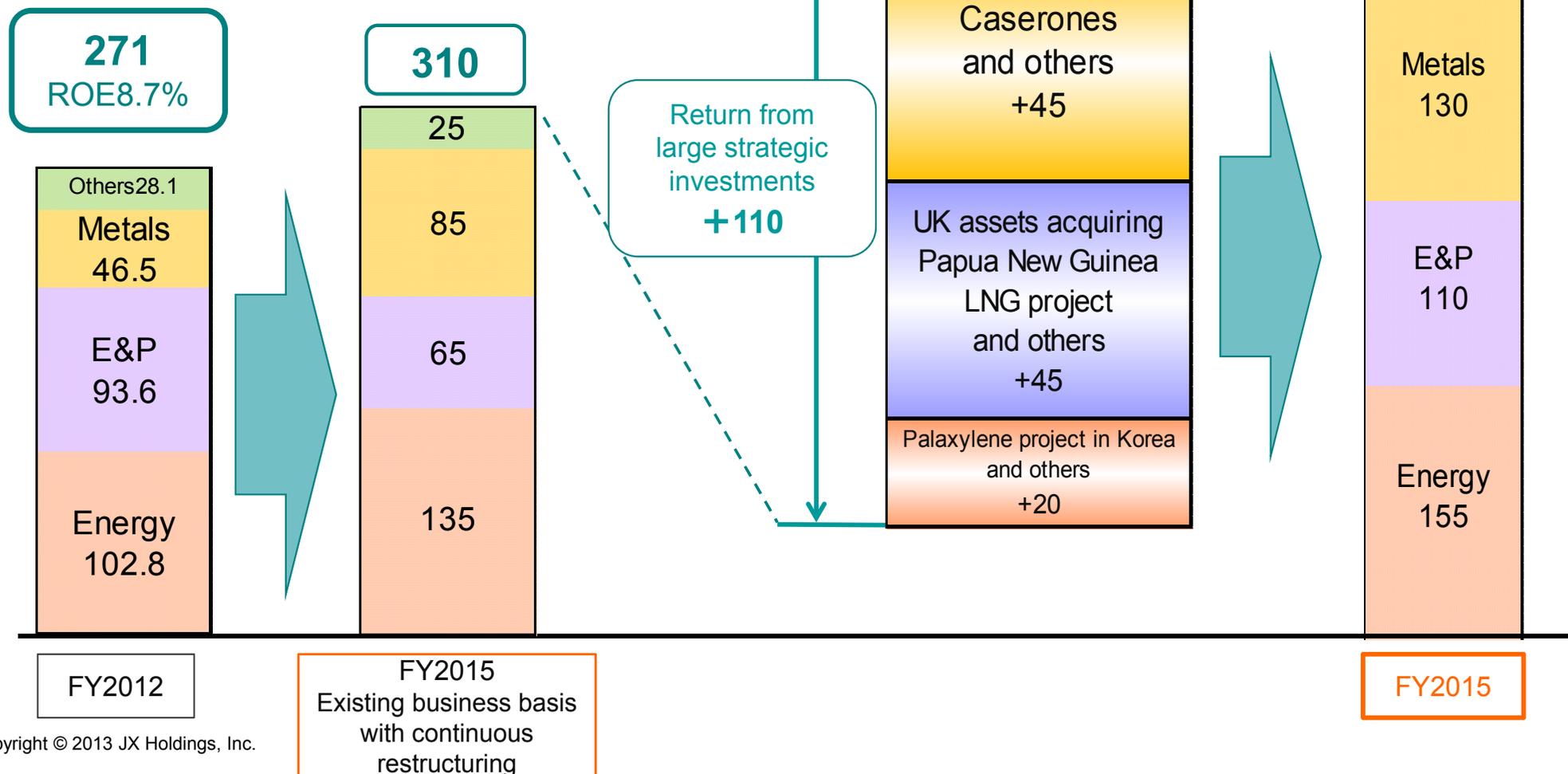


Earnings Plan (Ordinary Income Excluding Inventory Valuation Factor) (Unit : billion yen)

Securing stable profitability in existing business by realizing overwhelming competitiveness through continuous restructuring

Realizing return from strategic investment for business expansion

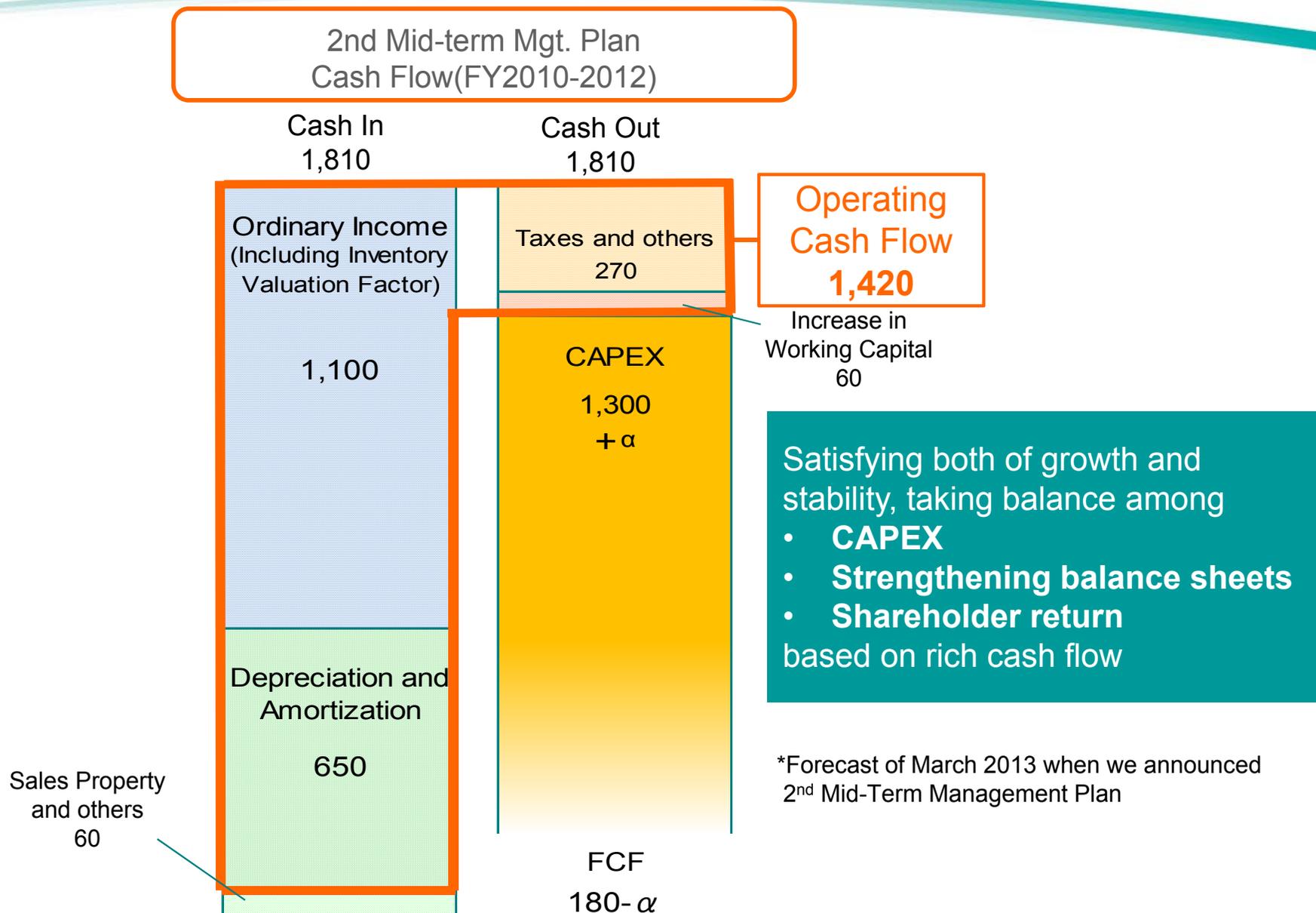
420
ROE more than 10%





Cash Flow Plan (FY2013-2015 total)

(Unit : billion yen)



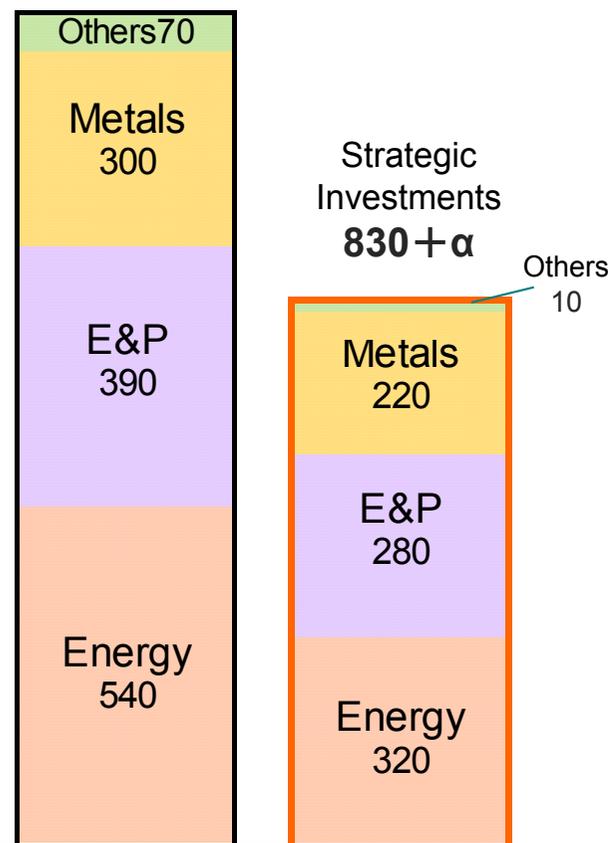


CAPEX Plan (FY2013-2015)

(Unit : billion yen)

2nd Mid-Term Mgt. Plan
(2013-2015)
CAPEX

1,300 + α



<Main contents of strategic investments>

Energy

- Petroleum Refining and Marketing :
 - Energy saving in refineries
 - Utilization of bottom oil (Install of SDA)
 - Muroran refinery(Convert to chemical factory)
 - Building strong sales network
- Electricity : Investment on Electric power facility (Using SDA pitch)
- Gas : Construction of LNG terminal (Hachinohe, Kushiro)
- Coal : Development of coking coal in Canada
- Basic Chemical Products : Paraxylene project in Korea
- Lubricants : Base oil project in Korea
- Specialty & Performance Chemical Products : Functional Chemicals

E&P

- Exploration :
 - Qatar block A
- Development :
 - UK Mariner
 - Papua New Guinea LNG
- Resource acquisition : Severely select and execute

E&P

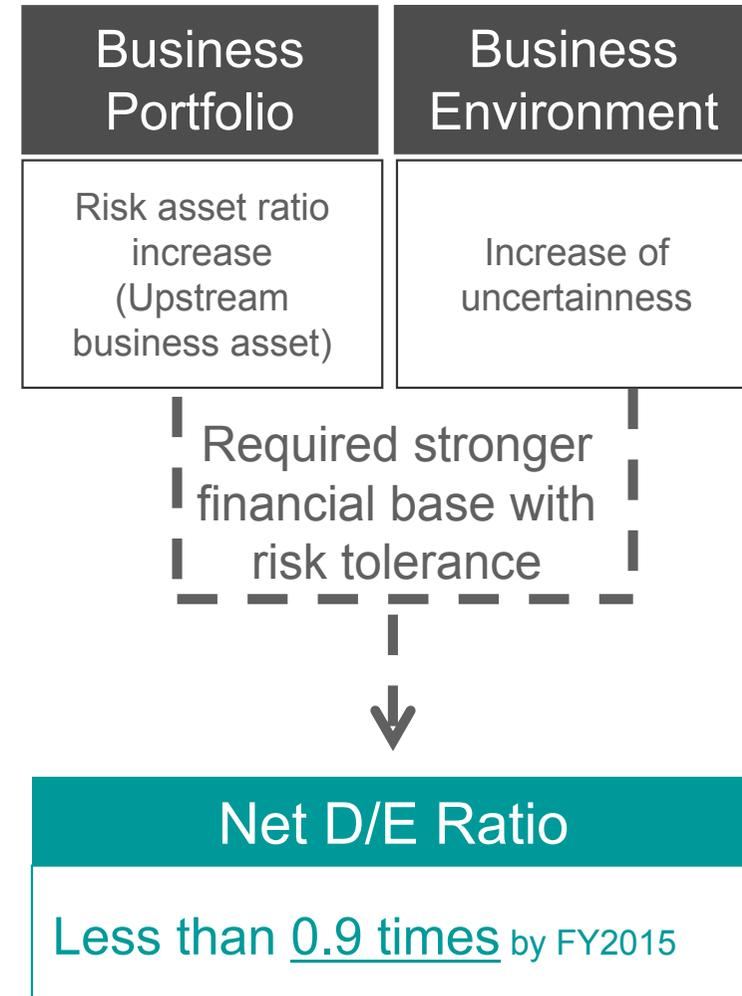
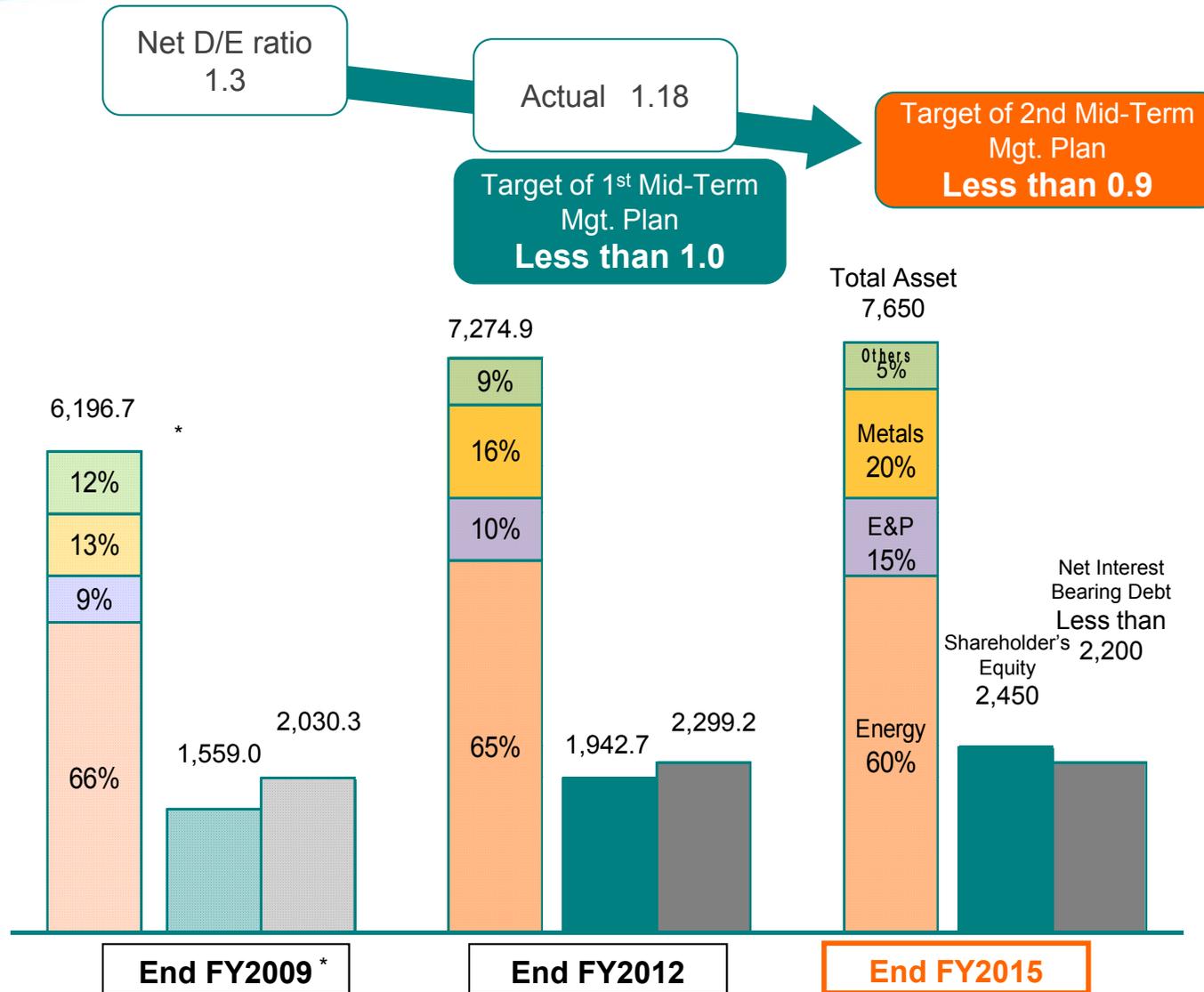
- Resource Development :
 - Development of Caserones
 - Proceeding exploration and FS of Quechua, Frontera, and others
- Electronic Materials, Recycling & Environmental Services :
 - Enhancing overseas business

2. Outline of 2nd Medium-Term Management Plan



Reinforcement of Financial Base

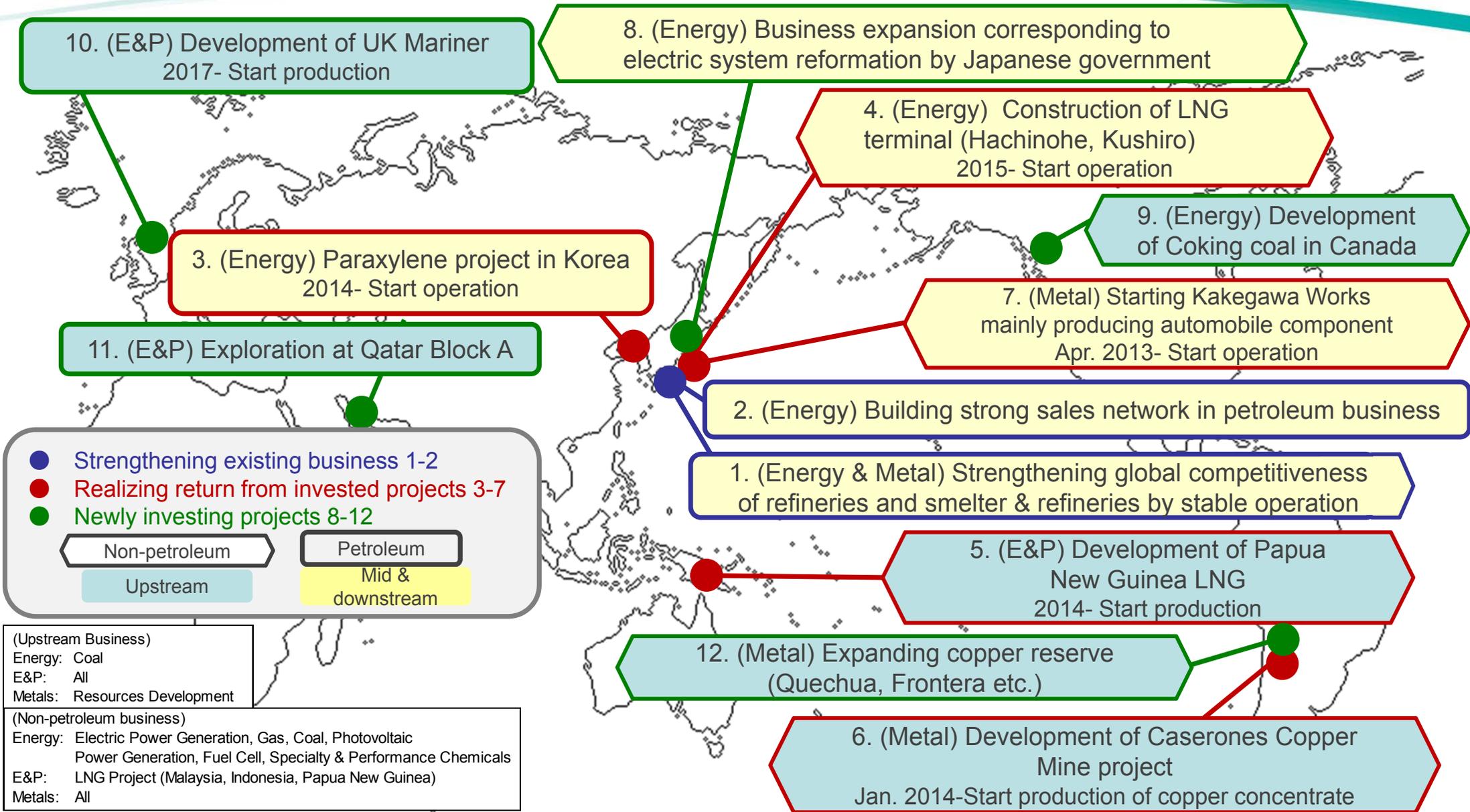
(Unit : billion yen)



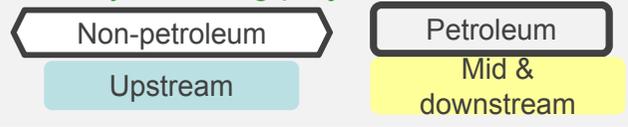
*Asset segment ratio, as of Sep.2010



Highlight of Major Projects



- Strengthening existing business 1-2
- Realizing return from invested projects 3-7
- Newly investing projects 8-12



(Upstream Business)
 Energy: Coal
 E&P: All
 Metals: Resources Development

(Non-petroleum business)
 Energy: Electric Power Generation, Gas, Coal, Photovoltaic Power Generation, Fuel Cell, Specialty & Performance Chemicals
 E&P: LNG Project (Malaysia, Indonesia, Papua New Guinea)
 Metals: All

Enhance Overseas Businesses (Paraxylene)

Main use of Paraxylene



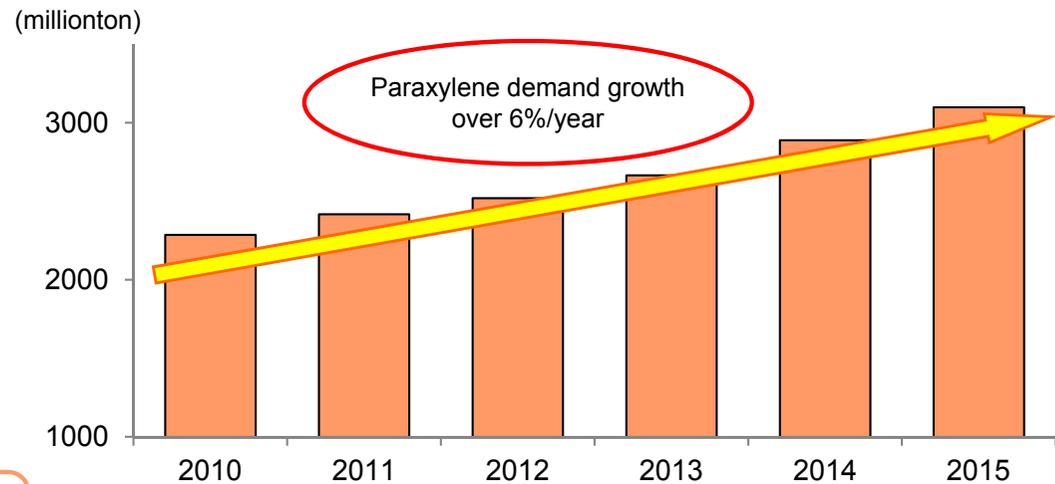
Polyester fiber



PET bottles

Outlook for Paraxylene Demand in Asia

Group's current supply capacity of Paraxylene
2,620 thousand tons /year = **No.1 in Asia**



Source: Company data

Outline of a paraxylene joint venture project with SK Group of South Korea

Location : Ulsan, Korea

Capacity : 1,000

thousand
tons / year

One of the world's
largest capacity

Production Start : 2014 (scheduled)

Investment : approx. 80 billion JPY

Ownership :

JX Nippon Oil & Energy

50% -1 share

SK Group

50% +1 share

3. Progress of 2nd Medium-Term Management Plan



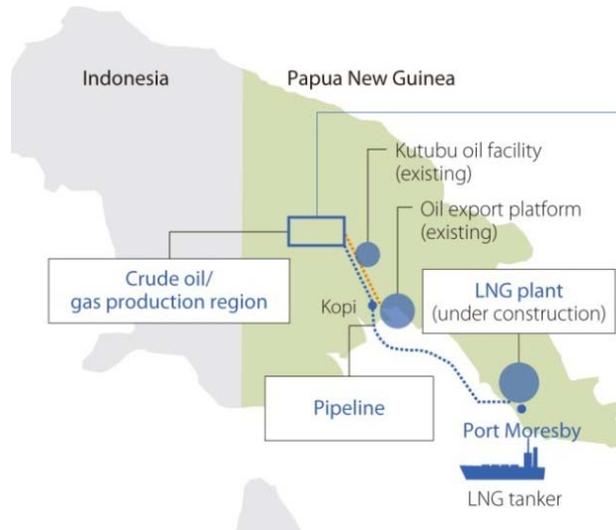
Major Project (Oil and Natural Gas E&P Business)

Latest Results

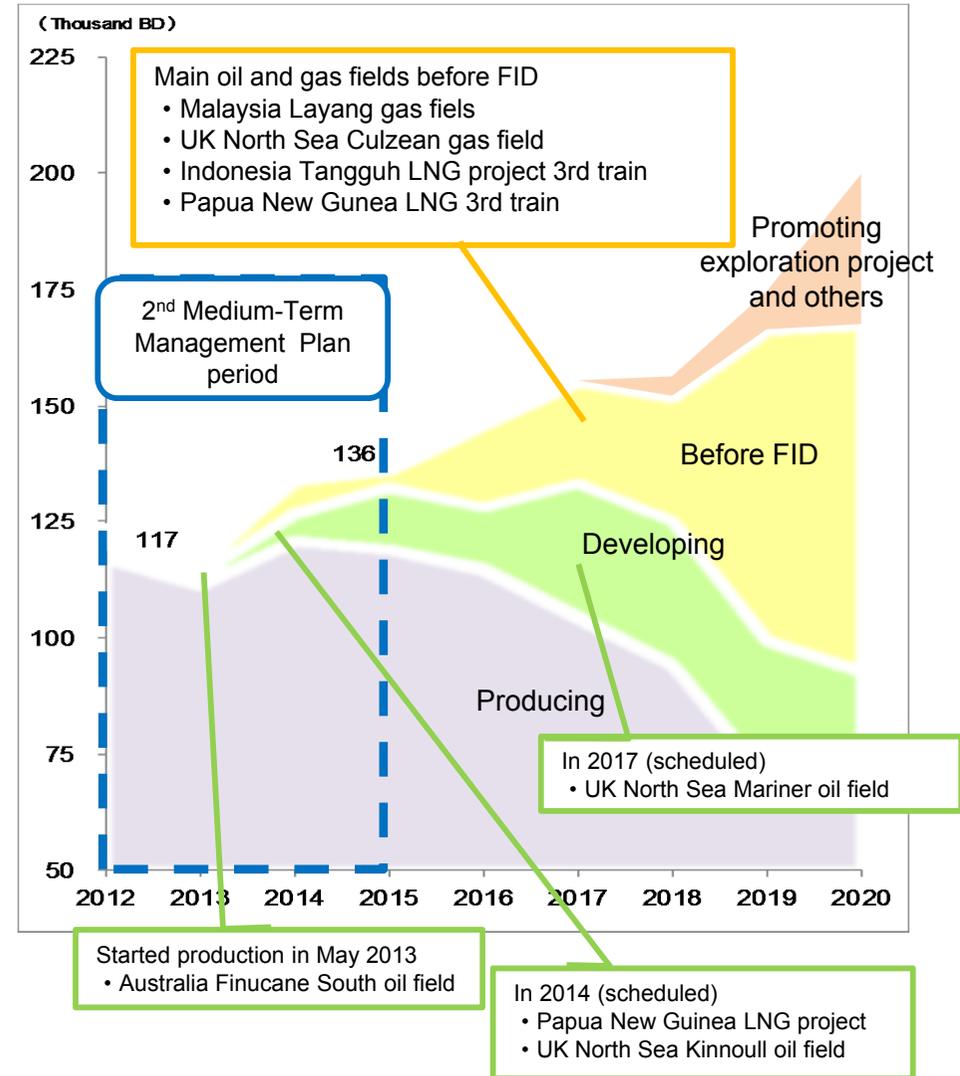
- <May> Commenced production at Finucane South Field in Australia.
- <Jun.> Acquired a participating interest in two exploration permits in Australia.
- <Jun.> Confirmed gas and condensate in Vietnam.
- <Jul.> Made a gas discovery in the Carnarvon Basin in Australia.
- <Sep.> Entered into a production sharing contract for Deepwater exploration Block 2F in Malaysia .

Progress of LNG Project in PNG

- Sales contracts of 6.5 million tones of LNG have been concluded.
- Development toward the first shipment in 2014 is advancing smoothly.



Production Plan



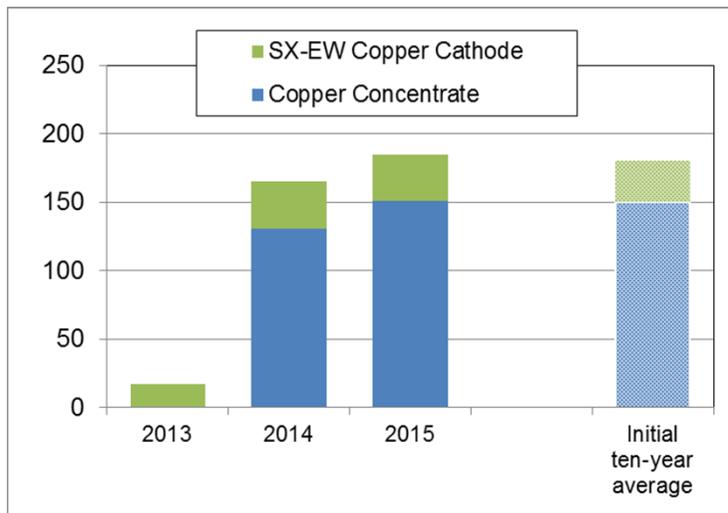


Major Project (Metals Business)

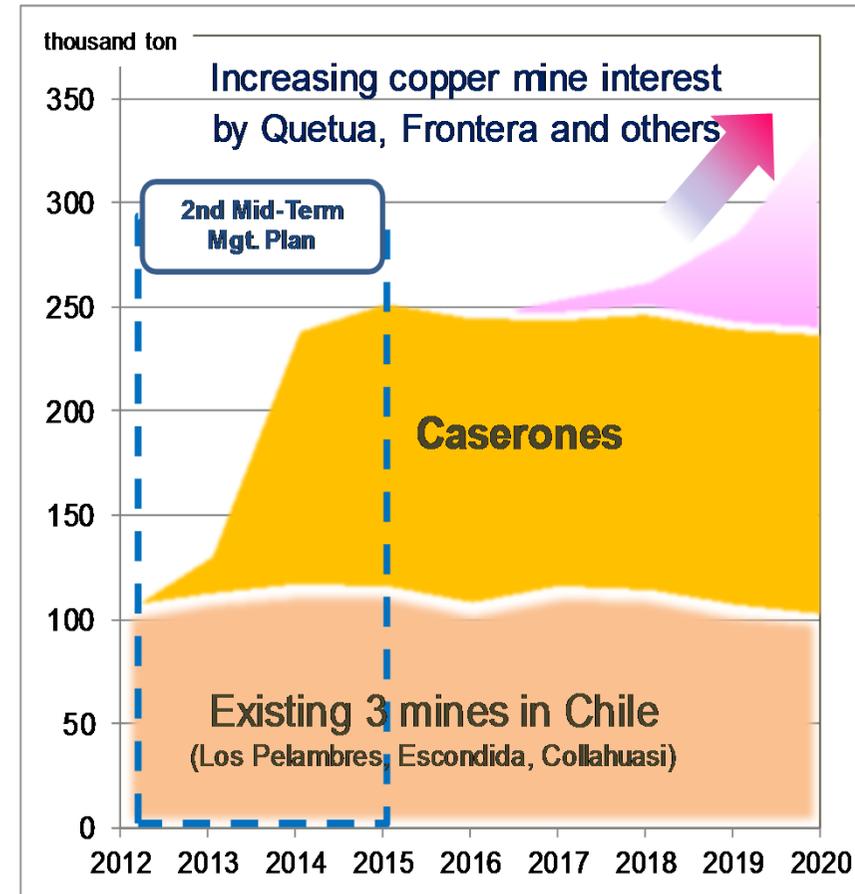
Progress of Caserones project

- Initial Investment \$ 4.2 billion
- Ownership Pan Pacific Copper(PPC) * 75%
Mitsui & Co., Ltd. 25%
- * Jointly established by JX Nippon Mining & Metals(66%) and Mitsui Mining & Smelting(34%)
- Start of copper concentrate production Jan. 2014
- Total Production(28 years)
 - Copper : 3,550kt
 - Copper Concentrate : 3,140kt
 - Copper Cathode by SX-EW Process : 410kt
 - Molybdenum : 87kt (3kt/year)

Production Plan



Copper mine interest





Shareholder Return Policy

Basic Shareholder Return Policy

Redistribute profits by reflecting consolidated business results while striving to maintain stable dividends

Indication of Shareholder Return for 2nd Medium-Term Management Plan Period

Based on the basic policy, during the 2nd medium-term management plan period (FY2013-2015), we will strive to maintain dividends of 16 yen per share per annum. When we secure stable profitability in existing business and foresee realization of return from strategic investments, we will expand shareholder return centering on increase of dividend.

Reference) Dividend from FY2010-2013

	2010	2011	2012	2013 (Forecast)
Dividend (yen/share)	15.5 *	16.0	16.0	16.0
EPS (yen/share)	34	69	64	60

*Excluding impact of negative goodwill

4. Long-Term Vision

Become a World's Leading Integrated Energy, Resources and Materials Business Group



Group mission statement

JX Group will contribute to the development of a sustainable economy and society through innovation in the areas of energy, resources and materials

Target of JX Group (2020)

Become a world's leading integrated energy, resources and materials business group

1. Corporate group holding competitive businesses evaluated by global standards
2. Well-balanced businesses portfolio
petroleum and non-petroleum, upstream and mid & downstream businesses

JX Group Values

Our actions will respect the **EARTH**

Ethics

Advanced ideas

Relationship with society

Trustworthy products/services

Harmony with the environment



Target of JX Group (2020)

1. Corporate group holding competitive business evaluated by global standards

Energy

Become a “Energy Conversion Company” providing energy stably and efficiently

- Generating stable profitability in refining & marketing
 - Establishing competitive supply chain (Refining, logistics, marketing)
- Establishing integrated energy supply structure
 - Electricity, Gas, Coal, Solar, Fuel Cell, Hydrogen
- Enhancing business in growing market
 - Basic Chemicals, Lubricants, Specialty & Performance Chemicals

Oil and Natural Gas E&P

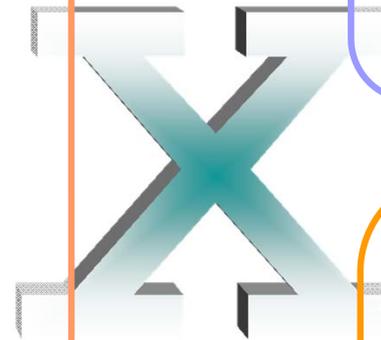
Become a sustainably growing E&P company mainly through operatorship

- Toward production volume of 200 thousand B/D
- Utilize worldwide human resources and knowledge efficiently
- More than 100% of reserve replacement ratio

Metals

Become a global resources and materials company centered on copper

- Aiming 350 thousand ton per year of copper mine interest
- Establish smelting & refining business structure that has world top-class cost competitiveness
- Securing world’s top share in each electronic material market
- Building domestic resource recycling system and developing overseas business



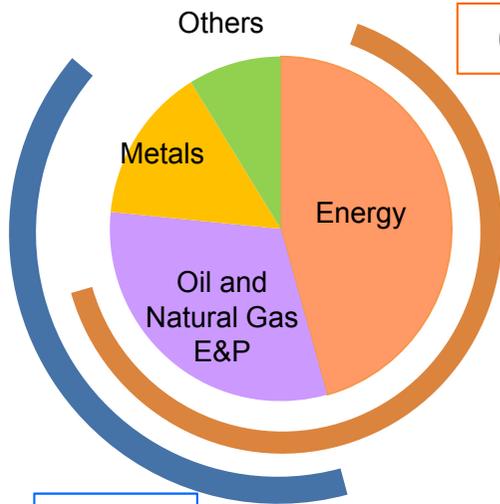


Target of JX Group (2020)

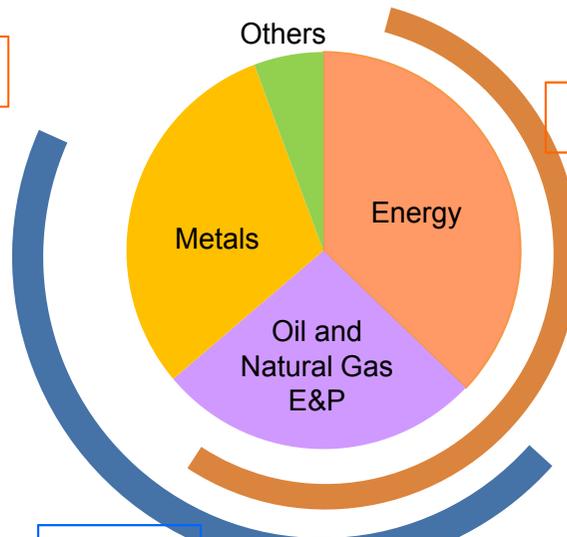
2. Well-balanced business portfolio petroleum and non-petroleum, upstream and mid & downstream business

Balance of ordinary income
excl. inventory valuation

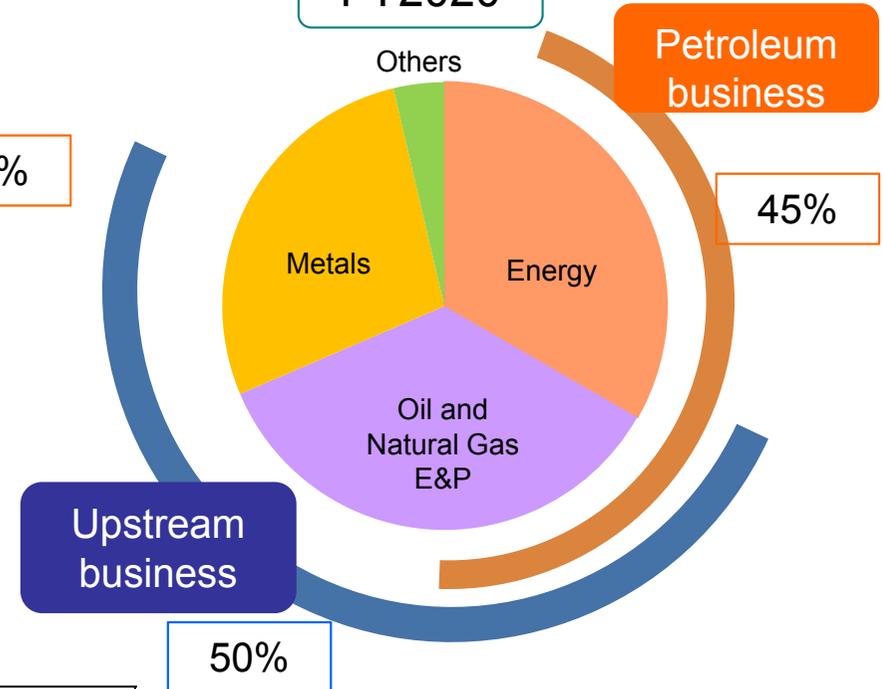
FY2012



FY2015



FY2020

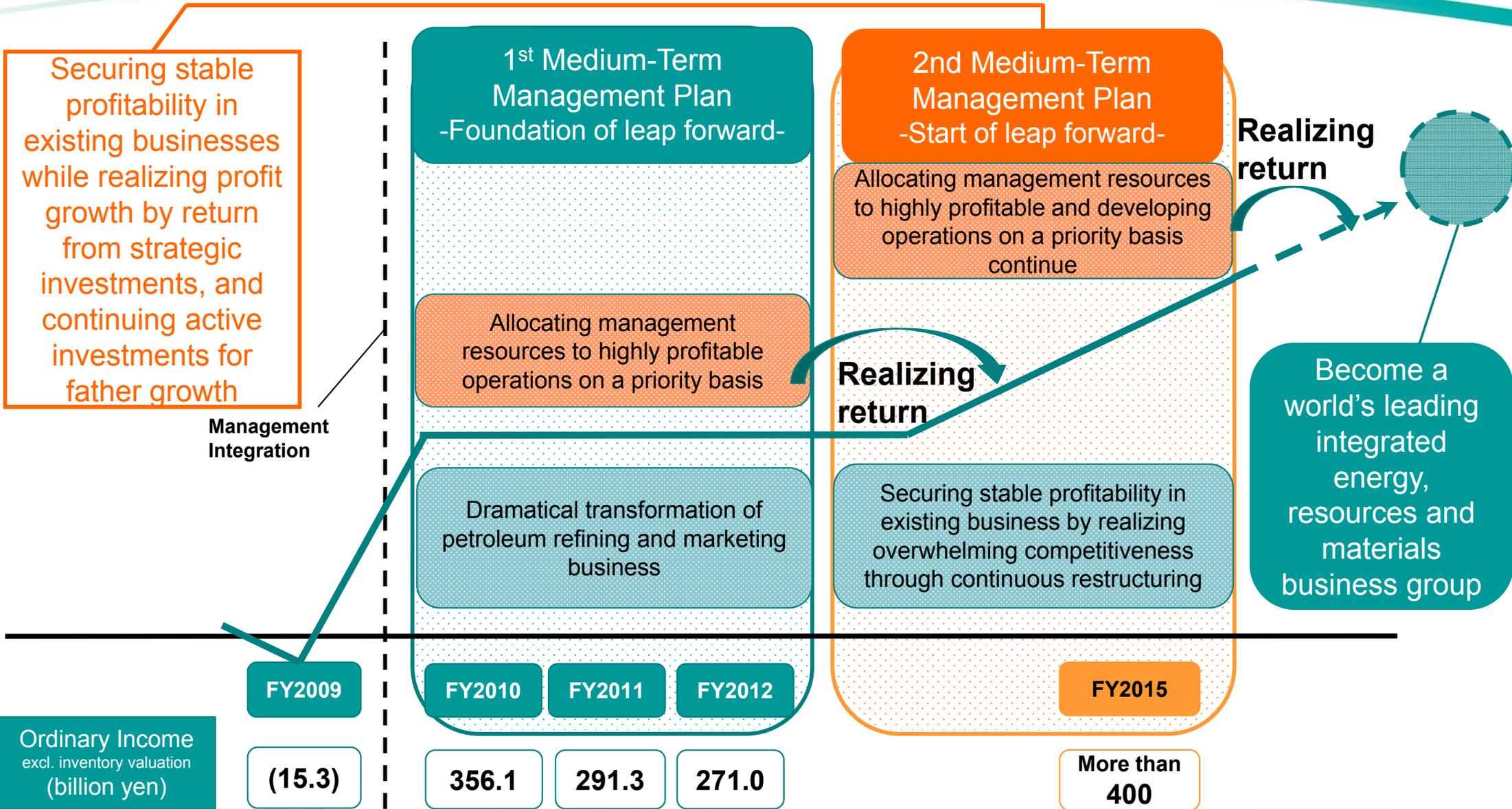


(Upstream Business)
Energy: Coal
E&P: All
Metals: Resources Development

(Non-petroleum business)
Energy: Electric Power Generation, Gas, Coal, Photovoltaic
Power Generation, Fuel Cell, Specialty & Performance Chemicals
E&P: LNG Project (Malaysia, Indonesia, Papua New Guinea)
Metals: All



Position of 2nd Medium-Term Management Plan in Long-Term Vision



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➤ Supplementary Data

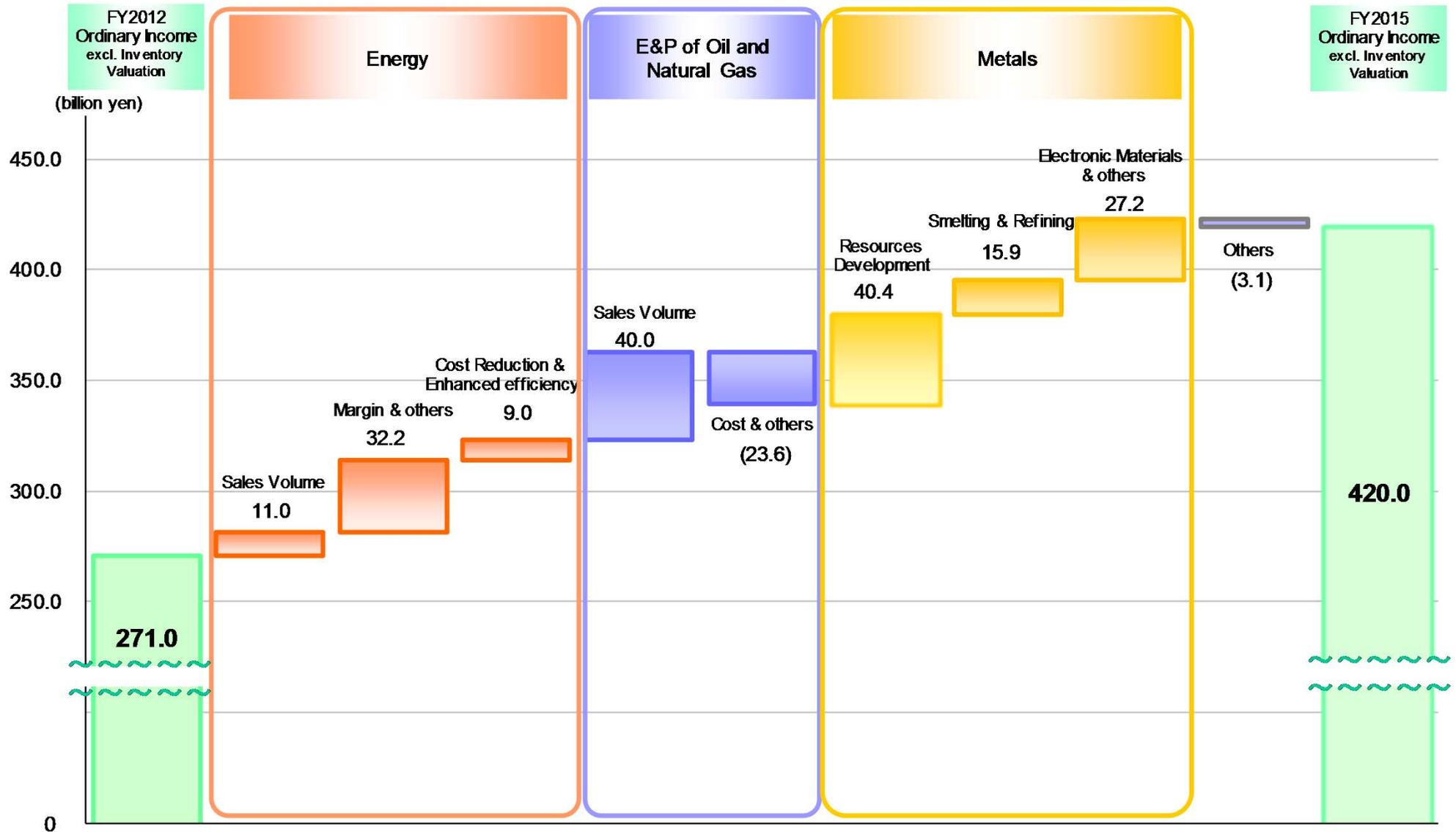


Ordinary Income excl. Inventory Valuation

(JPY billion)	FY2012	FY2015
Ordinary Income excl. Inventory Valuation	271.0	420.0
Energy	102.8	155.0
Petroleum Products	56.1	100.0
Petrochemicals	46.7	55.0
Oil and Natural Gas E&P	93.6	110.0
Metals	46.5	130.0
Resources Development	26.6	67.0
Smelting & Refining	11.1	27.0
Electronic Materials	6.3	21.0
Recycling & Environmental Services	2.5	11.0
Titanium (Shifted to Metals from 2013)		4.0
Others	28.1	25.0



FY2015(Forecast)vsFY2012(Forecast) Changes in Ordinary Income



Key Factors



		FY2012	FY2015
All segments	Exchange rate [Yen/\$]	83	90
Energy	Crude oil price [Dubai] [\$ /B]	109	110
	Paraxylene spread [ACP] (vs. Dubai crude oil price of previous month) [\$ /ton]	715	680
Oil and Natural Gas E&P	Sales volume <Crude oil equivalent> [1,000 bbl/day]	117	136
	Crude oil price [Brent] [Jan.-Dec.] [\$ /B]	109	110
Metals	Copper price [LME] [Jan.-Dec.] [¢ /lb]	361	360
	Equity entitled copper mine production [1,000 tons/period, year]	105	250
	PPC refined copper sales [1,000 tons/period, year]	551	610
	TRCF*1 sales [1,000 km/month]	2.7	3.7
	Precision rolled products sales [1,000 tons/month]	3.3	4.0
	Gold recovery volume by Recycling & Environmental Services [tons/period, year]	5.8	7.4

*1 Treated Rolled Copper Foil



Sensitivity Analysis(FY2015 Basis)

■ Key Factors (FY2015)

Exchange Rate:90Yen/\$

Crude Oil FOB:110\$/bbl
(Dubai Spot)

Copper Price:360¢/lb

■ Sensitivity analysis for FY2015 ordinary income

Key factors	Appreciation	Segment	(JPY Billion)
			Impact
Exchange Rate	+1 Yen/\$ yen depreciation	Energy (In-house Fuel costs rise, margin improvement in petrochemicals)	0.0
		Oil and Natural Gas E&P	2.0
		Metals (Margin improvement, FX rate)	1.5
		Subtotal	3.5
		Inventory valuation gain	7.5
		Total	11.0
Crude Oil FOB (Dubai spot)	+1\$/bbl	Energy (In-house Fuel costs rise)	(1.5)
		Oil and Natural Gas E&P	2.0
		Subtotal	0.5
		Inventory valuation gain	5.5
		Total	6.0
Copper Price (LME)	+10¢/lb	Metals	4.5
		Total	4.5



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.